

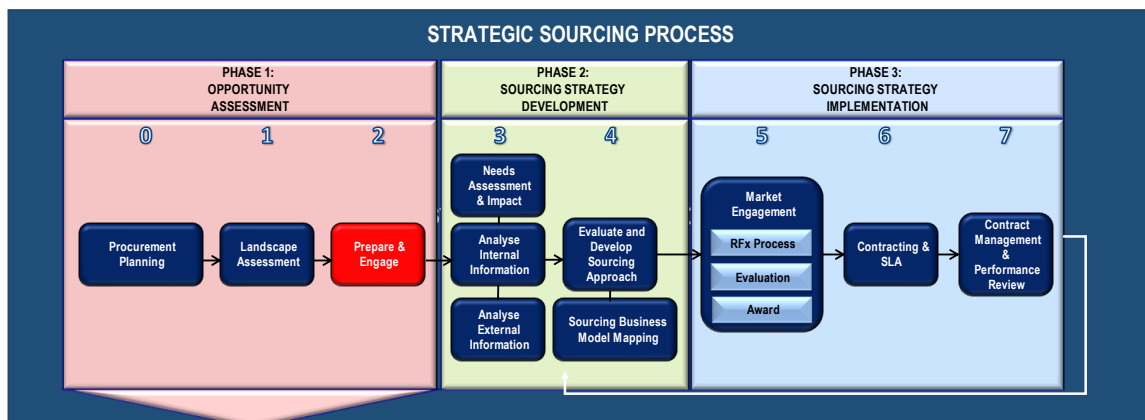
Using this guide

This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector. For more information, visit the National Treasury website at <http://ocpo.treasury.gov.za/>

The SPF can be found here:

http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf

PROJECT SCOPE



2. PREPARE & ENGAGE

- 2.1 Establish a Cross -Functional Project Team
- 2.2 Stakeholder Identification and Mapping, Governance Structure & Communication Plan
- 2.3 Project Scope
- 2.4 Project Plan & Project Charter

1.0 Introduction

- i. The project scope defines how the project will be defined, developed, monitored, controlled and verified.
- ii. The following good practice guides and templates are applicable when conducting a project scope:
 - a. The project structure
 - b. Cross-functional sourcing team (CFST) project leader
 - c. Project governance
 - d. Defining the problem statement
 - e. Cause-effect-analysis
 - f. Commodity scope definition

- g. Project governance structure (template)
- h. Problem statement (template)

1.1 The objective

- i. To define the problem statement, the specific boundaries of the project as well as the responsibilities of the project manager and team members.
- ii. To clearly define the project objectives to ensure all stakeholders share a common view of what the project deliverables are.

1.2 The output

- i. A project scope definition

2.0 Good practice guides

2.1 The project structure

- i. CFSTs are supported by Programme Managers and Senior Executive Committees (Exco) each with the authorities as assigned by them and defined in the Delegation of Authority.
- ii. The approval level in the Delegation of Authority (DoA) is dependent on key variables such as budget amount, complexity, and strategic importance of the category/commodity.
- iii. The Project Sponsor should be a Senior Executive of the organisation who:
 - a. Has a major stake in the success of the project.
 - b. Must be able to approve all project expenditures and make decisions on all proposals.
 - c. Should be able to resolve any escalation issue.
- iv. The Programme Manager should be a Senior Manager in the organisation who will provide the following:
 - a. Empower the CFSTs and provide support, guidance and directives as needed.
 - b. Offer Subject Matter Expert (SME) advice on key issues.
 - c. Have a broader understanding of the other ongoing business initiatives and how they can impact or be impacted by the project.
 - d. Facilitate access to key internal and external Stakeholders.

2.2 CFST project leader

- i. The CFST project leader is responsible for:
 - a. Ensuring compliance with all relevant policies and work processes.
 - b. Allocating tasks.
 - c. Providing regular feedback and escalating to management and sponsors.
 - d. Managing the process proactively according to the project plan.
 - e. Developing and agreeing project timelines with team members and sponsors.

2.3 Project governance

- i. Project governance can be defined as the alignment of project objectives with the strategy of the larger organisation by the project sponsor and project team.
- ii. A project's governance must fit within the larger context of the programme or organisation sponsoring it but is separate from organisational governance.
- iii. Project governance includes the following aspects detailed in Table 1.

