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Step by Step
Project Planning

Contents

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Introduction

Welcome to Project Planning Step-by-Step

You only get one chance to plan your project so it's important to get it right. Using this eBook will help you take the right steps to ensure you deliver your project successfully.

By reading this eBook, you'll learn how to:

- Create a project plan
- Schedule resources
- Identify your budget
- Set quality targets
- Create a risk plan
- Plan your communications
- Build a procurement schedule
- Contract external suppliers
- Review your plan.

This eBook provides comprehensive information on how to carry out each of these steps. It will help you to plan your projects in a structured way to give you the best chance of project success.

Remember that Project Managers don't plan to fail, they simply fail to plan. So don't be one of those guys. Plan your project thoroughly upfront and your project will run smoothly from that point onwards. You can do it!

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The Planning Process

Most people think that planning a project is simply a matter of listing tasks and assigning resources to them to create a project schedule. However, there is much more to it than that. You don't just plan resources and tasks to deliver a project. You also need to plan for costs, quality, risk, communications and procurement.

In fact there are 10 steps to planning a project, as identified in the following diagram:
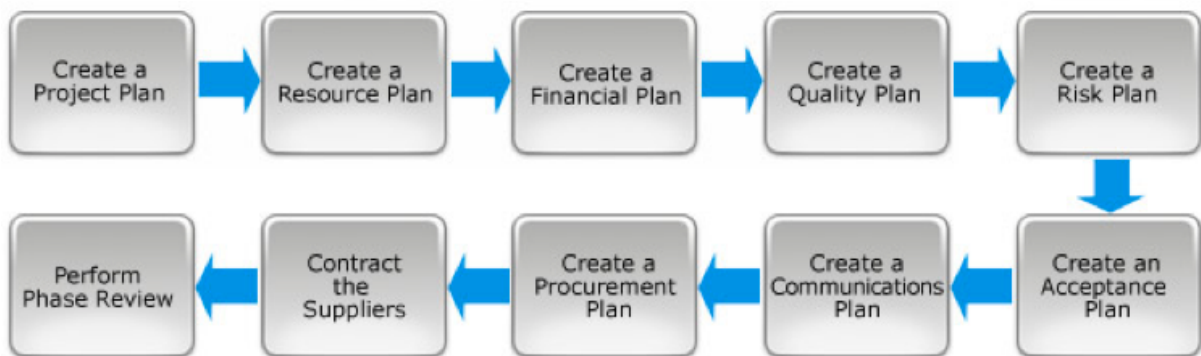
Here's a brief description of each of the steps presented in the diagram followed by a more detailed explanation about how to do them.

Create a Project Plan

Creating a comprehensive Project Plan is critical to the success of your project. The Project Plan identifies the Work Breakdown Structure (WBS) of processes, activities and tasks that need to be undertaken to complete the project. It identifies the sequencing, duration and dependencies of tasks as well as the generic resources and financial expenditures required to complete the project.

Create a Resource Plan

Once you have created a Project Plan, you need to make a detailed assessment of the resources required to carry out the project. The required labor, equipment and materials should be listed and the amount of each resource quantified. The resource usage should be scheduled to provide a complete picture of the total amount of resources needed for each stage of the project.

Create a Financial Plan

The Financial Plan describes the total quantity of financial resources required during each stage of the project. The total cost of all labor, equipment and materials should be calculated, as well as the total cost of undertaking each activity within the Project Plan.

Create a Quality Plan

To ensure that the project deliverables meet customer requirements, you'll need to develop a Quality Plan. This plan explicitly lists the quality targets to be achieved, and a suite of quality assurance and quality control activities should be scheduled to ensure that the required level of quality is achieved throughout the project.

Create a Risk Plan

Managing Project Risk is a critical process within the Project Lifecycle. To mitigate risk effectively, all foreseeable project risks need to be identified and rated in terms of their likelihood of occurring and potential impact on the project. You'll need to prioritize the risks and identify a set of actions to reduce the likelihood of each risk and its impact on the project should it occur.

Create an Acceptance Plan

The key to customer satisfaction is in gaining approval from the customer that the deliverables meet the quality criteria stated in the Quality Plan. An Acceptance Plan should be created to ensure that customer acceptance is sought for each deliverable produced by the project. The Acceptance Plan provides a schedule of Acceptance Reviews which are undertaken to gain customer acceptance for the completion of each deliverable within the project.

Create a Communications Plan

A Communications Plan describes the information to be provided to project stakeholders to keep them informed of the progress of the project. In it you'll list each stakeholder and clearly identify their information requirements. A schedule of communication events and activities should be set out to ensure that the right information is communicated to the right people at the right time.

