

The Project Professional

FLEXIBLE HUMAN CAPITAL
TO ENABLE GROWTH

BY ROBERT MOORE



IN THE RECESSION OF THE EARLY 1990s, companies learned a lot about resilience. They adopted Just-in-Time (JIT) techniques to reduce the fixed cost of inventory, and they used emerging technology to gain more control over production. They also outsourced many noncore functions like mailroom and graphic services to minimize obligatory overhead. But later, as business boomed, amnesia set in. Companies added more and more people to handle the growth. When the growth stopped, the bloated employee ranks became all too apparent, and layoffs were inevitable.

In 2007, the economy accelerated again. Companies executed growth strategies that they had to shelve during the last economic downturn. Even with the recent turmoil in the housing sector and credit markets, companies moved ahead with new strategic and operational initiatives—all of which required additional infrastructure in the form of talented people.

How can companies build resilience now and yet prepare their organizations to retain that resilience through good times and bad? How can companies find the expertise they need to execute their strategic plans? The answer is by developing a flexible human capital strategy—one that leverages Just-in-Time talent and independent expertise in the form of project professionals.

Project professionals can fill a void for many different types of departments. Finance and accounting departments, for example, often don't have adequate staff to do the necessary work, and getting approval for additional headcount is a struggle. Performing some activities on a project basis, rather than via a staff position, can allow companies to move forward on high-priority items. Project professionals can run or assist with process reengineering, Sarbanes-Oxley (SOX) compliance preparation, scorecard implementation, enterprise

resource planning (ERP) implementation, large-scale reconciliations, database design, audit preparation, and financial planning and analysis, to name a few (see "Projects Consultants Typically Perform for Management Accountants").

Let's look at why companies hire an independent project professional as opposed to a consulting firm, how to get the person on board quickly, and how to get the most from the engagement.

THE RISE OF THE INDEPENDENT PROJECT PROFESSIONAL

In addition to relying on their employees, companies have learned to gain flexibility by using the services of temp agencies, which have served the clerical and administrative needs of firms well. As industry has given way to the service economy, however, the need for knowledge workers has exploded, but where do companies find flexible resources with unique management expertise?

Consulting firms have traditionally provided firms with strategic advice and skilled implementation teams, but this comes at a price and often lacks the flexibility to give companies a true Just-in-Time resource.

Project professionals are senior-level independent consultants who come from a variety of situations, but they all have one thing in common: seasoned expertise and situational wisdom they use to help solve client problems. Some project professionals are former titans of industry who, having achieved significant success in business, set up their own shop in true entrepreneurial style, offering their unique skills on a contract or project basis. Others are former full-time employees who were forced into more unstable jobs by shifts in the economy and found that they liked the independent lifestyle. A third group of project professionals encompasses refugees from tradi-



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Projects Consultants Typically Perform for Management Accountants

With unique or specialized skills, project professionals can supplement the existing management accounting team and provide the desired result. Here's a list of the types of work that project professionals typically perform for management accountants.

Financial Planning and Analysis

- ◆ Sales and profitability analysis
- ◆ Refinement of operations costing methodologies
- ◆ Forecasting model creation
- ◆ Acquisition and divestiture analysis
- ◆ Capital expenditure analysis and planning

Financial Accounting and Reporting

- ◆ Financial audit coordination
- ◆ Consolidated financial statement preparation
- ◆ Reengineering of company-wide reporting processes
- ◆ Creation of internal controls policy and procedures
- ◆ Post-merger accounting integration

Financial Systems Implementation

- ◆ Requirements definition in software selection process
- ◆ Functional lead in implementation of financial systems
- ◆ Serve as liaison between IT and finance and accounting functions
- ◆ Financial report design
- ◆ Backfill of functional roles for client staff assigned to project teams

M&A Due Diligence Support

- ◆ Provide analysis of historical operational data
- ◆ Provide liaison point between investment bankers and the company
- ◆ Construct forecasting models supporting decision making
- ◆ Build functional processes in support of lender requirements
- ◆ Analyze current state of people, processes, and systems

Post-Merger Financial Integration

- ◆ Ensure transactional recording and accounting processes are aligned
- ◆ Consolidate reporting processes and eliminate redundancies
- ◆ Create new budgets and forecasts
- ◆ Conduct operational and financial analyses

