APPLICATION OF LEAN PRINCIPLES TO PROCUREMENT PROCESSES IN A SOUTH AFRICAN GOVERNMENT INSTITUTION

Research Report

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Abstract

Due to the magnitude of government spending, great importance has been placed on its procurement. Public procurement has implications for a wide group of people. In any economy, government is the biggest spender. Therefore, taxpayers have an interest in how government spends, hence the importance of procuring goods and services effectively and efficiently. This is achievable through the improvement of processes with the application of lean. This research report focuses on the application of lean to iron out some of these challenges, in particular through the A3 Thinking (A3), which is a process used by many lean companies.

Literature on the A3 thinking shows tremendously positive results in companies that use it. The use of the Plan-Do-Check-Act (PDCA) cycle has been used to drive the A3 process. The use of A3 in this research identified the problem of variation in turnaround times for procurement of goods and services under the value of R30 000, specifically stationery; which is a frequently purchased commodity within the government institution included in this research, which the researcher calls Organisation X for anonymity’s sake. Responses from participants were grouped accordingly, namely procurement staff, procurement governance and business unit requestors who make use of the services of buyers from the procurement division. The factors identified for variation of turnaround times within procurement include amongst others experience of the buyers, complexity of requests, and whether or not there is a contract in place for goods being requested by business.

The attitude of staff towards the A3 process was very positive, although they had not gone through the process themselves. The researcher explained the A3 to them and gave an example of how they used it (in their personal life as one of the assignments they had to do in one of their MBA modules) and also shared with them the results of the process. Since the research was conducted in a single government institution, attitudes to the A3 may be different if applied to other government institutions in South Africa.
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1. Introduction

1.1. Research Area and Problem

Sitting next to the logistics team, the researcher always heard the logistics team talk about the challenges they have with procuring goods and services for the business units they support. The complaints range from the lead times for orders to be delivered, in some instances the quality of goods delivered and in some instances the quantity is not per initial/intended order. Delays mean that the requestor may not be able to perform their function while waiting for delivery of their order to take place. Although not always visible in an administrative setup, unlike in production, there are also grave consequences as a result of issues with procurement of goods and services.

In some instances there are differences between quoted amounts and invoice amounts. This takes away from the customer value that the procurement process is supposed to offer. In some instances suppliers consistently call to enquire about payment of the invoices. Hearing these complaints regularly inspired the researcher to look at the procurement within this public institution called Organisation X, for anonymity’s sake. Public procurement problems are not unique to Organisation X; there are similar problems within other government institutions in South Africa. There are similar problems in the African continent as well as around the world.

1.1.1. Worldwide Public Procurement Challenges

The challenges with public procurement processes are a worldwide problem. Challenges within government institutions may be internal or external. In both developing and developed countries, the challenges are more or less the same but the levels differ from country to country (Thai, 2000) yet public procurement is worldwide considered as the best tool to achieve value for money (Vergalli & D’Alpaos, 2014).

In a report done by more than 900 local partners including experts in different professions worldwide, a number of public procurement challenges were identified. Amongst these were governance issues. The report was compiled by the World Bank Group when assessing 77 economies across the world. Due to the challenges faced with the public procurement, a need has
risen to have a complaint and reporting mechanism in place. It is stated in the report that establishing a good complaint mechanism has become a key element of any procurement reform agenda (World Bank, 2016). This shows the magnitude of challenges within the public procurement systems.

The report goes on to state that a few decades ago firms would not go to court to resolve disputes with the state because the judicial system would not render a decision in a timely manner, and therefore firms would not do business with government since it was too risky and they couldn’t afford the delays. This is an indication that issues in public procurement have been around for a long time. If not timeously and efficiently resolved, these can be costly for both the government and the suppliers.

The procurement life cycle has four phases, namely preparing bids, submitting bids, evaluating bids and awarding & executing contracts. Unnecessary hurdles and obstacles to efficiency can occur in every step of the procurement life cycle. Each step has its own set of risks but lack of transparency, bottleneck regulations, unexpected delays and unequal access to information are challenges that suppliers can face all the way from the need assessment phase to awarding and implementing the procurement contract.

Other challenges within the public procurement include waste and corruption. It is stated that, due to many reasons (including greater scrutiny of taxpayers and competing vendors), public procurement has been perceived as an area of waste and corruption (Thai, 2000). The same author goes on to state that as many countries moved to regional or global economy, public procurement practitioners face another challenge, i.e. how to comply with their government’s procurement regulations and social and economic goals without violating regional and/or international trade agreements. In developed as well as developing countries, disregarding their social, economic and political environment, a sound procurement system has to accomplish two sets of requirements – management requirements and policy requirements. Management requirements are quality, timeliness, cost (more than just price), minimising business, financial and technical risks, maximising competition and maintaining integrity. Policy requirements
include preferring domestic or local firms, environment protection, social goals (assisting minority and woman owned business concerns) and international trade agreements (Thai, 2000).

For large markets public purchases should implement competitive bidding while for small ones they should purchase freely. For a market of medium range, they should retain discretion over the attribution rule. This creates room for corruption. There are huge amounts involved. Despite the amounts at stake, taxpayers are still unable to monitor public purchases and there isn’t much incentive for taxpayers to monitor the purchases. (Auriol, 2004)

As in the rest of the world, the African continent faces similar changes with regards to public procurement.

1.1.2. Public Procurement Challenges in Africa

There are numerous challenges encountered in developing countries with procurement performance in public entities and these include the following:

• There are many ways of measuring that may be in use
• Most measures are irrelevant
• There’s no way of standardising the measures
• Conducting performance measurement is costly (Kakwezi & Nyeko, n.d.).

“Regardless of the effort by the governments of developing countries and development partners like World Bank to improve performance of the procurement function, public procurement is still characterised, in many instances, by poor quality of goods and services” (Kakwezi & Nyeko, n.d.).

To ensure value for money, there should be continuous improvement in the efficiency of internal processes and systems and public entities should maintain structures that avoid unnecessary costs. This was adapted by the Government of Malawi (2008), a developing country in the Sub Sahara Africa. As much as quality of goods and services featured the most preferred measure of procurement performance, other intangible measures like time
delivery of orders, customer satisfaction, dependability, flexibility and quality of employees should not be ignored (Kakwezi & Nyeko, n.d.).

(p. 4)

1.1.3. Public Procurement Challenges in South Africa

Procurement issues in the South African public sector include:

- lack of proper knowledge
- skills and capacity
- non-compliance with Supply Chain Management policy and regulations
- inadequate planning and linking to the budget
- accountability, fraud and corruption
- inadequate monitoring and evaluation of Supply Chain Management
- unethical behaviour
- too much decentralisation of the procurement system and ineffectiveness of BEE\(^1\) policy (Ambe & Badenhorst-weiss, 2012).

(p.249-250)

The schoolbook saga in various provinces in South Africa in 2012 where textbooks were not delivered to schools by the 3rd term is an example of what can happen without proper contract management (Ambe & Badenhorst-weiss, 2012).

As seen from the discussions and examples above, the public procurement processes are a challenge, not only within Organisation X, not only nationwide, not only within the continent of Africa but worldwide.

1.2. Purpose of Research

The purpose of the research is to explore the use of the A3 as a tool for solving problems. The research is exploratory. The exploration will happen within the procurement division in a

\(^{1}\) Black Economic Empowerment.
government institution (Organisation X) to determine the problems in the procurement process. The research will be conducted in a non-contrived setting.

A non-contrived setting is defined as a natural environment in which events normally occur (Pojasek, 2010). This will help the researcher get a better understanding of the procurement process within Organisation X and the issues thereof. The focus of the research is on procurement of stationery valued below R30 000.

1.3. Research Questions and Scope

1.3.1 Research Questions

What lessons will the participants learn from applying A3 thinking to the procurement of goods and services (purchases less than R30 000 only) in government institution Organisation X?

How will the staff involved in the procurement currently view the application of A3 thinking?

How will the staff regard the process and recommendations arising from the A3 thinking application?

1.3.2. Research Scope

A lot of importance has been placed on government procurement due to its huge significance, the magnitude of government procurement, as it has implications for a wide range of groups and interests. The public as taxpayers have interest in the way money is spent (Bolton, P., 2007). In any economy, government is the biggest spender. Governments spend between 45 and 65% of their budgets and 13 to 17% of the GDP on procurement (Hanks, Davies, & Perera, 2008).

The graph below depicts the South African government spending for the past 3 years.²

![Graph of South African Government Spending](source: www.tradingeconomics.com)

**Figure 1: South African Government Spending (Source: www.tradingeconomics.com)**

1.4. **Research Hypothesis**

The A3 can be useful in helping Organisation X’s participants understand and improve the current way of procuring goods and services.

1.5. **Research Assumptions**

Because the research is based on a sample, the researcher will not be able to generalise. In this case, it is assumed that the interviewees’ views and opinions expressed during the research are those of the organisation as a whole. It is also assumed that the interviewees will answer the questions asked truthfully and to the best of their knowledge. Anonymity and confidentiality will be preserved, thereby allowing the respondents to be honest and truthful.

1.6. **Research Ethics**

It is the responsibility of the researcher to conduct their research with honesty and integrity. (Adams, Khan, Raeside & White, 2007) state that fraud should be avoided and this can be any of the following:

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² Difficult to compare statistics due to impact of inflation.
• Being selective in sampling.
• Not reporting survey response/participation rates.
• Deliberately biasing the data collection instruments—for example, asking leading questions in surveys.
• Making up data—because you can’t be bothered doing the data collection.
• Falsifying results—to make them fit your conclusion.
• Trimming—removing data that does not fit in with your analysis. This may be a legitimate thing to do but you must make it clear what has been done and why.
• Biased or inappropriate analysis.

(p. 35)

For this research, ethics clearance was given by the GSB Research Ethics Committee and written consent to conduct the research in Organisation X was sought from the acting head of the procurement division of the organisation. The intention to conduct observation as well as interviews with the staff within the division was also discussed and agreed upon with the acting head. The organisation remains anonymous. The identity of the interviewees also remains anonymous.

2. Literature Review

2.1 Overview

2.1.1. Lean

The “term ‘lean’ was devised to describe Toyota's business during the late 1980s by a research team headed by Jim Womack, Ph.D., at MIT's International Motor Vehicle Program”.(Lean Enterprise Institute, n.d.). Lean has also been described as “continuously developing people and improving processes to create value and prosperity using the least possible resources.” (Shook, 2014).
Womack & Jones (as cited by Wiegel, 2000) argue that a lean way of thinking allows organisations to “specify value, line up value creating actions in the best sequence, conduct these activities without interruption whenever someone requests them, and perform them more and more effectively.” Becoming “lean” is a practice of ridding waste with the goal of creating value as evident in the principles.

2.1.2. Principles of Lean

There are five basic principles of lean, which Womack & Jones (as cited by Teeuwen, 2010) list as follows:

1. Add Value
2. Value Stream Mapping/learn to see wastes
3. Create flow
4. Pull from the customer
5. Aim for perfection

The figure below shows the cycle of the five principles

![Figure 2: Cycle of lean principles (Source: Lean Enterprise Institute)](image-url)
Although there are five principles, three of these are more applicable to this research, namely (1) add value (2) value stream mapping and (3) create flow, as discussed below.

### 2.1.2.1. Add Value

Value should be looked at from the customer’s point of view. (Teeuwen, 2010) defines a customer as a person or business that buys a good or a service. The customer of the procurement service in Organisation X is the Business Unit which uses services of the procurement division to acquire goods and services they need to run their day to day operations. As (Teeuwen, 2010) states “stop and ask yourself who the customer of the process is. Add value to your customer”.

### 2.1.2.2. Value Stream Mapping

Value Stream Mapping (VSM) is a visual tool that makes easier the process of lean production by helping to identify the value adding steps and non-value adding waste (Yang, Kuo, Su, & Hou, 2015). The same authors also state that waiting is the most common form of waste. (Rother & Shook, 1998) propose a five phase implementation of Value Stream Mapping, which are “(1) selection of product family, (2) current state mapping, (3) future state mapping (4) definition of a working plan, and (5) achievement of working plan.”

For this research the current state mapping of the procurement was done during observation of the actual process.

### 2.1.2.3. Create Flow

Flow starts happening as soon as a large amount of waste is eliminated from the process (Teeuwen, 2010). As value is defined, value streams are established, wasted steps are discarded, and flow and pull are brought in, start the process again and go on until it is perfect. (Lean Enterprise Institute, n.d.)

There are a number of lean tools which can be used to ensure that processes within organisations add value to their customers. One such tool is the A3. There are many lessons which can be drawn from applying the A3 thinking.
2.2 The A3

The A3 has also been described as a “storyboard” which indicates that there was a conversation which conforms to a standard format of panels or boxes with headings as seen below which is essentially a story board named after the size paper, 11 by 17 inches, equivalent to two A4 size papers. The A3 has a left hand side and a right hand side.

(Shook, Kelley, Ethington, & Billi, 2008) and (Sobek & Smalley, 2008) detail typical elements of the A3 as follows:

Title – names the problem, theme or issue

Owner/Date – identifies who owns the problem or issue, and date of the latest revision

**Background**
The background part of the A3 sets out the business environment and significance of the issue. The background is vital in that it enlightens the reader to be able to grasp “what the report is trying to accomplish”. For it to be valuable, the A3 report should also talk to the organisational purpose.

**Current Condition**
The current condition details what is currently known about the problem or issue. This can comprise of visuals like graphs and charts. Here the reader is becoming aware of the current state of the problem (fact based). The data is collected through observation as some people may describe how the process is supposed to be which may be different from how it actually is.

Key points to consider when drafting the current condition section are as follows:
- depict an overview of the current state of the process or system visual
- highlight the key factors in the current state
- identify the real problem in the current state. What is it? What is it not?
Goals/Targets
The goal or target section determines the ideal position

Two fundamental issues:
- How we will know that the project is successful at the end of the implementation; and
- what standard or basis for comparison will be used.

Simpler situations may only have one metric to verify success while in complex cases trade-offs are involved.

Key points when drafting the goal statement:
- set a clear goal or target for the situation
- be clear on the measure of performance
- consider how to collect data to later evaluate and check the effectiveness of any action item.

Analysis
The analysis section deals with dissecting the problem and what gives rise to it (i.e. what is causing the disparity between the actual and the ideal condition). Techniques such as the 5 whys and the Ishikawa (fishbone) diagram may be used to dissect the problem.

Proposed countermeasures
This section recommends some bettering actions or countermeasures to target the problem and get to the ideal.

Countermeasures are described in terms of “what” (what is the cause of the problem), “how” (how it was investigated or implemented), “who” (who was responsible for the countermeasure), “when” (when was it implemented) and “where” (where was it conducted). “Why” the countermeasure is being conducted should also be clear as well as a plan of how to check and see if the intended effect is achieved or not.

Plan – dictates a series of steps towards the desired goal or outcome.
Follow-up
The follow-up section develops a follow-up review/learning process and reckons unexhausted issues. It points to the Act step of the PDCA management cycle. The purpose is to indicate what can further transform the system to continue the improvement and what still needs to be done (Shook et al., 2008) and (Sobek & Smalley, 2008). Below is a typical format of the A3.

