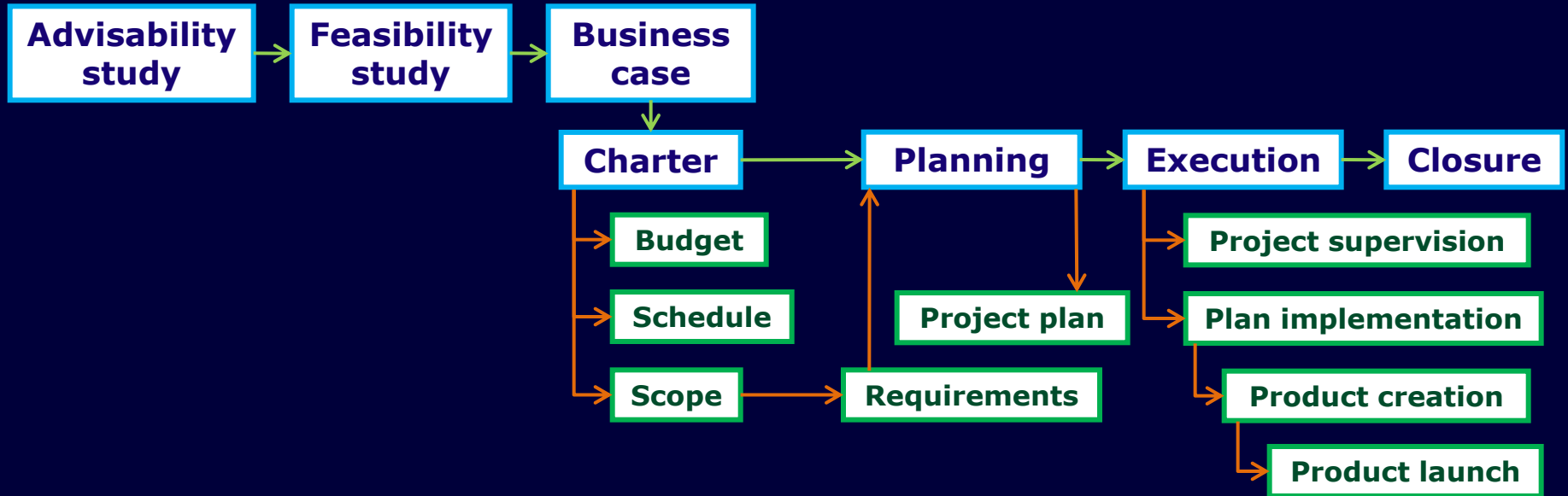


# Project Management

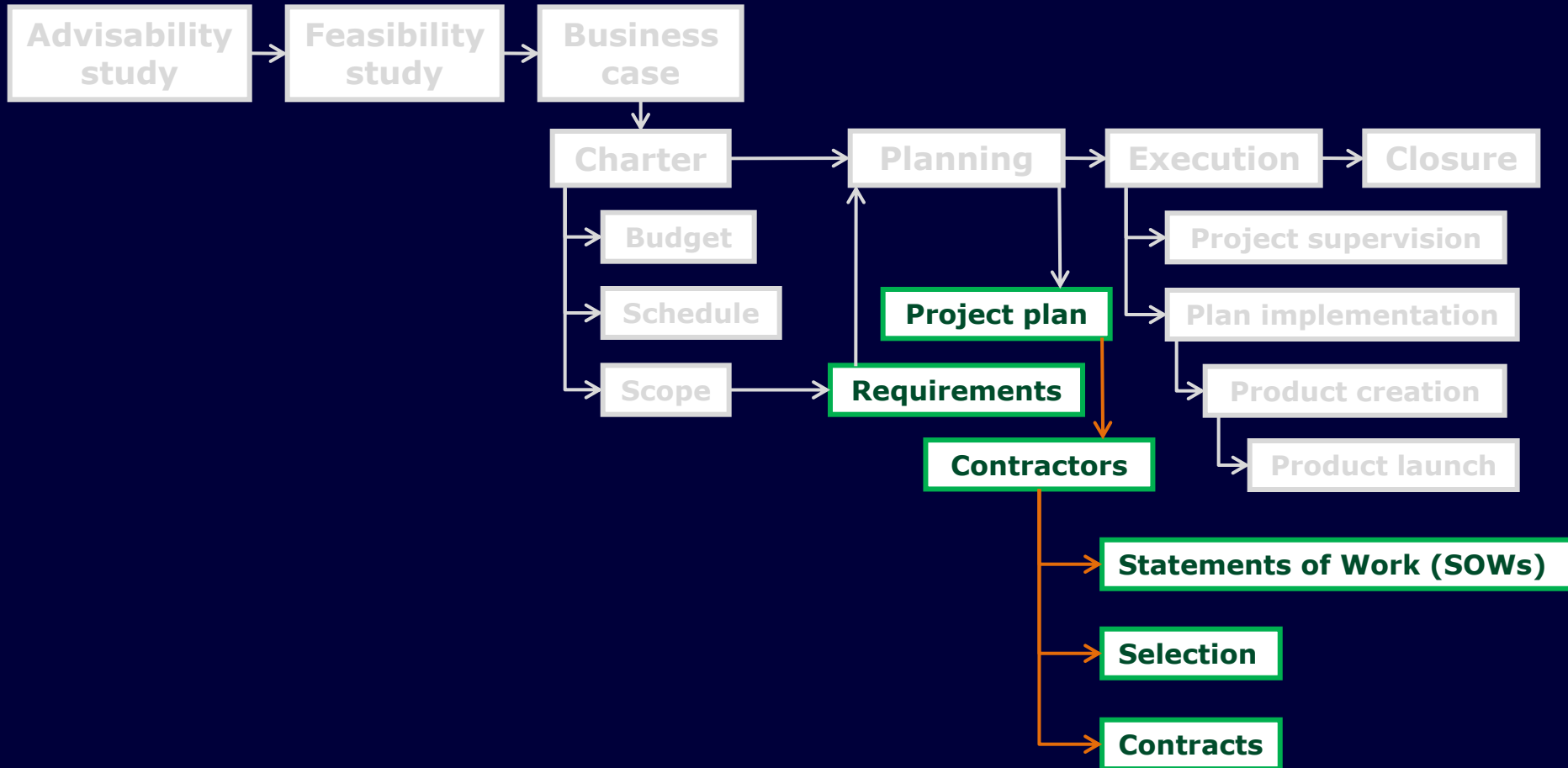
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## Contractors & contracts

# Project life cycle

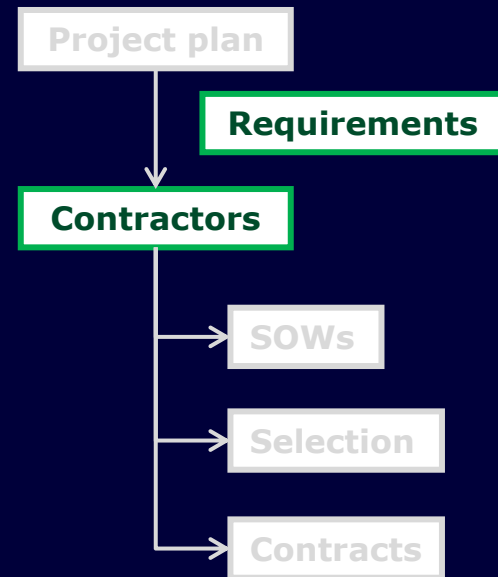


# Project plan > Contractors



# Contractors (1)

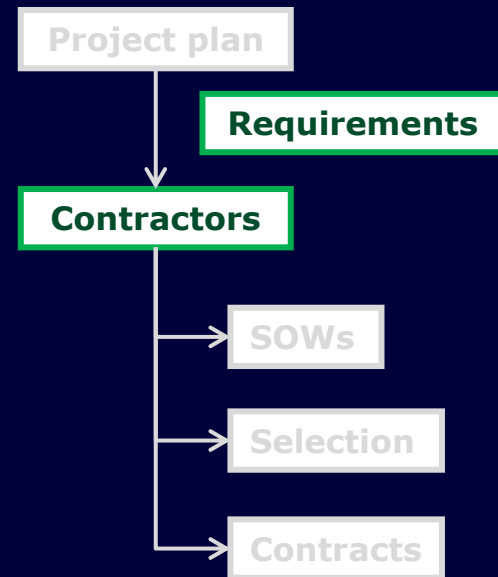
- In-house resources may be insufficient
- Specific competencies may be unavailable
- Using contractors may be cost-effective
- Company policy may dictate use of contractors



