



# The Global Standard for Procurement and Supply

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# Segment 8.2 Measuring Operational Performance of the Procurement and Supply Function

**Level:** Operational

**Theme:** Metrics & Measurement

<b>Knowledge: Will know and understand</b>	<b>Capabilities: Will be able to</b>
<p>Value criteria such as pricing/costs, delivered quality, timescales, quantities and location requirements</p>	<p>Apply value criteria to the procurement of goods and services in sourcing processes and performance measurement taking account of market trends</p>
<p>How to measure the achievement of quality, timescales, quantities and place considerations when procuring from external suppliers</p>	<p>Evaluate data on the achievement of quality, timescales, quantities and place considerations for procurements from external suppliers and take actions to improve performance</p>
<p>The importance of delivering customer service and stakeholder satisfaction for procurement and supply, and methods of improving performance</p>	<p>Evaluate customer service and stakeholder satisfaction for procurement and supply and take actions to improve performance</p>
<p>The importance of measuring cycle times for the sourcing process</p>	<p>Evaluate the timescales for sourcing processes, analysing the causes of any delays and taking action to reduce timescales when appropriate</p>

Knowledge: Will know and understand	Capabilities: Will be able to
The importance of assessing the performance and control of budgets	Analyse departmental budgets and evaluate the reasons for variances between forecasted and actual expenditures, taking actions to mitigate future variances

The use of social media to obtain feedback on performance

Monitor relevant social media to gauge feedback from customers and suppliers, taking actions to deal with feedback

## 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/)

[Data Analysis/Business Intelligence - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Data-Analysis--Business-Intelligence/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Data-Analysis--Business-Intelligence/)

[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/)

[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/)

[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 8.3 Measuring the Performance of Contracts

**Level:** Operational

**Theme:** Metrics & Measurement

Knowledge: Will know and understand	Capabilities: Will be able to
The main types of risks in the performance of contracts, such as internal, market, economic, legal and ethical sourcing and performance-based risks	Formulate SMART targets for supplier performance and agree their application with suppliers and other stakeholders
The importance of defining contractual performance measures of key performance indicators (KPIs) to assess quality, performance, cost management, resources and delivery	Define and agree processes to monitor contractual KPIs to assess quality performance, cost management, resources and delivery with suppliers and stakeholders
The importance of analysing outcomes of negotiation activities completed with the suppliers of goods and services	Compare planned outcomes for negotiations with suppliers with actual outcomes and evaluate the reasons for any differences
How to assess contractual risks	Liaise with suppliers and other stakeholders to assess risk, complete risk registers and agree actions to mitigate risks
The use of data that relate to the performance and under performance of contracts	Collate and evaluate data on the performance of contracts and take actions to remedy or prevent underperformance

## Knowledge: Will know and understand

The use of audits to verify performance and costs

## Capabilities: Will be able to

Conduct audits with suppliers to verify performance and costs, and take actions to remedy any queries from the information and data gained

## 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/)

[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/)

[Collaborative Working - https://www.cips.org/knowledge/procurement-topics-and-skills/efficiency/collaborative-working/](https://www.cips.org/knowledge/procurement-topics-and-skills/efficiency/collaborative-working/)

[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/)

[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/)

[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/)

[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/)

[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/)

[Data Analysis/Business Intelligence - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Data-Analysis--Business-Intelligence/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Understand-Need---Market-and-options-assessment/Data-Analysis--Business-Intelligence/)

[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/)