Executive Sponsor Engagement

TOP DRIVER OF
PROJECT AND PROGRAM SUCCESS
EXECUTIVE SUMMARY

For the second year in a row, Project Management Institute (PMI) research shows that having actively engaged executive sponsors is the top driver of project success. Yet this research also shows that fewer than two-thirds of projects and programs have assigned executive sponsors, suggesting that organizations are not fully recognizing the importance of the role. This situation results in significant losses for organizations around the world, but research shows there are some simple solutions that organizations can undertake.

Our Pulse of the Profession® In-Depth research on executive sponsors uncovers three primary factors that can limit or inhibit sponsors’ ability to be effective: an organizational culture that leads to sponsors being overextended; inefficient communication; and lack of professional development of sponsors.

OVEREXTENSION

Overextension is a serious threat to organizations’ ability to execute on strategic initiatives. Sponsors report that on average they work on three projects or programs at a time, spending an average of 13 hours per week on each project or program they sponsor—in addition to their regular jobs.

COMMUNICATION

It is unsurprising that communication gaps are affecting sponsors’ ability to effectively perform their role. PMI’s Pulse of the Profession® In-Depth Report: The Essential Role of Communications revealed that US$75 million of every US$1 billion spent on projects is wasted due to ineffective communications. In the context of executive sponsorship, communication is vital because people both above and below are relying on the sponsor to be able to influence and align stakeholders, exhibit leadership, and make decisions.

Yet communication to the sponsor from the project manager is just as important as communication from the sponsor. Regular feedback and progress reports calibrated to the appropriate level of detail for the sponsor help produce better project and program outcomes. Too often such communication is either nonexistent or is heavy on quantity but lacking in quality. Practices like regular updates against clear, forward-looking milestones tied either to KPIs describing lead indicators of known risks or to operational or economic impacts provide genuine, useful insight and help executive sponsors be actively engaged but not overburdened.

DEVELOPMENT

Feedback is also critical to the third area where organizations should focus to empower executive sponsors for success: development and cultivation of the skills needed to be an executive sponsor. While on-the-job training is the most common way for executive sponsors to acquire knowledge and skills, better project outcomes are achieved when organizations offer formal development (including from the project management office, mentoring from other executive sponsors, and external development opportunities).
Eliminating or reducing the factors that limit a sponsor’s ability to be actively engaged could have a big impact on a company’s bottom line: for every US$1 billion spent on projects and programs, US$109 million is wasted due to poor project performance. Furthermore, one in three unsuccessful projects fails to meet goals due to poorly engaged executive sponsors.

This report explores these findings in greater detail, and demonstrates how executive sponsors can positively impact project and program outcomes, ultimately providing organizations with a competitive edge.

PMI would like to give a special thank you to Boston Consulting Group (BCG), a global management consulting firm and the world’s leading advisor on business strategy, for contributions to this report.
PERSPECTIVE: THE CHANGE IMPERATIVE: A MATTER OF STRATEGY

By Perry Keenan and Jennifer Tankersley

Six years after the start of the financial crisis, we’re seeing widespread recovery across multiple geographies and industries. Around the globe, most companies have become more efficient, and many have also become more effective—challenging and modifying their operating models, redefining their priorities, and restructuring accordingly.

In many instances these changes are setting the stage for transformation on a greater scale, in which a company’s adeptness at change itself bespeaks competitive advantage and becomes an integral part of its strategy. Change is more complex and more critical. Organizations have become increasingly global; technology has accelerated the rate and impact of change; the need is greater; and competition has clearly increased. The nature of the change demanded now will often be wrought by large-scale, strategic initiatives that have impact across the organization and beyond it.

To that end, having executive sponsorship for these initiatives—some of which, by their nature, are literally “bet the business” plays—has taken on increasing importance. PMI research shows that 76 percent of respondents agree that the role of the executive sponsor has grown in importance over the past 5 years (Figure 1).

The role of the executive sponsor has grown in importance over the past 5 years.

