



## Higher National Unit specification: general information

**Unit title:** Purchasing Strategy

**Unit code:** H35H 35

**Superclass:** VC

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**Version:** 01

### Unit purpose

This Unit has been designed to enable learners to formulate, select and evaluate strategies in relation to the procedures and processes involved in supply chain management. It will increase the breadth and depth of the learners' knowledge by addressing issues at a more strategic level within the purchasing and supply function.

### Outcomes

On completion of the Unit the learner should be able to:

- 1 Evaluate techniques for the strategic development of the procedures, processes and people involved in the materials management within different organisations.
- 2 Determine policies and procedures for meeting the requirements of the customer.
- 3 Analyse purchasing techniques for the acquisition of materials from external sources of supply.
- 4 Determine the procedures necessary for the effective acquisition and monitoring of special purchases and services.
- 5 Evaluate the elements and procedures in relation to the control of the flow of materials within different organisations.

### Credit points and level

2 Higher National Unit credits at SCQF level 8: (16 SCQF credit points at SCQF level 8\*)

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

## Higher National Unit specification: general information (cont)

**Unit title:** Purchasing Strategy

### Recommended entry to the Unit

Access to this Unit is at the discretion of the centre. However, learners are expected to have work experience relevant to the activities of the supply chain. It is not necessary that learners hold a team leader, supervisory or management position.

Learners are also expected to have competency in numeracy and communication skills to at least SCQF level 5. This may be evidenced by possession of the Core Skills Units in *Numeracy* and *Communication* or similar qualifications or experience.

### Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes for this Unit specification.

There is no automatic certification of Core Skills or Core Skill components in this Unit.

### Context for delivery

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

The Assessment Support Pack (ASP) for this Unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>).

### Equality and inclusion

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements).

## Higher National Unit specification: Statement of standards

### Unit title: Purchasing Strategy

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

### Outcome 1

Evaluate techniques for the strategic development of the procedures, processes and people involved in the materials management within different organisations.

#### Knowledge and/or Skills

- ◆ Strategic role of purchasing function
- ◆ Health and Safety legislation, organisational procedures and good management practice
- ◆ Integration of purchasing activities
- ◆ Staff development

#### Evidence Requirements

Learners will need evidence to demonstrate all aspects of their Knowledge and/or Skills in this Outcome by showing that they can:

- ◆ evaluate the strategic role of the purchasing function with respect to the strategy of the organisation as a whole and the requirements of customers
- ◆ analyse the monitoring of the wellbeing of purchasing staff is comprehensive and in line with current Health and Safety legislation, organisation procedures and good management practice
- ◆ analyse the integration of purchasing activities in relation to meeting customer needs and its appropriateness to the organisational goals
- ◆ analyse the monitoring of the development of staff operating within the purchasing function ensuring it is appropriate to individual development and organisational goals

The organisations may be industrial or retail and distribution and should be single and multi-site operations.

## Higher National Unit specification: Statement of standards (cont)

**Unit title:** Purchasing Strategy

### Outcome 2

Determine policies and procedures for meeting the requirements of the customer.

#### Knowledge and/or Skills

- ◆ Procedures for setting specifications
- ◆ Quality standards
- ◆ Customer requirements
- ◆ Make or buy decisions

#### Evidence Requirements

Learners will need evidence to demonstrate all aspects of their Knowledge and/or Skills in this Outcome by showing that they can:

- ◆ determine procedures for setting specifications for goods and services in terms of customer and organisation requirements in an industrial and retail business sector
- ◆ determine strategies for the establishment of quality standards in materials and services
- ◆ determine strategies for the establishment of the management of quality in goods and services with respect to organisational and customer requirements in an industrial and retail business sector
- ◆ analyse a make or buy decision to the requirements of a given situation

### Outcome 3

Analyse purchasing techniques for the acquisition of materials from external sources of supply.

#### Knowledge and/or Skills

- ◆ Materials and labour costs
- ◆ Negotiation strategies
- ◆ Acquisition of materials
- ◆ Contractual arrangements
- ◆ Evaluation strategies

#### Evidence Requirements

Learners will need evidence to demonstrate all aspects of their Knowledge and/or Skills in this Outcome by showing that they can:

- ◆ analyse financial information in relation to the actual costs of materials and labour in terms of preparation for a negotiation with an external source of supply
- ◆ evaluate negotiation strategies to be used in the negotiation for the acquisition of materials in accordance with the requirements of organisational needs
- ◆ evaluate contractual arrangements and ordering agreements for materials to their strategic importance within the organisation
- ◆ evaluate strategies for the ongoing evaluation of suppliers in accordance with the requirements of the organisation

The acquisition of materials can be goods for resale and/or services.

## Higher National Unit specification: Statement of standards (cont)

**Unit title:** Purchasing Strategy

### Outcome 4

Determine the procedures necessary for the effective acquisition and monitoring of special purchases and services.

