

Best Practice Research

What is Best Practice Research? Why do it?

Most of the time the solutions to the issues in process already exists and have been implemented elsewhere. The best way to find out is by reaching out to external agencies who work with similar processes. By having a discussion with them you are able to demonstrate the areas of issues you face and they can provide you with the solution they are using. This will allow for you to assess if this solution could be feasible for the Future State Process. This is one of the best ways to benchmark the process to see how it holds up elsewhere! You can perform Best Practice Research by doing the following:

1. Develop a list of questions,
2. Identify external parties who may use similar processes or face similar challenges,
3. Contact those external parties,
4. Schedule a discussion or provide them the questions for them to answer and communicate back, and
5. Document their responses!

EXAMPLE of a VoC Activity Below:

SaskPower

July 23, 2018

Director of Procurement & Contracts Management

General Overview

Through the Canadian Electricity Association - <https://electricity.ca/>

There is a Supply Chain Group that goes through topics and trends. They have helped SaskPower with their recent transformation, changes and program structure. They meet twice a year and Ken of SaskPower would be happy to provide specific contacts to get NTPC introduced to the group.

SaskPower used to be in similar situation to NTPC with a disorganized and administratively heavy process. Minimum thresholds for Purchase Orders were raised to \$25,000. There is now no Purchase Order Required until a project reaches the \$25,000 threshold. Business areas can go on their own below that threshold. The New West Partnership Trade Agreement <http://www.newwestpartnershiptrade.ca/> (NTPC may not be part of this) governs this.

For the remote location aspect, a standard contract has been developed for folks in the field to use. It is the fields responsibility to keep it on file and ensure the contract is executed, but the legal department helped to ensure easy wording and process.

SaskPower used to have issues with folks in the organization bypassing the process, but SaskPower is now on the second phase of their transformation. First was to clean up their own back yard, and now the second phase is to focus on the relationship with customers and suppliers. The Supply Chain area is partnering internally and discovering needs for work. They are currently formulating a strategy on how to improve these relationships moving forward. It is over a year into this phase of the transformation and

they are now using master agreements and getting pre-qualifications in place, this has assisted in this area a fair bit.

Local business use is encouraged in remote regions, with a focus on Indigenous based workforce for SaskPower. Many sole source contracts work out well, but where they don't, the organization will either try to coach them to be better or find a plan B. Coaching often works, let them know that they will not get business if they carry on poorly. This is an effective strategy where there is a lack of safety or effectiveness once a plan B has been worked out.

Great information is located at Priority Saskatchewan <http://www.saskbuilds.ca/PrioritySK/index1.html>, the Government looked at a program to transform procurement in government. Many recommendations are noted as well as many policies and practices, public information, and an action plan.

SaskPower does have a Corporate Process Improvement Office who has been involved on the transformational activities. Ken helped set this office up from a previous role. Looking at overall contracts management, SaskPower has 3200 people in the organization, and 700 contract administrators. Lots of confusion on who is doing what when where why and how. They are working through this.

Questions

1. Does your organization have a similar breakdown of contract types, and if so, how do they differ from ours?
 - a. Not quite the same breakdown, but there are 15-20 standard form contracts that are used. The marketplace never thinks SaskPower is fair even though there has been a push to balance the risk on both sides. NTPC's structure sounds similar. General supply, Consulting, and Minor Contracts. SaskPower is looking into a few more options here to standardize their processes.
2. Do you feel your contract and procurement processes work well today?
 - a. No they don't. This is based on customer feedback. Supply Chain did a Customer Satisfaction Survey last year as part of getting better and scores were at around 50% satisfaction. The biggest complaint was that the process takes too long. Supply Chain is starting to track cycle time and handle procurements like their own contract. The goal now is to set up a schedule with the business area, identify key dates, get commitment, and hold them accountable for their part in the process.
 - b. Still working through gaining consensus for roles & responsibilities related to contracts and procurement. This has really come along in the last 6-8 months, documenting roles, getting buy in to where one role starts and another ends. This has to be top down to drive these definitions and roles, as people will now be responsible for additional activities that they were not responsible for previously.
3. What mechanisms or processes are in place to ensure vendors and service providers are in place quickly to complete the required work?
 - a. SaskPower has gone to market to pre-qualify companies and establish master agreements with them. This approach causes pieces of the process that seem to take a long time to get out of the way. Master Agreements ensure that you get a negotiated contract, know terms and conditions, and have people ready to go when needed. A mini-RFP process follows, then a statement of work goes out and all vendors are bidding is price and resources, and this goes much quicker. This is only up to \$150,000.
 - b. Anything from 150 up to 3 million, there is a master competition, and there are 20 suppliers on tap to do this, and a project here goes out to market to this small group and this process is usually completed within 10 days for major contracts
 - c. Don't got to market for under \$25,000 for goods, or under \$100,000 for services.
 - d. Legal has developed the contract which can be executed in the field easily for work under \$25,000.
 - e. ISNetworld is used instead of ComplyWorks. Only used for high risk work or if it is over thresholds. High risk work is defined through legislation (health and safety and environment)

