



LEVEL 5

Unit content guide

Advanced diploma in purchasing and supply

The units that make up the award are:

- Management in the purchasing function
- Risk management and supply chain vulnerability
- Improving supply chain performance

Plus a choice of two optional units:

- Marketing for purchasers
- Storage and distribution
- Operations management in the supply chain
- The machinery of government
- Contracting in the public sector
- Sustainable procurement

Revised
content
**September
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LEVEL 5

Advanced diploma in purchasing and supply Introduction

The Chartered Institute of Purchasing & Supply qualifications ladder has six levels of awards. For details of the entry requirements for each level, please refer to www.cips.org

The CIPS Advanced diploma in purchasing and supply is a Level 5 higher level qualification. It has been accredited by the Office of Qualifications and Examinations Regulator (Ofqual) and appears on the National Database of Accredited Qualifications (NDAQ). Please refer to www.accreditedqualifications.org.uk

The Level 5 Advanced diploma in purchasing and supply consists of three compulsory units. Additionally you must choose two optional units from a choice of six including Sustainable procurement optional unit, launched in September 2009 with first assessment in November 2009.

Assessment for each unit is by examination with the exception of the Improving supply chain performance when there is a choice for students in the UK. If your study centre has been approved you can choose either a closed book examination or a work-based assessment.

If you wish to study for this award it is expected that you will undertake 50 guided learning hours per unit, ie a total of 250 guided hours. The definition of guided learning hours is:

“A measure of the amount of input time required to achieve the qualification. This includes lectures, tutorials and practicals, as well as supervised study in, for example, learning centres and workshops.”

You will find that study centres vary on the exact format for delivery of the study programme. Additionally CIPS would recommend that you also commit 80 hours per unit of self-study, including wider reading of the subject areas and revision to give yourself the best chance of successful completion of the award.

Below is a list of the units, their NDAQ reference numbers and CIPS reference code which is used to identify the unit for examination purposes.

LEVEL 5 – ADVANCED DIPLOMA IN PURCHASING AND SUPPLY NDAQ QUALIFICATION NUMBER 100/6113/7

Management in the purchasing function
Risk management and supply chain vulnerability
Improving supply chain performance

K/500/1713
M/500/1714
T/500/1715

CIPS ref code L5-01
CIPS ref code L5-02
CIPS ref code L5-03

Plus choose two options

Marketing for purchasers
Storage and distribution
Operations management in the supply chain
The machinery of government
Contracting in the public sector
Sustainable procurement

F/500/1717
J/500/1718
L/500/1719
D/500/5371
H/500/5372

CIPS ref code L5-10
CIPS ref code L5-11
CIPS ref code L5-12
CIPS ref code L5-13
CIPS ref code L5-14
CIPS ref code L5-15

LEVEL 5

Advanced diploma in purchasing and supply

Glossary of terms

Assessment

Assessment is the way in which CIPS will measure whether or not a student is able to demonstrate their knowledge, understanding and ability to apply their learning in any given situation.

An assessment could be an examination, assignment or project.

Business essentials

These are commonly occurring themes through the CIPS qualifications, that do not warrant a unit in their own right, but that are important holistically to the learning undertaken within CIPS qualifications.

They are areas of importance, innovation and some emerging themes, such as:

- Quality management
- International issues
- Business finance
- Information management
- External factors.

Command words

Command words are generally verbs that are used to indicate the level of learning undertaken. They tend to be hierarchical in nature. For example, at Level 3, a command word will be 'demonstrate' or 'explain', whereas a command word at Level 6 will be 'synthesise', or 'critically evaluate'. These words reflect the level of complexity of your learning and ultimately your assessment at that level.

Compulsory units

These are units that you must take either through CIPS or an alternative awarding body that constitute necessary knowledge and understanding to fulfil learning requirements for CIPS qualifications.

If you have undertaken equivalent learning or have equivalent related experience to the compulsory units from somewhere else you may either be exempt from learning, or gain accreditation for prior learning or experience.

Entry level

This is the point at which you will enter the CIPS qualifications ladder. This entry will be based upon pre-requisite knowledge, understanding and experience.

Exemptions

Students who have successfully completed certain post-school studies may apply for exemptions from equivalent courses in their programme of study. To earn an exemption from either levels of qualifications or option units within qualifications you should contact CIPS or see www.cips.org

Please note that gaining an exemption, does not mean that you gain an exit award at that level, rather that you bypass that level of learning because of equivalent learning and achievement gained elsewhere.

LEVEL 5

Advanced diploma in purchasing and supply

Glossary of terms

Exit award

An exit award is in essence a qualification. CIPS has six exit awards in total

- Introductory certificate in purchasing and supply
- Certificate in purchasing and supply
- Foundation diploma in purchasing and supply
- Advanced diploma in purchasing and supply
- Graduate diploma in purchasing and supply
- Executive diploma in purchasing and supply.

For each qualification you study, you will receive a certificate of achievement confirming your exit award.

Indicative content

The knowledge required in order to fulfil the learning objectives and achieve the learning outcomes – in other words what you need to know.

Integrative units

Integrative units are intended to help students see connections between all aspects of their learning within a particular level of qualification. For the purpose of CIPS qualifications, awards at levels 3 and 6 will have an integrative unit.

Learning objectives

Determines the level of learning you must undertake in order to achieve the learning outcomes.

Level

The level determines the complexity of learning, the depth of learning and the comparison of learning with other qualifications. CIPS has qualifications at levels 2 to 7. The levels are as follows:

- **Level 2**
Introductory Level – this is for somebody new to the purchasing and supply profession and often in a junior capacity
- **Level 3**
Junior technical – also potentially new to learning
- **Level 4**
Operational/junior manager/new to the profession
- **Level 5**
Manager/specialist role
- **Level 6**
Senior managers/specialist professional
- **Level 7**
Postgraduate strategic leader

The levels are determined by Ofqual, who are the Government regulator for education, and enable a clear understanding nationally of the level of a person's learning and ability in that field.

LEVEL 5

Advanced diploma in purchasing and supply

Glossary of terms

National Qualifications Framework

This framework is a government framework, where qualifications that are approved by Government, as being fit for purpose, and meeting the quality criteria, are listed. Qualifications listed within this framework are monitored against a variety of measures to ensure quality of qualification, associated procedures and delivery.

Ofqual

Ofqual is the Government regulator for professional bodies such as CIPS, and act as the caretaker of qualifications included in the National Qualifications Framework

Optional units

These are units where you have choice and opportunity to specialise in an area of interest. There is an opportunity to select two optional units at advanced diploma and two optional units at graduate diploma.

Qualifications ladder

This ladder represents the hierarchical nature of CIPS qualifications. The ladder has six steps within it. It starts with an Introductory Certificate through to the Graduate Diploma.

Each step of the ladder is represented by qualification with an 'exit award'.

Statements of practice

A goal for attainment, which indicates what you need to know and be able to do to complete your studies in a particular subject area.

Each unit has six to seven learning outcomes which outline what you will achieve as a result of your learning in that particular unit.

Student

Member who is studying a CIPS qualification.

Unit

A segment of learning within the CIPS qualifications, which has a value in terms of hours of learning. Each unit is individual, has its own title, rationale and content. A unit will also have an assessment attached to it in order to demonstrate achievement and conclusion of the learning.

Weightings

Weightings are allocated to each unit, to determine how the learning can be sensibly split.

Each unit has a content weighting of 100%. Within each unit, each subject area is given a weighting eg 20% or 25%.

This weighting indicates the level of input and learning required by the deliverer and the learner in order to complete the subject area. However, the weightings do not necessarily reflect the marks that may be allocated to a question in that subject area of the unit.

LEVEL 5

Advanced diploma in purchasing and supply

Acronym guide

AIDA • Attention, interest, desire, action

AIDA is an acronym used in marketing that describes a common sequence of actions which need to happen when a person is trying to sell a product or service.

ABC Analysis • Stock categorisation method

Application of Pareto's Law of the 80/20 rule: ABC classifications are determined in ascending rank order of all products according to the product classification as a percentage of the total purchasing spend. Ranking can also be by volume, value, weight etc.

BBS • Business balanced scorecard

Kaplan and Norton (1996) developed balanced scorecard approach to measure performance in organisations adopting a holistic and balanced view looking at performance against four perspectives financial, customer, internal business and earning and growth.

BCP • Business continuity planning

A methodology used to create a plan for how an organisation will resume partially or completely interrupted critical functions within a predetermined time after a disaster or disruption.

BPR • Business process re-engineering

The fundamental re-thinking and radical re-design of business processes. To achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed.

CAD • Computer aided design

The use of a wide range of computer based tools that assist engineers, architects and other design professionals in their design activities.

CAM • Computer aided manufacturing

This is a software process that can directly convert an object (product drawing) into code so that a machine, such as a lathe or milling machine can manufacture the product.

COSHH • Control of substances hazardous to health

Legislation that requires employers to control exposure to hazardous substances to prevent ill health.

CSR • Corporate social responsibility

CSR means the commitment to a systematic consideration of the environmental, social and cultural aspects of an organisation's operations. This includes the key issues of sustainability, human rights, labour and community relations, as well as supplier and customer relations beyond legal obligations; the objective being to create long-term business value and contribute to improving the social conditions of people affected by an organisation's operations.

DAGMAR • Defining advertising goals for measured advertising results

A model of marketing communications developed for the measurement of advertising effectiveness.

LEVEL 5

Advanced diploma in purchasing and supply

Acronym guide

ECR • Efficient consumer response

The link to make category management an operational reality. Supplier and buyers working together to ensure total consumer satisfaction.

EDI • Electronic data interchange

The exchange of documents/information between computers using telephone lines.

EFT • Electronic funds transfer

Financial or value transactions carried out between parties by means of computer systems. It can also refer to financial information about transactions being passed.

EPOS • Electronic point of sale

A system that allows the flow of inventory/products from warehouse to point of sale in the shortest time.

ERP - Enterprise resource planning

Refers to any software that enables companies or organisations to integrate various functions and programs so that they are all interconnected and have the ability to 'talk' to each other.

EU • European Union

The European Union was created in 1992 following the signing of the Maastricht Treaty replacing the European Economic Community and other constituent organisations which were originally established in 1957. Its aim is to create an environment for the free movement of goods, services, labour and capital across the member states. There is also an emphasis on the abolition of trusts and cartels and the development of joint and reciprocal policies on labour, social welfare, agriculture, transport and international trade.

FMEA • Failure modes effects analysis

Is an easy to use and yet powerful pro-active engineering quality method that helps you to identify and counter weak points in the early conception phase of products and processes. The structured approach makes it easy to use and even for non-specialists it is a valuable tool. The benefits obtained encompass by and large the investments in time and resources to execute the analysis.

ICT • Information, communications technology

This is a broad subject concerned with technology and other aspects of managing and processing information, especially in large organisations.

iDEF • ICAM DEFINition language

iDEF is the shortened version of ICAM DEFINition Language. It was an initiative by the US Airforce during the 70s/80s to modernise their technology, specifically the use of computers in manufacturing. ICAM stands for Integrated Computer-Aided Manufacturing and the aim was to make the manufacturing process quicker and more efficient.

ISO • International organisation for standardisation

The ISO is not one organisation, but a network of national standards institutes across 150 countries. International standards are created through consensus agreements by each of the national delegations. This provides a common technological language between suppliers and buyers facilitating trade and the transfer of technologies amongst those countries involved.

LEVEL 5

Advanced diploma in purchasing and supply

Acronym guide

JIT • Just in time

Originally a concept imported from Japan, based on the idea that only sufficient quantities should be manufactured or be made available to satisfy customers' immediate needs. Relies on an efficient supply chain for its success.

KPI • Key performance indicator

Also known as key success indicators. They are financial and non-financial metrics used to reflect the critical success factors of an organisation or contract. They are used in business intelligence to assess the present state of business or a contract and to prescribe the next course of action.

MRP • Material requirement planning

A product-oriented computerised technique aimed at minimising inventory and maintaining delivery schedules.

MRPII • Manufacturing resource planning

MRPII is concerned with almost any resource entering into production, including manpower, machines and money in addition to materials. This is why the word 'resource' is usually substituted for 'requirement' when referring to MRPII.

MSP • Managing successful programmes

Managing Successful Programmes comprises a set of principles and processes for use when managing a programme. It is founded on best practice although it is not prescriptive. It is very flexible and designed to be adapted to meet the needs of local circumstances.

NAO • National Audit Office

The National Audit Office is totally independent of Government and has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which government departments and other public bodies use their resources.

NHS • National Health Service

Founded in 1948, this organisation provides the majority of healthcare in the UK. NHS services are largely "free at the point of delivery," paid for by taxes. Employing well over one million people, the NHS is the largest employer in Europe and one of the largest employers in the world.

