

CFAM&LED1 (SQA Unit Code - H426 04)

Decide whether to produce or buy in products and/or services

Overview

This standard is about taking decisions about whether to produce products and/or services within your organisation or whether to buy in products and/or services from other organisations. This is often referred to as the “make or buy” decision.

This standard is relevant to managers with the responsibility for deciding, in consultation with others, whether to “make or buy” products and/or services.

This standard links closely to all the other standards in key area *EC Procure products and services* and also to *CFAM&LEB2 Obtain physical resources* and *CFAM&LEB5 Optimise effective use of technology*.

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Performance criteria

- You must be able to:*
- P1 Engage colleagues and other key stakeholders in deciding whether to produce or buy in products and/or services.
 - P2 Establish your organisation's requirements for products and services.
 - P3 Establish whether your organisation has the capability and capacity to produce required products and/or services, or could feasibly develop this capability and capacity in the timescale required.
 - P4 Identify potential suppliers and evaluate whether they have the capability and capacity to supply required products and/or services in the timescale required.
 - P5 Analyse all the costs and benefits of producing products and/or services in-house, including the opportunity costs and the costs and benefits of developing new capability and expertise.
 - P6 Analyse all the costs and benefits of buying in products and/or services, including costs of procurement processes and the costs and benefits of collaborative arrangements.
 - P7 Evaluate the risks involved in producing products and/or services and in buying in products and/or services.
 - P8 Evaluate relevant ethical and sustainability considerations and the interests of key stakeholders.
 - P9 Base your decision whether to produce or buy in products and/or services on your:
 - P9.1 analysis of costs and benefits
 - P9.2 analysis of risks
 - P9.3 evaluation of ethical and sustainability considerations, and
 - P9.4 evaluation of the interests of key stakeholders.
 - P10 Record your decision, explaining your rationale and any assumptions made.
 - P11 Communicate your decision to those who need to know.
 - P12 Review your decision to produce or buy in products and/or services at appropriate intervals, taking account of the actual costs and benefits and any changes in your organisation's operating environment.

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Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 How to engage colleagues and stakeholders in deciding whether to produce or buy in products and/or services.
- K2 How to evaluate your organisation's actual or potential capability and capacity to produce required products and services.
- K3 How to evaluate the capability and capacity of potential suppliers.
- K4 How to carry out cost-benefit analyses.
- K5 How to develop and sustain collaborative working arrangements.
- K6 How to identify and evaluate risks.
- K7 Decision making principles, methods, tools and techniques and how to apply them.
- K8 The importance of specifying assumptions made.
- K9 Principles and methods of effective communication and how to apply them.
- K10 The importance of carrying out regular reviews of your decisions to produce or buy in products and services, and how to do so.

Industry/sector specific knowledge and understanding

You need to know and understand:

- K11 Industry/sector procurement standards, regulations and guidelines.

Context specific knowledge and understanding

You need to know and understand:

- K12 Your organisation's strategic objectives.
- K13 Your organisation's business activities and processes.
- K14 Your organisation's requirements for products and services.
- K15 Potential suppliers of products and services to your organisation.
- K16 Your organisation's key stakeholders and their interests.
- K17 Your organisation's values.
- K18 Ethical and sustainability considerations that may impact on your decisions.
- K19 Your organisation's sustainability policy.
- K20 Your organisation's procurement policy.
- K21 Trends and developments in your organisation's operating environment.

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Behaviours

When performing to this standard, you are likely to demonstrate the following behaviours:

- 1 Seek opportunities to improve performance
- 2 Listen actively, ask questions, clarify points and restate or rephrase statements to check mutual understanding
- 3 Present information clearly, concisely, accurately and in ways that promote understanding
- 4 Balance risks against the benefits that may arise from taking risks
- 5 Identify and seize opportunities to obtain resources
- 6 Comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes
- 7 Show integrity, fairness and consistency in decision making
- 8 Identify and raise ethical concerns
- 9 Use cost-effective, time-effective and ethical means to gather, store and retrieve information
- 10 Take account of the internal and external politics that impact on your own area of work
- 11 Identify and work with people and organisations that can provide support for your work
- 12 Recognise stakeholders' needs and interests and manage these effectively
- 13 Identify the range of elements in a situation and how they relate to each other
- 14 Specify the assumptions made and risks involved in understanding a situation
- 15 Take timely decisions that are realistic for the situation

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Skills

When performing to this standard, you are likely to demonstrate the following skills:

- Analysing
- Assessing
- Communicating
- Decision-making
- Evaluating
- Forecasting
- Information management
- Involving others
- Obtaining feedback
- Planning
- Presenting information
- Reporting
- Reviewing
- Thinking systematically

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