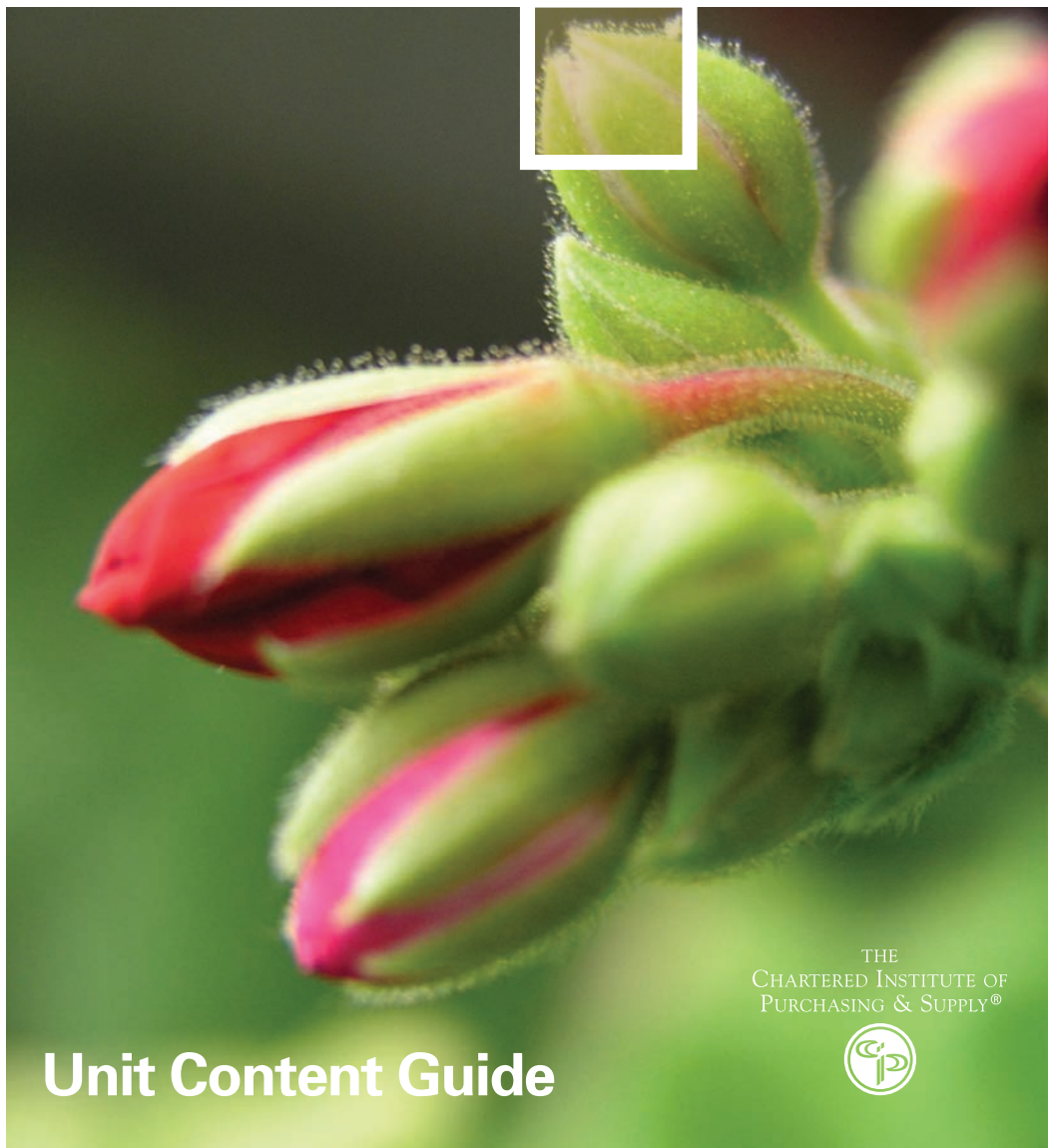


CIPS Level 2

Introductory Certificate
in Purchasing and Supply



THE
CHARTERED INSTITUTE OF
PURCHASING & SUPPLY®



Unit Content Guide

The elements

The Introductory Certificate consists of four elements, each of which has clear learning objectives:

Element 1 - The role and scope of purchasing

Element 2 - Systems and procedures in purchasing

Element 3 - Working with suppliers

Element 4 - The importance of purchasing contracts

The unit content includes a wide range of topics to reflect the range and scope of the purchasing function. However,

by the short nature of the Introductory Certificate, coverage will be limited to an introduction to and explanation of the concepts, rather than detailed analysis and application.

Students are expected to learn the terminology used in purchasing. The use of theoretical concepts will be minimal and practical aspects of the purchasing role will be stressed.

