



## Transferring from the CIPS Level 4 Diploma in Procurement and Supply (2013 to 2018 syllabus)

Any CIPS students who have passed exams (or been awarded exemptions from exams) based upon the CIPS Level 4 Diploma in Procurement and Supply (2013 syllabus), will be given credits for modules within the updated 2018 syllabus, as shown in the following table. This ensures that students are not disadvantaged by any changes to the syllabus. See the table below:

All core <i>Diploma in Procurement and Supply</i>	
2013 Syllabus	2018 Syllabus Equivalent
Total 60 credits	Total 60 credits
Contexts of Procurement and Supply (D1) <b>12 credits</b>	Scope and Influence of Procurement and Supply (L4M1) <b>12 credits</b>
Business Needs in Procurement and Supply (D2) <b>12 credits</b>	Defining Business Need (L4M2) <b>6 Credits</b> Whole Life Asset Management (L4M7) <b>6 Credits</b>
Sourcing in Procurement and Supply (D3) <b>12 credits</b>	Ethical and Responsible Sourcing (L4M4) <b>6 credits</b> Supplier Relationships (L4M6) <b>6 credits</b>
Negotiating and Contracting in Procurement and Supply (D4) <b>12 credits</b>	Commercial Contracting (L4M3) <b>6 credits</b> Commercial Negotiation (L4M5) <b>6 credits</b>
Managing Contracts and Relationships in Procurement and Supply (D5) <b>12 credits</b>	Procurement and Supply in Practice (L4M8) <b>12 credits</b>
To gain a qualification you are required to complete a total number of credits. What are credits? Each module is given a credit value of 6 or 12 credits. Current 2013 syllabus = 60 total credits. Updated 2018 syllabus = 60 total credits.	

### Exams

- 1 Exams for the CIPS Level 4 Diploma in Procurement and Supply 2018 syllabus, will be available at all CIPS approved exam centres from July 2019.
- 2 **Last exam opportunity** based on the CIPS Level 4 Diploma in Procurement and Supply 2013 syllabus, will be available at CIPS approved exam centres in May 2019.
- 3 Learning resources for the 2018 syllabus will be available from February 2019.
- 5 Use the online qualifications transfer tool to understand your continuing journey through CIPS qualifications [cips.org/qualifications2018](https://www.cips.org/qualifications2018)

*CIPS Level 4*

# *Diploma in Procurement and Supply*

*Ref: 603/3924/X*

4

## 2018 Syllabus

Version 1

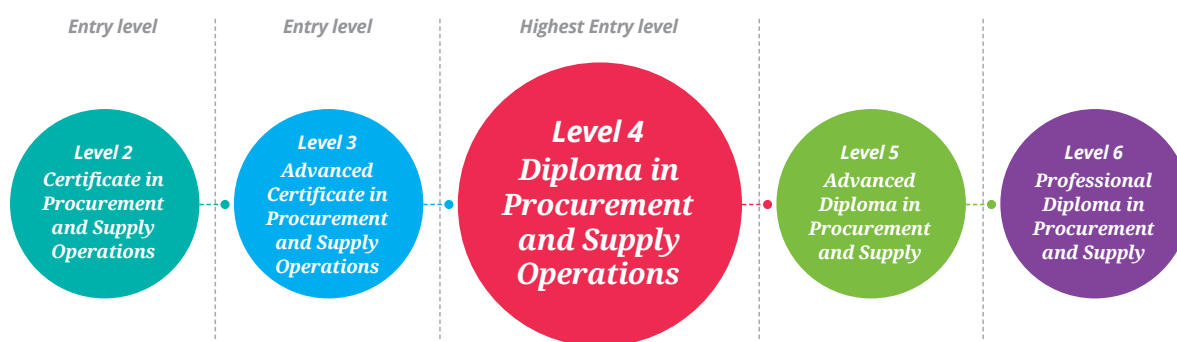


# Your qualification

CIPS qualifications are regulated internationally to ensure we offer a recognised, professional standard in procurement and supply. CIPS Level 4\* Diploma in Procurement and Supply is a vocationally related professional qualification. Formal recognition is included within the regulatory frameworks of an increasing number of countries such as the UK (England, Wales and Northern Ireland), UAE (including Dubai) and Africa (including Zambia). Further information on this recognition and the details of corresponding qualifications levels for other international qualifications frameworks are detailed on our website. CIPS members can have the confidence in our regulated qualifications, which reliably indicate the standard of knowledge, skills and understanding that you, as a learner, are required to demonstrate.

