

# Procurement Capability and Workforce Development Strategy - 2020-2024

## Develop a Public Sector Procurement Capability Framework

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# Introduction

## **Develop a Public Sector Procurement Capability Framework**

The intent of this presentation is to Develop a Public Sector Procurement Capability Framework through the use of core Procurement Capabilities and generic Business Skills.

The focus is primarily on the Procurement Capabilities, which are unique and central to the role of a procurement workforce. In contrast, generic Business Skills are those which compliment the Procurement Capabilities but which are not exclusive to any one profession. Both are critical to delivering procurement outcomes, and where possible, should be developed concurrently.

# Procurement Capabilities



Government of  
South Australia



Queensland  
Government



ACT  
Government



GOVERNMENT OF  
WESTERN AUSTRALIA



Australian Government

New Zealand Government

# Procurement Capabilities Overview

## Professional Procurement Capabilities

**Identifying and Engaging with Risk**  
**Business Law**  
**Industry Engagement**

## Procurement Life Cycle Capabilities

**Governance and Assurance**  
**Planning**  
**Sourcing**  
**Evaluation and Negotiation**  
**Contract Development and Management**

# Capabilities and Proficiencies

Capabilities seek to be inclusive descriptors, which include the knowledge, skills, experience, competencies, attributes, qualifications, mindsets, insights, beliefs, attitudes, values, judgements, habits and behaviours necessary to deliver appropriate outcomes.

The two types of capabilities being considered include: core Procurement Capabilities and generic Business Skills. Within the Procurement Capabilities there are two types: the professional procurement capabilities and the procurement life cycle capabilities. The procurement life cycle capabilities are intended to be broadly sequential, but the reality might be that a particular activity might move back and forwards between phases as required.

Procurement Capabilities can be applied to the different procurement disciplines of general goods and services, ICT, construction, health, education, defence materiel, and social and human services.

Capabilities operate at different proficiency levels. The proficiency required for a particular procurement activity is based on the individual's role and level, as determined by their organisation.

Incorporating levels from the Australian Qualification Framework (AQF) / New Zealand Qualification Framework (NZQF), the identified proficiencies include:

- Awareness (including induction) important when dealing with those outside the procurement workforce;
- Foundation (including vocational);
- Practitioner (including undergraduate); and
- Expert (including postgraduate).

These proficiency levels reflect information complexity, so there may be many short practitioner courses or professional certifications, which are highly complex, but which are not delivered by an AQF institution like a Registered Training Organisation or a University.

## Capabilities

## Proficiencies

# Procurement Capabilities as a Scale

	<b>Business as Usual</b> Maintenance and Compliance Simple Procurement	<b>Business Improvement</b> Fit for Purpose Complex Procurement	<b>Advancing the Strategy</b> Increasing Value Strategic Procurement
<b>Procurement Capabilities</b>	Awareness Foundation	Practitioner	Expert
<b>Business Skills</b>	Awareness Foundation	Practitioner	Expert

There are many ways to describe the Procurement Capabilities to help explain how they could be used. This slide seeks to illustrate that the Procurement Capability Framework could operate as a proficiency scale from simple to more complex forms of procurement. This slides also brings together both the Procurement Capabilities and Business Skills to show how both are critical to delivering effective outcomes. The Awareness proficiency is particularly important for those outside the procurement workforce who are using existing arrangements, such as a standing offer panel, but may not be aware of all the legal obligations they must comply with.

Note: In a team context, the procurement project would not require that every team member had all the capabilities; rather, what would be needed is that as a whole, the 'team' collectively had the required breadth and depth of skills.

# Procurement Capability Descriptions

## Professional Procurement Capabilities

**Identifying and Engaging with Risk**  
**Business Law**  
**Industry Engagement**

## Procurement Life Cycle Capabilities

**Governance and Assurance**  
**Planning**  
**Sourcing**  
**Evaluation and Negotiation**  
**Contract Development and Management**

# Procurement Capability Template

To provide a consistent approach to describing the individual Procurement Capabilities, a template of standard elements has been adopted.

