

CIPS L3 Advanced Certificate in Procurement and Supply Operations

Course outline

Duration: 200 Hours

Target Audience:

- For anyone new to the profession, with little or no business experience and those aspiring to move into a career in procurement and supply.
- It is also ideal for managers in other professions and business leaders or entrepreneurs who need to understand how procurement should function and its overall impact on business success.

Course Overview:

Learn how to apply factual, procedural and theoretical knowledge of procurement and supply. You will be able

to complete tasks and address problems that are well-defined but may be complex and non-routine. You will

understand what relevant information is required and how to interpret and review its effectiveness.

Pre-requisite:

- There are no entry requirements for this qualification and therefore, the learner is not required to have any prior professional qualifications or experience. Some unit exemptions may be applicable under the CIPS
- Exemption policy. Further information on the exemption policy and possible exemptions can be found ON CIPS.ORG

Credit values:

- To gain a qualification you are required to complete a total number of credits. This is a way of quantifying the required number of study hours. 1 credit is equivalent to 10 hours of study.
- Each module is given a credit value of 3 or 6 credits.

Total credits required for completion: 30 Credits

Procurement and Supply Environments [L3M1]

1.0 Know the different sectors of procurement and supply

1.1 Define the different types and functions of the private

sector

- Definitions and different types of private sector

organisations – sole traders, partnerships, registered companies, incorporated and unincorporated companies, SME, multinational corporations

- The size and scope of the private sector in different economies
- Functions of private sector organisations such as profit, growth, market share, share price, other financial measures, corporate and social responsibility

1.2 Describe the role and scope of procurement and supply in the private sector

- Sole trade, partnerships, registered companies, incorporated and unincorporated companies
- Small and medium sized organisations (SMEs)
- Multinational organisations
- The roles of procurement and supply in the private sector

1.3 Describe the role and scope of procurement and supply in the public sector

- Defining the public sector
- Central and local government
- The functions of public sector organisations
- The roles of procurement and supply in the public sector
- Commissioning and procurement
- Achieving budget savings and other sources of added value
- Providing access to services
- Regulating organisations and individuals

1.4 Describe the role and scope of procurement and supply in the not-for-profit and third sector

- Defining the not-for-profit and third sector
- Public accountability for the not-for-profit and third sector
- Define the role of procurement and supply in the not-for-profit and third sector

2.0 Understand types of pricing arrangements in commercial agreements

2.1 Explain how pricing arrangements are used in commercial agreements to ensure effective price and cost management

- Pricing schedules
- Fixed pricing arrangements
- Cost plus and cost reimbursable pricing arrangements
- Indexation and price adjustment formulae
- Incentivised gain share pricing
- Payment terms
- The use of open book costing and adjustments

3.0 Know the external environment and its impact on procurement and supply

3.1 Identify the impact of the external environment on procurement and supply

- The use of environmental scanning
- The use of PEST (political, economic, social and technological) criteria or STEEPLED (social, technological, economic, environmental, political, legislation, ethical and demographic) criteria that impacts on organisations' external environment
- The five forces model
- Competitive market forces
- Demand and supply
- Market factors
- Product life cycles

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3.2 Describe how the implications of economic criteria impact on procurement and supply

- Macro-economic criteria such as interest rates, inflation, exchange rates, level of economic activity (GDP/ GNP) that impacts on organisations
- Micro-economic criteria such as demand and supply that impacts on organisations

3.3 Describe how the implications of political and legislative criteria that impact on procurement and supply

- Political criteria such as stability and instability that impacts on organisations, different economic sectors and on countries
- Legislation that impacts on organisations such as on standards, health and safety, environmental standards and employment law

3.4 Describe how the implications of environmental and ethical criteria impact on procurement and supply

- Environmental criteria such as natural risks, waste emissions, pollution and energy efficiency that impact on organisations
- Ethical and social criteria such as ethical codes, employment rights, community benefits, working conditions and standards that impact on organisations

3.5 Describe how the implications of social criteria impact on procurement and supply

- Changing societal preferences, tastes and fashions, demographics, labour and fair-trade standards and how these can impact on organisations
- Corporate social responsibility

4.0 Understand procedures that regulate procurement and supply

4.1 Describe the types of documentation used in procurement and supply

- Requisitions
- Orders
- Delivery notes
- Invoices
- Other documents typically used in procurement and supply

