

PMI-CAPM[®]
Certified Associate
Project Manager



9. Procurement

3 Processes

Procurement - Table of contents

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1. Plan Procurement Management

How procurement processes will be developed and managed through contract closure ⇒ documenting procurement decisions, specifying the approach, and identifying potential sellers

Planning



Plan Procurement Management

Input



- Project Charter
- Business documents
- Project Management Plan
- Project Documents
- EEFs
- OPAs
 - Type of contracts

T&Tools



- Make-or-buy analysis
- Source selection analysis

Output



- Procurement Management Plan
- Make-or-buy decisions
- Procurement strategy
- Procurement state of work
- Source selection criteria
- Independent cost estimates
- Bid documents
- Change requests
- OPAs updates

2. Conduct Procurements

Obtaining seller responses,
selecting a seller, and
awarding a contract

Executing



Conduct Procurements

Input



- Sellers Proposal
- Independent Cost Estimates

T&Tools



- Expert Judgment
- Data Analysis
- Advertising
- Bidder conferences
 - Presentations
 - Demos..
- Proposal evaluation
- Negotiations

Output



- Agreements
- Selected sellers
- Change requests
- Project Management Plan updates
- Project documents updates

3. Control Procurements

Managing procurement relationships, monitoring contract performance, and making changes and corrections to contracts as needed

Monitor & Control



Control Procurements

Input



T&Tools



- Expert judgment
- Performance reviews
 - Request changes
 - Reporting performance
 - Review costs
- Inspections
- Audits
- Earned value analysis
- Trend analysis
- Claims administration

Output



- Closed procurements
- Work performance information
- Procurement documentation updates
- Change requests
- Project management plan updates
- Project documents updates
- OPAs updates
 - Payment schedules and requests
 - Seller performance evaluation documentation
 - Prequalified seller lists updates
 - Lessons learned repository
 - Procurement file (e.g. closed contract)

What is the difference between... ?

Performance SOW

VS

Functional SOW

VS

Design SOW

..is needed to convey what the final product should be able to accomplish

..is needed to convey the end purpose or result

..is needed to convey the specific procedure or approach that should be used to complete the work

They are part of Procurement SOW (Statement Of Work), a description of products, services, or results to be delivered by the project

⇒ output of Plan Procurement Management

What is included in **bidding documents**?

	Name	Used when..
RFQ	Request for quotation	More information is needed <u>on how vendors would satisfy the requirements and/or how much it will cost.</u>
RFP	Request for proposal	There is a problem in the project and the solution is not easy to determine. This is the most formal of the bidding documents and has strict procurement rules for content, timeline, and seller responses.
RFI	Request for information	<u>More information on the goods and services to be acquired</u> is needed from the sellers. It will typically be followed by an RFP or RFQ.

What about **procurement negotiation**?

Negotiations are T&Tools used during the Conduct Procurements process.

Procurement negotiation goal is the final **equitable settlement of all outstanding issues**, claims, and disputes.

Whenever settlement cannot be achieved through direct negotiation, some form of **alternative dispute resolution (ADR)**, including mediation or arbitration, may be explored.

Last option is **litigation in the courts**.

What are **Procurement Audits**?

A procurement audit is a **structured review of the procurement process** from the Plan Procurement Management process through Control Procurements process.

Objective: **identify successes and failures** that warrant recognition in the preparation or administration:

- **of other procurement contracts on the project**
- on other projects within the performing organization

Ideally done by:

procurement manager + project manager

What is **Contract change control system**?

Contract change control system defines the **process by which a procurement can be modified.**

It is a system used to collect, track, adjudicate, and communicate changes to a contract.

The contract change control system is a **part of the Perform Integrated Change Control process.**

What's included

- Paperwork
- Tracking systems
- Dispute resolution procedures
- Approval levels necessary for authorizing changes

What's included in **work performance information**?

Work performance information provides a **basis for identification of current or potential problems** to support later claims or new procurements.

Includes information on **how a seller is performing** by comparing the deliverables received, the technical performance achieved, and the costs incurred and accepted against the statement of work (SOW) budget for the work performed.

By **reporting on the performance of a vendor**, the organization increases knowledge of the performance of the procurement, which supports improved forecasting, risk management, and decision making.

Performance reports also assist in the event of a **dispute with the vendor**.

What's included

Information on how a seller is performing by comparing:

- deliverables received
- technical performance achieved
- costs incurred and accepted

Against the **statement of work (SOW) budget** for the work performed.

When can occur **termination of contract**?

The termination of a contract is a special case of **procurement closure**.

It **can** result from:

- a mutual agreement between both parties
- the default of one party
- the convenience of the buyer

It **can't** result from:

- the convenience of the seller

What are **Seller performance evaluation docs**?

Seller performance evaluation documentation is **prepared by the buyer**.

These documents may form the basis for early termination of the seller's contract or determine how contract penalties, fees, or incentives are administered.

The results of these performance evaluations can also be included in the appropriate **qualified seller lists**.

What's included

- Document the seller's ability to continue to perform work on the current contract
- Indicate if the seller can be allowed to perform work on future projects
- Rate how well the seller is performing the project work



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THANK YOU
