

Level 4

Diploma in Procurement and Supply

Power up your career

4
CIPS LEVEL

A large, bold, red number '4' is positioned on the left side of the page. The number is stylized with a thick stroke and a slight shadow effect. It is centered vertically relative to the text 'CIPS LEVEL'.

CIPS LEVEL

Contents

How to read a CIPS syllabus	4
Your qualification	5
What will I study?	6
About our exams and your study commitments	7
Scope and Influence of Procurement and Supply (L4M1)	8
1.0 Understand and analyse the added value that can be achieved through procurement and supply chain management	9
2.0 Understand and analyse the key steps when procuring goods or services	10
3.0 Understand and analyse aspects of organisational infrastructure that shape the scope of procurement and supply chain functions	11
4.0 Understand and analyse the need for compliance with requirements when undertaking procurement activities in different sectors	12
Defining Business Need (L4M2)	13
1.0 Understand how to develop a business case for requirements to be sourced from external suppliers	14
2.0 Understand market management in procurement and supply	14
3.0 Understand the use of specifications in procurement and supply	15
Commercial Contracting (L4M3)	16
1.0 Understand the legal issues that relate to the formation of contracts	17
2.0 Understand the fundamentals of specifications and key performance indicators that are included in contractual arrangements made with suppliers	18
3.0 Understand the key clauses that are included in formal contracts	18
Ethical and Responsible Sourcing (L4M4)	19
1.0 Understand options for sourcing requirements from suppliers	20
2.0 Understand the key processes that can be applied to the analysis of potential external suppliers	21
3.0 Understand compliance issues when sourcing from suppliers	21
Commercial Negotiation (L4M5)	23
1.0 Understand key approaches in the negotiation of commercial agreements with external organisations	24
2.0 Know how to prepare for negotiations with external organisations	25
3.0 Understand how commercial negotiations should be undertaken	26
Supplier Relationships (L4M6)	27
1.0 Understand the dynamics of relationships in supply chains	28
2.0 Understand processes and procedures for working successfully with stakeholders	29
3.0 Understand the concept of partnering	30
Whole-Life Asset Management (L4M7)	31
1.0 Understand methods for the storage and movement of inventory	32
2.0 Understand the key elements of effective inventory control	32
3.0 Understand the concept of whole-life costing	33
Procurement and Supply in Practice (L4M8)	34
1.0 Demonstrate the application of the procurement cycle	35
2.0 Demonstrate the application of the stages of the procurement process	35
3.0 Demonstrate the application of whole life-asset management	36
4.0 Demonstrate the application of environmental, social and governance principles in a range of sectors and industries	36

How to read a CIPS syllabus

Before getting started on any of our qualifications we encourage you to read the syllabus. Our examiners will use the syllabus to set the exam questions to test your knowledge and understanding of the content.

Each syllabus is split into topic modules. Each module is further broken down into learning outcomes, assessment criteria and indicative content.

Learning Outcomes

This is the overarching theme of the content for the module that you are studying. It's the first part in the list of items that our examiners will use to write their questions to test your knowledge and understanding.

Assessment Criteria

This will give you a breakdown of the learning outcome or theme. Take notice of the command words used at the start of each assessment criteria. The meaning of a command word can be found in our **Guide to CIPS Exams**. Our examiners consider these when creating questions to test your knowledge and understanding.

Indicative Content

The following content provides examples of what you could be asked questions about in an exam but remember this is not an exhaustive list. You should aim to study and thoroughly understand each topic in this content list.

Scope and Influence of Procurement and Supply (L4M1)	
Learning outcomes, assessment criteria and indicative content	
1.0 Understand and analyse the added value that can be achieved through procurement and supply chain management	
1.1 Compare the concepts of procurement and supply chain management	<ul style="list-style-type: none">1.1.1 Definitions of procurement, supply chains, supply chain management and supply chain networks1.1.2 Compare the role and function of supply chain management with procurement1.1.3 Definition and function of supply chain tiering1.1.4 Definition and issues related to complex supply chains1.1.5 Definitions of logistics and materials management1.1.6 Definitions of waste management and closed-loop recycling
1.2 Analyse the different sources of added value in procurement and supply	<ul style="list-style-type: none">1.2.1 The five rights of procurement1.2.2 Defining total life cycle costs or whole-life asset management1.2.3 Achieving five rights of procurement from external suppliers1.2.4 Other sources of added value: innovation, sustainability and market development1.2.5 Defining value for money
1.3 Describe the categories of spend that an organisation may purchase	<ul style="list-style-type: none">1.3.1 Typical breakdown of organisational costs represented by procurement of goods, services and constructional works1.3.2 Stock and non-stock procurement1.3.3 Direct and indirect procurement1.3.4 Capital purchases and operational expenditures1.3.5 Services procurements1.3.6 Utility procurement1.3.7 Commodity procurement
1.4 Differentiate the stakeholders of procurement or supply chain functions	<ul style="list-style-type: none">1.4.1 Definition of stakeholders1.4.2 Examples of stakeholders of a procurement and supply chain function1.4.3 Mapping stakeholders for a procurement and supply chain function

