



12. Project Management Tools for Contract Manager Types



Abudi Consulting Group, LLC

Project Management for Contract Managers

Abudi Consulting Group, LLC





Discussion

- ▶ What are your challenges in contract management?




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Topics to be Covered

- ▶ An introduction to project management, the Project Management Institute and the Project Management Body of Knowledge (PMBOK®) Guide
- ▶ Taking a project management approach to contract management
- ▶ Using project scope statements and engaging stakeholders
- ▶ Using Work Breakdown Structures (WBS)
- ▶ Identifying and managing risks
- ▶ Communication best practices
- ▶ Using project management to drive decision making and solve problems
- ▶ Lessons learned

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An Introduction

- ▶ Contract management is project management – for example..
 - ▶ Developing and managing RFPs
 - ▶ Sourcing and selecting vendors
 - ▶ Reviewing/evaluating current vendors
 - ▶ Vendor assessments
 - ▶ Contract agreement
 - ▶ Contract revisions/management
 - ▶ Closing out contracts
- ▶ The ability to:
 - ▶ Engage stakeholders
 - ▶ Manage communications
 - ▶ Keep on schedule
 - ▶ Identify and manage risks
 - ▶ Solve problems and drive decision making

..... Is essential to the success of contract management


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Project Management, Project Management Institute (PMI®) and the PMBOK® Guide

- ▶ **Project management:** The application of knowledge, skills, tools and techniques to project activities to meet the project requirements.
- ▶ **Projects:** Temporary endeavors undertaken to create a unique product, service or result.
- ▶ **PMI:** Leading not-for-profit professional membership association for the project, program and portfolio management profession.
- ▶ **PMBOK Guide:** Identifies the subset of the project management body of knowledge that is generally recognized as a good practice.

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Government Extension to the PMBOK®

This standard outlines the guiding principles for government projects and provides a framework to ensure efficiency, effectiveness and accountability. It provides an overview of the key processes used in most public sectors, defines key terms, describes how government projects operate, and reviews government program life cycles. (PMI Website: pmi.org)

Why have a government extension to the PMBOK?

- Legal constraints/regulations
- Accountability to the public
- Utilization of public resources
- Timelines critical

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Project Procurement Management (Government Extension of PMBOK)

- ▶ Contract management:
 - ▶ Plan purchase and acquisition
 - ▶ Plan contracting
 - ▶ Request seller responses
 - ▶ Select sellers
 - ▶ Contract administration
 - ▶ Contract closure



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Take a project management approach and...

- ▶ Better manage and engage stakeholders
- ▶ Communicate about contracts more effectively
- ▶ Effectively build the business case and develop a requirements document
- ▶ Manage the details more effectively and efficiently
- ▶ Manage vendors more easily and better track vendors' progress
- ▶ Manage the contract modification process
- ▶ Ensure deadlines are met
- ▶ Report on status of contract procurement activities

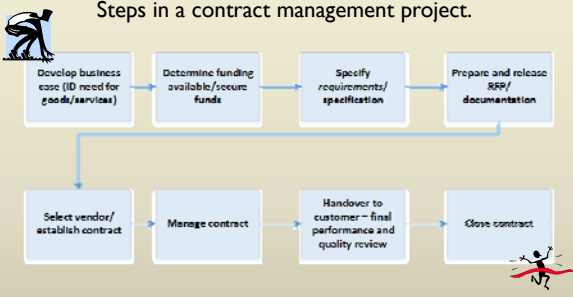


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Contract Management Cycle

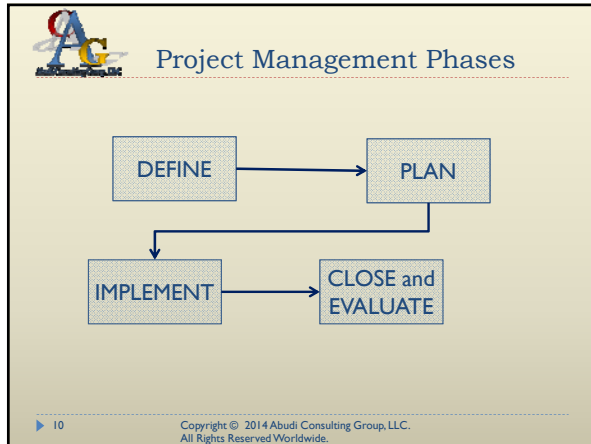
Steps in a contract management project.

