

A Template for Project Procurement Management

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Introduction

Among a wide range of common services, Public Works and Government Services Canada (PWGSC) provides procurement services to federal government departments and agencies. Of the \$6 billion annual expenditure on goods and services, roughly half of this expenditure is in the area of complex procurement that is characterized by significant technical and business risk. Project Procurement Management (PPM) is the PWGSC discipline applied to major acquisition and support projects in aerospace, marine, electronic, and informatics systems, commodity and service procurements. PPM is the effective integration of project management principles and practices in the procurement process.

In PWGSC there is a well-known distinction between simple and complex procurement. The former is transaction based, characterized by the purchase of commercial goods and services using automated techniques and customer direct-order supply arrangements such as standing offers. Individual transactions are relatively low dollar value and thousands of contractual documents are issued. In comparison, complex procurements are higher-dollar value, more complex, often involving development, integration, business process change, or outsourcing. Complex procurement typically results in fewer contractual transactions/documents, and far more effort in procurement and solicitation planning, and in contract management.

In Canada, complex procurement is an instrument of public policy. The Treasury Board has emphasized that all procurement must be guided by principles of value for money, fairness, openness, and transparency. In large, sensitive procurement the interests of regional and industrial policy and priorities come into play through a network of advocacy organizations. Also, within the last several years, national and international trade legislation and aboriginal land settlement agreements have been added to the procurement context. The North American Free Trade Agreement (NAFTA) and the Agreement on Internal Trade (AIT) have resulted in the establishment of a procurement challenge function in the Canadian International Trade Tribunal (CITT) with the mandate to investigate supplier complaints. Although the Tribunal does not have judicial powers, its' decisions are important in rectifying complaints over supplier concerns about the integrity of the procurement process.

Proposition

The paper is supported by three observable propositions. These propositions do not require empirical testing, although they do lead directly to the problem statement.

- In conducting complex procurement, sophisticated mental strategies and models are used to incorporate a broad range of business, technical, and program/project management practices in the procurement process.
- With recent downsizing, outsourcing, and business process change in PWGSC, customer departments and industry, it is not practical to rely on individual capability to retain and pass on these models.
- There is a marked trend toward "projectizing" work and providing tools in a web-based, virtual context.

The Problem


Procurement personnel do not have a comprehensive, easy-to-use guidance document to assist them in doing their work.

The Client and the Solution

The PPM Template has two immediate markets and clients. First, the Major Project Service Line (MPSL) of PWGSC has a requirement for the template and the related training gap and needs assessment as a deliverable for the Branch Business Plan. Second, the branch-wide business renewal process has also defined a requirement for a Contract Management Framework (CMF) in response to various audits, effectiveness studies and focus group feedback.

The template is an activity-based guide to the procurement management of major acquisition and support projects. The purpose of the template is to assist procurement managers and their teams in performing work more effectively, and to document the organization skill base, and the related training and development needs. The template will be linked through a web page with information on policy, guidance, training, and innovative procurement practices, including a library with search and query capability.

Exhibit 1. Template Project Milestones

ID	Task Name	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Template- Desk Top												
2	Planning and Scoping												
3	Literature Review												
4	Design Document												
5	Focus Group												
6	Integrate Design												
7	Progress Report												
8	Integration Report												
9	Start Web Design												
10	Complete PMI Paper												
11	1st Release Model												
12	User Group Test												
13	Populate Model												
14	2nd Release Model												
15	Complete Integration Paper												
16	Complete Web Content												
17	Hold User Trial												
18	Issue Operating Desk Top												
19	Present PMI Paper												

Background

The design approach considers four major processes currently affecting PWGSC procurement operations. First, *La Releve* is a public sectorwide initiative sponsored by the Clerk of the Privy Council Office that seeks to modernize service delivery and reposition its human resources to meet present and future needs. The overall PWGSC initiatives supporting *La Releve* are to:

- Review the procurement process, mechanisms, and technology
- Improve the working environment, increase efficiency, reduce costs, and enhance human resource skills
- Identify productivity improvements
- Define the impact of Department of National Defense (DND) reengineering (PWGSC's largest single customer) on the Branch, and recommend responses that are also suitable for other customers.

The template and its links touch on each of these elements directly with the exception of cost reduction where

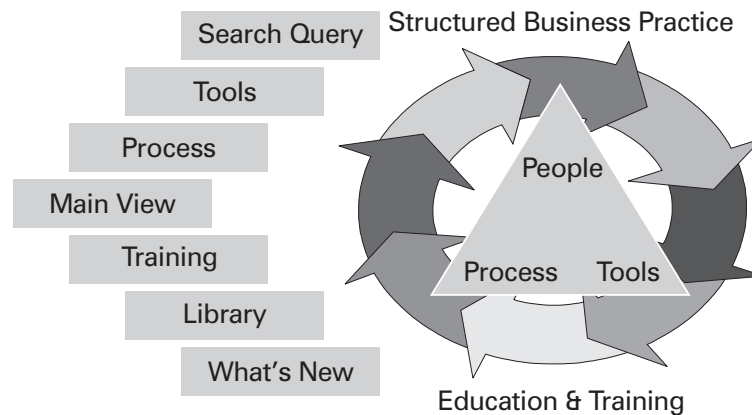
matrix organization, and new customers and services are examples of current initiatives.

Another high profile initiative in the Branch is Benefits Driven Procurement (BDP). BDP is a set of procurement principles and processes that recognizes the sources and consequences of risk in complex project procurements in a manner that promotes intervention at appropriate times. It has evolved from experience in Information Technology (IT) and System Integration (SI) procurements. BDP seeks reduction in procurement process time and cost to government and industry, partnering relationships between customer and contractors, continuous risk management, business case management, and the use of best practices. The template will include BDP-unique processes that are appropriate for IT/SI procurement.

