ABSTRACT

Title of Thesis:	GLOBAL PROJECT MANAGEMENT: GRADUATE COURSE
	Thomas R. Beranek, Master of Science, 2006
Thesis Directed By:	Professor John H. Cable Department of Civil Engineering

This thesis presents an introduction to Global Project Management in the form of a graduate course for the University of Maryland, A. James Clark School of Engineering – Project Management Program. The course slides and suggested readings provide a general exploration of the nuances of doing projects globally as compared to domestically. The course slides, suggested readings, and assignments are designed to provide practical knowledge for new and seasoned project managers either entering or who are currently employed in the global market place. The topics consist of: Introduction to global projects, initiating global projects, planning global projects, Virtual Project Management (VPM), global project legal considerations, global contracting, negotiating in a global environment and global project risk, funding, control, and close-out. The course is not all inclusive rather it acts as a spring board for students and professionals to do further research on the topics presented.

GLOBAL PROJECT MANAGEMENT: GRADUATE COURSE

By

Thomas R. Beranek

Thesis submitted to the Faculty of the Graduate School of the
University of Maryland, College Park, in partial fulfillment
of the requirements for the degree of
Master of Science
2006

Advisory Committee:
Professor John H. Cable, Chair
Professor Gregory B. Baecher
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Acknowledgements

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Course Syllabus

Course Description

ENCE #688? Global Project Management (3) *Majors only, or department permission, recommend taking ENCE 662 Introduction to Project Management prior to this course.* This course provides an overview of global project management from initiation through planning, execution, closing and with general emphasis on control. It is designed to augment the basics of domestic project management with information pertinent to the global project environment. The course begins with a practical look at investigating the cultural environment in order to understand the context of managing a global project. The course will further cover: Step-by-step initiation of a global project with emphasis on organizational culture as it relates to global projects; Global project planning aspects that augment typical domestic project planning (i.e. multinational teams); Fundamentals of Virtual Project Management in the context of global projects; Fundamentals of communicating with different cultures; Familiarization with global legalities as it applies to engineering; Global contracts and business alliances; Generalities of negotiating in different cultures; Basic concepts for control, funding and close-out of global projects.

The assignments will be based upon a course project with deliverables per process area. If a partnership can be established with a foreign university(s) than the project deliverables will be developed jointly between the students of the foreign university(s) and the University of Maryland students. The course project scenario will consist of role playing by the students. The first class assignment will be a personal introduction paper done by each student. These papers will gather information such as personal experience with global projects as well as cultural background. The students will be assigned a country in which to conduct a cultural environment scan (cultural study). The student will become the expert on that country and subsequently play the role of the venture associate from the country. Students will be teamed up with one or multiple (depends on class size) other students representing different countries. They will work together throughout the semester accomplishing the deliverables per process area while taking into consideration the nuances of the country in which they are representing. The final project presentation and paper will consist of the lessons learned in working with different cultures along with any observations or original theories on improving global project planning and coordination. The project scenario will be provided by the instructor and may consist of the employment of project simulation software.

An alternative course project may consist of a student choosing a corporation that does global projects and use it as a case study. The student will research and study the corporation with respect to how it conducts global project management. Based upon the theories presented in class, the students will produce a case study in the form of a paper and presentation. These case studies will introduce the class to the varied ways in which project management is done in a global environment. The case studies will also assist in stimulating the thought process and motivating the student to discover original ideas for managing global projects. The presentations will assist in broadening and familiarizing

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the entire class on how different corporations handle global project management. This will increase the students' global project management tools repertoire.

Textbooks

(GPMH) Cleland D. and Gareis R. (editors) *Global Project Management Handbook*, McGraw-Hill, © 1994
(MVT) Duarte D. L. and Snyder N. T. (2001) *Mastering Virtual Teams: Strategies, Tools, and Techniques That Succeed, Second Edition*, Jossey-Bass A Wiley Company, California
(MIO) Kangari R. and Lucas C. (1997) *Managing International Operations: A Guide for Engineers, Architects, and Construction Managers*, ASCE Press, New York

Optional Text:

Dunn and Bradstreet – *Guide to Doing Business around the World*
Morrison T., Conaway W. and Borden G. – *Kiss, Bow, or Shake Hands*
Mawhinney M. (2001) *International Construction*, Blackwell Sciences, London

Course Objective

Familiarize project managers with the environment of Global Projects and Global Project Management and provide fundamental information for the project manager as a "what to expect" road map to Global Projects. Encourage the students to critically think about global project management and develop their own ideas on managing the process via the assignments. Establish a library of documents for the students to use as references in their real world practices. This course is dependent upon the student knowing the basics of Project Management as discussed in ENCE 662 "*Introduction to Project Management*" and the Project Management Institute's "*Project Management Book of Knowledge*".

Instructor

TBD

Grading

Pre-project cultural study (Cultural Environment Scan) (30%)
Mid-term exam (35%)
Final project presentation (35%).

Class Schedule

Date	Class # - Topics
TBD	1. Course Introduction – Global Projects
TBD	2. Aspects of Initiating Global Projects
TBD	3. Aspects of Planning Global Projects
TBD	4. Introduction to Global Culture Part 1 (Student Presentations)
TBD	5. Introduction to Global Culture Part 2 (Student Presentations)
TBD	6. Virtual Project Management (Understanding Virtual Teams)
TBD	7. Virtual Project Management (Creating Virtual Teams)
TBD	8. Virtual Project Management (Mastering Virtual Teams)
TBD	9. Mid-Term
TBD	10. Global Project Legal Considerations
TBD	11. Aspects of Global Project Contracts
TBD	12. Aspects of Negotiations on Global Projects
TBD	13. Aspects of Risk, Control, and Close-out on Global Projects
TBD	14. Student Presentation on Global Project Part 1
TBD	15. Student Presentation on Global Project Part 2

Alternative Class Schedule

Date	Class # - Topics
TBD	1. Course Introduction – Global Projects
TBD	2. Aspects of Initiating Global Projects
TBD	3. Aspects of Planning Global Projects
TBD	4. Introduction to Global Culture Part 1 (Student Presentations)
TBD	5. Introduction to Global Culture Part 2 (Student Presentations)
TBD	6. Virtual Project Management (Understanding Virtual Teams)
TBD	7. Virtual Project Management (Creating Virtual Teams)
TBD	8. Virtual Project Management (Mastering Virtual Teams)
TBD	9. Mid-Term
TBD	10. Global Project Legal Considerations
TBD	11. Aspects of Global Project Contracts
TBD	12. Aspects of Negotiations on Global Projects
TBD	13. Aspects of Risk, Control, and Close-out on Global Projects
TBD	14. Guest Lecture (PM from World Bank, HP)
TBD	15. Final Exam

Readings and Assignments

Class	Readings	Assignments	Due
1	• GPMH Chapters: 1, 7, 8, 10, 18 • Pell • World Trade • Vosild • Wheatly • Zeitoun	• Cultural Environment Scan - Students develop PowerPoint slides presenting important issues of doing business with the country that the student is assigned. Students will develop this presentation using reference books, personal experience, and sources presented in lectures and readings. All slide shows will be available to all students for their future reference and use at work.	Class 4&5
2	• GPMH Chapters: 11, 19 • MIO Chapters: 1-9 • Lillieskold	• Industry Study Information – Using the process covered in the lectures and readings; incorporate some industry study information about the country into the Cultural Environment Scan presentation.	Class 4&5
3	• GPMH Chapters: 5, 15, 16, 17 • MIO Chapters: 14, 15, 16 • Miller, Fields, Kumar • Vonsild • Juhre • Hoffman	• Global Project Management Plan – Develop a generic management plan for a GP addressing the flow of decisions, authority structure, the make-up of the teams, security, resources and other aspects identified in the lecture and readings. The plan will be based upon the country assigned to each student and working in conjunction with other students representing other countries.	Final Presentation/ Paper Class 14&15
4		• Student Presentations on Cultural Environment Scan Due, Group 1 (All students gain general business knowledge on multiple countries)	
5		• Student Presentations on Cultural Environment Scan Due, Group 2 (All students gain general business knowledge on multiple countries)	
6	• MVT Chapters: 1- 3 • Loughran • Vonsild	• Virtual Management Module - Develop generic virtual communication management plan module to be included in the overall Global Project Management Plan assigned in class 3.	Final Presentation/ Paper Class 14&15
7	• MVT Chapters: 4-7 • Chinowsky, Rojas • Snyder B.		
8	• MVT Chapters: 8-10 • Fangel, Wilson		
9		Mid-Term	
10	• MIO Chapters: 19 Skim over • FCPA Antibribery Prov. • UNCITRAL • Cameron, Gray • Circular 38a • OECD Combating Bribery • Salmon • US Copyright chpt. 13	Legal Procedure Module – Address in the Global Project Management Plan general procedures for handling bribery, intellectual property, and dispute resolution. Identify any unique legal issues based upon the country assigned (i.e. Country A does not recognize Country B's laws, how do you resolve the issue)	Final Presentation/ Paper Class 14&15
11	• GPMH Chapter: 26 • MIO Chapters: 10 – 12 • FIDIC Conditions of Contract for Construction • Xu, Smith, Bower	Global Contract Module - Using the FIDIC Conditions of Contract for Construction, analyze what contract clauses might be required based upon the country assigned. Identify any clauses that may be missing or are contentious and may require negotiation. Include findings in Global Project Management Plan.	Final Presentation/ Paper Class 14&15
12	• MIO Chapter: 13 • Moore, Woodrow		
13	• GPMH Chapters: 28 – 31 • Gunhan, Arditi • Hans, Diekmann, Ock • Senarra, Hartman • Collins • Koehn, Kothari, Pan • Yates, Aniftos	Risk and Control Module – Based upon the country assigned and the previous assignments, identify potential risks factors of doing a project in this country or interacting with other countries. Identify general control procedures based upon the risks identified. Include findings in Global Project Management Plan.	Final Presentation/ Paper Class 14&15
14		• Student Presentations on Global Project Management Plan Due, Group 1 (Students share and learn theories for managing GP's in different countries)	
15		• Student Presentations on Global Project Management Plan Due, Group 2 (Students share and learn theories for managing GP's in different countries)	

Professor Lecture and Assignment Guide

Class	Professor Lecture Guide
General	• Reading load needs to be balanced with regard to the students' time availability. The course will need to be adjusted and refined over the first semester it is offered to better fit the professor and students expectations. Most of the readings are papers so students should be able to get through them quickly. • Slides are setup on an average of 60 slides per class. Each slide has a maximum two and a half minute time frame for presenting and discussion. Obviously every slide may not take this amount of time, so any extra time can be used for further discussion of topics, in-class exercises, or administrative issues. • The readings are based upon the three books listed as well as many research papers presented in many professional journals by well respected authors and professionals. The names in the readings and assignments list correlate to electronic copies of research papers found on the courses CDROM. All class slides and additional research materials are also located on this CDROM. • The development of the Global Project Management Plan in essences is the project for which the students need to manage. It may be necessary to establish a preliminary scenario for the students to base the Global Project Management Plan on. This can be handled via the introduction of a project case that is familiar to the class or by having the students select a real life situation or the examination of a corporation that does Global Project Management.
1	• Cultural Environment Scan - Students develop PowerPoint slides presenting important issues of doing business with the country that the student is assigned. Students will develop this presentation using reference books, personal experience, and sources presented in lectures and readings. All slide shows will be available to all students for their future reference and use at work. • Address the Cultural Environment Scan in detail specifically pointing out the resources for gathering information. Develop a list of countries for the students to select from. A good format and list of countries for presenting on can be found in Dunn and Bradstreet's "Guide to Doing Business Around the World". The objective of this assignment is for each student to learn about the unique qualities of a foreign country and begin to critically think about those qualities with respect to project management in that country and the other countries presented. The objective of each student presenting a particular country to the class will result in each student gaining a general understanding of many countries; increasing their knowledge for handling a myriad of cultures. • The reason for not requiring students to purchase and use the information out of "Guide to doing Business Around the World" or "Kiss, Bow, or Shake hands" is to promote the action of research on the current state of a country and to inspire innovation in research.
2	• Industry Study Information – Using the process covered in the lectures and readings; incorporate some industry study information about the country into the Cultural Environment Scan presentation. • The industry study section of the Cultural Environment Scan should cover two aspects: look for clusters of project activity in that country and a cursory examination of economic and political risks. This exercise will familiarize the student with the process of understanding what countries are actively growing and have business potential and whether or not the economics and politics of the area will affect project performance. • The presentation of these facts on each country will allow the students to examine whether a country is a good prospect for business and if the project will have successful performance. In the final project presentation, the student should address what countries they may pursue business interests based on this cursory study.
3	• Global Project Management Plan – Develop a generic management plan for a GP addressing the flow of decisions, authority structure, the make-up of the teams, security, resources and other aspects identified in the lecture and readings. The plan will be based upon the country assigned to each student and working in conjunction with other students representing other countries. • Assign students to teams for the final project paper and presentation. The size of the teams will depend upon the size of the class and time required for the presentations. Each student will represent the country that they selected in class one. Playing the role of the country representative, the student team will work together to develop a Global Project Management Plan based upon how they think their individual countries may work together. • The basic premise of the final project is to have students (global project managers) representing different countries come together and define basic project plan measures for managing a project in one of their countries. The students will use their research on the particular country to formulate realistic constraints and assumption that the project plan will need to address. The objective of this exercise is to simulate the practice of developing plans for successfully implementing a global project. • If an agreement with a foreign university(s) can be instituted then it is recommended that the UMD students' team with the foreign university(s) students in order to better simulate working with a foreign culture.
4	• Student Presentations on Cultural Environment Scan Due, Group 1 (All students gain general business knowledge on multiple countries) • Grading should be done based upon the clarity of the presentation and it's content. Unique information and insights adds bonus points.
5	• Student Presentations on Cultural Environment Scan Due, Group 2 (All students gain general business knowledge on multiple countries) • Grading should be done based upon the clarity of the presentation and it's content. Unique information and insights adds bonus points.
6	• Virtual Management Module - Develop generic virtual communication management plan module to be included in the overall Global Project Management Plan assigned in class 3. • The students will develop a module for the Global Project Management Plan describing how they will use virtual project management and virtual team processes to manage the global project. Again, the students will develop this module based upon the real life information on their particular countries (i.e. if the countries have no high speed internet then internet video conferencing would be impractical). The objective of this module is for the student to think critically about managing the project and team in a virtual manner, a practice that is more and more prevalent in global project management. This class follows the book Duarte D. L. and Snyder N. T. (2001) *Mastering Virtual Teams: Strategies, ools, and Techniques That Succeed, Second Edition*, Jossey-Bass A Wiley Company, California

7	• This class follows the book Duarte D. L. and Snyder N. T. (2001) *Mastering Virtual Teams: Strategies, Tools, and Techniques That Succeed, Second Edition*, Jossey-Bass A Wiley Company, California
8	• This class follows the book Duarte D. L. and Snyder N. T. (2001) *Mastering Virtual Teams: Strategies, Tools, and Techniques That Succeed, Second Edition*, Jossey-Bass A Wiley Company, California
9	• The Mid-Term should be developed based upon the professors own style of testing and the needs of the class.
10	• Legal Procedure Module – Address in the Global Project Management Plan general procedures for handling bribery, intellectual property, and dispute resolution. Identify any unique legal issues based upon the country assigned (i.e. Country A does not recognize Country B's laws, how do you resolve the issue). • The objective of this exercise is for the student to critically think about the application of legal issues from different countries and how they may affect the project. The students should be encourage to establish a dispute resolution for project contract issues based upon their countries legal structures and the international treaties (i.e. If country A does not recognize country B's laws then is it possible to have disputes resolved using international arbitration). What may need to be negotiated? • A great bulk of the readings for this class is conventions, treaties, legal documentation and global agreements. The students should skim these documents in order to develop the legal procedure module. It should be suggested that the students read these documents in their entirety if time permits. Reading these documents will give the students insight into the intricate workings of legal treaties and what may be required or overlooked when doing business in other countries.
11	• Global Contract Module - Using the FIDIC Conditions of Contract for Construction, analyze what contract clauses might be required based upon the country assigned. Identify any clauses that may be missing or are contentious and may require negotiation. Include findings in Global Project Management Plan. • The purpose of the contract module is for the student team to work through the FIDIC contract and both familiarize themselves with it as well as work out an agreement on clauses that will be recognized by the parties. Again, the students will use their countries information to make decisions on what clauses are necessary. The students may consider what legal system will recognize the contract based upon the research done during the Legal Procedure Module. • The contract module will be added to the final Global Project Management Plan and the conclusions explained in the paper and presentation.
12	• It is likely that the students will participate in negotiations throughout the process of developing the Global Project Management Plan. The students should be encouraged to use some of the negotiation techniques presented in this class to finalize the Global Project Management Plan paper and presentation. Extra credit for the project is the inclusion of how and what negotiation techniques were used and their outcomes. The objective of this class is to get the students to critically think of better ways of negotiation then the standard positional bargaining and how they may use this knowledge in dealing with different cultures. • Emphasis should be given to the need to understand the systems of thinking involved in influencing the negotiation process. How to understand and react to these situations in order to create a collaborative negotiation environment that creates a win-win situation.
13	• Risk and Control Module – Based upon the country assigned and the previous assignments, identify potential risks factors of doing a project in this country or interacting with other countries. Identify general control procedures based upon the risks identified. Include findings in Global Project Management Plan. • Based upon the research of the countries and interaction between the country representatives, the students will produce a basic risk management plan identifying what they perceive as major aspects of risk in their particular situation. The risk can be presented from the view point of one country dealing with the other and vice versa. The students then will think critically in order to establish potential measures for control of those risks. The objective of the module is for student to practice the art of risk identification and how to control those risks based in a Global Environment.
14	• Student Presentations on Global Project Management Plan. Graded on thoroughness, organization, research pursued outside of class materials, unique original ideas. The objective of this paper and presentation is to represent a practical real life situation in which a project manager is tasked with developing a straw man project management plan for doing a project in a global environment. It is meant to simulate some of the research required in order to accommodate the idiosyncrasies of different countries in an effort to plan a successful global project execution. • Alternate schedule. This class may be used for a guess lecture experienced in global project management. This approach would allow a question and answer session that allows the students to explore varying aspects of global project management from the perspective of a practical experienced knowledge base.
15	• Student Presentations on Global Project Management Plan. • Alternate schedule provides for traditional final exam structure. The final exam should be developed based upon the professors own style of testing and the needs of the class.

Class 1: Introduction to Global Project Management

🌐 Global Project Management
Class # 1 – Introduction to Global Project Management

Instructors Name Here

Class Overview

- Introductions
- Syllabus and course administration
- Background
- Introduction to *Global Projects, Global Project Management, and the Global Project Manager*
- Culture
- Culture Shock
- Training

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Syllabus and Admin.

- Syllabus is a plan – <u>it may change!</u>
- Lecture, course project, course project interim deliverables and discussion
- Grading
- Attendance

Textbooks

- Cleland D. and Gareis R. (editors) – "Global Project Management Handbook" (GPMH)
- Duarte D. L. and Snyder N. T. – "Mastering Virtual Teams: Strategies, Tools, and Techniques That Succeed", Second Edition. (MVT)
- Kangari R. and Lucas C. -"Managing International Operations: A Guide for Engineers, Architects, and Construction Managers" (MIO)
- Optional Text:
  - Dunn and Bradstreet's - "Guide to Doing Business Around the World"
  - Morrison T., Conaway W. and Borden G. – "Kiss, Bow, or Shake Hands"

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My Availability

- You are invited to contact me any time during normal business hours.

- Office Insert building & room number here .

- Office hours Insert office hours here

- E-mail: insert email address here

The Goal's of this Course

- Familiarize PM's with Global Projects and the Global Project Management environment.
- Provide basic knowledge for the PM to initiate, plan, and execute a Global Project.
- Provide fundamental information for the PM as a "what to expect" road map to Global Projects.
- This course is dependent upon you knowing the basics of Project Management.

Global Trends

- Dismantling of trade barriers.
- New markets in historically untouchable areas (i.e. Eastern Europe, Former Soviet Union, etc..).
- Development of countries with limited infrastructure in order for that country to achieve independent economic growth.
- GATT[1] Negotiations to diminish tariff and non-tariff barriers to trade among all nations.

[1] *General Agreement on Tariff's and Trade*

Table II.2 World Trade Organization (2004) *World Trade Developments in 2003 and prospects for 2004*
World merchandise trade by region and selected economy, 1948, 1953, 1963, 1973, 1983, 1993 and 2003
(Billion dollars and percentage)

	1948	1953	1963	1973	1983	1993	2003
				Exports			
				Value			
World	58.0	84.0	157.0	579.0	1838.0	3671.0	7294.0
				Share			
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	27.3	24.2	19.3	16.9	15.4	16.6	13.7
Latin America and the Caribbean	12.3	10.5	7.0	4.7	5.8	4.4	5.2
Mexico	1.0	0.7	0.6	0.4	1.4	1.4	2.3
Brazil	2.0	1.8	0.9	1.1	1.2	1.1	1.0
Argentina	2.8	1.3	0.9	0.6	0.4	0.4	0.4
Western Europe	31.5	34.9	41.4	45.4	38.9	44.0	43.1
C./E. Europe/Baltic States/CIS a	6.0	8.1	11.0	9.1	9.5	2.9	5.5
Africa	7.3	6.5	5.7	4.8	4.5	2.5	2.4
South Africa b	2.0	1.7	1.5	1.0	1.0	0.7	0.5
Middle East	2.0	2.7	3.2	4.1	6.8	3.4	4.1
Asia	13.6	13.1	12.4	14.9	19.1	26.1	26.1
Japan	0.4	1.5	3.5	6.4	8.0	9.9	6.5
China	0.9	1.2	1.3	1.0	1.2	2.5	6.0
India	2.2	1.3	1.0	0.5	0.5	0.6	0.8
Australia and New-Zealand	3.7	3.2	2.4	2.1	1.4	1.5	1.2
Six East Asian traders	3.0	2.7	2.4	3.4	5.3	9.2	9.7
Memorandum item							
GATT/WTO Members c	60.4	68.7	72.8	81.8	76.5	89.5	94.3

Doubled in 10yrs

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Table II.2 World Trade Organization (2004) *World Trade Developments in 2003 and prospects for 2004*
World merchandise trade by region and selected economy, 1948, 1953, 1963, 1973, 1983, 1993 and 2003
(Billion dollars and percentage)

	1948	1953	1963	1973	1983	1993	2003
				Imports			
				Value			
World	66.0	84.0	163.0	589.0	1881.0	3768.0	7569.0
				Share			
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	19.8	19.7	15.5	16.7	17.8	19.7	20.5
Latin America and the Caribbean	10.6	9.3	6.8	5.1	4.5	5.1	4.8
Mexico	0.8	1.0	0.8	0.6	0.7	1.8	2.4
Brazil	1.7	1.6	0.9	1.2	0.9	0.7	0.7
Argentina	2.4	0.9	0.6	0.4	0.2	0.4	0.2
Western Europe	40.4	39.4	45.4	47.4	40.1	43.0	42.0
C./E. Europe/Baltic States/CIS a	5.8	7.6	10.3	8.9	8.4	2.9	5.0
Africa	7.6	7.0	5.5	4.0	4.6	2.6	2.2
South Africa b	2.2	1.5	1.1	0.9	0.8	0.5	0.5
Middle East	1.7	2.0	2.3	2.8	6.2	3.3	2.5
Asia	14.2	15.1	14.2	15.1	18.5	23.3	23.0
China	1.1	1.7	0.9	0.9	1.1	2.8	5.5
Japan	1.0	2.9	4.1	6.5	6.7	6.4	5.1
India	3.1	1.4	1.5	0.5	0.7	0.6	0.9
Australia and New-Zealand	2.6	2.4	2.3	1.6	1.4	1.5	1.4
Six East Asian traders	3.0	3.4	3.1	3.7	5.6	9.5	8.3
Memorandum item							
GATT/WTO Members c	52.9	66.0	74.2	89.1	83.9	88.7	96.1

Doubled in 10yrs

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Trends in Global Business

- Expansion of individual firms to sell their products and services in other countries.
- Standardization and simplification of government regulations.
- Mergers and Acquisitions.
- Global presence to enable viability in an industry.
- Worldwide manufacturing and distribution.

Enabler's of Global Business

- Improved global communication's
- Advanced technology
- Far reaching transportation
- Worldwide organization/unionization
- Peace agreements
- Global acceptance of different cultures

Benefits to Global Business

- Lower cost operations
- Economies of scale
- Strength in size
- Penetration of new markets
- Increased profit potential
- Access to human resources
- Expansion of competitive position
- See page 18-6 GPMH "Opportunities and Benefits"

Global Projects (GP's)

Global Projects Defined

"A temporary endeavor undertaken to create a unique product or service through the collaboration of diverse nations and cultures worldwide."

<u>*Synonyms:*</u>

International Projects

Borderless Projects

Multinational Projects

Global Projects Defined
(Alternative Definition)

"Those projects in which assistance or involvement is sought or obtained from one or more countries outside the nation in which they are implemented."

R.M Pandia, Herdillia Chemicals Ltd. – "International Projects Opportunities and Threats"

GP Factors

Economic

Political/Legal

Geography → **Global Projects** ← Security

Culture

Infrastructure

Cleland D. and Gareis R. (editors)(1994) *Global Project Management Handbook*

"PM's doing GPM should familiarize themselves with factors in relation to their project and it's location."

GP Sub-Factors

1. Politics/Legal
   - Laws, Regulations, Codes, Royal Decrees
   - Forms of Government and their Operations
2. Security
   - War, Terrorism, Military Coup
   - Personal
   - Technology
3. Geography
   - Weather, Terrain, Remoteness, Climate, Seasons, Altitude
4. Economic
   - Currency fluctuation, hyperinflation, population growth, education level of workforce, market size, import quota, tariffs
5. Infrastructure
   - Human Resource, Material Resources, Transportation Resources, Telecommunications, Accommodations
6. Culture
   - Society, Religion, Language, Communications

Factor 1 - Political/Legal

- Expatriate PM's should operate within the laws and regulations of the host country.
- Political stability and local laws strongly influence project implementation.
- Government corruption is a real part of international business.

Factor 2 - Security

- International terrorism is a fact of life in today's world.
- Difficult to maintain expatriate staffing in global locations.
- Businesses may employ hired security to protect personnel, property, and computer systems.
- Risk Management is <u>REQUIRED</u>!

Factor 3 - Geography

- Often underestimated.
- Consider extreme environmental elements such as heat, cold, humidity, storm seasons etc..
- Terrain such as deserts, jungles, rain forest, frozen tundra, oceans/seas.
- Earth's orientation - example: Working in Greenland during six months of darkness.

Factor 4 - Economic

- The GDP of a country suggests it's level of development.
- A faltering economy may indicate fewer sources of capital funding.
- Bartering is still an acceptable form of compensation in some countries.
- Labor cost balanced with skills can determine the choice of a project site.

Factor 5 - Infrastructure

- Refers to a country or community's ability to provide the services required for a project.
- Major considerations are telecommunications, transportation, power, water, human resources, material resources and accommodations (worker and family).

Factor 6 - Culture

- PM's should respect the customs, values, philosophies and social standards of their host nation.
- Largest area of problems in global projects stem from cultural difference.
- Things to consider:
    - What language will be used?
    - Will translation services be required?
    - Will religious factors influence the project?

GP Characteristics

- Multiple Time Zones
- Long Lead Times
- Extreme Weather Climates
- Strained Environmental Conditions
- Remote Geographical Locations
- Long/Difficult Travel
- Multinational/ multiethnic teams

- Exchange rates
- Visa/Passports
- Inoculations
- Customs
- Training/Education (or lack of)
- Difficult Accountability
- Culture Shock
- Cultural Pace
- Political/Cultural Acceptance

Global Project Management (GPMG)

Global Project Management is…

"… the application of knowledge, skills, tools, and techniques to project activities <u>in order to meet or exceed stakeholder needs and expectations</u> from a project."

PMI – "A Guide to the Project Management Body of Knowledge"

Why is GPMG different Than Traditional PM?

- ◆ GPMG cuts through organizational and national borders for project resources.
- ◆ Extreme differences in culture, morals, traditions, values, philosophies, and language must be accounted for.
- ◆ Project team attitudes must be finely honed to recognizing political/legal, security, infrastructure, economic, and cultural forces acting on the project.

Why is GPMG different Than Traditional PM?

- Managing beyond the internal project environment into the external stakeholders and their organizations is vital to global project success and future projects.
- Financial risks are immense often spanning beyond the project partner's capabilities.
- The Global Market is unforgiving as many variables are sensitive to the point that minor mistakes can end a project/venture.
- GP's are typically more complex due to the vastness of environments they cover.

Characteristics of a Global Project Manager (GPM)

- High Level of Integrity
- Highly Stable Demeanor
- Confident yet Humble
- Refined Mature Sense of Humor
- Flexible/Adaptable
- Tolerance
- Resourceful
- Persistent
- Stamina
- Keen Global/Organizational Judgment
- Politically Savvy

Global Project Manager's Fitness

- Tested to extreme limits:
  - Extensive travel
  - Long overseas assignments
  - Hosting complex foreign teams
  - Culture Shock
- The Global Project Manager must be fit for GP's:
  - Physically/Psychologically
  - Family
  - Technical/Managerial Skills
  - Experience

Preparing for GPMG
(Understanding Culture)

Culture Defined

- "A system of shared norms, beliefs, values, and customs that bind people together, creating shared meaning and a unique identity."
  Yeack W. and Smith C. J. – "Capturing Global Project Investment and Development Potentials"

- In 1967, Geert Hofstede began looking at employees of IBM Corporation worldwide to discern patterns of national behavior. Hofstede studied responses to employee surveys from many countries around the world. From this research, he derived four dimensions of culture:
  - Power distance
  - Uncertainty avoidance
  - Individualism–collectivism
  - Masculinity–femininity
  - With the help of Michael Bond, Hofstede added a fifth dimension, *long-term–short-term.*
  - A sixth dimension is based on the work of Edward Hall, who presents a *contextual* dimension of communication.

Power Distance

- Power distance refers to the degree of inequity among people that the population expects and accepts.

- Organizations in low-power-distance countries tend to be more participative, with managers seeking input from their staff members. Different levels in the organization freely challenge one another.

- In high-power-distance countries, employees expect and accept that managers make decisions with little or no consultation with their staff members.

Uncertainty Avoidance

- Uncertainty avoidance is the extent to which members of a culture are comfortable with uncertainty.
- Individuals from cultures that have high uncertainty avoidance seek details about plans, desire closure, and prefer more predictable routines.
- People from cultures that have low uncertainty avoidance tend to be more comfortable with ambiguous situations and tend not to have as strong a need for defined rules, procedures, and processes.

Individualism–Collectivism

- Individualism is the degree to which people prefer to act as individuals rather than as members of groups.
- A culture with high individualism is one in which there are loose ties between people, and individuals are expected to look after themselves.
- In a collective society, people integrate into strong, cohesive groups—often for life.
- People from countries with high collectivism value a strong identity with the group and tend to put the needs of the group before their own.

Masculinity–Femininity

- "Masculine" orientation is concerned with things such as earnings, signs of visible success, and possessions.
- "Caring" (that is, feminine) orientation is concerned with nurturing, cooperation, and sharing.
- This dimension often is the cause of problems with proper professional respect for the female gender.

Long Term–Short Term

- Long-term cultures value persistence and thrift.
  - They are oriented toward the future.
- Short-term cultures value more immediate physical and financial returns.
- These dimensions have implications for what motivates team members.
  - Team members from long-term cultures may be motivated by long-term success.
  - Team members from short-term cultures may be more impatient and need more immediate reinforcement.

Context

- How people perceive the importance of different cues in communication.
- In high-context cultures, messages have little meaning without an understanding of the surrounding context.
- People from high-context cultures prefer more historical information and more subjective personal opinions.
- People from low-context cultures prefer more objective and "fact-based" information.

Barriers to Communication

- Gender
- Religion
- Technical expertise
- Organizational affiliation
- Native language
- Semantics/language usage
- Culture/geography
- Personality/communication styles

Anthropology

- "The academic discipline that provides the most focused training for individuals who can broker a multicultural context."

  Yeack W. and Smith C. J. – "Capturing Global Project Investment and Development Potentials"

Why is this fact important?

- Anthropologists strategically used can improve the training of the Global Project Team.

Cross-Cultural Orientation

- Anthropologists Kluckholm and Strodtbeck assert that cultural variations reflect how different societies respond to common issues and problems.

  F.Kluckholm and F. L. Strodtbeck, Variations in Value Orientations (Evanston, IL; Row, Peterson, 1961)

- Five cultural issues make up this comparative framework.

Cultural Issue 1: Relationship to Nature

- How people relate to the natural and supernatural (religious) world.
  - Domination of the environment
  - Live in harmony with the environment
  - Are subordinate to the environment

- Example: Many Americans strive to harness natures forces and change them as needed. (Domination)

Cultural Issue 2: Time Orientation

- How people relate to the concept of time in their culture.
  - Past oriented
  - Present oriented
  - Future oriented

- Example: Many Europeans focus on the past and emphasize tradition.

Cultural Issue 3: Activity Orientation

- What is a person's desirable focus of behavior on approaching work and leisure.
  - Being – Immediate gratification
  - Doing – Postponing gratification for greater accomplishment
  - Controlling – Restraining from desire and gratification

- Example: "Do we live to work or work to live"

Cultural Issue 4: Basic Nature of People

- Are people viewed in a particular culture as having standard deep seated qualities.
  - Good
  - Evil
  - Mixed

- Example: In many third world countries people view themselves as honest and trustworthy. (Good)

Cultural Issue 5: Relationships Among People

- The responsibility one has for others.
  - Individualistic – Everyone takes care of themselves
  - Group – Emphasis on taking care of the group
  - Hierarchical – Aristocratic or caste system of responsibility for others in rank order

- Example: Americans tend to believe everyone should take care of themselves.

Cultural Issue 6: Relationships vs. Rules

- Feelings in regard to relationships vs. rules.
  - "Particularist" – Relationships take precedence over rules
  - "Neutralist" – Relationships and rules are relatively equal in importance
  - "Universalist" – Rules take precedence over relationships

  Fons Trompenaars "Riding the Waves of Culture"

- Example: In Northern European Countries, rules are not influenced by relationships

Cross-Cultural Framework
(Theoretical American Report Card)

Cultural Issue	Variations		
Relationship to Nature	Domination	Harmony	Subjucation
Time Orientation	Past	Present	Future
Activity Orientation	Being	Doing	Controlling
Nature of People	Good	Evil	Mixed
Relationships Among People	Individualist	Group	Hierarchical
Relationships vs. Rules	Particularist	Neutralist	Universalist

Hampden-Turner C. Trompenaars F. (1998) *Riding The Waves of Culture: Understanding Diversity in Global Business*

What does it mean?

- Understanding the human aspect of culture will give PM's a toolbox of skills for planning, executing, and controlling the global project.
- Studying these issues leads to a deeper understanding for the root causes of cultural diversity.

Culture Shock

What is it?

