Project Manager's Role in Procurement Planning

Project Procurement Management

Project Procurement Management includes processes necessary to purchase or acquire products, services, or results needed from outside the Project Team. This includes management and control processes to develop and administer agreements such as contracts, purchase orders, Memorandums of Agreement (MOA), or Service Level Agreements.

The project manager oversees the creation of a Procurement Management Plan. This plan drives all procurement activities required to support the project. The project manager also manages and controls the end-to-end procurement process and ensures all seller deliverables meet the needs of the buyer organization. The Project Manager is not required to be an expert in procurement management but must identify experts who are.

Procurement Management Plan Contents

The Procurement Management Plan should include the following:

- How the team will integrate procurement into the project scope, schedule, and cost baselines
- Procurement schedules
- Procurement metrics or key performance indicators goals
- Procurement roles and responsibilities
- Any assumptions or constraints that may impact procurement
- Legal considerations that affect the procurement
- Determination of independent estimates to validate seller proposal feasibility is needed
- Source selection criteria that the team will use to select sellers
- Risk factors that affect procurement
- Prequalified Sellers—those sellers authorized to submit proposals

Types of Contracts

The project manager must determine the type of contract that will support the procurement. There are three common contract types to consider:

- A Fixed Price contract enables the seller to provide a bid to provide services. The costs are known up-front, which reduces risk to the buyer.
- With a Cost Reimbursement contract, the seller describes what they need. The costs are unknown up-front; the team receives invoices throughout the project. This contract type places risk on the buyer.
- The manager usually uses a Time and Material contract for quick and easy procurements. The benefit of this type of contract is a fast procurement cycle with minimal negotiations needed.

The Procurement Management Plan becomes part of the finalized Project Management Plan approved by a Sponsor and accepted by stakeholders.

Conclusion

Project Procurement Management involves acquiring projects, services, or results from external sources through contracts and purchase orders. The Project Manager creates a Procurement Management Plan, which guides procurement activities and identifies experts. The manager uses different contract types, such as Fixed Price, Cost Reimbursement, and Time and Material.

Planning Earned Value Management

This article will teach you the concept of Earned Value Management. It will also cover key data points used to calculate real-time EVM.

Earned Value Management (EVM)

Earned Value Management (EVM) is continuous, real-time monitoring of project progress, considering costs and schedule constraints. Comparing scope, schedule, and cost provides a status that can be shared or used to direct the course of action throughout the project.

Here is a list of key data points to understand EVM.

Budget at Completion (BAC)

Budget at Completion (BAC) is the total budget allotted to the project to cover all direct expenditures. For example, the allocated budget to complete the project is $100,000.

Planned Value

Planned Value (PV) represents the cost budgeted for a specific task or activity in the project plan up to a certain time, which provides a baseline for assessing project performance and progress.

For example, if your BAC was $100,000 and you are halfway through the project, you will plan to spend $50,000 of the allotted budget now.

Actual Costs (AC)

Actual Costs (AC) are the amount the project has spent. For example, if PV was $50,000, and you have spent $60,000, then you are $10,000 over budget.

Earned Value (EV)

Earned Value (EV) represents the value of the work completed up to a certain point in time based on the project plan. To calculate the EV, multiply the planned percentage of completion by the budgeted cost for the specific task.

For example, Assuming a task is 50% complete up to a certain date and its total budgeted cost is $10,000, then its EV up to that point is $5,000 (50% x $10,000).

Conclusion

Project managers can use these information points to determine the performance of a project and make informed decisions that will help to keep the project on budget.

Gaining Project Approval and Acceptance

This article will teach you about the project management plan (PMP) approval process, project kickoff meeting, and how to make an effective presentation.

A project management plan (PMP)

A project management plan (PMP) is a document that a project manager creates to clearly define the project's goals, the processes the team will implement, and how the manager will monitor and control the processes to accomplish the project goals. This plan is essential for project success. Without a PMP, you cannot expect a project to be delivered timely and successfully. Developing this plan requires a lot of work, analysis, and collaboration.

The PMP approval process

Here are the steps involved in the PMP approval process.

First, the project manager must gain sponsor approval for the project. The project manager presents a baseline presentation to the sponsor to achieve this goal. After sponsor approval, the project manager schedules a kickoff meeting to present the complete plan to stakeholders. After the stakeholders accept the plan, the plan becomes the project's baseline.

Reviewing the kickoff meeting

A kickoff meeting should be brief. The information you provide to stakeholders should have been presented, discussed, and negotiated at the planning stage.

According to the Project Management Institute (PMI), presentations can be formal or informal. Formal presentations, such as a kickoff, are recorded and shared with a wide audience. Informal presentations do not need to be shared. Note that the conversations made before the formal meeting to gain consensus are informal.

Making effective presentations

Five important factors determine the effectiveness or success of a presentation. These include:

- Being prepared
- Being organized
- Using the expertise of a Subject Matter Expert (SME)
- Documentation
- Meetings before the meeting.

Being prepared

The most important factor in determining presentation success is "be prepared." Never present if you do not understand the presentation material. As a project manager, the project sponsor expects you to be an expert in understanding and managing the project. You should anticipate potential questions and be ready to respond satisfactorily.

Being organized

Another important factor related to a successful presentation is "be organized." Develop an agenda for the kickoff meeting and stay within it. The agenda should:

- Introduce and overview the project and the project team,
- Share key project details such as the scope, schedules, costs, and risks, and
- End with a formal recommendation for approval, cancellation, postponement, etc.

Using the expertise of a Subject Matter Expert (SME)

Being a project manager, you should try to learn as much about the project as possible. That said, you might not be able to answer all the questions that participants ask during the kickoff meeting. Therefore, ensure an SME is available and ready to answer these questions.

Documentation

Documentation is another crucial factor that a project manager must consider making an effective presentation. You must document every step you've taken before the kickoff meeting. This includes the approval from the sponsor and the acceptance obtained from the stakeholders. You should share this documentation with the stakeholders during the kickoff meeting.

Meetings before the meeting

The last important factor a project manager should consider for a successful presentation is "having meetings before the kickoff meeting."

The information shared in the baseline presentation and during the kickoff meeting should not surprise the stakeholders. Before the kickoff meeting, collaboratively, all the necessary negotiations must be made, and the project manager should define the scope, schedule, and budget. Collaborate with the sponsor and the key stakeholders at every stage of the planning process. The best approval and acceptance meetings are approved.

Conclusion

Developing a PMP is crucial for the success of any project. It helps to clearly define the project goals, processes, and how the project manager will monitor and control the processes to achieve the desired outcomes. The project manager must be prepared and organized, use the expertise of an SME, document every step taken, and collaborate with the project sponsor and key stakeholders at every stage of the planning process to ensure a successful presentation. By following these steps and considering these factors, project managers can increase the chances of project success.