## Segment 2.3 Understanding Market Management in Procurement and Supply

**Level:** Operational

**Theme:** External Environment

<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
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</thead>
<tbody>
<tr>
<td>The different types of markets including economic and industrial sectors such as;</td>
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</tbody>
</table>
| • Manufacturing  
• Construction  
• Retail  
• Financial  
• Agriculture  
• Services  |
| Distinguish how an organisation, its suppliers and customers are served by different types of markets |

The competitive forces that influence markets including the bargaining strength of suppliers and buyers, availability of substitutes and threat of entry

| The breakdown between direct and indirect costs |
| Collate sources of information to estimate the breakdown of costs between direct and indirect costs for purchased goods and services and use the information to prepare budgets or to negotiate prices |

Types of published data that can provide information on costs and 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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<th>Knowledge: Will know and understand</th>
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<tbody>
<tr>
<td>Published reports and indices on markets</td>
<td>Use published sources of information to agree variations in pricing for purchased goods and services</td>
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</table>

National and international legislation that impacts on organisations such as:
- Quality standards
- Health and safety
- Environmental standards
- Employment law

Advise internal stakeholders on the impact of legislation when dealing with suppliers to an organisation

The implications of corporate social responsibility on organisations

Advise stakeholders on key aspects of corporate social responsibility of the organisation when dealing with suppliers, customers and other stakeholders

Related CIPS Knowledge Links


Corporate Social Responsibility (CSR) - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Sustainability/Corporate-Social-Responsibility-CSR/


Stakeholders - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Procurement-Organisation/Stakeholders/