- A natural psychological disorientation that most people suffer when they move into a culture different from their own.
- Culture shock consists of four stages:
  1. Honeymoon
  2. Irritability and Hostility
  3. Gradual Adjustment
  4. Adaptation

1. Honeymoon

- Excitement from being in a new environment.
- Curiosity peaks.
- Humorous when not understood or trying to understand communications.
- Frustration starts to set-in.

2. Irritability and Hostility

- Enthusiasm exhausted.
- Noticing differences are greater than initial impression.
- Frustrated by inability to accomplish work in manner you are accustomed.
- Loss of confidence in communicating and working effectively in the culture.

3. Gradual Adjustment

- Overcoming sense of isolation.
- Start determining how things are done in the culture.
- Acquire new perspective on what is possible.
- Regaining confidence for your ability to work in the culture.

4. Adaptation

- Recovery from psychological disorientation.
- Begin to function and communicate with the new culture confidently.
- Establish a normal routine that suits your comfort level.

Mood, Stage, Time Comparison

Honeymoon

Gradual Adjustment

Irritability and hostility

Adaptation

High

Low

Mood

Gray C. and Larson E. (2004) *Project Management: The Managerial Process*

Months in foreign culture

Varies for each individual
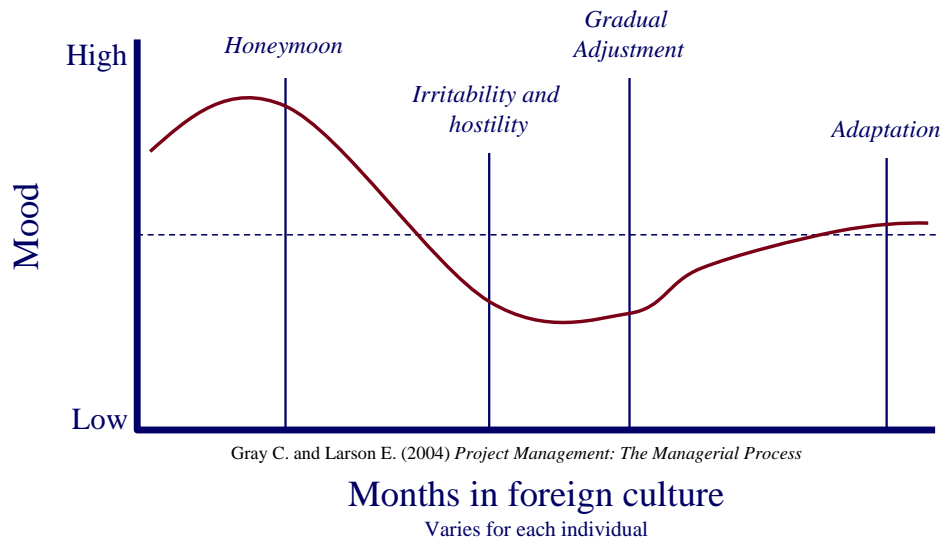
Coping with Culture Shock

- Manage the stress related to culture shock.
  - Physical Activity, meditation, relaxation, keep a journal
- Create a "Stability Zone".
  - A retreat that closely resembles home.
- Recognize and anticipate.

Importance of understanding Culture Shock

- Vast funds and time are invested to prime a PM for GPMG.
- Once a PM is in country, they must be able to cope with the culture.
- A PM's inability to cope may cause inefficient progress or require replacement of the PM.
- Money, time, and credibility can be lost.

Training

Selection of the PM

- Use formal screening processes to examine:
  - Experience with cultures
  - Global travel
  - Knowledge of Languages
  - Emotional and Physical Health
  - Heritage
  - Ability to adapt
- Ultimately the decision is often based on Technical expertise.

Hence! Training is required

- Technical expertise does not equate to cultural sensitivity.
- Cross-cultural training is required to fill in the gap.
- Training varies depending upon the individual, company, nature of the project, and cultures to be worked with.

PM's Cultural Understanding

- A minimal understanding should consist of the following:
  - Religion
  - Dress code
  - Education System
  - Holidays – National and Religious
  - Daily eating patterns
  - Family life
  - Political/Business protocols
  - Social etiquette
  - Equal opportunity

Training Program

- Three training approaches:
  1. Information approach – Lectures, seminars, workshops, books, articles
  2. Simulation approach – Role playing using scenario and case study
  3. Shadow approach – Teaming with successful GPM's on real projects

Training Approach Relationship

Length of training	Level of Rigor	Cross-Cultural training approach
1-2 Months+	High	**Shadow approach** Field experience Extensive Language training Cultural guidance by native
		Simulation approach Culture assimilator training Role Playing Cases Culture shock: stress reduction training Moderate Language training
1-4 Weeks		
Less than a week	Low	**Information approach** Area briefings Cultural Briefings Books/articles Use of interpreters Survival-level language training

	Low	Moderate	High

Degree of Cultural Fluency

	1 month or less	2-12 months	1-3 years

Gray C. and Larson E. (2004) *Project Management: The Managerial Process*

Assignment #1 Focus

- You are a PM conducting a study on the country you are about to potentially do business with.

- Based upon the readings and lectures what information do you believe is required in order to achieve a sound understanding of this culture and it's potential for success with projects (will be covered more in the next lecture).

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Assignment #1 cont…

- ◆ Pre-project country study (Cultural Environmental Scan) and presentation.
  - ❀ Each student will select a country from the list to examine and present their findings to the class.
  - ❀ Use Professional PowerPoint presentation no longer than 10 minutes (Depends on class size).
  - ❀ Please feel free to include personal experience and original observations and theories.

Assignment #1 cont….

- ◆ Where to start
  - ❀ Resources addressed in MIO step 3
  - ❀ Dunn and Bradstreet's – "Guide to Doing Business Around the World"
  - ❀ Morrison T., Conaway W. and Borden G. – "Kiss, Bow, or Shake Hands"
  - ❀ World Trade Organization
  - ❀ CIA – World Fact Book http://www.cia.gov/cia/publications/factbook/
  - ❀ World Bank
  - ❀ ITA – International Trade Administration
  - ❀ United States Department of Commerce
  - ❀ http://www.geert-hofstede.com/
  - ❀ Fellow GPM's and Business reports

Assignment #2

- One page self introduction:
  - Employment (what do you do)
  - Your nationality/heritage
  - Languages you speak/read/write
  - GPM experience
  - Degree major

Key Lecture Terms

- Global Project (GP)
- Global Project Management (GPMG)
- Global Project Manager (GPM)
- Expatriate
- Culture
- Culture Shock
- Power Distance
- Uncertainty Avoidance
- Individualism–Collectivism
- Masculinity–Femininity
- Long Term–Short Term

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Class 2: Aspects of Initiating Global Projects

🌐 Global Project Management

Class # 2 – Aspects of Initiating Global Projects

Instructors Name Here

Class Overview

- Analyzing the project environment
- Global Project Focusing
  - Inventory
  - Industry
  - FactFinding
  - Commitment
  - Selection
  - Market

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Analyzing the Project Environment

- Key Factors:
  - Scan the project environment.
  - Identify the relevant actors and factors.
  - Define the degree of dependency in the relationship.
  - Estimate the nature of uncertainty and probability of something going wrong (Anticipate).
  - Analyze the degree of power to control actors and factors.
  - Identify potential problems (dependency, risk, power).
  - Develop contingency plans to deal with potential problems by analyzing stakeholder's purposes and linkages to increase power and influence.

Environmental Scanning

- Not all elements in a projects environment are crucial to its success.

- An important responsibility of a GPM is systematically scanning and determining what environmental actors and factors are important.

- The GPM should champion the organization and control of the pertinent environmental actors and factors.

Ashby's Law of Requisite Variety

"an organization cannot meet increasing variety in its environment unless it increases the ranges of its response repertoire."

- This sums up the reason for a GPM conducting extensive environmental scanning. The more they know of the internal/external project environment the ease at which issues are handled.

Environmental Scanning Definitions

- Environmental Mapping
  - Identifying the important factors weighing on a project that can be controlled, influenced, or appreciated.
- Stakeholder Mapping
  - Identifying the key actors that can affect the outcome of the project via their control, influence, and appreciation.
- Power Mapping
  - Scanning the environment in order to determine power structure for getting someone to do something you want done.

The Power Field

- Control
  - The ability to give orders and expect that they will be carried out. GPM's rarely have this.
- Influence
  - Less power than control. Personal actions that affect the achievement of objectives. GPM's best tool for GPs.
- Remote
  - No power, no influence. Appreciation of the potential impacts of an actor or factor.
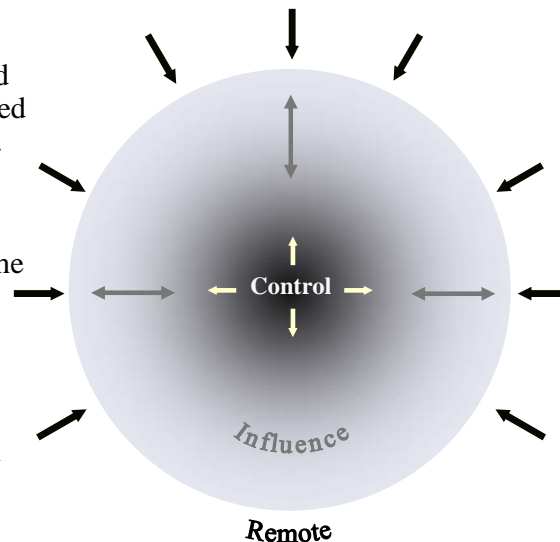
Steps to Analyzing the Project Environment

"After scanning the project environment"

1. List the actors and factors.
2. Map the actors and factors in concentric circles relating to the power field.
3. Evaluate the degree of dependency of the project on the actors and factors.
4. Estimate/Anticipate risks and problem areas.
5. Contingency plan.

Environmental Scan Example
The Global Environment Web (GEW)
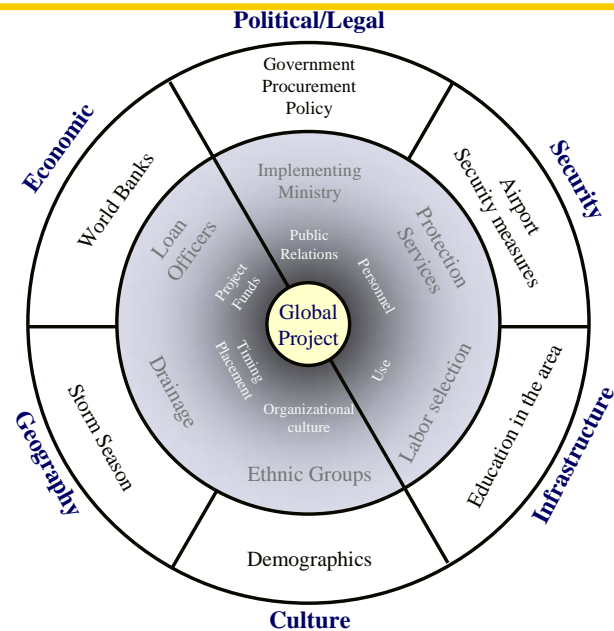
Typical Power used by GPM's

- ◆ Expert Power – Ability to influence through specialized knowledge.
- ◆ Reward Power – Typically used on the project team however, it can influence the continuing efforts of alliances.
- ◆ Charisma Power – Basic politicking.

- ◆ Importance? A GPM's ability to use power successfully can influence the success or failure of project requirements.

Initiating the Global Project

Global Project Focusing
"Summary of the Steps"

Global Culture

Inventory

Industry

FactFinding

Commitment

Selection

Market

Cultural Environment Scan – Pre-project Country Study

GP Planning

Organizational Culture

Step 1 – Conduct Inventory

- Perform an analysis of the capabilities of the organization from top to bottom.
- The purpose is to determine the organization's potential for successful global operations.
- The potential GPM may be asked to (should) be involved or head the process.
- The analysis should be headed by an experienced internationalist.

What to look for…

- Ability with languages
- Current global presence
- Experienced internationalists
- Previous/current successful global ventures:
  - Examine personnel that worked the venture
  - Examine the relationship of the venture
- <u>Documented</u> track record with global projects.
- Professional registrations (globally)
- Examine need for specialized consultants

Most Important

- What level/complexity of work can the organization handle:
    - A simple domestic project accomplished in a global environment can be significantly more complex.
    - Global projects are not necessarily the best projects for organization's to enter into unfamiliar services and deliverables.
    - Stick with the organization's specialty or make sure you have a great joint venture.
- Input from upper management
- Initial buy-in and support of the global project

Control the Information

- Information should be kept confidential to the team conducting the inventory and to upper management.
- Information should be handled professionally.
- Frivolous information should be screened out.
- Ideas should not be discarded or exposed to undue criticism at this point.

Output of Inventory Study

- A short well organized report to management:
  - Paint a clear concise factual picture.
  - Present the information in an unbiased manner.
- If the findings are strong for or against the global market; <u>present your case</u>
  - Ensure the case is well thought out and presented factually.
  - Work with an experienced upper management briefer to ensure information salient to upper management is presented.

Step 2 – Conduct Industry Study

- Based upon approval of upper management to enter the global market.
- The purpose is to determine the global market(s) that is/are most suitable for the organization to enter and achieve the greatest profit potential.
- Matching the organization's capabilities to the global market potential.

Industry Study Task Force

- Headed by senior PM or engineer:
  - Person should have significant status in the organization.
  - They are able to secure resources and support.
  - Work relatively autonomously from upper management.
- An assistant preferably with global experience.
- Support personnel experienced in dealing with external influences.

Situation Room/War Room

- A room dedicated to the task force for the duration of the market study.
- Place where all materials important to the study can be kept and organized for efficient use.
- Ensure computer access is available to the corporate intranet in order to access reports/data.
- Located for access from upper management in order to encourage their interaction.
  - Potential double edged sword, requires judgment

Starting Out

- Examine what your competition is doing globally.
- Examine the economics of prospect countries.
- Look for clusters of activity in global areas.
- Conduct cursory examination of economic and political risks. (i.e. don't set-up shop in the middle of a recession or coup)
- Some resources to use:
  - *Engineering News-Record*
  - *The Wall Street Journal*
  - Economic publications from prospect countries
  - Governmental Trade Offices and Banks (i.e. WTO, World Bank, United Nations Development Business, Office of The Chief Counsel for International Commerce, ITA, CIA (World Book))
  - GPMH Chapter 18-12 "Industry Study"

Refining the Study

- Narrow the study to a few countries that are prospects for visiting.
- New in-depth research base using Department of Commerce:
  - Commerce Field Office in the nearest large city
  - Office of Major Projects
- Collect data on the six GP factors using the environmental scan technique.

Additional Resources

- Foreign Economic Trend Reports (FET)
- Overseas Business Reports (OBR)
- State Department Background Notes
- Handbooks on tax and finances from international accounting firms
- American Management Association
- National Geographic, Washington D.C. (Maps)
- Airlines
- The Internet
- GPMH Chapter 18-12 "Source of Information"

Control the Information

- Watch information gathering expenses closely.
  - Ensure only necessary and pertinent data is procured.
- Keep a simple filing system duplicated in paper and electronic format ("Backup").
  - Employ the use of document scanners.
- Develop an "Area Notebook" per prospect country:
  - Ring-binders/file directories per country.
  - They will become invaluable reference guides tailored to the organization's interest.
  - Great for briefing upper management, GPM's, and used as continuity for background information.

Pointers

- Control the paper chase judiciously otherwise confusion will ensue.
- Use letters from upper management to help influence banks and other agencies for information.
- Befriend the administrative assistant/officer of organizations to gain inside information.
- Use letters of appreciation to strengthen alliances.
- Department of Commerce desk officers are great links to trade specialists if foreign countries.
- Evaluate information sources for reliability, scope, and timeliness.

Output of Industry Study

- Area Notebooks identifying the environmental scan along with reference material and sources.
- Selection of the most attractive countries to do business with.
  - Depending upon the size of the firm, one country and one alternative should be selected to visit.
- Preliminary report to upper management on the countries selected.
  - Sell the idea for a fact-finding visit and obtain budget approval.
- Plan for the Fact-Finding visit.
  - Personnel, cost, schedule, travel arrangements.

Step 3 – Conduct Fact-Finding Trip

- Difficult but crucial step in order to get into global markets.
- The purposes are to:
  - Determine the organization's ability to operate profitably in the target country.
  - To decide if it is worthwhile to initiate a marketing program.
  - To develop a budget for marketing efforts.
- The trip is not meant to secure clients or business.

Mission Goals

- *"Avoid rushing into business before the environment is fully studied and understood."*
- Obtain cost data for launching marketing efforts.
- Assess the challenges which the local business culture will present.
- Develop initial concept and budget for training if required.
- Evaluate the need for local associates and collect candidates.
- Verify economic and political risks.
- Identify an acceptable bank.
- Advise embassy of plans to enter the market.
- Assess organization's ability to operate in the country.
- Reference GPHM 18-13/14 "Project Feasibility Study"

Starting Out

- Select team of 3 to 5 individuals:
  - Basically the team from Step 2
- Develop action plan for the Fact-Finding visit:
  - Assign priorities
  - Individual tasks and responsibilities to team members
- Use experienced internationalist to handle logistics.
- Assign one person as information manager.
- Plan on ~ two work weeks for Fact-Finding.

Typical Required Items

- Airline/hotel/car reservations
- Foreign Currency (usually easier to exchange before you leave)
- Brochures/maps/translation dictionary or translator
- Passports and Visas (Long lead time item)
  - Use a conference/meeting Visa for this visit
  - Business Visas take longer to get
- Medication supply
- Global communications device
  - Blackberry, cell phone, laptop (with portable printer/scanner/camera)
- Immunizations
- Business stationary and supplies
- Clothing suitable for the climate
- Area Notebook
- Schedule of meetings

What to look for…

- Cost-of-living data.
- Compiled checklist items from the organization's lawyers, accountants, and bankers.
- Office space (if expected to have permanent presence in country).
- General assessment of the actual conditions as compared to the environmental scan.
- Trustworthy and reputable local associates to venture with.
  - Organizational culture information.

Pointers

- Avoid time-wasting diversions.
  - i.e. unnecessary social events, sightseeing trips
- Maintain a friendly but noncommittal posture.
- Schedule departure conferences with important people
- Provide a memorable professional presence:
  - "old world charm"
- Recheck data collected before departure:
  - "fill-in the gaps"
- Develop a standardized team response to organizational questions prior to final report release.
- Beware the use of commercial interpreters.

A Project Offer

- A potential diversion during a Fact-Finding visit is a potential offer for your organization to do a project:
  - Approach the offer carefully (don't rush in).
  - Verify that it matches the strengths of the organization.
- If the scope is well defined, financing is secure, and there is time to make a proposal:
  - If you have authority, make a decision, if not consult upper management.
- Beware that most legitimate, financed projects are well advertised and therefore it is suspect that this project was not seen before you left home.

Output of Fact-Finding Visit

- Final report:
  - Executive Summary
  - Recommendations to proceed or negate further effort
  - Estimates of marketing cost
  - Draft marketing plan (refined view of the market)
  - Potential candidates to associate/venture with
  - Preliminary budget figures
  - Clear, concise, and factual
- Presentation

Step 4 – Build Commitment

"Commitment in the global project sense means being tenacious enough to stay on the job through unfavorable events and conditions in order to deliver the project."

- The purpose is to build commitment for a global project both at the organizational and individual levels.

- This commitment should also transcend borders from your organization to those with which you associate or joint venture with.

What to do…

- Understand the organizational culture of all organizations potentially involved in associating/venturing in order to target commitment strategies.

- Educate/familiarize all with global business:
  - Stakeholders
  - Upper Management
  - Individuals/personnel
  - Families

- Control, Influence, Appreciate

Pointers

- Arrange forums where upper management can network with global business leaders.
- Present feasibility study findings on positive potential of global business (factual).
- Acknowledge peoples concerns and differences and work with them to reduce friction and blockage (don't but heads or push the issues).
- Use patience and cunning.
- In dynamic environments wait until the last moment to commit.
- Form commitment coalitions to champion the strategy into critical mass.

Understanding Organizational Culture

- Understand organizational culture in order to determine if organizations are compatible.
- Enables development of successful strategies for working together.
- Interview management and employees:
    - Management paints the pretty pictures.
    - Employees tell the true story.
- Tour the organization, obtain organizational charts, business plans and philosophies.
- Share your organizations philosophies and business plans, document and analyze responses.

Organizational Culture Map
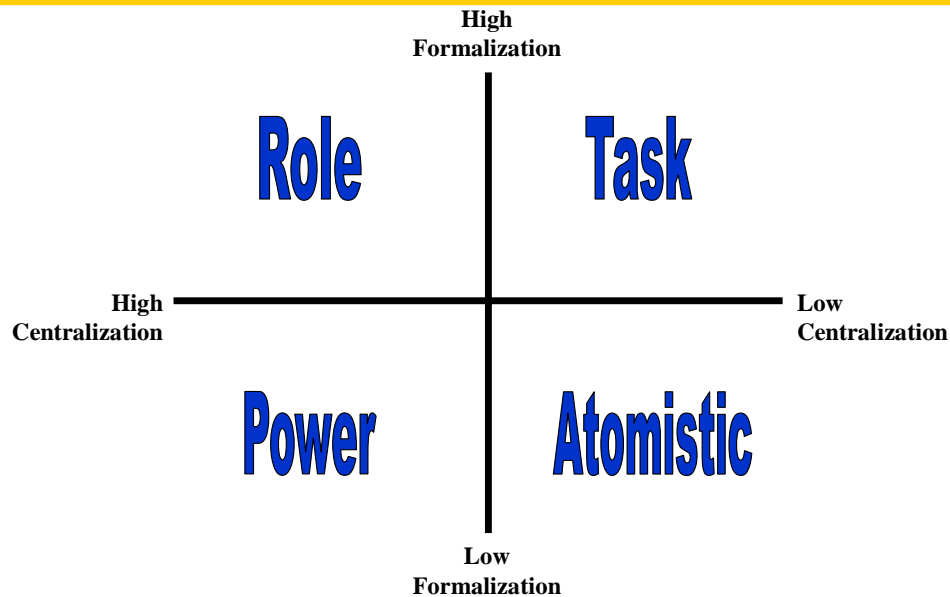
**High
Formalization**

Role   **Task**

**High
Centralization** ———————————————— **Low
Centralization**

Power   **Atomistic**

**Low
Formalization**

Cleland D. and Gareis R. (editors)(1994) *Global Project Management Handbook*

Power Culture Characteristics

- Person in the center is vital.
- Few rules or procedures.
- Control through selection of key individuals.
- Political organization, balance of influence.
- Moves quickly.
- Faith in individuals, political, and loyal relationships toward the person(s) in the center are the determining factors.

Example: Companies run by their founders.

Role Culture Characteristics

- Reason, logic, rational.
- Specialization into departments.
- Procedures for roles, communication, dispute settlement.
- Individuals exchangeable for given jobs.
- Power comes with the position not the individual.
- Experts are tolerated, but not liked.
- Fit for stable environments.
- Inflexible at turbulences.
- Security for individuals.

Example: Military type organizations.

Task Culture Characteristics

- Right people at right level.
- Expert power.
- Team culture.
- Individuals identify with organizational objectives.
- Very adaptable , speed of reaction.
- Mutual respect based on capacity.
- More creative than specialized.
- Difficult to control, less economies of scale.
- Difficulties handling hierarchies and scarce resources.
- Fit for competitive markets.

Example: Large consulting firms.

Atomistic Culture Characteristics

- Constellation of, more or less, independent individuals
- Everyone does his or her own thing.
- High expertise or quality (all top performers).
- Unstable conglomerate.
- Shared influence.
- Psychological contracts.
- Control and hierarchy almost impossible.
- High creativity.

Example: Partnered-oriented companies (Law firms).

Output of Building Commitment

- Business plan identifying a commitment to global projects.
- Organizational/individual comfort with the aspect of global business.
- Initial relationships with potential global associates/ventures.
- Preliminary organizational strategies for working with global associates/ventures.
- Upper management approval to proceed.

Output of Building Commitment cont..

- Establish level of commitment:
  - Initial short-term and limited participation to get acquainted with the country.
  - Medium or long-term involvement through long duration projects.
  - Investment in projects through joint-venture.
  - Use of a country as a base for exploitation of future identified business opportunities in that region.

Step 5 – Select Local Associate

- The purpose is to establish a relationship with an associate in the country of which your organization plans to do business.

- It is extremely rare that an organization can start up or continue global work without an insider who is established in-country.

- With an established reputable associate in-country it is favorable that your organization will succeed in it's global venture.

What to look for…

- An organization or individual with these attributes:
  - Located near an international airport or export center
  - Active presence in other countries
  - Language capabilities
  - An international department with foreign-born on staff
  - Good rapport with political, legal, accounting, and banking services
  - Successful track record of global and local business ventures
  - The organizations credit/financial status
  - Similar organizational culture to your organization
- Depends upon your organizations level of commitment.

Selection Process

- Conduct the search in-country.
- Develop a scope of what is expected of the in-country associate (use as a guide):
  - The in-country associate should be aware of professional requirements.
- Spend time with the potential associates examining their everyday business practices.
- Ensure your organization and the in-country organization are compatible or able to compromise in order to work together.
- Would you buy a used car from this potential associate?

Associate's Expected Contributions

- A "presence" for your firm in-country (Liaison).
- A source of information about your field.
- Early knowledge of specific projects.
- Support for visiting staff in preparing proposals.
- Knowledge of sources of financial and tax advice.
- Ability to furnish/obtain professional support staff for joint projects.
- Early warning of emergencies that affect operations.

Pointers

- Beware of consultants that bounty hunt to fix your organization up with an in-country associate.
- Beware of statements about relatives like "he/she would make a great associate".
- In some countries you may be considered an enemy in regards to business, be cautious and sensitive to fellow professionals.
- Do not expedite the selection, your organizations money and reputation are at stake.
- Don't expect your potential associate to look like a typical professional.
- Don't tolerate unethical behavior.

Output of Select Local Associate

- Report or presentation to upper management identifying the short-list of associates with a recommendation to select.

- Invitation for the potential associate to visit your organization.

- Draft agreement/contract on the joint-venture or partnership or etc..

Step 6 – Conduct Marketing

- The purpose is to establish your organization along with your in-country associate as a reputable and successful "must hire" name in the countries business society.

- Become "word of mouth" known to potential clients.

- Line up potential profitable projects that meet your joint-venture/partnership's capabilities and goals.

What to do…

- Develop a marketing strategy/plan.
- Establish the angles that will make your organization a successful competitor:
  - Establish what the competition is doing and how to exploit their weaknesses with your strengths.
  - Figure out how to influence the culture.
  - Figure out how to influence the power field.
  - Figure out how to get to the VIP.
  - Get your name/reputation out and foot in door's.
- Identify the "targets of opportunity".
- Impress! Impress! impress! But don't overwhelm.
- Be aware, creative, positive, committed, and flexible.

Pointers

- Selection of a minor project beneath your organizations capabilities may assist in establishing relationships in the market.
- Low bid a project in order to establish market (be careful, this may lead to stereo typing your organization).
- Go above and beyond what the local competitors can do (services, professionalism, quality, etc..).
- Initial investments are high when starting out, ensure the potential exists to eventually make a profit.
- Establish a "cut-losses" level on the marketing budget.
- Establish an experienced international marketer in-country that knows your organization's capabilities.

Output of Marketing

- Adjustments to the marketing plan based upon real interaction with the environment.
- Profiles of competitors, clients, and projects.
- Lists of sources and short list of potential projects.
- RFP's/RFB's and agreements to contract.
- A honed marketing budget.

Key Lecture Terms

- Internationalist
- Environmental Scanning
- The Power Field
- Expert Power
- Global Project Focusing (GPF)
- Area Notebook
- Organizational Culture
- Global Environment Web (GEW)

- Cleland D. and Gareis R. (editors)(1994) *Global Project Management Handbook*, McGraw-Hill Inc.
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- Lillieskold J., Eriksson M., and Jonsson N. (2002) *Starting a Global Project: What is Different Compared to a "Normal" Project?, Proceedings from Project Management Institute Annual Seminar & Symposium, San Antonio, Texas*
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Class 3: Aspects of Planning for Global Projects

Global Project Management

Class # 3 – Aspects of Planning for Global Projects

Instructors Name Here

Class Overview

- Strategic Planning
- Organization Planning
- Stakeholder planning
- Team planning
- Scope Planning
- Security Planning

Strategic Management Planning

Global Strategy

- ◆ Determining the orientation of the business with regard to maximizing it's global market share and longevity.

  - ❈ Encompasses determining the mix of domestic and global projects that will satisfy a successful global market share and ensure longevity within the global market.

  - ❈ Involves examining the market objectives of each organization involved and establishing a unified direction and commitment.

  - ❈ Dynamic and continuous effort upon the part of the organization.

  - ❈ The GPM must involve themselves with strategic planning in order to understand how to effectively manage global projects with respect to the organizations involved.

Strategy Problems

- One major issue is understanding the relationship between the organization's business strategies and how projects affect those strategies.
- Understanding these relationships require understanding the spectrum of strategic problems.

The Spectrum of Strategic Problems

Scenario	Problem (1)	Problem (2)	Problem (3)	Problem (4)
Type of Problem	More of the same in different conditions. We have core experience	We know where we are and we know where to go but getting there is demanding	We know where to go but we don't know how	Don't know where to go but we can't stay here
Organizational Experience	Very Experienced			Little Experience
Project Focus	Action Solution	Learning about and Testing Solutions	Exploring for Solutions	Searching for Direction

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Fitting the Project to the Problem

Scenario	Problem (1)	Problem (2)	Problem (3)	Problem (4)
Project Focus	Action Solution	Learning about and Testing Solutions	Exploring for Solutions	Searching for Direction
Key Question	How to make it happen	What do we have to do differently to get there	How do we get there	Where are we going
Project Characteristics	•Clear, strong objectives •Data heavy •Strong control of progress •Cost monitoring •Formal milestones and reviewing •Commitment taken for granted	•Clear, strong objectives •Flexibility about how to get there •Prototypes, pilots •Building commitment to the best way •Rapid application of focused learning on the unknown	•Building commitment to the direction •Mobilizing support •Creativity •Some early judgment	•No direction •Multiple iterative cycles •Ambiguity •Focus on rapid extensive and continuous exchange of learning and ideas •Direction emerges not imposed

Cleland D. and Gareis R. (editors)(1994) *Global Project Management Handbook*

GPM's Role

- Opportunist:
  - In working global projects the GPM should be ever mindful of potential leads to continue global business.
  - Should also be aware of warning signs that may harm organizational goals.
  - Domestic: GPM = "Doer" vs. Senior Management = "Thinker"
  - Global: GPM = "Integrator of thinking and doing"
- Business Ambassador: ("The person on the scene.")
  - Create positive relationships between stakeholders, customers, and sponsors.
  - Developing positive business relationships with vendors, suppliers, contractors and the local cultural environment.
- Information Distributor:
  - The GPM needs to continuously relay accurate real-time salient information to the organization in order for them to adjust business management strategies.

Organizational Planning
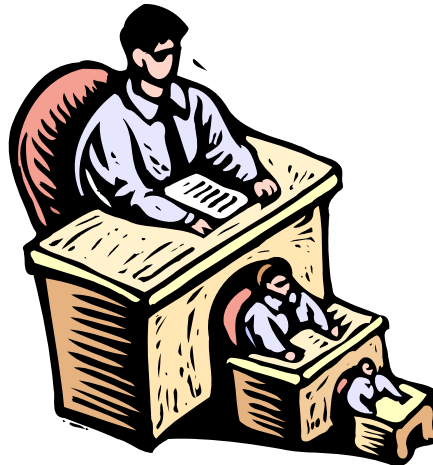
Global Organization

- The entities both foreign and domestic that amalgamate their organizational cultures along with their local cultures in a formal or informal manner in order to achieve a mutually agreed upon objective.

- Considerations =

External

Level of Integration

External

Power and control

Technology

Organizational Structure

Size/people

Boundaries/regulations

Formal/informal

External

External
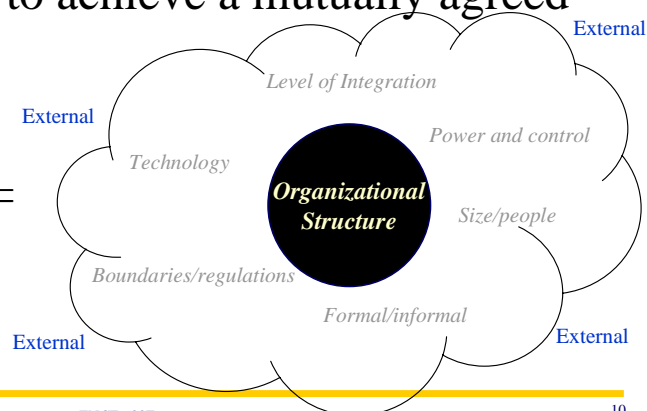
Global Project Organization Strategy

- Must be balanced with the types of projects, individual organizational cultures of all organizations involved, and the Global Environment Web (Global Project Factors + Power Field).

- The selected GPM should be a part of the development of the strategy.
- Integration Management and Knowledge Transfer are keys to successful organization strategy.
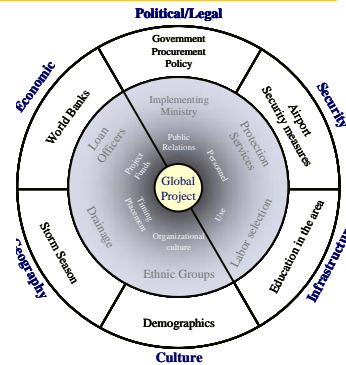
Key Global Organization Issues

- Authority – Responsibility – Power
- Hierarchy
- Task driven vs. Relationship oriented management styles
- Accountability
- Technology
- Forms, Templates, Tools, Standards, & Policies
- Communications

Organizational Integration

- Decide on an approach to the project(s), implement it and fine tune it along the way, gather lessons learned from implementation on other projects.
- An exception may be having to adapt to the organization in the country where the project is being done for a smooth organizational implementation.
- The magnitude of the organizational integration depends upon the size, complexity, and permanency of the alliance.

Organizational Process Standards

- Identify/agree upon process standards for the organization. This includes but are not limited to:
    - Quality
    - Administrative Management
    - Technical
    - Functional
    - Communications
    - Performance
    - Program/Project Management
    - Production
    - Risk
    - Financial

Global Organization Challenges

- Increased cost
- Complex communications
- Delays in problem solving
- Backlogs of unresolved issues
- Organization becomes problem focused – not business focused

Knowledge Transfer

- Amalgamating the mechanisms for organizational performance through interactive outward education.
- Global Training Initiatives:
  - Trainer travels to each site to give standardized training of the amalgamated organizational policy.
  - Mandatory web base training.
  - Tests to determine successfulness of knowledge transfer.
- Key is to get and maintain all organizational elements and personnel on the "same sheet of music".
- GPM needs to monitor knowledge transfer ensuring the organization is properly integrated with objectives.

