

DELIVERING QUALITY IN AN OUTSOURCED ENVIRONMENT

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INTRODUCTION

What is Outsourcing

Paying another company to provide services which a company might otherwise have employed its own staff to perform, e.g. software development

Benefits of Outsourcing

- Cost savings (94%)
- Access to skilled resources 63%)
- Improving quality (51%)

Issues

- Knowledge transferal and internal commitment (76%)



Fundamental to Success (85%)

- Establishing a Program Management Office (PMO)
- Proactive communication programs



2004 survey of 38 global companies (mostly in North America) conducted jointly by the Weissman Center for International Business at Baruch College, and The Paaras Group

QUALITY ISSUES IN THE NEWS

- **Products**

- More than 1.5 million Fisher-price toys had to be recalled after one of the company's own quality checks revealed an excess of lead on the surface



- **Services**

- MLsgear.com: (Louisville, KY): Injection attacks on web servers hosted by a third-party service provider compromised the personal data (names, addresses, credit card data, debit card data, and MLsgear.com passwords) of unknown numbers of Major League Soccer's MLsgear.com Web site shoppers (Feb. 8, 2008) <http://www.privacyrights.org/ar/ChronDataBreaches.htm>



Outsourcing: A cost-effective way to lose control of your business

QUALITY ISSUES IN THE NEWS (Cont'd)

- **Services**

- California State University: A possible data breach occurred on a food vendor's computer server. Credit card numbers, cardholder names and expiration dates were exposed, leaving thousands of users open to identity theft, with victims reporting fake charges on their cards. (Jan. 12, 2008)*



- **Product**

- Wisconsin Department of Health and Family Services: Social Security numbers were printed on about 260,000 informational brochures sent by a vendor hired by the state to recipients of Senior Care and other state programs. (Jan. 8, 2008)*

What, Me Worry?



*<http://www.privacyrights.org/ar/ChronDataBreaches.htm>

Outsourcing: A cost-effective way to lose control of your business



POSSIBLE ROOT CAUSES

Outsourcing should never be a way of merely dumping operational headaches downstream

- Inadequate Contract / SLA development
- Lack of **due diligence** by project manager
 - Operational Framework
 - Knowledge transfer
 - Oversight
 - Quality Control
 - Performance measurement
 - Performance reporting



REQUIREMENTS FOR SUCCESS

Business

- Project Management
- Contract/Risk Management on both sides
- Process Maturity
- Constantly monitored arrangements with outsourcers
- Alignment of outsourcer performance with business outcomes

