**Procurement Management Plan**

**<Project Name>**

**Company Name**

**Address**

**Date**

**Table of Contents**

[Introduction 3](#_Toc105232241)

[Procurement Risks 3](#_Toc105232242)

[Procurement Risk Management 3](#_Toc105232243)

[Cost Determination 4](#_Toc105232244)

[Procurement Constraints 4](#_Toc105232245)

[Contract Approval Process 4](#_Toc105232246)

[Decision Criteria 4](#_Toc105232247)

[Performance Metrics for Procurement Activities 5](#_Toc105232248)

[Sponsor Acceptance 5](#_Toc105232249)

# Introduction (Cess)

The purpose of the Procurement Management Plan is to define the procurement requirements for the project and how it will be managed from developing procurement documentation through contract closure. The Procurement Management Plan defines the following:

* Items to be procured with justification statements and timelines
* Type of contract to be used
* Risks associated with procurement management
* How procurement risks will be mitigated through contract performance metrics, insurance, or other means
* Determining costs and if/how they’re used as evaluation criteria
* Any standardized procurement templates or documents to be used
* How multiple suppliers will be managed if applicable
* Contract approval process
* Decision criteria
* Establishing contract deliverables and deadlines
* How procurement and contracts are coordinated with project scope, budget, and schedule
* Any constraints pertaining to procurement
* Direction to sellers on baseline requirements such as contract schedules and work breakdown structures (WBSs)
* Vendor Management
* Identification of any prequalified sellers if applicable
* Performance metrics for procurement activities

# Procurement Risks (Cess)

The purpose of this section is to identify any potential risks associated with procurement for the project. Depending on the contract type, items or services being purchased, vendor history, or uncertainties in the project’s scope, schedule, or budget, potential risks may require more detailed planning and mitigation strategies. For instance, if an organization has a close relationship to a particular vendor but there is a chance that vendor will no longer to be able to provide goods or services needed, this represents a significant risk to the project’s procurement activities that must be managed.

# Procurement Risk Management (Dale)

The purpose of this section is to describe how risks related specifically to procurement activities will be managed. All projects should have an independent and thorough risk management plan. However, much like there are risks which pertain only to procurement, there are risk management considerations which may also be unique and apply only to procurement. This may include involvement of specific personnel in managing procurement risks or obtaining approval on mitigation steps from a particular management level within the organization.

# Cost Determination (Jake)

The purpose of this section is to describe how costs will be determined and if/how they will be used as part of the selection criteria. For procurements seeking goods and/or services from an outside vendor, costs are usually provided in response to a Request for Quote (RFQ), Request for Proposal (RFP), or a Request for Bid (RFB). Vendors submit quotes, proposals, or bids which describe the costs of the good or service in detail to aid the customer in their decision making. Costs are almost always used as part of the procurement decision criteria but may be prioritized differently depending on the organization.

# Procurement Constraints (Carl)

The purpose of this section is to describe any constraints which must be considered as part of the project’s procurement management process. These constraints may be related to schedule, cost, scope, resources, technology, or buyer/seller relationships. As constraints are identified, they must be considered every step of the way as procurement activities are planned and conducted. Every effort must be made to identify all constraints prior to any project or procurement planning as constraints identified later in the project lifecycle can significantly impact the project’s likelihood of success.

# Contract Approval Process (Rark)

The purpose of this section is to define the process through which contracts must be approved. This process may vary greatly from company to company but it is important to define the process within your organization and who is involved in the decision-making. Typically large purchases follow an established bidding process and follow a formal selection and approval process. Smaller purchases can be less formal and can be approved by the Project or Program Manager. This section should clearly identify the rules for all procurements within your organization.

# Decision Criteria (Kins)

The purpose of this section is to define the criteria used by the contract review board to decide on what contract(s) to award. Again, these criteria may vary between organizations but must be defined as part of the Procurement Management Plan.

# Performance Metrics for Procurement Activities (Carl)

This section describes the metrics to be used for procurement activities associated with the project. These metrics may be used to ensure the project stays on schedule regarding procurement activities. They may also be used to compile data on the performance of various vendors in order to assist with future procurement activities’ vendor selection criteria.

# Sponsor Acceptance

Approved by the Project Sponsor:

Date:

<Project Sponsor>

<Project Sponsor Title>

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