



INTERNATIONAL PROJECT MANAGEMENT

Training material

Part 1

INCONEXT PROJECT

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INTERNATIONAL PROJECT MANAGEMENT

Day 1	Time	Day 2	Time
Introduction	0,5	Wrap of day 1	0,5
International Projects and International Project Management	1,5	Time, Resources, Cost and Quality Planning, Structuring of the Project	1,5
Break		Break	
Team Building and Human Factor in International Project Management	0,5	Risk Analysis and Management	1,0
Lunch break	0,5	Lunch break	0,5
Scope Management	1,5	Project Implementation, Monitoring, Controlling, and Closure	1,5
Break		Break	
Stakeholder Management	1,0	Leading and Communication in International Projects	0,5
Conclusion and Q&A	0,5	Conclusion and Q&A	0,5
Time total	6		6

Introduction

Interdependent world economy is the result of globalisation, thus organisations that want to adapt and to flourish in this new environment need to undergo major changes. As a result, they initiate the whole range of different international projects.

Various types of projects are important for individuals, organisations and economies. For individuals, project management can provide one of the most challenging career paths. It has also become one of the most popular tools for organizations, both public and private. Project management helps to improve internal operations, respond rapidly to external opportunities, achieve technological breakthroughs, streamline new product development, and more robustly manage the challenges arising from their business environment. As for nations, the performance of projects has an impact on their social, economical and cultural development.

Because of globalisation, mergers and acquisitions international consulting and market entry projects are becoming more and more frequent. Project management, especially international project management, has become a critical component of successful business operations in worldwide organizations today.

Internationalization consultants and persons in charge for internationalization issues within all kinds of SMEs should know the fundamentals of international project management with respect to both the technical *know-how* and interpersonal skills in order to be able to run high-quality projects within the predetermined budgetary and time constraints. Besides these fundamentals, it is important to learn the best international project management practices that address national boundaries, geographic distances, and cultural diversity as well as analyse real-life examples of how a certain aspect of project management is handled in a particular organization or industry.

There are huge opportunities for eliminating wasted time and effort in every project that is the reason for project management being so important.

I. International Projects and International Project Management

The term *project* has a number of general definitions. Project definitions vary widely, reflecting the huge variation in size of what people call projects. According to Turner, a project “is an endeavour in which human, material and financial resources are organised in a novel way, to undertake a unique scope of work, of given specification, within constraints of cost and time, so as to achieve beneficial change defined by quantitative and qualitative objectives” (Turner, J. Rodney. 1993. *The Handbook of Project-based Management: Improving the Processes for Achieving Strategic Objectives*, p. 8).

There are various reasons for the origins of projects such as market demand, business need, strategy implementation, customer requests, new technology, new legislation, operational management, a social need.

All of the projects share the same three main characteristics, although these characteristics may be of a different weight for different projects. Accordingly, projects are **limited**, **unique**, and **risky**.

Projects are **limited**. Every project should also have a temporary characteristic. In general, they should have a clearly defined beginning and end, though in reality these boundaries are often unclear.

The second primary characteristic of projects is related to their **uniqueness**. Different projects have their own objectives, they can be embedded in a different context or can be launched by different organisations. Uniqueness of projects is based on the fact that they are non-routine endeavours.

Since projects comprise non-routine work, they might have certain vagueness. This means taking **risk** and managing it.

Organisational complexity, completeness for limited resources, single point responsibility and requirement for teamwork and leadership skills to succeed are other characteristics of projects that are of great importance.

In order to create a successful project, several elements should not be missed – *scope*, *time* and *cost*. They play significant roles and should answer the following questions:

Scope: what work will be done as a part of the project? What unique product, service, or result does the client or sponsor expect from the project?

Time: how should it take to complete the project? What is the schedule of the project?

Cost: How much will it cost to complete the project? What is the project's budget?

Experienced project managers should know which one basic element of the project is the most important. If time is the most important, the initial scope and/or cost goals to meet the schedule could be changed. If scope goals are of greatest importance, time and/or cost goals could be adjusted. If it is crucial to meet time and cost goals, the scope must be flexible.

International projects do not differ from standard projects when it comes to the nature of the organization, industry, location in the value of chain, and duration. The differences lie in the purpose, scope, the main stakeholders, and risk intensity. International projects involve multiple locations, organizations, and business entities. They are also typically more complex, dynamic and involve more risks than a 'standard' project.

