



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC605B Coordinate strategic procurement

Revision Number: 2

PSPPROC605B Coordinate strategic procurement

Modification History

PSPPROC605B Release 2: Layout adjusted. No changes to content.
PSPPROC605B Release 1: Primary release.

Unit Descriptor

This unit covers the ability to analyse, influence and develop markets and implement activities for highly complex, innovative and often long-term strategic procurement within established guidelines, policies and procedures.

Strategic procurement is high risk, often involving political elements. The unit includes undertaking market analysis, influencing and developing markets, and implementing strategic procurement activities.

In practice, coordinating strategic procurement may occur in the context of other generalist and specialist work activities, such as maintaining and enhancing confidence in public service or local government, establishing and maintaining strategic networks, managing compliance with legislation in the public service or local government, managing risk, developing a business case, planning for strategic procurement, negotiating strategic procurement and managing strategic contracts.

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

Application of the Unit

This unit applies to those in specialist procurement and contracting.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

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 range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Undertake market analysis	1.1. Organisation's strategic procurement requirements and commercial and policy factors impacting procurement are identified. 1.2. Extent to which a competitive market exists to meet the organisation's needs is researched. 1.3. Number of suppliers, their market share and the degree and type of competition between suppliers are identified. 1.4. Nature, quality and maturity of the supply chain are analysed. 1.5. Environmental, sustainability and corporate social responsibility factors affecting the supply market are identified and analysed. 1.6. Expert assistance is engaged as necessary to assist with market analysis.
2. Influence and develop markets	2.1. Supply markets and strategic industries are identified and analysed to identify emerging and predicted trends. 2.2. Analysis of supply markets and strategic industries is undertaken, including capabilities, limitations, financial standing and past performance of existing and potential suppliers. 2.3. Range of strategies, within probity boundaries, is used to influence markets. 2.4. Market development strategies are used to develop and influence market capability within probity boundaries. 2.5. Implications of procurement threats and opportunities imposed by supply markets are identified and communicated to stakeholders according to organisational guidelines and public sector standards.
3. Implement strategic procurement activities	3.1. Procurement methodologies are determined according to organisation's strategic procurement plan. 3.2. Requirements are designed to deliver business outcomes and provide value for money, including whole-of-life considerations. 3.3. Methodologies are guided by constraints, complexity and importance of procurement requirement and the marketplace. 3.4. Procurement activities are determined and teams are formed and coordinated to manage strategic

procurement activities.

- 3.5. ***Performance measures*** are determined to suit the ***range of procurement activities***.
- 3.6. Performance is analysed against measures, and a cycle of continuous improvement is implemented to improve procurement performance.

Required Skills and Knowledge

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

Required skills

- communication skills to:
 - consult and negotiate with stakeholders
 - network, within probity boundaries, with stakeholders
 - build and manage effective working relationships
 - write business cases, plans, reports, submissions and other complex documents
 - read complex documents, such as contracts, legislation and guidelines
 - provide feedback
- teamwork skills to:
 - manage teams of experts in functions such as finance, legal, technical and engineering
 - manage strategic relationships
 - model effective management and leadership approaches
 - respond to diversity
 - refer issues to the correct person
- problem-solving skills to:
 - apply decision-making processes or methodologies
 - identify and resolve strategic procurement issues
- initiative and enterprise skills to:
 - identify and assess opportunities for development of strategic markets/industries
 - apply OHS, environmental, sustainability and corporate social responsibility practices in the context of strategic procurement
- planning and organising skills to:
 - undertake research and business analysis
 - manage financial and other resources
 - manage procurement projects
- learning skills to keep up-to-date with:
 - best practice examples in strategic procurement
 - relevant procurement legislation, policies and procedures
- technology skills to:
 - operate organisational IT systems
 - use electronic procurement templates

Required knowledge

- commonwealth, state or territory, and local government legislation, policies, practices and guidelines:

- relating to strategic procurement
- such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes
- aspects of contract law, trade practices law, and commercial law relating to contract management in the context of strategic procurement
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to procurement
- government procurement environment
- competition policy theory, including competitive neutrality
- supply chain management
- legal requirements of government procurement
- financial rules and regulations
- implications of particular market arrangements
- whole-of-life considerations
- supplier issues and supply chain management in the context of strategic procurement
- procurement management processes
- cultural issues relating to strategic procurement and industry development
- relationship management at all personnel levels
- environmental, sustainability and corporate social responsibility principles relevant to strategic procurement

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 Competency must be demonstrated in the ability to coordinate strategic procurement consistently in accordance with legislative and organisational requirements.

Critical aspects for assessment and evidence required to demonstrate competency in this unit Assessment must confirm the ability to:

- use recognised methodologies to conduct market research and analysis
- undertake activities to influence supply markets, within probity and other guidelines
- undertake industry development activities consistent with government policy
- consider and select procurement methodologies that reflect the complexity and risks of the strategic procurement being undertaken
- develop performance measures for application during the procurement process
- review procurement performance using performance measures
- implement continuous improvement to procurement processes.

Consistency in performance

Competency should be demonstrated by providing evidence of undertaking a range of relevant work tasks in an actual or simulated procurement environment on at least two separate occasions.

