

Types of project management services provided by supplier organizations to owner organizations

By Alan Stretton

BACKGROUND

I spent most of my nearly forty “hands-on” years in project management in fully project-based organizations which supplied project management services to external customers – i.e. supplier organizations (abbreviated to SOs in some figures below). Much of my writing has reflected this perspective. However, a good deal of the standard literature on project management reflects a different perspective, which is that of production-based organizations which undertake projects from time to time. Sometimes such projects are undertaken wholly with in-house resources. But here we are concerned with externally provided project management services to such organizations, which I will describe as owner organizations (abbreviated to OOs in some figures below – following Taggart 2015), and sometimes as clients.

My supplier organization perspective had always appeared to me to be a minority one. However, Taggart 2015 has argued that there may be more project people practicing in supplier organizations than in owner organizations. This argument has led me to revisit some of my thinking about project management in relation to supplier organizations, and how they relate to owner organizations, as now introduced.

INTRODUCTION

In this article we will first briefly look at the very wide range of application areas for project management services which can be provided by supplier organizations. We will then broadly re-classify such project management services into four basic types, which would apply irrespective of their particular application areas. These are:

- Asset/service delivery via traditional contracting;
- Asset/service delivery using external modern project management services;
- Asset/service delivery using external project management services, plus ongoing service provision;
- Project management consulting services

In particular, I will be looking at how these project management services relate to typical owner organizations’ project life cycles, particularly in relation to timing aspects. I will also briefly discuss relationships between the supplier and owner organization in each case, and also on success criteria for each.

We start with looking at the range of application areas for project management services which can be provided by supplier organizations.

APPLICATION AREAS FOR PROJECT MANAGEMENT SERVICES

Pells 2011 developed a Project Management Industry Classification System comprising six major components, one of which was a classification of professional services, as follows:

5. Professional services
 - 5.1 Educational services
 - 5.2 Health & medical services – hospitals, surgeries, medical analysis, long term care, cancer treatment, etc
 - 5.3 Engineering & construction services – commercial, industrial, residential
 - 5.4 Employment & human resources services
 - 5.5 Accounting & business services
 - 5.6 IT Services – data processing, system support, design & development
 - 5.7 Financial services – banks, mortgage finance, insurance, mutual funds, diversified services, capital markets, real estate investment services
 - 5.8 Management services – including management consulting and project management support
 - 5.9 Retail, wholesale and selling services – including advertising
 - 5.10 Environmental services – assessments, clean up, remediation
 - 5.11 Security services
 - 5.12 Other professional services

This is a very substantial list indeed. It appears to cover the various areas in which project management services can be involved reasonably well, although it may well be that more could be added. However, this is not the primary concern of this article. Our concern here is with the four broad types of project management services that can apply, irrespective of application areas, as outlined in the Introduction. In the course of discussing these, I will be relating certain timing aspects to an extended project management life cycle, which we now introduce.

A SIX-PHASE PROJECT LIFE CYCLE MODEL

A model by Archibald et al 2012

Archibald et al 2012 proposed the following six-phase project life cycle model, which adds two phases to the most widely used four-phase project life cycle. (This reflects what some other authors had already done previously). Archibald et al describe these as an *Incubation/Feasibility* phase, prior to a *Project Starting* phase, and a *Post-Project Evaluation* phase after *Project Close-out*.

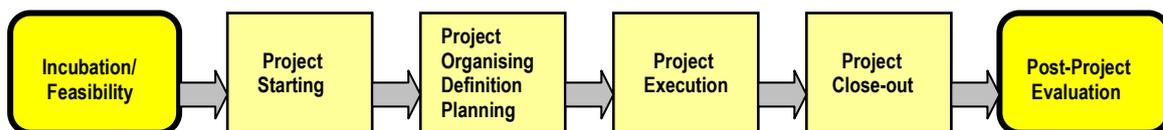


Figure 1: Archibald et al 2012, Figure 7: Proposed six-phase comprehensive top level project life cycle model

This is a basic owner organization's project life-cycle, but we will now modify it slightly to include ongoing service provision by the supplier organization.

