Guiding a Profession through Research

Your most powerful Project Management weapon
Programme in Project Management

PPM
The Comprehensive University Certificate Programme

More than 40 intakes have been offered successfully since 1997

More than 2000 people from a wide range of companies and government organisations have already benefited from the PPM

Based on internationally accepted standards and practices

Suitable for all sectors of business and government

Ensures admission to the Advanced Programme in Project Management (APP) at the University

A variety of lecturers with extensive business experience and active involvement in industry

Development of practical skills during 20 days (4 blocks of 5 days each) on the campus of the leading provider of project management education in SA

Recommended: 120 SAQA credits at NQF Level 6
Course fee: R19 800 includes lunches, refreshments and extensive course material

An employer who meets with all Skills Levy and SETA requirements may claim back up to 70% of the course fee from a SETA.

Enquiries:
Therese Bron (Course Co-ordinator)
Tel: (012) 420 5015 or (012) 420 5027
Fax: (012) 362 5285
E-mail: therese.ce@up.ac.za

CONTINUING EDUCATION
UNIVERSITY OF PRETORIA

To register on-line, visit www.ceatup.com

ProjectNet is an alternate monthly publication produced by Cyan Sky Communication Consultancy and distributed free of charge to the members of PMSA, on behalf of PMSA.

Editorial Director:
Prof Les Labuschagne, PMSA President

Managing Editor:
Taryn van Olden

Design and Layout:
Paper Plane Communication Design

Reproduction and Printing:
Remata Inathi Communications and Printers

Please direct editorial submissions and enquiries to:
The Editor, ProjectNet, info@projectnet.co.za or 082 779-1314.

Advertising enquiries can be directed to The Editor at the above email address.

For extra copies of ProjectNet and any PMSA-related queries such as training and membership, please contact Elise Airey or Catherine Morake at PMSA office on (011) 706-6813 or via info@pmisa.org.za

General contact details related to this magazine:
Email: info@projectnet.co.za
Website: www.projectnet.co.za
Address: PO Box 518 Featherbrooke Estate
Ruimsig 1746

Cover Image:
Dr. Edwin Andrews - See page 4

Copyright ©
The copyright of all material in this magazine is reserved by the proprietors, except where expressly stated. The editors will, however, consider reasonable requests for the use of information provided the source and author are clearly attributed.

Please note: Editorial submissions are welcomed but are subject to review by the PMSA Exco, ProjectNet’s editorial team and editor before a decision is made regarding inclusion. Product- or service-specific information submitted in the form of a news item may be considered for publication in the Our World section, but may not be accepted in any other section. Please contact the Editor for content classifications to guide your submissions. The editor reserves the right to shorten articles but will consult the author should any adjustments be deemed necessary.

INSIDE

this edition

Editorial
Message from the editor
Pg 2

President’s Pen
A parting word from Les Labuschagne
Pg 3

Thought Leadership
Guiding a profession through research
Pg 4

Are your corporate strategies a reality?
Pg 8

Global Network
Project Portfolio Management: A Balancing act
Pg 10

Opinion
Your most powerful weapon
Pg 14

Industry Insight
PMs in demand
Pg 16

Branch News
News and updates
Pg 18

Industry News
Salary survey results are in
Pg 20

Academic Corner
Current research in PM
Pg 23

Reviews
Towards improved PM practice
Pg 24
TIME for change

It is hard to believe that we are in the fourth year of ProjectNet’s existence. Since we have only had two different “looks” in this time, a re-design was long overdue. Based on comments received from members during various interactions, trends in the publishing environment, and the growing obsession with makeovers, we have worked on our look and are pleased to present the new ProjectNet. Of course no makeover is complete without changing “what’s inside”, so we have rejuvenated our content a bit too. In this edition we also boast four extra pages, which we hope to sustain in the coming editions.

Among our new additions is an Academic section. Many members involved in research have noted that there are not many local publications in which to publish their research papers. We will kick this section off on a small scale and see how it grows. We welcome comments and participation from what we hope is a growing network of people engaged in post graduate research in the field. If you want to appreciate the value of research, take a look at our Thought Leadership piece in this issue.

Conference 2006

Since this edition will only come out while the conference is underway, it would be a bit presumptuous to talk about its success. I do believe, however, that it will be, and we will dedicate the next edition of ProjectNet to the new information emanating from it.

It has been a great privilege to have been involved in the conference, not just as the editor of ProjectNet but, as such, interviewer of all the industry gurus who feature at the conference, but also as part of the conference organising committee. It offered me more insight into this incredible fraternity of practitioners, one that not only sees many industries coming together, but also attracts people in different life and career stages.

I look forward to getting to know you, the readers and members of PMSA better, so we can provide you with a publication that adds value to your membership and your role as project manager. Send comments, complaints and suggestions to: info@projectnet.co.za.

Happy reading.

Taryn van Olden

A WORD in parting

By the time you read this you would have noticed that ProjectNet has a new look and some new content, a new National Executive Committee (EXCO) would have been elected at the AGM, a new president would have been nominated by this EXCO and the Global Conference would have taken place. All of these are major milestones for PMSA and evidence of the hard work being done by a small group of volunteers.

One of the biggest challenges of running a professional institution such as PMSA is to get volunteers to sacrifice the little free time they have available to serve the PM community. Without your willingness to serve and dedication to the advancement of PM, PMSA would not have been where it is today.

The conference was an opportunity to, in a very short period of time, get updated with all the latest developments and thinking in the field and to discuss issues with the experts. I believe that the value of a conference like this is in direct proportion to what each attendee puts into it. The plenary speakers, guest speakers, workshop presenters and workshop participants all worked hard to share their knowledge with the African PM community. It is this willingness to share knowledge that is so important to the growth of any discipline.

Looking back over my two year term as president, I can honestly say that I have enjoyed it tremendously.