Context of and specific resources for assessment The unit of competency is to be assessed in the workplace or a simulated workplace environment.

Access may be required to:

- legislation, policy, procedures and protocols relating to coordinating strategic procurement
- codes of conduct and codes of practice
- long-term government policy papers, such as White Papers
- strategic procurement plans and direction statements
- workplace scenarios and case studies relating to a range of strategic procurement and disposal activities.

Method of assessment The following assessment methods are suggested:

- questions to assess understanding of relevant legislation and

procedures

- review of strategies and approaches adopted for coordinating strategic procurement
- review of strategic procurement plans, supplier analysis, market analysis, market development plans or activities, risk assessments, procurement methodologies or procurement approaches, formal sign-offs and approvals, and other documentation prepared or reviewed by the candidate in a range of contexts
- review of stakeholder engagement approaches adopted by the candidate.

In all cases, practical assessment should be supported by questions to assess underpinning knowledge and those aspects of competency which are difficult to assess directly. Candidates for this qualification must demonstrate a high level of understanding and practical workplace application of underpinning knowledge. Questioning techniques should suit the language and literacy levels of the candidate.

Guidance information for assessment

Evidence must be gathered over time in a range of contexts to ensure the person can achieve the unit outcome and apply the competency in different situations or environments.

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

- PSPETHC601B Maintain and enhance confidence in public service
- PSPLEGN601B Manage compliance with legislation in the public sector
- PSPMNGT607B Develop a business case
- PSPMNGT608B Manage risk
- PSPPM601B Direct complex project activities
- PSPPROC604B Plan for strategic procurement
- PSPPROC606B Negotiate strategic procurement
- PSPPROC607A Manage strategic contracts.

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.

Procurement may include:

- public private partnerships (PPP)
- leasing or buying
- short-term or long-term arrangements
- sole or multiple suppliers
- maintenance and support arrangements
- incentive contracting
- firm or variable pricing regimes
- franchising
- research and development
- pre-qualification of suppliers
- standing orders and deeds of standing orders
- standard form agreements
- common use contracts
- facilities management
- prime contractor and subcontractor
- gain sharing/open book
- coordinated procurement
- whole of government procurement
- cooperative procurement.

Commercial and policy factors may include:

- value or market share of business involved
- complexity of marketplace
- degree of dependency of organisation programs on the procurement
- extent of competition
- capture and assessment of identified risks
- protection of both parties
- value for money
- basis of due performance
- broader governmental policies that may affect the market or industry sector
- competitive neutrality
- environmental, sustainability and corporate social responsibility principles.

Markets may include:

- local
- national

- Suppliers** may include:
- international
 - regional.
 - commercial companies
 - other public sector organisations
 - other governments, including commonwealth, state or territory, local and international
 - non-profit organisations
 - in-house.
- Criteria for assessment of supplier **capability** may include:
- financial viability/capacity, including insurances
 - past performance and infrastructure
 - skills and experience of key personnel
 - quality accreditations
 - earned value performance management
 - adequacy of proposed methodology and approach
 - technical merit of the proposed goods or service
 - industrial relations record
 - willingness to work towards common goals
 - observance and promotion of OHS requirements
 - technical and contractual compliance
 - compliance with commonwealth, state and territory policies regarding discrimination, workplace relations, environmental, sustainability and corporate social responsibility
 - compliance with codes of conduct, codes of practice and expected standards of behaviour.
- Market development strategies** may include:
- market management, including development of key supply markets where these markets are not meeting the organisation's needs
 - supplier development, including identification of new local suppliers, development of the capabilities of existing suppliers and development of new products
 - reverse marketing
 - tactics to increase skill levels of suppliers, particularly in dealing with government
 - creating the supplier environment
 - communicating changes
 - procurement strategies, including splitting contracts, short-term development contracts, inviting companies to work together where each has skills.
- Stakeholders** may include:
- end users, customers or clients, and sponsors
 - current or potential providers or suppliers
 - technical or functional experts or advisers
 - commonwealth, state or territory, and local

	government
	• the organisation • other public sector organisations • employees, unions and staff associations • industry bodies • local communities • lobby groups and special user groups.
Whole-of-life considerations may include:	• benchmarks of expected financial performance • calculations of discounted cash flows • net present value • return on investment • transition costs in establishing initial contract • transition costs in renewing or extending contract • net return or cost on disposal of assets.
Teams may include:	• financial • legal • technical • functional • engineering • scientific and research • human resource • commercial or business • consultants.
Performance measures may include:	• purchase price reduction • cost reduction • value of additional negotiated benefits • improvement in payment terms • improved warranties • cost-saving measures • new sources of supply • substitute goods and services • improved supplier performance • reduction of demand • improved access to market information for early identification of supply problems • improved supply chain efficiencies • reduction if risk exposure • improved supplier attitude • eliminating supply monopolies • improved participation of local suppliers.
Range of procurement	• easy to secure supply and high relative expenditure • easy to secure supply and low relative expenditure

activities may include:

- difficult to secure supply and low relative expenditure
- difficult to secure supply and high relative expenditure.

Unit Sector(s)

Not applicable.

Competency field

Procurement and Contract Management.