PROCUREMENT PROFESSIONAL NETWORK DEVELOPMENT

Khairul Rizal
The program.

- The program to ensure Procurement profesional in Indonesia will increase interm of **Quantity** and **Quality**.

- A promotional program to ensure Procurement will be come a challenging and an attractive profession and more people willing to be a **procurement profesional** in Indonesia.
Notes...

• **Procurement professional** demonstrates that “Procurement is not just ‘shopping’, and not everyone can do it”. It is a complex field, where it is difficult to get great outcomes and satisfy the many and varied demands of stakeholders.

• **Procurement Professionalism**, which incorporates best practice and ethical standards, minimising mistakes, confidence, creating options and continuous improvement, delivers the greatest possible value of procurement.

• **Procurement Professional Development** is essential to developing the professionalism towards procurement professional as a whole.

• Nobody ever got fired for investing in professional development (IBM)
Why need to be Professionals (1)

FOR THE ORGANIZATION

• Better outcomes
  – less cost and better profit.
  – less risk

• Competitive advantage
  – higher quality work
  – better equipped to manage change

• Greater productivity
  – more output for less input
  – fewer mistakes and less reworking

• Improved professionalism
  – more consistent approach
  – greater stakeholder support
  – better teamwork

• Happier, better staff
  • increased staff retention
  • easier to attract and recruit stars

• Greater consistency
  • ability to manage complexity
  • aligned with wider business strategy

• Enhanced corporate capability
  • corporate memory captured
  • contributes to overall capability
Why professional(2)

FOR THE PERSONAL

• Better Performance
  – more productive and effective
  – better results for all

• Improved career prospects
  – feel pride and fulfillment
  – triggers rewards

• Greater confidence
  – feel pride and fulfillment
  – Empowerment

• Introduces professional community
  – build networks
  – learn from others

• Increases professional Attractiveness
  • more productive and effective
  • better results for all

• Enhances status
  • greater recognition
  • builds credibility and reputation

• Develops skill base
  • builds competency
  • expands capability
Why If not Professional....?

We run the risk of:

- Being incapable of responding to changes in volatile external factors
- Losing our competitive edge
- Using out-of-date tools and techniques
- Low staff morale
- Managing risky in procurement.
- Being unable to develop robust succession plans
Where are they?

Private Sector
- Primary (mining, raw materials)
- Secondary (Manufacture)
- Tertiary (Services, Banks, etc)

Public Sector
- Central government
- Local government
- Semi autonomy bodies (Hospital, BUMN/BUMD)

Non Profit Sector
- Professional associations
- Academics
- Procurement/SC M foundations (ITC, IFPSM, etc)
The Procurement Professional Network Development Model
(The X-Y model)
The X-Y Development Model

1. Socialization/Dissimilation of Information
2. Develop a Continuous Professional Improvement Reward (CPIR) System
3. Develop & a better remuneration packages
4. International Recognition and Update

A. Quantity Development

B. Quality Improvement

DPD-1  DPD-2  DPD-3  DPD-4  DPD-5  DPD-6  DPD-7  DPD-n
A. Quantity Development (X-axis)

- The objectives:
  - To encourage more people willing to be a procurement professional.
  - To develop a more support system for procurement professional development in place in Indonesia.
The programs:

- Dewan Pengurus Pusat- Ikatan Ahli Pengadaan Indonesia IAPI (DPP-IAPI) with LKPP will establish DPD-IAPI (Dewan Pengurus Daerah IAPI) in all Provinces in Indonesia.
- Disseminate all Procurement breakthrough initiatives through DPD to get more members.
- Implement all Procurement Professional Development and Capacity building programs with DPD.
- Develop a strong DPP-DPD e-communication means (*a comprehensive information portal, skype, teleconference and e-learning facilities*).
- DPP IAPI will assign a dedicated professional to backup the services.
- Develop partnership with national Procurement/SCM associations (APPI, MLI, ALI, etc) to improve procurement professional competency and contribution value in the organization.
- Develop an annual National Procurement forum for information and communication exchange (Submit, conference and exhibition) of all procurement stakeholders (Seller, buyer, Government officials) in public, private or non-profit sectors.
B. Quality Improvement (Y-axis)

