



enhancing enterprise procurement capability

develop procurement capabilities...

enable consistent high performance

Provide integrated potential across the enterprise, necessary to deliver strategic objectives, through the development of

- Organisational capability and culture
- Personnel competencies.



organisational capability...

Delivering procurement activities consistently to a high standard requires appropriate enterprise capabilities, and skilled personnel.

Ashcroft and Associates can help your organisation develop an effective, scaleable, capability.

An organisation seeking to achieve procurement excellence must address five key procurement management **infrastructure** elements:

- Knowledge and skills
- Processes
- Enabling Technology
- A career path for personnel
- A centre of excellence

In addition to the infrastructure, the organisation must ensure it develops a **culture** that values, supports, and enables procurement management as one pre-requisite to achieve excellence. The development of this culture must be driven by senior management.

Ashcroft & Associates assists organisations achieve procurement management excellence with a range of facilitation and consulting services that address the elements defined above.

From expert consulting services to internationally recognised procurement training programs, we work with clients to define and deliver solutions to meet specific development needs.

This document sets out our framework for developing procurement capability.

...infrastructure and culture



a model for procurement excellence...

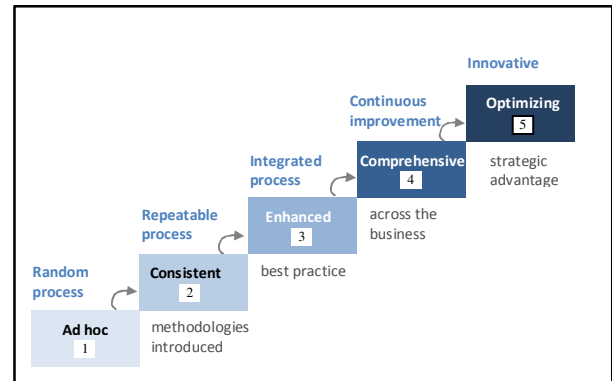
Management Support

Management must:

- Articulate the business objectives to be addressed by the procurement processes, for example:
 - cost efficiencies
 - operational efficiencies
 - cycle time
 - supply chain
 - relationship management
 - risk management.
- Define roles and responsibilities, set performance expectations, ensure appropriate governance, and develop an environment to sustain a culture of excellence and motivate performance and commitment.
- Support necessary development across the procurement management infrastructure elements.

Procurement Management Maturity

The degree of process improvement that can realistically be achieved at any point, within a given time frame, is directly related to the relevant maturity within the organisation. The following figure provides a recognized five-level capability maturity framework.



It is important to assess the existing maturity as the initial step in the development of a procurement capability improvement program, for the following reasons:

- Knowing the maturity level will determine where to best start to deliver an immediate and effective improvement programme.
- There is no point trying to apply advanced procurement management techniques and tools if there is not an appropriate maturity level to support it.
- All organisations have a certain level of existing expertise, and this needs to be identified and leveraged as the foundations for an improvement programme.

Ashcroft & Associates' approach is to baseline the organisation against international "best practice", for which a number of models exist: we select the appropriate capability maturity model in discussion with the client. This analysis defines the needs and priorities for capability development.



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Classification Matrix

Organisations need to have a consistent process for the classification of their procurement activities regardless of where in the business they originate. Complexity, strategic importance, risk, duration cost, etc., all serve as criteria that can be used to define an organisation-specific classification matrix.

This classification matrix will drive:

- The amount of procurement process and reporting applied to the management of each procurement activity.
- The criteria used in the selection of assigned personnel.
- The structure and criteria used to develop the organisation's procurement management career path.

Ashcroft & Associates' approach is to develop the classification matrix through an interactive process with key personnel.

Training and Development

Properly targeted training is fundamental to establishing effective procurement management within an organisation. However, unless the training and development programme is accompanied by changes in other infrastructure elements of procurement practice, the value derived from the training will be reduced.

It is essential that training be given within a clear framework related to the organisation's true needs and the existing capability of personnel.

Training needs to:

- Be preceded by a competency assessment for each individual.
- Address the specific competencies required to be effective in the specific role – these may include leadership, management, personal, and interpersonal competencies.
- Be mapped to a defined career path within the procurement functional group.
- Be role based - people need to have access to training that prepares them for their specific responsibilities. As well as the procurement personnel, business, project team members, project sponsors, and general management must have some understanding of key elements of procurement and related governance.

Ashcroft & Associates delivers class based training across the following domains:

- Contract law
- Strategic procurement options
- Tender and contract documentation
- Tendering
- Contract management
- Negotiation
- Project planning and control
- Governance



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Procurement Processes

The results of the maturity assessment determine the need and readiness of the organisation to develop and apply more rigor in its procurement standards and procedures.

The adoption of an appropriately designed classification matrixes establishes the level of process to be applied to any particular procurement activity. That approach ensures the necessary expertise and effort where really required, and avoids excessive input where it is not.

