



**TERMS OF REFERENCE**

**FOR THE**

**BUSINESS PROCESS REENGINEERING (BPR)**

## **1. BACKGROUND INFORMATION**

The Public Sector Education and Training Authority (PSETA) was established on the 1st April 2000 in accordance with the provisions of the Skills Development Act No. 97 of 1998 as amended.

## **2. OBJECTIVES, PURPOSE AND EXPECTED RESULTS**

The main objective of conducting thorough business process reengineering (hereafter referred to as: BPR) is radical redesign and modernization of all business processes at PSETA, with the purpose of raising the business efficiency and effectiveness at all levels across the organisation.

The task comprises a ground-breaking re-engineering of the PSETA core business functions, with a final goal of significant and measurable improvement and optimization of the PSETA business system.

It is crucial to make the following paradigm shifts resulting in effective governance, efficient performance, and targeted development outcomes for public sector and transparent accountability mechanisms:

- Shift from a function-oriented work performance to a service-oriented performance;
- Shift from output-based assessment to well defined outcome-based assessments.
- Shift from an ad-hoc piecemeal view of performance information to an integrated data-driven view.

### **2.1. Purpose**

The purpose of this project is to establish cost-effective and measurably more efficient set of business processes in the core business of PSETA, by redesigning, and reengineering of core business processes in PSETA, as

well as introducing the new ones if necessary for accomplishing PSETA mandate.

## **2.2. Expected results and activities**

In order to meet the high expectations regarding the harmonization of business processes and improvement of efficiency, PSETA has identified a need to appoint a consulting company (hereafter referred to as: the Consultants), who will provide the following:

- Thorough as-is analysis: In cooperation with all relevant practitioners, document and map all selected business processes and provide comparative analysis of selected and corresponding processes in different PSETA departments (within the core business) with other SETAs of similar size and sector; Identify shortcomings, constraints to operational efficiency and bottlenecks in each process; Identify and analyze process inherent transaction costs for all selected business processes through activity based costing, aiming at quantifying savings in the design of new and harmonized end-to-end business processes;
- Thorough to-be analysis: Based on the mapping of corresponding business processes in different PSETA departments (within the core business), design results-oriented end-to-end business processes and provide detailed recommendations on business practices improvements with a focus on increased interagency harmonization, improved effectiveness, greater efficiency and a measurable reduction of transaction costs, improving performance through KPI's.
- Action plan drafting: Based on all of the previous analyses, an action plan draft should be prepared, organize, coordinate and conduct

presentations on the project status in order to provide regular updates to the stakeholders;

- Supporting the Change management initiative: Identify key training requirements for the implementation of agreed harmonized business processes that include consideration to linkage among various functional areas throughout the core business process; Assist PSETA representatives in all other aspects of the change management process within the organization. Within the training process certain activities are to be undertaken in order to help facilitate the change management process.
- Firstly, it is important to define the business strategy and processes, using the value chain and thinking about stakeholder benefits, which is the learner, training provider, employees, employer and the Accounting Authority of PSETA. Furthermore, it is necessary to establish current performance and understand low level processes, relationships and information requirements. Next step in the training activities is identifying measurable aims, as opportunities for improvement, and create a defined business case for their achievement with continuous updates. Furthermore, process monitoring, risk assessment, dependencies, costs, return on investment and benefits affecting the progress of the work are to be continuously tracked. Benchmarking is a must do activity in the training process which will help identify stakeholder requirements. During the process it is important to learn to use a problem solving approach (i.e., the open organization approach). Lastly, it is important to provide end to end solutions and ensure control at the source by providing skilled professionals who will supervise the training process and guide the employees towards successful change management, bearing in mind to make only the essential changes.