A modified six-phase project life cycle to include ongoing service provision

Figure 2 below has modified the above project life cycle to make specific provision for the addition of ongoing project management services, to accommodate the relevant type of project management service listed above.

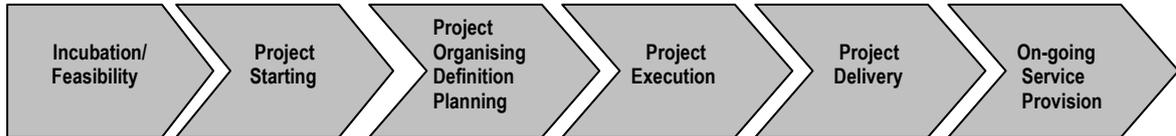


Figure 2: A modified six-phase project life cycle model to include ongoing service provision

We now look at each of the four types of externally provided project management services in more detail.

ASSET/SERVICE DELIVERY VIA TRADITIONAL CONTRACTING

Traditional contracting, and the owner organization’s project life cycle

Winter et al 2006 discuss traditional contracting as follows.

In traditional projects, the life cycle for the contractor starts with the invitation to bid and following successful tendering, the contractor delivers the project and is paid for it on completion via a stage payment formula.

As I have frequently pointed out, I do not regard this form of asset delivery as project management per se. This is because it separates design and construction responsibilities, and thence does not have the single-responsibility attribute which I regard as a key element of project management.

However, it remains a very widely used approach to asset/service delivery, so will now be briefly discussed

Elements of delivery via traditional contracting, and their relationship with phases of the modified owner organization’s project life cycle, can be represented as follows.

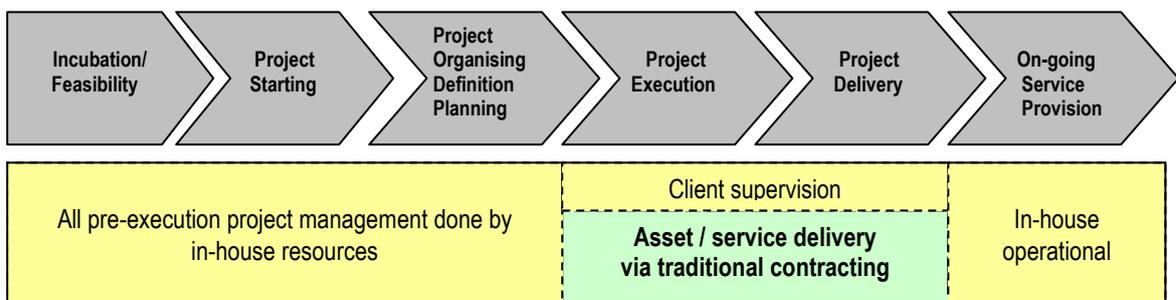


Figure 3: Relating SO delivery via traditional contracting to the OO project life cycle

Relationships between the owner organization and contractor

In my experience, the relationship between the client organization and the service provider can be a key factor in project success. In this case, the relationship is strictly contractual. The contractor responds to the tender documents and is contracted to deliver to the specified time, cost and quality parameters.

From the owner organization's point of view, effective contract documents and close supervision of the contractor's work is vital to having the project delivered within the specified parameters. Organizations like the US Bureau of Reclamation (BuRec), which have undertaken innumerable projects over many decades, have developed highly effective approaches to contract documentation and supervision. Organizations that undertake projects only occasionally are not so well placed, but must do all they can to ensure effectiveness in this area, particularly with tight contract documentation.

Success criteria

From the owner organization's perspective, receiving the outputs of the project to specified time, cost and quality parameters is only part of the success story. As discussed in some detail in Stretton 2016b, these outputs still need to be utilized to contribute appropriately to achieve that organization's ultimate outcomes and benefits, which are the owner organization's success criteria.

From the contractor's perspective, success involves delivering the project outputs to the specified time, cost and quality parameters, and making a profit in doing so.

