

What is a "Complex Procurement"?

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Q: What do we mean when we use the term "**Complex Procurement**"?

A: We use the term "**Complex Procurement**" *when the procurement is itself a **complex project*** that involves many people, several phases, numerous requirements, many documents, and a substantial amount of time, cost, effort, and risk.

People

Complex procurements can involve many people. Complex procurements typically have two or more of the following:

- **Stakeholders** - people who have a vested interest in the outcome of a procurement. If the procurement does not deliver results that satisfy the stakeholders, stakeholders will be unhappy.
- **Subject Matter Experts** - stakeholders who have deep domain knowledge regarding the subject of the procurement, aka SMEs.
- **Project Manager** - a person or persons who are responsible for getting the procurement done.
- **Steering Committee** - a group of people that represent diverse perspectives on the project and that provide guidance and governance to the project.
- **Executive Sponsor** - a senior executive responsible for the success of the procurement.
- **Outside Consultants** - third-party experts hired to assist with the procurement project.

Phases

Complex procurements typically involve several phases, including:

- **Assessment** - a comprehensive analysis of the current situation in order to determine if the business case for change exists and, often, an assessment of the readiness of the affected organization(s) to successfully embrace the change.
- **Project Planning** - development of a formal project plan that will be used to guide and track the progress of the procurement.
- **Analysis** - establishing vision, goals, and objectives for the procurement, and determining well-prioritized detailed requirements that must be met in order to satisfy all stakeholders.
- **Solicitation** - a bid event that typically involves multiple competitors responding to or completing multiple documents.
- **Evaluation and Selection** - a multi-step process that includes scoring, vetting, product demonstrations, and other forms of due diligence that are designed help the buying organization make the best possible buying decision.

Documents and Requirements

Complex procurements typically involve numerous requirements and many documents:

- **Requirements** - Large, complex procurements often involve a substantial body of requirements. Enterprise software procurements (ERP, CRM, Student, Patient Management, and so on), for example, must satisfy the needs of many stakeholders in many departments, and for that reason can easily generate thousands of detailed requirements.
- **Documents** - Complex procurements usually lead to complex agreements that are themselves comprised of many documents. The RFP, or some similar form of a solicitation document, will yield responsive proposals, and there may also one or more separate statements of work, service level commitments, contract language and proposed counter language, pricing, and so on.

Time, Cost, Effort, and Risk

Most importantly, complex procurements are challenging to execute and painful when they fail:

- **Time** - Complex procurement projects can take a year or more to complete.
- **Cost** - The cost of complex procurement projects can be in the hundreds of thousands, and are often in the millions, of dollars - and that is *before* a penny is ever spent on the actual goods or services. The price tag on the goods and/or services can be in the millions or tens of millions of dollars.
- **Effort** - A complex procurement project can consume hundreds or thousands of person-hours.
- **Risk** - As with any substantial project, the risks associated with complex procurements can be significant.