

The Value of Procurement Management for Project Delivery in the Power Industry

In successful organizations in the utilities and power sector, procurement plays a key role in the planning and execution of capital projects.

Procurement is no longer simply a cost center that performs administrative, tactical and transactional activities. Rather, it is a value adding partner and a fully integrated strategic function within the project execution team.

Specifically, it guarantees that valuable procurement and commercial elements and practices are applied at all stages during the project life-cycle to support the development of high quality, cost effective contracts.

This ensures **control of the critical cost, schedule, quality and risk elements** and leads to the successful execution of the projects.

How Procurement Drives Success

Procurement will drive the success of the capital project by adopting a strategic approach which will focus on key, impactful activities such as:

- **Build relationships with key suppliers** by identifying them early and effectively reducing the vulnerability of the supply chain.
- **Manage and mitigate supply chain risks** by identifying and developing risk profiles that enable the project team to mitigate supplier and logistical risks and the subsequent impact on the project's schedule and cost. Procurement, working collaboratively with other departments, can support the business to build a strong, dynamic risk assessment and mitigation process to address these risks.
- **Develop effective contracting strategies and select contracts models/structures** that reflect an optimal allocation of risks considering the market conditions as well as enterprise and project objectives in terms of cost, schedule and quality.
- **Generate cost savings** by applying appropriate competitive bidding and negotiation strategies, contract management processes, supplier performance management and claim management.
- **Ensure that projects are well-positioned to secure the equipment and materials required** under the best possible terms by providing

and analyzing market intelligence on commodity and materials price fluctuations, shortages, new supplies, and changes in the competitive environment.

- **Compile accurate supplier specifications** by working collaboratively with technical departments to define the project's equipment and materials.

The Importance Of Procurement

At Maven, we see our [Procurement department](#) as paramount to the successful delivery of any capital power project that we are taking on. By adopting the strategic procurement principles above, our procurement professionals can identify the goods and services required by the projects, assess market conditions and suppliers' capabilities, develop and implement the appropriate procurement strategies, identify and manage the supply chain risks such that the projects meet their objectives and are successfully completed.

Look out for our White Paper to be released in February of 2021, *Procurement Best Practices – a Power Utilities Guide*. In this, we will take a deeper dive into the value of procurement, highlighting best practices that power utility companies can follow to build resilience, add value, and drive operational success. Feel free to [Contact Us](#) with any questions in the meantime.