A step up from the Level 3 Advanced Certificate in Procurement and Supply Operations, the Level 4 Diploma in Procurement and Supply is a stepping stone to study on the CIPS Level 5 Advanced Diploma in Procurement and Supply. The content has been written using the CIPS Procurement and Supply Cycle as its focus, which presents a cyclical process of key steps faced by those procuring goods or services. The Diploma offers the most common entry route to the profession and should be used by learners to develop a professional 'tool box' which learners can apply in the practical environment and further develop at Levels 5 and 6.

In this way successful learners will possess transferable workplace skills, developing their operational and tactical abilities as they strive for managerial roles and responsibilities. It is aimed at those in the profession who have procurement and supply activity at the heart of their role. Learners will be expected to provide advice and guidance to key stakeholders on the performance of organisational procedures and processes associated with procurement and supply and will aspire to manage developments in and improvements to the related functions. Transferable skills are those such as communication, teamwork, and planning and completing tasks to high standards, all enable the learner to add value to the organisation.



## Next steps



This qualification provides progression to the **CIPS Level 5 Advanced Diploma in Procurement and Supply**.

Level 5

\* Refers to levels within the UK RQF. Other regulatory bodies may have different corresponding levels



Based on the Operational and Managerial competency levels of CIPS Global Standard



# What will I study?

**Eight CORE modules make up 60 required credits**

**60**

Credits  
required for  
completion

**CORE Level 4 Scope and Influence of Procurement and Supply (L4M1)**

**12**

CREDITS

**CORE Level 4 Defining  
Business Need (L4M2)**

**6**

CREDITS

**CORE Level 4 Commercial  
Contracting (L4M3)**

**6**

CREDITS

**CORE Level 4 Ethical and  
Responsible Sourcing (L4M4)**

**6**

CREDITS

**CORE Level 4 Commercial  
Negotiation (L4M5)**

**6**

CREDITS

**CORE Level 4 Supplier  
Relationships (L4M6)**

**6**

CREDITS

**CORE Level 4 Whole Life  
Asset Management (L4M7)**

**6**

CREDITS

**CORE Level 4 Procurement and Supply in Practice (L4M8)**

**12**

CREDITS

## Who is it for?

This qualification is the essential toolkit for anyone planning a career in procurement and supply. Developed and written using the Procurement and Supply cycle\*\* as its focus, it is at the same level as the first year of an undergraduate degree course. It's suitable for those in operational roles or those managing or supervising the procurement and supply function who want to develop their career and work towards MCIPS Chartered Procurement and Supply Professional.

## What will I learn?

You will learn about making procurement and supply happen within an organisation, and you will be equipped with an essential range of knowledge and tools that you can apply immediately in your workplace. Learn how to apply practical, theoretical and technical knowledge, gain a clear understanding of procurement and supply and develop the ability to address complex, non-routine problems.

On completion, you will be able to analyse, interpret and evaluate relevant information and ideas and have an informed awareness of differing perspectives and approaches within the profession. You will also be able to review the effectiveness and appropriateness of methods, actions and results.

## Entry requirements

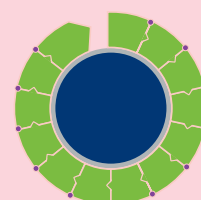
This is the only entry point onto our Diploma qualifications. A minimum of at least two A-levels (or international equivalent) or a CIPS Level 3 Advanced Certificate qualification is required. Alternatively, you will need a minimum of two years' relevant experience in a business environment.

## 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 6 or 12 credits.

**Total credits required  
for completion**

**60**



\* The Procurement cycle is the cyclical process of key steps when procuring goods or services.  
[www.cips.org/en-gb/knowledge/procurement-cycle/](http://www.cips.org/en-gb/knowledge/procurement-cycle/)

# About our exams and your study commitments

## **Objective Response exam format (OR)**

These questions allow you to select a response from a list of possible answers. You will find these types of exams across all our qualifications levels and they are marked by computer and then moderated by CIPS examiners.

