

Current and Desired State

The VPM Framework is a transformational enterprise-wide initiative that will fundamentally enhance the procurement ecosystem.

Current State

- No organization wide policy or approach to VPM
- Past performance information (PPI) rarely used in bid selection
- No centralized repository of PPI
- Lack of vendor incentive to provide added-value
- Compromised integrity due to lack of tracking of poor performers
- Lack of ongoing two-way communication
- Transactional handling of vendor performance

Desired End-State - VPM Solution

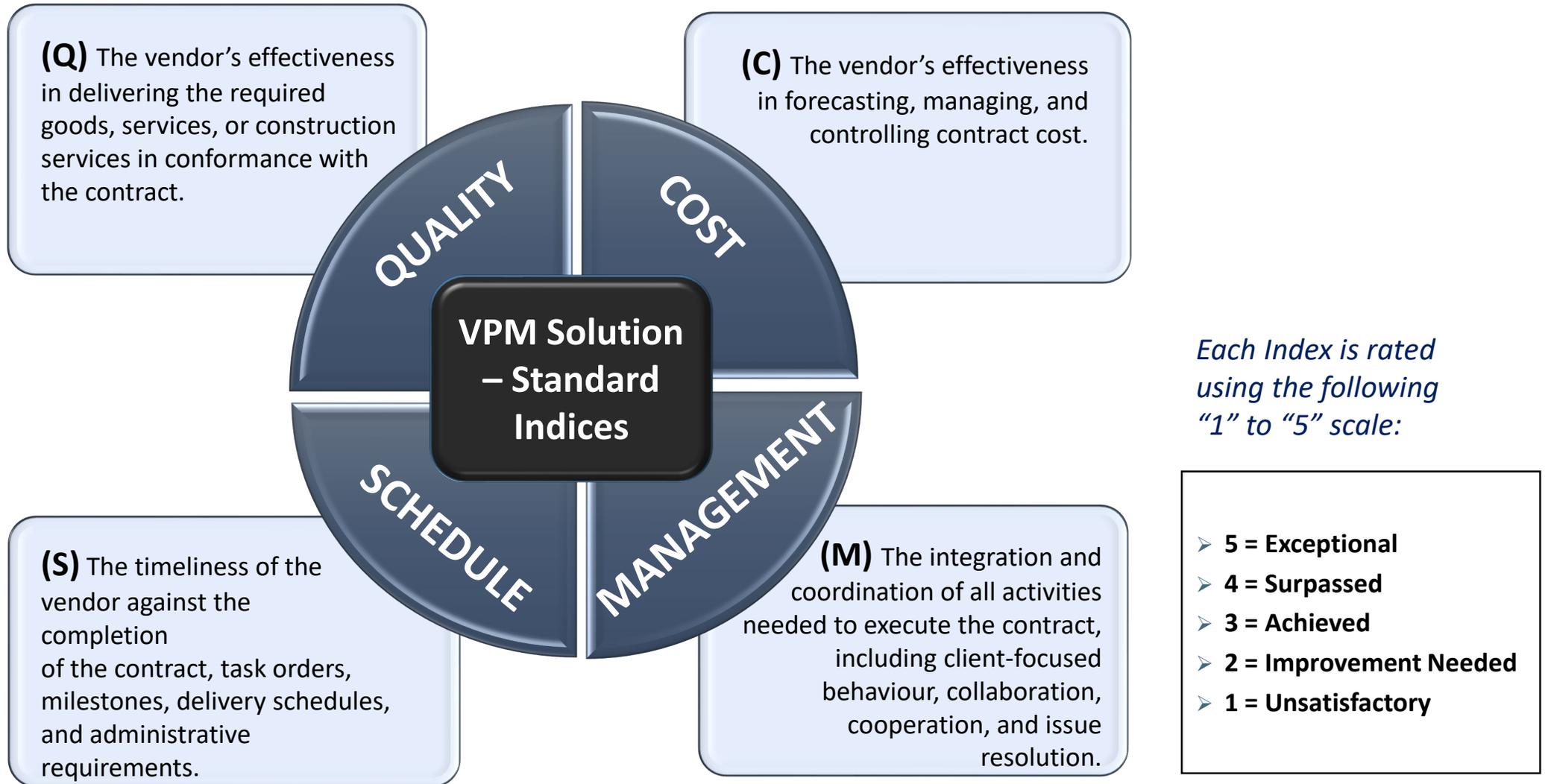
- Organization wide policy/approach to VPM
- PPI information accessible and used across organization in bid selection
- Centralized repository (electronic procurement solution)
- Vendors incentivised to go above simply meeting requirements
- Improved integrity through positive deterrence and identification of underperforming vendors
- Ongoing two-way communications, including performance expectations
- Strategic management of vendor performance

