

Certificate *in Procurement and Supply Operations* *CIPS Level 2*

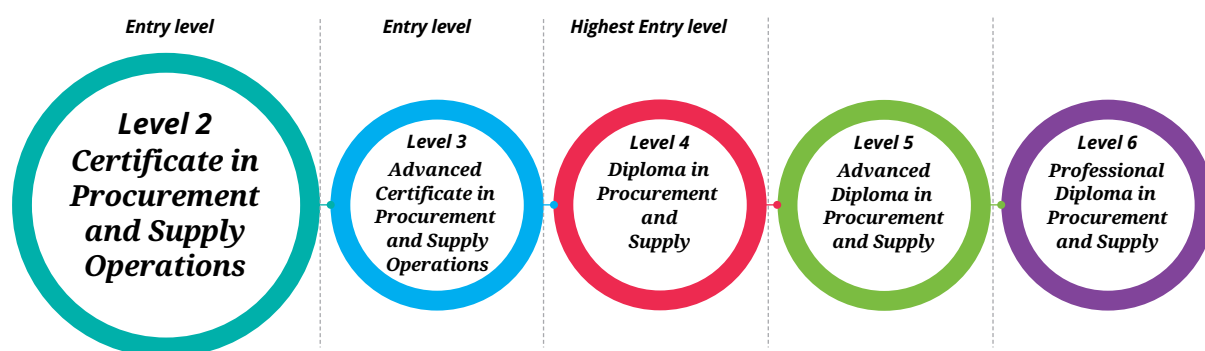


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Your qualification

CIPS qualifications are regulated internationally to ensure we offer a recognised, professional standard in procurement and supply. CIPS Level 2 Certificate in Procurement and Supply Operations 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 Zambia). CIPS members can have the confidence in our regulated qualifications, which reliably indicate the standard of knowledge, skills and understanding that you, as a learner, are required to demonstrate.

This is the first of CIPS entry level qualifications and is suitable for those who want to specialise in a specific occupation, occupational area or technical role. It will prepare learners for work by giving them the opportunity to develop sector-specific knowledge, technical and practical skills, and to apply these skills in work-related environments. This qualification supports learners within operational roles within the procurement and supply profession. Developed in close collaboration with experts from the procurement and supply profession and businesses, and with the providers who will be delivering the qualifications, CIPS Level 2 Certificate in Procurement and Supply Operations is designed to develop transferable workplace skills, such as good communication and the ability to work in a team; skills which employers have identified as essential for gaining employment in the sector and for progression in the profession.



Who is it for?

For anyone new to the profession, with little or no business experience and those aspiring to move into a career in procurement and supply. It is also ideal for managers in other professions and business leaders or entrepreneurs who need to understand how procurement should function and its overall impact on business success.

What will I learn?

Come away with a clear knowledge and understanding of facts, procedures and processes related to procurement and supply. You'll be able to effectively interpret information and ideas, and learn how to identify, gather and use relevant information.

Entry requirements

This is the first entry level qualification, there are no formal entry requirements.

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.

Total exam time

All the modules in CIPS qualifications are assessed by an examination.

Introducing Procurement and Supply [L2M1]

Module purpose

On completion of the module, learners will be able to identify the fundamental roles and activities, the systems, procedures, processes and contracts associated with the procurement and supply function.

Module aim(s)

In any organisation, many of the costs are related to the purchases of products and/or services. Any organisation will also be supplying products and/or services to their customers. This module is designed to provide an overview of the tasks associated with the procurement and supply chain function. It is designed for those who are interested in developing their knowledge of procurement and supply and for those who are new to this field of work. The module serves as the initial study for learners who are embarking on the CIPS Level 2 Certificate in Procurement and Supply Operations. Coverage is focused on introductions to concepts and ideas as well as to the terminology used in procurement and supply.

