

Level 4 CIPS Diploma in Procurement and Supply

Hours: 250 Hours

Target Audience: If you have more than two years of relevant experience in a business environment, our Level 4 Diploma is ideal for you. This program will help you develop the technical skills, knowledge, and competencies that employers seek.

Training Methodology:

1. Interactive Engagement: We will incorporate a range of interactive exercises, simulations, and group activities to actively engage participants and facilitate hands-on learning.

2. Depth of Content: We will expand upon the theoretical concepts outlined in the modules, providing in-depth explanations of advanced negotiation strategies and techniques to cater to participants with varying levels of experience.

3. Participant Involvement: We will introduce regular opportunities for participant involvement, including group discussions, feedback sessions, and reflection exercises, to ensure that the training remains interactive and relevant to their needs.

Table of Contents

Scope and Influence of Procurement and Supply [L4M1]

1.0 Understand and analyse the added value that can be achieved through procurement and supply chain management

1.1 Describe the categories of spend that an organisation may purchase

- Definitions of procurement and purchasing and supply
- Typical breakdown of organisational costs

represented by procurements of goods, services or constructional works

- Stock and non-stock procurements
- Direct and indirect procurements
- Capital purchases and operational expenditures
- Services procurements

1.2 Analyse the different sources of added value in procurement and supply

- The five rights of procurement
- Defining total life cycle costs or the total costs of ownership
- Achieving quality, timescales, quantities and place considerations in procurements from external suppliers
- Other sources of added value such as innovation, sustainability and market development
- Defining value for money

1.3 Compare the concepts of procurement and supply chain management

- Definitions of procurement, supply chains, supply chain management and supply chain networks
- Comparisons of supply chain management with procurement
- Complex Supply Chains

- Definitions of logistics and materials management

1.4 Differentiate the stakeholders that a procurement or supply chain function may have

- Defining stakeholders
- Examples of stakeholders for a procurement or supply chain function
- Mapping stakeholders for a procurement or supply chain function

2.0 Understand and analyse the key steps when procuring goods or services

2.1 Explain the key aspects of the procurement cycle

- The CIPS Procurement Cycle defining the stages of a generic sourcing process from identification of needs to contract award and implementation and end of life disposal

- Differentiating between pre contract award and post contract award stages

2.2 Analyse the key stages of a sourcing process

- Stages of the sourcing process that relate to defining needs, creation of contract terms, supplier selection, contract award and contract or supplier management
- The purpose and added value that is created by each of the stages of the sourcing process

2.3 Explain how electronic systems can be used at different stages of the sourcing process

- E-requisitioning, e-catalogues, e-ordering, e-sourcing and e-payment technologies
- The impact of electronic purchase to pay (P2P) systems on the sourcing process

2.4 Analyse the relationship between achieving compliance with processes and the achievement of outcomes

- Organisational needs for structured sourcing processes
- The relationship between process compliance and the achievement of added value outcomes

3.0 Understand and analyse the key aspects of organisational infrastructure that shape the scope of a procurement or supply chain function

3.1 Explain key aspects of corporate governance of a procurement or supply chain function

- Conflicts of interest
- The need for documented policies and procedures for procurement
- Organisational accountability and reporting for procurement roles and functions
- The status of procurement and supply chain

management within organisations

- Codes of ethics in procurement
- The CIPS Code of Conduct

3.2 Analyse the impact of organisational policies and procedures on procurement

- Aspects that can be included in procedures for procurement and supply such as responsibilities for procurement, regulations relating to competition, levels of delegated authority, responsibilities for the stages of the sourcing process, invoice clearance and payment
- The use of procurement policies, procurement strategies and procurement manuals
- The involvement of internal functions and personnel in the sourcing process
- Responsible Procurement and the International Labour Organisation core conventions

3.3 Examine the different structures of a procurement or supply chain function

- The use of centralised and devolved structures
- Hybrid structures of a procurement or supply chain function (such as consortium structures, shared services, lead buyer structures, and outsourced)

