

## REGIONAL REPORT – ROMANIA – JUNE 2009



## Current Standing of Project Management in Romania

### Caught between Cutting Costs and Growth

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Still in a deep state of apprehension, the companies either large or small try to absorb the shock wave propagated throughout Europe's economies and reaching out way far into Eastern Europe where still precarious economies barely breath under the massive hit.

As more mentally induced than economically justified, today's word on everyone's lips is **cutting cost** and any other decision in companies' life is firstly subordinated to this master action.

Barely noticeable projects have been initiated in the last reporting month but those already live on the market are significant for a large portion of the horizontal industry. Accent is again placed on infrastructure projects, those efforts capable to drive behind an entire industry of services and goods.

The long awaited infrastructure projects which were for a while in the pipeline have been finally started and, to name a few of them, we have to retain the Vinci/Aktor portion highway through a complicated mountain landscape linking a few cities over Valea Prahovei Comarnic-Brasov first stage of 58 km for a price of 1.5 billion Euros.

The price, the highest ever signed, encompasses the construction contract and associated costs on the remaining life cycle for maintenance and operations. The first stage of this project is to last 48 months and the lend lease agreement for the land concession under a private-public partnership arrangement is for 30 years.

Another winner of the period is certainly Hill International that has received a contract from a local branch of a Water Company, the Romanian utility company Apa Olt S.A, to provide works supervision services for the EUR118 million (\$160 million) extension and rehabilitation of various water and wastewater systems in Olt County, Romania. The four-and-a-half-year contract has an expected value to Hill of approximately EUR2.4 million (\$3.4 million). The project involves water infrastructure rehabilitation within five cities located in Olt County: Slatina, Scornicesti, Draganesti Olt, Piatra Olt and Potcoava. It is one of seven works contracts in the county for the rehabilitation and extension of water supply networks, sewerage networks, drinking water treatment plant, and wastewater treatment plants. The project is expected to be completed by February 2014.

The energy sector is also on high hopes after CEZ started its 600 ME wind farm project in the south-east of Romania after buying the business from Continental Wind Partners late last year. Besides green energy projects, other rehabilitation expressions of interest are in the pipeline either for fossil or nuclear power sectors. The players are almost the same GDF Suez, CEZ or Tractebel who are already well within the memorandum of understanding provisions with Termoelectrica or Nuclearelectrica.

The construction sector has unfortunately continued its decompression after years of solid growth and many projects were abandoned due to the lack of financing. Others which were presumably deemed authorized in the first part of the year were cancelled *sine die*. A major breakthrough on the period has been made by several local construction companies which announced the start for airport terminals and runways for three projects in Craiova, Bucharest Baneasa and Bacau cities. These projects were funded to more than 30 ME and are scheduled to start this summer. Romstrade Romania, a local highway construction company, has been awarded to retrofit National Road DN 67C a strip of 148 km for 385 ME from south-west near Tirgu Jiu town up until Sibiu in the heart of country through a rocky mountain terrain and passing through an extremely scenic mountain landscape. The project is co financed by EBRD and is scheduled to last for three years and subdivided in four stages on its length.

Banking and IT, telecom and other adjacent services have all recorded severe set backs and their CEO's and CFO's are looking towards layoffs rather than to new investment opportunities. Today the couple formed by CEO's and CFO's along with the Cost Manager in any company is under tremendous pressure and it is a fact that the accounting, litigation and mergers sectors, as well as financial audit, are not

afraid to go bankrupt. Many IT&C companies are facing serious cash problems and need to drastically cut unnecessary costs. Hence the project managers are either sacked or forced to accept lower salaries.

Is there anything below the surface for the Project Management? It became apparent when examining the recruiters web page or companies' career sections that the Project Manager is about to turn more and more into a technical expert position, while the project management capabilities (experience, training, education, credentials, etc.) are fading away to a second importance.

Thus, one can find job opportunities with different names but, in fact, in the job description items intimately linked to the project management: technical manager or project consultant and project engineer, architect solution or developer representative to name only few of them, can be found when seeking for a project management position.

There is nothing wrong for a Project Manager being recognized as an expert in his/her field; it is desirable in fact but exacerbating the technical capabilities and diminishing the project management plus which in fact comes to valorize other accruals, will ultimately transform any project manager into a good technical person but handicapped by cutting off the top of professional merit.

On the other hand this move observed among some employers lately to disregard knowledge areas in project management and to focus the project manager on project execution and technical issues only does not serve either the project manager or project organization.

There is an evident waste of resources by duplicating a single entity task in two or many project resources to combine all knowledge areas. Reciprocally, the project manager and his or her team will feel a lack of delegation of authority and a narrowing of usual attributes the project team are provided within a normal approach.

Unfortunately in a grey labor landscape in which finding a job as project manager becomes intrinsically a project for any applicant, many of professionals if idle and unemployed for months would not dare to comment during the job interview on the job description. The best solution would be then to get together with an Employer who is familiar with project management practices, procedures, tools and techniques, something not always possible.

What happen in the last three-four years in Romania, when we get along the line in project management, is a massive adoption of a modern and growing profession as if buying product without an O&M manual.

Companies were attracted and they loved this profession and started to realize they were actually running projects, but their accomplishments in terms of professional settlement and regulation of the job those hired to render services for is just above the scratch. There is an open field for individuals to stand up firm and fight to make a difference off the crowd and PMI has always postulated this attitude of affirmation of project management values. While this was valid in a situation when things were set for an upward trend, now it is twice as valuable when money in the World's economy is scarce, banks are extremely cautious if not reluctant to lend money, clients are twice as much under pressure of end users and customers, and stakeholders must be convinced to buy shares for corporations' investment projects.

It could be also a time for the independent low cost and fee consulting project management firms or project management professionals to offer their valuable services at today's acceptable costs. That would turn into a major opportunity unless for a project of certain magnitude an insurance or professional fee is required. Many freelancing stand-alone practitioners might find this requirement insurmountable.

## About the Author



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