

CIPS Certificate in Procurement and Supply Operations

Course outline

Duration: 120 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:

- Come away with a clear knowledge and understanding of facts, procedures and processes related to procurement and supply.
- You'll be able to effectively interpret information and ideas, and learn how to identify, gather and use relevant information.

Pre-requisite:

- This is the first entry level qualification, there are no formal entry requirements.

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: 18 Credits

Introducing Procurement and Supply [L2M1]

1.0 Understand the role of procurement and supply within organisations

1.1 Identify the common terms that describe aspects of procurement and supply

- Definitions of common terms such as procurement, purchasing, buying, supply chain, materials management, distribution, logistics and contract management
- Definitions of different types of procurements such as capital and revenue purchases, products, services, direct and indirect, outsourcing and insourcing
- Three sectors of activity: extraction of raw materials (primary), manufacturing (secondary), and services (tertiary)

1.2 Explain the roles and benefits of procurement and supply in organisations

- The typical proportion of costs accounted for by procurement of goods and services
- The roles of procurement and supply and procurement professionals
- Achieving value for money
- Sustainability in procurement and supply

- The roles of staff with devolved responsibilities for procurement of goods and services
- The roles of procurement and supply staff in making expenditures with suppliers
- The tiers of a supply chain

1.3 Define components of a supply chain

- Customers and their customers
- Customers and consumers
- Suppliers and their use of suppliers
- Tiers of a supply chain
- The global aspects of supply chains
- Examples of supply chains in action

2.0 Understand the organisational impact of procurement and supply

2.1 Identify how effective procurement impacts on organisational efficiency

- How effective procurement impacts on profitability
- Creating savings and improving efficiency
- Budgets and budget monitoring
- How effective procurement helps achieve targets
- Total costs of ownership criteria or whole life costs
- The different objectives of a procurement and supply function
- The creation of centralised, devolved and lead buying structures of procurement and supply functions.

2.2 Define the five rights of procurement and supply

- The five rights of procurement and supply
- Price, total cost, quality, timing, quantity and place
- Defining value for money

3.0 Know how products and services are received from suppliers and delivered to customers

3.1 Identify the delivery of products and services made by external suppliers

- The need for supplies of products and services from external suppliers
- Outsourced services
- Seeing suppliers as a part of a supply chain

3.2 Identify the delivery of products and services that organisations make to customers

- Defining products and services
- The customer role
- Seeing customers as a part of a supply chain

4.0 Know the stages of the sourcing process

4.1 Indicate stages of a sourcing process

- Identification of needs
- Producing specifications
- Requesting quotations
- Receiving quotations
- Assessing supplier quotations
- Making contract award recommendations
- Contract authorisation
- Order placement, blanket orders/frameworks and call off orders
- Performance and delivery
- Payment of suppliers
- Expediting deliveries
- Reviewing outcomes and processes
- Pre and post award stages of a sourcing process

5.0 Understand the need for the effective and efficient administration

of purchases made with external suppliers

5.1 Describe and explain effective and efficient administration

- Defining administration
- Reviewing the steps taken to forming agreements made with suppliers
- Defining effectiveness and efficiency

5.2 Describe the administration of the pre contract stages of a sourcing process

- The creation of requisitions and requirements
- The use of specifications, key performance indicators (KPIs) and contract terms
- The creation of requests for quotations or invitations to tender
- The use of prequalification questionnaires
- The submission of quotations or tenders for requirements

• The assessment of quotations and tenders

5.3 Describe the administration of the award and post award stages of a sourcing process

- The creation of orders or tender award documentation
- Delivery notes and order acknowledgements
- Receiving invoices
- Invoice matching and dealing with non-compliances

5.4 Explain the need for approvals in the administration of procurement and supply

- Typical procedures for authorising budgets, requisitions, orders and tenders
- The separation of duties
- Contract recommendation and authorisation
- Levels of delegated authority for contracts
- Ensuring an efficient approval process

6.0 Know the importance of ethics and responsible procurement in organisations and supply chains

6.1 Identify good ethical practices and procedures within the context of the procurement and supply function

- Application of the CIPS Code of Conduct
- Details included in ethical codes affecting procurement and supply
- The use of ethical codes of practice
- The use of documented policies and procedures for the work of procurement and supply
- The principles of corporate governance
- Forms of bonded and exploitative labour that can exist in supply chains

Procurement and Supply Operations [L2M2]

1.0 Know the types of organisations and how they operate

1.1 Identify the types of business organisations

- Private public and third sector organisations
- Production and service organisations

1.2 Describe how organisations operate

- People, objectives and structure in organisations
- The formal and informal organisation

1.3 Identify the key operating functions within organisations

- Differentiation and integration in organisations
- Typical functions in organisations such as production, operations, marketing and sales, customer support, human resources, personnel, finance, IT, and technical functions
- Differentiating procurement and supply

