

# Success in Disruptive Times

Expanding the Value Delivery  
Landscape to Address the High Cost  
of Low Performance

## ABOUT THIS REPORT

Conducted since 2006, PMI's *Pulse of the Profession*<sup>®</sup> is the premiere global survey of professionals who provide project, program, or portfolio management services within global organizations. 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, program, and portfolio managers, along with an analysis of third-party data.

The 2018 edition of the *Pulse* highlights feedback and insights from 4,455 project management practitioners, 447 senior executives, and 800 project management office (PMO) directors from a range of industries, including government, information technology (IT), telecom, energy, manufacturing, healthcare, and construction. Respondents span the North America; Asia Pacific; Europe, Middle East and Africa (EMEA); and Latin America and Caribbean regions.

The analysis in this report and other outputs from this project, also draws on the insights of interviews with eight corporate leaders and eight PMO directors.

Industry and regional comparisons are available on [PMI.org/Pulse](https://www.pmi.org/Pulse).

5,402

PROFESSIONALS SURVEYED

# TABLE OF CONTENTS

## CEO Letter: Delivering Value

2

*As the world's leading advocate for the project management profession, we know that all strategic change in organizations happens through projects and programs.*

## Top Drivers of Project Success

6

*Based on a rigorous statistical analysis, three drivers help organizations save millions of dollars.*

## New Ways to Work

10

*As we celebrate our 10th edition of the Pulse, we outline the following new ways of working.*

## Turning Ideas Into Reality

14

*An organization's future lies not only in its portfolio of projects, but also in the hands of those who bring those projects—and the future—to life.*

## Executive Summary

3

*Organizations that invest in formal project management drive change more effectively and have better results.*

## Top Driver #1

6

Executive Sponsorship

## Insight 1

11

Future of Value Delivery

## Gig Economy

18

*Every organization has to find its ideal balance between having project managers on staff and project managers who serve as contractors.*

## Current State of Global Project Management

4

*Explore the current state of project management.*

## Top Driver #2

7

Controlling Project Scope

## Insight 2

12

Skill Development

## Conclusion

19

## Top Driver #3

8

Value Delivery Capabilities

## Insight 3

13

Managing Disruption

## Appendix

20



## WE CAN DELIVER MORE VALUE

**9.9% of every dollar is wasted due to poor project performance—that’s \$99 million for every \$1 billion invested**

(Source: 2018 *Pulse of the Profession*)

Note: Figures are U.S. dollar amounts, but represent a percentage that applies to any currency.

**Scaled to encompass total global capital investment, around \$1 million is wasted every 20 seconds—or \$2 trillion every year**

(Source: Brightline Initiative™)

**The GDP contributions from project-oriented industries are forecasted to reach \$20.2 trillion over the next 20 years**

(Source: 2017-2027 *Project Management Job Growth and Talent Gap Report*)

**Consider the impact saving billions—even trillions—of dollars could have on organizations, markets, and the global economy**

“If your organization is not good at project management, you’re putting too much at risk in terms of ultimately delivering on strategy.”

**MARK A. LANGLEY,**  
PMI President and CEO

Too much money is being wasted on poor project performance, for many reasons:

- 1) Organizations fail to bridge the gap between strategy design and delivery.
- 2) Executives don’t recognize that strategy is delivered through projects.
- 3) The essential importance of project management as the driver of an organization’s strategy isn’t fully realized

As the world’s leading advocate for project management, we know that behind every project is an idea. Some organizations want to be more efficient, while others are trying to increase margins or drive innovation. Regardless of the benefits they seek, organizations use projects to achieve their objectives. Project managers in those organizations are turning ideas into reality.

In 2006, we began analyzing, studying, and researching the profession through our *Pulse of the Profession*® global survey. As the team and I reviewed the result of this year’s *Pulse*, we reflected on the changes we have seen. We continue to be reassured by one constant: When proven project management practices are employed, organizations experience

greater success. In fact, these high-performing companies, those we call “champions,” waste 21 times less money than underperforming counterparts. These champions are mastering project management practices. They know, as our research reinforces, that the following competencies improve project success:

- Investing in actively engaged executive sponsors
- Controlling project scope
- Growing value delivery capabilities

Implementing these top drivers effectively in today’s disruptive environment can be difficult. But there’s too much at risk if we don’t. Read on to see how champion organizations are using project success as a competitive advantage to drive their organizations forward.

Let’s do great things together.



**Mark A. Langley**  
PMI President and CEO

## EXECUTIVE SUMMARY

In this world of constant disruptions, having new ideas and envisioning a strategy is essential to every organization. However, real value and benefits will only be delivered if businesses are able to take ideas from paper and translate them into reality. An idea will only ever remain an idea without project management to bring the idea to fruition.

Our 2018 *Pulse of the Profession*® study reinforces that effective project management to implement organizations' strategy is key, and has a dramatic impact on the bottom line. Organizations that invest in proven project management practices continue to experience greater success than their underperforming counterparts.

Over the past decade, we have identified a number of global trends to help improve project performance. Since 2013, we have seen a 27% decrease in the amount of money organizations are wasting due to poor project performance—from 13.5% to 9.9%. Organizations are able to reinvest that savings into other areas—allowing them to move faster, produce more, and achieve greater success.

Our findings reinforce that organizations we classify as champions,\* are using projects to fuel their success. We see that champions also continue to mature their project talent, project capabilities, and culture. Because of this, they have higher project success rates (92% versus 32% of underperformers), enjoy more successful business outcomes, and waste significantly less money due to poor project performance—21 times less, or only 1.4% of every dollar wasted versus 29.1% for those who don't pay attention to their project management capability.

In the end, champion organizations ensure their project and program managers have the right skills to drive and navigate change in this dynamic environment. They are bringing about organizational change through projects and programs, and saving millions of dollars by outperforming their competition.

9.9% of every dollar is wasted due to poor project performance

The pace and scope of change underscore the need for excellence in project management

## PERFORMANCE LEVELS\*

The traditional measures of scope, time, and cost are essential but no longer sufficient in today's competitive environment. The ability of projects to deliver what they set out to do—the expected business benefits—is what organizations need. When determining project success, we analyzed levels of benefits realization maturity as well as the traditional measures. Through this lens, we identified performance levels among responding organizations:



### CHAMPIONS:

Organizations with 80% or more of projects being completed on time, on budget, meeting business intent, and having high benefits realization maturity.



### UNDERPERFORMERS:

Organizations with 60% or fewer projects being completed on time, on budget, meeting business intent, and having low benefits realization maturity.



# THE CURRENT STATE OF GLOBAL PROJECT MANAGEMENT

*In 2006, we began analyzing, studying, and researching the profession through our global survey. This is the current state of global project management.*



58%

## Assessing the Value of Project Management:

**Only 58% of organizations** fully understand the value of project management. The importance of fully valuing project management cannot be emphasized enough; organizations that undervalue project management as a strategic competency for driving change report an average of 50% more of their projects failing outright.



41%

## Bridging Strategy and Value Delivery with the EPMO:

**Only 41% of organizations** with an enterprise-wide project management office (EPMO) report that it is highly aligned to the organization's strategy. The EPMO is a centralized function that should operate at a strategic level with executives. It should ensure strategic alignment between business objectives and the projects and programs that deliver them. This lack of alignment indicates the need for executives to better recognize the full potential of how the EPMO can bridge strategy and value delivery.



93%

## Widespread Use of Standardized Practices:

**93% of organizations** report using standardized project management practices. Embedding consistent standardized practices reduces risk and leads to better outcomes, particularly when the use of these standardized practices are used throughout the organization. Yet 70% limit their use.

# THE CURRENT STATE OF GLOBAL PROJECT MANAGEMENT *(continued)*



72%

## Relevance of Certification:

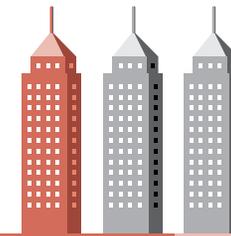
**72% of PMO leaders** feel certification is very relevant for mid-career project managers. Certifications typically require ongoing professional development, allowing project managers to evolve, enhance, and grow a variety of skills, including technical, leadership, and digital skills.



71%

## Expanding Emphasis on Organizational Agility:

**71% of organizations** report greater agility over the last five years. More and more organizations are recognizing that agility—the capability to quickly sense and adapt to external and internal changes to deliver relevant results in a productive and cost-effective manner—is helping them stay competitive.



1 in 3

## Steady Focus on Benefits:

**1 in 3 organizations** report high benefits realization maturity. A key challenge many companies face is managing projects based only on traditional outputs—such as time, scope, and budget—without consistently tracking whether they help the organization achieve its larger strategic goals. Benefits, tangible and intangible, should be considered in the equation.

# TOP DRIVERS OF PROJECT SUCCESS

Champion organizations realize the right project, program, and portfolio management practices give them a competitive edge. But there's always more that can—and should—be done. For the past six years, we have been conducting additional research to determine which factors have the most impact on project success. Based on a rigorous statistical analysis, three things rise to the top when it comes to helping organizations save millions of dollars:

1. Investing in actively engaged executive sponsors
2. Avoiding scope creep or uncontrolled changes to a project's scope
3. Maturing value delivery capabilities

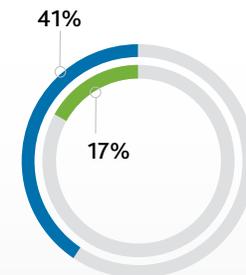
## 1. Invest in Executive Sponsors

Support for a project is priceless. Actively engaged executive sponsors help organizations bridge the communications gap between influencers and implementers to significantly increase collaboration and support, boost project success rates, and reduce risk. Analysis shows that the dominant driver of projects meeting their original goals is an actively engaged sponsor. We see that organizations with a higher percentage of projects with actively engaged executive sponsors (more than 80% of their projects) report 40% more successful projects than those with a lower percentage of projects with sponsors (less than 50% of their projects).

Effective project sponsors use their influence within an organization to actively overcome challenges by communicating the project's alignment to strategy, removing roadblocks, and driving organizational change. With this consistent engagement and support, project momentum will stay steady and success is more likely.

Executive sponsors who guide a project to fruition are critical to project success. One in four organizations (26%) reports that inadequate sponsor support is the primary cause of failed projects. And, the divide between underperformers and champions is almost 2.5 times: 41% of underperformers say inadequate sponsor support is a primary cause of failure versus only 17% of champions.

**Inadequate Sponsor Support is a Primary Cause of Project Failure**



- **41% of Underperformers** say inadequate sponsor support is a primary cause of their failed projects
- **17% of Champions** say inadequate sponsor support is a primary cause of their failed projects

“We know that great project leaders deliver great projects,” said Tony Meggs, Chief Executive, Infrastructure and Projects Authority (IPA). “Part of being a great project leader is being an actively engaged sponsor as it helps ensure stakeholders are aligned and the vision is communicated effectively. In government we recognize this and support our sponsors through our world-class Major Projects Leadership Academy (MPLA), developed in partnership with Oxford Saïd Business School.”

“Part of being a great project leader is being an actively engaged sponsor as it helps ensure stakeholders are aligned and the vision is communicated effectively.”

