

#### Publication and contact details

#### Procurement Professionals Capability Set

© State of New South Wales through the NSW Public Service Commission, 2015.

This work is copyright. For information about use of the work other than use permitted under the Copyright Act 1968, see the Terms and Conditions of Use at <u>www.psc.nsw.gov.au/sector-support/capability-framework/</u> terms-and-conditions-of-use

**ISBN:** 978-0-7313-3673-9

For more information about this publication, please contact:

#### NSW Public Service Commission

Level 14, Bligh House 4–6 Bligh Street Sydney NSW 2000 Australia

**Telephone:** +61 2 9272 6000

Email: capabilityframework@psc.nsw.gov.au

This publication can be accessed online at: http://www.psc.nsw.gov.au/capabilityframework/occupation\_specific\_ capabilities

# Contents



### Introduction

NSW Public Sector Capability Framework and The Procurement Professionals Capability Set	04	
The Procurement Professionals Capability Set at a Glance	05	
How to read the Procurement Professionals Capability Set		
About the Procurement Professionals Capability Set	07	
Applying the Procurement Professionals Capability Set	08	



# The Procurement Professionals Capabilities

Strategic Procurement Leadership	11
Procurement Analysis	12
Strategic Sourcing	13
Commercial Negotiation	14
Procurement Risk Management	15
Supplier Relationship Management	16
Contract Management	17
Legislative and Policy Environment	18
Contract Law	19
Cost Management	20

NSW Public Sector Capability Framework and The Procurement Professionals Capability Set



# The Procurement Professionals Capability Set at a Glance

Capability	Definition
Strategic Procurement Leadership	Lead the development of procurement as a professional, strategic, value adding function enabling delivery of organisational business objectives and optimising procurement quality, productivity and performance outcomes
Procurement Analysis	Gather and evaluate information on the market, business needs, categories, key suppliers, the supply chain and contextual factors to inform procurement decisions
Strategic Sourcing	Select suppliers of required goods and services based on market evaluation, capability and alignment to the strategic procurement directions of the organisation
Commercial Negotiation	Plan, conduct and analyse the outcomes of commercial negotiations to achieve business objectives
Procurement Risk Management	Identify, assess and mitigate procurement risks
Supplier Relationship Management	Establish constructive and innovative strategic relationships based on driving value through appropriate long term relationships
Contract Management	Effectively manage the performance of suppliers through robust contract frameworks, successfully delivering contractual obligations
Legislative and Policy Environment	Ensure that the planning, management and delivery of procurement outcomes is fully consistent with all relevant legislative, probity and policy requirements
Contract Law	Prepare, confirm and approve concise and complete contractual documentation and protect the organisation's commercial position in areas such as liabilities, indemnities, insurances and warranties
Cost Management	Analyse cost make up and financial information and assess financial risk within a market to inform procurement planning, control and decision making



NSW PUBLIC SERVICE COMMISSION | PROCUREMENT PROFESSIONALS CAPABILITY SET

# About the Procurement Professionals Capability Set

The Procurement Professionals Capability Set is intended to be used in conjunction with the NSW Public Sector Capability Framework ("Capability Framework") to support the full range of workforce management and development activities, including role design and description; recruitment; performance development; learning and development; and strategic workforce planning.

The Capability Framework applies to all public sector roles, both executive and non-executive. Every role requires, at an appropriate level, all of the capabilities in the Capability Framework, including the Procurement and Contract Management 'Business Enabler' and also the People Management capabilities for roles responsible for managing others.

The Procurement Professionals Capability Set is comprised of ten capabilities that define additional knowledge, skills and abilities required for roles within the procurement profession. Most procurement roles will only require a subset of these capabilities, depending on the focus of responsibilities.

When used together, the Capability Framework and the Procurement Professionals Capability Set provide a comprehensive description of the capabilities required for successful performance in a procurement role. For example, in order to provide strategic advice on the most cost-effective procurement strategies for a major project, a role may need highly developed capabilities in analysis (Capability Framework: Think and Solve problems) as well as expert ability to interpret markets and their dynamics (Procurement Professionals Capability Set: Procurement Analysis). The ten capabilities in the Procurement Professionals Capability Set are described by behavioural indicators across five levels of complexity. The behaviours are not exhaustive, but provide an indicative list of the knowledge, skills and abilities expected at each level. When read collectively, the behavioural indicators provide a reasonable understanding of what a particular level of capability 'looks like'.

#### **Capability Levels**

Roles require a range of capabilities at varying levels, and the levels in the Procurement Professionals Capability Set do not correspond directly to classifications or grades.

