

L4M6 Summarised Note

1. The dynamics of relationships in supply chains

1.1. Differentiate between different types of commercial relationships in supply chains

- a. Internal and external relationship:
 - What is internal relationship
 - What is external relationship
 - Advantages and disadvantages of each type of relationships
- b. The relationship spectrum
 - Types of relationships on the spectrum: adversarial, arm's length, transactional, closer tactical, single sourcing, outsourcing, strategic alliance, partnership, and co-destiny
 - Typical characteristics of these relationship types
 - When to use these relationship types
- c. The relationship life cycle
 - On-boarding: what buyer does at this stage
 - Qualification: what buyer does at this stage
 - Segmentation and risk assessment: what buyer do
 - Performance management: what buyer does
 - Development and innovation: what buyer do
 - Phase out: what buyer does

1.2. Appraise portfolio analysis techniques to assess relationship in supply chains

- a. Matrices to identify supply, supplier, and purchaser positioning
 - Pareto analysis
 - 80/20 rule
 - ABC analysis
 - Kraljic's model
 - What is profit impact/importance of a product/service
 - What is supply risk/complexity of a product/service
 - The four quadrants of Kraljic's model: Non-critical, Leverage, Bottleneck and Strategic
 - Possible strategies applied to each quadrant
 - Advantages and disadvantages of Kraljic's model
- b. Develop value-adding relationships with strategic suppliers
 - Supplier preferencing matrix
 - What is relative value of a business
 - What is attractiveness of a business

- The four quadrants of supplier preferencing model: Nuisance, Exploit, Development, Core
- Possible actions that supplier may take
- Advantages and disadvantages of supplier preferencing model

- Market management matrix

- How to combine Kraljic's model with supplier preferencing model

- c. Development of action plans

- Select the right type of relationship to develop with each supplier
- How to improve buyer's attractiveness

1.3. Identify the competitive forces that impact on relationships in supply chains

- a. Sources of competitive advantages

- Cost leaderships: typical attributes
- Differentiation: typical attributes
- Focus: cost focus, differentiation focus
- Roles of procurement in each competitive strategy
- The value chain: primary and secondary/support activities

- b. Porter's Five Forces

- Rivalry among existing competitors
 - Types of market: perfect competition, monopolistic competition, oligopoly, monopoly
 - Relative power between buyer and supplier in each type of market
- Threat of new entrants: which factors may influence
- Threat of substitute product or services: influencing factors
- Power of suppliers: influencing factors
- Power of buyers: influencing factors

- c. STEEPLE analysis

- Factors in STEEPLE analysis: social, technological, economic, environment, political, legislative, and ethical

1.4. Compare the sources of added value that can be achieved through supply chain relationships

- a. The link between relationships as a process and the achievement of added value outcomes

- Added values of good relationship
- Return on relationship investment

b. Sources of added value: pricing and cost management, improving quality, timescales, quantities, and place considerations in procurements from external suppliers

- Pricing and cost management: How to manage cost and price through the following:
 - Specification development
 - Competitive tender, remember the importance of whole life cost and the use of open book costing
 - E-sourcing
 - Post-tender negotiations
 - Contract management
 - Improving quality
 - The use of conformance and performance specifications
 - Process of quality management: quality planning, quality control, quality assurance, quality improvement
 - Value analysis/value engineering
 - Timescales: the need for delivery on time
 - Quantities
 - Reason for holding/not holding stock
 - Costs of inventories
 - What is just-in-time method, vendor managed inventory method, consignment stock
 - Risks of implementing just-in-time
 - Place considerations
- c. The link between organisation in supply networks
- Lean and agile supply chain
 - Concept of total quality management

2. Understanding processes and procedures for successful working with stakeholders

2.1. Analyse the purpose of organisational procedures and processes in sourcing goods and/or services

a. Achieving value for money

- What is value for money
- Which factors are considered in value for money?
- Procurement procedures and processes
 - Typical processes
 - Financial thresholds
 - The use of competition and negotiation in the procurement processes and procedures

- Simplified procurement cycle
 - Understand the need: make or buy decision, value mapping and waste elimination
 - Review the market
 - Develop strategy
 - Contract management
- b. Supplier identification, assessment, and selection
 - Supplier identification
 - In private sector
 - In public sector: UK and EU
 - Supplier assessment stage, pre-qualification, and selection
 - In private sector: the use of RFI
 - In public sector: the use of PQQ
- c. Award stage – selection and awarding criteria
 - In private sector:
 - The weighted criteria
 - When cost or quality has the most weigh
 - In public sector:
 - Five procedures: open tender, restricted tender, competitive procedure, competitive dialogue, innovative partnership
 - Most economically advantageous tender

2.2. Compare team management techniques to ensure positive stakeholder relationships

- a. Positive relationships through positive contributions
 - Stakeholder mapping
 - Mendelow's theory
 - Quadrant in Mendelow's matrix
 - Advantages and disadvantages of Mendelow's matrix
- b. Overcoming resistance
 - Overcoming resistance matrix
 - Drivers of resistance
 - Kubler-Ross change curve
- c. Identifying conflict and coping processes
 - Force field analysis
 - Thomas-Kilmann model
- d. Cross-organisational team
 - When to use cross-organisational team
 - Advantages of cross-organisational team
 - Who attends the cross-organisational team?

e. Stages of team development – forming, storming, norming, performing

- What typically happen in each stage
- What cause a team not working together?

