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Series Article

The Value of Certification
for Project Business
Project Business Management series
by Oliver Lehmann

Project Business Management[1,2]

The Value of Certification for Project Business

Oliver F. Lehmann, MSc, ACE, PMP

"Nowadays people know the price of everything and the value of nothing."
Oscar Wilde

Summary

In the competitive project business sector, certifications like PMP are key for vendors, serving as a testament to their expertise and commitment to excellence. In procurement, they subtly impact the vendor selection and prove essential in winning business.

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[1] *This is an article in a series by Oliver Lehmann, author of the book "Project Business Management" (ISBN 9781138197503), published by Auerbach / Taylor & Francis. See full author profile at the end of this article. A list of the other articles in PM World Journal can be found at https://pmworldlibrary.net/authors/oliver-f-lehmann.*

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What is Project Business?

Project Business takes place when two or more organizations do a project together as customers and contractors. In Project Business, the project is no longer solely there to support a business. It is the business.
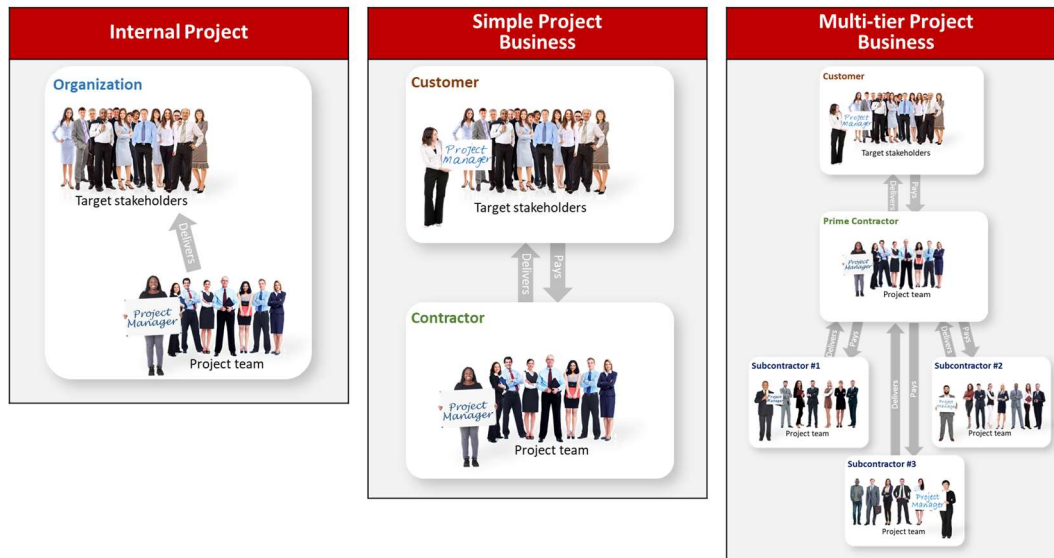

Figure 1: In contrast to internal projects, where the target stakeholders of the project and its performing team are located in the same organization, Project Business is cross-corporate with two or more—often many more—organizations involved.

Project Business is different from internal, cross-functional projects. In a simple scenario, just two organizations may be involved: A customer and a contractor. In mega-projects, such as major infrastructure, aerospace and defense programs, or even Olympic games, hundreds of organizations may work together towards a common goal. Typically, these organizations build complex and dynamic multi-tier project supply networks. For most of them, the project is not a cost center but a customer project—a profit center. It must bring money home and safeguard the organization's credit line.

Many companies rely on project business as their sole source of income. As contractors, they sell project services and products against payment. Others include customer projects as a component in their proposition packages: They sell hardware, software, or ongoing services, and the project to implement these on the customer side is part of their success formula for the paying customer.

The high art of Project Business is forging the different organizations together and making them follow a common mission: The successful completion of the project. Ideally, contract parties become project partners teaming up for the benefit of each of them and for the smile on everyone's face when they have achieved a desired and distinguished result together, a result that one organization alone could not have achieved.

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Project Business is not a fringe topic of project management—it's a big, global trend across all industries.

