



Plan Procurement

“The process of documenting project procurement decisions, specifying the approach and identifying sellers”

This process also answers this question:

1. How will make-or-buy analysis be performed?
2. What good and services do we need to buy for this project?
3. How will we purchase them?
4. Who are potential seller to consider?
5. What about the strategy? Procurement statement of work?

Inputs

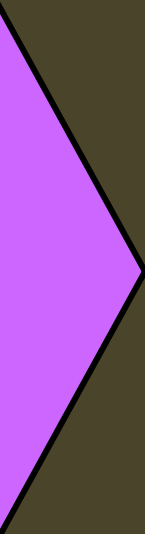
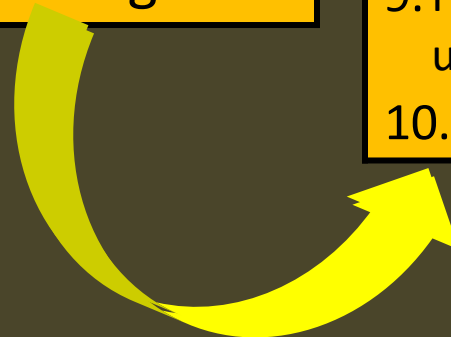
1. Project Charter
2. Business Documents
3. Project Management Plan
4. Project Documents
5. EEF
6. OPA
7. Pre-approved seller list

Tools & Techniques

1. Expert Judgment
2. Data Gathering
3. Source Selection Analysis
4. Meetings

Outputs

1. Procurement Management Plan
2. Procurement Strategy
3. Bid Documents
4. Procurement Statement of Work
5. Source Selection Criteria
6. Make or Buy Decisions
7. Independent Cost Estimate
8. Change Request
9. Project documents updates
10. OPA Updates





Make or Buy analysis

Choose : make it or perform particular product or service by themselves or buy/acquire from others.

Make or Buy analysis consideration

#1
Skill &
resource



#2

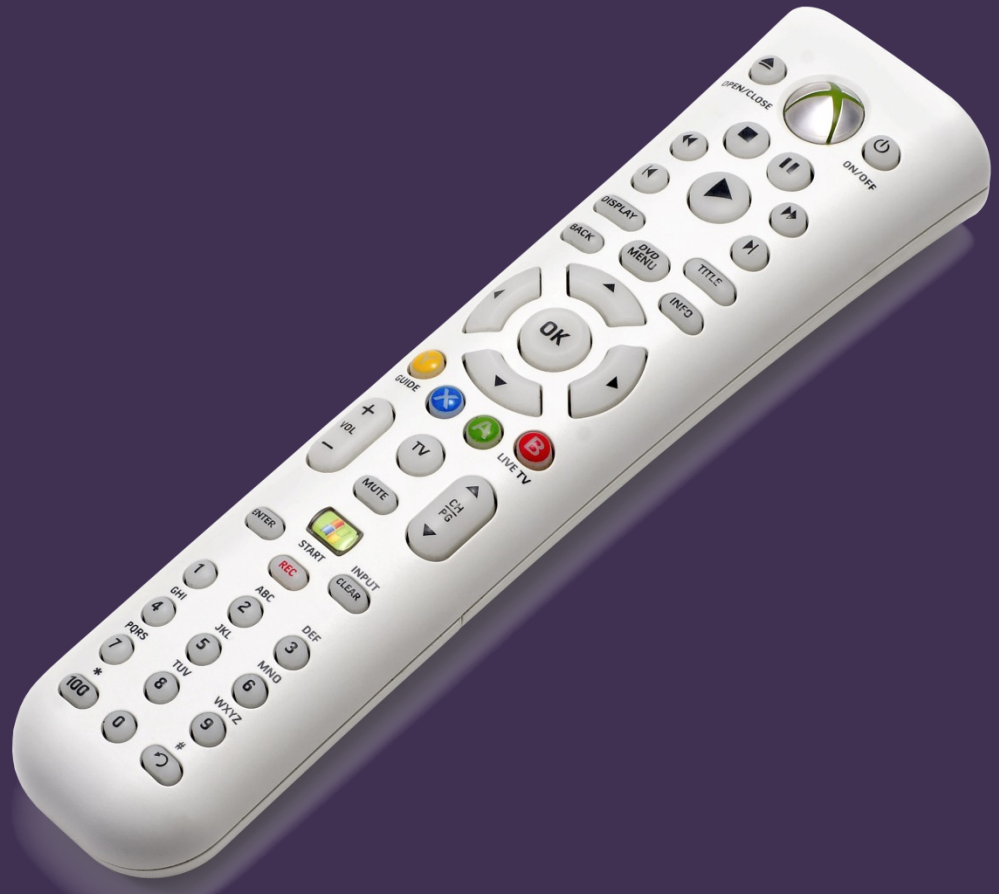
Cost

saving



#3

control



#4



**Proprietary
information**

Make or Buy analysis

- A project requires a piece of equipment that has a **purchase price of \$12,000** and **daily operating costs of \$400**.
- **Lease** the same piece of equipment for **\$800 per day** (operational included)

$$\text{\$800/day} = \text{\$12,000} + \text{\$400/day}$$

$$\text{\$400/day} = \text{\$12,000}$$

$$\text{Day} = 30$$

< 30 day → leasing

> 30 day → purchasing

Source selection analysis

- Number of years in business
- Financial stability
- Understanding of needs
- Price of life cycle project
- Technical expertise
- Quality of past performance
- Ability to complete the work on time