The objectives:

1. To disseminate an improved procurement system (breakthrough or new initiatives) to be implemented in Indonesia.

2. To develop and implement a continuous professional capacity building system.

3. To ensure a better remuneration system for procurement specialist (especially in public government) in place in Indonesia.

4. To network with International Institution “to get informed” of new procurement system development, recognition and control that we are doing on the right development tract.
The programs:

1. Socialization / Diseminiation of Information:
   - Generate a comprehensive promotional package of what LKPP plan and achievement in term of HRD and institutional development (ULP, LPSE), System / regulation reforms (Perpres 70/2012, Strategic Procurement implementation, etc) and infrastructure development (E-procurement).
   - Develop an effective communication and information media to desiminate the initiatives: Meeting forums (seminar, lokakarya, simposium, submit, etc), web and magazine.
   - Develop a consultancy services in DPP to help and assist DPD to implement the initiatives.
2. Continuous professional Improvement Reward (CPIR) system

• Definition:
  CPIR system is a continuous learning activity that must be taken by a procurement professional to always be able to maintain, improve and develop their professional competency.

• CPIR objectives:
  – To encourage members to maintain, improve, and develop professional competency in continuing basis.
  – To Equip members with advanced expertise in their field/specialization ... so they can apply in better performing their duties and obligations.
  – To maintain and enhanced public confidence that procurement profesional always improved and get updated towards business and procurement challenges.
• CPIR Scoring system
  – Procurement Professional has to have a minimum of 48 SKS, which reflected to 48 JP (6 days activities) of the following activities in a year. (*need a consencus for detail criteria*).
    • Training
    • Workshop
    • Panel Discussion
    • Seminar
    • Conference/Convention
    • Simposium and
    • International certification Program
    • Other recommended activities designed by IAPI
  – IAPI and LKPP may develop the criteria for activities and JP scoring for CPIR programs.
  – This score will be a main consideration for promotion/career development of a procurement profesional.
3. Develop and implement a better Reward system.
   
a. Develop a **Continous profesional Improvement Reward (CPIR) system*** to ensure a continuous competency development program is inplace in procurement professionalization program.

b. Develop a **more attractive remuneration packages** for procurement professional. *(For Public procurement profesional with the preventive corruption reason it can be equivalent to KPK compensation or rewards system).*
3. Develop and implement Reward system

a. Develop a more attractive remuneration packages for procurement professional (with the preventive corruption reason it can be equivalent to KPK compensation or rewards system).
b. Approach is driven by potential saving can be done by procurement profesional. (prevention or “before the fact” compare to KPK which is “after the fact” on corruption practices), illustration:

- Yearly govt. procurement budget est. 40-45 % of the budget (APBN/APBD), est on 2013 , 500-600 Triliun Rp.
- Quote: 30% (150-200 T) is indicated gone due to inefficiency procurement practices...??
- Procurement profesional can save this inefficiency.
- Est. Total ULP team member (50,000 personnel),if the remunation est 15 jt/month average it will be 9 T /year or only 2-2,5 % of procurement spending. (see KPK range)
c. Approach and work together with Financial Ministry (Menteri Keuangan) to ensure this remuneration package can be in-place.

