



# THE PROJECT MANAGEMENT STANDARD

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## MESSAGE FROM THE CHAIR

*by Robert (Robb) Gries, P.E., CCM, PMP, Chair*

### Sharpening the Saw

Last month I discussed a few ways our members could get through one of the worst global recessions since the 1930s. I discussed volunteering, serving as a mentor, and writing articles. In this message, I would like to share a few more suggestions for you to “sharpen the saw” as well as my recent personal experiences as a mentor.

A few days ago, I participated in a webinar sponsored by PMI for their Leadership Institute Master Class (LIMC) alumni titled “50 Ways to Keep Your PM Skills Sharp (During these Difficult Times).” The presenter, Connie Plowman, PMP, gave several examples of keeping your skills sharp, which can also help you if you are seeking a new job opportunity or the next contract. A few of the takeaways I would like to share with you are: reading professional and personal development books, give presentations to your local PMI chapter or another organization, join a social network (e.g., [LinkedIn](#), [Plaxo](#), etc.), subscribe to e-mail lists, or start your own blog. There are some caveats, however, with some of the suggestions, which I will elaborate upon.

If you join a social network, I would strongly recommend that keep your postings current and professional. I have read several articles recently about employers searching the Internet about possible candidates only to find some less than ideal info posted on these social network sites. The bottom line is that in these digital times, every electronic communication leaves some “crumbs” behind.

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# A GREAT LEAP: MODULARIZATION AS A STRATEGY

by Bob Prieto, Senior Vice President and Gary Chanko, Director,  
Construction Operations, Fluor

The delivery of complex construction programs in today’s resource constrained global marketplace is causing increased consideration and utilization of modularization and pre-assembly strategies. The use of these project execution methods is being driven by a mindset change that seeks to implement a Leveraged Execution and Procurement (LEAP) approach to achieve strategic business objectives which underpin the program’s objectives.

The LEAP approach in turn is shaped by one or more fundamental program drivers that seek to gain schedule, cost or quality advantages by opening up additional construction fronts; changing build methodologies and compressing the overall program delivery cycle by overlapping execution activities; and breaking traditional construction precedence logic.

## Leveraged Execution and Procurement (LEAP)

Leveraged Execution and Procurement represents a fundamentally different approach to project delivery than the more traditional “linear” stick built approach to facility design, procurement and construction.

LEAP begins with construction-driven execution thinking. This means focus is placed on how you must build the project in order to achieve the strategic business objectives the organization has defined for the program. Increasingly the principle driver is schedule, recognizing the value of time to market or as a strategy to control high construction escalation rates. But other drivers are possible and include transferring activities to lower cost locations or improving the quality of construction by relocating certain work from harsh environmental or poorly trained labor regimes.

Following the decision of how to build the program is a decision framework to buy out the various elements of supply including systems, structures and components, as well as, the engineering and construction labor required. These decision sets are constrained by the construction strategy selected and in turn affect the nature, detail and timing of engineering, procurement, and contracting activities.

These considerations are collectively expressed such that LEAP = C M<sup>2</sup> E.

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<b>C</b>	<b>M<sup>2</sup></b>	<b>E</b>
<b>Construction</b>	<b>Material Management</b>	<b>Engineering</b>
First think how you will construct it (modular and pre-fab; standard site layouts).	Then how you will procure it (standard program designs, strategic supplier relationships) and get it to the site.	Driven by Leveraged Execution and Procurement Strategy (changed engineering process and activities).

## A GREAT LEAP CONT.

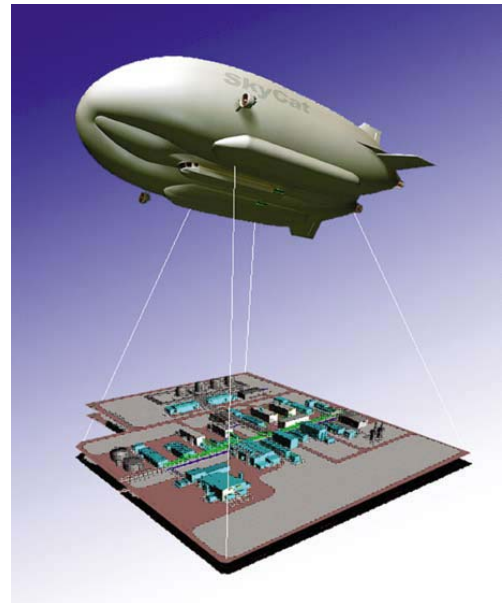
Leveraged Execution and Procurement builds on four key concepts:

1. Focus on construction driven project execution by breaking traditional program precedence and concurrently designing, procuring, building and commissioning to the maximum degree possible
2. Develop a programmatic mindset and seek to leverage each effort across the entire program
3. Address the changed management requirements that Leveraged Execution and Procurement utilizing modularization requires
4. Use knowledge management and sharing is a key driver to program success

### How far can you LEAP: modularization and pre-assembly defined

In trying to define the degree of modularization or pre-fabrication which is desirable, it is important to keep sight of the strategic business objectives which the program seeks to achieve, as well as, the program drivers which are applicable.

