

Overview of Procurement Management

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Purpose: Provide a concise, easy-to-read reference for students, new hires, or anyone needing a quick refresher on procurement management.

1. Definition & Scope

Aspect	Description
Procurement Management	The systematic process of acquiring goods, services, or works from external sources to meet organizational needs while optimizing cost, quality, risk, and time.
Key Objectives	• Satisfy internal demand • Achieve best value (price+quality) • Ensure compliance with policies & regulations • Manage supplier relationships and performance
Typical Activities	• Needs identification • Market research • Supplier selection • Contract negotiation • Order placement • Delivery & inspection • Payment & record-keeping • Supplier performance review

2. Core Process Flow (Lifecycle)

1. Planning ? 2. Specification ? 3. Supplier Selection ? 4. Contracting ?
5. Execution ? 6. Monitoring & Control ? 7. Closure

Phase	Main Tasks	Primary Outputs
1. Planning	• Define procurement strategy (make-or-buy analysis) • Develop procurement plan & schedule	Procurement Management Plan

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Phase	Main Tasks	Primary Outputs
2. Specification	- Gather user requirements - Write detailed specifications or statements of work (SOW)	Requirements Document, Technical Specs
3. Supplier Selection	- Conduct market research - Issue Request for Information (RFI), Quote (RFQ), Proposal (RFP), or Invitation to Tender (ITT) - Evaluate responses using criteria (price, capability, risk, sustainability)	Shortlist of suppliers, Evaluation Matrix
4. Contracting	- Negotiate terms (price, delivery, warranties, penalties) - Draft & sign contract (fixed-price, cost-reimbursable, time-and-material, etc.)	Executed Contract
5. Execution	- Issue purchase order (PO) or work order - Manage order fulfillment, logistics, and receipt of goods/services	Goods/Services Received, Receiving Report
6. Monitoring & Control	- Track performance (KPIs: on-time delivery, quality, cost variance) - Manage changes, resolve disputes, process payments	Performance Reports, Change Orders
7. Closure	- Verify final acceptance - Conduct contract close-out (final payment, release of guarantees) - Capture lessons learned	Closed Contract, Lessons Learned Register

3. Organizational Roles

Role	Responsibilities
Procurement Manager / Buyer	Develops strategy, runs sourcing events, negotiates contracts, monitors supplier performance.
Category Manager	Owns a specific spend category (e.g., IT, MRO), conducts market analysis, defines sourcing tactics.

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Role	Responsibilities
Contract Administrator	Maintains contract repository, ensures compliance, handles amendments and renewals.
Stakeholder / End?User	Provides requirements, participates in evaluation, validates delivered goods/services.
Finance / Treasury	Approves budgets, processes payments, monitors cost savings.
Legal	Reviews contractual terms, ensures regulatory compliance, manages risk exposure.
Supplier	Delivers goods/services per contract, reports performance, participates in continuous improvement.

4. Key Concepts & Tools

| Concept | Brief Explanation | |-----