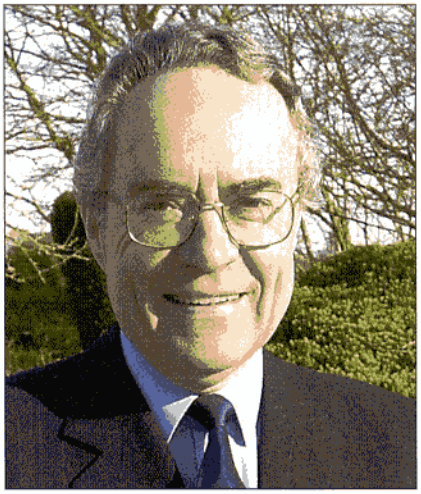
The Association for
Project Management

YEARBOOK 2003/2004





Watching a creative revolution

Dr Martin Barnes
President of the Association for Project Management

This year is an important one for the business and profession of project management and for APM. 2003 is not a particularly memorable date but there is so much going on in project management and in APM that we may well remember 2003 when we come to look back upon it.

The business of project management and its derivative, programme management, is rapidly becoming more widespread and more influential, not just in the UK of course but internationally. The biggest area of growth is not in the traditional areas of IT, construction and engineering but in the management of human enterprises of all types – not just in businesses but in governments, public institutions generally and wherever a group of people takes on a task with a purpose and works together to get it done. At the recent World Project Management Congress in Moscow, Roland Gareis from Vienna even included in his address a description of how he had got his wife and children into the habit of managing all their various personal enterprises as projects. Although few of us project managers have 'drilled down' the application of our skills to that level, and might hit some 'cultural barriers' if we ever tried, the point is sound. Project management is applied now more widely than ever before, but the untapped range of application is still hugely greater than the tapped.

It is refreshing that the leaders in our profession and our academic supporters are beginning to take a new look at the techniques of project management. The idea that there might be a leap forward that we could take so that what we did was even more effective is compelling. After 40 years of creative evolution as the process for developing our skills and technology, it must be worth a look to see if there might now be a creative revolution round the corner. If there is, we can be sure that APM, through its institutions and members, will be in the forefront of the revolution.

I have a personal view, which I know is not shared by many, that the next generation of project management developments could lead to organisations getting most of the benefits of our work through a much more focused application of only the core skills. I suspect that my own view of which are the core skills might also not be shared by many. We can be sure that the debate is going to be very exciting and that it will not conclude quickly.

In the meantime, here is the 2003-2004 APM Yearbook. As always, it is a valuable and interesting compendium of what is happening in the Association now and of what the businesses working in project management have to offer. It is a sign of our vitality that there is more to say about both in each passing year.

Martin Barnes was appointed President of APM in 2003. He was one of the founder members of APM in 1972 - his membership number is 10. Always active in the Association, he is an Hon Fellow and was chairman during the 1980s. A practising project manager throughout his career, Martin has been behind a number of developments in professional technique. Now in semi-retirement, he has two interesting projects currently under his wing and is also Executive Director of the Major Projects Association.

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£25 (Free to APM members)

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Pulling it all together – globally

John McLaughlin

I like this job – that is the job of helping to pull together the second Yearbook for APM that I have been involved in. We, the Editorial Board that is, treat it as a project (novel idea you might say) and deliver the result in September. While writing this in advance of publication day, I fully expect to achieve delivery to time and to cost – I will leave our readers to judge the quality and value for money of the end result.

Once the dust has settled from the previous issue, the Board gets together before Christmas to review its past performance, together with comments from readers and from the Branches and SIGs. We do debate whether APM should continue to publish the Yearbook (a resounding 'yes' this time), what its objectives should be and the value it offers to its members, both individual and corporate.

There are three project phases – theme design, theme development and production delivery. It only takes one meeting and a brilliant idea to create the design theme – this year's being based on international project management – together with its key sub-themes. Unwittingly a structure emerges for theme development (a responsibility breakdown structure) where the 'owners' (Editorial Board members) of the sub-themes and sections are agreed. Finally production and delivery of the 16,000 print run is scheduled, working back from publication date.

The Editorial Board is made up jointly of volunteer APM members and staff from impact! as editor. Themes, their content and their provision, are mainly managed by APM members. Their extensive network of contacts never fails to produce views and case studies, which I hope will appeal to and stimulate our readers.

