



# The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

# Segment 5.2 Developing Contracts with Suppliers

**Level:** Operational

**Theme:** Contracting

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The main types of contracts and agreements including:</p> <ul style="list-style-type: none"><li>• The use of spot purchases</li><li>• Term contracts</li><li>• Framework agreements (or blanket orders/panel agreements)</li><li>• Call offs</li></ul>	<p>Develop appropriate agreements with internal stakeholders that consider both short and long term implications</p>

The documentation that is used to create commercial agreements for the supply of goods or services. How to complete contract documentation, including:

- The specification
- Key performance indicators (KPIs)
- Contract terms
- Pricing schedule
- Other schedules (such as for health and safety, use of sub-contractors, non disclosure/confidentiality agreements)

Contribute to the completion of documentation used to form commercial agreements

## Knowledge: Will know and understand

The sources of express terms that can be used to regulate contracts made for the supply of goods or services, including:

- The use of standard or specialised terms of procurement
- Model form contracts
- Bespoke contracts

The legal issues that relate to the creation of commercial agreements with customers or suppliers, including offers, counter offers and acceptance

Core clauses in commercial agreements with customers or suppliers, including:

- Indemnities and liabilities
- Sub-contracting and assignment
- Insurances
- Guarantees
- Liquidated damages
- Payment
- Delivery and completion

Key provisions of legislation that relate to contracts for the supply of goods and services, including:

- Quality
- Delivery
- Payment
- Passing of property
- Compensation

## Capabilities: Will be able to

Select appropriate contract terms for the supply of goods or services, and provide advice about these to colleagues and other internal stakeholders

Review processes and procedures for creating contracts to ensure that all legal requirements are complied with and recommend any changes required

Interpret the core clauses of commercial agreements with customers or suppliers and provide advice to colleagues and other internal stakeholders on them

Ensure contracts for the supply of goods and services comply with relevant legislation

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The importance of debriefing unsuccessful suppliers and of implementing transition arrangements to commence contracts</p>	<p>Ensure that approvals and debriefings are used appropriately to inform future contract letting processes</p>

## Related CIPS Knowledge Links

Terms and Conditions and the Developing of Contracts - <http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Terms-and-Conditions-and-the-Developing-of-Contracts/>  
Stakeholders - <https://www.cips.org/intelligence-hub/managing-stakeholders>

# Segment 5.3 Specifying Goods and Services

**Level:** Operational

**Theme:** Contracting

Knowledge: Will know and understand	Capabilities: Will be able to
<p>Types of specifications used in the procurement of goods or services, such as drawings, samples, branded, technical, conformance, output- or outcome-based specifications</p>	<p>Develop appropriate specifications for the procurement of goods or services</p>
<p>Sources of information that can be used to create specifications, such as published standards, the internet, suppliers and directories</p>	<p>Research appropriate sources of information for the development of specifications for the short and longer term</p>
<p>The typical sections of a specification such as scope, definitions, descriptions of requirements, testing and acceptance, change control mechanisms and remedies</p>	<p>Develop and complete all required documentation for the specification of through-life contracts</p>
<p>The impact of specifications on the organisations' cash input costs</p>	<p>Ensure that the design and performance of specifications avoids unnecessary costs for both the organisation and suppliers</p>
<p>The risks that can result from inadequate specifications, particularly from under or over specifying needs</p>	<p>Monitor the creation of specifications by colleagues and other internal stakeholders and work to ensure that risks are mitigated</p>

## Knowledge: Will know and understand

The use of standardisation, value analysis and value engineering programmes to regulate specifications

## Capabilities: Will be able to

Identify opportunities to regulate specifications both in the short and longer terms by the implementation of standardisation, value analysis or value engineering programmes and provide guidance to internal stakeholders on their implementation

The use of social and environmental criteria in specifications

The use of social and environmental criteria in specifications

## Related CIPS Knowledge Links

[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/)

[Specification Development - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Setting-KPIs/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Setting-KPIs/)

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