

UK Project Management Round Up



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INTRODUCTION

Spring has not really 'sprung' in UK so far. Unseasonal heavy snow in April has put back much of the usual delights with migrant birds from Africa and Scandinavia as much as 3 weeks behind their scheduled arrivals and little sign of green in the hedgerows. The impact of this winter on the project world is difficult to read, too, as the construction and building industries still seem slow to pick up.

In this report I will be looking at the UK economy, the outlook for projects and UK project managers.

UK ECONOMY

Growth in the UK economy has been sluggish since 2008 when the banking crisis sparked a major downturn in worldwide growth. The International Monetary Fund (IMF) told the Chancellor of the Exchequer that he is being too heavy handed with the austerity measures and that more needed to be done to encourage industry. As output in UK remains some 2.6% below that of the level pre-crisis, UK is weaker than all EU countries except Italy. Compare this with USA, Canada and Germany who have all passed their pre-crisis output levels.

There is some glimmer of light at the end of the tunnel as UK avoided the so called triple dip recession and GDP rose by 0.3% - not a huge amount but enough to spark a small surge against the mighty Dollar and Euro. Figures released in the last week



Photo courtesy *The Independent plc*

of April showed that steady increases in the service sector offset continuing weakness in manufacturing. As the project world is part of the service sector, it is not unreasonable to think that the British have Project, and Programme managers to thank for such progress as we have seen.

Interestingly, Santander, the largest bank in the Eurozone, thinks that the worst is over in UK. Despite rising costs of banking and an erosion of 9% in their cost / profit ratio, Santander UK CEO **Ana Bolin** (pictured left) stated that she foresaw signs that 'greater stability' would improve their trading

position. Santander is increasing its lending to Small and Medium sized enterprises (SMEs) to build its market share to 5.3% from 4.7%. Although they see the economy as remaining weak, strong earnings growth is forecast of the rest of this year.

One factor that has yet to make a major impression is the change in stakeholder relations at many major organizations. While investors approved broadly of the 'golden hello' awarded to the new CEO at AstraZeneca, Taylor Wimpey, one of the major house builders in UK has just emerged from a bruising encounter with shareholders over the company's remuneration report, despite a strengthened order book. This rose by 27% to around £1.6 billion in the first quarter. Similarly, defence specialists Chobham struggled to have their pay package approved with 9.8% against and 5.9% withholding their vote. Chobham shares closed 2.2% up on the day. While the numbers are significant for investors, their impact on projects is not yet clear as reports on pay trend for Project staff shows continuing weakness. The clear feeling amongst the share buying public is that Company Directors are overpaid for the work they do, with many seen as being rewarded several times over for the same performance. These are not simply presentational matters and the implications for Project Managers is not yet clear but a good case could be made for improving rewards for project staff since their performance is relatively straightforward to measure.

Alternative Projects

There have not been many new projects to report in the first quarter of the year. New nuclear still seems to be progressing fitfully with the main players still attempting to negotiate better rates from the Government. Worryingly, redundancies have been announced at Hinkley Point but these are expected to be amongst process workers. There is no news on when construction at any of the 10 sites identified for extension or new build.

One of the more interesting developments recently has been a renewed interest in how young people are prepared for the world of work. With unemployment amongst the nation's under 25s at an all time high, there is sustained criticism of secondary and tertiary education. These sectors are felt by many to be producing young people with few of the essential skills needed fit them for work in the modern world where basic skills in traditional subjects such as literacy, numeracy and problem solving are all seen to be vital to the nation as well as to young people.



So it came as welcome news that vocational education is receiving more attention from many influential figures in industry and Government. A report in the Time (Matthew Parris 23 Apr) highlighted the work being done at the JCB Academy. Based in Staffordshire, the JCB Academy is one of the new University Technical Colleges and has links to 4 universities in the Midlands and to Cambridge University.

Well equipped facilities at the JCB Academy. Photo courtesy The Guardian.

Here young people undergo a longer working week than is generally available at a secondary school and cover a wide range of subjects – the core curriculum that must include at least one foreign language. However, the focus is on engineering and business; both theory and practical training are covered. One of the key factors is that the Academy is equipped for problem solving and project management. The Academy is particularly well equipped with work benches, lathes, milling machines and the like but tellingly, computer based 3D imaging equipment is also available so that rapid prototyping can be, and is, done.

The sponsors, JCB, have contributed significantly to the £650,000 start-up costs and also offer apprenticeships to some post Academy students. While there are a number of areas of contention about the concept, it seems clear that the students, some as young as 14, benefit from this approach. One of the very important points to emerge from the newspaper report is that the role and value of vocational training has received a boost from enlightened industry (much as happened in the 18th, 19th and early 20th centuries where the great Midland industrialists set up their own technical colleges and housing schemes to ensure a supply of suitably skilled employees) – and public attitudes also seem to have shifted to value what is often seen as a poor relation in British education.

Another interesting development comes from the Army, not normally noted as users of project management since they usually carry out operations and strive to reduce their problems to ones of process that can be routinely managed. However, the Territorial Army, Britain's part time soldiers, are working with local groups of unemployed young people to give them basic engineering skills intended to help them into work.

Under this project, young people who are not otherwise in employment, education or training are helped to gain basic



TEDS student with buggy. Courtesy Myerscough College

engineering skills through construction of off-road buggies (see picture above) from flat packs. This is a new role of the Army who, although well used to social and community projects but overseas, rather than in their home areas, are have not previously been involved in community work in UK.

The Army role supports Prince Charles' initiative to support regeneration work. The projects are currently based in the north of England. Other active participants include local Councils, colleges and businesses in Lancashire, Durham and Yorkshire who all combine to give students the opportunity to learn team building and social skills as well as basic engineering and mechanical techniques.

Health and Safety is an integral part of the TEDS courses, as is proper use of a wide range of tools. Myerscough College in Preston provides support in literacy and numeracy, often areas that employers find weak in young job applicants. These courses have been running since 2010 and while they are not aimed at gaining recruits, there is an obvious attraction for students who see the Army as a stable and long term career despite the planned reduction in Army numbers over the next 5 years.

OUTLOOK

Arras People have again issued the results of their annual survey of the project industry and there are many interesting aspects to the report. The main finding from the 2012 survey is that it was a difficult year for many practitioners. The report authors, though, are cautiously optimistic and believe that the outlook is better for project professionals in the coming year. There are still challenges – mainly little if any income increments, squeezed day rates and few new opportunities – but it seems that the worst of the economic contractions may be over. The full report is well worth reading and can be downloaded from www.arraspeople.co.uk

About the Author



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