OGC • Office of Government Commerce

OGC is an independent office of the Treasury. Together with its executive agency OGC buying solutions, OGC works with public sector organisations to gain the best possible value for money from procurement in support of the Government's efficiency target. OGC supports initiatives that encourage better supplier relations, sustainable procurement, the benefits of utilising smaller suppliers and the potential of e-procurement, and represents the UK at the European Union (EU). OGC also supports major programme and project management, which involves complex procurement.

LEVEL 5

Advanced diploma in purchasing and supply

Acronym guide

OPC • Operations planning and control

The activities undertaken that ensure all required resources within an organisation are managed effectively to produce products/services right through to the delivery of the product/service to the customer.

OPT • Optimised product technology

This is a computer-based technique and tool originated by Eliyahu Goldratt. In principle, it aids production scheduling systems to fulfil the pace of production during the most heavily loaded resources such as bottle-necks.

PAC • Public Accounts Committee

The Committee of Members of Parliament appointed to examine and report on the accounts of government departments and other public bodies. The accounts are audited by the Comptroller and Auditor General, whose reports on the accounts form the basis for the Committee's examination of departmental Accounting Officers and subsequent reports.

PARETO

A principle which states that 'in any series of elements to be controlled, a selected small factor in terms of the number of elements almost always accounts for a large factor in terms of effort' see also ABC analysis. (Source: adapted from The official dictionary of purchasing & supply by HK Compton and DA Jessop).

PASA • Purchasing and Supply Agency (NHS)

The NHS Purchasing and Supply Agency is an executive agency of the Department of Health, established in 2000. The role of the agency is to act as a centre of expertise, knowledge and excellence in purchasing and supply matters for the health service. The Agency is an active participant in the ongoing modernisation of purchasing and supply in the health service, and contracts on a national basis for products and services which are strategically critical to the NHS. It also acts in cases where aggregated purchasing power will yield greater economic savings than those achieved by contracting on a local or regional basis.

PDCA

PDCA stands for Plan-do-check-act and is a four-step problem-solving process typically used in quality control. Also known as the Deming cycle.

PESTLE • Political, economic, social, technological, legal, environmental

An analytical tool that aids organisations developing strategies by helping them understand the external environment in which they operate now and in the future.

PFI • Private finance initiative

An agreement that promotes partnership between both private and public sectors which enables the utilisation of a wide variety of assets and services in the private sector. The objective is to improve the quality and quantity of public sector capital products and also to provide more efficient public services.

PPP • Public private partnership

Any alliance between public bodies, local authorities or central government and private companies to produce capital projects or deliver public services.

LEVEL 5

Advanced diploma in purchasing and supply

Acronym guide

PRINCE2 • Projects in a controlled environment

A process based approach for project management providing an easily tailored and scalable method for the management of all types of projects. Each process is defined with its key inputs and outputs together with the specific objectives to be achieved and activities to be carried out. PRINCE2 is Crown copyright.

SLA • Service level agreement

A service level agreement is a document which defines the relationship between two parties: the provider and the recipient. This is clearly an extremely important item of documentation for both parties. If used properly it should:

- Identify and define the customer's needs
- Provide a framework for understanding
- Simplify complex issues
- Reduce areas of conflict
- Encourage dialogue in the event of disputes
- Eliminate unrealistic expectations.

SMART • Specific, measurable, achievable, relevant, time framed

Is a mnemonic used in project management at the project objective setting stage. It is a way of evaluating if the objectives that are being set are appropriate for the individual project.

SMEs • Small and medium sized enterprises

A small firm is an independent business, managed by its owner or part-owners and with less than 50 employees.

A medium sized company must meet thresholds for annual turnover and have fewer than 250 employees.

SWOT • Strengths, weaknesses, opportunities, threats

This is a strategic planning tool used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture or in any other situation requiring a decision.

TQM • Total quality management

Is a set of systematic activities carried out by the entire organisation to effectively and efficiently achieve company objectives so as to provide products and services with a level of quality that satisfies customers, at the appropriate time and price.

TUPE • Transfer of undertakings (protection of employment)

Legislation that aims to ensure that an employee whose company is taken over has his existing conditions respected by his new employer. They also apply in some cases for work transferred to contractors. This includes hours of work, pay, pension entitlement and so on.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

COMPULSORY UNIT

UNIT CHARACTERISTICS

This unit is designed to enable students to manage their own area of responsibility within an organisation's internal supply chain, in line with the overall strategic business plan and the operational plan for the purchasing function.

Students should be able to implement operational plans for their own area of responsibility to achieve objectives set out in their plan. In doing so they should be able to employ a range of resources, including human, physical and financial, and manage and delegate tasks effectively.

This unit is about managing the expectations of the stakeholders that are directly involved in the student's own area of responsibility and will provide them with management techniques to help them to involve others, be innovative, consultative, influential and persuasive in order to achieve targets effectively.

This unit at level 5 is concerned with the day to day management responsibilities within the purchasing function and wider organisation and appropriate links and understanding of the relevant theories.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Evaluate the challenges facing managers in dynamic and changing organisations
- Analyse the characteristics of different organisational structures and cultures
- Use a range of techniques to support and implement justifiable management decisions
- Formulate plans to effectively manage work groups and teams
- Propose processes and systems to enable the successful implementation of change programmes to maximise purchasing efficiency and effectiveness
- Assess the impact of current legislation relating to employment and equality upon purchasing and supply activities.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1. THE CHALLENGES OF MANAGEMENT

(Weighting 20%)

1.1 Define the term management and differentiate management from leadership

- Definitions of management: Fayol, Mintzberg, Drucker, Brech and Cole
- Management: planning, co-ordinating, controlling and motivating staff
- Management styles
- Leadership perspectives and styles: Hersey and Blanchard, Tannenbaum and Schmidt, Kotter, Lewin.

1.2 Identify the key stakeholder groups who impact directly on the purchasing function, analyse their potential impact and explain how to manage their expectations effectively

- Stakeholders: employees, customers, shareholders, lenders, trustees, elected members
- Identifying and fulfilling stakeholder/customer needs: good products and service, return on investment, quality, price and measurable outcomes
- Working within ethical codes of conduct and practice
- Expectations: on time, within budget, meeting terms and conditions.

1.3 Evaluate the key roles and functions of managers in the purchasing and supply function

- Ensuring value for money/quality at the lowest price (purchaser)
- Advising and recommending suitable purchasing and supply systems
- Building good relationships within the purchasing and supply chain
- Management of resources (human, financial, materials, equipment) to be effective in the role
- Policy development.

1.4 Compare and contrast the diverse purchasing management practices of the private and public sectors

- Tendering
- Recommended suppliers
- E-commerce: internet, e-auctions, e-catalogues, electronic data interchange (EDI)
- Outsourcing
- Authority levels (ie purchase orders)
- Relationship building
- Payment terms and other contracting arrangements.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

1.5 Create a set of rules for ethical behaviour

- What are ethics?
- CIPS ethical codes
- Corporate Social Responsibility (CSR).

1.6 Propose ways of reporting effectively to senior management and securing top level support and sponsorship for initiatives and implementation of plans

- Keeping your stakeholders informed
- Building a business case
- Report writing: structure, content and making it interesting
- Effective meetings
- Presenting your plans.

2.0 ORGANISATION STRUCTURES AND CULTURE

(Weighting 20%)

2.1 Evaluate the importance of organisational structure to the development and performance of organisations

- Rationale/background: industrial revolution to modern day
- Choice of different structures to aid management
- Organisational structures: conflicts between control and empowerment, autonomy and entrepreneurship
- Power.

2.2 Evaluate the nature and scope of organisational structures and the implications of such structures for the purchasing function:

- Flat
- Functional
- Matrix
- Geographical
- Local
- Regional
- National
- International
- Global
- Centralised/de-centralised.

2.3 Assess and evaluate methods of job design for purchasing roles

- Identifying responsibilities, associated tasks and priorities
- Updating existing roles: via job description and person specification
- Training needs analysis
- Competency frameworks
- Role mapping.

2.4 Define the term 'culture' and assess different models of culture which may exist within organisations

- Definitions and terms associated with culture
- How organisational culture impacts on behaviour, values and assumptions
- Organisational influences of company politics, power, bureaucracy, rules and standards of behaviour
- Models of cultural strength, masculine/ feminine societies, cultural values and individualism/ collectivism.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

2.5 Evaluate methods and formulate plans for managing effectively in international or cross-cultural organisations

- Stages of planning
- Methods: managerial and leadership styles, approaches, communication and media channels
- Evaluation process of research (primary and secondary), conducting pilot schemes, gathering feedback from staff and choosing most successful option
- Considerations: cultural diversity, existing structures, codes of conduct, differing goals and expectations.

3.0 MANAGEMENT DECISION MAKING

(Weighting 15%)

3.1 Evaluate and apply a range of tools to make effective management choices and decisions

- Problem and decision making process
- Pareto analysis, Ishikawa (fishbone) diagram, strengths, weaknesses, opportunities, threats (SWOT), decision making trees, cost/benefit analysis, risk evaluation, paired comparison analysis
- Balanced Scorecard (BBS).

3.2 Explain how to formulate, implement and monitor operational plans for the purchasing and supply function to achieve organisational objectives

- Aligning plans with strategic objectives/direction of organisation
- Agreeing objectives and targets: reducing defects, improving lead times, reducing costs
- SMART principles
- Importance of and ways to involve the team in the planning process
- Monitoring systems and processes including annual and periodic reviews
- Reporting structures.

3.3 Evaluate the resource requirements for the implementation of operational plans for the purchasing function

- People as a resource
- Financial resources
- Physical resources
- Time.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

4.0 MANAGING WORK GROUPS AND TEAMS

(Weighting 25%)

4.1 Evaluate the concept of authority, delegation and accountability when managing the purchasing function

- Understanding of key concepts: taking ownership, decision making, empowerment and responsibility
- Reasons: workload, prioritising, developing individuals and the team, minimising blame and achieving results
- Good time management
- The delegation process.

4.2 Assess techniques for building, motivating and managing successful teams within the purchasing and supply function

- What is a team/group?
- Stages of team development: Tuckman and Jensen
- Team Roles: Belbin, Schutz, Holland, Cattell
- Building a balanced team
- Motivational determinants: innate drive, desire, fulfilling need
- Satisfying individual and team needs: praise, rewards, recognition, responsibility, promotion, pay
- Building relationships through leadership, with trust, fairness, equal opportunities, ethics and respect.

4.3 Assess the sources of conflict which may arise within the purchasing function

- Disagreement about needs, goals, values, priorities and interests
- Poor communication
- Lack of trust in leadership
- Lack of direction
- Lack of clarity in role
- Scarcity of resources
- Interpersonal and hygiene factors.

4.4 Explain how to build relationships and encourage integration with other parts of the business

- Changing perceptions of purchasing (from process to advisory)
- Advocates for the profession/business
- Consultancy
- Adding value.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

4.5 Evaluate techniques to deal with conflict within teams and between individuals in the purchasing and supply functions

- Consultation
- Mediation
- Negotiation
- Arbitration
- Dispute resolution (including discipline and grievance).

4.6 Assess the benefits of a systematic approach to recruitment, appraisal, training and development

- High calibre of staff
- Recognition of achievement
- Conducting appraisals/personal development reviews (PDRs)
- Identification of development needs
- Providing appropriate training to meet individual's role needs
- Retention
- Contented workforce
- Maintaining high levels of performance.

5.0 MANAGING CHANGE

(Weighting 20%)

5.1 Evaluate the causes of organisational change and analyse their potential impact on the organisation

- Globalisation
- Competition
- Growth
- Diversification
- Performance
- Technology
- Practical analysis using political, economic, social, technological, legal and environmental (PESTLE), SWOT and Lewin's model: forces for change.

5.2 Differentiate between the need for fundamental and incremental change in organisations

- Sector characteristics and dynamics
- Take-overs, mergers and embracing cultural changes
- Response to market demand
- Quality and continuous improvement
- Meeting customer requirements.

5.3 Formulate plans to overcome human resistance to change and to implement change successfully within the purchasing and supply function

- Psychological barriers
- Physical barriers
- Achieving commitment from staff
- Staff involvement
- Devolving responsibility
- Monitoring results.

5.4 Identify and analyse the current legislation relating to employment and equality of opportunity in organisations

- The Equal Pay Act 1970 (as amended)
- Employment Act 2002 and Dispute Resolution Regulations (2004)
- Health and Safety at Work Act 1974
- EU Employment Directives, TUPE, equal treatment, working time, young people
- Disability Discrimination Acts 1995 & 2005
- Employment Equality (Age) Regulations 2006 and amendment Regulations 2008
- Sex Discrimination Act 1975 and Amendment Regulations 2008.

LEVEL 5

Advanced diploma in purchasing and supply Management in the purchasing function

5.5 Evaluate the impact of e-commerce and technology on the management of organisations and people, and in particular the benefit to the purchasing function

- Intranet
- Knowledge management systems
- Management Information System (MIS) / Marketing Information Systems (MkIS)
- Flexible working arrangements
- Telecommunications
- e-sourcing
- e-procurement.