In discussing modularization as a strategy with an owner who had not previously employed it as a delivery strategy and who was unfamiliar with what was possible, we posed a simple question. "If we could fly your whole plant in and put it at the final site would you care?"



The magic of computer graphics aside, this is not a likely scenario, at least not yet today. But there are degrees of pre-fabrication and modularization possible and different solution sets for each program. This “modularization frontier” can be thought of as a function of the **attractiveness** of modularization and the **degree** to which it is readily achievable on a given program.

Attractiveness may be viewed as considering:

- Installed cost differential (labor, material, logistics)
- Value of time to market
- Site labor constraint
- Environmental and community impacts
- Risk mitigation

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## A GREAT LEAP CONT.

Similarly, degree of pre-assembly or modularization may be viewed as considering:

- The ability to break precedence, in effect allowing the sequence of construction to be significantly modified
- Size of modules that can be fabricated and transported to a specific site

### Factors to be considered in the modularization decision

As one goes through the process of evaluating what can be modularized and more importantly what should be modularized in order to achieve the organization's strategic business objectives, there are a number of factors which must be comprehensively considered. Broadly, these factors include:

- Strategic business objectives and opportunity value
- Program drivers; schedule, cost quality, HSE
- Site based factors: seasonal impact, environmental mitigation, labor availability
- Modularization constraints: site access limitations, route constraints, lift factors
- Supply chain reconfiguration: changed sourcing impacts, duty or tax posture
- Candidate mod yard factors: political, yard resources, bonded warehousing
- Program management factors: supervisory, cross cultural and currency factors
- Political and labor relations impacts: work rules/ agreements, direct, indirect

### Special risk factors in modularization based LEAP

Modularization as part of a leveraged execution and procurement strategy offers great opportunities but also requires the management of new risks. Key to the management of these risks is a broader more programmatic perspective based on achieving strategic business objectives. These new risks that modularization introduces span the gamut from availability of required facilities and transport to new labor, economic and political risks. As in any risk management effort the key to successful management and mitigation starts with the recognition that risks exist.

Special risk factors include: available mod yard and pre-assembly facilities and yard commitment lead times; reliance on specialized transport, RORO (Roll-On, Roll-Off) or LOLO (Lift-On, Lift-Off); labor relations complexity including labor disenfranchisement with the use of a mod yard and industrial relations issues; economics of management and decision frameworks with currency exchange, inflation, differential labor costs and escalation in labor costs; other exposure to duty, tariff, tax, export and import control regimes; and finally, political stability and cross cultural risks.

### Conclusion

Leveraged Execution and Procurement (LEAP) is key to meeting major capital program delivery objectives in today's resource constrained market. Increasingly, modularization has grown to be a valued component of the LEAP strategy. Its utilization and acceptance across a wide range of industries and owners requires owners and program managers to more fully understand its possibilities, key decision factors and the special risks entailed.

# CREATING COMPETITIVE ADVANTAGE WITH STRATEGIC PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

by Jim Scotti, Vice President and Chief Procurement Officer, Fluor

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“The world we created is a product of our thinking,” Albert Einstein once said. “It cannot be changed without changing our thinking.” Einstein’s perspective is certainly applicable to procuring goods and services in today’s high stakes world of engineering and construction.

Traditionally, procurement in the engineering and construction industry was very tactical. Often well-executed, it was nonetheless done on a project-by-project basis and seldom viewed as critical to winning or executing profitable work.

Today, the thinking about procurement’s role in engineering and construction projects is changing. Procurement is necessarily evolving into a far more strategic discipline, driven primarily by a greater awareness of the financial implications of executing this function well. Almost two-thirds of the money currently spent on projects goes to procure goods and services, so the return on investment in well-executed strategic procurement and supply chain management can be very high.

What are the characteristics of world-class procurement functions and what identifies the best engineering and construction firms in the procurement arena? Those companies that separate themselves from the procurement pack are characterized by an unyielding focus on center-led procurement, strategic sourcing, supplier integration, enterprise-spend management, supplier diversity, and cross-industry benchmarking.