76%

36% 40%

Much More Important Somewhat More Important

Figure 1

But top-quality sponsorship is frequently a painfully finite resource. Demand for executive sponsors is increasing, but the supply of capable executive sponsors is limited—and seemingly not sufficiently expanding to meet demand. Many organizations report that their sponsors are highly overextended in their portfolios, which logically leads to sub-optimal engagement, in turn negatively impacting project outcomes.
Whether sponsors are coming from the C-suite or further down in the organization, it is our experience that, all too often, there are too few of them and they are being asked to do too much (Figure 2).

Executive sponsors are in short supply and are frequently overextended across many projects.

![Figure 2](image.png)

Another issue with supply is that an increasing mix of the initiatives being undertaken involve horizontal rather than vertical value, i.e. they are cross-business or functional initiatives rather than silo-based. With this increasing complexity and higher stakes come stronger requirements for visibility internally, and more recently, externally as well. The rising level of external scrutiny is a matter of increasing importance for some highly regulated industries, raising the already-great pressure around delivering project success.

Research undertaken by PMI shows the difference that highly engaged executive sponsors can make on project and program success. Sponsors know and understand their need to be engaged, but the growing need to understand, monitor and, as appropriate, intervene on critical aspects of complex implementation efforts runs up against the limits of their ability to do so—a source of frustration for all involved.

In working with clients, The Boston Consulting Group (BCG) has found that project or program management offices (PMOs) can play a critical role by implementing smart and simple processes focused on critical operational insight and by helping both project managers and sponsors develop the appropriate skills for their roles. For project managers, this would include learning how to rigorously define their initiative in terms of critical milestones that will have operational or economic impact, forward-looking lead indicators, and metrics on critical risks and interdependencies, as well as when and how to most effectively engage sponsors. For sponsors, the focus would be on effective leadership of change, engaging and influencing key stakeholders, and proactive issue resolution—specifically, forward-looking course correction.

These relatively simple but effective changes help enable sponsors to focus on those areas where they have the greatest impact on project and program success: removing roadblocks, resolving issues, aligning with strategy, championing projects, working with key stakeholders, and course correcting where needed.

With higher stakes on the table internally and externally, organizations can benefit enormously from the research undertaken by the Project Management Institute around engaged, effective executive sponsorship.

Perry Keenan is a senior partner and managing director at BCG, and the global topic leader for change management and program management.

Jennifer Tankersley is a topic expert in change management at BCG.
“The main reason for one executive sponsor’s success was that he had support from top management and the ability to influence the other stakeholders—all of the different departments and their leaders that we relied on for resources of technical help and involvement.”

-Stephanie Morgan, PMP, Managing Director, MUFG Union Bank, N.A.

STRATEGIC INITIATIVES: THE PATH TO GROWTH

CEOs recognize that they can no longer rely on the tried and true for sustainable success. According to PwC’s 17th Annual Global CEO Survey, *Fit for the Future*,³ more than a third of U.S. CEOs said new products and services offered the main opportunity for growth for their companies. CEOs have identified such change initiatives as new approaches to engaging customers, more effective use of big data, and new strategic alliances as areas they are focusing on or will, the report stated.

While the ambitions of the C-suite are to be applauded, companies must recognize that they may not be equipped to execute. PMI research finds that only 18 percent of organizations report being highly effective at organizational change management.⁴ According to a study done by the Economist Intelligence Unit (EIU) in conjunction with PMI, *Why Good Strategies Fail: Lessons for the C-Suite*, senior executives understand the number one reason for the success of strategic initiatives at their organization is leadership buy-in and support. Nevertheless, only half of those surveyed by the EIU say that strategy implementation as a whole receives appropriate attention from the C-suite. Moreover, 28 percent of organizations said that individual projects or initiatives to implement strategy typically don’t get the necessary senior-level sponsorship.⁵

Such a gap in leadership inevitably decreases the ability to implement strategy. The financial impact of this deficit is high: On average, nearly 15 percent of every dollar spent on strategic initiatives is wasted due to poor performance.⁶

