



The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

Segment 2.2 Recognise the Importance of the External Environment on Procurement and Supply

Level: Tactical

Theme: External Environment

Knowledge: Will know and understand	Capabilities: Will be able to
How markets can be defined in terms of size, scope and stages of development	Identify the types of markets served by the organisation, its suppliers and customers
The types of industry competition, such as perfect competition, imperfect competition, oligopoly, duopoly and monopoly	Recognise the type of competition that influences and impacts the organisation, and its suppliers and customers
How demand and supply factors impact on organisations	Recognise the potential impact of changing demand and supply factors resulting from disruptive supply chains and global events on the organisation, its suppliers and customers
The impact of market change on organisations	Identify how local, national and global market change can impact on the pricing and availability of products and services

Knowledge: Will know and understand	Capabilities: Will be able to
<p>Analytical tools to explain the impact of the external environment on organisations' supply chains such as:</p> <ul style="list-style-type: none"> • STEEPLED • The five forces model 	<p>Describe how the application of STEEPLED (social, technological, economic, environmental, political, legislative, ethical and demographic) criteria and the five forces model impact on an organisation, and its suppliers and customers</p>

Organisational impact of macro-economic factors such as:

- Interest rates
- Inflation
- Exchange rates
- Level of economic activity (GDP/GNP)

Identify the impact of interest rates, inflation, exchange rates and the level of economic activity (GDP/GNP) on pricing and availability of products and services

<p><u>Legislation</u> that impacts on organisations such as:</p> <ul style="list-style-type: none"> • Quality environmental standards • Health and safety • Employment law 	<p>Explain the impact of legislation on an organisation, its suppliers and customers</p>
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The implications of corporate social responsibility on organisations

Explain the key aspects of corporate social responsibility that influences an organisation, its suppliers and customers

Related CIPS Knowledge Links

[Cartels/Competition](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Cartels-competition/) - <http://www.cips.org/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Cartels-competition/>

[Corporate Social Responsibility \(CSR\)](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Sustainability/Corporate-Social-Responsibility-CSR/) - <http://www.cips.org/Knowledge/Procurement-topics-and-skills/Sustainability/Corporate-Social-Responsibility-CSR/>

[Demand Management](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Demand-Management/) - <http://www.cips.org/Knowledge/Procurement-topics-and-skills/Demand-Management/>

[skills/Developing-and-managing-contracts/Demand-Management1/](#)

[Legislation - http://www.cips.org/Knowledge/Procurement-topics-and-skills/External-Environment/Legislation1/](#)

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

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

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