



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC606B Negotiate strategic procurement

Revision Number: 2

PSPPROC606B Negotiate strategic procurement

Modification History

PSPPROC606B Release 2: Layout adjusted. No changes to content.
PSPPROC606B Release 1: Primary release.

Unit Descriptor

This unit covers the ability to negotiate strategic procurement agreements within established guidelines, policies and procedures. It includes planning and preparing for negotiation, and undertaking and finalising the negotiation process for strategic procurement.

In practice, negotiating 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, coordinating 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. Plan and prepare for strategic procurement negotiations	1.1. Input and advice are obtained from key <i>stakeholders</i> and the <i>procurement and negotiating context</i> is identified. 1.2. Information is gathered on suppliers and a best alternative to negotiating an agreement is developed. 1.3. Objectives, targets and bottom line position are determined for negotiations. 1.4. Composition of <i>negotiating team</i> and limits on negotiators' authority are determined according to organisational policy and procedures. 1.5. Negotiation process, timeframes and strategies are determined to suit complexity of procurement and supplier characteristics. 1.6. Negotiation plan/directive is developed that identifies negotiation roles of team members, lead negotiator, <i>negotiating styles</i>, tactics and boundaries/limits of authority to suit the procurement activity. 1.7. Negotiation plan is authorised and signed off according to organisational policy and procedures.
2. Undertake strategic procurement negotiations	2.1. Negotiations are opened, supplier tactics identified, and issues and options explored to identify mutually compatible interests. 2.2. Minor and major issues are dealt with and concessions to <i>terms and conditions</i> are negotiated to improve overall value for money of the procurement. 2.3. Concessions are made such that agreements remain consistent with original intentions and with procurement, organisational objectives and probity requirements. 2.4. If negotiations stall, tactics are used to break deadlocks and continue negotiations according to negotiation plan and organisational policy and procedures. 2.5. Negotiations are conducted and an offer is made in accordance with legislative requirements, organisational policy and procurement guidelines.
3. Finalise strategic procurement negotiations	3.1. Negotiations are closed and agreements are finalised according to procurement guidelines. 3.2. Where agreement is not possible immediately, communication channels are kept open while additional

support, arguments and supporting evidence are obtained.

- 3.3. Where agreement is not possible and the best alternative is to be pursued instead, negotiations are terminated in a way that preserves the relationship with the supplier for possible future business and deters the possibility of legal liability.
- 3.4. Where agreements may have wider implications for procurement and the organisation, those implications are considered and necessary consultation is carried out.
- 3.5. Details and outcomes of negotiations are documented according to organisational policy and procedures.

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
 - achieve negotiation outcomes desired by the organisation
 - 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 expert negotiators 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:
 - identify and apply strategies and tactics for breaking deadlocks during a negotiation
 - apply decision-making processes or methodologies
 - identify and resolve strategic procurement issues
 - apply understanding of supplier issues and supply chain management in the context of strategic procurement
- initiative and enterprise skills to:
 - identify and assess negotiation approaches to yield results
 - 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, including environmental purchasing guidance
 - such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes
- aspects of law of contract, trade practices law, and commercial law relating to negotiation of strategic procurement arrangements
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to negotiation
- government procurement environment
- legal requirements of government contracting
- financial rules and regulations
- implications of particular contracting arrangements
- whole-of-life considerations
- 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 negotiate for 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:

- prepare negotiation plans (or similar) for strategic procurements
- implement negotiation plans
- respond flexibly, but within the boundaries of the plan, to issues, deadlocks and other situations that arise during negotiations
- finalise strategic procurement negotiations with an agreement that captures the negotiated positions of all parties
- act within own delegations and promptly escalate issues to higher authority when required
- uphold high standards of public sector ethics and behaviour when negotiating with potential suppliers.

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 negotiating 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 planning for strategic procurement

- review of negotiation process used, negotiation plans, negotiation directives, contracts or other agreements reached, notes from negotiations, risk assessments, 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
- PSPGOV601B Apply government systems
- 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
- PSPPROC605B Coordinate 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.

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

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
- standard form agreements
- common use contracts
- facilities management
- prime contractor and subcontractor
- gain sharing/open book
- coordinated procurement
- whole of government procurement
- cooperative procurement

Procurement and negotiating context may include:

- nature of procurement in terms of:
 - risk
 - expenditure
 - complexity
- nature of supply market, such as:

- fully competitive
 - dominated by a few large suppliers
 - sole supplier
 - unsophisticated suppliers
 - rural and remote issues
 - one-off negotiation versus need to maintain long-term relationship
 - existing relationship with supplier. including:
 - previous negotiations
 - supplier's business approach to government as client
 - state of current relationship
 - political or community sensitivities
 - skill and experience of negotiating team
 - balance of power in the negotiations
- Negotiating team*** members may include:
- financial
 - legal
 - technical
 - functional
 - engineering
 - scientific and research
 - human resource
 - commercial or business
- Negotiating styles*** may include:
- competitive
 - accommodating
 - avoidance
 - compromising
 - collaborative
- Terms and conditions*** may include:
- technical support aspects, such as:
 - warranties
 - life-cycle support
 - maintenance agreements
 - financial aspects, such as:
 - deposits
 - payment terms
 - discounts
 - payment schedules
 - travel costs
 - cancellation penalties
 - risk management aspects
 - management information

- government support
- timeframes
- performance incentives and penalties
- general matters, such as subcontracting
- contract price

Unit Sector(s)

Not applicable.

Competency field

Procurement and Contract Management.