

Australian Project Manager

Endorsed career development courses

- Top performing project managers
- Building strong teams
- New column: Legal eagle





Australian Project Manager

Education/knowledge Committee:

David Baccarini, chairperson – WA
 d.baccarini@curtin.edu.au
 Brad Cowan – Qld
 bradc@gil.com.au
 Ken MacIntyre
 Ken.Macintyre@commerce.nsw.gov.au
 Alan Hunter – ACT
 alhunter@bigpond.net.au
 Lyn Travar – SA
 ltravar@aol7.com.au
 Dr Neveen Mousa – Vic
 nmoussa@skm.com.au

Editor:

Kay Fay
 Unit 1002 Solander
 42 Refinery Drive
 Pymont NSW 2009
 ph: 02 9518 5792
 email: kayfay@bigpond.com

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Banksia Media Group Pty Limited
 PO Box 230
 Wahroonga NSW 2076
 ph: 02 9487 1188
 fax: 02 9487 4441
 email: bmg@banksiamedia.com.au

It is the policy and practice of the AIPM to protect the confidentiality of members details contained in its database. The Institute, therefore, refuses all requests from organisations wishing to purchase our membership mailing list. From time to time, the editor of the Journal will permit promotional material to be inserted into the Journal. This action does not in any way indicate the Institute's endorsement of, or support for, the product or services promoted in such material. The Institute does, however, endorse courses which are aligned with the NCSPM and the PMBOK. A list of endorsed course providers is available from the National Office of the AIPM.

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President's message



Thank you to those who urged me to run for a second term. I have, however, chosen not to for a number of reasons.

The two main ones are that since my election I have become involved in a multi-billion dollar project and the responsibilities will not allow me to pay justice to the important role of the AIPM National President.

Secondly, after two years as President and two as Vice President, it's time to move on. I firmly believe these voluntary positions require fresh ideas and new blood and it would be selfish to occupy them for too long.

At the start of my tenure I promised to treat the presidency as a project and provide regular updates and performance reviews, as well as a project close off report. I am dedicating my last president's message to this. My intention is not self promotion, but to provide a scorecard that would ensure growth continues.

Membership

AIPM reached the 5,000 members plus milestone in the last few months, a 39 per cent increase last year alone, assisted by the significant increase in corporate membership, now 116 and a 38 per cent increase last year. RegPM awards have also reached an all time high of just below 3,000 with a 52 per cent increase last year, and the Project Managed Organisation Award has been awarded to about 13 organisations.

There is definitely cause to celebrate these. However, the project management profession is young and continues to grow quickly, so the AIPM has the potential to grow even further. Our business plan aims at doubling our membership by 2008 – an ambitious target, but one that, if achieved, will highlight even further the value and relevance of the AIPM to project management practitioners.

Some actions put in place to enable us to reach this target are:

- appointment of a Marketing Manager to focus on promoting AIPM to corporations and government agencies
- development of a national marketing plan and a communication plan along with new marketing materials, aimed at explaining the suite of AIPM products and services to potential members
- improving the website and expanding the Information Resources Centre.

Financial health

It is pleasing to report that the institute has significantly increased its financial health with annual turnover (revenue) doubling to just over \$2 million in the last couple of years. Our total increase in equity (profit) and net assets have also seen a healthy increase, and our cash reserves are substantial enough to allow us to invest in staff, marketing, systems, products and events that will allow us to grow further into the future.

Governance, structure and administration

As a small-to-medium enterprise with an annual turnover in excess of \$2 million, our governance charter, policies and codes of conduct that were put in place when the institute was originally established were becoming out of date and needed a serious overhaul. This process was undertaken last year. The team at national office has been replaced and a number of new positions created to ensure the office can provide better service to all membership categories.

Incentive based contracts have been set for staff to enforce a customer service ethos and provide better accessibility to members. An investment was made in new

database, financial, and voicemail systems, as well as office renovations to house the extended team.

National profile

It is gratifying to see that industry recognition of AIPM products is finally flourishing after many years of hard work by what is essentially a volunteer organisation. Many volunteer hours have been put into developing our suite of products with the goal of these becoming helpful tools for practicing project managers and their organisations.

I can proudly say that after all those years of hard work, AIPM has started to achieve that goal. The interest in our Project Managed Organisation Award is growing significantly, and organisations from practically all industries are recognising it is a key tool in development of their project management capability.

The RegPM program has also taken off, mainly in the defence industry through a strategic partnership with the Defence Materiel Organisation and a number of other defence industry contractors. The collaborative model that was developed for the Defence Materiel Organisation has expanded to many other industries, such as insurance, IT, construction, airline, banking, engineering, consulting, education, health, energy and power.

Significant recognition by government agencies at national and state levels is also growing with a number stipulating that staff and consultants be RegPM award holders. Work in this area needs to continue to ensure the institute adequately serves and represents the breadth of industries practicing project management.

International profile

The AIPM's international profile is that of a leading project management institute, particularly for its world-leading national competency standards and RegPM program. Raising the AIPM profile has continued during the past couple of years through a number of activities, including cooperative agreements with other institutes, such as HKIPM (Hong Kong), PMA (India), IMPA (Europe), SPM (Singapore), APM (UK), and a number of associations in China. These agreements facilitate the exchange of knowledge and widen the services and resources we offer members. Participation in global forums and high profile international conferences, as well as the Global Performance Based Standards for Project Management Personnel Working Group, have continued.

Work is also progressing, albeit at a slow pace, on the Asia Pacific front where the AIPM founded the Asia Pacific Federation for Project Management (APFPM), which has 10 member countries, and is actively seeking reciprocal recognition of certification programs.

RegPM assessment process

A number of steps have been taken to simplify the RegPM assessment process. These were piloted in our work with the Defence Materiel Organisation, in conjunction with our network of assessors. Changes include a revised and more reliable verification process, the development of feedback and grievance

procedures, and the establishment of a continued professional development process for registered project managers.

Simplification of the RegPM assessment process is far from complete, particularly in light of the exponential growth and recognition of the program, and work still needs to be done to ensure a high level of consistency and integrity.

Collaboration with other institutes

The AIPM played a key role in the development, review and industry consultation for the revised National Competency Standards for Project Management, in conjunction with Business Services Training Australia. In the last two years, we also played an active role with Standards Australia on a number of standards development committees that represent various aspects of project management.

Close working relationships are maintained with other institutes, such as the Association of Professional Engineers, Scientists and Managers, Australia (APESMA), the Chartered Institute of Building, Engineers Australia, and PMI Australia through organisation of local events and other joint activities.

Collaboration with academic institutions

Collaboration with academia has developed in the last couple of years through guest lecturers, seminars and representation on course advisory committees.

Additionally, a close relationship with a number of universities and TAFE institutes was developed to enhance the ongoing development, adoption and application of modern project management practices, and to assist in development of project management courses and centres for project management studies.

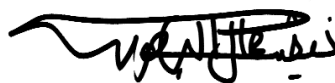
We are also about to launch an Accredited Education and Training Provider Award to attract, and provide recognition for, exemplary project management training and education activities, as well as continued professional development for our registered project managers as part of the RegPM program. A refereed academic journal and an AIPM research scholarship are still under development.

The future

The AIPM has achieved significant milestones in its history by reaching a membership size and level of recognition that will truly enable the institute to become the main voice representing the project management profession in Australia.

Having realised how quickly my two terms passed, particularly as I was serious about making change, I am very proud to have played a small role in that development.

I thank all those who have shown me support during my presidency.



Dr Neveen Moussa
President

From the CEO: An exciting year finishes as a busy year ahead starts



Peter Shears

Welcome to the first *Australian Project Manager* of the new financial year. The 2004/2005 year was exciting for project management and for AIPM with heightened interest in organisations seeking to build project management as a core corporate competency in a range of industries. Indications of this are shown in the annual increase of 27 per cent in individual membership from 4,100 to 5,250. The number of individuals recognised as RegPMs has also increased by 54 per cent. The number of corporate members has also grown by 27 per cent

AIPM has almost completed implementation of a new membership system that focuses on increased visibility to our membership and allows us to target and increase membership benefits. This system is a fully integrated web based solution, giving members seamless access to a rich source of project management resources and events while allowing a secure space to update and maintain personal information. Our website is recognised globally as one of the leading resources for project management information and has more than 800,000 visitors per month.


We invite you to visit our site www.aipm.com.au and take a look at its new features. While there you can login to our membership area and update your personal details. As an incentive we are offering a prize of two fully transferable passes to AIPM's National Conference in Melbourne from 9-11 October and 10 AIPM gift packs, drawn at random from Members visiting our site during September.

AIPM's National Conference is shaping up to be one of the best project management events ever held in Australia. The theme is *Project Yourself into the Future* with keynote addresses by:

- Rob Adams, Director of Design and Culture, City of Melbourne
- Norm Gray, Deputy CEO of Defense Materiel Organisation
- Dr Keith Hampson, CEO of CRC Construction Innovation
- Andrew Penn, CEO of AXA Australia
- David Johnson, Chief Information Office of ComSuper
- Richard Neville, Practising Futurist.

At 5:00pm on Monday 10 October, AIPM will hold our Annual General Meeting at the National Conference. The National Council will be available to answer any questions once formal procedures have taken place. Two key procedures are the acceptance of the 2005 Annual Report and financials, and the appointment of the National Executive elected.

Our annual report will be available at www.aipm.com.au/html/annual_reports.cfm and results of our National Executive election will be available after 15 September at www.aipm.com.au/html/aipm_election_2005.cfm

Lastly, I would like to welcome Jo-Anne Locke to the national office team as our new Membership Manager. Jo-Anne brings with her a wealth of experience in membership relations, having worked at the Australian Institute of Company Directors for the last three and half years. 