The Capability Framework also has five levels, but these do not correspond directly with the five levels in the Procurement Professionals Capability Set. The descriptors for Level 1 of the Procurement Professionals Capability Set reflect more complex behaviours than those contained at the Foundational Level in the Capability Framework. This is because the nature of the work undertaken by procurement roles requires specialised knowledge, skills and abilities usually developed through tertiary education, training and/or relevant occupational experience. Specialised knowledge, skills and abilities are also rarely required for either entry level roles or agency head roles. This means that, while the core Capability Framework applies to roles from entry level to agency head, the Procurement Professionals Capability Set will generally only apply to roles above entry level but below agency head.

# Applying the Procurement Professionals Capability Set

#### Deciding whether the Procurement Professionals Capability Set is required

Note that the Procurement and Contract Management 'Business Enabler' capability within the core Capability Framework describes general procurement knowledge and ability which applies at some level to every role within the NSW Public Sector. Additional capabilities from the Procurement Professionals Capability Set should only be used for roles that are substantially involved in delivering procurement services.

Some helpful indicators that may assist in determining whether a role requires occupation specific capabilities from the Procurement Professionals Capability Set (in addition to the core capabilities) are:

- the work clearly requires specialised procurement knowledge, skill and/or ability
- the specialised procurement work occupies a large part of the role
- the job title is strongly associated with the profession e.g. Tendering Officer, Category Manager
- the 'Primary Purpose', 'Key Accountabilities' and 'Key Challenges' contained in the Role Description indicate a need for procurement capabilities for successful performance of the role

Many roles across the sector clearly sit within the procurement profession, and therefore require specific professional procurement capabilities for successful performance. These roles will reflect the necessary capabilities from the Capability Framework and additional, specialised capabilities from the Procurement Professionals Capability Set. Other roles may be situated within a procurement unit in the organisational structure, or undertake some procurement-related activities, but will not require the specialised professional knowledge and skills outlined in the Procurement Professionals Capability Set. For these roles the Procurement and Contract Management 'Business Enabler' in the Capability Framework will sufficiently outline the role's capability requirements.

# Deciding which Procurement Professionals capabilities apply

The number of capabilities from the Procurement Professionals Capability Set that apply to a role will depend on the breadth and nature of its accountabilities, but it is generally not expected that all ten capabilities will apply. Senior professional or management roles in procurement should not automatically be assigned all the capabilities from the Procurement Professionals Capability Set, as broad knowledge of the function and the capacity to provide professional leadership are captured in the Procurement and Contract Management 'Business Enabler' from the core Capability Framework.

Generally a role would only require additional, specialised capabilities from one occupation specific capability set, because roles usually belong to one profession. For example, a role will generally not require specialised capabilities from both the Procurement Professionals Capability Set and the Human Resources Professionals Capability Set.

#### Qualifications and other role requirements

The Capability Framework and the Procurement Professionals Capability Set describe behaviours but do not specify qualifications.

If a qualification or professional membership is an essential requirement for the role, this remains as a pre-requisite for employment, and should be incorporated into the role description and recruitment process.

#### Examples of roles likely to require capabilities from the Procurement Professionals Capability Set

- Procurement Officer: provides advice on procurement policies and procedures and manages procurement projects
- Category Manager: develops plans and strategies for a significant procurement category and manages procurement activities at a whole-of-category level
- Contract Administrator: drafts and manages contract documentation, assesses payment claims, analyses contract compliance and performance against KPIs
- Tendering Officer: manages the complete tender process including document development, tender evaluation, negotiation with providers and formal acceptances



#### Examples of roles unlikely to require specialised capabilities from the Procurement Professionals Capability Set

- Executive Assistant to Director Procurement: provides general administrative/executive support including purchasing goods from the office supplies contract when necessary
- Administrative Officer: undertakes a broad range of work activities including applying standard procurement procedures when required
- Manager Warehousing and Distribution: understands procurement but focus and specialised capabilities are in Logistics, a separate professional discipline
- Call Centre Manager: responsible for a large staff and budget, and does some tendering for maintenance and upgrade of the Centre's technical facilities

×

NSW PUBLIC SERVICE COMMISSION | PROCUREMENT PROFESSIONALS CAPABILITY SET



# Strategic Procurement Leadership

Lead the development of Procurement as a professional, strategic, value adding function enabling delivery of organisational business objectives and optimising procurement quality, productivity and performance outcomes