Aspect	Project governance ensures that...
Project selection	The selected projects align with the business case, the statement of requirements, and the corporate vision and value statements.
Stakeholders	The selected business case aligns with the stakeholders' requirements (needs and expectations) and the stakeholders are engaged at a level that is commensurate with their importance to the project and the organisation.
Level of risk	The level of project risk is within the institution's acceptable level of risk – this filters out high-risk ventures. Conduct due diligence.
Project organisation structure	The project organisation structures' roles, responsibilities, authority, and performance criteria are clearly defined so that everyone working on the project knows who is responsible for what and who is reporting to whom.
Authority	The project manager is given the authority to use organisation resources, and this authority is assigned in the agreed manner (as outlined in the project charter). This ensures that the assigned authority is commensurate with responsibility.
Statement of requirements	The statement of requirements is based on relevant and realistic market research data to give an accurate assessment of what the company needs to do to maintain competitive advantage. The statement of requirements underpins the whole project management process, this

Aspect	Project governance ensures that...
	means that if the needs are inaccurate then the business case and the project will be compromised.
Business case	The business case not only provides a feasible solution to the identified requirements but also ensures that the business case justifies the allocation of company resources and funds.
Scope management	The scope is fully defined, the scope changes are approved by nominated people, and scope creep is avoided.
Project initiation	The project is formally initiated by the appointed person- the project sponsor or the project manager.
Go/No-Go decision	The go/no-go decision made at the beginning of each phase is made by the appointed person (project sponsor) in conjunction with the project manager and the project steering board.
Project charter	The project charter clearly outlines what is required, and how it will be achieved and issues authority for the project manager to use the institution's resources.
Planning and Control	The project planning and control process follows the steps outlined in the project plan (issue instructions, expedite procurement, measure progress, and guide the project to completion).
Quality control	The quality control mechanism is in place to confirm the work is completed to the required standard.
Progress reporting	There are clearly defined criteria for reporting progress to the nominated members of the project organisation.
Project success	The project manager's critical success targets are clearly defined (time, cost, quality, health, and safety etc)
Communication	The lines of communication communicate project information between all the project stakeholders.
Documentation	The project documents are effectively communicated, controlled, and stored for retrieval in the agreed manner.
Issues management	There is an appropriate mechanism to resolve the project issues.
Reviews and close-out reports	The formal phase reviews and project closeouts are conducted to confirm completeness and acceptance as outlined in the phase charter or project charter, together with identifying lessons learnt.

Table 1: Project Governance

Source: Adapted from *Project Management Techniques (2ed)* Rory Burke (2013)

