



UNIT CONTENT GUIDE

International Certificate in Purchasing and Supply

International Advanced Certificate in Purchasing and Supply



THE
CHARTERED INSTITUTE OF
PURCHASING & SUPPLY®





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|--------------------------------------------------------------------|----------|
| Introduction | 2 |
| UNIT CONTENT | |
| INTERNATIONAL CERTIFICATE IN PURCHASING AND SUPPLY | |
| Understanding purchasing principles | 3 |
| Selecting the right supplier | 4 |
| Effective negotiation in purchasing and supply | 5 |
| Managing inventory | 6 |
| The business environment for purchasing and supply | 7 |
| INTERNATIONAL ADVANCED CERTIFICATE IN PURCHASING AND SUPPLY | |
| Analysing the supply market | 8 |
| An introduction to purchasing strategy | 9 |
| Preparing and managing contracts | 10 |
| International logistics | 11 |
| Measuring performance in purchasing and supply | 12 |

UNIT CONTENT GUIDE

International Certificate in Purchasing and Supply International Advanced Certificate in Purchasing and Supply

Introduction

The Chartered Institute of Purchasing & Supply is the globally recognised professional Institute for everyone working in purchasing, procurement or supply chain management. International members can study for the International Certificate in Purchasing and Supply and progress to the International Advanced Certificate in Purchasing and Supply.

The International Certificate qualification will be awarded to students who have knowledge of the main concepts and principles associated with the area of study.

They will be able to:

- Identify and describe the main concepts and principles
- Present and/or interpret qualitative and quantitative data
- Communicate clearly in written English, using diagrams, graphs and charts as required

Additionally for the International Advanced Certificate they will be able to:

- Suggest solutions to a range of problems
- Analyse data and make reasoned judgements
- Develop lines of argument

Entry requirements

There are no entry requirements to commence studying for the International Certificate in Purchasing and Supply. However you must complete the International Certificate programme before starting the International Advanced Certificate. They are

progressive awards as topics introduced at the Certificate level are developed in the Advanced Certificate.

Each award has five compulsory units. Each unit is designed for a minimum of 15 hours direct tuition and it is expected that students undertake an additional minimum of 15 hours self study per unit. This equates to approximately 150 - 200 hours of study for each Certificate, including a minimum of 75 hours of direct tuition. Our international study centres will allocate the time they decide to be necessary for each unit as being right for their students.

- See www.cips.org for details of our international study centres.

Exemptions

If you can demonstrate that you have studied the same subject material within an alternative programme that is recognised by CIPS to be on an equivalent level, then you may be granted an exemption on a subject for subject basis. Please see information on how to apply for exemptions in study and qualify on the website www.cips.org



Understanding purchasing principles

INTERNATIONAL CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide students with an introduction to the key principles and objectives that underpin the professional purchasing task.

RATIONALE

Professional purchasing encompasses a wide range of activities. This unit provides an overview of the key operational processes and principles involved in organisational purchasing.

1. Identifying needs:

Introduction to the 'five rights' and the operational objectives of purchasing:

- a) The right quality: quality as 'conformance to specification' and 'fitness for purpose', the costs of getting quality wrong, specifications and quality, approaches to managing supplier quality
- b) The right quantity: determining the quantity required, factors influencing the choice of how much to buy, minimum order levels and values
- c) The right place: in bound transportation of goods to the delivery point, issues arising from international transportation
- d) The right time: internal, external and total lead time and factors that influence lead time, expediting, measuring supplier delivery performance
- e) The right price: the different types of cost, and where purchase price fits in, factors affecting how a supplier prices their products or services

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Explain the fundamental objectives of the purchasing task as expressed by the 'five rights'
- 1.2 Outline the key issues that need to be addressed with a view to ensuring that the buyer obtains the inputs of the right quality, quantity, price delivered to the right place, at the right time
- 1.3 Examine the buyer's role in defining the 'five rights'
- 1.4 Explain the importance of clearly specifying requirements with respect to the 'five rights' within the purchase order and associated documentation

