

Data is Power

Unlocking the Power of Performance Management for Procurement

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Performance Management Best Practices



GFOA Best Practice

- **GFOA Best Practice:** GFOA recommends all organizations identify, track, and communicate performance measures to **monitor financial and budgetary status, service delivery, program outcomes, and community conditions.**

<https://www.gfoa.org/materials/performance-measures>





NIGP Global Best Practice

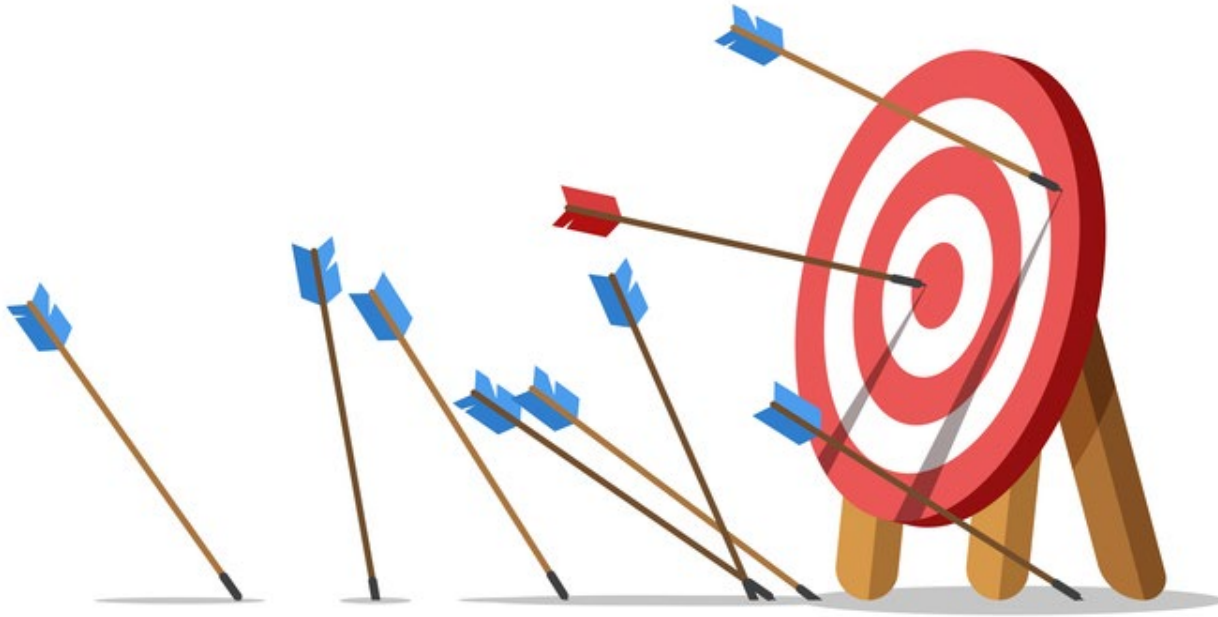
- Performance measurement is the process by which procurement establishes criteria, based on strategic planning goals, **for determining the results and quality of its activities**. It involves creating a simple, effective system for determining whether procurement is meeting its objectives.
- Procurement should have a performance measurement system that assesses progress towards achievement of the strategic plan.

<https://www.nigp.org/resource/global-best-practices/Performance%20Measurement%20Best%20Practice.pdf>

NPI Award Criteria

- Maintains a “continuous improvement” program comprised of the following:
 - Formal survey of procurement performance, completed by internal (department) customers (5 pts)
 - Formal survey of procurement customer service, completed by external customers (vendors/contractors) (5 pts)
 - Formal internal (user departments) customer training within the past year (5 pts)
 - Performance measures specific to procurement function (10 pts)
- The performance measures should be on multiple procurement areas.
- Fundamental purpose for having performance measures is to improve how procurement performs: to learn, to motivate, and to recognize achievement and areas of weakness.
- Evaluation processes consist of two variables: organizational performance data and a benchmark that creates a framework for analyzing that data.

