

**Specification of Competency Standards**  
**for the Retail Industry**  
**Unit of Competency**

Functional Area - Purchasing and Logistics Management

Title	Manage relationship with suppliers
Code	104982L5
Description	This unit of competency (UoC) is applicable to the purchasing department of the retail industry. It requires judgement and analysis. It covers the abilities to analyze and assess suppliers' information, and manage relationship with suppliers including management of purchase agreement, resolution of conflicts, and monitoring of suppliers, in order to ensure that the delivery of goods is correct in quantity and punctual.
Level	5
Credit	6 ( For Reference Only )
Competency	<p>Performance Requirements</p> <p>1. Knowledge of supplier management</p> <ul style="list-style-type: none"> <li>• Understand the organization's procedures and policy guidelines related to purchasing, tender invitation, and contract signing (including limit of authority and monitoring measures)</li> <li>• Understand the organization's guidelines on supplier selection</li> <li>• Understand the organization's policies and guidelines on contract negotiation</li> <li>• Understand methods of monitoring and assessing performance of suppliers</li> <li>• Understand by what method/mechanism the organization uses to monitor the quality of goods provided by suppliers</li> </ul> <p>2. Manage relationship with suppliers</p> <ul style="list-style-type: none"> <li>• Analyze and classify suppliers e.g. <ul style="list-style-type: none"> <li>○ Scale of the organization</li> <li>○ Types/quality of goods provided</li> <li>○ Business expansion</li> <li>○ Background, etc.</li> </ul> </li> <li>• Analyze suppliers' production costs and evaluate the production condition in order to formulate appropriate purchasing strategies</li> <li>• Regularly update changes in suppliers' organization information</li> <li>• Understand suppliers' organization structure, decision making process, etc.</li> <li>• Assess suppliers' financial risks and their sustainability and formulate corresponding strategies and contingency plans</li> <li>• Increase transparency in tender invitations or contract negotiations to ensure a mutual understanding of all contractual terms and conditions.</li> <li>• Monitor suppliers' performance and give opinions on the following to improve cooperative relationship <ul style="list-style-type: none"> <li>○ Quality of goods</li> <li>○ Delayed delivery</li> <li>○ Arrangement for return of goods</li> <li>○ Understand terms for return of goods (e.g. the return is due to problems related to transportation / packaging, etc.)</li> <li>○ Faulty invoices, etc.</li> </ul> </li> <li>• Establish sound communication channels with suppliers and maintain good cooperative relationship <ul style="list-style-type: none"> <li>○ Respect</li> <li>○ Trust</li> <li>○ Justice and integrity</li> <li>○ Mutual benefits</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"><li>○ A business partner</li></ul> <p>3. Exhibit professionalism</p> <ul style="list-style-type: none"><li>• Ensure that benefits of the organization will not be harmed, which is a prerequisite when entering into a partnership with suppliers, in order to achieve a win-win situation</li><li>• Ensure that professional conduct has been upheld in the cooperative relationship with suppliers</li><li>• Prevent any abuse of power or malpractice, such as abuse / misappropriation of the organizational assets and theft, in a professional manner</li></ul>
Assessment Criteria	<p>The integrated outcome requirements of this UoC are the abilities to:</p> <ul style="list-style-type: none"><li>• Master the business characteristics of suppliers; and</li><li>• Manage relationship with suppliers effectively, and establish sound communication channels with suppliers for mutual benefits.</li></ul>
Remark	