Procurement Management Plan

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Part 1: Plan Procurement Management

During a brainstorm project for the bicycle project, the project team came to the conclusion that it would be for the best interest of the organization, to acquire some sub-assemblies for the bicycle manufacturing. This strategy could potentially reduce costs that would be associated with upgrading facilities and training personnel to meet project needs, as well as reducing scheduling delays with parts already pre-built and inspected to organization needs.

The following guidelines will provide the project team with the appropriate procurement approach established based on organization standards to meet the interest of shareholders, stakeholders and the customer.

Procurement Management Plan

This procurement management plan list all the acquisition of material for this project. The project manager has the sole authority in committing organization's funds for the purchase of material to assemble the bicycle in accordance to customer requirements. The following list provide guidance for team members during the procurement process:

- **Type of contract**: Fixed-Price Contract
- **Procurement Documents Required**: Request for Proposal (RFP), Request for Information (RFI), Request for Quotation (RFQ), Bid Solicitation, Sales Contracts.
- **Stakeholder Management**: One team member will be assigned as point of contact (POC) for all stakeholders communication and will provide answers to suppliers as needed.
- **Delivery Schedule**: Weekly, every Tuesday.

Procurement Statement of Work

The statement of work shall include, the project scope for the material, the sub-assembly or equipment delivered to the facility, the payment rate, the max allowed (total not to exceed), and the employee-vendor relationship.

Procurement Documents

The procurement documents will be used by the project team to select the most suitable supplier for the project. Initially, the project will require outside vendors to supply the Gear shifting system, brake systems, and the phone system..

Source Selection Criteria during the biding process will be as follow:

- A RFI is required to be presented to the project manager by each supplier for comparative purposes and selection criteria
- Once three suitable vendors are selected, a RFQ will be issued to collect information regarding the ability of vendor to meet project requirements in terms of cost and delivery schedule
- The final decision will be made based on an evaluation of cost, delivery time, and quality standards and not solely cost associated.
- Selected suppliers will be notified within 48 hours of the final decision for contract signing, risk mitigation, warranty guidelines and delivery schedule coordination with logistics management.

Change Request

Change requests by the vendor or by the customer must be formally forwarded through the project team to the project manager for review and approval.

Part 2: Project Change Request

Change Request

The team received, evaluated, and approved the change request regarding the addition of a training wheel set. The evaluation determined the best course of action was to procure an aftermarket training wheel set and add to the existing work breakdown structure (WBS) (*Figure 2*) and the schedule (*Figure 3*). The completed Change Request Form is shown in Figure 1.

Project Change Request Form

Name of Project: BICYCLE **Project Manager:** Kristin Dexter

Change Request #: **Change Request Date:** 26-Jun-17

Change Requested by Name: Customer **Current Project Phase:** Initiation

Description of Change: Customer requests the final product configuration be adjusted to add training wheels. The training wheels must have:

1. Supports made of steel that are capable of holding the bicycle upright for up to a 150 lbs rider. This weight requirement is to ensure that sharp turns of the bicycle will not exceed the ultimate failure load of the support structure for the intended rider.
2. Must be able to be removed by the customer with minimal tools.
3. The wheels should be able to withstand constant use for up to two years with minimal maintenance and without excessive wear.
4. Should attach to the bicycle minimizing interference with the riding ability, but provide sufficient support for the rider.

Original completion date: Revised completion date:

Scope Impact: The scope will change with the addition of the additional component. Project schedule will change requiring additional changes to the project documents.

Cost Impact: The cost of the project will change as the procurement of the materials to create the training wheels is determined.

Quality Impact: The quality level of the product will remain unchanged.

Possible Risks: The possibility of failing to meet the new time line.
Costs will exceed the planned budget.
Schedule delays due to integration problems.