# Contractors (2)

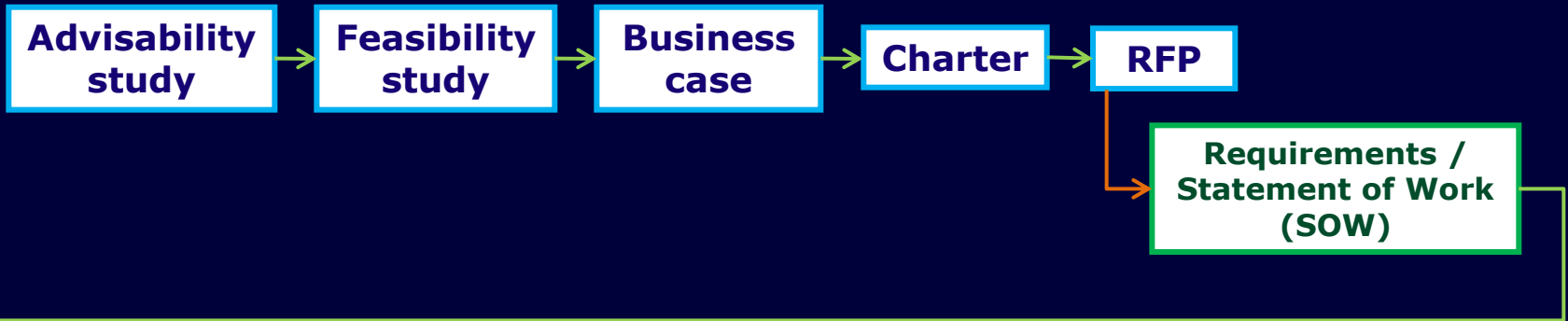
## Areas of activity for contractors:

- ✓ writing, proofreading, translation
- ✓ art direction, graphic design, UI design
- ✓ animation development
- ✓ software development
- ✓ testing
- ✓ website hosting
- ✓ online payment system
- ✓ etc.

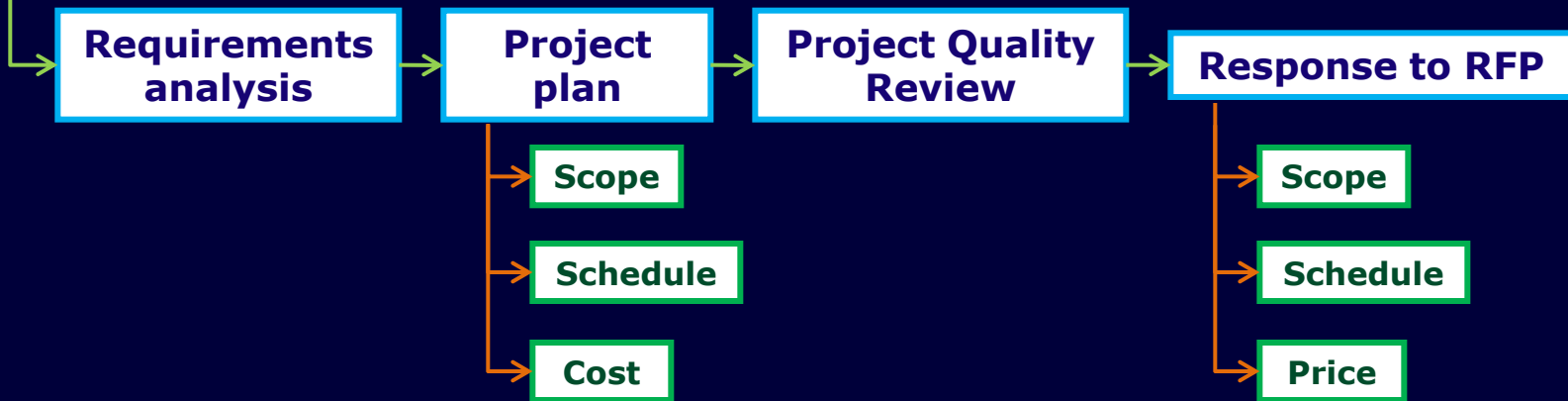


# Client & contractor

## CLIENT

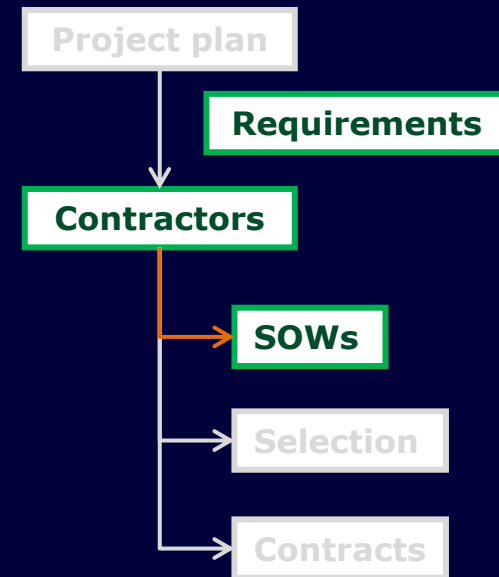


## CONTRACTOR



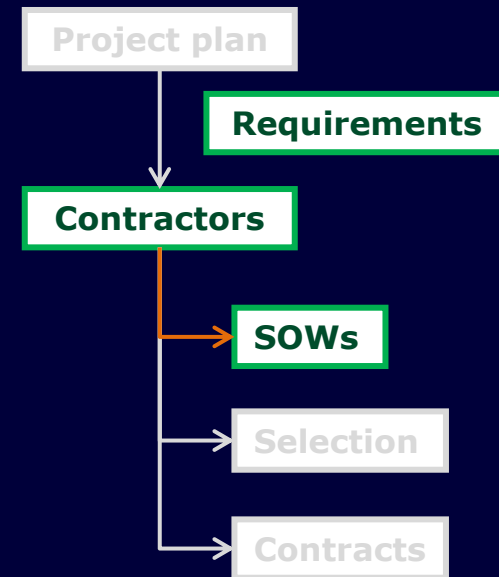
# Statement of Work (SOW) (1)

- Describes project and **work to be done**
- Detailed, exhaustive and unambiguous
- May reuse **all or part of the overall requirements specification**



# Statement of Work (SOW) (2)

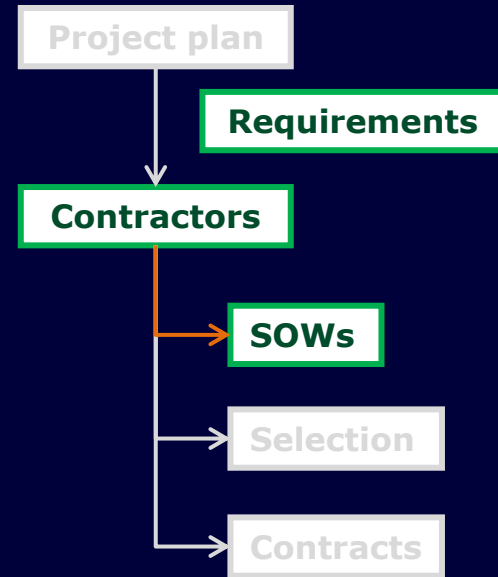
- Should be the same for all candidates for a given contract
- Should contain project context information
- May require a non-disclosure agreement (“NDA”)





# Response from candidates

- Should be detailed, exhaustive and unambiguous
- A fixed format may be imposed
- Pricing should be broken down by work packages

