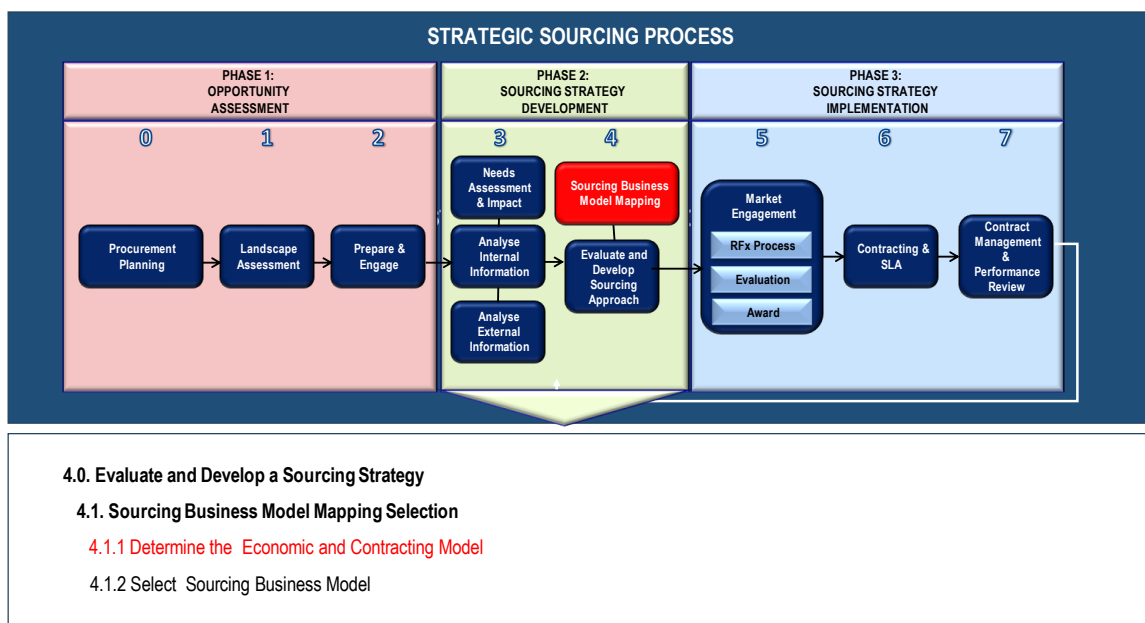


Using this guide

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

DETERMINE THE ECONOMIC AND CONTRACTING MODEL



1.0 Introduction

- i. There are risks inherent in the commodity. The selected sourcing model must be used as a mechanism to mitigate such risks, and ensure service delivery and the value for money goals are met.
- ii. The following good practice guides and templates apply to this stage of determining the economic and contracting model:
 - a. Business model mapping diagnostic
 - b. Business Model Architecture "Cheat Sheet"
 - c. Sourcing Consideration Checklist (templates)

1.1 The objective

- i. To find the most appropriate sourcing model that seeks a balance between the economic and contractual relationship models, using the associated sourcing tools.
- ii. Further the contracting and economic model is used to determine the best-fit sourcing business model that best integrates and achieves the social values where necessary.

1.2 Output

- i. Sourcing business model

2.0 Good practice guides

2.1 Determine economic and contractual relationship model

- i. The Sourcing Business Model Mapping Selection uses three key resources.
 - a. **Business Model Mapping Diagnostic** – easy-to-follow instructions and templates to help you determine which Sourcing Business Model is most appropriate for your situation.
 - b. **Business Model Architecture “Cheat Sheet”** – a one-page quick reference guide to help you sense check how to properly architect supplier agreements for each of the Sourcing Business Models.
 - c. **Sourcing Consideration models** - a series of seven models (one for each Sourcing Business Model) that provides an easy-to-use way to ensure you are not forgetting any major decision points that need to be made as you work through your sourcing initiative.

2.1.1 Business model Mapping diagnostic

- i. To carry out a diagnostic, there are “Rules” that must be followed.
- ii. Easy-to-follow instructions and templates help you determine which Sourcing Business Model is most appropriate for your situation.

- iii. The Vested model leverages Five Rules, which when properly applied, have the power to drive transformational results.
- iv. Together the rules create a business sourcing model that combines outcome-based, shared-value and relational economics principles.
- v. Figure 1 (The five rules), illustrates the 5 rules that need to be followed in undertaking the diagnostic process.

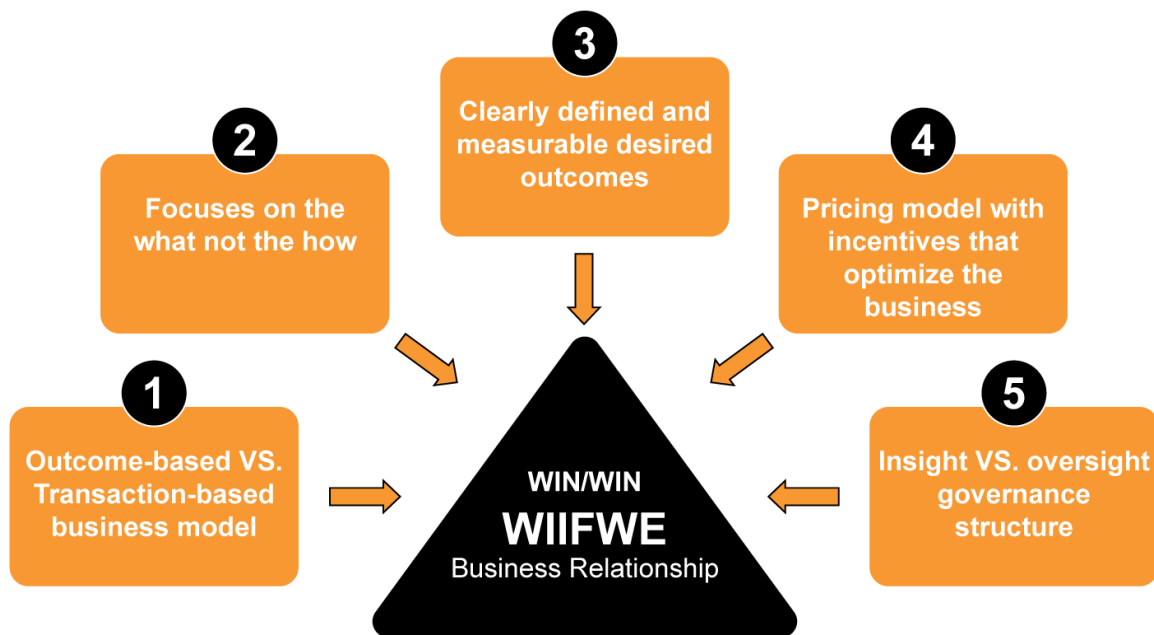


Figure 1: The five rules

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2.1.2 Business Model Architecture “Cheat Sheet”

- i. The cheat sheet helps us to understand the sourcing business attributes and the 7 sourcing business models.
- ii. Value is optimised when the supplier relationship (Sourcing Business Model) is managed with the appropriate, aligned relationship and economic models.
- iii. Likewise, if the relationship is managed with either the relationship or economic model “out of equilibrium”, value is lost and perceptions clash.

- iv. Understanding the level of dependency and expected value inherent in the supplier relationship is critical to determining the best Sourcing Business Model for the category.
- v. The objective of completing a Business Sourcing Model Mapping exercise is to help determine what Sourcing Business Model is the “best fit” for your procurement.
- vi. Figure 2 (The Business model architecture “cheat sheet”) illustrates the nature of types of relationships against each sourcing model on the horizontal axis, and the key characteristics of the nature of the business model (economic, relationship model and vision and intent) such as scope of work, performance management, pricing and governance are indicated on the vertical axis.
- vii. By adopting or selecting the right mix, a procuring entity may anticipate and manage risk better by ensuring service delivery and value for money.
- viii. The following example helps to interpret the cheat sheet.
 - a. The vertical axis contains the various elements that need to be considered when determining the most appropriate sourcing model.
 - b. The vertical axis elements are:
 - i. Business model (economic model, relationship model, and vision and intent)
 - ii. scope of work (statement of work and objectives)
 - iii. Performance management (performance focus and performance measures)
 - iv. Pricing (pricing models and incentives)
 - v. Governance (relationship management, improve, transform, innovate, exit management, compliance and special concerns).
 - c. The horizontal axis contains the preferred sourcing business models, which are further categorised into three major groups:
 - i. Transactional (basic provider and approved provider).
 - ii. Relational (preferred provider, performance-based and vested relationship).
 - iii. Investment (shared services and equity partner).

- d. Where the two elements intersect determines the preferred attributes for the relationship. For example: Under business model (vision and intent) and relational (vested relationships), the preferred attributes are shared vision, desired outcomes and value creation) as indicated in the graphic.

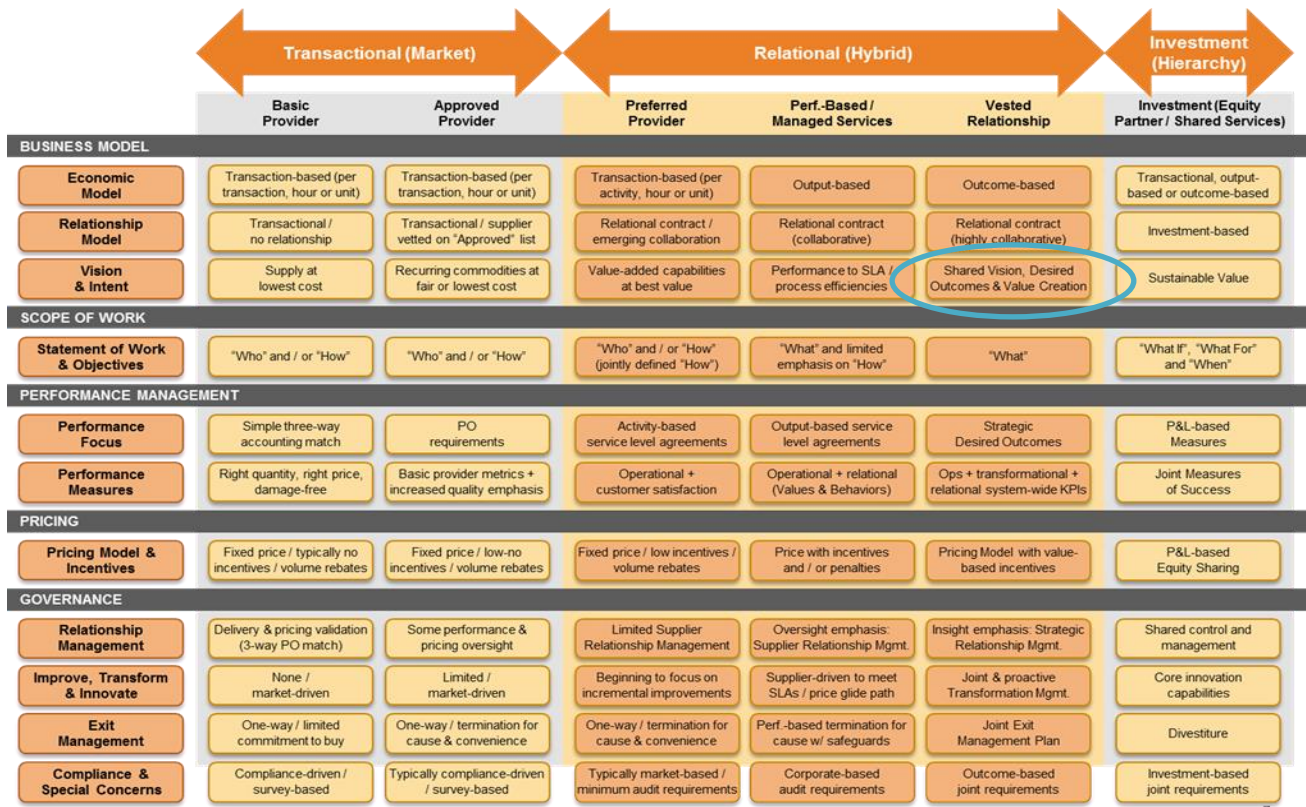


Figure 2: The Business model architecture "cheat sheet"

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2.1.3 Sourcing consideration models

- The sourcing consideration checklist is a series of 7 sourcing business models with the appropriate tools (one for each Sourcing Business Model) that provide an easy-to-use way to ensure you are not forgetting any major decision points that need to be made as you work through your sourcing initiative.
- Figure 3 (the 7 sourcing business model wheel) indicates the sourcing models and their characteristics.

- iii. Some of the tools may not apply to certain commodities due to the dynamics and needs of the procuring entity.
- iv. The figure shows how the seven (7) sourcing models influence sourcing strategies.

