**Procurement Management plan**

Table of Contents

[1.1. Introduction 2](#_Toc138965462)

[1.2. Procurement Risks 2](#_Toc138965463)

[1.3. Procurement Risk Management 3](#_Toc138965464)

[1.4. Cost Determination 4](#_Toc138965465)

[1.5. Procurement Constraints 5](#_Toc138965466)

[1.6. Contract Approval Process 5](#_Toc138965467)

[1.7. Decision Criteria 6](#_Toc138965468)

[1.8. Performance Metrics for Procurement Activities 7](#_Toc138965469)

[1.9 Procurement Management Approach 7](#_Toc138965470)

### 1.1. Introduction

The procurement management plan plays a vital role in the making of RAMs Corner: ITRO Ticketing Service System. It serves as a guide and outlines to make all the things needed to make the software run smoothly. It will justify why using up to date technologies are needed. The procurement management plan will be revised or updated from time to time in case there has been a change in obtaining the necessary materials. Along with this paper, it will also include all the possible risks and will layout its mitigation plan, different types of contracts that will be used, and cost determination.

The procurement management plan outlines all the critical scenarios that are relevant to make the project successful. It will help align all the necessary deliverables to avoid delaying things and keep them on track.

### 1.2. Procurement Risks

All activities have their own risks. This includes procuring all the materials needed, goods, or any services that would be vital in making the project successful and deployable.

The Nacor Industries should plan ahead how to avoid or mitigate the damage a possible risk can cause. The team identified all the possible scenarios that should be considered when procuring all the necessary materials. The list below shows all the possible angles that can happen but not limited to:

1. Failure to deliver all the materials within the project timeline causing delays and higher cost of budget.

2. Receiving not properly integrated hardware resulting in frequent maintenance and poor customer service.

3. Incorrect or lack of research about certain products which may lead to buying wrong materials which can also cause to increase budget.

4. Having a contract with a vendor that doesn’t meet the industry standard may impact not only the project’s reputation, but also the company.

5. Having poor communication between the team and the vendor acquiring more than enough resources which can cause higher cost of budget without fully utilizing all the materials bought.

This part of the paper is simultaneously updated to keep track of the updated possible risks that can have an impact on the project. This will be updated from time to time throughout the project’s lifetime to ensure quality output when launching the finished project.

### 1.3. Procurement Risk Management

* 1. Identification of procurement risks

For the company to plan out and mitigate the risk. The company should first take the risk. The possible procurement management risk for the Nacor Industries is below but not limited to:

* Delayed delivery of materials
* Having sub-standard materials
* Lack of materials coming from the same vendor
* Sudden inflation of materials causing higher costs

2. Risk mitigation strategies

After listing all the possible scenarios that can happen when procuring the materials. It is important to establish how to apply certain strategies and how to implement them.

* Have the deliveries advanced for a few days so that there is an ample amount of time in case of delays.
* After looking for a specific product. Look for an alternative without sacrificing the quality to avoid unexpected breakdown of the material/s.
* Look for a back-up vendor that also provides the same resources in case the other vendor is out of products
* Increase the budget by a few percentages to cover for the materials in case the prices increase.

3. Assignment of Responsibilities

Everyone will have their own responsibilities when managing the procuring risks. Specific individuals will be assigned to pinpoint the procuring risks and others will be assigned to determine a possible risk that has been overlooked. Further to that information, the project manager and people who are assigned those responsibilities will be providing feedback on the status of the procurement risk management plans.

4. Communication and Reporting

Proper communication within the team or group is the key essential to success of the project. Regular status reports will be provided by the Project manager and the project team, Procurement risks and risk mitigation will be constantly updated, and the stakeholders would be informed when changes or developments happen in procuring risk management activities.

5. Continuous Improvement

Since procurement risk management is continuously updated, the documents will be saved and used as a future reference when dealing with a certain risk. This would greatly help the future projects to improve on how they will execute their tasks and provide even more quality outputs.

Regular analysis of the procurement risk will also be conducted in case a certain risk has been overlooked by the project manager and the project team.

### 1.4. Cost Determination

Just like any project, Cost determination is also a crucial part of the project when procuring the essential materials. The project needs to have a high-quality product and be cost effective at the same time. To guarantee this situation, the company may bid on vendors who offers the best deal that would benefit the project.

