Developing a Virtual Delivery Capability

By Ray Schneider

Growing a small organization can be challenging for a myriad of reasons. One of the most common challenges is understanding how to expand delivery capability before you can afford to hire W-2 employees. The good news is development of a Virtual Delivery Capability (VDC) is a solution that could position you on a strong growth trajectory and introduce you to some new sources of both talent and innovation.

What is a Virtual Delivery Capability?

A Virtual Delivery Capability is the ability to deliver a service using non-W-2 staff. VDC enables an organization to bid on projects, staff those projects, and effectively respond to opportunities that the W-2 organization, on its own, could not properly manage. And this expanded capability is typically accomplished using a combination of three approaches:

- Partnerships with other organizations
- Relationships with individuals who have particular skills
- Relationships with recruiters who have special knowledge of experienced people in your arena (they can quickly identify individuals for screening)

Managing Quality and Risk

In all three of these approaches, special efforts need to be made to ensure the quality of service delivery, especially when working with partners for the first time. The good news is that as experience and confidence grows between the organization and its partners, less time and effort are required to ensure the high quality delivery you ultimately demand.

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One common method of reducing delivery risk and maintaining control is to rapidly identify partners who have project management experience, who are closely aligned with the organization's values, and in whom the organization is willing to invest time and energy. Early on, these people can take on project management roles and form the "core" of your organization's Virtual Delivery Capability.
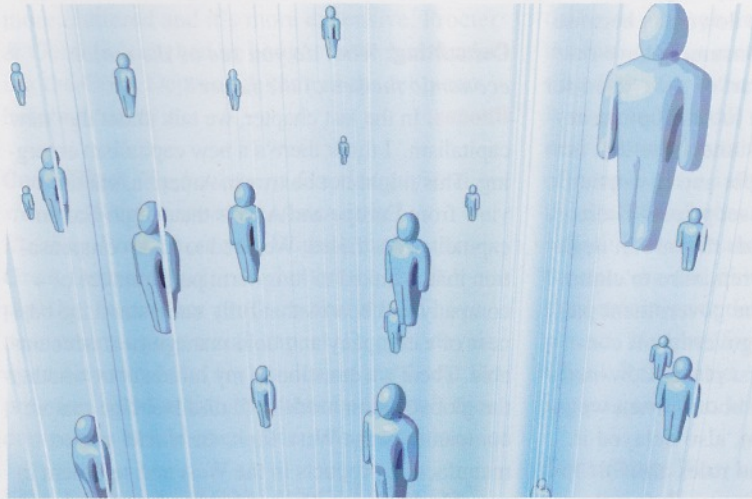
From the beginning, every organization that decides to utilize a virtual delivery staffing model must also decide how much and what type of control it needs to maintain over the work of its partners. When partners are implementing a specific methodology developed by the organization, there should be a high level of control over their work to ensure consistent delivery. When methodologies are not fully defined or are in the development stage, partners can be very helpful in formalizing critical methodologies, so allow them some leeway. For projects that rely heavily on the personal expertise of the person doing the work, even less control is required.

Thus, not all projects require the same uniformity of delivery and control. And in fact, it is important to accept that your partners will bring new ideas and approaches to their engagements, and that this input represents opportunities for your organization to enhance its own methodologies so it does not grow stale. But for an organization to grow and evolve in this way, it must have an internal culture that welcomes this mode of innovation.

The Virtual Staffing Pool

Regardless of which approach is used to accomplish the VDC goal, the key to a successful strategy is to identify the "pool" of partners that have the capability to fill the organization's staffing needs. Staffing needs should be broken down into categories based on skills and experiences required; a pool of candidates should be identified in each category. Because people will not always be available to work on a project when you call them, the size of the pool has to allow for that inevitability. Expect that the

size of the pool in each category will be small at first and grow along with the organization.

As the organization grows and expands, it is very common that the size of the pool lags behind the real time needs of the organization. This suggests that the organization needs to develop "recruiting" as a core competency in order for the VDC strategy to work most effectively over the long term. As confidence in the recruiting process (the ability to find good people) jumps, the confidence of the organization to staff larger projects and thus generate more revenue also increases.

Toward a New Identity Paradigm

An organization using a virtual staffing model for meeting the needs of its marketplace also needs to change the way it thinks about itself. For example, let's take an organization of five W-2 employees that regularly has an additional 15 partners working on projects at various times during the year. When asked, "How big is your organization?" the answer should be, "We have 20 people in the field." Thus, when presenting the organization's capabilities to the outside world, the skills and experiences of an organization's partners become synonymous with the skills and experiences of the organization itself. To the client, there is no need to distinguish between the status of staffers unless specifically asked.

THE THREE APPROACHES

PARTNERSHIPS WITH OTHER ORGANIZATIONS

This approach can be the most difficult to establish but is also the fastest route to development of a Virtual Delivery Capability—if you can make it work. The challenges typically relate to issues of culture, values, control, ego and money. Different organizations have different cultures and ways of interfacing with clients: They treat their employees differently, they communicate differently, they both have leadership "teams," etc. And they both think they are adding a lot of value to the relationship—that's where money issues come into play. If you're determined however, it is still possible to develop agreements and understandings between organizations—all best done in writing with as much specificity as feasible.

The most successful partnerships, however, will be those that develop out of shared experiences on actual projects—in other words, don't spend too much time "designing" the partnership "in theory." Instead, identify potential partnerships, develop an understanding of their capabilities vis-à-vis your capabilities, and establish a basic framework of how you might work together. Then go out and find projects that you can work on together, spelling out the details of the relationship at that point.

In general, my experience with this approach is that the "return on the effort" is often low since these relationships often don't pan out after a lot of upfront energy. But you can get lucky.

RELATIONSHIPS WITH THOSE INDIVIDUALS WHO HAVE PARTICULAR SKILLS

These partnerships typically arise out of personal relationships, professional relationships, networking, etc. These individuals are not constrained by affiliations with other organizations; the organization simply hires them on a project-by-project basis at an agreed upon pay rate. The organization must decide how much effort to put into pre-training these people in proprietary methodologies so that when projects do arise, these people are ready to go. To the extent these individuals are of high value to the organization, the relationships should be nurtured.

The "return on the effort" of this virtual delivery approach is moderate because you are building the pool one person at a time, but for a small organization, this approach can work well. And the quality of the people found this way is relatively high because they often come prescreened.

RELATIONSHIPS WITH RECRUITERS

Many recruiters specialize in specific markets—it is likely that there are recruiters that specialize in yours. To get the best candidates with the least amount of energy, find recruiters who specialize in your area of expertise; they do not have to be geographically proximate to your offices. This type of recruiter typically gets paid a percentage of the income earned by the candidate for a defined period of time (e.g. six months). The organization pays the fee. They do not get paid anything if they identify a candidate you do not use. Depending on the volume of business involved, different pay structures can be agreed upon.

The "return on the effort" of this virtual delivery approach is moderate-to-high because it does not take a lot of time on the part of the organization to maintain it. But the quality of the candidates is unknown until they are screened, therefore you may find yourself expending energy interviewing people who are not right for the assignment.

Generally, recruiter relationships take time to develop but it's worth the effort. As individual recruiters get to know your organization and your project needs, they start to keep their eyes open for better and better candidates so that when you do call them with a need, they are already primed.

In Summary

Virtual Delivery Capability is a great option for firms that want to grow with less financial risk and without jeopardizing the quality of service offered. VDC is not for everyone, but if made a core element of your growth strategy, it can yield significant returns.

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