



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC512 Plan and implement procurement category management

Release: 1

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Modification History

Release	TP Version	Comments
1	PSP12V1	Primary release.

Unit Descriptor

This unit covers planning and implementing procurement category management processes for an organisation.

Category management involves allocating the goods and services procured by an organisation to a category determined by an appropriate and recognised basis. This in turn allows all procurement processes for this category of goods or services to be managed in a way that best suits the characteristics of that particular category. There are many ways to implement categories for procurement, including by type of good or service, by business function, geographically or by other characteristic such as pricing flexibility.

In practice planning and implementing for category management should be integrated within the organisation's strategic, corporate and budget planning. The process will also be specifically impacted by procurement plans, legislation, regulation, policy and procedures. Broader government policy and government to government agreements may also impact. Analysis of relevant markets and identification and incorporation of market information into the planning processes is an essential element.

Consideration and incorporation of Corporate Social Responsibility (CSR) principles, sustainment and environmental issues are also essential.

No licensing, legislative, regulatory or certification requirements apply to this unit.

Application of the Unit

The unit applies to those engaged in specialist procurement and contracting roles and is equally applicable to those in broader logistics roles.

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 the 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 evidence guide.

Elements and Performance Criteria

1) Elements

2) Performance Criteria

1 Plan for category management

- 1.1 Identify and assess organisational structures and business requirements from **corporate planning** documents in the context of **suitability** to adopt **category management** approaches for procurement and contract management.
- 1.2 Develop and use effective **communication strategies** to engage with **internal stakeholders, external and market stakeholders** about category management approaches, product/services to be category managed, market and supply chain conditions.
- 1.3 Develop a **category management plan** based on **category management principles** for each category to be managed that includes **outcome based**, transparent and manageable **performance metrics** for category managed items and services.
- 1.4 Obtain **senior management** approval for the category management plan.
- 1.5 Develop outcome based processes and guidelines to support category management.
- 1.6 Identify **staff skills** and training and development opportunities related to category management and incorporate these into professional development plans.
- 1.7 Identify and interrogate organisational **Enterprise Resource Planning (ERP) and document management systems** in order to gather and analyse data pertaining to the **level of spend** on various procurement types.

2 Define categories

- 2.1 Identify and analyse current **procurement options** adopted by the organisation and other procurement options that are available in the marketplace.
- 2.2 Identify market, procurement and contract management **trends, opportunities and risks relevant to categories**.
- 2.3 Identify and engage relevant internal stakeholders to assist in defining categories.
- 2.4 Define procurement categories using a **recognised basis**.
- 2.5 Identify and implement appropriate systems to support category and contract managers.

3 Implement category management

- 3.1 Develop **market strategies** for categories and act on them as appropriate to the organisation.
- 3.2 Implement the category management plan.
- 3.3 Implement strategies to manage and maintain productive relationships with identified suppliers.
- 3.4 Resolve operational issues raised by contract users and suppliers.
- 3.5 Capture and analyse data from a range of **sources** about the category performance against the performance metrics on a

regular basis and report **category performance** to appropriate corporate systems.

3.6 Regularly review buying organisation, industry and market category positions to identify **trends, opportunities and risks** and adjust direction as indicated by the results of the review.

4 Review category management

4.1 Review and monitor performance metrics on a regular basis to ensure **efficiency and effectiveness** is achieved and maintained in category management processes.

4.2 **Consult appropriately** with stakeholders, provide performance feedback and recommend corrective or improvement actions as necessary.

4.3 Monitor buying organisation, industry and market performance and ensure **organisational strategies** are modified where appropriate.

