

Young Professionals Management Training Programme 2009

Objective

The objective is to engage young potential managers in the discussion of management issues, to develop new approaches, leadership skills, intercultural understanding and to get acquainted with the FIDIC network through participation in the FIDIC 2009 conference taking place in London.

Programme content

The programme falls in two parts. The first part is an internet based learning process where the participants will exchange input and discuss based on four cases each illustrating a relevant topic. This part takes place over a 6 month period prior to the FIDIC Annual Conference in London. The second part takes place at the conference itself. It is combined by three days working sessions and a final presentation and discussion for all the participants in the conference to attend.

Part One – The virtual part

The programme will start with a 1 – 1½ hours kick-off session in the virtual conference room. The facilitator introduces the faculty, the learning process and the procedures. The participants introduce themselves as professionals and as persons. The participants are encouraged to post CV's and other information about their professional background on the eFIDIC platform, www.eFIDIC.org.

The training is based on “cases” describing issues and problem areas, supported by a “real life” company related case story. The participants will present similar problem situations in their home countries, analyse the national differences and formulates their “solutions”, recommendations or whatever seems to be an appropriate conclusion on their discussions. A key point is to identify best practise and the teams' forward looking ideas.

The learning is driven by active participation and personal involvement. The participants work in teams, learning and developing an international network in the process. Active participation is required to obtain full benefits of the programme.

Each “case” comprises three virtual meeting, one where the case is introduced, one meeting for discussion and one for finalizing the report. The framework will have emphasis on a free discussion of the issues in the first three weeks and only after the midway meeting should the preparation of summaries start. Final editing should be one week only.

The cases are:

- Organisation and human resources development
- Ownership structures
- Marketing of consulting services
- Multicultural management

Each topic – one by one – will thus be debated by the participants over a period of 6 weeks. The participants will be encouraged to present “own cases” as an input to the process. During the working period the process will be guided by the facilitator and supplemented by the mentor, who will help the participants to identify the learning points.

Part Two – Meeting in Québec.

The three days' sessions will be used to debate the findings and prepare a presentation under the heading "The future leaders' workshop". The facilitator and mentors will provide feedback to the participants. And not least, the participants will meet face to face and consolidate their network.

The final session of the programme will be open to all conference participants for a general discussion and sharing of ideas on the findings.

Certificate of Participation:

The participants will receive a Certificate of Participation provided that they have contributed in writing to all cases and attended at least 50 % of the virtual classroom sessions or excused themselves in advance using the platform registration facility.

Proposed time schedule:

Virtual Classroom meetings

11.02 Kick-off

17.02 Case 1

03.03 Midway 1

25.03 End Case 1/Start Case 2

14.04 Midway 2

05.05 End Case 2/Start Case 3

26.05 Midway 3

16.06 End Case 3/Start Case 4

07.07 Midway 4

28.07 End Case4/ Preparations for Québec

18.08 Finalise and post summaries on the eFIDIC platform

11.09 – 13.09 Final sessions in London.

Registration:

Participants can register (and pay for) for the programme online at the FIDIC Young Professionals Management Training Programme website www.fidic.org/ypmtp. Offline registration forms are also available.

Participants will be asked to indicate by email to the organizers before the start of the programme in February 2008 that they are committed to:

- taking part in all the online sessions;
- contributing to the case study reports;
- participating at the final working sessions in London;
- contributing to the final report presented at the Future Leaders Workshop at the FIDIC 2009 London Conference.

If the organizers have any doubts about the possible commitment, the participant will be asked to give further details. FIDIC reserves the right to cancel and registration and refund the registration fee, less any bank charges.

Mentors' role and tasks:

The Mentors appointed by FIDIC for the YPMTP 2009 are Ben Novak, Dick Kell, Bayo Adeola and Maxime Mazloum. Facilitators is Steen Frederiksen. Peter Boswell, the FIDIC General Manager, is responsible for the programme, assisted by Silvia Fossati, FIDIC Events Manager.

Each Mentor is allocated one case as his primary responsibility, but if anyone feels like looking into the activities on other cases you are most welcome. The cases are being prepared by the facilitator. They should be reviewed by the other Mentors and changes or additions are welcome.

The Mentors will get access to the eFIDIC platform and are expected for their respective cases to follow on a – say – weekly basis the discussions and input from the teams. The Mentors will have access to participate in the virtual classroom sessions, and if time – and time differences – does not permit this, all sessions are being recorded and can be reviewed or downloaded on the platform.