![Generic A3 Report Format Example](source)

**Figure 3:** Typical flow of the problem solving A3 report - Source: (Smalley, A., n.d.)

### 2.2.1 Lessons learnt from applying the A3 Thinking

Companies use reference points and best practices to deal with problems and most of them relate to lean principles and concepts. Toyota has designed a two-page tool for taking charge of obstacles or problems. Most lean companies use a variety of tools to do this, one of these being the A3. The PDCA cycle is used to drive the A3 process. As indicated in the figure above the left
half of the A3 is the Plan step and the right half is the Do, Check and Act steps (Tyagi, Cai, Yang, & Chambers, 2015).

The A3 report furnishes a platform for effectively and timely communicating in order to shorten waiting time for decision making (Tyagi et al., 2015).

### 2.3 Current view of applying the A3 thinking

The aim of A3 thinking is to frame the thinking and create a pattern. This improves and advances critical thinking and communication skills. Although the A3 is sometimes seen as a tool, particular attention should mainly be on the process (i.e. Toyota Way) as well as the outcome. The other intention of the A3 thinking is to put emphasis on the importance of the PDCA management cycle and creating something useful that can be tried in any environment (Smalley, n.d.).

(Filho & Calado, 2013) argue that the A3 is a powerful tool for relaying information and that:

> such a tool is strongly recommended to help managers during the development of Hoshin planning for a company Akao (as cited by (Filho & Calado, 2013). Besides, A3 Report is also used as a tool that helps the decision maker to organise ideas and solve problems. Indeed, this tool is widely used to describe and show the current situation, which leads to proposing new ideas and improvements for problem solutions.

(p. 474)

(Tyagi et al., 2015) argue that the A3 is a visual tool which is “powerful in creating knowledge as it contains visual representations instead of large amounts of text. Engineers synthesize, distill, and visualize the knowledge to put a large amount of both tacit and explicit knowledge into compressed form”.

(Shook, 2009) argues that the A3’s suppression to only 2 pages and its framework of specific sections laid out in strides, adding up to a “story” unlock the A3’s power. The author further argues that though the A3 process can be productively used to deal with obstacles and to plan
initiatives, its biggest reward is how it promotes learning. It presents a great forum for mentoring, and becomes a platform for teamwork.

2.4 Extent to which staff regard the A3 thinking process and recommendations arising from A3 thinking

The A3 is described as a way to deal with problems. This generates knowledge and helps people doing the work to learn. A3 is a key tactic in sharpening a deeper method of thinking that lies at the heart of Toyota’s sustained success (Shook, 2009).

Judging from the A3 thinking blog, most people who have used the A3 have positive feedback. The following is an extract from an email sent to Professor Sobek, which reads:

I was a reluctant user at first. In fact, when it came to my first meeting with the woman who had hired me to work with the organization, I was wishing I had not introduced the A3 as the mode of communication. I was frustrated with my inability to depict the essence of the projects on that small sheet of paper. It turns out that she, also, was not enamored with the A3 and said so.

“Tim, I really don’t like the A3.” I had sent her A3 reports for each project. I told her I didn’t really like the A3 either, but that if it was good enough for Toyota (who works on much more complex problems than we are working on at this time) it ought to be good enough for us. Then, without thinking, I picked up the four 3-ring binders in which I had all the team meeting records, data printouts, etc., for each project and said, “We’re doing great work in all 4 projects; just look through these notebooks and you will see what great work we are doing.” That convinced both of us that the A3 Report was the way to go.

That moment was key, then, to ‘motivating’ me to utilize the A3 effectively. Fortunately, John Shook’s book “Managing to Learn” came out about that time. I read it and I attended the webinar through LEI. My understanding, and therefore, effective utilization of A3 increased dramatically.

Now I don’t think I can live without using A3 (A3 Thinking blog, 2009).
There are also a lot of questions posted on the A3 thinking blog showing the amount of interest in the A3 thinking process. Although there are numerous people who regard the A3 as a useful and powerful tool, there are also those who do not appreciate it as much. An example of this is the extract below:

Based on my internship experience, implementing A3 in a company is not an easy thing to do. In one company that I have been doing intern, A3 is seen as a “burden” to its employee. The company use A3 do “documented” the problems that has (sic) been solved and every year, they have a competition about which A3 is the best. The employee feel (sic) that they can solve the problem right away, based on their experience and instinct. For me, it’s kinda (sic) make sense since they have been in the factory like every day and they would have natural instinct to solve problems without using complicated A3 (A3 Thinking blog, 2009)

2.5 Conclusion

In conclusion, most agree that the A3 is useful and yields great results for those who use it. Some call it a tool, while some call it a process. The aim of the A3 is to frame one’s thinking to follow a process that leads one to a solution to a problem. The visuals make it easy for one to grasp the situation without having to read volumes of text. The A3 has also been described as a storyboard and a great communication tool which fosters collaboration between different groups of people, e.g. mentors and mentees, etc.

3. Research methodology

3.1 Research Approach and Strategy

This research follows a deductive approach. A deductive approach is one where a hypothesis has already been formulated and needs to be tested for either confirmation or rejection. The figure below shows the stages in the deductive approach.
Figure 4: Stages of deductive research approach (Dudovskiy, n.d.).

Generally, studies using deductive approach follow the following stages:

1. Deducing hypothesis from theory
2. Formulating hypothesis in operational terms and proposing relationships between two specific variables
3. Testing hypothesis with the application of relevant method(s)
4. Examining the outcome of the test, and thus confirming or rejecting the theory.
5. Modifying theory in instances when hypothesis is not confirmed.
   (Dudovskiy, n.d.)

### 3.2 Research Design

Research design is done in such a way that the requisite data can be gathered and analysed to arrive at a solution for the problem that catalyzed the research project. It is a blueprint for the collection, measurement and analysis of data, based on the research questions of the study (Sekaran & Bougie, 2013).

The figure below shows the elements of research design which include details of study like the purpose of the study, the extent of the researcher interference, the study setting, strategies, and the unit of analysis. The research design also includes measurement and data analysis.
For this research, a study was done to understand the procurement process for goods and services below R30k. This involved the researcher going to the field to observe and document the process. There was interaction between the researcher and the buyers during the observation. The study setting was non-contrived. Data was also collected through semi-structured interviews.

### 3.3 Data Collection Methods and Instruments

Several types of methodology will be used for this research, namely interviews, observation and role playing.

#### 3.3.1. Interviews

Interviews are information gathering methods conducted through oral quiz using a set of questions (Thomas, 2010).

According to (Shneiderman & Plaisant, 2005) interviews can be very productive since the interviewer can pursue specific issues of concern that may lead to focused and constructive suggestions. The main advantages of interview method of data collection are that:

a) Direct contact with the users often leads to specific, constructive suggestions;

b) They are good at obtaining detailed information;

c) Few participants are needed to gather rich and detailed data
Interviews can be structured, unstructured or semi-structured (Thomas, 2010). Unstructured interviews are conversations between the interviewer and the respondent where the interviewer asks open-ended questions allowing the respondent to freely express themselves.

This method of data collection is very useful during the exploratory stages of a research. Unstructured interviews are those in which the interviewer does not predetermine the questions to ask the respondents. This may be done with the purpose of trying to establish preliminary issues which may need further exploration (Sekaran, U. & Bougie, R., 2013).

With structured interviews, the interviewer knows beforehand what information they need. They draw a list of questions to ask the respondents before they get to the interview setting. The questions may be asked in a face to face meeting, via the telephone or via a computer (Sekaran, U. & Bougie, R., 2013).

For this research semi-structured interviews were conducted to establish where the problems were within the current procurement processes and what countermeasures to the problems could be implemented. The interviewees included employees within the procurement division as well as their customers, i.e. the business units whom they support. The interviews were then transcribed word for word and later coded. An extract of the participants’ views on the A3’s usefulness and how the A3 can help improve the current way of procuring goods and services.

3.3.2. Observation

Observation concerns the planned watching, recording, analysis and interpretation of behaviour, actions or events. Various approaches may be distinguished by four key dimensions that characterise the way an observation is conducted: (1) control (are observations conducted in an artificial or in a natural setting?) (2) whether an observer is a member of the group that is being observed or not (participant vs non-participant observation) (3) structure (to what extent the observation is focused, predetermined, systematic and quantitative in nature, and (4) concealment of observation (are the members of the social group under study told that they are being studied or not) (Sekaran, U. & Bougie R., 2013).
Observation was used as a method of gathering evidence as it is direct and situational factors and exceptional factors can be picked up. The current procurement process was documented and later analysed, in order to acquire a better understanding of the process (Sekaran, U. & Bougie R., 2013).

The researcher documented her own process map as observed. These idle requisitions were counted.

In an article featured in the Mail & Guardian, (Faull, 2011) states that:

[t]he premise of lean thinking is that through observing a situation, one comes to understand what adds value and what does not and why challenges or bottlenecks occur. From there it is possible to identify simple steps that may lead to improvements and ways to implement them.

3.3.3. Role playing

Role-playing, as described by Remeyni & Money (2004, p.76), mainly consists of individuals taking part in specific roles in business and management settings, which is a simulation of a real business world and accordingly, provides a researcher an opportunity to analyse the behaviour and interpersonal reaction of each participant. (Peyrichoux, 2008)

Role playing has also been described as a technique in which research participants are asked to play out a role opening up some process or relationship to be discussed by the group (Peyrichoux, 2008).

The researcher played the role of a manager (Porter) trying to solve a problem while a senior manager played the part of Sanderson. The senior manager for the role of Sanderson was identified. The role play is a dialogue taken from a book by John Shook – Managing To Learn “experienced through the perspective of Desi Porter, a young manager struggling with a new assignment”. There is also running commentary that reflects “the thinking process of Porter’s
boss, Ken Anderson as he endeavours to mentor his young manager charge through the A3 learning journey”.

A lean tool, namely the A3 was used to address the problems identified within the procurement division in Organisation X. Through the dialogue one is able to see “how the A3 is an emerging reflection of the conversation that it creates”.

3.4 Sampling

Interviews were conducted with procurement staff as well as their customers who are in business units which make use of the services of procurement. These send requests or their needs to the procurement division which then places orders to procure the requested goods or services. Semi-structured interviews were conducted. This was guided by the availability of interviewees. Eight people were interviewed. Organisation X has 88 buyers nationally with 30 sitting in Head Office, where the interviews took place. Business has 8 divisions or functions with multiple requestors for each division. The interviewees had no prior experience with the A3 beforehand. The sampling is very purposeful in that it is focused on users of the current procurement system in Organisation X as well as their customers who expect to see value in the system. Merriam (as cited by Thomas, 2010) argues that purposeful sampling takes place when the researcher selects a sample from which the most can be learned.

3.5 Research Criteria

Certain variables are easy to triangulate given the right tools, e.g. body temperature (Sekaran & Bougie, 2013). With qualitative studies, triangulation may be difficult. One criterion that may be considered for qualitative studies is transferability.

Transferability describes the process of extending research results from one situation to the next (Barnes et al., 2016). Results of a qualitative project are limited to that specific environment and its participants; it is not possible to show that results and conclusions are relevant to other conditions and groups of people (Shenton, 2004).

Additional information that needs to be considered before attempting to come to a conclusion are:
-the number of organisations taking part in the study and where they are based
-any restrictions in the type of people who contributed data
-number of participants involved in the fieldwork
-the data collection methods employed
-the number and length of data collection sessions
-the time period over which the data was collected

This information should be given at the outset (Shenton, 2004).

For this research the participants involved in the fieldwork were the senior manager and 6 buyers and 1 person from governance. The study took place between the 20th of September and the 18th of November 2016.

The other criterion to be considered in a qualitative study is dependability “which refers to the stability or consistency of the inquiry processes used over time. To check the dependability of a qualitative study, one looks to see if the researcher has been careless or made mistakes in conceptualizing the study, collecting the data, interpreting the findings and reporting results” (William, n.d.). In addressing the issue of reliability, the rationalist uses methods to show that, if the work were recurring in the same context, with the same techniques and same attendees, the results would be similar (Shenton, 2004).

Confirmability is one other criterion used in qualitative studies which refers to the level of the outcome generated by an experiment in terms of how well it is are supported by sources of information(people) who take part in the study and by occurrences that are separate of the examiner (William, n.d.). The concept of confirmability talks to objectivity. Action is taken to help ensure as far as possible that the experiment’s results are the outcome of what the participant experienced and their ideas and not what the researcher prefers (Shenton, 2004).

In this research, there is an “audit trail” in terms of recordings of interviews and observed processes were confirmed with procurement management to ensure accuracy. The outcome can be supported by this evidence.
3.6 Data Analysis Methods

The analysis of qualitative data is aimed at making well-grounded conclusion from large amounts of collected data. Official rules and guideposts for data analysis have been developed over the years. There are essentially 3 steps of analysing qualitative data, namely data reduction, data display and data coding.

Data reduction refers to the process of selecting, coding and categorising the data. Data display refers to ways of presenting the data. A selection of quotes, a matrix, a graph or chart illustrating patterns in the data may help the researcher (and eventually the reader) to understand the data. In this way, data displays may help you draw conclusions based on patterns in the reduced set of data.

Data coding may help simultaneously develop ideas on how the data may be displayed, as well as draw some preliminary conclusions. In turn preliminary conclusions may feed back into the way the raw data are coded, categorised and displayed (Sekaran & Bougie, 2013).

For this research the data was collected through interviews and observation (documented in the daily diary). The data has been coded to make it easier for the researcher to see patterns and report findings based on them. See Appendices D and E for coding of daily diary and interviews.

3.7 Research Limitations

The research has limitations within its findings which need to be interpreted cautiously. Because the research is conducted in one government institution, we may not generalise.

3.7.1 Interview limitations

Interview results may be biased, from the interviewer, interviewee or the situation. Bias refers to errors or inaccuracies in the data collection (Sekaran & Bougie, 2013).

The authors also state that the interviewer may misinterpret the data, encourage or discourage certain types of responses through gestures that they make during the interview. Some of these
biases can be mitigated through seeking clarity and paraphrasing to ensure that there is no misinterpretation of data.

The interviewee may only give responses that they think the interviewer is looking for, which may not necessarily be the truth. Assessment based on interviews will be based, to a certain extent, on the respondents’ views and perceptions at that specific time, which may not necessarily be a reflection of the truth.

Bias due to situations may be because of non-participants around, the level of trust and rapport the interviewee has with the interviewer as well as the physical setting of the interview.

To mitigate these biases the purpose of the interview was stated before the actual questioning. The researcher also assured each interviewee that the respondent’s identity would not be revealed, which is in line with the ethics agreement. The reliability and validity of data collected from interviews was dependent on the interviewer having good relationships with the respondents.

Because more than one method of data collection was used, this mitigated the risk of depending on one source. Observation and role playing were used as other methods of collecting data. Observation was conducted in the field, whereas role playing was done using the book “Managing To Learn”.

3.7.2. Observation limitations

As mentioned earlier, observation of the actual procurement processes within Organisation X will be conducted. There are limitations to this method of data collection as well. These include the fact that observers may bring in their own bias into the recording. It may also be difficult to pick up reasons for the participants’ certain actions, moods or behaviours (Sekaran & Bougie, 2013).
To mitigate risks that are inherent with observation, recording was done immediately to ensure that no or minimal information is lost. The researcher explained beforehand the purpose of the research to the participants so that they are at ease and can act as normally as they possibly can.

### 3.7.3. Role playing limitations

Role playing needs careful introduction and sensitive handling due to the fact that many people are reluctant to perform this kind of task. Handled well, though, it can prove amusing and enjoyable for participants, in the process proving highly instructive (Peyrichoux, 2008).