An international project has to address the diversity of its stakeholders mainly in terms of national, organizational and functional cultures, languages, and educational environment with its heterogeneous jurisdictions plays an important role in the management of international projects.

Organisations need to manage the resources used for projects carefully so that the results of projects would be valuable.

Project management is the application of knowledge, skills, tools, and techniques to project activities in order to meet project requirements. It is the process by which projects are defined, planned, monitored, controlled and delivered in order to realise agreed benefits. It also involves managing the process and the people who participate in it. Moreover, project management involves a staged approach to reduce complexity and ensure specified costs, quality and performance.

To connect the beginning and the end of a project there are several phases. They are known as a **project life cycle** or a project management life cycle. A project life cycle refers to the stages in a project's development. These life cycles are of great importance as they reveal the logic that governs the project. They also help to develop our plans for carrying out the project. Moreover, they help to decide, when to devote the resources to the project, how to evaluate its progress and other important elements.

A project life cycle consists of four main phases: initiating, planning, executing/controlling, and completion (Figure 1).



Figure 1. A project life cycle

(source: Köster, K. 2010. International Project Management, p.6)

Every phase is marked by the completion of one or more deliverables, that is, a tangible, verifiable piece of work such as a feasibility report, a work breakdown structure, a project network or a project end product.

At the beginning of the international project it is necessary to formulate a concept based on creativity. This is called the **initiating phase**. The initiating or so-called kick-off phase covers the main result and the project proposal. The project proposal usually encloses information about the project requirements and the needed resources. It is of great importance to clarify from the beginning what the project should do and what not. The initiating phase of a project starts with an idea, organisation's strategy, market demand, customer's requirements, and opportunities provided by globalization. During the phase the basic project mission and the field of the work is determined, necessary resources identified and the key project shareholders are signed on to support the project's development. The initiating phase with its main output, the project proposal, plays a great role in success of the international project. After it has been decided in the initiative phase how to realise a project, an organisation then has to concentrate on the details how to prepare for a project implementation.

During the stage of **project planning** it is necessary to decide what has to be done so that the project objectives would be delivered. During this phase the main project plans and schedules that will guide the development process should be created (Figure 2).

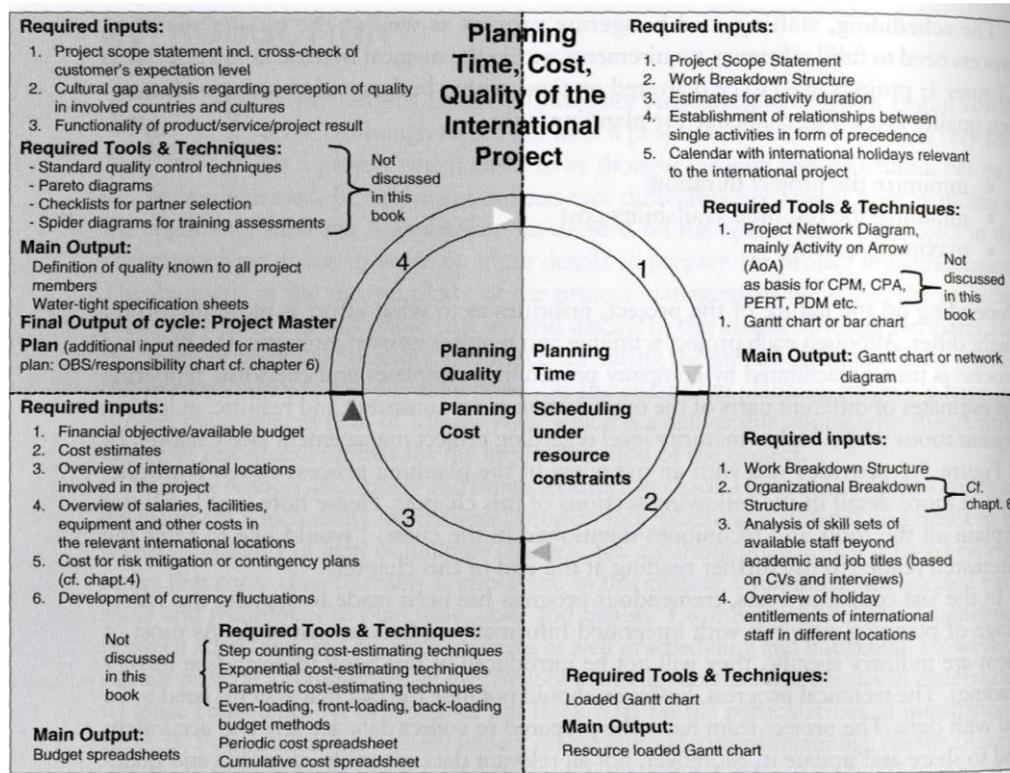


Figure 2. The planning process for an international project

(source: Köster, K. 2010. International Project Management, p.130)