4.4 Monitor staff skills and provide appropriate skilling upgrades.

3)

Required Skills and Knowledge

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

Required skills

- communication skills to:
 - consult and negotiate with the marketplace, contractors and stakeholders
 - network, within probity boundaries, with the marketplace, contractors and stakeholders
 - develop a business case
 - interpret complex documents, such as contracts, legislation and policy guidelines
 - provide feedback
- research skills to:
 - gather and analyse organisational data
 - gather and analyse market data
 - gather and analyse stakeholder requirements
 - review and apply legislative, regulatory and policy requirements
 - identify, analyse and predict trends
- change management skills to:
 - plan, monitor and implement change management strategies
 - garner support from management
 - promote change within the organisation
 - measure and monitor performance
 - maintain momentum
 - celebrate success
- teamwork skills to:
 - model effective team management approaches
 - support professional development and learning in team members
 - respond to diversity
 - respond to and manage issues that arise
- initiative and enterprise skills to:
 - apply the content of complex documents such as contracts, legislation and policy guidelines
 - ensure compliance with legislative and mandated policy requirements including OH&S and environmental obligations, sustainability and corporate social responsibility practices and principles in the context of planning procurement and sourcing outcomes
 - ensure compliance with complex government policy and inter-governmental agreements
 - interrogate corporate systems, such as Financial Management Information Systems (FMIS) or asset management system to obtain data
 - analyse complex supply chains to identify risk, vulnerability and legality
 - seek and interpret market reaction

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

- develop effective performance measurement metrics
- planning and organising skills to:
 - undertake research and business analysis
 - plan procurement processes in alignment with organisational and business outcomes
 - document procurement planning decisions and anticipated outcomes
 - manage and update procurement plans and sub-plans in line with organisational, strategic and budget planning documents
 - apply complex strategies to develop organisational plans, including corporate, budget and procurement plans and sub plans
- learning and development skills to:
 - stay abreast of best practice models relevant to procurement, contracting, logistics and enterprise market management
 - remain current with legislation, regulation, policy, government agreements and relevant legal decisions
- technological skills to:
 - understand systems architecture
 - identify needs from ERPs
 - exploit organisational ERPs
 - develop and manage electronic commerce
 - exploit market opportunities and initiatives in electronic commerce

Required knowledge

- Commonwealth, state and/or territory, or local government legislation, regulation, policies, practices, procedures and guidelines in relation to:
 - procurement
 - financial management
 - public sector obligations (e.g. Codes of Conduct)
 - consumer law
 - OH&S
 - social policy
 - 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), sustainability and environmental issues as applicable to procurement and market behaviours
- complex and strategic planning for a range of outcomes
- research and analysis as applied to complex outcomes, trends and predictions of markets and procurement changes

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

- decision making processes and methodologies
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to procurement decisions
- government procurement environment
- micro and macro-economic issues applicable to market behaviours and the impact of procurement
- legal issues and determinations impacting on procurement
- implications for the organisation and for the market (suppliers) of key procurement strategies and/or arrangements
- whole of life costing considerations and value for money
- financial, costing and accounting issues relevant to procurement and contracts
- cultural issues relevant to procurement and industry development in specific markets or market sectors
- relationship management
- change management

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 through an ability to predict future organisational needs from the market, based on the analysis of past and current organisational and market data. A clear understanding of commercial and business trends and behaviours is required. Current planning, emerging legislative, regulatory, social, business and market trends must also be assessed in order to predict future market activities. Strategies must be developed to facilitate appropriate arrangements for category management planning and implementation to complement and enhance the achievement of organisational outcomes in a more efficient and effective manner.

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

Assessment must confirm an ability to:

- access and use Enterprise Resource Planning systems such as financial, tender planning, HR, asset management
- access and use relevant accounting information
- develop and use effective performance metrics related to category management
- develop and use effective category management strategies to achieve objectives
- identify and apply the people skills relevant to category management
- gather and analyse complex financial, business and market information and develop procurement, market and supplier profiles
- identify and interpret complex legislation, regulation, policy, including international treaties, principles of CSR, sustainability, environmental and social trends
- contribute to complex planning documents which support core business and organisational and government outcomes
- assess local and international markets, identify trends and develop strategies to ensure organisational market placement necessary to meet future needs
- contribute to and implement category management strategies and processes within an organisation based on analysis of the characteristics of the category
- consider both qualitative and quantitative factors in reaching decisions or recommendations

Consistency in performance

Competency can be demonstrated by providing evidence of

undertaking a range of relevant work tasks in an actual or simulated procurement environment on a least two separate occasions.