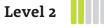
Know the role of procurement in the organisation as a core business partnership

Effectively deal with basic procurement queries from users and stakeholders

Explain NSW Procurement Policy and local procurement processes to employees outside of the procurement area, at a transactional level

Apply NSW Procurement Policy and local procurement processes correctly in undertaking basic procurement activities

Adapt to and support changes and improvements in procurement



Recognise the procurement role and responsibility across the organisation and act as a business partner when undertaking procurement activities

Engage confidently with senior stakeholders on procurement matters

Understand the strategic value of procurement and the need to achieve agreed performance targets and business objectives

Contribute to the development and standardisation of processes and apply changed processes and standards consistently

Seek to maintain and build their currency and professionalism in procurement



Contribute to the strategic direction of the procurement function and implement this at a local level

Assess key stakeholders and develop strategies to gain buy-in and support for procurement programs/initiatives

Set targets, priorities and objectives for own area of responsibility

Deploy and align procurement processes effectively to support business needs and targets; support the development of key governance processes

Proactively identify and recommend changes and improvements to procurement policy, processes and standards

Continue to develop skills and abilities to research, learn and apply contemporary best practice in procurement and proactively share knowledge

Coach staff within the procurement function and influence users and suppliers to deliver better procurement outcomes for the organisation



Influence the strategic vision and direction of the procurement function and support its effective implementation across all areas of the business

Incorporate business insights and objectives into the development of the procurement strategies

Develop innovative procurement solutions at a project/category/ organisational level

Use a range of organisational procurement models to design structures which suit the organisational environment

Establish KPIs and reporting processes and frameworks to capture and report the benefits of the procurement function

Lead efforts to develop and harmonise procurement processes/ standards across all user groups to gain buy-in and organisational commitment

Research and seek opportunities for improvement in procurement and effectively promote and manage changes in procurement policy, processes and practice

Mentor other procurement professionals on best practice and innovative methods to deliver better outcomes and lead by example



Establish the vision and direction of the procurement function to meet the business need and implement this across the organisation

Incorporate business insights and objectives into the development of the procurement function

Champion the application of advanced and innovative procurement processes, technologies, techniques and strategies

Set stretch functional objectives and targets ensuring alignment to corporate objectives with consideration to local business unit strategies

Establish appropriate governance mechanisms at a functional level within the organisation to drive effective procurement practice across the organisation

Drive continuing improvement and change in procurement policy, processes and practice to deliver better outcomes for the organisation, state and economy

Inspire others and contribute significantly to the ongoing development of procurement as a profession in the organisation and externally



# **Procurement Analysis**

Gather and evaluate information on the market, business needs, categories, key suppliers, the supply chain and contextual factors to inform procurement decisions



Interpret business needs and specifications

Undertake basic supply market and demand analysis

Use templates provided to conduct basic spend analysis

Use basic sources to collect supply market and category information (internet, newspapers etc.)

Know the value of key suppliers and how they impact business outcomes

Seek out competitive options to specified products or services

Apply basic techniques and utilise procurement systems effectively



Engage with stakeholders to determine business needs and requirements to inform procurement decisions

Thoroughly research the key risks, people, market, supplier and timing issues for categories

Develop basic analysis of spend using simple tools and spreadsheets to identify trends and assess changes in demand

Undertake basic supply market analysis for straightforward areas of spend with some direction and oversight

Undertake basic supplier/customer preferencing for straightforward areas of expenditure

Develop functional specifications to ensure supply options are not limited

Apply different tools/techniques appropriately in different procurement situations



Effectively engage stakeholders and develop procurement strategies based on sound knowledge of business needs and supply markets

Identify a number of different supply markets from which a category can be sourced and assess the optimal approach

Develop robust, detailed spend models using data from a variety of sources, providing insight into supply markets and internal demand analysis

Apply strategic tools such as Supply Positioning, market segmentation analysis, PESTLE and Porters Five Forces to analyse supply markets

Undertake supplier/customer preferencing and effectively translate the outcomes into procurement sourcing strategies

Research and provide competitive procurement options to deal with limited supply of products and services

Review and select tools and systems solutions developed to suit the application needed



Lead the development of procurement strategies in consultation with business partners

Interpret markets and their dynamics to inform procurement decisions for complex categories or large projects

Develop detailed spend visualisations which interpret the data, providing trends, demand drivers, themes and insight

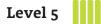
Regularly and effectively apply strategic tools to supply markets and across the supply chain

Scope and shape categories to align with supply markets to maximise the organisation's influence

