



The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

Segment 7.4 Achieving Added Value Outcomes in Procurement and Supply

Level: Operational

Theme: Delivering Outcomes

Knowledge: Will know and understand	Capabilities: Will be able to
<p>Defining added value in procurement and supply including value by improving:</p> <ul style="list-style-type: none"> • Prices or total costs • Timescales • Quality • Innovation • Sustainability or other source of added value 	<p>Work with suppliers, internal customers or other stakeholders to achieve added value outcomes in procurement and supply</p>
<p>The relationship between achieving compliance with processes and the achievement of outcomes that bring added value</p>	<p>Recognise the importance of compliance with organisational processes and simultaneously take actions to achieve added value solutions with suppliers or internal stakeholders</p>
<p>Achieving competitive prices for purchased goods and services</p>	<p>Follow good practice in sourcing activities and negotiate to achieve competitive prices for purchased goods and services including the use of open book costing and adjustments</p>
<p>Achieving quality requirements of purchased goods and services by the implementation of processes, procedures, standards or methodologies to improve quality</p>	<p>Work with suppliers and internal stakeholders to achieve quality requirements for purchased goods and services</p>

Knowledge: Will know and understand	Capabilities: Will be able to
Achieving required timescales for purchased goods and services	Liaise with suppliers and other stakeholders and undertake proactive actions to ensure successful and timely delivery of purchased goods and services
Achieving required quantities of purchased goods and services	Ensure that quantities of purchased goods and services are delivered to contractual agreements and take appropriate actions to address any shortfall or excess
Achieving sustainability of purchased goods and services and promoting sustainability through effective procurement and supply	Monitor that purchased goods and services comply with the standards set for achieving sustainable outcomes and take appropriate actions to address any issues

Related CIPS Knowledge Links

[Value Generation - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Efficiency/Value-Generation1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Efficiency/Value-Generation1/)

[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/)

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

[Total Quality Management \(TQM\) - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Total-Quality-Management-TQM/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Total-Quality-Management-TQM/)

[Demand Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Demand-Management1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Demand-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/)

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

[Organisation - Tools and Templates - http://www.cips.org/Knowledge/Tools-and-](http://www.cips.org/Knowledge/Tools-and-)

[Templates-revised/Organisations/Organisation-Tools-and-Templates/](#)

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

[Risk Analysis and Management - White Papers - https://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Risk-mitigation/Risk-Analysis-and-Management1/#tabs-2](#)

[Collaborative Working - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Efficiency/Collaborative-Working1/#tabs-2](#)

Segment 7.5 Effective Contract Management in Procurement and Supply

Level: Operational

Theme: Delivering Outcomes

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The main types of risks in the performance of contracts such as internal, market, economic, legal, ethical sourcing and performance based risks</p>	<p>Evaluate the potential risks that purchased goods and services may be subjected to and liaise with suppliers and stakeholders to create and implement plans to mitigate the adverse effects of these risks</p>
<p>Responsibilities for contract management</p>	<p>Allocate clear responsibilities with stakeholders for the roles of contract management for purchased goods and services</p>
<p>Demand management for contracts</p>	<p>Forecast and plan requirements with internal stakeholders and suppliers to ensure the supply of goods and services matches demand taking into account actual demand</p>
<p>The use of contractual terms, specifications, KPIs, reporting, governance, escalation and benchmarking in contract management</p>	<p>Monitor the supply of goods and services to ensure required performance standards and KPIs are achieved and identifies where changes in the contract or other changes are required taking actions to implement these</p>

Knowledge: Will know and understand	Capabilities: Will be able to
<p>Payment responsibilities in contract management</p>	<p>Certify costs and monitor compliance to, and take remedial actions, for any deviations from contracted payment terms for purchased goods and services, managing any contracted risk and reward mechanisms</p>
<p>Creating targets for assessing the performance of suppliers based on the SMART (specific, measurable, achievable, relevant and timely) targets for performance</p>	<p>Formulate SMART targets for supplier performance and agree their application with suppliers and other stakeholders</p>
<p>Supplier relationship management and the use of improvement plans</p>	<p>Ensure supplier relationship management processes and improvement plans are proactively executed to correct defective performance for the delivery of purchased goods or services</p>
<p>Transition and exit arrangements for contracts</p>	<p>Ensure security of supply in any transition period or exit of contracts with suppliers</p>
<p>Close out of contracts and learning from experience</p>	<p>Conduct activities to close out contracts and evaluate learning from experience</p>
<p>The use of budgets in contract management</p>	<p>Ensure budgets are monitored instigating actions for deviations from planned budgeted costs</p>

Related CIPS Knowledge Links

[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/)

[Contract Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Contract-Management1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Contract-Management1/)

[Demand Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Demand-Management1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Demand-Management1/)

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

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

[Benchmarking - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Benchmarking1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Benchmarking1/)

[Business Process Re-engineering \(BPR\) - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Business-Process-Re-engineering-BPR/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Business-Process-Re-engineering-BPR/)

[Total Quality Management \(TQM\) - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Total-Quality-Management-TQM/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Continuous-Improvement/Total-Quality-Management-TQM/)

[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/)

[Cross Border Risk - http://www.cips.org/dunandbradstreet](http://www.cips.org/dunandbradstreet)

[Supplier Evaluation and Appraisal - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/#tabs-2](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/#tabs-2)

[Supplier Relationship Management \(SRM\) - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/SRM-and-SC-Management/Supplier-Relationship-Management-SRM/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/SRM-and-SC-Management/Supplier-Relationship-Management-SRM/)

[Supplier Relationship / Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/SRM-and-SC-Management/Supplier-Relationship--Management/#tabs-2](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/SRM-and-SC-Management/Supplier-Relationship--Management/#tabs-2)

[Procurement Strategy Development - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Procurement-Strategy-Development1/#tabs-1](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Procurement-Strategy-Development1/#tabs-1)