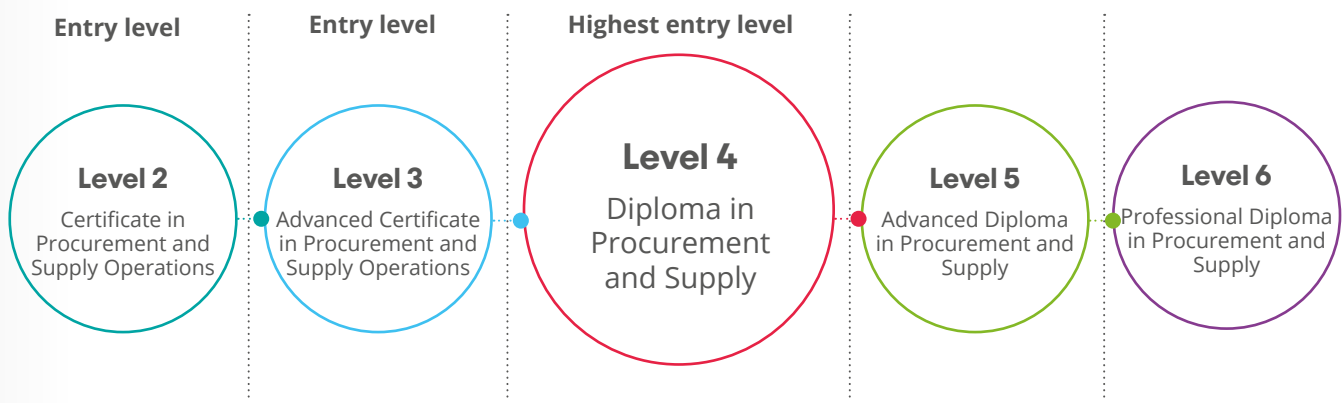


Your qualification

CIPS qualifications are regulated internationally to ensure we offer a recognised, professional standard in procurement and supply. CIPS Level 4* Diploma in Procurement and Supply is a vocationally related professional qualification. Formal recognition is included within the regulatory frameworks of an increasing number of countries such as the UK (England, Wales and Northern Ireland), UAE (including Dubai) and Africa (including Botswana and Ghana), Trinidad & Tobago. Further information on this recognition and the details of corresponding qualifications levels for other international qualifications frameworks are detailed on our website. Our regulated qualifications are based on the content in **CIPS Global Standard for Procurement and Supply****. Our members can therefore have confidence that our qualifications reliably indicate the standard of knowledge, skills and understanding required for the profession.

A step up from the Level 3 Advanced Certificate in Procurement and Supply Operations, the Level 4 Diploma in Procurement and Supply is a stepping stone to study on the CIPS Level 5 Advanced Diploma in Procurement and Supply. The content has been written using the CIPS Procurement and Supply Cycle as its focus, which presents a cyclical process of key steps faced by those procuring goods or services. The Diploma offers the most common entry route to the profession and should be used by learners to develop a professional 'tool box' which learners can apply in the practical environment and further develop at Levels 5 and 6.

In this way successful learners will possess transferable workplace skills, developing their operational and tactical abilities as they strive for managerial roles and responsibilities. It is aimed at those in the profession who have procurement and supply activity at the heart of their role. Learners will be expected to provide advice and guidance to key stakeholders on the performance of organisational procedures and processes associated with procurement and supply and will aspire to manage developments in and improvements to the related functions. Transferable skills are those such as communication, teamwork, and planning and completing tasks to high standards, all enable the learner to add value to the organisation.



NEXT STEPS

This qualification provides progression to the CIPS Level 5 Advanced Diploma in Procurement and Supply



*Refers to levels within the UK RQF. Other regulatory bodies may have different corresponding levels

** <https://www.cips.org/intelligence-hub/global-standard-for-procurement-supply>

What will I study?



Eight **CORE** modules make up **60** required **credits**

CORE Level 4 Scope and Influence of Procurement and Supply (L4M1)		12 CREDITS	
CORE Level 4 Defining Business Need (L4M2)	6 CREDITS	CORE Level 4 Commercial Contracting (L4M3)	6 CREDITS
CORE Level 4 Ethical and Responsible Sourcing (L4M4)	6 CREDITS	CORE Level 4 Commercial Negotiation (L4M5)	6 CREDITS
CORE Level 4 Supplier Relationships (L4M6)	6 CREDITS	CORE Level 4 Whole-Life Asset Management (L4M7)	6 CREDITS
CORE Level 4 Procurement and Supply in Practice (L4M8)		12 CREDITS	

Who is it for?

This qualification is the essential toolkit for anyone planning a career in procurement and supply. Developed and written using **CIPS Procurement and Supply Cycle** as its focus, it is at the same level as the first year of an undergraduate degree course. It's suitable for those in operational roles or those managing or supervising the procurement and supply function who want to develop their career and work towards MCIPS Chartered Procurement and Supply Professional.

What will I learn?

You will learn about making procurement and supply happen within an organisation, and you will be equipped with an essential range of knowledge and tools that you can apply immediately in your workplace. Learn how to apply practical, theoretical and technical knowledge, gain a clear understanding of procurement and supply and develop the ability to address complex, non-routine problems.

On completion, you will be able to analyse, interpret and evaluate relevant information and ideas and have an informed awareness of differing perspectives and approaches within the profession. You will also be able to review the effectiveness and appropriateness of methods, actions and results.

Entry requirements

This is the only entry point onto our Diploma qualifications. A minimum of at least two A-levels (or international equivalent) or a CIPS Level 3 Advanced Certificate qualification is required. Alternatively, you will need a minimum of two years' relevant experience in a business environment.

Credit values

To gain a qualification you are required to complete a total number of credits. This is a way of quantifying the required number of study hours. 1 credit is equivalent to 10 hours of study. Each module is given a credit value of 6 or 12 credits.



About our exams and your study commitments

Objective response exam format (OR)

These questions allow you to select a response from a list of possible answers. You will find these types of exams across all our qualifications levels and they are marked by computer and then moderated by CIPS examiners.

OR

Guided learning hours (GLH)

It is expected that you will undertake 250 GLH. The definition of guided learning hours is: 'A measure of the amount of input time required to achieve the qualification. This includes lectures, tutorials and practicals, as well as supervised study in, for example, learning centres and workshops'.

250
GLH HOURS

Constructed response exam format (CR)

These questions require you to create or 'construct' a response to the question such as an essay or case study. You will find this type of exam in our diploma level qualifications and they will be marked by subject expert examiners.

CR

Self-study requirement (SSR)

Additionally, we recommend that you also commit to at least 335 SSR hours. This includes wider reading of the subject areas and revision to give yourself the best preparation for successfully achieving the qualification.

335
SSR HOURS

Your total qualification time (TQT)

The TQT indicates the overall number of guided learning hours, additional self-study and assessment time that is required.

600
TQT HOURS

Total exam time

The total exam time for this qualification is 15 hours. All of the modules in CIPS qualifications are assessed by examination.

15
HOURS

Scope and Influence of Procurement and Supply

(L4M1)

12
CREDITS

Module purpose

On completion of this module, learners will be able to identify the key stakeholders through the application of the sourcing process, the analysis of the procurement cycle and the evaluation of the influence procurement and supply has as a source of added value for the organisation.

