PMI®
Project Management Institute

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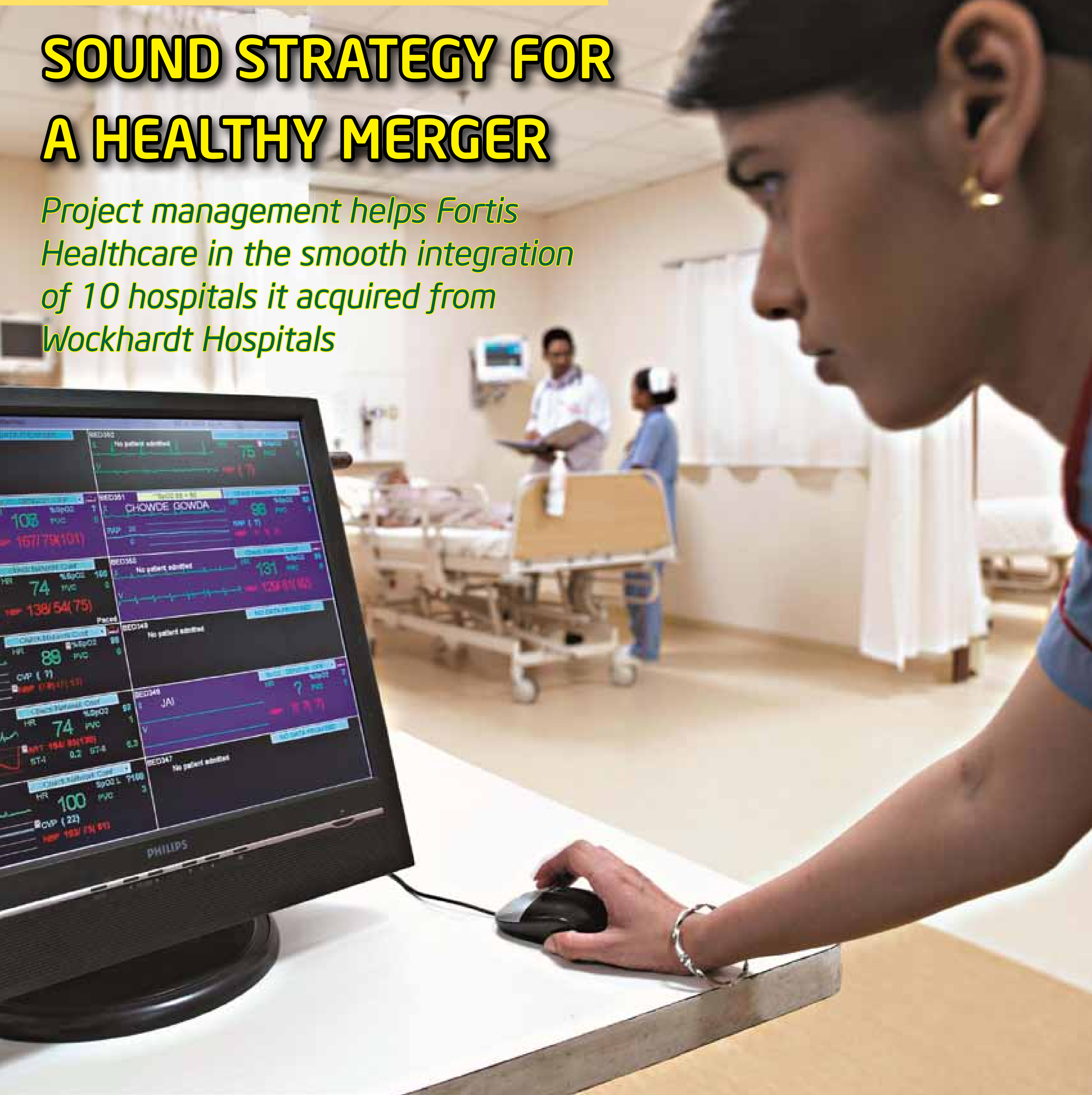
MANAGE India

SOUND STRATEGY FOR A HEALTHY MERGER

Project management helps Fortis Healthcare in the smooth integration of 10 hospitals it acquired from Wockhardt Hospitals



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Hoardings were part of the branding transition phase and appeared prominently across Bangalore. Fortis made extensive use of outdoor advertising and mass media to reach the general public

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Raj Kalady
Managing Director, PMI India

Letter from the Managing Director, PMI India

Dear Practitioners,

The past few months have been extremely exciting for a sports enthusiast like me. We have had a thrilling Indian Premier League season in May, and then came Euro 2012 and Wimbledon. In a few days, we have the mother of all sporting events, the Olympics in London. I find it equally interesting to look at these mega sporting events as project management marvels. The London Olympics has a project management office and all its activities are proceeding according to schedule. It will be a great spectacle to watch.

While sporting activities keep us occupied, we cannot ignore the economic turmoil around us. Economic uncertainties have driven socio-political changes in Europe and are upsetting economic growth around the world. The growth engines in India are slowing down and businesses are being cautious about making investments. Project management assumes even more importance at these times. Organizations are increasingly banking on project managers with the right skill sets, who can plan and execute projects successfully. So be it a sporting event or projects in traditional industries, there is always a need for good project managers. I'm more convinced with each passing day that project management is a life skill.

The recent PMI Kerala Chapter conference was, in fact, themed on "Project Management - A Life skill." The day-long event was highly successful and was attended by several industry leaders and policy-makers. This is the second successive annual conference that the chapter has organized and I commend the chapter board members, being led by chapter president, Mr. Rajeev Panicker, for a remarkable event. You will find details about the conference in this issue.

