Procurement Competency Framework

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FOREWORD

Te Ringa Maimoa has developed this procurement competency framework as a complementary framework to the Te Ringa Maimoa Asset Management Competency Framework.

Developing this approach is important because our sector holds the mandate and expectations from the public to manage activities and assets appropriately and in a way that allows for communities and businesses to thrive today and ensure sustainability in the long term.

Every day as governors, management and staff we make decisions that impact on people and our communities, whether they are immediately visible or set the stage for the future of our communities.

We strive to ensure our activities are focused on the right outcomes our customers require good planning, decision making and delivery from the people involved. It is critical that everyone involved in procurement understands what is required and that we have good systems in place from across the whole of industry to support the development of our people. We need our sector committed to continual learning and development, which means a sector working together to ensure we have the capability in our individuals, our organisations and nationally.

The hardest part of ensuring that we are collectively well-resourced to manage delivery is knowing we have the people, at all levels, with the capability and a common understanding of how we do so sustainably through robust succession and development planning.

This is a living document that will be updated periodically. If you have any feedback regarding this guide, please feel free to contact TeRingaMaimoa@nzta.govt.nz

The Te Ringa Maimoa Governance Group supports this framework.

https://www.nzta.govt.nz/planning-and-investment/planning/transport-excellence-partnership/#governance

STRATEGIC CONTEXT

Te Ringa Maimoa, a partnership between Government, Local Government New Zealand [LGNZ] and Waka Kotahi the NZ Transport Agency [Waka Kotahi], has identified capability and capacity gaps across the spectrum of activities necessary to plan, design and deliver a transport system.

To address this need, Te Ringa Maimoa created the Asset Management Competency Framework [AMCF] for New Zealand transport asset management.

The AMCF defines the organisational and individual capabilities and skills required to effectively plan, invest in and deliver transport outcomes that are focused on realising benefits for the customer. The framework and competencies provide governance, management and asset managers and engineers with a structure to understand the capability required at an organisational and individual level.

When the framework was first developed it was deliberately kept broad, as there are many facets that make up asset management. Now the time has come to focus on some of the specialist areas that contribute to the overall outcomes.

Procurement is the first specialist area that Te Ringa Maimoa are creating a competency framework for. Because procurement converts plans to work, it influences the delivery of asset management in an organisation. The Procurement Competency Framework [PCF] will enable procurement professionals and asset managers to improve the sector wide approach.

The end-to-end procurement process is broad. Though simplistically procurement encompasses functions of planning, sourcing and managing, it also requires skills in strategic planning, analysis, risk and financial management, and stakeholder management.

It will help to:

- create sector recognition and attract good quality procurement Subject Matter Experts into the sector
- improve sector confidence on how well procurement is managed
- provide a framework for career and education pathways for developing procurement expertise.

The framework has been purposefully designed to complement the AMCF. It also aligns directly with Ministry of Business, Innovation & Employment [MBIE] procurement guidance and training material, International Organisation for Standardisation [ISO] and global standards.

USING THE FRAMEWORK

The procurement competency framework can be used in:

Individual development

- Identify the capabilities a person requires to perform well in their role
- Identify professional development needs
- Address team member development needs during performance discussions
- Compare a person's perception of how well they are doing their job compared with how well others think they are doing their job
- Support individual career planning
- Identify any gaps in skills, knowledge and behaviours individuals want to develop for the future.

Recruitment

- Understand the capabilities important to being successful
- Develop selection criteria when filling positions
- Map an applicant's capability
- Use competencies in an employment interview

