Effective leadership
The key attributes for a Project Manager

Satorp
Saudi mega project takes shape

CHALLENGES IN THE ENERGY INDUSTRY
BOOM & BUST : ISLAMIC FINANCE TO THE RESCUE?
The Gulf Project Magazine is a professional magazine published quarterly by the Project Management Institute - Arabian Gulf Chapter (PMI-AGC). It is circulated to all PMI-AGC members and about 7000 copies of the magazine are distributed throughout the Gulf region.

PMI-AGC is a non-profit professional organisation set up to promote project management in the Gulf region by:

- fostering professionalism in the management of projects
- advancing the quality and reach of project management
- stimulating project management application to the benefit of the industries, organisations and the public communities we serve.

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**Editor in Chief’s Message**

In the headline are some of the adjectives we think reflect the launch issue of the new-look PMI-AGC Gulf Project magazine. We hope you like it.

The new format seeks to present a more modern, international feel, befitting project management practitioners in the dynamic Arabian Gulf region in which we operate.

Editorially, we aim to inject a new edge too. In this issue we launch the PMI-AGC Project Report series – an in-depth update of a major project in the region. We kick off in Jubail, Saudi Arabia, where our editorial team visited the site of the $10 billion SATORP oil refinery joint venture to learn more about this world-scale project.

Although we will continuously strive to improve content, the magazine will remain true to its principles – to provide a Forum for the exchange of opinions and ideas among project management practitioners in the dynamic Arabian Gulf region in which we operate.

In keeping with our commitment to achieving the highest standards for the magazine, we urge you to continue submitting articles to us (please e-mail amalgassab@gmail.com) and we guarantee all submissions will be given serious consideration for inclusion.

Enjoy the issue.

**President’s Message**

It is my pleasure to communicate with our members through this rejuvenated edition of PMI-AGC magazine. It is indeed my privilege to lead the Chapter, together with its elected board members. Our objective is to provide greater value to project management professionals, grow chapter membership, increase membership benefits, and further our collective capabilities.

Since my appointment as Chapter president in May 2011, the board and I have endeavoured to deliver improved services and greater value to our Chapter members by building on the solid foundations of our predecessors. I am honored to serve and lead PMI-AGC into 2012 and beyond.

Although I am not new to PMI, nor to the AGC, I am always reassured and pleased to see so many passionate volunteers, professionals and advocates who all wish to advance our goals within the framework of our core values and PMI’s Code of Conduct.

PMI-AGC has indeed a very bright future ahead. We have grown admirably to fifth rank from approximately 273 chapters worldwide. We have increased our services, improved our offerings, addressed gaps in our governance structure, and updated our bylaws. We are now focusing more on aspects that help in organisational maturity, outreach programs, establishing student bodies, partnering with government institutions and funding research that is focused on our region’s trends. The board is also working on improving development opportunities for our volunteers and officers.

An area that we recognise needs much more work is in marketing who we are, how we can support project management professionals, and the value we bring to individuals and organisations. We need to work more diligently on branding and visibility, as well as continue to work on our delivery of quality programmes and activities.

This is an exciting time for all of us, with tremendous opportunities. I invite you to be an active participant in this change. The board looks forward to your feedback, comments, ideas and contributions. We urge you to communicate more frequently with your Chapter officers.

Best regards,

Hashim

**ABDUL MAJEED AL GASSAB**

PRESIDENT, PMI-AGC BAHRAIN

EDITOR-IN-CHIEF

**HASHIM AL RIFAAI**

PRESIDENT, PMI-AGC

**MESSAGE**
Become a member online!

Applying to become a PMI-AGC member is easier than ever with our online application process. Follow these simple steps:

1. Log in to http://www.pmi.org/Membership.aspx
2. Click on Join/Renew
3. Choose the PMI Membership USD$129 to join
4. This should take you to this website: http://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00100147500
5. Before clicking on Add to Cart, click on Chapter. Then choose country under your PMI-AGC, listed as Qatar, Saudi Arabia, Kuwait, Oman, Bahrain and Yemen. For example, if you choose Qatar, the contact and chapter charges, US$20 per year, will be listed
6. Click on Join
7. Click to Add to Cart
8. You will now have both in the cart as separate icons: PMI Joining Fees and AGC Joining Fees (US$129 and US$20 respectively, US$149 total
9. Click on Checkout
10. Please complete the application by creating an account, and follow instructions, then pay by credit card

Welcome to PMI-AGC dear member, and please do not hesitate to contact PMI-AGC for any queries that you may have.

New regional appointments announced

Wael Al Jasem
Iman Al Gharabally
Mohamed Rafik Babu
Rami Al Haddad

Heshim M Al Rifaai was elected as PMI-AGC president in May following the resignation of Mohammed Hammad. The decision to appoint Al Rifai to the post was taken at a PMI-AGC board meeting in Dubai, 15 May 2011. He was one of four qualified candidates nominated for the post, which was voted on by nine board members in a secret ballot.

Al Rifai is already a familiar face in the region, having served as Kuwait region president for several years, as well as being chairman of two consecutive PMI-AGC Conferences held in Bahrain. In addition to the appointment of Al Rifai, the board also appointed Abud N. Komel as senior vice president, Admin & PR with immediate effect, replacing Anthony Ikhumokpa, who also tendered his resignation earlier this year.

The board also unanimously agreed to appoint Wael Al Jasem as Al Rifai’s successor as Kuwait Region President, PMI-AGC; Iman Al Gharabally, who has succeeded Mohammad R Al Ajmi as Kuwait vice president Membership & PR; PMI-AGC; Rami Al Haddad, who was appointed Kuwait vice president, Finance & Administration, PMI-AGC; and Mohamed Rafik Babu, appointed as Kuwait director of IT & Publications, PMI-AGC.

The Kuwait team congratulates the new appointees, while offering best wishes to those who left the Chapter in their future endeavours.

Scope management discussed in Oman

The differences between theoretical and practical approaches to scope management were the subject of a presentation in Muscat, Oman on 21 May 2011.

The presentation, delivered at the PMI-AGC’s Oman branch by certified Project Management Professional (PMP) Rifai Saleem, was dubbed Scope Management: Theory vs. Practical. It touched upon many aspects of scope management, including the involvement of stakeholders in a process, avoiding last minute crisis as well as elements that affect the success of a project.

“Scope Management has to be managed properly from the start as it does not only cover a project. It has a lot to do with the people involved,” he told the gathering, adding that a project’s outcome greatly depends on how the scope is managed.

Saleem, who has managed more than 100 projects, some valued at more than $10 million, has an outstanding track record in IT projects and pursuits in Oman and Sri Lanka, having assisted in many ventures undertaken by small and large organisations in automating their work practices.

The presentation was attended by PMI-AGC Oman branch members from various sectors, with the aim of imparting to other members, especially new employees, their experience and knowledge in project management.

“We encourage members to participate in presentations and site visits for them to expand their knowledge and their network as well,” he added.

Al Hajri said the PMI-AGC Oman branch, which currently has 80 members, is an active chapter for project managers who aspire to gain more knowledge, share ideas, get certifications and expand their capabilities in the said field.

“Our goal is to double our membership by the end of this year. We have many events, which include talks, presentations and visits to different management areas and companies, which can be beneficial to members,” he said.
Members visit key real estate project

**Bahrain**

Members and guests of the PMI-AGC Bahrain branch attended a seminar at a major real estate development site on 18 June.

More than 60 engineers, consultants, and contractors attended the seminar at the Saar Central site. The seminar, which focused on the challenges and opportunities in the real estate market, specifically looking at Saar Central as a case study and success story.

Speaking at the presentation, Nader Al Qassab, board member of Sakan Development Company, which owns Saar Central, told the seminar: "From the very start of the project, we made sure to adhere to our standards and procedures when working up the specific planning phases of Saar Central, specifically focusing on portfolio management. For these reasons, we have been able to complete Saar Central to highest quality standards by partnering with some of the Kingdom’s leading contractors and architects, something which is very important to us and that we take great pride in. A great deal of planning, surveying, and forward-thinking went into developing the Saar Central concept and we and our shareholders are very happy with the way the project has materialised."

Saar Central, which is managed by Capinvest, is located on a 65,000 sq m area and offers a mix of 82 villas of varied size and appointment, each with private swimming pool, parking, and a minimum of four bedrooms.

Congratulations Saar Central on its accomplishments and handling over an official certificate of appreciation, Abdul Majeed Al Gassab, PMI-AGC Bahrain region president, said: “Saar Central is a prime example of a fantastic real estate development project in Bahrain. It is a great success story of development that is complete, fully operational and ready for handover despite the real estate slump and challenging economic climate in recent years. Saar Central has succeeded in meeting the requirements of the PM practices and has adhered to the correct project management procedures, which is why great results have been achieved. I would like to congratulate Saar Central on this great project and we are glad to be here today to witness the fruits of its success.”

**Dubai**

PMI-AGC UAE-Dubai Branch held a panel discussion seminar titled ‘The Challenges facing the Project Management Offices - PMO in practice’ at the Shangri-La Hotel.

The panel consisted of UAE region institute president Salah Bu Falah, the Director of the chairman’s office of Dubai’s Roads and Transport Authority (RTA) Leila Faridoon, and IBM’s Maged Wissam. PMI-AGC Chapter president Mohammed Hammad was also present.

According to the Branch, more than 150 engineers and project managers attended the event, and shared the challenges they had met in their experiences of building and developing project management offices within their organisations or in the region, and the practical solutions to these challenges.

Ms Faridoon delivered a presentation about the unique experiences of the Office of Programme and Project Management at the RTA, through which the authority managed to support decision-making, co-ordination and follow-up with all concerned to complete major projects on schedule and in line with RTA’s strategic plans.

Earned Value Management in focus

**Oman**

A technical presentation on Earned Value Management (EVM) was held at the National Bank of Oman’s (NBO) head office in Ruwi, Oman.

The event, headed by project management professional and PMI-AGC member Mohammed Al Hadeethi, aimed at imparting the value, policies and best practices of EVM, considered a proven tool in integrating cost, time and physical completion against a defined scope of work.

The presentation was an opportunity for members to learn more about EVM and make sense of planned value, earned value, cost variance, schedule performance index, among other things, said outgoing PMI-AGC Oman branch president Nasser Al Hajri: “We are very pleased to have members who are generous in sharing their knowledge with their co-members. EVM enables the creation of a baseline plan against which performance can be measured during project execution. Furthermore, it provides a sound basis for problem identification, corrective actions and management re-planning as required.”

**Al Ain**

Because of this trait PMI is assured of its role in the Construction Industry. An overview of common pitfalls respectively, which dealt with the explanation of claims, sources of claims, principal types of claims, claim procedures and conditions and the common pitfalls and myths.

The event, held at the Rotana Hotel, was sponsored by Al Ain City Municipality.

Procurement management issues raised

The key challenges relating to procurement management were highlighted in Al Ain on 14 June 2011 at a presentations event hosted by PMI-AGC UAE–Al Ain Branch.

While contemporary construction project managers are very keen to be knowledgeable and qualified in project management and technical fields to support their work, legal requirements and consequences associated with managing procurement activities still an area of knowledge shortage for huge number of construction project managers.

Two guest speakers from international law firm Freshfields Bruckhaus Deringer delivered technical presentations covering procurement methodologies, claim protection methodologies, legal issues relating to contracting in the GCC region, claimanalysisandsupplementenagement, with the aim of raising awareness of these issues.

In his presentation, entitled ‘Methods of Project Procurement - Traditional, Design Build or otherwise?’, Joseph Huse covered the explanation of FIDIC forms of contract, the advantages and disadvantages of EPC (engineering, procurement and construction)/turnkey contracts and the key features of these contracts.

Meanwhile Heba Osman delivered a presentation entitled ‘Claims in the Construction Industry: An overview of common pitfalls respectively’, which explained the explanation of claims, sources of claims, principal types of claims, claim procedures and conditions and the common pitfalls and myths.
PMI-AGC Bahrain branch recently hosted a FIDIC (Fédération Internationale Des Ingénieurs-Conseils) seminar on project management in the Kingdom.

