# Opportunities for PM Leadership in India - Rapidly Changing Business Environment

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## Key words

Business Environment, Change, Opportunities, Role, innovation

## Intent

The paper is aimed at increasing awareness of relevance of Professional Project Management in the rapidly changing business environments. It focuses on the emerging opportunities for Project Management in India and recommends methods to increase the success rate to help achieve India's vison of becoming regional / global leadership

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## Introduction

We are living in an era of unprecedented change and business complexity. The best of yesterday's strategies seems barely adequate to the challenges the business leaders wake up to, today. With organizations, large and small needing to constantly adapt and innovate, the change is much more than one massive project you hope to undertake when the time is just right. Projects are becoming more and more complex and demands on project management deliverables are increasing. In addition to the scope, project managers are required to implement the organization's vision and strategy and measure the delivered value.

The professional project management skills and practices have helped developed countries accelerate their growth for many years. Indian economy is growing at a fast pace and there is a focus on development and growth. Many complex projects are being undertaken and the number of such projects is likely to grow. However, professional project management as an evolving discipline has just started showing signs of maturity. There is a dire need to build the required skills in project leadership to meet these unprecedented opportunities. With increase in success rate of projects in the recent past, it appears that India is getting started demonstrating professional project management, but there is lots to be done.

## What is changing

*"May you live in interesting times"* goes a Chinese greeting. We have got more than we bargained for. The business world has become faster, flatter and more complex, but people and their leaders are still at the heart of it all. Trade and investment barriers are in a state of flux, they recede and rise like the tide; While Information Technology drives our daily lives, and sophisticated communication technology has become the backbone of a globalized economy, the old challenges rear their head across the globe, from drought to terrorism to protectionism.

New products and services are being introduced at a dizzy pace making existing ones, some of which are even good, redundant. Consumer trends and consumption patterns are fast changing and new markets are opening all the time. The availability of a global, virtualized and digital infrastructure has enabled knowledge workers across the globe to successfully compete for work with local players. Businesses are realizing the need to work faster, better, cheaper, and with partners across the world, to remain relevant and competitive.

As IBM's former CEO, Sam Palmisano said (1) "When everything is connected…. work flows to the places where it can be done best**".**  This is a truth of trade in goods and services that will never change, while the from 'where' the goods and services move to 'where' and the 'how they move' can change all the time.

## How these changes impact businesses and project management

The following changes are highly visible

*1.  The rate of speed of change has significantly increased.  Companies like IBM took 100 years to reach to $100 Billion. There are many companies whose wealth grew, and are growing, much faster*

*2.  Economies are becoming more and more globalized. The World has become both the market and the service provider. The British exit from the European Union, American protectionism and other cross-border phenomena have the potential to make structural realignments in the global economy, but without changing their essential nature.*

*3.  Consumption patterns are also fast changing. Humans are consuming substantial amounts of goods and services. Modern devices are proliferating everywhere. Emerging economies have created substantial number of new consumers as well, mainly across South East Asia and Africa. New models of offerings like 'as a service' or 'pay by use' are more customized for users' needs to increase consumption.*

*4.  The 21st century is also experiencing large human migrations. People are leaving their earlier ancestral homes for work either to other countries or with in the country, creating major changes in the availability of labor.*

*5.   Social Media / Mobile access allows communication and work to be done from everywhere*

*6.  Increased collection of data is helping organizations make more data based decisions and simultaneously increasing compliance burden*

*7.  Recent technologies like artificial intelligence and robotics are increasing the amount of work done by machines*

Expectations from project managers are also changing rapidly. Gartner in its forecast (2) for project management states that, by 2020, there will be a paradigm shift in the role and expectations from Project Managers. PMs will be expected to deliver a 'transformed organization', and not just the assigned 'scope' within the allocated 'time' and 'budget'. A transformed organization delivered by the Project Manager needs to bring in 'the value-additions', to the business and the foreseen business benefits within reasonable cost and required schedule.

Accenture CEO Pierre Nanterme (3), stated that "clients seek overall solutions ranging from 'vision to operations' and no more only 'advisory services'.   This implies that organizations want strategy to be executed.