Peter Shears

AIPM website news

New website developments were reduced overall from April to July due to the impending arrival of our new fully integrated membership database and website, planning for which is still underway.

The new system will have many benefits, including:

- the ability for members to update their own contact details and book AIPM events online
- introduction of new, improved (and far fewer) online forms
- cleaner, more user-friendly navigation buttons
- printer friendly, back to top functions, and a new 'email this page' function
- more online surveys and quick 'Vox Pop' opinion gathering on topical project management issues
- a far better and much more reliable membership database and CRM system, so AIPM can respond to your needs more efficiently.

The extremely popular **endorsed courses section** was tidied and several new endorsed course providers were added: Codarra Advanced Systems Pty Ltd, iknowma Pty Ltd,

Swinburne University ICS, and Project Management Partners Pty Ltd.

See www.aipm.com.au/html/aipm_endorsed_courses.cfm


The April edition of **PM Select**, the IRC's monthly update of global project management research, successfully trialed a new method of delivering requested articles to members. This means that when the online copyright declaration is filled in and sent, the requested document automatically uploads to your screen.

See www.aipm.com.au/html/pm_select_archive_page.cfm

To help members in the banking and financial sectors find useful project management related material, a new **Banking and Finance** links page has been set up

See www.aipm.com.au/html/your_pm_banking_and_finance.cfm

Check the **PMAA portal** for winners of the State Chapter Project Management Achievement Awards (PMAA)

See www.aipm.com.au/html/pmaa_portal.cfm 

There is also the **AIPM conference portal** for the latest news.

From the chapters

ACT

Over the past six months, the ACT Chapter has had an unrivalled growth in membership. This has reflected significantly in the number of members attending the monthly forums, and using networking opportunities. We have had a wide selection of guest speakers addressing our forums, including Martin Hooper from PCubed, Norm Gray from DMO, Bryan Ahern from the National Council of Arbitrators & Mediators Australia, John Robertson from ACT Procurement Solutions and David Buckley from GHD. ACT Chapter monthly forums are the last Wednesday night of every month and are free. For further details, go to the AIPM website at www.aipm.com.au.

The Chapter has also had a large team working on this year's Project Management Achievement Awards, and their efforts have paid off with the highest ever number of submissions. The gala presentation night was on 31 August and we were honoured to have Raytheon Australia as Gold Sponsors, with ACT Government again sponsoring the ACT Community Benefit Award. In addition, Kellogg Brown & Root and Sinclair Knight Mertz gave support as Bronze Sponsors.

Paul Black
President

New South Wales

There are a few changes to the team due to changes in work commitments and so on. Now the Chapter is back on track with a new e-newsletter editor who has some great ideas and would love to hear from all our members with their news...please forward to me and I will ensure they are passed on. We are finalising an exciting agenda of events, including topics covering finance, legal and overseas work experiences. This year we have had an extremely high calibre of submissions for the Project Management Achievement Awards,

making decisions extremely hard for the judging panel.

Justine Mercer-Moore
President

Victoria

The Chapter is hosting the AIPM National Conference from 9–11 October at the Hilton Hotel. Conference preparation has significantly progressed. A very good response was received on abstract submissions and now papers are being developed. The conference has also attracted a range of high profile keynote speakers. I encourage all members to register to participate; it is going to be a great event with lots of learning and networking opportunities. Registration is now available online.

As a result of the tsunami disaster across South East Asia at the end of last year, a project management response interest group has been established. Known as the aiPMi Project Aid group, it has been set up in cooperation with the local PMI Victorian Chapter. If members are interested in knowing more about this group, please make contact with Robert Nieuwenhuis on 0417 362 261, rnieuwenhuis@terrafirma.com.au or go to the AIPM website link.

We have recently achieved over 1,000 Member status in the Victorian Chapter and are very pleased our membership is steadily growing. If you want more details on what is happening with the AIPM and Victorian Chapter events, please visit the AIPM website at:

www.aipm.com.au or drop me a line.

Bill Young
President

South Australia

I must start with a big congratulations to the ASC on winning the AWD contract and also to their current and future partners, they deserve every success. Following up on this win, MD Greg Tunny

agreed to be our guest speaker at the gala dinner and PMAA presentation on 2 September.

A busy period is approaching with several seminars, and a submarine tour for 20 members that was booked out in the record time of 35 minutes. Nominations for the Project Management Achievement Awards have closed and judging is under way. Add preparations for the annual gala dinner, followed by the October National Conference in Melbourne - before we know it Christmas will be upon us!

Project management as a career is maturing in stature and its desirability for many graduates is reflected in the growing enrolments at UniSA and Adelaide Uni. I was recently asked to give a Microsoft Project introduction tutorial for 50+ first year civil engineering students so they can use it for their end of year design subject. It's interesting that the lecturer wants the students to run their designs using all the tools and techniques of project management, based on a four hour presentation on project management in general. It's a good and positive direction indeed.

Following the last newsletter where SA Water told us all about their PMO, this time corporate member Parsons Brinkerhoff have supplied an article that is good reading. We also thank them for sponsoring the newsletter and printing it for us.

I should also report a disturbing announcement last week by scientists about a new disease that only affects project managers. It's interesting because there are no known symptoms and no known cure - fortunately no one has contracted the disease yet.

Stephen Beaty
President

(PM)

AIPM endorsed project management courses

UNDER ITS CHARTER TO ADVANCE PROFESSIONALISM IN PROJECT MANAGEMENT, THE AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT HAS PROVIDED INDUSTRY LEADERSHIP IN THE ESTABLISHMENT OF NATIONAL COMPETENCY STANDARDS FOR PROJECT MANAGEMENT UNDER THE AUSPICES OF THE AUSTRALIAN NATIONAL TRAINING AUTHORITY AND INDUSTRY TRAINING ADVISORY BOARD. THE AIPM ALSO ENDORSES TRAINING COURSES THAT ARE CONSIDERED TO MEET THE NATIONAL COMPETENCY STANDARDS FOR PROJECT MANAGEMENT AND THE GUIDE TO THE PROJECT MANAGEMENT BODY OF KNOWLEDGE.

The following list gives details on approved state and national course providers.

STATE PROVIDERS

ACT

Australian Institute of
Management ACT & NSW

215 Pacific Highway, North Sydney
NSW 2060

Contact: Wendy McGarva

Tel: 02 9956 3921

Fax: 02 9956 3521

Email: graduate@aimnsw.com.au

Level 1, Deakin House, 50 Geils Crt,
Deakin ACT 2600

Contact: Sabra Veronesi
Tel: 02 6282 1914
Fax: 02 6282 3961
Email: sabrave.aimcam.com.au
Website: www.aimnsw.com.au

COURSE

Project Management Fundamentals

DETAILS

A fundamental approach to project management for low value, low risk projects, or multiple, independent projects.

COURSE

Advanced Project Management

DETAILS

The critical techniques required to plan and organise projects successfully.

COURSE

Certificate IV in Project Management

DETAILS

A nationally recognised qualification with a practical approach to the knowledge areas of project management to provide competency in planning, management and control of projects.

COURSE

Diploma of Project Management

DETAILS

The practical elements of the 9 functions of project management for experienced project managers. A nationally recognised qualification.

A L L P E O P L E , A L L F I E L D S , A L L P R O J E C T S



Project Management Training

NATIONALLY ACCREDITED COURSES FOR ALL LEVELS

F L E X I B L E D E L I V E R Y

Certificate IV

Diploma

Advanced Diploma

Effective, up-to-date skills and knowledge
Best practice strategies
Immediate application

- Tutorials
- Distance
- Workshops
- Short courses
- Customised programs/courses
- Consulting design & development
- Pathway to tertiary qualifications and industry awards

Visit our stand at the
AIPM Conference - October 2005



NATIONALLY RECOGNISED
TRAINING



Endorsed by the Australian
Institute of Project Management



Project
Management
Institute

UNE PARTNERSHIPS

Information/Registration Ph: 1800 066 128 or (02) 6773 0016 • Fax: (02) 6772 5230 • project@unepartnerships.com.au • ABN 74 003 099 125

The education & training company of the University of New England

Australian National University

National Graduate School of
Management Building
120 McCoy Circuit, Acton ACT 0200
Tel: 02 6125 8865
Fax: 02 6125 4895
Contact: Lucy Agar
Email: lucy.agar@anu.edu.au
Website: ngsm.anu.edu.au

COURSE

**A Management Framework for
Business Projects**

DETAILS

Contemporary approaches to the conceptualisation, scoping, planning, management and assessment of business projects. Complements coverage of the Tools and Techniques for Business Project Management course. Both are core courses in the Master of Management (specialising in Project Management).

Australian College of
Project Management

10-12 Colbee Crt, Phillip ACT 2600
Tel: 1300 138 225
Fax: 1300 138 226
Contact: Danielle O'Neill
Email: training@cpmgroup.com.au

Websites: <http://www.cpmgroup.com.au/>
<http://www.acpm.act.edu.au/>

COURSES

**Certificate IV in Project
Management AQF4
Diploma of Project
Management AQF5**

DETAILS

Face-to-face 5 day program based on a work-based project assignment, also online and by distance education.

COURSE

**Advanced Diploma of Project
Management AQF6**

DETAILS

Face-to-face 2 day workshop, also online and distance education.

NSW

AGS Consulting & Training
(division of
Greco Schwartz Pty Ltd)

2 Longview St, Balmain NSW 2041
Contact: Alan Schwartz (Director)
Tel: 02 9810 6413
Fax: 02 9810 6419
Email: GSPL@bigpond.net.au
Website: www.agsconsulting.com.au

COURSE

Project Management Basics AQF4

DETAILS

For team members with little or no project management knowledge or experience. Plus short courses, Diploma of Project Management and RegPM RPM assessments

COURSES

**Project Management
Program AQF5
Managing Successful Projects and
Leading Teams**

DETAILS

For project managers seeking to increase their capability. Covers managing projects in fast changing/uncertain environments.