Norton Rose (Middle East) partner Joanne Emerson Taqi and PMI-AGC Bahrain region technical events director Riwan Muntaz gave presentations at the event, held at the Bahrain Society of Engineers’ premises in Manama.

Present at the event, sponsored by the Ithmaar Development Company (IDC), were IDC chief executive officer Mohammed Khalil Alsayed, PMI-AGC region president Abdul Majed Al Gassab, PMI-AGC Bahrain area vice-president Abdul Nabi Al Sabah, along with invited guests and participants.

Abdul Majeed Al Gassab (fourth from left), Mohamed Khalil Alsayed (fourth from right), Riwan Muntaz (second from right), with other participants

Abdulaziz Al Yousefi (left), a member of the PMI-AGC UAE-Dubai branch, delivered a technical presentation titled Total Value Management – The Synergy of Value Management, TQM &

Abdulaziz Al Yousefi receives a certificate of appreciation

Delegates listen to the presentation

PMI-AGC Iraq successfully conducted its first technical presentation on 7 May 2011. The presentation was delivered by Zaid M Elias, MSc in project management and assistant professor in the University of Mosul in Iraq, was entitled: "Scheduling techniques: Applied on the reconstruction project of Al-Sarafiy Brigde". The presentation was given at the Scientific Center at the University of Mosul.

PMI-AGC KSA Central Region hosted an Iftar event on 22 August 2011 at which PMI-AGC vice president Samir Ashour and the Board of Directors took the opportunity to canvass the opinions of members on selected topics decided mutually by board members.

Iftar tables were arranged in a round table format to facilitate the idea, and the following topics were distributed to members for consideration:

1. How can we share in teaching our children Project Management?
2. How can PMI-AGC help project managers more in the Central Region?
3. How can earned value be a practical application in managing projects?
4. Risk management – practical application in projects
5. Ideas for managing work stresses
6. Is your schedule correct? Common scheduling mistakes and how to avoid them
7. What are the five essential qualities a Project Manager must possess?
8. What is Agile Methodology and why use it in Project Management?

Each table member was asked to select one topic and discuss it among other members during the course of the Iftar dinner. One member was then selected to present the discussion in two to three minutes to the other members.

The Iftar event, held at the Marriot Hotel Riyadh, was highly appreciated by members and the broad participation of members in the discussion, which concluded with a speech from Samir Ashour.

PMI-AGC KSA Central Region members at the Iftar event

Abdulmajeed Al Gassab (fourth from left), Mohamed Khalil Alsayed (fourth from right), with other participants

A participant delivers a presentation

Samir Ashour

PMI-AGC Oman branch recently conducted a presentation entitled ‘Subconcious Reloaded’. As a commitment to its members, PMI makes it a point that all members are equipped with knowledge not only for technical know-how but also overall development
Panel discusses talent improvement

The challenges of managing and improving talent in a project team was the focus of a panel discussion in Al Khobar, Saudi Arabia in July. The Panel Discussion, entitled ‘PM Challenges: Talent Management & Talent Improvement,’ discussed the challenges of talent management, improving the project manager’s skills as a leader and improving his/her team members’ talents.

Topics including The Character and the Challenge; Knowledge and Experience; Credentials and Certification; Depth and Breadth of Knowledge and Experience in the Field of Practice, and Leadership. A delegation from PMI-AGC recently visited the PMI Global Congress in Dallas, USA. During the Congress, PMI-AGC signed an Academic Scholarship Agreement with the PMI Educational Foundation. In picture from left: Debra Miersma, PMIEF Secretary; Dr. Khalid Kamal Naji, President AGC Qatar; Abul Kamal, AGC SVP Admin & PR; Lew Gedansky, PMIEF Executive Director; Hashim al Rifai, AGC President, Salim Bhuria, AGC Director Certification & Education and John Richards, PMIEF Chair.

Challenges in Talent Improvement and Mentoring were explored. Hamam Chekfeh, Business Unit General Manager (Infrastructure and Environment) at WorleyParsons Arabia Limited, and Hisham Khayyat, Vice President, Business Development for Mustang-Al Hejeilan in Saudi Arabia, participated on the panel, which was mediated by Ryan Aklhakaki, Vice President of Eastern Region for PMI-AGC KSA.

The panel discussion, held at the Hotel Sofitel Al Khobar The Corniche, was followed by a dinner.

ERP impact studied in technical presentation

The role and impact of project management on the successful implementation of enterprise resources planning (ERP)/enterprise system (ES) was the subject of a technical presentation delivered in Riyadh on 12 July 2011.

The presentation, delivered by Raed Skaf at the Marriott Hotel, Riyadh, explored ERP software and differences with legacy systems. It highlighted the obstacles project managers usually face to implement ES. It also explained what their projects and see the deliverables, test them, modify the design, change the quality parameters and more.”

An IT Project Management specialist, Faqieh has delivered consulting services to many organisations in both public and private sectors. He has also provided consulting on many training programs related to IT Project Management and Project Management Information Systems.

Virtual technologies and their benefits to project managers were the subject of a presentation given in Jeddah in June by consultant and instructor Ahmad Faqieh.

“The need to manage virtual teams is growing more and more every day,” he told the audience. “The ability to offer project managers and teams collaborative 3D environments that can simulate the real environment is a competitive advantage all organisations would like to have.”

Faqieh pointed out that virtual world technologies promise to offer more than just a simulated environment. “It is a virtual place where project managers can meet, learn new skills, communicate and collaborate regardless of where they are. In addition, they can make prototypes of their projects and see the deliverables, test them, modify the design, change the quality parameters and more.”

The presentation was attended by a large group of members and an extended Question and Answer session suggested the audience grasped the topic with high interest. The presentation was concluded by a closing speech by Samir Ashour, which was followed by dinner.

Skaf received the IHR Middle East Best Project Manager of the Year 2008, and Middle East Project Management Company of the year 2008 for the PMO Department he established. Has was also Best Employee of the year in 2008 at Oger Systems Company.

Approximately 120 PMI-AGC members attended a Ramadan Iftar party at the Holiday Inn Corniche Hotel in Al Khobar, Saudi Arabia on 14 August 2011. PMI-AGC KSA region president Ibrahim Khader and Eastern Province vice president Ryan Aklhakaki were in attendance.

Panel discusses talent improvement
Panel members discuss the importance of professional project management certificates

Challenges facing the energy industry were discussed and addressed at the second PMI-AGC Energy Forum: DMS Debates at the Regency Hotel in Kuwait City.

Among the commercial and technical challenges under discussion were escalating costs during market booms and cut backs during market downturns. Highlights of the event included interactive debates with industry leaders, decision makers and experts, including a panel discussion on the Importance of Professional Project Management Certification led by PMI-AGC Kuwait president Wael Al Jasem.

A range of speakers from local, regional and international energy-related companies also made presentations. These included oil services company ADMA-OPCO (Abu Dhabi Marine Areas Operating Company); consultancy and project management services provider AMEC; Bahrain Petroleum Company (Bapco); consultancy Accenture; logistics firm Agility; Kuwaiti consulting engineers Dar SNH; risk management firm AON; Kuwait Petroleum Corporation (KPC); CH2M Hill; Larsen and Toubro, ISCO (International Spill Control Organisation); Technicas Rosinidas, Brisk Consulting, Throe, PMI-AGC, Kuwait National Petroleum Company (KNPC), Kuwait Oil Company (KOC), Trust Re, WorleyParsons and Zakum Development Company (ZADCO).

Open debate was the aim of the day, and speakers were encouraged to freely express their views. The debates were intended to be free of preconceptions, biases or positions.

The debate at the Regency Hotel in Kuwait City was part of the second PMI-AGC Energy Forum: DMS Debates in Kuwait;

The Chapter president said that during the 2008 recession many large and expensive projects were cancelled or shelved; however, now many of them were back online for execution.

The demand for certified project managers is on the rise, he continued, pointing out that there are currently more than 490,000 credentialed PMPs worldwide.

The main lesson learnt is that the change in the market environment is part of our daily life and as project managers, and as dictated in our body of knowledge, we need to be practical and agile in dealing with market risks and changes impacting our projects,” Mr Al Rifaii explained.

He said the project management industry faces numerous challenges, and that many projects had failed because they were either poorly conceived, poorly managed, experienced a failure in communication, or ran over budget.

“PMI is helping address these critical areas by regularly updating a suite of standards, guidelines and frameworks which together help reduce these risks,” he said.

“Its international standards are becoming more structured and the body of knowledge is more holistic.”

PMI-AGC is also diversifying its services to its regional members and organisations by having different events such as training, best practice presentations, project site visits and the forum by partnering with Data Media Systems (DMS) Global.

“We do not represent owners or contractors but rather the project management community as a whole,” said Mr Al Rifaii.

“In setting up the PMI-AGC Energy Forum: DMS Debates it is very important to highlight that it’s purpose is not to influence company policies but to create a forum for discussing common issues. Being able to talk about the pros and cons of any issue is a real opportunity for all of us that we can only benefit from.”

He requested those present that they ‘shed off your company’s prejudices, biases, and positions.’

“Instead I urge you to focus on the intellectual debate and exchange in an atmosphere of learning and networking. This will not only help us enrich our industry, but will also enrich our own learning and to find better ways to work together. After all, do we not have the same objectives? To have a successful outcome for all stakeholders?” added Mr Al Rifaii.

“There are no winners or losers but a platform for intellectual debate without personal animosity.” I would even add that for some of the speakers today, their views may not necessarily represent their company or even their own.”

Debates is a neutral platform that allows professionals to debate potential solutions to current challenges in an open environment.

The motions put forward at this year’s Forum were: i) Project owners should increasingly adopt the Cost Plus model over Lump Sum Turn Key (LSTK) (54 per cent voted in favour) ii) Project insurance should be the responsibility of the project owner, not contractor (61 per cent voted in favour) iii) Project owners should increasingly adopt long term PMC contracts over PMC contracts for individual projects (40 per cent voted in favour).

According to the organisers, the PMI-AGC Energy Forum: DMS Debates is a neutral platform that allows professionals to debate potential solutions to current challenges in an open environment.

The motions put forward at this year’s Forum were:

i) Project owners should increasingly adopt the Cost Plus model over Lump Sum Turn Key (LSTK) (54 per cent voted in favour)

ii) Project insurance should be the responsibility of the project owner, not contractor (61 per cent voted in favour)

iii) Project owners should increasingly adopt long term PMC contracts over PMC contracts for individual projects (40 per cent voted in favour).
The role of the project manager is always debatable, as each professional project manager has their own considerations based on the project handled.

A consensus in the project management field is established as well, as according to the PMBOK (project management body of knowledge), the project manager is a facilitator, someone who makes sure the project team can work its way through a project smoothly with minimum obstacles, problems and conflicts.

In most cases, the type of team members’ characters dictates the role of the project manager.

According to the Douglas McGregor theory of human and workforce motivation developed in the 1960s, there are two types of workers: employee-X, who requires constant supervision and employee-Y, who requires facilitation and demands a good environment in which to function.

There is no doubt that the project manager will deal with employee-X using a rewards/punishment system – in effect, a ‘carrot-and the stick’ approach. On the other hand, he will be a true facilitator for employee-Y.

In construction projects, dealing with laborers (based on my experience in the Middle East) must follow the ‘carrot-and-stick’ strategy, otherwise the project will experience serious delays.

It is interesting here, to mention Theory Z, Dr William Ouchi’s ‘Japanese Management’ style popularised during the Asian economic boom of the 1980s. Ouchi’s employee-Z is the one who has loyalty to work and tends to be a workaholic. The project manager’s role with employee-Z is simply assigning the activity or the work package to the employee. The project manager then rests assured of the outcomes of employee-Z’s work.
Another attribute beside the team members’ characters is the type of organisation to which the project manager and the team belong. With limited authority enforced by functional organisation, the role of the project manager is to ensure all the communication channels between team members are secured within their functional managers.

On the other hand, in a projectised organisation where the project manager has the greatest authority, he is truly a facilitator. In a matrix organisation, the role is bit complicated as the project manager has authority and power, but with some restrictions placed upon him on the reward and punishment systems used.