Ashcroft & Associates works with our clients to assess and prioritise needs, and to develop and document methodologies that are appropriate to the maturity of the organization, and which capture existing best practices.

Our preference is to develop these processes by means of facilitated workshops, and using best practice groups from the client organization where they exist. This:

- Ensures the methodology best meets the requirements of the organization.
- Maximises buy-in from the organisation's own procurement personnel.
- Facilitates the uptake of the methodology within the organisation's other processes.

Enabling Technology

Effective and efficient procurement management requires a range of supporting tools and templates, data management systems, and data sharing capabilities.

Ashcroft & Associates works with our clients to assess and prioritise requirements, and to develop necessary tools and templates.



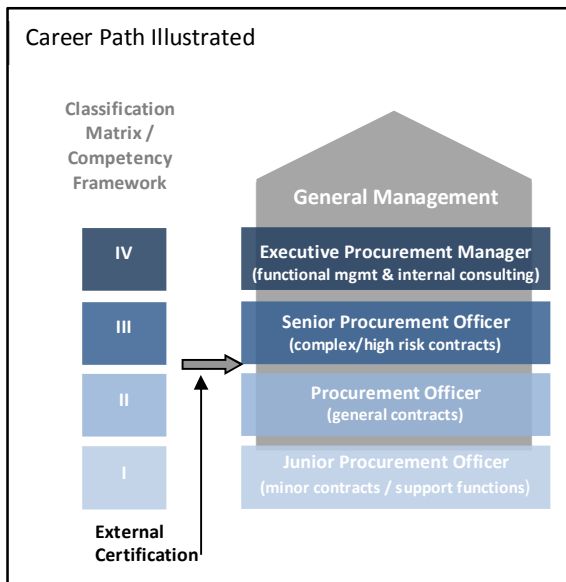
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Career Path

It is important to develop a career path so that personnel can plan a career within the procurement function. This avoids the trap that advancement requires a move into other functional groups where a progression plan exists.

A career path related to classification matrix:

- Provides for personal development consistent with organisational needs.
- Means progression will be integrated with the training curriculum.
- Provides a consistent basis for performance measures.
- Enables effective progression planning.



Ashcroft & Associates works with their clients to define a set of appropriate competencies – skills, knowledge, and attributes, aligned to a best practice Body of Knowledge.

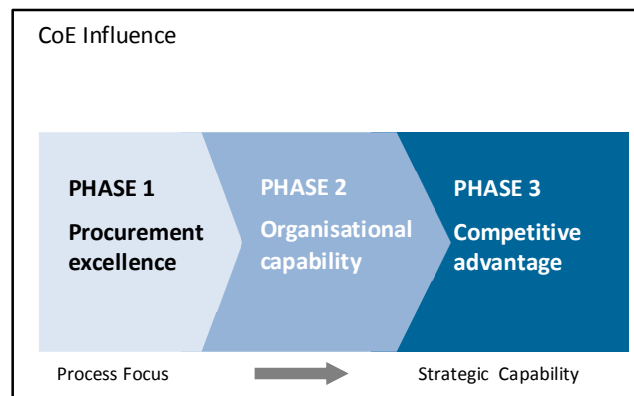
For each level on the career path we will develop the criteria for each competency, against which personnel can be assessed.

Centre of Excellence

The Centre of Excellence for procurement management needs to be established relative to an organisation's current and planned maturity. In the initial phase of an improvement programme it may simply comprise some procurement "experts" who assist and mentor others.

At the other end of the continuum it could comprise an independent procurement functional group with specialist personnel who advise or perform the procurement function across the organisation, with mandated authority and responsibilities.

The Centre of Excellence should be developed on the basis of value propositions defined to enhance the organisation's capability. The scope of influence is likely to vary with time. Performance will be assessed against corresponding KPIs at each stage of its development.



Ashcroft & Associates' approach to the creation of a procurement Centre of Excellence guides an organisation through the series of decisions which determine among other things:

- The value proposition.
- The short medium and long term objectives.
- Necessary roles and responsibilities.
- The implementation plan to put it into effect.



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Improvement Processes

Our approach to achieving performance improvement objectives is guided by this integrated model of excellence in procurement.

The elements of our approach to implement a specific improvement programme are identified below.

PHASE I - ASSESSMENT

PLANNING

ASSESS ORGANISATION

- Current processes
- Compliance
- Outcomes
- Issues

ASSESS PERSONNEL

- Profile
- Knowledge & Skills Assessment
- Issues

PRELIM FINDINGS & RECOMMENDATIONS

WORKSHOP

CONFIRM FINDINGS & RECOMMENDATIONS

PHASE II - IMPLEMENTATION

PLANNING

EXECUTIVE WORKSHOP

CLASSIFICATION MATRIX

CAREER PATH PLANNING

TRAINING PROGRAMME

PROCEDURE DEVELOPMENT

TOOLS DEVELOPMENT

CENTRE OF EXCELLENCE

PHASE III – SUPPORT

EXPERT ADVICE

MENTORING

EVALUATIONS

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