Mentors are invited to suggest supplementary literature, bearing in mind that this literature is not compulsory reading for the participants. Some participants will have too little time to spare for this.

Key input from Mentors is expected during the initial discussion phase and after the Midway session, before the Editors start concluding.

The role of the Mentor assigned to a particular case is to support the facilitators:

- during the briefing for each case by making an online presentation (30 mins) that highlights the main themes and issues, taking note of possible input from the FIDIC Guide to Practice; the presentation will be pre-recorded some time in January
- by participating in online sessions for each case to gather feedback and comments from participants;
- in the preparation by participants of the case report for each case by commenting on input from participants and on interim and draft reports prepared by participants;
- during the final working sessions at the FIDIC Québec Conference by working with the participants for one-half day during the Friday and Saturday of the final working sessions;
- proposing any case material that could be considered for incorporation as an overview in a Guide to Practice module chapter or as material for the guide's resource kit.

Young Professionals Management Training Programme Project Cases 2009

Introduction to case work in general

A case study is an account of a real-life business situation, describing the dilemma of a real person or persons with a real job, confronted with a real problem. The description deals with detailing the background of the situation, the immediate problem or decision, and the perspectives of the managers involved. The resulting case presents elements of the story as the managers saw it, including ambiguous evidence, shifting variables, imperfect knowledge, no obvious right answers, and a ticking clock that impatiently demands action.

To resolve the situation and to present advice for action, the participants in the YP program will have to discuss and to draw on the full range of knowledge and analytical tools available.

Mentors will be intimately familiar with the cases and prepare their understanding and approach to the problem issues. Mentors will of course avoid stating opinions or suggesting answers but rather invite deeper research and discussion of additional dimensions of the case.

The suggested process of the case studies method has the following steps:

First three weeks:

- individual analysis and preparation,
- informal discussions,
- classroom discussion, (at the Midway Meeting)

Next three weeks:

- presenting proposed summaries and conclusions, consolidating ideas, discussing these prior to completion of virtual case work

At the FIDIC Annual Conference:

- Conclusions to be debated and lessons learned identified

CASE 1

Organisation and Human Resources Development

1. The traditional consulting organisation.

Consulting organisations are traditionally based on engineering disciplines. The growth of the organisation or firm – as it may over time become – will therefore often be based on this structure. The traditional division in structural, civil, electrical, mechanical etc. is over time being subdivided into departments each of which by growing reaches higher and higher degree of specialisation. The structure is logical and forms a good basis for developing the firm's expertise. It is nice for the staff to be surrounded by colleagues within the same field, team spirit is easily developed, competition between departments comes by itself, profit centres are easily defined. For any given project each department will contribute their part within their fixed limits.

When firms grow bigger the traditional organisation model is simply repeated in another town, region or country, as may be required. In this process the organisation is losing some of the good reasons for specialising in individual units, as speciality are now being duplicated in different towns, regions or countries. The individual unit is not getting any more capable by having a sister member of the family nearby.

2. The matrix organisation.

The matrix organisation is developed to cater for individual projects on the basis of putting all required disciplines together in one group and having this as the operational unit. The individual project becomes the focal point and the profit centre. The staff develops loyalty to their project and the firm as such rather than to their individual department. A broader understanding of different disciplines becomes necessary, and the Project Manager type of generalist is leading development. The matrix organisation is serviced by expertise centres, which means that individual disciplines are not necessarily duplicated in each and every subsidiary. Co-operation takes place on a broader scale with built-in conflicts related to human resources development, profit centre criteria and marketing.

The traditional organisation would survive if each department could do its own marketing, staff development and contribute nicely to the bottom line. In the matrix organisation the Project Manager will inevitably focus on his or her project, and expect a marketing department to provide the next project. Staff training and cutting-edge expertise is also seen as somebody else's problem. Inter company charges for staff and other services will be required, and competing profit centres may arise. In theory a higher degree of efficiency should be obtainable in a matrix based organisation. On the other hand internal competition may well jeopardise that.

3. The flexible organisation.

The flexible organisation may be the future model where staff, resources and information are drawn from all over. The large company structures may still remain on an ownership basis, but operation-wise the units will be independent. Companies specialising in delivery of certain projects, may not have an expert pool of their own for these; but they know where to get the resources, how to manage the process and how to control the risks.

