

Professional diploma in procurement and supply

Unit content guide



Introduction

The Chartered Institute of Purchasing & Supply qualifications ladder has five levels of awards. For details of the entry requirements for each level, please refer to www.cips.org. The CIPS Professional diploma in procurement and supply is a higher level qualification. It has been accredited by the Office of Qualifications and Examinations Regulator (Ofqual) in the UK and appears on the Register of Regulated Qualifications. Please refer to <http://register.ofqual.gov.uk>

The Professional diploma in procurement and supply consists of three compulsory units. Additionally you must choose two optional units from a choice of three. Assessment for each unit is by examination.

If you wish to study for this Professional diploma it is expected that you will undertake 50 guided learning hours per unit, ie a total of 250 guided hours. 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.”

If you study at a CIPS study centre, you will find that they may vary on the exact format for delivery of the study programme. Additionally, we recommend that you also commit 70 hours per unit of self-study, including wider reading of the subject areas and revision to give yourself the best chance of successful completion of the Professional diploma.

Below is a list of the units, their qualification framework reference numbers and CIPS reference code which is used to identify the unit for examination purposes.

PROFESSIONAL DIPLOMA IN PROCUREMENT AND SUPPLY

Qualification number: 600/7657/4

Unit Title:

CIPS Reference

COMPULSORY UNITS

Leadership in procurement and supply	PD1
Corporate and business strategy	PD2
Strategic supply chain management	PD3

OPTIONAL UNITS

Supply chain diligence	PD4
Programme and project management	PD5
Legal aspects in procurement and supply (UK)	PD6



Glossary of qualification terms

Assessment

Assessment is the way in which CIPS will measure whether a student is able to demonstrate their knowledge, understanding and be able to apply their learning in any given situation. An assessment could be an examination, assignment or project.

Assessment criteria

Assessment criteria specifies the standard a learner is expected to meet to demonstrate that the learning outcomes of a unit have been achieved.

Business essentials

These are commonly occurring themes through the CIPS qualifications, that do not warrant a unit in their own right, but that are important holistically to the learning undertaken within CIPS qualifications:

- business finance
- information technology
- legislation
- leadership
- management
- strategy

Command words

Command words are generally verbs that are used to indicate the level of learning undertaken. They tend to be hierarchical in nature. For example, when studying towards a certificate command words could be 'describe' or 'define', whereas a command word for the professional diploma might be 'critically assess', or 'critically evaluate'.

These words reflect the level of complexity of your learning and ultimately your assessment at that level.

Compulsory units

These are units that you must take either through CIPS or an alternative awarding body that constitute necessary knowledge and understanding to fulfil learning requirements for CIPS qualifications.

If you have undertaken equivalent learning or have equivalent related experience to the compulsory units from somewhere else you may either be exempt from learning, or gain accreditation for prior learning or experience.

Entry level

This is the point at which you will enter the CIPS qualifications ladder. This entry will be based upon pre-requisite knowledge, understanding and experience.

Exemptions

Students who have successfully completed certain post-school studies may apply for exemptions from equivalent courses in their programme of study. To earn an exemption from a qualification or specific units within CIPS qualifications you should contact us on +44(0)1780 756777 or see www.cips.org

Please note that gaining an exemption, does not mean that you gain an exit award at that level,

rather than you bypass that level of learning because of equivalent learning and achievement gained elsewhere.

Exit award

An exit award is in essence a qualification. CIPS has five exit awards in total

- Certificate in procurement and supply operations
- Advanced certificate in procurement and supply operations
- Diploma in procurement and supply
- Advanced diploma in procurement and supply
- Professional diploma in procurement and supply

For each qualification you study, you will receive a certificate of achievement confirming your exit award.

Indicative content

The indicative content is an indication of the knowledge required in order to fulfil the assessment criteria to achieve the learning outcome.

Learning outcome

The learning outcome within a unit sets out what a learner is expected to know, understand, or be able to do as a result of a process of learning.

Ofqual

CIPS is an awarding body recognised by Ofqual in the UK. Ofqual regulate qualifications, examinations and assessments in England and vocational qualifications in Northern Ireland. It is their duty to ensure all learners get the results they deserve and that their qualifications are correctly valued and understood, now and in the future.