Create a Procurement Plan

A Procurement Plan helps you procure products and services from external suppliers. By planning your procurement carefully, you can ensure that you buy the right products for your business, at the right price. In it, you'll define the items you need to procure, the process for acquiring them and the schedule for delivery of each item.

Contract the suppliers

A Procurement Plan helps you procure products and services from external suppliers. By planning your procurement carefully, you can ensure that you buy the right products for your business, at the right price. In it, you'll define the items you need to procure, the process for acquiring them and the schedule for delivery of each item.

Perform Phase Reviews

Phase reviews should be conducted at the end of the project planning phase. The review shows the Project Sponsor whether the project has achieved its objectives to date, and whether it should continue to the next phase of the project.

We'll now cover each of these 10 steps in more detail, in the following sections.

Step 1: Create a Project Plan

The first step in the Project Planning process is creating a Project Plan. This plan acts as a "yard stick" for the project by providing the basis by which to regularly assess the performance of the project. The Project Plan includes a complete list of the activities required to complete the project, as well as the milestones, dependencies, resources and timeframes involved in undertaking the project.

Creating a comprehensive Project Plan is a critical step in the Project Lifecycle, as it is used to:

- ✅ Monitor and control the overall progress of the project
- ✅ Create the resource, financial and quality plans for the project
- ✅ Help the Project Manager identify any task slippage and budget overruns
- ✅ Determine whether the project activities are complete and the project is ready for closure
- ✅ Assess the level of success of the project after it has been closed.
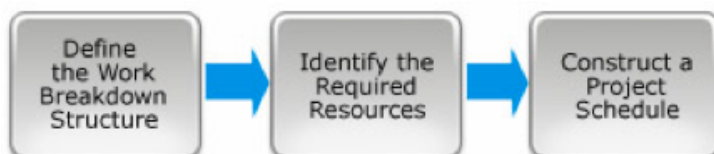
The diagram above highlights the 3 stages involved in creating a Project Plan. First you need to define the Work Breakdown Structure (WBS). This means listing the processes, activities and tasks required to undertake the project, as well as the key project milestones. Then you'll need to quantify the human resources required to carry out each activity listed. The final step involves building a Project Schedule which describes the flow of project activities and the timeframes involved, as well as any planning assumptions and constraints.

The following sections describe how to complete these stages in more detail.

Define the Work Breakdown Structure

The first step to creating a detailed Project Plan for your project is to develop a comprehensive WBS, listing all of the activities and tasks required to undertake the project.

Activities

An activity is a set of tasks which need to be undertaken to complete part of the project. The following table enables you to list each project activity, describe the activity and identify the sequencing order where appropriate.

Activity Title	Activity Description	Activity Sequence
List the title of each Activity.	Describe the purpose and key outcomes of each Activity.	Number each Activity in sequence.

Tasks

A task is an item of work to be completed within a project. The table below will help you to list each task, describe the task and identify the sequencing order where appropriate. The completed activity and task lists will comprise your WBS for the project but you also need to specify any critical project milestones.

Activity Title	Task Title	Task Description	Task Sequence
List the Activity with which the Task corresponds.	List the title of each Task.	Describe the purpose and key outcomes of each Task.	List the Task sequence number.

Milestones

A milestone is an important event within a project, such as achieving a key project deliverable. The following table lets you list each project milestone, describe the milestone and record the date on which it is likely to occur.

Milestone Title	Milestone Description	Milestone Date
List the title of each Milestone.	Describe the Milestone and why it is an important event within the project.	List the date on which the Milestone is likely to occur.

Identify The Required Resources

Having listed all the tasks required to undertake the project, you now need to identify the generic resources required to complete each task, as described in the table below. You will create a detailed list of the resources required for the project when you create a Resource Plan in the next stage (Step 2: Create a Resource Plan).

Task Title	Resource	Effort
List the title of each Task in the project.	List the project team responsible for the completion of the Task.	Quantify the approximate amount of effort (e.g. days, weeks and months) required to complete the Task.

Construct a Project Schedule

You have now collated all the information required to build a detailed Project Schedule and list the dependencies.

Project Schedule
Create a detailed project schedule by listing the processes, activities and tasks required to complete the project, as well as the dependencies, sequencing and resources involved. A brief example of a Project Schedule follows:

ID		Task Name	Duration
3		INITIATION	16 days
4		Develop Business Case	4 days
10		Perform Feasibility Study	5 days
17		Establish Terms of Reference	4 days
23		Appoint Project Team	3 days
28		Set-up Project Office	3 days
33		Perform Stage-Gate	1 day
34			
35		PLANNING	48 days
36		Create Project Plan	9 days
47		Create Resource Plan	5 days
54		Create Financial Plan	5 days
61		Create Quality Plan	4 days
67		Create Risk Plan	6 days
75		Create Acceptance Plan	4 days
81		Create Communications Plan	4 days
87		Create Procurement Plan	4 days
93		Contract Suppliers	6 days
101		Perform Stage-Gate	1 day
102			
103		EXECUTION	5 days
104		Build Deliverables	3 days
109		Monitoring and Control	4 days
122		Perform Stage-Gate	1 day
123			
124		CLOSURE	7 days
125		Perform Project Closure	6 days
132		Review Project Completion	1 day