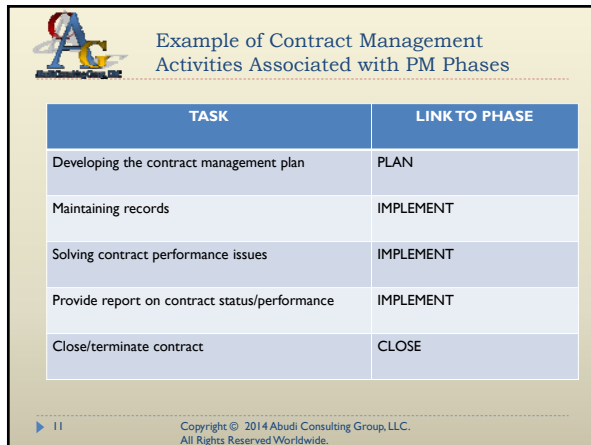


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    graph LR
      A[Develop business case (ID need for goods/services)] --> B[Determine funding available/secure funds]
      B --> C[Specify requirements/specification]
      C --> D[Prepare and release RFP/documentation]
      D --> E[Select vendor/establish contract]
      E --> F[Manage contract]
      F --> G[Handover to customer - final performance and quality review]
      G --> H[Close contract]
  
```

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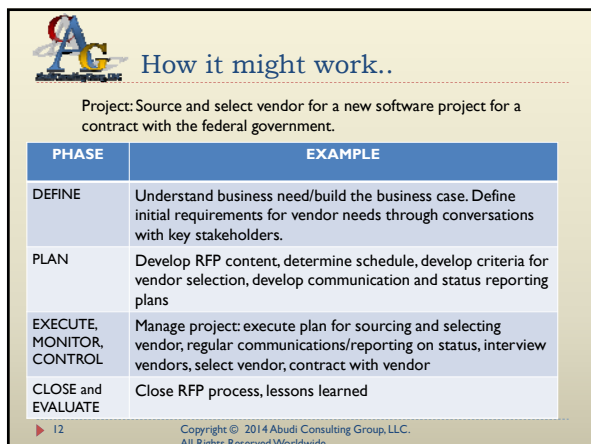




Example of Contract Management Activities Associated with PM Phases

TASK	LINK TO PHASE
Developing the contract management plan	PLAN
Maintaining records	IMPLEMENT
Solving contract performance issues	IMPLEMENT
Provide report on contract status/performance	IMPLEMENT
Close/terminate contract	CLOSE

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How it might work..

Project: Source and select vendor for a new software project for a contract with the federal government.

PHASE	EXAMPLE
DEFINE	Understand business need/build the business case. Define initial requirements for vendor needs through conversations with key stakeholders.
PLAN	Develop RFP content, determine schedule, develop criteria for vendor selection, develop communication and status reporting plans
EXECUTE, MONITOR, CONTROL	Manage project: execute plan for sourcing and selecting vendor, regular communications/reporting on status, interview vendors, select vendor, contract with vendor
CLOSE and EVALUATE	Close RFP process, lessons learned

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Scope Statement for Project

A key planning document for the project; a narrative description of the project.

FIELD	DESCRIPTION
Justification	Vendor needed to assist in development of software application for new federal government contract.
Description	Need to source and select a vendor with the required background and time to assist in developing a software application within a 2 year timeframe. Project requires developing and sending RFP to select vendors and determining criteria for evaluation of vendors/RFPs.
Objectives	<ul style="list-style-type: none"> - Source vendor with expertise in new development environment - Source vendor with experience working on government contracts - Source vendor who can complete project within 2 year timeframe
Constraints	New development environment (unknown risks, no inside expertise) Short timeframe allocated
Assumptions	Appropriate vendor can be sourced quickly Expertise to evaluate vendor will be sufficient

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Identify and Engage Stakeholders


- ▶ Who benefits from the project?
- ▶ Who will need to be involved in providing input to complete project?
- ▶ Who will have to manage/be involved once project complete?
- ▶ What concerns do stakeholders have?
- ▶ Who might be adversely affected by the project?

Engage in a variety of ways - but first – through building relationships!

- ▶ One-on-one or small group meetings
- ▶ Regular communications
- ▶ Internal portal/intranet site – project site




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Develop your WBS and Schedule

1. Identify major components
2. Break major components into sub-components
3. Break sub-components into activities or tasks (work package)
4. Sequence and date all activities/tasks; look for dependencies
5. Look for the critical path
