

29th World Congress International Project Management Association (IPMA) 2015, IPMA WC 2015, 28-30 September – 1 October 2015, Westin Playa Bonita, Panama

## Engineering and infrastructure projects in Ministry of Industry and Trade of Russia: Balance of governance and management

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### Abstract

The Ministry approach to management of industrial projects is determined by its stakeholder roles as an investor and formal customer, whilst beneficiaries are industry enterprises. Peculiarities of industrial projects are related to their size and complexity requiring the horizontal and vertical cooperation of a large number of participants. Management efficiency in these projects is achieved through the creation of rules and standards that are mandatory for use by all participants. But the culture of project management in organizations of the industry does not quite homogeneous, so the Ministry develops two project management contours – internal and external. The internal contour defines responsibility, duties and interaction rules of the Ministry staff during public contracts execution. The external contour includes a set of institutional, methodological, instrumental and organisational tools to ensure alignment and sustainable development of project culture of organizations in the industry.

The focus of the paper is inner the Ministry methods and tools that include not only contract management, which is mandatory for executive authority in a public contracts, but also assessment of contractors, monitoring and audit of project progress, project risk analysis, portfolio management, etc. The main advantage of this approach is achieving the optimum balance of responsibility for projects in the industry, when operational functions (project management) are delegated to the level of beneficiaries and contractors without fear of loss of control and functions of tactical and strategic (project governance) are centralized in the Ministry without increasing or even to reduce the burden on its staff

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Peer-review under responsibility of the organizing committee of IPMA WC 2015.

**Keywords:** Industrial project, Public contract, Project governance, Cooperation

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## 1. The Ministry approaches to the implementation of project management methods

Implementation of project management methods in the Federal bodies of Executive power in contemporary Russia has a very short history. And the techniques and practices are just beginning to take shape, the professional community in the early stages of formation. The current situation in the field of project management in the public sector cannot be considered satisfactory. Common place is the low efficiency of these projects, delays, cost overruns, poor quality work. Not prioritized, there are several reasons, which are in the opinion of the author defines this situation.

The maturity level of project management in the organizations involved in the execution of public contracts does not often correspond to the complexity and scale of the problem. It can be stated that there are significant differences in the levels of project management culture, even among the same industry organizations. Most organizations do not use professional project management techniques, many are not even aware of the usefulness of such methods.

The situation is exacerbated by the fact that the ability of a potential contractor professionally to manage the project professionally often is not even included in the selection criteria of public contracts. This, in turn, shows a low level of project culture of the executive authorities, do not attach importance to this factor, which is actually a large extent determines the success of large-scale projects.

Important factor constraining the implementation of project management methods in the Federal bodies of Executive power is the lack of accurate and consistent understanding of what their specifics and how they differ from traditional project management methods. This causes uncertainty both in the determination of project management processes, and the formation of training programs, and the choice of mechanism design motivation. It should be noted that the existing regulations and guidance documents (in Russia) fill this vacuum only partially, setting general rules and a very broad framework, encompassing a significant but relatively small classes of projects.

Thus it can be concluded that the implementation of project management methods in the Federal bodies of Executive power shall be carried out in two main directions:

- Development of the inner contour of project management, defining areas of responsibility, duties and rules of engagement of civil servants of the executive authorities in the execution of public contracts. These include not only the functions of contract management, which is typical for the current situation, but also the function of project management, such as the assessment of potential contractors, project monitoring and audit, control the transition between the phases of the project, risk analysis, etc.
- Creation of the outer contour of project management, which is a set of institutional, methodological, instrumental and organizational mechanisms to ensure alignment and sustainable development project culture of all organizations in the industry. Within this framework, need to talk about the creation of expert communities, the development of voluntary certification systems, formulation of sectoral professional and educational standards, etc.

Such approach will ensure in the future the optimal balance of responsibility for project management in the industry, when

- operational deals (project management functions) are delegated to the level of contractors without fear to loss of control;
- strategic and tactical deals (project governance functions) are centralized in the Federal bodies of Executive power without increasing or even with reducing the burden on its staff.

The Ministry for several years conducted focused work on the implementation of project management methods (Nikitin, 2014). The paper presents both already implemented methods and tools, and ideas planned for implementation in 2015-2016.

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