



STANDARD

Public procurement organizations should develop a performance management program that allows for a continuous cycle of improvement and added value (*See Figure 1*). The performance management program should be integrated across the procurement organization, individual, and supplier levels.¹

Definition

Performance management is an ongoing, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for performance. Performance management is integrated into all aspects of an organization's management and policy-making processes, aligning an organization's practices so it is focused on achieving improved results for the public.²

Element 1.1: Strategic Planning:

A sound performance management program begins with clearly defined goals and objectives (*See Standard of Practice: Strategic Planning*). Initially, strategic planning is the “design” phase of the performance management program. However, as the cycle³ repeats, this step should act as a “revision” phase, in which the process and components are revised to improve opportunity for learning, accountability, and results (*See Figure 1*).

In addition, plans for monitoring progress and establishment of accountability should also be developed in the planning phase of the performance management program. In preparation for the monitoring phase the following should occur:

- Establish who, within the procurement department, will be responsible for monitoring progress. This may vary based on the level at which implementation occurs, but should include key decision makers.
- Establish time frames for reporting collected data. (*See Standard of Practice 1: Strategic Planning*)
- Establish what will be measured to monitor progress and how data will be collected.

Element 1.2: Implementation:

During this phase of the performance management program, regardless of the level (i.e. department, individual, supplier) at which implementation occurs, performance should be measured against the established goals and objectives (*See Standards of Practice: Performance Measurement and Strategic Planning*).

Element 1.3: Monitoring Progress:

Progress should be monitored to ensure that goals and objectives are being achieved in the most efficient and effective manner. This should be done by:

- Collecting the data (*See Standard: Performance Measurement*)
- Preparing the reports
- Delivering reports to the individual responsible for monitoring progress
- Evaluating the reported measures to identify any explanatory information⁴ or quality indicators⁵ as they relate to the attainment of goals and objectives established in the Strategic Plan. (*See Standards: Strategic Planning and Performance Measurement*)
- Sharing performance measurement reports with customers, stakeholders and other groups⁶

Element 1.4: Identifying Opportunities for Improvement:

Identifying opportunities for improvement is critical to improving procurement performance. This should be done by:

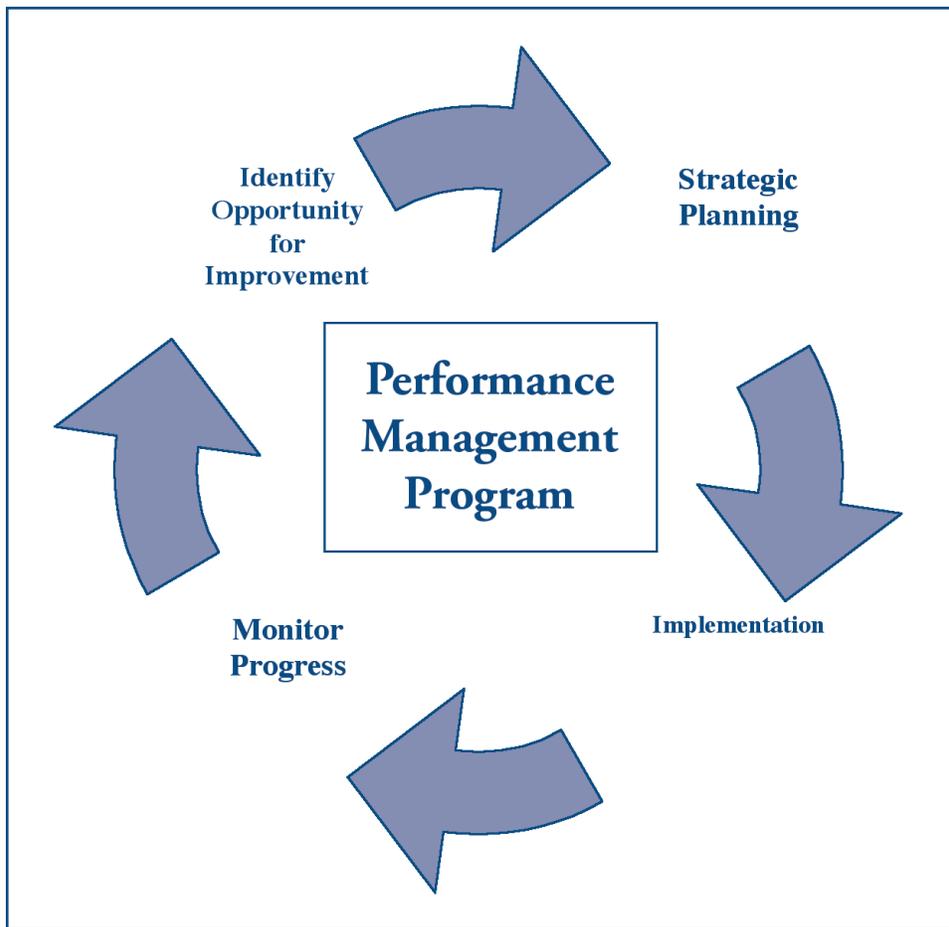
- Evaluating reports to identify areas for performance improvement.
- Correcting deviation from established objectives and goals.
- Noting the successful attainment of goals and objectives.
- Planning to increase effectiveness and efficiency in the next cycle by supporting the establishment of new goals and objectives, and/or re-prioritizing opportunities for improvement that were identified (*See Figure 1*).⁷