Organisational development

- Build procurement capability
- Clarify skills that are important in procurement roles and capability
- Prepare career development pathways
- Map procurement induction processes
- Heat map capability compared to industry standards
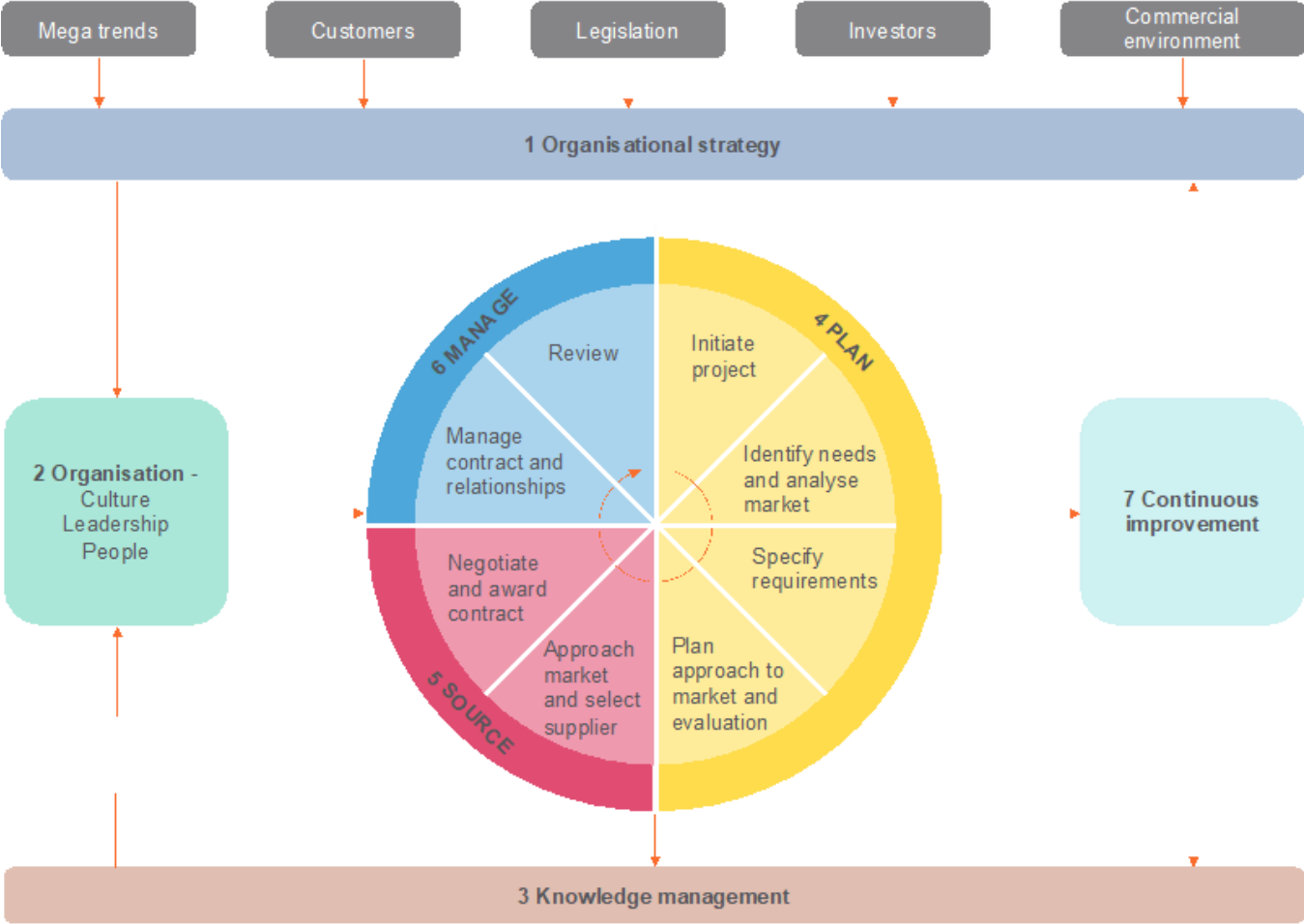
Sector development

- Identify the current state of procurement capability
- Build procurement profiles expected within the sector
- Use the head map method to analyse current procurement capability
- Develop learning and training pathways
- Build industry capability through targeted training providers
- Implement a continuous improvement approach to procurement capability
- Future proof the sector

Six level assessment

Procurement capability profiles can be built using a six-step assessment. This enables individuals and organisations to determine what level of competence is required for their organisation and for individual team members. The framework can also be used to assess how well a person is demonstrating the competency.

TABLE STYLE	KNOWLEDGE	STANDARD OF WORK	AUTONOMY	COPING WITH COMPLEXITY	PERCEPTION OF CONTEXT
0 – Not relevant to role					
1 – Novice	Minimal, or 'textbook' knowledge without connecting it to practice	Unlikely to be satisfactory unless closely supervised	Needs close supervision or instruction	Little or no conception of dealing with complexity	Tends to see actions in isolation
2 – Beginner	Working knowledge of key aspects of practice	Likely to complete straight forward tasks to an acceptable standard	Able to achieve some steps using own judgement, but needs supervision for overall task	Appreciates complex situations but only able to achieve partial resolution	Sees actions as a series of steps
3 – Competent	Good working and background knowledge of area of practice	Fit for purpose, though may lack refinement	Able to achieve most tasks using own judgement	Copes with complex situations through deliberate analysis and planning	Sees actions at least partly in terms of longer-term goals
4 – Proficient	Depth of understanding of discipline and area of practice	Routinely achieves fully acceptable standard	Able to take full responsibility for own work (and that of others where applicable)	Deals with complex situations holistically; decision-making more confident	Sees overall 'picture' and how individual actions fit within it
5 – Expert	Authoritative knowledge of discipline and deep tacit understanding across area of practice	Achieves excellence with relative ease	Able to take responsibility for going beyond existing standards and creating own interpretations	Holistic grasp of complex situations; moves between intuitive and analytical approaches with ease	Sees overall 'picture' and alternative approaches; vision of what may be possible

