Why Do I Need **My Own Project Manager** If the Vendor Provides One?

By Debbie Shatz

If you want to have a successful technology implementation, it is important to have your own set of eyes supervising the project.

A question asked fairly frequently by our clients is why they would need to appoint their own project manager to an implementation effort when their vendor is assigning one. The simple response to this question is: The vendor's project manager represents the vendor and its interests—so who will represent you and yours? ■ But the real reason each organization should appoint its own project manager is somewhat more complex. Ignoring this critical role can put your implementation at considerable risk of unmet deadlines and cost overruns, and can result in a failed implementation.

Differing perspectives

The reality is that the vendor and client organization approach the project from two different perspectives, neither of which should be ignored. While both share the common goal of getting the product implemented, the desired outcomes and definition of success may differ.

The vendor is interested in seeing its product implemented; it is focused on the *content* of the effort, which involves the actual execution of the technology. The organization's perspective reaches far beyond that goal, focusing on the outcome(s) resulting from the project, or the *context* perspective.

The organization needs to take a broader view of the implementation process, and manage the risks, benefits and changes the organization will experience throughout the process, to include the actual implementation as well as parallel activities affected by the implementation.

These different perspectives affect the expectations, goals and approach taken by each party during the engagement. For example, the vendor is typically focused on reaching a "go-live" date in the shortest time frame possible, as its contractual agreements usually structure the largest payment to occur at that time.

The organization often will identify custom functionality or a business change that is required before benefits can be realized, and typically will require many additional changes before allowing roll-out to occur. Without the organization's interests effectively communicated or advocated to all parties, opportunities for timely enhancements and/or change may be lost, forcing additional delays and/or costs later in the life cycle of the product.

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The client project manager plays a key role in defining the success of the project and ensuring that the product is implemented, and operational changes effected, in such a way as to achieve the benefits expected by the organization immediately, as well as in the future during the product's life cycle.

CC Pace has seen high costs associated with in-house maintenance of vendor products at client organizations due to the approaches taken during development and implementation. In many instances, the project team opted for a streamlined approach advocated by the vendor to meet its implementation time frame, without weighing the associated long-term costs. This left the organization to pay the price through ongoing higher maintenance costs. A more balanced and informed approach to the decision-making involved with the technical direction of many of these implementations could have saved these organizations money in the long run.

Another point of differentiation is the general approach to risk management and issue resolution. The organization is looking at the larger picture, and is more able to proactively identify needed changes and recognize areas of risk and potential conflict to achieving its project goals.

The vendor, on the other hand, will usually have a narrower, more reactionary approach to the risk-management effort, as it is focused on the implementation itself and may not be prepared to address issues associated with other related projects, critical success factors and project dependencies that fall outside of the vendor's scope of services.

Resource allocation and competing priorities are factors that illustrate how a vendor can be at a disadvantage when its project manager alone is directing the progress of an implementation. While the vendor could request the support it needs from the organization, it may be unaware of the competing priorities or related projects that are also pursuing those resources, and therefore be unable to lobby for the appropriate support for its effort. When resources are pulled mid-project to address other priorities for the organization without notice, the vendor project manager can be found short of critical resources and unable to meet his or her timeline and objectives.

CC Pace has seen competing priorities take a toll on more than one project where the resources were pulled in multiple directions for high-priority efforts, causing one or more projects to fall behind with no information-sharing across those projects to better manage the resource time and project schedules.

Technology and its relation to process and organizational structure

As technology usage has advanced, so have the related complexities of its implementation. Today, technology is inextricably intertwined with business processes and organizational structure. Whenever one component changes, the others must be assessed as well. These components must work together to meet the goals and objectives of the organization and to support its business strategy.

Failure to appropriately balance the relationship between these components can present risk to the success of the organization, its business strategy and the individual underlying projects. In some cases, implementation of technology without careful consideration of associated changes to the business process or organizational structure can actually result in higher production costs, rather than any savings.

CC Pace was asked to review a troubled technology implementation project under way at a client's subsidiary. The subsidiary had slipped the targeted implementation date more than once, without providing a clear status of the effort or a new target date. The assessment concluded that the project was not being appropriately managed and was significantly behind schedule—even further than originally believed by management.

