# Capability: Goods and services guide

Find out about the capabilities needed to buy goods and services for the Victorian Government.

## What is procurement capability?

Procurement capability is a skill set, experience and ability to perform and manage procurement tasks and activities.

Capability can relate to agencies or individuals.

There are two tools to support procurement capability assessment and development:

* The agency capability assessment tool contains the performance standards to assess agency procurement capability.

[Agency capability assessment tool: goods and services](https://www.buyingfor.vic.gov.au/agency-capability-assessment-tool-goods-and-services)

* The Procurement capability framework – goods and services is for people working in procurement and contract management.

[Procurement capability framework: Goods and services](https://www.buyingfor.vic.gov.au/procurement-capability-framework-goods-and-services)

### Agency capability

Agency capability to carry out procurement task and activities includes:

* people
* systems
* policies
* processes
* experience
* resources and
* training

### Individual capability

A role in government procurement requires an ability to:

* understand the business
* develop options and solutions
* conduct research
* maintain a detailed knowledge of supply markets
* design procurement approaches
* manage stakeholder relationships
* manage risks and change
* make fair, transparent decisions
* ensure processes are conducted with integrity
* implement and drive projects involving innovation and change

A role in procurement needs a wide range of knowledge, skills and behaviours, which makes it a challenging, exciting and varied professional career.

### Why assesses agency capability?

Assessing an agency’s procurement capability is critical to making sure it can carry out its procurement activities. It is also central to identifying areas for improvement.

An agency can use its capability assessment to:

* set capability goals
* focus on making changes that lead to improved procurement outcomes

For example, if the capability assessment results indicate that procurement policies or processes are unclear, the agency can prioritise that capability development area to:

* increase clarity in policies and processes, to lead buyers to make better decisions
* improve the knowledge, experience and expertise of the procurement workforce to increase consistency of interpretation.

Each year an agency should assess its procurement capability as part of the procurement strategy development.

This includes assessing:

* the level of complexity of expected procurements for the year
* the agency’s ability to complete them

People in the agency are an important part of procurement success. Investing in employee capability will increase agency capability.

Individual capability assessment can identify:

* current skill levels
* any gaps between current skills and role requirements
* career path directions
* a focus for development goals

An agency must only carry out a procurement where its processes and the capability of its people align to the complexity of the activity. An agency can request help from experts if required.

**Assessing agency capability**

As a minimum, the internal procurement unit should assess the procurement capability of the agency on an annual basis. The Accountable Officer (or delegate) decides whether the agency needs a capability assessment more often.

A significant change to any of the following may be a reason for conducting a new capability assessment:

* agency’s role or design
* governance structure
* people
* training
* process
* tools or systems or
* external environment.

All these factors can impact risk and complexity of an agency’s procurement profile. The internal procurement team, Accountable Officer or delegate determines the level to assess i.e. agency, business unit or individual practitioner level.

### How to assess agency capability?

Use the Agency Capability Assessment Tool or a similar approach, to assess agency, function or team capability.



This tool:

* identifies key areas of capability an agency should assess and associated performance standards
* provides a capability assessment score against the assessment of complexity
* helps to identify capability gaps
* suggests what agencies can do to improve capability

If an agency has decentralised procurement functions, it is worth assessing each function or business unit.

### Assessing capability of procurement workforce

The [Procurement capability framework – goods and services](file:///%5C%5Cinternal.vic.gov.au%5CDTF%5CHomeDirs1%5CAFB%5CCLLO%5CProcurement-capability-framework-Goods-and-Services-2020-2.0.docx) is for procurement and contract managers who:

* already work in procurement and want to develop their capability
* want a career in procurement

The framework:

* identifies the key capabilities related to procurement
* identifies capabilities at an individual or team level
* helps with career planning and identifying professional aspiration
* suggests areas of focus for future learning and development

Agencies can develop procurement related position descriptions and key selection criteria using the framework and classification documents, such as the Victorian Public Service Enterprise Agreement, see link to [DTF website](https://www.dtf.vic.gov.au/funds-programs-and-policies/victorian-public-service-enterprise-agreement-2016).

The procurement capability framework recognises that procurement roles and functions continue to evolve.

The procurement capability framework integrates:

* strategy development
* sourcing
* contracting
* delivering and realising benefits through contract and supplier relationship management

There are six capabilities to assess

* knowing what the rules are (legislative and policy context)
* thinking like a business (commercial acumen and negotiation)
* working with people and businesses (relationship management and communication)
* planning (procurement planning and analysis)
* understanding markets (market knowledge)
* working with contracts (contract design and management)

Each capability area has three levels:

* foundation
* adept
* advanced

There are many kinds of roles in procurement. These capabilities apply flexibly as relevant to the role that is being assessed*.* Not all capabilities will be relevant to all roles.

Individuals can use the Procurement Capability Framework to:

* asses themselves
* identify a career path
* get feedback from others.

### Why build procurement capability?

Every procurement decision has an impact. People working in procurement can improve productivity and help agencies maximise the impact of their spend. Investing in capability makes a difference to the way buyers approach spending money.

Each agency needs to make sure that those involved in procurement activities understand:

* what is needed
* what the market can offer
* the policies and processes that direct how to buy

Building capability is different for every agency. It can include a variety of actions and initiatives that create change and lead to improvements that can advance an agency’s procurement.

Providing opportunities, leveraging talent and promoting further learning is part of the key to building capability within an agency.

For agencies, building procurement capability means:

* delivering greater value, savings and benefits
* working with suppliers to set up constructive agreements and productive relationships
* being able to anticipate and manage potential supply risks
* managing operations more efficiently and enhancing performance

For buyers who work in procurement, or aspire to a procurement role, building capability means:

* being able to understand the agency’s role and anticipate needs
* having an ability to work with the market to generate change and implement solutions
* getting the opportunity to build operational understanding of key processes and leadership experience
* getting the opportunity to work on important, exciting and interesting projects
* becoming an expert in a field/s, being sought after for advice and direction, as a trusted business partner developing a meaningful career

### How to build capability?

Agencies and individuals build capability by learning, making changes and finding better ways for people and agencies to work. Monitoring impact is also important.

Agencies can build capability by making improvements in the following areas:

* organisational structure and design
* governance and decision-making processes
* process/system changes
* tools
* teamwork
* formal or informal training
* offering staff opportunities to broaden their experience or learn from others
* employing people with required capability in fixed term or ongoing roles
* getting contractors to develop training, provide advice, coach and mentor others and share their expertise

An agency procurement strategy should include an agency specific capability development plan. This plan should identify improvement goals and how the agency will implement them.

Individuals can build their capability through:

* experience - taking on more challenging tasks, projects and secondments
* exposure - shadowing, coaching and mentoring
* education - reading, participating in webinars, conferences and courses

## Using this guide

This guide accompanies the [goods and services supply policies](https://www.buyingfor.vic.gov.au/goods-services-supply-policies). There are 5 supply policies:

* Governance policy
* Complexity and capability assessment policy
* Market analysis and review policy
* Market approach policy, and
* Contract management and disclosure policy

This guide supports the [Complexity and capability assessment policy](https://www.buyingfor.vic.gov.au/complexity-and-capability-assessment-goods-and-services-policy).

Buyers looking for general information on what they need to know to purchase goods and services for their agency, please see the [buyers guide to procurement](https://www.buyingfor.vic.gov.au/guide-procurement).

## Tools and support

For more information about procurement capability and how to assess it, please contact the [goods and services policy team](https://www.buyingfor.vic.gov.au/contact).

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