



**PURCHASING, LOGISTICS, AND SUPPLY CHAIN MANAGEMENT TRAINING  
AND CERTIFICATION PROGRAMS OF  
INTERNATIONAL PURCHASING AND SUPPLY CHAIN MANAGEMENT  
INSTITUTE**

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**CERTIFICATION PROGRAMS**

- **CERTIFIED PURCHASING PROFESSIONAL & CERTIFIED PROFESSIONAL PURCHASING MANAGER (CPP&CPPM)**
- **CERTIFIED INTERNATIONAL SUPPLY CHAIN PROFESSIONAL, CERTIFIED INTERNATIONAL SUPPLY CHAIN MANAGER AND CERTIFIED INTERNATIONAL SUPPLY CHAIN CONSULTANT**
- **CERTIFIED E-PROCUREMENT PROFESSIONAL (CEPP)**
- **CERTIFIED INTERNATIONAL SOURCING MANAGER(CISM)**
- **CERTIFIED INTERNATIONAL PURCHASING PROFESSIONAL (CIPP), CERTIFIED INTERNATIONAL PURCHASING MANAGER (CIPM) AND CERTIFIED INTERNATIONAL PURCHASING CONSULTANT (CIPC)**
- **CERTIFIED MANAGER OF PRODUCTION OPERATION (CMPO)**
- **CERTIFIED INTERNATIONAL PROFESSIONAL NEGOTIATOR (CIPN)**
- **6-SIGMA CERTIFICATION (Green Belt and Black Belt Certification)**
- **CERTIFIED QUALITY DIRECTOR (CQD)**
- **CERTIFIED INTERNATIONAL COMMERCIAL CONTRACT MANAGER(CICCM)**

## TRAINING PROGRAMS (including Online Training)

- PURCHASING MANAGEMENT
- CONTRACT ADMINISTRATION
- COST AND PRICE ANALYSIS
- SUPPLY CHAIN RISK MANAGEMENT
- CONTRACT TYPES
- CONTRACT LAW
- INCOTERMS 2010
- PROJECT MANAGEMENT (FOR BUYERS)
- INTERNATIONAL PURCHASING AND NEGOTIATION: KEYS TO GLOBAL SOURCING
- PURCHASING AND SALES NEGOTIATION
- SERVICE PURCHASING AND CONTRACTING
- BASICS OF SUPPLY CHAIN MANAGEMENT
- JUST-IN-TIME (JIT) MANUFACTURING
- INVENTORY CONTROL
- ACCOUNTING AND FINANCE FOR NONFINANCIAL MANAGERS
- COST AND VALUE MANAGEMENT
- LEAN SUPPLY CHAIN MANAGEMENT
- LETTERS OF CREDIT
- COLLABORATIVE PLANNING, FORECASTING, AND REPLENISHMENT (CPFR)
- FINANCIAL SUPPLY CHAIN MANAGEMENT
- CONTRACT WRITING AND LEGAL PRINCIPLES
- LEGAL ASPECTS OF PURCHASING

## Introduction

**IPSCMI, the International Purchasing and Supply Chain Management Institute**, is the only organization of its kind offering a complete “portfolio” of training, education, and professional certification programs offered throughout the world in all modes of instruction, including conventional public seminars, in-house seminars, online, satellite, and other distance learning modes. IPSCMI is the “brainchild” of Dr. LeRoy Graw, who created a predecessor organization with the same mission and scope of operations in 1989 called the “National Contract Service Corporation” (NCSC). NCSC ceased its operations in 1999 when Dr. Graw shifted his business focus from the US to Asia. Because of its similar business scope, IPSCMI is in fact “the son of NCSC”. IPSCMI is a Limited Liability Corporation (LLC) in the State of Delaware, United States of America. Its shareholders and alliance partners include such distinguished organizations as the American Purchasing Society, Singapore Purchasing and Supply Association (PASAS), CATTAN Services Group, Inc. and Jumanji Group, (US and China branches).

IPSCMI’s purchasing and supply chain management courses and programs are provided around the world by a complete network of alliance partners which contract with IPSCMI for collaboration in conducting the IPSCMI programs. Training courses are usually joint IPSCMI/alliance partner efforts, in order to deliver quality programs catering to the needs of the diverse student clientele. Instructors, whether they are provided by IPSCMI or the alliance partner, must be certified in the discipline they teach. In Asia and the Middle East, every effort is made to find qualified local instructors, who can teach the curricula in the local native language, without the need for interpretation. When American or other non-native instructors are used, a local interpreter with intensive background/knowledge of purchasing and supply chain management acts as a “second instructor” for those students without complete English facility.

**Contact us:**

**Worldwide Home Office:**

International Purchasing and Supply Chain Management Institute  
16192 Coastal Highway  
Lewes, Delaware 19958, USA

Tel: 1-206-222-2941

Fax: 1-415-651-8884

Email: [admin@ipscmi.org](mailto:admin@ipscmi.org)

**Far Eastern Branch Office:**

Beijing, PRC

Tel: 86-10-6540-8981

Fax: 86-10-6546-2198

IPSCMI has many alliance partners that work with IPSCMI in conducting training and professional certification programs around the world. For a complete list of these partners, check out the webpage. If you are interested in becoming an alliance partner of IPSCMI, contract us at [admin@ipscmi.org](mailto:admin@ipscmi.org).

**SCM Certifications**  
**Certified International Supply Chain Professional**  
**(CISCP, Level 1)**  
**Certified International Supply Chain Manager**  
**(CISCM, Level 2)**  
**Certified International Supply Chain Consultant**  
**(CISCC, Level 3)**

The above three IPSCMI certifications provide a complete “certification life cycle” for supply chain professionals, particularly for those involved in global/international supply chain management.

Unlike many other certification-granting organizations, IPSCMI does not require its candidates to progress through all levels of certification. Senior, experienced professionals with significant education, training, and experience can apply directly for Consultant level certification without the necessity of completing the two lower level certifications.

**Introduction**

This Certification Program is a core certification program of the International Purchasing And Supply Chain Management Institute. This program offers the designation of CISCP (Certified International Supply Chain Professional, Entry Level) and CISCM (Certified International Supply Chain Manager, Advanced Level) to candidates who demonstrate their understanding of the fundamentals of the profession through the successful completion of rigorous professional certification examinations based upon the INTERNATIONAL SUPPLY CHAIN MANAGEMENT BODY OF KNOWLEDGE (ISCMBOK). The ISCMBOK is supported by distinct modules of study material for the CISCP and CISCM. The CISCM has seven modules.

This certification program will test for an understanding of contemporary international logistics and supply chain management. The increasing integration of all functions of the firm requires that logistics and supply chain professionals must be aware of the impact that logistical decision-making has on other elements of the firm’s strategic goals and objectives. In addition, the current logistics and supply chain professional must have an awareness of the changes in and increased use of technology, emphasis on strategic planning, and supply chain integration as a competitive imperative.

Certification Applicants benefiting from this program include the following: 1) Students: Mainly junior students and undergraduates. 2) New purchasing, logistics, and supply chain management beginners: 3) People who are contemplating a career in the purchasing field, logistics, or supply chain management profession(s).

Candidates have an understanding of the basic elements of the logistics function. This includes the areas pertaining to the delivery of customer value, including the management of

transportation, inventory flows, purchasing (both domestic and international), supply management, and warehouse management. The candidate must also have a firm grasp on the impact of decisions that have been made regarding each of these functions, on the total cost and operating effectiveness of the whole logistics system.

Candidates must be able to view a broader perspective of the importance of network design, the financial impact of logistical decision making, and the relationship development and management needed for effective 3rd party logistics partnerships.

The use of technology and information systems to provide the basis for firm- and supply chain-wide integration and cooperation is necessary for successful operations. The candidate must be aware of the implications for improving logistical operations, intra, and inter-firm coordination, and increasing customer value afforded by the use of appropriately designed and integrated information systems.

The relationship of firm-level logistics with the broader perspective of the supply chain must be understood. It is important that the candidate have a broader perspective than that of the firm. This requires an understanding of the impact that firm-level logistics management decisions have on the operating efficiency of the supply chain itself.

Candidates must profess knowledge and manifest skills and abilities in design and management of the firm's inbound (materials management) and outbound (distribution) flow of physical goods and related information. Often studied and managed as two distinct components, the trend is now to take advantage of trade-offs and other economies that are available in the individual legs of materials management and distribution. True efficiencies and corporate strategic advantages are not gained until both are fully integrated into one single logistics system.

Candidates will need to profess knowledge, skill, and ability in logistics and supply chain management and planning tasks in depth, and profess an integrative perspective on logistics and supply chain. Since the field continues to evolve through organizational change, adoption of greater responsibilities, and application of new concepts, the candidate should generally be prepared for many questions which call for the development of proposals and supporting arguments dealing with such changes. A truly effective logistics or supply chain professional not only knows what changes need to be implemented, but also is persuasive in gaining top management approval of such changes.

Candidates must have an understanding of transportation economics, which is fundamental to sound transportation management decision-making by both users and providers. They must possess knowledge, skill, and ability in three primary areas of emphasis: (1) application of demand, cost, and pricing principles to transportation; (2) the operating, service and financial characteristics of the various modes and types of transportation; and (3) managerial issues in transportation.

Candidates must know the economic role of transportation in society; demand for transportation; costing and pricing in transportation; rate making in practice; transportation regulation; carrier operations and terminals; transportation quality, value, and customer satisfaction; private transportation; future directions of transportation; and selected contemporary issues in carrier management.

Because this is an international certification, candidates must profess a familiarity with the logistics and supply chain processes required in moving goods and people across international boundaries, the transportation modes used in such movement, and current logistics issues in the global environment. The objective will be accomplished through systematic study of components of international logistics systems, including: the ocean shipping industry, international air transportation, seaports and airports, other participants in international logistics, laws and regulations, situational factors, and policy issues.

Candidates will need to profess knowledge, skill, and ability in the processes and professional players required in the importing and exporting of goods, and with current problems and issues in international transportation and logistics.

Focus will be from the perspective of importing into and exporting from the United States, but much of the material can be generalized to other countries.

### **Class Schedule**

The training session is generally taught in Modules (1 to 3 days per Module). The purpose of the program is to introduce the student to the concepts of international transportation and logistics as they apply to international supply chain management. This incorporates an understanding of the principles of business logistics, supply chain management, and international governmental issues required to source materials or place product at the right location, at the right time, for the right price.

Candidates in this certification program are expected to be highly motivated, disciplined, self-starters.

The unique delivery modality allows this program to be offered on-site at any company or governmental agency that wishes to bring the program directly to its employees. In addition, the program can be given online, using Blackboard or another online learning courseware. These delivery modes can increase student and company convenience by reducing travel time, missed work hours and incidental costs that normally accrue to students.

### **Examinations**

Completion of the certification program requires completion of a multiple choice examination. The examination is prepared by a Board of Examiners consisting of a range of Certified, Sustaining, and Educator Members within the three above Institutes/Societies.

The examination locations are determined by the individual candidates and their proctors. A proctor may be an individual who is currently an active Certified Member, or a manager,



supervisor, teacher, professor, or anyone of such standing. Each proctor is determined on a case-by-case basis. IPSCMI wishes to make it possible for every qualified candidate to complete the certification program in a convenient and timely manner.

### **Professional Designations**

Successful candidates are granted the designation of CISC or CISC. The designation CISC and/or CISC may be used just as similar recognitions are employed in accounting, insurance, medicine, law, and other professions. Either the full expression or the initials may be used after the individual's name on business cards, stationery, etc.

### **Time Limitation**

The Board of Examiners realizes that many applicants are employed on a full-time basis and, as such, are limited in the amount of time available to prepare for the examinations. Without some guiding time requirement, however, candidates tend to lose the concept of the examination program and the material covered. Therefore, the Board of Examiners has established a five year maximum time limit for acceptance of completed requirements for each of the three levels. The five year time period begins after the successful completion of the first examination. The time limitation may not be waived without the approval of the Board of Examiners.

### **Modules**

The Certified International Supply Chain Professional (CISC) covers definitions and basic supply chain management terminology. It explores the functions of supply chain management and logistics, supply chain decisions, supply chain designs, global supply chains and virtual supply chains. Also covered are the relationship between supply chain/logistics strategy and the structure of the organization; and the influence of organizational structure on performance. The CISC certification program consists of 10 subjects as below:

- |            |   |
|------------|---|
| Subject 1  | Introduction and overview of logistics and supply chain management  |
| Subject 2  | Basics of Forecasting Techniques  |
| Subject 3  | Production Planning and control   |
| Subject 4  | Production Scheduling   |
| Subject 5  | Material Requirements Planning (MRP) ,Manufacturing Resource Planning (MRP), and Enterprise Resource Planning (ERP) |
| Subject 6  | Inventory Management  |
| Subject 7  | Basics of Transportation and Multi-Modal systems  |
| Subject 8  | Basics of Purchasing Management and Administration  |
| Subject 9  | Physical Distribution Management  |
| Subject 10 | Quality and Supply Chain Management   |

The Certified International Supply Chain Professional (CISC) certification program consists of seven modules and an 80 question multiple choice examination prepared from the INTERNATIONAL SUPPLY CHAIN MANAGEMENT BODY OF KNOWLEDGE.

Candidates may complete the modules in any order. However, the suggested sequence is spelled out below.

### **Modules for Certification**

#### **Module 1 Introduction to Logistics and Supply Chain Management**

The module covers definitions and basic terminology, including supply chain, supply chain management, distribution channel, demand management, distribution management, and logistics management. It explores the functions of supply chain management and logistics, motivations for supply chain management, logistics concerns, goals of logistics, the logistics “Bill of Rights”, the marketing-logistics relationship, supply chain decisions, supply chain designs, global supply chains and virtual supply chains, support for international carriers, international trade agreements, components of logistics management, logistics in the modern environment, functions associated with supply chain management, the components of logistics, functions of traffic management, major advantages of the various transportation modes, the controllable elements of a logistics system, major categories of service complaints as they relate to logistics, and cost trade-offs in logistics. Also covered are the relationship between supply chain/logistics strategy and the structure of the organization; the influence of organizational structure on logistics performance; and the changing appearance of logistics and supply chain organizations within the firm.

#### **Module 2 Relationship Between Purchasing and Supply Chain Management**

The Module covers three major areas. The first topic covers a comparison of the types of transportation for domestic and international shipments, how to make routing decisions based on the goals of the firm, the different terms of sale/purchase and which best protects the firm versus which is commonly used, and the consequences that are associated with each type of logistics decision in terms of cost effectiveness and ability to meet demand, (focusing on the cost of logistics). The second topic covers purchasing management, primarily from a domestic (generic) perspective. Purchasing is described as a subset of Logistics/Supply Chain Management and Materials Management. The four procurement (preaward) processes and the two contract administration (postaward) processes are discussed and explained in detail (Procurement planning: determining what to procure and when, Solicitation planning: documenting product requirements and identifying potential sources, Solicitation: obtaining quotations, bids, offers, or proposals as appropriate, Source selection: choosing from among potential suppliers, Contract administration: managing the relationship with the supplier, and Contract close-out: completion and settlement of the contract). Methods of procurement and contract types are addressed in summary detail. The third topic covers the special characteristics of international purchasing, focusing on those issues which make international purchasing different from domestic purchasing. International contract law, INCOTERMS, documentation, and payments are all addressed.

#### **Module 3 The Domestic and International Transportation Systems**

The Module provides an appreciation of the macroeconomic and microeconomic roles of transportation; the characteristics of various transportation modes; and understanding of the economics of movement; and covers the changing environment in which transportation operates in the U.S. It also covers transportation’s critical role in supply chain operations;

how the transportation system is analyzed; an explanation of how transportation operations are managed; and how information coordinates the flow of materials and goods. The Module also provides an understanding of the escalating importance of international logistics as crucial tools for competitiveness; explains the difference between materials management and physical distribution; provides an understanding of why international logistics is more complex than domestic logistics; how the transportation infrastructure in host countries often dictates the options open to the international manager; and why inventory management is crucial for international success. It also covers globalization and business competitiveness; transportation requirements of competitive firms; transportation sector response to competitiveness; information requirements; and data needs (counting the emerging freight sector). Extensive treatment is given to International Commercial Terms (Incoterms).

#### **Module 4 Production Planning and Scheduling**

This Module covers the overall approach to producing goods and services and explains the various production-related decisions, including that of capital intensity, process flexibility, vertical integration, and customer involvement. The different production methodologies, including project, mass, batch, and continuous, are covered in detail. Production planning and control methodologies are discussed in detail. Material requirements planning (MRP), manufacturing resource planning (MRPII) and just-in-time (JIT) systems are discussed in the context of materials planning. Production scheduling is discussed in detail, to the specifics of when labor, equipment, and facilities are needed to produce a product or provide a service. Coverage will also be given to a discussion of disposal as a growth industry that provides many marketing opportunities, and recognition will be given to an understanding that product disposition is an increasingly important area for public policy. The Module will discuss some of the practical implications that disposition has for managers, explain the differences between voluntary and involuntary disposition, describe the social, individual and situational factors that affect disposition choices, and provide an understanding of how disposition provides key insights into consumption behavior. Also covered are an understanding of the location problem; the problems related to site selection; the characteristics of a median location; single facility considerations, including center of gravity, exact location, and use of the minimax rule; multiple facility considerations, including location allocation and economies of scale, selection of dynamic locations, and the production-inventory-transportation relationship. Finally, a discussion of “Green Logistics” will explain why and how waste can be minimized in order to minimize the problem of “Reverse Logistics”.

#### **Module 5 Inventory Management and Warehousing**

The Module covers inventory management in detail. Specifics include the fundamental purpose of maintaining inventory; an understanding of the benefits and costs of inventory; an examination of the tradeoffs present among inventory, customer service and other functional costs in logistics; and the rationing methods and inventory performance measurement. Special attention is given to an understanding of the importance of coordinated flows of inventory through supply chains; the impact of effective inventory management upon the return on assets (ROA) for a company; the role and importance of inventory in the economy and why inventory levels have declined relative to Gross Domestic

Product (GDP); an awareness of inventory management techniques; practical insight toward common management tools; and practice with the application of inventory management decision tools. Attention is given to understanding how demand influences replenishment model selection; the strategic, operational and performance differences between PUSH and PULL inventory systems; and awareness of the shift from PUSH to PULL systems and reasons for the shift.

Warehousing is discussed in detail. Specifics include the modern purpose and function of warehouses; warehouse activities; warehouse strategies; and changes in the operational scope and capabilities of warehouses; fundamental warehouse decisions; warehouse and materials handling operations; and the functionality and requirements of product packaging.

### **Module 6 Physical Distribution Management**

This Module is designed to provide students with an in-depth understanding of the operational, financial and managerial aspects of the physical distribution of industrial goods.

Components of Physical Distribution Management include:

1. Order processing;
2. Stock levels or inventory;
3. Warehousing;
4. Transportation.
5. Marketing Channels (distribution intermediaries)

The Module covers the critical importance of outbound-to-customer logistics and supply chain management systems and the components of those systems. It requires students to appreciate the growing need for effective demand management as part of a firm's overall logistics and supply chain expertise; know the types of forecasts that may be needed, and understand how collaboration among trading partners will help the overall forecasting and demand management process; identify the key steps in the order-fulfillment process, and understand how effective order management can create value for a firm and its customers; realize the meaning of customer service, and understand its importance to logistics and supply chain management; understand the difference between logistics and marketing channels, and understand that goods may reach their intended customer via a number of alternative channels of distribution; and understand how to develop and manage marketing channels. Inventory, Warehousing, and Transportation are covered in previous modules (5, 5, and 3, respectively).

### **Module 7 Logistics Structure and Productivity, Quality Management, Statistical Process (Quality) Control, E-Commerce (E-Logistics) and Third Party Logistics**

The Module covers the relationship between supply chain/logistics strategy and the structure of the organization; the influence of organizational structure on supply chain/logistics performance; and the changing appearance of logistics and supply chain organizations within the firm. Special attention is given to methods of increasing the productivity of supply chain management and logistics, including E-commerce/E-Logistics, the techniques needed to improve the efficiency of inventory investment; the reconciliation of logistics needs with enterprise resource planning (ERP) systems; the exploitation of cost and service opportunities provided by third-party logistics services; the exploitation of opportunities in integrated

package design; support programs that will reduce the driver shortage; the reformation of public policy to improve productivity; and focus of transportation policy on competition instead of protection. Attention is given to reduction of trucking costs with safe, longer, and heavier highway vehicles; maritime reform; avoidance of railroad deregulation; and reform of the Jones Act to improve global competitiveness. Quality Management is discussed in detail, including the techniques of Statistical Process Control and Total Quality Management.

## **CERTIFIED INTERNATIONAL SUPPLY CHAIN CONSULTANT (CISCC) BODY OF KNOWLEDGE**

**CISCC candidates are assumed that they have already mastered the INTERNATIONAL SUPPLY CHAIN MANAGEMENT BODY OF KNOWLEDGE**

### **Consulting Knowledge, Skill, and Ability**

#### **Professional attitude and behavior**

Alternative heading: professionalism

What determines professionalism?