2. Specifying requirements

- a) Definition of specifications
- b) Prescriptive and non-prescriptive specifications
- c) Ideal characteristics of a specification
- d) The buyer's role in preparing specifications
- e) Common problems with specifications
- f) Different types of product and service specification: brand name, sample, design/drawing, composition, performance/functional
- g) Standards and standardisation
- h) Value engineering and value analysis
- i) Taking account of legislative requirements and company policy in specifications

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Explain the purpose of specifications
- 2.2 Describe how a buyer can contribute to preparing specifications
- 2.3 Discuss the benefits of value analysis and value engineering in preparing specifications
- 2.4 Identify the different types of specification, and suggest when each type is appropriate
- 2.5 Highlight areas where legislation and company policy may impact upon specifications
- 2.6 Explain the benefits of standards and standardisation

3. Contracts

- a) Definition of a contract
- b) Why contracts are needed
- c) The buyer's role in preparing contracts
- d) Forming a contract: offer and acceptance, consideration, intention to be legally bound, legal capacity
- e) Representations and terms
- f) Types of contract terms: express and implied terms, conditions and warranties
- g) Remedies for breaching terms of the contract
- h) Common contract terms: title, property and risk, defect liability, payment terms, liquidated damages, subcontracting, variation, termination
- i) Model forms and standard forms of contract
- j) Settling contractual disputes

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Explain when a legally enforceable contract comes into being
- 3.2 Distinguish between the different types of terms that make up a contract
- 3.3 Explain the implications of the 'battle of the forms' to buyers
- 3.4 Identify and discuss key commercial terms that can be incorporated into commercial contracts
- 3.5 Describe the benefits of using standard contracts
- 3.6 Outline the different ways in which contractual disputes can be resolved

4. Ethical issues in purchasing

- a) Conflicts of interest
- b) Gifts and hospitality
- c) Dealing with suppliers ethically
- d) Designing systems and procedures to discourage unethical practices
- e) The CIPS Code of Ethics
- f) Ethical sourcing and trading

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Distinguish between ethical and unethical practices in business transactions
- 4.2 Explain the CIPS Code of Ethics
- 4.3 Explain the reasons for and meaning of ethical sourcing

Selecting the right supplier

INTERNATIONAL CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide a framework that can be used in order to identify potential sources of supply, appraise and select the best suppliers from these sources and then monitor and encourage improvement in these suppliers.

RATIONALE

A successful purchase will always depend on finding and selecting the right supplier - this is particularly important for items which are critical to the operation of the organisation.

1. The sourcing process

- a) The stages in the sourcing cycle
- b) Purchasing documentation associated with each stage

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Identify what characteristics the right supplier will possess
- 1.2 Describe the key stages of the sourcing process
- 1.3 Demonstrate familiarity with the documents that are used in the sourcing process
- 1.4 Explain the importance in the purchasing process of selecting the right supplier

2. Appraising suppliers

- a) When supplier appraisal should be carried out
- b) Methods of supplier appraisal
- c) Supplier appraisal criteria including: technical/quality, financial, commercial and environmental appraisal
- d) Evaluating suppliers' commitment
- e) Evaluating suppliers' capabilities

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Explain what supplier appraisal is, the need for it and why it is an important procurement activity
- 2.2 Explain how a supplier appraisal can be carried out
- 2.3 Describe how to appraise a supplier's capabilities in a number of areas and how to draw conclusions as to the best supplier under given circumstances
- 2.4 Appraise a supplier's commitment in addition to their capabilities

3. Sources of information

- a) Identifying potential sources of supply
- b) Sources for supplier evaluation
- c) Setting up a supplier data system

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Identify different sources of information about suppliers and how these sources enable the buyer to appraise a supplier's capabilities

- 3.2 Discuss the impact of electronic systems like the Internet, in both supplier identification and supplier evaluation
- 3.3 Explain the advantages of computerised systems of managing information over manual systems
- 3.4 Suggest useful categories of information which could be held on a supplier data system
- 3.5 Design a simple supplier data system

