

"Vendors Selection Process as Predictor of Project Success"

0011

Nydia E. Gutiérrez, PMP, ITIL Certified

San Juan, Puerto Rico

May 25, 2006

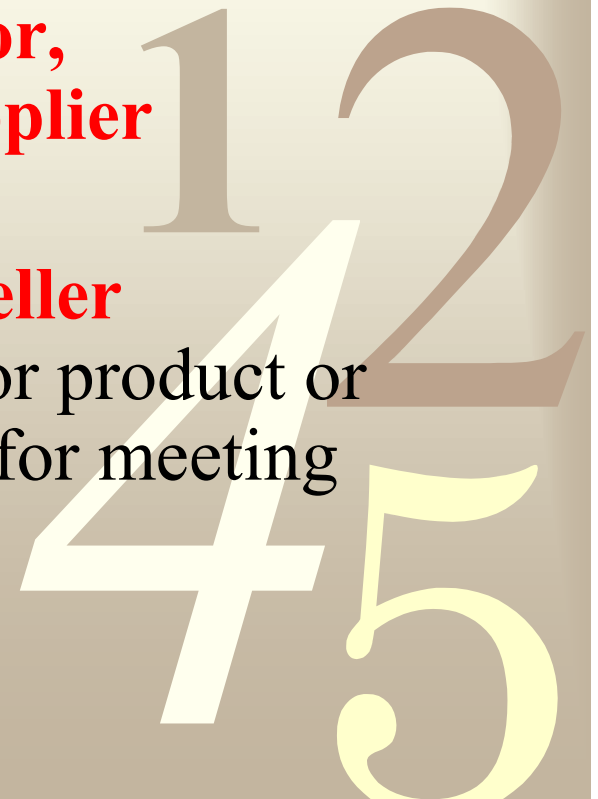


"Vendors Selection Process as Predictor of Project Success"

0011

Definitions

- The **buyer** means the **customer**.
- A **seller** may be called **a contractor, subcontractor, a vendor or a supplier** depending on the application area.
- **Procurement** is the process of a **seller soliciting, selecting and paying** for product or services from the buyer necessary for meeting the project scope.



"Vendors Selection Process as Predictor of Project Success"

0011

Definitions

- **Contract** is a formal agreement between the buyer and the seller. It specifies the rules and agreements for the project.



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Procurement Planning (Plan Purchases and Acquisitions)
 - Solicitation Planning (Plan Contracting)
 - Solicitation (Request Seller Response)
 - Source Selection (Select Sellers)
 - Contract Administration (Contract Administration)
 - Contract Closeout (Contract Closure)



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Procurement Planning (**Plan Purchases and Acquisitions**)
 - Make or buy analysis
 - Determining Types of Contracts
 - Cost Plus Fixed Fee – CPMF
 - Cost Plus Percentage of Cost – CPPC
 - Cost Plus Incentive Fee – CPIF
 - Fixed Price – FP
 - Lump Sum
 - Firm Fixed Price - FFP
 - Fixed Price Incentive Fee – FPIF
 - Time & Materials – T & M
 - Unit Price



"Vendors Selection Process as Predictor of Project Success"

0011

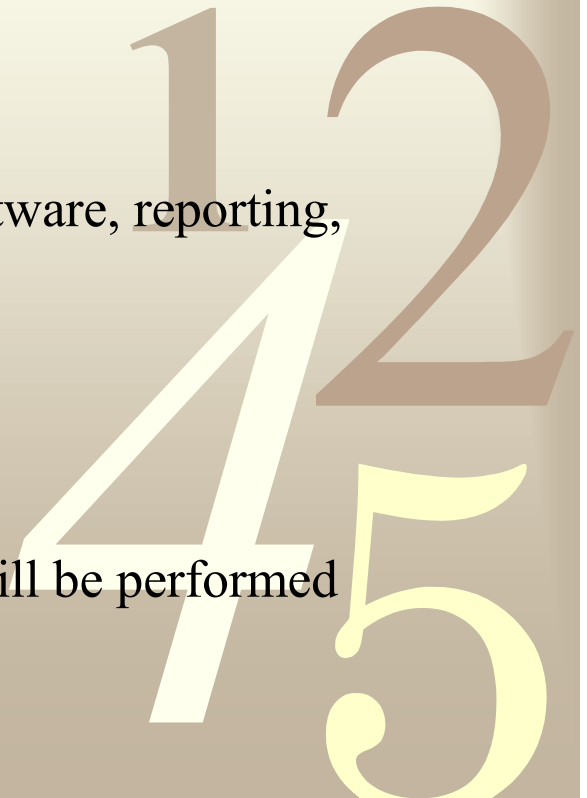
- The Procurement Management Process
 - Solicitation Planning (**Plan Contracting**)
 - Procurement Documents
 - Bid
 - Quotations
 - Proposals
 - Invitation for Bid - IFB
 - Request for Quote - RFQ
 - Request for Proposal - RFP
 - Evaluation Criteria
 - SOW



