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Experiencing Project Management
Experiencing Project Management
Projects, Challenges & Lessons Learned

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Preface

Ten years ago, at the beginning of the new millennium, a new era of project management began for Siemens. The new project management initiative for Siemens, PM@Siemens for short, was created and supported for many years by Prof. Dr. Edward G. Krubasik, who was a member of the Managing Board of Siemens AG.

PM@Siemens, which focuses on providing constant improvement in project management, was designed and implemented from the outset by Dr. Hans-Jürgen Schloss, PM@Siemens Program Director, and Joachim Fischer, PM@Siemens Coordinator. Project management at Siemens has now become a benchmark, unique in its magnitude, consistency and sustainability. Another distinguishing feature of PM@Siemens from the very beginning has been its focus on people, alongside organisational and commercial aims, offering the best possible training for its project managers and an intensive exchange of know-how within the company.

From an early stage, there has been an emphasis on the career model for project managers with specially coordinated training. In the seminars and learning programs teaching project management methodology is closely linked to the communication and leadership skills of the project managers, with the exchange of know-how between colleagues forming the basis of the learning process. The Project Directors Community emerged from the group of participants and trainers who took part in one of these seminars, the first learning program for project directors at Siemens.

The community had already been in existence for four years when the idea for this book evolved in December 2008. We met once a year over a long weekend, maintained extremely open and honest communication, passing on our lessons learned and creating constant knowledge development for current project management issues.

We became a small, but thriving community, benefiting from each other’s knowledge and experience and passing it on to others, for example, through peer group consultation for current Siemens projects. But we also kept ourselves to ourselves, we were largely unknown. We gained an almost “mystical” reputation, as one of us put it. Now it was time to make ourselves known! Public relations and public perception are two crucial factors in project management. We decided to invite young colleagues to get involved in the community and also decided to
write a book aimed at the business world, project managers and those who would like to become project managers.

This is the result: a collection of project management field reports and stories, opinions, experiences and personal challenges. It is not a textbook or a book on theory, but rather a loose collection of experiences, which are in no way representative, far from being comprehensive, but authentic. The experiences gathered here reflect the versatility and rich diversity of life as a project manager and provide us with an insight into the daily routine of project work.

With a high degree of openness and a large amount of trust in the competence of their own employees, PM@Siemens has created a basis on which the community, which initiated this book, can grow. Of course, high levels of commitment and self-initiative were also required of all participants. We would like to thank all our contributors for their commitment and in particular PM@Siemens, Dr. Hans-Jürgen Schloss, Joachim Fischer and the PM@Siemens coordinators for their faith in us and the financial assistance for this publication.

We have almost two years of research, persuasion, searching for sponsors and negotiations with the publisher behind us. We were lucky enough to work with understanding and knowledgeable consultants and editors, who gave us great freedom over the contents within the realms of possibility. We would especially like to thank our editor Dr. Gerhard Seiftdem and would also like to thank everyone who provided us with their knowledge and personal experiences through their contributions or interviews.

*Elisabeth Bittner and Walter Gregorc*

*Munich/Erlangen, August 2010*
PM@Siemens – the name itself shows the age and the “Zeitgeist” in which this initiative was created. The “@” stands for the year 2000, for the internet boom and eBusiness, for the emergence of new business models and new possibilities.

Project management has long been of central importance to Siemens – it is one of the company’s main activities. “The percentage of project business as part of total revenue is over 50%”, said Joachim Fischer. So it is worthwhile taking time to ensure improvement and stabilisation in this area of business. In October 2000, the Managing Board, represented by Prof. Dr. Edward G. Krubasik, gave Hans-Jürgen Schloss and Joachim Fischer the task of improving project management at Siemens. Since that time they have been managing the initiative PM@Siemens, which is by now a company program, with Hans-Jürgen Schloss as Program Director and Joachim Fischer as Coordinator.

Did you know what you were letting yourself in for with PM@Siemens back in 2000?

