

Lecture 10

PROCUREMENT

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SIMPLE THEORY:

Procurement- the process of obtaining goods and services from another for some consideration

PROCUREMENT CYCLE 1

- Identification of the need during design or estimating
- Determination of the design characteristics required to perform the desired function
- Quantification of the element needed and preparation of procurement specification
- Issuance and processing of internal requisition
- Solicitation of bid or price quotations

PROCUREMENT CYCLE 2

- Receipt and evaluation of proposal
- Issuance of purchase order
- Review and approval of shop drawing by contractor
- Fabrication by vendor
- Tracking and expediting

PROCUREMENT CYCLE 3

- Shipping
- Delivery and inspection
- Storage and handling on site prior to use
- On-site fabrication
- Installation
- Owner acceptance

What does “Procurement” mean in the construction industry, “procurement” is a process that typically includes the following steps:

- determining the criteria for the project;
- setting the contractual framework;
- setting the tender and selection processes;
- inviting tenders; and
- awarding a contract.

What are the determining criteria for a construction project

- The typical, or “traditional” criteria are:
 - Quality..... (how good);
 - Time.....(how soon);
 - Money.....(how much); and
 - Risk.....(whose fault)
- Determining which of these is more important will affect the choice of procurement methodology

DEFINITION OF PRINCIPAL DOCUMENTS

This documents needed in the purchasing process:

Prime contract

Purchase order

Subcontract

Agreements and leases contract