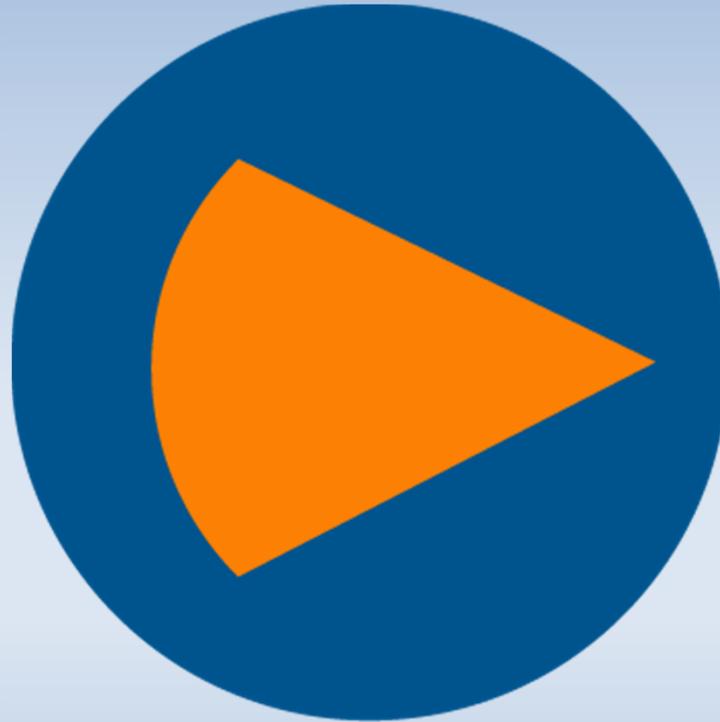


Fundamental Project Management



Fundamentals of Procurement Decisions

PROJECTinsight®

Project & Portfolio Management Software

Initiate Project Intelligence®

Moderator

Janelle Abaoag

Project Insight

Marketing, Public Relations

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www.projectinsight.net



Things to know...

- ▶ All participants will be on mute
- ▶ Questions are welcome
 - Please use the questions box to ask questions
 - The moderator will select questions
 - All questions will be answered today or by email at info@projectinsight.net

X	Question	Asker

- ▶ Webinar recording available in the PI Community

Presenter

Diane C. Altwies, MBA, PMP

CEO, Core Performance Concepts Inc.

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Project Management Institute

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Who Is on the Call?

▶ Are you:

- A Project Manager without your PMP certification?
- A PMP in the role of a Project Manager?
- A program manager?
- Just looking for ways to use Project Insight more effectively?

Goals of the Fundamentals Series

- ▶ Deepen your understanding of fundamental project management concepts
- ▶ Identify tools and techniques that can be implemented to manage projects more effectively
- ▶ Discover practical applications for your existing projects
- ▶ Use project management software more effectively

