



Grindyzer

Project Management Outsourcing

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Abstract

A well-tuned PM function (i.e., operations) can provide many benefits to an organization including:

- On-time project delivery within budget and scope.
- Improved communication, resource utilization, and business processes & methodologies.
- Improved project delivery reporting which then allows for more effective decision-making.
- Optimized coordination and alignment across all other organization's functions.

An increasing number of organizations are choosing to outsource their PM operations. PM Outsourcing provides clear advantages over in-house Full Time Employees (FTEs). In general, an Outsourced PM Provider can:

- Be more cost effective.
- Maintain a high level of PM skill and management in a broader range of industries.
- Provide scalability and flexibility to react quicker to unexpected workload demands.

PM Outsourcing Models:

Outsourced PM operations
can be categorized into
three different models:

1. Project Delivery Framework (“PDF”)
2. PM Professional Services
3. PM Mentorship

PM Outsourcing Models:

1) Project Delivery Framework

- This model entails engaging with an Outsourced PM Partner to assist with the development and implementation of an organization's PM Project Delivery Framework (PDF) which includes defining and establishing methodologies, processes, best practices, standards, and templates for project delivery.
- The PM Partner can be involved in two different aspects as it relates to this model:
 - (1) They can assist with establishing the PDF whereby the organization would gain from the extensive expertise and proven track record of the PM Partner
 - (2) Once the PDF is in place, and to ensure continued adherence to best practices, the PM Partner can stay on to manage the PDF on an on-going basis, adjusting the PDF to meet changing organizational needs as well as market demands.
- An organization should consider this model if it lacks a structured project delivery process or if its project delivery process consistently does not meet the organization's performance and financial objectives.

PM Outsourcing Models:

2) PM Professional Services

- This model addresses the Organization's need to bridge the gap when workload demand exceeds inhouse PM resource capacity. An Outsourced PM Partner can augment the Organization's existing PMO (Project Management Office) in times of high demand.
- The Outsourced PM Partner would assign project managers, as a seamless extension of the Organization's PMO, to drive project execution from planning to closure. When employing this model with the Organization's existing PDF ("Project Delivery Framework") it is important to ensure that the PM Partner can accommodate and is attuned with processes already in place.
- An Organization may decide to fully outsource their PM Function. In this case the PM Professional Services model is often coupled with the aforementioned PDF model to provide a comprehensive "turnkey" solution for the Organization's project management delivery needs.
- An Organization should consider this model if it does not have adequate PM resources to quickly scale and respond to changes in workload or market demands.

PM Outsourcing Models:

3) PM Mentorship

- This model is more specialized in nature whereby an Organization requires a specific supportive PM function or skill set. For example, the Organization may require a PM Trainer, or assistance with KPI reporting and monitoring, or PM expertise with specific credentials (i.e., Scrum master, Agile, etc.).
- PM Mentorship could also entail outsourcing of a Program Manager to provide leadership and guidance of PM operations. The Outsourced Program Manager can build and deliver training programs, help implement a KPI reporting methodology, and mentor PM resources.
- An organization should consider this model if it has a requirement for a specific skillset or senior consultant for its existing PM operations.

Benefits of the PDF Model

Reduce Project Cycle Time

- The establishment of a PDF (“Project Delivery Framework”) can significantly improve project execution and reduce project cycle time which yield improvements in an Organization's financial performance and CSAT scores.

Good Governance

- Having a well-developed PDF will lead to good governance, improved project success rates, and boost business results and profitability. Moreover, a highly tuned PDF :
 - Improves visibility into project delivery performance
 - Improves accountability through KPIs and reporting
 - Improves the quality of project execution
 - Creates a consistent and predictable approach to project delivery
 - Facilitates better communication to mitigate risks before they become unmanageable

Alignment with Organization’s goals and objectives

- An established PDF can serve to align goals between PM Operations and other departments’ objectives. For example, PDF processes can ensure project cycle time goals are aligned with the Organization's quarterly or year-end financial goals.