TONY MEGGS, Chief Executive  
Infrastructure and Projects Authority (IPA)

For the sixth year in a row, our research shows that having actively engaged executive sponsors is the number one top driver of project success. Yet, we also see that not enough projects and programs have assigned executive sponsors in underperforming organizations (42% versus 83% of champions). This situation results in significant losses for organizations around the world, but our research shows there are some simple solutions organizations can establish to see results:

- **Create a culture that supports the relationship between project managers and executive sponsors**
- **Develop a roadmap, which includes skills and actions, for the executive sponsor**
- **Provide training to prepare executive sponsors**

## 2. Control Scope

Scope creep—the uncontrolled expansion of product or project scope without adjustments to time, cost, and resources—can happen on any project. It causes money to be wasted, decreases satisfaction, and delays project benefits. Essentially, more work is added than originally planned. This work cannot be absorbed without the project missing one or more objectives—or passing up opportunities.

We see that 52% of the projects completed in the past 12 months experienced scope creep or uncontrolled changes to the project’s scope, which is a significant increase from 43% reported five years ago. Champions report faring better with managing uncontrolled changes; however, an average of one-third of their projects experience scope creep (33% champions and 69% underperformers).

A lack of clarity can make it nearly impossible to control scope creep. A continuous requirements improvement process helps by establishing the scope of work to meet customer expectations. We see from prior research that the top three reasons for project failure—which are a change in organization’s priorities, a change in project objectives, and erroneous requirements gathering—contribute to uncontrolled scope.

New technologies and systems also impact scope creep. “Everything is moving so fast.” said Daniel Hébert, Director Project Management Support Organization, Department of National Defence, Government of Canada. “Between the time we initially identify a requirement and the time of first delivery, technology has progressed so quickly that portions of the initial requirement have been overtaken by new and better systems; but this is sometimes mistakenly interpreted as scope creep. Things are moving so fast, we need to develop more flexible practices that permits requirements to evolve throughout the acquisition process through early and continuous engagement with industry.”

Our findings also suggest that project complexity affects scope creep, and the percentage of projects with high complexity is on the rise—from 35% in 2013 to 41% in 2018. Controlling scope in today’s increasingly connected environment also requires effective stakeholder and change management, irrespective of the delivery approach.

With many approaches, every attempt is made to ensure that scope within each sprint is strictly controlled. In the agile world, the team is making requirements tradeoffs and work is re-scoped at the start of each iteration. “We need to have a collaborative conversation about what’s reasonable versus what’s risky, what’s critical versus what’s convenient,” wrote Jesse Fewell, CST, PMI-ACP, PMP, in PMI’s *PM Network*.

Mr. Fewell, core team member of both the *Agile Practice Guide* and *Software Extension to A Guide to the Project Management Body of Knowledge (PMBOK® Guide) – Fifth Edition*, suggests offering a dynamic scope option: “You can replace any not-started deliverable with anything of equal or lesser cost. As long as we stay within our business constraints, we have options.”

# TOP DRIVERS

There are a number of ways to control scope, regardless of approach. These include creating awareness of the business benefits, establishing a credible feedback loop with the customer, and taking iterative approaches, allowing for shifts in delivery midstream. These lead to more deliberate shifts in scope based on informed business decisions. Success is greater when teams listen, learn, and are adaptable.

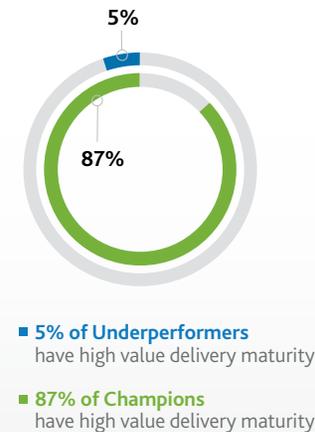
### 3. Mature Value Delivery Capabilities

Value delivery capabilities are the full spectrum of competencies that enable organizations to deliver their projects and programs. Maturing these allows for quick adaptation to changing market conditions by balancing efficiency and creativity and promoting continuous improvement. Organizations then have the ability to minimize risks, control costs, and increase value. They make use of all approaches to project delivery—predictive, iterative, incremental, and agile—using the one that fits the needs of the project and the organization.

However, we see that not many organizations are good at this. Fewer than one in 10 organizations report having very high maturity with their value delivery capabilities. About two in five organizations report that creating a culture receptive to change, that values project management, and that invests in technology are high priorities. A quarter consider developing skills for project sponsors a priority, and only 31% are prioritizing the development of a comprehensive value delivery capability. Again, we see that champion organizations are making the investment and have high delivery capabilities maturity—87% versus 5% of underperformers.

Further, organizations that develop these capabilities see better project performance (see Figure 1 on the next page). Their goal is to deliver better benefits, adapt to change, and achieve customer-centricity—all for continuous improvement and better outcomes.

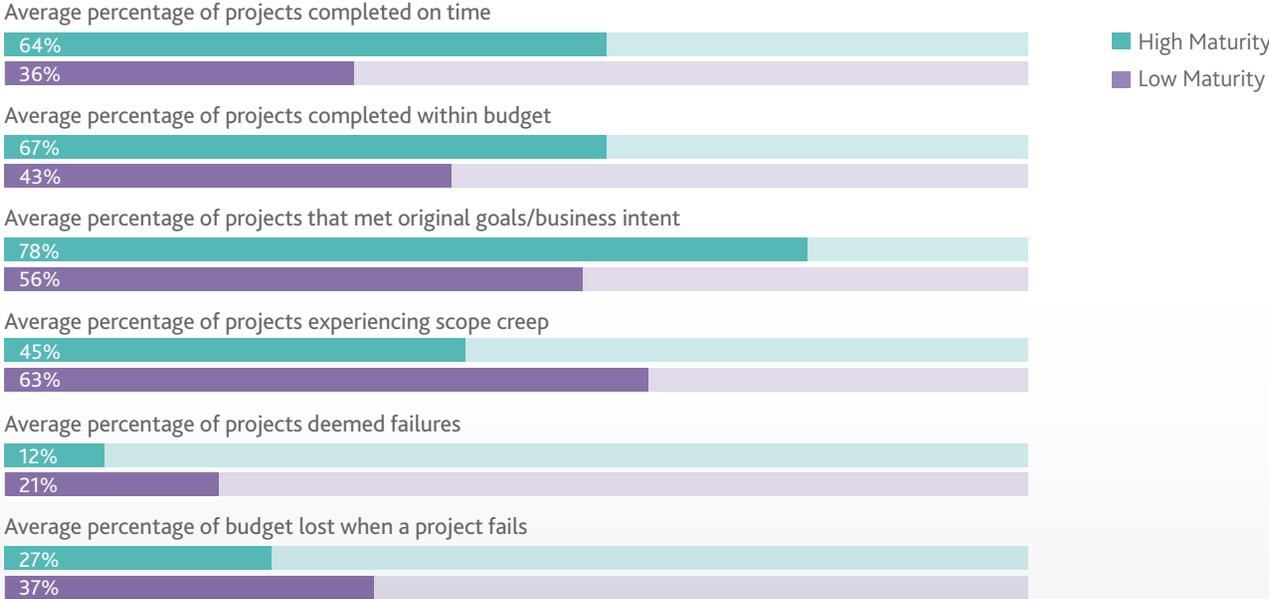
**Mature Delivery Capabilities Can Minimize Risks, Control Costs, and Increase Value**



# TOP DRIVERS

Successful enterprises are “continually experimenting to learn what works and what doesn’t,” wrote Barry O’Reilly, co-author of *Lean Enterprise: How High Performance Organizations Innovate at Scale*, in PMI’s 2017 *Pulse* report, *The Drivers of Agility*. “They focus on meeting customer needs by clarifying goals, shortening feedback loops, and measuring progress based on outcomes, rather than outputs.”

**Figure 1: Value Delivery Capability Maturity Leads to Greater Project Performance**



# TOP DRIVERS

## NEW WAYS TO WORK

We have been analyzing, studying, and researching the project management profession for decades and have identified a number of trends and practices that yield better project outcomes. Yet, we continue to see organizations lack the key capabilities that lead to greater success. This leads us to ask: **If organizations are struggling with the challenges of today, will they be adequately prepared for the disruptive environment of tomorrow?**

This year, as we mark our 10th edition of the *Pulse*, we have spent a lot of time studying the future and new ways of working. When best practices aren't enough for our digitally connected world, the ability to retool and retune will become a greater point of differentiation. As a result, we see a growing evolution from best practices to next practices that encompass what is likely to come in the next few years.

Organizations need to look—and think—forward. They need to consider the challenges that are emerging as project teams blend skills such as design thinking, lean, and agile. Read on to gain an early perspective on the trends that are changing the value delivery landscape, how project practitioners are adapting, and how organizations are responding.

Throughout 2018, we will take a yearlong look at managing the impact of disruptive technologies: evolving best practices to next practices. Stay tuned as these in-depth reports focus on the new technologies that are creating challenges for organizations and the growing need for the workforce to be ready to turn these challenges into opportunities.

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If organizations are struggling with the challenges of today, will they be adequately prepared for the disruptive environment of tomorrow?

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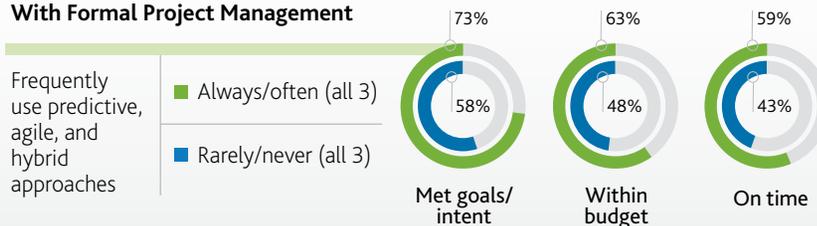
## Insight 1: The future of value delivery is a spectrum of approaches—predictive, iterative, incremental, agile, hybrid, and whatever will come next to change how we work.



Organizations launch new projects every year—and that will likely never change. What is changing are the types of projects that organizations are undertaking and the ways in which projects are completed.

Success starts with the right approach to support project delivery. Organizations will continue to use more than one project management approach and combine different techniques to cope with their own distinct challenges. We see from the 2018 findings that regardless of the approach that is used—predictive, agile, or hybrid—organizations that use some type of formal project management approach are successfully meeting their goals, within budget and on time (see Figure 2). Further, champions are better at choosing the approach that best fits their needs (see Figure 3).

**Figure 2: Project Success is Better With Formal Project Management**



**Figure 3: Champions Use the Approach Best Suited for Them**

	Champions
Average percentage of projects using predictive approaches	44%
Average percentage of projects using agile approaches	30%
Average percentage of projects using hybrid approaches	23%
Average percentage of projects using "other" approaches	4%

Respondents report that in the past 12 months, an average of nearly one-half of their organization’s projects used predictive approaches, while nearly one in four used either hybrid or agile.

