Establishing a True Virtual Partnership
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ABSTRACT

The Clinical Programming realm is beset by challenges facing organizations looking to partner with service providers both locally and internationally. Pharmaceutical and Biotech companies are trying to identify a feasible solution for low cost outsourcing of clinical programming activities. This challenge is intensified by the opposing objectives of maintaining quality output while minimizing training and on boarding costs. Outsourcing models to achieve these objectives vary widely from company to company, and the success of those models is equally variable.

This paper will examine one such model and attempt to identify success factors common with other models in order to establish a baseline for a true virtual partnership. The authors will determine the most effective strategy for merging the efforts of multiple divergent organizations into a single effort which is aligned with the strategies of each. Challenges presented by a geographically dispersed project team will be examined along with the requirements essential to the achievement of a successful working environment. The paper will evaluate and determine the most effective process for negating the growing pains that are inevitable in a virtual partnership. It will identify the strengths of the selected partnership structure and examine other possible structures that could potentially achieve the same objectives. It will also examine the nature of the supplier-purchaser relationship within the service provider model as partner organizations look to grow within the partnership environment.

Ultimately, this paper provides pharmaceutical and biotech managers with an in depth analysis of a successful clinical programming outsourcing project with the goal of identifying the lessons learned and the application of these to a real world situation.

INTRODUCTION

The Clinical Programming realm is beset by challenges facing organizations looking to partner with service providers both locally and internationally. Pharmaceutical and Biotech companies are trying to identify a feasible solution for low cost outsourcing of clinical programming activities. This challenge is intensified by the opposing objectives of maintaining quality output while minimizing training and on boarding costs. Outsourcing models to achieve these objectives vary widely from company to company, and the success of those models is equally variable. This paper will examine one such model and attempt to identify success factors common with other models in order to establish a baseline for a true virtual partnership.

BACKGROUND OF THE GENENTECH-I3STATPROBE-COMSYS PARTNERSHIP

Genentech is a growing company with a need for variable headcount to accommodate spikes in submission activity and lulls in general drug development. The decision to partner with a contract company for statistical programming services was made to allow them to manage the variability in workload over time. They made the decision to partner with two suppliers rather than one, creating a unique situation. The decision means that Genentech is insulated from 'putting all of its eggs in one basket', yet an environment has been created which encourages valuable conversation with people across various backgrounds and experiences, ultimately supporting the existence of numerous perspectives to each situation.

COMSYS and i3 Statprobe were selected as the two service providers. Both i3 Statprobe and COMSYS are well established contract companies, but both had little previous experience working with each other. Going into the partnership, they had little reason to want to work together. The two companies are essentially direct competitors. However, over a period of time the two distinct project teams were merged into a virtual single functioning body providing high quality statistical programming support to Genentech. A state of "coopetition" – a combination of cooperation and competition - has been achieved. The services being provided by the two competitor companies are virtually indistinguishable from each other. The management teams of the two companies collaborate on initiatives designed to improve the entire group, not just their own teams. Ultimately, the client has come to view the two organizations as a virtual pool of resources coming from a single service provider.

How did the three grow together and ultimately thrive by working together as a virtual team? This paper seeks to identify the lessons learned from this project and how they can be implemented in any partnership to achieve the same level of success.

THE CONTRACTING ENVIRONMENT IN 21ST CENTURY AMERICA

Co-employment issues for contract programmers are a prime challenge for 21st century companies in the United States. Companies have a substantial amount of organizational knowledge invested in contract programmers. In many cases policies are established whereby contractors must be let go after a specified amount of time or the company risks facing costly employment implications around their short-term contract resources. The costs resulting from the regular turnover of contract employees can be massive. In addition this turnover creates a large drain on organizational knowledge. It also creates a high risk of losing strong talent to competition. Many large pharmaceutical companies are currently in the position of repeatedly "swapping" their contractors with other pharmaceutical companies – their competitors – on a rotating basis. The inability to keep a long term team of contract resources results in a loss of competitive edge for these organizations. The cost to train and onboard new consultants is extremely high, adding to the opportunity cost of losing organizational knowledge. The Functional

Service Provider (FSP) model is designed to accommodate this situation and allow companies to partner with contract organizations to provide programming support in a long term support relationship to the client, thereby eliminating any risk of co-employment concerns.

