CUSTOMER
PIZZAROTTI & C. SPA

INTERVIEWEE
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Group Controller -
Pizzarotti & C. S.p.A.

INFO
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NEW

PIZZAROTTI
Management control on a global scale

INTRODUCTION
Impresa Pizzarotti & C. S.p.A., founded in 1910 by Gino Pizzarotti as a personal business, was transformed into a company with liability limited by quotas (Srl) in 1945 by Pietro Pizzarotti, the father of the current Chairman, Paolo Pizzarotti. The Company became an SpA (liability limited by shares) in 1961 and now has a share capital of Euro 250 million.
 Steady progress was made over the years and, since the late 1950s, Impresa Pizzarotti & C. has consolidated its presence in the construction sector with the performance of major public and infrastructure works for State bodies and leading Italian private companies. Commitment and the ability to execute major projects have also enabled the Company to establish a successful presence abroad, with operations in various countries for many years.
 The Company has always sought to grow steadily by carrying out civil works in such areas as thermoelectric and nuclear power stations, road and motorway infrastructure, civil and military airports, irrigation works and waterways, dams, industrial infrastructure, railway construction and prison buildings. The Pizzarotti Group is based in Parma, its traditional headquarters, and operates via many companies that work together to maximise their synergies in the fields of infrastructure, the environment, water supply, civil and military airports, construction and property management.

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Your relations with STR have developed over several years, in two phases. The evolution of this project is worth summarising.
Relations between Impresa Pizzarotti and STR commenced in the early 2000s in the context of preparing international tenders. At that time, the Company had decided to build on its experience in the domestic market and a number of European countries by expanding its presence abroad. This resulted in a need for a tool for the preparation of tenders. PV2 was adopted and the collaboration began.
The first phase commenced in 2007, when I was asked to take responsibility for management control at Group level. I realised that we needed a new system to support the various contracts obtained, often together with partners and with activities in non-European countries. Our contract management software, developed and used internally for control purposes, was not designed to address these needs. So I decided to adopt STR Vision CPM.
The second phase began just a few years ago, with the reorganisation of the contract management department and the standardisation of the tools used.

What were your requirements for the first phase implementation of the contract management system?
Essentially, we needed to cover all situations that the internal application was unable to address, such as contracts with external administration, or even internal administration using software different to that adopted in Italy, and contracts not denominated in euro.

What were the reasons behind your decision to adopt STR Vision CPM?
Firstly the ability to meet the needs just described; in other words, the ability of STR Vision CPM to capture accounting data from any system, in any currency, recorded using any chart of accounts, whether internal or external.
When I realised the potential for STR Vision CPM to manage our work site activities, which relied on simple spreadsheets at the time, I was convinced and chose it. I refer in particular to the preparation of contract budgets, their time allocation over the work schedule and the related accounting for revenues and expenditures.

In the second phase, the system has recently become "centralised": what were the requirements in this case?
Principally the need to rationalise the licences and standardise the templates developed. During the first phase, there was a proliferation of stand-alone licences that were difficult to keep updated with the latest releases, with templates and reports that differed from country to country.
In the second phase, the licences were centralised on the HQ server, thus limiting the number necessary and benefiting a larger number of users. Today, the same licence can be used on the same day for 8 hours by the controller in Moscow and for another 8 hours by a colleague in Lima or New York.
Additionally, the templates defined centrally by the HQ team are common to all 15 countries in which the contract management system is used.

How did STR help you in this second, more complex phase?
STR gave us advice on the definition and set-up of templates and on the training provided to the young new controllers who join the Company every year.

What challenges did you overcome when moving from a system "spread" among the work sites to a true "centralised" system?
The greatest difficulties were encountered at the start of the first phase, rather than during the second. As with all processes of innovation, there is always some resistance to change. In addition, implementing STR Vision CPM on a contract requires a non-trivial initial investment of time and resources, which did not help. Everything was much easier later, after the first results became evident. In the second phase, with the "train steaming along", it would have been more complicated to stop it than to let it accelerate more.

Was the ability to work on the network important not only for contract management purposes, but also for the internal organisation of the Group and operational processes among the various business areas?
Yes. As I mentioned, the second phase involved the reorganisation of our contract management department, with centralisation of the software used as an integral part of that process. We moved from a small group based in Parma that processed the data received from our work sites and sent them the resulting control reports, to the current situation in which 23 controllers distributed among 15 countries report functionally to the headquarters, preparing budgets for the contracts where they are located, applying the Earned Value technique to control them and analysing the variances that arise. In short, they are autonomous when it comes to contract management.

What technological and operational aspects of STR Vision CPM do you see as fundamental for the purposes you have described?
Certain modules of STR Vision CPM, such as budgeting, estimating, work and time scheduling, work site accounting, Pi.Co. are essential to the work of our controllers. Others, such has the accounting for revenues and expenditures - for which my department is not responsible - are tools that the work sites can use, if allowed by the contractual conditions agreed with customers and the project manager decides to use them.
The multi-lingual and multi-currency characteristics of the software are just as important: these modules are indispensable for all contracts outside of Italy that not denominated in euro.

How have these characteristics translated into advantages and improvements in the management of your activities?
Today we have a tool that enables us to make accurate economic and financial forecasts, configure them based on the execution strategies decided by the project managers, compare budget revisions, calculate the requirements for individual resources, price quantities in terms of costs and revenues and allocate them dynamically over time, interfacing the budget with the work schedule etc. All this while saving time and resources, maintaining the traceability of data and the precision of calculations. All, as we say, "with a light touch on the pedal"!

In your view, which characteristics are most useful for your control activities?
Without doubt the ability of the software to apply the Earned Value technique.

How important was the know-how of STR in the Construction sector when selecting the system?
Very, indeed fundamental I would say. In my opinion, knowledge of the Construction sector has enabled STR to approach matters in a way that meets work site needs and, therefore, in a very concrete manner. Also, I have always appreciated the intellectual honesty with which our suggestions for improving the system have been met over the years. In general, I believe that our collaboration has been and continues to be mutually beneficial.

After having implemented the "centralised" management system for a number of months, what principal advantages/benefits - operational, economic, other - have been obtained in your view?
I have already mentioned some, like the optimisation of licences and the standardisation of templates. I would also add the interchangeability of our controllers, who now all work using the same logic and the same tools. This limits handovers between them to the specifics of the contract concerned. We are not yet fully up to speed, but we are working on it.