Dr. Schloss (laughs): No, I didn’t and I didn’t anticipate it either. I certainly didn’t think that PM@Siemens would be celebrating its 10th anniversary this year.

Fischer: No, there is no way that the scale of the task and its longevity could have been foreseen in the beginning. We did have a vision, an idea, that we would standardise some aspects and implement them worldwide, but back then we didn’t imagine that it would keep us busy for more than ten years. After we were given the task of improving project management at Siemens we first thought about how we could accommodate the many different commercial operations. We began by forming a small team from the various divisions and proceeded to collect everything that is important in project management. From that basis we formed the first topics and work groups.
“Siemens is so large, examples of best practice can be found everywhere.”

What is the purpose of PM@Siemens?

Dr. Schloss: The Managing Board had discovered that project business was associated with higher risks and worse results than product business. The aim was to change this situation.

What is PM@Siemens, how can it be characterised?

Dr. Schloss: PM@Siemens is a program that aims to improve project management processes at Siemens AG. The aim is to establish a constant improvement process, in order to reduce risks for the customer and ourselves during project business. We want to support project managers, through, amongst other things, top quality training and certification. The aim was not to implement project management, Siemens has already been doing that for 160 years. It involved, and indeed continues to involve, the constant improvement of our processes.

How does the system – or program – PM@Siemens work?

Fischer: We adopted the well-known saying “If Siemens only knew what Siemens knows” and tried to find out what Siemens has to offer. We then proceeded to select the best elements, standardised them and convinced everyone else that it really was the best. We carried out the entire process without external or internal consultants, that’s because we were of the opinion that Siemens as an organisation is so big, that examples of best practice can be found everywhere – you just have to find them.

We were always a virtual team and we still performed our actual jobs at the same time. We didn’t just form a team somewhere at company headquarters and create a project, instead we always worked together with the project managers and those responsible for project management from the operating units. We processed positive input from the operating units and central functions and designated them as standard. They were and continue to be the canon of PM@Siemens.

Dr. Schloss: Yes. The basic idea of PM@Siemens was that it should be a joint effort between all those who were interested in improving project management. We have continued to be a virtual community of interested parties.

That sounds really easy...

Fischer: No, it wasn’t always easy. Of course it is a huge challenge to hold together a team of volunteers from all the different divisions of Siemens who were interested in implementing change. Everyone comes with the argument that they want to change something, but they don’t
want it to affect their own department, as their business is different to that of the others. That was always a challenge. The trick was to allow the working groups to operate independently, but also to guide them from time to time.

**Dr. Schloss:** Let’s take the definition of milestones as an example. They were different for everyone. The example may seem trivial, but when certain terms have been used for many years it is incredibly difficult to give them up and try something new. But we did eventually succeed in this aim.

“The employees were of the opinion that we would succeed.”

*So what were the essential milestones of PM@Siemens?*

**Dr. Schloss:** One important aspect was the first version of our handbook, the PM Guide and before that the decision to produce such a handbook. The guide, together with the term PM@Siemens, is an important medium so that people are able to identify with PM@Siemens, which has continued until this day. We will continue to develop this “brand”, as it offers excellent company recognition.

The successive editions of the PM@Siemens handbook document the development of PM@Siemens standards and are a symbol for continuous development.
The development of the career model and the associated implementation of certification for project leaders was also a crucial issue, because it enabled us to achieve the systematic training of our project leaders. This means we have ensured that there are also career prospects for project managers and that the project managers working within the framework of personnel development processes of the company are systematically screened, discussed and consulted by the human resources department and the management each year. Project management is a matter of experience and that is why it is important to us that our project leaders continue to work on their assignment for as long as possible. Each year in which they gain extra experience is of benefit to the company.

Another important milestone was the Siemens project categorisation which was implemented worldwide. In the beginning, I personally did not believe that it would work out. But the employees were of the opinion that we could do it and we did indeed succeed.