Many organizations have undertaken this type of contract relationship, receiving the various benefits it provides. Rather than outsourcing entire operations to a vendor, "project ownership remains in-house; companies that use functional outsourcing may experience higher levels of quality control yet have access to specific services at a lower overall cost" (Lucas, 2008). Partnership with a Functional Service Provider is an improvement over a more common approach of selecting contract candidates from an "approved vendor list." The FSP model limits the number of contract organizations with which a company works and minimizes the contracting costs in the long term. This model increases the time vendor resources can be available to the project. The contract can also be written to provide multiple levels of support, from full time dedicated resources to short term resources addressing specific needs. Most obviously, partnering with a FSP in this way removes the financial cost of repeated on boarding by allowing the initial investment of training a resource to extend over a long term contract period. This model also eliminates the risk of losing trained resources to the competition. Additionally, it can broaden the pool of resources available to the project by expanding to multiple remote working locations away from the client location. With providers having locations across the country they can provide a low cost onshore outsourcing alternative. For those organizations based in the San Francisco Bay Area the resource costs are significantly lower by allowing for resources in a more cost favorable region.

These substantial benefits will be partially offset by the additional costs that the FSP model adds to the contract.   To start, there is an increased cost of oversight. Lucas notes that it is "important to take into account the increase in both project management hours and costs resulting from the effort required to oversee and manage functional outsourcing providers" (2008). The client must be willing to pay for the additional management oversight required to manage the new project. The client also faces a loss of direct control as the supplier has direct management control of their own resources rather than the resources being an onsite alternative to full time employees. Even though the project oversight remains in house, the resource oversight has now been passed to the partner. Should the client choose to work with a supplier outside their immediate region, they also face the loss of immediate access. The "near-shoring" of work to development centers outside of the client facilities causes workflow and communication challenges that add to the ultimate cost of the partnership. Each of these additional costs is a burden that must be considered in the decision making process.

SETTING OBJECTIVES FOR THE PARTNERSHIP

Once the decision has been made regarding who the partnership members will be, the partners will begin to set objectives for the partnership. Clear objectives have been identified as a critical success factor for the long term success of projects (Sewchurran). Objectives for the partnership are different from the ultimate deliverables of the contract. In our example, three key success factors were identified:

       1) Consistency of approach,

       2) Transparency, and

       3) Collaboration.

Consistency of approach is critical to the continued stability of the project. The client needs the service providers to be able to provide interchangeable resources for the various projects. The success of this interchanging is only possible if the product is consistent across all provider resources. This makes it necessary to develop a standard

training curriculum for all partner resources and to work together in establishing a consistent methodology for the work performed. The partners are tasked with developing a consistent approach to all services provided, including project oversight.

Transparency is the second area identified as a requirement for the partner organizations. In this example, the client expressed the desire for the oversight of the work to be as transparent as possible to the ongoing project team. The Functional Service Provider model requires there to be a level of management oversight of the ongoing work. However, the client did not want this management oversight to interfere with the project teams. Ultimately, the client's desire was for the FSP model that was overlaid on top of the ongoing work to be completely transparent to the client project teams. This necessitated the project managers of the two service providers to collaborate in their oversight methodologies to develop a model that would meet these transparency requirements.

The first two objectives drove the final objective – the need for collaboration. In order to meet either of the first two defined objectives the two partner organizations had to collaborate across all areas of partnership activities. The client – the one paying the bills – mandated an environment of collaboration. Prior to the mandate the two supplier organizations progressed in their support efforts in independent directions, but the client identified early that this was not achieving the partnership objectives. "Collaboration is essential for a partnership to manage changes such as implementing new technologies" (Lucas, 2008). As a result of this mandate by the client, the suppliers were forced to work together, triggering the progression towards successful collaboration. In theory the idea is good, but competitive collaboration is not a natural trait, especially in the pharmaceutical industry.

