

# ConsMa 2014

## The 6th CM Seoul Forum

9-11 March 2014

### **Pursuing excellence in CM : a continuous challenge in both the regional and global contexts**

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**Roberto Mori**

***Chairman of International Project management Association (IPMA) and  
Director Special Projects Tenova***



**Prof. Mladen Radujkovic**

***President of International Project management Association (IPMA)***



**1. Who I am, wherefrom**

**2. Why IPMA**

**3. Why Excellence in Construction Management**

## **Professional Experience of Speaker**

**Project Director, Project Manager,  
Procurement Director for international  
industrial turn-key lumpsum projects**



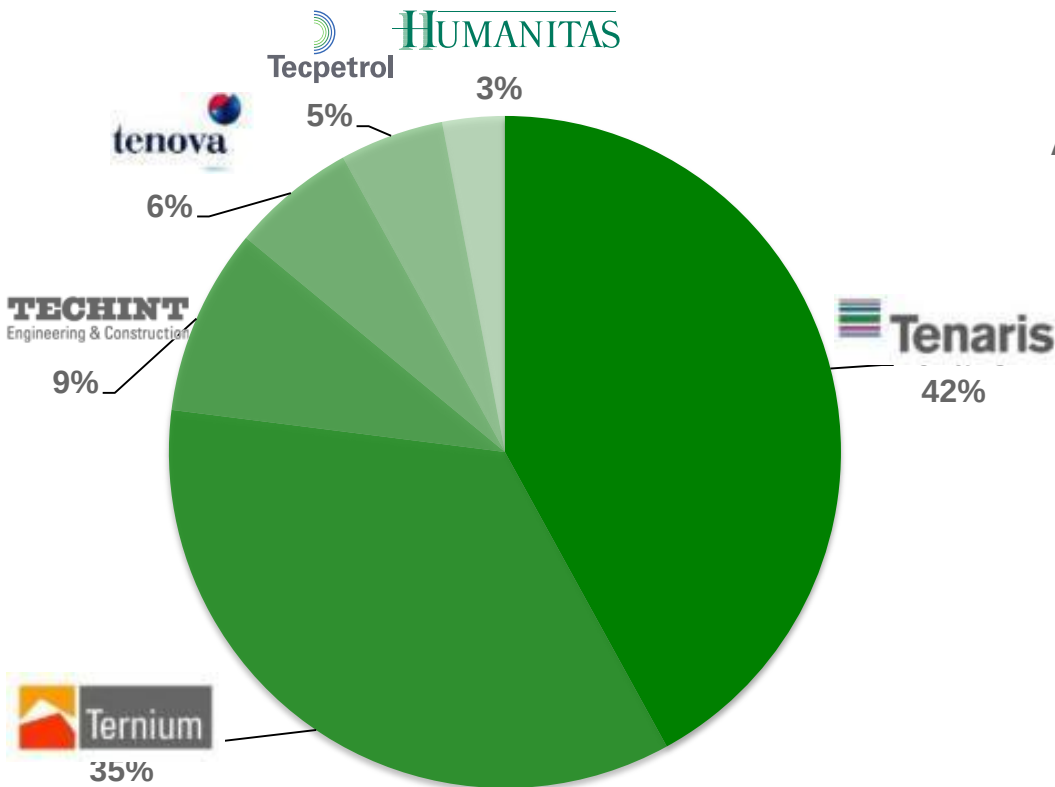
# Type of Plants



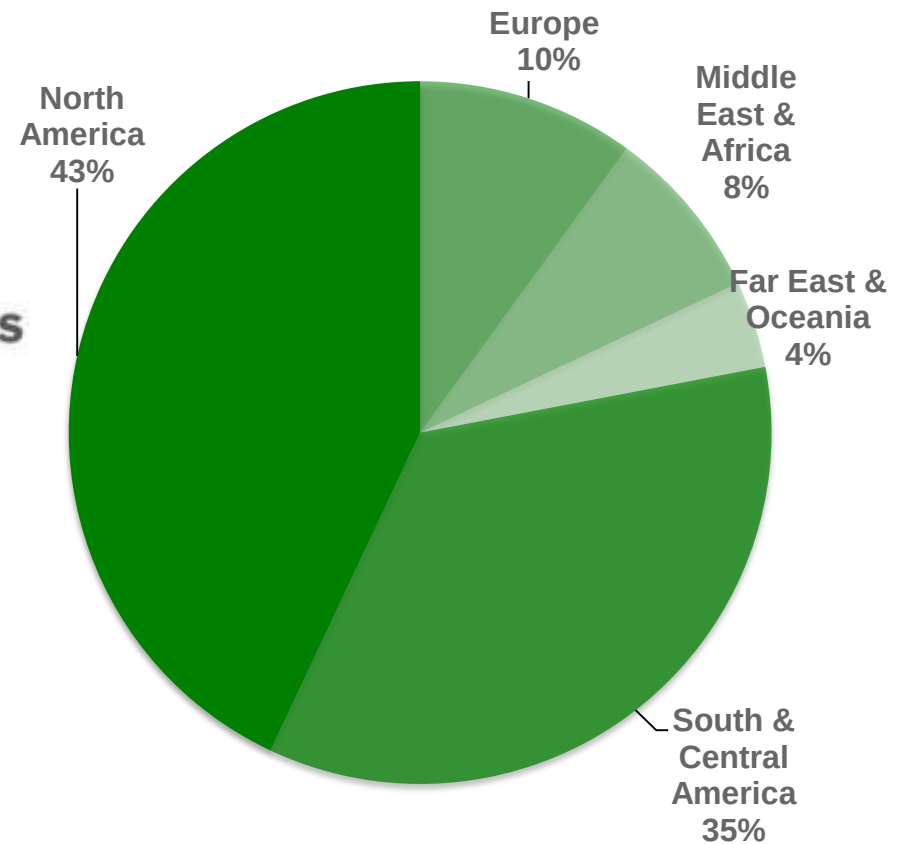


# The Techint Group is a diversified global company with 6 main companies and revenue of more than USD 25bn

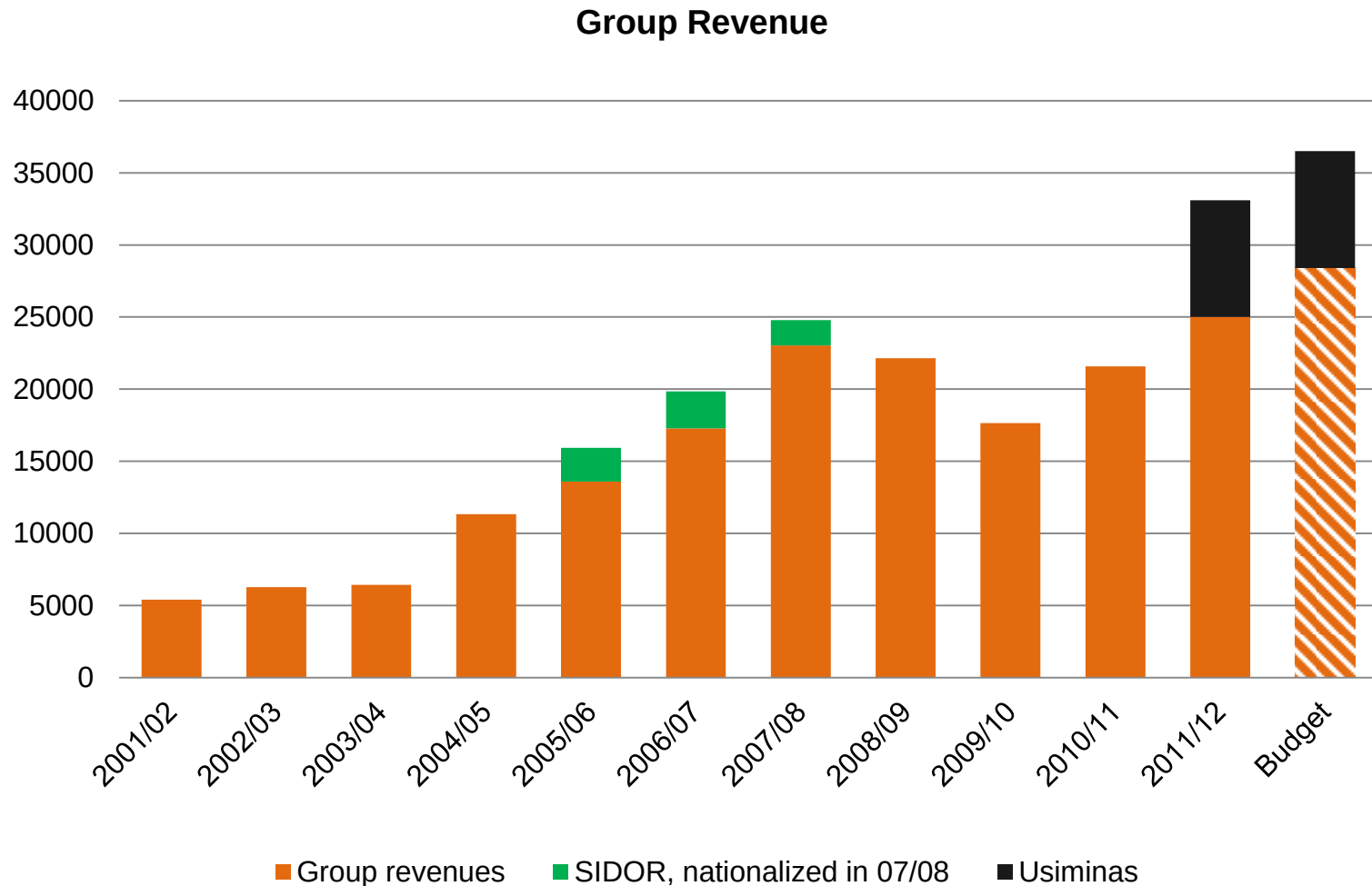
## 2012 Sales by Company



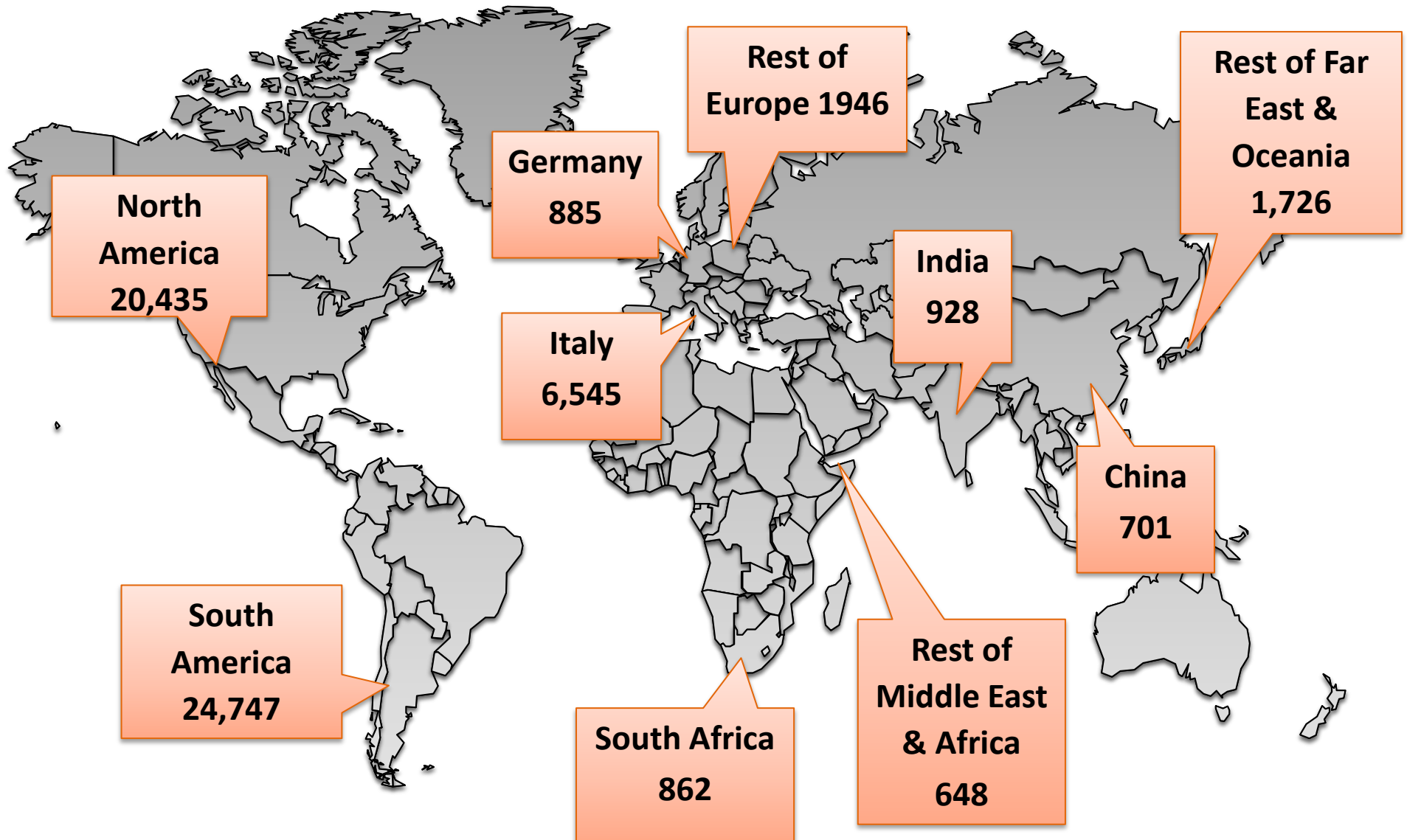