With this research although the senior manager was willing to perform the role playing task, this was not possible due to their busy schedule. She was not able to read the book for role playing purposes, hence the self-coaching.

### 4. Research Findings

#### 4.1. Background

Organisation X is a government institution within South Africa. For anonymity’s sake its mandate will not be detailed. Like any company, Organisation X needs to procure goods and services in order to efficiently run its day to day operations. The more frequent purchases are small item purchases like stationery (e.g. pens and paper). Organisation X has about 800 employees sitting in Head Office. There is a procurement division which procures goods and services for the entire organization. There are 88 buyers nationally, sitting in different regions within the country, of which 30 are sitting in Head Office. The procurement process analysed is one of stationery to the value below R30,000.

#### 4.1.1. Organisational Structure

There are 8 functions in Organisation X; 2 business unit functions, 2 enabling functions and 4 support functions. Each function has a chief officer who reports to the person in charge of the organization. One of the support functions is Finance, under which procurement reports. The finance organizational structure is shown below:
Reporting to the Group Executive is the senior manager who has a number of buyers, operations managers, senior buyers, administrators and graduate trainees reporting to her. Below is the procurement structure.

Figure 7: Detailed Procurement Structure (Source: Organisation X)
The procurement division supports all the 8 functions within the organisation with purchasing of all goods and services needed to run their daily operations. There are various processes and requirements for various threshold purchases as shown below.

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Purchases (R0 - R2 000)</td>
<td>Petty cash voucher</td>
</tr>
<tr>
<td>2 Purchases more than R2 000 to R30 000</td>
<td>3 quotations, PRF, CSD registration document</td>
</tr>
<tr>
<td>3 Purchases more than R30 000 to R500 000</td>
<td>3 quotations, PRF, valid Tax Clearance Certificate, BBBEE certificate, CSD registration documents</td>
</tr>
<tr>
<td>4 Purchases more than R500 000</td>
<td>Tender documents</td>
</tr>
</tbody>
</table>

Table 1: Documents required for various threshold purchases (Source: Organisation X)

Although the procurement processes in the institution include demand planning, tender management, contract management, application for exemption and condonation processes and supplier management, amongst other processes, the process explored is the one in which three quotes are required for procurement valued at less than R30k. Processes above R500k (tender processes) can take too long and are therefore not feasible to analyse given the duration of this assignment. In some instances the tender process can take up to a year to be finalised. Petty cash purchases are not processed by the procurement division. Procurement of goods below R30k happen more frequently hence the analysis will focus on these as they can be observed at any point in time. Of the goods and services below R30k, stationery is the most frequently purchased in Organisation X hence the choice to focus on stationery purchases.

The organisation has seen a decrease in the number of orders placed in the current financial compared to previous years. In the month of October 2016, eight hundred and five orders (805) orders were placed; of which 143 were on the Request for Quote (RFQ), and of these 29 were of stationery all below R30k. The graph below shows the year on year comparison in the total number of orders placed by the various functions.
In the current financial year there is a general decrease in the number of requests sent to procurement except in April which was the first month of the financial year, as there was implementation of cost containment measures to be observed by all government departments. Accruals from the previous financial year were cited as reason for the spike of orders in the first month of the financial year. Some of the orders placed towards the end of the financial year could not be delivered in the same year.
The pictorial process for procuring stationery as observed by the researcher between the 7th and the 17th of November 2016 is shown below:

Figure 9: Process map for procurement of stationery (branded pens) in Organisation X.
4.1.2. Current Condition

Requestor from a business unit sends an email to request branded pens to a buyer. The buyer completes a RFQ form and captures the details on a spreadsheet and allocates the form the next available RFQ number. The buyer goes through the database on SAP for potential suppliers of the commodity and also filters these per region. The buyer also google suppliers on the internet. The RFQ form is then emailed to different vendors with the start and closing date & time to respond to the RFQ by. Vendors have to respond within 7 days. The vendors who respond before the due date are ranked according to price. A checklist is completed for purchases above R2000. After this a bidding structure form is completed. The form includes details of all the bidders who responded on time. A Best and Final Offer (BAFO) letter is sent to the lowest price bidder, to negotiate for a discount on the quoted price. The vendor is given 3 days to respond. The bidding structure form and quotes are sent to the business unit requestor to complete a Procurement Request Form (PRF). This gets signed by the requestor, the Cost Centre Manager and finance (after confirming budget availability). The requestor then creates a shopping cart on SAP/SRM7. This comes back to the buyer after being approved by the Cost Centre Manager. The buyer checks the shopping cart cockpit for shopping carts and purchase orders linked to them. The buyer creates a purchase order (PO) and attaches all supporting documents of the winning bidder. The buyer sends the PO to the vendor via email. The vendor delivers the goods to the requestor. The requestor signs the invoice and does goods receipt (GR) on SAP SRM7 and attaches the signed invoice. The requestor sends a copy of the signed invoice to Accounts Payable for payment. The RFQ process takes between 1 to 17days. There are a lot of processes which happen outside the system (manual processes) which results in long turn-around-times. This includes registering RFQs on a shared excel template, emailing the RFQs to different suppliers and waiting for their response, negotiating prices and completion of forms like the RFQ form and bidding structure form. This has been captured in the first A3 (Appendix A).

4.2 Lessons learnt from “Managing to Learn”

One of the data collection methods was role playing between the researcher (playing the role of Porter) and a manager (Sanderson) from the procurement division within Organisation X. Due to the fact that the manager did not get a chance to read the book “Managing to Learn”, the researcher had to do self-coaching and learnt a lot from the process, which involved populating
In the book “Managing to Learn” Porter experiences three key stages of realisation. Firstly he plunges to a completion of the A3 and gets emotionally attached to his conclusion. Because he figures that the problem needs to be solved quickly, he initially does not invest enough time to investigate the problem. He also feels the need to defend his abrupt and quick fix solution. The researcher also realised while in the field that some buyers started by coming up with countermeasures before the researcher could even understand the problem. It was also not easy to bring back some participants to establishing what the current condition was as they figured they knew what the problem was although they were not in some instances able to quantify or state how big the problem was or if it even warranted any investigation.

Secondly Porter learnt that he could just be an “investigator” and gather evidence which will speak for itself. He understood that for him to learn more about the situation, he needed to spend time at the “gemba”. The more time he spent at the gemba, the better he understood the situation. The researcher also had a similar experience and learnt that nothing beats “going and seeing”. Observation was one of the data collection methods used in the current research and this brought a wealth of understanding of the procurement process and the issues thereof.

Thirdly Porter learnt that he needed to arrange and consider the information collected in order to decide on the best cause of action. Through Sanderson’s mentorship, Porter learnt how to “solve problems, gain agreement, mentor and lead” using the A3 strategy. For this research, the researcher discovered that there were a lot of issues, and had to narrow down these and also discuss with the senior manager in order to focus on the important issue.

4.3 The process and recommendations arising from A3 Thinking

Of the 8 participants to whom the A3 was explained, all of them agreed that the A3 is a useful tool which they would use in the different business units that they work in, when asked for their views of the A3. (See Appendices D and E for coding of daily diary and interviews).

The researcher explained the A3 thinking to all the participants during one-on-one interactions
and ensured that they understood the process before interviewing them. The more the researcher explained and shared what she had learnt through self-coaching, the more they saw and appreciated the usefulness and the power that lies behind A3 thinking. Self-coaching is defined as:

self-directed activity, but not a solitary one. We may ask colleagues, friends, family and even professional coaches to be members of our “coaching team.” Some of these coaching relationships will be long-lasting and wide-ranging, while others will be brief and address a single issue; what connects them is the meaning we derive from each conversation and how we apply that learning in an overarching framework (Batista, 2013).

The researcher used the participants from the procurement as well as business units as her “coaching team” as well as reading the book, “Managing to Learn”.

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5. Research Analysis and Discussion

5.1 Application of the A3 to procurement of stationery below R30 000

A fishbone was used to identify potential causes of variation in the turnaround times for processing procurement requests from various business units. “A fishbone diagram is also called a cause and effect diagram, and is a visualization tool for categorising the potential causes of a problem in order to identify its root causes” (Whatis.com, n.d.)

![Ishikawa diagram](attachment:image.png)

Figure 10: Ishikawa diagram (fishbone diagram)
The Ishikawa diagram was drawn from findings drawn from interviews and observation (See Table 2 for summary of these findings).

As the procurement division is responsible for purchasing goods and services for Organisation X, it is imperative that they understand demand from the various business units (their customers) and determine whether the current customer demand can be met with the current staff. This can be established by calculating Takt Time (Bonaccorsi, Carmignani, & Zammori, 2011).

The formula for calculating Takt Time is:

\[
\text{Takt Time} = \frac{\text{Available Time}}{\text{Customer Demand}}
\]

In this case the calculation was done for the month of October, which gave an outcome of 70 minutes. This shows that the amount of time required to process a procurement request in order to meet demand from the different business units is 70 minutes. This should be the target rate for buyers.

Below is the Operator Balance Chart will help in the redistribution of tasks. An operator balance chart “helps create continuous flow in a multistep, multioperator process by distributing operator work elements in relation to takt time”. (Lean Enterprise Institute, 2012). In this case the focus is on the steps in the procurement process as all tasks are performed by one individual. Although not all tasks take the same amount of time to complete, all tasks in the process are below the takt time indicating that there may be a lot of waiting or excess capacity which can be channeled to other processes like building supplier relationships, etc.
Data collected shows that there are quite a number of reasons causing variations in the turnaround times in the processing of procurement requests from the different business units. The data has been tabulated for ease of reference.

**Issues raised in terms of variation of turnaround times**

<table>
<thead>
<tr>
<th>Procurement governance</th>
<th>Procurement</th>
<th>Business (users of procurement services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity (type of commodity)</td>
<td>contract vs non-contractual purchases</td>
<td>no formal training (both procurement and business)</td>
</tr>
<tr>
<td>expiration of quotes before creation of shopping cart</td>
<td>experience of buyers</td>
<td>procurement to educate business on their processes and policies</td>
</tr>
<tr>
<td>RFQ should be in the market for 5 days</td>
<td>no formal induction of new buyers</td>
<td>change in regulation not communicated to business</td>
</tr>
<tr>
<td>inconsistency in the process</td>
<td>no standard specification of goods and services</td>
<td>catalogue vs non-catalogue requests</td>
</tr>
<tr>
<td></td>
<td>no standard request form</td>
<td>unevenly distributed workload of buyers</td>
</tr>
<tr>
<td>delay in confirmation of budget availability</td>
<td>experience of buyers</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td>complexity of some requests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>quality and calibre of service providers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Summary of findings

### 5.2 Analysis and Discussion of the view of the A3 Thinking

Based on the interviews conducted, it is evident that the staff involved in the procurement of goods and services as well as business units in Organisation X view the application of the A3 thinking as useful. Below are extracts from interviews showing the staff’s views:

**Transcript**

> It can be used. But I think it needs to be specific. And also if you are using it, I’m not sure if I am using it as a document that I will document and then what will happen, whether I will have it as a report or if I have a problem it will only be one problem or more?

> It actually is a very useful tool, because if you look at problem solving, if you don’t have a tool that guides you to resolve that problem you might end up with a wrong solution to a right problem because there are things that you will miss along the way. But with a tool like the A3, you know exactly what the questions you have to ask and what the possible answers you should provide are because there is a tool that is guiding you, unlike doing it without a tool. So the A3 is a very valuable tool that one can use to solve all sorts of problems. But the most important thing is how to use it, that is the key thing. If people are trained on how to use the tool, they will get more benefit out of the tool than throwing it to someone and not showing them how to use it. You do definitely need a tool for problem solving.

> Because first of all it helps you identify the problem, and then the causes of the problem, you also have an “ideal”. So you can set an ideal and find ways to get to that. Then stick to it. That’s what I understand. So it’s very useful. I think it’s generally how we would solve problems logically. It’s just that we do not structure our process. So it helps you structure your thoughts.
I would say because not only does it help you identify the problem but it guides you to get to the root cause of the problem, come up with action plans as well as follow up. So I think it’s useful. Overall I think it’s a great tool.

Ya, I think it’s a useful tool because it allows you to get to the root cause of the problem before you start solving it. But I also don’t think it’s hugely innovative because that’s how it’s supposed to be done. Unless you understand the problem and understand where you want to go I don’t think you can come up with a solution. So yes, I think it’s useful but I also don’t think (giggles) it’s hugely innovative.

09:00 – 09:20 with Ben and Miles – responsible for projects in the Group Executive’s Office Lean principles and A3 explained. When asked their views on the A3 both agreed that the A3 was a useful tool said they were willing to assist me with any information needed to ensure that I complete it for the procurement process for goods and services under R30k.

09:21 moved to SM: Procure to Pay (P2P) Nelly’s office. Nelly is willing to assist with research in all areas including role play. Lean principles and A3 template explained to her. When asked about her view on the A3, she said she thinks it could work and it’s a tool that she could use with her team.

On arrival, I explained the A3 to him (Amon) and we discussed it a bit. He was initially of the opinion that it would only apply to the private sector. But I explained how it can be applied to any situation where a problem needs to be solved. I gave him an example of how I applied it to my personal life. He agreed that the A3 looked like a good tool which could work even outside the private sector.

Table 3: Views of staff on A3 (Source: Extracts from interviews and daily diary)

5.3 Research Limitation

The research findings were sourced from a limited number of participants as this was dependent on their availability. 8 people were interviewed. The interviews were recorded and later transcribed. The researcher felt that the fact that some interviewees were conscious of the recording they were a bit uncomfortable although they agreed to being recorded. The researcher also came to the conclusion that they got more information from participants’ off-record conversations.

The opinions expressed by the participants are their own and may not necessarily fairly represent
the rest of the organization as the extent to which the opinions apply to the rest of the organization is questionable. It is difficult if not impossible to establish whether or not if the experiment was carried out in a different setting the results would be the same.

6. **Research Conclusion**

The research focussed on the application of lean to the procurement process in a government institution. The A3 thinking was applied to the process of purchasing goods and services under R30 000, specifically stationery as this is the most frequently procured commodity in the organisation.

The hypothesis being tested was that “[t]he A3 can be useful in helping Organisation X’s participants to understand and improve the current way of procuring goods and services”.

With regards to this hypothesis, the researcher concludes that the participants understand and agree that the A3 is a useful tool. They also agree that it is a tool that they would use in their day-to-day jobs. The researcher also agrees that the A3 is a powerful tool which has helped her gain a better understanding of the process through self-coaching using the book “Managing to Learn”.

