

PM WORLD TODAY – FEATURED PAPER – SEPTEMBER 2008

Marketing of Project Management in an Oil-Rich Developing Country

By O. Chima Okereke, PhD

Abstract

For over five years, we have been marketing, implementing, and conducting training on project management software packages in Nigeria, a major oil producing country. Opportunities should abound for marketing the software among the major oil companies and also for training the indigenes that have little or no skills in modern project management. However, there are difficulties to contend with. They include underdeveloped infrastructure, international business politics, local business culture, and more recently insecurity and other issues that negate and frustrate acceptable conventional marketing efforts. This paper discusses these difficulties and suggests some marketing approaches that could succeed in a stable business environment.

Introduction

Oil-rich Nigeria is the sixth oil producer in the world. Oil and gas reserves are in billions and trillions of barrels and cubic meters respectively. Shells, Exxon Mobil, Chevron Texaco, Agip, TotalFinaElf, indeed all the big players in the oil industry have investments in the country. In spite of this apparent favourable project environment, marketing of project management in the country is fraught with difficulties. However Microsoft signed a Strategic Partnership Agreement (SPA) with the Nigerian Federal Government for the use of the company's software in all public establishments. In addition, Primavera Systems Incorporated, a foremost project management software producer, has an authorized representative in the country. In spite of the activities of these vendors, there are no officially installed, structured project management methodologies in use in federal or state government establishments.

There is a procedure for contract awards by means of the Federal Government Due Process. This is a process that should lead to the award of a government project to a competent contractor. In addition, the Nigerian Government Local Contents regulation makes it mandatory for Nigerians to participate actively in projects. All these have not facilitated the marketing of project management solutions because of problems that will be touched on in the next section..

Problems

Lack of Awareness of the Benefits of Modern Technology by Indigenous SMEs

As a company, with the core function as project management, we have introduced seminars and workshops aimed at building up the skills of local companies. The response has been poor and discouraging. Indeed, even when the seminar was free; we had only two attendees out of over twenty companies that we had contacted through personal visits, email, and phone calls. As we analysed the problem, we advised ourselves that nothing could be cheaper than free. The problem is not therefore the cost of the seminars but the preparedness and availability of local entrepreneurs to attend. They do not attend because they are uninformed of the benefits of modern technology in their businesses. This resonates with an observation by Robert (Bob) Youker, that organizations in developing countries are not committed to, or structured for, project management [1].

It is also our unpleasant experience that most local entrepreneurs are unwilling to invest on new technology. They seem to be unhappy to spend money if they are not receiving immediate returns on their investment. We have made presentations to small- and medium-sized companies in such big cities as Lagos, Port Harcourt, etc., we have discovered that their response is the same. They marvel and discuss the packages interestingly with you during the presentation but the story is different when the cost of procurement is discussed; they simply back-out. Perhaps, one may be expecting too much too soon from some of the operators of these business owners. Some of the entrepreneurs may not be computer literate; they may not even own a personal computer. It should not therefore be difficult to understand why they shy away

and refuse to invest in skills that require not only hands-on dexterity in the use of personal computers but also a higher skill requirement in the use of software application packages.

It is documented in relevant literature that information, computer, and telecommunication (ICT) infrastructure is poor in many developing countries. An example is given in a publication of UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific 1999) given in the second reference [2]. The World Bank recognizes this poor ICT infrastructure such that one of the four key strategies that it promotes to grow SMEs in developing countries is through helping them to obtain access to the Internet and information technology [3].

In addition, it would appear however, that this unwillingness to invest or acquire new technology is a reflection of the economic circumstances and the business goals of the local entrepreneur. It could be that, his strategy is to continue to make money to improve his financial position. For, it is clearly the case that in this developing economy, a local entrepreneur succeeds, survives, or fails without support from any other readily accessible source. If he takes a bank loan, he has to ensure that he can pay it back. Therefore, since the entrepreneur has to fend for himself, feed and support his family, without help from any external body, except probably, his relatives, he finds it difficult to invest his money. However, when the possession of a particular management skill is made mandatory, for example, as a qualification for tender in a contract, they make all efforts to acquire the skill.