Interacting with people and building rapport

- The need for customer service and value for money outcomes

3.4 Explain the common IT systems that can be used by a procurement or supply chain function

- P2P systems
- Systems for inventory management
- Enterprise Resource Planning (ERP) technologies
- Communications systems for internal and external use

4.0 Understand and analyse the need for compliance with requirements when undertaking procurement activities in different sectors

4.1 Classify different economic and industrial sectors

- Economic classifications including public and private sectors, charities, not-for-profit and third sector
- Industrial classifications and sectors such as manufacturing, retail, construction, financial, agriculture and service

4.2 Analyse the impact of the public sector on procurement or supply chain roles

- Objectives of public sector organisations such as improving services, communities and corporate social responsibility
- Regulations that impact on procurement and supply

chain operations

- Need for competition, public accountability and value for money

4.3 Examine the impact of the private sector on procurement or supply chain roles

- Objectives of private sector organisations such as profitability, market share, shareholder value and corporate social responsibility
- Regulations that impact on procurement and supply chain operations
- The importance and role of branding

4.4 Examine the impact of the not-for-profit or third sector on procurement or supply chain roles

- Objectives of the not-for-profit or third sector
- Regulations impacting on charities
- Need for regulated procurement exercises

Defining Business Need [L4M2]

1.0 Understand how to devise a business case for requirements to be sourced from external suppliers

1.1 Analyse how business needs influence procurement decisions

- Type of purchase such as new purchase, modified rebuy, straight rebuy
- Implications of the business needs on the types of purchase
- Procurement's role in developing a business case

1.2 Identify how costs and prices can be estimated for procurement activities

- Types of market data that can provide information on costs and prices
- Direct and indirect costs
- Producing estimated costs and budgets
- Approaches to total costs of ownership/whole life cycle costing

1.3 Analyse the criteria that can be applied in the creation of a business case

- Examples of criteria typically applied in the production of a business case: costs, benefits, options, alignment with organisational needs and timescales
- Benchmarking requirements

1.4 Interpret financial budgets for the control of purchases

- The purpose of financial budgets
- Cost entries and timings of cash flows

- Performance and control of budgets
- Dealing with variances to budget

2.0 Understand market management in procurement and supply

2.1 Analyse the different types of markets utilised by procurement and supply

Such as:

- Manufacturing
- Construction
- Retail
- Financial
- Agriculture
- Services

2.2 Compare the competitive forces that influence markets

- Bargaining strength of suppliers and buyers,
- Availability of substitutes and threat of entry

2.3 Contrast the breakdown between direct and indirect costs and the types of data that can provide information on cost and price

- Collate sources of information to estimate the breakdown of costs between direct and indirect costs for purchased goods and services
- Use information to prepare budgets or to negotiate

prices

- Research market data and use to estimate and negotiate current and future prices and costs for purchased goods and services

3.0 Understand the use of specifications in procurement and supply

3.1 Analyse different types of specifications used in procurement and supply and sources of information that can be used to create specifications

- Drawings, samples, branded, technical
- Conformance specifications
- Output or outcome, statement of work based specifications
- Standards
- The internet
- Suppliers
- Directories

3.2 Identify sections of specifications for through life contracts

- Scope
- Definition
- Description of requirement
- Testing and acceptance
- Change control mechanisms and remedies

- Social and environmental criteria

3.3 Identify the risks that can result from inadequate specifications and mitigation approaches

- Under or over specified need
- Monitor specification creation by colleagues and other internal stakeholders

3.4 Identify opportunities to regulate short and longer term specifications

- Implement standardisation
- Value analysis
- Value engineering
- Provide guidance to internal stakeholders on

Implementation

Commercial Contracting (L4M3)

1.0 Understand the legal issues that relate to the formation of contracts

1.1 Analyse the documentation that can comprise a commercial agreement for the supply of goods or services

- Invitation to tender or request for quotation
- Specification
- Key performance indicators (KPIs)
- Contractual terms

- Pricing and other schedules (such as for health and safety records, details of suppliers staff, use of sub-contractors, non-disclosure/confidentiality agreements)