EVALUATING THE SUCCESS OF THE PARTNERSHIP
Ultimately the supplier organizations are evaluated at two levels. The primary evaluation is of the work being performed by the individual contract companies, but the situation in our example adds the requirement to evaluate the effectiveness of the partnership. Within this partnership, each contract company is also evaluated on their ability to perform as a single unit. This second factor requires metrics to measure the overall success of the partnership as one unit in addition to the individual evaluation of each company. In this case, being measured collectively provided incentive towards the development of collaborative efforts between the two competitive suppliers.

The long term success of the partnership is measured by the ability to meet these three objectives and the results have shown an overwhelming success. The wall dividing the two contract companies was removed despite the inevitable challenges. None of the organizations accurately anticipated the "height" of the invisible wall but consistency of approach was achieved. In an environment where organizations are naturally competitive, the quelling of this tendency proved to be a true challenge. The companies struggled to create transparency, and through true collaboration and communication this too was achieved. These objectives established the foundation for ongoing evaluation. The reoccurring check against these objectives is essential as the environment changes, processes change and resources come and go.

CASE STUDY #1

The management teams from all three companies feel good about defining what success means in the partnership, and it appears that everyone is committed to the steps required. They have decided to conduct a survey to gauge the opinions of the workers involved in the day to day activities. In putting together the survey many questions come up:

- Who should be included in the survey? Should only the associates of the purchasing company be queried? Should the contract resources also be asked to provide feedback? What other functional areas in the purchasing company which may interact periodically with the contract resources should be queried?
- How should the team determine what questions to include?
- What should happen with the information collected? Which audiences should review the information? How should it be communicated back to the larger team? How should results be addressed and reviewed?

GROWING PAINS

BUILDING RELATIONSHIPS

Organizations looking to build true virtual partnerships will quickly learn that the quality of relationships and trust between resources is critical to the success of the partnership. As the relationships begin to build so will the pains associated with them. The need for relationship building exists at many levels: across management groups, within study teams, across study teams and even outside of study teams, both at the management and non-management levels. Just as two colleagues from one organization will tend to work together to overcome a challenge, so there is the need to create this same effort between resources across multiple organizations, both contract and permanent. Management is tasked with facilitating the relationship development based on trust across all levels of the partnership. Growing the partnership effectively necessitates a virtual leadership that requires "a different skill set than the traditional face-to-face leadership. Trust (is) an integral aspect of a virtual team, and studies indicate that without this trust a virtual team [is] more likely to fail" (Curlee, 2008).

Our example partnership shows tremendous trust between organizations and individuals as well as effective relationships between project team members. This trust blossomed because of the degree of transparency of the parent contracting organizations when individuals were part of a project team. The purchasing company's desire for transparency with regard to company association plays a key role in the way relationships develop. Namely it is irrelevant if resource A is from contract company A or from contract company B. Resource A is viewed as a contract resource but still a significant member of the larger team, and the company with which this resource is associated does not have any impact.

In order to achieve this type of effective relationship, partnering organizations must foster a working environment that builds trust. Without trust collaboration is impossible. In the example partnership the foundation of trust is instrumental in facilitating communication across team members. All team players quickly learn that the easiest route to the successful delivery of a common product is by working together. The example team is able to become highly functioning through these efforts on every level. It is only when the working environment exhibits trust at all levels of the partnership that effective relationships will show outstanding results.

PROBLEM SOLVING

In addition to the need to grow relationships throughout the life of the partnership, it is also vital for the performing organizations to focus on problem solving. The true virtual partnership requires a far greater level of problem solving, particularly between the partner companies, than a traditional service provider relationship requires. The problems between one provider and the purchasing company ultimately impact the other partner companies and require a collaborative approach to problem solving. As one contract company is successful with overcoming a challenge, the other contract company may face different struggles. Various challenges and various successes and failures result. The company contracting the resources does not always have the answers. In our example partnership, we learned that the answers are often not found with the purchasing company. The two supplier companies often find it beneficial to discuss challenges common to both and to talk through ways to overcome them. This allows for the creation of a combined solution that can be presented as one message from both suppliers to the purchasing company, often receiving greater focus. Over time the resulting collaboration of these efforts becomes a natural tendency once the challenge of 'asking the competitor' is overcome.

