## 6.10. Procurement Plan

6.10.1. Introduction

The project's success depends on the Procurement Management Plan. The procurement requirements for the project are outlined in this plan, with how the procurement process will be managed from the creation of procurement paperwork to the conclusion of contracts. This strategy attempts to assure that all necessary materials are acquired within the budget, on schedule and in accordance with the level of quality needed for the project. The kinds of items that need to be acquired, the justifications and timetables to accomplish, the contract types to be used, the risks connected to procurement management, and how these risks will be addressed are all specified in this strategy. It also describes how to determine costs and evaluate vendors, including how to use templates and other forms of standard procurement.

Management of vendors, a crucial step in the procurement process, is also included in this strategy. In addition, it identifies any qualified sellers if necessary. The plan includes performance metrics for procurement operations in order to guarantee that the procurement procedure is monitored and controlled throughout the project's life cycle.

To summarize, Procurement Management Plan’s objective is to have an efficient and effective completion on the project’s procurement requirements while giving a priority on the quality, cost, and schedule. This management provides a roadmap of the procurement process, for stakeholders to be aware and informed of what is happening in the development.

6.10.2. Procurement Risks

Procurement in every project is a vital component that should be taken with care because it involves budget in acquiring goods, services or work from external sources. Having risks in the procurement may negatively impact the development. Therefore, it is an issue that should be addressed to minimize the impact on the project.

The SurveiRams System incorporates procurement processes that entail a number of hazards, including but not exclusive to the following:

* Delivery of services or goods within the project timeline from vendor may result in increased costs.
* The absence of competition in the market may lead to higher prices or reduced quality of goods and services.
* Commitments with the vendor and procurement activities may be compromised when there will be a sudden change in the project scope, schedule or budget.
* Misunderstandings between the project team and the vendor may arise when there are no clear specifications, lack of documents and incorrect assumptions.
* Poor communication with the vendor may lead to misunderstandings.
* Vendor does not comply with the regulatory requirements or legal issues, which may impact the project, team and stakeholder’s reputation.
* Inadequate vendor selection or evaluation may result into partnering with unreliable sources that has a low quality of goods or services.
* Contract management oversight may lead the vendor’s services or goods and the project team’s development to fail.

To mitigate these risks, the Procurement Management Plan includes detailed strategies for risk identification, assessment, and mitigation. The team will consistently monitor the plan throughout the project’s duration to specify and address the risks. Moreover, the team will impose accurate procurement processes to control the potential risks associated with procurement management.

6.10.3. Procurement Risk Management

1. Identification of Procurement Risks

The first step in managing procurement risks is to identify and assess them. For the SurveiRams System, potential procurement risks include:

* + Unexpected increase in the cost of goods or services
  + Delays in the delivery of goods or services
  + Vendor bankruptcy
  + Incomplete or substandard goods or services
  + Unclear or insufficient contract terms and conditions
  + Misalignment of the vendor’s goals with the project
  + Inaccurate estimates of costs and timelines
  + Insufficient supplier qualifications

1. Risk Mitigation Strategies

After identifying the potential procurement risks, it is ideal to plot a strategy to mitigate them. For the SurveiRams System, the following risk mitigation strategies will be put into action:

* + Regularly monitoring and evaluating the vendor’s performance to ensure that they adhere the project and the team’s standards.
  + Implement an effective contract management practice to prevent vagueness and ensure clear information.
  + Conducting research in the market to identify lists of reliable vendors with a good track record in delivering high-quality goods or services.
  + Establishing a clear delivery schedules, specifications and performance criteria for the procurement plan.
  + Developing a comprehensive contract terms and conditions that protects the interests of the project and the team.
  + Having a contingency plan to address potential vendor bankruptcy.
  + Conducting a regular risk assessment in the procurement process to identify and address emerging risks.