OR

## **Constructed Response exam format (CR)**

These questions require you to create or 'construct' a response to the question such as an essay or case study. You will find this type of exam in our diploma level qualifications and they will be marked by subject expert examiners.

CR

## **Your total qualification time (TQT)**

The TQT indicates the overall number of guided learning hours, additional self-study and assessment time that is required.

600  
TQT HRS

## **Guided learning hours (GLH)**

It is expected that you will undertake 250 GLH. 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'.

250  
GLH HRS

## **Self-study requirement (SSR)**

Additionally, we recommend that you also commit to at least 335 SSR hours. This includes wider reading of the subject areas and revision to give yourself the best preparation for successfully achieving the qualification.

335  
SSR HRS

## **Total exam time**

All the modules in CIPS qualifications are assessed by an examination.

15  
HRS

**C****CORE MODULE****CIPS GLOBAL  
STANDARD****1.1 • 1.2 • 1.3 • 1.4  
3.1 • 3.2 • 4.1 • 6.1  
6.2 • 7.1 • 8.1 • 11.1****CR****CONSTRUCTED  
RESPONSE EXAM****3****HRS****EXAM DURATION  
HOURS****120****HRS****MODULE  
LEARNING  
TIME****12****CREDITS**

# *Scope and Influence of Procurement and Supply [L4M1]*

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**Module purpose**

On completion of this module, learners will be able to identify the key stakeholders in the application of the sourcing process and analyse the procurement cycle, evaluating the influence that procurement and supply has as a source of added value for the organisation.

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**Module aim(s)**

In any organisation, a significant proportion of costs are accounted for by the purchases of products and/or services, hence organisations see procurement and supply as a key contributor to their value added strategies. Equally, any organisation will also be managing the supply of products and/or services to their customers, be they internal or those from other external organisations, consumers or the general public. This module is designed using the CIPS Procurement Cycle as its basis. It will provide those who are interested in developing an informed awareness of different perspectives or approaches within the discipline, an overview of the key stages associated with procurement and supply, and will serve as an introduction for those who are expected to address complex well-defined procurement and supply problems that are non-routine in nature.

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**Credit value**

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## ***Learning outcomes, assessment criteria and indicative content***

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

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**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

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**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

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

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**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

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

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**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]

### Module purpose

On completion of this module, learners will be able to devise a business case for requirements to be externally sourced and will understand the role of market management and competitive forces as they specify goods and services in procurement and supply.

### Module aim(s)

The development of a business case and the ability to analyse markets are key if an organisation is to successfully source activity from external suppliers. Similarly, the clear definition of specifications for through life contracts is crucial to overall business achievement. This module is designed for those who are expected to analyse, interpret and evaluate information on the different types of markets utilised by procurement and supply. It explores a variety of elements that underpin the development of business cases and specifications and considers the options that should be explored when procurement and supply personnel are involved in defining requirements.

### Credit value

C

CORE MODULE



CIPS GLOBAL  
STANDARD  
2.2 + 2.3

OR

OBJECTIVE  
RESPONSE EXAM

1.5  
HRS

EXAM DURATION  
HOURS

60  
HRS

MODULE  
LEARNING  
TIME

6

CREDITS

## ***Learning outcomes, assessment criteria and indicative content***

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

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#### **1.1 Analyse how business needs influence procurement decisions**

- Type of purchase such as new purchase, modified re-buy, straight re-buy
- 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

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### **2.0 Understand market management in procurement and supply**

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#### **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

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### **3.0 Understand the use of specifications in procurement and supply**

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#### **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]

### Module purpose

On completion of this module, learners will be able to describe the key elements and legal aspects of formal commercial contracts, and analyse and interpret the fundamentals of specifications and key performance indicators that are included in contractual arrangements made with suppliers.

### Module aim(s)

In any organisation, a significant element of the procurement and supply function is based around the contracting process. If they are to be successful, contracts must be clearly defined, be cognisant of legal requirements and contain key clauses and terms. This module is designed for those working in the procurement and supply field, or those who have responsibility for the development of legally binding contracts with suppliers.