Global Organization Structures

- ## Macro level
  - Domestic base – Augmented Foreign Office (DB-AFO)
  - Domestic base – Foreign Satellites (DB-FS)
  - Domestic base – Foreign Domestic Satellites (DB-FDS)
- ## Micro level
  - Functional
  - Matrix
  - Projectized
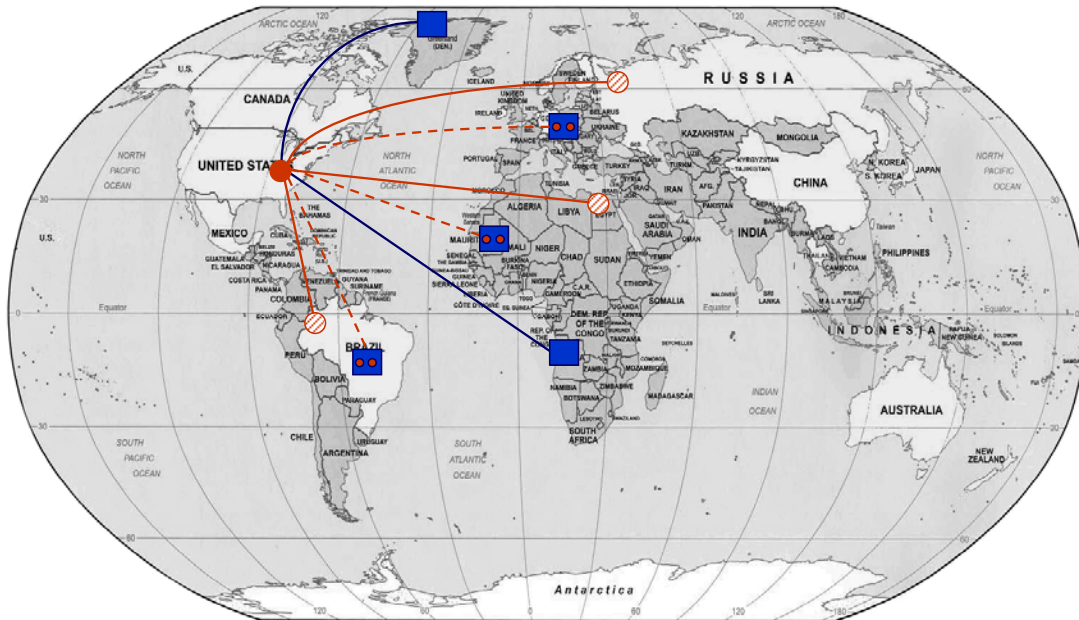
Organizational/HR Dimensions

Global Organizational Structures	DO-FDS		DO-FS	DO-AFO
Examples	Mergers	Acquisitions	Joint Ventures	Industry Consortia
Organizational				
Degree of inter-firm consolidation	High			Low
Risk/return potential	High			Low
Primary Integrative mechanisms	Normative/ Cultural			Contractual/ Structural
Mission strategy	Ownership			Collaborative competition
Human Resources				
Level of HR uncertainty	High			Moderate
HR perception of threat	High			Low
Recruitment needs	Low			High
Potential of turnover	High			Low to Moderate
Compensation/remuneration requirements	Traditional			Innovative

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Potential Problems to Organizing

- Requirements for local presence in-country.
- Quotas restricting number of foreign professionals/firms to practice.
- Partnership/association joint restriction.
- Restriction on hiring local professionals.
- Government procurement policies.
- Marketing and advertising restrictions.
- Restrictions on levels of fees.

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Outputs to Organizational Strategies

◆ Organizational Strategic Plan:
  ❁ To be used as a standard for the implementation phase of the program/project.
  ❁ Control plan for monitoring the organizational process flow.
  ❁ Organizational Process Charts.
  ❁ Lessons learned process that covers each hierarchical level of the organization.

GPM's Role

◆ Assist in development of the organization.
◆ Understand the mechanics of the organization.
◆ Know the channels for influence and change.
◆ Get to know key members personally.
◆ Understand the different cultures involved in the organization (both business and foreign).
◆ Integration and Knowledge Transfer.
◆ Educate the team and stakeholders on the new global organizational structure.

Global Stakeholder Planning

Global Stakeholders

- Global stakeholders are individuals or groups who have a realized or unrealized interest and/or some aspect of rights or ownership in the project or the environment surrounding the project.

- They can impact the project directly or influence the environment surrounding the project affecting it's efficiency and effectiveness.

- They may have power that transcends mainstream ethical beliefs.

Identify Stakeholders

- Brainstorm, visit, interview, "grapevine"
- Workshops
- Keep track and update
- Use the "Factors" and "Power Field" to assist in identification of stakeholders.

Economic   Political/Legal

Geography → *Global Projects* ← Security

Culture   Infrastructure

The Factors

Control

Influence

Remote

The Power Field
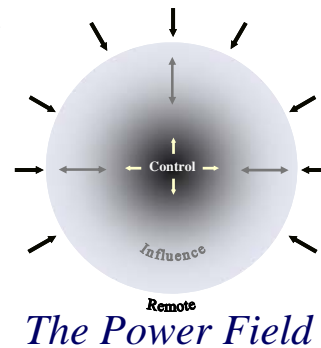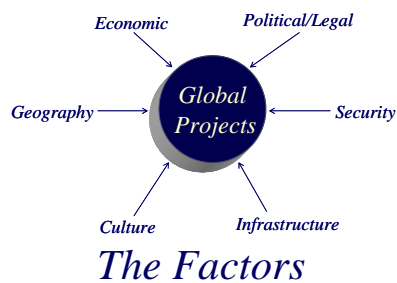
Global Stakeholder Analysis

- Assessment and prioritization:
  - Stakeholder hierarchy:
    - Dependant upon the complexity of the culture.
  - Hierarchical linking:
    - Dependent upon the sophistication of the culture.
  - Stakeholder mapping
  - Influence and importance
  - Risks of impact
- Practical examples and research:
  - Visit World Bank website and type into search "Stakeholder analysis".

GEW Stakeholder Analyzing

Political/Legal

Economic

Security

Geography

Infrastructure

Global
Project

Culture

Dissecting the GEW

Political Factor
Country 1

Political Factor
Country 2

Remote

Power over the project

Influence

Control

Stakeholder Hierarchy
6) Stakeholder
5) Stakeholder

4) Stakeholder
3) Stakeholder

2) Stakeholder
1) Stakeholder

Stakeholder Hierarchy
6) Stakeholder
5) Stakeholder

4) Stakeholder
3) Stakeholder

2) Stakeholder
1) Stakeholder

Hierarchical
Inter-Linking

Hierarchical
Linking

Monitor

Strategy for Managing

Coordination

Relationship

Strategies for Managing Stakeholders

- Stakeholder hierarchical linking.
- Stakeholder Mapping:
  - Many techniques out there
    - (i.e. http://www.mosaicprojects.com.au/Techniques.html#Stakeholder%20Circle)
- <u>Relationships</u> with stakeholders in the *control* field:
  - May be minimal or deep seated.
- <u>Coordination</u> with stakeholders in the *influence* field:
  - May be strictly information sharing or can be aggressive bartering.
- <u>Monitor</u> stakeholders in the *remote* field:
  - Look for trends and power changes.
  - In some cases enough political pull can influence this area.
- Establish the stakeholders impacts and qualitative probabilities that they will occur based upon stakeholder/cultural environment factor analysis.
- Communication Planning.

Stakeholder Mapping Tool

Influence of Stakeholder	Importance of Stakeholder			
	Unknown	Little/No Importance	Some Importance	Significant Importance
Unknown				
Little/No Influence		CSOs (III)	CSOs (II) Local Govt (III)	The poor (I, II, III) Local Govt (II)
Somewhat Influential				
Significant Influence			Donors (I	

http://www.worldbank.org/participation/PRSP/technotes/tn5.htm

http://info.worldbank.org/etools/docs/library/16027/SIS%20WORKSHOP.pdf
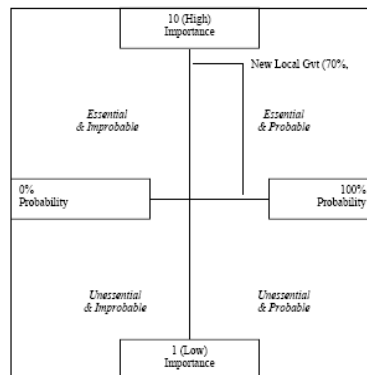
GEW Stakeholder List/Impact Tool

Hierarchical Ranking	Cultural Factor/ Stakeholder	Power Over Project	Impacts (positive or negative affect on the project)			Probability of Affecting Project			Strategy	Contact Info	Hierarchical Link
			Low	Medium	High	Low	Medium	High			
	Political/Legal										
C1.1	Trade Minister	Control	He can impose no change to trade	He can impose barriers to specific areas of trade	He can close off capacity for trade due to saturation	75%	20%	5%	Relationship		C1.1 to C2.1 and C3.1
	Economic										
C1.1	Foreign Bank Representative	Influence	Allows financing for the project from local banks	Requires financial collateral from in-country assets	Will not allow project financing from local banks	60%	30%	10%	Coordination		
	Security										
C3.1	Project Security Contractor	Influence	Reliable and maintains secure environment	Mostly reliable but an occational bad apple	Unreliable and requires additional effort to control	20%	50%	30%	Coordination		
	Infrastructure										
C1.1	Guerillas	Remote	Will not impede project traffic on roads	Monitors roads and requires favors/fees for use	Do not allow certain foreign nationals to use roads	10%	20%	70%	Monitor		
	Culture										
C1.1	Local Residents	Influence	Accepts the impedance of the project on lands	Requires ceremonies to allow project to be built on lands	Will not allow projects to be built on lands	30%	60%	10%	Coordination		

C1 = China
C2 = Korea
C3 = US

Global Team Planning

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Global Team Planning

- Team Building: The process of taking a collection of individuals with different needs, backgrounds and expertise and transforming them by various methods into an integrated, effective work unit.

- Include stakeholders as a part of the team as a sanity check:
  - Foreign officials may become important ambassadors to your cause

Global Team Problems

- People-oriented:
  - Communications
  - Bureaucracy
  - Conflict
  - Risk/Uncertainty
  - Power Struggle
  - Mistrust
  - Indecision
  - Leadership

- Work-oriented:
  - Task definition and delegation
  - innovation and creativity
  - Technology transfer
  - Integration
  - Problem/error detection
  - Quality
  - Changeability

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Influencing Factors

- ◆ Differences in:
  - ❋ Cultures, values
  - ❋ Languages
  - ❋ Standards, norms, measures
  - ❋ Distances
  - ❋ Time zones
  - ❋ Government regulations
  - ❋ Employment laws
  - ❋ Personal norms and values
  - ❋ Work interests
  - ❋ Education and skill levels
  - ❋ Business environments

Innovation Influences

	Uniqueness of the individual	
(-)Inhibitors to innovation	Ability Self esteem Drive Satisfaction Desire Enjoyment Energy Confidence	**(+)Contributors to innovation**

•Focus on: Control
       Conformity
       Uniformity
       Stability
       Procedures
       Efficiency
       Effectiveness
 	
•Corporate Culture
•Management Style
•Rigid Organizational Structure
•Evaluations/Judgments
•Mindset
•Group Think
•Limit Experience Base
	The Individual
	
	Innovative Output
		•Richness of life experience
		•Stimulation of people
		 and events
		•Opportunity
		•Tools
		•Information
		•Resources
		•Encouragement
		•Freedom
		•Protection
		•Security
		•Support
		•Trust
		•Recognition
		•Reward

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Problems Developing Global Teams

- Restrictions to Trade:
  - Requirements of a minimum number of local staff.
  - Entry and stay of intra-corporate staff subject to labor market test.
  - Restrictions on the multi-national relationship of locally established firms.
  - Nationality requirements.
  - Imposition of a procedure to facilitate entry and stay of professional to supply services.
  - Accreditation/licensing of foreign professionals.

Global Team Considerations

- Project Offices are typically multinational.
- It is difficult to get professionals to serve long periods in other countries:
  - Moving families and acclamation to culture.
  - Sometimes only short periods are needed (culture burn-out).
- It makes sense and in many cases its cost effective to employ local professionals in-country:
  - Especially if fluency in multiple languages are required.
- It is sometimes difficult for out-of-country professionals to obtain work permits.

Management by Walking About

- In the case of Global Projects "Management by Plane, Train, Automobile, or Rickshaw".
  - The best way to interact with global teams is by visiting them regularly.
  - Tour the project with the team during these visits.
  - Conduct Face-to-face Conflict Mediation sessions to keep teams running smoothly.
  - Plan time and budget for these interactions.
  - Use Virtual Project Management to stay abreast of routine project issues and emergencies.
  - Encourage open communications and "open door policy":
    - Opportunities to set issues straight may be lost by oppressing interactions.
    - Establish processes to ease language barriers.
  - Establish single point of contact for travel and appointment schedules (GPM Tracker).

Team Member Customs

- Local customs can be conflicting with regard to team members and work:
  - Work hours (i.e. 9-5, 5 days a week is not a globally adopted schedule).
  - Breaks (i.e. some countries take two hour lunches).
  - Prayer time (i.e. some countries require prayer breaks throughout the day).
  - Holidays (i.e. may limit work days or an individuals ability to work (fasting)).

Labor

- Labor laws have as much effect on foreign operations as tradition and customs:
    - Shifts and overtime work are not as common as found in the U.S.
    - Night work can require premium pay – Weight the cost-benefit:
        - Possibly use temporary staff to fill-in the holes.
    - It is illegal to work on Sundays and Holidays in some countries and Thursdays and Fridays are not workdays in others.
    - These issues require innovative team work scheduling.
    - Labor laws should be investigated thoroughly during the project initiating phase.

Fringe Benefits

- Annual and sick leave take on new meaning in global projects:
    - Some countries are accustomed to long vacations at regular intervals.
    - Sick leave is more readily accessible in some countries and the government controls permissions:
        - National health insurance overhead can be huge.

Global Team's Work Quality

- Professionals from different cultures may not adopt typical approaches to quality control procedures:
  - There are general tendencies in some cultures to accept any product of an associate as valid without checking quality.
  - Additional over the shoulder reviewing, redundant reviews or hierarchical quality control (passing the product through levels of quality control) may be required to correct these issues.
  - A manager should be able to detect a tendency on the part of the staff to shift the burden of quality control to the client
  - One culture's aspirations of quality may be quite higher or lower than another culture:
    - Establish a standard mutually acceptable quality approach with the team.

Morale Support

- Helping out-of-country staff in the new country increases morale:
  - Provide personal support:
    - Rental contracts for employees reviewed by company lawyers.
    - Supporting families while their family member (GPM) travels.
    - Provide opportunities for team members and their families to interact in group activities.
    - Mixing the cultures assists in breaking down interpersonal barriers.

GPM Guidelines

- Mixing professions and cultures will produce clashes requiring patience and understanding.
- Opening lines of communications bridges gaps and improves morale.
- "Management by Walking Around" is a tried and effective method of managing professionals.
- Eliminate unnecessary conferences and keep the guest list lean.
- Set work breaks, holidays, and working schedules with due regard to customs.
- Consult legal and accounting advisers in all matters concerning labor laws.
- Institute a performance rating system that does not offend cultural beliefs.
- Constantly monitor quality control procedures.
- Support expatriate employees in their efforts to get settled in a new country.
- Encourage multi-cultural company-sponsored activities as morale boosters.

Global Scope Planning

Stakeholder Scope Planning

- Incorporate and become educated on foreign standards, guides, codes and practices used by various stakeholders.
- Involve the Stakeholders in the "relationship" and "coordination" strategy fields of the GEW stakeholder list.
- Conduct stakeholder workshops:
  - If feasible, get all major stakeholders together in one area face-to-face.
  - Inform and request feedback from minor stakeholders.

General Scope Considerations

- How/where will the work be accomplished?
  - Will the work be accomplished by a diverse group from different countries or exclusively by a single country?
  - Will the work be performed locally or in multiple locations?
- Consider the infrastructure of the country as compared to the product:
  - Will special engineering and construction considerations be necessary?
- Where will materials, equipment, and labor come from?
  - Is global or local transportation required?

Scope Coordination

- ◆ Will the GPM in-country have authority to manage scope changes and to what levels?
  - ❋ Increased time differences can greatly effect scope change implementation.
- ◆ Consider the bureaucracy of the country:
  - ❋ Extreme levels may cause delays in obtaining necessary permits, agreements, access, NTP's, etc..

Security Planning

Security

- Performing Global Project Management increases the probability of encountering wars, coups, terrorist activity, etc...
- Security breaches have many forms to include personal, property, and information systems.
- The GPM, team, and stakeholders must be aware of these security risks and ways of mitigating or avoiding them.
- Security has become an expensive endeavor and global project budgets must account for these expenses.

Potential Security Expenses

- Conducting security risk studies on the geographical areas:
  - Hiring security consultants.
- Extra precautionary expenses:
  - Body guards for personnel.
  - Security guards for sites and offices.
  - In-depth security background checks.
  - Secure transportation (bullet resistant cars, private air carriers).
  - Information systems security software, hardware, personnel.
  - Office or site structural protection and security systems.
  - Personal protection training.
  - Cost due to heighten border control.
  - Insurance.
- These Factors must be planned for in the schedules and budgets.

Personal/Personnel Security

- Plan personnel evacuation strategies for extreme events (exiting the country).
- Guarding against corporate espionage:
  - Be watchful of what information is accessible and to who
  - Establish information handling procedures
- Plan for replacement of local labor due to persecution or other political events.
- Plan for erratic work schedules due to riots and demonstrations.

General Security Checklist

- Protect personal information:
  - Instruct family and associates not to give strangers information about you or your family.
  - Avoid giving unnecessary personal details to anyone.
  - Don't give out information about family travel plans or security measures and procedures.
- Maintain healthy suspicion:
  - Report suspicious persons loitering near your home or office; provide a complete description of the person and/or vehicle to police.
- Don't be an easy target:
  - Vary daily routines, such as departure times and routes to and from work, to avoid habitual patterns.
  - Refuse to meet with strangers outside your work place.

General Security Checklist

- Use a security network:
  - Tell associates or family of your destination and expected time of arrival when leaving office or home.
- Minimize exposure:
  - Don't open doors to strangers.
  - Try to stay in protected areas whenever possible.
- Be prepared:
  - Memorize key phone numbers – office, home, police, security, etc.
  - If overseas, learn and practice key phrases in the local language, such as "I need a policeman, doctor," etc.
- Be Anonymous:
  - Blend into the local environment. Don't attract attention with clothing, conduct, or mannerisms.

Property and Infrastructure

- Plan protection of the work areas:
  - Security personnel.
  - Upgraded construction (blast resistant structures).
- Insure the project against political, economic, and terror risks.
- Plan for evacuation of equipment or insure against it's lost.
- Plan for transfer or withdrawal of project funds if using local banking.

Information Systems

- Because of global connectivity, a risk accepted by one is a risk shared by all.

- A major source of project problems if not secure.

- Conduct studies of the potential threats on, and vulnerabilities of, the information systems and their networks used for the project.

Information Assurance

- Protecting information systems by ensuring their:
  - Availability
  - Integrity
  - Authentication
  - Confidentiality
  - Non-repudiation

- Plan for restoration, protection, detection, and reaction capabilities.

Key Lecture Terms

- Global Project Organization (GPO)
- Business Ambassador
- Knowledge Transfer
- Organizational Integration
- Domestic base – Augmented Foreign Office (DB-AFO)
- Domestic base – Foreign Satellites (DB-FS)
- Domestic base – Foreign Domestic Satellites (DB-FDS)
- Stakeholder Mapping
- Information Assurance

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Class 6: VPM (Understanding Virtual Teams)

🌐 Global Project Management

Class # 6 – VPM (Understanding Virtual Teams)

Instructors Name Here

Class Overview

- Understanding Virtual Teams
- Critical Success Factors
- Crossing Technical Boundaries

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Understanding Virtual Teams

Background

- In today's business environment, organizations must adapt quickly or cease to exist.
- Gaining competitive advantage in a global environment means continually reshaping the organization to maximize strengths, address threats, and increase speed.
- The use of teams has become a common way of doing this.
- The formation of teams can draw talent quickly from different functions, locations, and organizations.
- The goal is to leverage intellectual capital and apply it as quickly as possible.
- The methods that organizations use to manage this process can mean the difference between success and failure.

Globalization

- Consider the example of a team in a global firm.
- With members from around the world.
- The team unveiled a product to the senior staff of the organization, it included a description of the way the team worked.
- The entire team of twenty-two people traveled from country to country.
- Team members continually moved from site to site for activities such as status reviews, design meetings, and prototyping sessions.
- The cost of the travel was tremendous, not only for hotels and airline tickets but also in terms of the human costs of being away from home and the lost work time and productivity.

A Better Way

- Organizations form world-class teams to quickly address customer problems, develop products, and deliver services.
- These teams often operate virtually, without the physical limitations of distance, time, and organizational boundaries.
- They use electronic collaboration technologies and other techniques to lower travel and facility costs, reduce project schedules, and improve decision-making time and communication.
- For many teams, traveling and having continual face-to-face meetings is not the most efficient or effective way of working.

The Future

- Organizations that do not use virtual teams effectively may be fighting an uphill battle in a global, competitive, and rapidly changing environment.
- Organizations that will succeed in the next millennium have found new ways of working across boundaries through systems, processes, technology, and people.
- Understanding how to work in or lead a virtual team is becoming a fundamental competency for people in many organizations.
- Virtual teams often are formed as a reaction to a business requirement or as a result of programs, such as telecommuting, that introduce new ways of working.

Skill Requirements

- People who lead and work in virtual teams need to have special skills.
- An understanding of:
  - Human dynamics.
  - Knowledge of how to manage across functional areas.
  - National cultures.
  - Communication technologies as their primary means of communicating and collaborating.

Generalities of Virtual Teams

- There are many different configurations of virtual teams.
- The task affects how a virtual team is managed.
- Team leaders and members need to have a solid understanding of the type of virtual team they work in and the special challenges each type presents.
- What these teams have in common with all teams is that team members must communicate and collaborate to get work done and/or to produce a product.
- Virtual teams must accomplish this by working across distance, time, and/or organizational boundaries and by using technology to facilitate communication and collaboration.

Seven Basic Types of Virtual Teams

- They are:
  - Networked teams
  - Parallel teams
  - Project or product-development teams
  - Work or production teams
  - Service teams
  - Management teams
  - Action teams

Networked Teams

- A networked virtual team consists of individuals who collaborate to achieve a common goal or purpose.
- Such teams frequently cross time, distance, and organizational boundaries.
- There typically is a lack of clear definition between a network team and the organization.
- Team members may not even be aware of all the individuals, work teams, or organizations in the network.
- Examples of this type of virtual team often are found in consulting firms and in high-technology organizations.

Parallel Teams

- Carry out special assignments, tasks, or functions.
- Such teams frequently cross time, distance, and organizational boundaries.
- A parallel team is different from a networked team because it has a distinct membership that identifies it from the rest of the organization.
- It is clear who is on the team and who is not.
- The members of a parallel team typically work together on a short-term basis.
- Are becoming a fairly common way for global organizations to make recommendations about worldwide processes and systems that take into account a global perspective.

Project or Product-Development Teams

- Crosses time, distance, and organizational boundaries.
- Team members conduct projects for users or customers for a defined, but typically extended, period of time.
- Their tasks usually are non-routine, and the results are specific and measurable.
- A typical result is a new product, information system, or organizational process.

Work or Production Teams

- Virtual work teams and production teams perform regular and ongoing work.
- Such teams usually exist in one function, such as accounting, finance, training, or research and development.
- They have clearly defined membership and can be distinguished from other parts of the organization.
- Many work or production teams are now beginning to operate virtually and to cross time and distance boundaries.

Service Teams

- Service teams are now beginning to be distributed across distance and time.
- Network support is a continuous operation, with technicians located around the world taking turns dealing with network problems and upgrades.
- The technicians "follow the sun" and are situated so that one team always is operational.
- Each team works during its members' daylight hours and transitions work and problems, "virtually" to the next designated time zone at the end of the day.

Management Teams

- Management teams can be separated by distance and time.
- Although these teams often cross national boundaries, they almost never cross organizational boundaries.
- Companies have executive team members who hold a number of different passports and live in many parts of the world.
- Like top-management teams in global organizations, they collaborate by means of audio conferences or video conferences
- Staff members communicate regularly via e-mail and use a chat room on an Internet Web-based network to discuss important issues as they arise.

Action Teams

- Action teams also can work virtually.
- Such teams offer immediate responses, often to emergency situations.
- They cross distance and organizational boundaries.

Being Virtual Adds Complexity

- The two primary categories of variables that make virtual teams more complex are:
  1. They cross boundaries related to time, distance (geography), and organization.
  2. They communicate (share information) and collaborate (work together to produce a product) using technology.

Reasons for the Complexity

- Working across national boundaries complicates the situation because differences in *language, culture, and access to technology* impede effective communication and collaboration.
- As members from different organizations join a virtual team, *integration of work methods, organizational cultures, technologies, and goals* make communication and collaboration more difficult.
- The number of different choices for team interaction.

Virtual Team Interaction

- Virtual team interactions are almost always mediated by electronic communication and collaboration technology.
- The selection of technology and choice of interaction vary according to factors such as:
  - The type of team.
  - The nature of its task.
  - The members' access to technology.

Four Categories of Interaction

1. Same time, same place (like face-to-face meetings).

2. Same time, different place (such as an audio conference or video conference).

3. Different time, same place (such as using a chat room or a shared file on a network).

4. Different time, different place (such as exchange of e-mail or voice mail messages).

Critical Success Factors

Virtual Team Business Justification

- They increase:
    - Speed and agility.
    - Leverage expertise.
    - Vertical integration between organizations to make resources readily available.
- Virtual teams also lessen the disruption of people's lives because the people do not have to travel to meet.
- Team members can broaden their careers and perspectives by working across organizations and cultures and on a variety of projects and tasks.

Seven Critical Success Factors

- Seven factors affect the probability of a virtual team's success:
    1. Human resource policies.
    2. Training and development.
    3. Standard organizational and team processes.
    4. Use of electronic collaboration and communication technology.
    5. Organizational culture.
    6. Leadership support of virtual teams.
    7. Team-leader and team-member competencies.

1) Human Resource Policies.

- Human resource policies should support working virtually.

- Systems must be integrated and aligned to recognize, support, and reward the people who work in and lead virtual teams.

  - *Career-Development Systems*

  - *Rewarding Cross-Boundary Work.*

  - *Provide Resources and Support for Working Virtually.*

Career-Development Systems

- Team leaders can help to support virtual team members by providing career opportunities and assignments that are comparable to those in traditional team settings.

- Applying promotion and career-development policies and actions fairly to people who work in virtual settings helps to reinforce the perception that working virtually is an accepted career option.

- Virtual team leaders must ensure that the members of virtual teams have the same career-development opportunities as the members of traditional teams.

Rewarding Cross-Boundary Work

- Leaders must develop performance objectives for team members that include working across boundaries and sharing information to support virtual teamwork.
- In a virtual environment, effort is more difficult to discern.
- Use formal and informal public recognition of virtual teamwork.
- Use Web-site technology for advertising the teams successes.
- Use examples of your virtual team's success in speeches, presentations, and discussions with other team leaders and with management.

Provide Resources and Support for Working Virtually

- Create and support policies that provide your team with technical support for working remotely.
- All team members should have equal and immediate access to electronic communication and collaboration technology, training, and technical support.
- Many virtual team leaders set a standard for technology and make certain that everyone has access to the same hardware, intranet, and Internet connections, and applications.

2) Training and Development.

- Formal training in using technology is vital for success.
- In addition to a formal training curriculum, make certain that the team members have access to continual on-line training and technical support.
- Ask your training department about the feasibility of creating and implementing these types of systems.
- Learning how to use technology is not enough to guarantee success.

Facilitation Training

- Team leaders should make certain that they get the training and support they need to be adept at facilitating meetings using technical and non-technical methods.
- Training in facilitation skills should be an integral part of a development curriculum for team leaders and team members.
- Provide training and support for your team in working collaboratively across organizational, cultural, and functional boundaries.
- Many organizations provide direct consulting support and training to virtual teams in this area.

Knowledge Sharing

- Create and implement systems for sharing knowledge across functions, projects, and organizations.

- Shared lessons, databases, knowledge repositories, and chat rooms are used in organizations that embrace virtual teamwork.

3) Standard Organizational and Team Processes.

- Consider developing and implementing standard team processes.

- The use of standard processes reduces the time needed for team startup and may eliminate the need for unnecessary reinvention of operating practices each time a team is chartered.

- Practices need to be flexible to promote adaptation to a particular virtual team's situation.

Standard Technical Processes

- Common standard technical processes, especially for parallel, project, or network teams include:
  - Definitions of requirements
  - Estimates of costs
  - Procurement
  - Team charters
  - Project planning
  - Documentation
  - Reporting
  - Controlling

Technical and "Soft" Processes

- It is a good idea to define the preferred software for each of these major processes.
- Many organizations use standard project-management software packages so that any team, virtual or co-located, is familiar with and trained in using that package.
- Have agreed-on team processes in "soft" areas, such as the establishment of team norms, conflict-resolution procedures, and communication protocols.
- Experienced virtual teams prepare team charters that delineate suggested team norms and communication standards.
- Reinforce and expect the use of both technical and soft processes from the team.

4) Electronic Collaboration and Communication Technology.

- As a virtual team leader, you will need to select electronic collaboration and communication technology that meets the needs of your team.

- You also will need to ensure that the organization is ready to support your technical needs.

Organizational Conditions

- Introducing the electronic communication and collaboration technology needed for virtual teamwork, requires that three primary organizational conditions be in place:
  1. The organization has a well-funded, respected, and established information systems staff, whose members are experienced in installing and supporting electronic collaboration technologies in many different locations.
  2. There is commitment by the organization to keep personal computer systems as up-to-date as possible, regardless of a person's title or duties.
  3. The organization has a well-maintained corporate network that has room to expand to meet the needs of more complex systems and users.

- If your organization is lacking in any of these three areas, you might consider adopting a less complex suite of technology.

Standardizing Technology

- It is important to select a reasonable set of standards for your team in electronic communication and collaboration technology.
- Standards should meet the business needs of the team and match its mission and strategy.
- A global team that needs to communicate and work collaboratively, for example, must have a minimum set of standards for technology.
- Make certain that external partners and suppliers have access to compatible communication and collaboration technologies if they are considered part of the team.

Team Technology Skills

- Ensure that skill in using the electronic communication and collaboration technology is equally distributed among team members from different functional areas, geographic locations, and partner organizations.

- Typically, use of electronic communication and collaboration technology is more prevalent in technical functions, such as engineering and information systems, than in less technical areas, such as marketing, human resources, and finance.

- There is a risk that team members from less technical areas, if they are not able to use the technologies well, may be perceived by other teammates as having less status.

- Ensure that the technology used by each virtual team is available to all team members, wherever they are located.

Technology Investment

- Factor electronic collaboration hardware and software directly into the team's budget.
- It is important to recognize that the benefits of technology grow over time.
- Virtual teams do reduce costs, but often there is an up-front and long-term investment for technology and training to make them work effectively.
- The more people and teams work virtually, the more quickly these business practices will translate into savings.

5) Organizational Culture.

- Organizational culture includes norms regarding the free flow of information, shared leadership, and cross-boundary collaboration.
- Help to create organizational norms and values that focus on collaboration, respecting and working with people from all cultures, keeping criticism constructive, and sharing information.
- The organization's culture sets the standard for how virtual team members work together.
- An adaptive, technologically advanced, and nonhierarchical organization is more likely to succeed with virtual teams than is a highly structured, control-oriented organization.

Global Consideration

- If the organization is multinational or global, norms must honor different ways of doing business if they are to be effective.

- Create policies about how to do business in different cultures.

- Be aware that legal issues, such as who owns the copyright to product designs, can become murky when teams are working across national boundaries.

6) Leadership Support of Virtual Teams

- For virtual teams to succeed, the organization's leadership must establish a culture that values teamwork, communication, learning, and capitalizing on diversity.

- The key to establishing an organizational culture that promotes virtual teamwork is that managers and virtual team leaders at all levels must be open to change and must support virtual teamwork.

- Virtual team leaders and members can help managers to develop supportive behaviors.

Developing Support

- Offering specific suggestions to management regarding the four categories of leadership behaviors that encourage virtual team performance:
    - communicating,
    - establishing expectations,
    - allocating resources, and
    - modeling desired behaviors.
- It is important to gain the support of customers and other important stakeholders by helping them to see the benefits of virtual teamwork.
- Leaders can work with stakeholders such as leaders and managers from other functions, or suppliers who interface with the teams, to help them to understand and support the virtual team concept.

Important Aspects to Establish

- First, it is critically important to communicate throughout the organization that working across time and distance and with organizational partners is not just a temporary fad but a new way of doing business, one that leverages knowledge and skills and capitalizes on diversity.
- Second, it is important to establish clear expectations about how virtual teams work.
- Third, leaders who allocate resources for training, technology, and travel send strong signals that bolster the message that virtual teams are important.
- Fourth, and most important, effective leaders model the behaviors they expect. They align cross-functional and regional goals and objectives. They work with other managers across geographic and cultural boundaries.

7) Team-Leader Competencies.

- The challenges that virtual team leaders face are immense.
- Leaders report that they feel as if they are the "glue" that holds their teams together.
- Leaders have to establish trust in an environment with little or no face-to-face contact or feedback.
- These challenges necessitate the development of an additional set of competencies that complement the skills for leading traditional teams.

Seven Team-Leader Competencies

1. Coaching and managing performance without traditional forms of feedback.
2. Selecting and appropriately using electronic communication and collaboration technologies.
3. Leading "virtually" in a cross-cultural environment.
4. Helping to develop and transition team members.
5. Building and maintaining trust.
6. Networking across hierarchical and organizational boundaries.
7. Developing and adapting organizational processes to meet the demands of the team.

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Team-Member Competencies.

- The people who work as virtual team members have to develop their own competencies.
- Virtual teamwork is not for everyone.
- Serving on a virtual team may seem too transitory for some individuals who need face-to-face interaction and stability in a work environment.
- All members of traditional and virtual teams need solid grounding in their respective disciplines.
- Virtual team members need new competencies.

Six Team-Member Competencies

1. Project-management techniques.
2. Networking across functional, hierarchical, and organizational boundaries.
3. Using electronic communication and collaboration technologies effectively.
4. Setting personal boundaries and managing time.
5. Working across cultural and functional boundaries.
6. Using interpersonal awareness.

Crossing Technical Boundaries

Technical Boundaries

- The role of technology in virtual teamwork is one of overcoming the complexities of time and distance in communication and collaboration.

- Virtual teams and their leaders need up-to-date knowledge about technology and its role in facilitating performance.

- Understanding the technological needs of the task and the team, matching the technology available to the task, and facilitating the technology to maximize team performance.

Factors That Affect the Use of Technology

- The starting point in enabling effective communication and collaboration over time and distance is selecting the technology that matches the requirements of the team's task.

- Complicated and ambiguous situations require different choices than straightforward and simple ones.

- The selection process also is linked to a number of other team variables, such as:

  - Requirements for a permanent record of its interactions and decisions.
  - The need for symbolic meaning in communication.
  - Team members' experiences with working virtually.
  - How tight the team's schedule is.
  - The team's functional and organizational cultural makeup.
  - The team members' access to technological support and training.