"Vendors Selection Process as Predictor of Project Success"

0011

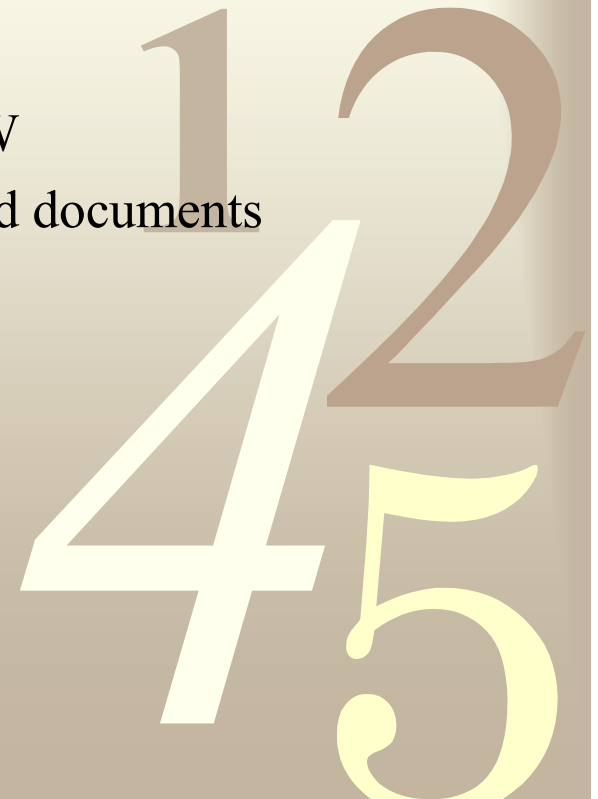
- The Procurement Management Process
 - Solicitation Planning (**Plan Contracting**)
 - SOW – Statement of Work
 - The objectives of the procurement
 - A listing of deliverables, hardware, software, reporting, materials, equipment
 - Performance standards
 - Commitment of specific personnel
 - A schedule or period of performance
 - Locations description of where work will be performed



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Solicitation Planning (**Plan Contracting**)
 - SOW – Statement of Work
 - Documents incorporating into the SOW
 - The order of precedence of all specified documents
 - Other important items



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Solicitation (**Request Seller Response**)
 - Takes the RFP and request formal proposals from the vendors.
 - Set the Evaluation Committee
 - Technical
 - Procurement
 - Quality
 - Project Manager



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Solicitation (Request Seller Response)
 - Set the Evaluation Criteria
 - Technical 35%
 - Management 15%
 - Quality 20%
 - Warranty 10%
 - Price 20%
 - Total 100%



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Source Selection (**Select Sellers**)
 - Contract negotiation must be in agreement on the expectations, requirements, authorities, terms, technical and business management approaches, price, payment factors and other.



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Model Contract
 - Statement of Work
 - Technical Specifications
 - Terms & Conditions
 - Data Reporting
 - Status Reviews
 - Management Requirements



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Contract Administration (**Contract Administration**)
 - Correspondence
 - Seller Performance
 - Contract Changes
 - Payment Requests
 - EVM



"Vendors Selection Process as Predictor of Project Success"

0011

- The Procurement Management Process
 - Contract Closeout (**Contract Closure**)
 - Settles all unsolved contractual issues
 - Contract Documentation
 - Preserves records
 - Auditing



"Vendors Selection Process as Predictor of Project Success"

0011

- Issues for Selecting Prospective Suppliers or Vendors
 - Pre-qualify the potential suppliers or vendors
 - Dependability of project funding
 - Political pressures
 - Government funded project for special categories of businesses



"Vendors Selection Process as Predictor of Project Success"