## Center-Led Procurement

Center-led procurement is driven by a central management team that directs the procurement and sourcing of goods and services across projects deployed globally. This central group aggregates company expenditures across various supply chain functions and delivers consistent and unvarying processes throughout the entire organization. Also included in this center-led group is a central team of product directors and sourcing specialists who continually review supplier proposals on all projects worldwide. Their market expertise – knowing what goods, materials, and equipment should cost and when delivery should be expected – helps to ensure that projects and clients benefit from the best values available in the marketplace. Rather than having 1,000 voices speaking to a supply base – which occurred in less strategic days – companies that embrace center-led procurement now represent a single, strategic voice to suppliers of goods and services globally.

## Strategic Sourcing

Strategic sourcing is another way of saying “less is more.” At one point in time, some engineering, procurement and construction firms had global networks of as many as 30,000 suppliers. Qualifying them and evaluating their prices and capabilities was done on a clearly inefficient project-by-project basis.

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## CREATING COMPETITIVE ADVANTAGE CONT.

Today, the Fluor supplier list has been pared to approximately 1,000 firms. The company has global supply agreements covering key capital equipment and material categories with over 100 commercial entities. As a result, significant leverage can be applied to suppliers to ensure that our clients receive the best possible return on the materials and equipment purchased on their behalf.

There is another critical benefit to strategic sourcing: Because it can be done “horizontally” with suppliers across multiple projects in a variety of sectors around the globe, it yields invaluable data in terms of pricing and mitigating procurement risks.

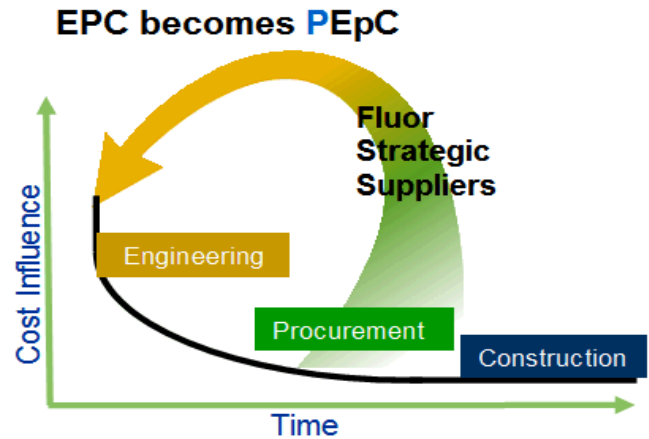
### Supplier Integration – The Catalyst

Supplier integration is the catalyst that generates the greatest competitive advantage on projects. It helps reduce engineering effort, shortens cycle times allowing our clients to bring product to market faster, and lessens project risk, which all relate to overall cost reduction.

The opportunity to influence the cost of a project is greatest at its beginning and bringing strategic suppliers in early is critical to success. The validity of this concept came to the forefront in the late 1990s, thanks to groundbreaking research by the Construction Industry Institute (CII), a research organization dedicated to improving the planning and execution of major construction projects.

Under the auspices of the CII, a 15-person team from a variety of engineering firms and major corporations came together to explore the potential for changing the traditional relationships among owners, contractors, and suppliers to enhance the meaningful contributions of suppliers to the process. The research was titled *Reforming Owner, Contractor, Supplier Relationships: A Project Delivery System to Optimize Roles in EPC Projects*.

The game-changing element of the research team’s work was a “cost influence curve,” which Fluor has altered to show the forward movement of its strategic suppliers in the supply chain of a typical construction project.



The “cost influence curve” shows that, although the ability to influence the cost of a project is greatest during the early design engineering (the “E”) stages of a project, months go by before critical equipment and material are procured (the “P”), allowing only then for the construction (“C”) to begin. The CII research revealed that awarding strategic procurement items earlier on a typical EPC project could produce price savings of four to eight percent and dramatic savings of 10 to 15 percent in the time to complete the project. Therefore, as shown above, moving the big “P” (the purchase of strategic items) in front of Engineering and adding a little “p” (the balance of items to be procured) reconfigures the traditional EPC model into Procurement, Engineering, procurement, and Construction, or PEpC.

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## CREATING COMPETITIVE ADVANTAGE CONT.

There are five steps that must be taken to implement PEpC, according to the CII research document:

1. Identify the project-critical components in a project prior to conceptual project engineering;
2. Consummate commercially-complete transactions to engage the most *project-favorable* suppliers of those components;
3. Facilitate the delivery of those suppliers' core competencies into the project delivery process, including the suppliers' ability to accept broader roles in project execution and risk management;
4. Influence, define, and benefit the overall project execution strategy and the detailed engineering effort; and
5. Undertake this project strategically, deliberately, and consistently.