Regarding the PMI India national conference in Chennai in September, preparations are going smoothly. We have a highly impressive line-up of speakers for the conference on 28-30 September 2012. Please refer to the conference website, http://www.pmi.org.in/conference2012/, for regular updates about the conference in the weeks ahead. So far, we have received a record number of abstracts for technical papers and award nominations. Registrations will open on 1 August.

Our webinar series on leadership in project management on Techgig.com has seen a tremendous response. Till date, we have had nine such webinars. I urge all PMI volunteer leaders, who are subject matter experts and good speakers, to join this interactive forum as guest speakers. The series, which will continue till April 2013, will have 24 sessions in all.

I'm pleased to invite abstracts and technical papers for the PMI India Research & Academic Conference to be held between 31 January and 2 February 2013 at the Indian Institute of Technology, Madras. I look forward to your participation in our events and programs.

Warm regards,

Raj Kalady
Managing Director, PMI India

Cash Flow Management in Large Infrastructure Projects

BY ASIM PRASAD

Mr. Asim Prasad, chief manager, GAIL (India) Limited outlines a methodology to plan and manage capital expenditure in large projects

Large infrastructure projects are capital intensive, have long gestation periods and require huge capital for successful completion. A large number of infrastructure projects are being undertaken in India to speed up development. Most of these projects are executed amid challenges that are beyond the control of the project executing agencies. Such challenges lead to risks, which if not identified and managed properly, result in time and cost overrun.

A large infrastructure project is seldom executed on equity capital alone. The cost of capital decides the cost at which the end-user will finally avail services after the project's commercial operation starts. Since most projects involve both equity and debt, managing cash outflows efficiently is a difficult and intricate process. In this article, I submit a methodology that I have conceptualized and applied successfully in the capital expenditure planning of natural gas pipeline projects.

Challenges in Large Projects

The challenge before a project manager of a large infrastructure project is to precisely forecast the amount and timing of capital expenditure outflow. Efficiency in managing this process reduces the interest on the capital employed. The methodology involves estimating the cost of different packages, predicting the timing of cash outflow, securing funds on time, controlling and monitoring the actual cash outflow, identifying deviations in the cash flow plan, and modifying the baseline plan periodically to synchronize it with the incremental physical progresses so that the actual cash outflow is within permissible deviation limits. This is a continuous and intricate process as it requires thorough knowledge of schedule and actual progress, commercial purchase and work order conditions, schedule for raising bills, anticipated amount against each bill, and processing time before payment release.

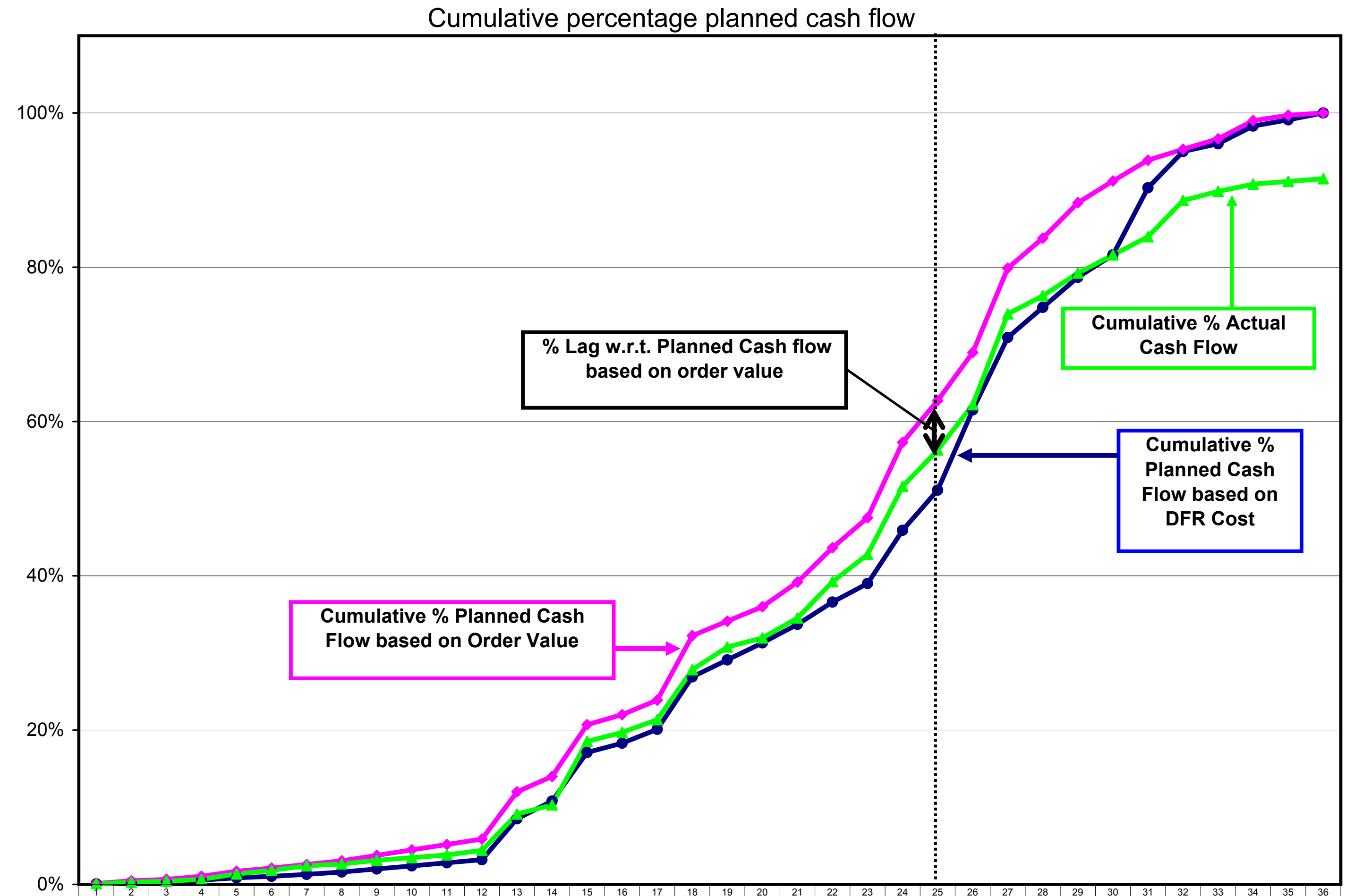
Cash flow management needs to adapt to the changing environment quickly. It has to ensure that sufficient funds are readily available to make payments against bills received, without affecting the delivery of goods and services.

