

Online Procurement Development Framework – SXL Procurement

7. Early engagement & role of the intelligent client – Commercial and Financial Awareness:

Commercial Models

Level	Competencies
1	<ul style="list-style-type: none"> • Awareness of some of the commercial models used by the organisation. <p>What this means you: Has an awareness of the common commercial cost/pricing and evaluation models used by the organisation such as cost plus, discounted pricing, the use of rebate models etc to attain 'best value'.</p>
2	<ul style="list-style-type: none"> • Operates within defined commercial models. May be required to provide support for research activities to establish appropriate commercial models for commodities and complex projects. <p>What this means you: Also has experience of use of and determining most appropriate common commercial evaluation models used by the organisation such as cost plus, discounted pricing, the use of rebate models etc</p>
3	<ul style="list-style-type: none"> • Contributes to the understanding of commercial models through research and benchmarking of other similar organisations. • Understand the implications of those commercial models on the organisation in terms of investment, cash flow, impact on working capital and any investment requirements. • Provides information and data to support decision making. <p>What this means you: Also has experience of use of and determining common commercial evaluation models used by the organisation such as cost plus, discounted pricing, the use of rebate models etc. Is familiar with using comparative models across similar organisations and using data and modelling to support best commercial outcomes</p>
4	<ul style="list-style-type: none"> • Critically assesses commercial models and financing options used by the organisation. Makes recommendations for implementation along with identification and mitigation of financial risks. • Assesses the impact on supply chain on the organisation's working capital and liaises with senior managers to work to ensure financial liquidity to mitigate financial risk. • Evaluates the potential for mergers, acquisitions, takeovers, outsourcing, make-buy decisions and the impact of these on the supply chain. Makes recommendations to the senior management of appropriate courses of action. • Demonstrates a strong understanding of taxation implications and how they affect the organisation and its supply chain. <p>What this means you: As per number 3, in addition can critically assess and monitor these models in relation to risk mitigation and monitor and manage the impact of any external risks on the commercial models (e.g. in relation to rebates). Understanding of the impact commercial models can have at an organisational level and able to report that through management with recommended actions</p>
5	<ul style="list-style-type: none"> • Critically assess short- and long-term commercial models used by the organisation and its supply chain. Draws a clear line-of-sight of the suggested risks of application, aligned with ensuring that the selected models achieve government policy and objectives. • Maximises commercial benefits for Scotland through a deep understanding of the whole commercial life cycle, innovations, new commercial models, and innovative financing options. <p>What this means you: Also is taking a strategic leadership approach on appropriate commercial models used by the organisation as a whole and consider their impact and sustainability at an external and national level.</p>

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7. Early engagement & role of the intelligent client – Commercial and Financial Awareness:

Budgets

Level	Competencies
1	<ul style="list-style-type: none"> ● Is aware of the functional budget and those allocated for their own procurement and supply spend. <p>What this means you: This would be in the context of framework forecast spend values</p>
2	<ul style="list-style-type: none"> ● Takes responsibility for being consciously aware of spend, spend patterns and avoiding overruns, along with managing cash flow. ● Reports on budget to team leader/manager and feeds into the budgetary process, giving an understanding of needs relating to existing and future demand. <p>What this means you: This would be in the context of framework forecast against framework spend, being capable of analysing data and looking for patterns within MI etc. Reporting on this information via procurement reports</p>
3	<ul style="list-style-type: none"> ● Takes responsibility for the management of own delegated budget for team or commodity requirements. ● Is able to manage delegated budget effectively, escalate challenges and issues and monitor continuously. ● Avoids variations and is innovative in leveraging the budget appropriately. Accurately budgets and avoids over budgeting. <p>What this means you: As above but has overarching role for the procurement team, being able to report across the team in areas for example rebates.</p>
4	<ul style="list-style-type: none"> ● Supports the budget setting and development process, working across the function to gather information, data and analysis on forecast budget spend for the forthcoming session. ● Is responsible for monitoring and reviewing workgroup budgets regularly. ● Manages the position on budget overruns and shortfalls and reports on projected budgets based on forecast demand. <p>What this means you: As above but is involved in regular budget/financial planning reviews and supports the organisation's budgetary position (e.g. rebates)</p>
5	<ul style="list-style-type: none"> ● Takes the lead on budget planning and forecasting for the function and works cross-functionally at the senior level to contribute towards budget planning. ● Is personally accountable for knowing and understanding how the business works and the implications of this on how financial decisions are made. ● Ensures financial decisions align with the vision and objectives of the organisation and function and show managerial courage in facing up to budget problems, not being afraid to take affirmative action where appropriate. <p>What this means you: All of the above.</p>