Desired Outcome

A Best-in-Class Enterprise-wide Vendor Performance Management Framework which:

- ✓ incentivizes good performance;
- ✓ strengthens integrity and the means through which organization can hold poor performers accountable;
- ✓ optimizes value for money; and
- ✓ positions organization as *Buyer of Choice*.

Proposed Model

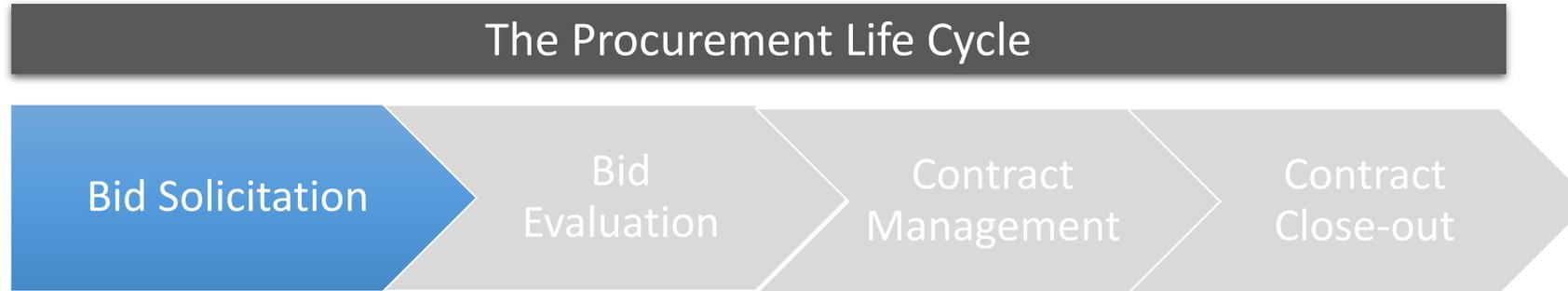


Performance Evaluation – Sample Scorecard

<p>VENDOR</p> <p><u>Legal name:</u></p> <p><u>Project Authority:</u></p>
<p>CLIENT REPRESENTATIVE(S)</p> <p><u>Performance Authority:</u></p>
<p>Organization</p> <p><u>Contract Authority:</u></p>
<p><u>Assessment Date:</u> 05/04/2018</p>

INDEX	KPI	RATING	SCORE
QUALITY	Product specifications met	3	3.5
	Number of product defects per 100 units	4	
COST	Cost forecasting accuracy	3	3
	Cost control effectiveness	3	
SCHEDULE	Timeliness of tasks completed	3	3
	Milestone dates met	3	
MANAGEMENT	Innovative/value-added solutions offered	3	3.5
	Cooperative approach to problem solving	4	
NARRATIVE			
<p>The Vendor delivered 1,500 quality rucksacks to the Department. The Vendor made use of an innovative manufacturing process that considerably reduced the number of defects per 100 units. Additionally, the Vendor was quick to identify and discuss issues with the client representative, which resulted in solutions that were appropriate for both the Vendor and the client.</p>			

