



# The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

# Segment 8.4 Managing Risks in Procurement and Supply

**Level:** Managerial

**Theme:** Metrics & Measurement

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The development of risk evaluation management tools, including risk assessments, risk registers and other tools, and the assessment of contractual risks for procurement of goods or services</p>	<p>Create risk assessments, registers or other risk evaluation tools and agree actions to mitigate risks with suppliers and other stakeholders</p>
<p>Measuring risks in procurement and supply such as:</p> <ul style="list-style-type: none"><li>• Quality</li><li>• Cost</li><li>• Resilience</li><li>• Sustainability</li><li>• Achievement of timescales</li></ul>	<p>Compile risk assessments, registers or other risk evaluation tools for projects and agree actions with suppliers and other stakeholders to allocate or share risks to avoid claims, variations or disruption</p>
<p>How to collate and analyse data and statistics relating to risks in procurement and supply, and the actions needed to mitigate their impact</p>	<p>Compile qualitative and quantitative data to measure risks in the procurement of goods or services and take actions to reduce the probability and impact of the risks</p>
<p>Monitoring and control in procurement and supply</p>	<p>Use monitoring and control processes or systems to manage risk in procurement and supply</p>

Knowledge: Will know and understand	Capabilities: Will be able to
The monitoring and control of sustainability in procurement and supply	Devise and monitor key performance indicators (KPIs) for sustainability with suppliers and take appropriate actions to ensure delivery to agreed standards

Market factors that can impact on risks such as:

- Industry dynamics
- Competitiveness
- Pricing behaviour
- Technology drivers

Research and use data relating to market changes that inform decision making and mitigate risk

Market and supply chain disruptors	Take action with stakeholders to mitigate the impact of market and supply chain disruption
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## 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/)

[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/)

[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/)

[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/)

[Project and Programme Management - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Project--Programme-Management/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Project--Programme-Management/)

[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/)

[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/)

[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/)

[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/)

# Segment 8.5 Measuring and Developing Performance in the Supply Chain

**Level:** Managerial

**Theme:** Metrics & Measurement

Knowledge: Will know and understand	Capabilities: Will be able to
<p>The use of key performance indicators (KPIs) for supply performance, including:</p> <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Delivery</li> <li>• Health and Safety</li> </ul>	<p>Develop and agree with suppliers and other stakeholders appropriate KPIs for the supply chain</p>
<p>The development of measures for improving quality and actions to improve performance</p>	<p>Develop and monitor measures to improve the quality of contracts or functions, taking appropriate actions to improve performance</p>
<p>Measures for the control of prices and costs</p>	<p>Collate and analyse data that supports the control of prices, costs and financial savings achieved, taking appropriate actions to improve performance</p>
<p>Measures that assess time to market and securing deliveries to meet the required timescales</p>	<p>Collate and analyse data that measure deliveries of goods and services, taking appropriate actions to improve performance</p>
<p>Measures of innovation in procurement and supply</p>	<p>Collate and analyse data that measure innovations from suppliers and take actions to improve performance</p>

## Knowledge: Will know and understand

## Capabilities: Will be able to

Ways of promoting innovation in the supply chain by using tools and techniques, such as:

- Cross functional working
- Simultaneous engineering
- Early supplier involvement
- Supplier forums and associations

Encourage and manage innovation in the supply chain using appropriate tools and techniques

The application of eProcurement technologies in supply chains

Create systems integration across the organisation and with the organisation's supply chain

The use of approaches for supplier development, such as:

- Knowledge and technology transfer
- Collaborative product/service development
- Continuous improvement reviews
- Supplier capability assessments

Identify opportunities to make use of methodologies for supplier development

Measures of costs and benefits that can be applied in procurement and supply

Measures the costs and benefits of investments affecting procurement and supply

Qualitative and quantitative measures of performance

Ensure that a balance is achieved between qualitative and quantitative measures of performance

Measuring return on investment in procurement and supply

Evaluate the return on investment for changes made affecting procurement and supply

## 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/)

[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/)

[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/)

[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/)

[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/)

[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/)

[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/)

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