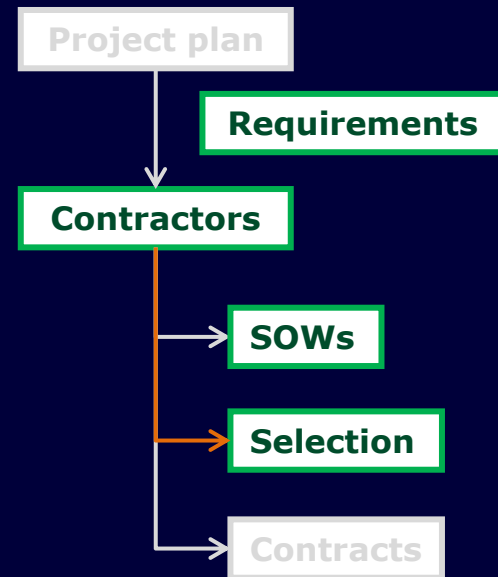


# Identifying candidates

## ➤ Sources:

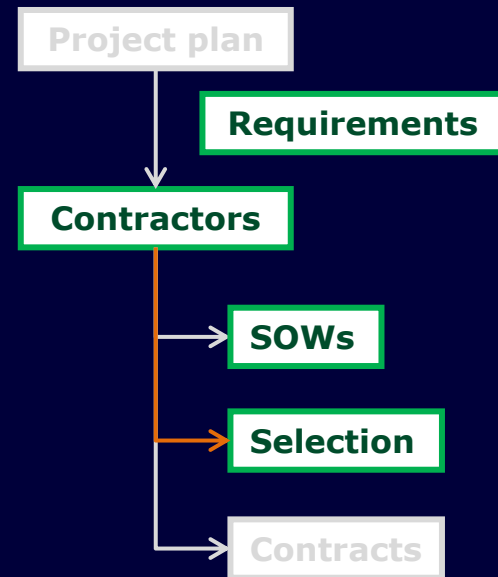
- ✓ known/approved contractors
- ✓ intra-company contractors
- ✓ networking
- ✓ the web
- ✓ the “Yellow Pages”

## ➤ Avoid candidates that don't meet basic requirements



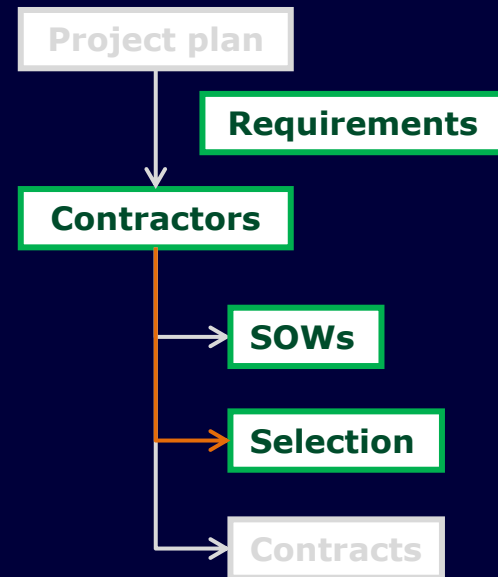
# Selection process (1)

- Read each proposal and check whether it is complete and complies with requirements in terms of content and format
- If not, contact the respondent and ask for new version of proposal
- After reviewing all proposals, meet with each of the respondents retained in short list



# Selection process (2)

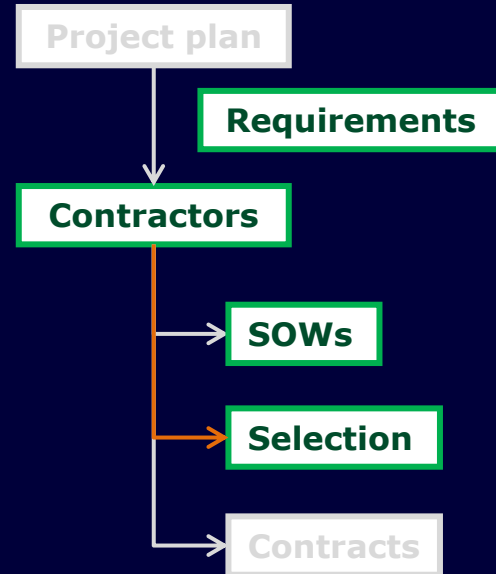
- Meet at the respondent's offices
- Respondent's staff should attend the meeting
- Meet the "boss"
- **Don't believe what the salesperson says!**



# Selection criteria (1)



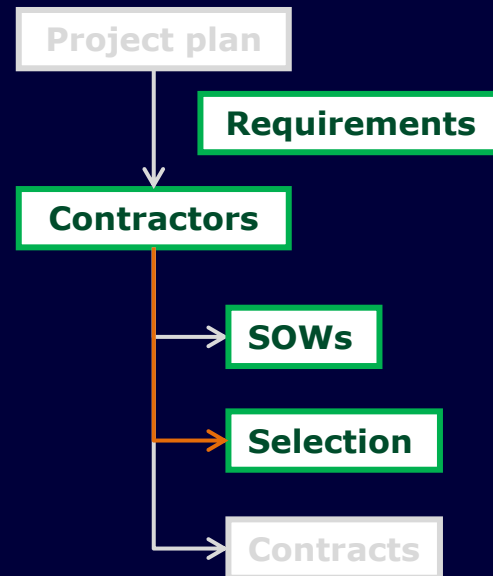
Detailed proposal



# Selection criteria (2)



Detailed proposal



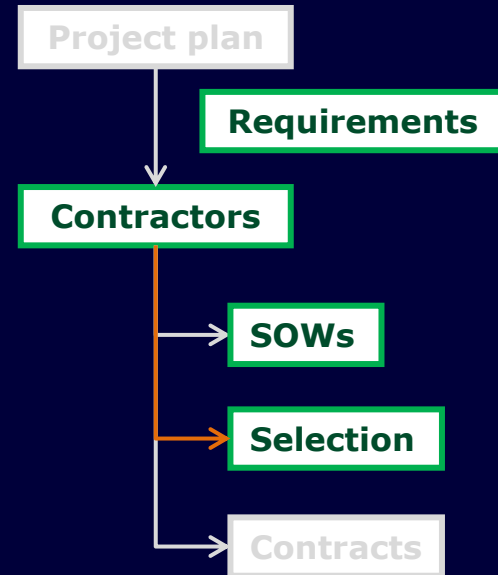
## ➤ Candidates should describe...

- ✓ the tools they intend to use, and justify their choice
- ✓ possible constraints and dependencies, and indicate how they would deal with related risks

# Selection criteria (3)



Detailed proposal



## ➤ Candidates should mention...

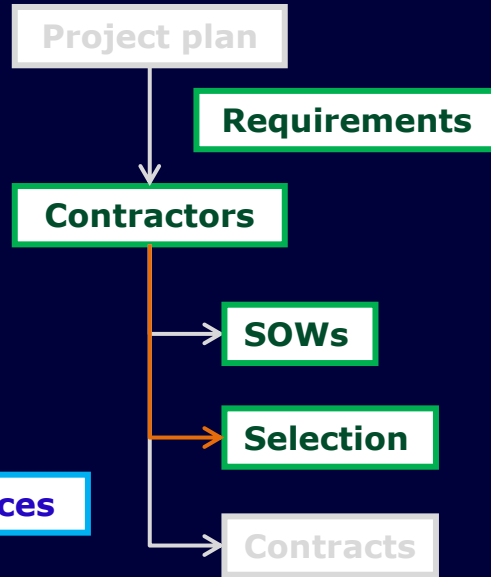
- ✓ the number and profiles of persons to be assigned to the project
- ✓ other projects that would be executed at the same time as “your project”

