

The Value of Project Management to Organizations: A Global Perspective



Steve Fahrenkrog, PMP

PMI VP, Regional Development

PM in Oil and Gas 2009

8 December 2009

Agenda

- Why is the Value of PM Important?
- The Value of PM Research

A “Projectized” Global Economy

- More than \$ *12 trillion per year* on fixed capital projects worldwide
- Trillions more in projects for IT, new product and service development, entertainment/IP, NGOs
- More than 25% of gross global product
- More than 20 million practitioners of project management

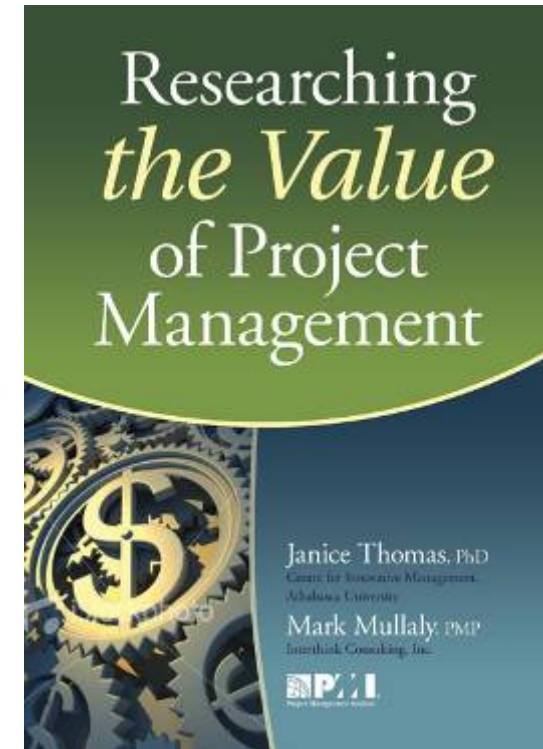
Projected Shifts in GDP Composition (2009-2012)

