

REGIONAL REPORT – ARGENTINA



Trends in Argentina – Outsourcing Project Management

By: Ana María Rodríguez, PMWT International Correspondent

Following the growth of the economy in Argentina, the country is actually full of projects. Important investments that were approved during the last years are now leading to the execution of large and complex projects, most of them looking for the improvement and increase of production processes in factories. The Information Technology industry is also full of projects due to the reduced costs of highly qualified professionals in the country, in comparison with costs in the northern hemisphere. Companies are now facing an unusual growth due to favorable macroeconomic aspects, but are also being conservative regarding a sustainable growth due to the fact that Argentina faces this year elections for most important positions: president, governors, congressmen and city majors and the future investment greatly relies on election results. In the meantime, projects should be executed.

Local companies are strong in the technical issues of projects, but are commonly aware of their project management weaknesses and are not ready to invest on restructuring their management structures now or just do not have enough time to do so since large projects are being executed now. As a result, it is now common to outsource project management tasks. Each day more companies are offering Project Management Services in Argentina, as “the best solution for companies that desire to deliver projects on time, cost and quality”. Outsourcing could be a great opportunity to rapidly improve projects performance, if the right services are hired. However, the offer for services is broad, sometimes confusing, and if not proper for our projects, results could be frustrating. How to be sure outsourcing will improve our projects results? How to choose a PM services provider? How to know which PM tasks to outsource? How these services are usually charged in Argentina? In this article I will offer my opinion, based on my experience offering PM outsourced services.

Will Outsourcing PM tasks improve my projects' results?

Outsourcing project management tasks brings its benefits, but also has its limitations. **The main benefit is that an experienced PM service provider could bring to your project tools and**

techniques that have proven to improve projects performance and therefore, will probably improve your projects' results. You will support the development of your critical projects with the PM experience of these professionals very rapidly, just by introducing them in your project team. Also, consider that although your company might have made an important effort on training employees on PM theories, tools and methods, an experienced professional will bring to your company his/her experience on the practical use of this knowledge. This is an important complement, and will enrich your company's PM culture.

In the other hand, you should be aware that effectiveness of outsourcing Project Management is highly related to their cultural environment. Most companies in the country have not yet implemented a PM culture, keep a functional organization, and a resistance to PM is still present. Introducing PM professionals into this environment requires strong support from the top management of the company, otherwise results will be limited. And by support I mean managers should demonstrate to their staff that they rely on the benefits of this methodology.



The expectations of companies should be realistic regarding how much a project could be improved by outsourcing the PM tasks: if the project lacks from sponsors' support, it is not well defined, or will be executed without adequate resources, there is no tool or technique that will save it from problems. Something else: be aware that if your company outsources the PM tasks for a main project, it is probable that the company's PM culture would be improved, but if no actions are taken to standardize these practices, the next projects would be managed as always. In short, there is a limited residual effect of outsourcing PM tasks.

How to choose the right PM services provider?

In this issue, companies should consider two main facts: first, what are their real needs according to what they already have and what they lack, and second, what is the offer of the PM service provider. **It is important to begin considering the company's needs because the PM provider should address these needs.** The company could require reinforcing its team with professionals with experience in modern project management practices, but also with strong technical background. Or, the company might count with strong in-house technical knowledge, and just need to complement it with PM experience. This makes a strong difference. Also, consider if the PM provider will need to offer some training to the company's staff: are they aware of the existence of modern PM? Do they have former experiences on the use of PM tools and techniques? The chosen PM services provider should address the required training if it is expected to involve the company's staff in the development of the project. In short, you should identify if your company requires only reinforcing its PM practices, or also needs some technical support, or also needs some training.

Look then for a PM services provider with experience in the issues that your company needs to reinforce. Based on your needs, the PM services provider should offer a methodology for strengthen your project's performance. This methodology should be clear from the beginning, and should be independent of the names of the persons that will be included in your team. **The PM provider should guarantee that this methodology will be follow.**

A common trend is to outsource the staffing of project management teams. PM service providers recruit professionals with PM training and experience, and they are inserted into the company's structure. Therefore, the PM methodology to be implemented relies on the experience of the professionals that are recruited, since most companies do not have experience on PM tools and techniques and the scope of the PM services provider does not include the diagnosis of needs and selection of proper methodologies. The professional works hard, relying mainly on his/her personal effort and skills to achieve positive results without following any methodology as guidance. Usually, he/she ends the project being burned out, exhausted, and frustrated. And the company concludes that after all, "Project Management is not applicable in Latin America", and that all what is needed for project success is the right person. Therefore, I strongly suggest to hire a PM service based on the provider's knowledge and proposed methods, instead on relying on personal efforts.

