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Collaboration and Competences in Business Development and Program/Project Management

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Abstract

Leading Project-Oriented Enterprises have long understood the value of cross-functional collaboration on contracts. However, few companies have embraced collaboration and shared competences between Business Development and Program/Project Management. This paper highlights why such collaboration is essential, discusses key obstacles and opportunities, identifies important competences targeted for program/project managers, and suggests the strategic value to both Business Development and Program/Project Management.

The paper also reports on work by the Business Development Institute International (BD-Institute) and the American Society for the Advancement of Project Management (IPMA-USA) to better define the role of program and project managers in Business Development and to identify relevant Business Development competences to be added to the Program/Project Management International and National Competence Baselines. Competences shared between these two professions will benefit small and large corporations around the world by helping them win more bids and better deliver what is promised under contract.

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Business Development, Collaboration, Competence, Contract Management, Program and Project Management

Introduction

An increasing number of organizations are moving to embrace the concept of the Project Oriented Enterprise, in which the majority of their efforts, processes and revenues are based on Projects or Programs. However, they encounter many challenges, one of the greatest being to learn to manage in more inclusive, collaborative ways. In particular, these organizations have perfected their ongoing processes and infrastructure needed to manage delivery, but they tend to ignore those groups who find new sources of business and business partners, those who negotiate effective program and project contracts, and those who manage and participate in the programs and projects to deliver the results successfully. That is, they do not include Business Development, Contracts, and the Program (or Project) Management Office in their concept of the Project Oriented Enterprise.

Each of these business areas is starved for resources, compete with each other for funding, are often the bottlenecks for the others, require different skills and competences, and have different performance or success measures against which they are evaluated. It is almost as if in sports, members of the same team were competing with each other, rather than their common opponent. Increasingly, the lack of strategic coordination of these three groups is the greatest barrier to organizations' movement to an effective Project Oriented Enterprise.

Key Points in this paper include:

1. Understanding Business Development
2. The increasing importance of collaboration
3. Perspectives on obstacles and opportunities
4. Perspectives on competences and gaps
5. The Strategic value of collaboration
6. Moving collaboration forward

1. Understanding Business Development

One of the challenges to achieving a truly robust concept of the Project Oriented Enterprise is to understand how integral Business Development is to the overall capability of the Enterprise. While almost every organization has this business function, it is often diffused across the organization, has little or no visibility, is often disconnected from organizational strategy, and is not recognized as an organizational asset—unless it fails. Business Development is the organized process of establishing new business relationships; identifying, selecting, pursuing, and capturing customer business; and assuring new business or increased strategic partnerships that grow the business (consistent with Enterprise Strategy). It constitutes the “front end” of the entire business life cycle, and the quality of its operation is a key determinant for the probable success of all subsequent contracts.

