# Commercial Capability

Commercial capability refers to an individual's (or organisation's) ability to view situations from a commercial or business perspective, resulting in better business decisions and more innovative thinking.

Quickfire Guide

Quickfire Guide

## Commercial capability is about...

- knowing the market
- knowing customers and stakeholders: what they want and need and how they work
- understanding organisational culture
- identifying threats and opportunities
- developing more robust strategic goals and better implementation plans
- helping to justify the cost-effectiveness of any budget and the available resources

Commercial capability is just as relevant in the public sector as in the private sector and it is recognised as a suite of critical skills that buying organisations and their teams need to have in order to succeed in developing effective procurement strategies.

It is often about developing the following:

- A consideration of economic issues and concerns such as decreased income generation increased expenditure, decreased productivity
- the ability to analyse financial trends and forecast accordingly
- an awareness of commercial activity, competitive services and market trends
- appropriate strategies for working within budget limitations

It is important to consider how to promote commercial awareness throughout the organisation and with suppliers. For example, awareness of the need for efficiency, cost-effectiveness, customer / stakeholder support, a knowledge of the sector and the services the organisation provides and will provide in the future, and a consideration of the strategic objectives, current economic climate etc.

The Organisation must have clear, documented Delegated Purchasing Authority and separate budgetary controls, controlled by commercially aware individuals.

## Skills Development

The Scottish Government Procurement Competency Framework  Links to content

The national procurement competency framework and associated online tool - the procurement development framework - can be used to assess skills, identify training needs and support career planning.  It contains guidance around all aspects of procurement skills, including the development of commercial capability and awareness.