

Scope



Time



Cost



Quality



HR



Communication



Risk



Procurement



Stakeholder

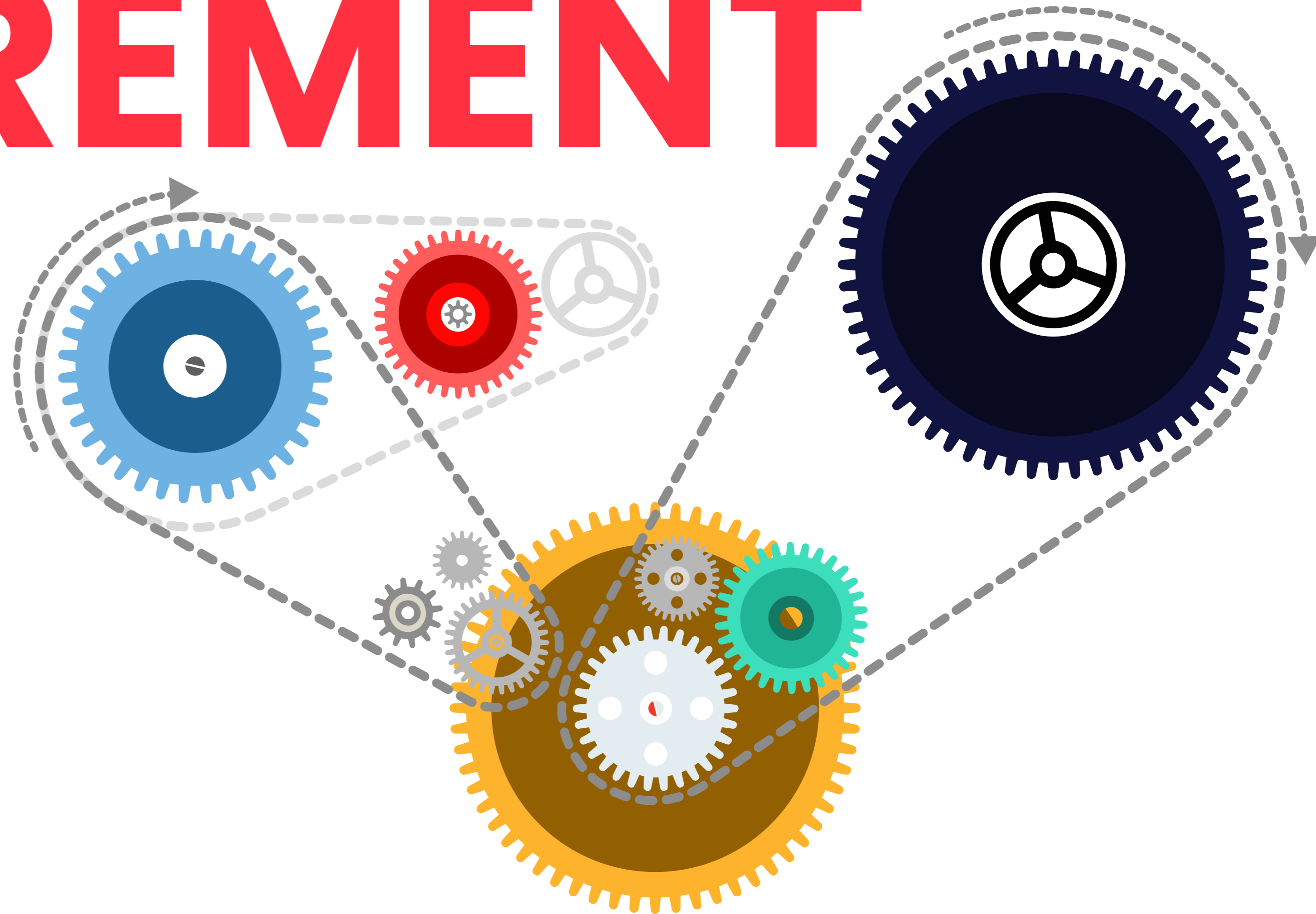


Integration



PROCUREMENT

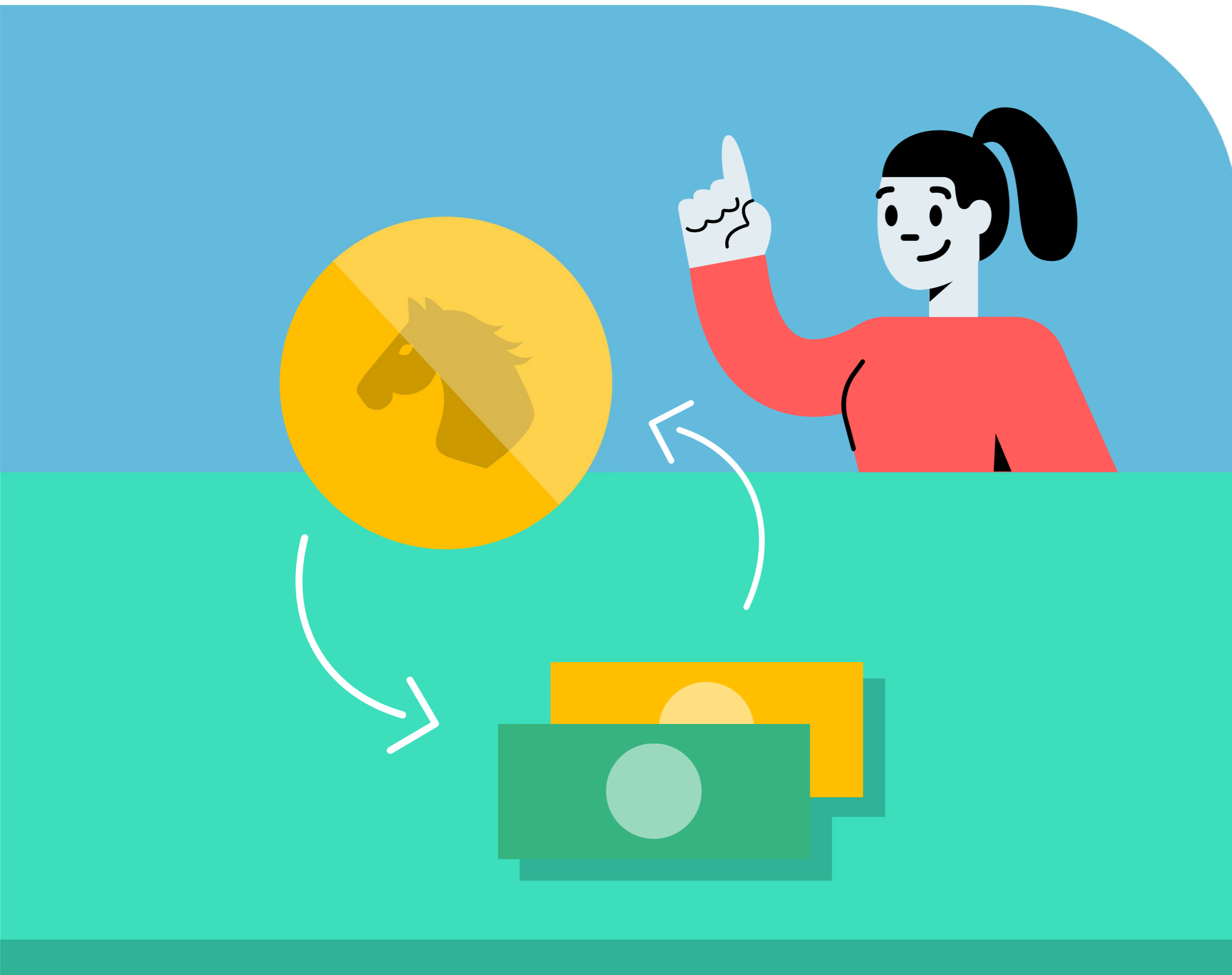
MANAGEMENT





Project Procurement Management is the creation and maintenance of relationships with external resources needed to complete a project.

Procurement Management Process



Project procurement management is necessary for almost every industries. The following are major industries use project procurement management

- Construction
- Manufacturing
- Engineering
- Technology
- Finance
- Healthcare

Procurement Management Process

❑ Increased quality

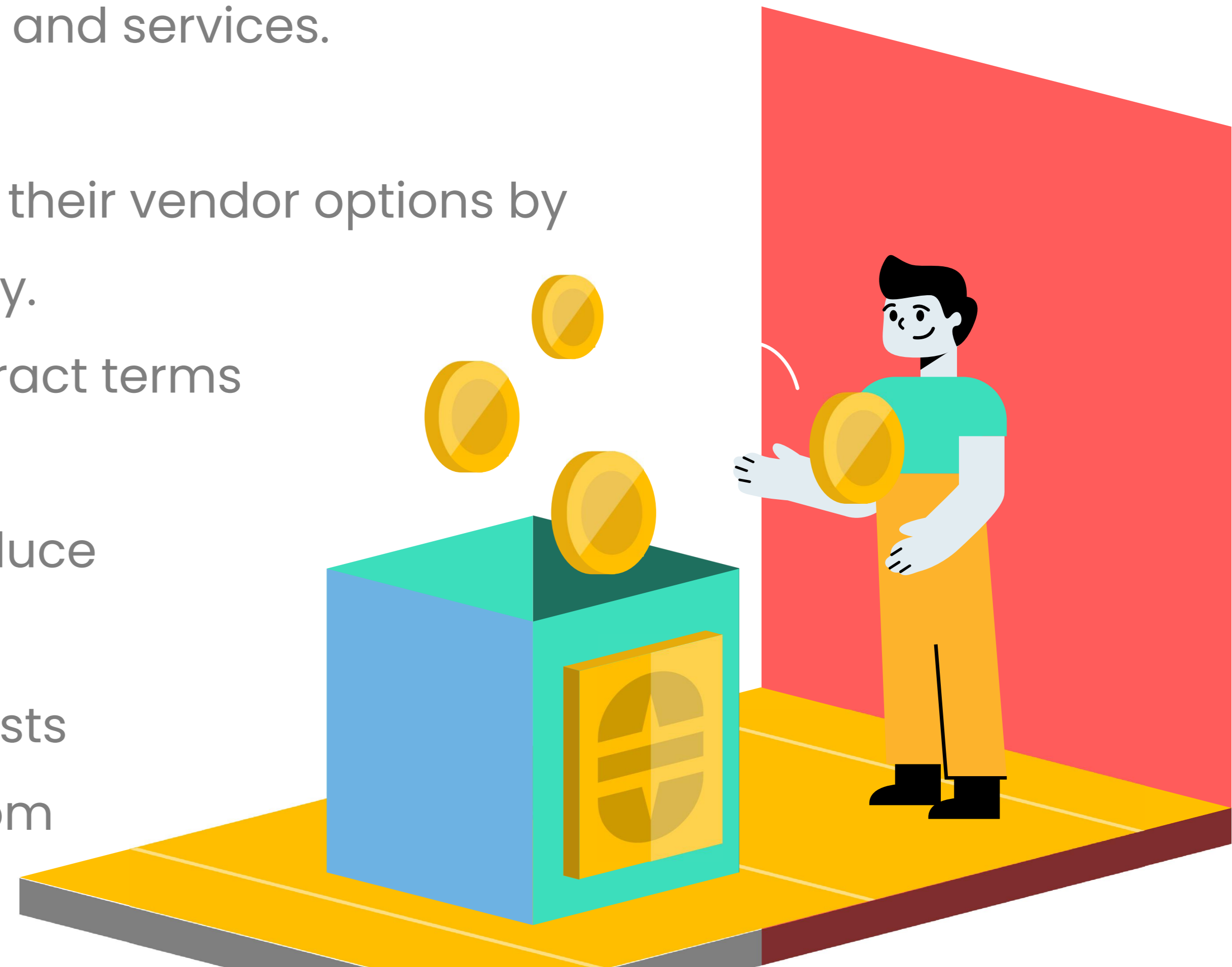
- Allows organizations to negotiate detailed service contracts to best suit their needs
- Increase the certainty of high-quality goods and services.

