

Unit 36: Procurement and Supply Chain Management

Unit code D/618/5123

Unit level 5

Credit value 30

Introduction

Procurement and supply chain managers face increasing challenges to create and retain efficient, effective supply chain methods. The strains on supply chains are becoming far more complicated and intense and, therefore, management requires a strong plan and constant measuring for weak links.

The aim of this unit is to enhance students' understanding of the nature, role and contribution of supply chain management to a business. The growth of global business has led to organisations becoming increasingly reliant on logistics and supply chain management in order to keep up with the demands of a global economy. Students will explore the purpose of supply chain management and its benefits to an organisation, their customers and their suppliers.

Students will consider the design, development, implementation, control and future development stages of supply chain. There is an emphasis on practical employability skills throughout this unit.

Learning Outcomes

By the end of this unit a student will be able to:

- LO1 Compare procurement and supply chain concepts, principles and processes in an organisational context
- LO2 Evaluate the importance of ethical and sustainable practices in procurement and supply to achieve responsible management
- LO3 Analyse the added value achieved through procurement and supply management to achieve competitive advantage for an organisation
- LO4 Develop solutions to improve a procurement or supply chain process for an organisation.

Essential Content

LO1 Compare procurement and supply chain concepts, principles and processes in an organisational context

Defining procurement and supply:

Definitions of procurement, purchasing and supply chain management.

Defining stakeholders and stakeholder mapping for procurement and supply chain functions.

Key aspects of corporate governance for procurement and supply.

The use of procurement policies, procurement strategies and procurement manuals.

Benefits of different IT systems to support the function of procurement and supply chain management in organisations, including P2P systems, systems for inventory management, Enterprise Resource Planning (ERP) technologies.

Success/performance measures of the different systems.

The impact of Distribution Ledger Technology (DLT) on reducing cost and complexity in SCM, e.g. tracking a shipment through its journey, use of cryptocurrency for transactions, decentralisation of the marketplace.

Procurement:

The procurement cycle and different stages, e.g. defining business need, market analysis, supplier evaluation and tendering processes.

Different types of procurement, e.g. products and services for stock, non-stock, direct or indirect.

Developing appropriate procurement processes and procedures for supplier selection, tenders and contracting, supplier management.

Supply chain management:

Relationships with suppliers and logistic providers, and portfolio analysis techniques to manage those relationships.

A holistic approach to managing and optimising the effectiveness of a supply chain.

The use of the Supply Chain Operations Reference (SCOR) model to address, improve and communicate supply chain management (SCM).

The benefits of effective SCM.

Supply chain integration:

Holistic and integrated approaches to a supply chain and supply chain management.

Factors influencing decisions to integrate a supply chain, including the size of the business, its structure, geographic location(s), target market and competitor profile.

Supply chain logistics:

Aspects of logistics, including transportation and warehousing and inventory management.

Customising logistics networks to meet service requirements.

Customer demand planning and the product lifecycle.

Risk management:

Factors for failure e.g. design, supplier, customers, facilities

Different types of risks in procurement and supply caused by internal factors e.g. contract failure, operational risks, security, logistical risks and external factors e.g. geopolitical and economic issues.

Techniques for preventing failure e.g. fault tree analysis, poka yoke

Approaches to managing risk in projects e.g. risk assessment, tracking risks, prioritising risks and mitigating risks.

LO2 Evaluate the importance of ethical and sustainable practices in procurement and supply to achieve responsible management

Ethical and sustainable practices:

Definitions of aspects of sustainability such as corporate social responsibility, responsible procurement and purchasing and supply chain relationships.

The ethical and sustainable considerations and standards of sources, e.g. human rights, modern-day slavery, corruption and bribery.

Ethical considerations in the supply chain, e.g. complying with standards, raising awareness of sustainability and ethical practices.

The implications of globalisation:

Different cultural and social issues and challenges throughout the supply chain, e.g. language barriers, health and safety, codes of conduct, equal opportunities and rights.

The impact of different customs and traditions in negotiation and contracting suppliers.

The impact of regulatory standards and compliance to processes and standards that affect the workplace and producers.

The principles and charter of the World Trade Organization (WTO).

Fairtrade Labelling Organisations International (FLO) and global fair-trade organisations.

LO3 Analyse the added value achieved through procurement and supply management to achieve competitive advantage for an organisation

Competitive analysis:

Different analytical tools for competitive analysis, e.g. Porter's Five Forces.

PESTLE model.

Added value:

Sources of added value that include speed efficiency to meet timescales, pricing and cost management, improved quality and streamlined channels of communication.

The need for agility and flow to deliver to increasing customer expectations.

The use of cloud-based technologies to support increased connectivity, visibility and transparency across the supply chain.

Increasing customer responsiveness and managing customers and meeting their needs efficiently and effectively to build a competitive infrastructure.