Another attribute is related to the human resources interfaces. There are five major interfaces: technical (how departments are connected), organisational (what type of relations there are among organisational units), logistical (relocation of team members), political (the relation of team to stakeholders) and interpersonal (relations among the team members).

Each interface needs to be considered by the project manager, whose role is to make sure he understands the nature of such interfaces and how they will influence the team members.

I still believe that a project charter can solve all issues regarding the project manager’s role. If the project charter states clearly the power and authority of the project manager, his role will be clear and his role to facilitate the work of his team will be performed easily.

**ABOUT THE AUTHOR**

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Satorp

Comprising 13 separate packages and employing some 40,000 workers in total, the Saudi Aramco Total Refining and Petrochemical Project (Satorp) is currently the largest project being built in Saudi Arabia.

Gulf Project Magazine visited the site to find out more. 
It was on 22 June 2008 that the two oil giants, Saudi Aramco and Total signed the partnership for establishing a joint venture and thus, Saudi Aramco Total Refining & Petrochemical Company (Satorp) was established. A year later, in July the EPC contracts were awarded and work began to build one of the largest and most complex refineries in Saudi Arabia.

Since then, the multi-billion project remained on schedule and within budget. According to Satorp, as of end-October 2011, the overall project was 70 per cent complete.

The project will be commissioned in phases starting with utilities in mid-2012. The refinery, which is scheduled for completion by the fourth quarter of 2013, will have a capacity to handle 400,000 barrels per day of Arabian Heavy Crude, producing refined products (low sulphur gasoline, diesel and jet fuel) as well as 'significant' volumes of petrochemicals paraxylene, benzene and propylene. It will be the first grassroot Saudi Aramco project to manufacture petrochemicals. Lower value products such as petroleum coke and sulphur will also be produced.

The main project facilities include: refining plants; export facilities at King Fahd Industrial Port (KFIP); approximately 30km of pipeline corridor housing interconnecting pipelines; and a coke solid conveyor system providing a link between the new refinery and KFIP.

The refinery, which is scheduled for completion by the fourth quarter of 2013, will have a capacity to handle 400,000 barrels per day of Arabian Heavy Crude.
The project is aligned with the strategies of both shareholders Saudi Aramco and Total, to increase refining capacity in Saudi Arabia for export. Because it also has petrochemical elements Satorp is also a cornerstone of Saudi Aramco’s new diversified downstream business strategy.

The project has posed a number of interesting challenges to date. In its early stages, this included combining the talents and strengths of both shareholders in a new team, which had to create its own standards and specifications. Once Satorp was formed, the nature of the relationship changed. Both parties (Total and Saudi Aramco) had to adjust to the different operating cultures of the other partner, and learn to harness the strengths of each. We’re glad to say that in this respect both have brought their best people to the project.

The sheer size of the project is another obvious challenge. We have 13 construction packages, with several sub-contractors, around 40,000 workers and 5,000 pieces of equipment on site. Managing technical interfaces to ensure the engineering and construction is coordinated between the different contractors is a huge challenge, although we are very happy with the performance of the majority of the EPC contractors.

The project location has created unique challenges. We are the first investor in Jubail 2, building a world-class project and our interdependence on RC and KFIP is very important as aspect in the execution of the project; and must meet the standards of the Royal Commission for Jubail and Yanbu. The Royal Commission has throughout the project life been very supportive to the Satorp project.

Then there are operational factors. Recently, we celebrated a 1,500 tonne lift long 92 metres for the paraxylene column at the complex. Managing such super heavy lifts is very challenging.

Finally, the planning and allocation of resources has been a key area of focus for Satorp since the outset of the project. Yet there remains from time to time shortage of competent resources.

However, Satorp has managed to overcome all obstacles; and to-date, the project is being executed to the highest standards as demanded by its shareholders. We apply the latest risk management methodologies, and have a risk management set-up to mitigate any problems. We also have created our own project dashboard encompassing all critical KPIs.

Furthermore, to provide maximum support for local industries and service providers we have tried, where feasible and viable, to use products procured from local manufacturers and vendors.

Daniel Gunemwald concluded his remarks stating Total is very proud to be participating in this prestigious project in partnership with Saudi Aramco and I hope this is the springboard for more similar projects for Total elsewhere in the world.

Comments from the Project Directors, Daniel Grunemwald and Mr. Mohammed Hammad
Satorp is the first project being developed in the 2nd Industrial city in Jubail (Jubail-2), on land earmarked by the Royal Commission (RC) for Jubail for industrial development. Satorp says while RC is providing the supporting infrastructure, sea water for cooling, service water, waste water treatment facilities; and sewage and sewage treatment. However, these support systems will be operated by Marafiq as a service “utilities” provider to new industries.

According to Satorp, this mega project is unique in many ways. For example, it is the first hydrocarbon project to be partly-funded by issuing sukuk (Islamic-compliant bonds) certificates, which it says were three and a half times oversubscribed, and which raised $1 billion in just one week. Furthermore, the sheer size of the project - 12 construction packages, more than 5,000 pieces of equipment, and an ‘extraordinary’ amount of bulk material - presents unique logistical challenges, in particular the planning and coordinating of deliveries at KFIP, which are vital to keeping the project cost and schedule on track. Consequently, Satorp employs a dedicated team to develop and maintain a consolidated equipment erection programme, in collaboration with all EPC contractors.
Towards Total Plant’s Reliability Management

Saudi Aramco strongly believes in “Total Plant Reliability” - an infrastructure that supports organizational health, quality, safety and environmental integrity. To achieve the challenge of exploiting the Total Plant Reliability concept in place requires a shift in paradigm. Saudi Aramco has addressed this challenge through rigorous human resource development and certification/recertification programs, including maintenance technicians, planners and engineers. The Company has also embarked on deployment of equipment total reliability programs utilizing proactive technology supported by system enhancements to insure full program implementation Company wide. Saudi Aramco started to realize the fruits of implanting Total Plant Reliability to pave the way towards achieving and sustain Best-in-Class performance.

www.saudiaramco.com
Even as the profession grows, many are still thrust into it. Learning from peers is the way to go

reckons Kelley Hunsberger

W hen I grow up, I want to be a project manager.”

That’s not a line you hear too often. Most kids tend to dream of one day being a firefighter, actress or football star.

But the project management profession is growing exponentially worldwide, and more and more institutions of higher education are offering courses covering its processes.

Despite this, many professionals still find themselves working as project managers—without ever having applied for the position.

“At the beginning of their careers, typically people don’t have a burning desire to become project managers,” says Patricia Ensworth, author of The Accidental Project Manager: Surviving the Transition from Techie to Manager (John Wiley & Sons, 2002). “They start out doing something else—marketing, social work, biochemical engineering—and after acquiring subject matter expertise and leadership skills, they are promoted into the role of project manager. Some accidental project managers accept their new responsibilities enthusiastically, some reluctantly.”

Whether enthusiastic or not, so-called accidental project managers find themselves with a host of new responsibilities as part of their workload—and that means they need to get up to speed as quickly as possible.

WELCOME TO THE WONDERFUL WORLD OF PROJECT MANAGEMENT

James Bosak, PMP, fell into managing projects while working as an outside plant supervisor for a telephone company where he was responsible for complex installations. While he had the technical expertise for the position, he lacked any formal project management training. “There are too many organizations that expect people with technical expertise to just know how to formally manage a project,” he says.

The hardest part about moving from delivering a technical solution to managing a project is accepting that there may be a better way of doing things, says Mr. Bosak, director of program management at the IT management software giant CA Technologies in Cary, North Carolina, USA. “People want to believe that they have been doing a good job. And they may have been—but that does not mean that it can’t be improved,” he says. “There is always room for improvement. Introspection takes time and a willingness to change once you see a better way, and that is not always easy for people or organizations.”

It wasn’t until he began reading project management books and speaking with successful colleagues that Mr. Bosak discovered he hadn’t put enough importance on documenting, tracking and estimating. “When I realized all of the elements that I had always glossed over in my projects, I was stunned,” he says.

“Accidental project managers are often able to achieve a technically perfect result that is not what the sponsor had in mind,” he adds. “Or they may not meet the budget or timeline. The trained project manager understands that knowing how to deliver the result is only important if the result supports the requirements and is delivered when needed. There is a direct line from the requirements to the activities to the result to customer satisfaction.”

Mr. Bosak then took his project management career to the next level by acquiring the Project Management Professional (PMP)® credential. “The trick is finding a good balance between your old and new job responsibilities. I am still in a technical field, getting projects delivered but managing different aspects, such as project selection and funding priorities,” he says. “I enjoy the challenge as well as the advancements in technology.”

Tip

Join your local PMI® chapter. No matter where you are in the world, chances are there’s one nearby. It’s one of the best ways to connect with your peers face to face and gain valuable knowledge of the profession.

PMI also offers virtual communities of practice for a variety of industries and topics. When something stumps you at work, post a query on the community site—and gain insights from more experienced project professionals.

ACCU NT S WILL HAPPEN

As project management continues to gain in popularity at organizations around the globe, will this trend of the accidental project manager begin to wane?

Don’t count on it, says Patricia Ensworth, author of The Accidental Project Manager. “Accidental project managers are not only here to stay, but also tend to increase in numbers when an organization formalizes project management as a core competency.” She says these accidental project managers will continue to head up small efforts where they can transition more easily into the role and learn about the position.

A lot of it comes down to where you live. “The profession of project management is in very different stages in different countries,” says Martina Huemann, WU (Wirtschaftsuniversitat Wien), Vienna University of Economics and Business, Vienna, Austria. “In countries where there are education programs established and universities that offer project management programs, there is a higher likelihood that the career of a project manager is a planned rather than accidental one.”

Expect to see an increase in accidental project managers for internal projects, such as development or change efforts, which are often done on an ad hoc basis, Ms. Huemann says. That’s the case even in industries who utilize project management and have professional project managers established for external projects.

The accidental project manager’s future depends on how sponsors view the role, says James Bosak, CA Technologies, Cary, North Carolina, USA. “There will always be accidental project managers, and certified project managers need to recognize that fact. Project professionals need to work to create an environment where accidental project managers can recognize the change in their role and openly seek assistance.”

Organizations must understand that when they assign a resource to deliver a project, they are creating a project management position. As such, they need to train their resources appropriately, he says. That way they are creating project managers—and not of the “accidental” variety.

Companies can also benefit from the establishment of a PMO (program management office). “There will still be accidental project managers, but there would be a resource to reach out to them and assist them,” Mr. Bosak says.
Accidental project managers are more likely to hit their stride and stay in the race when their organizations take project management seriously as a profession, a body of knowledge and a skill set.

—Patricia Ensworth, Harborlight Management Services, New York, New York, USA

The Players

Often, the background of an accidental project manager is loaded with technical experience and expertise, says Martina Huenmann, associate professor of project management at WU (Wirtschaftsuniversität Wien), Vienna University of Economics and Business, Vienna, Austria. “So they might be used to thinking very much in detail, providing expertise and concentrating on their technical task,” she says.

In their new role, however, these employees will need to start considering the big picture. That includes leading others, designing collaboration processes and understanding how the project fits into the larger organizational landscape.

One of the first things new project managers need to learn are the different roles people play in the project. “I think accidental project managers know that they are doing the project for ‘someone’, but they don’t have a solid concept of sponsor versus stakeholder, and they always miss some stakeholders,” Mr. Rosak says. “This results in incomplete requirements and rework. A trained project manager knows to find the sponsor and get requirements in writing, and hold sponsors accountable for the final decisions on things. And they also know to make a list of stakeholders and actually search for other stakeholders.”

Then it’s time to communicate effectively with the various constituencies. Sometimes that means taking on the role of entrepreneur when dealing with the sponsor and other senior managers, says Ms. Huenmann. “I have encountered project managers, a project management consultancy in New York, New York, USA. “Sometimes one must make assumptions for the project to obtain approval and initial funding,” she says. “And always, throughout the project life cycle, it is necessary to gather high-level information about the political and financial climate and to reassure senior stakeholders that the project is a good investment.”