Does Certification Help Win Project Business?

Absolutely! Certifications can be a powerful sales argument when used strategically. Here's how to leverage them:

The Business Case of Certifications for Vendors

Certifications are a solid tool to model and visualize who an organization is and what future it is striving for. In the competitive landscape of modern business, the journey of a vendor seeking to capture the attention and trust of prospective customers often hinges on them as a crucial element. These aren't just pieces of paper or digital badges; they're a narrative of commitment, expertise, and reliability that a vendor brings to the table.

Imagine a vendor, let's call them "TechSol Innovations," operating in a highly technical and regulated sector like healthcare IT. The management at TechSol knows that to stand out, they need to speak the language of quality and trust fluently. So, they embark on a journey to obtain industry-recognized certifications like ISO 9001 for quality management and HIPAA compliance for healthcare data protection.

In addition, they ensure their project managers are PMP certified.

Each certification TechSol achieves is a chapter in their story, telling potential clients that they not only meet the high standards set by the industry but also dedicate themselves to continuous improvement. The certifications are not just decoration; they promise quality and a commitment to delivering services that meet, if not exceed, customer expectations.

But TechSol doesn't just collect certifications; they weave them into their narrative, making sure every proposal, website page, and marketing brochure highlights these achievements. They understand that these certifications are not just for display but serve as a testament to their expertise and reliability. They help them blend in – by having the certifications that are just required by the market – and stand out. Most effective is indeed a combination of certifications that fill gaps – not appearing less capable than competitors – and others that give the organization a perception of superiority and premium value.

Moreover, TechSol uses these certifications as a beacon, guiding their ongoing journey of learning and improvement. They're not just resting on the laurels of past achievements; they're continually training their team, updating their processes, and staying abreast of the latest industry developments. This narrative of perpetual growth and commitment to

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excellence resonates with prospective clients, building a foundation of trust even before the first handshake.

In this narrative, certifications are more than just requirements; they are TechSol's story of commitment to excellence, a tale that reassures prospective clients of the high standards of quality, compliance, and reliability that TechSol brings to every project. In the competitive arena where trust is paramount, these certifications give TechSol a voice that speaks volumes, setting them apart and ahead in the race to win business.

This article focuses on the certification of project managers. However, certifications work best in combination.

Modern Procurement Processes

In the last couple of yours, procurement process have changed in many organizations. The two most influential factors are:

1st Factor: Implementing a Two-Step Process for Project Procurement

In the realm of project procurement, particularly for complex or high-value projects, a meticulous and strategic approach is often adopted to select the most suitable vendor. This process can be distilled into a two-step approach that ensures both a thorough evaluation of potential vendors and a competitive pricing strategy. Here's a breakdown of this two-step process:

- **Step 1: Vendor Shortlisting by Project Managers**

    The initial phase is spearheaded by customer-side project managers, whose deep understanding of the project's technical requirements and goals positions them well to evaluate potential vendors. This phase often unfolds as follows:

    o **Initial Vendor Pool**: The project team starts with a broad pool of potential vendors, typically more than five, ensuring a diverse range of options.

    o **Evaluation Criteria Development**: The project managers develop a set of evaluation criteria tailored to the project's specific needs. These criteria might include technical capabilities, past performance on similar projects, financial stability, and adherence to relevant standards and certifications.

    o **Preliminary Assessments and Comparisons**: Using the established criteria, the project managers conduct a preliminary assessment of the vendors. This might involve reviewing proposals, conducting interviews, or evaluating past projects.

    o **Shortlisting**: Based on these assessments, the project managers reduce the vendor pool to a shortlist of two. These are the vendors that best meet the

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project's requirements and are deemed capable of delivering the desired outcomes.

- **Step 2: Final Selection through Reverse Auction by the Purchasing Department**

    Once the shortlist is established, the process moves to the purchasing department, which focuses on achieving the best value for money. This stage involves:

    o **Reverse Auctioning Invitation**: The two shortlisted vendors are invited to participate in a reverse auction, in which a price is shown to the participating vendors, which gets increased by some percent in a fixed rhythm between 10 seconds and one minute. When the first vendor agrees to a price, the auction ends, and the vendor gets the contract awarded.