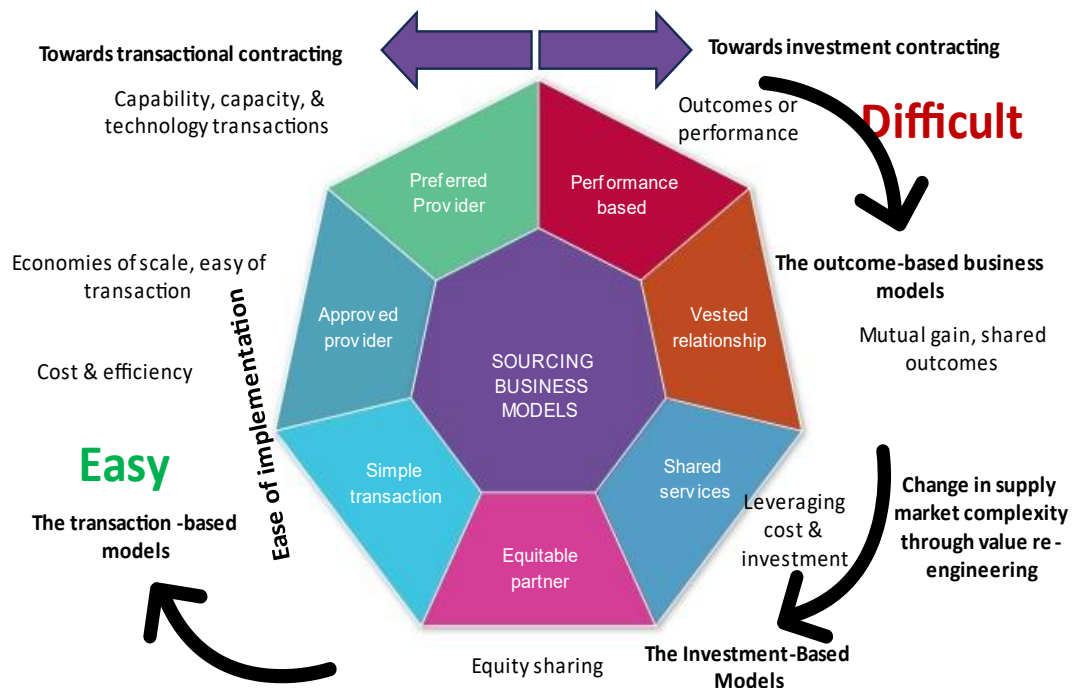


Figure 3: How sourcing business models influence sourcing strategies

2.1.3.1 The simple transaction (basic) provider – routine supplier

- i. The basic provider is a typical routine supplier that supplies those commodities with low risk and low spending with low complexity due to the high number of suppliers.
- ii. The commodities are abundant and easy to source, no need for a relationship and the focus is to drive efficiencies.
- iii. The typical commodities (goods and services) under this model are office stationery supplies.
- iv. A typical sourcing strategy: automation, e-auctions or reverse-auctions.

2.1.3.2 The approved or panel provider

- i. The approved or panel providers are those suppliers who are specialists in their field and supply the specialised goods or services that have some complexity. Such services or products cannot be supplied by a generic provider.
- ii. In a panel arrangement, suppliers have been appointed to supply goods or services for a set period (has a start and end date) under agreed terms and conditions, including agreed pricing.
- iii. The sourcing objective with this category is to minimise costs associated with the administration and the transaction. The strategy is aimed at achieving economies of scale and enhanced efficiencies, whilst responding to urgent or pressing requirements that are predictable.
- iv. The typical commodities (goods and services) under this model are training and consulting services, maintenance or works services, or emergency requirements such as water pipe bursts, fire, etc.
- v. The contract duration can range between short to medium term depending on the commodity.
- vi. These commodities can typically be classified under leverage within the Kraljic matrix.
- vii. Short- to medium-term contract duration allows the government to rotate the suppliers and take advantage of new entrants in the market.

2.1.3.3 Preferred or Framework Contract Provider

- i. The preferred or framework contract provider is a supplier that provides specialised goods or services.
- ii. Framework agreements may be entered into with contractors for a term.
- iii. The sourcing strategy with this category is to minimise the risk of failure, as service delivery is essential to these commodities.
- iv. The typical commodities (goods and services) under this model are training, education, works and consulting services, hospital clinical services, etc.

- v. The contract duration can range from short- to medium-term depending on the commodity.
- vi. These commodities can typically be classified under leverage to strategic within the Kraljic matrix.

2.1.3.4 Performance-based or term contracts

- i. Those suppliers who undertake work that is highly specialised with a high impact on service delivery, government commitments, and strategic projects or when such projects, work or service are linked to other strategic objectives or goals, such as social values.
- ii. These typically supply relatively expensive commodities, with high complexity in terms of specifications (refer to strategic commodities within the Kraljic Matrix).
- iii. The typical commodities (goods and services) under this model are school textbooks and stationery, school furniture, hospital supplies or services such as laundry or linen, etc.
- iv. The contract duration can range between medium- and long-term depending on the commodity.

2.1.3.5 Vested or transversal

- i. The Vested provider is a supplier who does work aligned with the government's goals, aiming to achieve both social and economic benefits strategically and sustainably.
- ii. These goods and services can be used as a vehicle to achieve other government targets, which can be quantified and measured over a period.
- iii. During the provision, there is an element of shared risk and gain between the supplier and the government entity.
- iv. The vested approach is a highly collaborative business model where both the buying entity and service provider have an economic vested interest in each other's success.

- v. The model combines both the outcome-based model and the economic aspects through shared value principles.
- vi. These typically supply relatively expensive commodities, with high complexity in terms of specifications (refer to strategic commodities within the Kraljic Matrix)
- vii. The typical commodities (goods and services) under this model are security services, facilities management, etc.
- viii. The contract duration can range between medium- and long-term depending on the commodity. A typical sourcing strategy is fixed pricing plus an escalation pricing mechanism.

2.1.3.6 Shared Services or Insource

- i. The shared services provider is a supplier who undertakes work that will lead to a sustainable outcome for both the government entity and the supplier.
- ii. These are long-term relationships, and economic and social benefits are clearly defined upfront, based on shared success and risk.
- iii. These are typical contracts of medium- to long-term. Typically they supply relatively expensive commodities, with high complexity in terms of specifications (refer to strategic commodities within the Kraljic Matrix).
- iv. The contract duration can range between medium- and long-term depending on the commodity. The typical sourcing strategy is fixed pricing plus an escalation pricing mechanism.

2.1.3.7 Equity Partnership (Private-Public-Partnerships)

- i. The investment (Private-Public-Partnerships) provider is a supplier that undertakes high-investment, high-value, and high-risk projects where the government has a financial or technical capacity limitation, but requires the social aspects to be achieved including service delivery, the social and economic aspects.
- ii. These are typically infrastructure-related projects, like the construction of hospitals, and schools.
- iii. These are also rolled out as equity-sharing joint ventures based on Build-Own-Operate-Transfer (BOOT).
- iv. However, these require close attention. These partnerships often require the strategic interweaving of infrastructure and heavy co-investment.
- v. Equity partnerships, by default, bring costs “in-house” and create a fixed cost burden.
- vi. The contracts are medium- to long-term with an element of shared risk and gain.
- vii. These typically supply relatively expensive commodities, with high complexity in terms of specifications (refer to strategic commodities within the Kraljic Matrix).
- viii. The typical commodities (goods and services) under this model are infrastructure related etc.
- ix. The contract duration can range between medium- and long-term depending on the commodity. The typical sourcing strategy is fixed pricing plus an escalation pricing mechanism.

3.0 Templates

3.1 Sourcing business model checklists

3.1.1 The simple transaction (basic) provider – routine supplier

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Link to Business Objective	A business case	Required	<ol style="list-style-type: none"> 1. Procurement Plan 2. Business case 3. Market Approach 4. Bid Evaluation Process 5. Determine lead time 	<ul style="list-style-type: none"> • Limited to no action—sourcing solution support primary business objectives limited to expense control or nonexistent
Requirements Analysis	Needs Analysis	Required	<ol style="list-style-type: none"> 1. Scope definition of a commodity 2. Information collection 3. Statement of Needs 4. Determining the impact of the commodity on the Government 5. Drafting specifications 6. Internal information analysis 7. Sourcing Approaches 8. Selection of sourcing strategies 9. Methods of Evaluation 10. Bid Evaluation Process 	<ul style="list-style-type: none"> • Limited to no action—requisition(s) details requirements
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPED Analysis Template 5. SWOT Analysis Template (s 6. Sources of supplier 7. Market structures 	<ul style="list-style-type: none"> • Search for suppliers by scanning online sources, catalogues, or other supplier directories, such as diversity publications, and spot market testing through competitive bidding
Cost Analysis	Cost Analysis to determine priorities in achieving value for money	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Sources of data 3. Spend analysis Price and cost analysis 	<ul style="list-style-type: none"> • Focus on administration cost only, seeking ease of order to pay (i.e., purchasing cards, pre-identified catalogues, or preset electronic-auction events)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Supply Market Assessment	Market Analysis	Not required		<ul style="list-style-type: none"> No action— multiple suppliers are available and can be easily changed.
Category Portfolio Segmentation	Category Segmentation to determine the sourcing approach	Required	<ol style="list-style-type: none"> Portfolio Analysis The process for identifying categories. Map commodity groupings/Category Consolidate understanding of Commodity into a Fact Base Re-assess the commodity positioning. "Best-Fit" approaches per category. Sourcing Approaches. Selection of sourcing strategies. Business Case Structure. 	<ul style="list-style-type: none"> Validate portfolio segmentation— indicates requirement is best managed with a basic provider business model. Category management is achieved through competitive bidding for the lowest price supported by a purchase order
Total Cost of Ownership Approach	Total Cost of Ownership	Not required		<ul style="list-style-type: none"> No action—TCO calculations are not used, and the price is the only cost consideration because of low-value impact unless delivery or inventory is a significant expense
Risk Assessment	Risk Assessment	Not required		<ul style="list-style-type: none"> No action—risk is minimal due to market standards; the supplier must meet corporate/ compliance policies and standards, or the buyer will choose an alternative supplier
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social	Not required		<ul style="list-style-type: none"> Buyer focus—lowest price Supplier focus—Receiving the order and predictable payments

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
	values) in support of SMMs sustainability			
RFx Solicitation / Bid Management	RFx and thresholds	Required	<ol style="list-style-type: none"> 1. List ALL Functional Evaluation Criteria. 2. Mandatory Functional Evaluation Criteria. 3. Optional/ Non-critical Functional Evaluation Criteria. 4. PPPFA Evaluation Criteria. 5. Additional Evaluation Criteria. 6. Business Case Structure. 7. Determine the approach to the market. 8. Methods of Evaluation 9. Developing a Bid / Offer Template 10. Market Approach 11. Bid Evaluation Process 	<ul style="list-style-type: none"> • A yearly solicitation cycle is typical; however, can be perpetual based on industry. • Spot buys as frequently as daily • Solicitation's purpose is to seek the best market price. • Buyer manages bid and supplier selection with no stakeholder input. • Use request for price. • Typically, 1–2 weeks to select a supplier but could be the same day.
Supplier Selection Drivers	Supplier Selection Drivers (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Selection of sourcing strategies 4. List ALL Functional Evaluation Criteria 5. Mandatory Functional Evaluation Criteria 6. Optional/ Non-critical Functional Evaluation Criteria 7. PPPFA Evaluation Criteria 8. Additional Evaluation Criteria 9. Business Case Structure 10. Determine the approach to the market. 11. Methods of Evaluation 12. Developing a Bid / Offer Template 13. Market Approach 14. Bid Evaluation Process 	<ul style="list-style-type: none"> • Supplier selection is driven by the lowest price standard items or services and administrative ease of ordering/managing.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Risk Management	Risk Assessment	Not required		<ul style="list-style-type: none"> No action—category does not require active risk management due to low value and is mitigated by switching suppliers
Contract Approach	Contract Approach to minimise administration	Required	<ol style="list-style-type: none"> 1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Selection of sourcing strategies 4. Business Case Structure 5. Methods of Evaluation 6. Developing a Bid / Offer Template 7. Tender Process Flow Chart and estimated Timetable 8. Market Approach 	<ul style="list-style-type: none"> Use a <i>procurement card</i> or <i>purchase order (PO)</i> to buy standard market offerings. May use <i>blanket POs</i> if plan on repeat buys from the supplier.
Pricing Model	Pricing Model and Pricing Strategy	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach 10. Supplier's Pricing Approach 	<ul style="list-style-type: none"> Use price based on a <i>transactional economic model</i> (e.g., price per unit, per call, per hour). Select the lowest <i>competitive bid</i>.
Category Management Governance	Cross-functional Team and Project Management Approach	Not required		<ul style="list-style-type: none"> No action—the purchase order provides the administrative and governing approach. Buyer manages all aspects of category governance.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Not required		<ul style="list-style-type: none"> No specified SRM plan—"market" governs the relationship; suppliers are interchangeable based on the lowest price. Buyer owns supplier relationship; any interactions are short-term, ad hoc, and reactive based on solving a problem or addressing issues.
Performance Management	Contract Performance Management (SLA)	Not required		<ul style="list-style-type: none"> Utilize a three-way match accounting process to PO (quantity, price and damage-free)
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA) – limited to administration efficiencies	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. The savings/benefits measurement process 	<ul style="list-style-type: none"> Identify ways to improve administration or category standards where possible
Compliance & Special Concerns	SBD Forms (administrative compliance)- Mandatory	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure 8. Determine the approach to the market. 	<ul style="list-style-type: none"> Survey supplier to verify compliance with government-driven compliance requirements

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			9. Functional Evaluation 10. Methods of Evaluation 11. Developing a Bid / Offer Template. 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Dealing with poor performance 15. Supplier Performance Checklist	
Exit Management	Contract Performance Management (SLA)	Not required		<ul style="list-style-type: none"> No exit strategy is required
Cross-Functional Sourcing Team (CFST)	A functional team is not necessary as the complexity of the decision-making is straight-forward	Not required		<ul style="list-style-type: none"> A cross-functional sourcing team helps to develop a holistic sourcing strategy meeting the 4Es (VFM), economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely)

3.1.2 The Approved or Panel Provider

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Link to Business Objective	A business Case	Required	1. Procurement Plan 2. Information collection 3. Sourcing Approaches	<ul style="list-style-type: none"> Apply some effort in purchasing solutions to support business objectives such as service delivery,

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process 	<p>cost reductions, or unique specifications.</p> <ul style="list-style-type: none"> • Supplier approval and down-selection criteria reflect departmental or entity objectives.
Requirements Analysis	Needs Analysis	Required	<ol style="list-style-type: none"> 1. Stakeholder Identification Sheet 2. Scope definition of a commodity 3. Information collection 4. Statement of Needs 5. Determining the impact of the commodity on the Government 6. Drafting specifications 7. Internal information analysis 8. Sourcing Approaches 9. Selection of sourcing strategies 10. Business Case Structure 11. Methods of Evaluation 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Key Performance Indicators that can be used 	<ul style="list-style-type: none"> • Complete review of historical sourcing solutions and forecasted changes in use and demand. • Review supplier down-selection criteria and supplier past performance. • Define work-scope —work-scope focuses on WHO and HOW