4. Sourcing methods

- a) Requests for proposals and quotations
- b) Open tendering processes
- c) Restricted and selective tendering processes
- d) Direct negotiations and post-tender negotiation

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Explain the stages of the tendering process and the appropriate use of tendering
- 4.2 Outline and explain the advantages and disadvantages of the different types of tendering arrangements
- 4.3 Identify appropriate circumstances for direct negotiations with suppliers, rather than using competitive tendering
- 4.4 Identify situations where the use of post-tender negotiation is appropriate
- 4.5 Describe how quotations or bids received from suppliers could be analysed, how data would be tabulated and how judgements would be made as to which bid represents best value for money for the buyer

Effective negotiation in purchasing and supply

INTERNATIONAL CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an understanding of the process of negotiation, and the strategies and tactics required for an effective negotiation complemented by specific aspects of behaviour.

RATIONALE

Relationships that exist between buyers and sellers are complex. They can cover a number of commercial issues, such as cost, legal definitions, terms and conditions of contract, delivery, and conformance to quality requirements and deliverables.

For these relationships to exist harmoniously in a modern-day commercial environment requires a specific set of skills, such as understanding each other's objectives, techniques of persuasion, tactics and the way in which the process of negotiation can be affected by different types of communication.

1. Planning a negotiation

- a) What is negotiation?
- b) Market analysis
- c) Building a cost model
- d) Carrying out a SWOT analysis
- e) Generating variables
- f) Understanding the supplier organisation
- g) Understanding the people involved
- h) Position and interests
- i) Determining the balance of power

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Define 'negotiation'
- 1.2 Explain the phases of negotiation
- 1.3 Show an understanding of the time required for each phase for the negotiation to be effective
- 1.4 Outline the importance of the preparation and planning phase and its role in a negotiation
- 1.5 Explain the concept of supply and demand
- 1.6 Explain how external influences can affect the process and outcome of negotiations
- 1.7 Explain how internal pressures can affect the process and outcome of negotiations
- 1.8 Explain how to identify the bargaining position of each party, including the power base, the levels of authority, the strength of the purchase, and the size of the organisation
- 1.9 Understand how bargaining positions apply to both individuals and the organisation
- 1.10 Explain the degree of responsibility required from those in a negotiation
- 1.11 Outline how the levels of authority delegated down affect the decision making process within the organisation

2. Negotiation objectives and strategy

- a) Defining objectives and targets
- b) Developing the strategy

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Understand the effect of differing objectives on the process of the negotiation
- 2.2 Define 'strategy' in relation to a negotiation

3. The negotiation meeting

- a) Stages of the meeting
- b) Persuasion techniques
- c) Negotiation tactics
- d) Characteristics of successful negotiators
- e) Body language
- f) Negotiating with people from other countries
- g) Negotiating by telephone

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Understand the stages of the meeting phase
- 3.2 Explain the differences between the tactics used in a negotiation and the strategic view of negotiations
- 3.3 Outline the implications of immediate concessions
- 3.4 Explain the different psychological approaches to the negotiating process, through the use of differing techniques
- 3.5 Describe the attributes of a good negotiator, and their effect on the negotiation

4. Follow-up to the negotiation

- a) Implementing the agreement
- b) Evaluating the agreement

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Explain the importance of the ratification of negotiations once communications have ended
- 4.2 Explain the importance of reviewing the negotiation to establish whether it has been successful, through the analysis of the outcome, the gains, the meeting of predetermined objectives and the disappointments of non-achievement
- 4.3 Describe how the process of evaluation leads into a planning process for the next negotiation or stage of a negotiation, when objectives may need to be altered

Managing inventory

INTERNATIONAL CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an understanding of the methods used by organisations to obtain the right quantities of stock or inventory.