Which PM tasks to outsource?

In Argentina it is usual to outsource the Project Manager role, the project management team, or just the project scheduler. Let's talk about the tasks of these three roles:

The Project Manager, as clearly synthesized by the PMBOK, is the person responsible for accomplishing the project objectives.

If your company is considering on outsourcing this role, it is important to consider how much support will be offered to this project manager and what is his/her negotiation ability, since he or she will have to gain a place in the company in order to succeed. Also, consider that the project manager will assume an important responsibility and part of the risks, therefore the cost of outsourcing this role is usually high. In addition, consider that a sole person cannot change a whole project performance: the recruited project manager will need to gain sponsor's support for his/her job, design methodologies according to the company's needs, overcome resistance to PM, train co-workers about the use of PM tools, and of course, deliver a successful project. It seems to me these are too many tasks for a professional being incorporated for a short period of time into a company, without a team to backup his/her tasks. So maybe you will have to support your outsourced project manager with an adequate team, or maybe you prefer to outsource also the project management team.

The Project Management Team supports the role of the Project Manager, mainly by developing and providing strategic information following the adequate PM methods.

The PM team is typically composed by professionals of different levels of expertise and complementary PM knowledge. The dimension of this team depends on the needs of the project, and the amount and quality of information that it should provide to the project manager. Sometimes it is a good option to outsource the PM team and make it work under a company's project manager directions, in this fashion the "local" project manager has enough in-house support and the PM team has a leader with enough knowledge of the company.

The Project Scheduler is the most common role to outsource in Argentina, mainly because companies consider that a proper schedule is the fast way to improve a project performance. A young professional with good knowledge of scheduling tools is then recruited. Of course a good schedule will improve a project performance, but **in order to develop this schedule more than software knowledge is required, it should be the result of an in-depth planning effort.** If

the company is willing to offer all the required planning knowledge to the scheduler, will know how to use the information offered by the scheduling software in order to improve the project's performance and is just needing somebody with software ability, then outsourcing this role might be enough. But be honest to yourself: if you do not know how to plan your project, or you are not sure about what software output could benefit your decision making process, you might need more than a project scheduler in order to improve your project's performance.

How these services are usually charged in Argentina?

Companies' expectations regarding improvement with the use of PM tools and techniques should be realistic regarding the cost of these services. Time, resources and work should be invested to improve the way projects are managed and as a result, achieve better project results. In Latin America, there are few professionals with training and experience in modern project management; this raises the price of the service. Depending on the scope of the services to provide, the client could be charged on a fixed-price fee or based on a per-hour fee. If the scope of the job is not clear, or if the client prefers to have flexibility for adjusting the services, it is common to follow a per-hour fee.



Usually, companies consider the cost of PM services as an over cost for a project; many clients have explained to me it is hard to justify the cost of outsourcing these tasks because PM is barely considered in the original budget of projects.

Also, companies usually compare the fee of PM services with those of more traditional services like engineering design, forgetting that price is a result of market behavior. And these services should generate savings on projects; the cost should be considered an investment. For example: in a complex project were my company offered the project management team, the cost of a whole year of our services was around 1% of the total project cost. Over costs due to change requests in former projects in this company were always over 40% of contractual cost; in this project the main contractor's claim was around 10% of its original fee: 2% of the total project cost. Without all PM tools we implemented it is highly possible his claim would be according to former experiences around 40% of the contract, in this case 8% of the total project cost. Basic math says that "spending" 1% of the budget in our services generated savings for at least 6% of it.

As a Conclusion

Although each day more companies are offering PM services in Argentina, most of the clients are still confused about what to buy mainly because there is not enough PM knowledge. PM service providers should be willing to explain not only the benefits of their services but also to clarify the methodologies to be followed, and to mention experiences with former clients. Do not hesitate on asking all you want to know before hiring a PM service provider, we understand the market is new and clients need to learn what they are buying before making a choice. And do not forget, **Project Management is not based on miracles or in blind faith; it is based on using the right knowledge, skills, tools and techniques to meet projects' requirements.**



Ana Maria Rodriguez
International Correspondent, Argentina



Ms. Ana Maria Rodriguez is an International Correspondent for www.pmforum.org, based in Rosario, Argentina. Ms. Rodriguez manages CDS Project, a division of NETCDS, a leading IT, project and business services company in Argentina, and is an adjunct professor of project management at the Universidad Nacional de Rosario. She is actively engaged in teaching and promoting project management best practices in Argentina. Ms. Rodriguez is also an active member of PMI in Argentina. Additional information about Ms. Rodriguez can be found at www.pmforum.org/pm_forum_team. Ms. Rodriguez welcomes contact at arodriguez@netcds.com.ar.