Steps in Cash Flow Management

Cash flow management is an integral part of project management. It's a systematic, long-drawn and continuous process that starts immediately after the project business case has been prepared. The cash flow management planning must start once the project charter is handed over to the project manager. The plan has to synchronize with the overall scheduled physical progress plan. Experience reveals that the overall percentage planned cash outflow lags behind the overall percentage scheduled physical progress. This is due to the fact that payments are made only after completion of work or delivery of material and services by contractors and vendors. Estimating the net cash flow over the economic life of the project with accuracy is important as it affects the shareholders' profits during the project's commercial operation. Based on my experience, the steps required for efficient cash flow management for large infrastructure projects are detailed below:

1. **Identification of cost heads:** Large infrastructure projects involve various cost heads comprising direct, indirect, hard, and soft costs. Soft costs are extraneous costs that are not foreseen at the time of project formulation and hard costs are the actual purchase price. The project cost estimated at the time of project investment approval is the cost considered in the Detailed Feasibility Report (DFR). This forms the basis for ascertaining deviations at the time of project completion.

2. **Estimation of cost against each item in the cost head:** During the project investment approval, costs inclusive of taxes and duties, are allocated against each item under the cost head. Based on the experience of executing similar projects, market estimates and cost database, cost of some of the items could be in foreign currency. With changes in market conditions, a 20 percent deviation from DFR is reasonable. Commonly encountered cost head items in these projects are:



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Series1	0.08%	0.25%	0.35%	0.55%	0.85%	1.05%	1.30%	1.60%	2.00%	2.40%	2.80%	3.20%	8.50%	10.80%	17.10%	18.30%	20.10%	26.90%
Series2	0.12%	0.47%	0.65%	1.06%	1.71%	2.12%	2.59%	3.06%	3.76%	4.47%	5.18%	5.88%	12.00%	14.00%	20.71%	22.00%	23.88%	32.24%
Series3	0.06%	0.29%	0.41%	0.65%	1.35%	1.82%	2.41%	2.65%	3.12%	3.47%	3.82%	4.41%	9.12%	10.29%	18.53%	19.71%	21.35%	27.82%

	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
Series1	29.10%	31.30%	33.70%	36.60%	39.00%	45.90%	51.10%	61.50%	70.90%	74.80%	78.70%	81.60%	90.30%	95.00%	96.00%	98.30%	99.10%	100.00
Series2	34.12%	36.00%	39.18%	43.65%	47.53%	57.29%	62.71%	68.94%	79.88%	83.76%	88.35%	91.18%	93.88%	95.29%	96.65%	99.00%	99.71%	100.00
Series3	30.76%	31.94%	34.53%	39.24%	42.76%	51.59%	56.29%	62.18%	73.94%	76.29%	79.24%	81.59%	83.94%	88.65%	89.82%	90.76%	91.12%	91.47%

- Land, survey and statutory permissions
- Procurement packages such as raw materials, equipment, and machinery
- Work packages for different types of specialized contract works
- Project management consultancy and third-party inspection services
- Owners' management expenses such as wages, salary, lodging and boarding of workers, setting up offices, and establishing communication networks
- Contingency or management reserve for managing known and unknown risks
- Inflation, interest, margin money for working capital, and foreign exchange variation

3. **Calculate the cash outflow based on DFR cost and anticipated project schedule for each item:** Infrastructure projects take 3-5 years to complete. At the time of project investment approval, the physical progress schedule of the project is prepared. This schedule is based on a forecast of how the project is likely to progress each month. The project manager then forecasts expenditure against each item such as estimated project progress schedule, bills schedule by vendors/contractors, time taken to process these bills and anticipated bill amounts. The project manager now has the incremental and total planned expenditure against each month. He/she can also ascertain the cumulative cash flow in each month as a fraction of approved project cost.

4. **Calculate the cash outflow for each item based on actual ordered value and planned incremental scheduled progress:** Since orders are often placed at a date later than planned, the actual order value might differ from the DFR estimate. Delays are common because high value procurement has lengthy processes with multiple stakeholders. Hence, it is important to record the actual order value against each item. Next the project manager calculates the planned expenditure against each item and the total incremental planned expenditure against each month. This method helps in deriving the cash flow.

Expenditure against contingency, inflation, interest, margin money for working capital, and foreign exchange variation is recorded during project capitalization on actual basis.

5. **Recalculate the cash outflow during project execution based on**

balance expenditure and actual progress: Infrastructure projects encounter hurdles due to political, economic, social, technical, legal, and environmental factors. Therefore, the actual percentage progress varies from the scheduled percentage progress, which directly affects the actual expenditure outflow. The actual expenditure of a delayed project will be lesser than the planned expenditure.

In order to ascertain the planned cash outflow of successive months, calculate the balance expenditure at the end of the current month for all items. This balance expenditure is the difference between the actual order value and sum of the payments made for the items till the previous month. Based on the current progress and commercial order conditions, the balance expenditure is distributed in the subsequent months. This way, the forecasted cash outflow is calculated. This method results in realistic cash outflow against each item for all subsequent months. For orders placed on fixed cost basis, this monthly process stops when the total balance expenditure is zero, indicating that the entire committed expenditure has been made. However, in case the actual expenditure overshoots the DFR estimated cost, it means that the project encounters cost overrun.