❑ Decreased risk

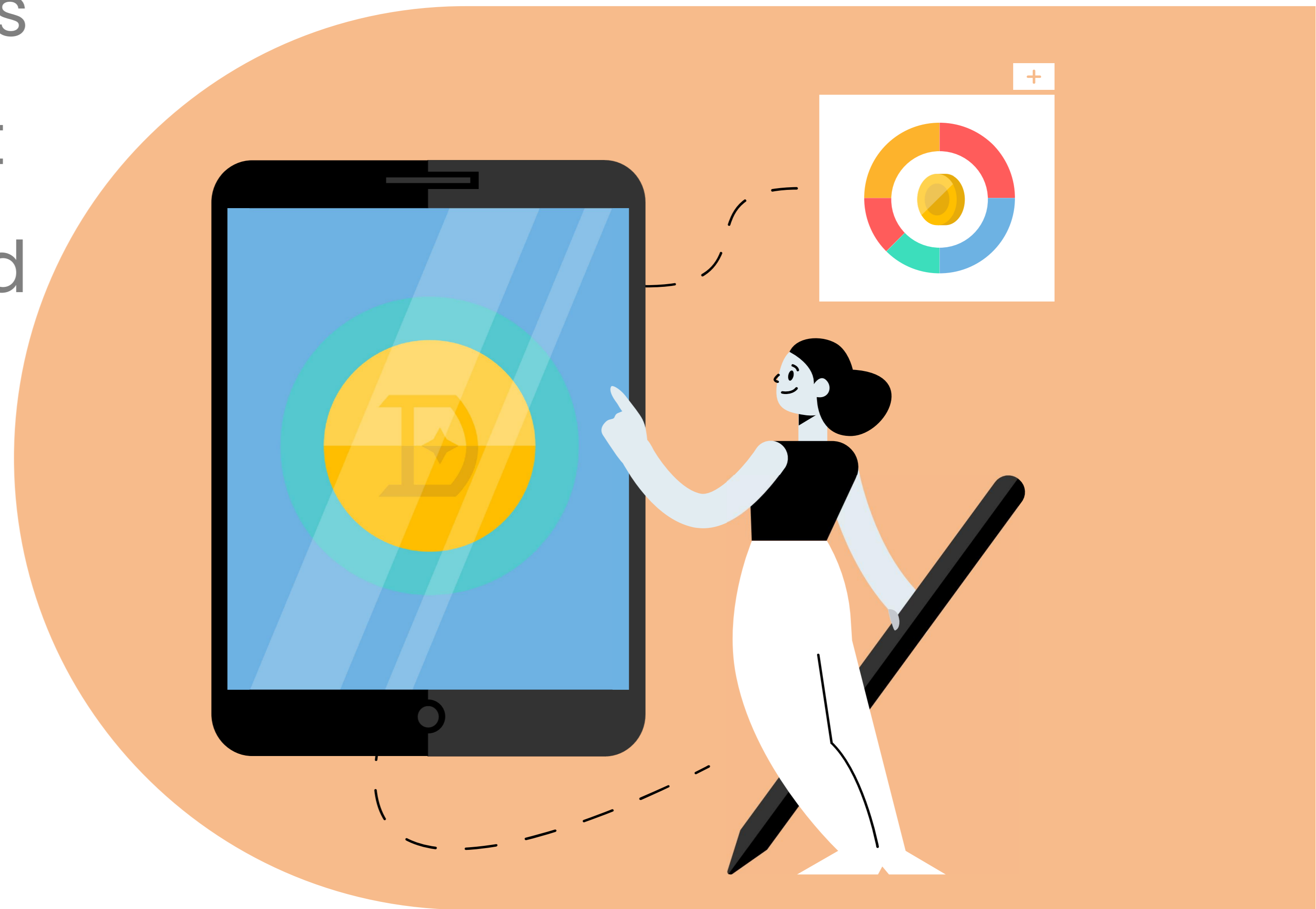
- Help organizations more clearly understand their vendor options by outlining costs, processes and service quality.
- Help to decrease the risk of violation of contract terms

❑ Controlled cost

- Carefully negotiated procurement terms reduce costs and control spending.
- Help organizations better understand the costs
- Help to select best products and services from vendors



A project procurement manager communicates with vendors to buy, rent or contract products and services needed to achieve project objectives.



Contract Types

The contract is simply an elaborated agreement between two or more parties.

- Fixed Price
- Cost Reimbursable
- Time & Material



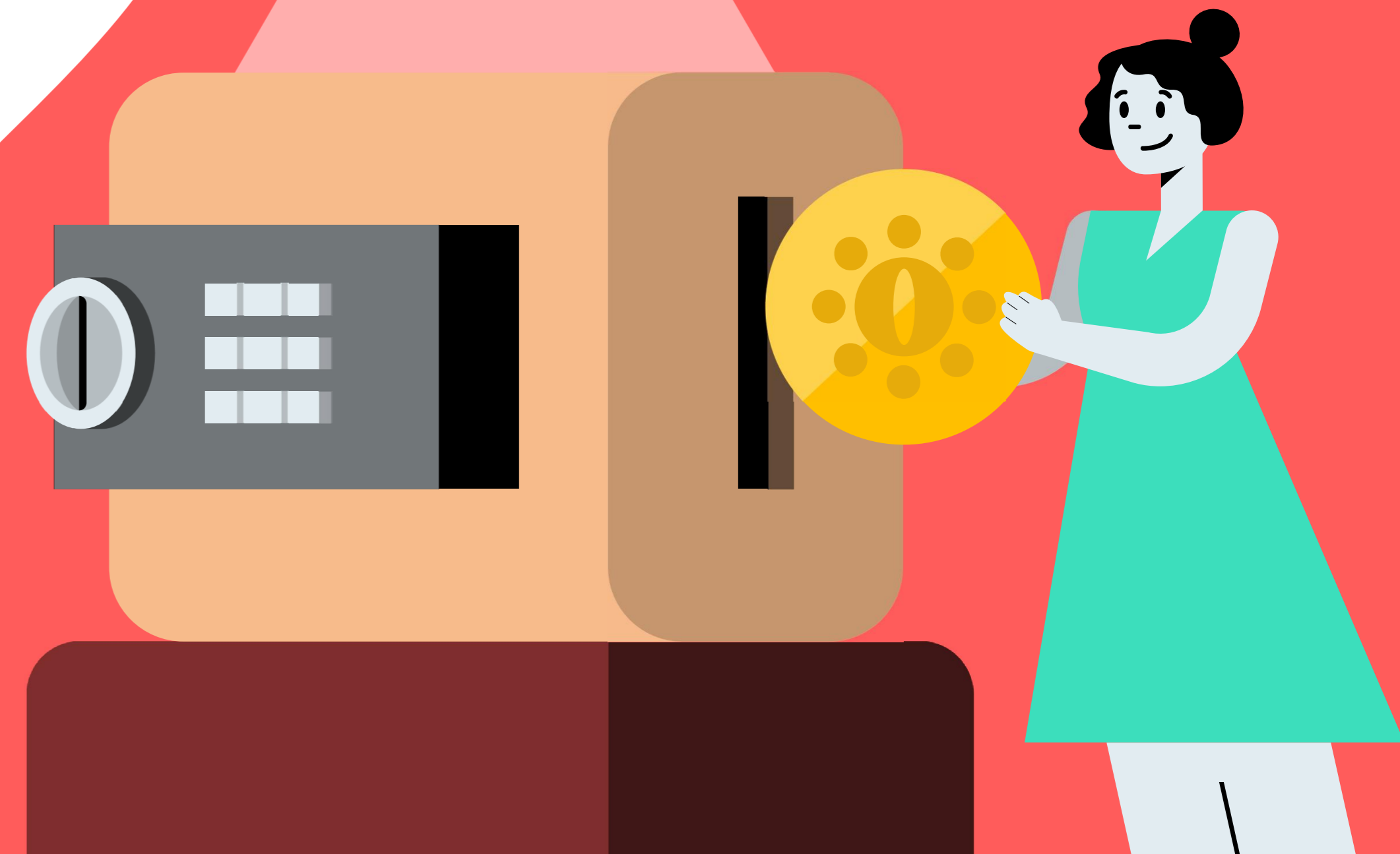
Fixed Price Contract

Means that you are going to pay one fixed amount regardless of how much it costs the contractor to do the work.

A fixed price contract only makes sense in cases where the scope is very well defined

In the fixed price contract the RISK is HIGH on the SELLER side.

- Firm Fixed Price Contracts (FFP)
- Fixed Price Incentive Fee Contracts (FPIF)
- Fixed Price with Economic Price Adjustments Contracts (FP-EPA)



