Crosswind Learning

Crosswind Success Series:
PMP® Exam Bootcamp Manual

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Chapter 15

Project Procurement Management

Project Procurement Management is the process of obtaining products, services, or results from a person or entity that is not part of the project team. The process can be very complex and mistakes can have legal consequences.

There are a variety of documents that may be used during the process. It is very important to know what each document is intended to accomplish and when it should be used.

An agreement, whether it is a simple hourly staffing agreement or a multinational contract, describes the relationship between the buyer and the seller. It must be very clear regarding results expected, including any knowledge transfer, and be in compliance with local, national, and, if applicable, international laws.

The seller (contractor, subcontractor, vendor, service provider, or supplier) typically applies project management to the work unless the acquisition is for shelf material, goods, or common products. When the seller manages the work as a project:

- The buyer is the customer and key stakeholder in the seller's project
- The seller's project management team will apply all project management processes to the work
- The contract terms and conditions are key inputs to the seller's management processes

Unless stated otherwise, **the exam references procurement from a buyer's perspective**.

Trends
There are a number of procurement trends designed to ensure project success:

- Advances in tools utilized to manage the procurement and implementation phases of the project (specifically online tools that can provide buyers with a single point to advertise procurements and can provide sellers with a single source for accessing and completing online procurement documents)
- Advanced risk management tools that allow risk allocation to both buyers and sellers
- Alterations in contracting processes to accommodate mega projects and projects using contractors from other countries (such projects typically require the use of internationally recognized standard contract forms)
- Logistics and supply chain management
- Technology and stakeholder relations
- Paid trial engagements for several vendors before commitment to one vendor

Tailoring

Project tailoring, the manner in which the processes of a knowledge area are exercised, is employed to address the distinctive nature of each project. Successful project tailoring is predicated on a careful consideration of:

- The intricacy of the procurement
- The physical location of the buyer and seller
- The governance and regulatory climate
- The availability of those who will perform the work

Agile/Adaptive Environment

In Agile environments, the team may be extended by utilizing vendors. This approach allows for risk and reward sharing.

Mega-projects may utilize both an adaptive approach for some deliverables and a more stable approach for others. To accommodate this situation, a master services agreement is typically used for the overall engagement and a supplement contains the details of the adaptive work.

In this chapter, we discuss the following:

PLANNING	EXECUTING	MONITORING & CONTROLLING
Plan Procurement Management	**Conduct Procurements**	**Control Procurements**
Procurement Management Plan	Selected Sellers	Work Performance Information
Procurement Statement of Work		Change Requests
Source Selection Criteria	Agreements	Closed Procurements
Make-or-Buy Decisions		
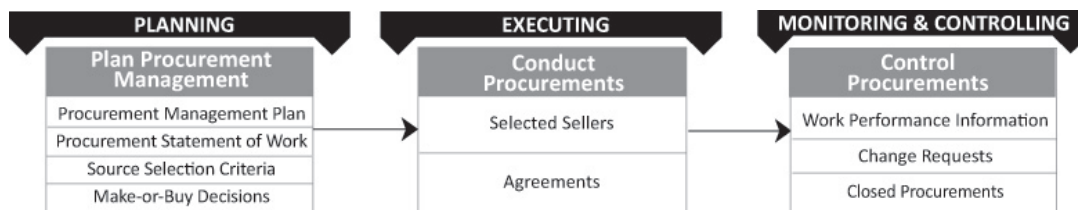
Figure 15-1: Procurement Processes

☑ **Crosswind "Must Knows" for Project Procurement Management**

	Key Inputs, Tools & Techniques, and Outputs for Plan Procurement Management
	Key Inputs, Tools & Techniques, and Outputs for Conduct Procurements
	Key Inputs, Tools & Techniques, and Outputs for Control Procurements
	Make-or-buy process and how to calculate it
	What a contract is and the components that make a contract
	Various names for a buyer and seller
	How to recognize and calculate all contract types, plus know their advantages and disadvantages

Chapter 15 Procurement

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