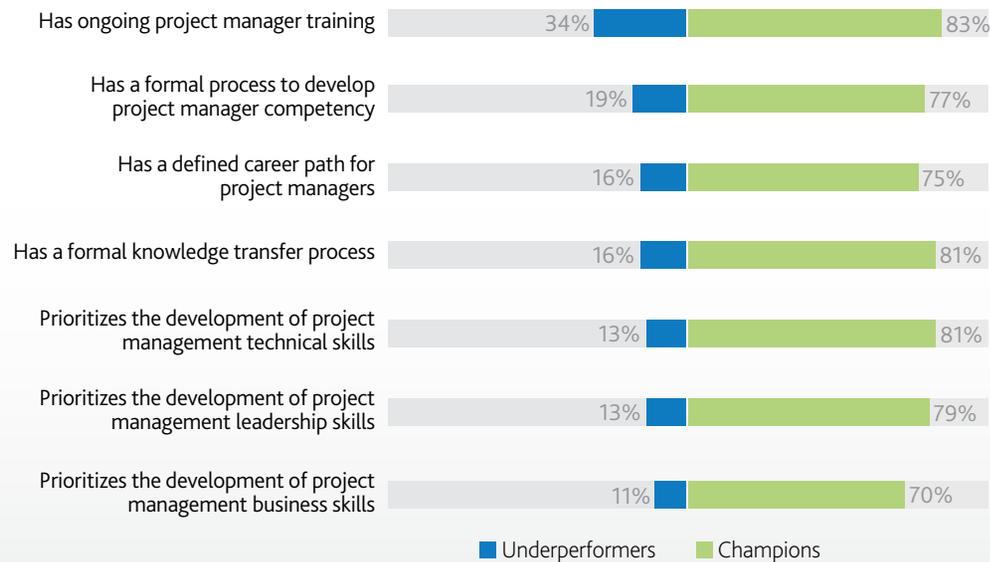
We recognize that organizations are working in new ways—paving the road to what’s next, which includes some combination of now-niche practices such as design thinking, cognitive computing systems, machine learning, artificial intelligence (AI), DevOps, and much more. It’s safe to say that new and disruptive technologies, natural and man-made disasters, and political and economic factors are impacting daily work and, at times, changing the trajectory of the future.

# NEW WAYS TO WORK

## Insight 2: Project professionals will broaden their skills and learn in new ways.

Change creates projects and opportunities. More projects create more project roles. In fact, according to our *Job Growth and Talent Gap* report, by 2027, employers will need 87.7 million individuals working in project management-oriented roles, increasing the need for skilled and experienced project and program managers. Organizations will continue to place a greater focus on project management performance improvement to stay competitive and relevant. Champion organizations are already making greater investments in their talent through training, formal processes, defined career paths, and knowledge transfer (see Figure 4).

**Figure 4: Champions Make Investments in Project Management Talent**



The PMO directors and executive leaders we interviewed reinforced what we have seen in the research that the role of the project manager is expanding to:

- **Strategic Advisor:** plans, executes, and delivers
- **Innovator:** acts as product owner and developer
- **Communicator:** is always clear and concise—no matter the audience
- **Big Thinker:** is adaptable, flexible, and emotionally intelligent
- **Versatile Manager:** has experience with all approaches—waterfall, Scrum, agile, lean, design thinking

How project professionals prefer to acquire those skills will also change. Demand is increasing for faster, more flexible, and easier-to-learn project management methodologies and approaches. The constantly-changing technical landscape—from social media, to web-based tools, to learning management systems—will present tremendous opportunities for exploration and experimentation. The shift toward on-demand, customized, and problem-specific learning will grow. Innovations in learning will continue to make it possible for the new worker to learn anything, anytime, and anywhere.

# NEW WAYS TO WORK

### Insight 3: Organizations will rely on their project professionals to take advantage of disruption—not just react to it.

The dynamic, rapidly changing, complex business environment continues to emphasize the need for excellence in project, program, and portfolio management. We see that more than half of champions feel digital transformation will have a major impact on work (see Figure 5). Just over one in four respondents mentioned the ability to learn, understand, apply, and keep up with technology as the most-needed skill for project managers to respond to the impacts of the digital transformation. Other skills include communication (22%); leadership and management skills (18%); and change management, adaptability, and flexibility (12%). As a result, organizations will recognize the value of project and program managers who are versatile, experienced, and skilled.

**Figure 5: Impact of Digital Transformation on Work**

	Champions 	Under-performers 
Major	52%	36%
Moderate	39%	37%
Limited	8%	23%
No impact	1%	3%

Failure to acquire, train, and retain project managers can have catastrophic consequences. Research tells us that skilled, trained, and experienced project managers increase the likelihood of project success, meeting original goals, and delivering on business intent. As the value of project management to an organization’s ability to implement strategy becomes more apparent, project managers will increasingly serve in more high-profile and strategic roles and will be even better positioned to usher their organization through the impending disruption.

“New technologies require different skill sets from a project and program management perspective. Those are new technologies and new wordings. It is a new mindset and it is a really big game changer from a project and program management perspective. We cannot apply the same mindset we used to have. We need to see really the interconnectivity between all the components.”

**HANS HARVEY**, Head of IS Program and Project Management  
*Bombardier, Inc., a multinational aerospace and transportation company*

“In order to develop the project management skills needed to face digitalization, project managers need to refresh their knowledge. The project manager is no longer just a cheerleader in the game. The project manager brings strategy, brings customer insights, and brings some opposition insights.”

**CHINTAN OZA**, PMO Director  
*at a major telecommunications company*

# NEW WAYS TO WORK

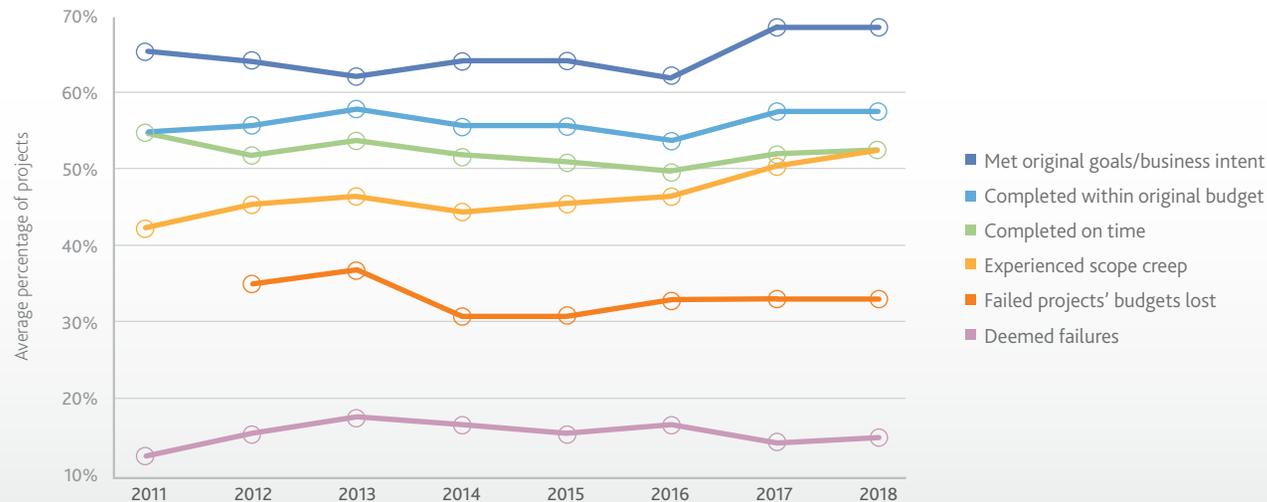
# TURNING IDEAS INTO REALITY

Due to the speed of change and the fierce market competition, every organization, irrespective of industry, is required to adjust much faster today than in the past. To do so, organizations launch projects and expect them to deliver results.

These results can be relayed as the project performance metrics that we track in our *Pulse* research, including scope, schedule, and cost. While most of these variables have remained unchanged over time, more projects are experiencing scope creep and are deemed failures as compared to one year ago (see Figure 6).

We believe this can be attributed to changes in how work is being done. New advances in technology are disrupting all industries and thereby changing the functional roles and responsibilities of workers. New ways of working are emerging, creating the need for new skills.

**Figure 6: Project Performance Metrics**



We know an organization's future lies not only in its portfolio of projects, but also in the hands of those who bring those projects—and the future—to life. With the right support from their organizations, project professionals can take these ideas and turn them into a reality by:

- Becoming leaders and true business partners in their organizations
- Asking the right questions
- Delivering the business benefits of the projects they manage

"Project managers play a very important role for each and every company," said Ted Dosch, CFO, Anixter International, a global distributor of communication and security products, and wire and cable. "A strong project manager helps a company to define the vision for a project or initiative. If they can bring robust project management skills it can make the difference between a successful project that helps companies to grow and a failed project that consumes resources with no measurable return."

Chintan Oza, PMP, PMO Director, at a major telecommunications company, added: "Project managers are no longer just spectators in the game. They are required to gain knowledge in terms of technical skills, in terms of strategy, and in terms of customer insights."

"A strong project manager helps a company to define the vision for a project or initiative. If they can bring robust project management skills it can make the difference between a successful project that helps companies to grow and a failed project that consumes resources with no measurable return."

**TED DOSCH, CFO**  
*Anixter International*

## Navigating New Frontiers

Success in this new environment requires combining traditional project management skills with an understanding of today's marketplace, a deep knowledge of the organization's products and services, and how those products and services are being used by customers. We have long advocated for a blend of technical skills, leadership skills, and strategic and business management skills—as outlined in the PMI Talent Triangle®.

While technical skills are core to project and program management, PMI research tells us they're not enough in today's disruptive environment. Companies are seeking added skills in leadership and business intelligence—competencies that can support



longer-range strategic objectives that contribute to value delivery. We recognize that these skills include an understanding of the impact of evolving technology on both major internal change projects and external customer deliverables.

"We are trying to develop the skill set and arm the project managers," said Jamal Farhat, CIO, BorgWarner, a manufacturer of power train components for the automobile industry. "For us, our project managers act not only as implementers, but also as internal consultants. Part of the role they play is to explore the business case, to determine the economic value being created, and to transform proposed technologies into feasible initiatives and projects."

## PMO AND EPMO: RESPONDING TO DISRUPTION

In today's marketplace, the project management office (PMO) can be significantly involved in the organization's responses to disruptions and to the opportunities to leverage exponential technologies. Such technologies may be exploited internally, for example, facilitating more efficient ways of getting work done. PMOs are also being leveraged in improving the communication or interactions between the organization and customers.

Organizations continue to empower the PMO to shift the focus from an administrative function to one that manages value delivery by keeping stakeholders informed of progress and outcomes, and helping to control costs and improve quality. This can be seen in 85% of organizations who say the PMO establishes and monitors project success metrics.

The strategic role of the PMO and enterprise project management office (EPMO) will continue to be vital, no matter what they are called. The EPMO, referred to as a transformation office in some organizations, has the ability to support senior management with strategic initiatives and, according to our research, many are doing that. Exponential technologies, multi-generational workforces with differing work styles and priorities, and demand for faster delivery have combined to make the EPMO a dynamic environment of increasing importance to the organization. Consider that 80% of champions have a PMO and 72% indicate there is high alignment of the EPMO to organizational strategy.

80% of champions have a PMO and 72% indicate there is high alignment of the EPMO to organizational strategy

### Dealing with Disruption

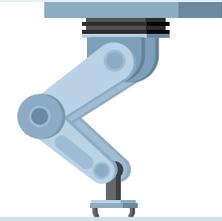
Implications for project management in this changing environment can be seen in areas like data collection, reporting, monitoring, and information sharing. Developing digital-era project management skills is important to champions (31% versus 15% of underperformers), and we expect to see the focus grow as new technologies emerge.

To discuss the impacts and opportunities for the project world, Dr. Michael Chui, a partner at McKinsey Global Institute, was interviewed for a podcast on *Projectified with PMI*. He spoke about the effects of automation, including artificial intelligence (AI), machine-learning, digitization, and robotics, saying all sectors and regions will be affected. He indicated that in more than 60% of the occupations his organization researched, more than 30% of their activities had the potential to be automated by adapting currently demonstrated technologies.