4.2 Explain how documented policies and procedures are used within procurement and supply

- The responsibilities for procurement

- Regulations relating to competition
- Levels of delegated authority
- Responsibilities for the stages of the sourcing process
- Responsibilities for ensuring invoice clearance and payment
- Responsibilities for ensuring that requisitions, orders and invoices are clear and correct and clarify requirements for stakeholders
- Corporate governance

Ethical Procurement and Supply [L3M2]

1.0 Know techniques that can achieve added value and its contribution to organisational success

1.1 Explain how to use techniques to obtain supplies to the purchaser's requirements

- Defining sources of added value
- Defining value for money
- Applying the five rights to procurements of both products and services
- Discuss the concept of life time costs

1.2 Identify the contribution that value for money has to make to organisational success

- Efficiency
- Effectiveness
- Economies of scale vs. quality of product/service
- Value engineering
- Value analysis

1.3 Explain how to use techniques that are available to achieve quality supplies

- Defining quality
- Quality standards, processes and procedures
- The use of quality assurance
- The concept of zero defects
- Assessing quality of supplies of products and services

1.4 Identify techniques to secure required quantities within required timescales

- Internal, external and total lead time

- Expediting and measuring delivery performance
- Planning milestones and activities
- The use of scheduling
- Inventories and their costs

1.5 Identify value for money criteria

- Pricing/costs
- Delivered quality
- Timescales, quantities and location requirements
- Measuring the achievement of quality and timescales
- Evaluate data to measure and improve the performance of external suppliers

2.0 Know tasks associated with each stage of the sourcing process

2.1 Describe how procurement needs are established

- Liaison with users and customers and understanding their commercial needs
- Reviewing needs from customers
- The make or buy decision
- Definitions of specifications

2.2 Identify criteria that should be applied in creating specifications

- The importance of specifications in contracts with external customers and suppliers
- Creating specifications for products and services
- Conformance and output or outcome based approaches to developing specifications
- The role of Key Performance Indicators (KPIs)

2.3 Describe approaches to the sourcing of supplies

- Surveying the market
- Supplier appraisal
- Inviting quotations and tenders
- Assessing quotations and tenders
- The use of e-sourcing technologies
- Measuring supplier performance

2.4 Describe approaches to the formation of agreements with external organisations

- Dealing with queries and clarifications

- Ensuring transparency and fairness with suppliers
- Mistakes and second bids in tenders
- The use of reverse auctions/e-auctions
- Forming agreements with customers and suppliers
- Transition and mobilisation arrangements

3.0 Understand the significance of ethics for procurement and supply

3.1 Explain the importance of the CIPS Code of Conduct in procurement and supply

- Enhancing and protecting the standing of the profession
- Maintaining the highest standard of integrity in all business relationships
- Promoting the eradication of unethical business relationships
- Enhancing the proficiency and stature of the profession
- Ensuring compliance with laws and regulations

3.2 Describe the use of codes of ethics in procurement and supply

- The importance and role of codes of ethics
- Monitor the work of stakeholders to ensure that codes of ethics are upheld
- How to deal with and escalate to senior management any suspected breaches of codes of ethics

3.3 Explain the conflicts of interest that can exist in the work of procurement and supply and how to deal with them

- Identifying potential conflicts of interest
- How to address potential conflicts of interest
- How to ensure that ethical practices are maintained and prioritised

4.0 Understand how operational performance of the procurement and supply function can be measured and improved

4.1 Recognise the importance of delivering customer service and how to improve

- Methods to evaluate customer service and stakeholder satisfaction
 - How to develop action plans to improve performance
- 4.2 Explain ways to measure cycle times for the sourcing process
- Methods to evaluate the timescales for sourcing processes
 - How to identify the causes of delays and take appropriate actions to reduce timescales when required
- 4.3 Explain methods to assess the performance of and control budgets
- Methods to analyse departmental budgets and evaluate the reasons for variances between forecasted and actual expenditures
 - Define methods and actions to mitigate future variances

Contract Administration [L3M3]

1.0 Know the administrative content and key tasks associated with commercial contracts

1.1 Identify types of contracts and agreements

- Spot purchases
- Term contracts
- Framework agreements (or blanket orders/panel agreements)
- Call offs

