



TenStep Supplemental Paper

13 April 2002

"Managing" Outsourced Projects

Outsourcing of project work is more common today than ever. However, even though you outsource the work, you cannot completely outsource your obligation to make sure the project is progressing smoothly. If all goes well with the outsourcer, you do not have much work to do. Unfortunately, in many instances, the outsourcing vendor does not perform against expectations. If that happens, you want to know about it as soon as possible. For the purposes of this discussion, let us assume that your company has outsourced a project, or a portion of a project. Your company has also asked you to manage the relationship to ensure the vendor performs as expected.

Many people are not sure what they should be doing when they are asked to manage an outsourcing relationship. Part of the uncertainty is because some of the project roles are reversed when you outsource work to a third-party. On a normal internal project, the Project Manager assigns the work and manages issues, scope, risk, quality, etc. The Project Manager makes sure work is done on time and the project is progressing as it should. He or she is held accountable for the success of the project. Other people perform a quality assurance role to make sure that the project progresses as it should. A formal quality assurance group may do this, but it is more likely that the sponsor and the manager of the Project Manager perform this function. They are not interested in knowing all the details of what is going on, but they need to ask the right questions to feel comfortable knowing that things are progressing as they should.

On an outsourced project, the roles are still in place, but different people perform them. If the work is truly outsourced, the Project Manager for the vendor should be the one who is worried about the details. The vendor Project Manager is planning and assigning the work, and managing issues, scope, risk, etc. In this situation, even though you may be asked to "manage" the outsourced project, you really take on the quality assurance role. You need to ask the right questions to make sure that the vendor is doing his or her job correctly. You do not necessarily need to know all the details of how he or she is managing and executing the project, but you have to feel comfortable that the project is progressing as expected.

What to Look For at the Beginning

First, look for the up-front deliverables that you expect all projects to have. For example, is there a Project Definition document? You need to make sure that they have defined the project correctly and to your satisfaction. You should approve this document. The vendor must also have a project workplan. As the project moves forward, you must be aware of the key milestone dates, and there should be a formal checkpoint to ensure that the deliverables produced up to that point are complete, correct, and on time. You and your sponsor should formally approve the important ones. If there is a partial payment being made at a milestone, you need to ensure that the criteria for payment are all defined and that they are in fact completed. Depending on the nature of the project, you may require



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regular status meetings and formal status reports. The type of questions you would ask at the beginning of the project includes:

- Has a **Project Definition** (or similar document) been approved by the appropriate stakeholders and managers at your company?
- Is there a contractual agreement that spells out the expectations of both parties in terms of deliverables to be produced, deadlines, payment schedule, completeness and correctness criteria, etc?
- Has a comprehensive project workplan been created?
- What project management procedures will the vendor use to control the project?
- Has the vendor been clear on what resources will be needed from your company and when they will be needed?
- Have a number of agreed milestones been established to review progress so far and validate that the project is on-track for completion?

Ongoing Questions

As the project is progressing, you must continue to ask questions to determine the current state of the work. You may have status meetings weekly, but there should be a formal quality assurance check at the end of every agreed upon milestone. The types of questions you would ask at every milestone include:

- Have the deliverables specified in the **Project Definition** been completed up to this point?
- Have the appropriate deliverables been agreed to and approved by the company?
- If the vendor has met expectations up to this point, have any interim payments been released?
- Can the vendor clearly explain where the project is vs. where it should be at this time?
- Will all the future deliverables specified in the **Project Definition** be completed?
- Are issues, scope, and risks being managed as stated in the project management procedures?
- Should the contract or **Project Definition** be updated to reflect any major changes to the project?

Once you understand your role on the project, it is easier to ask the right questions to make sure that everything is progressing as it should. For a more comprehensive list of questions, see the **Quality Assurance Checklist for Outsourced Projects** in the Template Library.