Deborah Boyce, the editor, (or Ruby Tuesday as we prefer to call her – it is a long story) edits the content and Colin Bryer manages delivery of the layout. Vicki Gardner makes the whole project financially viable by persuading our corporate members and others to advertise and promote their services. We are indebted to them for their support and I hope that the corporate members feel their support has been repaid by the quality of the content and the look and feel of the book.

Robust

This year we set out to demonstrate the robust position that APM occupies within the worldwide community and the influence of its members, individual and corporate, internationally. I have given below a snapshot of the sections and articles.

The section on *Building a worldwide community* examines the role of APM within the wider community that is the International Project Management Association (IPMA). As you will read, APM and IPMA are closely tied and APM's influence on the direction of international project management is second to none.

Our younger project managers – the Young Crew movement whose raison d'etre is to provide experience exchange and identify the needs of the young and provide opportunities for interaction and information exchange - are breaking down cultural barriers and extending their influence widely.

John McLaughlin has been a member of the APM for 20 years. He is a Fellow and has served on Council, the Executive Board and as chair of the Thames Valley Branch. He presently chairs APM's Editorial Board. He is a consultant with The Nichols Group based in London.



The Nichols Group is an independent management consultancy specialising in programme and project management in Rail, Health, Education and Financial Services and is a corporate member of APM.

Recommended website *www.blackboard.com*

Principles

In the section *World Aid*, project management has reached far out into Africa and the Middle East. Disasters and their subsequent aid and reconstruction programmes are world issues and highly political. Here project management principles and management training are helping solve the aftermath.

World beaters is where some of our corporate members can raise their voice about their successes on the international scene.

Davis Langdon & Everest, London are working with the Hungarian Ministry of Youth and Sports to provide project management and cost consultancy services for a new facility suitable for hosting sport events and large scale performances.

Prague suffered extensive flooding in August 2002. The Hilton Hotel in Prague employed Gleeds with the goal of being the first flooded 5-star hotel up and running again after the floods. Read on to find out if they succeeded.

Turner & Townsend illustrate their experiences in Africa with four examples of projects. Each project is characterized by the inclusion within the team of previously disadvantaged companies and individuals. This form of skills transfer should in time increase the spread of project management throughout Africa.

SharpOWL, a prospective corporate member, is supporting a global clinical research company to replace its disparate time and expense systems with web-based software that use one global database. *(Continued on page 8)*

For those who regularly use the London Tube, please note that Osprey Mott MacDonald has contributed to an improved musical environment. Their efforts means we can now better appreciate the talents of gifted buskers.

RWE NUKEM, one of the UK's leading independent nuclear engineering, consultancy and support service providers, were commissioned to treat radioactive liquid effluent from the decommissioning of the Russian Pacific nuclear fleet. David Field's work on this project won him APM's Project Manager of the Year award in 2001. David updates us with his progress in Russia.

Bill Hardman advocates that appreciation of *Power Distance* can help managers negotiate working solutions that are acceptable to international corporate clients, local management and staff. Some useful pieces of research are referenced.

Transform

Olivier d'Herbemont introduces the French word for project and how to energise project actors to perform the actions needed to realise their project objectives. Olivier says we can learn from the famous Russian linguist, Propp, to transform your change project into an exciting quest. There are some useful references to help further understanding.

In *A united world*, we parade our overseas branches. We have contributions from Hong Kong and Singapore covering Partnering, Knowledge Management and the Private Finance Initiative – far eastern style.

Alexandre Rodrigues introduces earned value as practised in Portugal. In countries where project management culture is not well established, as in Portugal, Alexandre insists that companies must first improve their estimating and planning processes before implementing EV.

An educated world focuses on APM's influence on education, training and qualifications abroad. Sue Beavil updates us on APM's role in the development and delivery of project management qualifications and certification schemes, making APM widely recognised throughout the world.

Miles Shepherd covers his trip to China. Many huge construction projects are taking place and they have a wide spread of social, economic and engineering implications that they are managing effectively. Clearly there are opportunities to develop a certification scheme for China but there are special challenges.

Steve Hinge, a past student of Henley Management College, one of APM's Higher Education Institutes, defies the distance between here and New Zealand and discusses his e-project relationships with his MBA students.

Scott Wilson Kirkpatrick describes its training experience in Vietnam and PMP Professional explains training in Hong Kong and Singapore.

Jens Peter Jensen, CIE Consultant for the Cambridge Diploma in Project Management, discusses the concept of competence and its implications in different environments

We also list the organisations accredited by APM for the delivery of training needs. Corporate members are identified in bold.

In *The world ahead* – looking to the future, we attempt to look ahead at developments in the project world. Rodney Turner, a Vice President of APM, focuses on three issues – certification, accreditation and standards, research and extending project management into new territories.