6. **Prepare contingency plan to minimize deviations:** The actual overall progress of large infrastructure projects in India is seldom ahead of schedule. The project team needs to prepare contingency plans for work breakdown schedule elements where actual progress is behind schedule. However, project execution involves scarce resources and the project manager may not always be at liberty to execute contingency plans. Project delays also result in cost overrun. While preparing contingency plans, the project manager needs to conduct a decision tree analysis to ascertain the cost of not implementing the contingency plan or implementing it partially due to scarcity of resources.
7. **Continuously monitor the actual cash outflow:** Monitor the actual cash outflow continuously with the release of payments against running bills. This is a real-time process, which requires systems to monitor the progress electronically and update the project manager on aspects like availability and the cost of funds for capital expenditure, balance payment against each item on cost head, forecasting a cash flow plan for succeeding months, and the percentage of financial progress made in each cost head along with the overall percentage financial progress. The financial percentage progress report will give the project manager a clear idea of whether there are chances of cost overrun in the project.

This methodology has been implemented with a reasonable degree of accuracy while executing cross-country natural gas pipeline projects. Infrastructure projects are largely executed with borrowed funds and hence precise forecast of cash outflows on a monthly basis is important. This way only the incremental amount required for expenditure in the successive months is borrowed. The above methodology also helps to prepare capital expenditure budget estimates for the project during execution. Companies that execute infrastructure projects of varying size and complexity can also ascertain the cash flow of the organization's entire project portfolio.

Cash flow management is as much an art as a skill. As the project matures, the project manager needs to leverage the knowledge gained in the preceding months with regards to cash outflows. A proactive approach works well. Globally, projects see a higher level of involvement by senior management when it comes to the allocation of capital, performance tracking, and risk management. The involvement of suppliers and contractors during periodic cash flow planning helps to make the cash flow management plan more robust and versatile. Project leaders need to ensure that monitoring of the cash flow management strategy takes place through the project lifecycle and not just during the design and planning phases.

(Mr. Asim Prasad, B.Tech, Indian Institute of Technology, Kanpur, is chief manager at GAIL (India) Limited, New Delhi. He has rich experience in the natural gas value chain, comprising operation and maintenance of cross-country pipelines, project management, and natural gas marketing.)

Announcement: Article of The Month

Submit your articles for the September issue by 15 August 2012

If you have a flair for writing and a desire to share your ideas with the project management community, here is an opportunity. E-mail us your article and our editorial team will select the best article among the entries for publication in Manage India. Each issue of Manage India will carry a winning entry and the writer will earn Professional Development Units (PDUs).

Send us your article with your photograph to editor.manageindia@pmi-india.org

Please visit PMI India website (www.pmi.org.in) for eligibility criteria and submission guidelines

Sound Strategy for a Healthy Merger

Project management helps Fortis Healthcare in the smooth integration of 10 hospitals it acquired from Wockhardt Hospitals

BY PANCHALEE THAKUR

The healthcare sector in India has seen significant changes in the past couple of decades with the steady growth of corporate hospitals. Advanced infrastructure, a clinical team with global exposure, and global benchmarks in healthcare delivery have marked the journey of the corporate healthcare industry in India. However, in the past few years, stiff competition has put the viability of private standalone hospitals at risk. Hospital owners are looking at consolidating assets through mergers and acquisitions as a strategy for survival and growth.

Consolidation gives smaller hospitals access to a large pool of shared resources, best practices, and larger funds for infrastructure investments. It enables hospitals to meet the increased demands from the domestic and international market. However, integration of the acquired entity with the parent company faces many pitfalls, unless it is planned and executed well. Fortis Healthcare, a leading healthcare provider in India, has made several acquisitions in India and abroad in the past decade. Fortis understands how crucial integration is for the success of a merger. In 2009, Fortis Healthcare adopted project management to integrate 10 hospitals that it acquired from the Wockhardt group.

The Wockhardt-Fortis Deal

Fortis Healthcare bought 10 hospitals, including two hospitals under construction, from Wockhardt Hospitals Ltd. for Rs. 9.09 billion (US$ 202 million) in 2009. Two of the hospitals are in Mumbai, five in Bangalore, and three in Kolkata. At the time of purchase, the total staff strength was 3,800 and bed capacity 1,902. The focused specialties of these hospitals were cardiac sciences, orthopedics, neuro-sciences, woman care, and minimal access surgery. Though most of the employees moved over to Fortis Hospitals, Wockhardt retained some of the functions such as finance, information technology, supply chain management, and project management. This meant Fortis had to build these functions from scratch. The brand 'Wockhardt Hospitals' was not part of the deal, since Wockhardt retained the rights to the brand. Fortis had a brief window to transition the brand. So, Wockhardt Hospitals transitioned into a new entity called Fortis Hospitals Ltd. for a brief period. Eventually, it merged into the parent entity, Fortis Healthcare Limited.

At that time, Fortis had 29 hospitals of its own with total bed strength of over 3,200. The group had presence in 21 cities in India and in one overseas location, Mauritius. Fortis was already a well-known healthcare provider in north and west India and was now looking to acquire a pan-India presence after the Wockhardt acquisition.

Phase-wise Integration Using Project Management

For Fortis, the strategic drivers for the acquisition were pan-India presence, a larger scale of operation, access to the trained and experienced resource pool, and a stronger financial position. The merger would help Fortis in the aggressive growth plans that it has envisaged in the years ahead.

