

# PMMS Technical and Professional Competencies

## Overview

1. Procurement Process Management
2. Contract Selection and Legal
3. Supply Chain Analysis
4. Risk Management
5. Negotiation Skills
6. Finance for Supply Chain
7. Contract Management
8. Supply Base Analysis
9. Customer / Client Management

# 1. Procurement Process Management

## DEFINITION

Ensure the effectiveness and continuing development of the procurement process in all phases from identification of business need through to performance measurement. Everyone involved in the process can contribute to value creation. The establishment and modification of processes, strategies and control procedures will result from review and constructive challenge at each stage of the procurement process. The procurement process should have the appropriate strategic context and key elements: Demand Management, Sourcing, Supplier Performance & Measurement, Performance Management, Knowledge Management.

## COMPETENCY STANDARD REQUIRED:

### 4. EXPERT

- Develop and optimise the entire procurement process and seeks opportunities for alignment with other segments and regions
- Lead efforts to develop and standardise process and standards across all geographic & user groups
- Develop the roles of involved parties to maximise performance
- Champion the application of advanced and innovative processes, techniques and strategies
- Frequently sought after for definitive advice on procurement process, cross segment

### 3. AUTHORITY

- Align procurement processes to support business needs and targets
- Apply external knowledge to improve effectiveness to elements of the process
- Represent the Company to Government or Trade Organisations with regards to procurement / supply chain management
- Develop governance processes to provide assurance of procurement processes
- Coach key staff within users, suppliers and external bodies so that maximum value is derived by all processes

### 2. COMPETENT

- Manage the entire procurement process and the key interface issues with users and processes
- Form multi-discipline teams to maximise effectiveness and minimise interface issues
- Identify and recommend improvement to processes and standards
- Apply advanced procurement techniques to maximise value to the business; for example Competence & Congruence Mapping and power mapping for suppliers; or Total Cost of Ownership (TCO)
- Coach other team members regularly around procurement processes

### 1. BASIC

- Apply processes and standards consistently
- Advise users on simple processes and resolves problems such as those relating to routine contracts
- Contribute to outgoing development of procurement processes
- Contribute to efforts to standardise process across user groups, and suppliers

## 2. Contract Selection and Legal

### DEFINITION

Draft, negotiate and agree clear, concise, and complete contractual documentation which identifies roles and responsibilities and makes provision for all aspects of the agreed strategy with reference to process, steps and templates. An understanding of contract law, the business application and its critical success factors, negotiating skills, and the ability to access and apply specialist legal and technical advice, are all required, in order to protect a client's commercial position in such areas as liabilities, indemnities, insurances and warranties. Build flexibility into contracts such that business change and associated requirements can be reflected over the life of the contract. Elements of Contract Execution: Supplier Performance Metrics / Risk Assessment / Risk Mitigation / Exit Strategies / Terms & Conditions.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Recognised as providing expert guidance on the contractual process and documentation. Demonstrate expert knowledge of alternative approaches for wider application
- Provide expertise on contract management for complex, high-risk contracts or major project procurement programmes
- Contribute to development of industry wide model forms of contract
- Lead claims resolutions for major / global contracts

#### 3. AUTHORITY

- Assess impact of major claims and advise on resolution strategy
- Lead highly complex deals such as Joint Ventures (JVs) and alliances. Develop contract forums for global initiatives
- Establish performance-reporting mechanisms
- Advise on key supplier targets and principles for risk management and exit strategies
- Determine and allocate required resources for management of supplier relationships

#### 2. COMPETENT

- Develop clear and concise contractual documentation for more complex or medium risk contracts
- Consider and act on all dimensions of the buy and identifies key risks, including development of exit strategies and Consults specialist legal and technical sources for advice. Balance risk, reward and links to incentives
- Recommend coherent remuneration mechanisms, indemnity and insurance provisions and changes over time
- Advise on methods of control and performance measurements. Build clear understanding of consequences of non-performance and mitigates this risk. Identify and mitigate variation and change claims which arise, resolve conflict with suppliers. Incorporate provisions that allow for performance measurement, continuous improvement and ongoing review
- Coach others around contract execution

#### 1. BASIC

- Utilise standard contractual templates and documentation for routine, low risk contracts. Ensure user needs are fully incorporated
- Minimise client's vulnerability / exposure (Risk Assessment) and implement specialist legal and technical advice
- Contribute to the development of co-ordination procedures and performance measures for routine, low risk contracts
- Support users in the assessment and resolution of minor changes or claims. Prepare contract amendments (for example if costs or market conditions change)