Two Primary Factors

- There are two primary factors that can help virtual teams evaluate the effectiveness of one technology over another in different situations:

  - *Social Presence*. Social presence is the degree to which the technology facilitates a *personal* connection with others.

  - *Information Richness.* Information richness has to do with the amount and variety of information flowing through a specific communication media.

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Social Presence

- A face-to-face discussion has one of the highest levels of social presence.
- Interactions with high social presence are described as more lively, social, warm, and intimate than those with little social presence.
- Synchronous (same-time) communications, such as face-to-face meetings, audio conferences, and video conferences, have good social presence.
- Asynchronous (different-time) communications, such as e-mail and voice mail are poor for providing social presence.
- Situations that are ambiguous or that require the expression of emotions call for a technology with high social presence.

Information Richness.

- High information richness helps to accurately transfer clues to the meaning of the communication, thereby reducing confusion and misunderstanding.
- Information richness in a video conference with text and graphic capabilities is high:
    - Because there is a large amount of information available, including spoken words, facial expressions, body language, and environmental information about each attendee's surroundings.
- Much of this information is not present in other forms of communication, such as audio conferences, voice mail, and e-mail.

Using the Factors

- Social presence and information richness provide basis for a team to make choices about technology.

- The two factors can be used as key variables to predict the effectiveness of different technological options in different situations.

- Implicit in this approach are two concepts:
  1. That the ideal technology will be different from one type of task to another.
  2. That more social presence and information richness is not always better.

Technologies Based on Tasks

- In selecting appropriate technologies, the types of tasks that teams work on can be divided into four broad categories:
  1. Generating ideas and plans about the team's work, including collecting data to make decisions about plans.
  2. Solving routine problems where answers already exist.
  3. Solving ambiguous or complex problems where routine answers may not exist.
  4. Negotiating interpersonal or complicated technical conflicts between individual team members or organizations.

Communication Technologies

◆ Each category of task can be arrayed against three general types of communication technologies:

1. Data-only systems (such as e-mail).
2. Audio-only systems (such as audio conferences and voice mail).
3. Video systems.

Task/Communication-Mode Matrix.

	Types of Tasks			
Communication Modes	**Generating Ideas and Plans and Collecting Data**	**Problems with Answers**	**Problems Without Answers**	**Negotiating Technical or Interpersonal Conflicts**
Audio only	Marginal fit	Good fit	Good fit	Poor fit
Video only	Poor fit	Good fit	Good fit	Marginal fit
Data only (e.g., e-mail, bulletin boards)	Good fit	Marginal fit	Poor fit	Poor fit

Duarte D. L. and Snyder N. T. (2001) *Mastering Virtual Teams: Strategies, Tools, and Techniques That Succeed, Second Edition*

Other Factors in Selecting Technology

- In addition to social presence and information richness, a number of other factors should influence the team's selection of technology, these are:
  - *Permanence.*
  - *Symbolic Meaning.*
  - *Experience with Virtual Operations.*
  - *Time Constraints.*
  - *Organizational and Functional Cultures.*
  - *Access to Technological Training and Support.*

Permanence

- Permanence is the degree to which the technology is capable of creating a historical record of team interactions or decisions.
- A discussion by e-mail has permanence because all team members' inputs can be saved on what are called e-mail threads.
- An audio conference often does not have permanence, unless the conversation is recorded or someone takes detailed notes.
- More, of course, is not always better. Many teams end up with reams of data that are never referred to again.

Symbolic Meaning

- Symbolic meaning refers to context (meaning) over and above the message that is implied by the technology, such as receiving a handwritten thank-you letter rather than a typed one.
- With symbolic meaning, the act of selecting one technology rather than another, such as voice mail versus an interactive telephone call, adds meaning to the message.
- Even though the words are the same, the handwritten thank-you note means something different than the typed note, and the real telephone conversation means more than the voice mail message.

Experience with Virtual Operations

- Team members who are familiar with working virtually become accustomed to performing work without seeing one another daily or at all.
- Such individuals sometimes prefer, and can actually perform work effectively with, less rich technology.
- Experienced virtual team members often find high social presence or information-rich environments distracting and call them a waste of time.
- The more experienced we become in working virtually, the better we become at and the more we can begin to prefer using technology with less social presence and information richness.

Time Constraints

- Often, there is not sufficient time to select and procure the optimal technology and to train people to use it.

- In such a case, the team needs to make the best possible decision regarding technology, given the schedule and the resources available.

Organizational and Functional Cultures.

- Virtual teams that have varied membership require special consideration because of the differences in functional or organizational norms among members regarding group work and technology.

- Telecommunications companies may prefer e-mail as the mode of communication.

- A consulting firm may prefer voice mail..

- The use of video conferencing and the use of groupware also vary greatly from one organization to another.

- In some organizations, all global management meetings are conducted by means of biweekly video conferences; in others, quarterly face-to-face meetings are held.

- Some technologies may not be available to all team members, or there may be issues regarding the compatibility of systems or the availability of hardware and software in certain parts of the organization or in partner organizations.

- It is not uncommon for one part of an organization, or for partner organizations, to be ahead or behind in hardware and/or software capability.

Challenges

- The challenges are to overcome the deficiencies that result from working across time and distance with little of what we consider normal, face-to-face feedback.

- The opportunity is that the thoughtful use of technology can overcome some of the traditional problems encountered in face-to-face environments.

- By planning for the challenges and taking advantage of the opportunities, virtual team leaders may be able to achieve performance levels that approach and possibly even exceed traditional, face-to-face work.

Key Lecture Terms

- Virtual Team Interaction
- Facilitation Training
- Knowledge Sharing
- Electronic Collaboration and Communication Technology.
- Social Presence
- Information Richness

Class #6 References

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Class 7: VPM (Creating Virtual Teams)

🌐 Global Project Management

Class # 7 – VPM (Creating Virtual Teams)

Instructors Name Here

Class Overview

- Technology Basics
- Starting a Virtual Team—Six Major Steps
- Team Member Roles and Competencies
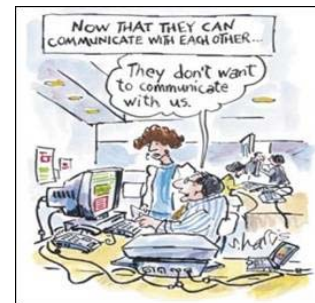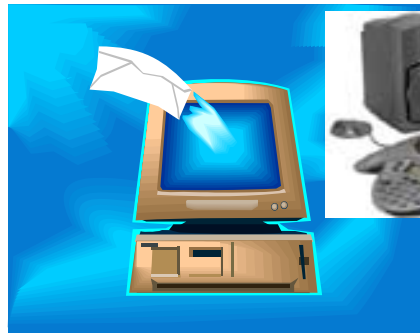
- *Groupware* describes the entire category of electronic options available to a virtual team.
  - It is a broad term that refers to electronic systems that integrate software and hardware to enable communication and collaborative work.
  - The most commonly used groupware today is e-mail.
  - Most other groupware, such as desktop data and video conferencing, either has not been available to, or is not widely used by, most people in most organizations.
  - Groupware currently is going through a revolution as individual products increase in functionality and as the industry transitions to the Internet.
  - Rapidly increasing data-transfer capacity called "bandwidth," is ushering in a totally new era of practical and user-friendly groupware products.

Groupware

- ◆ Can be separated into two general categories:
  1. Synchronous (those that enable team members to interact at the same time).
  2. Asynchronous (those that facilitate delayed interaction).

Synchronous groupware includes

- ◆ *Desktop and real-time data conferencing*
- ◆ *Electronic meeting systems (EMS)*
- ◆ *Electronic display*
- ◆ *Video conferencing*
- ◆ *Audio conferencing*
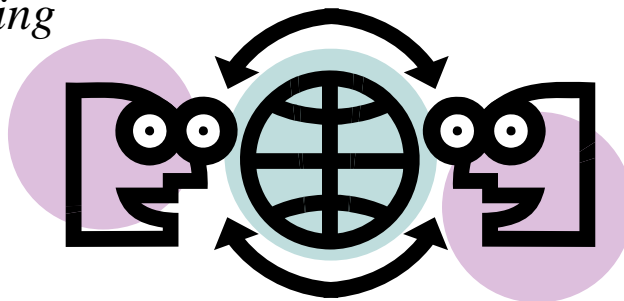
Desktop and Real-Time Data Conferencing

- Team members who use desktop and real-time data conferencing engage in synchronous interaction with one or more team members from their individual computer workstations.
- Individual team members have up-to-date computer, video, and audio capabilities (this may include a separate telephone or data line for conference-call or video linkups) and specialized groupware software.
- Such systems allow team members to store common documents and to use a number of separate functions, including electronic chat, whiteboards, and desktop audio and video links.

Chat

- Electronic chat allows team members to have typed conversations with other team members.
- The questions, responses, and comments of all participants are visible in a "chat window" on each participant's desktop monitor.

Positive Aspects of Chat

- Unlike e-mail, an electronic chat is a conversation that occurs in real time.
- A feature that many team members like is that a record of the discussion is immediately available so that the development of ideas can be traced.
- Chat applications are gaining popularity as office communication media for all types of teams as a way to circumvent clogged e-mail.
- Some software packages make it possible to instantly create a private chat room so that two team members can have a private conversation at any time.

Negative Aspects of Chat

- The drawback is that electronic chat can be intrusive.
    - Many team members view it as yet another way of having their work interrupted.
- Comments from everyone appear as they are typed, the more people who are participating in a chat session, the more chance for confusion regarding who said what and when.
- Participating in chat conversations can be difficult for team members who have poor typing skills or who are participating in a language that is not their native one.

Chat, Whiteboard, & Voice

- Desktop and real-time data conferencing frequently combines electronic chat with an electronic whiteboard that can display shared documents and allow the sketching of thoughts or ideas.

- A whiteboard allows team members to view a shared document, to diagram ideas on their computers, and to see the notations and comments of other participants.

- Some desktop and real-time data-conferencing tools include audio links that allow real-time voice discussion, in addition to chat, about the shared work.

Multimedia Technology

- Full-motion video in addition to the chat, whiteboard, and audio links:
    - This integrated capability allows team members to see and hear one another and to create and edit still-frame documents or images.
    - Participants can view other team members on the screen through the video capability; talk with them; and see, manipulate, and annotate the same images.

- Multimedia, due to its information-rich, multichannel capability, is ideal for team tasks that require a high amount of information richness and social presence.

- Multimedia provides high social presence, information richness, and permanence.

Electronic Meeting Systems (EMS).

- Electronic meeting systems have been used in face-to-face settings for a number of years to increase the productivity of group deliberation and decision making.
- Face-to-face electronic meeting systems range in complexity from:
    - Simple voting or polling systems, with wireless data-entry keypads that each participant uses to cast a ballot (and a projection system to process and display the results),
    - To computer-aided systems in which each participant uses a laptop computer to provide input to a central display screen.
- EMS technology is now based on wide-area networks or intranets and are becoming suitable for the Internet.
- A professional facilitator also is needed to structure the agenda, lead the meeting, and work with the electronic meeting software.

EMS Traditional Uses

- Teams traditionally have used electronic meeting systems to facilitate tasks that:
    - Tend to be sidetracked with excess discussion.
    - Require everyone to get a chance to submit his or her opinion.
    - Require anonymity for a more free flow of ideas.

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EMS Functions for Tasks

- EMS provide a number of useful functions that address these types of tasks:
  - Idea generation/brainstorming.
  - Idea grouping/issue analyzing.
  - Voting.
  - Outlining.
  - Annotating.

EMS Integration

- Electronic meeting systems are becoming more compatible with other applications, such as word-processing, spreadsheet, presentation, and project-management software.
- If information is needed to help make a decision, it can be imported from other applications so that all team members can view it, discuss it, vote on it, and revise it.
- EMS also can be integrated with other systems, such as desktop video, so that the interpersonal dynamics of a meeting can be captured.
- EMS requires a significant economic investment by the organization, as well as an organizational culture that will support their use.
- Cost may become less of an issue as software vendors make such applications available on their Web sites on a use-charge basis.

Electronic Display

- Like the blackboard, flipchart, and overhead projector, a family of technologies has evolved to aid in the presentation, communication, and discussion of ideas and concepts.
- Computer-based whiteboards bring the utility and versatility of the office whiteboard to virtual teams.
- Whiteboards are most effective with added communication links, such as audio, video, and chat windows.
- Computer whiteboards usually do not require special computer equipment and frequently are bundled with other software features into integrated groupware products.

Pro's & Con's of Electronic Display

- The primary advantage of using these display tools is that they build on the team members' existing skills and meeting behaviors and provide some sense of social presence.
- The primary disadvantages are that the team members must have access to specially equipped conference rooms and must disrupt their work to physically go to these rooms.
- Desktop systems provide the advantage of permanence. These systems are good for teams that need to share ideas and concepts graphically.

Video Conferencing

- Video conferencing is one of the most commonly used tools for virtual teams.
- It can provide high information richness and social presence.
- The quality of the video picture, in terms of motion quality (jerkiness of motion) and the crispness or resolution of the image, is dependent on the bandwidth of the data link.
- Video transmission and reception problems can restrict the usefulness of desktop video, so that the video image distracts from, rather than enhances, the collaborative experience.

Types of Video Applications

- There are two primary types of video applications:
  1. Desktop video.
  2. Specialized video facilities.
- Desktop video almost always is accompanied by audio communication and frequently by document-sharing capabilities.

Video Rooms

- Video rooms employ video equipment and high bandwidth networks that transmit full-motion video.
- Video rooms may contain whiteboard or other presentation software that allows the sharing of and collaboration on documents.
- Video rooms augment desktop systems by providing higher quality video images than some desktop systems can not.
- Unfortunately, however, like desktop systems, these video images can degrade and become distracting, especially if there are more than two locations linked together.

Heuristics

- Most teams can benefit from the use of video technology.
- When used appropriately, it provides a high level of social presence and information richness.
- Overuse in situations that do not have these requirements is a mistake, as is attempting to link too many parties into one conference.

Asynchronous groupware includes

- *E-mail*
- *Group calendars and schedules*
- *Bulletin boards and Web pages*
- *Non-real-time database sharing and conferencing*
- *Workflow applications*

E-Mail

- E-mail is the most common and well-understood computer-mediated technology for distance collaboration.
- It is the electronic version of postal-service mail.
- The message, usually a written one that can have a computer file attached, is sent over a network from one computer to another.
- The features of e-mail as a collaborative tool are frequently compared to postal mail and to voice mail.
- Like voice mail, e-mail is easy to use, provides people with time to reflect and consider their responses:
  - Can reach people in a short time.
  - Can broadcast the same message to a number of different people.
- Most companies have e-mail systems, through their intranets or the Internet, that require specialized software for the specific e-mail systems.

Email vs. Voicemail

- E-mail is more effective than voice mail when extensive information, such as a text or video file, needs to be included with the message, or when the message, or the response to it, is complicated and requires a written explanation.
- E-mail also makes it easy to forward messages or to send copies or blind copies to others.
- Unlike the telephone or voice mail, some e-mail systems will notify the receiver that a message was "opened" by a recipient (although not whether it was read and understood).
- Most e-mail systems also provide a means of visually tracking the original message, as the original is restated in the reply and in replies to replies.
- This concept of "message threads" is analogous to documenting or recording a face-to-face or telephone dialogue.
- A major advantage of e-mail over the telephone or voice mail is that e-mail provides a permanent, written record of the discussion with no extra effort.
- Attorneys are even starting to use e-mail threads as evidence!

"Smart" Email

- More advanced, "smart" e-mail systems are able to filter and prioritize incoming messages.

- Using filters and "if-then rules" can designate which messages they want to see immediately, based on the content or the sender.

- A team member also can designate the location to which a message should be forwarded, based on the topic, date, or names of team members.

- This feature facilitates quick responses to action items.

Email Necessity for Virtual Teams

- It is an excellent way to communicate about simple and straightforward issues and to share information.
- It is inexpensive and easy to learn to use.
- The drawback is its low information richness and social presence.

Group Calendars and Schedules

- The importance of time and coordination to a virtual team makes calendaring and scheduling software a high-priority tool.
- Calendaring involves the manipulation of information on an individual's calendar.
- Scheduling involves the communication and negotiation of information, meetings, and other items that need to be coordinated between individual calendars.
- Such programs are widely available, and the software is included with many groupware applications.

Enterprise-wide Scheduling

- Calendaring and scheduling systems range from individual schedule managers to enterprise-wide systems based on client servers.
- Enterprise-wide systems permit coordination of schedules between team members from any location or function.
- They are most useful to virtual teams, especially if team members are located across a number of different time zones, because they coordinate differences in time zones.
- Depending on the size and complexity of the team, scheduling may also necessitate coordination across organizational lines with vendors, customers, and venture partners.
- If multiple organizations are involved, the team needs to establish rules that determine the priority of scheduled events that originate outside the team or in the parent organization.

Heuristics on Scheduling

- Teams need to determine who has the authority to schedule whom, and when.
- Virtual teams are able to link to project-management software, such as scheduling and reporting applications, to integrate personal and team calendars with project or work schedules.
- As these systems become as ubiquitous as e-mail, the tendency to overuse them may parallel the overuse of e-mail.
- For example, the scheduling of team activities on a global basis will have to be carefully monitored to combat:
  - "Time-Zone Creep"—the tendency to routinely commit team members to activities outside their local working days.

Bulletin Boards and Web Pages

- Electronic bulletin boards and Internet or intranet Web pages provide shared work spaces for the posting of messages and ideas, the display and editing of documents, and for non-real-time discussions about questions that do not require immediate answers.
- Many teams set up their own team bulletin boards or Web sites.
- The bulletin board and Web site are accessible to all team members and have a degree of permanence similar to that found in chat rooms and e-mail.
- Bulletin boards are useful for gathering large amounts of information about specific topics from diverse groups of people outside the team.
- Although these tools are relatively inexpensive and easy to use and they facilitate permanence, they have low information richness and low social presence.

Non-Real-Time Database Sharing and Conferencing

- Shared database systems were among the first groupware applications on the market and they perform a number of information-management functions:
  - Providing the team access to reference materials and stored knowledge from other teams or from the results of other organizational activities such as studies.
  - Providing a place to store the work of individual team members.
  - Assuring that all work in process is updated to the latest edition and available to all team members.
  - Providing a place to store the team's experiences, lessons, and products for future use.

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Database Specifics

- Shared database systems usually accept a wide range of data, including multimedia information.
- Information frequently is distributed on servers throughout the organization, and individual team members have extensive freedom to:
  - Search the database
  - Transfer the information to personalized databases
  - Tailor it for their own use.
- Most systems require the purchase of special software and a desktop system to download, view, manipulate, and store the information.

Collaborative Notebooks

- Notebooks are built on distributed databases and employ a user interface that simulates real notebooks.
- The interface, usually on a desktop or laptop, features pairs of pages separated by a binder.
- Notebooks can be created for specialized team topics and are designed so that each team member can contribute to the others' notebooks on the topic.
- Individual team members control the authoring and editorial access to the notebook in accordance with their task responsibilities and can facilitate:
  - Collaborative authoring
  - Document sharing
  - Editorial review by multiple users.

Pro's & Con's of Databases

- Non-real-time databases contribute to permanence but have little social presence or information richness.

- Their use is heavily dependent on team-member access to software and training and on whether or not the culture of the organization supports their use.

Workflow Applications

- Workflow applications are used to design and operate repetitive business processes that involve sequential steps such as:
  - Electronic processing of forms in a loan application
  - New-hire request.
- The adaptation of workflow software to organizational intranets and the Internet enables repetitive work to be done virtually.
- Workflow software has a rather specialized application to virtual teams that are engaged in:
  - Assembly-line work
  - Service
  - Production teams
  - Operational or reengineering tasks.
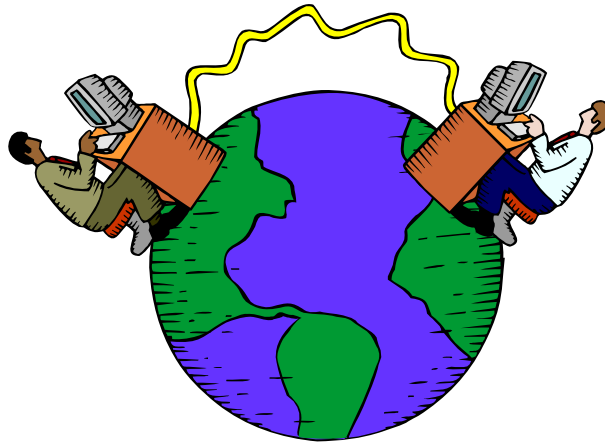
Six Major Steps

◆ Many of the six steps are also appropriate for traditional teams. For a virtual team, however, each step has the underlying objective of providing structure and support in bridging time and distance.

1. Identifying team sponsors, stakeholders, and champions.
2. Developing a team charter that includes the team's purpose, mission, and goals.
3. Selecting team members.
4. Contacting team members.
5. Conducting a team-orientation session.
6. Developing team processes.

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Step 1:

- Identifying Team Sponsors, Stakeholders, and Champions:
  - The success of a virtual team often involves effective interaction with and the participation of constituents from a number of functions, locations, and external organizations,
  - Virtual team leaders need to ensure from the start that they have the strong support of sponsors, stakeholders, and champions.
  - Sponsors and stakeholders link the virtual team to the management power structure across geographic/cultural and organizational boundaries.

Step 2:

- Developing a Team Charter That Includes the Team's Purpose, Mission, and Goals:
  - For traditional teams, if the starting point is properly aimed, the day-to-day contact of the team members can add meaning and reinforce shared understanding between team members.
  - For virtual teams, the lack of physical contact may erode meaning and understanding and make the link between charter and work more tenuous. For this reason, preparation must be more thoroughly planned and reinforced.

Developing the Charter

- The task of developing the team's charter is overlaid and affected by an equally important set of tasks having to do with ensuring "buy in," participation, and input.
- Eliciting this support early in the team's life cycle helps to reduce the number of issues that may arise later and which may stem from conflicts of interest, shifting priorities, and loss of resources.
- Because virtual teams cross so many boundaries, the potential for conflicts of interest or priorities is great.
- The best format is one that is familiar to the team's stakeholders, clients, and team members.
- a face-to-face session is especially recommended for establishing the charter. If this is not possible, desktop video with data-conferencing capabilities for reviewing documents is the next best option.

Step 3:

- Selecting Team Members:
    - The optimal situation is to have the freedom to identify and select members who meet the demands of the task and who are well-suited to working virtually.
    - Sometimes a person has a good local reputation but is not respected in other countries or parts of the organization or in other functions.
    - Team members who are respected and productive in a number of different geographic or functional settings can help the team to attain its objectives.

Types of Virtual Team Members

- Most network, parallel, project, and product virtual teams have at least three types of team members:
  - *Core team members:* are accountable for direct task output. Core members may include employees from distant locations, vendors, suppliers, and customers.
  - *Extended team members:* do not usually work with the team on a daily basis but provide expert support or advice when necessary. Extended team members may be internal and external consultants, sponsors, and stakeholders.
  - *Ancillary team members:* do not work on the team but review and approve the team's work and deliverables. Ancillary team members include the team's client, major stakeholders, and certain high-level managers.

Step 4:

- Contacting Team Members:
  - Effective virtual team leaders pay a lot of attention to the first interactions they have with their team members.
  - They carefully orchestrate how team members meet one another and how new members are introduced.

Simple Practices

- Experienced virtual team leaders engage in these practices:
  - They make sure that all team members clearly understand the team's task.
  - They arrange for appropriate amounts of interaction among team members before the work actually begins.
  - They make special efforts to facilitate the feeling of being part of the team.

Best Practices

- For establishing contact with team members, prior to the team's formal initiation meeting:
  - Call or visit each team member personally.
  - Provide some mechanism by which team members can find out about one another.
  - Facilitate interaction in a non-threatening way.
  - Send all team members information about the team, including its charter.
  - Make certain that a forum exists for answering team members' questions.
  - Find out whether any team members have hardware or software availability or compatibility issues.

Step 5:

- Conducting a Team-Orientation Session:
  - The ideal orientation is a face-to-face meeting that is attended by all team members.
  - Such a session is especially important for team members from high-context and collective cultures who expect and respond to more personal contact.
  - A virtual team leader should lobby diligently for the resources and time for a face-to-face meeting.
  - If a face-to-face orientation session is not possible, video conference is the next best choice.

The Agenda

- The agenda for the orientation session, at a minimum, should feature the following:

  A. *An orientation to the team's task*, including:
  - An overview of the team's charter.
  - An opportunity for team members to react to and offer suggestions about the elements in the team's charter.
  - A review of each team member's expertise and accountabilities.

  B. *Development of team norms, technological plans, and communication plans.*

  C. *Team building.*

A) Orientation to the Team's Task

- Shared understanding of the task of the team and their roles in completing it.
- Using the team's charter as a starting point is a good idea.
- Every team member develops a clear understanding of his or her task accountabilities.
- Defined who has the authority to change other people's work and who will approve final products.
- Team members' and partners' accountabilities and decision-making authority are mapped with respect to critical team outputs.

B) Development of Team Norms

- Establishing team norms helps to clarify expectations about acceptable and unacceptable behaviors for all persons who work in or with the team.
- Team norms guide participation, communication, conflict management, meeting management, problem solving, and decision making.
- Virtual teams may require unique and more detailed process norms than co-located teams do.

Example Virtual Team Norms

- Telephone, audio conference, and video conference etiquette and meeting management.
- Guidelines regarding acceptable time frames for returning telephone calls and e-mail messages and the uses of voice mail and pagers.
- Guidelines about using e-mail: when it should be used, when it should not be used, and how e-mail messages should be constructed—including when to flag messages as "urgent" and as "important."
- Which meetings must be attended face-to-face, which can be attended by audio conference or video conference, and which can be missed.
- How work will be reviewed and approved. This includes which team members will review work and which ones can approve deliverables.
- Procedures for scheduling meetings using group-scheduling systems.
- The types of technological applications to be used by team members and the policies regarding upgrades. (More than one team has encountered compatibility problems when a team member has upgraded software ahead of the others.)

Development of Technological Plans

- Planning what technologies the team will use is a vital part of the team's orientation session.

- In planning how technology will be used, the first step is to consider the type of work the team will be doing.

- Work on many teams can be characterized as parallel or independent, sequential, or pooled sequential.

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Types of Work

- ◆ Each virtual team needs to determine how it wants to work and then select the most complementary and cost-effective technology.

Parallel

Sequential

Pooled Sequential
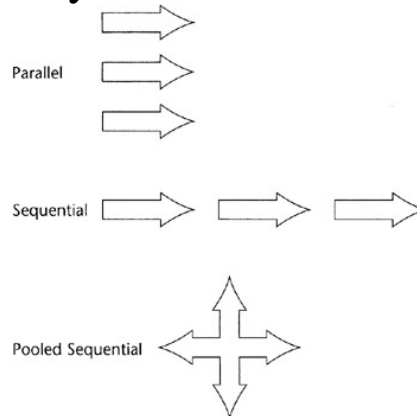
Example Protocols for Work

- ◆ Authority and security measures that enable team members to check out materials.
- ◆ A statement of who has the authority to add, change, and delete which portions of the product.
- ◆ A statement of how often the team, or a subteam, will *formally* discuss and review the status of the product.
- ◆ A statement of who has the authority for final review and approval.
- ◆ A mandate not to exchange information or add to documents in any other electronic or nonelectronic manner.

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4 Guidelines for Selecting Technology

1. Prior to selecting technology, ensure that the task actually requires pooled work.
2. Different styles of work usually are preferred by people in different professions.
3. The technology selected should integrate with existing systems.
4. Technology works best when it is integrated into the beginning of the team's work. Infiltrating a system into existing work is difficult because it disrupts existing patterns of behavior.

Development of Communication Plans

- How team members communicate with one another and with important stakeholders throughout the team's life is a critical success factor.
- It is the primary way in which virtual teams manage organizational boundaries.
- Teams that keep to themselves or engage in low levels of communication negatively affect their performance.
- How often a team communicates, however, does not, in itself, ensure success.
- External communication needs to be carefully orchestrated, with the goal of managing other people's perceptions of the team and their access to the team's progress and problems.

Managing Communication Boundaries

- ◆ Involves three vital functions:
    1. Providing the team with access to the power structure (usually top management).
    2. Managing horizontal interfaces and dependencies with other teams, organizational functions, and external partners.
    3. Providing the team with access to important information.
- ◆ Each of these functions necessitates a separate communication strategy.

1) Access to the Power Structure

- ◆ Achieved through communications called ambassadorial behaviors.
    - ❁ These activities promote the team and its work, building bridges to sources of resources and lobbying with the top management of the organizations for support.
    - ❁ The communication plan and other team activities are directed at influencing these key people.
    - ❁ Team members are invaluable in identifying people in their functions, organizations, and regions who should be targeted for ambassadorial behaviors.
    - ❁ Team members often are the best ambassadors for the team because they understand the team's work and have high stakes in its successful outcome.

2) Managing Horizontal Interfaces

- Employing strategies that emphasize lateral communication and integration of work.
- This entails the establishment of two-way communication links about the team's activities to people in other teams, functional groups, and external partner organizations.
- This is done in order to align or harmonize team efforts with outside activities.

3) Accessing Information

- Is facilitated by a communication activity called scouting.
- Scouting is aimed at obtaining information from many different customers, stakeholders, experts, and managers about their preferences, wants, and needs with regard to communications.
- Extensive scouting is most useful in the beginning stages of the team's life and during plan development.
- Intense scouting activity becomes less useful as the team moves forward.

Communication Plan Heuristics

- Matching boundary-management objectives with detailed communication plans is a critical activity.
- A carefully crafted and integrated plan should identify these items:
    - What information scouting should target, how it should be accomplished, and when scouting should be suspended or modified.
    - When ambassadorial behaviors will be effective, who they will be directed at, and what the message will be.
    - When horizontal integration is appropriate, with what functions or organizations, and by what communication media.
- An effective communication plan establishes accountabilities for data collection, data analysis, and information sharing.
- It also defines the specific messages that will be delivered as well as the most appropriate communications media.

C) *Team Building*

- The team building session should be a non-threatening activity that is appropriate for the cultural composition of the group.
- The initial orientation session should be done face-to-face
- The team leader should keep two things in mind:
    1. The selection and use of team-building activities may be subject to cultural bias.
    2. Experienced virtual team members may perceive team building as a waste of time.

Step 6:

- Developing Team Processes, Such as Status Mechanisms, Review Points, and Documentation:
  - During the orientation meeting, the team leader should explain the processes that will be used to manage and control the team's work.
  - These often can be reviewed or developed with the team members' assistance during the orientation meeting.

Key Aspects to Develop

- Teams should plan how they will engage in regular, frequent reviews.
- Develop agendas that address milestones, plans, problems, status, and costs.
- Develop plans for managing information about the team's history and progress and how it will be documented, stored, and exchange.
- Plan how distributed databases and other information-sharing applications will provide equal access to all team members.
- Create electronic project folders that support communication and collaboration on a single project.
- Identify different types of system users; owners, members, and an administrator.
- Create accounts for team members with passwords to ensure control over the system.

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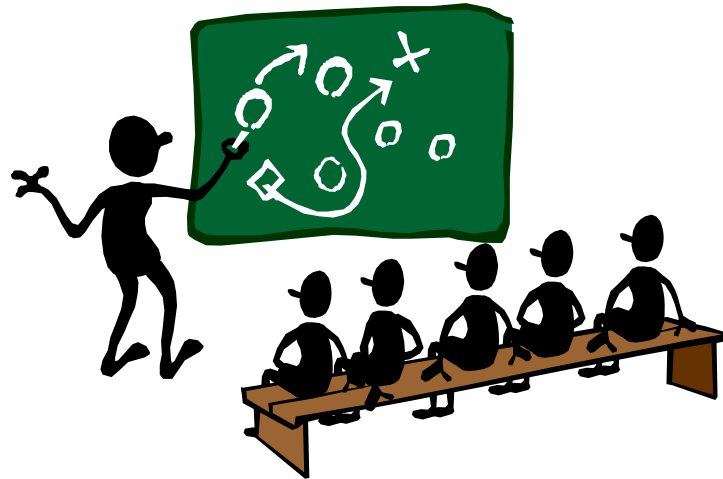
Balancing Coordination and Collaboration

- Successful virtual team members understand the importance of balancing coordination and collaboration with autonomy.
- In a virtual team, this challenge is more complex because time, distance, and organizational boundaries separate team members.
- Team members may be tempted to work independently because coordination and collaboration are more difficult in a virtual situations.
- Virtual team members often need to behave autonomously to perform activities traditionally performed by the team leader.
- Virtual situations also requires that team members take the initiative in coordinating and collaborating with other team members and stakeholders.
- Traditional organizational structures, reporting hierarchies, processes, and systems do not ensure coordination and collaboration in virtual teams.

Coordination and Collaboration Roles

1. Acting as ambassadors for the team by keeping local managers and stakeholders informed of the team's work.
2. Acting as conveyers of information in order to keep the team members informed of the concerns, interests, and reactions of their functional areas, local stakeholders, and management.
3. Coordinating and communicating with other team members to ensure that all are aware of who is performing what activities and that all have access to important documents and other information.
4. Building and maintaining trust with other team members by demonstrating reliable performance, integrity, and concern for others.
5. Sharing lessons learned with other team members and with their local organizations

Autonomy Roles

1. Acting as self-managing team members by assuming accountability and leadership in their areas of expertise and by delivering quality products on time.
2. Taking responsibility for identifying and reconciling team needs and priorities with the priorities of other teams on which they serve on and with local needs.
3. Clarifying ambiguous tasks with the team leader and with other team members.
4. Addressing conflicting loyalties between the team and other groups.

Roles and the Impact of Culture – Power Distance

- Power distance is one cultural variable that can impact how well team members perform their collaboration and coordination roles. (Hierarchal Linking)

- Team members feel uncomfortable performing boundary-management tasks that require collaboration and coordination between team members and people at higher status levels.

- Although these team members may have the skills to do such tasks, they do not consider them to be culturally acceptable.

Roles and the Impact of Culture – Uncertainty Avoidance

- Team members from cultures with high uncertainty avoidance are less likely to be comfortable in roles that are ambiguous.

- Members from low-uncertainty-avoidance cultures may view their teammates from high-uncertainty-avoidance cultures as needing too much definition and structure.

- Striking a balance that is appropriate for the cultural composition of the team and the team's task is tricky and may require candid discussions between all team members.

Roles and the Impact of Culture – Individualism/Collectivism

- In collective societies, sharing of accountability and goals by the entire team may be the preferred way to work.
- In more individualistic cultures, individual accountability for interdependent tasks may be preferred.
- Teams that have cross-cultural membership may want to discuss the meaning of terms such as accountability, autonomy, coordination, and collaboration to ensure that all team members share common understandings.