Develop procurement strategies to deal with markets with limited suppliers

Bring the external perspective to the organisation based on a deep understanding of practices from other industry sectors

Research and develop systems solutions to meet changing procurement and supply chain needs



Create ambitious and wide ranging procurement strategies based on supply market and category analysis together with an indepth knowledge of organisational demand, needs and requirements

Effectively evaluate, shape, influence and develop supply markets to meet the current and future needs of the organisation

Work with business partners to develop the analytics infrastructure to provide accurate spend information as required by procurement teams and stakeholders

Demonstrate expertise in analysing supply markets across all categories and provide expert advice on the process

Develop strategies and supply markets to effectively deal with limited sources of supply

Set the overall strategy and framework for how different 'go-to-market' techniques are to be established and used throughout the organisation

Lead the interpretation, development and applications needed to better inform procurement decisions



## **Strategic Sourcing**

Select suppliers of required goods and services, based on market evaluation, capability and alignment to the strategic procurement directions of the organisation



Procure a range of straightforward goods/services

Effectively engage with internal and external stakeholders on routine procurement matters

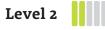
Recognise the need for procurement strategies to consider activities beyond a simple 'go-to-market' approach

Prepare procurement documentation which is professional, wellstructured and concise, uses appropriate language and contains relevant information for low value/ risk projects

Assist in the evaluation of suppliers against market analysis, qualification and award criteria and effectively undertake simple tenders

Develop simple evaluation plans and raise purchase requisitions for the creation of Purchase Orders

Capture and report on the KPIs and performance of contracted suppliers



Procure a wide range of complex goods/services

Consult with internal stakeholders to determine procurement business needs and changes in demand and manage stakeholder expectations

Recognise the different routes to market and determine which is the most appropriate i.e. RFx<sup>1</sup>, negotiation, e-auction etc.

Prepare procurement documentation which is professional, wellstructured and concise, uses appropriate language and contains relevant information for medium value/risk projects

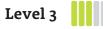
Proficiently use all types of RFx and other 'go-to-market' processes

Develop evaluation plans that incorporate both price and non-price components.

Undertake simple Value for Money calculations

Develop template Contract Management plans that include defined KPIs for straightforward procurement contracts

RFx captures all references to "Requests for ...." including Requests for Information (RFI), Request for Proposal (RFP), Request for Tender (RFT), Request for Quotation (RFQ)



Manage categories or large areas of expenditure

Engage supply markets and internal stakeholders positively to achieve effective communication and conditioning

Analyse all internal and external procurement information to effectively develop supply base strategies for major procurement projects

Prepare procurement documentation which is professional, wellstructured and concise, uses appropriate language and contains relevant information for high value/ high risk projects

Demonstrate expert knowledge of the supplier evaluation and selection process and manage the process for high value/high risk projects

Develop evaluation plans that allow for a multi-stage evaluation and assessment of several potentially competing criteria and complex Value for Money calculations

Conduct straightforward debriefs

Develop detailed Contract Management plans that include defined KPIs, a pre-determined approach to feedback, and an action plan to address non-performance issues



Lead sourcing activities and management of large, complex categories or projects and often facilitate expert reference groups

Lead supplier event days and other internal/external communication forums aimed at developing and engaging with the supply base to improve performance

Lead the development of the supply base strategy within major markets and incorporate input from senior stakeholders and technical functions to obtain agreement to overarching strategy

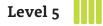
Demonstrate expertise in the development of all types of market facing documents in all categories and types of procurement activity

Lead cross-functional teams in the evaluation of large, complex, organisation-wide agreements

Develop evaluation plans that assess multiple complex criteria over several stages and incorporate complex Total Cost of Ownership or similar calculations

Execute contracts in line with delegated authority and conduct potentially contentious or difficult debriefs with unsuccessful suppliers

Develop detailed Contract Management Plans, KPIs, performance reviews, governance structures, resources, benefits tracking and reporting for significant projects and procurement categories



Coach and support category managers and procurement professionals in determining the key drivers and sourcing attributes of all procurement categories

Consult widely through the organisation on the strategic direction of business units and how the procurement function can contribute as a strategic business partner

Lead the establishment of procurement document frameworks that meet stakeholder and regulatory requirements and deliver optimum strategic outcomes

Lead the procurement function in ensuring that all supply market engagement activity is of the highest quality and is undertaken consistently with organisational values

Conduct high-level sensitive or contentious debriefs that could attract political or media interest