2.4 The project governance structure

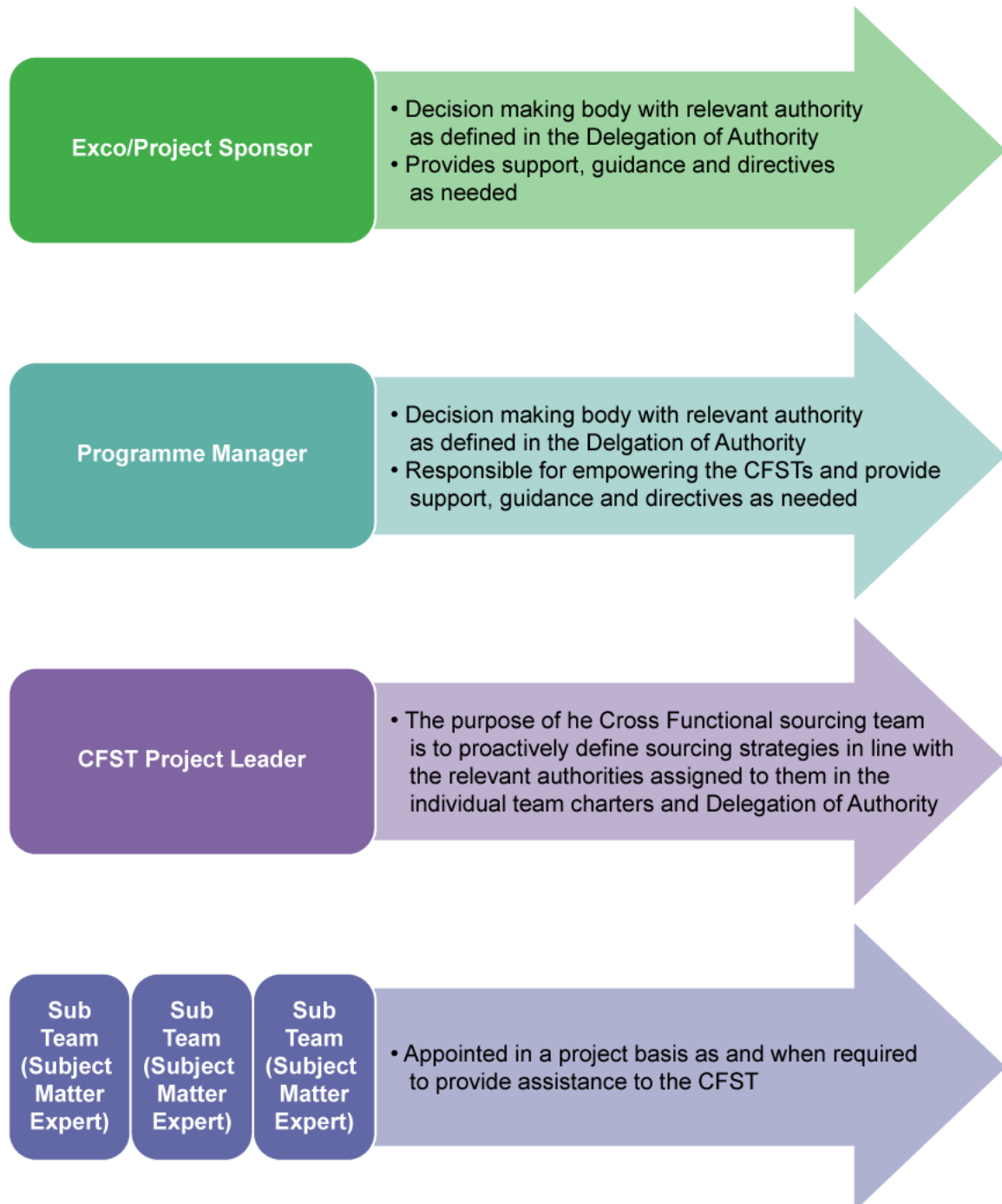


Figure 1: Project team roles

2.5 Defining the problem statement

- i. A problem statement is a clear and concise description of the issues that need to be addressed by a problem-solving team.
- ii. A problem statement should answer these questions:
 - a. What is the problem?
 - b. What is the current situation?
 - c. Who has the problem or who is the client/customer?
 - d. What is included in the scope of the solution?
 - e. What is out of scope?
 - f. What are the limitations or barriers in dealing with the problem?
- iii. Other considerations
 - a. Determine government/departmental objectives to be achieved through Strategic Sourcing for the identified commodity.
 - b. Identify high-level strategic objectives for the department(s) in question by examining the budget, strategic plans and other relevant documents that might shed light on the strategic objectives.
 - c. Identify specific strategic objectives for the commodity chosen, where applicable, e.g. specific interventions, strategic programmes, etc.

2.5.1 Solving complex problems

- i. Solving complex or non-complex problems will require a systematic approach to finding sustainable solutions.
- ii. Figure 2 (Ishikawa's Fishbone Diagram, also called the Cause-Effect-Analysis) presents a tool that can be used to solve problems.
- iii. The model is used to explore, identify and display the potential root causes of a specific effect.
- iv. It provides an analytical approach to problem-solving that is easy to undertake.
- v. By pinpointing root problems, it provides a basis for informed decision-making.