## 3. Supply Chain Analysis

### DEFINITION

The ability to apply knowledge and awareness of supply chain processes and networks to control and optimise operations. The execution of Supply Chain strategy, understanding how the elements integrate and the risks / rewards associated with the integration. Understanding of the concept of activity based costing models, and the primary factors that impact on supply chain complexity and how these impacts on costs.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Drive company-wide business through customer centric KPIs that ensure delivery of the Supply Chain strategy
- Act to minimize overall Supply Chain costs end-to-end and achieve major savings by eliminating all unnecessary inventory in the entire Supply Chain
- Successfully lead multi-category teams in the development, approval and execution of a consolidation strategy.
- Apply a deep knowledge of all the processes within the Supply Chain and how changes in one area impact in all other areas

#### 3. AUTHORITY

- Is seen as a leader in prompting innovative ways to guarantee attainment of HSSE requirements within own and contractor organization
- Develop strategies and tactics to optimise the Supply Chain inside the route to market process. Act to optimise Supply Chain performance within business strategies.
- Actively promote safe and efficient Supply Chain operations, embedding client HSSE culture in all parts of the supply chain including contractor organisations
- Develop models / IT tools to match current performance and projects future options
- Use the data collected to review the end to end Supply Chain operation around the evolving requirements

#### 2. COMPETENT

- Act to optimise individual operational elements through the use of appropriate data, techniques and methods within the context of the overall supply chain. Understand how changes in one process area impact on adjacent areas
- Use models and IT tools to explore the impact of different options within the Supply Chain
- Understand and apply the highest levels of safety in the supply chain environment including contractor staff Able to manage operations in line with agreed metrics
- Understand developing trends and acts through revenue / capex to maximize business position at minimum cost
- Review the build up of own costs in process analysis, and act on the outcomes to further optimise the process

#### 1. BASIC

- Understand all the elements of the supply chain including the basic blending / filling / warehousing / transport operations and major constraints with some basic knowledge of formulations / technology. Use this knowledge in decision making when considering any supply chain issues
- Use the scheduling process and main cost drivers when prioritising actions, knows the KPIs
- Ensure that all elements within the Costing model are current
- Understand the overall Supply Chain strategy

## 4. Risk Management

### DEFINITION

Manage commercial, reputation, ethical and other risks associated with the procurement process to ensure that undesirable consequences of the risks are mitigated. As well as market knowledge and commercial acumen, an understanding of technical integrity assurance and the HSE Management Expectations is particularly valuable. Elements of Risk Management: HSE Assessment / Financial Assessment / Market Analysis / Operational Continuity / Strategic Impact on Business / Brand Values / Ethical Conduct.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Develop a risk strategy and a consistent, sustainable approach to the identification and assessment of risks and opportunities, fully integrated with the overall group business risk assessment processes and implemented through a best practice approach
- Act as a champion for Risk and develop a culture of Risk Management and Mitigation balanced with realisation of future opportunities
- Apply detailed knowledge of Risk Management processes used in other industry sectors. Coordinate and lead Segment approach to management of key risk areas such as major supplier failure
- Provide consulting to the organisation on techniques and actions to manage risks for high value complex projects and relationships

#### 3. AUTHORITY

- Lead development and implementation of risk management techniques at sector level to identify and prioritise risks to business delivery, and to develop and manage action plans to manage the risk
- Coach others on advanced risk management techniques, seeks out best practice and proactively share across the company.
- Ensure appropriate ownership of risk between client and its suppliers
- Ensure the procurement process meets internal and external auditing standards

#### 2. COMPETENT

- Manage and advise on key risks at a contract level, involving and facilitating appropriate input from legal, HSE, technical and commercial specialists
- Implement appropriate measures to identify risks on an ongoing basis
- Keep abreast of project risk and opportunity management activities and developments in the marketplace
- Ensure a consistent approach to risk is adopted, with risks time-phased and allowances released back to the business when appropriate

#### 1. BASIC

- Utilise standard contractual provisions to mitigate business risk
- Apply simple risk management techniques to routine contracts, that is, understanding level of risk, probability and manageability
- Input to Risk & Opportunity reporting mechanisms
- Identify assumptions inherent in options

## 5. Negotiation Skills

### DEFINITION

Identify and agree the division of value and risk with third parties. Plan the negotiating strategy, utilising leverage, identifying the risks and developing options to close a contract successfully. Use a wide range of influencing styles in order to execute negotiations with third parties. There are significant opportunities for negotiating and influencing in the following steps: Requests for Information (RFIs), Requests for Proposals (RFPs), Requests for a Quote (RFQs), Bidding process, Contract award.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Viewed as lead negotiator within client and is consulted on process and tactics
- Lead negotiations for large, complex, global deals
- Gather and apply leading edge negotiating thinking and practice across client's organisation
- Share knowledge of negotiating proactively and encourage development of best practice in complex negotiating and influencing techniques