This effort involved a project being remotely managed by a part-time vendor-assigned project manager working with a part-time team of client employees. The client had the expectation that the vendor's project manager would provide the necessary guidance to lead the client to a successful implementation, which would be achieved without dedicated resources or commitment on the lender's part. However, the client failed to understand the limitations of the project manager's role or the client's own responsibilities to the implementation effort.

There was a shared lack of focus, as the tasks that were assigned to the team members often went untouched from week to week as other priorities from their "real job" took precedence. The vendor project manager was not appropriately positioned to petition management for additional resources, and could only cajole those assigned resources to try to spend more time on this effort.

At the time of the assessment, the vendor project manager was clearly focused on driving the subsidiary toward a goal of an on-time implementation that met the terms of their agreement, but there was no clear understanding of what compromises were being made or whether the end product would be "useable" by the subsidiary or with what limitations. The employee resources assigned by the subsidiary to work on this effort did not have the necessary experience or skill set to question the process being followed. The organization had made the decision to follow its vendor's lead, and so it did.

Instead of managing the project and its vendor, the subsidiary was being managed by its vendor. This led to a lack of structure and focus by the entire project team. The different and conflicting objectives of the vendor to complete an on-time implementation versus the subsidiary wanting a working application were not clearly recognized by either party as being different deliverables.

As the vendor was given the reins for this project, its priorities and perspective became the project drivers, and little attention was paid to the other needs of the organization. Lack of focused, client-driven project management led to a total derailment of the project.

The role of project managers

The entire effort—from the implementation of the technology to the management of the change to the organization (culture, process and structure)—needs to be managed. The project manager assigned by the organization has this responsibility and the associated authority to effect the needed change.

The project manager also has responsibility to manage the vendor activities, deliverables and schedule while establishing a foundation for the ongoing partnership between the vendor and the organization. Effective project management involves communicating both upward and downward within the organization in order to understand the business concerns, gain acceptance of the pending changes and gain project buy-in and support for the team's activities.

The vendor-appointed project manager is the point person to act as a liaison between the organization and the vendor. This individual is responsible for coordinating vendor resources, managing the vendor deliverables and handling support requests as they are identified. In addition, the vendor-supplied project manager or a member of the vendor's team should be expected to provide guidance to the organization on how to best leverage the vendor product by sharing best practices, processes and experiences of other companies using the vendor's technology.

As both stories of success and failure are useful to a lending organization during these planning activities, it is up to the organization's representatives to ask the right questions to collect critical information and insights from past implementations. The actual role of the vendor project manager will vary from vendor to vendor, and even project to project. In addition, the specific individual and his or her skill set will influence the respective role of the vendor's manager for any particular technology implementation.

The organization's project manager and the vendor's project manager should work closely together throughout the effort. In addition to leveraging the knowledge and experience of the vendor's project manager, these two managers must set expectations, establish a schedule and set milestones for delivery for both the vendor and the project team.

CC Pace was asked to provide the project manager for a client's loan origination system (LOS) implementation, and the vendor—desiring full control over the effort—questioned why another project manager was needed for the implementation.

When it was explained that the client's manager was focused on the end result (outcome) where selected functions were automated, processes streamlined and staffing adjustments completed as a result of the implementation—rather than on the implementation itself—the vendor realized that management of the changes related to those areas was outside the services it was capable of offering. The vendor, as a result, became supportive of the dual management for the implementation.

Managing expectations

It is important that the organization communicate what its expectations are for the vendor's project manager as early in the process as possible. It would be ideal to include this as part of the contract negotiation process, as this may influence the specific resources assigned to the engagement by the vendor.

The role and responsibilities of the vendor's project manager, along with any expected experiences or skills, should be clearly identified and discussed. The assigning of resources should not be based on faulty assumptions for lack of adequate information sharing upfront. The more definition provided, the greater the likelihood the project manager will fit the organization's expectations.

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The lending organization should ensure that it retains the contractual right to decline any resource assigned by the vendor. While it is hoped this clause would not be needed, it is important to have the option available just in case.

In a recent discussion that CC Pace had with one of its clients, the client recounted its frustration with a vendor when repeated requests for guidance on how to best leverage the vendor's product within the organization were left unanswered. The vendor employees were sufficiently skilled to complete the implementation itself, but the vendor lacked the level of expertise or breadth of knowledge needed to advise our client on broader issues.