Absence of Major Purchase Decision Makers

The presence of major oil multinationals in Nigeria should normally provide opportunities for marketing of project management software for the execution of multi-million dollar projects. However, that is not the case in practice. It has been our experience that the use of the various elements of marketing mix such as: advertising, e-marketing, direct response, newsletters, etc., or any other modern marketing approach, hardly yields any results in the country. The reason is that such marketing efforts are being directed to the people who are not the decision makers since most of the buying decisions are made outside the country. The impact of international business politics in the country is such that decision makers, in the corporate head offices in

Europe and America, organize procurements and ship the goods to their offices in the country. Even when some buying decisions are to be made by Nigeria-based officers, many of them still have to comply with company guidelines and directives emanating from their head office such that they may end up buying from overseas vendors.

While it is understandable that foreign organizations find it necessary to control their budget spending and the quality of the products they buy, it should be financially rewarding if and when they understand that these products and services are locally available with the same quality and at the same prices as obtainable overseas. This fact could be illustrated with two real-life examples.

The first was the experience of a Lagos-based engineering company that requested for quotations from the local representative of Primavera Systems and also from their overseas supplier. When the decision maker examined the two quotations, he found them to be exactly the same. He then took the decision to buy from the Nigerian supplier who is able to provide immediate local support than from the overseas supplier who is some thousands of miles away.

The second was the experience of a large construction company. Last year, they brought in a trainer from their home country to run a course for some of their staff. This year, they requested a local project management trainer to quote for the same course. On obtaining the quotation from the local company, it was much cheaper; they used the services of the local trainer.

Underdeveloped Business Information Systems and Counterproductive Local Business Practice

Reaching the local decision makers, where they exist, is no mean feat. In 2004, I sat in a conference, organized by Primavera systems inc., in Rome, listening to a German consultant discuss how he and his colleagues obtained names and email addresses of their target seminar invitees from the websites of the respective companies. They proceeded to contact them and received their replies. It certainly dawned on me that this was First World marketing which we had attempted in our Third World without any success.

We did not succeed for a number of reasons. Firstly, there are not many websites of companies that one can access. Even when one finds a website, be assured that there will be no names of officers or their email addresses. Secondly, there are no current Yellow Pages and Business Directory publications with valid addresses that one can use. Thirdly, even when one resorts to walking door-to-door to visit offices, security personnel will not let one in. They ask: “Do you have an appointment?”, if the answer is no, it is good bye to you.

Underdeveloped information system and a counter-productive local business practice of secrecy and information hoarding are factors that account for the local scarcity of business information. Fourthly, if you manage to obtain the phone number of the decision maker, he may not speak to you if he does not know you or if he has not been told about you by someone he knows and trusts. One can understand that for security reasons this is necessary even if an unhelpful business practice.

Insecurity in the oil-rich Niger Delta Area

This has been a major drawback to the execution of projects and project management activities. The kidnapping of foreign workers and highly connected local persons, and damages to infrastructure, as a result of stepped-up militant attacks have resulted in much drop in business activities in the area. It is unrealistic to discuss marketing of project management solutions when the companies that should use them have cut down on their project operations. However, it is not correct to suggest that activities have ground to a halt. Companies that are active in the area tend to use Nigerians with preference for indigenes of the Niger Delta area. This greatly reduces the risk of kidnapping of company personnel. Business management in the Niger Delta area is a topic that should be treated in some details in another paper.

Opportunities

The reluctance of small-and-medium enterprises to invest in training or in the purchase of new technologies should not be seen as a disincentive to the enterprising investor who wishes to do

business in the country for two reasons. Firstly, it constitutes an opportunity for marketing to educate them on the benefits of modern technology. Secondly, in point of fact, these should not be the target customers. The companies to target are the major players in the oil industry. Moreover, given the government Local Content regulation, the big players will have to use the services of the small-and-medium sized contractors in their projects. These contractors have to be trained in order to be able to make contributions. Such training opportunities can only be utilized by the project management consultants who have personal links to the big companies.