HOW SPONSORS HELP ENABLE SUCCESS

A critical factor in whether an initiative succeeds or fails is the executive sponsor—and his or her level of engagement. More than 90 percent of respondents in an IBM survey cited “top management sponsorship” as the factor that makes change successful.⁷

Our own research underscores the impact sponsors can have. As we reported in *Pulse of the Profession® In-Depth Report: Enabling Organizational Change Through Strategic Initiatives*, “sponsors play a critical role in effectively integrating project management and a disciplined approach to change management that dramatically improves the odds of a successful project implementation.”⁸
PMI Pulse research also shows actively engaged sponsors are by far the top driver of projects meeting their original goals and business intent. Furthermore, a large majority of organizations report that the importance of executive sponsorship is greater in their organization today than it was 5 to 10 years ago.

Yet the average percentage of projects with active sponsors has remained flat. In 2012, 2013, and 2014, organizations reported that fewer than two in three projects (63 percent) have actively engaged sponsors.

Given the importance of executive sponsorship, PMI undertook an in-depth study in July 2014 of more than 1,000 executive sponsors and project practitioners to assess how executive sponsors are being used in companies and to what effect.

In this report, we look at how executive sponsors can succeed and impact project outcomes. The findings center on three factors that can enable or inhibit a sponsor’s ability to be actively engaged:

- Culture of project management that enables sponsors to avoid being overextended;
- Communication; and
- Development of executive sponsors.

Specifically, remedial actions include:

- Focusing resources, including sponsors, on the highest-stakes, business-critical initiatives;
- Being selective as to what projects executive sponsors are assigned to, as well as how many are assigned;
- Identifying appropriate communication opportunities; and
- Increasing and supporting the training and development for enhancing skills and advancing knowledge.

ADDRESS THE ENVIRONMENT

The relationship between the sponsor and the entities that make up the project management system must be one founded on transparency and trust, with a high degree of interdependence. While such a relationship is partially a function of communication skills (which will be addressed in further detail later in this report), it is first and foremost a factor of culture. Emphasis on awareness, alignment, and accountability with regard to projects creates and reinforces a culture that allows for active executive sponsor engagement.

Such a culture also regards executive sponsors as a critical project resource and recognizes the value they add. When executive sponsors are viewed in this way, organizations are less likely to overburden them, and more likely to prioritize and be strategic in assigning executive sponsors on projects and programs.
“Most of our executive sponsors do have a vested interest in the projects they are sponsoring. However, sometimes they are spread too thin. And if there are too many different critical projects, they do not always have the time to understand the issues when we are asking for their assistance.”

-Global IT Project Manager, Enterprise Software and Services Provider, IT Industry

Overextension

Many organizations report that their executive sponsors are frequently overextended; sponsoring projects and programs can be almost the equivalent of a full-time job. Sponsors report that on average they are working on three projects at a time, spending an average of 13 hours per week on each project they sponsor—in addition to their regular jobs.

Overextension affects sponsors’ abilities to perform the most important actions expected and needed from them; to demonstrate the most critical skills; and to exert influence where it is most needed.

When executive sponsors are overextended.

<table>
<thead>
<tr>
<th>Impact</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greatest negative impact is on their ability to remove roadblocks.</td>
<td>33%</td>
</tr>
<tr>
<td>Project outcomes are impacted by schedule delays.</td>
<td>45%</td>
</tr>
<tr>
<td>Project teams are affected by delays in decision-making.</td>
<td>28%</td>
</tr>
</tbody>
</table>

Multiple Sponsors

Just as organizations need to be selective in assigning a sponsor to a project, they must also be discerning about how many sponsors they assign to a project. Our research finds that among organizations that use executive sponsors, nearly a third of their projects and programs have multiple sponsors. While it might be done proactively to alleviate overextension or reactively due to the specific needs of a project, multiple sponsors are not necessarily an indicator of greater success.