## 2012 Sales by Region



**The Techint Group has shown exceptional growth from just above USD 5bn in 2001/2 to more than USD 25bn in 2011/12**

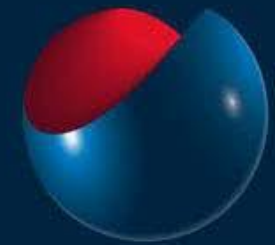


# The Techint Group employees





Advanced technologies for the metal and mining industries



tenova

## Our People

**70** Operating Companies

**4.880** People

**26** Countries





# Tenova - Business Units



Meltshops



Reheating Furnaces



Heat Treatment Furnaces



Cold Rolling Mills



Submerged  
Arc Furnaces



Factories



Roll Grinders



DRI Plants



Mining Equipments



Bulk Handling Equipments



Strip Processing  
Lines

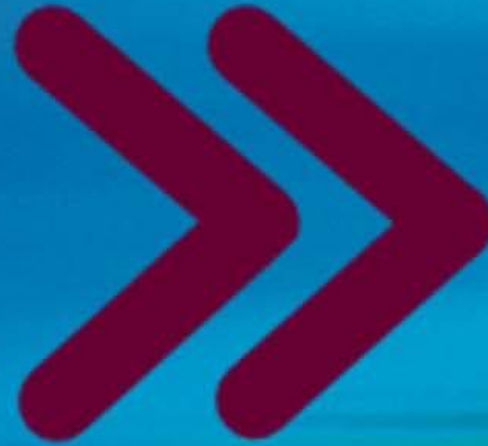
**1. Who I am, wherefrom**

**2. Why IPMA**

**3. Why Excellence in Construction Management**



Moving forward



# We are IPMA!

International Project Management Association

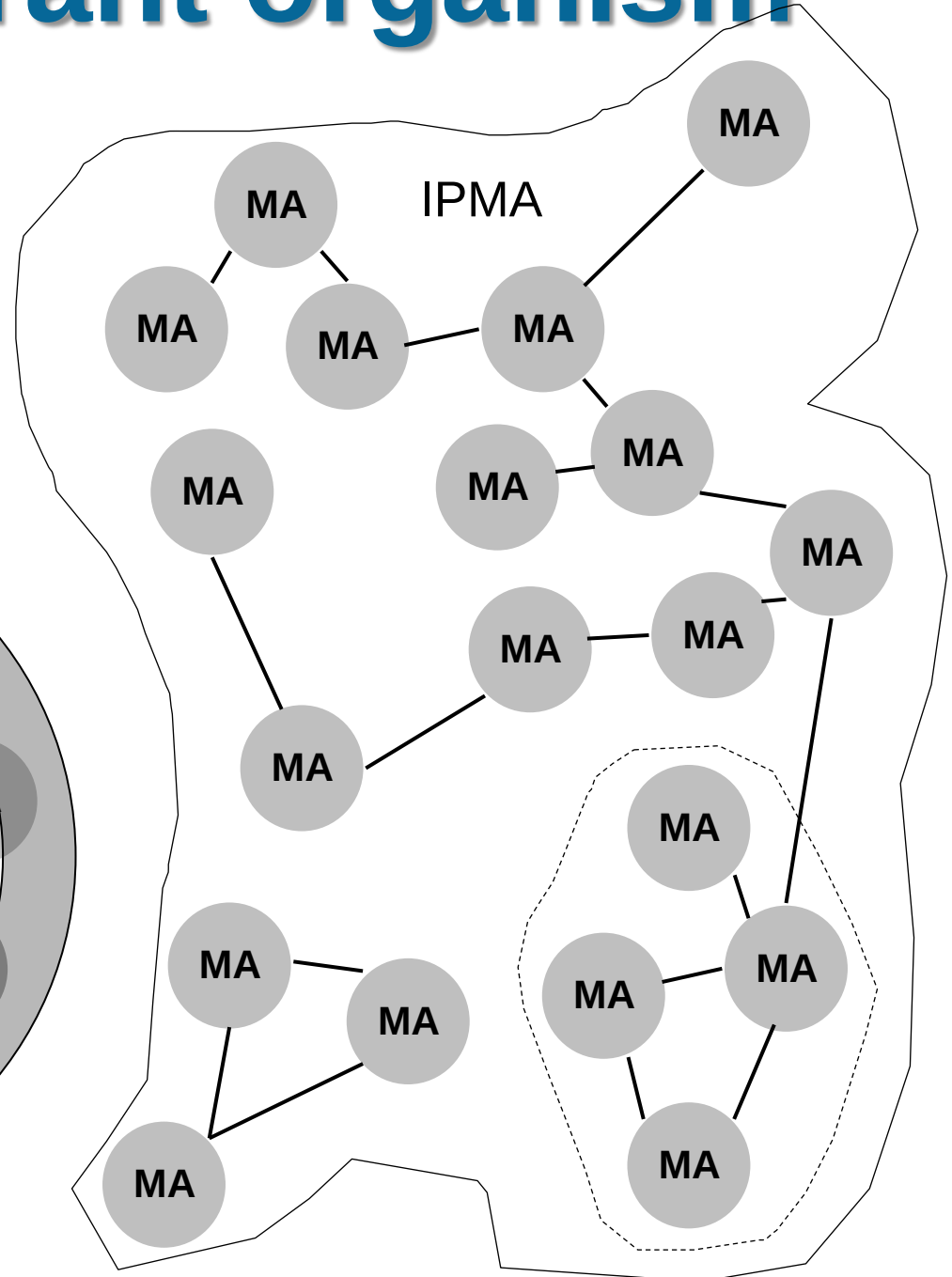
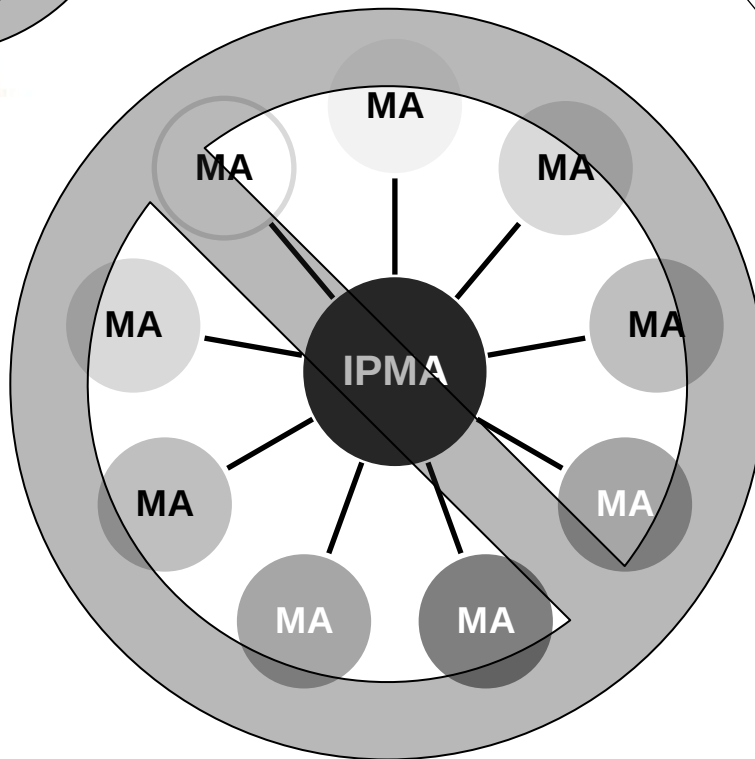
IPMA<sup>®</sup>  
international  
project  
management  
association

# IPMA: Leading the way

- » World's first international project management association (1965)
- » First with role-based, competence-assessed PM certifications
- » IPMA standards lead the way for individuals, projects & organisations
- » We support competence-based education, training & development
- » Awards for Project Excellence
- » International events & networking



# IPMA – a vibrant organism



MA: Member Association



# IPMA's vision

IPMA is a global, high-performance network that enables the PM profession to realize ever-increasing benefits to the society at large.

# Led By Volunteer PM Practitioners



- » Supported by the World's PM opinion leaders
- » Think globally, act locally serving local needs

# IPMA's World

Individual countries





Moving forward



# IPMA Standards

Moving PM competence forward

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# ICB as the Periodic Table of Project Management Competence Elements

## IPMA PM Competence Element Groups

- Contextual Competence Elements*
- Technical Competence Elements*
- Behavioral Competence Elements*

3.01  
**P**  
Project orientation

3.02  
**Pg**  
Programme orientation

3.04  
**Pp**  
Project, prog-ram & port-folio implemen.