1.2 Describe the purpose of the documents that compose a contract for the purchasing or supply of goods and/or services

- The specification
- The key performance indicators (KPIs)
- The contract terms
- The pricing schedule
- Other schedules (such as health and safety, use of subcontractors)
- Non-disclosure/confidentiality agreements

1.3 Describe the stages involved in forming contracts for

the purchasing or supply of goods and/or services

- Requests for quotations/information/tender

enquiries

- Quotations/tenders received
- Orders/acceptance of tenders
- Delivery notes/acknowledgements
- Invoicing and payment
- The use of contract registers

1.4 Describe how to develop and present business cases

to justify expenditure on supplies, services or projects

- Costs
- Benefits
- Options
- Alignment with organisational needs
- Timescales

2.0 Understand how to achieve competitive pricing and the role of negotiation in procurement and supply

2.1 Explain the use and comparison of competition to

obtain quotations on price

- The use of competitive pricing with suppliers through monitoring prices and obtaining quotations
- Comparing historical prices with newly quoted prices and evaluating the reasons for any significant discrepancies
- Taking appropriate actions to secure competitive pricing

2.2 Recognise the role of commercial negotiations in the

work of procurement and supply

- Definitions of commercial negotiation
- Collaborative win-win integrative approaches to negotiation
- Distributive win-lose distributive approaches to negotiation
- Negotiation in relation to the stages of the sourcing process
- Sources of conflict that can arise in the work of procurement and supply

- The influence of stakeholders in negotiation

2.3 Explain approaches to negotiate competitive prices

- The link between costs, price, margins and mark-ups
- Use available data on submitted prices
- Retain or improve other aspects of value for money

such as quality, availability and sustainability within the negotiation process

- Analyse actual outcomes from the negotiation process with planned outcomes and evaluate the reasons behind any differences

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3.0 Know how effective tendering is achieved

3.1 Identify the initial actions processes associated with the tendering process

- Supply/market research
- Early supplier engagement
- Pre-contract dialogue
- Develop and improve commercial and technical solutions

3.2 Describe initial tender process documentation and associated content

- Invitations to tender
- KPIs
- Contract terms
- Pricing schedule and other special to type schedules
- Prequalification questionnaires

3.3 Identify the tender evaluation and acceptance process

- Check tender details and take any necessary remedial actions
- Assess tender proposals against initial requirements
- Awareness of specification creep

3.4 Outline the regulations that can impact on the tendering process

- International frameworks
- Non-discrimination
- Free movement of goods

- Freedom to provide services
- Freedom of establishment
- Equality of treatment
- Transparency
- Mutual recognition
- Code of ethics
- Codes of conduct

4.0 Understand how to measure contract performance

4.1 Describe the use of data as a contract performance

measure

- Types of data
- Data gathering and analysis methods
- Actions to address under performance
- Penalty clauses

4.2 Explain the use of Key Performance Indicators (KPI)

- Quality performance
- Cost management
- Resources and delivery
- The use of audits to verify performance and costs
- The use of SMART targets for supplier performance

and agree their application with suppliers and other stakeholders

- Agree mitigating actions with suppliers and other stakeholders

4.3 Explain types of contractual risk and how to manage

them

- Use of risk registers
- Internal organisational risk
- Market economic risk
- Performance based risk

Team Dynamics and Change [L3M4]

1.0 Know how the individual can support overall organisational success in procurement and supply

1.1 Identify the personal attributes required to support overall organisational success

- Personal knowledge
- Personal values
- Self-development and awareness
- An understanding of the procurement and supply

process

- Further the aims of the procurement and supply profession

1.2 Describe the roles of staff with devolved responsibilities for procurement and supply

- Advise other members of staff that have responsibilities for procurement and supply activities
- Ensure compliance with organisational procedures and processes
- Work towards achieving value for money outcomes in procuring goods and/or services

1.3 Explain the importance of liaising with internal customers and other stakeholders

- Serve internal stakeholders efficiently and effectively to promote customer service and support
- Advise on pricing, quality, delivery, demand, quantities and place aspects
- The role or personnel involved in procurement and supply activity
- The structure and objectives of the procurement and supply function.