- Develop a joint study of prevention position in Anti Corruption initiatives is a critical point for country budget saving.
- Convince with implementing and better control of all new procurement initiatives (e-procurement, strategic procurement etc) will save a huge and significant government budget.
# KPK salary range - 2011*

<table>
<thead>
<tr>
<th>Komponen</th>
<th>Ketua</th>
<th>Wakil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gaji Pokok</td>
<td>5.040.000</td>
<td>4.620.000</td>
</tr>
<tr>
<td>2. Tunjangan Jabatan</td>
<td>15.120.000</td>
<td>12.474.000</td>
</tr>
<tr>
<td>3. Tunjangan Kehormatan</td>
<td>1.460.000</td>
<td>1.300.000</td>
</tr>
<tr>
<td>4. Tunjangan Perumahan:</td>
<td>23.000.000</td>
<td>21.275.000</td>
</tr>
<tr>
<td>5. Tunjangan Transportasi:</td>
<td>18.000.000</td>
<td>16.650.000</td>
</tr>
<tr>
<td>6. Tunjangan ASKES dan Jiwa:</td>
<td>2.200.000</td>
<td>2.200.000</td>
</tr>
<tr>
<td>7. Tunjangan Hari Tua:</td>
<td>5.405.000</td>
<td>2.598.500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70.225.000</strong></td>
<td><strong>61.117.500</strong></td>
</tr>
</tbody>
</table>
## Current SCM/Procurement Remuneration Package* /Month (in Juta Rp)

<table>
<thead>
<tr>
<th>No</th>
<th>Level</th>
<th>Service years</th>
<th>Private Sector</th>
<th>Public Sector*</th>
<th>No Profit Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Primary (O&amp;G)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Secondary</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tertiary</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>VP-Director</td>
<td>&gt;20 thn</td>
<td>80 -120</td>
<td>40-80</td>
<td>60-120</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40-80</td>
<td>60-120</td>
</tr>
<tr>
<td>2</td>
<td>Mng-Sr.Mng</td>
<td>15-20</td>
<td>40-80</td>
<td>20-40</td>
<td>30-60</td>
</tr>
<tr>
<td>4</td>
<td>Jr-Supervisor</td>
<td>5-10</td>
<td>10-20</td>
<td>5-10</td>
<td>5-15</td>
</tr>
<tr>
<td>5</td>
<td>1st graduate</td>
<td>0-5</td>
<td>5-10</td>
<td>3-5</td>
<td>3-5</td>
</tr>
</tbody>
</table>

*Public Sector* - proposal (est KPK range)
Proposal LKPP (*study result)

- Gaji
- Tunjangan Kinerja Kerja (TKK/Tunjaker)
- Tunjangan Profesi (TP)
- Tunjangan Lembur (TL)
- Tunjangan Risiko Jabatan (Turisjab)
- Tunjangan Transportasi (Tutrans)
- Tunjangan Lain-lain
- Usulan LKPP /month:
  - Optimis: (1) 14,5-31,1 jt, (2) 6,5-14,5 jt
  - Pesimis: 2,6- 6,6 jt

a. Be an IFPSM (International Federation of Procurement and Supply Management) member, The federation of over than 52 international association and international Procurement institutions) also ITC recognition.

b. Develop a joint program to ensure Indonesia will be an active Country in promoting and implementing new procurement initiatives toward better value for money in procurement practices,

The Time

1. Master Plan dissemination
2. Seek recognition from ITC
3. Associative partnerships
4. Promote LKPP mandates
5. Promote Procurement professionalization

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFPSM.PASIA, ISM,ITC</td>
<td>DPD and Industry Associates (APPI,,MLI,ALI,etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop a comprehensive Promotional material on LKPP Plan and achievements and disseminate thru all promotion channels (conventional and internet based technology)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Summary

• Procurement Profesional Network Development is a must program toward national procurement profesionalization implementation.

• A sinergetic Implementation of “Remunation system” and A Continous profesional Improvement Reward (CPIR) system will be key succes factors in implementing the procurement profesionalization program.

• A remunation proposal for Indonesian Govt procurement profesional has to be driven at least to a KPK remunation package.

• IAPI will be a partner of choice and a prive mover of this Procurement Profesional Network Development program.
• Thank You.