### Credit value

C

CORE MODULE



CIPS GLOBAL  
STANDARD

1.3 • 4.1 • 5.1 • 5.2  
5.3 • 7.5 • 8.2 • 8.3

OR

OBJECTIVE  
RESPONSE EXAM

1.5  
HRS

EXAM DURATION  
HOURS

60  
HRS

MODULE  
LEARNING  
TIME

6

CREDITS

## ***Learning outcomes, assessment criteria and indicative content***

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

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#### **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**

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#### **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

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### **3.0 Understand the key clauses that are included in formal contracts**

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#### **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]*

### **Module purpose**

On completion of this module, learners will be able to explain the options and associated processes available for sourcing with external suppliers. They will also examine the legal and ethical impact and the implications of corporate social responsibility, on the final sourcing decision.

### **Module aim(s)**

In any organisation, a significant element of procurement and supply activity is based around decisions to internally conduct activity or to source from an external supplier. Hence, the selection of the correct external suppliers is a vital contributor to overall organisational success. This module enables personnel with roles in procurement and supply to formulate selection criteria and sourcing strategies to ensure that the organisation will make the correct choice of external suppliers. It explains options for sourcing, and examines the key processes that can be applied to the analysis of potential external suppliers and to ensure the development of ethically and socially responsible sourcing agreements.

### **Credit value**

C

CORE MODULE



CIPS GLOBAL  
STANDARD  
6.4 • 6.5 • 11.3

OR

OBJECTIVE  
RESPONSE EXAM

1.5  
HRS

EXAM DURATION  
HOURS

60  
HRS

MODULE  
LEARNING  
TIME

6

CREDITS

## ***Learning outcomes, assessment criteria and indicative content***

### **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

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### **3.0 Understand compliance issues when sourcing from suppliers**

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#### **3.1 Compare the key legislative, regulatory and organisational requirements when sourcing in the not-for-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

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### **4.0 Understand ethical and responsible sourcing**

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#### **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

**C****CORE MODULE****CIPS GLOBAL  
STANDARD**  
6.6 • 7.3 • 7.4**OR****OBJECTIVE  
RESPONSE EXAM****1.5**  
HRS**EXAM DURATION  
HOURS****60**  
HRS**MODULE  
LEARNING  
TIME****6**  
CREDITS

# *Commercial Negotiation*

## *[L4M5]*

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**Module purpose**

On completion of this module learners will be able to identify approaches to successfully achieving negotiated commercial agreements with external organisations.

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**Module aim(s)**

The creation of formalised agreements is a critical part of the success of any organisation. Those involved in procurement and supply activity will therefore be able to effectively negotiate with stakeholders and/or suppliers and to understand the methods associated with preparing for and carrying out commercial negotiations. This module is designed for those who are faced with negotiations. It enables the learner to analyse approaches to the negotiation of agreements made with external parties, how to prepare for them and what techniques are available to ensure successful outcomes.

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**Credit value**

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## ***Learning outcomes, assessment criteria and indicative content***

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

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#### **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

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### **2.0 Know how to prepare for negotiations with external organisations**

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#### **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

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### **3.0 Understand how commercial negotiations should be undertaken**

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#### **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

**C****CORE MODULE****CIPS GLOBAL  
STANDARD**  
1.2 • 1.4 • 2.1  
6.3 • 9.3**OR****OBJECTIVE  
RESPONSE EXAM****1.5**  
HRS**EXAM DURATION  
HOURS****60**  
HRS**MODULE  
LEARNING  
TIME****6**  
CREDITS

# *Supplier Relationships*

## *[L4M6]*

### **Module purpose**

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On completion of this module, learners will be able to analyse the dynamics of supplier relationships, examine the processes and procedures for working with stakeholders and appreciate the concept of partnering.

### **Module aim(s)**

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In any organisation, a significant element of the procurement and supply function is based around decisions to source activity from external suppliers. Once agreements have been established the relationship established with the supplier is paramount to overall success. At its highest level outsourcing can take the form of a partnership or joint venture. This module is designed for those who have responsibility for maintaining and managing relationships with stakeholders and suppliers and for those who may be faced with establishing and developing formal partnerships.

