

# Subcontract management



# Make or buy per deelproduct

1. Description of end result and project scope (project charter)
2. Project strategy, phasing, milestones and decision moments
3. Project decomposition:
  - 3.1 Product breakdown structure (PBS), Scrum product backlog
  - 3.2 Subproduct description
  - 3.3 Make or buy per subproduct
  - 3.4 Product Flow Diagram (PFD)
  - 3.5 Implementation of Design for X
  - 3.6 Work breakdown structure (WBS) (during execution phase for Scrum)
4. Size and effort estimation WBS (size of the user stories for Scrum)
5. Timeline (sprint planning for Scrum)
6. Use of people and assets
7. Costs and finances
8. Drawing up a sketch with the team (planning of the subresults)
9. Repeating steps 1-7 and drawing up a detailed planning of the project
10. Drawing up a project management plan

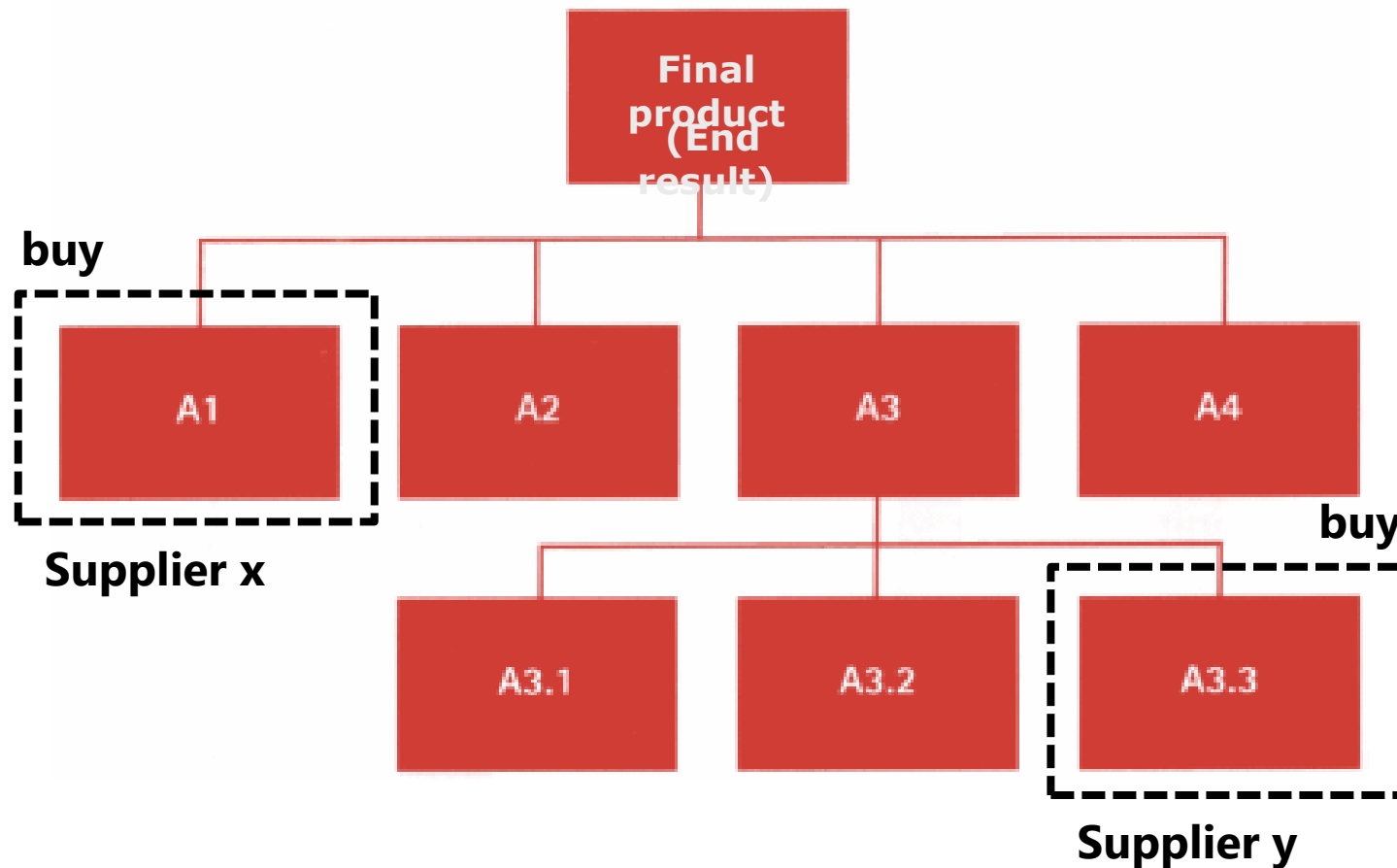
## Arguments to purchase or outsource:

- **Competence**
- **Capacity**
- **Flexibility**
- **Costs**
- **Risk transfer**
- **Management through better delineation**
- **Management through separate acceptance and release**
- **Acceptance and creating support (independent external advice)**
- **Creativity (out of the box)**

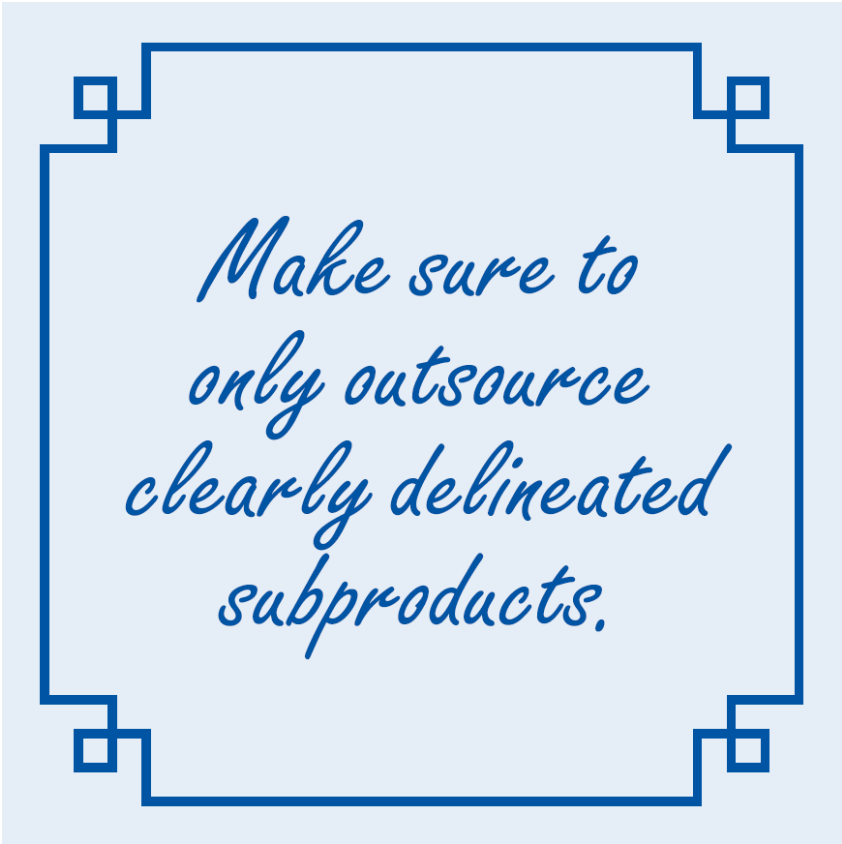
Source: *The complete project manager, 2016*

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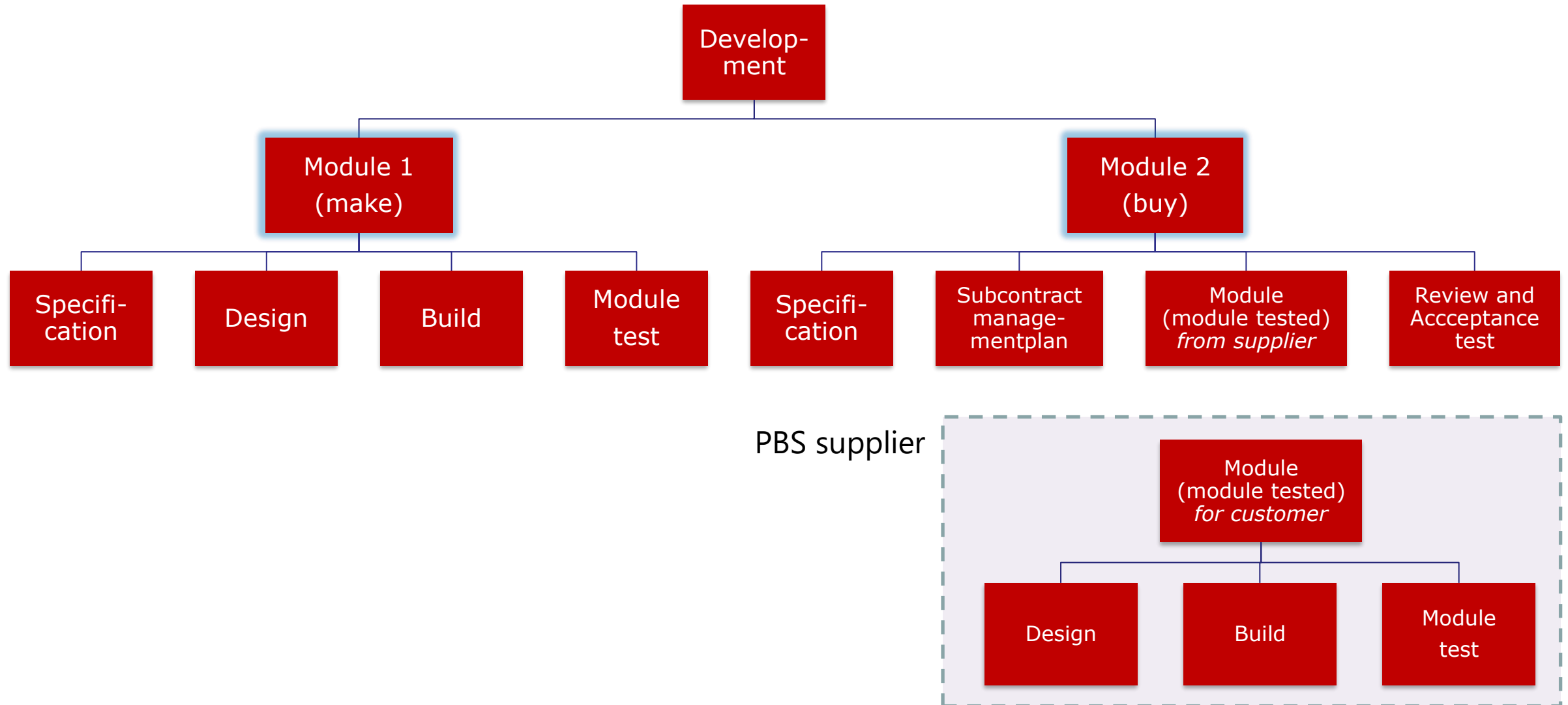
***Include subresults that you do not make yourself in the PBS as well!  
Make/buy affects the structure of the PBS.***