Background

A performance management program begins with planning, followed by implementation, monitored progress, and identification of opportunities for improvement (*See Practice: Strategic Procurement Planning*).

A sound performance management program will assist the procurement organization in meeting both internal and external strategic plan goals and objectives. Furthermore, a performance management program will help the procurement department to demonstrate its value to all stakeholders, in terms of verified improvements and accomplishments. When done properly, the performance management program will continuously improve the effectiveness and efficiency of procurement; thereby improving service to the public and stakeholders.⁸

Figure 1: The Performance Management Cycle⁹



PRINCIPLES AND
PRACTICES OF
PUBLIC PROCUREMENT

- 1 Perez, T. and Rushing, R. (2007). The Citistat Model: How data driven government can increase efficiency and effectiveness. Center for American Progress. [Online] Available: <http://www.americanprogress.org/issues/2007/04/citistat.html> "...there must be oversight and coordination to ensure that data collection is complete and consistent from department to department."
- 2 PM Commission. (2010). A performance management framework for state and local government: From measurement and reporting to management and improving. Chicago, IL: National Performance Management Commission.
- 3 Adapted from Shewhart, W. (1939). Statistical method from the viewpoint of quality control. Washington: Graduate School Department of Agriculture. "W. Edwards Deming later adapted the Shewhart Cycle and in the 1950's recommended that business processes be placed in a continuous feedback loop so that managers could identify and change the parts of the process that needed improvement. As a teacher, Deming created a diagram to illustrate this continuous process, commonly known as the PDCA cycle for Plan, Do, Check, Act" (Averson, 2010). Elements of this Standard follow the Shewhart/ W. Edwards Deming PDCA Cycle model.
- 4 Explanatory information can explain the environment and other factors that might affect an organization's performance. This information may give a more complete understanding of the reported measures and identify variables that affect performance" (NSAA, 2004, p. 6).
- 5 Progress and results should be made to be publically visible via an electronic or printed source (i.e. on a website or printed on a poster in the office waiting area). The publicity helps to continually drive results, and increases accountability and transparency.
- 6 A quality indicator shows the effectiveness in meeting the expectations of customers, stakeholders, and other groups. Quality indicators show the quality of the services delivered" (NSAA, 2004, p. 6).
- 7 McCue, C. P. and Johnson, B. R. (2010) Strategic procurement planning in the public sector. Herndon, VA: NIGP.
- 8 "Successful attainment of lower level strategies would be necessary before higher-level strategies could be enacted".
Op. Cit.
- 9 Based on W. Edwards Deming's PDCA Cycle. Deming, E. (1982). Out of the crisis. (9th ed.). MA: MIT Press. Averson, P. 1998. The Deming Cycle. An article about the Deming cycle. Accessed on 1 November 2009. <http://www.balancedscorecard.org/BSCRResources/ArticlesWhitePapers/TheDemingCycle/tabid/112/Default.aspx>