



PMI - AGC Kuwait E - Flash

The Project Management Institute
Arabian Gulf Chapter - Kuwait Region

Second PMI Meeting with KPC at KPC Head Office

Further to the visit of PMI CEO Mr. Gregory Balestero with KPC, a follow up visit was conducted in May by the local Kuwait Region along with Mr. Harry Stefanou, Vice President Market & Business Development of PMI. This visit has specifically focused on the tools and services offered by PMI and how KPC can make use of and benefit from them.

Mr. Stefanou provided an extensive presentation touching on PMI publications and standards, professional certifications, training and networking opportunities. In addition, the PMI VP explained that KPC can utilize the "Organizational Project Management Maturity



PMI AGC Kuwait delegation along with Mr. Stefanou visiting KPC Management.

Model" (OPM3) in helping maintain and improve KPC project management practices; as OPM3 provides an opportunity to examine project management process capabilities from the project to the portfolio management level. OPM3 helps corporations measure their maturity against best practices and plan for improvement.

Furthermore, the PMI delegation explained that KPC

can secure project management "competence development and retention" by

- utilizing Registered Education Providers (REPs);
- participating in PMI seminars and conferences;
- certifying its employees as PMP, PgMP, CAPM, etc;
- developing a qualification criterion for its project managers and staff working on projects; and
- ensuring that its consultants follow the international standards on Project, Program, and Portfolio management.

In closing, the PMI delegation extended to KPC its full support and cooperation when and as needed.

Upcoming Events

Annual Conf.: 12th International Conference

Dawn of a New Era: Paradigm Shift in Project Management

For info, please email to: salim.bhuria@aramco.com

- Workshops: PMP Certification - Project Risk Management - Value Engineering - People Management Skills - Managing Multiple Projects - OPM3 - Project Management Office - Program Management Professional - Etc.

- Speakers from: N.Z. Switzerland, India, Qatar, KSA, Kuwait, USA, Pakistan, Dubai, Canada, Oman & UK.

- Presentations Topics: Productivity Tools - Human Factors - Project Stakeholders - Alignment with Organization Strategy - Contracting Strategy - Risk Factors - PMO - Performance Measurement - Etc.



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PM Tip of this issue

Be sensitive to your company's risk mentality or culture. It will likely influence your project(s)."



**KHARAFI
NATIONAL**



Kuwait Statistics

	Members	PMPs
Kuwait	245	62
PMI AGC	3,705	1,060

The choice of one contract type or the other must take account of the business 'culture' of both sides as well as the nature of the



To feature your project, email us your press release highlighting the following:

- Project major achievements;
- Benefits to the local community; &
- Project statistics / highlights.

Lump Sum versus Reimbursable Contracts!

In accordance with the Project Management Body of Knowledge, the PMBOK, contract types need to be assessed based on the degree of risk the owner and the service provider are willing to take.

Lump-sum contracts are based on fixed total price for a well defined scope of work where an incentive can be agreed on for meeting project targets. A basic lump sum contract would specify when the service will be delivered and for what price.

Cost reimbursable contracts are based on payments to the service provider for actual costs incurred in addition to a fee. The costs here would include direct costs for the performance of the services and indirect costs covering overheads and administrative costs. Incentive clauses may be added for meeting specified project targets such as schedule or not to exceed price that will allow for bonus payments to be made.

Cost reimbursable contracts can be of the following forms:

1. Cost Plus Fee
2. Cost Plus Fixed Fee

3. Cost Plus incentive Fee

Please refer to the PMBOK Chapter 12, Project Procurement Management, the "Plan Purchases and Acquisitions" process.

On an additional note, John Dingle, in his book *Project Management Orientation for Decision Makers* (1997, pp. 173-182), emphasized that a lump sum contract minimizes the owners risk but requires a lot of information in order to fully define the work. Alternatively, a reimbursable contract requires little information to define the scope of work but exposes the owner to considerable risk.

Dingle continued, it will be obvious that situations may arise where this is unavoidable, but those situations should not be allowed to continue for very long. Converting from a reimbursable to a lump sum contract regime is therefore quite a common practice. If the

work content and scope of the project can be clearly defined then it makes sense to use a lump sum contract because this motivates the contractor and minimizes the owners commitment of resources. If the work content and scope are not clearly defined, the owner will have to assume substantial control of the project, and it is preferable to use a reimbursable type of contract.