As the researcher discovered through the A3 process, if not followed properly, the wrong problem can be tackled. For example the first A3 (Appendix A) the focus was on the absence of the Intenda system, which was a countermeasure yet the current condition had not yet been determined. It is important to ensure that not only is the right problem being addressed, but that it is in line with the organisational goals. The researcher also discovered the importance of going to the “gemba”, amongst other lessons learnt. In conclusion, the researcher is in agreement with the participants who say that the A3 is a useful tool. This view is also supported by most literature.
7. Future Research Directions

Further research should be done to see the full benefit of using the A3 process ‘to solve problems, gain agreement, mentor and lead’. (Shook, Ethington, & Billi, (n.d.). Within Organisation X, other variables could be included to test if they would have an impact in the turnaround times for procurement of goods and services. Examples could include the time of day when more requests are processed, e.g. morning vs afternoon (after lunch for example), and the level or position of the requestor. Do requests coming from senior management get processed quicker than those from junior staff? What other variables besides the ones explored could have an impact on turnaround times? What results could be achieved if the same experiment were to be carried out in another government institution? How different would the results be if the action research was conducted in a private sector?
8. References


work-seven-guidelines-for-grounding-usability-testing-in-participants-real.php#top


9. Appendices

9.1. Appendix A:

First A3
Project Name: Procurement process of goods/services less than R30k

Conducted By: Ednah Petla Date: 08 November 2016

<table>
<thead>
<tr>
<th>Background</th>
<th>PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation X is a government institution within South Africa. For anonymity’s sake its mandate will not be detailed. Like any company, Organisation X needs to procure goods and services in order to efficiently run its day to day operations. The more frequent purchases are small item purchases like stationery (e.g. pens and paper). Organisation X has about xxx employees sitting in Head Office. There is a procurement division which procures goods and services for the entire organization. There are 88 buyers nationally, sitting in different regions within the country, of which 30 are sitting in Head Office. The procurement process analysed is one of stationery to the value below R30,000. This process is detailed below:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Condition</th>
<th>PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process for procurement of stationery: Requestor from a business unit sends an email to request branded pens to a buyer. The buyer completes an Request For Quote (RFQ) form and captures the details on a spreadsheet and allocates the form the next available RFQ number. The buyer goes through the database on SAP for potential suppliers of the commodity and also filters these per region. The buyer also googles suppliers on the internet. The RFQ form is then emailed to different vendors with the start and closing date &amp; time to respond to the RFQ by. Vendors have to respond within 7 days. The vendors who respond before the due date are ranked according to price. A checklist is completed for purchases above R2000. After this a bidding structure form with details of all the bidders who responded on time. A Best And Final Offer (BAFO) letter is sent to the lowest price bidder, to negotiate for a discount on the quoted price. The vendor is given 3 days to respond. The bidding structure form and quotes are sent to the business unit requestor to complete a Procurement Request Form (PRF). This gets signed by the requestor, the cost centre manager and finance (after confirming budget availability). The requestor then creates a shopping cart on SAP/SRM7. This comes back to the buyer. The buyer checks the shopping cart cockpit for shopping carts and purchase orders linked to them. The buyer creates a</td>
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</tbody>
</table>
purchase order (PO) and attaches all supporting documents of the winning bidder. The buyer sends the PO to the vendor via email. The vendor delivers the goods to the requestor. The requestor signs the invoice and does goods receipt (GR) on SAP SRM7 and attaches the signed invoice. The requestor sends a copy of the signed invoice to Accounts Payable for payment. The RFQ process takes between 8 to 14 days. There are a lot of processes which happen outside the system (manual processes) which results in long turn-around-times.

<table>
<thead>
<tr>
<th>Goal / Target Condition</th>
<th>PLAN</th>
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<tbody>
<tr>
<td><strong>Goal:</strong> The objective is to reduce the turn-around-time of the RFQ process by 64.3%. Currently the Request For Quote (RFQ) process can take anything up to 14 days from time of receiving a request from business until the time the PO is sent to the vendor. The goal is to reduce the turnaround time to a maximum of 5 days. The scorecard Key Performance Indicator (KPI) for buyers should be reduced to turn-around-time of 5 working days, which is in line with the Public Finance Management Act (PFMA).</td>
<td></td>
</tr>
<tr>
<td><strong>Analysis:</strong> The delay in the processing of the RFQ is due to the manual process. Although some vendors are on the SAP system by running a ZVLC report (which draws a list of vendors by commodity by region), buyers are required to Google search for additional vendors. Some companies’ profiles are not detailed which makes it difficult for buyers to determine whether the vendor can supply the goods or services requested. In some instances, vendors take too long to respond to the RFQ. In instances where only one or two vendors respond, the RFQ has to be extended which causes further delays in the process.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Countermeasures (Experiments)</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A procurement exemption should be prepared and a consultant should be brought in to evaluate the current system so as to evaluate the current system’s gaps, with the view of either:</td>
<td></td>
</tr>
<tr>
<td>1. Introducing Intenda Solution Suite (&quot;an end-to-end, fully integrated software solution, which can interface into existing ERP systems or other software investments that a client may have in the enterprise.&quot; The Intenda system has already been bought. This happened two years back and license fees are being paid annually. There may be system security issues hence further research is required. Training on the use of the system has already been done.</td>
<td></td>
</tr>
<tr>
<td>2. Research to see how the system has worked in other organisations like National Treasury, SANDF and Mpumalanga Municipality.</td>
<td></td>
</tr>
<tr>
<td>3. Integrate SAP with CSD to empower SAP to rotate suppliers without human intervention.</td>
<td></td>
</tr>
<tr>
<td>Who must do what by when – still to be established</td>
<td></td>
</tr>
</tbody>
</table>
Checks will be done to validate the analysis. Reports on turnaround time to be automated. This report could be drawn from SAP (ZMM01) but since migration to SRM7, this report can no longer be drawn. Currently each buyer prepares their own report on an excel spreadsheet which gets sent to the senior manager.

The KPIs for Turnaround times should be revised to reflect the following. For one to get a rating of 3, their turnaround time is 14 days, for a rating of 4, it will be 5 days, and the rating of 5 will be 3 days. This is for catalogue requests.

Project Name: Non-compliance with procurement governance

Conducted By: Ednah Petla
Date: 09 November 2016

The procurement governance team in Organisation X is responsible for managing compliance with the procurement Standard Operating Procedures (SOPs) and regulations. The team handles and manages governance and risk in procurement related activities. A member of the team detailed the governance process for
procurement of goods and services as follows:

<table>
<thead>
<tr>
<th>Current Condition</th>
<th>PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sample of purchase orders is chosen from SAP. The price on the Procurement Request Form (PRF) is checked against the Purchase Order price. The quantity and price per unit is checked to the PRF and verified with the requestor from the relevant Business Unit. Checks are done on SAP to ensure that all mandatory supporting documents are attached to the purchase order. The mandatory documents for Purchase Orders below R2000 are a 1 page Request For Quote (RFQ) template, PRF signed by the requestor, Cost Centre Manager and Finance Manager), a minimum of one quotation and proof of negotiated savings. For purchases above R2,000 and below R10,000 the mandatory supporting documents are a one page RFQ template, a signed PRF, a minimum of 3 dated quotations, price comparison template (excel spreadsheet), proof of negotiated savings, SBD 4 form and CSD registration form. For purchases above R10,000 and below R30,000 the mandatory supporting documents are a 4page RFQ document, governance document signed off by the buyer and Operations Manager, a signed PRF, a minimum of 3 dated quotations, price comparison template (excel spreadsheet), proof of negotiated savings, SBD 4 form and CSD registration form, a signed memo in terms of the DOA for any deviation from the 3 quotes process, where applicable, a signed memo in terms of the DOA for any PO value variation, where applicable.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal / Target Condition</th>
<th>PLAN</th>
</tr>
</thead>
</table>
| **Goal**: The target is that there should be 100% compliance with all the Standard Operating Procedures (SOPs) and regulations on procurement across all thresholds. For each purchase order processed, the checklist should be used as circulated to all buyers. There should be no repeat findings. **Analysis**: The cause of non-compliance is that there is lack of accountability and no consequences management. There should be prevention of recurrence of the same
issues in future.

<table>
<thead>
<tr>
<th>Countermeasures (Experiments)</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance issues an action plan to resolve issues picked up from the sample. This should be done within 5 days of issue of the action plan.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Confirmation (Results)</th>
<th>CHECK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly compliance reports to be drawn and shared with all buyers and their manager.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Follow-up (Actions)</th>
<th>ACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>All buyers should familiarise themselves with all procurement SOPs and regulations and ensure adherence. This should be an on-going exercise.</td>
<td></td>
</tr>
</tbody>
</table>
9.3. Appendix C : Final A3
Project Name: Procurement process of goods/services less than R30k

Conducted By: Ednah Petla Date: 18 November 2016

Background

Delays in delivery of stationery ordered
Call for reduction in lead times for stationery less than R30 000

Turnaround times range between 1 day and 17 days. Lengthy lead times may hinder operations
Year to Date October 2016 - Number of requests processed

Top 5 buyers vs Bottom 5 buyers

Variation in number of requests processed and turnaround times between buyers

<table>
<thead>
<tr>
<th>Goal / Target Condition</th>
<th>PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal:</strong></td>
<td>Reduce the turn-around-time of the RFQ process to 5 days. The scorecard Key Performance Indicator (KPI) for buyers to be adjusted as such.</td>
</tr>
<tr>
<td><strong>Analysis:</strong></td>
<td></td>
</tr>
<tr>
<td>Countermeasures (Experiments)</td>
<td>DO</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----</td>
</tr>
<tr>
<td>Confirmation (Results)</td>
<td>CHECK</td>
</tr>
<tr>
<td>Follow-up (Actions)</td>
<td>ACT</td>
</tr>
</tbody>
</table>
9.4. Appendix D – Daily Dairy

Pseudo names have been used

20 September 2016
I called the acting Head of the Procurement Division, Ben to set up a meeting to discuss my dissertation. Meeting invite sent to Ben 20-09-2016 09:49am, accepted 20-09-2016 09:57am to be forwarded to Miles and Nelly.

Friday 23 September 2016
Meeting set for 09:00 – 10:00
09:00 – 09:20 with Ben and Miles – responsible for projects in the Group Executive’s Office
Lean principles and A3 explained. When asked their views on the A3 both agreed that the A3 was a useful tool said they were willing to assist me with any information needed to ensure that I complete it for the procurement process for goods and services under R30k.
Research methods discussed. Student should provide schedule of when the interviews will take place being mindful that Oct/Nov is exam time for those studying.
Floor plan to be sought from Nick – on leave for his child’s matric dance
Number of buyers in HO is 30, 88 nationally.
09:21 moved to SM: Procure to Pay (P2P) Nelly’s office. Nelly is willing to assist with research in all areas including role play.
Lean principles and A3 template explained to her. When asked about her view on the A3, she said she thinks it could work and it’s a tool that she could use with her team. Senior Manager then took me to an IT buyer whom she had allocated to me to assist with observation of the IT procurement process. The buyer did not have any new requests; all requests were already in progress. She suggested that observation only commences when new requests are received. She did not have any new requests, only WIP. She also needed to leave early on that day. Her attitude was positive.

A buyer came in while in the middle of explaining the A3 with a query where they needed advice from the Senior Manager. The query relates to procurement of training for a business unit. RFQ process had been done based on deviation. The training was supposed to take place on the next working day (Monday). Senior Manager advised that the Business Unit should raise a shopping cart.

The process as explained by IT buyer – Clara:

Requests for IT Procurement Requests come through to a central email address. There are 2 people manning the inbox and assigning the requests to 4 different buyers.

A Business Unit (BU) sends a request to IT box with Incident Number generated by the system. For complex requests, briefings have to be done. An invite is sent to different vendors with specifications, dates and times. The meeting is held onsite with the Business Units. An agreement is reached with regards to the submission dates as well as dates for questions and queries (2 -3 days). The questions and queries are sent to the Business Unit to respond to.

The closing date for submission is communicated. Technical evaluation is done, if needed. Bill Of quantities.

For simple requests, invite to quote, standard bidding documents depending on threshold, no technical evaluation

For simple requests, only the invite to quote is sent and standard bidding documents are requested from vendors. The bidding documents requested depend on the threshold. No technical evaluation is necessary. No briefings take place.

Examples of simple requests include Dell keyboards.
In both simple and complex requests, the Bill Of Quantities (BoQ) is checked. The 80/20 principle is applied (80 on price/20 on BEE – level between 1 and 9. A template from Governance Division is used to determine the score. The vendor with the highest score is the winning bidder. A shopping Cart is then created by the BU, goes back to the buyer who converts it to a Purchase Order (PO) which gets sent to vendor to deliver the goods. Goods Receipt is captured on the system, invoice signed and sent to Finance for payment.

Some requests, especially for projects are for information. (RFI). Quotes are sourced only to check if available budget is sufficient.

The IT buyer then took me to the 2 ladies (Fiona & Gill) manning the inbox and allocating requests to IT buyers. No unallocated requests were in the inbox. They were chatting to each other. One took my contact details and promised to call me when they got new requests. The one lady who took my contact details was friendly. She also gave me her contact details while the other one said I should just leave my details they would come back to me.

I sent a follow up email and also called the Monday but there was no response, both on email. When I called my calls were not picked up neither were my calls returned.

No further interactions until the elective block. I sent an email to the senior manager to notify her that I was going back to school for my elective block and that I would resume my research when I get back. She did not acknowledge receipt or respond.

**06 November 2016** – sent an email to Nelly to arrange a meeting to discuss the A3 role play. Made copies of the chapters needed for the role play, so she didn’t have to have the book with her during the role play.

**07 November 2016** – Nelly responded to say she was available from the 7th until the 10th of November that week. I sent her a meeting invite for the same day at 14:00 which she accepted almost instantly.

14:00 – 15:00 meeting.
I explained the A3 template again and also asked her if she would be willing to read the 5 chapters of the book for role playing purposes and she agreed. She promised to read it the same evening. Most of the buyers hadn’t come back from lunch when we met. She sent Amy to the buyers’ desks and check if any of the available buyers had requests less than R30k. She introduced me to a buyer, Amon who deals with projects. He had 6 requests under R30k. He said he was preparing for a meeting and we agreed the following morning 08:00ish 09:00ish so I could observe his process. He gave me his business card so I could call him in the morning. I called him at his desk but he didn’t pick up. I got hold of him on his cell phone around 11:00 and he said I could come through in 15mins or so. I immediately started walking as it takes about 10-15mins to get to the building where the procurement division sits.

On arrival, I explained the A3 to him and we discussed it a bit. He was initially of the opinion that it would only apply to the private sector. But I explained how it can be applied to any situation where a problem needs to be solved. I gave him an example of how I applied it to my personal life. He agreed that the A3 looked like a good tool which could work even outside the private sector.

He was busy with a request for Stakeholder training and facilitation request for the academy. He explained the process that goes into the process. He explained that he gets the requests from Mirriam who allocates the requests to him. He asked if I want to observe the process that Mirriam does. I agreed and he took me to her desk.

Mirriam was busy with a request for stationery (branded pens). I observed the process as follows: After observing the process I went back to Amon who introduced me to Theresa from procurement governance as he explained that she would take me through the governance issues within procurement. I spoke to her and we agreed to meet the following morning to discuss the issues.
When I was done for the day, Nelly was in a meeting so I couldn’t give her feedback of what transpired during the day. When I got back to the office I checked her calendar and sent her a meeting invite for feedback and the role playing. She tentatively accepted the meeting. I also set up a meeting with Theresa from governance. She did not respond on the same day.

09 November 2016

Theresa accepted the invite at 07:29.

10:00 – 10:30 Role play meeting with Nelly. She hadn’t read the chapters yet as she was busy. I paraphrased Chapter 2. I gave her feedback from the previous day. She said I had accurately captured the process observed. I discussed the following issues, as highlighted by the two buyers.

1. No standard request form, requestors just send an email to the buyer to request quotations and sometimes details are not specific enough
2. The RFQ process is too manual and current system is not properly integrated with the CSD system. Another system (Intenda) had been sold but was not yet in use. The system would supposedly alleviate this problem.

