

Argentina Today: The Time for Project Management

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Argentina has always been a country that stands out within Latin America: Its legends about Tango, Evita, Wine, the Pampa and the gauchos are just a part of the magical charm Argentina brings to everybody's mind when they are mentioned. Writers such as Borges and Sabato are just the "tip of the iceberg" of a country full of cultural expressions. Argentina is a country where elementary school is mandatory and public college education is free and great, unlimited access for everyone interested on obtaining a college degree. Argentina's geographical regions are full of charm; you may travel from the tropical Iguazu Falls to the chilly Patagonia Iceberg "Perito Moreno", or to the mountains at Bariloche, visit the large land plain extensions at the Pampa, or the long beach on the Atlantic Ocean.

Yes, Argentina is full of human and natural resources. But, in spite of all these marvelous facts, Argentina faced critical moments at the end of 2001, when President De La Rúa resigned, forced by popular manifestations against economical measures. Five presidents ran Argentina in a period of two weeks; Argentina announced intentions not to pay its debts to international lenders. It was chaotic. **But, after 4 years, Argentina has dramatically improved its situation, is now growing economically, and is developing projects and demanding good project managers.**

After almost 2 decades of economic policies that did not support the development of national industry, Argentina is now experiencing a period of rebirth and growth for industries, mainly production of goods for export, construction industry, and tourism. Some of these industries are growing as a result of better global scenarios, but also because of the devaluated prices for production in Argentina. During the 90's, the convertibility law implemented in the government of former President Menem, in which one dollar was always equivalent to one Argentinean peso, made it cheaper to import goods than to produce them in the country, considering local wages were paid in dollars. Hence, many industries reduced their production levels.

In December 2001 Argentina faced the reality: with no local industry, an important foreign debt, low federal reserves, and high unemployment, it was almost impossible to maintain the 1 to 1 equivalency. The Argentinean peso was devaluated, and because of the uncertainty that the country was facing the price of one dollar reached up to 3.80 Argentinean pesos in November 2002, less than a year after the convertibility law was canceled. Prices of all import goods were now 3.8 times as much as one year before: with no strong national industry, almost every product was imported, at least some component. Inflation reached almost 70%, with no increases in wages.

During 2003 Lavagna, minister of economy of the Duhalde government, reestablished negotiations with foreign lenders, especially with the International Monetary Fund. Uncertainty was slowly changed for expectations on the new scenario. In 2003 President Kirchner was elected, and reaffirmed Lavagna as the minister of economy. The economic measures taken by Kirchner, first with minister Lavagna and now with minister Miceli, have offered a new scenario for industries, specially for those that export. The dollar is stable at 3 Argentinean pesos, 3 times its price in 2001. And cost of wages and services has increased less than twice their cost in 2001. In short, now it is cheaper to produce in Argentina, especially convenient for those who export cereals, automobiles, petroleum, steel and paper. Those industries have seen their production costs reduced due to devaluation, and their selling prices increasing in the global market. **The global scenario offers a great opportunity for Argentinean products.**

In this scenario, many companies are launching projects to increase their production. As reported by the National Institute of Statistics (INDEC - Instituto Nacional de Estadísticas y Censos), 40% of Argentinean companies are continuing important investments in their production lines, and 30% are considering new investments. These investments are focused on increasing production

levels (40%), improving quality of products (21,6%) and optimizing the usage of their production supplies (18%).⁽¹⁾

The construction industry has also faced an important growth in these last two years. In this case, growth has not been a consequence of higher global prices, since construction products are not exportable goods. Considering that the banking system is not offering enough mortgage credits, despite the Kirchner government intentions, the growth of construction levels responds to very particular reasons: after the banking system collapsed in December 2001, Argentines lost trust in banks: Many citizens lost their savings due to unexpected economical measures. After the debacle, many wealthy Argentines placed their remaining savings abroad. But when the scenario became stable, and when income from exports began to grow, Argentines decided to invest their savings in buildings. As they commonly say, "bricks are the best saving". Historically, real estate prices have always increased in Argentina, even during important economic crisis. Therefore, it is considered a low risk investment. Statistics are showing a growth of construction projects of almost 25% per year, since 2004⁽²⁾.

