

# Project Management Maturity & Value Benchmark

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2014

# Introduction

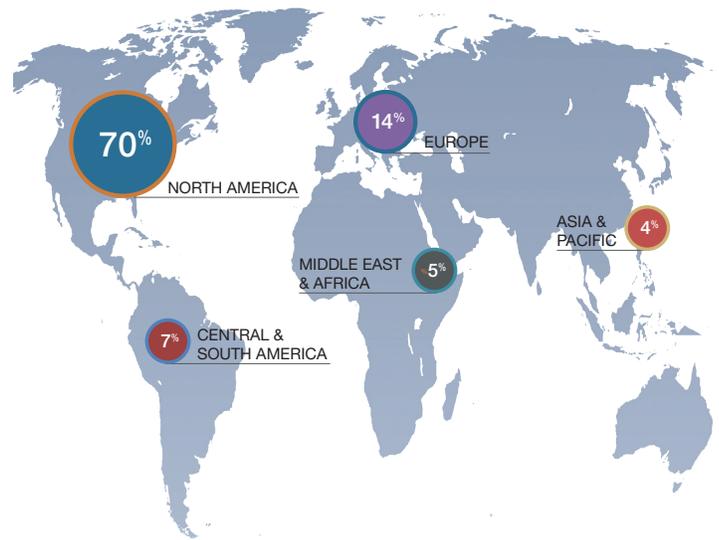
PM Solutions Research first surveyed organizations on the maturity of their project management practices in 2001. In our latest survey, we've taken another look at the capability of organizations to deliver projects successfully. This research will help us understand current project management practices as well as trends that will lead to improved project management success. You can also use this research to benchmark your organization against others as well as help you build your business case to justify the value of project management to senior management.



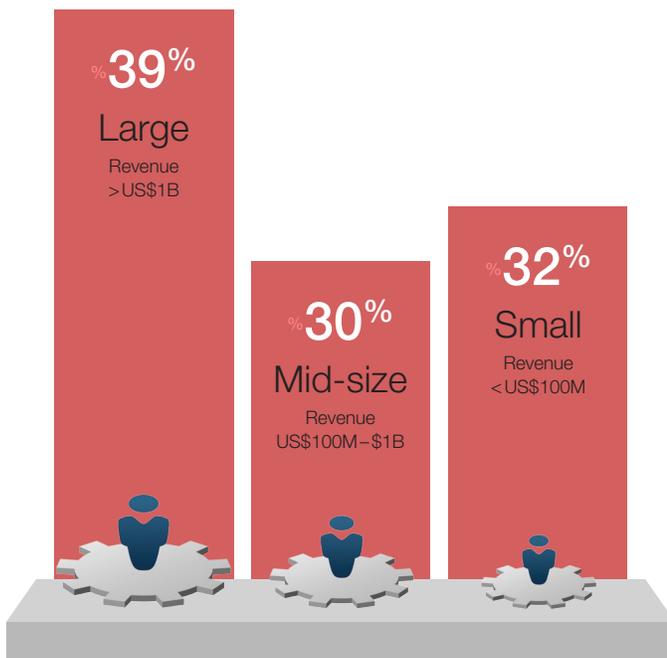
## RESPONDENTS BY INDUSTRY



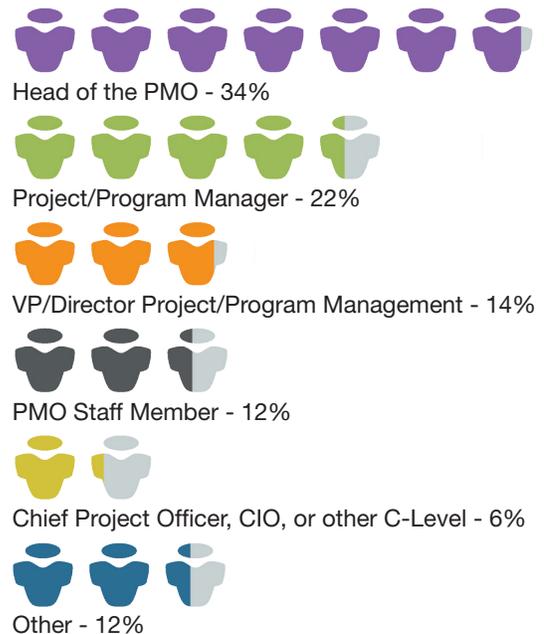
## RESPONDENTS BY GEOGRAPHY



## RESPONDENTS BY SIZE OF FIRM



## RESPONDENTS BY TITLE



# Project Management Maturity & Value

FOR WELL OVER A DECADE, PM Solutions has been actively gathering data on project management practices and trends, and we've seen a steady climb in the prevalence and influence of project management in most organizations. This current research, a reprise of studies published in 2001 and 2006, confirms the hypothesis that when organizations improve their project management maturity, they experience corresponding gains in project management performance. More importantly, they also show improved organizational performance. The organizations identified as "high performing" in this study:

- » Are much more mature in their project management practices than low performers (average level of maturity 3.4 vs. 1.7).
- » Show substantially greater value in a variety of project management performance measures that matter most to executives, including the percentage of cost savings per project (26% vs. 6%).

## Bottom line: More mature firms deliver more value.

Project management continues to be an organizational practice that provides significant value to the business. By benchmarking the project management maturity of your organization to that of high-performing organizations you'll have a guide to improving your project management and organizational success.

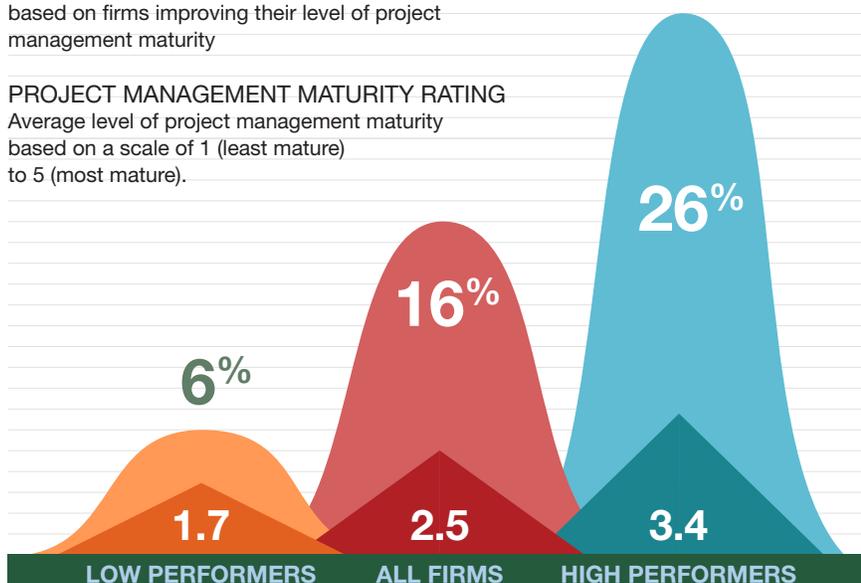
## MORE MATURE FIRMS DELIVER MORE VALUE

### COST SAVINGS PER PROJECT (%)

Percentage saved per project, on average, based on firms improving their level of project management maturity

### PROJECT MANAGEMENT MATURITY RATING

Average level of project management maturity based on a scale of 1 (least mature) to 5 (most mature).



## SUMMARY FINDINGS

- » A majority of firms (91%) have project management processes in place.
- » There is a direct and strong correlation between the project management maturity of a firm and its overall performance.
- » High-performing firms are much more mature in their project management practices than low performers.
- » There is a correlation between the length of time project management has been in place in a firm and its project management maturity and overall performance.
- » Organizations have seen considerable value by increasing the level of their project management maturity.
- » Most organizations (76%) have improved in PM maturity over the past five years with 33% moving from Level 1 to Level 2.
- » Firms have steadily and consistently moved up in levels of project management maturity between 2001 and 2014.

# Project Management Value

Maturity is not measured for the sake of a score, but to understand how to improve project management processes to better impact business outcomes. The connection between value delivered and process maturity is critical to organizations that rely on projects to achieve strategic goals.

## PERFORMANCE DEFINED

High-performing organizations are defined by the extent they realize their organizational goals. Respondents rated their companies on a score from 1 to 5, where 1=to no extent and 5=to a very great extent on how well they met ten measures of organizational performance: strategy execution, stakeholder satisfaction, financial success, schedule/budget performance, customer satisfaction, resource allocation, strategic alignment, project prioritization, team satisfaction, benefit realization. High performers rank in the top 25% in overall performance. Low performers rank in the bottom 25%.