Routine work will be performed by small firms, where the costs are low, because this type of standard services will generally be contracted based on price competition only. Some services will be outsourced to low wage countries, coordination and QA over the internet.

Complex tasks are undertaken by larger firms on QBS basis. The quality is more important than the price, and the same applies to the staff. The firm will have its own project and risk management staff, specialist may be recruited on an interim basis, or from sub-consultants. Agency staff or free-lance consultants will be required because most firms cannot afford to employ on a permanent basis the cutting-edge specialists required by the clients.

4. Human Resources Development.

The human resources are the most important asset of most consulting firms. Expanding, developing and maintaining these is essential for any successful operation. This may be done by organic growth or by merger/acquisition. Securing stability and loyalty among the staff is a complex undertaking involving many aspects ranging from salary, benefits, ownership to training opportunities and social job-satisfaction. The challenges of globalisation, international jobs and cross-border mergers make this even more difficult. It is going to be one of the most important aspects of developing any consulting business in the future.

PROJECT CASE 1

Organisation and human resources development

ABS Consulting Engineers and Architects is a 150 person firm with their head office in Cape Town South Africa, and a 50 person branch in Johannesburg, which, with a population of over 3 million, is the economic and financial hub of S.A. Cape Town is the third most populous city in South Africa, forming part of the metropolitan municipality of the City of Cape Town. It is the provincial capital of the Western Cape, as well as the legislative capital of South Africa, where the National Parliament and many government offices are located. Cape Town is the economic centre of the Western Cape and serves as the regional manufacturing centre. It also has the primary harbour and airport in the Western Cape.

The three founding partners of ABS are in their sixties and are now beginning to think of various options for their progressive retirement and the continuation of the firm. They have slowly delegated some of the top administrative tasks to G.D., a young ambitious 39 year old black South African engineer, who has been taking courses in business administration at one of the local technical schools. He had also been mentored by one of the partners, a no-nonsense results oriented individual, who got things done. He has been given the title of General Manager but essentially manages the main office. The 'Joburg' manager is happy not to be bothered too much by head office. The partners had been wrestling with staff issues, benefit requests and the like, and wanted someone closer in age to the general staff to take care of these details.

The organization chart usually shown in proposals and prepared for that purpose, showed the three partners, one an architect and the others engineers, at the top, with the two office managers and their staffs below. *Recently staff resignations have been an issue but the senior management group is unable to pinpoint the reason.* With a large project starting soon, GD's main challenge is hiring new capable people. GD has tried several approaches, including ads in the press and on-line ads as well as more descriptive statements of opportunity on the firms' website, which he also helped to develop.

The company is a privately held corporation with the founders holding about 75% of the shares and the rest being held by some 6 of the senior employees, some of whom are university colleagues of GD, and some who have long services histories. *Over the past profits have been going very much up and down and they have had to react with an ad-hoc policy of dividend payout, combined with careful debt management* as they had to invest in new equipment, mostly IT related, simply to keep up with the development in the industry and the offering of their competitors. The partners are somewhat debt averse. They also do not often talk about financial issues at monthly general meetings held with staff.

While they feel they occupy a rather unique position in the market because they offer both engineering and architecture, this has not been a great advantage in more recent past, as the main opportunities have been in the infrastructure sector, and they had to concentrate on that market. In a recent project ABS have been working with the larger London based international firm **G-dex Consultants**, in particular to get some credibility in traffic management and interchange design. They were impressed by the seemingly smooth project approach suggested by G-dex, even though G-dex had to act as sub-consultants.

The G-dex project manager brought new ideas to the table at early project meetings, suggesting complete project planning and staff meetings for the project, to maintain a high level of motivation. He also proposed to involve clients in the discussion of project objectives, complete stakeholder lists and planned deliverable definitions. One of the ABS founding partners who also acted as project executive, a term they sometimes applied to the senior partner negotiating final arrangements with the client and the sub-consultants, remarked to the others that they seem to be wasting a lot of time on non engineering issues. He thought they should tell staff what to do and got on with the job.

When it came to the first billing G-dex had a carefully developed rate table with levels defined for all staff members. ABS normally worked with a mark-up structure, but found the rate tables interesting and adopted them for the project. The project was contractually based on a fixed sum not to be exceeded with design billed on time to the limit, and field work on a time basis with a cash-flow projection to be made on a monthly and quarterly basis for approval by the client.

