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Challenges to Project Management
in the Consulting Environment
By Ronald Look, PMP

If you thought project management could be challenging, try doing it in the consulting environment. For the consultant project manager it's a case of having four entities to whom you are responsible: the project, the stakeholders, consulting company management and client management. But which of these entities are similar and which ones differ between the consulting environment and the in-house non-contracting environment?

The project itself as a beholding entity? Is a project a living entity? Yes, as a project evolves it takes on a life of its own that must be bent into shape by the project manager. All project managers experience this in whatever environment they find themselves. For this entity there are few differences between the consulting and in-house project management environment. Likewise, all project managers experience the second entity, the stakeholders. A stakeholder's primary concern is whether the project will meet their goals and expectations. They have less concern over who is managing the project. "Just deliver what I need, now!"

This brings us to the third and fourth entities which involve management. All project managers are accountable to some management chain. The chain for an in-house developed project is significantly different, and not nearly as difficult to manage, as in the consulting environment. The managers are generally sympathetic and anxious to help the project manager, because they are more aware of the project challenges and details. The stakeholders work for the same company and hence there is no formal contract with dollars involved. Yes, some mature organizations have internal agreements and budget accountability between business areas and the department driving the project, but contracts with real dollars? No. There is a difference between budget dollars and comptroller checks. Contrast this to the consulting environment, where the management reporting chain breaks into two distinctly separate and challenging entities: client management and consulting company management.

Let's take a closer look at client and consulting company management and their impact on project management. They present the project manager with two additional reporting chains besides the stakeholders. First, consider the consulting company management, or the vendor as client management commonly refers to them. Vendor management has a vested financial interest in the project succeeding - its profit is dependent on it. Providing successful services is their business. Vendor management, generally not on site with the client, is removed from many of the details of the project, and rightfully consider the details to be the responsibility of their onsite project manager. Vendor management has three primary concerns. Are we on schedule? Are we within budget? Are the invoices paid? There is little flexibility with this. The word 'but' as in

'yes, but' and 'no, but' is frowned upon, even if the client understands and agrees with the issue. If a schedule, budget or invoicing issues arise, the project manager will be more accountable to their organization's oversight. It means more time spent explaining and documenting, and often changes the project manager's daily activity.

Generally speaking, this is not all bad for the project manager. If a project is troubled, changes are often necessary. However, problems can arise when there is an overreaction by vendor management and the resulting change in project management oversight causes the client to become upset, as in "Why are you wasting your time and mine with this? There are more important issues." The lesson learned here is that it does little good to follow strident procedures blindly if it finds you booted out the door. The challenge for the project manager is to find the right balance.

In some ways client management is in a similar position to vendor management, being possessors of vested interest, but only high level project detail. Staying within budget and on schedule are also their paramount interests. Although both client and vendor management share many common goals, their approach to handling the project wildcard, scope management, varies greatly. Client management will try to find every way to include any functionality that remotely resembles a scope item defined in the statement of work. "Of course widget maintenance is in scope. Would we have wanted you to build something we could not change?" On the other hand, vendor management sometimes does everything it can to break down functionality to the smallest pieces to illustrate how something is not in scope. "You didn't say you wanted the capability to track assignments, just to make assignments." This is like providing tooth paste and a brush but not allowing for teeth brushing.

Both perspectives are understandable since there is a contract involved, and money makes people do odd things. The client will try to get as much as they can for their money when something is disputable. There is little concern for the vendor pain it may cause. "They are paid well to make this work!" Because money issues are so visible in a contract environment, they can bring up emotional issues on the client side who may express their belief that they have already paid enough for this project and don't feel that they have received a fair return, even if this belief can not be clearly substantiated by what was agreed upon in the statement of work. This trump card alone can get the client what they want, or very close to it, in a client-centric compromise.

On the other hand, the vendor does not want to give away product they don't feel has been paid for. "If it's not documented in the scope statement it's not paid for." They have their own perception of what was meant by a scope item when translated into a deliverable. This perception drives their views on contract issues. As the vendor project manager in these situations, one quickly learns that the person paying the bills usually wins these debates. At best, the project manager can try for a compromise to appease both sides. It's better to still have a project with a smaller margin than no project or margin at all.

Contrast this to how scope disputes are typically resolved on an in-house project. Here decisions are based more on a logical review of risk and reward. The project sponsor decides the issue upon gathering the perspectives of the development team and stakeholders. Just as in the consulting environment there is discussion, sometimes heated, over what was meant by a scope item. Sometimes the project sponsor will decide the feature is not critical enough to incur the added risk its development, usually in a compressed time span, will bring the project. Other times the project sponsor decides the feature is so critical to the business goal that it simply must be included, despite the added development risks.

Similar to scope management, client and vendor management have conflicting perspectives when it comes to acceptance management. Vendor management pushes its project manager to be aggressive in managing the acceptance of deliverables. Issue logs are littered with entries regarding the client's lack of acceptance of deliverables. Why is this so? Of course it has to do with money.

In a fixed price contract client acceptance of deliverables triggers the invoicing and payment processes. So client management will naturally be reluctant to sign acceptance documents for precisely the same reason vendor management is anxious to submit them - money. If payment is required for the deliverable, the client will be hesitant to sign off on it until absolutely certain all features are working to their satisfaction. Hence for the consulting project manager the process of receiving acceptance of deliverables has become an art form. It is a multi-step process: informing the client of the request for acceptance will be coming, trying to make them feel comfortable about the deliverable, presenting the acceptance document and lastly following through on all items the client requires as a condition for acceptance.

One final noteworthy difference between the consulting and in-house environments is related to project team dynamics and accountability. The consulting environment brings the 'us versus them' mentality to the project, which can hurt everybody if not managed properly. When the project hits the inevitable bumps in the road, the hired gun often will be the first to be blamed. In the in-house environment when the bumps surface the project team members can only look at themselves for solace.

So to summarize, the biggest difference for project managers between the in-house and consulting environments is related to managing the diverse client and consulting company management chains. Both of these entities want the project to succeed but have different views on scope and deliverable acceptance issues. Their perspectives are driven more by contracts and perceptions than project risk and reward.



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