Optional units

These are units where you have choice and opportunity to specialise in an area of interest. There is an opportunity to select two optional units at advanced diploma and two optional units at professional diploma.

Qualifications ladder

This ladder represents the hierarchical nature of CIPS qualifications. The ladder has five steps within it. It starts with a Certificate through to the Professional Diploma.

Each step of the ladder is represented by a qualification with an 'exit award'.

Unit

A segment of learning within the CIPS qualifications. Each unit is individual, has its own title, rationale and content. A unit will also have an assessment attached to it in order to demonstrate achievement and conclusion of the learning.

Unit purpose and aims

Unit aims provide additional information about the unit; they will provide a succinct statement that summarises the learning outcomes of the unit. Each unit has four to five learning outcomes which outline what will be achieved as a result of learning in that particular unit.

Weightings

Each unit has a number of learning outcomes that are equally weighted for example: If a unit that has four learning outcomes totalling 100%, each learning outcome will be equally weighted ie 25%. (100% divided by 4 = 25%). This weighting indicates the level of input and learning required by the study centre and the learner in order to complete the subject area.

Definition of additional terms used in this guide

ADR • Alternate dispute resolution

Any of a number of methods (such as mediation, arbitration, mock trials, etc.) used to resolve disputes outside of litigation.

CFD • Contract for difference

An arrangement made in a futures contract whereby differences in settlement are made through cash payments, rather than the delivery of physical goods or securities.

CPM • Critical path method

The critical path method helps you to plan all tasks that must be completed as part of a project. It acts as a basis both for preparation of a schedule, and for resource planning. It can help to see where remedial action needs to be taken to get a project back on course.

FIDIC • Fédération Internationale Des Ingénieurs-Conseils (French for) International Federation of Consulting Engineers

FIDIC is the International Federation of Consulting Engineers known for its range of standard conditions of contract for the construction, plant and design industries. The FIDIC forms are the most widely used forms of contract internationally, including by the World Bank for its projects.

Five Forces Framework

The 'Five Forces Analysis' assumes that there are five important forces that determine competitive power in a business situation. These are supplier power, buyer power, competitive rivalry, threat of substitution and the threat of new entry.

IMechE • Institution of Mechanical Incorporated Engineers

The Institution of Mechanical Incorporated Engineers and the Institution of Engineering and Technology, issue model forms and guides for the industry. These include forms of tender, agreement and performance bonds.

ISO • International Standards Organisation

An organisation within the United Nations which develops and monitors international standards, including OSI, EDIFACT, and X.400

JCT • Joint Contracts Tribunal

The Joint Contracts Tribunal produces standard forms of construction contract, guidance notes and other standard forms of documentation for use by the construction industry.

NEC • The New Engineering Contract

The New Engineering Contract of which the Engineering and Construction Contract (ECC) forms a part, is a suite of standard form construction contracts created by the Institution of Civil Engineers.

PERT • The Program (or Project) Evaluation and Review Technique

The Program (or Project) Evaluation and Review Technique, is a statistical tool used in project management. It was designed to analyse and represent the tasks involved in completing a given project.

STEEPLE • Social, Technological, Economic, Environmental, Political, Legal , European (or International)

An analytical tool extending PEST to also include, Environmental, Legal and European (or International) factors that can impact on Procurement and Supply.

Strategy Clock

Bowman's Strategy Clock is a model used in marketing to analyse the competitive position of a company in comparison to the offerings of competitors

The Vienna Convention

The United Nations Convention on Contracts for the International Sale of Goods provides a uniform text of law for international sales of goods.

TUPE • Transfer of Undertakings and Protection Employment

Legislation that aims to ensure that an employee whose company is taken over has his existing conditions respected by his new employer. They also apply in some cases for work transferred to contractors. This includes hours of work, pay, and pension entitlement and so on.

**UNIT PURPOSE
AND AIM(S)**

On completion of this unit, candidates will be able to critically appraise influencing, leadership skills and behaviours, to help achieve commitment from across the organisation including senior management, as well as customers and suppliers.

This unit emphasises the leadership skills and behaviours required for the achievement of the objectives and improvements sought by effective procurement and supply chain management.

