

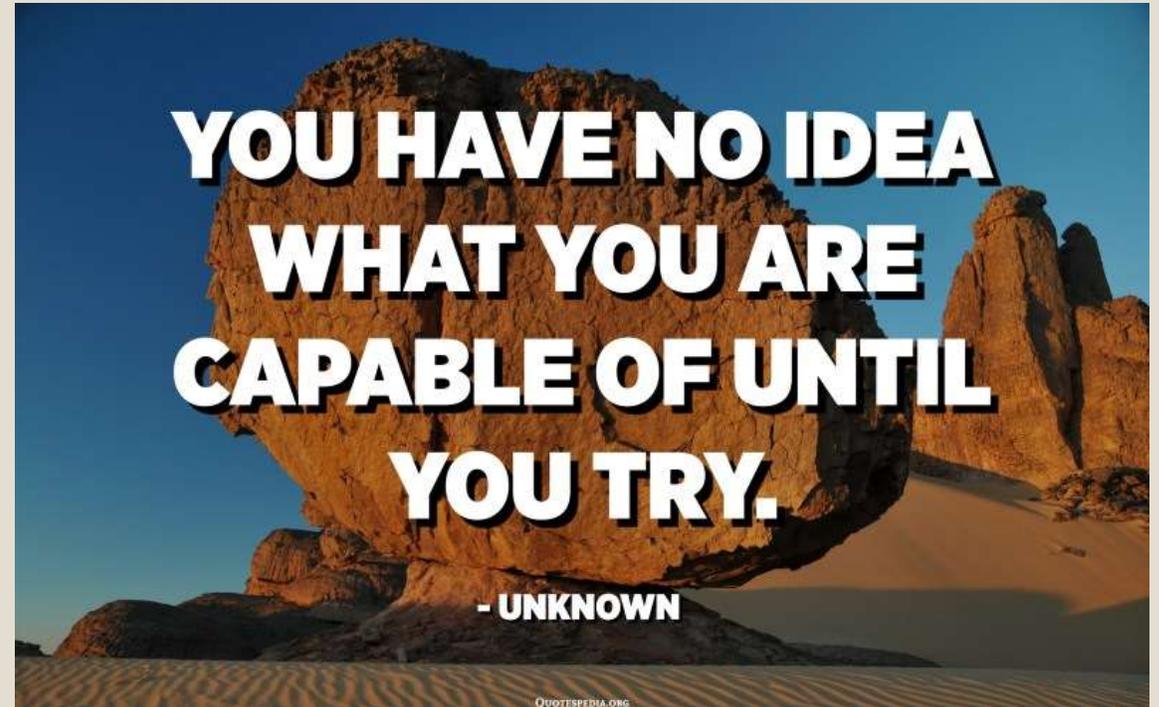
Exam 1: Competency / Task Descriptions

Sourcing

1-A-1	Assess stakeholder needs and organize into sourcing plans
1-A-2	Analyze and advise on feasibility of internal customer requests
1-A-3	Analyze potential sources of products or services
1-A-4	Determine methods to process requirements for goods or services based on cost, timing, existing contracts and competitive bidding, as appropriate
1-A-5	Conduct analyses to develop insourcing or outsourcing strategy
1-A-6	Identify and implement technologies to support supply management
1-A-7	Leverage spend through the identification, development and execution of sourcing strategies
1-A-8	Implement strategic sourcing plans aligned with organizational and stakeholder objectives
1-A-9	Prepare solicitations for competitive bids, quotations and proposals with pertinent specifications, terms and conditions
1-A-10	Evaluate competitive offerings to identify the overall best offer for a product or service

Task 1-A-1 Question #1

- A supply manager is assigned the responsibility to define a sourcing strategy for an organization whose products are highly complex and demand a high level of quality.
- Production downtime can result in the organization paying customers for late or missed deliveries.
- When developing the sourcing strategy, what is the MOST important item to start with?





**Back 2 School
Preparation!**

What do you need to prepare ?

