

# Project Procurement Management

See Chapter 12 in the PMBOK® Guide.

Project Management, A Systems Approach to Planning, Scheduling, and Controlling, Seventh Edition by Harold Kerzner, PHD – Chapter 24 pages 1139 to 1163.

The WBS on Page 148 of the PMBOK® Guide is as follows:

1. Procurement Planning
2. Solicitation Planning
3. Solicitation
4. Source Selection
5. Contract Administration
6. Contract Closeout

Comments:

The PMBOK® Guide discusses project procurement management from the perspective of the buyer in the buyer-seller relationship but it is easy to reverse roles if you are the seller. It points out that “A contract is a mutually binding agreement that obligates the seller to provide the specified product and obligates the buyer to pay for it. A contract is a legal relationship subject to remedy in the courts.” However the PMBOK® Guide does not pursue the legal aspects in much depth.

Mr. Walt Derlacki, ex-president of the Puget Sound (Seattle) Chapter of PMI makes the point that the Legal aspects, disputes prevention and resolution, liability, etc. and Negotiations should receive much more emphasis. He covers legal aspects superbly in the section he wrote for the Seattle PMI Chapter. Negotiations books are referenced in Communications.

It is important as an owner not to give up too much control to contractors, particularly in high risk or public agency work. There has been a huge shift in power in recent years with the invention of the personal computer (PC). In the construction industry, owners and consultant teams can now do the work that only a large general contractor, with mainframe project management computers and software, could do 20 years ago. An owner can now use a PC to fast track and maintain control of his own project using multiple contractors, matched contracts and liquidated damages. He should insist on good schedules and EV from his contractors. See our case study.

Dr. Kerzner spells out the different types of contracts, their advantages and disadvantages and the different risks involved, in Chapter 24 of his book.