Introductory Certificate in Purchasing and Supply

Learning objectives and indicative content

ELEMENT 1 • The role and scope of purchasing

(Weighting 25%)

1.0 To demonstrate an understanding of the different contexts in which purchasing activities take place.

- The organisation as part of a chain of supply to satisfy an end customer
- The changing world of business/external influences on the organisation:
 - *competition/globalisation*
 - *customer expectations*
 - *technology*
 - *environmental awareness*
 - *legislation*
- What is 'purchasing'?
 - *how purchasing relates to other parts of the organisation*
- Purchasing in different sectors:
 - *public/private/product/services*

2.0 To describe the elements of the generic purchasing cycle and recognise its importance.

- The generic purchasing cycle:
 - *identification of need*
 - *specification*
 - *identification of source(s)*
 - *source selection*
 - *agreeing the contract/raising the purchase orders*
 - *managing the supply contract*
 - *receiving the supply*
 - *payment*
 - *reviewing the cycle*

3.0 To identify how effective purchasing contributes to the profitability and competitiveness of the organisation.

- Objectives for purchasing:
 - *contributing to profitability and service*
 - *the 'five rights'*

4.0 To recognise that varying approaches may need to be taken towards different classes of purchase.

- Identifying stakeholders:
 - *the internal customer*
 - *suppliers as a stakeholder*
- Different types of purchase:
 - *direct/indirect purchases/MRO/services/capital equipment*

ELEMENT 2 • Systems and procedures in purchasing

(Weighting 25%)

1.0 To identify the basic documents and records used in the purchasing process.

- Documents used in the purchasing cycle – their purpose and use:
 - *requisition, 'enquiry', purchase order, acknowledgement, delivery note, goods received note, invoice*
 - *consequences of not following basic processes*
- Role of IT systems in purchasing records:
 - *record keeping (purchase ledger/supplier database/stock records)*

Learning outcomes

On completion of this qualification, students will be able to:

- Use confidently the language and terminology used by professional purchasers
- Demonstrate knowledge and understanding of the purchasing process
- Explain the contribution of purchasing to achieving organisational objectives
- Interpret a range of information found in typical purchasing situations
- Accept greater responsibility for sourcing decisions within timescales and organisational frameworks
- Make credible assessments of the tactical options available within a defined purchasing process.

2.0 To demonstrate an understanding of the issues in holding stock.

- Buying stock:
 - *what is stock?*
 - *the purposes and cost of holding stock*
 - *basic stock control systems (re-order level versus periodic review)*

3.0 To explain how purchase needs are established and communicated.

- Specifications:
 - *their purpose*
 - *usual types of specification (brand/functional/technical/standards)*
 - *characteristics of a 'good' specification*

4.0 To explain how quotations from suppliers are obtained and analysed in order to ensure that requirements are met.

- Obtaining quotations from suppliers:
 - *informal enquiries versus formal tenders*
- What to analyse in quotations:
 - *technical offer/delivery/price and pricing approaches/exclusions (eg transport) / payment/terms and conditions/service/validity*
 - *the need for a simple comparative analysis chart*
- Role of IT systems in purchasing:
 - *e-procurement - what is it?*

5.0 To identify potential problems during the purchasing cycle.

- Dealing with supply problems:
 - *internal problems (unclear specs/failing to order in time)*
 - *external problems (rejects/late delivery)*
 - *expediting supplies*

ELEMENT 3 • Working with suppliers

(Weighting 25%)

1.0 To demonstrate an understanding of the different reasons for working and dealing with suppliers.

- The criteria to assess of the supplier:
 - *financial stability/quality/technical capability/capacity etc*
 - *the process of assessing a supplier*

2.0 To explain the different approaches that can be adopted in sourcing supplies.

- Finding suppliers:
 - *types of supply channel (manufacturers/distributors/wholesalers/agents/brokers)*
 - *information sources (exhibitions/internet/catalogues/trade journals)*
- Communicating with suppliers:
 - *the need for clear communications*
 - *methods of communication*

3.0 To understand the importance of negotiating with suppliers and to explain the different approaches to negotiating.

- Negotiating with suppliers:
 - *defining 'negotiation'*
 - *negotiation objectives*
 - *an introduction to the negotiation process*



4.0 To assist with the ongoing supplier relationships.

- Developing the relationship:
 - *when is a longer term relationship appropriate?*
 - *characteristics and responsibilities of relationships*
 - *dealing with problem suppliers (Supplier Perception Matrix)*
- The international dimension:
 - *reasons for overseas sourcing*
 - *issues in overseas sourcing (culture and practices)*
- Ethics in purchasing:
 - *CIPS Ethical Code*

ELEMENT 4 • The importance of purchasing contracts
(Weighting 25%)

1.0 To explain the legal framework within which purchasing operates in the UK.

- Differences between criminal and civil law
 - *restitution not punishment*
 - *precedent and statute*

2.0 To understand the meaning of the term 'contract' and to explain why a contract is important.

- Defining the term 'contract' and establish the reasons why contracts are important:
 - *definitions*
 - *forms of contract (standard terms/specific contracts/model contracts)*

3.0 To determine how the contract is formed and explain the key elements of a valid contract.

- Contract formation:
 - *essentials of a valid contract (intention/agreement/consideration)*
 - *offer versus invitation to treat*

4.0 To describe the different terms and conditions associated with purchase contracts.

- Impact of legislation:
 - *Sale of Goods Act 1979 (as amended)*
 - *standard terms and conditions of contract*
 - *express versus implied terms*
 - *consider the role of some typical standard terms*

5.0 To explain the consequences of a breach of contract.

- Remedies for breach of contract:
 - *typical breaches of contract and consequences of the breach*
 - *conditions and warranties (cancellation and damages)*
 - *other forms of dispute resolution (arbitration/adjudication)*

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