Module aim(s)

In any organisation, a significant proportion of costs are accounted for by the purchases of products and/or services, hence organisations see procurement and supply as a key contributor to their value-added strategies. Equally, any organisation will also be managing the supply of products and/or services to their customers, be they internal or those from other external organisations, consumers or the general public. This module is designed using the CIPS Procurement Cycle as its basis. It will provide those who are interested in developing an informed awareness of different perspectives or approaches within the discipline with an overview of the key stages and compliance requirements associated with procurement and supply. It will serve as an introduction for those who are expected to address complex well-defined procurement and supply problems that are non-routine in nature.

C

Core module

3

Hours exam duration

CR

Constructed response exam

120

Hours module learning time



Scope and Influence of Procurement and Supply (L4M1)

Learning outcomes, assessment criteria and indicative content

1.0	Understand and analyse the added value that can be achieved through procurement and supply chain management	
------------	--	--

1.1	Compare the concepts of procurement and supply chain management	<ul style="list-style-type: none">1.1.1 Definitions of procurement, supply chains, supply chain management and supply chain networks1.1.2 Compare the role and function of supply chain management with procurement1.1.3 Definition and function of supply chain tiering1.1.4 Definition and issues related to complex supply chains1.1.5 Definitions of logistics and materials management1.1.6 Definitions of waste management and closed-loop recycling
------------	--	---

1.2	Analyse the different sources of added value in procurement and supply	<ul style="list-style-type: none">1.2.1 The five rights of procurement1.2.2 Defining total life cycle costs or whole-life asset management1.2.3 Achieving five rights of procurement from external suppliers1.2.4 Other sources of added value: innovation, sustainability and market development1.2.5 Defining value for money
------------	---	---

1.3	Describe the categories of spend that an organisation may purchase	<ul style="list-style-type: none">1.3.1 Typical breakdown of organisational costs represented by procurement of goods, services and constructional works1.3.2 Stock and non-stock procurement1.3.3 Direct and indirect procurement1.3.4 Capital purchases and operational expenditures1.3.5 Services procurements1.3.6 Utility procurement1.3.7 Commodity procurement
------------	---	---

1.4	Differentiate the stakeholders of procurement or supply chain functions	<ul style="list-style-type: none">1.4.1 Definition of stakeholders1.4.2 Examples of stakeholders of a procurement and supply chain function1.4.3 Mapping stakeholders for a procurement and supply chain function
------------	--	---

Scope and Influence of Procurement and Supply (L4M1)

Learning outcomes, assessment criteria and indicative content

2.0	Understand and analyse the key steps when procuring goods or services	
------------	--	--

2.1	Explain each stage of the CIPS Procurement Cycle	2.1.1 CIPS Procurement Cycle: pre-contract award stages (stages 1-8 of the CIPS Procurement Cycle) for generic procurement and supply activities
		2.1.2 CIPS Procurement Cycle: post-contract award stages (stages 9-13 of the CIPS Procurement Cycle) for generic procurement and supply activities

2.2	Analyse each stage of the CIPS Procurement Cycle in relation to adding value	2.2.1 The purpose and added value created at each pre-contract award stage (stages 1-8) of the CIPS Procurement Cycle
		2.2.2 The purpose and added value created at each post-contract award stage (stages 9-13) of the CIPS Procurement Cycle

2.3	Explain how electronic systems can be used at different stages of the CIPS Procurement Cycle	2.3.1 Definition and function of e-requisitions, e-catalogues, e-auctions, e-tendering and online supplier evaluation systems
		2.3.2 The application of electronic systems at each pre-contract award stage (stages 1-8) of the CIPS Procurement Cycle
		2.3.3 The application of electronic systems at each post-contract award stage (stages 9-13) of the CIPS Procurement Cycle

2.4	Analyse the relationship between policy and process compliance and required outcomes	2.4.1 Organisational and contextual drivers for structured procurement and supply processes
		2.4.2 Understanding and balancing the relationship between policy and process compliance with securing added value and customer service outcomes in different contexts



Scope and Influence of Procurement and Supply (L4M1)

Learning outcomes, assessment criteria and indicative content

3.0	Understand and analyse aspects of organisational infrastructure that shape the scope of procurement and supply chain functions	
------------	---	--

3.1	Explain aspects of corporate governance impacting the procurement or supply chain function	3.1.1 Conflicts of interest
		3.1.2 The need for documented policies and procedures for procurement
		3.1.3 Organisational accountability and reporting for procurement roles and functions
		3.1.4 Code of ethics in procurement and supply: CIPS Code of Ethics and ILO (International Labour Organization) core conventions
		3.1.5 The CIPS Code of Conduct

3.2	Analyse the impact of organisational policies and procedures on procurement and supply	3.2.1 Topics included in procedures for procurement and supply: responsibilities for procurement, regulations relating to competition, levels of delegated authority, responsibilities for the stages of the sourcing process, invoice clearance and payment
		3.2.2 The use of procurement policies, procurement strategies and procurement manuals
		3.2.3 The involvement of internal functions and personnel in the procurement process

3.3	Examine the different structures of a procurement or supply chain function	3.3.1 The role and status of procurement and supply chain management within different organisations
		3.3.2 The use of centralised and decentralised structures
		3.3.3 The use of hybrid structures in procurement and supply chain functions

3.4	Explain the common IT systems that can be used by a procurement or supply chain function	3.4.1 P2P systems
		3.4.2 Systems for inventory management
		3.4.3 Enterprise resource planning (ERP)
		3.4.4 Communications systems for internal and external use
		3.4.5 Systems used to support e-sourcing, e-tendering and e-auctions

Scope and Influence of Procurement and Supply (L4M1)

Learning outcomes, assessment criteria and indicative content

4.0	Understand and analyse the need for compliance with requirements when undertaking procurement activities in different sectors	
------------	--	--

4.1	Classify different economic and industrial sectors	4.1.1 Economic classifications including public and private sectors, charities, not-for-profit and third sector
		4.1.2 Industrial classifications and sectors such as manufacturing, retail, construction, financial, agriculture and service

4.2	Analyse the impact of the public sector on procurement and supply chain activities	4.2.1 Objectives of public sector organisations: improving services, supporting communities and social value, and equality, diversity and inclusion
		4.2.2 Regulations that impact on procurement and supply chain operations
		4.2.3 Role of competition, public accountability and value for money in public sector procurement and supply activities

4.3	Examine the impact of the private sector on procurement or supply chain activities	4.3.1 Objectives of private sector organisations: market share, shareholder value, environmental, social, governance and economic viability
		4.3.2 Regulations that impact on procurement and supply chain operations
		4.3.3 The importance and role of an organisation's branding in procurement and supply activities

4.4	Examine the impact of the not-for-profit or third sector on procurement or supply chain activities	4.4.1 Objectives and principles of the not-for-profit or third sector
		4.4.2 Regulations that impact on procurement and supply chain activities in charity and third sectors
		4.4.3 Need for procurement and supply activities to align with organisation context mission and objectives



Defining Business Need

(L4M2)

6

CREDITS

Module purpose

On completion of this module, learners will be able to devise a business case for requirements to be externally sourced and will understand the role of market management and competitive forces as they specify goods and services in procurement and supply.