Dependencies

Dependencies are logical relationships between processes, activities or tasks that influence the way in which a project will be undertaken. They may be either internal to the project (e.g. between project activities) or external to the project (e.g. a dependency between a project activity and a business activity). There are 4 types of dependencies:

✅ Finish-to-start: the item this activity depends on must finish before this activity can start.

✅ Finish-to-finish: the item this activity depends on must finish before this activity can finish.

✅ Start-to-start: the item this activity depends on must start before this activity can start.

✅ Start-to-finish: the item this activity depends on must start before this activity can finish.

You'll need to identify any key dependencies in the Project Schedule, and list them in a table as follows

Activity Title	Depends on	Dependency Type
Identify each project activity involved in the Dependency.	List the item upon which this activity is dependent.	Identify the type of Dependency (e.g. Start-to-Start or Start-to-Finish).

Assumptions

List any assumptions made during this planning process.
For example, it may be assumed that:

✅ The project will not change in scope.

✅ The resources identified will be available upon request.

✅ Approved funding will be available upon request.

Constraints

List any constraints identified during this planning process. For example:

✅ The project team must create all the physical deliverables within the allocated budget.

✅ Work must be undertaken within normal working hours only.

Step 2: Create a Resource Plan

Successfully delivering a project can be hard work. You need to manage staff, contractors, equipment and materials to achieve the project objectives and meet the customer's requirements.

A Resource Plan describes the physical resources required to complete a project. It lists each of the resource types such as labor, equipment and materials, and it provides a schedule for the use of each resource respectively. To define a comprehensive Resource Plan for your project, you need to identify the different types of resources needed to complete the project, quantify the amount of each type of resource required and schedule the consumption of each resource within the project. Let's describe these steps in a little more detail.

List the resource required

Start by listing the resources required to complete the project.

- **Labor:** Identify all the roles involved in undertaking the project, including all full-time, part-time and contracting roles.
- **Equipment:** Identify all of the equipment involved in undertaking the project. For instance, this may include office equipment (e.g. PCs, photocopiers, mobile phones), telecommunications equipment (e.g. cabling, switches) and machinery (e.g. heavy and light machinery).
- **Materials:** Identify all of the consumable materials to complete project activities such as office materials (e.g. photocopy paper, stationery, ink cartridges) and materials required to build physical deliverables (e.g. wood, steel, concrete).

Quantify the resource required

The next step is to describe the specification of each resource.

- For **labor**, list the skills and experience required by each role.
- For **equipment**, list the specification of each equipment item.
- For **materials**, list the type of each item of material required.

Then quantify the amount of each resource by stating the total quantity needed, the date within which it must have been acquired and the date that it is expected to have been consumed by.

Construct a resource schedule

You have now collated all the information required to build a detailed resource schedule which specifies the:

- **Resources** required to complete the project
- **Timeframes** for the consumption of each resource
- **Quantity** of each resource required per week
- **Total quantity** of resource consumed per week
- **Assumptions and constraints** identified.

Step 3: Create a Financial Plan

Early in the project planning process, you will need to define the overall budget for the project implementation. However, setting a budget isn't an easy task. As challenging as it is, there are 4 steps you can take to create an accurate and realistic budget by documenting a project Financial Plan.

List the financial expenses

When drawing up a Financial Plan and setting a project budget, you need to start by identifying all of the types of expenses that are likely to be incurred throughout the Project Lifecycle.

Typically, most projects spend the majority of their budget on purchasing, leasing, renting or contracting the resources to the project (e.g. labor, equipment and materials). However, other types of expenses incurred may include those related to the:

- Procurement of resources from suppliers
- Establishment of a Project Office
- Administration of the project

Quantify the financial expenses

Once you have identified a detailed list of expenses to be incurred throughout the project, the next step is to forecast the unit cost of each expense type listed. The unit cost is simply the cost of a single unit of a particular expense item. For instance, the unit cost for:

- Labor may be calculated as the cost per hour supplied.
- Equipment may be calculated as the rental cost per day.
- Materials may be calculated as the purchase cost per quantity.

After listing the unit costs, you should calculate the total amount of each expense item needed to undertake the project. For instance:

- Identify the number of roles required
- Quantify the items of equipment needed
- Determine the amount of materials required
- Quantify the procurement items to be sourced from suppliers
- Calculate the administration costs of the project.

