The Path Forward

Every organization defines innovation differently. But whether it means instituting incremental improvements or making sweeping changes, innovation always entails pushing forward new ideas and envisioning bold solutions to meet customer needs.

In an era of nonstop disruption, a solid majority of companies see the value of game-changing ideas delivered through projects. According to research conducted for this report, 7 in 10 project professionals say their organization invests in and rewards innovation.

It’s disrupt or be disrupted.

“Disruption is very hard to predict. You don’t know where it will come from,” says Rizwan Khan, PMP, program manager of technology and innovation at Etihad Airways, Abu Dhabi, United Arab Emirates. “So there are two options that are emerging: Do you want to follow the rhythm and be disrupted? Or do you want to reinvent yourself?”

In light of the COVID-19 crisis and the ensuing recession, innovation isn’t just a possibility; it’s the only way forward.

As companies reimagine the future and explore new ways to drive growth in an uncertain world, organizations will rely on project leaders and their teams to turn cutting-edge ideas into reality.

Innovation in The Project Economy

Innovation starts with a big idea—a vision of what might be. But an idea alone can’t change the world. Real innovation is delivered through projects.

That takes more than dabbling at the edges. Companies need to reimagine and reinvent. And forget failing fast—it’s about succeeding quickly. The organizations that develop the technologies, systems, products, services and customer experiences that change the game will shape the future of The Project Economy.

7 in 10 project professionals say their organization invests in and rewards innovation.

Source: PMI
In Pursuit of Innovation

Extraordinary times require extraordinary innovation. And executives know it: Three in four (74 percent) project professionals say their organization has sponsored or invested in innovative ideas brought forward by teams or individuals.

That need for unconventional thinking will only grow more urgent as organizations emerge from the pandemic. McKinsey reports that while 90 percent of executives believe the COVID-19 crisis will fundamentally change the way they do business over the next five years and 70 percent say it will create significant new opportunities for growth, only 21 percent say they have the expertise, resources and commitment to pursue that new growth successfully.

That opens up a significant opportunity for organizations that can find ways to innovate past the crisis.

“We have a new normal,” says Wanja Murekio, PMP, senior program manager, Safaricom, Nairobi, Kenya. “And organizations already on the digitization journey are finding it much easier to adapt.”

PMI research suggests that this always-on innovation push will be a given in the years to come: Three in four project leaders say their organizations will invest more to promote project management innovation over the next 10 years.

Incentivizing Innovation

Most organizations support innovation on project teams:

<table>
<thead>
<tr>
<th>Action</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourage project leaders to expand their roles to deliver greater value</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Invest in innovation</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>Reward innovation</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: PMI
Customer-Led Change

Although COVID-19 has shaken nearly every sector of the global economy in unprecedented ways, many organizations have already made big changes to account for increased volatility and the need for rapid-fire innovation. PMI research shows that roughly half of organizations have adjusted their priorities in the past five years due to changes in the competitive landscape or customer perceptions of their products/services.

However, only 1 in 4 organizations is investing in new opportunities primarily based on market trends. And that’s a big miss.

“Organizations need to be learning organizations,” Murekio says. “If you base your strategies around what the customer wants or addressing specific customer needs, that’s a good push for innovation.”

Purkayastha emphasizes the importance of setting clear goals and connecting with real customers to stay on track. “Identify the use cases and keep them small enough to be validated with the end-users through biweekly sprints, so that time, money and effort are not sunk into initiatives that do not lead to tangible and differentiated strategic outcomes,” he says.

That kind of data-driven approach helps teams make smarter, more strategic decisions as they innovate, Murekio says.

“There is a tendency to make emotional decisions around what customers want,” she says. “The likelihood of failure is much lower when you use data to come to decisions.”
It Starts Within

As much as organizations have tried to spur innovation, it’s clear many still have a long way to go. Executives understand that more proactive approaches to innovation should be a top priority. Creating new business models to deal with disruption and creating a more innovative culture were among the top pressing concerns of global executives surveyed in The Conference Board’s 2020 C-Suite Challenge report.ii

However, more than half of project leaders rate their organizations as below average when it comes to facilitating innovation and motivating project professionals to pursue new ideas.

“Companies are trying to buy innovation, but you need to enable the organization before you go invest,” Khan of Etihad says. “Innovation within an organization comes from a certain frame of mind and environment that you create. If you don’t have that environment, people will not innovate.”

