

CEO Newsletter

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The Pros and Cons of External Project Management

Can external third party project managers (PMI) really add value?

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We all know about “continuous improvement” and the ongoing cycle of revision and evaluation that runs through every organization and every job these days, as companies endlessly strive to stay competitive. Depending on how this is approached, change can either be a curse or an opportunity particularly if the change is large and disruptive to your organization. That is where project management plays a key role in turning change into an opportunity.

Mareike Walter-Paschkowski, Regional Consultant at Logistics Executive Group and a qualified Prince2 expert, adds her perspective, “In short-term, complex projects often require skills, avenues of approach and resources that are in most organizations not

NEWS

Are you getting the full ROI of your sales and operations planning (S&OP)?

In this webinar, you will learn why S&OP implementations are often not meeting the ROI expectations. Root causes are diverse: stakeholders have different interests, processes are complex to follow, lack of visibility, and each company has its own specific challenges on top of that. During the webinar we will discuss solutions overcome those challenges. You will discover the best practices you need to follow in order to get the full benefits out of your S&OP process.

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used or developed on a day-to-day basis. That is where outsourced project management services should come in.”

According to the Project Management Institute, a project is defined as:

“a temporary endeavor undertaken to create a unique product, service or result... it is temporary in that it has a defined beginning and end, defined scope and resources... a specific set of operations designed to accomplish a singular goal... and includes people who don't usually work together – sometimes from different organizations and across multiple geographies.

The development of software for an improved business process, the construction of a building or bridge, the relief effort after a natural disaster, the expansion of sales into a new geographic market — all are projects.

And all must be expertly managed to deliver the on-time, on-budget results, learning and integration that organizations need.

Project management, then, is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements.”

Today project management language permeates our everyday business vernacular. Concepts like TOC (theory of constraints) and BRM (benefits realization management) have colonized our daily language. The project management industry has grown exponentially with Institutes like PMI and concepts like Prince2 sprung up to meet the complexities of this new modality. In the case of Prince2, it is not only a tool but a methodology that you can be trained and certified in with different levels of certifications for professionals available (i.e. Prince2 foundation or Prince2 practitioner etc.)

It is, therefore, no wonder that middle managers may find it daunting when deciding on whether or not this additional layer of external expertise will bring value to their organization.

There are both pros and cons to be carefully weighed up when evaluating whether an outsourced project management team is the right solution for your company.

THE BENEFITS:

Amping up your workforce skill gaps: As mentioned above, there are specialist skills involved in project management. Bringing in external consultants will allow you the flexibility to fill these specific skill gaps that are only needed for the short-term.

CHARGING UP WORKFORCE CAPABILITY:

Often staff levels are stretched and there is no room for the extra workload involved in executing projects. Introducing external consultants can supplement the team's skills. If the skill makeup of the external team is carefully put together, it can free up permanent staff members and allow them to get involved and gain exposure to new skills and experiences outside of their comfort

zone. It can also keep staff free to get on with daily business or even unburden the overloaded workforce.

BUDGET CONSIDERATIONS:

One of the foundations of professional project management is a tight consideration for financial management. On the outset, even though bringing in an external team may seem costly, it will save money over the life cycle of the project. This is based on the expertise they will bring to your team to keep to deadlines, projected budgets and project deliverables. Project Managers use time management, quality and risk tools that allow them to access and thoroughly understand the cost breakdown at every level of the business from team, task, project, business unit or company. These tools can also save a lot of money, by offering transparency over the whole project. They can identify if any negative impact is likely and which strategies to develop to handle these in case of occurrence They also can gain complete visibility on these costs for everyone in the