### **3. ASSUMPTIONS, ROLES AND RESPONSIBILITIES**

#### **3.1 Assumptions Underlying the Project Intervention**

The following assumptions apply regarding this project:

- Willingness of all stakeholders to participate in the activities of the project;
- Provide support and motivation to all stakeholders, especially PSETA employees, during the BPR process. Prepare them for the change, let them know what they can expect of it and convince them to embrace the change
- Services provided through PSETA systems satisfy the needs of PSETA clients;
- Key stakeholders which are exchanging information and data with PSETA are willing to cooperate and open their communication channels towards PSETA;
- Technical capacity of the key stakeholders to build services for mutual information exchange;
- Legal and other regulatory frameworks are in place to support and enable the work in hand

#### **3.2 Roles and Responsibilities of PSETA**

PSETA will undertake the following responsibilities for the smooth execution of the project assignment:

- Provide all documents and data related to the project that are readily available;
- Ensure active participation of PSETA personnel at all levels during the whole time of the project execution;

- Facilitate consultation with PSETA personnel and other stakeholders (e.g. Accounting Authority, etc.);
- Provide necessary infrastructure to conduct workshops, training and other consultations; and
- Identify and constitute Project Champions from within the core business at various levels to aid the Consultants in execution of the project assignments;
- Constitute PSETA Steering Committee and undertake periodical reviews and extend all the support to the Consultants;
- Facilitate prompt feedback on reports and approvals of documentation submitted by the Consultants;
- Facilitate change management and training programs to be undertaken by the Consultants, Risk Management Programs; and
- The Consultants will be responsible for all travel, transport and accommodation costs in relation to the assignment

#### **4. SCOPE OF WORK**

Harmonization of business practices is an essential input for the increase in PSETA business system wide efficiency, and the most relevant business practices in PSETA will be identified, mapped out, analyzed and re-designed.

The project aims to capture the current state of PSETA business processes and reporting about it to PSETA Steering Committee. After the approval, the Consultants should develop the set of strategic and

policy-based recommendations for the redesigning and reengineering of PSETA's core business processes.

After reviewing set of recommendations obtained by the Consultants, PSETA Steering Committee will make further decisions regarding the implementation plan.

#### **4.1 Key tasks and activities**

The key tasks and main activities of the project are the following (but not limited to):

- **Phase 1: Assessment** – During the first four weeks of the project, the team of Consultants will carry out the following activities:
  - i. **Project Kick-off Presentations** – to ensure visibility and project awareness across the whole PSETA, the team shall organize one project presentation targeted at representatives of the departments and functional areas in PSETA;
  - ii. **Discovery Workshops** – intensive workshops that bring together the Consultants experts and PSETA personnel, and assist stakeholders determine how the business processes are done currently, what are the existing problems and occasional issues, and how to solve critical business problems and achieve key business objectives. These events are organized on occasion, when certain set of business processes and/or PSETA department functions are being organized, and the Consultants needs thorough information on it. Workshops will aim at explaining to the personnel and stakeholders what the change will bring, how to

prepare themselves, provide them with necessary tools and explain how they can benefit from the change;

- iii. **As-Is Study** – Iterate and validate the objectives of the BPR assignment with key stakeholders. Review, map and analyze current business processes including the roles and responsibilities of institutional structures and individual functionaries - vertically at all levels of administration, and horizontally across other key cross-functional departments.

**4.2 Strategy Building – During the second eight weeks of the project, the team of Consultants will carry out the following activities:**

**4.2.1 To-Be Study** – *Provide a detailed study of new business processes by iterating and validating the PSETA business objectives with key stakeholders against every of the processes introduced, including the roles and responsibilities of institutional structures and individual functionaries - vertically at all levels of administration, and horizontally across other key cross-functional departments;*

**4.2.2 Gap analysis** – Analyze performance and structures of current business processes and the redefined (improved) processes, in order to clearly point-out the benefits, but also the possible changes that could impact other aspects of PSETA business systems;

**4.2.3 BPR Recommendations** – map and document the transformation process using appropriate BPR tools, methods, techniques and notations. Redesign structures and processes of PSETA across all levels of jurisdiction in order to deliver high standards of service, reduce duplication of effort, encourage development of harmonized more streamlined procedures and to

clarify roles and responsibilities at every level of administration. Identify the best practices for adoption with details of alternatives and their suitability. Conduct the thorough gap analysis. Propose the appropriate BPR tools such as Business Activity Monitoring (BAM) or Process Mining to fulfill the process;

4.2.4 **Action plan** – The Consultant/s is expected to prepare action plan containing all documents necessary for future tendering purposes;

4.2.5 **Change Management and Capacity Building** – The Consultant/s is expected to design a viable and detailed change management and capacity building strategy and execute the same, with the assistance of PSETA, in a manner that facilitates the benefits from the BPR to get embedded in the system.

4.2.6 **Wrap-up Event** – The Consultant/s will organize a final wrap-up event in order to present the final results of this project, and to underline the impact of the BPR results to PSETA.

