

The State of Public Procurement Metrics

Are we measuring what matters?

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Research Support provided by:



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About - *The Public and Social Sector Procurement* Best Practices Exchange*

- The Public and Social Sector Procurement Best Practices Exchange is **a global initiative** to connect public and social sector procurement leaders and collect/disseminate actionable best practices
- In partnership with faculty from **Michigan State University's #1 Ranked Procurement and Supply Chain program**; and **Spend Matters**
- **Includes Federal, State, Local and Social Sector leaders**; private sector leaders active participants
- **Global reach**, leveraging Public Spend Forum and Spend Matters offices in Europe and Asia...and advisory roles with the World Bank, Penn Law and our global network of academic/expert advisors

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***NOTE about “Acquisition” vs. “Procurement”** – The term “procurement” is used to refer to all phases of the procurement lifecycle including needs identification and requirements development. The term “acquisition” is unique to the federal government and is generally referred to as procurement in all other sectors including state/local/private.

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“The State of Public Procurement Metrics”

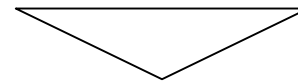
Study conducted in partnership with Michigan State University and in collaboration with World Bank and other partners throughout the world

Why Undertake the Study:

- Limited alignment on success measures for public procurement
- No real alignment on understanding of what “drives” success – key practices, capabilities, processes
- No real consistency on metrics and limited ability to benchmark

Goals of the Study:

- **Outcomes** – how do you best define outcomes and link them with mission of organization
- **Practices** – what are the right practices and capabilities that we should be conducting to drive towards outcomes
- **Metrics** – what are the right metrics that link to the practices and outcomes



Desired Results from Study:

- Consistent understanding of what drives value in procurement
- Standard guidelines and a flexible framework for measuring public procurement

Study Methodology

- **Broad engagement with procurement leaders:** Engaged nearly **30 leaders** in procurement in discussions and interviews
- **Extensive secondary research:** Leveraged previous work in the field from **over 25 secondary research sources**, including public sources such as CIPS Australia, I&DeA UK, as well as private sources such as Institute of Supply Management
- **Sampling of organization metrics:** Gathered procurement metrics used by various organizations across the public sector, as well as highly regarded private sector procurement functions

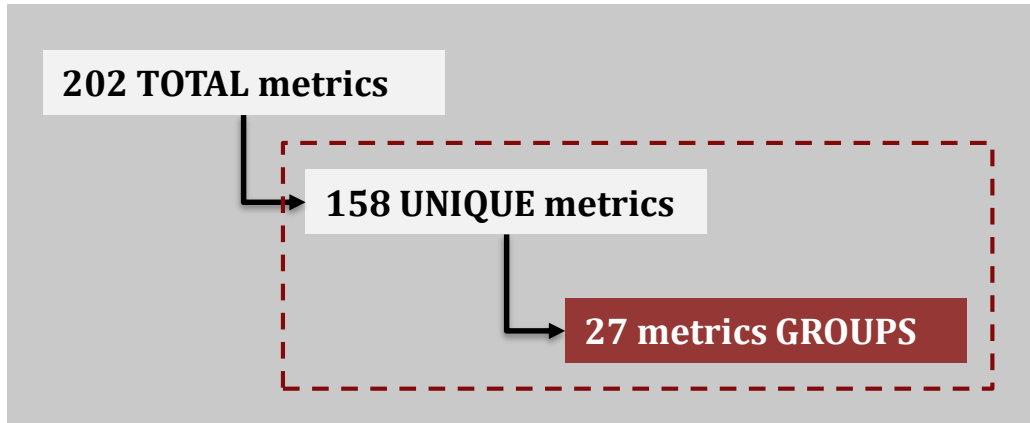
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CONSULTING GROUP

Current State of Public Procurement Metrics

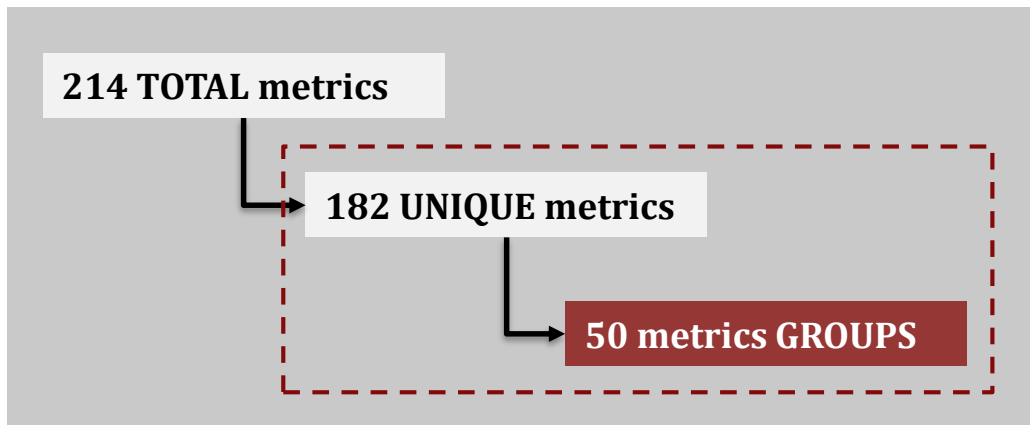
- 1) Lots of metrics being collected across organizations
- 2) Limited consistency across organizations in what metrics areas are used
- 3) While metrics areas collected may be similar in some cases, types of specific metrics vary significantly
- 4) Metrics often heavily influenced by regulations and policies
- 5) Limited alignment of metrics with organizational goals or stated outcomes

