12. Project procurement mgmt.

- Inputs
  - Scope Baseline
  - Req's Documentation
  - Teaming Agreement
  - Risk Register
  - Activity Resource Req's
  - Project Schedule
  - Activity Costs Estimates
  - Cost Performance Baseline
  - EEF
  - OPA
  - PP
  - Proc. doc's
  - Source Selection Criteria
  - Qualified Seller List
  - Seller Proposal
  - P doc's
  - MoB Decision
  - Teaming Agreement
  - OPA
  - Proc. doc's
  - PP
  - Contract
  - Performance Reports
  - Approved Change Requests
  - Work Performance Information
  - PP
  - Proc. doc's
- Outputs
  - Proc. Mgmt. Plan
  - Proc. SoW
  - MoB Decision
  - Proc. Doc's
  - Source Selection Criteria
  - Change Requests
  - Selected Sellers
  - Proc. Contract Award
  - Resource Calendar
  - Change Requests
  - Updt. PP / P docs
  - Proc. doc's
  - Updt. OPA
  - Change Requests
  - Updt. PP
  - Closed Proc.
  - Updt. OPA
- Processes
  - 12.1 Plan procurements
    - What goods/services do we need to buy.
      Creating the proc. documents
    - Assess what to purchase [MoB]
      - Make or Buy decision
        - Make
          - You have workforce
          - You want to retain ctrl.
          - Special knowledge/processes
        - Buy
          - Costs for procurement must be considered
          - Decrease risk for Project
    - Determine how you will do planning
      - Create procurement mgmt. plan
        - How procurement process will be planned / executed / ctrl'd.
    - Prepare procurements documents
      - Create procurement SoW
        - What work the seller needs to do
        - Clear / complete / concise
        - Contains P Mgmt. parts
        - Becomes part of the contract
        - Types
          - Performance
            - What the final product can accomplish
          - Functional
            - Conveys the end purpose
          - Design
            - Conveys precisely what has to be done [dwg]
      - Determine procurement type of contract (proc. dept.)
        - RFP
          - Detailed Proposal
          - How work will be done
          - Who will do work
          - Company experience
          - Price
        - IFB / RFB
          - Total price to do the work
        - RFQ
          - Price per unit/hour/etc
        - PMBOK: RFI
      - Determine type of procurement document (proc. dept.)
        - include...
          - Information for sellers
            - Background Information
            - Procedures
            - Guidelines
            - Format of response
            - Source selection criteria
            - Pricing forms
            - Legal requirements
          - Proc. SoW
          - Terms & Conditions
          - [Contract]
      - Determine Source Selection Criteria
      - Finalize Proc. mgmt. plan / Proc. SoW
    - Determine all roles & responsibilities
    - Go Back - iterations
    - Finalize the "how to execute & ctrl" parts of all mgmt. plans
    - Develop realistic & final PP & perf. measurement baseline
    - Terms
      - Incentives
        - Bonus of the seller
        - Used to bring sellers objectives in line with buyer [Project]
        - Buyer provides additional fee if seller meets cost/schedule/performance objectives
        - Designed to motivate sellers effort
        - Discourage sellers inefficiency
        - Seller has to look for ways to improve performance
      - Price
        - Amount seller charges the buyer
      - Profit / Fee
        - Planned into Price
      - Costs
        - seller to create
        - Buyers costs are sellers price
      - Target Price
        - Compare final price with expected price
        - = target cost + target fee
      - Sharing ratio
        - Describes how cost over- under run will be shared
        - 1st number = buyer
      - Ceiling Price
        - highest price buyer will pay
      - Point of Total Assumption [PTA]
        - Only relates to FPIF contracts
        - Point where seller bears all costs overrun
        - Due to mismgmt.
      - Nondisclosure Agreement
      - Joint Venture / Teaming Agreement
      - Standard Contract
      - Special Provisions / Special Conditions
        - Adaption by PM to Project
      - Terms & Conditions
      - Letter of Intent
        - Used if material is needed but no proc. contract has been signed yet
      - Privity
    - Tools/Techniques
      - MoB-Analysis
      - Expert Judgement
      - Contract Types
    - Input
      - Scope Baseline
      - Req's Documentation
      - Teaming Agreement
      - Risk Register
      - Activity Resource Req's
      - Project Schedule
      - Activity Costs Estimates
      - Cost Performance Baseline
      - EEF
      - OPA
    - Output
      - Proc. Mgmt. Plan
      - Proc. SoW
      - MoB Decision
      - Proc. Doc's
      - Source Selection Criteria
      - Change Requests
  - 12.2 Conduct procurements
    - Getting proc. doc's to seller, answering Q, reviewing & selecting a seller
    - Request changes
    - Select seller
      - Tools/Techniques
        - Techniques
          - Weighting System
            - Rates sellers according to predefined selection criteria
          - Screening System
            - Eliminates sellers that do not meet minimum requirements
          - Past performance history
          - Presentations
            - Getting to know the needs of buyer
            - Resolving open issues
          - Sellers response to proc. doc's
            - Seller proposal
              - Response to RFP
            - Price quote
              - Respons to RFQ
            - Bid
              - Response to IFB
          - Proposal review
            - Buyer uses source selection criteria defined in the proc. mgmt. plan
        - Bidder conference
          - Getting understanding
          - Getting buy-in
          - Results as part of proc. doc's
          - Benefit both buyer / seller
          - Watch-out for...
