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Supplier Management In Troubled Project Recovery

by

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Bernard can't sleep. His project's software supplier missed a planning milestone, and today missed the rescheduled milestone. In the night's smallest hours he's rolling the situation over in his mind, searching for a way to influence another company's performance.

Many of us have been in Bernard's position, managing a troubled project where our suppliers—people and organizations we've been encouraged to think of as partners—are mixed up in the trouble. Rather than spinning our wheels after midnight, we'll take on the role of project physician and review a series of actions for business hours that can help heal our troubled project.

The project physician has one goal and pursues the goal with three major practices. The goal is to recover a troubled project, to assist the project in delivering outcomes still deemed worthwhile. The primary practices a project physician uses attain the goal are making accurate diagnoses, cultivating good bedside manner, and triaging efficiently.

Where suppliers are entangled, a clear sub-goal arises, and with it three sub-practices aligned to the primary practices. The goal with regard to suppliers is overarching and applies to all project suppliers: *the physician's goal is to increase suppliers' contributions to project recovery.*

As part of accurate diagnosis, the project physician must localize the source of troublesome symptoms, ascertaining which suppliers are part of which problems. To cultivate a good bedside manner, the project physician has to deepen their understanding of team/supplier relationships. As part of triage, a project physician must often uncover the secret or hidden power of a supplier.

Diagnosis: Localizing Symptoms

Understanding rapidly the type, size, and source of afflictions is vital to successful project recovery. *Are the project's suppliers part of the problem?* For some readers this question may seem laughably obvious, but especially for project doctors new to the patient, the answer is of vital importance. As a method for assessment:

- Gather together a list of suppliers supplying the project.
- Eliminate those who supply to untroubled work segments
- Eliminate those whose supplies or services are not yet being used.

The remaining suppliers are providing a good or service to troubled work segments. Somehow, in some way, these suppliers are involved in the solution. Vendors from other parts of the project or vendors not yet involved in the project may also be involved in the solution, but the project medic must focus their diagnosis on the suppliers who assist troubled work.

Remember, the suppliers we've identified so far are *connected* to the trouble. They may or may not be *causing* the trouble. Look at the list not as a set of villains trying to poison the project, but as a set of stakeholders who have an interest in the trouble's antidote.

To aid the diagnosis, investigate the troubled work packages with this question: *Are the symptoms localized to the supplier?* If a design team delivers its work on time to a metal shop but the metal shop delivers the prototype late, then the symptom (slip) is localized to the metal shop. If the metal shop is thirty percent over budget, and the design team is also thirty percent over budget, then the symptom (overspend) is not localized.

Where suppliers are involved, there is another critical question to ask and answer before moving into triage: *is the supplier the source of the problem?* For a project physician, this question is answered by verifying the inputs the supplier has received from the physician's organization. For example, the same metal shop that delivered a prototype behind schedule may

have been delivered an unworkable design by the design team, even though the design was delivered on time. In this example a quality problem makes itself more obvious as a schedule problem and supplier is not really the source of the trouble. Rather they are the step where breakdowns became apparent.

Note how “*is the supplier the source of the problem?*” is not framed as hunt for root cause. As project physicians working with suppliers, we must accept a lack of control. We must accept that we may never be able to fully understand what is transpiring within our supplier’s organization. Knowing the supplier is the source of a problem is enough to begin taking corrective action.

As we close our discussion of diagnosis, consider a question that sheds light on the methods we employ as project physicians: *is the assessment based on fact?* Suppliers are sometimes scapegoated, taking the blame for failure when the root cause lies closer to home. Physicians who rely on conjecture are risking misdiagnosis, which dramatically increases the possibility of repeat failure. Repeat failures can sink projects and even entire organizations.

Bedside Manner: Team/Supplier Relationships

It’s easy to accept that a greater understanding of team/supplier relationships can play a role in increasing suppliers’ contributions to recovery. The effective project medic works at both the human and the contractual levels of supplier/team relationships. In this section we’ll focus on how to gain understanding, especially when time is short.