        This is a competitive bidding process where the vendors are aware they're in direct competition with one another, often leading to more favorable pricing for the customer.

    o **Contract Award**: The contract is awarded to the vendor whose bid represents the lowest price for the customer. This decision is communicated to both the winning and losing vendors, and the contract negotiation and signing process begins.

In this process, certification helps to get on the shortlist. It will not help during the second step, the reverse auction.

2nd Factor: Use of Online Platforms

Procurement platforms accelerate and streamline procurement processes and help organizations be better informed when making decisions. SAP Business Network[3], for example, offers:

- Discovery

- Catalogs of products and services

- Interaction

- Assessments

Often, they force vendors to change their sales strategies. They are game changers, and they are the trend.

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[3] Formerly: SAP Ariba, https://www.sap.com/products/business-network/solutions.html

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In business networks, vendors have online catalogs of their products and services as well as company profiles with texts and images to describe themselves and their offerings. By presenting themselves and their offers, vendors know that their first audience is the platform's search engine. Ranking high in the results of keyword searches performed by prospective customers, ideally on the first results page, is a key to success. PMP and other certifications are often among such keywords.

The second audience is the staff searching on behalf of the organization. During their discovery process on the platform, they need quick, easy, and compelling information. Certification badges help get noticed and communicate that the company and its employees are up to a precise standard.

Giving the Customer Peace of Mind

As a vendor, a core signal to the prospect should be: If you select us, you are in good hands. Certifications contribute to that:

- **Relevant Certifications**: Focus on certifications directly related to the project business and your team's capabilities. For example, if you're selling project management software, a PMP (Project Management Professional) certification for your team leader strengthens your credibility.

- **Industry Recognition**: Certifications from recognized industry bodies add weight to your claims of expertise. These demonstrate that your team adheres to established standards and best practices.

- **Client Confidence**: Certifications can build trust with clients, especially those unfamiliar with your company. It reassures them that you have the necessary qualifications to deliver a high-quality project.

Here are some specific ways to integrate certifications into your sales pitch:

- **Mention Certifications Early**: Briefly showcase relevant certifications during your initial presentation.

- **Model Skills with Certifications:** For example, combining technical and organizational certifications, such as the PMP, sets the right expectations for prospects.

- **Connect Certifications to Value**: Don't just list certifications; explain how they translate to value for the client. For example, "Our team's cybersecurity certifications ensure your data remains secure throughout the project."

- **Offer Proof**: Provide links to certification websites or logos on your proposal for easy verification.

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However, it's important to use certifications strategically to avoid these pitfalls:

- **Overemphasis**: Don't overwhelm the client with a laundry list of certifications unrelated to the project.

- **False Reliance**: Certifications shouldn't be a substitute for a strong value proposition and a well-defined project plan.

- **Client Knowledge**: If your target audience isn't familiar with the certification, briefly explain its significance.

By strategically using certifications as part of your broader sales strategy, you can build trust, showcase expertise, and ultimately win over paying customers.

Selling Projects – Certifications Help but are not Enough

Winning project business, particularly in competitive markets, extends beyond showcasing your expertise and the quality of your solution. It involves a holistic strategy that ensures the customer feels understood, valued, and confident in your ability to deliver. Here is an elaboration on methods with an emphasis on providing peace of mind to the prospective customer:

Understanding and Tailoring Solutions to Customer Needs

Start by conducting in-depth research about the customer's industry, competitors, and challenges. During engagements, listen actively to uncover both expressed and latent needs. This demonstrates your commitment to providing a tailored solution. Use the insights gained to customize your offerings, ensuring they align perfectly with the customer's goals and pain points. This level of personalization reassures the customer that they are not receiving a one-size-fits-all solution but one meticulously crafted for their specific situation.