RATIONALE

The holding of stock can be a large financial burden upon an organisation and needs to be carefully controlled. It is important that purchasing and supply professionals understand the methods and techniques for reducing the cost of holding goods while providing an efficient and effective service to their customers.

1. The costs of holding stock

- a) Supply and demand
- b) Holding costs
- c) Stock evaluation methods

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Demonstrate an understanding of the effect of customer demand
- 1.2 Describe the different costs involved in holding stock
- 1.3 Explain the different stock evaluation methods LIFO, FIFO, average cost, standard cost, replacement cost

2. Stock control methods

- a) Determination of demand
- b) Forecasting techniques
- c) Stock replenishment systems
- d) Determination of safety and service levels
- e) Inventory monitoring and control
- f) Stock classification and coding

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Explain ways in which demand can be affected (i.e. seasonal demand)
- 2.2 Explain the need for forecasting and demonstrate a knowledge of the different demand forecasting techniques
- 2.3 Show an understanding of stock replenishment systems and the use of economic order quantities
- 2.4 Define the terms 'safety' and 'service levels' and describe their effect on order quantities
- 2.5 Describe the different ways in which stock can be classified and the coding systems available

3. Other inventory management techniques

- a) Material requirements planning (MRP)
- b) Manufacturing resource planning (MRP2)
- c) Distribution resource planning
- d) Just in Time stocking systems

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Describe the systems for determining dependent demand - MRP and MRP2
- 3.2 Demonstrate an understanding of how the MRP system works
- 3.3 Explain distribution resource planning and the importance of this system in managing the supply chain
- 3.4 Outline the Just in Time philosophy and the requirements for its success

4. Physical stock management

- a) Stores/warehouse location
- b) Stores/warehouse design
- c) Stockyard design
- d) Stores/warehouse layout
- e) Materials handling
- f) Stock transaction recording

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Outline the requirements for the location of a stores or warehouse
- 4.2 Identify the factors which should be taken into account when designing a stores/warehouse
- 4.3 Identify the factors which should be taken into account when designing a stockyard
- 4.4 Describe the general principles of stores/warehouse layout (i.e. flow, space utilisation and flexibility)
- 4.5 Explain the principles of efficient materials handling
- 4.6 Explain the advantages and disadvantages of the different types of materials handling equipment
- 4.7 Outline the different stock recording and stocktaking methods

The business environment for purchasing and supply

INTERNATIONAL CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an understanding of the immediate business environment which affects the organisation and the individual in business activities.

RATIONALE

Organisations and individuals are affected by a number of internal and external pressures. Some of these pressures can be controlled and some cannot. The organisation and the individual must be able to understand the effects of these pressures on the purchasing and supply function, and be able to respond to them.

1. Types of organisations

- a) Organisational objectives - private and public sectors
- b) The types of economy: planned economy, market economy, mixed economy
- c) The sectors of an economy: primary, secondary and service sectors

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Outline the three types of economy
- 1.2 Distinguish between public and private sector organisations and understand the influences involved
- 1.3 Explain the impact of privatisation policies
- 1.4 Describe the different business sectors and their role within the business environment
- 1.5 Distinguish between the trends in different business sectors

2. Corporate strategy

- a) Strategic planning
- b) Three levels of strategy: corporate, business and functional
- c) Generic corporate strategies: diversification, withdrawal, consolidation, market penetration, mergers and acquisitions, joint developments and strategic alliances
- d) Competition in the marketplace
- e) Product development

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Show a basic understanding of the determination of business strategies
- 2.2 Explain the effect of different market conditions (ie pure, imperfect and monopoly)
- 2.3 Describe the product development process and show an understanding of the product life cycle
- 2.4 Outline the advantages and disadvantages of horizontal, backwards and forwards integration

3. Organisational structure and culture

- a) Types of organisational structure
- b) Centralised and decentralised functions
- c) Organisational cultures

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Define the different organisational structures and how they are managed
- 3.2 Demonstrate an understanding of the implications of organisational structure
- 3.3 Outline the advantages and disadvantages of centralised and decentralised functions
- 3.4 Explain how organisations differ in terms of culture

