# 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>
<tbody>
<tr>
<td><strong>The 5 rights of procurement and supply:</strong></td>
<td>Apply the 5 rights of procurement and supply to any required goods or services</td>
</tr>
<tr>
<td>- Price/ cost</td>
<td></td>
</tr>
<tr>
<td>- Quality</td>
<td></td>
</tr>
<tr>
<td>- Time</td>
<td></td>
</tr>
<tr>
<td>- Quantity</td>
<td></td>
</tr>
<tr>
<td>- Place</td>
<td></td>
</tr>
<tr>
<td><strong>Creating value for money in procurement and supply</strong></td>
<td>Identify opportunities to create value for money outcomes for procuring goods and services</td>
</tr>
<tr>
<td><strong>Creating savings and improving efficiency in procurement and supply</strong></td>
<td>Create savings and improve efficiencies through negotiations with suppliers</td>
</tr>
<tr>
<td><strong>The use of budgets and budget monitoring in procurement and supply</strong></td>
<td>Assist budget holders to capture savings that contribute to reductions in budgets</td>
</tr>
<tr>
<td><strong>The use of targets in procurement and supply</strong></td>
<td>Analyse and work towards targets set for value for money improvements</td>
</tr>
<tr>
<td>Knowledge: Will know and understand</td>
<td>Capabilities: Will be able to</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------------------------</td>
</tr>
<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

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<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>
</tr>
<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**

### 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>
<tr>
<td>Knowledge: Will know and understand</td>
<td>Capabilities: Will be able to</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Estimating whole life costs</td>
<td>Analyse the whole life costs of purchased goods or services and take actions to reduce or avoid on-going costs</td>
</tr>
</tbody>
</table>

**Related CIPS Knowledge Links**

- [Supplier Evaluation and Appraisal](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/)
- [Sourcing and Tendering](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Sourcing-and-Tendering/)
- [Negotiation](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Negotiation/)
- [Whole Life Costing](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Whole-Life-Costing/)
- [Value Generation](http://www.cips.org/en/Knowledge/Procurement-topics-and-skills/Efficiency/Value-Generation1/)
- [Sustainable and Ethical Procurement](https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Sustainability/Sustainable-and-Ethical-Procurement/)
- [Collaborative Working](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Efficiency/Collaborative-Working1/#tabs-2)