# **Defining criticality to business assessment**

Calculate criticality to business by answering the ten customised questions listed below to determine how significant the procurement activity is to the performance obligations on the organisation. A score of one (1) is the furthest from core (least critical) and ten (10) is closest to core (most critical).

Coupling the risk (from the **Contract risk segmentation tool**) and proximity to core scores will position the particular procurement activity in the appropriate contract management risk quadrant. Procurement classified as leveraged or focused in the complexity assessment is associated with the greatest risk/ close to core variability.

The contract management risk quadrant indicates which contract management tools and templates to use to support best practice contract management.

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| Score 1. | Does this supply have minimal significance to the provision of core services? |
| Score 2. | Does this supply have little relevance to the provision of core services? |
| Score 3. | Does this supply have some impact on the provision of core services? |
| Score 4. | Does this supply support the provision of core services? |
| Score 5. | Does this supply support and integrate with the provision of core services? |
| Score 6. | Does this supply have relevance to the provision of core services and will the organisation be affected if this supply fails? |
| Score 7. | Does the supply have some direct influence on the provision of core services and will this supply impact the functioning of the organisation if this supply fails? |
| Score 8. | Does this supply have a direct impact on the provision of core services and will this supply impact the functioning of the organisation if this supply fails? |
| Score 9. | Does this supply have a direct impact on the provision of core services and place stakeholders and clients at risk if this supply fails? |

**Definition:** **Criticality to business** refers to how significant the good and service is to the organisation. The procurement is considered vital to core operations when a failure would result in a significant impact to the provision of that organisation’s core services.

## Using this tool

This tool accompanies the [Contract management - Goods and services procurement guide.](https://buyingfor.vic.gov.au/contract-management-goods-and-services-procurement-guide)

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