Senior leaders we interviewed said the following disruptive trends are already affecting their business:

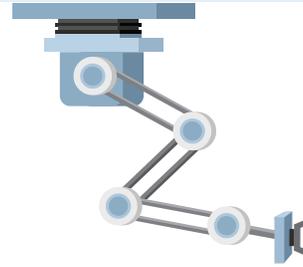
- Autonomous and self-driving vehicles
- Big data
- Sustainable development, climate change, and renewable energy
- Customer expectations of speed
- Data intelligence
- Healthcare reforms
- Increased competition
- Increased government regulations
- New technology
- Political change

When asked how project professionals can prepare themselves to thrive in this emergent landscape, Dr. Chui said knowledge of these disruptions is crucial. It's important to "understand the art of the possible and try to stay at least abreast, if not ahead, of what these technologies can do."



It's important to "understand the art of the possible and try to stay at least abreast, if not ahead, of what these technologies can do."

DR. MICHAEL CHUI, Partner  
McKinsey Global Institute on Projectified with PMI



“I think it’s important for project managers to understand and be part of these trends that are going to create the largest amount of demand for project work so that they can participate in it.”

JAMAL FARHAT, CIO  
BorgWarner

## Building Skills

When it comes to responding and reacting in this environment, it’s important for project managers to have more than just technical skills. They will be better equipped to sense change when they are well informed about an organization’s strategic objectives and how their projects align. Those who have leadership skills and strong business acumen—and deal well with ambiguity—can lead strategic initiatives that drive change within their organizations.

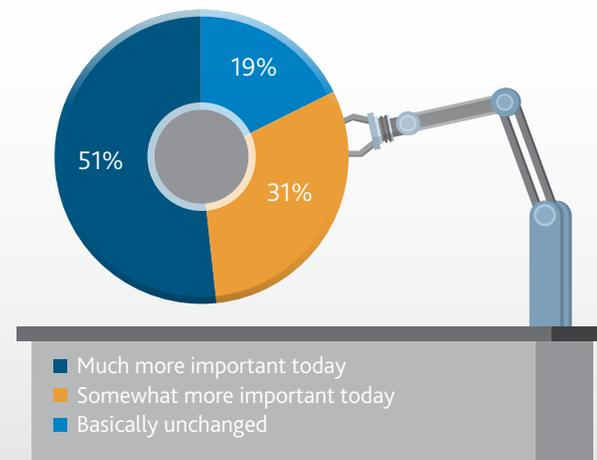
Having this broad knowledge, said Saravanan Mugund, Associate Director, Cognizant Technology Solutions Pvt. Ltd., providers of software development, integration, and maintenance services, will “be a key tool in the project manager’s toolbox to improve delivery practices.”

Many of the executive leaders we spoke with stressed the importance of creating value for the company. “I think it’s important for project managers to understand and be part of the technological trends that are going to have the largest influence on demand for project work so that they can participate in it,” said BorgWarner’s Farhat. “Their value goes beyond the functional aspect of project management.”

We are confident that organizations will continue to place emphasis on developing project leaders. We see that champions are making the investment: 81% prioritize the development of technical skills (versus 13% of underperformers), 79% leadership skills (versus 13% of

underperformers), and 70% strategic and business management skills (versus 11% of underperformers). Further, four in five respondents report that soft skills, such as communications, leadership, and negotiation, are more important today than they were just five years ago (See Figure 7).

Figure 7: Change in Importance of Soft Skills



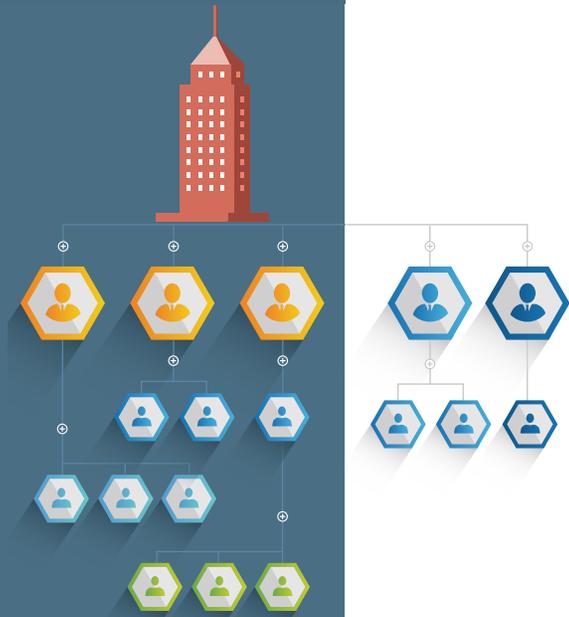
## GIG ECONOMY

One of the most transformative global economic trends has been the rise of the gig economy. This phrase refers to the prevalence of short-term contracts or freelance work as opposed to permanent jobs. Every organization has to find its ideal balance between having project managers on staff and project managers who serve as contractors.

In many ways, this trend reflects the growing dominance of projects. Instead of seeing one's employment as a life-long or even multi-year commitment, many now move smoothly from project to project and from organization to organization.

We're seeing this trend play out in this year's findings. More than two-thirds of organizations report using outsourced or contract project managers (68%). The implication for the profession is the desire to be nimble and prepared to handle different types of challenges. Implications for organizations include the need to offer sufficient training and onboarding for these professionals.

What's most important from a professional-development standpoint is working in an organization that understands the link between projects and strategy and has a culture that supports project management. That includes emphasizing communication, knowledge transfer, and recognizing the need for executive sponsors who can help ensure project success.



**More than 2/3  
of organizations  
report using  
outsourced or  
contract project  
managers**

**68%**

# CONCLUSION

Few would dispute that we live and work in a complex world. Organizations are facing heightened competition and ongoing disruption from exponential technology, market shifts, and social change. No longer is success driven by any one single factor—it requires multiple factors. Smart organizations understand that proven project management practices lead to greater success and less waste. They give support, stay focused, and deliver results by:

## ▶ Investing in actively engaged executive sponsors

Organizations with actively engaged executive sponsors report greater collaboration and mutual support, better project success rates, and experience less risk. Effective project sponsors use their influence within an organization to actively overcome challenges by communicating the project's alignment to strategy, removing roadblocks, and driving organizational change.

## ▶ Controlling project scope

Organizations that control project scope can save money, increase customer satisfaction, and improve their project benefits. They report meeting more of their objectives and profit from future opportunities by establishing feedback loops with the customer, and taking iterative approaches, allowing for shifts in delivery midstream.

## ▶ Growing value delivery capabilities

Organizations with mature capabilities have the ability to minimize risks, control costs, and are better able to adapt to changing market conditions. They make use of all approaches to project delivery—predictive, iterative, incremental, and agile—using the one that fits the needs of the project and the organization.

## They also recognize the need to develop new ways of working.

This requires a complete rethinking. Organizations are embracing continuous change, based on the capacity to sense and respond instantly to customer and employee behaviors. They are evolving their practices to meet the digital challenges faced by all industries and regions. And, they will continue to rely on project success as a competitive advantage to drive their organizations forward.

They will change the way they approach the job to be done by investing in the capabilities outlined in this report—those that are available now—and tying them together with future capabilities in a way that can actually unlock value.

How these organizations execute with these new capabilities will be a part of our focus in the yearlong look at managing the impact of disruptive technologies. We will delve deeper into next practices and how new technologies are affecting the project manager, the team, and the business.

PULSE OF THE PROFESSION® | 2018

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# APPENDIX

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## TABLE OF CONTENTS

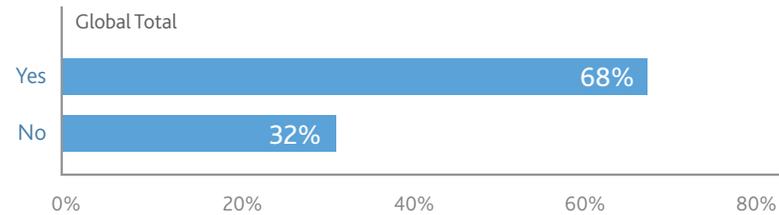
<b>SECTION 1</b>	21
Global Total	
<b>SECTION 2</b>	28
Senior Executives	
<b>SECTION 3</b>	30
PMO Directors	

## SECTION 1

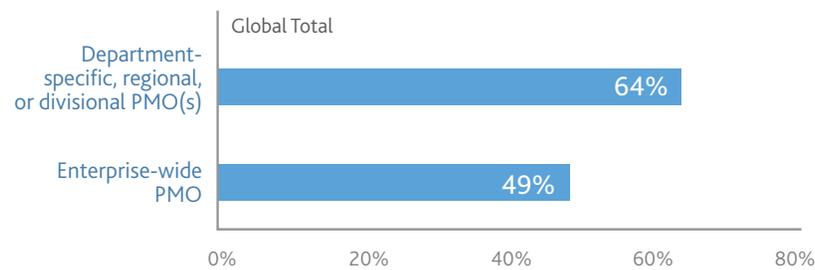
### Survey Results from 4,455 Project Management Practitioners (global total)

[Back to Appendix Table of Contents](#)

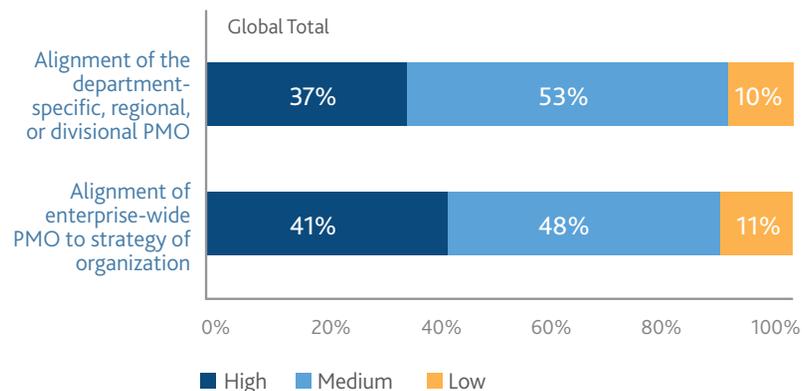
**Q: Does your organization have a Project Management Office (PMO)?**



