

Global Companies, Global Resource Allocation, Global Challenges—How to Manage Global Projects

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Introduction

The global company merger activity in many industries results in an increase of global players serving global markets. This also leads to an increased demand for global program and project management. But not only the global players trigger international project execution and the involvement of international resources. Also, more and more global staffing becomes an essential issue. At a time where highly skilled technical resources are in demand, global staffing becomes a critical success factor for projects. e-Technology in the form of such things as e-Commerce, B2B, and Web-based marketplaces, illustrates the special skill set

involved and it creates demand for a global transfer of project resources. It is not enough to be an IT specialist in general terms—successful project work needs very specific knowledge.

This paper deals with the issues created by global projects with multicultural project teams. Several aspects are pointed out and illustrated by using examples from a real-life project. The underlying project was an international multimillion-dollar IT architecture and implementation project for a financial institution, with main project activities being in the U.S., Switzerland and Great Britain and project members from the U.S., Germany, India, Switzerland, the UK and the Netherlands. The experience from this transformation and technology project is used to

Exhibit 1. Sample Project Organization for a Global Project

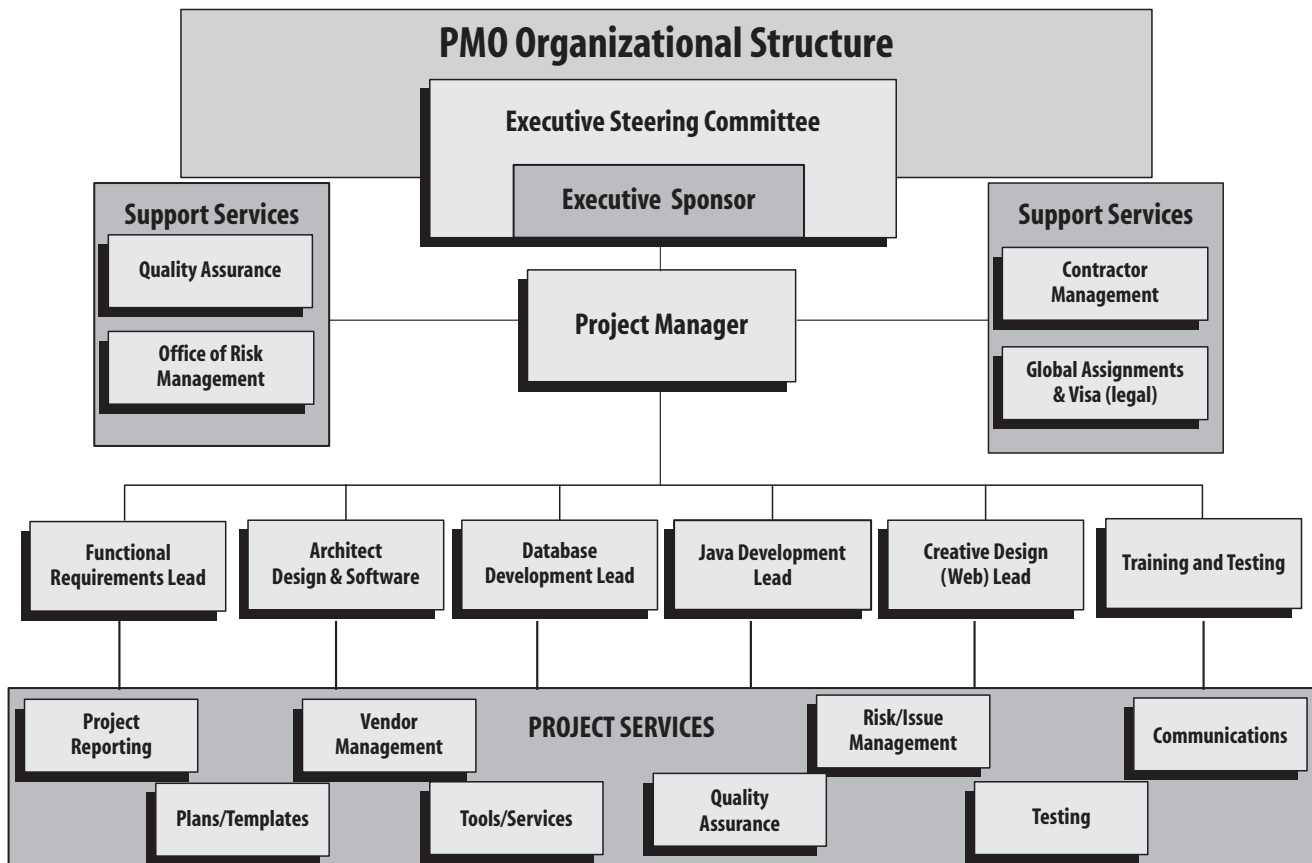


Exhibit 2. Communication Schedule

The right level of communication is a critical success factor in global projects:

Communication Event	Frequency
Steering Committee Reports	Monthly
Steering Committee Meeting incl. Sponsor	Every two months
Status Reports / Service level reports	Weekly
All Sub project leader	Weekly
Project Magazine Article	Quarterly
Web Page Rework	As needed, but not more frequently than bi-weekly
Project Manager Interaction	Weekly
Internal Customer Pulse Check	Bi-weekly
Information Line Response	< 4 hours
Staff Interaction	Open door / Phone
Email Response	Daily

give this paper a practical view and is essential in the definition of lessons learned from practical international project management. Furthermore, illustrations and approaches have been taken from the project to give a guideline on how to successfully complete global projects.

As a complete focus on the entire project life cycle would expand this paper, the focus is set to those areas that had proven to be critical in past global project management experience.

Project Management and Project Organization for Global Projects

This section gives a general overview for the approach and incorporates a real-life project organization and rollout concept for a multimillion-dollar global e-Technology architecture and implementation project (for Europe and the U.S.). As experience shows, the most critical areas are:

- Setting up an efficient project management office
- Communication in a global environment and
- Project reporting and setting up a project scorecard.

Project Management Office (PMO)

The key component for project management is a project management office. Especially for larger scale global projects, a full-time project office is a key success factor. The mission of a project management office is to facilitate communication across subprojects and across the borders and time zones, promote a common, reusable foundation and provides the organization with a view of the project execution. Next to this planning, controlling

and reporting functions, it has proven useful to establish support services, i.e., Quality Assurance, Risk Management, Contract Management, Global Assignment Support. These services are not required throughout the entire project but for a limited time or at certain milestones.

The project organization has to support the needs that are created by global projects. Exhibit 1 represents an actual sample organization in an international project.

The executive Steering Committee (SC) represents executive decision making for the project and ultimate escalation. Scope changes need to be approved by the SC. The Executive Sponsor should be a member or even be heading the SC. The Project Manager (PM) of a global project should naturally be able to apply state-of-the-art project management skills but also have living experience in different cultural environments. Often the value of a globally experienced PM is underestimated but he or she will be the critical success factor as he or she is linking content areas, technology and different cultures. The acceptance of a PM in different globally spread subprojects increases proportionally with his experience in these cultures and the ability to relate to them. Below, the PM are the subproject leads. Subproject leads can be in different countries (then more leads are required) or each subproject can be in one country. The project manager (in an aggregated view) and the project leads provide the project services as listed:

- Local reporting to the project manager who reports the aggregate view (i.e., in form of a global project scorecard) to the steering committee and the executive sponsor
- Globally used plans and templates to facilitate an efficient reporting through different countries
- Vendor Management of subcontractors and suppliers of software and hardware

Exhibit 3. Project Scorecard

GLOBAL PROJECT SCORECARD Project XY, Status as of March 30, 2001

Subproject	SP 1	SP 2	SP 3	SP 4	SP 5	SP 6	PM
Main Location	US A, Switzerland	US A	US A, Switzerland	US A	UK	US A, Switzerland	US A, UK, Germany Switzerland
Project Content	Functional Requirements	Architect Design & Software	Database Development	Java Development	Creative Design (Web)	Training/ Testing	Project Management
Key Criteria							
Task Accomplishment							
Financial - Budget							
Cooperation and Teamwork							
Communication Frequency							
Communication Effectiveness							
Customer Satisfaction							

