



Australian Government

Department of Education, Employment and Workplace Relations

TLIR5006A Develop, implement and review purchasing strategies

Release: 1

TLIR5006A Develop, implement and review purchasing strategies

Modification History

Not Applicable

Unit Descriptor

Unit Descriptor

This unit involves the skills and knowledge required to develop, implement and review an organisation's purchasing strategies. It includes determining, developing and implementing purchasing strategies, evaluating these and implementing improvements. Licensing, legislative, regulatory or certification requirements are applicable to this unit.

Application of the Unit

Application of the Unit

Work may be undertaken in various contexts within the transport and distribution industry.

The unit generally applies to those who provide leadership of others individually or in teams.

This unit is normally packaged at AQF V or above.

Licensing/Regulatory Information

Refer to Unit Descriptor

Pre-Requisites

Not Applicable

Employability Skills Information

Employability Skills 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 required performance needed to demonstrate achievement of the element. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1 Determine purchasing objectives	<p>1.1 Industry benchmarks for purchasing are researched and analysed for suitability to organisation</p> <p>1.2 Organisation's purchasing data and information are analysed</p> <p>1.3 Consultations are undertaken with relevant stakeholders and personnel to inform development of purchasing objectives</p> <p>1.4 Purchasing objectives in line with organisation's goals are drafted</p> <p>1.5 Approval is gained from relevant personnel for purchasing objectives</p>
2 Develop purchasing strategies	<p>2.1 Purchasing strategies are developed, taking into account legal requirements and purchasing objectives</p> <p>2.2 Purchasing criteria include the five rights</p> <p>2.3 Human resource, financial and other plans are developed to implement purchasing strategies</p> <p>2.4 Approval is gained for plans to implement purchasing strategies</p> <p>2.5 Changes resulting from approval process are made to plans and strategies, as required</p>
3 Implement purchasing strategies	<p>3.1 Purchasing strategies are communicated to relevant personnel and stakeholders</p> <p>3.2 Resources needed to implement purchasing strategies are accessed</p> <p>3.3 Support is provided to implement purchasing strategies</p> <p>3.4 Implementation of purchasing strategies by the organisation is monitored</p> <p>3.5 Problems and issues arising during implementation are identified and addressed</p> <p>3.6 Reports are provided to relevant personnel and stakeholders on implementation of purchasing strategies</p>
4 Evaluate purchasing strategies and implement improvements	<p>4.1 Implementation of purchasing strategies is reviewed</p> <p>4.2 Improvements to purchasing strategies are identified from review process</p> <p>4.3 Approval is gained to implement improvements to purchasing strategies</p> <p>4.4 Improvements are communicated to relevant stakeholders and support is provided to implement improvements</p> <p>4.5 Implementation of improvements is monitored and reviewed to determine effectiveness of improvements</p>

Required Skills and Knowledge

REQUIRED KNOWLEDGE AND SKILLS

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

Required knowledge:

- Legislation, codes of practice, national and international standards, for example Trade Practices Act, contract law, sale of goods legislation, and legislation related to the import of goods and services, if relevant
- Occupational health and safety (OH&S) issues relevant to goods and services purchased by the organisation
- Organisation policies and procedures related to purchasing; contracting and tendering; business terms and conditions for purchasing, tendering and contracting; and ethical behaviour
- Product knowledge related to goods and services required by the organisation
- Information about industry benchmarks for purchasing, including information from peak bodies and industry associations and Australian Standards

Required skills:

- Communicate effectively with others when developing, implementing and reviewing purchasing strategies, including consulting and negotiating with stakeholders, using writing skills to document policies and procedures, and supporting staff to implement strategies
- Read and interpret instructions, procedures and information relevant to work activities
- Prepare reports appropriate to the development, implementation and review of purchasing strategies
- Plan and prioritise work activities and research and analyse data
- Develop human resource, financial and other plans when developing, implementing and reviewing purchasing strategies
- Use monitoring, review and evaluation skills when developing, implementing and reviewing purchasing strategies
- Identify and address any problems relating to the development, implementation and review of purchasing strategies
- Adapt appropriately to cultural differences in the workplace, including modes of behaviour and interaction with others

Evidence Guide

EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the

EVIDENCE GUIDE

performance criteria, required knowledge and skills, the range statement and the assessment guidelines for this Training Package.