The PMSA Exco as at May 2006

President: Les Labuschagne
Chairman PMISA Board: Bruce Webb
Past President: Robert Best
VP Technical & Education: Lesley Rider
VP Marketing: Valke Ca Michael-Brown
VP Projects: Elmar Roberg / Francois Roos
VP International Liaison: Robert Best
VP Public Relations: Helen Mende
VP Branches: Mike Vertenten
VP Finance: Rob Witte
President PMI SA Chapter: Telman de Villiers
Admin Manager: Elise Airey

Looking back over my two year term as president, I can honestly say that I have enjoyed it tremendously.

Les Labuschagne

May PM continue to prosper for many years to come!
GUIDING A PROFESSION, through research

Continuing our focus on the high-calibre speakers at the 2006 PMSA conference, ProjectNet spoke to Dr Edwin Andrews, Research Manager for PMI, on the critical role that research plays in developing and, indeed, defining a profession.

ProjectNet: What is the value of research in project management? How can it be applied to best serve the project management community?

Edwin Andrews: Professions are distinguished from trades by several things. One of the most important is a unique body of knowledge, one which is enhanced through research. As an emerging profession project management has benefited from research through the last 40 years. We have moved from a largely project oriented tactical discipline to one more aligned with the strategic needs of the organisation. Therein, leadership skills rather than tactical skills become very important. It is from research that these changes have occurred.

PNet: How can research capacity be developed further in a discipline like project management?

EA: PMI is the largest global advocacy organisation for project management and the only one that has a dedicated research effort. That means staff, research funding, the ability to financially sponsor external research and the responsibility to disseminate new knowledge (research findings) via a variety of mechanisms including publications, seminars and research conferences.

PNet: What is the significance of research contributions by countries such as South Africa?

EA: Several universities in South Africa have project management interests in their programmes and also have active research liaisons with other academic institutions worldwide. By example Professor Les Labuschagne at the University of Johannesburg is an active project management researcher. He has been on research teams funded by PMI and regularly presents and publishes/presents his findings in project management journals/venues.

PNet: What are some of the future plans for research, for the PMI?

EA: PMI has expanded its research working sessions at global congresses from two each year to now include all four congresses (North America, EMEA, Asia Pacific, and Latin America). In addition we conduct a biennial research conference to be held this year in Montreal, Canada (16-19 July) has been increased in size and quality. We expect 350 delegates and have used a peer review system to increase the quality of papers. Out external funding is anticipated to increase in future years from the present four projects each year to at least six. In addition we are working with our standards group and certifications group to identify new areas for additional services to the global community of project managers.

Current PMI Research

A number of research projects are underway at any given time at PMI. Current projects inviting participation include the following:

- Research Topic: The Merits of Using Project Management to Implement and Write a Master’s Thesis or Doctoral Dissertation.
- Research Topic: Crucial Conversations in Project Management Environments. The authors of the New York Times bestseller Crucial Conversations want to take their groundbreaking research into project management.
- Research Topic: Managing IT Outsourcing during the Project Execution Phase. This study, part of an ongoing research project by a doctoral candidate from Drexel University, is about managing IT outsourcing projects in the execution phase of project management.
- Research Topic: The Reality of Project Management Practice – Phase 2. A team from the University of Quebec at Montreal is following up on a survey conducted two years ago concerning the most used and most valuable project management tools.
- Research Topic: Project Management Effectiveness as a Construct. An academic researcher at Ball State University in Muncie, Indiana USA.

For more information and to participate, go to the PMI website: www.pmi.org

Dr Edwin Andrews joined PMI in 2005 as the Manager of Research after a distinguished career in industry and academia. He was educated as a veterinarian and obtained a PhD, establishing himself as an academician and NIH sponsored researcher at the Pennsylvania State University’s College of Medicine and at Cornell University. He was recruited to industry as a research manager and rose to the position of vice president at several Johnson & Johnson companies. He also served as the Director of Global Marketing for a medical device product line. In his career Edwin also served as Dean of Veterinary Medicine at the University of Pennsylvania and was the Senior Vice President for Global Technology with a division of Mallinckrodt Inc.

Edwin’s project management experience was gained from his varying positions in Johnson & Johnson and Mallinckrodt where he established a Project management Office and Portfolio Management Program. He is the author of over 50 refereed publications and books and has been an active presenter at symposia worldwide.
Project management
Crème de la Crème to be recognised again!

The Project Manager of the Year Awards (PMOTY™) was once again launched at the PMSA Conference at Gallagher Estate on 31 May 2006. The competition has been running for two years and aims to recognise the crème de la crème of the project management community.

Clinton in’t Veld, CEO of the X-Pert Group, the leading Project Management company in South Africa and the main sponsor for the PMOTY™ awards said, "In the past the competition has been a great success and has widely been referred to as the Oscars of the Project Management Industry. Our main objective is to recognise true excellence in the Project Management industry as project management is indispensable to business today. However, people should realise that the competition is open to anyone in business that is involved with projects. Whether it is managing a function or implementing government regulations, everyone is welcome and everyone has the same opportunity to be recognised as the next Project Manager Of The Year."

Gustav de Bruyn, from Vodacom and the 2005 PMOTY winner says, "Being a project manager places huge demands not only on my time but also my ability to perform as one. There is a tendency to get isolated pretty quickly while facing many challenges. The X-Pert PMOTY Awards has most definitely added huge value to my career in all aspects but also helped me appreciate that project management is indispensable for business. By going to the PMI® Global Congress in Toronto, Canada, I became a part of the global community of project management practitioners realising that my isolated situation was not so unique and that by using networking opportunities I can acquire the means to deal with many project challenges. The X-Pert PMOTY Awards is a great competition and I encourage my fellow project managers to participate, I’ll definitely be entering again."