Interim Financial Management

- ◆ Complete work during the search to replace a departed employee
- ◆ Fill gaps created by merger, acquisition, or relocation
- ◆ Deal with peaks in workload without adding permanent headcount

tional consulting firms who chose to trade in the nomadic traveling lifestyle of the big firms for a business life closer to home. Some had a different perspective on how they wanted to deliver value, while others just wanted to choose their own clients and engagements. All of them knew that they didn't need a big firm to find or produce quality work. More importantly, they recognized the high cost of overhead. The independent consultant refugees from this world recognize that, because they are no longer a branded service, their billing rates to a client will be less than the lofty rates of the big firms. After all, clients pay a premium for the pedigree of the McKinsey methodology or the Accenture way.

Companies that rapidly deploy this new style of independent expertise will be rewarded. Since it's important

for management to develop a repository of this knowledge, proactively becoming aware of ways to secure specific expertise within the marketplace of project professionals is essential. This takes a conscious effort to actively and deliberately develop formal and informal expertise networks so that management knows where it can find that knowledge when the time comes. This can be as simple as working your Rolodex of individual consultants or building relationships with professional services firms that specialize in deploying project professionals to companies when the need arises.

RETHINKING PEOPLE STRATEGIES

Just as a corporate treasurer optimizes financial returns across instruments, it's important to consider all the

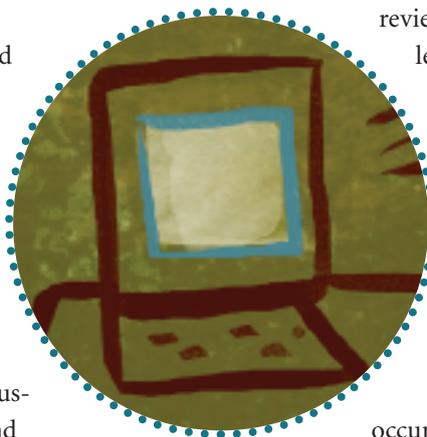
human capital instruments available—current staff and new hires, contract and temporary staff, consulting firms, and project professionals. David Zimmerman, senior vice president with Wells Fargo Bank's most successful retail banking region in the Los Angeles area, had a vision for growth and needed to consider all his options to make that growth a reality. Numerous initiatives were under way to enhance customer satisfaction and grow deposits and loan volume. When Zimmerman built a new training center last year, he depended on his current staff to implement the new strategies, but some skill sets were missing. He needed an expert who could quickly design and implement a unique new sourcing plan to proactively identify and hire premium-quality candidates to satisfy the growing bank's voracious appetite for new private bankers.

The lack of available in-house resources and a tight development time frame led Zimmerman to contact a firm that provides independent professionals on a project basis. After working together on a detailed set of requirements, the firm identified several project professionals from its national network of independent experts and presented several choices to Zimmerman. Once selected, the seasoned project professional with a specialty in talent acquisition started the following Monday.

HOW COMPANIES USE INDEPENDENT PROJECT PROFESSIONALS

Some executives wonder why they should bother with this new project professional marketplace since they have always managed with regular employees. Why should they fight it out in two markets—the regular hire and the project professional world—rather than concentrate their efforts on the one hiring goal? The answer has to do with changing marketplace needs and flexibility in meeting those needs.

There are many different instruments by which human capital can be deployed in an organization. Astute companies recognize this factor and work the markets to ensure that they allocate and manage human capital. To optimize their human capital strategies, companies should include both the regular hire and the project professional market at the same time. A firm might not be able to find the perfect controller quickly, but it could bring in a consultant to perform closings, create forecasts,



review financial statements, etc., and seamlessly manage the department in the meantime. Similarly, an interim manager in a troublesome division may provide some temporary solutions until the future needs of that operation are assessed.

Companies typically hire project professionals for the following five reasons:

1. In-sourcing new skills. In-sourcing occurs when a company needs to bring in

skills or specific content expertise that aren't in the organization. An in-sourcing need often arises from a new initiative or opportunity where the organization lacks some key element to execute the right response. It can be functional knowledge, analytic methodologies, or specific approaches the enterprise needs to deploy.

2. Accelerating time to market. For many companies, critical projects need to occur at specific times whether or not the staff is on board to handle them. As such, augmenting a current and often overworked staff, with the intent of keeping key initiatives on schedule, is a typical use of independent professionals.