4. Information systems

- a) The purchasing system
- b) IT systems
- c) eProcurement - electronic data interchange (EDI)

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Outline the advantages and disadvantages of manual and computer-based purchasing systems
- 4.2 Demonstrate their understanding of the purchasing process
- 4.3 Identify the main requirements of a purchasing IT system
- 4.4 Describe how IT will help their organisations in the future

5. Corporate policies and initiatives

- a) Quality management
- b) Environmental policy
- c) Human resources policy

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 5.1 Demonstrate an understanding of quality issues and their effect on purchasing decisions and total cost
- 5.2 Explain 'total quality management' and the continuous improvement philosophy
- 5.3 Describe the implications for business success of adopting environmental standards
- 5.4 Demonstrate an understanding of human resource issues such as grievance procedures, discrimination and health and safety

Analysing the supply market

INTERNATIONAL ADVANCED CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an understanding of supply market analysis and its importance to the purchasing process.

RATIONALE

In order to be able to maximise the efficiency and effectiveness of the purchasing operation and enhance its ability to add value to their company, buyers need to understand how suppliers' organisations interact with the economy as a whole. Buyers also need to be aware of how the business activities of suppliers are shaped by the external environment and of how suppliers' marketing activities are likely to be focused on them. In addition, buyers need to have an understanding of some of the specific selling activities that will face them and an awareness of their own behaviour patterns when making purchasing decisions.

1. Framework for market analysis

- a) Types of supply market
- b) Theories of the firm
- c) The national economy
- d) International trade

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Identify the reasons why it is important to analyse supply markets
- 1.2 Explain the basic concept of the theory of supply and demand and its effect on supply markets
- 1.3 Describe the theory of the firm and how the theory explains a company's basic objectives
- 1.4 Explain the workings of the national economy and its impact on a company
- 1.5 Explain the importance of international trade and the effect of trade barriers

2. Analysing the environment

- a) Political factors
- b) Economic factors
- c) Social factors
- d) Technological factors

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Explain and describe in detail the 'environment' in which a company operates and the effect of political, economic, social and technological factors on a company

3. Suppliers' marketing

- a) Marketing in the modern organisation
- b) Pricing policies
- c) Product mix
- d) Sales promotion
- e) Buying behaviour

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Describe the role of marketing and its basic elements and the policies deriving from it
- 3.2 Explain the process of targeting buyers that may be employed by suppliers
- 3.3 Give a brief explanation of the factors underpinning buyer behaviour

An introduction to purchasing strategy

INTERNATIONAL ADVANCED CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an introduction to strategic purchasing and supply issues, showing the importance of the alignment of purchasing and supply strategy to overall corporate objectives, and their impact on organisational success.

RATIONALE

In order to be able to maximise the effectiveness of the purchasing operation, it is important for purchasing professionals to understand the links between purchasing and supply strategy and overall corporate strategy. They need to appreciate the importance of developing purchasing strategies for the success of the organisation, and the common purchasing objectives and strategies, recognise common techniques used in purchasing strategies and understand different strategies for buying different products and services.

1. Corporate strategy and purchasing and supply

- a) Corporate strategy
- b) Linking corporate strategy with purchasing and supply
- c) The contribution of purchasing and supply to the organisation

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Explain the nature and formation of corporate strategy
- 1.2 Describe the keys to competitive advantage
- 1.3 Explain why organisations group their activities on a functional basis
- 1.4 Identify the role and value-added contribution that purchasing and supply can make

2. Objectives of supply chain management

- a) Reducing costs
- b) Reducing risks
- c) Improving quality
- d) Improving supply
- e) Reducing lead times

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Outline the various sources of cost efficiency
- 2.2 Explain how to recognise, assess and manage risk when making a purchasing arrangement with a supplier
- 2.3 Explain the position of quality to an organisation and its suppliers and customers
- 2.4 Describe the supply chain and the means of improving the supply of products and services
- 2.5 Analyse the components that comprise a lead time and the means of reducing this