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

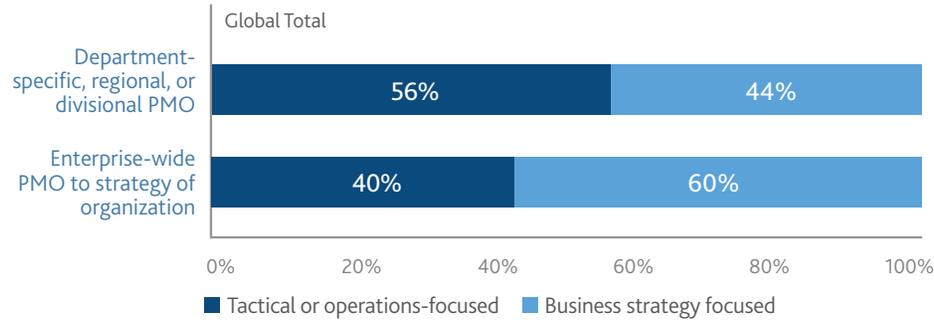


**Q: How would you characterize the alignment of the PMO to the strategy of your organization?**

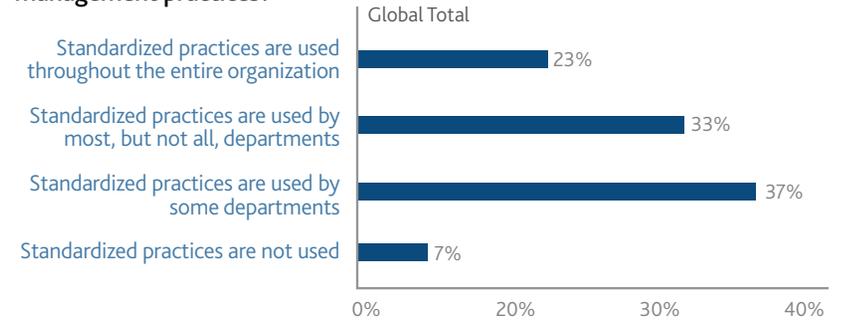


*Note: Numbers may not sum to 100% due to rounding.*

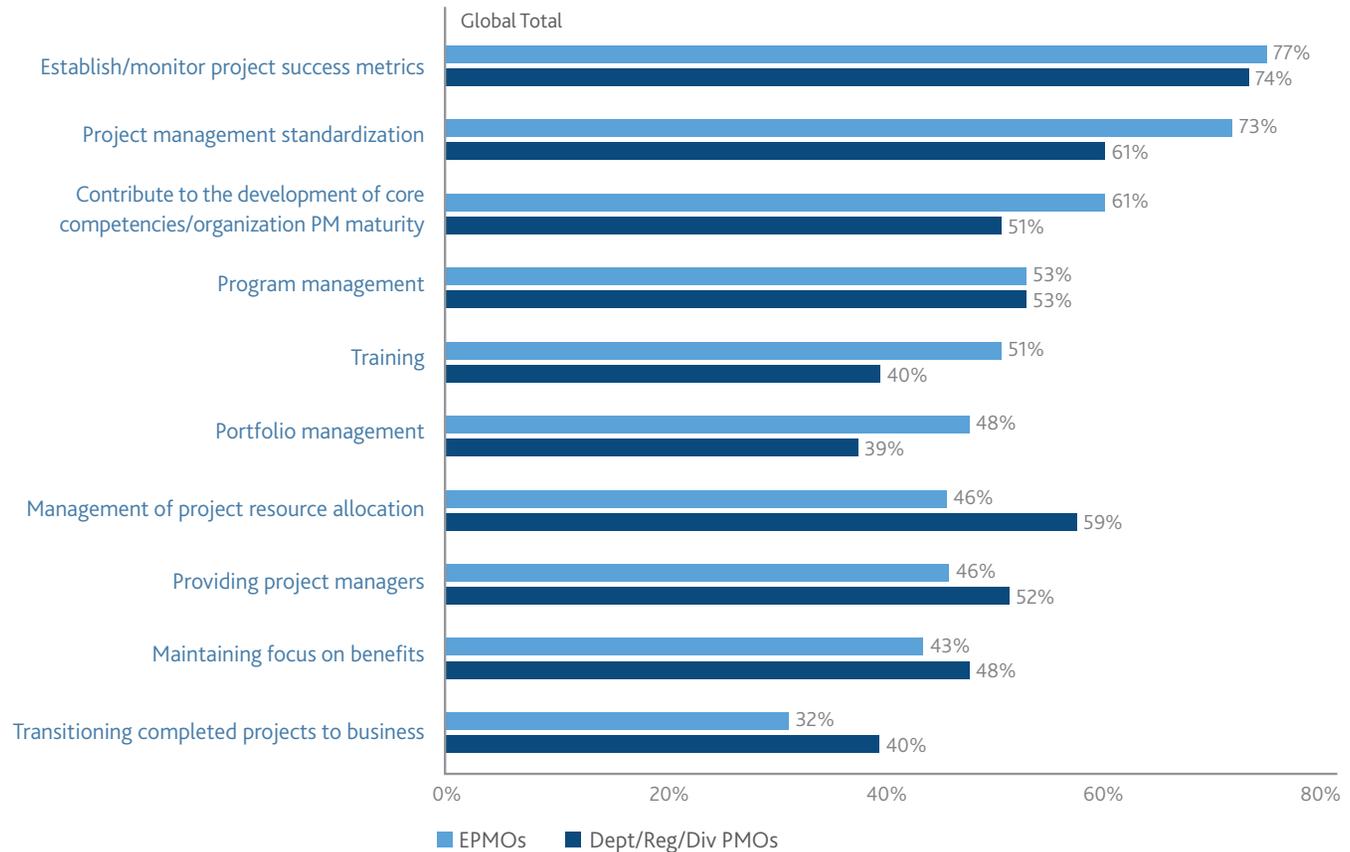
**Q: Would you consider the PMO to be primarily...**



**Q: To what extent does your organization use standardized project management practices?**

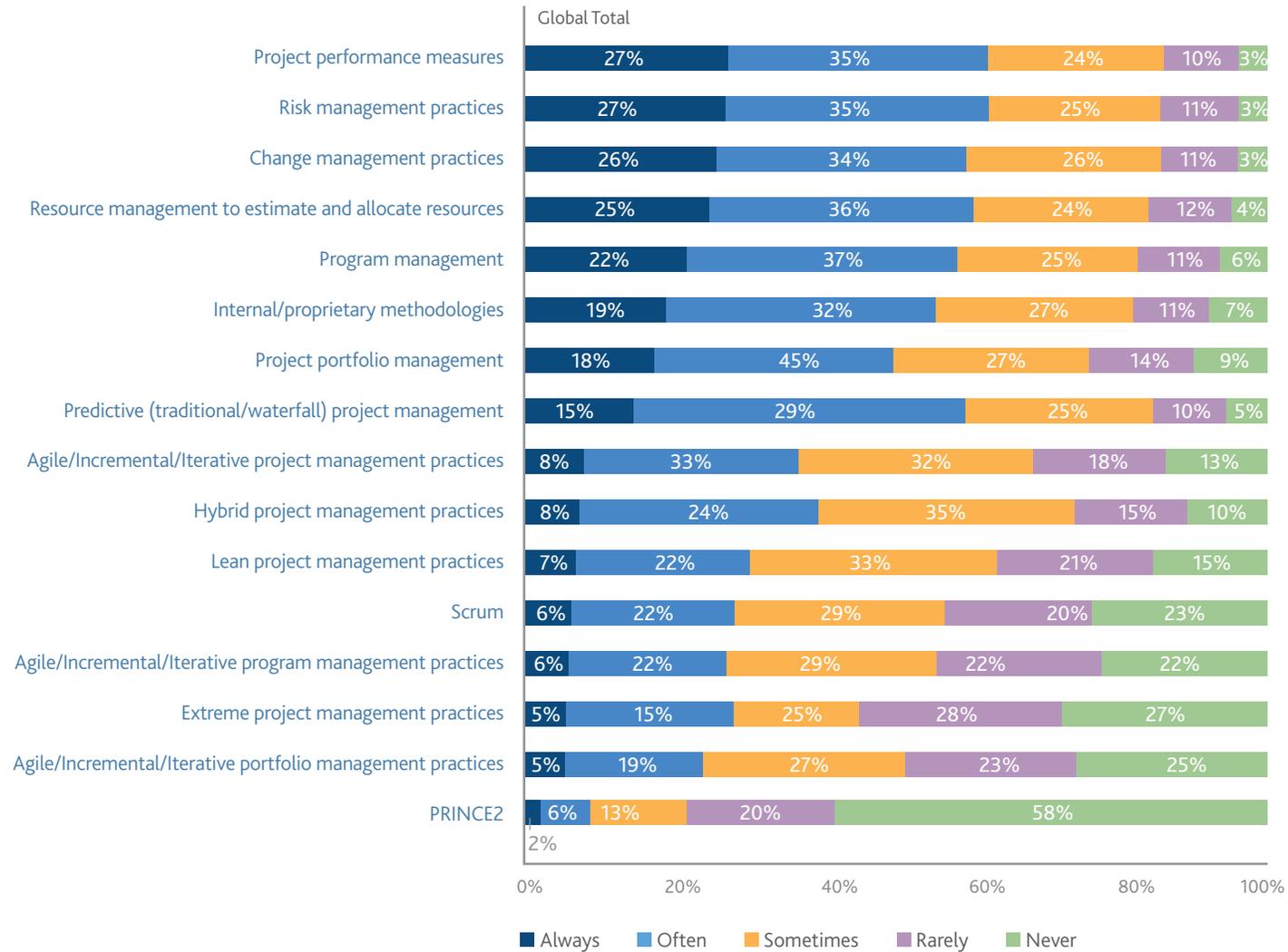


**Q: Which of the following roles does the PMO fulfill within your organization?**



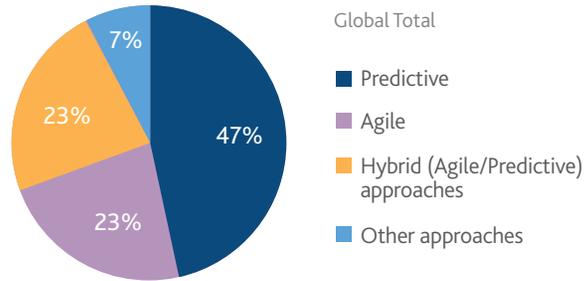
# APPENDIX

Q: How often does your organization use each of the following?



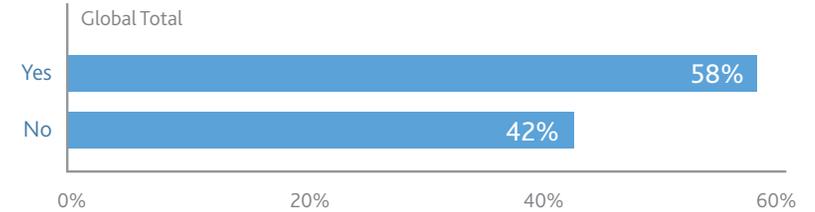
Note: Numbers may not sum to 100% due to rounding.

**Q: In your estimation, what percentage of the projects completed within your organization in the past 12 months used the following types of approaches?**



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

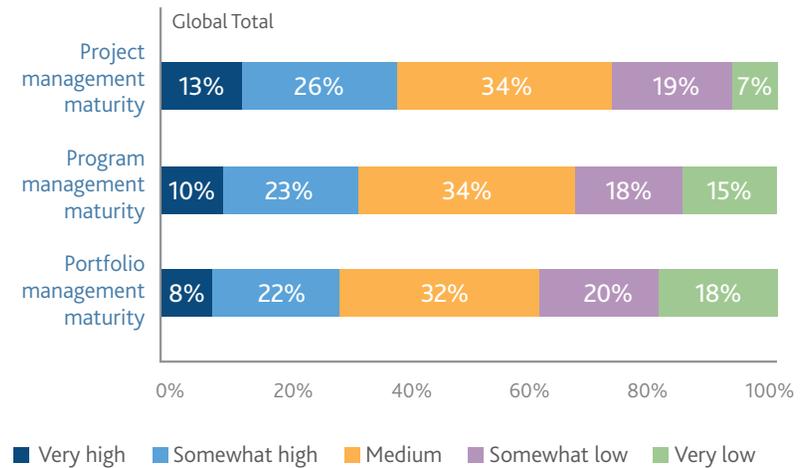
**Q: Do you believe that your organization fully understands the value of project management?**



