

Five business trends are forcing companies—and project management—to adjust.

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PAY ATTENTION

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ou can't live in a project management bubble.

There's a whole big world out there, and project leaders better be ready to respond to all the twitches, shifts and overhauls in the global marketplace. Here are five global trends that can make or break your business—and your projects.

TREND The Battle for the Right People

It's getting ugly out there as companies engage in cutthroat competition for fresh talent that can get the job done.

"The war for talent is a global issue, especially for highly technical skills," says Dolores Wilverding, managing director, PricewaterhouseCoopers U.S. advisory practice focused on talent management, McLean, Virginia, USA. "There is a technology skill shortage across all markets and regions, from the United States to China to India."

A mix of factors is at play. In developed regions, including the United States and Europe, huge numbers of retiring workers are sapping the experience and knowledge from the workplace, while fewer students are pursuing technology degrees to take their place.

In emerging markets in Asia and Latin America, the expansion of outsourcing in tandem with the lack of an experienced workforce has left companies with fewer options, says Tom Casey, senior vice president, BSG Concours, a management consultancy in Kingwood, Texas, USA.

"In underdeveloped nations there are a lot of jobs, but only the skilled few have the qualifications or experience to fill them," he says. "In combination with this shortage, companies are facing a greater urgency to rapidly develop projects better, faster and cheaper in order to meet the ravenous needs of customers. It has created a perfect storm for talent shortage."

In a survey of senior executives from around the globe—conducted last

September and October by the talent management consultancy StepStone—46.5 percent of the 392 respondents reported it was becoming slightly more difficult to recruit and retain the best employees. And 41 percent said it was becoming *significantly* more difficult.

Even the low-cost talent pools in India and China are drying up—and that could play havoc with business plans.

The StepStone report shows 44 percent of the respondents believed the Asia Pacific region offers their businesses the best opportunities for revenue growth over the next three years. But the region is woefully unprepared to support that investment. "Asia is starting to face many of the same issues as the Western economies, including attrition and wage inflation," says Colin Tenwick, CEO of London, England-based StepStone. "The era of Asia as a low-cost talent nirvana is over."

Finding candidates with the right skills will be especially critical in the next few years, adds Mr. Casey. "The need for good IT project management skills is intensifying, and there is a scarcity looming," he warns. "It's incumbent for IT managers to have good business acumen for projects to be successful."

Many companies are already raising the gauntlet. Cisco Systems, for example, launched a series of training initiatives this year in India. Partnering with two of the country's largest technology training organizations, the company is looking to expand India's networking workforce capacity to 360,000 engineers over the next five years. Other global companies, including Indian auto manufacturer Tata Motors and U.K.-based engineering group Atkins, are also partnering with local universities to help develop and attract promising young talent, adds Mr. Tenwick. But, these companies are more the exception than the rule. "Most companies are laggards when it comes to talent management," he says.

According to the StepStone survey, only 25 percent of organizations surveyed



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had a formal, company-wide talent management strategy in place.

“Any company of any size or scale should perceive itself to be in the education business,” warns Mr. Casey. “Making a commitment to develop talent is the best way to build loyalty, improve your business, and to make sure you don’t have to recruit for that position again—because in this economy, you won’t find replacements easily.”

TAKEAWAY Companies worldwide are scrambling to fill positions—and not just anyone will do.

TREND The Rise of the Emerging Markets

With the recent sputters in the U.S. economy, billions of dollars, yen and euros are being poured into emerging markets, sparking a wave of massive projects.

Just look at Latin America. The expansion of the Panama Canal, launched in September 2007, will cost an estimated \$5.25 billion by the time it closes in 2014. And Brazil’s state-run oil company, Petrobras, has begun development of the Tupi oil field, a massive discovery a short distance off Rio de Janeiro’s coastline. Petrobras estimates Tupi contains between 5 billion and 8 billion barrels of recoverable oil and gas—heralded as the largest oil discovery in the past few decades.