### Enterprise Spend Management

Data is the fuel that drives strategic procurement – particularly for companies operating in diverse global markets. Investing in systems that can gather data on specific suppliers of specific goods and services in specific countries can dramatically improve the efficiency and effectiveness of procurement efforts.

These systems track major procurement commitments, capturing price and bid information for benchmarking. Data warehousing and analysis methods enable valid comparisons of component pricing and identify buying patterns and market trends. This allows a company to assess market conditions for a variety of material and equipment categories, keeping the company abreast of worldwide sourcing trends.

### Supplier Diversity

Many companies operate in diverse markets that are best served by diverse resources, including local suppliers and subcontractors. The challenge for a center-led procurement team is identifying and reaching out to certified, small, minority-owned and women-owned businesses. An online supplier registration process can provide a valuable supplier diversity tracking tool and creates a competitive advantage by efficiently matching the needs of businesses and their clients with small, disadvantaged, minority- and women-owned enterprises.

### Cross-Industry Benchmarking

Winning in highly competitive industries boils down to out managing and out executing the competition. Fundamental to that is evaluating performance against industry leaders – not only in specific segments, but other industrial sectors as well. Those businesses that focus on benchmarking often find themselves best-in-class in their sectors.

Benchmarking yields a repository of data, which can be extremely useful in setting targets and creating reports for management. Beyond that, it directs attention to areas which can yield the greatest and most immediate impact. Most importantly, benchmarking can be a valuable marketing tool for those who stack up well against the competition or are making progress toward becoming “best in class.”

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## CREATING COMPETITIVE ADVANTAGE CONT.

Data against which to benchmark are readily available. The CII Benchmarking and Metrics program provides data on more than 1,250 projects representing in excess of \$60 billion in installed costs. Another resource is CAPS Research, co-sponsored by the Arizona State University W.P. Carey School of Business and the Institute for Supply Management. CAPS offers the opportunity to compare supply-chain performance with leaders in diverse sectors such as banking, foods, shipbuilding, and municipal governments, as well as industry-specific and subject-specific benchmarking.

### Conclusion

In today's volatile supply market, a non-traditional approach to procurement is proving to be a differentiator. This approach makes a difference for companies willing to change to a better way of thinking.

Author Jim Scotti is Vice President and Chief Procurement Officer of Fluor Corporation. Since he first became involved in procurement in the early 1980s, he has focused on bringing more people with technical backgrounds and broad business acumen into the procurement discipline, treating suppliers as business partners, and using his engineering background to help integrate the engineering and procurement disciplines of the companies for which he worked and with which he partnered.

## HAVE A PM QUESTION?

WE JUST MAY  
HAVE THE  
ANSWER!



The DPC SIG has enlisted the support of Subject Matter Experts from around the world to address your project management-related questions. Questions and answers will appear in upcoming issues of the DPC SIG newsletter and monthly bulletin.

### Submit Your Question

email your question to  
[VCMarketing@dpcsig.org](mailto:VCMarketing@dpcsig.org). Be sure to  
include your name and contact  
information in the email.

## We're Looking for Contributors to the DPC SIG Newsletter!

We're looking for individuals to contribute articles or news items to the DPC SIG newsletter *The Project Management Standard*:

- Write an article telling us about your experiences with DPC-related projects (PMPs can earn PDUs for articles they have written).
- Contribute an interesting article or news item that you have found.
- Share your knowledge and experiences with others by providing useful tips.
- Direct us to informative PM and DPC-related web sites.

If you would like to provide content for the December 2009 issue, please send an email by October 15, 2009 to [vccommunications@dpcsig.org](mailto:vccommunications@dpcsig.org).

# PRIORITISING RISKS AS SIMPLY AS POSSIBLE

*by Dr. David Hillson, the Risk Doctor*

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A lot of effort goes into prioritising risks, so that an appropriate level of attention can be devoted to dealing with them. Several different parameters can be used to rank risks, although it is common to use just two: probability and impact. Other relevant factors might include urgency, manageability, or response cost etc. People spend a lot of time on prioritisation because they know it is important to concentrate on the biggest risks and avoid wasting effort on small ones. But perhaps we are trying too hard? Maybe a more simple approach to ranking risks would work just as well.

In the health service, resources are often stretched, with insufficient time or funds to treat every patient who asks for help. In situations when doctors cannot examine everyone, it is common to adopt a triage approach, first screening all patients to decide which ones need to see a doctor and which can be treated by a nurse. Decisions might be made on the basis of the severity of symptoms or the urgency for treatment. The medical triage decision is often made by a junior professional following simple guidelines, dividing patients into two or three groups for further attention.

