



Podcast Series - "About Managing Contractors and Vendors"

Episode 1 Transcript: Introduction to Using and Managing External Resources

Hello and welcome. I'm Jim Everett and I have created this series to help you be better at Managing Contractors And Vendors.

More and more professionals and specialists like yourself are being given responsibilities for managing projects and programs, and often this includes an outside resource or vendor company. In many cases no one really tells you how to do it or gives you a lot of guidance.

So whether you're managing a relationship with, say, a large and outsourced fulfillment firm, an advertising company creating a campaign, or just managing a single contractor writing technical manuals, you'll find helpful tips and guidelines in this series.

In my experience, I've found that within a lot of companies, it is Human Resources or Purchasing who define and govern how vendors are engaged. Yet often these groups don't provide the kind of practical direction and advice that you need on a day-to-day basis to help you get the most from the outside resource that you use or have been assigned to manage.

Human Resource Departments tend to be more concerned with internal staff matters like employee training, orientation, and training people how to manage employees.

And Purchasing Departments focus more on contracts and agreements, and may treat the engagement and management of vendors as an acquisition or a commodity rather than a relationship with a complex set of issues that impact actual performance.

Managing External Resources is different from managing employees. So for individuals who have only been responsible just for their own work, or even managers of employee teams, taking on managing contractors, consultants or vendors can be quite a challenge.

In this series we will not talk about strategies for massive, multi-billion dollar IT and business process outsourcing projects. Although, if you have been given the job of managing a part of a large project like this you'll find a lot of helpful tips here. We've worked with and advised clients who manage large and small projects.

We'll focus on the kind of project or program where you are working directly with a vendor, contractor, or the assigned project leader or account manager from a vendor firm.

We'll share with you some of the most asked-for topics from our workshops, from our own experience, as well as what we have learned from people attending and the issues they bring from different work settings.

Here are just some of the areas you will hear about in this series:

- Moving from professional or individual contributor to being a manager
- Why, and how, managing contractors and vendors is different from managing employees
- Different kinds of outsourcing, and strategies for managing each case
- Selecting and engaging contractors, vendor companies and partners
- Creating Requests for Proposals, or "RFPs", defining selection criteria, setting out agreements, defining performance metrics – deliverables and milestones, as well as creating effective Service Level Agreements, or SLAs
- Engaging, briefing and kicking-off a project with a new vendor
- Working with former employees who are now contractors
- Day-to-day managing and problem-solving
- Handling changes - resetting agreements and pricing
- Games that vendors play; and games that clients play
- Partnering - when it is appropriate, and how to do it well
- Wrapping up projects and programs when they are complete - capturing lessons learned for next time

If you look around, you will see that in many of today's companies, there is a whole alternative workforce that creates what's been called a "shadow pyramid" with resources well beyond the permanent employees within the company.

The resources within this shadow pyramid, the shadow workforce, may be individual consultants and contractors, or employees of other organizations. They interface with customers, create intellectual products, handle problems, do creative work for you.

They are often your only face to the customer, and are often engaged in carrying out critical business activities. This is why it's so important that this resource performs well and is managed effectively.

So let us look at why companies use an outside resource instead of employees. Sometimes this decision is referred to as "outsourcing" - a term that has been getting some negative press recently. There are all kinds of outsourcing, for a range of different reasons. Sometimes it makes good business sense, and sometimes it doesn't.

Reasons range from expected cost-savings, to being able to get expertise or a business model that is different from what employees would be able to provide from within the company structure.

In some cases, team and department managers are told to expand the work of their unit (or do the same work but cut back on staff), and then have to resource the program or project from outside.

Some of the day-to-day issues and difficulties in managing these resources, in ways that can really impact company results, are often not fully appreciated by more senior managers. They usually are not part of Human Resources' charter, and may not be understood on a day-to-day basis by Purchasing Departments.

So it is really only the departments that use and manage these resources, and the individuals like yourself working directly with the vendors, who actually feel the pain and need some help.

This series is about helping individuals like you gain and learn the important skills and thinking to manage vendors, contractors and consultants, and how you can get the best results and outcomes.

In each episode, we will cover one or two areas that are important and that will be helpful to you. Such as, how you can focus on outcomes and results, how you define standards for the work to be done by contractors and vendors, or what to do when the project or work requirement changes.

I will be your guide. My work background and qualifications are in performance management – working within different organizations, and as an external consultant, helping people learn the role and skills of being a manager.

For some topics, I will be joined by my business partner, Jane Dixon. Jane brings a wealth of experience - business, financial, consulting and client management, as an executive from the corporate consulting world, where she has headed up large teams of professional services consultants, and strongly understands the delivery side of the equation.

As partners in Think180™, Jane and I have worked with a range of clients, advising senior managers, and have trained and coached many individuals through our workshops “Managing External Resources”, and “Creating Effective Partnerships”.

As we work with clients and deliver workshops we are asked quite a range of questions. In the next episode, I’ll go through these questions and maybe one or two will resonate with you.

Maybe you would like to hear an answer one of these questions. If so, send me e-mail and let me know.

If you have other questions or areas you’d like to see covered, send them in to podcast@think180.com for inclusion in our series.

I hope you heard something in our introduction that you think will help you, and you’ll come back to listen to other episodes.

Please visit the Think180 website at www.think180.com, where you will find a transcript of this podcast, along with articles and resources for better managing vendors and other external resources.

Hope to see you next time when we cover the questions people ask about managing external resources.

Thanks for listening.

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