Hundreds of Metrics Synthesized into Relevant Groupings

Sample
Organization
Data



Secondary
Research
Data



Key Points

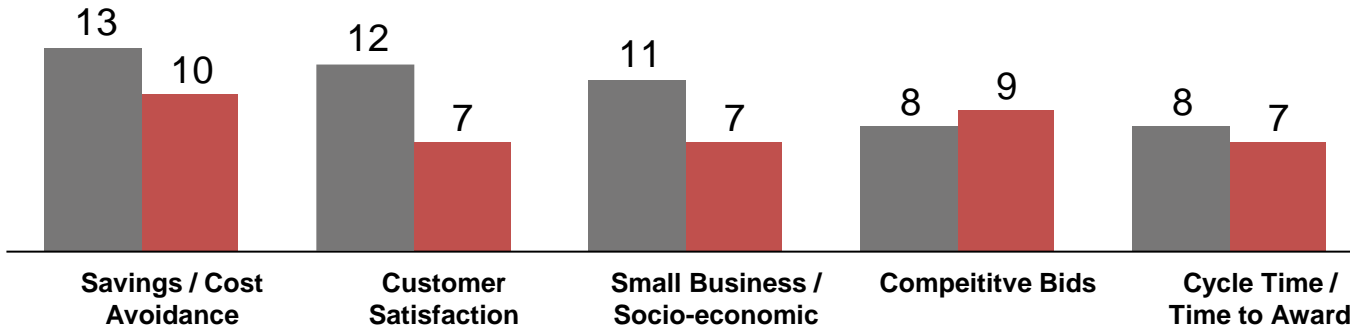
- Metrics GROUPS vary significantly in how often they were mentioned by various sources
- Secondary research showed much greater fragmentation in metrics groups
- We have aligned metrics GROUPS against the “critical practices/ capabilities”

We present top metrics groups from both sources on the following pages

A small number of metrics groups from organization data were consistently identified by organizations

Top Metrics Groups from Sampled Organization Data

Total Metrics Groups = 27 (Not All Shown here)



■ # of Mentions (out of 17 Total)

■ Unique Measures/ Metrics

- Only 3 of the 27 metrics GROUPS were mentioned / identified by at least half of the organizations or more
- There were 158 unique measures / metrics used to track these 27 metrics groups

Key Points

- Collectively across sampled organizations, we have identified a rich set of metrics
- However, organizations in general do not utilize a robust set of metrics

A closer look at the 27 metrics groups from sampled organization data

Metrics Area	# of Mentions
Savings / Cost Avoidance	13
Customer Satisfaction	12
Small Business (socio-economic goals)	11
% Competitive Bids	8
Cycle Time / Time to Award	8
Employee Training / Certification	8
Work Quality / Compliance	8
Workload	8
Contract Types and Risks	7
Cost of Procurement Function	6
Staffing Levels/ Experience / alignment	5

Metrics Area	# of Mentions
Excess Contract Capacity / Wasted Effort	4
Post Award Management	4
Spend Under Management	4
Supplier Engagement	4
% Automated Transactions / e-procurement	3
Customer Engagement / Knowledge	3
Data Quality	3
Employee Retention	3
Employee Satisfaction	3
On-time Delivery %	3
Supplier Satisfaction	3