### **4.3 Deliverables and Work Products**

All deliverables, such as reports, plans and other artifacts, should be delivered to PSETA Steering Committee for acceptance and/or approval, in order to reach the milestone planned and continue to the next project phase. The project will result in the following deliverables and work products, which will be make available both in all suitable electronic (html, pdf, and doc) and printed forms:

#### **Phase 1**

4.3.1 **Project Inception Report**, which shall consist of the detailed Project Work Plan to carry out the assignment. The Project Work Plan shall have details of the Project team, detailed timelines, detailed notes on the proposed approach and methodology as well as an identified list of key stakeholders. The terms of reference may

be improved and refined for better achieving the outcomes, through mutual discussions at the inception report stage;

- 4.3.2 **As-Is Study Report**, including stakeholder analysis, identification of sample size for study, identification of services, and detailed process diagrams for the current business processes. The report should clearly provide references to extant documentation. The report shall also identify current threats to the organization, bottlenecks and possibilities for improvement.

## **Phase 2**

- 4.3.3 **To-Be Study Report**, including new business processes by iterating and validating the PSETA business objectives with key stakeholders against every of the processes introduced, including the roles and responsibilities of institutional structures and individual functionaries;
- 4.3.4 **Comparative Report (Gap Analysis)**, analyzing performance and structures of the current business processes and the redefined (improved) processes, in order to clearly point-out the benefits, but also the possible changes that could impact other aspects of PSETA business systems. Basically, this report should contain a gap analysis.
- 4.3.5 **Business Process Reengineering Recommendations Report**, including all areas outlined in the scope of work and as modified through discussions during Phase I, specifically detailing areas that need administrative amendments of rules. Draft rules and administrative amendments required to give effect to the accepted recommendations;
- 4.3.6 **Focus Report on Stakeholder (learners, training providers and employers) Administration**, with a stakeholder centricity as

the aim of ensuring stakeholders welfare and satisfaction, which is critical for PSETA to provide good governance. The prerequisites of stakeholder centric governance have to be elaborated in the context of PSETA business process reengineering, and benefits clearly pointed-out, to assist PSETA high-level stakeholders' decision making;

4.3.7 **Action plan**, which clearly defines, a step-by step manner, the scale up, approach and methodology. Action Plan will be one consolidated document, which shall include tactics, activities and operational goals to be implemented with specified time frames, detailed implementation approach/schedule, anticipated outcomes, risk mitigation plans, and related financial and other resource estimates, such as detailed cost estimation and project timeline;

4.3.8 **Detailed Training and Change Management Plan**, for achieving the proposed recommendations, including training workshops for employees of PSETA, at various levels, which is determined in cooperation with PSETA management;

4.3.9 **Final Project Report**, containing the following sections: Project Summary; Introduction; Objectives Statement; Methods and Resources; Project Results (quantitative and qualitative results, with proper visualizations); Conclusions and Discussion (findings, project usefulness, challenges and limitations, future work directions, lessons learned); Outreach (describing very briefly the type of outreach that the project did, or expect to do); References; Addenda (project-related materials and resources).

- Across all phases, periodically:

**4.3.10 Monthly Progress Reports (MPR) and Periodic Reports,** consisting of progress vis-à-vis agreed work plan and report of existing/possible constraints for mitigation should be submitted to the Consultant/s, at least during the first year, in order to properly and objectively evaluate the improvement. MPR will also include presentations to the Project Governance teams and other Consultant(s) of PSETA for mutual learning. This will also include workshops related reports, focus group discussion (FGD) reports, minutes, record of discussions, and other documentation that form part of the assignment.

#### **4.4 General Methodology for Consultancy**

*The following methodology is a generic outline and the Consultant(s) is free to suggest approaches and methodologies based on their own experience and expertise. General methodology outlines the following:*

- Review of existing administrative processes, procedures, and systems (both horizontal and vertical administrative levels) for PSETA Core Business;
- Consultative meetings with the stakeholders;
- Review of extant rules, procedures, legislative documents and program related documentation;
- Consultation and collaboration with other relevant consultancies (if any);
- Focus group discussions including with officials at all levels of PSETA administration,
- Verification and validation workshops; and
- Review of best practices.

