

## ***Project Workflow Management<sup>1</sup>***

### **Outsourcing and Resource Management Process<sup>2</sup>**

By Dan Epstein

**Note:** *This article is based on the book [Project Workflow Management: A Business Process Approach](#) by Dan Epstein and Rich Maltzman, published by J Ross Publishing in 2014. The book describes PM Workflow® framework, the step-by-step workflow guiding approach using project management methods, practical techniques, examples, tools, templates, checklists and tips, teaching readers the detailed and necessary knowledge required to manage project “hands-on” from scratch, instructing what to do, when to do and how to do it up to delivering the completed and tested product or service to your client.*

*The project workflow framework is the result of Dan’s research into the subject, having the following objectives:*

- 1. Create the virtually error-free project management environment to ensure significant reduction of project costs*
- 2. Reduce demands for highly qualified project managers using the step-by-step workflow guiding approach.*

*While PM Workflow® is the continuous multi-threaded process, where all PM processes are integrated together, this article will attempt to describe the resource management group of processes as a stand-alone group that can be used independently outside of PM Workflow® framework. It will be difficult in this article not to venture into processes outside of the current subject, such as planning, quality, communications and other management processes, so they will be just mentioned. However, to get full benefit and the error free project management environment, the complete implementation of PM Workflow® is required.*

*In order to understand how PM Workflow® ensures this environment, I strongly recommend reading my article [Project Workflow Framework – An Error Free Project Management Environment](#), in the PMI affiliated [projectmanagement.com](http://projectmanagement.com) (<https://www.projectmanagement.com/articles/330037/Project-Workflow-Framework--An-Error-Free-Project-Management-Environment>)*

---

<sup>1</sup>This series of articles is based on the book [Project Workflow Management: A Business Process Approach](#) by Dan Epstein and Rich Maltzman, published by J Ross Publishing in 2014. The book describes the PM Workflow® framework, a step-by-step approach using project management methods, practical techniques, examples, tools, templates, checklists and tips, teaching readers how to manage a project “hands-on” from scratch, including what to do, when and how to do it up to delivering a completed and tested product or service to a client.

<sup>2</sup> How to cite this paper: Epstein, D. (2018). Title, Series on Project Workflow Management, *PM World Journal*, Vol. VII, Issue XII (December).

The article above provides the overview and explanation of how the project workflow framework works and achieves the established objectives of obtaining resources, both external (P14) and internal (P15) ones.

*For more information, please visit my website [www.pm-workflow.com](http://www.pm-workflow.com)*

## **Outsourcing Management (P14)**

### **Purpose**

The purpose of the Outsourcing Management process in the context of this book is selection of qualified vendors for implementation of project components, as well as managing relationships with vendors for quality deliverables and seamless integration with other components of a project.

Before making a commitment to use outsourcing on a project, there must be a reasonable proof that using outsourcing will increase company benefits and there must be awareness that outsourcing provides significant challenges in producing quality deliverables.

### **Outsourcing Challenges**

Outsourcing, which is also known under the name of subcontracting, exists in several business areas. The government, military, heavy machinery and others use onshore resources, as opposed to the offshore ones. However the heaviest use of offshore outsourcing is in the information technology, electronics and manufacturing industries. In the past ten years there has been a strong trend to take advantage of lower costs of offshore development and manufacturing.

This trend takes jobs out of the higher-cost country, which is profoundly negative, but in order to stay competitive, companies cannot afford to ignore this option. Besides, public companies will have to follow the shareholders' decisions, which are mostly motivated by profit. It appears that the trend is here to stay for a while, but in the foreseeable future it will slow down or will be gradually reversed, because the cost of the offshore development is steadily going up. As soon as the cost in low cost countries (LCCs) becomes comparable to the cost of the onshore development, the trend will stop. For example, ten years ago Canada was considered a low cost country, because the average rate of the Canadian developer was about 40% lower than the rate of US developers; in part due to 40% difference in value of the Canadian versus the US dollar. Software development by several US corporations was channeled there by using their Canadian branches. Today the cost of software development in Canada is not any lower than in USA and Canada is no longer a low cost country. Having software development done outside the country presents many challenges. Among them are:

- **Language barrier**  
In many countries English is spoken only by a small minority. This limits communication between the onshore project manager and the offshore team.