The template also considers process change under way in PWGSC and DND. In DND there are several changes that must be considered in the template content:

- Organizational alignment by system with some exceptions in commodity classes

Exhibit 2. Desk top Structure



- Partnering, long-term support and bundling with pre-facilitated contracts (PFCs)
- Strong preference for teaming that integrates procurement and project management capability outside functional stovepipes.

Finally, in PWGSC program reviews and employee departure programs have reduced the workforce by about 30 percent. The procurement environment has become more complex, and internal and external audits and challenge processes have indicated that some core competencies (e.g., RFP preparation and proposal evaluation) are suffering due to a lack of experienced personnel. Within PWGSC the business renewal initiative has focused on four opportunity areas:

- Integrated procurement process
- Innovative procurement process
- Improvement to process enablers
- A review of Legislation and policy.

The template will incorporate the results of the BPR process in each of these areas.

Work Plan

The plan to build the template and its interfaces with a desktop tool is shown in Exhibit 1. The approach involves three steps: a design document that specifies the structure, format, and content of the template; a working model that demonstrates functionality; and the operating template that will be on the computer desk top as a part of a web-based intranet solution. The design document explicitly considers the tradeoffs made in defining the format and content of the template. Individual requirements are traceable to the branch and sector strategic and business plans.

The template documents the PPM activities that procurement officers follow from the start of the procurement cycle to contract closeout. The template will also be available as a desktop view, and as a document checklist and wall chart.

In addition to the template or process view, the desk top will contain several other views that allow users to find related information or ask questions and provide input to the desktop. Exhibit 2 illustrates the desk top and the objective of linking people/process/tools based through structured business processes, supported by education and training.

Template Format and Content

The template is oriented by Project and Procurement phase. The column headers are:

- *Project Management Process*—The process steps are generic and not specific to a customer department program or project management process. The PM steps provide a customer focus to the procurement activities in the project.
- *PPM Process*—Business processes identified by PWGSC/DND through various BPR initiatives.
- *PPM Activities*—Checklist of procurement activities.
- *IPT Roles*—Integrated Product and Procurement Teams have been defined as part of the PWGSC business process. IPT roles and individual team member responsibilities are identified.
- *Deliverable or Result*—What is produced from the PPM activity.
- *Tools and Techniques*—Enablers for the PPM process.
- *Guidance and Training*—Enablers and references for the PPM process.

Exhibit 3. Project Phase—Initiation/Concept; Procurement Phase—Procurement Planning

Project Management Process	Project Procurement Management (PPM) Process	PPM Activities	Integrated Product Team Roles	Deliverable or Result	Tools & Techniques	Guidance & Training
Initiate Project and Refine Concept	A.1- Validate Requirement	1. Evaluate Requirement / Deficiency 2. Develop Acquisition Concept	The customer technical and operational organizations.	A project procurement		
	A.1.1- Evaluate Deficiency / Requirement	This is our first contact with a new requirement. The requirement is reviewed, project performance objectives are determined, and the teaming arrangements defined.	Customer- TA PWGSC- System Account Manager (SAM)	1. Project and Procurement performance objectives 2. Integrated Procurement Team (IPT) formed. Core: Technical; Logistics / Financial; Operational; and Contracting.		
Identify Problem, Opportunity, and Stakeholders	A.1.1.1- Analyze Deficiency / Requirement	Understand why the project / procurement has been chosen, who funds and champions it, and who is accountable for it's success Open procurement file with the background, key documents and points of contact (POCs)	Operational- Performs Technical and Logistics / Finance- Input Contracting- Consulted	1. Project Request 2. Requirement approved at program level. 3. Resource team to perform program and project planning		
Define/Review Project / Procurement Objectives	A.1.1.2- Define Performance Objectives	Assist client in formulating and refining the top-level objectives of the acquisition 1. Review requirement or deficiency. 2. Assist customer in refining project. / procurement performance objectives. 3. Evaluate any industry results of concept/tradeoff studies 4. Initiate market research / surveys. 5. Advise client on possible COTS, developmental or hybrid solutions. 6. Evaluate conceptual procurement alternatives.	Operational- Performs Technical and Logistics / Finance- Input Contracting- Consulted	Preliminary requirement documents such as: -Statement of Objectives (SOO) -Statement of Requirements (SOR) -Preliminary specifications		
Define and Resource the Project Organization	A.1.1.3- Determine Allocation and Teaming Approach Assist Project Manager in formation of the project IPTs and their interface with the Integrated Procurement Team (IPT)	Determine the allocation of the procurement within the sector based on the nature of the procurement and the availability of contracting resources. Procurement file allocation is based on factors such as: system / commodity, complexity, project management needs, and risk considerations. 1. Determine the type and number of personnel required for IPTs 2. Establish cost recovery arrangements with client account manager 3. Establish service agreement with Project Manager	Technical- Performs Contracting, Logistics / Finance, and Operational- Consulted	1. Procurement file allocated. 2. IPT and other team interfaces defined. 1. Project Charter 2. Cost Recovery Agreement. 3. Service Agreement 4. IPT resources change as the procurement moves from acquisition to support.		

The template is formatted as indicated in Exhibit 3. A process flow chart and wall chart will give an indication of sequence and rough timings of the activities.

Conclusion

Since beginning the template, it has become clear that substantial design and implementation effort is required to ensure compatibility of PWGSC and DND project and procurement business processes, desk top information,

and guidance documents because each of these elements is undergoing significant change. The template design has been reviewed by a focus group that provided important suggestions for improvement while validating the overall design approach.

A copy of the template and the desktop address can be requested from the author at rtritesr@sos.pwgsc.gc.ca or rtritesr@istar.ca.