But all that growth comes with a catch.

“These mega-projects require experienced project managers, who are currently lacking in this region,” says Pablo Lledo, PMP, CEO of Mas Consulting in Mendoza, Argentina. “They will have to take a lot of project managers from outside the region and still I think they won’t find enough.”

Latin America isn’t the only emerging market experiencing the highs and lows of major investment. The Indian government estimates public and private organizations will spend \$330 billion to

\$500 billion over the next five years on highways, power generation, ports and airports in the country. And Luxembourg-based steelmaker ArcelorMittal is planning to spend \$20 billion to build two mills in Jharkhand and Orissa.

“These projects are becoming mandatory to sustain the enviable growth rates achieved by India,” says Abrachan Pudussery, PMP, a coach and consultant at the Project Management Research Institute, Kerala, India. “In most of the places, the current infrastructure cannot support additional growth.”

But India also has a shortage of experienced project managers to handle such huge initiatives. “Many of the Indian project managers lack exposure to the technology demands and scale of these mega-projects,” he says. “This gives ample opportunities for project managers with international exposure to pitch in.”

Countries once part of the Soviet Union are experiencing a similar deluge of mega-project money. Huge construction projects are ongoing in the region, including what’s being billed as the world’s biggest building in Moscow, Russia. A \$4 billion, 27-million-square-foot (2.5-million-square-meter) spiraling “city within a building,” Crystal Island will house 900 luxury apartments, 3,000 hotel rooms, a theater, a sports complex, a cinema, a museum, an international school for 500 students and, of course, plenty of stores.

Emerging markets hold lucrative opportunities, but most of these countries lack the physical infrastructure and governmental oversight companies rely on to do business, says Alex S. Brown, PMP, president of Real Life Projects Inc., a consultancy in Belle Mead, New Jersey, USA.

That means project teams have to start from scratch, developing their own regulations and standards, including safety and



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—Tim Gilchrist, PMP, Microengagement, Hartford, Connecticut, USA



quality-assurance plans, audits and accountability goals.

Security is another big issue in emerging markets, says Nazir Khaja, M.D., a clinical assistant professor at the University of California—Los Angeles School of Medicine, Los Angeles, California, USA, and codirector of TTech LLC, a technology-transfer consultancy in Mission, Texas, USA. Dr. Khaja spends much of his time advising project developers in Pakistan and around the Middle East, and he urges companies to do their research before diving into emerging markets.

And that due diligence extends to fraud. “Many projects in these countries and in this business culture are corrupt, and the people suffer for it,” Dr. Khaja explains.

Companies also need to consider the social impact of their projects on the community, he says. “Ultimately the project must be profitable, but you must also bear in mind how civil society is affected,” Dr. Khaja says. “Otherwise in the end you will have to ask yourself, ‘What have we really achieved?’”

TAKEAWAY In the latest twist on globalization, emerging markets are the ones breaking growth records, setting trends and launching mega-projects.

TREND Interactive Innovation

Research and development is fast becoming passé. Crowdsourcing and other social networking tools are redefining the way companies gather ideas. Breaking down barriers between businesses and customers, these web 2.0 tools allow companies to more holistically incorporate customer needs into their core business strategies and project goals.

Tapping into that customer collective delivers powerful information to companies about market perception of their products—and where the Next Big Thing might be. In a survey conducted in

December 2007 by the Marketing Executives Networking Group, 62 percent of the respondents reported using crowdsourcing to help them shape the future of their products. And while the majority of those surveyed rated crowdsourcing and consumer collaboration as an effective or highly effective approach to new product and service development, only 11 percent rated internal research and development staff this way.

Not so long ago, crowdsourcing was considered on the fringe, but these days it’s officially mainstream. U.S. computer manufacturing giant Dell, for example, uses its IdeaStorm website to identify new concepts and gauge consumer response to them.