#### **4.5 Phases and Activities**

The following table provides detailed (but not limited to) key tasks and activities to be performed by the Consultant(s) at each phase of the assignment, timelines and the deliverables thereof.

Phases	Activities	Deliverables	Timelines
I. Assessment	<ul style="list-style-type: none"> <li>• Project Kick-off Presentations</li> <li>• Discovery Workshops and study of the present business processes (part of the As-Is Study)</li> <li>• Identify the PSETA key processes (part of the As-Is Study)</li> </ul>	<ul style="list-style-type: none"> <li>• Project Inception Report</li> <li>• As-Is Study Report</li> <li>• Monthly Progress Reports (MPR) and Periodic Reports</li> </ul>	4 weeks

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">II. Strategy Building</p>	<ul style="list-style-type: none"> <li>• Design of the re-engineered processes for key services (part of a To-Be study)</li> <li>• Assist PSETA departments and other organizational units in identification of regulatory / statutory changes and draft the changes</li> <li>• Preparing the BPR Recommendations for PSETA</li> <li>• Prepare change management and communication strategies along with capacity building</li> <li>• Conduct Training Need Assessment (TNA) for the change in PSETA business processes</li> <li>• Wrap-up event</li> </ul>	<ul style="list-style-type: none"> <li>• To-Be Study Report</li> <li>• As-Is/To-Be Comparative Report (Gap Analysis)</li> <li>• Business Process Reengineering Recommendations Report</li> <li>• Focus Report on E-Governance</li> <li>• Focus Report on Citizen Centric Administration</li> <li>• Monthly Progress Reports (MPR) and Periodic Reports</li> </ul>	<p style="text-align: center;">8 weeks</p>
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		<ul style="list-style-type: none"><li>• Action plan</li><li>• Monthly Progress Reports (MPR) and Periodic Reports</li><li>• Detailed Training and Change Management Plan</li><li>• Project Final Report</li></ul>	
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## **5 LOGISTICS AND TIMING**

The selected Consultant(s) are expected to start working on the assignments immediately upon signing the contract and submit the initial report and present the working team within 14 working days of the contract.

### **5.1 Location**

Since the project requires regular interaction with the employees and officers at PSETA, it is essential that the selected Consultant(s) set up a project office in Pretoria, Hatfield with the required number of resources. It is also required that the Consultant(s) appoint a Project Manager, which has sufficient experience to lead the team on-site and provide overall guidance to the team and consultancy to PSETA.

### **5.2 Equipment**

No equipment is to be purchased on behalf of PSETA as part of this contract or transferred to PSETA at the end of this contract. Any equipment related to this contract that is to be acquired by PSETA must be purchased by means of a separate supply tender procedure.

### **5.3 Language**

The official language for the assignment shall be English. All deliverables, reports and artifacts produced by the Consultant(s) in this project shall be made available to PSETA in English in hard / printed copy and in all suitable digital forms (such as html, pdf, doc). This is the responsibility of the Consultant(s).

#### **5.4 Commencement Date & Period of Performance**

The intended commencement date is June 2019 and the period of performance of the contract will be three months from this date.

#### **5.5 Governance Structure and Ownership**

The PSETA will constitute a Steering Committee for periodical monitoring of the assignment and for providing necessary guidance and coordination from time to time.

All documents, software, material, and reports produced under this assignment, in any form whatsoever, will be the sole property of PSETA and the Consultants shall not use, replicate, and reproduce the same in any manner without the written consent of PSETA.

### **6. Requirements for professional expertise**

This is a full time consultancy project. It is expected that the core team of key experts and the desired number of suitable Consultant(s) (named here as other experts) shall be available on-site as needed during the entire duration of the project. This core team will be duly supported by off-site teams of senior Consultant(s), subject matter and/or domain experts, etc. An indicative profile of such Consultant(s) is given below.