The project came to a satisfactory conclusion and both firms made a reasonable profit, although the change of field representative by ABS, due to a resignation, complicated a few change order processes and there were some rejected fee claims. ABS made a single digit profit, much like in some of their better years, even though they had good client relations with government departments and won almost 60% of their proposals, including some work in the Middle East and in Tanzania

As the ABS partners had been considering their futures and the G-dex PM (project manager) had been reporting back to his head office, there evolved a climate of continuing discussion for future projects. One fine day one of the ABS partners got the call. The president of G-dex suggested they meet to discuss a possible merger of the two firms, which he said would give G-dex the potential to share staff for their African projects and also secure a broader market and would also resolve some of the issue faced by ABS.

At the meeting it soon became evident that “merger” was a euphemism for “purchase”. When the partners accepted that fact they were able to look at the proposal in a more objective light. While the offer seemed reasonable after some hard bargaining, it was quite low, almost comparable to what the partners were selling shares for, to their staff. In addition the proposal that payouts for ABS shareholders would be scheduled over a four year period, caused some concern about the security of the arrangement, since G-dex appeared highly in debts with this buy-out. ABS was also concerned with possible changes that would be introduced and how their staff would react. They had control but could not forecast the reaction of the 25% shareholders. What options do ABS have, particularly in light of their concern for keeping a good on-going operation, in either possible outcome: one where they might sell out, the other where they continue independently.

LEARNING OBJECTIVE:

To see how the organizational and human diversities of two companies considering merging or acquiring, impact the Human Resources aspects and policies of both and how to resolve these difference in the possible evolving joint organization. The participants should consider structure, systems, people and client impact.

QUESTIONS TO PONDER

Here are HR related questions all participants should ask during these phases:

- What problems, opportunities, and risks do the firms face, together or singly? Discuss large multidisciplinary firms versus small specialized
- What evidence do we have to help make a decision? Is the evidence reliable and unbiased?
- What alternative courses of action are available to improve the individual firms or the combined unit?
- What criteria should we use to judge the alternatives?
- What action should we take with respect to staff and staff resignations
- what can a merged organization do to share their knowledge
- What did we learn from this case?
- How does it relate to our own “live” experiences?

Literature

Engineering our Future, a FIDIC report 1998.

Brooke, M.Z., Futures, 1979. Multinational corporate structures. The next stage. Futures, Apr 1979.

Goold, M., Campbell, A., 2003. Structured Networks. Towards the Well- Designed Matrix. Long Range Planning, Oct 2003.

Van Der Merwe, A.P., 2002. Project management and business development: integrating strategy, structure, processes and projects. *International Journal of Project Management*, Jul 2002.

David H. Maister, (1993), *Managing the Professional Services Firm*, Free Press Paperbacks, Div. of Simon and Schuster Inc. 1230 Ave. of the Americas, New York, N.Y. (USA) 10020

CASE 2

Ownership Structures

1. A little background history.

The main assets of a consulting firm used to be the staff, and consequently the key staff was also in some way considered the owners of the consultancy. For practical reasons, decision making and legal formalities it became necessary to define a form of leadership, which became the “Partner” concept of ownership. Over time “Partner” status was something that leading staff members earned through their employment as an addition to their income. Remaining staff members became employees with a more or less fixed salary and the whole legal protection accorded to employees. Partners, on the other hand, became financially responsible for the firm’s activities and their personal wealth was inseparable from the financial assets of the company. This is still the situation in many places.

It was considered rather suspicious when the first consulting firms established themselves as shareholding companies, because the essence of a shareholding company is a limitation of financial responsibility, and consultants were not meant to shy away from the full responsibility for their activities.

The main reasons for establishing a shareholding company were:

- Limiting the financial exposure of the Partners
- Enabling the “partnership” to be capitalised by making it possible to sell the shares of a retiring Partner to new Partners
- Enabling the transfer of ownership to company foundations and thereby protecting the independence of the business from outside financial interests

2. The present situation

Partnerships still occur in some countries and for small firms, however, shareholding structures of different forms are being used in many places for the very reasons outlined above. The assets of firms today are not only their staff but in as much their name or “brand” and their track record. Companies invest in buildings, office and other equipment, computers, cars and much more. The capital invested per staff member is growing and growth through acquisition involving payment for good-will requires increased financial strength.

