



PROJECTS ON THE MAP

Poland

With a thriving economy and a strong project landscape,
Poland shines as a European beacon.

BY MATT ALDERTON



Warsaw city center

While many countries continue to feel the effects of the global financial crisis, Poland not only survived relatively unscathed, but is now stronger than ever.



"There are new companies coming into Poland and new projects starting up here all the time. Our situation has changed by 360 degrees, and that's very exciting."

—Antoni Starczynowski, PMP, Hewlett-Packard Polska, Warsaw, Poland

At the height of the downturn in 2009, the European Union's (EU) gross domestic product (GDP) contracted by 4.5 percent. Poland's, by contrast, grew by 1.6 percent. In the four years that followed, GDP growth totaled 5.5 percent across the EU. In Poland, it totaled 20 percent.

Since the end of communist rule 26 years ago, the EU's sixth-largest economy has developed a strong internal market that so far has been immune to external conditions. Poland's bright present belies its bleak past, according to Antoni Starczynowski, PMP, a Warsaw, Poland-based client program and project manager, Hewlett-Packard Polska.

"In the past, we were a poor nation in terms of development and wealth; now, it's time to buy," he says. "We didn't have cars. We didn't have phones. We didn't have televisions. In the last 10 to 15 years, people have been buying everything they used to lack."

It's not just people—it's also government and business. Catalyzed by a massive EU aid package that's incentivizing everything from highways to stadiums, both the public and private sectors are making sizable investments in Polish projects.

"There are new companies coming into Poland and new projects starting up here all the time," Mr. Starczynowski says. "It's totally different than it used to be 20 years ago. Our situation has changed by 360 degrees, and that's very exciting."



Tourists in Sukiennice Cloth Hall in Krakow, Poland, a major shopping destination

FROM SEEDS TO HARVEST

Poland's metamorphosis from communism to democracy sowed the seeds of its growth. What has helped the seeds grow, however, is Poland's membership in the EU. Since joining in 2004, the country has adopted EU legislation leading to numerous financial and legal reforms that have made it more hospitable to the private sector.

"Because of these EU requirements, government agencies had to start projects—in IT, construction and many other areas—to become more compliant," Mr. Starczynowski says.

The country also has accepted over €68 billion in EU funding that has been used to fill Poland's sizable infrastructure gap. Between 2007 and 2013, EU funds financed nearly 1,300 kilometers (808 miles) of motorways, expressways and national roads; modernization of more than 600 kilometers (373 miles) of railway lines; and reconstruction of eight airports.

"The communist system was not so good for investment," says Jaromir Mikołajczak, project manager freelancer, Hitachi Zosen Inova AG, Poznań, Poland. "So a lot of infrastructure is needed."

Through 2020, the EU will give Poland another €82.5 billion, a large portion of which is earmarked for infrastructure projects, including 1,800 kilometers (1,118 miles) of new roads and modernization of 61 existing railway routes, as well as thousands of kilometers of new broadband Internet networks, wastewater pipes and energy infrastructure.



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—Jaromir Mikołajczak, project manager freelancer, Hitachi Zosen Inova AG, Poznań, Poland

Poland at a Glance

Population:

38.3 million

Size:

312,685 square kilometers
(120,728 square miles)

GDP (2013):

US\$814 billion

GDP growth rate (2014):

3.3%

Primary industries:

Iron and steel, coal mining, ship-building, food processing, textiles, chemicals, machine building

Gross national income per capita (2013):

US\$13,240

Sources: World Bank, Central Statistical Office of Poland, CIA

SECTOR TO WATCH:

Defense

Political unrest in Eastern Europe could mean new opportunities for project practitioners in Poland's budding defense industry.

"We have a not-so-good situation behind our east border with Ukraine right now, so for sure in the future a huge amount of money will be devoted to the defense industry," says Jaromir Mikołajczak, project manager freelancer, Hitachi Zosen Inova AG, Poznań, Poland.

In 2014, the Polish government unveiled plans to increase defense spending from 1.95 percent of GDP to 2 percent by 2016. By 2022, Polish defense spending is expected to reach US\$28.1 billion, up from US\$10.4 billion in 2014.