Leadership in procurement and supply

LEARNING OUTCOMES

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- 1.0 Understand the main leadership skills and behaviours that are appropriate for improving procurement and supply chain management**
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- 1.1 Critically evaluate the differences between leadership and management**
- Defining leadership
 - The role of a leader and the activity of leadership
 - The importance of leadership
 - The differences between management and leadership
- 1.2 Critically analyse the main approaches to leadership for improving procurement and supply chain management**
- The qualities or traits approach to leadership
 - The functional or group approach, including action- centred leadership
 - Styles of leadership including the authoritarian or autocratic, democratic and laissez- faire styles
 - Contingency theories for leadership such as path-goal theory
- 1.3 Evaluate the main skills and behaviours that contribute to effective leadership for improving procurement and supply chain management**
- The continuum of leadership behaviour
 - The main forces in deciding the type of leadership
 - Situational leadership
 - Transformational and inspirational leadership

2.0 Be able to create a communication plan to influence personnel involved in a supply chain

2.1 Evaluate the main influencing styles that can be used in the effective leadership of a supply chain

- Implementing a vision of improved procurement and supply chain management
- Models for managing in four different directions
- The relevance of managing upwards and across to achieve desired results for improved supply chain management
- The merits of escalation as a means of influencing
- A range of influencing styles for cross functional leadership both within and outside the bounds of formal teams

2.2 Evaluate the main leadership techniques that can be used to influence personnel involved in a supply chain

- Assessing the readiness of followers or groups
- Leaders attitudes to people
- Management by objectives and establishing KPIs
- Measures of effectiveness
- Leadership development

2.3 Create a communication plan to influence personnel in the supply chain that:

- **Provides an analysis of stakeholders**
- **Indicates how stakeholder mapping influences the communication plan**
- **Details appropriate leadership/influencing styles to obtain stakeholder buy in**
- **Indicates how electronic systems can be used to support stakeholder communication**
- Stakeholder analysis including primary, secondary and key stakeholder
- How to obtain buy in to supply chain strategies from stakeholders
- Perspectives on stakeholder mapping
- How to use the intranet and internet websites for publishing information

3.0 Understand how to overcome common challenges faced by procurement and supply chain managers

3.1 Critically analyse the sources of power and how they can be used to overcome common challenges faced by procurement and supply chain managers

- Perspectives on individual power
- Processual, institutional and organisational levels of power
- Perspectives on organisational power
- The balance between order and flexibility



3.2 Evaluate the main tactics that can be used to influence stakeholders within supply chains to overcome common challenges faced by procurement and supply chain managers

- Proactive influencing tactics
- The psychological principles of influence

3.3 Analyse how equality and diversity issues relating to the supply chain can be managed to improve the effectiveness of the supply chain

- Defining diversity, equality and inclusion
 - The benefits of diversity in organisations
 - The impact of discrimination, harassment and victimisation
 - Developing and implementing policies to enhance diversity
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4.0 Understand the main methods to lead change in the supply chain

4.1 Evaluate the main methods of change management that can be used to develop the supply chain

- The nature of organisational change
- Planned organisational change
- Dealing with resistance to change
- Effective change management

4.2 Critically assess the main methods for resolving conflict with internal and external stakeholders to support change in the supply chain

- Contingency models of organisations
- The functions of the informal organisation
- The positive and negative outcomes of organisational conflict
- Strategies for resolving conflict

4.3 Evaluate the importance of effective delegation to implement change successfully

- Authority, responsibility and accountability
- Benefits of delegation
- A systematic approach to delegation
- The concept of empowerment



Corporate and business strategy

LEARNING OUTCOMES

1.0 Understand the concept of strategy in organisations in supply chains

1.1 Evaluate the main characteristics of strategic decisions in organisations in supply chains

- The characteristics of strategic decisions
- The vocabulary of strategy
- Strategic versus operational management
- The strategic position
- Strategic choices
- Strategy in action

1.2 Differentiate between corporate, business and functional levels of strategy in organisations in supply chains

- Levels of strategy: corporate, business unit and functional
- Identifying strategic business units
- Common corporate objectives

1.3 Evaluate the main models for the development of strategy in organisations in supply chains

- Strategy development through strategic leadership
- Strategic planning
- Emergent strategy development and logical incrementalism

1.4 Evaluate the relationship between the supply chain function and the achievement of corporate objectives

- Competitors and markets
- Strategic groups and supply chains
- Market segmentation
- Strategic gaps
- How the supply chain links to the achievement of corporate objectives
- Value added activities

UNIT PURPOSE AND AIM(S)

On completion of this unit, candidates will be able to critically appraise the development and implementation of strategies at business and corporate levels in organisations and how these strategies impact on supply chains.