            - Collusion [Absprachen]
            - Sellers not asking Q
            - All sellers receive Q&A
        - Proposal Evaluation Technique
        - Independent estimates
          - Comparing to in-house / external estimates
        - Expert Judgement
        - Advertising
          - to attract sellers
        - Qualified sellers list
          - Part of OPA
        - Negotiations
          - Obtain a fair/reasonable price
          - Develop a good relationship with seller
          - Tactics
            - Attacks
            - Personal insults
            - Good guy/bad guy
            - Deadline
              - "we have a flight at 5pm..."
            - Lying
            - Limited authority
            - Missing man
            - Fair & reasonable
            - Delay
              - "Lets revisit that issue the next time we get together..."
            - Extreme demands
            - Withdrawal
            - Fait accompli
              - must be
          - Items to negotiate
            - Scope
            - Schedule
            - Price
            - Responsibilities
            - Authority
            - Applicable law
            - PM processes to be used
            - Payment schedule
    - Input
      - PP
      - Proc. doc's
      - Source Selection Criteria
      - Qualified Seller List
      - Seller Proposal
      - P doc's
      - MoB Decision
      - Teaming Agreement
      - OPA
    - Output
      - Selected Sellers
      - Proc. Contract Award
      - Resource Calendar
      - Change Requests
      - Updt. PP / P doc's
  - 12.3 Administer procurements
    - Managing relationship between buyer & seller.
      Ensuring both parties perform as required
      If too many changes in Proc. a new contract (P) may be needed
    - Take action to ctrl. the project
    - Measure performance against other metrics determined by PM
    - Determine variances and if they warrant corrective actions or change requests
    - Influence the factors that cause change
    - Request changes
    - Updt PP & project doc's
    - Administer procurements
      - Review invoices
      - Complete Integrated Change Ctrl.
      - Record everything
      - Manage Changes
      - Authorise payments to seller
      - Interpret what is & is NOT part of contract
      - Resolve disputes
        - Proc. Mgr. usually the only one who can change contract
      - Only authorised people comm. with seller
      - Work with proc. mgr.
      - Hold Proc.Performance Reviews
      - Understand legal implications
      - Ctrl. Q
      - Coordinate sellers work with P work
        - FP contract
          - Watch for seller cutting scope
          - Watch for seller cutting quality
          - Watch for overpriced change orders
          - Check for scope-misunderstanding
        - T&M contract
          - Provide day-to-day direction to seller
          - Attempt to get concrete deliverables
          - Make sure P length is not exceeded
          - Make sure N° of hours spent is reasonable
          - Watch when switching to different contracts
        - CR contract
          - Audit every invoice
          - Make sure costs are applicable / chargeable to P
          - Make sure sellers work is progressing efficiently
          - Watch for seller adding unnecessary resources
          - Watch out for resource shifting:
            Proposal with expert = high rate
            Work with worker = same rate as expert
          - Watch out for charges originally not anticipated
          - Reestimate cost of P
      - Manage Interfaces
      - Verify correct scope is being done
      - Perform Inspections & Audits
      - Reestimate risks, cost, schedule
      - Mon. & Ctrl. Risks
    - P ctrl. in Proc. environment
      - Buyer & seller have different objectives
      - Buyer & seller have different EEF/OPA
      - Not easy to see problems as work is done in different location
      - Reliance on reports if problems exist
      - Reliance on relationship between Buyer/Seller to solve problems
    - Tools/Techniques
      - CCCS
        - Procedures must be followed
      - Proc. Performance Reviews
        - PM analyses data to verify the seller is performing as they should
        - Done with Team & Seller
      - Inspections / Audits
      - Performance Reporting
      - Records Mgmt. System
        - Information relevant for industry / P is kept
    - Input
      - Proc. doc's
      - PP
      - Contract
        - Should have provisions for termination
          - Termination for convenience (Buyer terminates if work not needed anymore)
            - Seller gets paid for work done & work in progress
          - Termination by default
            - Seller gets paid for work done
      - Performance Reports
      - Approved Change Requests
      - Work Performance Information
    - Output
      - Proc. doc's
      - Updt. OPA
      - Change Requests
      - Updt. PP
  - 12.4 Close procurements
    - Verifies all work & deliverables are accepted
      Finalise open claims
      Tying up loose ends
      ALL Proc. must be closed out
    - Confirm work is done to requirements
    - complete proc. closure
      - Closed when
        - Contract is completed
        - Contract is terminated before work completion
      - Difference to PROJECT closure
        - Many proc. may be closed on a P
        - Proc. closure MUST occur before project closure
        - Proc. closure requires MORE record keeping & generally is MORE formal than P closure
        - Proc. closure is done at completion of each contract
    - Index & archive records
    - Updt lesson learned knowledge base
    - Involves
      - Product verification
        - check to see if work was done correctly
      - Negotiated settlements
        - Final settlements may be handled by negotiations/dispute resolution
      - Financial closure
        - Making final payment
        - Completing cost records
      - Proc. audit
        - Review of proc. process (lessons learned)
      - Updt. to records
        - Make sure all records are complete & accessible
      - Final Contract Performance Reporting
        - Create a final report
      - Lessons learned
        - What went right
        - What went wrong
        - What do we do better next time
      - Proc. file
        - Contains ALL proc. doc's
    - Tools/Techniques
      - Proc. Audits
      - Negotiated Settlements
      - Records Mgmt. System
    - Input
      - PP
      - Proc. doc's
    - Output
      - Closed Proc.
      - Updt. OPA