1. Understand options for sourcing requirements from suppliers
   1.1. Identify the sourcing process in relation to procurement
      a. Definition of sourcing and outsourcing
         • Definition of sourcing
         • Sourcing process
            – Novak and Simco’s 11 stages
            – CIPS Procurement cycle
         • Differentiate tactical sourcing and strategic sourcing
         • Definition of outsourcing
      b. Make or buy decisions
         • Factors to consider making or buying
         • Advantages and disadvantages of make decision
         • Advantages and disadvantages of buy decision
      c. Sourcing costs and benefits of outsourcing
         • Kraljic’s matrix: categorise products and services
         • Costs of sourcing
      d. Outsourcing non-core/core work and services
         • Barnes outsourcing matrix
         • Typical functions being outsourced
         • Definition of insourcing
      e. Supplier pre-qualification, supplier appraisal
         • Definition of pre-qualification & supplier appraisal
         • Pre-qualification questionnaire:
            – Typical criteria
            – Carter’s 10 Cs
         • Supplier appraisal
            – Typical activities
            – When to undertake
            – Risks of unqualified supplier
      f. Vendor or supplier performance management
         • KPI
         • SLA
      g. Risks in outsourcing
      h. Market development and growth of outsourcing
i. Regulations affecting employees’ terms of employment: Transfer of Undertaking (Protection of Employment) Act

1.2. Differentiate between approaches to the sourcing of requirements from suppliers

   a. Single, dual, and multiple sourcing arrangements
      • Definitions
      • Advantages and disadvantages of each arrangement

   b. Tendering processes
      • Stages of a typical tendering process
      • Open tendering process
         – When to use
         – Steps of open tendering processes
      • Restricted tendering process
         – When to use
         – Steps of restricted tendering processes
      • Negotiated tendering
         – When to use
         – Steps of negotiated tendering processes

   c. Negotiations with suppliers
      • Conflict management styles
      • Stages of negotiation with supplier

   d. Intra-company trading and transfer pricing arrangement
      • Centralised and decentralised (devolved) procurement
      • Definition of intra-company trading
      • Transfer pricing:
         – Purposes
         – Advantages
         – Disadvantages

   e. Implications of international sourcing
      • Benefits
      • Risks

1.3. Define selection criteria that can be commonly applied when sourcing requirements from external suppliers

   a. Typical criteria in pre-qualification questionnaire
      • Quality assurance
      • Environmental and social responsibility
- Technical capabilities
- Systems capabilities
- Labour standards
- Financial capabilities
- Credit point

b. The importance of supplier financial stability and due diligence checks
- Risks of selecting financially unstable supplier
c. Ratio analysis
- How financial information is shown in supplier’s financial statements:
  - Income and loss statement
  - Cash flow statement
  - Balance sheet
- Profitability ratios:
  - Typical ratios: gross profit margin, operating profit margin, net profit margin, EBITDA, etc.
  - Formulae of those ratios
  - Implications of profitability ratios
- Liquidity ratios:
  - Typical ratios: current ratio, quick ratio, cash flow ratio, etc.
  - Formulae of those ratios
  - Implications of liquidity ratios
- Gearing ratio
  - Formulae of gearing
  - Implications of gearing
- ROI ratio:
  - Formulae of gearing
  - Implications of gearing
- Limitations of ratio analysis

1.4. Define award criteria that be commonly applied when sourcing requirements from external suppliers

a. Typical award criteria
- Price
- Total life-cycle cost
• Technical merit
• Added value solutions
• System and resources

b. Balancing commercial and technical criteria
• Classification criteria into commercial and technical group
• Method of assessment: weighted evaluation matrix

2. 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 affect the sourcing of requirements from external suppliers
   a. Pareto analysis/ABC analysis
   b. Economic indices
   c. Primary data
   d. Secondary data
   e. Commodity pricing
   f. Analysing potential sales
   g. Financial reports
   h. Credit rating information

2.2. Identify the key processes used for obtaining quotations and tenders
   a. Advertising requirements
   b. Request for information or quotations
   c. The operations of tendering
   d. Formalised arrangements for tendering
   e. Decision criteria for tendering