The primary reason multiple sponsors are used is that the project or program is deemed a strategic initiative. Furthermore, the majority of organizations report that certain types of projects and programs are significantly more likely to be successful with multiple sponsors—those are projects and programs:

- That drive significant change in the organization (79 percent);
- With high levels of complexity (71 percent); and
- That have relatively high budgets (60 percent).
PMs And Sponsors: The Disconnect

One of the important insights gleaned from PMI’s in-depth research on executive sponsors was the wide gap between the perception of the project managers and the perception of sponsors relative to the sponsor capability.

The research revealed a wide gap between what the project managers think about how often executive sponsors demonstrate skills and what the executive sponsors themselves think on every skill except one: whether or not the executive sponsor has authority over the affected business unit. This is something that can be confirmed by looking at the organizational chart and is not a matter of subjective judgment, as the others are.

The widest gaps appear in the areas of:

- Motivating: 34 percent of project managers say that sponsors frequently **motivate the team**; 82 percent of executive sponsors say they do so frequently (a gap of 48 percent).
- Active Listening: 42 percent of project managers say that sponsors frequently **listen actively**; 88 percent of executive sponsors say they do so frequently (a gap of 46 percent).
- Effective Communication: 47 percent of project managers say that sponsors frequently **communicate effectively**; 92 percent of executive sponsors say they do so frequently (a gap of 45 percent).
- Managing Change: 37 percent of project managers say that sponsors frequently **manage change**; 82 percent of executive sponsors say they do so frequently (a gap of 45 percent).

These gaps—indeed, one could even call them chasms—suggest where efforts for development and training should be focused.

Figure 3

The benefits of effective communications are noted in PMI’s *Pulse of the Profession® In-Depth: The Essential Role of Communications.* Of the findings from that report:

- 56 percent of unsuccessful projects fail to meet their goals due to ineffective communications.
- Further, the study finds a disconnect within organizations; while 60 percent of executive sponsors report that the business benefits of projects and their alignment to strategy is communicated, only 43 percent of project managers agree.

It’s not a surprise, then, that communication looms large in three critical aspects of engaged executive sponsorship: important actions they take, areas where they can help projects and programs, and important skills.

**Most important actions:**

- Removing roadblocks;
- Helping the project team understand the alignment of the project or program to the organization’s strategy;
- Championing the project or program;
- Adding resources when appropriate; and
- Acting quickly to resolve issues.

Organizations with sponsors that frequently take each of these actions have better project outcomes; project outcomes are even better in organizations where sponsors frequently take all five (Figure 3).

**Taking the five most important actions leads to better project outcomes.**

<table>
<thead>
<tr>
<th>All 5 Actions = Always/Often</th>
<th>None of the 5 Actions Taken Always/Often</th>
</tr>
</thead>
<tbody>
<tr>
<td>Met Goals/Intent</td>
<td>All 5 Actions 75%</td>
</tr>
<tr>
<td></td>
<td>Within Budget 59%</td>
</tr>
<tr>
<td></td>
<td>On Time 41%</td>
</tr>
<tr>
<td></td>
<td>Scope Creep 53%</td>
</tr>
<tr>
<td></td>
<td>Program Within Budget 46%</td>
</tr>
</tbody>
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Executive sponsors need to focus their efforts upward, not down to the project execution level. The three most reported areas where executive sponsors make little difference are project design, project team effort, and providing creative solutions or approaches.

“To be a really good executive sponsor requires two sets of skills that are not always packaged in one person. You have to have the ability to micromanage but not the tendency to micromanage.”

-Executive Vice President of Sales, Marketing & Strategic Ventures; Healthcare Industry

Areas where executive sponsors most help projects and programs:

- Rallying support of senior management;
- Intervention on escalated issues;
- Removal of roadblocks;
- Stakeholder management; and
- Championing the project.

The most important skills:

- The ability to influence stakeholders;
- The ability to work across different stakeholder groups to find win-win solutions;
- Leadership;
- Decision making; and
- Effective communications.

Organizations with executive sponsors that frequently demonstrate all five of the most important skills have better project performances (Figure 4).

Doing the five most important skills leads to better project outcomes.