Construct an expense schedule

You have now collated all the information needed to build a detailed expense schedule. This schedule enables you to calculate the total cost of undertaking the project on a daily, weekly or monthly basis.

To create an expense schedule, build a table which lists all of the expense types down the left hand side of the page, and all of the weeks in the year across the page. Then identify for each week and for each expense type, the amount of financial expenditure to budget. Once complete, you can sum up all of the expenses for any particular week to gain a weekly budget for the entire project.

Of course you may wish to calculate a daily, monthly or yearly view, based on your particular project need. Also don't forget to list any assumptions made during the creation of this Financial Plan. For example, it may be assumed that:

- The project delivery dates will not change during this project.
- The unit costs forecast are accurate to within 5%.
- The funds listed in this plan will be available as required.

Finally, list any constraints identified during this financial planning process. For example:

- Limited information was available when identifying costs.
- A market shortage has resulted in a high labor costs.

Define the financial process

Now that you have created a detailed expense schedule, you need to define the process for monitoring and controlling expenses (i.e. costs) throughout the Project Lifecycle. Define the cost management process for your project by documenting the:

- Purpose of the process
- Steps involved in undertaking the process
- Roles and responsibilities involved in undertaking the process
- Templates used to support the process.

Step 4: Create a Quality Plan

Most Project Managers are aware that delivering projects within "time, cost and quality" is critical to success. However, the term quality can be elusive and is often not clearly defined. So what does the term "quality" mean? Method123.com defines quality as "producing deliverables which meet the requirements of the customer."

Here we describe what it really means to deliver quality within a project and will help you to understand the 4 critical steps to creating a Quality Plan.

Define the quality targets

It's pretty hard to meet your customer's expectations unless you draw a line in the sand before you start. By asking your customer to state upfront exactly what it is that they require, you will greatly improve your chances of success.

Ask your customer to provide a list of their requirements for a solution to be delivered by the project. Then help them to list the key deliverables, which once produced will satisfy their requirements. For each deliverable, list its components and then go one step further by describing the detailed quality targets (i.e. quality criteria and quality standards) to be achieved by each component. This will provide you with a comprehensive understanding of exactly what it is that must be produced by the project to meet the expectations of your customer.

Create a Quality Assurance Plan

The next step is to create a plan to assure your customer that you can meet the quality targets set. Schedule a suite of quality assurance reviews to be undertaken by an independent person to the project. This will give your customer a realistic view of the overall progress of the project and the likelihood of the deliverables actually meeting the quality targets agreed.

Create a Quality Control Plan

To control the actual level of quality of each deliverable as it is being produced you need to create a schedule of quality control measures. Examples include putting in place peer reviews, deliverable reviews, documentation reviews and end-of-process reviews. Each review will measure the deliverables produced and identify any deviations from the quality targets set.

Define the quality process

Creating plans for assuring and controlling the quality of deliverables is a good start. You also need to put in place a quality management process to ensure that each of the actions listed in the Quality Plan is undertaken as quickly and efficiently as possible.

Step 5: Create a Risk Plan

Being a Project Manager is not an easy job. Having to manage time, cost, quality, suppliers, customers and staff can be enough to keep anyone awake at nights!

It's no surprise that a high percentage of projects fail to deliver the expected business benefits – over 70% according to the Standish Group. To ensure your project delivers successfully, you need to create a comprehensive Risk Plan for your project.

So what is a Risk Plan? It's a document that identifies all of the foreseeable project risks and the actions needed to prevent each risk from occurring. To gain the best results, you need to create a Risk Plan for your project as early in the Project Lifecycle as possible, ideally soon after the Project Plan has been created. Take these 4 critical steps to building a Risk Plan for your project:

Identify the risks

Sounds easy right? Most Project Managers will agree that identifying all of the high priority risks for a lengthy project is more of an art than a science. Firstly, you need to identify all of the potential categories of risk (i.e. areas within the project which are likely to contain risks) such as the scope, schedule and budget. Then for each category, list the risks which are likely to adversely affect the project. For example:

- The scheduled delivery timeframe will be exceeded.
- The project will spend more than the budget allocated.
- Change requests will lead to scope creep and delays.

Having a comprehensive risk list is critical to delivering a project successfully.

Prioritize the risks

The next step is to prioritize each risk by determining its likelihood of occurrence and the impact on the project should it eventuate. Here's how to do it:

- For each risk identified, assign a score (between 1 and 10) to describe its likelihood of occurrence. For instance, a risk that is almost certain to occur will score from 8 to 10 whereas a risk with a low likelihood will score between 1 and 3.
- Assign to each risk an impact score (between 1 and 10) to determine the severity of the impact of the risk on the project scope, scheduled end date, budget or other key success criteria.
- Take an average of the likelihood and impact scores to determine the overall risk priority. The higher the average score, the higher the priority of the risk. High priority risks will not only be monitored by the Project Manager, but the Project Board will also keep track of them to ensure that they do not adversely affect the project during the Project Lifecycle.

