

## **Project Management Report from São Paulo**



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### **Corruption and project management**

On May 27, 2015 the world woke up terrified with the operation led by the FBI to arrest seven directors of FIFA. The reason for the arrests was corruption in many TV broadcasting contracts from various championships around the world.

This is not an isolated case of corruption in the world. Far from it. We are living in Brazil since last year with an unprecedented corruption scandal in Brazil's largest company, Petrobras. This scandal involved several stakeholders like politicians, businessmen, directors and managers of Petrobras.

The corruption occurs in many ways and in many situations. One of the biggest corruption occurrences are in the projects due to the high amounts involved. Exactly in this context we have a vulnerability in this process. The projects are one of the main areas where corruption resides and thus must be addressed harder.

#### **Good practices are necessary but not sufficient**

It is true that today the good project management practices are widely practiced around the world. There is also the adoption of corporate governance as well as the project governance. In most cases, the projects are managed by professionals certified by PMI ® or IPMA ®, but the problems with corruption still occur frequently. Many companies also use the FEL methodology developed by IPA (Independent Project Analysis) to ensure the profitability of large projects and still accumulate losses due to corruption.

The PMI also has a comprehensive Code of Ethics directed to the project manager's role.

Despite all the advances in the use of tools and techniques in programs and project management, good practices are necessary but not sufficient. This is a reality.

### **Sox Law: that is a good example**

Can we go back in time to 2001, immediately after the world was still traumatized by the attacks on the World Trade Center in New York. The accounting scandal in one of the largest American companies, Enron, demanded that it be sanctioned by the US Congress who enacted a law to set new standards and improvements for all US public companies, boards of directors and internal business administration. It was the Sarbanes-Oxley Law, known as Sox Law.

The Sox Law has allowed greater investor confidence and the sustainability of organizations. A breakthrough of this law was to blame the individual for the crimes and not only companies, which dramatically inhibits actions in violation of existing laws.

Why is there no specific legislation to ensure that projects are managed by the main stakeholders within the ethical and moral standards required by, for example, PMI®'s Code of Ethics?

### **Certified projects: an important option**

Once during a workshop at the International Project Management PMI Sao Paulo Chapter Seminar in 2010, the keynote speaker divided the audience into groups and asked to discuss what actions would be important for the growth and establishment of PMI Sao Paulo Chapter. One of my suggestions was that the PMI should promote project certification, i.e., projects that met the requirements established by the entity would receive certification. The advantages would be projects carried out in correct form, the greater employability for project management professionals and a greater appreciation for the entity. To date I am unaware of any movement in this regard, but we reiterate their need.

An example of the need to incorporate certifications is on the green buildings. Certifications such as LEED (American certification) and AQUA (French certification) are the best examples to ensure that projects achieve their goals. Compliance with specific requirements related to the environment and sustainability allows projects to receive green building seal.

Returning to project management, institutes such as the PMI and IPMA®, among others, all have similar certification insertion conditions. It would be a gain for the entities, companies, professionals and especially for projects.

Project certification would be a mechanism to ensure project success and one of the main objectives is the cost of the project. Having the cost as one of the project goals, corruption would certainly decrease although not to say it would be totally eliminated.

### **More effective actions against corruption**

In projects of great values, such as in Engineering & Construction and Oil & Gas, more impactful actions are required (specific laws and / or project certifications) in the project management, with no less impactful discussions on community project management needed.

Project management should be more predictable, not limited to just following the recommended processes of various methodologies, but fighting this cancer that erodes the health of projects, companies and especially governments.

We as part of the project management community cannot let it happen; this is said in a popular expression in Brazil: Opportunity makes a thief!

## About the Author



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**Maurício Lopes**, PMP is a Project Management Specialist. He is a PMP certified in 2000. He is a civil engineer with MBA in Project Management. He was one of the founders of the São Paulo PMI Chapter and Financial Director, Administrative Director, member of the Steering Committee from 1998 to 2003. He was vice-coordinator of the Project Management Division of the Engineering Institute of São Paulo from 1998 to 1999. Since 2004 Mauricio Lopes has been speaking in project management courses for CPLAN, FATEC, INPG, IETEC and FIA. He has 20 years of experience in project management with main focus in the engineering & construction area. Currently, he is associate director of M2L Project Management ([www.M2L.com.br](http://www.M2L.com.br)), a company specialized in project management consulting and implementation operating in over 40 large engineering & construction projects. Mauricio Lopes is author of articles for Revista Grandes Construções, a magazine specialized in engineering & construction, and he has the main characteristics related to project management - lean, practical and systematic ways. Mauricio is an International Correspondent for PM World in Brazil. He can be contacted at [mauricio.lopes@M2L.com.br](mailto:mauricio.lopes@M2L.com.br).

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