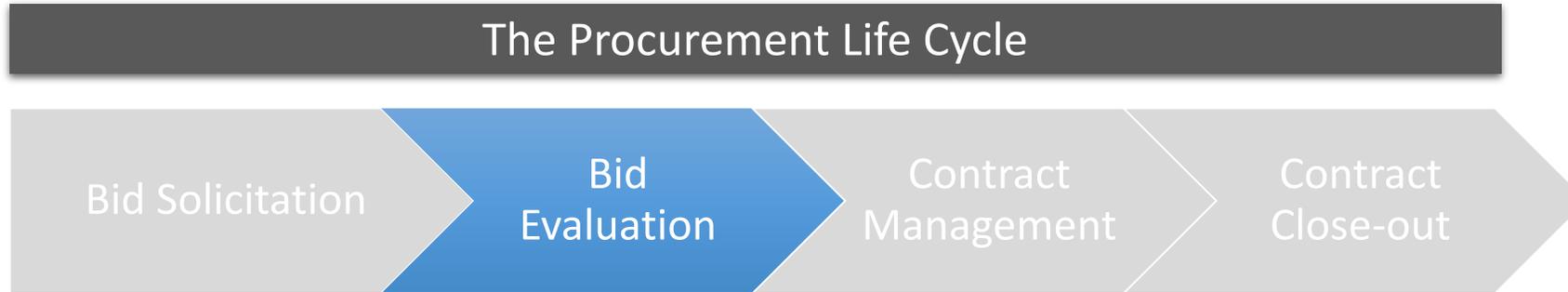
Annex B – VPM in Action: Bid Solicitation



During the bid solicitation phase, solicitation documents:

- Inform potential bidders as to how **Past Performance Information (PPI)** will be used in the bid evaluation, for e.g. vendor performance evaluation methodology
- Inform potential bidders with little or no history of past performance with organization on which alternative method(s) (e.g. references, median score, average score, etc.) will be used for bid evaluation
- Inform potential bidders that the winning bidder's performance will be evaluated over the course of the contract

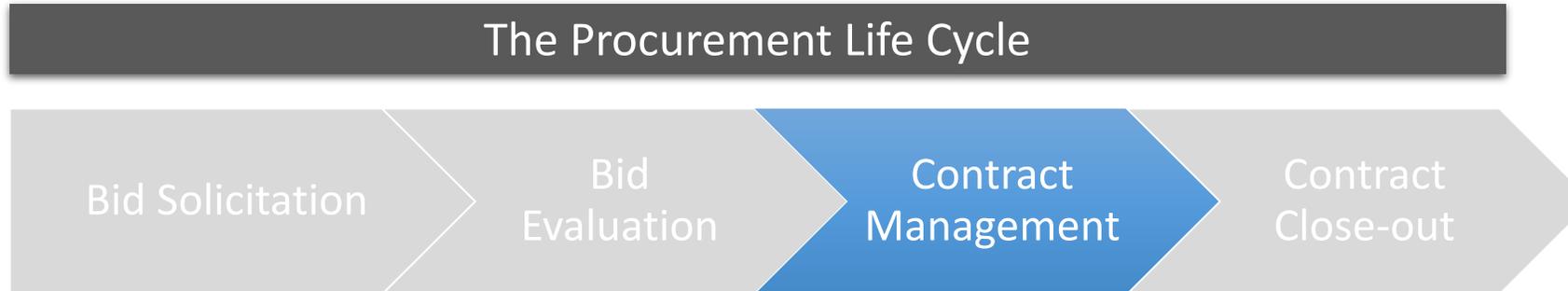
Annex B – VPM in Action: Bid Evaluation



During the bid evaluation phase, Contracting Authorities:

- Use relevant PPI extracted from the electronic procurement solution in accordance with the bid evaluation methodology stated in the solicitation documents
- Use the alternative method(s) as stated in the solicitation documents to evaluate the bids of bidders with no history of past performance with organization