Module aim(s)

The development of a business case and the ability to analyse markets are key if an organisation is to successfully work with external suppliers. Similarly, the clear definition of specifications for through-life contracts is crucial to overall business achievement. This module is designed for those who are expected to analyse, interpret and evaluate information on the different types of markets utilised by procurement and supply. It explores a variety of elements that underpin the development of business cases and specifications, and considers the options that should be explored when procurement and supply personnel are involved in defining requirements.

C

Core module

1.5

Hours exam duration

CR

Constructed response exam

60

Hours module learning time

Defining Business Need (L4M2)

Learning outcomes, assessment criteria and indicative content

1.0	Understand how to develop a business case for requirements to be sourced from external suppliers	
------------	---	--

1.1	Analyse how business needs influence procurement and supply decisions	1.1.1 Type of purchase such as new purchase, modified rebuy, straight rebuy
		1.1.2 Implications of the business needs on the types of purchase
		1.1.3 Role of procurement in developing a business case

1.2	Identify how costs and prices can be estimated for procurement activities	1.2.1 Types of market data that can provide information on costs, prices and pricing strategies
		1.2.2 Identification of direct and indirect costs
		1.2.3 Producing estimated costs and prices
		1.2.4 Estimating the costs associated with whole-life asset management

1.3	Analyse the criteria that can be applied in the development of a business case	1.3.1 Examples of criteria typically applied in the development of a business case: costs, benefits, options, competitor analysis, alignment with organisational needs, stakeholder requirements and timescales
------------	---	---

1.4	Interpretation of financial budgets and cost models for the control of purchases	1.4.1 The definition and purpose of financial modelling
		1.4.2 Cost models and profiling of cash flows
		1.4.3 Control of budgets: ways to measure budget performance
		1.4.4 Approaches to budget variances

2.0	Understand market management in procurement and supply	
------------	---	--

2.1	Analyse the consideration for procurement and supply when working with different markets	2.1.1 Manufacturing sector
		2.1.2 Construction sector
		2.1.3 Retail sector
		2.1.4 Financial sector
		2.1.5 Agriculture sector
		2.1.6 Service sector



Defining Business Need (L4M2)

Learning outcomes, assessment criteria and indicative content

2.2	Compare the competitive forces that influence markets	2.2.1	Bargaining strength of suppliers and buyers
		2.2.2	Availability of substitutes and threat of new entrants
2.3	Contrast direct costs and indirect costs. Consider the types of data that can provide information on cost and price	2.3.1	Sources of information to estimate costs and prices breakdowns and to assess the direct and indirect costs of purchased goods and services
		2.3.2	Use information to prepare budgets and assess the scope for price or cost variability
3.0	Understand the use of specifications in procurement and supply		
3.1	Analyse the types of specifications used in procurement and supply, and sources of information that can be used to create them	3.1.1	Sources of information used to create specifications: external standards, internal expertise and knowledge, other product specifications, sustainability considerations and internet sources
		3.1.2	Conformance specifications: drawings, samples, brand, technical standards
		3.1.3	Performance specifications: output, outcome and functional specifications
3.2	Identify sections used in developing specifications supporting procurement and supply arrangements	3.2.1	Scope
		3.2.2	Definition
		3.2.3	Description of requirements
		3.2.4	Testing and acceptance
		3.2.5	Change control mechanisms and remedies
		3.2.6	Environmental, social and governance criteria
3.3	Identify the risks that can result from inadequate specifications and mitigation approaches	3.3.1	Under or over specified need
		3.3.2	Monitoring and review of specifications developed by internal stakeholders
3.4	Identify opportunities to review and enhance specifications in the short and longer term	3.4.1	Standardisation
		3.4.2	Value analysis
		3.4.3	Value engineering
		3.4.4	Provide guidance to internal stakeholders on project or contract implementation

Commercial Contracting

(L4M3)

6

CREDITS

Module purpose

On completion of this module, learners will be able to describe the key elements and legal aspects of formal commercial contracts, analyse and interpret the fundamentals of specifications and key performance indicators that are included in contractual arrangements made with suppliers.

Module aim(s)

In any organisation, a significant element of the procurement and supply function is based around the contracting process. If they are to be successful, contracts must be clearly defined, aligned with legal requirements and contain key clauses and terms. This module is applicable for all procurement and supply professionals as it highlights legal principles that professionals should consider when developing contractual relations.

C

Core module

1.5

Hours exam duration

CR

Constructed response exam

60

Hours module learning time



Commercial Contracting (L4M3)

Learning outcomes, assessment criteria and indicative content

1.0 Understand the legal issues that relate to the formation of contracts

1.1 Analyse the documentation that can comprise a commercial agreement for the supply of goods or services	1.1.1	Invitation to tender or request for quotation
	1.1.2	Specifications
	1.1.3	Key performance indicators (KPIs)
	1.1.4	Contract documentation
	1.1.5	Pricing and other schedules (such as for health and safety records, details of supplier's staff, use of sub-contractors, non-disclosure/confidentiality agreements)

1.2 Analyse the legal issues that relate to the creation of commercial agreements with customers or suppliers	1.2.1	Invitation to negotiate, also known as invitation to treat in English law
	1.2.2	Principles relating to offer and acceptance, consideration, intention to create legal relations and capacity to contract
	1.2.3	Principles relating to the battle of the forms and precedence of contract terms
	1.2.4	Risks presented by contracting on supplier's terms
	1.2.5	Risks presented by contracting oral contracts
	1.2.6	The Vienna Convention provisions for the International Sale of Goods and the impact on the formation of a contract
	1.2.7	Misrepresentations made at pre-contract award stages

