



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC513 Conduct demand and procurement spend analysis

Release 1

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Modification History

Release	TP Version	Comments
1	PSP12V1	Primary release.

Unit Descriptor

This unit covers managing demand and procurement spend within an organisation.

This is fundamental to any organisation in dealing with fluctuations in demand, maximising available resource, meeting stakeholder needs, ensuring efficient procurement process and controlling cost. Demand and spend management is based on balancing the needs of customers, especially in changing circumstances, with the capacity of the market to deliver, whilst still achieving sound financial management within the organisation. Effective demand and spend management is reliant on accurate analysis of client needs and market capability, closely integrated with planning and management of cost and cash flow. Causal links must be identified and managed to ensure the proper management of demand and spend.

In practice demand and spend management should be integrated throughout the organisation's strategic, corporate and budget planning. The process will also be specifically impacted by procurement plans, legislation, regulation, policy and procedures. Broader government policy and government to government agreements may also impact.

Analysis of relevant markets and the identification and incorporation of market information into the planning processes is an essential element.

Consideration and incorporation of Corporate Social Responsibility (CSR) principles, sustainment and environmental issues are also essential.

No licensing, legislative, regulatory or certification requirements apply to this unit.

Application of the Unit

The unit applies to those engaged in specialist procurement and contracting roles and is equally applicable to those in broader logistics roles.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the performance needed to demonstrate the achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the range statement. Assessment of performance is to be consistent with evidence guide.

Elements and Performance Criteria

- | 1) ELEMENT | 2) PERFORMANCE CRITERIA |
|---|--|
| <p>1. Collect and analyse demand and procurement spend data</p> | <p>1.1 Identify and analyse <i>demand patterns</i> (organisational consumption), using a range of <i>data sources</i> and using appropriate breakdowns such as by category, region or time period.</p> <p>1.2 Identify and analyse <i>procurement spend</i> data, using a range of data sources and using appropriate breakdowns such as by category, region or time period.</p> <p>1.3 Establish and analyse the relationship between <i>demand, consumption</i> and procurement spend and assess business complexity of the buying organisation based on this analysis.</p> <p>1.4 Develop product usage profiles and organisational spend profiles.</p> <p>1.5 Establish <i>causal links</i> for demand and spend patterns through engagement with <i>internal stakeholders</i> and analysis of data.</p> <p>1.6 Map and analyse processes involved across the whole <i>procurement life cycle</i> to identify potential for efficiencies and improved data gathering.</p> <p>1.7 Review organisational policies and processes for procurement, asset management and budget, assess the impact of these on demand/spend and make recommendations to improve management of demand.</p> |
| <p>2. Develop and implement demand/spend management strategy</p> | <p>2.1 Develop and implement effective <i>communication strategies</i> to engage internal stakeholders, <i>external and market stakeholders</i>.</p> <p>2.2 Develop and implement outcome based demand /spend management processes across the procurement life cycle.</p> <p>2.3 Identify and use <i>appropriate systems</i> to support procurement and financial processes.</p> <p>2.4 Develop and implement processes to control and <i>manage the demand</i> for particular goods and services according to <i>influencing factors</i>.</p> <p>2.5 Identify <i>staff skills</i> and training and development opportunities related to demand/procurement spend management and incorporate these into professional development plans.</p> <p>2.6 Develop outcome based, transparent and manageable <i>performance metrics</i> to ensure <i>best practice</i> is achieved, whilst satisfying organisational needs.</p> |
| <p>3. Manage demand/spend risks and opportunities</p> | <p>Review and analyse the <i>market profile</i>, including opportunities to influence or develop the market.</p> <p>Identify and assess <i>market dynamics</i> including market cycles, product life cycles and growth/decline.</p> |

1) ELEMENT**2) PERFORMANCE CRITERIA**

Assess realistically the desirability and practicality of ongoing *market development* and undertake market development activities where these are appropriate.

Identify and consider *opportunities and risks* associated with managing demand and procurement spend.