COURSE

**Program Management & Project
Portfolio Management (AQF6)**

DETAILS

For project managers seeking to become project directors, sponsors, program managers or project portfolio managers.

Project Management Training & Assessment

Australian Institute of Project Management
Endorsed Course Provider

AGS Consulting
& Training
division of Greco Schwartz Pty Ltd

- Public & in-house courses at all levels (AQF 4, 5 & 6)
- Standard or customised
- One to five days duration
- Certificate, Diploma & Advanced Diploma (BSB01 Business Services Training Package) in partnership with the Project Performance Group
- AIPM RegPM professional recognition assessments

AGS Consulting & Training

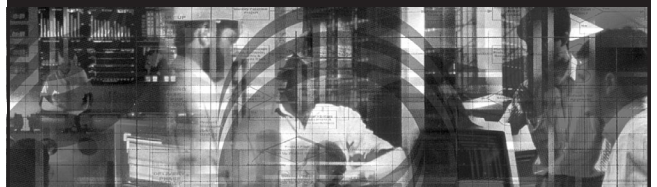
Phone: (02) 9810 6413
E-mail: GSPL@bigpond.net.au
Web: www.agsconsulting.com.au
Address: 2 Longview St., Balmain, NSW 2041



**Competency Based
Endorsed Courses**



panurgem , project management working for you



Panurgem works closely with individual organisations to achieve their project goals.

We provide three key services:

- Developing and establishing tailored organisational project management systems, methodologies and techniques;
- Project management training and skill development programs;
- Experienced professional project managers to lead and manage projects.

Through Panurgem your enterprise can swiftly build professional global practice skills and systems giving you greater control and certainty in delivering project outcomes.

Our key services support both the organisation and project managers in putting project management to work to successfully deliver projects.

Endorsed by the Australian Institute of Project Management



For more information contact Panurgem Project Management and Training
panurgem@panurgem.com.au

Australian Project Management Group

PO Box 335, Moorebank NSW 2170
Contact: Granville May
Phone: 02 9755 2979
Fax: 02 9755 4840
Email: info@apmsolutions.com.au
Website: www.apmsolutions.com.au

COURSE

Diploma in Project Management

DETAILS

Provides project managers, senior management and project team members with the professional skills, and knowledge and core methodology required for managing projects.

ESI International

Level 11, 275 Alfred Street,
North Sydney NSW 2060
Contact: Anthony Cadden
Tel: 02 8584 1700
Fax: 02 8584 1799
Email: info@esi-au.com
Website: www.esi-au.com

COURSE

Masters Certificate in Project Management

DETAILS

Can take courses one by one or pursue a structured program of study leading to a Masters Certificate in Project Management, awarded by The George Washington University.

Hain Consulting Pty Ltd

Level 2, 97 Pacific Highway,
North Sydney NSW 2060
Contact: Dr Stephen J Hain
Tel: 02 9929 6717
Fax: 02 9929 6720 Email:
info@hainconsulting.com.au
Website: www.hainconsulting.com.au

COURSE

Managing Projects and Professional Services

DETAILS

Modules are: understand the big picture, key personal skills, strategic issues in successful projects, plan successful projects, deliver successful projects, manage individual performance, manage team performance, and case studies.

iknowma Pty Ltd

Suite 204/184 Blues Point Rd,
McMahons Point NSW 2060
Contact: Anne Kirby/John Threlfall

Tel: 02 9966 1411
Fax: 02 9475 1116
Email: info@iknowma.com
Website: www.iknowma.com

COURSES

Short Course: Best Practice in Project Management

Diploma of Project Management Advanced Diploma of Project Management

DETAILS

Competency based programs ranging from short courses to advanced diploma. Establishes the context of the client's projects and adjusts length, content and practical workplace-relevant exercises to reflect the client's business, corporate structure, levels of management, methodologies/procedures and toolsets.

MBH Management Pty Ltd

Suite 7, 25-35a Park Plaza, Hurstville
NSW, 2220
Contact: Sarah Quinton
Tel: 02 9570 3160
Fax: 02 9580 4066
Email: mbh@mbh.com.au
Website: www.mbh.com.au

COURSE

Managing by Project – Practitioner

DETAILS

For people in a project management role or on a project team. Introduces the concepts of Managing by Project and the skills for an effective project manager. Includes experiential learning through real-life case studies.

Planpower

Level 5, 261 George St, Sydney
NSW 2000
Contact: Erin Sandford
Tel: 02 9251 5228
Fax: 02 9251 5338
Contact: Erin Sandford
Email: sydney@planpower.com.au
Website: www.planpower.com.au

COURSES

Certificate IV in Project Management Diploma in Project Management

DETAILS

Specialists with expertise in project management, business analysis, organisational and process change. Provides training, coaching and mentoring for organisations wishing to build project management expertise inhouse.

Project Managers Network Pty Ltd

PO Box 68, Lindfield NSW 2070
Contact: John Flynn
Tel: 02 9924 3530
Fax: 02 9416 1574
Email: jpflynn@ozemail.com.au
Website: www.projectalchemy.com.au
or www.pmnetwork.com.au

COURSE

Project Management for Practitioners

DETAILS

Aimed at practitioners requiring formal approaches to managing projects including those with significant external dependencies to control. Shorter courses and mentoring available for beginners, team members and program managers.

Sigma Management Science Pty Limited

PO Box 647, Dee Why NSW 2099
Contact: John Smyrk
Tel: 0418 242 804
Fax: 02 9971 4683
Email: john.smyrk@smscience.com
Website: www.smscience.com

COURSE

Managing Projects for Outcomes

DETAILS

A powerful, innovative approach to project management. Using John Smyrk's ground-breaking ITO model, shows how projects are all about achieving target outcome rather than just complying with the PMBoK.

SkillSoft Asia Pacific

Level 1, 71 Epping Rd, North Ryde
NSW 2113
Contact: Daniel Meek
Tel: 02 9941 6333
Fax: 02 9887 1780
Email: daniel_meek@skillssoft.com
Website: www.skillssoft.com

COURSE

Project Management Basics for Business Professionals

DETAILS

Online. 295 other business and professional skills courses to assist a PMP® secure the 60 professional development units for certification maintenance every 3 years.

**TAFE NSW Hunter Institute
and Living Planit**

Suite 1802, 109 Pitt St, Sydney
NSW 2000

Tel: TAFE 1800 620 280

Fax 1800 678 941

Email: debra.blackford@tafe.nsw.edu.au

Tel: Living Planit 02 9233 3233

Fax: 02 9231 0208

COURSES

**Certificate 4 in Project Management
Diploma in Business Solutions
Through Project Competence**

DETAILS

All needs addressed. Face-to-face,
flexible 1, 2 or 3 days. Courses
underpin Certificate 4, Diploma and
Advanced Diploma.

**UNE Partnerships Pty Ltd
UNEP**

PO Box U199, Armidale NSW 2351

Tel: 02 6771 1097 or 1800 066 128

Fax: 02 6772 5230

Contact: Danielle Hageman

Email:

project@unepartnerships.edu.au

Website: www.unepartnerships.edu.au

COURSE

**Certificate IV in Project Management
(AQF 4) BSB41504**

DETAILS

Provides the skills to plan and
coordinate projects in line with the
objectives of the group.

COURSE

**Diploma of Project Management
(AQF 5) BSB51504**

DETAILS

Provides skills and knowledge to plan
and manage projects that achieve the
goals and objectives of project

managers and their organisation,
regardless of the business or industry.

COURSE

**Advanced Diploma of Project
Management (AQF 6) BSB60904**

DETAILS

For those with a strong background
in project management, provides the
skills and knowledge to manage a
program of works that may involve a
number of separate projects.

University of Sydney

Department of Civil Engineering
Sydney NSW 2006

Director: A/Professor Chris Stevens

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Short courses: Australiawide – www.aipm.com.au/html/endorsed_short_courses.cfm 

by Neil Mann, Deputy Commissioner, Australian Tax Office

GST on long term contracts

Long-term contracts spanning 1 July 2000 were GST free until 30 June 2005 if they did not have a review opportunity. When the GST free transition period ended on 30 June 2005, this tax became payable on these contracts.


These contracts are mainly commercial property leases but can also include infrastructure projects, agriculture managed investment schemes and trustee agreements. Suppliers are those who provide the goods, services or property under the contracts and recipients are the receiving parties.

These changes to the GST law have been made to help taxpayers who have contracts affected by the end of the transition period. From 1 July 2005, suppliers in these contracts can pass on the GST by negotiating with recipients to either accept an increase in the price of the taxable supply or be liable for the GST themselves.

However, until finalisation of these negotiations suppliers are liable for any GST payable from 1 July 2005 and aren't able to pass it on to the recipients. For this reason, suppliers not intending to bear the cost of the GST should start negotiations with recipients as soon as possible.

An independent arbitration process is available to help suppliers in negotiations with recipients.

Note that the tax office is not involved in the negotiations or the arbitration process.

For more information, view the fact sheet, GST and long term non-reviewable contracts at www.ato.gov.au 



Project Management Professionals

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Research shows an increasing demand for project management professional across all sectors of industry. There is recognition that good project management skills and knowledge improves productivity, save resources and creates better outcomes. These skills are not intuitive and can be developed and further enhanced with study.

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Senior management perceptions of top performing project managers

PROJECT MANAGEMENT STANDARDS ARE USED EXTENSIVELY THROUGHOUT THE WORLD IN TRAINING AND DEVELOPMENT, PROFESSIONAL CERTIFICATION PROGRAMS AND CORPORATE PROJECT MANAGEMENT METHODOLOGIES, BASED ON THE ASSUMPTION THAT THERE IS A POSITIVE RELATIONSHIP BETWEEN STANDARDS AND EFFECTIVE WORKPLACE PERFORMANCE.