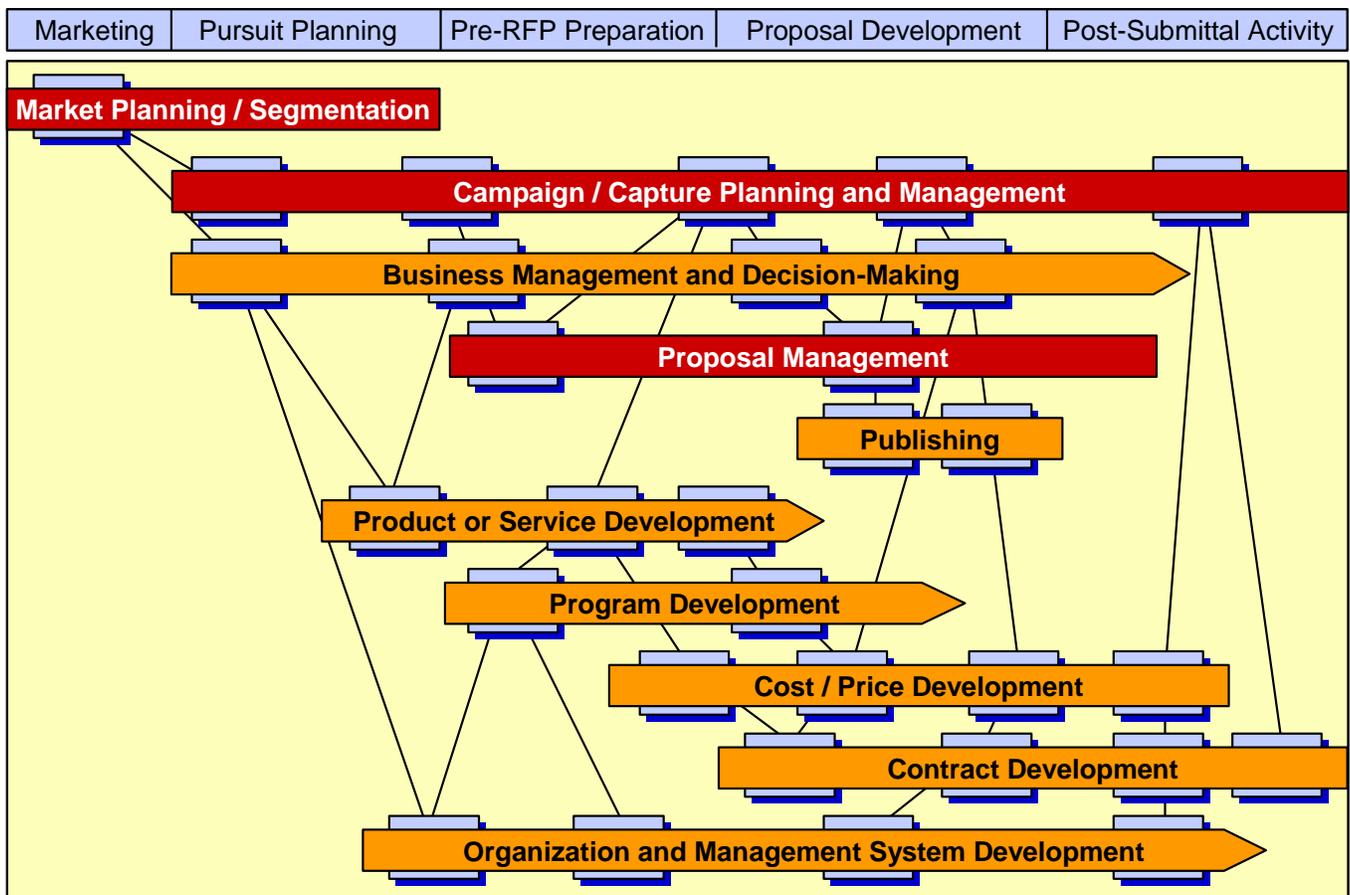


Figure 1. Integrated Nature of Business Development. Collaboration is especially important at the front end of the business, as all stakeholders in the business and its processes must engage with the Business Development process to align Customer promise and organizational performance.

In providing a coherent view for this front end of the business life cycle, the Capability Maturity Model^{®1} for Business Development (BD-CMM²) represents an emerging industry standard for improving any organization's Business Development processes. It also provides a foundation for collaboration between an organization's Business Development group, Program/Project Management, Contracts Management, and other stakeholders at the front end of the business, as illustrated in figure 1.

In addition, it is the focus for collaboration among professional societies, involving the BD-Institute, the International Association for Contract and Commercial Management (IACCM, a strategic partner of IPMA), NCMA, the National Contract Management Association, and *asapm* – IPMA-USA. In this effort, the BD-CMM is a key resource that we are using to identify relevant BD competences to be added to the Program/Project Management National Competence Baselines. BD-CMM also provides a framework and forum to further the partnering between these three (and other) professional societies.

2. The Increasing Importance of Collaboration

Why is collaboration increasingly important? In addition to the challenges listed above, collaboration between Business Development, Contracts and Program/Projects is essential because of the shifting organizational focus. Organizations used to be about leveraging assets; today, they are about leveraging relationships. Competition is no longer between integrated companies, but between branded supply networks. The collaboration is important because of the increased need for Innovation. More than 80% of innovative ideas and concepts come from outside the organization. Competing in a networked world demands speed, flexibility, a readiness to trust and empower others through on-demand services. Effective collaboration between the groups enhances cross-organizational relationships, innovation, trust, speed and competitiveness.

From the Program and Project Management side, collaboration between the groups is increasingly a way to overcome frequent and common challenges that affect organizational performance:

- Surprises from incomplete or vague Statements Of Work
- Unidentified risks or threats that should have been detected and resolved before the contract
- “Bid to Win” mentality that reduces profitability
- Inability to reach the right Buyer stakeholders, before a contract is let, or to assure that access in the contract
- Buyer sponsors who cannot mandate change in their organization, so the project fails
- Competing projects in the delivery organization that starve the opportunity for business benefits.