Creating positive stakeholder relationships:

Team management in organisations, e.g. Tuckman.

Building relationships based on reputation and trust.

The supplier relationship spectrum including relationship types, e.g. competitive suppliers, preferred suppliers, performance partnerships and business alliances.

The relationship lifecycle.

Use of supplier positioning model, e.g. Kraljic Supply Matrix/
Portfolio Purchasing Model.

Challenges of stakeholder relationships, e.g. geographical distance, fluctuating currency exchange rates, political and economic stability of countries in the supply chain, differences in legal systems, differences in cultural and ethical standards, language and time differences.

Sources of conflict in purchasing and supply and management of conflicts.

Processes for terminating stakeholder relationships, including timing, legal considerations, continuity of supplies and impact on relationships.

LO4 Develop solutions to improve a procurement or supply chain process for an organisation.

Analysing procurement and supply chain processes:

The importance of a critical and objective approach to identify negative and positive trends.

Analysing issues and problems within the procurement and supply chain.

Assessing risks and priorities.

Developing justified recommendations for change:

Use of performance objectives of quality, speed, dependability, flexibility and cost.

Different types of improvements, to include satisfying the needs of the end customer, and identifying the mix of quality, speed, dependability, flexibility and cost required by the end customer.

Resolutions for complex and multi-faceted issues facing customer service, cost control, supplier relationship management, risk management and talent acquisition.

Resource issues caused by changes and improvements, e.g. costs, termination of contracts, impacts on relationships.

Monitoring and evaluation targets, including the achievement of customer requirements and impact on the performance of the whole procurement or supply chain.

Effective record keeping:

Record keeping assisting in the effective identification of issues in procurement and/or supply chain strategies.

Purpose of record keeping, e.g. to encourage internal tracking of issues and problems and the resolutions identified.

Lessons learnt logs, feedback reports and fault registers.

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
<p>LO1 Compare procurement and supply chain concepts, principles, and processes in an organisational context</p>		<p>LO1 and LO2</p> <p>D1 Make valid recommendations for effective ethical procurement and supply chain management.</p>
<p>P1 Examine the procurement principles and processes used by a range of organisations.</p> <p>P2 Examine the supply chain principles and processes used by a range of organisations.</p> <p>P3 Compare risks and challenges faced by organisations in procurement and supply management.</p>	<p>M1 Analyse procurement and supply chain management integration in global operations.</p>	
<p>LO2 Evaluate the importance of ethical and sustainable practices in procurement and supply to achieve responsible management</p>		
<p>P4 Evaluate considerations and challenges that organisations must overcome to achieve ethical and sustainable practices in procurement and supply.</p> <p>P5 Assess the impact of globalisation on procurement and supply chain management in a range of organisations.</p>	<p>M2 Critically evaluate the importance of ethical and sustainable practices in procurement and supply for a range of organisations.</p>	

Pass	Merit	Distinction
<p>LO3 Analyse the added value achieved through procurement and supply management to achieve competitive advantage for an organisation</p>		
<p>P6 Examine sources of added value in procurement and supply management available to a specific organisation in order to achieve competitive advantage.</p> <p>P7 Analyse how a specific organisation can create positive stakeholder relationships in order to achieve competitive advantage.</p>	<p>M3 Critically analyse the added value achieved through procurement and supply management.</p>	<p>D2 Make justified recommendations for improving procurement and supply chain processes and procedures to achieve competitive advantage.</p>
<p>LO4 Develop solutions to improve a procurement or supply chain process for an organisation.</p>		
<p>P8 Develop a range of solutions to improve procurement or supply chain processes that meet stakeholder needs and end-customer requirements.</p>	<p>M4 Produce solutions that resolve multi-faceted issues to achieve performance objectives.</p>	<p>D3 Devise innovative solutions to solve complex problems and issues in procurement or supply chain processes.</p>

Recommended Resources

Textbooks

CHRISTOPHER, M. (2016) *Logistics and Supply Chain Management*. 5th Ed. London: Pearson.

FARRINGTON, B. and LYSSONS, K. (2020) *Purchasing and Supply Chain Management*. 10th Ed. Harlow: Pearson.

HANFIELD, R. (2020) *Purchasing and Supply Chain Management*. 7th Ed. Cengage.

SLACK, N. and BRANDON-JONES, A. (2019) *Operations Management*. 9th Ed. Harlow: Pearson.

Websites

www.apics.org	Association for Operations Management (General reference)
www.cips.org	Chartered Institute of Procurement & Supply (General reference)
www.ismworld.org	Institute for Supply Management
www.scdigest.com	<i>Supply Chain Digest</i> Resources/Education (General reference)

Links

This unit links to the following related units:

Unit 15: Operations Management

Unit 26: Principles of Operations Management

Unit 44: Business Information Technology Systems