This unit focuses on the development; configuration and implementation of strategy to help supply chain personnel achieve competitive advantage.

2.0 Understand the main elements of strategy formulation and implementation that impact on supply chains

2.1 Critically compare the main sources of competitive advantage for organisations in supply chains

- Customer value and the voice of the customer
- The 'strategy clock': price based strategies and differentiation strategies
- Sustaining competitive advantage
- Competition and collaboration

2.2 Critically assess the main approaches to conducting analysis of the strategic position for organisations in supply chains

- The macro environment and the STEEPLE (social, technical, economic, environmental, legislative and ethical) framework
- Competitive forces- the five forces framework
- The industry and product life cycle
- Cycles of competition

2.3 Evaluate how corporate and business strategic decisions impact on supply chains

- Strategic directions: market penetration, consolidation, product development and market development
- Diversification: related and unrelated
- Portfolio matrices: growth/ share, directional policy and parenting matrix
- Drivers of internationalisation
- Global, regional and local dimensions to strategic choices

2.4 Evaluate how a designed strategy can be implemented by organisations in supply chains

- Methods of pursuing strategies: organic, mergers and acquisitions or strategic alliances
 - Strategy evaluation: suitability, acceptability and feasibility
 - Managing intended and realised strategy
 - Strategy development in uncertain and complex conditions
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3.0 Understand the implementation of strategies in supply chains

3.1 Analyse the relationship between strategy and corporate, business and functional structures in organisations in supply chains

- Structural types: simple, functional, multidivisional, matrix and transnational
 - Aligning the supply chain to the organisational structure
 - Centralised, devolved and hybrid structures
 - Forming structures on lead buyers networks
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3.2 Analyse how to manage resources to support the development and implementation of strategy in organisations in supply chains

- People as a resource
- Managing information
- The role of technology
- Managing finance: the financial aspects of value creation
- Funding strategy development and implementation

3.3 Assess methods of achieving the commitment to strategic change by achieving cultural acceptance of strategies in organisations in supply chains

- The use of vision in strategy
- Responding to competitive threats
- Organisational culture and sub-cultures
- The cultural web
- Types of strategic change
- Styles of managing strategic change

3.4 Evaluate how to use change management processes to address resistance to change and the causes of strategic drift in organisations in supply chains

- The tendency towards strategic drift
- Strategy in flux
- Path dependency
- Incremental and transformational change

4.0 Be able to develop a plan for the development of the supply chain functional strategy

4.1 Review the organisation's corporate and business strategies to inform the development of the supply chain functional strategy

No additional indicative content as indicative content drawn from learning outcomes 1 - 3 are assessed in learning outcome 4

4.2 Develop a plan for the supply chain function that:

- Shows how the supply chain strategy supports/complements the corporate objectives
- Explains the potential impact of corporate and business strategic decisions on the supply chain
- Indicates the necessary resources and how they will be managed
- Evaluates how commitment to strategic change will be achieved
- Indicates how change management processes can be used to address any resistance to change

**UNIT PURPOSE
AND AIM(S)**

On completion of this unit, candidates will be able to critically appraise strategies that can be adopted in the supply chain.

This unit focuses on the development, configuration and roll out of strategy to help personnel appraise how strategy can be used to help achieve competitive advantage through improved supply chain management.