The Fortis management realized that to achieve these objectives, the integration had to be smooth and fast. It set a stiff timeline of 90 days to complete some of the major initiatives undertaken as a part of the integration. Fortis wanted to identify the strengths of Wockhardt Hospitals and plug the gaps, so that the two corporate entities with their own distinct identities and culture are well-aligned. The first step towards integration was a detailed diagnosis of Wockhardt Hospitals' structure. The key findings became a part of the integration planning framework.

The strengths identified during the diagnostic phase:

- Lean corporate structure empowerment/delegation
- Trust and cohesion in the leadership team, open to change
- Team with extensive hospital experience
- High integrity, desire to win

Some of the gaps/improvement areas identified:

- Absence of key verticals – IT, finance, supply chain, project management
- Roles need more clarity
- Improvement required in management and operational processes

The merger has given the new hospitals access to more resources and larger funds for better infrastructure

- Decision matrix to be better defined
- More rigor in business planning and review needed
- Better communication and organization alignment
- Improve employee engagement processes

Mr. Ramesh Krishnan, vice president - integration and growth, Fortis Healthcare International, says, "A lot of the initiatives undertaken during integration are time critical and have to be handled with sensitivity because they involve employees. The management undertook a balanced approach between realizing economic value to justify the cost of acquisition on the one hand, and realizing intangible value creation for internal stakeholders on the other. Hence, project management becomes extremely important during an integration of this scale."

The Integration Planning Framework

The integration planning framework provided broad guidelines to methodically address the gaps identified during the diagnostics stage. The verticals that the framework covered were human resources, finance, project management, supply chain management, operations, and branding and marketing. Fortis engaged reputed consultants with deep domain knowledge and experience to recommend industry best practices for each of these verticals. The recommendations were mapped against the overall corporate objectives so that the final outcome was aligned with the corporate vision. This was crucial to retain the trust and confidence of employees and patients.

"Integration is a two-way process. It is important to strike a balance between the work cultures of both the organizations for a successful integration. We knew how important it was to consider the aspirations of our people. An important aspect of the integration was our human resource initiative, 'People connect'," adds Mr. Krishnan.

Human Resources

The first casualty at the time of management change is usually the people in the organization. The Fortis Human Resource (HR) initiatives were aimed at retaining the trust and confidence of its 3,800 employees, besides implementing the challenges identified during the diagnostic phase.

Fortis saw to it that the confidence of employees and patients in the brand did not suffer during the transition

The HR department took care to get employee buy-in for new performance and incentives systems that were being introduced. A major step was to issue new employment letters to each Wockhardt employee the very next day after the integration. It ensured there was no ambiguity in their minds about the status of their employment and quelled all possibilities of unnecessary speculation and negativity. The result was spectacular—zero attrition.

The other major task for HR was to recruit people for IT, finance, projects, and supply chain management.

Operations

A major challenge the new entity faced was the transition of over 3,000 legal documents and licenses from Wockhardt to Fortis.

Operations were segregated between smaller and larger hospitals. The smaller hospitals got dedicated teams to drive business with more focus on key performance indicators. The status of the clinical team in these centers was changed from visiting to full-time, ensuring a higher sense of loyalty, and better delivery of services. Overall, the steps taken were to strengthen operations and institutionalize the change.

Finance

Fortis had to build a new finance team after the acquisition. The diagnostic phase also revealed several gaps in the finance processes and functions, which needed immediate attention. The changes were aimed at streamlining finance processes with better reporting, control, and review mechanisms.

Projects

A key finding at the diagnostic phase was the need to infuse more rigor into business planning. Fortis established a projects vertical, including architects and project management professionals, with vast experience in healthcare projects. The team took over the new projects that the group had already committed to, including a new super-specialty hospital in Kolkata, expansion of the Mulund oncology center in Mumbai, and the refurbishment of one of the smaller Bangalore hospitals. In the following months, the project team used project management best practices to complete the projects successfully. The team helped bring down costs and delivered projects on time even with scope increase.

"Project management is not so widely accepted in the Indian healthcare industry. Healthcare as a corporatized industry is just over two decades old and not yet so mature. Only a few of the leading healthcare groups follow project management as part of decision-making," says Mr. Krishnan.

Supply Chain Management

Fortis introduced several enterprise-wide process rigors to strengthen supply chain management. The main objective behind these initiatives was higher efficiency for cost reduction and better inventory management. In general hospital supplies, the focus was on standardization and variety reduction, which enabled cost savings through bulk orders. Fortis invested in an advanced enterprise resource planning system for better supply chain management. By the end of the second quarter of 2010-11, the company had already made cost savings of Rs. 10 crore.

Branding and Marketing

Acquisitions often attract negativity among consumers. In the case of a hospital, it could give rise to fears about change in doctors or drop in quality. Fortis realized the importance of timely and accurate communication about a smooth integration to its target audience. It designed a special marketing campaign during the integration phase for both the internal and external audience. The campaign focused on effective brand transition that reinforced the collective strengths of Fortis and the Wockhardt Group. The brand transition campaigns kicked off at the initial stages of the integration and continued over three phases.

Project Management Office

Fortis established a Project Management Office (PMO) as a new initiative following the gaps analysis. The PMO would help improve process efficiencies, and thereby bring down time and cost overruns in projects and adhere to quality standards. It would cover all new initiatives in supply chain, pricing, business development, and internal audit findings implementation, new initiatives in all hospitals, and help unlock value across functions.

The PMO is an integral part of the Fortis growth strategy as it embarks on an ambitious growth plan. Inorganic growth through mergers and acquisitions is an important aspect of this strategy. Fortis acquired the first hospital, the reputed Escorts Heart Institute in New Delhi, in 2005. The group has since acquired 27 hospitals, taking the total number of hospitals to 76. Of these, 68 are in India. Outside India, it has acquired hospitals and other healthcare businesses in Mauritius, Hong Kong, Singapore, Vietnam, Australia, and Dubai.