CRITERIA	UNIT OF MEASURE	VEHICLE
Task	% of competed work	Project Plan
Accomplishment	% of planned work	
Financial - Budget	% of used hours % of budgeted hours	Project Budget
Cooperation and teamwork	Scale — target to be defined	Survey
Communication Frequency	Determined by audience s needs	Survey
Communication Effectiveness	Scale — target to be defined	Survey
Customer Satisfaction	Scalable sampling survey	Survey

- Testing (System and User Acceptance Test) at all project execution sites
- Tools and Services, such as timesheets, forms, guidance for planning and plan execution
- Quality assurance through the entire project for each area and each country
- Risk and issue management, i.e., risk analysis plans and issue tracking and analysis
- Project communication as defined in the global project communication plan.

Special emphasis is given to the support services:

Quality Assurance (QA) must develop globally applicable standards and test the project deliverables against these standards at predefined milestones, for example milestones similar to “functional requirements defined,” “ready to build system,” “ready to test system,” “ready to deliver system to end user.” As the QA is mainly concerned about the content quality, the Office of Risk Management is focused on the financial performance and the risk analysis. Is the project still on budget and within time schedule? Are the project risks properly identified and then managed in each project area and in each country? The Contract Management support function is focused on the legal view to subcontractor and supplier management. It needs to provide

complete information on current contracting relationships, including the quality of the results achieved. For example, software agreements are often restricted to certain countries and sometimes it is even illegal to bring certain software to other countries. Contract Management acts as the project legal advisor to ensure proper handling of financial means and risk mitigation resulting from different cultural environments. Last but not least; there is the Global Assignment and Visa support function: As mentioned in the introduction, an increasing reason for global projects is limited expert resources. The main focus is on providing the adequate support for expatriates in foreign countries. This includes visa and other traveling permissions as well as corporate housing and financial support.

Two important additional guidelines for establishing a global project management office are (1) Project Management is political—and this even more in global projects. Therefore, select your PMO team wisely and incorporate global diversification. Don’t only go by “know quantities” that might not have the proper international experience. (2) Utilize the virtual program management. There are many web-based tools on the market to help bridge distances, gain efficiency and make life much easier. Make sure that your project leaders and also project members can access an internet based application for status reports, time

and progress reporting, issue reporting and management, system bug reporting and management, sharing deliverables (here a web-based source control software is of great help).

Communication in Global Projects

Communication is a sensitive issue. Many projects use quantity instead of quality communication. This is even more complex in global projects where you might have different time zones. For example, there is a time difference between Central Europe and the U.S. East Coast of six hours and assuming that in all countries the average working day is from 8 am to 5 pm, this leaves an overlapping time frame of three hours. Imagine now that there is also a project site on the U.S. west coast and it becomes obvious that there is only very limited time for global project conference calls.

Exhibit 2 shows an example of an efficient communication schedule. However, it needs to be flexible to adjust to the current project state. As an illustration during the above mentioned development project, it was extremely useful to have a daily conference call between all stakeholders during testing as the quick turnaround of decisions is critical for the efficient use of involved development resources.

All already known communication rules of course apply also to global projects. Communication must be two-way and wide-band. Standardization and consistency are extremely important, i.e., there must be standards not only for formats but also for language. Messages have to be consistent, namely single logo, templates, and predefined formats. When communicating outside the project to promote the project to other stakeholders, try to balance dry project information and human interest content in order to keep the audience not actively involved interested. But be aware of jokes—something you might consider very funny in the sense of mockery might be considered funny weird in other cultural environments.

Develop Project Scorecard

Tracking project status and reporting is a critical task within the project management. In global projects, this can be a real challenging task. This includes designing efficient project reporting and even more to implement an accepted format. There are many dashboards and other types of reporting tools available. However, the experience showed that the best way is to keep it simple. The easier the template, the less time the recipient has to spend reading it and implementing it.

Exhibit 3 shows a sample Global Project Scorecard from an actual project. Similar to a finance department reporting key figures, this is reporting the key figures for the global project. Furthermore, not only financial figures are added but also harder to quantify critical success factors, i.e., customer satisfaction.

