

MANAGING PEOPLE

Can You Outsource Project Management?

BY KEVIN FOGARTY

In new technology projects, the big question is no longer whether to outsource part of the work, but how.

Picking aspects of a project to outsource can be complicated for both technical and political reasons. The specifics of which work to farm out and when matter less than the quality of the three people new projects desperately need—a strong, involved sponsor from the business side, a good project manager and a skilled technical specialist, says David Hutchison, president of Excipio Consulting, which specializes in cost-justification of technology projects.

The first task is for the champion of the project to get it approved by business executives—by demonstrating its potential payoff, and keeping discussion focused on its business goals. The champion can also help rally the technical troops by participating in weekly status meetings and other production-oriented events to show that the business side is actively involved in the system.

The second, and most important, element to a project's success is the project manager, who should have more than just a couple of courses in project management and a reputation for being organized, according to Bob Wourms, director of outsourcing and professional staffing at consultancy Project Management Solutions.

"We recommend having a centralized project support office, with people who would manage the resources [and] provide scope management, risk management and operations for the overall program," Wourms says. Even lacking a central office, a complex project needs the kind of project manager who not only has experience, but who plans to rise in the organization in project-man-

agement roles. Without an upward career path for project managers, it's hard to get the most capable people to take on that job, he adds.

The third critical element is a skilled lead technologist, who can keep the programming on track and also oversee training for technical staffers who have moved on to the project in search of new challenges and skills, according to Hutchison. This on-the-job learning is a cost-effective replacement for training budgets that are often slim or nonexistent, he says.

Pulling staff off maintenance or other routine projects means hiring contractors to replace them, but those freelancers should come cheaper than those with the most current skills, making the investment in staff even more cost-efficient.

However, you should consider hiring additional people right away if you know you'll use them for an ongoing series of projects, say, rolling out SAP applications at a number of divisions over the course of two years, Wourms says.

Once you've put the lead team in place and assigned available staffers to the project, fill out the ranks with contractors, say consultants. Besides the fact that using contractors is an efficient way to get work done without paying long-term salaries and benefits, it's also a good way to try out potential new staffers before actually hiring them.

Even getting a project manager or lead developer on a contract basis can work, if you can transfer that person's skills to your own staff during the course of the project, Hutchison says.

But where should you look for that *übermensch* project manager? Try poaching from complex industries that are downsizing as well, especially construction and electric utilities.

"People who schedule nuclear power shutdowns are very good because they have to plan that out months in advance, down to 15-minute increments," Wourms says. "And when you put them in an I.T. environment, even on big projects with a lot of pressure, they can't believe how relaxed it is." ◀

▶ QUIZ: Looking for Leadership

Should you outsource your project management? It's a dicey proposition, but this quiz can help you decide. Rate yourself on a scale of 1 to 5, and look up your score below.

	DISAGREE				AGREE
Your project managers have formal training, lots of experience and are not just itching to switch to a different job.	1	2	3	4	5
You have a formal, proven project-management methodology.	1	2	3	4	5
You stick to your project-management methodology, always.	1	2	3	4	5
You have support staff who can help the project manager oversee risk, financing and other elements.	1	2	3	4	5

Score 4-8 Go for it. You need the help. But make it mandatory that the contractor train internal project managers as well.

9-16 Only outsource simple or non-critical projects.

17-20 Forget it. You have the skills in-house. Contract out the work, but not the supervision. You may also have the skills to offshore everything and maintain quality, helping your schedule and budget in the process.