However, there has been no empirical research reported that supports or indeed questions this assumption.

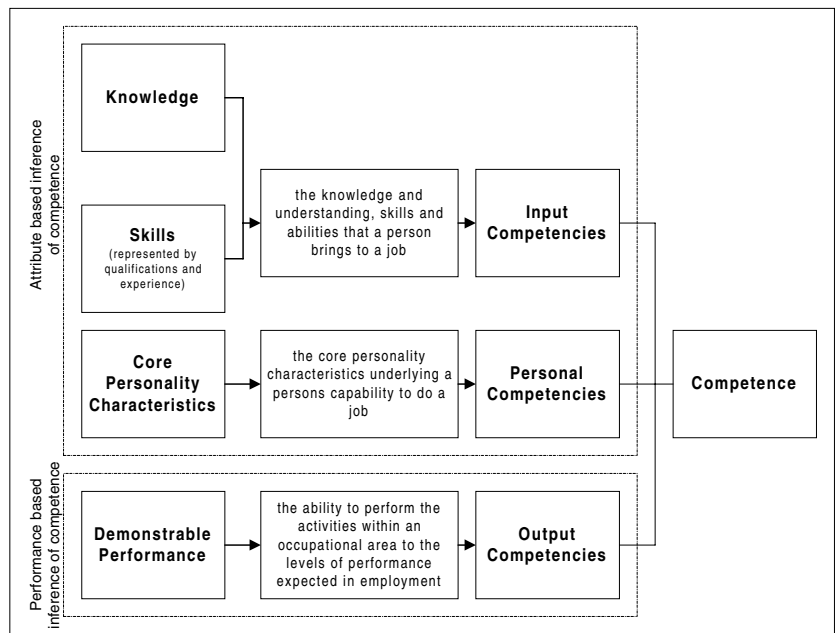
This analysis of data on 208 project personnel from Australia, UK and the USA explored the perceptions of senior management of the relationship between performance against standards and the effectiveness of project management performance in the workplace.

An integrated model of project management competence

Competence was once a simple term with dictionary definitions such as “power, ability or capacity (to do, for a task etc.)” and “due qualification or capacity, adequacy or sufficiency” to do a task. However, the concept of competence has developed different meanings, and it remains one of the most diffuse terms in the organisational and occupational literature.

In the US, a competency model or attribute based competency approach has prevailed, while competency standards, or demonstrable performance approach, is the basis for national qualifications frameworks in the UK, Australia, New Zealand and South Africa.

The following framework was developed to bring together or reconcile the competency or attribute



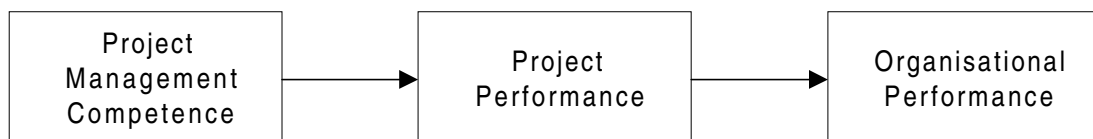
Integrated model of competence showing its components.

based model with competency standards or performance based approaches and provide a basis for identifying and measuring aspects of competence against standards.

The integrated model indicates that competence is not a single construct and is represented as knowledge and skills that can be classified as input competencies and personal competencies. Performance based inference of competence relies on demonstrable performance or use of practices and is represented in the model as

output competencies. Measurement requires standards to rate:

- knowledge, represented by bodies of knowledge such as the APM Body of Knowledge, the ICB: IPMA Competence Baseline and PMBOK®Guide
- demonstrable performance or use of project management practices, represented by performance based competency standards, such as the Australian National Competency Standards for Project Management and those developed within the UK's National Vocational Qualification framework.



Relationship between project management competence and organisational performance

Supervisor rating summary scores

	Supervisor Rating	
	Count	%
Lower performers	95	45.7%
Median performers	32	15.4%
Top performers	81	38.9%
Total	208	100.0%

Identifying top, median and lower performers

	Supervisor Rating	
	Count	%
Lower performers	95	54.0%
Top performers	81	46.0%
Total	176	100.0%

Identifying top and lower performers (median performers removed)

The PMBOK®Guide and Australian National Competency Standards for Project Management were selected as a basis for testing hypotheses on the relationship between performance against project management standards, and perceived effectiveness of performance in the workplace.

Data on performance against standards was collected using a multiple choice knowledge test based on the PMBOK®Guide and self assessment against the Australian National Competency Standards for Project Management.

Supervisor perceptions of workplace effectiveness

Supervisors/senior management were asked to rate project personnel in four areas:

- their value to clients
- their value to the organisation
- the effectiveness of their relationship to peers in achieving project goals
- their ability inspire and encourage the performance of others.

Scores above the median were identified as top performers and those below as lower performers. Participants in this study were considered relatively effective performers who were employed in project roles by organisations that recognised the value of project management sufficiently to support the study, and valued the participants sufficiently to support the time they spent in the data collection workshops.

Nature and context of projects

Another important issue in considering project management competence is the nature of projects and the context within which they are

conducted. This is the organisational context in which the project, the project manager, and team are required to operate.

The main contextual variables used were:

- country
- industry sector of organisation
- application area of project
- project role
- organisational project management competence or maturity.

Variables used to present a picture of the degree of complexity in the projects managed included:

- similarity of projects vs differences
- degree of definition of the project at the start
- degree of definition of goals at the start of the project
- degree of definition of methods at the start of the project.

Confirmatory analysis: knowledge and use of practices

Results of analysis of variance indicate that there is no statistically significant relationship between project management knowledge, demonstrated by total scores on the knowledge test based on the PMBOK®Guide, and the measure of perceived effectiveness of workplace performance.

Analysis of variance at the level of overall use of project management practices indicates no statistically significant relationship between overall use of project management practices and supervisor ratings.

These results clearly indicate no direct relationship between how well project managers perform against standards for knowledge and use of practices, and how well they are perceived to perform by their supervisors.

This suggests that the knowledge and practices valued by project management practitioners, and embodied in their professional standards, are not the same as the knowledge and practices valued by senior managers.

In drawing these conclusions, however, it is important to note that both competence and perceptions of workplace performance are complex and influenced by personality and behavioural characteristics of both the project personnel and their supervisors, the nature of the context in which they operate, and the types of project managed.

Supervisor perceptions

Using logistic regression models, contextual factors of country, project management role, and level of organisational project management maturity were shown to be more important in terms of predicting supervisor perceptions of workplace performance than variables relating to performance against the standards.

It is not surprising that those in higher project management roles (project/program director) are more likely to be rated highly by supervisors than project managers and team members. In this sample, 31 per cent of team members, 43 per cent of project managers and 75 per cent of project/program directors are rated top performers.

The effect of country is that project personnel based in the USA are more likely to be highly rated than those in Australia or the UK. In this sample, 32 per cent based in the UK, 42 per cent based in Australia, and 70 per cent based in the USA are rated by supervisors as top performers, despite

Application area	N	Percentage of top performers
IS/IT and telecommunications	31	61
Engineering and construction	22	27
Business services	45	47
Industrial processes	58	36
Missing	20	14
Total	176	

Percentage of top performers by application area of project

the UK sample, on average, performing better against the standards in terms of knowledge and use of practices.

This suggests that variations due to country may have more to do with factors relating to the supervisors and with cultural values in terms of assessment than they do with actual performance, perceived or otherwise.

An interesting finding is a negative relationship between level of organisational project management maturity and the odds of being perceived by supervisors as a top performer. The higher the reported level of organisational project management maturity, the lower the likelihood of being perceived as a top performer.

Although a wide range of contextual, qualifications and experience factors were screened, only level of organisational project management maturity, country, role, application area of project and industry sector of the organisation appeared in the best reduced models. Examination of other variables indicated that project personnel working on projects that are quite different from one another and with either goals or methods or both not well defined at the start of a project, are more likely to be perceived by supervisors as top performers.

While no statistically significant relationship between overall scores on the knowledge test and supervisor perceptions of performance emerged, further analysis showed that total scores on the knowledge test were associated with increasing odds of being perceived by supervisors as a top performer.

Also, higher levels of project management knowledge appear to positively affect perceptions of workplace performance.

Only one of the nine knowledge domains, quality, had a negative association with supervisor perceptions, while cost, time, procurement and human resources knowledge are positive factors in perceptions of workplace performance.

In use of practices, patterns of positive and negative influence on perceptions of workplace performance emerged. Procurement is particularly interesting as some aspects appear to increase the

likelihood of being considered a good performer, while others are associated with decreasing likelihood.

There is evidence that time planning and management practices, an area traditionally associated with project management, are generally associated with positive perceptions of workplace performance.

Although integrative planning is not a positive factor in perceptions of workplace performance, integrative monitoring and controlling along with monitoring and controlling of time and cost are associated with increased odds of being perceived a top performer in the better logistic regression models.

It is interesting that monitoring and controlling scope decreases the odds of being perceived as a top performer. Allied to this are communication, stakeholder management and project definition.

Supervisors seem to prefer project managers who limit themselves to traditional project management responsibilities of time, cost and procurement and do not trespass into what might be considered general management areas, such as organisation structure, project and scope definition and control, integration and communication.

There are two notable exceptions. One is human resource management

Ref:	Variable	Frequency.	%
1	Manage contract finalisation procedures	75	29.07
2	Cost knowledge	66	25.58
3	Total score on knowledge test	23	8.91
4	Planning – specialist (time)	22	8.53
5	Assess time management outcomes	18	6.98
6	Time knowledge	13	5.04
7	Procurement knowledge	8	3.10
8	Use of time management practices	7	2.71
9	Monitoring and controlling – integrative	5	1.94
10	Human resources knowledge	4	1.55
11	Procurement activities	4	1.55
12	Establish agreed procurement processes	3	1.16
13	Monitoring and controlling – specialist (cost)	3	1.16
14	Monitoring and controlling – specialist (time)	3	1.16
15	Closing – integrative	2	0.78
16	Use of human resource management practices	1	0.39

Frequency of variables that increase the odds of being perceived as a top performer

knowledge and practice which is usually considered by supervisors as the domain of general management and is positively associated with supervisor perceptions of performance.

