IG COMMODITY TRADING HOUSES USUALLY HAVE THEIR internal resources to manage a CTRM (Commodity Trading & Risk Management) selection process and implementation: they have Project Managers, Business Analysts, legal and procurement department as well as the know-how to conduct such project. However smaller companies might be lost when looking at the different systems available on the market and tempted to proceed with limited resources. On one side, the Buyer has high expectations and on the other side, the Vendor believes his product is the best. Therefore, Traders need guidance to navigate in what is called Project Management and CTRM Implementation.

Trading Houses are used to manage their risks (market, credit, liquidity, operational) on a daily basis, but what about risks involved when selecting and implementing a CTRM?

At CTRM Force we believe CTRM implementation should be handled by experts who have experience in both commodity trading and CTRM systems and who apply a standard Project Management methodology to avoid project failure (e.g. from the Project Management Institute - PMI).

PROJECT PHASES
There are a number of approaches for managing project activities including lean, iterative, incremental, and phased approaches. Regardless of the methodology employed, careful consideration must be given to the overall project objectives, timeline, and cost, as well as the roles and responsibilities of all participants and stakeholders.

Project management is accomplished through the appropriate application and integration of logically grouped project management processes:
1. Initiating
2. Planning
3. Executing
4. Monitoring and Controlling
5. Closing
MAPPED TO THESE FIVE PROCESS GROUPS ARE TEN PROJECT MANAGEMENT KNOWLEDGE AREAS. FOR A SUCCESSFUL IMPLEMENTATION THEY SHOULD BE IN A WAY OR ANOTHER TAKEN INTO ACCOUNT:

1. Project Integration Management
2. Project Scope Management
3. Project Time Management
4. Project Cost Management
5. Project Quality Management
6. Project Human Resource Management
7. Project Communications Management
8. Project Risk Management
9. Project Procurement Management
10. Project Stakeholder Management

IMPORTANCE OF A GOOD START

The Initiating process determines the nature and scope of the project. If this stage is not correctly performed, it is unlikely that the project will be successful in meeting the business' requirements. It is key to understand the business environment and make sure that all necessary controls are incorporated into the project. Indeed, the initiating stage should include a plan that encompasses the following areas:

- Analysing the business needs/requirements in measurable goals
- Reviewing of the current operations
- Financial analysis of the costs and benefits including a budget
- Stakeholder analysis, including users, and support personnel for the project
- Project charter including costs, tasks, deliverables, and schedule

It is important to bring on board all the stakeholders of the project at the very beginning, as well as determining the Critical Success Factors that will be validated at the end of the project.

MANAGE THE RISKS

Seek out potential risks, their impact, and their likelihood of occurring. Encourage all interested parties to develop strategies to mitigate the risks. Every organization has at least 1 naysayer, who can cause a lot of problems, but who is also very knowledgeable. The naysayers must be included in the risk management process. By getting their input early, you can avoid problems and you effectively limit their negativity.
CHARACTERISTICS OF THE PROJECT LIFE CYCLE

The generic life cycle structure generally displays the following characteristics:

- Risk and uncertainty are greatest at the start of the project. These factors decrease over the life of the project as decisions are reached and deliverables are accepted.
- The ability to influence the final characteristics of the project’s product, without significantly impacting cost, is highest at the start of the project and decreases as the project progresses towards completion.

This illustrates the idea that the cost of making changes and correcting errors typically increases substantially as the project approaches completion.

SUMMARY

At CTRM Force, we believe the key success factors for a CTRM implementation are:

- Appropriate resources on both sides - Client/Vendor - with identified roles and responsibilities for PM and BAs
- Appropriate Project Management methodology (PMI, Prince 2 etc) including a risk plan and excellent communication plan

Finally, it is the responsibility of the Project Manager to deliver a successful CTRM on time and within budget; his communication skills will be a key asset to succeed.