Strategic supply chain management

LEARNING OUTCOMES

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- 1.0 Understand how strategic supply chain management can support and influence corporate and business levels of strategy**
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- 1.1 Critically assess the relationship between functional, business and corporate levels of strategy**
- The relationship between the supply chain, business and corporate levels of strategy
 - The impact of supply chain management on business and corporate performance
 - The impact on profitability of the supply chain
 - Supply chain risks and their impact on business and corporate performance
- 1.2 Evaluate the contribution of strategic supply chain management to corporate and business strategy**
- Creating sources of competitive advantage such as cost, improved quality, time to market, product and service differentiation
 - Enterprise profit optimisation
 - The use of outsourcing to achieve competitive advantage
 - Offshoring and sourcing from low cost countries
 - Quality improvement methodologies in the supply chain
- 1.3 Evaluate the impact of market change on strategic supply chain management to support and influence corporate and business levels of strategy**
- STEEPLE (social, technical, economic, environmental, legislative and ethical) factors and their impact and risks on supply chains
 - Distinguishing between disruptive and incremental change
 - Changing markets and market volatility
 - The impact of globalisation on supply chains
 - Assess the supply chain risks of achieving expected international minimum standards.

1.4 Critically compare the main approaches to the development and implementation of strategic relationship management in supply chains

- Models of strategic alignment
 - Customer and supplier relationship management
 - Methodologies for the implementation of strategic relationship management
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2.0 Understand how different aspects of supply chain design can influence the supply chain strategy

2.1 Critically compare the main approaches to segmentation in designing supply chains

- Approaches to segmenting customers and suppliers
- Managing the product and service mix
- Creating strategies for the different tiers of a supply chain

2.2 Analyse the main approaches to developing networked supply chains

- Supply chain flows and the use of supply chain and value stream
- Tiering in supply chains and the use of network sourcing
- Identifying value added activities and the value chain in supply chain networks
- Network optimisation modelling
- The use of reverse logistics in supply chain networks

2.3 Analyse the role of distribution systems in supply chain management

- Channel design
- The impact of ecommerce on distribution networks
- Logistics flow path design
- Physical network configuration
- Challenges in transportation management
- Locations of distribution centres
- Positioning in local, regional and global chains

2.4 Evaluate the main ways of achieving lean and agile supply chains

- Comparing lean and agile supply chains by variety and volume
- Implementing lean supply and lean thinking
- Matching supply with demand
- The impact of promotions and causal events on demand
- Improving demand planning accuracy and the use of statistical forecasting
- The use of technology to communicate data in supply chains



3.0 Understand the main techniques to achieve effective strategic supply chain management

3.1 Review approaches to developing and implementing industry level collaboration to achieve effective strategic supply chain management

- Supply chain evolution from transactional information sharing to collaborative approaches in supply chain management
- Applying PADI (Pragmatic/ Performance, Administrative, Divergent/ Development and Integration) frameworks for collaboration
- Creating collaborative relationships with customers and suppliers
- The use of shared services in supply chains
- Data integration in supply chains

3.2 Evaluate the main approaches for the change management of stakeholders to achieve effective strategic supply chain management

- Communicating plans with customers, suppliers senior management and other organisational functions
- Gauging resources for strategic supply chain management
- The role of the change agent
- Gauging the acceptance of strategic change

3.3 Analyse the main approaches to measuring supply chain performance

- Measuring processes and the use of key performance indicators (KPIs) in supply chain management
- Measure of organisational, functional, team and individual performance
- The use of surveys to obtain feedback
- Applying balanced scorecards in the supply chain

3.4 Analyse how the development of knowledge and skills can help achieve effective strategic supply chain management

- The concept of knowledge management within the organisation and with suppliers
- Developing procurement and supply chain competences
- Training and development to improve knowledge and skills within the organisation and with suppliers
- Approaches to measurement, analysis, improvement and control to develop knowledge and skills

4.0 Be able to create a plan to achieve effective strategic supply chain management

4.1 Critically analyse the range of techniques that can be used to optimise the effectiveness of the supply chain

No additional indicative content as indicative content drawn from learning outcomes 1 - 3 are assessed in learning outcome 4

4.2 Develop/design a strategic supply chain plan that:

- Justifies how different aspects of supply chain design can influence the supply chain
- Demonstrates the importance of industry level collaboration as it impacts on the supply chain
- Distinguishes techniques to achieve effective supply chain management
- Indicates how performance of the supply chain can be measured



**UNIT PURPOSE
AND AIM(S)**

On completion of this unit, candidates will be able to understand the impact of globalisation on supply chains.

In addition they will have an appreciation of the financial aspects that impact on supply chains such as project finance, mergers and acquisitions, financial measures of organisations, corporate governance, legal issues such as competition law and workforce issues that impact on organisations.

