



# Managing Global Projects

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Managing global projects is fast becoming the latest buzz word in the business world. So what is the big deal? Surely international management is already an integral part of our daily working lives? The truth is that, while management teams are used to handling global production and development of their products or services, when we flip the coin and ask them to sell on a global level, the complexity of their job takes on a whole new dimension. This article looks at global management from this slightly different angle, examining what happens when the product in question is designated for deployment in several countries.

In recent years, there have been clear signs that we are moving towards an explosion in corporate growth. Companies are either simply growing in size, as a result of consolidation (mergers and acquisitions) or increasing their business operations by extending their geographic deployment (appealing to new markets).

The sometimes overwhelming task faced by project managers in a global environment is to maintain a wide span of control across the different

countries and cultures, while constantly addressing increasingly harsher market conditions and simultaneously pursuing ambitious efficiency and profitability targets. These challenges can become a real dilemma when designing the management of global organizations.

The organizational structure used to define your company dictates the arrangement of departments and supervisors. For example, in a matrix structure, all IT engineers might be gathered in one IT department, irrespective of the projects they are working on, and report to an IT manager, while also being answerable to the supervisor for their particular projects. In a project or functional structure, by contrast, the hierarchy would just be on a role or project basis. Globalization has added a new facet to these organizational structures and the degree of globalization at your company will influence the extent to which you report to local or international management. If we again use our example of a matrix structure, we would need to establish the degree to which the IT entity has a global reach. Does each region/country have its own IT entity or is everything governed from a central office?

As you can see, we have already touched on the subject of centralized and local (distributed) management. As we examine this in more detail, we will find out how this can be translated into optimum organization of global programs and individual projects across the corporate structure.

According to PMBOK®, a program is a group of related projects managed in a coordinated way, to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside the scope of the projects in the program.

We shall keep this definition in mind as we look to provide a solution for organizations that manage projects of an inter-unit or international nature. The aim, exactly as the definition suggests, is to achieve the maximum benefits when managing a project composed of several sub-projects or work packages. However, before we proceed to the solution, let us take a look at the environment in which such projects are managed.

### 1. The global project environment



Figure 1: Management of Global Projects

The management method addressed in this article lies between the two extremes mentioned above. This method is known as integrated management and defines across-the-board processes which, although specified and handed down by head office, still allow individual business units a degree of independence in implementing local activity, provided this remains within the framework of the policy.

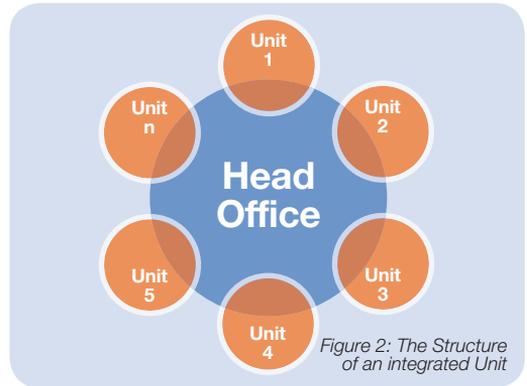


Figure 2: The Structure of an integrated Unit

This type of management supports local operations, while also promoting better communication between head office and the business units. This is an ideal approach for running global projects, to efficiently maximize the benefits of local differences and minimize the disadvantages from geographic spread.

### 2. Project management in an integrated organization

The first challenge within an integrated organization is to identify the projects suited to global implementation and those for local execution. Once this has been achieved, it is time to gain the all-important understanding, consent and commitment of the local units and head office, for the needs and solution concept.

By weighing up the benefits and challenges of each project, we can begin to see the level at which each project could be run. In terms of the operational efficiency (optimal utilization of resources, economies of scale, etc.) it may seem only natural to globally manage any project which has a common denominator across the organization. However, this needs to be balanced by any potential dividing factors or „partitions“ between the local units and the head office, which could lead to substantial conflicts of interest. These factors include the difficulty of establishing reliable control systems, locating a decision-making center, mastering the technological complexity and dealing with communications problems, such as the transfer of information.

We should stress that we are not looking to eliminate all these dividing factors. One of the great things about the proposed model is that it can be applied even when the partitions and communications difficulties are a fact of life within the organization. The backbone of our model is a set of principles which can be applied to define and manage the work plan.

One example of a unified program could be a budget management system being implemented in several subsidiaries. On the one hand, you have different infrastructures and interfacing systems, varying regulatory requirements, user specific needs etc. at the individual units. On the other hand, there are likely to be activities which stand to gain from joint implementation, starting with system selection, supplier contracting plus the specification and development of some of the system modules. Specific benefits of joint management also include economies of scale, the transparency gained by corporate management, and utilization of resources. Wider benefits cover expansion of the organization's knowledge base and the ability to adapt with greater speed and flexibility to global changes.