Objectives of this webinar

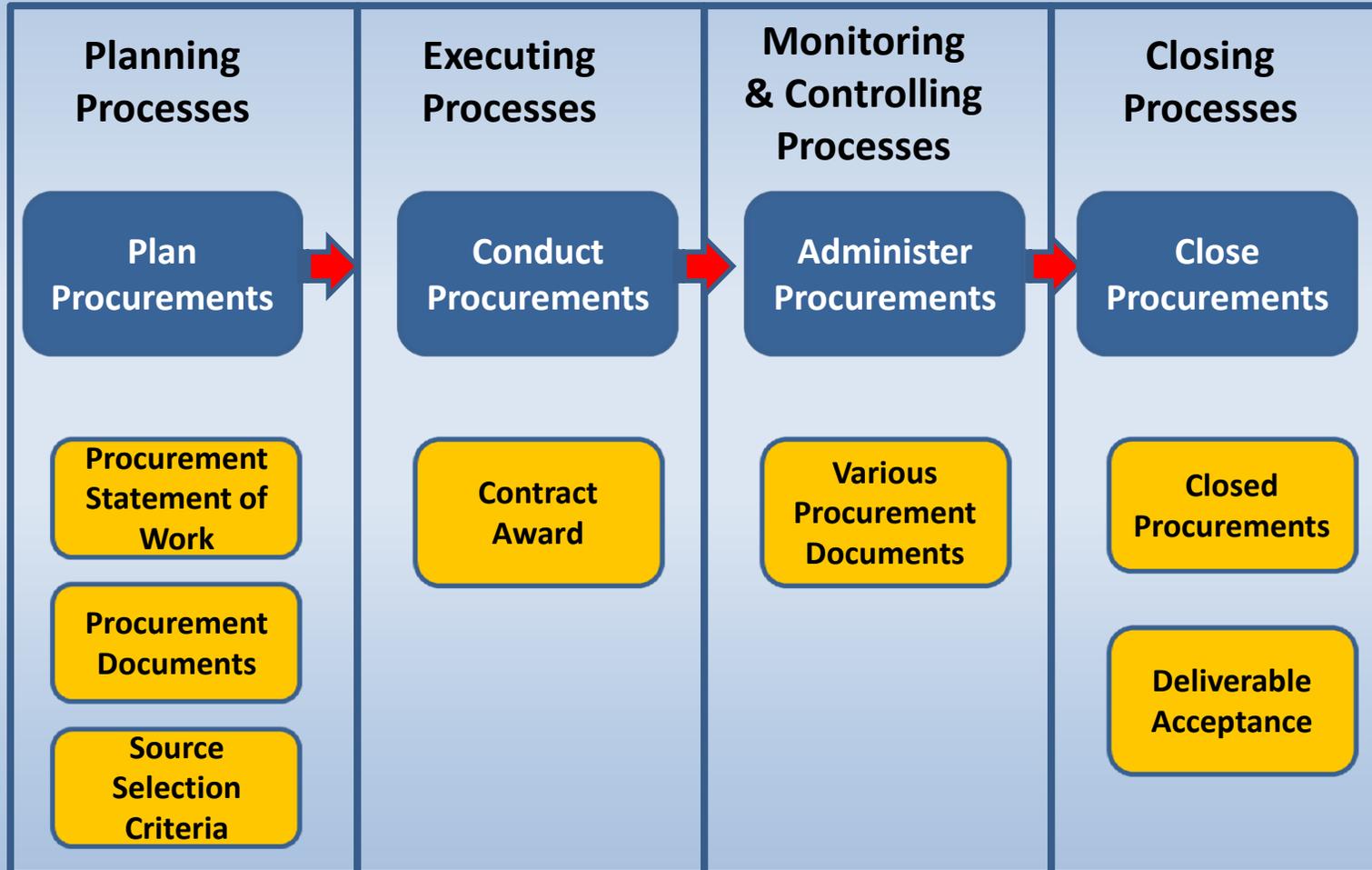
- ▶ At the end of this webinar, you will be able to:
 - Define procurement alternatives
 - Identify influences on the make vs. buy decision
 - Develop selection criteria
 - Compare and evaluate the what if scenarios using Project Insight

The PMBOK® Guide

► Nine Knowledge Areas

- Integration
- Scope
- Time
- Cost
- Quality
- Human Resources
- Communications
- Risk
- Procurement

Project Procurement Management Processes



Procurement Management Overview

- ▶ Purpose of procurement management
 - To acquire products, services or results needed from outside the project team
- ▶ Differences from other PMBOK® Guide Knowledge Areas
 - All projects may use the Plan Procurements process
 - Only those projects that require Procurements will use the 3 other processes of Conduct, Administer & Close procurements
 - Takes place during all process groups except Initiating



Procurement Alternatives

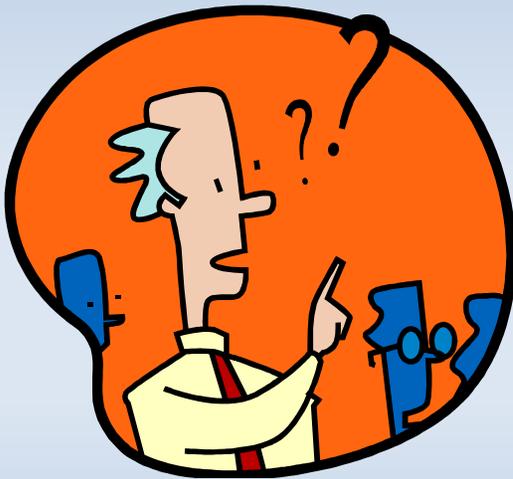


- ▶ Procure all goods/services from multiple sources
- ▶ Procure all goods/services from a single source
- ▶ Procure only a small portion of goods/services
- ▶ Procure none of the goods/services
- ▶ Lease or rent

