

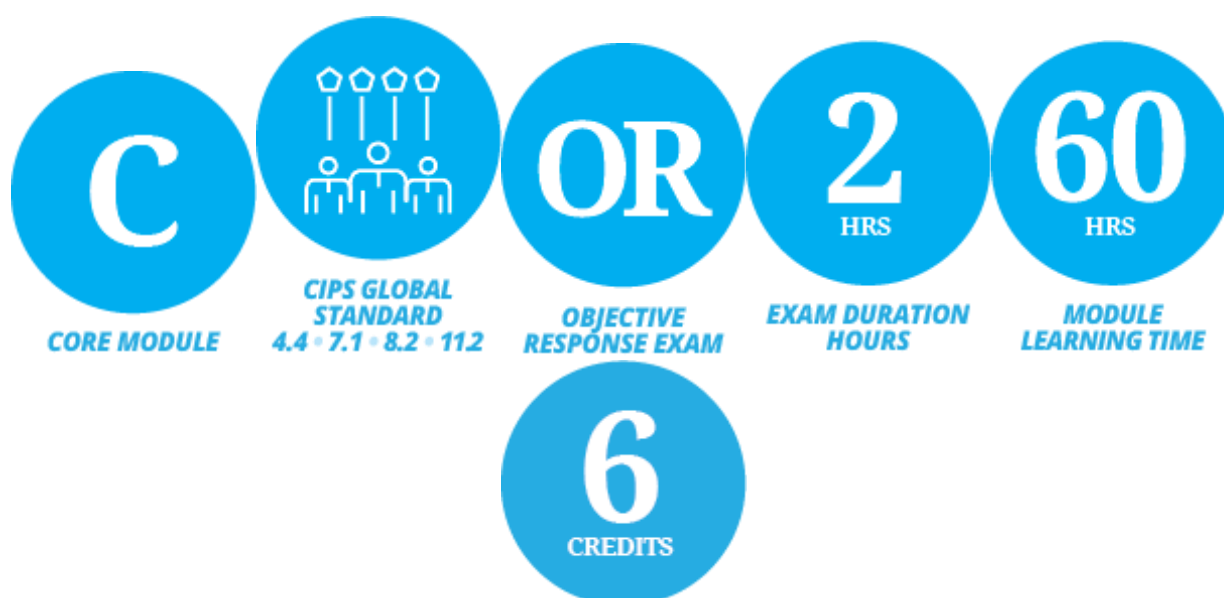
Ethical Procurement and Supply (L3M2)

Module purpose

On completion of this module, learners will be able to identify the significance of ethics for procurement and supply and define each stage of the sourcing process, explaining how operational performance can be measured and improved in support of added value operations.

Module aim(s)

The significant impact on reputation and customer perception mean that ethics and responsible procurement should be at the heart of all organisational procurement and supply activity. A successful organisation will strive to add value at every stage of its operations and will seek ways to measure and improve performance. This module is designed for those responsible for the application of ethical codes of conduct on the procurement and supply operation and who are expected to know how to address potential conflicts of interest. They must also define tasks associated with each stage of the sourcing process and identify the techniques available to achieve added value, recognising how operational performance can be measured and improved.



Learning outcomes

1.0 Know techniques that can achieve added value and its contribution to organisational success

1.1 Explain how to use techniques to obtain supplies to the purchaser's requirements

- Defining sources of added value
- Defining value for money
- Applying the five rights to procurements of both products and services
- Discuss the concept of life time costs

1.2 Identify the contribution that value for money has to make to organisational success

- Efficiency
- Effectiveness
- Economies of scale vs. quality of product/service
- Value engineering
- Value analysis

1.3 Explain how to use techniques that are available to achieve quality supplies

- Defining quality
- Quality standards, processes and procedures
- The use of quality assurance
- The concept of zero defects
- Assessing quality of supplies of products and services

1.4 Identify techniques to secure required quantities within required timescales

- Internal, external and total lead time
- Expediting and measuring delivery performance
- Planning milestones and activities
- The use of scheduling
- Inventories and their costs

1.5 Identify value for money criteria

- Pricing/costs
- Delivered quality
- Timescales, quantities and location requirements
- Measuring the achievement of quality and timescales
- Evaluate data to measure and improve the performance of external suppliers

2.0 Know tasks associated with each stage of the sourcing process

2.1 Describe how procurement needs are established

- Liaison with users and customers and understanding their commercial needs
- Reviewing needs from customers
- The make or buy decision
- Definitions of specifications

2.2 Identify criteria that should be applied in creating specifications

- The importance of specifications in contracts with external customers and suppliers
- Creating specifications for products and services
- Conformance and output or outcome based approaches to developing specifications
- The role of Key Performance Indicators (KPIs)

2.3 Describe approaches to the sourcing of supplies

- Surveying the market
- Supplier appraisal
- Inviting quotations and tenders
- Assessing quotations and tenders
- The use of e-sourcing technologies
- Measuring supplier performance

2.4 Describe approaches to the formation of agreements with external organisations

- Dealing with queries and clarifications
- Ensuring transparency and fairness with suppliers
- Mistakes and second bids in tenders
- The use of reverse auctions/e-auctions
- Forming agreements with customers and suppliers
- Transition and mobilisation arrangements

3.0 Understand the significance of ethics for procurement and supply

3.1 Explain the importance of the CIPS Code of Conduct in procurement and supply

- Enhancing and protecting the standing of the profession
- Maintaining the highest standard of integrity in all business relationships
- Promoting the eradication of unethical business relationships
- Enhancing the proficiency and stature of the profession
- Ensuring compliance with laws and regulations

3.2 Describe the use of codes of ethics in procurement and supply

- The importance and role of codes of ethics
- Monitor the work of stakeholders to ensure that codes of ethics are upheld
- How to deal with and escalate to senior management any suspected breaches of codes of ethics

3.3 Explain the conflicts of interest that can exist in the work of procurement and supply and how to deal with them

- Identifying potential conflicts of interest
- How to address potential conflicts of interest
- How to ensure that ethical practices are maintained and prioritised

4.0 Understand how operational performance of the procurement and supply function can be measured and improved

4.1 Recognise the importance of delivering customer service and how to improve

- Methods to evaluate customer service and stakeholder satisfaction
- How to develop action plans to improve performance

4.2 Explain ways to measure cycle times for the sourcing process

- Methods to evaluate the timescales for sourcing processes
- How to identify the causes of delays and take appropriate actions to reduce timescales when required

4.3 Explain methods to assess the performance of and control budgets

- Methods to analyse departmental budgets and evaluate the reasons for variances between forecasted and actual expenditures
- Define methods and actions to mitigate future variances