PROCUREMENT STATEMENT OF WORK

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INTRODUCTION

Our company strives to provide its customer with the highest quality products in the cycling industry. With our new technological advances in bicycle frame designs we have a need to create a cost effective, high quality and innovative manufacturing system. With the development of this new system our company will be able to continue to sustain profits for years to come. Our new system will give us a competitive advantages over our closest competitors. We are the industry leader and need to ensure it stays that way.

OVERVIEW OF PROJECT

Business Need/Case

The bicycle project has been created to create high quality bicycle frames and manufacturing system. The costs associated with the successful design and implementation of this will be recovered as a result of the anticipated profits from our innovative product.

Business Objectives

The business objectives for this project are in direct support of our corporate strategic plan to manufacture our new bicycle frame.

- Design and test a new manufacturing system within the next 90 days
- Complete implementation the new system within the next 120 days
- Increase frame production by 50% in the first year

PURPOSE OF PROJECT

The purpose of the project is to create a manufacturing system that can produce our new and innovative bicycle frame. The system must be cost effect while not cutting any corners in quality or safety.

OBJECTIVE OF PROJECT

The bicycle project will create a manufacturing system for our new bicycle frame. The bicycle project will utilize improved technology in the form of frame design and manufacturing processes in order to comply with the company vision. All frame manufacturing and production processes will be integrated into the company's current plants in order to update and increase production capacity requirements.

Project Objectives and Success Criteria

The objectives which mutually support the milestones and deliverables for this project have been identified. In order to achieve success on the bicycle project, the following objectives must be met within the designated time and budget allocations:

- Develop a manufacturing system methodology to present to the VP of Frame Production within the next 20 days
- Complete list of required materials which meets budget allocation within the next 25 days
- Create a simulated solution in the Testing lab using the new method to test the solution within the next 60 days
- Achieve a simulated solution which allows the completion of a full bicycle frame and complete testing within the next 90 days
- Implement the solution across the organization within the next 120 days

Requirements

This project must meet the following list of requirements in order to achieve success.

- The solution must be tested in the Test lab prior to deployment
- Solution must be implemented without disruption to operations

Additional requirements may be added as necessary, with project sponsor approval, as the project moves forward.

Constraints

The following constraints pertain to the Bicycle project:

- All manufacturing processes must be compatible with our current equipment
- All materials must be purchased in accordance with the allocated budget and timeline
- Two frame specialists and one production specialist will be provided as resources for this project

Assumptions

The following are a list of assumptions. Upon agreement and signature of this document, all parties acknowledge that these assumptions are true and correct:

- This project has the full support of the project sponsor, stakeholders, and all departments
- The purpose of this project will be communicated throughout the company prior to deployment
- The Frame Design manager will provide additional resources if necessary.

PROJECT SCOPE

Preliminary Scope Statement

The Bicycle project will include the design, testing, and delivery of an improved bicycle frame manufacturing system throughout the organization. All personnel, materials and equipment resources will be managed by the project team. All project work will be independent of daily and ongoing operations and all required testing will be done in the Test laboratory. All project funding will be managed by the project manager up to and including the allocated amounts in this document. Any additional funding requires approval from the project sponsor. This project will conclude when the final report is submitted within 30 days after the manufacturing system is tested and deployed throughout the organization, all technical documentation is complete and distributed to the appropriate personnel, and a list of future manufacturing considerations is complete and submitted to the VP of Frame Production.

PROJECT BUDGET

The following table contains a summary budget based on the planned cost components and estimated costs required for successful completion of the project.

Summary Budget – List component project costs	
Project Component	Component Cost
• Personnel Resources	$110,000
• Hardware	$45,000
• Materials	$75,000

• Test Lab Preparation	$15,000
Total	$245,000

PROJECT START AND FINISH DATES

The project Summary Milestone Schedule is presented below. As requirements are more clearly defined this schedule may be modified. Any changes will be communicated through project status meetings by the project manager.

Summary Milestone Schedule – List key project milestones relative to project start.	
Project Milestone	Target Date (08/20/2015)
• Project Start	06/20/2015
• Complete Solution Design	07/01/2015
• Acquire Materials	07/26/2015
• Complete Solution Simulation with New System	08/01/2015
• Complete Solution Simulation and Testing	08/15/2015
• Deploy Solution	08/16/2015
• Project Complete	08/20/2015

MAJOR DELIVERABLES

The following deliverables must be met upon the successful completion of the ISA project. Any changes to these deliverables must be approved by the project sponsor.

- Test manufacturing system of new bicycle frame
- Fully deployed manufacturing system
- Technical documentation for manufacturing process
- Recommendation list for future manufacturing considerations

CONTRACT TYPE

Fixed price with economic price adjustment (FP-EPA) contract. A type of contract that is used when the seller's performance period spans a considerable period of years. It is a fixed price contract with a provision allowing for predefined final adjustments to the contract price due to changing conditions, such as cost increases. The EPA clause must relate to a reliable financial index that is used to adjust the final price. This type of contract will allow long term material procurement that will keep quality high and cost low.

References

Project Management Institute (PMI). (2004). *A guide to the project management body of knowledge (PMBOK guide)*. Newtown Square, Pa: Project Management Institute.