Make vs. Buy Analysis

- ▶ Time
- ▶ Resource requirements
- ▶ Degree of control desired
- ▶ Proprietary design
- ▶ Type of requirement
- ▶ Cost
- ▶ Supplier expertise
- ▶ Small volume
- ▶ Limited capacity
- ▶ Complexity of requirement

Question for You



What other factors might affect the make vs. buy decision?

Other Make vs. Buy Factors

- ▶ Risk associated with the contract
- ▶ Extent of price competition
- ▶ Integration of operations
- ▶ Clarity of Statement of Work
- ▶ Poor supplier experiences
- ▶ Degree of customization
- ▶ Stabilization of workforce
- ▶ Available industry standards
- ▶ Idle existing capacity
- ▶ Frequency of expected changes
- ▶ Need to augment labor force
- ▶ Maintain multiple sources
- ▶ Acceptance of indirect control

Busy Foods Inc. *Our Case Study*



Our Situation

- ▶ BUSY FOODS services over 200 clients world-wide. In recent years, long-term clients have started to leave for a competitor who promises overnight delivery of restaurant equipment without a minimum order.
- ▶ Most of BUSY FOOD'S clients are large restaurant venues who can serve thousands in a single day.
- ▶ BUSY FOODS would like to improve their distribution process to match the competition

Project Objectives

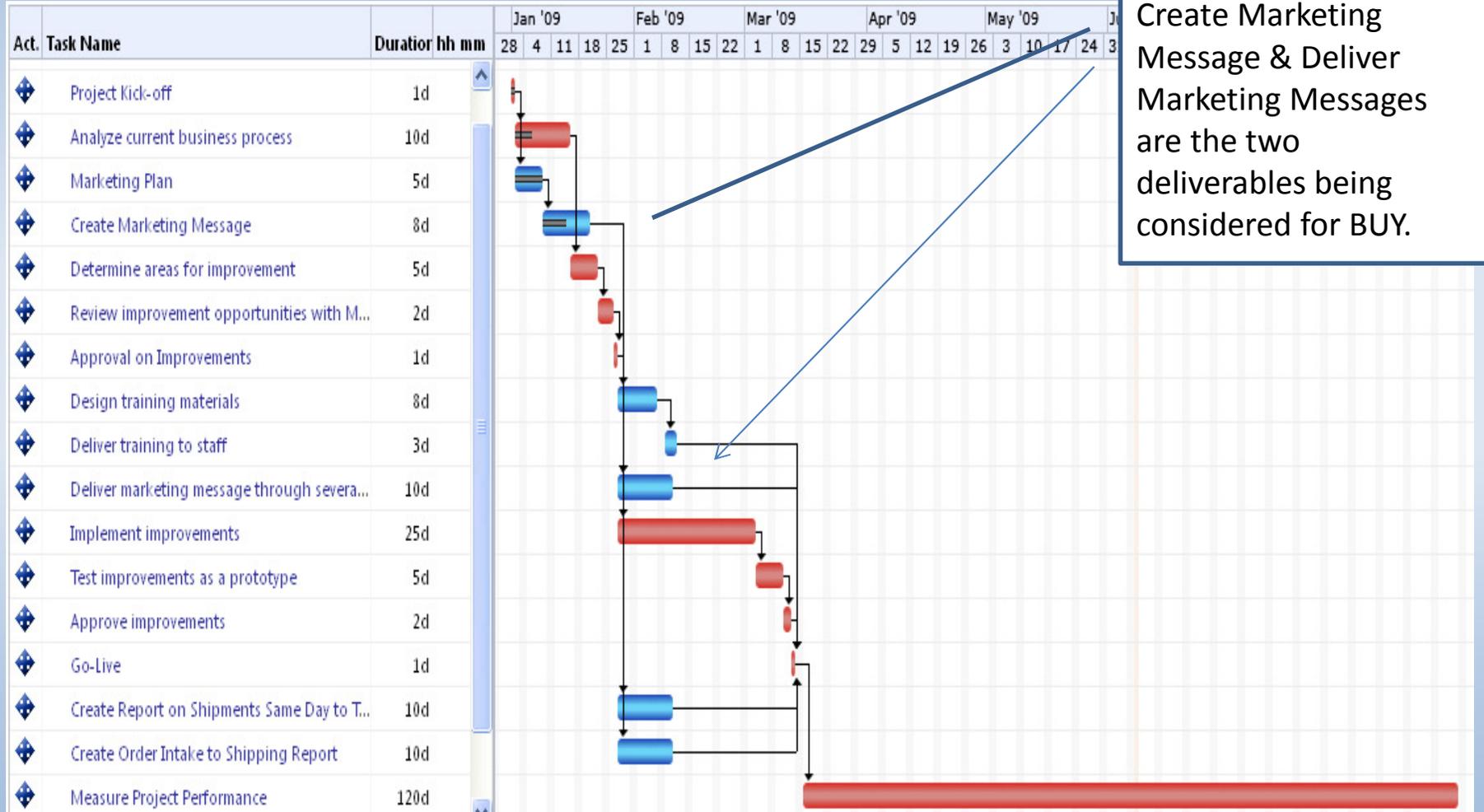
- ▶ Improve the time from order intake to shipping restaurant equipment from an average of 3 days (24 business hours) to less than 8 hours within 6 months of project implementation.
- ▶ *Develop and launch a marketing campaign to existing clients and past clients to educate them on the new restaurant equipment shipping program one month prior to implementing the new process.*
- ▶ Train all internal staff affected by the new business process to ensure full adoption within 2 months of project implementation. Full adoption means that all staff have been trained and that a minimum of 10% of restaurant equipment shipments are shipped within the same day.