Shareholding structures fall in four main categories:

- Shares are held by management and key staff and “sold” internally only based on an internally assessed value
- Shares are held by a foundation linked to the company and with its main purpose of supporting the company’s activities
- Shares are held by institutional investors
- Shares are quoted on the stock exchange

Some companies even mix two or more of the above models.

All models have their inherent difficulties.

The internal shareholding makes it difficult to raise capital for expansion, and it might be difficult to find buyers if the value has gone up very much or the company is losing money for that matter. In a stable financial situation with reasonable organic growth it might be a suitable model.

The foundation ownership is in many ways to be preferred. It solves the succession problem, it maintains the independence of the company and the “owner” is only a little concerned if times are bad and the company less profitable. The “owner” will most often also have professional interest in developing the technology of the business. On the other hand it makes it difficult to raise capital for expansion and acquisition. It also provides less incentive to management and key staff to increase profits, unless a profit sharing scheme is built into the model.

Institutional investors can be insurance companies, banks, investment companies and similar. The advantage is that additional investments are fairly easy to provide, and that the investors to some extent are patient in the sense that short term shortfall in profits are of less importance. The drawback is that institutional investors in principle dislike shares that are not easy to dispose of, and therefore will have as a future aim to float the shares on the stock exchange with all the inconveniences this entails.

Many of the very large consulting firms have chosen to be quoted on the stock exchange. This entails a number of advantages and disadvantages. The main benefits are that the value of the shares is known at any time, and buying and selling shares is easy. It is also easy to raise capital for expansion and acquisition. The drawbacks are that the share price may fluctuate depending on short term results, that comprehensive and costly reporting is required and that the company may be subject to hostile take-overs (unless certain countermeasures are built into the shareholding scheme).

CASE 2

Development of the ownership structure of a consulting company over time

1. First Phase

The two professors at the Technical University decide to establish a consulting office in addition to their teaching and research at the university. The office develops successfully especially because of the dedicated efforts of four key staff members. The two owners are still fully employed at the university, but still take time to supervise the work executed in the office, meeting clients and taking care of public relations.

After 5 years the founding fathers decide to appoint the four key staff members “partners” giving them a 10 % share each in recognition of their efforts in developing the company. At the same time the founding fathers decide to leave university and become full time partners. Partners and staff receive a competitive salary. For partners this includes a bonus scheme related to the profit before tax of the company. One third is paid out as bonus and two thirds are retained in the company as equity.

2. Phase two.

After another 10 years the founding fathers wishes to retire and dispose of their 60 % share of the company by selling this to a wider circle of key staff members. At this stage the company has a staff of some 200 including 120 engineers. The turnover is 15 mio EUR and the profit after bonuses and tax is 0.5 mio EUR. The net equity is 5 mio EUR.

The company auditor presents the group of partners with two options.

- Adding 6 more partners to the management group against these new partners paying each 10 % of the current net equity to the retiring partners, cash or through an earn-in model where the amount is paid over the next 10 years.
- Transforming the partnership to a shareholding company with a fixed model for computing the value of the shares based on equity, profit before tax and bonuses and turnover. The share should be available to a wider circle of staff. However based on a principle that at least 60 % should at any time be owned by the management of the company as decided by the Board of the Company (Establishing a Board is a consequence of the transformation to a shareholding company.)
- In both cases an agreement should be made that any partner or shareholder must sell his share(s) to other managers/staff when retiring or leaving the company for another employment.

The retiring partners prefer the shareholding model because this will give them not only their share of the equity but also an element of good-will based on the very good financial results of the company A.

3. Phase three.

After a number of successful years the company A is less profitable and in between is loosing money. The share value goes down (because the model for calculating the value is based on equity plus financial results), and it becomes increasingly difficult to find new buyers of the shares among ordinary staff when someone retires or leaves the company.

The company starts loosing market shares and the Board starts loosing confidence in the management group and their ability to develop the company and is looking for solutions to this. The Board decides that a solution would be to merge with another consulting firm, whose scope of services supplement their own, and the merged firm would then have a much stronger position in the market being able to offer a full array of services.