1.2 Analyse the legal issues that relate to the creation of commercial agreements with customers or suppliers

- Invitations to treat or invitations to negotiate
- Rules relating to offer and acceptance, consideration, intention to create legal relations and capacity to contract
- The battle of the forms and precedence of contract terms
- Risks presented by contracting on suppliers terms or through oral contracts
- The Vienna Convention on the International Sales of Goods
- Misrepresentations made pre-contract award

1.3 Compare types of contractual agreements made between customers and suppliers

- One off purchases
- Framework arrangements and agreements
- The use of mini-competitions
- Call offs
- Services contracts

- Contracts for the hire and leasing of assets

2.0 Understand the fundamentals of specifications and

key performance indicators that are included in

contractual arrangements made with suppliers

2.1 Analyse the content of specifications for

procurements

- Drafting specifications and developing market

dialogue with suppliers

- The use of standards in specifications

- Typical sections of a specification

- Standardisation of requirements versus increasing

the range of products

- Including social and environmental criteria in

specifications

- The role of Information Assurance in developing

specifications

2.2 Appraise examples of key performance indicators

(KPIs) in contractual agreements

- Defining contractual performance measures or key

performance indicators (KPI)

- The use of service level agreements

- Typical KPI measures to assess quality performance,

timeliness, cost management, resources and delivery

3.0 Understand the key clauses that are included in

formal contracts

3.1 Analyse contractual terms for contracts that are created with external organisations

- The use of express terms
- The use of standard terms of business by both purchasers and suppliers
- The use of model form contracts such as NEC, FIDIC, IMechIEE

3.2 Recognise examples of contractual terms typically incorporated into contracts that are created with external organisations

- Key terms in contracts for indemnities and liabilities, sub-contracting, insurances, guarantees and liquidated damages
- Terms that apply to labour standards and ethical sourcing

3.3 Recognise types of pricing arrangements in commercial agreements

- The use of pricing schedules
- The use of fixed pricing arrangements
- Cost plus and cost reimbursable pricing arrangements
- The use of indexation and price adjustment formulae
- The use of incentivised contracts

- Payment terms

Ethical and Responsible Sourcing (L4M4)

1.0 Understand options for sourcing requirements from suppliers

1.1 Identify the sourcing process in relation to procurement

- Definitions of sourcing and outsourcing
- Make or buy decisions
- Strategic and tactical sourcing costs and benefits of outsourcing
- Outsourcing non-core and core work or services
- Supplier pre-qualification or criteria for supplier appraisal
- Vendor or supplier performance management
- Risks in outsourcing
- The market development and growth of outsourcing
- Regulations affecting employees terms of employment

1.2 Differentiate between approaches to the sourcing of requirements from suppliers

- Single, dual and multiple sourcing arrangements
- The use of tendering: open, restricted and negotiated

approaches to tendering

- Direct negotiations with suppliers
- Intra company trading and transfer pricing

arrangement

- Implications of international sourcing

1.3 Define selection criteria that can be commonly applied

when sourcing requirements from external suppliers

- Typical selection criteria such as; quality assurance, environmental and sustainability, technical capabilities, systems capabilities, labour standards, financial capabilities and credit rating agencies

- The importance of supplier financial stability and due diligence checks

- Ratio analysis to make conclusions on profitability, liquidity, gearing and investment

- The limitations of ratio analysis

1.4 Define award criteria that can be commonly applied

when sourcing requirements from external suppliers

- Typical award criteria such as; price, total life cycle costs, technical merit, added value solutions, systems and resources

- Balancing commercial and technical award criteria

2.0 Understand the key processes that can be applied to

the analysis of potential external suppliers

2.1 Analyse commonly used sources of information on market data that can impact on the sourcing of requirements from external suppliers

- Compiling data on expenditures on suppliers
- Indices that measure economic data
- Secondary data on markets and suppliers
- Commodity pricing
- Analysing potential sales
- Financial reports and supplier financial stability
- The role of credit rating agencies

