The Importance of Supply Chain Management and Procurement to the Project Management Discipline

ISM-CV, Triangle Chapter
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Agenda

• What is a successful IT project?
• Importance of project management
• Importance of supply chain management
• Comparison of project and supply change management principles
• Examples of procurement related projects
• Project management discipline
• What is success?
Successful IT projects

• Begin with a business need and meet or exceed the business sponsor expectations
• Do it right the first time (planning)
• On budget, on time, fully functional (scope)
• Deliver quality
  – Product or service fully meets customers expectations
“Renovation Reality”
Project

Business Need
Two story house has HVAC in 3rd floor attic. To access attic must haul ladder up stairs and climb up into narrow area.

Goal
Construct ladder from 2nd floor storage area to 3rd floor attic. Unknown budget and time. No bill of material.
The “Dreaded” Attic Entrance
Newly Constructed
Stairs
OOPS!

Entrance

Stairs
Result

• Does not serve business function
  – In fact, essentially worthless

• Cost overrun
  – Wrong materials used, additional materials needed
  – Must find money in budget to complete job

• Delay in completion
Importance of Project Management

– Prevent failure of high-profile projects and costly overruns
– Provide clear accountability
– Plan the work and work the plan
– Procure the right resources at the right time and at best value
– Deliver a solution that meets business needs
Importance of Supply Chain Management

- Provides for the timely, accurate, and cost effective delivery of materials, supplies and equipment
- Monitors and manage suppliers to ensure delivery of the product or service
- Manage risk and prevent bottlenecks that would impact delivery
- Procure the right resources at the right time and at best value
- Deliver a solution that meets business needs
Project Phases and SCM Responsibilities

**Initiation**
- Market Research
- Vendor Demos
- Sourcing Strategy
- Business Case
- Project Charter
- Requirements

**Planning and Design**
- Project Plan
- Resource Plan
- Communication Plan
- Budget
- Architecture

**Execution and Build**
- Receive Product
- Configure Product
- Test Product
- Train Customer
- Implement Product

**Closeout**
- Lessons Learned
- Financial Closeout
- Historical Filing
- Operational Transition

**Monitoring and Control Project and Suppliers**
- RFP
- Vendor Meetings
- BAFO
- Award
- Vendor Kick off
- Contract Mgmt
- Milestone Payments
- Change Requests
- Defect Resolution
- Dispute Resolution
- Retention
- Warranty Period
- Performance Metrics
### Similarities PM and SCM

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<tr>
<th><strong>Project Management</strong></th>
<th><strong>Supply Chain Management</strong></th>
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<tbody>
<tr>
<td>Defines Scope</td>
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<tr>
<td>Defines Beginning and End</td>
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<td>Defines Costs</td>
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<td>Defines Requirements</td>
<td>Defines Inputs</td>
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<tr>
<td>Plan Resources</td>
<td>Identify Suppliers</td>
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<td>Utilizes goods and services</td>
<td>Procure goods and services</td>
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<tr>
<td>Build system</td>
<td>Deliver Intermediate Goods – Right Time and Place</td>
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<tr>
<td>Monitor and Control Project</td>
<td>Monitor and Control Supplier</td>
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<tr>
<td>Deliver Finished Product or Service</td>
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<tr>
<td>Close Project</td>
<td>Support Operations and Maintenance</td>
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Examples of Projects in State Government

• Toll Collection Management System
  – Road Construction
  – Customer Service Center
  – Back Office
  – Camera, Gantry etc

• State Park Camping Reservations

• Food Stamp Eligibility Program
Project Management Discipline

• Project Management Institute (PMI) is the worldwide organization for project management discipline

• Project management professional (PMP) is a recognized certification

• PMI has developed a project management body of knowledge best practice document which identifies procurement as a knowledge area
PMI’s Project Procurement Management*

PMI recognizes these four processes as essential to buying goods and services

• Plan Procurements
• Conduct Procurements
• Administer Procurements
• Close Procurements

*Taken from A Guide to the Project Management Body of Knowledge, 4th Edition
What is Success?

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