The impact of these changes on businesses and Project Management is visible through the following:

i.   Projects are now delivering the transformed organizations and not only the assigned scope and provide **envisaged business benefits** in line with **organization's strategy.**

ii.   **Users have become indispensable stakeholders** as they bring onboard their experience for acceptance of the products and services, which is critical to the overall project success.

**iii. Globalization** has brought in tough **cost-competition** and has also opened new markets. Customers demand the best quality at the most competitive price. One superior product / service adequately positioned, when accepted by the users, can change the fortune of the company. Apple, Facebook, Google, WhatsApp, IBM, Levers, Ericson are a few among many examples of companies benefitting from globalization. Leveraging global resourcing is a given for projects to be cost effective.

**iv. Speed-to-market** and being highly cost-effective have become mantras for business success and a must for project leadership to address

v.   **Scope is more dynamic than ever**. 'Scope Freeze' is a bygone concept. Frequent changes to requirements have become the norm in certain industries. Project Management must provide a system to incorporate the required changes in scope to meet changing business objectives. With rapidly-changing technology and business environments, the relevance of the product or service being developed by the project with unforeseen market developments often requires revalidation. Project leadership is expected to be an active participant in the changing business requirements due to volatility in the market. Changes may be challenged but normally should not be refused

vi.   **Risk mitigation has become more dynamic**. Projects' complexity is only increasing; teams are becoming virtual and large, and there is greater demand on speed-to-market. The risks impacting timelines, costs and even completion of the projects are increasing. The impact of failure is becoming large. There is a need for project leaders to proactively manage risks.

vi. **Innovative approaches to implement projects are introduced to suit the requirements**. To keep the schedule predictable, project managers may need to think of better techniques than simply implementing the projects with traditional methodologies. Project leaders are required to implement what works best in the interests of the project without being a stickler for any specific technique, definition or discipline.

vii. **Team dimensions have totally changed**. Teams are now virtual, global and large. Projects need more experts for short stints of time and hence, core teams are becoming smaller. Cross-cultural and virtual team-management skills are a must for a project manager. Team-building exercises of virtual teams require to be practiced. High-performing teams continue to be a crucial factor.

viii. **Project managers / leaders require additional skills**. They need to understand business strategy, market volatility, business finance, industrial and customer relationships. Soft skills to manage conflicts and resistance, support decision-making process, negotiate and make teams perform at their best to deliver project / program goals, are becoming more and more relevant to transformation leaders'

## How the changes are creating opportunities for Project Management in India

India's economy is growing at approximately 7% year. This number is expected to increase as India establishes itself as a regional leader (4). This economic growth has resulted in increase in the purchasing power of the substantial number of people, which has provided new consumers and has also opened opportunities for businesses. The public sector spend on various infrastructure and social projects has substantially increased. The people (voters) have started choosing development and growth oriented governments, in this largest democracy in the world, pressurizing the political leadership to focus on the development. The benefits of the economic and political reforms as well as technologies implemented in the recent past have started showing results. A few successful projects like upgrades of Airports, Highways, Mass Rapid Transportation systems, Unique ID (Aadhar) have started demonstrating 'value' to the people.

Government continues to focus on infrastructure development, India needs millions of houses for its' young population (5). The migration from villages to cities will continue for many years putting pressure on urban infrastructure. The country need many smart cities, airports, roads, ports, MRTSs and needs to upgrade the railway's infrastructures. India infrastructure sending has been increasing at a very rapid pace. Government plan to spend Rs 25 trillion (US$ 376.53 billion by 2020 (6)).

The 'Make in India' campaign is one such initiative and has shown some success especially with defense production. The expected cumulative opportunity for defense production for public sector undertakings as well as private companies is expected $168 billion from 2014 to 2022 (7).

Government recently revamped the eGovernance projects, which now follow the key principles of 'Transformation', and is aggressively pursuing 'Digital India initiative.

The alternate energy projects aim to generate 275 gigawatts of total renewable energy (8). India signed the historic Paris climate agreement in 2016, marking a significant step that has brought together developing and developed nations. There is an effort by the government to rejuvenate Indian rivers and other water bodies. Indian space program has orchestrated well for satellites for communication and remote sensing, the space transportation system and application program, and management of natural resources and Disaster Management Support.