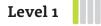
Develop organisational guidelines and procedures for the development of Contract Management Plans, KPIs, performance reviews, governance structures, resources, benefits tracking and reporting

Review and report procurement outcomes to the Executive Team/ Procurement Governance



# **Commercial Negotiation**

Plan, conduct and analyse the outcomes of commercial negotiations to achieve business objectives



Complete and follow a template commercial negotiation plan in preparation for low level procurement negotiations

Respond to and deal with issues for straightforward procurement negotiations

Plan and lead limited issue local business procurement negotiations

Adapt own procurement negotiation approach throughout the process



Work with business areas to identify where improvement and negotiation is required in procurement activities and develop basic commercial negotiation plans to suit

Recognise procurement negotiation issues and options and make informed assessment of negotiation arguments

Lead straightforward procurement negotiations often during the tendering cycle or as part of a contract review

Use a range of persuasion methods and simple tactics to achieve successful procurement outcomes



Partner with business areas to prepare and plan the procurement negotiation strategy based on sound knowledge, research and structure

Thoroughly research the key people, market, supplier, timing and risks for each procurement negotiation and set appropriate targets

Lead a multi-disciplined negotiating team in complex procurement negotiations (at a regional or cross business unit level)

Adopt negotiation styles to suit the situation (emotion, logic, threat, bargaining and compromise) and consistently utilise successful negotiating and influencing behaviours

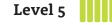


Develop robust negotiation plans with business partners for complex procurement negotiations and coach other procurement staff in how to approach negotiations

Gather and apply leading edge procurement negotiation thinking and practice across the organisation

Lead negotiations for large complex categories and significant projects (e.g. outsourcing agreements, Joint Ventures, partnerships)

Adopt appropriate negotiation styles for all situations (internal and external), and effectively use these to deliver optimal procurement outcomes



Lead business stakeholders in the development of toolkits and frameworks aimed at supporting all areas in undertaking effective procurement negotiations

Effectively influence the executive team and other internal and external stakeholders to use best practice procurement negotiation principles

Provide high level consultancy advice on negotiation process and tactics, as an expert negotiator within the business

Actively promote and support the development of commercial negotiating skills and practice across the organisation

Persuade, influence and condition others to change their position to achieve optimal procurement outcomes, taking a tough negotiating stance when necessary



# **Procurement Risk Management**

Identify, assess and mitigate procurement risks



Use basic techniques and tools to identify key risks

Identify risks as required through procurement policy/procedures

Utilise standard contractual provisions to mitigate contractual business risks

Identify and track non-compliant procurement behaviours



Identify and evaluate key risks at a contractual level for straightforward arrangements and seek input from other functions as appropriate (e.g. finance, legal etc.)

Input to risk logs and opportunity assessment reports as outlined in the organisational procurement practices

Develop risk mitigation strategies for straightforward procurement arrangements

Identify areas of non-compliance to procurement policy and raise with relevant stakeholders



Develop risk mitigation strategies for complex procurement arrangements

Proactively keep abreast of risk management processes and effectively use systems and practices to input to project risk logs and opportunity assessment activities within own team

Develop risk mitigation strategies for complex and large procurement projects, ensure appropriate ownership of risk between the organisation and the supplier (i.e. allocation of risk where it is best managed)

Champion compliance as a key procurement risk mitigation strategy



Lead the development of risk management tools and techniques to identify and prioritise risks to service delivery

Work closely with business areas to identify and manage commercial, contractual, operational, financial, reputational, ethical and supply chain risks emanating from procurement activity and supply base arrangements

Follow procurement risk management processes for major projects and coach others within the team on how to conduct risk assessments using established processes and frameworks

Act as an internal consultant on techniques and actions to manage risk for high value complex projects and relationships, and take calculated risks to achieve objectives

Manage compliance and work with business partners to eliminate noncompliant practices in procurement Level 5

Partner with key business stakeholders to develop an organisation wide procurement risk management strategy and consistent, sustainable approach to the identification and assessment of risks and opportunities

Develop policies, procedures, systems and appropriate review mechanisms for all procurement related risks (Political, Health and Safety, Financial, Commercial, Contractual, Social, Economic, Environmental) to ensure procurement risks are effectively managed

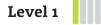
Champion procurement risk management throughout the organisation and promote a culture of risk management and mitigation balanced with realisation of future opportunities

Develop procurement compliance management frameworks and consequences for non-compliance



# Supplier Relationship Management

Establish constructive and innovative strategic relationships based on driving value through appropriate long term relationships



Comply with policies, processes and frameworks during the contract administration and management lifecycle