2.0 Know the components of contractual agreements

2.1 Identify types of contracts

- Spot purchases
- Term contracts
- Framework arrangements/blanket orders/panel contracts and call offs

2.2 Identify the kind of pricing arrangements applied in commercial contracts

- Fixed pricing, lump sum pricing and schedule of rates
- Cost reimbursable and cost plus arrangements
- Variable pricing arrangements
- Target pricing arrangements
- Risk and reward pricing arrangements

2.3 Define the different documents that compose a contract for the purchase or supply of goods or services

- Defining contracts and agreements
- The use of tendering and quotations
- The documents that comprise a contract - the specification, key performance indicators (KPIs), contract terms, pricing and use of other schedules
- Contracts for the supply of goods or services

3.0 Understand sources of information on suppliers and customers

3.1 Explain the use of the Internet to locate details about suppliers and customers

- The use of Internet search engines to locate details about suppliers and customers
- The types of information presented by suppliers and customers on their websites
- B2B and B2C E-Commerce

3.2 Explain the use of credit rating agencies

- The role of credit rating agencies and credit rating scores
- Publications on individual organisations and markets
- The use of credit rating scores

3.3 Describe systems used in procurement and supply

- Systems for purchase ordering
- Capturing data on expenditures
- The use of portal sites to locate suppliers or customers
- Examples of supplier database systems

4.0 Understand pricing methods used for the purchasing of goods or services

4.1 Explain the advantages and disadvantages of a range of pricing methods

- Fixed pricing, lump sum pricing and schedule of rates
- Cost reimbursable and cost plus arrangements
- Variable pricing
- Target pricing
- Risk and rewards pricing

Stakeholder Relationships [L2M3]

1.0 Know the stakeholders in procurement and supply

1.1 Define external stakeholders in procurement and supply

- Defining and profiling stakeholders
- Typical stakeholders such as suppliers, customers, consumers, communities, government and other groups
- The distinction between customers and consumers

1.2 Identify internal stakeholders that can be involved in purchases from suppliers and supplies delivered to customers

- The role of procurement and supply in dealing with other business functions such as marketing, sales, production, operations, human resources, finance, design and development, distribution, facilities, senior management and the board of management
- 1.3 Describe how internal and external stakeholders influence procurement and supply activity
- The internal and external stakeholders that can influence the work and success of procurement and supply

2.0 Know the key market factors that impact on a procurement and supply function

2.1 Identify the key economic sectors that impact on a procurement and supply function

- Public, private and not-for-profit or third sector
- Primary, secondary and tertiary sectors

2.2 Indicate the impact of demand and supply on markets

- Demand and supply curves
- How demand and supply factors can change
- How demand and supply factors can impact on pricing and availability

2.3 Describe how market factors impact on the procurement and supply activities of an organisation

- The level of competition: perfect competition, imperfect competition, oligopoly, duopoly and monopolies
- The impact of demand on sales
- Market growth and decline
- Competitive forces on organisations

2.4 Identify the contribution that marketing makes to develop customer and supplier relationships

- Define the principles and definitions of marketing
- Techniques associated with marketing
- Sources of competitive advantage sought through marketing
- Relevance of marketing principles to purchasers

3.0 Understand the techniques associated with successful and effective communication in procurement and supply

3.1 Describe and explain approaches to build rapport with internal and external stakeholders

- Techniques to develop, maintain and improve relationships with internal stakeholders to promote effective procurement and supply

3.2 Explain methods of negotiating with suppliers and customers

- Negotiation techniques for use with suppliers and customers to agree contract terms and relationships that will achieve the interests of the overall organisation

3.3 Recognise all elements of the communication cycle

- The importance of appropriate, prompt and timely communications with stakeholders and suppliers
- How to create appropriate written correspondence
- How to complete electronic files and documents used in support of the procurement and supply process

3.4 Describe the key characteristics of successful and effective team working

- Group cohesiveness and performance
- The characteristics of an effective work group
- The stages of team development

4.0 Know approaches for conflict resolution with stakeholders in procurement and supply

4.1 Identify the types of information that can be exchanged between purchasers and suppliers

- Types of information exchange such as scheduling difficulties, demand forecasts, trends in costs and availability, designs and innovations and new product development

4.2 Indicate how conflict can arise in the work of procurement and supply

- Defining workplace conflict
- The sources of conflict in organisations and between personnel
- The sources of conflict between organisations and their personnel

4.3 Identify approaches to conflict resolution with stakeholders in procurement and supply

- Approaches to conflict resolution
- Clarifying roles and responsibilities
- Group cohesion
- Achieving buy-in from stakeholders

Systems Technology (L2M4)

