

'Schedule compression is new mantra'

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With more than 260,000 members in more than 171 countries, Project Management Institute (PMI) is the leading membership association for the project management profession. Its CEO Gregory Balestrero was recently in India to oversee PMI activities. An industrial engineer by training, Mr Balestrero has been honoured with fellowship of the World Academy of Productivity Scientists and inducted into Alpha Pi Mu, an industrial engineering honour society, as honorary member. During his tenure, PMI's global membership has tripled. Here're excerpts from an interview with ET:

What is the scope for project management today?

India's projection for the next five years is about \$500 billion additional construction in infrastructure, and the five years following that could bring the total to \$1.7 trillion (2006-07 prices). So assuming 5% inflation, infrastructure costs in India could add up to about \$2 trillion over the next ten years. The demands for power, clean drinking water, roads et al are all very significant. And apart from the magnitude, there is also a great sense of urgency to deliver.

Within the various aspects of project management (PM) — there are what we call nine knowledge areas — a couple of them are very critical and common to what you'll hear all the time: of budget and schedule. But there are others that are critical too. Risk management, for instance. The idea is to identify risks that could take place in the life cycle of a project, and to begin to think about solutions before the problems occur. It's an element of excellence in PM and one which PMI not only encourages but also develops; we have a number of PM standards and work practices that we provide.

How would you streamline implementation of projects?

An important objective in PM ought to be what I call schedule compression. All over the world things are changing so much and so fast that long-term projects — which are supposed to require 48-60 months — have a tendency, not to be delayed but completed in a reduced timeframe. I was recently in the Arabian Gulf and went to what's called a gas and oil separation plant. It's a \$10 billion project, originally supposed to take 60 months for completion. But when the price of oil shot up, the project economics changed. So they compressed the schedule to 44 months!

Project managers need to understand what facts and parameters are affected when schedule is compressed. Project scheduling is more than just putting a bunch of dates. Excellence in PM identifies how the schedule relates to all the different aspects of the project and what the costs are. So when there is schedule compression, and there should be in India — not schedule extension — knowledgeable project managers are needed who understand how to integrate all the complex factors.

What role can PMI play in India?

The FM spoke in Parliament the other day of the need for 78,000 MW of additional capacity in the next five years. And as he said, I hope we are lucky enough to achieve it. But the reality is, because of delays in project implementation and cost overruns, there might only be 25,000 MW of capacity addition. An alluded projection of 78,000 MW and an actual of 25,000 MW is a significant shortfall.

To give a comparison, China has put up 1,00,000 MW in the last five years — it translates to about two coal-fired plants per week! The way ahead is to identify potential risks and roadblocks as part of a risk management plan. For example, there may be problems in sourcing boilers, turbines or natural gas that would need to be identified and proactively resolved. The latest government statistics suggest that as many as 263 projects are behind schedule, with many off schedule for 13 years and more!

How do you propose to cut down on delays and avoidable costs?

Take communications. In a construction project it refers to specifications for the job, which can be very sophisticated, running into 1,000-1,500 specification pages. We at PMI find that approximately 10% of the project costs in construction is tied up in duplicate or poor communication.

Now if we took the \$1.7 trillion projected as construction costs for the next ten years in infrastructure in India, as much as 10% of that cost is going to be wasted in communication of the wrong kind. Large projects are really a mass of undertakings. Poor communication means costly mistakes, and a lack of project integration. Excellence in PM ensures efficient and timely project communication.