BTS
Training & Consultancy

Essential Procurement Skills for Capital Intensive Industries

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Procurement

Supply Chain

Distribution

Time to Market

Essential Procurement Skills for Capital Intensive Industries

Introduction:

The management of the procurement in industries that are capital intensive differs remarkably from those in the retail industry. In these types of industries, be it oil & gas, petrochemicals, mining, power generation, water desalination or chemical plant, one should take a much longer term view than is normally the case, which can either add significant long-term shareholder value or on the other hand, may have a long-term negative consequence that cannot be corrected easily.

Even if the company opts for an EPC contract, it is essential that Procurement understands and is involved in the entire process, as upon completion, the project goes into the operation, maintenance and improvement stage.

This seminar will deal with the typical procurement problems and solutions related to capital intensive industries. It will address the entire life-cycle, from inception to disposal.

The contents of this course will be useful when considering new projects as well as evaluating a current position. It will provide delegates with the insights required to make good procurement decisions or to realign a current situation, as the effects thereof will be felt for a long time to come.

Program Objectives:

- To enable all personnel involved in procurement, including engineering, maintenance and finance to take a holistic view of the procurement

process and to recognize the potential value that world-class procurement can deliver to the organization. It will also enable procurement professionals to make meaningful contributions throughout the entire life-cycle of the project.

- To achieve the maximum benefit from this course, it is advisable to send a multi-disciplinary team to attend. Often, delegates attend a course but there is no or very little return on investment. By having a multi-disciplinary team at the course, all delegates will be able to participate and understand the reasoning behind the approach, thereby unlocking a tremendous amount of value.

Program Outline:

Day 1: Setting the goals of Procurement and the role during the lifecycle of the project

- What are the goals of Procurement?
- Designing the Procurement system
- Implementing an objective KPI system for Procurement
- Building and staffing of the Procurement Process
- Shortcomings of the financial system
- Overview of the project life cycle
    - Preloading phase
    - Execution
    - Operate, maintain and improve
    - Close-out and disposal

Day 2: Procurement's role during the Preloading Phase

- Meeting shareholder and market expectations
- Justification for capital expenditure
- Various acquisitioning process options

    - Ownership options
    - Crafting a tender strategy
    - Implementing a successful contract strategy

- Common project management pitfalls
- How to ensure projects are delivered:

    - On time
    - Within budget
    - Within the agreed upon specification

Day 3: Procurement's role during the Design Phase

- Designing the supply base for supplies and services

    - Strategic
    - Technical
    - Projects
    - Consumables and general supplies

- Establishing specifications

    - Engaging end-users and suppliers
    - Establishing and managing the base-line

- Matching end-user requirements with the appropriate supplier capabilities

    - Involving the end-user in determining the required technologies
    - Compiling supplier selection criteria
    - Forming commodity teams to evaluate and provide supply solutions
    - Developing an approved supplier list based on the required technologies

Day 4: Tenders and Contract Management & Administration

- Tendering

- The purpose of tendering
- Developing the Scope of Work
- Tender administration
- Tender bonds
- Supplier evaluation techniques
- Contract negotiations
- Contract award

- Contracting

  - Objectives of the Contract
  - Basic contract types
  - General provisions

    - The employer
    - The engineer
    - The contractor
    - Nominated subcontractors
    - Staff and labor
    - Plant, materials and workmanship
    - Commencement, delays and suspension
    - Tests on completion
    - Employer's taking over
    - Defects and liability
    - Measurement and evaluation
    - Variations and adjustments
    - Contract price and payments
    - Termination by employer
    - Termination by contractor
    - Risk and responsibility
    - Limitations of liability
    - Insurance

  - Force majeure

    - Liquidated damages
    - Claims, disputes and arbitration

- Using industry standard contracts

Day 5: Operate, Maintain and Improve

- Using the ERP system to its maximum advantage
- Dealing with shutdowns and breakdowns
- Rethinking the spare parts problem
- Automating the replenishment process
- Going towards Lean procurement
- Close-out and disposal