Businesses working in the energy sector adopt a similar approach to classify oil fields, using the 3P classification to divide them into three groups. In first group, reserves are proven and commercial operations can go ahead with a high degree of confidence. Then there are probable reserves, where the chance of recovering oil is less certain but still viable. Finally, come the fields classified as possible, meaning that oil might be present but there is a high degree of uncertainty over whether it can be recovered commercially.

These simple prioritisation schemes contrast sharply with the level of detail found in most risk processes. It is common for project teams or managers to argue at length about whether the probability of a particular risk occurring is 10%, 12% or 15%, and to debate whether the most likely impact is \$10M or \$11M. Even where generic scales are used, people can spend a lot of time disputing between rating a risk as Low or Medium. Perhaps we can learn something from the medical triage approach or the energy sector's 3Ps.

It is important to remember the purpose of risk prioritisation. We are not usually trying to obtain a precise estimate of the exact likelihood of occurrence for each risk, or to determine the potential impact against objectives in great detail. Most of the time we are considering a fairly long list of risks, where there are too many risks for us to give them all the same level of attention. We need to divide them into two or three groups, so that we can focus first on those requiring urgent management, then deal with other important risks, and merely monitor the remainder. The use of red-yellow-green "traffic-lights" reflects this broad classification of risks into high-medium-low priority.

Separating risks into two or three priority groups does not need complex or detailed ranking schemes. All that is required is to compare risks against a defined threshold and decide whether each particular risk is above or below. In some cases it may be enough merely to rank risks against each other to determine a relative prioritisation, without considering absolute values of probability or impact. We should be careful not to seek more detail than we need for this purpose. If a risk is in the "Top Ten" list it requires urgent attention, and it may not matter whether it is third or fourth on the list.

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## PRIORITISING RISKS CONT.

All “red” risks should be treated as high priority and we may not need to worry about whether some are more red than others. Leonardo da Vinci said “*Simplicity is the ultimate sophistication.*” When it comes to prioritising risks, this is good advice.

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**Dr David Hillson**, PMP FRSA HonFAPM FIRM FCMI, is internationally recognized as a leading thinker and practitioner in risk management. He is Director of Risk Doctor & Partners ([www.riskdoctor.com](http://www.riskdoctor.com)), and has worked in over 40 countries. He is a popular conference speaker and award-winning author on risk, with six books on the topic. David has made several innovative contributions to improving risk management, and is well known for promoting the inclusion of proactive opportunity management within the risk process, and for his ground-breaking work in risk psychology. David can be contacted at [david@riskdoctor.com](mailto:david@riskdoctor.com). To see his latest book, *Managing Risks in Projects*, published in July 2009 by Gower, [visit their web site](#).



### CALL FOR PROPOSALS FOR THE 2010 PMI® RESEARCH AND EDUCATION CONFERENCE

Academic researchers and educators are invited to submit papers, poster and symposium proposals for presentation at the 2010 PMI Research and Education Conference, one of the world's premier events for project management knowledge creation. **The conference will take place in Washington, DC, USA, 11-14 July 2010.**

PMI solicits proffered papers, posters and symposia proposals on any topic related to the theory and practice of project management. Submissions can be based on empirical, theoretical or methodological research, as well as on educational theory or practice (e.g. new teaching strategies, curriculum design, service learning).

All papers and posters will be subject to double-blind peer review by members of the global project management research and education community. Students are also encouraged to apply.

Proposals that draw participants from other disciplines (e.g. management, organizational psychology, adult education, linguistics, sociology, etc.) or from the practice community will be looked on favorably.

Student posters will be entered in a separate student-level competition. PMI will award a prize to the best student poster.

All papers, proposals and posters may be submitted to PMI between 1 June and 1 December 2009. Visit [PMI.org/researchsubmissions](http://PMI.org/researchsubmissions) to view submission guidelines.

# MANAGING PROJECTS VIRTUALLY: FOUR CONDITIONS TO SUCCEED

by *Liliana Buchtik, PMP, Montevideo, Uruguay*

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This article discusses four major lessons learned and conditions towards succeeding when managing a project virtually and/or working with project virtual teams. Working virtually is a trend that is growing fast worldwide; many leading global companies are looking for this different way of work, to attract and retain key talent, to decrease costs, to protect the environment, to be more competitive and responsive to the market, to improve their offers to their employees, etc. This article presents important things to consider before starting managing in this scenario, and presents a particular case: when the Project Manager is thousands of miles away from the project team. The concepts presented can be applied to any virtual team.

## **1- From day zero, not assuming that we know how to work virtually**

If you don't have experience managing virtually, it is important that from day zero you look for understanding what it means and what you need to make it happen. We are probably used to working virtually some hours a week, however, working virtually full time is different, and it is harder when the project team is in a distant location and you only interact electronically for months. There you definitely need to master the virtual environment.