3. Elements of the overall supply strategy

- a) Procurement systems, procedures and processes
- b) Standardisation of purchased goods and services
- c) Total cost of ownership
- d) Reducing the number of suppliers
- e) Developing suppliers' capabilities

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Describe the purchasing cycle
- 3.2 Demonstrate an understanding of the costs of diversity of products
- 3.3 Assess the value of a product or service
- 3.4 Describe the various elements that constitute the cost of a product or service
- 3.5 Identify the benefits to an organisation that wishes to rationalise its supplier base
- 3.6 Analyse the reasons for pursuing supplier development programmes

4. Dealing with individual purchases

- a) Analysing expenditure and risk
- b) The supply positioning model
- c) Positioning products and services
- d) Supply strategy implications

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Outline the reasons for analysing purchasing expenditures
- 4.2 Distinguish between different categories of products and services
- 4.3 Explain the different types of purchasing strategies relating to various types of products and services

Preparing and managing contracts

INTERNATIONAL ADVANCED CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an understanding of issues surrounding the preparation and management of contracts, and the implications of these for the organisation.

RATIONALE

Buyers need to have an understanding of how and when a contract comes into existence and the problems that may face them along the path to contract agreement. Buyers also need to be aware of the main methods for dealing with the pricing of contracts and price adjustment in the light of inflation and other dynamic forces. Contracts need to be managed effectively, and buyers should understand how this process works. Contracts negotiated in the area of international trade need special consideration.

1. Legal aspects of contract

- a) Contracts and the law
- b) The formation of contracts
- c) The impact of legislation
- d) Contractual conditions and warranties

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Describe the basic purpose of a contract
- 1.2 Describe how contracts fit into the overall legal framework of a country
- 1.3 Recognise and describe how a contract is formed, including the steps that must be in place before a contract can be legally binding and the duties of both buyer and seller
- 1.4 Outline the provisions of significant English legislation that may affect the formation and operation of contracts
- 1.5 Distinguish between conditions of a contract and warranties

2. Contract pricing methods

- a) Fixed price contracts
- b) Variable price contracts
- c) Cost plus and cost reimbursable contracts

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Distinguish between the major methods of contract pricing and explain how each operates
- 2.2 Recommend appropriate pricing methods for different contracts

3. Contracts management

- a) The objectives of contracts management
- b) Identifying and managing risks in contracts
- c) Payment terms
- d) Dealing with supplier failure and settling disputes

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Explain the objectives of contract management and the methods available to the buyer of successfully managing contracts
- 3.2 Demonstrate knowledge of the key commercial terms which can be incorporated into commercial contracts, and of how these are drafted and included in contracts with suppliers
- 3.3 Explain the advantages to the buyer of identifying risks in advance
- 3.4 Describe the main methods of payment
- 3.5 Distinguish between the methods open to the buyer for dealing with supplier failure, should it occur, including recourse to law

4. International issues

- a) Applicable law
- b) INCOTERMS

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Identify the effect on contract formation and operation of some of the major international variations on the theme of contract law
- 4.2 Describe the main purpose of INCOTERMS and distinguish between the provisions of each of them

INTERNATIONAL ADVANCED CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide both an understanding of the logistical issues that organisations are faced with when trading internationally and an introduction to specialist techniques that organisations purchasing internationally will need to employ.

RATIONALE

More organisations than ever are trading internationally. Both purchasers and their suppliers may use a number of international sources. Increased access to global markets highlights the need for purchasing and supply personnel to understand the logistical issues which organisations are confronted with when trading internationally.