- Organized as a professional body
- Code of conduct
- Competence
- Disciplinary code etc

Key attributes:

- Recognition of competence
- Importance of client interests
- Impartiality
- Objectivity
- Confidentiality
- Value for money

#### **Code of ethical conduct**

##### **Clients**

- Integrity, competence and objectivity.
- Conflicts of interest

##### **Engagements**

- Qualification and competence of consultant.
- Objectivity

## **Fees**

- Agreement of fees
- Disclosure of fees or commissions received.

## **Profession**

- Respect for intellectual property rights.
- Honest advertising.
- Report violations of Code of Ethics.

## **A brief history and evolution**

- origins of consultancy
- important factors in its evolution
- current range and scope of consulting

## **Definitions**

- Management Consulting.
- A Management consultant.
- An Accredited Practice
- Management Consulting is the provision of independent advice and assistance to clients with management responsibilities. This advice can take several shapes, as consultants can be external, internal and may take on one or more of a whole array of roles, including being an outsourced function for the client organization.
- A Management Consultant is an individual who provides independent advice and assistance about the process of management to clients with management responsibilities. The individual can be a generalist or a specialist and may approach an assignment with, for example, a purely financial point of view, as required by the client.
- A Certified International Supply Chain Consultant is a management consultant who views management consulting as a profession and meets certain requirement pertaining to character, qualifications, experience, independence and competence as defined by the professional body issuing certification.

## **Multiple roles of management consultants**

- Generalist
- Specialist
- Process versus content
- Diagnostic versus implementation
- Custom versus packaged
- Internal versus external
- Large versus small firm
- Coach /mentor

- Facilitator etc

### **National and international structure of the profession**

- knowledge of existing national and international associations
- knowledge of current requirements established by ACI
- Important statistics

### **Current and future trends in management consulting**

This requires a knowledge and awareness of trends in management consulting across all the sectors. This would include knowledge of legal changes, professionalism, industry changes (PESTEL) from a consultancy perspective etc.

- current trends
- future prospects for consultants and consultancy

## **The consulting process**

### **Engagement management**

This covers all activities regarding the consulting process and can be seen to be the program management function in the consulting process. The objective is to ensure that all deliverables are to the required quality, on time etc.

### **Prospecting and marketing**

The objective is to identify and engage clients and to convince them of capabilities, professionalism and ethics.

This phase is the initial stage at which the consultant markets his/her services and explores market opportunities. Promotional activity will form an important part of this phase, and include direct methods such as telephone calls, mailing of promotional materials, or targeted Internet e-mail campaigns. This will eventually lead to the identifications of a client and the making of first contact. Currently, and increasingly so, the Internet is a powerful marketing tool that should be carefully considered as it can open many potentially fruitful markets. The consultant should impress the potential client by, among other things, his/her professionalism and track record. Assuming there is a sense of compatibility and vision of success on behalf of both parties, the relationship will continue to develop. Direct methods will be needed less by those organizations with such a reputation that they would be sought out by the client rather than the converse. It is these organizations that typically benefit from a large proportion of repeat-business.

- Marketing of services
- Exploring opportunities
- Impressing from first contact

## **Clarifying needs**

The objective is to ensure that the consultant identifies and agrees the need with the client. Following this is agreement that the client requires a proposal based on these needs.

The continuing relationship will serve to explore the client's needs and further define them. The client and the consultant must come to some understanding on what the desired procedure and outcomes will be, although flexibility should be integral to the discussions. The desired outcomes will generally revolve around the concept of a real added value to the bottom line, i.e., a measurable difference. This stage will culminate with a formal proposal from the consultant that delineates some idea of time scope and fees. Equally important will be a demonstrated understanding of the client's political, economic, social, technological, legal, environmental situation as they relate to the projected outcome of the consulting engagement

- Understanding the client
- Recognizing a client need
- Clarifying the client need
- Exploring potential for success of project
- Providing estimates and billing strategy

## **Proposal development**

Objective is to produce a proposal at the required price in order to get the business. Once an agreement has been reached, the consultant will explore which method of intervention would best fit the situation. Among the choices would be roles ranging from reflector, through collaborator, to advocate. Note that the interpretation of the consultant as a shadow director should be avoided at all times. A modern trend, though, is the utilization of the consultant as an outsourced function, reflecting the implied need for organizations to streamline operations. This phase implies exploring the client's readiness for change. The client may be an individual, but the effects will be felt by the whole organization. It will be important to manage relationships with key individuals and recognizing whom the particular dissidents might be. Interviews, fact-finding procedures, diagnostic and analytical methods to assess the company's position will become important at this point. Eventually, this should lead to a clearer delineation of the problem and the task at hand that could formulate the basis for a hypothesis. Benefits will be identified and range from strategic guidance and direction, to greater competitiveness, to the identification of market opportunities.

- Selecting method of intervention
- Isolating the problem
- Understand scope of problem
- Exploring client's readiness for change
- Hypothecating



## **Contracting**

Contracting is an optional step which could be completed informally on acceptance of the proposal or formally during a legal process.

## **Execution/ implementation**

Objective is to bring about beneficial change to the client.

A plan for resolution will begin to emerge and the consultant may begin to prepare a set of recommendations. These can be derived from brainstorming sessions, linear problem solving or lateral thinking, among other means. This will need to be validated, requiring an understanding of the client's values and objectives, as well as its culture. Rarely will an assignment succeed if it is not supported by, at least, the most senior people. Increasingly, consultants are finding that their recommendations will also require implementation. This latter stage requires many different skills that may force the consulting team to change somewhat by introducing members to the organization who are more experienced and better equipped to manage specific outcomes. It is also during this stage that evaluations will be scheduled to monitor progress of implementation and, if necessary, introduce contingency tactics.

- Interviewing
- Exercising fact-finding methods
- Applying analytical methods
- Applying diagnostic tools
- Identifying benefits
- Dealing with client managers
- Applying solution development methods
- Validating recommendations
- Implementing
- Applying contingency plans (if necessary)

## **Disengagement**

The objective is to ensure that the client can continue without the consultant, to ensure satisfaction and to potentially on sell services.

The project will have come to an end. This phase will include specific steps to be taken to achieve, and document, proper closure.

- Relating back to expectations
- Evaluating
- Closing

## **Learning from consulting engagements**

The objective is to have processes and systems in place to record and learn from consulting assignments. This is very much a continuous improvement process.

## **Interacting with clients**

Alternative heading: the consultant/client relationship

The objective is to establish, build and maintain good relationships with the client. This activity is present in each phase of the consulting process.

Finally, the consultant must never forget that the end of a project does not signify the end of the relationship. It is much less expensive to handle assignments on a repeat business basis than it is to be continually marketing oneself and trying to attract new clients. The maintenance of the relationship is extremely important, both for the consultant and the client.

### **Establishing the relationship**

**Understanding the client**

**Recognizing a client need?**

**Selecting the method of intervention?**

**Dealing with client managers**

**Dealing with client culture**

**Managing conflict**

**Maintaining the relationship**

## **General Knowledge of Management Processes and Functions**

### **Management Processes**

The following are core managerial processes which consultants should be competent in to varying degrees of depth and breadth depending on the project. They are equally as important for understanding clients' activities as they are for consultants to manage their own teams. Clearly, in the latter case, some of what is outlined below may not apply unless the consultant is acting as a team leader or more senior member of the team.

Projects may be highly specific requiring a specialist's perspective, but it may also be highly strategic in nature, in which case broader knowledge of these items would be beneficial. Some may even apply to the management of consulting work specifically:

### **Planning**

This is the initial stage in a process that will eventually achieve an objective. It is the stage at which assessments of needs and demands must be made. In relation to these factors, the planner must understand the future state desired by the client and, thus, visualize the structure of the team and the project to meet that objective. This will be set out in a plan that will also define how the components will be organized, led, controlled and directed in order to achieve maximum benefit to the client and the consulting organization. Communication is therefore imperative, regardless of whether the planning is strategic, tactical, operational or project in

nature.

- Assessments of demands and needs
- Setting corporate (or consulting) objectives and targets
- Communicating
- Setting business controls
- Using management information systems
- Human resource planning

## **Organizing**

This step normally follows the planning phase. The consultant systematically allocates resources against specific tasks or activities. These will be in accordance with clearly identified objectives and targets. Success of this process, therefore, relies on crucial time management. Organizing requires clear delegation skills and, at times, the ability to influence others, in order to ensure accomplishment of a common goal.

- Setting objectives and targets
- Human resource organizing
- Delegating
- Influencing
- Time management

## **Leading**

Leadership is necessary for the successful accomplishment of any group-driven task. This ability provides the impetus for the rest to strive for the common goal. It requires a great deal self-awareness and certainty to enable the leader to motivate, persuade, communicate and direct according to his/her convictions. Just as important, the leader must be able to match the “person to the task” to maximize effectiveness of the team. There are different styles that range from the ‘light hand on the wheel’ to the more directive approach. It is important to know when to employ which. A wise man once noted the “...there are no limits to what a man might achieve, if he does not care whose gets the credit...”

- Styles: directive vs. ‘light hand on the wheel’
- Influencing
- Inter-personal skills
- Intra-personal skills
- Communicating
- Motivating
- Directing

## **Controlling**

Continual monitoring of progress is vital to ensure that the engagement direction continues to be appropriate. The establishment of clearly defined metrics provides the consultant with tools to measure the progress of the engagement. The consultant uses these metrics to ensure the client's needs are being met by the project team. (The use of Management Information Systems (MIS) is particularly effective for this, as statistics are a powerful tool for the measurement of performance.) Regularly scheduled review sessions provide a useful mechanism to communicate progress with the team and client, and to redirect activities, if required.

- Regulating objectives
- Monitoring plans, policies and procedures
- Delegating responsibilities
- Measuring and reviewing performance
- Taking corrective action
- Using Management Information Systems

## **Directing**

Seeing the "Big Picture" requires the consultant thoroughly incorporate the client's desired end state in every step of the engagement process. It involves the adoption of a strategic point of view. The consultant must ensure that each activity supports the corporate values, to avoid disruptive behavior or events that would detract from achieving the overall goal. Bear in mind that a client expects the consultant to solve problems, rather than initiate them. The consultant should act with the best interests of his/her client in mind.

- Defining corporate (or project) vision
- Defining corporate/strategic values
- Determining strategic (or tactical) choices

## **Management Functions**

The following are managerial functions consultants should be aware of, to varying degrees of depth and breadth depending on the project. Projects may be highly specific requiring a specialist's perspective, but it may also be highly strategic in nature, in which case broader knowledge of these items would be beneficial. Some may even apply, specifically, to the management of consulting work:

## **Organizational Analysis and Behavior**

This is a process of management that aims at understanding what the organization's structure is, as well as how the measurement of its performance is accomplished. Clear definition of the goals of the organization and how it is structured to achieve those goals must be considered to

ensure mutual agreement on the “deliverables” of the engagement. In some cases, it may be necessary to utilize alternate metrics to ensure objective review of organizational performance. Outcomes should be compared to the mission statement of the organization and rated according to appropriateness.

- Understanding organizational structures
- Measuring organization performance
- Evaluating the mission statement and comparing with core values and purposes

### **Organizational Development**

Given a completed Organizational Analysis process, the organization either carries forward the current strategy or implements a more appropriate one according to need. The Development process incorporates the desired vision, current cultural and environmental constructs, defined midpoints towards the vision and external modifiers to produce a clearly understood path forward. This is a perpetual process that occurs due to the dynamic nature of markets, technologies and, therefore, challenges to achieving success as an organization. It may, or may not, involve a paradigm shift in the organization and the consultant must avoid personalizing the process to integrate themselves as part of the long-term organizational change.

- Establishing need for change
- Team building
- T-groups
- Force-field analysis

### **Project/Process Management**

There should always be a strong client focus in an engagement. “Mile-stone”-ing and time management techniques will be of utmost importance. The use of Gantt charts and similar applications are recommended, especially in complex assignments, when more advanced techniques such as the Program Evaluation and Review Technique (PERT) or Critical Path Method (CPM) might be useful tools. Teams can also be complex and it is necessary for the individual members to have reached a uniform understanding of purpose and objective. MIS tools will benefit any project, as an aid in the meaningful selection and representation of data: financial, performance, or otherwise. Other important aspects to consider are the timing and format of reporting procedures and the management of the project’s closure. If possible, the client is best served if the consultant can employ tools that mirror the client’s reporting mechanisms. The consultant should avoid confusing the client with tools that require a paradigm shift in the client’s analysis of critical performance data.

- Client focus
- Simple vs. complex teams
- Identifying intended outcomes
- Identifying expected outcomes
- Time management
- Scheduling techniques

- Setting milestones
- Maintaining documentation
- Reporting
- Managing the end of the project: Closure
- Management Information Systems
- Budgeting and financial control

## **Change Management**

All consulting assignments, to some degree involve, the management of change. The nature of change lies in nature itself; it is the most basic function of any kind of development. What has augmented, the rate of and nature of the complicated change is basically attributable to technology. Organizational change occurs because it is either reactive or proactive to the surrounding forces that can be summed up by the umbrella term 'environment'. The management of change requires accurate appraisal of what change is required, who and what will be involved, and the presence of effective leaders who can innovate and experiment with full use of communication skills and open approaches. People must identify with and internalize the meaning of a change if it is to succeed in the long run. It is crucial for the consultant to actively identify, engage and – if necessary – convert internal supporters for the change. The consultant must know who, in the organization, will carry on the change after the consultant is gone.

- Understanding the nature of change
- Identifying change
- Internalizing change
- Application of different approaches
- Leadership
- Innovation
- Experimentation
- Openness
- The change agent
- Communicating

## **Strategy**

Strategy as a process of management is the continuous eye on the future opportunities and threats to what an organization is to achieve. Strategy is about innovating, directing and moving an organization forward: 're-inventing the wheel'. Consultants aid with strategic focus because they are lateral thinkers and are often more capable of interpreting the future by careful observation of the client, competitors and markets at present. One of the crucial benefits a consultant can bring is the ability to translate successful previous engagements from seemingly unrelated situations into meaningful advice to a new client.

- Innovation
- Regeneration

- Directing
- Leading
- ‘Re-inventing the future’

## **Marketing**

## **Information Technology**

## **Economics**

## **Finance and Accounting**

## **Leadership and Human Resources**

## **Underlying understanding of PESTLE**

Knowledge of the political, economic, social, technological, legal and environmental situation is imperative for a successful consulting intervention. These macro-forces act upon an organization and shape its strategic and operational approaches in order to be successful. This implies that these forces will also shape how the consultant will have to intervene to help the client-organization achieve its success.

### **Political**

When considering political structures and forces, the consultant must be aware of national and organizational politics, to mirror the growth in international consulting. Nations have different forms of politics, different agendas, much in the same way as individuals struggle for control, power, promotion, etc within an organization. Understanding how their client “fits” into its political environment is crucial in enabling the consultant to provide meaningful and actionable advice.

- National
- Organizational
- Industrial relations
- Influencing and lobbying

### **Economic (Macro and Micro)**

Macro factors affect inflation, unemployment, exchange rates, trade balances, etc. Micro factors affect supply and demand, competition, the labor market and wages, amongst many others. Market wealth is an important consideration, as it will determine the possibility for growth. Being able to integrate a cogent engagement plan with those factors, including allocation of scarce resources, is key to the consultant’s credibility and performance.

- Macroeconomic factors
- Microeconomic factors
- Market wealth
- Resource allocation

## **Social**

It is under this heading that national as well as organizational culture fits. Failure to recognize that culture is the core of who people are, will lead to inaccurate understanding of the problem, its scope and the best consulting approach. High levels of interpersonal as well as intrapersonal skills are called upon to understand and best handle social differences. Culture encompasses all that is intangible in the form of people's values, beliefs, tradition, language and taboos, as well as organizational ethics. It is important for a consultant to gain exposure to different cultures and thus become conscious at one level and tolerant at another.

- National culture
- Organizational culture
- Ethical culture
- Business ethics
- Inter-personal and Intra-personal capabilities



## **Technological**

This is undoubtedly one of the greatest drivers of the future, as it has enabled cultures to merge business and communications to become more powerful, efficient and global. For the organization, this has meant being able to locate anywhere in the world; transfer funds from any one place to any other in real-time; restructure to focus on core tasks and outsource the rest. Telecommunications are now practically real-time. The Internet allows instant access to a low-cost wealth of information. E-mailing is commonplace and much quicker than standard mail. These are just a few of the social and economic benefits that have affected nations and organizations through technology. The trend will continue as organizations handle ever more complexity and volume.. The consultant provides value by keeping the client abreast of new developments, applications and potential new opportunities available, using the new technologies

- Awareness
- Needs, wants and possibilities
- Infrastructure
- Communications
- Awareness
- Needs, wants and possibilities
- Infrastructure
- Communications

## **Legal**

Laws are formal rules and procedures that define the appropriate behavior of a particular society or organization. There are many laws at national level that play an important part for businesses such as anti-trust legislation and corporate taxation, incentive grants and allowances. Similarly, there are very specific rules that are applied to certain types of organizations. For example, non-profit making institutions, function within very specific and very different legal parameters than those of the “for-profit” organization. It is important for the consultant to be aware of legal environmental nuances between nations and sectors in industry when engaging a particular assignment to ensure sound advice is given. The consultant must scrupulously avoid providing inappropriate or inaccurate advice to their client. In most instances, the consultant should provide documentation of what is known as E&O (Errors and Omission) Insurance, to protect both the consultant and the client in the event of unforeseen problems.

- National
- Organizational
- Industrial relations
- Influencing and lobbying

## **Environmental**

There are environmental considerations for the consultant to bear in mind when engaging in an assignment. There are strict rules that organizations need abide by in order to protect the environment from damage and these may prevent the implementation of a potential solution. Organizations and consultants have a responsibility to safeguard the environment, which falls within social and business ethics

- National
- Organizational
- Industrial relations
- Influencing and lobbying

## **Depth in Specialist Technical/Professional Skills**

Most consultants enter the professional practice of training consultancy through the route of functional specialization in training. Some remain deep specialists, either in an organizational function or process; or in the methodologies and applications of a particular proprietary philosophy or approach. Others rely more on greater management breadth in organizational competency ('B' above), but all must be able to relate their deep technical professional expertise to the client organization. **The CISCC does test for expertise in functional specialization of supply chain management. It is expected that the CISCC will demonstrate his/her functional skills by obtaining certification as a Certified International Purchasing Manager, Certified International Sourcing Manager, Certified International Commercial Contract Manager, and Certified International Supply Chain Manager.. In addition, a CISCC should be skilled in conducting "Purchasing Benchmarking and System Reviews", a subject that is found in a separate Handout/Training Document.**

Specialist competencies are important because they reflect the fragmented consulting market that exists today. Specialist competencies are a consultant's entry point upon which they can build professional depth. A specialist approach require special knowledge without which the client will remain unimpressed or underserved. They expect the firm to do training, as would be the case when engaging a consulting team with several junior associates. The specialization can be broadly categorized as either functional or sectoral.

## **Functional**

### **Sectoral**

- Financial
- Governmental
- Charitable
- Public
- Private
- Internal

## **Personal and interpersonal attributes of a management consultant.**

Acting, Communicating and thinking like a management consultant (ACT).

Acting, communicating and thinking are inherent personal abilities, or competencies, that we have at our disposal, but that a consultant must strive to refine through experience.

### **Acting**

There exist multitudes of ways in which a consultant may act: objective observer, fact finder, coach, technical expert, etc. They should all be according to professional and ethical norms of attitude and behavior. It is important for a consultant not to over-stretch and try to be all things to all people. There are certain criteria to consider when selecting which guise to adopt: the client culture; the consultant's knowledge, experience and personality; the nature of the problem that the consultant has been called in to deal with. Facilitating, mentoring and coaching are three distinct options available to the consultant in order to motivate and develop people, but there are many more – and within each of these exist types of (e.g.) facilitating. It is important to consider that although different forms of acting are at a person's disposal quite naturally, the consultant should aim at refining them through experience and conscious efforts. The management of conflict is a good example of when different approaches may be validated in different circumstances by either stimulating or resolving the conflict to achieve a desired result.

- Professional attitude/behavior
- Professional conduct/ethics
- Dealing with client culture
- Managing conflict
- Motivating and developing people
- Leading
- Facilitating
- Mentoring
- Coaching
- Selecting appropriate role

### **Communicating**

There are two main ways of communicating: oral and written. It should be noted, however that listening is another form of communication, as is body language. Each of these is an important element to the overall impression that a consultant will give. The tie with culture is inextricable as in some countries even a hand-gesture could be misinterpreted. Many clients may prefer regular oral communications rather than written reports, or conversely, might prefer to receive updates by email. These aspects of the relationship should be defined from the outset to minimize inconveniences. Nonetheless, consultants will need to

know appropriate proposal and report-writing techniques and demonstrate good oral presentation techniques. Each should be properly adapted to the respective audience.

- Written communications
- Oral communications
- Using available technology
- Preparing proposals
- Appropriate reporting
- Enhanced presentations

### **Thinking**

It may seem obvious, but thinking is the single most important and fundamental competence that a consultant must be extremely good at. The consultant's mind should be capable of nurturing thoughts and ideas on several different planes simultaneously to enable flexible and contingent thinking. Lateral thinking and the ability to look into the future, 'to view the end from the beginning' are also important.