Clinton continued, "The winner of the 2007 Project Manager of the Year award will be jetting off, courtesy of the X-Pert Group, to the United States of America, to attend the Project Management Institute (PMI®) World Congress. This is a great opportunity to rub shoulders and network with the top project managers in the world."

Two special and prestigious merit awards will stand in support of the main 2007 Project Manager Of The Year™ Award i.e. Project Sponsor Of The Year Award and Project Support Person Of The Year Award.

Clinton concluded, "We look forward to receiving your entries and nominations before 6 October 2006 and we’ll see you by the Gala Dinner next year for the award’s ceremony."

For further information, log onto www.xpert-mbp.com and nominate yourself, your project manager colleague, project sponsor or your project support person for this year’s award!
To my mind, the greatest change of all is the ever-increasing need for the disciplines of project management. In my opinion, most companies have caught on to this and have taken the necessary steps to ensure that a project management methodology is in place and that their corporate projects run like clockwork.

Today, in the boardrooms of many major companies, the same question is being asked before major projects are undertaken: “Is our project portfolio in line with the company’s strategic intent and will it deliver the business benefits we need to compete and survive in a changing and ever increasing global market place?”

This common question supports the powerful thought that projects actually start in the boardroom and they end in the boardroom. Now, if we take this scenario to be true, then a straightforward project management methodology, which is designed to handle individual projects, is just not going to do the job. It has become increasingly apparent that companies now need a management methodology that will manage the alignment of strategic intent to the project portfolios at all levels.

Organisations have a strategy and they have projects, so they think left and act right. There’s no real alignment between their projects and their strategy. Their strategy talks about all the wonderful things they want to achieve and their projects are doing the complete opposite. This classic misalignment of strategy is what we call ‘strategic drift’ and it is this strategic drift that is thwarting senior management today.

There are different forces driving strategic drift. It is said that the road to business disaster is paved with good intentions. That is because a company can lose its way in prioritising projects based on subjective considerations. Typically the time spent at the think tank identifying the company’s strategic needs is small relative to the input necessary to ensure actual roll-out of strategic projects.

I believe that the result of ‘strategic drift’ is that the ‘ground forces’ don’t have a direction within which to work. There is an absence of accountability, co-ordination and no clear direction. The result, at best, is the haphazard implementation of some projects; partial implementation of others and the shelving of the balance, some of which may actually be critical to survival.

Year after year, there is a mistaken allocation of priorities, due to a variety of factors - internal politics, the influence of strong personalities and so on. The company therefore gradually loses ground to its competitors. I say gradually advisedly because the window of opportunity in the business scenario opens and closes far faster now than in the past.

To overcome this strategic drift problem most companies are facing; it is firstly analyse forces impacting on a company and define a vision and a mission in terms of strategic intent. This is the classic think tank stage. Secondly, bridge the gap between the strategic wish list and the practical implementation of projects by tapping into the critical business imperatives and identifying an optimum project portfolio and thirdly, to undertake the traditional project management function by running the respective projects, utilising elements that would include training, facilitation, administration and taking accountability.

The end result is concrete direction with strategic delivery through a tactical portfolio, for what might otherwise have been the proverbial ‘loose cannon’ in project management terms. That, in turn, implies correct use of valuable resources to achieve rational business goals and that critical ‘edge’ on the competition.

After two very successful Project Manager Of The Year (PMOTY™) Awards, the X-Pert Group will once again seek to recognise excellence in the field of project management through an annual search to find South Africa’s top Project Manager Of The Year (PMOTY™) 2007, including two special merit awards, Project Sponsor Of The Year and Project Support Person Of The Year.

Enter you, your Project Manager Colleague, your Project Sponsor or your Project Support Person into this year’s award, by logging onto www.xpert-mbp.com/pmoty2007

Are your corporate strategies becoming a reality?

Business, in its ceaseless evolution, has a way of turning its own paradigms on their heads in the never-ending quest for ‘a better way’. This sacrificing of elder systems and the anointing of younger, more innovative ones, is a corporate ritual that is increasingly being played out in the gathering speed of today’s age of technology.

In my mind, the greatest change of all is the ever-increasing need for the disciplines of project management. In my opinion, most companies have caught on to this and have taken the necessary steps to ensure that a project management methodology is in place and that their corporate projects run like clockwork.

Today, in the boardrooms of many major companies, the same question is being asked before major projects are undertaken: “Is our project portfolio in line with the company’s strategic intent and will it deliver the business benefits we need to compete and survive in a changing and ever increasing global market place?”

This common question supports the powerful thought that projects actually start in the boardroom and they end in the boardroom. Now, if we take this scenario to be true, then a straightforward project management methodology, which is designed to handle individual projects, is just not going to do the job. It has become increasingly apparent that companies now need a management methodology that will manage the alignment of strategic intent to the project portfolios at all levels.

Organisations have a strategy and they have projects, so they think left and act right. There’s no real alignment between their projects and their strategy. Their strategy talks about all the wonderful things they want to achieve and their projects are doing the complete opposite. This classic misalignment of strategy is what we call ‘strategic drift’ and it is this strategic drift that is thwarting senior management today.

There are different forces driving strategic drift. It is said that the road to business disaster is paved with good intentions. That is because a company can lose its way in prioritising projects based on subjective considerations. Typically the time spent at the think tank identifying the company’s strategic needs is small relative to the input necessary to ensure actual roll-out of strategic projects.

I believe that the result of ‘strategic drift’ is that the ‘ground forces’ don’t have a direction within which to work. There is an absence of accountability, co-ordination and no clear direction. The result, at best, is the haphazard implementation of some projects; partial implementation of others and the shelving of the balance, some of which may actually be critical to survival.

Year after year, there is a mistaken allocation of priorities, due to a variety of factors - internal politics, the influence of strong personalities and so on. The company therefore gradually loses ground to its competitors. I say gradually advisedly because the window of opportunity in the business scenario opens and closes far faster now than in the past.