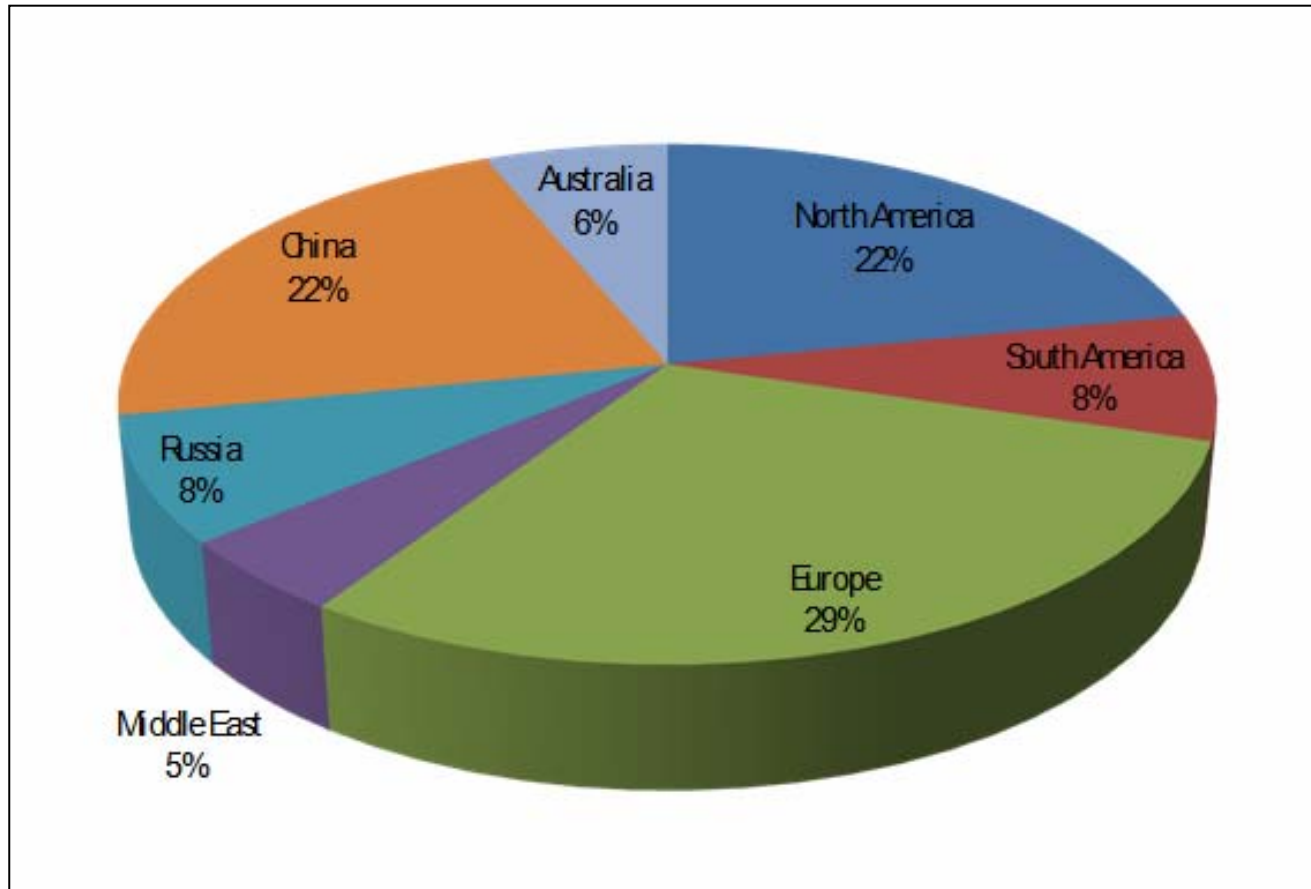
<i>All figures in USD billion</i>	2009	2012	Change
US			
Fixed Investment (Non-governmental)	\$1,789	\$2,201	23%
Government Consumption	\$2,941	\$3,286	12%
Brazil			
Fixed Investment (Non-governmental)	\$256	\$379	48%
Government Consumption	\$316	\$416	32%
China			
Fixed Investment (Non-governmental)	\$2,083	\$3,391	63%
Government Consumption	\$671	\$1,084	62%
Germany			
Fixed Investment (Non-governmental)	\$603	\$654	9%
Government Consumption	\$665	\$736	11%
India			
Fixed Investment (Non-governmental)	\$426	\$746	75%
Government Consumption	\$160	\$274	71%