Virtual Team-Member Competence

- Virtual team members need to possess six key competencies in addition to traditional team competencies that ensure success in collaboration and coordination and in autonomy roles.
- The competencies are as follows:
    1. Project management
    2. Networking
    3. The use of technology
    4. Self-management
    5. Boundary management
    6. Interpersonal awareness

1) Project Management

- Planning and organizing individual work to correspond to team schedules.

- Developing and using methods to report progress and problems.

- Monitoring and controlling costs.

- Taking actions to get back on track.

- Documenting and sharing individual lessons learned.

2) Networking

- Knowing the organizational landscape and who is in it.

- Knowing what questions to ask to get others' perspectives.

- Maintaining guidelines about when to see people face to face, when to send them messages, and when to avoid them altogether.

3) Technological

- Using the appropriate technology to communicate, coordinate, and collaborate, given the task and the backgrounds of other team members.
- Knowing how to access training or help with new technologies.
- Knowing the etiquette of using technology.
- Knowing how to plan and conduct remote team meetings.

4) Self-Management

- Skill in establishing personal and professional priorities and goals.
- Skill in prioritizing work and setting limits.
- Skill in creating and executing opportunities for individual learning and growth.
- Skill in taking the initiative to change working methods and processes to meet the demands of the work.

5) Crossing Boundaries

- Understanding how cultural perspectives influence work and collaboration.

- Understanding how differences in national, functional, and organizational cultures impact working styles, team interactions, team-members' expectations, and team dynamics.

- Being sensitive to differences in business practices in different parts of the world.

6) Interpersonal Awareness

- Being aware of interpersonal styles and their impact on others.

- Collecting feedback on one's interpersonal style from other team members.

- Discussing one's interpersonal strengths and weaknesses with other team members and providing them appropriate feedback on theirs.

- Being able to plan experiences that lead to improvement.

Building Trust in Virtual Teams

◆ Three Factors in Building "Instant" Trust in a Virtual Environment:

1. Performance and Competence.
2. Integrity.
3. Concern for the Well-Being of Others.

Key Lecture Terms

◆ Groupware
◆ Synchronous
◆ Asynchronous
◆ Multimedia Technology
◆ Electronic Meeting Systems (EMS).
◆ Enterprise-wide Scheduling
◆ Workflow Applications
◆ Communication Plan

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Class 8: VPM (Mastering Virtual Teams)

🌐 Global Project Management

Class # 8 – VPM (Mastering Virtual Teams)

Instructors Name Here

Class Overview

- Virtual Team Meetings
- Virtual Team Dynamics
- Working Adaptively

Virtual Team Meetings

Background

- The right technical tools enhance our ability to share concepts, merge ideas, and use synergy to accomplish our goals.
- "Store and forward" technology allows us to hold a video conference in China one day and "ship" the entire meeting, video and data, to Brazil in time for the next business day.
- Virtual team leaders and members need to learn and use facilitation techniques that work for virtual teams.
- Technology cannot make up for poor planning or ill-conceived meetings.
- Effective facilitation can help to ensure that relationships between team members, as well as productive patterns of interaction, develop and are nurtured so that they continue.
- With the proper selection of technology and effective facilitation, the exchange of information in virtual teams can be as effective as face-to-face teams.

Four Roles in a Virtual Meeting

1. **Owner**
2. **Participant**
3. **Facilitator**
4. **Technology**
- Depending on the purpose of the meeting, some roles may overlap. The owner of the meeting also may be a participant. Often, the owner takes the role of facilitator.

1) Owner

- Defines the objectives and outcomes of the meeting.
- Determines who should participate and the types of background information that the participants will need.
- Should work with the facilitator to develop the agenda, select the technology to be used, and conduct the meeting.
- Should interact with the facilitator to ensure that the objectives for the meeting are met and that necessary decisions are made.
- Decide the best way to follow up with next steps and action items.

2) Participant

- Takes responsibility for preparing for the meeting, including reading the background material and becoming familiar with the technology to be used.
- Should be willing to speak out (or respond using electronic methods) as well as to listen and consider the ideas of others.
- In remote meetings, it is easier to "hide" than it is in face-to-face meetings.
- Takes active responsibility for making suggestions and decisions as well as for following up on meeting actions.

3) Facilitator

- Responsible for the meeting process.
- In a virtual meeting with members at remote locations, this role involves more technology than in a face-to-face meeting.
- Matches the technology to the goals of the meeting and to the items on the agenda, tests the technology prior to the meeting, and checks the technology throughout the meeting.

Facilitator Process Considerations

- Virtual team meetings are similar to those for face-to-face meetings and include:
    1. Understanding the desired meeting outcomes and matching the agenda to them.
    2. Communicating the agenda and meeting process.
    3. Keeping the group focused and moving through the agenda during the meeting.
    4. Modifying the agenda, if necessary, and removing barriers to success, such as nonparticipation by some people.
    5. Addressing issues of team dynamics during the meeting.
    6. Summarizing decisions and actions to be taken and reviewing the effectiveness of the meeting at its end.

4) Technology

- It cannot be overemphasized that technology should serve the meeting, not dominate it.

- Technology enables virtual team members to meet and to accomplish what would be difficult or impossible without it.

- It should increase productivity.

- In some cases, where the technology is complex, a separate facilitator, or "technographer," is sometimes used to focus solely on the technology.

Virtual Meeting: Three Activities

1. Selecting the appropriate technology and type of interaction (real time or asynchronous), given the purpose of the meeting.

2. Planning for "people issues" (such as who will participate), scheduling the meeting around the availability of the participants, and dealing with meeting logistics.

3. Developing an effective agenda and facilitating the effective use of technology.

Four Major Types of Meetings

1. <u>Information-sharing meetings</u>: Information is shared and discussed among team members. Such meetings can range from one-way presentations to multiple-path exchanges of information. Examples are regular progress reviews and updates.

2. <u>Discussion meetings</u>: Include the exchange of information but also promote dialogue, the generation of ideas or options, and discussion of issues or problems. Such meetings include discussions about technical approaches to problems and discussions about system issues, plans, and policies.

3. <u>Decision-making meetings</u>: Issues are discussed and decisions are made collaboratively. An example is a meeting in which a final decision is made about a project schedule, technical approach, or policy.

4. <u>Product-producing meetings</u>: "Hands-on work" is done and tangible products are produced, such as the analysis of data or work on a document or engineering design. These meetings require the most collaboration.

Type – Interaction – Technology

Information Sharing	Brainstorming and Decision Making	Collaborative Work
Low Interaction	Moderate Interaction	High Interaction
Voice mail E-mail	Electronic bulletin board Chat rooms Video conference Audio conference Real-time data conference	Real-time data conference with audio/video and text/graphic Whiteboards with audio/video link Electronic meeting system (EMS) with audio/video and text and graphic support Collaborative writing tools with audio/video links

Duarte D. L. and Snyder N. T. (2001) *Mastering Virtual Teams: Strategies, Tools, and Techniques That Succeed, Second Edition*

Planning for "People Issues"

- The team leader (perhaps with the assistance or guidance of the facilitator) selects the attendees, schedules the meeting, and attends to meeting logistics.
- During the planning phase of the team, decide as a team who will attend which meetings and for which meetings attendance will be optional.
- Some teams create a folder on a team Web site in which important documents and other information are kept so that people who do not attend meetings can keep up-to-date on decisions that affect the team.

Scheduling the Meeting

- An electronic group calendaring and scheduling system should be part of any virtual team's technology package.
- The use of such a system can save the team's leader or facilitator days of effort in trying to coordinate people's schedules.

3 Steps to Scheduling a Virtual Meeting

1. Agenda
2. Time
3. Notify

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Step 1: Agenda

- Create a preliminary agenda or, at a minimum, a list of desired outcomes.
- Determine how long it will take to work through the agenda.
- Determine whether the meeting will be synchronous or asynchronous.

Step 2: Timing

- Select a time for the meeting. This should include starting and ending times.
- Be aware that scheduling systems are sometimes tricky to use across time zones.
- The person who is scheduling the meeting should be cognizant of differences in time zones and should not schedule any team members to attend in the middle of the night.

- Send a notice about the meeting to each person who is selected to attend.
- Ask the potential attendees to respond to you by a specific date about whether or not they can attend.

- Although we tend to ignore logistics because they are boring, they can make or break a meeting.
- If the agenda is not distributed before the meeting, the participants are likely to be ill-prepared to discuss agenda items.
- In addition, not anticipating issues regarding systems compatibility or the unreliability of hardware and software can quickly ruin a meeting.

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Agenda Logistics

- Let each participant know what his or her specific role will be.
- Regularly scheduled meetings should have standard agendas.
- If materials are distributed for preparation or prework, tell the participants how they will be used and when to return them.
- Let people know where to find information they need on Web sites.
- If documents will be discussed during the meeting make sure that pages and important sections are well labeled.
- It is good to label page or section numbers on the agenda.
- If the meeting deals with a detailed review of a document or product, gather as much information about people's reactions as possible prior to the session.
- Collect answers to questions you can anticipate before the meeting so that you can summarize reactions and direct the conversation.

Technology Logistics

- Ensure that all team members have access to and are comfortable with the technology that is needed for the meeting.
- Make sure that attendees have the right hardware and software configurations; make a list ahead of time and send it to them.
- Schedule training and provide technical support, especially for people who are not experienced in using the technology.
- Have a backup plan for each site in case of technical problems.
- Never assume that everything will work well. Check to see that any technologies you plan to use are compatible with one another.
- Compatibility is improving, but it is still difficult to interface with and support all the technological components desired for a meeting.

Factors Affecting Virtual Team Meetings

- The total amount of information exchanged in virtual teams is often less than that exchanged in face-to-face groups.
- Communication channels often limit the opportunity to offer input.
- The absence of nonverbal clues during electronically mediated meetings limits communication.
- If team members are typing their comments during a virtual meeting, information is limited by their typing speeds.
- Members who speak different native languages, issues arise around accents, jargon, and a general apprehension about conversing when participants may not understand you.
- It takes more effort and motivation by a virtual team to reach understanding and complete tasks than it does for a co-located team.
- Virtual teams run the risk of spending more time talking about the procedural aspects of a meeting.

Positive Potential for Virtual Meetings

- With the right task, agenda, and facilitation, virtual teams can actually surpass co-located teams in many areas.
- Real-time access to databases, search engines, articles, and other information prior to and during meetings can help team members to remember previous decisions and to resolve disagreements.
  - These features often are present in Web-based conferencing tools and other group-ware products.
- Virtual team members can have the opportunity to participate more openly and fully than co-located team members.
- Under the correct conditions, such as using EMS groupware with anonymity features, virtual team members express more extreme views and unique ideas and can contradict one another more than team members who are meeting face-to-face, perhaps because they feel less social pressure.

Electronic Polling and Anonymity

- Polling can also demonstrate agreement on the team and can help a group to get past unnecessary debate and discussion.
- Electronic polling systems, which often are features of EMS, are useful in the middle of a meeting to redirect discussions.
- They can assist at any time in making immediate decisions.
- Having team members anonymously criticize ideas or rate a topic improves decision quality as social pressure is diminished.
- Electronic polling systems also can motivate members to make decisions that may be too painful to make face-to-face.

Collaborative Meeting Tasks

- Using technology to more effectively structure collaborative tasks is another gain that virtual teams may realize.
- Group editing of a document, for example, can be structured in three different ways:
  1. Sequentially (the document is passed from person to person);
  2. Parallel (a part of the document is worked on by different authors and reassembled electronically); and
  3. Reciprocally (collaborators work to create a common document, edit it together, and adjust it in real time).

Four Factors of Successful Virtual Team Meetings

1. Recall
2. The opportunity to input
3. Reduced social pressure
4. Motivation.

1) Recall: Facilitation Tips

- Provide an agenda well in advance.
- Ask participants, prior to the meeting, to think about specific questions or issues.
- Provide a format with which to respond to questions or collect thoughts that relate to meeting objectives.
- Provide information about where to find information, e.g., databases, documents, search engines.
- Use on-line documents during the meeting.
- Have results of past decisions available.
- Provide "think breaks," especially if there are nonnative speakers present.

2) Contribution: Facilitation Tips

- Use anonymity features for brainstorming.
- Use anonymity features for voting and reaching consensus.
- Structure the agenda so that people can work in sub-teams.
- Have people send in opinions prior to the meeting to avoid spending unnecessary time during the meeting.
- Allow ample time; schedule two sessions if necessary.
- Use communication technologies that provide enough interaction.

3) Motivation: Facilitation Tips

- Structure the agenda so that everyone has the opportunity to contribute.
    - Go "around the room" virtually.
    - In an audio conference or video conference, ask each person for his or her opinion
    - Vote using EMS.
- Use technology, such as group editing and collaborative writing, to obtain "buy in" on final product from everyone.
- Structure the agenda so that people can come in and out of meetings according to their needs for information and input.

4) Social Pressure: Facilitation Tips

- Use anonymity features for voting, brainstorming, and reaching consensus.
- Use data-only technology to gather input from team members from high-power-distance cultures.
- Collect divergent views prior to the meeting.

Formality vs. Informality

- Invent new methods and channels for sharing communication clues and use them.
- This is especially necessary when using chat rooms and other electronic technologies with which there are no verbal or visual clues.
- With the team's input, develop ways to signal emotions.
- For example, many virtual team members use signals such as all caps for feeling strongly about an item, "IMHO" for "in my humble opinion," and "BTW" for "by the way."
    - These create a sense of familiarity in communication.
- Encourage the members to make up signals that are unique to the team.
- Also encourage the team members to write more informally.
- Formal writing takes a long time and limits the number of ideas.

Actively Facilitate the Meeting

- Check frequently that the team is staying with the agenda and actually making progress.
- Notice if some team members have not spoken and ask if they have anything to contribute before the discussion of each item is closed.
- If the meeting is conducted in a language that is not the native language of several team members, provide them with "think breaks" to get their thoughts together.
- Pay attention to the team's process how the members interact during the meeting and raise relevant issues at an appropriate time.
- At the end of the meeting, summarize the discussion and make sure that any decisions, recommendations, and actions are recorded. Obtain commitment on who will do what by when.
- Try to have the minutes of the meeting available within one or two days.
- *View Checklist 8.1. "Facilitation Tips for Different Technologies" in "Mastering Virtual Teams".*

Virtual Team Dynamics

Technical Environments

- Technical environment:
  - Work usually is planned and executed according to a timetable, with schedules and project plans.
  - The knowledge necessary to solve a problem usually exists and may even be legitimized in policies, processes, or procedures.
  - In this situation, the team simply obtains the knowledge and applies it to the team's task.

Adaptive Environments

- Adaptive environment:
  - Situations are new and do not have defined solutions.
  - The challenge is to create a solution to a problem or to create a strategy that does not yet exist.
  - Team members and organizational stakeholders may need to make adjustments in their attitudes and expectations.

New Model of Team Development

- Because face-to-face contact is not part of everyday life in virtual teams, unity may be more difficult to attain and manage.
- In the long run, many of our most satisfying experiences are in teams that balance task performance and social dynamics.
- The virtual environment does not contain many of the traditional means of managing the task and social aspects of team dynamics.
- Virtual team members and leaders, as a result, need to be more cognizant of how they develop and implement strategies to manage them.
- They need to understand the stages of each type of dynamic.

Task Dynamics

- The four stages associated with task dynamics are as follows:
  - *Stage 1: Inception.*
  - *Stage 2: Problem solving.*
  - *Stage 3: Conflict resolution.*
  - *Stage 4: Execution.*

Social Dynamics

◆ The social dynamics of virtual teams parallel the task dynamics and include four stages:

  ❋ *Stage 1: Interaction and inclusion.*
  ❋ *Stage 2: Position status and role definition.*
  ❋ *Stage 3: Allocation of resources and power.*
  ❋ *Stage 4: Interaction and participation.*

Three Factors That Affect Virtual Team Dynamics

◆ In a virtual environment, team leaders may have less access to the traditional clues that indicate how the team is progressing through the stages.

◆ Team dynamics are determined by complicated variables that relate to three factors:

  1. Time
  2. Team environment
  3. Team composition

1) Time

- Team dynamics are affected by the passage of time, especially in parallel, project, and action teams.
- Most teams undergo major transitions about halfway through their life cycles, no matter how much time the teams have allotted for their tasks or how many times they have met.
- Many teams create new approaches to their tasks and execute new plans at this transition point.
- Just prior to the transition, teams typically experience conflict, changing alliances, role confusion, and debate about technical approaches and/or solutions to problems.
- During the transition, old approaches and viewpoints are cast aside as new ones take their places.

Transition

- There are four events that the virtual team leader should look for that signal the transition to execution:
  1. Abandonment of much of the team's early work, including plans and agendas;
  2. A feeling of urgency to finish on time;
  3. Renewed contact between the team and its organizational environment, most often the sponsor or a member of senior management; and
  4. Specific new agreements on the ultimate direction the team should take (adjustment of team charter).

2) Environmental Influences

- *Embeddedness*
- *Nature of the Task*
- *The Impact of Technology*

Embeddedness

- Teams can be described as being embedded in the organization when the organization's structure, processes, communication channels, management, and reward structure support and nurture the team's activities.
- Teams can also be described as highly embedded if the work they are doing has high impact in one area or many areas of the organization.
- A team that is not highly embedded in its organization often has difficulty obtaining access to information, scheduling time with management, and obtaining support from other functions.
- A team that is highly embedded in its organization has appropriate top-management support and attention, access to resources, a well-defined task, and rewards for team members for their performance in their local organizations.

Nature of the Task

- The more complex the team's task, the greater the chance of conflict and disagreement about roles, approaches to problems, and definition of outcomes.
- Teams that exist in adaptive environments are more likely to dwell on resolving power differences, status differences, and conflicts about technical approaches and allocation of resources.
- Repeatable and simple tasks, for most virtual teams, equate to less time spent in activities such as conflict resolution, role definition, and authority relationships in the group.

The Impact of Technology

- Because virtual teams interact by using electronic communication and collaboration technology, it is important to anticipate its effect on team dynamics.
- The use of some technology can increase the team's depth of analysis and clarify vague and ambiguous problems.
- Using EMS technology that includes idea-generation capabilities, for example, can increase a team's ability to generate plans quickly.
- The combination of the lack of normal conversational give-and-take and the drama of using technology to generate a large quantity of ideas or to quickly exchange documents sometimes may sub-optimize the quality of solutions.
- Most technology, because it does not provide the metaverbal clues of face-to-face communication, may get in the way of building trust and resolving interpersonal conflicts.

3) Team Composition

- People from very different backgrounds and experiences bring different behaviors, routines, and assumptions about work and the world to the virtual team.

- People develop routines and assumptions so that it is easy to predict, to some extent, what others will do.

Cultural Differences

- The team members' cultural backgrounds include differences that can affect team dynamics.
- Cultural assumptions and perspectives embedded in team members' behaviors can be much harder to discuss and change than those associated with functional backgrounds and organizational cultures.
- Individuals who do not have a great deal of cross-cultural experience or do not have strong technical backgrounds may find it difficult to mitigate cultural behaviors.
- Cultural dimensions that appear to have the greatest potential to affect virtual team dynamics are individualism-collectivism, power distance, and uncertainty avoidance.

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Individualism—Collectivism

- It is important that virtual team members define the degree of interaction and participation that is appropriate for each task.

- This will help members from both individualistic and collective cultures to know what is expected of them.

- The definition should include the amount and type of interactive behavior, such as the frequency of team interactions and the amount of participation that team members should expect from one another.

Power Distance

- Technology also helps to avoid the perception of criticism as a personal attack by members of certain high-power-distance cultures, for which personal integrity and credibility are based on maintaining a positive public "face."

- Although people from high-power-distance cultures may be less apt to speak up in a group when people of higher status are present, they will use e-mail and other "less aggressive" means to state their opinions.

- Technology has the potential to increase the focus on ideas and decreases the focus on culture, personalities, and titles.

Uncertainty Avoidance

- The virtual team should balance the preference for more certainty with the demands of the task.
- This balancing process may require teams to occasionally allow more discussion of plans than the task deserves, in order to meet the needs of members from cultures with high uncertainty avoidance.

Team Size

- Whenever there are more than two team members, coalitions and subgroups will begin to form.
- These may be based on location, function, and/or cultural background.
- People who are from the same country or who work in similar functions often form subgroups.
- Team size also affects the use of technology and vice versa.
- Technologies such as EMS actually increase performance in idea generation and other tasks with groups of over twelve people.
- With smaller groups, technology does not help as much.
- With larger groups, it seems as if technology makes it easier for people to build on one another's ideas, to feel less inhibited about offering new thoughts and opinions, and to offer suggestions at any time.

Virtual Interventions

- The use of on-line questionnaires for team members and of observation guides for audio conferences and video conferences can be useful in assessing social dynamics.
- The virtual team leader or member needs to intervene if team dynamics are not healthy.
- Negative results from a process observation, team assessment, or on-line questionnaire may indicate problems with team dynamics.
- It is useful to have a professional observer from outside the team use guides or protocols during audio conferences or video conferences to examine the team's processes and dynamics.

"Team Dynamic" Problems

- Conflict about technical approaches or about which member has expert status that arises well past the team's scheduled midpoint transition is an indication of problems.
- Signs of unexploited opportunities, such as underused expertise of team members, conflict between team members from different functions or cultures, "free riding," team members taking up too much air time, and incomplete or inadequate use of information.
- Missing interim deliverables and using inappropriate task strategies.
- Poor reviews of the team's deliverables by senior management and negative perceptions of the team experience gathered from team members by formal or informal means.

Conflict Management

- If you observe nonproductive conflict, check your perception with others (such as your team's facilitator) before you take action.
- Discuss your observations either face-to-face or over the telephone with each person individually to get his or her opinion. Do not use fax, e-mail, or voice mail for this.
- If an intervention is necessary, conduct it face-to-face or, at a minimum, over the telephone with the participants, not with the entire team.
- Be aware of the need to "save face" in some cultures. Do not address conflict in public with persons from such cultures.
- Be aware that people from some cultures have different perceptions regarding the importance of deadlines. If any team members are from such cultures, clarify goals and objectives specifically.

Adjournment Dynamics

- Many teams have defined end points.
- The adjournment of a team deserves and requires its own ritual.
- Virtual team members, although they may never have met, need time to celebrate accomplishments, mourn loss, and move on.
- Virtual team leaders should adopt proactive strategies to address loss or disillusionment that affects team members' perceptions of the experience of working in the team.
- Some teams have remote parties over video links.
- Most make sure that team members have the opportunity to discuss everyone's new assignment and to make plans to keep in touch.

Working Adaptively

Eight Principles of Working in an Adaptive Environment

1. Get on the balcony
2. Identify the adaptive challenge
3. Regulate distress
4. Maintain disciplined attention
5. Rely on distributed intelligence
6. Encourage leadership by all members
7. Encourage robust communication
8. Create a learning obligation

1) Get on the balcony

- Don't stay in the trenches.
- Move between the balcony and the field of action.
- Look at what is happening from an overall point of view.
- Look for larger patterns.
- Give the team a background sense of history and values.

2) Identify the Adaptive Challenge

- Determine whether there is a precedent for the problem.
- Talk to as many people as possible about the challenge, especially people outside normal networks and comfort zones.
- Assess the roles of team members from high-uncertainty-avoidance cultures to minimize the adaptive content.
- Assess the roles of team members from low-uncertainty-avoidance cultures to maximize the adaptive content.
- Determine the degree of adaptive change required of each team member.
- Discuss and negotiate appropriate boundaries for work and tasks.

3) Regulate Distress

- Determine the distress capability of each team member and a method for handling it.
- Let the team feel the external pressure within a range it can tolerate.
- Maintain healthy levels of stress.
- Develop behaviors that help to suspend decisions while looking for unprecedented solutions.
- Define communication strategies to aid team members who are experiencing stress.
- Arrange face-to-face meetings with team members and stakeholders who are undergoing the greatest degree of adaptive change.

4) Maintain Disciplined Attention

- Develop communication strategies and technologies suitable for regular discussions to keep the work focused.
- Frame the key issues and continually ask questions about them.
- Focus and create a sense of urgency.
- Ensure that communication technologies can communicate focus and sense of urgency.
- Develop strategies to deal quickly with distractive behaviors from outside and inside the team.

5) Rely on Distributed Intelligence

- Get team members into the habit of talking about their findings, even if they think they are not relevant.
- Encourage team members to network outside of comfort zones and conventional areas.
- When discussing a problem, ask every team member for information that is relevant.
- Admit that the leader does not have all the answers.
- Create an environment of developing solutions as a team.

6) Encourage Leadership by all Members

- Identify leadership roles for team members to assume.
- Allow leadership to emerge close to the action. Clarify team accountabilities and vision with each team member.
- Acknowledge and maintain overall accountability.
- Practice redistributing leadership roles, given the problem at hand and the team member's area of expertise.

7) Encourage Robust Communication

- Communicate failures as well as successes.
- Create richly connected networks of mutually involved people.
- When in doubt, over-communicate.
- Rely on emerging technologies for virtual team communication.

8) Create a Learning Obligation

- Make learning a part of the team's process from the beginning.
- Ask the team members what they have learned from various experiences.
- Use novel approaches to gain information.
- Encourage team members to discuss problems and thoughts with a wide variety of people inside and outside the organization.
- Capture learning and underscore the importance and benefits of learning in virtual teams.
- Look for the larger learning patterns, not necessarily the discrete steps that lead to the learning.

Key Lecture Terms

- Technology Logistics
- Electronic Polling
- Collaborative Meeting Tasks
- Technical environment
- Adaptive environment
- Embeddedness
- Virtual Intervention
- Conflict Management

Class #8 References

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Class 10: Global Project Legal Considerations

🌐 Global Project Management

Class # 10 – Global Project Legal Considerations

Instructors Name Here

Class Overview

- General Legal Considerations
- Foreign Corrupt Practices Act
- Intellectual Property Rights

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Governing Law

- Determine what the laws are that govern in the country as well as externally.
- Specify the governing law in the contract.
- Specify in the contract the procedures/forum for resolving disputes.
- Specify the location where the disputes will be handled.

Types of Law

- Common Law
- Civil Law
- Shari'a
- Socialist Law

Common Law

- Law typically found in the United States, Great Britain and Commonwealth countries.
- Basis is Judge Made Law.
  - Stare Decisis

Civil Law

- Most common legal system in the world.
- Utilized in France, Germany, Indonesia, etc..
- In part, in many countries in the Middle East.
- Composed of written rules or codes.
- Basis is the Roman Civil Code, then the Napoleonic Code.

Shari'a

- Contemporary Islamic law.
- A combination of traditional law and Shari'a and Muslim Civil Code.
- Concept:
  - Laws governing human conduct.
  - Contractual relationships.
  - Mandated by Allah not by man.
  - The study of Allah's will.
- Source of the law is the Qur'an.

Dubai U.A.E. Law

- Set Up Its Court System in 1970:
  - Shari'a Court is High Court.
  - Civil Court is Lower Court.
  - Codified Law of Contracts in 1971 (Law of Contracts follows British Principles).
  - Civil Code of United Arab Emirates of 1985.
  - Law No. 6 1997 for the Contracts of the Government Departments in Dubai Emirate.

◆ Since most firms do not have real status in host countries Labor courts usually find for the local:

   ❀ Approach labor issues with extreme caution and excellent legal support

Foreign Corrupt Practices Act

OECD

Foreign Corrupt Practices Act

- U.S. firms seeking to do business in foreign markets must be familiar with the FCPA.

- In general, the FCPA prohibits corrupt payments to foreign officials for the purpose of obtaining or keeping business.

- In addition, other statutes such as the mail and wire fraud statutes, 18 U.S.C. § 1341, 1343, and the Travel Act, 18 U.S.C. § 1952, which provides for federal prosecution of violations of state commercial bribery statutes, may also apply to such conduct.

Responsibility for Enforcement & Questions

- The Department of Justice is the chief enforcement agency, with a coordinate role played by the Securities and Exchange Commission (SEC).

- The Office of General Counsel of the Department of Commerce also answers general questions from U.S. exporters concerning the FCPA's basic requirements and constraints.

Background

- As a result of SEC investigations in the mid-1970's, over 400 U.S. companies admitted making questionable or illegal payments in excess of $300 million to foreign government officials, politicians, and political parties.
- The abuses ran the gamut from bribery of high foreign officials to secure some type of favorable action by a foreign government to so-called facilitating payments that allegedly were made to ensure that government functionaries discharged certain ministerial or clerical duties.
- Congress enacted the FCPA to bring a halt to the bribery of foreign officials and to restore public confidence in the integrity of the American business system.

Impact on Business

- Firms that paid bribes to foreign officials have been the subject of criminal and civil enforcement actions, resulting in large fines and suspension and debarment from federal procurement contracting, and their employees and officers have gone to jail.
- To avoid such consequences, many firms have implemented detailed compliance programs intended to prevent and to detect any improper payments by employees and agents.

Global Solution

- Following the passage of the FCPA, Congress became concerned that American companies were operating at a disadvantage compared to foreign companies who routinely paid bribes and, in some countries, were permitted to deduct the cost of such bribes as business expenses on their taxes.
- In 1988, the Congress directed the Executive Branch to commence negotiations in the Organization of Economic Cooperation and Development (OECD) to obtain the agreement of the United States' major trading partners to enact legislation similar to the FCPA.
- In 1997 the United States and thirty-three other countries signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- The United States ratified this Convention and enacted implementing legislation in 1998.

OECD Countries

- Australia
- Austria
- Belgium
- Canada
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland

- Italy
- Japan
- Korea
- Luxembourg
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal

- Slovak Republic
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom
- United State

Provisions

- The antibribery provisions of the FCPA make it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to a foreign official for the purpose of obtaining or retaining business for or with, or directing business to, any person.

- Since 1998, they also apply to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States.

Accounting Practices

- The FCPA requires companies whose securities are listed in the United States to meet its accounting provisions. See 15 U.S.C. § 78m.

- These accounting provisions, which were designed to operate in tandem with the antibribery provisions of the FCPA, require corporations covered by the provisions to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.

Enforcement

- The Department of Justice is responsible for all criminal enforcement and for civil enforcement of the antibribery provisions with respect to domestic concerns and foreign companies and nationals.

- The SEC is responsible for civil enforcement of the antibribery provisions with respect to issuers.

Antibribery Provisions

- The FCPA makes it unlawful to bribe foreign government officials to obtain or retain business.

- With respect to the basic prohibition, there are five elements which must be met to constitute a violation of the Act:

  1. Who
  2. Corrupt Intent
  3. Payment
  4. Recipient
  5. Business Purpose Test

1) Who

- The FCPA potentially applies to any individual, firm, officer, director, employee, or agent of a firm and any stockholder acting on behalf of a firm.

- Individuals and firms may also be penalized if they order, authorize, or assist someone else to violate the antibribery provisions or if they conspire to violate those provisions.

Issuer vs. Domestic Concern

- Under the FCPA, U.S. jurisdiction over corrupt payments to foreign officials depends upon whether the violator is an "issuer," and or a "domestic concern," or a foreign national or business.
  - An "issuer" is a corporation that has issued securities that have been registered in the United States or who is required to file periodic reports with the SEC.
  - A "domestic concern" is any individual who is a citizen, national, or resident of the United States, or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States, or a territory, possession, or commonwealth of the United States.

- Issuers and domestic concerns may be held liable under the FCPA under either territorial or nationality jurisdiction principles.

Instrumentalities

- Acts within the territory of the United States, issuers and domestic concerns are liable if they take an act in furtherance of a corrupt payment to a foreign official using the U.S. mails or other mean of interstate commerce.

- Such means include telephone calls, facsimile transmissions, wire transfers, and interstate or international travel.

- In addition, issuers and domestic concerns may be held liable for any act in furtherance of a corrupt payment taken outside the United States.

2) Corrupt intent

- The person making or authorizing the payment must have a corrupt intent, and the payment must be intended to induce the recipient to misuse his official position to direct business wrongfully to the payer or to any other person.
- Note that the FCPA does not require that a corrupt act succeed in its purpose.
- The offer or promise of a corrupt payment can constitute a violation of the statute.
- The FCPA prohibits any corrupt payment intended to influence any act or decision of a foreign official in his or her official capacity, to induce the official to do or omit to do any act in violation of his or her lawful duty, to obtain any improper advantage, or to induce a foreign official to use his or her influence improperly to affect or influence any act or decision.

3) Payment

- The FCPA prohibits paying, offering, promising to pay (or authorizing to pay or offer) money or anything of value.

4) Recipient

- The prohibition extends only to corrupt payments to a foreign official, a foreign political party or party official, or any candidate for foreign political office.
- A "foreign official" means any officer or employee of a foreign government, a public international organization, or any department or agency thereof, or any person acting in an official capacity.
- You should use the Department of Justice's Foreign Corrupt Practices Act Opinion Procedure for the definition of a "foreign official,".
- The FCPA applies to payments to any public official, regardless of rank or position.
- The FCPA focuses on the purpose of the payment instead of the particular duties of the official receiving the payment, offer, or promise of payment.

5) Business Purpose Test

- The FCPA prohibits payments made in order to assist the firm in obtaining or retaining business for or with, or directing business to, any person.

- The Department of Justice interprets "obtaining or retaining business" broadly, such that the term encompasses more than the mere award or renewal of a contract.

- It should be noted that the business to be obtained or retained does not need to be with a foreign government or foreign government instrumentality.

Third Party Payments

- The FCPA prohibits corrupt payments through intermediaries.

- It is unlawful to make a payment to a third party, while knowing that all or a portion of the payment will go directly or indirectly to a foreign official.

- The term "knowing" includes conscious disregard and deliberate ignorance.

- The elements of an offense are essentially the same as described in basic provisions, except that in this case the "recipient" is the intermediary who is making the payment to the requisite "foreign official."

Joint Ventures or Agents

- Companies are encouraged to exercise due diligence and to take all necessary precautions to ensure that they have formed a business relationship with reputable and qualified partners and representatives.
- Includes investigating potential foreign representatives and joint venture partners to determine:
  - That they are qualified for the position.
  - Whether they have personal or professional ties to the government.
  - The number and reputation of their clientele.
  - Their reputation with the U.S. Embassy or Consulate and with local bankers, clients, and other business associates.

"Red-Flags"

- Firms should be aware of signs of potential corrupt practices:
  - Unusual payment patterns or financial arrangements.
  - History of corruption in the country.
  - Refusal by the foreign joint venture partner or representative to provide a certification that it will not take any action in furtherance of an unlawful offer, promise, or payment to a foreign public official and not take any act that would cause the U.S. firm to be in violation of the FCPA.
  - Unusually high commissions.
  - Lack of transparency in expenses and accounting records.
  - Apparent lack of qualifications or resources on the part of the joint venture partner or representative to perform the services offered.
  - Whether the joint venture partner or representative has been recommended by an official of the potential governmental customer.

Facilitating Payments for Routine Governmental Actions

- Exception to the antibribery prohibition are for payments to facilitate or expedite performance of a "routine governmental action."
- The statute lists the following examples:
  - Obtaining permits, licenses, or other official documents.
  - Processing governmental papers, such as visas and work orders.
  - Providing police protection, mail pick-up and delivery.
  - Providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products.
  - Scheduling inspections associated with contract performance or transit of goods across country.
- "Routine governmental action" does not include any decision by a foreign official to award new business or to continue business with a particular party.