The diagram below illustrates one way of rolling out and managing a global project at various different local units.

### 3. Highlights of the model

The main element in managing a global project is to distinguish a core activity from an activity in the business unit. As a simple rule of thumb, the aim is to incorporate in the core project whatever you can reasonably get into it. If we envisage a project involving integration of the corporation's vision: the core project would include any

organizational provisions common to all the units. Although it is important that the definition is broad and results in a common and consistent set of goals, it is equally vital that the units identify with this vision by adding their own individual provisions, specific to their "culture" and character. One example of this method is the way Wal-Mart branches are designed. The preliminary design of each branch forms the common basis for all the branches worldwide. This is the core project, if you will. The other branches replicate this base, and local customization is built on top of it, as necessary. In Asia, for example, stalls with meat on conveyor belts are added. To ensure the success and high performance of your program, we recommend defining a standard process for management of it. This could include a common language, a syntax for managing a global program and supporting infrastructures, resulting in better communication, which itself fosters understanding, consent and commitment.

#### Key factors for managing an inter-unit program

Project initiatives and requests can originate either in head office or the business units.

- Decision to implement:** each project request or initiative is examined against a set of criteria (scorecard) to determine whether it is suitable for global or local implementation. This decision is made jointly by the head office and representatives of the units, who examine the extent to which the project is aligned with the corporate strategy, its ability to succeed on a global basis (review of needs in the business units), the amount of implementation resources available, etc. The project is then rated and inter-unit collaboration initiated.

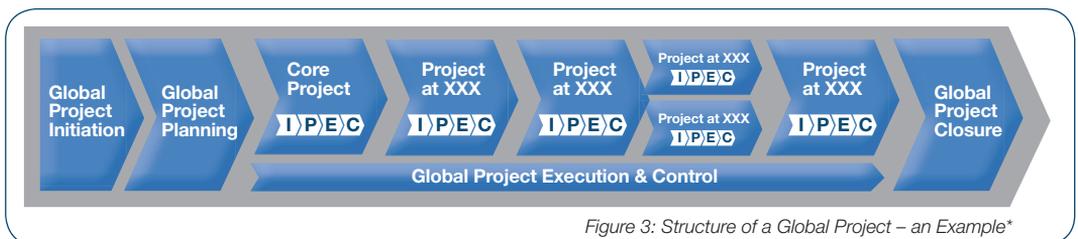


Figure 3: Structure of a Global Project – an Example\*

\* IPEC presents the phases in a project life cycle: Initiation, Planning, Execution and Closure.

- **Planning processes:** global projects are planned at head office. The requirements of the local units are ascertained and the scope of the project is mapped according to core and business unit activity.

Core activity includes definition and implementation of the solution which constitutes the greatest common denominator for all the business units. For example: the core activity in a global system integration project will include the system specifications and development based on the requirements common to all the local units.

After implementation of the core activity, individual projects are executed in each of the units.

This distinction eliminates rework. The joint, global portion of the project only needs to be executed once and is followed by simultaneous implementation of individual local projects in the business units.

**Multi-year work planning:** the strength of an organization lies in its ability to forecast and plan the project portfolio one to three years in advance. Advance planning allows resources and budgets to be prepared at both a global level (collaboration between the head office and the business units) and locally, in each of the individual units.

- **Implementation and controls:** the people executing a global program are the key to its successful implementation. The good relations and regular communication between them can counteract any partitions, conflicts of interest or politics inside the organization. It is important that the project management team is deployed to reflect the project structure, including a local project manager for both the core activity and each local project. These then report to the manager of the global program, who collates and synchronizes all infor-

mation. The program projects can either be managed sequentially or concurrently, depending on the nature of the project and the availability of resources. Defining clear-cut areas of responsibility and organizational structure supports the efficient management of individual processes, retains knowledge and professionalism, streamlines communication between the head office and the business units and ensures that resources are utilized throughout the organization.

- **Closure:** the closure of a global program is important for two main reasons. When projects are conducted on a sequential basis, clear closure of each project makes overall management of the program easier to monitor. Secondly, closure is used to tie up loose ends and learn lessons for the future.

#### 4. Summary

Throughout the ages, a lack of common „language“ and our inability to communicate across this barrier has caused many man-made projects to fail. The cultural differences and related challenges posed by these have remained a hurdle to global operations.

Now is the time to accept and even embrace the fact that we live in a multi-cultural, multi-lingual society. The model proposed in this article does not ignore this status quo but instead capitalizes on the cultural variety present within globally operating organizations. It offers us a win-win situation that calls upon all the parties to collaborate for their mutual benefit. The standardization and integration of management processes helps us in this by creating a common denominator which unites local business units across the globe, while still respecting their individuality.

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