- **Different time zones**

Some of the most popular LCC outsourcing countries have a difference with the US Eastern time zone of 8 to 14 hours. This means that during the period between 8:00AM and 5:00PM Eastern Time, the offshore time may be 8:00PM to 5:00AM, which makes communication for both teams problematic. When email is used for communication, the reply to the query will come – at the earliest -the following day. It is also not always easy to get reliable status reports from an offshore project manager until deliverables are due.

- **Different customs and cultures**

In some cultures people consider asking questions impolite; therefore your business or technical requirements submitted to them must be highly detailed and accurate. If they are not, then the deliverable will reflect the offshore team's understanding and not yours. This sometimes leads to the misconception that offshore teams are not as qualified as US teams, which is generally incorrect. Experience shows that the problems are often caused by poor – or at least vague -specifications and poor communication, rather than a specific problem of the offshore team's qualification.

- **Privacy and confidentiality issues**

US companies are not allowed to provide offshore companies with access to actual production data, when it contains private information about customers or other confidential information. This prevents offshore companies from participating in the integration of the deliverables produced by them. The data used by the offshore team must be stripped of all references to the private and confidential information. Whenever the use of large data banks with millions of records is required to test the system, producing and keeping simulated database may be costly and convoluted.

## **The Outsourcing Process**

The Outsourcing process consists of the following elements:

1. Issue request for proposal
2. Conduct bidders conference
3. Receive proposals
4. Investigate candidates ability to do outsourcing
5. Select winning proposal
6. Establish communications and reporting with the outsourcing company
7. Provide outsourcing company with the detailed SOW and specifications
8. Receive project plan from the outsourcing company
9. Track implementation
10. Track integration with other parts of the project

When outsourcing help is required, the company issues a request for proposal. For the inshore outsourcing, the announcement may be published in a newspaper or sent to a list of potential bidders. For the offshore outsourcing, the request for proposal is sent to a list of the known and reputable offshore companies doing outsourcing business. More details may be provided in a bidders' conference, which may be either a face-to-face meeting or a teleconference with bidders who expressed interest in bidding. When proposals are received by the due date, they are reviewed and several are selected for further consideration. The bidders whose proposals were

selected are investigated for financial strength and the availability of the right resources. All references should be checked. There must be sufficient evidence that the outsourcing company has delivered successfully on similar types of projects in the past with satisfactory quality. Based on the investigation and the suitability of the proposal, a winning proposal is selected. There must be a documented understanding with the outsourcing company that they must adjust their project management processes to make them compatible with standard processes in your organization.

It is rarely a project manager's responsibility to select outsourcing companies. Most often, - particularly in large organizations - a special procurement unit is responsible for selection of the offshore vendors. Those vendors work with multiple project managers in your organization and there is no other choice but using their available resources. A documented process for selection of outsourcing vendors should be established in every organization. Their implementation must be strictly controlled by senior managers, because business ethics of the overseas companies may be different from your own.

When the outsourcing company is selected, the communication process must guide your relationship with them, as described in the Communications Management section. Sometimes, instead of dealing with the outsourcing vendor's project manager, they assign their resident technical representative in your area. This improves communications to the certain extent, but the representative cannot fully speak for their project manager and does not have authority to make important decisions.

The next step in the process is development of the detailed SOW, as outlined in the SOW section of the book, and signed off by representatives of both sides. A detailed specification must be included in the SOW or provided separately to the outsourcing organization. Based on the SOW and other documentation submitted to the outsourcing company, the outsourcing project manager must develop and present his/her project plan for approval to the onshore project manager. No work should start by the outsourcing organization without a signed off SOW and an approved project plan. Some organizations use the Work Authorization Form to formally authorize the start of project work with reference to the detailed work specifications, the authorized budget and method of payment as well as a list of people authorized to maintain contact between both organizations.

All tracking activities are usually performed by the outsourcing project manager and reported weekly, as requested by the Communications Management process. If issues come up, they will be resolved in accordance with the Issue Management process. The quality of deliverables must be controlled by the Quality Management process, described in the corresponding section of the book.

When deliverables are complete, they must pass Quality Control reviews by the onshore company Quality Management department, just as if they were developed onshore. The Acceptance Criteria, which is described in the SOW, must be used for acceptance of deliverables.

