The High Cost of Low Performance

How will you improve business results?
Conducted since 2006, PMI’s Pulse of the Profession® is the global survey of project management practitioners. The Pulse charts the major trends for project management now and in the future. It features original market research that reports feedback and insights from project, programme, and portfolio managers, along with an analysis of third-party data.

The newest edition of the Pulse features feedback and insights from 2,428 project management practitioners, 192 senior executives, and 282 PMO directors from a range of industries, and interviews with eight corporate leaders and 10 PMO directors and directors of project management. Respondents span North America; Asia Pacific; Europe, the Middle East and Africa (EMEA); and Latin America and Caribbean regions.
Customers want the best products and services. Employees want better salaries. Executives want growth. If we can’t have perfection, we all want progress. But we know it’s hard to deliver consistently positive results in an uncertain and continually shifting global marketplace.

Organisations that invest in project management waste 13 times less money because their strategic initiatives are completed more successfully. We know project management is essential for any organisation’s success, yet the message is not being realised.

As we reviewed this year’s *Pulse of the Profession* data, we were hoping to see improvement over last year’s results. Instead, we saw declines in many of the success factors we track. Even more concerning, the percentage of projects meeting their goals—which had been flat for the past four years—took a significant dip.

To examine this situation further, we surveyed executive leaders and PMO directors as part of this year’s *Pulse* research and found that, although many individuals are beginning to sharpen their focus on project management as a strategic driver, their organisations aren’t always in step.

Until leaders throughout organisation hierarchies trust that projects deliver strategy, I fear we will continue to see stagnant progress. And that means organisations will be less successful than they should be. It will take some work, but it can happen if we take a collective approach to help shift the thinking.

Use this report and other PMI research to strengthen conversations about the quantifiable benefits project management delivers to organisations. Help drive the transformational thinking needed within your organisation—because it’s together that we can do great things.

Mark A. Langley
PMI President and CEO
Summary Findings

Our latest Pulse research shows that compared to last year, fewer projects are being completed within budget or meeting original goals and business intent. More projects are actually failing and creating significant monetary loss for their organisations. The reasons are complex. But with worsening project outcomes, disruptive global trends, and an uncertain economy, it’s time to strengthen the conversation around the following issues, which our research indicates are essential to improving both project and business results.

Look Beyond Technical Skills

While technical skills are core to project and programme management, they’re simply not enough in today’s competitive global economy, which is growing quickly, but with less predictability. The most successful organisations seek added skills in leadership and business—competencies that support and sustain long-range strategic objectives. The ideal skill set—a combination of technical, leadership, and strategic and business management expertise—is embodied in the PMI Talent Triangle™. When organisations focus on all three skill sets, 40% more of their projects meet goals and original business intent.

Recognise the Strategic Role of an Enterprise-Wide Project Management Office (EPMO) and Align it to Strategy

By supporting the implementation of strategic programmes, EPMOs play a crucial role in delivering organisational value. Yet, for many organisations, a struggle exists to define the PMO role, to position it for long-term success, and to leverage the office to help achieve strategic objectives. Effective EPMOs have a broad enterprise-wide responsibility and help direct strategy and focus on value delivery. Organisations that align their EPMO to strategy report 27% more projects completed successfully and 42% fewer projects with scope creep.

Drive Success with Executive Sponsors

With actively engaged executive sponsors, organisations can bridge the communications gap between influencers and implementers to significantly increase collaboration and support, boost project success rates, and reduce risk. When more than 80% of projects have an actively engaged executive sponsor, 65% more projects are successful. Yet, on average, only three in five projects have engaged executive sponsors.
EXECUTIVES AND PMO HEADS PERCEIVE PROJECT MANAGEMENT DIFFERENTLY

Executive leaders and PMO directors do not view organisational success and the benefits of project management in the same way. They have significantly disparate views about their organisation’s performance when it comes to formulating strategy, prioritising and funding projects, executing strategic projects, and recognising lessons learned. Additional gaps in perception exist between the benefits of using formal project management and improving risk identification and management, success with complex projects, customer satisfaction, and success with organisational change.

EXECUTIVES AND PMO LEADERS ARE BOTH OPTIMISTIC ABOUT THE FUTURE

Executive leaders and PMO directors agree on the importance of improving their competitiveness over the next three years. Eight in ten executive leaders and PMO directors agree they will achieve that by formulating strategies appropriate for changing market conditions, prioritising and funding the correct initiatives and/or projects, executing initiatives and/or projects in a way that delivers strategic results, and using lessons learned from failed projects to inform strategic planning.
THE CHALLENGE

Our 2016 Pulse findings continue to reinforce that when organisations embrace project, programme, and portfolio management practices, they have better outcomes. Yet, we see little or no change in a number of key capabilities, including:

**Value**
Just over half of organisations fully understand the value of project management, a number that has remained the same over the past five years.

**PMO**
The percentage of organisations with a PMO has also remained the same for five consecutive years, with nearly seven in ten having a PMO. Furthermore, the types of PMOs in organisations have remained unchanged since we began tracking them six years ago; two-thirds of organisations report having a department-specific, regional, or divisional PMO(s), and nearly half of organisations report having an EPMO.