Fishbone

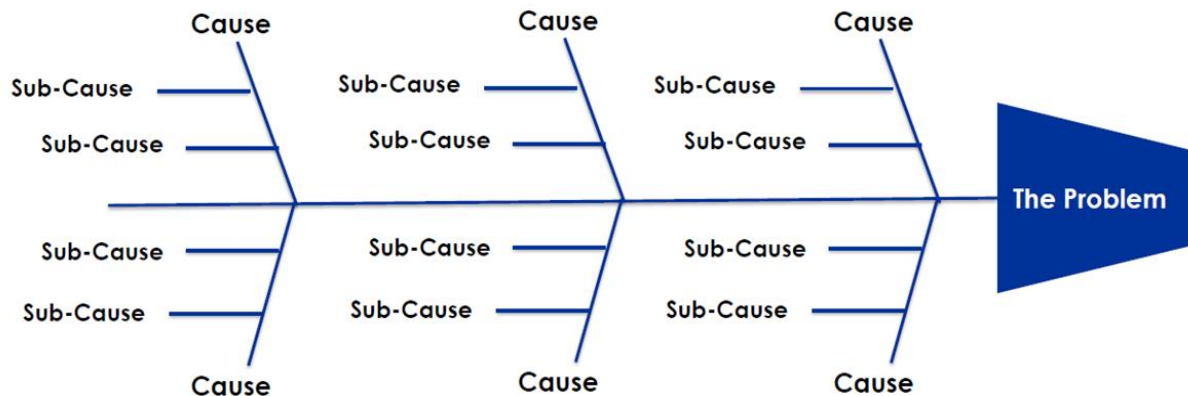


Fig. 2: Ishikawa's Fishbone Diagram also called the Cause-Effect-Analysis

2.5.2 How to use the model

- i. **Step 1:** State the problem in the 'problem box'. For example, 'inability to implement strategic sourcing in the institution'.
- ii. **Step 2:** Identify the main categories for possible causes of the problem. They form the main branches or bones of the diagram and can be listed under appropriate headings. For example, following the example above, the possible causes could be, a lack of senior management support, lack of skills and competencies, lack of teamwork, lack of communication, poor planning, and lack of resources.
- iii. **Step 3:** Brainstorm the potential causes under each of the headings using facts and data as a basis, together with group discussions. Using the above example, the six causes are further analysed to develop an action plan for each cause. For example, poor planning, stick to the procurement plans and start the procurement process early.
- iv. **Step 4:** Record all of the potential causes and narrow them down to the most likely. These are then highlighted to indicate items that should be acted upon.

2.5.3 Commodity scope definition

- i. As part of the commodity scope, the project will cover the following aspects:
 - a. Supply market dynamics
 - b. Specifications

- c. Any regulations around the commodity, for example, procuring gas for the hospital, need to know the regulations associated with transportation, receiving, and dispensing
 - d. Demand analysis
- ii. Other considerations
 - a. Sites/Regions/Departments/Business Units included in the scope.
 - i. [Site List/ Regions/Departments/Business Units]
 - b. Anticipated natural supply market for the category:
 - i. [Local, Regional, Local Agents, National, International]
 - c. Functions included in the analysis:
 - i. [Demand, Procurement, Technical, User, Maintenance, Logistics, Disposal]
 - d. Exclusions:
 - i. [Regions, Sites, Items and or functions excluded]

3.0 The templates

Project governance structure

Governance Structure				
Category:			Date:	
Governance body	Objective	Method	Frequency	Members / Action
Exco / Sponsor	Provide progress update to EXCO Communicate risks & Issues Actions to mitigate risks & issues High-level strategic direction	Meeting	Monthly	
Programme Manager	Provide progress update to Programme manager Communicate risks & Issues Actions to mitigate risks & issues High-level project direction			
CFST meeting	Track individual progress Highlight risks Immediate next steps	Meeting	Weekly	
BSC (Bid Specification Committee)	To assess and approve the technical specifications as well as the Special conditions of contract.	Meeting	Scheduled	To be appointed
BEC (Bid Evaluation Committee)	To evaluate the bid responses i.t.o. - Administrative compliance - Functionality - PPPFA To make recommendations to the BAC for approval	Meeting	Scheduled	To be appointed
BAC (Bid Adjudication Committee)	To consider the recommendations made by the BEC To give mandate to negotiate (if applicable) To approve / reject the recommendation	Meeting	Scheduled	To be appointed

Table 2: Project governance structure

The involvement of the Bid committees is based on institution procurement processes and the purpose of the sourcing initiative.

Problem statement template

Basic question to be resolved

Why have you been brought together? What needs to be achieved?

1 Perspective/context

What is the current situation?
What is the current problems experienced?

2 Key decision makers and stakeholders

Who are the key decision makers and stakeholders whose approval and buy-in is required to make any changes to the current situation?

3 Scope of solution space

Where are we looking for potential solutions? (Nationally, Regionally, Global)

What functions are included?
(Specifications, Production, Operations, Procurement, Maintenance, Disposal etc.)

4 Out of scope

What is deemed "out of scope", in other words those areas that we will not be looking at or include in the current project, and why?

5 Barriers to impact

What aspects can be identified that will potentially hamper the Sourcing Team?

Table 3: Problem statement template