- Empathizing
- Lateral thinking
- "Seeing the end from the beginning"
- Contingency planning
- Flexible approaches

### **Effectiveness in consulting**

The competency framework for management consulting.

The focus of this section is to describe the competency framework and to identify those core competencies that identify the competent consultant. This section should refer to the comprehensive competency framework and should simply summarize it here for the body of knowledge.

The numerous factors that lead to potential effectiveness in consulting can be enhanced as much as they can decay. It is assumed that a good education is the basic building block of much that the consultant will be capable of. Also of great importance will be the Continuous Professional Development (CPD) undertaken by the individual. Many of the large practices generally have their own training programs that serve this very purpose. Many consultants also 'swing back and forth' between consulting and industry and thus continue to learn. But, it is of paramount importance for a sole practitioner to invest in CPD for his/her own benefit, as well as that of the client.

Consultants can only be effective in their role if they demonstrate their abilities in each of the described competency areas as required by the particular engagement and the role they play therein.

These competencies can be broadly described as:

- Consulting competencies
- General and specialized knowledge (as defined in PESTLE.) Ie environmental awareness.
- Managerial skills
- Industry and or functional/technical competencies
- Personal and interpersonal competencies (as described in ACT)

### **Stages of excellence**

A training consultant goes through three primary stages of growth from novice to expert. This can be broadly equated to associate, consultant, and CTC.

He/she also performs in different roles such as follower, leader, coach manager etc

The model shown as a separate document expresses three dimensions of the competent consultant, namely management, specialist and consulting ( including ACT) competencies.

The point reached in each category hinges very much on the experience gained over time. This recognizes that consultancies recruit at varying levels: from recently graduated students, to managers with years of experience moving into consultancy.

What the model is not saying is that the list of competencies is exhaustive, or for that matter, that a given consultant should be competent in all the areas outlined. What it does, is it delineates the competency territory within which consultants can develop in a myriad of ways. In the same way, the CISCC designation is only a stage in the professional development for the accredited consultant.

The body of knowledge outlined here encompasses all these levels at a basic degree and it is up to the individual's curiosity and experience to take any aspect further through professional development.

## **CERTIFIED E-PROCUREMENT PROFESSIONAL (CEPP)**

### **Certification Preparation Course**

#### **Participants Will Learn**

How do you know which e—procurement tools and systems are best for your organization? This seminar provides an introduction to e-procurement, current trends, options, and tools currently available in the marketplace, and will explore technology resources and methods of selection of technology suppliers and vendors. A step-by-step process for online sourcing and

negotiation and a discussion on the use of third party facilitators and enablers will also be included.

### **Who should attend?**

Managers of purchasing, materials, and supply chain management who are responsible for the overall performance of their organization

Purchasing, materials, and supply chain management professionals who are currently responsible for e-procurement system selection and/or implementation or may be in the future.

Purchasing and supply management professionals who want to increase their knowledge about using e-procurement tools and systems for spend management, strategic sourcing, supplier evaluation, and supplier relationship management.

Information systems analysts who may be involved in the selection or implementation of e-procurement systems

### **Program Outline**

#### Introduction

- A. What is E-Commerce and E-Procurement (and other relevant terms)?
  - (1) What is ECommerce?
  - (2) What is E-Procurement?
  - (3) Other Relevant Terms from Specialized Glossary of Terms
- B. Where did E-Procurement come from?
  - (1) Business to business use of EDI
  - (2) The continued decrease in the costs of computer hardware and software
  - (3) The disappearance of the regulations prohibiting commercial activities on the net
  - (4) The rapid growth of the web (the third wave)
  - (5) The rise of the profitable ISP
- C. What is happening now?
- D. What E-Procurement technology tools are available? (What's "Hot" and what's "Not")
- E. How are purchasing, materials, and supply chain managers using these technology tools currently?
- F. Where is E-Procurement going?
- G. A summative case highlighting the main points of this first Segment's lectures.
- H. Integrating E-Procurement into Strategic Sourcing
- I. Developing and Implementing a Strategic Sourcing System
- J. Incorporating Strategic Contracts into Business Processes
- K. Select E-Procurement Tools and Implement E-Procurement Decisions
- L. Integrating E-Procurement System into Business Processes

- M. Using Catalogs, Agents, Auctions, Exchanges, Hubs, and Spokes
- N. Making e-catalogs work: search engines, content creation and management, supplier integration, features/functions
- O. Agents
- P. Auctions
- Q. Using Exchanges, Hubs, and Spokes
- R. E-Procurement for Services, ERP Systems, Evaluating E-Procurement Providers and Systems, and E-Payments
- S. Using E-procurement for Services
- T. Advantages and Disadvantages of ERP and E-procurement Systems
- U. Evaluating E-Procurement Providers
- V. Making E-Payments
- W. A summative case highlighting the main points of this fourth Segment's lectures

## **CERTIFIED INTERNATIONAL SOURCING MANAGER**

### **Description**

The sourcing function is in the middle of unprecedented change. The transformation is being driven by globalization in consumer and supplier markets, as well as by rapid technological advances that facilitate procurement on any scale.

This certification preparation course focuses on the new tools of sourcing success, including e-commerce and internet strategies; supply-chain management technology, including eRFx systems, auction sites, and bid optimization; strategic sourcing initiatives; offshore and international sourcing, and much more.

The preparation course provides guidance on supplier relationships and partnerships, opportunities for cost reduction, electronic and paperless management, global sourcing opportunities, and more.

At the completion of the course, students take the 80 multiple choice question Certified International Sourcing Manager examination online and, if successful and otherwise qualified, are encouraged to apply for professional certification from the International Purchasing and Supply Chain Management Institute.

### **Course Goals**

In this course, we study the critical components of sourcing management as practiced currently in the corporate world. The fundamental concepts concerning the sourcing process and supply chain management are covered.

### **Course Objectives**

The purpose of this course is to provide students with an in-depth understanding of the theoretical as well as practical aspects of sourcing management, particularly, how it fits into an overall supply chain management strategy. Students who complete this course will acquire the necessary skills to:

- Assure sourcing and on-time delivery of best priced best quality materials to maximize production capacity
- Finding the right supplier and effectively execute supplier relationship management for win-win partnerships
- Find solutions to sourcing bottlenecks and risks to ensure on-time delivery of materials
- Be equipped on streamlining and optimizing the whole business process to reduce total supply chain co
- Master advance cost techniques translating to reduction of waste and inefficiency in the supply chain.
- Learn how to encourage suppliers early in new product or service development and foster innovation



## Course Content

1. Moving From Purchasing and Supply Management to Supply Chain Management
  - Describe some of the more pressing issues/initiatives facing modern International business.
  - Explain how world class organizations are “leveling up”.
  - Explain “strategic management”, “strategic sourcing”, and the relationship of “strategic sourcing to supply chain management”.
  - Explain the skill set required for strategic sourcing.
  - Explain what is meant by a “supply chain orientation”.
  - Describe “the New Supply Paradigm”.
  - Explain the modern definition of “Supply Chain Management”.
  - Explain how supply chain managers and organizations can become “Supply Chain Masters”.
  - Describe strategic thinking as it pertains to supply chain management.
2. International Purchasing and Supply Chain Management Trends
  - Explain how future trends in international purchasing and supply chain management will affect organizations.
  - Explain how future strategies can be designed to accommodate those trends.
3. Key Supply strategies for Tomorrow: Perspectives on the Future of Purchasing and Supply
  - Explain development of “category strategies”.
  - Describe how to develop and management suppliers.
  - Explain leveraging of technology enablers.
  - Explain effective and efficient internal and external collaboration.
  - Describe how to attract and retain supply management talent.
  - Explain management and enabling of the future supply chain management organization.
4. Supply Chain Technology Trends:
  - List several of the more exciting state-of-the-art “technology enablers” applied in International Supply Chain Management
  - Explain how these technologies can be applied.
5. Building the Strategic International Supply Chain Management Organization

Explain the following:

- How to create an organizational vision.
- How to create an environment for success.
- How to staff the environment.

- How to automate and simplify high volume transactions.
  - How to focus on supplier and customer relationships.
6. Summative case providing lessons on strategic supply chain management and planning.

#### Strategic Sourcing,

##### 1. Strategic Sourcing: Critical Elements & Keys to Success

- “Strategic Sourcing” as compared with tactical or transactional sourcing.
- The importance of Strategic Sourcing.
- The skill sets needed for Strategic Sourcing and how to obtain those requisite skill sets.
- The transition process from tactical to strategic sourcing: building a step-by-step methodology/plan
- Where e-Procurement fits with Strategic Sourcing.

##### 2. Total Quality Supply Base Management

- The relationship between Strategic Sourcing & Strategic Supply Management (SSM)
- How to categorize purchases in Strategic Sourcing
- How to employ and develop Early Supplier Involvement (ESI)
- The processes of Supplier Relationship Building and alliance partnering
- How to categorize, certify, and manage suppliers

##### 3. Total Quality Supplier Assurance

- The importance and role of the Organizational Mission & Functions Statement
- Three Questions to be answered in Strategic Supply Planning
- The role of Supplier Site Visits, Qualification, & Survey Results
- How to conduct Total Quality Assurance & the role of Material Review Boards
- The relationship between purchased Item Quality & Supplier Quality Assurance
- The use of Statistical Process Control (SPC) & Total Supplier Quality in assuring quality

##### 4. Supplier Qualification and Selection

- The Supplier Marketplace Model & Environmental Factors affecting it
- Why you need to know Your Marketplace & Your Supplier
- What Your Suppliers Need to Know about you— The role of the Welcome Booklet
- How to perform Supplier Qualification & Due Diligence Studies
- How to understand the Supply Base
- The Solicitation, Purchase Commitment, & Supplier Selection processes

##### 4. Part II Solicitations, Bids, Proposals, & Source Selection: Building a Winning Contract

- The Sourcing Life-Cycle

- Pre-Bid/Proposal Phase: Procurement Planning, Solicitation Planning & Preparation
- Pre-Bid/Proposal Phase: Pre-Sales Activities & Bid/No Bid Decision
- Bid/Proposal Phase: Bid/Proposal Development & Reviews/Approvals
- Bid/Proposal Phase: Source Selection Planning & Evaluation
- Post-Bid/Proposal Phase: Contract Negotiation & Formation
- Planning, Solicitations, & Source Selection – Best Practices

#### 5. Supplier Performance Evaluation—The Report Card

- The various methods for evaluating the Supplier's Performance
- Supplier Rating System Factors
- Criteria/Standards for an Effective System
- Supplier Rating System Reports & Forms
- Rating Guidelines & Policy Standards

#### 6. Measuring the Process—Internally & Externally

- Nine Key Areas of Purchasing Objectives
- Metrics—How Well Are You Developing Your Supplier Base?
- Supply Base Management Costs
- Metrics—How Well Are You Managing Your Supplier Base?
- Value-Added Cost Savings
- Cost Avoidance Accrual Methodology

#### 7. Lessons Learned: Ten Ideas for Effective Strategic Sourcing

- List and describe ten ideas/suggestions on how to conduct effective and efficient strategic sourcing.
- Explain the favorable impact on the organization from use of these techniques.

#### 4. Summative case providing lessons on strategic sourcing.

### Supplier Relationship Management

#### 1. Supplier Relationship Management (SRM) and Collaborative Value Creation

- List and explain the various components of an effective supplier relationship management program.
- Explain how organizations are moving from cost reduction to value creation.
- Explain the relationship between SRM and Strategic Sourcing.

#### 2. Supplier Relations Development: Providing the Groundwork for Supplier Certification

- Explain the relationship between SRM and CRM.

- Explain how supplier certification depends on SRM and supplier relations development.

### 3. Constructing the Optimal Supplier Relationship Program

Explain the following six steps in the process of constructing the optimal Supplier Relationship Program:

- Articulate the desired relationship.
- Establish a preliminary relationship plan.
- Explore the potential joint commitment between the supplier and the buyer, then review.
- Design a joint relationship management team.
- Develop the process for doing joint work, execute objectives and measures, and review again.
- Reassess the relationship against objectives and measures.

### 4. High Performance Supplier Relationship Strategies

- Explain the strategies, practices and behaviors firms have used to establish rationalized supply bases and improve supplier working relationships.
- Explain how firms have forged deep supplier relationships in rationalized supply bases.
- List several of the benefits of deep supplier relationships.

### 5. Reducing the Supplier Base and Managing Supplier Relationships

- Explain the Impact of Supplier Relationship Management (SRM) on supply chain systems and organizations.
- Describe a system of SRM Classification & Consolidation.
- Explain how to host a Supplier's Day & Supplier Linking.
- Explain the purpose and role of a Supplier Advisory Council (SAC).
- Explain the difference between/among Sole Sources, Limited Competition, & Insufficient Supply.
- Explain the Outsourcing process and use of Third Party Service Providers.
- Explain how to use appropriate B2B Internet Technologies.
- Explain when and how to change supply partners.

### 6. Summative case providing lessons on supplier relationship management.

Advanced Cost Management Techniques.

#### 1. Advanced Cost Management Techniques: Introduction

- Define Cost Management.
- Define Value Management.
- List the 7 components of Cost and Value Management.

- Explain the formulae for the 7 components of Cost and Value Management.
- Explain when the 7 components are employed during a product's life cycle.
- Name some principles of Cost and Value Management.
- List some computer applications aiding in Cost and Value Management.

## 2. Cost Reduction Strategies

- Explain various cost reduction strategies and ideas.
- Explain how to employ effective and efficient price and cost analysis.
- Explain how "Total Cost of Ownership" and "Total Systems Cost" can be used to reduce cost for the organization.
- Describe the use of "Should Cost" Models and Techniques.
- Describe various innovative solicitation models and their use.
- Explain Target Cost Analysis and Target Pricing.
- Explain how to obtain low cost in offshore sourcing.

## 3. Value Engineering and Value Analysis

- Define Value (Cost) Engineering
- Define Value (Cost) Analysis
- Understand the benefits of using Value Engineering and Value Analysis for the Buyer
- Understand the benefits of using Value Analysis for the Supplier
- Understand where and when Value Engineering and Value Analysis can be applied
- Understand VE misconceptions
- Describe some VE successes

## 4. Summative case providing lessons on advanced cost management techniques..

**International Purchasing Management Certifications**  
**Certified International Purchasing Professional (CIPP, Level 2)**  
**Certified International Purchasing Manager (CIPM, Level 2)**  
**Certified International Purchasing Consultant (CIPC, Level 3)**

The above three IPSCMI International Purchasing Management certifications provide a complete “certification life cycle” for purchasing professionals, particularly for those involved in global/international purchasing and sourcing.

Unlike many other certification-granting organizations, IPSCMI does not require its candidates to progress through all levels of certification. Senior, experienced professionals with significant education, training, and experience can apply directly for Consultant level certification without the necessity of completing the two lower level certifications.

## **CERTIFIED INTERNATIONAL PURCHASING PROFESSIONAL (CIPP)**

### **INTRODUCTION**

The Certified International Purchasing Professional (CIPP) is the first level of three IPSCMI International Purchasing Management certifications. CIPP is designed for current and future purchasing professionals, reflecting levels of understanding and of competence needed to assume responsibility for managing purchasing operations at the international level.

### **BODY OF KNOWLEDGE**

#### **Procurement**

##### **Module 1 Specifying Requirements and Advance Procurement Planning**

1. Explain the principles of purchasing (applicable to both private and public sector organizations and to both for profit and non-profit organizations.)
2. Explain the Pareto Principle and how it applies in purchasing.
3. Demonstrate the computation of percentages and calculate simple formulas found in the purchasing process.
4. Given mathematical problems typically encountered in purchasing, calculate fractions, decimals, and ratios.
5. Calculate interest rates, payback period, net present value, and other calculations considering the time value of money.
6. Employ the several methods of forecasting used in the purchasing process.
7. Compute various types of averages (mode, mean, and median).
8. Explain standard deviation and how to calculate and use it in purchasing.
9. Describe the forms typically used in purchasing and explain how those forms can be modified for use in E-Procurement.
10. Describe the various hardware and software options available for automation of the purchasing process.

11. Develop/utilize a computerized purchasing system (e.g., online buying, EDI, Web-based electronic commerce) with an ultimate goal of “paperless purchasing”.
12. Develop/implement/maintain a database of specifications, suppliers, products, and/or services.
13. Develop/utilize a computerized inventory and/or capital equipment tracking system.
14. Explain the advantages and disadvantages of single and multi-sourcing.
15. Explain the advantages and disadvantages of centralized and decentralized purchasing.
16. Establish procurement plans and make decisions necessary to purchase products or services in congruence with organizational objectives and sourcing strategies.
17. Explain how the purchasing manager uses the concepts of supply and demand in evaluating markets and potential suppliers.
18. List and describe the various types of markets, including free markets, oligopolies, monopolies, monopsonies, and oligopsonies and how they affect the ability of the purchaser to obtain competition and fair and reasonable prices.
19. Describe the different methods of acquisition (direct, off-shore buying office, etc.) for global sourcing.
20. Explain how to develop global procurement plans stemming from organizational goals.
21. Explain how different business customs and courtesies of key nationalities affect the offshore purchasing process.
22. Describe several global trade barriers and how they affect the global sourcing process.
23. Read blueprints and engineering drawings and explain the various symbols and notations on those drawings.
24. Explain how engineering supports the purchasing process and the methods of cooperation between purchasing and engineering.
25. Review purchase requisitions in accordance with organizational requirements and/or budgetary constraints.
26. Determine appropriate methods of procurement, including the different methods of E-Procurement.
27. Perform cost/benefit analyses on planned purchases.
28. Develop/review specifications, statements of work, performance terms, and/or acceptance criteria.

## **Module 2 Appraising and Shortlisting Suppliers**

29. Locate (through internet market surveys and other means) potential sources of materials or services.
30. Explain the process of qualifying/prequalifying and selecting domestic and offshore suppliers.
31. Manage and develop automated lists of recommended sources.
32. Explain how to use supplier catalogs, including online catalogs.
33. Review supplier samples and/or demonstrations with the buying organization management and/or user departments.

## **Module 3 Obtaining and Evaluating Offers**

34. Prepare bid and proposal solicitations with pertinent specifications, terms, and conditions including digitalized solicitations for posting to an internet, extranet, or intranet “bid room” and solicitations appropriate for “online auctioning” and “reverse auctioning”.
35. Explain the use of third parties in the solicitation and bidding process.
36. Describe the various E-Procurement tools available to the buyer, including internet, intranet, extranet, application service provider (ASP), server-based, ERP, stand-alone, exchanges, and B2B hubs.
37. Describe how Electronic Data Interchange (EDI) and Value Added Networks (VANS) can be used to facilitate the purchasing process.
38. Use price, cost, and financial analytical techniques to evaluate offers and proposals to determine the overall best offer for a product/service.
39. Explain the various economic theories relating to supplier pricing of good and services.
40. Explain the concept of price elasticity of demand.
41. Explain how the purchasing manager uses supplier financial accounting information, including balance sheets, income statements, and cash flow statements to make decisions concerning supplier financial capability and qualifications.
42. Using supplier financial statements, calculate the current ratio, acid test/quick ratio, and debt to equity ratio and explain how those computed ratios will influence your decision concerning that supplier.
43. Explain how the purchasing manager uses internal and/or supplier management or cost accounting information to make decisions, including cost/volume/profit and breakeven analysis, make or buy analysis, learning curve analysis, and development of cost estimating relationships.
44. Describe the process of developing the total landed cost of acquisition.

#### **Module 4 Negotiating**

45. Explain the principles of negotiation according to Lewicki, Karras, and Fisher/Ury.
46. Explain when purchasing people should negotiate and when they probably should not negotiate.
47. Explain how to plan, organize, and conduct a negotiation conference.
48. Prepare for and develop strategies and tactics for negotiations.
49. Conduct negotiations with domestic and international suppliers and explain how global negotiations differ from domestic negotiations.
50. Conduct supplier visits/evaluations and conduct “due diligence” to determine qualification and responsibility of potential suppliers either on a “prequalification” basis or immediately prior to award.

#### **Module 5 Preparing the Contract**

51. Describe provisions/clauses appropriate for inclusion in the international contract for purchase.
52. Based on economic, political, and trade-related factors, determine whether to denominate



- a contract in dollars or in the (foreign) currency of the offshore supplier.
53. Explain how and when to employ legal counsel in support of the purchasing process.
  54. Explain the different laws governing contracts from offshore suppliers (CISG and UCC) and how they impact on risk of buyer contract performance.
  55. Explain the different International Commercial Terms (INCOTERMS).
  56. Explain the documentation required in international trade. (Bill of Lading and Other International Purchasing Documents).
  57. Explain how the Uniform Commercial Code (UCC), particularly Article 2, Sales affects the purchasing process.
  58. Explain when a contract needs to be in writing and why.
  59. Describe the basic elements of the anti-trust laws (including Sherman Anti-Trust) and how they affect the buyer as well as the seller.
  60. Explain reciprocity and the legal implications of reciprocity.
  61. Explain the different types of warranties, including the UC warranties of “merchantability” and “fitness for its intended purpose”.
  62. Describe the legal recourses available to the buyer if the seller fails to perform as agreed in the contract.
  63. Obtain legal review and approval of a contract or purchase order when required.
  64. Prepare and/or issue contracts/purchase orders, including hardcopy and/or electronic.