5.6 Identify ways to monitor and control the impact of the change process on the performance of the supply chain and assess their effectiveness

- Budget
- Project measurement
- Benchmarking
- Auditing
- Employee and stakeholder reactions
- Appropriate communication programmes involving third parties internal changes.

5.7 Assess the importance of managing continuity of performance whilst implementing change and explain how to do this

- The importance of maintaining a 'business as usual' approach for managing supply
- The process of internal handover from one individual/team to another
- How a supplier implementation programme is organised, including the potential benefits of a trial/pilot period and ramp-up/ramp-down phases
- How existing suppliers can be managed and incentivised to see out the full terms of their contracts without disruption to supply or service levels.

LEVEL 5

Advanced diploma in purchasing and supply

Risk management and supply chain vulnerability

COMPULSORY UNIT

UNIT CHARACTERISTICS

This unit is designed to enable students to undertake risk analysis and a variety of risk assessments relating to different aspects of purchasing and supply and to implement a range of appropriate risk management tools and techniques.

Students will use a variety of risk assessment tools and techniques designed to provide a detailed analysis of supply chain situations, including legal, corporate social responsibility (CSR), ethical, health and safety, financial, international, innovation and a variety of other potential risk scenarios. The scope covers both the proactive identification and avoidance of risk, as well as provision for post-event recovery initiatives.

By the end of the unit students should be able to:

- demonstrate a good knowledge and understanding of risk awareness and an effective approach to risk management
- apply a variety of tools and techniques, in a diverse range of contexts, to proactively establish the level of risk presented and to recommend ways of avoiding, mitigating or managing those risks.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Analyse the nature and scope of risks for the organisation
- Assess the sources of risks and the likely impact of those risks upon the organisation
- Plan and implement an appropriate risk management process in order to protect the organisation's interests
- Explain how supplier appraisals, pre-qualification of suppliers and contract monitoring can help to mitigate risks
- Evaluate systems for testing risks and monitoring them accordingly
- Apply risk management principles to various purchasing and supply management scenarios
- Evaluate the application of a range of techniques to mitigate risk proactively and to reduce the consequential losses in the instance of a risk event occurring
- Explain how the use of sound negotiation approaches and techniques help to ensure better business value by reducing risk and vulnerability.

LEVEL 5

Advanced diploma in purchasing and supply

Risk management and supply chain vulnerability

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 UNDERSTANDING THE NATURE OF RISK IN PURCHASING AND SUPPLY

(Weighting 25%)

1.1 Define the terminology used in risk assessment and management

- Definition of risk with use of examples
- How risk has a direct impact on an organisation's success and how risk can be directly related to cost
- Key terms: hazard, risk, risk event, exposure, loss - direct, indirect and consequential - mitigation, avoidance, assessment, management, force majeure and acts of God
- The differences between risk, vulnerability, exposure and loss, as well as understanding the range of management actions available
- What is meant by a risk appetite and use of practical examples to show how this applied.

1.2 Distinguish between direct physical loss (eg disrupted supply) and indirect consequential loss (eg reputation)

- Key types of loss that may occur: financial, reputational, environmental, health, safety, welfare and lost opportunities.

1.3 Analyse potential sources of risk to organisations of both internal and external origin

- Internal and external hazards and risks
- Range of risks that might occur within the workplace
- Analysis of external environment factors using the PESTLE tool
- The likely impact on the organisation and its appetite for risk
- Basic quantification methods for measuring.

1.4 Analyse and explain the use of segmentation and business tools to reduce supply chain vulnerability

- Segmentation tools to help assess and manage supply chain risk appropriately (eg Kraljic Model, Boston Matrix, Pareto Principle, KPIs, Spider web or appropriate alternatives)
- How you would take a different approach to purchasing from a critical or bottleneck market to that of a leveraged or acquisition market
- Management of different products or services within an organisational portfolio
- Definition of supply chain vulnerability, supply failure and supplier failure
- How to map a typical supply chain and identify potential sources of supply vulnerability
- The potential impact of supply and supplier failure
- Range of mitigating activities that a purchaser could use when looking to protect against supply or supplier failure.

LEVEL 5

Advanced diploma in purchasing and supply Risk management and supply chain vulnerability

1.5 Distinguish between strategic, operational and project based areas of risk

- Examples of how to define risk at the strategic, operational and/or project-based level
- Range of risk mitigation methods at each level
- How risk can be bounded and also how, if unmanaged, it can have knock-on consequential impacts on other areas of an organisation.

1.6 Evaluate the role of an organisation's stakeholders in risk management

- The roles and responsibilities of an organisation's risk function in relation to other functional areas
- The impact of a risk event at the functional level
- The benefits of a cross-functional team when assessing, preventing and minimising risk
- The role of purchasing to mitigate against potential losses to the whole organisation from risk events
- The merits of taking a consistent approach across the organisation to the assessment of risk.

1.7 Evaluate how effective risk management can have positive benefits for organisations

- Reduction in levels of threat
- Reduced exposure to uncertainty
- Higher risk opportunities being successfully pursued or mitigated
- Successful anticipation of shocks or other risk events
- Crises being avoided or mitigated
- Successful application of contingency or business continuity plans
- Disaster recovery planning and implementation
- Limited or no reputational or public relations damage
- Securing supply and mitigation of supply chain vulnerability
- Improved decision and policy making
- Increased customer and stakeholder satisfaction
- Improved organisational co-ordination with service and delivery partners.

LEVEL 5

Advanced diploma in purchasing and supply Risk management and supply chain vulnerability

1.8 Assess risks involved with using technology

- Reliance on technology
- Security
- Hackers
- Fraud
- Storing of vital documents and materials.

2.0 RISK MANAGEMENT PROCESSES AND STRUCTURES

(Weighting 25%)

2.1 Develop a risk management strategy

- Example of an appropriate supply chain risk policy
- How to define objectives and content for a risk management strategy
- How an organisation's appetite for risk may affect the risk policy
- The purpose of a risk management strategy and a risk management framework
- The key components of a risk management strategy
- The key implications of the Turnbull report.

2.2 Formulate an effective risk management process in the context of an organisation's strategic objectives and a dynamic external environment

- Key stages of a risk management process; risk identification, risk analysis, risk evaluation, risk treatment and risk reporting
- Methods for identifying, assessing and quantifying risks
- Classification of risk within the organisational context
- A risk report and the role of a board risk committee
- How identified risks should be monitored and reviewed.

2.3 Evaluate the probability of a risk occurring in particular circumstances, the possible consequences and the potential range of mitigating actions required

- Definition of probability in relation to the occurrence of a risk event
- How the likelihood of a risk occurrence will affect the approach to risk management
- Application of the use of historic statistical data in predicting the likelihood of future risk occurrences
- Identification of a range of operational risks and assign a probability to each one
- Prioritisation of key risks with explanation as to how resources might be allocated appropriately to mitigate such risks.

LEVEL 5

Advanced diploma in purchasing and supply

Risk management and supply chain vulnerability

2.4 Analyse the resources required for effective risk management and for building a risk aware culture within organisations

- Responsibility of everyone in an organisation
- Definition of risk awareness and the benefits of awareness
- Description of an appropriate communication programme to promote risk awareness
- How different functions can work together to reduce risk
- Promotion of a risk awareness culture among key elements of the supplier base
- How suppliers can assist in the promotion of risk awareness.

2.5 Propose ways in which third party supplier resources are used to reduce risk and mitigate losses during a risk event

- Range of supply solutions for mitigating losses in the aftermath of a risk event: insurance, loss adjusting, alternative accommodation, disaster recovery plus restoration and recovery services
- Appropriate methods of purchasing and paying for disaster recovery services both during a risk event and in the normal run of business
- Incentives to retain specialist services at times of national disaster, including flood and hurricane damage.

2.6 Develop an appropriate risk register for the purchasing and supply function

- Definition of a risk register and the benefits of having one
- Outline of key components of a risk register
- The process of maintaining and reviewing a risk register
- Design of a basic risk register for the purchasing and supply function
- Procedures for monitoring and managing the key risks identified.

2.7 Evaluate insurance as a financial means of risk protection

- The insurance service including the role of the broker and the insurer
- How insurers use the re-insurance market to spread their risk
- The key stages to resolve a claims event
- Definition of captive or self insurance with description of its practical application
- The merits of an organisation self-insuring and the types of risk that this might include
- The relative merits of captive self-insurance.

LEVEL 5

Advanced diploma in purchasing and supply

Risk management and supply chain vulnerability

2.8 Identify and apply a range of qualitative and quantitative risk identification and analysis techniques to ensure better decision quality in reviewing alternatives for a superior project outcome

- Scenario analysis and planning
- Auditing
- Decision tree analysis
- Fault tree analysis
- Dependency modelling
- External environment analysis
- Assumption
- Identification frameworks.

3.0 MANAGING RISK AND VULNERABILITY

(Weighting 50%)

3.1 Develop appropriate solutions to mitigate the inherent risk in the following supply chain issues:

- Supplier appraisal, selection and management
- Project failure (eg capital procurement – investment appraisal)
- International sourcing
- Implementation of new technologies
- Corporate social responsibility (CSR) including ethical, environmental and health and safety issues
- Public sector procurement.

3.2 Evaluate and apply monitoring and control techniques for testing risk on an ongoing basis:

- Internal audits
- Interdepartmental exchanges
- External experts: advisers, mystery shoppers, research companies and the police
- Use of benchmarking to assess and mitigate external risk
- Use of competitive intelligence
- Quality systems, Total Quality Management (TQM), quality inspection and quality control.

LEVEL 5

Advanced diploma in purchasing and supply

Risk management and supply chain vulnerability

3.3 Develop contingency plans designed to overcome risk situations

- What is meant by a contingency plan
- The key components of a business continuity plan (BCP) and disaster recovery plan and how such plans are put into practice
- Key contingency measures used by a BCP: telephone cascades, emergency and fire wardens, use of IT systems to help co-ordinate activities, use of alternative accommodation and back-up information technology systems
- The benefits of business continuity planning from an operational, financial and reputational perspective.

3.4 Analyse specific key risks and exposures in purchasing and supply and identify appropriate mitigating actions

- Contractual failure, consequential loss and provision for remedies
- Supplier insolvency, monitoring and guarantees
- Quality failure, non-conformity and corrective action
- Project failure, project planning principles and corrective action
- Security of supply, contingency planning, stock holding and alternative sources of supply
- Technology failure, impact on supply, use of back-up systems and disaster recovery
- Security, theft and damage
- Fraud, accounting and payment exposures, conflicts of interest, purchasing ethics and codes of conduct
- Product liability, reputational damage, consumer confidence
- Appropriate negotiation strategies to reduce future contract risk and supply chain vulnerability to enhance long term business value
- Key steps in negotiation planning for success
- Strategic approach and negotiation techniques
- Best practice methodology
- Tactics and standpoints
- Behaviours of successful negotiators
- Contractual issues and remedies
- Dispute resolution alternatives.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

COMPULSORY UNIT

UNIT CHARACTERISTICS

Achieving success within the supply chain involves a complex range of variables, which can frequently be dependent on one another for the success of the supply chain.

This unit is designed to enable students to use a range of techniques and strategies to develop and improve supplier performance in order to achieve competitiveness, efficiency and profitability within the supply chain. By the end of this unit, students will be able to measure and evaluate the effectiveness of supply chain performance. They will be able to identify innovative development of systems to improve the performance of the supply chain, and make justifiable recommendations for implementation in order to aid the effectiveness of the supply chain.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Evaluate the organisational procedures and techniques that can be used in developing and improving a range of supplier performance areas
- Set performance standards to which supply chain strategies should aspire
- Develop an integrated approach to the implementation of supply chain activities which are designed to maximise competitive advantage and reduce risk exposures
- Propose systems and techniques to achieve best practice and enhance customer service for all stakeholders.
- Propose and justify different negotiation, processes, strategies and styles for a given range of situations
- Discuss the contribution that ICT can make to supply chain business processes.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 DEVELOPING AND IMPROVING SUPPLIER PERFORMANCE

(30% weighting)

1.1 Develop source-related activities so as to inform and provide value to other functional areas in the organisation, in line with the overall objectives of the organisation

- The business requirements for supply, and document in an appropriate way: specification, service level agreement (SLA)
- The reasons for using cross-functional teams to determine business requirements and conduct stakeholder consultations
- The need to align supply chain activities to the organisational strategy
- The need to maintain a degree of supply-chain flexibility to respond to changing needs

- The need for purchasing to provide customer service to other functional areas and the tools and techniques to implement such engagement and consultation, regular management reporting, helpdesk solutions, consultative style
- How purchasing, as a function, can add demonstrable value to the business; cost reduction, risk mitigation, security of supply, enhanced service, improved quality and supplier innovations
- How purchasing can use its supply-market knowledge to assess and report risks, threats and/or supply chain vulnerabilities in an accurate and timely manner
- An appropriate communications programme that keeps other functional areas informed about purchasing-related activities and adds value to their own areas of responsibility.