The Learning Process

Your boss pats you on the back and says, “Congratulations! You’re managing this project.” Now what?

Don’t just stand there wide-eyed and panicked. Learn from your peers by networking with other project managers inside and outside of your organization, suggests Ms. Huenmann, adjunct professor of project management at SKEMA Business School in Paris, France, and a project management trainer and consultant at Roland Gareis Consulting in Vienna, Austria. Ask them what methods have and haven’t worked for them and any tips for successfully leading teams.

Talk to veteran project professionals “not only about the appropriate tools and techniques, but also about the informal network of political influence and the unwritten rules that determine how things actually get done,” she says.

Take their advice—and don’t view suggestions for improvement as a sign of mistrust in your ability, says Diego Nieri, project manager at CEACRE (Centro Evangélico de Apoio e Acolhimento), an orphanage in Salvador, Brazil. “People can unintentionally sound as if they are bragging or complaining when actually they are just trying to pass along information about what has worked in their experience.”

Help from peers will only take new project managers so far, however. You must also learn skills that can be paired with your technical expertise.

“Take a PMBOK® Guide project management course, take an Agile project management course, then decide where on the spectrum of formal methods the project lies,” Ms. Ensworth advises. “Obtain a project management software tool and learn how to use it to create a work breakdown structure, a network diagram with a critical path and a Gantt chart.”

Courses on negotiation, presentation skills and public speaking can also be beneficial.

Once you have educated yourself and sought the counsel of more experienced professionals, the next step is to garner “as much in ‘the field’ experience as possible,” says Joe Gartrell, PMP, San Antonio, Texas, USA-based process engineer at USAA, a financial services company for those who have served in the U.S. military and their families. “Keep going, get as many projects under your belt as possible and start down the route to earning your PMP® credential,” he says. “Experience is paramount. However, most employers use the PMP credential as an initial screen, especially in today’s difficult economy where you may be competing against hundreds, if not thousands, of other project managers. Detail your accomplishments and measurable results and develop the ability to translate your experience into any industry. In essence, how does your experience transfer to the job you’re applying for?”

Making these strides will help impress your team members and senior managers, Mr. Nieri says. “If new project managers can show people how dedicated they are and that they can perform as well—if not better—than anyone, they will earn their peers’ respect soon enough.”

When seeking educational opportunities inside the organization, start with the project management office (PMO). If there isn’t one, see what lessons learned have been documented by more experienced project managers.

The organization should also be involved in educating accidental project managers on their new responsibilities and how to carry them out. To do so, project managers should be ingrained in the corporate culture.

“Accidental project managers are more likely to hit their stride and stay in the race when their organizations take project management seriously as a profession, a body of knowledge and a skill set,” Ms. Ensworth says. “The means of defining project management as a human resources job category, as well as developing clear criteria for evaluating the role’s competencies. In addition, project status should be reported to, and monitored and controlled by, executives at the managing director level and above.”

“Most important,” she notes, “project managers should feel that they belong to a community of practice. A formal PMO can establish this structure, but it can also be created through peer-to-peer centers of excellence.”

Should You Stay or Should You Go?

Not everyone who falls into the role of project manager will remain there. A lot of it depends on personality.

“All types of management require one to accomplish things through the efforts of other people, so accidental project managers who want to be in the spotlight or to take pride in the craftsmanship of their own work products might not enjoy the role,” Ms. Ensworth says. “Moreover, project managers often need to accomplish things through borrowed resources, so accidental project managers who prefer tickling off checkboxes over hustling for favors will become frustrated by their lack of results.”

However, those who do stick with the career path may find themselves becoming more visible and more influential within their organization—and as a result, their stars can rise faster than those of managers who remain in purely operational roles.
The art of negotiation

Sound negotiation technique and skills are a key element of the armoury for any successful project manager, says Archana Ajay Vyas.

WHAT IS NEGOTIATION IN PROJECT MANAGEMENT?

It is a means of getting what you want from others. It is back and forth communication which has preparation, proposal and bargaining and closure phases designed to reach an agreement, when you and the other side have some interests that are common, and some that are opposed.

As an example, there may be a common interest - you want to buy, the other side wants to sell, and an opposed interest - the price at which you want this is different.

There are two negotiating orientations - the 'win-lose' orientation in which I win and you lose; and the 'win-win' orientation in which both parties are satisfied. A 'win-win' orientation is for long term business relationships.

There are also two negotiating styles. The hard style dominates to get what he/she wants, while the soft negotiator gives in too easily.

When preparing to negotiate, you should prepare well. Set your objective(s), and ask yourself what you want. Decide your fallback or your Best Alternative to the Negotiated Agreement (BATNA). You should try to find out what the other party wants and what could be their fallback. Having given each tradable a priority ranking, try assigning a priority ranking to each from the other party’s perspective. Also, ask a lot of questions during the bargaining phase to validate these rankings.

The purpose of this exercise is to identify those areas where trading will be most difficult and concessions most hard to win, and those issues where there is most scope for leverage and mutually beneficial trades.

You may have to make concessions. But how will you make them? Make sure you get something of similar value for every concession that you make, avoid making untraded concessions and follow the Law of Reciprocity.

Communication skills are vital too. Seek to reduce tension by establishing a rapport. Ask open-ended questions; do not interrupt; listen intently; clarify; summarise, and do not feel compelled to speak - use the power of silence.

So, is there a deal or no deal? The negotiating zone lies between the buyer’s high and the seller’s low. If there is an overlap in these two elements, the deal is most likely to happen.

However, evaluate the leverage. Your leverage in a deal can be increased or decreased due to necessity, desire, competition and time. You can enhance your leverage by preparation, information, number crunching, understanding your opponent, exploring and developing other options, timing and patience.

You should also seek closure. Write it down: the key terms of the agreement must be committed to paper. It is not necessary to have a formal document, even handwritten notes are adequate, but both parties must leave with a copy of the same document. This is necessary to avoid any confusion or misunderstandings at a later date.
Islamic Financing: helping avoid project failures

Islamic financing models can be effective in neutralising the severity and frequency of financial crises and avoiding project failures, argues S M Saliha Sheriff.

DEFINING THE ISLAMIC FINANCIAL SYSTEM

The basic framework for an Islamic financial system is a set of rules and laws, collectively referred to as Shariah, such as prohibition of Riba (usury) and the sharing of profit and loss, governing economic, social, political, and cultural aspects of Islamic societies. Shariah originates from the rules dictated by the Quran and its practices, and explanations rendered (more commonly known as Sunnah) by the Prophet Muhammad.

The Islamic financial models which are in use to neutralise boom and bust episodes are:

- **Murabaha (cost-plus financing or financing resale of goods)**: This contract refers to the sale of goods at a price, which includes a profit margin agreed to by both parties. The purchase and selling price, other costs, and the profit margin must be clearly stated at the time of the sale agreement.

- **Mudarabah (Profit Sharing)**: This contract is where one party provides 100 per cent of the capital and the other party provides its specialist knowledge to invest the capital and manage the investment project. Profits generated are shared between the parties according to a pre-agreed ratio.

- **Ijarah (Leasing)**: This is a contract under which the Islamic bank provides building or other assets to the client against an agreed rental, together with a unilateral undertaking by the bank or the client that at the end of the lease period, the ownership in the asset would be transferred to the lessee. The undertaking or the promise does not become an integral part of the lease contract to make it conditional. The rental as well as the purchase price is fixed in such manner that the bank gets back its principal sum, along with the profit over the period of lease.

The principles of an Islamic financial system which acts as a remedy for the boom and bust cycles of conventional systems are as follows:

- **Prohibition of interest**
- **Risk sharing**
- **Promotes entrepreneurship**
- **Prohibition of speculative behaviour**
- **Sanctity of contracts**
- **Shariah-approved activities.**

For Shariah-approved activities only those business activities that do not violate the rules of Shariah qualify for investment. For example, any investment in businesses dealing with alcohol, gambling, and casinos would be prohibited.

An Islamic financial system can play a vital role in the economic development of Islamic countries.

In Quran and Sunnah, Islamic finance has always been conceived as the finance activity of an Islamic economy, where social equity is enhanced through mandatory Zakat. When social equity is secured through Zakat, motives on the side of lenders to practice interest and the dire needs of the poor to accept interest will disappear.

The eradication of poverty, socio-economic justice and equitable distribution of income are among the primary goals of Islam and should be unyielding features of an Islamic economic system. The social role of Islamic financial sectors is to provide finance to the poor, so as to increase their income and wealth.
FACTORS RESPONSIBLE FOR BOOM AND DEPRESSION

Two dominant factors were responsible for each boom and depression: over-indebtedness in relation to equity, gold, or income which starts a boom, and deflation consisting of a fall in asset prices or a fall in the price level, which starts a depression. Over-indebtedness may reinforce overinvestment and over-speculation. Disturbance in these two factors will adversely impact all other economic variables.

MINIMISING THE SEVERITY AND FREQUENCY OF A FINANCIAL CRISIS

The Islamic financial system is capable of minimising the severity and frequency of financial crises by getting rid of the major weaknesses of the conventional system. Restriction on speculative and derivatives transactions will cut the commissions earned by the speculators during an artificially generated boom; it will also help them avert losses (risk aversion) and bankruptcy that become unavoidable during the decline and lead to a financial crisis.

INTERNATIONAL FINANCIAL INSTABILITY

Credit expansion and abundant liquidity, supported by cheap money policy and low interest rates, lead to speculative booms and asset price bubbles. Deflation of asset prices and bankruptcies that follow thereafter explain economic recession or depression.

International financial instability was caused by monetary expansion in reserve centres and beggar-thy-neighbour policies in pursuit of short-term economic growth gains, and recalls the notion of a common world currency as a remedy to international financial instability.

CAUSES OF FINANCIAL INSTABILITY

1. Interest rate setting

Interest rate setting by central banks is a form of price control that causes considerable distortions and inefficiencies; beside creating monetary uncertainties, it leads to an excessive credit expansion, speculation, and therefore to assets and commodities price instability.

To bolster their incomes in the context of reduced margins and gain from abundant liquidity, banks were led to expand their assets through funds from securitisation and supplement their incomes through fees and commissions from a larger number of loans.

2. Unbacked lending

Financial instability erupts when there are insufficient real savings to support lending. This occurs when a lender creates fictitious claims on final consumer goods and lends these claims out. The borrower who holds the empty money, so to speak, exchanges it for final consumer goods.

Risk sharing and risk aversion are the best practices of Islamic finance which fit in the scope of risk management framework of the PMI

MINIMISING THE SEVERITY AND FREQUENCY OF A FINANCIAL CRISIS

The credit system, the abundance of liquidity, speculation and interest rate setting by the central bank are the causes of instability in a conventional financial system which are absent in an Islamic financial system, thus ensuring the stability of this system. Islamic banks do not create and destroy money; consequently, the money multiplies.

The Islamic financial system is also capable of avoiding project failures.

The Great Depression of 1929-33, and the most enduring crisis of August 2007, were preceded by a speculative boom and excessive price volatility in one or many types of assets, which could be common stocks, gold, commodities, land, housing, foreign currencies, or any other asset. The bursting of the boom caused, in turn, asset price deflation and banking failure.

But while in 2009 many institutions in Dubai seemed to be drowning in debt, Dubai Islamic Bank, the UAE’s largest Islamic bank, posted a profit of $327 million; furthermore as of the end of 2009 Malaysia’s Islamic banking assets had doubled over the last five years to 235.7 billion Malaysian ringgit ($74.1 billion) and Bank Negara targeted the Islamic banking industry to constitute 20 per cent of overall banking assets by 2010.

Islamic banks face individual and not systemic risks. These risks have been defined as credit risk, market risk, displaced commercial risk, operational risk, and governance risk.
FEATURES OF ISLAMIC FINANCE

Due to the collapse of the conventional finance system based on interest, Islamic finance has emerged as a more efficient and equitable form of finance. Because interest-based transactions are prohibited, Islam encourages business and trade activities that generate fair and legitimate profit.