The localization and diagnosis indicates which of the team/supplier connections should receive attention. Next the project medic considers this question: *who holds the relationship on the project side?* To answer the question, make a list of the relationships between the project organization and the supplier’s organization, including all the points of exchange. Examples might include sales, leadership, design hand-off, QA/QC, and accounts payable. Next write the name or names of individuals from the project organization involved in the relationship. Refine the list to those who are responsible for the relationship. This process is similar to building a roles and responsibilities chart and an example is shown in

Role The Function To Be Performed	In Group Team Member(s) Performing Role	Out Group Supplier Employee(s) Performing Role	Symptoms								Adjustments Collaborative Action to Relieve Symptoms and Reduce Trouble
			Silence	Fear	Fatigue	Disinterest	Overload	Misunderstanding	Surprise		
Sales	Anne M.										
Leaders	Me										
Design Hand-off	Empty (Quit)										
QA/QC, Handback	Santosh J.										
Accts Pay.	Clerk 1										

Figure 1.

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Figure 1. A Blank Relationship Diagram For Assessing Troubled Team/Supplier Relationships

The next question is also important to the possibility of project recovery: *who holds the relationship on the supplier side?* Continue to build the chart created by the answering the first question. Only this time identify the individuals from the supplier’s organization who hold each relationship.

The goal of the above two steps is to clarify which relationships exist and who is doing the work of relating. Be especially clear in the chart if there are vacancies on either side of the relationship.

With a clear picture of the connections, project medics can move forward with their assessment: *is the quality of relationship meeting expectations?* Whether in formal interviews or in hallway conversations, be sensitive to these kinds of indicators:

- Silence
- Fear
- Fatigue
- Disinterest
- Overload
- Misunderstanding
- Surprise

Other factors may also indicate troubled relationships. As project medics seek answers, they must remain vigilant for fact and against prejudice. For example, if status information isn't delivered often enough, is it because we haven't been asking the supplier for it in a straightforward way? Can the supplier be rightfully expected to contribute to recovery if we haven't been honest about the type and magnitude of the trouble we're experiencing?

With a map of the relationships and a sense of which connections are troubled, we now have a basis from which to collaborate on adjustments. The best project medics understand that engagement with the supplier on what adjustments to make—whether it's clarification of roles, personnel swaps, alignment of goals—is itself a contribution. Discussing potential corrective actions with a supplier requires forming a relationship, one that may have been previously ignored. Bringing the highest standards of professionalism to the discussion sets a good example for both sides.

On the contractual side of relationships, the Statement of Work (SOW) is usually the pivot for discussion. Before we discuss project troubleshooting any further, it is important to remember the importance of using trustworthy legal council whenever contracts and reformulations of contracts are involved.

Many are tempted to use the SOW as a stick, threatening pain and injury if the supplier doesn't live up to an original promise. A greater and more constructive challenge is to have a non-threatening discussion of the SOW, where listening is the medic's foremost intention. In such a discussion, the medic may learn about entirely new problems, or that the supplier has

fresh solution ideas, both of which will have an effect on reformulating the SOW. Especially since suppliers are more likely to implement solutions they devised, this approach can deliver a better chance of project recovery.

Choosing words to discuss the SOW is of critical importance. Keep “win-win” and similar phrases out of your statements unless the supplier recognizes an element of the proposed change as beneficial. Remember, the medic’s goal is to increase contributions to recovery. Trying to disguise a concession as a benefit only lowers the medic’s professional credibility.

Questions can also be powerful tools in generating new possibilities in the SOW discussion. “How is the SOW inhibiting delivery?” is a surprisingly powerful example. In one discussion the supplier’s response, “the reporting requirements are beastly,” generated changes in documentation that shifted a full-time resource from bookkeeping to project delivery.

Triage: Suppliers’ Secret Powers

Project triage is the act of deciding which treatments and resources will be used to address which problems. When dealing with suppliers, triage falls into two cases. If the project needs the supplier to follow through on a promise already made, then addressing the SOW is a good course of action. If, on the other hand, the project—because of some unforeseen circumstance, perhaps—needs something completely new, then the medic is motivated to ask: *what secret power does the supplier have?*

In most cases, buyer/supplier relationships only use part of a supplier’s capability. The chances are good that every supplier connected to the troubled project work has access to some other resource, some other person, that the project team does not know about. For example, a software supplier might have in-house testing expertise, or a customer support subcontractor may have marketing capacity. Even suppliers who are the source of problems may have unknown capabilities that could positively affect the outcome. Until the project physician helps the supplier reveal their secret power, the power cannot be used for the good of the project.

