

Are Project Management Services Right for You?

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Outsourced project management can decrease time to market, provide documented results and performance, and optimize business processes.

In the pharmaceutical industry today, outsourcing has become a customary strategy for reducing costs and enhancing or maintaining the productivity of the drug development, approval, and manufacturing processes. Although outsourcing professional project management can also provide similar benefits, it is less commonly used because its potential application and effect (i.e., the amount of training that a project manager requires and the value of hiring one) are misunderstood.

Pharmaceutical companies that use project management services typically experience reduced time to market, less-costly manufacturing processes, and better information flow among worldwide R&D teams. Should your company consider outsourcing this capability? If project management services are right for your organization, you'll need to conduct a proper search for and evaluation of project management firms. This article provides helpful strategies for selecting and partnering with outsourced professional project management providers.

Assess internal capabilities

As a frame of reference, you should first evaluate your company's current ability to accomplish its priorities. Is your staff already overcommitted? Are strategic initiatives or tactical projects often behind schedule or over budget? Many companies answer "yes" to these questions more often than they would prefer.

These stumbling blocks can be at least partially resolved through more-sophisticated project management practices and

resources. Assessment begins with answering the following questions:

- Does your organization have a defined process for managing tasks?
- Do you recruit and dedicate staff only to managing projects?
- Are your current project managers formally trained in project management and are then continuing to improve their skills?
- Has your project management performance been evaluated?
- Have you collected and analyzed empirical data that categorize and describe projects and identify all project management costs (absorbing allocated burden and other related expenses)?

Very few companies have evaluated their internal project management at this level of scrutiny. They focus instead on their core competencies, which prevents them from giving adequate attention to managing teams or coordinating and executing strategies in an optimal manner.

At many corporations, project management is relegated to engineers, scientists, or researchers. It is either assigned on the basis of personnel availability or added to a technician's daily tasks. Problems abound when internal staff (even internal project managers) are spread too thin and results and costs are not documented or measured. Hiring an outside project manager can help ensure that your project will receive proper attention without the encumbrance of competing responsibilities or internal politics. Outsourced project managers should possess business management expertise, project-management protocol knowledge, and facilitation experience. The latter depends on leadership ability (i.e., the project manager's character, behavior, and attitude), which is just as important as methodology. Because leadership is different from organizational ability, it's a good idea to hire a project manager who exhibits both qualities.

Essentially, project management is a means to achieve a result. When it is fully developed, project management should be viewed as a profession in its own right—especially when the knowledge, tools, skills, and protocols required for successful coordination and completion of any project are practiced as a core competency.

Search and evaluate

You can search for general information about project management service providers on the Internet, or you can locate professional publications and organizations such as the Project Management Institute (www.pmi.com). A network of colleagues is always a good resource as well.

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Project Management

Because a majority of firms practice project management as one of many services, no list of project management specialists under standard industrial classification codes currently exists. If you are interested in hiring a firm for a particular type of project, you should begin your search using general categories. For example, for help with a product launch, seek consultants with project management services under the product development category. However, with this type of search, you may find an engineer or a consultant but not a project manager in the strictest sense.

Next, narrow your search to your geographic location and other basic criteria such as years of experience and type of clients. Then narrow your search further by prioritizing specific aspects of each provider. Many companies limit their evaluation approach by asking only about costs and experience that are specific to their industry.

Values and philosophies. The firm you select should have a company culture, values, and philosophies similar to your own company's. This aspect of the evaluation is frequently overlooked because many companies view project management one-dimensionally—as a skill. Project management, which is a leadership role, implies that you are introducing an outside resource who will help influence and catalyze your team. This resource must be able to work effectively within your company culture. Again, your search for a project manager should extend beyond technical competence.

Personnel and management's quality and experience. You should hire only proven project managers with specific training for and experience in leading projects. Ideally, they should be backed by a company whose business model incorporates a well-defined and continually improving project management process, a quality assurance methodology, and a responsive support staff who will take responsibility for the success of your project. Ask how the firm ensures that it has qualified personnel. How does it evaluate potential employees? How many leaders has it hired within the past five years? Then check the firm's hiring and retention statistics. If this information is not available, be concerned. Firms that hire and fire on the basis of the amount of work available aren't likely to be interested in nurturing and retaining qualified project managers. Look for firms that retain their project managers, even in lean times, to ensure the reliability and quality of the service. Finally, review the firm's overall staff development and retention. The firm you select must be investing in its personnel to provide leading-edge services.