PROCUREMENT COMPETENCY FRAMEWORK

Mega trends	Customers	Legislation	Investors	Commercial environment

1 Organisational strategy

2 Organisation - Culture Leadership People

6 MANAGE
- Review
- Manage contract and relationships

4 PLAN
- Initiate project
- Identify needs and analyse market
- Specify requirements

5 SOURCE
- Negotiate and award contract
- Approach market and select supplier

- Plan approach to market and evaluation

7 Continuous improvement

3 Knowledge management

1 ORGANISATIONAL STRATEGY

An organisational strategic plan sets the long-term goals and vision. Procurement responds to this plan. An organisational strategic plan sets priorities, and focuses energy and resources, to ensure that employees and other stakeholders are working toward common goals; establishes agreement around intended outcomes and results; and assesses and adjusts the organisation's direction in response to a changing operational environment. The plan articulates the organisational and customer expectations, benefits desired, and outcomes to be delivered through the organisation.

1.1 ALIGN PROCUREMENT TO THE ORGANISATIONAL STRATEGIC PLAN	
1.1.1	Understand the internal and external environments in which procurement operates
1.1.2	Set direction and influence changes of behaviour in the marketplace
1.1.3	Focus on creating value and managing risks
1.1.4	Make doing business with the organisation simpler, easier and more attractive for the marketplace

2 ORGANISATION - CULTURE, LEADERSHIP, PEOPLE

An organisation's culture, leadership and engagement with people create the environment for procurement to succeed. This environment establishes a way of working and a set of behaviours that shape the processes to support effective procurement. This function defines the competencies of decision makers, from those in governance through to staff level, and includes considering how to:

- provide organisational leadership to deliver agreed outcomes
- enable people to perform well
- develop and champion an organisational culture.

2.1 PROVIDE ORGANISATIONAL LEADERSHIP TO DELIVER PROCUREMENT OUTCOMES

2.1.1	Develop and implement a business case approach
2.1.2	Monitor performance and benefit realisation
2.1.3	Promote the impact and value of procurement
2.1.4	Advocate for resources to support the success of delivering procurement services
2.1.5	Drive continuous improvement (measure, monitor, analyse and respond)
2.1.6	Drive sustainable long-term decision-making

2.2 MANAGERS ENABLE PEOPLE TO PERFORM WELL

2.2.1	Implement resource and workforce plans
2.2.2	Set clear delegations (authorities, accountabilities, objective setting)
2.2.3	Promote competency and capability development
2.2.4	Lead change management
2.2.5	Lead and enable collaboration

2.3 DEVELOP AND CHAMPION AN ORGANISATIONALLY DEFINED CULTURE

2.3.1	Engage organisational leaders at all levels
2.3.2	Engage with stakeholders
2.3.3	Create a values-based organisation
2.3.4	Develop a customer outcome-focused organisation

3 KNOWLEDGE MANAGEMENT

Knowledge management is the process used to handle and oversee all the knowledge that exists within an organisation. Knowledge management relies on an understanding of knowledge, which consists of the discrete and intangible skills a person possesses, including:

- legislation, rules and guidance – which shape the environment that we work in
- conceptual, factual and methodological knowledge – about perspectives and systems, measurable, observable and verifiable data, and about methods of decision making and problem solving
- risk – regarding uncertainties, and the effects or implications on an activity such that it can inform decision making
- market awareness and relationships – understanding who is involved and what their values are
- systems – the tools that can be used to support the procurement process

3.1 LEGISLATION, RULES AND GUIDANCE	
3.1.1	Describe industry rules and guidance such as Government procurement rules, and MBIE PCI
3.1.2	Understand relevant legislative requirements
3.1.3	Articulate the obligations under te tiriti o waitangi