Question for You



What types of procurement items might be appropriate for this project?

Link to Project Insight



Determining Budget for Targeted Items

Restaurant Distribution Improvement Project Project Views Resources Reports

Task List ← ↩ ✂ + ↵

Name	Start Date	End Date	Work Total	Resources
▼Distribution Process Improvement	Thu 1/1/09 8 AM	Fri 8/28/09 5 PM	\$20,950.00	
Project Kick-off	Thu 1/1/09 8 AM	Thu 1/1/09 5 PM	\$250.00	Diane Altwies (12.50%), BSA Unassigned (12.50%), DBA Unassigned (12.50%), BUS Unassigned (12.50%), QA Unassigned (12.50%)
Analyze current business process	Fri 1/2/09 8 AM	Thu 1/15/09 5 PM	\$6,400.00	BSA Unassigned (50.00%), BUS Unassigned
Marketing Plan	Fri 1/2/09 8 AM	Thu 1/8/09 5 PM	\$1,400.00	BUS Unassigned (50.00%)
Create Marketing Message	Fri 1/9/09 8 AM	Tue 1/20/09 5 PM	\$2,100.00	BUS Unassigned (46.88%)
Determine areas for improvement	Fri 1/16/09 8 AM	Thu 1/22/09 5 PM	\$1,000.00	Diane Altwies (25.00%), BSA Unassigned (25.00%), BUS Unassigned (25.00%)
Review improvement opportunities with Management	Fri 1/23/09 8 AM	Mon 1/26/09 5 PM	\$500.00	Diane Altwies (31.25%), BUS Unassigned (31.25%)
Approval on Improvements	Tue 1/27/09 8 AM	Tue 1/27/09 5 PM	\$100.00	BUS Unassigned (25.00%)
Design training materials	Wed 1/28/09 8 AM	Fri 2/6/09 5 PM	\$500.00	QA Unassigned (15.62%)
Deliver training to staff	Mon 2/9/09 8 AM	Wed 2/11/09 5 PM	\$500.00	QA Unassigned (41.67%)
Deliver marketing message through several modes	Wed 1/28/09 8 AM	Tue 2/10/09 5 PM	\$5,000.00	BUS Unassigned (125.00%)