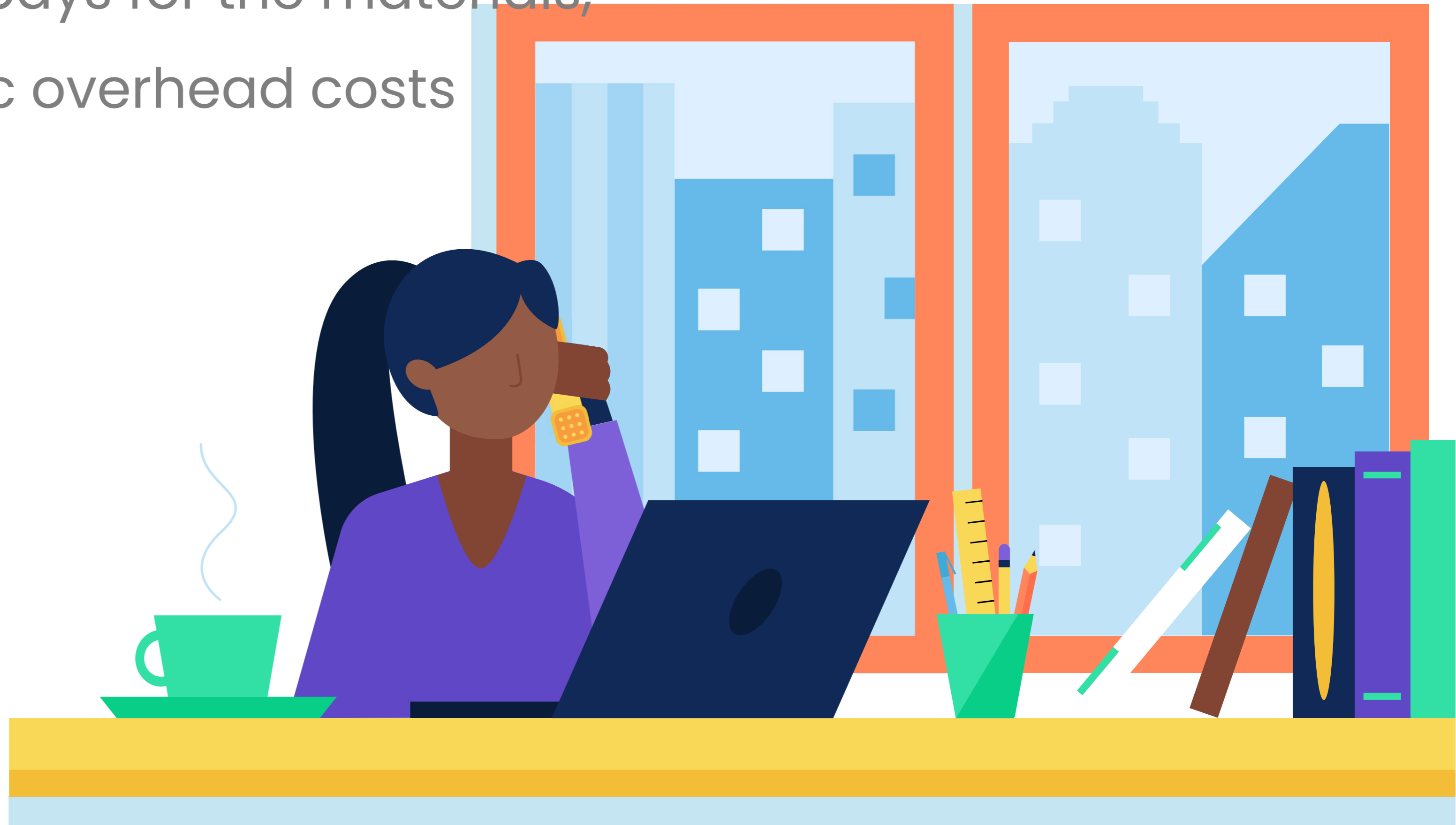
Cost Reimbursable Contract

- ❑ Means that you pay the seller back for the costs involved in doing the work, plus you agree to an amount that you will pay on top
- ❑ In the Cost Reimbursable price contract the RISK is HIGH on the BUYER side.
- ❑ Because the buyer does not have any control on the sellers expenses
- ❑ Cost Plus Fixed Fee Contracts (CPFF)
- ❑ Cost Plus Incentive Fee Contracts (CPIF)
- ❑ Cost Plus Award Fee Contracts (CPAF)

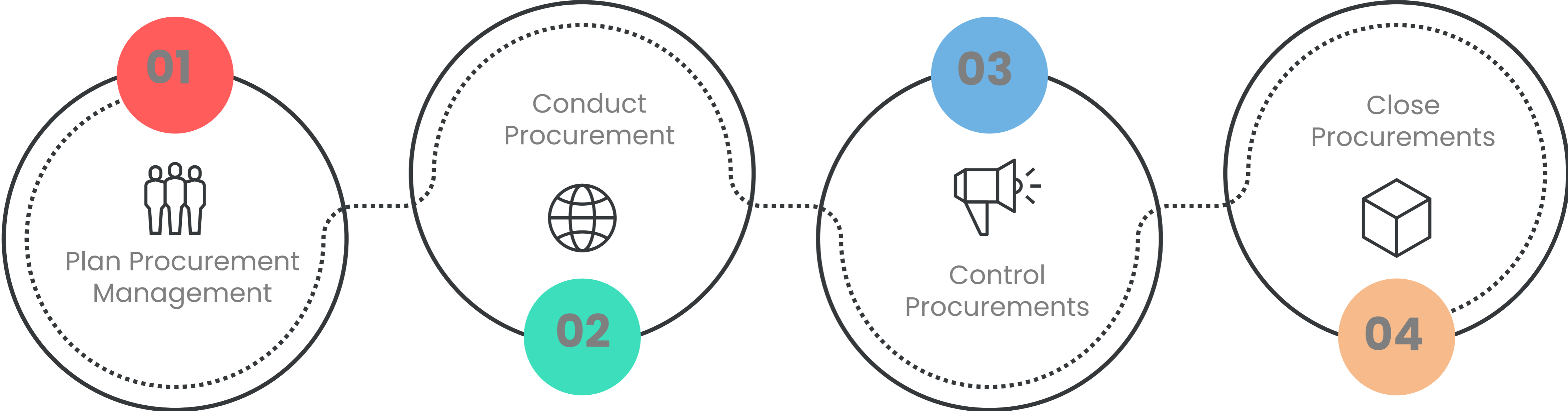


T&M Contract

- ❑ T&M Is used in labor contracts
- ❑ The “time” part means the at the buyer pays a fixed rate for the labor, and the “materials” part means that the buyer also pays for the materials, equipment, office space..etc overhead costs
- ❑ It means that you will pay a rate for each of the people working on our project plus their materials cost



Procurement Management Process

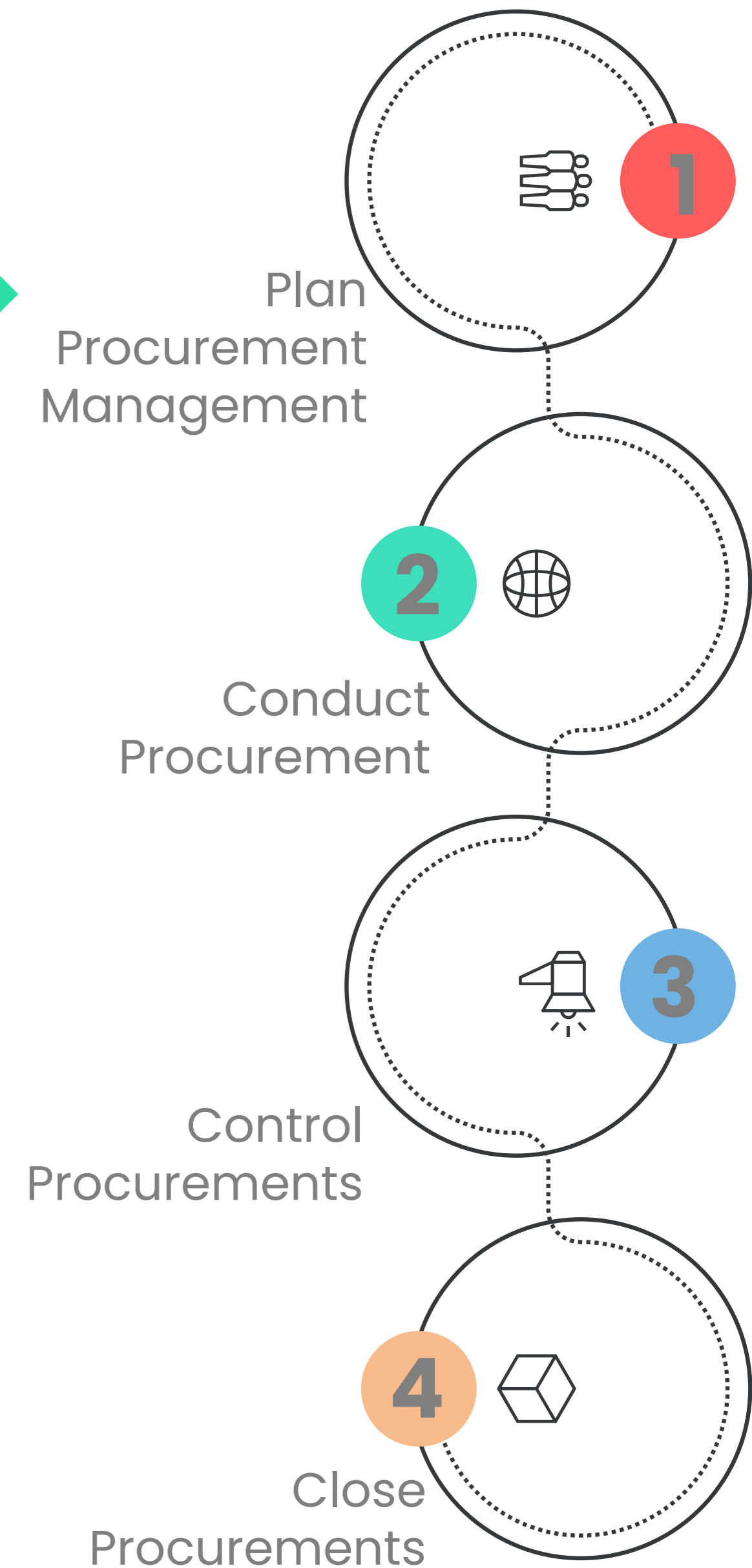
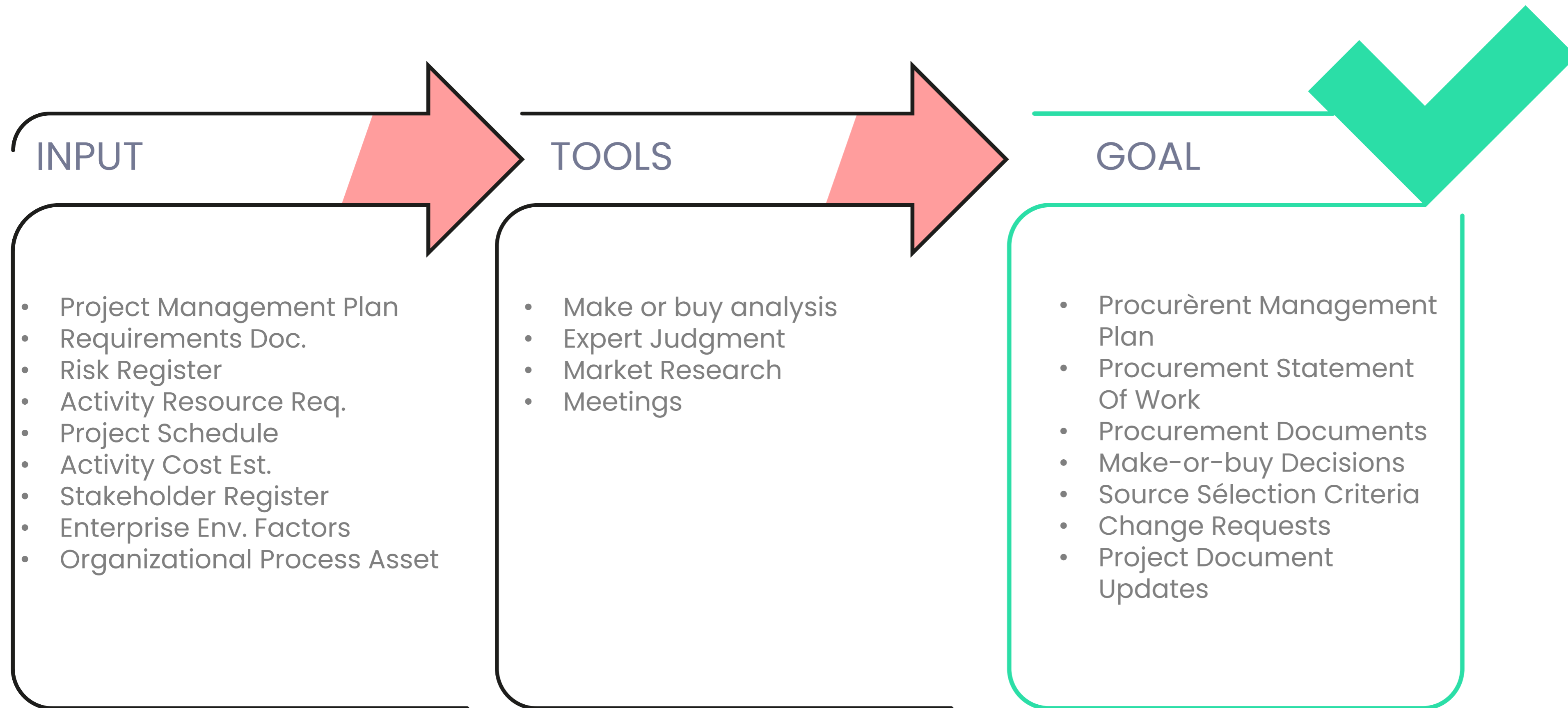