## **Contract Administration**

### **Module 6 Managing the Contract and Supplier Relationships**

1. Administer contracts/purchase orders from award to completion, including use of automated contract management systems.
2. Explain the complexities of administering a contract awarded to an offshore supplier.
3. Maintain effective and efficient relationships with other internal departments involved in procurement and contract administration.
4. Explain the various theories of motivation in order to understand what motivates people and describe the method(s) which work best for you.
5. Explain the impact of motivation on productivity and job satisfaction.
6. Participate in cross-functional and/or multifunctional teams (e.g., project management, process improvement).
7. Develop/manage effective relationships with suppliers, utilizing such techniques as supplier partnerships, strategic alliances, supply chain management, and supplier training programs.
8. Explain the various customs laws, regulations, and tariffs and how they affect the supply management process.
9. Review product availability and/or pricing information with suppliers.
10. Conduct interviews with current and prospective supplier sales personnel.
11. Coordinate/review/respond to supplier inquiries, protests, and appeals.
12. Expedite deliveries and conduct follow-up procedures when necessary.
13. Resolve contract/purchase order differences with suppliers.
14. Describe when quality begins and what the buyer should do to obtain a quality product.

15. Define quality from a purchasing point of view (the product meets the agreed specification).
16. Resolve quality problems with suppliers and user departments.
17. Develop measurements of quality improvement and target setting (e.g., “best in class” benchmarks).
18. Support and assist accounts payable in providing effective and efficient payments to suppliers.
19. Describe the different methods of electronic payments and explain the advantages and disadvantages of those various methods. Explain the several different methods of payment available for offshore purchases and which of those are most advantageous to the buyer.
20. Resolve payment problems with suppliers and user departments.
21. Manage automated and hardcopy files of contracts, purchase orders, agreements, equipment records, and/or specifications.
22. Measure supplier performance using rating systems and/or predetermined standards.

## **CERTIFIED INTERNATIONAL PURCHASING MANAGER**

This certification examination review course is designed to prepare purchasing and materials management professionals for the Certified International Purchasing Manager (CIPM) Examination sponsored by the International Purchasing and Supply Chain Management Institute (IPSCMI). Certification as a CIPM is increasingly being specified in position descriptions and job announcements as desired and/or minimum qualifications to be met for such professionals.

### **Course Objectives**

1. To develop an in-depth understanding of the international sourcing, management and administration processes, and current issues as they relate to purchasing and supply chain management in an international context.
2. To develop an understanding of what to study and how to study in preparation for the CIPM.
3. To determine which CIPM tasks require the greatest amount of study and concentration in order to pass the CIPM examination.

### **Topical Coverage**

1. Differences: Domestic and Global Purchasing
2. Global Sourcing Levels
3. Global Sourcing Benefits
4. Switching from Domestic to Global Sourcing
5. Roadblocks to Overcome
6. Starting an Offshore Buying Program
7. Sourcing Strategies (Pros and Cons)
8. Domestic Global Sourcing Companies

9. In Country-based Sourcing Representatives
10. Establishing Dedicated International Purchase Office (IPO)
11. Direct from Offshore Suppliers
12. Identifying and Qualifying Offshore Suppliers
13. Using available procurement techniques
14. Comparing total landed cost of acquisition
15. Negotiating With Offshore Suppliers
16. Financing the Transaction
17. The role of Domestic Law and CISG
18. Preparing the contract with the Offshore Supplier
19. Documentation required
20. Key clauses for the contract with the Offshore Supplier
21. Dispute settlement provisions for the contract with the Offshore Supplier
22. Recommended methods of payment
23. Protecting the purchase from foreign currency exposure
24. Terms of Purchase Documentation
25. The Terms of Shipping Documentation
26. What the Purchaser Should Specify in the International Purchase Contract
27. International Commercial Terms (INCOTERMS)
28. Bill of Lading and Other International Purchasing Documents
29. International Negotiation
30. The Influence of Culture on International Negotiation
31. The International Negotiation Process
32. Managing International Negotiations
33. Decision Making
34. Global Negotiation Styles
35. Foreigner's Viewpoint of Americans as Negotiators
36. American Viewpoints of Saudis as Negotiators
37. Differences in Negotiation Approaches, Saudis and American
38. Practical Issues in Cross-Cultural Negotiation

Assignments:

WEEK #1 ONLINE

DAY #1 CONVENTIONAL

Differences: Domestic and Global Purchasing

Global Sourcing Levels

Global Sourcing Benefits

Switching from Domestic to Global Sourcing

Roadblocks to Overcome

Starting an Offshore Buying Program

Sourcing Strategies (Pros and Cons)

Domestic (US) Global Sourcing Companies

In Country-based Sourcing Representatives  
Establishing Dedicated International Purchase Office (IPO)  
Direct from Offshore Suppliers  
Identifying and Qualifying Offshore Suppliers  
Using available procurement techniques  
Comparing total landed cost of acquisition  
Negotiating With Offshore Suppliers  
Financing the Transaction

WEEK #2 ONLINE

DAY #2 CONVENTIONAL

The role of the UCC and CISG  
Preparing the contract with the Offshore Supplier  
Documentation required  
Key clauses for the contract with the Offshore Supplier  
Dispute settlement provisions for the contract with the Offshore Supplier  
Recommended methods of payment  
Protecting the purchase from foreign currency exposure  
Terms of Purchase Documentation  
The Terms of Shipping Documentation  
What the Purchaser Should Specify in the International Purchase Contract  
International Commercial Terms (INCOTERMS)  
Bill of Lading and Other International Purchasing Documents

WEEK #3 ONLINE

DAY #3 CONVENTIONAL

International Negotiation  
The Influence of Culture on International Negotiation  
The International Negotiation Process  
Managing International Negotiations

WEEK #4

DAY #4 CONVENTIONAL

Decision Making  
Global Negotiation Styles  
“Negotiating With Americans”  
“Negotiating With Chinese”  
“Negotiating With Japanese”  
    “Negotiating With Germans”  
“Negotiating With Arabs”  
“Negotiating With Mexicans”

“Negotiating With Indians”  
“Negotiating With Brazilians”  
“Negotiating With Filipinos”  
“Negotiating With Vietnamese”  
Practical Issues in Cross-Cultural Negotiation

## **Certified International Purchasing Consultant (CIPC)**

### **Program Introduction**

The Certified International Purchasing Consultant (CIPC) program will help purchasing and supply management professionals to either consult or teach purchasing to people outside of their own employer.

The Certified International Purchasing Consultant (CIPC) is designed for US and international business practitioners by the International Purchasing and Supply Chain Management Institute (IPSCMI). It is particularly appropriate for those individuals who wish to increase their purchasing consulting skills. A Certified International Purchasing Consultant (CIPC) certification demonstrates that you are knowledgeable about the practice of purchasing consulting skills in the International commercial environment.

### **Program Goals and Objectives**

Completion of the CIPC program will enable the certified individual to:

- Explain how to use supplier financial accounting information;
- Measure supplier performance using rating systems and/or predetermined standards;
- Explain how to plan, organize, and conduct a negotiation conference;
- Explain how to develop global procurement plans stemming from organizational goals;
- Employ the several methods of forecasting used in the purchasing process;
- Resolve quality problems with suppliers and user departments;
- Explain the impact of motivation on productivity and job satisfaction;
- Learn the general knowledge of management processes and functions.

### **Who Should Attend?**

- Professionals in purchasing, materials, and supply chain management.
- Business and Contract Managers

Import-export dealers

International marketing and sales personnel

Anyone who wishes to be a CIPC or wants to be trained in International Purchasing Consulting

### **Examinations**

This Certification Program is a core certification program of The International Purchasing and Supply Chain Management Institute (IPSCMI). This program offers the designation of CIPC (The Certified International Purchasing Consultant) to candidates who demonstrate their understanding of the fundamentals of the profession through the successful completion of rigorous professional certification examinations based upon the INTERNATIONAL PURCHASING CONSULTANT BODY OF KNOWLEDGE (IPCBOK).

Completion of the certification program requires completion of a multiple choice examination. The examination is prepared by a Board of Examiners consisting of a range of Certified, Sustaining, and Educator Members within the International Purchasing and Supply Chain Management Institute (IPSCMI).

The examination locations are determined by the individual candidates and their proctors. A proctor may be an individual who is currently an active Certified Member, or a manager, supervisor, teacher, professor, or anyone of such standing. Each proctor is determined on a case-by-case basis. IPSCMI wishes to make it possible for every qualified candidate to complete the certification program in a convenient and timely manner.

### **Professional Designations**

Successful candidates are granted the designation of CIPC. This certification may be used just as similar recognitions which are employed in accounting, insurance, medicine, law, and other professions. Either the full expression or the initials may be used after the individual's name on business cards, stationery, etc.

### **Time Limitation**

The Board of Examiners realizes that many applicants are employed on a full-time basis and, as such, are limited in the amount of time available to prepare for the examinations. Without some guiding time requirement, however, candidates tend to lose the concept of the examination program and the material covered. Therefore, the Board of Examiners has established a five year maximum time limit for acceptance of completed requirements. The time limitation may not be waived without the approval of the Board of Examiners.

### **Participants Will Learn**

Accounting and Economics

Business Mathematics

Business Law and Negotiations

Purchasing Management

Current and future trends in management consulting

General Knowledge of Management Processes and Functions

Underlying understanding of PESTLE

Depth in Specialist Technical/Professional Skills

### **Program Outline**

- I. Accounting and Economics
  - a) supplier financial accounting information
  - b) analysis market types
  - c) evaluating markets and potential suppliers
  - d) price elasticity of demand
- II. Business Mathematics
- III. Business Law and Negotiations
  - a) when and where UCC applies and when it does not
  - b) the basic elements of the anti-trust laws
  - c) reciprocity and the legal implications of reciprocity
  - d) the different types of warranties
  - e) the principles of negotiation
  - f) basic elements for negotiation process
  - g) strategies and tactics for negotiations
- IV. Purchasing Management
  - a) the principles of purchasing

- b) the advantages and disadvantages for different sourcing
- c) methods of procurement
- d) E-Procurement tools
- e) global trade barriers
- f) inclusion in the international contract for purchase

V. Current and future trends in management consulting

- a) the consulting process
- b) proposal development
- c) contracting/ implementation
- d) interacting with clients

VI. General Knowledge of Management Processes and Functions

- a) management Processes
- b) planning and organizing
- c) leading, controlling and directing
- d) organizational Analysis and Behavior
- e) project/Process Management
- f) Change Management and strategy

VII. Underlying understanding of PESTLE

VIII. Depth in Specialist Technical/Professional Skills

**Requirements for certification**

AA degree OR more than three years of experience in business.

Satisfactory completion of a 3 hour examination covering “the INTERNATIONAL PURCHASING CONSULTANT BODY OF KNOWLEDGE (IPCBOK)”.

Completion of an application for certification and payment of all fees.



## **CERTIFIED MANAGER OF PRODUCTION OPERATION (CMPO)**

### **Course Objectives**

Many firms have demonstrated that operations management can be an effective competitive weapon and, in conjunction with well-conceived marketing and financial plans, these firms have made major penetrations into markets worldwide. This course is designed to address the key operations and logistical issues in service and manufacturing organizations that have strategic as well as tactical implications. The specific objectives include:

4. To understand the role of operations management in the overall business strategy of the firm.
5. To understand the interdependence of the operating system with other key functional areas of the firm.
6. To identify and evaluate the key factors and the interdependence of these factors in the design of effective operating systems.
7. To identify and evaluate a range of tools appropriate for analysis of operating systems of the firm.
8. To identify and evaluate comparative approaches to operations management in an international context.
9. To understand the application of operations management policies and techniques to the service sector as well as manufacturing firms.

### **Course Content**

#### **COMPETITIVE ENTERPRISES**

Introduction

Strategy

New Products and Services

Aggregate Planning

Forecasting

#### **PROCESSES**

Process Design Strategy

Process Analysis

Operations Scheduling

Layout

Information Technology and Value Chains

#### **PROCESS PERFORMANCE AND QUALITY**

Process Performance and Quality

Quality and TQM

SPC

SPC and Process Capability

#### **DESIGNING VALUE CHAINS**

Supply-Chain Design

Supply Chain  
Location  
Lean Systems  
MRP  
Inventory Management  
Just in Time  
Independent Demand  
Project Management

## **CPP CERTIFICATION PREPARATION**

### **Purpose of Course**

This certification examination review course is designed to prepare purchasing and materials management professionals for the Certified Purchasing Professional (CPP) Examination sponsored by the American Purchasing Society (APS). Certification as a CPP is increasingly being specified in position descriptions and job announcements as desired and/or minimum qualifications to be met for such professionals.

### **Course Objectives**

1. To develop an understanding of materials/logistics and its relationship to purchasing.
2. To develop an understanding of the purchasing profession and its various subspecialties.
3. To develop an in-depth understanding of the purchasing pre-award and post-award processes, the purchasing management and administration processes, the functions of supply and materials management, and current issues as they relate to purchasing and supply management.
4. To develop an understanding of what to study and how to study in preparation for the CPP.
5. To determine which CPP Study tasks require the greatest amount of study and concentration in order to pass the CPP examination.

### **What is APS?**

The American Purchasing Society (APS) is a progressive association of buyers and purchasing managers with more than 5,000 individual and corporate members in the United States and abroad. APS's purpose is to provide national and international leadership in purchasing and materials management, particularly in the areas of education, research, and standards of excellence. APS provides opportunities for expansion of professional skills and knowledge. APS offers a wide range of educational products and programs for both members and non-members.

What does it take to become a CPP? Applicants for CPP certification must pass the CPP examination. In addition, an applicant must have a minimum of three years business experience OR a degree from a recognized college plus two years of business experience. Additionally, applicants must meet the requirements outlined below. In special circumstances, certification may be awarded to an individual who has not met the minimum requirements of formal education, but who has contributed significantly to the profession and who meets all other requirements.

Applicants for certification are first evaluated on their ethical standards and maturity as demonstrated by their reputation, financial responsibility record, and their ability to communicate. Next, a review of their academic achievements, experience and contributions to the purchasing profession is made to award points in each of these categories. A minimum total of 100 points is required for the Certified Purchasing Professional classification. See the point guide on the APS webpage to estimate your standing.

**The focus of this certification program is the PURCHASING BODY OF KNOWLEDGE (BOK), which is shown below.**

#### Accounting

1. Explain how the purchasing manager uses supplier financial accounting information, including balance sheets, income statements, and cash flow statements to make decisions concerning supplier financial capability and qualifications.
2. Using supplier financial statements, calculate the current ratio, acid test/quick ratio, and debt to equity ratio and explain how those computed ratios will influence your decision concerning that supplier.
3. Explain how the purchasing manager uses internal and/or supplier management or cost accounting information to make decisions, including cost/volume/profit and breakeven analysis, make or buy analysis, learning curve analysis, and development of cost estimating relationships.

#### Economics

1. Explain how the purchasing manager uses the concepts of supply and demand in evaluating markets and potential suppliers.
2. List and describe the various types of markets, including free markets, oligopolies, monopolies, monopsonies, and oligopsonies and how they affect the ability of the purchaser to obtain competition and fair and reasonable prices.
3. Explain the various economic theories relating to supplier pricing of good and services.
4. Explain the concept of price elasticity of demand.

#### Business Mathematics

1. Demonstrate the computation of percentages and calculate simple formulas found in the purchasing process.
2. Given mathematical problems typically encountered in purchasing, calculate fractions, decimals, and ratios.
3. Calculate interest rates, payback period, net present value, and other calculations considering the time value of money.

#### Business Law

1. Explain how and when to employ legal counsel in support of the purchasing process.
2. Explain how the Uniform Commercial Code (UCC), particularly Article 2, Sales affects the purchasing process.
3. Explain when and where UCC applies and when it does not.

4. Explain when a contract needs to be in writing and why.
5. Describe the basic elements of the anti-trust laws (including Sherman Anti-Trust) and how they affect the buyer as well as the seller.
6. Explain reciprocity and the legal implications of reciprocity.
7. Explain the different types of warranties, including the UC warranties of “merchantability” and “fitness for its intended purpose”.
8. Describe the legal recourses available to the buyer if the seller fails to perform as agreed in the contract.

#### Negotiations

1. Explain the principles of negotiation according to Lewinski, Karras, and Fisher/Ury.
2. Explain when purchasing people should negotiate and when they probably should not negotiate.
3. Explain how to plan, organize, and conduct a negotiation conference.
4. Prepare for and develop strategies and tactics for negotiations.
5. Conduct negotiations with potential and/or current suppliers to obtain maximum value.

#### Purchasing Management

65. Explain the principles of purchasing (applicable to both private and public sector organizations and to both for profit and non-profit organizations.)
66. Explain the Pareto Principle and how it applies in purchasing.
67. Describe the forms typically used in purchasing and explain how those forms can be modified for use in E-Procurement.
68. Explain the advantages and disadvantages of single and multi-sourcing.
69. Explain the advantages and disadvantages of centralized and decentralized purchasing.
70. Establish procurement plans and make decisions necessary to purchase products or services in congruence with organizational objectives and sourcing strategies.
71. Review purchase requisitions in accordance with organizational requirements and/or budgetary constraints.
72. Determine appropriate methods of procurement, including the different methods of E-Procurement.
73. Perform cost/benefit analyses on planned purchases.
74. Review supplier samples and/or demonstrations with the buying organization management and/or user departments.
75. Develop/review specifications, statements of work, performance terms, and/or acceptance criteria.
76. Locate (through internet market surveys and other means) and select potential sources of materials or services.
77. Explain how to use supplier catalogs, including online catalogs.
78. Prepare bid and proposal solicitations with pertinent specifications, terms, and conditions including digitalized solicitations for posting to an internet, extranet, or intranet “bid room” and solicitations appropriate for “online auctioning” and “reverse auctioning”.

79. Explain the use of third parties in the solicitation and bidding process.
80. Describe the various E-Procurement tools available to the buyer, including internet, intranet, extranet, application service provider (ASP), server-based, ERP, stand-alone, exchanges, and B2B hubs.
81. Describe how Electronic Data Interchange (EDI) and Value Added Networks (VANS) can be used to facilitate the purchasing process.
82. Manage and develop automated lists of recommended sources.
83. Use price, cost, and financial analytical techniques to evaluate offers and proposals to determine the overall best offer for a product/service.
84. Conduct supplier visits/evaluations and conduct “due diligence” to determine qualification and responsibility of potential suppliers either on a “prequalification” basis or immediately prior to award.
85. Measure supplier performance using rating systems and/or predetermined standards.
86. Prepare and/or issue contracts/purchase orders, including hardcopy and/or electronic.
87. Obtain legal review and approval of a contract or purchase order when required.
88. Administer contracts/purchase orders from award to completion, including use of automated contract management systems.
89. Maintain effective and efficient relationships with other internal departments involved in procurement and contract administration.
90. Participate in cross-functional and/or multifunctional teams (e.g., project management, process improvement).
91. Develop/manage effective relationships with suppliers, utilizing such techniques as supplier partnerships, strategic alliances, supply chain management, and supplier training programs.
92. Review product availability and/or pricing information with suppliers.
93. Conduct interviews with current and prospective supplier sales personnel.
94. Coordinate/review/respond to supplier inquiries, protests, and appeals.
95. Expedite deliveries and conduct follow-up procedures when necessary.
96. Resolve contract/purchase order differences with suppliers.
97. Support and assist accounts payable in providing effective and efficient payments to suppliers.
98. Describe the different methods of electronic payments and explain the advantages and disadvantages of those various methods.
99. Resolve payment problems with suppliers and user departments.
100. Manage automated and hardcopy files of contracts, purchase orders, agreements, equipment records, and/or specifications.

#### International Purchasing

1. Explain how to develop global procurement plans stemming from organizational goals.
2. Describe the process of developing the total landed cost of acquisition
3. Explain the different methods of procurement available in global sourcing.
4. Describe the different methods of acquisition (direct, off-shore buying office, etc.) for

global sourcing.

5. Explain how global negotiations differ from domestic purchasing.
6. Explain how different business customs and courtesies of key nationalities affect the offshore purchasing process.
7. Explain the different laws governing contracts from offshore suppliers (CISG and UCC) and how they impact on risk of buyer contract performance.
8. Explain the various customs laws, regulations, and tariffs and how they affect the supply management process.
9. Describe several global trade barriers and how they affect the global sourcing process.
10. Describe provisions/clauses appropriate for inclusion in the international contract for purchase.
11. Based on economic, political, and trade-related factors, determine whether to denominate a contract in dollars or in the (foreign) currency of the offshore supplier.
12. Describe how currency devaluations and revaluations of foreign currencies affect the prices paid by domestic buyers and foreign suppliers.
13. Explain the documentation required in international trade.
14. Explain the several different methods of payment available for offshore purchases and which of those are most advantageous to the buyer.