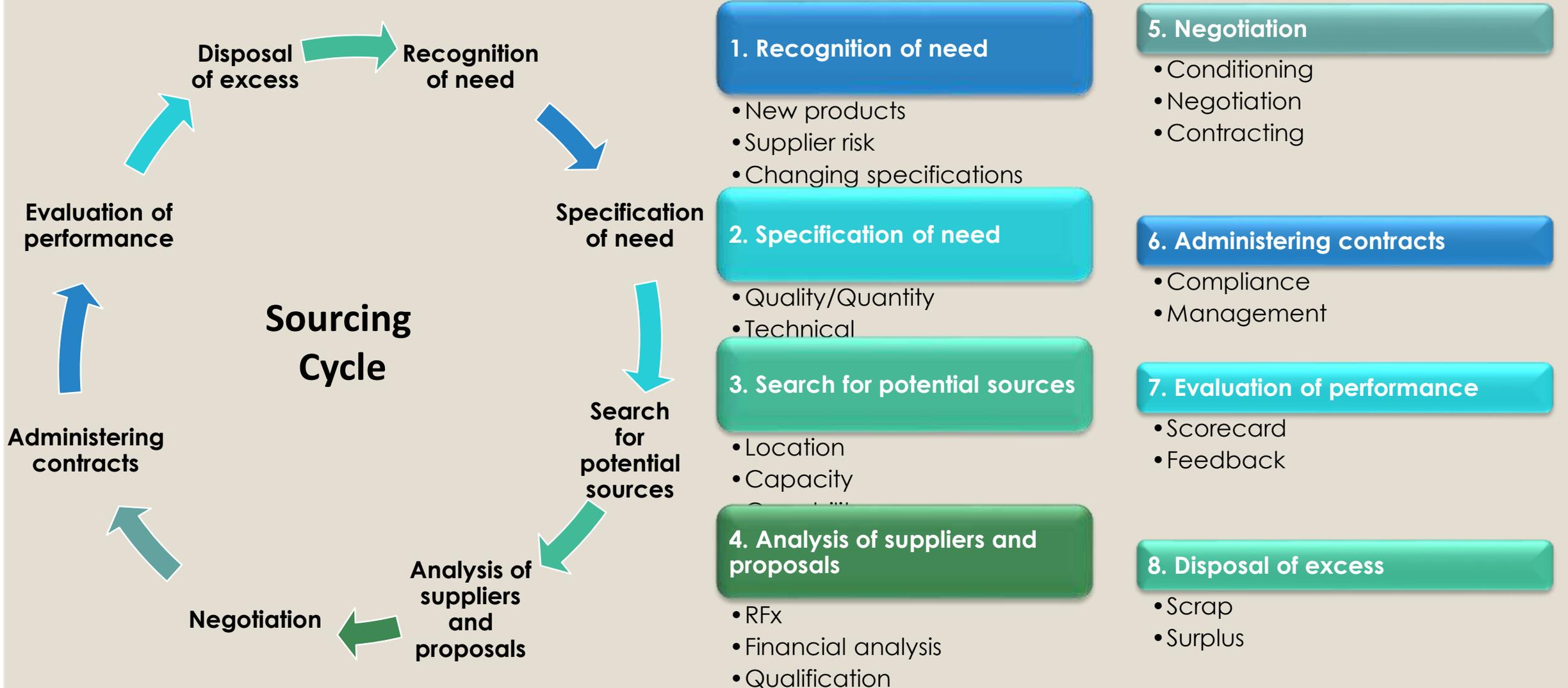
TASK 1-A-1 TASK OUTLINE

Assess stakeholder needs and organize into sourcing plans

- 1) Definition of sourcing process
- 2) Identification of stakeholders
- 3) Needs vs. wants
- 4) Organizational considerations