The project team must review all the costs surrounding the procurement process. This goes from delivery of items to the installation of the said items, and the maintenance costs to keep the materials up and running. During this time around, the team would thoroughly review any potential cost overruns so that they might look for an alternative so that the budget for procuring materials cannot be affected that much and mitigate the possible risks that can happen.

Stakeholders, project manager, procurement manager would then collaborate to guarantee that the budget would be utilized and no resources in making the project successful would go to waste. The procurement budget is also constantly monitored and kept on track to avoid going over the budget.

To make things fast and efficient, the project team will use standardized procurement templates. This would greatly help the team to be constant on the method they are using when calculating costs on different angles of procurement activities.

Cost determination plays a huge role in procurement management plans as it serves as a guide to make sure the budget for the project is correct and utilized well.

### 1.5. Procurement Constraints

The constraints below should be considered as a part of the RAMS Corner: Ticketing Service System project.

1. Schedule constraints: Every project has a strict deadline including the RAMs Corner: Ticketing Service System project. The deliverables should be made based on their deadline or planned schedule. It is important that individuals pass their deliverables on time to avoid any delays to the project and to ensure the team stays on the right track. Any delays within the deliverables might cause the problem to snowball into bigger issues that can affect the project itself.
2. Budget constraints: the project has an allotted budget for the project.
3. Technology Constraints: The software that Nacor Industries makes (RAMS Corner: ITRO Ticketing Service System) does not demand a higher specification for it to run. A typical office computer/desktop can suffice for the software to run smoothly.
4. Resource constraints: The personnel of the office should be knowledgeable of how to operate or use the newly made software for them.

### 1.6. Contract Approval Process

The contract approval process for the ITRO will be formally handled by the director of the office. The team will formally conduct a meeting with the director and present the idea. The team and the director would then start the process of conducting the contract and make sure no policies are bypassed.

1. Contract initiation: the project manager would first pitch the idea to the head of the ITRO.
2. Contract planning. The director of the ITRO would then make suggestions or customized features that would personally cater to the needs of the office.
3. Contract development: once the contract is set and ready. The team would develop the software and would have a meeting with the client regarding about the status of the software
4. Contract Review: the director and the team would review the software to make sure the project is still within the scope

### 1.7. Decision Criteria

The following decision criteria for the Nacor Industries are the following:

Technical capabilities: the vendor must have ample experience in handling any similar projects of the same nature. This is important for the project to succeed. It is also important to note that the vendor is knowledgeable in today’s technology

Price: The price is one of the deciding factors whether a company would buy the vendor’s product or not. If the vendor would set its prices high. The materials should meet the quality and certain specifications for it to be reasonable.

Schedule: The vendor should be able to deliver its expected quality output within the given schedule.

Quality: The vendor should be able to meet the specifications and quality of the materials. The vendor should also be able to consistently provide customer service.

Risk management: the vendor should have a plan to mitigate every risk that may be possibly encountered over the lifetime of the project.

Sustainability: the vendor should be able to sustain the product he/she sells. The materials should also be economic making it easier to build and sustain the products

Compliance: the vendor should abide the laws and have no past issues that possibly taint the project’s name and the company’s name

### 1.8. Performance Metrics for Procurement Activities

The following metrics that will be used for procurement activities are:

1. Vendor performance rating

A. The project manager and the project sponsor would thoroughly review the product of the vendor's product. In this way, this gives the team a much better point of view since there are people vouching for the product of the vendor.

1. Procurement cycle time

A. These measures the vendor’s capabilities or how fast and efficient it is when delivering the items. This starts from the initial ordering of the materials to finishing the project from installing the delivered goods.

1. Cost variance.

A. This metric serves as a purpose to scout the market on the lowest price possible on certain materials. This gives the company a lot of choices settling between couples of vendors who have the best deal possible.

1. Purchase Order Accuracy:

A. This metric tests the vendor’s accuracy when delivering the materials in a large quantity. One wrong item can possibly cause a delay in a project.

### 1.9 Procurement Management Approach

The project manager will handle and manage all the things needed to be obtained for the project. The project manager will brainstorm together with the team to discuss all the recent technologies on the market that would potentially help the software to run smoothly. The project manager and the team would then review the materials that are listed for further inspection and look for some alternatives to save budget without sacrificing the quality of the materials. After the meeting, the project manager would then decide if the lists were valid and reasonable to buy.

After making the list of necessary materials for the project, the project would then look for a suitable supplier to either buy or start having a contract with the store.