

REGIONAL REPORT – ROMANIA – NOVEMBER 2008



Project Management in Emergency Conditions Turning red along with the Economy

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The world's economies collapsing one after another every month since the beginning of fall has become a part of our daily life. People get used to reading or watching the bulletins with growing concerns, stock exchange indexes turning red and companies' shares ceased from transactions, bankruptcy of once sound banking institutions. Undoubtedly the World economy is now experiencing painful shrinkage, probably as bad as the one back in the early thirties.

Once considered far away from the world's turmoil, Romania became linked in recent years to most European and US economies mainly after our country's accession to the EU. For our economy the moment of downturn would have come anyway, the analysts said, given the overheating economy in the last quarters, ending a string of growth in all sectors.

As in any circumstance like the nowadays economic shock wave, one of the first to suffer is the inclination to invest money since the climate is unstable and unpredictable. Development under almost any form is inhibited and investors tend to take cover rather than venturing to any risky endeavor. As a consequence the project environment is one of the first to be hit and the number of projects will lessen.

This behavior is a fact of life in almost every industry and it is certain that companies will activate survival plans: deferring projects to a sine die moment, laying off personnel, demobilizing expensive resources, cutting the overall costs to a supportable level.

Project Managers are not cheap resources and it might be expected that lacking of projects will surely lead to demobilizing the specialists who run the projects. For Romania this possible scenario came at a moment when industries were soaring, but with Project Management still far from being considered in good standing discipline.

The public in general and managers in industries in particular still tend to consider Project Management as an accidental profession and not a solid value-adding newborn concept that requires sound understanding of business and special knowledge and techniques. The vast range of approaches in the country's companies scattered the professional understanding of role and responsibility of a project manager, and it is hard to assess how well the profession succeeded among already recognized professionals. It is also true that in certain applications one may find project managers under different job titles (e.g. team leader, business analysts etc.). But this is proof of failure of imposing along with the standard and methodologies the corresponding profession.

It is to be accepted that even though Project Management was originally born under Energy, Defense and Aerospace industries, today it is well represented within the IT sector. Abundant projects are anchored to the PMBoK standard and approach, methodologies are well structured and articulated, and project team formation and management follow the known practice. Projects within the IT environment are probably the most accurate replicas of PMBoK approaches. Hewlett Packard, IBM, MICROSOFT or ORACLE, to name only the most representative of them, have all embraced the concept and their project managers act on a path learned when studying the PMBoK Standard or other adjacent derived training programs. Consistently their job descriptions post requirements for PMI certification for individuals aspiring to project manager positions.

It is also a fact of life that the IT sector in Romania as well abroad is very generous with specific certifications for professionals to recognize their level of proficiency attained on their career path. It is an industry of recognition by certification with no error in evaluation since the exams passed are tough and thorough. This might help explain the valued added and good performances accrued lately in the Romanian IT sector.

Right next to IT, the telecoms and baking software applications and services sectors benefit from the same source of reputed young professionals trained as project managers or project team members. The soaring period for the telecoms industry, the booming times for banking, both on retails or corporate level, these demanding challenges have sharpened the senses for projects in these regions and so they have embraced the project managers.

It is not a simple fact "by chance" that in the Romanian PMI Chapter, 90 % of attendees or members originally come from IT, telecom or banking sectors in this very order. And this lasts for at least 5 years with no sign of other entry. It is not clear why IT has made it so bright in Project Management, much clearer than other industries. It can be speculated that parent companies have deployed the experience and procedures down here and demanded that local specialists be trained to work with tailored methodologies, procedures or to understand the

Standard. Whatever the driven force was, there is no doubt today in Romania that the IT sector is the best adapted to a unified coherent and recognized project management practice. If there are still “accidental” project managers in the IT sector, they are fewer and fewer.

Project Management within the Oil and Gas industry, mainly represented by Austrian-Romanian Petrom-OMV, or Rompetrol Integrated Company, both operating integrated services on entire chain from well to pump station, are two companies which regularly run internal projects to add value for their operations. Either for the case of retrofitting refineries, or a new power production facility on the production recoverable resource chain or soil decontamination after oil pollution on their acquired premises and land properties, oil and gas companies clearly deal with the projects environment. Even more significantly, the Project Management Office is part of their culture and structure.

One of the most sought after project efforts in relation with Oil & Gas is the decontamination of land formerly used for storage tanks or refineries. In some instances the boost on real estate market has created niches in the Oil & Gas market: a plot of land with no production value was decommissioned and further decontaminated, freeing space for real estate projects, usually in logistics or production plants. These are common projects.

The change of ownership that occurred in the sector when foreign companies took over government-owned entities also produced an influx of know-how and techniques to faster integrate the new branches. Project Management was part of this shift, and modern tools and project Management Office can be found almost in every serious company.

As one of the main contributors to the growing GDP, construction and infrastructure are less mature in terms of project management capability. The maturity did not follow the pattern or trends displayed by the industry, although the values are of orders of magnitude of hundreds of million of Euros in contracted value. The sector benefited from big global players such as Bechtel, Vinci, FCC, Bouygues, consolidated on the local market by strong mergers or partnership. Poor infrastructure degraded over years of operation without proper maintenance or new projects aimed to resolve social issues. The demand on either residential or office buildings have geared up the Romanian real estate sector to the boiling point. Wherever one looks, cranes and construction sites either in capital Bucharest city or more often throughout the country in the main cities are clearly seen.

