STANDARD
Procurement should have a performance measurement system that assesses progress towards achievement of the strategic plan.

Definition

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.

Element 1.1: Methods Used in Performance Measurement
Methods used to measure performance should be designed to motivate staff at all levels to contribute to organizational improvement. The following are examples of methods that may be used to measure procurement performance:

- Performance reviews to share performance measures that identify accomplishments and areas for improvement.
- Regular staff meetings to share performance measures and progress.
- Benchmarking.
- Performance indicators (See Standard of Practice: Performance Metrics).
- Performance targets (See Standards of Practice: Performance Metrics).
- Quality management tools (i.e. checklists, progress charts, graphs).

Element 1.2: Planning Performance Measures
In order for procurement managers to know “what” they are measuring, accurate planning must be completed before the process of developing the performance metrics (See Standards: Strategic Planning and Performance Metrics). To accomplish this:

- Obtain input from key stakeholders (those to whom performance will be reported).
- Ensure that measures are simple and relevant to the intended audience (e.g. public, stakeholders, elected officials).
- Ensure that measures are specific, consistently applied, and within the control of the procurement function.
- Identify any dependencies among other functions or departments that will be related to the measures.
- Define a specific time period for reporting measures that is directly related to the attainment of goals and objectives in the strategic plan (e.g. 6 months, 1 year).
- Utilize measures in the decision-making process, that support informed decision making and lead to appropriate action (See Standard: Performance Management).
- The measures should represent a balance of the types of measures critical to achieving the specific objective and goals. (See Element 1.3: Levels to be Assessed Using Performance Metrics and Element 1.4: Areas to be Assessed Using Performance Measurement).
Element 1.3: Levels to be Assessed Using Performance Measurement

The performance measurement process may be used at various levels throughout procurement to assess progress towards the completion of the strategic plan. Measures should address:

- Individual performance
- Group performance
- Organizational performance
- Supplier performance

Element 1.4: Areas to be Assessed Using Performance Measurement

It is important to measure a variety of areas to ensure that goals are being met effectively and efficiently, while upholding the Values & Guiding Principles (See Standard: Performance Metrics). Measurement of these activities will also help to identify deficiencies and opportunities for improvement (See Standard: Performance Management).

- Customer satisfaction (internal and external)
- Timeliness (i.e. time in process against agreed upon times)
- Quality (i.e. number of errors, number of change orders)
- Effectiveness (i.e. savings) (See Standard: Performance Metrics)
- Efficiency (i.e. cost of operations) (See Standard: Performance Metrics)

Background

The Performance Measurement System is part of the Performance Management Program (See Standard of Practice: Performance Management) and is based on metrics (See Standard of Practice: Performance Metrics) that are tied to the goals and objectives established in the strategic plan (See Standard of Practice: Strategic Procurement Planning). Linking the review portion of the Performance Management Program to established metrics based on the goals and objectives, will ensure that progress is measured and managed against the strategic plan.¹