3.06  
**Bu**  
Business

3.08  
**Pe**  
Personnel management

3.10  
**Fi**  
Finance

3.03  
**Pf**  
Portfolio orientation

3.05  
**Po**  
Permanent organization

3.07  
**Sa**  
Systems, products & technology

3.09  
**Hs**  
Health, secu-rity, safety, & environment

3.11  
**Le**  
Legal

1.01  
**Ps**  
Project management success

1.06  
**Po**  
Project organization

1.11  
**TP**  
Time & project phases

1.16  
**Cr**  
Control & reports

1.02  
**Ip**  
Interested parties

1.07  
**T**  
Teamwork

1.12  
**Re**  
Resources

1.17  
**In**  
Information & documentation

1.03  
**Rq**  
Project re-quirements & objectives

1.08  
**Pb**  
Problem resolution

1.13  
**C**  
Cost & finance

1.18  
**Ca**  
Communica-tion

1.04  
**Ri**  
Risk & opportunities

1.09  
**Ps**  
Project structures

1.14  
**Cn**  
Procurement & contract

1.19  
**Su**  
Project startup

1.05  
**Q**  
Quality

1.10  
**Sd**  
Scope & deliverables

1.15  
**Ch**  
Changes

1.20  
**Cs**  
Project closeout

2.04  
**As**  
Assertiveness

2.07  
**Cy**  
Creativity

2.10  
**Co**  
Consultation

2.13  
**RI**  
Reliability

2.15  
**Et**  
Ethics

2.02  
**M**  
Engagement & motivation

2.05  
**R**  
Relaxation

2.08  
**Ro**  
Results orientation

2.11  
**Ne**  
Negotiation

2.14  
**Va**  
Values appreciation

2.01  
**L**  
Leadership

2.03  
**Sc**  
Self-control

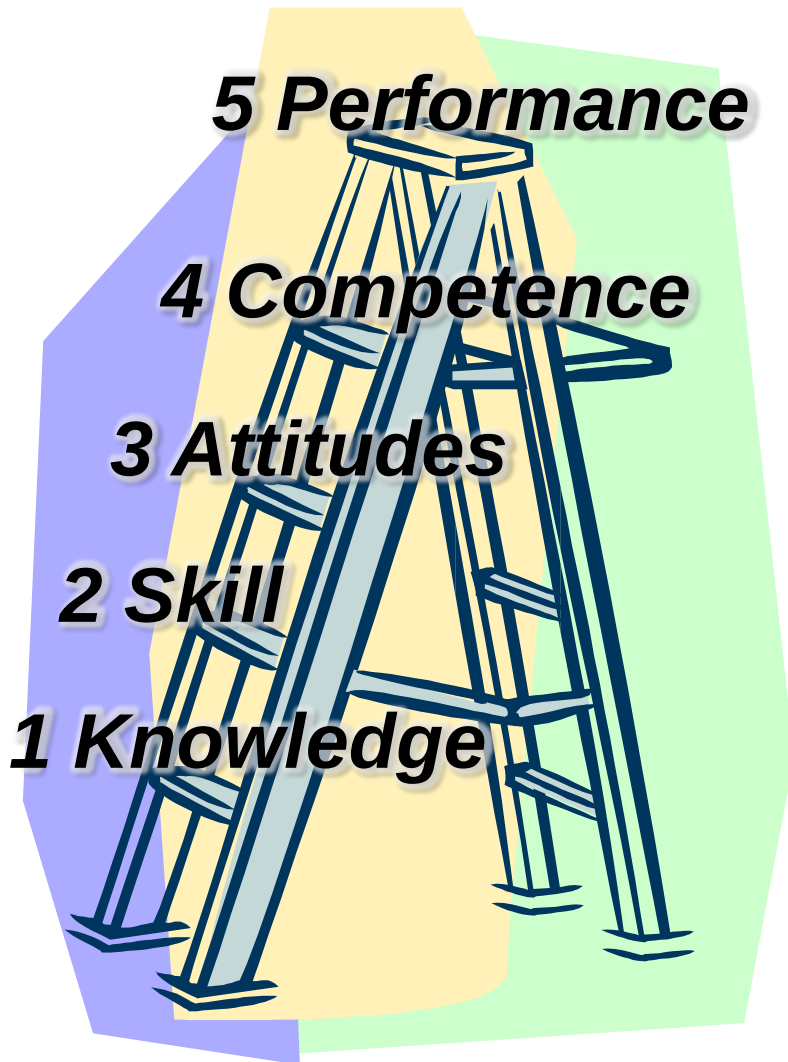
2.06  
**O**  
Openness

2.09  
**E**  
Efficiency

2.12  
**Cc**  
Conflict & crisis

**ICB: IPMA  
Competence  
Baseline**

# Demonstrating PM Competence

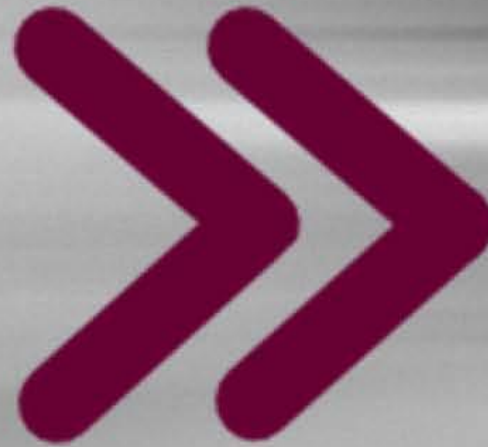


## The Progression

1. Classes introduce **Knowledge**
2. Application leads to **Skill**
3. Reinforcement, plus Inter-personal Skills: **Attitudes**
4. Experience and adaptation generates **PM Competence**
5. Review proves **Performance**

## The Result ? Business Benefits





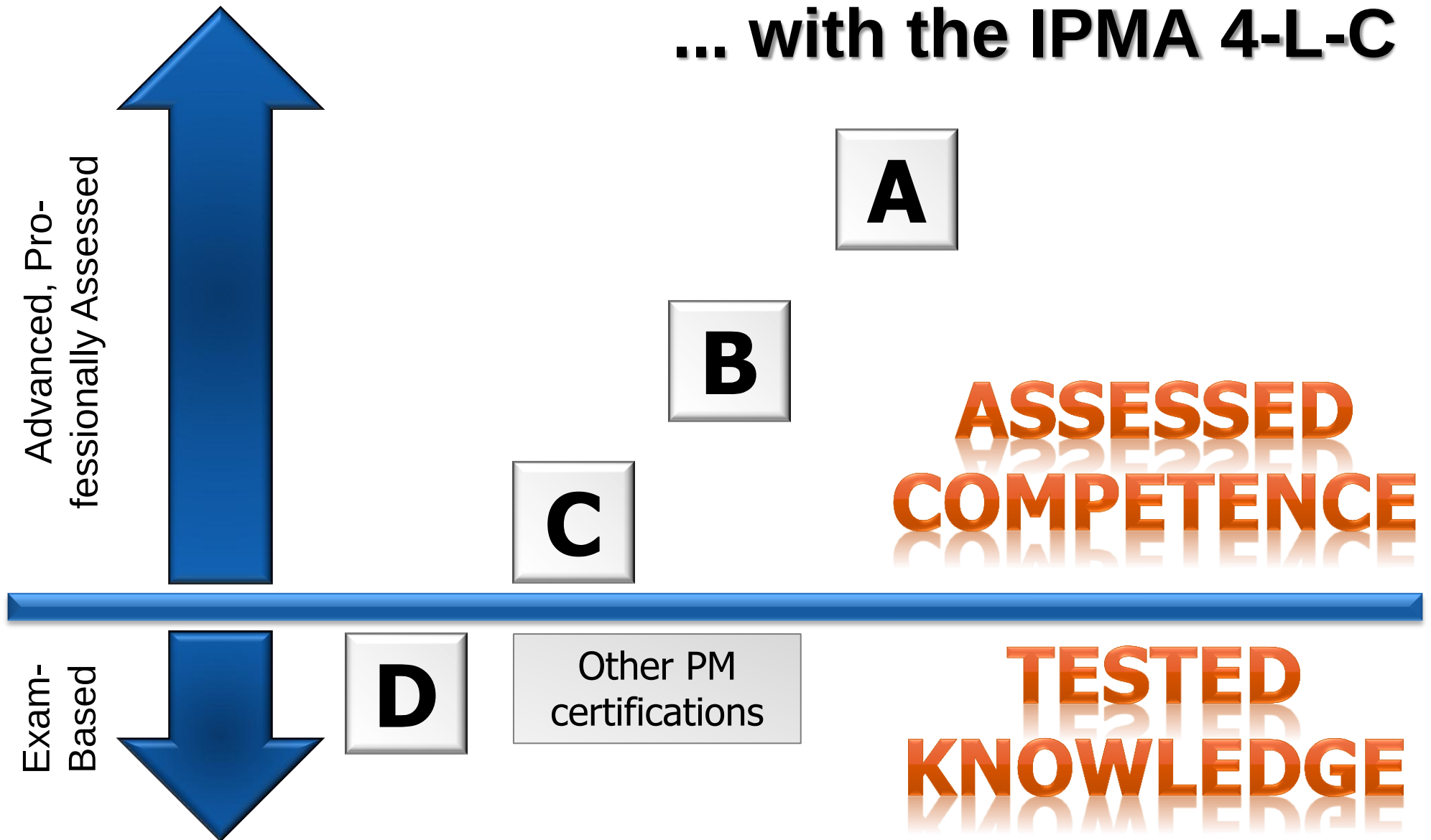
# IPMA Advanced Certifications

Moving PM practitioners forward

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# Move Up To Assessed Competence