And it’s not just the big guys. Cookshack, a small manufacturer of barbecue smoker ovens in Ponca City, Oklahoma, USA, hosts an online forum with more than 7,000 members, says Cayley Armstrong, marketing coordinator at Cookshack.

The company relies on an outside moderator “so people feel comfortable talking about whatever they want,” she says. “People will discuss problems with their smokers or share their success stories at the forum before they talk to us about them.”

The Cookshack team then uses that information to quickly shape future projects. When conversation threads showed customers were having problems with the flame going out on one of the cooker models, the company decided to add restart tips to its operation manual.

Cookshack also uses the site to validate early project ideas. For example, after tracking a forum conversation about the desire for bigger wheels on one of its larger smokers, the company posted a poll to see whether the idea was worth pursuing. “It turned out that the only people who wanted the bigger wheels were the three guys discussing it,” she says. Armed with that data, the company didn’t pursue the project.

Using social networking helps break down the isolation that most companies

operate in and delivers better intelligence to the project decision-making process, says Tim Gilchrist, PMP, cofounder of Microengagement, a Hartford, Connecticut, USA-based management consulting firm that uses crowdsourcing.

“Social networks are often radically better at creating, organizing and predicting than are traditional organizations. They keep fresh ideas in the decision-making mix and can help reduce organizational elements that lead to groupthink, hubris, ideas that fail the logic test and plans made in isolation that don’t represent customer needs,” he says. “Ego can have devastating effects on a project. Vetting project concepts off trusted networks outside the corporate firewall reduces this risk.”

TAKEAWAY Who needs research and development when you’ve got customers? Social networking lets them come up with the big ideas.

TREND Realistic Responsibility

Go to any corporate website these days and the company’s environmental policies, charitable giving and corporate social responsibility (CSR) efforts figure as prominently as the annual earnings report or the hot new product.

Once a reactive approach to dealing with negative public attention, CSR is now integral to long-term corporate development, says Jennifer Tharp, PMP, president of Mastodon Consulting, San Francisco, California, USA. “Companies are taking responsibility for the impact of what they do on communities, the stakeholders and society.”

But don’t think companies have gone all “warm and fuzzy.” As more and more companies embrace CSR as a strategic business tool, they’re meshing those environmental and social goals into a long-term vision for the company—and more closely tracking their impact on the business.

Nearly 90 percent of companies seek business *and* social benefits from their philanthropy programs, according to *The State of Corporate Philanthropy*, a survey of 721 executives around the world by global consultants McKinsey and Co. Eighty percent of the study’s respondents said finding new business opportunities should have at least some role in determining which philanthropic programs to fund.

“Social responsibility is not just a ‘nice to do.’ It’s how businesses today operate,” says Ellen Mignoni, senior vice president in the Washington, D.C., USA, office of APCO Worldwide, a global public affairs company.

CSR also takes more than making isolated investments or writing a big, fat check to the charity of the day.

“It should be part of every project throughout the supply chain,” she says. “Along with traditional issues like price and delivery dates, companies need to add labor practices, living wages and environmental impact to their project assessment methodologies.”

CSR projects must also be governed with the same scrutiny as any other project, with clearly identified goals and transparency. And, although the mandate to support CSR as a business initiative should come from the top, people on the ground need the authority and the ability to make decisions as the project is taking place, says Ms. Tharp. “Project managers need to know the importance of the project and be able to influence decisions to keep it on track,” she says. “Otherwise it can all blow up.”

That’s the goal at WhiteWave Foods Co., a dairy and dairy alternatives company in Broomfield, Colorado, USA. “At WhiteWave, social responsibility, or what we call ‘responsible livelihood,’ is part of everyone’s job, in all departments and for all brands,” says Ellen Feeney, vice president of responsible livelihood.

From reducing waste to volunteering for the company’s outreach efforts, every employee is expected to participate in the

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