



PMI's Pulse of the Profession

Highlighting Key Trends in the Project Management Profession



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Study Highlights

PMI’s latest study on the state of the project management profession finds that projects are facing an increasingly complex, challenging business environment. The mix of ever-increasing global competition and slower global growth has pushed organizations to be simultaneously more innovative and more efficient, more nimble and more engaged.

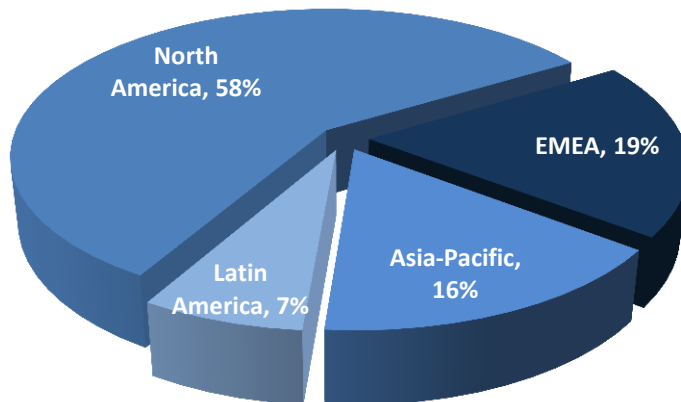
The good news is that business and government organizations are responding by enhancing their project, program and portfolio management practices. They are also investing in their project management practitioners, and those practitioners are now better able to meet the demands of today’s business challenges.



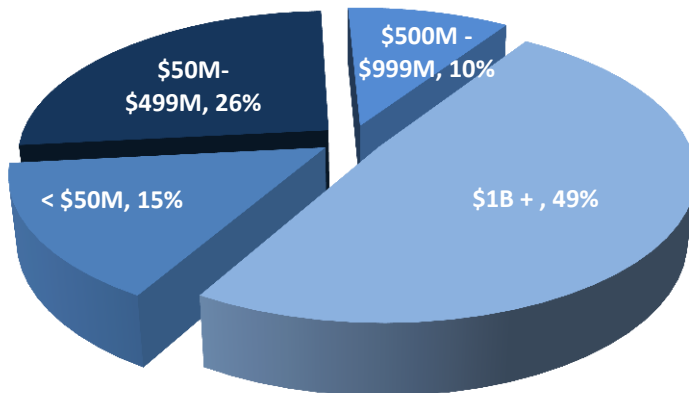
And, we have found that the return on the investment that organizations are making in maturing their project, program and portfolio practices has never been clearer. In fact, our survey shows that organizations that **do not** invest in project management not only have lower project success rates, they also put nearly **nine** times more of their project dollars at risk for every project they manage.

About the Study

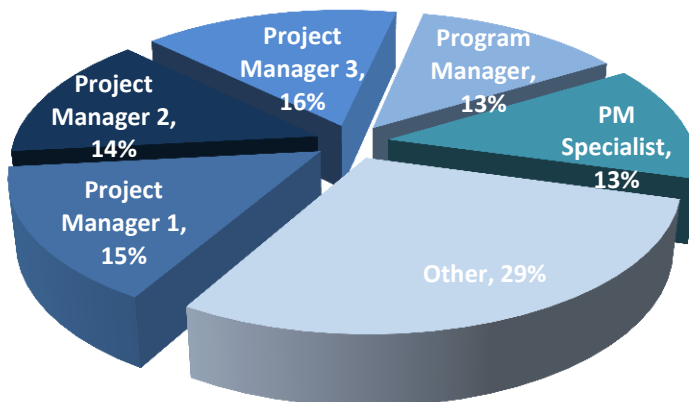
PMI’s annual look at the project management environment is based on a global web-based survey of over 1,100 PMI members and credential holders. The survey’s respondent base is a good statistical representation of PMI’s array of stakeholders in terms of geographic diversity, cross-industry employers, sizes of employers and practitioner experience levels.



Location



Employer Annual Revenues



Position/Role

Key Findings

A Look at Current Practices...

Standardization of Practices: Three out of five respondents report that standardized project management practices are used throughout all or most of their organization; however, this finding has not shown a significant increase or decrease since the baseline 2006 study. It is not surprising that nearly 70% of

those who use standardized practices have based those standards on PMI's *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*.

Project Management Offices: We have also not seen a significant increase in the presence of PMOs since the 2006 baseline study; just over 60% report their organization has a PMO. Obviously, there are different types of PMOs, the most basic categorization being enterprise-wide versus departmental or divisional PMOs. We found that just less than half (46%) of respondents work for a company that has an enterprise-wide PMO, whereas 65% have at least one departmental or divisional PMO.

We do see that the role of the PMO is evolving; the latest study shows that PMOs are now more likely to take on higher level responsibilities such as *program and portfolio management*, as well as *managing resource allocations* and *monitoring project success metrics*.

Some additional findings regarding current practice are highlighted below:

- The majority (67%) of companies create their own project management methodologies.
 - *Waterfall* project management is still the most commonly used generic method (used always or often by 39% of respondents).
 - *Critical Chain* project management is used always or often by 30%.
 - *Lean* project management is used always or often by 29%. *Agile* project management is used always or often by 24%.
- 37% use *earned value management* techniques always or often.
- 50% practice *project portfolio management* always or often.
- 52% have a formal process for developing project manager competency.
- 51% have a formal process to mature existing project and portfolio practices

Linking Project Practices and Project Outcomes

Analysis of the survey data shows clear connections between certain project management practices and project success rates in terms of projects finishing on time, within budget and meeting their business intent (see sidebar at right for the average success rates for each criterion).

