

Overview of Procurement Management

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(A concise guide for students, new hires, or anyone needing a quick reference)

1. What Is Procurement Management?

Aspect	Definition
Purpose	Acquire goods, services, and works needed to achieve organizational objectives while maximizing value, minimizing risk, and ensuring compliance.
Scope	Includes planning, sourcing, contracting, ordering, receiving, inspection, payment, and performance monitoring.
Key Stakeholders	• Internal: project managers, finance, legal, end-users, senior management • External: suppliers, contractors, regulatory bodies, third-party logistics providers

2. Core Processes (Lifecycle)

Phase	Main Activities	Typical Outputs
1. Planning & Needs Identification	• Define requirements (specifications, quantities) • Conduct market research • Develop procurement strategy (make-or-buy, single-source vs. competitive)	• Requirements document • Procurement plan / schedule
2. Sourcing	• Identify potential suppliers • Issue RFI/RFP/RFQ • Evaluate proposals (price, capability, risk)	• Supplier shortlist • Evaluation matrix
3. Contracting	• Negotiate terms (price, delivery, SLAs, penalties) • Draft and approve contracts • Obtain legal and financial sign-off	• Signed contract / purchase order (PO)

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4. Ordering & Execution	• Issue PO or work order • Coordinate logistics and delivery schedules • Track order status	• Order acknowledgment, shipping documents
5. Receiving & Inspection	• Verify quantity & quality • Record receipt in inventory system • Report non-conformances	• Receiving report, inspection certificate
6. Payment & Close out	• Reconcile invoice with PO & receipt • Process payment per terms • Archive contract documents	• Paid invoice, contract closure file
7. Performance Management	• Monitor supplier KPIs (on-time delivery, quality, cost variance) • Conduct periodic reviews & audits • Manage corrective actions	• Supplier scorecard, improvement plans

3. Procurement Strategies

Strategy	When to Use	Benefits	Risks / Mitigations
Single Source / Sole Source	Unique technology, urgent need, limited market	Faster decision, stronger supplier relationship	Supplier dependence ? develop contingency plans
Competitive Bidding	Standardized goods/services, high spend	Price competition, transparency	Longer cycle ? use pre-qualified vendor lists
Strategic Partnerships	Long-term, high-volume, innovation-driven	Collaboration, joint development, risk sharing	Requires strong governance & performance metrics
E-Procurement / Automated Buying	Repetitive purchases, mature processes	Speed, data analytics, reduced errors	Implementation cost ? pilot with high-volume categories
Group Purchasing / Consortium	Multiple business units or organizations	Volume discounts, shared expertise	Coordination complexity ? clear governance structure

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4. Key Documents & Tools

Document	Purpose	Typical Owner
Procurement Plan	Outline schedule, methods, responsibilities	Project/Procurement Manager
Specification Sheet	Detailed description of required goods/services	End?User / Technical Team
**RFI / RFQ /		