She agreed that these were important issues which needed attention. I promised to capture these on the A3 which I would bring back to her the following day for discussion. I prepared the A3, I could not drop it off the following day as I had back to back meetings. She had indicated that she wouldn’t be in on Friday, so the role play will continue on Monday, the 14th.

On meeting with Theresa from Procurement Governance, I briefly spoke about lean principles and explained the A3. She highlighted problems governance related which I captured on my second A3.

The issues include non-compliance with Standard Operating Procedures and regulations. The governance team has developed a checklist for buyers to use in order to ensure compliance. Even with this checklist in place, there is still non-
compliance in some areas. The goal is that there should be 100% compliance on procurement across all thresholds. The cause of non-compliance is that there is lack of accountability and no consequences management. Governance issues an action plan to resolve issues picked up from the sample. This should be done within 5 days of issue of the action plan. There should be prevention of recurrence of the same issues in future.

11th November 2016

Nelly was on leave. The scheduled interviews were put on hold pending the outcome of the meeting with supervisor where the interview questions would be discussed.

14 November 2016

Contacted procurement and learnt that Nelly was still on leave and would only be back the following day.

15 November 2016

I called Nelly at 09:02 to see if she was available for a meeting so we could agree on the problem before I embark on the interviews. She was back at work but said she had lots of emails to get through and respond to. She said she could only meet me at 14:30. I sent her an invite for 14:30 – 15:00 and she immediately accepted.

I then went to the logistics team, responsible for initiating requests for various business units. I sat with Mahlatsi who showed me their database of requests that they send to procurement for processing. There are two requestors updating the spreadsheet. For the current financial year, they had recorded 71 orders, of which 8 are stationery and all the 8 are below R30 000 in value. Of these 8 requests, 5 were delivered and goods receipted and three were still in progress. The quickest request took 3 days from the day the shopping cart was created to the day it was goods receipted, while the longest was 23 days.

The table below shows a summary of the lead times.

<table>
<thead>
<tr>
<th>YTD Stationery Orders - all orders are below R30,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shopping Cart Date</strong></td>
</tr>
<tr>
<td>------------------------</td>
</tr>
</tbody>
</table>

I had a meeting with Nelly to agree on the problem that I will be working on. When I arrived at her office there was someone in her office who needed her signature. So she first attended to her. Shortly after that a bell rang and she left. I waited in her office until she got back. I asked her why someone rang the bell. She explained that this happens if someone wants to make an announcement. She told me that the announcement was about someone’s resignation.

After this we started our meeting. We agreed that I will focus on the lead times for procurement of stationery to the value below R30 000. I asked her for stats on turnaround times for the procurement process. She emailed me the previous month’s and told me that they are no longer able to get such from the SAP system since they migrated to SRM 7 as she had explained before. I also asked her for the org structure as well as the floor plan which she emailed to me before I left her office. On asking her about the causes of the lengthy lead times she cited **complexity of some requests** and gave an example of training. I asked her what would cause delays in stationery orders less than R30k, she said it’s mostly miscommunication between the requestor and the buyer, a live example she gave was one where 6 pens were delivered instead 6 boxes of pens at one branch and it was a huge problem as they had to start the order all over again and this took even longer. Another cause of delays she cited was the **“quality and calibre of service providers we are dealing with”**.
SMMEs especially take time to respond to RFQs for different reasons. Some don’t hold stock at all when they receive an RFQ they go to a wholesaler like Makro, check the prices and then quote based on these. Some do not have technology, e.g. access to emails. They normally use email addresses that don’t bear their company name (e.g. gmail, yahoo, Hotmail, etc.) They go to an internet café to send emails from. When I asked how she knows she said some forget to remove stickers from these big wholesalers so when they deliver the stationery, some of it still has the stickers on.

I asked her why there is such a huge variation between lead times for the buyers. She said some of them have mastered the process very well and communicate well with both the requestors and the supplier so they get speedy responses. She also mentioned that they are 2 new buyers and 2 graduates who will naturally take longer because they are still learning the process and they constantly consult with some senior buyers or their ops managers and in rare instances they come to her as the senior manager.

The other issue she raised was that sometimes the business requestors did not understand how long the process takes so they don’t provide enough time in their planning. “They want things delivered yesterday, yet they send the request tomorrow.” 😊😊😊

Before we could finish our conversation, Nelly had to go to another meeting. She lost track of time during our conversation and she was running 15 minutes late for her next meeting. Someone had to come to her office and call her to the meeting. She said I must give her a call if I need more information.

Nelly is always friendly and willing to assist me every time I go to her office. The more we meet the more comfortable she makes me feel. She still hadn’t read the book so I continue to coach myself using the book, “Managing to learn”.

On my way out, I passed through Theresa’s desk to ask her if she could secure a boardroom for our Thursday interview which she agreed to. When I got back to the office she had already done so and sent me an email confirming this.
17 November 2016
I had an interview with Theresa at 09:00, I arrived there at 08:52. At 08:58 one contract buyer came to her for a signature, she explained the requirements in order to comply with regulations. The conversation took long so our interview started late so the duration was short as the boardroom we were using was booked from 09:30. She said I can call her if I need further information.
I then went back to Miriam to observe the RFQ process again, as I had only documented the process without noting how long it took for her to complete the tasks. Miriam is the top buyer and has processed the most number of orders between April and October.

18 November 2016
I spoke to the new buyer to establish if I can come and observe her stationery procurement process. She agreed that I could call after 10:00am as I had told her that I had to conduct an interview between 09:00 and 10:00. After my interview I called her to find out if she was available. She did not respond. I had a meeting between 11:30 and 13:00. After 13:00, I tried calling her again but still no response.

Overall Reflection
Most of the participants had a great attitude and were forthcoming with information. This made me at ease enough to ask questions and understand the procurement process and the challenges better. With most of the interviews, I noticed there was more information gathered after than during the interview. My assessment of this is that interviewees were conscious of the fact that they were being recorded and were not as comfortable to share their views. If I were to do this all over I would plan my time better as the whole process took longer than I expected it to. I am still not sure if I would record the
interviews judging from the responses on vs off-record. I am also conscious of the advantages of recording the interviews because if not recorded there are chances of not being able to capture all the points discussed during the interview.

**DAILY DIARY CODING**

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Daily Diary Extract</th>
<th>Coding</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Friday 23 September 2016</td>
<td>Lean principles and A3 explained to acting Head of Procurement division and project manager in Group Executive's office</td>
<td>Explaining the A3 process</td>
<td>Injecting knowledge on A3 thinking</td>
</tr>
<tr>
<td>2</td>
<td>Friday 23 September 2016</td>
<td>Lean principles and A3 template explained to Procurement senior manager.</td>
<td>Explaining the A3 process</td>
<td>Injecting knowledge on A3 thinking</td>
</tr>
<tr>
<td>3</td>
<td>Monday 7 November 2016</td>
<td>I explained the A3 template again and also asked Nelly (Senior Procurement Manager) if she would be willing to read the 5 chapters of the book for role playing purposes and she agreed. She promised to read it the same evening.</td>
<td>Explaining the A3 process</td>
<td>Injecting knowledge on A3 thinking</td>
</tr>
<tr>
<td>4</td>
<td>Monday 7 November 2016</td>
<td>On arrival, I explained the A3 to Amon (buyer) and we discussed it a bit. He was initially of the opinion that it would only apply to the private sector. But I explained how it can be applied to any situation where a problem needs to be solved. I gave him an example of how I applied it to my personal life.</td>
<td>Explaining the A3 process</td>
<td>Injecting knowledge on A3 thinking</td>
</tr>
<tr>
<td>Day</td>
<td>Date</td>
<td>Event Description</td>
<td>Observations/Notes</td>
<td>Task/Action</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>Monday 7 November 2016</td>
<td>Miriam (buyer) was busy with a request for stationery (branded pens). I observed the process.</td>
<td>Observation and documenting process of purchasing of branded pens requested by business.</td>
<td>Input into process map</td>
</tr>
<tr>
<td>6</td>
<td>Monday 7 November 2016</td>
<td>When I got back to the office I checked Nelly's calendar and sent her a meeting invite for feedback and the role playing.</td>
<td>Setting up meeting for role playing purposes.</td>
<td>Preparation for role playing</td>
</tr>
<tr>
<td>7</td>
<td>Monday 9 November 2016</td>
<td>Role play meeting with Nelly. She hadn’t read the chapters yet as she was busy. I paraphrased Chapter 2. I gave her feedback from the previous day.</td>
<td>Role playing not conducted as planned.</td>
<td>Impact on research process</td>
</tr>
<tr>
<td>8</td>
<td>Monday 9 November 2016</td>
<td>She said I had accurately captured the process observed.</td>
<td>Confirmation of accuracy of capturing of process observed.</td>
<td>Input into process map</td>
</tr>
<tr>
<td>9</td>
<td>Monday 9 November 2016</td>
<td>I discussed the following issues, as highlighted by the two buyers.</td>
<td>Problem identification.</td>
<td>Problem identification</td>
</tr>
<tr>
<td>10</td>
<td>Monday 9 November 2016</td>
<td>Miriam: No standard request form, requestors just send an email to the buyer to request quotations and sometimes details are not specific enough.</td>
<td>Problem identification.</td>
<td>Cause of delay in processing request is due to lack of standardisation of requests.</td>
</tr>
<tr>
<td>No.</td>
<td>Date</td>
<td>Time</td>
<td>Issue</td>
<td>Action</td>
</tr>
<tr>
<td>-----</td>
<td>------------</td>
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<td>----------------------------------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>Monday 9</td>
<td>November</td>
<td>Amon: The RFQ process is too manual and current system is not properly</td>
<td>Problem identification</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2016</td>
<td>integrated with the CSD system. Another system (Intenda) had been</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2016</td>
<td>sold but was not yet in use. The system would supposedly alleviate this</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Monday 9</td>
<td>November</td>
<td>Nelly agreed that these were important issues which needed attention.</td>
<td>Problem identification</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2016</td>
<td>I promised to capture these on the A3 which I would bring back to her</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2016</td>
<td>the following day for discussion.</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Monday 9</td>
<td>November</td>
<td>On meeting with Theresa from Procurement Governance, I briefly spoke</td>
<td>Problem identification</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2016</td>
<td>about lean principles and explained the A3. She highlighted problems</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2016</td>
<td>governance related which I captured on my second A3.</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Monday 9</td>
<td>November</td>
<td>Theresa: The issues include non-compliance with Standard Operating</td>
<td>Non-compliance to SOPs and</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2016</td>
<td>Procedures and regulations.</td>
<td>regulations by procurement</td>
</tr>
<tr>
<td>15</td>
<td>Monday 9</td>
<td>November</td>
<td>Theresa: The goal is that there should be 100% compliance on</td>
<td>Non-compliance to SOPs and</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2016</td>
<td>procurement across all thresholds.</td>
<td>regulations by procurement</td>
</tr>
<tr>
<td>16</td>
<td>Monday 9</td>
<td>November</td>
<td>Theresa: The cause of non-compliance is that there is lack of</td>
<td>Non-compliance to SOPs by</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2016</td>
<td>accountability and no consequences management.</td>
<td>procurement</td>
</tr>
<tr>
<td>17</td>
<td>Tuesday 15 November 2016</td>
<td>Sat with the logistics team, responsible for initiating requests for various business units.</td>
<td>Process explained by requestors</td>
<td>Observation conducted with logistics team</td>
</tr>
<tr>
<td>---</td>
<td>------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
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<tr>
<td>18</td>
<td>Tuesday 15 November 2016</td>
<td>For the current financial year, they had recorded 71 orders, of which 8 are stationery and all the 8 are below R30 000 in value. Of these 8 requests, 5 were delivered and goods receipted and three were still in progress. The quickest request took 3 days from the day the shopping cart was created to the day it was goods receipted, while the longest was 23 days.</td>
<td>Analysis of stats as recorded by requestors</td>
<td>Variation in turnaround times in procurement of goods and services below R30 000, specifically stationery (Range 3 to 23 days).</td>
</tr>
<tr>
<td>19</td>
<td>Tuesday 15 November 2016</td>
<td>I had a meeting with Nelly to agree on the problem that I will be working on. We agreed that I will focus on the lead times for procurement of stationery to the value below R30 000.</td>
<td>Agreement of problem to focus on</td>
<td>Problem of variation in turnaround times in procurement of stationery below R30 000 agreed on.</td>
</tr>
<tr>
<td>20</td>
<td>Tuesday 15 November 2016</td>
<td>Nelly: We are no longer able to get such from the SAP system since we migrated to SRM 7 as I explained before.</td>
<td>Analysis of stats as recorded by buyers</td>
<td>Manual completion of Turnaround Template by buyers</td>
</tr>
<tr>
<td>21</td>
<td>Tuesday 15 November 2016</td>
<td>On asking Nelly about the causes of the lengthy lead times she cited complexity of some requests and gave an example of training</td>
<td>Complexity of requests</td>
<td>Variation in turnaround times in procurement of goods and services below R30 000</td>
</tr>
<tr>
<td>22</td>
<td>Tuesday 15 November 2016</td>
<td>Nelly: It’s mostly miscommunication between the requestor and the buyer, a live example she gave was one where 6 pens were delivered instead 6 boxes of pens at one branch and it was a huge problem as they had to start the order all over again and this took even longer.</td>
<td>miscommunication between the requestor and the buyer</td>
<td>Cause of delay in processing requests/ Wrong items delivered</td>
</tr>
<tr>
<td>23</td>
<td>Tuesday 15 November 2016</td>
<td>Nelly: “quality and calibre of service providers we are dealing with”. SMMEs especially take time to respond to RFQs for different reasons. Some don’t hold stock at all when they receive an RFQ they go to a wholesaler like Marko, check the prices and then quote based on these.</td>
<td>Some SMMEs don't hold stock</td>
<td>Cause of delay in processing requests/ Wrong items delivered</td>
</tr>
<tr>
<td>24</td>
<td>Tuesday 15 November 2016</td>
<td>Nelly: Some do not have technology, e.g. access to emails. They normally use email addresses that don’t bear their company name (e.g. gmail, yahoo, Hotmail, etc.) They go to an internet café to send emails from.</td>
<td>Some SMMEs don't have technology e.g. access to emails for quoting purposes</td>
<td>Cause of delay in processing request</td>
</tr>
<tr>
<td>25</td>
<td>Tuesday 15 November 2016</td>
<td>I asked Nelly why there is such a huge variation between lead times for the buyers. She said some of them have mastered the process very well and communicate well with both the requestors and the supplier so they get speedy responses</td>
<td>experience of buyers</td>
<td>Variation in turnaround time in procurement of goods and services below R30 000</td>
</tr>
<tr>
<td>26</td>
<td>Tuesday 15 November 2016</td>
<td>She also mentioned that they are 2 new buyers and 2 graduates who will naturally take longer because they are still learning the process and they constantly consult with some senior buyers or their ops managers and in rare instances they come to her as the senior manager</td>
<td>experience of buyers</td>
<td>Variation in turnaround times in procurement of goods and services below R30 000</td>
</tr>
</tbody>
</table>
27  Tuesday 15 November 2016  The other issue she raised was that sometimes the business requestors did not understand how long the process takes so they don’t provide enough time in their planning. “They want things delivered yesterday, yet they send the request tomorrow.”  Business doesn’t understand the procurement process hence their expectation of turnaround times is skewed  Lack of knowledge of procurement processes

28  Tuesday 15 November 2016  Nelly still hadn’t read the book so I continue to coach myself using the book, “Managing to learn”.  Role playing not possible  Self-coaching using the book "Managing to Learn"

29  Thursday 17 November 2016  I then went back to Miriam to observe the RFQ process again, as I had only documented the process without noting how long it took for her to complete the tasks.  Observation of process and noting of duration of tasks  Process map (VSM)

30  Friday 18 November 2016  I spoke to one new buyer to establish if I can come and observe her stationery procurement process. I tried calling her again but still no response.  Observation of process not conducted with new buyer.  New buyer not available for observation

9.5. Appendix E:
Interview with Theresa 17112016 Procurement boardroom

Interviewer: Good morning
Theresa: Good morning

Interviewer: With this interview, we have agreed with the organisation that the names of the people, if you need to mention any names, they will be anonymous; the name of the organisation will be anonymous. But I am required to record this interview and then later transcribe it. Do I have your permission to record this interview?
Theresa: Yes

Interviewer: Ok. I have explained already the previous week how the A3 works. I have identified a problem, which is the turnaround time within procurement but I am focusing on the procurement of stationery to the value of less than R30,000.
Theresa: Ok

Interviewer: From the data that I have gathered, the turnaround time varies from 1 day to 17 days. This is just the October data from talking to the people within procurement.