Learning outcomes, assessment criteria and indicative content

1.0 Understand the role of procurement and supply within organisations

1.1 Identify the common terms that describe aspects of procurement and supply

- Definitions of common terms such as procurement, purchasing, buying, supply chain, materials management, distribution, logistics and contract management
- Definitions of different types of procurements such as capital and revenue purchases, products, services, direct and indirect, outsourcing and insourcing
- Three sectors of activity: extraction of raw materials (primary), manufacturing (secondary), and services (tertiary)

1.2 Explain the roles and benefits of procurement and supply in organisations

- The typical proportion of costs accounted for by procurement of goods and services
- The roles of procurement and supply and procurement professionals
- Achieving value for money
- Sustainability in procurement and supply
- The roles of staff with devolved responsibilities for procurement of goods and services
- The roles of procurement and supply staff in making expenditures with suppliers
- The tiers of a supply chain

1.3 Define components of a supply chain

- Customers and their customers
- Customers and consumers
- Suppliers and their use of suppliers
- Tiers of a supply chain
- The global aspects of supply chains
- Examples of supply chains in action

2.0 Understand the organisational impact of procurement and supply

2.1 Identify how effective procurement impacts on organisational efficiency

- How effective procurement impacts on profitability
- Creating savings and improving efficiency
- Budgets and budget monitoring
- How effective procurement helps achieve targets
- Total costs of ownership criteria or whole life costs
- The different objectives of a procurement and supply function
- The creation of centralised, devolved and lead buying structures of procurement and supply functions.

2.2 Define the five rights of procurement and supply

- The five rights of procurement and supply
- Price, total cost, quality, timing, quantity and place
- Defining value for money

3.0 Know how products and services are received from suppliers and delivered to customers

3.1 Identify the delivery of products and services made by external suppliers

- The need for supplies of products and services from external suppliers
- Outsourced services
- Seeing suppliers as a part of a supply chain

3.2 Identify the delivery of products and services that organisations make to customers

- Defining products and services
- The customer role
- Seeing customers as a part of a supply chain

4.0 Know the stages of the sourcing process

4.1 Indicate stages of a sourcing process

- Identification of needs
- Producing specifications
- Requesting quotations
- Receiving quotations
- Assessing supplier quotations
- Making contract award recommendations
- Contract authorisation
- Order placement, blanket orders/frameworks and call off orders
- Performance and delivery
- Payment of suppliers
- Expediting deliveries
- Reviewing outcomes and processes
- Pre and post award stages of a sourcing process

5.0 Understand the need for the effective and efficient administration of purchases made with external suppliers

5.1 Describe and explain effective and efficient administration

- Defining administration
- Reviewing the steps taken to forming agreements made with suppliers
- Defining effectiveness and efficiency

5.2 Describe and explain effective and efficient administration

- The creation of requisitions and requirements
- The use of specifications, key performance indicators (KPIs) and contract terms
- The creation of requests for quotations or invitations to tender
- The use of prequalification questionnaires
- The submission of quotations or tenders for requirements
- The assessment of quotations and tenders

5.3 Describe the administration of the award and post award stages of a sourcing process

- The creation of orders or tender award documentation
- Delivery notes and order acknowledgements
- Receiving invoices
- Invoice matching and dealing with non-compliances

5.4 Explain the need for approvals in the administration of procurement and supply

- Typical procedures for authorising budgets, requisitions, orders and tenders
- The separation of duties
- Contract recommendation and authorisation
- Levels of delegated authority for contracts
- Ensuring an efficient approval process

6.0 Know the importance of ethics and responsible procurement in organisations and supply chains

6.1 Identify good ethical practices and procedures within the context of the procurement and supply function

- Application of the CIPS Code of Conduct
- Details included in ethical codes affecting procurement and supply
- The use of ethical codes of practice
- The use of documented policies and procedures for the work of procurement and supply
- The principles of corporate governance
- Forms of bonded and exploitative labour that can exist in supply chains

Procurement and Supply Operations [L2M2]

Module purpose

On completion of the module, learners will be able to identify types of business organisations. They will define the fundamentals and components of the contracting process, identify sources of information on suppliers and customers and define pricing methods used for the purchasing of goods or services.

