

PM WORLD BOOK REVIEW



Book Title: ***Project Procurement: A Real-World Guide to Procurement Skills***

Author: **Ajay Bhargove**

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Reviewer: **Cassandra de Souza**

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Introduction

Although procurement is a major part of project management, many project managers have a limited knowledge and understanding of the key terms and aspects of this area besides what is required in the PMBOK. This book provides a broad overview of procurement terms and terminology allowing project managers to get a better grasp of the relevance and skills required from procurement professionals while also identifying or recognizing areas in which they can better utilize their procurement team to reduce costs and improve on project delivery in terms of time.

However, the title is a bit misleading in that it doesn't always provide real world examples which could build procurement skills in the different areas discussed though this could be strengthened by adding such examples to subsequent editions.

Overview of Book's Structure

The table of contents very clearly outlines the structure of the book and diligently follows the standard procurement cycle. Where the book structure deviates from the procurement cycle is the inclusion of chapters 8, 10 and 11 on How Finance Views Procurement Savings, Financial Risks Analysis and Incoterms. It seemed a little odd not to include the Incoterms chapter in between the chapters on Contracts and Negotiation, given that the selection of which Incoterms to use would be a key part of any negotiations.

The inclusion of the chapters on How Finance Views Procurement Savings and Financial Risk Analysis provides a solid foundation for how procurement can more intimately be correlated to other aspects of project management than might otherwise be understood by non-procurement professionals. These are helpful at placing procurement more centrally within the overall planning and risk management

of project management because it includes discussions of what to be aware of when selecting and considering supplier and vendor choices as well as buyer organizations. These chapters also make the case for integrating project teams early on in project planning because the knowledge and expertise of financial analysts and risk management professionals who can work with procurement professionals would be highly beneficial to the project organization. These combined teams could look at possible intrinsic and extrinsic factors that may be at play for potential suppliers or vendors, identify what types of hedging might be necessary for currency fluctuations, or even understand what benefits the procurement team can bring to the profit margin and therefore allow the sales team to pitch a lower bidding price for a project.

Similar to the Incoterms chapter, the placement of the Procurement Order Closure chapter was a little strange to this reader as I would have expected it to be the last chapter to reflect that it was part of the last stages of the procurement cycle as well as the last stage of a project.

Highlights

The book provides detailed descriptions of basic and key procurement terms and principles which allows it to be used as a reference guide for both lay persons and procurement professionals that need a quick refresher.

There is a heavy emphasis on engineering, procurement and construction (EPC) examples which shows the expertise of the author but for the purposes of a book dedicated to providing a real-world guide on procurement skills, it would be better to have a wider set of examples from various industries and types of contracts. Additionally, the inclusion of real world templates and examples of key procurement documents such as expression of interests (EOIs), requests for quotation (RFQs), and request for bids (RFBs) would be helpful to better understand and see how the comparative evaluation of these work as discussed in the book.

Reading was a little challenging in some chapters because the reader would be looking for additional information or figures that were suggested in the text but are not provided. For instance, adding a process flow figure for managing procurement order closures similar to those included under contract change management would have been beneficial and provided better context for building procurement skills. The abbreviation for COGS (cost of goods sold) is used repeatedly in the chapter on Financial Ratios but never explained or defined anywhere. Meanwhile, the actual ratios that are calculated from the sample balance sheet provided in Table 10.1 and Figure 10.2 are not discussed further to expand on how these results would be used from the procurement perspective to decide whether or not to utilize a supplier or vendor. In a book dedicated to building real world procurement skills, this would've greatly enhanced the utility of the book.

Highlights: What I liked!

I particularly liked the sections that dealt with procurement skills relevant at critical stages of the project management, namely contracts, negotiations, and contract

change management. These also tend to be the areas where procurement plays an important role in project management and can make or break a project and their role is also reflected in the number of pages dedicated to these areas in the book.

The chapter on negotiations is particularly well-written, with 15 tactics and countertactics to employ during a negotiation and information on key words or phrases that might be used for these tactics or countertactics. Not only was the chapter easy to read, but the tactics are easy for the procurement or project management professional new to the sector to adopt. This chapter is undoubtedly the best written chapter in the book and reflects the author's advanced expertise in this area.

Who might benefit from the Book?

Project managers with limited exposure to procurement, new procurement professionals working on projects and senior organization managers who want to get a better understanding of what is involved in procurement would benefit from reading this book. Financial analysts who are tasked with looking at supplier bids as well as being part of evaluation committees but have not been involved in procurement could also benefit from reading the book.

Conclusion

The **Real-World Guide** is a good basic procurement book that enhances procurement understanding for those who have no background or expertise in procurement but work with procurement professionals in project management. It provides an especially solid foundation for discussions on supplier management, applicable contracts, and negotiations. It also strongly justifies the integration of personnel from various functional areas such as procurement, financial analysis, and risk management from the project design stage.

For more about this book, go to:

<https://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101606501>

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About the Reviewer



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Cassandra de Souza is an independent consultant working in international development, with a focus on international health projects for the past 15 years. A recent newcomer to the Project Management Professional certification, Cassandra has successfully designed and managed multiple projects valued from US\$500,000 to \$100 million on health systems strengthening, HIV/AIDS, maternal and child health, reproductive health, tuberculosis and pharmaceutical regulatory harmonization. Cassandra holds 2 Masters degrees from The George Washington University, in Business Administration and International Affairs.

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