# Selection criteria (4)



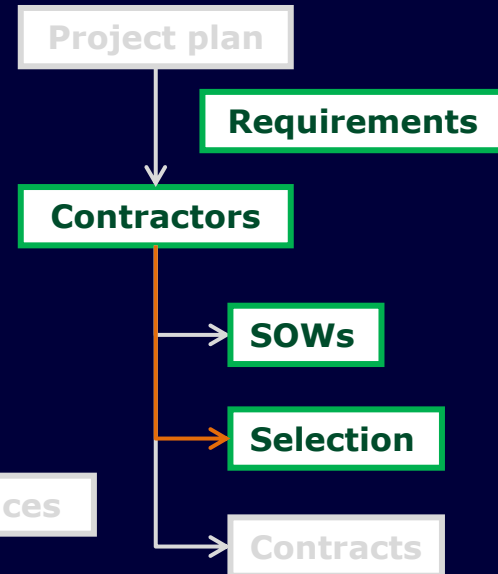
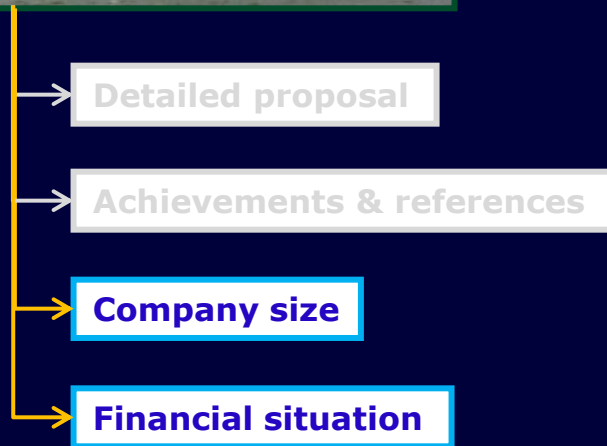
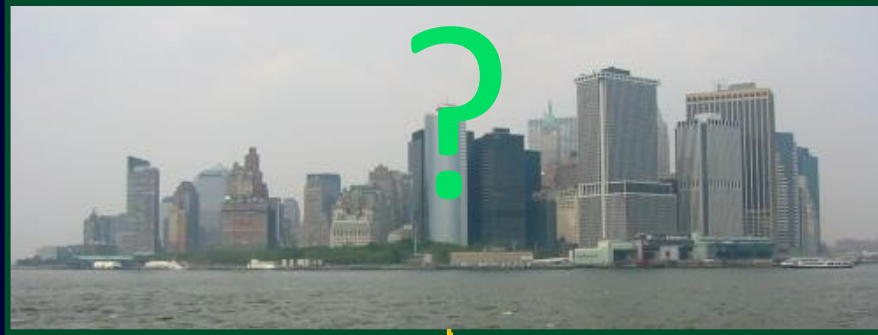
Detailed proposal

Achievements & references

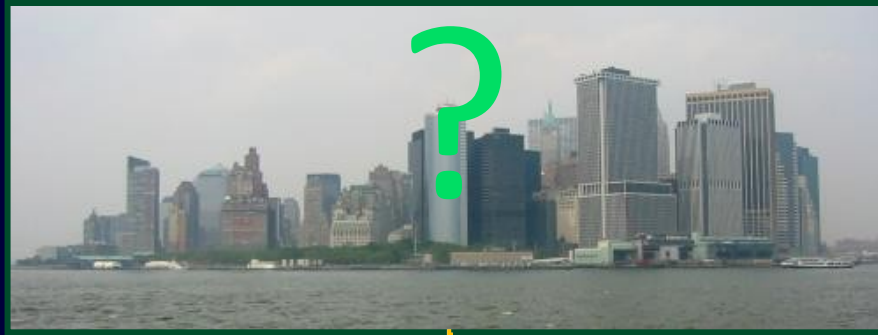




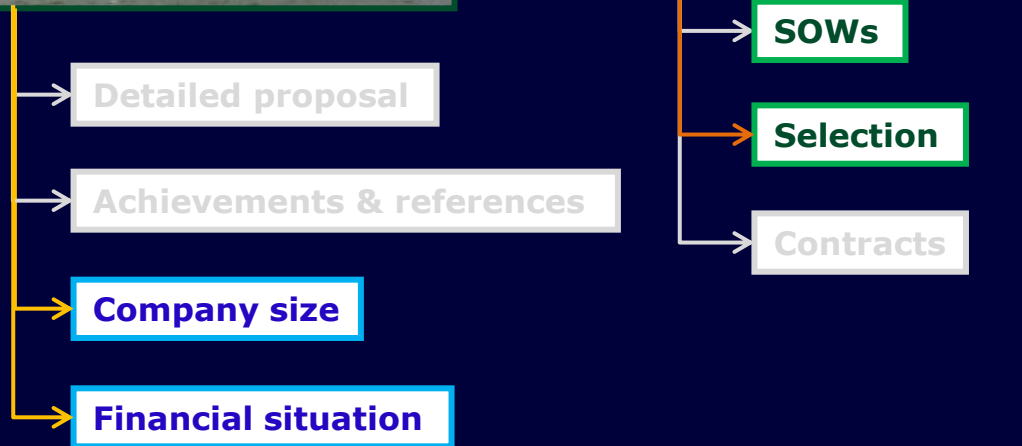
# Selection criteria (5)



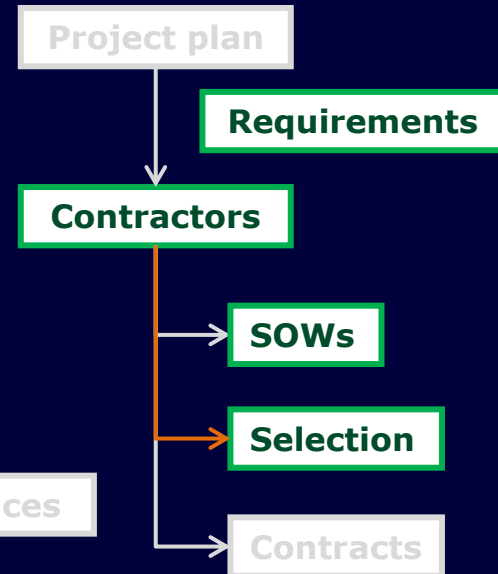
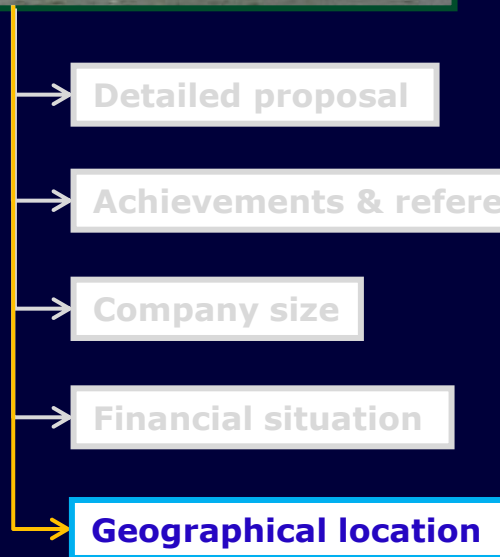
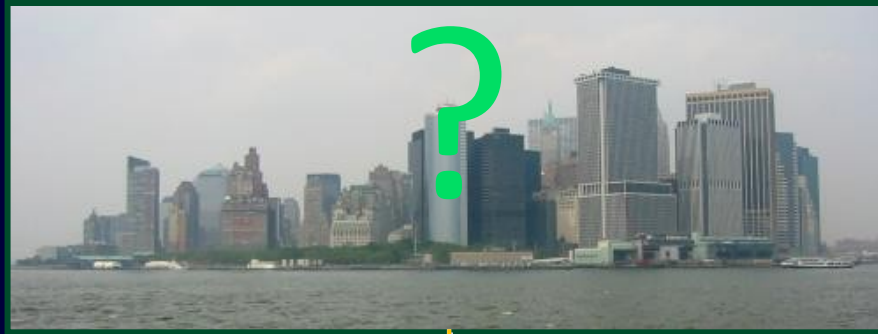
# Selection criteria (6)



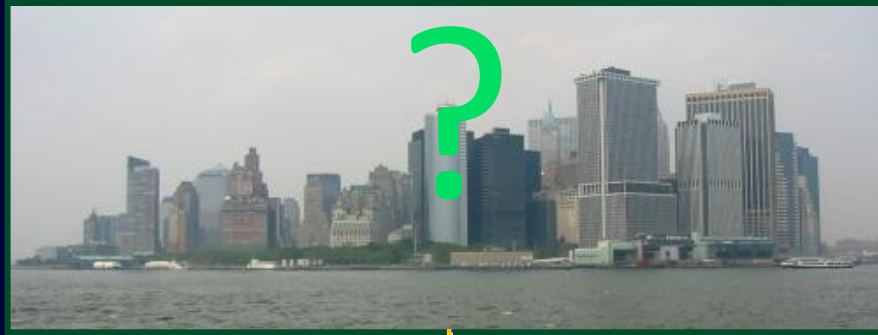
➤ Perform a due-diligence investigation!