Different perspectives to problem solving often bring about a more effective solution. This is especially valuable in the virtual partnership environment. Rather than simply trying to solve problems between two organizations, bringing all partner organizations into the discussion allows for the establishment of additional diverse perspectives and the production of more robust solutions. Two-way problem solving often turns into an "us vs. them" discussion where blame is thrown back and forth. An effective three-way approach to problem solving allows for the focus to be more on the real problem than on the people and organizations discussing the problem. While it is more challenging to bring all partner members together to address problems, it ultimately produces a better solution and if done right, is well worth the effort.

PLANNING THE PARTNERSHIP

Problem solving is a key requirement, particularly early in the partnership planning process. It is imperative for the partnership participants to take an active early approach to address the potential points of contention that will inevitably occur during the life of the partnership. Early in the partnership when trust has yet to be developed, it is necessary to plan strategies to address anticipated problems. In our example partnership the participants set about creating a documented set of operating principles that would be used as the standing agreement. This document was different from the contractual agreement. It focused on the aspects specific to the virtual partnership that would inevitably become pain points. The process for hiring resources was laid out, focusing on the rules for assigning headcount to the service providers. The process for training and cross training was addressed. The roles and responsibilities within the partnership were carefully addressed, ultimately producing a comprehensive RACI matrix for all roles within the partnership. This effort to identify the potential areas of contention was a key foundation in the quality of the partnership. The document helped lay out known risks, and the process of creating the document established an ongoing effort to continuously review and address existing processes and new issues that arise through the life of the partnership.

MANAGING TRANSITION OF KEY PERSONNEL

The ability to address problems is often facilitated by key personnel, either at the management level or with leads within the projects. The loss of any one of these key players requires all of the players around them to cover and train the resource transitioning into the position. Each resource has the desire initially to minimize the impact on their own project work and secondly to minimize the impact on a project team. The natural result of this tendency is to communicate with other team players, even if some of these team players are competitors. As indicated earlier, the

underlying theme of the competitive companies being evaluated as a single unit impacts the natural tendencies of human nature to succeed at all costs, even if it means working with the competition.

The length of the Functional Service Provider (FSP) partnership and the diverse nature of the organizations involved inevitably mean that there will be changes in the key personnel running the partnership. The successful management of these changes is determined by three key factors: 1) the quality of the people involved in these positions, 2) the organizational commitment to maintaining stable relationships, and 3) the documentation of established processes.

The quality of the people is a known factor in the successful transition of any resource. Strong team players are far easier to transition into a new position than weaker ones, but the success of the transition is very much impacted by the larger organization. The progress that exists within a partnership can only be continued if the commitment to the partnership is at an organizational level rather than an individual level. If the champion of an initiative leaves the organization, the initiative will inevitably flounder. This is most certainly the case with the virtual partnership. Yet even with the organizational commitment in place, the appropriate partnership processes must be documented and entrenched in ongoing process for the new resource to resume the effort with the same effectiveness. This third point deserves further explanation.

All three companies embrace the significance of documentation. The example virtual partnership documented every process and every resolution to solidify any and all agreements. The documentation beyond the expected contractual agreements covered virtually every detail or obstacle encountered. In the beginning operating principles were established. As the companies worked within these guidelines, challenges were experienced with regard to communication; this includes the type, the frequency, the expected response time, the out of office notification, etc. Resulting from these discussions, a communication plan was created. As new contract resources join the partnership, it is very simple to share expectations and maintain consistency across various personality types.

Likewise, questions will develop as new contract resources are needed in or released from the partnership. Our partnership documented how hiring is managed, which contract company has the opportunity to fill new positions, when those opportunities expire, how new members are added, what training is expected and what timelines are allowed for the training. Training resources, both formal and informal, are made available. Expectations for how these resources are to be used is also documented. Training expectations, being parallel for both contract companies, often allows for cross-training opportunities. This approach is also documented and discussed each time a new training need surfaces. It is unique for two competitors to share management resources on occasion to provide this parallel training in order to maintain consistency across all contractors. This does occur and is well defined in our example partnership. In summary the significance of documentation cannot be over communicated. The existence of this detail allows for the learning curve to be significantly shortened and the value of new contributors to be enjoyed much more quickly.