1.2 Develop appropriate KPIs to improve supplier performance

- The purpose of supplier KPIs in the improvement of supplier performance
- How a supplier KPI is developed and measured
- The need for base-lining existing performance prior to the development of supplier KPIs
- A range of potential supplier KPIs, including price effectiveness, cost savings, service enhancements, quality measures and improvements, innovation and risk/compliance
- The implications of a supplier failing to meet KPIs and appropriate management controls to assist compliance; service credit/debit regimes, incentivisation and gain share models
- Penalty clauses, liquidated damages, increased/decreased share of business etc
- How a supplier's performance can be audited to ensure KPIs are accurately reported
- The various processes of benchmarking and how benchmarking can be used to generate stretching KPIs.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

1.3 Analyse purchasing activities and explain how to manage them to assure an organisation meets its objectives

- The benefits to the organisation of robust supplier selection and evaluation
- The range of appropriate supplier selection and evaluation techniques designed to achieve business requirements
- The methods of monitoring and measuring supplier performance
- Information on how purchasing can influence the quality delivered from suppliers
- How purchasing can contribute to an organisation's approach to total quality management

- Process improvement models, and how they can be used in a purchasing context to bring benefit to an organisation
- A typical purchasing planning cycle and how purchasing activities need to be aligned to organisational plans
- How purchasing can contribute to fiscal planning activities
- Ways in which purchasing assists research and development by third party suppliers and collaborators
- How should vendors be rated to demonstrate a positive contribution to the business's performance?
- How cross-functional teams can help purchasing deliver better results for a business.

1.4 Evaluate and explain the importance of developing and managing external contacts with the supply market

- Reasons for developing and managing external contacts within the supply chain
- Definitions of: innovation, market research, supplier analysis, market intelligence, competitive intelligence (and others)
- Definition of reverse engineering
- The process of supply market research/analysis
- How to develop an appropriate relationship with third party research and analysis organisations
- Business reasons to conduct supply market research
- Appropriate processes for testing and evaluating supply innovations
- The processes of benchmarking and how they can be used to gain market information
- The ways in which purchasing can contribute to production forecasts.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

1.5 Propose ways to develop new and existing suppliers and improve their performance

- The processes and benefits of supplier appraisal and selection
- The processes and benefits of vendor rating and feedback
- The terms value analysis, value management and value engineering
- The ways in which suppliers can work with an organisation to improve productivity, efficiency and quality and the role of purchasing in facilitating these processes
- The meaning of supplier adoption and the process for adopting a new supplier and the key stages in implementation that are needed to switch supply
- The meaning of sunk and switching costs
- Practical reasons why some organisations will not switch supply, despite potential benefits
- The process of trialling and piloting new innovations
- The follow-on processes required to implement a new supply innovation; user acceptance and controlled roll-outs
- How suppliers can be managed and developed to contain supply-related risks and reduce supply chain vulnerability.

1.6 Devise appropriate supplier management organisational models in both the centralised and decentralised purchasing function, and demonstrate how other functional areas might interact in these models

- The relative merits of single point of contact versus multiple touch-points for managing supplier relationships effectively
- The role of purchasing as a facilitator of supplier relationships
- The purpose and potential benefits of a cross-functional approach to managing supplier relationships
- The role and responsibilities of executive sponsors of supplier relationships
- The advantages, disadvantages and arrangement of a decentralised purchasing function.
- The concept of a lead buyer and how this might operate for different types of supply.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

1.7 Describe appropriate leadership styles to support supplier development

- Key factors to encourage a supplier to develop and improve the delivery of goods and services
- The relative merits of selling and telling
- Various types of supplier incentive and their relative merits
- How a gainshare model works and potential problems with the concept
- Appropriate circumstances for purchasing to take a directive approach to supplier development and those required for a facilitative approach
- The need for consistent measures of progress when developing suppliers
- The need for purchasing to communicate supplier development internally within an organisation.

1.8 Identify the critical elements of supplier development

- Respective roles and responsibilities of those involved in supplier development, including those of executive sponsors
- The need for continuous improvement and methods for achieving it
- The need for creating and fostering a team-working collaborative environment both internally and externally with the suppliers
- The role of innovation councils
- The relative merits of joint problem solving with suppliers
- Process improvement techniques; TQM, Six Sigma and business process re-engineering
- Gainshare models for innovation and process improvement
- The meaning of breakthrough value creation and how this can be achieved in a supply chain context
- The need for policy creation and compliance.

2.0 MAXIMISING COMPETITIVENESS

(30% weighting)

2.1 Explain how to manage systematic organisational efforts to create and maintain networks of competent suppliers and to develop their capabilities to meet competitive challenges

- Why and how suppliers are segmented
- The key characteristics of each segment of the supply base
 - Tier 1: strategic, high value-add, high risk, innovative
 - Tier 2: regular purchases, medium-high value, framework agreements
 - Tier 3: commodity items, one-off purchases, little relationship or value-add
- The need for a consistent supplier management process and the key components it might contain
- The benefits of supplier rationalisation.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

2.2 Evaluate and explain different ways in which to manage and maintain effective communications between an organisation and suppliers in the development, presentation and transfer of quality specifications for the assurance of compliance

- The process of cross-functional involvement in the development of a specification and the specific role for purchasing
- Supplier involvement and the key benefits and potential drawbacks to an organisation
- Some of the key principles of communicating effectively to suppliers
- The benefits of supplier forums and supplier associations
- Risk transfer issues and management techniques.

2.3 Explain ways in which to manage cost reduction for organisational efficiency and provide added value to customers

- A typical purchase cost reduction programme and how such a programme is developed
- The benefits of volume (time and/or quantity) contracts and systems contracts
- The relative merits of stockless purchasing and just-in-time (JIT)
- How customer-driven supply chain innovations can be developed and the role of purchasing in creating and establishing effective supply
- The balance between cost efficiency and quality/risk issues.

2.4 Plan and develop a well-structured approach to measuring the performance of suppliers

- The development of joint performance appraisal systems
- Use of cross-functional teams from both organisations to monitor, review and analyse results on a periodic basis
- The use of both quantitative and qualitative measures
- Use of 360-degree feedback
- Supplier business continuity plans (BCP).

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

2.5 Analyse different supply markets and conditions, and develop proposals for the revision of associated operational processes, in conjunction with suppliers and logistics functions

- Benchmarking benefits, limitations and approaches
- The benefits of documenting the key steps in a supply chain process flow and typical ways in which this is achieved; ICAM DEFINITION language (iDEF)
- The role of business process re-engineering in improving the supply chain for inbound logistics and materials flow
- The process of lean supply and the arguments for and against (Lamming/Cox).

3.0 ADVANCED NEGOTIATION IN THE SUPPLY CHAIN

(20% weighting)

3.1 Evaluate different negotiation strategies, styles and levels in different supply chain contexts and formulate appropriate strategies for negotiation within and across the supply chain

- The basic tenets of the negotiation process and the key behaviours required to negotiate effectively in a variety of purchasing contexts
- The need for teamwork and clear team roles in negotiation
- The role of trust in negotiation for both new and long-standing supplier relationships
- Open-book negotiations and their relative merits
- The role of negotiation and associated aspects in dispute resolution
- Issues of risk and reward and how these may be managed in negotiation.

3.2 Analyse and explain how to manage the negotiation process in line with organisational objectives

- How a negotiation campaign is designed and developed and the key considerations required in doing so
- How the business requirements for supply need to be reflected in the detailed negotiation plan
- How corporate policy and/or organisational objectives may affect the negotiation plan in terms of behaviour, targets, timescales and/or scope
- Key ethical considerations when leading a negotiation.

3.3 Explain advanced negotiation techniques

- Transactional analysis
- Game theory
- Advanced non-verbal and psychological techniques for influencing
- Building and maintaining rapport
- Negotiating in the context of established long-term collaborative relationships.

LEVEL 5

Advanced diploma in purchasing and supply

Improving supply chain performance

4.0 IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF THE SUPPLY CHAIN

(20% weighting)

4.1 Describe how to develop and implement appropriate information and knowledge sharing systems between purchasing departments and suppliers to provide benefits to both parties

- Reduced production cycle times
- Improved solutions to operational differences/difficulties including planning
- Improved inter- and intra-site communications
- Improved product development
- Reduced selling efforts
- Long-term security of the business
- Reduced risk exposure to supply chain failure.

4.2 Analyse the application of technology to automate and streamline key operational processes within the supply chain (both internal and external to the organisation)

- Information flow and use of supply-side extranets
- e-sourcing and electronic ordering/payments: on-line catalogues, electronic point of sale (EPOS), electronic fund transfer (EFT)
- Automated purchase-to-pay systems
- Automated payments, accounting and reconciliation
- Use of an extranet to include cross-functional representatives both internally and externally
- Reduction of fraud and payment error risks
- Planning, monitoring and control systems.

4.3 Evaluate and explain the benefits of automated processes and information flows and their impact on the supply chain performance

- The benefits of automated supply chain processes: reduced cost, improved communication, reduced error, reduced lead time, higher accuracy, greater quality, improved supplier relations, real-time information, reduced fraud, management information and feedback
- The benefits of automated processes and the information gained from them for suppliers and their businesses
- How and why suppliers might choose to invest jointly with the purchaser in automation of the supply chain
- Extranets and how in practice they work with a supply base
- The benefits of automated purchase-to-pay systems
- The importance, nature and contribution of ICT to knowledge management.

LEVEL 5

Advanced diploma in purchasing and supply

Marketing for purchasers

OPTIONAL UNIT

UNIT CHARACTERISTICS

This unit is designed to provide students with an appreciation of the basic principles of marketing so they can interact more effectively with marketing colleagues within their organisation. It provides an insight into the role of marketing within an organisation and sets out marketing's relationship with purchasing and other business functions.

Students will be introduced to concepts, tools and techniques that are widely used by their marketing colleagues. It will help purchasing students to understand the terminology of marketing and to identify ways that they can contribute more effectively towards their organisation's marketing efforts. The unit is applicable to students working for organisations in all sectors (including not-for-profit/third tier sectors) and geographic territories. Where appropriate, international marketing aspects are considered.

By the end of the unit students should be able to evaluate and apply marketing tools and techniques in a range of contexts, and to understand how marketing contributes to key business objectives, in particular growth in income, profit and market share, and enhanced customer satisfaction.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Evaluate the key components of effective marketing, planning and control within an organisation and develop a marketing and promotional plan
- Assess how marketers develop a detailed understanding of customers and apply segmentation techniques
- Analyse the market research process and market research techniques
- Apply the marketing mix to a range of organisations and determine how the marketing mix elements can be integrated to achieve business objectives
- Analyse the value of developing long-term customer relationships and apply techniques which build customer loyalty and satisfaction
- Identify how purchasers can contribute towards the effective development of the marketing mix and execution of marketing plans.

LEVEL 5

Advanced diploma in purchasing and supply Marketing for purchasers

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 MARKETING MANAGEMENT, PLANNING AND CONTROL

(Weighting 20%)

1.1 Examine the marketing function within an organisation and explore the concept of marketing orientation

- Definitions of marketing
- The contribution of the marketing function within an organisation
- Production orientation, product orientation, sales orientation and marketing orientation
- The steps an organisation might take to achieve a high level of marketing orientation.

1.2 Evaluate marketing's interaction with purchasing and other functions

- Marketing's relationship with purchasing and other organisational functions
- The impact of marketing decisions and activities on purchasing and other organisational functions
- Areas of potential conflict between marketing and purchasing, and other functions within an organisation
- How internal conflicts can be managed and resolved.

1.3 Analyse and explain the rationale and background to marketing planning

- Strategy and its relevance to marketing planning
- Tools and models used in the development of strategic options: Ansoff matrix and Porter's generic strategy
- How strategic options can be prioritised and evaluated
- Options for entering markets overseas and potential barriers to entry
- How effective (SMART) objectives are developed
- Corporate objectives and marketing objectives
- The role of the marketing plan within an organisation.

LEVEL 5

Advanced diploma in purchasing and supply Marketing for purchasers

1.4 Assess the value of planning and the stages in the marketing planning process

- Benefits of marketing planning
- Potential challenges and issues encountered with marketing plans
- The marketing planning process
- The contribution of the purchasing function in the development of marketing plans and throughout the marketing planning process.

1.5 Evaluate the uses and application of the marketing audit

- The role and uses of a marketing audit
- An organisation's macro environment
- An organisation's micro environment
- The uses of a SWOT analysis
- SWOT analysis in respect of different organisations
- How to analyse the competitive environment using Porter's Five Forces model.