To overcome this strategic drift problem most companies are facing; it is firstly analyse forces impacting on a company and define a vision and a mission in terms of strategic intent. This is the classic think tank stage. Secondly, bridge the gap between the strategic wish list and the practical implementation of projects by tapping into the critical business imperatives and identifying an optimum project portfolio and thirdly, to undertake the traditional project management function by running the respective projects, utilising elements that would include training, facilitation, administration and taking accountability.

The end result is concrete direction with strategic delivery through a tactical portfolio, for what might otherwise have been the proverbial ‘loose cannon’ in project management terms. That, in turn, implies correct use of valuable resources to achieve rational business goals and that critical ‘edge’ on the competition.

After two very successful Project Manager Of The Year (PMOTY™) Awards, the X-Pert Group will once again seek to recognise excellence in the field of project management through an annual search to find South Africa’s top Project Manager Of The Year (PMOTY™) 2007, including two special merit awards, Project Sponsor Of The Year and Project Support Person Of The Year.

Enter you, your Project Manager Colleague, your Project Sponsor or your Project Support Person into this year’s award, by logging onto www.xpert-mbp.com/pmoty2007

Are your corporate strategies becoming a reality?

Business, in its ceaseless evolution, has a way of turning its own paradigms on their heads in the never-ending quest for ‘a better way’. This sacrificing of elder systems and the anointing of younger, more innovative ones, is a corporate ritual that is increasingly being played out in the gathering speed of today’s age of technology.

In my mind, the greatest change of all is the ever-increasing need for the disciplines of project management. In my opinion, most companies have caught on to this and have taken the necessary steps to ensure that a project management methodology is in place and that their corporate projects run like clockwork.

Today, in the boardrooms of many major companies, the same question is being asked before major projects are undertaken: “Is our project portfolio in line with the company’s strategic intent and will it deliver the business benefits we need to compete and survive in a changing and ever increasing global market place?”

This common question supports the powerful thought that projects actually start in the boardroom and they end in the boardroom. Now, if we take this scenario to be true, then a straightforward project management methodology, which is designed to handle individual projects, is just not going to do the job. It has become increasingly apparent that companies now need a management methodology that will manage the alignment of strategic intent to the project portfolios at all levels.

Organisations have a strategy and they have projects, so they think left and act right. There’s no real alignment between their projects and their strategy. Their strategy talks about all the wonderful things they want to achieve and their projects are doing the complete opposite. This classic misalignment of strategy is what we call ‘strategic drift’ and it is this strategic drift that is thwarting senior management today.

There are different forces driving strategic drift. It is said that the road to business disaster is paved with good intentions. That is because a company can lose its way in prioritising projects based on subjective considerations. Typically the time spent at the think tank identifying the company’s strategic needs is small relative to the input necessary to ensure actual roll-out of strategic projects.

I believe that the result of ‘strategic drift’ is that the ‘ground forces’ don’t have a direction within which to work. There is an absence of accountability, co-ordination and no clear direction. The result, at best, is the haphazard implementation of some projects; partial implementation of others and the shelving of the balance, some of which may actually be critical to survival.

Year after year, there is a mistaken allocation of priorities, due to a variety of factors - internal politics, the influence of strong personalities and so on. The company therefore gradually loses ground to its competitors. I say gradually advisedly because the window of opportunity in the business scenario opens and closes far faster now than in the past.

To overcome this strategic drift problem most companies are facing; it is firstly analyse forces impacting on a company and define a vision and a mission in terms of strategic intent. This is the classic think tank stage. Secondly, bridge the gap between the strategic wish list and the practical implementation of projects by tapping into the critical business imperatives and identifying an optimum project portfolio and thirdly, to undertake the traditional project management function by running the respective projects, utilising elements that would include training, facilitation, administration and taking accountability.

The end result is concrete direction with strategic delivery through a tactical portfolio, for what might otherwise have been the proverbial ‘loose cannon’ in project management terms. That, in turn, implies correct use of valuable resources to achieve rational business goals and that critical ‘edge’ on the competition.

After two very successful Project Manager Of The Year (PMOTY™) Awards, the X-Pert Group will once again seek to recognise excellence in the field of project management through an annual search to find South Africa’s top Project Manager Of The Year (PMOTY™) 2007, including two special merit awards, Project Sponsor Of The Year and Project Support Person Of The Year.

Enter you, your Project Manager Colleague, your Project Sponsor or your Project Support Person into this year’s award, by logging onto www.xpert-mbp.com/pmoty2007
That means having a clear understanding of what “risk” is. Risks are not only threats, they’re both threats and opportunities.

- Keith Anderson

Balancing the risk and reward from a single project can be a fairly simple task to those who understand an organisation’s strategic goals. However, when multiple projects with diverse objectives vie for an executive’s attention, things get more complicated. An enterprise-wide risk management approach helps ensure not only successful completion of those projects, but also control of the uncertainties they bring to the bottom line. Project portfolio risk management aggregates project risks and compares them with their estimated return on investment (ROI)-usually seeking the highest return with the lowest aggregate risk. “It’s like your stock portfolio,” says Chuck Rusch, vice-president of consulting services at Digital Inc., a technology and management consultancy in Minneapolis, Minn., USA. You look at each of those projects as if it is a stock in a fund portfolio.

Mr Rusch breaks down projects into three categories:

1. **Transformational projects**: try to move organisations to new competitive strengths, products or services.
2. **Growth projects**: maximize investment in the organisation’s existing platform of services and products.
3. **Run projects**: “are just trying to keep the lights on,” he says.

The balance between how many transformational projects an organisation takes on and how many run projects it needs often depends on the industry in which it operates. IT companies, for example, lean heavily on transformational projects that may give them a competitive edge in world markets. On the flip side, utility companies tend to have a lot more run projects because the industry’s technology and processes are mature and less amenable to transformational projects and their attendant risks, Mr Rusch says.

