

Vendor Performance Management

Canadian Institute for Procurement and
Material Management

June 2023



Public Services and
Procurement Canada

Services publics et
Approvisionnement Canada

Canada

Purpose

Update the Client Advisory Board on the Strategic Policy Sector's progress to develop and implement a Government-wide Vendor Performance Management (VPM) policy.



Just to recap...



- ◆ The VPM Policy is a new framework to support fair, balanced, and consistent performance evaluations.
- ◆ Clear performance expectations will be shared with contractors to ensure that they fully understand how to fulfill their contractual obligations.
- ◆ Performance ratings will be used in future bid evaluation processes to incentivize good performance.
- ◆ Standard key performance indicators (KPIs) will minimize subjectivity and burden for buyers and business owners.

What's new since we last spoke?



Pilots

We are piloting in 6 commodity areas:

- Apparel,
- Construction,
- Fairness Monitoring,
- Marine/Small Vessels,
- TBIPS,
- Guard Services

Solicitation documents include:

- VPM template clauses,
- Scorecard,
- VPM information handbook

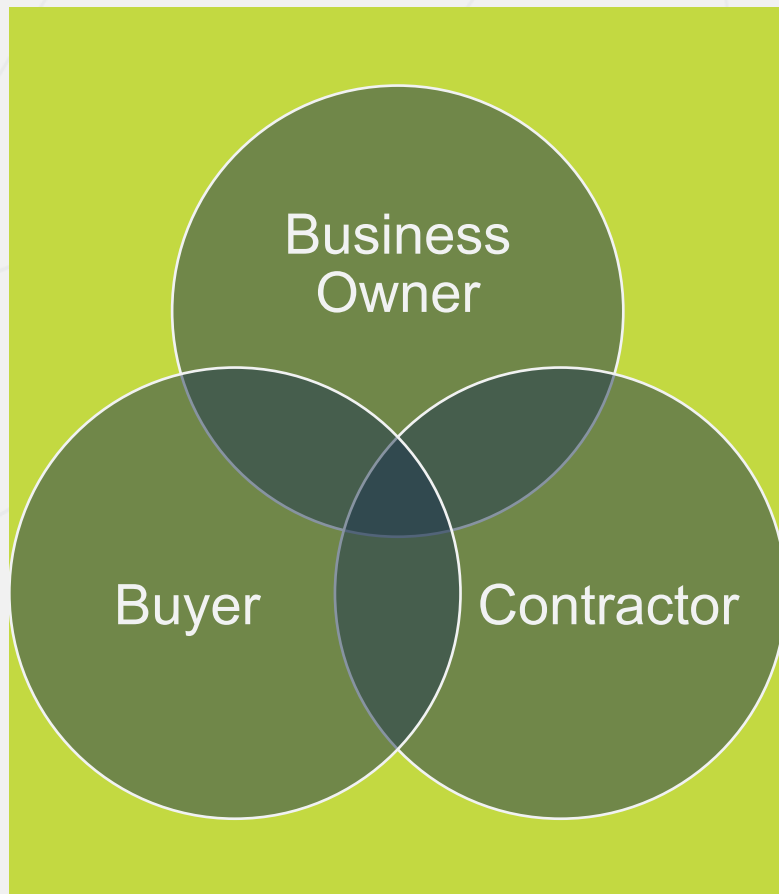


What's the buzz?

So far, so great!

- Kickoff meetings happening
- Survey responses coming back with positive feedback
- Interim evaluations and final evaluations
- Contracts are ongoing

How does it actually work?



Owner	Action
Buyer	Solicitation documents created, including VPM clauses and sample scorecard
Buyer, Business Owner, Contractor	Kick-off meeting, after contract award, includes discussion on VPM
Business Owner	Completes evaluations at regular intervals
Buyer	Reviews evaluation and sends to Contractor
Buyer, Business Owner, Contractor	Meet to discuss evaluation
Buyer	Inputs VPM score, closes contract
The score is then housed, combined with previous scores, to produce a rating. That rating is used in future bid evaluations.	

Thoughts from a Client ...

- ◆ RCMP part of the original working group, developing KPIs for Apparel
- ◆ Weeks if not months of fun reviewing language and conducting feasibility testing
- ◆ In 2021, RCMP had a need for 10,000 pullover sweaters, value approx. \$1.1m
- ◆ Reached out to PSPC to get the ball rolling; included VPM in the solicitation
- ◆ Contract awarded to a new supplier for us – Canada Knitwear
- ◆ Kickoff meeting held – first time we've worked with this supplier, good chance to introduce ourselves, talk through the expectations and about VPM
- ◆ Interim evaluation at the end of 2022
- ◆ Contractor scored a 3.5/5 rating, falling short on the Schedule category, with missed deliveries against commitments
- ◆ The process was straightforward, with guidance tools available for completing the scorecard

Thoughts from a Buyer...

- ◆ Nathalie Ferron, PSPC CA
- ◆ The scorecard was clear and easy to understand
- ◆ There was sufficient communication with the contractor throughout the contract; the company showed that communication is one of their strengths
- ◆ It's good that the evaluation schedule can be decided by the Business Owner and Buyer at the beginning of the contract, and that it can be adapted according to the contract
- ◆ VPM seems like a good tool
- ◆ Continuous communication with the contractor will help achieve better outcomes

Thoughts from a Vendor...

