



**Australian Government**

# **PSPPCM016 Plan and implement strategic sourcing**

**Release: 1**

## PSPPCM016 Plan and implement strategic sourcing

### Modification History

| Release | Comments                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | <p>This unit was released in PSP Public Sector Training Package release 1.0 and meets the Standards for Training Packages.</p> <p>This unit supersedes and is equivalent to PSPPROC511 Plan and implement strategic sourcing.</p> <ul style="list-style-type: none"><li>• Unit code updated</li><li>• Content and formatting updated to comply with new standards</li><li>• All PC transitioned from passive to active voice</li></ul> |

### Application

This unit describes the skills required to plan and implement strategic sourcing for goods or services essential or critical to an organisation's ability to conduct its core business. It includes developing a procurement profile of the buying organisation, conducting strategic assessment of the supply market, developing strategies to source goods or services from the market and securing, monitoring and reviewing strategic market sources.

This unit applies to those working in roles involving procurement of goods or services essential to the operation of their organisation.

The skills and knowledge described in this unit must be applied within the legislative, regulatory and policy environment in which they are carried out. Organisational policies and procedures must be consulted and adhered to.

Those undertaking this unit would work autonomously consulting others as required, performing sophisticated tasks in a range of familiar contexts.

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

### Competency Field

Procurement

## Elements and Performance Criteria

| ELEMENTS                                                                 | PERFORMANCE CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Elements describe the essential outcomes                                 | Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the range of conditions section.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>1. Develop a procurement profile of the buying organisation</b>       | <p>1.1 Gather and analyse long term data about the strategic implications related to the buying organisation's level of spend on various types of goods and services, including how, where and from whom the goods or services are procured.</p> <p>1.2 Profile the organisation's existing suppliers, with particular emphasis on each supplier's capability and capacity, vulnerability, and adherence to Corporate Social Responsibility (CSR) principles, WHS, legislative compliance, market position and ownership structure.</p> <p>1.3 Identify and engage relevant communication strategies to engage internal, external and market stakeholders.</p> <p>1.4 Assess the buying organisation's market position (how the market views the organisation as a potential customer).</p> <p>1.5 Identify and consider opportunities and risks associated with developing a stronger market position as a buyer.</p> |
| <b>2. Conduct strategic assessment of the supply market</b>              | <p>2.1 Gather and analyse market information to determine capacity, competition, legislative and regulatory compliance, vulnerabilities and risk within the supply market.</p> <p>2.2 Monitor and analyse market trends and emerging changes to the current supply market place.</p> <p>2.3 Analyse and assess the supply market's ability to meet the buying organisation's needs, including supply chain management issues.</p> <p>2.4 Identify and assess innovative and/or creative opportunities within the market.</p> <p>2.5 Assess local and international supply market factors that may influence the ability to supply goods and services.</p>                                                                                                                                                                                                                                                              |
| <b>3. Develop strategies to source goods or services from the market</b> | <p>3.1 Assess the suitability of current and emerging commercial trends within the market to the needs of the buying organisation.</p> <p>3.2 Identify and consider the application of commercial best practice models to strategic sourcing activities across the procurement life cycle.</p> <p>3.3 Identify and test possible benchmarks of better strategic sourcing practice.</p> <p>3.4 Assess the suitability of alternative market sources of supply.</p> <p>3.5 Develop strategic supply market plans which reflect analysis of both the buying organisation and the supply market.</p> <p>3.6 Devise tendering strategies and type of contracting arrangement</p>                                                                                                                                                                                                                                            |

|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                               | <p>appropriate to the goods or services being procured and the nature of the supply market which will supply them, taking contract management strategies into consideration.</p> <p>3.7 Review the application of existing legislation, regulations, policies, practices and procedures to strategic sourcing activities and recommend changes to these where this would yield better results for the buying organisation or at the whole of government level.</p>                                                                                                                                                                                                                       |
| <b>4. Secure, monitor and review strategic market sources</b> | <p>4.1 Conduct procurement processes which consider strategic sourcing issues and are appropriate to the goods and services being sought.</p> <p>4.2 Negotiate with potential suppliers to secure the best supply arrangements.</p> <p>4.3 Develop and implement transition plans from current to new market sources as needed to ensure a smooth transition and the continuous provision of strategic goods and services to the buying organisation.</p> <p>4.4 Implement contract management strategies to ensure that goods and services are delivered as contracted.</p> <p>4.5 Monitor and review new strategic sourcing arrangements for continuous improvement opportunities.</p> |

## Foundation Skills

Foundation skills are embedded within the elements and performance criteria of this unit.

## Unit Mapping Information

This unit supersedes and is equivalent to PSPPROC511 Plan and implement strategic sourcing.

## Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=bebbece7-ff48-4d2c-8876-405679019623>

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# Assessment Requirements for PSPPCM016 Plan and implement strategic sourcing

## Modification History

| Release | Comments                                                                                                                                                                                                                                                                                                |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | <p>These Assessment Requirements were released in PSP Public Sector Training Package release 1.0 and meet the Standards for Training Packages.</p> <ul style="list-style-type: none"><li>• Assessment Requirements created drawing upon specified assessment information from superseded unit</li></ul> |

## Performance Evidence

Evidence required to demonstrate competence must satisfy all of the requirements of the elements and performance criteria. If not otherwise specified the candidate must demonstrate evidence of performance of the following on at least one occasion.

- networking, consulting and negotiating with the supply market, existing contractors and stakeholders
- writing a business case
- conducting market analysis and buying organisation analysis
- gathering and analysing organisational information to build procurement profile, market information and stakeholder requirements, and information on restricted products appropriate to the industry
- identifying, analysing and predicting trends
- applying complex government policy and inter-governmental agreements
- interrogating corporate systems, including Financial Management Information System (FMIS) or asset management system to obtain data
- analysing complex supply chains to identify risk, vulnerability and opportunity
- anticipating and interpreting market reaction
- planning procurement processes in alignment with business and organisational goals
- documenting procurement planning decisions and expected outcomes
- managing and updating procurement plans and sub-plans in line with strategic plans and budgets
- applying complex strategies to development of strategic plans, including corporate, budget and procurement plans and sub plans
- contributing to strategic and risk planning
- developing and managing electronic commerce
- exploiting market opportunities and initiatives in electronic commerce

## Knowledge Evidence

Evidence required to demonstrate competence must satisfy all of the requirements of the elements and performance criteria. If not otherwise specified the depth of knowledge demonstrated must be appropriate to the job context of the candidate.

- Commonwealth, state and/or territory, or local government legislation, regulation, policies, practices, procedures and guidelines in relation to procurement, financial management, public sector obligations, consumer law, WHS, social policy and 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
- research and analysis as applied to complex outcomes, trends and predictions of markets and procurement changes
- codes of conduct, codes of practice and standards of individual behaviour relating to procurement decisions
- micro and macro-economic issues applicable to market behaviours and the impact of procurement
- implications for the organisation and market (suppliers) of key procurement strategies and 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

## Assessment Conditions

This unit contains no specific industry-mandated assessment conditions. Guidance on suggested and recommended conditions and methods can be found in the Implementation Guide.

Assessors must satisfy the NVR/AQTF mandatory competency requirements for assessors.

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