The vendor failed to meet the client's needs because the expectations were never clearly communicated between the parties before resources were assigned. It is incumbent on the client to clearly identify its expectations at the outset to avoid this type of frustrating scenario.

Assigning a project manager resource

While someone should always be appointed to represent the organization's interests for any initiative, the type and skill set of the resource needed can vary based on the scope and complexity of the initiative and the skills that the vendor brings to the engagement. The project's level of effort, technical complexity and organizational impact should be considered when selecting the appropriate employee resource and needed skill levels.

The greater the risk to the organization, the greater the need for a highly qualified and dedicated project manager to help mitigate that project risk.

Factors that contribute to a project's complexity (and risk) include the involvement of multiple business areas; political undercurrents associated with the effort; the amount of organizational or process change expected as part of the effort; and the technical complexity and impact to the organization's infrastructure.

Straightforward projects that involve a single business area with minimal change to the process or organizational structure might be adequately served by a less-experienced project manager. More complex projects, however, almost always require a more senior project manager's capabilities to appropriately manage the effort, communicate status and address issues as they arise.

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Depending on the size and complexity of the effort, it is possible that a single project manager is insufficient to represent the lending organization and manage all of the activities. In these situations the project manager is placed into a program-manager role with multiple project managers reporting to him or her, with each project manager being assigned clearly defined areas of project responsibility.

Once the requisite skill set and experience levels are identified, the organization then needs to determine if it has the appropriate resource in-house or whether it will be tapping outside sources to assist in the effort.

Working together

To ensure a successful venture, all parties need to establish a clear understanding of each other's roles and open lines of communication. They also need to work to develop an environment of mutual trust. Open access provides the pathway to a successful relationship; an open exchange of information throughout the project will facilitate quick resolution when issues do arise.

As the lending organization's representative, it is the project manager's responsibility to understand and monitor the project status as reported by the vendor. The vendor may report that 80 percent of development is complete, but how should that be interpreted? Does it mean that 80 percent of the tasks are complete, including some that might not have been started? Or does it mean that all tasks have been worked on and all are 80 percent complete?

Both are reasonable interpretations, but the difference is significant. It is the client project manager's responsibility to make certain the right questions are being asked to ensure that expectations are being met throughout the implementation.

Another common area of confusion stems from the wide range of abbreviations, acronyms and other "shortcuts" commonly used in discussing industry terms, processes and products. These terms often differ among entities.

As a result, the project manager must work between the organization and its vendor as an interpreter to ensure consistency in meaning. All too often, the two parties can find they are using completely different terminology while in reality discussing the same thing—and vice versa. It sounds simple, but lack of clear understanding can lead to ongoing confusion, missed deadlines and higher implementation costs. A common standard for communication needs to be developed early in the process.

Summing up

Having an experienced project manager who represents the lending organization's best interests is one of the overriding factors that will determine the success or failure of a technology implementation project. The project manager will perform many key functions, the importance of which cannot be minimized. These include the following:

- Project planning and oversight—which include defining and managing all project activities, many of which are outside the scope of services offered by the vendor.
- Change management—defining process efficiencies and managing business process changes enabled by the product rollout.
- Resource management—ensuring the internal resources are allocated properly to perform essential project functions (e.g., requirements definition, testing, configuration, training).
- Vendor management—managing the vendor project timeline to ensure the vendor hits project milestones and delivers based on client-driven expectations.
- Issue resolution—acting as project liaison between vendor and internal business and technical staff to resolve issues related to functionality and technology. Engage those in the organization sponsoring this effort and who are most responsible for and impacted by its outcome in status reporting and critical project decisions (e.g., scope changes).
- Stakeholder buy-in—working with project sponsor to develop and implement a communications plan that will ensure continued buy-in from all project stakeholders. Note: Stakeholder buy-in is an often-ignored critical success factor to any implementation project.

Whether the project manager is staffed in-house or via an external consultant, having the skills and experience needed to plan, execute and respond to ongoing project issues will be critical to meeting project objectives and delivering on time and within budget. A good vendor project manager will get you part of the way, but having a qualified resource to manage the full breadth of project activities and stakeholders is key to achieving a successful project outcome. **MB**

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