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Homework Assignment: #27

PMGT501

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ePortfolio Matrix Correlation: e.g. B12, C12, D12, E12, B4

Discuss how a small project might benefit from a procurement management plan

The PMBOK identifies the Procurement Management Plan as the document that outlines the project procurement activities, from procurement planning documents to project closure. It notes that procurements can be for products, services or information and can be made from a variety of sources, including contractors, subcontractors, vendors, service providers and suppliers. The PMBOK also recommends that the procurement plan include any or all of the following:

- Type of contracts to be used
- Risk management issues
- Whether independent estimates will be used and if they are needed as evaluation criteria
- Those actions the project management team can take unilaterally, if the performing organization has a prescribed procurement, contracting or purchasing department
- Standardized procurement documents, if needed
- Managing multiple suppliers
- Coordinating procurement with other project aspects, such as scheduling and performance reporting
- Any constraints and assumptions that could affect planned procurements
- Handling the required lead times to purchase items from sellers and coordinating them with the project schedule development
- Handling the make-or-buy decisions and linking them into the Estimate Activity Resource and Develop Schedule processes
- Setting the scheduled dates in each contract for the contract deliverables and coordinating with the schedule development and control processes
- Identifying requirements for performance bonds or insurance contracts to mitigate some forms of project risk
- Establishing the direction to be provided to the sellers on developing and maintaining a work breakdown structure
- Establishing the form and format to be used for the procurement/contract statements of work

- Identifying prequalified sellers, if any, to be used
- Procurement metrics to be used to manage contracts and evaluate sellers

For small projects and small project organizations most of this is unnecessary.

The procurement plan should be used as a guide to make sure all critical and long-lead items are obtained in time and with sufficient quality, and to make sure any risk mitigation plans are implemented.

The WBS, the Basis of Estimates (BOEs) and the schedule should identify all the critical procurements and procurement milestones for the project. The procurement plan captures all these in one place. This allows the PM to make single buys of multiple items from a particular vendor, rather than making multiple buys from the same vendor. It also provides a roadmap with which to track the progress of long-lead purchases since they are often high-risk items.

Risk management often involves mitigation plans that include supervising supplier quality and requiring multiple vendors for certain critical items. These mitigation plans should be transferred to the procurement plan to ensure they are carried out. If, for example, a risk is addressed by requiring two vendors for a critical sensor, but that information is not captured in the procurement plan, it is possible, even likely, that the procurement will later be made from a single vendor as the risk plan fades out of memory and the action was not captured in the plan.

In summary the procurement plan for a small project can be brief, formatted as a list of critical procurement items and the factors behind the criticality for each, including technical, schedule, risk and quality.

Knowledge Areas	Project Management Process Groups				
	A Initiating Process Group	B Planning Process Group	C Executing Process Group	D Monitoring & Controlling Process Group	E Closing Process Group
4. Project Integration Management	4.1 Develop Project Charter	4.2 Develop Project Management Plan	4.3 Direct and Manage Project Execution	4.4 Monitor and Control Project Work 4.5 Perform Integrated Change Control	4.6 Close Project or Phase
5. Project Scope Management		5.1 Collect Requirements 5.2 Define Scope 5.3 Create WBS		5.4 Verify Scope 5.5 Control Scope	
6. Project Time Management		6.1 Define Activities 6.2 Sequence Activities 6.3 Estimate Activity Resources 6.4 Estimate Activity Durations 6.5 Develop Schedule		6.6 Control Schedule	
7. Project Cost Management		7.1 Estimate Costs 7.2 Determine Budget		7.3 Control Costs	
8. Project Quality Management		8.1 Plan Quality	8.2 Perform Quality Assurance	8.3 Perform Quality Control	
9. Project Human Resource Management		9.1 Develop Human Resource Plan	9.2 Acquire Project Team 9.3 Develop Project Team 9.4 Manage Project Team		
10. Project Communications Management	10.1 Identify Stakeholders	10.2 Plan Communications	10.3 Distribute Information 10.4 Manage Stakeholder Expectations	10.5 Report Performance	
11. Project Risk Management		11.1 Plan Risk Management 11.2 Identify Risks 11.3 Perform Qualitative Risk Analysis 11.4 Perform Quantitative Risk Analysis 11.5 Plan Risk Responses		11.6 Monitor and Control Risks	
12. Project Procurement Management		12.1 Plan Procurements	12.2 Conduct Procurements	12.3 Administer Procurements	12.4 Close Procurements