Processes and protocols. It's important to choose a firm with a well-defined business-process guide that explains how the company conducts a project from start to finish. A formal process should dictate how the two organizations will work together to identify the project objective; the justification for expending time, human resources, and money to accomplish the objective; and the project scope. Next, your strategy, budget, and resource plan must be developed. This process should include any assumptions or external factors that may influence the project's success.

After the firm has explained its business process, ask for proof of its application. Look at reports from past projects, especially

projects that are similar to yours. Do the steps taken follow the firm's purported business process? What comments about results and overall performance were made by past or existing clients?

Key proficiency measurements. Project management service providers should offer a standardized set of metrics. The most common project management measurements such as scope, budget, and schedule should be a base line.

Other metrics that correlate the cost of services with the value of achieving targeted goals are

- return on investment (i.e., cost savings, cost avoidance, and revenue generation)
- early completion value
- timely and effective communication with stakeholders
- optimal use of resources
- team management
- measurement of internal customer satisfaction
- effect on company culture.

Self-audit process. Ask the firm how the quality of its service is controlled. Does the firm audit and enhance its own business practices? This type of feedback can help the firm improve and create more value for the next project. Progressive firms apply the lessons they've learned to their business processes. By ceaselessly analyzing performance, the firm should deliver increasingly better results. The firm you select should be dedicated to developing and maintaining best practices.

Planning and executing a business strategy. Any firm providing project management services should have an exceptional business plan. When interviewing potential firms, ask each one to share the highlights of its strategic and annual plans. Ask how performance is measured, and then decide whether the firm can prove that its plan has been applied and delivers results. If it can't, move on.

Determine cost versus value

Rates from various service providers can be deceiving. Be sure to find out exactly what the hourly rate includes. In some cases, firms initially offer what seem to be relatively low rates, but in reality, additional charges for administration services and other hard or soft costs will be added to your bill. Find out the details up front.

Compare each firm's entire package of services. This relates to the firm's measures of success, both tangible and intangible, and the caliber of its processes. Not only should you hit the targeted budget and timeline and see a hard-dollar return on your investment, but you also should place value on effective communication such as regularly documented progress and assurance that all team members have a detailed understanding of their responsibilities. After the project is completed, you should have a full report of measured results.

Retain the relationship

If you hired a provider and are happy with the delivered service, then you'll want to retain the advantages of such a positive working relationship. Few companies focus on retaining their outsourcing partners. Most of them believe it is sufficient

Table I: Project management options.

Options	Advantages	Disadvantages
Outsourcing all project management	<ul style="list-style-type: none"> ● On-demand fully trained professional resources ● Proven project management processes ● Flexibility to work on various types of projects ● Flexibility to vary the number of personnel as the project demands ● Access to project management best practices across industries ● Ongoing management and training provided ● Positive effects on company culture from an external source 	Greater reliance on, and trust in, outsourcing partner when assigning the right project management resources
Keeping all project management in house	Complete control over resource retention and project assignments	<ul style="list-style-type: none"> ● Significant investment is required to recruit, train, and develop skilled individuals and develop the support systems and processes necessary to sustain world-class performance ● Difficult to react to fluctuations in workload ● Internal resources are distracted from focusing on core competencies such as research, development, and manufacturing
Mixing internal and external project management	<ul style="list-style-type: none"> ● Access to outside project management for large, complex, cross-functional projects ● Opportunity for internal resources to learn from outside project managers, thereby enhancing the internal company culture and skill sets of internal team leaders 	<ul style="list-style-type: none"> ● Potential for inconsistencies in standards between the two management services ● Requires some investment to train and develop internal resources in basic project management practices and leadership skills

to consider the partner for additional engagements without any real commitment. Unfortunately, it's often these same companies that expect to receive special treatment when there is an immediate or high-priority project. They view the relationship as a buyer-supplier arrangement. Most high performers want more than a paycheck; they want recognition. This payback can be accomplished in part by the customer's commitment to building a relationship. The best way to secure a long-term partnership is to establish trust, eliminate perceived threats and divisive labels, acknowledge true value, consider the provider's goals, and allow for honest mistakes.