Create a Risk Schedule

You now have a full list of risks and their priorities for your project. The next step is to identify the actions needed to reduce the likelihood and impact of each risk, by creating a Risk Schedule.

The Risk Schedule lists all of the risks identified to date and for each risk it describes the:

- ✅ Overall priority of the risk (low, medium, high)
- ✅ Preventative actions to reduce the likelihood of the risk occurring
- ✅ Contingent actions to lessen the impact of the risk on the project
- ✅ Resource responsible for taking the actions identified
- ✅ Timeframes for undertaking the actions listed.

Define the risk management process

Empowered with a detailed Risk Schedule, you need one more tool to be able to manage risk effectively within the project – a clear risk management process. This process will enable you to react to new risks identified throughout the course of the project and to mitigate them wherever possible.

Having a Project Board, doesn't mean there are no politics. It just makes it easier to manage. As a Project Manager, you still need to reduce the politics within the board by building close relationships with each board member. Meet with each of them regularly to find out what they need from the project, by when and why. This will help you steer them in the right direction when they meet as a group. By listening to their needs, you're securing their buy-in and you may be able to save heated board meetings by presenting them with solutions instead of problems.

Step 6: Create an Acceptance Plan

A core principle of Project Management is that a deliverable is not 100% complete until the customer has accepted it as complete. To ensure that all project deliverables are accepted (i.e. signed off) as complete for your project, you need to document an Acceptance Plan. The following diagram lists the steps you need to take to create an Acceptance Plan:

List the Acceptance Criteria → Create an Acceptance Schedule → Define the Acceptance Process

First, you need to identify the acceptance criteria which provide the basis for measuring the completion of project deliverables prior to final sign off by the customer. Next, schedule a suite of acceptance tests to measure the percentage completion of each deliverable against the criteria specified. And finally, document the process for gaining final sign off by the customer to confirm that the deliverables produced fully meet the acceptance criteria agreed. Here's how to create an Acceptance Plan for your project.

List the acceptance criteria

The first step when creating an Acceptance Plan is to identify the criteria you will use to determine whether the customer should sign off on the deliverables. For each project deliverable (or set of related deliverables) listed in the Project Charter, use the following table to identify the acceptance criteria and standards to be met:

Deliverables	Acceptance Criteria	Acceptance Standards
List each project deliverable here.	For each deliverable, list the criteria which must be met to ensure that the customer signs off on it as 100% complete.	For each deliverable, list the standards that must be met to ensure that the customer signs off on the deliverables as 100% complete.

You may wish to use criteria and standards which relate to the:

- Time to build the deliverables (see your Project Plan).
- Cost of building the deliverables (see your Financial Plan).
- Quality of the deliverables to be built (see your Quality Plan).

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You may wish to use criteria and standards which relate to the:

- Time to build the deliverables (see your Project Plan).
- Cost of building the deliverables (see your Financial Plan).
- Quality of the deliverables to be built (see your Quality Plan).

Create an Acceptance Schedule

You are now ready to schedule the acceptance tests required to gain the customer's acceptance for deliverables produced by your project.

Deliverable		Acceptance Tests		
Deliverable	Completion Date	Testing Method	Testers	Test Date
List the deliverables to be produced by your project.	List the scheduled completion date, which will trigger an acceptance test.	Describe the method used to determine whether the deliverable has met the acceptance criteria and standards defined.	Identify the resource responsible for undertaking each acceptance test.	List the date by which each acceptance test will be complete.

Define the acceptance management process

Now that you have created a detailed schedule of acceptance tests, you need to define the process for undertaking these tests throughout the Project Lifecycle. Define the acceptance management process for your project by documenting the:

- ✅ Purpose of the process
- ✅ Steps involved in undertaking the process
- ✅ Roles and responsibilities involved in undertaking the process.

Step 7: Create a Communications Plan

Clear communications to all of your project stakeholders is essential. You need to deliver the right messages to the right people at the right time. Create a Communications Plan to identify your communication goals, target audience, key messages, delivery channels, and schedule of communication activities. This will ensure you keep everyone informed about the project, will focus your team on the task at hand and will ensure your stakeholders are up to speed with how the project is progressing. Here's what you need to include in your Communications Plan:

Situation Analysis

The first step when creating a Communications Plan is to carry out a Situation Analysis. This is a fancy term for researching your existing communication's environment. Review the performance of all communications within your project and identify any strengths,

weaknesses, opportunities and threats. Then identify any lessons learned from past communication's exercises, so that the same mistakes made in the past are not repeated.