Reviewed by: Kristin Dexter **Position:** Project Manager **Date:** 2-Jul-17

Recommended Action: APPROVE

Figure 1: Training Wheel Change Request Form

Updated WBS

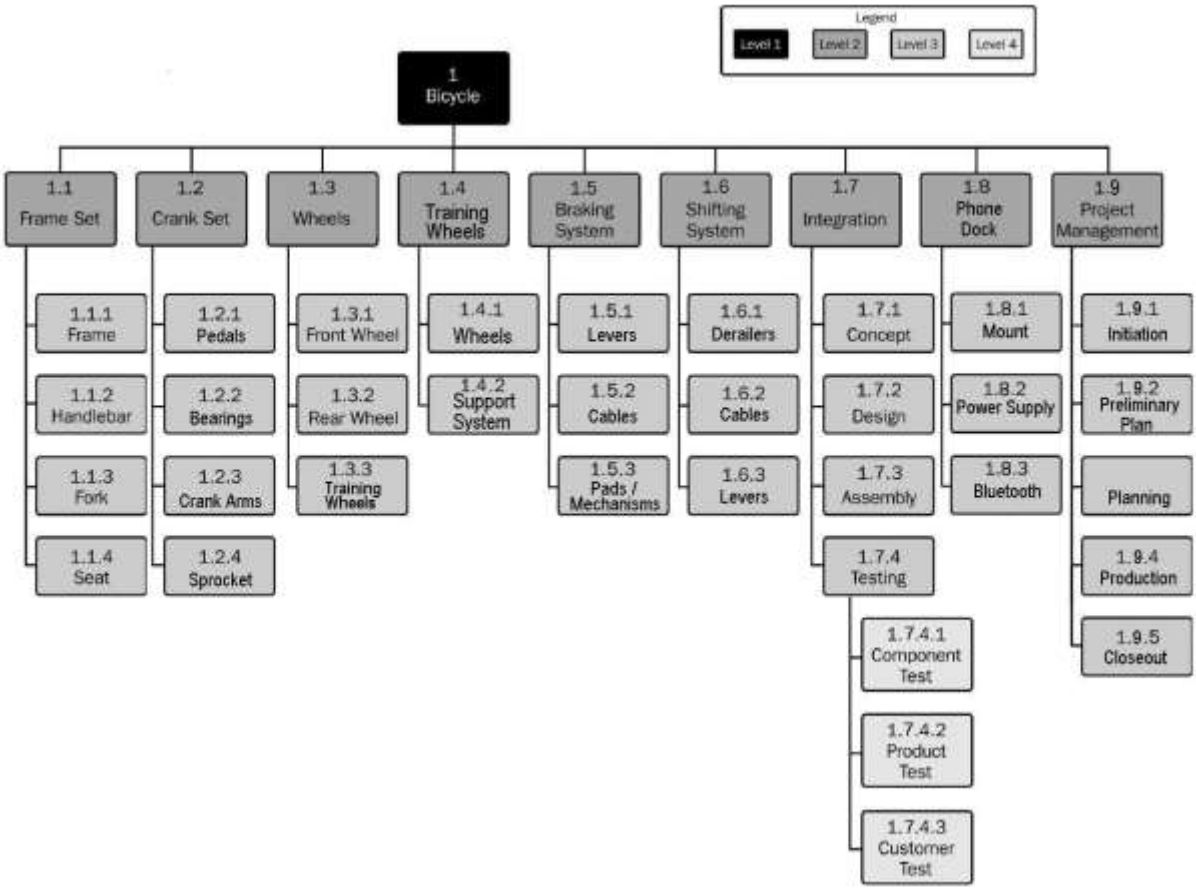
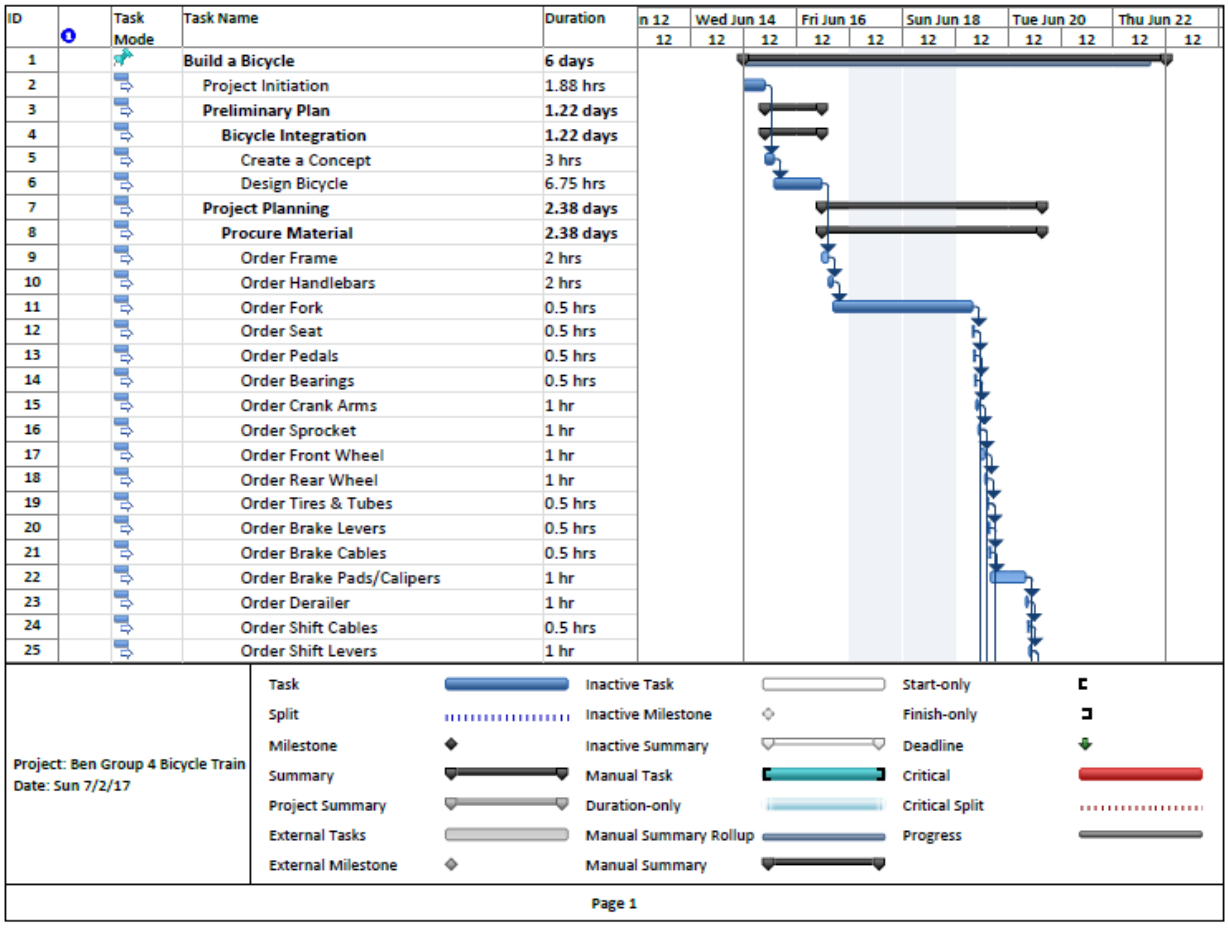