The result of these common challenges that are mostly due to lack of strategic focus and collaboration: sub-optimal project performance, lost opportunity, lost profits, reduced reputation, and lost follow-on opportunity. On the other hand, given collaboration between these groups and the all-important supply chain, all working together to maximize business results include a range of visible and beneficial organizational traits:

- Upstream and downstream participation between all interested parties
- Engagements improve strategic visibility, thus improving success
- Buyers are no longer able to play off Seller partners
- Each group appreciates and leverages the competences of all the other players
- Smoother handoffs in the “relay race” from bid, through contract, through delivery
- Lower bids result with increased Buyer acceptance of risks—thus lowering risk and increasing profits
- Tighter plans vs. actual result, Buyer satisfaction soars, and repeat business increases
- Better profits and more repeat business

¹ Capability Maturity Model and CMM are registered in the U.S. Patent and Trademark Office by Carnegie Mellon University.

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3. Perspectives on Obstacles and Opportunities

Just what are the obstacles and consequences of a lack of collaboration among key stakeholders? From a Program and Projects perspective, organizations that have not yet moved to a Project Oriented Enterprise mentality experience competing priorities, scarce talent, unrealistically tight timeframes, slow decision-making, changing requirements or scope, and performance pressure, rather than support. Of course, in any period of dynamic change, there is inevitable confrontation between those who seek to protect the status quo and those who seek to enable change. There also exists the challenge of inertia: **Creativity and innovation always builds on the past ... but the past always tries to control the creativity that builds upon it (Lawrence Lessig).**

The opportunities for this collaboration are rampant. For example, according to IACCM research, more than 80% of CEOs expect fundamental organizational change in the next 5 years; yet more than 60% do not know who in their organization will lead such change. The groups we are speaking of represent an organization's Change Agents. If we are not successful in leading those changes, new leaders and new structures will emerge.

On the other hand, seizing the opportunities for increased collaboration could allow BD, Contracts and PMOs to:

- Work together to align our efforts to align with and better-support Enterprise strategy
- Overlap our disciplines in engagements, so continuity of information and intelligence is shared
- Collect joint lessons learned across the groups—and share them
- Practice successful internal collaboration as a pre-requisite to effective external collaboration
- As professional societies, blend our competences so they better complement each other
- Specify common measures of success, with consistent metrics to indicate progress, and improve evaluation
- Move towards a project-oriented Enterprise mentality that manages and rewards success

The opportunities are clear; further analysis will be required to understand the range of competences of the disciplines, and identify the gaps that thwart greater collaboration.

4. Perspectives on Competences and Gaps

Each of the disciplines, Business Development, Contracts Management and Program/Project Management, demonstrate key Competences (often called Competencies in the USA) as part of the delivery of their Enterprise responsibilities. But perhaps it is important to understand the difference between competency and knowledge. For example, bodies of knowledge, prevalent across all three disciplines, provide a foundation for the discipline, including terminology, definitions, key processes, and perhaps some suggested or best practices. Each discipline can benefit from an understanding of the important knowledge from the other disciplines. But, knowledge alone doesn't really accomplish anything. And, knowledge recently gained has a short lifespan if it is not applied (as little as six weeks).

Let's clarify the role of knowledge, and its relationship to other terms that are important in the progression to competency: Would you submit to brain surgery from a surgeon who has read all the books, taken all the classes, and passed all his or her exams, but has never used a scalpel? Similarly, would you allow your most important project to be managed by a project manager who has read a book, passed an exam, but has never managed a project before? Clearly, knowledge is an important ingredient, but you deserve more. The key: **Knowledge**, consistently and appropriately applied, begins to develop into **Skill**. This is an improvement, but that skill must be guided, then recognized and rewarded, if it is to sustain. It also needs to be delivered with all the needed interpersonal skills, if the motives of the learner are to be trusted. We call that level **Attitudes**, related to the Behavioral Attributes, of the National Competence Baselines.

As the rewards and Behavioral Attributes are appropriately applied, we then move towards **Competence**, the ability to demonstrate that skill in varying situations. Thus the move from Knowledge, to Skill, to Attitudes, to Competence, that is the role of learning and development. It is also the purpose of Competence-based Assessment and Certification of Project Managers (and other roles) as practiced by IPMA and its Member Associations, such as *asapm*. And would we want our most important project to be managed by a Project Manager who has earned such a certification? **Absolutely!** In fact, our preference would be to have competent Project Managers for all our projects!