1.6 Evaluate and measure the performance of marketing plans

- The importance of monitoring the execution of marketing plans and measuring their success
- Marketing key performance indicators (KPIs)
- Methods of measuring marketing performance
- The role of budgets in marketing planning.

1.7 Assess the differences between goods and services marketing

- The specific characteristics of services versus goods
- The specific challenges faced by services marketers
- How challenges are managed by services marketers.

2.0 UNDERSTANDING CUSTOMERS AND THEIR NEEDS

(Weighting 20%)

2.1 Analyse organisational buying behaviour

- Characteristics of organisational markets
- Organisational decision making process
- Roles of individuals within organisational buying
- Influences on organisational buyer behaviour
- Implications of organisational buying behaviour on marketing activities.

2.2 Analyse consumer buying behaviour

- Characteristics of consumer markets
- Consumer decision making process
- Influences on consumer buyer behaviour
- What motivates consumer buyers
- The implications of consumer buying behaviour on marketing activities.

LEVEL 5

Advanced diploma in purchasing and supply Marketing for purchasers

2.3 Evaluate and apply segmentation, targeting and positioning

- Benefits of segmentation
- The criteria for an effective segment
- Segmentation methods for the consumer market
- Methods used in segmenting organisational markets
- Meaning of targeting and the three target market strategies
- How organisations decide which markets to target
- How positioning is used to achieve competitive advantage and how the positioning concept is applied to a range of organisations.

3.0 THE MARKETING MIX

(Weighting 30%)

3.1 Analyse how products are developed and managed

- Components of a product
- Role of branding and the importance of developing strong brand values
- Key strategic branding decisions and identify alternative branding strategies
- The concept of product portfolio management and apply recognised product portfolio management tools, the Boston Consulting Group matrix and the product life cycle
- The rationale for developing new products
- New product development process
- The adoption of new products by customers using the diffusion of innovation concept
- The contribution of the purchasing function in the development of new products.

3.2 Analyse the role of pricing within the marketing mix

- Importance of pricing and organisational pricing objectives
- Factors that should be considered when determining product pricing
- Main approaches to pricing
- Pricing strategies to products at each of the life cycle stages
- The different pricing strategies that could be considered for products performing at different levels in the Boston Consulting Group matrix
- The involvement and contribution of purchasing in pricing decisions.

LEVEL 5

Advanced diploma in purchasing and supply Marketing for purchasers

3.3 Analyse the role of channel management in the marketing mix

- Meaning of channel management and its role in achieving marketing and business objectives
- Main channels of distribution and the functions that channel intermediaries perform
- Criteria used to evaluate and select distribution channels
- How an organisation selects, motivates and manages channel intermediaries to achieve horizontal and vertical integration
- The impact of information technology on channel management
- The contribution of the purchasing function in channel management.

3.4 Analyse the role of promotion (customer communications) in the marketing mix

- The role and importance of customer communications
- Potential customer communication objectives
- Communications models; AIDA and DAGMAR
- Stages in the development of a promotional plan
- Components of the promotional mix
- Role of the promotional mix in influencing organisational and consumer buyers
- Techniques used to measure promotional effectiveness
- How the promotional mix is used at different stages in the life cycle and at different levels in the Boston Consulting Group matrix
- The role and contribution of the purchasing function in the specification and production of customer communications.

3.5 Analyse and apply the extended marketing mix

- The rationale for the development of the extended marketing mix
- Role and importance of people in services marketing
- Meaning and importance of 'process' in services marketing
- Contribution of 'physical evidence' services marketing
- How the extended marketing mix components help marketers to address the challenges they face when marketing services.

3.6 Explain how the marketing mix can be applied in international markets

- Additional factors that marketers should consider when applying the marketing mix in international markets
- The contribution of purchasing in developing the marketing mix for international markets.

LEVEL 5

Advanced diploma in purchasing and supply

Marketing for purchasers

4.0 MARKETING INFORMATION AND RESEARCH

(Weighting 15%)

4.1 Explore the role and importance of market research and explain how it informs marketing decisions

- Meaning of market research
- Importance of market research as a decision-making aid
- Potential marketing problems and how they can be helped through market research
- Sampling and its key role in market research
- Sampling techniques
- Quantitative, qualitative, primary and secondary research.

4.2 Apply the stages of the marketing research process to obtain information to aid marketing decisions and planning

- The stages of the marketing research process
- Research objectives
- Contents of a full research plan
- Techniques used for collecting primary qualitative and quantitative data
- The internal and external sources of secondary data
- Quantitative and qualitative data collection methods
- Primary and secondary data.

4.3 Examine competitor analysis, and evaluate its uses and the sources of information

- Uses of competitor intelligence
- Type of competitor information which is likely to be of use to marketers and purchasers
- How competitor intelligence can be gathered
- Main sources of competitor intelligence
- How the purchasing function can assist in competitor analysis.

LEVEL 5

Advanced diploma in purchasing and supply Marketing for purchasers

5.0 MANAGING RELATIONSHIPS

(Weighting 15%)

5.1 Identify and analyse key stakeholder groups

- An organisation's stakeholders
- The various needs and objectives of different stakeholder groups
- How marketing strategy and activities can lead to satisfying stakeholder objectives
- Role of communications in stakeholder management
- Purchasing's contribution to stakeholder management.

5.2 Examine the role of prospects and explain their contribution in building market share

- Definition of prospects
- Key role of prospects in building market share
- How relationships with prospects can be managed
- Marketing activities which can be used to identify and convert prospects.

5.3 Assess the management of customer relationships and identify good practice in relationship management

- Definition of 'customer'
- Relationship marketing and transactional marketing
- Techniques in building and managing long-term customer relationships
- Meaning and use of Customer Relationship Management (CRM) in managing customer relationships
- Stages of the process in implementing CRM within an organisation
- Challenges and benefits of implementing CRM within an organisation.

5.4 Evaluate the long-term benefits of customer loyalty and satisfaction

- Meaning of customer loyalty
- Benefits of achieving customer loyalty
- The ways that customer loyalty can be created and maintained
- Customer satisfaction and how it can be achieved
- How customer satisfaction can be measured.

5.5 Examine and evaluate the role of staff as stakeholders

- Staff as a major asset to an organisation
- Role of internal communications in training, motivating and educating staff
- Different methods of communicating internally with staff
- The internal communications plan.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

OPTIONAL UNIT

UNIT CHARACTERISTICS

This unit aims to identify the major areas of concern in effectively managing storage and distribution throughout the supply chain. It is essential that goods are moved through supply chains to customers at the right time, in the right condition, at the right place and at the right cost. Failure in any of these areas will add unnecessary costs to the ultimate customer while success will add value, and delight the customer.

It is essential that the management of inventory, storage, distribution and general logistics are co-ordinated, both upstream and downstream, in order to reduce lead times, provide agility and reduce unnecessary costs. In order for this to happen it is essential that relationships, both internally and externally, are honed to the appropriate level.

To be effective, storage and distribution must fit in a seamless way to the total supply chain locally, nationally and globally.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Evaluate the objectives and scope of storage and distribution in the supply chain
- Assess how the activity can meet its service and cost obligations while adding value
- Evaluate the factors that strategically affect the design and organisation of a storage and distribution network
- Compare different transport modes, and decide whether to outsource transport or manage the activity in-house
- Compare and evaluate the approaches used for evaluating the cost and service requirements when designing the layout of storage and warehouses
- Evaluate the various types of storage and handling equipment, coding systems and returns procedure required in modern storage and warehouses
- Compare and evaluate various methods for controlling the activity in terms of security and achieving stated performance criteria
- Major legal areas of concern to storage and distribution
- Evaluate how and why ICT can improve the efficiency and effectiveness of the activity.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 OBJECTIVES AND SCOPE OF STORAGE AND DISTRIBUTION

(Weighting 15%)

1.1 Determine the scope and objectives of storage and distribution

- The objectives of the activity
- The role of storage and distribution in a typical business environment
- The differences between roles the activity has in different organisations
- The network of relationships required for the activity to function effectively.

1.2 Analyse and explain connections between distribution, storage and the supply chain

- The total cost concept and the idea of sub-optimisation
- The total cost concept and why it is relevant
- The major areas that need to be evaluated in order to arrive at an optimal solution
- The cross-functional team-working skills that need to be developed to avoid sub-optimisation problems.

1.3 Develop effective and measurable service standards

- The concept of the term customer in storage and distribution environments
- Methods that could be used to improve the internal and external customer interface
- How to develop appropriate action plans to improve customer service
- The various measures of customer performance internally and externally
- The cost of service levels versus benefits.

1.4 Assess and evaluate the concept of adding value in storage and distribution

- The concept of adding value in the above context with appropriate illustration
- The role of other functions internally and externally in helping to add value to the activity
- Appropriate measurement criteria in this area.

1.5 Analyse the problems associated with the area of service to cost trade-offs

- The major cost and service parameters that need to be evaluated in the storage and distribution area
- Appropriate methods of appraising such a problem
- Environmental factors that could have an impact in this area
- Ways of quantifying costs and service in this area.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

2.0 DISTRIBUTION PLANNING AND MOVING GOODS

(Weighting 15%)

2.1 Evaluate the strategic factors affecting the choice of a storage and distribution network

- Macro level factors affecting the choice of a storage and distribution network
- Major methods of storage
- The concept of a distribution network
- Current methodologies that could be used in this area to provide an optimal solution.

2.2 Appraise and evaluate the role of third party contractors and logistic service providers

- How you would evaluate the use of third party contractors and logistic service providers
- How to develop an appropriate action plan and methodology for such an exercise
- Appropriate KPIs in the selection process
- The internal-external interfaces that would need to be consulted in such an exercise and why
- Key stakeholders in this area.

2.3 Appraise and evaluate different transportation modes

- Differentiation between the various transport modes
- The characteristics and suitability for different consignments
- The concept of multi-modal transportation and its advantages.

2.4 Assess the importance of good transport routing and load planning

- The factors that need to be considered in vehicle routing
- Major factors that must be considered in load planning
- Appropriate computer generated models that could be used to assist in the areas of routing and load planning
- How appropriate KPIs could be developed in this area
- Major KPIs that could be used in these areas.

2.5 Assess the impact of UK import customs controls and risks associated with different Incoterms

- The associated problems with UK import control
- How the risks can vary with imports depending on the Incoterm chosen.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

3.0 WAREHOUSING AND MANAGEMENT OF GOODS

(Weighting 25%).

3.1 Appraise and evaluate the role and effects of warehousing and storage of goods on the efficiency and effectiveness of the activity

- Appropriate methodologies for evaluating the cost and service requirements when designing the internal layout of a stores or warehouse
- Major principles to be evaluated in any warehouse or stores
- The different types of design and their associated advantages or disadvantages
- Single and multiple storey buildings and their cost effectiveness in different situations.

3.2 Assess the different types of warehouses and equipment available

- The different types of warehouses and stores to be found in different organisations
- Manufacturing versus service
- Push/pull environments
- Public versus private sector
- The use of different types of storage and handling equipment found in a stores and warehousing environment
- Methods for increasing the use of space in such areas
- How to evaluate cost implications in the use of different types of storage and handling equipment
- The use of Pareto analysis and stock-turn with respect to stock management.

3.3 Evaluate different types of coding systems

- The different types of coding systems to be found in a stores environment:
 - Significant
 - Sequential
- Methodology that could be used to introduce a new coding system
- The benefits and problems likely to be associated with different coding systems
- The role for bar coding and the benefits likely to accrue from its development.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

3.4 Assess the methods used in the introduction of new items and the handling of obsolete and redundant stock

- The introduction of new items and the importance of management in this area
- How obsolete and redundant stock is likely to cause difficulties and methods that could be used to minimise such problems
- The need for improved communications to reduce such problems
- The use of management information systems that can be used to help control the problems associated with new introductions, obsolete and redundant stock.

3.5 Propose methods for handling customer returns and reverse logistics

- The issue of handling customer returns in different environments
- How the problem of customer returns might be examined and improved
- The concept of reverse logistics
- Improvements that could be made in the area of reverse logistics
- How KPIs could be established in this area.

3.6 Evaluate methods for managing unit loads, pallets, cages and tote boxes

- Terms associated with managing unit loads: pallets, roll cages, tote boxes and their uses
- The problems associated with the management of these
- How improvements in efficiency in these areas can improve corporate profitability.

3.7 Appraise and evaluate inventory control systems for independent and dependent demand

- Definitions of independent and dependent demand
- Fixed order point
- Periodic review
- The impact of inventory control systems on storage and distribution.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

4.0 CONTROLLING STORAGE AND DISTRIBUTION, INCLUDING LEGAL ASPECTS

(Weighting 30%)

4.1 Examine and analyse methods for improving security in the area

- Different security measures that could be used in the area
- The effectiveness of different systems
- Methodologies that could be used to improve efficiency and effectiveness
- How improvements between internal and external customers can reduce security problems.