- ◆ Canada Knitwear
- ◆ Strongly agrees with the scorecard, the scoring methodology is fair, and that issues and concerns were addressed throughout the duration of the contract
- ◆ The purpose of VPM is clear and easy to understand
- ◆ Receiving a scorecard more frequently would be helpful to focus on improvement

Sample scorecard

Four Categories

1. Quality

- Degree of deliverable

2. Cost

- Change requests, cost administration

3. Schedule

- Adherence to milestone delivery

4. Management

- Relationship and communication

Category: Quality (Defective Items)

Customized goods includes commercial products with significant modifications and goods that are designed and built to meet Canada's requirements. For these types of procurements, the contractor's performance has a direct impact on the quality of the final deliverable(s).

Customized goods may be required to meet a set of specifications, standards and/or certification. This commonly involves an inspection process before acceptance. The frequency, severity of defects as well as the contractor's responsiveness are key aspects of performance.

The performance indicators for this category include:

1. The frequency of deliveries received with defective items in accordance with the contract.
2. The severity of defects (minor or major).
3. The number of items affected.
4. The timeliness and effectiveness of corrective actions (e.g. replacing defective items, identifying and addressing the underlying issue).

Score	Scoring Guide
5 Exceptional	<ul style="list-style-type: none"> • Deliveries without defects or the occasional defects. • Defects were minor and accepted without being returned. • Only a minimal number of delivery items were affected.
4 Surpassed	<ul style="list-style-type: none"> • Deliveries without defects or the occasional defect. • A significant number of delivery items with minor defects, or a minimal number with major defects.
3 Achieved	<ul style="list-style-type: none"> • Deliveries without defects or the occasional with a significant number of major defects; or • Frequent deliveries with minor defects where effective corrective action was taken.
2 Moderate Improvement Needed	<ul style="list-style-type: none"> • Frequent deliveries with minor defects where effective corrective action was not taken; or • Frequent deliveries with major defects where effective corrective action was taken.
1 Significant Improvement Needed	<ul style="list-style-type: none"> • Frequent deliveries with major defects where effective corrective action was not taken.
Justification	

Scored! Now what?

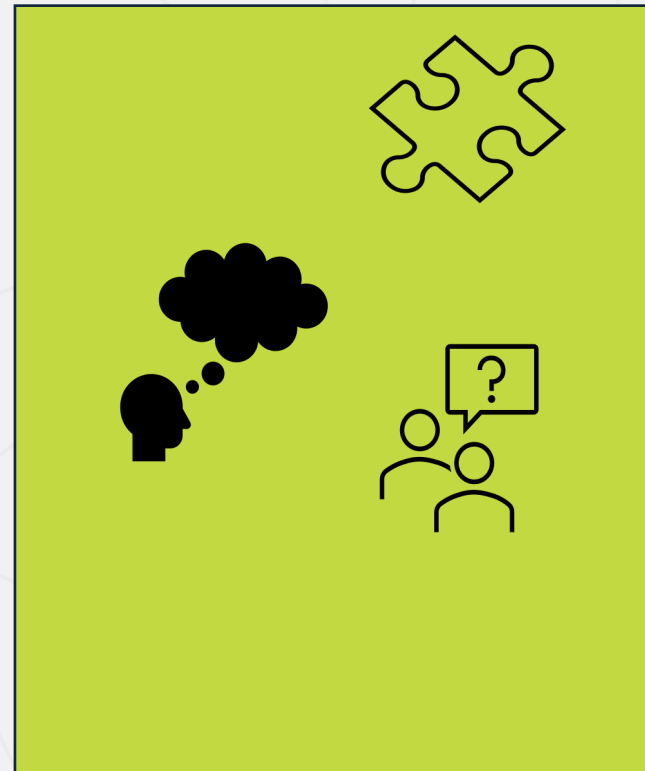
The scores will be captured in...something...we are working on it!

For now:

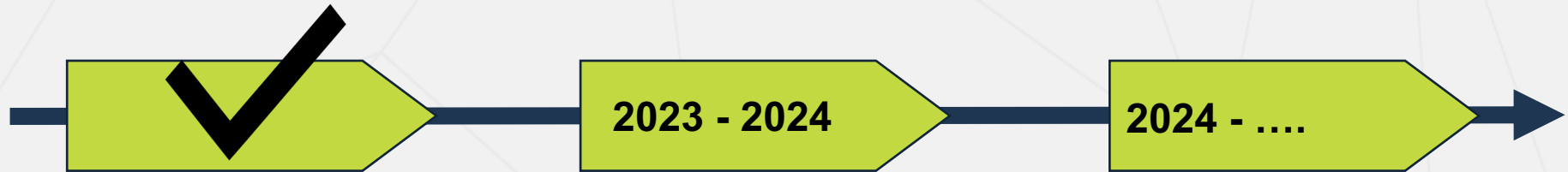
- fillable PDF scorecard, that is emailed between Buyer, Business Owner and Contractor, and uploaded into EPS

For future:

- EPS?
 - Supplier Performance Module
 - configurable scorecard ability
- 3rd Party Solution?
 - including a database to store contract scores
 - calculation ability, to produce vendor rating



What's next?



Narrow scope of testing of VPM policy components for select goods and services

Foundational Best Practices

Expanded scope of VPM policy across PSPC administered contracts

Policy Notification

Scores retained

Scores used in future bid evaluations

Established CoE

Possible expansion across Government of Canada

And finally...

- We'd like your support!
- Ask for VPM in your next solicitation
- Try it out, try it on, provide feedback
- Talk about VPM with your colleagues at Team Meetings
- Reach out to us

Website: <https://www.tpsgc-pwgsc.gc.ca/app-acq/grf-vpm/grf-vpm-eng.html>

Contacts:

Executive Director: Caroline Landry, 613-818-6675

Associate Director: Ricardo Seoane, 613-614-0728

Manager: Dante Scalzo, 613-795-3892