For example, one of the partners within our partnership made a change in the key role of Project Manager. The Project Manager, who had been on the project for over a year, received a promotion and was replaced by someone completely new. Despite losing a strong resource and adding a brand new individual to the role, the momentum that was in place prior to the departure was passed along because of the commitment to the partnership. The new project manager was able to utilize the documents referenced above to get familiar with the project. The change in resource actually spurred greater collaboration between the competitor organizations. The Project Managers on both sides had become dependant on each other and were forced to work together to get the new PM up to speed in order to

allow for a continued smooth operation. In the process the new pairing was able to address previously unaddressed issues.

This kind of collaboration between competitors is only possible when the immediate requirements of the partnership present a greater need for collaboration than the conflicting force of competition between two organizations prevents it.

TECHNOLOGY AND TRAINING

Another area in which organizations should expect to experience growing pains is in the use of technology and the implementation of effective training plans. Through the life of a virtual partnership "providing the latest technology on virtual teams [is] not enough. There need[s] to be an equal amount of attention focused on technology and cultural awareness training for the virtual team" (Curlee, 2008). Teams located centrally generally have better access to training resources, so a greater emphasis must be placed on training all members of the virtual partnership. It is recommended that "all team members are kept current on the technology being used, as well as training for working with different cultures" (Curlee, 2008). A more effective solution than simply implementing the latest technology is to focus on more effective training on the available technology. The learning environment for new technologies in a virtual team is far more difficult than the environment in a centrally located team.

A successful training plan across the virtual partnership will encompass a consistent approach across all partner teams. In our example the effectiveness of the individual organizations' training was improved through the collaboration on that training. In a traditional supplier relationship an organization would never share their own training resources with a competitor company. Yet in our example both supplier organizations identified the additional value that was created by sharing training resources and were able to collaborate across a wide variety of training initiatives.

REQUIREMENTS FOR THE CLIENT

The growing pains that are to be expected within a virtual partnership can be partially mitigated through various steps that should be taken by the client. The most important of these steps is for the client to demonstrate their organizational commitment to the virtual partnership concept. As Curlee's research shows, "the organization's leadership must make a concerted effort to demonstrate to the whole organization the success of a virtual team" (2008). The client cannot simply expect the partner organizations to collaborate without providing a similar message establishing the expectation within the client organization. This message must be communicated to every member of the client organization who will be working with the partner organizations. This message needs to start long before the partners begin working together. Lucas' advice to purchasing organizations is to "prepare your people before the move to each outsourcing model, not after. Sponsors need to adopt a different management style as they move from managing their own resources to working with partners" (2008). These kinds of preparations will make a substantial difference in the initial effectiveness of the virtual partnership efforts.

The client organization must also make a concerted effort to gain an understanding of the partner organizations, including their operating practices and corporate culture. Ongoing research within the project management discipline has shown that "the fundamental influence on the client-consultant relationship is the lack of understanding and appreciation of each other's environments; that is, project sponsors are rooted in an operational environment and [supplier] project managers are rooted in a project environment. . . . Establishing an appreciation of each other's

environments enables project managers and project sponsors to be more understanding of the demands within each environment as well as the impact environment has on project delivery" (Sewchurran, 2008). The effort expended in understanding the provider organizations must be accompanied by an effective communication to the client organization of the areas of impact that this understanding identifies. A great suggestion for client management is to "develop close relationships with FSPs. This is worth the effort because it gives you a better feedback loop and a better escalation pathway in the event of problems" (Lucas, 2008). The true virtual partnership is only possible with the full support and sponsorship of the customer and requires active steps from the client in order to be effective.

ROLE PLAY

1. You are holding the kickoff meeting for the virtual partnership. All relevant stakeholders are in the room and you as the project sponsor have to deliver the initial presentation to the entire group. What is the first and most important message that you want to deliver? What is on the first slide that you put up in your presentation?

2. You are the project manager from one of the partner organizations selected to participate in the virtual partnership. You have no experience working with the other supplier organization. You understand that trust can only be developed over time. How do you communicate your commitment to the virtual partnership and gain the commitment from the other supplier organization?