Project initiation is the most important project phase warranting executive communication; it is ranked first or second by 89 percent of project managers and 83 percent of executive sponsors.
The onus for communication is not entirely on the executive sponsor. Executive sponsors need regular feedback and progress reports calibrated to the appropriate level of detail, as evidenced by the fact that in organizations where executive sponsors are well supported by regular progress reports, there are better project outcomes (Figure 5).

Regular progress reports to executive sponsors result in better project performance.

Given that executive sponsors are attached primarily to big-budget, highly visible, complex strategic initiatives that carry some degree of risk, it is imperative that organizations understand how to get the best from sponsors and how to enable their active engagement. Here are some questions to ask about your organization’s executive sponsors.

Are your executive sponsors taking these five critical actions?

- Removing roadblocks
- Helping the team understand the alignment of the project or program to the organization’s strategy
- Being a champion of the project or program
- Adding resources when appropriate
- Acting quickly to resolve issues

Are they focusing their attention and energies on the areas where effective sponsors can most help projects and programs?

- Rallying support of senior management
- Intervention on escalated issues
- Removal of roadblocks
- Stakeholder management
- Championing the project or program

Are executive sponsors displaying?

- The ability to influence stakeholders
- The ability to work across stakeholder groups to find win-win solutions
- Leadership
- Decision-making
- Effective communication
High-Performing vs. Low-Performing Organizations

Not surprisingly, PMI’s in-depth study on executive sponsorship reveals stark differences in high- and low-performing organizations’ abilities to leverage the talents and time of executive sponsors.

Poorly engaged executive sponsors are the primary cause of projects not meeting goals significantly more often for low-performing organizations (43 percent versus 23 percent). High performers waste 10 times less money on projects than low performers due to poorly engaged sponsors.

Two characteristics of high-performing organizations—communication effectiveness and a culture of project and program management with engaged project sponsors—speak directly to our findings about actively engaged sponsorship. Overextended sponsors show up almost twice as frequently in low-performing organizations than they do in high-performing ones: 30 percent versus 59 percent.

Low performers could also learn from high performers vis-à-vis training and professional development for the role of executive sponsor, the third important enabler of actively engaged sponsorship. Almost twice as many high performers offer training in how to be an executive sponsor as do low performers (36 percent versus 20 percent).

Do high performers end up in that category because of the efforts of engaged executive sponsors, or is their ability to see and extract the value of executive sponsorship just another characteristic of high-performing companies? Regardless of whether it’s a case of cause and effect or one of coexistence, the relationship between high performance and active engagement from sponsors is clear.

FOCUS ON TRAINING AND DEVELOPMENT

Nearly 9 out of 10 organizations have executive sponsors who possess at least a basic understanding of project and program management; three in five organizations are providing executive sponsors with that training or development in project and program management.

Organizations with sponsors that have expert or advanced knowledge of project or program management have better project outcomes (Figure 7).

Expert and advanced knowledge equals better project performance.

![Chart showing project performance](chart)

Figure 7

Even so, the study shows that having project or program management knowledge or even previous experience as a practicing project manager is not sufficient preparation for being a sponsor; additional skills, training, and experience are needed.

But few organizations (41 percent) recognize the need to develop the knowledge and skills required to sponsor projects and programs effectively, and few (36 percent) provide training or professional development for the role of executive sponsor.
This is a wasted opportunity, as organizations that provide training or professional development for executive sponsors average significantly more projects completed on time and on budget (Figure 8).

**Training and professional development improves results in more projects on time, on budget and with less scope creep.**

![Figure 8](image)

The type of training and development that executive sponsors receive also makes a difference.

**82% of executive sponsors report on-the-job learning is the most common method to acquire the knowledge and skills for effective sponsoring.**

On-the-job learning, self-study, and “coming up through the ranks” from project or program management show no impact on improved project outcomes. Better project outcomes are achieved from external training, internal training (including from the organization’s PMO), or mentoring from other executive sponsors within the organization. Furthermore, organizations that use all of the top four types of executive sponsor training have better outcomes than those that use none of them (Figure 9).