#### Computers

1. Describe the various hardware and software options available for automation of the purchasing process.
2. Develop/utilize a computerized purchasing system (e.g., online buying, EDI, Web-based electronic commerce) with an ultimate goal of “paperless purchasing”.
3. Develop/implement/maintain a database of specifications, suppliers, products, and/or services.
4. Develop/utilize a computerized inventory and/or capital equipment tracking system.

#### Psychology

1. Explain the various theories of motivation in order to understand what motivates people and describe the method(s) which work best for you.
2. Explain the impact of motivation on productivity and job satisfaction.

#### Quality Assurance

1. Describe when quality begins and what the buyer should do to obtain a quality product.
2. Define quality from a purchasing point of view (the product meets the agreed specification).
3. Resolve quality problems with suppliers and user departments.
4. Develop measurements of quality improvement and target setting (e.g., “best in class” benchmarks).

#### Statistics

1. Compute various types of averages (mode, mean, and median).

2. Explain standard deviation and how to calculate and use it in purchasing.
3. Employ the several methods of forecasting used in the purchasing process.

#### Engineering

1. Read blueprints and engineering drawings and explain the various symbols and notations on those drawings.
2. Explain how engineering supports the purchasing process and the methods of cooperation between purchasing and engineering.



## **CPPM CERTIFICATION PREPARATION**

### **Purpose of Course**

This certification examination review course is designed to prepare purchasing and materials management professionals for the Certified Professional Purchasing Manager (CPPM) Examination sponsored by the American Purchasing Society (APS). Certification as a CPPM is increasingly being specified in position descriptions and job announcements as desired and/or minimum qualifications to be met for such professionals.

### **Course Objectives**

1. To develop an understanding of logistics/supply chain management and its relationship to purchasing.
2. To develop an understanding of the purchasing profession and its various subspecialties.
3. To develop an in-depth understanding of the management and leadership processes, and HR Management processes as they relate to purchasing and supply management.
4. To develop an understanding of what to study and how to study in preparation for the CPPM.
5. To determine which CPPM Study tasks require the greatest amount of study and concentration in order to pass the CPP examination.

### **What is APS?**

The American Purchasing Society (APS) is a progressive association of buyers and purchasing managers with more than 5,000 individual and corporate members in the United States and abroad. APS's purpose is to provide national and international leadership in purchasing and materials management, particularly in the areas of education, research, and standards of excellence. APS provides opportunities for expansion of professional skills and knowledge. APS offers a wide range of educational products and programs for both members and non-members.

### **What does it take to become a CPPM?**

Applicants for CPPM certification must already have earned and received the CPP award or be applying for both programs simultaneously. They also must have either managerial experience or currently be in a managerial position. Once these qualification are obtained, the balance of the CPPM program is based entirely on the results from the examination.

The CPPM Program Content is as follows:

**Sourcing Analysis and Supply and Inventory Management**  
**Management and Organization**  
**Leadership**  
**Human Resource Management**

**The focus of the program is the CERTIFIED PROFESSIONAL PURCHASING  
MANAGER**  
**BODY OF KNOWLEDGE as shown below:**

**Sourcing Analysis and Supply and Inventory Management**

Make or Buy decisions  
Lease-purchase analysis  
Types of leases  
Financing for purchases of capital equipment  
Cooperative purchasing  
Product standardization programs:  
Inventory functions  
Types of inventory  
Economic Order Quantity  
Economic Order Quantity Computation  
Materials Requirements Planning (MRP) systems:  
LIFO method of inventory valuation  
FIFO method of inventory valuation  
ABC Inventory categorization  
Methods to minimize the cost of inventory  
Perpetual inventory control system usage  
Disposal of obsolete or surplus materials and equipment  
Arguments for Purchasing control of disposal operations  
Methods of disposal  
Disposal of hazardous materials  
The “price/attribute curve”  
Long-term relationship with suppliers  
JIT implementation  
Process reengineering  
Total Quality Management  
Role of Purchasing in Total Quality Management  
New product innovations  
Product life cycles  
Cross functional team product development  
Forecasting techniques  
Using forecasted Producer Price Index  
Hedging to prevent loss on a foreign-currency denominated purchase  
Gains and losses due to foreign currency denominated contracts

Measures of purchasing efficiency

## **Management and Organization**

Managerial skills needed

Management functions/tasks/responsibilities

Principles of the bureaucratic school of management,

Principles of scientific management

Theory X and Theory Y Managers

Fayol's management principles

Advantages and disadvantages of centralized and decentralized management

The Hawthorne studies and "Behavioral Management"

Adam Smith and his theory of specialization

Characteristics of goals

Michael Porter's five forces theory

Factors influencing organizational structure

Job enlargement and job enrichment

FLAT and Tall management organizational structure

Job enrichment and job enlargement

Definitions of efficiency and effectiveness

Three characteristics of an effective control system

Three main kinds of output goals and targets

Investment in training and development in centralized and decentralized work places

## **Leadership**

Leading by example

Intrinsic and extrinsic motivation

Expectancy, instrumentality, and valence

Maslow's need hierarchy

MBO

House's "path-goal theory" of motivation

Operant conditioning tools

Herzberg's theory of motivation

Inequity Theory of Motivation

Leadership power bases

Initiating structure and Consideration Leadership behavior

Blake and Mouton's "Managerial Grid"

Leadership style and gender

Contingency models of leadership

Evidence and impact of value organizational goals

Leadership Substitution Theory

Transactional and Transformational Leadership

## **Human Resources Management**

Job analysis

Use of performance feedback

Use of Performance appraisals

Human resource planning

## **CERTIFIED INTERNATIONAL PROFESSIONAL NEGOTIATOR (CIPN)**

### **Introduction**

CIPN, (“Certified International Professional Negotiator”), is a certification program designed for US and international business practitioners by the American Certification Institute (ACI) and the International Purchasing and Supply Chain Management Institute (IPSCMI) for those individuals who wish to increase their international negotiation skills. This program is dedicated to promote negotiation skills and knowledge to world-class standards.

CIPN is designed to evaluate objectively professionals on their ability to learn and apply international business negotiation knowledge, skill, and ability. If the professional wishes to obtain certification, he/she must demonstrate such knowledge, skill, and ability through a “real-world” international “mock negotiation” conducted on the last day of the class or successfully pass an 80 question multiple choice certification examination. The method of evaluation is determined by the individual client organization. For public seminars, the “mock negotiation” approach is employed. In the “mock negotiation”, group and individual negotiators are thoroughly evaluated and critiqued by the course instructors and other students. If successful, they will be considered candidates for certification.

### **Why get certified?**

- Enhance your career and qualify for promotion.
- Gain prestige and respect within your profession.
- The title of CIPN means you probably have enough knowledge, skill, and ability to win at negotiation.

### **Who Should Attend?**

- Business and Contract Negotiators
- Import-export dealers
- Purchasers involved in global purchasing
- International marketing and sales personnel
- Anyone who wishes to be a CIPN or wants to be trained in international negotiation

### **Core Modules**

Unit 1: Procurement Environment

Unit 2: Contract Negotiation Competencies – The Skills to Win

Unit 3: The Contract Negotiation Process

Unit 4: Planning Contract Negotiations – People, Tools, & Best Practices

Unit 5: Planning Contract Negotiations: Strategies, Tactics, and Countertactics

Unit 6: Conducting Contract Negotiations: Building Relationships and Successful Outcomes

Unit 7: Forming and Documenting the Right Performance –Based Contract

Unit 8: Contract Negotiations: Best Practices

### **Requirements for certification**

- AA degree OR more than three years of experience in business negotiation.
- Satisfactory completion of a 3 hour examination covering the “Body of Negotiation Knowledge” addressed in the training program. (or successful completion of a complex “mock-negotiation”/simulation).
- Completion of an application for certification and payment of all fees.

### **BODY OF KNOWLEDGE**

The buyer negotiator must satisfy the three essential goals of the buying organization:

1. Acquire necessary supplies, services, and/or solutions of the desired quality, on-time, and at the lowest reasonable price.
2. Establish and administer a pricing arrangement that results in payment of a fair and reasonable price.
3. Satisfy needs of the end-user (customer).

The supplier negotiator must satisfy the three essential goals of the supplier organization:

1. Grow profitable revenue (long-term vs. short-term).
2. Increase market share within their respective industry.
3. Deliver quality supplies, services, and/or solutions – achieve customer loyalty

In order to accomplish the above negotiation objectives, both parties must be able to:

1. Develop an ability to recognize environmental, organizational, and personal factors shaping and characterizing the negotiation.
2. Demonstrate proficiency in planning for and conducting a distributive negotiation and an integrative negotiation.
3. Develop/adapt negotiation strategies, tactics, and countertactics in a dynamic and flexible negotiation environment.
4. Demonstrate how to acquire and increase negotiation power.
5. Evaluate their own personalities, personal ethics, and value systems and explain how they impact the planning and conduct of negotiations.
6. Explain the importance of having a negotiation team member thoroughly familiar with the products/services being purchased/sold.
7. Explain how to select and negotiate desired terms and conditions, contract type, and pricing structure.
8. Demonstrate the ability to lead a diverse multi-functional team to achieve a successful negotiation outcome
9. Effectively communicate negotiation objectives and negotiation results to management.

## **NEGOTIATION PLANNING**

1. Select the right person or people
2. Prepare yourself and organize your team
3. Know the other party
4. Know the big picture
5. Conduct fact-finding
6. Identify objectives
7. Prioritize objectives
8. Create options
9. Select fair standards
10. Examine alternatives
11. Formulate your selected contract negotiation strategy(ies)
12. Identify alternative approaches
13. Select your planned contract negotiation tactics and countertactics
14. Develop your list of “must haves”
15. Understand the risk, cost, and value of your desired Terms and Conditions
16. Prepare for the contract negotiation (people, facility, information technology tools)
17. Select the right location(s) to plan and conduct the negotiations
18. Secure the support of experts, if necessary
19. Assign a scribe to document contract negotiations
20. Develop your Selected Pricing Range (Minimum, Target, and Maximum)
21. Carefully select the ” walk away/reservation/required price”
22. Develop a BATNA (Best Alternative to a Negotiated Agreement)
23. Estimate the other party’s “must haves”, BATNA and “Walk away”
24. Prioritize your interests
25. Prioritize your concessions
26. Develop a solid and approved team negotiation plan
27. Develop an agenda
28. Practice – conduct mock contract negotiations

## **CONDUCT OF NEGOTIATIONS**

1. Determine who has authority
2. Prepare the facility
3. Stick to the agenda
4. Introduce the team
5. Set the right tone
6. Exchange information
7. Focus on objectives
8. Use strategy, tactics, and countertactics
9. Adopt a win/win (integrative) approach if at all possible
10. Treat the other party with respect
11. Act professionally and ethically
12. Execute the contract negotiation plan

13. Control your emotions
14. Focus on joint problem-solving
15. Clearly communicate your needs
16. Seek to understand
17. Know when to call a recess
18. Use interim summaries
19. Maintain high aspirations
20. Use language that is simple and accessible
21. Ask lots of questions, then listen with your eyes and ears
22. Build solid business relationships
23. Maintain personal integrity
24. Know when to make concessions
25. Make patience an obsession
26. Be culturally literate and adapt contract negotiating strategies to the host country environment
27. Make counteroffers
28. Close the deal
29. Document the agreement or know when to walk away

#### **DOCUMENTING THE NEGOTIATION AND CONTRACT**

1. Prepare the negotiation memorandum
2. Send the memorandum to the other party
3. Offer to write the contract
4. Prepare the contract
5. Prepare negotiation results summary
6. Obtain required management reviews and approvals
7. Send the contracts to the other party for signature
8. Provide copies of the contract to affected organizations
9. Document lessons learned
10. Prepare the contract administration plan

#### **MASTER NEGOTIATORS**

Candidates should strive to develop themselves as “Master Negotiators” “Master Negotiators have the following characteristics:

1. A person of high integrity.
2. Always act as a true business professional, especially in contract negotiations.
3. Ensure all of my business partners and team members act honestly, ethically, and legally, especially when involved in contract negotiations and contract formation.
4. Verbally communicate clearly and concisely.
5. An effective and persuasive contract negotiator.
6. Written communications are professional, timely, and appropriate.
7. An excellent team leader.
8. Consistently build high performance teams, which meet or exceed contract requirements.



9. Willing to compromise when necessary to solve problems.
10. Confront the issues, not the person, in a problem-solving environment.
11. Recognize the power of strategies, tactics, and countertactics and use them frequently
12. Able to achieve my desired financial results in contract negotiations.
13. Understand various cost estimating techniques, numerous pricing models, and how to apply each when negotiating financial arrangements.
14. Understand generally accepted accounting practices and how to apply them when negotiating deals.
15. Highly computer literate, especially with electronic sales tools, and/or electronic procurement tools.
16. Knowledgeable of e-marketplaces, vertical and horizontal trade exchanges, e-auctions, and how to use them to buy or sell products/services.
17. Understand the purchasing and contract management process and have extensive education, experience, and professional training in purchasing and contract management.
18. Have extensive education, experience, and training in contract law.
19. Have extensive education, experience, and training in our organization's products and services.
20. Considered a technical expert in one or more areas.
21. Understand the concepts of opportunity costs, sunk costs, fixed costs, variable costs, direct costs, indirect costs, etc
22. Able to execute basic mathematical processes (Addition, Subtraction, Multiplication, Division, and Percentages)
23. Understand the elements of cost, profit, and price
24. Understand various pricing methods, including
  - a. Cost-Based Pricing (CBP)
  - b. Activity-Based Costing (ABC)
  - c. Value-Based Pricing (VBP)
25. Evaluate cost proposals.
26. Develop and apply Cost Estimating Relationships (CERs)
27. Able to quantify the total value or best value of an offer in comparison to other offers
28. Understand the following terms, methods, and techniques:
  - a. Life Cycle Costing (LCC)
  - b. Economic Order Quantity (EOQ)
  - c. Expected Monetary Value (EMV)
  - d. Net Present Value (NPV)
  - e. Return on Investment (ROI)
  - f. Accounts Receivable (AR)
  - g. Return on Assets (ROA)
  - h. Earned Value (EV)
  - i. Days of Sales Outstanding (DSO)
  - j. Lump-sum Agreement (LSA)
29. Able to apply generally accepted accounting principles and practices
30. Able to achieve desired financial results in contract negotiation
31. Comfortable with the use of computers

32. Understand and am able to operate basic elements/components of computer hardware: keyboard, mouse, monitor, Central Processor Unit (CPU), CD-ROM drive, disk drive, etc. on workstation or lap-top computers
33. Understand and am able to operate basic computer software applications:
  - a. Word Processing
  - b. Spreadsheets
  - c. Graphics/Charts
  - d. Calculator
  - e. e-mail
34. Understand and am able to:
  - a. Send documents/files
  - b. Read documents/files
  - c. Edit documents/files
  - d. Store/save documents/files
35. Understand and am able to operate more advanced/specialized software applications designed for:
  - a. e-procurement
  - b. e-sales
  - c. e-bids/proposals
  - d. e-pricing
36. Able to do some customizing of software applications
37. Understand and am able to use the following:
  - a. Customized Web Portals
  - b. Net-marketplaces
  - c. Vertical Trade exchanges
  - d. Horizontal Trade exchanges
  - e. The World Wide-Web
  - f. Intranet web sites
38. Able to electronically:
  - a. Create and send documents/files
  - b. Transfer funds
  - c. Provide/obtain signatures
  - d. Obtain proposal and/or contract reviews and approvals
  - e. Create and send audio/video/photographs
  - f. Use wireless computer technology:
  - g. Use cell phone/mobile phone to send/receive voice/data/video
  - h. Use wireless networks to send/receive information 24/7/365 globally
39. Know who and how to contact people to provide timely technical electronic support and/or perform all of the above actions
40. Understand the entire purchasing and contract management process (Preaward, Award, and Postaward Phases)
41. Understand and am able to execute the six-steps required of both buyers and sellers throughout the entire purchasing and contract management process
42. Understand and am able to appropriately tailor the following terms and conditions for a

specific deal:

- a. Acceptance criteria
  - b. Changes Management
  - c. Delivery
  - d. Dispute resolution method
  - e. Force majeure
  - f. Indemnification
  - g. Intellectual Property rights
  - h. Invoicing and payments
  - i. Pricing and discounts
  - j. Taxes
  - k. Terminations
  - l. Warranties
43. Able to list and explain the essential elements to form a legal and binding contract
  44. Able to draft a legal & binding contract with all appropriate terms and conditions.
  45. Understand who you need to contact, and when to get the appropriate support, to form a successful contract (technical, financial, and legal support.)
  46. Understand the choice of law, and all applicable Federal, State, and/or Local Laws, Regulations, and policies which you must adhere to/comply with.
  47. Understand the penalties for violations of any or all Laws, Regulations, or policies.
  48. Be able to effectively resolve any contractual dispute
  49. Have obtained or in pursuit of professional certification in purchasing or contract management and/or Law degree
  50. Understand the marketplace in which you are buying or selling products (Hardware, & Software) services, and solutions
  51. Able to conduct market research regarding products, services, and technical features
  52. Able to conduct cost/technical trade-off analysis for specific products, services, or solutions
  53. Able to develop performance-based requirements, with appropriate performance-based metrics
  54. Able to create appropriate products, services, or solutions acceptance criteria
  55. Understand and be able to evaluate the extent of product or service maturity and related technical risk factors
  56. Understand the level of integration required for the products, services, or solutions to be able to fully operate, including: all hardware and software interfaces
  57. Understand the level of operational support required for products and solutions
  58. Understand the extent of both annual and life-time maintenance required for products and solutions
  59. Understand the expected period of performance of the products and services, including when they will be discontinued/no longer supported.
  60. Listen to the customer
  61. Understand the customer's needs vs. desires
  62. Return phone calls, vmails, and emails in a timely manner
  63. Provide regular communication on contract, program, and partnership status

64. Develop a project plan for every deal (scope of work, integrated schedule, work breakdown structure, responsibility assignment matrix, and acceptance criteria)
65. Develop a risk management plan
66. Disclose problems early and mitigate negative impacts
67. Back up all verbal agreements and conversations with written documentation
68. Prepared to deliver both good and bad news at multiple levels, both internally and with customers
69. Demonstrate passion in honoring commitments
70. Able to apply the 12 best practices of communications
71. Comfortable when communicating to others
72. Understand the language of nonverbal communication
73. Know the five categories of the body, for purposes of identifying and grouping gestures to determine meanings
74. Orally deliver clear, concise, and compelling communications
75. Prepare effective written proposals
76. Effectively ask questions during contract negotiations to gain information
77. Effectively use audio and visual aides to support your oral and written presentations
78. Practice active listening
79. Look the part - dress for success
80. Exhibit the following leadership characteristics:
  - a. Have ideas, values, energy, passion, and focus
  - b. Lead the team through the tough times
  - c. Hold people accountable
  - d. Get results
  - e. Make decisions
  - f. Clearly communicate ideas
  - g. Live by a set of values
  - h. Build high-performance teams
  - i. Accept blame for team failures and give credit and recognition to others for team successes
  - j. Take the time to teach others to be leaders
81. Work well with others
  - a. Honest
  - b. Able to deal with untrustworthy individuals
  - c. Able to build strong professional business relationships
  - d. Use joint problem solving
  - e. Practice active listening
  - f. Respectful to everyone
  - g. Practice Patience
  - h. Honor commitments
  - i. Hold people accountable

## **SIX SIGMA, GREEN BELT TRAINING (2 Courses)**

### **Program Overview**

Six Sigma is an integrated, discipline proven approach to identify improvement projects, measure results, analyze performance data, and improve and create process solutions that eliminate the cause of customer-end defects. This program provides participants with an exposure to the tools and methods that are necessary to successfully contribute Six Sigma projects. Green Belts play a vital role within a Six Sigma initiative as they learn to contribute to the Black Belt's efforts of data collection and analysis, process mapping, and design of experiments.

### **Who should attend?**

Operations managers, supervisors, leads and other individual contributors (quality engineers);  
Engineers, administrators, manufacturing personnel;  
Consultants who want to incorporate Six Sigma, Green Belt in their service offerings;  
Individuals seeking to obtain practical skills in Six Sigma, Green Belt;  
Individuals wanting an introduction to Six Sigma thinking and techniques;

### **What You Will Learn?**

Understand and be able to explain the concept of Six Sigma.  
Identify the voice of the customer, their needs and requirements.  
Discover all the various ways to collect data.  
Learn to identify sources of variation and screen potential causes.  
Learn and apply the Six Sigma DMAIC tools as a member of an improvement team.  
Understand and apply the concepts of group dynamics.

### **Benefits**

Learn how to concentrate on and use many of the proven Six Sigma problem-solving and statistical tools to create value for the company.  
Learn the Define, Measure, Analyze, Improve and Control methodology. (DMAIC)  
Learn to identify sources of variation, screen potential causes and identify the "vital few".  
Learn the Statistical tools - including process flowcharting, SOP's, response and variables diagrams, Input-Process-Output (IPO) process, histograms, scatter diagrams, Pareto diagrams, control charts, run charts, design of experiments, and measurement systems.

### **Two Course Curriculum**

The program is open to all interested persons who possess at least a high school diploma, and is recommended that students have one year of high school or college algebra.