"Each integration brings with it certain unique challenges. It's important to go with an open mind. A key learning for us has been that decision-making must be based on data and not gut feel or previous experiences. Organizations must have robust business reporting tools, and must slice and dice the data to help make effective business decisions. And project management is the core capability that helps organizations get a handle on the myriad aspects of an integration for an effective strategy and execution," says Mr. Krishnan.

Last date for abstracts and papers submission - 31st July 2012

Submission Process

The following should be submitted to the e-mail ID : PMIRAC2013@pmi-india.org

- Personal information about the author
- Abstract
- Technical Paper

For more details, please click here: http://www.pmi.org.in/rac2013/downloads/call.for.papers.pdf

Managing Project Schedule in Multi-Geography Projects

BY SUYASH APTE

During the Y2K problem fixing days, the Indian IT industry started working with international customers. That was our first time experience of working across the globe. Post Y2K days, the outsourcing era began, which continued the work across geographies, but most of these projects involved teams working at two locations. These outsourced projects were typically about application maintenance and support (i.e. enhancements and bug-fixing), and operations or production support.

In this article, we will be mainly talking about software development projects executed from multiple geographical locations. For such green field projects, managing schedules becomes critical. This is not only because slippage has a major impact on direct cost but it also involves opportunity cost due to time-to-market implications.

Managing the project schedule is an ongoing activity to make sure that the project meets deadlines and provides deliverables on time. The project schedule is used to monitor progress and keep the project on track. When significant variances occur, the schedule is updated and appropriate actions are taken.

Various activities that the project manager needs to do to manage the project schedule are as follows -

- Get regular status from project team members about their progress on assigned tasks;
- Be alert and identify any project changes and events that might affect the schedule;
- Update the project schedule by adjusting tasks and assignments;
- Assess the current situation in terms of project schedule;
- Identify any significant schedule slippages and take action;
- Communicate progress against the project schedule to all the stakeholders.

There can be many reasons for executing a project across locations. But irrespective of the reasons, such teams face common challenges related to project complexity, team engagement, culture, and time-zone differences.

These challenges lead to poor communication between different project roles like developers, business analysts, testers, and project managers. Communication problems, in turn, mean that the project manager does not receive required inputs about the current status, which makes it difficult to monitor, track, and revise the schedule. It results in lack of project visibility among team members. Teams tend to work in siloes, which may be the reason for project breakdown and failure.

To overcome these problems, the project manager needs to apply innovative techniques, especially the use of modern technologies like instant messaging, enterprise social networking, video calls/conferencing, and Internet meetings. These can replace, and not necessarily just add to, traditional communication mechanisms like documents, email, and phone calls. Modern web-based project management tools and application lifecycle management tools further improve communication. These tools are centrally located and can be accessed by anyone to view as well as update information about their tasks, efforts spent, status, remaining work, and related tasks and artefacts for the common understanding of project schedule and status.

However, these tools and technology platforms produce the desired results only if they are put to use in context of the right process framework. In other words, practices and protocols followed while using these tools are equally important. For example, agile project management practices such as daily stand-up, continuous integration that is focused on real-time communication, and quick feedback are useful in a multiple location setup. Agile project management methodologies are useful to manage communication challenges.

Managing the project schedule across geographies involves significant effort. Apart from project management techniques to handle complexity, the project manager needs to focus on people management to ensure that communication takes place at all times. The team, in addition to the core technical skills, also needs to be technologically aware and must use it to its advantage.

(Mr. Suyash Apte is technical architect at Mastek Ltd. He has 16 years of IT experience in developing and delivering solutions across geographical locations. This article is an abstract of his paper that won a special award from PMI India in April 2012, for best technical paper during PM Month at Mastek.)

KERALA CHAPTER

Annual Waves 2012 a Raving Success

Dr. E Sreedharan delivering the inaugural address

On 9 June, PMI Kerala Chapter held its second annual one-day conference, Waves 2012, in Kochi. The conference aimed to bring together project management professionals and industry experts from in and around Kerala, and create a forum to share knowledge, experience, and best practices. The theme for this year's conference was, "Project Management – A Life Skill."

Waves 2012 was inaugurated by Dr. E Sreedharan, former managing director, Delhi Metro and Konkan Railway and 2008 Padma Vibhushan recipient from the Government of India. In his inaugural address, Dr. Sreedharan discussed the complex Delhi Metro and Konkan Railway projects and how he focused on building an organizational culture of responsibility towards the stakeholders, including the public. This helped in the timely completion of the project.

Several industry experts spoke on current project management topics. The speakers were Mr. Raj Kalady, managing director, PMI India; Mr. Kochouseph Chitiilappilly, founder and vice chairman, V-Guard Industries; Mr. Jitendra Agrawal, business head, HDFC Life; Ms. Bharati Lele, head, Innovation Lab, L&T Infotech; Dr. Shanmugha Sundaram, head, nuclear medicine, Amritha Institute of Medical Sciences; Dr. Bipin Nair, dean, Amrita Institute of Biotechnology; Mr. Radhakrishnan Pillai, author, *Corporate Chanakya*; Dr. Saji Gopinath, professor,

The panelists share a light moment on stage. Moderator Mr. Karthik Ramamurthy, with the microphone, with (from left) Mr. Alexie Levene, Mr. Sunil Balakrishnan, and Dr. Jayasankar Prasad

Indian Institute of Management, Kozhikode; Mr. Tejas Sura, region mentor, PMI Western Asia; Mr. Thomas Chacko, general manager, Bharat Petroleum Corporation Limited; and Mr. Pankaj Kejriwal, country head, ESI International.

