

PROCUREMENT MANAGEMENT PLAN
CHUBBY GOURMET'S E-COMMERCE WEB APPLICATION

HIGHTABLE

**PROJECT DOCUMENTATION SUBMITTED TO THE FACULTY OF THE
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PROJECT MANAGEMENT
PROJMAN**

BY
GIANNA BERNICE R. ARTAJOS
MARCUS PHILIP L. FLORES
JOHN RYSAL C. ROSEL
LESTER DAVE M. SALAZAR

DATE



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INTRODUCTION

The Procurement Management Plan plays a crucial role in defining the procurement requirements and outlining the management approach for the Chubby Gourmet e-commerce web application project. This plan encompasses various aspects of procurement activities, from the development of procurement documentation to the closure of contracts. By establishing a clear framework, the Procurement Management Plan ensures effective and efficient procurement practices throughout the project lifecycle.

This section of the paper will provide an overview of the key components and objectives of the Procurement Management Plan, setting the stage for detailed discussions in subsequent sections.

1. **Procurement Risks:** This section will address the risks associated with procurement management. It will identify potential risks that may arise during procurement activities and highlight the importance of mitigating these risks to ensure project success.
2. **Procurement Risk Management:** The plan will outline strategies and procedures for managing procurement-related risks. It may involve assigning specific personnel to oversee risk management activities and obtaining approvals from relevant management levels when necessary.
3. **Cost Determination:** The plan will describe how costs will be determined for procurement activities and how they will be used as evaluation criteria. It will explain the process of obtaining cost information from vendors and how costs will be prioritized in the procurement decision-making process.
4. **Procurement Constraints:** This section will identify any constraints that need to be considered during the procurement management process. Constraints may include factors such as schedule, cost, scope, resources, technology, or buyer/seller relationships. It emphasizes the importance of identifying and addressing constraints early in the project to ensure success.
5. **Contract Approval Process:** The plan will define the process through which contracts must be approved. It will outline the specific steps and individuals or entities involved in the decision-making process, ensuring a clear and consistent approach to contract approval.
6. **Decision Criteria:** This section will establish the criteria used by the contract review board to evaluate and select the most suitable contracts. The criteria may include factors such as cost, quality, vendor qualifications, and compliance with project requirements.
7. **Performance Metrics for Procurement Activities:** The plan will outline the metrics used to measure the performance of procurement activities associated with the project. These metrics may include adherence to procurement schedules and vendor performance data, aiding in future vendor selection processes.

By addressing these key components, the Procurement Management Plan for the Chubby Gourmet e-commerce web application project aims to streamline procurement processes, mitigate risks, and ensure successful acquisition of goods and services essential to project delivery.

PROCUREMENT RISKS

The procurement process for the Chubby Gourmet e-commerce web application project involves certain risks that need to be identified, assessed, and managed effectively. The following are potential procurement risks associated with the project:

1. Vendor Selection Risk:
 - There is a risk that the wrong vendor will be selected for the project, resulting in potential issues such as delays, cost overruns, or poor-quality deliverables.
2. Contractual Risk:
 - There is a risk that the contract between the project team and the vendor may be poorly written or negotiated, leading to contractual disputes, delays, or cost overruns.
3. Change Order Risk:
 - There is a risk that the project's scope may change after the contract has been signed, resulting in additional costs or delays if not managed effectively.
4. Vendor Performance Risk:
 - There is a risk that the selected vendor may not perform as expected, leading to delays, cost overruns, or poor-quality deliverables.
5. Supply Chain Risk:
 - There is a risk that the vendor may face supply chain challenges, such as disruptions in the availability of required goods or services, leading to delays, cost overruns, or poor-quality deliverables.
6. Communication Risk:
 - There is a risk of communication breakdown or misalignment between the project team and the vendor, leading to misunderstandings, delays in decision-making, or ineffective collaboration.

These procurement risks should be carefully considered during the project planning and execution phases. Proper risk identification and mitigation strategies will be developed and implemented to address these risks, ensuring effective procurement management for the Chubby Gourmet e-commerce web application project.

PROCUREMENT RISK MANAGEMENT

The procurement risk management approach for the Chubby Gourmet e-commerce web application project focuses on proactively identifying, assessing, and managing risks related specifically to procurement activities. The following strategies and considerations will be implemented to effectively manage procurement risks:

1. **Thorough Vendor Due Diligence:**
 - A comprehensive vendor evaluation process will be conducted, including reviewing the financial statements, assessing past performance, and checking vendor references. This will ensure that qualified and reliable vendors are selected.
2. **Well-Written Contracts:**
 - Contracts will be carefully drafted and negotiated to clearly define the scope of work, deliverables, payment terms, and dispute resolution process. This will minimize the potential for contractual disputes and mitigate associated risks.
3. **Change Management:**
 - Changes to the project scope will be evaluated carefully, and any modifications will be documented and approved by both the project team and the vendor. This structured change management approach will mitigate the risks of scope creep and ensure that changes are effectively managed.
4. **Vendor Performance Monitoring:**
 - A robust monitoring process will be established to closely track vendor performance, including regular progress updates, deliverable reviews, and performance evaluations. This will enable prompt identification and resolution of any issues, ensuring vendors meet the expected standards.
5. **Diversification of the Supply Chain:**
 - To mitigate the supply chain risk, multiple vendors will be considered for critical goods or services. This approach will reduce dependency on a single vendor and provide alternative options in case of unforeseen disruptions.
6. **Effective Communication:**
 - Communication channels will be established and maintained between the project team and the vendors. This includes regular meetings, clear documentation, and timely responses to queries or concerns. Efficient communication will minimize misunderstandings and prevent delays in decision-making.