**Practices**
Nearly six out of ten organisations use standardised project management practices throughout most or all of the enterprise. But only one in four uses standardised project management practices organisation-wide, a decline of three percentage points from one year ago.

**Executive Sponsors**
The average percentage of an organisation’s projects with active sponsors declined compared to last year: only 59 % of projects on average have actively engaged executive sponsors.

**Strategy Alignment**
Less than half of organisations report high alignment of projects to organisational strategy, a number that has been fairly constant for the past three years. And, organisations report that, compared to last year, fewer of their projects are strategic initiatives—that is, projects designed to achieve formulated strategy (an average of 48 % of projects, down from 54 % in 2015).

**Maturity**
The percentage of organisations with high project management maturity has not changed for the past six years. Programme and portfolio management are equally established in organisations, with only one in six reporting the high maturity of each.

**Training and Development**
The percentage of organisations providing project management training on tools, competency development, and a defined career path remains unchanged since 2012. Just under half of organisations report having a formal knowledge transfer process—a decline of five per cent since last year.

**Benefits Realisation**
The percentage of organisations reporting high benefits realisation maturity is at 17 %, static for the last three years. And, the percentage of organisations reporting low maturity in benefits realisation is trending upward—nearly four in ten now report low maturity.
The lack of improvement within these capabilities coincides with weaker project outcomes. Fewer projects are meeting original goals and business intent or being completed within budget. More projects are failing and creating substantial monetary loss for their organisations (see Figure 1).

More critical is the money that continues to be wasted when projects aren’t managed well. We see US$122 million wasted for every US$1 billion invested due to poor project performance, a 12% increase over last year.

With little movement in key data points over the past five years, and a regression in the percentage of projects reaching goals, something definitely needs to change.

PMI has conducted the *Pulse* study since 2006 to provide evidence that implementing strategy successfully is inextricably linked to an organisation’s capability to deliver successful projects and programmes. As we continue to see worsening project outcomes, disruptive global trends, and an uncertain economy, we want to advance the conversation. We want organisations to shift their thinking and embrace project management as a strategic competency for success. Throughout this report, you will discover approaches to addressing this ongoing challenge.

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**Figure 1: CURRENT STATE OF PROJECT OUTCOMES**

- Met original goals/business intent
- Completed within original budget
- Completed on time
- Experienced scope creep
- Failed project’s budget lost
- Deemed failure

More critical is the money that continues to be wasted when projects aren’t managed well. We see US$122 million wasted for every US$1 billion invested due to poor project performance, a 12% increase over last year.
THE WORLD AROUND US

Despite a global economy that is still uncertain and the rapid evolution of new business trends, we find many examples of project, programme, and portfolio managers who deliver value to their organisations and help them stay relevant and competitive.

As the global advocate for the profession, we continue to track a number of universal trends impacting project management. Disruptive change is prevalent. The acceleration of technology and digitisation, including the Internet of Things and social media, has created a hyper-connected, borderless world, with new industries and opportunities for project and programme managers. And the number and complexity of projects are increasing, a fact recognised by alert executive leaders.

“There’s a lot more that you have to pay attention to as an organisation and therefore the projects have to do the same,” said Norm Fjeldheim, Senior Vice President and CIO at Qualcomm.

Other trends that will have an impact on project management include:

- **Cost of energy is falling** as new shale oil and gas deposits are discovered, developed, and exploited with advanced extraction technologies, once again making the development of new oil and gas fields a project-rich environment.

- **Globalisation has improved business conditions** in emerging and advanced economies, triggering investments in infrastructure development projects in many low- and middle-income economies.

- **Climatic processes are approaching tipping points**, and scientists and engineers are beginning to assess the feasibility of several geoengineering “quick fixes.” This will lead to the proliferation of a vast array of new projects.

Norm Fjeldheim | Senior Vice President and CIO
Qualcomm
REINFORCING THE IMPORTANCE OF PROJECT MANAGEMENT

Organisations and project professionals can capitalise on—not merely react to—the trends outlined previously. As these and other developments usher in change and create more projects, the demand for skilled and experienced project and programme managers is on the rise. This environment of new opportunity further underscores the need for organisations to support project management as a strategically significant discipline.

Yet, our research shows that just over half of organisations fully understand the value of project management and less than two in five place a high priority on creating a culture that recognises its importance as a driver of better project performance. Organisations that place a high priority on creating this culture report 71% of projects meeting original goals and business intent versus 52% that place a low priority on it. These results would likely not surprise the executives we interviewed who agree that a cultural mindset that values project management is vital to the business.

“Project management has been one of the linchpins of our turnaround over the last couple of years. The discipline has made our product and technology deployments faster yet at the same time less impactful to customers, enabling us to post a gain last year of a million Internet customers and, for the first time in years, a net gain in video customers despite facing new, aggressive competitors.”