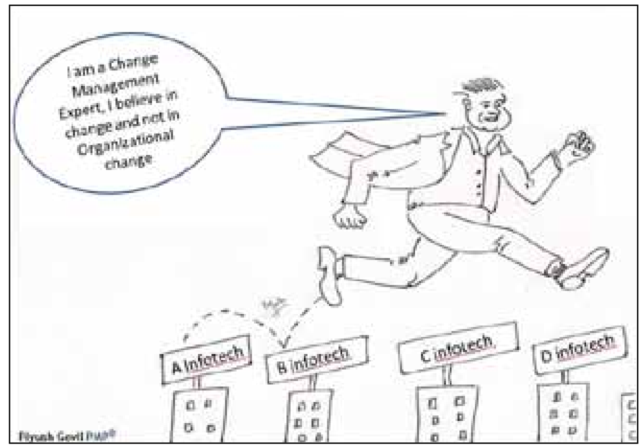
A panel discussion on the conference theme followed. Mr. Karthik Ramamoorthy, president, PMI Chennai Chapter, moderated the panel that included Mr. Alexie Levene, managing director, Trivandrum City of Global Innovation; Mr. Sunil Balakrishnan, general manager, UST Global; and Dr. Jayasankar Prasad, director, IT Mission, Kerala.

The chapter presented awards for technical papers and corporate social responsibility projects. The conference ended with a fun-filled boat cruise for participants. The third annual conference will be held in Trivandrum in June 2013.

The conference core team with PMI India officials

NORTH INDIA CHAPTER

Synergy first anniversary issue



Cartoon in Synergy fifth issue

Synergy, PMI North India Chapter's quarterly e-magazine, completed a year on 21 June. The e-magazine is a creative venture by the chapter and has received contributions from chapter members of varied industry domains. Mr. Piyush Govil, vice president, communications, PMI North India Chapter, leads the editorial team which includes Mr. Manoj Gupta, president, PMI North India Chapter, and chapter members Mr. Kumar Saurabh, Ms. Nirmallaya Kar, Mr. Hemant Seigell, Ms. Pooja Kapoor, Mr. Prashant Malhotra, Mr. Abhijit Bharatkumar, Mr. Nitin M Singh, Mr. Jitin Bindlish, and Mr. Felix George. Mr. Pritam Gautam, vice president, technology, PMI North India Chapter, handles the maintenance and publishing of each edition on the chapter's website.

Synergy has a virtual editorial team, with not a single editorial meeting having taken place face-to-face. A true example of successful project management, each edition of *Synergy* has been released on the announced date without any schedule overrun. For the latest issue of *Synergy*, visit http://pminorthindia.org/*Synergy*/Issue05

WEST BENGAL CHAPTER

Aspire 2012 Takes Off

PMI West Bengal Chapter held its first annual paper presentation contest, the two-month long 'virtual event', Aspire 2012. The event, held between 5 May and 5 July, was aimed at the student community. The contest invited papers with original concepts and creative views on planning, execution, monitoring, and/or controlling of project activities.

This was the first time that the chapter had organized an event for students and it gave the chapter an opportunity to meet a new set of stakeholders. Final and pre-final year students from regional engineering and management colleges were invited to author business case studies on student-friendly topics. This gave them an opportunity to hone their presentation skills while instilling in them the fundamentals of project execution, displaying their ability to be creative, acquiring knowledge on tools and techniques, and getting them acquainted with project execution. This is the first event that the chapter has organized for students and it gave the chapter an opportunity to meet a new set of stakeholders. The successful initiative was led by chapter volunteer, Mr. Nilanjan Chanda, senior manager, RS Software, Kolkata. PMI West Bengal Chapter plans to make this an annual event.

Project Management Professional (PMP)® preparation sessions and project management network sessions continued during the summer quarter. The chapter's autumn quarter will consist of a second workshop session on agile project management and the launch of the Certified Associate in Project Management (CAPM)® training sessions.

BANGALORE CHAPTER

PM Footprints from Bangalore to Mysore

PMI Bangalore Chapter continued its successful knowledge sharing sessions, PM Footprints, taking the forum to Mysore for the first time on 19 May. The event was in collaboration with the Institute of Engineers.

Mr. M. G. Raghuraman, senior vice president and chief information officer, Mphasis, made a presentation on "Paradigm Shift in Project Manager's Priorities in 2012." He said winning business in 2012 would no more be based on rate cards but on the ability of service providers to bring in a mix and match of domain expertise, solution skills, and integration skills for end-to-end solutions.

Around 40 participants from engineering and other academic institutes, and IT companies attended the session. PMI Bangalore Chapter and Institute of Engineers plan to hold periodic events in Mysore in the future.

Mr. M.G. Raghuraman speaking on the occasion

PM Footprints session in Mysore

PUNE-DECCAN CHAPTER

Gyan Lahiri Going Strong in Pune

In an on-going effort to promote project management education for students, PMI Pune-Deccan Chapter held its student conference, Gyan Lahiri, on 8-9 March. The event, conducted at City Pride School, Pune, was led by Mr. Harish Honwad, associate general manager, Persistent System, and covered four topics: How to be a responsible teenager; how to be cyber smart (for children); how to be cyber wise (for parents); and stress management. This is the first time that Gyan Lahiri has addressed the issues of cyber security and awareness.

On 9 June, the 93rd monthly seminar took place. Mr. Shrikant Chapekar, principal quality consultant, Tech Mahindra, delivered a presentation entitled, "Estimation Techniques for Application Support Projects." The presentation addressed the recent global phenomenon of organizations opting for technical and economically viable solutions due to budgetary cuts in IT combined with business agility. Mr. Dhananjay Bhole, consultant, access technology, University of Pune, who is visually disabled, presented on "Accessibility Technologies Awareness." The lecture briefly covered various aspects of accessibility, including its definition, the pitfalls, the standards and regulations, myths, and benefits. Mr. Bhole also spoke about how people with disabilities use computational services and gave a demonstration of assistive technologies for persons with disabilities.