## The Outsourcing Plan

The outsourcing plan consists of the outsourcing process description, which is recorded in the PCB and the scheduled outsourcing activities integrated in the overall project plan.

## Resource Management (P15)

### Purpose

The purpose of the Human Resource Management (HRM) is managing resources on the project. The effective use of resources is a key contributor to project success, since resources, or more likely the *lack* of them, directly influence project costs, duration and quality. Resource Management Planning consists of the following processes as shown on Fig 12-1:

1. Resource Planning (P15-1)
2. Acquire Resources (P15-2)
3. Assign Resources to Tasks (P15-3)
4. Build the Team and Motivate Resources (P15-4)

Resource planning should start as early as possible to account for the time needed to actually obtain resources. The Resource Plan is created early in the project, but updated every time the project plan is updated. The more we learn about the project and the more detailed the project plan becomes, the better idea we have about needs for human resources, thus allowing us to produce more accurate resource estimates.

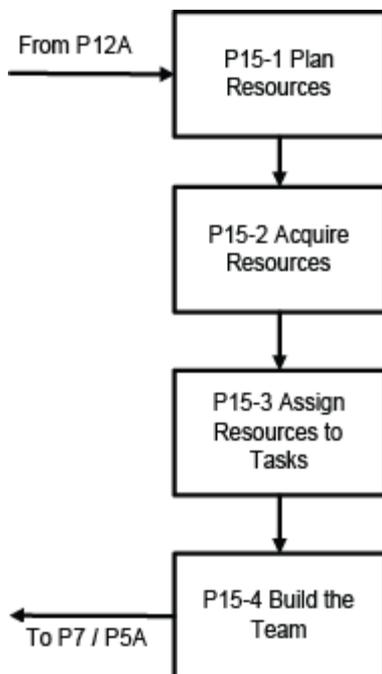


Fig 12-1 Human Resource Management

As the project proceeds through the life cycle, both skills and resources go through significant variations. Fig 12-2 shows, that at the start of the Requirements Frame, during the initiation, the project has few resources, which increase in numbers during the project planning, then increase again in the Construction Frame and then reduce rapidly as the project moves toward the end. At the end of the project all remaining resources are released and the project ends.

After receiving estimates for all tasks in the project work breakdown structure, resources for implementation of those tasks should be assigned, as described in the WBS and Preliminary Project Schedule section. At that time, the actual resource names may not be available, so each task is assigned a resource by skill, rather than a person's name, such as designer1, designer2, programmer1, engineer1, etc. This will allow the project manager to have a good understanding of the number of resources required, the level of their proficiency in the required skills and the period of time when each resource is required. The overall project cost depends on the cost of project resources.

Obviously, the resource utilization efficiency will affect resource requirements. The project manager should also take into account the average resource's sick leave and holiday time.

### ***Resource Plan***

The Resource Plan consists of the resource management process description, which is recorded in the PCB and the acquisition resource activities schedule, which may be embedded in the overall project plan.

### **Acquire Resources (P15-2)**

In a matrix organization human resources are often owned by a resource manager. The resource manager is in charge of hiring, firing, promotions, rewarding, resource placement, etc. When any of those actions are required, the project manager coordinates these activities with this resource manager. However, the daily management of resource activities on the project is handled by a project manager. Any less authority of a project manager over resources is counterproductive and puts project success in question.

Resource acquisition is a difficult task, requiring excellent negotiation skills. Resource availability depends on the established priority of projects in the organization. If all resources are engaged in the higher priority projects than your project, there is nothing you can do to obtain resources, except for working behind the scenes with senior stakeholders to raise your project priority. If this cannot be done, then management will reassign the project manager to a higher priority project. The issue of the resource acquisition will not go away, albeit it will be the resource acquisition for a new project.

Before requesting resources for your project, you must locate the resource managers who may provide you with the required skills. If you are new to the organization, speak to your manager, your fellow project managers and to the client to get this information. Make a 30 minute appointment and have a preliminary discussion with each resource manager about availability of skills before formally requesting resources. It is a good idea to prepare a 10 minute presentation (the proverbial 'elevator speech') about the project, mentioning names of the most influential

stakeholders. This may help. Be friendly with resource managers and find additional subjects for a conversation beyond a resource request.