Plan Procurement Management



Documenting project purchasing decision, specifying the approach, and identifying potential sellers

Plan Procurement Management

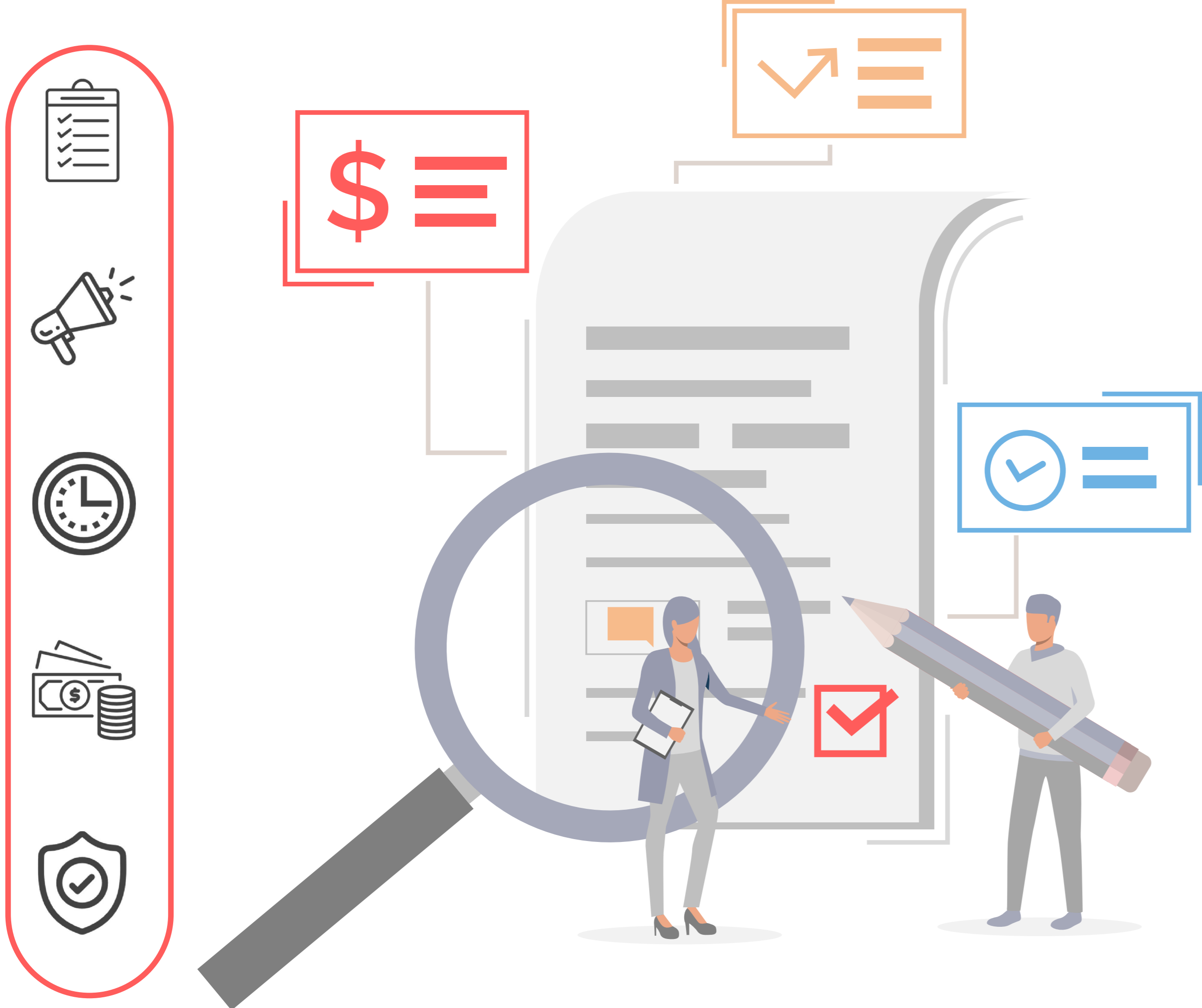


Planning Procurement

Project Procurement Managers often consider the following aspects when planning for procurement:

- Materials and resources required to complete the project
- Materials and resources they already have and which need to be outsourced
- Contract requirements for outside purchases
- Delivery date requirements
- Key project milestones and their deadlines
- Legal terms and conditions
- Industry safety standards of materials and resources
- Researching providers and vendors
- Criteria for partnerships

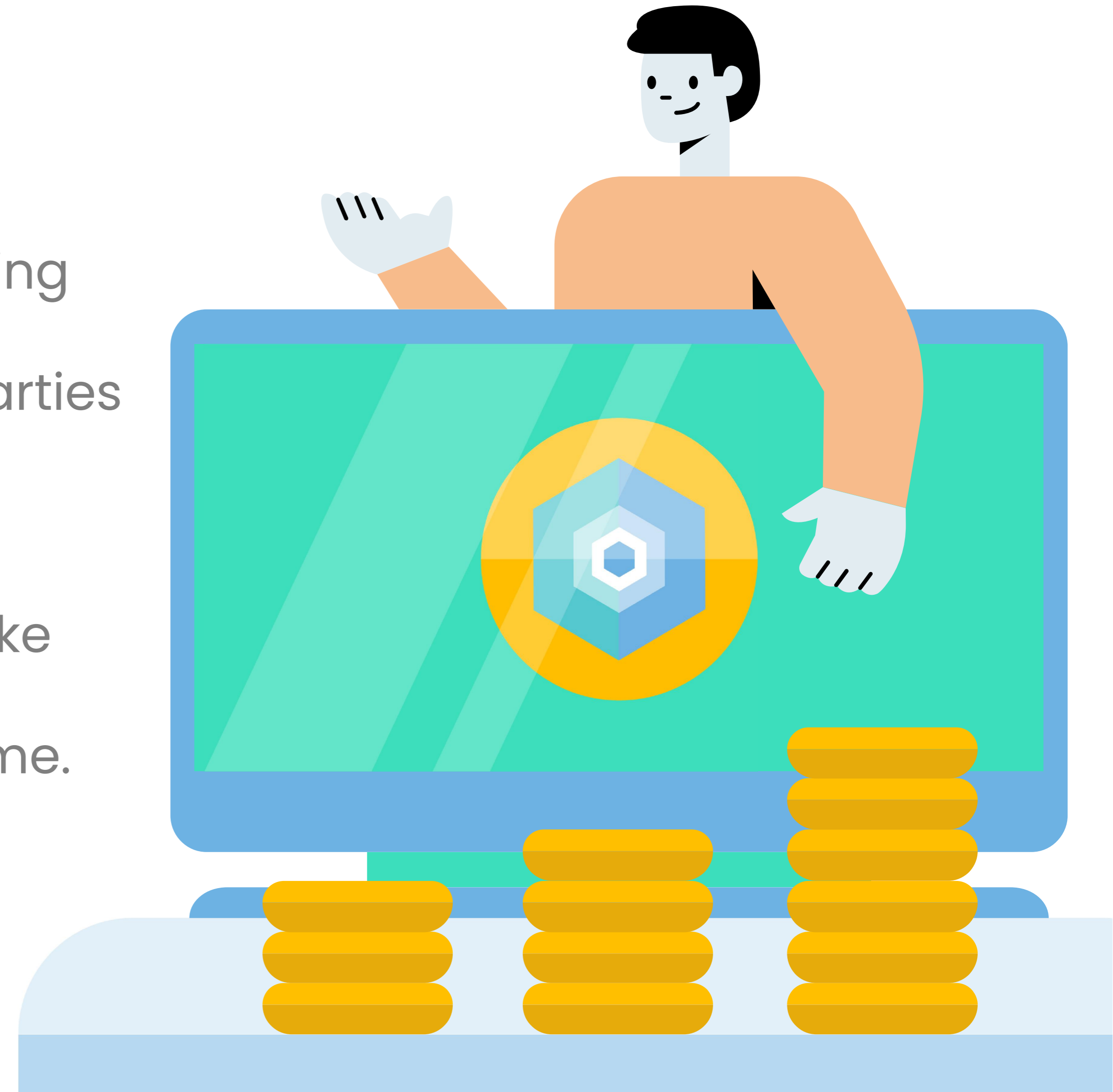
Conduct Procurements



The process of obtaining seller responses, selecting a seller, and awarding a contract.

Conducting Procurement

- ❑ Team assess bids from vendors and select partnerships based on their project needs.
- ❑ Any vendor negotiations often take place during this phase of procurement and all involved parties sign the agreed-upon contracts.
- ❑ Project procurement managers may also make payments for products and services at this time.



