

Process of procurement



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1. 0 Introduction

Procurement is an act obtaining or buying any service and goods. This process start from preparation and processing of a demand as well as the end receipt and approval of payment. Its including purchase planning, supplier research and selection, value analysis, price negotiation, making the purchase,

In the introduction, according to my project our company start the new project which is the self-checkout system the machines of self-checkout which we have to buy from the overseas. So we have to decide where the machines are good to buy. (procurement, n. d)

2.0 Procurement Management Approach

In the Procurement management approach, incremental, and phased approach to management, including project activities there are a number of approaches.

The methodology employed, despite careful consideration of the overall project objectives, time, and cost, as well as the roles and responsibilities of all participants and stakeholders.

In this project the project management approach is first we saw the suppliers of the self-checkout service than we approach to the all the suppliers and request him to send us his proposals. After analyzing the all proposal see the additional features and warranties and guaranties of all the products. As well as discuss with the management decided the which one the offer the installation cheap and faster than the others. The suppliers are from the Korea and china.

3.0 Type of Contract to be Used

The purpose of contract to be used is in terms of contracts and purchasing department can proceed to be used is described. Under firm fixed-price contract for the project will be requested to all goods and services procured. The project team worked with the Department of contracts and purchasing of items, quantity, and services will have to define the required delivery dates.

In this project, we select the fixed price contract and processing department work with the this contract. As per contract the supplier agree with our terms and conditions like delivery time quantities, the quality of the product must

be good, and install the product on time not delay two week after arriving the product.

4. 0 Procurement Risks

Procurement risk is the potential for failures of a procurement process designed to purchase services, products or resources. Common types of procurement risk include fraud, cost, quality and delivery risks. In many cases, procurement risks are also compliance risks as purchasing practices are typically government by anti-corruption laws.

All procurement activities carry some potential for risk which must be managed to ensure project success. In our project, all risks will be managed in accordance with the project's risk management plan, there are specific risks which are may be occur in the which pertain specifically to procurement which must be considered:

- Unrealistic schedule and cost expectations for supplier
- The capacity of the Manufacturing of supplier
- the current contracts and supplier relationships
- delays in shipping and impacts on cost and schedule to install the products.
- Questionable past performance for supplier
- Potential that final product does not meet required specifications

5. 0 Procurement risk management

Risk management should form an integral part of good purchasing and supply practice (CIPS: Risk Management in Purchasing and Supply Management). It is essential to address the 'right' risks and use the 'right'

strategies. Thus, organizations should understand the sources and drivers of risk before devising risk mitigation strategies which may require adding capacity, increasing inventories, having redundant suppliers, increasing responsiveness, increasing flexibility, aggregating or pooling demand, increasing capability, or having more customer accounts. Moreover, supply risk management activities can involve process improvement, buffer strategies, forming strategic alliances and developing suppliers (Procurement, 2017)

In our project the all risks are already identified and before selecting the supplier check the all background and the feedback from the current customers of the supplier as well as the backup plan we also contact with the one other supplier. Moreover, the shipping of the products in the contract we calculate the maximum days which take to the shipping and arrive in the stores if the supplier not supply in the given time the contract may be cancel or supplier have the strong and genuine reason of delay.

6.0 Procurement Constraints

A constraint, in project management, is any restriction that defines a project's limitations; the scope, for example, is the limit of what the project is expected to accomplish.

The three most significant project constraints — schedule, cost and scope — are sometimes known as the triple constraint or the project management triangle. A project's scope involves the specific goals, deliverables and tasks that define the boundaries of the project. The schedule specifies the timeline according to which those components will be delivered, including the final

deadline for completion. Cost involves the financial limitation of resources input to the project and also the overall limit for the total amount that can be spent.

Project constraints are also considered to be somewhat mutually exclusive. In the project management triangle, it is assumed that making a change to one constraint will affect one or both of the others. For example, increasing the scope of the project is likely to require more time and money.

That reality is also expressed as the pick two principle, which maintains that for any given set of three desired qualities or expectations — such as “ good, fast and cheap” — it is likely that only two can coexist: A given product might be delivered quickly and inexpensively, for example, but the quality will suffer. (Rouse, 2015)

In our project the major constraints like cost, scope, schedule, resources, technology are identified we have the our big warehouse to store the machines over there before the installation as well as this is a big organization so we already pass the budget of the project by the board of director.

7.0 Decision Criteria

The purpose of this section is to define the criteria used by the contract review board to decide on what contract to award. Again, these criteria may vary between organizations but must be defined as part of the Procurement Management Plan. The steps are following:

The strength of the supplier to provide all items on the delivery date, Quality, Cost, expected delivery date, Past performance of the supplier get the feedback from the current customers.

After Analysis of the all proposals of the suppliers send the good proposal to the board of director after discussion decide the good proposal which complete the all criteria as I already explain above.

8.0 Vendor Management

Vendor Management's primary remit to ensure that the third-party vendor relationships are successful and the risk is reduced. In large IT outsourcing, liability management drives the agenda of the monthly deliverables rule. Strategic focus, overall vendor and is focused on mutual relations, all the account / vendor management plan later. The scheme would be like a purchase plan category. Vendor management practitioners perform their contract in accordance with its strategic vendors to lead innovation in their interactions with their business customers and provide thought leadership, policies, and operating within the standards established by the company, and all the security, compliance, business continuity, and industry best practices are followed to protect the interests of the company. The wave of outsourcing deals over the past decades and large associated with leading, vendor management and contract negotiations expertise RFX activities which focus on these skills to manage multi-year contracts versus traditional procurement deal makers went to the sought.

So, both groups “ to protect the interests of the company” and are working with the intention of reducing the risk, why there is a disconnect between

these same business functions? I believe the problem stems from execution. Purchasing professionals often feel that vendor management professionals focused and concerned about the day-to-day relations with the outside vendors are negotiating. Vendor Management professionals believe that procurement professionals only concerned with chasing the next dollar savings and savings to hit targets in the relationship are willing to sacrifice. In my experience, this business unit is based on engagement, business objectives and risk seller without the intervention of the internal politics by being able to deliver inherited sponsors. All these factors will determine the engagement culture and behavior. (Carrideo, 2015)

In this project the purchasing department always in contact with the vendor and check the quality and performance of the product and do the quality check of the machines by inviting the own technicians. Give the feedback to the supplier and give the feedback to improve the quality and send the quality report to the vendor. If the consignment not come on the time than discuss in the meeting and take the steps to product do not delay in the future. As well as also connect the vendor by telecommunication in the meeting.

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