... with the IPMA 4-L-C



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# IPMA Education & Training

Moving people forward

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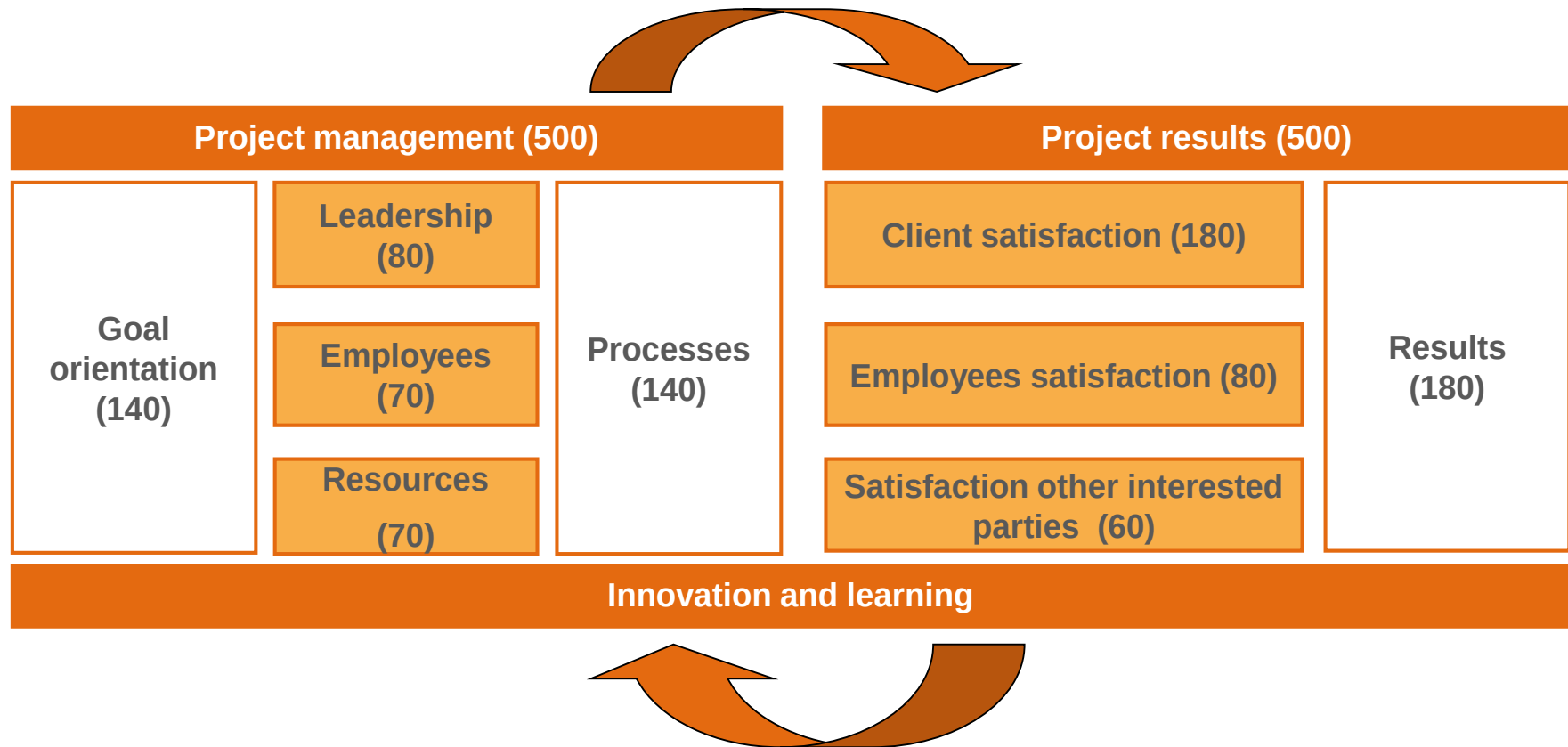
# IPMA Awards

Moving project winners forward

IPMA<sup>»</sup>  
International  
project  
management  
association



# Based on the Excellence Model



- » Evaluates Project Processes and Results
- » Awards offered in several categories
- » Award offers prestige for the project, the recipient organization, and the nation

Moving forward

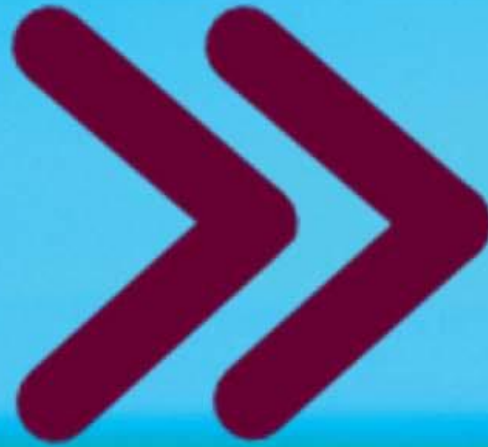


# IPMA Research

Moving PM practice forward

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# IPMA Young Crew

Moving new leaders forward

IPMA<sup>»</sup>  
International  
project  
management  
association

Moving forward



# IPMA Delta

Moving organizations forward

IPMA<sup>®</sup>  
international  
project  
management  
association



# Supporting Continuous Development

## Initial

Project achievements are at a personal level. There are individuals who perform well, but PP&P performance is coincidental. The organisation has no formal PP&P standards, structures and processes in place.

## Defined

Partially defined PP&P standards, structures and processes are in place, and are partially applied in the organisation.

## Standardised

Fully defined PP&P standards, structures and processes are in place, and are mostly applied throughout the organisation.

## Managed

Fully defined PP&P standards, structures and processes are in place, and are fully applied throughout the organisation, and actively controlled by Management.

## Optimising

Fully defined PP&P standards, structures and processes are in place, and are fully applied throughout the organisation, which the Management actively controls and continuously improves.



IPMA»  
Delta

Moving forward



# IPMA Congress

**Moving collaboration forward**

**IPMA**<sup>®</sup>  
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association

Delhi, 2005

Shanghai, 2006

Cracow, 2007

Rome, 2008

Helsinki, 2009

Istanbul, 2010

Brisbane, 2011

Crete, 2012

**Dubrovnik, 2013**

See you  
in Rotterdam...



Panama, 2015



# The IPMA Family

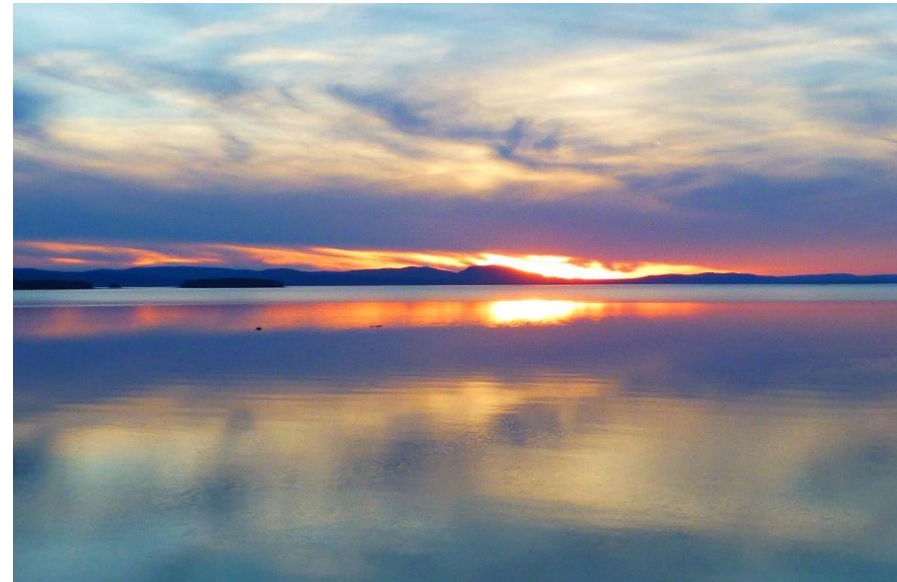


» The IPMA Family goes beyond attending conferences; we build lifelong professional relationships



# IPMA's focus for the future

- » IPMA leads the **evolution** of the PM profession and the maturity of its practice
- » Advanced, **Competence**-based certifications
- » A unique **federal structure** which thinks globally and acts locally, serving local needs
- » Recognize and respect **cultural differences**
- » **Alliances** with those having complementary visions.
- » A **Partner** for Project Management knowledge, competence and performance



Moving forward



**Visit our website:  
[www.ipma.ch](http://www.ipma.ch)**

**IPMA: Moving *you* forward**

**IPMA**<sup>®</sup>  
international  
project  
management  
association

**1. Who I am, wherefrom**

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# EXCELLENCE

**The quality of being outstanding or extremely good**



# THE PROJECT PERFORMANCE

We are living in the project oriented world. Projects are present in all sectors of human activities, but project performance is still challenge.