0011

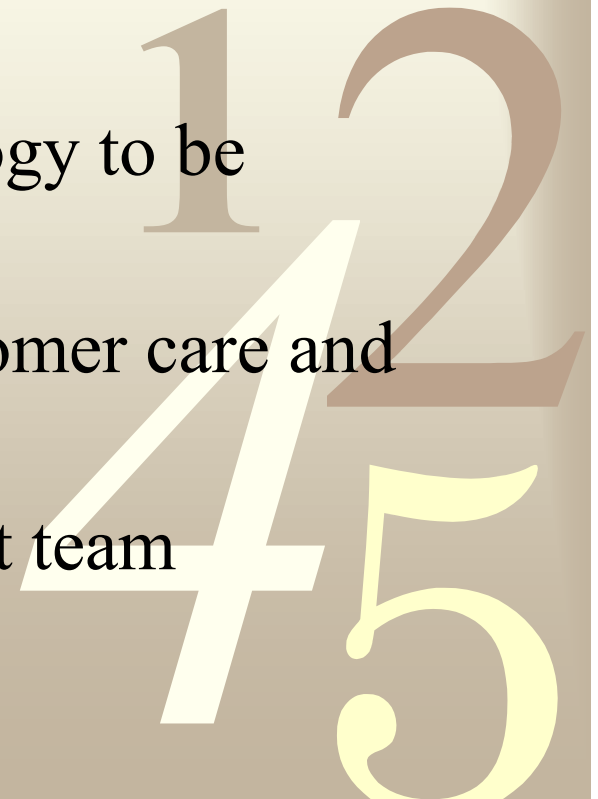
- Find an integrator using methods such as:
 - References
 - Government Supplier Listings
 - Internet
 - Yellow Pages
 - Trade Shows
 - Previous experience



"Vendors Selection Process as Predictor of Project Success"

0011

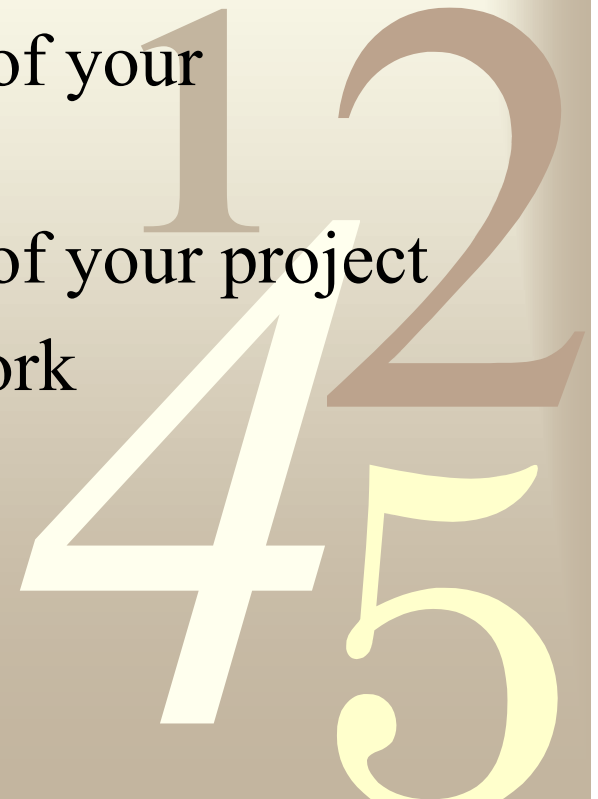
- Some attributes:
 - Ability to complete the project scope on schedule
 - Vast experience with the technology to be implemented
 - References that demonstrate customer care and satisfaction
 - Proof of knowledge on the project team (experience and certification)



"Vendors Selection Process as Predictor of Project Success"

0011

- Some attributes:
 - Adequate time to focus on your project
 - A genuine interest in the success of your organization
 - A genuine interest in the success of your project
 - A fair price for completing the work



"Vendors Selection Process as Predictor of Project Success"

0011

- Pay attention to this.....
 - Do the vendor pay attention to details?
 - How organized are their materials?
 - What is their body language saying?
 - Be objective.



"Vendors Selection Process as Predictor of Project Success"

0011

- Bibliography

- Phillips, Joseph. *IT Project Management, On Track from Start to Finish*. Chapter 6. Pages 213-217.
- Phillips, Joseph. *PMP Project Management Professional Study Guide*. Chapter 12. Pages 473-497.
- Fleming, Quentin W. *Project Procurement Management. Contracting, Subcontracting, Teaming*.
- Project Management Institute. *A Guide to the Project Management Body of Knowledge. PMBOK Guide 2000 Edition*. Chapter 12. Pages. 147-158.