

# The Value of Project Management

Including Project Management Training Practices



A BENCHMARK OF  
CURRENT BUSINESS PRACTICES

## Key Findings

A study carried out in Q1 2009 clearly demonstrates that organizations receive significant value from implementing project management improvement initiatives. Such initiatives include implementing a PMO, a project or portfolio management methodology, performance measures, a governance or risk management process, change management, Agile PM methods, or project or portfolio management software. Initiatives also include maturing existing project and portfolio management practices, hiring contracted PM resources, or training staff to use PM tools and techniques.

### PM Value Benchmarks

Organizations experienced the following improvements by implementing project management improvement initiatives:

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|------------------------------|-----|
| ○ Project-strategy alignment | 55% |
| ○ Requirements performance   | 54% |
| ○ Projects completed         | 52% |
| ○ Schedule performance       | 47% |
| ○ Quality                    | 47% |
| ○ Employee satisfaction      | 47% |
| ○ Budget performance         | 47% |
| ○ Return on investment       | 46% |
| ○ Customer satisfaction      | 45% |
| ○ Time to market             | 41% |
| ○ Productivity               | 32% |
| ○ Degree of project risk     | 27% |
| ○ Number of scope changes    | 22% |
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- Average number of PM improvement initiatives implemented in each organization: 6
  - Average cost of PM improvement initiatives implemented in each organization: \$7,400,000
  - Average cost saved due to PM improvement initiatives in each organization: \$19,000,000

### PM Training Benchmarks

- Organizations still use instructor-led training as their primary delivery method (42% of the time onsite and 23% of the time off-site), but the amount of time spent with e-learning methods is increasing (21% of the time).
- The primary sources of training are from training companies (in 80% of organizations) and delivered by in-house resources (76%).
- Most organizations offer training in PM basics (84%), but a majority also offer training in general management (62%) and advanced project management topics (58%).

- A majority of organizations (66%) do not offer a professional development program for project managers.
- Organizations spend \$218,000 a year on PM training on average.
- Organizations see positive benefits in all areas measured, but the greatest benefits are in customer satisfaction and schedule performance.

### *Some Observations on the Findings*

- Comparing the training findings to our 2007 *State of the PMO* study findings on training and development activities being carried out within the enterprise PMO, it seems suggestive that approximately the same percentage of companies that reported having an enterprise-level PMO (about 55%) reports offering advanced PM training topics.
- The average cost savings reported in this particular study is far greater than the aggregate average of all our previous studies: \$19 million compared to \$1 million. We suspect that improved cost management and tracking, as well as more sophisticated performance measurement, may be behind this sharp rise in reported savings.
- The reported improvement in employee satisfaction has gone up by 10%, from 37% in our 2000 study to 47% in 2009. Previous qualitative research on this point showed that PM improvement initiatives increase employee satisfaction by making work feel less chaotic and more achievable.

## Research Methodology

### *Statement of the Problem*

Given the accelerating growth of project and portfolio management initiatives in organizations, a quantitative demonstration of their value is needed to help justify continued investment in those initiatives. This survey, conducted by the Center for Business Practices, was designed to provide that information. We also focused some questions specifically on the value of PM training initiatives.

Since measures used and measurement methods applied vary greatly from organization to organization, most of the questions required only information on percentage improvement (or non-improvement) due to the initiatives the respondents engaged in. We looked for expert judgment on these issues. Respondents were asked to consider only the effects of the initiatives on the outcomes (ignoring the influence of other organizational factors that contribute to those outcomes).

The questions were generally of the form, "What is the change in your measure (hopefully a percentage improvement) over the period of time measured, which has been caused by the initiative?" For example, if the respondent implemented a project management office and have measures that show that before the PMO implementation 50% of projects were completed on time, and the first year after the PMO implementation 75% of projects were completed on time, then the organization would have a 50% improvement due to the PMO initiative.

### *Research Approach*

An invitation to participate in a web-based survey on The Value of Project Management was sent to the mailing list of the Center for Business Practices (senior project management practitioners). Responses to the survey were received by February 25, 2009. There were 478 responses to the survey.

**Note: The Center for Business Practices is now PM Solutions Research**