3. Leveraging existing management. Similar to the need to keep projects on track, it's also important to reinforce and optimize a team's efforts. Often, efforts focus on a goal in such a concentrated way that no one notices when they haven't addressed an ancillary area. Of course, that omission could impede the team's efforts. In this case, bringing in a project professional to ensure the effort proceeds will leverage the existing team.

4. Evaluating or assessing current initiatives. Companies use independent audits to validate financial information. Similarly, an outside eye can often discern irregularities far more quickly than an inside one can, which is true not only of financial records but of various strategic and operational issues as well.

5. Providing interim management. In business, it isn't unusual for managers to vacate their positions unexpectedly. The situation is far from ideal, especially in the case of accounting and financial management. In some cases, there may be an heir apparent, someone ready to step up to the challenge of a new management role. Often, the organization just gets by until a regular hire arrives three to six months down the road, but the company could fill the position on an interim basis. By their nature, interim managers often possess a level of expertise that exceeds the requirements for the permanent position. The team

then learns from the interim expert, raising the expertise quotient of the entire group.

BUILDING A SCALABLE HUMAN CAPITAL INFRASTRUCTURE

The challenge for companies today is to create the organizational infrastructure appropriate for this new management approach. Most companies aren't prepared to rapidly identify, efficiently use, and effectively retain the expertise of outsiders. In fact, most companies look for an interim manager or project professional the way they look for an employee. They take a functional job description coupled with minimum skill requirements and match available candidates to it.

Generally, this traditional approach isn't optimal for an interim- or project-oriented resource. By definition, a project professional is brought in to do something due to some unexpected complication—either there are quality problems on the line, a system conversion is about to occur, someone needs to run a division while the manager is on leave, etc. The critical piece for project work is the situational wisdom that the consultant brings to the job.

Edwige Mesrobian, vice president of profitability measurement at Union Bank of California, didn't use a traditional list of job requirement criteria to hire an experienced project professional to implement a new product costing system. Mesrobian chose to use a streamlined approach. Knowing that the project professional would be dedicated to this single task and would leave the organization upon successfully delivering the required results, she settled on two simple criteria: Had the consultant successfully implemented the system elsewhere in the past, and had the individual worked within a similarly sized organization?

Using two simple criteria enabled a rapid selection process and a quick start to the project. Mesrobian secured the specific expertise desired without the time and expense of a traditional selection process. The consultant was focused on delivering results and then transferring the knowledge to the firm's permanent staff.

Too often, companies use the requirements for the traditional regular jobs when hiring consultants. But the real value in using an independent project professional is gaining the expertise of someone who has been there, done that—someone who has already made the mistakes, knows where the landmines are, and can duplicate their past project success for their new client.

To maximize the value of using external expertise,

companies have to create an infrastructure that allows them to quickly bring on the talent and swiftly educate them about the project. Of course, swift deployment starts with developing a different acquisition process. Once a firm selects an individual, the challenge is to make him or her productive quickly. This requires a host of proactive logistical arrangements and organizational preparations. Here are a few tips:

- ◆ Communicate the project to all employees who are affected or will be working with the consultant. (Consulting engagements can fail because other members of the organization don't know about the presence of the consultant. It's best to communicate goals, intent, and expected results to as many people as possible.)
- ◆ Coordinate phone arrangements with receptionists, voicemail, etc.
- ◆ Set up access to systems and technology the consultant requires for the project.
- ◆ Arrange for security authorization, badges, etc., as needed.
- ◆ Tell the payables department to facilitate payment of consultant fees.
- ◆ Personally introduce the consultant to key staff.

Perhaps the largest issue facing companies that use project expertise is ensuring the organization retains the knowledge once the project concludes and the expert has gone on to new engagements. Without this mechanism, the company is merely a sieve—knowledge flows in and out again. Instead, it must be a reservoir that captures the flow of expertise and stores it for future use.

The best way to promote knowledge transfer is to make it part of the contract with the consultant. The project professional should train someone in the organization on the approach, constructs, and activities and then be able to hand off the baton effectively.

SUSTAINING COMPETITIVE ADVANTAGE

A flexible human capital strategy should be a part of every organization. Flexibility allows management to tap into unique expertise to solve critical business problems. A scalable human capital infrastructure that includes Just-in-Time talent acquisition allows companies to buy the expertise they need, when they need it, and for only as long as they need it. ■

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