Project leaders must build a culture that rewards curiosity and unconventional thinking. That message seems to have gotten through to company leaders: A full 87 percent of project professionals indicate that their organizations promote a learning and growth mindset. What’s more, 44 percent of organizations have placed a heavy focus on the development of strategic innovation skills to support project professionals—second only to people skills.

Making space for innovation starts with hiring people willing to learn and adapt, Murekio says. At Safaricom’s Digital Academy, for instance, project team members can pick up skills in emerging areas—app development, agile, cloud computing, data science—as those demands arise.

“Innovation within an organization comes from a certain frame of mind and environment that you create. If you don’t have that environment, people will not innovate.”

— RIZWAN KHAN, PMP, ETIHAD AIRWAYS, ABU DHABI, UNITED ARAB EMIRATES

Passive Approach

Over the past five years, half of organizations have recognized team members who brought innovative ideas forward. But they’re falling short when it comes to more proactive activities:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required teams to dedicate time for innovative thinking and idea generation</td>
<td>25%</td>
</tr>
<tr>
<td>Hosted a creativity lab or hackathon facilitated by a trained professional</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: PMI
Hackathons can also spur innovation through competition. While at Australian telecom Telstra, Khan ran a large-scale hackathon that produced several promising ideas that the company ultimately pursued. But one of the biggest benefits was that it got more team members involved in the innovation process.

“When you do day-to-day things, you don’t often talk to the grassroots people in your organization,” Khan says. “Hackathons give them space to actually build their ideas and shine.”

**From Problem to Prototype**

A lack of innovation doesn’t always mean a lack of ideas. Many organizations possess a stockpile of possible projects and improvements but can’t move forward due to a backlogged IT team.

Now, some project teams are finding a workaround: citizen developers, non-IT professionals who build apps using low- or no-code development platforms. In this way, a business expert doesn’t need to be a coder to turn an idea into a working prototype.

“This puts the focus on the problem being solved, rather than the technology being used to solve it,” says Dave Garrett, chief strategy and growth officer at PMI. “A smaller, business-focused team can move and iterate faster, seeing what works as they move through the process.”

Citizen development is an often-untapped source of innovation. According to PMI research, only 21 percent of project professionals have some level of familiarity with the idea.

For organizations that adopt citizen development, it can mean more team members innovating—and delivering results. “Citizen development offers people who see a needed change the ability to go ahead and make the change that they wish to see,” Garrett says.

**The ROI of Innovation**

Organizations that promote innovative practices see stronger results:

- 80% of organizations that encourage project leaders to expand their role to deliver greater value have invested in at least one innovative idea in the past five years.
- 54% of organizations that do not encourage project leaders to expand their role to deliver greater value have invested in at least one innovative idea in the past five years.

Source: PMI
Let the Revolution Begin

Sticking with the status quo doesn’t cut it in The Project Economy. First-movers focus on three big ideas:

Future-Proof the Project Team
Project leaders must invest in team members who will keep them one step ahead of the competition. Hiring people who can learn and adapt will help teams develop new skills quickly as the landscape shifts.

Put Data in the Driver’s Seat
No one understands customer needs better than the customer. Drawing on user data to inform project decisions helps teams avoid making choices based on faulty assumptions or emotions.

Build the Infrastructure
Innovation won’t thrive without the right environment. Organizations must commit to building a culture that encourages innovation every step of the way—whether that’s providing team members with training or holding hackathons to pull more of them into the creative process.
About PMI
Project Management Institute (PMI) is the world’s leading association for those who consider project, program or portfolio management their profession.

Through global advocacy, collaboration, education and research, we work to prepare more than three million professionals around the world for The Project Economy: the coming economy in which work, and individuals, are organized around projects.

Celebrating our 50th anniversary in 2019, we work in nearly every country around the world to advance careers, improve organizational success and further mature the project management profession through globally-recognized standards, certifications, communities, resources, tools, academic research, publications, professional development courses and networking opportunities.

As part of the PMI family, ProjectManagement.com creates online global communities that deliver more resources, better tools, larger networks and broader perspectives.

About This Report
Research was conducted online in March 2020 among a global cross-industry sample of 439 project professionals from the PMI Thought Leadership Panel.

Endnotes
1 Innovation Through Crisis Survey, McKinsey & Co., 2020
2 2020 C-Suite Challenge, The Conference Board, 2020