For example, the data show that the percentage of projects delivered on time and within budget significantly decreases as the use of standardized project management practices decreases. The same is true when looking at the percentage of projects that meet their original goals and business intent.

Those who use standardized practices throughout their organization report an average of 74% of projects meeting their goals and intent, compared with 58% for those who do not use standardized practices.

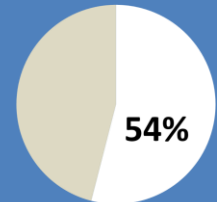
Some additional findings regarding linkages between current practices and project outcomes are highlighted below:

- Those with a *formal process for developing project manager competency* report a significantly higher percentage of projects finishing on time and within budget and meeting project goals and business intent.
- Organizations with a *formal process to mature their project management practices* report a significantly higher percentage of projects finishing on time and within budget and meeting project goals and business intent.
- Organizations that *base their practices on the PMBOK® Guide* report a significantly higher percentage of projects finishing on time and within budget and significantly lower levels of scope creep.
- Organizations with higher proportions of *PMP® credential holders* on staff report a significantly higher percentage of projects finishing on time and within budget and meeting project goals and business intent.

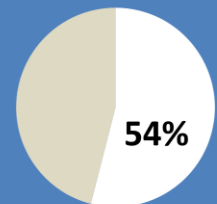
Project Outcomes

What percentage of the projects in your organization...

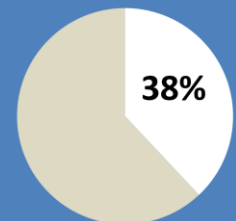
Finished on time?



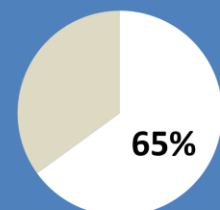
Finished within budget?



Finished on time and within budget?



Met original goal and business intent?



The Rewards of High Performers and the Risks of Low Performers

The Analysis

We segmented our survey respondents into two groups: high performers and low performers, in an effort to understand the cumulative benefit of using formalized project management practices. We used the following indicators to segment the groups:

- Percentage of projects completed on time in the past 12 months,
- Percentage of projects completed within budget in the past 12 months and,
- Percentage of projects meeting the original goals and business intent of the project.

High Performers: those with **80% or more** of their projects achieving **all three** indicators. This group represents 13% of the total sample.

Low Performers: those with **60% or fewer** of their projects achieving **all three** indicators. This group represents 27% of the total sample.

Note: The remaining 60% are moderate performers and are not included in this analysis.

Not surprisingly, there are a number of project management practices, which high performers are much more likely to implement and execute than low performers (see the next page for examples).

More striking is the finding that, on average, only **8%** of projects in high-performing organizations do not meet their original goals and business intent, whereas **64%** of projects in low performers do not meet their goals and business intent; a difference of 56%. Obviously, there are financial implications of a project not meeting its original goal and business intent. Using the average project budget size information from the survey to estimate the amount of money organizations are putting “at risk” with unsuccessful projects, yields a significant difference between high performers and low performers.

In fact, we estimate that low performers put US\$300,000 more at risk for every US\$1 million spent on projects.

High Performers

-70% have a process in place to mature project and portfolio management practices

-50% use standardized project management practices throughout the organization

-72% have a formal process for developing project manager competency

-44% have over one third of their project managers credentialed with the PMP®

-88% use risk management techniques always or often

-85% always track or often track project performance measures

92% of projects meet their original goals and business intent

Put an average of US\$40,000 at risk for every US\$1 million spent on projects

Low Performers

-35% have a process in place to mature project and portfolio management practices

-12% use standardized project management practices throughout the organization

-42% have a formal process for developing project manager competency

-18% have over one third of their project managers credentialed with the PMP®

-54% use risk management techniques always or often

-51% always track or often track project performance measures

36% of projects meet their original goals and business intent

Put an average of US\$350,000 at risk for every US\$1 million spent on projects



Conclusions and Implications

The study results show that respondents believe their organizations are getting better at project management; the proportion that rate their overall project management maturity as “high” (compared with medium or low) has increased from 11% in 2006 to 14% in 2008 to 19% in 2010. However, 45% of respondents still say that their organizations do not fully understand the value of project management.

The findings from this study provide ample evidence that investing in project, program and portfolio management and practitioners indeed offers significant payback. The study clearly shows that organizations implementing project management in more formal ways (e.g., using standardized practices, working to mature those practices and their practitioners, getting their practitioners certified) are less likely to have projects that do not meet their goals and intent and therefore are putting fewer project dollars at risk. As the size and complexity of projects continue to increase, the risk and the value of mitigating that risk will also increase.

About Project Management Institute

PMI is the world’s largest project management member association, representing more than half a million practitioners in more than 185 countries. As a global thought leader and knowledge resource, PMI advances the profession through its global standards and credentials, collaborative chapters and virtual communities and academic research. When organizations invest in project management supported by PMI, executives have confidence their important initiatives will deliver expected results, greater business value and competitive advantage. Learn more at www.pmi.org