



Exam Specification

Certified Professional in Supplier Diversity® (CPSD™)

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Definition of Supplier Diversity

Diversity signifies variety, including variety in the ownership of organizations. In supply management, diversity typically means an organization's efforts to include different categories of suppliers in its sourcing process and active supply base and to address opportunities and challenges that arise from differences and similarities

Source: ISM Glossary of Key Supply Management Terms

Certified Professional in Supplier Diversity®

The Certified Professional in Supplier Diversity® (CPSD™) is a certification for supply management professionals whose responsibilities include supplier diversity and business professionals with responsibility for strategic diversity initiatives within their organization. The content of the CPSD™ Exam is based on the findings of a job analysis of supplier diversity positions. The 120 question exam tests on the results of this analysis including policies and planning, Sourcing/supplier development, finance/budgeting, metrics/oversight, training and development and advocacy/marketing/outreach.

Policies and Planning

SD-A-1

Develop, implement and integrate short-term and long-term supplier diversity programs and initiatives in congruence with organizational objectives.

- 1) Goal-setting
- 2) Methods to capture supplier diversity data
- 3) Benchmarking best practices
- 4) Market analysis
- 5) Technological skills
- 6) SWOT analysis
- 7) Elements of a strategic supply plan
- 8) Elements of an operating plan

SD-A-2

Integrate supplier diversity programs with other corporate diversity and business initiatives.

- 1) Organizational strategic goals (from board of directors or CEO, to the entire enterprise)
- 2) Cross-functional teams
- 3) Supplier diversity councils
- 4) Ethical issues
- 5) *ISM Principles of Social Responsibility* and audit
- 6) Financial impact
- 7) Risk/benefit to the business

SD-A-3

Consult with and advise senior management on developing and integrating strategies into business practices with diverse suppliers.

- 1) Negotiation skills
- 2) Methods of communication
- 3) Project management
- 4) Budget analysis
- 5) Strategic planning
- 6) Strategic alliances
- 7) Supply management organization mission, processes, capabilities
- 8) Corporate process and organizational dynamics
- 9) Influence
- 10) Internal negotiations and synergies

SD-A-4

Consult with and advise stakeholders on developing and integrating supplier diversity initiatives into business practices and identifying new opportunities for diverse suppliers.

- 1) Proposal process
- 2) Matchmaking events
- 3) New and emerging markets

SD-A-5

Integrate supplier diversity in organization mission, vision and commitment statements or the overall business strategy.

- 1) Vision/mission statement
- 2) Executive buy-in
- 3) Short- and long-range plans
- 4) Organization accountability
- 5) Gantt chart
- 6) Public relation skills/policies
- 7) Cost/benefit analysis

SD-A-6

Develop and manage relationships with internal teams.

- 1) Span of influence
- 2) Feedback techniques
- 3) Confidentiality
- 4) Meeting dynamics
- 5) Organizational functional requirements
- 6) Concepts of a supply management department
- 7) Internal organization conditions related to sourcing strategies
 - a) Operational strategies
 - b) Financial strategies
 - c) Marketing strategies
 - d) Supply strategies
 - e) Technology strategies
- 8) Market analysis
- 9) Communication plan

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Sourcing/Supplier Development

SD-B-1

Develop strategies and procedures for integrating diverse suppliers into the strategic sourcing process.

- 1) Supplier certification process
- 2) Supplier scorecard
- 3) Outreach and marketing plans
- 4) Business strategies
- 5) Economic and market forces
- 6) Concepts of a supply management department process

SD-B-2

Recommend and qualify diverse suppliers to the sourcing team.

- 1) Supplier certifications
- 2) Referral process
- 3) Best practices
- 4) Contract modifications

SD-B-3

Develop and maintain successful relationships with diverse suppliers, which could include resources, coaching and mentoring.

- 1) Mentor-Protégé program
- 2) Sponsorship
- 3) Supplier recognition and awards
- 4) Strategic sourcing team
 - a) Intellectual capital
 - b) Capacity building/access

SD-B-4

Establish internal qualifications and create systems for screening diverse businesses.