Module aim(s)

In any organisation, a significant element of the procurement and supply function is based around the contracting process. This module is designed for those involved in the procurement and supply operation who, to ensure success must demonstrate knowledge and comprehension of the associated components and systems that are at their disposal to support the contracting process. They must also know where sources of information on suppliers and customers are and recognise the advantages and disadvantages of pricing methods used for the purchasing of goods or services.

Learning outcomes, assessment criteria and indicative content

1.0 Know the types of organisations and how they operate

1.1 Identify the types of business organisations

- Private public and third sector organisations
- Production and service organisations

1.2 Describe how organisations operate

- People, objectives and structure in organisations
- The formal and informal organisation

1.3 Identify the key operating functions within organisations

- Differentiation and integration in organisations
- Typical functions in organisations such as production, operations, marketing and sales, customer support, human resources, personnel, finance, IT, and technical functions
- Differentiating procurement and supply

2.0 Know the components of contractual agreements

2.1 Identify types of contracts

- Spot purchases
- Term contracts
- Framework arrangements/blanket orders/panel contracts and call offs

2.2 Identify the kind of pricing arrangements applied in commercial contracts

- Fixed pricing, lump sum pricing and schedule of rates
- Cost reimbursable and cost plus arrangements
- Variable pricing arrangements
- Target pricing arrangements
- Risk and reward pricing arrangements

2.3 Define the different documents that compose a contract for the purchase or supply of goods or services

- Defining contracts and agreements
- The use of tendering and quotations
- The documents that comprise a contract - the specification, key performance indicators (KPIs), contract terms, pricing and use of other schedules
- Contracts for the supply of goods or services

3.0 Understand sources of information on suppliers and customers

3.1 Explain the use of the Internet to locate details about suppliers and customers

- The use of Internet search engines to locate details about suppliers and customers
- The types of information presented by suppliers and customers on their websites
- B2B and B2C E-Commerce

3.2 Explain the use of credit rating agencies

- The role of credit rating agencies and credit rating scores
- Publications on individual organisations and markets
- The use of credit rating scores

3.3 Describe systems used in procurement and supply

- Systems for purchase ordering
- Capturing data on expenditures
- The use of portal sites to locate suppliers or customers
- Examples of supplier database systems

4.0 Understand pricing methods used for the purchasing of goods or services

4.1 Explain the advantages and disadvantages of a range of pricing methods

- Fixed pricing, lump sum pricing and schedule of rates
- Cost reimbursable and cost plus arrangements
- Variable pricing
- Target pricing
- Risk and rewards pricing

Stakeholder Relationships

[L2M3]

Module purpose

On completion of this module, learners will be able to define stakeholders and explain the key market factors that impact on the procurement and supply function. They will also define the role of effective communication in the successful development and maintenance of internal and external relationships.

Module aim(s)

In any organisation, much of the procurement and supply function is based around the development and maintenance of relationships with internal or external stakeholders. This module is designed for those involved in the procurement and supply operation who must identify stakeholders and key market factors which affect procurement and supply success. They must also know the communication tools and techniques that will ensure successful working relationships.

Learning outcomes, assessment criteria and indicative content

1.0 Know the stakeholders in procurement & supply

1.1 Define external stakeholders in procurement and supply

- Defining and profiling stakeholders
- Typical stakeholders such as suppliers, customers, consumers, communities, government and other groups
- The distinction between customers and consumers

1.2 Identify internal stakeholders that can be involved in purchases from suppliers and supplies delivered to customers

- The role of procurement and supply in dealing with other business functions such as marketing, sales, production, operations, human resources, finance, design and development, distribution, facilities, senior management and the board of management

1.3 Describe how internal and external stakeholders influence procurement and supply activity

- The internal and external stakeholders that can influence the work and success of procurement and supply

2.0 Know the key market factors that impact on a procurement and supply function

2.1 Identify the key economic sectors that impact on a procurement and supply function

- Public, private and not-for-profit or third sector
- Primary, secondary and tertiary sectors