Affirmative Defenses

- A person charged with a violation of the FCPA's antibribery provisions may assert as a defense that the payment was lawful under the written laws of the foreign country or that the money was spent as part of demonstrating a product or performing a contractual obligation.
- Whether a payment was lawful under the written laws of the foreign country may be difficult to determine.
- Consider seeking the advice of counsel or utilizing the Department of Justice's Foreign Corrupt Practices Act Opinion Procedure when faced with an issue of the legality of such a payment.

Criminal Sanctions

- The following criminal penalties may be imposed for violations of the FCPA's antibribery provisions:
  - Corporations and other business entities are subject to a fine of up to $2,000,000.
  - Officers, directors, stockholders, employees, and agents are subject to a fine of up to $100,000 and imprisonment for up to five years.
- Under the Alternative Fines Act, these fines may be actually quite higher -- the actual fine may be up to twice the benefit that the defendant sought to obtain by making the corrupt payment.
- Fines imposed on individuals may not be paid by their employer or principal.

Civil Actions

- The Attorney General or the SEC may bring a civil action for a fine of up to $10,000 against any firm as well as any officer, director, employee, or agent of a firm, or stockholder acting on behalf of the firm, who violates the antibribery provisions.
- A SEC enforcement action may impose an additional fine not to exceed the greater of:
  - The gross amount of the pecuniary gain to the defendant as a result of the violation.
  - A specified dollar limitation.
- The specified dollar limitations are based on the egregiousness of the violation.
- The Attorney General or the SEC may also bring a civil action to enjoin any act or practice of a firm whenever it appears that the firm (or an officer, director, employee, agent, or stockholder acting on behalf of the firm) is in violation (or about to be) of the antibribery provisions.

Other Governmental Actions

- Under guidelines issued by the Office of Management and Budget, a person or firm found in violation of the FCPA may be barred from doing business with the Federal government.
- Indictment alone can lead to suspension of the right to do business with the government.
- The President has directed that no executive agency shall allow any party to participate in any procurement or nonprocurement activity if any agency has debarred, suspended, or otherwise excluded that party from participation in a procurement or nonprocurement activity.
- A person or firm found guilty of violating the FCPA may be ruled ineligible to receive export licenses.
- The Commodity Futures Trading Commission and the Overseas Private Investment Corporation both provide for possible suspension or debarment from agency programs for violation of the FCPA.

Private Actions

- Conduct that violates the antibribery provisions of the FCPA may also give rise to a private cause of action for treble damages under the Racketeer Influenced and Corrupt Organizations Act (RICO) laws.

- For example, an action might be brought under RICO by a competitor who alleges that the bribery caused the defendant to win a foreign contract.

Foreign Corrupt Practices Act
Opinion Procedure

- Any U.S. company or national may request a statement of the Justice Department's present enforcement intentions under the antibribery provisions of the FCPA regarding any proposed business conduct.
- The details of the opinion procedure may be found at 28 CFR Part 80. Under this procedure, the Attorney General will issue an opinion in response to a specific inquiry from a person or firm within thirty days of the request. (The thirty-day period does not run until the Department of Justice has received all the information it requires to issue the opinion.)
- Conduct for which the Department of Justice has issued an opinion stating that the conduct conforms with current enforcement policy will be entitled to a presumption, in any subsequent enforcement action, of conformity with the FCPA.
- Copies of releases issued regarding previous opinions are available on the Department of Justice's FCPA web site.

Extraditions

- OECD – Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Article 10 States:
  - Bribery of a foreign public official shall be deemed to be included as an extraditable offence under the laws of the Parties and the extradition treaties between them.
  - If a Party which makes extradition conditional on the existence of an extradition treaty receives a request for extradition from another Party with which it has no extradition treaty, it may consider this Convention to be the legal basis for extradition in respect of the offence of bribery of a foreign public official.
  - Each Party shall take any measures necessary to assure either that it can extradite its nationals or that it can prosecute its nationals for the offence of bribery of a foreign public official.
  - Extradition for bribery of a foreign public official is subject to the conditions set out in the domestic law and applicable treaties and arrangements of each Party.
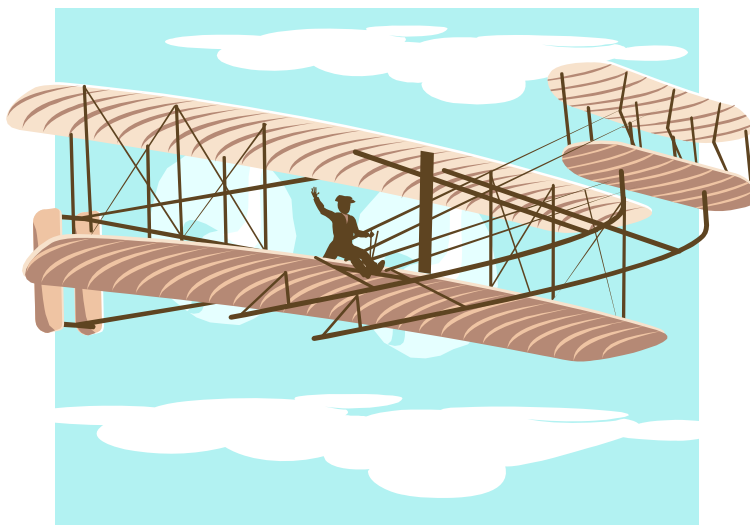
Intellectual Property

Intellectual Property

- ◆ "intellectual property" include the rights relating to:
  - ❀ Literary, artistic and scientific works,
  - ❀ Performances of performing artists, phonograms, and broadcasts,
  - ❀ Inventions in all fields of human endeavor,
  - ❀ Scientific discoveries,
  - ❀ Industrial designs,
  - ❀ Trademarks, service marks, and commercial names and designations,
  - ❀ Protection against unfair competition,
  - ❀ and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

Intellectual Property Rights (IPR)

- The rights given to persons over the creations of their minds.
- They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.
- Intellectual property rights are customarily divided into two main areas:
  1. Copyright and rights related to copyright
  2. Industrial property.

Copyright and Rights Related to Copyright

- The rights of authors of literary and artistic works (such as books and other writings, musical compositions, paintings, sculpture, computer programs and films) are protected by copyright, for a minimum period of 50 years after the death of the author.
- Also protected through copyright and related (sometimes referred to as "neighboring") rights are the rights of performers (e.g. actors, singers and musicians), producers of phonograms (sound recordings) and broadcasting organizations.

Industrial property

- Industrial property can usually be divided into two main areas:
  1. Protection of distinctive signs, in particular trademarks (which distinguish the goods or services of one undertaking from those of other undertakings) and geographical indications (which identify a good as originating in a place where a given characteristic of the good is essentially attributable to its geographical origin). The protection may last indefinitely, provided the sign in question continues to be distinctive.
  2. Other types of industrial property are protected primarily to stimulate innovation, design and the creation of technology. In this category fall inventions (protected by patents; in a number of countries, innovations that embody lesser technical progress than patentable inventions may be protected by utility models), industrial designs and trade secrets. The protection is usually given for a finite term (typically 20 years in the case of patents).

Why IPR's are protected?

- Encourage and reward creative work.
- Technological innovation.
- Fair competition.
- Consumer protection.
- Transfer of technology.
- Balance of rights and obligations.

◆ The need for international protection of intellectual property became evident when foreign exhibitors refused to attend the International Exhibition of Inventions in Vienna in 1873 because they were afraid their ideas would be stolen and exploited commercially in other countries.

Paris Convention

◆ 1883 marked the birth of the <u>Paris Convention for the Protection of Industrial Property</u>.

◆ The first major international treaty designed to help the people of one country obtain protection in other countries for their intellectual creations in the form of industrial property rights, known as:
  - inventions (patents)
  - trademarks
  - industrial designs

◆ The Paris Convention entered into force in 1884 with 14 member States, which set up an International Bureau to carry out administrative tasks, such as organizing meetings of the member States.

Berne Convention

- In 1886, copyright entered the international arena with the <u>Berne Convention for the Protection of Literary and Artistic Works</u>.

- The aim of this Convention was to help nationals of its member States obtain international protection of their right to control, and receive payment for, the use of their creative works such as:
  - novels, short stories, poems, plays;
  - songs, operas, musicals, sonatas; and
  - drawings, paintings, sculptures, architectural works.

Transformation

- Like the Paris Convention, the Berne Convention set up an International Bureau to carry out administrative tasks.

- In 1893, these two small bureaus united to form an international organization called the United International Bureau for the Protection of Intellectual Property (best known by its French acronym **BIRPI**).

- BIRPI is the predecessor of the World Intellectual Property Organization of today

World Intellectual Property Organization

- In 1974, WIPO became a specialized agency of the United Nations system or organizations, with a mandate to administer intellectual property matters recognized by the member States of the UN.

- WIPO expanded its role and further demonstrated the importance of intellectual property rights in the management of globalized trade in 1996 by entering into a cooperation agreement with the World Trade Organization (WTO).

WIPO Scope

- WIPO, administers <u>23 treaties</u> that seeks to:
  - Harmonize national intellectual property legislation and procedures,
  - Provide services for international applications for industrial property rights,
  - Exchange intellectual property information,
  - Provide legal and technical assistance to developing and other countries,
  - Facilitate the resolution of private intellectual property disputes, and
  - Marshal information technology as a tool for storing, accessing, and using valuable intellectual property information.

TRIPS

- 1994 Uruguay Round of the General Agreement on Tariffs and Trade created the World Trade Organization (WTO) and included the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- The TRIPS Agreement came into force in 1995, as part of the Agreement Establishing the World Trade Organization.
- TRIPS incorporates and builds upon the latest versions of the primary intellectual property agreements administered by:
  - World Intellectual Property Organization (WIPO).
  - The Paris Convention for the Protection of Industrial Property.
  - The Berne Convention for the Protection of Literary and Artistic Works.

TRIPS Application

- TRIPS is unique among these IPR accords because membership in the WTO is a "package deal," meaning that WTO members are not free to pick and choose among agreements. They are subject to all the WTO's multilateral agreements, including TRIPS.

Significance of TRIPS

- The significance of the TRIPS Agreement is three-fold:

  1. It is the first single, truly international agreement that establishes minimum standards of protection for several forms of intellectual property;

  2. It is the first international intellectual property agreement that mandates detailed civil, criminal, and border enforcement provisions; and

  3. It is the first international intellectual property agreement that is subject to binding, enforceable dispute settlement. TRIPS, in effect, lays the groundwork for a strong and modern IPR infrastructure for the world community.

Seven Forms of Intellectual Property

- TRIPS establishes minimum standards for the availability, scope, and use of seven forms of intellectual property:

  1. Copyrights
  2. Trademarks
  3. Geographical indications
  4. Industrial designs
  5. Patents
  6. Layout designs for integrated circuits
  7. Undisclosed information (trade secrets)

TRIPS Limitations

- Because the TRIPS Agreement is a decade old, it does not address several new developments, such as the Internet and digital copyright issues, advanced biotechnology, and international harmonization, the process of creating uniform global standards of laws or practice.

- It sets the floor for minimum IPR protection, not the ceiling.

Digital Copyrights

- Since the conclusion of the TRIPS Agreement, the World Intellectual Property Organization has addressed digital copyright issues in the so-called Internet Treaties, namely the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT).

Agreement between WIPO and the WTO

- To facilitate the implementation of the TRIPS Agreement, the WTO concluded with WIPO an agreement on cooperation between the two organizations, which came into force on 1 January 1996.
- As explicitly set out in the Preamble to the TRIPS Agreement, the WTO aims to establish a mutually supportive relationship with WIPO.
- The Agreement provides for cooperation in three main areas, namely notification of, access to and translation of:
  - National laws and regulations;
  - Implementation of procedures for the protection of national emblems;
  - Technical cooperation.
- The TRIPS Agreement is thus sometimes referred to as a "Berne and Paris-plus Agreement".

Enforcement

- Enforcement procedures must permit effective action against infringements and must include expeditious remedies.
- These judicial procedures may take a fair amount of time, it is necessary for the judicial authorities to have the authority to order prompt and effective provisional measures in order to stop an alleged infringement immediately.
- Such measures must be available in respect of any intellectual property right.
- Provisional measures have to be available in two situations.
  - They are needed to prevent an infringement from occurring, and to prevent infringing goods from entering into the channels of commerce. This includes preventing imported infringing goods from being dispersed into domestic distribution channels immediately after customs clearance.
  - The other situation is where such measures are needed to preserve relevant evidence in regard to the alleged infringement.

Remedies

- Sanctions must include imprisonment and/or monetary fines sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity.
- Criminal remedies in appropriate cases must also include seizure, forfeiture and destruction of the infringing goods and of materials and instruments used to produce them.

U.S. Copyright Laws

- http://www.copyright.gov/
  - Chapter 13: Protection of Original Designs
- There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world.
- Protection against unauthorized use in a particular country depends, basically, on the national laws of that country.
- Most countries do offer protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions
- For further information and a list of countries that maintain copyright relations with the United States, review Circular 38a, "International Copyright Relations of the United States."

GPM Responsibilities

- GPM's should look to the WTO, TRIPS, WIPO, and national laws when dealing with IPR issues.

- GPM's need to keep intellectual property protected by promoting a comprehensive risk environment, achieved through specific and enforced policies, as well as providing awareness training for teams and stakeholders.

Protecting Intellectual Property

- **Know what you have**. If all employees understand what needs to be protected, they can better understand how to protect it, and whom to protect it from. To adequately protect intellectual property, security officers must communicate on a consistent basis with the executives who oversee intellectual capital.

- **Make it a priority.** Security officers suggest that organizations determine what information, if lost, would hurt your company the most and which of those assets are most at risk of being stolen. Putting those two factors together should help you figure out where to best spend your protective and financial efforts.

- **Label it.** If information is confidential, put a label on it that says so. If your company data is proprietary, put a note to that effect on every log-in screen. This may seem trivial, but if you wind up trying to prove that a person took information they weren't authorized to take, your argument won't be valid if you can't prove that the information was clearly protected.

- **Lock it up.** Physical and digital protection is a must. Lock the rooms where sensitive data is stored; whether it's the electronic storage facility or the file room where paper copies are kept. Keep track of who has keys, use passwords and limit employee access to important databases.

- **Look at the whole.** Take a "big picture" view of security. An employee could be accessing information in many different ways that can appear to be accidental. It may seem like isolated incidents if no one puts together that multiple breaches were all committed by the same person. Intellectual property protection requires communication between all the corporate functions.

Key Lecture Terms

- FCPA – Foreign Corrupt Practices Act
- OECD – Organization for Economic Co-operation and Development
- WIPO – World Intellectual Property Organization
- TRIPS – Trade-Related Aspects of Intellectual Property Rights

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  fax: (202) 482-4076
  internet: www.ita.doc.gov/legal
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Class 11: Aspects of Global Project Contracts

Global Project Management

Class # 11 – Aspects of Global Project Contracts

Instructors Name Here

Class Overview

- Global Contracting Considerations
- Solicitation and Procurement
- Contracts

Types of Clients

- Typical global clients consist of:
  - Privately owned companies
  - Government
    - Self-financed projects
    - International bank-financed projects
  - Global Corporations
  - U.S. government agencies

Privately Owned Companies

- Ensure clear concise mutually understandable and agreed upon scope of work.
- If scope is not definable upfront use cost reimbursable contracting method.
- Examine the clients track record with contracts:
  - Look for payment issues (finances).
  - Not paying for changes in scope.

Government – Self-financed projects

- Proposals to rich foreign governments are sensitive and difficult to handle.
  - Political favoritism, having the right foreign representation, getting past protectionism.
- Finances may become delayed or non-existent based upon the health of the export economy.
- Finances may also become non-existent due to war, coups, government regime changeover.
- Proposals to these clients should be carefully structured to provide for monthly advance payments to be made in convertible funds or an irrevocable letter of credit.
- Due diligence is required in monitoring political and economic situation.

Government – International bank-financed projects

- Typically very secure finances and project processes.

- Concise proposal procedures.

- The owner is the borrower and the client of the financing agency.

- Typically payments are prompt due to the bureaucratic procedures of the international lending agency.

Global Corporations

- Each corporation is unique and have varying requirements for contract proposals:
  - Unique multipliers for overhead and profit.
- Finances are typically very secure:
  - Either from internal resources or reputable lending agencies.
- Payments are prompt and in hard currency.
- Energy corporations are dynamic:
  - This causes many delayed and cancelled projects.

U.S. Government Agencies

- A safe way for firms to get started in foreign markets is through contracts with these clients.
- Fees are minimal but payments are prompt.
- Experience with overseas projects, language and engineering standards a plus (can be solved with host-nation Joint-Venture).
- There are limitations on the amount of U.S. Government contracts held by a single firm.
- It's easy to lose money on fixed price contracts.

Global Contractual Arrangements

- Range from:
  - Verbal agreements.
  - Memorandums of Understanding.
  - Letters of Specification.
  - Standard contract forms.

- Standard contracts for procurement offer advantages in terms of familiar responsibilities and risks:
  - However, they suffer problems with amendments and translation into different national laws.

Key Provisions of Global Contracts

- Scope of work:
  - Ensure there are no translation issues.
- Payment provisions:
  - Pay particular attention to currency types and rates, "specify".
- Delay alleviation:
  - Consider the potential risks that may delay the project (i.e. getting materials through customs and how will the delay be handled contractually).
- Dispute Resolution:
  - Specify a neutral venue or international arbitration.
- Choice of law

Laws of Construction Contracts

- Choice of law provisions are generally enforceable.
- Determining factors if no choice of law provision:
  - Where the contract was created.
  - Where performance occurred.
  - Intent of the parties.
  - Most significant contacts.
  - Contract stipulations.
  - International lending agency stipulations.

Global Contract Risks

- Types of contracts used.
- Dispute resolution mechanisms.
- Enforcement of judgments.
- Choice of law.

Solicitation and Procurement

Process Nomenclature

- United States
    1. Advertise for bids
    2. Open bids
    3. Award contract
    4. Sign agreement or "contract"
    5. Issue Notice to Proceed

- Global (FIDIC)
    1. Solicit tender
    2. Open tender
    3. Issue letter of acceptance
    4. Execute contract agreement
    5. Set commencement date

Procurement

- Global Competition.
- Limited competition.
- Local competitive bidding.
- Direct purchase/negotiation or single tender.
- Force account.

Project Advertising

- Many of the international lending agencies such as World Bank, Inter-American Development Bank, Asian Development Bank, and African Development Bank publish forums that advertise international projects.
- Other agencies such as the United Nations also publish info from regional development banks, and other development agencies (i.e. UN Development Business, *http://www.devbusiness.com*).
- Any country that borrows funds from these international lending agencies will advertise in these forums.
- Best chance for projects is through word of mouth and visits to the countries identified as marketable for your firm.

Additional Sources of Project Advertising and News

- Federal Business Opportunity
  http://www.fedbizopps.gov/
- Engineering News Record
  http://www.enr.com/
- Development Gateway Market (dgMarket)
  http://www.dgmarket.com/
- The Wall Street Journal
- The Economist

Submittal of Qualifications

- Balance the submission of qualifications for contract carefully with the Request for Qualification (RFQ).
- Many international lending agencies or their borrowers request specific formats and information.
- Beware of overwhelming clients from small or underdeveloped countries, keep the information simple and clear.
- Most important is similar project experience and previous experience in the country.
- Ensure that information is correctly translated into the clients language (if required).

- International Lending Agencies often use specific guidelines for bidding and procurement such as:
  - ICB – International Competitive Bidding Procedures.
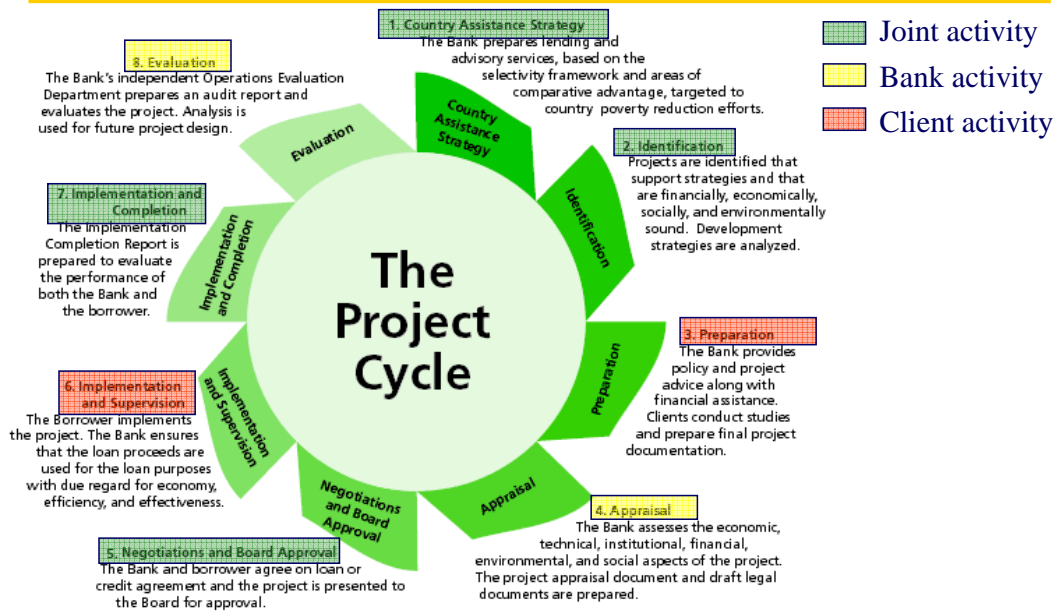 - NCB – National Competitive Bidding Procedures.

World Bank Procurement Example

- Each international lending agency is very similar in this process.
- The GPM should understand the international lending agencies processes because it will impact the project.

8. Evaluation
The Bank's independent Operations Evaluation Department prepares an audit report and evaluates the project. Analysis is used for future project design.

1. Country Assistance Strategy
The Bank prepares lending and advisory services, based on the selectivity framework and areas of comparative advantage, targeted to country poverty reduction efforts.

2. Identification
Projects are identified that support strategies and that are financially, economically, socially, and environmentally sound. Development strategies are analyzed.

7. Implementation and Completion
The Implementation Completion Report is prepared to evaluate the performance of both the Bank and the borrower.

3. Preparation
The Bank provides policy and project advice along with financial assistance. Clients conduct studies and prepare final project documentation.

6. Implementation and Supervision
The Borrower implements the project. The Bank ensures that the loan proceeds are used for the loan purposes with due regard for economy, efficiency, and effectiveness.

4. Appraisal
The Bank assesses the economic, technical, institutional, financial, environmental, and social aspects of the project. The project appraisal document and draft legal documents are prepared.

5. Negotiations and Board Approval
The Bank and borrower agree on loan or credit agreement and the project is presented to the Board for approval.

Joint activity
Bank activity
Client activity

The Project Cycle

Country Assistance Strategy · Identification · Preparation · Appraisal · Negotiations and Board Approval · Implementation and Supervision · Implementation and Completion · Evaluation

Principles of Consultant Selection

- High-quality services.
- Economy and efficiency.
- Equal opportunity to qualified firms from all member countries.
- Development of national consulting industry.
- Transparency in the selection process.

Roles of The Client

- Prepares procurement plan.
- Invites expressions of interest.
- Compiles shortlist.
- Issues Request for Proposals (RFP).
- Evaluates proposals.
- Awards contracts.
- Supervises and pays consultants.

Roles of The World Bank

- Assesses the Client's capacity to carry out procurement.
- Reviews and clears the procurement plan.
- Prior reviews of large-value contracts and contract modifications.
- Carries out post review of contracts under the prior-review thresholds.

Role of the Business Community

- Read up on the Bank's lending strategy in specific countries/sectors (CAS).

- Identify projects of interest by tracking the Bank's website.

- Market your expertise directly to the borrower of Bank funds/grant recipient.

- Understand the project cycle and procurement & consultant guidelines.

Bank Guidelines for Consultant Selection

- Public Notification for Large Assignments (>US$200,000).

- Restricted Competition based on shortlist.

- Standard Request for Proposals (RFP).

- Applicable Selection Methods Specified in Loan Agreement.

Selection Methods

- Quality- and Cost-Based Selection (QCBS) (Technical Quality >70; Price <30).
- Quality-Based Selection (QBS) (technical quality only).
- Fixed Budget (FB).
- Least Cost Selection (LCS).
- Consultants' Qualifications (CQ).
- Single Source Selection (SS).

Short List

- Limited to six firms.
- All shortlisted firms must be qualified:
    - But not all qualified firms make the shortlist.
- No more than two from any one country:
    - Except when list may be all national firms – permitted for some smaller contracts.
- Promotes participation of National Consultants.

Bank as Employer of Consultants

- Individuals and firms.
- Encourages Competition – But getting shortlisted is easier if you are known.
- Recognizes Conflict of Interest.
- Restricts Re-employment.
- Expressions of Interest advertised on Bank's website: http://www.worldbank.org/procure/

Consultants' Strategy

- Target assignments based on regional experience and technical qualifications – be selective!
- Obtain background information on project:
  - Country Assistance Strategy (CAS).
  - Project Information Document (PID).
  - Project Appraisal Document (PAD).
- Understand Roles of Borrower (Government) and Bank.
- Target marketing at appropriate time.

Making the Shortlist

- Monitor advertisements systematically.
- Express interest promptly, selectively.
- Expression of Interest (EOI):
  - Brief information on firm's qualifications.
  - Relevant technical and regional experience.
- Contact, visit client before shortlisting.
- Identify national partner firm and/or individual consultants.

Preparing the Proposal

- Pre-proposal visit.
- Address the Terms of Reference (TOR) clearly, comprehensively.
- Emphasize innovative technical solutions.
- Qualified Consultants in Key Staff positions.
- Firm Provides Strong Technical Leadership.
- Cite directly relevant technical and regional experience.
- Involve national partner consulting firm or individual consultants.
- Do not vary from standard RFP forms.

Typical Evaluation Methodology

- ◆ Specific experience of firm   10 points
- ◆ Technical methodology   20 points
- ◆ Qualifications of Key Staff   50 points
- ◆ Knowledge transfer, training   10 points
- ◆ National participation   10 points

World Bank Prior Review

- ◆ Cost and staff-month estimates.
- ◆ Request for Proposals inc. TOR, evaluation system, form of contract.
- ◆ Shortlist.
- ◆ Report on Technical Evaluation.
- ◆ Final Evaluation Report (combined technical and price evaluation).
- ◆ Initialed, negotiated contract.
- ◆ Contract modifications >15%.

♦ Bidding/consultant documents may be in English, French or Spanish for contracts awarded following international competitive bidding procedures or large-value consultant contracts.

Proposal and Pricing

♦ Global project bid estimating/pricing is more complex then domestic:
  ❋ Requires intensive coordination with consultants, contractors, subcontractors, vendors, and transportation representatives globally located.
  ❋ Consider taxes, currency fluctuations, transportation and mobilization, professional fees, etc..
♦ Plan proposal delivery carefully:
  ❋ It is best to try to prepare the proposal in the country of the client (avoids risk of late delivery due to international travel),

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Global Contracts & Agreements

- Partner:
  - Joint venture arrangement – each partner has a specific % share of the work.
- Consortium Agreement:
  - Each player takes a specific part of the work.
- Strategic Alliances:
  - Flexible agreement without use of formal contract.
- Design, Build, Finance, Operate (DBFO or BOOT, BOO, BOT):
  - The contractor or consultant, as a part of their contract, provides project financing, designs, builds and maintains the infrastructure for a period of time or permanently.

Global Strategic Alliances

- The philosophy is to reserve the right rather than the obligation to utilize external or supply resources by collaborating parties.
- Enables foreign contractors to exploit new opportunities without large equity commitment.
- Critical Success factors:
  - Mutual Trust.
  - Synergistic strengths.
  - Market demand for services.
  - Flexibility for both parties.
  - Minimum change of top managers.

DBFO Contract Issues

- Typically requires great deal of pre-tender work to secure a contract:
  - Pre-tender work is no guarantee to contract (high costly risk).

- Long-term/accurate market study critical to ensure revenue generation.

- Threshold agreement with government level support or other form of securitization maybe required to secure finances and contract.

- ◆ Client of Principal grants a concession to an organization, joint venture or consortium, known as the promoter (or concessionaire).
- ◆ Two types of DBFO:
  1. Proposed by the client/principal and tender is invited.
  2. Proposed as speculative bids by the contractor.
- ◆ Key factor for a contractor is to create work where no proposal currently exists.
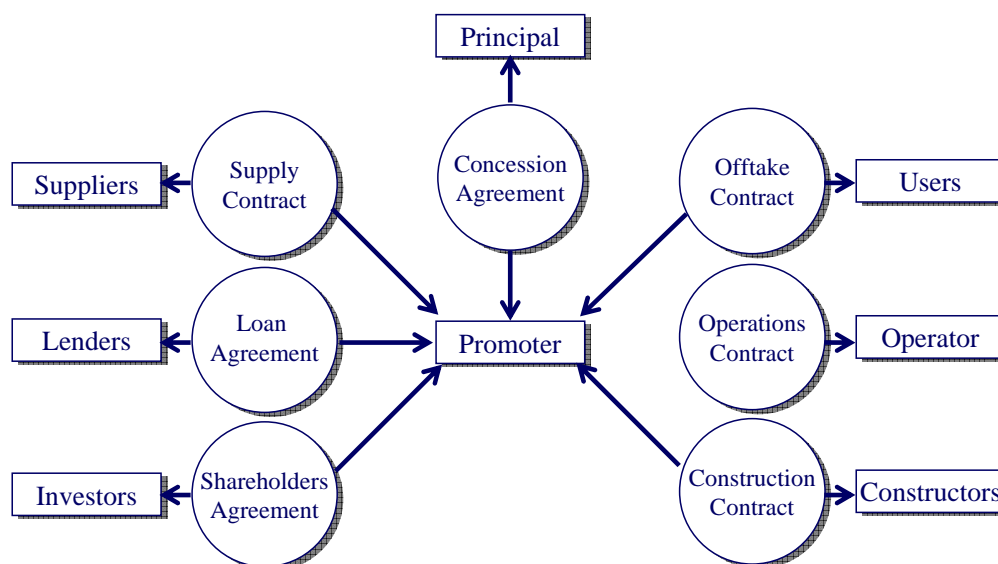
Typical Structure of DBFO

Cleland D. and Gareis R. (editors)(1994) *Global Project Management Handbook*

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Promoter (Concessionaire)

- ◆ The promoter secures financing from own equity, bank loans, public sector grants, and or investors.
- ◆ The promoter designs or contracts for design of the infrastructure.
- ◆ The promoter constructs or contracts for construction of the infrastructure.
- ◆ The promoter operates or contracts for the operations and maintenance of the infrastructure.
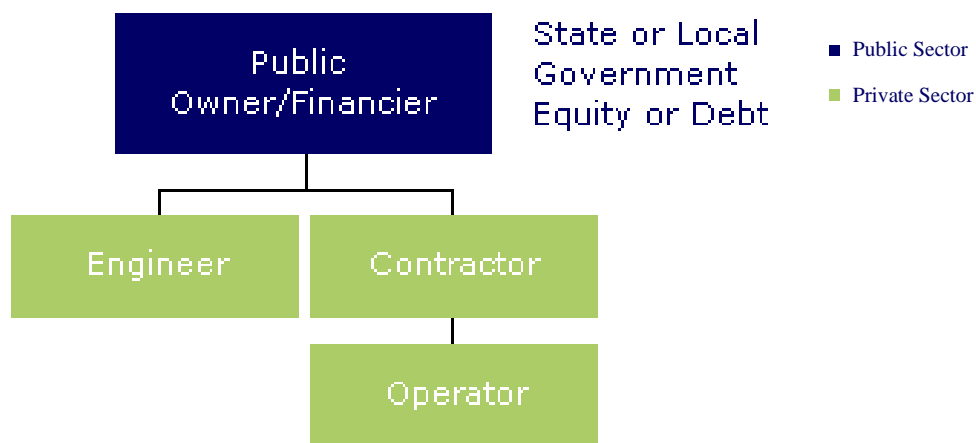- ◆ The promoter leases the infrastructure (revenue generation).

BOT – Build, Operate, Transfer

U.S. Department of Transportation Federal Highway Administration

BOT Concept

- The model is an integrated partnership combining the design and construction responsibilities of design-build procurements with operations and maintenance.
- Transfers design, construction, and operation of a single facility or group of assets to a private sector partner.
- A single design-build-operate contract for the entire project with financing secured by the public agency.
- The contractor provides long-term operation and/or maintenance services.
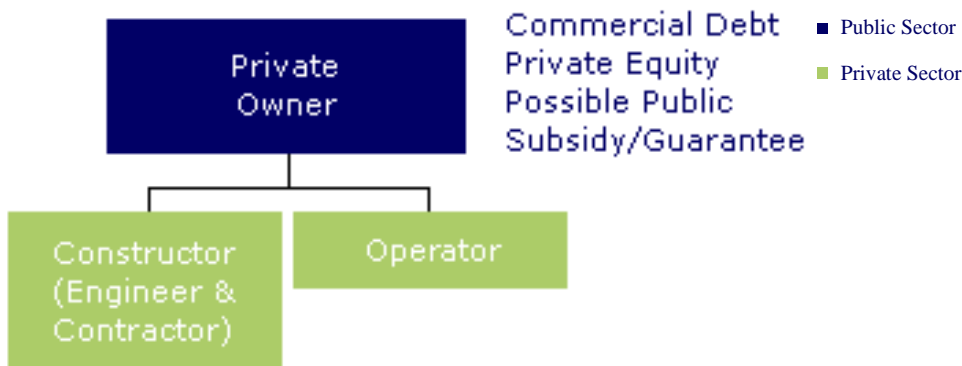- The public sector sponsor retains the operating revenue risk and any surplus operating revenue.

BOO – Build, Own, Operate

U.S. Department of Transportation Federal Highway Administration

BOO Concept

- A private company is granted the right to develop, finance, design, build, own, operate, and maintain a project.
- The private sector partner owns the project outright and retains the operating revenue risk and all of the surplus operating revenue in perpetuity.
- Is common in power and telecommunications projects.
- Has also been used to develop transportation infrastructure.

Aid Funded Contracts

- Typically split into three forms:
  1. Supply contracts.
  2. Works contracts.
  3. Technical assistance/service contracts.
- There are a large number of governmental and non-governmental agencies which specialize in acting as the client or sponsoring body.

Written Contract Comparison

- In domestic practice most contracts with private companies are written by consultants unless a standard form is used.

- In global practice most contracts are a mixture of the client country's legal practices, bureaucracies, and jargon.

- Domestic contracts can be influenced by the engineers and consultants conducting the service or production.

- Global contracts do not favor influence from the foreign engineers and consultants that will be conducting the service or production.