1. Introduction to the DMAIC Methodology.
2. Expanding on the concepts of Analysis, Improvement and Control.

### **Completion Requirements**

After the completion of the two course curriculum, a certificate of Six Sigma Green Belt Training will be awarded. If students take and pass the certification examination (three-hour certification examination), they will be certified by the American Certification Institute as a “Certified 6-Sigma Manager—Green Belt Degree”. There is an additional charge for this certification.

## **SIX SIGMA, BLACK BELT TRAINING (4 Courses)**

### **Program Overview**

Six Sigma is a quantitative process that promotes improved effectiveness and efficiency in an organization. It is a quality improvement methodology structured to reduce product or service failure rates to a negligible level (roughly 3.4 failures per million opportunities). To achieve these levels, it encompasses all aspects of business, including management, service delivery, design, production and customer satisfaction.

While introducing the principles, concepts, and tool necessary to a Six Sigma quality program, this class also explores the strategic planning and cultural changes needed to implement such a program. Students will examine the major components of a Six Sigma quality program, the benefits and implications of becoming a quality driven organization, and the companies/countries using the Six Sigma quality model. Most importantly, students will learn how to apply the principles and tools in the work place.

The program is designed for those who need a solid foundation in process improvement, with bottom-line results. Standardizing a methodology to achieve Six Sigma allows one to focus on reducing the standard deviation within their individual processes rather than obsessing over methods. This standardization creates a common language and a common cause throughout the value stream.

### **Who should attend**

Operations managers, directors, and vice presidents;  
General business managers;  
Human resource managers, directors, and vice presidents;  
Engineers and engineering management;  
Information Technology Management;  
Consultants who want to incorporate Six Sigma in their service offerings;

### **What you will learn**

This course provides comprehensive training of the Six Sigma quantitative process. Upon completion of the program, you should have the abilities to:

Understand the DMAIC methodology.  
Expand the concepts of analysis, improvement and control.  
Understand the application of statistical techniques.  
Accurately use the advanced statistical techniques and process control.

### **Benefit**

Increase productivity.

Reduce cost of poor quality.  
Eliminate WIP defects.  
Reduce manufacturing costs.

### **Four Course Curriculums**

The program is open to all interested persons who possess at least a high school diploma. It is recommended that students have one year of high school or college algebra. In addition, students should have at least 3 - 5 years experience in a quality-related job.

1. Introduction to the DMAIC Methodology.
2. Expanding on the Concepts of Analysis, Improvement and Control.
3. Application of Statistical Techniques.
4. Advanced Statistical Techniques and Processes.

### **Completion Requirements**

After the completion of the four course curriculum, a certificate of attendance will be awarded. After the successful completion of the assigned project (project duration should not exceed one year) a Black Belt Certificate will be awarded. If students take and pass the certification examination (3 hour certification examination), they will be certified by the American Certification Institute as a “Certified 6-Sigma Manager—Black Belt Degree”. There is an additional charge for this certification.

### **Six Sigma Training Courses**

#### **1. Introduction to the DMAIC Methodology**

Prerequisite: None

Students will define their Six Sigma project by mapping the process involved, bounding the project to a workable task, and identifying potential key elements impacting the process. Student will learn how to gather the data needed in a systematic way to determine that data's reproducibility, and begin developing the tools necessary to analyze the data.

#### **2. Expanding on the Concepts of Analysis, Improvement and Control**

Prerequisite: Introduction to the DMAIC Methodology.

Students will learn the importance of following a systematic road map to obtain a Six Sigma level and begin the process of analysis, methods of improvement and control. Examination of the data from a variety of viewpoints will determine key elements of the process that contribute to variation and defects.

#### **3. The application of Statistical Techniques**

Prerequisite: Introduction to the DMAIC Methodology, Expanding on the Concepts of Analysis, Improvement and Control.

Addressing those key elements discovered during the second week, students learn to use



statistics to analyze, improve and control the process. During this phase, focus is on discovering variable relationships between the “vital few”, establishing operating tolerances on them, validating measurement systems, determine the ability to control the “vital few”, and learn to implement process control systems.

#### **4. Advanced Statistical Techniques and Processes**

Prerequisite: Introduction to the DMAIC Methodology, Expanding on the Concepts of Analysis, Improvement and Control, The application of Statistical Techniques.

Students will learn advanced tools and approaches to further enhance the process and complete the training required for Black Belts to effectively utilize all of the techniques acquired.

Statistical software package may be required for the course No.3 and No.4 (Black Belt Training)

Courses 1, 2, and 3 are normally 40 hours in length, but may be less (or more, depending on client requirements). Course 4 is normally 32 hours in length.

## **CERTIFIED QUALITY DIRECTOR**

### **Introduction**

Economy globalization means global competition, which means we must have a global perspective. To build an elite class of Quality Directors for corporations is an innovative approach to integrate all related resources and build corporate quality competitiveness. CQD, which stands for Certified Quality Director has an objective of nurturing Quality Directors to help companies gain quality competitiveness.

### **Objectives of the Program**

1. To improve your professional reputation as well as form a solid foundation for your future career;
2. To build-up self-confidence as well as personal competitiveness through mastering the professional quality management and advanced concepts and skills;
3. After study, people can be effective managers during the quality improvement process, which will enable students to contribute more to their corporation and organization.

### **Who Will Benefit?**

- Deputy general managers in charge of quality management , the representatives of executives, deputy chief engineer, quality director, general quality master, quality manager/director;
- All people who are wishing to become experts in quality management.

### **CQD Body of Knowledge**

Quality management means to understand and build quality from a strategic perspective, which is the only way of building a successful company. This is also an important instrument for developing corporate competitive advantage. Based on this, experts from the quality field developed the CQDBOK (The Body of Knowledge of a Capable Quality Director) .

#### **Module 1: Management and Environment – Find Competitive Edge in a Changing Environment**

- Challenges in the new knowledge economy, the creativity economy and global challenges
- Management theories and history: from Taylorism to Human Relations to Crosbyism excellence
- Global challenges: environment, CSR and business ethics, stakeholder analysis

#### **Module 2: Quality Leadership – Leading Changes and Innovative Practices**

- Organizational leadership: organization methods, organizational culture and contingency leadership

- Organizational behavior: negotiation skills, pressure management and change management
- Team cooperation: types of teams, team dynamics, team facilitation and team performance

### **Module 3: Setting and Implementation of Quality Strategy – Directing Quality Improvement**

- Competitive analysis: PEST, SWOT, 5Forces, Shell Matrix
- Strategic planning and evaluation: Strategic situational analysis and BCS
- Strategic implementation: BCS Matrix, resources allocation, Benchmarking

### **Module 4: Customer-Focused Organization and Cultural Changes – Building of Organizational Behavior**

- Definition of business and positioning: strategic marketing logic from 4P to 4C
- Customer understanding and segmentation: approaches for segmentation, targeting
- Customer behavior: determinants of customer behavior, decision making process and organizational buying behavior
- Customer relationship management: CRM, customer satisfaction index, customer loyalty management

### **Module 5: Approaches and Tools of management – Sharp Judgment and Application**

- Managerial communications: information systems, communications skills, knowledge management
- Staff motivation: needs analysis, motivation skills, job design, HR development
- Quality tools: problem solving tools, process management approaches, measurement and evaluation
- Quality models: Malcom Baldrige Awards, ISO9000 series, main industrial criteria and international criteria

### **Module 6: Supplier Performance Management – Integrating Value Chain, and Building Competitive Advantage**

- Selection of suppliers: suppliers in a total supply chain
- Supplier management: VOC, QFD, FMEA, SPC
- Supplier auditing: SQA skills (Supplier Quality Auditing)

### **Module 7: Training and Capability Development – Enhancing Organizational and Personal Competitive Edge**

- Training planning: needs analysis, training materials preparation, course development
- Methods and approaches of training: lecturing, experiential training, case studies, ROTI training results analysis
- Planning and development of personal career: model of personal career development

## **Examinations**

The examination is composed of multiple-choice questions and two case studies, which includes definition related questions, the understanding of the concepts, discussion of the comparative merits of each question, as well as the solutions under various assumptions.

## **Certification Requirements**

- Associate degree, plus more than 5 years working experiences in quality/production management
- Bachelor degree, plus more than 3years working experiences in quality/production management
- Master degree, plus more than 1years working experiences in quality/production management
- Complete 3-hour exam successfully
- Finish certification application process and paid all the required fees.

## **CERTIFIED INTERNATIONAL COMMERCIAL CONTRACTS MANAGER (CICCM)**

The purchasing and supply management profession is clearly transitioning from placing purchase orders to establishing and managing comprehensive contracts with strategic suppliers. This has created a need for purchasing and supply managers to develop and refine contract preparation and contract management skills.

The Certified International Commercial Contracts Manager (CICCM) course and program are designed for US and international business practitioners by The International Purchasing and Supply Chain Management Institute (IPSCMI). It is particularly appropriate for those individuals who wish to increase their commercial contracts management skills. A Certified International Commercial Contracts Manager (CICCM) certification demonstrates that you are knowledgeable about the practice of contracts management in the International commercial environment.

### **Course Competencies**

Completion of the CICCM training program will enable the certified individual to:

- Demonstrate a basic understanding of contract administration concepts;
- Apply a type of contract appropriate to the contracting situation;
- Assure that the purchasing organization fulfills its part of buyer-supplier agreement;
- Assure that the supplier's progress and performance complies with the contract;
- Resolve any problems that may arise during the life of the contract (this protects the purchasing organization's interests);
- Ascertain when contract changes are necessary, negotiate fair adjustments, and determine whether increased costs of performance should be borne by the supplier;
- Keep complete and accurate records and documentation pertaining to the contract.

### **Course Objectives**

After completion of this course, the student should be able to explain the following contract administration processes:

#### **Contract Planning (Contract Initiation)**

Description of Requirements

Cost Benefit Analysis

Sourcing Options

Evaluation Criteria

Market Research

RFI Solicitation

Govt vs Private Sector

### **Bid Phase**

Procurement (Bid) Process and Rules  
Influence of Laws on the Bid Process  
Cost Identification  
Applying Evaluation Criteria  
RFP Preparation and Content  
RFP Management  
Contract Pricing Principles

### **Development Phase**

Commercial Contract Types  
Contract Terms and Conditions Overview (CISG Drafting Guide for Managers and Counsels)  
Partnerships, Alliances Distributorships, and Consortia  
IT Procurement Contracts  
Performance Based Contracts (Including Service Level Agreements)  
Drafting Guidelines and Recommendations

### **Negotiate Phase**

Negotiation Overview and Objectives  
Negotiation Styles (Strategies)  
Negotiation Techniques  
Tactics, Tricks, and Lessons Learned

### **Manage Phase**

Contract Administration (Four Lectures)

### **Advanced Topics**

Electronic Contracting  
Risk Management  
International Contracting  
Outsourcing

### **Examinations**

This Certification Program is a core certification program of The International Purchasing and Supply Chain Management Institute (IPSCMI). This program offers the designation of CICCM (The Certified International Commercial Contracts Manager) to candidates who demonstrate their understanding of the fundamentals of the profession through the successful completion of rigorous professional certification examinations based upon the INTERNATIONAL COMMERCIAL CONTRACTS MANAGEMENT BODY OF KNOWLEDGE. (ICCMBOK).

Completion of the certification program requires completion of a multiple choice examination. The examination is prepared by a Board of Examiners consisting of a range of Certified,

Sustaining, and Educator Members within the International Purchasing and Supply Chain Management Institute (IPSCMI).

The examination locations are determined by the individual candidates and their proctors. A proctor may be an individual who is currently an active Certified Member, or a manager, supervisor, teacher, professor, or anyone of such standing. Each proctor is determined on a case-by-case basis. ACI wishes to make it possible for every qualified candidate to complete the certification program in a convenient and timely manner.

### **Professional Designations**

Successful candidates are granted the designation of CICCMI. This certification may be used just as similar recognitions which are employed in accounting, insurance, medicine, law, and other professions. Either the full expression or the initials may be used after the individual's name on business cards, stationery, etc.

### **Time Limitation**

The Board of Examiners realizes that many applicants are employed on a full-time basis and, as such, are limited in the amount of time available to prepare for the examinations. Without some guiding time requirement, however, candidates tend to lose the concept of the examination program and the material covered. Therefore, the Board of Examiners has established a five year maximum time limit for acceptance of completed requirements. The time limitation may not be waived without the approval of the Board of Examiners.

### **Requirements for Certification**

- AA degree OR more than three years of experience in business.
- Satisfactory completion of a 3 hour examination covering “the INTERNATIONAL COMMERCIAL CONTRACTS MANAGEMENT BODY OF KNOWLEDGE (ICCMBOK)”.
- Completion of an application for certification and payment of all fees.

## **PURCHASING MANAGEMENT**

### **Description**

Purchasing management applicable to manufacturing and service organizations, including policies, procedures, new product development, make or buy decisions, sourcing, pricing, contracts, negotiations, special purchases, legal and ethical considerations, inventory and related topics.

This course covers the preaward purchasing processes of conducting advance purchasing planning, locating and identifying potential suppliers; preparation of the specification/statement of work; selection of the appropriate method of procurement and type of contract; preparation and issuance of the solicitation; procedures for assessing supplier financial and other responsibility; the evaluation and selection process, including price and cost analysis; negotiation of the contract price, delivery, quality, and other terms and conditions; contract and purchase order preparation and award of contract or purchase order.. Inasmuch as there is a separate course on Contract Administration and another on International Purchasing, this course focus is domestic preaward purchasing (sometimes called "Procurement").

### **Course Goals**

In this course, we study the critical components of purchasing and materials management as practiced currently in the corporate world. The fundamental concepts concerning the purchasing process and supply chain management including business to business e-commerce and analytical tools and techniques for purchasing and materials management are covered.

### **Course Objectives**

The purpose of this course is to provide students with an in-depth understanding of the theoretical as well as practical aspects of purchasing and materials management, particularly, how it fits into an overall supply chain management strategy. Students who complete this course will acquire the necessary skills to:

- Integrate purchasing operations into the overall supply chain strategies of an organization.
- Evaluate the role of materials management systems in operations strategy.
- Identify and analyze the impact of information technology (IT) on purchasing operations.
- Explain how purchasing planning systems are developed.
- Design and implement controls for materials management systems.
- Analyze how global sourcing affects purchasing strategies.



## **Course Content**

What is purchasing and materials management?  
Evolution and Development of Purchasing;  
Purchasing Process;  
The Purchasing Cycle;  
Improving the Purchasing Process;  
Purchasing and Supply Chain Organization  
Organizing for Purchasing Management  
Purchasing Policy and Procedures;  
Purchasing Linkages;  
Buyer-Seller Relationships;  
Cross-Functional Sourcing Teams;  
Types of Purchasing strategies  
Insourcing/Outsourcing Decision Process;  
Supplier Evaluation and Selection Process;  
Key Supplier Evaluation Criteria;  
Cost and Price Analysis  
Supplier Quality Management;  
ISO 900 and Baldrige Award;  
Supply Base Optimization.  
International Sourcing Process;  
Managing International Currency Risk;  
Progressing from Domestic to Global Sourcing;  
Purchasing and Supply Chain Tools;  
Value Engineering and Value Analysis;  
Process Mapping.  
Strategic Cost Management;  
Cost Analysis Techniques;  
Target Pricing and Cost Based Pricing.  
Negotiation Framework;  
Negotiation Planning;  
International Negotiation;  
Domestic and International Purchasing Law  
Contract Administration  
Managing Supply Chain Inventory;  
Creating the Lean Supply Chain;  
Approaches for Controlling Inventory Investment;  
Purchasing Transportation services;  
Controlling and Influencing Transportation;  
Supply Chain Information Systems;  
Enterprise Resource Planning Systems;  
Purchasing Databases and Data Warehouses;  
Electronic Data Interchange;  
Business to Business Electronic Commerce;

E-Procurement;  
Advanced Supply Chain Systems and Applications;  
Performance Measurement and Evaluation  
Purchasing and Supply Chain Changes and Trends

## **CONTRACT ADMINISTRATION**

### **Participants Will Learn**

- Contract administration concepts
- Different contract types and their effects on administration
- Expediting procedures
- Work control procedures
- Compliance procedures
- How to administer contracts which will require use of buyer-provided property
- Financial responsibility procedures
- Contract financing and payments
- Administrative responsibilities
- Claim avoidance and processing
- Procedures for termination of contracts
- Dispute resolution procedures
- Procedures for closeout of contracts
- Supplier management concepts

### **Course Content**

#### **I. Contract Administration Concepts**

- A. Contract Administration Team.
- B. Buyer Responsibilities.
- C. Buyer's Representative: appointment, role and limitations.
- D. Quality Assurance Evaluator/Inspector.
- E. Other members of the Contract Administration Team.
- F. Planning for Contract Administration.

#### **II. Contract types and their effects on the administration process**

- A. Firm-Fixed-Price.
- B. Fixed-Price with Economic Price Adjustment.
- C. Fixed-Price Incentive.
- D. Indefinite-Delivery Type.
- E. Blanket Agreement.
- F. Cost No-Fee/Cost Sharing.
- G. Cost-Plus-Fixed-Fee.
- H. Cost-Plus-Incentive-Fee.
- I. Cost-Plus-Award-Fee.
- J. Time-and-Materials.
- K. Labor-Hour.
- L. Combination Contracts
- M. Letter Contracts.

**III. Expediting Procedures**

**IV. Work Control**

**V. Compliance Procedures**

**VI. Administering contracts requiring buyer-provided property**

**VII. Financial administration of the contract**

- A. Cost Control Measures for Different Types of Contracts.
- B. Administering Incrementally Funded Contracts.
- C. Handling Payments.
- D. Determining whether Costs Are Allowable.
- E. Guidelines for analyzing specific elements of cost.
- F. Contract financing methods-order of preference.
- G. Assignment of claims.

**VIII. Approving supplier purchasing and/or accounting systems**

**IX. Administering changes**

- A. Price adjustment clauses.
- B. Negotiation of Change Orders.

**X. Claims: Avoidance, defense and resolution**

**XI. Disputes**

**XII. Terminations**

**XIII. Closeouts**

**XIV. Supplier Management Concepts**

- A. Supplier feedback and supervision.
- B. Management by Exception.
- C. Progress Reports.
- D. Gantt Charts and Critical Path Scheduling.
- E. Closed Loop MRP Systems.

## **COST AND PRICE ANALYSIS**

This course assists both public and private sector buyers of both goods and services to learn those procedures and methods which will help them improve their effectiveness in obtaining fair and reasonable prices on their purchases. Specifically, it will address use of the "Pricing Team"; methods of evaluating the market and bids/offers; price analytical/comparison techniques; various cost analytical methods; procedures for establishing realistic pre-negotiation profit positions; use of price, cost, and profit analysis in negotiations; and employment of "Strategic Cost Analysis" to effect significant organization-wide cost savings.

### **Participants Will Learn**

- How to evaluate the market and bids/offers
- How to use price analytical/comparison techniques
- How to use various cost analytical methods
- How to establish realistic pre-negotiation profit positions
- How to use price, cost, and profit analysis in negotiations
- How to establish an effective price/cost analysis team

### **Course Content**

**I. The Buyer's "Pricing Team" and the respective roles and responsibilities of each of the members**

**II. Types of Markets and Supplier Pricing Strategies and the analytical methods appropriate to each**

**III. Types of Contracts and the Analytical Methods Appropriate to each**

**IV. Price Comparison Methods and How to Use Them**

- A. Comparison with competing offers on the instant purchase.
- B. Comparison with established catalog prices.
- C. Comparison with established market prices.
- D. Comparison with prices set by law or regulation.
- E. Comparison with current prices paid for the same or similar items, past prices paid for the same or similar requirements, and past offers.
- F. Comparison with producer price and other market indexes.
- G. Comparison with cost estimating relationships, to include rough yardsticks and parametric relationships.
- H. Comparison with in-house estimates.
- I. Comparison with values determined by value and visual analysis.

**V. Elements of Cost**

- A. Definitions- direct and indirect costs.
- B. Cost estimating methods.
- C. Obtaining cost proposals from suppliers.
- D. Methods of analysis, including learning curve, engineering analysis, and accounting analysis.

- VI. Assessing Risk and Developing Pre-Negotiation Profit Objectives**
- VII. Using Price, Cost, and Profit Analysis in Preparing Positions for Negotiations with Suppliers**
- VIII. "Strategic Cost Analysis" Techniques Available to the Purchasing Manager**

# **SUPPLY CHAIN RISK MANAGEMENT**

## **Part 1 Introduction to Risk Management**

Definition of risk and risk management

External “drivers of risks”

Financial Risks (Interest rates, foreign exchange rates, and credit.

Strategic Risks (Competition, customer changes, industry changes, customer demand, and Merger and Acquisition Integration)

Operational Risks (HR (Recruitment), Supply Chain, Government regulations, Cultural influences, Composition of Board)

Hazard Risks (Public access, employees, properties, products/services, contracts, natural events, suppliers, and environment)

Internal “drivers of risks”

Financial Risks (Liquidity and Cash Flow)

Strategic Risks (Merger and Acquisition Integration, Research and Development, and intellectual capital/property)

Operational Risks (Accounting Controls, Management Information Systems, HR Recruitment, and Supply Chain)

The Risk Management Process

How risk management protects and adds value to the organization and its stakeholders by supporting the organization’s objectives.