2.2 Indicate the impact of demand and supply on markets

- Demand and supply curves
- How demand and supply factors can change
- How demand and supply factors can impact on pricing and availability

2.3 Describe how market factors impact on the procurement and supply activities of an organisation

- The level of competition: perfect competition, imperfect competition, oligopoly, duopoly and monopolies
- The impact of demand on sales
- Market growth and decline
- Competitive forces on organisations

2.4 Identify the contribution that marketing makes to develop customer and supplier relationships

- Define the principles and definitions of marketing
- Techniques associated with marketing
- Sources of competitive advantage sought through marketing
- Relevance of marketing principles to purchasers

3.0 Understand the techniques associated with successful and effective communication in procurement and supply

3.1 Describe and explain approaches to build rapport with internal and external stakeholders

- Techniques to develop, maintain and improve relationships with internal stakeholders to promote effective procurement and supply

3.2 Explain methods of negotiating with suppliers and customers

- Negotiation techniques for use with suppliers and customers to agree contract terms and relationships that will achieve the interests of the overall organisation

3.3 Recognise all elements of the communication cycle

- The importance of appropriate, prompt and timely communications with stakeholders and suppliers
- How to create appropriate written correspondence
- How to complete electronic files and documents used in support of the procurement and supply process

3.4 Describe the key characteristics of successful and effective team working

- Group cohesiveness and performance
- The characteristics of an effective work group
- The stages of team development

4.0 Know approaches for conflict resolution with stakeholders in procurement and supply

4.1 Identify the types of information that can be exchanged between purchasers and suppliers

- Types of information exchange such as scheduling difficulties, demand forecasts, trends in costs and availability, designs and innovations and new product development

4.2 Indicate how conflict can arise in the work of procurement and supply

- Defining workplace conflict
- The sources of conflict in organisations and between personnel
- The sources of conflict between organisations and their personnel

4.3 Identify approaches to conflict resolution with stakeholders in procurement and supply

- Approaches to conflict resolution
- Clarifying roles and responsibilities
- Group cohesion
- Achieving buy-in from stakeholders

Systems Technology [L2M4]

Module purpose

On completion of this module, learners will be able to define the uses of, and identify the advantages offered by systems technology in improving procurement and supply activity whilst maintaining overall quality.

Module aim(s)

The impact of Internet based technologies and the use of data base information systems is key to the ability of the organisation to manage its expenditures on goods and services. This module is designed for those involved in the procurement and supply operation who, to ensure success must identify advantages of current technology but must also know the importance of quality management as efficiencies are sought through continuous improvement to organisational performance.

Learning outcomes, assessment criteria and indicative content

1.0 Understand the use of systems technology and databases and how they contribute to procurement and supply

1.1 Explain how to use systems technology and databases to contribute to effective procurement and supply

- Inputting of data to systems to perform key tasks for purchase ordering and other transactions
- Capturing data on expenditures and updating systems
- How to provide data to smooth demand and why demand management is important in procurement and supply
- Data use in the forecasting process
- Achieving functional targets
- How to compare forecasts with actual outcomes to control expenditures
- How to measure achieved savings of goods and services to recognise efficiencies
- How to measure internal and external lead times of supplies of goods and services

1.2 Recognise how the use of the Internet, intranets and extranets leads to effective procurement and supply

- The use of Internet search engines to locate details about suppliers and customers
- The types of information presented by suppliers and customers on their websites
- The e-market place
- The use of social media to obtain feedback on supplier performance

1.3 Explain the role of e-sourcing and e-tendering systems in procurement and supply

- E- invoicing e-requisitioning, e-catalogues and e-ordering
- Pre-qualify suppliers
- Receive and evaluate quotations and tenders
- Defining e-sourcing

2.0 Know types of systems for supplier selection, ordering and payment

2.1 Describe the use of electronic sourcing systems for supplier selection and profiling

- Attracting quotations or tenders through an e-tendering or e-sourcing system
- The publication of e-notices
- The use of e-auctions