Communications Objectives

Now you know what your communications strengths are and where you need to improve, you are ready to set out your communications objectives. List the top three objectives that you want to achieve from your project communications. For instance, you might want to inform stakeholders of the project progress, boost management buy-in or improve your team productivity.

Communications Guidelines

Set out your communications guidelines for controlling communications within your project. For example, you may decide that:

All messages will be distributed through pre-defined channels.
All critical communications will be pre-approved by management.
All communications will be tailored, based on stakeholder needs.

Target Audience

Define exactly who it is that your team will formally communicate with. Remember, formal communications is a method for controlling the messages sent out by your team. It promotes a single consistent view of your project to a specified audience so that everyone receives the same version of events.

Stakeholder Needs

Each target audience group will have their own needs. These stakeholders will require information that is specific to their role in the project. For instance, a Project Sponsor will need to be informed of high priority risks and issues, whereas a Quality Reviewer might need to be notified of the current status of project deliverables.

Key Messages

List the key messages that need to be sent to each stakeholder. Key messages may include project status, project issues, project risks, project deliverables or project resources. You then need to define how you will deliver each message to them, and through which delivery channel.

Delivery Channels

There are a huge variety of ways in which you can deliver your key messages to stakeholders including emails, newsletters, meetings and conferences. For each stakeholder, identify the channel that you will use to deliver your key messages.

Communications Schedule

You are now ready to create the schedule of communications events, activities and actions that are required to deliver the right messages to the right people at the right time throughout the project. Create a detailed schedule of events and for each item listed, specify the timeframes for completion and any dependencies on other events in the schedule.

Communications Events

For each event listed in your schedule, describe it in depth. Make sure that you define the purpose of the event, how it will take place and when it should occur.

Communications Matrix

Once you have listed the events and described them in detail, you need to identify who will manage them and who will review their effectiveness. Create a Communications Matrix which lists who is accountable for the event, who will take part and who will review its success.

You now need to get your Communications Plan approved by your manager and then execute it to deliver communications efficiently across your project.

And just one last tip – to improve your communications you need honest feedback on your team's performance. Implement feedback measures such as questionnaires, feedback forms and surveys to learn how to continually improve communications within your project team.

Step 8: Create a Procurement Plan

Project Managers often need to outsource work to external suppliers in order to meet the objectives of the project. The Project Manager typically has very little control over the scope of work sourced externally, and is dependent on the efficiency and reliability of the supplier. The procurement process is therefore a key project risk within the lifecycle of a project.

Choosing the right supplier for your project is critical to your project's success. By creating a Procurement Plan, you can define your outsourcing needs and undertake a formal selection process to select the right supplier for your project. The following diagram depicts the steps involved in creating a Procurement Plan for your project:

Identify the Procurement Requirements → Research the Market Offerings Available → Create a Procurement Schedule → Define the Procurement Process

To begin, you will identify your procurement requirements by listing what it is that you want to outsource to external suppliers. You then need to research the market to ensure that there are suitable suppliers who can meet your procurement requirements and using this information, you can create a Procurement Schedule which lists the activities needed to:

- Select and contract a preferred supplier
- Procure the required items for the project
- Manage the performance of the supplier.

Whatever it is that you need to procure from suppliers you must explicitly describe these procurement items in the Procurement Plan. Procurement items are any item that is contractually obliged to be provided by a supplier to a project, such as:

- Products (e.g. goods, materials, equipment, tools, machinery)
- Services (e.g. labor, technical and consulting services)
- Results (e.g. a more efficient process, a more highly skilled team and a restructured organization).

The following sections describe in more detail the steps involved in creating a Procurement Plan.

Identify the procurement requirements

To create a Procurement Plan, you first need to define what it is that you are procuring from suppliers external to the project. Using the following table, you can list and describe each procurement item needed by your project. Justify each item by describing your reasoning for outsourcing these items to suppliers and finally, list the quantities required and your budget (if applicable).

Procurement Item	Description	Justification	Quantity	Budget
List the items to be procured from external suppliers.	Describe the items to be procured.	Give sound reasoning as to why these items must be procured from suppliers, rather than within the existing business.	Identify the total quantity of each item required.	List the budget available to procure the items listed.

Research the market offerings

Now that you know what you want to outsource, the next step is to research the local market to determine whether there are suitable supplier offerings that could meet the procurement requirements of the project.

Research the market segment

Research the marketplace to ensure that there are suitable suppliers available by answering the following types of questions:

- ✅ What is the size of the relevant market segment?
- ✅ How many suppliers operate within this market segment?
- ✅ Which suppliers have the largest market share?
- ✅ How many suppliers currently offer the procurement items required by the project?
- ✅ Will the items likely be available within the timescales needed by the project?
- ✅ Are there any risks associated with procurement within this market segment?