Theresa: Was it only for stationery or also for other commodities?

Interviewer: The total number of requests was 143 for all commodities. From that the shortest turnaround time was just 1 day and the longest was 17 days.
Theresa: Ok

Interviewer: So I need to know from your point of view what is causing this variation. How come someone can process an order within one day and someone else takes 17 days or more to process an order?
Theresa: Ok. I think if it is done within a day it is dependant on the type of commodity. If I’m going for catering, it’s easy to request the quote today and receive the quote today. If I can give an example, if I request a quote for stationery I give the bidders 5 days so that they can go to their retailers to get the price so that they can give us the conclusive price. So I think that’s the problem for taking long as well. The variation. And another thing after getting the quotation the buyer will
send it to the business unit to say according to preferential point system, these are my quotations, this is the results, and this is the winning bidder. And then business must create a shopping cart because the process for getting quotes is not finalised until business is happy. When they are happy they create a shopping cart.

Interviewer: Ok
Theresa: So there is a challenge within procurement there is a general problem that we have is that business sometimes takes long that even the quotation will expire. They can take even two months.

Interviewer: So what happens if the quotation expires?
Theresa: We go back to the winning bidder and ask them if the quotation is still valid, i.e. if they are still willing to provide the service at the same price. And then we will continue with the process. If the bidders indicate that they are not willing because the price has changed, we’ll have to cancel the request and restart the process.

Interviewer: So you reckon the cancellation in such an instance will…
Theresa: It will be indicated as a cancellation, yes. It will be cancelled on the RFQ register.

Interviewer: Do they have to start the process afresh?
Theresa: It will have to be cancelled and communication should be sent to all the bidders who participated in the process to indicate that the process has been cancelled.

Interviewer: Ok
Theresa: And then you issue a new one. First you must close it, and then create a new one.

Interviewer: We have established that there is a variation in the turnaround times. What do you think the target condition should be or what is the aim in terms of governance?
Theresa: I think on average overall as I said it depends on the commodity. On a normal process you must advertise and give the bidders 5 days.

Interviewer: And for stationery?
Theresa: Even for stationery, also depending on the size. If you are saying it’s just A4 paper, it’s fine to give them 1 to 3 days to get the quotations but on a normal process where we want to be fair to the bidders we must give them 5 days.

Interviewer: Is this 5 working days?
Theresa: Yes 5 working days. Because we must also allow the bidders enough time to submit the quotations. If we don’t receive 3 quotations in time we still need to extend by another 3 days. There is a number you need to achieve.

Interviewer: Is there no set target by which the whole process must be complete, from start to finish?
Theresa: No. It depends when you say the process is finalised, where is the start and where is the end?

Interviewer: From the time that they receive the request to the time that they process the order.
Theresa: Ok. I don’t know the turnaround times. I’m sure who must allocate the request and to whom they must allocate the request. But we put a standard timeline on the RFQ because this is a process that we can control. And it must be standard for all the buyers when they request quotations.

Interviewer: So it’s between the time that they issue the RFQ and when they receive the quotes.
Theresa: Yes. The timeline that I’m saying is 5 days is only for that process. The other one I won’t be able to tell you because it’s P2P management and then even after you have given business, like I said we have challenges although normally we say we are giving them three days to create a shopping cart but it’s up to them to create the shopping cart. So other turnaround times, I don’t think we have control over.

Interviewer: In instances where the shopping cart has been created, there is still variation in the number of days to convert to a Purchase Order. What is the cause of the variation there?
Theresa: It also depends when they create the PO. Sometimes they can create a blank Shopping Cart before we even go out to the market. They can just create a shopping cart to indicate the things that they want to buy. This is a plan to say this is what I am planning to buy, go and get the quotation for me. This why I said we need to have an agreement between procurement and business as to when a shopping cart must be created. Because others can say they want to purchase
stationery like you say you are focusing on, they send an email with just a list and then they start a process of going out to
get a quotation, and the next person can just create a shopping cart. You see?
Interviewer. Hm. So where can we get that information that indicates that the shopping cart was created before the quotes
where available?
Theresa: It’s just that I don’t know. When they create a Purchase Order, it will indicate the PO date the information will
be on the attached documents. The PO is on the system but there is a separate register which will indicate these dates.
Interviewer: So where can I get this information?
Theresa: The information is on SharePoint where everyone has access to the register to register the RFQ.
Interviewer: So time is eaten up when vendors don’t respond and …
Theresa: No. If they don’t respond, we don’t care, we continue with the process. Most of the time what I have seen is that
normally when they are done with the process and business is happy they come to me with transactions above R100,000
to say go and review if this RFQ is complying. I will pick up things. Like the one I was doing this morning, the RFQ
closed in September, we are in November now. The bidders were given enough time but business took time because they
had to run a technical evaluation to check the capability of the bidder. So those things must be filtered in. That’s why I am
saying most of the time it depends on the complexity of the request. For stationery you don’t have to do technical
evaluation. We take it that anyone can supply stationery. A pen is a pen. We know what we want. So the one that I was
doing was for recruitment. We have certain requirements as a pre-qual for accreditation and then you look at the technical
evaluation, how are you going to address our issue? After that is done, that’s where you compare the price and then you
award. You send it to business to check if they are happy with the outcome after which you can create a shopping cart and
a purchase order. That’s why I’m saying it depends on the complexity of the request.
Interviewer: Ok. Alright. Now let’s look at the tool, the A3 tool. As I have explained it and given you my example although it was a personal example, do you think that this is a tool that you can use going forward? Do you think it is a useful tool? What is your take on the A3?

Theresa: It depends when you say it’s a useful tool you can use it for what? Meetings? Or given to buyers to say have this and use it on a daily basis? That’s why I’m asking where can it be used? Be specific

Interviewer: In the organisation, in the division that you work in. Do you think this is a tool that you can use?

Theresa: It can be used. But I think it needs to be specific. And also if you are using it, I’m not sure if I am using it as a document that I will document and then what will happen, whether I will have it as a report or if I have a problem it will only be one problem or more?

Interviewer: If there is a problem that you are trying to solve, you will have to do an investigation. This is a problem solving tool. So you use it when you have identified a problem that you need to solve.

Knock on the boardroom door and door opens.

Person at the door: Will you be done at 09:30?

Interviewer: Yes, we are almost done.

Door closes

Interviewer: It frames your thinking about the problem and it guides you to come up with a solution. I have my own opinion but I want yours I don’t want to impose mine on you.

Theresa: So if you are saying when we have to follow the steps then I think it can be used.

Interviewer: Ok. Thank you. We have come to the end of our interview.

Interview with Ben 18 November 2016 Ben’s office 09:00 – 09:24

Interviewer: Good morning
Ben: Good morning

Interviewer: I’m going to interview you and I am supposed to record this interview you and later on transcribe the interview. We have agreed with the organisation that the names of the people that I interview will be anonymous and that the name of the organisation will also be anonymous. Do I have your permission to record this interview?


Interviewer: Ok, thank you. About or so back we spoke about the A3 which is a problem solving tool. It’s a lean problem solving tool. Do you remember about it?

Ben: I do remember, yes.

Interviewer: Ok and I also told how I applied it in my personal life but I want us to apply it to procurement and specifically procurement of stationery to the value of less than R30 000. What I have gathered from my observation and other sources of data is that there is a lot of variation in the turnaround times for different buyers. And I need to establish what causes that variation. For the month of October there were 143 requests in total and out of those 29 were of stationery but even with just stationery there is a variation in the amount of time taken to convert the request into a purchase order. For example the number of days taken in the market after the RFQ has been sent ranges between 3 and 7 days. The number of days that business takes to create a shopping cart ranges from 1 day to 15 days, with an average of 4 days and then the number of days that the buyers take to convert the shopping cart to a PO ranges from 0.5 days to 3 days. The total turnaround time ranges from 3.5 days to 10 days excluding the number of days that business units take to create the shopping cart. So what I need to establish is what is causing the variation in the turnaround times.

Ben: First of all there is what we call contract buyers. Those buyers do not necessarily have to go out into the market and do RFQs or source quotations. The contract has been put in place by the sourcing team so they purely transact from the contract.

Interviewer: Does this include stationery?
Ben: Yes, it includes stationery. So they will purely transact from the contract. Theirs is only to convert orders as they come from business, e.g. where business says we need 5 boxes of printing paper, there is a contract in place for that. All the buyer needs to do is to place an order. But there are other items which are not on contract.

Interviewer: Is this still stationery items?

Ben: Yes, it’s still stationery items which are not on contract.

Interviewer: Do you have examples of items which are not on contract?

Ben: Things which you don’t use frequently like diaries and file-o-fax pages, the new ones we don’t have a contract for those. We don’t have contracts for things that you will need for filing season for example. Things like pamphlets and so on.

Interviewer: Are the ones on contract the ones that you find on catalogue?

Ben: Correct. And the turnaround times on those will be very quick. For those it will be possible for a buyer to have a much higher number of transactions in a month compared to someone who still has to go and source out prices. So that could be one contributory factor. The other one could be that some of the buyers are fairly inexperienced.

Interviewer: I picked that up from speaking to the manager because she said there are 2 new buyers and 2 graduates.

Ben: Ya. So you will expect those to have longer turnaround times compared to experienced buyers. The other thing is that on the other side, i.e. on business’ side the person that you are dealing with sometimes might give you **wrong specification**. It may also be a new person who does not know how to specify what the requirements are. So there will be toing and froing of fixing the specification before one can go and source the pricing. So those things contribute to the variations. A contract buyer will transact very quickly because the catalogue is there. Whereas someone who has to go out and source prices might take longer and therefore their number of transactions will be lower.

Interviewer: Who is responsible for updating the catalogue?
Ben: The catalogue is updated by the sourcing team. Remember procurement is divided into two. We have the P2P and then we have the sourcing team. The sourcing team is responsible for establishing the contracts. So the contract is owned by the sourcing team. So anything that needs to be done on the contract can only be done by the sourcing team so updating the pricing updating the specification; anything related to this is done by the sourcing people.

Interviewer: They get the prices from the suppliers.

Ben: They get the prices from the suppliers and they update the contract accordingly or update outlying agreement.

Interviewer: How often does this happen?

Ben: With paper, I know it’s a 6 months review. So it’s a half yearly review on a 3 year contract or whichever comes first between the inflationary costs. If the suppliers feel the inflation is too high for them to sustain the cost they will initiate the price increase. Then we will review and see if it’s reasonable request then we will adjust accordingly but everyone has to review their pricing every 6 months.

Interviewer: Is this documented? How can I verify this?

Ben: It’s documented in the contract, yes.

Interviewer: In your view what should be the target. Obviously the target turnaround time will be different for contractual items and non-contractual items.

Ben: The reason why we put contracts in place is that we want to shorten the turnaround times so I’d say if there is a contract in place, 1 day turnaround time would be reasonable. 24hours. If you get a request in the morning, it should have been processed by close of business same day. There is no reason why it shouldn’t be.

Interviewer: Is this from the time of receiving the request to converting it to a Purchase Order?

Ben: Yes yes. Because the contract is there.

Interviewer: ok. And then for non-contractual items?
Ben: For non-contractual items, I’d say a reasonable turnaround time is 48 hours because you still have to go to the suppliers and source pricing so you normally don’t get prices immediately. Some suppliers will give you prices immediately but some will say give me a day or so because we prefer to be given prices in writing. We don’t want anything verbal otherwise there’d be misinterpretation of what was said and the transaction would go wrong.
Interviewer: Of course.
Ben: So we normally give a maximum of 48 hours on non-contractual requirements.
Interviewer: What I’ve captured is for contractual items, no RFQs have to go out therefore the target can be one day. And what would be the worst case scenario?
Ben: The worst case scenario would be 24 hours. But what would the reason be? I’m trying to think why it would take 24 hours when it’s on contract. The reason why the contract is in place is to reduce the turnaround time. Anything outside of one day is too much, it’s a stretch. It’s an absolute stretch. But then you’ll take into consideration the experience of the buyer. So that does have influence even on contract items because a new person might take longer even to create the PO itself compared to an experienced person who knows exactly what to do. To navigate the system might be a bit of a challenge. Probably if it’s a challenge it could only be 5% of the … unless the system is down. There are super-users, so if there is a problem, it’s just a matter of picking up the phone and calling them to fix the problem.
Interviewer: Where are these super-users?
Ben: They sit with Yvette in Finance. So you just pick up a phone and say I’m busy with this transaction and I’m encountering this problem, and this is what the error message reads then they fix it for you quickly.
Interviewer: What happens when a new buyer is appointed? Do they go through training before they actually start working?
Ben: They go through training but I still feel we can do better. We don’t have a formal induction process for new buyers. So, most of their induction is done on the desk. And once you are on the desk there is just a lot of pressure. Sometimes
some of the people who are inducting you might teach you shortcuts which might create audit problems for you later. So you want them to be inducted properly and given the opportunity to train properly as well.

Interviewer: We have spoken about the problem of turnaround times, do you think this problem is a priority? Do you think this is big?

Ben: This actually is a priority. I’ll tell you why. If we don’t spend the money within the allocated budget, the money will have to go back to Treasury and one can’t afford to send money back to Treasury (laughs) due to service delivery issues. The major issue that business has with procurement is turnaround times. Procurement is too slow. People end up doing things which they are not supposed to do. You end up putting people in a compromised situation of breaching rules and regulations because you are not turning around very quickly. Then people have to do condonations and you have to do enquiries, a transaction that should have cost R20 ends up costing more because you have to investigate. So that’s why it’s important that the turnaround times are shorter where reasonable even much shorter. That’s the importance of improving turnaround times.

Interviewer: Is there anything else that needs to be considered on working on improving the turnaround times?

Ben: It’s standard specifications.

Interviewer: Standard specifications? Please explain that.

Ben: Meaning we have to have a specification book for all the goods that we procure. So you don’t have to write out a specification every time you want to procure something. And that’s the challenge that we are facing because every time something has to be procured a specification has to be written. It’s a bit problematic coz it’s time consuming.

