

Pharmaceutical Organizations Discover New Way to Stay Ahead of the Game: Project Management Outsourcing

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Increased consumer demand. Shorter identification, research, and development lifecycles. Cut-throat competition. No matter how you look at it, the pharmaceutical industry is booming, and the race for manufacturers to bring new products to market faster is closer than ever before. As business continues to grow, defying an economy that is otherwise struggling to stay afloat, pharmaceutical companies everywhere are scrambling for new ways to develop their products faster, within budget, and according to quality standards.

Recently, more and more pharmaceutical companies have begun to focus their attention on one of the most simple, cost-effective ways to improve their processes and speed product development, particularly the clinical trial phase: improved project management. According to a recent study by the Center for Business Practices (CBP), 45 percent of organizations surveyed have implemented centers of excellence for project managers and project management. Companies who implemented project management improvement initiatives spent an average of \$676,000 per year on them, for an approximate ROI of 28 percent. Project management is particularly helpful for providing structure and focus through the tumultuous ride from phase III clinical trials, filing a new drug application, arm-wrestling with and obtaining FDA approval, working with the Division of Drug Marketing, Advertising, and Communications (DDMAC), and navigating the many options and choices through the early years of a product's launch and commercialization.

Key pharmaceutical decision-makers clearly recognize the impact that project management has on their companies' bottom lines. However, tight production schedules prevent many companies from finding the time to dedicate to project management expansion and training. Instead, these companies attempt to manage critical projects and clinical trials with limited or improperly trained staff and drastically reduced lead times. Too often, the unfortunate result is projects that are late or over-budget...and extremely costly to the company. According to research and advisory firms Gartner, Inc.'s *The Project Office*, by Matt Light and Tom Berg, organizations that use rigorous grading criteria to move projects from the requirements phase to the development phase save more than 25 percent in organizational costs for late or cancelled projects.

Getting products to market on time and with operational efficiency is becoming a challenge with the time-starved work force that has permeated the pharmaceutical in-

dustry. And doing more with less is risky. Executives have learned that, even with great profits and high customer demand, they can't skimp on project management. Instead, they're reevaluating their options and are beginning to embrace a new trend: project management outsourcing.

Project Management Outsourcing: The Cost-Effective, Long-Term Solution

Contrary to the widespread belief that outsourcing poses a threat to corporations' existing project management staffs, project management outsourcing enables pharmaceutical companies to leverage their in-house resources to get products to market faster and at the lowest possible cost.

Strategically placed, Project Management Professional (PMP)-certified individuals who are well-versed in all aspects of project management - including initiating, planning, executing, controlling, and closing - are essential for seamless project management. However, according to the "Project Management: The State of the Industry" survey conducted by the Center for Business Practices, 54 percent of organizations have only 1-9 project managers on staff, and 25 percent have 10-25 project managers on staff. Most companies take a minimum of five to seven years of corporate investment in order to develop an in-house team of project managers.

Because the specific needs of project management services for the pharmaceutical industry vary over time, companies are finding it more effective and efficient to outsource this service as needed, instead of maintaining the expertise in-house. By outsourcing their project offices and/or project management improvement initiatives, companies can immediately implement best practices and immediately achieve a higher project success rate at a lower cost, allowing an immediate return on their investment. In addition, by working with a skilled consultancy, in-house staff benefit from a valuable knowledge transfer that can enhance the existing staff's understanding of project management and performance measurement.

Project management outsourcing enables pharmaceutical companies to:

Improve time to market: Projects that are completed on time are the key to bringing products and services to market before the competition.

Reduce costs: Bringing in a project management outsourcing partner eliminates the need to invest in internal project management training and infrastructure development.

Develop a framework for continuous improvement: Bringing in "ready made" processes, proven templates, experienced

staff, and support services jump-starts the entire project management function. Service firms coach and mentor internal staff as well. By reducing the burdens of managing projects in-house, companies can focus on improving in other operational areas, such as research and development, product launch, software engineering, and quality assurance.

Decrease employee turnover: Turnover costs of a project manager average 150% of the employee's salary. This includes tangible costs such as hiring and relocating new employees, and intangible costs such as inefficiency and lost productivity while the job is vacant.

Ensure a more healthy bottom line: Having a team of established experts in place to take over the project management function enables companies to focus on improving profitability much more quickly than otherwise possible. Increasing productivity, decreasing operational costs, and improving product and service quality usually result in significant improvements to companies' profitability.

