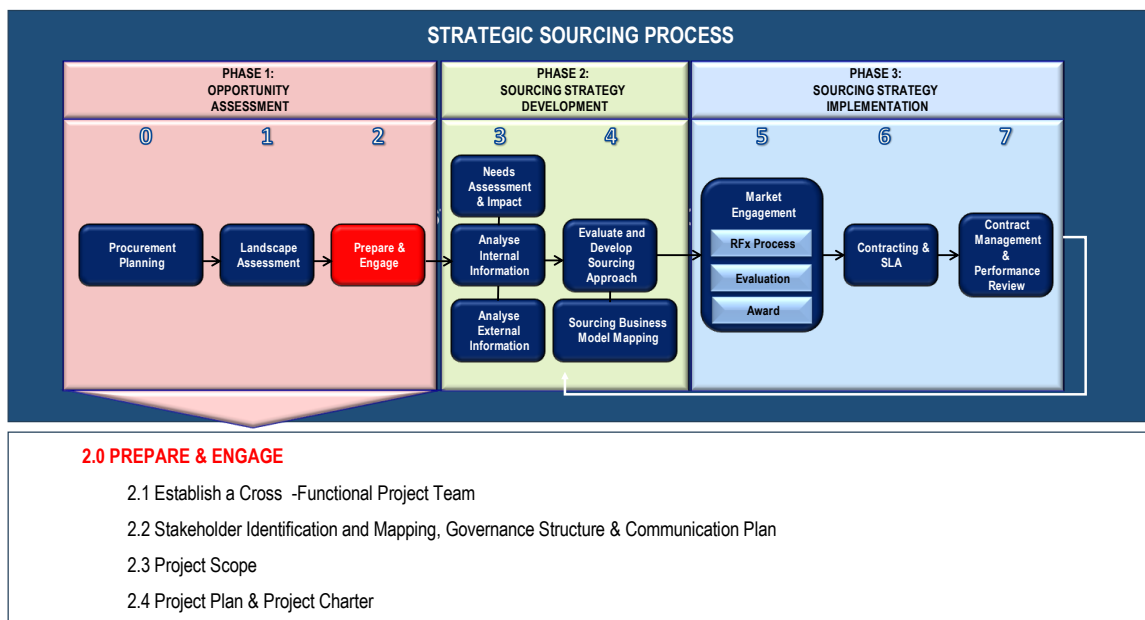


Using this guide

This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector. For more information, visit the National Treasury website at <http://ocpo.treasury.gov.za/>. The SPF can be found here: http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf

PREPARE AND ENGAGE



1.0 Introduction

- i. Prepare and engage involves obtaining senior management buy-in and agreement to avoid or reduce possible resistance at the operational level where the sourcing strategy must be implemented.
- ii. During this stage, the project is scoped, stakeholders are identified, and a cross-functional team is established.
- iii. The project team must establish a governance structure, develop a communication plan, establish timelines and milestones, and create a Project Charter and approval.

1.1 The objective

- i. To mobilise the project by establishing the cross-functional project team, identifying the stakeholders, and establishing the governance and communication structures.
- ii. It further involves scoping the project, developing a detailed project plan and documenting it in a project charter.

1.2 The output

- i. A cross-functional sourcing team (CFST)
- ii. Stakeholder map
- iii. Project scope
- iv. Project plan and charter
- v. Implementation plan

2.0 The narrative

2.1 A cross-functional sourcing team (CFST)

- i. A cross-functional sourcing team (CFST) is a group of individuals drawn from the various units or sections of the institution who must ensure the assessment, development and execution of a commodity sourcing strategy.
- ii. Depending on the nature of the commodity, the CFST may be fluid, allowing members to be replaced, depending on the area of speciality. For example, the same CFST for IT-related commodities may not necessarily be the same CFST for facilities management.
- iii. Although such functions as SCM, finance and legal may serve on both teams.
- iv. The strategic positioning of the supply chain within the institution is key to ensuring successful development. Implementation of strategic sourcing is vital.
- v. Success starts from the development and execution of the supply chain strategy in line with the institution's strategic goals.
 - a. Section 217 (1) of the Constitution requires that when an organ of state contracts for goods and services, it must do so according to the

principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness.