5 Steps for Conducting Procurements

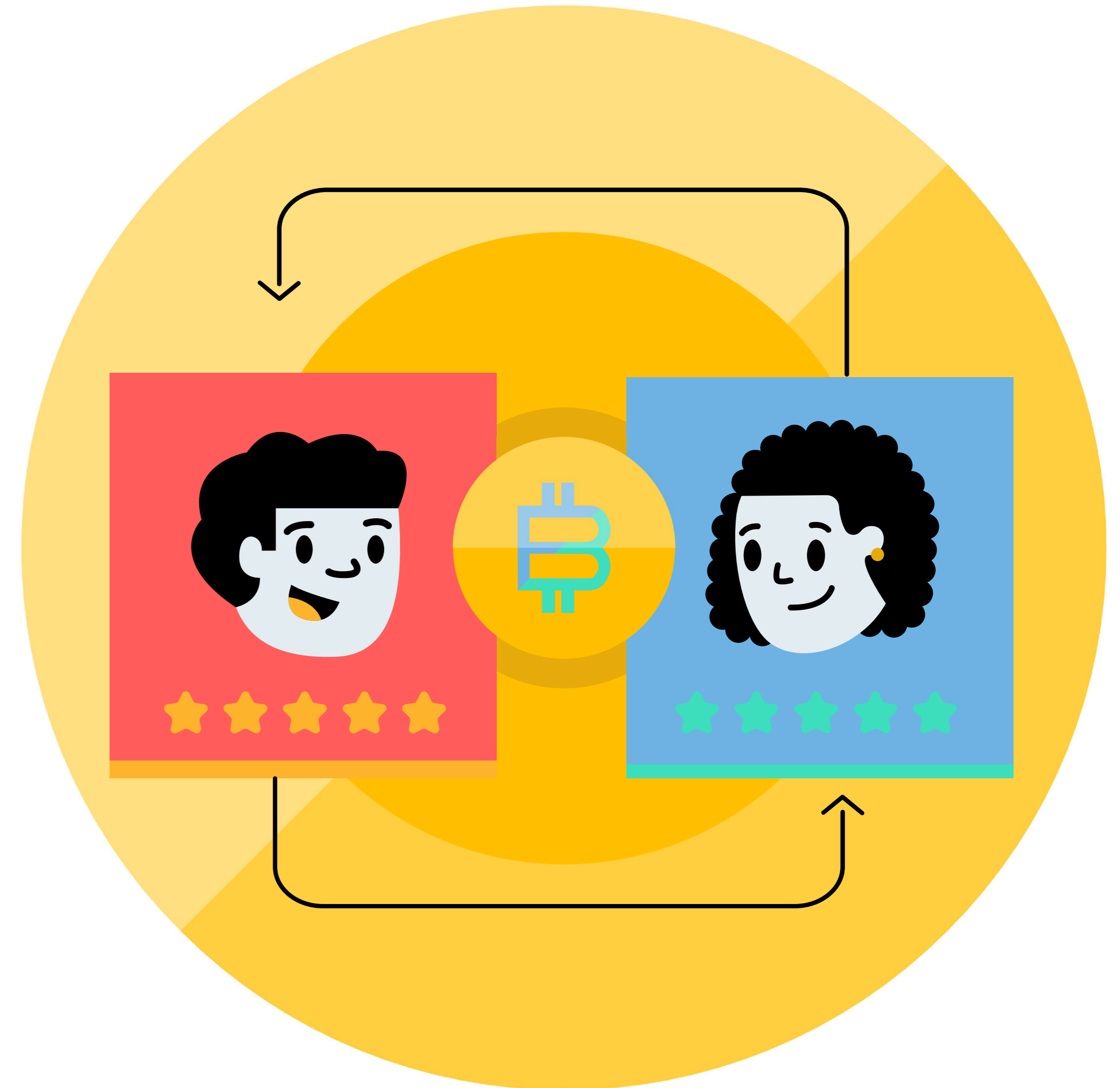
1. Requirements

2. Vendor selection

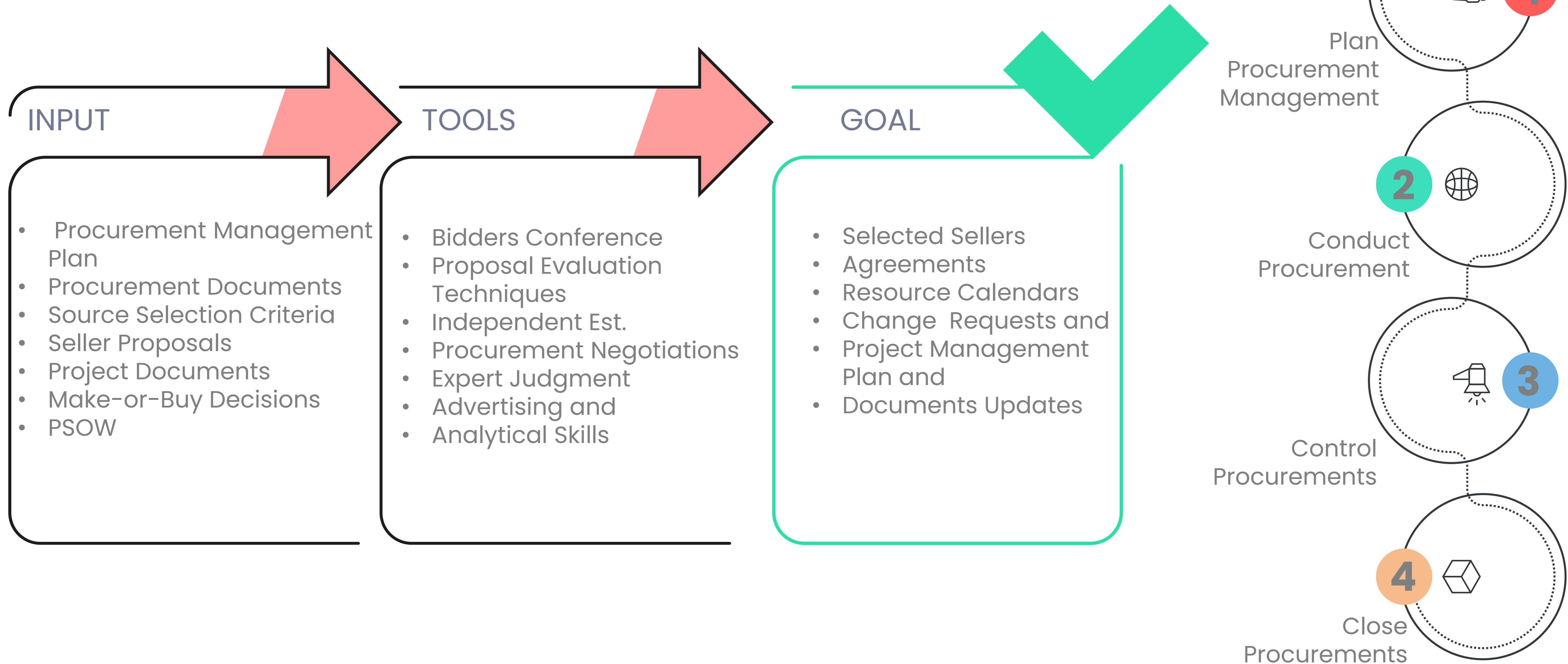
3. Negotiation and contracting

4. Service delivery and
performance monitoring

5. Renewal/contract closure.



Conduct Procurements

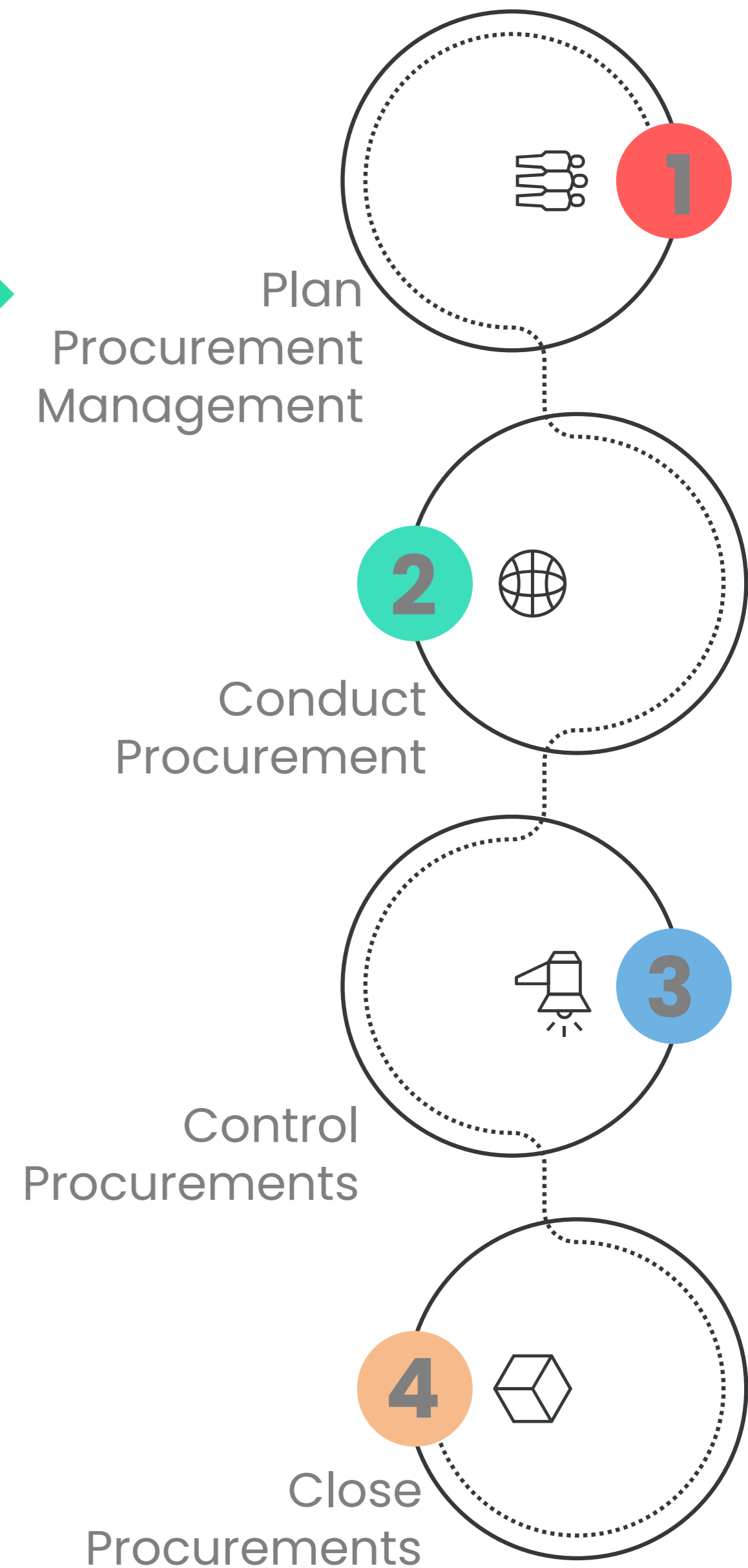
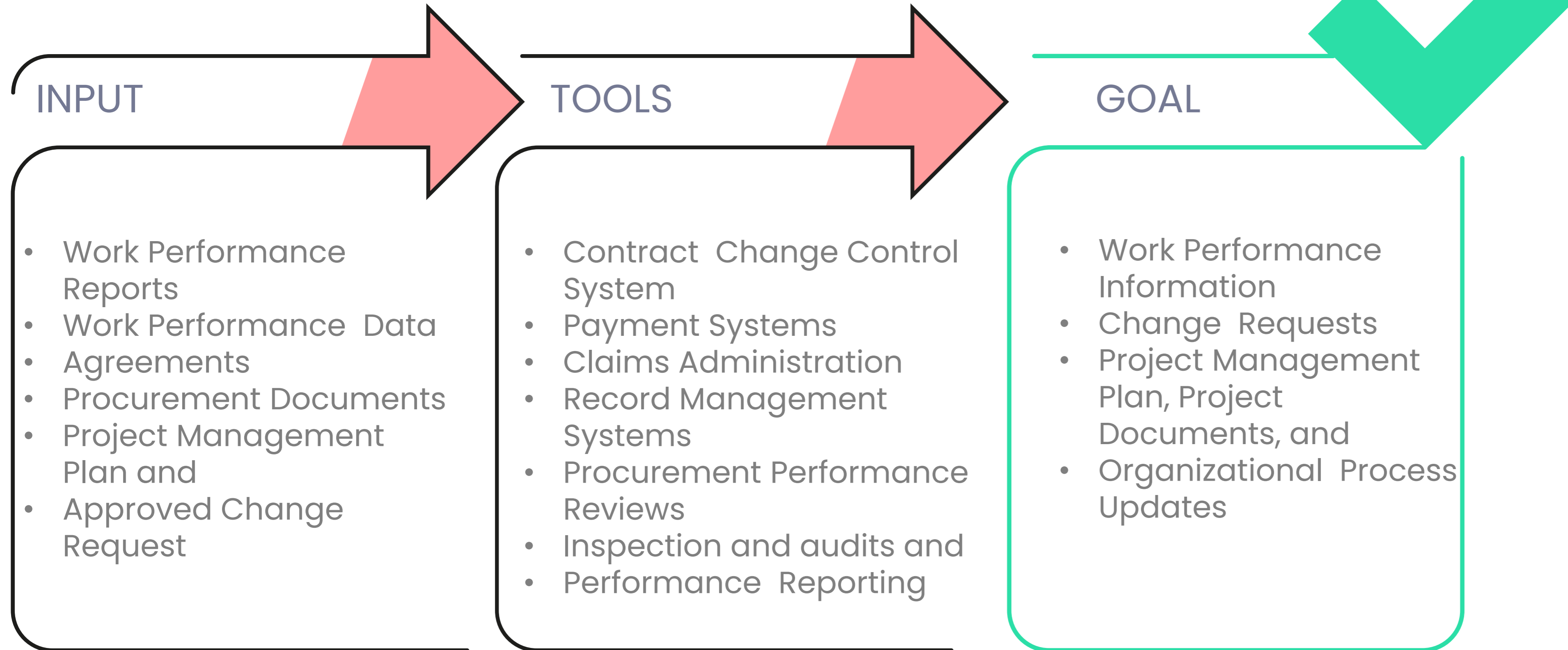