Peter Stern | Executive Vice President, Chief Product, People and Strategy Officer
Time Warner Cable

71 %
of projects meeting original goals and business intent when project management culture is high priority

52 %
of projects meeting original goals and business intent when project management culture is low priority
Our research further reinforces the tangible and intangible value project management provides to an organisation, including risk reduction and cost saving. Over the years, analysis of our Pulse data shows that high-performing organisations have implemented proven project, programme, and portfolio management practices. As a result, their projects meet original goals and business intent two-and-a-half times more often (89% versus 34%) and waste 13 times less money.

Peter Panzarella, Chief Procurement Officer at Pitney Bowes, believes project management is especially important when working cross functionally. “We found it helpful in creating a standardised way to talk to our internal stakeholders,” he explained. “And we also found it much easier to report on the status of programmes internally and to create a formal review process if we were using standardised methodologies and templates, and evaluating stages of the programmes under uniform structure.”

“Without a doubt, good project management drives more success, lowers the risk, and increases the chance of success for delivering the economic value of the project.”

Bill Seliger, PMP
Director, Supply Chain and Project Management
Fortune 500 manufacturing company
A SHIFT IN THINKING

With the deep and long-proven benefits of project management, we have to ask: Why isn’t this value being realised in project outcomes and reflected in this year’s findings?

As we work to strengthen the conversation and encourage new thinking among organisations less advanced at project management, we can pinpoint the following elements that distinguish more mature organisations that achieve better results.

THEY LOOK BEYOND TECHNICAL SKILLS

The dynamic, rapidly changing, complex business environment continues to emphasise the need for excellence in project, programme, and portfolio management. And, while technical skills are core to project and programme management, it’s even more critical to develop additional leadership, and strategic and business management skills.

Organisations can help develop project and programme managers who are versatile, experienced, and skilled. Yet less than one in three currently prioritise the development of technical, leadership, or business skills (see Figure 2); only 25 % consider all three skills a priority.
Qualcomm is among the vanguard of organisations that actively point to project and programme management as a critical skill set. "We recognise it as a career path that people can take all the way up," said Mr Fjeldheim. "It leads into a management track, which can go all the way to director or senior director and vice president ... We recognise it as being a very important skill that is critical to our success as an organisation."

Organisations with a similar mindset want project, programme, and portfolio managers with a broad range of skills to support long-range strategic objectives. The ideal skill set is depicted in the PMI Talent Triangle™—a combination of technical, leadership, and strategic and business management expertise (see Figure 3).

When organisations focus on all three areas, 40 % more projects meet original goals and business intent. Additional improvements are realised in managing budget, time, scope creep, and projects deemed failures (see Figure 4).

“We recognise [project management] as a career path that people can take all the way up … a very important skill that is critical to our success as an organisation.”

Norm Fjeldheim
Senior Vice President and CIO
Qualcomm

![Figure 3: The PMI Talent Triangle™](image)

![Figure 4: IMPROVE PROJECT OUTCOMES WITH THE RIGHT SKILLS](image)

<table>
<thead>
<tr>
<th>MET GOALS/INTENT</th>
<th>WITHIN BUDGET</th>
<th>ON TIME</th>
<th>SCOPE CREEP</th>
<th>PROJECTS DEEMED FAILURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority of all three is very or somewhat high</td>
<td>Priority of all three is very or somewhat low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>71 %</td>
<td>51 %</td>
<td>64 %</td>
<td>38 %</td>
<td>38 %</td>
</tr>
</tbody>
</table>
Sudhakar Kesavan, Chairman and CEO at ICF International, Inc., sees an increasing need for skilled professionals. “We are doing more training across the firm to make sure people understand that project management is a learned skill,” he said, adding that an organisation can’t just make decisions as they go along. “The more project management expertise we have, the less likelihood of complications with the client, overruns and cost issues,” he continued. “We need to train people so that we can have fewer issues with projects as they are run.”

Our Pulse findings reflect Mr Kesavan’s thinking. Project outcomes are significantly better in organisations that invest in ongoing project management training, offer a defined career path to those engaged in project or programme management, and establish formal processes to develop project manager competencies and to transfer knowledge, when compared with organisations that invest in none of these (see Figure 5).

“The more project management expertise we have, the less likelihood of complications with the client, overruns and cost issues.”

Sudhakar Kesavan | Chairman and CEO
ICF International, Inc.
THEY RECOGNISE THE STRATEGIC ROLE OF AN EPMO AND GET IT ALIGNED TO STRATEGY

By supporting the implementation of strategic programmes, PMOs play a crucial role in delivering organisational value. Organisations that have a PMO with a broader business-wide responsibility, such as the EPMO, are closest to delivering such value.

With responsibility to align projects and programmes to corporate strategy, the EPMO establishes and oversees appropriate governance of enterprise projects, programmes, and portfolios, and performs portfolio management functions to ensure strategy alignment and benefits realisation. As previously noted, organisations that align their EPMO to strategy report 27% more projects completed successfully and 42% fewer projects with scope creep (see Figure 6). Yet, less than half of organisations surveyed have an EPMO and only 44% of those EPMOs are highly aligned to the organisation’s strategy.

Overall, a well-aligned EPMO can boost performance. In addition, EPMOs and PMOs can:

- **Free executives to think strategically.** Rather than being bogged down in project details, executives can focus on strategic alignment.