Issues with Standard Contract Forms

- Conditions Required by:
  - International Lending Agencies
  - United Nation's Commission on International Trade Law (UNCITRAL) http://www.uncitral.org/uncitral
  - International Federation of Consulting Engineers (FIDIC)

FIDIC

- FIDIC is the International Federation of Consulting Engineers (the acronym represents the French version of the name).
- Is an international federation of national associations of consulting engineers.
- The members of each national association comply with FIDIC's code of ethics which calls for impartial advice, competence and fair competition.
- Today FIDIC membership numbers 67 member association from all parts of the globe and represents most of the independent practicing engineers in the world.
- FIDIC arranges seminars, conferences and other events in the furtherance of its goals. It is concerned with the maintenance of high ethical and professional standards and the development of the engineering profession in developing countries.

Typical FIDIC Contracts

- Dredgers Contract
- Short Form Contract
- Consultant Services
- Construction Contract
- Client-Consultant Agreement
- Sub-Consultant Agreement
- Plan & Design Build Contract
- Joint Venture Agreement
- More at: http://www1.fidic.org/bookshop/default_contracts.asp

FIDIC Construction Contract

- The Participating Banks listed below have participated in the preparation of the Multilateral Development Bank (MDB) Harmonized Edition of the FIDIC Conditions of Contract for Construction.
- It is understood that all of them will adopt this edition of the FIDIC document in their Standard Bidding Documents.
- The MDB Harmonized Edition is for use on projects financed in whole or in part by these Participating Banks:

  - African Development Bank
  - Asian Development Bank
  - Black Sea Trade and Development Bank
  - Caribbean Development Bank
  - European Bank for Reconstruction and Development
  - Inter-American Development Bank
  - International Bank for Reconstruction and Development (The World Bank)
  - Islamic Bank for Development Bank
  - Nordic Development Fund

Joint and Several Liability

- If the Contractor constitutes (under applicable Laws) a joint venture, consortium or other unincorporated grouping of two or more persons:
  - These persons shall be deemed to be jointly and severally liable to the Employer for the performance of the Contract;
  - These persons shall notify the Employer of their leader who shall have authority to bind the Contractor and each of these persons; and
  - The Contractor shall not alter its composition or legal status without the prior consent of the Employer.

Inspections and Audits by the Bank

- The Contractor shall permit the Bank to:
  - Inspect the site.
  - Inspect contractor's accounts and records relating to the performance of the Contract.
  - Have accounts and records audited by auditors appointed by the Bank if required by the Bank.

Fossils

- All fossils, coins, articles of value or antiquity, and structures and other remains or items of geological or archaeological interest found on the Site shall be placed under the care and authority of the Employer.
- The Contractor shall take reasonable precautions to prevent removing or damaging any of these findings.
- The Contractor shall, upon discovery of any such finding, promptly give notice to the Engineer, who shall issue instructions for dealing with it.
- If the Contractor suffers delay they shall give notice to the Engineer and shall be entitled to claims for adjustment to cost and schedule.

Engagement of Staff and Labor

- The Contractor shall make arrangements for their payment, housing, feeding and transport.
- The Contractor is encouraged, to the extent practicable and reasonable, to employ staff and labor with appropriate qualifications and experience from sources within the Country.

Rates of Wages and Conditions of Labor

- The Contractor shall pay rates of wages, and observe conditions of labor:
  - Not lower than those established for the trade or industry where the work is carried out.
  - The general level of wages and conditions observed locally by employers whose trade or industry is similar to that of the Contractor.
- The Contractor shall inform the Contractor's Personnel about their liability to pay personal income taxes in the Country as imposed by that countries laws.

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Labor Laws

- The Contractor shall comply with all the relevant labor Laws applicable to the Contractor's Personnel, including Laws relating to their employment, health, safety, welfare, immigration and emigration, and shall allow them all their legal rights.
- The Contractor shall require his employees to obey all applicable Laws, including those concerning safety at work.

Work Hours, Health & Safety

- No work shall be carried out on the Site on locally recognized days of rest, festivals, and religious or other customs.
- The Contractor shall conduct an HIV-AIDS awareness program and undertake such other measures to reduce the risk of the transfer of the HIV virus between and among the Contractor's Personnel and the local community, to promote early diagnosis and to assist affected individuals.

Foreign Personnel

- The Contractor may bring in to the country any foreign personnel who are necessary for the execution of the Works to the extent allowed by the applicable Laws.
- The Contractor shall ensure that these personnel are provided with the required residence visas and work permits.
- The Contractor shall be responsible for the return of these personnel to the place where they were recruited or to their domicile.

Food, Water, Pests

- The Contractor may be required to provide:
  - Food at reasonable prices for the Contractor's Personnel for the purposes of or in connection with the contract.
  - With Regard to local conditions adequate supply of drinking and other water for the use of the Contractor's Personnel.
  - Protection to the Contractor's Personnel employed on the Site from insect and pest nuisance, and to reduce their danger to health.
  - Compliance with all the regulations of the local health authorities, including use of appropriate insecticide.

Liquor, Drugs, Arms and Ammunition

- The Contractor shall not, otherwise than in accordance with the Laws of the Country, import, sell, give, barter or otherwise dispose of any alcoholic liquor or drugs, or permit or allow importation, sale, gift, barter or disposal thereto by Contractor's Personnel.

- The Contractor shall not give, barter, or otherwise dispose of, to any person, any arms or ammunition of any kind, or allow Contractor's Personnel to do so.

Prohibition of Labor

- The contractor shall not employ:
  - Forced or compulsory labor:
    - Consists of all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
- Any child to perform any work that is:
  - Economically exploitative.
  - Likely to interfere with the child's education.
  - Harmful to the child's health or physical, mental, spiritual, moral, or social development.

Payment of Differing Currencies

- Some contracts provide for payment of the Contract Price in more than one currency:
  - The amount payable in each of the applicable currencies shall be specified .
- Reference shall be made to the actual or expected currency proportions of the Cost of the varied work, and to the proportions of various currencies specified for payment of the Contract Price.

Changes in Legislation

- The Contract Price shall be adjusted to take account of any increase or decrease in Cost resulting from a change in the Laws of the Country which affect the Contractor in the performance of obligations under the Contract.

Adjustments for Changes in Cost

◆ The amounts payable to the Contractor shall be adjusted for rises or falls in the cost (due to changes in currency) of:
  ◉ Labor,
  ◉ Goods and
  ◉ Other inputs to the Works
◆ A formula may be used to calculate the adjustment (example on next slide).
◆ Costs that are not covered by the provisions of this or other Clauses, the Accepted Contract Amount shall be deemed to have included amounts to cover the contingency of other rises and falls in costs.

Cost Adjustment Formula

$$ P_n = a + b\frac{L_n}{L_o} + c\frac{E_n}{E_o} + d\frac{M_n}{M_o} + \cdots\cdots $$

◆ "Pn" is the adjustment multiplier to be applied to the estimated contract value in the relevant currency of the work carried out in period "n", this period being a month unless otherwise stated in the Contract Data;
◆ "a" is a fixed coefficient, stated in the relevant table of adjustment data, representing the non-adjustable portion in contractual payments;
◆ "b", "c", "d", … are coefficients representing the estimated proportion of each cost element related to the execution of the Works, as stated in the relevant table of adjustment data; such tabulated cost elements may be indicative of resources such as labor, equipment and materials;
◆ "Ln", "En", "Mn", … are the current cost indices or reference prices for period "n", expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the date 49 days prior to the last day of the period (to which the particular Payment Certificate relates); and
◆ "Lo", "Eo", "Mo", … are the base cost indices or reference prices, expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the Base Date.

Currencies of Payment

- Must be addressed in the Schedule of Payment Currencies.
- Multiple currencies can be specified depending upon the make-up of the construction team.
- Rates of exchange must be specified or they will be based on the Base Date of the contract and determined by the central bank of the Country.

Corrupt or Fraudulent Practices

- If the Employer determines that the Contractor has engaged in corrupt, fraudulent, collusive or coercive practices.
- In competing for or in executing the Contract.
- The Employer may terminate the Contractor's employment under the Contract and expel him from the Site.

Employer's Risks

- Contractor Bears No Liability Whatsoever for (See FIDIC 17.3):
  - War
  - Rebellion
  - Riot
  - Munitions of war
  - Pressure waves from air craft traveling at sonic/supersonic speeds, etc..

Insurance

- The insuring Party shall insure the Works, Plant, Materials and Contractor's Documents for not less than the full reinstatement cost including the costs of demolition, removal of debris and professional fees and profit.
- The insuring Party shall insure the Contractor's Equipment for not less than the full replacement value, including delivery to Site.
- The insuring party shall insure Party's liability for any loss, damage, death or bodily injury which may occur to any physical property or to any person
- Insurance policy procurement needs to be specified in the contract:
  - Who pays for premiums.
  - What will be covered, fully, partially.
  - Limitation on payment and period.
  - Claims.

Dispute Resolution

- Establish a Dispute Board under the Dispute Board Agreement.
- Establish who will make up the board (typically):
  - One-person dispute board or
  - Three-person dispute board
- The laws that will govern the dispute board and the decisions made by the dispute board.
- Who will pay for the dispute board.

International Arbitration

- If the dispute boards recommendation does not become binding and final or is not adhered to, then it must be settled by international arbitration.
- Unless otherwise stated in the contract, arbitration will follow the Rules of Arbitration of the International Chamber of Congress http://www.iccwbo.org/.

Key Lecture Terms

- Protectionism
- Irrevocable Letter of Credit
- International Lending Agencies
- International Competitive Bidding Procedures (ICB)
- The Project Cycle
- Quality and Cost Based Selection (QCBS)
- Design, Build, Finance, Operate (DBFO)
- Promoter (Concessionaire)
- International Federation of Consulting Engineers (FIDIC)
- United Nation's Commission on International Trade Law (UNCITRAL)
- Dispute Board Agreement
- Rules of Arbitration of the International Chamber of Congress

Class #11 References

- Cleland D. and Gareis R. (editors)(1994) *Global Project Management Handbook*, McGraw-Hill Inc.
- International Federation of Consulting Engineers - FIDIC (2005), *Conditions of Contract for Construction*, Switzerland
- Kangari R. and Lucas C. (1997) *Managing International Operations: A Guide for Engineers, Architects, and Construction Managers,* ASCE Press, New York
- Mawhinney M. (2001) *International Construction*, Blackwell Sciences, London
- Powell T. J., Esq. & Watt, Tieder, Hoffar & Fitzgerald, L.L.P. (1998) *Contract Planning and Administration,* Presentation to China Petrochemical Corporation The International Bank for Reconstruction and Development / THE WORLD BANK (2004) *GUIDELINES PROCUREMENT UNDER IBRD LOANS AND IDA CREDITS*, Washington D.C. 20433, U.S.A.
- U.S. Department of Transportation Federal Highway Administration
400 Seventh Street, SW
Washington, DC 20590 http://www.fhwa.dot.gov/ppp/boo.htm
- Xu T., Smith N.J. & Bower D.A. (2005) *Forms of Collaboration and Project Delivery in Chinese Construction Markets: Probable Emergence of Strategic Alliances and Design/Build,* Journal of Management in Engineering, ASCE

Class 12: Aspects of Negotiations on Global Projects

Global Project Management

Class # 12 – Aspects of Negotiations on Global Projects

Instructors Name Here

Class Overview

- Global Culture in Negotiating
- Analyzing the Negotiation
- Planning the Negotiation
- Engaging in the Negotiation

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Negotiations

- Is defined as the use of common sense under pressure to achieve objectives.
- Reaching explicit agreement on all points is not necessarily the objective of negotiation.
- Some points may be used for trade-offs or bargaining chips.
- Sometimes a negotiation is conducted to educate the parties on the important issues.
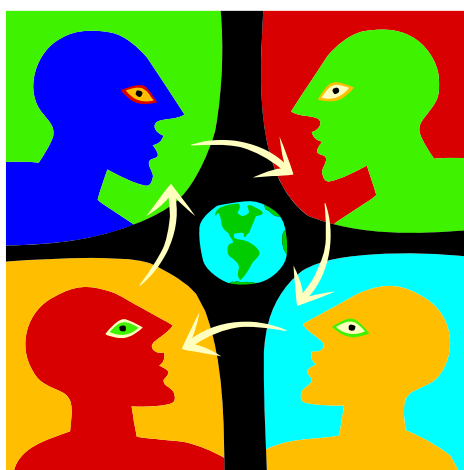- A negotiation may be held to establish ground rules for negotiating.

Global Culture in Negotiating

Deal vs. Relationship Culture

- Issues such as whether countries are "deal" focused or "relationship focused will shape how negotiations are conducted.
- Deal focused pertains to concentration on the deal at hand with little regard to the social/cultural environment.
- Relationship focused is concern with establishing an understanding of the social/cultural environment and potentially establishing meaningful relationships before embarking upon negotiating the deal.

Affects of Culture on Negotiations

- How the participant (individual, group or organization) perceives issues, other participants and their intentions.
- How the participant views the other participants in ethical terms.
- Who will be the actors in the negotiations.
- The structure of the negotiation.
- How strategies are developed.
- What processes are used.
- Attitudes towards outcomes.

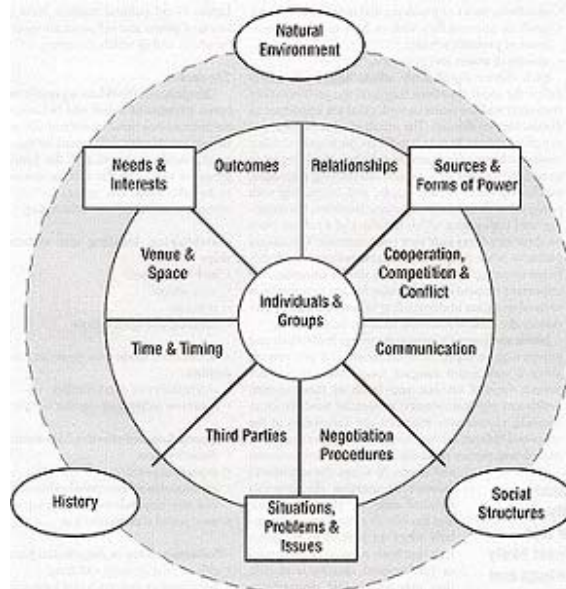# The Wheel of Culture Map

Moore C. and Woodrow P. (1998) *Mapping Cultures – Strategies for Effective Intercultural Negotiations*,

Some Typologies

- High-context and low-context.
- Individualist and communitarian conceptions of self and other.

High/Low Context

- Do I tend to "let my words speak for themselves," or prefer to be less direct, relying on what is implied by my communication? (Low context)

- Do I prefer indirect messages from others, and am I attuned to a whole range of verbal and nonverbal cues to help me understand the meaning of what is said? (high context)

Individualist

- These individuals tend to be most comfortable with independence, personal achievement, and a competitive conflict style.

- Example: Listens to all but make the decisions on their own.

Individualist Starting Point

- Achievement involves individual goal-setting and action.
- One is ultimately accountable to oneself and must make decisions one can live with.
- While one consults with others about choices, the individual is autonomous.
- One believes in equality and considers everyone able to make their own personal choices.

Communitarian

- These individuals tend to be more focused on social connections, service, and a cooperative conflict style.
- Uses a group approach to make decisions.

Communitarian Starting Point

- Maintaining group harmony and cohesion is important, and my decisions should not disrupt that.
- Choices are made in consultation with family and authority figures and their input is weighted as heavily, or even more heavily, than one self.
- One's decisions reflect on the group and one is accountable to them as a member.
- One notices hierarchy and accepts direction from those of higher status than oneself.

Examples of Cultural Difference in Negotiations

	The Topic	A Typical American Response	A Typical Japanese Response
1	Basic Approach to Business in General	Transaction; profit-oriented; detail-conscious; legalistic	Structured; strategic; starting from trust
2	Central Purpose of the Negotiation	Reaching agreement on a contract	Launching a long-term relationship
3	Selection Criteria for Negotiator(s)	Verbally articulate generalists; technical competence; "rational abilities"; status unimportant	Rank; position; "social competence"
4	Appropriate Number of Negotiators	One or few	Many: to demonstrate seriousness; and for functional coverage, including learning
5	Appropriate Role(s) of Lawyer(s)	Key participant: leader, contract advisor, and/or draftsperson	None; seen as adversarial troublemakers
6	Attitude toward Decision-making Process, and Appropriate Degree of Delegation of Authority to Negotiators	Top-down decision-making; very high degree of delegation of authority	Consensual, middle-up decision-making; little or no authority delegated to negotiators
7	Appropriate Tone for Negotiation and Communication	Direct; informal; familiar; egalitarian; candid	Highly indirect; highly formal; Hierarchical; reserved.

Field, C. and Green, Z. (2005) *Managing Differences: Resolving Conflict and Negotiating Agreement* (Course Materials)

	The Topic	A Typical American Response	A Typical Japanese Response
8	Negotiators' Interest in Personal Feelings and Values of Counterparts	Little or none: irrelevant or improper; logic more important than emotions; issues more important than personalities	Acute; Personal rapport essential to establish trust
9	Appropriateness of Socializing with Counterparts	Inappropriate; unacceptable; risks conflict of interest and loss of personal control	Highly appropriate; and traditional release; also, ritualized gift-giving
10	Attitude toward Time during Negotiations	Acutely time-conscious; "time is money"; impatient	Patience is key
11	Attitude toward Silence during Negotiations	Strongly adverse; "fill the void"	Essential: for decorum; and for non-verbal communication and empathy
12	Reaction to Cross-cultural Signals	Unaware; or consider it unimportant	Aware indifference
13	Attitude toward Sequential Bargaining and Negotiating Progress	Strongly attracted to both	Unimportant
14	Attitude toward Sharing Information	Open; willing	Collect it avidly, but don't give it out.

Field, C. and Green, Z. (2005) *Managing Differences: Resolving Conflict and Negotiating Agreement* (Course Materials)

	The Topic	A Typical American Response	A Typical Japanese Response
15	Attitude toward Closure	Considered essential for success of the negotiation; results-oriented, not process-oriented	Not necessary or even important; take the long view.
16	Form of the Contract	Long; detailed; covering all foreseeable contingencies	Prefer very short; and limited to general principles and affirmations
17	Commitment to the Contract	Total; binding	Weak: the relationship is what counts, not the document; and inevitable changing conditions will necessitate later amendments

Field, C. and Green, Z. (2005) *Managing Differences: Resolving Conflict and Negotiating Agreement* (Course Materials)

Negotiation Analysis

Global Business Negotiation Principles

- ◆ Negotiation is an art developed through study and practice.
- ◆ Effective negotiations require an understanding of these systems:
  - ❁ Social
  - ❁ Cultural
  - ❁ Political
  - ❁ Economic
- ◆ Also requires an expertise in analyzing these aspects:
  - ❁ Technical
  - ❁ Financial
  - ❁ Accounting
  - ❁ Legal

Four C's of Negotiation

◆ The context of the negotiation consists of:

1. Common interests (something to negotiate for).
2. Conflicting interests (something to negotiate about).
3. Compromise or Problem Solving (give and take on points or mutual beneficial agreement).
4. Criteria or objectives (determining the objective and the criteria for its achievement).

Develop a Broad Perspective

◆ System Thinking:
   ◉ Focusing less on day-to-day events and more on underlying trends and forces of change.
◆ Analyze the systems of thinking:
   ◉ Is their a common thought process used by your party and theirs with regard to the issue under negotiation?
   ◉ What interrelationships and processes may be a part of this system of conflict or negotiation?
   ◉ What causes and effects over time in the system(s) may have led to this conflict or negotiation?
   ◉ What small areas in the system, if intensely focused upon, may produce an enduring improvement to the system?
   ◉ What areas of the system, if focused upon, may only produce a temporary symptomatic solution?

Analyze Organization and Groups

- Successful negotiations are a socially constructed reality.
- The ability to see multiple realities allows for the creation of robust options and reliable standards.
- The ability to appeal to multiple identities strengthens relationships, expands shared interests, and creates agreements that reflect multiple organizational levels.
- Analyzing organizations and groups allows for better understanding of the motivations behind the issues and interests under negotiation.
- The product of the analysis allows for planning approaches to the negotiation.
- Conduct the analysis on your organization and groups as well as theirs.
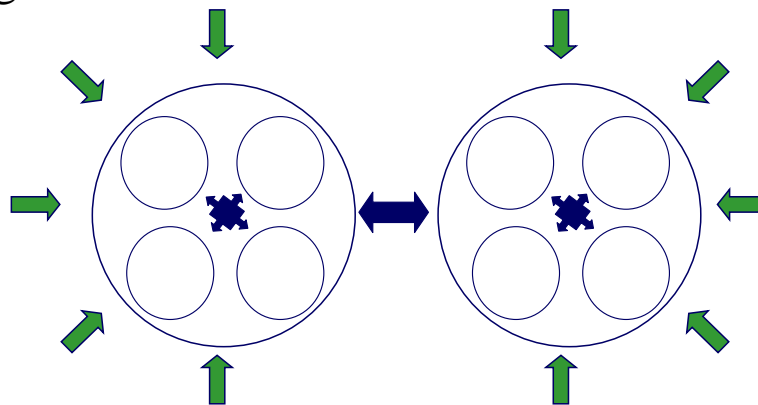
Inter-Organizational

- Analyze relations that exist among the organization, environment, and other organizations.

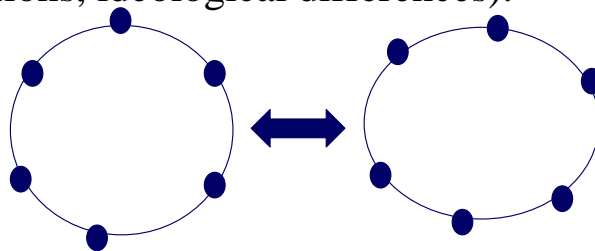Green Z.G. (2005) *Social Construction of Reality and Identity Politics*

Inter-Group

◆ Analyze relations and dynamics among groups and subgroups:

  ❋ What are the types and quality of relationships between groups and subgroups?

  ❋ What are the dynamics (i.e. hierarchies, task, positions, ideological differences).

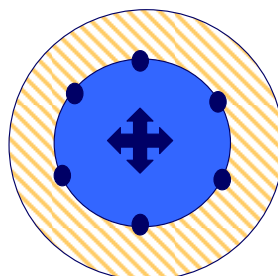Green Z.G. (2005) *Social Construction of Reality and Identity Politics*

Group-As-A-Whole

▪ Analyze the groups social system and how the individuals relate to the system:

  ▪ Does the group act as a sum of their individuals (group mind)?

  ▪ Is the group segregated around issues?

Green Z.G. (2005) *Social Construction of Reality and Identity Politics*

Inter-Personal

- ◆ Analyze relations and dynamics between individuals in the group:
  - ❀ What are the types and quality of the member-to-member relationships?
  - ❀ What are the levels of cooperation and quality of communications?
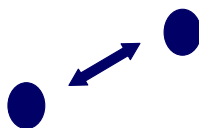
Intra-Personal

- ◆ Analyze individuals in the group:
  - ❀ What are their perceived personal needs (i.e. self actualization, saving face, belonging).
  - ❀ What is their perceived character structure (i.e. behavior, attitudes).
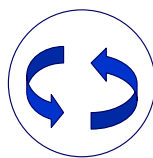
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9 Elements of Interest Based Negotiations

Context Setting

- *Parties*
- *Issues*

Core Elements

- *Interests*
- *Options*
- *Standards*

Influencing

- *Communications*
- *Relationships*

Exit Elements

- *Alternatives*
- *Commitment*

Context Setting

- Parties (your party and theirs):
  - Who are the parties involved?
  - What strategies do they tend to use?
- Issues (your party and theirs):
  - What are your issues?
  - What do you perceive their issues to be?
  - Is there perceived common ground?

- Interests:
  - What are your interests?
  - What do you perceive their interest to be?
  - Is there perceived common ground?
- Options:
  - What are your options?
  - What do you perceive their options to be?
  - Is there perceived common ground?
- Standards:
  - What fair objective standards can the negotiations be based upon?
  - What fair procedures can be agreed upon?

Circle Chart for Generating Options

CIRCLE CHART
The Four Basic Steps in Inventing Options

WHAT IS WRONG   **WHAT MIGHT BE DONE**

IN THEORY

Step II. Analysis
Diagnose the problem:
Sort symptoms into categories.
Suggest causes.
Observe what is lacking.
Note barriers to resolving the problem.

Step III. Approaches
What are possible strategies or prescriptions?
What are some theoretical cures?
Generate broad ideas about what might be done.

IN THE REAL WORLD

Step I. Problem
What's wrong?
What are current symptoms?
What are disliked facts contrasted with a preferred situation?

Step IV. Action Ideas
What might be done?
What specific steps might be taken to deal with the problem?

Fisher R. and Ury W. (1991) *Getting to Yes: Negotiating Agreement Without Giving In*

Influencing Elements

- Communications:
  - Based upon the relationships, can the communications be more open?
  - Are communications perceived to be difficult?
  - How can communications be improved?
- Relationships:
  - Are there any known relationships?
  - What is the status of the relationships (i.e. active, good, long-term, etc..)?

BATNA

- Best Alternative to Negotiated Agreement (BATNA):
  - Invent list of actions you might conceivably take if no agreement is reached.
  - Improve some of the more promising and convert them to practical alternatives.
  - Selecting, tentatively, the one alternative that seems best.

- BATNA:
  - What is your BATNA?
  - What do you perceive their BATNA to be?
  - What is your "trip wire" (i.e. when to compare the potential agreement to the BATNA).
- Commitment:
  - What are the potential commitments/choices?

Negotiation Planning

Key Procedural Considerations

- Process Design
- Meeting Design

Process Design

- What Tasks?
  - Need to be done?
  - In what order?
- What people need to be involved?
  - Initial stakeholders.
  - Expanded group of stakeholders.
  - Those to be kept informed.
- What procedures need to be put in place?
  - How decisions are made?
  - Is a third party facilitator/moderator to be involved?
  - What is said, when, and by whom to the public?
  - Who provides resources.
  - How are minutes created and approved?
  - General ground rules of behavior (engagement).

Meeting Design

- Purpose:
  - What do I want to accomplish? Brainstorm, motivate parties, get to know one another?
- Product:
  - At the end of the meeting, we should have a work plan, a list of issues, a draft agreement,etc?
- People:
  - Who should be at the meeting? Decision-makers, technical experts, media, etc?
- Process:
  - Is there an agenda? Are roles assigned (facilitators, recorders, time-keepers)? Time to summarize at the end? Seating arrangements?

Strategies for Cross-Cultural Negotiations

- Five basic strategies for conducting cross-cultural negotiations.
- The strategies are based on the variables regarding willingness or ability to adapt to the counterpart's culture.
- Likewise their ability to adapt to your culture.
- The choice are: adhering; avoiding-contending; compromising; adopting; and advancing.

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Strategies for Cross-Cultural Negotiations

Their Ability and Willingness to Adapt

Adhering   **Advancing**

Compromising

Avoiding/ Contending   **Adopting**

Low   **Your Ability and Willingness to Adapt**   **High**

Moore C. and Woodrow P. (1998) *Mapping Cultures – Strategies for Effective Intercultural Negotiations*

Adhering Strategy

- If you have low willingness or ability to adapt to your counterpart's culture.

- If your counterpart is flexible than you stick to your own way of doing things, otherwise you move into contending or avoiding depending upon the importance of the issue in comparison to other issues.

Avoiding/Contending Strategy

- If your counterpart is unable or unwilling to change their approach and you persist in your cultural approach.

- This interaction is marked either by ongoing competition regarding whose way of doing things will prevail.

- Or the parties will avoid interaction with the potential for miscues and misinterpretation.

Compromising Strategy

- A situation where both parties are somewhat knowledgeable about each other's cultures.

- The parties are fairly compliant towards each other.

- Each person adheres or adopts the other counterparts ways in one matter or another resulting in a mixed set or compromise.

Adopting Strategy

- The strategy used when the other party is using an adhering strategy.

- You are more flexible on the cultural issue so you will adopt your counterparts way of doing things.

Advancing Strategy

- Both parties are comfortable with each others cultures and are willing to adapt.

- Both parties may develop a new approach to the negotiation.

- The new approach is basically that of mutual problem solving .

Negotiating Tactics

- Tactics greatly influence the communication, tone, and dynamics of a negotiation.
- An effective negotiator must be able to properly employ tactics in furtherance of his/her strategy.
- An effective negotiator should be able to identify and respond to the tactics of the other party.
- Typical tactics encountered are:
  - Stone Walling
  - Attacks
  - Dirty Tricks
  - The Picador Principle

Stone Walling

- A refusal to budge.
- The other side may try to convince you that they have no flexibility and that there is no choice other than their position. ("What's done is done. It can't be changed." "I can't do anything about it. It's company policy.")
- Or it may just be calculated foot-dragging. ("We'll get back to you.")

Attacks

- Pressure tactics designed to intimidate a party and make them feel so uncomfortable that they ultimately give in to the other side's demands. ("Do it or *else*!")

- Opponents may also attack your proposal, your credibility, or your status and authority. ("Your numbers are way off!" "You haven't been in this job long, have you?")

Dirty Tricks

- Tactics that dupe another party into giving in.
- They take advantage of the fact that the other party assumes the counterparty is acting in good faith and telling the truth.
- One common trick is manipulating the data—using false or confusing numbers.
- Another is the "no authority" claim, in which the other side misleads you into believing they have the authority to decide an issue, only to inform you after you have conceded as much as you can that someone else must in fact decide.
- The other party may also employ the last-minute "add on."

The Picador Principle

- In some countries there is a tendency to wear down the senior negotiators by letting them deal with minor staff "picadors" having no authority.

- Senior negotiators should recognize this tactic early and withdrawal from the negotiation until they can meet with negotiators having authority.

Engaging in Negotiations

Break the Ice

- Separate the Person from the Problem.
  - Negotiators are people first. If possible, reaffirm or strengthen the relationship prior to negotiating. Try going out for coffee or just engaging in lighthearted conversation before engaging in a formal negotiation process.

- Extend an Invitation.
  - Invite the other party to help solve the issue facing *both of you* by jointly searching for a solution through brainstorming and/or by applying fair, objective standards.

Discuss Interests

- Move beyond positions as quickly as possible. Be as specific as you can about your own interests and try to clarify the other party's interests.

- Do not allow the discussion to dwell simply on the causes; focus on the future and on the outcome—the goal—you and the other party are seeking.

- Ask probing questions:
  - Why is this issue important to you?
  - Why not?

Generate Options

- Try for genuine brainstorming, and separate inventing from deciding.
- Think: *creativity without criticism.* Suspend preemptive judgments, do not assume a fixed pie, and do not assume that 'solving their problem is *their* problem.'
- Try to keep the options as broad and diverse as possible.
- Sit side-by-side so that both parties are facing the problem together.
- Clarify the brainstorming ground rules, especially the no-criticism rule.

Generate Options cont..

- Brainstorm, using the "Circle Chart" to discover how different options might address the same issue.
- Use the Rule of Six to generate options from the perspective of six experts in different disciplines.
- Look for mutual gain. Identify your shared interests or dovetail your differing interests by asking their preferences on options that equally satisfy your interests.
- Record the ideas in plain view.

Generate Options cont..

- After the brainstorming session:
  - Flag the most promising ideas.
  - Brainstorm improvements for the most promising proposals.
  - Establish a time to evaluate and decide the final options.

Refer to Objective Standards

- Invite the other party to search for and agree upon a fair standard by which to select an option or just resolve the issue.
- Ask the other party the standard by which they arrived at their position.
- Reason and be open to reason; if more than one standard appear legitimate, seek to apply the most commonly used standard, or split the difference between them.

Handle Resistance

- Negotiating is not easy and often generates at least a degree of negative resistance.

- While you cannot control the other party's behavior, you can control your own reactions to it.

- The following steps should keep your negotiation moving forward by helping you resist the natural tendency to react to the other side's stone walls, attacks, or dirty tricks.

Go to the Balcony

- When you detect 'fight or flight' symptoms and/or feel the urge to respond to the other party's negative reaction, immediately shift your perspective to 'the balcony' and try to distance yourself from your natural impulses and emotions.

- <u>Name the Game</u>. Identify the other party's tactic (stonewall, attack, or dirty trick).

- <u>Know Your Hot Buttons</u>. Recognize when an opponent is touching on an issue to which you are likely to get emotional.

- <u>Buy Time to Think</u>. Make sure you allow yourself time to stay in 'the balcony'.
  - *Pause* – Remain silent for a few seconds and allow some energy to dissipate.
  - *Rewind* – Slow down and take the opportunity to go back over the discussion.
  - *Take a time-out* – Take a break or just divert the negotiation with a story or joke.
  - *Don't make an important decision on the spot* – Make it from the balcony!
- <u>Don't Get Mad, Don't Get Even, Get What You Want</u>. Remember to keep your eyes on the prize: your desired outcome.

Step to Their Side

- Going to the balcony helps you break through your own resistance; stepping to the other party's side helps your break through *their* emotional resistance to negotiating.
- <u>Listen Actively</u>. Listening is the cheapest and most rewarding concession you can make:
  - Give the other side a hearing and let them know they have been understood.
  - Paraphrase (sum up) and ask them to correct your summary.

- Acknowledge Their Point. Tell them: "I understand what you're saying," or, "I see your point." If possible, preempt them by saying something like, "If I were in your shoes, this is how I would see it.
  - *Acknowledge their feelings* – Sincerely show them you understand how they feel.
  - *Offer an apology* – Try to admit to and apologize for your role in the problem.
  - *Project confidence* – Keep a calm facial expression and stay in control.

- Emphasize Agreements, If Any. Focus on the areas on which you *do* agree.
  - *Look for any opportunity to agree* – Use humor; even joking agreements can help create a climate for consensus.
  - *Accumulate yeses* – Find ways for both of you to say "Yes" without conceding.
  - *Tune into their wavelength* – Watch non-verbal signals. Mimic their language.
- Acknowledge the Person. Try to generate some "cognitive dissonance" by acknowledging the other party as a friend or a colleague. Try to restore their ego.

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- ◆ <u>Express Your Views without Provoking</u>. Add your perspective without creating further conflict. Change your mindset from an either/or perspective (either they are right or you are) to a both/and mentality.
  - ❈ *Don't say "But," say "Yes..and"* – Don't negate their view just to assert yours.
  - ❈ *Make "I" statements, not "You" statements* – Speak only of your *own* views.
  - ❈ *Stand up for yourself* – Don't yield your ground.
  - ❈ *Acknowledge your differences with optimism* – Affirm your hope for agreement.

Reframe

- ◆ Change the game by changing the frame. Put a problem-solving frame around the other side's position statements. Go back to discussing interests.
- ◆ <u>Ask Problem-Solving Questions (Why? Why Not? What If?)</u> Instead of giving the other side the right answer, try asking them the right questions.
  - ❈ *Ask their advice* – "What would you do if you were in my shoes?"
  - ❈ *Ask "What makes that fair?"* – Use the other's position to discuss a fair standard.
  - ❈ *Keep questions open-ended* – Avoid "Isn't…? Can…?" Use "How? Why?"
  - ❈ *Use the power of silence* – Let uncomfortable silence work in your favor by making the other side eventually respond with information about their interests.

Use Reframing to Counteract Tactics

- You can reframe the other side's positions as statements about their interests. How do you reframe the other side's tactics?

- <u>Negotiate about the Rules of the Game</u>. If your opponent continues to use tactics, you will need to reframe the conversation as a negotiation about a negotiation.

