The Global Standard for Procurement and Supply

Version 3.0 – Published 2017

Leading global excellence in procurement and supply
## Segment 6.7 Strategic Sourcing

**Level:** Managerial  
**Theme:** Sourcing

<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
</table>
| The assessment of market factors in the development of a strategic sourcing or category management process such as:  
  - Industry dynamics and pricing behaviour  
  - Financial data on suppliers  
  - Market demand and supply factors | Evaluate market factors that influence the supply market to assist the development of appropriate sourcing plans that shape markets and improves commercial leverage |
<p>| Understand the business motivations, cost/margins and working practices of key suppliers | Advise colleagues and internal stakeholders on the implications of the business motivations, cost/margins and working practices of key suppliers |
| Techniques for assessing suppliers performance and capabilities | Undertake a strategic assessment of key suppliers using modelling and techniques of analysis |</p>
<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
<tbody>
<tr>
<td>The assessment of sourcing options for strategic supplies of products or services including:</td>
<td>Assess the sourcing options for supplies of products or services establishing the capability of suppliers and the supply chain prior to commitment</td>
</tr>
<tr>
<td>- The type of contract</td>
<td></td>
</tr>
<tr>
<td>- The duration of contract</td>
<td></td>
</tr>
<tr>
<td>- Competitive/non-competitive sourcing</td>
<td></td>
</tr>
<tr>
<td>- Number of suppliers and lotting strategies</td>
<td></td>
</tr>
<tr>
<td>- The use of e-sourcing</td>
<td></td>
</tr>
<tr>
<td>- Global sourcing/off shoring/low cost country sourcing or onshoring</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal stakeholder’s involvement in strategic sourcing/category management</th>
<th>Assemble cross functional teams and consult with internal stakeholders to agree sourcing options for any specific category of purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of competition, direct negotiation or joint proposition improvement in strategic sourcing/category management</td>
<td>Analyse the use of competition, direct negotiation or joint proposition improvement for the sourcing of categories and use as appropriate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The use of selection and award criteria relevant to the category of purchase</th>
<th>Develop and apply appropriate selection and award criteria and use to evaluate supplier proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating presentations on category plans</td>
<td>Develop category plans to define the approaches to be taken to sourcing categories and communicate to stakeholders</td>
</tr>
</tbody>
</table>
Related CIPS Knowledge Links


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


## Segment 6.8 Developing Outsourcing

**Level:** Managerial  
**Theme:** Sourcing

<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of outsourcing of work or services</td>
<td>Evaluate the use of make or buy sourcing strategies and identify the critical success factors for the outsourcing or insourcing of work or services</td>
</tr>
<tr>
<td>The use of outsourced procurement services and consortium based services</td>
<td>Generate opportunities for other organisations to make use of outsourced procurement services, or to contribute resources for consortiums, or to buy in services from other procurement organisations</td>
</tr>
<tr>
<td>The development of offshoring and low cost country sourcing</td>
<td>Evaluate the development of offshoring and low cost country sourcing applicable to the outsourcing of work or services</td>
</tr>
</tbody>
</table>

Risks in outsourcing work or services such as;

- The loss of control
- Reputational damage
- Increased costs
- Service performance
- Delays

Develop a risk assessment and risk mitigation plan for the outsourcing of work or services taking into account feedback from stakeholders.
<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing the process to secure the outsourcing of work or services</td>
<td>Create an appropriate sourcing plan for the outsourcing of work or services and communicate with stakeholders</td>
</tr>
<tr>
<td>Taking account of sustainability in outsourcing</td>
<td>Create plans for the use of responsible procurement with fair pricing and payment terms upholding relevant labour standards for the outsourced work or services</td>
</tr>
</tbody>
</table>

**Related CIPS Knowledge Links**


