



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC705A Establish strategic procurement context

Revision Number: 2

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Modification History

PSPPROC705A Release 2: Layout adjusted. No changes to content.

PSPPROC705A Release 1: Primary release.

Unit Descriptor

This unit covers the competencies required to establish the broad context in which strategic procurement takes place. It includes undertaking environmental analysis; analysing, developing and monitoring procurement capability; influencing and developing strategic industries; and establishing and managing risk exposure. It also includes understanding the government and political context for strategic procurement.

In practice, establishing the strategic procurement context may overlap with other public sector generalist and specialist work activities, such as providing strategic direction, influencing strategic policy, leading and influencing ethical practice in the public sector or local government, and undertaking strategic risk management.

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. Analyse the procurement environment	1.1. Knowledge of the legal, political and financial environment is applied to establish strategic context. 1.2. Relationship between the organisation and its procurement environment is examined and defined. 1.3. Existing and potential stakeholders and their strengths and weaknesses are identified. 1.4. Strengths, weaknesses, opportunities and threats are identified using information that is up-to-date, reflects emerging and predicted trends, and takes account of the possible future procurement interests and activities of the organisation and government directions. 1.5. Organisation's procurement strategies and plans are adjusted in light of information gathered, and comparative targets are identified. 1.6. Any case for possible collaboration with other organisations is supported by evidence, analysed for risks, and is consistent with organisational plans and future directions.
2. Analyse procurement capability	2.1. Organisation's strengths, weaknesses, opportunities and threats are considered in light of internal and/or external factors and organisation's strategic procurement goals. 2.2. Analyses of organisational capability take into account possible future procurement interests and activities of the organisation, its strategic industries, collaborators, requirements of government and other organisations. 2.3. Suggestions for improvements to existing organisational structures and procurement systems are made that are realistic and achievable and will aid achievement of the procurement mission statement and strategies drawn from both internal and external stakeholders. 2.4. Consultation on proposed improvements is undertaken with those affected, in time for their views to be taken into account. 2.5. Proposed improvements are justified on the basis of known internal and external factors, and take into account stakeholder needs and expectations.
3. Develop and monitor procurement	3.1. Improvements to develop procurement capability are implemented in time to meet new circumstances.

- capability**
- 3.2. Practical requirements for implementing improvements are comprehensively defined and communicated to those affected.
 - 3.3. Difficulties associated with implementing improvements are identified as early as possible in order to minimise their effect.
 - 3.4. Implemented improvements to organisational structures and procurement systems are monitored, reviewed and modified as required to assist achievement of procurement outcomes.
- 4. Influence and develop strategic industries**
- 4.1. Strategic industries are monitored and opportunities are taken to influence key opinion formers and decision makers to change, encourage and nurture **industry capability**.
 - 4.2. Problems, limitations and new opportunities in strategic industries are identified in response to internal and external factors and are based on quantitative and qualitative data.
 - 4.3. Ethical methods are used to influence strategic industries, consistent with the organisation's values and procurement policies, and sensitive to the values and practices of key opinion formers and decision makers.
- 5. Establish and manage risk exposure**
- 5.1. Total **organisational risk** is defined, analysed and monitored to minimise loss and maximise opportunity.
 - 5.2. Risk management system is established, implemented and maintained that is consistent with the organisation's strategic context, goals, risk management policies and nature of its business.
 - 5.3. Performance of risk management system is monitored, reviewed and modified to reflect procurement opportunities and current and emerging trends.