STRUCTURING THE PARTNERSHIP

IMPLEMENTING EFFECTIVE PROJECT MANAGEMENT PRACTICES

In the attempt to bring three organizations together into a single functional entity it is necessary to find a consistent methodology for the project management practices to be utilized across the partnership. In our example, it was necessary to evaluate the PM practices within each organization and select those that best fit the requirements of the project. In some cases there existed practices common to all, and these were easily merged. In other cases the selection of the practices within one organization were chosen over those in the others. In this case, the organization whose practice is not selected for use in the project will have to decide whether to utilize the one practice that is being used within the project or utilize both the project's and their own and attempt to keep them in parallel. This decision will be driven by that organization's evaluation of the criticality of that practice to its own company's operations. If it is deemed critical, then the practice will need to be maintained both within the project and within the company. If it is not, then only the common project practice can be used and the company's practice discarded for the duration of the project.

Despite this challenge we learned that the majority of PM practices were similar enough across organizations and overwhelmingly complied with the Project Management Institute framework. We were able to use the PMI knowledge areas as we moved through the life of the project, and this made the development of a consistent approach a lot easier than might have been anticipated. For example, risk management could be conducted across the project as well as at the organizational level. The communication planning was done at a project level. Resource planning could be completed using the client systems because the nature of the FSP model meant the responsibility for this was maintained by the client organization. While still a challenge, the implementation of effective project management practices was reasonably well accomplished.

IMPLEMENTING COMPANY POLICIES, PRACTICES, AND CULTURE

There are also substantial challenges to setting up a true virtual partnership in terms of determining which company policies and practices to utilize. Not only are there conflicts between the organizational policies of the supplier and purchase companies, but there are also conflicts between the policies of the multiple suppliers. The management team will have to decide where and when to choose between the policies. Research has shown that for greatest success standard processes should be implemented across a partnership but only as necessary (Curlee, 2008). Much as the project management practices should be evaluated, so should the organizational policies be evaluated for their criticality to the ongoing operations of the combined organization.

Despite the need for a common set of tools that can be used across the project, it is the consistent use of soft team processes that will provide the greatest benefit to the virtual partnership (Curlee, 2008). Consistency in the soft processes such as management approach, communications methodology, and team philosophies will provide a greater degree of client satisfaction than simply having a consistent set of hard tools. For example, "a key benefit of using a FSP model is to gain efficiencies as both companies continue to establish best practices over the lifetime of the relationship" (Lucas, 2008). Establishing a consistent lessons learned approach across projects leads to a greater depth of project support from FSP management.

Company culture is also a deeply rooted challenge in the virtual partnership environment. Many practices, unspoken but powerful, underlie the decisions being made between the partner companies. The acknowledgment that various cultures exist is the first step in successfully merging them. In some cases the competitive companies are able to take pieces of valuable information about the cultures of the opposite company and adopt parts of them. The ultimate goal is to adopt the best of all worlds and create a microcosm which blends the corporate cultures of all the companies, creating a thread common across all.

MANAGING THE COST STRUCTURES

One of the prime functions that the management of the virtual partnership will complete is the management of the cost structures. Managing cost certainty is a critical aspect of the partnership structure and must be a primary responsibility of the project managers both with the supplier companies and with the client. Cost certainty is a goal of almost every organization and must be actively managed among both the client and supplier organizations. A balance must be found between the suppliers receiving enough to keep dedicated resources happy and purchasers paying less than the cost of hiring additional headcount.

There are many variables which directly and indirectly affect the cost structure: raw dollars, on boarding of new contractors, ongoing training, quality of work and reduced need for rework, successful management of supplier organizations, turnover, etc. The ultimate goal is to limit turnover so training needs are limited to the purchase company's technical and process changes. The quality of work is important in that the use of offsite suppliers should translate into efficiencies for the purchase company, allowing colleagues of the purchase company to be more involved in internal company initiatives. Any one of these factors can become an issue through the life of the partnership. The role of management is critical in ensuring communication is as effective as possible in managing the cost implications of these issues. They are responsible for confirming obstacles to cost certainty are discussed and addressed as necessary and collaboration on long term strategy decisions takes place.