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| Critical aspects for assessment and evidence required to demonstrate competency in this unit | <ul style="list-style-type: none"> • The evidence required to demonstrate competency in this unit must be relevant to and satisfy all of the requirements of the elements and performance criteria of this unit and include demonstration of applying: <ul style="list-style-type: none"> • the underpinning knowledge and skills • relevant legislation and workplace procedures • other relevant aspects of the range statement |
| Context of and specific resources for assessment | <ul style="list-style-type: none"> • Performance is demonstrated consistently over a period of time and in a suitable range of contexts • Resources for assessment include: <ul style="list-style-type: none"> • a range of relevant exercises, case studies and/or other simulated practical and knowledge assessment, and/or • access to an appropriate range of relevant operational situations in the workplace • In both real and simulated environments, access is required to: <ul style="list-style-type: none"> • relevant and appropriate materials and equipment, and • applicable documentation including workplace procedures, regulations, codes of practice and operation manuals |
| Method of assessment | <ul style="list-style-type: none"> • Assessment of this unit must be undertaken by a registered training organisation • As a minimum, assessment of knowledge must be conducted through appropriate written/oral tests • Practical assessment must occur: <ul style="list-style-type: none"> • through activities in an appropriately simulated environment at the registered training organisation, and/or • in an appropriate range of situations in the workplace |

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work

RANGE STATEMENT

environments and situations that may affect performance.

Relevant stakeholders may include:

- clients and customers
- tenderers, suppliers and contractors

Relevant personnel may include:

- internal users of purchased goods and services
- owner and Board
- CEO, managers, leaders, coordinators, supervisors and other persons authorised to commit the organisation to purchases
- specialist personnel involved in purchasing, asset maintenance and finance

Purchasing strategies include:

- policies, procedures, guidelines and documentation formats for purchasing from suppliers including entities owned by the organisation, partners, alliance members and local and distant suppliers
- criteria for evaluating purchasing performance
- methodology for evaluating purchasing performance
- key performance indicators for purchasing
- different policies, procedures and strategies for different dollar values of purchases
- limits of authority to approve purchases
- requirements for fairness and transparency in purchasing
- organisational and industry codes of conduct and ethics

Legal requirements may include issues in relation to:

- access and equity
- codes of practice
- data collection, storage and retrieval
- ethical conduct and governance
- industrial relations
- insurance
- accreditation, licence, patent and copyright
- operation, maintenance and service of tools, equipment, plant and machinery
- occupational health and safety
- planning
- privacy and confidentiality
- professional development
- standards (Australian and international)
- warranties

The five rights are:

- right supplier
 - due diligence requirements
 - demonstrable expertise and experience

RANGE STATEMENT

- evidence of past legal compliance
 - ethical conduct requirements
 - requirements to use organisations linked by ownership, partnership, alliance or other arrangements
 - right price
 - value-for-money
 - cost/price analysis
 - right quantity:
 - supply guarantees
 - right quality
 - confidentiality and probity requirements
 - measures to manage risk
 - key performance indicators
 - quality accreditation
 - right time
 - supply guarantees
- Resources include:
- human, physical and other resources such as:
 - software systems
 - staff to undertake or assist with purchasing
 - documentation required for purchasing, such as proformas, order forms, standard tender documentation and basic standard contracts
- Further information may include:
- training programs
 - written information including procedures and internet or intranet-based information
 - information sessions and briefings
- Consultative processes may involve:
- other employees and supervisors
 - relevant authorities and institutions
 - management and union representatives
 - industrial relations and OH&S specialists
- Communication in the work area may include:
- phone
 - electronic data interchange (EDI)
 - fax
 - email
 - internet
 - RF systems
 - oral, aural or signed communications
- Depending on the organisation concerned, workplace procedures
- standard operating procedures (SOPs)
 - company procedures

RANGE STATEMENT

may be called:

- enterprise procedures
- organisational procedures
- established procedures

Documentation and records may include:

- relevant workplace policies, procedures and codes of conduct relating to purchasing and business management
- relevant OH&S and environmental protection regulations
- quality assurance procedures
- operations manuals, job specifications and induction documentation

Applicable legislation and regulations may include:

- relevant Australian Standards
- relevant legislation from all levels of government that affects business operation
- relevant industry codes of practice
- Australian and international regulations and codes of practice for the transport of dangerous goods and hazardous substances
- relevant state/territory OH&S and environmental protection legislation
- workplace relations regulations
- award and enterprise agreements and relevant industrial instruments

Unit Sector(s)

Not Applicable

Competency Field

Competency Field

R - Contract Procurement