The Risk Assessment Process

Risk Analysis Methods and Techniques

Organizational Risk Profile

The Risk Evaluation Process

The Risk Communication and Reporting Process (Internal and External)

Risk Treatment

Monitoring and review of the risk management process

The structure and administration of risk management

## **Part 2 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Guidelines (Or How Accountants View Risk)**

Definition of Enterprise Risk Management (ERM)

Why ERM is important.

The ERM Framework

ERM Roles and Responsibilities

Key ERM Implementation Factors

### **Part 3 Risk Analytical Techniques**

- A. PEST Analysis
- B. PESTLE Analysis
- C. Failure Mode and Effect Analysis (FMEA)
- D. Failure Mode, Effects, and Criticality Analysis (FMECA)
- E. Decision Tree Analysis
- F. Delphi Analysis
- G. Fault Tree Analysis
- H. Pareto's Rule (ABC) Analysis

### **Part 4 Risk Analysis Case**

### **Part 5 Introduction to Supply Chain Risk Management**

- Definition of "Supply Chain Risk" and "Emerging Markets"
- The correlation/relationship between risk and loss
- Typical Risk Management Questions for the Supply Manager
- Significant external risk factors for the supply chain
- Several significant risks of world class supply chain practices
- Significant internal risk factors for the supply chain
- Several of the sources of help available to conduct risk assessments
- Risk management tools available to the supply chain manager
- The role of hedging and insurance in supply chain risk attenuation
- Scenario Planning/Analysis
  - A. Scenario Planning Theory
  - B. Five Step Scenario Planning Process
  - C. Types of Scenarios
  - D. Two Dimension "Good vs. Bad" Scenario Matrix
  - E. Possible Formats for Scenario Plans

### **Part 6 Risk Analysis Case**

### **Part 7 Purchasing/Contracting Risk (Risk Management Specific to Managing Risks of Suppliers)**

- The risk to the supply chain of poorly written supplier contracts;



- The risk to the supply chain from including risky terms in supplier contracts;
- The risk to the supply chain of poor quality supplier materials and services and several measures which can be taken to increase probability of buyer quality;
- The risk to the supply chain of late delivery of supplier materials and services and several measures which can be taken to increase the probability of on-time delivery.
- The risk to the supply chain of high cost supplier materials and services and several measures which can be taken to increase the cost advantage to the buying organization

Case “Supply Chain Purchasing/Contracting Risk”

SUPPLEMENTAL MATERIALS PROVIDED TO STUDENTS (COVERED IN CLASS ONLY IF TIME PERMITS)

INCOMTERM Risk

Technologies against Terror

Emergent Risks

## **CONTRACT TYPES**

This course teaches buyers in both the private and public sectors how to identify and describe various types of contracts; and to determine which type of contract is most appropriate for a particular procurement.

### **Course Content**

#### **I. Factors to consider in selection of a proper contract type**

- A. Degree of price competition.
- B. Need for price and/or cost analysis.
- C. Type and complexity of the requirement.
- D. Urgency of the requirement.
- E. Methods of procurement.
- F. Period of performance.
- G. Supplier's technical and financial qualifications.
- H. Adequacy of supplier's accounting system.
- I. Type of existing contracts.
- J. Extent and nature of subcontracting.

#### **II. Fixed-Price family of contracts: Advantages/Limitations**

- A. Firm-fixed-price.
- B. Fixed-price with economic price adjustment (escalation).
- C. Fixed-price incentive.

#### **III. Cost Reimbursement family of contracts: Advantages/Limitations**

- A. Cost sharing.
- B. Cost.
- C. Cost-plus-fixed-fee.
- D. Cost-plus-incentive-fee.
- E. Cost-plus-award-fee.

#### **IV. Indefinite Delivery (Blanket Order) Type contracts: Advantages/Limitations**

- A. Indefinite-Quantity Indefinite-Delivery.
- B. Requirements.
- C. Definite-Quantity Indefinite-Delivery.

#### **V. Time-and-Materials & Labor-Hour Contracts: Advantages/Limitations**

#### **VI. Letter contracts: Purpose and procedures**

#### **VII. Basic agreements and ordering agreements**

#### **VIII. Applying several different contract types in the same instrument**

# **CONTRACT LAW**

## **Course Outline**

- PART I Uniform Commercial Code (UCC)
- PART II United Nations "Covenant for the International Sale of Goods" (CISG)
- PART III US Code/Federal Acquisition Regulation (US Federal/Public Sector Contract)
- PART IV Other National Contract Law (Primarily China )

### Contract Formation

- A. Mutual Assent
- B. Consideration
- C. Lawful Purpose & Competent Parties

### Contract Formalities & Defects

- A. Written Contracts
- B. Defective Contracts
- C. Long Term Contracting

### Contract Performance

- A. Buyer's & Seller's Obligations
- B. Risk of Loss
- C. Defenses to Performance
- D. Termination & Cancellation of Contracts

### Warranties & Product Liability

- A. UCC, CISG, FAR, and Chinese Law Warranties
- B. Express Warranties
- C. Disclaimers of Warranties
- D. Product Liability

### Remedies

- A. Generally
- B. UCC - Sale of Goods
- C. CISG
- D. FAR
- E. Chinese Law
- F. Limitation of Liability & Indemnification

### Law of Agency

- A. Principal - Agent Relationship
- B. Duties of the Parties
- C. Authority of the Agent
- D. Liability of the Parties

Other Laws Affecting Purchasing

- A. Intellectual Property
- B. Antitrust and Unfair Trade Practices
- C. Environmental Law
- D. Other Federal Laws

## **INCOTERMS® 2010**

**DID YOU KNOW THE UCC IS DROPPING OUR FAMILIAR FOB ORIGIN AND FOB DESTINATION AND GOING TO INCOTERMS? PLEASE READ ON!!**

### **COURSE OUTLINE**

The new INCOTERMS® 2010 became effective January 1, 2011. Incoterms--which is an abbreviation for International Commercial terms--are a series of sales terms. They are published by the [International Chamber of Commerce](#) (ICC) and are widely used in commercial transactions. In addition to providing a set of rules for the interpretation of commonly used trade terms, INCOTERMS® 2010 accomplish the following: (a) significantly revises Group D listed in INCOTERMS® 2000; (b) reduce Incoterms from four groups to two groups, allowing trade experts to choose the most suitable rule related to the mode of transport; and (c) reduce the absolute number of Incoterms from 13 to 11. Moreover, INCOTERMS® 2010 offer additional guidance which assists users in selecting the most appropriate Incoterm for each transaction. The revised terms also spell out rules regarding the use of electronic procedures; detail information on security-related clearances for shipments; and offer advice with respect to domestic trade.

### **What are Incoterms?**

Incoterms or International Commercial terms are a series of sales terms. They are published by the [International Chamber of Commerce](#) (ICC) and are widely used in international commercial transactions. The purpose of Incoterms is to provide a set of international rules for the interpretation of commonly used trade terms in international transactions. They closely correspond to the [U.N. Convention on Contracts for the International Sale of Goods](#). The first Incoterms were issued in 1936. The most recent Incoterms were updated in 2010 and became effective January 1, 2011.

### **Who needs to understand Incoterms?**

Government trade officials as well as many private sector parties should understand Incoterms. Such private sector parties include: exporters, importers, trade finance professionals, export compliance specialists, customs brokers, freight forwarders, insurers, international credit professionals, and sales and purchasing managers.

### **What are Incoterms used for?**

Incoterms assist trade practitioners in interpreting the most commonly used international trade terms. Using correct Incoterms in an international transaction reduces considerably uncertainties arising from the different interpretation of such terms in different countries. They apportion international trade transaction costs and responsibilities between buyers (importers) and sellers (exporters) and reflect modern-day transportation practices. Incoterms assist in significantly reducing misunderstandings among traders and thereby minimizing trade disputes and litigation. However, their scope is limited to matters related to the

international rights and obligations of the parties involved in the contract of sale with respect to the delivery of the goods sold. Thus, they apply to the contract of carriage, not the contract of sale.

### **Why were the INCOTERMS® 2000 revised?**

INCOTERMS® 2010 are the updated version of INCOTERMS® 2000. INCOTERMS® 2010 have been developed as a result of an extensive review of current shipping practices and trends in an effort to keep up with the rapid expansion of world trade. The key drivers for this update include: a need for improved cargo security, changes to the Uniform Commercial Code in 2004 that resulted in a deletion of U.S. shipment and delivery terms, and new trends in global transportation.

### **How do INCOTERMS® 2010 differ from INCOTERMS® 2000?**

In addition to providing a set of rules for the interpretation of commonly used trade terms, INCOTERMS® 2010 significantly revise Group D listed in INCOTERMS® 2000.

The five INCOTERMS® 2000 listed in Group D included the following:

**DAF** Delivered At Frontier

**DES** Delivered Ex Ship

**DEQ** Delivered Ex Quay

**DDU** Delivered Duty Unpaid

**DDP** Delivered Duty Paid

INCOTERMS® 2010 contain the following categories:

**DAT** Delivered At Terminal

**DAP** Delivered At Place

**DDP** Delivered Duty Paid

Moreover, INCOTERMS® 2010 reduce the number of Incoterm groupings from four to two, allowing trade experts to choose the most suitable rule related to the mode of transport.

The 13 INCOTERMS® 2000 contained four essential categories of Incoterms. They were:

Group E – Departure

Group F – Main carriage unpaid

Group C – Main carriage paid

Group D – Arrival.

The two main categories of INCOTERMS® 2010 are now organized by modes of transport. Used in international as well as in domestic contracts for the first time, the new groups aim to

simplify the drafting of contracts and help avoid misunderstandings by clearly stipulating certain obligations of buyers and sellers.

**Group 1. Incoterms that apply to any mode of transport are:**

<b>EXW</b>	Ex Works
<b>FCA</b>	Free Carrier
<b>CPT</b>	Carriage Paid To
<b>CIP</b>	Carriage And Insurance Paid To
<b>DAT</b>	Delivered At Terminal
<b>DAP</b>	Delivered At Place
<b>DDP</b>	Delivered Duty Paid

**Group 2. Incoterms that apply to sea and inland waterway transport only:**

<b>FAS</b>	Free Alongside Ship
<b>FOB</b>	Free On Board
<b>CFR</b>	Cost And Freight
<b>CIF</b>	Cost, Insurance, and Freight

Further, the two new groupings listed above note a reduction of the number of Incoterms from 13 to 11.

Finally, INCOTERMS® 2010 provide additional helpful guidance and clarify obligations. For instance, the revised terms also spell out rules regarding the use of electronic procedures; detail information on security-related clearances for shipments; and offer advice with respect to domestic trade.

**Can I still use the INCOTERMS® 2000?**

According to the International Chamber of Commerce, all contracts made under INCOTERMS® 2000 remain valid even after 2011. In addition, although the ICC recommends using INCOTERMS® 2010 after 2011, parties to a contract for the sale with respect of the delivery of goods can agree to use any version of Incoterms after 2011. It is important, however, to clearly specify the chosen version INCOTERMS® 2010, INCOTERMS® 2000, or any earlier version.

**Where can I obtain a copy of the new INCOTERMS® 2010?**

You can purchase a copy of the new INCOTERMS® 2010 from the [ICC website](#).

### **Where can I learn more about the new Incoterms?**

IPSCMI has an Incoterms 2010 course you can take online. You can enroll at [www.ipscmi.org](http://www.ipscmi.org). SEE YOU THERE OR BE SQUARE!!

### **Who Should Attend This Seminar?**

Purchasing and supply chain management professionals who need to be retrained from UCC to INCOTERMS

Marketing and sales professionals who need to be retrained from UCC to INCOTERMS

Senior executives with the following corporate positions:

1. Chief Purchasing Officers
2. Chief Procurement Officers
3. Chief Supply Chain Officers

Directors, Senior Managers, Managers, and Heads of the following departments:

1. Purchasing
2. Procurement
3. Supply Chain Management
4. Supply Chain Strategic Planning
5. Strategic Planning
6. Business Development
7. Supplier/Vendor Management
8. Supplier/Supply Management
9. Buying/Purchasing
10. Materials Management
11. Logistics
12. Manufacturing/Operations
13. Outsourcing
14. Information Technology
15. Administration



## **PROJECT MANAGEMENT (FOR BUYERS)**

This course introduces Project Management and its relationship to Purchasing Management. It identifies the tools and techniques to resolve problems associated with bringing projects in on time and within an established budget. Discussion will use as a framework the Project Management Body of Knowledge (PMBOK) and the CPSM Content Specification. The student will learn how to effectively and efficiently support projects and utilize project management skills in purchasing/procurement management.

### **Course Content**

#### **Introduction to Project Management**

This module covers the ability and responsibility of project managers to convert management plans and client contracts into modules of action and projects that deliver services or goods. The problems associated with aligning resources and capabilities of the project manager's organization with the needs of the client are examined. The module will cover in detail the Project Management Body of Knowledge (PMBOK) as promulgated by the Project Management Institute.

#### **Procurement Management in Support of Projects**

The module covers the Project Procurement processes in both the preaward and postaward phases. The Project Management Body of Knowledge (PMBOK) provides the framework for the lecture. This module also discusses the methods of keeping Project Management and Procurement Management “On the same page”.

#### **Project Management for Purchasing and Contract Managers**

This module provides an understanding of why Purchasing and Contract Managers need Project Manager skills in order to manage their organizations effectively and efficiently. It covers the five essentials for every project and how and when to use communication tools; how problems arise when communications fail or team members don't use common project terminology, as well as the best practices for building and sustaining teamwork. Lastly, it provides an understanding of the project cycle and how to use the ten identified management techniques.

#### **Implement a Continuous Improvement Process**

This module provides an understanding of benchmarking systems, process mapping, process costing, the Capability Maturity Model-Integrated (CMMI), the Contract Management Maturity Model (CMMM), process improvement metrics, process improvement methods (e.g., lean methods, JIT, Six Sigma, value stream mapping), and the use of supplier workshops to bring

about continuous improvements in project management.

### **Purchasing/Procurement and Project Management Cases**

Various cases will expand upon and reinforce learning objectives in the three above modules. The Casebook provided should be a valuable student resource to be referred to long after this seminar has been completed.

## **INTERNATIONAL PURCHASING AND NEGOTIATION: KEYS TO GLOBAL SOURCING**

### **Participants Will Learn**

- Key overseas sourcing strategies and implementation steps
- Basic documentation, including contracts, used in international procurement
- Legal, political, and organizational considerations
- Cultural issues within the negotiation process
- Government regulations affecting the import/export process

### **Course Content**

- A. Domestic versus off-shore sourcing: an overview
- B. Starting an offshore global buying program
- C. Establishing global sourcing strategies
- D. Use of procurement plans stemming from organizational goals
- E. Striving to source through best channels
- F. Maintaining a total quality management system
- G. Comparing total landed cost of acquisition
- H. Seeking assurance of supply
- I. Using available procurement techniques
- J. Consideration of need for an international buying office
- K. Negotiations involving people from foreign cultures
- L. Business customs and courtesies of key nationalities
- M. Complying with U.S. and International Legalities
- N. International buyer and seller obligations
- O. Degree of applicability of the Uniform Commercial Code (UCC)
- P. Import customs laws and regulations
- Q. Antitrust laws and trade acts
- R. United Nations Conventions
- S. General Agreement on Tariffs and Trade (GATT)
- T. Global trade barriers
- U. Foreign Corrupt Practices Act
- V. Preparing the international contract
- W. Documentation required in international trade
- X. What the buyer/importer should specify
- Y. Key clauses for offshore procurements
- Z. Dispute settlement clauses
- AA. Meeting U.S. Customs laws and regulations
- BB. U.S. Programs Benefiting the Importing Buyer
- CC. Methods of payment
- DD. Protecting the purchase from foreign currency exposure

- EE. Controlling global logistics costs
- FF. Supplier relations
- GG. Future buying prospects in global trade

## **PURCHASING AND SALES NEGOTIATION**

### **Course Content**

1. Negotiation Environment and Background
2. Contract Negotiation Competencies – The Skills to Win
3. Self-Assessment Survey
4. The Contract Negotiation Process
5. Q&A – Exercise
6. Planning Contract Negotiations – People, Tools, & Best Practices
7. Case Study
8. Planning Contract Negotiations: Strategies, Tactics, and Countertactics  
Exercise – Q&A
9. Conducting Contract Negotiations: Building Relationships and Successful Outcomes
10. Case Study
11. Forming and Documenting the Contract or Purchase Order
12. Exercise – Q&A
13. Contract Negotiations : Best Practices
14. Mock Negotiation Exercise Between Buyers and Sellers

### **Objectives**

At the completion of this seminar, students will be able to explain t

- The responsibilities of the Seller and Buyer in preparing for, conducting, and documenting contract and purchase order negotiations for price and other terms and conditions.
- The difference between negotiation and bargaining.
- The negotiation phases.
- The Five different negotiation strategies.
- The difference between win-lose and win-win negotiation.
- How to employ “negotiation science” including objectives, walk out price, ZOPA, and BATNA.
- How the negotiator obtains and uses power.
- How the negotiator uses various tactics during negotiation such as “Good-Guy-Bad-Guy” and the “Nibble”, among others.
- Explain how negotiation behavior varies from culture to culture.
- Explain the differences in negotiation behavior between women and male negotiators.

### **Who Should Attend This Seminar?**

- Domestic and International buyers and sellers responsible for negotiating contracts and purchase orders for goods and services

- Lawyers, engineers, technical personnel, cost accountants, and cost analysts who support the negotiation process
- Directors, Senior Managers, Managers, and Heads of the following departments:
  1. Purchasing
  2. Procurement
  3. Supply Chain Management
  4. Marketing and Sales Management
  5. Supply Chain Strategic Planning
  6. Strategic Planning
  7. Business Development
  8. Supplier/Vendor Management
  9. Supplier/Supply Management
  10. Buying/Purchasing
  11. Materials Management
  12. Logistics
  13. Manufacturing/Operations
  14. Outsourcing
  15. Information Technology
  16. Administration

## **Summary**

The purpose of this course is to understand the theory and processes of negotiation as it is practiced in a contract negotiation setting. Negotiation is the art and science of securing an agreement between two or more independent parties. This course focuses on understanding the behavior of individuals, groups and organizations in the context of competitive situations.

This course allows students to develop negotiation skills experientially and to understand negotiation between the buyer and seller. Emphasis is placed on cases, negotiation exercises, role-playing, and mock negotiations. The exercises serve as catalysts for the evaluation and discussion of different contract negotiation scenarios. However, they are not meant to include every aspect of "real-world" negotiation. Class discussions and lectures will supplement the exercises.

## **SERVICE PURCHASING AND CONTRACTING**

### **Participants Will Learn**

- How to locate and identify potential service suppliers
- How to prepare effective statements of work for services
- How to solicit, evaluate and select service suppliers
- How to structure an effective service contract
- How to monitor service supplier performance
- How to evaluate service supplier performance

### **Course Content**

- I. Services- What they are and how they are distinguished from supplies/materials
- II. Key differences between service procurement and supply/material procurement
- III. Locating and identifying the right service supplier
- IV. The service contract statement of work
  - A. What to include
  - B. Making the work statement "contractible" and "administrable"
- V. The service contract solicitation
  - A. What to include
  - B. Terms and conditions specific to service procurement
- VI. The service contract evaluation and selection process
  - A. Evaluation of factors other than price
  - B. Evaluation of price/cost
  - C. The source selection decision
- VII. Negotiating the service contract
  - A. Technical considerations
  - B. Price considerations
- VIII. The service contract development process
  - A. Clauses and terms necessary for service contracts
  - B. Allocation of risk and responsibility in service contracts
- IX. Administration of service contracts
  - A. Schedule control
  - B. Cost control
  - C. Inspection and control of quality
  - D. Issuance of work orders and change orders
  - E. Payment procedures
  - F. Exercising service contract options
- X. Evaluating supplier performance

## **BASICS OF SUPPLY CHAIN MANAGEMENT**

Explore the basic concepts of managing the flow of materials in a supply chain. In the Basics you get a complete overview of material flow, from internal and external suppliers, to and from your organization. Topics include

- Elements of the Supply Chain
- Just-in-Time (JIT)
- Total Quality Management (TQM)
- Manufacturing Resources Planning (MRP II)
- Demand Planning
- Capacity Management.