The procurement risk management strategies will be integrated into the overall project risk management plan. This ensures that procurement risks are identified, assessed, and mitigated throughout the project's lifecycle. The involvement of designated personnel and the required management approvals will be incorporated to ensure accountability and effective risk management within the organization.

COST DETERMINATION

The cost determination for the Chubby Gourmet e-commerce web application project encompasses several key factors that contribute to the overall project expenses. The following considerations will be taken into account during the cost determination process:

1. Software and Hardware Costs:
 - The expenses associated with acquiring, developing, and maintaining the necessary software and hardware components for the web application will be evaluated. This includes licenses, development tools, hosting infrastructure, and any specialized equipment required.
2. Web Hosting Expenses:
 - The cost of reliable and secure web hosting services will be assessed. This includes determining the most suitable hosting providers based on their pricing models, performance, scalability, and technical support.
3. Domain Name Fees:
 - The expenditure for registering and renewing the domain name associated with the Chubby Gourmet e-commerce web application will be considered.
4. Professional Services Charges:
 - The charges associated with engaging professional services, such as design, development, and testing, will be carefully evaluated. This includes assessing vendors' proposed rates and pricing structures.

The procurement process will involve issuing a comprehensive Request for Proposal (RFP) to potential vendors. The RFP will provide detailed project requirements and instructions for bid submission, specifically outlining the cost factors that will be utilized for evaluating bids.

Evaluation Criteria for Cost Determination:

1. Total Project Cost:
 - The total cost provided by vendors will be a significant consideration in the evaluation process. The project team will assess the reasonableness and competitiveness of the proposed costs against the defined project requirements.
2. Vendor Experience and Qualifications:
 - The expertise, experience, and qualifications of the vendors will be assessed to ensure they possess the necessary skills and capabilities to successfully deliver the Chubby Gourmet e-commerce web application within the specified budget.
3. Project Timeline:

- Vendors' proposed timelines for completing the project will be evaluated to ensure alignment with the project's schedule and delivery expectations.
4. Warranty and Support Terms:
 - The terms and conditions regarding vendor warranties and ongoing support for the web application will be carefully examined to ensure that potential costs associated with maintenance and troubleshooting are considered.

The project team will select the vendor that offers the best overall value, considering the balance between cost and quality. While cost is a significant factor, the team recognizes the importance of reliability, performance, and the ability to meet project requirements within the specified budget and timeline.

The cost determination process aims to identify a vendor that provides cost-effective solutions while ensuring the highest quality standards and timely delivery of the Chubby Gourmet e-commerce web application.

PROCUREMENT CONSTRAINTS

The procurement management process for the Chubby Gourmet e-commerce web application project must consider the following constraints:

1. Schedule:
 - The project schedule allows for flexibility in conducting procurement activities, contract administration, and contract fulfillment within a predefined range of dates. However, adherence to the overall project timeline is crucial to ensure timely delivery.
2. Cost:
 - The project budget incorporates contingency and management reserves, but it is essential to manage costs effectively and keep the overall project expenses within the approved budget. Cost control measures and regular monitoring will be implemented.
3. Scope:
 - All procurement activities and contract awards must align with the approved project scope statement. Any deviations or changes in scope should be addressed through proper change control procedures to avoid scope creep and maintain project integrity.
4. Resources:

- Procurement activities should be performed and managed efficiently, leveraging the current project team's skills and capacity. Additional resources may be acquired as needed, considering factors such as workload, expertise, and availability.
5. Technology:
 - The Chubby Gourmet e-commerce web application project necessitates the utilization of specific technologies. It is essential to consider any constraints related to technology availability, compatibility, and expertise required for successful implementation and operation.
 6. Buyer/Seller Relationships:
 - The project emphasizes the development of strong buyer/seller relationships to ensure effective communication, collaboration, and mutual understanding. Building and maintaining positive relationships with vendors will contribute to successful procurement outcomes.

These constraints will be thoroughly considered throughout the procurement activities, from planning to execution. It is crucial to identify and document all constraints early in the project lifecycle to minimize their impact on the project's success.

Furthermore, it is important to note that there may be additional constraints specific to the Chubby Gourmet e-commerce web application project. These project-specific constraints will be identified, documented, and taken into account during the procurement management process to ensure comprehensive and tailored procurement strategies.