Benefits of the Professional Services Model

Quality

- An Outsourced PM Partner can be held accountable to the highest standards and Service Level Objectives based on an Organization's expectations and goals. As such, the PM Partner is incentivized to maintain a highly talented resource pool with a proven track record of successful project delivery.

Speed

- The core of a PM Partner's operating model is built on providing a rapid response team of PMs, ready to be quickly deployed into action. As a result, an outsourced PM Partner can react faster to an Organization's sudden increase in workload as compared to in-house recruitment and training.

Scalability and Flexibility

- Outsourcing project management functions allows an Organization to easily scale up or down to changes in workload without the need to maintain a large and potentially under-allocated team of inhouse project management resources. Instead, this heavy burden is shifted to the Outsourced Partner.
- An Organization also benefits from the flexibility of replacing subcontracted resources without HR and/or other implications.

Cost-effective

- The Organization can benefit from operational efficiency by outsourcing to a partner. This efficiency is a result of mitigating under-allocation of in-house resources and limiting unnecessary resource idle time when there is a sudden decrease in workload.
- Furthermore, human resource overhead costs such as hiring, training, vacation, medical benefits, and source deductions that come with maintaining a large inhouse PM team is shifted to the PM Partner.

Benefits of PM Mentorship

Experience and Leadership

- An Outsourced PM Partner brings to the table proven expertise and best practices from a broad range of industries and sectors; An Organization can quickly reap the benefits from this knowledge and experience, averting costly mistakes and accelerating the Organization's learning curve.

Flexible Ad Hoc Approach

- An Organization can use an Outsourced PM Partner on an ad hoc basis to solve immediate constraints in knowledge and/or skillset. An Outsourced PM Partner offers the flexibility and experience to quickly address specific needs for a broad range of functions within an Organization's PM Operations.

A Fresh Perspective

- An Outsourced PM Partner can offer a neutral perspective and fresh pair of eyes, providing an unbiased assessment of challenges to make sound business decisions. Moreover, an Outsourced PM Partner can recommend new tools and methodologies for improving an Organization's project delivery processes.

Outsourcing Partner Selection

1. Choose a partner that complements your core values

It is essential to select a partner that has core values that closely align with those of your Organization; this harmonization will facilitate the integration and effectiveness of the partner within your organization. The following are just a few values that should be considered when choosing a partner:

- ❑ **Collaboration** – the PM Partner should have demonstrated ability to effectively communicate and collaborate with your inhouse teams. The PM Partner should also have the technical literacy (industry-specific speak/lingo) as well as problem solving and critical thinking skills to cultivate a team environment.
- ❑ **Absolute integrity** – The Partner should be accountable for their actions and should never undermine the integrity of your Organization’s inhouse teams.
- ❑ **Commitment to excellence** – The PM Partner’s mission statement should be centered around delivering best in class solutions to meet your Organization's specific needs. The PM Partner should also have absolute commitment to delivering meaningful value, achieving maximum customer satisfaction and project execution excellence.
- ❑ **Transparency** – As an extension of your Organization, the PM Partner should exhibit full transparency and honesty with your inhouse teams. Transparency is vital for growing the level of confidence and acceptance required to operate as a unified team.
- ❑ **Respect for others** – The Partner should believe in the importance of all stakeholders (internal and external) and value their ideas and beliefs thus working together toward common goals.

Outsourcing Partner Selection

2. Choose a partner that understands your business

It is important to choose a partner that has the specific industry knowledge for the task at hand. This industry experience increases the value the PM Partner brings to an Organization, improves the quality of project execution, and reduces ramp up time for resource assignment and effectiveness.

3. Choose a partner that is accommodating with a “can-do” attitude

The PM Partner should be able to rapidly respond to your needs and has the willingness and flexibility to accommodate accelerated timelines dictated by the Organization and market demands. This could include reprioritization of existing commitments, ability to learn new technology, or willingness to “roll-up ones’ sleeves” to overcome challenges or hurdles.