Build and maintain trust. Relationships require individuals who are willing to trust each other and who are truly interested in mutual success. Relationships are about challenging each other to improve and grow together, to learn from mistakes, and to make work socially and personally enjoyable. The greatest accomplishments can occur when people who trust and respect each other come together for a common cause. As a result, they work more efficiently and have more fun in the process.

Preempt the project management threat. Ironically, an outside project manager's successes can be threatening to a sponsoring company. Unlike those whose technical skills may be purchased from time to time (i.e., designers, programmers, engineers, etc.), project managers contribute leadership, which can be very threatening to some internal managers. Recognize the potential for your organization to react to this perceived threat, and

try to foster an attitude of acceptance. Don't let individuals' insecurities stand in the way of organizational improvement. Anticipate that there may be a perceived threat, reward performance and cooperation, and share the example and lessons learned through the successful experience.

Eliminate the terms *contractor* and *consultant*. These terms imply "from the outside." Project managers are expected to organize, coordinate, inspire, and facilitate inside a company. Project leaders can become attached to their teams, even when the organizations are assembled temporarily (such as for a project) to accomplish an objective. Project managers who care about team cohesion will not act as outsiders, and it is important not to treat them as such.

Recognize the difference between rate and value. Too often, a provider's hourly rate becomes the sole criterion for assessing value. Recently, a client who fully acknowledged a provider's outstanding performance, results, and more than \$2,000,000 in cost savings beyond fees opted to choose a provider with a lower hourly rate and with whom it had experienced performance problems in the past. Rate, however, is unimportant if targeted return on investment—both financial and qualitative—is exceeded, as had been the case in this instance. The lesson from this company's mistake is not to overlook the value being created in the long term in exchange for satisfying short-term cost-cutting measures.

Consider the provider's goals. Be concerned about the success

of your service provider's business. It's easy to forget that they also have a desire to prosper, to expand their business' reputation, and to provide for the health and welfare of employees and their families. Consider how your decisions will affect your project management partner.

Allow for honest mistakes. Evaluate how the mistake was managed as much as you would review how the mistake was made. Rely on shared values to resolve issues and to learn from mistakes. For example, if you believe that you both share honesty as a core value, you will trust that your provider has your best interests in mind. Mutual trust will allow you to accept an explanation of why an approach did not work. You will also believe that, in the long term, the cost of the mistake will be far outweighed by the benefits that have already accrued and those that are to follow. This is why it is important to choose service providers who share the same values. Companies that do not share specific values with their project management provider continue to treat the alliance as a contractor relationship, which will not lead to achieving the greatest possible value.

Experience multiple benefits

Whether you decide to fully outsource your project management or to blend the services with your internal team (see Table I), hiring an outside project manager can provide multiple benefits. Projects can be completed more effectively and cost-efficiently. Results and performance are documented, and qualitative improvements can be realized. The firm will be available as needed, eliminating the need to staff internally for a fluctuating workload.

As your confidence in outsourced project management increases, you will begin to see ways of applying its services throughout your company on a larger scale such as for faster product development, for optimizing business processes, for developing strategies, and so forth. When practiced by professionals, outsourced project management can transform the way companies think, behave, plan, execute, and succeed.

The extent to which you engage a project management firm depends on your resources and needs. Assessing the advantages and disadvantages can help ensure project management excellence in your organization. **PT**

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ABOUT IPM

Integrated Project Management Company (IPM) re-defines the value of project management for Fortune 500 companies worldwide in the industrial, consumer products, healthcare, and information and communications industries. Since 1988, IPM has raised the bar on traditional project management – both in how it is used and in the results it achieves.

IPM built its business by taking what was considered strictly an engineering function and applying its precepts to any business objective to help a company move faster and more effectively to achieve it. Because project management is IPM's core competency, the company combines technical and business management expertise with the company's proprietary Process – Discipline – Leadership protocol to achieve measurable results in:

- Strategic planning and organizational alignment
- Business process optimization
- Product development and lifecycle management
- Information management and technology applications
- Manufacturing and chemical process analysis and capital project management
- Site facilities and infrastructure planning and capital project management

Unlike business consultants and engineering-oriented service firms, IPM not only makes the recommendations, but also leads execution and measures the value delivered. This approach helps companies meet their objectives faster and more effectively, allowing them to lead and not follow.