#### Knowledge and/or Skills

- ◆ Acquisition of capital equipment
- ◆ Contracting for services

#### Evidence Requirements

Learners will need evidence to demonstrate all aspects of their Knowledge and/or Skills in this Outcome by showing that they can:

- ◆ determine the special considerations — financial and contractual — involved in the acquisition of capital equipment in terms of organisational goals
- ◆ determine the special considerations — financial and contractual — involved in the contracting for services in terms of organisational goals

### Outcome 5

Evaluate the elements and procedures in relation to the control of the flow of materials within different organisations.

#### Knowledge and/or Skills

- ◆ Inventory control techniques
- ◆ Safe disposal of surplus and waste materials

#### Evidence Requirements

Learners will need evidence to demonstrate all aspects of their Knowledge and/or Skills in this Outcome by showing that they can:

- ◆ evaluate inventory control techniques to stock classification within single plant and multi-plant organisations
- ◆ evaluate strategies for the safe disposal of surplus and waste materials in line with current legislation and organisational procedures within single plant and multi-plant organisations

The organisations may be industrial or retail and distribution and should be single and multi-site operations.

## Higher National Unit: Support Notes

### Unit title: Purchasing Strategy

Unit Support Notes are offered as guidance and are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 80 hours.

### Guidance on the content and context for this Unit

This Unit is likely to form part of an HN Supply Chain Management Group Award. It is designed to enable learners to formulate, select and evaluate appropriate strategies in relation to procedures and processes involved in supply chain management.

Outcome 1 looks at the techniques for strategic development of procedures, processes and people involved in the materials management within different organisations.

- ◆ Analysis of internal and external customer needs
- ◆ Evaluation of organisational needs and the relationship to supply markets
- ◆ Profit potential and return on investment
- ◆ Centralisation/decentralisation/divisionalisation
- ◆ Standardisation, variety reduction programmes
- ◆ Development of health and safety procedures in line with procedures and regulations from public bodies and current legislation
- ◆ Problems in controlling purchasing activities
- ◆ Controlling buying effectiveness
- ◆ Staff appraisal systems
- ◆ Staff development programmes

Outcome 2 covers policies and procedures for meeting the requirements of customers.

- ◆ Types of specification — design, performance, brands, sample, international and market grades. Commercial standards, material and method of manufacture.
- ◆ Concepts of quality — purchaser's role, upstream quality management, statistical process control, supplier certification and sample methods
- ◆ Types of make or buy investigation — influencing factors, considerations, cost/supplier/managerial

Outcome 3 focuses on purchasing techniques for the acquisition of materials from external sources of supply.

- ◆ Price analysis techniques — break even analysis, all-in-cost discounts, cost analysis, sub-contracted work, direct costs, indirect costs and tooling costs
- ◆ Negotiation — phases, approaches (eg eight step), objectives, styles, preparation and planning: post tender: two step bidding: team negotiations
- ◆ Contract types — fixed price, incentive, cost of type; servicing contracts: purchasing agreements
- ◆ Sourcing — policies, selection of criteria, the process of evaluation, captive source, merchant distributor, reciprocity, inter-company buying and vendor rating

## Higher National Unit: Support Notes (cont)

### Unit title: Purchasing Strategy

Outcome 4 covers the procedures for effective acquisition and monitoring of special purchases and services.

- ◆ The role of purchasing — procedures, life cycle cost analysis, used equipment buying and financial aspects (lease, rent)
- ◆ Selection of contractors — methods of payment, professional/technical/operating services, contract administration and buying construction services

Outcome 5 looks at the elements and procedures in relation to the control of the flow of materials within different organisations.

- ◆ Inventory, functions, types, methods of control, cyclical, flow control, MRP 1 and 2, JIT: receiving procedures, bar coding, stores systems and issuing procedures, automatic warehousing

### Guidance on approaches to delivery of this Unit

This Unit may be delivered as one of the Units within the HND Supply Chain Management.

It is anticipated that this Unit may be delivered to a variety of learner groups and, wherever possible, teaching and research should be slanted towards their individual needs. The latest materials and examples from current and business practice should be used to highlight and illustrate the differences between organisations.

In addition to the classroom explanations and discussions that this Unit provides, learners should be encouraged to make use of relevant websites to gather information for themselves. Direction may be required on the location of useful information sources, however learners should be encouraged to use their initiative to discover the other various sources of information available.

Industrial visits, or preferably work placements, should be organised and guest speakers should be invited to speak to learners, especially where the learners do not have industrial experience.

### Guidance on approaches to assessment of this Unit

Evidence can be generated using different types of Instruments of Assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

## Higher National Unit: Support Notes (cont)

### Unit title: Purchasing Strategy

Learners should be encouraged to carry out investigations into specific organisations in respect of these organisations' perceptions and approaches to the purchasing function. Such an investigation could be carried out individually or by small groups of learners, each investigating different aspects of how the purchasing function contributes to the organisation's success in the market place. Such an investigation could be incorporated into the assessment procedure if correctly monitored by the assessor. Further information could be generated by the use of purchasing practitioners visiting the centre and discussing topical issues with the learners. Learner access to purchasing magazines is strongly recommended as a source of topical issues.