2.3. Compare the practical considerations of stakeholder management

a. Accurate cost modelling

- What is cost modelling
- When to use cost modelling
- The five principles of cost modelling
- How to increase the accuracy of cost modelling

b. Reduce impact of price fluctuations

- Reasons for price fluctuations
- Techniques for risk mitigation

c. Early supplier involvement

- Definition
- ESI objectives
- Who is involved in ESI?
- Levels of ESI: None, White box, Grey box, Black box
- Factors to be considered to ensure the success of ESI
- Benefits and risks of ESI

d. Knowledge transfer and access to innovation

- Definition
- Benefits and risks
- Barriers for supplier

e. Common metrics to drive change for both organisations

- Differences between traditional KPIs and relationship based KPIs
- Typical relationship based KPIs
- Process for measuring relationship based KPIs

f. Improving risk management and continuity of supply

- Key stages of business continuity systems
- Key areas to review
- Benefits and risks of risk mitigation

2.4. Identify the process for terminating stakeholder relationships

a. Reasons for termination

b. The process of termination

- Identify performance issues and contract management
- Obtain business approval to terminate
- Develop exit strategy
- Review market and qualify new supplier

- Give written notice of termination
- Manage exit and new supplier on-boarding
- c. Relationship impacts – amicable v. hostile
 - Dispute resolution
- d. Legal considerations
 - Finances
 - Confidentiality
 - Intellectual property rights
 - Security
 - Employee rights
- e. Succession issues – continuity of supply

3. Understanding the concept of partnering

- 3.1. Analyse the concept of partnering and where it is a suitable approach
 - a. The three types of partnering
 - b. Partnering versus ‘traditional’ contracting agreements
 - Early supplier involvement
 - No tender process or win-lose negotiations
 - Shared costs and benefits
 - Greater levels of information sharing and transparency
 - Joint performance measurement
 - No defined end periods
 - Less contractual
 - c. The drivers for partnership sourcing
 - Typical drivers for partnership sourcing
 - The relationship between drivers, facilitators, and type of partnership
 - d. Advantages and disadvantages of partnership relationship
 - Advantages and disadvantages for both parties
 - Advantages and disadvantages for buyer
 - Advantages and disadvantages for supplier
 - e. High spends
 - f. High risk
 - g. Technically complicated supplies
 - h. New services
 - i. Fast-changing technologies
 - j. Restricted market
- 3.2. Appraise the process of partnership implementation
 - a. Identify items potentially suitable for partnership sourcing
 - b. ‘Sell’ the philosophy to senior management and other functions of the organisation

- Sell the idea to senior management
 - Sell the idea to the wider organisation
 - Sell the idea to potential partner
 - Processes that support selling the philosophy
- c. Define the standard that potential partners will be expected to meet
- Commitment to total quality management
 - Ability to apply the just in time method
 - Ability to provide supplies locally and/or globally
 - Willingness to take part in innovation programme
 - Flexibility management
 - Behaviours
- d. Establish joint commitment to the partnership
- Communication
 - Contractual commitment and partnership governance
 - Driving commitment and allocation of resources from top down
 - Joint objective setting
 - Joint planning and decision making
 - Benefits and resource allocation
 - Quick wins
- e. Reviews and audit
- Who is responsible for reviewing the partnership?
 - Content for revision
 - Project audit

3.3. Identify the reasons why partnership fail

- a. Poor communication
- Standards for effective communication
 - Barriers to communication
- b. Lack of senior management support and trust
- Lack of senior management support
 - Lack of trust
- c. Lack of commitment
- Signs of lack of commitment
 - Reasons for lack of commitment
- d. Poor planning
- Correct plan for partnership sourcing
- e. Lack of value-added benefits
- Reasons for lack of value-added benefits
- f. Changes in the market
- Changes in competition

- Changes in external factors
- g. Corporate cultural differences
 - Typical culture types
 - Why cultural differences may lead to partnership failures
- h. Logistics and distance barriers
 - Logistics
 - Distance barriers

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

1. **L4M1:** <https://en.evocurement.edu.vn/product-category/evocurement/l4m1-practice-tests/>
2. **L4M2:** <https://www.udemy.com/course/cips-diploma-l4m2-practice-test/?referralCode=D6857E569E583169D7E6>
3. **L4M3:** <https://www.udemy.com/course/cips-diploma-practice-test-commercial-contracting/?referralCode=A5F71CD5C684538996EB>
4. **L4M4:** <https://www.udemy.com/course/cips-diploma-practice-test-ethical-responsible-sourcing/?referralCode=00CB8A48071CD88E9BE8>
5. **L4M5:** <https://www.udemy.com/course/cips-practice-test-commercial-negotiation/?referralCode=919D1BDB285AFA4CB55A>
6. **L4M6:** <https://www.udemy.com/course/cips-diploma-practice-test-supplier-relationships/?referralCode=76AF6ECB83302BBF245F>
7. **L4M7:** <https://www.udemy.com/course/level-4-diploma-whole-life-asset-management-l4m7/?referralCode=C95CAF196D8460C1A86F>
8. **L4M8:** <https://en.evocurement.edu.vn/product-category/evocurement/l4m8-practice-tests/>