Prof Mladen Radujkovic, IPMA President

# Our World = The Project World

- **20% of gross global product - \$12 trillion per year – spent on fixed capital projects worldwide (McKinsey, Quarterly, June 2008)**
- **2006: 24.4 million project-oriented employees in projectized industries and 2016: 32.6 million (31% of them new employees since 2006). Equates to 1.2 Million jobs annually (Anderson Economic Group, 2006)**
- **Project Manager is marked like key job in 21st century (Fortune Magazine, USA, 1999)**

***Insights and Trends:  
Current Portfolio,  
Programme, and Project  
Management Practices***

The third global survey on  
the current state of project  
management



**pwc**

# Project performance

**86% of projects  
fail to deliver  
against their  
budget,  
schedule, scope,  
quality and  
benefits baseline**

December 2012

# Project performance

- **There are so many reports about poor project performance:**
- **World Bank, Project Performance Report, 1996**
- **Standish Group, Chaos Report, 2001**
- **UK Office of Government Commerce Report,**
- **.....**
- **Standard & Poor's, Global PM Survey, 2012**
- **McKinsey Report, 2012**
- **Gartner Survey, June 2012**
- **Independent Project Analyses, 2012**



# **Key problems and findings – Project performance**

- **Megaprojects are failing by around 65% (Merrow, Independent Project Analysis)**
- **70% organizations have suffered at least one project failure in last year (KPMG)**
- **35% organizations abandoned a major project in last 3 years (Lofica Mng Cons)**
- **43% organizations have suffered a recent project failure (ISACA – System audit)**

# **Key problems and findings – Project performance**

- **1/3 of projects have serious problems with budget and specifications, and 2/3 projects have project overrun (Standish group)**
- **86% of projects fail to deliver against their budget, schedule, scope, quality and benefits baseline (PWC)**

# The problem of megaproject failure

- When facts overcome fiction the consequences are huge cost overruns, delays, missing revenues, crippling debt, and, to add insult to injury, often **also negative environmental and social impacts** (B. Flyvbjerg, Harvard Design Magazine, 2005)
- The problem of megaproject failure is not just personal or team or company failure but failure reverberating onto community and society at large
- Large projects not only fail, more often they deliver less

# Challenges facing Project Management Professionals

- » Complexity increasing worldwide, working group environments more complex
- » Mega projects for mega cities
- » Projects on a global scale in multicultural contexts
- » Real (manufacturing/construction) vs virtual work
- » Critical need of behavioral skills
- » Growing number of mega-multinational Projects
- » Multi-cultural influence on project deliverables
- » Projects increasingly done for the good of society/environment



# **“Project”**

**The definition of a project is “a unique endeavor to produce a set of deliverables within clearly specified constraints”:**

- **Time**
- **Cost**
- **Quality**
- **S.o.W.**
- **Risk**
- **Safety**

**A project is a series of tasks, arranged in a defined sequence or relationship that produces a pre-defined output or effect.**

- 1. Have a defined timescale. Projects have a clearly specified “start “and “end” date within which the deliverables must be produced to meet a specified customer requirement.**
- 2. Unique in Nature. They do not involve any repetitive processes.**
- 3. Have an approved budget.**
- 4. Have limited resources. At the start of a project an agreed amount of labor, equipment and material (project material and consumables material) is allocated to the project.**
- 5. Involve an element of risk or opportunities**
- 6. Achieve beneficial change**

# What is management ?

***“Management is an art and can not be turned into a science. Who is trying to do make a serious mistake. I live in Silicon Valley for thirty years and I have seen develop management models to people who practice it and do not theorize “***

**Tom Peters :**

**Famous for his revolutionary ideas is undoubtedly one of the leading management experts in the world**

***(source: Data Manager Online)***

# Construction project management

**The management of construction projects requires knowledge of modern management as well as an understanding of the design and construction process. Construction projects have a specific set of objectives and constraints such as a required time frame for completion**

**“Developing effective and appropriate tools for project management career development is fundamental to the Engineering Construction industry. Project Managers (PM) play a key role in delivering organisational projects and initiatives. Identifying the appropriate PM competencies for your organisation is therefore crucial in ensuring continuing success”**



**Workshop on  
Project Management Competency Framework  
- benefits, implementation and management  
Mon 19 Nov 2012, London**





# **The project management approach to construction execution is very important**

**It means that this concept has to be disseminated among the construction stakeholders**

**Several construction firms hire project managers highly qualified to fulfil their needs**

**The project management approach to construction is well known by big EPC Contractors in Oil & Gas Projects, but need to be accepted by other construction companies and by the medium and small size companies doing construction**

# How project management in Construction ?

By joint efforts of Project Manager and Construction Manager in all phases of the Project execution such as :

- *Initial stage (organization, **constructability**, planning etc.)*
- *Local Content Requirements*
- *Safety organization*
- *Subcontracting campaign*
- *Construction execution*
- *Work hand over to the Client*

Both PM and CM have to live the Project generating synergies as they have the same objectives

# Constructability

***The optimum use of construction knowledge and experience in planning design procurement and field operations to achieve overall project objectives (CII).***

**One of the areas with a greatest potential to improve performance and cost effectiveness of projects. International major institutions, benchmark and experiences have confirmed the cost saving high potential of this tool.**

# Pushing the limit of engineering construction

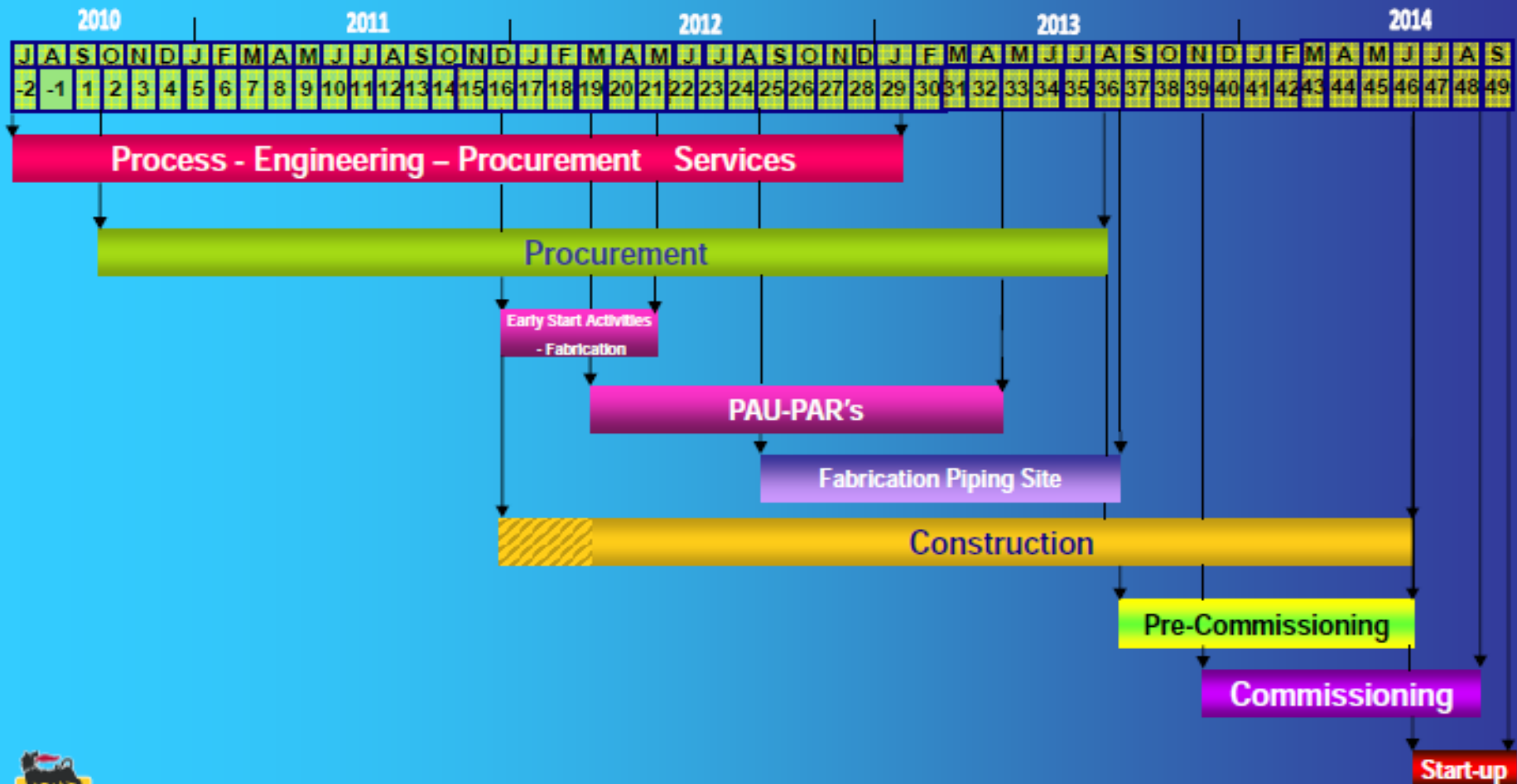
- The implementation of a plant, in general, is a very rewarding activity, one of the most “beautiful” activities that one can do.
- The plant is realized as a show wonderful and exciting. The Project and Construction Managers are most gratified.
- To ensure that the project is carried out properly we have to make a detailed analysis of constructability, we must then design the plant construction.
- Wide evidence shows that only the experience of the field staff has been able to solve big problems caused by design.

