

SSM 14 – UNDERSTANDING THE PROCUREMENT MANAGEMENT PRINCIPLES

Aims

By the end of this programme, participants will have a clearer understanding that purchasing makes a real and positive contribution to the organisation in all sectors. The course aims to highlight that without a meaningful specification, a supplier will not be able to deliver what we need, leading to potentially costly disagreements.

This programme will approach terms and conditions from three angles:

1. The buyer's commercial requirement
2. The underpinning legal considerations
3. The supplier's objectives in including a given term of condition.

Who Should Attend

This course is aimed at individuals who are new to the profession or function and are seeking to become more aware of the basic principles and techniques of purchasing. This course offers an excellent foundation for the "new" buyer and is designed to provide a solid grounding to benefit in the fundamentals of purchasing.

COURSE CONTENTS

Session 1: General principles of Procurement

- The role of purchasing
- Stages of the purchasing process
- Positive financial contribution of purchasing to all organisations
- Understanding and implementing the 'purchasing rights'
- Communications - relationships with suppliers and relationships with the customers of the purchasing service
- The impact of e-purchasing, internal relationships
- Practical aspects of purchasing - basic documentation, records, information and data flow, systems, processes and procedures
- The essentials of a valid contract under English Law
- The consequences for organisations and their people if basic processes are not followed

Session 2: Financial Aspects

- Understanding key financial statements - profit and loss accounts, balance sheets and cash flow statements
- The difference between profitability and cash flow
- Capital expenditure, revenue expenditure and depreciation
- Management of working capital
- Appreciation of the key accounting ratios
- The dangers of overtrading
- Cash flow forecasting

Session 3 – Legal aspects of Purchasing

- The impact of law on purchasing
- Law applicable to purchasing
- Contract sale of goods law
- Sources of purchasing law: international; EU and national law
- Forming and concluding agreements: the essential elements of a valid contract
- Can oral agreements be legally binding?
- The law on tenders and letter of intent
- Can contracts be made electronically?
- Why the buyer's terms must be the terms of the contract: "the battle of the forms"
- How to win the "battle of the forms"
- What buyers can sue for (remedies): consequential losses
- Which country's law? (Jurisdiction/governing law) product liability
- Overview of other significant law and legislation

Session 4 - Negotiation

- What is negotiation and its role in purchasing
- The negotiation process
- Styles - competitive/co-operative
- Relationships – both business and interpersonal
- Successful behaviours
- Delegates' personal negotiation profiles
- Preparation and planning objectives and targets
- Selected strategies and tactics
- Information gathering - constructive questions
- Role play to develop skills

Session 5 - Exploring and Developing Terms and Conditions

- The form and structure of contracts
- differing functions of terms and conditions
- performance definition clauses
- performance incentive clauses
- risk allocation clauses
- excusal of performance clauses
- specimen contractual terms (suppliers and buyers) for discussion
- some do's and don'ts of contract drafting

Session 6 - Environmental purchasing and responsible procurement

- Environmental strategy and policy
- The relationship between environmental management and the P&SM process
- Developing a business case
- Legal implications
- Where action will be appropriate
- Where it fits in relation to risk and wider company policies
- Whole life costing models
- Supplier selection evaluation, contract management
- Environmental criteria for tender evaluation
- Sources of information
- Risk analysis to determine priorities for environmentally sustainable procurement activity
- Risk analysis to focus on capacity building and delivery of sustainability objectives
- Working with suppliers to deliver environmental improvements
- Consideration of appropriate EU Directives