Interviewer: When I did the observation I noticed that people from business send an email to request stuff, which comes in all sorts of shapes and sizes, so the request is not standardised. Do you think this has an impact in the length of time that the buyer will take to complete the RFQ?
Ben: Yes, because you leave it to the buyer to interpret the request. There is a standard template which makes it easy for the buyer to interpret the request. So you are exposing the buyers to wrong interpretation as well. We have had instances where transactions are processed and something is bought but it had to be returned because it was not the required stuff. So you want to avoid those things where things have to be returned because it’s not what was supposed to be bought. That’s why I’m saying we need standard specifications that everyone will know about and those standard specifications can then be reviewed in a predetermined interval. We can say we will review them maybe annually or whatever a reasonable interval is to review those specifications but we need these standard specifications.

Interviewer: Oh ok. I think I’ve gathered what the reasons of variations in the turnaround times are. Is there anything else that you can think of that I haven’t captured?

Ben: The other thing that is a contributing factor is confirmation of budgets. Sometimes Finance has to send a letter with the request to procure confirming that there is budget.

Interviewer: Is this the case with stationery or is it applicable to certain commodities?

Ben: With everything because you need to be sure that there is money because once you start with the process, it’s not easy to cancel it.

Interviewer: Is that not captured in the Procurement Request Form?

Ben: It is but sometimes with need a separate written confirmation with the Finance manager.

Interviewer: How is this done? Is it a memo or email?

Ben: A simple email suffices. The FM just states that there is money for this transaction.

Interviewer: Is there documentation that proves that this happens?

Ben: There is documentation, yes. Because once it’s been delivered the vendor has to be paid. Otherwise the reputational risk for the organisation is huge.
I think for the smaller items those are the contributors to long turnaround times. Obviously for big tender items there are a couple of other things that you can list as contributors to the long turnaround times.

Interviewer: But for stationery, these are the ones?

Ben: For stationery those are the key ones.

Interviewer: Now coming to the A3 tool. It’s a problem solving tool. It guides you. It frames your thinking in such a way that you can come up with a solution to a problem. That is my view. What is your take of this tool? Do you think that this is a tool that you could use in future?

Ben: It actually is a very useful tool, because if you look at problem solving, if you don’t have a tool that guides you to resolve that problem you might end up with a wrong solution to a right problem because there are things that you will miss along the way. But with a tool like the A3, you know exactly what the questions you have to ask and what the possible answers you should provide are because there is a tool that is guiding you, unlike doing it without a tool. So the A3 is a very valuable tool that one can use to solve all sorts of problems. But the most important thing is how to use it, that is the key thing. If people are trained on how to use the tool, they will get more benefit out of the tool than throwing it to someone and not showing them how to use it. You do definitely need a tool for problem solving.

Interviewer: You are saying this is a useful tool that can be used for problem solving, but would you as an individual use it within the division that you are working in?

Ben: Definitely. I will definitely use it. Because it’s a written tool, it sort of sets out precedence for you. You meet similar problems most of the time so you can always go back and say how did we solve that one? What are the steps we took? What are the questions we asked to be able to address that particular problem? So it creates that reservoir of information because you will file the tool with your other information as well.

Interviewer: We have come to the end of our interview. Thank you very much.

Ben: It was short and sweet.
Interview with Raymond (Business Unit)

Interviewer: I’m going to interview you and I am supposed to record this interview you and later on transcribe the interview. We have agreed with the organisation that the names of the people that I interview will be anonymous and that the name of the organisation will also be anonymous. Do I have your permission to record this interview?

Raymond: Yes

Interviewer: We have spoken about the A3 as a problem solving tool. I have used this tool to gather information within the procurement division. I am focusing on procurement of stationery to the value below R30 000. The issue I picked up is the variation on turnaround times. For the month of October there were 143 requests in total and out of those 29 were of stationery but even with just stationery there is a variation in the amount of time taken to convert the request into a purchase order. For example the number of days taken in the market after the RFQ has been sent ranges between 3 and 7 days. The number of days that business takes to create a shopping cart ranges from 1 day to 17 days, with an average of 4 days and then the number of days that the buyers take to convert the shopping cart to a PO ranges from 0.5 days to 3 days. The total turnaround time ranges from 3.5 days to 10 days excluding the number of days that business units take to create the shopping cart. In your view what is causing the variation in the turnaround times.

Raymond: So I think there are 2 things, the first one is probably the procurement division. I think they need to make more effort in educating the users in making use of their services and the changes in procurement. There is no formal training, at least that I am aware of. So they need to educate business on how the procurement process works. And when there are changes and updates which there constantly are, I don’t think that this necessarily communicated to the whole organisation. In some cases, you’ll find that National Treasury will put out some guidelines on the procurement process and it’s only when you have started the procurement process that you get told that by the way National Treasury has put these guidelines that we now need to observe. So those things are not usually communicated to the users. Obviously there is an educational element of the users.
I also think there is a skills challenge within procurement. I don’t think that the people sitting within the procurement space have the requisite skills to be performing the roles that they are performing. Skills on both sides, so updates are not communicated on procurement side and business side. On the business side you’ll find that the people who put in the request are not aware of what they are supposed to do, also when the requests have come to procurement I don’t think that there is uniformity within that space. So there is a need to upskill some of the people within procurement as well.

Interviewer: Do you have a live example of when you made use of procurement services and realised that there were changes or updates in guidelines that you were not aware of?

Raymond: It has happened very often. There was a National Treasury guideline which came out in May of this year which said one cannot deviate from procurement processes but it gave conditions of when one can deviate from them. That only came to my attention when I was in the process of procuring a service.

I also think that forms are sent blindly, for instance forms like the Request To Procure (RTP) and other forms were just sent without anyone explaining what exactly needs to be completed by who. Again I’m saying there is an education element that’s not happening. Procurement needs to educate business and I also think that on the side of procurement there is a skills gap. For example those May guidelines that I was talking about there was a deviation, and the person that I was dealing with from procurement directly did not have a good understanding of what the guidelines were saying. So if I hadn’t pushed my interpretation which I believe was correct and if I hadn’t escalated it to the Group Executive I don’t think we would have gotten the services. So it turned out that the person had misread the guidelines.

Interviewer: With regards to turnaround times, do you have any issues on how long it takes for stuff to get delivered once you have sent a request?

Raymond: Ya. But I think there are number of reasons. I think like you said it’s the back and forths because forms are not completed properly. Regulations have changed and so forth.

Interviewer: So forms not being completed properly by who?
Raymond: By business, because they have not been educated on the changes that have occurred.
Interviewer: Do you think this is an important enough problem?
Raymond: Ya. You mean the education problem, and the skills problem?
Interviewer: No, the turnaround times. What impact do they have on your business?
Raymond: It means that you can’t get the goods and services in the time that you require them. What it also means particularly on the service side is (and I know we are talking particularly stationery but on the service side) if you have started procurement process and you have worked with a particular service provider providing consulting services to you and the procurement process takes very long, what ends up happening that you could have got in the beginning is not necessarily the team that you get at the end. So what you find is that if you are continuing with a service (a phased service) and there is renewal of an agreement. For phase 1, you get a certain team and for phase 2 you get a different team because of the delay. The impact is if this is a consulting service, if you get a different team they still have to learn stuff which the other team had already learnt because the initial team has been allocated to other projects. So it does have an impact on the business and how the business operates.
I also don’t think that the procurement team works as if it supports business, I think it works as if they (I know that there is governance) but I think they should support business to get what they need within the law. Sometimes I don’t think it’s the spirit within which they conduct their business.
Interviewer: Ok. What countermeasures do you think should be in place in order to address this problem?
Raymond: I think there is a need to inject skills within procurement either through training or through recruitment. I think there is already a process within the senior management to change the structure and there is a recruitment process happening there. So I’m saying there is 2 elements, you can either buy or build. The one way is to recruit the right people if you don’t have them internally. The one which I think should be the primary focus should be really on training the
people and making sure that their skills are uniform within the business because I think there is an element of capability but I don’t think it’s uniform across procurement. And I also think educating business is also important.

Interviewer: Do you have a dedicated person who deals with your procurement of goods and services for your division?
Raymond: For me, yes.

Interviewer: Does that help?
Raymond: No, because he is not very good.

(Laughter)
Raymond: No, because he is one of the people that needs to get skilled. He is a good person though.

Interviewer: So you have spoken about the upskilling and recruitment of the right people. Who should be doing this?
Raymond: The honours, for both of those, sit with procurement team. They need to ensure that business understands the legislation and that should be what part of their role is. It should know what the legislation says and the changes thereof. Upskilling their staff is their responsibility.

The other thing which I think they have started but is not as well entrenched is having SLAs with procurement.

Interviewer: So at the moment, there isn’t any SLA?
Raymond: There isn’t. But within our division, we have started drafting them.

Interviewer: Is there anything else that I should note?
Raymond: No

Interviewer: Coming to the A3 tool as I have explained it to you, do you think it’s a useful tool?
Raymond: Ya, I think it’s a useful tool because it allows you to get to the root cause of the problem before you start solving it. But I also don’t think it’s hugely innovative because that’s how it’s supposed to be done. Unless you understand the problem and understand where you want to go I don’t think you can come up with a solution. So yes, I think it’s useful but I also don’t think (giggles) it’s hugely innovative.
Interviewer: So do you think that this is a tool that you would use?
Raymond: Yes, I wouldn’t necessarily call it a tool but I’d follow the process.

*(Phone rings)*

Interviewer: Ok. Thanks. We have come to the end of our interview.
Raymond: Perfect.

**Interview with Scott (Finance)**

Interviewer: Good afternoon
Scott: Good afternoon

Interviewer: I’m going to interview you and I am supposed to record this interview you and later on transcribe the interview. We have agreed with the organisation that the names of the people that I interview will be anonymous and that the name of the organisation will also be anonymous. Do I have your permission to record this interview?
Scott: You do

Interviewer: We have spoken about the A3 as a problem solving tool. I have used this tool to gather information within the procurement division. I am focusing on procurement of stationery to the value below R30 000. The issue I picked up is the variation on turnaround times. For the month of October there were 143 requests in total and out of those 29 were of stationery but even with just stationery there is a variation in the amount of time taken to convert the request into a purchase order. For example the number of days taken in the market after the RFQ has been sent ranges between 3 and 7 days. The number of days that business takes to create a shopping cart ranges from 1 day to 17 days, with an average of 4 days and then the number of days that the buyers take to convert the shopping cart to a PO ranges from 0.5 days to 3 days. The total turnaround time ranges from 3.5 days to 10 days excluding the number of days that business units take to create the shopping cart. In your view what is causing the variation in the turnaround times.
Scott: The one for stationery differs from the one for cleaning and it will differ from other one where you request 3 quotations, they tried to solve it using the catalogue. The catalogue helps because business units can just go onto the catalogue and make their requests. It goes to the cost centre manager and the cost centre manager releases from there then it goes to the buyer.

Interviewer: So for catalogue requests you do not need to do a PRF?
Scott: You do not need to do a PRF. So it shortens the turnaround time because after this it remains with the supplier to deliver. But in instances where you have to request the buyer to get quotations for you it now depends on the buyer’s experience as well as the workload of the buyer. For example we once had a buyer who came from the Bloemfontein area, that buyer was responsible for a small office. They sent the buyer here and gave the buyer many regions, because the buyer who was working here was working with many regions. She worked normal hours, we started complaining.

Interviewer: Why were you complaining?
Scott: The buyer we were using previously was able to deliver within a short space of time. The other chap was still within the organisation but had moved to another office. I made time and I phoned that chap and told him that we were experiencing difficulties. The turnaround times have changed since you moved, the new person is delaying, how did you do it? He said that I was working late, working even afterhours.

Interviewer: It’s the workload of buyer and their experience.
Interviewer: Do you think this is a big problem?
Scott: The delay?
Interviewer: Yes
Scott: I am sitting here as finance. I am supporting business. I sit in their meetings. The person that they complain to is me. They are looking to me for service. That’s a problem. And I have to go back to procurement and find out what is happening.
Interviewer: So you are the middleman between procurement and business?
Scott: Yes. They explain to me their problems. Sometimes the buyer is on maternity leave but that one I understood but the issue of experience came into play. Recently we got a buyer. Today I called her and she said I was just about to call you. She said they are taking me away to IT Procurement. Relationships are being built and changes happen. So I asked her if IT Procurement couldn’t get their own person because we had already solved the problem this way; we said should allocate a particular day to come from Head Office and sit in our branch. That day is for us. We will organise a desk for you and then all the people from business who have procurement issues will come to you.

Interviewer: How often does she come?
Scott: Every Thursday. It’s easier because when she is in Head Office she attends to queries from other offices or divisions.

Interviewer: Do you think this is a viable solution? Has it worked so far?
Scott: It is working because when I’m sitting in meetings with business, there are no complaints about purchase orders because purchase orders are now moving.

Interviewer: So were the complaints mainly about turnaround times?
Scott: Yes. But now we have an anticipation of a problem because there is a new model that we are operating in. We had 3 cost centres that were independent which are now going to be collapsed into one cost centre but they are sitting in different floors in this building. Management is saying when we buy stationery or tea and milk, how are we going to get our delivery because we would like these to be separated.

Interviewer: But they are one unit?
Scott: Yes, they are now one unit but they want us to create different purchase orders.

Interviewer: But that is a business issue.
Scott: We phoned procurement and they said no because it’s one unit they must place one order. They are relating the delay to that, but I don’t know if that is the case.

Interviewer: The process is still the same. The only difference is the volumes within the order.

Scott: They are saying the delay is in consolidating the requests from the 3 units into one.

Interviewer: So what is your proposal? Do you think bringing the buyer here has solved your problem?

Scott: Yes, if she is here. But for the past two weeks she hasn’t been here because she was on study leave. If she was going to continue with us she would be able to solve the stationery, tea and coffee issue for the 3 units.

Interviewer: So the buyer that you are working with “experienced”?

Scott: She is now. She has picked up speed.

Interviewer: Ok. Now, coming to the A3 tool as I have explained it to you, do you think this is a useful tool? And why do you say so?

Scott: Yes. Because first of all it helps you identify the problem, and then the causes of the problem, you also have an “ideal”. So you can set an ideal and find ways to get to that. Then stick to it. That’s what I understand. So it’s very useful. I think it’s generally how we would solve problems logically. It’s just that we do not structure our process. So it helps you structure your thoughts.

Interviewer: Do you think in your area of work, you would use the A3?

Scott: Yes. Yes.

Interviewer: We have come to the end of our interview but if I think of other questions, can I give you a call?

Scott: Most definitely.

Interviewer: Ok. Thank you very much.