There is an opportunity for the assessment of Outcomes 1, 2 and 5 to be integrated with learners completing a major investigative report into different organisations. The learners could present their findings in written and/or oral form. An oral presentation can give the assessor an opportunity to test the learners' knowledge in areas dictated by the Evidence Requirements where the evidence is incomplete. The learners may be issued with a comprehensive checklist at the start of the investigation which serves to indicate the coverage necessary to achieve a pass in all three Outcomes.

The assessment for Outcome 3 may take the form of a case study with restricted response questions which cover all the Evidence Requirements for the Outcome. The assessor may augment this assessment by incorporating the case study into a simulation.

The assessment for Outcome 4 may take the form of restricted response questions which cover all the Evidence Requirements for the Outcome.

To achieve this Unit, learners must produce satisfactory assessment evidence that shows they have achieved all of the Unit Outcomes.

### Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by Information and Communication Technology (ICT), such as e-testing or the use of e-portfolios or social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at [www.sqa.org.uk/e-assessment](http://www.sqa.org.uk/e-assessment).

### Opportunities for developing Core and other essential skills

There are no Core Skills embedded in this Unit. However, there are opportunities for developing the Written Communication and Oral Communication components of the Core Skill of *Communication* at SCQF level 6 and the Core Skill of *Problem Solving* at SCQF level 6 in this Unit.



## Higher National Unit: Support Notes (cont)

**Unit title:** Purchasing Strategy

### ***Communication — Written Communication at SCQF level 6***

Outcomes 1, 2 and 5 provide learners with the opportunity to develop their written communication skills.

Opportunities will occur where learners present written responses as part of their work throughout the Unit, but especially in the assessment of these Outcomes where learners complete a major investigative report and present their evidence as a written report. Learners will have to produce a well-structured report which evaluates a substantial body of information in-depth. The report will use a format, layout and word choice effective in meeting the purpose.

### ***Communication — Oral Communication at SCQF level 6***

Where the assessment of Outcomes 1, 2 and 5 takes the form of an investigative report, learners will have the opportunity to develop their oral communication skills. Learners may meet with individuals from both single plant and multi-plant organisations to gather information so will use vocabulary and a range of spoken language structures in a consistent and effective manner.

Learners may present their findings as an oral presentation and must convey all essential information and ideas and respond to questions. Within an oral presentation it is possible that specialist vocabulary may be used.

### ***Problem Solving — Critical Thinking at SCQF level 6***

All five Outcomes provide learners with the opportunity to develop their problem solving skills.

Where a combined assessment is used for Outcomes 1, 2 and 5, learners may have to investigate an organisation unfamiliar to them and analyse their procedures. They will have to identify factors involved and assess the relevance of these and thereafter evaluate the situation.

In Outcome 3 learners will have to analyse a case study where variable may be complex and will have to evaluate the situation prior to responding to the questions.

### ***Problem Solving: — Planning and Organising at SCQF level 6***

Learners will have to identify and obtain resources, from a wide range of familiar and unfamiliar sources — particularly when dealing with unfamiliar organisations — to carry out the assessment tasks.

### ***Problem Solving — Reviewing and Evaluating at SCQF level 6***

Learners will have to review and evaluate their findings and compare approaches in different types of organisations — single plant and multi-plant. They will have to identify and gather appropriate evidence to support their report.

## History of changes to Unit

Version	Description of change	Date

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## General information for learners

### Unit title: Purchasing Strategy

This section will help you decide whether this is the Unit for you by explaining what the Unit is about, what you should know or be able to do before you start, what you will need to do during the Unit and opportunities for further learning and employment.

This Unit is designed to enable you to formulate, select and evaluate appropriate strategies in relation to the procedures and processes involved in supply chain management.

In Outcome 1 you will look at techniques for the strategic development of procedures, processes and people involved in the materials management within different organisations.

In Outcome 2 you will focus on the policies and procedures for meeting the requirements of the customer, quality standards and make or buy decisions.

In Outcome 3 you will analyse purchasing techniques for the acquisition of materials from external sources of supply. This will involve looking at financial information and evaluating negotiating strategies and contractual agreements.

In Outcome 4 you will cover the procedures for the effective acquisition and monitoring of special purchases and services. This will include the role of purchasing and the selection of contractors.

In Outcome 5 you will evaluate the flow of materials within different organisations. This will cover inventory control techniques and strategies for the safe disposal of surplus and waste materials.

The assessment for Outcomes 1, 2 and 5 may be combined, and you may be asked to complete an investigative report. Outcome 3 may be assessed by a case study, and Outcome 4 may be assessed by restricted response questions.