

MANAGING PROJECTS

Chart the course in your procurement projects

by George Suffidy

Procurement expertise that is not properly valued can result in ineffective or inefficient project procurement.

All organizations undertake projects – some big, some small. Some are managed by in-house staff; some entail the purchase of services and products from outside suppliers and contractors. What is purchased may be a project deliverable or it may be an interim product required for the completion of a project deliverable.

Where the acquisition of goods and services assumes a significant role in a project, the purchasing processes are collectively described as project procurement management. To increase efficiency, project procurement management seeks the active participation of procurement professionals at the planning stage. In the context of a project, this can strongly influence what is done, when, and how.

This column examines the most productive time in a project's life cycle for these contributions to be made and maximized. Let's start with the introduction of key procurement information into the early planning of a project.

At the outset, we should be clear about what a project is. The Project Management Institute defines a project as "a temporary endeavor undertaken to create a unique product or service." It's interesting to note that while each project is unique, the processes required to accomplish it are not. Projects can be approached in a structured, repeatable manner that is designed to ensure that the right things are done at the right times. This includes procurement actions.

Project planning commences with the creation of the Project Charter. This document formally recognizes the existence of the project. It also provides the basis of understanding between the project manager and the project sponsor. A good project charter will define the project's purpose, products, scope, objectives, constraints, assumptions, risks, organization, reporting structure, priority and completion criteria. The project charter is a living document that will evolve across the life of the project, as details concerning the project and its implementation become progressively more clear.

Procurement professionals can make their first contribution to a project by participating in the drafting of the project charter, accurately defining the project constraints and conditions that will govern the procurement. These constraints and conditions will drive the character of subsequent procurement planning. The procurement deliverables are satisfactorily described when they take the form of a Statement of Work (SOW) or a Statement of Requirement (SOR).

When it is unclear how the work of a project should be accomplished, an SOR may be prepared to define the problem that is to be resolved by the contractor. When what is required of a contractor is clear, an SOW may be prepared that defines the services a contractor is to perform, as well as the deliverables to be prepared and submitted.

Product descriptions may be used to describe the goods contractors are requested to deliver. These descriptions may be of a general nature, or they may be product descriptions provided by the suppliers themselves.

Sometimes, an extensive technical description of the product to be delivered may be necessary, entailing the preparation of a specification. This can be drafted as a detailed specification, defining what the product is by setting out all of its physical characteristics and performance requirements in considerable detail or, alternatively, the performance required of the product may be specified (a performance specification), or its required functions may be defined (functional specification).

All documentation must describe the project deliverables in sufficient detail to allow prospective suppliers to determine if they are capable of providing them. Procurement professionals are particularly qualified to do this.

The next column in this series will address the project work breakdown structure and work package planning from a procurement perspective.

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