ASSETS/SERVICE DELIVERY USING SUPPLIER ORGANIZATIONS' MODERN PROJECT MANAGEMENT SERVICES

The range and timing of supplier organizations' modern PM services

There are many variations of delivering assets/services via more modern project management services. In this section we focus on increased participation in the project's "front end". The next major section will look at the delivery/outcomes end.

Civil & Civic's first step in moving from construction contracting towards more comprehensive project management services in the 1950s was to add the provision of design services, thus providing a comprehensive design-and-construct service.

However, we soon realized that there was still no guarantee that the right project was being done. To achieve this, the client's needs (business or equivalent), and thence the requirements of the project to best help satisfy these needs, had to be properly and professionally determined. Some client organizations had this capability. Others needed varying degrees of help in clarifying their needs, and/or in determining the project requirements, and/or other associated activities. Civil & Civic expanded its services to include what we called Client Needs Determination, which was perhaps a slight misnomer, as it really comprised facilitating such processes.

The broad elements of this approach can be represented as follows.

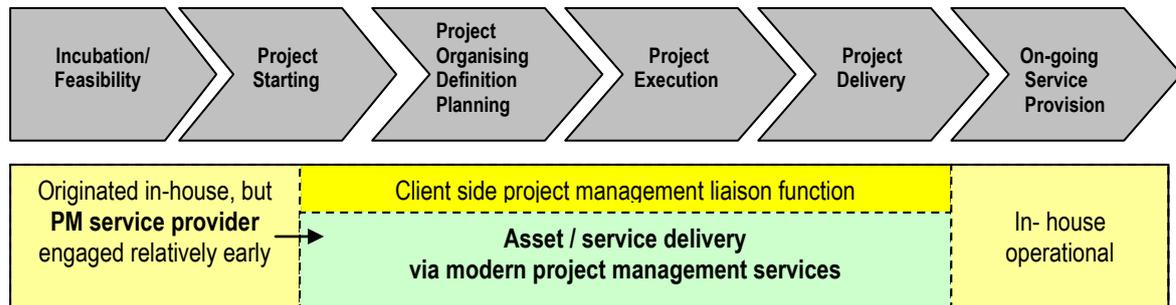


Figure 4: Relating SO delivery via modern PM services to the OO project life cycle

The timing of the engagement of the project management service provider will, of course, depend on the nature and extent of the project management (PM) services to be provided at the “front end”.

If the supplier organization is engaged to help the client organization clarify its business (or equivalent) needs, then the engagement will happen very early in the project life cycle.

If the owner organization does this with its own resources, or with a specialist “business analyst” consultant or equivalent, it will be somewhat later. Just how much later will depend on the amount of help the client may, or may not, need in establishing the technical requirements of projects to best help satisfy these needs.

I discussed these types of “front end” project management services in some detail recently in this journal in Stretton 2016c.

Relationships between owner organization and supplier organization

As indicated in Figure 4, the owner organization will need to provide an appropriate project management liaison function. I have heard of cases where this role was undertaken by an “accidental” project manager from within the owner organization, with unsatisfactory consequences. In Civil & Civic we dealt with this sort of possibility at the Project Control Group level, by persuading the client (or his representative, who was always a senior executive) to select the best person to represent his organization in ongoing project liaison.

Under this type of arrangement, the ideal relationship between the client’s representative and the external project management service provider is one of partnership. Joint decisions are made about what kind of specific help the provider will undertake, and what the client organization’s own resources will handle.

Another type of arrangement is to have a project manager (or managers) embedded in the owner organization, effectively to perform the role of a client side project manager. This is an even more direct, and somewhat more complex, partnership situation, which requires the development of very strong working relationships to be successful.

Success criteria

No matter what type of external service is provided, the nature of success for the owner organization remains the same – i.e. the realization of beneficial outcomes, which includes effective utilization of project outputs.

In sharp contrast with a contractor under traditional tendering processes, the project management service provider has a strong interest in helping the owner organization achieve its desired business (or equivalent) outcomes and benefits. This starts at the “front end”, with helping the owner organization clarify its needs, and the outcomes it seeks to achieve to satisfy these needs; and/or helping plan how to convert needs to outcomes; and/or defining the technical requirements the project must deliver to best help achieve these outcomes.