Networking Works

Yes, this person-to-person introduction or networking is what works. You know someone who knows someone who knows the decision maker. You will be told about him and someone he knows will tell him about you. When this is done, you can call at the time you are advised to do so and receive attention. A lot depends on how seriously and strongly he views the link-person who introduces you for this networking to be effective. Otherwise, a chance introduction may receive no response. I have personally received no replies to calls made to numbers given directly to me by persons after casual personal introduction in the absence of mutual friends.

Networking appears to be probably one of the effective marketing tools in the developing world. Dr. Al Rosenbloom, writing on a research he conducted on marketing in Kathmandu, Nepal in the summer of 2001, states that “ networks are key to business success throughout Nepal. Who you know is more important than most market-oriented approaches to customer acquisition and retention. This means that marketing strategy simply involves exploiting one’s friendship and family”[4].

Yes, networking breeds mutual confidence and trust. Once a decision maker is satisfied that he can trust you and you will deliver on your promises, he is prepared to go the extra mile to ensure that the job gets to you. For, he has the conviction that it is a risk worth taking and he will be vindicated.

Conclusion

Person-to-person networking works here. The entrepreneur, who is a social mixer and good at his job, will go places in this environment. The personal touch is more powerful than any advert or email. The daring and organized business person has opportunities not only to supply and implement software packages but also to train Nigerians, and indeed, there are many training opportunities. Whilst products can be bought overseas, it is certainly more cost-effective to train Nigerians here; the big players in the oil industry know this. And businesses are waking up to the inescapable fact that they have to train and work with Nigerians because of the requirements of the Federal Government Local Content regulation. In addition, products bought from outside have to be implemented and supported here. These are opportunities for success.

References:

- [1] Project Implementation Problems given in figure one, <http://www.bobyouker@worldnet.att.net>.
- [2] United Nations Economic and Social Survey of Asia (UNESCAP): Economic and Social Survey of Asia and the Pacific, 1999. Annex: "Considerations for ICT policy formulation in developing countries"
- [3] Marketing Sherpa's Best Blogs 2005 "Small Business Trends: Internet for SMEs in Developing Countries?" <http://www.smallbusinesses.blogspot...internet-for-smes-in-developing.html>
- [4] Al Rosenbloom, Ph.D., Dominican University, 7900 W. Division Street, River Forest, IL 60305, "Marketing Plans in Developing Economies: Can We Practice What We Preach?"

About the Author



O. Chima Okereke, PhD

Author



Dr. O. Chima Obereke, Ph.D., MBA, is Managing Director of Total Technology Consultants, Ltd., based in Port Harcourt, Nigeria and in the UK. Dr. Obereke is also an International Correspondent for PMForum and *PMWorld Today* in Nigeria. He was previously a chief engineer for Delta Steel Company in Aladja; a project engineer/technical write for Shell Petroleum Development Company in Warri; Section Head for Instrumentation & Control for the National Electric Power Authority in Lagos; and Electrical Engineer for the Ministry of Works & Housing, Nigerian National Government. Chima is also now sponsor and president of a potential chapter of the Project Management Institute (PMI®) in Port Harcourt. Dr. Okereke has a Bachelor of Science Degree in Electrical Engineering from the University of Lagos, and a Ph.D. and Masters in Business Administration (MBA) degree from the University of Bradford in the UK. With over 25 years of experience in industrial operations and PM, he has been a registered engineer in Nigeria since 1983. Total Technology is also the authorized representative in Nigeria for Primavera and PertMaster. Additional information about Dr. Okereke can be found at (to link to breaking news article that introduced Okereke as correspondent). More information about Total Technology Consultants can be found at <http://www.totaltechnologyconsultants.org/>. Chima can be contacted at OkerekeOC@gmail.com.