4.2 Establish systems for controlling and managing storage and distribution activity

- The use of different systems established to control and manage the activity
- The need for an integrated computer system
- The need for systems that allow management by objectives and management by exception.

4.3 Establish performance criteria for controlling storage and distribution

- Major performance criteria:
 - Service levels
 - Utilisation
 - Performance ratios
 - Comparative ratios
 - Benchmarking
- Evaluating chosen criteria with internal and external customers
- Defining action plans for improvement.

4.4 Assess the different roles of efficiency and effectiveness

- The difference between efficiency and effectiveness.

4.5 Assess the use of operational research techniques in storage and distribution

- The use of the following in the storage and distribution area:
 - Network analyses
 - Distribution modelling
 - Simulation
 - Queuing theory
- The appropriate technique in a given situation.

4.6 Identify and explain the requirements of health and safety legislation within a storage and distribution environment

- The areas affected by the Health and Safety at Work Act 1974
- The roles and responsibilities of staff and management in the working of the Act
- Major roles placed on organisations as a result of the Act.

4.7 Explain the requirements of the control of substances hazardous to health (COSHH) regulations within a storage and distribution environment

- The requirements of COSHH in the materials and environments to which they are applicable
- The roles and responsibilities of management and staff under the Act.

LEVEL 5

Advanced diploma in purchasing and supply

Storage and distribution

4.8 Examine legal issues involved with the transport of hazardous goods

- The role of major transport legislation in the control of hazardous goods
- The role under this legislation for drivers and organisations involved.

5.0 EVALUATING THE ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

(Weighting 15%)

5.1 Evaluate the role of ICT in storage and distribution

- Why there is a need for ICT and its likely scope
- The role of information providers internally and externally
- The need for such systems to be integrated throughout the supply chain
- The role of an integrated system in a move towards a more optimal solution
- The use of the computer in basic stores management.

5.2 Evaluate major developments in ICT and their effect on store and distribution

- EDI
- EPOS
- Data capture devices
- Voice recognition systems
- Mobile computing
- Radio frequency technologies
- Truck and trace systems in different environments.

5.3 Evaluate the use and impact of the internet on the storage and distribution function

- How the use of the internet can improve efficiency and effectiveness in the storage and distribution areas
- How the internet can be used for selecting suppliers
- The need to develop relationships with suppliers to allow maximum use of the worldwide web.

5.4 Evaluate the use of Enterprise Resource Planning (ERP) and its overall value to the organisation.

- The need for an organisation-wide system (ERP) and the impact it is likely to have on the supply chain
- The role of storage and distribution when involved in an ERP system
- The need for such an integrated system and its likely benefits
- Examples of ERP systems.

LEVEL 5

Advanced diploma in purchasing and supply Operations management in the supply chain

OPTIONAL UNIT

UNIT CHARACTERISTICS

This unit is designed to enable those who work in purchasing to assess the efficiency and effectiveness of an organisation's operations. This is the process of converting input resources into output products and services that occurs in all types of organisation, whether in manufacturing or services, public sector or private.

Students should be able to understand how operations staff add value to its inputs through the effective management of production and delivery. Operations staff are likely to be the most important internal customers of purchasing and supply chain managers.

By the end of this unit students will be able to analyse and evaluate an operations environment and implement a strategic plan that allocates resources in terms of materials, labour and machinery. In addition they will be able to consider the infrastructure requirements of the management control systems, as applied to different process types and technologies, and select the right approach.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Compare the challenges facing operations managers who operate in increasingly complex global markets for goods and services
- Formulate an operations strategy that will integrate with the product requirements of a marketing function
- Advise on the benefits of make or buy/outsourcing decisions associated with specific components and services
- Assess the relationship between design and procurement and propose potential design tools that will ensure cost effective development of new products and services
- Plan and manage an operations function and advise on the optimum layout for specific types of product and process work flows
- Formulate effective resource plans and schedules that will deliver products in a cost effective manner
- Propose philosophies, tools and techniques for continuous improvement and be able to apply these approaches within an operations function in order to improve the overall competitiveness of the business.

LEVEL 5

Advanced diploma in purchasing and supply Operations management in the supply chain

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 THE CONCEPT OF OPERATIONS

(Weighting 20%)

1.1 Define operations management and assess the influences on operations management in the broader competitive environment

- Definitions of the term operations management
- Distinguishing operations management as one of the key functions in an organisation
- Improvements in transport and communications technology
- The convergence of consumer preferences
- Increased competition and implications of shorter product lifecycles.

1.2 Evaluate the input- transformation-output model and explain how it relates to operations management

- The varied resource inputs to the input stage
- The meaning of transformation and how this applies to manufacturing and business processes
- The different types of output from the transformation processes.

1.3 Compare the different characteristics of products and service organisations and analyse how they impact on operations management practice

- Aspects of tangibility
- Quality and specification issues
- Demand management
- Training and development
- Capacity management
- Service quality and managing the customer.

1.4 Evaluate the strategic relationship between the operations function and other main functions within the business

- Marketing
- Finance
- Purchasing and supply chain
- Human resources
- Information Technology (IT).

1.5 Analyse key performance objectives, their relationship with the order winning criteria and how they contribute to the success of a business

- Cost
- Quality
- Responsiveness and speed
- Flexibility
- Dependability.

1.6 Analyse the significance of strategic outsourcing decisions in terms of:

- Span of control within an organisation
- Core competencies
- Impact on other functions.

LEVEL 5

Advanced diploma in purchasing and supply Operations management in the supply chain

2.0 THE DESIGN OF PRODUCTS AND SERVICES

(Weighting 15%)

2.1 Analyse the design process for products and services

- Definition of the term design
- Aspects of customer satisfaction
- Approaches to designing better products
- Understanding the full design business process.

2.2 Evaluate the benefits that arise from thorough design evaluation and environmentally sensitive design with respect to the product life cycle

- The contribution of purchasing to design
- Compare and contrast areas of conflict between purchasing and design
- Trade-offs in designing environmentally acceptable products
- Environmentally preferred materials
- Life cycle analysis
- End of life issues.

2.3 Analyse the contribution that purchasing and supply can make to the design of products and services by the application of certain tools

- Standardisation
- Modularisation
- Value analysis and engineering
- Computer aided design.

3.0 THE DESIGN AND MANAGEMENT OF THE OPERATIONS NETWORK

(Weighting 25%)

3.1 Analyse the critical features of an operations network and explain how they contribute to the management of supply and demand

- Network design and investment
- Strategic decisions in developing a network
- Feasibility factors
- Benefit factors
- Financial factors
- Organisational structure
- Integration
- Outsourcing: make versus buy.

3.2 Distinguish between the different process types in manufacturing and service industries

- Process types in terms of variety and volume
- Processing technologies
- Process layouts and workflow.

3.3 Compare and contrast different approaches to job design

- Definition of the word job
- The use and techniques of work study and work measurement
- Advantages and disadvantages of the different approaches to job design
- F W Taylor/Gilbreth's work
- Scientific management approach
- Motivational approaches
- Socio-technical systems approach
- Human factors approach
- Empowerment and self-managed teams.

LEVEL 5

Advanced diploma in purchasing and supply Operations management in the supply chain

3.4 Evaluate the techniques used to plan and control quality

- Definition of quality
- Dimensions of quality
- Cost of quality management tool
- Quality management and quality management principles
- Techniques used to plan and control quality in products and processes.

3.5 Develop an asset and maintenance and replacement strategy

- Differences between preventative and repair maintenance
- Time to replace an asset calculation.

3.6 Analyse and explain the complexity surrounding facility location decisions

- Reasons for complexity
- Demand side decisions
- Supply side decisions
- Location analysis tools.

4.0 THE PLANNING AND CONTROL OF RESOURCES

(Weighting 25%)

4.1 Explain the objectives for operations planning and control (OPC) and the actions necessary to control operations

- Definitions of OPC
- The different stages of OPC
- Definition of capacity
- Strategic capacity planning
- Measuring capacity
- Smoothing capacity
- Capacity calculations.

4.2 Analyse, select and use basic techniques to forecast demand

- The use of some basic techniques for forecasting
- Qualitative and quantitative forecasting techniques
- Characteristics of 'push' and 'pull' operations
- Independent and dependent demand.

4.3 Analyse and explain the mechanics of materials requirements planning (MRP), manufacturing resource planning (MRP II) and enterprise resource planning (ERP)

- MRP/MRP II and how they work
- Advantages and disadvantages of MRP/MRP II
- ERP – applications and content.

4.4 Identify and analyse the key roles and objectives of project management

- Definition of project management
- The project life cycle
- Creating a project network
- Calculating the critical path
- Resource constraints.



LEVEL 5

Advanced diploma in purchasing and supply Operations management in the supply chain

5.0 PHILOSOPHIES AND METHODS FOR MAKING IMPROVEMENTS IN OPERATIONS MANAGEMENT

(Weighting 15%)

5.1 Explain the cultural change required to implement total quality management (TQM)

- Total quality management (TQM) as a philosophy
- The development of TQM by Deming, Crosby and Juran
- Benefits of TQM
- Criticisms of TQM.

5.2 Examine and evaluate the philosophy of just in time (JIT) and continuous performance improvement in the context of lean manufacturing

- The definition and philosophy of JIT
- JIT as the basis for a continuous improvement programme
- The advantages of JIT
- Aspects of lean manufacturing and lean supply chains.

5.3 Analyse and explain the different approaches to continuous improvement

- Process mapping
- FMEA
- The PDCA cycle
- Different methods for managing and reducing stockholding.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

OPTIONAL UNIT

UNIT CHARACTERISTICS

This unit seeks to explore the drivers and decision makers of central and local government and the National Health Service (NHS), and the impact these have upon the public sector procurement function. This unit will also include consideration of the background to current public procurement policy and procedures, the regulatory frameworks and rules relating to procurement practice and the role of elected representatives and officials in making significant procurement decisions.

An understanding of government policy, regulations and government initiatives such as the efficiency agenda, social agenda and sustainability drivers will be imperative to the success of any candidates.

This unit will also include an understanding of the systems and processes developed and adopted for audit monitoring and measurement, including government accounting and budgets, and the roles of the National Audit Office (NAO), Audit Commission and Public Accounts Committee (PAC).

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Demonstrate knowledge and understanding of the background to current public procurement policy and procedures
- Examine the value and scope of public procurement and the roles of key decision makers and organisations
- Analyse the impact of procurement policy and government initiatives on procurement
- Outline and assess the significance of the financial accountability cycle for procurement policy and practice.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 THE BACKGROUND TO CURRENT PUBLIC PROCUREMENT POLICY AND PROCEDURES

(Weighting 25%)

1.1 Evaluate the principles and process for public procurement

- Arguments and evidence for and against the use of transparency and competition in letting contracts
- Procedures by which transparency and competition may be achieved
- Arguments and evidence for and against the use of procurement for political purposes including the economic survival of UK companies
- Measures for protecting against fraud.

1.2 Assess the impact of policies on contracting out of services, the Private Finance Initiative (PFI) and best value on the role and significance of procurement

- Explanations for and evidence of historical role and significance of procurement in the public sector
- Theories on the use of the market for the provision of public services; transaction cost economics, principal-agent, contestable markets, functional matching
- Impact of policies; contracting out of services, the PFI and best value on increasing the role of the market in the provision of public services
- Analysis and evidence of current role and significance of procurement in central government departments and agencies, local government and the NHS.

1.3 Evaluate the implementation of private sector best practice procurement and explain how it can be transferred to the public sector

- Culture and goals of public and private sector procurement
- Analysis of claimed private sector best practices such as partnership, supply chain management, cost reduction and innovation
- Arguments and evidence for and against the adoption and adaptation of private sector best practice in public procurement
- Mechanisms for improving professional procurement skills and competencies in the public sector.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

1.4 Evaluate the potential for traditional public accountability systems to act as a constraint on efforts to improve procurement practice

- The government accounting cycle, its origins and purposes
- Analysis of the impact of traditional public sector accountability systems: annual budgeting, role of the Accounting Officer, internal and external audit and the role of the PAC on professional procurement.

2.0 THE VALUE AND SCOPE OF PUBLIC PROCUREMENT AND THE ROLES OF KEY DECISION MAKERS AND ORGANISATIONS

(Weighting 25%)

2.1 Assess the value and major components of procurement spend within Government departments and agencies, local government and the NHS

- Major components of procurement spend; direct purchases only, grants, PFI projects, all non-pay spend
- Analysis of robustness of sources of data on procurement spend in Government departments and agencies, local government and the NHS
- Analysis of spend by product, service or projects.

