



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **SIRXINV006A Develop purchasing strategies**

**Revision Number: 2**

## **SIRXINV006A Develop purchasing strategies**

### **Modification History**

The version details of this endorsed unit are in the table below. The latest information is at the top.

<b>Release</b>	<b>Comments</b>
Second Release	Editorial updates

### **Unit Descriptor**

This unit describes the performance outcomes, skills and knowledge required to develop and evaluate the systems, policy and procedures necessary to manage purchasing and procurement activities.

### **Application of the Unit**

This unit applies to personnel who work with businesses in the supply chain that provide products and services required by a business to meet operational and customer requirements.

### **Licensing/Regulatory Information**

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

### **Pre-Requisites**

Nil

### **Employability Skills Information**

This unit contains employability skills.

## Elements and Performance Criteria Pre-Content

### Elements and Performance Criteria

#### Element

#### Performance Criteria

Elements describe the essential outcomes of a unit of competency.

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

1. Manage ongoing performance of purchasing and procurement strategies.

- 1.1. Develop ***policy and procedures*** for management of ***purchasing and procurement activities***.
- 1.2. Develop formal policy and procedures for processing purchases, including ***methods for requesting and receiving supply***.
- 1.3. Establish benchmarks for measuring efficiency of ***purchase systems*** and suppliers of purchased products and services.
- 1.4. Develop ***communication and data exchange systems*** with product and service suppliers.
- 1.5. Devise strategies to maximise efficiency and effectiveness of ***input processes*** to the business.

2. Evaluate existing purchasing systems.

- 2.1. Analyse effectiveness of assets and ***resource management*** within the purchasing system.
- 2.2. Set ***value adding determinants*** for each purchase.
- 2.3. Investigate inconsistencies or non conformance of purchasing with ***legal agreements***.
- 2.4. Investigate and resolve inconsistencies or non conformance of ***purchasing and supply arrangements*** with formal policy and procedures and ***relevant legislation***.

## Required Skills and Knowledge

This section describes the essential skills and knowledge and their level, required for this unit.

### Required skills

- analytical skills to develop strategies to maximise efficiency of input
- literacy skills to use written forms of communication effectively
- interpersonal skills to complete consultation to generate effective purchasing strategies
- planning skills to plan workload with a strong focus on attainment of planned outcomes

### Required knowledge

- relationships with stakeholders and market
- formal policy and procedures in regard to:
  - purchase and supply relationships
  - processing purchases
  - interaction with customers and suppliers
  - resource management
  - quality control
  - Work Health and Safety (WHS)
- benchmarks for efficiency of supplier relationships
- communication and data exchange interfaces with suppliers
- legal relationship arrangements with suppliers to facilitate identification and resolution of problems and enquiries
- relevant legal, administrative and business supply requirements

## Evidence Guide

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

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

Evidence of the following is essential:

- development of purchasing strategies to deliver business outcomes in consultation with suppliers
- effective evaluation and ongoing development of a purchasing strategy
- development and implementation of formal policy and procedures to apply and support legally compliant purchasing strategies within a business.

### **Context of and specific resources for assessment**

Assessment must ensure access to:

- a wholesale or retail work environment
- relevant information and documentation, including:
  - formal policy and procedures
  - relevant legislation and statutory requirements
  - industry codes of practice
  - merchandise and supplier data.

### **Methods of assessment**

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- observation of performance in the workplace
- third-party reports from a supervisor
- a case study
- written or verbal questioning to assess knowledge and understanding
- review of portfolios of evidence and third-party workplace reports of on-the-job performance.

### **Guidance information for assessment**

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

## Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below.

***Policy and procedures*** may relate to:

- purchase and supply relationships
- processing purchases
- interaction with customers and suppliers
- resource management
- quality control.

***Procurement or purchasing activities*** may include:

- requisitions
- tenders
- competitive bids
- production schedules
- electronic data interchange (EDI)
- just in time
- ordering
- bills of materials
- stock and supply agreements.

***Methods for requesting and receiving supply*** may include:

- quotations
- public offers
- contracts
- expressions of interest
- requested proposals
- open or restricted tendering and contracting
- request for proposal
- request for quotation
- request for tender
- request for offer
- direct purchases using existing supply agreements such as standing offers
- common-use arrangements
- direct purchase from retail or wholesale outlets
- e-commerce.

***Purchase systems*** may be:

- manual
- electronic
- automated.

***Communication and data exchange systems*** may include:

- electronic data exchange
- telephone
- fax
- email
- letter

- Input processes*** may include:
- face-to-face.
  - checking and receiving incoming stock
  - processes to report problems with deliveries
  - recording incoming inventory
  - pricing, labelling and storage of inventory
  - quality control policy and procedures.
- Resource management*** may relate to:
- people
  - materials
  - equipment and technology
  - budget
  - time.
- Value adding determinants*** may include:
- appropriateness
  - warranties and post-purchase support
  - price
  - timeliness of supply
  - variation from supply specification
  - supplier relationships.
- Legal agreements*** may relate to:
- licence, patent or copyright arrangements
  - pricing agreements.
- Purchasing and supply arrangements*** may include:
- price
  - quality
  - supply reliability
  - merchandise.
- Relevant legislation*** may include:
- industry codes of practice
  - transport, storage and handling of goods
  - sale of second-hand goods
  - Trade Practices and Fair Trading Acts
  - pricing procedures, including GST requirements.

## **Unit Sector(s)**

Cross-Sector

## **Competency field**

Inventory