Another exception is that program/project directors using higher levels of integration and scope practices are more likely to be identified as top performers than project managers or team members.

These results are supported by research by the UK Association for Project Management and a number of leading UK companies (Morris et al, 2000) which showed that areas of knowledge on which there was least agreement among respondents closely mirrored the knowledge and practices this study found to be negatively associated with senior management perceptions of performance.

These results, drawn from two different studies but painting a similar picture, support the proposition that there is senior management resistance to project manager involvement in practices related to strategy, project definition, project integration and communication.

To be rated by senior management as top performers, project personnel should avoid activities that might be interpreted as encroaching upon the territory of general management.

The use of strategy, requirements management, integrative management, performance measurement and information management, and stakeholder management practices is likely to lower perceptions of project management performance by senior managers.

Both ours and the UK studies indicate that the knowledge and practices considered important to the success

Ref:	Variable	Freq.	%
1	Level of organisational project management maturity	84	40.19
2	Assess communications management outcomes	71	33.97
3	Monitoring and controlling – specialist (scope)	14	6.70
4	Use of communications management practices	8	3.83
5	Assess risk management outcomes	7	3.35
6	Communication activities	7	3.35
7	Organisation structure activities	6	2.87
8	Use of project integration activities	3	1.44
9	Conduct procurement process activities	3	1.44
10	Planning – specialist (cost)	2	0.96
11	Stakeholder management (parent organisation) activities	2	0.96
12	Project definition activities	1	0.48
13	Stakeholder management (client) activities	1	0.48

Frequency variables that decrease the odds of being perceived as a top performer

of projects by project management practitioners are different to those valued by senior management.

Further support for these differences in what is valued by project managers and senior managers is provided by other research on selling project management to senior executives (Thomas et al, 2002). According to this study, “in all the interviews conducted, only those at one projectised firm consistently described project management as providing strategic benefits” while all others described it is a “corporate tactic”.

Senior management expectation that project managers will concentrate on monitoring and control of cost and time and delivery of results is supported by the statement that “executives do not view project management as useful for more than a control mechanism.” and a quote from an executive reported to have said “Don’t tell me how it’s done, just show me the results”.

Perceptions vs expectations

This research suggests there is no statistically significant relationship between performance against the standards selected for study, in their entirety, and perceived effectiveness of workplace performance.

Patterns of both positive and negative relationships between performance against parts of the standards and perceptions of workplace performance are evident. This suggests a difference in perceptions and expectations of project

management competence among project managers and their supervisors, senior management.

It seems that to increase the likelihood of being perceived as a top performer by senior management, project personnel should:

- be located in the USA
- be a project/program director
- work in organisations that have a project management system and plans based on previous experience, equivalent to Level 2 of the Software Engineering Institute Capability Maturity Model
- work on IS/IT and telecommunications projects that have high ambiguity (ill defined goals, methods or both) and are quite different
- have high levels of project management knowledge especially in areas of cost, time, human resources and procurement
- concentrate on using time, human resources and procurement practices, with particular attention to monitoring and controlling of cost and time, establishing and negotiating contracts and managing project finalisation.

Project personnel who wish to be perceived by senior management as top performers should be very careful in involving themselves in activities that might be interpreted as encroaching upon the territory of general management. ^{PM}

Email: Lynn.Crawford@uts.edu.au

Website: www.pmcompetence.net

See over for references

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Member profile: building strong teams a key

Neicia Shaw is managing director of NS Project Management, a small business enterprise providing project management services for businesses undergoing change to their property and facilities.

Neicia's extensive experience is in leading and managing fitout programs in the multi-national corporate project environment. She has delivered projects with budgets up to \$35 million and worked throughout Australia and in China. A recent assignment was to redefine the brand integrity of a national retailer across 908 outlets throughout Australia.

"One thing I enjoy about project management is forming and building a strong team of consultants and suppliers to deliver the client's business objective."

Neicia's approach to excellence is founded in a relationship model that achieves ongoing cost savings and service benefits throughout the project lifecycle.

"Each and every project is different; you learn something new. Nothing is ever wasted."

Working on significant projects across commercial, retail and community sectors means managing quite different cultures and structures to drive performance and achievement.

Retail, for example, has a harder and faster lifecycle than commercial projects.

However, the same principles of communication and team building still apply and can be only effectively



Neicia Shaw

delivered through excellent relationship management.

"Clients today demand much more than cost, time and quality control. Each project or program must achieve not only these first line outcomes, but also deliver long term corporate success that adds the 'wow' to the business.

"It might be that the client is looking to achieve uptake in sales, increased market share and brand recognition across the network. In a commercial project, key success factors might be innovative or safer working environments, or increased capacity for operations.


"Working with both the client and a strong team, these are the drivers that make project management very satisfying."

Her most recent work with Digicall Australia was to manage an aggressive national redevelopment program of approximately 60 new and existing Vodafone retail outlets in a 12 month period, originally forecasted as a two year program.

The team consisted of suppliers who singularly were competitors against each other in the same field of expertise.

However, her approach to contract management for this program enabled competitors to come together collaboratively as partners without fear of exchanging and developing information; a unique style of working not generally seen in retail shop fit.

This strategy resulted in a highly successful program both for the client and the suppliers.

Neicia's work has been published in *The Financial Review*, *Trends Magazine*, and *InDesign Magazine*. She has been a member since 2001, is a certified Master Program Director with the AIPM and holds an Advanced Diploma of Project Management through the University of New England. 

Email: neicia@nsproject.com.au

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A powerful synergy: combining value and risk management studies

COMBINING VALUE AND RISK MANAGEMENT STUDIES IMPROVES FUNCTIONALITY AND REDUCES RISKS.

The value risk management process minimises project risks as well as indicating the best value for money solution, ensuring projects have appropriately balanced functionality, risk and life cycle cost.

As risk treatment strategies may not be subjected to value analysis/management in a standalone risk management study, best value may not be obtained.

Moreover, when using value management during the creative idea generation and evaluation phase, the identification and analysis of risks cannot be ignored.

Risk analysis/management

In accordance with AS/NZS 4360 Standard of Risk Management, the steps in risk management are: establishing the context, identifying the risk and analysing and evaluating it, followed by risk treatment, action planning, monitoring and review.

Value management

Value management is a structured analytical process that seeks to achieve value for money by providing all the

necessary functions at the lowest total cost, consistent with required levels of quality and performance.

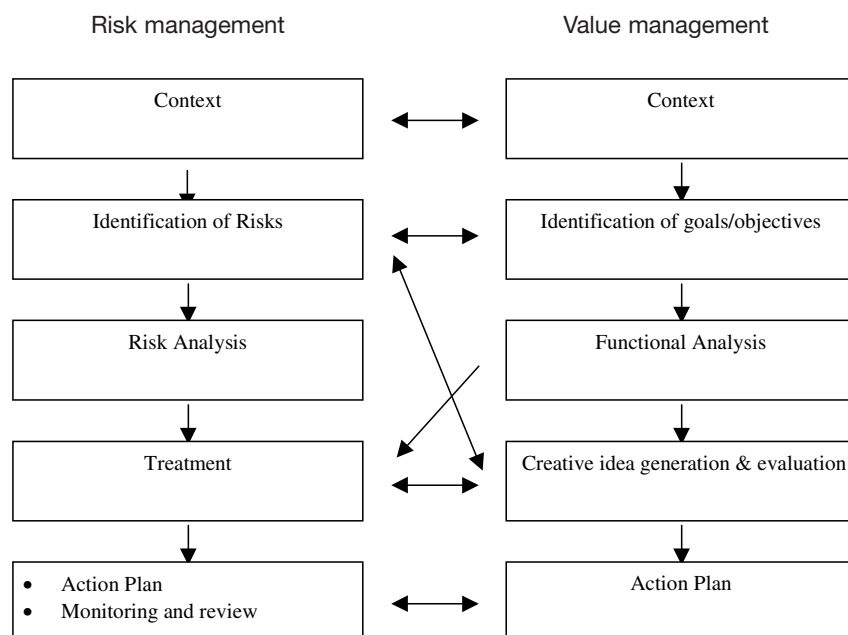
The process separates needs from wants and can be applied to infrastructure as well as non-infrastructure projects. The table shows that project objectives and goals need to be a common feature.

In risk management, risks have to be identified in the context of project goals and objectives, in value management it is important to identify and evaluate these at the generation of creative ideas and evaluation stage.

On the other hand, risk treatment options need to be subjected to value analysis/management to get best value for money. The accompanying case studies illustrate this.

Case study: a car park

A steel framework supports a two storey brick and concrete car park over several freight train lines, a rail junction, a crossover and catch points. The structure is at risk of collapse onto a train if it derails in or around the junction or crossover and collides with columns supporting the car park.



Combining value management and risk management

The objective of the risk management plan was to identify and analyse the risks and recommend risk mitigation strategies.

One of the following four options mitigated most risks with high or above risk levels:

- fully protect the columns
- selectively protect columns
 - deflection wall
 - beams allowing some columns to be taken out
- install guard rails
- demolish car park.

The overall goal was to avoid a train accident and the objective was to mitigate associated risks.

These options were evaluated using value management.