3.2 CONCEPTUAL, FACTUAL AND METHODOLOGICAL KNOWLEDGE	
3.2.1	Differentiate between the types of project delivery models, and their application
3.2.2	Differentiate between the types of sourcing methods, and their application, advantages and limitations
3.2.3	Assess project criteria (e.g., time, innovation, budget certainty, broader outcomes desired, whole- of-life objectives, risk etc.) and identify the most appropriate delivery model
3.2.4	Discuss the benefits of procuring for public value / corporate responsibility and broader outcomes, and the government's current broader outcome priority areas and how they can be delivered through a project
3.2.5	Explain the potential components of a Procurement Strategy, including when and why each is required
3.2.6	Explain the potential components of a Procurement Plan, and when and why each is required

3.3 RISK	
3.3.1	Understanding of commercial contract models
3.3.2	Identify and understand the risks that can impact your business
3.3.3	Develop and implement strategies to mitigate and manage risks
3.3.4	Recognise key risks relating to any type of project, and explain Procurement's role in mitigating them, or influencing others to mitigate them
3.3.5	Advise on risk allocation, implications, and appropriateness
3.3.6	Recognise and manage conflicts of interest in order to protect the integrity of the sourcing activity

3.4 MARKET AWARENESS AND RELATIONSHIPS

3.4.1	Proactively and appropriately engage with mana whenua and Iwi where opportunities exist
3.4.2	Undertake meaningful early market and community engagement to obtain market insights and feedback, and to identify and assess possible alternatives and opportunities for broader outcomes
3.4.3	Assess supplier capability to meet your contractual needs, and measure their performance during the contracting period
3.4.4	Work with suppliers to identify challenges whilst looking to improve the working relationship
3.4.5	Ensuring you have the right levels of contact to ensure that the relationship remains on track for both parties in order to get the best from the working relationship

3.5 SYSTEMS KNOWLEDGE

3.5.1	The use of bespoke systems and commercial off-the-shelf systems and workflows to enable organisations to improve control of expenditure with suppliers
3.5.2	How to provide accurate data and why demand management is important in procurement and supply
3.5.3	The use of eSourcing and eTendering systems to promote contract opportunities, pre-qualify suppliers, receive and evaluate quotations and tenders
3.5.4	The impact of P2P (Purchase to Pay) systems used in procurement and supply chain management

4 PLAN

Procurement plans come in all shapes and sizes. Regardless of their format, they should build on a business case (not repeat it) and provide a link from the business case to implementation and delivery. A procurement plan provides the methodology, approach, process and project management structure for implementation.

The purpose of a procurement plan is to:

- align to outcomes in the business case
- provide detailed planning for market analysis and approach to market, evaluation of offers and identification of the preferred supplier
- ensure the best supplier is selected for the right reasons and at a price that represents value-for-money over the life of the contract
- assign roles and responsibilities in the cross-functional, project team.

4.1 INITIATE PROJECT

| 4.1.1 | Ability to explain how this procurement fits within your overall project strategy |
| 4.1.2 | Understand the approval and sign-off process in your agency |

4.2 IDENTIFY NEEDS AND ANALYSE THE MARKET

4.2.1	Know how to qualify the difference between wants and needs
4.2.2	Articulate the value of addressing these needs
4.2.3	Ability to explain the value of good market intelligence
4.2.4	Know how to use this information to inform your procurement

4.3 SPECIFY REQUIREMENTS

4.3.1	Understand the need to specify requirements
4.3.2	Form a team to specify requirements based on the agreed business needs
4.3.3	Develop and produce a robust and comprehensive set of requirements
4.3.4	Develop a cost structure, and form budget expectations

4.4 PLAN APPROACH TO MARKET AND EVALUATION

4.4.1	Able to apply the NZ Govt procurement principles to all stages of the procurement process
4.4.2	Decide which is the most appropriate RFx or approach to market to employ
4.4.3	Set up and agree the evaluation criteria and process with the relevant business owners
4.4.4	Set up and run an evaluation team

5 SOURCE

Suppliers must be treated fairly, impartially, and equitably at all stages in the procurement process. This means that ethical standards of behaviour must be demonstrated by all people involved in the procurement at all stages in the procurement.

Supplier selection must be based on the process and methodology set out in RFx. You should not deviate from the RFx as this can affect the integrity of your process and may result in a legal challenge. If you must change any aspect of the process or methodology you are obliged to notify all potential suppliers and give them sufficient time to respond to the change being made. What is sufficient will depend on the nature of the change.