The success criteria for the supplier organization most certainly include “getting the right project outputs”. However, there is also often a desire or need to help the client organization achieve its desired outcomes, and this is sometimes formalised by a contractual obligation to provide ongoing project management services to facilitate outcomes realisation, as now discussed.

ASSET/SERVICE DELIVERY PLUS ONGOING SERVICE PROVISION

The nature of ongoing service provision

Our experience in Civil & Civic was that, once you became involved in project initiation activities, you were also likely to become involved in delivery-end activities, in some way or other. This could vary from a kind of consulting role in helping the owner organization realize benefits from the program/project, to hands-on involvement in the latter, either as an integral part of the program/project management service agreement, or as an additional service requested by the client, or as an unsolicited (but usually welcomed) additional service.

Elements of project management services delivery, plus ongoing service provision, and their relationship with the project life cycle, can be represented as follows.

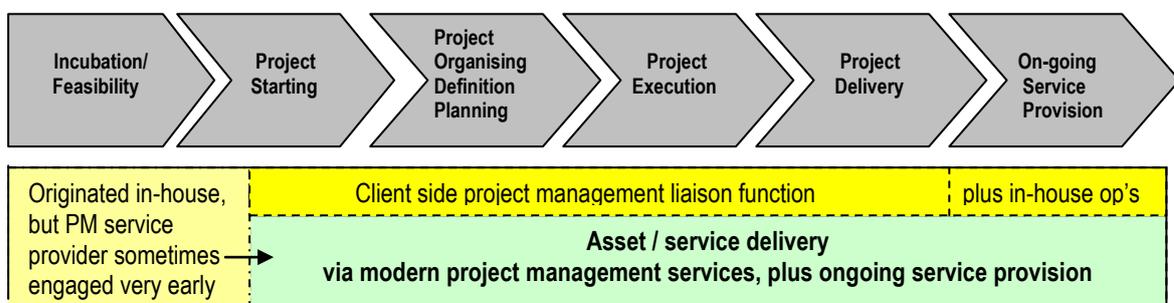


Figure 5: Relating SO modern PM services delivery plus ongoing service provision to the OO project life cycle

In Stretton 2016b (in this journal) I discussed moving from project outputs to client organization's outcomes, and roles project management can play in helping clients achieve their outcomes and associated benefits, in some detail. This included both informal, and more importantly for current purposes, formal provision of ongoing services to facilitate realization of these outcomes.

In the series which included the above article I also pointed out that, in Civil & Civic's experience, such active involvement in facilitating outcomes realization often happened as a consequence of having been closely involved in the "front end" in helping the client organization articulate its needs (business or equivalent), and the outcomes which would best satisfy these needs. This is reflected in the timing of project management service engagement in Figure 4 above. But, of course, such engagement may also take place later.

In rather more specialized contexts, Winter et al 2006 discussed this type of project management service as follows.

An extension of this [traditional contacting approach].... are those whose business is not just the delivery of assets, but also the subsequent delivery of a service supporting these assets; Examples abound in the provision of projects to government organisations; within the UK for example, these frequently form part of Public Private Partnership (PPP) schemes which includes the Private Finance Initiative (PFI).

In a section "Service delivery projects have different value sets", Winter et al say,

From a project viewpoint, they represent a phenomenon where the contractor is also part of a consortium that not only funds the project but is responsible for its realization and subsequent operation.

This example is a more extensive type of involvement than any of the other forms of project management service. Winter et al 2006 discuss this in some detail, but my main purpose in introducing this context is simply to highlight the actual and potential importance of this type of project management service.

Relationships between owner organization and supplier organization

In this case there is a contractual obligation on the supplier organization to provide ongoing project management services. However, this is really a partnership situation, with corresponding necessities for building and maintaining very close relationships between the parties.

Success criteria

This contractual situation means that both parties have the same success criteria, which is the realization of beneficial business, or equivalent, outcomes.

PROJECT MANAGEMENT CONSULTING SERVICES

The nature of project management consulting services

I have not come across any substantive materials specifically on project management consulting services in the project management literature. If any readers know of such materials, I would very much appreciate knowing about them.