Banks and financial institutions that must comply with multiple countries’ regulations also are more sensitive to risk, says Roberto Abad, managing director at the Mexico City, Mexico, office of Protiviti, a worldwide risk consulting firm. Businesses such as restaurants and hospitals may have categories of risk unique to their industry. Political and economic conditions can influence project risk assessments in different areas of the world, Mr Abad says, but “I think the approach used by risk consultants for measuring risk is standard worldwide.”

Bassam Samman, PMP, CEO and founder of Collaboration Management & Control Solutions FZ., a project portfolio management consultancy firm in Dubai, United Arab Emirates, sees geographic differences. “The trend in [the Middle East] region is to avoid the most serious risks,” he says, “even if it means declining to proceed with the project.”

Vast and complex oil refineries, for example, tend to be intolerant of risks that might delay or shut down production, Mr Samman says. “An aggressive organisation will be willing to take more risks if taking those risks would achieve their strategic objectives,” he says.

“Just recently [project portfolio risk management] has taken much more attention” in the Middle East, Mr Samman says. However, compressed time schedules, intensifying global competition and increased revenue demands of project-oriented organisations should put the issue on every executive and project manager’s agenda.

By William Hoffman

The Risk Signature

An organisation’s risk profile is as individual as fingerprints. It encompasses the company’s history, shareholder and executive temperaments, industry and competitive conditions, and priorities and goals. What one company considers risky business may be standard operating procedure at another.

Securing a realistic appraisal of an organisation’s risk profile can be tricky, though. “Risk management is often thought of as the elephant in the room,” Mr Anderson says. “It’s there, and everybody sees it, but no one wants to look at it.”

Optimal portfolio risk management starts with deep knowledge of the organisations operational, financial and cultural priorities.

Is it financially stable and secure? The balance sheet tells most of this story. Profitable (or at least well-financed) organisations are more risk-tolerant. Companies in turnaround may undertake risky projects but need to account for the impact of those risks on their changing financial condition.

Can current business operations continue alongside forward-looking project work without substantial disruptions to either? Ideally, projects would be completed behind a firewall that seals them off from operations. The reality is projects often must interplay with operations to ensure both align properly in execution. Each project’s design and schedule should be assessed for its risk to other projects and ongoing operations it may affect before, during and after execution.

What are the top-level executives’ tolerance for risk and commitment to completion of individual projects? Risk assessment takes into account the resource demands of various departments but may fail to account for human factors. Does a project have an executive sponsor who may leave and orphan the project? Is an executive micro-managing a project, or conversely, wedded to an arms-length approach that delays decision-making? Do executives seem too busy for project updates? Institutionalising the
Organisations must establish a consistent method for evaluating and responding to risk across the enterprise. One obstacle to developing that consistency is people’s attitudes towards risk – and those attitudes may vary according to the circumstances.

There are three risk attitudes:
1. Risk Averse – You’re willing to pay a premium or penalty to avoid risk
2. Risk-Neutral – Your decisions are based solely on expected monetary value
3. Risk-Seeking – You’re willing to pay a premium or penalty to accept a risk.

The situation is further complicated because a project manager’s risk attitude can be a function of how he or she perceives the project’s “state of wealth”. The project manager of a “wealthy” project that’s on schedule and has an adequate budget may be reluctant to make aggressive or risky decisions because of... project that’s behind schedule and over budget may be overly aggressive because of an underlying risk-seeking attitude.

Leaders must take account of the strong biases of risk attitudes on decisions. When dealing with stable projects that are performing well, ask the project manager, “If we... This facilitates the risk and reward tradeoff analysis and forces the risk-averse project manager to think risk-seeking.

When addressing project managers who are behind schedule and/or over budget, ask, “If this project wasn’t facing scheduling or cost pressures, what steps would we take... This forces the risk-seeking project manager to think risk-averse and allow the current plans of action to be put into proper context.

Dr James T Brown, PMP, is president of SEBA Solutions Inc., Viera, Florida, USA, a PMI Registered Education Provider.

Dr James T Brown, PMP, is president of SEBA Solutions Inc., Viera, Florida, USA, a PMI Registered Education Provider.

Organisations must establish a consistent method for evaluating and responding to risk across the enterprise. One obstacle to developing that consistency is people’s attitudes towards risk – and those attitudes may vary according to the circumstances.

There are three risk attitudes:
1. Risk Averse – You’re willing to pay a premium or penalty to avoid risk
2. Risk-Neutral – Your decisions are based solely on expected monetary value
3. Risk-Seeking – You’re willing to pay a premium or penalty to accept a risk.

The situation is further complicated because a project manager’s risk attitude can be a function of how he or she perceives the project’s “state of wealth”. The project manager of a “wealthy” project that’s on schedule and has an adequate budget may be reluctant to make aggressive or risky decisions because of... project that’s behind schedule and over budget may be overly aggressive because of an underlying risk-seeking attitude.

Leaders must take account of the strong biases of risk attitudes on decisions. When dealing with stable projects that are performing well, ask the project manager, “If we... This facilitates the risk and reward tradeoff analysis and forces the risk-averse project manager to think risk-seeking.

When addressing project managers who are behind schedule and/or over budget, ask, “If this project wasn’t facing scheduling or cost pressures, what steps would we take... This forces the risk-seeking project manager to think risk-averse and allow the current plans of action to be put into proper context.

Dr James T Brown, PMP, is president of SEBA Solutions Inc., Viera, Florida, USA, a PMI Registered Education Provider.
The answer to these questions lies, predictably enough, in the definition of a project. The PMBOK Guide, 3rd edition defines a project as “a temporary endeavour undertaken to create a unique product, service, or result.” Every project is unique. It has never been done before. And therefore, inherent in every project is uncertainty. There is nothing bad or undesirable about it; it simply comes with the turf.