If, nevertheless, no resources are available, there are three options that must be fully explored with the resource manager, delivery manager and client:

1. Acquire resources, shared with other equal priority projects.  
 The resource load of the assigned resources will be less than 100% and the work duration will be longer than the effort planned for the task. While the cost of the task won't increase, the schedule will change, which may increase the overall project cost to client. In order to determine the impact to the project schedule and cost, the project plan must be updated to reflect new reality.
  
2. Acquire project resources outside of your organization.  
 This means that resource managers may hire a new employee or a temporary consultant. Hiring consultants may be more expensive than using the company employees. Also, the motivation of consultant to put an extra effort in the project is often limited to extra money paid to the consultant.
  
3. Postpone the project implementation until resources become available.  
 This decision will require lowering project priorities and must be made by senior company management.

Once the skills availability is confirmed, the form displayed in Table 12-1 must be filled out and submitted to each resource manager.

Table 12-1 Resource Request Form

Resource Request					
<b>Project Name:</b> _____			<b>PM Name:</b> _____		
<b>Resource Manager Name:</b> _____			<b>Date:</b> _____		
#	Resource Type	Skill Description	Start Date	End Date	Resource Name*
1	Programmer1	2 years C++	02/01	04/30	
2	Programmer2	3 years Java	02/01	04/15	
3	Programmer2	2 years Java	02/15	03/20	
Resource Request approved on (date): _____. Resource names are identified.					
Resource Manager: _____					
Comments:					

The resource manager must enter resource names for each skill identified. If resources have a planned time off during the indicated period of assignment, this must be indicated in the comment and the end date extended accordingly.

For example, if a programmer resource with three years of Java programming language is required, but only a resource with two years of Java is available, then additional training will be required and should be scheduled by the project manager. Training is rarely paid by clients, so in

that case the training should not appear in the project budget. However, the schedule may be affected, depending on the time of training.

### **Assign Resources to Tasks (P15-3)**

Upon receiving resource approvals, the project manager will substitute the generic resource name, like Programmer1, with the actual resource name. Also, the resource rate must be entered in the scheduling tool, which allows for project financial management and tracking, as described in the Construction Frame section of this book.

### **Build the Team (P15-4)**

Team building is often described as getting the right resources not just on hand, but **on-board**. Unless you work for a global enterprise with resources all over the world, you won't have much choice, when resources are scarce. In that environment the well-recognized team members are taken by other projects with more influential stakeholders. Often you are happy to have *any* resource, with even remotely satisfying required skills.

Lacking a manager's authority to hire, fire, award and promote team members, the project manager has to build trust and be a motivator. Trust is always mutual. To build trust, the project manager must trust the team and always keep his/her word. The project manager must not be afraid to support team members and to stand up for them, even when this is not too popular with management.

The project manager must create a collaborative environment, where each team member has a leading role at least in one project activity. For example, if several team members work on related tasks, the leading authority to integrate those tasks is given to one team member. The authority for issue resolutions during integration should be given to different team members, so that everybody is given responsibility and has accountability, which comes with responsibility. This way the team members develop mutual respect.

Social events play an important role in team building. The project manager must plan for social activities which are enjoyed by vast majority of team members. Make sure that if some team members do not participate in one event, they will join the next time around. There is nothing wrong if a whole team goes to a bar after work once in a while, shares some snacks and have one or two drinks. Try very hard to get funding for such events. If not possible, share the cost between team members, or fund this yourself. Building the team involves many other forms of human interaction: formal and informal regular meetings, emails, teleconferences, other encounters etc.

### ***Motivating the Team***

Motivation is a driving factor in team performance. There are several theories of motivation. The most practical one is the Expectancy Theory of Motivation, developed by Dr. Victor Vroom. The theory says:

People will be productive and motivated if three conditions are satisfied:

1. People believe that their efforts will likely lead to successful results.
2. People believe that successful results will be rewarded by a salary raise, benefits or other expression of appreciation.
3. The rewards are important to them

In the successful team, people regard the project manager's success as their own. A tension in the relationship between the project manager and team members presents a barrier for motivation. The project manager's management style – and attitude - plays an important role in project success.