In summary, the value management process that followed risk management processes in this case comprised:

1. An evaluation criteria agreed in a stakeholder workshop:
 - ensure safety of train operations and public safety
 - a cost-effective solution
 - solution provides smooth and efficient train operations.
2. Paired comparison technique and value judgement weightages were applied to the evaluation criteria on a scale of 1 to 10, with 10 the most preferred.
3. Options were evaluated in a stakeholder workshop against the evaluation criteria on a scale of 1 to 10, with 10 the option that fully satisfies that criterion.

As a result, demolition of the car park was the most preferred option. I might add here that in absence of the value management study, site engineers were planning to go for the option of full protection of columns because this appeared the best engineering solution.

In this case, the outcome clearly reduced safety risks, capital cost and design and construction time while increasing the safety of train operations and functional efficiencies because speed restrictions on trains were removed.

This approach also ensured:

- input by all stakeholders
- acceptance by train operators
- optimisation of resources used.

Clearly, using value management in tandem with risk management opened the process to stimulate ideas, improve functionality and result in building value and reducing cost.

Case study: an electrical upgrade

In the early 1950s, progressive electrification of a railway corridor was undertaken. Substations and sectioning huts were constructed using equipment and construction strategies that suited operational requirements of the era. Transmission lines built in the late 1930s were relocated when required to suit the new substations. At that time, they traversed areas of relatively low population.

Today, the life of the original equipment has expired. For example, some direct current circuit breakers exceeded the manufacturer's design life of 2,000 operations by a factor of four. Spare parts can only be procured through special, high cost, limited production runs, or by cannibalising other equipment. Because of population growth, the transmission line traverses a heavily populated area that is also prone to severe bushfires.



The operational and protection methods of the high voltage transmission lines needed immediate review to minimise the risk exposure to:

- a line fault starting a bushfire, and/or electrocuting the public
- re-closing to sectionalise a fault on the line in heavily populated areas.

A value management study was commissioned to identify the optimal solution of these problems.

An analysis of core functional requirements resulted in identifying the need to supply traction power and protect the line by sectionalising its faulty portion.

Major risks in upgrading and maintenance of the electrical system were identified:

- bushfires caused by fallen conductors
- damage to equipment by a lightning strike, its age or surges caused by supply interruptions
- loss of supply to traction system would stop trains and lose customers
- community costs were \$7.10 per hour delay per customer and adverse political/media exposure
- protection risks of a fault in one part of the system affecting the whole system, the protection scheme not meeting current operating practice, and requiring too many re-closings to locate a fault.

It was established that six sectioning huts were affected by the proposal to upgrade. Four options were considered:

1. Do nothing.
2. Repair existing hut + new equipment + brick cubicles between direct current circuit breakers.
3. Repair existing hut + new equipment + sheeting between direct current circuit breakers.
4. New sectioning huts + all new equipment.

Evaluation of these options was carried out using value management and focusing on the need to minimise risks.

Options were preferred in the following order:

1. Option 4 – most preferred as it minimised the risks and provided best value for money.
2. Option 2.
3. Option 3 – least preferred.

Seven options were considered for the substations:

1. New substations, including pilot wire protection of the 66kV transmission lines.

2. Repair existing building + all new equipment, including pilot wire protection of the 66kV transmission lines.
3. Pilot wire protection only.
4. Replace DC switchgear only.
5. Options 3 + 4.
6. Replace 66kV HV switchgear, including pilot wire protection of the 66kV transmission lines.
7. Do nothing.

Options were ranked in order of preference:

1. Option 1 – most preferred as minimised the risk and provided best value for money.
2. Option 2.
3. Option 5.
4. Option 6.
5. Option 3.
6. Option 4 – least preferred.

The optimal solution

Clearly the two case studies established that neither risk management nor value management alone can provide the best solution. A combination of the two results in the best solution, providing the greatest value for money at minimum risk.

In the car park, full protection of columns that was planned in absence of value management would have been much costlier and still require speed restrictions on trains under the car park. Demolishing the car park was cheaper and ensured 100 per cent mitigation of risk.

In the electrical upgrade, value management alone may have ensured all functionality was met at least possible cost, but in absence of risk management input, the option selected may not have been the one with the least risks. TM

Email: dkjain@ezesolutions.com.au

Website: www.ezesolutions.com.au

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Project management proving a vital strategic tool

Large Australian organisations are rapidly moving to adopt enterprise project management to improve their business strategies, according to our survey of 100 top companies.

The survey found that 38 per cent of organisations have created enterprise project management offices in the financial services, telecommunications, utilities, education, government, transport, manufacturing and IT services sectors.

Many of these companies, aware of high failure rates among past large-scale projects, are now managing their reporting processes, governance, process development, resource management, project selection, and benefit measurement across the enterprise from a central office.

Establishment of enterprise project management offices in the upper echelon of large corporations sends a strong signal that chief and senior executives view project management as a strategic tool.

The survey also found an increasing trend towards projects with a duration of more than six months and budgets of more than \$1 million, pointing to an increase in investment. Other findings included:

- two thirds of organisations manage more than 25 projects at the same time, and more than half the companies employ more than 25 project managers
- nearly half of projects involve between two and five departments and 80 per cent of projects involve multiple departments within the organisation, reflecting increased complexity and more enterprise-wide projects
- almost half the enterprises surveyed find their project management tools are not effective. There is a small take up of enterprise project management tools, but it is early days and many organisations lack the maturity to use them effectively
- organisations need to focus on people capabilities and fit for purpose process development to enable effective use of project management tools
- 68 per cent of enterprises are now undertaking project portfolio management, up from 65 per cent last year, indicating a shift towards the centralised alignment of projects to strategy
- large companies are viewing benefits realisation as the

key method for getting projects to deliver organisational goals.

Enterprise project management is now considered a strategic initiative within large enterprises and chief executives and senior management are recognising its importance in executing key business strategies.

Despite this, many large corporations have a long way to go in terms of their project management capabilities. Often their skill level in managing projects does not match the requirements of their business.

Enterprises are still struggling with the silo approach, a lack of sufficient resources to properly support new projects, and duplication across competing business units. Implementation of an enterprise project management office is considered a key step in moving towards creation of the collaborative enterprise.

An enterprise project management office can reduce waste, kill unnecessary projects before they are approved and focus on the organisation's objectives, rather than serve the agendas of competing interests within the company.

The holy grail is to have a series of project deliverables that produce deliberate outcomes which enable strategic goals to be reached.

Most companies are not effective in managing projects across an enterprise and many large organisations attempt to use technology to improve their project management capability. Instead, companies should develop processes that suit the organisation, and conduct change management programs that allow employees to attain the capabilities to adopt the new processes.

Benefits realisation is emerging as an essential component for achieving project success because it is no longer enough to deliver a project on time and to budget. Outputs from the project must also bring measurable benefits to the organisation if the project is to be deemed a success. ^(PM)

Website: eqc.com.au

Why do we say estimate when we mean exact?

THE ARTIFICIAL WORLD WHERE ESTIMATES ARE OFTEN MADE CAN BE AND USUALLY IS QUITE DIFFERENT TO THE REAL WORLD WHERE WORK IS CARRIED OUT.

Often, estimates are put together before we know who is going to do the work, so the skills of the person doing the work are not considered. Even after work is assigned, estimates are not revised to take the skill level into consideration. This assumes we all have the same skills, a false assumption that often leads to project overruns.

It is not uncommon for inexperienced estimators to assume a relationship between one's position within an organisation and their set of skills, and a higher level within the organisation automatically means higher skills. This may be true for specialised skills within that industry and in certain instances, but it is certainly not automatically true.

Often, team members depart a project and we assume the new member has the same skills and can finish the task in the same time as the original member, had they remained on the team.

We 'reward' for finishing before the estimate and 'punish' for finishing after the estimate. But was the estimate accurate? The estimate may have been so grossly over-estimated that a known non-performer could have completed the task in half the time or, alternatively, the estimate may have been so unrealistic and under-estimated that even Superman couldn't do it in the time. Is it fair to measure individual performance based on estimates alone?

What degree of accuracy is assumed in an estimate by the receiver? If the receiver assumes 100 per cent, then we had better ensure the estimate contains heaps of safety (critical chain).

How often do we include the accuracy of estimates in our risk management plans?

Our Gantt charts tell us that the instant a task is finished the person to do the next task in the sequence is waiting in the wings ready to start. How often does this happen, and what does it mean when actuals do not equal estimates?

With all the estimating and simulation tools available to us, how much confidence can we have in the accuracy of estimates? When projects run late, is it because of inaccurate estimates or the method used in converting it to a duration, based on resource availability?

Assuming a team member is working exclusively on one task, how many hours in an eight hour day are reasonable

to devote to that task? I would suggest a maximum of 4.5 hours. You can work team members six hours a day for short periods (10 consecutive days) to get back on track, but after that you will burn them out. You certainly do not want to base your project on achieving six or more productive hours a day for the life of the project. You are just not going to make it if you do.

How do we 'prove' the accuracy of our estimates. I am not talking about critical chain and removing the safety from our estimates along with the removal of task milestones, etc. with the intention of maintaining focus.

I do not necessarily believe that with milestones Parkinson's Law comes into play. Most tasks are late than exactly on time. However, I believe we often miss the opportunities created by early completion of tasks and this needs to be addressed. I believe we need milestones to keep us focused.

There is the issue of efficiency of work time. How long does it take you to regain your thoughts and get back to where you were before that 10 minute interruption?

What about rework, do we plan for it?


The real world

We must have in place a flexible system that allows us to adjust estimates, based on the skills of the person who eventually does the work. Negotiation commences at the completion of estimation.

Apply a weighting to the estimate, based on the assessed skill level of the person doing the work and reflecting their assessment of their skill, not yours.

Do not rely heavily on estimates being accurate.

Do not base measurement of individual performance on comparing actuals with estimates unless you are certain that the estimate was fair and reasonably achievable. Project management is all about people and for successful projects you need a motivated team. This will not be achieved if impossible deadlines caused by impossible estimates have been imposed. The team will just give up.