Supply chain diligence

LEARNING OUTCOMES

1.0 Understand the main implications of globalisation on supply chain management

1.1 Critically assess the effect that globalisation has on supply chains

- Applying STEEPLE analysis in globalised supply chains
- Trends in global trade
- Global logistics
- Supply chain vulnerability
- Ethical sourcing
- The local versus global dilemma

1.2 Critically assess the impact of corporate governance on globalised supply chains

- Separation of duties of the executive and senior management
- Ethical practices and standards in supply chains
- Detection of breaches of ethical practices and compliance
- Taking remedial actions for breaches of ethical practices

1.3 Critically appraise the integration of systems in globalised supply chains

- The use of systems to achieve control in organisations
- Capturing data on information systems
- Systems integration within globalised organisations
- Systems integration across supply chains

2.0 Understand the main aspects of the corporate environment and their impact on supply chains

2.1 Analyse the main regulations that impact on the employment of people in supply chains

Implied and express legal regulations affecting:

- Discrimination, equality and diversity
- Employee redundancy and dismissal
- Working time and staff payment
- International labour codes
- Rights of agency workers
- Health and safety at the workplace
- Express contracts of employment
- Regulations affecting workers contracts of employment (such as Transfer of Undertakings and Protection of Employment Regulations)

2.2 Evaluate the impact of main types of legislation and regulations on supply chains

- The main aspects of competition law
- Regulatory requirements such as price and service controls exercised by industry regulators and international bodies
- The role of the International Organisation for Standardisation (ISO) and other bodies publishing standards
- Licensing of imports and exports
- Controls through tariffs and duties on imports
- Applicable law for international contracts and precedent of jurisdiction

2.3 Evaluate the impact of mergers and acquisitions on supply chains

- The reasons for mergers or acquisitions
- The impact of mergers or acquisitions on supply chains
- The function/role of management buy-outs and venture capitalists
- The operation of stock exchanges
- Valuations of companies
- The implications of regulation for mergers and acquisitions



3.0 Understand the main financial aspects that affect supply chains

3.1 Analyse how costs and finance can impact on supply chains

- The financial objectives of different organisations (e.g. value for money, maximising shareholder wealth and providing a surplus)
- The costs of materials, labour and overheads
- Funding working capital and credit insurance
- Project funding
- Medium and long term financing options
- Corporate financing decisions in investment, finance and dividends

3.2 Critically assess the main methods for managing the volatility of currencies in supply chains

- Fixed and floating exchange rates
- Demand and supply factors in foreign exchange and the reasons for exchange rate volatility
- Spot, forward and derivative instruments in foreign exchange
- Services provided by the banking sector in foreign exchange

3.3 Analyse the main methods for managing the volatility of commodities in supply chains

- Demand and supply factors in commodities
 - The differentiation of commodities
 - Soft and hard commodity markets
 - Speculation in commodity markets
 - The use of spot, forward, futures and hedging in the buying and selling of commodities
 - The use of a Contract for Difference (CFD) in the buying and selling of commodities
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4.0 Understand the main performance measures of the supply chain

4.1 Critically assess the main financial measures that can be applied to measuring the performance of the supply chain

- The measurement of costs, timescales, processing, quality and satisfaction
- Financial measures such as profitability, return on investment, sales growth, cash flow
- The use of balanced scorecard methodologies

4.2 Evaluate stakeholder feedback on the impact of supply chain strategy

- Articulating the supply chain strategy
- Determining measurable outcomes of success
- Devising metrics of performance including feedback from 3rd parties and suppliers, and other stakeholders
- Reporting structures and processes

4.3 Analyse approaches to benchmarking that can be applied to measuring the performance of the supply chain

- The use of benchmarking in supply chains
- Comparisons of business unit, competitors or other industry players
- Gap analysis and performance improvement



Programme and project management

UNIT PURPOSE AND AIM(S)

On completion of this unit candidates will be able to evaluate critical aspects of the development, financing, implementation and delivery of major programmes and projects.