So my first suggestion is, don't assume you know how to do it or the people around you know. Look to learn and understand how to work virtually and what are the tools and level of support needed for it. That includes the support needed from your team, your managers, and your company.

Don't wait to have spare time or issues to do it. There is information and papers about working in this context; what are the technology tools needed to be effective? You can learn right away how to determine what your project needs to support your project virtual team. Once you understand some key principles of working virtually you will be able to go to the next level of performance, productivity, team trust, collaboration, communication, and results.

## **2- Understanding that working virtually is neither better nor worse than working co-located, it is just different**

Not better or worse, just different. Managing virtually requires different skills from the project manager, the managers, the project team, and some key stakeholders.

Sometimes there is the option of avoiding the virtual team; but sometimes it is a requirement like for example, when you don't have the resources (human/materials) available in your location, so it is important to be prepared to manage a virtual force. As Ann Bamesberger, Vice President of Open Work Services at Sun Microsystems Inc. said: ***"knowing how to manage a virtual force is an imperative of the new millennium."***

For many companies working virtually has given them the opportunities they needed, and options to even save their company. There is an extensive list of benefits and savings for the company, the employees, and the environment that virtual teams can provide. However, that not only requires different skills, it also requires specific training, different support and technology tools that are not optional. Not having the specific skills, training, tools, and support for this environment are strong reasons why the project could fail in the virtual environment.

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## MANAGING PROJECTS VIRTUALLY CONT.

One simple way to improve the success chances is to have formal training on virtual work with the stakeholders that work closest to the team. In general, we believe that training the project manager is enough, however, it also required for the team, and other stakeholders that need to interact virtually. If the stakeholders don't understand how to **work** in a different environment, and how to support the project manager and the team, then the chances to be successful are reduced.

### **3- Managing virtually needs to be done with consistently using the right tools.**

There are two essential aspects below that the stakeholders need to understand in this context. First, by definition **a virtual team is a team that instead of interacting face-to-face, it interacts electronically**. Thus if the team does not have the right technology tools to use, or they have it but they are not required to use it, then they are not maximizing opportunities and doing all they can to make this interaction succeed.

The management needs to ensure that the virtual teams have the technology tools needed, and that they are being used. This can be done by establishing that in the team norms or policies related to the use of the tools, or in the Communications Plan with the management approval. Most of the communication challenges in a virtual team emerge as a result of the lack of face-to-face interaction. Thus, it is an imperative to provide the tools needed to aid with the lack of face-to-face interaction, and with the virtual distance.

Second, the Project Manager needs to learn how to master the technology tools, to communicate to the team which tools will be used in each context, and to establish in the team norms those specifics to virtual teams like e.g., if the team needs to use a whiteboard to interact with people co-located and people virtually, then a physical whiteboard should not be allowed, and a web conferencing whiteboard should be used instead. That way, not only the team members co-located get to see the whiteboard but also those who are connecting virtually. There is important literature around the use of different technology tools with virtual teams and in which context each of those tools is most effective that project managers who work virtually should review. Examples of those tools are videoconferencing, web conferencing, teleconferencing, instant messaging, e-mail, palms, phones, collaboration tools, virtual worlds, social networking tools, etc.

I have found that sometimes it is difficult to make some stakeholders understand that we need more than the use of e-mail and phones for a virtual team. The same way we cannot use a plane to navigate the sea, we cannot use a phone and e-mails for each need we have to communicate virtually. There is an appropriate transportation means for each way of travel, and there is an appropriate technology tool for each virtual communication scenario.

Each of those tools is better depending on who we need to communicate with, in which context, and what the urgency of the message is. For example, when we need to have the closest match to face-to-face meetings, to see body language, to have formal meetings, etc.

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## MANAGING PROJECTS VIRTUALLY CONT.

videoconferencing is probably the best option. When we need to show a presentation with slides and visuals, share the desktop, or use a whiteboard, then, web conferencing is the best choice. When we need to see if someone is available, or ask a quick question to get an immediate answer, then the chat is a great option. E-mail is an especially challenging tool to use across different cultures, and when technical team members are involved there may be challenges to understand text based messages, and sometimes different interpretations could be done according to each culture.

It is risky to assume that we can work virtually with the same tools that we work co-located. Working virtually has its own particularities, challenges, and environment. Some of those tools can be used in both environments, others cannot.

### 4 - The company and management support is an imperative.

In general, a project is not something someone can do alone. A virtual project means a virtual project team supporting the virtual rules and environment. You will not succeed without the support of the team and especially the support of the management who will facilitate the team tools needed, and will make sure the norms needed to support the virtual team are in place. The support of the managers and executives for the virtual environment can be seen through different actions. For example, making sure the needed decisions are made to facilitate the purchase, installation and/or support of the needed tools. Making sure that there are policies to ensure that the team knows what is expected from them in terms of the effective use of those tools.

