



The Global Standard for Procurement and Supply

Version 3.0 – Published 2017

Leading global excellence in procurement and supply

Segment 6.4 Sourcing Processes and Systems in Procurement and Supply

Level: Operational

Theme: Sourcing

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The impact of the organisation's procedures and regulations on the sourcing process, including:</p> <ul style="list-style-type: none">• The responsibilities for procurement• Regulations relating to competition• Levels of delegated authority• Responsibilities for the stages of the sourcing process• Invoice clearance and payment	<p>Ensure compliance with organisational procedures and regulations relating to the sourcing processes</p>
<p>Use of portfolio analysis and supplier preferencing in the sourcing process</p>	<p>Apply matrices to manage suppliers and relationships</p>
<p>The development of sourcing options such as single, dual and multiple sourcing arrangements</p>	<p>Recommend suitable sourcing approaches, including the adoption of single, dual or multiple sourcing arrangements with suppliers</p>

Knowledge: Will know and understand

Capabilities: Will be able to

The main types of contractual agreements made between customers and suppliers, including:

- One-off purchases
- Framework arrangements or agreements
- Mini competitions
- Call offs
- Services contracts
- Contracts for the hire and leasing of assets
- Outsourcing of work or services

Analyse the main types of contractual agreements that can be made between customers and suppliers and identify the circumstances when each might be used

Approaches to supply market research/early supplier engagement/pre-contract dialogue as part of the overall sourcing process

Develop the information for the pre-engagement of suppliers, which could include publicising contract opportunities. Create feedback opportunities to capture suppliers' innovations and include relevant innovations in requirements

Analysis and planning involved in a sourcing process

Create plans for sourcing processes, identifying the process steps with the involvement of internal and external stakeholders

The connection and distinction between supplier selection criteria and contract award criteria used in the sourcing process

Create selection and award criteria appropriate to the procurement proposing any necessary weightings for the criteria

Knowledge: Will know and understand

Capabilities: Will be able to

The evaluation of suppliers quotations or tenders to make use of criteria, such as:

- Total costs
- Added value
- Technical merit
- Quality
- Innovation
- Sustainability
- Ethical sourcing

Evaluate submitted quotations or tenders using objective criteria, criteria weightings and the agreed scoring method

The impact of Purchase to Pay (P2P) systems on the sourcing process

Use the organisation's Purchase to Pay (P2P) system and deal effectively with any queries raised by stakeholders to improve the sourcing process

The impact of reverse auctions on the sourcing process

Analyse the use of reverse auctions in the sourcing process and advise suppliers and other stakeholders on their use

The use of eMarketplaces for sourcing products and services

Make use of eMarketplaces and promote their use to stakeholders to improve leverage for the organisation

Related CIPS Knowledge Links

[Procurement Policy Development - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Procurement-policy-development1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Strategy-policy/Procurement-policy-development1/)

[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/)

[Terms and Conditions and the Developing of Contracts - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Terms-and-Conditions-and-the-Developing-of-Contracts/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Terms-and-Conditions-and-the-Developing-of-Contracts/)

[Category Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-](http://www.cips.org/en-GB/Knowledge/Procurement-topics-)

[and-skills/Strategy-policy/Category-Management/](#)

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

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

[eSourcing/eProcurement Systems P2P - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/eCommerce---systems/E-sourcing--E-procurement-systems-P2P/](#)

Segment 6.5 Conducting Supplier Appraisal

Level: Operational

Theme: Sourcing

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The use of pre-qualification criteria or processes for appraising suppliers during the sourcing process</p>	<p>Evaluate the use and choice of pre-qualified suppliers, pre-qualification criteria or processes for supplier appraisal in the sourcing process taking into account stakeholder requirements</p>
<p>Sources of information about suppliers, such as:</p> <ul style="list-style-type: none">• Financial reports• Credit rating agencies• Social media• Supplier websites• Other appropriate publications and sources	<p>Research information about suppliers using appropriate sources of information to help select appropriate suppliers</p>
<p>The assessment of financial statements to evaluate the financial, commercial and technical capabilities of potential suppliers in the sourcing process</p>	<p>Evaluate the financial, commercial and technical capabilities of potential suppliers</p>
<p>The assessment of the need for suitably qualified and experienced personnel, and security or safety measures relevant to the procurement</p>	<p>Appraise suppliers' capabilities to provide suitably qualified and experienced personnel, and security or safety measures relevant to the procurement</p>

Knowledge: Will know and understand	Capabilities: Will be able to
The use of ratio analysis to evaluate potential suppliers	Analyse key financial ratios indicating profitability, liquidity, gearing and investment to evaluate the suitability of potential suppliers
The use of scoring methods in the supplier appraisal process	Evaluate potential suppliers' pre-qualification or precontract assessments, using criteria scoring to make recommendations based on these assessments
The need for updating data on financial reports and credit ratings	Update data on financial standing and credit ratings during the whole life of contracts and take actions to mitigate financial risks

Related CIPS Knowledge Links

[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/)

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

[Financial Analysis and Reporting for Purchasers - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Financial-Analysis-and-Reporting-for-Purchasers/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Financial-Analysis-and-Reporting-for-Purchasers/)

Segment 6.6 Effective Negotiation in Procurement and Supply

Level: Operational

Theme: Sourcing

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The importance of commercial negotiation in relation to the sourcing process and of managing conflict with suppliers and other stakeholders</p>	<p>Negotiate with suppliers and other stakeholders to promote effective procurement in the different stages of a sourcing process, taking steps to overcome conflict and other challenges</p>
<p>The types of approaches that can be pursued in commercial negotiation, such as:</p> <ul style="list-style-type: none">• Collaborative (win/win)• Distributive (win/lose)• Pragmatic• Principled styles of negotiation	<p>Evaluate the range of approaches that can be used in commercial negotiations and use them when appropriate</p>
<p>The stages of a commercial negotiation, including planning and preparation, opening, testing, proposing, bargaining and agreeing</p>	<p>Create plans and conduct clearly defined stages for commercial negotiations taking account of the need to be flexible in practice</p>
<p>Creating objectives, strategies and goals for a commercial negotiation</p>	<p>Work with stakeholders to develop clear objectives, strategies and goals for a commercial negotiation</p>

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The sources of power in commercial negotiations</p>	<p>Analyse the sources of power in commercial negotiations and promote the organisation's objectives to achieve effective procurement and supply goals</p>
<p>Creating the right environment for a commercial negotiation, including the choice of location, surroundings and timings, and conducting negotiations using video conferencing and collaboration tools</p>	<p>Create the right environment for a commercial negotiation, using face-to-face communications, video conferencing and other collaboration and communication tools</p>
<p>Behavioural aspects of negotiation, including effective listening, the use of persuasion methods and the use of tactics and influence</p>	<p>Demonstrate effective behaviours while conducting commercial negotiations that will help to generate positive outcomes for the organisation</p>
<p>The use of emotional intelligence in commercial negotiations</p>	<p>Appreciate the different aspects of emotional intelligence that can be applied to improve performance and outcomes sought in commercial negotiations and create development plans to improve key skills</p>
<p>The sources of added value to organisations that can be achieved through effective negotiation, by improving elements such as:</p> <ul style="list-style-type: none"> • Prices or total costs • Timescales • Quality • Innovation • Sustainability • Other source of added value 	<p>Demonstrate and encourage best negotiation practice for delivering value</p>

Related CIPS Knowledge Links

[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/)

[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/)

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

[Category Management - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Strategy-policy/Category-Management/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Strategy-policy/Category-Management/)

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