Exploring the Value

3-year, \$2.5M study completed
2008

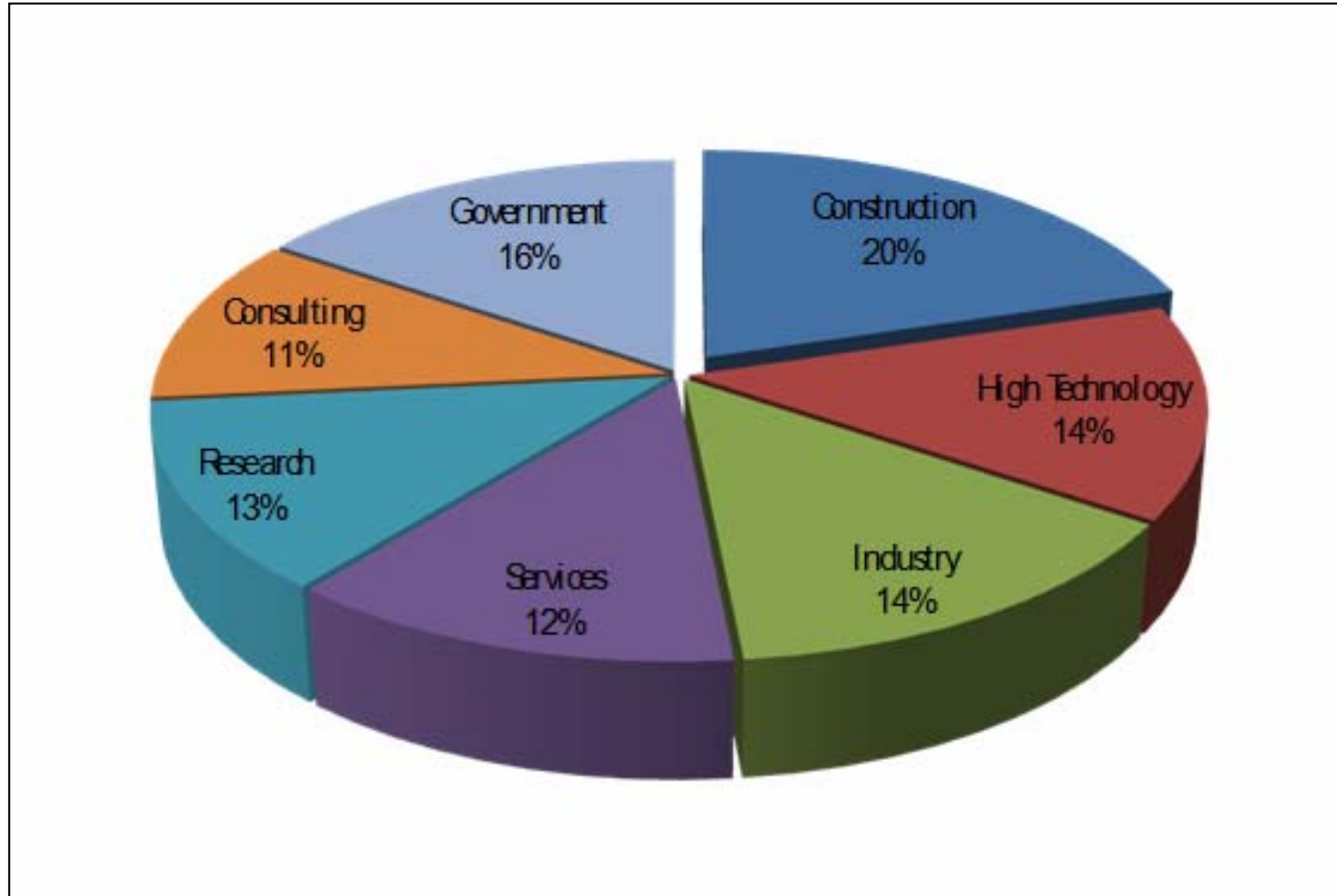
- More than 60 organizations, 500 interviews
- Documented value in execution, integration, and learning
- Importance of “fit”: successful PM implementations are adapted to organizational culture, market, risk tolerance, etc.





Regional Distribution of Case Organizations

Research Demographics



Distribution of Case Organizations by Industry

- **PM must fit the organization and its context:**
 - Strategic orientation
 - Organizational culture and broader culture
 - Economic environment
- **PM maturity correlates strongly with:**
 - Project success
 - Repeatable performance
 - Customer/stakeholder satisfaction
- **PM delivers most value when:**
 - Supported by top leadership
 - Reinforced by continuous training

- “Know thyself”
 - Assess attitudes toward risk, conflict, and cooperation
 - Project types: construction? organizational change? new product development?
 - Economic growth rate and competitive position
- PM implementation should be pro-active, not forced by circumstances

- Only commitment from the top can deliver
 - Project, program, portfolio management
 - Alignment with organizational strategy
 - Career paths for project managers

“One [engineering firm’s] senior executives decided to raise the profile of its project teams (and to attract up-and-coming employees to them) by explicitly comparing them to its business units during strategic planning discussions.

Thinking of project teams in this fashion – they are, after all, comparable to a \$2 billion P&L – forced the leaders of the business units to think more carefully about staffing them and ultimately helped the company improve its skill base.”

“Managing capital projects for competitive advantage”
McKinsey Quarterly, June 2008