1.0 Understand the main aspects of major programmes and projects

1.1 Explain the main aspects of major programmes and projects

- The relationship between programmes and projects
- Stakeholder identification, analysis and involvement
- Measures of safety, quality, cost and delivery
- Success and failure of programmes and projects
- Elements of programmes and projects
- Work breakdown structure

1.2 Evaluate the impact on supply chain relationships of undertaking major programmes and projects

- Supply chain networks for programmes and projects
- Relationships with sub-contractors
- Consortiums and joint ventures for programmes and projects
- Traditional and contemporary relationships
- Project partnering and strategic partnering

1.3 Analyse the main resources for major programmes and projects

- Resource loading and levelling
- Multi project scheduling and resource allocation
- Information Technology systems for project management
- Leading and managing projects
- Critical chain methodology
- Asset finance and the role of banks



1.4 Analyse the project life cycles of major programmes and projects

- Perspectives on project life cycles
 - Project initiation
 - Organising projects and project implementation
 - Co-ordination in project management
 - Project control
 - Project closure
 - Project review
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2.0 Understand the main contracting issues for major programmes and projects

2.1 Analyse contract forms for major programmes and projects

- The role of institutes and professional bodies in developing contract forms:
 - The New Engineering Contract (NEC) core and optional clauses
 - International Federation of Consulting Engineers (FIDIC) contract forms
 - Institution of Mechanical Engineers (IMechE) contract forms
 - Joint Contracts Tribunal (JCT) contract forms
 - CIPS model forms of contract
- Comparisons of main contractual terms and schedules

2.2 Evaluate the use of the main pricing mechanisms for major programmes and projects

- Fixed lump sum pricing
- Activity schedule pricing
- Bills of quantity
- Target costing methods and risk and reward pricing mechanisms
- Cost reimbursable contracts

2.3 Critically compare different contracting options for major programmes and projects

- Client co-ordinated approaches to major projects
- Engineering, procurement and construction (EPC)/ design and build forms of contract
- Management contracting and construction management
- Design, build, operate and ownership forms of contract
- Public and private sector partnerships

2.4 Recommend appropriate methods of investment appraisal techniques applied to developing contracts for major programmes and projects

- Purpose of investment appraisal
 - Payback analysis
 - Average rate of return
 - Discounted cash flow
 - The choice of discount factor
 - Calculating net present values
 - Calculating the internal rates of return
 - The strengths and weaknesses of different methods of investment appraisal
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3.0 Understand the main approaches to the planning of major programmes and projects

3.1 Critically assess the main aspects of structures for corporate governance

- Project boards/ executive
- Project responsibility charting
- The use of project initiation documents
- Structures of project management such as project, functional and matrix
- Project reporting

3.2 Critically appraise the common objectives for major programmes and projects

- Identifying goals and objectives of projects
- The balance between cost, quality and time in projects
- Technology project development
- Building sustainability into major projects
- Impact on the community for major projects
- Communicating project objectives to the supply chain

3.3 Analyse the main approaches to the management of risks for major programmes and projects

- Identifying assumptions and risks
- Risk simulation
- Risk registers
- Risk accountability
- The management of risk in supply chains

3.4 Critically compare the main methodologies for the planning of major programmes and projects

- Sequencing activities
 - Network techniques including project evaluation and review techniques (PERT) and critical path method (CPM)
 - Gantt charts and baselines
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4.0 Understand the main approaches to the control of major programmes and projects

4.1 Explain the main approaches to strategic cost management for major programmes and projects

- Fixed and variable pricing methods
- Budgetary control and variance analysis
- Value engineering
- Consortium based procurement
- The use of open book costing and cost transparency

4.2 Analyse the use of financial and management information on the performance of major programmes and projects

- Estimating budgets for projects
- Measurement, monitoring control and improvement
- Project tracking and control mechanisms
- Controlling variations, claims/ compensation events
- Implementing remedial actions

4.3 Analyse the impact on the supply chain that performance issues can have on major programmes and projects

- Consequential losses resulting from default
- Assessment of damages
- Contractual warranties and conditions
- Specific performance
- Termination clauses

4.4 Assess the implications on the supply chain of the closure of major programmes and projects

- Obtaining client acceptance
- Installing deliverables
- Conducting project audits
- Knowledge management
- Communicating the review, evaluation and learning

**UNIT PURPOSE
AND AIM(S)**

On completion of this unit, candidates will be able to understand legal issues surrounding contracts and relationships developed in their supply chains.

