



Australian Government

Department of Education, Employment and Workplace Relations

BSBPUR502B Manage supplier relationships

Revision Number: 1

BSBPUR502B Manage supplier relationships

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit specifies the outcomes required to manage relationships with suppliers of larger purchases or multiple smaller purchases, where the relationship is of some significance to the organisation. It covers managing purchasing agreements, resolving disagreements with suppliers, finalising agreements, and reviewing the performance of suppliers. No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.
------------------------	---

Application of the Unit

Application of the unit	This unit applies to individuals who manage the relationships with the suppliers to an organisation. The unit is typically undertaken by a senior purchasing officer or purchasing manager. While they may work closely with other staff members in the organisation, they have individual responsibility and autonomy to establish, maintain and develop supplier relationships and resolve any disputes arising with suppliers. Individuals undertaking this unit support the work of other employees in maintaining supplier relationships.
--------------------------------	---

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

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 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.
---	--

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Manage purchasing agreements	1.1. Monitor supplier performance throughout the duration of agreements 1.2. Identify, monitor and manage risks in risk management plans throughout the duration of agreements 1.3. Identify and address potential and actual performance issues 1.4. Negotiate and resolve amendments to agreements as a consequence of addressing performance issues 1.5. Seek and obtain approval for amendments 1.6. Communicate approved amendments to suppliers and relevant personnel
2. Resolve disagreements with suppliers	2.1. Identify and investigate causes of disagreements with suppliers and assess their validity 2.2. Negotiate and resolve disagreements 2.3. Document amendments to agreements as a consequence of the resolution of disagreements 2.4. Seek and obtain approval for amendments 2.5. Communicate approved amendments to suppliers and relevant personnel
3. Finalise agreements	3.1. Confirm all supplier obligations as having been met prior to agreements being finalised 3.2. Finalise purchasing agreements on completion of contract 3.3. Document arrangements to finalise agreements
4. Review performance of suppliers	4.1. Evaluate supplier performance against the requirements of purchasing agreements 4.2. Inform suppliers of evaluation outcomes as required 4.3. Make recommendations about future use of suppliers to relevant personnel

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- communication and negotiation skills to liaise with suppliers and relevant personnel and gain agreement on required performance levels
- culturally appropriate communication skills to relate to people from diverse backgrounds and people with diverse abilities
- literacy skills to write reports containing complex concepts.

Required knowledge

- identification and overview knowledge of key provisions of relevant legislation from all levels of government that affects business operations, codes of practice and national standards, such as:
 - consumer protection legislation
 - contract law
 - import of goods and services, where relevant
 - sale of goods legislation
 - Trade Practices Act
- methodologies to monitor, review and evaluate supplier performance
- organisation's policies and procedures related to:
 - conduct and ethics
 - OHS
 - purchasing
 - tendering and contracting
- product knowledge related to goods and services required by the organisation.

Evidence Guide

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

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

Evidence of the following is essential:

- successfully managed relationships with suppliers over the life of specific purchasing agreements
- resolution of a dispute with a supplier
- finalisation of an agreement with a supplier
- evaluation of supplier performance and formulation of recommendations about future use of supplier.

Context of and specific resources for assessment

Assessment must ensure:

- access to an actual workplace or simulated environment
- access to office equipment and resources
- organisation's purchasing strategies and relevant purchasing records
- access to organisation's policy and procedures for purchasing.

Method of assessment

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

- analysis of responses to case studies and scenarios
- direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate
- observation of actions taken to resolve disagreements with suppliers
- oral or written questioning to assess knowledge
- review of testimony from team members, colleagues, supervisors or managers
- review of authenticated documents from the workplace or training environment.

Guidance information for assessment

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

- other purchasing units.

Range Statement

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, if used 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.

<i>Agreements</i> may include:	• all conditions applying from commencement to completion and closure of agreement • conditions set out in a contract, memorandum of understanding or other documented agreement
<i>Risk management plans</i> may include:	• documentation of outcomes of risk analysis including occupational health and safety, and how risks are to be addressed
<i>Relevant personnel</i> may include:	• CEOs • managers • leaders • coordinators • OHS specialists and supervisors • internal users of supplied goods and services • personnel involved in purchasing
<i>Disagreements</i> may include:	• costs, fees and prices • delivery schedules • interpretations of specifications detailed in documents on which agreements are based • interpretations of terms and conditions detailed in agreement • quality of goods or services, including OHS performance standards
<i>Completion of purchasing agreement</i> may include:	• after agreed number or volume of items have been supplied • at end of fixed time period • mutually-agreed time, including prior to that specified in agreement
<i>Recommendations</i> may include:	• to file relevant supplier details for future reference • to renew agreement for further purchasing • to seek new sources of supply

Unit Sector(s)

Unit sector	
--------------------	--

Competency field

Competency field	Administration - Purchasing and Contracting
-------------------------	---

Co-requisite units

Co-requisite units		