Control Procurements



The process of managing procurement relationships, monitoring contract performance, and making changes and corrections as needed.

Control Procurements

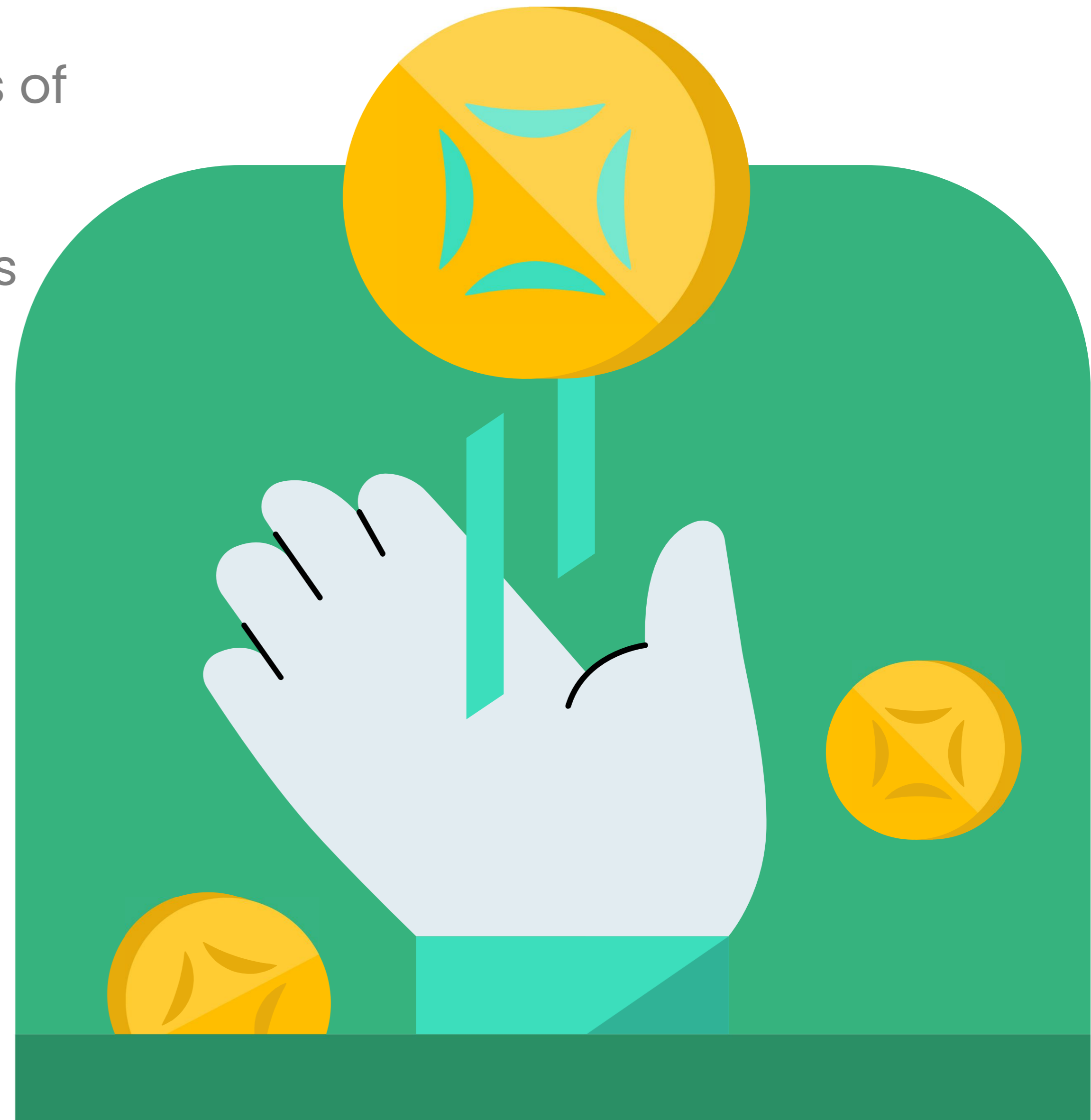


Controlling Procurement

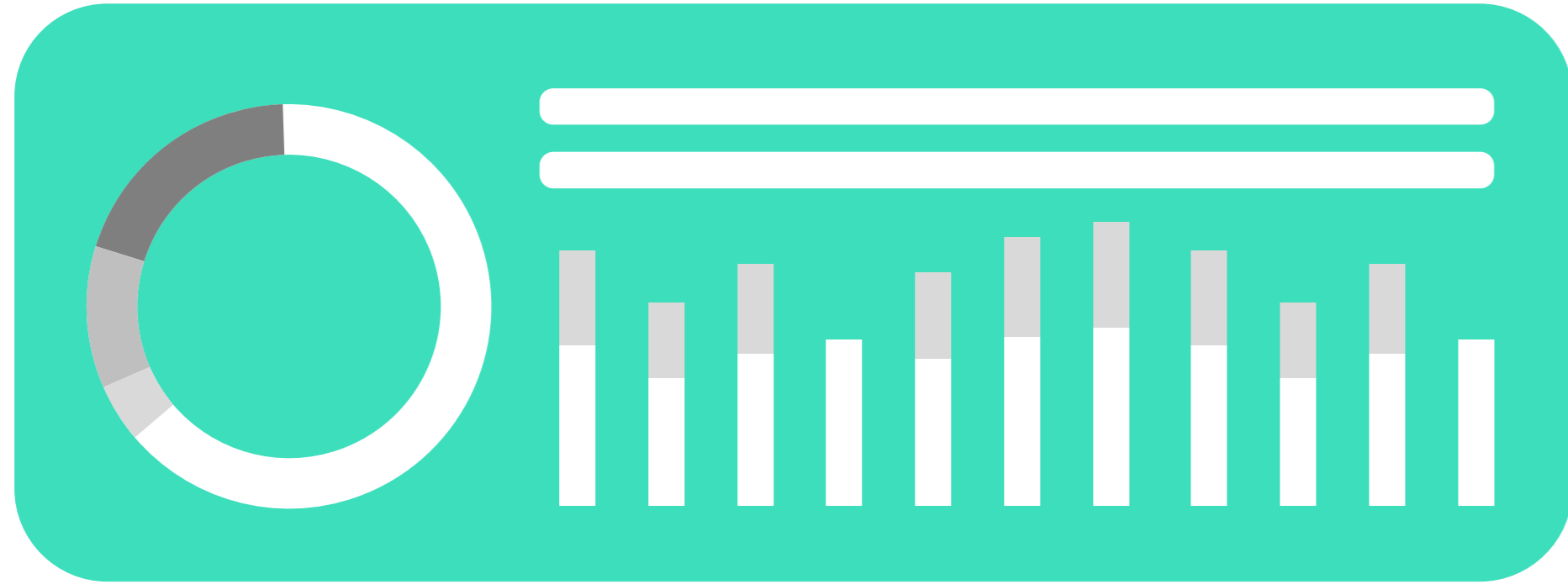
- ❑ Once contracts become active, procurement control and management are important parts of maintaining partnerships with vendors
- ❑ Ensuring the services and products function as they're intended

Controlling procurement often includes:

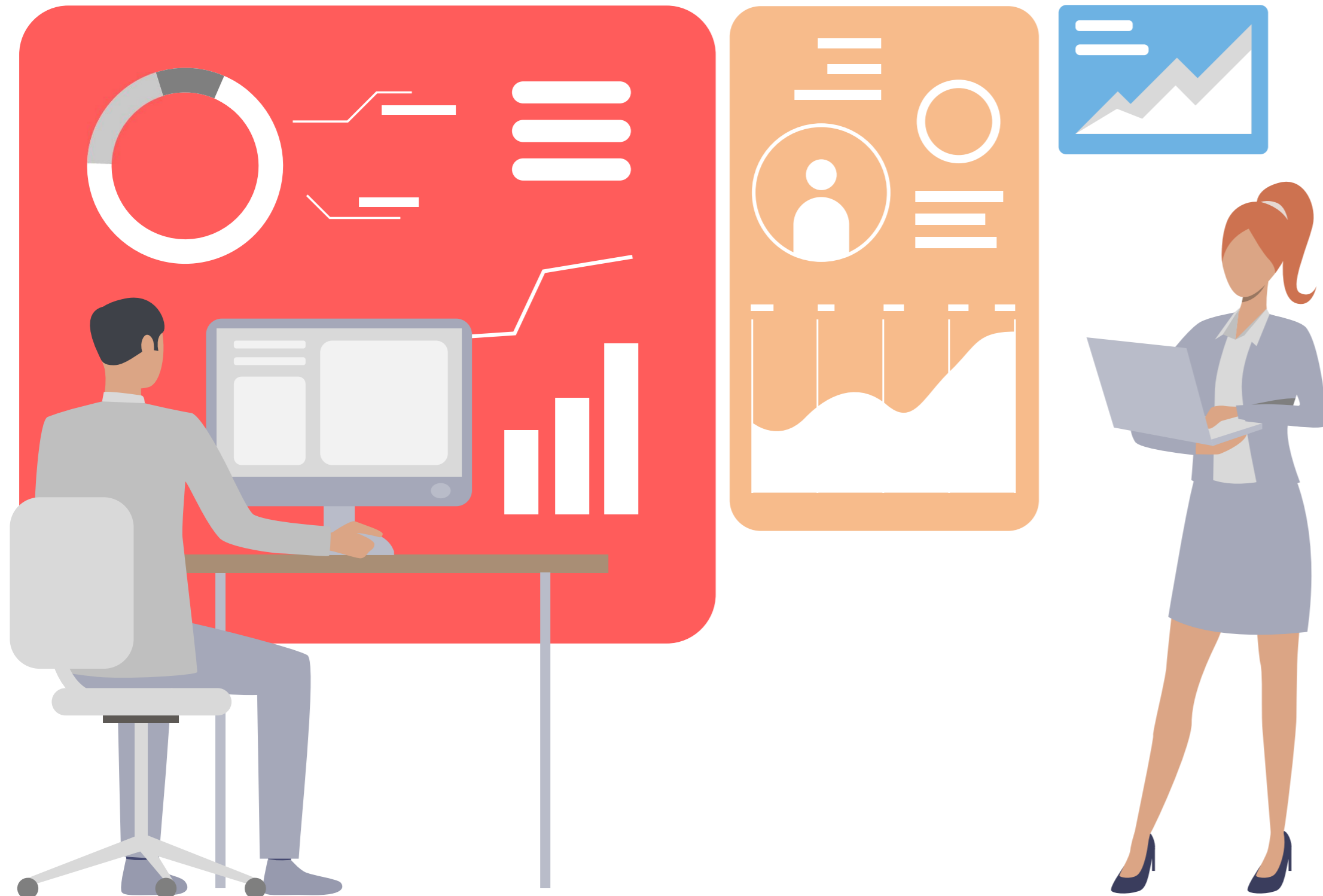
- Evaluating regular internal status updates
- Reviewing contractor agreements
- Reviewing progress and performance updates from vendors
- Conducting inspections and audits
- Assessing work orders
- Issuing additional payment as necessary