Practical Experience with Performance Measures



**What's wrong
with performance
management?**

Measuring and Communicating Procurement's Value



**Getting a Seat at
the Table**

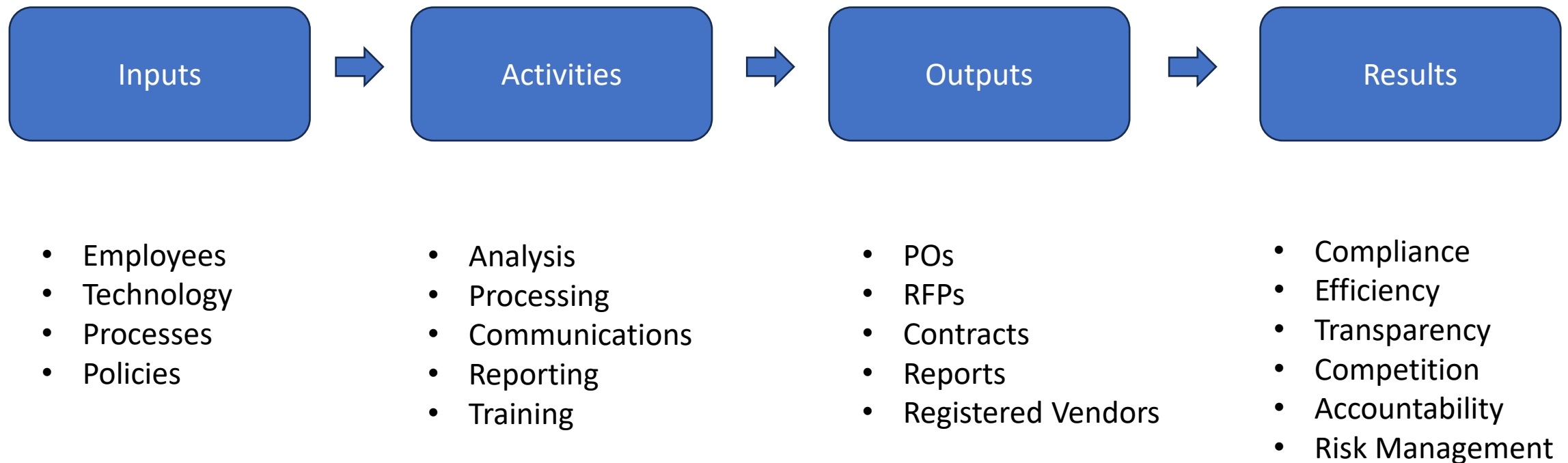
Example Measures

- Average number of bids per solicitation
- Number of unauthorized purchases
- Total negotiated savings
- Number of RFPs per year
- Number of vendors disqualified
- Cost per purchase order
- Public records requests
- Number of staff trained
- Number of RFPs per FTE
- Time to process PO
- Time to complete RFP process