- 1) Data evaluation and analysis
- 2) Third-party certification organizations
- 3) Central Contractor Registration (CCR)
- 4) Small Business Administration
- 5) Diverse chambers of commerce
- 6) State/local diverse business enterprise programs
- 7) Global initiatives

SD-B-5

Monitor new and existing business, contracts and bidding schedules in an effort to identify opportunities for diverse suppliers.

- 1) Proposal process
- 2) Contract expirations
- 3) Internal sourcing teams
- 4) Bidding schedules
- 5) Spend analysis

SD-B-6

Identify and attend industry-related conferences and other functions to source qualified diverse suppliers.

- 1) Internal/external opportunity fairs
- 2) Strategic outreach efforts
- 3) Small business conferences
- 4) Professional sourcing services

Finance/Budgeting

SD-C-1

Define and justify return on investment (ROI) for supplier diversity programs to appropriate stakeholders.

- 1) Basic financial reporting
- 2) Forecasting
 - a) Spend analysis
 - b) Cost savings analysis
- 3) Establish and effectively communicate business case
- 4) Benchmarking
- 5) Customer compliance reporting

SD-C-2

Establish annual diverse spend goals and targets.

- 1) Goal-setting
 - a) By category
 - b) By business unit
- 2) Projections
- 3) Monitoring performance
- 4) Statement of work (SOW)
- 5) Industry analysis

SD-C-3

Develop budget and financial support for organization diversity initiatives.

- 1) Purpose of a budget
- 2) Steps in budgeting
- 3) Types of budgets
- 4) Budget management

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Metrics/Oversight

SD-D-1

Design, install and maintain metrics to measure and report the performance of diverse suppliers throughout the sourcing process.

- 1) Regulatory requirements for records management
- 2) Domestic and international regulatory requirements
 - a) Local issues/requirements
 - b) Government definition of “diverse”
- 3) Organizational financial reporting policies
- 4) Metric software/tools
- 5) Reporting requirements

SD-D-2

Monitor progress toward meeting goals and objectives and measuring success, and recommend directional changes or actions.

- 1) Legal aspects of various supplier diversity processes
 - a) Uniform Commercial Code (UCC)
 - b) Antitrust and Trade Regulation
 - c) Regulation of Federal Procurement and Public Projects
 - i) Federal Acquisition Regulations (FAR)
 - ii) Small Business Act
 - d) Regulation of international commerce
 - e) Sarbanes-Oxley (SOX)
- 2) Agency regulations/rulings (industry-specific)
- 3) Other related country/federal/state/local laws
- 4) Corrective action process
- 5) Growth assessment
- 6) Surveys

Training and Development

SD-E-1

Provide training on diverse supplier sourcing principles, including organizational and government requirements.

- 1) Supplier diversity business case
- 2) Gap analysis
- 3) Federal Acquisition Regulations (FAR) requirements
- 4) State and local procurement requirements
- 5) Compliance metrics
- 6) Best practices and trends
- 7) How to integrate supplier diversity into sourcing process
- 8) Design and implement training programs
 - a) Orientation
 - b) On the job
 - c) Classroom/web training/self paced

SD-E-2

Provide training on procurement processes and business development to diverse suppliers.

- 1) Organizational procurement policies and procedures (e.g. RFx, contracting, etc.)
- 2) Business development training

Advocacy/Marketing/Outreach

SD-F-1

Develop communication plan, marketing tools and rewards/recognition systems to promote supplier diversity.

- 1) Online vehicle (intranet, external website, social networking, etc.)
- 2) Printed materials (e.g., annual reports)
- 3) Promotional items
- 4) Awards
- 5) Recipients of communications
 - a) Senior management
 - b) Internal customers
 - c) Suppliers
 - d) Community organizations
 - e) Other stakeholders

SD-F-2

Plan, organize, conduct and participate in organization-sponsored diversity presentations and events.

- 1) Presentation skills
- 2) Event planning
- 3) Professional representation/spokesperson skills
- 4) Professional and trade associations

Foundation of Supply Management

The Foundation of Supply Management exam tests several traditional areas of concern for supply management, from a leading-edge perspective, in 165 questions. From contracting and negotiation, cost and finance, and international business, to social responsibility, sourcing and supplier relationship management each task is essential to establish a solid foundation and maintain an effective supply chain within any organization.