2.0 Understand team dynamics and their influence on procurement and supply

2.1 Describe the purpose and challenges of cross functional teams in procurement and supply

- Identifying behaviours to further the aims of procurement and supply
- Developing positive relationships with team members and other cross functional stakeholders

2.2 Explain the contribution and challenges of team working

- Identifying barriers to team working
- Actions to overcome resistance and conflict within teams
- Developing positive relationships with team Members

Socially Responsible Procurement [L3M5]

1.0 Understand the concepts of sustainability and Corporate Social Responsibility (CSR)

1.1 Explain the concept of sustainability and the practical implications for procurement and supply

- Meeting the needs of the present, without compromising the ability of future generations to meet their needs.
- Adopting a broader range of decision-making criteria other than traditional economic criteria.

- Extending procurement decision-making criteria away from just price and quality
- Including environmental merits and social impacts of alternative solutions

1.2 Explain the importance of Corporate Social Responsibility (CSR)

- Extension of corporate goals and decisions to include organisational objectives and financial measures of performance.
- Promoting good corporate citizenship and responsibility for corporate actions
- Encouraging positive impact on all stakeholders
- Social, economic and cultural diversity

2.0 Understand the environmental impact of procurement and supply

2.1 Describe the impact of environmental sustainability

- Globalisation vs. green logistics
- Public awareness
- External pressure on organisations
- International legislation and agreements

2.2 Explain the environmental impact of transportation and storage

- Air pollution and atmospheric emissions
- Carbon footprint calculation
- Noise pollution
- Accidents
- Vibration
- Land-take
- Visual intrusion

2.3 Explain the role of government in promoting environmental sustainability

- Define sustainability
- Define environmental impact
- Greener modes of transport
- Energy efficiency
- Reducing emissions

3.0 Know the implications of CSR for the procurement and supply function

3.1 Identify procurement and supply processes and practices that the organisation may adopt to support CSR

- Adoption of sustainable practices, standards and specifications in the supply chain
- Consideration of the social impact of the organisation's behaviours.
- Design procurement processes to deliver positive social outcomes
- Expanding reporting frameworks to include ecological and social performance
- Defining organisational value for money to include social outcomes – such as the use of local labour and participation of disadvantaged and/or minority groups

3.2 Describe the triple bottom line concept and how it should apply to procurement and supply

- Three pillars of social responsibility such as:
- People
- Profit
- Planet

3.3 Describe the key metrics that can be used to measure and report on sustainability

- Environmental – such as energy consumption, water consumption, greenhouse gas emissions, waste generation
- Social – such as demographic trends, use of local labour, disadvantaged and/ or minority groups

4.0 Understand methods to monitor Corporate Social Responsibility (CSR) in procurement and supply

4.1 Describe the key methods that can be used to monitor CSR compliance

- Discuss methods such as:
- KPIs
- Audits

- Supplier appraisals
- The use of regulatory frameworks

Socially Responsible Warehousing and Distribution [L3M6]

1.0 Understand the concepts of sustainability and Corporate Social Responsibility (CSR)

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- Define environmental impact

- Greener modes of transport
- Energy efficiency
- Reducing emissions

3.0 Understand methods for the storage and movement of inventory

3.1 Recognise the principles of store and warehouse design

- Location of stores and warehouses
- Store and warehouse design
- Factors that influence store and warehouse layout
- Flow, space utilisation and flexibility

3.2 Explain the different types and uses of warehousing equipment

- Materials handling equipment
- Palletisation and unit loads
- Packing and packaging
- Environmental standards for packaging
- The use of automation in warehousing

4.0 Understand the environmental impact of warehousing and distribution

4.1 Explain the impact of environmental sustainability

- Discuss issues such as:
- Globalisation vs. green logistics
- Public awareness
- External pressure on organisations
- International legislation and agreements

4.2 Explain the environmental impact of warehousing and distribution

- Air pollution and atmospheric emissions
- Carbon footprint calculation
- Noise pollution
- Accidents
- Vibration
- Land-take
- Visual intrusion

4.3 Explain the environmental cost of warehousing and logistics

- Global warming
- Greenhouse gases
- Cost of environmental damage
- Cost of avoiding environmental damage
- International vs. national

4.4 Describe the role of government in promoting environmental sustainability

- Policy on sustainable logistics
- Reducing freight transport intensity and improving

utilisation

- Greener modes of transport
- Energy efficiency
- Reducing emissions