- » Organizations have seen considerable value by increasing the level of their project management maturity. They've shown a significant percentage of improvement in projects aligned with business objectives (37%), decrease in failed projects (29%), customer satisfaction (26%), projects delivered under budget (23%), and productivity (21%). See value chart below.
- » Organizations at the highest levels of project management maturity (Levels 4-5) have seen the greatest value by increasing the level of their project management maturity, especially in improvements in aligning projects with business objectives (53%) and bringing products/services to market (45%).
- » High performers show substantially greater value by increasing their level of project management maturity. They've shown the following improvements on average vs. low performers: decrease in failed projects (38% vs. 10%), cost savings per project (26% vs. 6%), projects delivered under budget (32% vs. 7%), projects delivered ahead of schedule (24% vs. 7%), productivity (34% vs. 8%), time to market (36% vs. 5%), customer satisfaction (40% vs. 19%), and alignment with business objectives (51% vs. 25%). High performers have also shown \$125K cost savings per project vs. \$8K for low performers. See chart on next page.
- » Organizations have realized impressive results over the past 12 months. On a scale of 1-5 on the extent they've realized those results, they've excelled in particular at aligning their projects to the organization's business strategy (3.2), satisfying customers (3.1) and project stakeholders (2.9), and realizing the benefits anticipated from projects (2.9).

## PROJECT MANAGEMENT VALUE BENCHMARKS

Average value organizations have seen by increasing their level of project management maturity:

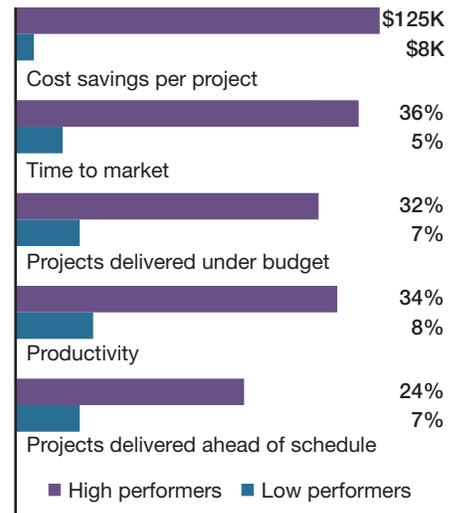
- |   |            |   |                |
|---|------------|---|----------------|
| » Decrease in failed projects.....      | <b>29%</b> | » Projects delivered ahead of schedule .....              | <b>16%</b>     |
| » Projects delivered under budget ....  | <b>23%</b> | » Improvement in projects aligned with objectives .....   | <b>37%</b>     |
| » Improvement in productivity.....      | <b>21%</b> | » Cost savings per project (% of total project cost)..... | <b>16%</b>     |
| » Increase in customer satisfaction ... | <b>26%</b> | » Cost savings per project .....                          | <b>US\$71K</b> |

# Project Management in Organizations

- » Most firms (91%) have project management processes in place, and 42% have had them in place more than five years.
- » High performers are more likely to have project management processes established than low performers (95% vs 84%). High performers are also much more likely to have project management processes in place more than 5 years (49% vs. 24%).
- » Most organizations (76%) have improved in project management maturity over the past five years, with the largest percentage (33%) moving from Level 1 to Level 2.
- » Large organizations are significantly more likely to have project management processes in place (53%) than mid-size (34%) and small (35%) organizations.
- » The length of time project management was in place in organizations was a significant factor in our results. Organizations with project management in place for more than five years were far more mature on average (2.9) vs. 2-5 years (2.3) and less than two years (2.0).
- » High performers are more likely to be professional services (27%) and information (18%) organizations. Low performers are more likely to be finance & insurance (20%), manufacturing (16%), and healthcare organizations (16%).
- » Healthcare organizations have shown the least amount of improvement in the higher levels of project management maturity over the past five years – only 26% improving to Level 3 and higher. The greatest improvement has been shown by information organizations – 59% have improved to Level 3 and higher.