### **Credit value**

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## ***Learning outcomes, assessment criteria and indicative content***

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### **1.0 Understand the dynamics of relationships in supply chains**

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#### **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
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### **2.0 Understand processes and procedures for successful working with stakeholders**

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#### **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**

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#### **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

**C****CORE MODULE****CIPS GLOBAL  
STANDARD  
4.2 - 4.3****OR****OBJECTIVE  
RESPONSE EXAM****1.5**  
HRS**EXAM DURATION  
HOURS****60**  
HRS**MODULE  
LEARNING  
TIME****6**  
CREDITS

# *Whole Life Asset Management*

## **[L4M7]**

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**Module purpose**

On completion of this module, learners will be able to explain methods of inventory storage and control and analyse the concept of whole life cost from concept through to disposal.

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**Module aim(s)**

Whole life costing takes into account the total cost of a product or service over its lifetime, from concept through to disposal including purchase, hire or lease, maintenance, operation, utilities, training and disposal. Hence, it is important for those involved in the procurement and supply function to take all these elements into consideration when making decisions and comparing the costs of buying, renting or leasing equipment. In most cases the purchase costs are a small proportion of the cost of operating it. Although costly, there are numerous reasons why organisations elect to hold inventory. The management and control of such inventory is therefore vital to organisational success. This module is designed for those who will have responsibility for the whole life management of assets and enables learners to analyse methods for inventory movement and control and to analyse the concept of whole life cost.

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**Credit value**

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## ***Learning outcomes, assessment criteria and indicative content***

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### **1.0 Understand methods for the storage and movement of inventory**

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#### **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

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### **2.0 Understand the key elements of effective inventory control**

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#### **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

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### **3.0 Understand the concept of through life cost**

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#### **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

**C****CORE MODULE****CIPS GLOBAL  
STANDARD****1.1 • 1.2 • 1.3 • 1.4  
4.2 • 11.1 • 11.2 • 11.3****CR****CONSTRUCTED  
RESPONSE EXAM****3**  
HRS**EXAM DURATION  
HOURS****120**  
HRS**MODULE  
LEARNING  
TIME****12**  
CREDITS

# ***Procurement and Supply in Practice [L4M8]***

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**Module purpose**

On completion of this module, learners will be able to demonstrate the practical application of the key elements of the procurement cycle in an integrated manner, within a workplace context.

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**Module aim(s)**

Procurement is the business function that ensures identification, sourcing, access and management of external resources that an organisation needs or may need to successfully fulfil its strategic objectives. It exists to explore supply market opportunities and to implement resourcing strategies that deliver the best possible supply outcomes to the organisation, its stakeholders and customers. In today's volatile global trading environments, it is not enough for procurement and supply professionals to simply know the theory behind their profession; they must also be in a position to confidently and effectively apply that knowledge to the benefit of the whole organisation, its stakeholders and customers. This module is designed to test the practical application of procurement and supply concepts and ideas within the practical environments which professionals are expected to perform.

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**Credit value**

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## ***Learning outcomes, assessment criteria and indicative content***

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### **1.0 Demonstrate the application of the procurement cycle**

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#### **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

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

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#### **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**

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#### **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

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

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#### **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





# About CIPS, the Chartered Institute of Procurement & Supply

## **The professional body**

CIPS, a not-for-profit organisation that exists for the public good, is the voice of the profession, promoting and developing high standards of skill, ability and integrity among procurement and supply chain professionals.

## **Quality guaranteed**

Our qualifications are recognised by OFQUAL in England and regulators in various countries, demonstrating that they meet specific quality standards.

## **The Global Standard**

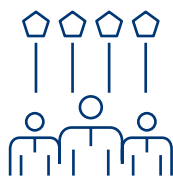
CIPS Global Standard in Procurement and Supply, which is freely available, sets the benchmark for what good looks like in the profession.

## **A commercial organisation**

CIPS helps governments, development agencies, and businesses around the world to excel in procurement and supply, supporting them to improve and deliver results and raise standards.

## **A global community**

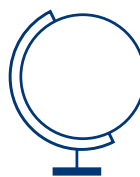
We are the world's largest professional body dedicated to procurement and supply with a global community of over 200,000 professionals in over 150 countries, and offices in Africa, Asia, Australia, the Middle East, Europe and USA.



Global Standard  
freely available



Global network  
of over 200,000



...in over 150  
countries