Context of and specific resources for assessment

This unit of competency is to be assessed in the workplace or a simulated workplace environment.

Participants may need to access:

- sample data on finance, procurement and markets to analyse and then to build recommendations
- corporate planning documents including strategic procurement, finance, technology, logistics and human capital planning
- relevant legislation
- current information relevant to CSR, sustainability, environment and social legislation, trends and expectations;
- relevant market information
- workplace scenarios and case studies relating to organisational expectations for future and strategic development of core business
- emerging market trends, such as PPPs, strategic alliances, electronic commerce, holistic service solutions, engaging the corporate sector to deliver on behalf of or instead of government

Case studies that incorporate challenges on which to develop strategies to deal with future sources of goods and/or services and the methods that may need to be employed to secure future requirements.

Method of assessment

Suggested assessment methods include:

- questioning to assess understanding of key subject matter areas, such as research, analysis, markets, legislation, planning, decision making, communication and mechanisms to plan and implement category management
- preparing written reports evidencing the candidate's review of strategies and approaches adopted by other government and non-government organisations to planning and implementing category management
- preparing business cases or other similar documents for approval of category management approaches
- developing category management plans
- preparing category performance reports
- contributing to and implementing sound category management strategies and planning outcomes based on analysis and reviews
- demonstrating research, communication, consultation and negotiation skills

In all cases, practical assessment should be supported by questioning to assess underpinning knowledge and those

aspects of competency which are difficult to assess directly. Questioning techniques should suit the language and literacy levels of the candidate, but not compromise the integrity of the assessment.

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.

- PSPETHC501B Promote the values and ethos of public service
- PSPGOV507A Undertake negotiations
- PSPLEGN501B Promote compliance with legislation in the public sector
- PSPOHS501A Monitor and maintain workplace safety
- PSPPROC503B Manage contract performance
- PSPPROC504B Finalise contracts
- PSPPROC505A Manage procurement risk
- PSPPROC506A Plan to manage a contract
- PSPPROC507A Plan for procurement outcomes
- PSPPROC508A Make procurement decisions
- PSPPROC509A Participate in budget and procurement review processes

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>Corporate planning documents</i> may include:	• corporate plans • business plans • strategic plans • government white papers or similar • capability plans • strategic procurement plans • Annual Procurement Plan
<i>Suitability</i> may include:	• natural product or service placement/fit into a category • fit to structures of the buying organisation • fit to industry, market or other organisational regimes • level of expenditure warrants creation of a category approach • level of strategic importance of products/services warrants creation of category approach
<i>Category management</i> means:	• Manage groups of similar contracts e.g. ICT or Leasing
<i>Communication strategies</i> consider:	• accessibility • supportability • openness • appropriate technologies • appropriate level • organisational structure • legal restrictions
<i>Internal stakeholders</i> may include:	• procurement and contract management staff • senior management • users of the goods and services • financial management staff • legal advisers • maintenance staff • asset or fleet managers • facilities managers • logisticians, including materiel logisticians • Human Resource Management staff • IT Staff

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<i>External and market stakeholders</i> may include:	• contractors • suppliers • industry peak bodies • government • other buyers • general public • users of the goods and services (if these are not internal)
<i>Category management plan</i> may include:	• objectives to be fulfilled over the life of the contract • definition of the benefits to be achieved • approaches to communication with stakeholders • category baseline analysis • category opportunities • risk management plan including clear descriptions of risks identified, mitigation actions and responsibility assigned • outcome based performance metrics
<i>Category management principles</i> means:	• recognising that categories have unique characteristics that need to be managed differently
<i>Outcome based</i> means:	• focused on what the organisation intends to achieve, rather than on what the contract is producing (output)
<i>Performance metrics</i> may include:	• measures of efficiency • measures of effectiveness • specific measures of spend, timeliness, quality • internal measures such as staff turnover • qualitative measures such as ease of dealing with the supplier and nature of the relationship
<i>Senior management</i> may include:	• executive management • middle management • Board of Directors • program and Project managers • key operations managers
<i>Staff skills</i> may be:	• general work skills (such as communications, use of technology etc) • discipline specific work skills (such as accounting, procurement, IT, commerce, marketing) • category specific work skills (such as knowledge of travel or office machinery)