3)

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

- communication skills to:
 - consult and negotiate with the market place, contractors and stakeholders
 - network, within probity boundaries, with the market place, contractors and stakeholders
 - develop a business case
 - develop plans
 - interpret complex documents, such as contracts, legislation and policy guidelines
 - provide feedback
- research skills to:
 - gather and analyse organisational data to build demand and spend profiles
 - gather and analyse market data
 - gather and analyse stakeholder requirements
 - review and apply legislative, regulatory and policy requirements
 - identify, analyse and predict trends
- change management skills to:
 - plan, monitor and implement change management strategies
 - garner support from management
 - promote change within the organisation
 - measure and monitor performance
 - maintain momentum
 - celebrate success
- teamwork skills to:
 - model effective team management approaches
 - respond to diversity
 - respond to and manage issues that arise
- initiative and enterprise skills to:
 - apply the content of complex documents such as contracts, legislation and policy guidelines
 - ensure compliance with legislative and mandated policy requirements including OH&S and environmental obligations, sustainability and corporate social responsibility (CSR) practices and principles in the context of planning procurement and sourcing outcomes
 - apply complex government policy and inter-governmental agreements
 - interrogate corporate systems, such as Financial Management Information System (FMIS) or asset management system to obtain data
 - analyse complex supply chains to identify risk, vulnerability and opportunity

This section describes the skills and knowledge required for this unit.

- interpret market reaction
- develop effective performance measurement metrics
- planning and organising skills to:
 - undertake research and business analysis
 - plan procurement processes in alignment with business and organisational goals
 - document procurement planning decisions and expected outcomes
 - manage and update procurement plans and sub-plans in line with strategic plans and budgets
 - apply complex strategies to development of strategic plans, including corporate, budget and procurement plans and sub plans
 - contribute to strategic and risk planning
- learning and development skills to:
 - stay abreast of best practice models relevant to procurement, contracting, logistics and enterprise market management
 - remain current with legislation, regulation, policy and government agreements
- technological skills to:
 - understand systems architecture
 - identify needs from ERPs
 - exploit organisational ERPs
 - develop and manage electronic commerce
 - exploit market opportunities and initiatives in electronic commerce

Required knowledge

- Commonwealth, state and/or territory, or local government legislation, regulation, policies, practices, procedures and guidelines in relation to:
 - procurement
 - financial management
 - public sector obligations (e.g. Codes of Conduct)
 - consumer law
 - OH&S
 - social policy
 - other relevant topics
- international treaties relevant to trade and procurement practices
- government and inter-governmental policy and agreements in relation to procurement practices
- principles and practices associated with Corporate Social Responsibility (CSR) principles, sustainability and environmental issues as applicable to procurement and market behaviours
- complex and strategic planning for a range of outcomes
- research and analysis as applied to complex outcomes, trends and predictions of markets

This section describes the skills and knowledge required for this unit.

and procurement changes

- decision making processes and methodologies
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to procurement decisions
- government procurement environment
- micro and macro-economic issues applicable to market behaviours and the impact of procurement
- legal issues and determinations impacting on procurement
- implications for the organisation and market (suppliers) of key procurement strategies and/or arrangements
- whole of life costing considerations and value for money
- financial, costing and accounting issues relevant to procurement and contracts
- cultural issues relevant to strategic procurement and industry development in specific markets or market sectors
- relationship management
- change management

Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

Competency must be demonstrated in the ability to predict future needs to be procured from the market, based on the analysis of past and current organisational and market data. A clear understanding of commercial and business trends and behaviours is required. Current planning, emerging legislative, regulatory, social, business and market trends must also be assessed in order to predict future market activities. Strategies must be developed to ensure appropriate supply arrangements are in place to meet stakeholder needs under prevailing and future market conditions. These arrangements should optimise the use of resources to deliver outcomes in a more efficient and effective manner.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Assessment must confirm an ability to:

- gather and analyse complex financial, business and market information and develop procurement, market and supplier profiles
- develop and use effective performance metrics related to demand and spend management
- develop and use effective demand and/or spend management strategies to achieve objectives
- identify and apply the people skills relevant to demand and spend management
- identify and interpret complex legislation, regulation, policy, including international treaties, principles of CSR, sustainability, environmental and social trends
- contribute to complex planning documents which support core business and organisational and government outcomes
- assess local and international markets, identify trends and develop strategies to ensure organisational market placement necessary to meet future needs
- ensure stakeholders' needs are met whilst optimising organisational resources
- contribute to and implement demand and spend management strategies and processes within an organisation based on analysis of demand and spend patterns
- consider both qualitative and quantitative factors in reaching decisions or recommendations

Consistency in performance

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Competency must be demonstrated by providing evidence of undertaking a range of relevant work tasks in an actual or simulated procurement environment on a least two separate occasions.