158 “unique” metrics were used to measure 27 metrics groups

Characteristics of Well-Designed Measurement Systems

**Align with Desired
Outcomes**

**Measure Activities/
Processes that Drive
Outcomes**

**Few Metrics, Balanced
Perspective**

**Drive Continuous
Improvement**

Practices/Capabilities

Based on the research, these are the practices that matter

Critical Practices/Capabilities

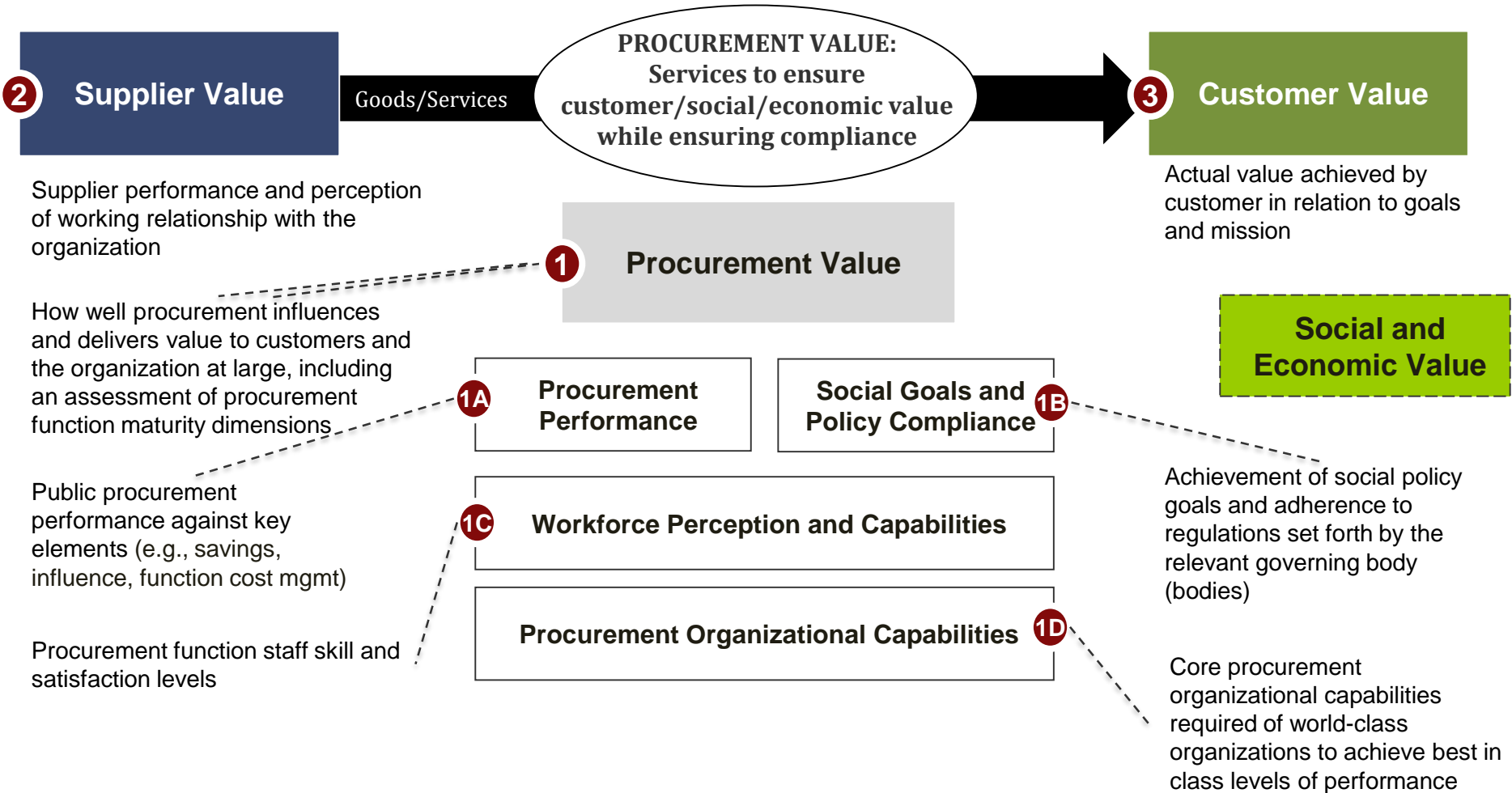
1	Customer Engagement	1a) Deliver timely procurements/ acquisition 1b) Engage customers early 1c) Collaborate on requirements
2	Supplier and Contract Management	2a) Understand market/supplier capabilities 2b) Drive supplier competition 2c) Leverage supplier expertise and innovation 2d) Manage supplier relationships & performance post-award 2e) Manage contracts post-award
3	Executive and Regulatory	3a) Manage total costs 3b) Manage risk 3c) Operate within procurement/acquisition regulations 3d) Achieve social policy goals
4	Procurement Talent Management	4a) Manage and retain talent 4b) Develop talent and competencies
5	Procurement Organization Management	5a) Align staff with customers & markets 5b) Manage procurement/acquisition function

Desired Public Procurement Outcomes

- Contribute to Achieving Mission Goals and Managing Value
- Efficiently Manage the Procurement Function, Talent, and Suppliers
- Abide by Regulations Governing the Public Organization & Procurement Function
- Set and Achieve Social Policy Goals

Our draft public procurement performance dashboard consists of 3 major components

Public Procurement Balanced Scorecard™



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