When we work virtually in a company that has in place Formal Programs to work virtually, then the management's effort to support this is simpler because the policies are already in place and the tools are in use. However, not all the companies have experience working virtually, so the less experience, formality, and maturity we have around this, the more effort it will require from the project manager and the managers to make this work successful.

Another important aspect in regards to management support has to do with "preaching with their example". E.g., if a manager says: you need to support the virtual team members, but then this manager is not including them in important project discussions, decisions, meetings held on site, etc., then he/she is sending contradictory messages to the team that "it is not as important to have the virtual team members involved". **Supporting the virtual team means involving the virtual team members as much as we would involve the co-located team members.** Not doing so contributes to decreasing the motivation of the virtual team members and when that happens with the project manager, to decrease the leadership that he/she has.

There is an article<sup>2</sup> where a manager of a virtual team gives recommendations to other managers saying: ***"managing a virtual team is challenging but not impossible, it will require that managers examine their management style so that their remote people feel that their access to them is as easy as the access the local team has. Manage the remote people like they are local, and manage the local people like they are remote. The most successful approach to me was to have a scheduled time for everybody to have access to me. I made it a point to schedule a little more time with the remote people than the local one."***

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# MANAGING PROJECTS VIRTUALLY CONT.

## Conclusion

Working or managing projects virtually has so many aspects to be discussed that an entire book could be written. We just focused on discussing four important aspects to consider in first place when we need to manage a project or a team virtually.

I have researched how leading companies succeed with virtual teams, and I have seen teams not succeeding in this environment. I have had the opportunity of working virtually in different contexts, companies, and teams, and I noticed how the four items discussed can contribute or not to the success of the virtual project team in each scenario.

The trend of working/managing virtually continues to grow. In the first six months of 2008, Virtual Worlds<sub>3</sub> increased almost USD 300 million in investments. Leading companies like Sun Microsystems have around 50%<sub>4</sub> of their employees working virtually. IBM has 40% of their employees without offices in the company. Younger employees, like most of those at Boeing Corp, prefer to work virtually rather than be co-located. What is more, they value the flexibility given to them to balance their work life with their personal life, and for Boeing it is an imperative to attract and retain young talent. For managers at Intel who manage virtual teams of more than 200 people, the virtual work program is the way they can gain/retain key and creative talent that otherwise they would lose. Working virtually is giving global companies the possibility to reduce their costs as happens with Sun Microsystems, which saves USD 300 million a year in real estate costs. It is also the opportunity to extend the working day from 8 hours a day to 24x7 coverage.

So, the question is why managing virtually and virtual projects succeed in some companies and not always in others? Why sometimes they are as productive as co-located teams, and sometimes they don't provide the same results as co-located teams?

I hope the comments provided help to think about some of the reasons and answers. I have had opportunities to learn from the different virtual teams I have worked with. As time goes by, I become more and more convinced of how powerful is the fact that in our projects we can take advantage of the use of virtual teams. So I challenge you to keep on learning about this topic and to see how to fill in the gaps you may have in your virtual teams. There are great companies with great results in their flexible work or virtual work programs; these are the companies we should look at as examples and as sources of information, motivation and strength.

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As a token of the DPC SIG's appreciation for your participation in the SIG, we would like to send you a lapel pin. We encourage all members to wear the pin at PMI® chapter and international events and to look for, and network with, other DPC SIG members wearing their pins. Show your pride in the DPC SIG! Send an email to [administrator@dpcsig.org](mailto:administrator@dpcsig.org).

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## MANAGING PROJECT VIRTUALLY CONTINUED

Working virtually is not a fashion. It is here to stay. Those companies and Project Managers who take advantage of this concept will be more competitive in the short and longer term. In a time of international crisis like the one we face, working virtually can be an incredible way to decrease project costs while retaining key talent for the project benefit. It will just require us to learn how to work in this different environment if we haven't done so already.

<sup>1</sup> [www.sun.com](http://www.sun.com)

<sup>2</sup> <http://blogs.techrepublic.com.com/tech-manager/?p=328&tag=rbxccnbt1>

<sup>3</sup> According to Virtual Worlds Management, a media company that covers the industry

<sup>4</sup> [http://www.businessweek.com/magazine/content/05\\_50/b3963137.htm](http://www.businessweek.com/magazine/content/05_50/b3963137.htm)

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**Liliana Buchtik**, PMP is the President of Buchtik Global, a consulting and training firm in project management (PM) and information technology (IT) based in Uruguay and providing services globally on site or remotely in Spanish and English. She is also an International Correspondent for PMForum and the global **PM World Today** eJournal. Liliana lives in Montevideo, Uruguay and can be contacted at [Liliana@buchtik.com](mailto:Liliana@buchtik.com).