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- | | |
|--|---|
| | <ul style="list-style-type: none">• qualifications whether required for legal reasons or beneficial)• competencies |
|--|---|

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<i>Enterprise Resource Planning (ERP) and document management systems</i> may include:	• an integrated information system that serves all work areas within an enterprise. An ERP system can include software for manufacturing, order entry, accounts receivable and payable, general ledger, purchasing, warehousing, transportation and human resources • document management systems may range from manual paper based filing systems to automated systems
<i>Level of spend</i> includes:	• all resources, direct and indirect, consumed in: • acquiring goods and services • managing the procurement process including managing contracts • value, volume and breakdown of spend
<i>Procurement options</i> may include:	• outright acquisition and ownership • lease • service delivery • holistic service solutions • Public Private Partnerships (PPP) • strategic alliances
<i>Trends, opportunities and risks relevant to categories</i> includes:	• specific trends related to a particular category (such as travel, IT, office machinery or similar) as opposed to general market trends • discretionary and/or essential nature of supply • availability of replacement goods/services for contingency supply if category supply fails (eg due to force majeure or supply chain issues)
<i>Recognised basis</i> may include:	• industry or service based categories such as travel, fleet, software, utilities etc • business unit/functional breakdown • geographical • degree of price flexibility for goods/services • nature/sophistication of supplies
<i>Appropriate systems</i> should consider:	• responsiveness • capabilities • capacity • accuracy • user friendliness • integration potential

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- supportability

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<i>Market strategies</i> may include:	• approaches to best exploit the potential of the supply market for the achievement of outcomes • awareness of changing market conditions • understanding of and possible changing of the buyer organisation's positioning in the market to best achieve outcomes
<i>Strategies to manage and maintain productive relationships</i> may include:	• stakeholder expectations and needs analysis • start up workshops with suppliers • regular performance workshops • issues tracking and resolution • supplier reviews • progress meetings • communications plan and contract management plan
<i>Sources</i> may include:	• IT systems including financial, tender publishing systems, HR systems and others • internal stakeholders such as end users, procurement staff etc • external stakeholders such as suppliers • benchmarking with other organisations
<i>Category performance</i> may include:	• analysis of: • contract leakage • buyer behaviour • opportunities • risks and issues • spend levels and patterns • category trends • value obtained and benefits tracking • improvement opportunities • supplier performance • constraints and limitations • supplier provided reports which: • identify improvement opportunities • measure supplier performance • measure buyer performance • benefits tracking activities which identify: • progress on continuous improvement opportunities

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	• progress on category objectives • off contract spend analysis, and remedy mechanisms to be progressed • significant open issues and associated corrective action plan
<i>Trends, opportunities and risks</i> may include:	• legislative change • policy • technology • geographical • demographic
<i>Efficiency and effectiveness</i> may include:	• best use of resources to produce results with little wasted effort (efficiency) • achievement of results that contribute to the organisation's goals (effectiveness) • linkages between outputs of the category and achievement of organisational outcomes
<i>Consult appropriately</i> may include:	• method of consultation • frequency of consultation • probity • sensitivity • accessibility • style, tone and level of content • audience awareness
<i>Organisational strategies</i> may include:	• business arrangements • contracting arrangements • delivery methods • products and/or services • holistic solutions and outsourcing • PPPs • strategic alliances

Unit Sector(s)

Procurement and Contract Management

Custom Content Section

Not applicable.