The third industry that shows an important growth is the tourist industry. Before 2001, prices of vacationing in Argentina reached the level of prices in Europe. And the prices for airline tickets, for example for Americans, were higher since Argentina is located at the southernmost part of Latin America. Now, even though airline tickets have kept their high prices, it is cheaper to visit Argentina due to the low cost of hotels, food, and ground transportation. As a result, Americans, Europeans and even Latin Americans from countries such as Brazil, Chile and Colombia are choosing Argentina as their vacation destiny. The tourism industry is growing at a 12% annual rate since 2002. 4 million foreign tourists are expected during 2006, generating a 3.5 billion dollar income for the country⁽³⁾.

Argentina today is a country full of projects. Especially in industries that produce goods for export, in construction, and in tourism. The growth of the economy, impelled by these industries, generates more job opportunities and higher incomes for almost every Argentinean. Hence, other industries are also growing. It is the time for projects. The scenario seems favorable for projects, but expectations about a sustainable growth are low, mainly because of lack of investment in infrastructure (especially energy projects), lack of foreign investment (mainly due to an understandable lack of trust in Argentina's institutions), and lack of long-term policies supporting the growth of industries. Therefore, **projects are being implemented now, looking for short-term results.**

In this scenario and in my opinion, Project Managers are facing two main challenges. First, to respond to the need for successful projects that will take advantage of the favorable moment for Argentinean products, and second, to demonstrate that investment in Project Management is worthwhile.

Industries are now investing in implementing projects that have previously been postponed many times, due to a lack of favorable scenario for products. Now the need for fast-track projects is running. Most of the companies are interested in increasing their production, without affecting their production times. This means, projects should be implemented reducing their impact on the production of goods. During this year I have participated in two projects in which this need almost ruled the project development: In the first project, the marriage line of General Motors Rosario should be modified to increase the daily production of automobiles. The most extensive work was done in the scheduling phase, looking for a schedule for modifications that would not affect the production times of GM. In the second project, the recovery boiler of an important paper mill will be revamped in December 2006. Due to the great amount of reforms to be made, the planning and scheduling phase began almost 10 months before the revamping begins. Revamping works with the boiler out of service should not take more than 35 days. Otherwise, annual income of the paper mill could be compromised. Uncertainty should be minimized. Time seems to be the first priority for Project Managers.

The second priority that may even affect time, is the allocation of resources. After two decades of almost no projects, there are not enough qualified workers for technical jobs. Not only blue collar workers, but also white collar workers, since engineering careers were not the main choice for college students during the last two decades. During the 90's, most Argentines developed a commercial career. Few developed a technical career. Hence, it is not easy to recruit qualified workers. For instance, the paper mill revamping project will demand more than 500 workers during 2 months, and this amount of workers is not available in the region. The most qualified workers will probably be brought from other regions. And in the same time, other companies are also planning important works. It seems that whoever plans with enough time will get the good workers. Companies' expectations are now deposited in Project Managers, who should implement the projects in the best possible ways, responding to the company's needs.

The second challenge I find for Project Managers in Argentina today is also a great opportunity: responding to the companies' needs for successful projects can demonstrate that it is worthwhile to invest in Project Management. During the last two decades only a few large projects were implemented in the private sector, and smaller projects were usually considered not suitable for Project Management. It is my personal belief that professional Project Management is a required discipline for every project. Now there are many interesting projects on which Project Management is being implemented. In some companies these projects represent their very first time investing in Project Management. I am confident the experience will be positive, and after the success of these projects, many more companies will implement Project Management as a day-to-day practice, even for smaller projects.

Argentina today needs good Project Managers. Project Managers should contribute to the growth of industries, with successful projects. It is a challenging moment for Project Managers but, after all, challenges are the basis for our discipline. Therefore, we should embrace the challenge, and contribute to the growth of the country.

Sources:

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