The above format is easy to enhance (i.e., additional key figures, such as cost variance, cost performance index, schedule

variance, etc.) and if needed different views can be added easily by each country and can be rapidly implemented. The main focus is of course the definition of measurements and then the survey for the soft facts, such as communication and customer satisfaction. The following approach has been successfully applied in real-life projects: Project leaders review and agree to measurements and reporting scope with the steering committee. Then the measures are reviewed with the team leads, who after that instruct their teams on how to use measures, graphing, and problem solving. Each team is responsible to collect and report its own baseline data and it sets the team goals for each measure. In the end each team sets goals for each measure, schedules data collection and measurement review. After team measures are posted, corrective action can be taken where the performance is not satisfactory.

Cross-Cultural Management of International Project Teams

Multicultural resources are needed because of global project locations and/or global staffing to incorporate the right people with the right skill sets. Main aspects of this section talk about team building, managing team expectations, motivation and avoiding staff turnover. This paragraph addresses legal restrictions and subcontractor management as they have been proven to be central issues.

Team Building to Avoid Staff Turnover

One of the biggest threats in project management is staff turnover. There are only two good moments to leave a project—after completion or never. This becomes even more critical in situations where projects were taken on a global level to utilize international expert resources. Here are some rules that can help deal with this issue:

Gather and manage staff expectation. Separate and deal with them by each cultural environment. Different nationalities have different expectations—toward careers, reward and recognition. It is important to manage each set of expectations and also measure performance for a separate cultural view instead of applying the same corporate or project headquarter view to everybody. Frustrated and disappointed team members usually do not perform as well as team members whose expectations are known and dealt with. A great tool to manage expectations and performance of team members is to *develop a personal scorecard* for each team member. Next to project measurements, such as progress and budget also individual goals, learning goals, growth goals, customer satisfaction, financial goals and project bonus should be included. Also allow a bottom-up review in order to give the appropriate feedback to the management team. *Be a good project leader.* Leverage the team and use your international experienced team leads to identify issues. Subsequently, stay on top of each issue. A good project leader knows the most important issues of all global project sites and he or she knows the project

status at all times for each international project location. In addition, keep in touch with upper and line management—share issues, status and also success stories. Experience has shown that an investment in a physical “*getting to know each other*” event has a tremendous value for a project. Assembling the team at one physical location (i.e., at project kick-off) at least one time can be a critical success factor. It is always easier to relate to somebody, whose name you might not even be able to pronounce correctly if you have met him or her in person. However, depending on the size and on the project location, this might lead to significant cost for time and expenses. Therefore, it is mandatory to plan for this event and get the sponsor’s approval. In case this large gathering is not possible, at least the project leadership team should consider a road show to present the project to all involved global project sites.

Legal/Working Environment and Subcontractor Management

Another important issue is to analyze the employment environment for the team for each country, respectively, cultural environment. This includes at least general information about team member’s contracts and conditions. For example, a German project leader is used to team members giving three to six months notice before being able to start a new job. This usually enables the project manager to organize a smooth handover. The same project manager would be very surprised by the practice in the U.S. having given two weeks notice only.

Finally, subcontractor management is a key focus of global project management. As mentioned before, this can be supported by a “contract management” support function. The objective for subcontractor management is to define a single point of contact for all outside vendors, dealings with recruiting and consulting firms, streamline the contracting process and develop standard contracts. Furthermore, it involves establishing consistent global standards and practices for subcontracting taking into consideration the different government regulations in various countries. Finally, subcontractor management also encompasses to maintain systematic information on the capabilities of subcontractors and their track.

Risk Management for International Projects and Quality Assurance for Global Projects

From a project management perspective, global projects often have more unknown issues and inherent risks than national project initiatives. But risk identification through risk assessment is only the first step and eventually project success depends heavily on managing risks.

Risk Management

Risk is defined as the impact of a negative event coupled with the probability that it will occur. Risks must be rated and prioritized in regards to “probability of occurrence” and “impact.” Then risk

reduction activities can be identified, recorded, and tracked on in a risk-tracking tool and in the project plan. The objectives of risk management are to provide reference/resource for the project teams involved in risk assessment and to describe the process and provide introduction in overview form. This should then result in a number of benefits derived from active global risk management: It motivates the global project teams to discuss the issues and concerns in a more objective forum. This also supports a common approach to prioritize risks and then to define action plans to handle the risk issues. It also provides a standardized methodology for analysis and communication within the global project teams.

