

Integrating Procurement & Project Management

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Abstract. This presentation clearly depicts the “lock-step” relationship between the project management process and the procurement process. In doing so, it affords procurement professionals the opportunity to bring maximum value to their organization. Moreover, it creates a basis for cross-functional team participation and leadership on the part of the procurement professional.

The Opportunity. The value of the procurement professional to an organization is enhanced by the following:

- An understanding the project management process, as endorsed by the Project Management Institute (PMI).
- Utilization of specific procurement tools at specific steps during the project life cycle. These steps include Solicitation Methods (RFI/RFQ/RFP), Total Cost of Ownership analysis, Cost/Price Analysis, Negotiation, etc.
- An understanding the benefit of integrating the procurement tools, as opposed to having the procurement process occur in isolation, i.e., the project manager and the procurement professional working in “silos”.

Additional Benefits. Clearly, the additional benefits lie in the elevated regard for Procurement within the technical community of an organization, as mutual respect for project management and procurement develops. Working in harmony needs to be more than a corporate value; it needs a basis. The integration of the Procurement Process and the Project Management Process provides this basis. It has worked successfully within Corning Incorporated for construction projects, capital acquisitions, plant start-ups and implementation of strategic procurement processes.

Procurement Process. In general, the classic procurement process involves five (5) steps, which must be thoroughly examined. They are as follows:

- Define Requirements
- Select Supplier
- Produce Agreement
- Administer Day-to-Day
- Assess Performance

These steps are essential, regardless of the amount of automation or e-sourcing that may be involved.

Project Management Process. To ensure a value-added contribution to a project, the procurement professional must first understand the definition of a “project”. As defined by the Project Management Institute’s Body of Knowledge (PMBOK), a project is a temporary

endeavor undertaken to create a unique product or service with a defined start and end point and specific objectives that, when attained, signify completion.

Project Management Process. As with the Procurement Process, the Project Management Process has five (5) steps.

- Initiation
- Planning
- Execution
- Control
- Closeout

In learning and deploying the tools for each step, there are several opportunities for the procurement professional to be pro-active during the execution of a project. This is not a situation that requires directives from the project manager. This is an opportunity for leadership in specific areas of the project.

Bonus. The Procurement Professional in Top Tier organizations is being called on to lead Process Development initiatives. Typically, this role is filled by the Procurement Project Manager; a relatively new position. This role deploys Six Sigma process excellence tools in the design of new processes as well as the medication of existing processes. This is still performed against the backdrop of the basic five (5) steps of Project Management, with the Execution Stage consisting of a deployment of tools to develop a new process (Define-Measure-Analyze-Design-Verify or DMADV) or to modify an existing process (Define-Measure-Analyze-Improve-Control or DMAIC)

Summary. In the execution of a project, procurement value comes from understanding project manager (customer's) project management process. There is commonality between the processes. And, there is a need for both processes.

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