**Q: Does your organization currently have...?**



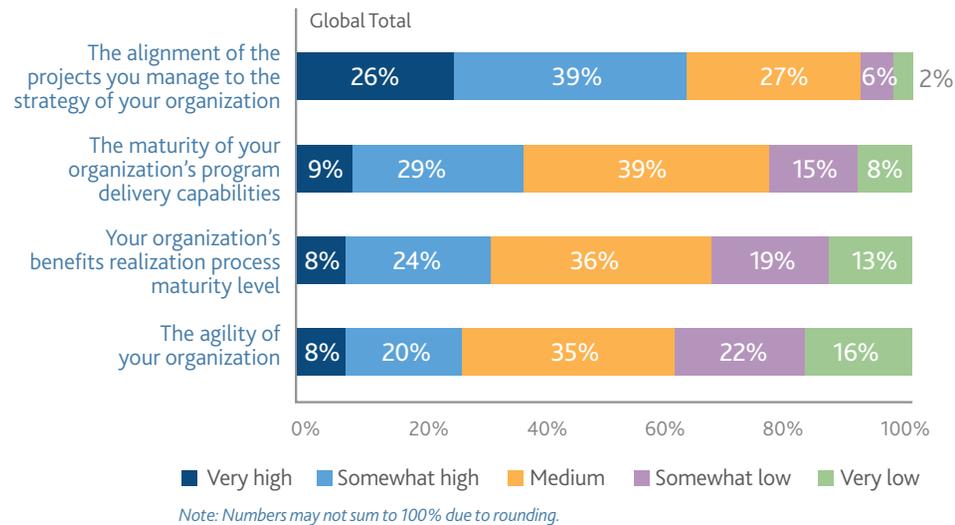
**Q: How would you characterize the [project/program/portfolio] management maturity of your organization?**



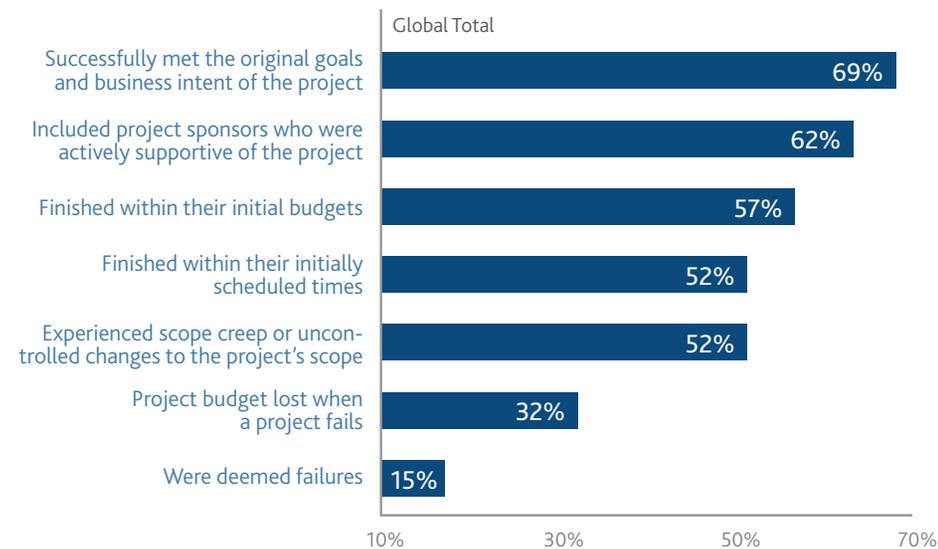
*Note: Numbers may not sum to 100% due to rounding.*

# APPENDIX

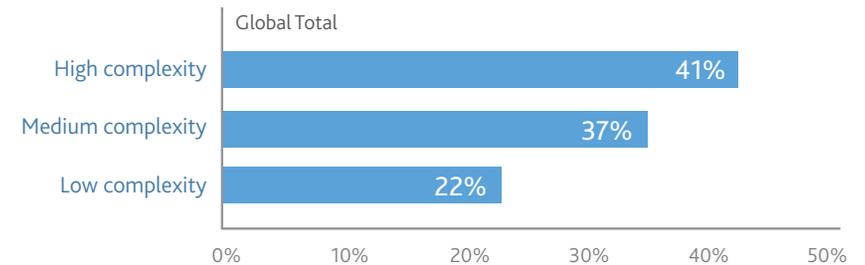
**Q: How would you characterize... ?**



**Q: In your estimation, what percentage of the projects completed within your organization in the past 12 months...?**



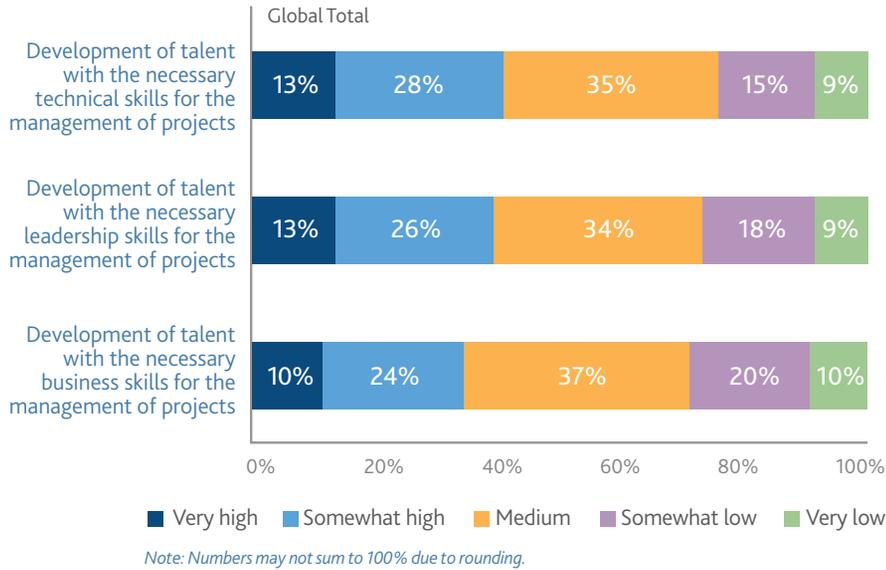
**Q: What percentage of all the projects within your organization this year had each of the following levels of complexity?**



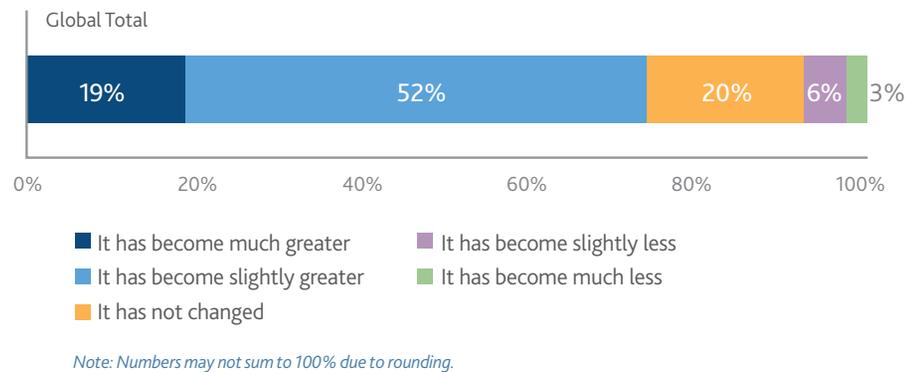
**Q: Of the projects started in your organization in the past 12 months that were deemed failures, what were the primary causes of those failures? (Select up to 3)**



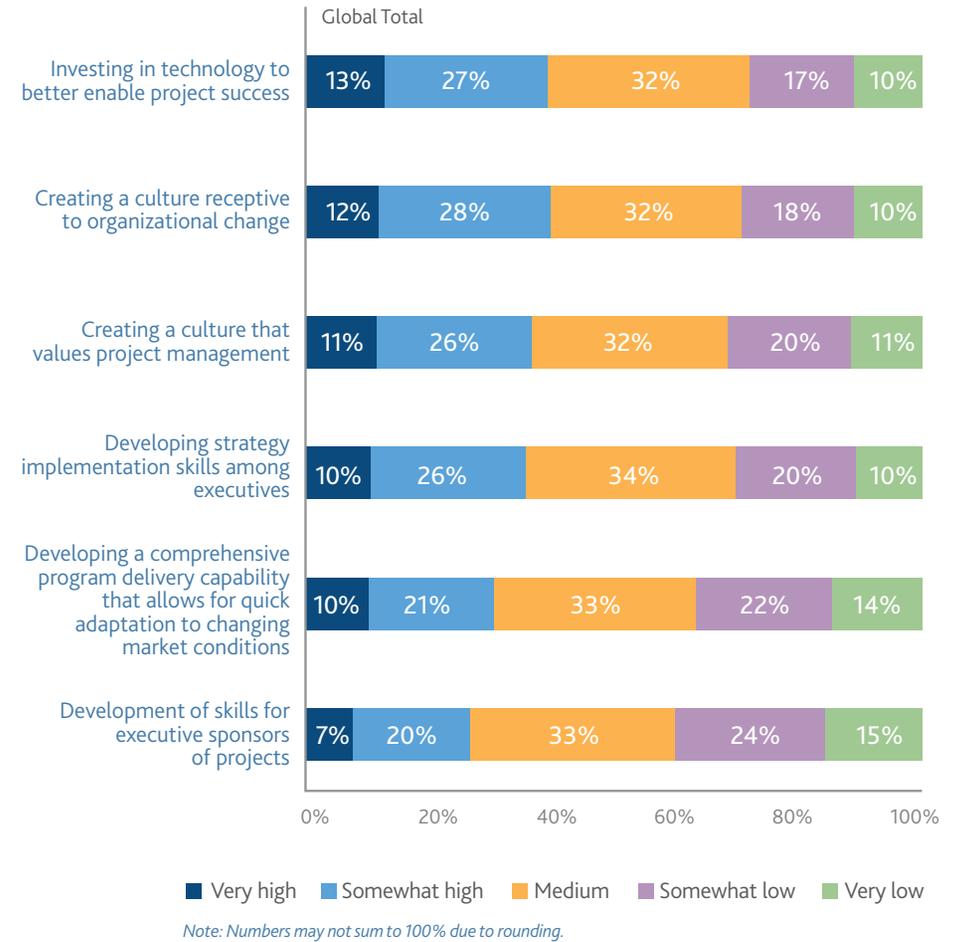
**Q: How high a priority is each of the following within your organization?**



**Q: How has the organizational agility of your organization changed over the last five years?**

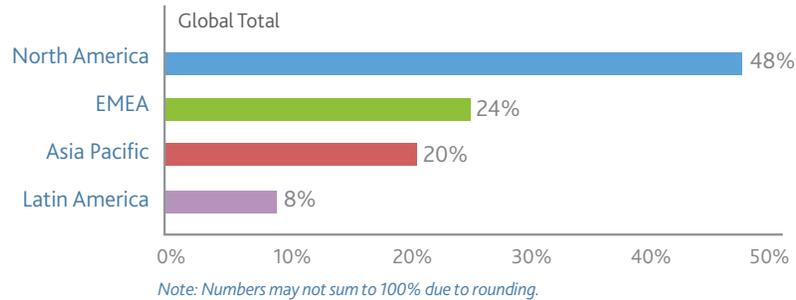


**Q: How high a priority is each of the following within your organization?**

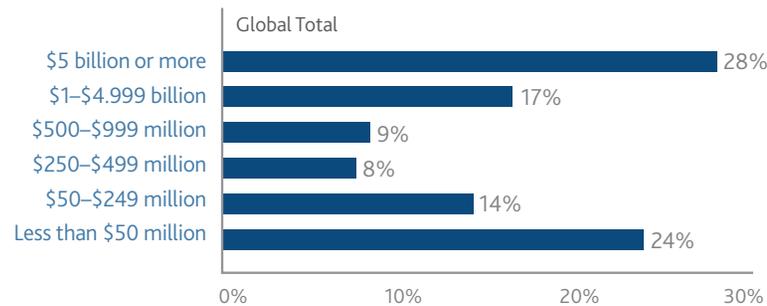


# APPENDIX

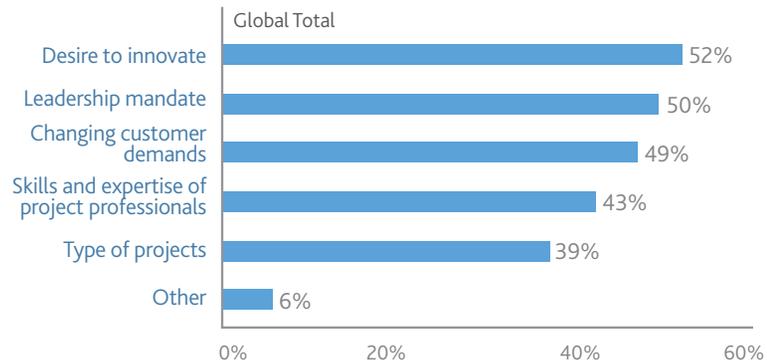
**Q: Region of responding organizations**