Another fundamental principle of Islamic finance is the risk and profit-sharing feature of Islamic financial transactions (such as Mudarabah or Murabaha contracts). It is this profit and risk-sharing feature of Islamic financial transactions which ensures the financial stability of the Islamic financial system.

Because of these features, Islamic finance has experienced major transformations and growth especially since 2000, and its volume has reached almost $1.5 trillion. It has been one of the fastest growing financial markets over the last five years and is expected to continue expanding at an even faster rate.

Islamic banks were not directly affected by the global crisis, as they were not indulged in any speculative business. Hence a large number of universities worldwide even Harvard Law School in the US and Durham University in the UK have Islamic finance as a subject in their curriculums.
In scheduling, there are four possible types of logic links (dependency links, dependency types or logical relationships are synonymous terms) between two related activities, depending on whether their respective start or finish dates are related. They are summarised on the opposite page.

By convention, the first term of the logic link i.e. the ‘Finish’ or ‘Start’ before the ‘to’ refers to or represents the predecessor activity, while the second term i.e. after the ‘to’ refers to the successor activity. For example in the SF relationship, the ‘start’ or ‘S’ represents the predecessor activity whilst the ‘finish’ or ‘F’ part relates to the successor activity. Further, by convention in Gantt Chart presentation form (the common presentation format in scheduling software), an arrow is drawn from the predecessor activity bar to the successor activity bar as illustrated in Figure 1 (page 39).

**CHOOSING THE ‘PREDECESSOR’ AND ‘SUCCESSOR’ TASKS**

Now the question that begs the answer is which, among a pair of activities, shall be the predecessor and successor activity? Is the activity that starts earlier among the pair of linked activities the predecessor activity and the linked activity that starts later the successor activity? Everyday usage of the terms ‘predecessor’ and ‘successor’ may suggest so but in scheduling, this is not always true, regardless of which tasks actually come first in time.

A more appropriate terminology, as shall be illustrated by the examples that follow in the following table, are the terms ‘driver’ and ‘dependent’ tasks for the terms ‘predecessor’ and ‘successor’ respectively.

This is because the terms ‘predecessor’ and ‘successor’ are appropriate and were coined when the task dependency was envisioned to be of the FS type only i.e. the predecessor tasks come before the successor tasks. However, as referred to later in this article, the terms are not appropriate for more sophisticated or less common links, for example SF relationships.
The reader shall also note that as a result of the above JIT decision, Activity A and C are now directly linked (by FS relationship) as shown in Figure 1 for Scenario 2 and 3.

Further, the direction of the arrow joining the Gantt bars for Activity B & C still follows the normal order. The identification of predecessor/successor activity is that the list of activities in the 'Name' field in Primavera does not necessarily follow chronological start date order but rather from the 'driver/predecessor' of the activity logic links considerations.

CONCLUSION

This article highlights the discrepancy in the common or normal definition of the literal meaning of the terms ‘predecessor’ and ‘successor’ activity. Its use is limited or adequate for simple ‘FS’ relationships when describing dependency links between activities. The more appropriate term suggested is ‘driver’ and ‘successor’ activity in lieu of the above two earlier terms respectively. This is illustrated vide three scenarios for a sample project that has been scheduled using MS Project as shown in Figure 1.

A corollary derived from the above arguments is that the order of listing the activities in the appropriate field in scheduling softwares does not necessarily follow the starting date chronological order of the activities but rather from the driver/predecessor of the activity logic links considerations.

Table 2

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Start Date</th>
<th>Finish Date</th>
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<tbody>
<tr>
<td>1</td>
<td>2nd Oct 2004</td>
<td>6th Nov 2004</td>
</tr>
<tr>
<td>2</td>
<td>2nd Oct 2004</td>
<td>6th Nov 2004</td>
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<td>3</td>
<td>2nd Oct 2004</td>
<td>6th Nov 2004</td>
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Table 3

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<tr>
<th>Scenario</th>
<th>Description</th>
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<tr>
<td>1</td>
<td>The finish date of Activity B determines or drives the start date of Activity C (FS relationship)</td>
</tr>
<tr>
<td>2</td>
<td>The finish date of Activity C is dependent on or determined by the finish date of Activity B (SF relationship)</td>
</tr>
<tr>
<td>3</td>
<td>The activity that starts earlier is the ‘predecessor’ activity i.e. Activity B</td>
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Figure 1

For illustration purposes, a simple project, which is to lay floor tiles on a concrete floor, is adopted. The project shall consist of four activities as listed below in a typical sequence of such work.

- Construct bare reinforced concrete floor (Activity A);
- Procure floor tiles (Activity B);
- Lay floor tiles on the casted floor (Activity C).

Further, to simplify the illustration of the subject topic of this article, no leads or lags shall be considered in the logic links.

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</table>
Here’s a question for you to quickly consider: effective risk management underpins a successful project – true or false?

Was ‘true’ your first reaction? We believe that you’re right. All three of us are strong believers in the positive value of a well-managed and controlled approach to project risks. An Internet search for ‘Images of risk management’ will return many illustrations of dice being rolled. If it is done well, risk management measures the uncertainty involved when you ‘roll the dice’ during your project, and allows the project manager to obtain a consensus on how to best handle risks and unexpected events on the project.

This article does not cover in detail the processes necessary for effective project risk management. A large amount of material and advice exists on the subject. Rather, we put forward just a few pointers to consider for your project – whether it is already underway or getting ready to start.

**Take-away points to consider**

We put forward the following considerations for risk management (this list is not exhaustive or prioritised):

- Risk management affects all aspects of your project – your budget, your schedule, your scope, the agreed level of quality, your communications and stakeholder engagement, the success when the project’s output is implemented, and so on.
- Risks can be positive (i.e. opportunities), as well as negative (generally referred to as risks).
- Risk management is about behaviours that prove that risk management is a top priority for you and the team, such as “being constantly aware of what might happen,” agreeing on strategies for all risks, and undertaking actions to prevent negative risks from becoming issues (i.e. occurred events) whilst maximising the opportunities of positive risks.
- Risk management needs to be conducted from the start of the project, constantly discussed and monitored, and involve all members of the project team.
- How you choose to handle risks depends on your most influential project stakeholders’ “appetite for risk.”
- Each identified risk needs to be assessed, a strategy for dealing with it agreed upon by all appropriate parties, and tracked until closure.
- Project risk management is not “the Project Manager tracking risks in a Risks Register and sharing it occasionally when or if people ask to see it” – it is much more than that.
Here are a few questions for you to ask yourself:

- At the start of a project, do you plan how you and the team will approach risks? By this, we do not mean jumping straight to a Risks Register, but putting some serious thought into how risks will be managed during the project.
- Do you understand and monitor the appetite for risk of your customer and influential stakeholders?
- Do you involve all people in the team to identify project risks – not only at the start, but throughout the project?
- Do you review the risks of previous projects, and look to lessons from the past as part of your initial review and identification process?
- Do you strive to ensure each risk has an owner, and that the method to tackle them is agreed upon, i.e., whether to mitigate the risk with an action, to transfer, avoid or accept it and so on?
- Do you readily assess opportunities as well as negative risks, and devise strategies to maximise the likelihood of opportunities occurring in order to exploit or enhance them?
- Do you assess “triggers” to each risk so that you can monitor if/when there is danger of them becoming real?
- As well as qualitative assessment of risks, are you able to apply a quantitative financial or time value to each risk, both negative and positive, should it eventuate? If the impact is negative, will it turn into an issue? Can this estimated financial value help you justify an appropriate project contingency in terms of cost and/or time?
- Are you pro-active in tracking the agreed strategies to handle risks?
- Do you maintain a project Risks Register on a regular basis – moving priorities up and down the list, watching for low-priority risks that may escalate in importance, being attentive to risks that are likely to occur soon?
- Do you discuss the “current high-priority risks” with your key Stakeholders at each project review (in whatever forum you have for such review meetings)?
- Do you discuss what will happen if major and problematic “unknown unknowns” occur on your project, perhaps with action scenarios if such events happen?
- Do you readily assess opportunities as well as negative risks, and devise strategies to maximise the likelihood of opportunities occurring in order to exploit or enhance them?
- Do you assess “triggers” to each risk so that you can monitor if/when there is danger of them becoming real?
- As well as qualitative assessment of risks, are you able to apply a quantitative financial or time value to each risk, both negative and positive, should it eventuate? If the impact is negative, will it turn into an issue? Can this estimated financial value help you justify an appropriate project contingency in terms of cost and/or time?
- Are you pro-active in tracking the agreed strategies to handle risks?
- Do you maintain a project Risks Register on a regular basis – moving priorities up and down the list, watching for low-priority risks that may escalate in importance, being attentive to risks that are likely to occur soon?
- Do you discuss the “current high-priority risks” with your key Stakeholders at each project review (in whatever forum you have for such review meetings)?
- Do you discuss what will happen if major and problematic “unknown unknowns” occur on your project, perhaps with action scenarios if such events happen?

**THE ESSENTIALS OF PROJECT RISK MANAGEMENT**

A project risk can be defined as an uncertain event or condition that, if it occurs, will have a positive or a negative effect on a project’s objectives. Some very comprehensive guidelines and procedures for managing risk are available from many sources. For example, the Project Management Institute describes the following summary process to managing project risks:

- Plan risk management.
- Identify risks.
- Perform qualitative risk analysis.
- Perform quantitative risk analysis.
- Plan risk responses.
- Monitor and control risks.

You may come across other models. Your means of conducting risk management and the behaviours you and your team display in “making it real” make all the difference. We have mentioned “behaviours” a few times in this article. We are referring to the communication (in all its shapes and forms) that you use, the importance with which you treat risks, and the willingness and drive to see actions through to completion and closure.

**REMEMBER: RISK MANAGEMENT IS YOUR FRIEND AND ALIY**

As per the title of this article, risk management is the project manager’s friend. Done well, it helps you ensure that the “appetite for risk” is appropriately understood at the start; that all risks are agreed upon, prioritised, assessed, communicated and understood in alignment with this “risk appetite;” and that you have a solid platform to track agreed actions, including escalation up the management chain if necessary. The key is to demonstrate positive behaviours in a way that ensures risk management is kept at the forefront of all your project activities. There is always the potential of “unknown unknowns” impacting your project, but the more you can assess reasonable risks from the start of the project and actively manage them throughout, the better placed you will be as a team to realise a positive outcome for your project.

If you have an opinion on this article, we would really like to hear from you. Please email us at Contactus@pmoracles.com with your point of view.

**Ticking the right boxes**

‘Risk doctor’ Dr David Hillson believes the phrase ‘box ticking’ for risk management on projects can have positive connotations and offer a framework for good practice

In some businesses and projects, risk management is described as an exercise in ‘ticking boxes’. This phrase means that people just follow the steps in the risk process, but with no real commitment or energy, and no belief that it will actually make any difference. The term ‘box-ticking’ is always used in this negative way, as a bad thing to be avoided. But perhaps ticking boxes could be useful if we do it differently.

The key to using box-ticking in a positive way is to make sure that you have the right boxes. We can create a set of boxes that act as checkpoints to reinforce the correct process and encourage appropriate behaviour.
The right process boxes might include some of the following:

☐ All objectives are clearly defined
☐ Risk thresholds are stated and quantified
☐ All key stakeholders are contributing to risk identification
☐ Risks are described clearly and unambiguously
☐ Key risk characteristics are assessed and recorded
☐ Each risk has a single agreed Risk Owner
☐ Each risk has an appropriate response strategy with specific actions
☐ Risk exposure is communicated appropriately to all stakeholders
☐ Risk reviews are held regularly
☐ ... and so on...

Ticking these boxes is a way of checking the risk process, marking progress and demonstrating that the right steps have been completed successfully. It provides an audit trail for process effectiveness. Each process box is linked with specific activities or outcomes, and the box must only be ticked if these have been completed in full.