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 at the highest levels of organisations and the community
 - engage in strategic networking, within probity boundaries, with key stakeholders
 - build and manage effective working relationships
 - convey complex ideas to a wide range of audiences
 - persuade and influence, within probity boundaries, stakeholders and decision makers
 - read, write and approve business cases, plans, reports, submissions and other high level complex documents
- teamwork skills to:
 - provide leadership within the organisation
 - manage strategic relationships
 - manage teams of expert negotiators in functions such as finance, legal, technical and engineering
 - 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
 - apply understanding of supplier issues and supply chain management in the context of strategic procurement
- initiative and enterprise skills to:
 - manage procurement performance and identify, assess and implement opportunities for performance improvement
 - 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 relating to strategic procurement and high level business issues
 - manage financial and other resources
 - manage strategic procurement systems, processes and policies
- 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
- government procurement environment
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to strategic procurement
- risk management systems
- financial rules and regulations relating to strategic procurement
- legal requirements of government procurement and contracting
- competition theory as it relates to strategic procurement
- strategic industry development
- strategic procurement planning processes
- delegation authorities
- organisational structure
- organisational procurement performance
- procurement best practice standards
- equal employment opportunity
- OHS requirements relevant to strategic procurement
- 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 establishing a strategic procurement context consistently and 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 techniques to analyse the procurement environment, including state of the supply market, stakeholder issues, and organisational and government context for the procurement
- use recognised techniques to analyse the buying organisation's procurement capability
- make recommendations to improve and develop procurement capability
- implement improvements to procurement capability
- use ethical methods to influence and develop strategic industries to improve value for money opportunities
- apply sophisticated risk management techniques.

Candidates for this qualification must demonstrate a high level of understanding of underpinning knowledge and the ability to apply this to practical workplace situations.

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 procuring goods and services and managing contracts at the strategic level
- codes of conduct and codes of practice
- long-term government policy papers, such as White Papers
- strategic procurement plans and direction statements
- published performance audits or similar relating to strategic procurement issues
- workplace scenarios and case studies relating to a range of strategic procurement 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 establishing

strategic procurement context

- preparation of formal written papers covering strategic procurement issues
- review of strategic plans, strategic procurement plans, long-term budgets, risk assessments, industry assessments, supplier capability assessments, market research, industry engagement plans, responses to performance audits covering strategic procurement issues 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

Sufficient evidence must be gathered 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:

- BSBFIM701A Manage financial resources
- BSBINN801A Lead innovative thinking and practice
- BSBREL701A Develop and cultivate collaborative partnerships and relationships
- PSPETHC701A Lead and influence ethical practice in the public sector
- PSPMNGT703A Lead and influence change
- PSPMNGT704A Undertake enterprise risk management
- PSPPROC704A Influence and define strategic procurement direction
- PSPPROC706A Evaluate and improve strategic procurement performance.

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.

Strategic context may include:

- financial
- operational
- competitive
- political
- public perception or image
- social
- cultural
- client
- legal aspects of organisation's functions
- nature of supplier market
- environmental and sustainability issues
- corporate social responsibility.

Stakeholders may include:

- end users
- customers or clients
- sponsors
- potential providers or suppliers
- current 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.

Collaboration may include:

- public private partnerships (PPP)
- strategic financing arrangements
- build, own, operate and transfer type arrangements
- cooperative procurement opportunities with other public sector organisations
- lead agency arrangements.

Factors may include:

- value of business
- complexity of marketplace
- capacity of market

- supply chain
- political influence
- political imperatives
- budgetary constraints
- collaborative arrangements
- Australian industry involvement requirements
- environmental issues
- extent of competition
- value for money considerations
- degree of dependency of organisation on procurement
- where and why the need arises and for which unit or location
- level of risk, complexity and sensitivity of the procurement
- new capability or replacement/enhancement of existing resources
- intellectual property ownership
- policy requirements or changes, e.g. ethical and social.

Procurement capability may include:

- procurement systems, structures and processes used in organisation
- procurement guidance documents developed by organisation
- procurement or other relevant capability frameworks
- staff profile in terms of experience, skills and knowledge
- procurement training programs.

Industry capability may include:

- structure of marketplace
- impact of globalisation
- location of suppliers
- maturity and sophistication of suppliers
- capacity of industry to absorb work in the volume that is required
- willingness of industry to move into new areas of business to provide required goods or services
- staffing profiles of industry and skills shortages or surpluses
- industry training programs.

Organisational risks may include:

- supplier failure to meet agreements
- government failure to meet agreements
- political and public sensitivities
- community lobbying
- asset security and threat management
- information security and threat management
- physical security and threat management

- health management issues
- industrial relations issues
- terrorism and world events
- impact of globalisation
- contingency management and business continuity
- change management
- environmental and sustainability issues
- corporate social responsibility issues
- corruption risks
- probity risks.

Unit Sector(s)

Not applicable.

Competency field

Procurement and Contract Management.