Building Trust and Establishing Credibility

To attract potential customers, confidently showcase your expertise by sharing relevant case studies and client testimonials that highlight your past successes. This is an excellent way to establish credibility and trust with the customer. Moreover, consistently maintain a high level of professionalism and demonstrate your ability to manage their project with integrity and impeccable attention to detail. This will instill

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confidence in the customer and give them peace of mind that their project is in good hands.

Articulating a Clear Value Proposition

When presenting a solution to a potential customer, it's important to focus on the positive outcomes it can provide. To achieve this, use quantifiable outcomes such as cost savings, efficiency gains, or revenue growth, and support them with relevant data and metrics. Additionally, providing a clear and compelling return on investment analysis can help the customer understand the financial benefits of your solution. This approach will increase the confidence of your potential customer and create a more constructive environment for discussion and collaboration.

Differentiating Your Offering

Communicating Unique Selling Propositions: Effectively conveying the exceptional features or services of your solution that cater to customers' specific needs or concerns is crucial to differentiate it from competitors. Presenting Innovative and Forward-Thinking Strategies: By introducing inventive and progressive solutions, you can effectively address present challenges while anticipating future ones. This approach establishes you as a proactive and strategic collaborator.

Prioritizing Relationship Building

To be successful in business, it is crucial to establish strong personal connections with key stakeholders. It is important to show them that you value them as more than just a transaction. This personal touch can significantly influence their decision-making process.

Additionally, it is important to gain a deep understanding of the customer's decision-making process and tailor your engagement strategy accordingly. By doing so, you can meet the needs and concerns of all stakeholders, ensuring broad-based support for your solution.

Excelling in Communication

To effectively influence decision-making, it is essential to establish strong personal relationships with key stakeholders, showing them that you value them beyond just a transaction. This personal touch can go a long way in influencing their decisions. To ensure that your solution gains broad-based support, it is important to have a deep understanding of the customer's decision-making process. Tailor your engagement strategy to meet the needs and concerns of all stakeholders involved in the decision-making process. This will ensure that your solution is well-received and supported.

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Offering Flexibility and Demonstrating Adaptability

Make sure that your proposals are not only presented professionally, but also clearly explain how your solution can address the specific needs and challenges of the customer. Additionally, it is important to maintain open lines of communication, actively listen to the customer's feedback and concerns, and respond clearly and promptly. This will help to build trust and reassure the customer that you are fully engaged with their project..

Implementing a Competitive and Transparent Pricing Strategy

Value-based pricing is a pricing strategy that reflects the considerable value that your solution provides. This approach will help your customers understand the connection between the cost and the benefits they will receive. It is crucial to maintain pricing transparency by breaking down costs to ensure that customers understand what they are paying for and why. By doing so, you can build trust with your customers and mitigate any concerns they may have about hidden costs or fees.

Ensuring Post-Sale Support and Establishing Long-Term Partnership

Comprehensive support plans are necessary to outline detailed support and maintenance plans. This reassures the customer of your commitment to their long-term success, even beyond the initial project completion. Additionally, positioning yourself as a partner invested in their success, and not just a vendor providing a service, creates a partnership mentality. This long-term perspective provides the customer with peace of mind, knowing they have a reliable ally in their corner.

Proactively Managing Risks

Proactively identify and address potential project risks with clear and actionable strategies to ensure a smooth and successful outcome. This demonstrates your project management expertise and commitment.

By focusing on these areas and emphasizing peace of mind throughout your engagement, you reassure the customer that choosing your solution meets their immediate needs and provides them with a reliable, supportive partner dedicated to their long-term success and well-being. This comprehensive approach can significantly increase your chances of winning the business.

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About the Author

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the owner of the website Project Business Foundation, a non-profit initiative for professionals and organizations involved in cross-corporate project business.

He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree (with Merit). Oliver has trained thousands of project managers in Europe, the USA, and Asia in methodological project management, focusing on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998 and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch," analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

- "Situational Project Management: The Dynamics of Success and Failure" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016

- "Project Business Management" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

- https://pmworldlibrary.net/authors/oliver-f-lehmann/