CONTRACT APPROVAL PROCESS

The contract approval process for the Chubby Gourmet e-commerce web application project ensures that all contracts are reviewed and approved in a structured and efficient manner. The following enhanced process outlines the steps involved:

1. Initiation:
 - Identify the need for a contract and develop a comprehensive request for proposal (RFP). The RFP should clearly outline the project's scope, deliverables, timeline, and budgetary considerations.
2. Solicitation:
 - Distribute the RFP to potential vendors and provide them with sufficient time to submit their proposals. Evaluate and score the proposals based on predetermined criteria to identify the most suitable vendor for the project.

3. Negotiation:
 - Collaborate with the selected vendor to finalize the contract terms. Engage legal counsel to review the contract and ensure it aligns with the organization's best interests, including legal and regulatory compliance.
4. Approval:
 - Obtain the required approvals from stakeholders involved in the contract approval process. This may include project sponsors, legal counsel, finance department, and senior management. All necessary signatures should be obtained to validate the contract.

Rules for All Procurements

To ensure consistency and compliance in all procurements, the following rules apply:

1. Approval by Stakeholders:
 - All contracts, regardless of their size or nature, must undergo an approval process involving the relevant stakeholders. The specific individuals or committees responsible for contract approval should be clearly defined.
2. Legal Review:
 - All contracts must undergo a thorough legal review by legal counsel to ensure compliance with laws, regulations, and the organization's policies. Legal counsel should verify that the contract protects the organization's interests and mitigates potential risks.
3. Written Documentation:
 - All contracts must be in writing, clearly outlining the terms and conditions agreed upon by both parties. The contract should be signed by all parties involved and securely stored for future reference.

By adhering to these rules, the project team can streamline the contract approval process, enhance accountability, and ensure that all contracts are thoroughly reviewed and approved in a manner that aligns with the organization's procurement policies and procedures.

DECISION CRITERIA

The contract review board for the Chubby Gourmet e-commerce web application project will utilize the following enhanced decision criteria to determine which contract(s) to award:

1. Ability to Meet Requirements:

- The vendor must demonstrate a clear understanding of the project requirements and possess the necessary capabilities to successfully fulfill the scope of work within the specified schedule and budget.
- 2. Price:
 - The vendor's proposed price should be competitive and represent a fair and reasonable value for the goods or services being provided. Cost-effectiveness will be considered while ensuring quality and performance expectations are met.
- 3. Quality:
 - The vendor must have a proven track record of delivering high-quality products or services. Their proposed solution should align with the project's quality standards and meet or exceed industry best practices.
- 4. Past Performance:
 - The vendor's past performance will be evaluated, considering their experience, reputation, and history of delivering similar projects successfully. Positive references and feedback from previous clients will be considered as indicators of reliability and competence.
- 5. References:
 - The vendor must provide references that can validate their ability to meet the project's requirements and deliverables. These references will be contacted to gather insights into the vendor's performance, professionalism, and adherence to timelines.

In addition to the above criteria, the contract review board may also consider other relevant factors such as the vendor's financial stability, their commitment to environmental sustainability, and their alignment with the organization's social responsibility standards.

By employing these comprehensive decision criteria, the contract review board will be able to make informed and well-rounded decisions when awarding contracts for the Chubby Gourmet e-commerce web application project. The criteria should be customized to the project's specific needs and clearly documented in the Procurement Management Plan to ensure consistency and transparency throughout the procurement process.

PERFORMANCE METRICS FOR PROCUREMENT ACTIVITIES

To effectively measure the performance of procurement activities for the Chubby Gourmet e-commerce web application project, the following enhanced metrics will be employed:

1. Procurement Cycle Time:

- This metric will track the time taken to complete each procurement activity, from the initial request to the final receipt of goods or services. It will help identify any delays or bottlenecks in the procurement process, enabling timely adjustments to ensure efficient procurement cycles.
2. Procurement Cost:
 - The procurement cost metric will assess the total expenditure associated with procuring goods or services from vendors. Monitoring and analyzing this metric will aid in optimizing cost-efficiency and budget adherence throughout the procurement process.
 3. Procurement Quality:
 - This metric evaluates the quality of goods or services obtained through procurement activities. It involves assessing factors such as product/service performance, adherence to specifications, and customer satisfaction. Ensuring high procurement quality supports the overall success of the project by delivering reliable and superior deliverables.
 4. Procurement Compliance:
 - The procurement compliance metric measures the extent to which procurement activities adhere to relevant laws, regulations, and organizational policies. Compliance with procurement procedures, ethical standards, and contractual obligations is crucial for risk mitigation and maintaining a transparent and fair procurement process.
 5. Procurement Risk:
 - This metric evaluates the level of risk associated with procurement activities. It considers factors such as vendor reliability, supply chain disruptions, and contractual risks. By monitoring procurement risks, the project team can proactively identify and address potential issues to minimize their impact on project timelines and budgets.

Throughout the project, the procurement team will diligently track these performance metrics to identify areas for improvement, identify trends, and benchmark vendor performance. The data collected will be utilized to generate comprehensive reports on procurement activities' performance, providing valuable insights for future procurement planning and vendor selection criteria.

SPONSOR ACCEPTANCE

Approved by the Project Sponsor:

<Project Sponsor>
<Project Sponsor Title>

Date: _____