Other tick-boxes might be designed to examine behaviours, for example:

☐ Stakeholders and team members feel comfortable to identify risks openly and honestly
☐ Risk identification explicitly takes account of sources of bias
☐ People are accountable and committed to completing agreed risk response actions fully
☐ Senior management demonstrates visible and consistent support for the risk process
☐ Risk outputs are used to inform strategy, decisions and actions
☐ Appropriate risk-taking is encouraged and rewarded
☐ The risk attitudes of individuals and groups are managed openly and proactively
☐ ...etc...

Ticking these boxes might be more difficult for some less mature organisations, as it requires an understanding of the softer side of risk management. But behaviour is just as important as process, and it should be examined in the same way.

Used properly, box-ticking is a valuable discipline, offering a framework for good practice. It can ensure that everyone knows what they have to do, and it can provide assurance that things are being done properly. It can also indicate areas requiring improvement in order to make risk management as effective as possible. So let’s not condemn ticking boxes as a useless exercise. Instead let’s tick the right boxes to make sure we do the right things well.

Dr David Hillson Hon FAPM, FIRM is a PMI Fellow. He can be contacted on david@risk-doctor.com or by visiting www.risk-doctor.com

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Do you know me?

Executive coaching consultant
Margaret Meloni offers her unique take on individual differences in the workplace, and how to overcome them.

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ABOUT THE AUTHOR

Dr David Hillson Hon FAPM, FIRM is a PMI Fellow. He can be contacted on david@risk-doctor.com or by visiting www.risk-doctor.com.
An anonymous letter from a co-worker

I am smart and funny. I am truly quirky and proud of it. Sometimes I create or get caught up in drama. My life can be fast-paced. Some people think of me as highly creative, others see me as some type of genius or mad scientist. Some people love me, some love me but nobody is neutral when my name is mentioned.

I am really messy. I just can’t help it - it is my nature. At least I can make myself and others laugh by making fun of my idiosyncrasies. I know where everything is, even though my desk is nearly invisible under the mountains of documents that cover every square inch of space.

Who am I really? Although you like me, I am that person who sometimes drives you crazy. I don’t mean to drive you crazy. I guess the fact that I express my creativity or genius through disorganization gets on your nerves. I suppose that when I misplace or borrow things and never return them, you take it personally. If it makes you feel any better, I do this to everyone. I forget such things but I’m never offended if someone asks me to return something that I borrowed. I just wish more people would remind me when I don’t return things. And even though I think of myself as a creative genius, I do not always think that I am smarter or superior to everyone else. I am what I am.

Can I be honest with you? I don’t want to use your system to stay organized. I know I can be a better co-worker to you, but I am actually intimidated by planners and filing systems. I just don’t get how they work or why I should be constrained by these so-called tools. When I try to maintain a filing system, I spend so much time trying to keep things organized that I’m totally ineffective at my job.

I am willing to accept your help. I have given this considerable thought, here are some ideas:

• Don’t ask me to take notes or messages. We both know this is a recipe for disaster. When I try to take notes, I usually don’t understand what I wrote. Perhaps you can rely on voice mail or recordings. Speaking of recorded messages, I hate a planner, but I might love some type of handheld electronic device to help me stay on top of things. Something where I can record memos and easily play them back would be useful. I have heard there are voice organizers.

• Can we work together to come up with an innovative approach for me? You know I love things that are creative. You know what organization can do for me and I know how I think. If you combine talents you might just find a way to help me.

• Whatever process we invent for me, let’s make it streamlined and easy. Otherwise I will become frustrated and less interested or spend so much time organizing myself that I won’t get any work done.

• Recognize that organization is not my strength.

• Send a little help my way. If you have an administrative assistant available, perhaps that person can spare an hour a week to help me get it together. If not, how about you or others (or you) take turns helping me out and in exchange I will buy you lunch.

I want to be a good employee. I love my job and enjoy my coworkers. I don’t like to inconvenience people with my disorganization but I don’t know how I can change. I may be quirky and creative and sometimes a bit irritating but I truly want to be the best worker that I’m able to be. One of the things I like about working under someone like you is that you have always found a way to make weaknesses into strengths. Instead of chastising a worker for failing, you always encourage us to learn from our mistakes and that gives us confidence. I hope that you and I can work together so that I’m an asset to the team and not a problem.

Thank you for reading this!

Sincerely,
Creative Genius

In every workforce there is what we call individual differences, especially in the work place. Some have to be given special attention and there are those who can work with less supervision. Some excel in the job, and some can hardly accomplish a job. There are those who can work better under pressure and there are those who can only work with their own system. But with a good leader, these individual differences may be turned into asset to the team, and turn weaknesses into strengths.

Margaret Meloni, MBA, PMP, is an executive coaching consultant for IT professionals. She helps project managers and teams work together better by improving their soft skills. Learn how to successfully combine your technical and soft skills in her webinars from The PDU Podcast (www.pdcast.com) and from her website at www.margaretmeloni.com

ABOUT THE AUTHOR

Margaret Meloni, MBA, PMP, is an executive coaching consultant for IT professionals. She helps project managers and teams work together better by improving their soft skills. Learn how to successfully combine your technical and soft skills in her webinars from The PDU Podcast (www.pdcast.com) and from her website at www.margaretmeloni.com
PMI Arabian Gulf Chapter invites you to participate in PMI Project of the Year Award 2012

The PMI Project of the Year (POY) Award recognizes the accomplishments of a project and the involved project team for superior performance and execution of exemplary project management.

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<th>Submission Deadline:</th>
<th>1st March 2012</th>
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Eligible
Projects from throughout the world are encouraged to participate, regardless of size, industry type or location. PMI affiliation is not necessary.

Not Eligible
- Current PMI staff, contractors and/or consultants are not eligible for this award.
- Acts performed under contract to PMI, directly or indirectly, will not be considered.
- Siting members of PMI’s Board of Directors may not participate in the nomination or evaluation process of this award, nor are members of the Board eligible to receive this award.
- Individuals or organizations that have failed to comply with PMI policies and procedures, including but not limited to PMI’s Code of Ethics and Professional Conduct.

For More Information
View detailed information on this award’s criteria, nomination procedures, nomination requirements and award recipient selection process.

Please note: The call for nominations for 2012 PMI Professional Awards will open on 1 November 2011 at which time you can download the 2012 award description. If you have questions about the program, please email awards@pmi.org

Project of the Year Awards

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<th>Year</th>
<th>Description</th>
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<td>2004</td>
<td>Project of the Year Award - Haradh Gas Plant</td>
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<td>2003</td>
<td>Chapter Milestone Award 10 Years</td>
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<td>2002</td>
<td>Project of the Year Award - Hawiyah Gas Plant</td>
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<td>1999</td>
<td>Award for Chapter Professional Development for Exceptional Activities</td>
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http://www.pmi.org/About-Us/Our-Professional-Awards/Project-of-the-Year-Award.aspx
TEAM Spirit

Although people are unpredictable, with the right training, team members will embrace collaboration

by Cindy Waxer
World-class project managers can deploy sophisticated strategies, organize scarce resources and excel under tight deadlines. But possessing the right skills doesn’t mean much if they can’t build a cohesive team.

“A project manager isn’t just there to run a Gantt chart,” says Gary Furlong, partner at Agree Dispute Resolution, a consulting firm in Dundas, Ontario, Canada. “As a project manager, you must get things done through other people. That’s the definition of the role.”

However, galvanizing the troops requires a project manager to act simultaneously as army sergeant and amateur psychologist—a no-nonsense leader with an iron fist and a silver tongue. Failure to create collaborative teams can have a disastrous impact on a work force’s morale and an organization’s bottom line.

The group is often able to identify for itself behaviors that assisted conflict resolution, such as listening to others, not talking over people, not rushing to conclusions and asking questions.


“There are four costs of conflict: time, energy, money and reputation,” says Neil Denny, author of Conversational Riffs: Creating Meaning out of Conflict [SummaJen, 2010]. “When we encounter conflict in organizations, we expend massive resources under all of these headings, which leads to incompetent teamwork.”

CLASS IS IN SESSION

To prevent such losses, project managers who undergo training can become true leaders, capable of clearing up employee misunderstandings, more effectively handling difficult team members, negotiating sensitive issues, assigning responsibilities and holding people accountable.

Lesson One: Start with communication skills.

“Typically, team members are so worried about staying positive that they avoid difficult or crucial conversations,” Mr. Furlong says.

When something unpleasant rears its head, many team members aren’t prepared. They get upset and often take an adversative approach. Conversations to deal with the problem tend to go badly.

One useful tool is reality testing. This is often used by mediators to get team members to question and challenge their perception of the problem or the position they are taking. Training in this technique helps people adjust their position and become more flexible.

“Some training in questioning skills that engage people in problem solving, along with effective listening and reality testing can minimize the adversative approach and keep everyone working together,” he adds.

Lesson Two: Brainstorm behaviors.

Group brainstorming sessions can explore the kinds of behavior that help team members achieve greater collaboration.

In workshops, Mr. Denny has project managers and team members identify obstacles or challenges they are facing. Next, he forms mixed teams that select one challenge and discuss it for 10 minutes.

“When it comes to the debris, the group is asked questions such as, ‘How did you approach and debate the issue?’”

Rather than concentrating on the specific issue itself. This focuses on the ‘metaconversation’ or ‘how we talk about what we are talking about,” he explains.

As a result, “the group is often able to identify for itself behaviors that assisted conflict resolution, such as listening to others, not talking over people, not rushing to conclusions or solutions and asking questions,” says Mr. Denny, who also serves as an associate at the training and coaching consultancy The Wilsher Group in Monkton Combe, Bath, Avon, England.

Training can go one step further to “align and harmonize everyone’s expectations with a team-developed set of team values or ground rules,” Mr. Furlong says.

By doing so, project managers can get their team members “on the same page and define what everyone means by respectful behavior, as well as a clear process for how issues will be resolved,” he adds.

Lesson Three: Break out the board games.

Lessons on effective listening and group brainstorming sessions often get tense.

Project professionals can lighten the mood by employing some fun-filled techniques to convey similar messages.

“There’s a wide range of off-the-shelf games available that concentrate on cooperation and cooperative behaviors,” Mr. Denny says.

A particular favourite of his is Pandemic by Z-Man Games, which has easy-to-grasp rules in which team members work together to save the human race from deadly diseases.

To make the most of board games, “leave teams to read through the rules themselves,” Mr. Denny suggests. “Even then there’s the need for teams to collaborate when deciding who is going to read and explain the rules. See who takes the lead. How are queries dealt with and resolved? How does the team commit to learning together?”

IT’S GONNA GET MESSY

Collaboration training should “focus on the relationship-building and effective communication part of what it takes to get people working together effectively,” says Shoshana Faire, director of Professional Facilitators International, a conflict resolution consultancy and coaching firm in Sydney, Australia. She’s also coauthor of Everyone Can Win: How to Resolve Conflict, now in its second edition [Simon & Schuster, 2005].

Project managers shouldn’t view team-building training as a panacea, though—or assume that because they’ve participated in a group session that teamwork will come easily.

In fact, “collaboration is messy,” warns Tammy Lenski, Ed.D., founder and principal of the conflict resolution consultancy Tammy Lenski LLC in Peterborough, New Hampshire, USA. “It requires the right amount of space for people to make mistakes and for the organization to be forgiving of those mistakes.”

Mr. Denny goes so far as to suggest that some friction is better than none in the workplace. “We need to give permission for conflict to be spoken about so that team members can provide honest feedback,” he states.

And that’s where a trainer, mediator or third-party facilitator comes in. In addition to training project managers how to foster collaboration, consultants can also create a safe place for project team members to air grievances.

“I don’t want to imply that mediators don’t have their own baggage,” Dr. Lenski says. “But mediators don’t have baggage associated with your particular problem or the people involved—a key factor in why mediation can be so useful. They bring a fresh set of ears and eyes. Plus, skilled organisational mediators understand how the human brain works and how conflict is caused in systems.”

An outside perspective could be just what’s needed to smooth tensions. “When people begin shutting off from each other and it gets a bit too emotional, a mediator can get a conversation happening between two people,” Ms. Faire says.