1.3 Compare types of contractual agreements made between customers and suppliers	1.3.1	One-off purchases
	1.3.2	Framework arrangements and agreements
	1.3.3	The use of mini-competitions
	1.3.4	Call offs
	1.3.5	Services contracts
	1.3.6	Contracts for the hire and leasing of assets

Commercial Contracting (L4M3)

Learning outcomes, assessment criteria and indicative content

2.0	Understand the fundamentals of specifications and key performance indicators that are included in contractual arrangements made with suppliers	
------------	---	--

2.1	Analyse the content of specifications for procurement activities	2.1.1 Benefits and risks of market dialogue with suppliers
		2.1.2 Drafting of specifications to form a binding legal document

2.2	Appraise examples of key performance indicators (KPIs) in contractual agreements	2.2.1 Defining contractual performance measures or key performance indicators (KPIs)
		2.2.2 The use of service level agreements (SLAs)
		2.2.3 Typical KPI measures to assess quality performance, timeliness, cost management, resource efficiency and delivery

3.0	Understand the key clauses that are included in formal contracts	
------------	---	--

3.1	Analyse sources and purpose of contractual terms for contracts that are created with external organisations	3.1.1 Express and implied terms: understand the role or use of different types of contract terms
		3.1.2 The use of standard terms of business by both purchasers and suppliers
		3.1.3 The use of model form contracts

3.2	Recognise examples of contractual terms typically incorporated into contracts that are created with external organisations	3.2.1 Key terms in contracts for indemnities and liabilities, sub-contracting, insurances, guarantees and liquidated damages
		3.2.2 Terms that apply to labour standards and environmental, social and governance issues

3.3	Recognise types of pricing arrangements in commercial agreements	3.3.1 The use of pricing schedules
		3.3.2 The use of fixed-pricing arrangements
		3.3.3 Cost-plus and cost-reimbursable pricing arrangements
		3.3.4 The use of indexation and price adjustment formulae
		3.3.5 The use of incentivised contracts
		3.3.6 Payment terms



Ethical and Responsible Sourcing

(L4M4)

6

CREDITS

Module purpose

On completion of this module, learners will be able to explain the options and associated processes available for sourcing with external suppliers. They will also examine the legal and ethical impact and the implications of sustainability, encompassing economic, environmental, social and governance factors on the final sourcing decision.

Module aim(s)

In any organisation, a significant element of procurement and supply activity is based around decisions to internally conduct activity or to source from an external supplier. The selection of the optimal external suppliers is a vital contributor to overall organisational success. This module enables professionals with roles in procurement and supply to formulate sourcing strategies and selection criteria to ensure that the organisation can make the best choice of external suppliers. This module explains options for sourcing, and examines the key processes that can be applied to the analysis of potential external suppliers to ensure sourcing arrangements meet sustainable, environmental, social and ethical goals.

C

Core module

1.5

Hours exam duration

CR

Constructed response exam

60

Hours module learning time

Ethical and Responsible Sourcing (L4M4)

Learning outcomes, assessment criteria and indicative content

1.0 Understand options for sourcing requirements from suppliers

1.1 Identify the sourcing (pre-contract stages 1-8 in CIPS Procurement Cycle) process in relation to procurement	1.1.1	Definitions of sourcing and outsourcing
	1.1.2	Make or buy decisions and the role of intracompany trading
	1.1.3	Strategic and tactical sourcing
	1.1.4	Costs and benefits of outsourcing
	1.1.5	Options and impacts of outsourcing non-core and core work or services
1.2 Differentiate between approaches to the sourcing of requirements from suppliers	1.2.1	Single, dual and multiple sourcing arrangements
	1.2.2	Types and use of tendering
	1.2.3	Direct negotiations with suppliers
1.3 Define the options and trade-offs when sourcing requirements from external suppliers	1.3.1	Typical criteria used to select external suppliers
	1.3.2	Impacts of different selection criteria on supplier selection
	1.3.3	Use and interpretation of indicators of profitability, liquidity, gearing and cash from financial statements to assess and make conclusions on the viability of suppliers
1.4 Define the award criteria that can be commonly applied when sourcing requirements from external suppliers	1.4.1	Award criteria: price, whole-life asset management costs, technical merit, added-value solutions, environmental, social, governance and ethical



Ethical and Responsible Sourcing (L4M4)

Learning outcomes, assessment criteria and indicative content

2.0	Understand the key processes that can be applied to the analysis of potential external suppliers	
2.1	Analyse commonly used sources of information on market data that can impact on the sourcing of requirements from external suppliers	<ul style="list-style-type: none">2.1.1 Compiling spend data relating to suppliers2.1.2 Indices that measure economic activity and commodity pricing2.1.3 Secondary data relating to markets and suppliers2.1.4 Limitations of using financial statements that assess profits, assets & liabilities, and cash as selection criteria2.1.5 The role of credit rating agencies
2.2	Identify the key processes used for obtaining quotations and tenders	<ul style="list-style-type: none">2.2.1 Advertising requirements2.2.2 Requests for information or quotations2.2.3 The operation of tendering2.2.4 Formalised arrangements for tendering
2.3	Identify the processes that can be typically used to assess quotations or tenders	<ul style="list-style-type: none">2.3.1 Assessment of suppliers' proposals2.3.2 The use of weighted points systems for assessment2.3.3 Assessment of environmental, social, governance and ethical elements of suppliers' proposals2.3.4 Assessing added value2.3.5 Making recommendations2.3.6 Procedures for contract award
3.0	Understand compliance issues when sourcing from suppliers	
3.1	Compare the key legislative, regulatory and organisational requirements when sourcing in the not for-profit, private and public sectors	<ul style="list-style-type: none">3.1.1 Impact of international, national and local regulatory frameworks on the sourcing process3.1.2 The importance and impact of environmental, social and governance considerations of bribery, corruption, fraud, human rights and modern slavery in sourcing activities3.1.3 Role of regulation and accountability for procurement in public, private and third sector organisations

Ethical and Responsible Sourcing (L4M4)

