
Overview

This standard is about negotiating and managing contracts with suppliers to logistics operations involved in international trade. Where relevant, contracts may also include some form of manufacturing. A "tooling" agreement may need to be in place to consider intellectual patent and customer investment rights. This includes the effective monitoring and evaluation of supplier contracts, costs and customer satisfaction and feedback.

The application and understanding of current legislation applicable to the UK and international markets will be key to managing compliance in international trade.

This standard is aimed at senior individuals who have responsibility for working in international markets, operating at director or manager level in the organisation.

Performance criteria

You must be able to:

1. Identify the **resources** that you need in order to satisfy operational requirements for international logistics operations
2. Establish your purchasing budget for the contract and the resource requirements
3. Research potential suppliers for the contract
4. Establish **tooling** and ownership rights, where they are relevant to product development and manufacturing
5. Promote an invitation to tender to a range of potential contractors or suppliers who have expertise in **international logistics operations**
6. Evaluate tenders against your established criteria, selecting the supplier or contractor who best meets your needs within budgetary constraints
7. Negotiate contracts that maximise the potential for profit, while adhering to your organisation's selection criteria, tendering process, and are compliant with all the relevant legislative bodies involved with **international logistics operations**
8. Confirm that contracts with suppliers and contractors are consistent in style and content, and meet the relevant legal, regulatory and organisational requirements for operating internationally
9. Initiate and agree service level agreements that are clear and acceptable to both your organisation and suppliers or contractors
10. Manage and monitor compliance with the contract, taking into account the relevant legal, regulatory and your own organisational requirements for **international logistics operations**
11. Deal with breaches of contract within acceptable timescales, negotiating refunds or credit for your organisation, where appropriate
12. Evaluate the contractual agreements of the international **supply chain** in your area of responsibility

Knowledge and understanding

You need to know and understand:

1. The different types of supplier contracts and service agreements appropriate to international operations including **supply chain** management theories, models, and practices e.g. outsourcing and service level agreements
2. How to establish your budget and the types of **resources** required
3. How to carry out research on suppliers in relation to the resource requirements of the contract using researching references, internet searches, information held at Companies House, asset ratio type information
4. Methods of tendering, your organisation's preferred suppliers, and your authority to deal with new suppliers in relation to **international operations** such as open and closed tendering processes, European Union requirements
5. How to examine and evaluate tenders, including assessment criteria and comparing and contrasting services, understanding selection criteria for routine products and services and preferred suppliers
6. Methods of negotiating contracts, including communication methods and defining the quality of service
7. The relevant legal, regulatory and organisational requirements governing contracts and your own organisations preferred style for content and structure e.g. British International Freight Association, Carriage of Goods by Sea Act (COGSA), European Union
8. Why it is important to use service level agreements, and how to write a service agreement to include key performance indicators
9. The importance of maintaining relationships with suppliers and contractors, to achieve the best results for your organisation
10. Methods for managing and monitoring contract compliance in line with your organisational requirements
11. How to identify and deal with potential or actual breaches of contract by suppliers in line with the contract terms and conditions
12. Methods of effectively communicating and dealing with contractors
13. Methods of carrying out evaluation and why it is important to evaluate and report on suppliers' or contractors' strengths and areas for improvement against agreed key performance indicators (KPIs)
14. Understand current **Incoterms** rules to ensure the correct pricing is implemented

15. The importance of the supplier agreeing with the chosen **Incoterm** at the time of contract completion and the level of risk involved

Glossary

Incoterms: *International Commercial Terms*. The Incoterms rules explain a set of 3 trade terms reflecting business-to-business practice in contracts for the sale of goods. The Incoterms rules describe the tasks, costs and risks involved in the delivery of goods from sellers to buyers.

International trade: International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy, in which prices, or supply and demand, affect and are affected by global projects, contracts and events

Resources: stock, equipment, services, people, raw materials

Supply chain: Procurement, purchasing and supply, logistics, transport and operations management within and between international boundaries

Tooling: Relates to the ownership rights for products, recognising customer investment, patents and property rights

SFLITLO2

Negotiate and manage supplier contracts in international logistics operations



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