- **Increase strategic flexibility.** A PMO creates the capacity to select the projects best suited to each moment.

- **Drive business growth through customer satisfaction.** A PMO increases the chance that projects will be delivered on time and on budget, which provides tangible value to customers.

- **Improve decision making.** Organisations can better evaluate the benefits and risks of individual projects in the context of the entire portfolio.
THEY DRIVE SUCCESS WITH EXECUTIVE SPONSORSHIP

Effective executive sponsorship is critical to the success of an organisation’s strategic initiatives—an executive sponsor’s active engagement is actually the top driver of project and programme success. When more than 80% of projects have executive sponsor support, 65% more projects are successful (76% versus 46%, see Figure 7). Despite this finding, only three in five projects have engaged executive sponsors.

Effective executive sponsors have thorough knowledge of a project and how it connects to business strategy. And owing to their position and experience, they have the necessary skills and authority to clear roadblocks, the confidence to make quick and effective decisions, and the influence to champion the project with senior management and position it as a top priority. The best executive sponsors can also motivate and engage a project team.
STRENGTHEN THE CONVERSATION TO IMPROVE SUCCESS

All change in an organisation happens through projects and programmes. When a project and programme management mindset is embedded in an organisation’s DNA, performance improves and competitive advantage accelerates. Strengthen the conversation around the importance of project management and the issues essential to improving project and business results—the right skill set, the EPMO, and executive sponsors. Spark the discussion around the strategic importance of project management with these essential points:

- Project management empowers people, rather than restricts them.
- Project management encourages innovation by facilitating teamwork and collaboration.
- Project management helps organisations fulfil client objectives without risking their own profitability.
- Project management practices, implemented from day one, improve the chances of delivering a project on time and on budget.
- Project management practices serve as a valuable competitive advantage.

MAKE THE DIFFERENCE TOGETHER

Ultimately, an organisation’s success is not simply the result of making sure the right tactical elements are in place, it also requires that everybody be on the same page. Strong project management comes from leaders—at all levels—who foster an environment that encourages flexibility and innovation. Their goal is to develop and support the project, programme, and portfolio teams that will turn their ideas and vision into real results.

However, we see a gap in how executive leaders and PMO directors perceive organisational success and their organisation’s performance in formulating strategy, prioritising and funding projects, executing strategic projects, and identifying lessons learned (see Figure 8).

![Figure 8: SUCCESS IN PERFORMING EACH ACTIVITY LAST THREE YEARS (EXCELLENT/GOOD)](image)

- Formulate strategy appropriate for changing market conditions: 83% (Executive Leaders) vs. 59% (PMO Directors)
- Prioritise and fund the appropriate initiatives/projects: 78% (Executive Leaders) vs. 55% (PMO Directors)
- Successfully execute initiatives/projects to deliver strategic results: 74% (Executive Leaders) vs. 59% (PMO Directors)
- Feed lessons from successful strategy back into strategy formulation: 68% (Executive Leaders) vs. 35% (PMO Directors)
- Feed lessons from failed strategy back into strategy formulation: 67% (Executive Leaders) vs. 34% (PMO Directors)
Further perceptual gaps exist around the benefits realised by use of formal project management to improve risk identification and mitigation, success with complex projects, customer satisfaction, and success with organisational change (see Figure 9).

We also see a disconnect in how project management is viewed within an organisation. Almost three-quarters of executive leaders feel their organisation fully understands the value, whereas less than half of PMO directors feel the same. The disparity suggests that organisations aren’t truly embracing a culture of project management—further proof that it’s time to strengthen the conversation in a way that reinforces its strategic value.
With these ongoing challenges, the good news is that the executives we spoke to are actively building the awareness of project management and its potential to deliver better business results. They are setting an example for other organisations that are less certain of the benefits—or less certain of how to invest in project management.

“Good project managers are highly valued,” said Mr Fjeldheim, “whether they are in IT or in engineering. If they are effective at being able to get the job done, then they are viewed very positively within the organisation and in demand.”

“If [project managers] are effective at being able to get the job done, then they are viewed very positively within the organisation and in demand.”

Norm Fjeldheim | Senior Vice President and CIO
Qualcomm
Despite the challenges, it is encouraging that senior executives and PMO directors share optimism about the future, agreeing on the importance of improving their competitiveness in the next three years. Eight in ten executive leaders and PMO directors agree that it’s essential to focus on formulating strategies appropriate for changing market conditions, prioritising and funding the appropriate initiatives and/or projects, successfully executing initiatives and/or projects in order to deliver strategic results, and using the lessons from unsuccessful strategy for strategy formulation (see Figure 10).

Mr Seliger described the advantages of project management approaches as delivering the intended business benefit. “That is what it is all about, right?” he said. “It is interesting because earlier this year I hired a project management professional in my organisation. Prior to her hire, I would say my business unit was challenged at managing complex projects, and it was like a breath of fresh air having a professional project manager managing projects very well. Her presence is allowing us to get better support from senior leadership and actually deliver on our projects, which unfortunately we frequently failed to do in the past.”

