

# The Value of Project Management to Organizations: A Global Perspective



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PM in Oil and Gas 2009

8 December 2009

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

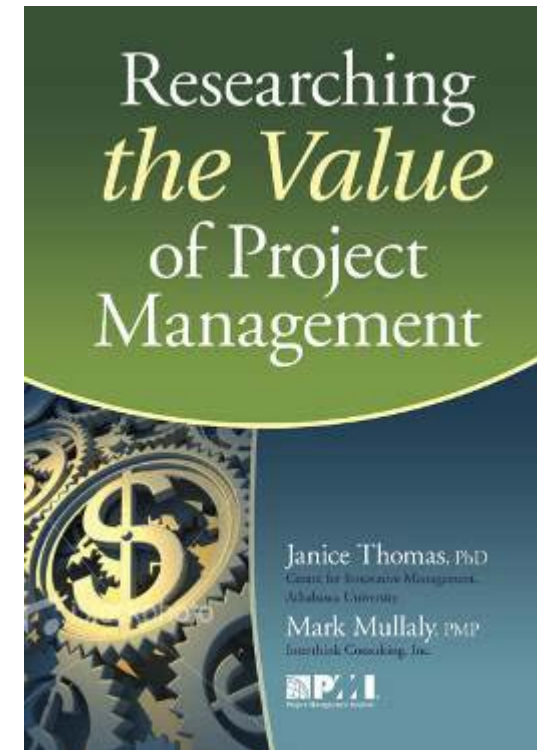