**“Working in the construction is making a choice of freedom” (Angelo Zucconi, Construction Director Snamprogetti)**



# Refinery Expansion Project – Project overview

## Project Execution Road Map Level 0 Schedule



# **Construction requirements throughout main project phases**

- **Start-up and kick-off meeting**
- **Careful contract analysis**
- **Risks assessment and management**
- **Basic and detail designs/constructability**
- **Procurement**
- **Planning and scheduling**
- **Progress evaluation system**

**Project success**

**Value for Stakeholders**

**Stakeholders**

**Persons**

**Primacy of people**

**Which (human) keys to project excellence ?**

# Behavioural competences playing a major role

- » Reliability
- » Consistency
- » Passion
- » Commitment
- » Persistency
- » Creativity
- » Multicultural diversities



# Persistence

**Never give up!**

# Creativity

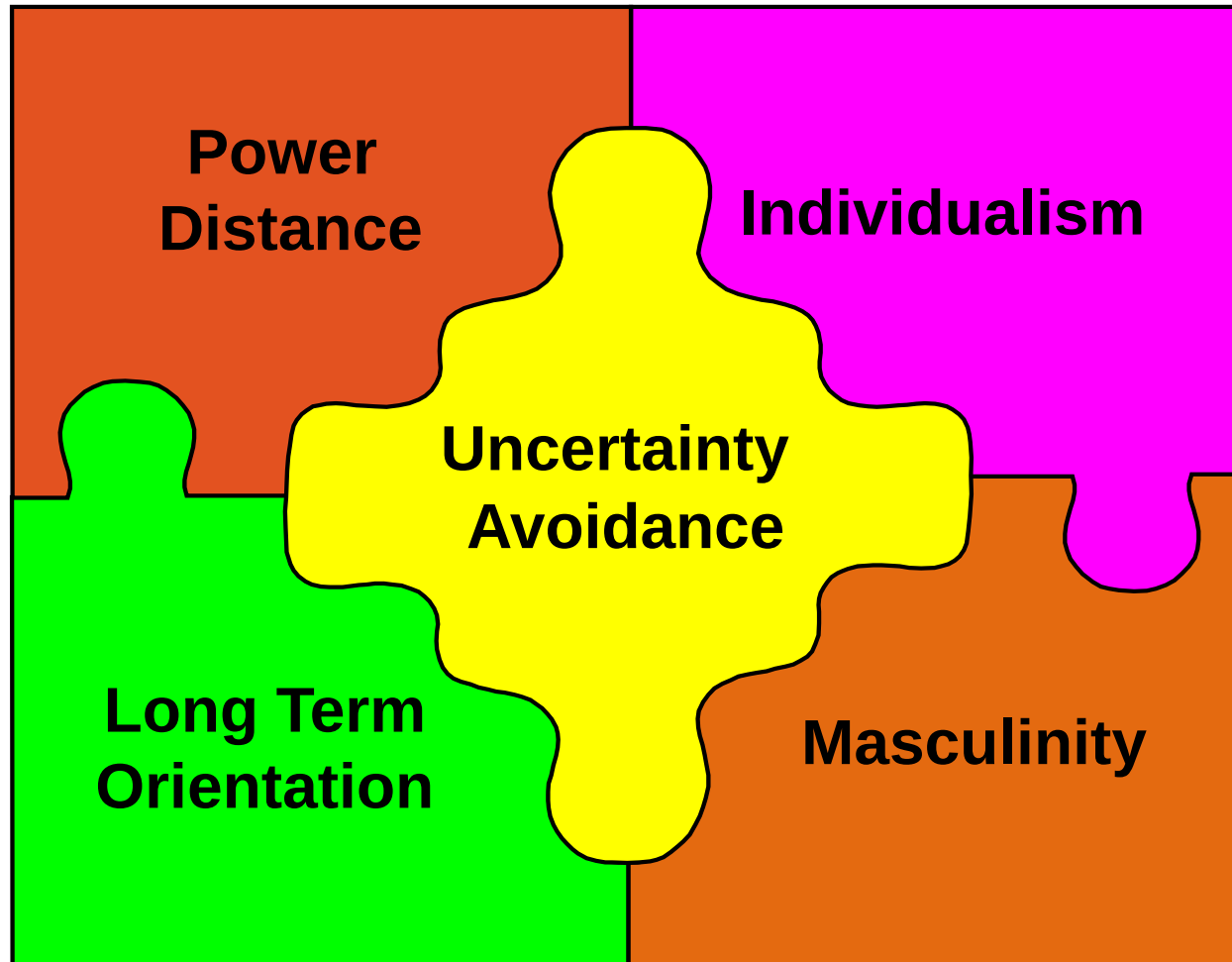
- » A bit of craziness
- » A bit (lot) of curiosity
- » A bit of rebelry  
(part of creativity = destroying the past)

*Project Management: revolutionary Technology*

# Multicultural diversities

- » Cultural compass
- » The collective programming of the mind which distinguishes the behaviours of members of one group from another
- » Understanding and exploiting of multicultural patterns
- » Hofstede's 5 cultural dimensions

# Five Cultural Dimensions (Hoffstede)





# Countries in the 5D Model

(Source: Itim International – Hoffstede)

|               | <b>PDI</b> | <b>IDV</b> | <b>MAS</b> | <b>UAI</b> | <b>LTO</b> |
|---------------|------------|------------|------------|------------|------------|
| <b>Brazil</b> | <b>69</b>  | <b>38</b>  | <b>49</b>  | <b>76</b>  | <b>65</b>  |
| <b>China</b>  | <b>80</b>  | <b>20</b>  | <b>66</b>  | <b>30</b>  | <b>118</b> |
| <b>India</b>  | <b>77</b>  | <b>48</b>  | <b>56</b>  | <b>40</b>  | <b>61</b>  |
| <b>Italy</b>  | <b>50</b>  | <b>76</b>  | <b>70</b>  | <b>75</b>  | <b>34</b>  |
| <b>Japan</b>  | <b>54</b>  | <b>46</b>  | <b>95</b>  | <b>92</b>  | <b>80</b>  |
| <b>Korea</b>  | <b>60</b>  | <b>18</b>  | <b>39</b>  | <b>85</b>  | <b>75</b>  |
| <b>Russia</b> | <b>93</b>  | <b>39</b>  | <b>36</b>  | <b>95</b>  | <b>---</b> |
| <b>USA</b>    | <b>40</b>  | <b>91</b>  | <b>62</b>  | <b>46</b>  | <b>29</b>  |
| <b>UK</b>     | <b>35</b>  | <b>89</b>  | <b>66</b>  | <b>35</b>  | <b>25</b>  |

# The Iceberg Concept of Culture

Like an iceberg,  
nine-tenths of culture is below the surface.

