**Procurement Management Plan–** Integrated NPI Build Optimization Framework for Hardware Development

By

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**Name of Project:**

Integrated NPI Build Optimization Framework for Hardware Development

**Purpose**

The **Procurement Management Plan** outlines the process for acquiring external resources, materials, tools, and services required for the successful execution of the project. It defines procurement methods, vendor selection, contract management, and procurement risk management.

**Procurement Objectives**

* Ensure timely and cost-effective acquisition of all project resources.
* Define procedures for selecting and managing vendors.
* Establish contract management processes and performance monitoring.
* Mitigate procurement-related risks.

**Roles and Responsibilities**

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| --- | --- |
| **Role** | **Responsibility** |
| **Project Sponsor** | Approves procurement budget and key contracts. |
| **Project Manager** | Oversees procurement activities and vendor relationships. |
| **Procurement Manager** | Manages procurement processes, contracts, and vendor negotiations. |
| **Finance Team** | Ensures budget compliance and payment processing. |
| **Legal Team** | Reviews and approves contracts and agreements. |
| **Supply Chain Expert** | Provides input on supplier selection and inventory management. |

**Procurement Requirements**

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| --- | --- | --- | --- | --- | --- |
| **Procurement Item** | **Type** | **Purpose** | **Estimated Cost ($)** | **Procurement Method** | **Owner** |
| **Software Licenses** | Services | Microsoft Project, Power BI, Risk Tools | $50,000 | Direct Purchase | Project Manager |
| **Cloud Storage Services** | Services | Data storage and document sharing | $10,000 | Subscription | Project Manager |
| **Consulting Services** | Human Resources | External expertise for dashboard design | $30,000 | Contract Agreement | Procurement Manager |
| **Hardware Components** | Goods | Tools for testing and development | $25,000 | Request for Quotation | Supply Chain Expert |
| **Training Services** | Services | User training on tools and dashboards | $15,000 | Request for Proposal | Project Manager |

**Procurement Process**

**Step 1:** **Needs Assessment**

* Identify all items and services needed for project execution.
* Verify budget availability with the **Finance Team**.

**Step 2:** **Vendor Selection**

* Use **Request for Proposal (RFP)** or **Request for Quotation (RFQ)** depending on item type.
* Evaluate vendors based on cost, quality, delivery time, and reliability.

**Step 3:** **Contract Development and Approval**

* Draft contracts with clear deliverables, timelines, and payment terms.
* **Legal Team** reviews and approves contracts.

**Step 4:** **Procurement Execution**

* Issue purchase orders and manage vendor onboarding.
* Ensure timely delivery of goods/services.

**Step 5:** **Performance Monitoring**

* Track vendor performance against contract terms.
* Conduct quality checks on deliverables.

**Step 6:** **Contract Closure**

* Verify all deliverables are complete and satisfactory.
* Process final payments and close the contract.

**Vendor Evaluation and Selection Criteria**

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| --- | --- | --- |
| **Criteria** | **Weight (%)** | **Description** |
| **Cost** | 30% | Competitive and within budget. |
| **Quality** | 25% | Meets technical and operational requirements. |
| **Delivery Timeline** | 20% | Ability to meet project deadlines. |
| **Vendor Experience** | 15% | Proven experience in similar projects. |
| **Support Services** | 10% | Availability of post-delivery support. |

**Contract Types**

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| --- | --- | --- |
| **Contract Type** | **Usage** | **Risk Level** |
| **Fixed-Price Contract** | For well-defined deliverables and products. | Low |
| **Time and Materials** | For flexible work scope (e.g., consulting). | Medium |
| **Cost-Reimbursable** | For research/development where costs vary. | High |
| **Service Level Agreement (SLA)** | For service quality and performance. | Low |

**Procurement Risk Management**

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| **Risk** | **Impact** | **Mitigation Strategy** |
| **Vendor Delay** | Project timeline disruption | Set strict deadlines and penalties in contracts. |
| **Poor Quality Deliverables** | Rework and cost overruns | Define quality standards and approval processes. |
| **Budget Overruns** | Exceeding procurement costs | Allocate contingency funds; negotiate fixed rates. |
| **Contractual Disputes** | Project delays | Ensure contracts are legally reviewed and clear. |
| **Vendor Non-Compliance** | Project risk escalation | Conduct regular performance audits. |

**Procurement Monitoring and Control**

* **Procurement Status Reports:** Issued bi-weekly to track procurement progress.
* **Vendor Performance Reviews:** Conducted monthly to assess vendor compliance.
* **Procurement Audits:** Scheduled quarterly for contract compliance.
* **Change Requests:** All procurement changes require approval from the **Project Manager** and **Procurement Manager**.

**Payment Terms and Invoicing**

* **Milestone-Based Payments:** Linked to contract deliverables.
* **Payment Approval Process:** Verified by the **Procurement Manager** and processed by the **Finance Team**.
* **Invoice Verification:** Matched with purchase orders and contract terms.

**Contract Closure**

* Confirm all deliverables are accepted.
* Ensure all payments have been processed.
* Archive all procurement documents.
* Conduct vendor performance review.

**Approvals**

|  |  |  |
| --- | --- | --- |
| **Role** | **Signature** | **Date** |
| Project Sponsor | [Signature] | [Date] |
| Project Manager | [Signature] | [Date] |
| Procurement Manager | [Signature] | [Date] |
| Finance Manager | [Signature] | [Date] |

**Conclusion**

This **Procurement Management Plan** ensures that all project procurements are handled efficiently, cost-effectively, and in alignment with project objectives. It establishes clear procedures for vendor management, contract administration, and procurement risk control.