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 8. Supplier Pricing Approach 9. Market structures 	<ul style="list-style-type: none"> • Complete some work effort to understand the supply and demand influences of the market. • Assess suppliers to identify any opportunities presented by current market conditions
Cost Analysis	Cost Analysis to determine priorities in achieving value for money – drive efficiencies	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Sources of data 3. Spend analysis 4. Price and cost analysis 5. Business value levers 6. Conduct a RASQL model 	<ul style="list-style-type: none"> • Complete base product or service cost bar focused on hard costs to include buyer costs (typically does not include visibility of supplier's costs). • Identify cost drivers that affect product or service choice. • Estimate the supplier's ability to affect buyers' and sellers' costs. • Develop a cost management plan based on cost bar analysis, information from market queries, and inputs from internal stakeholders.
Supply Market Assessment	Market Analysis	Required	<ol style="list-style-type: none"> 7. Sources of data 8. Supply Chain Map 9. Porter's Five Forces 10. STEEPLED Analysis Template 11. SWOT Analysis Template 12. Sources of supplier 13. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Complete the supplier prequalification process and down-selection using criteria that include a strong focus on the supplier's financial stability. • Determine the best size of the supplier, small or large, to support delivery of the requirement. • Down-select suppliers from the broad base of supplier options in the market; typically, there are several approved suppliers to support a single requirement.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
				<ul style="list-style-type: none"> Investigate the supplier's current business state based on its ability to manage market influences and other factors, such as size, geographic advantage
Category Portfolio Segmentation	Category Segmentation to determine the sourcing approach	Required	<ol style="list-style-type: none"> Portfolio Analysis The process for identifying categories. Map commodity groupings/Category Consolidate understanding of Commodity into a Fact Base ABC Classification (Pareto Analysis) Reassess the commodity positioning. "Best-Fit" approaches per category Sourcing Approaches Supply Relationship Mapping Selection of sourcing strategies Business Case Structure Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> Validate portfolio segmentation—indicates requirement is best managed through an approved/panel provider business model
Total Cost of Ownership Approach	Total Cost of Ownership – Considered where value is high with unique specifications with SCC a possibility	Required	<ol style="list-style-type: none"> Value Chain Map Consolidate understanding of Commodity into a Fact Base When to apply TCO How do I calculate TCO? TCO framework Identify the cost drivers applicable to your commodity. Ideas to reduce TCO. Selection of sourcing strategies Business Case Structure Market Approach The savings/benefits measurement process 	<ul style="list-style-type: none"> Do not complete a TCO for generic items where you are just leveraging your volume. Do complete a TCO if the category value is high, has unique specifications, or products or services have special conditions or considerations
Risk Assessment	Risk Assessment	Required	<ol style="list-style-type: none"> Portfolio Analysis Understand supplier preferences. 	<ul style="list-style-type: none"> Conduct risk assessment as part of the supplier qualification process

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 3. Consolidate understanding of Commodity into a Fact Base 4. Risk Rating 5. Risk Rating Matrix 6. Mitigation Matrix 7. Risk Scorecard Template 8. Re-assess the commodity positioning 9. "Best-Fit" approaches per category 10. Supply Relationship Mapping 11. Selection of sourcing strategies 12. List ALL Functional Evaluation Criteria 13. Mandatory Functional Evaluation Criteria 14. Optional/ Non-critical Functional Evaluation Criteria 15. PPPFA Evaluation Criteria 16. Additional Evaluation Criteria 17. Business Case Structure 18. Methods of Evaluation 19. Tender Process Flow Chart and estimated Timetable 20. Market Approach 21. Transition to new Contract 22. Key Performance Indicators that can be used 23. Main elements of a good SLA 24. Reporting 25. Contract Close-Out 26. Dealing with poor performance 27. Supplier Performance Checklist 28. The savings/benefits measurement process 	<p>(Some risk is mitigated through supplier prequalification)</p> <ul style="list-style-type: none"> • Complete risk assessment plan for more critical items, to factor in capacity and supply management processes and any unique requirements that are imposed beyond standard product or service offerings
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Re-assess the commodity positioning 5. "Best-Fit" approaches per category 	<ul style="list-style-type: none"> • Buyer focus—recurring commodities at fair or lowest price • Supplier focus—increased volumes and client reference

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
	values) in support of SMMEs sustainability)		<ol style="list-style-type: none"> 6. Sourcing Approaches 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Bid Evaluation Process 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 27. Determine the Best Relationship and Economic Model 28. Determine the appropriate Sourcing Business Model (Excel) 	
RFx Solicitation / Bid Management	RFx and thresholds (PFMA SCM instruction No. 02 of 2021/22 Public Finance	Required	<ol style="list-style-type: none"> 1. List ALL Functional Evaluation Criteria 2. Mandatory Functional Evaluation Criteria 3. Optional/ Non-critical Functional Evaluation Criteria 4. PPPFA Evaluation Criteria 5. Additional Evaluation Criteria 6. Business Case Structure 	<ul style="list-style-type: none"> • 1–2-year procurement cycle • Solicitation purpose is to seek the best market price often with unique quality or specification requirements. • The buyer manages bid and supplier selection with some input from stakeholders.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
	Management Act (ACT 1 OF 1999).		<ol style="list-style-type: none"> Determine the approach to the market Methods of Evaluation Developing a Bid / Offer Template Tender Process Flow Chart and estimated Timetable Market Approach (slide 260) Bid Evaluation Process Key Performance Indicators that can be used Main elements of a good SLA 	<ul style="list-style-type: none"> price request is used. 3–4 weeks to select supplier
Supplier Selection Drivers	Supplier Selection Drivers (integrate social aspects)	Required	<ol style="list-style-type: none"> Consolidate understanding of Commodity into a Fact Base "Best-Fit" approaches per category Supply Relationship Mapping Selection of sourcing strategies List ALL Functional Evaluation Criteria Mandatory Functional Evaluation Criteria Optional/ Non-critical Functional Evaluation Criteria PPFA Evaluation Criteria (218) Additional Evaluation Criteria Business Case Structure Determine the approach to the market Methods of Evaluation Developing a Bid / Offer Template Tender Process Flow Chart and estimated Timetable Market Approach Bid Evaluation Process Key Performance Indicators that can be used Main elements of a good SLA Contract Close-Out 	<ul style="list-style-type: none"> Supplier selection is driven by a combination of prequalified capabilities, price, and the ability to meet unique requirements (business or specifications)
Risk Management	Risk Assessment	Required	<ol style="list-style-type: none"> Understand supplier preferences Consolidate understanding of Commodity into a Fact Base 	<ul style="list-style-type: none"> Manage risk primarily by switching suppliers (multiple preapproved suppliers)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 3. Risk Rating (slide 158) 4. Risk Rating Matrix 5. Mitigation Matrix 6. Risk Scorecard Template 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Transition to new Contract 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Use the supplier preapproval process to verify the supplier's ability to meet requirements including basic compliance directives. • Identify alternate supply sources as a backup plan
Contract Approach	Contract Approach to minimise administration	Required	<ol style="list-style-type: none"> 1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Use standard master agreement contract. • Use blanket POs for ease of re-ordering. • Use Framework agreement contract. • Include defined work scope (work scope focuses on WHO and/or HOW)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			9. Market Approach 10. Transition to new Contract 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Dealing with poor performance	<ul style="list-style-type: none"> 1–2-year contract duration
Pricing Model	Pricing Model and Pricing Strategy	Required	1. Consolidate understanding of Commodity into a Fact Base 2. “Best-Fit” approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach	<ul style="list-style-type: none"> Use price based on a transactional economic model. Typically, fixed price per transaction (per unit, per call, per hour) Negotiate a rate fee (e.g., per day) Negotiate volume discounts/rebates by bundling work-scope/consolidating volumes
Category Management Governance	Cross-functional Team and Project Management Approach	Required	1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. List ALL Functional Evaluation Criteria 7. Mandatory Functional Evaluation Criteria 8. Optional/ Non-critical Functional Evaluation Criteria 9. PPPFA Evaluation Criteria 10. Additional Evaluation Criteria 11. Business Case Structure 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Transition to new Contract	<ul style="list-style-type: none"> Manage governance through periodic supplier meetings with some business stakeholder involvement. Changeover of preapproved suppliers driven by competitive solicitations Include additional governance requirements as additions to standard contracts. (Special Conditions of Contract) Resource requirements: Buyer with periodic business stakeholder consult and qualification support\

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Reporting 20. Supplier Performance Checklist 21. The savings/benefits measurement process	
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Required	1. Communication Plan 2. Stakeholder Identification Sheet 3. "Best-Fit" approaches per category 4. Sourcing Approaches 5. Supply Relationship Mapping 6. Selection of sourcing strategies 7. Business Case Structure 8. Methods of Evaluation 9. Market Approach 10. Key Performance Indicators that can be used 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	<ul style="list-style-type: none"> The buyer owns the supplier relationship once the prequalification process is complete. Supplier meetings are held periodically to include early warnings on shifting performance trends
Performance Management	Contract Performance Management (SLA)	Required	17. Sourcing Approaches 18. Supply Relationship Mapping 19. List ALL Functional Evaluation Criteria 20. Mandatory Functional Evaluation Criteria 21. Optional/ Non-critical Functional Evaluation Criteria 22. PPPFA Evaluation Criteria 23. Additional Evaluation Criteria 24. Business Case Structure 25. Methods of Evaluation 26. Developing a Bid / Offer Template	<ul style="list-style-type: none"> Utilize a three-way match accounting process to PO (quantity, price and damage-free) with expanded quality/performance criteria based on business requirements. Some oversight of performance and pricing

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			27. Key Performance Indicators that can be used 28. Main elements of a good SLA 29. Reporting 30. Contract Close-Out 31. Dealing with poor performance 32. Supplier Performance Checklist 33. The savings/benefits measurement process	
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. Key Performance Indicators that can be used 10. Main elements of a good SLA 11. Reporting 12. Contract Close-Out 13. Dealing with poor performance 14. Supplier Performance Checklist 15. The savings/benefits measurement process	<ul style="list-style-type: none"> Capture and assess improvement opportunities through periodic supplier interfaces and feedback from stakeholders
Compliance & Special Concerns	SBD/MBD Forms (administrative compliance)- Mandatory (integrate social aspects)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure	<ul style="list-style-type: none"> May require corporate compliance validation to become a supplier (supplier must be on CSD) Develop and use surveys and periodic audits to verify supplier compliance with government and company-driven requirements

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			8. Determine the approach to the market 9. Functional Evaluation 10. Methods of Evaluation 11. Developing a Bid / Offer Template 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Transition to new Contract 15. Key Performance Indicators that can be used 16. Main elements of a good SLA 17. Reporting 18. Contract Close-Out (slide 19. Dealing with poor performance 20. Supplier Performance Checklist 21. The savings/benefits measurement process	
Exit Management	Contract Performance Management (SLA) Supplier Transitioning	Required	22. Business Case Structure 23. Developing a Bid / Offer Template 24. Transition to new Contract 25. Key Performance Indicators that can be used 26. Main elements of a good SLA 27. Reporting 28. Contract Close-Out 29. Dealing with poor performance 30. Supplier Performance Checklist 31. The savings/benefits measurement process	<ul style="list-style-type: none"> • Terminate for convenience and cause. • Develop a formal plan for supplier change-out that includes an assessment of impact on business operations with supplier replacement

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Cross-Functional Team (CFT)	A functional team is not necessary as the complexity of the decision-making is straight-forward	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Re-assess the commodity positioning 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach 10. Key Performance Indicators that can be used 11. Main elements of a good SLA 12. Contract Close-Out 	<ul style="list-style-type: none"> • A cross-functional sourcing team helps to develop a holistic sourcing strategy meeting the 4Es (VFM), economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely)

3.1.3 Preferred or Framework Contract Provider

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Link to Business Objective	A business Case	Required	<ol style="list-style-type: none"> 1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 	<ul style="list-style-type: none"> • Define solutions to support specific business objectives. • Supplier down-selection based on proven track record of performance and ability to meet business objectives.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	
Requirements Analysis	Needs Analysis	Required	1. Stakeholder Identification Sheet 2. Scope definition of a commodity 3. Information collection 4. Statement of Needs 5. Determining the impact of the commodity on the Government 6. Drafting specifications 7. Internal information analysis 8. Sourcing Approaches 9. Selection of sourcing strategies 10. Business Case Structure 11. Methods of Evaluation 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Key Performance Indicators that can be used	<ul style="list-style-type: none"> Complete review of historical sourcing solutions and forecasted changes in use and demand. Interface with buyer's business stakeholders to detail requirement objectives Define work scope to focus on WHO and/or HOW; begin to jointly define HOW with trusted suppliers
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 8. Supplier Pricing Approach 9. Market structures	<ul style="list-style-type: none"> Complete industry market analysis yearly at a minimum to ensure understanding of opportunities and threats. Benchmark suppliers' impact by market behaviours and influences Benchmark best practices in the market to identify potential value offerings that could be applied in the final sourcing solution
Cost Analysis	Cost Analysis to determine priorities in	Required	1. Portfolio Analysis 2. Sources of data 3. Spend analysis	<ul style="list-style-type: none"> Complete base product or service cost bar focused on hard costs to include both internal costs and supplier's costs.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
	achieving value for money – drive efficiencies		<ol style="list-style-type: none"> Price and cost analysis Business value levers Conduct a RASQI model 	<ul style="list-style-type: none"> Identify cost drivers that affect product or service choice. Develop a target cost model with estimated adjustments in cost drivers (based on market pricing queries) to present to the potential suppliers for comment on how suppliers' target cost differs. Develop a cost management plan based on cost bar analysis, information from market queries, and inputs from internal stakeholders. May solicit inputs from suppliers
Supply Market Assessment	Market Analysis	Required	<ol style="list-style-type: none"> Sources of data Supply Chain Map Porter's Five Forces STEEPLED Analysis Template SWOT Analysis Template Sources of supplier Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> Investigate the supplier's current business state and position in the market based on its ability to manage market influences and other factors, such as size, geographic advantage, value-added capabilities, etc. Determine the best size of supplier, small or large, to support delivery of the requirement. Complete supplier prequalification and down-selection using criteria that include a strong focus on the supplier's financial stability and ability to meet compliance requirements. Identify suppliers with differentiated capabilities to provide value-added services
Category Portfolio Segmentation	Category Segmentation to determine the sourcing approach	Required	<ol style="list-style-type: none"> Portfolio Analysis The process for identifying categories. Map commodity groupings/Category Consolidate understanding of Commodity into a Fact Base ABC Classification (Pareto Analysis) Reassess the commodity positioning. 	<ul style="list-style-type: none"> Validate portfolio segmentation—indicates requirement is best managed through a preferred provider business model. A formal category management plan may be developed with input from key stakeholders and will include methods for evaluating additional value benefits to be achieved through a preferred provider model

