



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC608 Manage fundamental aspects of a supply chain

Release: 1

PSPPROC608 Manage fundamental aspects of a supply chain

Modification History

Release	TP Version	Comments
1	PSP12V1	Primary release.

Unit Descriptor

This unit covers the competencies required to manage the fundamental aspects of a supply chain.

This is essential to the organisation meeting its stated outcomes. Whilst the non supply or disrupted supply of products and services will have an adverse impact on core business, failure to manage the social, environmental and cost aspects of the supply chain could have significant impact on the organisation's survivability in the market place. Consequently, the supply chain has to be managed in terms of capacity, creation of constructive competition, developing alternate methods of supply, sustainable practice, environmental and social responsibilities and cost.

In practice corporate risks implicit in the supply chain should be integrated with strategic, corporate and financial planning.

Consideration and incorporation of Corporate Social Responsibility (CSR) principles, sustainability and environmental issues is 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

1. Establish the business needs of the buying organisation

2) PERFORMANCE CRITERIA

- 1.1 Identify **outcomes and strategic themes** from corporate planning documents and **senior management**.
- 1.2 Determine requirements for collaborative planning and forecasting in the supply chain.
- 1.3 Assess the **fundamental aspects of the supply chain** and the importance of integrating the supply chain to achieving outcomes.
- 1.4 Identify and acknowledge **vulnerabilities and opportunities** in the supply chain.
- 1.5 Document the supply chain requirements in accordance with policy and procedures.

2. Develop strategies to manage supply chain

- 2.1 Formulate and use effective **communication strategies** to engage **internal stakeholders, external and market stakeholders**.
- 2.2 Review the fundamental aspects of the supply chain and recommend actions to reduce vulnerability or achieve better value for money or policy outcomes.
- 2.3 Assess **supplier capabilities** and **capacity** against customer requirements.
- 2.4 Establish effective working relationships between suppliers and customers.
- 2.5 Encourage **innovation** and manage **risks** in the supply chain. Consider and document alternative strategies where appropriate.
- 2.6 Address legal, ethical, environmental, sustainability and **Corporate Social Responsibility (CSR)** principles through the supply chain.

3. Develop and implement continuous improvement strategies

- 3.1 Baseline current supply chain performance and measure against relevant **benchmarks**.
- 3.2 Review the effectiveness of the supply chain at each level of the supply chain including staff and customers.
- 3.3 Identify and analyse **trends** and changes in supply chain fundamentals and **organisational influence** over time.
- 3.4 Make, influence or recommend appropriate changes to current supply chain management strategies to support continuous improvement.

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 contractors and stakeholders
 - network, within probity boundaries, with contractors and stakeholders
 - write a business case
 - read complex documents, such as contracts, legislation and policy guidelines
 - provide feedback
- research skills to:
 - gather and analyse organisational information to build procurement profile
 - gather and analyse market information
 - gather and analyse stakeholder requirements
 - review and apply legislative, regulatory and policy requirements
 - identify and predict trends
- teamwork skills to:
 - model effective team management approaches
 - 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 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
 - apply complex government policy and inter-governmental agreements
 - interrogate corporate systems, such as Financial Management Information Systems (FMIS) or asset management system to obtain data
 - apply complex cost models
 - analyse complex supply chains to identify risk, vulnerability and opportunity
 - interpret market reaction
- planning and organising skills to:
 - undertake research and business analysis
 - plan procurement processes in alignment with business and organisational goals
 - document procurement planning decisions and expected outcomes
 - manage and update procurement plans and sub-plans in line with strategic plans and budgets
 - apply complex strategies to development of strategic plans, including corporate, budget and procurement plans and sub plans

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

- influence strategic and risk planning
- 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 legal determinations
- technological skills to:
 - exploit organisational Enterprise Resource Planning systems (ERPs)
 - develop and manage electronic commerce
 - exploit market opportunities and initiatives in e 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 (eg 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
- 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

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

- 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 in the ability to predict future procurement needs, based on the analysis of past and current organisational and market data. 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 against those predictions and appropriate arrangements made for managing the fundamental aspects of the supply chain.

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

Assessment must confirm the ability to:

- gather and analyse complex financial, business and market information and develop procurement, market and supplier profiles
- identify and apply the people skills relevant to supply chain management
- identify and interpret complex legislation, regulation and policy, including international treaties, principles of CSR, sustainability, environmental and social trends
- develop and integrate complex planning documents which support core strategic and government outcomes
- develop and use effective category management strategies to achieve objectives
- assess local and international markets, identify trends and develop strategies to ensure market positioning necessary to meet future needs
- identify and secure future market sources to meet core business needs
- devise and implement supply chain management strategies and processes within an organisation based on analysis of the characteristics of the supply chain
- consider both qualitative and quantitative factors in reaching decisions or recommendations

Consistency in performance

Competency should be demonstrated by providing evidence of undertaking a range of relevant work task 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.