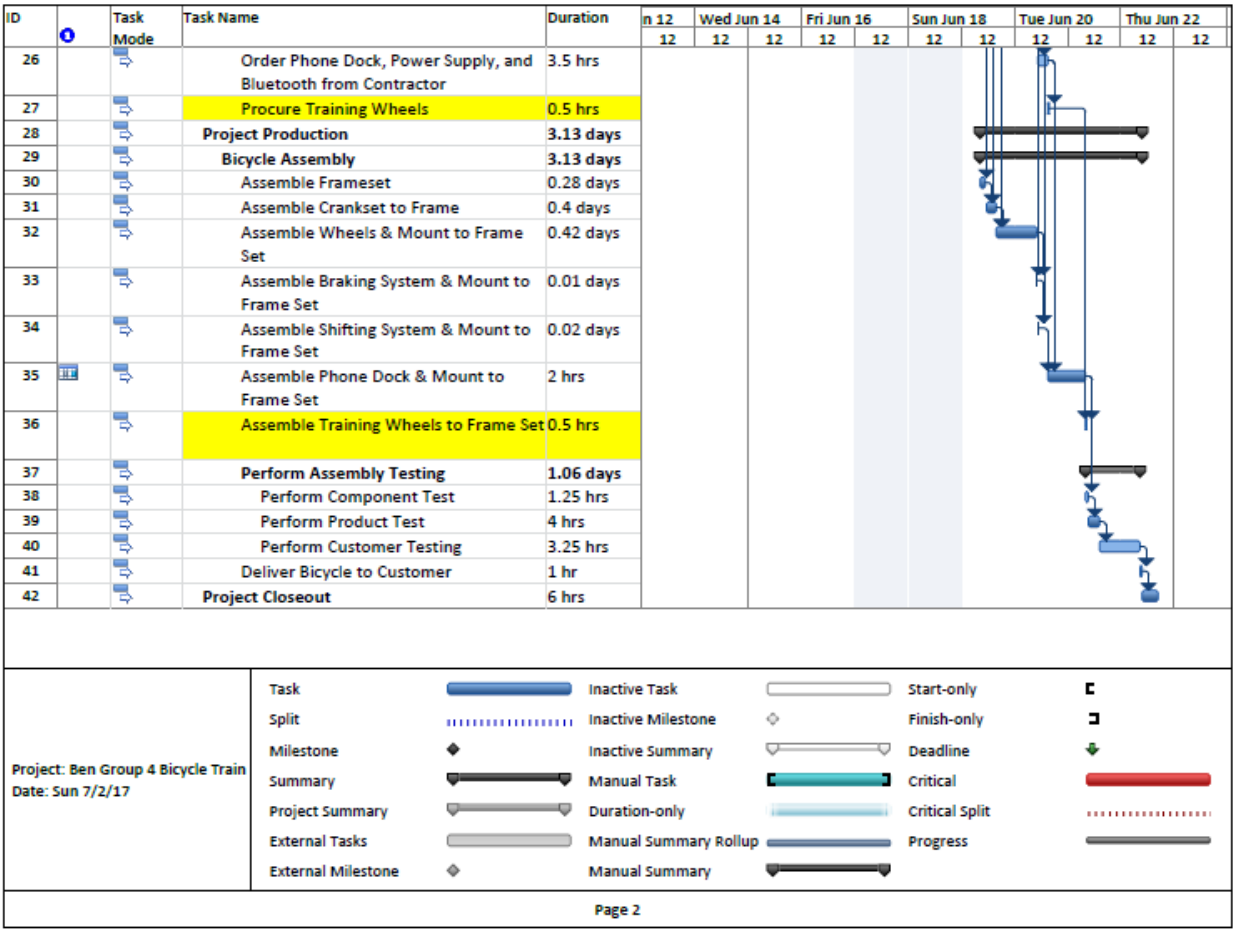
Figure 2: Updated Work Breakdown Structure w/ Training Wheels

