

Supply Management and Project Management: Bridging the Gap

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Abstract. Why is it that supply managers often encounter barriers when trying to support the needs of specific projects within the organization? Many supply managers can trace the source of these barriers to the actual project management function. In order to understand why barriers between the supply management function and the project management function may exist, one must first obtain a sound background on the actual basics of project management. Likewise, a good project manager aims to acquire at least a working knowledge of the supply function within an organization. This paper and supporting formal presentation will discuss the origins of modern project management. They will also introduce some of the cutting-edge techniques used in the field today. They will compare and contrast the similarities and differences between the two functions. This will help supply managers to gain an understanding of the typical constraints that project managers experience. Once supply managers are aware of these constraints, they can begin to evaluate techniques that can be used to improve communications between themselves and the project management function.

The Opportunity. Project management has been called the “accidental profession” in that, traditionally, it was not a profession that one consciously pursued. Traditionally, individuals would find themselves in the midst of a “project”, but were not given the “tools” to do the job. Such tools include, training, experience, resources, project management software, or even an organization that understands the importance of the project management function. Ironically, this is the same situation that many supply managers have traditionally find themselves in the beginning of their careers! In these situations, any true project management knowledge was gained by attending the “school of hard knocks” or by “trial-and-error”. As the case with today’s supply managers, many project managers have been working hard to elevate the function of project management in their organizations as a true profession.

Lets discuss the definition of a “project”. When organizations perform work, they typically do so in one of two ways, either as ongoing operations, or as projects. Operations and projects are similar in a number of ways. They both require the use of limited resources; both are planned, executed, and controlled by people. The major difference is that a project is temporary and unique. Here are the definitional elements of a project:

- Projects are goal oriented – Directed towards a specific objective
- Projects involve many coordinated activities designed to reach the same goal
- Projects are specific in duration – they have a definite beginning and ending
- No two projects are exactly alike

Keeping these characteristics in mind, project management is the art and science of bringing a project through its lifecycle as effectively as possible. According to the Project Management Body of Knowledge (PMBOK®), project management is the application of knowledge, skills, tools, and techniques, to project activities in order to meet or exceed stakeholder needs and

expectations from a project. However, some project managers will define project management as the process of doing whatever it takes to get the job done!

Project managers all face the same three concerns, known as the “Triple Constraint”. They are:

1. Bringing a project in on time (schedule constraints);
2. Bringing a project in under budget (financial constraints); and
3. Bringing a project in within the scope of the specifications (quantity constraints)

The Triple Constraint is also known as the project manager’s balancing act!

In order to understand the life of a project manager, one must first begin to understand the environment in which a project manager exists. Let’s first identify the external forces that project managers encounter on a daily basis. Marketplace forces such as competitors, changing technology, and changes in the economy, are some of the competitive forces experienced by project managers. The ultimate customer’s needs play a major role on the decisions made by project managers. Suppliers obviously influence projects, as well as state, local, and federal regulators.

A great person once said that “we have met the enemy, and he is us!” These words of wisdom must have been aimed at project managers. The project manager’s internal environment often forces them to make decisions based on the influences of politics, policies, management vision, promotional opportunities, colleagues, staff, other departments, and management.

The next critical issue that project managers deal with is the issue of project planning. There are some fundamental questions to consider when planning a project. For example, the first issue to consider is: Who is the ultimate customer? This question, although simple in nature, can be complex and difficult to answer. The next issue is relative to the needs of the ultimate customer. Often times, project managers help the customers determine their needs. Other issues include how long will the project last, where are we now, where should we end-up, what are the cost constraints and what are the technology constraints. During the presentation, I will discuss several tools that are typically used by project managers to successfully plan projects. These are also tools that can be used by supply managers to plan procurement activities.

One of the most challenging areas that project managers face is the area of managing project risk. There are risks associated with every project. The problem is that we do not always know what the risks are! But we do know that managing projects involve a great degree of managing uncertainties. In seeking assistance in the risk management process, project managers, like supply managers, perform risk assessments. These assessments can aid in the decision-making or trade-off process that is often associated with risk management. In addition, project managers often draw from past experiences or “lessons learned” in order to assess risk in current or future project situations. Often project managers hire experts to help them manage risks. Finally, some project managers manage risk the old fashion way: that is they “fly by the seat of their pants (or dresses)”!

Project managers need various tools and resources to help them manage risk. These tools differ from industry to industry, but many are also common tools used by supply managers in

the risk management process. For example, bonds are used by project managers to ensure that suppliers have the proper financial capability required in order to the project. Contracts and subcontracts, which are in themselves projects, are used as risk management tools by both project managers and supply managers. Other examples include: Insurance, Terms and Conditions, Warranties, and Contingency Funds.

As part of the actual presentation, the audience will be exposed to typical project management scheduling tools, budget management tools, and resource management tools. After which, the audience will be informed of methods that have been successfully used by supply managers to bridge the communication barriers between project managers and supply managers.

Objectives: This presentation will help the audience to understanding the similarities, differences, and common bonds between supply managers and project managers. In understanding these elements, supply managers can then effectively market the benefits of the supply management process to project managers. The final objective of this presentation is to discuss communication methods that are designed to break down functional barriers between these key organizational players.

REFERENCES:

Project Management Body of Knowledge (PMBOK®), 1996 Edition
Project Management Institute – www.pmi.org