Contracting and Negotiation

1-A-1

Prepare solicitations for competitive bids, quotations and proposals with pertinent specifications, terms and conditions.

Knowledge of:

- 1) Methods of communicating attributes of a product or service
- 2) Types of solicitations and bids
- 3) Requests for information (RFI)
- 4) Bidder's conferences
- 5) General solicitation procedures and concepts
- 6) Terms and conditions of solicitations and offers
- 7) Bonds and other types of surety
- 8) Problems related to the solicitation and receipt of offers

1-A-2

Prepare for and develop strategies and tactics for negotiations, including definition of roles and responsibilities of team members.

Knowledge of:

- 1) Preparations for negotiations
- 2) Negotiation philosophies

1-A-3

Lead/conduct/support negotiations with suppliers to obtain desired results.

Knowledge of:

- 1) Negotiation strategies and tactics
- 2) Special considerations in conducting negotiations

1-A-4

Manage the preparation and/or issuance of contracts/purchase orders/agreements.

Knowledge of:

- 1) Elements of a contract
- 2) Types of obligation documents
- 3) Purchase orders
- 4) Binding and nonbinding letter instruments
- 5) Contract/agreement types
- 6) Purchase order confirmations and acknowledgments
- 7) Considerations in preparing obligation documents
- 8) Statement or scope of work (SOW)

1-A-5

Administer contracts/purchase orders from award to completion or termination.

Knowledge of:

- 1) Contract administration concepts
- 2) Supplier management concepts
- 3) Conflict/dispute resolution
- 4) Termination options

Cost and Finance

1-B-1

Prepare and/or administer a supply management department budget.

Knowledge of:

- 1) Budgeting's relationship to the strategic and operational plans
- 2) Steps in budgeting
- 3) Purposes for a budget
- 4) Types of budgets

1-B-2

Develop cost management program strategies for purchases.

Knowledge of:

- 1) Cost savings
- 2) Issues to be considered when establishing a cost management program
- 3) Value analysis/value engineering processes
- 4) Cost modeling
- 5) Standard cost setting
- 6) Product cost roll-up
- 7) Margins
- 8) Contribution to profit
- 9) Cost of poor quality
- 10) Cost of inventory
- 11) Intangible costs
- 12) Total cost of ownership (TCO)
- 13) Other forms of cost management

Foundation of Supply Management

1-B-3

Identify savings potential and opportunities and strategies for specific categories through spend analysis.

Knowledge of:

- 1) Sources of data
- 2) Data mining tools
- 3) Cost baseline
- 4) Implementation processes and outcomes
- 5) Segmentation and categorization of spend

1-B-4

Perform cost/benefit analyses on acquisitions.

Knowledge of:

- 1) Definition of "total cost of ownership"
- 2) Direct costs
- 3) Indirect costs
- 4) Carrying costs
- 5) Should costs
- 6) Target cost
- 7) Relevant vs. irrelevant costs
- 8) Overhead
- 9) Opportunity costs
- 10) Financial analysis tools
- 11) Lease or buy analysis

1-B-5

Develop financing and leveraging strategies for purchases.

Knowledge of:

- 1) Cash flow
- 2) Interest rates
- 3) Payment terms
- 4) Depreciation
- 5) Market conditions
- 6) Commodity markets
- 7) Bond and currency markets
- 8) Regulations
- 9) Tax Laws
- 10) Import/export quotas
- 11) Supplier financing
- 12) Equity investment
- 13) Centralized, decentralized and hybrid buying
- 14) Cooperative purchasing
- 15) Consortia

International

1-C-1

Identify and assess international markets to source goods and services.

Knowledge of:

- 1) Cultural awareness
- 2) Issues in global business
- 3) Infrastructure
- 4) Risk assessment
- 5) Cost benefit and opportunity analysis

1-C-2

Develop international sources of materials and services.

Knowledge of:

- 1) Research and benchmarking of potential global suppliers
- 2) Financial issues
- 3) Development of a business case/plan
- 4) Contingency plans and exit strategies
- 5) Country-specific governmental regulations (e.g., customs, import/export, trade agreements)
- 6) Brokers and import merchants
- 7) Trade networks/trading companies
- 8) Logistics
- 9) Quality assurance and regulatory compliance

1-C-3

Develop and maintain documentation regarding cross-border transactions.