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 7. "Best-Fit" approaches per category 8. Sourcing Approaches 9. Supply Relationship Mapping 10. Selection of sourcing strategies 11. Business Case Structure 12. Tender Process Flow Chart and estimated Timetable 	
Total Cost of Ownership Approach	Total Cost of Ownership – Considered where value is high with unique specifications with SCC a possibility	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Consolidate understanding of Commodity into a Fact Base 3. When to apply TCO 4. How do I calculate TCO? 5. TCO framework 6. Identify the cost drivers applicable to your commodity. 7. Ideas to reduce TCO. 8. Selection of sourcing strategies 9. Business Case Structure 10. Market Approach 11. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Complete the TCO model to validate supplier value-added pricing against current costs. • Prepare a plan to monitor net landed or net delivered price and operational costs to measure improvements in TCO.
Risk Assessment	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Risk Rating 5. Risk Rating Matrix 6. Mitigation Matrix 7. Risk Scorecard Template 8. Re-assess the commodity positioning 9. "Best-Fit" approaches per category 	<ul style="list-style-type: none"> • Conduct risk assessment as part of the supplier qualification process (some risk is mitigated through supplier prequalification) • Complete formal risk assessment with internal stakeholder involvement (may include supplier input)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			10. Supply Relationship Mapping 11. Selection of sourcing strategies 12. List ALL Functional Evaluation Criteria 13. Mandatory Functional Evaluation Criteria 14. Optional/ Non-critical Functional Evaluation Criteria 15. PPPFA Evaluation Criteria 16. Additional Evaluation Criteria 17. Business Case Structure 18. Methods of Evaluation 19. Tender Process Flow Chart and estimated Timetable 20. Market Approach 21. Transition to new Contract 22. Key Performance Indicators that can be used 23. Main elements of a good SLA 24. Reporting 25. Contract Close-Out 26. Dealing with poor performance 27. Supplier Performance Checklist 28. The savings/benefits measurement process	
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social values) in support of SMMs sustainability)	Required	1. Value Chain Map 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Re-assess the commodity positioning 5. "Best-Fit" approaches per category 6. Sourcing Approaches 7. Supply Relationship Mapping	<ul style="list-style-type: none"> • "What's-in-it-for-we mindset seeking fair and balanced exchange Buyer focus—increase value beyond price and delivery to include quality, efficiency, capacity management with a specific link to buying company objectives, volume discounts/rebates. • Supplier focus—increase contract duration, client reference, preferred status, and revenue growth opportunities to gain a larger share of buyer's spend

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Bid Evaluation Process 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 27. Determine the Best Relationship and Economic Model 28. Determine the appropriate Sourcing Business Model (Excel) 	
RFx Solicitation / Bid Management	RFx and thresholds (PFMA SCM instruction No. 02 of 2021/22 Public Finance	Required	<ol style="list-style-type: none"> 1. List ALL Functional Evaluation Criteria 2. Mandatory Functional Evaluation Criteria 3. Optional/ Non-critical Functional Evaluation Criteria 	<ul style="list-style-type: none"> • 2–3-year procurement cycle • Solicitation's purpose is to seek value-added capabilities at best value. • Utilize cross-functional business stakeholder involvement in bid management and development of supplier selection criteria.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
	Management Act (ACT 1 OF 1999).		<ol style="list-style-type: none"> 4. PPPFA Evaluation Criteria 5. Additional Evaluation Criteria 6. Business Case Structure 7. Determine the approach to the market 8. Methods of Evaluation 9. Developing a Bid / Offer Template 10. Tender Process Flow Chart and estimated Timetable 11. Market Approach (slide 260) 12. Bid Evaluation Process 13. Key Performance Indicators that can be used 14. Main elements of a good SLA 	<ul style="list-style-type: none"> • Execute periodic requests for information to solicit benchmark information or specific supplier information in advance of preparation of formal bid or proposal solicitation requests to gain insights on best practices in the market. • Use request for proposal for solicitation with possible inclusions of requested information on cost, pricing models, and examples of successful improvements with other customers. • 4–8 weeks to select the supplier
Supplier Selection Drivers	Supplier Selection Drivers (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. List ALL Functional Evaluation Criteria 6. Mandatory Functional Evaluation Criteria 7. Optional/ Non-critical Functional Evaluation Criteria 8. PPPFA Evaluation Criteria (218) 9. Additional Evaluation Criteria 10. Business Case Structure 11. Determine the approach to the market 12. Methods of Evaluation 13. Developing a Bid / Offer Template 	<ul style="list-style-type: none"> • Complete best value evaluation (combinations of price, value-added supplier offerings, geographic benefit, differentiated market position, technology, and prequalified capabilities) as well as identify unique differentiators or value benefits. • Review the supplier's past performance • Verify supplier acceptance of standard contract terms and conditions.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Bid Evaluation Process 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Contract Close-Out	
Risk Management	Risk Assessment	Required	1. Understand supplier preferences 2. Consolidate understanding of Commodity into a Fact Base 3. Risk Rating (slide 158) 4. Risk Rating Matrix 5. Mitigation Matrix 6. Risk Scorecard Template 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Transition to new Contract 20. Key Performance Indicators that can be used 21. Main elements of a good SLA	<ul style="list-style-type: none"> Document risk management expectations from the supplier (i.e., a documented requirement for the supplier to produce a risk management and mitigation plan) Identify alternate suppliers, review differences in value offerings between suppliers, and determine the potential impact on costs to change suppliers. Prepare a supplier change contingency plan should there be a need to change suppliers. Supplier qualification process includes risk management capability and ability to meet specific compliance requirements

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process	
Contract Approach	Contract Approach to Minimise Administration	Required	1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Transition to new Contract 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Dealing with poor performance	<ul style="list-style-type: none"> • Use a relational contract approach based on a standard master agreement contract for legal terms and conditions with a standardised statement of work template for future business requirements Incorporate a what's-in-it-for-we mindset with a mutually agreed statement of intent Use blanket purchase orders (POs) for ease of reordering. • Includes defined work scope to focus on WHO and/or HOW; begin to jointly define HOW with trusted suppliers. • Contract duration 2–3 years
Pricing Model	Pricing Model and Pricing Strategy	Required	1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach	<ul style="list-style-type: none"> • Use price based on a transactional economic model. • Typically, fixed price per transaction (per unit, per call, per hour) • Negotiate a rate card with volume discounts/rebates by bundling work-scope/consolidating volumes. • May use an open book compensation model but typically there is limited use due to higher administrative burden. • Establish price adjustment targets using a total cost of ownership model as a basis for costs

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Category Management Governance	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. List ALL Functional Evaluation Criteria 7. Mandatory Functional Evaluation Criteria 8. Optional/ Non-critical Functional Evaluation Criteria 9. PPPFA Evaluation Criteria 10. Additional Evaluation Criteria 11. Business Case Structure 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Transition to new Contract 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Reporting 20. Supplier Performance Checklist 21. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Include appropriately scaled governance mechanisms for contract compliance, financial management, managing issues and risks, performance management, and relationship management between internal stakeholders. • Buyer facilitates governance with key internal stakeholders throughout the procurement cycle. • Develop a plan for formal minimum quarterly business reviews with a pre-established agenda for strategy and relationships review, service review, commercial review, financial review, security and compliance review, quality and risk review, and change control committee
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. "Best-Fit" approaches per category 4. Sourcing Approaches 5. Supply Relationship Mapping 6. Selection of sourcing strategies 7. Business Case Structure 	<ul style="list-style-type: none"> • Buyer typically "owns" supplier relationship management with business stakeholder involvement. • Appropriately scaled SRM framework, including mechanisms for buyer-supplier interface, formal escalation management, and change management/commercial management. • Identify and document planned opportunities for additional periodic supplier interaction at various

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 8. Methods of Evaluation 9. Market Approach 10. Key Performance Indicators that can be used 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process 	levels of buyer and supplier organisations to review supplier expanded value contribution to buyer's business
Performance Management	Contract Performance Management (SLA)	Required	<ol style="list-style-type: none"> 1. Sourcing Approaches 2. Supply Relationship Mapping 3. List ALL Functional Evaluation Criteria 4. Mandatory Functional Evaluation Criteria 5. Optional/ Non-critical Functional Evaluation Criteria 6. PPPFA Evaluation Criteria 7. Additional Evaluation Criteria 8. Business Case Structure 9. Methods of Evaluation 10. Developing a Bid / Offer Template 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Reporting 14. Contract Close-Out 15. Dealing with poor performance 16. Supplier Performance Checklist 17. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Develop activity-based service-level agreements. • Develop a formalised cost target tracking process. • Develop and use a formal operational scorecard. • Create customer satisfaction surveys and develop a management plan

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. Key Performance Indicators that can be used 10. Main elements of a good SLA 11. Reporting 12. Contract Close-Out 13. Dealing with poor performance 14. Supplier Performance Checklist 15. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Develop a plan to capture and assess improvement opportunities through supplier reviews. • Include a contracted requirement for the supplier to proactively identify and implement continuous improvement efforts
Compliance & Special Concerns	SBD/MBD Forms (administrative compliance)- Mandatory (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure 8. Determine the approach to the market 9. Functional Evaluation 10. Methods of Evaluation 	<ul style="list-style-type: none"> • Create an audit plan to verify supplier compliance with government and company-driven requirements

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> Developing a Bid / Offer Template Tender Process Flow Chart and estimated Timetable Bid Evaluation Process Transition to new Contract Key Performance Indicators that can be used Main elements of a good SLA Reporting Contract Close-Out (slide Dealing with poor performance Supplier Performance Checklist The savings/benefits measurement process 	
Exit Management	Contract Performance Management (SLA) Supplier Transitioning	Required	<ol style="list-style-type: none"> Business Case Structure Developing a Bid / Offer Template Transition to new Contract Key Performance Indicators that can be used Main elements of a good SLA Reporting Contract Close-Out Dealing with poor performance Supplier Performance Checklist The savings/benefits measurement process 	<ul style="list-style-type: none"> Terminate for convenience and cause. Develop an exit management plan with a longer duration allowance to reduce business interruption because the supplier typically is integrated into the business operation
Cross-Functional Team (CFT)	A functional team is not necessary as the complexity of the	Required	<ol style="list-style-type: none"> Communication Plan Stakeholder Identification Sheet Project Proposal Outline Re-assess the commodity positioning Selection of sourcing strategies Business Case Structure 	<ul style="list-style-type: none"> A cross-functional sourcing team helps to develop a holistic sourcing strategy meeting the 4Es (VFM), economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
	decision-making is straight-forward		<ol style="list-style-type: none"> 7. Developing a Bid / Offer Template 8. Key Performance Indicators that can be used 9. Main elements of a good SLA 10. Contract Close-Out 	

3.1.4 Performance-based or term contract supplier

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Link to Business Objective	A business Case	Required	<ol style="list-style-type: none"> 1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Define solutions to support specific business objectives with active inclusion of business stakeholders. • Develop measurable targets with business stakeholders that align with business objectives. • Document a clear description of the business objective(s) for eventual provision to the supplier.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Requirements Analysis	Needs Analysis	Required	<ol style="list-style-type: none"> 1. Stakeholder Identification Sheet 2. Scope definition of a commodity 3. Information collection 4. Statement of Needs 5. Determining the impact of the commodity on the Government 6. Drafting specifications 7. Internal information analysis 8. Sourcing Approaches 9. Selection of sourcing strategies 10. Business Case Structure 11. Methods of Evaluation 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Key Performance Indicators that can be used 	<ul style="list-style-type: none"> • Complete review of historical sourcing solution with business stakeholder involvement • Complete the current state assessment of the requirement to establish a baseline performance target against which the supplier's future performance guarantees will be compared and measured. • Define work-scope; work-scope focuses on the WHAT and limited HOW of work-scope; supplier develops HOW using a Performance Work Statement
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 8. Supplier Pricing Approach 9. Market structures 	<ul style="list-style-type: none"> • Complete formal market analysis to investigate market behaviours, trends and influences on the category requirement. • Benchmark best practices to provide the basis for evaluating current practices and identifying possible improvements to build into requirements
Cost Analysis	Cost Analysis to determine priorities in achieving value for money – drive efficiencies	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Sources of data 3. Spend analysis 4. Price and cost analysis 5. Business value levers 6. Conduct a RASQI model 	<ul style="list-style-type: none"> • Develop a cost model with hard and soft cost elements included. • Identify cost drivers and prioritise improvement targets with business stakeholders. • Develop a cost management plan with supplier involvement.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
				<ul style="list-style-type: none"> Establish performance targets for specified cost drivers reduction and year-over-year price reduction. Develop a cost baseline with buyer business and supplier business stakeholders that will serve as the foundation for a savings glide path to validate year-over-year cost reductions
Supply Market Assessment	Market Analysis	Required	<ol style="list-style-type: none"> Sources of data Supply Chain Map Porter's Five Forces STEEPLED Analysis Template SWOT Analysis Template Sources of supplier Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> Complete supply market research to identify suppliers which lead in the category and have sound financials that allow them to assume higher levels of risk. Determine the stability of the supplier(s) position in the market based on their ability to manage market influences and other factors such as size, and geographic advantages, and assess whether they are candidates for acquisition or divestiture for the term of the support needed. Determine the best size of the supplier, small or large, to support delivery of the requirement. Complete supplier pre-qualification and down-selection using criteria that have a strong focus on financial stability, supplier(s) strength in the industry, as well as other category requirement-specific support criteria developed by business stakeholders. Develop a supply base strategy based on intelligence collected to assure continuous support, strong performance and process stability and improvement
Category Portfolio Segmentation	Category Segmentation to determine the sourcing approach	Required	<ol style="list-style-type: none"> Portfolio Analysis The process for identifying categories. Map commodity groupings/Category 	<ul style="list-style-type: none"> Validate Portfolio Segmentation- indicates requirement is best managed with a Performance-Based Model Develop a Formal Category Management Plan with input from business stakeholders