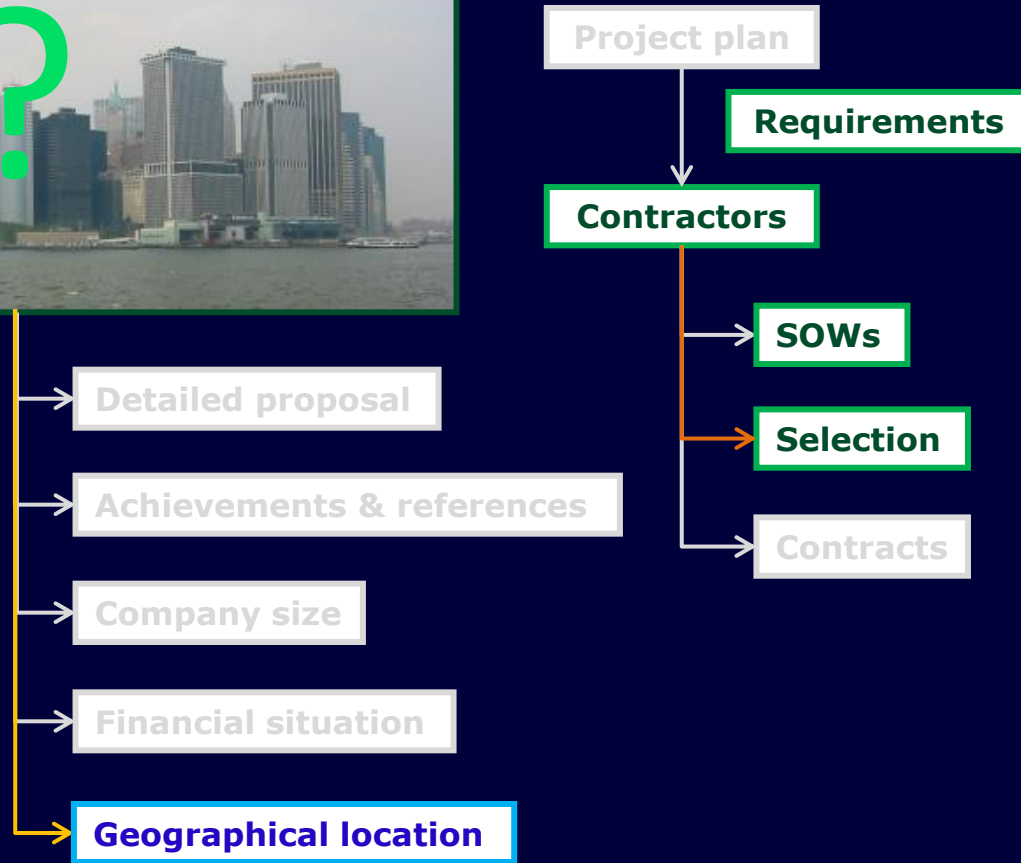
# Selection criteria (7)



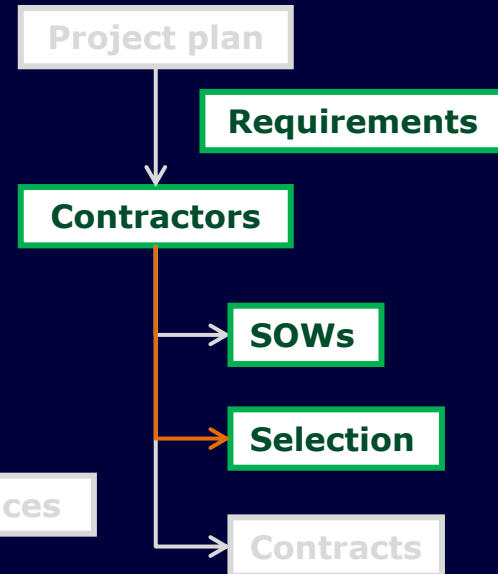
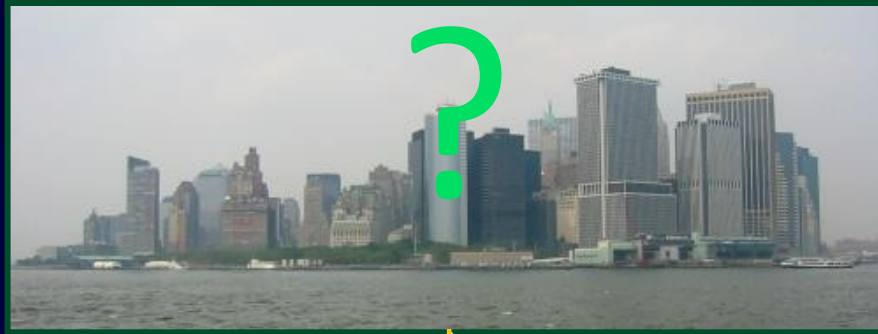
# Selection criteria (8)



- Proximity vs distance
- Avoid potential disaster areas!



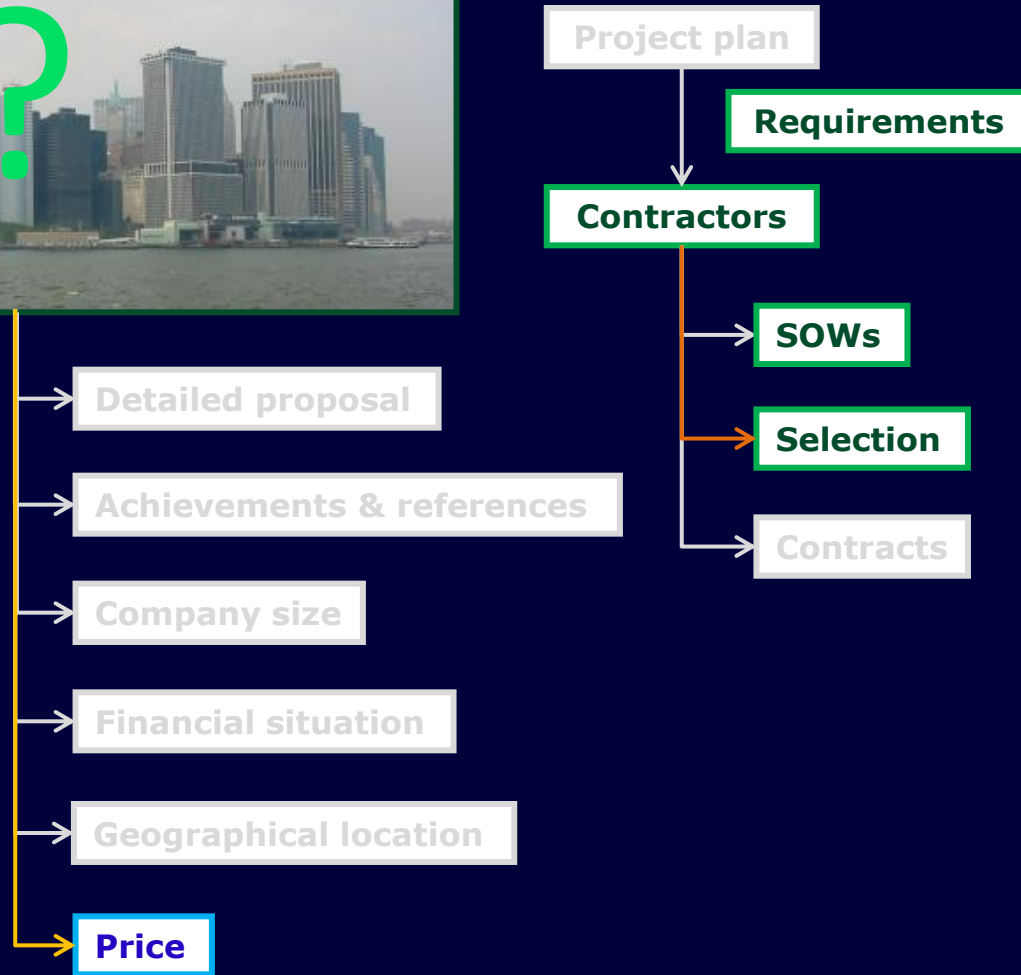
# Selection criteria (9)