*Make sure to  
only outsource  
clearly delineated  
subproducts.*

*Source: The complete project manager, 2016*

# Project decomposition for *PROs*: make or buy consequence



# Subcontract management deliverables during project initiation

Client

- Definition documents
  - PBS system
  - System requirements, specification and design
  - Feasibility system
  - Make or buy per module
  - Specification for modules to be outsourced (**WHAT?**)
  - Choice of supplier
- Project management plan (PMP) system
  - Including Subcontract management plan (with goals and requirements for the supplier)
  - Negotiation PMP module and quotation, contract

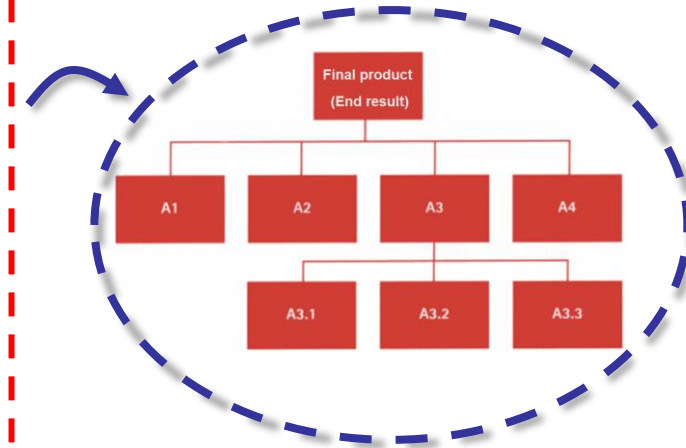
Project preparation

**Project initiation**

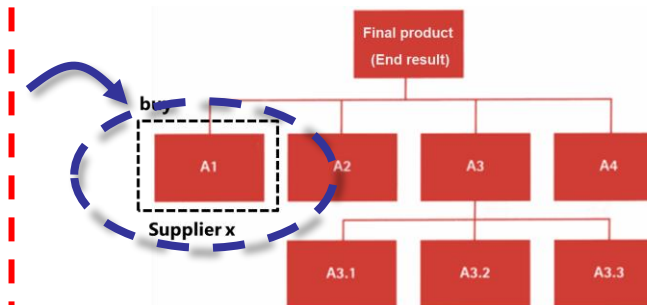
Supplier

- Definition documents
  - PBS module (**HOW?**)
  - Module design (only top level design)
  - Feasibility module
- Project management plan (PMP) module
  - Plan module development (design, build, test)
  - Quotion, contract

Decision execution= contract (Decision to fund)



**Project execution**



Source: PULZ, 2022

# Staircase model

**Customer and supplier both go through growth in terms of maturity level,** in which the customer learns to outsource at a higher level and the supplier learns to engage and execute assignments at that same level.

You can only do business **if you both act (and have the ability to act) at the same stair level.**  
***Inequality leads to failure!***

Each level is associated with a different business model or **contract type.**

This is a **long-term relationship,** in which added value grows and parties become increasingly close and **dependent on each other.** ***It takes two to tango!***

# Staircase model: levels of ownership in subcontract management



**It takes two to tango!**

Source: Philips, 1999



# Staircase model: levels of ownership in subcontract management



**It takes two to tango!**

Source: Pulz, 2022



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