

made about the project. In procurement, the procurement plan is also the basis for all actions and decisions.)

## PROCUREMENT PROCESS

To develop a procurement plan, you need to know what is involved in a procurement. A procurement is divided into seven basic steps:

- Business need identified (RFPs)
- Procurement plan (also called the procurement strategy)
- Solicitation (sends out a Request for X (RFX), e.g., for proposals, information, quotes, etc.)
- Response analyses (compares and rates responses to the RFX)
- Negotiations
- Finalization of contract
- Contract administration

These seven basic steps are the largest divisions of a procurement. Each one breaks down into multiple tasks and activities. These steps, except for the final three, will be addressed in this chapter. The final three steps will be addressed later: negotiations in Chapter 8 (*Negotiations*), finalization of contract in Chapter 9 (*Signing the Contract and Closing the Procurement*), and contract administration in Chapter 10 (*Contract Administration*).

## PROCUREMENT PLAN

Planning an original procurement is a major process. You will be doing a procurement that no one in your company (or department) has ever done before. While this procurement might be similar to other company procurements, it is *unique* in some way. Even a contract extension to pick up an option year is unique. In a contract extension, you will negotiate for better pricing than originally agreed to, or a different schedule, or different terms in the contract. In any case, your procurement plan will be an original document for an original procurement.

This procurement plan will be used for several purposes:

- As the baseline for your procurement: Although the procurement plan can be changed during the procurement, every change must be documented (change order control) so that the changed item in the plan can be compared to the original item to see how it changed. The original item is the baseline against which all future changes are compared (measured).

- To guide the procurement execution: The procurement plan will show what activities or tasks need to be done, by whom, and when.
- To document all assumptions: You and your team will make assumptions about this procurement.
- To document decisions: The reasons for making these decisions can be as important as the decisions themselves.
- To facilitate communication among stakeholders: Every stakeholder will review the procurement plan before the procurement can proceed.
- To define management reviews: when they happen, who does them, and what exactly will be reviewed.

When finished, this procurement plan will be a formal, approved document. *Caution:* Although there will be pressure for you to start working on the procurement without having a procurement plan in place, be sure to only do minimal work until the plan is approved.

The steps for procurement planning are usually done in exactly the same order for every procurement—that is what makes planning a process, not a project in itself. Any of the steps may be iterated (repeated) during the planning process.

### Priority

The first step in creating a procurement plan is to determine where your procurement is in the company's (or department's) priority list. If the procurement is the number one priority, you will always be told that. You will be promised all kinds of cooperation because the procurement is such a high priority. Be sure to document this fact in the beginning of the procurement plan. You may need it later during the procurement.

If your procurement is not the number one priority, find out exactly where it is on the priority list. This priority will determine everything from the personnel available for assignment to your procurement team to the level of support from management. Most executives allot their time based on the priority of the work. If your procurement is at the bottom of the list, the executives will not want to deal with it any more than absolutely necessary. By documenting the procurement's priority, you have the basis for asking for more help or changing the schedule as necessary to accommodate higher priorities within the company or department.

Most often, you will need to check with your boss about the priority of each procurement. Then you will need to double check that priority with the procurement requestor and/or signature authority. *Remember:* One person's highest priority may be the next person's lowest. Your boss may not be aware of the issues