- b. Section 217 (2) allows organs of state to implement procurement policies providing for categories of preference to advance or protect persons disadvantaged by unfair discrimination (Human Development Index -HDIs).
 - c. Section 217 (3) provides for the enactment of legislation to prescribe a framework within which the procurement policy referred to in S 217(2) must be implemented.
- vi. SCM is about strategic sourcing which requires product research, understanding economic conditions, and the use of price indices.
 - vii. In smaller institutions, for example, municipalities, the link between SCM, Asset Management and Budgeting is critical in ensuring that the municipality has the correct resources to do its work.
 - viii. In smaller municipalities, consideration should be given to combining SCM and Asset Management.
 - ix. The most important consideration is that the structure alone will not fix any challenges. The right skill set for each of these roles is important.
 - x. Having the right structure and the right personnel with the right competencies is critical in developing the sourcing strategy.
 - xi. Due to the diverse nature of the strategic sourcing concept, its success hinges on the composition of the cross-functional sourcing teams.

2.2 Stakeholder map

- i. A decision taken in procurement affects several stakeholders. Therefore, a collective approach must be adopted: one that seeks to engage and solicit input from such stakeholders.
- ii. These stakeholders may be internal (within the procuring institution) or external (outside the procuring institution).
- iii. Managing or satisfying the various needs becomes a complex process. So it is very important to map and understand their needs and priorities.

- iv. Strategic sourcing is a systematic corporate/institutional procurement process that continually re-evaluates and improves the procurement activities of an organisation. It is a component of SCM.
- v. Most organisations implement strategic sourcing initiatives to save money. However, other reasons for its implementation include improving supplier performance minimising risk and enhancing service delivery.
- vi. This implies that strategic sourcing cuts across other organisational functions as well as other external stakeholders. These stakeholders need to be managed during the process to realise maximum value and avoid sub-optimisation of the system.
- vii. Stakeholder analysis and mapping is done to map the interests of your stakeholders.
- viii. It is a process of systematically analysing and gathering qualitative information to determine whose interests should be considered.
- ix. It is important because it helps leaders and managers to forecast a stakeholder's interest, position, alliances, and knowledge, related to a project.

2.2.1 Stakeholder identification

- i. Stakeholder identification is a critical process as it will determine whether or not the proposed sourcing strategy will be accepted.
- ii. Select the appropriate stakeholder category.
- iii. **Stakeholder name** – Enter the name of the individual, group or organisation. (If the stakeholder is a group or organisation, provide a contact name if known).
- iv. **Project stake** - For each stakeholder, identify their stake in the project by using one of the following three forms:
 - a. Providing a product or service that contributes to the project objectives.
 - b. Receiving or using a product or service delivered by the project.
 - c. Having an interest in the execution or outcome of the project.
- v. **Commitment required** - Determine the required stakeholder commitment to the project based on the list and descriptions provided.

2.3 Project scope

- i. Strategic sourcing is best implemented using project management principles.
- ii. At the core of the project is the ability to define the problem statement.
- iii. A problem statement clearly defines the problem, need, or opportunity in terms of public service delivery.
- iv. The project scope management is part of the project management plan that describes how the project will be defined, developed, monitored, controlled, and verified.

2.4 Project plan and charter

- i. A high-level project plan describes the project composition also known as a project charter.
- ii. It communicates aspects of the project such as its vision and mission; goals, objectives, and deliverables; roles and responsibilities; plans and tasks; risk management and the communication plan (internal and external).
- iii. A project charter provides a framework for the implementation and close-out phases of the project.
- iv. It establishes the general direction of the project effort and represents a formal agreement between the project team and the sponsor about the scope of work to be completed, the project goals and objectives.
- v. A project charter outlines the following project principles:
 - a. Project goals and objectives
 - b. Project scope
 - c. High-level approach
 - d. Risks
 - e. Project organisation
 - f. High-level work plan
 - g. Communication plan
 - h. Related projects within the institution
 - i. Assumptions
 - j. The project plan would include a risk management plan.