An important criterion for successful long term strategy is that the vision of management of all companies involved must remain open minded and consistently search for areas of improvement within the structure of the partnership. It must be noted that the structure in place at any time must be constantly re-examined. Alternatives to the status quo are always available and must be considered as viable alternatives for ongoing challenges. The need for change in the partnership structure can be caused by personnel change, personalities/strengths of team members, timelines, technical changes, and process changes. Even major organizational changes in any of the partner organizations can require a change. Whether these changes occur within the supplier or purchaser organization is irrelevant. Change within any company affects everyone in the partnership. The key is for the virtual partnership to recognize that flexibility in the partnership structure is required for its ongoing viability.

CASE STUDY #2

A study has ended and been successfully summarized and contract resources have been reassigned to new studies on new project teams. Each team has unique experiences which can be applied to future teams to allow for continuous improvement. What process should be followed to assure the information learned is carried forward?

- What is an effective process for gathering and summarizing information from the resources from all companies that worked on the project?
- What is the most effective method for evaluating the information gathered and implementing changes based on the information? Which organization should be responsible for driving the changes?

MANAGING THE PROVIDERS AND MANAGING THE CLIENT

The long term success of the Functional Service Provider relationship is dependent on continuous process improvement in the supplier and client organizations. The virtual partnership is effective in this regard because it provides an opportunity for both client and supplier organizations to be involved in the direction of the improvement efforts. Clients can focus on providing input into the supplier development effort and suppliers can work to drive improvement on the client side.

SUPPLIER DEVELOPMENT

Client organizations must focus on driving process improvement within the supplier organizations. Choosing not to focus on continuous improvement in the suppliers will result in long term risk to the supplier relationship. The services being provided will stagnate, and ultimately the client will have to look for a new supplier at a substantially higher cost. The client must therefore target specific initiatives in supplier development through the effective use of incentives. This must be done through incentives because the purchasing company has little power to make changes that aren't inside their own organization.

In our example the purchasing company periodically identified key elements in the supplier organizations that required long term development. One of these was the quality processes previously in place; this process required changes due to changes in the purchasing organization. As the client changed their internal processes, they needed the suppliers to change their own processes in support. The client also was looking for more specialist roles to be provided by the suppliers. In order to make changes in the suppliers the purchasing company set objectives for targeted improvement and coupled them with the overall performance incentives within the partnership. The

suppliers were able to make supporting changes of their internal quality processes as well as develop the specialist roles within the team to support the client's ongoing changes. The supplier organizations collaborated as needed in working towards these development goals ultimately providing a greater breadth of service to the client.

Development is an ongoing effort through the supplier organizations. It relies heavily on effective communication and collaboration among all companies involved. Incentives are a key component. These incentives should include terms of conditions and rewards for collaboration. This will help the supplier organizations reduce the uncertainty that comes from entering into the collaboration.

MANAGING THE CLIENT

Just as the suppliers must work on developing competencies, so can the suppliers work to manage and develop the client as well. Supplier organizations should never consider the relationship to be completely one sided in terms of organizational influence no matter how powerful the purchasing organization might appear. Organizational processes can always be tweaked through continuous process improvement feedback ultimately working up to substantial improvement efforts undertaken by the client based on supplier requests. 360-degree feedback is a consistent and powerful element in a virtual partnership.

In our example partnership, 'Lesson's Learned' are routinely collected upon reaching milestones and reflection and evaluation of the results have become a routine process. The feedback gathered and analyzed as a result is summarized and evaluated for potential improvements that can be made both in the supplier and in the client organizations. The problems that exist in the partnership relationship are as much based within the client as they are within the suppliers. Realizing this allows the client to approach problem solving as a collaborative effort requiring changes on both sides of the partnership. Our partner organizations have identified training deficiencies within the client organization that when presented as a combined message from both suppliers has resulted in a strategic initiative to address these shortcomings. Research into the vendor client relationship has determined that "an unanticipated benefit [of the strong partner relationship] was that the vendor suggested improvements in the processes that sponsor staff had not considered" (Lucas, 2008). This collaborative effort in driving process changes in the client is a key value of the relationship of virtual partnerships.

