

Projects and procurement

by Micheal Tipman

What you don't know, CAN hurt you

PROCUREMENT IS THE single most difficult problem for a project manager (PM) to solve. Generally, the PM is responsible for delivering a project on budget, on time and of a quality that will fulfill the needs of the client. Once the funding has been provided, the PM has control over all the activities of the project except procurement – here the PM has to work with the procurement authority to get the job done. The PM is responsible for delivering a successful project and unless the PM understands how procurement works, what has to be done to ensure success, and keeps on top of the process, the PM is doomed to fail.

How does a project manager gain this procurement knowledge? Well, if a PM is

a project management professional (PMP), he has studied the *Guide to the Project Management Body of Knowledge (PMBok)*, the recognized world standard for project management, and so understands at least the rudimentary rules of procurement as they pertain to the project. Unfortunately, as of October 2004, there were only 7,444 certified PMPs in Canada. Of these, approximately three percent are public employees. (Statistics from *PM Network, October 2004*, estimate of three percent from Project Management Institute data). Hence, there are about 225 PMPs in the government sectors of Canada. Even if all of these PMPs were procurement experts, they would still need a lot of help. In the federal government they must count on Public

Works and Government Services Canada (PWGSC) to provide procurement support, if they are to meet client demands.

When I started to look into procurement and its many and varied issues, I heard that PWGSC had cut back on its normal support to government departments, but PWGSC disagreed. “You are completely wrong in that assumption,” Terry Williston, director general for Major Crown Projects in the Acquisitions branch said. “Not only are we not cutting back, Mr. Marshall, the deputy minister, has asked us to increase our support.” Williston explained that both the minister and the deputy minister are serious about improving procurement in government and mentioned a taskforce set up to review the

whole issue of procurement, and to come up with ways to fix it if it needed fixing.

On December 12, 2003, then Prime Minister Chrétien named the Honourable Walt Lastewka as parliamentary secretary to the Minister of Public Works with special emphasis on procurement review. The resultant *Parliamentary Secretary's Task Force Government-Wide Review of Procurement, Concepts for Discussion* paper was tabled in September 2004. With input from large private sector purchasers, supplier associations, federal government employees, six program departments and 98 federal departments and agencies, the task force reviewed all aspects of procurement. The paper, although very thorough, made the point that it was "for discussion purposes only" – a lot of "what if" and "we could" statements but nothing concrete. Discussion continued until the end of November 2004. Comments were to be then taken into account and a way ahead produced intended to lead to a better procurement system within the government.

Not waiting, Marshall laid out a 10-50-10 plan, telling his staff that he wanted to cut the cost of goods and services by 10 percent, cut the time to process procurements by 50 percent and reduce the cost of purchasing by 10 percent. Not only is this plan part of the department's overall strategic plan, it also forms part of the annual performance goals set for the Acquisitions Branch assistant deputy ministers and directors general and, consequently, affects their salary and bonuses for the year. If this plan succeeds as expected, all procurement officers in the government should see improvements across the board.

But why should anyone think that another study and change in minister and deputy minister will make a difference to the procurement process when there have been many studies over the years and the priority of fixing procurement seems to ebb and flow? Haven't we been there before? Well, yes and no. There have been many studies, but at the end of the day there didn't seem to be the will to carry through with the recommendations. And there seems to be a continued lack of trust – one mishap in a procurement and it is back to the old rules and increased scrutiny in any levels.

In industry there is usually one agency in a company that is responsible for pro-



urement. That agency has full authority and is empowered to procure whatever the PM needs for the project. The PM effectively subcontracts procurement to that agency and gets the deliverable as contracted. If there is a problem it is dealt with – the malefactor fired or jailed – and the project moves on with very little publicity. The key is that it is dealt with decisively, and the business moves on. Trust in the process is maintained.

In government, the process is supposed to work that way but often does not. The PM must go through all of the hoops that his own department or agency has in place, and then work with PWGSC to acquire the deliverable. Often, the rules change. If there has been a problem in the procurement or with a purchasing agent, then the department for which the PM works often enacts more rules to ensure that this doesn't happen again, further complicating the process.

Some of this is in response to the perception that the public needs to not only be assured that the person responsible is punished, they must be convinced that steps are taken so that it cannot happen again. I think that the thing that causes more delays in government procurement than any other activity is the "Globe and Mail" test – if something could appear in the newspaper then all precautions must be taken to prevent that from happening; if it has appeared in the newspaper, then more checks and balances had better be put in place so that it never happens again.

There is no doubt that there are problems in the government procurement processes. The taskforce identified many things that could be done to improve the entire process. How the improvement is actually accomplished will be of great interest to all those delivering projects over the next several years. The Acquisitions Branch in PWGSC is making strides to help with this process. The 10-50-10 plan is one step. Where things go from there is anybody's guess.

The government is rightfully concerned that the taxpayer's money is safeguarded properly, and that when it is spent it is spent well.

It is PWGSC's task to ensure that procurement is done in accordance with all of the international trade laws and agreements, including those that pertain to NAFTA. Protection is in place to ensure that all is done honestly and above board. For project managers, this whole area of procurement is a bit of a maze. Training can help and becoming a certified project management professional is a good start.

Ensuring that PWGSC is providing the support that is needed to get the job done can also help. The DM told his staff that they are to improve support to their government clients. Make sure that they do. ♪

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