The outcome of this research should confirm that the market includes a range of suitable suppliers who are able to meet the procurement needs of the project.

Research the offerings available

The next step is to prove that there are suitable offerings available in the market which are likely to meet the requirements of the project. List examples of such offerings in the following table:

Procurement Item	Supplier	Offering	Price	Availability
List the items to be procured.	List examples of suppliers who currently have offerings which match the procurement items listed.	List examples of such supplier offerings.	Identify the price of each offering to determine whether your budget allows for it.	Identify the lead-time necessary to supply the offering to determine whether it can be available when you need it.

Create a Procurement Schedule

By now, you'll be confident that the market has offerings that are likely to meet the requirements of the project. You will now be ready to create a detailed Procurement Schedule for the project listing the activities and timeframes required to:

Produce a Selection
This involves issuing a Request for Information (RFI) to short-list suppliers; a Request for Proposal (RFP) to select suppliers; and a Supplier Contract to contract a preferred supplier to the project.
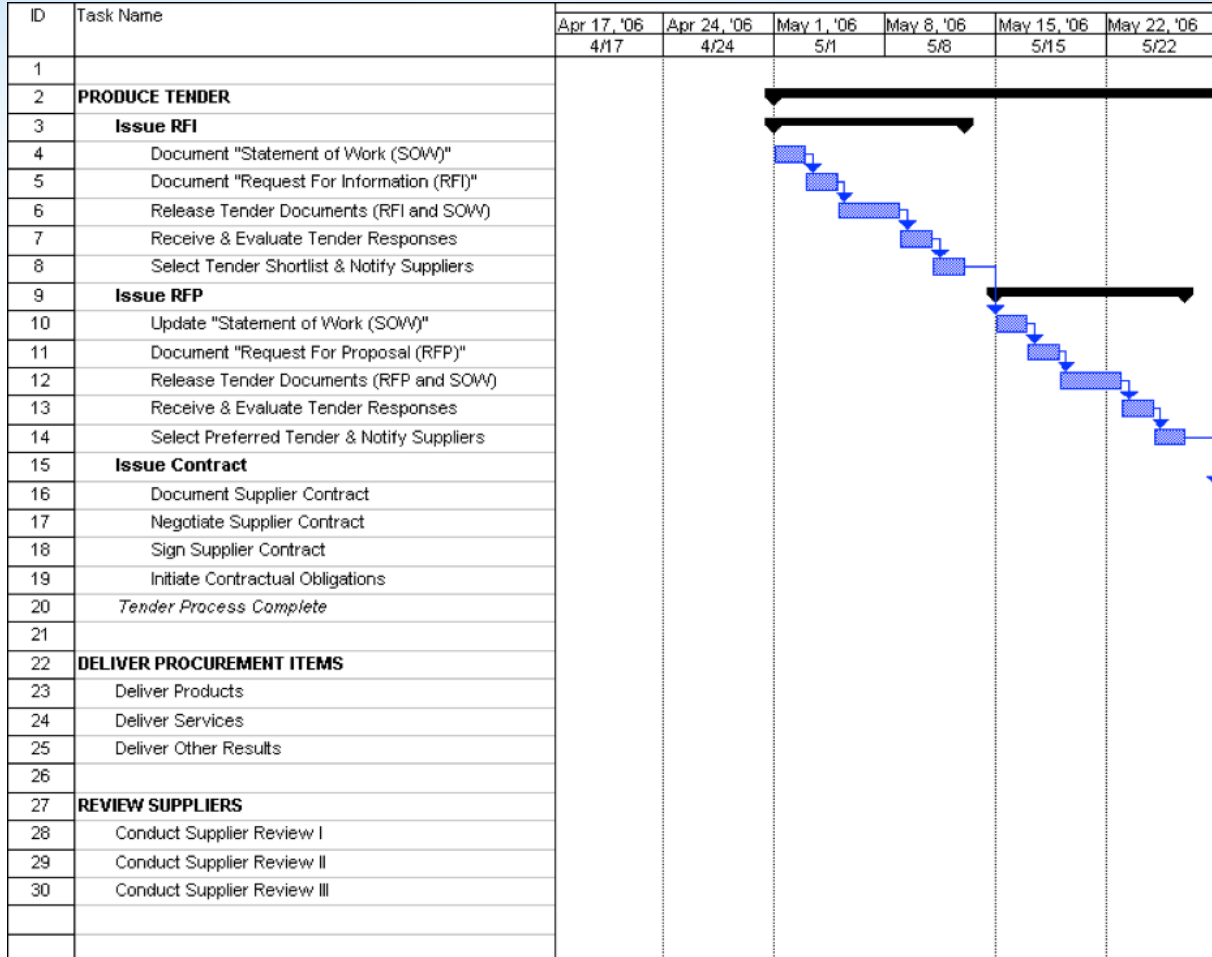
Deliver the Procurement Items
This involves producing and delivering the procurement items, as well as accepting them on behalf of the project team.