**Description** – this provides a paragraph long description of the particular capability.

**Incorporates Sub-Skills such as** – this provides a **suggested** breakdown of the critical elements of a particular capability.

# Identifying and Engaging with Risk

## Description

Consistent with the scope, complexity and scale of a procurement activity, **Identifying and Engaging with Risk** ensures that risk management principles are applied systematically to a procurement activity. This is done to identify and manage all risks, notably technical and commercial risks, in order to deliver the requirement and the value that has been contracted for. Risk management is an iterative process and risks must be reviewed and updated at every procurement life cycle phase or critical milestone. While it encompasses many types of risk across the procurement life cycle, including business law, industry engagement, commercial/contractual risk, financial risk, and logistics and supply chain management risk, it's primary objective is the holistic integration and management of all procurement risks.

## Incorporates Subskills such as:

**Risk Management and Integration** - applying risk management principles (to identify, assess, manage and mitigate risk), and understanding how technical and commercial risk intersect, in order to deliver effective procurement outcomes.

**Commercial/Contractual Risk** – the knowledge of commercial risks (such as liability or intellectual property issues) and how it can be applied to deliver effective procurement outcomes. It encompasses Business Acumen, understanding how to apply different commercial strategies, contractual mechanisms and clauses to support the Procurement Strategy; as well as conducting a holistic commercial risk assessment, taking into account the interaction effects of all potential risks and their impact on the commercial risk profile.

**Financial Risk Across the Procurement Life Cycle** - to support the determination of value for money and the reduction of material risk. This includes analysis of financial and other quantitative information, including price and cost, as well as assessing financial risk within a market. It may include conducting a Pricing Model Analysis, determining the Total Costs of Ownership and assessing other financial related risks.

**Logistics and Supply Chain Management Risk** – the knowledge of supply chain risks and how they may impact the procurement activity.

**Work Health and Safety** – understanding WHS principles and when these must be built into a procurement activity.

# Business Law

**Description** Business Law encompasses all relevant Commercial legislation and Public Sector Procurement legislation that impacts on procurement activities. It includes required knowledge of relevant legislation, as well as its interpretation and application to a particular procurement.

**Incorporates Subskills such as:**

- Commercial Law** – business ethics, contract law, corporations law, consumer law, environmental law, insurance law, intellectual property, liability, negligence, and work, health and safety legislation.
- Public Sector Procurement Law** – relevant jurisdictional legalisation, for example, Procurement Acts.
- Applying Legislation** – applying Commercial Law and Public Sector Procurement Law to deliver effective procurement outcomes. It would include contract drafting.

# Industry Engagement

## Description

Any engagement with industry stakeholders across the procurement life cycle. It includes the gathering of relevant business quantitative and qualitative intelligence to support procurement planning and decision making. This includes the estimation, analysis and assessment of the market through early and ongoing engagement with potential suppliers, including requesting industry feedback before request documentation is finalised. Other critical phases include the Approach to Market, Evaluation and Negotiation, and Contract Development and Management.

**Industry Sector Analysis** – conducting an industry sector analysis (market research) to determine how existing or emergent industry, local or global, can support the procurement outcomes.

**Industry Analysis Project Recommendations** – based on the industry analysis, recommending a ‘best fit’ Procurement Strategy market approach to support the procurement outcomes.

## Incorporates Subskills such as:

**Local Industry Involvement** – consistent with strategic industry policy objectives, identifying and ensuring local industry engagement (with a focus on SME involvement).

**Managing Import and Export Requirements** – understanding the import/export implications of goods sourced internationally (the effect of international law and the law of countries where goods are being sourced from, ie goods with asbestos).

**Government Furnished Material** – the implications of Governments providing goods, services, data, etc, to industry as part of a procurement activity (this could include warranting this material, including if it came from a third party).

# Governance and Assurance

## Description

Establishing a clear governance framework, based on all existing legislative and policy requirements, with appropriate systems and processes to deliver the required procurement outcomes, and to provide assurance in decision making, expectations and accountability. It includes ensuring a workforce culture which achieves the highest possible professional standards with a commitment to meeting strategic procurement objectives.

