

A Global Owner Talks about Project Execution Completion

Interview with Joe Gionfriddo, Global Construction Process Owner of Proctor & Gamble

MDC's Mitchell Swann met with Joe Gionfriddo at this year's McGraw-Hill Global Construction Summit in Beijing, China in April 2006. Mr. Gionfriddo, the Global Construction manager – Corporate Engineering at P&G, was a part of a Panel Program entitled "What Do Global Owners Need?" which featured speakers from a number of global owners. We thought his comments and viewpoints were very insightful and would be of value to our Advisor readers. Below is a short interview we conducted with Joe Gionfriddo.

MDC – "Brand Reputation" is a key element in P&G's marketing strength and strategy. Marketplace reputation is tightly linked to the quality of the manufacturing process and the products produced. What are the key ingredients in your recipe for maintaining the necessary quality level across the array of international and production and operations?

JG - Internal manufacturing work processes set the stage for engineering deliverables and standards. These work processes are similar across all of our manufacturing sites. Sites are in different levels of learning and delivery with role model pilot sites demonstrating the journey. The great part of P&G is that our manufacturing sites are producing consumer goods for the country or regional area that they are located. So we do have sister plants across the globe. This sets up a positive learning share and low cost solution setting for obtaining and sharing knowledge, operating skills, and best in practice work processes.

MDC – Capital projects for a global consumer company like P&G are both time and cost sensitive. What steps do you take to balance the competing interests of time, money and, of course, quality when putting together your projects? Do you use any special 'tools'?

JG – Safety and quality are a given priority and focus all the time. Time and Money becomes the decision making process of our Brand and Product Supply and Project Leadership. Projects have to pay out and almost all projects that I have been exposed to are always time sensitive to fast track delivery concepts.

Special tools - Yes, P&G utilizes very clear work process that functions globally to manage our project portfolio by business category. Decision making levels and review gates occur through out the project launch process to insure proper marketing and technical penetration is accessed and the right business decisions are made. These systems and tools are critical in delivering P&G's project excellence. Sponsors and peer reviews are established for our projects as well during delivery.

MDC – At the Beijing Summit you mentioned that one of your key tenets is to use a global sourcing approach for engineering services and equipment and a local sourcing approach for construction execution.

What steps do you take to harmonize the design and process technologies and approach across the varying regulatory environments and construction practices of different markets?

JG – The area of standards and specifications is one of our greatest challenges. Standards and specifications are constantly challenged. Design and Construction work processes are horizontally managed across the globe. For standards and specifications there are certain base requirements that maintain sustainability and others that the local governances would establish. Our contractors have the expertise to establish deliverables to obtain our business needs.

Key essential suppliers are critical in working in a horizontal work process. Globally developing these new relationships is key work and focus for many. Prequalification, familiarization to each party's work processes, the learning curve and making the situation a win-win for both parties involved. Engineering and equipment is global. Our construction field sites can receive equipment from anywhere around the globe. Labor is local. We develop a strong prequalified labor pool of general / construction manager contractors and many key specialty sub contractors.

Many of CII and CURT Best practices help establish a foundation to begin communications with the key suppliers. Learning and educating on the best practices gets parties aligned and working together to make it more productive for all.

MDC – Your presentation in Beijing emphasized a team approach being necessary for the successful delivery of projects. Can you describe any innovative contractual or execution approaches P&G is using to foster that team approach and a 'win-win' atmosphere?

JG – We are not locked into one single industry EPC approach. Our flexibility is that we can look at each project in our portfolio and assess what is the best execution approach for the project at hand any where around the globe. This in my mind is a competitive advantage due to our fast track schedules. Our contracts are tailored to the various approaches. We have some in an alliance type agreement, a partnership agreement, others are key essential suppliers and others are specialty skill suppliers. Having this mix sets a winning stage of players.

In Construction I train, coach, mentor and work with my Site Construction Process Owners to develop and build a portfolio of key construction suppliers. Relationship and clear expectations helps. For instance we work to prequalify them to insure they meet our standards and specifications (Safety, quality, cost, schedule, work process ...) We keep an effort of competition across the group but still drive for a win-win solution. In the long run this has kept our construction contracts out of timely legal action, dispute resolution issues etc...

Our purchasing contracts have clear work processes in place as well to insure that communication avenues are available. This helps mitigate these legal potential disputes.

MDC – How does P&G balance the push for innovation and the pull of 'familiarity' in selecting project delivery approaches, process technologies and/or execution partners?

As I shared above, we are not locked into one construction approach. We consciously select our essential contractor suppliers on their skills and demonstration to what we all bring to the Engineer Procure Construction Start up table. This sets up a winning team to execute the project.

For innovation, P&G is a continuous improving change company. Globally we are learning how to play on a much more cross regional and global scale of leveraging. At times new teams go through the struggles because we are continuously training, coaching and mentoring new people, leaders and suppliers. We are always learning new best practices across the globe.

Piloting key learnings help target the innovation lessons then we reapply the best practices quickly through our horizontal construction work process.

MDC – What approach is P&G taking in the area of sustainability and 'green' projects especially in light of the array of standards or 'recommend practices' (BREEEM, LEED, ISO 14000, Green Building Standards in Canada, Australia, Hong Kong, Singapore, etc)? How do you harmonize your efforts across this patchwork of criteria to yield consistency in operations and approach?

JG - I have limited data. There is a facilities group that works our technical and corporate center buildings separate from my manufacturing construction delivery process. P&G supports the Green Building Standards. We are not in the new building work process. Almost all of our buildings are existing or acquisition obtained buildings that we update to our basic P&G style. Not elaborate or high end, meeting or exceeding all key codes and practices for people safety, environment etc... .

MDC – Can you name what you think are the top three key trends in the construction and project delivery world which will affect owners and construction resources?

JG –

1. Resources - Global availability of Engineering Resources utilizing a continuously expanding portfolio of electronic tools. Construction resource skill availability / limitations and boundary changes. Owner & contractor risk changes.
2. Construction Material Supply- demand challenges, availability, global cost competitiveness, trafficking logistics and changing laws and regulations.
3. Innovation - LEAN Project Delivery concepts and principles. Can Construction or EPC Project Delivery learn and reapply potential loss elimination (LEAN) principles and concepts to improve and advance our industry like LEAN manufacturing did? Standardization and Modularization are other key global opportunities.

Joseph Gionfriddo's Bio:

Mr. Gionfriddo is an active member of the Globalization Committee of the Construction Industry Institute and Chair of the LEAN Project Delivery Task Force for The Construction Users Roundtable. Mr. Gionfriddo is responsible for P&G's Global Construction & Welding Technologies Section with crosses all business units and regions. P&G's annual capital budget is approx. \$2.0 Billion USD. P&G has over 140 manufacturing facilities in all 4 regions of the globe. Joe is a graduate of Worcester Polytechnic Institute and has over 25 years of experience in project management and construction management. He has been with P&G since 1981.