Bill McElroy, of the Nichols Group, questions whether the predominantly western models of project management are as appropriate in other cultures that we may encounter as global project managers?

Investment

Sir Stephen Brown, KCVO, and Group Chief Executive of British Trade International, (soon to be UK Trade and Investment) the British Government's organisation for promoting trade and investment overseas, gives the Government's perspective on winning projects overseas and the support they can give UK companies pursuing these projects.

Terry Cooke-Davies of Human Systems Limited, a contributor last year, makes the case for research into project management and in particular focusing on what works and what does not.

Michael E Shomberg, Vice President – Marketing for Primavera Systems, advocates that in order to achieve the required visibility of their operations, ROI and time-to-market, organisations have taken a multi-level approach which goes beyond simple project management, that of project portfolio management (PPM).

A number of our authors have offered to provide a website address that they have found useful in their research or professional career – give them a try and contact the authors if you want more information.

I would like to thank all our authors this year – they have made a major contribution to the success of this Yearbook.

The success of the APM Year Book depends so much upon the quality of its authors. If you would like to be considered for the next one please contact Deborah Boyce or myself.

Finally, I wish to acknowledge the company that pays my salary, the Nichols Group, for their support while carrying out the many tasks related to the production of this Yearbook.

www.nicholsgroup.co.uk

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The global growth of Earned Value

Alexandre Rodrigues

Earned Value Management (EVM) and Earned Value Analysis (EVA) are terms increasingly familiar to the project management community, from team members to senior executives. I will use the term EVM throughout this article, as it provides a wider context for the application of this important technique.

Can EVM be just a temporary fad, or can it be a proven best practice that is here to stay, worth the attention of project-oriented organisations? I will try to answer this question by looking at the international scene.

From the US, where the technique was first introduced by NASA and the Department of Defense back in 1962, to the UK, Portugal and Japan, it looks like EVM is catching the attention of a wide variety of working cultures around the globe.The Project Management Body of Knowledge (PMBoK), published by the Project Management Institute (PMI) refers to EVM as '...the most commonly used method of performance measurement'. The key concepts underlying EVM are described in the PMBoK, and are translated into several languages. Around the globe, candidates for the PMP certification are thereby required to be familiar with this technique. Meanwhile, an approach to standard developed in the UK by the Association for Project Management's Earned Value Specific Interest Group has recently been adopted by Japan as the working basis for their national standard.

In Portugal, some of the largest programmes ever executed with high public visibility, such as the multi-million Euros 1998 Lisbon World Fare and the currently underway Euro 2004 Programme (football for those not so acquainted), have both found in EVM the tool of choice for their control system. Overall, it looks as if solid roots have been established for EVM to grow and prosper as a best practice in the international scene.

However, despite these facts, great challenges are still to be faced. What are the needs that can really justify the implementation of EVM? How long can it take, and how much can it cost an organisation to adopt? What phases should this process follow? What are the risks, the solutions, and the
success factors? These are questions that must be addressed up-front by any organisation considering the use of EVM. Unfortunately, lessons learned do not abound, at least publicly. In the remainder of this article, I will try to summarise some findings from the international scene.

Let us first look at the adoption process. In Portugal, the first known attempt at a large-scale application of EVM took place in 1998, when António Laranjo was handed the challenge of managing the Lisbon World Fare, where hundreds of construction projects were underway. Looking for a means to accurately monitor and control the overall programme status, he invested a great deal of effort in the development and implementation of a powerful customised information system. A Project Support Office (PSO) with staff fully dedicated to data collection was established.

António Laranjo, stated: "I needed to know where delays and overruns were likely to emerge, and the logical paths in the network diagram alone were leading me nowhere in the analysis. I needed a more aggregated view of what was happening in the crucial areas of the programme."



Alexandre Rodrigues is Assistant Professor in the Department of Information Systems at the School of Engineering, University of Minho in Portugal, chief executive of PMO Consulting and president of PMI-Portugal Chapter. He holds a PhD in project management from the University of Strathclyde.

Recommended website: www.cpm-pmi.org

This same information system and project office team were improved upon and EVM is once again being used to control the building of 10 stadiums and surrounding infrastructure for the Euro 2004 program. At the time this article is being written, UEFA, European football's administrative authority, has just reviewed the programme status and declared to the press that success was well within the horizon.

The success of this practical application of EVM depended on a number of factors, but primarily on access to expert knowledge, senior management commitment to provide budget, a dedicated team, and a great deal of determination to collect and validate data in a timely manner.

