

COSCCOMO11 - SQA Unit Code FM71 04

Implement strategic and integrated supply chain management and sourcing partnerships in construction contracting operations management



Overview

This unit is about selecting criteria to evaluate the benefits of strategic sourcing, specifying and agreeing how the supply chain and systems will be managed and aligned and monitoring the performance of the supply chain.

You will need to select criteria to evaluate the effect of strategic sourcing on competitiveness and the benefits of changing to new suppliers. You will also need to recommend changes and negotiate and agree recommendations with decisions makers and suppliers. You will need to specify and agree with the supply chain how the systems will be managed and aligned. You will need to identify and agree with stakeholders any changes to the systems. You will then need to develop and implement trials, assessing results and making modifications prior to implementation. You will need to negotiate and agree contractual arrangements for strategic sourcing partnerships.

You will need to review the terms of contract to assess benefits to the supply chain. You will also need to monitor the performance of the supply chain. You will then need to inform the supply chain about variations in performance and advising them about changes needed.

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Performance criteria

You must be able to:

Evaluate and agree the benefits and risks of strategic sourcing

- P1 select relevant **criteria** to use in making evaluations and decisions
- P2 evaluate the effect of **strategic sourcing** on competitiveness of supply, compare the evaluation with existing arrangements and calculate the advantages and disadvantages
- P3 evaluate the benefits of changing to new suppliers
- P4 recommend changes using evidence and identify the strategic implications for supply
- P5 negotiate and agree recommendations with decision makers, the suppliers and other people who have an interest

Agree and implement alignment of systems

You must be able to:

- P6 specify and agree with the **supply chain** the ways in which **systems** will be managed and aligned
- P7 identify and agree, with all **stakeholders**, the changes to **systems** which are necessary to meet technical and quality requirements
- P8 develop and implement appropriate trials, assess the results and make appropriate modifications before moving to full implementation
- P9 check that the alignment of **systems** conforms to the requirements of data protection legislation
- P10 negotiate and agree formal contractual arrangements that set out the requirements for the implementation and operation of strategic sourcing partnerships

Monitor and control supply chain arrangements

You must be able to:

- P11 review the terms of contract regularly, and assess whether there are continued net benefits to the **supply chain**
- P12 **monitor** the performance of the **supply chain** against agreed standards and quantify any variations in performance
- P13 inform the **supply chain** about variations in performance from contract terms, and provide them with advice and information about the changes needed and the time allowed to make the changes
- P14 investigate persistent variations and major problems, identify likely causes and inform all the **supply chain**
- P15 assess existing sourcing arrangements against alternative supply options regularly and estimate the relative benefits and advantages

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Knowledge and understanding

You need to know and understand:

Evaluate and agree the benefits and risks of strategic sourcing

- K1 how and why to select relevant **criteria** to use in making evaluations and decisions (evaluation)
- K2 how and why to evaluate the effect of **strategic sourcing** on competitiveness of supply (evaluation)
- K3 how and why to compare the evaluation with existing arrangements (synthesis)
- K4 how to calculate the advantages and disadvantages **strategic sourcing** on competitiveness of supply (application)
- K5 how and why to evaluate the benefits of changing to new suppliers (evaluation)
- K6 how and why to recommend changes to suppliers using evidence (synthesis)
- K7 how and why to identify the strategic implications for supply (evaluation)
- K8 how and why to negotiate recommendations with decision makers, the suppliers and other people who have an interest (synthesis)
- K9 how and why to agree recommendations with decision makers, the suppliers and other people who have an interest (evaluation)

Agree and implement alignment of systems

You need to know and understand:

- K10 how and why to specify and agree with the **supply chain** the ways in which **systems** will be managed and aligned (evaluation)
- K11 what to identify as the changes to **systems** with all **stakeholders** which are necessary to meet technical and quality requirements (understanding)
- K12 how and why to agree with all **stakeholders**, the changes to **systems** which are necessary to meet technical and quality requirements (evaluation)
- K13 how and why to develop appropriate trials before moving to full implementation (synthesis)
- K14 how to implement appropriate trials before moving to full implementation (application)
- K15 how and why to assess the results and make appropriate modifications before moving to full implementation (analysis)
- K16 how to check that the alignment of **systems** conforms to the

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requirements of data protection legislation (application)

- K17 how and why to negotiate a formal contractual arrangements that set out the requirements for the implementation and operation of strategic sourcing partnerships (synthesis)
- K18 how and why to agree formal contractual arrangements that set out the requirements for the implementation and operation of strategic sourcing partnerships (evaluation)

Monitor and control supply chain arrangements

You need to know and understand:

- K19 how and why to review the terms of contract and assess whether the contract provides continued net benefits to the **supply chain** (analysis)
- K20 how and why to **monitor** the performance of the **supply chain** against agreed standards (analysis)
- K21 how and why to quantify any variations in performance of the supply chain (analysis)
- K22 how to inform the **supply chain** about variations in performance from contract terms (application)
- K23 how and why to provide the **supply chain** with advice and information about the changes needed and the time allowed to make the changes (synthesis)
- K24 how and why to investigate persistent variations and major problems (analysis)
- K25 what to identify as likely causes of persistent variations and problems (understanding)
- K26 how to inform all the **supply chain** about causes of persistent variations and problems (application)
- K27 how and why to assess existing sourcing arrangements against alternative supply options (analysis)
- K28 how and why to estimate the relative benefits and advantages from the analysis of the existing sourcing arrangements and alternative supply options (analysis)

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Scope/range

Evaluate and agree the benefits and risks of strategic sourcing

- 1 Criteria:
 - 1.1 cost
 - 1.2 legislation
 - 1.3 codes of practice
 - 1.4 security of supply
 - 1.5 consistency of supply
 - 1.6 quality of product/service being supplied
 - 1.7 contract providing mutual benefits
 - 1.8 agreed payment procedures
 - 1.9 time and scheduling
 - 1.10 Building Information Modelling capability
 - 1.11 alignment of systems
 - 1.12 adoption of industry guidance and benchmarking
 - 1.13 community and sustainability benefits
 - 1.14 business case including whole life value
 - 1.15 project objectives
 - 1.16 competence of supplier
- 2 Strategic sourcing - of:
 - 2.1 principal contractors
 - 2.2 sub/works/trade contractors
 - 2.3 suppliers of goods, materials and labour
 - 2.4 consultants
 - 2.5 facility/asset managers
 - 2.6 finance

Agree and implement alignment of systems

- 3 Supply chain:
 - 3.1 principal contractors

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- 3.2 sub/works/trade contractors
- 3.3 suppliers of goods, materials and labour
- 3.4 consultants
- 3.5 facility/asset managers
- 3.6 finance
- 4 Systems:
 - 4.1 health & safety
 - 4.2 environment
 - 4.3 certification of workforce
 - 4.4 manual
 - 4.5 electronic
 - 4.6 Building Information Modelling
 - 4.7 TQM systems
 - 4.8 design
 - 4.9 commercial
 - 4.10 Key Performance Indicators
 - 4.11 time management
 - 4.12 open book forms linked to outcomes
 - 4.13 agreed payment procedure
- 5 Stakeholders:
 - 5.1 internal
 - 5.2 external

Monitor and control supply chain arrangements

- 6 Supply chain:
 - 6.1 principal contractors
 - 6.2 sub/works/trade contractors
 - 6.3 suppliers of goods, materials and labour
 - 6.4 consultants

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- 6.5 facility/asset managers
- 6.6 finance
- 7 Monitoring - methods:
 - 7.1 internal auditing and reporting
 - 7.2 external auditing and reporting

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