Learning outcomes, assessment criteria and indicative content

3.2 Compare the key legislative, regulatory and organisational requirements when undertaking international sourcing in the not for-profit, private and public sectors	3.2.1 The regulatory challenges of importing including documentation, duties and tariffs, customs control requirements and exchange rate fluctuations 3.2.2 Implications of international sourcing: documentation, duties and tariffs and Incoterms ® 3.2.3 Payment mechanisms, credit account, bills of exchange and letters of credit 3.2.4 Customs control and clearance 3.2.5 Applicable law and jurisdiction
3.3 Identify and apply environmental, social and governance practices that support responsible sourcing	3.3.1 Application of the CIPS Code of Conduct 3.3.2 Application of codes of practice supporting environmental, social and governance goals 3.3.3 Contractual provisions, supplier monitoring and KPIs
3.4 Compare the use of audits and other feedback mechanisms to evaluate environmental, social and governance standards	3.4.1 The use of audits to evaluate ethical standards 3.4.2 Encourage dialogue with suppliers to secure improvements
3.5 Contrast processes and practices that the organisation could adopt to meet environmental, social and governance goals	3.5.1 The triple bottom line – profit, people and planet 3.5.2 Standards applicable to environmental, social and governance goals 3.5.3 Reporting frameworks to include environmental, social and governance performance 3.5.4 Define organisational value for money to include environmental and social outcomes



Commercial Negotiation

(L4M5)

6

CREDITS

Module purpose

On completion of this module learners will be able to identify approaches to successfully achieving negotiated commercial agreements with external organisations.

Module aim(s)

The creation of formalised agreements is a critical part of the success of any organisation. Those involved in procurement and supply activity will therefore be able to effectively negotiate with stakeholders and understand the methods associated with preparing and carrying out commercial negotiations. It enables the learner to analyse approaches to the negotiation of agreements made with external parties, how to prepare for them and what techniques are available to ensure successful outcomes.

C

Core module

1.5

Hours exam duration

CR

Constructed response exam

60

Hours module learning time

Commercial Negotiation (L4M5)

Learning outcomes, assessment criteria and indicative content

1.0	Understand key approaches in the negotiation of commercial agreements with external organisations	
------------	--	--

1.1	Analyse the application of commercial negotiations in the work of procurement and supply	1.1.1	Definitions of commercial negotiation
		1.1.2	Negotiation stages of the CIPS Procurement Cycle
		1.1.3	Sources and the management of conflict that can arise in the work of procurement and supply
		1.1.4	Managing the negotiation team and the influence of stakeholders in negotiations

1.2	Differentiate between the types of approaches that can be pursued in commercial negotiations	1.2.1	Collaborative, win-win, integrative and principled approaches to negotiations
		1.2.2	Distributive win-lose, distributive approaches to negotiation

1.3	Explain how the balance of power in commercial negotiations can affect outcomes	1.3.1	The importance of power in commercial negotiations
		1.3.2	Sources of power of the purchaser and the supplier and the impact on negotiations
		1.3.3	Organisational power: comparing the relative power of purchasers and suppliers
		1.3.4	Methods to improve leverage

1.4	Identify the different types of relationships that impact on commercial negotiations	1.4.1	The relationship spectrum: the impact of negotiations on the relationship spectrum
		1.4.2	Building relationships based on reputation and trust
		1.4.3	Repairing a relationship



Commercial Negotiation (L4M5)

Learning outcomes, assessment criteria and indicative content

2.0	Know how to prepare for negotiations with external organisations	
2.1	Describe the types of costs and prices in commercial negotiations	<ul style="list-style-type: none">2.1.1 Types of costs: direct and indirect, variable and fixed2.1.2 Break-even analysis: cost volume profit formulae2.1.3 Costing methods: absorption, marginal or variable and activity-based costing2.1.4 Volumes, margins and mark-ups and their impact on pricing2.1.5 Types of prices and their influence in commercial negotiations
2.2	Contrast the economic factors that impact on commercial negotiations	<ul style="list-style-type: none">2.2.1 Sources of information on micro and macroeconomics2.2.2 The impact of microeconomics and market types on commercial negotiations2.2.3 Macroeconomics and its influence on commercial negotiations
2.3	Analyse criteria that can be used in a commercial negotiation	<ul style="list-style-type: none">2.3.1 Setting objectives and defining the variables for a commercial negotiation2.3.2 Setting targets and creating a best alternative to a negotiated agreement (BATNA)2.3.3 Identifying the Zone of Potential Agreement2.3.4 The bargaining mix2.3.5 Positions and interests
2.4	Identify the resources required for a negotiation	<ul style="list-style-type: none">2.4.1 Choice of location2.4.2 Developing the negotiation team and involving appropriate colleagues in negotiations2.4.3 Alternative forums for face-to-face negotiations

Commercial Negotiation (L4M5)

Learning outcomes, assessment criteria and indicative content

3.0 Understand how commercial negotiations should be undertaken

3.1 Identify the stages of a commercial negotiation

- 3.1.1 Defining the stages of a negotiation such as: preparation, opening, testing, proposing, bargaining, agreement and closure
 - 3.1.2 Protecting relationships after the negotiation
 - 3.1.3 How behaviours change during the stages of a negotiation
-

3.2 Assess negotiation approaches that can influence the achievement of desired outcomes

- 3.2.1 The use of persuasion methods
 - 3.2.2 The use of tactics to influence the other party
-

3.3 Compare the key communication skills that help achieve desired outcomes

- 3.3.1 Types of questions
 - 3.3.2 Effective listening
 - 3.3.3 Push and pull behaviours
 - 3.3.4 Non-verbal communication
 - 3.3.5 The influence of culture and local practices on commercial negotiations
 - 3.3.6 The use of emotional intelligence in commercial negotiation
-

3.4 Analyse methods and assess outcomes of negotiations to improve future practice

- 3.4.1 The importance and role of reflection to improve negotiation performance
- 3.4.2 Assessing opportunities for improvement and development in commercial negotiation performance



Supplier Relationships

(L4M6)

6

CREDITS

Module purpose

On completion of this module, learners will be able to analyse the dynamics of supplier relationships, examine the processes and procedures for working with stakeholders and explain the concept of partnering.

Module aim(s)

In any organisation, a significant element of the procurement and supply function is based around decisions to source activity from external suppliers. Once agreements have been made, the relationship established with the supplier is paramount to success. This module is designed for those with responsibility for managing relationships with suppliers and other stakeholders, and those with the responsibility for establishing and developing formal partnership relationships.