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**Interview with Tess (Finance, also makes use of services of procurement)**
Interviewer: Good afternoon
Tess: Good afternoon
Interviewer: I am going to interview you for my research report. I am supposed to record and later transcribe this interview. Do I have your permission to record this interview?
Tess: Yes
Interviewer: Thank you very much
Interviewer: I have explained to you the A3 which is a problem solving tool. I have used this tool to gather information within the procurement division. I am focusing on procurement of stationery to the value below R30 000. The issue I picked up is the variation on turnaround times. For the month of October there were 143 requests in total and out of those 29 were of stationery but even with just stationery there is a variation in the amount of time taken to convert the request into a purchase order. For example the number of days taken in the market after the RFQ has been sent ranges between 3 and 7 days. The number of days that business takes to create a shopping cart ranges from 1 day to 17 days, with an average of 4 days and then the number of days that the buyers take to convert the shopping cart to a PO ranges from 0.5 days to 3 days. The total turnaround time ranges from 3.5 days to 10 days excluding the number of days that business units take to create the shopping cart. In your opinion, what is causing the variation in the turnaround times?
Tess: I think some of the buyers are overworked. Because one buyer is responsible for different business units, so they don’t have enough time to process their orders on time.
Interviewer: Is that the case with the buyer that you use for your division?
Tess: We had a meeting with our buyer when she came to our office and that is what she said. She is responsible for too many offices.
Interviewer: So do you think the workload is not evenly distributed amongst the buyers? Or is it an issue of capacity?
Tess: It’s a bit of both because some areas are busier than others. The more activities the more they procure. But what I have picked up is that they are a bit overworked.

Interviewer: If one request is processed within a day and the next takes say 15 days and it’s by the same buyer, what would the cause be for the variation?

Tess: It could be that for one that takes 15 days, she was focusing on a different area altogether. So it still goes back to the issue of workload.

Interviewer: Do you think this is an important problem to talk about and why?

Tess: It important because ultimately it affects the operations of business. If you have a need to procure stationery, you want to receive it within a certain period and if you don’t it affects your operations.

Interviewer: You have spoken about the workload being the root cause of the variation in turnaround times. How do you know? How can we verify that the workload is not evenly distributed?

Tess: With this particular buyer (buyer X) we had a meeting with her and that’s what she indicated in that meeting.

Interviewer: What countermeasures can we put in place to be able to deal with lengthy turnaround times?

Tess: I think it’s beyond suggestions from us. I think procurement management need to intervene and make sure that the workload is distributed evenly. At the moment I think that is the only way to resolve this issue because sometimes you send an email following up and that email is not even read. You can clearly see that this person is busy with other things. That’s why my conclusion was that it’s definitely the workload.

Interviewer: What do you think the target should be?

Tess: For stationery, I would say maybe 3 days is sufficient. Like you said some buyers are able to do it in a day, so at the most maybe 3 days.

Interviewer: Do you always procure stationery on catalogue or do you have to go through the RFQ process?

Tess: It’s mainly through the catalogue.
Interviewer: So the 3 days, is it for catalogue items?
Tess: It depends are including the delivery.
Interviewer: No, because we don’t have control over how long the vendor takes so it’s up to the time that the buyer sends out the PO.
Tess: It should take 3 days. After the shopping cart has been captured and approved, we can give the buyer at least an additional 2 days to do what they need to do. That’s why I’m saying 3 days.
Interviewer: Ok. Now, coming to the A3 tool as I have explained that this is a problem solving tool and also that it frames your thinking to ask the right questions in order to come up with the right solutions, do you think this is a useful tool? And why do you say so?
Tess: I would say because not only does it help you identify the problem but it guides you to get to the root cause of the problem, come up with action plans as well as follow up. So I think it’s useful. Overall I think it’s a great tool.
Interviewer: You agree that it’s a useful tool but is it a tool that you would use in the environment that you work in, especially as a requestor of goods and services from procurement?
Tess: Yes, I would because if you look at this tool, like I said it does not only highlight the issue but you can come up with solutions to assist procurement to give you better service. It’s a great tool and also the fact that there is a follow up action. It’s something that I would use.
Interviewer: Thank you very much. We have come to the end of our interview.
Tess: It’s my pleasure.
Interviewer: Can I call you if I have further questions?
### Appendix E: Interview Coding

<table>
<thead>
<tr>
<th>No.</th>
<th>Division</th>
<th>Transcript</th>
<th>Coding</th>
<th>Theme</th>
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<tbody>
<tr>
<td>1</td>
<td>Governance</td>
<td>Ok. I think if it is done within a day it is dependant on the type of commodity. If I’m going for catering, it’s easy to request the quote today and receive the quote today. If I can give an example, if I request a quote for stationery I give the bidders 5 days so that they can go to their retailers to get the price so that they can give us the conclusive price. So I think that’s the problem for taking long as well. The variation. And another thing after getting the quotation the buyer will send it to the business unit to say according to preferential point system, these are my quotations, this is the results, and this is the winning bidder. And then business must create a shopping cart because the process for getting quotes is not finalised until business is happy. When they are happy they create a shopping cart.</td>
<td>Type of commodity request</td>
<td>Variation in turnaround times in procurement of goods and services</td>
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<td>2</td>
<td>Governance</td>
<td>We go back to the winning bidder and ask them if the quotation is still valid, i.e. if they are still willing to provide the service at Delays are sometimes caused by business taking long to capture</td>
<td>Delays are sometimes caused by business taking long to capture</td>
<td>Variation in turnaround times in procurement of goods and services</td>
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<td>the same price. And then we will continue with the process. If the bidders indicate that they are not willing because the price has changed, we’ll have to cancel the request and restart the process.</td>
<td>requests. Quotes end up expiring services</td>
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| Governance | Because we must also allow the bidders enough time to submit the quotations. If we don’t receive 3 quotations in time we still need to extend by another 3 days. There is a number you need to achieve. | Requirement for RFQs is that it should be in the market for 5 working days |

| Governance | The timeline that I’m saying is 5 days is only for that process. The other one I won’t be able to tell you because it’s P2P management and then even after you have given business, like I said we have challenges although normally we say we are giving them three days to create a shopping cart but it’s up to them to create the shopping cart. So other turnaround times, I don’t think we have control over. | Targets for procurement are set by P2P management. Governance only ensures that the RFQ is in the market for at least 5 working days. |

| Governance | It also depends when they create the PO. Sometimes they can create a blank Shopping Cart before we even go out to the market. They can just create a shopping cart before an RFQ | Variation in turnaround times in procurement of goods and services |

<p>| | | |
|   |   |   |
| 6 | Governance | It can be used. But I think it needs to be specific. And also if you are using it, I’m not sure if I am using it as a document that I will document and then what will happen, whether I will have it as a report or if I have a problem it will only be one problem or more? | A3 can be used but people need to be trained on how to use the A3 tool. | View of the A3 tool |
| 7 | Procurement | First of all there is what we call contract buyers. Those buyers do not necessarily have to go out into the market and do RFQs or source quotations. The contract has been | Contract buyers transact quicker because there is a contract in place. They don’t have to | Variation in turnaround times in procurement of goods and services |</p>
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<td></td>
<td>put in place by the sourcing team so they purely transact from the contract</td>
<td>go to the market.</td>
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<tr>
<td>8</td>
<td>Procurement</td>
<td>So that could be one contributory factor. The other one could be that some of the buyers are fairly inexperienced. So you will expect those to have longer turnaround times compared to experienced buyers.</td>
<td>Experience of buyers</td>
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<tr>
<td>9</td>
<td>Procurement</td>
<td>The other thing is that on the other side, i.e. on business’ side the person that you are dealing with有时 might give you wrong specification. It may also be a new person who does not know how to specify what the requirements are. So there will be toing and froing of fixing the specification before one can go and source the pricing. So those things contribute to the variations. A contract buyer will transact very quickly because the catalogue is there. Whereas someone who has to go out and source prices might take longer and therefore their number of transactions will be lower.</td>
<td>Wrong specification</td>
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<tr>
<td>10</td>
<td>Procurement</td>
<td>They go through training but I</td>
<td>No formal</td>
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still feel we can do better. We don’t have a formal induction process for new buyers. So, most of their induction is done on the desk. And once you are on the desk there is just a lot of pressure. Sometimes some of the people who are inducting you might teach you shortcuts which might create audit problems for you later. So you want them to be inducted properly and given the opportunity to train properly as well.

| 11 | Procurement | This actually is a priority. I’ll tell you why. If we don’t spend the money within the allocated budget, the money will have to go back to Treasury and one can’t afford to send money back to Treasury (*laughs*) due to service delivery issues. The major issue that business has with procurement is turnaround times. Procurement is too slow. People end up doing things which they are not supposed to do. You end up putting people in a compromised situation of breaching rules and regulations because you are not turning around very quickly. Then people | induction for new buyers | turnaround times in procurement of goods and services | The major issue that business has with procurement is turnaround times. Procurement is too slow. | Importance of problem |
have to do condonations and you have to do enquiries, a transaction that should have cost R20 ends up costing more because you have to investigate. So that’s why it’s important that the turnaround times are shorter where reasonable even much shorter. That’s the importance of improving turnaround times.

| 12 | Procurement | It’s standard specifications. Meaning we have to have a specification book for all the goods that we procure. So you don’t have to write out a specification every time you want to procure something. And that’s the challenge that we are facing because every time something has to be procured a specification has to be written. It’s a bit problematic coz it’s time consuming |
| 13 | Procurement | There is a standard template which makes it easy for the buyer to interpret the request. So you are exposing the buyers to wrong interpretation as well. We have had instances where transactions are processed and something is bought but it had to be returned |

|  |  | No standard specification book for all goods that we procure |
|  |  | Variation in turnaround times in procurement of goods and services |

|  |  | No standard template exposes buyer to wrong interpretation of request |
| |  | Variation in turnaround times in procurement of goods and services |
because it was not the required stuff. So you want to avoid those things where things have to be returned because it’s not what was supposed to be bought. That’s why I’m saying we need standard specifications that everyone will know about and those standard specifications can then be reviewed in a predetermined interval. We can say we will review them maybe annually or whatever a reasonable interval is to review those specifications but we need these standard specifications.

<p>| 14 | Procurement | The other thing that is a contributing factor is confirmation of budgets. Sometimes Finance has to send a letter with the request to procure confirming that there is budget. | Confirmation of budgets | Variation in turnaround times in procurement of goods and services |
| 15 | Procurement | It actually is a very useful tool, because if you look at problem solving, if you don’t have a tool that guides you to resolve that problem you might end up with a wrong solution to a right problem because there are things that you will miss along the way. But with a tool like the A3, you know The A3 is a very valuable tool that one can use to solve all sorts of problems. | View of the A3 tool |
| 16 | Procurement | Definitely. I will definitely use it. Because it's a written tool, it sort of sets out precedence for you. You meet similar problems most of the time so you can always go back and say how did we solve that one? What are the steps we took? What are the questions we asked to be able to address that particular problem? So it creates that reservoir of information because you will file the tool with your other information as well. |  |  | I will definitely use the A3 | Use of A3 tool |
| 17 | Business | I think they need to make more | Procurement needs | Variation | in |</p>
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<td>effort in educating the users in making use of their services and the changes in procurement. There is no formal training, at least that I am aware of. So they need to educate business on how the procurement process works.</td>
<td>to educate business of their processes turnaround times in procurement of goods and services</td>
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<td>And when there are changes and updates which there constantly are, I don’t think that this necessarily communicated to the whole organisation. In some cases, you’ll find that National Treasury will put out some guidelines on the procurement process and it’s only when you have started the procurement process that you get told that by the way National Treasury has put these guidelines that we now need to observe</td>
<td>Changes, updates and guidelines from National Treasury not communicated to the whole organisation Variation in turnaround times in procurement of goods and services</td>
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<td>The other thing which I think they have started but is not as well entrenched is having SLAs with procurement.</td>
<td>No Service Level Agreement between procurement and business Variation in turnaround times in procurement of goods and services</td>
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<td>Ya, I think it’s a useful tool because it allows you to get to the root cause of the problem before you start solving it. But I also</td>
<td>Useful tool but not hugely innovative View of the A3 tool</td>
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don’t think it’s hugely innovative because that’s how it’s supposed to be done. Unless you understand the problem and understand where you want to go I don’t think you can come up with a solution. So yes, I think it’s useful but I also don’t think *(giggles)* it’s hugely innovative.

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<tr>
<th>21</th>
<th>Business</th>
<th>Yes, I wouldn’t necessarily call it a tool but I’d follow the process.</th>
<th>Would use the A3 but call it a process rather than a tool</th>
<th>Use of A3 tool</th>
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<tbody>
<tr>
<td>22</td>
<td>Business</td>
<td>The one for stationery differs from the one for cleaning and it will differ from other one where you request 3 quotations, they tried to solve it using the catalogue. The catalogue helps because business units can just go onto the catalogue and make their requests. It goes to the cost centre manager and the cost centre manager releases from there then it goes to the buyer.</td>
<td>Catalogue requests don't need 3 quotes and a PRF are therefore quicker</td>
<td>Variation in turnaround times in procurement of goods and services</td>
</tr>
<tr>
<td>23</td>
<td>Business</td>
<td>Sometimes the buyer is on maternity leave but that one I understood but the issue of experience came into play. Recently we got a buyer.</td>
<td>Experience of buyers</td>
<td>Variation in turnaround times in procurement of goods and services</td>
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<td></td>
<td>Business</td>
<td>Because first of all it helps you identify the problem, and then the causes of the problem, you also have an “ideal”. So you can set an ideal and find ways to get to that. Then stick to it. That’s what I understand. So it’s very useful. I think it’s generally how we would solve problems logically. It’s just that we do not structure our process. So it helps you structure your thoughts.</td>
<td>A3 is very useful</td>
<td>View of the A3 tool</td>
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<tr>
<td>24</td>
<td>Business</td>
<td>Yes. Yes.</td>
<td>Would use the A3</td>
<td>Use of A3 tool</td>
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<td>25</td>
<td>Business</td>
<td>I think some of the buyers are overworked. Because one buyer is responsible for different business units, so they don’t have enough time to process their orders on time.</td>
<td>- workload is not evenly distributed amongst the buyers</td>
<td>Variation in turnaround times in procurement of goods and services</td>
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<td>26</td>
<td>Business</td>
<td>It important because ultimately it affects the operations of business. If you have a need to procure stationery, you want to receive it within a certain period and if you don’t it affects your operations.</td>
<td>Importance of variation of turnaround times in procurement</td>
<td>Importance of problem</td>
</tr>
<tr>
<td>27</td>
<td>Business</td>
<td>I would say because not only does it help you identify the problem but it guides you to get to the root cause of the problem, come up</td>
<td>The A3 is a great tool</td>
<td>View of the A3 tool</td>
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with action plans as well as follow up. So I think it’s useful. Overall I think it’s a great tool.

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<td>29</td>
<td>Business</td>
<td>Yes, I would because if you look at this tool, like I said it does not only highlight the issue but you can come up with solutions to assist procurement to give you better service. It’s a great tool and also the fact that there is a follow up action. It’s something that I would use.</td>
<td>Would use the A3</td>
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<td>Acronyms</td>
<td>Description</td>
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CONSENT LETTER

XXXXXX

04 July 2016

To whom it may concern

This letter serves as notification that I have given consent to Ednah Petla, a UCT student, to conduct research within my division. As discussed with her, her research topic is on application of Lean principles to procurement processes within a government institution.

The research methodology to be used is observation as well as interviews which I have granted her permission to conduct on condition that the names of the participants and the organisation remain anonymous. The duration of the observation as well as the interviews schedule are still to be determined and agreed upon by myself and the student.

The study will benefit the organisation as it will relook at the current processes, with the aim of identifying bottlenecks and eliminating waste within the procurement processes. Different types of waste will be looked at.

A copy of the final report should be submitted to me within a month of submission to the University.

Should you need more information regarding this consent, please contact me on the details provided.

Yours faithfully

XXXXX

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Acting Head of Procurement