Make certain your estimates take the real world into consideration. People are not computers. They are not perfect. They make mistakes. 

Freshwater sets new standards in energy efficiency

THE RESIDENTIAL TOWER FRESHWATER PLACE AT MELBOURNE'S SOUTHBANK WILL ESTABLISH A LANDMARK IN ENERGY EFFICIENT DESIGN BY MEETING OR EXCEEDING FUTURE EFFICIENCY STANDARDS AND DEMONSTRATING THAT COMFORT AND QUALITY CAN BE INTEGRAL TO ENERGY EFFICIENT BUILDINGS.

The \$450 million two stage residential and commercial development's north-facing position will occupy the final site on the southern bank of the Yarra River between Southgate and Crown.

The main challenges in constructing an energy efficient building are:

- minimising heat loss or gain through the façade
- selecting materials with low embedded energy levels
- minimising maintenance and running costs for both the body corporate and individual property owners.

Once you overcome these, you have to communicate to potential customers and other stakeholders that the building offers long-term energy savings while maximising the views of the river, parks and city.

You must also show the wider community that the development improves the street scape while providing an enjoyable, functional environment in which to live and work.

Keep in mind that residential and commercial markets do not yet fully appreciate the benefits of energy efficient design and buyers are often not willing to pay the true cost of constructing energy efficient buildings.

You must demonstrate that although an energy efficient building is more expensive to build, over its lifecycle there are considerable savings due to lower energy consumption.

Because of this, Australand bore the development risk of increased construction costs.

As in all developments, we deal with the creation and appreciation of value. This means that in this high-rise residential development, the benefits of energy saving features incorporated during design and construction are enjoyed by future purchasers.

Therefore, it is important that potential buyers understand the benefits they will enjoy if they become owners.

Energy efficiency performance

The installation of energy efficient glass has enabled Freshwater Place to maximise efficiency and guarantee spectacular views from the apartments' floor to ceiling windows that have high performance glazing systems to avoid excessive solar heat gain, winter heat loss, and thermal discomfort near the glazing.



Double-glazing with a grey tint and a low emissivity coating to the outer pane provides excellent solar heat control and thermal insulation without compromising visible light transmittance.

The glazing system provides the facade with the performance required to manage the conflict between natural daylight (visible light transmittance) and energy efficiency (thermal comfort).

Preliminary rating assessments based on a sample of the apartments have revealed that, due to the energy efficient glass, Freshwater Place is likely to achieve an average apartment performance rating in excess of four stars with many exceeding five stars under the National House Energy Rating Scheme (NatHERS).

When taking all factors into account, a rating of greater than five stars will be achieved under the current scheme.

Under this scheme, the three main factors in determining an efficiency rating star are the area of glass, the

direction windows face, and the performance of the glazing system.

The preliminary assessment has also revealed that without energy efficient glazing systems, apartments would achieve an overall average NatHERS rating of 2.5 stars with many achieving zero or only a single star.

Furthermore, the low emissivity double-glazing is expected to reduce annual heating and cooling energy consumption by approximately 30 per cent.

Single glazing would not achieve this level of efficiency as it either transmits or absorbs a large portion of the sun's radiant heat.

This leads to discomfort caused by hot internal glazing surfaces and directly transmitted solar radiation.

Similarly, during winter days and especially at night, the cold internal surfaces of single glazing increase radiant heat loss.

The delivery of energy efficient design solutions, especially in

respect to window glazing, is a developing science.

A developing science

As the construction industry continues to respond to the need for energy efficient products, economies of scale will improve and assist in the development of more cost effective products.

Our construction team managed the logistics of delivering the façade system as well as balancing acoustic and thermal performance.

Major milestones of the project were developing the concept and assessing thermal and acoustic performance requirements, followed by establishing the specification and developing prototype façade panels and performance testing the installation.

The aim was to create a building that would not only be a Melbourne icon but would set a new benchmark in energy efficient construction. [®]

Email: bgillis@australand.com.au



The Australian Institute of Project Management
warmly congratulates
the Chapter and Category Winners of the
2005 Project Management Achievement Awards.

AIPM extends its thanks and appreciation to all entrants for their submissions and their effort. Our thanks also to all our sponsors and the numerous organisations and individuals for their support.

www.aipm.com.au/html/2005_pmaa_winners.cfm

Property managers beware!

RE-ACQUAINT YOURSELVES WITH LAWS GOVERNING COMMERCIAL LEASES – OR RISK THE PERILS OF UNWANTED TENANTS.

This advice is particularly pertinent following a recent court decision, and subsequent appeal in the Supreme Court. While this process occurred in South Australia, it has potential national ramifications as it is generally accepted in all jurisdictions of Australia that a minimum term for which a lease should be entered into by a tenant, inclusive of options for renewal, is five years.

There are differences between the states as to how the minimum five-year term is achieved, however, they are much of a muchness. In South Australia, it is achieved through section 20B(1) of the *Retail and Commercial Leases Act 1995* which states: “The term for which a retail shop lease is entered into must be at least five years”.

Subsection 2 of section 20B then states that a shorter lease will not be invalid, but its term can be extended to five years. In other words, the legislation can operate to amend the term of a lease, and will do so unless certain exceptions apply. The current legislation has potential to create uncertainty and, at times, some rather strange results. If a lease is granted to a tenant with no specified term then, contrary to what the landlord might expect, the tenant may be entitled to a term of five years.

One might expect the landlord who granted the lease to be aware of the legislation, and have no cause for complaint if the tenant insists on its rights to a five-year term. However, care needs to be taken by a purchaser of a property that is already the subject of a lease. A new purchaser may be provided with a copy of a three-year lease or be told by the vendor that the tenant is a monthly tenant with no specified term, but this may not reflect the actual rights of the tenant.

The purchaser may receive an unwelcome shock when it discovers,

after purchasing a property, that the tenant has a five-year tenure. Such a situation unfolded during proceedings in the South Australian Magistrates Court recently. A purchaser of some retail shop premises had been told by the vendor that the occupier was a monthly tenant whose lease could be terminated at any time by the landlord.

After purchasing the property and giving notice of termination to the tenant, the tenant refused to vacate, claiming the right to a five-year lease.

The purchaser/landlord sought our advice. This particular tenant had taken an assignment of the balance of a five-year lease. At the expiry of the five years, the tenant ‘held over’ and remained in the shop, effectively becoming a monthly tenant.

By the time the property was sold, the tenant had been ‘holding over’ for two years, but had been in occupation for about three and a half years in total. The tenant claimed it was entitled to a new five-year lease from the commencement of the ‘holding over’, because it had been doing so for more than six months.

The Magistrate accepted the argument of the tenant, on the basis that none of the exceptions in section 20B(3) to the minimum five-year term requirement applied.

Under Section 3 of the Act, “lessee” is defined to include “the former lessee”, so we argued the assignor was a former lessee, and the period of occupation for the assignor and the existing tenant was greater than five years and the exception in section 20B(3)(d) should apply.

This was rejected by the Magistrate. Following the ruling, the new landlord applied to the Court for an order increasing the rent – still at the level set by the old lease entered into in 1995. One might expect that a Magistrate

would not interfere with any of the terms of the lease, including rent payments. However, he directed that a valuer be appointed to determine a current market rental which would then apply for the extended five-year period. The Magistrate considered he had the power to do so pursuant to the wide powers granted to a Magistrate under Section 68 of the Act.

This decision represents uncharted territory for the courts, and it is by no means clear that other Magistrates or higher courts would take the approach adopted by this particular Magistrate. In our appeal in the Supreme Court, Justice Gray overturned the Magistrate’s decision to extend the lease.

Justice Gray confirmed that no new lease is created by a “holding over” or an assignment. Consequently, the notice of termination given by the landlord was valid.

In conclusion, case law dealing with the statutory entitlement to a five-year lease is still developing, and the practical ramifications of such an entitlement will not always be clear.

In summary:

- a retail shop tenant will be entitled to a lease for a term of five years, unless one of the statutory exceptions apply
- due diligence by a purchaser of property which is subject to a lease should include detailed enquiries about the status of the tenant
- no new lease is created by an assignment or holding over on unchanged terms
- landlords need to consider the consequences of allowing a tenant to hold over for more than six months
- the Act does not operate to grant an assignee of a lease a further term of five years. ^{PM}

Email: lawyer@cowellclarke.com.au

Website: www.cowellclarke.com.au

Best v reasonable endeavours: is there any difference?

CONTRACTS COMMONLY INCLUDE CLAUSES REQUIRING ONE OR BOTH PARTIES TO USE THEIR BEST OR REASONABLE ENDEAVOURS TO PERFORM THE TERMS OF THE CONTRACT OR TO REACH A CONTRACTUAL OBJECTIVE.

These clauses, either express or implied, are typical in construction contracts when there is some uncertainty about a party's ability to achieve a specific objective. During the drafting process, a lot of time may be spent negotiating whether best, reasonable or all reasonable endeavours is the most appropriate term.

The choice is deemed important because a breach will result only from failure to reach the appropriate standard of endeavour, not from a failure to fulfil the actual objective itself. In recent years, Australian judicial opinion on endeavours clauses has shifted away from England. There, endeavours clauses remain differentiated according to the standard of difficulty in fulfilling the relevant obligation.

This means that a best endeavours clause requires a party to do all that is possible without unreasonably damaging its own business to achieve the contractual objective,¹ while reasonable endeavours simply requires a party not to hinder or prevent fulfilment of the contractual purpose.