Surface Culture  
Most easily seen  
Emotional level - low

Food, dress,  
music, visual arts,  
drama, crafts,  
dance, literature,  
languages, celebrations, games



Shallow Culture  
Unspoken Rules  
Emotional level - high

courtesy, contextual conversational patterns, concept of time,  
personal space, rules of conduct, facial expressions,  
nonverbal communication, body language, touching,  
eye contact, patterns of handling emotions,  
notions of modesty, concept of beauty, courtship practices,  
relationships to animals, notions of leadership, tempo of work,  
concepts of food, ideals of child rearing, theory of disease,  
social interaction rate, nature of friendships, tone of voice,  
attitudes toward elders, concept of cleanliness, notions of adolescence,  
patterns of group decision-making, definition of insanity,  
preferences for competition or cooperation,  
tolerance of physical pain, concept of "self",  
concept of past and future, definition of obscenity,  
attitudes toward dependents,  
problem solving roles in relation to age, sex, class, occupation,  
kinship, and ...

Deep Culture  
Unconscious Rules  
Emotional level - intense

# Intercultural Project Management

It is a system of **tools** that allows reaching goals in international-intercultural projects

by managing in a **structured** way the relationships among people in different cultures

**Diversity is turned from a problem  
into**

**An extra tool to support projects success**

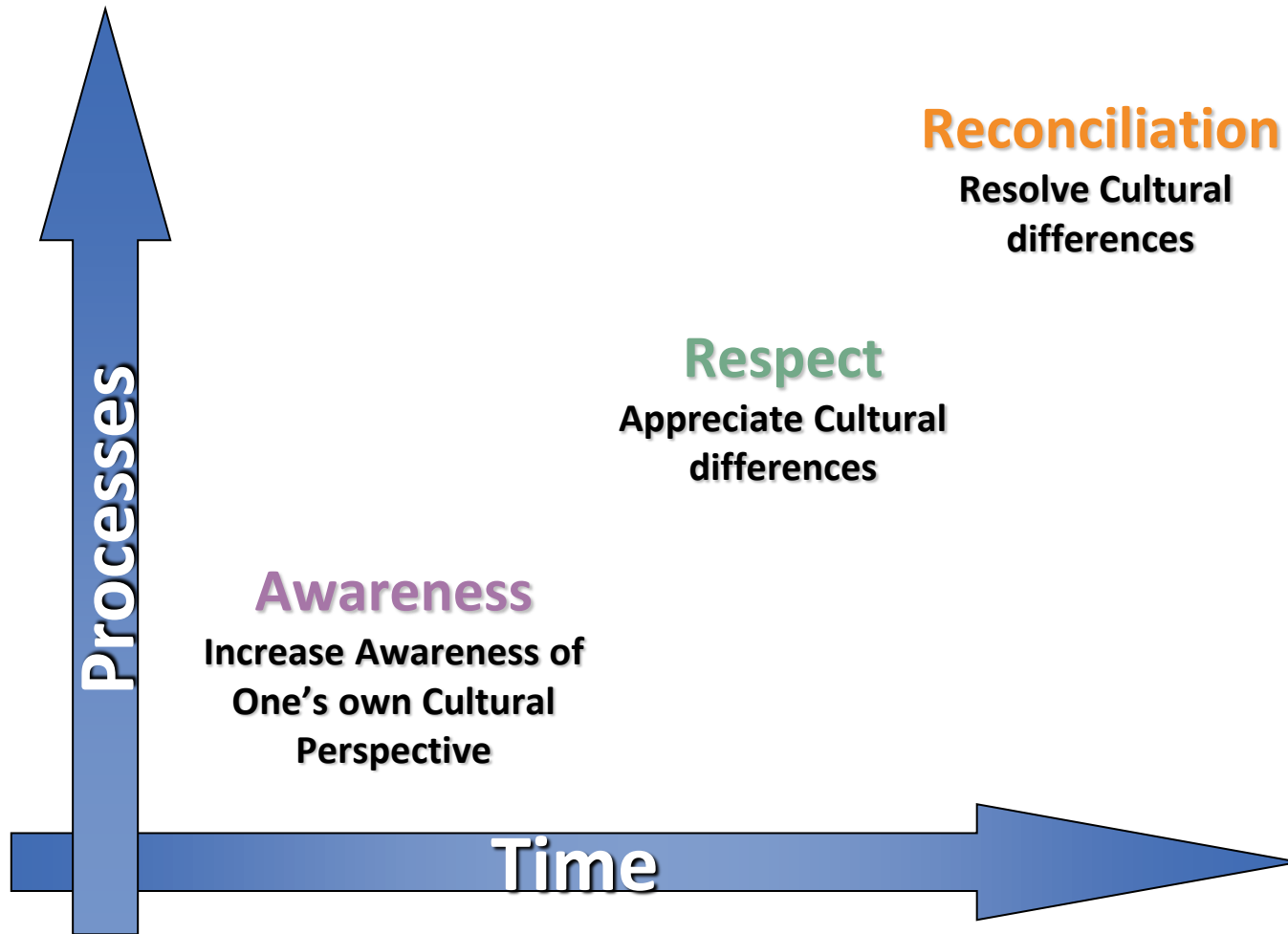
**Cultural differences can be viewed as either a handicap or a powerful seed for something new.**

**What we see is that differences in culture are .... seen more and more as a means of cross-fertilization and innovation ....**

**So, it is a careful selection of best practices**

***Carlos Ghosn, 2001***  
***President of Nissan Motors***





Source : Trompenaars

# Conclusions

- » More complex intercultural projects are often less successful
- » Failures of such projects are very often due to “soft” reasons (lack of communication skills, poor power management, unclear delegation and liability, inefficacy in risk management), rather than technical ones

# Different approaches affected by cultural diversity

- » Decision making processes (delays, misunderstandings, problem anticipation, extra budget, etc.)
- » Risk management (differences in coping with uncertainty, capability to react against unforeseen events, different approaches in mitigation plans, etc.)
- » Time management (different perception of time urgency, punctuality and promptness, deadline sensitiveness, etc.)
- » Project control capability

Source : Research project conducted by Prof. Antonio Calabrese e Prof. Raffaella Bossi Fornarini ©2011 MIP – All Rights Reserved

# Cultural sensitive Project Management

**If Project Manager is aware about :**

- » How to identify and deal with cultural diversity
- » How to search for cultural diversity
- » How to anticipate problems coming from cultural diversity

**Then he/she will be more effective in :**

- » Controlling costs
- » Getting results
- » Being successful with project stakeholders



# Best practices

## Bridging cultures & enhancing intercultural excellence

- » Hard work to shape effective intercultural workspaces
- » Strategies and skills to learn from and adapt to each other
- » Improve our intercultural performance
- » Cultures affect not just individuals, but whole organizations
- » Create new ways of working. The best solutions usually involve leveraging diverse insights and approaches and incorporating all “truths” (“both / and”)
- » Perspectives of less powerful people are considered and incorporated
- » Maintain light, humorous perspective on differences



**1. Who I am, wherefrom**

**2. Why IPMA**

**3. Why (How) Excellence in Construction Management**

**Global vs (and?) regional contexts**

- **Globalization promotes integration of societies and economies across state borders all around the world.**
- **Regionalization supports the opposite: economic and social development limited to geographical regions.**
- **Greater competition and opportunity for growth in a globalized free market vs monopolies more likely to develop in a regionalized system.**
- **Large companies employ workers in a multitude of different countries, encouraging local businesses to develop themselves in order to compete.**
- **Survival in the new global market place requires sourcing good services labor and materials overseas to continuously upgrade products and technology.**

- **Continuous route: local – national – regional – global**
  - **4 basic aspects of globalization**
    1. **Trades & Transactions**
    2. **Capital and Investment movements**
    3. **Migration and movement of people**
    4. **Dissemination of knowledge**
- IMF (International Monetary Fund)
- **Globalization implies transformation:  
transformation achieved through projects**

***“Project Management is about managing change and people getting things done.***

***The way we as a Society and as an economy manage change will be one of the most important influences on our development over the next 20 years and more.***

***The rate and scale of change we experience is increasing and will continue to do so. Driven by technological, environmental and sociological developments around our planet, our future success will be defined by whether we simply cope with rapid change or manage it to our best advantage”***

**from APM insight 2008**

**The winners will be  
not the strongest,  
nor the most intelligent,  
but the most adaptable**

**Sir Frank Chapman, CEO BG at Gastech 2012**





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Thank You for the  
kind attention