#### 3. AUTHORITY

- Lead multi-discipline negotiating teams in complex negotiations (at global or cross-Segment level) consulting and engaging Legal, GPA and other internal stakeholders
- Demonstrate full understanding of negotiation dynamics and consistently utilise successful negotiating and influencing behaviours
- Coach and support team members for simple negotiations, providing feedback on influencing and negotiating styles to help others improve
- Segment the negotiation in order to deliver the best deals for client, ensuring a broad and longer-term view of value is taken

#### 2. COMPETENT

- Develop negotiating briefs and set stretching but achievable boundaries for the negotiation
- Research the key risks and timing issues present for each negotiation
- Plan and lead a limited issue business negotiation with a third party, understanding the third party's strategy
- Adapt own negotiating and influencing behaviours throughout the process to keep it moving forward.

#### 1. BASIC

- Recognise the issues and options, makes an assessment of the arguments, and use to provide information and advice for the negotiating team
- Play a supporting role in negotiations and can identify negotiating and influencing behaviours and tactics
- Negotiate for simple groups of commodities with support from team leader / manager
- Demonstrate different influencing styles in different situations in order to achieve positive results in negotiations

## 6. Finance for Supply Chain

### DEFINITION

Undertake a meaningful financial appraisal and assessment of risk within a market and utilising this information in planning, control and decision making. Ability to understand costing methods and cost make-up and analyse financial information as part of Procurement strategy. There is a requirement to interpret financial ratios and the interrelationships of financial statements, etc. to assist with the creation of appropriate conclusions. Conducting economic and financial analysis and ensure models provide insight into make or buy decisions and price negotiation strategies.

Monitor and ensure compliance with Financial and Finance-related Corporate and Company policy, and statutory regulations. Monitor customers' and suppliers' business/trading situation to avoid bad risks.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Provide value-added recommendations based on the interpretation of financial information
- Develop and employ cost models which reflect true contract costs
- Anticipate financial loopholes in company practice and implement preventative measures
- Know enough about Project Planning techniques to set financial milestones to major Company initiatives and apply monitoring/ control techniques to meet them

#### 3. AUTHORITY

- Demonstrate an ability to define and use financial information in planning, control and decision making
- Demonstrate an ability to assess and analyse financial information as part of Procurement strategy
- Liaise with Treasury function in Cash Management and with Insurance suppliers to optimise efficiency and ensure coverage
- Set up and maintain sound accounting policies and practices
- Vet significant client or customer contracts

#### 2. COMPETENT

- Demonstrate an ability to undertake a meaningful financial appraisal of a supply base and assessment of risk
- Undertake financial ratio analysis and can provide interpretation of the outcome in terms of the wider market
- Monitor compliance with Corporate and Company policy over wide range: including signatory authority and delegation levels, bad risk analysis of customers and suppliers before / during contract and financial conflicts of interest for those who deal with them
- Internal audit against department policy and procedure
- Monitor spend and alert if outside established limits
- Provide statutory reports at operating company level

#### 1. BASIC

- Demonstrate an ability to understand supply chain cost drivers and suppliers' cost breakdowns
- Consult expert practitioners regarding more complex finance issues
- Identify significant variances from budget to actual costs, or from financial aspects of Company policy
- Check commissions claimed are valid and paid
- Check that supplier and customer payment terms are observed

## 7. Contract Management

### DEFINITION

Establish robust contract management systems. Successful contract management will add value to the contract delivery by providing review and feedback, assessing contractual compliance by both parties, establishing appropriate and effective key performance indicators, managing any disputes in a timely, appropriate and effective manner, identifying continuous improvement opportunities, and liaising with stakeholders to ensure that their business needs are met and developed.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Analyse supplier performance data to recommend and implement strategic actions that deliver significant improvements in business performance in a major market sector
- Consulted from across the business to support development of strategic or high-risk contracts & relationships
- Understand Contract Management processes applied in other industry sectors and applies learning to Segment / Group

#### 3. AUTHORITY

- Lead development and implementation of innovative performance and measurement metrics and incentive schemes
- Establish performance-reporting mechanisms to demonstrate progress to delivery for major sector strategies.
- Recommend implementation of performance improvement incentives
- Liaise closely with users on the development and implementation of management systems for large value, medium risk contracts

#### 2. COMPETENT

- Utilise tools to drive analysis of a wide variety of information relating to medium / high value contracts
- Understand business levers (price / volume / Total Cost of Ownership - TCO), and propose supplier development programmes, establishing appropriate conditions of satisfaction (Key Performance Indicators – KPIs)
- Coordinate a holistic approach to Contract Management with users' involvement and is a lead participant of a cross functional team
- Work closely with suppliers to identify their business objectives and cost drivers
- Manage the resolution of contractual disputes