Best endeavours

The High Court of Australia has held that a best endeavours clause "is measured by what is reasonable in the circumstances, having regard to the nature, capacity, qualifications, and responsibilities of the [promisee] viewed in the light of the particular contract."²

Accordingly, Australian courts will not require a party subject to a best endeavours clause to do anything beyond what is reasonable in order to satisfy its obligations, and give "an honest try".³

Reasonable endeavours

Although subject to less judicial comment than best endeavours clauses, reasonable endeavours has been defined in Australia as "a fair, proper, and due degree of care and ability as might be expected from an ordinarily prudent person with the same knowledge and experience as the defendant, engaging in the defendant's particular conduct or omission under the particular circumstances."⁴

Thus in a 1993 case, a reasonable endeavours clause required a party to spend \$270,000 for a Water Board approval⁵ because the significant monetary outlay was foreseeable (although unknown) at the date of the contract.

Best v reasonable endeavours

Although no judge has actually stated that best endeavours and reasonable endeavours create the same obligation and there is no substantive difference between the two, it is evident from an analysis of recent case law that that is the current interpretation within Australia.

The cases establish that a party's self-interest, or the conflicting interests of third parties, may take precedence over the best endeavours obligation when it would be beyond the bounds of reasonableness to give priority to the other party's interests.

If complying with either clause would be unprofitable for the obligor, the obligor can refuse to engage in the futile exercise of committing its resources to achieve the contractual purpose.

The main limitation, or characterising feature, of a best endeavours clause is the constraint of reasonableness.

From case law in Australia it is evident that courts will read down a best endeavours clause in commercial agreements so it is no more onerous than a reasonable endeavours clause.

Consequently, it would appear that the all reasonable endeavours clause, rather than falling between best and reasonable endeavours, is synonymous with both.

Nevertheless, it may be that when both terms are used for different obligations in the one contract, the court will construe best endeavours as creating a greater obligation than reasonable endeavours.

Practical implications

Some writers recommend that endeavours clauses should not be used in contractual drafting. Others suggest that if one must be used, reasonable endeavours should be chosen to avoid unrealistic expectations by either party.

Ideally, when an endeavours clause appears in a contract, it should refer to objective criteria to measure them. When possible, the parties' should describe exactly what they mean by best or reasonable endeavours, and which considerations ought to be weighed in determining whether the obligation has been satisfied. ^{PM}

Email: djones@claytonutz.com

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¹Sheffield District Railway Co v Great Central Railway Co (1922) 27 TLR 451

²Transfield Pty Ltd v Arlo International Ltd (1980) 144 CLR 83 per Mason J

³Hospital Products Ltd v United States Surgical Corporation (1984) 156 CLR 41 per Gibbs J

⁴Australian Securities Commission v Gallagher (1994) 11 WAR 105

⁵Graeme Webb Investments Pty Ltd v Soerpyk Pty Ltd (1993) NSW ConvR 55-661

Articulating your project scope – logically

PROJECTS MUST COMMENCE WITH A FORMAL STATEMENT OF PROJECT OBJECTIVES, TYPICALLY IN THE FORM OF A PROJECT CHARTER WHICH OFTEN CONTAINS A CONFUSING MIXTURE OF ILLOGICALLY LINKED STATEMENTS.

A useful tool for properly articulating the project objectives for a project charter and scope statement is the logical framework method which establishes in the project charter a hierarchy of four linked project objectives:

- **strategic contribution** – all projects arise from a need to fulfil specific strategic objectives². The strategic contribution articulates the strategic rationale behind the project and must be consistent with the strategic plans of the sponsoring organisation
- **benefits** – projects are created to deliver benefits in terms of either a problem to be solved or an opportunity to be exploited. The benefits describe the intended near term beneficial impact of using the project's outputs. The benefits provide the means to establish the strategic contribution and determine the required project outputs
- **output** – the project deliverable, which is any unique and verifiable product, result, or capability to perform a service that must be produced to complete a process, phase or project¹
- **inputs** – the resources and tasks to deliver the outputs.

Checking the logic

These four project objectives form a hierarchy of project objectives that displays a series of cause-and-effect links between one level of objective and the next. The project objectives are related to each other by a 'means-end' or 'how-why' logic, which is applied as follows:

- start with strategic contribution
Ask "how is this to be achieved?"
The answer should be "benefit".
Then ask, "how is the benefit to be achieved?" The answer should be "project output" and so on
- working backwards from the inputs, check the logic. "Why do we want to achieve this objective?"
The answer should be the next higher objective.

This 'how-why' interrogation helps to ensure a correct and logical articulation of the project objectives. Youker³ provides the following simple example that shows that all projects have a hierarchy of objectives.


Stonemasons are working on a cathedral. The first one, when asked what he is doing, said "hitting stones with a hammer". The second, "making square stones". The third, "building a wall". The fourth, "building a cathedral". The fifth "giving praise to the greater glory of God".

Each is giving an objective for the same project, but at a different level of the hierarchy of objectives. These objectives can be verified by applying the how-why logic. The hierarchy of objectives has two levels:

- strategic contribution and benefits: these are strategic objectives, sit outside the project and answer the question "Are we doing the right project?"
- outputs and inputs: these are operational objectives and sit within the project. These answer

the question "Are we doing the project right?"

The purpose of identifying a hierarchy of objectives is to:

- establish a clear understanding and statement of the project objectives. It avoids the problem of producing vague statements for the project objectives or scattering project objectives across project documents. It also prevents flaws in logic, such as combining different levels of objectives because means and ends are often confusingly combined in project documents. It provides an integrated concise statement of the project objectives
- structure logical thought and judgement of the appropriateness of the stated project objectives, which is particularly useful for soft projects. It also helps prevent omission by oversight and encourages thought not only about the project objectives but, importantly, links between them
- appropriately allocate responsibilities for the achievement of the various levels of project objectives. 

Email: d.baccharini@curtin.edu.au

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- 1 PMI [Project Management Institute] (2004). *A Guide to the Project Management Body of Knowledge (PMBOK)* 3rd Edition. PMI,
- 2 Turner, J R (1999). *The Handbook of Project-based Management – Improving the Processes for Achieving Strategic Objectives*. McGraw-Hill, London. 2nd Ed.
- 3 Youker, R (1998). "Defining the Hierarchy of Project Objectives" 14th World Congress on Project Management, IPMA, Ljubljana, Slovenia, 10-13 June, 347-353

AIPM

National Office:

Level 9, 139 Macquarie Street Sydney NSW 2000
Phone (02) 8288 8700 Fax (02) 8288 8711
Website www.aipm.com.au

contacts

Editorial contributions

As the official magazine of the Australian Institute of Project Management, the *Australian Project Manager* quarterly publication aims to advance the standing of the project management profession by reporting on advances in its body of knowledge, professional achievements on advances in its body of knowledge, professional achievements that illustrate the application of that body of knowledge, and supporting services and products that may enhance the practice of the profession. Project managers control the process of creating new products, new systems, new structures and new environments. Their decisions influence the selection and application of products, services, contractors and materials of all kinds. Professional project management techniques apply equally to management consultancy projects, product development projects, marketing projects, human resources development projects, social policy development projects, research projects, computer system development projects, as well as engineering and construction projects.

The *Australian Project Manager* welcomes editorial contributions that advance the body of knowledge of the project management profession, foster cross-fertilisation between the many fields within which that body of knowledge is applied, and illustrate aspects of its practical application.

Future issues of the magazine will, within limits, include regular single page features on project management law, finance, news, professional practice, industry trends, education, IT and matters of interest to AIPM members. Contributions on these topics are especially welcome.

Information for contributors

Contributors submitting articles for publication should supply the complete article (hard copy and on disk in Word for PC or text only from Macintosh). Articles can be up to two pages – 1600 words, and photos and diagrams are welcome.

Address contributions to:

**The Chairperson, Editorial Subcommittee,
The Australian Institute of Project Management,
c/- Kay Fay, Editor, Unit 1002, Solander,
42 Refinery Drive, PYRMONT NSW 2009
or email to kayfay@bigpond.com.au**

NATIONAL EXECUTIVE

<i>President</i>	Dr Naveen Moussa	0402 963 439	nmoussa@skm.com.au
<i>Vice President</i>	Granville May	0410 508 607	granvillemay@ozemail.com.au
<i>Treasurer</i>	Stuart Hughson	(03) 6271 0340	stuart.hughson@hydro.com.au
<i>Secretary</i>	Dr David Domkins	0417 492 870	DUNKE@chilli.net.au
<i>CEO</i>	Peter Shears	(02) 8288 8750	pshears@aipm.com.au

CHAPTERS

ACT Chapter

<i>President</i>	Paul Black	pblack@netspeed.com.au	0418 626 333
<i>Administrator</i>	Helen Briggs	act.aipm@bigpond.net.au	(02) 6258 0344

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<i>President</i>	Justine Mercer-Moore	justinem@tsapl.com	0410 130 416
<i>Administrator</i>	Wayne Miller	wmiller@aipm.com.au	0403 111 495

Northern Territory Chapter

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<i>Administrator</i>	Sue Pratt	SPratt@engineersaustralia.org.au	(08) 8981 4137

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<i>Administrator</i>	Lorelei Broadbent	aipmqld@associationsupport.com.au	(07) 3211 4966

South Australian Chapter

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<i>Administrator</i>	Skye Colquhoun	aipm@eventscorpsa.com.au	(08) 8332 9411

Tasmanian Chapter

<i>President</i>	Stuart Hughson	stuart.hughson@hydro.com.au	(03) 6271 0340
<i>Administrator</i>	Maria Skillern	maria.skillern@der.tas.gov.au	(03) 6233 7247

Victorian Chapter

<i>President</i>	Bill Young	byoung1@bigpond.net.au	0409 337 718
<i>Administrator</i>	Anne Phillips	vip@pacific.net.au	0417 400 843

Western Australia Chapter

<i>President</i>	David Baccarini	D.Baccarini@curtin.edu.au	(08) 9266 7357
<i>Administrator</i>	Karen Stevens	aipmwest@starwon.com.au	(08) 9311 7111