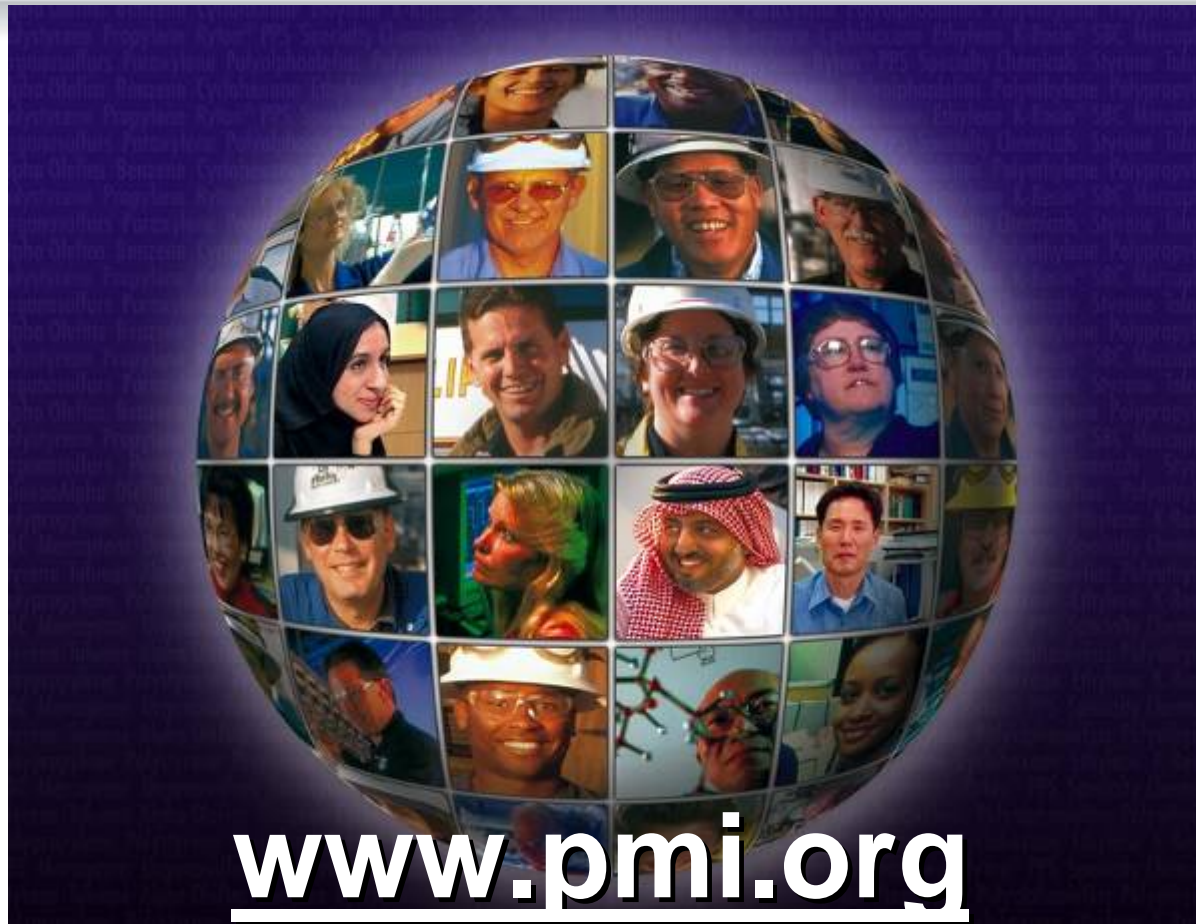
- Project management delivers most value when reinforced by continuous training
 - Valuable for all project team members, not just PMs
 - Integrate with enterprise training & development
 - “If you’re not **learning**, you’re losing value”

- **The types of value realized by organizations included:**
 - Revenue increases
 - Greater market share
 - Increased Competitive advantage
 - Customer retention
 - Increased customer share (more engagements per customer)
 - Reduced write-offs & rework
 - Cost savings

- 95% of the 60 companies reported achieving indirect value such as:
 - Improvements in decision making.
 - Enhancement of communications and collaboration.
 - Improvements in effective work cultures.
 - Alignment of practices, terminology and values within the organization.
 - Overall effectiveness of the organization and its management approach.
 - Improved transparency, clarity of structure, roles and accountability.

Worldwide, organizations will embrace, value and utilize project management, and attribute their success to it.

Thank You!



© 2008 Project Management Institute, Inc. All rights reserved. "PMI", the PMI logo, "PMP", the PMP logos, "PMBOK", "Project Management Journal", "PM Network", and the PMI Today logo are registered marks of Project Management Institute, Inc. For a comprehensive list of PMI marks, contact the PMI Legal Department.