Which neatly presents the answer to our second question: The biggest danger faced by a project manager is uncertainty. Your most powerful tool is therefore a shield against the effects of uncertainty. We call it project risk management.

Your most powerful tool is therefore a shield against the effects of uncertainty. We call it project risk management.

One way of getting to the answer is to ask “What is the biggest danger faced by a project manager?”

Answer this question:

“What, as a project manager, is your most powerful weapon against project failure?”

The answer to these questions lies, predictably enough, in the definition of a project. The PMBOK Guide, 3rd edition defines a project as “a temporary endeavour undertaken to create a unique product, service, or result.” Every project is unique. It has never been done before. And therefore, inherent in every project is uncertainty. There is nothing bad or undesirable about it; it simply comes with the turf.

Which neatly presents the answer to our second question: The biggest danger faced by a project manager is uncertainty. Your most powerful tool is therefore a shield against the effects of uncertainty. We call it project risk management.

What is the essence of project risk management? Is it as easy as well known author and trainer Rita Mulhally puts it? “Project management is simple,” she says. “Farm out the work to the people that’ve gotta do it, and then manage the risk of them not doing it.”

It probably is not that simple, but the point is well made: If the biggest danger to projects is uncertainty, and risk management is the best shield against uncertainty, it follows that this discipline must be the cornerstone against the fight against the poor project performance.

The biggest danger faced by a project manager is uncertainty. Your most powerful tool is therefore a shield against the effects of uncertainty. We call it project risk management. Thus project risk makes the link between the uncertainty that is inherent in projects and the objectives of the project. If it cannot impact on your project objectives, it cannot be a risk to your project.

There is a saying that 80% of solving a problem is to articulate it clearly. The same is true of managing risks. The biggest problem we see in projects with poor risk management is that risks are poorly stated.

The key to risk management therefore is to articulate your risks clearly, making sure that they are specific and demonstrate a potential effect on the project objectives.

Next question: Does uncertainty equate to risk? One of the world’s leading experts in the field of risk management puts it best: “Risk is uncertainty that matters,” says Dr David Hillson, author of several books and dozens of articles and papers on project risk management. Thus project risk makes the link between the uncertainty that is inherent in projects and the objectives of the project. If it cannot impact on your project objectives, it cannot be a risk to your project.

There is a saying that 80% of solving a problem is to articulate it clearly. The same is true of managing risks. The biggest problem we see in projects with poor risk management is that risks are poorly stated.

The key to risk management therefore is to articulate your risks clearly, making sure that they are specific and demonstrate a potential effect on the project objectives.

Your most powerful tool is therefore a shield against the effects of uncertainty. We call it project risk management.

David Hillson advocates the use of a risk meta-language that helps you to do that very precisely, ensuring that each risk is absolutely clear, can be objectively, accurately and easily prioritised and that the risk responses you develop are easily traced back to the underlying causes of the risk.

The meta-language is simple to use, is an excellent communication medium and will help you to raise the standard of your risk management immeasurably. Best of all, you can use it immediately. It will not violate any standards and costs absolutely nothing.

Dr David Hillson is director of Risk Doctor & Partners UK.
SKILLS SHORTAGE PUTS PMs IN THE POUND SEAT

There is a massive shortage of skilled project managers globally, particularly in the construction and engineering realm. But why is this? ProjectNet spoke to Derick Boshard of the Johannesburg office of international executive search company, Heidrick and Struggles for some insight into the recruitment world and the challenges they experience in finding skilled PMs for companies and organisations that sorely need them.

Derick believes the origin of the shortage is the fact that project management is still not a career that features on the radar of young people. “In a study by the University of Port Elizabeth about four years ago which asked university and matric students about their career plans, not one of those surveyed listed construction as a career choice,” says Derick. Certainly, financial services, law and information technology are the stereotypical careers for those who want to earn the “big bucks”, but this highlights the misperception that there isn’t really money in construction and engineering project management. Project managers may not be the best paid people in senior management, but the scarcer they are, the higher salaries they can demand. Depending on the type of project, “top project managers can earn between US$1.5 to 2 million a year,” says Derick. “junior project managers can earn up to R2 million.”

The very nature of projects also affects the availability of skilled PMs. “We see good project managers who become involved in a project and basically disappear for the number of years it takes to complete the project.”

The good PMs don’t leave a project mid-way, regardless of the incentives to take up another position. “So they are effectively out of the market for that entire time.”

In this global boom-time for construction and engineering, you definitely have to be a certain kind of person to succeed in project management. Despite the skills and experience required, individuals who move from one massive project to another in different, sometimes undesirable parts of the world share some common traits. They don’t mind being in places that don’t offer creature comforts. They enjoy the challenge of creating something from nothing and the legacy that lives on when they walk away from a project that makes a difference. They also have to have an appetite for a different kind of business structure. Because projects have a start and a finish, it is like getting a business up and running, effective and accomplishing its objectives, and closing the business again all within a few short years. It also requires being able to deal with more, and more diverse, stakeholders than other careers.

Yet there are not enough of these special people to answer the needs of emerging countries, poised for massive growth in steel, mining and construction, such as India and China and, more recently, South Africa. Those that are available receive good compensation for any discomfort they may experience over the project lifespan. But how to find them? “Our company has now established a dedicated office that covers project managers. Based in Australia, the person heading up the office literally finds the project management talent wherever it is and follows these individuals as their careers progress.”

Unlike some of the other industries, project managers in their 50s and 60s are just as, if not more desirable than their younger counterparts. “It takes years to breed a project manager who can handle a mega-project,” says Derick.