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 4. Consolidate understanding of Commodity into a Fact Base 5. ABC Classification (Pareto Analysis) 6. Reassess the commodity positioning. 7. "Best-Fit" approaches per category 8. Sourcing Approaches 9. Supply Relationship Mapping 10. Selection of sourcing strategies 11. Business Case Structure 12. Tender Process Flow Chart and estimated Timetable 	establishing goals, objectives, and performance targets
Total Cost of Ownership Approach	Total Cost of Ownership – Considered where value is high with unique specifications with SCC a possibility	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Consolidate understanding of Commodity into a Fact Base 3. When to apply TCO 4. How do I calculate TCO? 5. TCO framework 6. Identify the cost drivers applicable to your commodity. 7. Ideas to reduce TCO. 8. Selection of sourcing strategies 9. Business Case Structure 10. Market Approach 11. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Complete the TCO model to validate supplier value against current costs. • Identify factors in addition to price, such as systems capabilities, full-time resources assignments, training provisions or work design efficiencies, that might be applied by a supplier based on the situation and complexity of the requirement that may be incremental to current TCO. • Prepare a plan to monitor net landed or net delivered price and operational costs to measure improvements in the total cost of ownership
Risk Assessment	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Risk Rating 5. Risk Rating Matrix 6. Mitigation Matrix 7. Risk Scorecard Template 8. Re-assess the commodity positioning 9. "Best-Fit" approaches per category 	<ul style="list-style-type: none"> • Conduct full risk assessment due to higher dependency on fewer suppliers. • Draft contract clauses to transfer appropriate levels of risk management to suppliers, requiring supplier contingency plans where applicable to the category requirement being provided. • Complete formal risk assessment and risk mitigation plan with the involvement of business stakeholders. Solicit input from suppliers.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 10. Supply Relationship Mapping 11. Selection of sourcing strategies 12. List ALL Functional Evaluation Criteria 13. Mandatory Functional Evaluation Criteria 14. Optional/ Non-critical Functional Evaluation Criteria 15. PPPFA Evaluation Criteria 16. Additional Evaluation Criteria 17. Business Case Structure 18. Methods of Evaluation 19. Tender Process Flow Chart and estimated Timetable 20. Market Approach 21. Transition to new Contract 22. Key Performance Indicators that can be used 23. Main elements of a good SLA 24. Reporting 25. Contract Close-Out 26. Dealing with poor performance 27. Supplier Performance Checklist 28. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Formal transition plan for any transfer of work scope.
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social values) in support of SMMs sustainability)	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Re-assess the commodity positioning 5. "Best-Fit" approaches per category 6. Sourcing Approaches 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 	<ul style="list-style-type: none"> • What's-in-it-for-we mindset seeking fair and balanced exchange. • Buyer focus: replacement of non-core competencies to lower cost, drive performance improvements and gain additional support for other business objectives such as market growth and/or new product introduction. • Supplier focus: increase contract duration, opportunity for increased profit with incentives if meet performance targets, revenue growth, reference client, cooperation for improvement.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Bid Evaluation Process 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 27. Determine the Best Relationship and Economic Model 28. Determine the appropriate Sourcing Business Model (Excel) 	
RFx Solicitation / Bid Management	RFx and thresholds (PFMA SCM instruction No. 02 of 2021/22 Public Finance Management Act (ACT 1 OF 1999)).	Required	<ol style="list-style-type: none"> 1. List ALL Functional Evaluation Criteria 2. Mandatory Functional Evaluation Criteria 3. Optional/ Non-critical Functional Evaluation Criteria 4. PPPFA Evaluation Criteria 5. Additional Evaluation Criteria 6. Business Case Structure 7. Determine the approach to the market 8. Methods of Evaluation 9. Developing a Bid / Offer Template 	<ul style="list-style-type: none"> • 3-5 years solicitation cycle • Solicitation purpose is to seek cost management and year-over-year cost reductions at a competitive price/value. • Create a cross-functional team to represent all business stakeholders and users with the responsibility to create supplier down-selection criteria; down-select criteria should be weighted and include quantitative and qualitative criteria including cultural fit • Participate in proposal review and negotiation preparation and planning.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 10. Tender Process Flow Chart and estimated Timetable 11. Market Approach (slide 260) 12. Bid Evaluation Process 13. Key Performance Indicators that can be used 14. Main elements of a good SLA 	<ul style="list-style-type: none"> • Periodically use a Request for Information (RFI) to gain benchmark information that may be applicable. RFI's are also used to test market pricing throughout the selected supplier performance period to track valid pricing trends. • Prepare a Request for Solution (RFS) focused on specific supplier-provided benefits such as cost reductions, quality improvements, technology improvements and service scope expansion potential. • 2-4 months to select the supplier
Supplier Selection Drivers	Supplier Selection Drivers (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. List ALL Functional Evaluation Criteria 6. Mandatory Functional Evaluation Criteria 7. Optional/ Non-critical Functional Evaluation Criteria 8. PPPFA Evaluation Criteria (218) 9. Additional Evaluation Criteria 10. Business Case Structure 11. Determine the approach to the market 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Bid Evaluation Process 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Contract Close-Out 	<ul style="list-style-type: none"> • Complete best value evaluation with benchmarked supplier leaders possessing core competency to uniquely support the delivery of the requirements and provide cost efficiency. • Evaluate suppliers against the TCO model to identify the best value supplier approach. • Evaluate the ability of the supplier to manage cost and manage or mitigate risks. • Down-select suppliers based on proven track record of performance and capability to meet business objectives. • Complete best value analysis reviewing other factors in addition to price such as systems capabilities, full-time resource application, geographical capability, training, or other work design efficiencies

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Risk Management	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Understand supplier preferences 2. Consolidate understanding of Commodity into a Fact Base 3. Risk Rating (slide 158) 4. Risk Rating Matrix 5. Mitigation Matrix 6. Risk Scorecard Template 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Transition to new Contract 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Document risk management expectations from the supplier, i.e., a documented requirement for the supplier to produce a risk management and mitigation plan. • Develop performance metrics to track risk. • Document specific risk penalties, i.e., monetary or termination with exit transition obligations • Prepare a formal risk management contingency plan. • Supplier qualification process includes risk management capability and ability to meet specific compliance requirements. • Jointly develop a formal work-scope transition plan.
Contract Approach	Contract Approach to minimise administration	Required	<ol style="list-style-type: none"> 1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. Business Case Structure 	<ul style="list-style-type: none"> • Use a relational contract approach designed to be a flexible framework. • Modify buyer master agreement to develop contract language inclusions for supplier management of risk and costs.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Transition to new Contract 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Dealing with poor performance 	<ul style="list-style-type: none"> • Incorporate what's-in-it-for-we" mindset with a mutually agreed Statement of Intent • Include defined work scope; work scope focuses on WHAT, with limited focus on HOW; supplier develops Performance-Work Statement outlining the HOW. • Contract duration commensurate with supplier's investment, typically with a 3–5-year base using options to extend one year at a time.
Pricing Model	Pricing Model and Pricing Strategy	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach 	<ul style="list-style-type: none"> • Use an Output-based economic model. • Use price with incentive and/or penalties tied to supplier's performance against performance guarantees. • Typically, fixed price, but can be cost reimbursement. • Pricing typically splits into a base fee (often transactional) and a management fee with incentives. • Define the expected pre-agreed savings glide path. • Define incentives and/or penalties tied to performance. • Define gainsharing for performance above meeting requirements as appropriate if allowed by company policies.
Category Management Governance	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. List ALL Functional Evaluation Criteria 7. Mandatory Functional Evaluation Criteria 	<ul style="list-style-type: none"> • Include appropriately scaled governance formally documented in the contract. • Incorporate mechanisms for contract compliance, financial management, managing issues and risks, performance management, and relationship management between internal stakeholders. • Business facilitates governance with the cross-functional team; the buyer plays support role.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 8. Optional/ Non-critical Functional Evaluation Criteria 9. PPPFA Evaluation Criteria 10. Additional Evaluation Criteria 11. Business Case Structure 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Transition to new Contract 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Reporting 20. Supplier Performance Checklist 21. The savings/benefits measurement process 	<p>Appropriately scaled resources support various governance mechanisms to have a high degree of business continuity over the procurement cycle.</p> <ul style="list-style-type: none"> • Develop a plan for formal governance review meetings with a pre-established agenda for strategy and relationships review, service review, commercial review, financial review, security and compliance review, quality and risk review, and change control committee.
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 22. Communication Plan 23. Stakeholder Identification Sheet 24. "Best-Fit" approaches per category 25. Sourcing Approaches 26. Supply Relationship Mapping 27. Selection of sourcing strategies 28. Business Case Structure 29. Methods of Evaluation 30. Market Approach 31. Key Performance Indicators that can be used 32. Main elements of a good SLA 33. Reporting 34. Contract Close-Out 35. Dealing with poor performance 36. Supplier Performance Checklist 37. The savings/benefits measurement process 	<ul style="list-style-type: none"> • "Business" typically owns the supplier relationship with key stakeholder responsibilities coordinated by the buyer. • Appropriately scaled SRM framework, including defining and documenting the following mechanisms in the actual contract; • Change management/commercial management. • "2 in a Box" buyer-supplier interface structure • Formal escalation process • Formal continuity of resource plan to assure consistent relationship interface (including key man provisions as appropriate) • Clear and separate roles for relationship management, operation management, commercial/contract management (for managing scope changes) • Identify and document planned opportunities for additional periodic supplier interaction at

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
				various levels of buyer and supplier organisations to review supplier expanded value contribution to business objectives
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA)	Required	<ol style="list-style-type: none"> 1. Sourcing Approaches 2. Supply Relationship Mapping 3. List ALL Functional Evaluation Criteria <ol style="list-style-type: none"> 1. Mandatory Functional Evaluation Criteria 2. Optional/ Non-critical Functional Evaluation Criteria 3. PPPFA Evaluation Criteria 4. Additional Evaluation Criteria 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Key Performance Indicators that can be used 9. Main elements of a good SLA 10. Reporting 11. Contract Close-Out 12. Dealing with poor performance 13. Supplier Performance Checklist 14. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Include contractual clause for supplier performance guarantees for continuous cost improvements (Special Conditions of Contract)
Compliance & Special Concerns	Contract Performance Management (SLA)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. Key Performance Indicators that can be used 	<ul style="list-style-type: none"> • Create an audit plan to verify supplier compliance with government and company-driven requirements

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			10. Main elements of a good SLA 11. Reporting 12. Contract Close-Out 13. Dealing with poor performance 14. Supplier Performance Checklist 15. The savings/benefits measurement process	
Exit Management	SBD/MBD Forms (administrative compliance)- Mandatory (integrate social aspects)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure 8. Determine the approach to the market 9. Functional Evaluation 10. Methods of Evaluation 11. Developing a Bid / Offer Template 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Transition to new Contract 15. Key Performance Indicators that can be used 16. Main elements of a good SLA 17. Reporting 18. Contract Close-Out (slide 19. Dealing with poor performance 20. Supplier Performance Checklist 21. The savings/benefits measurement process	<ul style="list-style-type: none"> Termination for performance failures Significant impact with supplier exit; develop a formal Exit Management Plan addressing: Budget for transition costs and resource allocation Mutually agree on transition duration for supplier removal and replacement Fair division of intellectual property rights Fair allocation of assets and investments Business continuity for stakeholders Contract satisfaction and completion Record of lessons learned

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Cross-Functional Team (CFT)	Contract Performance Management (SLA) Supplier Transitioning	Required	<ol style="list-style-type: none"> 1. Business Case Structure 2. Developing a Bid / Offer Template 3. Transition to new Contract 4. Key Performance Indicators that can be used 5. Main elements of a good SLA 6. Reporting 7. Contract Close-Out 8. Dealing with poor performance 9. Supplier Performance Checklist 10. The savings/benefits measurement process 	<ul style="list-style-type: none"> • A cross-functional team helps to develop a holistic sourcing strategy meeting the 4Es (VFM), economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely)

3.1.5 Vested or Transversal Contracts

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Link to Business Objective	A business Case	Required	<ol style="list-style-type: none"> 1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 	<ul style="list-style-type: none"> • Brief down-selected supplier(s) on overall business strategies • Develop measurable targets that align with business objectives jointly with business stakeholders and supplier

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	
Requirements Analysis	Needs Analysis	Required	1. Stakeholder Identification Sheet 2. Scope definition of a commodity 3. Information collection 4. Statement of Needs 5. Determining the impact of the commodity on the Government 6. Drafting specifications 7. Internal information analysis 8. Sourcing Approaches 9. Selection of sourcing strategies 10. Business Case Structure 11. Methods of Evaluation 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Key Performance Indicators that can be used	<ul style="list-style-type: none"> Complete review of historical sourcing solution. Complete current state assessment with business stakeholders to serve as the baseline against which future performance will be measured. Develop desired outcomes and complete the requirements roadmap directly aligned to business objectives with a joint team of buyer business stakeholders and supplier representatives Determine and document objectives with a joint team of business and supplier stakeholders to drive work effort to meet the desired outcomes. Determine work scope/workload allocation through a process of evaluation with a joint team of business and supplier stakeholders' work scope as part of the requirements. Define work scope to focus on WHAT, not the HOW; supplier develops performance work statement
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 8. Supplier Pricing Approach	<ul style="list-style-type: none"> Complete market analysis to identify potential Vested partners. Conduct ongoing market analysis with a joint team of buyer business and supplier stakeholders to ensure an understanding of current trends and potential opportunities for improvement