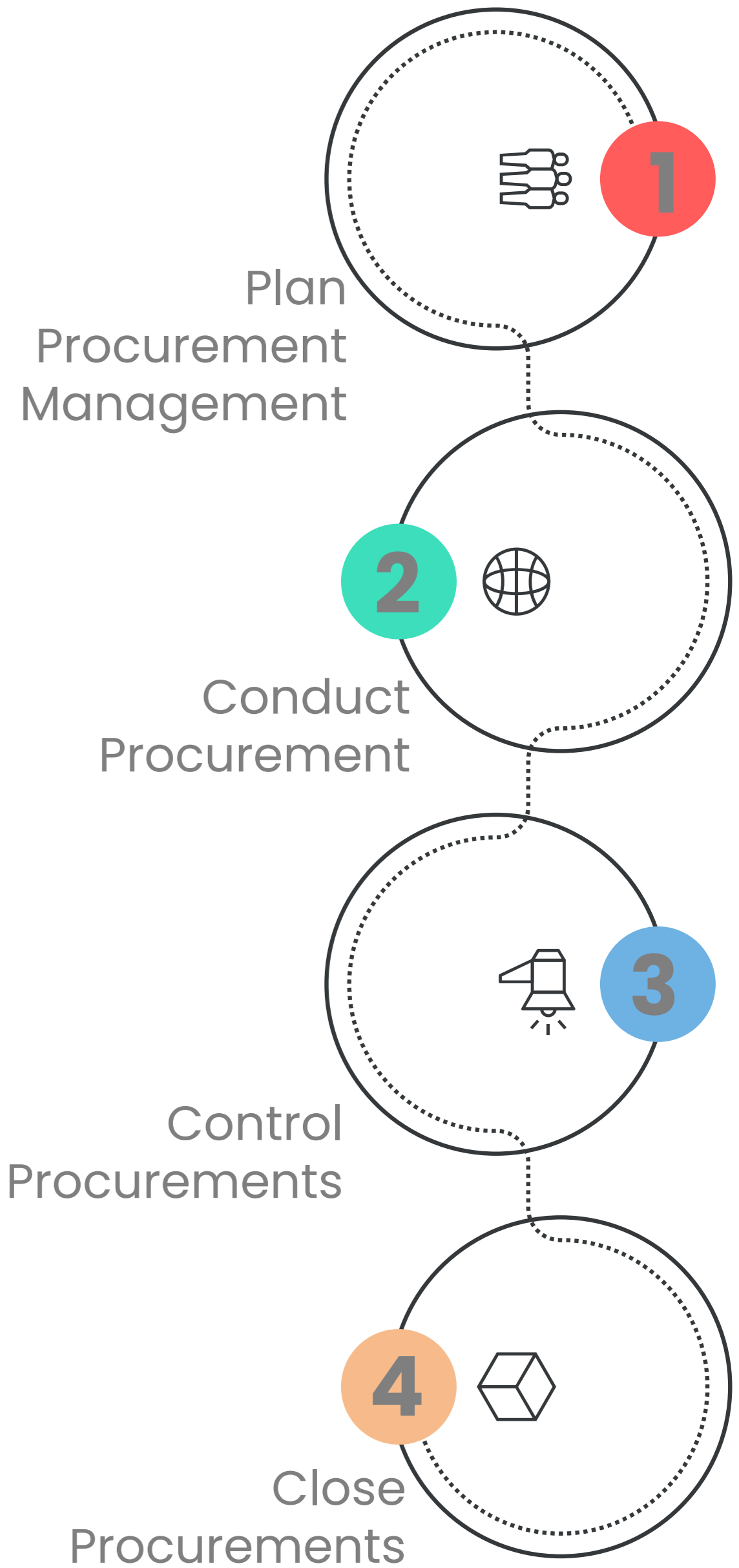
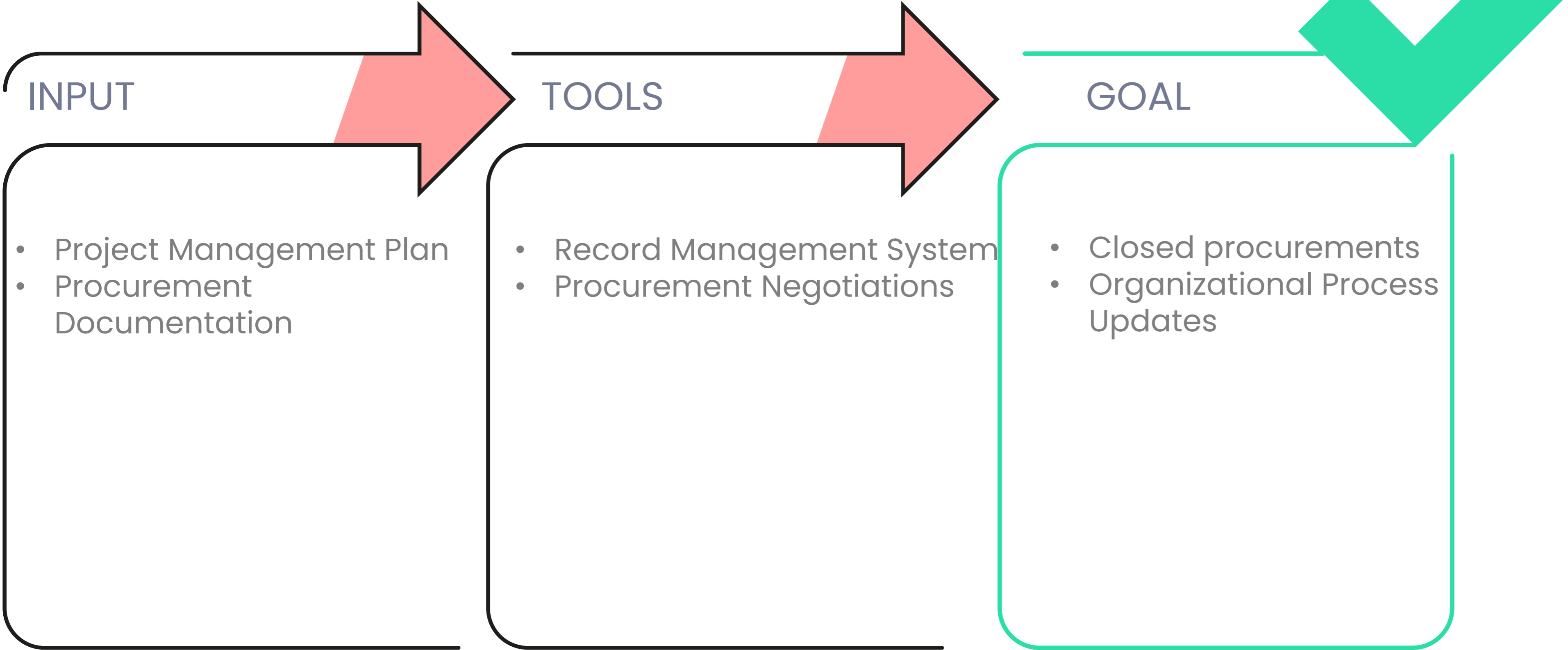
Close Procurements



The process of completing each project procurement.