Identify Potential Vendors

- ▶ Ask for recommendations
 - Purchasing Department
 - Colleagues
 - Professional organizations
- ▶ Review other marketing campaigns that you like



Determine Selection Criteria

▶ Selection criteria

- ***Time*** – delivery must be within a specific time frame
- ***Cost*** – must not exceed 20% of current plan
- ***Approach*** – creativity of marketing campaign and ability to convey information

Compare Bids

Criteria	Weighting Factor	Rating / Score (1 least preferable – 5 most)					
		Vendor A		Vendor B		Vendor C	
Time	35%	5	1.75	4	1.40	5	1.75
Cost	25%	5	1.25	3	.75	2	.50
Approach	40%	1	.40	3	1.20	5	2.00
Total	100%		3.40		3.35		4.25

Question for You



*What other criteria do you use
that affect the vendor selection?*

Revise Estimates

Name	Start Date	End Date	Work Total
▼Distribution Process Improvement	Thu 1/1/09 8 AM	Fri 8/28/09 5 PM	\$22,350.00
	Thu 1/1/09 8 AM	Fri 8/28/09 5 PM	\$20,950.00
Project Kick-off	Thu 1/1/09 8 AM	Thu 1/1/09 5 PM	\$250.00
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	Wed 1/28/09 8 AM	Tue 2/10/09 5 PM	\$5,000.00

Sample Question

Question

You are the project manager for a construction company in Florida. 90 % of the projects your organization manages are government jobs with high visibility within the military ranks. Your organization is growing so fast that you need to contract with other entities for temporary staff. All of the following should be considerations of procuring resources from a staffing company, EXCEPT:

Answers

- A. The home office location of the staffing company
- B. The hourly cost of the construction workers
- C. Past experience of the staffing company with other construction firms
- D. The references of the staffing company for placement of resources with the appropriate skill set

Sample Question

Question

You are the project manager of a business process improvement project for your organization due for completion within 2 months. The project is approximately 30% complete and the organization just downsized its staff, which impacted your project team by 10 people. You are being asked to use an outsourcing company for resource replacements. You should...

Answers

- A. Accept the loss in staff and modify the schedule accordingly
- B. Coordinate a meeting with the outsourcing company immediately to determine resource availability
- C. Determine the type of resources impacted and the skill sets needed to complete the project on time
- D. Talk to your manager about subcontracting 3 of the recently laid off workers, since they know the project the best

Review

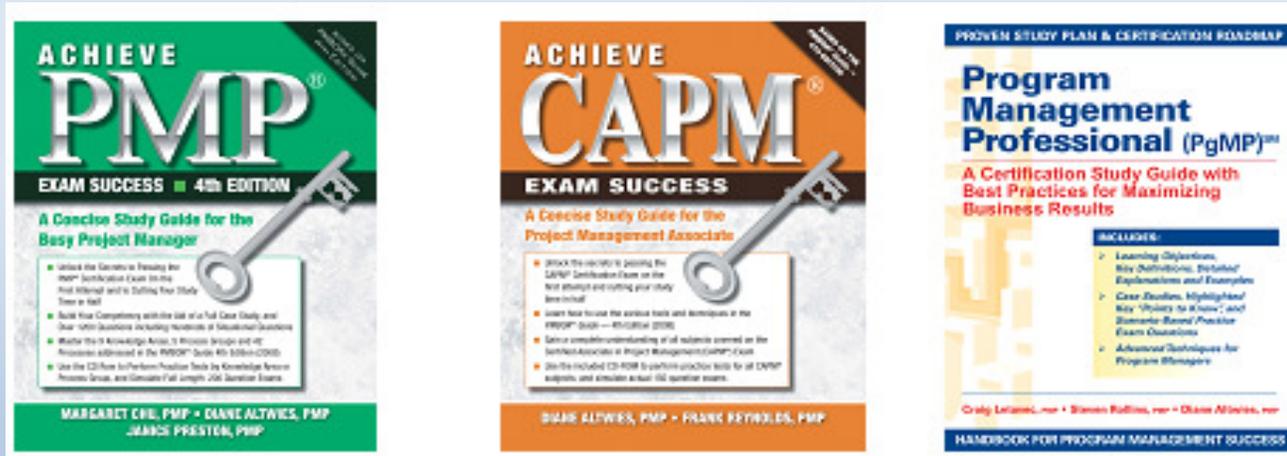
- ▶ Procurement alternatives provide many ways to obtain products and services
- ▶ The make vs. buy decision may have many influences
- ▶ Creating appropriate selection criteria helps you make better choices
- ▶ You can compare and evaluate the *what if* scenarios using Project Insight
- ▶ ***Questions & Answers???***