As it turns out, one of the firms with whom our company has very often associated is facing ownership transition problems and would be very interested in such a merger. The single owner (and founding father) has to retire for health reasons and wishes to sell the company. The actual financial returns of the company has not been particularly impressive in recent years because of the owners lack of attention to the business, but the potential is generally acknowledged to be considerable and the scope of services matches the need of Company. As the owner and CEO leaves the company, he wishes to be paid in full upon Company A taking over.

The auditor presents two options, either raising the money by subscribing shares to management and staff in Company B as well as Company A, or issuing the required number of shares and floating them on the stock exchange.

Getting on the stock exchanges has of course a number of advantages. The value of the shares is “automatically” determined and there is an easy way of disposing of the share if anyone wishes so. The disadvantages are that ownership is no longer in the hands of the employees, there is strict and costly reporting requirements and shareprice fluctuations may take place for reasons completely unrelated to the running of the company.

3. Phase four.

Then merged company has over the years had a number of international assignments with rather mixed financial returns. The Board and Management realises that a certain volume of international activities are necessary to maintain and develop the expertise of the company, to retain the young professionals by offering them international challenges and work opportunities abroad and because an element of globalisation is expected by the clients. It is decided to implement this strategy through subsidiaries or local associations (without ownership involvement) in selected countries.

Discussions

- Discuss the three situations seen from the management’s and staff’s points of view respectively. Illustrate your input by drawing on the practice in your country and your possible personal experience.
- Do you agree with the decisions made in Phase 1 and 2.
- Do you have another (or more) proposals for the Phase 3 situation.
- Prepare a proposal for the implementation of the phase four strategy in relation to subsidiaries versus associations considering the ownership aspects.
- Discuss the ownership issue as a means to motivate staff and to retain employees.
- Should shares be sold at a “market price” or used as a bonus given on top of a “competitive salary”, what would the difference be ?
- Discuss the inherent dangers in being on the stock exchange in relation to the independency of the consulting firm.

NOTE: any tax implications have to be disregarded.

References

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<http://www.coxegroup.com/articles/ownership.html>

CASE 3

Marketing of Consulting Services

1. Advertising banned.

Advertising consulting services was once completely banned, at least for members of the national FIDIC organisation. Consultants were supposed to be identified and selected through their reputation and projects executed. This may even today be the case in some places. As many other traditions this one is being transformed, and marketing – not to mention branding – has become a necessity in relation to most consulting services.

2. Branding.

Today the most important element is probably branding, creating an image which in itself promises the clients quality, efficiency, intelligent solutions etc. Avis were light-years ahead of the consulting business when they invented “We try harder...” but the list of similar mantras from our own business circles is today very long. A brand name is a promise, but how to fulfil the promise and how to maintain the name? It is a difficult and risky process, most often because there is a wide difference between what the consultants would like to provide/sell and what the clients would want/expect to buy. The role of the mantra is to bridge that gap and in a short form tell the story and give the solution. Failing repeatedly to fulfil the promises of the brand is an important risk that need to be taken into account.

3. Selection of Media.

Once we have decided what kind of general image, we would want to convey, we arrive at the problem of advertising our specific products. A whole range of media are available and today all of them are more or less being used. From the immediately up-to-date press releases, over company brochures, home page presentations, annual reports to name cards with enclosed mini CD-rom. Much emphasis is put on consistent graphic identity. There is no end to the money that may be spent on this and awfully few consulting firms are able to ascertain the cost-efficiency their promotion efforts and the relative advantages of the different media.

4. Marketing projects or solutions.

A key question is whether to promote individual projects as examples of company activities and capabilities or solutions/problem-solving as a branding effort, which especially may be addressed to the less technology oriented buyer or the politically elected decision maker, who may not be concerned about technology at all. The trend is that problem solving in the sense that the consultant is relieving the client of a burden, taking away his problems and taking the responsibility for the outcome, is becoming more and more a selling point, and hard core technology is becoming less interesting. However, marketing problem solving is even more difficult, because the “history” is complicated to tell and the outcome may not be so easy to describe. Presenting a picture from a project is a lot more easy.

5. A people’s business.

Consultancy is a people’s business, and this is increasingly in focus in connection with marketing. Basically, most of a company’s know how is embedded in the staff, and much competition for projects are related to staff resources. But the increasing emphasis on staff in marketing probably also relates to the fact that human relations and ability to communicate is seen as an important part

of any problem solving. Today technology is a computer issue supplied as software. The qualities of a consulting business lie with the staff and its ability to provide the best:

- Organisation
- Communication
- Procedures

How do we sell this to clients ?