It is public knowledge that Microsoft is establishing local project offices. At Microsoft-Portugal, where a matrix organisation executes several IT projects, the adoption process started with training, where I had the chance to introduce EVM as a core technique of their project management process. EVM was well received as João Almeida, a project manager reports:

"The motivation to use EVM was to have a clearer picture of the current project progress and thereby to enable more intelligent decision-making."

An early conclusion however was that EVM required realistic baselines, well structured project plans and the input of data from project team members. Having well defined life-cycles for each type of project, integration with enterprise accounting tools was perceived as a must. Ensuring that the project team was aware of the use and benefits of EVM was also found to be essential. From pilot implementation, the adoption of EVM is now following a roll-out process, while being powered 'by example' by champion project managers who attended the training sessions.

In countries where the project management culture is not well established, as in Portugal, I have found it essential that, prior to implementing EVM, companies must first learn to do proper estimating based on historical information and proper planning, in particular work breakdown structure



The home ground of SL Benfica in Portugal is one of the 10 soccer stadiums being built for the European championships in 2004. All of the construction work on all of the stadiums and the surrounding infrastructure is being controlled by EVM.

(WBS)-based scope definition and scheduling techniques. Senior managers are highly receptive to the benefits of EVM, which are fairly easy to convey based on interesting graphs and performance indicators. However, as Wayne Abba, Immediate Past President of the College of Performance Measurement and Representative to the PMI Board of Directors, states: "It makes no sense to superimpose EVM on top of a dysfunctional process."

The use of EVM requires and brings discipline to the project management process, and this appears to be true worldwide. While in Portugal I have been finding that at least one to two years are needed to implement EVM in the average large company, Wayne Abba refers to a minimum of six months for pilot implementation and a further two-year period for a full company-wide roll-out. I understand Steve Wake in the UK, APM's Earned Value SIG Chairman, advocates that a nine month period is critical to win the battle, even if it does not cover the whole organisation.

Risks common in the US, UK and Portugal are the natural reluctance of individuals to see their performance being measured, and from management to see non-green project status. Also a serious risk is the lack of technical knowledge from management, project managers and team members about the technique. Sharing the vision is also crucial, coupled with top-management support, which is definitely a must. Continuous project management training, communication of benefits within the organisation, reinforcement and actual use of data in making decisions, are all key factors of success. Software tools that support project planning, data collection and implementation of the EVM model are a basic requirement.

In my personal view, once an organisation develops the capabilities to produce realistic estimates and to develop and maintain updated project plans, the use of EVM, with all its tangible benefits of performance reporting and forecasting, clearly becomes the cherry on top of the cake.

The use of EVM is rapidly increasing worldwide. In the UK, back in 1995, when I did some research on project management simulation tools for a large UK defence company, Earned Value was already in use. Currently, I understand that the MoD, Office of Government Commerce, National Audit Office, BAE Systems, Thales, Rolls Royce, Terminal 5, Network Rail, Transport for London, among others, are all using or starting to use EVM. My experience with training in the UK has been that smaller private firms are currently using or interested in using EVM.

In the US, the technique is rapidly increasing, although there are no figures available. Japan is taking a very active interest in EVM, led by many elements of society including government, industry, professional associations and the press. In Portugal the use of EVM has been confined to a few large civil construction programmes sponsored by the government and led by particular individuals interested in the technique. However, from my experience with training and consulting, interest is growing in the private sector, from pharmaceuticals to telecommunications. Nevertheless, to be successful with EVM, Southern European countries need to catch up with the cultural changes required in the workplace to enable project management techniques to work.

There is plenty of ground for useful research around the EVM technique. It is worth mentioning that the EVM model, as a quantitative technique, does not have a definitive format. The forecasting component of the model and the measurement of schedule performance (the SPI indicator) need improvement. For example, I often use modified versions of SPI to ensure that historical information on schedule performance of completed work is retained. Quality performance measurement is also an issue not addressed explicitly by the current EVM model. My experience in working with António Laranjo on this issue suggests that a QPI index can be developed to support quality control throughout the project. Finally, not all tasks in the WBS are equally important for forecasting purposes.

EVM is crucial for effective project management. The overall picture is one of an emergent best practice that will grow in use and awareness in the years to come. It implies organisational commitment, management support, cultural changes, research, information systems, and technical expertise. It delivers a disciplined, systematic and rigorous project management process, where intuition and empiricism lose ground to a more scientific managerial decision-making.

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