Goals of the Fundamentals Series

- ▶ Deepen your understanding of fundamental project management concepts
- ▶ Identify tools and techniques that can be implemented to manage projects more effectively
- ▶ Discover practical applications for your existing projects
- ▶ Use project management software more effectively

Books for Credentials

- *Achieve PMP® Exam Success*
- *Achieve CAPM® Success*
- *Program Management Professional (PgMP®) Study Guide*



To order: www.jrosspub.com

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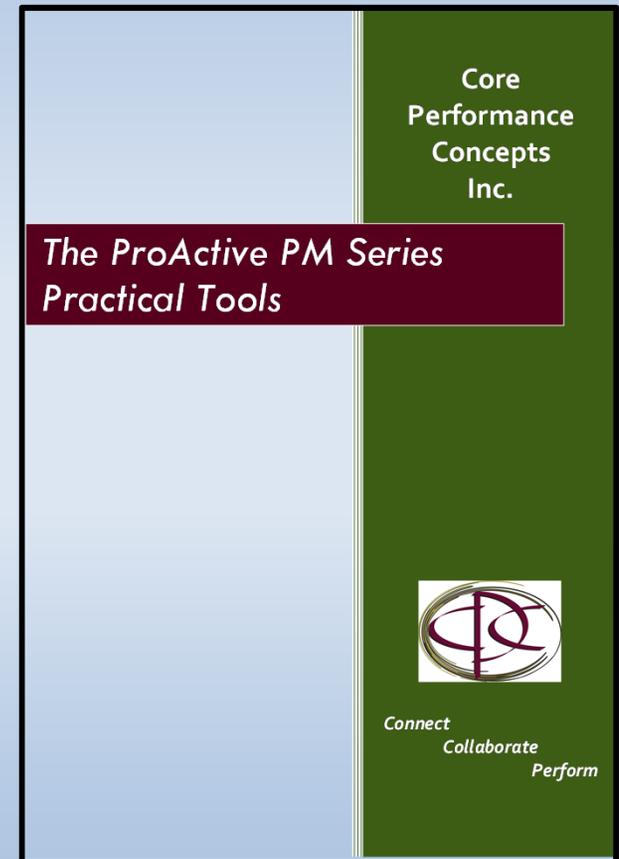
Practical Tools

is now available online!

You are invited to learn and earn 24 PDUs with 8 online sessions at your own schedule and pace.

- Brush up on your knowledge of the fundamentals
- Find tips and techniques to help you gain control of projects
- Learn about more complex topics in project management
- Discover concepts, tools and ways to better manage projects