## Incorporates Subskills such as:

**Managing the Procurement Function** – understanding and establishing the procurement function governance framework requirements, including assurance, for the jurisdictional/organisational Procurement Function. This includes achieving Government’s strategic procurement objectives, such as to deliver economic, environmental, ethical, safety and social outcomes. It also encompasses establishing workforce capability standards to ensure that the procurement workforce has the appropriate skills to complete procurement activities. It also includes managing the procurement workforce, including internal contractors, in a defined and consistent manner (such as mechanisms for ongoing review or signoff of work). Appropriate procurement policy, contracting templates, and workforce professionalisation are also considerations.

**Project Procurement Governance** – in the context of the Procurement Function Governance Framework, establishing and applying governance requirements to an individual procurement activity (for example establishing steering groups, delegation requirements, protocols for protecting confidential information or industry’s intellectual property, etc).

**Project Assurance** – establishing and applying assurance processes to an individual procurement activity to have confirmation that it has met its governance requirements. This might include conducting a Legal/Procurement Compliance Review/Audit at particular life cycle phases or critical milestones to ensure that all relevant governance requirements are being managed effectively.

# Planning

## Description

Research, analysis and planning of the whole procurement life cycle to develop a comprehensive Procurement Strategy. It includes the identification and application of relevant legislation, policies, and associated frameworks, systems, processes, and tools and templates, to support the strategy. While risk management is central to planning, it is dealt with in the Identifying and Engaging with Risk capability.

**Probity Planning** – establishing the specific procurement probity protocols, including requirements for all participants.

**Identifying the Requirement** – this might include early engagement with industry to understand available local/global capability to deliver on the requirement.

## Incorporates Subskills such as:

**Developing the Procurement Strategy** – based on the identified requirement, develop the proposed approach. This includes alignment with the strategic procurement direction of the organisation, the identification of appropriate contractual delivery models, and consideration for how best to manage alternate proposals from industry. Separate planning documents based on the Procurement Strategy, in later phases, may include a Tender Evaluation Plan and a Negotiation Directive.

**Procurement Stakeholder Management** – to identify, plan, monitor and manage the needs and expectations of all potential procurement stakeholders in order to build constructive relationships and improve certainty.

# Sourcing

## Description

Activities leading to contract formation. It incorporates interpreting and applying the key principles and practices developed in the procurement strategy, and preparing, confirming and approving appropriate request and contract documentation to protect the organisation's commercial position.

## Incorporates Subskills such as:

**Developing Draft Contractual Documentation** – if the identified requirement has not been translated into appropriate contractual clauses, then it is unlikely to be delivered under the contract.

**Approaching the Market (consistent with the Procurement Strategy)** – ensuring appropriate Tender Evaluation Plans are in place before the Request is provided to the Market.

**Managing Industry Engagement during the Request Period** – this would include the management of tender errors, clarification questions, worksite visits, reviewing prototypes, conducting demonstrations and running Industry Presentations. It would also involve responding to industry complaints – consistent with legislation, the procurement strategy, and the probity and tender evaluation plans.

# Evaluation and Negotiation

**Description** Knowledge and practices relating to delivering effective evaluation and negotiation outcomes.

**Incorporates Subskills such as:**

**Conducting Effective Evaluations** - establishing a clear strategy that underpins planning and preparation for quantitative and qualitative evaluation, including Tender Evaluation Plans, and capturing/recording Tender Evaluation outcomes.

**Conducting Effective Negotiations** - undertaking formal and informal negotiations, including setting objectives and negotiating using best practice strategies, approaches, tactics and techniques. This would include developing Negotiation Directives consistent with the Procurement Strategy and capturing/recording Negotiation outcomes.

# Contract Development and Management

## Description

Reflecting the scope, complexity and scale of the procurement activity, finalising the draft contract after negotiations, the process for formal awarding and signing the contract, and the management of the resulting contract to deliver compliant value for money procurement outcomes. It encompasses contract start up, ongoing management, and contract closure through to disposals. Contract management, which may have been sourced for a specific period, may occur in parallel with an organisation seeking to refresh this period with the same or different provider, in order to compete future phases of delivery.