5 Questions

Sourcing Cycle



Identification of stakeholders

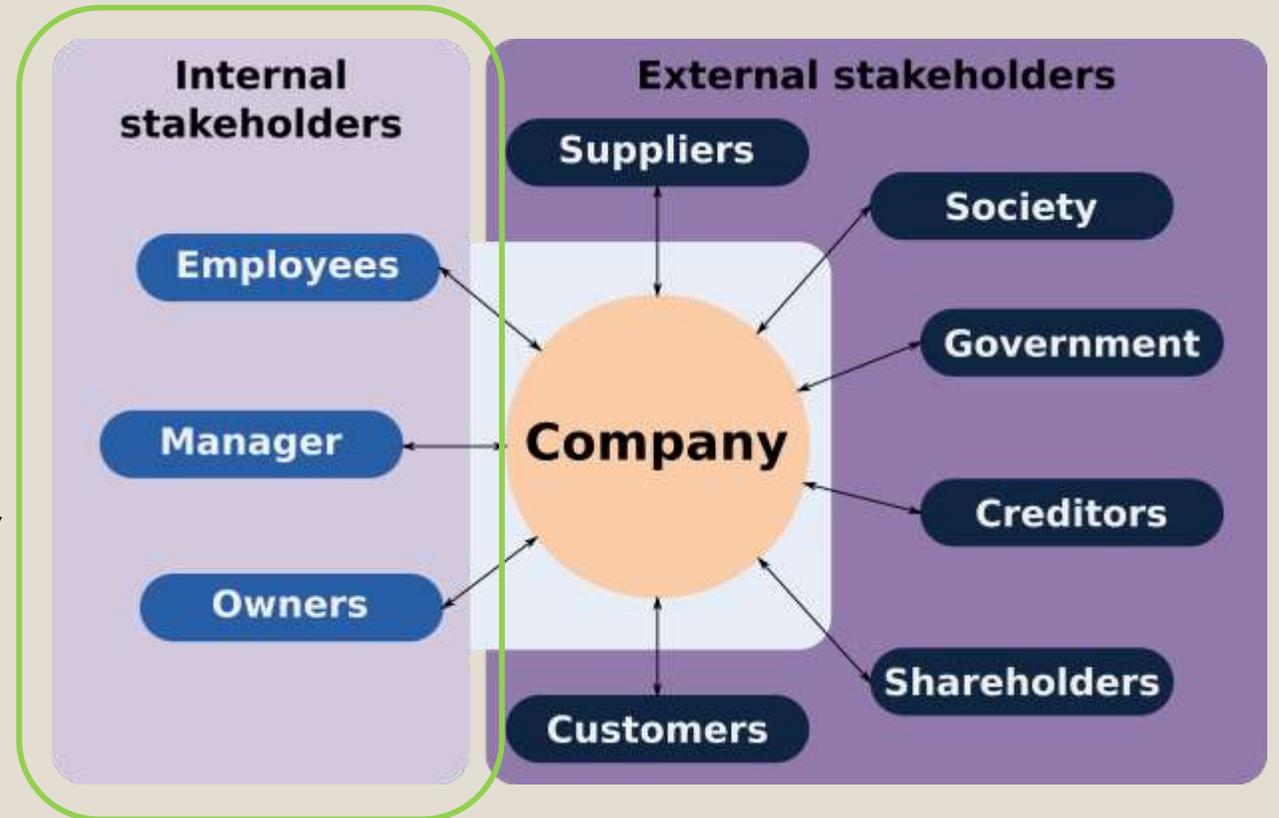
- Stakeholders are
 - “person(s) with a vested interest in something;
 - those who will be affected by and/or can influence a decision-making process” (ISM Glossary 6th edition).
- Stakeholders can be **internal** or **external** to the buying organization.