#### 1. BASIC

- Develop supplier relationships for simple goods and services to meet business needs. Contributes to the establishment of relationship objectives, with input from users and suppliers
- Provide support to cross-functional sector teams

## 8. Supply Base Analysis

### DEFINITION

Evaluate suppliers & supply markets in a manner consistent with market sector strategies: that is, ensure appropriate alignment between the supplier and client. Manage appropriate supply base analysis processes, identify and implement optimal supplier selection processes. Utilise tools and technology where appropriate, for example Porter's Five Forces, PESTLE. An integral part of this competence is the ability to work with accountable line management and others (including legal, financial, technical integrity and HSE specialists) to establish a comprehensive assessment of the suppliers under consideration, including compliance with client's HSE policies, full & robust external market analysis, financial analysis, supplier selection, supplier segmentation, developing award criteria, risk mitigation.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Demonstrate expert knowledge of supply base analysis, supplier evaluation and selection techniques
- Ensure application of industry best practice and provide assurance to the process
- Bring the external perspective to client (cross-Segment, globally), based on a deep understanding of practices from other industry sectors
- Lead development of supply base strategy, aligned with major market sector and including HSSE requirements, obtaining expert input through partnership with technical or commercial specialists

#### 3. AUTHORITY

- Co-ordinate full commercial, technical and contractual evaluation of a specific market, including full market supply chain cost structure evaluation
- Develop and implement innovations to supply base analysis, supplier evaluation and selection processes across the organisation
- Set the framework for differentiated contract negotiation, specific to individual market requirements
- Brief and debrief third parties for complex, or cross-functional awards

#### 2. COMPETENT

- Manage large value, complex markets, conducting analysis, pre-qualification and selection processes (e.g. major equipment packages, service contracts) applying procurement processes and tools to ensure best practice
- Develop standard market analysis processes for routine contracts and obtain qualification and award criteria
- Assist in developing qualification and assessment criteria for internal teams and their specific markets
- Negotiate contractual and commercial qualifications, ensuring auditability and adherence to individual market requirements

#### 1. BASIC

- Assist in the evaluation against market analysis, qualification and award criteria and check with technical authorities
- Demonstrate ability to conduct supply base analysis activities, evaluate risk and determine if mitigation plans are required
- Consult expert practitioners regarding more complex supplier base issues
- Utilise industry supplier databases as part of the market evaluation and supplier selection process in order to better understand the supply base

## 9. Customer / Client Management

### DEFINITION

Determine & implement appropriate management of internal relationships, utilising stakeholder mapping. Awareness of the importance of working in cross-functional teams as an aid for decision-making. Awareness of how the function can raise its own profile through a strategy of internal procurement marketing, and improved and effective communications. Build relationships with internal and external customers so that the Company is able to anticipate, learn of, understand and meet customer requirements. Choose appropriate methods of communication to impart information and promote client understanding of our capabilities.

### COMPETENCY STANDARD REQUIRED:

#### 4. EXPERT

- Live the belief with customers that we can deliver. Know when clients are not giving the full picture on their intentions, particularly in bid situations
- Deal at the most senior level within client to influence across a large spectrum of functions and groups.
- Work with the highest levels of integrity – always balancing the needs of customers and Suppliers
- Able to say “No” to customers, but still strengthen relationships

#### 3. AUTHORITY

- Interact effectively with heads of functions at a senior level
- Provide simple lobbying support for issues of importance to procurement and client
- Build and maintain close working relationships that produce results with key contacts at the appropriate levels within the customer organisations.
- Passionate about the need to maintain effective and professional working relationships that deliver value to the customer
- Take ownership of problems, turn them into opportunities to strengthen customer and supplier loyalty
- Recognise and evaluate customers’ interest levels expressed openly or in non-verbal behaviour
- Know and understand customer business and objectives to build and promote long-term relationships of benefit to the customer and supply chain

#### 2. COMPETENT

- Participate on committees, teams, etc. internally that lend opportunity to improve relationships.
- Actively communicate and share information with internal stakeholders
- Create a positive self and company image with customers to build credibility
- Involve the customer in identifying solutions using a consultative approach
- Get close to customers: credible on interpersonal as well as technical levels
- Recognised by customers as adding value
- Able to deal effectively with customers to safeguard project schedules and the Company’s technical / commercial interests
- Able to represent Company positively to client representatives, to relate project benefits to clients’ commercial advantage, to explain technical ideas clearly and simply to customers

#### 1. BASIC

- Actively communicate and share information with internal stakeholders
- Positive in customer liaison: developing ability to use project communications methods effectively
- Understand customer requirements and processes; produce clear internal reports and documents.
- Handle routine contact confidently
- Assist in preparing for client meetings, presentations, anticipating client needs