Project managers can have the methodologies down pat, but without a cohesive team, a project won’t meet its goals. Team-building training can help managers who understand complicated people side of projects.
strategic planning: taking a long-term view

Yasser El Samadisy, PhD, PMP outlines the strategic planning process throughout a roadmap of eight phases

A strategy is an overall plan and approach. Therefore, strategic planning aims at establishing a corporate direction, setting priorities and identifying opportunities and obstacles that may enable or hinder the organisation in carrying out its mission. It is projecting what an organisation might look like in five, ten, or even twenty years - and how it will get there.

A strategic plan must reflect the feelings, thoughts, and desires of the organisation and mould them along with the organisation’s mission. It must be practical and flexible and yet serve as a guide to implementing programs, evaluating how those programs are progressing, and making adjustments if necessary.

This article outlines the strategic planning process throughout a roadmap of eight phases. This roadmap is not the only approach for tailoring a strategic plan; however, it illustrates the essential components of the planning process which make it generic to suit project management, manufacturing, services provision, non-profit, and governmental organisations.

STRATEGIC PLANNING IS A SYSTEMATIC PROCESS INVOLVING A LOGICAL SERIES OF QUESTIONS THAT WILL GUIDE AND SHAPE YOUR ORGANISATION:

• Our current situation - where are we now?
• Our capability - how did we get there?
• Our current direction - where are we going?
• The wanted direction - where should we be going?
• A strategic plan - how will we get there?
### 1. PLAN FOR A PLAN

Before embarking on such a journey, it makes sense to invest some time and effort completing the following tasks to pave the road for an organised process:

- Obtain the commitment and support of the Board of Directors; planning for the future is the leadership’s responsibility;
- Consider designing a process that will fit your organisation;
- Decide who will be involved in the process; the Board, executives, key managers, stakeholders and external consultants;
- Constitute a committee championed by a board director or senior manager to keep the process moving forward, coordinated by a facilitator to enable everyone to focus on the process at hand, and shared by cross-functional team;
- Define the roles and responsibilities required to ensure successful completion of the process;
- Draw up an agenda. Identify how much time will be set aside for the process;
- Identify the information that must be gathered to help make sound decisions;
- Define what the roadblocks are, as well as key success factors for the process;

A strategic plan must reflect the feelings, thoughts, and desires of the organisation and mould them along with the organisation’s mission.

A mission statement conveys to the world what the organisation does, for whom it does it, and in broad statement - how it does it.

Values are the core beliefs and guiding principles that will drive the organisation’s culture and priorities. They are what you believe is the right way to do the work.

After defining what you are doing, why you are doing it, and what you want to achieve, the next phases of the roadmap describe how to get the things done.

### 2. DEFINE VISION, MISSION AND VALUES

Vision is the long-term image to which the organisation aspires. The vision is the starting point for any strategic framework. It shapes this framework and gives the organisation a basis on which to answer: will this goal help us to make a contribution to our vision?

A mission statement conveys to the world what the organisation does, for whom it does it, and - in broad statement - how it does it.

Values are the core beliefs and guiding principles that will drive the organisation’s culture and priorities. They are what you believe is the right way to do the work.

After defining what you are doing, why you are doing it, and what you want to achieve, the next phases of the roadmap describe how to get the things done.

### 3. ASSESS YOUR SITUATION

In this phase, the organisation is looking at conditions and trends in the work environment that may have a positive or negative impact on the organisation’s ability to carry out its mission and achieve its vision.

Situational Analysis is an assessment of the organisation’s current state. It involves four types of analyses: internal analysis, environmental analysis, market analysis and competitive analysis.

The deliverable of this phase is a database of reliable information that will aid planners in making decisions about an organisation’s future and priorities.

### 4. IDENTIFY AND PRIORITISE STRATEGIC ISSUES

Based on the data from situational analysis, the planners should identify the obstacles which have an impact on the organisation’s ability to achieve its mission and which opportunities must be seized immediately to achieve the organisational vision.

Developing a workable strategic plan requires defining the critical issues that connect directly to the mission statement of the organisation and determining which take precedence. The organisation should outline the full list of priorities and decide which to move ahead on and which to cut back.

### 5. ARTICULATE STRATEGIC GOALS AND OBJECTIVES

Strategic goals are the desired outcome of addressing strategic issues identified in the previous phase. Each strategic goal should be a direct outcome of the strategic issue and both are directly aligned with the organisation’s mission.

A strategic goal relates to the three-year or five-year period ahead, states precisely and clearly what the organisation desires to achieve during this period and how it intends to achieve it. The strategic goals may have financial, people and operational perspectives.

Strategic objectives should summarise the main tasks that must be undertaken to fulfill the
strategic goal. While goals may be fairly general, objectives are often quantifiable or SMART (i.e., Specific, Measurable, Achievable, Realistic and Time-framed).

**Strategies and Gap Analysis**

Once you have your immediate objectives, you then need a strategy to help you achieve those objectives, and that is where your key result areas come in. Strategies are the approach or the path that the organisation will pursue as it works towards fulfilling the identified strategic goal, e.g., capacity building, project development etc.

It is recommended to conduct gap analysis to compare between the organisation’s ultimate capacity building, project development etc. towards fulfilling the identified strategic goal, e.g., the path that the organisation will pursue as it works areas come in. Strategies are the approach or the path that the organisation will pursue as it works towards fulfilling the identified strategic goal, e.g., capacity building, project development etc.

You then need a strategy to help you achieve those objectives, and that is where your key result areas come in. Strategies are the approach or the path that the organisation will pursue as it works towards fulfilling the identified strategic goal, e.g., capacity building, project development etc.

**HOW DO We LOOK TO Our PERSPeCTIVE**

**Financial**

**Innovation & Learning**

**Internal Business Process**

**Customer**

**Scoreboard**

Figure 2 Balanced Scorecard

6. **CONSTRUCT THE STRATEGIC PLAN**

This phase involves putting the ingredients together into one cohesive document. A five-year strategic plan should be tailored in order to attain the vision in a measurable and straightforward way. The typical structure of a strategic plan might include:

- Executive summary;
- Mission and mandate: for what purpose was the organisation established, what policies and values affecting the way it works and what is its mandate as determined by relevant legislations?
- Vision statement;
- Summary of situational analysis;
- Main strategic issues;
- The prioritised strategic goals and objectives and accompanying strategies;
- Assessment of resource requirements: what financial resources are currently available, are there new sources of funding that could be explored? What human resources are currently available, what are the gaps between what is available and what is required in terms of skills and experience, how might these gaps best be filled?
- Costing the plan: the monetary inputs required to implement each strategy in terms of people, equipment, tools, services and materials.

7. **IMPLEMENT THE PLAN**

The strategic goals and objectives can run aground unless they are aligned with the day-to-day work and activities via action plans. These plans are used to depict the implementation details - on an annual basis - of each department or business process such as Operations, Maintenance, Marketing etc.

The annual business plans include functional objectives and targets that will contribute in realising the corporate objectives. This means that attaining a strategic goal typically involves accomplishing a set of objectives and targets in each business process.

Usually the annual business plans comprise scope of work, roles and responsibilities with each functional objective, time frame, the money needed for the resources that are necessary to implement the annual plan and a mechanism for monitoring the implementation.

8. **MONITOR AND EVALUATE THE PERFORMANCE**

Strategies are not set in stone. If a certain strategy does not work, then it can - and should - be modified. This makes performance monitoring and evaluation a very important component of the planning cycle. A regular follow-through of performance progress is required in order to ensure that the goals and objectives are achieved in a timely manner and within budget. Mid-course adjustments may be needed as new information becomes available or new opportunities or threats develop.

Evaluation and control consists of the following steps:

- Define process parameters to be measured;
- Define target values of those parameters;
- Conduct performance measurements;
- Compare the measured values to the preset standards;
- Make necessary changes.

Performance measurements come in many formats. One of the most common is the Balanced Scorecard (BSC) method which creates a framework that aligns the strategic goals and objectives of an organisation with its performance measures. This permits upper management to obtain a comprehensive yet quick assessment of their organisation in a single report. BSC provides a way to look at the health of an organisation from four identified perspectives; financial, customer, innovation, and internal business process, as shown in Figure 2. BSC therefore, judges the organisation with its performance measures. This permits upper management to obtain a comprehensive yet quick assessment of their organisation in a single report. BSC provides a way to look at the health of an organisation from four identified perspectives; financial, customer, innovation, and internal business process, as shown in Figure 2. BSC therefore, judges the internal findings while probing the external work environment.

By completing the planning cycle, the organisation will have made the gain of clear vision, deeper insight into its work environment, realising its priorities and appraising its performance. The organisation may need to develop a new strategic plan every five years to continually improve its situation with each cycle.

**Developing a workable strategic plan requires defining the critical issues that connect directly to the mission statement of the organisation and determining which take precedence**

**Figure 2** Balanced Scorecard

**ABOUT THE AUTHOR**

Yasser ElSamadisy is currently Head of HSE at Seef Petrochemicals in Qatar. He is PMP certified and a member of ASQ and PMI. Samadisy has more than 22 years’ experience in HSE, Quality Management and Project Development.
Philips views an enterprise as having two major classifications of asset: tangible (e.g. buildings, cash etc) and intangible (termed as intellectual capital) - having three sub-classifications: customer capital, human capital (the capabilities of individuals to provide solutions to customers), and structural capital (the organisational capabilities to meet market requirements). ISO’s quality management system (QMS) is said to be an organisation- and TQM-based management system.

In its simplest term, TQM covers everybody in an organisation from the top man to the bottom where the utility personnel and drivers are found in the hierarchy. In principle, each one in an organisation has an impact - big or small, huge or miniscule, direct or indirect - on the performance of the entire enterprise.

Each one, too, can be a potential or already considered current asset or liability to a company.

This article illustrates a holistic approach to establishing and identifying project organisation’s key performance indicators and the development of a project monitoring tool called a ‘performance scoreboard.’

Efren Alvarez Galapon illustrates a holistic approach to establishing and identifying project organisation’s key performance indicators and the development of a project monitoring tool called a ‘performance scoreboard.’

This author has designed, developed, and documented quality management systems of several companies that led to ISO 9001:2000/2008 certifications. Included in each of the quality manuals of said companies is an integrated business flow similar to what is shown in Figure 1, in which a customer-focused integrated business flow is applicable to companies of any size - small, medium, or large - engaged in a contracting business, particularly in the construction industry.

The integrated business flow shows the key components of an enterprise (boxes numbered with 1.0 up to 14.0) and binds them together in what is called a ‘system’ in which everyone is so interdependent with each other that a breakage of any flow line in the system would have an impact on the overall project delivery schedule and project cost. Identifying the key components that impact the system as well as monitoring and measuring the performance of said components, therefore, is not just essential but mandatory - failure to do so means inevitable wastage of resources, especially money.

Following are brief descriptions of the components. The numbers do not indicate sequence of activities but rather more of codes or labels to process boxes. The figure shows a systemic viewpoint: it has a boundary enclosing an entire company and has an aim, i.e. to produce required project deliverables for a Customer.
In 2.0, the intent of the company is expressed in a Tender or Proposal document that contains two sets of vital information - technical and commercial specifications.

When the Tender or Proposal document is submitted to the contract awardee, it is here that the power of a Customer is manifested and felt - with its decision of "YES" or "NO" (see decision box in the flow), it can select and reject any one of the bidders at will. The Tender or Proposal document reaches its destiny here.

A company that is not awarded with sufficient contracts from which to derive revenues cannot afford to stay in business for long - sooner or later, it closes shop and everyone in the company becomes jobless, including the owner or shareholders.

In 3.0, a company that receives a contract repeatedly - small or big - gets employed and stays in business. It becomes an employer, too, like the contract awardee. Yes, the contract awardee or customer is a large-scale employer!

In 4.0, the contract is broken into various activities and turned into what is known as "Work Breakdown Structure" (WBS). Project resource planning commences; Project Quality Plan (PQP), Inspection Test Plans (ITPs), Health, Safety & Environment (HSE) Plan, and other plans are finalised. The contract is now converted into a Project.

In 5.0, various internal support organisations, like HR, IT/IS, Administration, are activated to procure like HR, IT/IS, Administration, are activated to procure required materials, equipment, machines, tools.