PROJECT CASE 3

Developing a marketing strategy for a large multidisciplinary and international firm.

Our company has developed quite rapidly in recent years, partly through organic growth of the traditional civil/structural consulting business and partly by adding a number of high profile specialities by acquisition. This expansion has left a number of customers quite confused, because the services offered cover a different and much broader scope. It has also left the company with the challenge of establishing quite another image in the eyes of the general public not to mention potential applicants for jobs in the organisation.

The backbone remains the traditional consulting jobs that are plentiful and low cost, however, the increasing number of specialist services requires innovative approaches, investment in R&D and consequently much higher fees than company used to charge.

The company management decides that the different types of clients have to be targeted in different manners under different company names.

- The general run of the mill services are to be kept low cost, we are your trusted advisor, more or less integrated in your own organisation and always available with appropriate and down to earth solutions, fees are generally time based, often with an upper budget limit.
- The specialized divisions operate under a different names and put emphasis on providing rocket science services, “if you have a problem – we have a solution”, fees are high, often fixed without any relation to time spend, rather related to the value to the client of the services in question.

Branding the company towards the general public – and the clients for that matter - becomes quite complicated. The result is an image of a kind of consulting shopping mall with lots of specialized stores.

The clients are targeted through a constant flow of articles and advertisements in technical papers based on individual project cases, emphasizing the individual and seemingly independent business units.

The company tries to attract young professionals by picturing small units with highly specialized staff providing state of the art technology.

The same strategy is applied in all countries in which the company operates, the national affiliation is emphasized and the local company is seen as a local independent operation.

However, the group financial results are disappointing in particular compared with its competitors. This is partly caused by a declining turnover and partly because of inability to obtain the high fees required in the specialized divisions.

Furthermore, it turns out that the expected results from a high tech, high profile project are very disappointing. The company faces a situation with a risk of losing its high tech, high quality image.

The Board of Directors obviously has a number of critical questions to the Management.

The following suggestions are presented:

- Reorganising the company into one large unit with a single QA function
- Changing the approach from selling technology to selling trust
- A general branding effort emphasizing results, quality, reliability, financial standing etc.
- Develop a global brand drawing on all resources from all countries
- Reorganise all marketing into a “Triple Bottom Line” matrix (financial, environmental and social)
- Change all marketing to be internet based

Discussion

Discuss the different problem areas and the suggestions for solutions. Prepare a complete new proposal for the future Marketing Strategy aimed at:

- The general public
- Clients
- Potential new staff

Literature

David H. Maister: Managing the Client Relationship

David A. Stone, "Wired" – Marketing and Business Development. An ACEC US Publication # 332, sold by the association. ACEC/ Washington DC call (202) 347-7474

<http://www.agda.asn.au/dm/studios/Selli.html>

http://www.acec.org/about/case_pdf/2002_feb.pdf

CASE 4

Multicultural Management

1. Most consultancies today are developing and expanding their skills, staff, offices, geography and areas of competence. Merger and acquisitions are taking place, companies establish subsidiaries in other countries, others rely on foreign partnerships and most of us agree that globalisation is a fact of life.

Any expansion requires management and with the growing complexity of services and geographical coverage the management tasks become more and more complex. It is no longer sufficient to have technical and project management skills, dealing with people of diverse professional background and from different cultures require special management skills. This includes abilities to communicate, understand, behave and appreciate the values of other cultures.

Globalisation - by which I would understand establishing presence in different countries, as well as internationalisation – which is delivering consulting services in other countries, is clearly much more demanding than serving clients on your home turf. Knowing and managing the risks will often determine whether you will be successful or fail. This relates to client relations, contracting and project implementation.

Knowing national characteristics of behaviour and business practices is important to succeed. An American direct and open approach will invariably create conflicts with a Chinese tradition of creating long term trust and mutual obligations. Not realising the importance of exchanging name cards in the correct manner may prove a terrible blunder.

Other minefields comprise religious conflicts, which religious holidays does your company observe when running a project in a religious environment different from your home country.

Literature

FIDIC policy on Business Integrity

World Bank:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTANTICORRUPTION/>

Engineering our Future, a FIDIC Report 1998.

