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1Q/2009 - Project Management Survival

*By Florin Gheorghiu, PMP
International Correspondent for PMForum & PM World Today
Bucharest, Romania*

No noticeable change has been recorded in the first quarter of 2009 when coming down to the Project Management profession. Acting mentally rather than economically grounded, the worldwide economic crunch has hit the Romanian financial and economical background and made many of the companies, small firms irrespective of the sector to put aside any development plans, any investment decision.

The Projects which were up and running in the later part of 2008 have been continued to their completion but many others waiting in the pipeline in various zones of the economy were brutally cancelled or better, postponed for other favorable moments.

One common factor seems to be at the root of decisions when the projects were stopped: the Sponsor. Either in a form of Bank association, a sole financing Bank or a special purpose financing vehicle, the Sponsor is not willing anymore to loan any amounts under the volatile market conditions and with high risk of borrowing. Many of the projects were in full progress well into the Executing phase with financing in place but the soaring of the capital cost turned them simply not feasible in the beginning of 1Q09, and sadly the abandoned sites displaying open lands and structures at incipient growth can be seen almost everywhere across the country.

The long awaited and most talked about infrastructure projects remain a dream and thus opportunities to move entire industries and to resurrect companies are lost due

to the Government's inability to award infrastructure projects. The media and press equally are constantly criticizing the governmental department of transportation or that of water and environment, to name only two of the sectors where room for projects is huge in Romania, for lacking the sustainable and demonstrable documents authorizing EU financed projects. With poor motorway development and affected by severe criticism for the high price per mile and an entire road network in a poor quality condition, or placing way too much importance on the second and third nuclear units while the operating fossil power plants are in desperate need for refurbishment, the strategy for resuming the economical growth is unclear.

Meanwhile the project management profession remains to be represented at public events and academic levels, apparently disconnected from the world outside, in the economy where projects "happen". The professionals in the field, many reportedly announced that they would consider career change to other survival jobs, whenever these could ensure a subsisting income for them and the families. Any educational upgrade, trainings, courses and other ways for professional growth are carefully perused before money is spent in one direction or another.

With the exception of Roland Gareis Consulting sponsoring the PMI Romanian Chapter Sessions in the last months, nothing else surfaced for Project Management events. Even the sponsors are not crowding any longer like in the months before to financially support events with a shallow audience. Seminars, conferences and workshops are all gone lately for the same reason: lack of cash or cutting off expenses measures.

For those luckily enough who managed to keep their jobs as project managers the spectrum of layoff is still dooming the days: the fear that in one day the project is going to be complete or worse, stopped on the course haunts them.

With no perspective on the horizon for new projects being authorized soon, it turns out that the need for professional project managers is questionable in the short term future. That would support the opinions that it is better to assign project managers on "accidental" role rather than permanent assignment. This is simply because a temporary assigned project manager will have a "home" to return to when the project is closed, in one way or another.

On the contrary, the professional project managers, those living for this profession, are badly hit this time. No matter whether they are working within consulting services or implementing projects for companies as in-house resources or outsourced project managers, they are all under threat of unemployment if the trend stays for more than a half year. This could be easily seen when one looks at the job offers for this profession: the most sought out job searching web sites rarely post project management positions and if they do these are scarcely offered for IT industry.

Salaries have dropped dramatically and those who consider job or company change now should also take into account a cut up to 50 % of the current income. It is a time for companies to hire “by skimming” the market for the best resources but at a low cost. Conditions as “MBA holder is a must” are not abnormal when project management jobs are required, while such requests were in the past conditions for top management positions only.

One thing that could stop the salaries from plummeting so bad would have been the ability of the unemployed professionals to subsist 5-6 months before accepting a new assignment, this grace period being possible with cash savings made before. This scenario would inhibit one unemployed project manager to accept first job offered at any salary level and making many Employers to reconsider the salary package. It is not the case at all and today we see how almost all companies cut the cost including those salaries related with 25-30 % along with layoff plans.

It is hard to predict what will happen in the next period with project management professionals but with fewer projects or investment opportunities, and consumer behavior seriously inhibited, it will be harder if not impossible to keep this profession growing. As in other circumstances reported from the country, this should be a time of opportunities for the veritable professionals due to the more cautious decision of investment and spending money at the current capital cost. Therefore sponsors and investors should rely upon those able to administer the projects’ budget professionally, provide early warnings on the project track, and ensure estimates for the boards and sponsors. Nothing like these appear in all these months in the first quarter of 2009, as many say this is a crisis of professionals rather than of blue collar workers.

One thing is sure and this is in everyone’s mouth: people hope that this period will last less than predicted and the upward trend to return fast, thus ceasing the period of pain and uncertainty.

As for the project management professionals, we remain to make the most of every opportunity around the corner and to convince the Employers that more qualified is not always more expensive but more cost effective.

About the Author



Florin Gheorghiu

*International Correspondent – Romania
Based in Bucharest*



Mr. **Florin Gheorghiu**, PMP, is an International Correspondent for PMForum and *PM World Today* in Bucharest, Romania. Florin is also currently a Professional Project Manager and Head of Engineering and Planning Department for a local based branch of a Bucharest utility Company in the field of power and heat. He is also experienced working for EPC contracts within the construction industry for the industrial and real estate sectors. Florin has added much to its professional accruals when working on large power plant rehabilitation program financed by the International Bank for Reconstruction & Development (IBRD) and the European Bank for Reconstruction & Development (EBRD), and for Parsons Power (Gilbert Commonwealth), Lahmeyer International and Pennsylvania Power & Light (PP&L) as a project Consultant. Florin is a graduate of the Technical University of Bucharest in Power Engineering and the National School for Political Studies and Administration in Management. Mr. Gheorghiu can be contacted at fgheorghiu2001@yahoo.com.