"We have a lot of funds coming from the European Union, and we are trying to invest them the best that we can," says Grzegorz Sierzputowski, PMP, IT project manager, UPC Polska, Warsaw. "As a result, Poland right now is one big construction site."

Although the spate of construction projects creates short-term challenges of delays and congestion, it promises to create long-term value, according to Andrzej Pająk, PMP, senior consultant, Ernst & Young Business Advisory, Katowice, Poland. "Roads and highways are for a country what the circulatory system is for the body: If it is not efficient, it is almost impossible to achieve great results," Mr. Pająk says. "I strongly believe that planned infrastructure projects will improve Polish competitiveness."

THE POLISH ADVANTAGE

The development of modern infrastructure has enticed foreign investments in Poland, which in recent years has become a regional hotbed for financial services, manufacturing, distribution and business processing. Multinational companies such as Ikea, Volkswagen, General Motors, 3M and Procter & Gamble have all constructed manufacturing facilities in Poland.

"Very often, companies decide to open their office or plant in Poland because of our convenient geography," says Mr. Pająk, who points to Poland's strategic location between Eastern and Western Europe, and its proximity to two of the continent's most influential markets: Germany and Russia.

Global companies are also attracted to Poland's culture and workforce. "Our engineers, for example, are cheaper than engineers from the United Kingdom or Germany," Mr. Starczynowski says. "Of course, they're more expensive than engineers from India or China, but our business culture is identical to Western countries. That's our advantage."

Polish labor isn't just affordable; it's also skilled, which has fueled a flourishing IT industry powered by Polish subsidiaries of companies like Microsoft, HP, Google, IBM, Oracle and SAP. In fact, almost two-thirds of Polish IT profes-

PHOTO COURTESY OF MINISTRY OF NATIONAL DEFENCE REPUBLIC OF POLAND

Keystone Skills

We asked local practitioners: **What skills should project managers focus on to improve project success rates in Poland?**



"Understanding clients and sponsors—being able to walk in their shoes—is very important, and that comes with extraordinary communication skills. Project managers are usually great in the technical aspects of their subject matter, but when it comes to influencing stakeholders and selling their solutions to a broader audience, they are not as prepared. The most competitive projects require not only talent and work, but personal engagement—the skill to inspire the people working for you."

—Blaze Goraj, PMP, portfolio manager of IT outsourcing programs, Central and Eastern Europe, HP Enterprise Services, a PMI Global Executive Council member, Poznań

sionals have a master's degree, according to the Polish Information and Foreign Investment Agency.

"IT is a dramatically growing industry in Poland because the whole country is developing, and that requires modern technologies," Mr. Starczynowski says.

POLISH PROJECTS MATURE

The economic forces that have driven investments in construction and IT also have fueled investments in project management.

"Competitiveness is increasing. If Polish subsidiaries want to compete in the global market, they must invest in buying not only goods, but also intangible assets like project management knowledge," Mr. Starczynowski says. "If you're going to be a member of the modern worldwide community, you have to adhere to accepted standards and practices."

Increasingly, they are. "When Poland was under communism, most of the companies were owned by government. Motivation to achieve better results was therefore very low," Mr. Pająk says. "Nowadays most Polish companies are private or on the stock exchange. People are therefore more focused on improving results."

That means a growing demand for project practitioners, who can help Polish organizations deliver results. "More and more job opportunities appear these days for project managers," Mr. Pająk says. "Two decades ago in Poland, very often big projects were led by people who did not have any project management knowledge. Sometimes, projects were announced as a great success because success criteria were not defined in detail, if at all. A lot of money was lost because of that approach. Now, companies cannot afford these kinds of risks and losses; they minimize them by educating project managers inside their companies or by hiring them."

Credentials such as the Project Management Professional (PMP)[®] are becom-



Terminal 2 of the Gdansk Lech Wałęsa Airport, Gdansk, Poland



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—Andrzej Pająk, PMP, Ernst & Young Business Advisory, Katowice, Poland



"In today's world, cash flow and financing can change rapidly, so we must have a comprehensive understanding of the financial aspects of project management.

Also, while many professionals have good tools and processes, newcomers are not as equipped with soft skills, which will be even more important as we move more into agile approaches."

—Paweł Grabowski, PMP, managing partner, ReeWise.com, Warsaw



"Language skills. Many Polish project managers have problems with English. This has changed significantly in the last four years, but it's still very important.