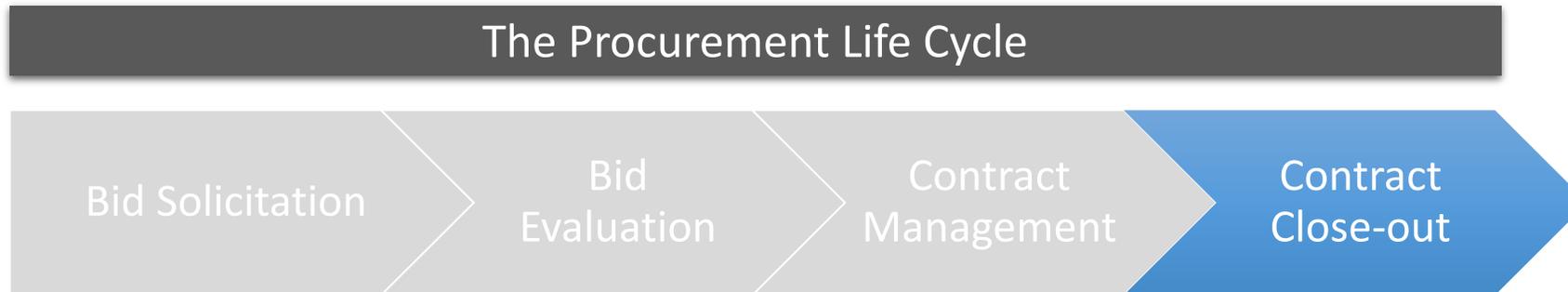
Annex B – VPM in Action: Contract Management



Over the course of the contract:

- Performance Evaluation Authorities evaluate vendor performance while Contracting Authorities monitor evaluation results of assessments to determine if an intervention is warranted
- Performance Evaluation Authorities and Contracting Authorities work in close collaboration with the vendor to ensure a mutually beneficial relationship
- Vendors are provided with continuous, real-time feedback throughout the life of the contract to ensure they have sufficient notice to improve their performance, minimizing risks of serious disputes between parties
- Vendors have the opportunity to review and challenge evaluation results before they are finalized

Annex B – VPM in Action: Contract Close-out



At contract close-out:

- Final performance evaluations are completed prior to contract close-out – vendors are given the opportunity to review and appeal their scores
- Vendors have continued access to their evaluation reports and PPI
- Results of performance evaluations are recorded and stored in a central repository – ratings are then used in future contract award decisions

CONSULTATION QUESTIONS

1. User experience

- a. Is the VPM Framework easy to learn and understand?
- b. Can the VPM Framework easily be applied to your respective commodity?
- c. How can we avoid making the VPM Framework a burden on vendors and client departments alike?
- d. Are there any best practices from other jurisdictions that should definitely be considered for the organization's VPM Framework and that are not already part of the proposed approach?

1. Ratings & Key Performance Indicators (KPIs)

- a. Given the suggested 5-point scale, is it feasible to think that most vendors will score a **3** (for succeeded) with a normal distribution consisting of a bell curve?
- b. Should some evaluation criteria be predetermined for specific commodities or should they only be listed as suggestions to be considered on a case-by-case?
- c. The first three indices (Cost, Quality and Schedule) can be evaluated in a fairly objective way, what should be the best approach taken to evaluate the fourth index (Management)?
- d. Are there any mechanism that can help ensure fairness and transparency?

1. Roles and responsibilities

- a. Should VPM be applied to all organization contracts of any value or only some above a certain threshold and/or for strategic vendors? How should the threshold(s) and/or strategic vendors be defined?
- b. Should concepts of “relational contracting” be integrated to the VPM Framework or kept separate as a complementary process?
- c. Which tools are necessary to ensure roles and responsibilities are clearly defined and respected throughout the contract lifecycle?