The public-sector spending indeed is fueling private sector projects. However, private sector on its own is also showing signs of growth. Service sector is growing close to 8% year on years and similarly the manufacturing is showing an upward trend. Medical tourism is a growing sector in India. In October 2015, India's medical tourism sector was estimated to be worth US$3 billion and It is projected to grow to $7–8 billion by 2020. Foreign trade drives approximately half of the economy and Indian companies aggressively pursue global alliances. However, the private sector pickup is slower than anticipated, but is expected to grow with new reforms like GST, insolvency and bankruptcy code etc.

There is huge focus on Start-ups in India and many incubators have come up. Government has also incentivizing innovation through startups (9). With low success rate, these startups need more handholding

Indian companies are also implementing many projects in neighboring countries like Afghanistan, Iraq, Bangladesh, Myanmar, Nepal, Bhutan, Sri Lanka to mention a few. With economic growth in the neighboring countries, there are multiple opportunities for India to take up projects and a few companies are taking the rightful advantage

India is home to 825 million young people, the largest cohort in the world. With 66% of its population under the age of 35 and the median age of the country being just 27 years (10), India has an opportunity to be the skill provider to the globe.

## How is Project Management as a discipline performing in India?

Of late, India has demonstrated an increase in success in projects. A PMI report (11) showed that India has shown a spurt in successful execution of projects and has also overtaken China and the Middle East on the key indicator of money wasted, " The study found that more projects are meeting original goals and business intent while being completed within budget and that fewer projects are deemed failures,".

This is a great trend and a notable change during the last decade. In 2008, McKinsey study (12) found that "India does not compare favorably with other countries in executing projects. Data from government and industry suggest that on average, each project suffers from 20 to 25 per cent time and cost over-runs, while in some sectors this is as high as over 50 per cent". As per paper published by

Ministry of Statistics and Program Implementation, during December 2012 (13), out of 566 central sector infrastructure projects (costing more than 25 million USD), about 46 percent were delayed resulting in cost overruns of up to 18 percent on originally projected costs.

"Our track record for successful project completion leaves much to be desired except for a few success stories. There is a need for a process which allows repeatable and predictable desired outcomes. India is at a potentially breakthrough point with significant investment in government programs, like Make in India, Digital India, Swachh Bharat". said Raj Kalady, MD, PMI India (14)

PMI® Pulse of the Profession 2016 (15) found that "In India, organizations waste Rs 12.2 lakh for every Rs 1cr invested due to poor project performance. PMI recommends that with shrinking project outcomes, shifting global trends and an uncertain economy, organizations and governments must shift their thinking and embrace project management as a strategic competency that can reduce risk, cut costs and improve success rates. Thus, it is in the interest of the government and private sector to promote the best project management techniques in the infrastructure sector to achieve the envisaged vision.

## How can Project Management leadership effectively respond to the opportunity of Growing India?

The following steps can help achieve the desired outcomes in taking PM discipline make its' rightful contribution to the India's growth story

- **Recognition of importance of Project Management as a discipline and integrated part of project delivery at appropriate levels.**

Project management, at present in India is generally looked as tactical tool to compete a project. With the emerging opportunities and with its' globally proven usefulness, this thinking needs to change to include Project Management at a strategic level and as integral part of delivery.

There is an awareness of the importance of project management, as is evident from the fact that National eGovernance Division has identified project management as a key competency. However, organizations need to recognize project management as a formal discipline. Government need to have policies in place to ensure only those organizations with mature project management processes and qualified project management professionals are awarded contracts. In addition, establish effective project management governance to oversee and monitor projects and programs with incentives and penalties.

IT and IT enabled services have become significant part of the Indian economy, where Project management is extremely important to yield the required results. However, growth of professional project management in this sector is slow. The senior resources, normally from technical backgrounds are assigned to the role without the required knowledge of Project Management. They continue performing roles of coordinators whereas the Project Management role either remains with the teams working from different countries or with the client itself or is poorly performed. Lack of demonstrated PM skill adversely impacts the overall growth of the sector. There is a need to upskill these Project Managers to perform the assigned roles with effectiveness. 'Outsourced Project Management' in its true spirit, for many companies involved in outsourcing remains a distant dream.