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			9. Market structures	
Cost Analysis	Cost Analysis to determine priorities in achieving value for money – drive efficiencies	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Sources of data 3. Spend analysis 4. Price and cost analysis 5. Business value levers 6. Conduct a RASQI model 	<ul style="list-style-type: none"> • Develop a cost model with both hard and soft costs with business and supplier stakeholders to serve as the basis against which improvements are made and measured. • Develop a protocol for reviewing supplier-provided open book costing with a focus on reducing the overall cost structure (not just the supplier's price) • Develop a cost management plan to include considerations of efficiency and productivity and understanding the value of potential innovations and transformation with the involvement of both parties
Supply Market Assessment	Market Analysis	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Identify suppliers through market research with a focus on those suppliers that provide demonstrative evidence and record of innovation, transformation, and collaboration. • Investigate suppliers' current business state and position in the market based on their ability to manage market influences and other factors, such as size, geographic advantage, etc. • Determine the best size of the supplier, small to large, to support delivery of the requirement. • Complete a review of the suppliers' ability to invest in their business to improve productivity and efficiency and drive excellence in the management of the category

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Category Portfolio Segmentation	Category Segmentation to determine the sourcing approach	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. The process for identifying categories. 3. Map commodity groupings/Category 4. Consolidate understanding of Commodity into a Fact Base 5. ABC Classification (Pareto Analysis) 6. Reassess the commodity positioning. 7. "Best-Fit" approaches per category 8. Sourcing Approaches 9. Supply Relationship Mapping 10. Selection of sourcing strategies 11. Business Case Structure 12. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Validate portfolio segmentation—indicates product or service provided is best managed by a Vested business model. • Develop a formal category management plan with key internal stakeholders with defined supply solution guardrails.
Total Cost of Ownership Approach	Total Cost of Ownership – Considered where value is high with unique specifications with SCC a possibility	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Consolidate understanding of Commodity into a Fact Base 3. When to apply TCO 4. How do I calculate TCO? 5. TCO framework 6. Identify the cost drivers applicable to your commodity. 7. Ideas to reduce TCO. 8. Selection of sourcing strategies 9. Business Case Structure 10. Market Approach 11. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Develop a TCO model with joint buyer/supplier team members. • Prepare a TCO monitoring plan with a defined cadence and a refresh time frame with joint buyer/supplier team members
Risk Assessment	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Risk Rating 5. Risk Rating Matrix 6. Mitigation Matrix 7. Risk Scorecard Template 8. Re-assess the commodity positioning 9. "Best-Fit" approaches per category 	<ul style="list-style-type: none"> • Comprehensive formal risk assessment completed by both business and supplier stakeholders

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			10. Supply Relationship Mapping 11. Selection of sourcing strategies 12. List ALL Functional Evaluation Criteria 13. Mandatory Functional Evaluation Criteria 14. Optional/ Non-critical Functional Evaluation Criteria 15. PPPFA Evaluation Criteria 16. Additional Evaluation Criteria 17. Business Case Structure 18. Methods of Evaluation 19. Tender Process Flow Chart and estimated Timetable 20. Market Approach 21. Transition to new Contract 22. Key Performance Indicators that can be used 23. Main elements of a good SLA 24. Reporting 25. Contract Close-Out 26. Dealing with poor performance 27. Supplier Performance Checklist 28. The savings/benefits measurement process	
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social values) in support of SMMEs sustainability)	Required	1. Value Chain Map 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Re-assess the commodity positioning 5. "Best-Fit" approaches per category 6. Sourcing Approaches 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable	<ul style="list-style-type: none"> Define what's-in-it-for-we mindset seeking true win-win/value creation. Conduct value allocation evaluation and best value analysis to ensure balance between the two parties with joint buyer/supplier team members. Define process with joint buyer/supplier team members for measuring and allocating value generation after total cost management and predefined objectives are achieved

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			18. Market Approach 19. Bid Evaluation Process 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 27. Determine the Best Relationship and Economic Model 28. Determine the appropriate Sourcing Business Model (Excel)	
RFx Solicitation / Bid Management	RFx and thresholds (PFMA SCM instruction No. 02 of 2021/22 Public Finance Management Act (ACT 1 OF 1999).	Required	1. List ALL Functional Evaluation Criteria 2. Mandatory Functional Evaluation Criteria 3. Optional/ Non-critical Functional Evaluation Criteria 4. PPPFA Evaluation Criteria 5. Additional Evaluation Criteria 6. Business Case Structure 7. Determine the approach to the market 8. Methods of Evaluation 9. Developing a Bid / Offer Template 10. Tender Process Flow Chart and estimated Timetable 11. Market Approach (slide 260) 12. Bid Evaluation Process 13. Key Performance Indicators that can be used 14. Main elements of a good SLA	<ul style="list-style-type: none"> • 5–7-year procurement cycle • The solicitation purpose is to seek differentiated value added with a competitive pricing model. • Buyer utilizes cross-functional business stakeholder involvement in bid management and development/priority weighting of supplier selection criteria. • Periodic use of request for information to solicit benchmark information in advance of the preparation of a formal proposal request to gain insights on best practices in the market. • Prepare a request for a proposed solution or request for a partner, which may include requested information on cost, pricing models, and examples of successful improvements with other customers. • 2- 4 months to select the supplier

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
Supplier Selection Drivers	Supplier Selection Drivers (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. List ALL Functional Evaluation Criteria 6. Mandatory Functional Evaluation Criteria 7. Optional/ Non-critical Functional Evaluation Criteria 8. PPPFA Evaluation Criteria (218) 9. Additional Evaluation Criteria 10. Business Case Structure 11. Determine the approach to the market 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Bid Evaluation Process 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Contract Close-Out 	<ul style="list-style-type: none"> • 5–7-year solicitation cycle • The solicitation purpose is to seek differentiated value added with a competitive pricing model. • Buyer utilizes cross-functional business stakeholder involvement in bid management and development/priority weighting of supplier selection criteria. • Periodic use of request for information to solicit benchmark information in advance of the preparation of a formal proposal request to gain insights on best practices in the market. • Prepare a request for a proposed solution or request for a partner, which may include requested information on cost, pricing models, and examples of successful improvements with other customers. • 4–8 weeks to select the supplier • Evaluate historical supplier performance, benchmarked supplier innovation and transformation experience, and track record of success in the key areas of capability required for successful delivery of the category requirement. • Determine the alignment of business objectives between buyer and supplier. • Assess the supplier's ability to successfully manage the influences in and impact of the market. • Conduct Compatibility and Trust Survey to assess alignment between both parties for ease of relationship interface and management
Risk Management	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Understand supplier preferences. 2. Consolidate understanding of Commodity into a Fact Base 	<ul style="list-style-type: none"> • The buyer and supplier jointly define and document shared risk and shared reward clause for inclusion in the contract.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			<ol style="list-style-type: none"> 3. Risk Rating (slide 158) 4. Risk Rating Matrix 5. Mitigation Matrix 6. Risk Scorecard Template 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Transition to new Contract 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Buyer and supplier jointly develop formal risk analysis, management and mitigation plan with defined tracking and measurement process. • Buyer and supplier jointly develop formal onboarding and off-ramp process to ensure knowledge transfer, process continuity, and compliance requirements are met
Contract Approach	Contract Approach to minimise administration	Required	<ol style="list-style-type: none"> 1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Transition to new Contract 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Dealing with poor performance 	<ul style="list-style-type: none"> • Highly collaborative relational contract approach designed to be a flexible framework; statement of intent formally embedded into a contract. • Buyer and supply jointly develop a master agreement for terms and conditions and explicit guardrails. • Incorporate What's in it for We mindset with a mutually agreed statement of intent. • Include defined work scope—work scope focuses on "WHAT," not the "HOW"; supplier develops performance work statement.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
				<ul style="list-style-type: none"> Contract structure includes all 10 Vested elements, including a comprehensive change management process defined in the contract schedule. Contract duration typically 5–7 years with a minimum of 3 years with an option to extend the contract 1 year at a time up to 10+ years. Consider using the evergreen provision to extend the contract based on the supplier's ability to create value against strategic desired outcomes
Pricing Model	Pricing Model and Pricing Strategy	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach 	<ul style="list-style-type: none"> Pricing model with incentives to optimise business outcomes and motivate suppliers to invest in innovation. Supplier fee at risk with incentives for achieving and/or exceeding requirements and outcomes. Open book cost management where the supplier provides all cost visibility. identified financial guardrails for both buyer and supplier Margin matching mechanisms are designed to keep buyer and supplier in financial balance. Win together, lose together
Category Management Governance	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. List ALL Functional Evaluation Criteria 7. Mandatory Functional Evaluation Criteria 8. Optional/ Non-critical Functional Evaluation Criteria 9. PPPFA Evaluation Criteria 10. Additional Evaluation Criteria 	<ul style="list-style-type: none"> Include appropriately scaled governance formally documented in the contract. In corporate governance mechanisms for contract compliance, financial management/budgeting Decision protocol with issue escalation and resolution parameters Performance management Relationship management between internal stakeholders (typically a three-tier structure)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			11. Business Case Structure 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Transition to new Contract 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Reporting 20. Supplier Performance Checklist 21. The savings/benefits measurement process	with an assigned budget and three levels of one-to-one interface for the operating team; core relationship management team; and executive team) <ul style="list-style-type: none"> • Business facilitates governance with cross-functional teams; the buyer plays a support role. • Appropriately scaled resources support various governance mechanisms to have a high degree of business continuity over the procurement cycle. • Larger or complex outsourced services have a formal work scope transition and change management teams. • Develop a plan for formal governance review meetings with a pre-established agenda for strategy and relationships review, service review, commercial review, financial review, security and compliance review, quality and risk review, transformation review, and management process. • Formal communication process, supported by planned cadence to ensure timeliness of interfaces.
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Required	1. Communication Plan 2. Stakeholder Identification Sheet 3. "Best-Fit" approaches per category 4. Sourcing Approaches 5. Supply Relationship Mapping 6. Selection of sourcing strategies 7. Business Case Structure 8. Methods of Evaluation 9. Market Approach 10. Key Performance Indicators that can be used 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out	<ul style="list-style-type: none"> • Identify and document planned opportunities for additional periodic supplier interaction at various levels of buyer and supplier organisations to review supplier performance, • Buyer and supplier "business" own the relationship, • Appropriately scaled SRM framework, including defining and documenting the following mechanisms in the actual contract: • Change management/commercial management,

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	<ul style="list-style-type: none"> • Two-in-a-box buyer-supplier interface structure • Formal escalation process • Formal decision-making process/rights assigned, • Formal continuity of resource plan to ensure consistent relationship interface (including key man provisions as appropriate) • Dedicated resource(s) focused on relationship management, • Three-tier structure mirrors overall category management governance with clear and separate roles for relationship management, operation management, commercial/contract management, and transformation/innovation management • Formal communications protocol and plan • Formal continuity of resource plan including key man provisions for both buyer and supplier • Joint relationship management scorecard is defined and used to monitor relationship effectiveness, • Yearly Compatibility and Trust Assessments are used to monitor potential gaps in the relationship
Performance Management	Contract Performance Management (SLA)	Required	1. Sourcing Approaches 2. Supply Relationship Mapping 3. List ALL Functional Evaluation Criteria 4. Mandatory Functional Evaluation Criteria 5. Optional/ Non-critical Functional Evaluation Criteria 6. PPPFA Evaluation Criteria 7. Additional Evaluation Criteria 8. Business Case Structure 9. Methods of Evaluation 10. Developing a Bid / Offer Template 11. Key Performance Indicators that can be used	<ul style="list-style-type: none"> • Focus on outcome-based strategic business objectives/desired outcomes. • Balanced business scorecard jointly managed including operational, relational, and transformational key performance indicators (KPIs) • KPIs are perpetually tracked by both parties. • Formal total cost of ownership tracking

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			12. Main elements of a good SLA 13. Reporting 14. Contract Close-Out 15. Dealing with poor performance 16. Supplier Performance Checklist 17. The savings/benefits measurement process	
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. Key Performance Indicators that can be used 10. Main elements of a good SLA 11. Reporting 12. Contract Close-Out 13. Dealing with poor performance 14. Supplier Performance Checklist 15. The savings/benefits measurement process	<ul style="list-style-type: none"> Formal transformation/innovation management framework Defined processes and protocols for driving overall transformation initiatives through a jointly managed continuous innovation management process. Defined processes and protocols for driving day-to-day continuous improvement efforts or business problems that arise. Formal process documented for updating and managing any changes to the actual contract/pricing model as part of governance
Compliance & Special Concerns	SBD/MBD Forms (administrative compliance)- Mandatory (integrate social aspects)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure 8. Determine the approach to the market 9. Functional Evaluation 10. Methods of Evaluation 11. Developing a Bid / Offer Template 12. Tender Process Flow Chart and estimated Timetable	<ul style="list-style-type: none"> Compliance with government and jointly developed requirements and practices perpetually monitored

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			13. Bid Evaluation Process 14. Transition to new Contract 15. Key Performance Indicators that can be used 16. Main elements of a good SLA 17. Reporting 18. Contract Close-Out (slide 19. Dealing with poor performance 20. Supplier Performance Checklist 21. The savings/benefits measurement process	
Exit Management	Contract Performance Management (SLA) Supplier Transitioning	Required	1. Business Case Structure 2. Developing a Bid / Offer Template 3. Transition to new Contract 4. Key Performance Indicators that can be used 5. Main elements of a good SLA 6. Reporting 7. Contract Close-Out 8. Dealing with poor performance 9. Supplier Performance Checklist 10. The savings/benefits measurement process	<ul style="list-style-type: none"> Termination criteria co-developed by buyer and supplier. Significant impact with supplier exit; develop a formal exit management plan addressing: Budget for transition costs and resource allocation Mutually agreed-on transition duration and pre-identified resource allocation estimates for off-ramp activity. Fair division of intellectual property rights Fair allocation of assets and investments Business continuity for stakeholders Contract satisfaction and completion Record of lessons learned
Cross-Functional Team (CFT)	A business Case	Required	1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting	<ul style="list-style-type: none"> A cross-functional team helps to develop a holistic sourcing strategy meeting the 4Es (VFM) economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	Applicable tools (the tools are only available at the appropriate stage within the SS Methodology)	Attributes
			13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	