Knowledge of:

- 1) Governmental regulations pertaining to restricted parties and countries
- 2) Customs requirements
- 3) Broker management

Foundation of Supply Management

Social Responsibility

1-D-1

Develop and act upon a code of business conduct for the supply management function and external suppliers.

Knowledge of:

- 1) ISM *Principles and Standards of Ethical Supply Management Conduct*
- 2) ISM *Principles of Sustainability and Social Responsibility*
- 3) Organizational policies
- 4) Industry codes of conduct
- 5) International issues
- 6) Communication and training to key stakeholders
- 7) Laws governing issues in ethics
- 8) Customer-driven requirements

1-D-2

Establish and monitor environmentally responsible and compliant programs throughout the supply chain and life cycle.

Knowledge of:

- 1) Environmental laws and regulations
- 2) Risk transfer
- 3) Ethical issues
- 4) Auditing
- 5) Organization values and policies
- 6) Purchase of recycled materials
- 7) Minimization of waste
- 8) End of life cycle

1-D-3

Implement, monitor and promote organizational and supply chain safety policies and procedures.

Knowledge of:

- 1) Laws and regulations
- 2) Policies and procedures
- 3) Supplier and subcontractor safety (e.g., safety history)
- 4) Customer-driven requirements

Sourcing

1-E-1

Analyze potential sources of goods and/or services.

Knowledge of:

- 1) Supply base analysis
- 2) Nature of sources and their effects on procurement
- 3) Existing vs. new sources

1-E-2

Evaluate competitive offerings to determine the overall best offer for a product/service.

Knowledge of:

- 1) Decision matrix and multi-attribute evaluation tool
- 2) Receiving, controlling and analyzing offers
- 3) Offer responsiveness
- 4) Technical analysis
- 5) Operational analysis
- 6) Cost and price analysis
- 7) Offeror capability and offeror responsibility
- 8) Transportation terms
- 9) Other factors

1-E-3

Plan and communicate sourcing and supply strategies based on forecast data.

Knowledge of:

- 1) Buying strategies
- 2) Financial tools
- 3) Forecasts of volume
- 4) Factors in the selection of the method of procurement

Supplier Relationship Management

1-F-1

Identify opportunities and benefits for rationalizing the supply base.

Knowledge of:

- 1) Strengths, weaknesses, opportunities and threats (SWOT) analysis
- 2) Data mining tools
- 3) Supplier categories
- 4) Supplier segmentation

Foundation of Supply Management

1-F-2

Develop/manage effective relationships with suppliers.

Knowledge of:

- 1) Benefits of good supplier relations
- 2) Confidentiality policies
- 3) Ways of promoting good relations and trust
- 4) Issues in supplier product education and involvement
- 5) Issues in reciprocity
- 6) Concepts of continuous improvement
- 7) Supplier partnerships/strategic alliances
- 8) Reverse marketing/supplier development
- 9) Supplier mentorship
- 10) Early supplier involvement
- 11) Supply chain management
- 12) Supply base innovation

1-F-3

Develop/implement a supplier diversity program.

Knowledge of:

- 1) Rationale in developing programs
- 2) Sources of information on socially or economically disadvantaged suppliers
- 3) Independent certification of diverse suppliers
- 4) Program elements

1-F-4

Develop new supplier qualification plans and reports to assure components, materials and suppliers meet specified requirements (regulatory, safety, reliability, quality).

Knowledge of:

- 1) Customer communication/customer relationship management (CRM)
- 2) Supply chain mapping
- 3) Quality systems
- 4) Logistic systems
- 5) Financial analysis
- 6) Methods of requirements gathering
- 7) Supplier evaluation measures
- 8) Contingency plans

1-F-5

Conduct supplier performance evaluations.

Knowledge of:

- 1) Factors used to analyze a supplier's ability to perform
- 2) Issues in conducting site visits
- 3) Evaluating changes within the supplier organization

1-F-6

Develop and execute supplier exit strategies.

Knowledge of:

- 1) Internal considerations
- 2) External considerations
- 3) Associated risks
- 4) Community concerns