PMI has made some effort in bringing the importance of discipline into forefront. However, realization of professional project management as an important discipline to yield the rightful benefits is the first step, more work on branding and positioning is required.

- **Invest in development of the required skills**

PMI's latest (16) PM job gap report states that by 2027 India will require 21.7 million people for PM oriented jobs with skill set of technical project management, strategic & business management and leadership. Project managers contribute to the nation's productivity, which supports GDP that in turn contributes to the standard of living. When made available with required skills, these PMs are 'likely to contribute $24 billion to Indian GDP', states the survey.

It is not only that India needs more certified project managers, there is also need of project management professionals with various skills levels. India has very limited number of certified program managers and portfolio managers. In addition to the certification, the project managers require understanding of business strategy, project financials and need to possess soft skills like problem solving, conflict management, negotiations, effective communication to mention a few. India needs many project leaders with adequate experience of managing large and complex projects to fill in the required gaps, especially when India is now embarking some of the most challenging projects. It takes years to create a project manager with domain, PM expertise and leadership skills.

Higher levels of skills like recovering troubled projects, establishing Project management offices and providing leadership in project management are hard to find. There is a need to have more forums to recognize good projects and provide networking platforms to improve PM skills. Also, there is a need for mentoring platforms for project managers. There are only a few institutes teaching project management as full time program. Also, there is a need to introduce full-time project management programs to plug this huge demand supply gap. PMI, IIMs, ISB, L & T's Institute of Project Management are some of very few institutes, where genuine efforts to upgrade PM skill levels are being made in an organized manner.

There are only a few project management consulting companies in India. These companies mainly focus on infrastructure development and executing construction projects. It is difficult to find any consulting company to set up or assess and upgrade the maturity levels of a PMO for a service industry, though this sector is fast growing and contributes significantly to the economy. PM consulting firms, mentoring professionals and experts are need of the hour to meet the growing need of Project Management professionals in India

- **Establish processes, tools and techniques**

PM pulse report 2016 (17) finds that projects are 2.5 times more successful when proven project management practices are used. In India, most of the existing processes and tools are quite out of date in terms of the technology for monitoring and controlling projects. Poor productivity at sites is an accepted fact. Project managers are often willing to risk schedule slip due to the availability of inexpensive labor. Meanwhile procurement issues, bureaucratic approvals, undue stakeholder influences, and logistic challenges are the norms in Indian projects.

The Public and Private sector approaches are different in terms of availability and process of release of funds, project management infrastructure, clarity of requirements, implementation process and scope of work. The public sector continues following the conventional type of project execution. In the public-sector projects, the decisions and data required for sound project management system never reach the management team on time, there are differences in work methodology and organization structure, slow decision making, poor stakeholder management, lack of accountability including for cost & time factors, makes application of project management principles very difficult.

There is a need to establish the best of the breed processes, tools and techniques to monitor and control projects and programs in India. When adequately deployed, these investments not only pay for themselves, but also result in substantial savings.

## Conclusion

India offers a fantastic opportunity for project management professionals to demonstrate value. Sustained economic growth over the past few years has led to an increase in the number of large and complex projects and this trend is set to continue for foreseeable future. Moreover, over the past few years, the success of large projects is also on the rise, this is in part due to the increased Key Stakeholders' commitment visible with the Prime Minister driving the development agenda. Projects like the DMRC, Aadhar and Delhi Airport have shown that by following proper project management tool Indian managers can deliver expected results. However, this is just a tip of the Iceberg, both in terms of number of projects and the successes in reference. Failure of projects in India is significantly higher than the successes.

India needs many more skilled project managers. The skill levels of existing PMs also require upgrade to manage complex projects. Moreover, there is a need to increase awareness on importance of project management at all levels, including the highest level in the public and private sectors. In order to realize the vision of India becoming a developed nation, the professional project management needs to be recognized as important integral part of project delivery. Once, there is understanding of what needs to be done, technology, tools and processes can be easily be brought in and implemented.

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