2.3. Identify the criteria that can commonly apply to the assessment of quotations or tenders
   a. Assessment of suppliers’ proposals
   b. The use of weighted point systems for assessment
   c. Recommending sources of supply: single, dual, or multiple
   d. Financial statements
      • Profit and loss account
      • Balance sheet
      • Cash flow statement
   e. Profitability ratios, liquidity ratios, gearing and investment
      • Profitability ratios:
         – Typical ratios
         – How to calculate
implications

- Liquidity ratios
  - Typical ratios
  - How to calculate
  - Implications

- Gearing
  - How to calculate
  - Implications

- Investment ratios:
  - Typical ratios
  - How to calculate
  - Implications

f. Limitations of ratio analysis
g. Added value

2.4. Analyse how electronic systems can be used to help the sourcing of requirements from external suppliers
   a. E-requisition
   b. E-catalogue
   c. E-auction
   d. E-tender

3. **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
      a. Competitive tendering in each sector
      b. Key regulations in every sector:
         - Data protection
         - Ethical practice
         - Health, safety and environment and worker’s right
         - Marketplace competition
         - Product safety standard
      c. Public sector sourcing
         - Objectives and challenges
         - Key regulations in UK and EU
         - Timescale of tendering processes
      d. Private sector sourcing
• Objectives and challenges
e. Not-for-profit sector sourcing
  • Objectives and challenges
  • Other regulations regarding non-for-profit sector

3.2. Compare the key legislative, regulatory, and organisational requirements when sourcing from international suppliers
  a. Trade blocs and economic integrations
  • Types of trade blocs
    – Free trade areas
    – Custom unions
    – Common market (or single market)
  • Examples of trade blocs around the world
  • Advantages and disadvantages of international trade
  b. Introductions on the World Trade Organisation (WTO)
  c. Import documentation in EU
  • T1 document
  • Import/Export license
  • Single Administrative Document
  • Computerized Transit System
  • Customers Declaration service
d. Duties, tariff, quotas, and other barriers to international trade
e. Incoterms (CIPS questions about Incoterms 2010)
  • Definitions
  • Benefits of using Incoterms
  • Classifications of Incoterms:
    – E, F, C, D terms
    – Incoterms applied to all mode of transportation and
      Incoterms applied to transport over water
  • Descriptions of each Incoterms: EXW, FCA, CPT, CIP, DAP, DAT, DDP, FAS, FOB, CFR, CIF
  f. Payment mechanism
  • Open account
  • Term draft
  • Sight draft
  • Letter of credit
  • Cash in advance
g. Impact of currency in sourcing
   • Currency fluctuation
   • Mitigate against currency fluctuation

4. Understand ethical and responsible sourcing
   4.1. Describe the impact of international ethical standards on procurement and supply
      a. Corruption and bribery
         • Definitions of corruption and bribery
         • Corruption perception index
         • Consequences of bribery and corruption
         • How to mitigate the risks of corruption and bribery in procurement
      b. Fraud
         • Definition
         • Types of fraud
         • How to mitigate the risks of fraud in procurement
      c. Human rights
         • Definition
         • Typical human rights
         • Typical human right conventions/statute
         • Implications of human rights on procurement
      d. Modern slavery
         • Definition
         • Signs of modern slavery in supply chain
         • Implications of modern slavery in procurement and supply

4.2. Identify practices that support ethical procurement
   a. CIPS Code of Conduct
   b. Other ethical codes of practice
      • Professional level
      • Sector level
      • Company level
   c. Pre-qualification questionnaire and assessment criteria
      • Embedding ethical and environmental standards into PQQ and assessment criteria
   d. Due diligence
4.3. Compare the use of audits and other feedback mechanisms to evaluate ethical standards in the workplace
   a. Typical processes that promote commitment to ethical practice
   b. How to carry out an audit
      • Definition of auditing
      • Audit preparation
      • Audit planning
      • Notify supplier before conducting audit?
      • Audit execution
   c. Post-audit dialogue with supplier
   d. Remedial actions
   e. Conflict of interests
      • Definition
      • Typical situation

4.4. Contrast processes and practices that the organisation could adopt to meet the requirements of Corporate Social Responsibility (CSR)
   a. The triple bottom lines
   b. Sustainable procurement
   c. Level of social impacts of an organization

If you need to check your skills, use my practice tests as your reference:

6. L4M7: https://www.udemy.com/course/level-4-diploma-whole-life-asset-management-l4m7/?referralCode=C95CAF196D8460C1A86F