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**Logistics Academy CSCMP Quick
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This month only purchase the CSCMP Quick Course Bundle and receive a 15% discount of overall price. Enrolments before 30th March will receive a VIP delegate ticket to LogiSYM Dubai or LogiSym Malaysia. Logistics Academy CSCMP Quick Courses allow you to learn core supply chain topics online, at your own pace, and when it's convenient for you. Consisting of a series of Thirteen (13) courses,, the CSCMP Quick Courses are highly educational Supply Chain and Logistics courses that are designed by carefully selected faculty for entry to mid-level professionals. Backed and supported by the US Based Council of Supply Chain Management Professional. For more information or to sign up, click below. Coupon code: LEQC15OFF

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UPCOMING EVENTS

**8th Annual Air Cargo Handling
Conference**
20 – 22 September 2016
JW Marriott Marquis Hotel, Dubai,
UAE

Taking place in the melting pot of activity that is Dubai, the show is set out to be the global air cargo handling sector's premier annual gathering.

www.achconference.com

organization so that resources are fully utilized or expeditiously redeployed if needed.

Transparency is another benefit over the entire project which is obtained through the use of tools such as project plans and status reports.

OVERALL FLEXIBILITY:

Unlike the commitment of employing a fulltime project manager, the ability to fine tune or redirect resources and cash flow can be very competitive way of enhancing business agility.

RISKS AND PITFALLS:

Lack of permanent staff buy-in: One of the key factors in project success comes down to how your permanent team respond because the need for change has to be understood and embraced for it to work. No matter how good the project is planned it will fail if there is no buy-in. This comes down to communication and consultation from the very start.

PROJECT SPONSOR:

The only way a project will succeed is if it is championed by a leader at the very top of the organization from beginning to end. Executive buy-in will communicate a clear mandate from top to bottom of the organization so it does not run off course.

BUILD ON EXISTING SKILLS AND TALENT:

Permanent staff may feel left out of the process and disengaged if they are not consulted. "On the flip side, this can be turned to an advantage as a project may be an excellent opportunity to develop existing staff. It is a good idea before commencing to make sure that if possible these staff are included as much as is practical. If, for example, you have a staff member who has identified WMS design as part of their career development, it may be a good idea to include them in your warehouse management system implementation on some level. "This will not only increase employee engagement but you're your company's skill inventory." added Mareike.

Weaker connection between the external project team and the organization: The external team will not know the culture of the organization or have the internal relationships that internal staff can leverage. This can be overcome by having excellent communication and following the steps outlined above to win staff buy-in. Conversely, there is a benefit to having a clear untarnished perspective as an external consultant that will allow fresh ideas and perspectives.

TIME WASTED IN EXPLAINING THE COMPANY:

External project managers need to be briefed on all the complexities that are involved and this takes time which may be saved by utilizing an existing team. However, this can be overcome if there is clarity outlined in the planning stages. If clear outcomes and measures, results and timeframes are clarified from the beginning of the project so that both external consultants and the company are satisfied with the targets they are trying to achieve and they understand the variables and allow for them.

"First of all key project stakeholders (internal & external) need to agree on the project charter, which covers project objectives & constraints, scope, stakeholders, target benefits, budget and spending authority. This makes sure that expectations are aligned from the beginning and increases the probability for a successful project execution. In this way, both parties can equally appreciate what will make the project successful so that when it is completed they can both walk away feeling satisfied" concluded Mareike.



DIFFERENCES IN CULTURE:

The external consultants and the internal team will probably need to work closely together. This could pose a problem if there is some discrepancy or clash between the ethos of the two cultures of the organization. The external consultants need to understand and be mindful of the existing company culture

GLCS LogiSYM Malaysia 2016
12 – 13 October 2016
Kuala Lumpur, Malaysia

GLCS LogiSYM Malaysia 2016 promises to be a highly unique event. Building on the success of the past 4 years, the 2016 Fifth Annual Global Logistics and Supply Chain Symposium will focus this year on providing a platform for mid to senior level shippers to discuss and explore innovation, excellence and what changes we can expect to see in the Asian supply chains of tomorrow. We will hear from leading solutions providers in the industry and explore best practice collaboration case studies.