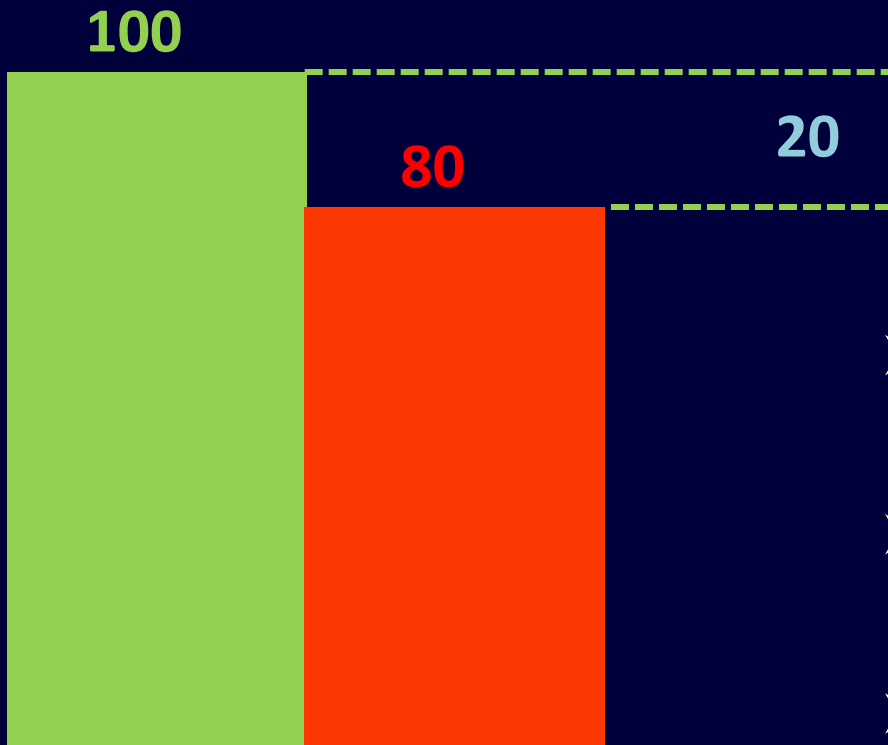
# Selection criteria (10)



- Detailed pricing
- Pricing for multiple product versions and/or maintenance
- Profit margin = room for negotiation?



# Reminder: margin & mark-up

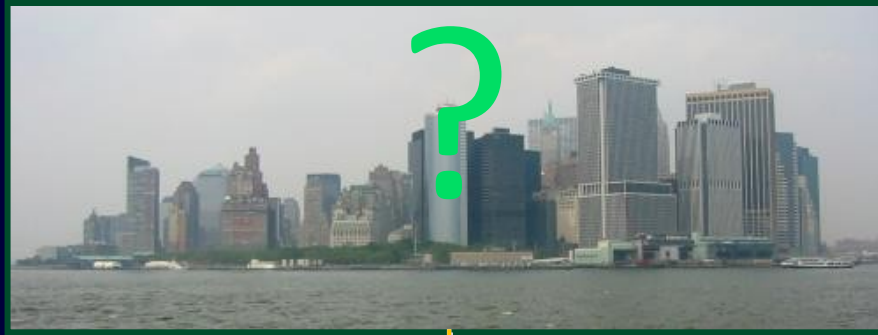


- Margin (profit) = 20
- Margin% =  $20/100 = 20\%$
- Mark-up% =  $20/80 = 25\%$

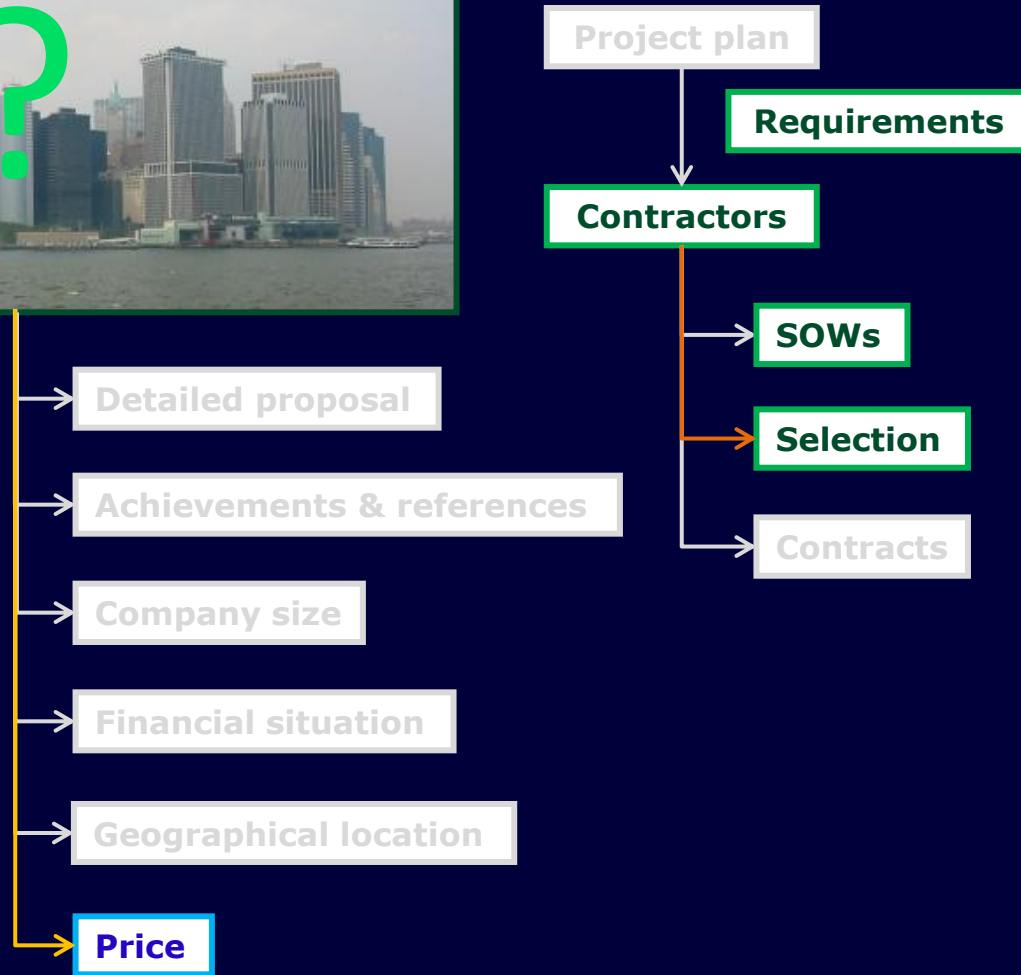
Cost of project for the contractor

Price paid by the client

# Selection criteria (11)

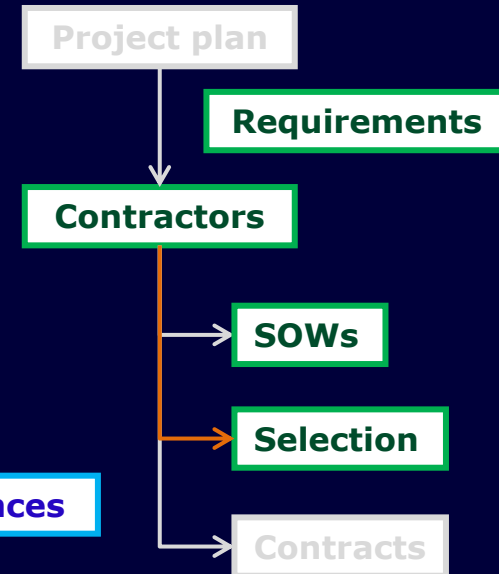
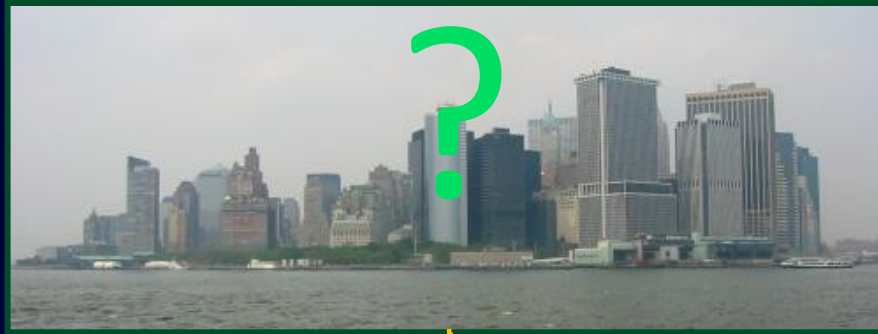


- Beware of “low-bidding”
- The lowest price should not systematically determine the choice of a contractor!