Perhaps curiously, the only comparable relevant material I have come across is from Tom Peters' book *Liberation Management* (Peters 1993), which has four chapters on "Projects and Professional Service Firms". Peters' perspective is that of a management consultant (notably at McKinsey & Company).

Whilst these chapters are all written in Peters' rather idiosyncratic style, there is much there that broadly corresponds with my experiences in Lend Lease (notwithstanding that the latter was primarily in the *Asset/service delivery via modern program/project management services* sector, rather than management consulting per se).

We can represent project management consulting services and their relationship with the project life cycle as follows. However, there are multitudinous ways in which such services might be utilized, so Figure 6 is perhaps more symbolic than previous figures relating to other types of project management services.

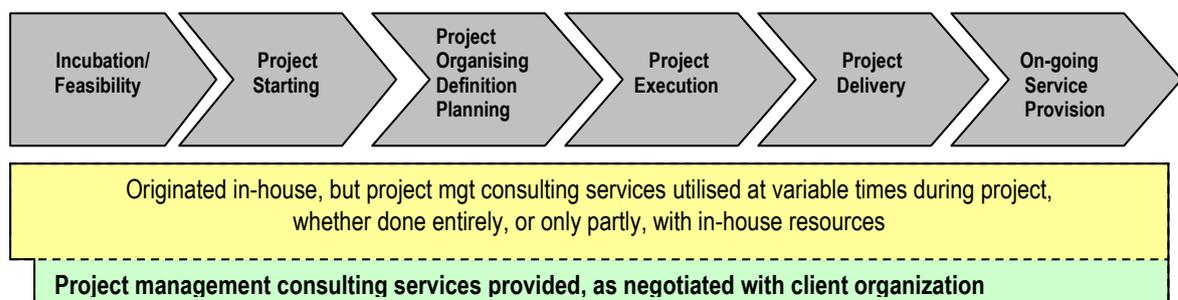


Figure 6: Relating provision of SO PM consulting services to the OO project life cycle

Relationships between owner organization and project mgt. consultants

No doubt this will depend very substantially on the terms of engagement of the project management consultant in the first place.

Success criteria

The owner organization's success criteria remain as achievement of beneficial business or equivalent outcomes. Presumably the consultant's success criteria will depend substantially on the terms of engagement and the work to be done.

SUMMARY

This article has been concerned with various ways in which supplier organizations' project management services can be provided to owner organizations. We first described these two types of organizations that are involved with projects. We then showed a classification of professional project management services, which indicated that there is an extremely wide range of application areas for such services. We also developed an extended project management life cycle model, to help illustrate timing issues relevant to the introduction of various types of project management services into owner organizations.

After briefly mentioning project management activities undertaken with in-house resources, with no external help, four different types of external project management services were then identified and discussed in turn, as summarized in Figure 7.