Fischer: We also made a big impact with the introduction of “PM Experience”, a strategic board game for PM@Siemens on the subject of project management. The game brought together all of the roles and functions involved in a project and encouraged common understanding. It has now been played by over 20,000 participants worldwide and has provided a high degree of support during the roll-out of PM@Siemens topics. Communication and the development of a common language between the individual roles in the project is the key experience. This is because communication plays an important role in project management.

Dr. Schloss: We proceeded to introduce assessments in order to determine the maturity of an organisation for project management (Maturity of Project Management Assessment or MPM Assessment). Carrying out such an assessment and repeating it after a certain period of time to establish whether the organisation has improved its level of maturity, is an important tool for constant improvement. The level of maturity is measured by a number between 0 and 5: and (laughs) as level 5 is almost unattainable, it is also a useful method in order to keep improvement programs running smoothly in the long-term.

We also had a major breakthrough with the LoA process (Limits of Authority). It is an approval process during the preliminary stage, that is to say in the acquisition phase of a project, which incorporates the management team, makes the risks transparent at an early stage and as a result means that informed decisions and escalations processes can be carried out.

Fischer: Yes, we now have clear ground rules about when management is to be included. We are aware of all risks before we submit a bid.
to the customer. The management also know about the risks and this is confirmed by a signature. Nowadays, we consciously accept or turn down assignments. The management takes a closer look and, if necessary, takes appropriate measures at an early stage. There will always be risks, but that is because we are an innovative company, constantly offering new technology. But we want to fully understand these risks and not discover them when the project is already underway.

**Dr. Schloss:** There are now over 100,000 Siemens projects recorded in the tool, which we developed for the LoA process and over 40,000 of our employees use the LoA tool. This process is now deeply ingrained in the business structure of Siemens.

It was also very helpful for company-wide activities in order to improve our compliance. With the LoA process PM@Siemens ensures that the compliance guidelines are accurately observed during the acquisition of major projects.

**Fischer:** The current fifth version of our handbook was a personal highlight. I didn’t always believe that something new could be added, this was also due to the major reorganisation which took place at Siemens, dividing it into three sectors with their respective divisions. But we did actually take yet another big step forward with the new edition of the PM guide.
“It would be boring if we had already achieved our goal.”

*What are the fundamental changes you were able to implement – alongside data, facts and figures?*

**Dr. Schloss:** We have achieved greater transparency. By that I don’t just mean the transparency which the management units now have for their project business. For me it also includes dealing with the results of transparency, in particular the constant search for improvement possibilities. I am convinced that a company can only be successful in the long-term if it constantly works to improve itself. If I realise there is an area where I can do something better, that should not be taken as a criticism that I haven’t been working well enough up until now. Instead it should be viewed as an extremely encouraging process, which gives me the opportunity to become better. The attitude that “I’m certainly not perfect, not quite good enough and in any event I have the responsibility and the opportunity to improve myself” is the basis for a learning enterprise to continually improve itself. A big ambition of mine is to bring about and maintain this mentality. We have already made a big step forward with over 180 MPM assessments. However, transparency has not been welcomed as much as we would like. But as long as we still have the potential, we also have the opportunity to help the company to advance. It would be boring if we had already achieved our goals. But as we will never reach the end, it will always remain interesting.

**Fischer:** It is a great source of satisfaction to me that PM@Siemens has arrived all over the world. It’s great when I’m abroad, for example in China, and I see our PM guide lying on a table and I realise that PM@Siemens is part of everyday working life. This demonstrates to me that PM@Siemens really has been accepted by project leaders in the Siemens organisation and hasn’t been left lying somewhere or ended up in an office cupboard.

**Dr. Schloss:** The significance of the project manager in the organisation has also changed. Nowadays, the organisation is aware that project managers are responsible for a large part of business and that they make decisions every day which involve many millions of Euros. They also appreciate that the decisions are taken by very responsible people and are often made under very difficult circumstances, whether in the desert, in the depths of the Canadian forests or in the middle of a megacity. The fact that this has been recognised and is taken into account in the career model is an important outcome of PM@Siemens. Of course, there is also potential for improvement in this regard and we are constantly working on this.