Project managers can be powerful liaisons to leadership because they present senior executives with the perspectives of teammates and stakeholders. By sharing their knowledge with confidence, project managers can deliver precisely what organisations need—successful projects that strategically align with business objectives. Alex Gilbert, Manager, Project Management at a public utility company, agrees, citing a reason the C-suite appreciates and supports project management: “When they have questions, we have answers.”

As project management continues to play an increasingly important role, senior executives, PMO directors, and project managers can reinforce that optimistic outlook. “The project manager is key in getting better value for the money by running a project efficiently and successfully,” said Mark Wagstaff, Executive Director, Programme Manager Community at UBS. “I think that the need for project management expertise can only increase because we want to change more; we want to do more things.”
CONCLUSION

Lack of improvement in key organisational capabilities and the decline in others may explain the weaker project outcomes that we see in this year’s Pulse results. Driving and realising improvement is possible. In fact, our research reinforces both the tangible and intangible value project management delivers to an organisation, including risk reduction, cost saving, and, of course, more successful projects and programmes. In addition, our research continues to show that when proven project, programme, and portfolio management practices are implemented, projects meet their original goals and business intent far more often, leading us to the following recommendations.

SHIFT THE THINKING

Embrace project and programme management as a strategic competency that reduces risks, cuts costs, and improves success rates; and recognise that effective project and programme management is vital to surviving the continuing economic uncertainty.

STRENGTHEN THE CONVERSATION

Advance the thinking internally, including with the C-suite, around three issues essential to improving both project and business results:

**INVEST** in leadership and strategic and business management skills for project managers, in addition to technical skills.

**ENGAGE** executive sponsors and ensure they can commit to meaningful support of project teams.

**ALIGN** the EPMO to organisational strategy and recognise that all strategic initiatives are projects and programmes.

WORK TOGETHER TO MAKE A DIFFERENCE

Close the gaps between how executive leaders, PMO directors, and project managers perceive organisational investment in project, programme, and portfolio management—and the business value they deliver.
Although these recommendations are solid, unless internal stakeholders, particularly the C-suite, fully understand the business value that projects and programmes deliver, we aren’t confident there will be more meaningful and sustained support of the discipline. And that raises concerns about statistically significant improvements in project and programme success factors.

Further research is needed to understand why organisations do not fully appreciate that all strategic initiatives are projects and programmes. We believe this disconnect may result from the fact that so few organisations monitor and measure the benefits that projects and programmes deliver. Our research confirms that only 17% of organisations report high benefits realisation maturity, raising myriad questions about how other organisations determine the business value of projects and programmes.

PMI believes it’s time for organisations to recognise that benefits realisation is a central component of project and programme management—it is the means to determine ROI as well as to identify the many intangible benefits that projects and programmes enable throughout the business, including, for example, issues of customer satisfaction.

We know that when project and programme benefits are identified as integral parts of the business case, and tracked from project initiation through transfer to the business and beyond, organisations can better ensure they’re delivering business value. In short, having greater awareness of how strategic objectives are achieved requires a benefits realisation process.

In our continuing emphasis on the fundamental importance of project, programme, and portfolio management, we will turn our attention in the year ahead to benefits management as a means to improve.
“Until leaders throughout organisation hierarchies trust that projects deliver strategy, I fear we will continue to see stagnant progress. And that means organisations will be less successful than they should be. It will take some work, but it can happen if we take a collective approach to help shift the thinking.”

Mark A. Langley | President and CEO
Project Management Institute
APPENDIX
APPENDIX: Section 1

SURVEY RESULTS FROM 2,428 PROJECT MANAGEMENT PRACTITIONERS (GLOBAL TOTAL)

Q: Does your organisation have a Project Management Office?

Yes: 68%
No: 32%

Q: What type(s) of PMO does your organisation have? (Select all that apply)

Department-specific, regional or divisional PMO(s): 66%
Enterprise-wide PMO: 49%

Q: To what extent does your organisation use standardised project management practices?

Standardised practices are used throughout the entire organisation: 24%
Standardised practices are used by most, but not all, departments: 33%
Standardised practices are used by some departments: 36%
Standardised practices are not used: 7%
Q: How often does your organisation use each of the following?

