



# Procure

new skills



## Procurement and Supply Skills Training Portfolio

DELIVERED BY CIPS FOR BUSINESS

# Commodity Management



## Is it right for me?

Does your organisation buy raw materials directly or indirectly within the supply chain? Do your suppliers quote short-term prices that seem to fluctuate widely?

Is a significant quantity of your procurement undertaken in a different currency?

If so, then the Fundamentals of Commodity Management course is for you. This one-day course will help you to develop a basic awareness of commodity products and currency management.

## What will I learn?

As part of this course, you will have access to pre and post work activities online to help you prepare and reflect on your training. You will learn about the core features and values generated from commodity and currency markets. This will include exploring market dynamics, market drivers and what tools exist to help you research such markets. You will look at how the drivers for organic and inorganic markets differentiate and use recognised tools to assess the commodity market behaviour. This course uses some specific commodity case studies e.g., coffee, oil, and currency to explore what is happening real-time and how this learning can apply to other commodities.

## What are the learning objectives?

By the end of this course, you will be able to:

- Outline the core features and values generated from a commodity and currency market
- Explain the concept of the market itself, the market dynamics and market drivers
- Differentiate between the drivers in an organic and inorganic market
- Evaluate the drivers within different commodities
- Explore the consequences of supply and pricing of external STEEPLED factors
- Know how to capitalise upon opportunities and defend against risks in commodity procurement

## Agenda

Online pre-work should be completed before your first session

The virtual room will open 15 minutes before your session

## Introductions and Aspirations followed by a discussion on pre-work activities

### Session 1

Defining the scope, categorising commodity types, currency and equities and vocabulary of commodity management:

- The difference between hard, soft and fiscal commodities
- Procurement of commodities in manufacturing
- Understanding commodities in pricing and negotiation
- Political, global, projected scarcity weather patterns, climate, and natural impactors
- The impact of the economy, currency, regulators, and legislation

### Session 2

Management of commodity and market risk

- Evaluating and quantifying risk and risk appetite
- Currency fluctuations and trading strategies
- Spot, options (traded and traditional), futures, offsets, and other forms of hedging
- Environment and Market Analysis (SWOT, STEEPLED, Porters 5 forces)

### Session 3

What factors affect the supply of:

- Group A – A hard commodity (Oil)
- Group B – A soft commodity (Coffee Beans)
- Group C – A fiscal commodity (US Dollars/ Euros)

### Session 4

Development of a commodity strategy reflecting an organisation's projected demand requirement, the specific commodity, the market forecasts, as well as the risk appetite of the wider business:

- Typical contents of a commodity management strategy
- Managing your commodities as projects (setting up timelines and deliverables)
- Developing performance measures (balanced scorecards, KPIs, benchmarking)

## Review of the Day

## What's next?

# Spot on training

A man with a beard and short hair, wearing a blue shirt and a dark blue sweater, is shown in profile looking to the right. A glowing white circle is positioned behind his head, which serves as the letter 'o' in the word 'on' of the main title.

## About CIPS, the Chartered Institute of Procurement & Supply

### The professional body

CIPS, a not-for-profit organisation that exists for the public good, is the voice of the profession, promoting and developing high standards of skill, ability and integrity among procurement and supply chain professionals.

### Quality guaranteed

Our qualifications are recognised by OFQUAL in England and regulators in various countries, demonstrating that they meet specific quality standards.

### The Global Standard

CIPS Global Standard in Procurement and Supply, which is freely available, sets the benchmark for what good looks like in the profession.

### A commercial organisation

CIPS helps governments, development agencies, and businesses around the world to excel in procurement and supply, supporting them to improve and deliver results and raise standards.