



**Australian Government**

# **SIRRM007 Negotiate and establish supply arrangements**

**Release: 1**

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## **Modification History**

Not applicable.

## **Application**

This unit describes the performance outcomes, skills and knowledge required to negotiate and formalise agreements with suppliers for the supply of merchandise. It requires the ability to evaluate suppliers, both new and existing, to determine their suitability and establish agreed terms of supply.

This unit applies to senior personnel working in a diverse range of sectors and business contexts. They operate with independence and are responsible for making a range of operational business decisions.

No occupational licensing, certification or specific legislative requirements apply to this unit at the time of publication.

## **Pre-requisite Unit**

Nil

## **Competency Field**

Merchandise Management

## **Unit Sector**

Retail

## **Elements and Performance Criteria**

### **ELEMENTS**

Elements describe the essential outcomes.

1. Evaluate suppliers.

### **PERFORMANCE CRITERIA**

Performance criteria describe the performance needed to demonstrate achievement of the element.

1.1. Access and review relevant merchandise planning documents to determine supply needs and seek any required clarification.

1.2. Develop supplier selection criteria based on organisational supply needs and expectations.

1.3. Access and review supplier evaluation data to assess existing suppliers and determine ability to meet ongoing supply

- needs.
- 1.4. Identify and assess potential new suppliers against supplier selection criteria and determine ability to meet supply needs.
  - 1.5. Assess ethical and sustainability performance of suppliers.
  - 1.6. Shortlist preferred suppliers that meet supplier selection criteria and supply needs.
2. Conduct supplier negotiations.
- 2.1. Prepare for supplier negotiations and determine negotiables, non-negotiables and desired outcomes.
  - 2.2. Communicate purchase and supply specifications to suppliers and ensure mutual understanding.
  - 2.3. Negotiate supplier pricing, trading terms and delivery with preferred suppliers and select suppliers based on supply requirements.
  - 2.4. Negotiate and agree on promotional activity with supplier.
  - 2.5. Develop supplier performance indicators and evaluation criteria and gain supplier agreement.
  - 2.6. Ensure consistent and agreed understanding of negotiation outcomes.
  - 2.7. Ensure negotiations are conducted in a professional manner in the relevant cultural context.
3. Formalise supplier agreements.
- 3.1. Draft supplier contracts in line with organisational policies and procedures and legal requirements.
  - 3.2. Seek advice from relevant personnel to confirm the legality and validity of draft contracts.
  - 3.3. Finalise supplier contracts and obtain approval as required.
  - 3.4. Distribute contracts to suppliers and resolve discrepancies or disagreements to ensure satisfaction of all parties.
  - 3.5. Obtain signed copies of supplier contracts and store according to organisational policies and procedures.
4. Monitor supplier performance.
- 4.1. Review supplier performance against performance indicators and confirm contractual obligations are being met.
  - 4.2. Take prompt corrective action in consultation with supplier where potential or actual problems occur.
  - 4.3. Make any required amendments to contracts.
  - 4.4. Evaluate supplier performance against performance indicators and document in supplier performance report.
  - 4.5. Continuously review alternative options for supply to enhance product supply and improve ethics and sustainability in

supply chain.

## Foundation Skills

Foundation skills essential to performance in this unit, but not explicit in the performance criteria, are listed here, along with a brief context statement.

SKILLS	DESCRIPTION
Reading skills to:	<ul style="list-style-type: none"><li>interpret supplier agreements, conditions and contracts.</li></ul>
Problem-solving skills to:	<ul style="list-style-type: none"><li>anticipate and respond to challenges in the negotiation process.</li></ul>
Technology skills to:	<ul style="list-style-type: none"><li>document and communicate information using digital technologies and systems.</li></ul>

## Unit Mapping Information

No equivalent unit.

## Links

Companion Volume Implementation Guide -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=ca051b1b-5101-4ec2-ac1c-49699303188d>