6. Determine key milestones
7. Create your WBS




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Consider the following questions when developing the WBS..

- ▶ Is the entire scope of the project included?
- ▶ Is there a team member assigned to each major task?
- ▶ Are the tasks of a reasonable size to accurately estimate duration and control the project?
- ▶ Have you considered tasks that are necessary to mitigate project risks?
- ▶ Is the project end deliverable clearly defined?
- ▶ Are milestones clearly defined?
- ▶ Are predecessors clearly delineated?
- ▶ Are "stand-alone" tasks clearly defined?
- ▶ Did you include all deliverables - from all stakeholders?



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Work Package

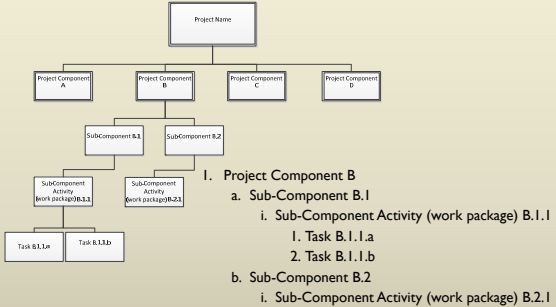
Work Package: 1.0: Determine requirements for an updated vendor tracking system

Activity	Duration (days)	Predecessors
1.1 Evaluate current system	2	Project kick-off
1.2 Interview staff involved in using vendor tracking system	2	1.1
1.3 Gather data from stakeholders around future needs for updated system	1	1.1
1.4 Compile information to develop requirements for the updated system	3.5	1.1, 1.2, 1.3
1.5 Validate with stakeholders	1	1.1, 1.2, 1.3, 1.4
1.6 Finalize requirements	1.5	1.1, 1.2, 1.3, 1.4, 1.5

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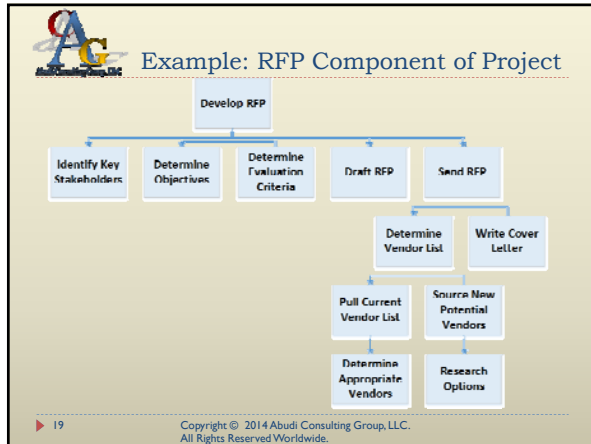


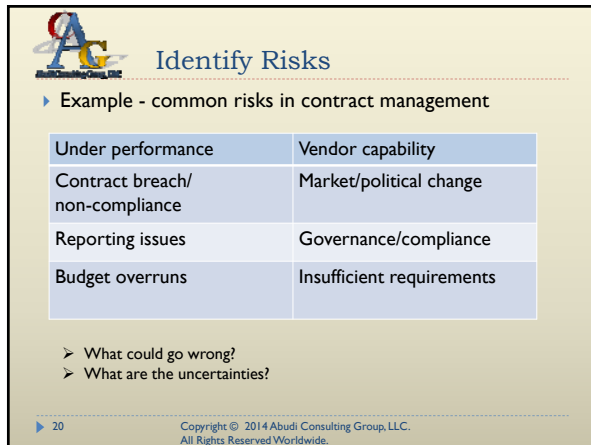
Graphic WBS or Outline Format



I. Project Component B
 a. Sub-Component B.1
 i. Sub-Component Activity (work package) B.1.1
 1. Task B.1.1.a
 2. Task B.1.1.b
 b. Sub-Component B.2
 i. Sub-Component Activity (work package) B.2.1

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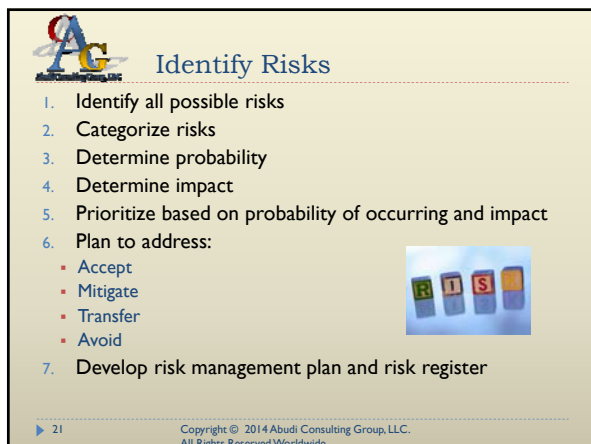

Identify Risks


▶ Example - common risks in contract management

Under performance	Vendor capability
Contract breach/ non-compliance	Market/political change
Reporting issues	Governance/compliance
Budget overruns	Insufficient requirements

▶ What could go wrong?
 ▶ What are the uncertainties?


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- Identify Risks**
1. Identify all possible risks
 2. Categorize risks
 3. Determine probability
 4. Determine impact
 5. Prioritize based on probability of occurring and impact
 6. Plan to address:
 - Accept
 - Mitigate
 - Transfer
 - Avoid
 7. Develop risk management plan and risk register
- 
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Risk Management Plan Components

- ▶ How will risks be identified?
- ▶ Risk owners/responsibilities
- ▶ Risk categories
- ▶ Risk tolerance
- ▶ Definition of probability and impact
- ▶ Funding available
- ▶ Frequency of risk management activities



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Risk Register Components

- ▶ For each individual identified risk:

Risk and associated WBS number	Category of risk
Probability and impact	Priority ranking (probability x impact)
How risk will be addressed	Team member responsibility


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Example: Risk

COMPONENT	EXAMPLE
Risk/Associated WBS Number	Under performance (new vendor, unknown) WBS Number: 2.1 Vendor
Category	External – resource
Probability (0 – 5)	3
Impact (0 – 5)	5
Priority	5 x 3 = 15 High (potential budget impact, customer dissatisfaction)
Address risk	Transfer – include provisions in contract for under performance
Responsibility	Alice Smith, Contract Manager

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Communication Best Practices