## HIGH PERFORMERS DELIVER MUCH GREATER VALUE THAN LOW PERFORMERS

Improvements firms have shown by increasing their level of project management maturity



## GUIDELINES FOR ADVANCING PROJECT MANAGEMENT MATURITY

An assessment should be aimed at providing a path forward for the organization by improving its project management capabilities. Here are tips from PM Solutions' expert consultants on what to do after you've assessed your project management maturity:

- » Engage employees and begin cultural change based on the clear path the assessment reveals.
- » Use the assessment as a baseline to show the value of future investments in process improvement.
- » The assessment will reveal the actions necessary to ensure success in the next step of PMO implementation.
- » Repeat assessments can be used to track progress against the project management deployment plan.
- » Use assessments to communicate successes and milestone achievements to executives and management.
- » Use assessments to identify specific areas for improvement and target 6-month improvement goals.
- » Establish an incremental improvement program with specific focus and measurable goals.
- » Maintain project management maturity in synch with other corporate process maturity areas.
- » Set an appropriate maturity goal — not every organization needs to reach Level 5 to reap important benefits.
- » Focus on continuous improvement. Revisit your project management processes every 6 to 12 months.
- » Get outside help, especially to help navigate the organization's political climate to get progress in motion.

# PM Maturity Benchmark

**HIGHER MATURITY = STRONGER PERFORMANCE**

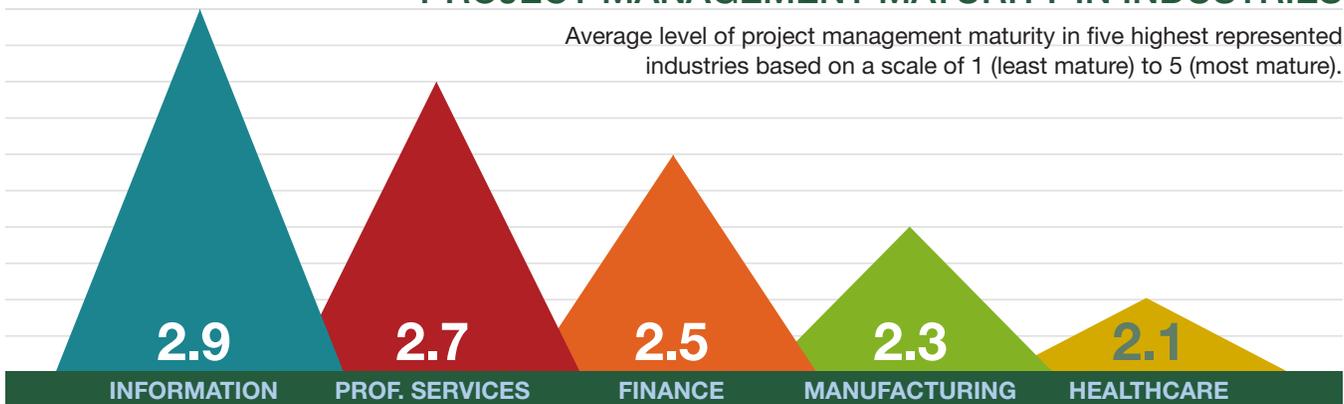


■ Percentage of firms at each level of project management maturity  
▲ Average organizational performance level

- » Organizations have steadily and consistently moved up in levels of project management maturity between 2001 and 2014. In 2001, 89% of organizations were at Level 1 maturity; only 30% are at Level 1 in 2014. In 2001, only 5% of organizations were at Level 3 maturity or higher; in 2014, 33% of organizations are at Level 3 maturity or higher.
- » Organizations rate at a level 2.5 (on a scale of 1-5) in project management maturity on average. They are most mature in project integration management (2.7) and least mature in risk management (2.3).
- » High performers are much more mature in their project management practices than low performers (3.4 vs 1.7). An exceptionally higher percentage of high performers were at Level 3 or above in project management maturity (76%) vs. low performers (4%).
- » Large organizations rate at a slightly higher maturity level (2.6) than mid-size (2.4) or small (2.5) organizations. And fewer of them are at Level 1 maturity (24%) vs. mid-size (34%) or small (30%) organizations.
- » The most mature organizations are found in the information industry. They are particularly mature in project integration management (3.1), time management (3.0), and communications management (3.0). The least mature organizations are in the healthcare industry. They rank lowest in project quality management (1.8) and risk management (1.9). And far more information organizations are at Levels 4-5 maturity (35%), vs. professional services (21%), manufacturing (9%), healthcare (7%), or finance & insurance (3%) organizations.
- » Organizations are fairly consistent in their maturity in the components of the ten knowledge areas. They're consistently weakest in risk management, in particular quantitative risk analysis (2.1), risk response planning (2.3), and risk control (2.3).
- » Organizations at project management maturity Levels 4 and 5 were most likely to have project management in place five years or more (87%). And the percentage of organizations with project management in place two years or less were most likely Level 1 maturity organizations (59%).