Identification of stakeholders

- **Internal**

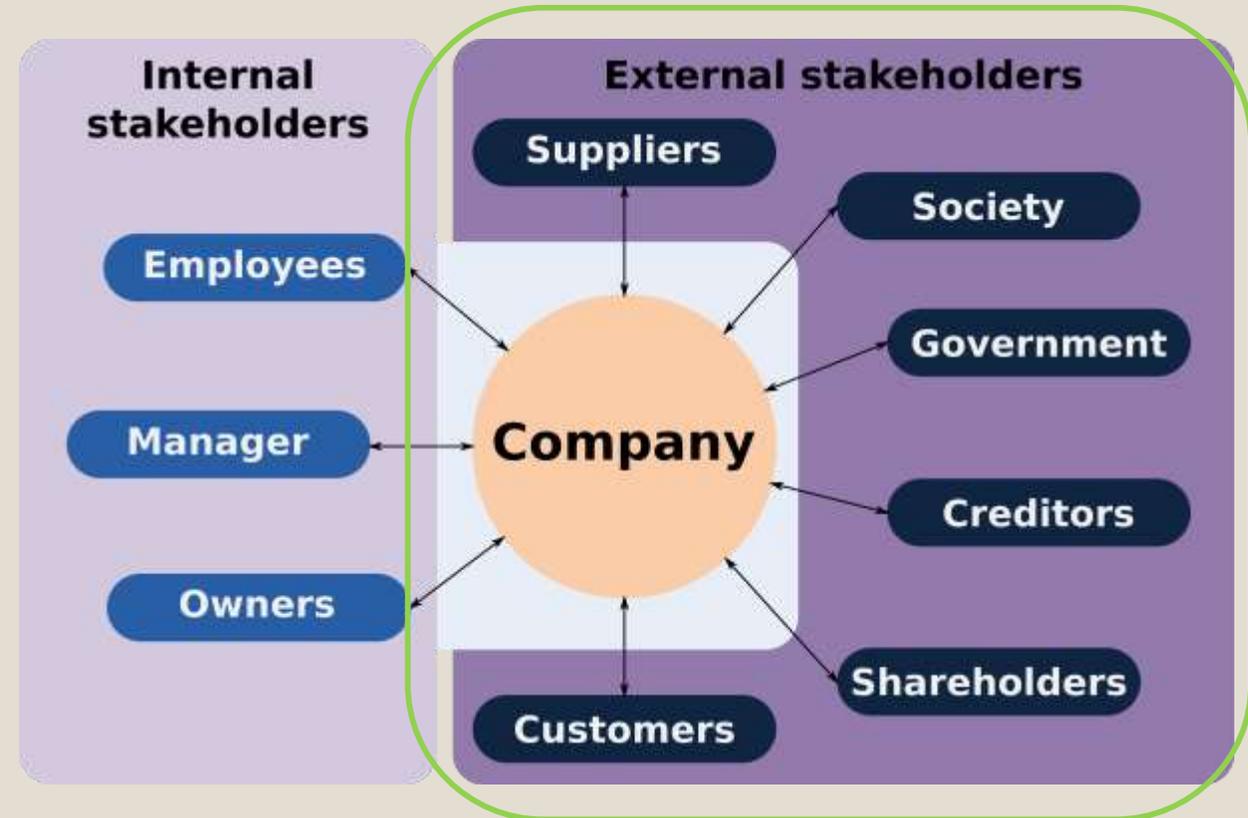
- Inside organization
- Supply professionals **must work closely**
 - **Understanding of their purchase requirements** to develop sourcing plans
- Other business units impacted by purchase are also stakeholders
- Top management team are also stakeholders as the purchase impacts overall **performance and profitability**



Identification of stakeholders

- **External**

- **Suppliers**, outside buying organization
 - **Understand** their goals and **capabilities** to meet buying organization's needs
- Can influence sourcing decision
- End **customers**, are also key external stakeholders
 - Understand their requirements
 - **Know customer's satisfaction** of supplier performance
- Other external stakeholders
 - **Supply Chain members**: i.e. Logistics providers



Needs vs. wants

- When determining purchase requirements, distinguish between needs and wants
 - **Needs**
 - attributes and performance characteristics that purchase must have to meet the buying **organization's requirements.**
 - Specifications should reflect the needs
 - **Wants**
 - Attributes or performance characteristics that would **bring additional value but are NOT required**



Needs vs. wants

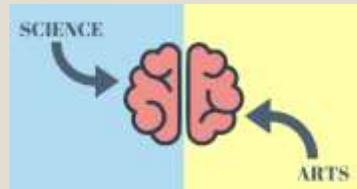
- Qualified suppliers must meet the **needs** of the organization
- The wants can be considered among the qualified suppliers



- Supply management professionals should **assist stakeholders in identifying** the attributes that are **needs** and those that are wants.