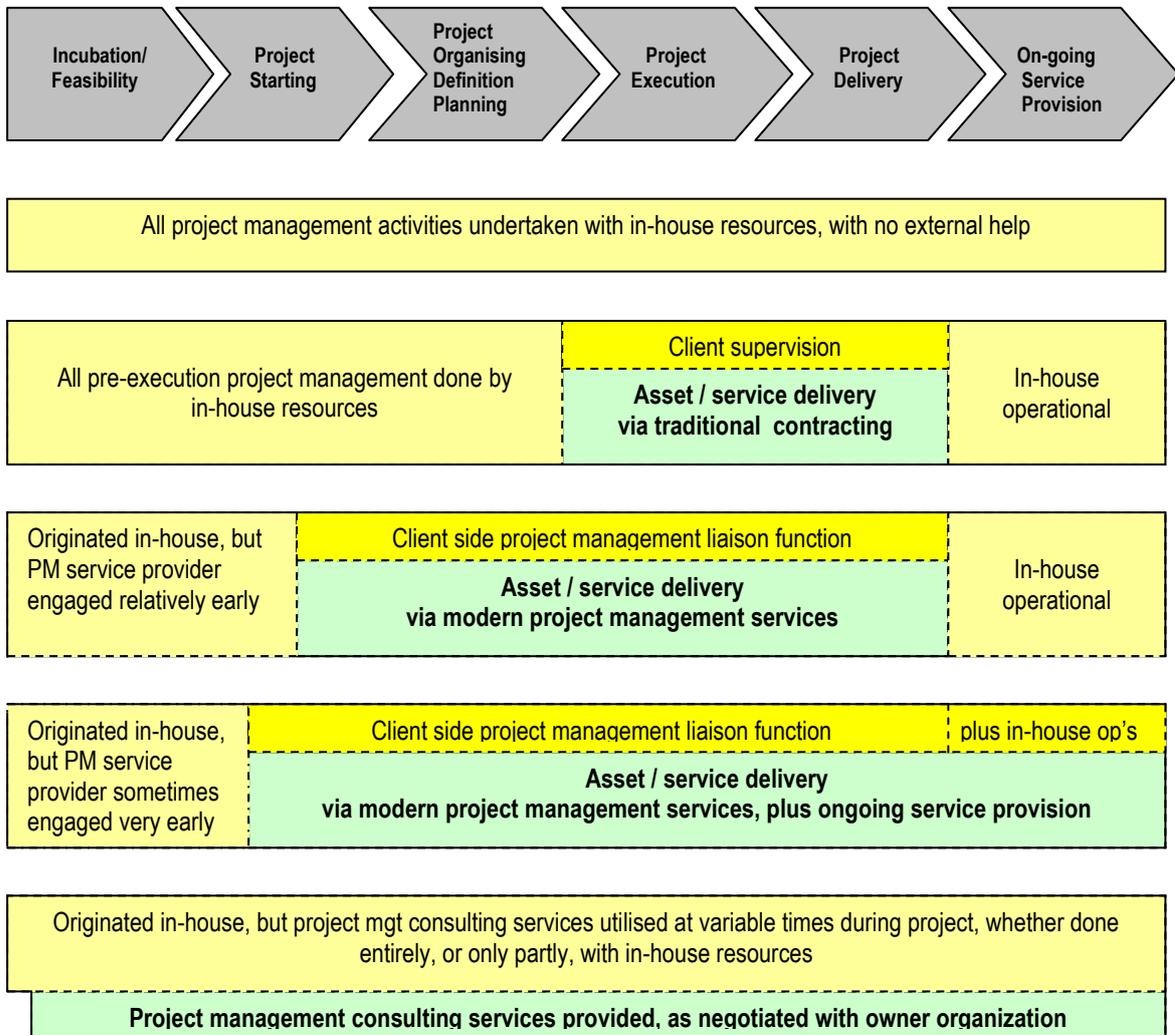


Figure-7: Summary of relating the various SO PM service types to the OO project life cycle

Two additional aspects were discussed in relation to each types of service provision. One of these was the necessity for achieving harmonious and effective relationships between the owner organization and the supplier organization to get the best results. With regard to the latter, we also briefly discussed the success criteria that each party identifies with in the different contexts of service provision.

The main purpose of this article has been to introduce a perspective of supplier organizations which provide project management services to external owner organizations. This is a relatively neglected area in the project management literature, and it is hoped that this article may encourage others to contribute more detailed analyses and notes on their experiences from the perspective of a supplier organization of project management services.

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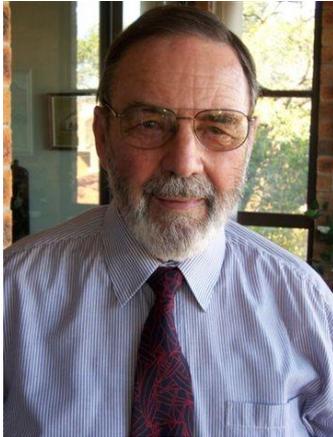
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Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program. Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects. He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France). Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992. He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in 1996. He was a member of the Core Working Group in the development of the Australian National Competency Standards for Project Management. He has published over 170 professional articles and papers. Alan can be contacted at alanailene@bigpond.com.au.