2.2 Explain how to manage the spend on goods, services and projects by market sector to determine the political and economic impact of public procurement

- Value, frequency and volume of spend on goods, services and projects by market sector
- Impact of public sector procurement spend on capacity and competitiveness of key market sectors
- Policy implications of impact of public sector procurement spend on key market sectors.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

2.3 Identify and discuss the roles of elected representatives (ministers, Members of Parliament (MPs), local councillors and council committees) and officials (Permanent Secretaries, Agency and NHS Trust Chief Executives and Finance Officers) in the procurement process

- Implications of the need for democratic oversight for the governance of public procurement
- Roles of elected representatives (ministers, MPs, local councillors and council committees) in the governance of public procurement
- Roles of officials (Permanent Secretaries, Agency and NHS Trust Chief Executives and Finance Officers) in the procurement process
- Impact of devolution in Scotland, Wales and Northern Ireland on procurement policy in the devolved countries.

2.4 Identify and discuss the roles of the Office of Government Commerce (OGC), the NHS Purchasing and Supply Agency (PASA), and the Improvement and Development Agency (IDeA) in local government, as well as equivalent bodies in Scotland, Wales and Northern Ireland

- Significance of the development of policy and coordinating organisations for public procurement at central, regional, local and sectoral levels
- Analysis of the roles of specific organisations: OGC, the NHS PASA, and the IDeA
- Arguments for and against and evidence of the effectiveness of centralised or collaborative procurement nationally, regionally or by sector.

3.0 THE IMPACT OF PROCUREMENT POLICY AND GOVERNMENT INITIATIVES ON PROCUREMENT

(Weighting 30%)

3.1 Evaluate the effectiveness of regulatory goals of probity and transparency in procurement

- General risks from procurement
- Arguments for using probity and transparency to manage procurement risks
- Mechanisms for balancing the risks of fraud and non-discrimination against the need for innovation and entrepreneurialism in procurement.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

3.2 Analyse the extent to which procedures based upon formal competition achieve value for money and competitive supply

- Definitions of competition and competitiveness and the differences between them
- Definition and application of the concept of value for money
- Evidence of the effectiveness of formal competitive procedures in achieving value for money and competitiveness
- Innovative mechanisms for adapting formal competitive procedures to enhance value for money and competitiveness: early involvement of procurement expertise, early involvement of potential suppliers, use of e-procurement, improved management information on markets and suppliers.

3.3 Assess the contribution of procurement to meeting government efficiency targets

- Definitions and application of concepts such as economy, cost efficiency and allocative efficiency
- Significance and risks of procurement's contribution to government efficiency plans in central and local government and the NHS
- Evidence and methods of achieving improved efficiency in central and local government and the NHS.

3.4 Propose 'spend to save' initiatives through developing a robust business case with deliverables

- Role of procurement in enhancing quality, performance and innovation
- Areas in which improvements may be achieved eg supplier databases, electronic procurement systems, setting up strategic contracts
- Arguments to justify 'spend to save' initiatives by identifying deliverables and drawing upon evidence of their achievement in the public and private sectors.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

3.5 Analyse or evaluate the arguments for and against using public procurement to promote Government initiatives

- Arguments for and against the use of public procurement for socio-economic purposes
- The policy and legal context in relation to the use of public procurement for socio-economic purposes
- Scope for variations of procurement practice to meet the requirements of different cultures; ethnic, religious
- Procedures and mechanisms by which public procurement may be used to achieve socioeconomic goals; the social agenda, local sourcing, sustainability and diversity within existing legal constraints.

3.6 Analyse and explain the complexity of balancing conflicting procurement goals within competing political and cultural contexts

- Conflicts between regulatory, commercial and socio-economic goals of public procurement
- Political and organisational contexts within which pressures to achieve conflicting procurement goals operate
- Evidence of the successful management of pressures to achieve conflicting procurement goals in central and local government and the NHS.

4.0 THE SIGNIFICANCE OF THE FINANCIAL ACCOUNTABILITY CYCLE AND THE ROLE OF AUDIT FOR IMPROVING PROCUREMENT POLICY AND PRACTICE

(Weighting 20%)

4.1 Assess the implications of the government accounting cycle for procurement

- Implications of the accounting cycle for multi-year service contracts, complex projects, non-conventional finance and value for money procurement spend
- Mechanisms for adapting the accounting cycle to facilitate mechanisms for risk-taking, innovation and an entrepreneurial approach to modern professional procurement.

LEVEL 5

Advanced diploma in purchasing and supply

The machinery of government

4.2 Evaluate the roles of the NAO and Audit Commission in promoting good procurement practice within the accountability framework

- Evidence of promotion of good procurement practice in reports by the NAO and Audit Commission
- Mechanisms and processes for successful collaborative working between the procurement and audit functions
- Limits of collaborative working to ensure the independence of the audit role.

4.3 Evaluate whether the highlighting of poor procurement practice reinforces a risk avoidance culture

- Evidence of the positive and negative impact of reports by the PAC and other audit bodies on procurement
- Means of influencing organisational policy and procedures towards a positive approach to managing risks from procurement spend based upon a strategic approach, senior management ownership and the effective deployment of procurement expertise.

LEVEL 5

Advanced diploma in purchasing and supply

Contracting in the public sector

OPTIONAL UNIT

UNIT CHARACTERISTICS

This unit recognises the differences in contracting and regulatory requirements within the public sector environment. It is intended to go beyond the Level 4 Developing contracts in purchasing and supply, in order to take on the challenges of managing a contract from inception through to conclusion.

The unit is designed to provide students with the knowledge and understanding to analyse concepts underlying the contracting process, including markets, transparency, competition, relationships and trust.

As a result of studying this unit, students will be expected to be able to manage the contracting process efficiently and effectively through developing the business case for the procurement, analysing the nature and scope of the contract, applying appropriate selection procedures and developing positive relationships with suppliers, to realise intended benefits in the context of public accountability and responsible stewardship.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Explain the steps and processes involved in developing the business case for the contracts
- Analyse the nature and scope of the contract
- Analyse and explain how to manage the supplier selection process through the application of appropriate rules and procedures
- Evaluate and explain how to go about developing and maintaining positive relationships with suppliers to realise benefits.

LEVEL 5

Advanced diploma in purchasing and supply Contracting in the public sector

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 PREPARING A BUSINESS CASE FOR CONTRACTS

(Weighting 25%)

1.1 Evaluate potential risks and define appropriate procedures to manage risks

Types of risk:

- Political
- Limited competition in the market
- Failure to meet performance standards
- Change of law
- Security of supply, contingency planning, stock holding and alternative sources of supply
- Quality, project or technology failure
- Supplier insolvency, monitoring and guarantees
- Security, theft and damage
- Fraud, accounting and payment exposures, conflicts of interest, purchasing ethics and codes of conduct
- Contractual failure, consequential loss and provision for remedies

Procedures to manage risks:

- Allocation of risks between client and contractor according to which party is better placed to manage the risk
- Governance arrangements through which risks can best be managed: contractual incentives and penalties, liquidated damages, relationships
- Procedures for monitoring and managing the key risks identified.

1.2 Assess the relative merits of internal, external or mixed provision of the purpose of the contract

- Arguments for and against internal, external or mixed provision by public, private and third sector providers
- Policy on contracting out, competitive tendering, use of private finance, private and voluntary sector expertise
- Models for determining the appropriate governance arrangements, eg transaction cost economics, relational competence analysis.

1.3 Identify the correct level of approval for the purchase and explain the importance of and how to obtain authority to proceed

- Official (by grade, by department (purchasing, finance etc)), legal and political (council committee, ministerial) approval levels in accordance with established procurement and ethical procedures
- Relevance of approval procedures under Gateway reviews or programme and project management techniques such as PRINCE2 and Managing Successful Programmes (MSP)
- Internal and external stakeholders with whom consultation is necessary.

LEVEL 5

Advanced diploma in purchasing and supply Contracting in the public sector

1.4 Evaluate the importance of involving procurement staff with expertise appropriate for the requirement at an early stage

- Risks of not involving procurement at an early stage
- Procurement knowledge and competences appropriate for various requirements
- Communication skills appropriate for interacting with more senior staff and staff from different professional and technical backgrounds.

1.5 Analyse and evaluate the appropriate funding mechanisms for the contract

- Advantages and disadvantages of various funding mechanisms: conventional (from departmental budgets), privately financed: e-bond issue, PFI contract
- Whole life costing
- Investment appraisal techniques.

2.0 THE SCOPE AND NATURE OF THE CONTRACT

(Weighting 30%)

2.1 Evaluate the supply market for changes to suppliers, technology, the nature and extent of competition

- Number, size, location, socio-economic aspects (SMEs, minority owned) of suppliers
- Technological changes eg new processes, equipment, intellectual capital
- Porter's 5 forces model: barriers to entry, threat of substitutes, power of suppliers, power of buyers, intensity of rivalry and strategies to increase power of buyers.

2.2 Evaluate opportunities for aggregation of requirements and co-operative procurement.

- Other buying organisations with similar requirements by sector, region, size
- EU and UK rules on aggregation and joining previously let frameworks or contracts
- Nature of the client's requirement: standard, some added/amended features, tailored for client
- Optimum geographical scope of sourcing and delivery: local, regional, national, European Economic Area; global.

LEVEL 5

Advanced diploma in purchasing and supply Contracting in the public sector

2.3 Analyse the opportunities for sustainable procurement.

- Policy on and sources of sustainability: 'green' procurement, energy efficiency, recycling, biodegradability, ethical procurement
- Mechanisms and EU/UK rules on enhancing access by SMEs and minority owned businesses: splitting large contracts: geographically, by category; preference schemes; outreach eg meet the buyer, internet, multilingual documentation.

2.4 Explain how to go around planning the appropriate duration of the contract and the optimum number of suppliers in relation to the nature of the requirement, the supply market and the opportunities for aggregation

- Factors impacting on contract duration: duration of the requirement; market characteristics; technological change, stability/volatility of price, capacity, storage; EU/UK rules and policy; supplier relationships
- Factors affecting the number of suppliers: capacity of the market; impact on competition; range of products/services included; ease of managing the supply chain; number and location of customers and delivery points; scope for enhancing access by SMEs and minority owned businesses; risk of too few suppliers.

2.5 Analyse and explain the importance of involving clients, potential suppliers, financial and technical experts at an early stage in developing and managing the contract specification

- Advantages and disadvantages of performance, functional and technical specifications for various products, services, projects
- Policy and EU/UK rules on involving potential suppliers in specification
- Types of financial and technical expertise for various requirements and their sources, eg in-house, other government body, private consultancy
- Cross functional team working.

LEVEL 5

Advanced diploma in purchasing and supply Contracting in the public sector

2.6 Analyse the intended costs and benefits from the contract

- Sources of information on costs and benefits of the requirement: supplier associations, trade literature, standard labour costs, supplier's accounts, other procurement agencies
- Factors affecting sharing of benefits and costs from the contract: nature of the requirement: strategic, bottleneck, non-critical, leverage; nature of the relationship; cost of provision; nature and allocation of risks
- Opportunities for incentivisation through targets appropriate for the requirement and the relationship
- Factors affecting allocation of responsibility for monitoring and reporting between client and contractor
- Types of management and operational information: cost, quality, delivery performance against target; timeliness of reporting; problem solving and dispute resolution; performance against critical targets or 'gates'.

3.0 MANAGING THE SUPPLIER SELECTION PROCESS

(Weighting 15%)

3.1 Analyse the selection procedures appropriate to the contract requirement

- EU and UK rules and policy on supplier selection procedures
- Advantages and disadvantages of competitive and negotiated selection procedures
- Appropriateness of various selection procedures: competitive tender, framework agreements, competitive dialogue, for a range of requirements: goods, services, projects
- Types of and opportunities for electronic procurement: e-tendering, e-auction.

3.2 Analyse and explain how to manage a transparent tendering process

- Obstacles to accessing public procurement: identification of business opportunities; excessive tender documentation; compliance with standards and technical specifications; unclear delivery requirements; inadequate volume information; vague selection criteria; insufficient time to respond; no contract award information
- Mechanisms for reducing barriers to supply: develop commercial expertise; clarity of roles of procurement staff, technical experts and end user; consistency in the tender process; single point of access; explicit weighting of criteria.

LEVEL 5

Advanced diploma in purchasing and supply Contracting in the public sector

3.3 Identify and analyse tender evaluation processes in accordance with procedures using the advertised selection criteria and weights, and ensure that successful and unsuccessful suppliers are provided with the opportunity for debriefing

- EU and UK rules and policy on selection criteria and weighting
- Relevance of selection criteria for various requirements: products, services, projects; policies: access of SMEs and minority businesses, through life capability; use of procurement for socio-economic purposes; sustainable procurement
- Organisational policy, procedures and ethical aspects of the constitution and operation of evaluation panels
- Mechanisms for the provision of effective feedback: email, telephone, face to face; on-demand or provided automatically; presentation of outcomes of evaluation.

