

Title

The impact of Project Management in Procurement Cycle at Saudi Postal and Logistics Company (SPL).

Introduction

In today's dynamic and complex business environment, effective project management has become an indispensable component of successful organizational operations. Nowhere is this more evident than in the realm of procurement, where the seamless integration of project management principles is paramount for achieving efficiency, cost-effectiveness, and overall project success. The procurement cycle, encompassing the processes from needs identification to contract closure, demands a strategic and systematic approach to ensure optimal outcomes. Project management, with its structured methodologies and emphasis on coordination, plays a pivotal role in steering the procurement cycle toward achieving organizational objectives. This introduction delves into the critical importance of project management within the procurement context, highlighting how it enhances decision-making, risk mitigation, and overall project performance at Saudi Postal and Logistics Company (SPL).

Study Problem

The absence of an appropriate project management process in the procurement cycle can lead to various challenges and problems. Here are some common issues that organizations may face such as: Unclear Objectives and Requirements, Inefficient Planning and Coordination, Increased Risk of Cost Overruns, Quality Control Challenges, Limited Supplier Performance Monitoring, Poor Communication and Stakeholder Engagement, Missed Opportunities for Innovation, Legal and Compliance Risks, Difficulty in Change Management, and Lack of Continuous Improvement.

The Importance of the Study

applying a project management cycle to the procurement process ensures a structured and systematic approach, aligns procurement activities with project goals, and contributes to successful project outcomes. It enhances efficiency, reduces risks, and fosters collaboration among stakeholders involved in the procurement process.

Objectives of the Study

The importance of project management and applying its processes may lead the organization to many benefits such as Effective planning, mitigate risk, monitor suppliers' performance, promote continues improvement.

Study Questions

- How project management affects the overall procurement cycle?
- How does SPL integrate project management methodologies into its overall procurement cycle?
- What specific project management methodologies (e.g., Agile, Waterfall, Scrum) does SPL prefer, and why?
- What are the benefits of using Project management methodologies on the outcome of procurement department at SPL?
- How to manage supplier performance?

Hypothesis

The impact of project management significantly improves efficiency and outcomes in the procurement cycle at SPL.

Improved Planning and Coordination: If SPL employs robust project management practices, it is likely to enhance planning and coordination throughout the procurement cycle. This includes defining project requirements, identifying suitable vendors, and establishing timelines.

Risk Mitigation: Project management methodologies often emphasize risk identification and mitigation. A well-managed project is expected to encounter fewer unforeseen issues in the procurement cycle, leading to smoother and more reliable processes.

Cost Control and Budget Adherence: Proper project management techniques can contribute to better cost estimation, monitoring, and control. This, in turn, should lead to adherence to budgets and prevent cost overruns during the procurement process.

Quality Assurance: Project management methodologies often include quality assurance measures. If implemented effectively at SPL, this could lead to a focus on selecting high-quality vendors and ensuring that the procured goods or services meet specified standards.

Timely Delivery: Through effective project management, SPL may experience improved time management, resulting in timely completion of procurement activities. This is crucial for avoiding project delays and ensuring that resources are available when needed.

Stakeholder Satisfaction: Stakeholder engagement and satisfaction are often integral to project management. If stakeholders are actively involved and satisfied with the procurement process, it may positively impact overall project success.

Documentation and Accountability: Project management practices typically emphasize documentation and accountability. A well-documented procurement process, with clear roles and responsibilities, can lead to increased accountability and transparency at SPL.

Continuous Improvement: Project management methodologies often include feedback loops and mechanisms for continuous improvement. This could result in iterative enhancements to the procurement cycle at SPL, optimizing processes over time.

Literature Review

1.

Supplier performance should be monitored and controlled regularly so that any failures can be identified and corrected (Ng et al., 2002). The evaluation of the supplier's performance throughout the project's implementation is important to ensure the success of the project (Araújo et al., 2017).

2.

The selection of a supplier is one of the main activities of the procurement area. Without an adequate and precise method to select the most appropriate supplier, the performance of the whole project may be affected (Cheng & Li, 2004).

3.

Project supply chain integration and therefore value optimization require the supply chain partners to change traditional thinking and practices. Effecting such a change requires the commitment and involvement of people in each organization in the project supply chain, the impetus for achieving such commitment and involvement should come from the senior management of the project supply chain partners. Ultimately, it is the responsibility of the senior managers to prepare their organization for change, to overcome the cultural and organizational barriers to change, and to achieve cross-functional and cross-business unit cooperation (Burnell, 1999).

Research methodology

- Survey
- Case Study
- Qualitative research
- Observing the behaviour and strategies of procurement at SPL.

Research Structure

- Title
- Abstract
- Introduction
- Literature Review
- Research Hypotheses
- Methodologies
- Results
- Conclusion
- References

Research Limitations

Organizational Changes: Some changes might occur in the company which might affect the research.

Scope Limitations: The research may be narrowed due to the scope size of the company (SPL).

Limited Resources

References

- "A Guide to the Project Management Body of Knowledge (PMBOK Guide)" Project Management Institute (PMI)
- "Project Management: A Systems Approach to Planning, Scheduling, and Controlling" (Harold Kerzner)
- "Procurement Principles and Management" (Peter Baily, David Farmer, Barry Crocker, David Jessop)
- "The key aspects of procurement in project management: investigating the effects of selection criteria, supplier integration and dynamics of acquisitions" (Rafael Rossi Buzzetto, 2019).