



# 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

<b>Knowledge: Will know and understand</b>	<b>Capabilities: Will be able to</b>
<p>The assessment of market factors in the development of a strategic sourcing or category management process such as:</p> <ul style="list-style-type: none"><li>• Industry dynamics and pricing behaviour</li><li>• Financial data on suppliers</li><li>• Market demand and supply factors</li></ul>	<p>Evaluate market factors that influence the supply market to assist the development of appropriate sourcing plans that shape markets and improves commercial leverage</p>
<p>Understand the business motivations, cost/margins and working practices of key suppliers</p>	<p>Advise colleagues and internal stakeholders on the implications of the business motivations, cost/margins and working practices of key suppliers</p>
<p>Techniques for assessing suppliers performance and capabilities</p>	<p>Undertake a strategic assessment of key suppliers using modelling and techniques of analysis</p>

## Knowledge: Will know and understand

## Capabilities: Will be able to

The assessment of sourcing options for strategic supplies of products or services including:

- The type of contract
- The duration of contract
- Competitive/non-competitive sourcing
- Number of suppliers and lotting strategies
- The use of e-sourcing
- Global sourcing/off shoring/low cost country sourcing or onshoring

Assess the sourcing options for supplies of products or services establishing the capability of suppliers and the supply chain prior to commitment

Internal stakeholder's involvement in strategic sourcing/ category management

Assemble cross functional teams and consult with internal stakeholders to agree sourcing options for any specific category of purchase

The use of competition, direct negotiation or joint proposition improvement in strategic sourcing/ category management

Analyse the use of competition, direct negotiation or joint proposition improvement for the sourcing of categories and use as appropriate

The use of selection and award criteria relevant to the category of purchase

Develop and apply appropriate selection and award criteria and use to evaluate supplier proposals

Creating presentations on category plans

Develop category plans to define the approaches to be taken to sourcing categories and communicate to stakeholders

## Related CIPS Knowledge Links

[Category Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Category-Management/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Category-Management/)

[Market Analysis - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Market-Analysis1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Market-Analysis1/)

[Financial Analysis and Reporting for Purchasers - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Financial-Analysis-and-Reporting-for-Purchasers/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Financial-Analysis-and-Reporting-for-Purchasers/)

[Sourcing and Tendering - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Sourcing-and-Tendering/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Sourcing-and-Tendering/)

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

[Supplier Evaluation and Appraisal - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/)

[Category and Sourcing Managers Executive - CASME - http://www.cips.org/casme](http://www.cips.org/casme)

[Confidentiality Agreement - Tools and Templates - http://www.cips.org/Knowledge/Tools-and-Templates-revised/Sourcing-and-Tendering/Confidentiality-Agreement/](http://www.cips.org/Knowledge/Tools-and-Templates-revised/Sourcing-and-Tendering/Confidentiality-Agreement/)

[CASME - http://www.cips.org/en/Knowledge/Third-Party-Materials/#10121](http://www.cips.org/en/Knowledge/Third-Party-Materials/#10121)

[Procurement Strategy Development - https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Procurement-Strategy-Development1/#tabs-2](https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Procurement-Strategy-Development1/#tabs-2)

[Setting KPIs - https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Setting-KPIs/](https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Setting-KPIs/)

[Performance Analysis and Management - https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Performance-Analysis-and-Management1/#tabs-2](https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Performance-Analysis-and-Management1/#tabs-2)

[Tools and Templates - http://www.cips.org/en-gb/knowledge/tools-and-templates-revised/](http://www.cips.org/en-gb/knowledge/tools-and-templates-revised/)

[Category Management - http://www.cips.org/en/knowledge/procurement-topics-and-skills/strategy-policy/category-management-gep/](http://www.cips.org/en/knowledge/procurement-topics-and-skills/strategy-policy/category-management-gep/)

# Segment 6.8 Developing Outsourcing

**Level:** Managerial

**Theme:** Sourcing

Knowledge: Will know and understand	Capabilities: Will be able to
The use of outsourcing of work or services	Evaluate the use of make or buy sourcing strategies and identify the critical success factors for the outsourcing or insourcing of work or services
The use of outsourced procurement services and consortium based services	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
The development of offshoring and low cost country sourcing	Evaluate the development of offshoring and low cost country sourcing applicable to the outsourcing of work or services
Risks in outsourcing work or services such as; <ul data-bbox="199 1664 561 1865" style="list-style-type: none"><li>• The loss of control</li><li>• Reputational damage</li><li>• Increased costs</li><li>• Service performance</li><li>• Delays</li></ul>	Develop a risk assessment and risk mitigation plan for the outsourcing of work or services taking into account feedback from stakeholders

Knowledge: Will know and understand	Capabilities: Will be able to
Developing the process to secure the outsourcing of work or services	Create an appropriate sourcing plan for the outsourcing of work or services and communicate with stakeholders
Taking account of sustainability in outsourcing	Create plans for the use of responsible procurement with fair pricing and payment terms upholding relevant labour standards for the outsourced work or services

## Related CIPS Knowledge Links

[Outsourcing/Offshoring and Insourcing - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Outsourcing--Offshoring-and-Insourcing/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Outsourcing--Offshoring-and-Insourcing/)

[Global Supply Chains - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/SRM-and-SC-Management/Global-Supply-Chains/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/SRM-and-SC-Management/Global-Supply-Chains/)

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

[Risk Analysis and Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Risk-mitigation/Risk-Analysis-and-Management1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Risk-mitigation/Risk-Analysis-and-Management1/)

[Sustainable and Ethical Procurement - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Sustainability/Sustainable-and-Ethical-Procurement/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Sustainability/Sustainable-and-Ethical-Procurement/)

[Category Management - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Strategy-policy/Category-Management/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Strategy-policy/Category-Management/)

[Risk Analysis Management - Tools and Templates - http://www.cips.org/Knowledge/Tools-and-Templates-revised/Risk-Analysis--Management/Risk-Analysis--Management/](http://www.cips.org/Knowledge/Tools-and-Templates-revised/Risk-Analysis--Management/Risk-Analysis--Management/)

[Developing and Managing Contracts - Tools and Templates - http://www.cips.org/Knowledge/Tools-and-Templates-revised/Developing-and-Managing-Contracts/Developing-and-Managing-Contracts/](http://www.cips.org/Knowledge/Tools-and-Templates-revised/Developing-and-Managing-Contracts/Developing-and-Managing-Contracts/)

[Cofely - http://www.cips.org/cofely](http://www.cips.org/cofely)

Sustainable and Ethical Procurement - <https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Sustainability/Sustainable-and-Ethical-Procurement/>