However, project management in this industry with some minor exceptions is at its inception stage: focused excessively on construction management and less on project management under a holistic approach. Questionable scheduling techniques and unclear methods of resource estimation and allocation on activity/task, simple communication tools and design control methods are mainly unused. The Project Manager in this industry if local is in all cases a Site Manager with little or no authority to tackle project management issues other than those related to the construction matters. The functions are however covered by the main office but under a different job title in many cases: team leader, account manager, senior account manager etc.

German or French companies acting in the construction field in Romania are more prone to see the project manager as acting straight to the site and not as a generalist, rather a field specialist with high rating on technical skills. Job awarding process as project manager with these foreign players is very much depending on technical aptitude of applicants rather than on managerial skills or project management education. It can be stated with no fear of mistaking that right matching criteria are governed by the key words among specific technical field of construction. This narrows individual opportunities to a limited and very specialized pool, and turns the project manager as an expert in the branch but only based on the technical skills.

Local and in some instances unfair competition of many training institutions accredited by the Governmental Occupational and Professional Centers for Labor lower the level of academic education in project management by offering cheaper, shorter, but not always at the same quality level, training courses. There is now a blend of professionals trained under different schools and approaches, all being awarded with certificates and diplomas from various sources but having different views on the subject. On top of these it may be added the circumstantial nature of the profession viewed from the perspective of the Employers, considering project management as an “accidental” rather than a profession in good standing.

Although the IT sector constantly requires educated professionals, especially in project management, it appears that other industries act in a less coherent manner when appointing project managers. For many local managers a project manager could be easily named from the existing staff based on his/her time spent in the company or technical skills rated against the job requirements.

This is more peculiar because it contradicts the essence of PMI or IPMA certification: in lieu of getting the individual out of the crowd by awarding him some behavioral samples makes one individual a project manager by simply pulling one out of the crowd and instating him.

This could still work well for traditional organizational charts or if the project management tools would be employed to some degree of rigor. Unfortunately there could be encountered many circumstances in which a project manager is one individual formally and temporarily appointed, pulled out from the existing resources and not truly a professional or trained project manager appointed by means of Charter for a temporary effort.

It is hard to forecast the short future of the PM profession in Romania in the context of severe setbacks; The National Committee for Prognosis has warned on abrupt downturn of economic growth for 2009. Industry will fall mildly from 4.7 % to 4.5 while the most dramatic decrease is expected in the construction sector - from 28.4 % down to only 12.8%. With a significant contribution to the national GDP, the construction sector recoil will horizontally affect adjacent industries.

It is not too difficult to estimate that Project Management and its professionals, project managers and project team members will be seeing their projects gone from well before the kick-off phase due to the poor financial sustainability. Perhaps the projects that are run under the government's direction and on public funding will go ahead since their impact is on a larger scale. Large infrastructure public interest projects such as motorways will go ahead undisturbed since the money was allocated.

Also it is worth pointing out that clean energy projects, either on wind, biomass or solar have become quite attractive and visible lately due to the soaring gas and oil prices and single sourcing problems. The Government encourages these endeavors by offering up to 90 % of the financing costs to those eligible for a green clean energy project aimed to lessen the dependence of small houses on the suppliers.

European Union also generously finances small infrastructure projects aimed to raise the social background to a developed level, including water supply and sewage systems in rural areas.

For all these applications where public money is involved, the need for professionals in project management is a must and here is probably the next place where people with credible training and credentials could get good jobs. It would be highly advisable, and here local Chapters must work towards, to have reputed financial institutions such as IBRD, EBRD, regional development banks, PHARE or SAPARD funding authorities as well as EU, specifically ask for trained and certified project managers being always employed for projects under public funds.

The reluctance of the private sector to narrow the resource pool to those certified may be understood, but this must happen for the public funded projects; ethical use of project management toward communities in respect to the way the money is spent falls very much under the Code of Professional Conduct of PMI. This is valid too for the private sector however, here the constraints on spending are more relaxed.

Under this turbulent background with sudden drop of all financial indicators, with certain sectors shrinking, it is presumable that some projects now on paper will remain as is for a period of time. With less development and investment opportunities, many projects will be scarcely authorized and professionals may have less interest in continuing with training and certification.

From the educational perspective, project management events were not so numerous recently and despite the aggressive promotion of MBAs' displayed by the local educational providers like Roland Gareis or Romanian American Business School for Business Administration ASEBUSS, a valid source indicates a reduction in the number of participants in project management training programs. It is still unclear how local registered education providers (REPs) make their ways in this period of time, but surely with a recoil of projects throughout industry. It is hard to believe they will gather a minimum number of students.

All in all, a pessimistic view over the months to come is on everyone's mind, and apprehension rather than confusion about what the people need. Project Management is part of the turbulent background intimately linked to the development and investment components on every industry. From this perspective, some recoil from the flourishing days before now should be expected. It is going to be hard for PM professionals to make their way through the multiple troubles that a continuous developing economy has experienced lately.

It is very much an "every man for himself" scenario. Project managers will need to find opportunities to stay with their jobs when projects are more and more rare this time.

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