



Pareto Accreditation Overview

1.0 Leadership

Overview of the Leadership Category

Leadership is critical to organizational excellence. Effective leadership of the procurement function drives organizational success. Leadership addresses values and performance expertise. Leaders guide the procurement operation and translate their vision into goals, strategy and effective outcomes.

- Describe the Procurement Organization's mission, vision and value statements and attach copies.
- Explain how each is distributed and communicated throughout the government.
- Describe how the mission, vision, value statements are aligned with the strategic plan, goals and objectives of the organization.
- Address how the Chief Procurement Officer and senior leaders participate in the strategic planning process of the organization.
- Explain how the Chief Procurement Officer and senior procurement leaders display procurement professionalism. This would include education, certification, organizational participation, community involvement, etc.
- Explain and provide examples of how the Chief Procurement Officer and the procurement management team sets direction and creates an environment that encourages empowerment, learning and innovation.
- Describe how senior leaders encourage and provide opportunities for staff training and development.
- How do the procurement leaders address the issue of ethical procurement practices within your organization?
- Does the organization participate in and promote a team environment? (Provide examples of team development activities.)
- Describe how employees are rewarded and recognized.
- Explain the degree and extent of procurement staff participation in professional organizations, e.g. NIGP, ISM, NAEP, et al.
- Explain how various communication strategies are used to reach internal and external customers.

2.0 Strategic Planning

Overview of the Strategic Planning Category

Strategic Planning refers to the Procurement Organization's approach to preparing for the future. Strategic planning may include forecasts, surveys, goals, objectives and other options that can be utilized for purposes of effective decision making and resource allocation. Strategic Planning is based on continuous improvement. Characteristics should be result and NOT activity based and must be measurable. Strategic Planning covers a time frame of at least two to five years.

- ▶ Describe efforts made by procurement management leaders to identify those action plans that must be accomplished in order to be successful in the future.
- ▶ Provide a timetable for accomplishing your strategic planning objectives.
- ▶ Are there specific concerns relative to human resource needs over the next two years? Please elaborate. Describe your optimum staffing configuration.
- ▶ Explain how you communicate and share with internal staff the outcomes of the strategic planning process.
- ▶ Explain how you measure the success of your strategic plan.
- ▶ Explain any planning initiatives undertaken in collaboration with your suppliers.
- ▶ Describe any surveys or other measurement tools used to examine internal business processes.
- ▶ Describe your procurement specific technology plan and explain how it interfaces with the organizations technology master plan.
- ▶ Is the budget supportive of the strategic planning objectives of the procurement organization?
- ▶ Describe any best practices or outside benchmarks that have been utilized in the strategic planning process and how they were used.

3.0 Customer Focus

Overview of the Customer Focus Category

Defining who the "Customers" are for the public procurement function has always been difficult. It can be agreed that there are internal and external customers. Internal customers may be other government agencies served by procurement, boards, commissions, schools, nursing homes, airports (just to identify a few) and a panoply of disparate groups at times. External customers may be suppliers, contractors, architects, engineers and those that may have a stakeholder relationship with procurement. Customer focus is all about addressing customer needs and achieving customer satisfaction. Procurement excellence has much to do with establishing relationships with our various customers.

- ▶ Explain how you identify your customers and how senior procurement leadership listens and learns to
 - ▶ determine key customer requirements.
 - ▶ What data is collected and analyzed in order to improve customer satisfaction?
 - ▶ Describe typical customer complaints and what is done to satisfy or correct complaints.
 - ▶ What methods are used to maintain effective customer contact?
 - ▶ How do you keep customers informed of purchasing activity?
 - ▶ Describe training and outreach that is specific to internal customer satisfaction.
 - ▶ Describe the process that is utilized by procurement relative to unsatisfactory vendor/contractor performance.
 - ▶ Explain and describe diversity outreach efforts over the last two years. Include in your response any state or local mandates that impact your efforts.
 - ▶ Describe what formal/informal training initiatives that have been implemented relative to supplier relationships.
 - ▶ Describe any creative or innovative methods used to improve customer satisfaction.

4.0 Process Management

Overview of the Process Management Category

Process Management refers to the business operation, which connects the input to the output. It is the key organizational work processes. Inefficient and ineffective work process systems will hinder the procurement organizations ability to render effective customer service. If a work process is defective, the root causes of the defect must be identified and remedial action taken to cure the defect and solve the problem. Work redesign may be necessary in order to improve workflow.