2.2 Identify the key processes used for obtaining quotations and tenders

- Advertising requirements
- Requests for information or quotations
- The operation of tendering
- Formalised arrangements for tendering
- Decision criteria for dispensing with tendering

2.3 Identify the criteria that can be commonly applied to the assessment of quotations or tenders

- Assessment of suppliers proposals
- The use of weighted points systems for assessment
- Recommending sources of supply
- Financial statements such as the profit and loss, balance sheet and cash flow statements

- Measures and ratios of profitability, liquidity, gearing and investment

- The limitations of ratio analysis

- Added value

2.4 Analyse how electronic systems can be used to help the sourcing of requirements from external suppliers

- E-requisitioning and purchase ordering systems

- E-catalogues on intranets and the internet

- The use of e-auctions and reverse auctions

- E-tendering systems

3.0 Understand compliance issues when sourcing from suppliers

3.1 Compare the key legislative, regulatory and organisational requirements when sourcing in the notfor-profit, private and public sectors

- The use of competitive tendering processes

- The impact of timescales on tendering processes

- Procedures for contract award

- Regulatory bodies that impact on the private sector

- Regulations that impact on product and safety standards

3.2 Compare the key legislative, regulatory and organisational requirements when sourcing from international suppliers

- Documentation relating to imports
- Import duties and tariffs
- Payment mechanisms
- The use of INCOTERMS
- Customs control and clearance
- Currency regulations
- Applicable law

4.0 Understand ethical and responsible sourcing

4.1 Describe the impact of international ethical standards on procurement and supply

- Bribery
- Corruption
- Fraud
- Human rights
- Modern slavery

4.2 Identify practices that support ethical procurement

- Application of the CIPS Code of Conduct
- Ethical codes of practice
- Prequalification and assessment criteria
- Due diligence on suppliers and risk assessment
- Supporting information on ethical practices in supplier quotations and tenders
- Contractual clauses
- Supplier monitoring

- KPIs

4.3 Compare the use of audits and other feedback mechanisms to evaluate ethical standards in the workplace

- Monitor supplier performance
- Encourage dialogue with suppliers on improvements to process
- Recommend remedial actions where appropriate
- Identify and address potential conflicts of interest

4.4 Contrast processes and practices that the organisation could adopt to meet the requirements of Corporate Social Responsibility (CSR)

- The triple bottom line – profit, people and planet
- Adopt sustainable practices, standards and specifications in the supply chain
- Consider the social impact of the organisation's behaviours
- Design procurement processes to deliver social outcomes as well as, or as an alternative to, normal economic measures of value
- Expand reporting frameworks to include ecological and social performance
- Define organisational value for money to include social outcomes- use of local labour, participation of

disadvantaged groups

Commercial Negotiation (L4M5)

1.0 Understand key approaches in the negotiation of commercial agreements with external organisations

1.1 Analyse the application of commercial negotiations in the work of procurement and supply

- Definitions of commercial negotiation
- Negotiation in relation to the stages of the sourcing process
- Sources of conflict that can arise in the work of procurement and supply
- Team management and the influence of stakeholders in negotiations

1.2 Differentiate between the types of approaches that can be pursued in commercial negotiations

- Collaborative win-win integrative approaches to negotiations
- Distributive win-lose, distributive approaches to negotiation
- Pragmatic and principled styles of negotiation
- Setting targets and creating a best alternative to a negotiated agreement (BATNA)

1.3 Explain how the balance of power in commercial

negotiations can affect outcomes

- The importance of power in commercial negotiations
- Sources of personal power
- Organisational power: comparing the relative power of purchasers and suppliers
- How suppliers gather information on purchasers
- How purchasers can improve leverage with suppliers

1.4 Identify the different types of relationships that impact on commercial negotiations

- The relationship spectrum
- Building relationships based on reputation, and trust
- Repairing a relationship

