IT Professionals Learn to Manage Vendors

Outsourcing deals can show better returns; higher quality work by vendors can be managed with less conflict and disruption, where the IT professionals managing the vendors have the understanding and skills to perform effectively in that role.

By Jim Everett – Think180™

After preparing for a career in technology, and keeping their technology skills honed, many IT professionals find themselves becoming managers of outsourced activities. Even if they take training in project management, traditionally part of the IT professional's repertoire, what is covered there is only partly useful for this role on managing vendors.

For some professionals, this is an exciting opportunity to learn and exercise new managerial and liaison skills, and to impact a broader delivery base than they otherwise might as an individual contributor. It can get them connected with outside experts, and wield a larger budget.

For others it is at best a disappointment, and at worst a nightmare. Suddenly they no longer have direct access to the people who do the work. They have to focus on deliverables and project deadlines, and deal with vendors whom they are convinced are out to gouge the company at every turn. Agreements, contracts, budgets, negotiations – not what they studied for!

Managing outcomes, service levels and results requires a different mindset. Ultimately, all management is about getting results. Yet, under traditional inhouse management models, less effective managers can get around the problem of grasping outcomes and results by simply managing behaviors. Knowing what a worker is expected to do, a manager simply manages that person's activities and behaviors. The fact that this delivers results is partly incidental. Vendor management is different – a manager can no longer manage behaviors, but must look to results, outcomes, deliverables and service levels..

Managing Former Co-Workers

A cause of anxiety with some IT professionals is where a large function is outsourced, and former employees are now performing the same work, but as part of the vendor company. IT professionals often feel that their former colleagues now care about getting paid for their billable time, not getting results like they used to. We hear comments like, "They used to work with us, and when there was a problem, they would stay on it until it was fixed. Now, they work on it only for the allotted time – whether or not it gets fixed."

While the issue of managing results versus behaviors is part of the anxiety and change, the above situation is a different and more complex problem. The IT professionals in this case were never briefed or prepared for what they felt was a personality change in their former peers, nor did they know how to deal with it.

Levels of Involvement

Not all outsourcing experiences are equal – the nature of the outsourced project can have a big impact on the kind of influence that an IT professional has in managing vendors. If the professional is responsible for setting up the project, then selecting and engaging the vendor, there is greater scope for understanding the bigger picture and the agreement with the vendor.

In larger organizations, with very large projects such as application development, contracts and projects are frequently negotiated and put in place long before the IT professional is given the details and assigned the job of managing the delivery by the vendor. By contrast, for smaller projects (such as some aspects of Web services) an IT professional may have broader project responsibilities, often for the entire project.

Horizontal and Vertical Responsibilities

It is useful to think of an outsourced project as a series of phases. Working with a total project across all phases (the first case above), is the "horizontal" project manager. The person who is assigned a single phase (or even a segment within a phase), has "vertical" responsibilities.

The person with a horizontal role, with soup-to-nuts involvement, must be able to scope out a project, define deliverables and standards, define vendor criteria, locate and select an appropriate vendor, negotiate terms, and then set up and manage the project. This requires the use of a broader range of skills, and can be a more rewarding role.

The person with a vertical role must be able to interpret existing contracts, establish connections into another company (the vendor), liaise with users, monitor delivery and standards, and handle changes that occur as the work is delivered and needs change. He or she is more exposed to the practice of "low bid, costly changes". Since the initial negotiator is typically rewarded on getting the best deal up front (beating the vendor down on price), the negotiator may be less concerned with how change items will be later priced.

While someone in a horizontal role is still susceptible to this, the individual who negotiates with the vendor knows that he or she will also have to live with the consequences of beating down a vendor too far on initial price.

The two roles are very different, and frequently have little in common in terms of needs, issues and challenges. We have found in our workshops on vendor management that people from the two different roles do not have a lot in common to share.

Dissatisfaction in the Ranks

So why are many IT workers unhappy in the role of managing vendors. What is the key to satisfaction? Is it that they simply long to do the technical things they trained for? Or is it something more intrinsic to work and self-esteem?

Experience shows us that the more effective managers of vendor delivery in IT departments are those who have a good underlying knowledge of the subject matter and technical processes that are outsourced.

Where IT professionals have been part of the early decision process and understand the basis of vendor selection and terms of engagement, they typically have a better sense of managing to a project. The professional with responsibilities for a phase or segment, and who has simply been thrown a thick contract to manage as a fait accompli, frequently feels more isolated and left out, with greater frustration than counterparts with broader project responsibilities.

The real key is having the knowledge, discretion and the skills to do the job well. People like to be good at what they do. Managing vendors requires skills and knowledge that are not part of an IT professional's normal repertoire, and the organization needs to keep vendor managers apprised of the bigger picture.

Where these two factors are not handled appropriately, IT professionals find themselves in jobs that are alien – and they struggle to be successful. This means that their satisfaction is lower, and the company loses out by not having the deliverables optimized for value, relevance and quality.

Empowering and Preparing the Professional

Professionals typically feel empowered by their ability to be effective in their work, or to have some say and influence, through the exercise of their knowledge and expertise. A professional with a role that he or she is unprepared for may feel ineffective and disempowered. In a management role, particularly a specialized and somewhat arms length management role with vendors, the professional may easily feel ineffective and disempowered.

An essential part of an IT outsourcing strategy must include the factor of preparing the IT professional to be an effective (and happier) manager of the vendor relationships. Combining managerial effectiveness with the body of professional skill creates a capability to deliver greater value to the company, along with a greater sense of accomplishment and personal empowerment.

Even with a small amount of concentrated training and coaching around vendor management, we have heard IT professionals express potential for increased work satisfaction, by seeing that there once again is a path to being effective, influential and valued in their professional knowledge.

Conclusion

It's not just about taking on the role of managing the vendor – how much do the IT professionals (now vendor manager) feel that they own in a project? Where an IT department utilizes outsourcing, and uses existing IT staff to manage vendors and outsourced projects, a critical part of that business and operational model must be to carefully define the role of the IT professionals, then empower them and equip them to be successful in that role of managing the vendors and the results.

Think180™ is based in Los Angeles and focuses on enhancing effective and productive client-vendor relations and effectiveness. Think180 provides tailored in-house workshops for professionals who manage vendors and consulting on "Managing External Resources".

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