- ▶ Who needs to know what information?
- ▶ How often must information be communicated?
- ▶ By what means will information be communicated?

As simple as capturing:

- ✓ Who (e.g., Stakeholder A)
- ✓ What (e.g., Updates on RFP responses)
- ✓ When (e.g., Bi-weekly)
- ✓ How (e.g., via email)
- ✓ Format (e.g., Excel spreadsheet)



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Communication Best Practices




- ▶ Communicate regularly in a variety of ways
- ▶ Consider detailed communication plans for complex projects:
 - ▶ Stakeholder information requirements by group or individual
 - ▶ Requirements for distributing information
 - ▶ Requirements for information gathering and reporting
 - ▶ Guidelines for gathering and distributing information
 - ▶ Issue escalation procedures

Essential: Understanding who you are communicating with and how they want you to communicate with them!

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Use Stop Light Reports






Red (trouble): Project is at risk to miss a scheduled completion date, may be over budget or out of scope. Immediate management action required.


Amber (danger): Project may be at risk if issues are not addressed. Attention required.

Green (all good): Project is on track to meet scheduled dates


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Example: Stop Light Report


PROJECT STATUS	
Week of August xx, 20xx	Contract Manager: Abigail Smith
Stoplight Rating	Status
	<ul style="list-style-type: none"> Schedule issues (see below for details)
<p>Risk Description: Schedule Issues Project is 1 week behind due to difficulty in sourcing sufficient vendors to whom to send RFP. Of vendors sourced to date only 4 have sufficient expertise in technology needed for development effort. Waiting on approval to send RFP to only 4 potential vendors. Response expected within 1 day.</p>	

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Best Practices to Resolve Problems and Drive Decision-Making

- ▶ Co-locate team or use virtual platform
- ▶ Present problem to team, confirm understanding, brainstorm options
- ▶ Note *all* possible solutions
- ▶ Review and eliminate options
- ▶ Reduce to handful (6 - 8)
- ▶ Evaluate against: cost, scope, timeline, risk, resources, quality
- ▶ Choose 2 – 3 to move forward
- ▶ Develop detailed plans
- ▶ Select best option and present for approval




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Presenting Options for Decision Making to Key Stakeholders

- ▶ Key points only (back up data available)
- ▶ Various options for resolving problem (pros/cons)
 - ▶ Impact on cost, timeline, resources, quality, regulations, etc.
 - ▶ Include "do nothing" option
- ▶ Best option given timeline, resources, budget, regulations, etc.
- ▶ Cost of preferred option
- ▶ What is needed for decision and by when




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Lessons Learned


- ▶ What worked well?
- ▶ What improvements are needed?
- ▶ What else should be shared?

Spend 1 – 1 ½ hours at the end of the project to capture and share lessons learned.

Over time: 


- Work is done more effectively and efficiently
- Shorter timelines and reduced costs

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Summary and Q&A

- ▶ Use project management to more effectively and efficiently run contract management initiatives
- ▶ Lessons learned enable for increased efficiencies over time
- ▶ Repeatable process! Use and reuse!



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