<http://www.coreperformanceconcepts.com/tools.html>



2012 Fundamentals Webinar Series

► The 2nd Wednesday of Every Month - 8:00am PT

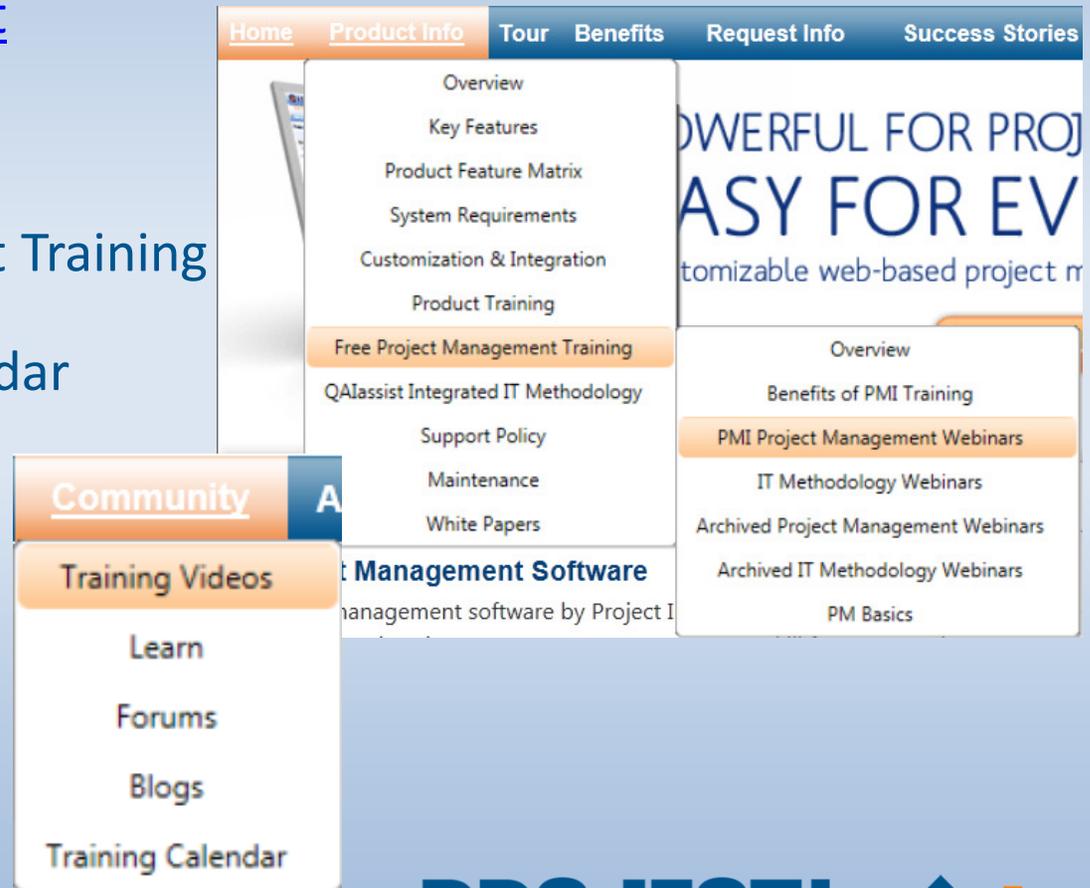
► Topics

- Jan – Scope: Needs, Requirements, Scope, Oh My! (NEW in this series)
- Feb – Time: Estimating Time (NEW!)
- Mar – Cost: Estimating Cost (NEW)
- April – Communication: Avoiding Communication Pitfalls
- May – Quality: Delivering Quality in Projects
- June – HR: Managing Project Conflict (NEW)
- July – Communications: Difficult Conversations
- Aug – Risk: Identifying and Assessing Project Risk
- Sept – Stakeholder Management: A New Focus on Stakeholders (NEW!)
- Oct – Procurement: It's Not Just for the Purchasing Department
- Nov – Integration: Working the Project Flow
- Dec – Integration: Managing the Human Interface

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Register Ahead of Time

- ▶ Go to www.projectinsight.net
- ▶ 2 ways to register:
 - ▶ Free Project Management Training
 - ▶ Training & Webinar Calendar



Earn PDUs

- ▶ You will automatically receive your PDUs via email after the webinar
- ▶ For further questions: Janelle.Abaoag@projectinsight.com
- ▶ Earn 1 PDU for each webinar session attended
- ▶ To register your PDUs go to www.pmi.org
- ▶ Login as a member of PMI
- ▶ Select **Category B – Continuing Education**
- ▶ Knowledge Areas: **Integration, Cost, Procurement**
- ▶ Process Groups: **Initiating, Planning**
- ▶ Enter the information provided on your proof of attendance
- ▶ Click continue