In 6.0, the need of the project implementation group (7-50) is converted into a Project.

In 7.0, all plans are executed and project deliverables are worked out and subsequently delivered according to the Customer (8-60).

In 8.0, the customer performs its fundamental role - receives what it pays for; communicates its requirements, complaints, and appreciation to the contract awardee; and acknowledge closure of the contract.

Juran and Godfrey tell of four measures in business undertaking, namely: quantity, quality, cost, and time.

In project environment, quantity refers to activities or scopes; quality refers to specifications or requirements of a customer stipulated in the contract; cost refers to commercial specifications also stated in the contract, as well as to project-related costs; and time refers to schedule of activity completion (planned and actual).

Table 1 shows a sample table of Key performance indicators and measures structured from Figure 1. The table lists 27 measures of an imaginary company (regardless of size) including internal support organisations and group of suppliers (see process box numbers 5.0 and 6.0 in Figure 1). Others have more or less than 27 measures.

Table 1 also shows five sources of data: Department - a functional unit of a company that owns a business process or processes; Business Process - an entity e.g. an entire department, that produces something; Measures - the things decision makers and stakeholders need to know about; Baseline - a pre-set number or quantity to which a target or objective is linked; Target - something that is being sought or chased, it is always moving.

Each measure is locked onto a particular business process. For example, contract management process has three measures numbered 3, 4, and 5, others have one, like, Logistics (item # 6). Every process is linked to a functional unit or department headed or managed by a process owner or department manager.

A measure indicates what needs to be quantified in a particular process, like, that of the 'Voice of the Customer' under Marketing & Sales. In order to determine if the aim of a measure is achieved or not, a 'variance' is allowed - that is, either more (plus) or less (minus) than the baseline figure.

Table 1. Sample Table of Key Performance Indicators and Measures
Table 2. Sample Project Performance Monitoring Scoreboard

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*Table 2.* Sample Project Performance Monitoring Scoreboard

- Stolovitch and Keeps cite science as being founded on measurements; on the other hand, common averages and percentages are used in the preparation of project progress reports - no “rocket science” is involved.

- Table 2 shows a holistic sample project performance monitoring scoreboard of an imaginary company. It is derived from Table 1. Why ‘scoreboard’? - because it shows all the functional units of an enterprise that have impact on a contract(s) along with their respective achievements in each month expressed in percentage (%).

- Study the items listed under the column ‘Target’ in Table 1. At the end of the month every department in the imaginary company is required to submit a report indicating its achievement(s) in a particular month. For example, if all the requests under item 9 in Table 1 were delivered on time, then the achievement of that department would be 100 per cent; however, the scoreboard in Table 2 shows otherwise - the department achieved only 89.3 per cent of its target which means 10.7 per cent of all the requests were not done on time. (If there were 100 requests in all, 14 were not done on time as expected or defined.). On the other hand, in order for departments with more than one measure (like Administration) to come up with an overall percentage of achievements, they have to first determine the individual achievements of each measure, e.g., item #s 18, 19, 20, and 21 (Table 1), then average the four achievements. The outcome will be the overall achievement of that department (Administration) for that month - for illustration purposes, it has an average 89.3 per cent achievement in the month of April (Table 2).

- Observe the varied achievements of the various departments in Table 2. Five achieved their targets and the rest did not. But the scoreboard tells something about the individual performances of HR, IT/IS, and Purchasing compared to the top seven performers. Project managers and senior officers of many companies usually look at the bottom numbers which, in this illustration, show that the average achievements of the enterprise in a three-month period of April, May, and June are 89.3 per cent, 89.7 per cent, and 89.7 per cent, respectively, while the overall (average) second quarter achievement is 89.8 per cent - this is the quarter performance ‘index.’ If the imaginary company’s target is set at 90 per cent, the index performance ‘index’ is defined as the percentage of each measure, e.g., item #s 18, 19, 20, and 21 (Table 1), then average the four achievements. The outcome will be the overall achievement of that department (Administration) for that month - for illustration purposes, it has an average 89.3 per cent achievement in the month of April (Table 2).

- Averaging of Achievements (%) 89.3 90.3 89.7

- 2nd Quarter Overall Achievement (%) 89.8

- In the KPI table in Table 1 and in the Scoreboard in Table 2.

- Process box numbers 2.0, 3.0, 4.0, 5.0, 6.0, 7.0, 11.0, and 14.0 have direct impact on a contract a contractor has signed with a customer. The performance of each of these processes must be monitored and measured and assured to achieve its pre-set target(s) as shown in Table 1; otherwise, any delay of one or more of these key processes can potentially delay the delivery of the entire project.

- Process box number 1.0 has a very special role and function: it has to interact very closely (yes, close enough to hear the voice of a customer or even read the human action of the same) in order to find out or learn about the customer’s needs and wants at all cost and bring the information to the organisation for consideration. All these are done if only to build and retain customer loyalty and hope to participate in more bid activities in the future.

- Process box numbers 11.0 and 12.0, although administratively, must also be monitored and measured because a consistently large amount of receivables falling within 180-past-due days, for example, cannot be tolerated by any company that needs to recycle its liquid fund.

- Process box number 9.0 is the seat of corporate quality. One of its key tasks is to conduct statistical analyses then prepare and distribute consolidated factual reports about the operations of the enterprise.

- Process box number 10.0 - the most powerful functional unit of a company - is measured about its effectiveness in driving the closure of all action items raised in Management Review meetings as scheduled.

- And finally, step number 8.0 is the customer satisfaction. (also an integral part of the enterprise). Its satisfaction is implied by its willingness to: acknowledge receipt of delivered project deliverables; provide its feedback and requirements to the contractor; pay the contractor as scheduled; accept the turnover of the project; and acknowledge the closure of the contract. If the customer hesitates (deliberately or not) to do one of the preceding expectations, then the customer can be presumed to have been dissatisfied somehow and everyone involved in the key business processes must pay attention to where the customer complaints are pointed at and then do everything in order to reverse customer complaints into customer satisfaction and delight.

- A Project Scoreboard, like the one shown in this article, provides some significant uses: foremost is that it identifies all the key performers in a given project including the top management of an enterprise; it also indicates who among the performers are not performing well enough; it can aid decision-makers identify areas for improvement and decide to initiate improvement undertaking as necessary or if not to instruct an internal quality audit of a failing functional unit in the organisation.

- Has your company established a holistic project performance monitoring and measurement system? If not, it is worth considering the efforts and some recoverable cost. Try it.

Bibliography

ABOUT THE AUTHOR
- Efren Abazrea Galapon is a Senior Quality Engineer in charge of the internal quality audit function of CEG (Consulting Engineering Group) based in Doha, Qatar. He has designed, developed, and documented quality management systems of several companies that led to ISO 9001:2000/2008 certifications.
- efren_galapon@yahoo.com

Prepare Tender or Proposal
- Market services and/or products; Listen to the voice of the customer
- To tender or to the final tender price
- CEG (Consulting Engineering Group) based in Doha, Qatar. He has designed, developed, and documented quality management systems of several companies that led to ISO 9001:2000/2008 certifications.
- efren_galapon@yahoo.com
A new breed of talent

Zahra Shaikh Ali is one of a new breed of ambitious young GCC nationals helping meet the region’s growing Professional Risk Manager (PRM) needs. The expanding economic, financial and social infrastructure of the PMI-AGC region is placing ever-greater demands on project management professionals in the region. One of the key constraints often cited by governments and private institutions in the Arabian Gulf is the structural shortage of talent in specialist areas, including project management.

In early 2008 Zahra Shaikh Ali, a Bahraini national working in a leading retail and commercial bank in the Kingdom, embarked on a distance learning course run by the Public Risk Management Association (PRIMA) of the USA, with a view to attaining Professional Risk Manager (PRM) qualification. Four examinations later in December 2009 she passed with flying colours and is applying her skills and new-found expertise. 

Zahra's banking career began in the bank's Retail Risk Credit Operation Department, where she developed a taste for the intricacies of risk management. Her confidence in the workplace. 

Her team is currently preparing the groundwork for the bank’s transition to a new global regulatory standard on bank capital adequacy and liquidity, known as Basel III. Basel III strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. "Basel III will give banks a more sound risk practice," Zahra explains, adding that her ambition is to become a full-time member of the bank’s Risk Management Department, where she can further enhance her PRM expertise. Although the professional benefits of PRM qualification are clear to Zahra and many others, she hopes more GCC citizens choose such a path to improve their career prospects and raise the profile of the region in terms of risk management expertise.

"Risk management is such a specialist field in the GCC, which is why there are so few risk management professionals. But we are determined to demonstrate to the world that there is a growing body of highly competent risk management professionals here," she concludes.

New Risk Management qualification for engineer

Mustafa Malik, a professional engineer with more than 20 years’ experience in the oil and gas industry, attended in October an RMP (risk management professional) workshop in Al Khobar, subsequently achieving PMI-RMP certification.

According to Malik, risk management is an essential part of project management, to visualise threats and opportunities through set rules and strategies.

"My recent experience of Risk Management was very challenging, just received five days’ training organised by the PMI-AGC from October 1 to 5, 2011," he says. Having sat the exam on 25 October, he received the PMI-RMP certification on 19 November. Malik explains that the exam contained almost 20 questions related to the other PMP processes like Quality Control, Costing, Human Resources and Project Closure. "I advise future candidates to touch base with other PMP processes as well to qualify the PMI-RMP. Just preparing for Risk Management is not sufficient to pass the exam," he notes.

Malik, who obtained PMP certification in 2005, is a member of AACE International. He is currently working as a Lead Project Engineer in Saudi Aramco Projects.

New Board Committee Members in Bahrain

PMI-AGC Bahrain chapter recently welcomed five new members to its Board Committee.

Mr. Jameel Al-Awadi
Director of Conferences
(+973) 39 464 770
jkalalawi@gmail.com

Mr. Emad Naemi
Director, Membership
(+973) 38 886 667
emadnaemi@gmail.com

Mrs. Sofia Sharif Abdul Khaliq
Director, Membership
(+973) 39 290 009
skhalil@tamkeen.bh

Mr. Ilango Vasudevan
Director, Research and Publications
(+973) 39 311 904
ilango.vasudevan@bh.ey.com

Mr. Yahn Alansari
Director, Talent Management
(+973) 39 697 967
yahn_alansari@bpeco.net
### 2011 Completed Activities

#### TECHNICAL PRESENTATIONS, TRAINING SEMINARS & FIELD TRIPS

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<td>27</td>
<td>29 May</td>
<td>Presentation/Dinner</td>
<td>Al Khabur</td>
<td>Safi Hotel</td>
<td>Introduction to the TFM PIC Model for Performance Optimization</td>
<td>Dr. Sultan Mistry</td>
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<td>28</td>
<td>5 Jun</td>
<td>Presentation/Dinner</td>
<td>Jeddah</td>
<td>Sharqia Hotel</td>
<td>Project Management and Virtual World technologies: uses, benefits and challenges</td>
<td>Ahmed Freay</td>
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2011 Completed Activities

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<th>Nr.</th>
<th>Date</th>
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<th>City</th>
<th>Venue</th>
<th>Presentation Title</th>
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<th>Sponsor</th>
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<td>Site Visit</td>
<td>Kuwait</td>
<td>Sabah Al-Salem University City</td>
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<td>Bahrain</td>
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<td>Sultan Bin Abdulfazza Science &amp; Technology Center</td>
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**TOTAL PDU:** 16

**CONFERENCES/FORUMS**

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<tr>
<td>1</td>
<td>24-26 Jan</td>
<td>13th Conference</td>
<td>Bahrain</td>
<td>Gulf Hotel</td>
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**TOTAL PDU:** 28

**COURSES/WORKSHOP/SEMINARS**

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<td>23-24 Jan</td>
<td>Capital Project Delivery</td>
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<td>Lessons in People Management</td>
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<td>Chris Bragg</td>
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<td>Program Management Workshop - PgM Exam Preparation</td>
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**TOTAL PDU:** 1100
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