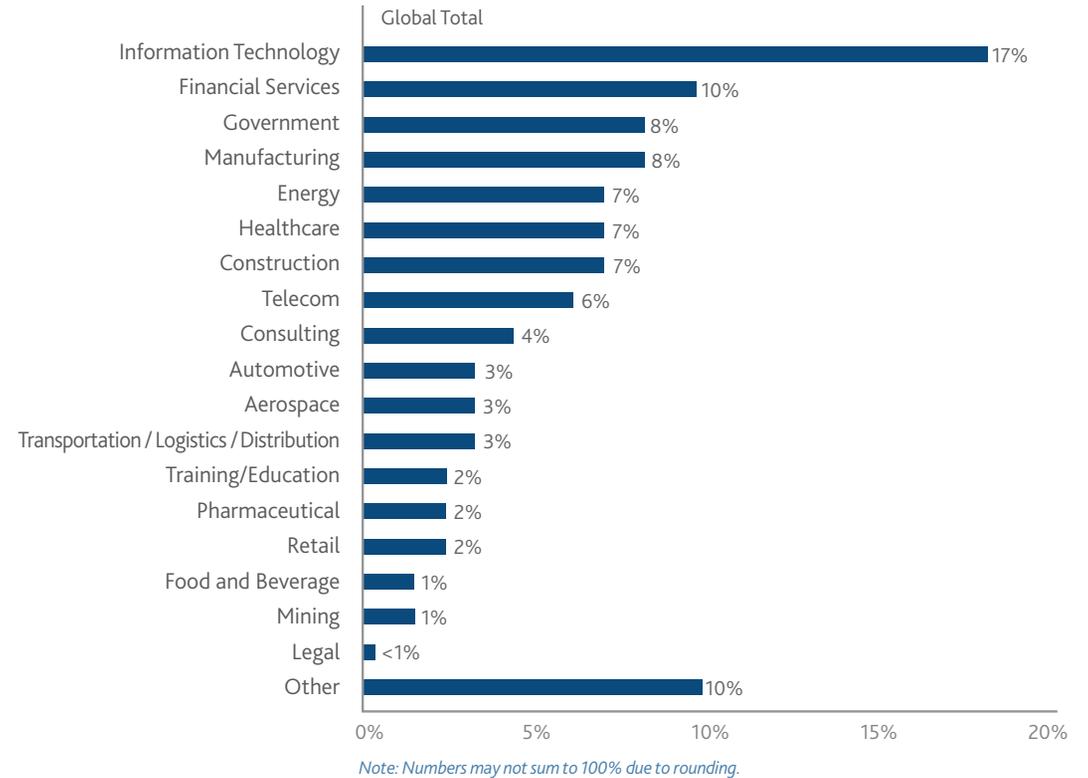
**Q: Which of these includes the total annual revenue of your organization (US\$)?**



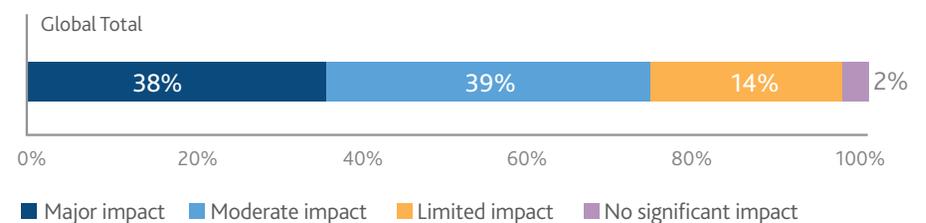
**Q: What has caused the increase in your organization's level of agility over the past five years?**



**Q: Please select the term that best describes the primary focus of your organization.**



**Q: To what extent is the digital transformation of the last, say, five years impacting your work?**

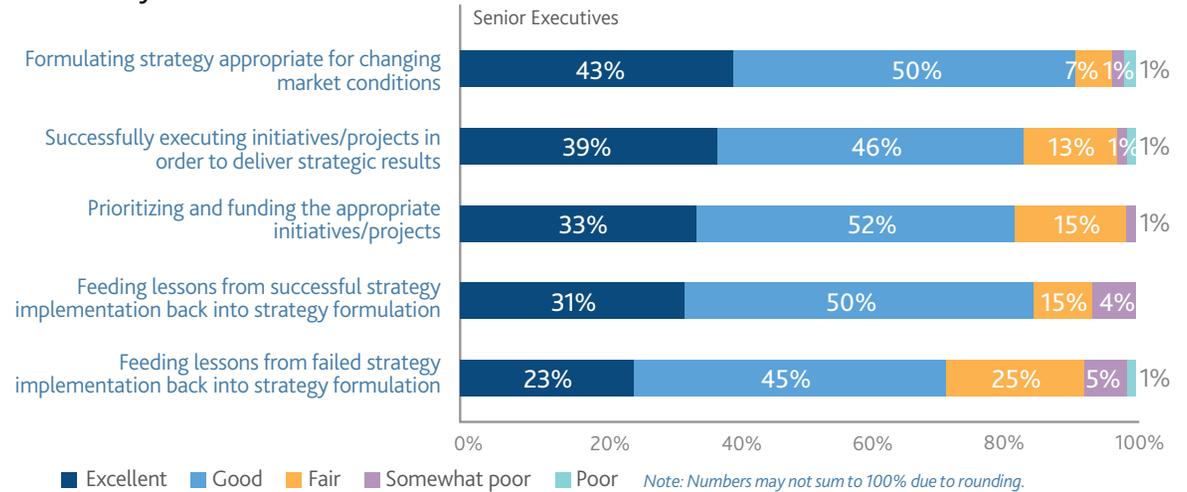


## SECTION 2

### Survey Results from 447 Senior Executives

[Back to Appendix Table of Contents](#)

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

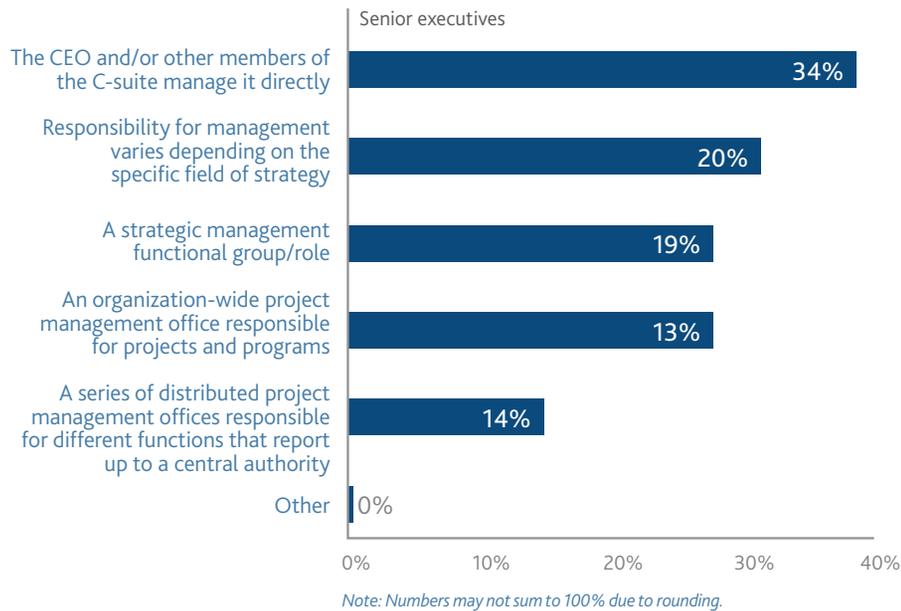


**Q: Compared with peer companies, how would you rank your organization on each of the following?**

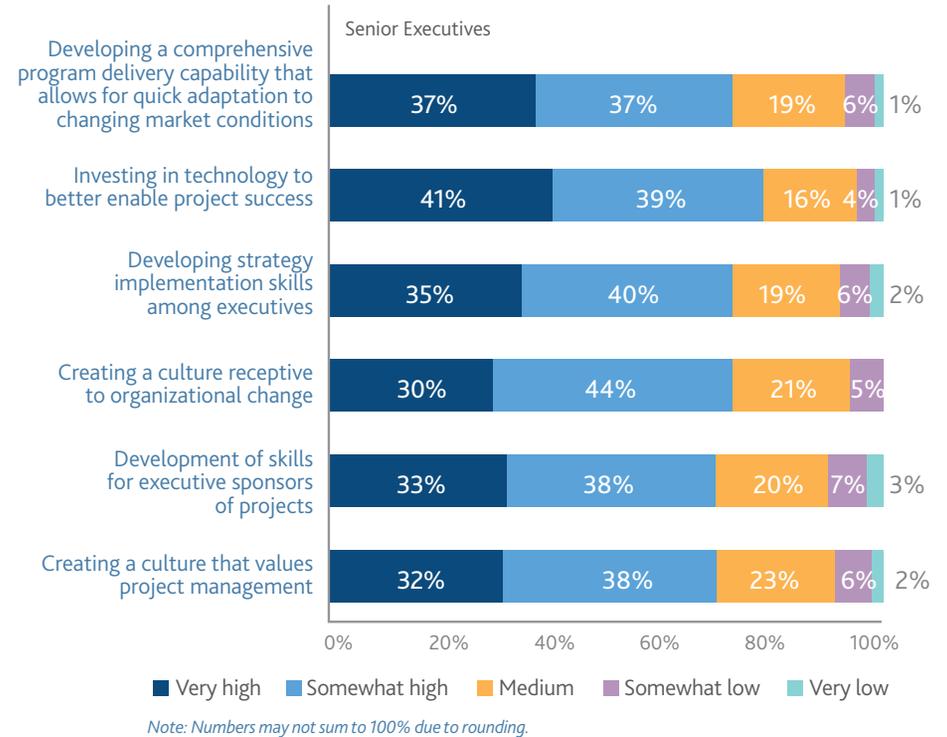


# APPENDIX

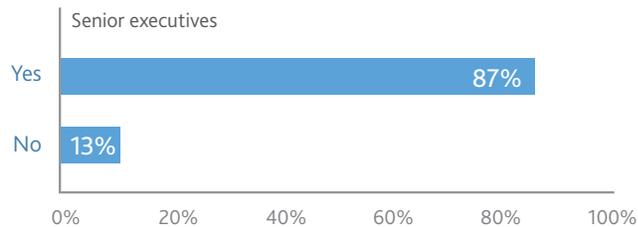
**Q: Where in your organization does responsibility lie for managing the implementation of strategy through high-priority initiatives and projects?**