2.2 Identify systems used in procurement and supply

- Systems for purchase ordering
- Capturing data on expenditures
- The use of portal sites to locate suppliers or customers
- Examples of supplier database systems

2.3 Identify the use of P2P (purchase to pay) systems for ordering from suppliers and payment to suppliers

- The P2P process from the creation of requisitions, to raising requests for quotations or tenders, receipt of quotations or tenders, delivery documentation, invoicing and payment
- Examples of P2P systems

3.0 Know why quality management is important in procurement and supply

3.1 Identify components of quality management in procurement and supply

- Definitions of quality, quality control, quality assurance and total quality management
- Quality as a philosophy
- Getting things right first time

3.2 Identify the costs of quality

- Prevention and appraisal costs
- The internal and external costs of quality
- Organisational reputation

3.3 Identify techniques associated with quality assurance and quality management

- How to assess the quality of supplies of goods and services to ensure that quality standards are achieved and maintained
- From quality inspection to quality assurance
- Quality circles
- The use of control charts
- Kaizen, continuous improvement, lean philosophy and associated techniques

Inventory, Logistics and Expediting [L2M5]

Module purpose

On completion of this module, learners will be able to identify the key role that inventory has to play and define the principles and processes associated with effective logistics control, explaining how effective expediting can be achieved in procurement and supply.

Module aim(s)

Inventories can account for a significant cost for many organisations. This module has been designed to enable learners to appreciate the concept of inventory and to explain contemporary methods for reviewing and planning effective inventory control. The module also focuses on the logistics challenge and on effective logistics control measures. Finally, learners will be able to explain how effective expediting can be achieved in procurement and supply through effective planning and processing.

Learning outcomes, assessment criteria and indicative content

1.0 Know the key elements of effective inventory control

1.1 Identify the classifications of different types of inventory

- Opening stock, work in progress, safety stock and finished goods
- Obsolescent and redundant stock
- Direct and indirect supplies
- ABC classifications of stock that may apply
- Dependent demand and independent demand items of stock

1.2 Identify the direct and indirect costs of holding inventory

- Direct and indirect costs that are associated with holding inventories
- Options to reduce costs whilst mitigating any negative impact on service levels

1.3 Identify techniques associated with inventory control

- Re-order quantities
- Re-order levels
- MRP and MRPII
- ERP
- Just in Time
- Bar coding
- Subjective and objective forecasting

1.4 Identify the key aspects associated with the handling, packaging and storage of supplies

- The use of materials handling equipment and palletisation and unit loads, packing and packaging and the use of automation in warehousing

2.0 Understand the principles and processes associated with effective logistics control

2.1 Identify the key principles of stores and warehousing facilities

- The effective and efficient flows of inventory
- Reduction of life-cycle costs
- Space optimisation

2.2 Identify the strengths and weaknesses associated with modes of freight transportation

- Road
- Rail
- Air
- Sea
- Pipeline

2.3 Identify types of Incoterms in international logistics.

- E, F, C and D terms
- Incoterms rules and incorporation into the sales contract

2.4 Identify legislative regulations that affect international sourcing

- How to ensure compliance with legislation and regulations for supplies from international sources

2.5 Describe the documentation that is used in transportation of supplies

- The single administrative document
- Packing list, waybill, consignment notes, bill of lading
- Certificate of origin
- Letters of credit or other financial documentation

3.0 Know how effective expediting can be achieved in procurement and supply

3.1 Explain the assessment of costs of inventory and the cost of stock outs

- Monitor levels of inventories and take actions to mitigate over supply and minimise the risk of stock outs
- The use of forecasting to achieve timely delivery of supplies
- Track deliveries and documentation
- The use of forecasting, difficulties and techniques

3.2 Explain the planning process associated with expediting delivery

- Use of problem solving techniques
- Planning milestones and activities

3.3 Explain the significance of payment to suppliers and cash flow

- Track any deviations from planned payments and take remedial actions to mitigate disruptions that may be created through difficulties with cash flow