4.0 THE IMPORTANCE OF POSITIVE RELATIONSHIPS WITH SUPPLIERS

(Weighting 30%)

4.1 Evaluate the impact of appropriate relationships on the contracting process

- Characteristics of types of relationships
- Factors affecting the relationship strategy: strategic or operational requirement; degree of clarity and certainty about the requirement; competitiveness of the supply market; one-off, short term or long term duration; power of buyer and supplier.

4.2 Evaluate the costs and benefits of developing partnership and relationships based on mutual trust with suppliers:


- Potential costs of developing partnership: 'hard': systems alignment, senior management and staff time, relocation; 'soft': cultural change, building trust, joint activities
- Potential benefits of developing partnership: improved communications; integrated systems; shared understanding of the requirement; improved problem solving and dispute resolution; continuous cost, quality and process improvement (Cox and Hines 1997; Erridge 1995; Erridge et al 2001).



LEVEL 5

Advanced diploma in purchasing and supply Contracting in the public sector

4.3 Analyse what is meant by a 'shared understanding' and explain how that can be achieved

- Policy on, and evidence of, supplier innovation and benefit sharing
 - Models of developing partnerships: Ellram
 - Types of deliverables with targets and deadlines
 - Agreement on factors triggering variations to, or termination of, the contract: change controls, exit strategies.
- 

4.4 Analyse and explain how to plan and manage the supply chain relationship

- Joint governance arrangements appropriate to the relationship: Siemens/Office of National Savings, balancing top level policy making with middle and lower level reporting on implementation and performance against targets
 - Negotiation and problem solving strategies appropriate to achieving goals within a partnership relationship
 - Types of data to enhance current and future supply market intelligence: performance of current supplier against targets; level of competition from potential alternative suppliers; development of new technology, processes or intellectual capital impacting on the market.
- 

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

OPTIONAL UNIT

UNIT CHARACTERISTICS

This unit is designed to provide students with a working knowledge of sustainable procurement: what it is, how it aligns with overall organisational strategies, policies and operations and how to recognise, apply and successfully manage sustainable procurement activities to achieve future improvements and benefits and mitigate risk.

Through the exploration and evaluation of external and internal sustainability factors, drivers, barriers and trade-offs, students will cover a wide range of situations across sectors and industries.

By the end of the unit, students should be able to recognise and implement appropriate sustainable specifications, sourcing and whole-life contract management for products and services and evaluate how sustainable procurement impacts on business performance. They will be equipped with supplier audit, assessment and development tools to measure and increase sustainable procurement activity in the global supply chain. They will furthermore be encouraged to develop and implement policy and engage stakeholders, acting as catalysts for change in the internal and external environment in which their organisations operate.

STATEMENTS OF PRACTICE

On completion of this unit, students will be able to:

- Compare definitions of sustainable procurement in relation to sustainable development and apply them appropriately to different business sectors within local, national and global markets
- Evaluate the key internal and external factors, in particular legislation, which influence the achievement of successful sustainable procurement across different business sectors, organisations and geographic regions, taking into account both current and emerging global trends
- Analyse the importance of aligning sustainable procurement policy and operations to overall business strategy of the organisation
- Assess the main criteria for sustainable procurement specifications, sourcing and whole-life contract management of products and services
- Apply supplier audit, assessment and development tools to the supply chain in order to measure and improve sustainable procurement
- Evaluate the drivers, barriers, conflicts and trade-offs to achieving sustainable procurement within the organisation
- Evaluate ways in which procurement personnel could act as catalysts for change in engagement with the internal and external environment to mitigate risk, secure supply and ensure sustainable supply chains.

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

LEARNING OBJECTIVES AND INDICATIVE CONTENT

1.0 DEFINING AND DEVELOPING SUSTAINABLE PROCUREMENT

(Weighting 20%)

1.1 Define sustainable procurement in relation to the concept of sustainable development

- Sustainable development and sustainable procurement in context
- Brundtland Commission definition
- Sustainable consumption and production
- Differing definitions of sustainable procurement
- The United Nations Environment Programme for Sustainable Consumption
- European Union sustainable development strategy
- Sustainable Procurement Task Force
- How sustainable procurement supports sustainable development
- Why sustainable procurement should be good for business.

1.2 Analyse current and emerging global trends in the field of sustainable procurement

- Innovation and the successful implementation of sustainable procurement ideas
- World-wide demographic trends
- Overall production and service capacity and capability
- Corporate social responsibility (CSR)
- A changing skills base
- Alternatives to fossil fuels and rising energy costs
- Availability, use, and depletion of diminishing natural resources
- Sustainable procurement as a qualifier for all purchasing decisions.

1.3 Evaluate the external factors influencing sustainable procurement and apply the PESTLE model in the context of different organisations and sectors, including the public, private, third sectors and their tiers:

- The “triple bottom line” of environmental, social and economic factors
- International and local influences on sustainable procurement
 - Political (eg government policies, targets and incentives – workforce structure, waste management, conservation and protection of natural resources, land use, water management, Local Government Act 2000, Local Agenda 21, Special Development Areas)
 - Economic (eg basic principles of supply and demand, costs, exchange rates, employment market, availability of materials and energy/fuels).

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

- Social/ethical (eg availability of skills, working conditions and practices, corruption, corporate citizenship, CIPS ethical code, societal values, ethical farming, fair trade)
- Technological (eg innovation, new technologies, materials and processes)
- Legislative (eg environmental laws, workforce legislation)
- Environmental (eg renewable versus non-renewable energy, waste management/reduction – landfill capacity, packaging, carbon footprint reduction, global climate change – availability of agricultural land, water, greenhouse gas/CO2 emissions, pollution)
- External stakeholder pressure and attitudes (eg BSE, bird flu, use of artificial colours and flavours, GM crops, animal testing)
- Standards (eg Labelling ISO 14023/25, Environmental Managements systems ISO 14001, Social Accountability SA8000).

1.4 Evaluate the internal factors influencing sustainable procurement in the context of different organisations and sectors, including the public, private, third sectors and their tiers:

- Performance improvement (eg competitiveness, profitability, growth potential)
- Organisation strategy, policies and procedures
- Corporate social responsibility (CSR) policy
- People development policy
- Risk management (eg securing supply)
- Management attitudes
- Internal stakeholder positions and attitudes
- Availability of sustainable resources in the areas of labour, materials and processes (eg population demographics, skill levels in the supply chain, new materials, products and processes – textiles, plastics, farming).

1.5 Identify which external and internal factors will drive sustainable procurement within an organisation and compare and contrast their relative importance across public, private, third sectors and their tiers

- Brand reputation (eg use of child labour – clothing industry, CO2 emissions – aviation, automotive and travel industries)
 - Product and service design criteria and impact on the environment
 - Internal capacity and capability (eg more efficiency through waste reduction – Ohno's 7 wastes).
- External and internal drivers
 - Characteristics of the different sectors in the context of sustainable procurement
 - Key drivers for different sectors, industries and businesses
 - Sustainable procurement drivers as distinct from effects.

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

2.0 OPERATIONAL IMPLEMENTATION OF SUSTAINABLE PROCUREMENT POLICY

(Weighting 20%)

2.1 Evaluate the area of sustainable procurement aligned with organisational strategy and the operational impact of its implementation across the procurement function and the other functions within the organisation

- Incorporation of sustainable procurement principles into mission statements and core values
- 'Balanced scorecard' approach for consistency across the organisation
 - Financial
 - Customer
 - Internal business
 - Innovation and learning
- Corporate social responsibility (CSR) statement
- Implications for organisation structure and resources
- Common targets and objectives
- Realistic timescales
- Benefits and trade-offs for the business (eg reputation).

2.2 Examine the stages in the development of a sustainable procurement policy and policy deployment guidelines

- Obtaining commitment
- Communication to stakeholders
- Setting targets and objectives
- Clear responsibilities
- People development
- Implementation
- Ongoing management/review
- Flexible approach to respond to new or different drivers.

2.3 Explain how to implement the practical steps for introducing a sustainable procurement programme

- Key stages in the development of an implementation plan
- The 'Flexible Framework' approach
- Procurement professionals as agents for change within the organisation
- Procurement professionals as 'key players' in the interface with the external environment
- Management of stakeholders and getting buy-in
- Maintaining commitment to sustainable procurement principles
- Planning for continuous improvement.

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

3.0 OPERATING A SUSTAINABLE PROCUREMENT APPROACH

(Weighting 30%)

3.1 Explain and analyse the process of developing and applying sustainable procurement to purchase specifications for products and services in the context of different organisations and sectors

- Sustainability of customer requirements
- Classification of materials components and services using the Kraljic Model
- Innovation and sustainable design
- Sustainable materials and processes
- Service level agreements
- Impact of the end product or service.

3.2 Using a purchasing and supply management model, identify and evaluate the main considerations for sustainable sourcing at each stage of the sourcing process for different organisations and sectors

- A review of the stages in the sourcing process including: identification of requirement, sourcing plan, marketplace analysis, pre-qualification, evaluation and short-listing of suppliers, preparation of enquiry/tender document, receiving and evaluation of offers, supplier selection and creation of contract or relationship
- Models: Office of Government Commerce (OGC) procurement process, CIPS procurement cycle, Ministry of Defence acquisition operating framework (AOF), the supply chain operations reference (SCOR)
- Economic considerations
 - Financial
 - Operational
 - Technological
- Social and ethical considerations
 - CSR
 - Skills base
 - Workforce practices
- Environmental considerations
 - Location
 - Impact on the environment
- Standards and Legislation
 - Kyoto Protocol
 - International Labour Organisation (ILO) standards
 - EU Directives 2004/17/EC and 2004/18/EC on public procurement
 - ISO14001 environmental standards
 - ISO15686 whole-life costing standards
 - Finance and Tax laws (eg Sarbanes Oxley)
 - 'Fair Trade' standards.

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

3.3 Evaluate the benefits and risks of sustainable whole-life contract management for purchasing and supply contracts

- A review of contract management factors including objectives and delivery plans ongoing contract and relationship management, receipt of products and services, asset management and post-contract 'lessons' management
- Allowing for new sustainable procurement developments and targets within contract and relationship management
- Linking the benefits to organisational performance and success (eg whole-life costing and return on investment)
- The benefits of continuous improvement in sustainable contract management for the supply chain

- The risks and contingencies associated with a sustainable procurement approach to whole-life contract management
 - Long term supplier relationships
 - 'Preferred' suppliers
 - Public Private Partnerships (PPPs)
 - Private Finance Initiatives (PFIs).

3.4 Apply effective tools for the implementation, measurement and monitoring of sustainable procurement within an organisation and evaluate the similarities and differences compared to other organisations and sectors

- Supplier and supply chain audit, assessment and evaluation (eg green audit, Oxfam supplier questionnaire)
- Key performance indicators (KPIs)
- Total cost of ownership
- Cost management
- Product life-cycle analysis
- Stakeholder mapping and communication
- Source planning
- Supply chain mapping.

3.5 Identify and apply appropriate supplier development tools and processes in order to both introduce and improve sustainable procurement within the local and global supply chains

- Prioritisation of suppliers and products
- Clear sustainability objectives, targets and requirements
- Gap analysis
- Problem-solving and escalation
- Supply chain communication and co-operation
- Achievable deadlines
- Monitoring improvements.

LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

4.0 SUSTAINABLE PROCUREMENT CHALLENGES

(Weighting 30%)

4.1 Evaluate the barriers to achieving sustainable procurement within different organisations and sectors in both the global and local context

- Cost issues such as raw materials, process costs, recycling and re-use, budget and funding restrictions
- Attitudes of key stakeholders including customers, shareholders, employees, donors, suppliers, buyers and the general public

- Policies at international, European Union, government, organisation and department levels
- External cultural factors such as nationality, religion and ethics
- Internal management culture within sectors, industries and organisations
- Level of economic stability: growth or decline, inflation levels and trends, credit restrictions and protectionism.

4.2 Using appropriate tools, analyse the potential conflicts in achieving sustainable procurement for different sectors and industries and suggest how these can be managed

- Tools: Force field analysis, SWOT
- Economic performance versus social and environmental responsibility
- Sourcing from developed countries versus developing countries
- Local versus international sourcing
- Environmentally friendly products and processes versus product legislation
- Lowest achievable price versus ethical considerations.



LEVEL 5

Advanced diploma in purchasing and supply

Sustainable procurement

4.3 Evaluate the potential trade-offs in the achievement of sustainable procurement within the context of an organisation

- Common international supplier standards leading to more competition
 - Component and service standardisation allowing less opportunity for product and brand differentiation
 - Paying or investing more for an enhanced reputation
 - Investment in the short-term to protect long-term supply of products and services.
- 

4.4 Explore the future challenges for the purchasing profession in the area of sustainable procurement within a global market place

- Sustainable procurement and end-to-end supply chain activity
 - Stakeholder priorities
 - National and global challenges to successful sustainable procurement
 - Supplier development
 - Managing for risk and vulnerability in the supply chain
 - Making sustainable procurement 'business as usual'.
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