Deal effectively with suppliers at a transactional level

Identify benefits on an ad-hoc basis and work with local benefits realisation mechanisms



Understand supplier segmentation and determine the appropriate type of supplier relationship needed from straightforward areas of expenditure

Develop appropriate supplier relationships for lower value or lower risk goods and services

Assess impacts on suppliers and work to eliminate areas of unnecessary costs in straightforward categories

Track and monitor benefits through supplier relationships for low risk/ spend suppliers and contracts



Use supply positioning to determine the appropriate supplier relationship needed for all categories of expenditure and coach other staff on the application of supplier relationship management (SRM) principles

Develop sound working relationships with strategic suppliers at an operational level

Identify areas of waste throughout the supply chain and work with suppliers to eliminate these

Track and monitor benefits through supplier relationships for high risk/ spend suppliers and contracts



Consult throughout the organisation to support the development of strategic and high risk contracts and supplier relationships

Establish strong supplier relationships with strategic suppliers at a strategic level

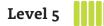
Identify sources of value through the supplier relationship

Take action to realise identified opportunities

Lead supplier development activities for key suppliers and market segments to meet the needs of the organisation

Develop frameworks to identify and track benefits through supplier relationships

Establish mechanisms to ensure supplier relationships are effectively governed both within and outside of the procurement function



Lead or direct the development of contract management, supplier performance and relationship management policies and processes across the organisation

Establish long term key supplier relationships at CEO level

Work proactively with suppliers and sectors to identify opportunities to deliver value for all parties

Develop frameworks and strategies to identify suppliers and supply markets where supplier development activities would be beneficial

Work with business partners to link procurement benefits into local budgeting processes



### **Contract Management**

Effectively manage the performance of suppliers through robust contract frameworks, successfully delivering contractual obligations



Follow all required processes in administering straightforward contracts

Update contract registers and utilise systems to record and manage supplier performance and feedback

Comply with contract management plans

Monitor compliance with contract management plans

Administer straightforward contracts to ensure accuracy of pricing, scope variations, updates to terms and conditions. Monitor and report on contract milestones and outcomes

Effectively deal with internal procurement feedback about suppliers on issues such as quality, timeliness, service and price

Review KPIs and meet with suppliers to monitor and manage routine performance



Systematically follow contract management and administration guidelines on key contracts

Record contract documentation and performance outcomes

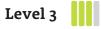
Manage suppliers to ensure goods, services and projects are delivered in line with agreed terms and conditions (on-time, on-cost, quality etc.)

Administer routine to complex contracts to ensure accuracy of pricing, scope variations and updates to terms and conditions. Monitor and report on milestones and outcomes

Undertake internal surveys and performance feedback as input into supplier performance reviews for straightforward contracts

Establish KPIs, performance metrics and SLAs for simple straightforward categories with some guidance and support for more complex areas

Capture and report on contract performance to measure value and effectiveness of incentives



Utilise tools and systems to analyse and interpret a wide variety of supplier and performance related information to drive better outcomes through the relationship

Ensure the contracted services are delivered in accordance with the intent of the contract, risks are identified and performance effectively managed

Administer complex contracts such as outsourced arrangements and joint ventures

Review and negotiate contract variations and monitor the contract database to ensure contract details are up to date

Work with internal business partners to define and provide a single face to the supply market, ensure agreements are fully understood and utilised and performance issues are addressed effectively

Effectively analyse data to assess strategic supplier performance and identify changes/improvements needed to deliver better outcomes



Establish mechanisms to ensure contracts are effectively governed both within and outside of the procurement function

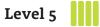
Manage and adjust complex and strategic contracts to meet the intent of the business need and continue to add value

Develop the overall plan for contract administration and set priorities and targets for renewal and extensions based on the business needs and market conditions

Lead expert reference groups for key areas of spend and effectively work with business partners to support procurement programs and supply chain initiatives

Lead the development and implementation of innovative performance and measurement metrics and incentive schemes

Identify and mitigate variation and change claims which arise, and resolve conflict with suppliers



Establish and maintain effective frameworks (such as Contract Lifecycle Management systems) and structures to manage all organisational supply arrangements

Ensure all contracts are effectively reviewed and managed to drive better outcomes

Drive innovation and best practice throughout the supply chain

Provide leadership and direction to contract management teams.