Coming Soon..............

The chapter is organizing a Gyan Lahiri program for school leaders later in July. Through this program, student leaders will receive an orientation towards promoting teamwork, solving problems, and managing small projects. The program is designed for elected student representatives such as prefects, vice-prefects, and class monitors. A highlight of the July program will be a presentation on, "Pirates of the Cyberrian," which will be based on cyber security. This program will be followed by a Gyan Lahiri in Solapur, which will reach out to Marathi-speaking students.

The 94th monthly seminar, scheduled for later in July, will cover "What they don't teach you at Project Management Professional (PMP)® sessions" and "Emotional balance for 21st century professionals." The sessions will be presented by Mr. Asish Paranjape, independent consultant, and Ms. Niloofer Giri, philosopher and proponent of the Vedanta school of thought, respectively.

PMI India and All India Chapter Presidents' Meet

PMI India officials and leaders, and chapter presidents and representatives at the meet in Hyderabad

PMI India and the eight chapter presidents came together to discuss ways to collaborate with each other and strengthen chapter activities across India. The meet, in the Golkonda Resort in Hyderabad on 30 June and 1 July, was the first of its kind organized by PMI India. The Chapter Presidents' Meet will now be an annual feature in the PMI India events calendar.

The main objective of the meet was to come out with action plans for programs identified by PMI India along with the chapters. The meet helped PMI India get a better understanding of the expectations that the chapters have from PMI India and the areas of collaboration between the chapters and PMI India. The meet discussed ways to improve member retention, grow the volunteer base, build relationships and alliances with academia, and explore new revenue streams for chapters. The participants also received updates on the PMI India Champion Program.

A similar meeting was held in April in Colombo, Sri Lanka which saw the participation of presidents and chapter representatives from region 11, that is western Asia, along with PMI officials. Themed "SWOT Sharing and Strategy Brainstorming", the meeting was attended by 13 chapter leaders from India, Pakistan, and Sri Lanka, along with representatives from the PMI Asia Pacific Service Center and PMI India.

The July meeting in Hyderabad saw participation from the chapters, PMI leaders, and PMI India. Besides the chapter presidents and representatives, the meeting had Mr. Raj Kalady, Mr. Ramam Atmakuri, member, PMI Chapter Member Advisory Group; Mr. Tejas Sura, PMI Regional Mentor; Dr. Subhash Rastogi, member Community Engagement Committee, PMI Educational Foundation and Mr. Ketharinath Kamalanathan, chair, Champion Advisory Committee.

Understanding the Art of Bootstrapping

BY DR. PRANAV SARASWAT

Research by the US Bureau of Labor Statistics showed that nearly 6 in 10 businesses shut down within the first four years of operation. The major reason behind failed startups was poor fund management. For any new startup, sourcing fund is a big challenge. This is where bootstrapping helps.

Bootstrap is a situation in which an entrepreneur starts a company with minimal capital. An individual is said to be bootstrapping when he or she attempts to found and build a company from personal finances, or from the operating revenues of the new company. Compared to using venture capital, bootstrapping can be beneficial as the entrepreneur maintains control over all decisions. On the downside, however, this form of financing may place unnecessary financial risk on the entrepreneur.

Companies such as Microsoft and Apple were financed by venture capitalists but shaped by entrepreneurs. But most entrepreneurs struggle alone. In fact, bootstrapping a business can be both financially and emotionally rewarding. The bootstrapping approach is about sticking to a simple rule of thumb: keep your head above water for long enough for the business idea to begin generating cash flow, then use the cash for further development of the company.

As Mr. Guy Kawasaki argued in a lecture at Stanford University's Entrepreneurship Corner, bootstrapping is something "that should always be in the DNA of a company, even if it has 10 million dollars in the bank." When resources are scarce, it is much easier to focus on the essentials and avoid wasteful expenditure that well-funded entities often get into.

Bootstrapping is beyond being lean and conserving cash. It is a repetitious process with quick cycles without excessive external capital. It implies that during the initial stages of a startup, all you have is a couple of assumptions that you quickly want to apply and decide which ones to keep. Early stage capital takes too much time away from building a product and validating the market.

So why should you bootstrap? These are the main reasons:

Validate the market - You do not have the money or want to judiciously spend your own money by first validating that customers really have a problem, are willing to pay to solve the problem and would consider your product/idea as the solution.

Peace of mind – Bootstrapping is not free. You are investing sweat equity and opportunity cost. But relatively speaking, it gives you peace of mind as there are no investors to deal with.

Learnings – Another benefit of bootstrapping is that you learn your lessons fast because it is your money on the line. A person tends to work harder when it involves his/her own money.

There is always the fear of being seen as a failure if things do not work out. It's important to live with this fear and use it to motivate you. According to Mr. Paul Graham, venture capitalist, "Founders are more motivated by the fear of looking bad than by the hope of getting millions of dollars. So if you want to get millions of dollars, put yourself in a position where failure will be public and humiliating."

The turnaround in business could take longer than expected, with more mistakes and missteps than what you had anticipated. If you hold out longer, your chances of success will increase. The first aim should be to be profitable enough to survive. For a bootstrapper, cash flow comes before growth and growth before profit. Mr. Graham outlines this approach in his article "Ramen Profitable."

Focus, focus, focus: Do only what you can do well. The rest is superfluous or can be outsourced. In a bootstrapped startup every priority is a first priority. In the land of the blind, the one-eyed man is king. In other words, concentrate on your strengths, know your product and outperform other startups in your sector in the competition of ideas.

(Dr. Pranav Saraswat is assistant professor - finance at the Asia Pacific Institute of Management, New Delhi. He has authored two books and published research papers in various national and international journals.)

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