**Are we measuring
value?**
Can we take action?

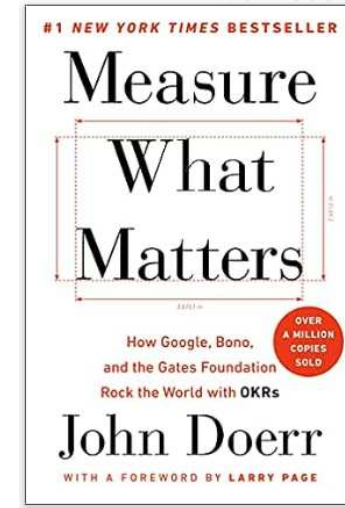
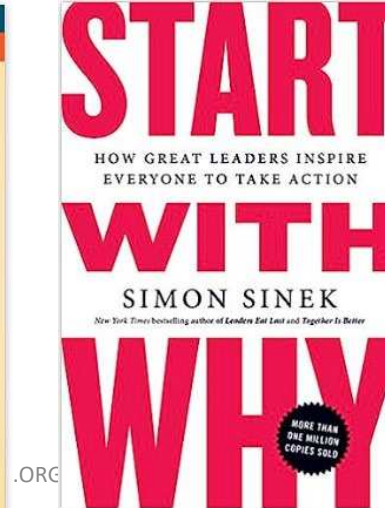
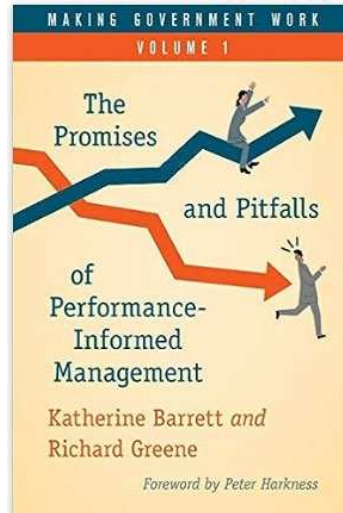
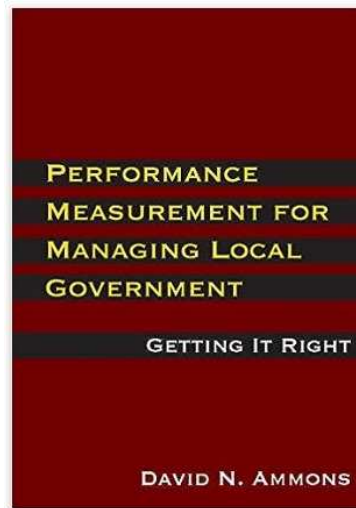
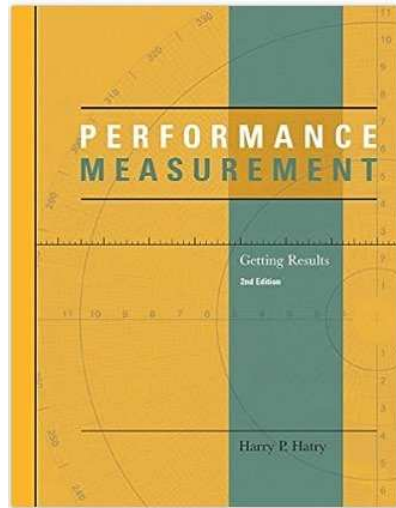
Where do we measure?



Unlocking Power of Data

Common Themes to “Effective” Performance Management

- Outcomes and results
- Learning and improvement
- Decision making and action



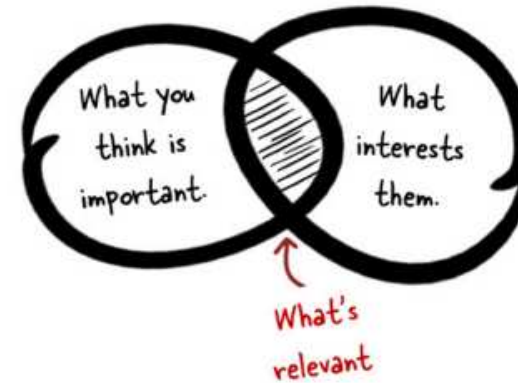
Start with Why Procurement exists to provide

- Accountably
- Ethics
- Professionalism
- Service
- Transparency
- **Preserve the Public Trust**

What is Procurement Excellence?

- Efficient and Fair
- Results Driven
- Equitable
- Strategic

Measuring What Matters



- Select measures that will help your audience understand the situation.