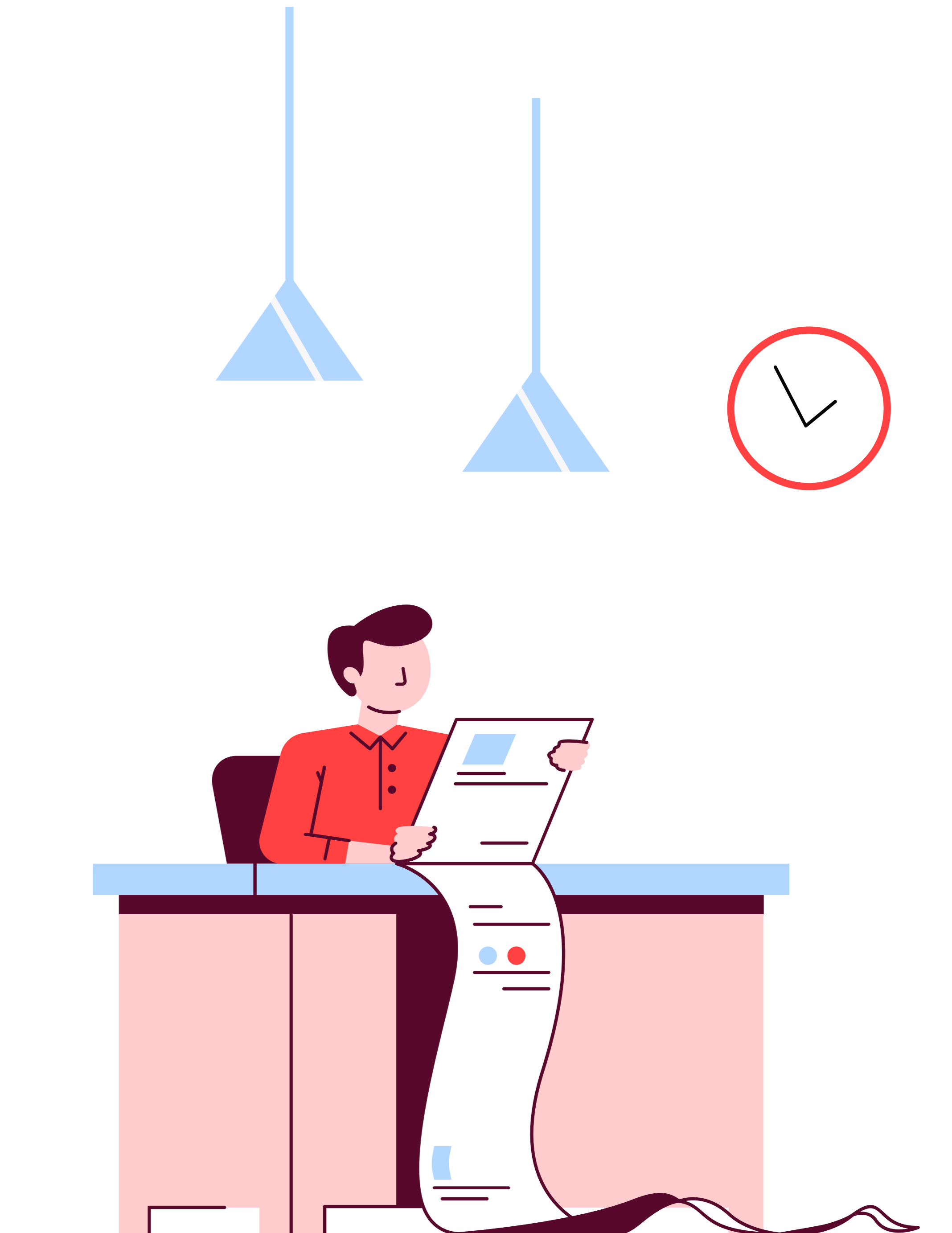


Close Procurements



Closing procurement

- ❑ Closing procurement involves all necessary steps in ending a partnership or contract.
- ❑ This often involves a review of the work or services completed, renegotiation of any changes to original contract terms and confirmation of payments issued and received.
- ❑ Contract confirms that the vendor has fulfilled the terms of the original contract and is no longer responsible for any additional involvement in the project.



Plan Procurement Management

The process of documenting project purchasing decisions, specifying the approach, and identifying potential sellers.

Conduct Procurements

The process of obtaining seller responses, selecting a seller, and awarding a contract.

Control Procurements

The process of managing procurement relationships, monitoring contract performance, and making changes and corrections as needed

Close Procurements

The process of completing each project procurement.



SUMMARY

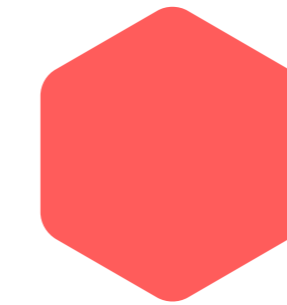


FFP

Single Source

Firm Fixed Price

From preferred seller



CPF

Sole Source

Cost Plus Fee

Only one qualified seller

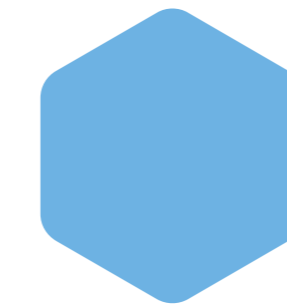


CPFF

RFQ

Cost Plus Fixed Fee

Request for quote

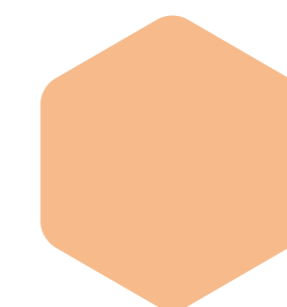


CPIF

Fait Accompli

Cost Plus Incentive Fee

A party may claim that what is being asked for has already been accomplished and cannot be changed



T&M

Time and Material

Project Management is all about nurturing, or handling a project.



Knowledge

+



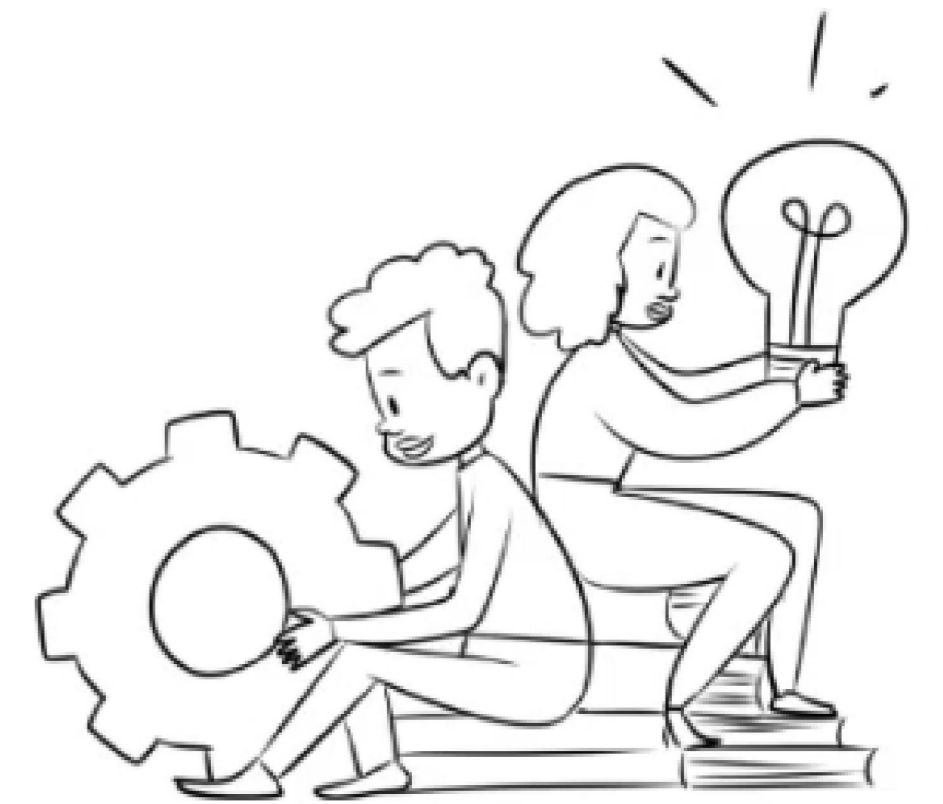
Skills

+



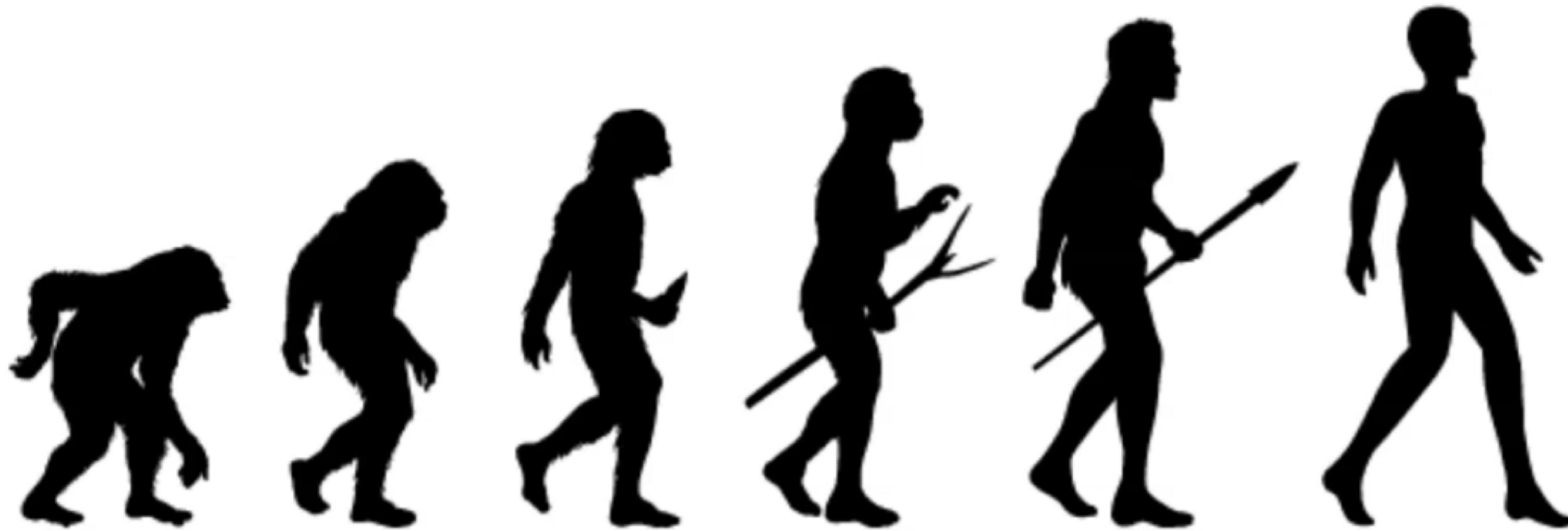
Tools

+



Techniques

Project management is an ever-evolving field.

A central illustration of a man in a suit sitting at a desk with a laptop. Behind him is a whiteboard with a grid and an upward-pointing arrow. The entire scene is surrounded by various project management terms and concepts.

Project Integration
Operating Project Control
Task Kick-off
Success
Budget Sponsor
Analysis Time
Human Resource
PROJECT MANAGEMENT
Procurement
Value
Team
People
Work
Process
Stakeholder Management
Project Review
Activities
Communication Schedule
Tool Risk
Scope
WBS
Plan Cost
Goal Closure
WBS
Goal Closure

Scope

Time

Cost

Quality

HR

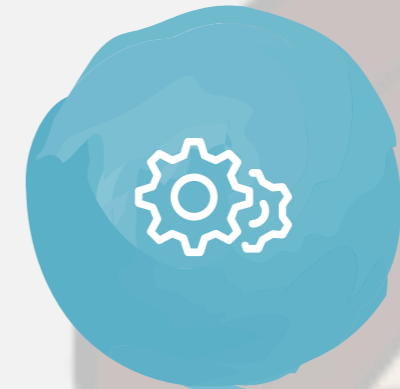
Communication

Risk

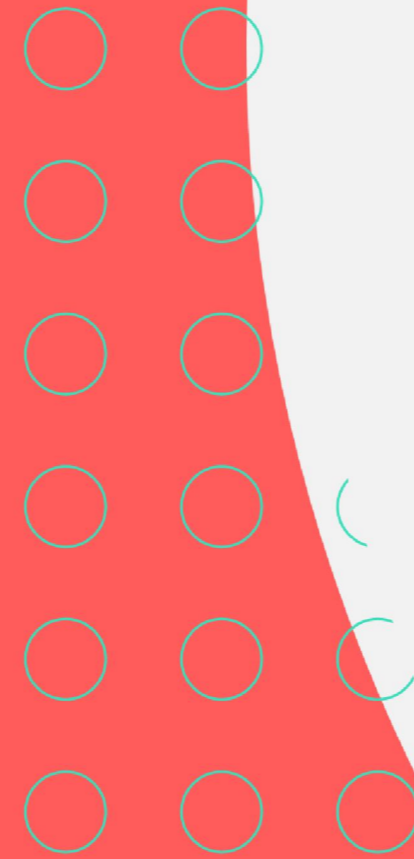
Procurement

Stakeholder

Integration



How we Manage Stakeholders?



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