C

Core module

1.5

Hours exam duration

CR

Constructed response exam

60

Hours module learning time

Supplier Relationships (L4M6)

Learning outcomes, assessment criteria and indicative content

1.0	Understand the dynamics of relationships in supply chains	
------------	--	--

1.1	Differentiate between different types of commercial relationships in supply chains	1.1.1 Internal and external relationships
		1.1.2 The relationship spectrum across supply chains
		1.1.3 The relationship life cycle

1.2	Portfolio analysis techniques to assess relationships in supply chains	1.2.1 Matrices to identify supply, supplier and purchaser positioning
		1.2.2 Developing action plans to improve relationships across supply chains

1.3	Identify the competitive forces that impact on relationships in supply chains	1.3.1 Competitive forces: sources of competitive rivalry, bargaining power of buyers and suppliers, threat of new entrants and potential substitutes
		1.3.2 STEEPLD factors that impact on supply chains (social, technological, economic, environmental, political, legislative, ethical, demographic)

1.4	Compare the sources of added value that can be achieved through supply chain relationships	1.4.1 The link between relationships as a process and the achievement of added-value outcomes
		1.4.2 Sources of added value: pricing and cost management, improving quality, timescales, quantities, place, and environmental, social and governance considerations from procurement working with external suppliers



Supplier Relationships (L4M6)

Learning outcomes, assessment criteria and indicative content

2.0	Understand processes and procedures for working successfully with stakeholders	
------------	---	--

2.1	Analyse the purpose of organisational procedures and processes in sourcing goods and/or services	2.1.1 Securing value for money from suppliers
		2.1.2 Identification, assessment and selection of suppliers to secure successful relationships
		2.1.3 Selection and awarding criteria to drive successful supplier relationships

2.2	Compare team management techniques to ensure positive stakeholder relationships	2.2.1 Positive relationships through positive contributions
		2.2.2 Resolving stakeholder differences
		2.2.3 Identify sources of conflict and methods to manage conflict successfully
		2.2.4 Working with cross-organisational teams
		2.2.5 Stages of team development – forming, storming, norming, performing, adjourning

2.3	Compare the practical considerations of stakeholder management	2.3.1 Accurate cost-modelling
		2.3.2 Reducing impact of price fluctuations
		2.3.3 Early supplier involvement in product and/or service development
		2.3.4 Knowledge transfer and access to innovation
		2.3.5 Common metrics to drive change for both organisations
		2.3.6 Improve risk management and continuity of supply

2.4	Identify the processes for terminating stakeholder relationships	2.4.1 Reasons for termination
		2.4.2 The process of terminating a relationship
		2.4.3 The importance of timing when managing supplier issues
		2.4.4 Stakeholder impact of terminating a relationship: amicable and hostile responses
		2.4.5 Legal considerations – finances, confidentiality, IPR, security, employee rights
		2.4.6 Succession issues – continuity of supplies

Supplier Relationships (L4M6)

Learning outcomes, assessment criteria and indicative content

3.0 Understand the concept of partnering

3.1 Analyse the concept of partnering and when to use it	3.1.1	Types of partnering
	3.1.2	Compare partnering and 'traditional' contracting agreements
	3.1.3	The drivers for partnering
	3.1.4	Advantages of partnering for the purchaser and supplier
	3.1.5	Circumstances when partnering is a suitable approach: high-risk, high-value, technically complicated supplies; new goods/services; fast-changing technology and restricted markets
3.2 Appraise the process of partnership implementation	3.2.1	Identify activities and/or spend suitable for partnering
	3.2.2	'Selling' the partnership philosophy to internal stakeholders
	3.2.3	Defining the performance standards for potential partners
	3.2.4	Establish joint commitment for the partnership
	3.2.5	Partnership reviews and audit arrangements
3.3 Identify the reasons for partnership failure	3.3.1	Communication
	3.3.2	Senior management support and trust
	3.3.3	Commitment of the parties
	3.3.4	Planning
	3.3.5	Value
	3.3.6	Changes in markets
	3.3.7	Cultural differences
	3.3.8	Logistics and proximity of the partners



Whole-Life Asset Management

(L4M7)

6

CREDITS

Module purpose

On completion of this module, learners will be able to explain methods of inventory management, inventory analysis and the concept of whole-life asset management cost, from idea through to disposal.

Module aim(s)

Whole-life asset management takes into account the total cost of a product or service, from idea through to disposal including purchase, hire or lease, maintenance, operation, utilities, training and disposal. It is important for those involved in procurement and supply to take these elements into consideration when assessing options of buying, renting or leasing equipment. Although costly, there are a range of factors organisations assess to determine the approach to inventory, and the management and control of inventory is an important driver for organisational success. This module is designed for those with responsibility for the whole-life management of assets and enables learners to analyse methods for inventory movement and control and to consider the concept of whole-life asset cost.

C

Core module

1.5

Hours exam duration

CR

Constructed response exam

60

Hours module learning time

Learning outcomes, assessment criteria and indicative content

1.0	Understand methods for the storage and movement of inventory	
------------	---	--

1.1	Identify the principles, purpose and impact of stores and warehouse design	1.1.1 Location of stores and warehouses
		1.1.2 Stores and warehouse design
		1.1.3 Factors influencing stores and warehouse layout
		1.1.4 Flow, space utilisation and flexibility

1.2	Explain the use of product coding in inventory operations	1.2.1 Systems for product coding
		1.2.2 Barcoding and quick response (QR) coding
		1.2.3 Order tracking technologies
		1.2.4 The use of radio-frequency identification (RFID) technologies

1.3	Contrast the impact of the use of different warehousing equipment approaches	1.3.1 Materials handling equipment (MHE)
		1.3.2 Pallets and palletisation
		1.3.3 Containers and containerisation
		1.3.4 The use of automation in warehousing

2.0	Understand the key elements of effective inventory control	
------------	---	--

2.1	Differentiate between the different classifications of inventory	2.1.1 Raw materials, opening stock, work in progress (WIP), safety stock and finished goods
		2.1.2 Obsolescent and redundant stock
		2.1.3 Direct and indirect supplies
		2.1.4 ABC classifications of stock that may apply

2.2	Identify the direct and indirect costs of holding inventory	2.2.1 Acquisition costs
		2.2.2 Holding costs
		2.2.3 Cost of stockouts
		2.2.4 Discuss options to reduce costs while mitigating any negative impact on service levels



