

Implementation of VMS Solutions Require Process Management

A White Paper Analyzing the Need for Process Management



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Introduction

Vendor Management Systems (VMS), client/server applications for managing suppliers of contract labor, are the de facto backbone of any successful Master Services Provider solution for contract labor. However, while many organizations consider the introduction or enhancement of a VMS solution, the significant and well-publicized challenges associated with VMS implementations often daunt them. According to Aberdeen Group, 70% of enterprises considered to be “best in class” (as defined by Aberdeen Group) utilize an automated requisition tracking system, “Best in class enterprises utilize online dashboard technology to provide visibility into workforce management program performance to key executives and stakeholders.”¹ However, that technology must be properly defined and implemented to ensure a cost effective and long-lasting solution for an enterprise.

Accurately predicting implementation costs and the time required for implementation are two key outcomes of successfully

planning a VMS initiative. Organizations must be able to correctly predict costs, resources, and requirements, and develop a plan of attack both before the implementation begins and throughout the project. While VMS implementation horror stories highlight serious business consequences and criticize leading VMS vendors for botched deployments, often the software giants are not to blame. Companies must realize that VMS systems are not a stand-alone solution, but instead an enabling technology to support a broad corporate

deployment of a software solution. As more organizations worldwide choose to build their corporate knowledge base around complex infrastructure solutions, the need to understand how to successfully implement a VMS system has become increasingly important.

Barriers to Success

Typically, there are three process barriers that prevent many VMS implementations from being successful. These barriers result in an elongated development cycle with poorly defined and managed requirements and, as a result,

New business processes must be established, thought through, and implemented before the selection, purchase, and deployment of a software solution.

change and the key to a successful deployment is in the process. Organizations must broaden their perspective in order to put their VMS efforts back on a successful path. Too many overlook a critical stage: New business processes must be established, thought through, and implemented before the selection, purchase, and

poorly defined measures of success. The implementation team often is tasked with chasing a series of fluid requirements; no process for managing changes to the project scope, and a false belief that technology alone will prevail. These teams are, without fail, disappointed with the results. Specifically, the three most common mistakes

¹ Aberdeen Group. April 2007. Contract Labor and Professional Services.

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of VMS implementations are the following:

Focusing on technology:

The technology "silver bullet" approach is one sometimes sold by vendors. However, there is no evidence anywhere in the history of IT that software alone will solve a business problem.

Ignoring the importance of requirements definition:

Organizations too often ignore the need to define an optimal process and then use the technology as an enabler for the process. In too many instances, organizations either try to adopt a process that is inherent in the VMS solution, even if it does not fit their business requirements, or they try to shoehorn their legacy processes into a software package that is not designed to support their processes. In both cases, they suboptimize the capabilities of the technology and don't take advantage of the opportunity to streamline their business process—the entire point of technology implementations.

Jumping from the requirements definition to the development phase:

Pressed to deliver systems against predefined timelines that do not take into account all of the necessary implementation steps,

organizations often rush the process, neglecting to build both a solid implementation plan and solid agreement across the organization as to what it will take to develop and implement the solution before implementing the technology.

essential. Too often, client organizations abdicate responsibility for project implementation under the assumption that their vendors (both the software provider and the implementer) will have identified and addressed the problem. Issues arise

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Leveraging the Power of the Program Management Office for VMS Success

As organizations embark on their VMS initiatives, many ignore key issues that can easily be addressed through a professional project management organization. Some of the most critical items that cannot be overlooked are: the integration of client, implementer, and software vendor goals and plans; constant management of the project's scope; and a method for gaining visibility into project health at all levels of the organization and throughout the life of the project.

The first point—integration of client, implementer, and vendor objectives—is

because all parties do not agree up front on priorities, schedules, escalation procedures, and communication channels. By the time this comes to the fore, the problems can be insurmountable. In addition, management of project scope and requirements can be a sticking point.

Many organizations jump into the implementations without defining the project in "bite-sized chunks" that can be accomplished in a reasonable period of time. As schedules drag on and requirements are heaped on the initial phase, the customer loses faith in the initiative and organizational inertia can take hold.

If requirements are managed scrupulously and reflected in the form of clearly articulated

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scope elements, the entire project is more likely to succeed, and chances are better for its ultimate adoption and survival.

The final barrier lies in visibility at all levels of the organization. Without this, small issues can snowball into major hurdles—often it isn't what you know, but rather it's when you find out. If executives, managers, vendors, and clients all have timely visibility into project status, looming issues, and resource requirements/constraints on a regular basis, the entire team is more likely to get ahead of the problem and find a solution without significant impact to the project as a whole.

But how can an organization ensure that it will avoid these pitfalls and implement successfully? A Program Management Office (PMO) can be a key success factor. A PMO is a central organization with responsibility for management, oversight, communication, and tracking either for a single significant project. The PMO can provide the needed structure and discipline, as well as assume

an organizational leadership role to support VMS solution deployment.

In its basic configuration, the PMO supports core program management-related functions including scope management, baseline change management, resource management, cost management, and program reviews. Some organizations expand PMO processes to include additional functions such as risk management, earned value, and requirements management. Ultimately, in its most robust state, the PMO supports portfolio management, which in addition to the core and/or enhanced functions, supports selection, prioritization, performance measurement, and ongoing management of multiple projects and internal investments.

Portfolio management enables companies to align IT and business management objectives, one of the key components missing in previous VMS implementations. In this configuration the PMO supports enterprise and project requirements, hence the term "enterprise PMO."

Only through open and honest communication will all parties understand what constitutes a VMS success. Deploying a PMO streamlines and facilitates the VMS implementation process. Companies who leverage the strength of a PMO can mitigate risk, minimize costs, and ultimately, expect smoother implementations. Putting in place solid project management techniques through the use of technologies such as a PMO can provide the needed structure to successfully guide companies through previously murky implementations.

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Bartech Workforce Management provides contingent workforce management solutions to large-scale users of temporary labor. At BWM, we help customers optimize their investment in temporary labor through: policy development, standardized processes, workflow automation and staffing vendor management. The value of our solutions is process efficiencies, improved visibility into both temporary labor spend and usage, improved worker quality, risk reduction, and reduced costs associated with the procurement of temporary labor. In fact, our customers have reported savings ranging from 5-20% which translates to millions of dollars saved.

Selected Customer List

Blue Care Network

Blue Cross Blue Shield of Michigan

Blue Cross Blue Shield of South Carolina

Delphi Corporation

DTE Energy Company

Eaton Corporation

Johnson Controls, Inc.

KUKA Flexible Production Systems

MAXIMUS, Inc.

Owens Corning

Verizon