Getting a supplier to reveal their secret power and then commit it to a troubled project is where the skill of a project medic can make itself apparent. To start, the project medic, at first within the context of the team and later with the supplier, must answer this question: *what contribution will enable successful recovery?*

This question has several nuances worth exploring. First is the phrase *successful recovery*. Only rarely in the context of a troubled project does successful recovery imply meeting all of the original project requirements in the original project budget and timeline.

Rather, in cooperation with stakeholders, the team has identified worthwhile elements of the original project that are still with pursuing.

The second subtlety worth considering is the mindset the team must have to creatively consider the necessary contribution. Troubled projects often suffer acrimony, fear, and pressure that can make creative thinking difficult. It is incumbent on the project physician to create, if even for a limited time, an atmosphere where new perspectives can come forward. By making space for new ideas, the team creates space for new players: the new players will probably be the suppliers with secret powers.

Ultimately, the project physician and players will envision a contribution that will enable recovery. Then they must answer a question that motivates supplier engagement: *how can we help the supplier turn their increased contribution into new business?* The project medic and team must put themselves in the suppliers' shoes and envision the marketing power a successful contribution would give the supplier. Imagining the exact advertising copy or endorsement from the project team can help crystallize both the exact nature of the contribution and its value to future clients.

Some examples are:

- Wow! We made up four weeks using their in-house design expertise!
- Wow! A new prototype in two weeks! On time and 20% savings!
- Wow! The product rolled out Asian distributors in less than a month!

Prefacing each contribution with "Wow!" helps the project team expand their thinking about what is possible focus on the merits of the contribution instead of past shortcomings. It is also important to remember that these statements are formulated to benefit the supplier, and may safely ignore some of the project team's realities. In the second bullet, for example, the project may actually be spending twice for a prototype: 100% of the budgeted cost with an unsuccessful supplier, and 80% more with another supplier who has revealed their secret power to deliver a prototype in two weeks. When endorsing the second supplier, the project team will focus only on the second supplier's success.

The challenge of uncovering the supplier that has the required secret power is not a trivial one. A simple but powerful question that can lead both the project medic and the project team in this phase is: *who haven't we asked yet?*

The hunt for the supplier with the secret power is rarely as easy as turning to the suppliers who have been working on the original troubled work packages. More often the hunt involves suppliers who are working on untroubled parts of the project, or suppliers who have not yet begun work. Using existing suppliers' networks of contacts to find new suppliers who can

make the necessary recovery contribution has been rewarding for many project medics. A systems integrator might know a consultant who knows a marketing team who specializes in the team's need. Engaging the team in the lead-generation process can help reignite members whose frustrations have built up as a result of project trouble.

Summary

Troubled projects where suppliers play a role can be especially complicated. Making the most of the situation depends on increasing suppliers' contributions to project recovery. Three methods can assist the project physician: localizing the source of troublesome symptoms, deepening understanding of team/supplier relationships, and uncovering suppliers' secret powers.

The project physician who is even-handed and forthright has the best chance of succeeding and therefore the best chance at a good night's sleep.

Questions Lists For Inset Boxes

Key Questions: Assessing Trouble

1. Is the supplier part of the problem?
2. Are the symptoms localized to the supplier?
3. Is the supplier the source of the problem?
4. Is the assessment based on fact?

Key Questions: Supplier Relationships

1. Who holds the relationship on the supplier side?
2. Who holds the relationship on the project side?
3. Is the quality of relationship meeting expectations?
4. Is the Statement of Work working?

Key Questions: Suppliers' Secret Powers

1. What secret power does the supplier have?
2. What contribution will enable successful recovery?
3. How can we help the supplier turn that contribution into new business?
4. Who haven't we asked yet?