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Global Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project performance measures</td>
<td>29% 36% 24% 8% 3%</td>
</tr>
<tr>
<td>Risk management practices</td>
<td>28% 35% 24% 10% 3%</td>
</tr>
<tr>
<td>Change management practices</td>
<td>27% 37% 24% 9% 3%</td>
</tr>
<tr>
<td>Programme management</td>
<td>25% 37% 23% 10% 6%</td>
</tr>
<tr>
<td>Resource management to estimate and allocate resources</td>
<td>25% 38% 23% 10% 4%</td>
</tr>
<tr>
<td>Internal/proprietary methodologies</td>
<td>24% 38% 21% 8% 9%</td>
</tr>
<tr>
<td>Project portfolio management</td>
<td>21% 33% 25% 12% 9%</td>
</tr>
<tr>
<td>Earned value management</td>
<td>12% 21% 24% 22% 21%</td>
</tr>
<tr>
<td>Waterfall project management practices</td>
<td>11% 37% 26% 14% 13%</td>
</tr>
<tr>
<td>Critical chain project management practices</td>
<td>9% 27% 28% 19% 17%</td>
</tr>
<tr>
<td>Agile/Incremental/Iterative project management practices</td>
<td>9% 28% 31% 17% 15%</td>
</tr>
<tr>
<td>Lean project management practices</td>
<td>7% 25% 32% 19% 16%</td>
</tr>
<tr>
<td>Scrum</td>
<td>7% 20% 27% 20% 27%</td>
</tr>
<tr>
<td>Agile/Incremental/Iterative programme management practices</td>
<td>6% 22% 29% 20% 23%</td>
</tr>
<tr>
<td>Agile/Incremental/Iterative portfolio management practices</td>
<td>6% 18% 27% 22% 27%</td>
</tr>
<tr>
<td>Six Sigma</td>
<td>6% 20% 25% 19% 31%</td>
</tr>
<tr>
<td>Extreme project management practices</td>
<td>6% 15% 25% 27% 28%</td>
</tr>
<tr>
<td>Event chain methodology</td>
<td>3% 13% 21% 21% 41%</td>
</tr>
<tr>
<td>PRINCE2</td>
<td>6% 13% 20% 60%</td>
</tr>
</tbody>
</table>

Note: Numbers may not sum to 100% due to rounding.
APPENDIX: Section 1

Q: Do you believe that your organisation fully understands the value of project management?

- Yes: 55%
- No: 45%

Q: Does your organisation currently have…?

- Ongoing training for staff on the use of project management tools and techniques: 61%
- A formal process for transferring knowledge from one part of the organisation to another (known as “knowledge transfer”): 47%
- A formal process to mature existing project/portfolio management practices: 47%
- A formal process to develop project manager competency: 45%
- A defined career path for those engaged in project or programme management: 45%

Q: How would you characterise the [project/programme/portfolio] management maturity of your organisation?

- Project management maturity: 18% High, 46% Medium, 36% Low
- Programme management maturity: 17% High, 45% Medium, 38% Low
- Portfolio management maturity: 16% High, 40% Medium, 44% Low

Q: How would you characterise…?

- The alignment of the projects you manage to the strategy of your organisation: 44% High, 46% Medium, 11% Low
- Your organisation’s benefits realisation process maturity level: 17% High, 44% Medium, 39% Low
- The agility of your organisation: 15% High, 43% Medium, 43% Low

Note: Numbers may not sum to 100% due to rounding.
Q: In your estimation, what percentage of the projects completed within your organisation in the past 12 months...?

<table>
<thead>
<tr>
<th>Global Total</th>
<th>Mean Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successfully met the original goals and business intent of the project</td>
<td>62 %</td>
</tr>
<tr>
<td>Finished within their initially scheduled times</td>
<td>49 %</td>
</tr>
<tr>
<td>Finished within their initial budgets</td>
<td>53 %</td>
</tr>
<tr>
<td>Experienced scope creep or uncontrolled changes to the project’s scope</td>
<td>45 %</td>
</tr>
<tr>
<td>Project budget lost when a project fails</td>
<td>32 %</td>
</tr>
<tr>
<td>Were deemed failures</td>
<td>16 %</td>
</tr>
<tr>
<td>Included project sponsors who were actively supportive of the project</td>
<td>59 %</td>
</tr>
</tbody>
</table>

Q: Of the projects started in your organisation in the past 12 months that were deemed failures, what were the primary causes of those failures? (Select up to 3)

<table>
<thead>
<tr>
<th>Global Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in organisation’s priorities</td>
</tr>
<tr>
<td>Change in project objectives</td>
</tr>
<tr>
<td>Inaccurate requirements gathering</td>
</tr>
<tr>
<td>Opportunities and risks were not defined</td>
</tr>
<tr>
<td>Inadequate vision or goal for the project</td>
</tr>
<tr>
<td>Inaccurate cost estimates</td>
</tr>
<tr>
<td>Inadequate/poor communication</td>
</tr>
<tr>
<td>Inadequate sponsor support</td>
</tr>
<tr>
<td>Poor change management</td>
</tr>
<tr>
<td>Inaccurate task time estimate</td>
</tr>
<tr>
<td>Resource dependency</td>
</tr>
<tr>
<td>Inadequate resource forecasting</td>
</tr>
<tr>
<td>Limited/taxed resources</td>
</tr>
<tr>
<td>Inexperienced project manager</td>
</tr>
<tr>
<td>Team member procrastination</td>
</tr>
<tr>
<td>Task dependency</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>
Q: How high a priority is each of the following within your organisation?

Development of talent with the necessary technical skills for the management of projects
Global Total
13 % 27 % 32 % 19 % 10 %

Development of talent with the necessary leadership skills for the management of projects
Global Total
12 % 27 % 33 % 18 % 10 %

Development of talent with the necessary business skills for the management of projects
Global Total
11 % 26 % 33 % 20 % 11 %

Note: Numbers may not sum to 100 % due to rounding

Q: How high a priority is each of the following within your organisation?