- ▶ Explain the procurement business process in terms of how customer needs (requests) become purchase orders/ contracts. A flow chart or process diagram should be attached.
- ▶ Describe the procurement software being utilized and address its positive attributes as well as its shortcomings.
- ▶ Explain the deployment, management and control of procurement credit cards. Describe how they have impacted the value-added factor in terms of procurement best practices.
- ▶ Are just-in-time contracts being utilized and to what extent? Explain how they are integrated into procurement credit card processes as well as e-commerce applications. Also describe their impact on inventory status and material management issues.
- ▶ Explain what improvements have been made to vendor payment cycle time over the past twenty-four months.
- ▶ Explain your procurement philosophy regarding delegated purchasing authority.
- ▶ What procurement processes have been re-worked, redesigned or eliminated over the last twenty-four months and how many of these changes were technology driven.
- ▶ Describe any business processes that have been changed, modified or redesigned as a result of supplier input, and if your agency solicits supplier feedback when designing business process changes that impact supplier relationships.
- ▶ Describe how techniques such as value engineering, life cycle cost analysis, statistical process control, standardization or other similar procurement strategies are utilized relative to continuous improvement efforts.
What measurements are made relative to process efficiencies? For example, what metrics are used to determine if a work process should be eliminated.

5.0 Technology and Information Management

Overview of the Technology and Information Management Category

Technology is an accelerator of process improvement within the purchasing environment. Purchasing should be a rapid adopter of new technology in order to achieve improvement efficiencies. Information management is the collection and analysis of data that will enable management to examine productivity, trends, cause-effect relationships and help set priorities for resource allocation.

- ▶ Describe Procurement's short term-long term technology plan.
- ▶ Explain the process used by procurement to determine the immediate and future needs for technology enhancements.
- ▶ Describe training opportunities provided to staff in order to ensure technology proficiency.
- ▶ Describe e-commerce/e-sourcing tools that have been adopted.
- ▶ Describe how customer service has been improved through the use of information technology. Describe how internal customers and the business community benefit from electronic commerce. Describe data that is being collected and analyzed in order to improve operational efficiencies.
- ▶ Explain how benchmarking data is utilized to improve efficiency and effectiveness. Is technology integrated into the benchmarking process?
- ▶ Explain how data and information that is collected and analyzed is shared throughout the organization and provide examples.
- ▶ Describe how information technology systems currently in place are aligned to the purchasing operation's mission and vision.

6.0 Performance Improvement

Overview of the Performance Improvement Category

Exemplary procurement operations must be forward in their thinking and focused on continuous improvement and self-examination in order to achieve best in class status. To say that there has been a paradigm shift in public procurement over the last several years is an understatement. Many public procurement organizations have been devoid of leadership and professional management. Technology, citizen expectation and performance contracting are examples of change agents that demand a new organizational structure. We must be strategic and value driven and our organizations must reflect this new thinking.

- ▶ Describe the most important performance improvement implemented over the last twenty-four months. How are employees within the organization empowered, rewarded and recognized?
- ▶ Explain efforts relative to human resource improvement strategies such as cross training, job rotation, teaming, job sharing, etc. Include in your response any strategies implemented to improve employee morale.
- ▶ Are job classifications current and do they reflect the duties and responsibilities of the position? Include with your submission copies of current job descriptions.
- ▶ Describe any salary surveys that have been conducted and benchmarked within the past twenty-four months.
- ▶ Describe efforts relative to environmentally favorable purchasing practices.
- ▶ Describe the purchasing organization's involvement concerning inventory and property management issues. If inventory supply management is a direct responsibility, explain improvement efforts taken over the last twenty-four months.
- ▶ Explain the procurement organization's involvement in cooperative purchasing issues and initiatives. How has cooperative purchasing impacted the value-added equation?
- ▶ Explain the importance and frequency of internal auditing of the procurement organization and address its ethical implications.
- ▶ Describe efforts taken to promote the value of the procurement function to internal and external stakeholders.

Pareto Award Fee Structure

The application process for the Pareto Award consists of three phases:

- Phase I: Self-Study
- Phase II: Response to Questions
- Phase III: On-site peer review

When the applicant submits a Pareto Application it must be accompanied with the Self Study and the Response to Questions along with a \$100.00 Application Fee.

The NIGP PARETO AWARD ACCREDITATION COMMITTEE will review the self-study and score the questions. The questions require a passing score of 80 or higher. The Committee will provide a written report detailing the results of the scoring on Phase I and Phase II. Once the agency is notified that their application is approved, the next Phase will be the on-site peer review.

Fee Schedule	2 days - 2 Reviewers
Application Fee and Submission of Phase I and II (No additional fee if Agency does not pass Phase I and II)	\$3,000
Travel expense =air + lodging for reviewers (estimated as a maximum and can be controlled based on notice and location)	\$3,000
Onsite evaluation and interviews	\$10,500
Accreditation Fee (paid to NIGP)	\$2,000
Total Average Agency Cost (based on a 2 day site review by 2 Reviewers)	\$18,500

Benchmark Fee Comparison:

The Malcolm Baldrige National Quality Award fees for the year 2016 are:*

Application Fee (Based on government entity of 500+ staff)	\$18,360
On-site visit expense. (Amount depends on number of sites, number of examiners, number of visits, and other factors.)	\$50,000 - \$60,000

* Source: http://www.nist.gov/baldrige/enter/award_fees.cfm