# Exploring the Value

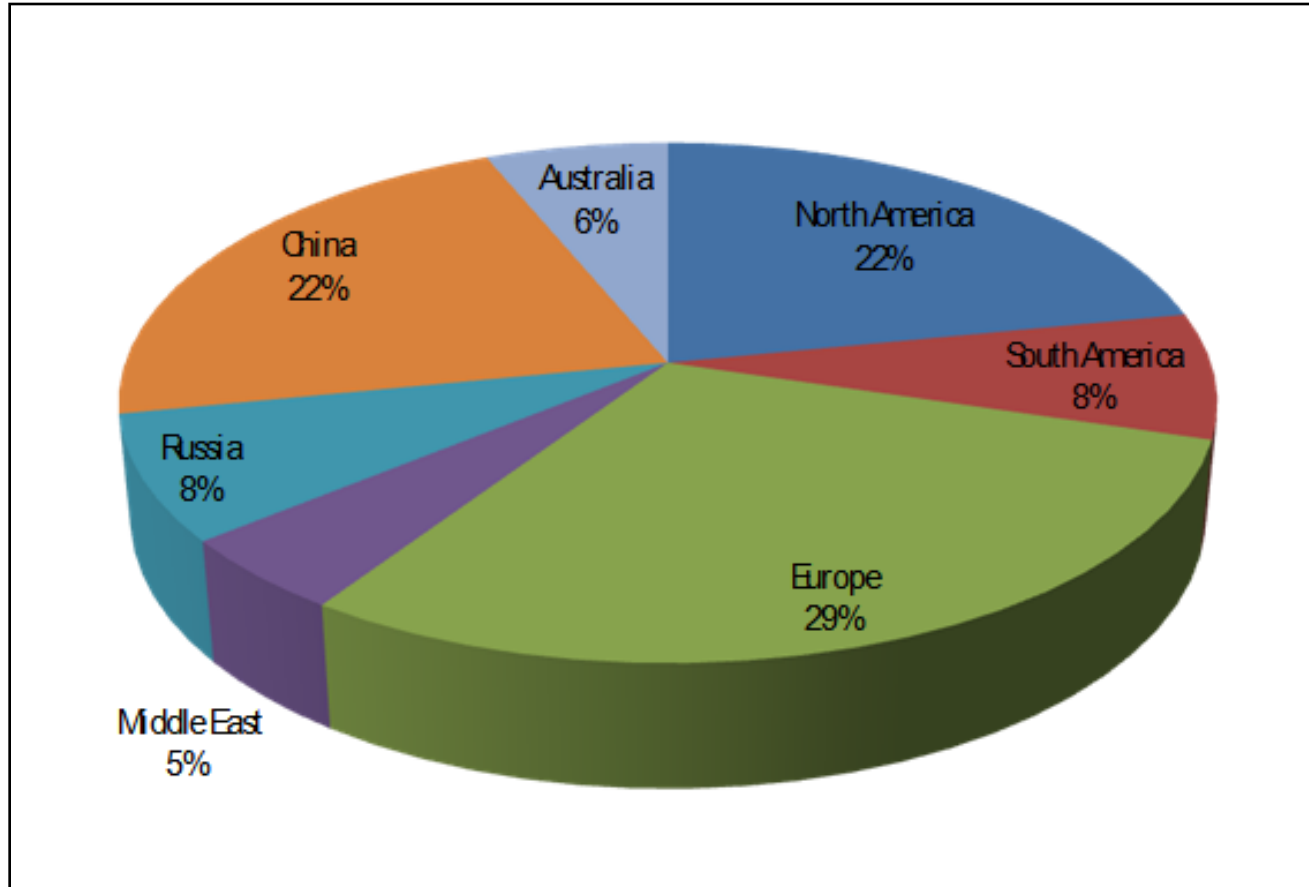
3-year, \$2.5M study completed  
2008

More than 60 organizations, 500  
interviews

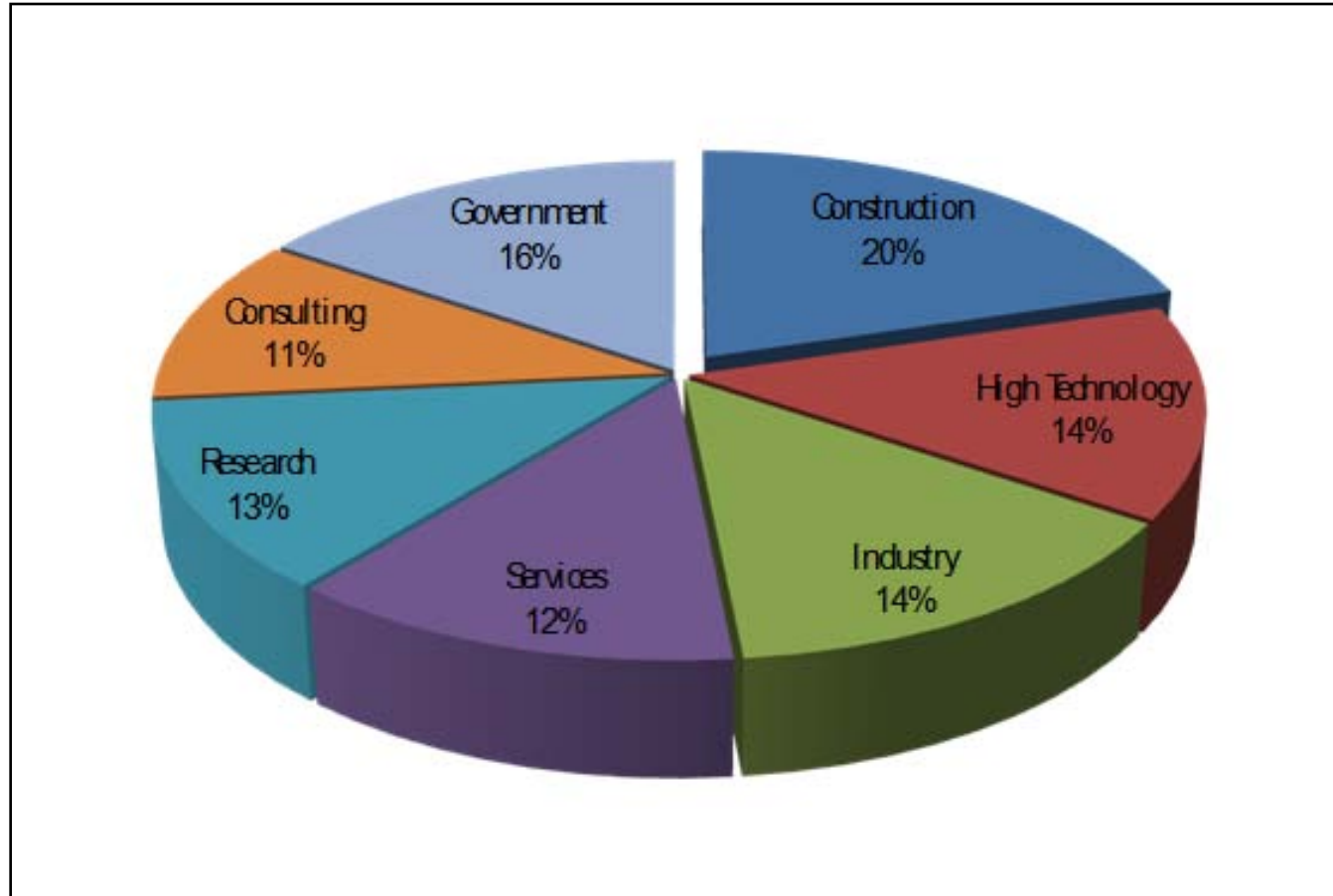
Documented value in execution,  
integration, and learning