Organizational considerations

- Supply Management Professionals should be **proactive** and **understand changes** outside the traditional supply management function.
- **Integrator**
 - **Balancing needs of multiple business units and partners**, vertically and horizontally.
- **Budget**
 - **Sets the limit** for the purchase
 - Sourcing plans developed to **ensure needs of stakeholder are met**.



Organizational considerations

- Operational
 - Many **operational issues** to be considered when developing sourcing plans, such as:
 - **Delivery timing**
 - **Packaging**
 - **Inventory levels**
 - **Risk**
 - The types of operational issues that are most important will depend **upon purchase.**



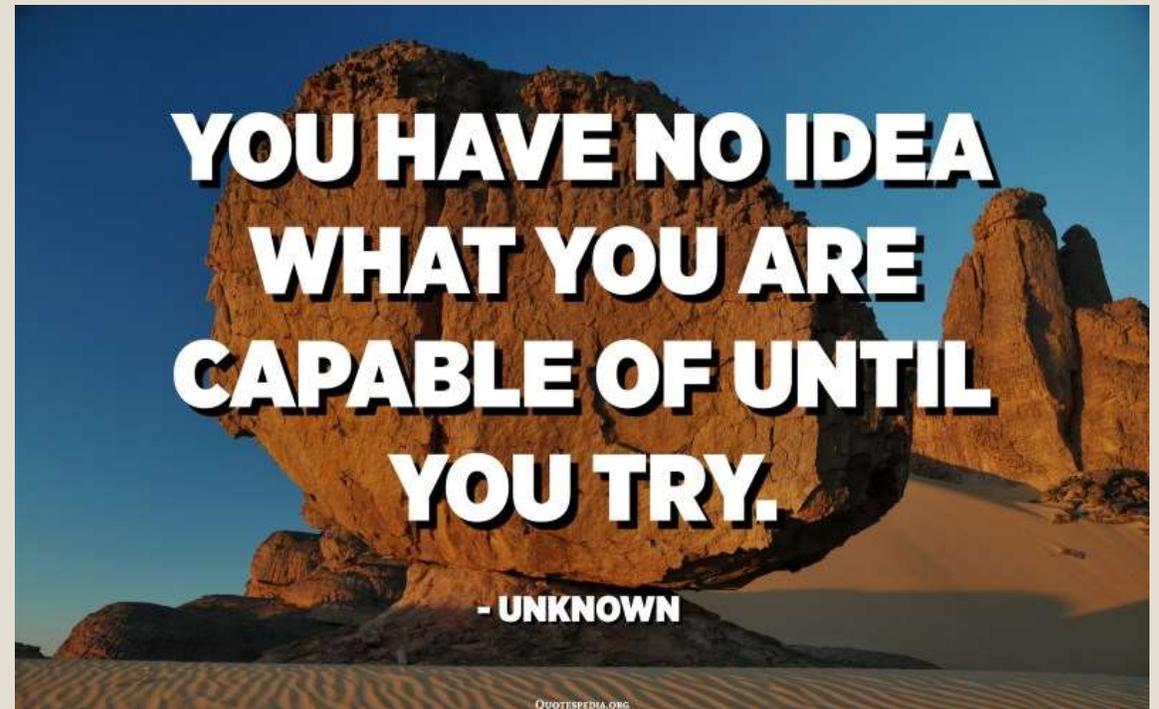
Organizational considerations

- Strategic
 - Sourcing plans must support the buying organization's **long-term objectives** for the following:
 - The Organization
 - The Business Unit
 - The Function
 - Sometimes, the internal customer's requirements are not consistent with strategic objectives.
 - In these situations, supply management professionals need to influence for alignment to the Organization's strategy.



