## Segment 7.1 Delivering Value for Money in Procurement and Supply

**Level:** Tactical  

**Theme:** Delivering Outcomes

<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
</table>
| **The 5 rights of procurement and supply:**  
  - Price/cost  
  - Quality  
  - Time  
  - Quantity  
  - Place | Apply the 5 rights of procurement and supply to any required goods or services |

### Creating value for money in procurement and supply
- Identify opportunities to create value for money outcomes for procuring goods and services

### Creating savings and improving efficiency in procurement and supply
- Create savings and improve efficiencies through negotiations with suppliers

### The use of budgets and budget monitoring in procurement and supply
- Assist budget holders to capture savings that contribute to reductions in budgets

### The use of targets in procurement and supply
- Analyse and work towards targets set for value for money improvements
<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract management systems in procurement and supply</td>
<td>Operate and support the implementation of contract management systems taking actions for controlling deviations from planned performance</td>
</tr>
</tbody>
</table>

Related CIPS Knowledge Links

## Segment 7.2 Effective Expediting in Procurement and Supply

**Level:** Tactical  
**Theme:** Delivering Outcomes

<table>
<thead>
<tr>
<th>Knowledge: Will know and understand</th>
<th>Capabilities: Will be able to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessing the costs of inventories and the costs of stock outs</td>
<td>Monitor levels of inventories and take actions to mitigate over supply and minimise the risk of stock outs</td>
</tr>
<tr>
<td>Undertaking expediting of deliveries of goods or services</td>
<td>Undertake expediting as a planned process to ensure the timely deliveries of goods or services purchased from suppliers</td>
</tr>
<tr>
<td>The use of problem solving techniques in expediting deliveries of products or services</td>
<td>Diagnose the causes of scheduling difficulties and take preventative actions to avoid their re-occurrence</td>
</tr>
<tr>
<td>Planning milestones and activities</td>
<td>Identify targets for the scheduling of deliveries of goods or services taking into account feedback from suppliers and other stakeholders</td>
</tr>
<tr>
<td>Tracking deliveries and documentation</td>
<td>Take actions to track deliveries and check relevant data and documentation</td>
</tr>
<tr>
<td>Knowledge: Will know and understand</td>
<td>Capabilities: Will be able to</td>
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<tr>
<td>-------------------------------------</td>
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</tr>
<tr>
<td>The use of forecasting to achieve timely deliveries of supplies</td>
<td>Extrapolate data on historic demand to calculate forecasts of demand that can be communicated to suppliers and other stakeholders</td>
</tr>
<tr>
<td>Payment to suppliers and cash flow</td>
<td>Track any deviations from planned payments and take remedial actions to mitigate disruptions that may be created through difficulties with cash flow</td>
</tr>
</tbody>
</table>

**Related CIPS Knowledge Links**


Stakeholders - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Procurement-Organisation/Stakeholders/
## Segment 7.3 Achieving Competitive Pricing in Procurement and Supply

**Level:** Tactical  
**Theme:** Delivering Outcomes

<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 competition to obtain quotations on prices</td>
<td>Promote the use of competitive pricing with suppliers through monitoring prices and obtaining quotations when appropriate</td>
</tr>
<tr>
<td>The comparison of quoted prices to historical data</td>
<td>Compare historical prices with newly quoted prices and evaluate the reasons for any significant discrepancies and take appropriate actions to secure competitive pricing</td>
</tr>
<tr>
<td>The link between costs, prices, margins and mark ups</td>
<td>Analyse available data on the costs, prices, margins and mark ups of submitted prices in order to negotiate competitive prices</td>
</tr>
<tr>
<td>The use of open book costing and adjustments</td>
<td>Evaluate data supplied in open book arrangements and take actions to remedy any queries</td>
</tr>
<tr>
<td>Negotiating improved prices</td>
<td>Negotiate with suppliers to reduce prices whilst retaining or improving other aspects of value for money such as quality, availability and sustainability</td>
</tr>
</tbody>
</table>
Knowledge: Will know and understand

Estimating whole life costs

Capabilities: Will be able to

Analyse the whole life costs of purchased goods or services and take actions to reduce or avoid on-going costs

Related CIPS Knowledge Links


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