## PROJECT MANAGEMENT MATURITY IN INDUSTRIES

Average level of project management maturity in five highest represented industries based on a scale of 1 (least mature) to 5 (most mature).



# Project Management Maturity Model

PM Solutions' Project Management Maturity Model (PMMM<sup>SM</sup>) describes how organizations mature as they improve their project management processes. The model is based on the *PMBOK® Guide*'s ten knowledge areas with five distinct levels of maturity. Each level represents a discrete organizational capability based on the organization's maturity in each of the knowledge area components listed. The five levels of maturity are as follows:

## Level 1: Initial Process

- » Ad hoc processes
- » Management awareness

## Level 2: Structured Process and Standards

- » Basic processes; not standard on all projects; used on large, highly visible projects
- » Management supports and encourages use
- » Mix of intermediate and summary-level information
- » Estimates and schedules based on expert knowledge and generic tools
- » Project-centric focus

## Level 3: Organizational Standards and Institutionalized Process

- » All processes standard for all projects and repeatable
- » Management has institutionalized processes
- » Summary and detailed information
- » Baseline and informal collection of actual data
- » Estimates and schedules may be based on industry standards and organizational specifics
- » Organizational focus
- » Informal analysis of project performance

## Level 4: Managed Process

- » Processes integrated with corporate processes
- » Management mandates compliance
- » Management takes organizational entity view
- » Solid analysis of project performance
- » Estimates and schedules normally based on organization specifics
- » Management uses data to make decisions

## Level 5: Optimizing Process

- » Processes to measure project effectiveness and efficiency
- » Processes in place to improve project performance
- » Management focuses on continuous improvement

## AREAS MEASURED

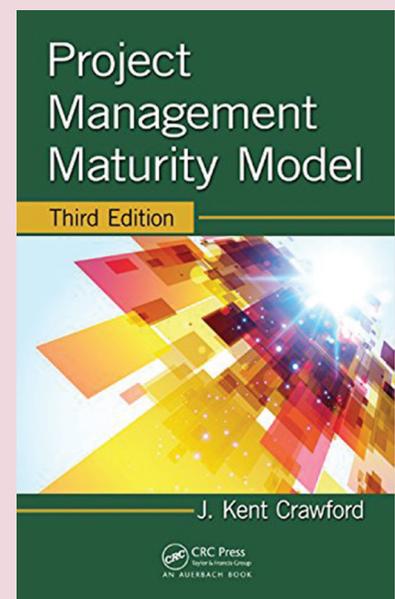
Project management maturity is measured in ten knowledge areas as well as three areas that exert significant influence on the adoption of project management practices.

### KNOWLEDGE AREAS

- » Project Integration Management
- » Scope Management
- » Time Management
- » Project Cost Management
- » Project Quality Management
- » Human Resources Management
- » Communications Management
- » Risk Management
- » Project Procurement and Vendor Management
- » Project Stakeholder Management

### INFLUENCE AREAS

- » Project Management Office
- » Management Oversight
- » Professional Development Management



For more detailed information, check out PM Solutions' comprehensive maturity model, available on Amazon.com and at other retail locations.

## About PM Solutions

PM Solutions is a project management services firm helping organizations apply project management and PMO practices to improve business performance. We are the leader in applying project and portfolio management processes and practices to drive operational efficiency for our clients.

Founded in 1996 by J. Kent Crawford, PMP, the former president and chair of the Project Management Institute (PMI®), PM Solutions delivers expert project management solutions and services to help organizations and their people perform to maximum potential. Comprehensive offerings include:

- » PMO transformation
- » Project and portfolio management capability improvement
- » Program and project management resources
- » Corporate training and competency development delivered through our training division, PM College®

## PM Solutions' Maturity Advancement Services

Like any cultural change within an organization, maturity advancement often means carefully navigating the political climate of the organization to get progress in motion. Leveraging neutral, third-party consultants that specialize in effective approaches to assessing maturity and mapping a realistic plan for advancement can help ensure progress more quickly than going it alone. Especially if internal resources are constrained.

Using PM Solutions' highly acclaimed Project Management Maturity Model (PMMM<sup>SM</sup>), we work with our clients to assess the current level of maturity, develop an achievable improvement plan, and help keep the momentum going by supporting the execution and measurement of the recommended improvements.

Because we have our own training division, the PM College, we incorporate training, professional development, mentoring, and coaching, which are integral parts of making project management practices "stick" and providing value back to the business.

## For More Information

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