3.1.6 Shared services or transversal

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Link to Business Objective	A business Case	Required	1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	<ul style="list-style-type: none"> Design or select the shared services organisation (SSO) to drive cost efficiencies that support business/user groups. Provide economic model descriptions (transactional, output, or outcome) to serve as a guide for the SSO to determine the appropriate link to business objectives based on the economic model used for a specific requirement

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Requirements Analysis	Needs Analysis	Required	<ol style="list-style-type: none"> 1. Stakeholder Identification Sheet 2. Scope definition of a commodity 3. Information collection 4. Statement of Needs 5. Determining the impact of the commodity on the Government 6. Drafting specifications 7. Internal information analysis 8. Sourcing Approaches 9. Selection of sourcing strategies 10. Business Case Structure 11. Methods of Evaluation 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Key Performance Indicators that can be used 	<ul style="list-style-type: none"> • Conduct a review, document the historical solution, and define forecasted changes in use and demand as part of the requirement definition. • Define a process and plan for updating requirement information. • Define and document category requirement solution objectives and continuous improvement expectations
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 8. Supplier Pricing Approach 9. Market structures 	<ul style="list-style-type: none"> • Participate with the SSO in market analysis and best practices benchmarking continuously to identify opportunities to improve results. • Design SSO market analysis reporting process to enable adequate updates to business stakeholders on market influences and impacts
Cost Analysis	Cost Analysis to determine priorities in achieving value for money – drive efficiencies	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Sources of data 3. Spend analysis 4. Price and cost analysis 5. Business value levers 6. Conduct a RASQI model 	<ul style="list-style-type: none"> • Establish a baseline operational and management cost model using input from internal stakeholders against which the SSO cost performance will be measured. • Complete a full business case justification for the make versus buy decision. • Develop a cost management reduction plan with internal stakeholders and SSO. • Develop a spend reduction plan based on volume consolidation and leveraging with SSO aggregated volumes

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Supply Market Assessment	Market Analysis	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Benchmark SSOs in the market to validate the cost-benefit and best practices of shared services solutions. • Participate with SSO in supply market investigations and source qualification with a focus on process efficiency and quality consistency. • Investigate the supply market periodically to evaluate the cost and risk of this supply solution (i.e., could the SSO be spun off into a subsidiary, a candidate for acquisition, or work-scope outsourced) • Prepare a supply base strategy based on the attributes identified from the supply market investigation. • Investigate suppliers' positioning against market behaviours to ensure requirements can be met
Category Portfolio Segmentation	Category Segmentation to determine the sourcing approach	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. The process for identifying categories. 3. Map commodity groupings/Category 4. Consolidate understanding of Commodity into a Fact Base 5. ABC Classification (Pareto Analysis) 6. Reassess the commodity positioning. 7. "Best-Fit" approaches per category 8. Sourcing Approaches 9. Supply Relationship Mapping 10. Selection of sourcing strategies 11. Business Case Structure 12. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Category portfolio segmentation indicates that the requirement is best managed through a shared services/equity business model; the same segmentation process will be used by the SSO (with possible support by the business unit) to determine the best sourcing business model to use for specific category requirements. • Develop a category management plan prepared by the SSO with input from the business unit; the SSO follows the appropriate process for managing each of the sourcing business models according to the spending requirement.
Total Cost of Ownership Approach	Total Cost of Ownership – Considered where	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Consolidate understanding of Commodity into a Fact Base 3. When to apply TCO 	<ul style="list-style-type: none"> • Build a TCO model to serve as a baseline against which the cost of the SSO to the business unit is measured.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
	value is high with unique specifications with SCC a possibility		<ol style="list-style-type: none"> How do I calculate TCO? TCO framework Identify the cost drivers applicable to your commodity. Ideas to reduce TCO. Selection of sourcing strategies Business Case Structure Market Approach The savings/benefits measurement process 	<ul style="list-style-type: none"> Participate with the SSO in developing category requirement-specific TCOs. Build a plan that supports focus on overall category management and total supply chain costs using an internal cost model; use joint efforts (SSO and business unit) to identify ways to streamline services provided, to improve quality or reduce costs, and to ensure that the business unit can meet objectives.
Risk Assessment	Risk Assessment	Required	<ol style="list-style-type: none"> Portfolio Analysis Understand supplier preferences. Consolidate understanding of Commodity into a Fact Base Risk Rating Risk Rating Matrix Mitigation Matrix Risk Scorecard Template Re-assess the commodity positioning "Best-Fit" approaches per category Supply Relationship Mapping Selection of sourcing strategies List ALL Functional Evaluation Criteria Mandatory Functional Evaluation Criteria Optional/ Non-critical Functional Evaluation Criteria PPFA Evaluation Criteria Additional Evaluation Criteria Business Case Structure Methods of Evaluation Tender Process Flow Chart and estimated Timetable Market Approach Transition to new Contract Key Performance Indicators that can be used Main elements of a good SLA Reporting Contract Close-Out Dealing with poor performance 	<ul style="list-style-type: none"> Participate in the completion of a formal risk assessment and mitigation plans with the SSO; the SSO is responsible for managing and minimising risk with periodic reporting requirements. Prepare a contingency plan should there be a need to change the sourcing business model (e.g., change to outsource to a supplier, spin-off as a subsidiary) or change in external suppliers managing the SSO

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			27. Supplier Performance Checklist 28. The savings/benefits measurement process	
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social values) in support of SMMEs sustainability)	Required	1. Value Chain Map 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Re-assess the commodity positioning 5. "Best-Fit" approaches per category 6. Sourcing Approaches 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Bid Evaluation Process 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 27. Determine the Best Relationship and Economic Model 28. Determine the appropriate Sourcing Business Model (Excel)	<ul style="list-style-type: none"> • Business unit focus: lower prices and costs; assured supply with captive supplier. • SSO focus on increased volumes and the ability to invest in itself to improve capabilities and costs; and assured demand with captive buyer.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
RFx Solicitation / Bid Management	RFx and thresholds (PFMA SCM instruction No. 02 of 2021/22 Public Finance Management Act (ACT 1 OF 1999))	Required	<ol style="list-style-type: none"> 1. List ALL Functional Evaluation Criteria 2. Mandatory Functional Evaluation Criteria 3. Optional/ Non-critical Functional Evaluation Criteria 4. PPPFA Evaluation Criteria 5. Additional Evaluation Criteria 6. Business Case Structure 7. Determine the approach to the market 8. Methods of Evaluation 9. Developing a Bid / Offer Template 10. Tender Process Flow Chart and estimated Timetable 11. Market Approach (slide 260) 12. Bid Evaluation Process 13. Key Performance Indicators that can be used 14. Main elements of a good SLA 	<ul style="list-style-type: none"> • 3–5-year procurement cycle • The solicitation purpose is to seek a competitive fixed fee with improved cost management and cost savings. • Define objectives setting and final decision criteria with business stakeholders; business management and business stakeholders participate in the final selection of the supplier. • Request for proposal or request for proposed solution is used if a buyer seeks cost savings commitments and other value drivers using an external shared service source. • 4–6 months to select an external shared services provider.
Supplier Selection Drivers	Supplier Selection Drivers (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. List ALL Functional Evaluation Criteria 6. Mandatory Functional Evaluation Criteria 7. Optional/ Non-critical Functional Evaluation Criteria 8. PPPFA Evaluation Criteria (218) 9. Additional Evaluation Criteria 10. Business Case Structure 11. Determine the approach to the market 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Bid Evaluation Process 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Contract Close-Out 	<ul style="list-style-type: none"> • Pre-evaluate core capabilities and cost management efficiency

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Risk Management	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Understand supplier preferences 2. Consolidate understanding of Commodity into a Fact Base 3. Risk Rating (slide 158) 4. Risk Rating Matrix 5. Mitigation Matrix 6. Risk Scorecard Template 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Transition to new Contract 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Prepare formal risk mitigation and management plans
Contract Approach	Contract Approach to minimise administration	Required	<ol style="list-style-type: none"> 1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 	<ul style="list-style-type: none"> • 3–5-year complex services contract (for external shared services providers) with inclusions to mitigate and manage risk and cost efficiency internally. • Formal memorandum of understanding or agreement between SSO and business unit • A periodic formally documented determination of measurements and cost objectives (for internal shared services provider).

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			10. Transition to new Contract 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Dealing with poor performance	
Pricing Model	Pricing Model and Pricing Strategy	Required	1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach	<ul style="list-style-type: none"> Nonprofit model—Typically transaction fee is charged to the business unit; may use headcount or overhead allocation charge but not a preferred approach. For-profit model—Transaction fee charged to business units plus add-on fee (profit) Rebates paid to business units when transaction fees exceed the cost. Annual reset of transaction fee (if internal SSO).
Category Management Governance	Cross-functional Team and Project Management Approach	Required	1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. List ALL Functional Evaluation Criteria 7. Mandatory Functional Evaluation Criteria 8. Optional/ Non-critical Functional Evaluation Criteria 9. PPPFA Evaluation Criteria 10. Additional Evaluation Criteria 11. Business Case Structure 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Transition to new Contract 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Reporting 20. Supplier Performance Checklist 21. The savings/benefits measurement process	<ul style="list-style-type: none"> Internal shared services: Organisational policies and procedures supported by organisation design decision-making and management provide governance. External shared services: Develop and document process for holding formal quarterly reviews supported by additional internal stakeholders.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. "Best-Fit" approaches per category 4. Sourcing Approaches 5. Supply Relationship Mapping 6. Selection of sourcing strategies 7. Business Case Structure 8. Methods of Evaluation 9. Market Approach 10. Key Performance Indicators that can be used 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process 	<ul style="list-style-type: none"> • The business unit holds formal meetings with the SSO (minimum quarterly reviews); the business unit is included in specific external supplier reviews as appropriate. • Internal shared services: • Relationships reflect the organisational structure and cross-functional integration behaviours and decision-making. • The escalation process follows the prescribed company protocols. • External shared services: • Business unit plans regular interactions to ensure effective relationship development and decision-making. • Business unit defines a formal escalation process for service delivery issues. • Business unit may be a member of the provider's category team
Performance Management	Contract Performance Management (SLA)	Required	<ol style="list-style-type: none"> 1. Sourcing Approaches 2. Supply Relationship Mapping 3. List ALL Functional Evaluation Criteria 4. Mandatory Functional Evaluation Criteria 5. Optional/ Non-critical Functional Evaluation Criteria 6. PPPFA Evaluation Criteria 7. Additional Evaluation Criteria 8. Business Case Structure 9. Methods of Evaluation 10. Developing a Bid / Offer Template 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Reporting 14. Contract Close-Out 15. Dealing with poor performance 16. Supplier Performance Checklist 17. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Develop operational metrics based on chosen economic models (transactional, output, or outcomes). • SSO and business unit develop and use a formal operational and relational scorecard. • Internal SSOs: • Use organisationally defined performance objectives. • Develop cost-focused measures; the business unit typically develops a formalised cost target tracking process. • SSO and the business unit create customer satisfaction surveys and develop a management plan. • External SSOs are typically managed as preferred, performance-based, or Vested.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. Key Performance Indicators that can be used 10. Main elements of a good SLA 11. Reporting 12. Contract Close-Out 13. Dealing with poor performance 14. Supplier Performance Checklist 15. The savings/benefits measurement process 	<ul style="list-style-type: none"> • The business unit develops a formal capture and assessment process for improvement opportunities. • Internal shared services: SSO follows the business requirements and objectives for continuous improvements and requires external suppliers to proactively identify and implement continuous improvement opportunities as part of the contracted requirements. • External shared services: Contract includes defined guarantees for continuous cost improvements through efficiencies or alternate solutions
Compliance & Special Concerns	SBD/MBD Forms (administrative compliance)- Mandatory (integrate social aspects)	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure 8. Determine the approach to the market 9. Functional Evaluation 10. Methods of Evaluation 11. Developing a Bid / Offer Template 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Transition to new Contract 15. Key Performance Indicators that can be used 16. Main elements of a good SLA 17. Reporting 18. Contract Close-Out (slide 19. Dealing with poor performance 	<ul style="list-style-type: none"> • Internal shared services: Follows business compliance protocols perpetually monitored. • External shared services: The business unit creates an audit plan to verify supplier compliance with government and company-driven requirements.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			20. Supplier Performance Checklist 21. The savings/benefits measurement process	
Exit Management	Contract Performance Management (SLA) Supplier Transitioning	Required	1. Business Case Structure 2. Developing a Bid / Offer Template 3. Transition to new Contract 4. Key Performance Indicators that can be used 5. Main elements of a good SLA 6. Reporting 7. Contract Close-Out 8. Dealing with poor performance 9. Supplier Performance Checklist 10. The savings/benefits measurement process	<ul style="list-style-type: none"> • High impact on business if internal SSO is outsourced or external SSO is exited. • Internal shared services: Exit plans are part of the overall business plan. • External shared services: • The business unit develops a budget for transition costs and resource allocation. • Business unit develops a formal exit management plan with a longer duration transition allowance because of the high impact on business operations with supplier removal and replacement
Cross-Functional Team (CFT)	A business Case	Required	1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	<ul style="list-style-type: none"> • A cross-functional team helps to develop a holistic sourcing strategy meeting the 4Es (VFM) economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely)