ACHIEVING STRATEGIC ALIGNMENT BETWEEN COMPETITORS

Circling back to the initial point of expected collaboration, the obstacle of overcoming the fact that the suppliers were and still are competitive companies sets the stage for achieving strategic alignment. This is especially true when the purchasing organization reviews the success of the virtual relationship as it relates to strategic alignment. In our example the objectives for the partnership had been set at consistency of approach, transparency, and collaboration. The strategic alignment of competitor companies actually became a fourth objective – a stretch goal to be achieved between the two suppliers. As the initial goals of each service provider tended towards each other over time and their combined working experiences were the same, strategic collaboration was a natural tendency. After successfully 'forgetting' the competitive aspect of the relationship, the partners recognized that inter-organizational dependencies had resulted. In order to maximize success and the creation of a highly functioning virtual team, this strategic alignment had to be established.

There is a surprising value to client organizations in considering the nature of the Functional Service Provider relationship from a process improvement perspective, particularly with the value that the virtual partnership model can

bring. The strength of the partnership will drive the effectiveness of the process improvement initiatives. From the client perspective, the more collaboration and cohesiveness there is in the partnership the easier the improvements will be to implement across all of the partnership organizations. Because of the consistency in the processes within the supplier organizations and the collaboration in developing processes, the supplier organizations will be able to implement changes in lock-step. The client will benefit in not having to undertake separate efforts for process changes in each supplier organization.

Similarly, the supplier organizations will be able to bring about changes within the client organization through a collaborative approach to managing the client. Issues that are apparent to both suppliers can be addressed through a combined voice and the client will be far more receptive to the message and implement changes based on the feedback than if it were coming from a supplier working independently.

RISK

One of the major considerations that must be accounted for in the decision to pursue the Functional Service Provider model is the risk that is inherent in the model. There needs to be a specific effort applied to the management of risk throughout the life of the project, particularly as the risks change through the growth of relationships. It has been identified that "the major resistance to the virtual value chain is caused by uncertainty and lack of control of the risks that are perceived to be involved" (Wang, 2007). Both the client and supplier organizations enter into the FSP model with minimal knowledge of each other, particularly in the expected working relationship between the multiple suppliers. This lack of understanding and trust has a major impact in the early perception and management of risk. "It was also noticed that trust relates to how risks are perceived by participants" (Wang, 2007). Research datum " suggests that the more developed the trustful relationship is among partners, the less likely participating in a virtual value chain is perceived to be risky, and vice versa" (Wang, 2007). Risk within the partnership is magnified towards the minor participants – usually away from the purchasing organization. However, "risk management can be used as a mechanism to compensate a lack of mutual trust in the virtual supply chain, and issues such as who will bear the cost and consequences of risks associated with inter-organizational collaboration and how the risks are managed and controlled will determine the developmental dynamics of a virtual enterprise network" (Wang, 2007).

Throughout the life of the project, risk management changes as the levels of trust change. "Risk management may have to be in place to replace trust relationship at the outset" (Wang, 2007). Risks to the project created by the uncertainty inherent in the new relationship will be clarified as trust is developed and will allow the partners to focus on the areas that remain at risk. However, no matter what that focus may be, risk management must be an ongoing practice throughout the life of the partnership. The inherent nature of the partnership of diverse organizations is for it to provide risk.

CONCLUSION

The trend towards outsourcing within the pharmaceutical and biotech statistical programming organizations is irreversible. In order to be successful in their efforts organizations must identify a sustainable partnership model that will serve them as their work is continuously farmed out to partner organizations. The success of the effort will be driven largely by the effectiveness of their partnership relationships that are created.

A true virtual partnership between competitors IS possible. On a daily basis, there are numerous obstacles to overcome, both strategically as well as operationally. But if the long term goals of each supply organization are

consistent with the objectives of the outsourcing organization and the experiences of each can benefit the other, there is a viable business reason to collaborate and communicate. It is essential to overcome the assumption between supplier organizations that success of one supplier can only come at the cost of failure by the other supplier. This typical aspect of the underlying competition must be eliminated. Long term strategy must be evaluated as a whole, and the effects of the assumption that a team is more effective than the sum of its parts, truly begins to blossom.

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