Outsourcing Options: Which is Right for You?

There are two basic project management outsourcing options to consider. Each has its own advantages.

1. Outsource the entire project office function

In this option, the outsourcing partner is brought in to install/develop, manage, and maintain the project office (an organizational center of excellence) at a program, organizational or therapeutic area, or enterprise level. The partner provides the project management methodology and trains internal project staff in its use. They can also recommend and implement project management software and train staff in its use. A fully trained team of skilled project managers, planners, and control personnel are supplied by the outsourcing partner to plan, manage, and complete all projects in a timely and cost-effective manner.

During the initial phase of the outsourcing contract, process re-engineering, change management, and communications plans are developed to facilitate acceptance by the existing organization.

The advantages of outsourcing the entire project management process are clear, and include:

- Project management best practices are immediately available;
- Projects are led and managed by an expert team of personnel;
- No up-front investments and recruiting costs are required;
- The project office team is on hand to

Here are some additional tips for successfully outsourcing project management:

Make sure that the scope of services to be provided is well-defined. Carefully draft the roles and responsibilities of the outsourcing partner and agree to service levels and business performance levels. Move slowly and deliberately. Focus on a few metrics at a time, until you achieve success. Schedule ongoing performance reviews to ensure that expectations are being met. Initial success will ensure permanent success.

Communicate openly and frequently with your outsourcing partner. Make sure that you have contacts who are always available to address any problems or questions. Establish a structure where everyone in the organization has direct access to important information.

Don't let valuable knowledge slip away with the outsourcing partner. Structure processes so that valuable lessons learned and procedures are documented and maintained in a central location that is easily accessible by all parties. Have the outsourcing partner train and educate staff in the project management model.

coach and mentor staff; and

- Changes to staff can be easily made to adjust to changes in requirements.

2. Use both internal and external resources to manage projects.

In this option, the outsourcing partner supplies a staff of professional project managers and project control personnel as needed. The outside project team serves as a mentor to the internal staff.

Using a blended resource approach ensures that experts are on-hand to manage the more complex, unique, or difficult-to-staff projects. In addition, internal staff has access to coaching and mentoring from the outsourcing provider. The company pays only for the outsourcing staff needed, and cultural resistance among inside staff is less likely.

There are many advantages to this approach, including:

- Steering troubled projects back on track immediately
- Coaching and mentoring internal project managers and staff to improve morale and personnel performance
- Boosting productivity and tightening efficiency with resource management tools and techniques
- Increasing time-to-market with a more disciplined approach to managing the project(s)

Making the Outsourcing Relationship Work for You

The key to getting the most out of an outsourcing relationship is to have a good plan in place beforehand and stick to it. To develop this plan, you must first answer questions like, what are your business goals? What role will the outsourcing partner play in helping your organization attain those goals? What performance metrics are in place to let you know that the outsourcing partner is doing a good job?

It is difficult to select a project management outsourcing partner without first knowing what your organization is trying to accomplish with a project management improvement initiative. First, create your project management plan by following these steps:

1. Develop a charter that describes the mission, responsibility, and business performance criteria for your project management organization and ideal outsourcing partner.
2. Assess the current project management environment, and establish objectives within the following areas:
 - People - Competency assessments and training
 - Process - Project management and Drug Development Life Cycle (DDLC) methodology development
 - Technology - Software and tools for project scheduling, control, time management, and integration with accounting and human resource systems
 - Benchmarking project performance and improvements
3. Define the future environment. Establish long-term objectives for your project management organization in the same areas as above. Determine the permanent role that an outsourcing partner will play in achieving those objectives.
4. Create a change management plan to help ease the transition of bringing an outside project team into the organization. Change management activities are important for overcoming any cultural resistance that you might encounter from your staff.
5. Structure the contract with your outsourcing partner so that both parties are in agreement on the objectives, expectations, and challenges of the relationship. Institute an appropriate performance-based incentive plan into the contract.

If you're understaffed and lack the time and resources to effectively manage your critical projects, then outsourcing may very well be a viable solution. Though the core competency of pharmaceutical companies is to identify, research, develop, and market a drug, each of these areas is project-based. By outsourcing your project management needs to a team of experts, your company can stay nimble and reap the benefits of effective project management much more quickly - and ultimately, more affordably - than ever before.

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