**Organizations that provide either external or internal training and mentoring have better project performance.**

![Figure 9](image)
Feedback is important to development

Like any other employee, executive sponsors need feedback. However, only one in four organizations has a process for collecting information on executive sponsor effectiveness. Organizations that have such a process have better project outcomes in most aspects (Figure 10).

Collecting information on executive sponsor effectiveness leads to better project outcomes.

CONCLUSION

The stakes of having poorly engaged executive sponsors are high, as are the consequences and costs. PMI research into executive sponsorship shows that one in three unsuccessful projects fail to meet goals due to poorly engaged executive sponsors.

In PMI’s previous research, we have explained why engaged executive sponsorship matters. In this report, we have explored the characteristics, behaviors, and impacts of an actively engaged sponsor as well as the issues an organization should examine to enable and empower them.

Our goal with this report is to help organizations better understand how executive sponsors can positively impact project outcomes and the role they can, will, and should play in helping companies succeed with the strategic initiatives and imperatives that will define their futures.
PERSPECTIVE: PICKING THE RIGHT SPONSOR
By Jeanne Kwong Bickford and Annabel Doust

As the role and value of an executive sponsor takes on increasing importance, so too does the need to choose the “right” person to serve as an executive sponsor.

A sponsor being “right” has to do with a variety of factors, including the individual’s leadership capabilities as well as his or her ability to exert influence. It should be noted that this trait often has little to do with the actual “authority” a sponsor has over the project or program team, which is a function of reporting structure. The ability to build and leverage networks can trump one’s place in the organization chart.

True, executive sponsors will presumably be among the most senior people in your organization. But as the initiatives they sponsor are likely to increasingly be strategic—cutting across the organization rather than going deep into their areas of direct responsibility—reporting lines matter less than an individual’s ability to command respect and serve as a catalyst who motivates and harnesses the capabilities of a diverse set of stakeholders across the organization. Knowledge of the company and its key stakeholders rather than a specific line of business and an understanding of the initiative’s role in the broader context of organizational strategy become the sponsors’ “currency.”

A key aspect of influence is the ability to communicate, essential for helping people understand the importance of an initiative to the company and how they can play a part. Influence and communication allow an executive sponsor to rally and motivate groups that aren’t under their control yet are critical for the implementation of the change being sought. (Not surprisingly, communication was cited in PMI’s research into executive sponsorship as one of the three factors that enable or inhibit a sponsor’s active engagement.)

Of course, the higher one looks in the organization for these executive sponsors, the fewer people there are to choose from. Add to that the need to find the person with the right combination of knowledge, leadership, and ability to influence and communicate, and the pool of candidates becomes smaller still. It becomes an issue, then, of not having only the right people but using them in the right way. So, at the same time as demand for executive sponsors is increasing, the supply of capable candidates is limited, leading to risk in project outcomes.

The importance of role-specific training and development for executive sponsors was also cited in PMI research. In our experience, BCG has found that it’s also helpful for executive sponsors to do some self-assessment of their skills in the context of their specific initiative, made all the more effective if sponsors have a clear understanding of what is required of them so they can play to those strengths most valuable to the initiative and explicitly enlist the help—from their PM and networks or project and change management tools—to compensate for or mitigate areas of weakness. Organizations can thus get maximum value from executive sponsors and the projects and programs they oversee.

Jeanne Kwong Bickford is a partner and managing director at BCG, and the co-leader of BCG’s Change Enablement Center.

Annabel Doust is a topic expert in change management at BCG.
ABOUT THIS REPORT

PMI’s Pulse of the Profession® In-Depth research on executive sponsors was conducted in July 2014, among 897 project management professionals who provide project, program or portfolio management services within organizations and 232 executives and directors who have sponsored projects and programs in the past two years within organizations of US$100 million or more in revenue. Additional in-depth telephone interviews were conducted with both audiences for the purpose of obtaining deeper insights into opinions and examples of situations.
REFERENCES


