

Specification of Competency Standards
for the Jewellery Industry
Unit of Competency

Functional Area - Operational Management

Title	Formulate comprehensive procurement strategies and performance requirements
Code	108867L6
Range	This unit of competency is applicable to practitioners responsible for formulating strategies in the work related to operational management in the jewellery industry. Practitioners should be capable of making critical analysis and judgment. They should also be able to analyze the jewellery market and the new information about procurement, and assess the procurement resources and efficiency of the organization, so as to formulate comprehensive procurement strategies and performance requirements to meet the business development of the organization while reducing excess inventory and achieving the maximum return on investment.
Level	6
Credit	9
Competency	<p>Performance Requirements</p> <p>1. Know about the formulation of procurement strategies</p> <ul style="list-style-type: none"> • Know about the functions and responsibilities of the procurement department of the organization • Know about procurement strategies and their importance to the profitability of the organization • Master procurement knowledge, such as: <ul style="list-style-type: none"> ○ Supplier relationship management ○ Total quality management ○ Risk management ○ Global procurement ○ Environmental procurement ○ Supplier development • Know about the concept of jewellery categories, including: <ul style="list-style-type: none"> ○ Consumer decision tree ○ Sales space and resource allocation ○ Roles and strategies of products • Know about the application of the five rights principle <ul style="list-style-type: none"> ○ The right supplier ○ The right price ○ The right quantity ○ The right quality ○ The right time • Know about the importance of payment method and capital flow to procurement strategies • Master the steps of the procurement cycle • Know about market demand and supply and its relation with the comprehensive procurement strategies <ul style="list-style-type: none"> ○ Know about new information on the supply and selling markets of jewellery materials ○ Master new information on the jewellery market and its relation with the comprehensive procurement strategies • Know about the laws and the legal requirements related to procurement in the operating territories <p>2. Formulate comprehensive procurement strategies and performance requirements</p> <ul style="list-style-type: none"> • Conduct analysis related to procurement, including:

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	<ul style="list-style-type: none"> ○ Analyze the organization's procurement process and conduct benchmarking analysis in the industry to determine its effectiveness, such as: <ul style="list-style-type: none"> ▪ Impact on operating needs ▪ Supplier relationship ▪ Procurement criteria/specifications ▪ Comprehensive inventory management model ○ Analyze the standard of a supplier based on the passing rate of the incoming materials and the on-time rate ○ Analyze the status of the surrounding supply market and examine the possibility and applicability of cross-regional or even global procurement ○ Analyze the sales and inventory records of retail products to ensure adequate supply without overstocking ○ Conduct SWOT analysis and competitive analysis to strengthen the competitiveness of the jewellery products in the outlets (e.g. promotions, pricing and locations), so that the sales of goods can outperform competitors ● Formulate comprehensive procurement strategies, including: <ul style="list-style-type: none"> ○ Determine the procurement strategies in order to support the organization's overall business, such as: <ul style="list-style-type: none"> ▪ Economical procurement ▪ Environmental procurement ▪ Centralized procurement ▪ Fair trade ▪ Specific quality management requirements ○ Find suitable new procurement methods, such as electronic procurement ○ Formulate new procurement strategies according to the organization's business strategies, the "five rights" procurement criteria and the legal requirements, and confirm the support of manpower, financial and other resources ○ Establish the comprehensive inventory management model, the monitoring method and performance requirements ● Formulate procurement strategy performance requirements <ul style="list-style-type: none"> ○ Formulate key performance indicators for the procurement strategies to measure the effectiveness of the procurement process ○ Formulate a proper procurement system and measure, and review the procurement strategies to prevent abuse of power or corrupt practices ● Monitor and control the implementation of the comprehensive procurement strategies and the performance requirements ● Regularly review and improve the procurement strategies <p>3. Professionalism</p> <ul style="list-style-type: none"> ● Ensure that the procurement strategies are in the interests of the organization ● Comply with the legal requirements and professional ethics related to procurement when formulating procurement strategies, with the prerequisite that the interests of the organization will not be harmed
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> ● Able to analyze and assess the jewellery market and the new information about procurement despite the lack of complete or consistent data/information, and plan and manage procurement plans, so as to effectively formulate comprehensive procurement strategies and performance requirements to meet organizational development; ● Formulate key performance indicators for the procurement strategies to measure the effectiveness of the procurement process; and

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	<ul style="list-style-type: none">• Formulate a proper procurement system and measure, and review the procurement strategies to prevent corrupt practices such as seeking personal gains.
Remark	