Schedule



ID	Task Mode	Task Name	Duration
1		**Build a Bicycle**	**6 days**
2		Project Initiation	1.88 hrs
3		**Preliminary Plan**	**1.22 days**
4		**Bicycle Integration**	**1.22 days**
5		Create a Concept	3 hrs
6		Design Bicycle	6.75 hrs
7		**Project Planning**	**2.38 days**
8		**Procure Material**	**2.38 days**
9		Order Frame	2 hrs
10		Order Handlebars	2 hrs
11		Order Fork	0.5 hrs
12		Order Seat	0.5 hrs
13		Order Pedals	0.5 hrs
14		Order Bearings	0.5 hrs
15		Order Crank Arms	1 hr
16		Order Sprocket	1 hr
17		Order Front Wheel	1 hr
18		Order Rear Wheel	1 hr
19		Order Tires & Tubes	0.5 hrs
20		Order Brake Levers	0.5 hrs
21		Order Brake Cables	0.5 hrs
22		Order Brake Pads/Calipers	1 hr
23		Order Derailer	1 hr
24		Order Shift Cables	0.5 hrs
25		Order Shift Levers	1 hr

Figure 3 Part 1: Updated Schedule with Training Wheels



ID	Task Mode	Task Name	Duration
26		Order Phone Dock, Power Supply, and Bluetooth from Contractor	3.5 hrs
27		Procure Training Wheels	0.5 hrs
28		**Project Production**	**3.13 days**
29		**Bicycle Assembly**	**3.13 days**
30		Assemble Frameset	0.28 days
31		Assemble Crankset to Frame	0.4 days
32		Assemble Wheels & Mount to Frame Set	0.42 days
33		Assemble Braking System & Mount to Frame Set	0.01 days
34		Assemble Shifting System & Mount to Frame Set	0.02 days
35		Assemble Phone Dock & Mount to Frame Set	2 hrs
36		Assemble Training Wheels to Frame Set	0.5 hrs
37		**Perform Assembly Testing**	**1.06 days**
38		Perform Component Test	1.25 hrs
39		Perform Product Test	4 hrs
40		Perform Customer Testing	3.25 hrs
41		Deliver Bicycle to Customer	1 hr
42		**Project Closeout**	6 hrs

Figure 3 Part 2: Updated Schedule with Training Wheels

Budget

The project team has no immediate concerns for the additional 30 minutes of assembly time required for the added deliverable. The increase in materials by 39% was cause for alarm, the type of wheels required to meet the stakeholders requested changes were $117. However, the final increase to the budget for labor and materials is only two percent, making this a low risk change.

WBS		Labor Hours			Expenses					
WBS No	WBS Element	Before Crash Hours	After Crash Hours	Crashing Costs	Labor	Travel	Materials	Subcontracts	Other Direct Costs	Totals
1.1	Frame Set	0.52	0.52	$ -	$ 3.77	$ -	$ 75.92	$ -	$ 5.00	$ 84.69
1.2	Crank Set	0.18	0.18	$ -	$ 1.31	$ 439.00	$ 28.79	$ -	$ 15.00	$ 484.10
1.3	Wheels	0.13	0.13	$ -	$ 0.94	$ 439.00	$ 38.79	$ -	$ 10.00	$ 488.73
1.4	Training Wheels	0.00	0.50	$ -	$ 3.63	$ -	$ 117.00	$ -	$ -	$ 120.63
1.5	Braking System	0.18	0.18	$ -	$ 1.31	$ 439.00	$ 16.98	$ -	$ 10.00	$ 467.29
1.6	Shifting System	0.23	0.23	$ -	$ 1.67	$ 439.00	$ 17.11	$ -	$ -	$ 457.78
1.7	Integration	18.25	14.25	$ 10.00	$ 71.25	$ 1,649.00	$ -	$ -	$ -	$ 1,720.25
1.8	Phone Dock	9.65	2.00	$ 27.73	$ 14.50	$ 439.00	$ 6.16	$ 250.00	$ -	$ 709.66
1.9	Project Management	15.14	10.14	$ 12.50	$ 50.70	$ 1,649.00	$ -	$ -	$ -	$ 1,699.70
	Totals	44.28	28.13	$ 50.23	$ 149.08	$ 5,493.00	$ 300.75	$ 250.00	$ 40.00	$ 6,283.06

Procurement Letter of Correspondence

References

Larson, E. W. & Gray, C. F. (2014). *Project Management: The managerial process* (6th ed.). New York, NY: McGraw-Hill

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