So where does the responsibility lay if we want to secure a constant stream of project managers in an ever-growing market? “With industry,” Derick says. Educational institutions will respond to the demand but industry must engage in some effective public relations to attract school-leavers and graduates, showing them what a compelling and rewarding (both professionally and financially) career they could have in construction and engineering project management.
Kwa-Zulu Natal

PMSA’s KZN branch recently reported some structural changes. Michelle Lambert took up the position of Vice-President Information Technology and Communications (ITC). Vimlan (Vim) Naker also joins the Exco, and will assist with the ITC portfolio. Michelle is involved in the IT industry with Infowave. Vim is also involved in the IT&C industry with Data Pro and is the current chairman of the Digital Cost society.

Tshwane

At PMSA Tshwane’s public meeting in April, Kogan Pillay, Director of Business Development at National Treasury’s PPP Unit delivered a presentation on Public Private Partnership. He said that PPPs are increasingly becoming a preferred joint partnership option between Government and the private sector for the implementation of medium to large projects. His presentation covered the following:

- Review of PPPs in SA
- What is a PPP?
- Fundamentals of PPP, South African Context
- Role of National Treasury’s PPP unit
- Review of existing and past PPP’s

For a copy of his presentation, contact the branch president via the PMSA website.

Gauteng

PMSA Gauteng held a public meeting at KPMG’s offices in May and featured a presentation by Dean Villet, who spoke about a huge project at Eskom. Eskom Distribution’s Programme 726 dealt with restructuring of the distribution business. The objective was to ringfence and transfer Distribution Regions to Regional Electricity Distributors (REDS) by mid 2005, including people, assets, operations, data, systems and infrastructure.

“Never has it been easier - or more productive - to manage strategy, people, knowledge, resources and time in such a complex world”

- The challenge
  Because its no longer enough for professionals to manage their work and resources in isolation, to be unaware of the impact their projects have on the rest of the organisation, or to manage today's issues without an eye on the future.

- The Solution
  That’s why Hydra was developed, an industry leading collaborative program and benefits management system that breaks away from convention and frees you from the constraints of legacy project management practice and technology.

- Want to learn more?
  West Wing, Birchwood Close
  Montrose Street, Vorna Valley, 1686
  Tel: 011 655 7263 • Fax: 011 655 7011
  www.acutech.co.za • www.pm-group.com
Salary survey: how do PMs fare?

Information Technology portal, ITWeb and its print publication, Brainstorm recently released the results of its annual IT Salary Survey for 2006. Included amongst the participants was IT project managers.

Interestingly, and according to the report, enterprise architects and chief architects are the best paid middle management respondents in terms of average monthly salary, but the maximum monthly salary (of more than R70 000) at middle management level was reported by IT managers, project managers and business development managers.

The average monthly salary for IT project managers was reported as R25 000. Project coordinators earn anything between R9 086 and R40 903. And it pays to be a consultant, it seems: permanent employees with project management as their primary area of focus averaged R17 633, while their contracting counterparts earn a monthly average of R24 897.

In a study of the hottest – or the most marketable – people, programme managers were rated second highest (earning an average monthly salary of between R40 000 and R60 000) and senior project managers were rated fourth highest (earning between R32 000 and R45 000 per month). In number one and three spots were IT systems engineers respectively. Project managers came in at 10th spot (earning between R19 000 and R29 000 per month).

(ITTWeb credits the supply of this data to Airborne Recruitment, FCA Recruitment and Prodyn Resource Consultants.)

Work satisfaction factors for the IT fraternity were quite evenly distributed; with no one factor really outshining another. The highest factor (receiving 7.3% of the votes) was the challenge of the job; job atmosphere was right behind with 7.2%, with money coming in third with 7.1% of the votes.

Only 4% of IT people who responded are seriously considering leaving the country, and 69% gave an outright "no" to the question of if they’d leave the country in the next year. The most popular destination for immigration remains the UK, with Australia and US in joint second place.

Global Events

PMI Research Conference: 16-19 July 2006
Where: Montréal, Canada.
This premier opportunity for researchers, academicians and senior practitioners of project management examines cutting-edge research findings and application and identifies directions for the future. The conference structure provides prospects for professional networking through discussions and other social gatherings. World-renowned investigators have been invited to provide a strong foundation for the conference through their perspectives. Additionally, other speakers have been selected through the call-for-papers process. This is an excellent place to obtain PDUs and other continuing education credit at an advanced level. http://congresses.pmi.org/ResearchConf2006/

Where: Sydney, Australia
The Project Management profession takes a step towards further consolidation internationally with the signing of the Memorandum of Understanding (MOU) for ProMAC2006. ProMAC2006 is the international project management conference to be held at the new Hilton, Sydney, 27-29 September 2006. This international conference will be hosted by Australian Institute of Project Management (AIPM), Project Management Institute Sydney Chapter (PMI Sydney), the Asia Pacific International College and Engineers Australia and aims to lift the profile of the Australian Project Management profession. For more information, go to: http://www.aipm.com.au/html/promac2006.cfm

International PM Day: 2 November 2006
The second annual International Project Management Day will be celebrated Thursday, 2 November 2006, according to PM focused web portal PM Forum.

According to a report on the website (pmforum.com) International Project Management Day is intended
to increase the awareness of the value of project management within the large business, government, small business, and social communities and promote project management as a true profession and key business strategy.

PMI chapters in France, Russia, Canada, USA and several other countries are preparing events to recognise project managers and to recognise the value of project management.

Quoted on PM Forum, Frank Saladis, former PMI New York City Chapter President said: “This is a great opportunity to help raise awareness about the value of project management in your company, community, and your country while recognising the work of the many project managers and teams who deliver successful projects.”

Further information is available at the Project Management Day web site, where organisations are also invited to submit ideas or list their events. (www.internationalpmday.org)

Did You Know…?

…That the Association for Project Management (APM) and the PMI both have special interest groups for Women in Project Management. APM’s group, called WPM, aims to address the development and promotion of women working in project management environments, and also the development of the project management discipline through the contribution of women. It does this through events dealing with issues specific to women, running conferences, courses and workshops and generally keeping the relevant themes alive and under discussion.