Negotiation is about reaching agreement on the essential terms of the contract and the deliverables under the contract. It can be a form of trading where both parties are seeking something from the other, there is an exchange of offers, concessions and bargaining. For collaborative relationships the focus will be on gaining a win-win solution. For tactical relationships the approach will be competitive

5.1 APPROACH MARKET AND SELECT SUPPLIER	
5.1.1	Issue RFx and receive/receipt responses using an electronic tendering website
5.1.2	Manage enquiries and changes during the bid period
5.1.3	Assess proposals against evaluation criteria and make a shortlist
5.1.4	Conduct due diligence to confirm preferred supplier

5.2 NEGOTIATE AND AWARD CONTRACT	
5.2.1	Identify areas where the supplier's bid can be improved and buyer changes (if any)
5.2.2	Understand how to negotiate and reach agreement on the essential terms of the contract
5.2.3	Ability to document the negotiated agreement and execute contract documents
5.2.4	Clearly communicate the rationale for decisions relating to award of contract and conduct supplier debriefs

6 MANAGE

Contract management is the process that enables the agency and supplier to meet their obligations to deliver the objectives required from the contract, on time, to quality and specification and within budget. This means actively tracking and monitoring delivery and costs, managing risks, and actively managing the relationships between the agency, the supplier, and key stakeholders. This process continues throughout the life of a contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise.

Ultimately the success of the commercial relationship often comes down to the relationship between the agency and supplier – get it right and the benefits will flow. The benefits of developing and maintaining a good supplier relationship fall on both parties.

The three key factors for successful supplier relationships are:

- openness and excellence communications
- developing mutual trust and understanding
- a joint approach to managing delivery and any related problems.

Reviews are an important part of the overall procurement process. A review can improve procurement management and demonstrate public accountability by providing an honest independent appraisal of the procurement, the delivery of the contract and the outcomes achieved. A review provides an opportunity to check if the anticipated benefits have been achieved, and if there are opportunities for improvements in what we do and how we do it.

6.1 MANAGE CONTRACT AND RELATIONSHIPS	
6.1.1	Understand the contract and relationship management processes
6.1.2	Maintain appropriate level of contract administration
6.1.3	Focus on achieving contract outcomes and realising expected benefits
6.1.4	Ability to monitor contract progress and address non or underperformance

6.2 REVIEW	
6.2.1	Understand the importance of reviews
6.2.2	Knowledge of the different types of reviews
6.2.3	Understand how to conduct a review
6.2.4	Ability to identify lessons-learnt and make recommendations

7 CONTINUOUS IMPROVEMENT

In the procurement context, continuous improvement enhances service delivery, and leads to increased efficiency and effectiveness. The key attributes of continuous improvement are a focus on learning, overall performance and improving the delivery of activities.

It covers how to:

- identify and develop improvement opportunities
- evaluate and prioritise improvement opportunities
- implement continuous improvement initiatives
- monitor results and sustain improvements.

7.1 IDENTIFY, DEVELOP AND IMPLEMENT IMPROVEMENTS

7.1.1	Identify stakeholder needs, particularly those of customers
7.1.2	Measure performance and be able to measure it against desired standards
7.1.3	Identify issues or improvements needed, based on deviations and corrective actions required
7.1.4	Determine actions to address issues or improvements, including risk control strategies

7.2 EVALUATE AND PRIORITISE IMPROVEMENT OPPORTUNITIES

7.2.1	Prioritise improvement actions using specified criteria

7.3 IMPLEMENT CONTINUOUS IMPROVEMENT INITIATIVES

7.3.1	Develop a business case for improvement initiatives
7.3.2	Use project management skills for managing improvement projects

7.4 MONITOR RESULTS AND SUSTAIN IMPROVEMENT

7.4.1	Analyse benefits realised to identify any deficiencies against predicted outcomes
7.4.2	Communicate summary of findings and lessons learnt to relevant personnel
7.4.3	Communicate successes and learning across the organisation and/or sector with verification of benefits and cost savings

LINKS TO OTHER INFORMATION

The following links are a roadmap to guides and training support to improve your procurement knowledge and skills.

Ministry of Business Innovation & Employment (MBIE)

- Procurement
- Hīkina – Learning for Government Procurement and Property
- Improving your procurement

The Treasury - Te Tai Ōhanga

- Better Business Case Approach

Waka Kotahi

- Procurement Manual

Chartered Institute of Procurement & Supply (CIPS)

- Global Standard for Procurement and Supply
- Topics and skills