Poland needs more project managers who can speak foreign languages—not just English, but also German and Russian, since they're our neighbors."

—Grzegorz Sierżputowski, PMP, IT project manager, UPC Polska, Warsaw

POLISH PROJECT POWER



SPALARNIA PIROLITYCZNA OS PROJECT

As the country continues to modernize, so do its wastewater treatment plants. With funding from the EU, the three-year, €2.7 million Spalarnia Pirolityczna OS Project, set for completion at the end of 2015, aims to develop technology to thermally treat and dispose of large amounts of sewage. The eco-friendly technology will decompose organic materials with heat in a nonoxygenated environment, and its by-products will be used for energy, fuel and fertilizers.

ZYWIEC HOSPITAL

A new hospital in the town of Zywiec is the first public-private partnership in the Polish healthcare sector, a joint initiative between local authorities and InterHealth Canada. When complete in 2015, the €45 million project will provide cutting-edge services and design that will allow the 18,400-square-meter (198,056-square-foot) facility to see twice as many patients as the town's previous hospital, despite a similar number of beds.



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—Andrzej Pająk, PMP

ing at once more coveted and more common in Poland. Project managers in Poland who have a PMP® make a median annual salary of PLN160,000, compared to PLN120,000 for those who do not, according to PMI's Salary Survey. "It's very important for companies to believe that Polish people can deliver what is required nowadays," Mr. Pająk says. "Therefore, being certified is becoming standard for project managers."

MAINTAINING MOMENTUM

Despite its vast project landscape, Poland must overcome numerous challenges to sustain its growth.

Although political conditions have vastly improved, bureaucracy remains one of those challenges. "The government is still a challenge to doing business in Poland, especially for smaller companies," Mr. Sierzputowski says. Small businesses in particular, he explains, have a hard time deciphering what permits, processes and paperwork the state requires, which can cause vexing—and sometimes costly—project delays.

Another obstacle facing Polish projects involves remote project sponsorship.

Notable initiatives across the country

PHOTO BY SEBASTIAN GOMÓŁKA VIA FLICKR



WARSAW TO GDYNIA RAILWAY PROJECT

A €2.7 billion initiative will overhaul more than half of the E65 railway, which connects the Baltic countries with southern Europe. The 2013-15 project will upgrade 340 kilometers (211 miles) of the line running from Gdynia, Poland to Warsaw. It will improve safety by fitting the signaling system with the automatic European Train Control System, which allows for better communication with the traffic control center. The upgrade also will allow trains to travel up to 200 kilometers (124 miles) per hour—up from 120 kilometers (75 miles) per hour.

PROJECT 2 AND WROBLEW WIND FARMS

While 90 percent of Poland's energy comes from coal, its wind capacity has doubled over the past couple of years. In 2014, the China-CEE Fund and Israel's Enlight Renewable Energy launched a US\$406 million project to build two Polish wind farms. The Wroblew farm project, completed in 2014, has a capacity of 36 megawatts, while the Project 2 initiative, slated for completion at the end of this year, will reach a capacity of about 214 megawatts.

Consider infrastructure projects, for example. "A majority of [infrastructure] projects are financed by European money," Mr. Mikołajczak says. That means that EU stakeholders not based in Poland often determine the completion date of a Polish project. "If that date is exceeded, the European Commission can take back its money. It's more complicated than that, of course, but project planning generally comes from administrators in Brussels, Belgium, not engineers in Poland." This can result in unrealistically tight timelines and thus projects "executed in a hurry," Mr. Mikołajczak says. "If projects are not properly planned and there isn't any time buffer, this can cause quality to decrease."

The same is true of some IT projects, especially in an economy that depends more on its role in the supply chain for richer nations than on its own homegrown innovation. "The strategy for the project and for the company typically is decided somewhere in the West, at the company's headquarters," Mr. Sierzputowski says. "Polish subsidiaries need to be able to build their strategies themselves."

Still, Poles clearly have plenty of cause for optimism. "A huge amount of work is still needed" to improve Poland, Mr. Mikołajczak says, "but that means there also is still a huge amount of opportunity." **PM**

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—Jaromir Mikołajczak