3.1.7 Equity Partnership (Private-Public Partnership)

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Link to Business Objective	A business Case	Required	<ol style="list-style-type: none"> 1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Equity partners are purposely created to enable business strategy execution. • Corporate objectives are developed jointly by equity partners; business and supplier stakeholders incorporate them into their specific performance goals.
Requirements Analysis	Needs Analysis	Required	<ol style="list-style-type: none"> 1. Stakeholder Identification Sheet 2. Scope definition of a commodity 3. Information collection 4. Statement of Needs 5. Determining the impact of the commodity on the Government 6. Drafting specifications 7. Internal information analysis 8. Sourcing Approaches 9. Selection of sourcing strategies 10. Business Case Structure 11. Methods of Evaluation 12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Key Performance Indicators that can be used 	<ul style="list-style-type: none"> • Requirements are provided as part of the standard business operation and execution process

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
External Market Analysis	Market Analysis to Determine Sourcing Approach	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 8. Supplier Pricing Approach 9. Market structures 	<ul style="list-style-type: none"> • Use of market analysis and benchmarking to evaluate the benefits of using an equity partner model. • Use market analysis to determine influences and impact on the equity partner. • Use SWOT (strengths, weaknesses, opportunities, threats) analysis to validate equity partner value and to determine appropriate adjustments in the model design. • Establish competitive cost solutions with internal equity holding.
Cost Analysis	Cost Analysis to determine priorities in achieving value for money – drive efficiencies	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Sources of data 3. Spend analysis 4. Price and cost analysis 5. Business value levers 6. Conduct a RASQI model 	<ul style="list-style-type: none"> • Build a cost model with hard and soft costs and analyse cost drivers. • Assist in building a cost management plan focused on improving profit and loss (cost and revenue). • Cost management objectives are established and driven by the business, are focused on being competitive, and are tested by benchmarking. • The focus of the equity partner is on profitability.
Supply Market Assessment	Market Analysis	Required	<ol style="list-style-type: none"> 1. Sources of data 2. Supply Chain Map 3. Porter's Five Forces 4. STEEPLED Analysis Template 5. SWOT Analysis Template 6. Sources of supplier 7. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Use benchmarking to search for best practices, cost efficiency, and innovation practices in the supply market to compare to the equity partnership. • Investigate the supply market to validate the equity partner position (i.e., leader or follower) and potential risks that could affect requirements delivery.
Category Portfolio Segmentation	Category Segmentation	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. The process for identifying categories. 3. Map commodity groupings/Category 	<ul style="list-style-type: none"> • Completed portfolio segmentation indicates the requirement is best managed with an equity partner business model.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
	to determine the sourcing approach		<ol style="list-style-type: none"> 4. Consolidate understanding of Commodity into a Fact Base 5. ABC Classification (Pareto Analysis) 6. Reassess the commodity positioning. 7. "Best-Fit" approaches per category 8. Sourcing Approaches 9. Supply Relationship Mapping 10. Selection of sourcing strategies 11. Business Case Structure 12. Tender Process Flow Chart and estimated Timetable 	<ul style="list-style-type: none"> • Develop a category management plan jointly with the equity partner
Total Cost of Ownership Approach	Total Cost of Ownership – Considered where value is high with unique specifications with SCC a possibility	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Consolidate understanding of Commodity into a Fact Base 3. When to apply TCO 4. How do I calculate TCO? 5. TCO framework 6. Identify the cost drivers applicable to your commodity. 7. Ideas to reduce TCO. 8. Selection of sourcing strategies 9. Business Case Structure 10. Market Approach 11. The savings/benefits measurement process 	<ul style="list-style-type: none"> • Develop and use a TCO model to monitor cost improvements; the primary focus is on how costs (influenced by the buying unit's behaviour as well as operational behaviour) impact profit
Risk Assessment	Risk Assessment	Required	<ol style="list-style-type: none"> 1. Portfolio Analysis 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Risk Rating 5. Risk Rating Matrix 6. Mitigation Matrix 7. Risk Scorecard Template 8. Re-assess the commodity positioning 9. "Best-Fit" approaches per category 10. Supply Relationship Mapping 	<ul style="list-style-type: none"> • Prepare a contingency plan to mitigate any identified risks

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			<ol style="list-style-type: none"> 11. Selection of sourcing strategies 12. List ALL Functional Evaluation Criteria 13. Mandatory Functional Evaluation Criteria 14. Optional/ Non-critical Functional Evaluation Criteria 15. PPPFA Evaluation Criteria 16. Additional Evaluation Criteria 17. Business Case Structure 18. Methods of Evaluation 19. Tender Process Flow Chart and estimated Timetable 20. Market Approach 21. Transition to new Contract 22. Key Performance Indicators that can be used 23. Main elements of a good SLA 24. Reporting 25. Contract Close-Out 26. Dealing with poor performance 27. Supplier Performance Checklist 28. The savings/benefits measurement process 	
Value Assessment and Balance	Value Assessment and Balance (determines the balance between economic and social values) in support of SMMEs sustainability)	Required	<ol style="list-style-type: none"> 1. Value Chain Map 2. Understand supplier preferences. 3. Consolidate understanding of Commodity into a Fact Base 4. Re-assess the commodity positioning 5. "Best-Fit" approaches per category 6. Sourcing Approaches 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 	<ul style="list-style-type: none"> • Business unit: Lower total costs • Equity partners: Increased profitability and potential growth

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			19. Bid Evaluation Process 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process 27. Determine the Best Relationship and Economic Model 28. Determine the appropriate Sourcing Business Model (Excel)	
RFx Solicitation / Bid Management	RFx and thresholds (PFMA SCM instruction No. 02 of 2021/22 Public Finance Management Act (ACT 1 OF 1999).	Required	1. List ALL Functional Evaluation Criteria 2. Mandatory Functional Evaluation Criteria 3. Optional/ Non-critical Functional Evaluation Criteria 4. PPPFA Evaluation Criteria 5. Additional Evaluation Criteria 6. Business Case Structure 7. Determine the approach to the market 8. Methods of Evaluation 9. Developing a Bid / Offer Template 10. Tender Process Flow Chart and estimated Timetable 11. Market Approach (slide 260) 12. Bid Evaluation Process 13. Key Performance Indicators that can be used 14. Main elements of a good SLA	<ul style="list-style-type: none"> 5+-year procurement cycle seeking mitigation of risk and internal cost management
Supplier Selection Drivers	Supplier Selection Divers (integrate social aspects)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. List ALL Functional Evaluation Criteria 6. Mandatory Functional Evaluation Criteria 7. Optional/ Non-critical Functional Evaluation Criteria 8. PPPFA Evaluation Criteria (218) 9. Additional Evaluation Criteria	<ul style="list-style-type: none"> Typically, no choice: Business unit is directed to use equity partner.

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			10. Business Case Structure 11. Determine the approach to the market 12. Methods of Evaluation 13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Bid Evaluation Process 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Contract Close-Out	
Risk Management	Risk Assessment	Required	1. Understand supplier preferences 2. Consolidate understanding of Commodity into a Fact Base 3. Risk Rating (slide 158) 4. Risk Rating Matrix 5. Mitigation Matrix 6. Risk Scorecard Template 7. Supply Relationship Mapping 8. Selection of sourcing strategies 9. List ALL Functional Evaluation Criteria 10. Mandatory Functional Evaluation Criteria 11. Optional/ Non-critical Functional Evaluation Criteria 12. PPPFA Evaluation Criteria 13. Additional Evaluation Criteria 14. Business Case Structure 15. Methods of Evaluation 16. Developing a Bid / Offer Template 17. Tender Process Flow Chart and estimated Timetable 18. Market Approach 19. Transition to new Contract 20. Key Performance Indicators that can be used 21. Main elements of a good SLA 22. Reporting 23. Contract Close-Out 24. Dealing with poor performance 25. Supplier Performance Checklist 26. The savings/benefits measurement process	<ul style="list-style-type: none"> Typically, high-risk/high-reward scenario Formalised use of company standard risk management planning process; associated with investments

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
Contract Approach	Contract Approach to minimise administration	Required	<ol style="list-style-type: none"> 1. "Best-Fit" approaches per category 2. Sourcing Approaches 3. Supply Relationship Mapping 4. Selection of sourcing strategies 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Transition to new Contract 11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Dealing with poor performance 	<ul style="list-style-type: none"> • Internal cross-departmental documented agreement for delivery of specified requirements
Pricing Model	Pricing Model and Pricing Strategy	Required	<ol style="list-style-type: none"> 1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Developing a Bid / Offer Template 9. Market Approach 	<ul style="list-style-type: none"> • Shared costs and sometimes shared profits; predetermined markup based on company policies and financial objectives
Category Management Governance	Cross-functional Team and Project Management Approach	Required	<ol style="list-style-type: none"> 1. Communication Plan 2. Stakeholder Identification Sheet 3. Project Proposal Outline 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. List ALL Functional Evaluation Criteria 7. Mandatory Functional Evaluation Criteria 8. Optional/ Non-critical Functional Evaluation Criteria 9. PPPFA Evaluation Criteria 10. Additional Evaluation Criteria 11. Business Case Structure 12. Methods of Evaluation 	<ul style="list-style-type: none"> • Formal monthly reporting and business reviews covered by company policies, procedures, and reporting structures • Business unit typically facilitates governance between key operational stakeholders and business management resources

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			13. Developing a Bid / Offer Template 14. Tender Process Flow Chart and estimated Timetable 15. Market Approach 16. Transition to new Contract 17. Key Performance Indicators that can be used 18. Main elements of a good SLA 19. Reporting 20. Supplier Performance Checklist 21. The savings/benefits measurement process	
Supplier Relationship Management	Cross-functional Team and Project Management Approach	Required	1. Communication Plan 2. Stakeholder Identification Sheet 3. "Best-Fit" approaches per category 4. Sourcing Approaches 5. Supply Relationship Mapping 6. Selection of sourcing strategies 7. Business Case Structure 8. Methods of Evaluation 9. Market Approach 10. Key Performance Indicators that can be used 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist 16. The savings/benefits measurement process	<ul style="list-style-type: none"> • Business units may have a seat at monthly business reviews—may be part of the business strategy planning process. • Business unit may be included in the business strategy planning process to address specific category requirement influences
Performance Management	Contract Performance Management (SLA)	Required	1. Sourcing Approaches 2. Supply Relationship Mapping 3. List ALL Functional Evaluation Criteria 4. Mandatory Functional Evaluation Criteria 5. Optional/ Non-critical Functional Evaluation Criteria 6. PPPFA Evaluation Criteria 7. Additional Evaluation Criteria 8. Business Case Structure 9. Methods of Evaluation 10. Developing a Bid / Offer Template	<ul style="list-style-type: none"> • Focus is on TCO, and potential profit impact measured against objectives influenced by the category requirement

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			11. Key Performance Indicators that can be used 12. Main elements of a good SLA 13. Reporting 14. Contract Close-Out 15. Dealing with poor performance 16. Supplier Performance Checklist 17. The savings/benefits measurement process	
Continuous Improvement / Transformation / Innovation	Contract Performance Management (SLA)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. "Best-Fit" approaches per category 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Business Case Structure 6. Methods of Evaluation 7. Developing a Bid / Offer Template 8. Market Approach 9. Key Performance Indicators that can be used 10. Main elements of a good SLA 11. Reporting 12. Contract Close-Out 13. Dealing with poor performance 14. Supplier Performance Checklist 15. The savings/benefits measurement process	<ul style="list-style-type: none"> Compliance with government and company policies and practices perpetually monitored as part of the business protocol
Compliance & Special Concerns	SBD/MBD Forms (administrative compliance)- Mandatory (integrate social aspects)	Required	1. Consolidate understanding of Commodity into a Fact Base 2. List ALL Functional Evaluation Criteria 3. Mandatory Functional Evaluation Criteria 4. Optional/ Non-critical Functional Evaluation Criteria 5. PPPFA Evaluation Criteria 6. Additional Evaluation Criteria 7. Business Case Structure 8. Determine the approach to the market 9. Functional Evaluation 10. Methods of Evaluation 11. Developing a Bid / Offer Template	<ul style="list-style-type: none"> May or may not have a high impact depending on the rationale for discontinued use of the equity partner

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			12. Tender Process Flow Chart and estimated Timetable 13. Bid Evaluation Process 14. Transition to new Contract 15. Key Performance Indicators that can be used 16. Main elements of a good SLA 17. Reporting 18. Contract Close-Out (slide 19. Dealing with poor performance 20. Supplier Performance Checklist 21. The savings/benefits measurement process	
Exit Management	Contract Performance Management (SLA) Supplier Transitioning	Required	1. Business Case Structure 2. Developing a Bid / Offer Template 3. Transition to new Contract 4. Key Performance Indicators that can be used 5. Main elements of a good SLA 6. Reporting 7. Contract Close-Out 8. Dealing with poor performance 9. Supplier Performance Checklist 10. The savings/benefits measurement process	<ul style="list-style-type: none"> Exit (discontinued use of equity partner) contingency plans are developed by the business as part of the business planning process. Budgets are established and resources are identified and included in the plan to manage transitions effectively.
Cross-Functional Team (CFT)	A business Case	Required	1. Procurement Plan 2. Information collection 3. Sourcing Approaches 4. Supply Relationship Mapping 5. Selection of sourcing strategies 6. Business Case Structure 7. Methods of Evaluation 8. Tender Process Flow Chart and estimated Timetable 9. Market Approach 10. Bid Evaluation Process 11. Main elements of a good SLA 12. Reporting 13. Contract Close-Out 14. Dealing with poor performance 15. Supplier Performance Checklist	<ul style="list-style-type: none"> A cross-functional team helps to develop a holistic sourcing strategy meeting the 4Es (VFM) economy, equity, efficiency, and effectiveness (spending less, spending fairly, spending well and spending wisely

Consideration	*Tools to Use or Apply in this Sourcing Model	Tools applicable in this model	*Current NT Toolkit (source doc- 2A Strategic Procurement Methodology Tools)	Attributes
			16. The savings/benefits measurement process	