Review the Suppliers
This involves undertaking a series of supplier reviews to ensure that the supplier meets the responsibilities defined in the Supplier Contract.

The following chart is an example of a Procurement Schedule for a project team.

ID	Task Name	Apr 17, '06 4/17	Apr 24, '06 4/24	May 1, '06 5/1	May 8, '06 5/8	May 15, '06 5/15	May 22, '06 5/22
1							
2	**PRODUCE TENDER**						
3	**Issue RFI**						
4	Document "Statement of Work (SOW)"						
5	Document "Request For Information (RFI)"						
6	Release Tender Documents (RFI and SOW)						
7	Receive & Evaluate Tender Responses						
8	Select Tender Shortlist & Notify Suppliers						
9	**Issue RFP**						
10	Update "Statement of Work (SOW)"						
11	Document "Request For Proposal (RFP)"						
12	Release Tender Documents (RFP and SOW)						
13	Receive & Evaluate Tender Responses						
14	Select Preferred Tender & Notify Suppliers						
15	**Issue Contract**						
16	Document Supplier Contract						
17	Negotiate Supplier Contract						
18	Sign Supplier Contract						
19	Initiate Contractual Obligations						
20	*Tender Process Complete*						
21							
22	**DELIVER PROCUREMENT ITEMS**						
23	Deliver Products						
24	Deliver Services						
25	Deliver Other Results						
26							
27	**REVIEW SUPPLIERS**						
28	Conduct Supplier Review I						
29	Conduct Supplier Review II						
30	Conduct Supplier Review III						

Document any assumptions and constraints identified during this procurement planning exercise.

Define the procurement process

Now that you have created a detailed Procurement Schedule, you need to define the process for managing the outsourcing and fulfillment of the procurement items throughout the Project Lifecycle. Define the procurement management process for your project by documenting the:

- Purpose of the process
- Steps involved in undertaking the process
- Roles and responsibilities involved in undertaking the process
- Templates used to support the procurement process.

Step 9: Contract the Suppliers

Whether you need to outsource an entire aspect of the project scope or simply procure deliverables, products or services, you will need to initiate a formal selection process to contract suppliers to the project. To initiate a formal selection process, you need to undertake the following steps:

In order to define how the selection process is going to be undertaken, list the activities needed to select a preferred supplier, and the roles and responsibilities required to perform those activities. By creating a Statement of Work (SOW) you can define what it is that the supplier will provide to the project. During the procurement planning step you researched the potential suppliers available, so you will probably know how and to whom you will publicize this tender in the marketplace. Distributing a Request for Information (RFI) and Request for Proposal (RFP) will inform suppliers of the information you need to select your preferred supplier to a project. You are then ready to negotiate the Supplier Contract by agreeing on the responsibilities of both parties and the terms and conditions for supply.

Step 10: Planning Review

The last step in the project planning process is the completion of a Process Review. This review is undertaken to determine whether all the planning activities and tasks have been successfully completed and to request approval to proceed to the Execution stage of the project. The following diagram depicts the steps involved in undertaking this review:

Process Reviews are completed at the end of the Initiation, Planning and Execution phases to review the progress of the project to date, and to seek approval to proceed to the next phase. There is no Process Review at the end of the Closure phase because approval to close the project is covered in the Project Closure Report.

The Project Manager documents the results of each Process Review by using a Process Review Form. To obtain approval to proceed, you'll need to present the project's current status to the Project Board for consideration. The Project Board, which is chaired by the Project Sponsor, may decide to grant approval to begin the next phase of the project, undertake further work in the existing phase of the project, or cancel the project.

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And there you have it!

There you have it, the 10 steps to planning a project. You now know that creating a Project Plan is much more than just listing tasks and assigning resources. It's also about managing money, quality, risk, communications, materials, equipment and suppliers as set out in this eBook. It may seem a lot of work but if you plan thoroughly upfront, then your project will be a breeze.

Remember, don't rush the planning process. Make sure you allow sufficient time to plan your project in depth before you roll your sleeves up and get stuck into execution. Project planning is a big job but with a little guidance offered by this eBook, we hope to have given you some direction and a few tips along the way.

Of course great project managers use great Project Management Software to help them plan and manage projects. Sign up and take a free trial of ProjectManager.com to see why it's the best way to plan and manage your projects.