Two approaches for refining performance measures

Objective / Outcome



How we know / key results

Object / Outcome

Factors

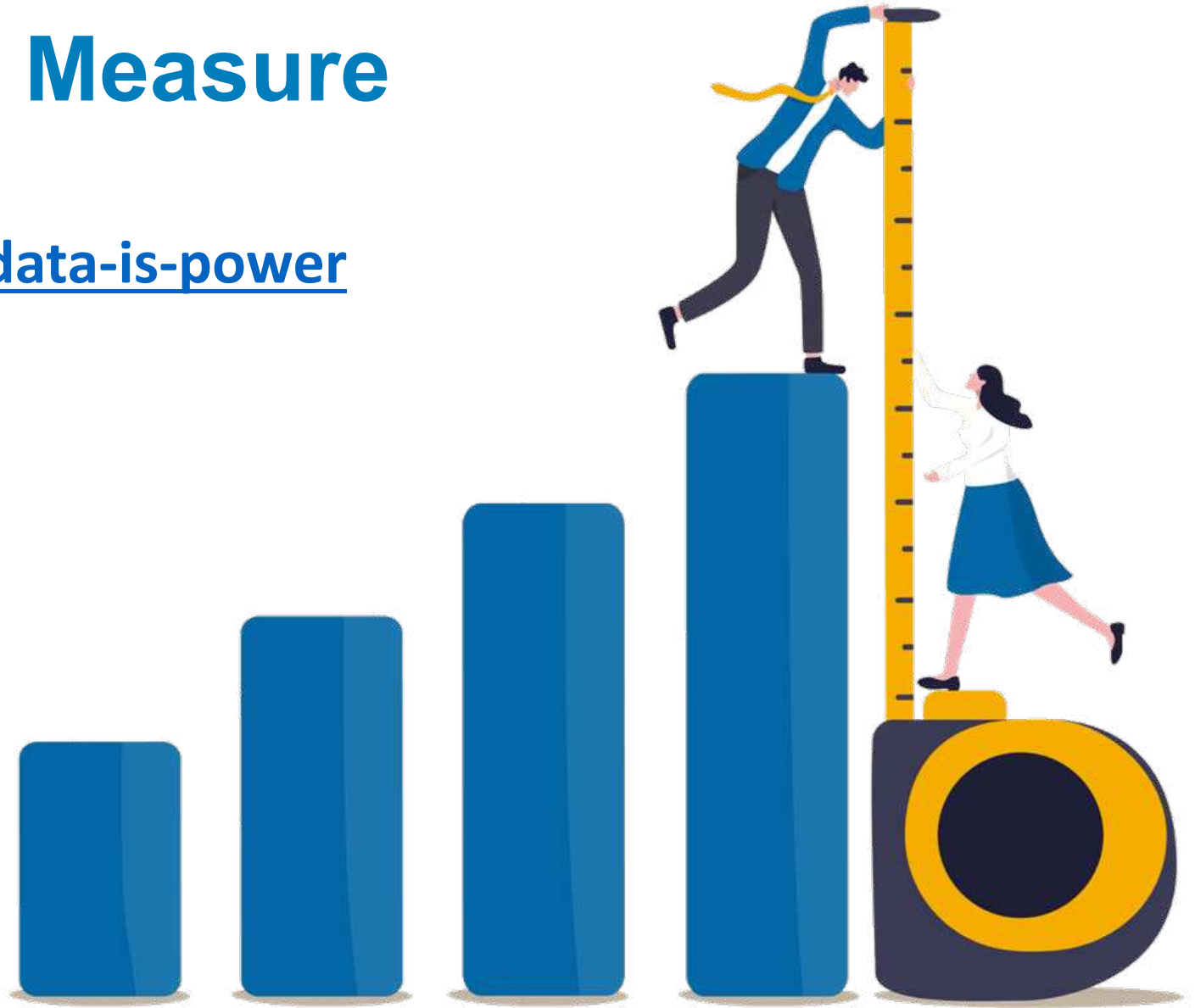
Measures
Measures

Factors

Measures
Measures

Exercise: What to Measure

<https://www.gfoa.org/nigp-data-is-power>



Lessons Learned and Discussion



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