People

- Relationship Management

Technology

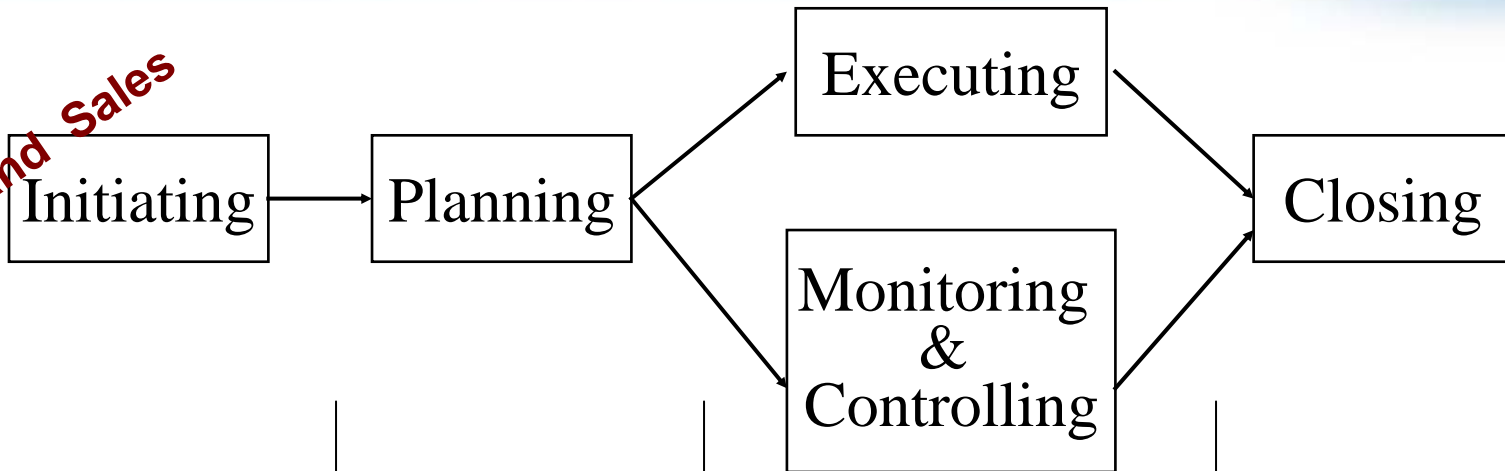
- Compatible Systems
- Connectivity





PROJECT LIFE CYCLE

Marketing and Sales



Proposal Phase

Planning Phase

Implementation Phase

Close Down Phase

Needs → *Objectives* → *Requirements* → *Deliverables* → *Lessons Learned*
(Contractual Agreement *Results* *Archive*
Service Level Agreement (SLA))

Follow standards such as PMBOK®



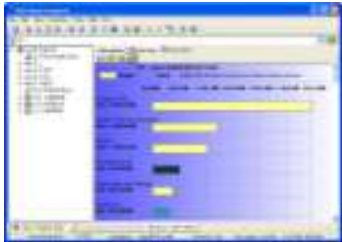
PROJECT MANAGER RESPONSIBILITIES

Quality is PM Responsibility

Planning

- Knowledge Transfer
- Communication Plan
- Quality Management Plan

Review Contracts / SLAs



Execution

- Create Appropriate Documentation

Do not outsource key QA responsibilities!



Monitoring and Control

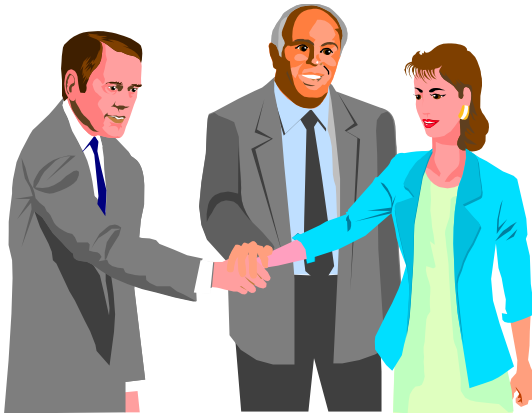
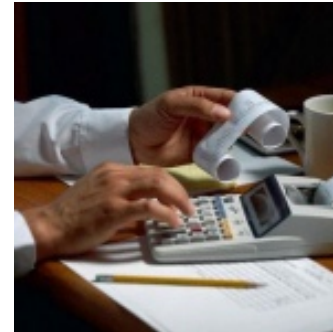
- Conduct Performance Reviews
- Conduct Performance Meetings
 - Alert Senior Management if Standards are not implemented



Do not outsource key PM responsibilities!

QUALITY CONSIDERATIONS

- Requirements / Regulations / Standards / Compliance / Benchmarks
 - Financial
 - Technical Aspects
 - Operational Aspects
 - Relationship Management



ENABLERS OF QUALITY

Risk Management



NOT

Corrective Action



Good Design

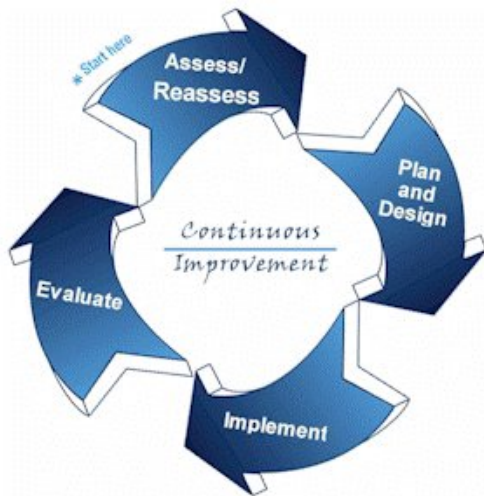


NOT

Contention



ENABLERS OF QUALITY (cont'd)



Good News

Bad News

- Continuous Improvement
- Ethics
- Transparency
 - Process
 - Accounting
 - Risks
 - Operations
 - Culture



Think Collaboration!

**Outsourcing is good in the long run...
it boosts productivity, and saves companies/jobs!**





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Additional Course Information

PMI Westchester Chapter Education

Platinum Rule for Project Managers

7 PDU's or Contact Hours

Friday, April 25, 2008, 9 AM - 4 PM





Additional Course Information

PMINYC Prof Dev Workshop

Introduction to MS Project Workshop

May 12 & May 14, 2008

Advanced MS Project Workshop

May 19 & May 21, 2008

7 PDU's Each





Q & A



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