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# GIVE BACK TO YOUR PROFESSION – VOLUNTEER! THE RETURN ON YOUR INVESTMENT MAY SURPRISE YOU

by David L. Pells, Managing Editor, PM Forum

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I must admit that I am old school. I believe in hard work and working hard, and that one's life is eventually best defined by the work accomplished. That is, it's what we do in life that must make a difference for ourselves and for others (including family, peers and society).

After 30+ years of working on projects and in project management, I fully appreciate the natural cycle of a professional career. That is, after college one usually "gets a job", with that position more than likely now to involve project work. Over the next five to ten years, one is normally concerned most with learning, promotions and income. If one is working in a professional field or environment that is enjoyable or fulfilling, then after some years a career begins to emerge, with a focus on opportunities for further advancement in that career field. Generally for the first 10 – 15 years, one is focused on income, family and job security.

After 10 years or so, however, many people begin to explore "professional" networks; that is, seeking to learn more about what those in other organizations with similar roles and responsibilities are doing, what are latest trends and developments within the profession, what professional organizations serve the field. For the first 10-15 years or so of a professional career, however, the emphasis should be and normally is on learning – learning how to do a good job, how to maximize performance, how to increase value, and how to adapt new concepts.

After 10 - 15 years of working and learning, most professionals have some useful experience or knowledge about his or her organization, projects, industry or field of expertise.

Many then choose to share that knowledge, both within an employer organization and with others in the industry or profession. This sharing process can be beneficial to the individual, the sponsoring organization, and to the profession or industry at large.

After 15 or 20 years of professional work, however, where one has learned, grown and benefited, often with significant personal financial rewards, there comes a time when some thought should be on "giving back to the profession!"

For me that came approximately 10 years after starting project management work on a major US government program in Idaho. It was partially by happenstance; only after some effective coaching in later years by some professional mentors could I actually put this in proper perspective. I have since met professional leaders who feel strongly about this subject, suggesting that true professionalism dictates that one must give back to the profession from which one has benefited. In my case, I found profound benefits resulting from volunteer service to the project management profession. Those benefits have included accelerated learning, increased visibility and reputation, large professional network, personal career advancement, and lasting friendships around the world.

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## MESSAGE FROM THE CHAIR

### CONTINUED

Another word of caution is subscribing to e-mail lists. A few years ago when e-mail lists became popular, I started subscribing to anything and everything remotely related to the building industry, personal development, technology, etc. It didn't take long to feel the pain of having my Inbox fill up quickly with all these automated messages. Needless to say, I have purged my subscriptions to a more manageable level, and I would encourage you to do the same if you haven't done so already.

Blogging has become an effective and popular way for individuals to express their thoughts on any topic. In fact, our own PMI CEO, Greg Balestrero, has [his blogs](#) posted on PMI. Additionally, many of the staff at PM Network and PMI.org have [their blogs](#) posted on PMI as well, and I'm sure if you searched the Internet, you can find more project management related blogs. This is a great way for you share your knowledge and experiences with others in an efficient and cost effective way.

Lastly, I mentioned that I wanted to share a few of my own experiences about mentoring. A few months ago, my supervisor approached me and asked if I wanted to mentor someone and assist him in learning about project management. My immediate response was "Yes, I would enjoy the experience." I knew this would be a great opportunity, and my expectations were confirmed at the first meeting with my supervisor and my new "mentee." Each week I ask input and feedback from my mentee, and I try to provide honest, yet positive, feedback. I know that I am growing from this rich experience, and I am hopeful that my young colleague is benefitting as well.

There are many opportunities for you to hone your existing knowledge and skills as well as develop new ones. Although the economic climate may look bleak, I am extremely optimistic that better times lie just around the corner. There are many opportunities now and in the foreseeable future. We just need to keep "sharpening the saw" and be prepared to take advantage of those opportunities as they come our way.

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## GIVE BACK TO YOUR PROFESSION CONTINUED

This editorial is to share my personal story, highlight some of the benefits that I have realized, and suggest that the return on investment of time and energy can be significant – and surprising. I highly recommend that everyone involved in project management consider volunteering at a branch of your national PM association or at your local PMI chapter. The results will be highly rewarding.

[Read David Pell's personal professional journey on PMWorldToday](#)

The logo for PMWorldToday is displayed in a stylized font. 'PM' is in white, 'World' is in blue, and 'Today' is in yellow. The background is black.

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