Candidates will gain an understanding of the legal aspects of contracts, competition and employment law that impact on procurement and supply.

Legal aspects in procurement and supply (UK)

1.0 Understand the main legal issues that relate to the formation of relationships in supply chains

1.1 Evaluate the contract formation process between suppliers and purchasers

- Legal issues relating to the formation of contract: invitations to treat/negotiate, offers, acceptance, consideration, intention and capacity to contract
- Precedence of legal terms that apply in contracts
- Econtracts
- The Vienna Convention on Contracts for the International Sales of Goods

1.2 Evaluate the impact of legal agreements on relationships between different parties in supply chains

- The creation of agency
- Rights and obligations of agents and principals
- Bailment in relationships
- Assignment and sub-contracting
- Novation in relationships
- Confidentiality/non-disclosure agreements
- Duress and undue influence
- Misrepresentation
- Mistake
- Negligence
- Bribery and corruption

1.3 Evaluate how the EU Procurement Directives affect the formation of legal relationships in supply chains

- Sectors affected by the Public Contracts Directive and the Utilities Directive
 - Remedies in the public sector and the utilities sector
 - Thresholds and aggregation
 - Procedures for competition
 - The impact of enotices and etendering systems
 - Selection and award criteria
 - Standstill regulations, feedback and award
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2.0 Be able to interpret and apply implied and express contractual terms that impact on procurement and supply

2.1 Review and revise the main express terms that are commonly applied in contracts in procurement and supply

- Defining express terms
- Sources of express terms such as standard contracts of purchase or sale or model form contracts
- The main obligations of purchasers and suppliers/contractors
- Main express terms such as sub-contracting, indemnities and liabilities, defects liability, performance bonds or guarantees, risks and insurance, variations, claims and force majeure
- Exclusion clauses
- The impact of incoterms

2.2 Interpret the main implied terms that relate to contracts in the procurement and supply of goods

- Title
- Description
- Satisfactory quality
- Fitness for purpose
- Sale by sample
- Deliveries of goods
- Transfer of property and risk and retention of title
- Transfer of title

2.3 Interpret the main implied terms that relate to contracts in the procurement and supply of services

- Terms relating to hire contracts and for work and materials
- Main implied terms of title, description, satisfactory quality, fitness for purpose, sale by sample
- Reasonable care and skill
- Reasonable time and price

3.0 Understand the main regulations that impact on procurement and supply

3.1 Critically assess intellectual property rights regulations in contracts in procurement and supply

- Types of intellectual property rights such as copyright, patents, trademarks, design rights
- Background and foreground intellectual property
- The law of passing off
- Protection of trade secrets
- Intellectual property crime
- Indemnities for intellectual property
- Contractual provisions for intellectual property

3.2 Analyse employment regulations that impact on procurement and supply

- Transfer of Undertakings and Protection of Employment (TUPE) regulations
- Relevant transfers
- Responsibilities on employers and purchasers
- Remedies for employees
- Redundancy and dismissal
- Discrimination in the workplace
- Restraint of trade
- Regulations affecting agency workers
- International Labour Organisation standards
- UN guiding principles on business and human rights

3.3 Interpret how competition law regulations impact on procurement and supply

- European Union Articles on anti- competitive practices
- Control of cartels, mergers and acquisitions, monopolies and state aid
- Enforcement of competition law
- Sector inquiries
- Free trade agreements
- Codes of practice on competition

4.0 Understand the legal implications of contractual non-performance in procurement and supply

4.1 Analyse the main remedies that apply to the non-performance of contracts in procurement and supply

- Contractual provisions on performance
- Clauses for default
- Penalties, liquidated damages and unliquidated damages
- Assessment of consequential loss
- Service credits
- Serving notices

4.2 Evaluate the legal consequences of terminating a relationship in procurement and supply

- Assessment of damages
- Contractual warranties and conditions
- Specific performance
- Termination clauses

4.3 Analyse the main mechanisms for dispute resolution for resolving conflicts in procurement and supply

- Mechanisms for dispute resolution: negotiation, alternative dispute resolution (ADR), adjudication, arbitration and litigation
- Involving lawyers

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