Set the overall business objectives and contract management objectives

Provide expert advice and strategies on all supplier related matters at senior levels in the organisation

Assess strategic suppliers and key supply markets to identify opportunities to improve the performance of the supply base



# Legislative and Policy Environment

Ensure that the planning, management and delivery of procurement outcomes is fully consistent with all relevant legislative, probity and policy requirements



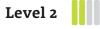
Undertake procurement activities in accordance with documented practices (covering relevant legislation)

Address codes of practice within the scope of routine procurement/ contract management activity undertaken, seeking advice on probity issues as required

Take an ethical approach to all procurement activity

Communicate basic concepts of best practice Public Sector probity and ethical standards as they relate to procurement to other people within their organisation

Apply basic sustainability decisions in straightforward areas of expenditure



Ensure procurement policies and practices (incorporating relevant legislation) are applied by all users at a local level

Address codes of practices for complex procurement sourcing activity undertaken, seeking advice on probity issues as required

Undertake procurement activities in accordance with documented practices (covering relevant legislation, regulation, probity and ethical standards)

Coach and support team members in the application of public sector best practice ethical procurement policies/practices

Assess social and environmental impact and incorporate social and environmental objectives into all procurement activity

Provide forward schedules of programs and projects to supply markets

Develop basic sustainability solutions for straightforward areas of procurement



Ensure that all relevant legislative requirements are incorporated into procurement related activities

Model behaviour on the code of conduct and ensure procurement practices address all legislative requirements and organisational corporate social responsibility (CSR) guidelines and requirements

Demonstrate full understanding of public procurement probity and ethical processes and undertake/ oversee major tender processes to deliver successful solutions

Assess the social and environmental impact of procurement activities and work with internal and external stakeholders to address these risks and impacts

Undertake sustainability risk assessments (social, economic and environmental) for major projects and incorporate sustainability strategies into sourcing activities



Interpret and effectively apply the intent of the government procurement framework and all related polices and legislation

Regularly review and interpret legislative requirements to ensure procurement/contract management policies and practices comply with the intent of the legislation

Lead by example and seek to ensure all codes of practice (e.g. Ethics, Probity, Health and Safety) are fully understood and consistently applied to procurement activity across the organisation

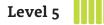
Act as a reference point on knowledge of best practice on Public Sector procurement processes, for senior stakeholders within the organisation

Interpret government social and environmental objectives and incorporate these into all procurement objectives and sourcing activity

Work closely with industry bodies and internal stakeholders to proactively develop supply markets to meet future procurement needs

Develop leading edge sustainable procurement strategies that drive improved social, economic and environmental outcomes throughout the supply chain

Champion sustainability within the industry and the organisation



Regularly review and interpret legislative requirements to ensure procurement policies and practices comply with the intent of the legislation

Work actively with public sector policy and legislative stakeholders in the development of frameworks and policies for probity in procurement to reflect best practice

Develop policy and processes for the integration of current ethical standards across all areas of the organisation and integrate the organisation's Corporate Social Responsibility (CSR) policies and standards into procurement policies and practices

Provide expertise in Public Sector legislation and best practice procurement for most senior stakeholders within and outside the organisation

Assess the broader social and environmental objectives of government (such as Indigenous and SME participation and development) and incorporate these into procurement policy, planning and sourcing activities

Monitor the health of the supply market to ensure the organisation adopts a responsible approach to the engagement and development of supply markets

Lead the development of the organisation's sustainability strategy/ policies for procurement and incorporate these into sourcing practices

Provide leadership to the industry in sustainability



#### **Contract Law**

Prepare, confirm and approve concise and complete contractual documentation and protect the organisation's commercial position in areas such as liabilities, indemnities, insurances and warranties



Seek advice from senior procurement staff on any contractual issues

Interpret basic contract terms and conditions and their contextual meaning

Effectively use template contracts for basic goods and services



Seek advice on the interpretation of variations to contract terms and conditions if challenged by suppliers

Interpret contract terms and conditions and how they should be applied to straightforward contracts

Prepare clear, concise and complete contractual documentation using existing templates for straightforward contracts

Develop appropriate KPIs for straightforward contracts from existing guidelines and performance management frameworks

Conduct risk assessments on straightforward contracts and take action to reduce/minimise the organisation's exposure Level 3

Interpret all contract terms and conditions, using a working knowledge of contract law and seeking advice for specialised terms/conditions or dispute resolution as needed

Interpret and apply laws and legislation as they relate to procurement activity

Prepare and negotiate clear, concise and complete contractual documentation from existing templates

Work with key stakeholders to develop effective incentives for straightforward procurement contracts

Use existing guidelines to develop appropriate KPIs for contracts and supply agreements based on risk and business outcome