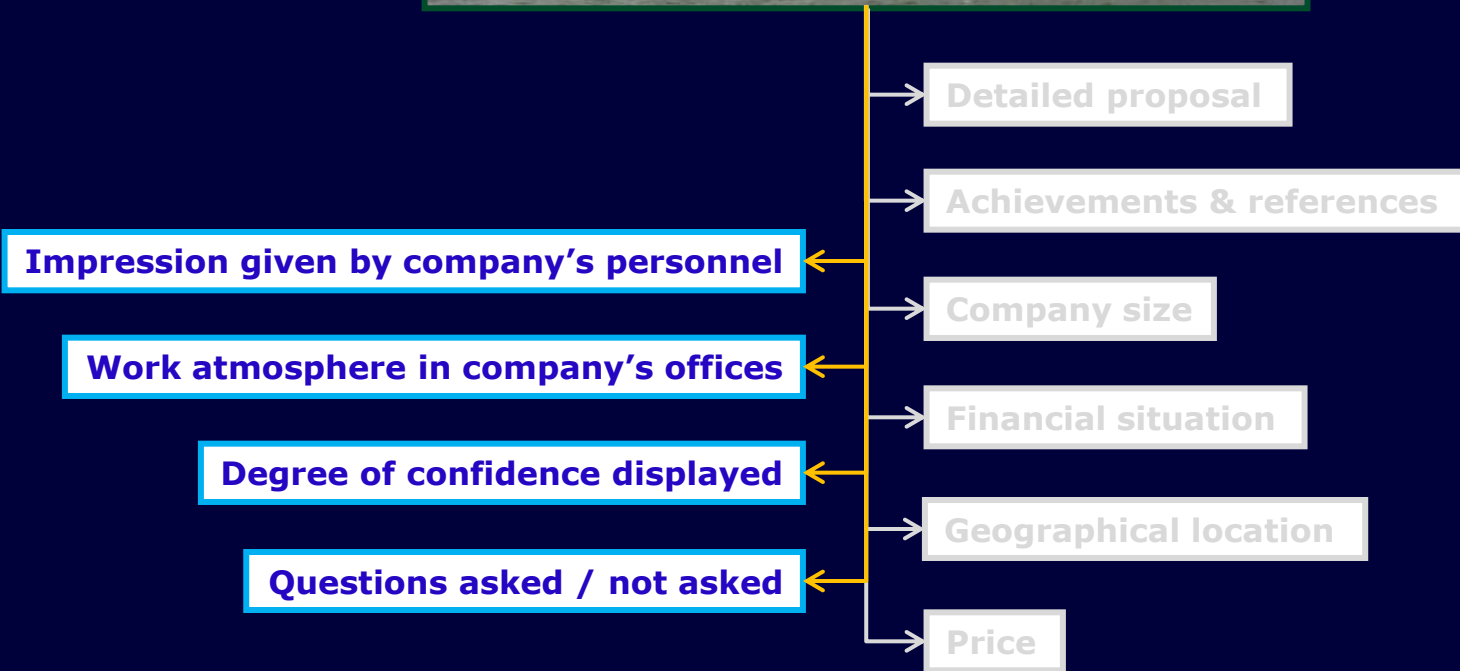
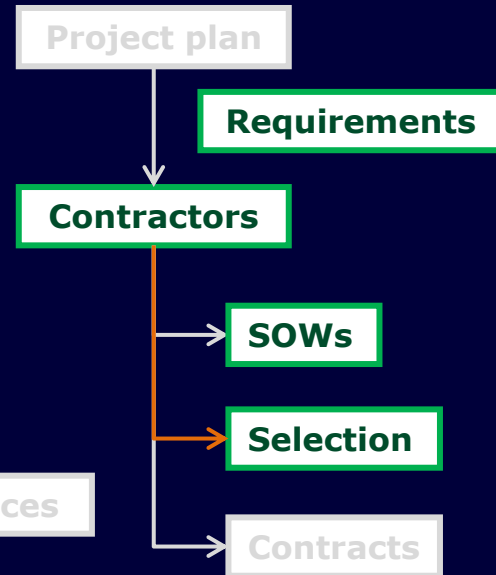
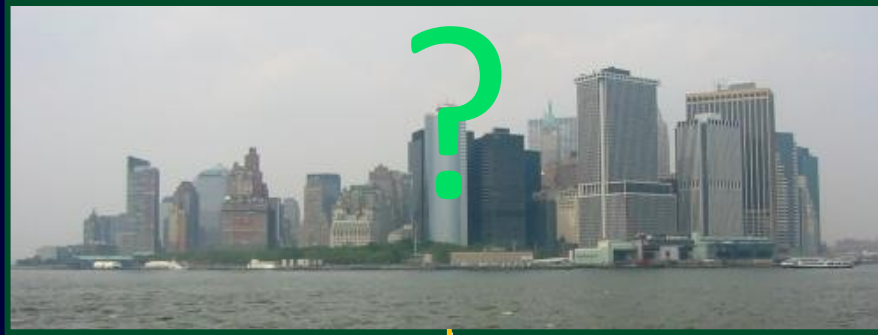




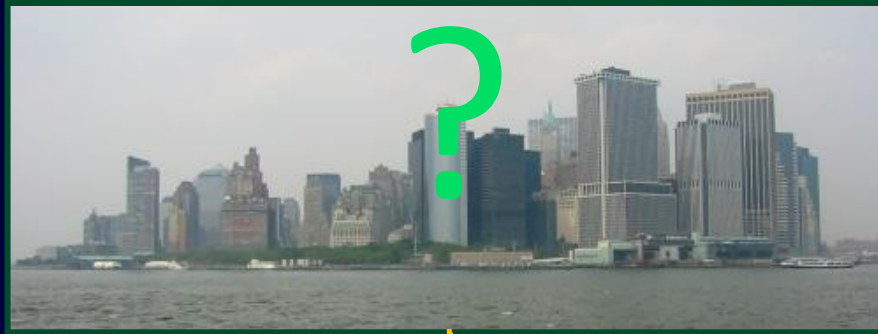
# Selection criteria (12)



# Selection criteria (13)

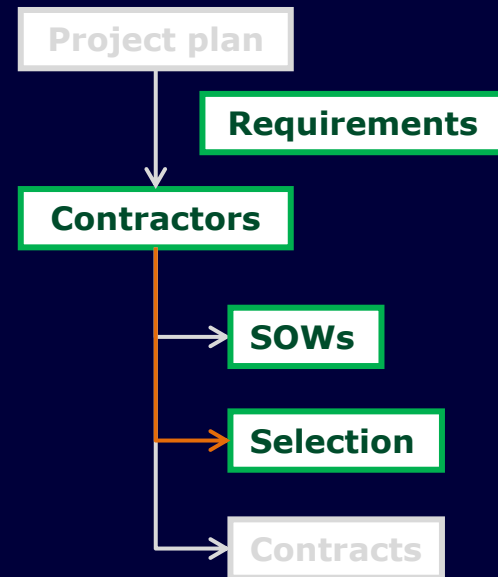


# Selection criteria (14)



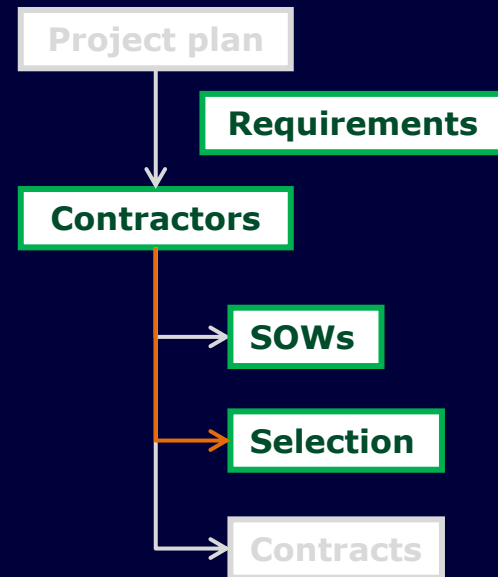
# Selection process (3)