### ***Project Management Style***

The project manager has a certain amount of authority in the organization to get things done. This authority comes from the fact that the project manager is authorized by his/her organization to manage the project and the team (usually documented with a project charter). This authority may be strengthened by the project manager's expertise in the technical field of the project, even though this commodity is becoming rare today. If the project manager has influence with senior management and is able to be a 'figurehead' for the team and insists on rewarding team members for their effort, this helps ensure respect for that project manager.

An undesirable substitute for reward is when a project manager's demands are enforced with the help of a resource manager. If team members receive nothing for good performance, but are indeed punished for poor performance, this reduces motivation and creates a feeling of animosity. They may find satisfaction in the poor project performance and, subsequently, in weakening the project manager's status within the company. While using punishment is not a good management style, it cannot be totally discounted. It should be applied toward team members with poor attitude, when very few options remain to change this attitude.

Finally, some project managers, when feel a lack of respect from team members, choose to avoid requesting team members to do certain things and rather cite other people's authority to request doing those things. For example, a project manager may say that a senior manager wants something done. This type of management style further weakens the project manager's authority and should be avoided.

### ***Conflict Resolution***

Conflicts in the project team are inherent. After all, projects are about change, and people do not generally like change. That's one source of conflict. Then there is the fact that your resources are reporting elsewhere and not to you. That's another source of conflict. Then there is the pressure of working in the unknown, since all projects are unique. Add to this the fact that you are also working a tight schedule and budget, and yes, there is a recipe for quite a bit of conflict. Some conflicts are created as a result of a personal dislike between team members, but most often they happen due to differences in approach to various project solutions. Resolving conflict may help both sides to understand and agree on the best solution, taking a straight-forward approach in solving the conflict. Here, both sides present their opinion, or use the confrontation of ideas in a problem solving way, avoiding personal confrontation. As a project manager, we recommend three key ideas which come from the area of integrative bargaining:

1. Gather and work with facts, facts, and more facts
2. Focus on interests, not positions
3. Separate the people from the problem

If necessary, arbitration by subject matter experts may be used to choose the best solution. In some cases, a combination of elements of all ideas, or compromise, may be reached, which results in a partial satisfaction of both sides without a clear winner. It is important to distinguish between a compromise and attempt to appease both sides by ignoring differences without resolving the conflict (smoothing), which may flare up again soon. In some cases, when the tension is very high, it could be useful for one or both sides to temporarily stop addressing the conflict in order to calm both sides of the conflict. When the tension subsides, the conflict may be addressed again in the confrontation of ideas mode.

The most undesirable way of conflict resolution is forcing one side to stop bringing the issue up. The losing side will shut up, but will not forgive and a new conflict will be just around the corner.

## About the Author



### **Dan Epstein**

New York, USA



**Dan Epstein** combines over 25 years of experience in the project management field and the best practices area, working for several major Canadian and U.S. corporations, as well as 4 years teaching university students project management and several software engineering subjects. He received a master's degree in electrical engineering from the LITMO University in Leningrad (today St. Petersburg, Russia) in 1970, was certified as a Professional Engineer in 1983 by the Canadian Association of Professional Engineers – Ontario, and earned a master's certificate in project management from George Washington University in 2000 and the Project Management Professional (PMP®) certification from the Project Management Institute (PMI®) in 2001.

Throughout his career, Dan managed multiple complex interdependent projects and programs, traveling extensively worldwide. He possesses multi-industry business analysis, process reengineering, best practices, professional training development and technical background in a wide array of technologies. In 2004 Dan was a keynote speaker and educator at the PMI-sponsored International Project Management Symposium in Central Asia. He published several articles and gave published interviews on several occasions. In the summer of 2008 he published "Methodology for Project Managers Education" in a university journal. His book, *Project Workflow Management - The Business Process Approach*, written in cooperation with Rich Maltzman, was published in 2014 by J. Ross Publishing.

Dan first started development of the Project Management Workflow in 2003, and it was used in a project management training course. Later this early version of the methodology was used for teaching project management classes at universities in the 2003–2005 school years. Later on, working in the best practices area, the author entertained the idea of presenting project management as a single multithreaded business workflow. In 2007–2008 the idea was further refined when teaching the project management class at a university. Since 2009, Dan has continued working full time in Project Management. Dan can be contacted at [dan@pm-workflow.com](mailto:dan@pm-workflow.com).