The PMI version makes use of the same abbreviation (WiPM) and according to their website, has over 2000 members worldwide, 15% of whom are based outside the US. Over 500 of its WiPM members are Project Management Professionals (PMPs).

In this new section of ProjectNet, we aim to showcase the research work being done in project management, at the various educational institutions in South Africa, and, where relevant, abroad.

A HOLISTIC FRAMEWORK
for successfully sponsoring IT projects from an IT governance perspective

The following article is based on the research conducted by Elazar Lechtman under the supervision of Prof Les Labuschagne. Elazar received the Chancellor’s Medal for the best Master’s dissertation in the Faculty of Management at the University of Johannesburg during the May 2006 graduation ceremony. Elazar received the degree M.Com Informatics cum laude.

The dissertation is entitled A HOLISTIC FRAMEWORK FOR SUCCESSFULLY SPONSORING IT PROJECTS FROM AN IT GOVERNANCE PERSPECTIVE and is available from the University of Johannesburg library.

Over the past decade, research conducted for the benefit of IT project management has pointed to numerous factors that contribute to organisational project success. Support from executives and top management is often cited as an imperative factor, whilst having clear business objectives for conducting projects follows closely behind.

The linchpin between the executive leadership team and project managers is the project sponsor, who is in a position to directly contribute to the two aforementioned project success factors.

The precise responsibilities of the sponsor, however, remain relatively poorly defined. As a result, it is important to focus on this very important role and provide those who are in this position with a set of activities that would facilitate greater project success.

Further to this, the corporate governance scandals of the past few years and the consequent publication of relevant acts of legislation and governance standards has forced top management to become more interested in the conduct of their organisation’s portfolio of projects.

This research study addresses both the formal and informal aspects of the role of the project sponsor and has provided guidance to organisations and professional associations in defining the role and responsibilities of the project sponsor within a corporate governance framework.

The first goal was therefore to establish a holistic corporate governance framework that encompasses the roles of IT and project management in the organisation. By doing so, executives are given a road map that aligns IT projects with organisational strategy and a means to facilitate greater internal control over all IT project-related activities.

This was developed by identifying the relevance and implications that recent corporate scandals around the world have had on IT and project management in general. This then led to combining COBIT (which is an IT governance framework) and a new project governance framework (known as the PG framework) to form a corporate governance framework.

This is followed by the development of a generic project sponsorship competency framework that provides organisations with a benchmark that assesses whether an individual is appropriately suited for the role of sponsoring an IT project.

Both frameworks provide a means to facilitate better strategic alignment and internal control of all IT project-related activities, and thus contribute to the improvement of IT project management capability within the organisation.

Prof Les Labuschagne (LL@rau.ac.za)
Elazar Lechtman (elli.lechtman@kpmg.co.za)
Towards Improved Project Management Practice

TOWARDS improved Project Management Practice

Which project management practices impact project success? The book’s author decided to find an answer. To do so, he studied live projects in ‘communities of practice’ set up for this purpose. How did he do it and what he found is presented in this book.

The author, Cooke-Davies, set out six specific questions to answer with the research. The problem he found is that there are about three thousand discrete project management concepts. These concepts represent a large body of knowledge. This list had to be reduced to a set of practical ideas that could be examined further. His first task was to isolate the concepts that were truly relevant to most projects. The second task was to set up a group of people who would provide real-life data about the use of the concepts on projects.

The solution to the first problem was to analyse the content of published bodies of knowledge. The analysis identified that there are sixty concepts that appear in two or more of these publications. These concepts are grouped into five themes and eleven topics. These taken together make up the project manager’s worldview, which is presented as a system diagram showing the relations between the topics.

To solve the second problem, several industry groups were created. Each group had representation from different industries. Group size ranged from eight to fifteen companies. Each company was allowed to send two people to group meetings which kept the number of people at meetings and workshops to a manageable size. To assist the groups in their work, the research team provided skills in data collection and other areas. In the end, several groups were created around the World.

The entire project ran in three one year cycles, each cycle found answers to a different set of the questions posed at the start. The first cycle identified a set of best practices in the community. This was the result of several workshops held through the course of the year in addition to data collection from inside the companies that took part. The second cycle created a database of corporate practices. This allowed member companies to benchmark themselves against the group as a whole. More importantly, it created a database of metrics about projects that would enable more insight to be gained into the answer to the key questions. The third cycle yielded a tool that could be used in-house to capture key project data. In addition, the participants began to adopt some of the suggested practices.

The book is based on the author’s doctoral thesis. It starts by setting out the context of project management in relation to normal management activity. It then provides a systems model of the project manager’s worldview. The research process is then described in some detail. This includes practical advice about setting up networks of commercial firms and how these are governed. The research findings are then presented and the last chapter describes areas for future work.

The practical advice is quite detailed. As an example the set of rules governing the communities of practice are given. These are built into what the author calls the research methodology. For example one of its parts is the requirement that the community members sign a formal agreement. In this they agree to provide resources and share data with the rest of the network.

This financial and contractual commitment creates the right conditions for the research to be effective.

The conclusions of the work are interesting. It is quite positive that project management practices have a beneficial impact on project performance. But it goes on to say that the practices that impact on schedule performance are not the same as those that impact cost or scope. Of the three, cost, scope and time, it is time that is least predictable and is affected by more practices than the other two. Of the time related practices, the key ones are mentioned, these relate mainly to risk management. But also includes the documentation of responsibilities on the project.

The work also found that projects planned to run for more than three years face a greater level of time uncertainty than those of three or less years.

This is an informative read for anyone with an interest in project management. It provides a sound introduction to what project management is and so would serve as a good primer for students. In addition, it provides value to people in education or industry. It will also be useful to those interested in setting up ‘communities of practice’.

Terry Cooke-Davies was a speaker at the PMSA conference in 2004 and was back by popular demand at the conference in 2006.