1.0 Understand the use of systems technology and databases and how they contribute to procurement and supply

1.1 Explain how to use systems technology and databases to contribute to effective procurement and supply

- Inputting of data to systems to perform key tasks for purchase ordering and other transactions
- Capturing data on expenditures and updating systems
- How to provide data to smooth demand and why demand management is important in procurement and supply
- Data use in the forecasting process
- Achieving functional targets
- How to compare forecasts with actual outcomes to control expenditures
- How to measure achieved savings of goods and services to recognise efficiencies
- How to measure internal and external lead times of supplies of goods and services

1.2 Recognise how the use of the internet, intranets and extranets leads to effective procurement and supply

- The use of internet search engines to locate details about suppliers and customers
- The types of information presented by suppliers and customers on their websites
- The e-market place
- The use of social media to obtain feedback on supplier performance

1.3 Explain the role of e-sourcing and e-tendering systems in procurement and supply

- E- invoicing e-requisitioning, e-catalogues and e-ordering
- Pre-qualify suppliers
- Receive and evaluate quotations and tenders
- Defining e-sourcing

2.0 Know types of systems for supplier selection, ordering and payment

2.1 Describe the use of electronic sourcing systems for supplier selection and profiling

- Attracting quotations or tenders through an e-tendering or e-sourcing system
- The publication of e-notices
- The use of e-auctions

2.2 Identify systems used in procurement and supply

- Systems for purchase ordering
- Capturing data on expenditures
- The use of portal sites to locate suppliers or customers
- Examples of supplier database systems

2.3 Identify the use of P2P (purchase to pay) systems for ordering from suppliers and payment to suppliers

- The P2P process from the creation of requisitions, to raising requests for quotations or

tenders, receipt of quotations or tenders, delivery documentation, invoicing and payment

- Examples of P2P systems

3.0 Know why quality management is important in procurement and supply

3.1 Identify components of quality management in procurement and supply

- Definitions of quality, quality control, quality assurance and total quality management
- Quality as a philosophy
- Getting things right first time

3.2 Identify the costs of quality

- Prevention and appraisal costs
- The internal and external costs of quality
- Organisational reputation

3.3 Identify techniques associated with quality assurance and quality management

- How to assess the quality of supplies of goods and services to ensure that quality standards are achieved and maintained
- From quality inspection to quality assurance
- Quality circles
- The use of control charts
- Kaizen, continuous improvement, lean philosophy and associated techniques

Inventory, Logistics and Expediting [L2M5]

1.0 Know the key elements of effective inventory control

1.1 Identify the classifications of different types of inventory

- Opening stock, work in progress, safety stock and finished goods
- Obsolescent and redundant stock
- Direct and indirect supplies
- ABC classifications of stock that may apply
- Dependent demand and independent demand items of stock

1.2 Identify the direct and indirect costs of holding inventory

- Direct and indirect costs that are associated with holding inventories
- Options to reduce costs whilst mitigating any negative impact on service levels

1.3 Identify techniques associated with inventory control

- Re-order quantities
- Re-order levels
- MRP and MRPII
- ERP
- Just in Time
- Bar coding
- Subjective and objective forecasting
- 1.4 Identify the key aspects associated with the handling, packaging and storage of supplies
- The use of materials handling equipment and palletisation and unit loads, packing and packaging and the use of automation in warehousing

2.0 Understand the principles and processes associated with effective logistics control

2.1 Identify the key principles of stores and warehousing facilities

- The effective and efficient flows of inventory
- Reduction of life-cycle costs
- Space optimisation

2.2 Identify the strengths and weaknesses associated with modes of freight transportation

- Road
- Rail
- Air
- Sea
- Pipeline

2.3 Identify types of Incoterms in international logistics.

- E, F, C and D terms
- Incoterms rules and incorporation into the sales contract

2.4 Identify legislative regulations that affect international sourcing

- How to ensure compliance with legislation and regulations for supplies from international sources

2.5 Describe the documentation that is used in transportation of supplies

- The single administrative document
- Packing list, waybill, consignment notes, bill of lading
- Certificate of origin
- Letters of credit or other financial documentation

3.0 Know how effective expediting can be achieved in procurement and supply

3.1 Explain the assessment of costs of inventory and the cost of stock outs

- Monitor levels of inventories and take actions to mitigate over supply and minimise the risk of stock outs
- The use of forecasting to achieve timely delivery of supplies
- Track deliveries and documentation
- The use of forecasting, difficulties and techniques

3.2 Explain the planning process associated with expediting delivery

- Use of problem solving techniques
- Planning milestones and activities

3.3 Explain the significance of payment to suppliers and cash flow

- Track any deviations from planned payments and take remedial actions to mitigate disruptions that may be created through difficulties with cash flow