Creating a culture receptive to organisational change
Global Total
14 % 27 % 32 % 16 % 11 %

Creating a culture that values project management
Global Total
13 % 25 % 33 % 19 % 11 %

Developing strategy implementation skills among executives
Global Total
11 % 26 % 33 % 19 % 11 %

Development of skills for executive sponsors of projects
Global Total
8 % 21 % 31 % 23 % 17 %

Note: Numbers may not sum to 100 % due to rounding

Q: How would you characterise the alignment of the enterprise-wide PMO to the strategy of your organisation?

Alignment of enterprise-wide PMO to strategy of organisation
Global Total
44 % 47 % 9 %

Note: Numbers may not sum to 100 % due to rounding

Region of responding organisations

Global Total
51 %

North America
47 %

EMEA
21 %

Asia Pacific
19 %

Latin America
9 %

Note: Numbers may not sum to 100 % due to rounding
Q: Please select the term that best describes the primary focus of your organisation.

- Information Technology: 17%
- Financial Services: 11%
- Manufacturing: 9%
- Energy: 9%
- Government: 8%
- Healthcare: 6%
- Telecom: 6%
- Construction: 6%
- Consulting: 4%
- Training/Education: 3%
- Aerospace: 3%
- Transportation / Logistics / Distribution: 3%
- Automotive: 2%
- Food and Beverage: 2%
- Retail: 2%
- Pharmaceutical: 2%
- Mining: 1%
- Legal: <1%
- Other: 5%

Global Total: 11%

Q: Which of these includes the total annual revenue of your organisation (US$)?

- $5 billion or more: 30%
- $1–$4.999 billion: 16%
- $500–$999 million: 9%
- $250–$499 million: 8%
- $50–$249 million: 14%
- Less than $50 million: 23%

Global Total: 11%

Note: Numbers may not sum to 100% due to rounding.
### Q: How would you rate your organisation’s success in performing the following activities over the last three years?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Somewhat poor</th>
<th>Poor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulating strategy appropriate for changing market conditions</td>
<td>36%</td>
<td>48%</td>
<td>13%</td>
<td>3%</td>
<td>1%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Prioritising and funding the appropriate initiatives/projects</td>
<td>31%</td>
<td>48%</td>
<td>18%</td>
<td>3%</td>
<td>1%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Successfully executing initiatives/projects in order to deliver strategic results</td>
<td>32%</td>
<td>42%</td>
<td>21%</td>
<td>3%</td>
<td>1%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Feeding lessons from successful strategy implementation back into strategy formulation</td>
<td>23%</td>
<td>46%</td>
<td>26%</td>
<td>4%</td>
<td>1%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Feeding lessons from failed strategy implementation back into strategy formulation</td>
<td>25%</td>
<td>42%</td>
<td>24%</td>
<td>7%</td>
<td>2%</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

*Note: Numbers may not sum to 100 % due to rounding*

### Q: Compared with peer companies, how would you rank your organisation on each of the following?

<table>
<thead>
<tr>
<th>Category</th>
<th>19%</th>
<th>31%</th>
<th>46%</th>
<th>19%</th>
<th>3%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td></td>
<td>29%</td>
<td>43%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Execution of the formulated strategy</td>
<td></td>
<td>29%</td>
<td>37%</td>
<td>26%</td>
<td>6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Note: Numbers may not sum to 100 % due to rounding*

### Q: How important will improving the various aspects of strategy implementation be to the competitiveness of your organisation over the next three years?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Essential</th>
<th>Very Important</th>
<th>Somewhat Important</th>
<th>Minimally Important</th>
<th>Not at all important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulating strategy appropriate for changing market conditions</td>
<td>45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Prioritising and funding the appropriate initiatives/projects</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Successfully executing initiatives/projects in order to deliver strategic results</td>
<td>56%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Feeding lessons from successful strategy implementation back into strategy formulation</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Feeding lessons from failed strategy implementation back into strategy formulation</td>
<td>43%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

*Note: Numbers may not sum to 100 % due to rounding*
Q: Where in your organisation does responsibility lie for managing the implementation of strategy through high-priority initiatives and projects?

- The CEO and/or other members of the C-suite manage it directly (55%)
- A strategic management functional group/role (31%)
- An organisation-wide project management office responsible for projects and programmes (6%)
- Responsibility for management varies depending on the specific field of strategy (5%)
- A series of distributed project management offices responsible for different functions that report up to a central authority (3%)

Q: Do you believe that your organisation fully understands the value of project management?

- Yes (74%)
- No (26%)

Q: How high a priority is each of the following within your organisation?