## **JUST-IN-TIME (JIT) MANUFACTURING**

Understand the broad concepts and learn how to apply the specific techniques of JIT to your enterprise objectives. JIT deals with more than merely reducing inventory carrying costs and is accepted as the worldwide standard for material scheduling in the manufacturing and assembling process. Additionally, the enterprise is better able to change its product mix to meet market demand, implement running improvements in the product, and avoid costly finished goods carry over. Applying JIT techniques will prepare you to lead your company toward a more profitable manufacturing environment. Topics include:

- Introduction to the JIT Philosophy
- The Total Quality Concept
- JIT on the Shop Floor
- Improving Manufacturing Processes through Methods and Technology
- People Involvement
- Synchronizing the Enterprise
- Supplier Relationships
- Implementing and Sustaining JIT

## **INVENTORY CONTROL**

This course covers the principles, concepts, and techniques for planning and controlling inventory at all stages of manufacturing and distribution. You will also learn methods that experts use to establish an inventory management plan that is actionable, enforceable, and measurable. Techniques for effectively implementing your plan will be discussed. Inventory performance measurement methodologies are explained in the contexts of enterprise goals. You will understand accounting controls as well as physical control systems. Technologies of inventory tracking and materials handling will be discussed. The role of inventory valuing systems, JIT inventory management, and techniques for calculating safety stock requirements will receive particular attention. The student will be able to differentiate among types of inventory, perform ABC inventory analysis, employ alternative costing methods often used for inventory accounting, run inventory replenishment systems and determine reorder points, make order quantity decisions, determine optimum levels of stock and prepare for uncertainty, and perform distribution resource planning.

### **Course Content**

- Inventory management overview
- Accounting and control of inventory
- Inventory replenishment systems
- Determination of order quantity
- Dealing with uncertainty
- Environments, additional models, and just-in-time
- Distribution inventories
- Distribution inventory planning and control

## ACCOUNTING AND FINANCE FOR NONFINANCIAL MANAGERS

### **1. Introduction**

Contemporary accounting and financial management

Evolution & goals of accounting and financial management

### **2. Financial Statements**

Financial statements

Balance sheet, income statement, cash flow statement

### **3. Special topics----financial analysis**

Financial statement analysis, Horizontal, Vertical, and Ratio Analysis

Financial Statement Analysis

### **4. Financial forecasting-CVP and Breakeven analysis**

Short-term forecasts

Breakeven

Cost-Volume-Profit and Breakeven Analysis

### **5. Working capital**

Working capital policy-----

Working capital management

Short VS long-term financing

Cash & receivables

### **6. Long term investment decisions**

Present & future value-Capital budgeting Single amounts & annuities

NPV, IRR, Payback

### **7. Cost of capital**

Sources & forms of long-term financing

Definitions & calculation

Capital markets

Debt, Common Stock and Preferred stock

### **8. Other long-term financing decisions**

Valuation of financial assets & closely held businesses

Stocks, bonds, hybrids

## **COST AND VALUE MANAGEMENT**

### **Course Objectives**

At the completion of this course, students will be able to:

- Learn how cost management methods and practices are used to help a firm succeed.
- Apply appropriate cost management methods in planning and decision-making, preparation of financial and management reports, and management and operational control. Explain how value (cost) engineering is used in the design stage of a product to create value for a product.
- Explain how value (cost) analysis is used after the design stage of a product to increase the value for a product.
- Explain how value (price) analysis is used by a buyer as a method of price analysis in order to determine the better/best value among competing products.
- Explain how net present value analysis is used to determine which capital investment projects should be funded and supported by the organization.
- Explain how earned value analysis is used to track cost expenditures in a project.

## **LEAN SUPPLY CHAIN MANAGEMENT**

### **Who will benefit from the course on Lean Supply Chain Management**

Anyone located in purchasing, operations, logistics, management, marketing, logistics, inventory and materials management, productions planning and scheduling, demand forecast and supply planning, and project management.

### **What will you learn from this course**

1. Methods for developing and tracking strategic procurement initiatives
2. Strategy and tools to succeed in “standard” and “crisis” environments
3. How to coordinate supply chain management and lean manufacturing
4. Performance measure tools
5. Tools needed to transform procurement from a cost center to a profit generator
6. When to use lean tools
7. How to integrate and shape lean manufacturing methods to a company specific basis
8. Tools and Practices that Deal with Waste
9. The Five S's
10. Visual Control
11. Standardized Work
12. Mistake Proofing
13. Total Productive Maintenance
14. Cellular Manufacturing
15. Single-digit Setup
16. Pull System
17. Sequencing and Mixed-model Production
18. Activity-based Costing
19. Leveled Production
20. Flow Manufacturing

## **LETTERS OF CREDIT**

### **Who should take this course?**

1. Shipping personnel
2. Freight forwarders
3. Sales and marketing staff
4. Accounts administrators
5. Purchasers/sellers
6. Bankers
7. Traders
8. Importers/exporters
9. Businessmen
10. Anyone interested in international trade

### **What you will learn?**

1. Basics of Letter of Credit and functions
2. Payments by drafts
3. Drafts as means of collection
4. Justifications for Letter of Credit
5. Different kinds of Letter of Credit
6. Uniform Customs and Practices for Documentary Credits
7. Instructions for creating/opening a Letter of Credit
8. Advice on using a Letter of Credit
9. Relationship between buyers and sellers that use Letter of Credit
10. Obligations associated with Letter of Credit
11. Roles and responsibilities of the banks as intermediates
12. How to make sure the process of buying and selling goods goes as smoothly as possible
13. Possible problems with Letter of Credit and how to fix them
14. Basics of Bill of Lading
15. Different types of Bill of Lading

## **COLLABORATIVE PLANNING, FORECASTING, AND REPLENISHMENT (CPFR)**

### **Purpose of Course**

Since the early 1990s we have seen great change and a period during which the importance of logistics and supply chain management reached the board rooms of major corporations worldwide. The accelerated rate of change in our economy was driven by a number of macro level forces, namely: An empowered consumer; a shift in economic power toward the end of the supply chain; deregulation of key industries; globalization; and technology. All of these forces of change elevated the importance of supply chain management as a strategic weapon for competitive advantage. The conceptual basis of the supply chain is not new. In actuality, we have gone through several evolutionary stages starting with physical distribution management in the 1970s, which evolved into logistics management in the 1980s and then supply chain management in the 1990s. There are a number of terms being used that may be considered synonymous with how supply chain management is defined in this text, namely, demand chain, demand flow, value networks, and so on. Supply chain management is involved with integrating three key flows across the boundaries of the companies in a supply chain--product/materials, information, and financials/cash. Successful integration or coordination of these three flows has produced improved efficiency and effectiveness for companies. The key factors of successful supply chain management include inventory, cost, information, customer service, and collaboration relationships. Focusing on the management of these factors is critical to the implementation of a supply chain strategy.

This is an advanced survey course that is designed to give a broad introduction to Collaborative Planning, Forecasting, and Replenishment (CPFR) systems as practiced by many world class retail (and other) organizations. Collaborative planning, forecasting, and replenishment (CPFR) is a Vendor managed inventory (VMI) arrangement in which both buyer and supplier share internal information to integrate their plans, forecasts, and delivery schedules to ensure a smooth flow of goods and services as they are needed.

The “Official” Voluntary Inter-industry Commercial Standards (VICS) definition is “A shared process of creation between two or more parties with diverse skills and knowledge delivering a unified approach that provides the optimal framework for customer satisfaction.”

### **Course Objectives**

At the completion of this course, students will be able to explain:

- Collaborative Commerce Dynamics
- Collaborative Commerce Barriers
- The CPFR® Process/Reference Model
- CPFR® Benefits to the implementing businesses
- Globalization of CPFR®
- VICS & VICS CPFR® Committees
- How Standards Enable Collaborative Commerce

- The 4 CPFR activities
- The 8 CPFR collaborative steps
- How various retailers have implemented CPFR
- How the Federal Government (US Army) has implemented CPFR
- How Europe and China have implemented CPFR
- The factors for success in CPFR implementation



## **FINANCIAL SUPPLY CHAIN MANAGEMENT**

### **Course Description**

This course discusses explicitly the close correlation between supply chain management and financial business processes, which we will term financial supply chain management. We will explore a wide range of financial risk elements that supply chain managers can favorably influence for the benefit of the organization. This requires the organization to consider purchasing and supply chain management processes from a financial point of view. By doing this, the organization can optimize information and cash flows within the organization. This can be considered all the more important as traditional areas of cost-cutting potential have been largely exhausted in recent years. The focus therefore shifts increasingly to purchasing and supply chain management, which can have a massive impact on the company's overall situation through the optimization of financial processes and can only leverage this potential if he or she has a solid understanding of finance and works together closely with the Chief Financial Officer.

In the future, financial matters will become an integral part of every purchasing and supply chain manager's daily tasks. Especially in offshoring, tax optimization, inventory/stock optimization (including Just-In-Time), collection of accounts receivable, and supply chain financing there is an acute need for training and development –since both finance and supply chain management contribute immensely to a company's overall performance.

The importance of a holistic view is therefore growing more and more. This is the prerequisite for any company to become leading edge. Consequently, the willingness of purchasing and supply chain managers to recognize and take responsibility for all the financial implications of their actions needs considerable improvement.

This, in turn, requires purchasing and supply chain managers to work shoulder-to-shoulder with their partners within the organization, especially Chief Financial Officers. Financial supply chain management occupies a position exactly halfway between the two departments. Neither can act alone and be successful. Taking the plunge into unknown territory demands new skills, creativity, a broader self-understanding and the willingness to question established rules, forms of cooperation, and job descriptions. Everyone involved needs to summon up this courage if they are to make their companies fit for the future.

### **Course Content**

1. Working Capital (Including Inventory/Stock) Optimization
2. Supplier Risk Management
3. Cost Reduction
4. Tax Optimization Purchasing
5. Impact of purchasing and supply chain management on key financial performance ratios

6. Benefits of Supply Chain Automation/Technology, including efficiency of the accounts receivable and accounts payable processes

### **Learning Objectives**

At the completion of this course, students will be able to:

1. Explain the tools and techniques available to the purchasing and supply chain manager to assist the Chief Financial Officer in optimizing working capital:
  - Make-or-buy (Outsourcing) Analysis
  - Supply chain process optimization
  - Use of consignments and vendor-managed-inventory
  - Prompt payment discount tendering
  - Lease-purchasing analysis
  - Fixed-asset utilization/optimization
  - Supply Chain Financing
  - Inventory optimization (including JIT)
2. Explain the tools and techniques available to the purchasing and supply chain manager to assist the Chief Financial Officer in reducing supplier risk:
  - Attenuating price volatility of supplier pricing for goods and services.
  - Minimization of currency risk on contracts denominated in foreign currencies.
  - Minimizing the risk of potential supplier bankruptcy through financial analysis and surveillance.
  - Minimizing the cost of supplier financing in developing and emerging markets.
  - Minimizing the risk of financial control through effective and efficient outsourcing and offshoring.
  - Reducing the complexity of inter-organizational financial transactions.
3. Explain tools and techniques available to the purchasing and supply chain manager to assist the Chief Financial Officer in cost reduction.
  - Early payment programs--which will allow your supplier to offer you a discount
  - Inventory ownership solutions--which could include logistics services as well
  - Virtual consignment financing with assignment of proceeds--where you buy the raw materials with your added leverage and sell them to the supplier at cost
  - Formal supplier-risk assessment processes (to understand the capital costs and foreign exchange risks embedded in the unit costs)
  - Evaluation of payment policies and systems (to assure that what you're paying for is what you've ordered)
  - Collaborative financing solutions (since earlier visibility can be leveraged to create flexibility around early payment options for suppliers)

- Elimination of inventory across the total supply chain (since this reduces costs throughout the supply chain for all parties)
  - Integration of information about the physical flow of goods with the financial flow (since this allows for financial supply chain optimization)
4. Explain the tools and techniques available to the purchasing and supply chain manager to assist the Chief Financial Officer in achieving tax optimization:
- Evaluation of regional and country sourcing and sales options based on tax minimization.
  - Location of purchasing operations in low value-added and sales tax countries
5. Explain the tools and techniques available to the purchasing and supply chain manager to assist the Chief Financial Officer in achieving financial metrics important to the organization's profit and return on investment:
- Savings from the bidding and negotiation processes.
  - Savings from the budget (cost avoidance and cost savings).
  - Contribution to Earnings (Profit) Before Interest and Taxes.
  - Return on Equity.
  - Improvement of Cash Flow/Ratios.
  - Improvement of Current Ratio.
  - Improvement of acid test/quick ratio.
6. Explain the automation technology tools and techniques available to the purchasing and supply chain manager to assist the Chief Financial Officer in achieving efficiency in Purchase to Pay (P to P) and Collection of Accounts Receivable.
- Reduction of manual processes.
  - Increase in transparency.
  - Increase in invoice accuracy.
  - Increase in compliance with law and regulation.
  - Reduction in reconciliation effort.
  - Increase in response time.

# **Contract Writing & Legal Principles**

## **Course Outline**

At the completion of this lecture, students will be able to explain:

- How blanket agreements and contracts work
- EProcurement Contracts
- How to negotiate and write International Contracts
- How to determine the appropriate law(s) governing your contract
- Key solicitation/tender provisions
- The preparation of the contract/purchase order
- How to prepare and/or issue contracts using the appropriate type of contract
- Key clauses for the contract with the Supplier of Goods and Supplier of Services

## **How to determine the appropriate law(s) governing your contract**

- A. UCC
- B. CISG
- C. Federal Contract Law
- D. Other National Contract Laws
- E. Other laws

## **Key solicitation/tender provisions**

- A. Description of Requirements (Specification, Statement of Work, Statement of Objectives, Drawings, Bills of Materials, etc
- B. Schedule of Bid/Proposal Prices
- C. Required Period for Validity of Offer
- D. Responsive Offer from Responsible Offeror Requirement
- E. Compliance with proposal/bid format, page and other requirements
- F. Required Representations and Certifications
- G. Evaluation Criteria

- H. Warranty Requirements
- I. Identification of Authorized Negotiators
- J. Others as required by law, regulation, or good business practice

**The preparation of the contract/purchase order**

- A. UCC rules
- B. CISG Drafting guidelines
- C. Federal Acquisition Regulation Contract Templates
- D. Other Contract Law Guidelines
- E. Twelve Provisions/Clauses To Always Include in an Agreement
- F. A Purchaser's Checklist for Necessary Terms and Conditions in an Agreement
- G. Sixty Practical Contract-Drafting Tips

**How to prepare and/or issue contracts using the appropriate type of contract**

The difference between fixed-price and cost reimbursable contracts

- A. Firm-Fixed-Price
- B. Fixed-Price With Economic Price Adjustment
- C. Fixed unit price (indefinite delivery and requirements)
- D. Time and Materials/Labor Hour
- E. Incentive Contracts
- F. Reimbursable contracts
- G. Other "Exotic" lesser used contracts

**Key clauses for the contract with the Supplier of Goods and Supplier of Services  
(Other Supplier contracts will be addressed if the client desires)**

Careful attention should be given to including the following risky/exculpatory terms and conditions:

- A. Choice of Law and Forum
- B. Disputes
- C. Force Majeure (Excuses for Supplier nonperformance---negotiable, but should generally be limited to "Acts of God".)
- D. Method and Time of Inspection and Acceptance
- E. Method and Timing of Payment(s)
- F. "Indemnification" and "Hold Harmless"
- G. Insurance Requirements
- H. Claims
- I. Intellectual property safeguards with strong penalties for violations
- J. Invocation of "Incoterms 2000" by reference
- K. Inclusion of warranties, including those for "Fitness for its Intended Purpose" and "Merchantability"

- L. Rights of Termination, including damages for breach and Termination for Cause/Default
- M. Order of Precedence of Language (for “dual language” contracts)
- N. Rights of Reprocurement and Claim for “Excess Costs of Reprocurement”
- O. Limitation of Liability
- P. Liquidated (and other) Damages
- Q. Type of Contract (normally Firm-Fixed-Price)

### **How blanket agreements and contracts work**

- A. Difference between agreements and contracts
- B. Recommended terms and conditions

### **EProcurement Contracts**

- A. Use of Catalogs
- B. Use of Electronic Marketplaces
- C. Use of Procurement Card and Digital Money
- D. Use of Reverse Auctions
- E. Use of Electronic Solicitations and Electronic Contracts
- F. ERP Systems

### **Negotiating and Writing International Contracts**

- A. Cultural differences
- B. Language differences
- C. Different attitudes toward contracts
- D. Lack of understanding of “legalities” in many developing countries
- E. The need for “Guanxi”, “Wasta”, or other connections
- F. The need for an intermediary
- G. The potential for “corruption”

## **Legal Aspects of Purchasing**

### **Course Outline**

At the completion of this lecture, students will be able to explain:

- Various contract laws, including the Uniform Commercial Code (UCC), the Convention for International Sale of Goods (CISG), the US Code and The Federal Acquisition Regulation (US Federal/Public sector contracts) and other national contract law.
- The requirements for formation of binding contracts
- The legal ramifications of certain contract clauses
- How best to protect organizations in contracting situations
- The obligations and potential liabilities of the purchaser in a principal/agent relationship

### **Contract Formation**

- A. Offer and Acceptance
- B. Mutual Assent
- C. Consideration
- D. Lawful Purpose & Competent Parties
- E. The “Battle of Forms”

### **Law of Agency**

- A. Principal - Agent Relationship
- B. Duties of the Parties
- C. Authority of the Agent
- D. Liability of the Parties

### **The Role of the Legal Counsel**

- A. Corporate legal services
- B. Outside legal services
- C. Alternate dispute resolution
- D. Mediation
- E. Arbitration
- F. Litigation

### **Contract Formalities & Defects**

- A. Written Contracts

- B. Oral Contracts
- B. Defective Contracts
- C. Long Term Contracting

### **Contract Performance**

- A. Buyer's & Seller's Obligations
- B. Risk of Loss
- C. Defenses for Lack of Performance
- D. Termination & Cancellation of Contracts

### **Warranties & Product Liability**

- A. UCC, CISG, Federal, and Other National Contract Law
- B. Express Warranties
- C. Disclaimers of Warranties
- D. Product Liability

### **Remedies**

- A. Generally
- B. UCC - Sale of Goods
- C. CISG
- D. Federal Contract Law
- E. Contract Law of other Nations
- F. Limitation of Liability & Indemnification

### **Other Laws Affecting Purchasing**

- A. Intellectual Property
- B. Antitrust and Unfair Trade Practices
- C. Environmental Law
  
- B. Foreign Corrupt Practices Act
  
- C. Sarbanes-Oxley
- D. Other Federal Laws



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**Certification**

- ☐ CERTIFIED INTERNATIONAL SUPPLY CHAIN MANAGER (CISCM)
- ☐ CERTIFIED E-PROCUREMENT PROFESSIONAL (CEPP)
- ☐ CERTIFIED INTERNATIONAL SOURCING MANAGER(CISM)
- ☐ CERTIFIED INTERNATIONAL PURCHASING MANAGER (CIPM)
- ☐ CERTIFIED MANAGER OF PRODUCTION OPERATION (CMPO)
- ☐ CERTIFIED PURCHASING PROFESSIONAL (CPP)
- ☐ CERTIFIED PROFESSIONAL PURCHASING MANAGER (CPPM)
- ☐ CERTIFIED INTERNATIONAL PROFESSIONAL NEGOTIATOR (CIPN)
- ☐ 6-SIGMA CERTIFICATION (Green Belt)
- ☐ 6-SIGMA CERTIFICATION (Black Belt)
- ☐ CERTIFIED QUALITY DIRECTOR (CQD)
- ☐ CERTIFIED INTERNATIONAL COMMERCIAL CONTRACT MANAGER(CICCM)

**Training (including Online Training)**

- ☐ PURCHASING MANAGEMENT
- ☐ CONTRACT ADMINISTRATION
- ☐ COST AND PRICE ANALYSIS
- ☐ SUPPLY CHAIN RISK MANAGEMENT
- ☐ CONTRACT TYPES
- ☐ CONTRACT LAW
- ☐ INCOTERMS 2000
- ☐ PROJECT MANAGEMENT (FOR BUYERS)
- ☐ INTERNATIONAL PURCHASING AND NEGOTIATION: KEYS TO GLOBAL SOURCING
- ☐ PURCHASING AND SALES NEGOTIATION
- ☐ SERVICE PURCHASING AND CONTRACTING
- ☐ BASICS OF SUPPLY CHAIN MANAGEMENT
- ☐ JUST-IN-TIME (JIT) MANUFACTURING
- ☐ INVENTORY CONTROL
- ☐ ACCOUNTING AND FINANCE FOR NONFINANCIAL MANAGERS
- ☐ STRATEGIC MANAGEMENT OF RESOURCES
- ☐ COST AND VALUE MANAGEMENT
- ☐ LEAN SUPPLY CHAIN MANAGEMENT
- ☐ LETTERS OF CREDIT
- ☐ COLLABORATIVE PLANNING, FORECASTING, AND REPLENISHMENT (CPFR)
- ☐ FINANCIAL SUPPLY CHAIN MANAGEMENT
- ☐ CONTRACT WRITING AND LEGAL PRINCIPLES
- ☐ LEGAL ASPECTS OF PURCHASING

**Consulting Service**

Please call, fax, or email us for a firm-fixed-price or time and materials quote for your desired services.

**Contact Information**

Fiona Xia, Marketing Director  
ACI, IPSCMI  
TEL (US): 206-203-4894  
FAX (US): 415-651-8884  
TEL (China) 86-10-6540-8981  
FAX (China) 86-10-6546-2198  
EMAIL: [fionaxia@ipscmi.org](mailto:fionaxia@ipscmi.org)