

Intelligent Customer Function (ICF)

CAPABILITY AUDIT FOR HEIs

Higher Education Institutions (HEIs) should organically develop their own **Intelligent Customer Function (ICF)** to successfully manage the process of strategic sourcing.

The **capability audit** provides an assessment of the maturity of current ICF capabilities (policy, skills, systems and processes) within the Higher Education Institution. Users of the audit should identify evidence of gaps between current and expected capability in each of the following areas:

- Vision,
- Leadership & Talent Management,
- Tool-box,
- Decision-Support,
- Operational Delivery,
- Governance & Communications

Within the six categories list above, there are a total of 28 areas to audit. Where possible a third party* should be employed to carry out an annual audit of the procurement function and others involved strategic sourcing.

Depending on the aims and resources available to the HEI, the completed audit should be used to inform a business case for further strengthening ICF capabilities. The potential risk and costs of not investing in ICF capabilities should also be fully understood.

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Higher Education Institution (HEI) Capability Audit (1/3)		Ad-hoc	Defined	Managed	Optimised
VISION	ALIGNMENT Strong linkage between internal sourcing practices and the long term goals, strategy , and core business of the institution				
	BLUEPRINT Clear unambiguous documented and shared blueprint for the future of the procurement function, and a living updated roadmap				
LEADERSHIP & TALENT MANAGEMENT	DIRECTION A strong leadership team who create a sense of direction by developing effective sourcing strategies and monitor their implementation				
	COMMUNICATION Leaders responsible for and involved in strategic sourcing communicate effectively with the procurement team and report progress and benefits to the wider organisation				
	EMPOWERMENT Our people are valued, respected and trusted to make responsible strategic sourcing decisions. Opportunities exist to address own change leadership development needs.				
	RAISING THE PROFILE Our team actively engages with our institution's leaders, and we are recognised for adding value to the change process. We provide confidence through analytics and examples of past excellence				
	ENVIRONMENT Our people understand the commercial aspects of their operating environment (HE sector, local, national) and maintain an awareness of changes that can affect strategic sourcing decisions				
	KNOWLEDGE MANAGEMENT Knowledge of important outsourced operations is maintained. Operational learning is actively shared across boundaries (e.g. HEI staff complete rotations with suppliers, co-location, etc)				
	PERFORMANCE We have in place a performance management system that is clearly aligned to institutional and team objectives. This supports development plans, as well as measure s and rewards performance				

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Higher Education Institution (HEI) Capability Audit (2/3)		Ad-hoc	Defined	Managed	Optimised
TOOL-BOX	INTEGRATED SOURCING FRAMEWORK A single standard, defined, end-to-end process that is integrated, transparent, documented and embedded – informed by best practice and highly valued by procurement staff				
	INTERNAL PROCESSES Processes ensure the smooth flow of data about demand, current projects and resources. Real time visibility of information supports intelligent decisions and understanding of trends				
	EXTERNAL PROCESSES Processes provide clarity for suppliers at all stages of the sourcing life cycle. Post contract award, we provide structured support to suppliers to improve their ability to deliver quality services and demonstrate their commitment to our institution's values (e.g. social responsibility)				
DECISION SUPPORT	FORECASTING Demand and expenditure is competently forecasted and regularly reviewed. Changes are modelled to understand the impact on the existing pipeline				
	RESOURCE MANAGEMENT The procurement budget and capability is managed effectively and efficiently to deliver value to the institution. Colleagues are interested in our examples of good practice in resource mgt				
	QUALITY MANAGEMENT Retained overall quality assurance control throughout the ICF. Actively reviews supply processes and contracts to ensure they meet the agreed standards and institutional expectations				
	METRICS AND INCENTIVES Metrics are aligned with institutional objectives, and are used effectively to change behaviours. We support suppliers to succeed using incentive mechanisms (awards for reaching targets)				
	BENCHMARKING There is regular benchmarking of our performance against HE sector peers (and if applicable, other shared mission group HEIs), and we investigate and act on the findings				
	COMPETITION AND INNOVATION When exploring potential solutions, we encourage competition and exploration of different business models. If applicable, we insist suppliers also compete/innovate lower tier supply				

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Higher Education Institution (HEI) Capability Audit (3/3)		Ad-hoc	Defined	Managed	Optimised
OPERATIONAL DELIVERY	PARTNERING Our institution is a trusted ethical partner to all types of service provider. We maintain a clear separation between ourselves as the client and our close partners				
	INTER-ORGANISATIONAL RELATIONSHIPS Buyer, supplier and end-user views are all represented, and cooperation between parties contributes to operational performance				
	PROGRAMME MANAGEMENT We maintain ownership for the risk and realisation of benefits, and actively monitor outputs from suppliers to ensure they meet our institution's requirements.				
	ACCOUNTABILITY Our staff have the confidence and the competence to fairly enforce contracts with suppliers. We also actively seek to prevent unavoidable requirements changes from the business case				
	TRANSPARENCY Behaviour is influenced through visibility of the costs involved in service delivery				
	QUANTITATIVE ANALYSIS Procurement staff are confident and able to scrutinize quantitative data from potential and current suppliers - and are able to make sound conclusions from their analysis				
GOVERNANCE	POLICY Strong governance structure comprising streamlined decision making bodies are in place to set direction, monitor progress, and provide oversight. Approvals and escalation paths are formalised				
	STAKEHOLDER MANAGEMENT Strategy is in place to manage stakeholder expectations (students, staff, others), and facilitate the changes in behaviours needed to realise benefits				
	COMMISSIONING We maintain responsibility for ensuring an integrated and coordinated sourcing strategy, which focuses on the right outcomes at the right cost.				
	CONTINUOUS IMPROVEMENT Our institution takes responsibility for enhancing the ICF, ensuring we have the ability to respond to future strategic sourcing challenges and realise our goals				

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Strategic Sourcing in HEIs:

This work was carried out by researchers at the Bristol Business School at the University of the West of England, and was funded by the Innovation Transformation Fund 2012.

Sources used for the development of this tool included:

Deliver Ventures Ltd (www.deliverventureslimited.co.uk)

Interviews with Higher Education sector managers

Interviews with Public and Private sector organisations

Interviews with consulting experts

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