- Prepare summary table comparing the candidates with respect to the main objective and subjective criteria
- Weigh “pros and cons”
- Eliminate candidates one after the other until there’s only one left



# Selection process (4)

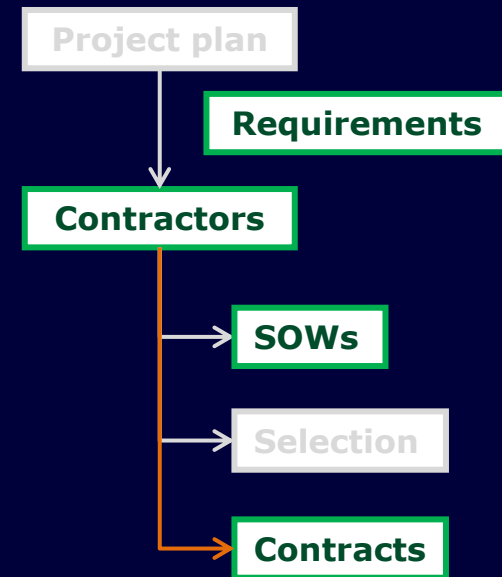
- The final choice, proposed by the PM, may need to be approved by her/his management
- Once the choice has been made and validated, **the PM takes responsibility** for it!



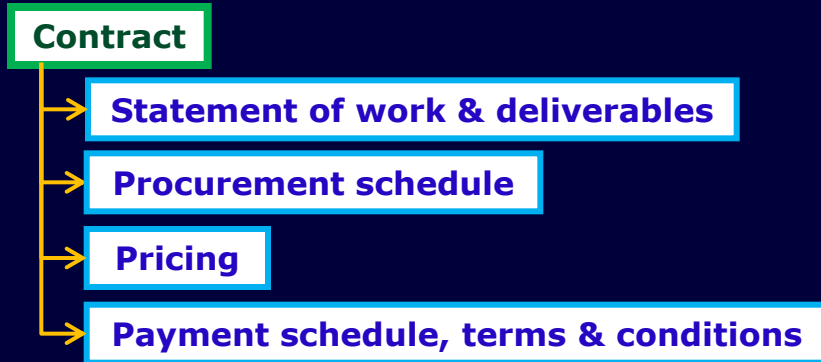
**Questions?**

# Contracts

A “**procurement contract**” is awarded to each of the contractors selected for the project



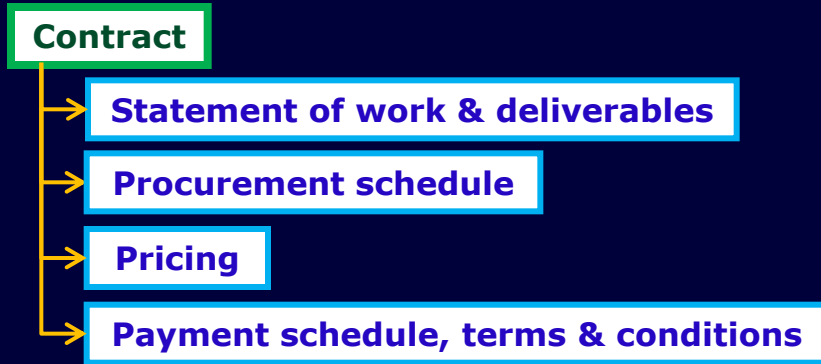
# Contract (1)



- **Mutually binding legal agreement that obligates...**
  - ✓ the **“seller”** to provide specified deliverables in compliance with terms & conditions
  - ✓ the **“buyer”** to compensate the seller for said deliverables

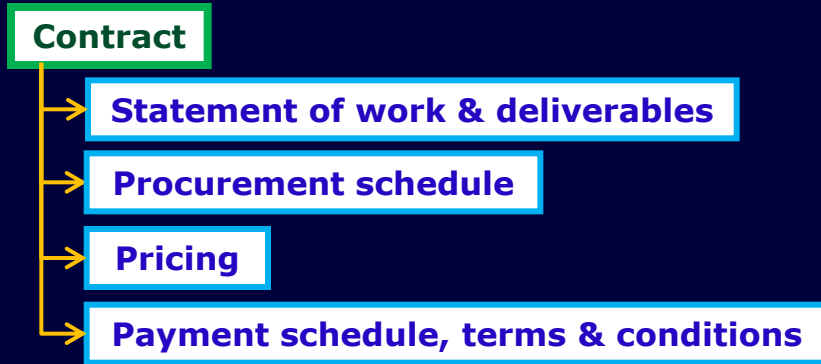


# Contract (2)



- Generally drafted by **Legal** (department or adviser)
- Agreement often involves negotiations
- The PM should participate in negotiations, but does not necessarily lead them

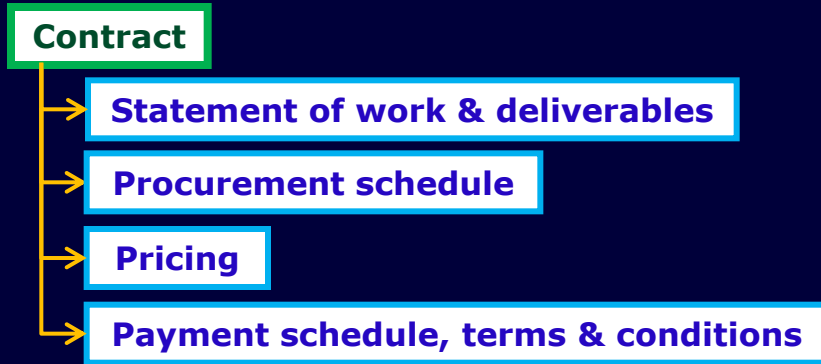
# Contract (3)



## ➤ Compensation for the work done:

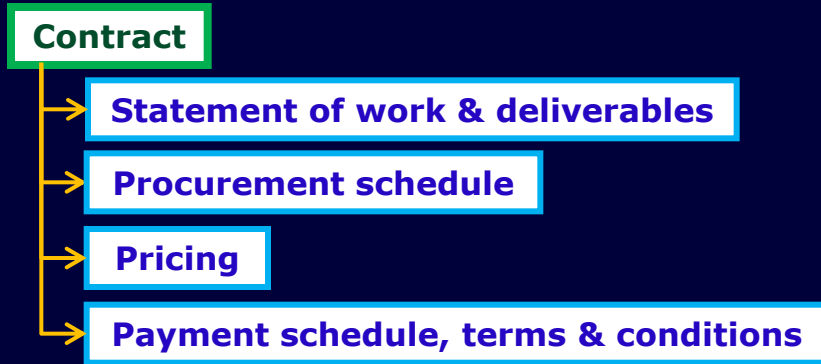
- ✓ flat fee, possibly paid in several instalments
- ✓ proportional fee, maybe with advance payment
- ✓ licence fee
- ✓ a combination of the above
- ✓ maintenance fee

# Contract (4)



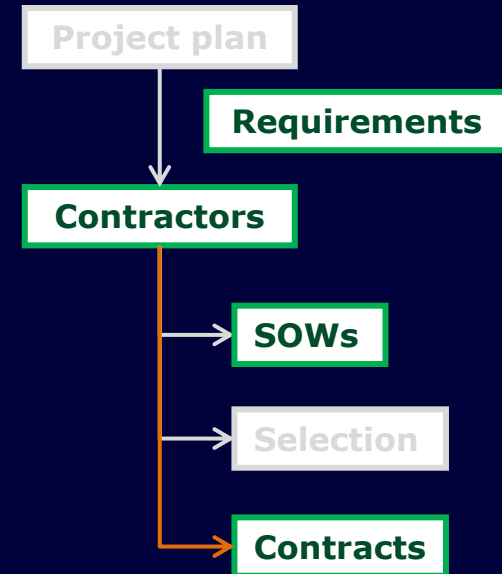
- Should provide for all **contingencies** such as the contractor's failure to:
  - ✓ complete execution of the work
  - ✓ comply with the schedule
  - ✓ meet the quality requirements
  - ✓ etc.

# Contract (4)



- Throughout the execution of a contract, minutes of important meetings should be taken and **decisions confirmed in writing**
  - ✓ These documents should be **filed for reference** in case of a dispute or litigation

# Contract: main sections



**Questions?**