Conduct risk assessments on complex contracts and take action to minimise the organisation's legal and commercial exposure



Approve complex contracts, applying expertise in contract law and seeking high level legal advice when needed

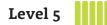
Interpret and apply statutory and common law obligations that must be incorporated into relevant contracts

Provide expertise to the organisation on all types of contractual processes and documentation

Partner with business stakeholders to develop effective 'service credits' (motivational and punitive) related to agreed KPIs and business risks for complex and major projects

Develop holistic performance management KPIs and service delivery targets for significant contracts and supplier arrangements to achieve optimal performance

Build clear understanding of the consequences of non-performance and mitigate this risk



Interpret the intent of all contract conditions and often mediate disputes

Interpret and apply statutory and common law obligations and ensure these are effectively embedded across all procurement contracts

Work with legal professionals and other key business stakeholders to ensure that an appropriate range of contracts are developed and are accessible across the organisation for all types of contracts

Establish effective contractual governance arrangements throughout the organisation

Develop procurement policies and frameworks for supplier incentives based on business needs and risks that drive performance throughout the supply chain

Develop procurement policies and frameworks for supplier performance management based on management of risk and meeting the intent of the contract

Ensure supply chain risks are allocated where they can be best managed and set high standards for performance management to continue to deliver better business outcomes

Develop and lead processes for effective methods of contract dispute resolution



### **Cost Management**

Analyse cost make up and financial information and assess financial risk within a market to inform procurement planning, control and decision making



Undertake analysis of submitted supplier pricing

Differentiate between price and cost in decision making at a minimal level

Develop simple cost breakdowns to use for financial assessments

Work with suppliers on price movements and seek advice and guidance on how to handle proposed changes

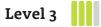


Use standard templates to assess Total Cost of Ownership (TCO) for basic supply arrangements

Differentiate between price and overall cost in decision making

Use template cost models to determine true contract costs for straightforward contracts

Work with suppliers on price movements and negotiate changes for straightforward arrangements



Develop simple TCO models for straightforward supply arrangements

Differentiate between price and overall cost as part of the overall value assessment of supply arrangements

Assess cost levers/drivers which exist within a category/product to optimise specification/service levels

Apply a basic understanding of key financial indicators to assess the financial stability of a supplier in the short term

Effectively use cost models to determine true contract costs for complex contracts

Represent procurement in multifunctional value engineering workshops

Anticipate and take advance action on price movements

Proactively negotiate lower prices based on identified changes to product/labour price indices



Develop robust TCO models for complex supply arrangements and create templates and guidance for cost modelling

Identify price as a part of overall cost which is part of the overall value and expertly apply this principle in assessing the value of supply arrangements

Work with other business areas to develop 'should-cost' models for complex arrangements (functional outsourcing, capital expenditure etc.)

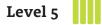
Proactively assess cost levers/drivers for complex categories/arrangements to optimise specification/service levels and continue to drive better outcomes

Use financial reports and externally available data to assess supplier financial stability over the medium to long term and the financial capacity to deliver straightforward but high value contracts

Work closely with key contractors and apply value engineering principles to identify and reduce waste and costs throughout the supply chain

Account for the effect of external influences on price such as foreign exchange fluctuations, and the impact this can have on pricing over the term of a contract, in contract price variation clauses

Liaise with financial experts to validate the impact of external influences on price and effectively negotiate with suppliers to achieve good outcomes



Work with financial experts and other business areas to develop guidelines and templates for assessing and measuring TCO costs

Provide clear guidelines and tools to all areas of the organisation on assessing overall value of supply arrangements to ensure decisions are not simply price focussed

Lead a multi-functional team in the development of 'should-cost' models for complex arrangements (functional outsourcing, Capital Works etc.), working closely with financial experts to test and validate models prior to market engagement

Work as a key business partner with individuals and teams to identify cost drivers and strategies on reducing costs and optimising supply outcomes

Demonstrate a sound understanding of financial data and work closely with financial experts on complex, high value contracts

Lead and mentor in the education of cost modelling processes across the organisation

Lead multi-functional teams and supplier groups in applying value engineering principles to identify and reduce waste and excess costs throughout the supply chain

Work closely with financial experts to assess price movements and develop strategies to ensure the organisation manages these



#### NSW Public Service Commission

Level 14, Bligh House 4–6 Bligh Street Sydney NSW 2000 Australia

www.psc.nsw.gov.au



www.psc.nsw.gov.au/capabilityframework/ occupation\_specific\_capabilities