1. The elements of international logistics management

- a) The importance of effective logistics management
- b) Alternative modes of transport: maritime, air and land
- c) Multi-modal logistics

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Demonstrate an understanding of the role of logistics management in international supply chains
- 1.2 Identify the activities, which go to make up the 'links' in an international supply chain
- 1.3 Evaluate the relative merits of using each of the most commonly used transport modes and judge which is most appropriate in different circumstances
- 1.4 Describe multi-modal logistics and demonstrate an understanding of when it is appropriate

2. Packing and unitisation

- a) Appropriate packing and packaging: transit packaging marking and labelling
- b) Containerisation: bulk cargo, consolidation, groupage, intermodal, multimodal and single shipments

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Explain the need for appropriate packing and packaging
- 2.2 Demonstrate knowledge of the packing and packaging considerations required when planning international shipments
- 2.3 Explain the advantages of containerisation for shipping internationally
- 2.4 Explain the different types of container, container freight rates, how bulk cargo is shipped and how container consignments are consolidated

3. Arranging international transportation

- a) Responsibilities under INCOTERMS
- b) Key INCOTERMS
- c) Transport documentation
- d) Warehousing
- e) Port and customs clearance

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Describe the main purpose of INCOTERMS and distinguish between the provisions of each of them
- 3.2 Outline the different INCOTERMS and explain who is responsible for what under INCOTERMS
- 3.3 Identify the principal documents used in international distribution and describe the role of each
- 3.4 Demonstrate an understanding of the role of warehousing in international logistics
- 3.5 Explain the role of ports, customs authorities and clearing agents on the importation process

4. The issues affecting organisations when buying internationally

- a) Differences in international purchasing
- b) Payment methods
- c) Dealing with currency fluctuations

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 4.1 Describe the main differences between international and domestic purchasing
- 4.2 Explain the elements of international purchasing which present the greatest additional risk to purchasers and identify strategies for reducing risk
- 4.3 Describe the main methods used for paying international suppliers
- 4.4 Explain the risks associated with buying in other currencies and describe the main techniques for avoiding losses through currency fluctuations

Measuring performance in purchasing and supply

INTERNATIONAL ADVANCED CERTIFICATE IN PURCHASING IN SUPPLY

AIM

To provide an understanding of the purpose of, and techniques used in, evaluating the contribution of the purchasing and supply function to the performance of the organisation.

RATIONALE

It is important that purchasing and supply professionals recognise that the function must 'add value' to the overall performance of the organisation, and that they understand the techniques used to measure the contribution of purchasing and supply. They also need to understand how performance measures can be used to improve supplier performance, and to be aware of measures that assess the performance of individuals.

1. Measuring the performance of the purchasing and supply function

- a) Performance measurement
- b) The concept of 'added value'
- c) Typical performance measures
- d) Measuring inventories and service levels

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 1.1 Explain the management process of performance measurement
- 1.2 Describe the importance of measuring performance, how it fits into the overall management process and why it is an essential tool for continuous improvement
- 1.3 Explain the concept of 'added-value' and outline its different forms
- 1.4 Evaluate the benefit of added-value savings
- 1.5 Outline the types and categories of performance measures that are available
- 1.6 Demonstrate an understanding of the need to keep the cost of operating stockholding as low as possible, commensurate with ensuring continuity of supply

2. Measuring the performance of the supplier

- a) Key measures of supplier performance
- b) Improving performance
- c) Joint performance systems

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 2.1 Distinguish between supplier performance and supplier appraisal
- 2.2 Explain the importance of measuring a supplier's performance
- 2.3 Analyse the measures that can be taken to improve supplier performance
- 2.4 Outline how a shared measurement approach will inform a process of continuous improvement

3. Measuring the buyer's performance

- a) Appraisal techniques
- b) Linking buyer performance to the objectives of purchasing and supply management
- c) Analysing training needs

LEARNING OUTCOMES

In the assessment the candidate may be required to:

- 3.1 Explain the benefits of a well-managed and structured approach to measuring an individual's performance
- 3.2 Outline the appraisal techniques that can be used within such an approach
- 3.3 Examine how individual elements of a job link to the objectives of the organisation
- 3.4 Describe how an individual's skills can be developed to the advantage of the organisation and that individual



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