Produce and procure products and services from external suppliers



Overview

This standard is about producing and procuring products and services from external suppliers. You engage with colleagues to take decisions about whether to produce products and services within your organisation or whether to buy them from other organisations. You review capacity and capability of your own and suppliers to produce the products and services identified. You make decisions by analysing costs, benefits and risks, considering ethics and sustainability. The standard includes creating specifications and selecting suppliers that best meet your organisation's requirements. You monitor the performance of suppliers and resolve any problems that arise, reviewing your decisions to align with changes in your operating environment.

This standard is for all managers and leaders.

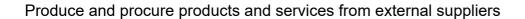
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Performance criteria

You must be able to:

- 1. engage colleagues and key stakeholders in deciding whether to produce or buy in products and services
- 2. establish your organisation's requirements for products and services
- 3. establish whether your organisation has the capability and capacity to produce required products and services, or could develop capability and capacity in the timescale required
- identify potential suppliers and evaluate their capability and capacity to supply required products and services in the timescale required
- 5. analyse the costs of producing products and services in-house, including the benefits of developing new capability and expertise
- analyse the costs of buying in products and services, including procurement processes and the benefits of collaborative arrangements
- 7. evaluate the risks involved in producing products and services compared to buying them in
- 8. review ethical and sustainability considerations and the interests of key stakeholders
- 9. decide whether to produce or buy in products and services based on your analysis of costs and benefits, risks, review of ethical and sustainability considerations, and the interests of key stakeholders
- 10. record and communicate your decision, explaining your rationale and the assumptions made
- 11. seek support from colleagues, procurement or legal specialists when required
- 12. create specifications for products and services to meet your organisation's requirements
- 13. identify a diverse range of products and services suppliers to compare options
- 14. select products and services suppliers which offer the optimal mix of quality, cost, timeliness and reliability
- 15. negotiate with selected suppliers to reach an agreement which offers value for money and is acceptable to both parties
- 16. agree a contract which states the quality and quantity of products and services to be supplied, timescales, costs, terms and conditions, and the consequences if either party fails to comply with the contract
- 17. monitor the performance of suppliers in terms of the quality, timeliness and reliability of products and services
- 18. resolve any supplier problems, in accordance with the terms of the contract
- 19. review your decisions to produce or buy in products and services at agreed intervals, taking account of the actual costs and benefits





and any changes in your organisation's operating environment 20. follow the legal, organisational, codes of practice and policies relevant to procuring products and services

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Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- 1. the importance of consulting with colleagues to identify requirements for products and services and decisions to produce or buy in products and services
- 2. how to draw up detailed specifications for procuring products and services
- 3. how to source products and services and compare alternative suppliers
- 4. how to select products and services suppliers which offer the optimal mix of quality, costs, timeliness and reliability
- 5. how to negotiate with selected suppliers to reach an agreement which offers value for money and is acceptable to both parties
- 6. the importance of agreeing a contract which clearly states quality and quantity of products and services, timescales and costs, terms and conditions, and consequences if either party fails to comply with the contract
- 7. how to monitor the performance of suppliers in terms of the quality, timeliness and reliability of products and services
- 8. the importance of taking prompt action to resolve any problems with the performance of suppliers, in accordance with the terms of the contract, and how to decide what action should be taken and when
- 9. how to evaluate your organisation's actual or potential capability and capacity to produce required products and services
- 10. how to evaluate the capability and capacity of potential suppliers



- 11. how to carry out cost-benefit analyses and identify and evaluate risks
- 12. the decision-making principles, methods, tools and techniques and how to apply them
- 13. the importance of carrying out regular reviews of your decisions to produce or buy in products and services, and how to do so

Industry and sector specific knowledge and understanding

- 14. the industry and sector requirements for procuring products/services
- 15. the legal, organisational, codes of practice and policies relevant to procuring products and services

Context specific knowledge and understanding

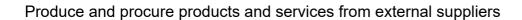
- 16. the sources of advice, guidance and support from colleagues or procurement or legal specialists on any aspect of procuring products and services about which you are unsure
- 17. the limits of your own knowledge, skills and competence and whom to consult with to identify your requirements for products and services and suppliers, where necessary
- 18. the sources of products and services suppliers which meet your organisation's requirements
- 19. your organisation's strategic objectives, values, key stakeholders, business activities, processes and requirements for products and services
- 20. your organisation's ethical and sustainability considerations that may impact on your decisions

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Skills

- 1. Analysing
- 2. Assessing
- 3. Communicating
- 4. Consulting
- 5. Decision-making
- 6. Evaluating
- 7. Forecasting
- 8. Information management
- 9. Involving others
- 10. Influencing
- 11. Monitoring
- 12. Negotiating
- 13. Obtaining feedback
- 14. Planning
- 15. Presenting information
- 16. Problem solving
- 17. Reporting
- 18. Reviewing
- 19. Thinking systematically
- 20. Thinking strategically





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Suite	Management and Leadership
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