  - *Bring it up* – Let the other party know you know what they are doing.

  - *Negotiate about the negotiation* – Negotiate about the process just as you would about the substance. Identify interests, generate options for how best to negotiate, and discuss standards of fair behavior.

Build Them a Golden Bridge

- You still find the other side unwilling to agree.

- You may be facing one of the four most common obstacles to agreement:

  - **Not Their Idea.** The other side may reject your idea because it was "not invented here."

  - **Unmet Interests.** You may be overlooking one of your counterpart's basic interests.

  - **Fear of Losing Face.** No one wants to look bad in front of their constituents.

  - **Too Much Too Fast.** The decision seems too big and the time too short.

- You should resist the urge to push the other party. Instead, try to *draw* them in the direction you want them to move.

Build Them a Golden Bridge cont..

◆ <u>Involve the Other Side</u>. People see things differently when they become involved. They may become comfortable with ideas they once rejected.

  ❋ *Ask for and build on their ideas* – "How would you solve the problem?"
  ❋ *Ask for constructive criticism* – "How would you improve on this idea?"
  ❋ *Offer them a choice* – Offer them a list of solutions to pick from.
  ❋ *Satisfy unmet interests* – Do not dismiss the other party as irrational, do not forget the importance of basic human needs, and do not assume "fixed pie."

Build Them a Golden Bridge cont..

◆ <u>Help Them Save Face</u>. Try to help the other side avoid criticism from their constituents by showing that the agreement is satisfactory and that they are not backing down.

  ❋ *Help them back away without backing down* – Emphasize that there are "new circumstances" that affect policy positions, or point to a standard of fairness. You can also ask for a third-party proposal.
  ❋ *Help write their victory speech* – Help reframe a "retreat" as an advance.
  ❋ *Give credit* – Consider letting the other side share credit—or take all of it.

Build Them a Golden Bridge cont..

- ◆ <u>Go Slow to Go Fast</u>. Make the agreement process easy. Break it into small stages.
    - ❋ *Guide the other party step by step* – Use partial agreements instead of full.
    - ❋ *No final commitment until the end* – Let them see what they will get from the agreement first.
    - ❋ *Do not rush to finish* – Slow down, back off, and give them a chance to think. Carefully sum up new agreements to check their shared legitimacy.

Use Power to Educate

- ◆ Even with a golden bridge, the other side may resist agreement because they feel they have a more effective power play.
- ◆ Do not get sucked in to the game.
- ◆ Remember the power paradox: *the harder you make it for them to say no, the harder you make it for them to say yes.*
- ◆ Use power to bring them to their senses, not to their knees.

- <u>Let Them Know the Consequences of No Agreement</u>. Instead of exercising your power, inform the other side of the powerful consequences that will result from no agreement.

  - *Ask reality-testing questions* – Do not announce the answer; let reality be their teacher. Ask "What do you think will happen if we don't agree?" "What do you think I will do?" and "What will you do?".

  - *Warn, do not threaten* – Frame your BATNA in *objective* language ("what will happen" instead of "what I will do to you").

  - *Demonstrate your BATNA* – A demonstration shows your BATNA's power without your having to carry it out.

- <u>Use Your BATNA and Defuse Their Reaction</u>. When you have no choice but to exercise your power, it will likely provoke the other side to fight back.

  - *Use BATNA without provoking* – Use the minimum power necessary (show restraint) and exercise your power through legitimate means.

  - *Work to neutralize their attacks* – Foil the other side's attack without attacking back. Your goal is not to punish them but to show them they can satisfy their interests only by negotiation.

  - *Tap the third force* – Build a powerful coalition of supporters, bring in a third party to help prevent further attacks, or bring in a mediator to help resolve your disagreement.

- ◆ <u>Keep Sharpening Their Choice</u>. Your power to bring the other side to terms comes not from the costs you are able to impose but from the *contrast* between the consequences of no agreement and the allure of the golden bridge.
  - ❁ *Let them know they have a way out* – Assure them your aim is mutual satisfaction not domination.
  - ❁ *Let them choose* – Respect their freedom to choose between the consequences of no agreement or the golden bridge. Ultimately, the choice must be theirs.
  - ❁ *Even when you can win, negotiate* – An imposed outcome is an unstable one.

Craft an Agreement

- ◆ <u>Keep Implementation in Mind</u>. You want an agreement that induces the other side to keep its word but that protects you if they do not.
  - ❁ *Design the deal to minimize your risk* – Build in some kind of final resort, failsafe guarantee. Publicize the deal, if possible, and get agreements in writing.
  - ❁ *Incorporate a dispute resolution measure* – You should also seek a *first* resort.

- ◆ <u>Reaffirm the Relationship</u>. Be gracious; do not gloat and do not fight over the last crumb.

Negotiation Guidelines

- Preparation! Preparation! Preparation!
- Imagine the negotiation in the fundamental form.
- Know the big picture.
- Know the basic needs and interests of both sides:
    - Try to satisfy them all for a lasting agreement.
- Make sure your side is on the same page before negotiation.
- Develop an understanding for yours and theirs BATNA:
    - Keep in mind the systems that may be affected if the BATNA is used.

Negotiation Guidelines cont..

- Keep professional not personal.
- Proceed by developing options and alternatives:
    - Don't start with a legal document.
    - When a legal document is introduced, identify it as a starting point.
- Mutually derived objective principles should be used for negotiating.
- Spend time educating each other on culture and nuances of processes and operations of your country:
    - Identify agreements made with other countries.
- Identify the process that the parties will negotiate (rules for negotiating).

Stages of Negotiation (Positional)

1	Climate Setting	Receiving and welcoming visitors; intro by leaders; exchange greeting remarks. Establishing rapport.
2	Presenting	Substantive presentations. Negotiating agenda agreed upon. Opening positions stated: goals, demands and concerns. *Often competitive and spirited*
3	Mid-Point Bargaining	Questioning of other side; Search for common ground; main points of conflict are isolated and possible resolutions explored; Trial concessions are "floated" generally without comment *Return to collaboration*
4	Closing	Intensified effort to reach agreement. Binding concessions offered and trade-offs created. Each side looks for bundles acceptable to the other side. *May be some blend of competitive and collaborative*

Russell B. Sunshine "Negotiating for International Development"

Positional Negotiation Heuristic

- ◆ If all of the following elements exist you may want to use positional negotiations:
    - ❀ Will never deal with the party again.
    - ❀ Only two parties involved.
    - ❀ Issues are few and simple.
    - ❀ Equal in power and equal incentive to deal with each other.
    - ❀ The agreement does not establish a precedent.
- ◆ Otherwise use interest based negotiations.

Do Not Bargain Over Positions

- Arguing over positions produces unwise agreements.

- Arguing over positions is inefficient.

- Arguing over positions endangers an ongoing relationship.

- When there are many parties, positional bargaining is even worse.

- Being nice is no answer.

- There is always another alternative.

*"No problem can be solved
from the same consciousness
that created it.
We must learn to see
the world anew."*

Albert Einstein

Key Lecture Terms

- High-context
- Low-context
- Individualist
- Communitarian
- System Thinking
- Inter-organizational
- Inter-group
- Group-as-a-whole
- Interpersonal
- intrapersonal

- Circle Chart
- BATNA
- Picador Principle
- Go to the Balcony
- Step to their side
- Build them a Golden Bridge
- Reframe
- Use Power to Educate

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Class 13: Aspects of Risk, Control, and Close-out on Global Projects

🌐 Global Project Management

Class # 13 – Aspects of Risk, Control, and Close-out on Global Projects

Instructors Name Here

Class Overview

- Risks
- Control
  - Quality
- Funding
  - Sources
  - Guarantees and Insurance
- Close-out
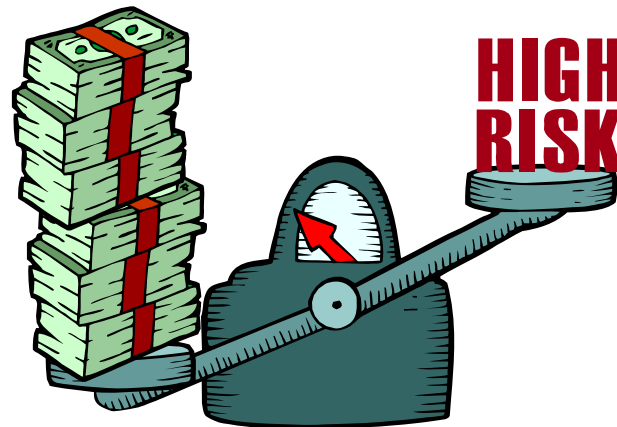
Reasons for Global Business Failure

- Failure to develop a germane business plan.
- Lack of commitment from top management.
- Lack of attention to the development of strategic links in the global market place.
- Failure to recognize the demands of operating in a multicultural business environment.
- Failure to weigh foreign requirements with respect to their social, legal, political, and governmental procedures.
- Failure to consider trade barriers.

Typical Global Risks

- Revenue Risk.
- Operational Risks.
- Construction Risks.
- Financial Risks.
- Legal Risks.
- Political Risks.
- Cultural Risks.

Global Project Focusing Risks

- Ensuring the process is thorough and complete.
- The organization as well as the project team are capable of handling the global project.
- Ensuring that the organizational goals for the global project are concise and bought into.
- The proper selection of the local associate (Joint Venture, Consortium, etc..).
- Complete understanding of the actors and factors involved in the project.

Organizational Process Risks

- Policies, procedures, standards and guidelines need to reflect the needs of doing project management with each individual country.

- Define unique processes required for each country.

- Ensure accurate historical and lessons learned data is used to establish project scope, charter, and buy-in.

Project Scope Statement

- Monitoring and controlling the scope statement to ensure all stakeholders globally dispersed are in sync may require:
  - Interpreters and translation of documents into many languages (back and forth).
  - Refinement of the document based upon proper interpretation.
  - Intensive meeting (virtual?) and travel schedules.

- The major risk is in the coordination and translation.

Cultural Risk (Networking)

- The ability to gain adequate lead-time for bidding a project is a significant risk to foreign firms.
- Strong in-country relationships allows equality in competitiveness.
- Strong networking relationships also avoids risk of foreign stakeholders hidden agendas.
- Allows for proper identification of the political status, economical stability and history of the professional field in the country.

Cultural Risk (Negotiating)

- Cultural structures:
    - Power Distance.
    - Uncertainty avoidance.
    - Individual & collective societies.
    - Masculine & Feminine societies.
    - Concepts of age and gender.
- Contractual framework:
    - Lead to final agreement and signed contract.
    - Lead to an agreement to be contractual partners with further negotiations to establish contractual framework.

Cultural Risk (Leadership)

- A good project leader will need these traits in order to diminish cultural risks:
  - Good knowledge of the local culture.
  - Flexible personality.
  - Ability to make decisions.
  - Good negotiator.
  - Technically competent.
  - Sociable personality.
  - Ability to assess and evaluate personalities.
  - Respect and trust.

Cultural Risk (Local Agent)

- Local agents are a critical link between cultures.
- The wrong local agent can affect networking and relationships.
- Critical criteria for a local agent:
  - Technical skills in the project's field.
  - Well respected and trusted.
  - Strong network set up in the local country.
  - Understands the local countries corporate values.

Political Risks

- GPM's may unwittingly/unwillingly have to politically support the client depending upon the project.
- It is best to setup a relationship where the client handles political issues and the GPM consults and guides on technical/factual issues (avoid getting tangled in foreign politics).
- Be prudent when establishing political connections to ensure continuous projects or support.
- Assess the risk and establish plans for wars, coups, terrorism, changes in regimes, etc..

Global Construction Risks

- Attributed to the contractor and designer:
  - Ground Risks.
  - Location.
  - Availability of utilities.
  - Access.
  - Legal.
  - Environmental.

Global Construction Risks

- Negotiated between client and contractor:
  - Information deficiency.
  - Disruption.
  - Payment.
  - Planning.
  - Regulation.

Global Contractor Risk Factors

- Foreign Contractors tend to have higher operational costs compared to local competitors cost:
  - May be caused by expensive office overheads, the high salaries of expatriates, and costly materials.
- Lack of local connections.
- Unfamiliarity with local design and construction codes.
- Lack of a local track record.

Global Joint Venture Risk Factors

- Client's cash flow problems.
- Financial problems in a partner's parent company.
- Inconsistency in government policies, laws, and regulations.
- Economic fluctuation.
- Poor relationships.

Labor Risks

- Importing labor versus local use of labor:
  - Maybe more costly.
  - May not be legal or politically acceptable (Protectionism attitudes).
  - May not be acceptable to the client (International Lending Agency).
  - Training requirements (cultural, codes, standards, practices).
  - Differing attitudes on safety and quality.
  - Differing approaches to work.

Materials & Equipment Risks

- Importing material & equipment versus local use of materials & equipment:
  - Maybe more costly.
  - May not be legal or politically acceptable (Protectionism attitudes).
  - May not be acceptable to the client (International Lending Agency).
  - Quality may be better, or not.
  - May not meet local standards and codes.
  - Import from well established manufacturers from stable environments.
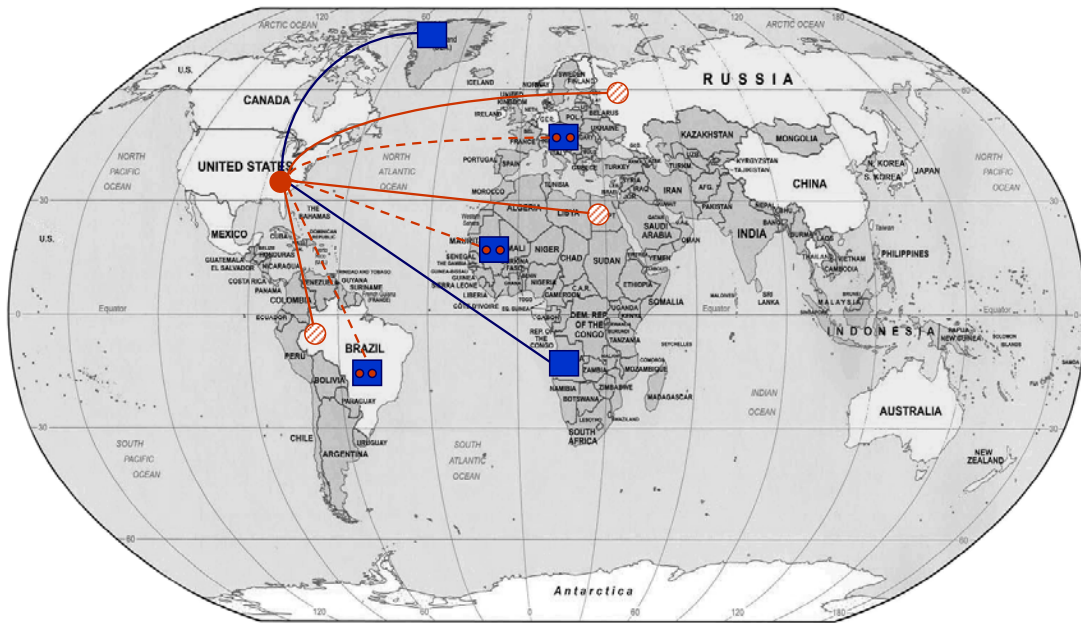
Control

Controlling Initial Estimates

◆ Ensure that the cost reflects the complexity of doing business in a global environment by considering:

- ❀ Trade tariffs, taxes.
- ❀ Unique labor, equipment, and materials costs.
- ❀ Foreign inflation, currency fluctuations.
- ❀ Travel, Weather, Infrastructure, Technology.
- ❀ Shipping.
- ❀ Office space (rent, buy, or share with partner).
- ❀ Security.

Controlling Initial Estimates cont..

- Ensure appropriate cost contingency to cover minor fluctuations in global cost.

- Plan an exit strategy that will cut losses to a minimum.

- Consider each area of the GEW with respect to what can and can not be controlled:
  - Develop contingencies and cost transfer/mitigation options.

Controlling Human Resources

1. Guarding: The company or organization carefully guards control of the project by appointing locals or people of other nationalities at lower levels of management.

2. Rapid localization: Local staff are quickly recruited and promoted into positions of authority throughout the organization.

Change Order Control

- Some changes may warrant charity on the behalf of the contractor/consultant in order to secure potential future projects.
- Some changes must be meticulously managed in order to ensure payment for the change.

Changes and Extra Work

- Design changes can be much less litigious and flexible than on domestic projects.
- Legal advice is important on proposals and contract negotiations.
- Select legal consultant with care:
    - Must be aware of language, cultural, differences in traditions and the legal system of the clients country.
- Good communications between the client, local associate and the GPM are essential to efficient change order handling.
- Prior to contracting, ensure accuracy of data given by the client.

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Project Control Reporting

- Plan and Prepare a structured list on what is to be reported by all team members:
  - Reports should be the same format no matter where the members are located.
- Reporting intervals should be determined by:
  - Type of project.
  - Clients requirements for update (lending agencies).
  - The level of involvement by the GPM.
  - The ability to have successful accountability of team members.
- The use virtual project management and technology is vital to the control effort:
  - Ensure a well planned out VPM plan to include collaborative software for electronic reporting.

Control Loop

- Establish a "Control Loop":
  - Basically feedback/lessons learned that are generated from control issues and are sent back to the planning department.
  - The information is used to mitigate the potential for repeat occurrence in the next project.

Control Mechanism

- It is unrealistic to travel to every site if managing multiple projects.
- A level of project control responsibility and accountability must be designed:
  - Establish the levels of change approval the on-site personnel will have.
  - Establish the major issues that requires top level approval.
  - Establish proper communication channels (i.e. who's included, who isn't and for what reasons).
- Focus on controlling the economics, technical, and human fields of the project, first and foremost.

Global Quality Control

- ISO (International Organization for Standardization) is a global network that identifies what International Standards are required by business, government and society, develops them in partnership with the sectors that will put them to use, adopts them by transparent procedures based on national input and delivers them to be implemented worldwide.
- ISO is the world's leading developer of International Standards.
- ISO standards specify the requirements for state-of-the-art products, services, processes, materials and systems, and for good conformity assessment, managerial and organizational practice.

ISO Contributions

- ISO standards make a positive contribution to the world we live in.

- They ensure vital features such as quality, ecology, safety, economy, reliability, compatibility, interoperability, efficiency and effectiveness.

- They facilitate trade, spread knowledge, and share technological advances and good management practices.

ISO Community

- ISO – a non-governmental organization – is a federation of the national standards bodies of 149 countries, one per country, from all regions of the world, including developed, developing and transitional economies.

- ISO has a current portfolio of 15,036 standards that provide practical solutions and achieve benefits for almost every sector of business, industry and technology.

ISO Standard Range of Coverage

- ISO's work program ranges from standards for traditional activities, such as:
  - Agriculture
  - Construction
  - Mechanical engineering
  - Manufacturing and distribution
  - Transportation
  - Medical devices
  - Information and communication technology developments
  - Services.

ISO 9000 & ISO 14000

- Families of management system standards including managerial and organizational practice.

- Individual organization's develop quality standards following guidelines set forth in ISO 9000 and ISO 14000 documents.

- Organizations become certified by third parties showing that they meet the ISO standard for a quality management system.

GPM Role in Quality Control

- Verify what quality standards are used or not used in each country involved with the project.
- Establish agreements on which standards will be used or develop standards for the particular project.
- Verify that any standard developed or used does not conflict with local laws and practices.
- Educate all team members and stakeholders on the standards that will be used.
- Develop and implement a quality control and assurance program to include education of the team and workforce.
- Monitor and control to the standards agreed upon.

Safety Control

- Some developing countries have little in regard to safety programs.
- Workers often equate injury as a natural part of the job and an accident is due to their own negligence.
- Control of this situation should come in the form of raising the level of awareness of the importance of health and safety.
- Emphasis should be placed on training and the utilization of comprehensive safety programs.

Safety Control Mechanisms

- Check for legislation in the local country with regard to labor standards that establish the minimum levels of health and welfare.
- Involve employees in developing a safety program:
  - They are better aware of the hazards they encounter.
- Design safety into the project:
  - Requires being proactive in understanding safety issues of the countries involved in the project.
- Some countries require the establishment of a safety committee for each project:
  - This committee, made up of both management and labor, is empowered to implement safety on the project.

Basic Safety Control System
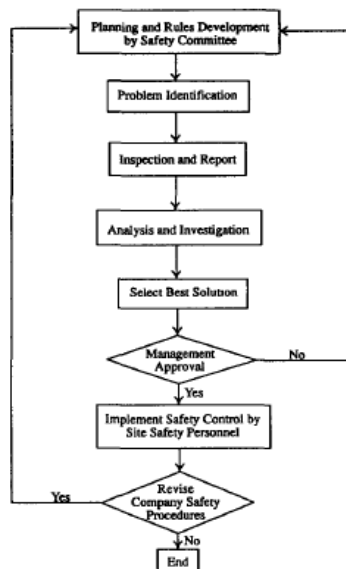
FIG. 1. Basic Safety-Control System   FIG. 2. Accident-Investigation System
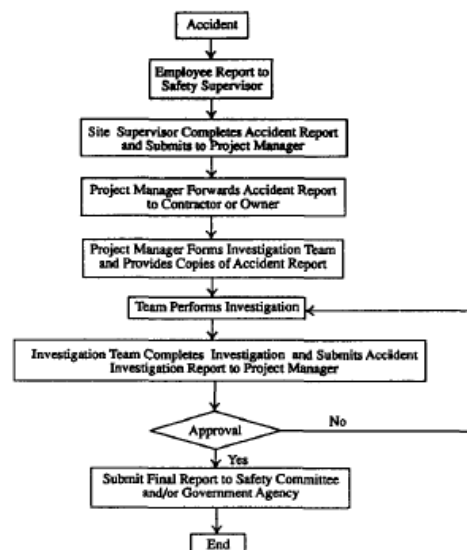
Koehn E., Kothari R., and Pan C. (1995) *Safety in Developing Countries: Professional and Bureaucratic Problems*

Global Project Funding

- ◆ Four forms of project funding:
    1. Aid
    2. Public Sector
    3. Private Sector
    4. Design, Build, Finance, and Operate (DBFO)
- ◆ Total funding can be comprised of, or a hybrid of, some or a combination of two or three of these different forms.

Choice of Funding

- Organizations typically choose on basis of best value and appropriate quality.
- In reality, an organizations choice of funding is typically constrained by these factors:
  - Legislation.
  - Availability of finance.
  - The organizations attitude on risk and risk-sharing.
  - Project cycle timetables.

Aid Funding

- Large portions of aid funding are being used on development projects.
- Aid can take various forms to match the need and the source:
  - Long term loans.
  - Loans or grants for technical assistance.
  - Grants for emergency relief work.
  - Grants in support of loans or other funding.
  - A mix of any of the above.

Shift from Loans to Grants

$ billions

Foreign aid grants

Net debt flows from official sector

50
40
30
20
10
0
-10
-20
-30

1990 1992 1994 1996 1998 2000 2002 2004
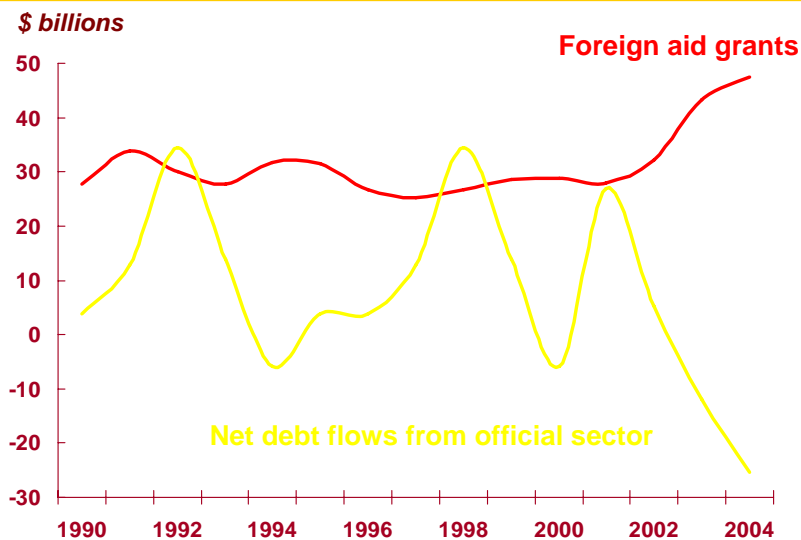
www.worldbank.org/globaloutlook

Sources of Aid Funding

- OECD's Development Assistance Committee (DAC):
  - The world's richest 33 countries plus the EU.
  - The DAC list of aid recipients:
    http://www.oecd.org/department/0,2688,en_2649_34447_1_1_1_1_1,00.html
- Charities.
- Donor Nations.

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Aid Contribution

- Bilateral Funding:
  - Donor nation decides where the aid will be used.
  - Bilateral aid typically dispersed through export credit agencies of the donor nation.
- Multilateral Funding:
  - Pooled with the contributions of others for the use of organizations such as the World Bank.
  - Multilateral aid typically dispersed through global development banks.

Multilateral Funding

- Stages of the project cycle are strictly observed.
- Check-points are used throughout the process, typically at:
  - Identification
  - Preparation
  - Appraisal
  - Negotiation
  - Implementation and evaluation
- The work is typically open tender (open bid).
- The host or recipient nation acts as client body with donor nation or multilateral agency acting as the lender.

International Lending Agencies

- If aid is from an international bank on development projects you may encounter unique processes.
- The bank processes may be lengthy and intensive.
- Each year the World Bank lends between US$15-$20 billion for projects in the more than 100 countries it works with.
- Projects range across the economic and social spectrum in these countries from infrastructure, to education, to health, to government financial management.
- The projects the Bank finances are conceived and supervised according to a well-documented project cycle.

World Bank Process

The Project Cycle

1. Country Assistance Strategy
The Bank prepares lending and advisory services, based on the selectivity framework and areas of comparative advantage, targeted to country poverty reduction efforts.

2. Identification
Projects are identified that support strategies and that are financially, economically, socially, and environmentally sound. Development strategies are analyzed.

3. Preparation
The Bank provides policy and project advice along with financial assistance. Clients conduct studies and prepare final project documentation.

4. Appraisal
The Bank assesses the economic, technical, institutional, financial, environmental, and social aspects of the project. The project appraisal document and draft legal documents are prepared.

5. Negotiations and Board Approval
The Bank and borrower agree on loan or credit agreement and the project is presented to the Board for approval.

6. Implementation and Supervision
The Borrower implements the project. The Bank ensures that the loan proceeds are used for the loan purposes with due regard for economy, efficiency, and effectiveness.

7. Implementation and Completion
The Implementation Completion Report is prepared to evaluate the performance of both the Bank and the borrower.

8. Evaluation
The Bank's independent Operations Evaluation Department prepares an audit report and evaluates the project. Analysis is used for future project design.

Bilateral Funding

- Tied or restricted to the recipient agreeing to use contractors or service providers from the donor nation.

- Donors expect recipients to pay high value to benefit their contractors and service providers.

- Recipients often play donors against each other in order to secure fair deals.

Public and Private Sector Funding

- Major source of funding globally.
- Typically funded by:
  - Governmental departments/local agencies.
  - Major Corporations/Companies.
  - Private clientele.
- Sources of funds and combinations of funds vary across countries.
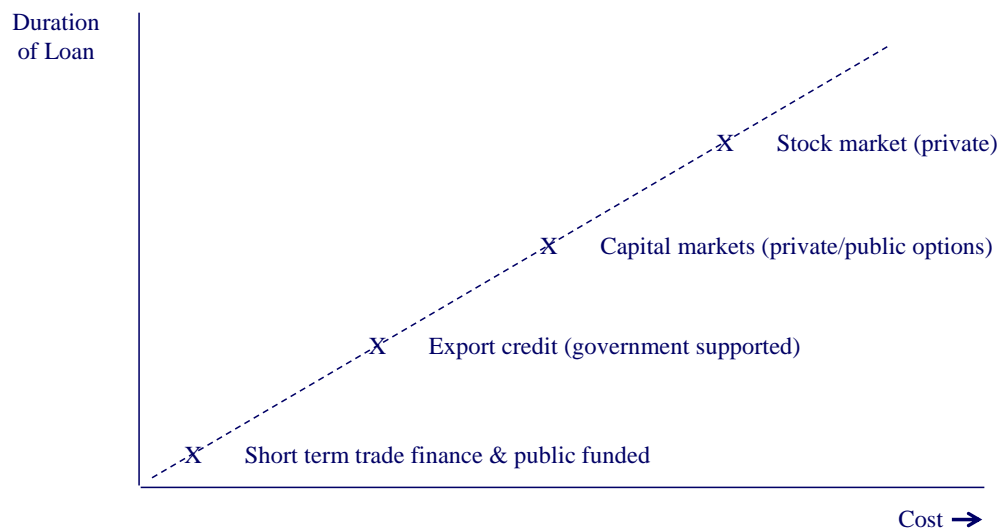- Private financing is used much more readily than in the United States.

Sources of Public/Private Funding

Duration of Loan

X   Stock market (private)

X   Capital markets (private/public options)

X   Export credit (government supported)

X   Short term trade finance & public funded

Cost →

Mawhinney M. (2001) International Construction

Design, Build, Finance and Operate

◆ Work that has been extended well beyond the bounds of design office and construction site includes:

- ❀ BOOT – Build, Own, Operate-Transfer
- ❀ BOT – Build, Operate-Transfer
- ❀ BOO – Build, Own, Operate
- ❀ PFI – Private Finance Initiative
- ❀ DCMF – Design, Construct, Maintain and Finance

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DBFO Basic Premise

- Client governments procure infrastructure projects through a long-term or permanent concession.
- The developer is responsible for the project from arranging finance through to long-term operation and maintenance.
- Finances are typically a mix of equity and borrowing (20%/80% respectively).
- Finances are borrowed against expectation of revenue generation from the operation of the infrastructure (high risk/potential high reward).
- Threshold agreements may be required in order to secure bank funding.

Global Funding Risk

- Return on investment and project fund stability is risky in economically poor countries:
  - Potential for difficulty in securing/maintaining funds.
  - Governments have insufficient capital to fund or credibility to guarantee payment for work completed.

Combating Funding Risks

- Gain support for aid packages from the International Lending agencies, and private finance.
- Seek bank guarantees and letters of credit.
- Risk Sharing:
  - It is normal practice for the risks to be allocated to the parties best suited to manage and influence funding risks (i.e. Joint Venture Partners and Insurance).

Non-recourse Loans

- Used to make up the difference in funding where main funding sources do not cover the project in it's entirety.
- The lender agrees to lend funds with the terms of the repayment linked to the success of the project.
- Lenders are uncomfortable with the level of risk and will typically seek more secure terms.
- The more successful the project the more costly it is to the borrower.

Performance and Payment Guarantee

- Guarantee vs. Insurance
- Guarantor pays obligee:
  - Obligor remains liable to Guarantor.
- Insurance - Insurance Company pays:
  - No Residual Liability.

Typical Guarantees on Global Projects

- Bank Guarantee:
  - Bank Pays Employer Stated Sum, Usually 10%.
  - Paid on Demand.
- Letter of Credit:
  - Demands on the Terms of Letter of Credit.
  - If Bank Issues, General Assurance of Payment.
  - Irrevocable Letter of Credit.

Typical Insurance on Global Projects

- Export Insurance Policy:
  - Purchasers Risk Coverage.
  - Political Risk Coverage.
- Bond Insurance Policy:
  - Advance Payment Guarantees.
  - Performance Bonds.
  - On Demand Bonds.

Export Insurance Policy

- Insures your company against the principal political and commercial risks of not being paid in connection with individual capital goods or services contracts.
- Provides insurance against purchaser risks and political risks.

Typical Purchaser Risk Coverage

- The insolvency of your purchaser, and of any surety (if applicable).
- Your purchaser's (and surety's, if applicable) failure to pay within six months of due date.
- Your purchaser's failure to meet its contractual obligations.

Typical Political Risk Coverage

- Political, economic or administrative events that prevent the conversion or the transfer of payments due under the contract.
- Actions of overseas governments and legislatures that affect performance of the contract.
- The application of a law that means a payment which does not comply with the contract nevertheless discharges the purchaser's payment obligation under the law of his country.
- Hostilities and civil disturbances that affect performance of the contract.
- Administrative or legislative risks for cancellation or non-renewal of an export license or the imposition of new export licensing restrictions.

Bond Insurance Policy

- In many parts of the world it is an increasingly common practice for buyers to insist that sellers provide bonds or guarantees from first class banks as security, as a means of ensuring that the sellers adhere to their side of the contracts.

- You can typically apply for 100 percent insurance against any bonding liabilities under the contract.

- Export-related project bonds are typically unconditional and on demand, they pose a risk for exporters regardless of their ability to perform the underlying contracts.

Advance Payment Guarantees

- These are used to protect the buyer against the loss of money paid in advance.

- They are particularly common where there is a significant design and manufacturing phase before the delivery of any equipment or goods to the buyer.

- The key risk for exporters with these bonds is that political events may frustrate a contract after the advance payment has been received, but before goods have been delivered or the contract completed.

Performance Bonds

- This is the principal type of bond issued in connection with construction contracts.
- It is intended to assure the buyer that the contractual works will be completed to the required standard and/or by a specified date.
- They are particularly susceptible to loss arising when external circumstances – such as war or other political difficulties – prevent the contractor from completing the project.

On Demand Bonds

- Most bonds provide for payment 'on demand', with payment being unconditional.
- The issuing bank will therefore pay when a demand for payment is received.
- Bond insurance coverage is available for 'on demand' bonds as well as conditional bonds and bonds with reducing values.

International Lending Agency Close-out

- Following completion of the project, the Bank's Operations Evaluation Department (OED), conducts an audit of the project.

- The project's outcome is measured against its original objectives.

- The audit entails a review of the project completion report and preparation of a separate report.

- Reports are submitted to the executive directors and the borrower.

Repatriation

- Ensure that the expatriate has a position back in the domestic organization that is equivalent to their seniority and responsibility level.
- Determine if the GPM needs to be repatriated or moved to another GP.
- GPM upon repatriation should conduct training classes for new GPM's about to expatriate:
  - Repatriated GPM should establish lessons learned of their experiences.

Closing the Local Project Office

- Examine aspects of further work in the country:
  - Are you politically and legally able to?
  - Warranty work?
- Distribution of contract documentation:
  - Consider legal and contractual obligations.
- Equipment:
  - Sell, dispose of, or ship back?

Important Close-out Tasks

- Close out project accounts.
- Settle disputes and claims while in country (if possible).
- Obtain required government approvals.
- Inspect and establish acceptance.
- Coordinate transition to operations:
  - Train operations team.
- Conduct end-of-project audit.

"Project management must not primarily build on the objectives of its own people and organizations, but on the conditions of a complex environment."

Hans Knoepfel

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Key Lecture Terms

- Guarding
- Rapid Localization
- Control Loop
- ISO
- Safety Control System
- DBFO
- Bilateral Funding
- Multilateral Funding
- Non-recourse Loan
- Bank Guarantee
- Letter of Credit

- Export Insurance
- Bond Insurance
- Advance Payment Guarantee
- On Demand Bond
- Repatriation

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