- Development of talent with the necessary technical skills for the management of projects (37% Very high, 35% Somewhat high, 19% Moderate, 6% Somewhat low, 3% Very low)
- Development of talent with the necessary leadership skills for the management of projects (32% Very high, 41% Somewhat high, 19% Moderate, 7% Somewhat low, 2% Very low)
- Development of talent with the necessary business skills for the management of projects (37% Very high, 28% Somewhat high, 25% Moderate, 9% Somewhat low, 1% Very low)
- Creating a culture receptive to organisational change (29% Very high, 42% Somewhat high, 18% Moderate, 6% Somewhat low, 4% Very low)
- Creating a culture that values project management (29% Very high, 35% Somewhat high, 24% Moderate, 9% Somewhat low, 4% Very low)
- Developing strategy implementation skills among executives (28% Very high, 35% Somewhat high, 26% Moderate, 8% Somewhat low, 2% Very low)
- Development of skills for executive sponsors of projects (26% Very high, 35% Somewhat high, 25% Moderate, 12% Somewhat low, 3% Very low)

Note: Numbers may not sum to 100% due to rounding.
APPENDIX: Section 2

Firmographics: Senior Executives

Region

- North America: 67%
- EMEA: 20%
- Asia Pacific: 7%
- Latin America: 6%

Organisation's annual revenue (US$)

- $5 billion or more: 17%
- $1-$4.99 billion: 33%
- $500-$999 million: 26%
- $250-$499 million: 25%

Note: Numbers may not sum to 100% due to rounding

APPENDIX: Section 3

SURVEY RESULTS FROM 282 PMO DIRECTORS

Q: How would you rate your organisation's success in performing the following activities over the last three years?

- Formulating strategy appropriate for changing market conditions
  - PMO Directors: 15% Excellent, 44% Good, 30% Fair, 7% Somewhat poor, 5% Poor
- Prioritising and funding the appropriate initiatives/projects
  - PMO Directors: 12% Excellent, 43% Good, 30% Fair, 10% Somewhat poor, 5% Poor
- Successfully executing initiatives/projects in order to deliver strategic results
  - PMO Directors: 13% Excellent, 45% Good, 27% Fair, 12% Somewhat poor, 3% Poor
- Feeding lessons from successful strategy implementation back into strategy formulation
  - PMO Directors: 6% Excellent, 29% Good, 35% Fair, 19% Somewhat poor, 10% Poor
- Feeding lessons from failed strategy implementation back into strategy formulation
  - PMO Directors: 6% Excellent, 28% Good, 30% Fair, 23% Somewhat poor, 13% Poor

Note: Numbers may not sum to 100% due to rounding

Q: Compared with peer companies, how would you rank your organisation on each of the following?

- Financial performance
  - PMO Directors: 22% Well above average, 37% Somewhat above average, 31% Average, 8% Somewhat below average, 2% Poor
- Strategy formulation
  - PMO Directors: 12% Well above average, 38% Somewhat above average, 32% Average, 13% Somewhat below average, 4% Poor
- Execution of the formulation strategy
  - PMO Directors: 12% Well above average, 28% Somewhat above average, 43% Average, 12% Somewhat below average, 5% Poor

Note: Numbers may not sum to 100% due to rounding
Q: How important will improving the various aspects of strategy implementation be to the competitiveness of your organisation over the next three years?

- Formulating strategy appropriate for changing market conditions: 51% Essential, 37% Very important, 9% Somewhat important, 3% Minimally important, 1% Not important at all
- Prioritising and funding the appropriate initiatives/projects: 42% Essential, 49% Very important, 6% Somewhat important, 3% Minimally important, 1% Not important at all
- Successfully executing initiatives/projects in order to deliver strategic results: 48% Essential, 45% Very important, 6% Somewhat important, 1% Minimally important, 1% Not important at all
- Feeding lessons from successful strategy implementation back into strategy formulation: 27% Essential, 48% Very important, 20% Somewhat important, 5% Minimally important, 1% Not important at all
- Feeding lessons from failed strategy implementation back into strategy formulation: 30% Essential, 51% Very important, 15% Somewhat important, 3% Minimally important, 1% Not important at all

Note: Numbers may not sum to 100% due to rounding.

Q: Where in your organisation does responsibility lie for managing the implementation of strategy through high-priority initiatives and projects?

- The CEO and/or other members of the C-suite manage it directly: 42%
- A strategic management functional group/role: 26%
- Responsibility for management varies depending on the specific field of strategy: 13%
- An organisation-wide project management office responsible for projects and programmes: 9%
- A series of distributed project management offices responsible for different functions that report up to a central authority: 8%
- Other: 2%

Q: Do you believe that your organisation fully understands the value of project management?

- Yes: 46%
- No: 54%
Q: How high a priority is each of the following within your organisation?

![Priority Graph]

**Firmographics: PMO Directors**

<table>
<thead>
<tr>
<th>Region</th>
<th>PMO Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>55 %</td>
</tr>
<tr>
<td>EMEA</td>
<td>22 %</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>14 %</td>
</tr>
<tr>
<td>Latin America</td>
<td>9 %</td>
</tr>
</tbody>
</table>

**Organisation’s annual revenue (US$)**

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5 billion or more</td>
<td>23 %</td>
</tr>
<tr>
<td>$1-$4.99 billion</td>
<td>17 %</td>
</tr>
<tr>
<td>$500-$999 million</td>
<td>11 %</td>
</tr>
<tr>
<td>$250-$499 million</td>
<td>8 %</td>
</tr>
<tr>
<td>$50-$249 million</td>
<td>15 %</td>
</tr>
<tr>
<td>Less than $50 million</td>
<td>27 %</td>
</tr>
</tbody>
</table>

*Note: Numbers may not sum to 100 % due to rounding*
Strengthen the Conversation