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

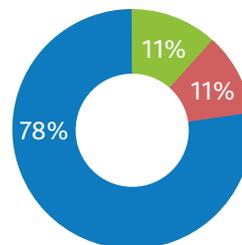


**Q: Do you believe that your organization fully understands the value of project management?**



## Firmographics

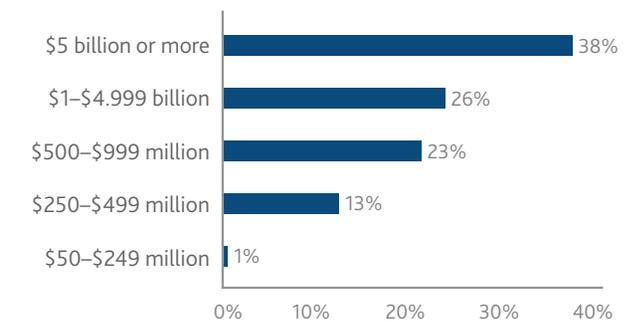
Region  
Senior Executives



■ North America ■ Asia Pacific ■ EMEA

## Revenue of respondent's division or subsidiary (US\$)

Senior Executives

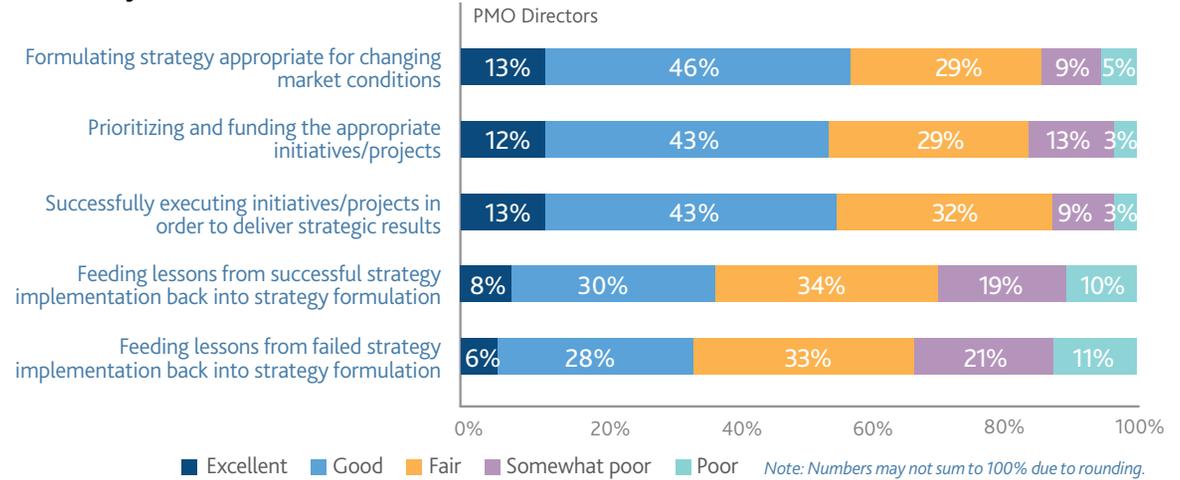


## SECTION 3

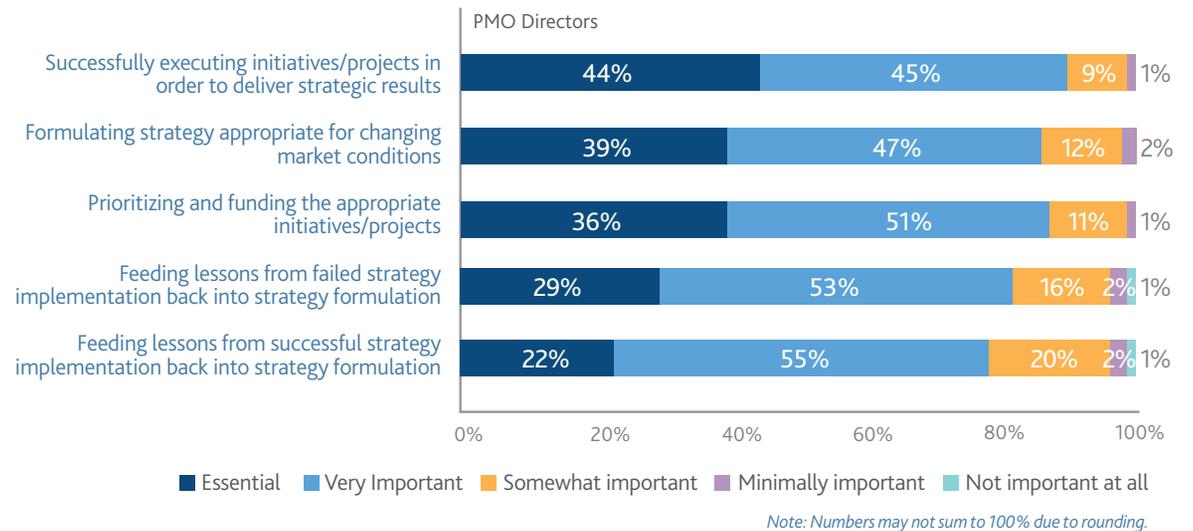
### Survey Results from 800 PMO Directors

[Back to Appendix Table of Contents](#)

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



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

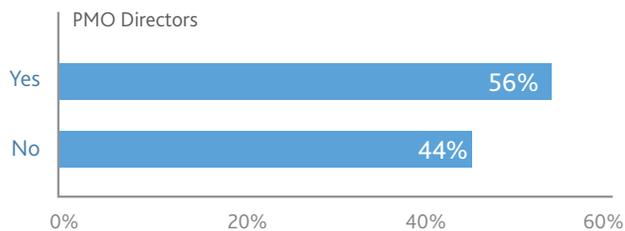


# APPENDIX

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

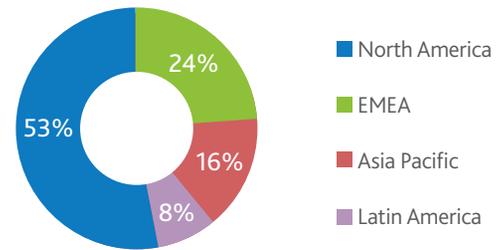


**Q: Do you believe that your organization fully understands the value of project management?**



## Firmographics

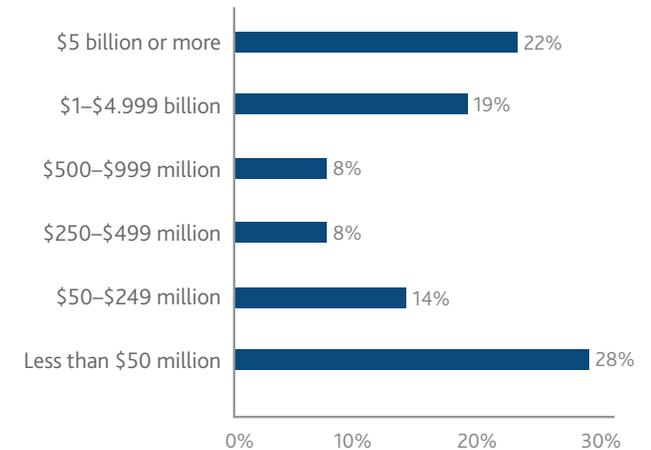
Region  
PMO Directors



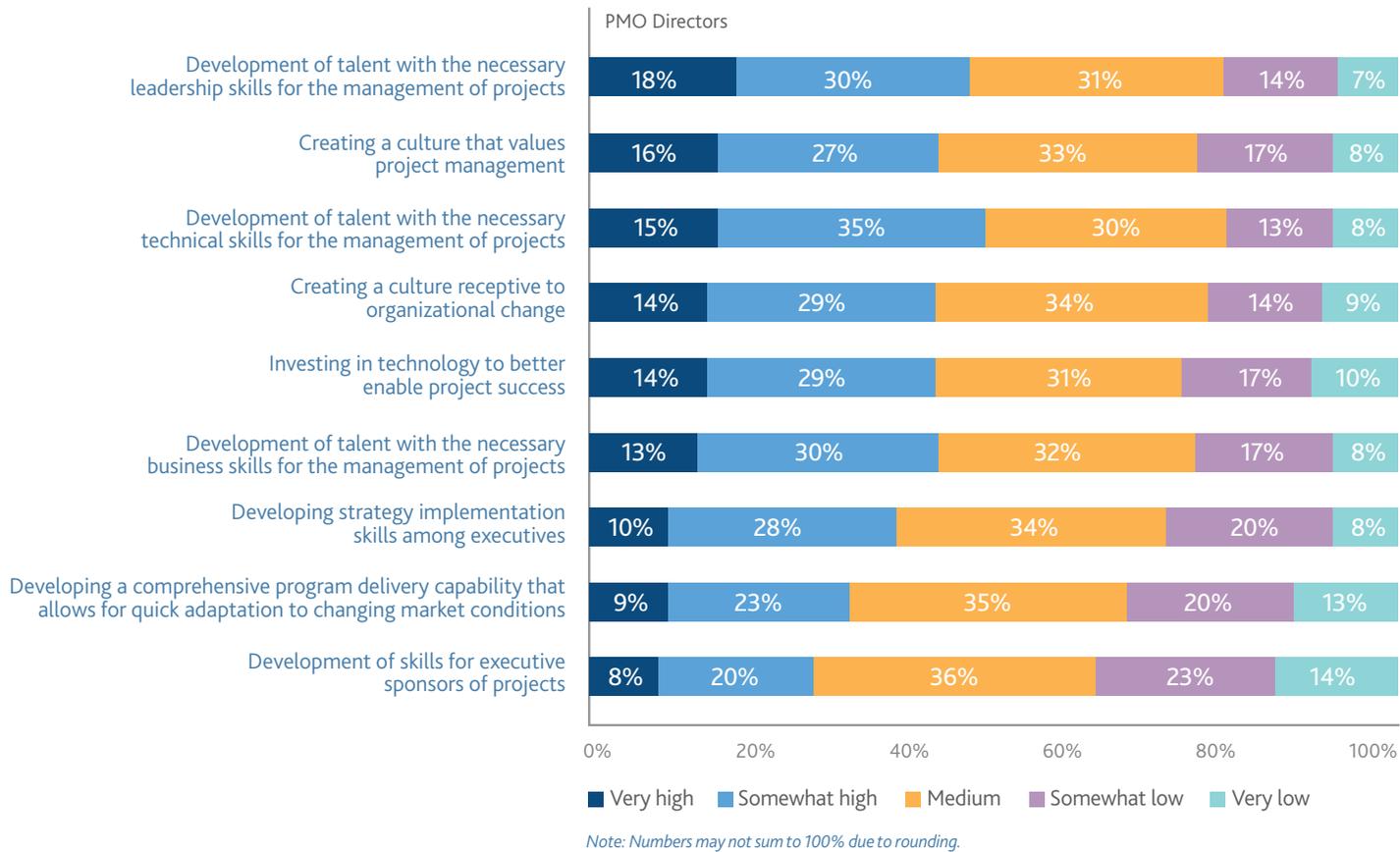
*Note: Numbers may not sum to 100% due to rounding.*

## Organization's revenue (US\$)

PMO Directors



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



Beijing  
Bengaluru  
Brussels  
Buenos Aires  
Dubai  
Dundalk  
London  
Mumbai  
New Delhi  
Philadelphia  
Rio de Janeiro  
São Paulo  
Shanghai  
Shenzhen  
Singapore  
Sydney  
Washington, D.C.



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