Risk Management Plan

The risk management plan is the methodology to identify, analyze, plan and communicate, and to track and manage risks. Again in global projects, the standardization and the commitment of all teams to the process is a significant step to manage risks during international engagements.

Risk identification. This is the first and also most important step, as usually unknown risks cannot be managed. This is very significant in global projects as there might be risks that are only visible with certain cultural environments. Therefore, the first step is to benchmark the planned project process, situation and schedule against the corporate or overall project view and to not only focus on project areas but also on country specifics. This risk assessment is usually done in the format of a risk assessment session of all project team leads and related support functions.

Risk analysis. The main focus in the risk analysis step is to define risk reduction plans. These plans are then presented to the steering committee.

Manage risk. Managing risk means to implement and track the risk reduction plan. The main questions to ask are: Is the risk reduced to an acceptable level? Is this true for all project sites? If the answer is “no,” there must be another session of risk analysis and all involved steps.

The following list is a risk assessment “checklist” that was used in an actual international project to track the risk identification process.

1. Assemble cross-cultural and cross-functional team leads.
2. Define the objective “risk assessment” with the entire team.
3. Record risk issues and their impact on the project.
4. Categorize risks into groups. In global projects, a matrix is useful which shows functional and cultural challenges.
5. Define risk ratings to score the risks. This is a very important step and usually helps to harmonize and get the different perceptions for various risks across different cultures.
6. Define risk reduction activities. Test these activities if they are applicable across different cultures with multiple legal and business environments.
7. Prioritize all risk reduction activities.
8. Create a risk reduction plan and integrate the plan with the project management plan.

9. Assign ownership to each plan component under consideration of cultural differences.

10. Present the risk management plan to the steering committee.

11. Implement and track the risk management plan.

12. Redo risk analysis and go back to step no. 6 if risk is not reduced to an acceptable level.

13. Prepare the appropriate documentation to be able to reference and reuse solutions.

In line with risk management, *quality control* for international projects is an important subject. Quality must be maintained on a global scale. At the end of the project, the lowest quality level of one component could pull down the overall quality of the entire project. Therefore, quality milestones must be predefined and observed in every project site. Key is to benchmark against best practice and to overcome all cultural influences that might have an impact on quality. At the end, the project is measured against a corporate view of all deliverables without consideration for any cultural differences.

Change Management in Different Cultural Environments

Sustain the Lasting Benefit of Projects

Often organizations do not pay enough attention to the “soft side” of projects. Processes are changed and new “high end” technologies are implemented worldwide. However, frequently these organizations do not prepare people to make the change or change organizational factors. This is critical to sustain the change on a global level. It is all about lasting benefit—to reach the project goal also means to ensure that the project benefit does not deteriorate after project close out.

The Change Management Process

Change management can be applied in five process steps: Assess the project, envision the desired future state, plan the transformation, execute the plan, and work on continuous improvement. The focus in the international project should be on six key capabilities, namely (1) leadership and management, (2) communication and selling, (3) measurement and accountability, (4) motivation and incentives, (5) skills and capability development, (6) organization and people.

The entire effort subsequently might be split into two main phases: Phase number one is to design and implement “effecting change.” The second phase is even more challenging: Sustaining change and maintaining a lasting benefit. Especially in global projects, the lasting benefit is difficult to monitor and of course very difficult to maintain. With project sites far away from each other, it is a common issue that the organization loses track. Sometimes there is simply no more leverage from the executive sponsor after project completion to enforce a lasting benefit. However, experience shows that benchmarking different sites, cultures, countries can hold up a lasting benefit, i.e., by com-

municating scorecards for different sites or countries so that an internal competition is used to operationalize change.

Again a checklist can prove to be a helpful tool to ensure that best practices is applied in managing global and complex change efforts:

1. Link the change to the business strategy and link strategy to performance goals.

2. Ensure full commitment to the change. Leadership must be active, visible, and consistent at all sites of a global project.