Whole-Life Asset Management (L4M7)

Learning outcomes, assessment criteria and indicative content

2.3 Identify techniques associated with inventory control	2.3.1	Subjective and objective forecasting
	2.3.2	Reorder quantities and levels
	2.3.3	MRP II (manufacturing resource planning) and dependent demand and independent demand items of stock
	2.3.4	ERP (enterprise resource planning)
	2.3.5	JIT (just-in-time)
	2.3.6	Inventory optimisation
	2.3.7	Inventory performance measures – lead times, service levels, rate of stock turn, stock-outs in a given period, stock cover
<hr/>		
3.0 Understand the concept of whole-life costing		
<hr/>		
3.1 Analyse the contributing factors when establishing whole-life costs	3.1.1	Purchase price
	3.1.2	Hire or lease
	3.1.3	Acquisition costs
	3.1.4	Usage costs: maintenance, operation costs, utility costs and training costs
	3.1.5	Disposal and end-of-life options and associated costs
<hr/>		
3.2 Compare the factors to consider when building a whole-life cost model	3.2.1	Purpose of whole-life asset management
	3.2.2	Costs and risks of whole-life asset management
	3.2.3	Stakeholder factors relating to whole-life asset management
<hr/>		
3.3 Identify the contributing factors supporting whole-life asset management	3.3.1	Triple bottom line – people, planet, profit
	3.3.2	Environmental factors
	3.3.3	Waste management
	3.3.4	Packing and packaging
	3.3.5	Decommissioning
	3.3.6	Removal or disposal including closed-loop

Procurement and Supply in Practice

(L4M8)

12
CREDITS

Module purpose

On completion of this module, learners will be able to demonstrate the practical application of the procurement cycle in an integrated manner, within a workplace context. This module is designed as a summary module, drawing on the knowledge and skills developed in M1 to M7 and applying these in a work context.

Module aim(s)

Procurement is the business function that ensures identification, sourcing, access and management of external resources that an organisation needs or may need to successfully fulfil its strategic objectives. It exists to explore supply market opportunities and to implement resourcing strategies that deliver the best possible supply outcomes to the organisation, its stakeholders and customers. In today's volatile global trading environments, it is not enough for procurement and supply professionals to simply know the theory behind their profession; they must also be in a position to confidently and effectively apply that knowledge to the benefit of the whole organisation, its stakeholders and customers. This module is designed to test the practical application of procurement and supply concepts and ideas within the practical environments in which professionals are expected to perform.

C

Core module

3

Hours exam duration

CR

Constructed response exam

120

Hours module learning time



Learning outcomes, assessment criteria and indicative content

1.0 Demonstrate the application of the procurement cycle

- | | | |
|---|-------|--|
| 1.1 Apply the stages of the procurement cycle to the practical procurement and supply contexts | 1.1.1 | The holistic application of the CIPS Procurement Cycle |
| | 1.1.2 | The benefits and limitations of structured procurement processes |
| | 1.1.3 | The application of procurement processes in a range of workplace contexts: public, private and third sectors |
-

2.0 Demonstrate the application of the stages of the procurement process

- | | | |
|---|-------|---|
| 2.1 Apply the pre-contract stages (stages 1-8) of the CIPS Procurement Cycle to the practical procurement and supply environment | 2.1.1 | Apply the pre-contract stages (stages 1-8) of the CIPS Procurement Cycle to practical procurement and supply contexts: public sector, private sector and third sector |
| | 2.2.1 | Apply the post-contract stages (stages 9-13) of the CIPS Procurement Cycle to practical procurement and supply contexts: public sector, private sector and third sector |
| 2.2 Apply the post-contract stages (stages 9-13) of the CIPS Procurement Cycle to the practical procurement and supply environment | 2.3.1 | Calculate performance indicators of profitability, liquidity, gearing and cash from financial statements to assess and make conclusions on the viability of suppliers |
| | 2.3.2 | Assess the benefits and limitations of calculating performance indicators from financial statements |
| | 2.3.3 | Calculate and comment on fixed and variable costs, mark-up, margin and breakeven |
| | 2.3.4 | Assess the benefits and limitations of breakeven analysis |
-

- | | | |
|---|-------|---|
| 2.3 Calculation and assessment of performance indicators | 2.3.1 | Calculate performance indicators of profitability, liquidity, gearing and cash from financial statements to assess and make conclusions on the viability of suppliers |
| | 2.3.2 | Assess the benefits and limitations of calculating performance indicators from financial statements |
| | 2.3.3 | Calculate and comment on fixed and variable costs, mark-up, margin and breakeven |
| | 2.3.4 | Assess the benefits and limitations of breakeven analysis |

Procurement and Supply in Practice (L4M8)

Learning outcomes, assessment criteria and indicative content

3.0 Demonstrate the application of whole life-asset management

3.1 Apply whole-life asset management principles in a range of sectors and industries

- 3.1.1 Application of whole-life asset principles in a range of sectors: public, private and third sector
 - 3.1.2 Application of whole-life asset principles in a range of industries: primary, secondary and tertiary industries
 - 3.1.3 Application of whole-life asset principles in global sourcing, considering the risks and benefits associated with extended supply chain
 - 3.1.4 The application of whole-life asset management principles in the management of costs and risks
 - 3.1.5 The application of whole-life asset management principles in the management of stakeholders
 - 3.1.6 The application of whole-life asset management principles to product end-of-life and decommissioning activities
-

4.0 Demonstrate the application of environmental, social and governance principles in a range of sectors and industries

4.1 Apply environmental, social and governance principles

- 4.1.1 Application of environmental, social and governance principles in a range of sectors: public, private and third sector
- 4.1.2 Application of environmental, social and governance principles in a range of industries: primary, secondary and tertiary industries
- 4.1.3 Use and application of supplier monitoring and KPIs to track and improve performance
- 4.1.4 To be able to apply practical steps to achieve environmental, social and governance goals in a range of contexts: public, private and third sectors



CIPS LEVEL

4

cips.org

CIPS® is a registered trademark of the Chartered Institute of Procurement & Supply

Copyright ©2023 CIPS. Content may not be copied, reproduced, published, altered or transmitted in any form or by any means, in whole or in part, without the prior written permission of CIPS.

L4/MAR/2023/V6jp