1. Assignment of Responsibilities

Every person in the team should be given a clear assignment of duties for controlling procurement risks. The procurement manager will be in charge of identifying and evaluating procurement risks for the SurveiRams System, creating risk mitigation plans, and keeping an eye on risk throughout the procurement process.

Project manager and the team’ s input and feedback on procurement risk management strategies are also valuable and essential.

1. Communication and Reporting

Communication and reporting in the process of procurement risk management is valuable. The regular updates on the procurement risks and risks mitigation activities will be provided to the team.

Moreover, communication plan is developed for the stakeholders to keep informed in any changes or developments made in the procurement risk management.

1. Continuous Improvement

To improve future procurement planning and execution, lessons acquired from risk management and procurement operations will be recorded and communicated to the project team. It should be a constant practice to improve procurement risk management.

In order to identify areas for improvement, procurement risk management operations will also be regularly reviewed.

6.10.4. Cost Determination

Determining costs is a key component of the SurveiRams System procurement process. The team will employ a thorough cost determination procedure to choose the providers who are both competent and cost-efficient. As part of the cost estimation process, potential suppliers are asked to submit quotes, proposals, or bids in response to an RFP (Request for Proposal). The team must assess the costs related to the procurement process, such as acquisition, delivery, installation, and maintenance costs. The group will evaluate potential cost overruns as well as suggest measures to reduce them. To promote openness and equity in the selection process, the project team will make cost one of the primary deciding factors.

The cost determination process will involve a number of stakeholders, such as procurement managers, project managers, and financial analysts. These parties will work together to make sure that the procurement budget is continuously tracked and that all expenditures are accurately estimated. The project team will use standardized procurement templates and papers to speed up the cost estimation procedure. This will make it easier to guarantee that all cost estimates are accurate and consistent across all procurement operations. The project team will also construct procurement performance measures to evaluate the efficiency of the cost estimation procedure.

Overall, the procurement management plan's cost determination section will be extremely important in ensuring that the SurveiRams System is completed successfully and within the allotted budget.

6.10.5. Procurement Constraints

The following constraints must be considered as part of the Dispatch Directory System project’s procurement management process:

1. **Schedule constraints: The** project has a strict deadline, and procurement activities must be completed in a timely manner to ensure that the project stays on track. Any delays in procurement activities could impact on the project's overall timeline and delay its completion.
2. **Budget constraints: The** project has a set budget that must be adhered to during the procurement process. Procurement activities must be planned and conducted in a cost-effective manner to ensure that the project stays within the budget.
3. **Technology constraints:** The Dispatch Directory System project has specific technological requirements that must be considered during the procurement process. Vendors must have the necessary technical capabilities and expertise to provide the required products and services.
4. **Vendor selection constraints:** The procurement process for the Dispatch Directory System project must adhere to the organization's vendor selection policies and procedures. Vendors must meet specific criteria, such as past performance and financial stability, to be considered for the project.
5. **Buyer/seller relationship constraints:** The Dispatch Directory System project has specific requirements for the buyer/seller relationship, including communication protocols, documentation, and reporting. These constraints must be considered throughout the procurement process to ensure that the project's requirements are met.
6. **Resource constraints:** The procurement process must consider the availability of internal resources, such as personnel, to ensure that procurement activities can be completed efficiently and effectively.

These constraints must be considered throughout the procurement process to ensure that the Dispatch Directory System project's requirements are met within the project's timeline and budget constraints.

6.10.6. Contract Approval Process

The contract approval process for the Dispatch Directory System project will involve a formal and structured approach to ensure that all contracts are approved in a timely and efficient manner. The process will be in accordance with the policies and procedures of the organization and will include the following steps:

1. Contract Initiation: The Project Manager will initiate the contract process by submitting a request for procurement to the Procurement Officer through the Workday.
2. Contract Planning: The Procurement Officer will develop a procurement plan that will identify the type of contract to be used, the evaluation criteria, and the timelines for procurement activities.
3. Contract Development: Once the procurement plan has been approved, the Procurement Officer will develop the contract documents, including the Statement of Work (SOW), terms and conditions, and pricing schedule.
4. Contract Review: The contract documents will be reviewed by the legal department to ensure that they are following all applicable laws and regulations. 5. Contract Approval: The contract documents will be submitted to the Contract Review Committee for approval. The Committee will evaluate the contract documents and make a recommendation to the Project Manager.
5. Contract Execution: Once the contract has been approved, the Procurement Officer will execute the contract and issue a purchase order during the Workday.
6. Contract Monitoring: The Project Manager will monitor the performance of the vendor to ensure that they are meeting the terms of the contract. The Procurement Officer will also monitor the contract to ensure that all deliverables are met and that payments are made in accordance with the terms of the contract.

The Contract Review Committee will consist of representatives from the Project Management team, the Procurement Officer, and the Legal Department. The Committee will evaluate the contracts based on the evaluation criteria identified in the procurement plan. The Committee will consider factors such as price, quality, delivery, and vendor experience.

The contract approval process will ensure that all contracts are evaluated objectively and that the best value is obtained for the organization. The process will also ensure that contracts are executed in accordance with all applicable laws and regulations.

6.10.7. Decision Criteria

For the Dispatch Directory System project, the following decision criteria will be used by the contract review board:

* **Technical Capability:** The vendor must be able to demonstrate that they have the technical skills and capabilities to successfully complete the project. This includes having experience in similar projects and expertise in relevant technologies.
* **Price:** The price of the vendor's proposed solution will be a factor in the decisionmaking process. The vendor's pricing should be competitive and reasonable based on market research and other proposals received.
* **Schedule:** The vendor must demonstrate that they can meet the project timeline and deliverables, including key milestones and completion dates.
* **Quality:** The vendor must have a proven track record of delivering high-quality solutions and services. This includes references and testimonials from previous clients.
* **Risk Management:** The vendor must demonstrate a solid understanding of potential risks and have plans in place to mitigate them. This includes identifying potential risks related to procurement, as well as project risks.
* **Sustainability:** The vendor's proposed solution should consider environmental, social, and economic sustainability factors, such as the use of eco-friendly materials or supporting local communities.
* **Compliance:** The vendor must comply with all legal, regulatory, and contractual requirements, including intellectual property rights, data privacy, and security.

The contract review board will evaluate all proposals based on these criteria and select the vendor that best meets the project's needs and objectives.

6.10.8. Performance Metrics for Procurement Activities

For the Dispatch Directory System project, the following performance metrics will be used for procurement activities:

* 1. Vendor Performance Rating:
     1. This metric can be computed by collecting data on a vendor's performance over a specific period of time. This data can be gathered from various sources such as internal audits, feedback from project team members, or other performance evaluation methods.
     2. The rating can be determined by assigning scores to different criteria such as on time delivery, quality of goods or services, responsiveness, and communication. The total score can be averaged and converted to a rating scale such as 1 to 5, with 5 being the highest rating.
  2. Procurement Cycle Time:
     1. This metric measures the time it takes to complete the procurement process from the initial request to the final delivery of goods or services.
     2. The computation can be done by calculating the total number of days between each procurement stage (e.g., requisition approval, vendor selection, contract negotiation, delivery) and adding them up. The total number of days can then be divided by the total number of procurement activities to get the average procurement cycle time.
  3. Cost Variance:
     1. This metric compares the actual procurement costs to the planned costs. The computation can be done by subtracting the planned costs from the actual costs and dividing the result by the planned costs.
     2. This will give the percentage variance between the actual and planned costs. A positive variance indicates that the procurement costs were lower than planned while a negative variance indicates that the procurement costs were higher than planned.
  4. Purchase Order Accuracy:
     1. This metric measures the accuracy of purchase orders by comparing the actual goods or services received to the specifications outlined in the purchase order.
     2. The computation can be done by dividing the number of accurate purchase orders by the total number of purchase orders issued. The result can be expressed as a percentage.