3. Understand the future state and its implications by including process, IT, content, and cultural experts.

4. Create enthusiasm and buy-in with all stakeholders and gain mutual support and collaboration at all levels.

5. Understand readiness for change and implement competencies to enable the change for each country involved in the global project.

6. Integrate all change activities within the organization at all national and international project sites.

7. Identify a transition team to manage the change on a global scale and provide resources to enable organizational success (technology, training, people, etc.).

8. Implement quick wins and continuous improvement opportunities.

Change management is not “fuzzy science”—its results are actually tangible and measurable as people will commit to the change and start to understand how the technology enables the work. Organizational systems are in place to measure success (i.e., the above mentioned scorecard can show movement in the right direction). There is an integrated approach that drives cooperation and reduces conflicts of personal or cultural nature. The organization has a mechanism to continuously improve to sustain competitive advantage. And last but not least, the next change effort will be easier and faster by having been successful in the previous effort.

Share Project Knowledge Between Cultures and Develop Global Training Initiatives

A significant part of enabling an organization to maintain lasting benefits is a proper transfer of knowledge. Particularly from a global perspective, the project has to transfer knowledge across different countries and cultures. The objective is to establish a training curriculum linked to the role definitions and to maintain systematic information on the courses and other educational events attended by each project member. The project management offices should maintain a repository of information on selected vendors and their offerings. International projects should define a global training firm to rollout training initiatives. Another—cost effective—technique is to train the trainer. Here a single person trains a local trainer who rolls out standardized training in compliance with the local cultural needs of different countries.

The key element of the training rollout is to outline a training curriculum that defines the training experiences that are required for individuals to take on new roles in the new changed environment after the successful project implementation.

Therefore, a repository of courses that are recognized as worthwhile should be maintained in a globally accessible project database. Criteria for selection of those courses should be the reputation of the provider, actual experience and if the course can be applied globally. The critical success factor is to keep the curriculum current during the project and after the project to ensure lasting benefits of the project. Finally, a very useful suggestion for knowledge transfer: Use a centrally administrated written or web based test to examine (and prove to the steering committee) the status of global knowledge transfer for the project. Even though this needs a significant effort in resistance management for the participants, this also is the only way to determine the success of the transformation initiative.

- Projects adopt tools but there is no global methodology on how and in which order tools should be applied.
- Plans, issues and ideas are not reviewed and only maintained on paper.
- The international project team is too inexperienced or too weak.
- Resources are constantly reallocated to different tasks for fire-fighting,
- Global resources cannot be shared across countries or cultures.
- The project manager spends more time for “global administration” than for global project management.
- Issues are handled inconsistently across cultures.
- Lessons learned are not gathered around the world or not applied across countries. There is no continued improvement in the project life cycle.

Summary and Lessons Learned

There are many factors that can make a project successful. Often these factors can be prioritized based on the nature of the project. However, these are two lists of critical factors derived from actual global project work. These lessons learned represent areas to keep in sight while managing global projects.

The most important success factors in the communication of global projects are the three Cs: Communication, Communication, and Communication:

- Regular and consistent communication for all project members and sponsors at all international project sites.
- Simple and direct communication reduces the risk of misinterpretation in global projects.
- Project goals and benefits must be communicated globally before project initiation.
- Build alternative communication channels as single channels (i.e., web-based communication) might fail due to technical difficulties that can vary from country to country.
- All remote communication (phone conferences, videoconferences, etc.) are very useful. However, they are no substitute for personal contact—plan and budget for it.
- Build from day one an issue reporting and resolution process—test it globally and don’t assume it will work
- Don’t ignore or fight cross-cultural differences. Act on cultural issues—and also plan and budget for them!

Secondly, keep in mind that global projects fail because of,

- New technology is applied and project teams are unfamiliar with these new technologies within different cultures.
- Requirements are in flux. Especially in global projects where environments usually change rapidly or at a different path in different countries.
- Only national standards are defined; there are no standards across cultures.
- Initiatives are managed singly and multiple projects are not managed as a program. Other projects might run in parallel or local initiatives in different countries contradict the project.
- Benefits are not as they seemed and therefore, the project never achieved the estimated and planned benefit.

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