PROJECT CASE 4:
World Bank financed road project somewhere in Africa.

1. Your company has been pre-qualified for preparing technical and financial proposal for this WB financed road project comprising 100 km of highway in a hilly area with three bridges of 50 to 150 m. The project comprises design and supervision of construction as well as supply of road maintenance equipment for the use of the local Ministry of Transport. The proposal evaluation model is based on a 60/40 weighting of technical versus financial in a two envelope model. The Client is responsible for proposal evaluation, but the WB will most likely review the result. The Terms of Reference indicates that the consultant must supply his own project vehicles, but all running cost is covered by the project. Furthermore, the consultant must provide all local support staff in addition to his own expatriate personnel. The Ministry will second 5 qualified engineers on the Ministry's payroll to work as counterparts to the expatriate specialists.

During the site visit - prior to bidding - the Client emphasizes that it would be a tremendous advantage to the Ministry if all project vehicles could be handed over after completion, because they have difficulty in getting foreign currency for cars and that the programme for maintenance equipment only comprises heavy duty machinery and no 4W-drive passenger cars.

Furthermore the Client recommends that all local staff is supplied by the Ministry as local labour laws make it very complicated to lay local staff off after completing the project. The Ministry would employ the staff and you should pay your staff rates to the Ministry.

The equipment training package should be expanded to include training at the supplier's facilities of key staff in the Road Construction and Maintenance Division as part of the maintenance equipment supply package. The Client indicates that the equipment should be purchased after direct negotiations with the company that has previously supplied highway equipment to the Ministry, because by avoiding international bidding and thereby secure having the same supplier as in the past, the consultant's cost will be reduced, the spare-parts required would be less because a lot of the spares already in stock could be used for the new equipment and finally training requirements for the present mechanics would also be less.

How do you handle these requests in your proposal if you are determined to win the Contract ?

2. Having been awarded the Contract you set up a local project office.
 1. Your first task is to prepare your expatriate staff for the business culture in the country. How do you organise that. Summarize the instructions in five "golden rules".
 2. Your proposal is based on field work primarily by local staff and design by expatriate staff using the road and bridge design programmes developed and run in your domestic computer department.
 3. It turns out that there is a 6 months waiting list for getting a telephone line with ISDN/ADSL connection. However, one of the Counterpart engineers informs you that he has a contact in the telephone company that can arrange a connection immediately against 5.000 USD without receipt.
 4. It turns out that three of the five appointed counterpart engineers very seldom turn up for work because in addition to their job in the Ministry they work for a private contractor to have a decent income. As you have included their input in your staff programme you are quickly getting behind schedule.

5. To ease the life and get more work done you are letting the local staff use the project vehicles to travel between site office and home. However, the car logs and petrol consumption –paid by the project – shows that the project cars are quite busy every evening being used for private purposes or taxi driving.
6. Once you start on the survey and setting out your expatriate staff realises that the soils reports provided by the Client as part of the Contract basis are highly inadequate, and large parts of the alignment may be on black cotton soil. If you base your design on the soils reports provided it will inevitably result in major cost overruns during construction. There is no provision for additional soils investigations in your contract. The WB financing of the project is based on a feasibility study prepared on the basis of the same soils reports, and if new soils investigations show that the construction cost would go up dramatically, the road would probably not be feasible at all.

How do you propose to handle the problems 2.2 to 2.5?

All these problems are taken from real life although not from the same project.

CONCLUSION

Presentation at the FIDIC 2009 Conference in London

At the FIDIC Conference there will be an opportunity to present the key findings of the programme. This should be prepared during the three days before the conference starts in cooperation between the teams. There will thus be only one presentation.

The presentation should cover the most important issues dealt with during the programme – as seen by the participants, and include in particular recommendations for future actions by consulting companies and by FIDIC/Member Associations.

	Meetings in London	Participants	
11.09 09-18	Presentation in plenum followed by discussion in groups of the four cases. Participation in groups on a rotating basis.	Steen Frederiksen and Mentors part time	Final discussion of key issues between the teams on the basis of an exchange of Final Reports prior to coming to Québec.
12.09 09-12 14-18	Finalizing group discussions Discussion and preparation of presentation	Mentors part time, and Steen Frederiksen	Feed back from mentors to the groups Deciding on content of conference presentation
13.09 09-12	Editing		Preparing presentation

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