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Context of and specific resources for assessment

This unit of competency is to be assessed in the workplace or a simulated workplace environment.

Participants may need to access:

- sample data on finance, procurement and markets to analyse and then to build recommendations
- corporate planning documents including strategic procurement, finance, technology, logistics and human capital planning
- relevant legislation
- current details relevant to CSR, sustainability, environment and social legislation, trends and expectations
- relevant market information
- workplace scenarios and case studies relating to organisational expectations for future and strategic development of core business
- emerging market and/or commercial trends, such as PPP, strategic alliance, e commerce, holistic service solution, engaging the corporate sector to deliver on behalf of or instead of government

Case studies that incorporate challenges on which to develop strategies to deal with future sourcing of goods and/or services and the methods that may need to be employed to secure future requirements.

Method of assessment

Suggested assessment methods include:

- questioning to assess understanding of key subject matter areas, such as research, analysis, markets, legislation, planning, decision making, communication and mechanisms to plan and implement demand and spend management
- reviewing strategies and approaches adopted by other government and non-government organisations to manage demand and spend
- reviewing market information, best practice guides, planning documents and strategies, business models and budgets, lobby group predictions, political philosophies and policies, community expectations, technological advancements and other relevant material and develop possible scenarios for future demand and spend management
- preparing written reports evidencing the candidate's review

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- of strategies, market information, market dynamics and other high level documents
- preparing demand and spend management plans, market profiles, demand profiles, procurement spend analysis or other similar documents for demand and spend management
- contributing to and implementing sound demand and spend management strategies based on analysis and reviews
- demonstrating research, communication, consultation and negotiation skills

In all cases, practical assessment should be supported by questions to assess underpinning knowledge and those aspects of competency which are difficult to assess directly. Questioning techniques should suit the language and literacy levels of the candidate, but not compromise the integrity of the assessment.

Guidance information for assessment

Evidence must be gathered over time in a range of contexts to ensure the person can achieve the unit outcome and apply competency in different situations or environments. Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

- PSPETHC501B Promote the values and ethos of public service
- PSPGOV507A Undertake negotiations
- PSPLEGN501B Promote compliance with legislation in the public sector
- PSPOHS501A Monitor and maintain workplace safety
- PSPPROC503B Manage contract performance
- PSPPROC504B Finalise contracts
- PSPPROC505A Manage procurement risk
- PSPPROC506A Plan to manage a contract
- PSPPROC507A Plan for procurement outcomes
- PSPPROC508A Make procurement decisions
- PSPPROC509A Participate in budget and procurement review processes

Range Statement

<p>The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. <i>Bold italicised</i> wording, if uses in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.</p>	
<p><i>Demand patterns</i> may include:</p>	<ul style="list-style-type: none"> • seasonal peaks and troughs • steady usage • rising usage • falling usage • discontinuous or asynchronous usage across time • periodic or irregular usage • once off usage • goods and services that are only used by particular specialists or in particular regions
<p><i>Data sources</i> may include:</p>	<ul style="list-style-type: none"> • financial management information systems (FMIS) such as chart of accounts • tender management and reporting systems (eg Austender) • contract management and reporting systems • HR systems • asset register • maintenance records • external sources such as UNSPC codes, ASIC codes, ABS data
<p><i>Procurement spend</i> may include:</p>	<ul style="list-style-type: none"> • all money actually spent on procurement of goods and services, whether this is by credit card, EFT or other means of payment • money spent on leasing • project or program expenditures on goods and services • grant funding • projected contractual obligations to spend in the future
<p><i>Demand</i> means:</p>	<ul style="list-style-type: none"> • the quantity of a well defined good or service that the organisation is willing to buy during a particular period of time in order to deliver its organisational outcomes
<p><i>Consumption</i> means:</p>	<ul style="list-style-type: none"> • the goods and services actually used up in the delivery of the organisation's outcomes
<p><i>Causal links</i> may include:</p>	<ul style="list-style-type: none"> • seasonal demand • unplanned increase/decrease in activity • associated or indirect activities which impact • need to meet budget • cash flow fluctuations

