

## How you manage your SOW projects has a tremendous impact on your bottom line

Statement of Work (SOW) and outsourced services are emerging as essential business strategies for companies of every size. These engagements are typically deployed to augment the core skills of internal teams or to complete projects that require bandwidth beyond the capabilities of an in-house workforce.

Because SOW projects are measured and monitored through deliverables rather than time-and-expense, many companies approach SOW projects differently than traditional contingent workers. A 2014 survey of contingent workforce buyers by Staffing Industry Analysts reveals that only 54% of buyers report managing SOW as part of their contingent workforce program. Based on that sampling, nearly half of contingent buyers are missing key opportunities to further the value of their SOW projects. Many of these same buyers are currently working with an MSP provider to manage their contingent workforce, creating an opportunity to leverage their most powerful contingent workforce management tool to manage SOW projects and outsourced services.

### Building on an Established Framework

While contingent staffing and SOW engagements are different, the business concerns that apply to temporary workforces – i.e. quality, employee classification, security, spend visibility, and compliance to name a few – apply equally to employees working under an SOW and outsourced services arrangement. A robust MSP should have the capability to improve transparency, oversight, and tracking of these SOW projects at every stage of the engagement:

#### Bidding Process

Companies often select the vendor for an SOW project based on a previous engagement, a process that potentially limits the vendor pool and may even eliminate the most qualified vendor for a project. Even companies that insist on rigorous competition among their temporary staffing vendors will often enable managers to single-source the vendor for an SOW project, bypassing Procurement's ability to secure the best work for the best rate.

##### **Key questions to ask** ▶

Are your SOW projects being bid upon by the most qualified vendors? Are these projects subject to any bid review at all?

#### Vendor Performance

It's essential to consider all critical criteria when assessing your vendors: subject matter expertise, quality of work, consistency of delivery, compliance with your business rules, and more. The analytics provided by a comprehensive MSP enable you to consistently measure and compare the value each vendor brings to your business in each of these areas before the contract is executed. This not only ensures the contract is awarded to the best vendor, it also enables you to reward your top vendors with more projects – a win/win scenario for your vendors and your business.

##### **Key questions to ask** ▶

What process is your organization using to determine SOW vendor selection? Can you remove "impressions" and accurately compare outsourced service vendor performance?

#### Scope Management

While an SOW contract specifically defines the parameters and costs of a project, unexpected circumstances or post-contract changes can require amendments to the agreement. An MSP provides the rigorous tracking necessary to maintain visibility for internal stakeholders while increasing accountability for your chosen vendors.

##### **Key questions to ask** ▶

How does your company manage adjustments to an SOW project when circumstances require a change to the contract? Who has visibility of the changes when they are made?

#### Measuring Milestones

The status of one project often has a cascading impact on other projects and deadlines. Companies that manage concurrent projects should expect access to real-time data on project status in order to maximize efficiency and productivity. Establishing measurable milestones in each of your SOW contracts and monitoring these milestones enables stakeholders across the company to monitor progress.

##### **Key questions to ask** ▶

How is your company defining specific, measurable project milestones that allow real-time monitoring of project status?

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## Tracking and Reporting

Smart decisions start with relevant, reliable business intelligence. Tracking your SOW through an MSP delivers both immediate data about project status and long-term, strategic information about project performance. While a powerful vendor management system (VMS) is a great source for the raw data to determine *what* is happening with regard to your outsourced services, an MSP uses that data to identify *why* it's happening.

### Key questions to ask ▶

Are your teams able to compile and report specific, quantifiable data in order to make a business case about SOW project success?

## Process Efficiency

Every company is continually pressed to weigh quality against cost, and improving the efficiency of your operations has a positive impact on both goals. From accelerated processes to dedicated oversight to consolidated invoicing, an MSP makes it easier for your team to focus on your core business because the MSP is managing the administration of all of your vendor relationships.

### Key questions to ask ▶

Is there a single point of visibility for all SOW projects currently being performed and scheduled for deployment?

## Managing Change, Meeting Challenges

Anticipating and addressing potential challenges in the transition process from a legacy SOW management strategy is essential to the smooth integration of SOW and outsourced services into an MSP program. Working with an MSP partner that has experience converting these types of contracts will enable you to more easily manage these situations:

**Internal adoption** Individuals accustomed to the “old way of doing things” may be frustrated, but a comprehensive communication and training plan will enable you to set expectations, foresee problems, and demonstrate the value the MSP brings to these projects.

**Vendor resistance** Some vendors that have historically defined the rules of engagement will prefer to maintain the status quo. It's important to clearly communicate that managing the project with the MSP may have no impact on the number and value of their contracts. Moreover, vendors that demonstrate successful, efficient project completion may be more likely to earn additional opportunities.

**Global deployment** Just as the regulations that apply to traditional contingent staffing engagements vary from country to country, the rules for outsourced services projects differ as well. Having an MSP partner with experienced in regions where you want to include SOW in the MSP is critical for efficient incorporation of these projects into any global program.

## Uncover More Value from Your MSP

While the contracts and scopes of SOW projects and outsourced services may differ from those with traditional staffing suppliers, they can still be managed within a comprehensive MSP program. If your MSP program isn't managing SOW and outsourced services, your company could be missing out on opportunities to improve the cost, capabilities, and results of these projects.

## Getting the Most from Outsourced Services

Managing SOW projects and outsourced services through your MSP delivers end-to-end advantages to stakeholders across your company:

### Visibility and Transparency

Procurement can perform quantitative comparison of vendor performance on meaningful KPIs

Internal stakeholders can monitor project changes to control scope creep

Real-time access into project status and project spend

### Cost Management

Procurement leads contract creation and cost expectations

Improve pricing by engaging with multiple vendors and negotiating terms

Improve ability to limit project overruns

### Control

Increase governance of contract terms and execution

Ability to define and monitor specific project milestones and checkpoints

Confirm project parameters do not qualify as traditional staffing engagement

### Vendor Relationships

Develop and nurture partnerships with the most effective vendors

Ensure legal and regulatory compliance of employee classification and insurance

Mentor vendors to improve service level agreements and project results

To discover more ways that Volt can help you get better results from your SOW projects, visit us at [voltconsultinggroup.com](http://voltconsultinggroup.com)