Task 1-A-1 Question #1

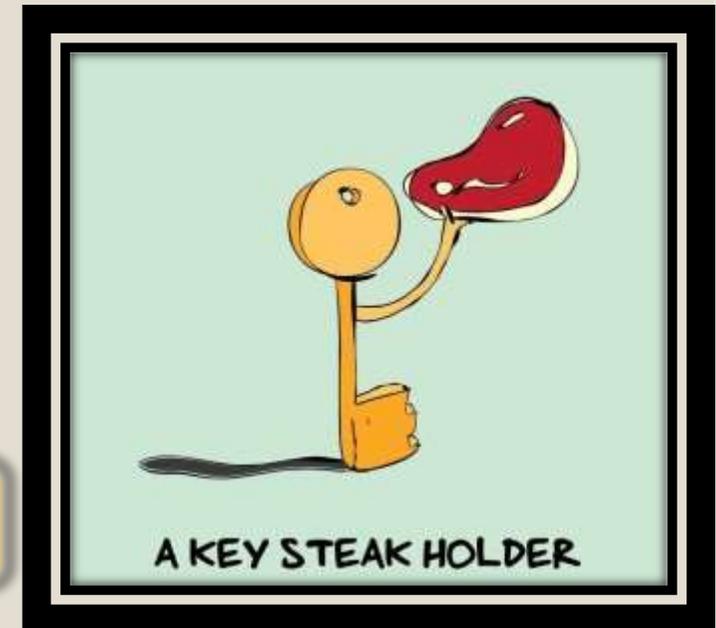
- A supply manager is assigned the responsibility to define a **sourcing strategy** for an organization whose products are **highly complex** and demand a **high level of quality**.
- Production downtime can result in the organization paying customers for **late or missed deliveries**.
- When developing the sourcing strategy, which is the **MOST** important item to start with:



Task 1-A-1 Question #1

- A supply manager is assigned the responsibility to define a **sourcing strategy** for an organization whose products are **highly complex** and demand a **high level of quality**.
- Production downtime can result in the organization paying customers for **late or missed deliveries**.
- When developing the sourcing strategy, which is the **MOST important** item to start with:

- (A) Investigating existing versus new sources
- (B) Determining the availability of the market's high quality potential suppliers
- (C) Investigating alternative and backup supplier requirements
- (D) Identifying key stakeholders



Task 1-A-1 Question #2

- A supply manager is preparing for **negotiations** with a business consulting supplier.
- The **supplier** provides services to Information Technology and **corporate headquarters**, and has frequent interactions with a number of people **across the company**, including **executive staff**.
- Which of the following is the **BEST** course of action for the supply manager to take?



Task 1-A-1 Question #2

- A supply manager is preparing for negotiations with a business consulting supplier.
- The **supplier** provides services to Information Technology and **corporate headquarters**, and has frequent interactions with a number of people **across the company**, including **executive staff**.
- Which of the following is the **BEST** course of action for the supply manager to take?

- (A) Set up a meeting with all the key stakeholders to discuss the upcoming negotiations and what they should say, and send a follow-up email to all attendees plus those who could not attend.
- (B) Send an email to all employees, letting them know that negotiations are being conducted with this supplier, and that no one should have any interaction with the supplier while negotiations continue.
- (C) Contact the head of each department and explain that negotiations will be conducted with the supplier, and ask the department heads to share the information with their teams.
- (D) Start negotiations with the supplier, and instruct them not to talk to other people within the company during the negotiation period.

Task 1-A-1 Summary and Review

- Identify and define the eight typical steps in the sourcing cycle
- Identify **stakeholders** both internal and external
- Identify the differences between **needs versus wants**
- Define three main considerations supply management should consider
 - **Budget**
 - **Operational**
 - **Strategic**

Q&A