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- stock holding policy
- unanticipated needs being met
- disaster relief
- business continuity and disaster recovery

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<p><i>Internal stakeholders</i> may include:</p>	<ul style="list-style-type: none"> • procurement and contract management staff • senior management • users of the goods and services • financial management staff • maintenance staff • asset or fleet managers • facilities managers • logisticians, including materiel logisticians • Human Resource Management staff • IT Staff
<p><i>Procurement life cycle</i> is:</p>	<ul style="list-style-type: none"> • A series of steps from identification of need, acquisition processes, contract management through disposal, recycling and/or closure or transition of contract.
<p><i>Communication strategies</i> may include:</p>	<ul style="list-style-type: none"> • consideration of: <ul style="list-style-type: none"> • organisational structure • accessibility • supportability • openness • appropriate technologies • appropriate level • method • probity • sensitivity of material to be communicated • style, tone and level of content
<p><i>External and market stakeholders</i> may include:</p>	<ul style="list-style-type: none"> • contractors • suppliers • industry peak bodies • government • other buyers • general public • users of the goods and services (if these are not internal)
<p><i>Outcome based</i> may be:</p>	<ul style="list-style-type: none"> • focused on what the organisation intends to achieve, not on what the contract is producing (output) • measures of effectiveness
<p><i>Appropriate systems</i> may</p>	<ul style="list-style-type: none"> • consideration of:

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include:

- accuracy
- responsiveness
- capabilities
- capacity
- user friendliness
- integration potential
- supportability
- level of detail of information about procurement spend

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<p><i>Manage the demand</i> means establishing:</p>	<ul style="list-style-type: none"> • criteria for selection of goods and services that can be used • limits on the quantity of particular goods and services that can be procured • universal, whole of organisation or common use contracts
<p><i>Influencing factors</i> may include:</p>	<ul style="list-style-type: none"> • budget available • need to meet a particular timeframe • market 's ability to supply • need to manage stockholdings • technology impacts
<p><i>Staff skills</i> may be:</p>	<ul style="list-style-type: none"> • general work skills (such as communication, use of technology etc) • discipline specific work skills (such as accounting, procurement, IT) • category specific work skills (such as knowledge of travel or office machinery) • qualifications (whether required for legal reasons or because they are beneficial) • competencies
<p><i>Performance metrics</i> may include:</p>	<ul style="list-style-type: none"> • measures of efficiency • measures of effectiveness • leakage from established contracts • specific measures of spend, timeliness, quality • internal measures such as staff turnover • qualitative measures such as ease of dealing with the supplier and nature of the relationship
<p><i>Best practice</i> may include:</p>	<ul style="list-style-type: none"> • techniques, methods, processes, activities, incentives, or rewards which conventional wisdom regards as more effective at delivering a particular outcome than any other techniques, methods, processes, etc when applied to a particular condition or circumstance
<p><i>Market profile</i> may include:</p>	<ul style="list-style-type: none"> • description of the market, including: <ul style="list-style-type: none"> • information about the main buyers of a particular good or service • information about the main sellers of a particular good or service • information about market condition including ability of the market to meet requirements

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	<ul style="list-style-type: none"> • general information about the economy, demographics, trends and other issues impacting on the demand for and supply of this good or service
<p><i>Market dynamics</i> may include:</p>	<ul style="list-style-type: none"> • demand • resource availability • production • lead times • product life cycle
<p><i>Market development</i> may include:</p>	<ul style="list-style-type: none"> • timing procurements to suit the capacity of suppliers • procuring goods and services that have not been procured before • procuring goods and services in innovative ways • spreading procurement needs across a range of suppliers • assisting suppliers to develop the capacity or capability to provide goods and services
<p><i>Opportunities and risks</i> may include:</p>	<ul style="list-style-type: none"> • legislative change • policy • technology • geographical • demographical • supply chain vulnerabilities • cash flow optimisation • stock holdings and inventory management • product and service lead times • extending a product's useful life through refurbishment • early settlement discounts • order consolidation

Unit Sector(s)

Procurement and Contract Management

Custom Content Section

Not applicable.