2.0 Know how to prepare for negotiations with external organisations

2.1 Describe the types of costs and prices in commercial negotiations

- Types of costs: direct and indirect, variable and fixed
- Break-even analysis: cost volume profit formulae
- Costing methods such as absorption, marginal or variable and activity based costing
- Volumes, margins and mark ups and their impact on pricing
- Negotiating prices

2.2 Contrast the economic factors that impact on

commercial negotiations

- The impact of microeconomics and market types on

commercial negotiations

- Macroeconomics and its influence on commercial negotiations

- Sources of information on micro and macro economics

2.3 Analyse criteria that can be used in a commercial negotiation

Criteria such as:

- Setting objectives and defining the variables for a commercial negotiation
- The bargaining mix
- Positions and interests
- Openings and presenting issues

2.4 Identify the resources required for a negotiation

- Choice of location
- Involving appropriate colleagues
- Use of telephone, teleconferencing or web based meetings

- Room layout and surroundings

3.0 Understand how commercial negotiations should be undertaken

3.1 Identify the stages of a commercial negotiation

- Defining the stages of a negotiation such as:- preparation, opening, testing, proposing, bargaining, agreement and closure
- How behaviours should change during the different stages of a negotiation

3.2 Appraise the key methods that can influence the achievement of desired outcomes

- The use of persuasion methods
- The use of tactics to influence the other party

3.3 Compare the key communication skills that help achieve desired outcomes

- Types of questions
- Effective listening
- Push and pull behaviours
- Nonverbal communication
- The influence of culture in commercial negotiations
- The use of emotional intelligence in commercial negotiation

3.4 Analyse how to assess the process and outcomes of negotiations to inform future practice

- Reflecting on performance
- Opportunities for improvement and development
- Protecting relationships after the negotiation

Supplier Relationships (L4M6)

1.0 Understand the dynamics of relationships in supply chains

1.1 Differentiate between different types of commercial relationships in supply chains

- Internal and external relationships
- The relationship spectrum
- The relationship life cycle

1.2 Appraise portfolio analysis techniques to assess relationships in supply chains

- Matrices to identify supply, supplier and purchaser positioning
- Developing action plans

1.3 Identify the competitive forces that impact on relationships in supply chains

- Sources of competitive advantage
- Competitive forces: sources of competitive rivalry, bargaining power of buyers and suppliers, threat of new entrants and potential substitutes
- STEEPLE factors that impact on supply chains (social, technological, economic, environmental, political, legislative and ethical)

1.4 Compare the sources of added value that can be

achieved through supply chain relationships

- The link between relationships as a process and the achievement of added value outcomes

- Sources of added value: pricing and cost management, improving quality, timescales, quantities and place considerations in procurements from external suppliers

- The link between organisations in supply networks

2.0 Understand processes and procedures for successful working with stakeholders

2.1 Analyse the purpose of organisational procedures and processes in sourcing goods and/or services

- Achieving value for money
- Supplier identification, assessment and selection
- Selection and awarding criteria

2.2 Compare team management techniques to ensure positive stakeholder relationships

- Positive relationships through positive contributions
- Overcome resistance
- Identify conflict and coping processes
- Cross-organisational teams
- Stages of team development – forming, storming, norming, performing

2.3 Compare the practical considerations of stakeholder

management

- Accurate cost modelling
- Reduced impact of price fluctuations
- Early supplier involvement in product and/or service

development

- Knowledge transfer and access to innovation
- Common metrics to drive change for both

organisations

- Improve risk management and continuity of supply

2.4 Identify the processes for terminating stakeholder relationships

- Reasons for termination
- The process of termination
- Timing
- Relationship impacts – amicable vs. hostile
- Legal considerations – finances, confidentiality, IPR, security, employee rights
- Succession issues – continuity of supplies

3.0 Understand the concept of partnering

3.1 Analyse the concept of partnering and where it is a suitable approach

- The three types of partnering
- Partnering vs. 'traditional' contracting agreement
- The drivers for partnership sourcing

- Advantages for purchaser and supplier
- High spend
- High risk
- Technically complicated supplies
- New services
- Fast-changing technology
- Restricted markets