www.logisym.com/events/logisym-malaysia-2016/

Breakbulk Middle East
23 – 26 October 2016
Abu Dhabi, UAE

Following the success of the inaugural Breakbulk Middle East event, this second conference and exhibition will see even more of the world's largest EPCs, logisticians and transport providers come together in Abu Dhabi. Megaprojects in the region — oil & gas, electricity, water, renewable energy, infrastructure — will be the focus for new business opportunities.

www.breakbulk.com/events/middle-east-2016/

Indonesia Transport Supply Chain & Logistics
19 – 21 October 2016
Jakarta, Indonesia

Indonesia Transport, Supply Chain and Logistics (ITSC) is the only dedicated transport and logistics event in Indonesia, with the aim of being a key partner of industry and the Indonesian government, showcasing the government's aspirations of efficient infrastructure and helping it to achieve its objectives of the Blueprint of National Logistics System Development. ITSC is leading platform to discover new products, ideas and technologies for transport and supply chain industry. ITSC will bring opportunities for sourcing, networking and learning all together in just one place over 3 days.

www.transport-supplychain-logistics.co.id/

and to make concessions if needed. The more they can immerse themselves in their client's company culture, the more successful they will be integrating into the change process and creating buy-in.

Another risk could be that the project is simple enough to be handled internally but due to the wrong evaluation you bring onboard external support without the right foundation. This adds unnecessary complexity instead of reducing it.

Through our own experience at Logistics Executive Group, we have found that the best way to succeed in our external consulting is to apply expertise, in areas such as Project Management always with an honesty and profound respect and sensitivity around our customer requirements.

While every situation needs to be assessed on its own merits, it is clear that project management methodologies can definitely add value to an organisation's inventory. The benefits of bringing in an external team to manage can offer immeasurable benefit and advantage as long as there is a justified business case, thorough planning and engagement measures put in place from the outset.

What has your experience been with external project management? Have I covered off all the pros and cons? It would be interesting to hear your thoughts on the subject.

Find out more about our consulting services here:

www.logisticsexecutive.com/advisory

For information on Logistics Executive Salary Survey which includes project management salaries please find a free link to our website here:

www.logisticsexecutive.com/wp-content/uploads/2015/05/2015-Southeast-Asia-Salary-Guide-Low-Res.pdf



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In 2015, Darryl was named as one the "Top 50 influential individuals in Asia' Supply Chain, Manufacturing & Logistics industry" in the prestigious SCM Thought Leader publication by SCM World, recognising him as expert in the linkage of business strategy and supply chain best practices to human capital management. Darryl brings 28 years of executive leadership and consulting experience and is regular contributor on thought leadership across numerous industry publications and is a frequent speaker at international conferences and events on business leadership, strategy & people alignment and talent management. He was instrumental in the creation of Logistics Academy and presently holds an advisory board appointment with industry group LSCMS. In 2014, he was appointed as one of five global experts to IATA's Global Innovation Award selection board and has held senior executive positions within the airline, air cargo and aircraft leasing industry.

Logisym Dubai: Beyond 2020-Connecting Supply Chains, Creating the Future

22 - 23 November 2016

Dubai, UAE

LogiSYM Dubai 2016 is a unique two-day conference set in Dubai, United Arab Emirates from 22 to 23 November 2016. A premier event for Logistics & Supply Chain professionals, educators, Information Architects and Usability Practitioners, LogiSYM Dubai 2016 will bring together 300 professionals from around the region. With EXPO 2020 just around the corner and the UAE forging ahead as the regional's leading supply chain hubs, this year's theme: 'Beyond 2020 - Connecting Supply Chains, Creating the Future' looks at the opportunities, supply chain and consumer mobility and sustainability.

www.logisym.com/events/logisym-dubai-2016/

ABOUT US

Logistics Executive Group is the acknowledged industry leader providing a suite of whole-of-lifecycle business services including Corporate Advisory, Executive Search and specialist Supply Chain and Logistics Training.

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