Importance of “fit”: successful PM  
implementations are adapted to  
organizational culture, market, risk  
tolerance, etc.





**Regional Distribution of Case Organizations**



**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.

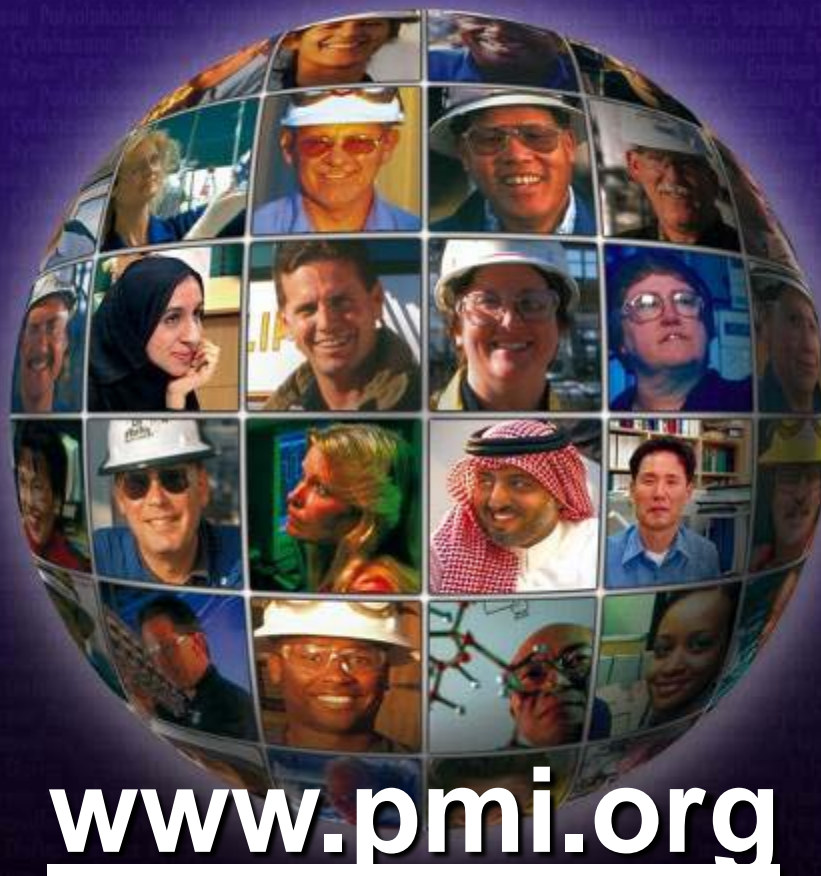
Alignment of practices, terminology and values within the organization.

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!



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