3.2 Appraise the process of partnership implementation

- Identify items potentially suitable for partnership sourcing
- ‘Sell’ the philosophy to senior management and other functions of the organisation
- Define the standards that potential partners will be expected to meet
- Establish joint commitment to the partnership
- Reviews and audits

3.3 Identify the reasons why partnerships fail

- Poor communication
- Lack of senior management support and trust
- Lack of commitment by one or both parties
- Poor planning
- Lack of value-added benefit
- Changes in the market
- Corporate cultural differences

- Logistics and distance barriers

Whole-Life Asset Management (L4M7)

1.0 Understand methods for the storage and movement of inventory

1.1 Identify the principles, purpose and impact of stores and warehouse design

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

1.2 Explain the use of product coding in inventory operations

- Systems for product coding
- Bar coding
- Order tracking technologies
- The use of RFID technologies

1.3 Contrast the impact of the use of different warehousing equipment

Approaches such as:

- Materials handling equipment
- Palletisation and unit loads
- Packing and packaging

- Environmental standards for packaging
- The use of automation in warehousing

2.0 Understand the key elements of effective inventory control

2.1 Differentiate between the different classifications 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

2.2 Identify the direct and indirect costs of holding inventory

- Acquisition costs
- Holding costs
- Cost of stock outs
- Discuss options to reduce costs whilst mitigating any negative impact on service levels

2.3 Identify techniques associated with inventory control

- Subjective and objective forecasting
- Re-order quantities and levels
- MRP and MRPII

- ERP
- Just-in-time
- Lean
- Inventory performance measures – lead times, service levels, rate of stock turn, stock outs in a given period, stock cover

3.0 Understand the concept of through life cost

3.1 Analyse the contributing factors when establishing total cost of ownership

- Purchase price
- Hire or lease
- Acquisition costs
- Usage costs
- Maintenance costs
- Operation
- Utilities
- Training
- Disposal and end-of-life costs

3.2 Compare the factors to consider when building a total cost of ownership model

- Include all costs
- Use best estimates of values available
- Hidden costs – global sourcing, risks associated with extended supply chain

- Only develop for larger purchases
- Ensure senior management support
- Cross functional support – ensure access to data
- Team working – reduce data collection time

3.3 Identify the contributing elements to end-of-life costs

- Decommissioning
- Removal or disposal processes
- Legal aspects – waste management
- Environmental factors
- Triple bottom line – people, planet, profit

Procurement and Supply in Practice (L4M8)

1.1 Apply the key stages of the procurement cycle to the practical procurement and supply environment

The practical application of the CIPS

Procurement Cycle:

- Defining business need,
- Market analysis and testing,
- Supplier evaluation,
- Tendering processes,
- Supplier and stakeholder management

2.0 Demonstrate the application of the key stages of the sourcing process

2.1 Apply the key stages of the sourcing process to the practical procurement and supply environment

Stages of the sourcing process:

- Creation of contract terms,
- Supplier selection,
- Contract award
- Contract or supplier management

3.0 Demonstrate the application of whole life asset management

3.1 Apply whole life asset management to the practical procurement and supply environment

- Include all costs – purchase price through to disposal and end-of-life
- Hidden costs – global sourcing, risks associated with extended supply chain
- Only develop for larger purchases
- Ensure senior management support
- Cross functional support – ensure access to data
- Team working – reduce data collection time
- Decommissioning
- Removal or disposal processes
- Legal aspects – waste management

4.0 Demonstrate the application of ethical and responsible sourcing within an organisation

4.1 Apply ethical and responsible sourcing to the practical procurement and supply environment

- Bribery, Corruption, Fraud, Human rights, Modern slavery

- Application of the CIPS Code of Conduct

- Ethical codes of practice

- Environmental factors

- Supporting information on ethical practices in supplier quotations and tenders

- Supplier monitoring and KPIs

- The triple bottom line – profit, people and planet

- Adopt sustainable practices, standards and specifications in the supply chain

- Consider the social impact of the organisation's behaviours.

- Expand reporting frameworks to include ecological and social performance