## Incorporates Subskills such as:

**Selection and Award** – selecting, finalising the draft contract, delegations and approvals, and award (contract signature).

**Performance Management** – to maintain and deliver contracted value.

**Contract Change and Increasing Contract Value** – formally modifying the contract to take into account changing business requirements, but also identifying options for increased value under the Contract, in order to improve innovation and value.

**Supplier Relationship Management** – Using supplier relationship management and dispute resolution practices to achieve agreed performance outcomes - the capability requirements specified in the procurement strategy.

**Ramping Up, Closing Down and Transitioning Contractors** – managing critical periods during contract management.

**Disposals** – how to manage a disposal activity consistent with the Procurement Strategy in an environmentally sustainable manner.

# Business Skills

# Business Skills (1)

<b>Data Literacy</b>	Data literacy, encompassing big data, includes research, statistical analysis, evaluating and visualising information in order to improve decision-making and business outcomes. It includes working with real time predictive and user behaviour analytics.
<b>Digital Literacy</b>	This relates to using workplace information management technologies to improve efficiency and effectiveness, including the single-handling of data and integrated systems providing a single-source of truth.
<b>Decision Making</b>	This relates to sound judgement and logic, co-design practices, identifying and mitigating unconscious bias and risk, and analytical, strategic, systems and innovative thinking.
<b>Financial Management</b>	The planning, development, population, application and auditing of organisational financial systems.
<b>Grants Management</b>	This relates to grant management, where a grantee receives financial assistance from government to help address one or more government policy outcomes, as well as achieve its own objectives.
<b>Leadership</b>	The action of leading people or an organisation and inspiring a sense of purpose (in contrast to managing within existing parameters).

# Business Skills (2)

<b>Workforce Management</b>	This relates to working effectively, achieving results, managing a budget, encouraging and supporting individuals and teams (including managing a flexible, remote, multi-disciplinary, diverse, integrated team), providing direction and delegating, as well as managing individual and team performance and behaviour. Related activities include: culture management, configuration management, issues management, knowledge management, performance management, quality management, records management and conducting due diligence.
<b>Managing Innovation</b>	Managing Innovation through Change Management - The management of innovation through organisational change management.
<b>Policy</b>	Policy Development and Implementation - This relates to planning, research, analysis, development, implementation and administration of policies, and any associated frameworks, systems, processes, templates and tools.
<b>Project Management</b>	Project management is the discipline of applying specific processes and principles to initiate, plan, execute and manage the way that new initiatives or changes are implemented within an organisation.
<b>Working with Government</b>	This relates to understanding of the strategic political environment, working with ministers and their advisors, working with other agencies, as well as providing clear, succinct, accurate, evidence-based advice, policy development, implementation, evaluation and service delivery.
<b>Working with People</b>	This relates to stakeholder engagement and management (including industry suppliers) through collaboration, customer service, relationship building, tact and diplomacy, and dealing with conflict.

# Business Skills (3)

## **Intra- Personal**

Self-confidence, emotional intelligence, self-esteem, self-awareness, integrity, initiative and enterprise, self management, self-directed learning, persistence, discipline, resilience, intrinsic motivation and having a positive attitude. Leadership through influence, courage to challenge conventional thinking, enhancing innovation and creative thinking in order to identify options, enhancing agility and flexibility to deal with constant change, and ability to identify critical issues within an ocean of data.

Self-directed learning describes a process in which individuals take the initiative, with or without the help of others, in diagnosing their learning needs, formulating learning goals, identifying human and material resources for learning, choosing and implementing appropriate learning strategies, and evaluating learning outcomes.

## **Inter- Personal**

Communication, learning, listening, negotiation, research, analysis, critical thinking, problem-solving, decision-making, business planning and organising, providing constructive feedback and having respect for others. Strategic long-term thinking, strategic alignment and managing complexity, collaboration and negotiating win/win outcomes, cross-discipline teamwork, inter-cultural awareness and communication, relationship building and conflict resolution, and strategic planning / goal setting and outcome tracking.

Communication relates to written, intercultural and oral communication, general negotiation and persuasion, and plain English writing (including telling the story and providing evidence for decision makers).