Moreover, in this stage it is important to develop all detailed specifications, schematics, schedules, and other plans. The separate parts of the project, often called work packages, have to be broken down, individual assignments have to be made, and the process for completion should be clearly described. As a result of the project planning, the project management plan is delivered, together with the identified resources that will be required for the implementation of the project. However, in the fast changing environment planning is difficult and needs to be revised constantly paying attention to multiple changes.

During the **implementation or execution** phase the principal work of the project has to be performed. It includes the implementation of the project plan, its monitoring and controlling. Consequently, this is the longest phase out of four. As the planning phase is of great importance, its quality has a great impact on the execution phase. If the course is set well, the implementation phase is a smooth process. In order for this to happen it is necessary to control the entire project from the very beginning. All of the modifications and changes which had been agreed on also need to be monitored in order to achieve the best results. International projects operate with great complexity in a fast changing environment this is why deviations from the original project plan should be constantly monitored. It is necessary to collect reliable hard and soft data, analyse these reports and take corrective actions. In order for the project to be as effective as possible, it is also very important to take into consideration cultural differences in attitudes towards reporting, communication and measurement.

During the final stage - **completion** stage, the project is completed, the work is finished, and the product or service is transferred to the internal or external customer. The aim of the project management is to deliver projects on time, within budget and to scope, with the quality level that has been agreed. This is the so called "Magic Triangle". The triple constraint emerges because only limited resources in terms of time, financial and human

resources are available as well as a pre-defined scope has to be delivered with an acceptable quality level. Moreover, a final review of the whole project should be done in order to see what has been done wrong and successfully, and to ensure that the same mistakes will not be repeated. The review looks for opportunities for process improvement, at particular aspects of how the project was managed. The aspects of importance are determined by the project strategy – it is not feasible to review every aspect of performance. Project management should ensure that a project is carried out effectively and efficiently.

There are two types of project management skills. Hard project management skills are generally technical ones such as planning and scheduling whereas soft skills are people-related skills, for example communication, leadership and emotional intelligence. It is necessary for project managers to have competence in both types of skills.

Stakeholders are considered to be the main players in the context of project management. They are individuals, groups or organisations that are either actively involved in a project, or the ones on whose interests a project completion might have positive or negative effect. A framework for project management includes the project stakeholders, project management knowledge areas, and project management tools and techniques. There are nine knowledge areas - project integration management, scope, time, cost, quality, human resources, communications, risk, and procurement management.

As it was mentioned before, cultural differences and their impact on project management tools and techniques need to be taken into account for international projects.

There are several criteria that are crucial for a successful management of international projects. (Figure 3).

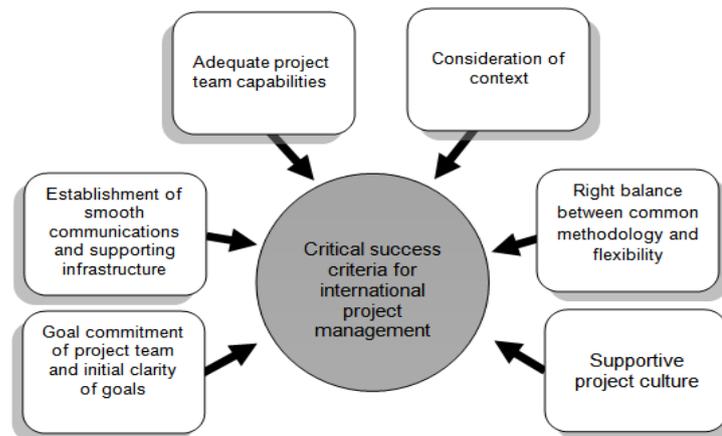


Figure 3. Key success criteria for international project management
(source: Kőster, K. 2010. International Project Management, p. 23)

These include the commitment of the project team and the absolute clarity of goals, the establishment of smooth communications and a general infrastructure, the consideration of context, adequate project team capability and project members' sensitivity to local cultures, the right balance between flexibility and project management methodology as a common reference frame, and the establishment of an ethno-relative project culture reflecting open-mindedness, respect, and trust.