This discussion helps to explain the proper positioning of this important word, competency, or competence. In addition to IPMA, *asapm*'s and others' efforts to develop, assess and certify competence, the Business Development and Contracts Management organizations are also working on similar efforts. And, we are again collaborating on the knowledge, skills and competences where each of us find the greatest need for improvement, thus introducing the gaps.

Competence Gaps exist in each of the three disciplines for a number of reasons; for example. some competences are difficult to learn. Others are not consistently perceived to have value. Still others are competences that organizations assume were long-ago developed: Interpersonal skills, for example, aren't necessarily among the greatest strengths Engineers develop, and yet many Program Managers are Engineers. For this reason, IPMA, *asapm* and the other Member Associations distinguish between the Technical Competences, those elements of competence that any specialist should be able to demonstrate, and Behavioral Competences, those elements such as Leadership, Ethics, Openness, Creativity and Negotiation (among others). A proposal to add a Business Development competence element to *asapm*'s Contextual Competences stemmed from the realization that we had another gap in our practice. One we will fill with the assistance of BD-Institute.

Similarly, an IACCM Capability Benchmarks study (in Contracts Management) revealed a handful of key gaps that when filled, could improve performance. Those include:

- Information systems / knowledge management
- Financial and economic value linkages
- Leadership
- Solution requirements definition and verification
- Strategy alignment

As a result of their study, IACCM is following up in these areas to “close the gap”. The opportunity exists for these three organizations to also collaborate in this area; some of the gaps listed here are strengths for the other two, and some are clear gaps for one or both of the other two disciplines.

Discipline	Sample Competence	Potential Benefit of Collaboration
Business Development		
Contract Management		
Program/Project Management	Risk Assessment, Management Improved Estimating, based on Metrics Clearer Roles and Responsibilities	

Table 1. Sample Shared Competences that Benefit from Collaboration

5. The Strategic Value of Collaboration

What is the strategic value of increasing collaboration and meshing the competences between these disciplines? First, Competences and Competitiveness go hand in hand. And, these three disciplines, for contract-oriented enterprises, are your customer-facing groups. Clearly, Customer Focus improves with consistency between these disciplines.

From a Business Development perspective, increased collaboration offers the a broader range of solution options, some of which would be unlikely or impossible without continuous collaboration. It moves the customer relationship from capture management to true customer relationship management. It can lead to cross-training across the disciplines, which in turn lowers the cost of each of the primary engagement steps, customer acquisition, contract negotiation, and solution delivery. It helps reduce role conflicts across the disciplines and within the organization. In many organizations, increased collaboration between these three disciplines improve the bid/win rate, by obtaining earlier indications from Contracts and Program/Project Management that a possible engagement is too risky, the conditions of performance too weak, or the potential profitability too slim.

From a Contracts and Contract Management perspective, increased collaboration reduces exposure and unnecessary expense--especially when the Contracting group is involved earlier in the process. Strategically, it improves the organization's reputation with its customers and potential customers. It can lead to more-often being the "Partner of Choice", sometimes even eliminating the need to enter a bidding relationship. Given a trend for buyers to weight Prior Performance as a bid selection criteria, this collaboration can reduce the number of new contracts that must be negotiated, and improve an organization's competitive advantage.

From a Programs and Projects perspective, increased collaboration has clear value. Teams gain improved visibility to (and with) executives and into their efforts. Information-sharing replaces competition; it becomes easier to align individual, team and Enterprise goals. Scarcity of needed resources dissipates for prioritized efforts, while low-priority efforts don't even begin--thwarted much earlier in their life cycle. Again the team analogy: the team that plays together, rather than competing with each other, not only accomplishes more, they enjoy more.

Retention improves, and all the disciplines share the recognition and rewards. And the greatest win of all: Elimination of a reputation as overhead or Black Hole -- "Something those people down there do".

From the Enterprise perspective, the extent of timely collaboration we propose between Business Development, Contract Management and Program/Project Management establishes a range of strategic benefits. Those include increased competitive advantage, efficiencies in its market, higher customer satisfaction, increased repeat business, more clear and consistent internal processes, higher job satisfaction among internal talent and that of strategic partners, and greater profit.

6. Moving Collaboration Forward

We can merely talk about collaboration, or we can act. The three professional organizations mentioned in this paper, the BD-Institute, IACCM and *asapm*, have already begun steps to move this collaboration forward. The BD-Institute and *asapm* have established a strategic relationship, with specific actions planned and under way to mesh respective competences. IACCM and IPMA (with *asapm*'s involvement) have done the same, and the BD-Institute intends to formalize strategic relationships with IACCM, NCMA, and IPMA. (update: *asapm*, IACCM, NCMA and BD-Institute achieved this over the two years following this original presentation.) A key objective of these relationships is to encourage shared competences that can be refined and meshed in each organization's respective tools, training, and standards. This Congress presentation is a continuation and broadening of that effort.