#### **6.1 Project Team**

The Consultant(s) shall provide the consultancy of the following staff (consisted of key experts and other experts) and expertise (but not limited to):

- A project manager / team leader – ideally, governance or business reengineering expert; s/he shall provide the overall guidance to the project. Also a professional project management Consultants with at least 10 years

of project management experience. S/he will provide a comprehensive project management support to PSETA during the project;

- Process expert/s – process expert/s with relevant experience in study of the government processes, government process reengineering, institutional strengthening, proposal management, vendor evaluation, program management etc.;
- A business process designer – an expert with deep knowledge of standard and widely-accepted business process modeling methods, techniques, tools, languages and notations, its analysis in static terms and simulation in dynamic conditions, process bottlenecks detection, etc.;

## 7 TABLE OF ACRONYMS

BPM	Business Process Management
BPR	Business Process Reengineering
PSETA	Public Service Sector Education and Training Authority
FGD	Focus Group Discussion
GPR	Government Process Reengineering
ICT	Information and Communication Technology
ISO	International Standardization Organization
IT	Information Technology
NIT	Notice Inviting Tender
PM	Project Management
PMI	Project Management Institute
RFP	Request for Proposal
QoS	Quality of Service
TNA	Training Need Assessment
ToR	Terms of Reference
CBAP	Certified Business Analysis Professional

## 1. EVALUATION PROCESS

The proposals will be evaluated on the 80/20 principle with 80 points being allocated for price and 20 points allocated for B-BBEE, once the minimum functionality criteria are met.

The evaluation will be based on:

<b>Phase 1 : Functionality Evaluation</b>	
<b>Phase 2 : Preferential Point System</b>	<b>Points</b>
Price	80
B-BBEE status level of contribution	20
<b>Total</b>	<b>100</b>

### PHASE 1 – FUNCTIONALITY EVALUATION

Proposals must meet the minimum eligibility criteria in respect of functionality of 75 points out of a 100 points that

will be awarded for functionality before they are considered further.

Any bid that does not meet the minimum eligibility threshold will be automatically disqualified.

The functionality criteria together with the maximum points to be awarded are set out below:

Domain	Functionality Criteria	Weight	Score (1-5)
<b>Project Relevance</b>	Relevance of the Proposal to the objectives and priorities of the business process reengineering.	40	
	Detailed methodology and approach in implementing the project.		
	Comprehensive implementation plan in with the proposed timelines.		
	Relevance of the project to particular needs		
	Understanding of the issues and problem analysis.		

	Clarity of work plan and specific project activities.		
<b>Capacity to deliver</b>	Demonstrate the capability and capacity to meet the requirements in terms of the specification.	<b>30</b>	
	Detailed CV and Certification of the Project Manager/Team Leader.		
	Detailed CV's and Certification of the key staff members that will be providing the technical support after implementation.		
<b>Experience and Expertise</b>	Previous relevant experience supported by portfolio of work for a similar scale project.	<b>30</b>	
	Proven expertise in business process reengineering.		
	Evidence of a minimum of three contactable references, signed.		
<b>NB: Scoring is at the discretion of the evaluator</b>			
	<b>Total Score</b>	<b>100</b>	

## PHASE 2 – PREFERENTIAL POINT SYSTEM SCORING

Proposals must score a minimum of 75 points in the functionality evaluation phase 1 to proceed to phase 2 of the evaluation.

Applicants meeting the minimum functionality criteria, will then be scored on the 80/20 principle, based on their price and B-BBEE ratings respectively.

The applicant with the highest total number of points will be awarded the contract.

## 2. FORMAT OF THE BID SUBMISSION

1. Company Profile
2. Team member names and roles
3. Track record and experience
4. Project Plan
5. Declaration of readiness to implement
6. Submission of all applicable documents as indicated below:
  - An original, valid Tax clearance certificate or Proof of exemption from SARS;
  - A valid B-BBEE Status Level Verification certificate, copies must be certified (includes a colour copy)
  - Copy of the central supplier database document
  - The completed and signed Standard Bidding documents (SBD)
    - SBD 4
    - SBD 6.1
    - SBD 8
    - SBD 9
  - Copy of the registration document of the organisation;
  - Pricing Schedule

### **3. IMPORTANT INFORMATION FOR BIDDERS**

1. Proposals must be submitted in four (4) hard copies including one (1) original ensuring that the copies are exact replicas of the original document
2. Non submission of a CentralSupplier Database document will render your proposal as disqualified
3. Consortium/Joint Ventures must submit their consolidated tax clearance certificates, B-BBEE certificates and other relevant documents to qualify.
4. All the SBD documents must be completed, signed and submitted. Failure to do so will disqualify the bid.

#### **Bid applications must be submitted to:**

**Ms Anne Gideon**

Manager: Supply Chain Management

The PSETA

2<sup>nd</sup> Floor, Sanlam Building

353 Festival Street, Hatfield

Pretoria