Sometimes, both parties can agree that the initial work should be carried out on a reimbursable basis until the project is properly defined, when the contract regime should be changed to lump sum adopting work packages approach as the work is progressively defined. The choice of one contract type or the other must take account of the business 'culture' of both sides as well as the nature of the project.

World View: Abu Dhabi U.A.E.

Fossil fuels have supplied the driving force behind Abu Dhabi's economy in recent years. With almost one-tenth of the world's oil supply, the emirate controls the world's largest oil fund, totaling \$875 billion in assets.

In 2008, the oil sector will represent nearly 60 % of Abu Dhabi's GDP, which is ex-

pected to reach \$105 billion.

But the focus is shifting as the government reinvests oil revenues in other sectors.

The Abu Dhabi Department of Planning and Economy reports it expects the emirate's GDP will reach \$300 billion by 2025 and only 40% of that figure is expected to come from the oil sector. New eco-

nomics drivers will include construction, electricity and water, telecommunications and tourism. The emirate is already making progress with its economic strategy as during the 1st quarter of 2008, non-oil exports increased by 57%.

Source: PM Network October 2008 - Page 112, by Sandra A. Swanson

Is your membership in PMI about to expire?

Renew now for uninterrupted delivery of your PMI publications and all of the benefits that you can access as a PMI member.

To renew today, simply log in to PMI.org and purchase a membership renewal from the Marketplace. If you have already created a profile and need to update any information, click on the My PMI tab after logging in to PMI.org and select the areas that you need to update from the listing on the left side of your screen.

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- Special money-saving members-only rates on credential examinations AND on PMI-provided professional development courses and events, where you can earn PDUs toward maintaining your credential
- Free, exclusive members-only access to PMI standards via PMI.org
- The new PMI PathPro™ online career assessment tool to

help take your career to the next level

- Free 24/7 access to top project management and business books through eReads & Reference
- Networking, learning and sharing through local PMI chapters and global virtual communities – open to members only
- Continuing service of your PMI publications, so you will not miss anything happening in the world of project management.

Register for our Mailing List

In order to be up-to-date with the Kuwait Region local activities, you can register by emailing your details as follows:

Name:	Company:
Title:	Department:
PMI ID:	PMP ID: (If applicable)
Email:	Contact No.:

Please email to Mr. Ahmad Khalil ahmd.samir@gmail.com

PM Useful Links

PMI: <http://www.pmi.org>

PMI AGC: <http://www.pmi-agc.com/>

eReads & Reference: <http://www.pmi.org/Resources/Pages/eReads-and-Reference.asp>

Free PM Templates: <http://www.e-projectmanagers.com/joomla/>



شركة التنمية النفطية (ش.م.ك.)
Oil Development Company (K.S.C.)
A Subsidiary of Kuwait Petroleum Corporation



إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

“Register to be up-to-date with local activities”



الشركة العربية للتجارة
Arabian Construction Company WLL



شركة الفارس لتكنولوجيا المعلومات
Al-Faris Information Technologies Company
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With more than 260,000 members in over 171 countries, PMI is the leading membership association for the project management profession. PMI is actively engaged in advocacy for the profession, setting professional standards, conducting research and providing access to a wealth of information and resources.

PMI also promotes career and professional development and offers certification, networking and community involvement opportunities.

The PMI - Arabian Gulf Chapter (AGC) was formed in August 1992 and was officially registered in December 1992. The PMI-AGC has seen substantial growth since then and currently has more than 3000 active members.

The PMI-AGC Kuwait (AGC-K) region was formed in September 2006 and has been active ever since to serve the demands of the local members and industry while improving awareness of the tools and practices of project management.

Editors Photo of this Issue



Project Harley "Blitz Bomber"

To contribute to the PMI AGC-K eFlash, please send your

- Articles (Max 200 words)
- PM tips for the issue
- PM useful links
- PM photos / cartoons

To w.jasem@knpcc.com



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