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.

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 Private Public Partnerships (PPP), strategic alliance, e commerce, holistic service solution, engaging the corporate sector to deliver on behalf of or instead of government
- case studies that incorporate challenges from which strategies can be developed to deal with future sources of goods and/or services and the methods that may need to be employed to secure future requirements

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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 secure market sources
- preparing written reports evidencing review of strategies and approaches adopted by other government and non government organisations to manage supply chains
- preparing written reports evidencing review of market information, best practice guides, planning documents and strategies, business models and budgets, lobby group predictions, political philosophies and policies, community expectations, technological advancements and other relevant material and develop possible scenarios for managing supply chains
- preparing risk and opportunity assessments of supply chains
- preparing supply chain reviews and continuous improvement recommendations
- developing sound supply chain 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 questions 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.

- PSPETHC601B Maintain and enhance confidence in the public service
- PSPGOV602A Establish and maintain strategic networks
- PSPLEGN601B Manage compliance with legislation in the public sector
- PSPMNGT608B Manage risk

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.

- PSPMNGR607B Develop a business case
- PSPOHS602A Manage workplace safety
- PSPPROC604B Plan for strategic procurement
- PSPPROC605B Coordinate strategic procurement
- PSPPROC606B Negotiate strategic procurement
- PSPPROC607A Manage strategic procurement
- PSPMNGT604B Manage Change
- PSPMNGT 609B Formulate business strategies
- PSPMNGT 612A Review and improve business 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.

<i>Outcomes and strategic themes</i> may include:	• what the organisation intends to achieve and how it intends to structure the business activities of the organisation to aid deliverables
<i>Senior management</i> may include:	• executive management • middle management • Board of Directors • program and Project managers • key operations managers
<i>Fundamental aspects</i> of the supply chain will include:	• capacity • flexibility • adaptability • schedule/timeliness • availability • ability to deliver • cost • longevity and stability of the market • environment • social • cohesion or integration of the supply chain • choice of suppliers and partners in the chain • ability to influence contractual relationships • performance of the whole chain, not just the component parts
<i>Vulnerabilities and opportunities</i> may include:	• nature of the supplier market – size, competitiveness, reliability, location of suppliers, barriers to entry • availability of raw materials or components in the supply chain • nature of transport/freight arrangements • type of pricing strategies used in supplier market (e.g. product differentiation, price discounts) • sophistication of the supplier market • sophistication of the buying organisation • level of data available to the buying organisation • changing lead times • technological issues and opportunities

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| | <ul style="list-style-type: none">• legislative changes and changes in standards• social change• force majeure vulnerabilities in supply chain |
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<i>Communication strategies</i> may include:	• consideration of: • organisational structure • accessibility • supportability • openness • appropriate technologies • appropriate level • method • probity • sensitivity of material to be communicated • style, tone and level of content
<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
<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>Supplier capabilities</i> may include:	• financial viability/capacity • past performance • skills and expertise • quality accreditations • continuous improvement practices • technological placement

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| | <ul style="list-style-type: none">• compliance with CSR, sustainability and environmental requirements and emerging trends• staff loyalty, development and succession planning• business continuity plans/disaster recovery |
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<i>Capacity</i> may include:	- the ability of the market to: - meet demand - surge capacity - be adaptable - to embrace change - be creative and/or innovative - maintain compliance with Australian and/or international standards - comply with local and regional requirements
<i>Innovation</i> may include:	- paradigm shift - achievement of similar outcomes with vastly improved performance metrics - alternative products or service to achieve better outcomes - process improvement - technological improvement
<i>Risks</i> may include:	- Technical - Commercial - Reputational and political
<i>CSR principles</i> may include:	- triple bottom line reporting - managing up and down stream in the business relationship - people, plant, profit - fair work practices - commitment to environmental and sustainability practices - better community outcomes
<i>Benchmarks</i> means:	- a standard by which comparative measurement can be made, could include: - quality - time - price - cost - generally used in conjunction with ‘best practice’
<i>Best practice</i> may include:	techniques, methods, processes, activities, incentives, or rewards which conventional wisdom regards as more effective at delivering a particular outcome than any other techniques, methods, processes, etc. when applied to a

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	particular condition or circumstance
<i>Trends</i> may include:	• changes in conditions that may lead to long term change such as: • competition • technology • regulation • demand
<i>Organisational influence</i> may include:	• influence on the market, including: • buying capacity • continuous or regular consumption • level of spend • reputation and influence • ease of doing business • relationship building • developing future opportunities • price leverage • innovation • ability to influence legislation, regulation or policy

Unit Sector(s)

Procurement and Contract Management

Custom Content Section

Not applicable.