This collaboration is especially timely for the Program/Project Management profession, as the IPMA Competence Baseline (ICB®) is in the process of its next update. In addition, clearly, there exists the need for shared competences across the three disciplines: Project and Program Management, Business Development and Contract Management, where appropriate. Similarly, IACCM is making available to us all a series of web-based training topics in key Contract Management issues—this too can help improve any Project or Program Manager’s understanding, terminology consistency, and appreciation of Contract Management. What is more, *asapm* representatives are participating in IACCM, BD-Institute, and NCMA Conferences and special events, all with the intent of improving coordination between our respective disciplines.

However, this is also **your collaboration opportunity**. A key purpose of this paper is to engage others in this effort, of moving our disciplines from sometimes-unrecognized and competing “stovepipes of change” within our organizations, to collaborating competences that advance the changes directed by Enterprise Strategies. You can add your suggestions, comments and thoughts about embracing change. In addition to comments on this paper, the questions we seek your responses to are:

1. Which of the competences of each discipline (i.e., Business Development, Contracts Management and Program and Project Management) are least-appreciated by the other disciplines?
2. What are the greatest strengths of the three disciplines – i.e., Business Development, Contracts Management and Program and Project Management?
3. Which of the above strengths or least-appreciated competences should be part of the body of knowledge or competency baselines of the other disciplines?
4. Is it possible that common measures of success or performance could apply to all three disciplines, so each group is “facing in the same direction”? What might some of those success measures be?

Other questions may be added in response to your suggestions. Respond either to Howard Nutt, hwnutt@bd-institute.org, or to Stacy Goff, at pres@asapm.org, and join our dialogue. Again, we encourage you to add your comments and suggestions to our dialogue!

Conclusions

The most effective Project Oriented Enterprises succeed by blending the strengths of processes, competences, and executive support for superior Business Development, Contract Management, and Project and Program Management. More universal collaboration between these key parties is essential to improve the performance of small and large corporations around the World. The collaborative efforts of these professional organizations is just a beginning, but they mark an opportunity for other groups to also participate, in helping align Enterprise Change Agents to operate from the same playbook—all clearly playing on the same side of the winning team.

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Appendix

The BD-CMM is available at the BD-Institute’s website, www.bd-institute.org. The BD-CMM is based on the original Carnegie Mellon® Software Engineering Institute (SEI) capability maturity models (CMMs), including the same five-level structure, with Key Process Categories, Themes, and Key Process Areas, as shown below. The model was validated as part of a study sponsored by the Association of Proposal Management Professionals (APMP) that found significant correlation between performance results and BD-CMM key practices.

Key Process Categories	Customer	Focus	People	Capabilities
Themes	Increasing Customer Value	Improving Performance and Synergy	Building Competencies and Teams	Enhancing Systems and Processes
Levels	Key Process Areas (KPA's)			
5 Optimizing	■ Innovation and Transformation			
4 Managed	■ Relationship Management	■ Enterprise Influence ■ Quantitative Process Management	■ High-Performance Teams	■ Business Develop Systems Integration ■ Infrastructure Management
3 Defined	■ Solution Development	■ Organizational Tactics ■ Quality Management	■ Organizational Competencies Development	■ Business Development Processes ■ Support Systems
2 Repeatable	■ Response Generation	■ Business Development Administration ■ Quality Control	■ Individual Skills Development	■ Sales/Capture Procedures ■ Work Environment
1 Initial	■ Ad Hoc			

BD-CMM Version 1.0. The BD-CMM presents a basis for managing and improving Business Development capability, including the involvement of key stakeholders in Program/Project Management and Contract Management.

About the Authors

Howard Nutt is Executive Director and Founder of the Business Development Institute International, a non-profit organization dedicated to promoting business development excellence through the Capability Maturity Model® for Business Development (BD-CMM). In addition, he helped organize and is a charter member of the Association of Proposal Management Professionals (APMP). His efforts support world-wide research, development, and education to assist users in understanding, implementing, and benchmarking Business Development practices. Dr. Nutt holds a PhD from the University of Michigan, an MS from Fort Hays State University, and a BS from Great Lakes Christian College.

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