4. What mechanisms or processes are in place to reduce the overall administrative burden of contract and procurement management (RFP process, contracts, standard agreements, etc.?)
 - a. Post all competitions on Merx and use that platform. All electronically, no paper based bids.
Still have vendors who provide paper bids. – Do we want only electronic?
 - b. ISNetworld doesn't do vendor management currently, though this can be defined in many ways. For every job you do, you are supposed to have a performance review done. This is two-way, so the contract administrator does one on behalf of SaskPower, and the Supplier does one. This comes back to supplier management group and the scores are calculated on what the internal folks say and if the scores align, all is good and no action is taken. If the supplier feels stronger about their performance than the internal resources, then a discussion is had with the Vendor. Scores are aggregated over time and weights are assigned so that long standing and high quality contractors receive favour. This is a no harm no foul process, so if you have never worked for SaskPower before, this is not held against you.
Creating a performance review of the NTPC by the vendor could be very beneficial for our own internal improvement – scorecard post-project
 - c. Once again, look at Priority Saskatchewan for guidance.
5. What mechanisms or processes are in place to ensure and maintain competitive pricing or best possible pricing of services?
 - a. Because we go to market for projects over \$150,000, the market dictates pricing. We will go through and do contacts for a 5-year period, that typically have a 3 year term with 2 optional years. Price increases or decreases are accounted for in the contract, and this typically is an increase.
3 years is about as long as we want to do
6. How do you anticipate the demand or need of your services from internal business partners/customers?
 - a. Try to work with individual groups as much as possible by reviewing Capital Plans as well as Maintenance Plans. Capital plans go through a Project Management Office, who works closely with supply chain to meet the Project Managers needs. SaskPower is trying to identify these types of relationships and track them through their lifecycle and some holes are becoming apparent. Anything over \$20 Million, there is a contracts team within procurement that handles these large, complex projects. More rigor and consistency is required across everything.
Integrating Logistics into the planning sessions for Capital work to be completed for the year

Final Questions

7. How do you measure the success of your contract and procurement processes? What kinds of metrics or indicators do you use to determine if your processes are successful?
 - a. Report to the executive quarterly on violations (not getting a contract done on time), single sourcing vs competitive sourcing, Saskatchewan Procurement (local) vs Non Saskatchewan Procurement, early payment discounts (this was easy to fix, was only capturing 40% of early payment discounts and once executive learned this, they took action and are now at 80%), Aboriginal or Indigenous spend, and cycle time are all being reported on a quarterly basis.
 - a. Do you measure levels of compliance to your process?
 - i. Number of occurrences of non-compliance.
 - b. How do you evaluate vendor performance or satisfaction?
 - i. Evaluation post project (two-way evaluation mentioned earlier). Working on ways to get this done more, as it is currently not being completed for every project. Change management within the company is being done, and because we report on the executive, areas where this is weak will improve compliance due to the shame factor.
 - c. How do you evaluate internal business partner/customer performance or satisfaction?

- i. Cust satisfaction and supplier satisfaction surveys. Gartner group has a supply chain and procurement group CEB that handles these surveys for SaskPower. They have research on best practices - <https://www.cebglobal.com/>
- 8. Can you share any information with us in terms of processes, policies, procedures?
 - a. Much of our documentation is still a work in progress. Recommend going to Priorities Saskatchewan, there is a procurement manual that has great info.
- 9. Do you have any final comments or words of wisdom for us?
 - a. It is a journey, it wont go overnight. Need support of the executive to make it work.