

Researching the Value of Project Management

DOE EFCOG Meeting
January 26, 2009

- What exactly is value?
- Historical basis for the research study
- Findings
- The ROI of Project Management



14 ct. gold Lapis Lazuli ring, vintage, 21.5 grams, Lapis ~ 8 carats

Retail value ~ \$ 150.00



14 ct. gold Lapis Lazuli ring, vintage, 21.5 grams, Lapis ~ 8 carats

Provenance: Thomas Jefferson, American President 1801-1809

Retail value ~ \$ 150.00

Historic Value ~ \$ 600,000.00



14 ct. gold Lapis Lazuli ring, vintage, 21. 5 grams, Lapis ~ 8 carats

Provenance: Thomas Jefferson, American President 1801-1809

Bequeathed to your great-great-great grandfather

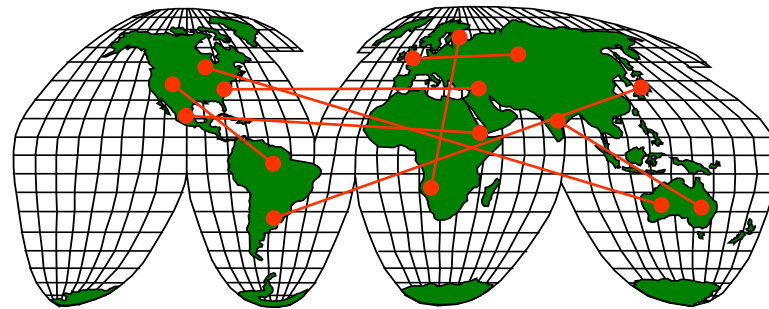
Retail Value ~ \$ 150.00

Historic Value ~ \$ 600,000.00

Sentimental Value - Priceless

- It is in the eye of the perceiver !
- It will vary by organization
- It can be measured in myriad ways

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



Organizations do not measure business results from project management, e.g.

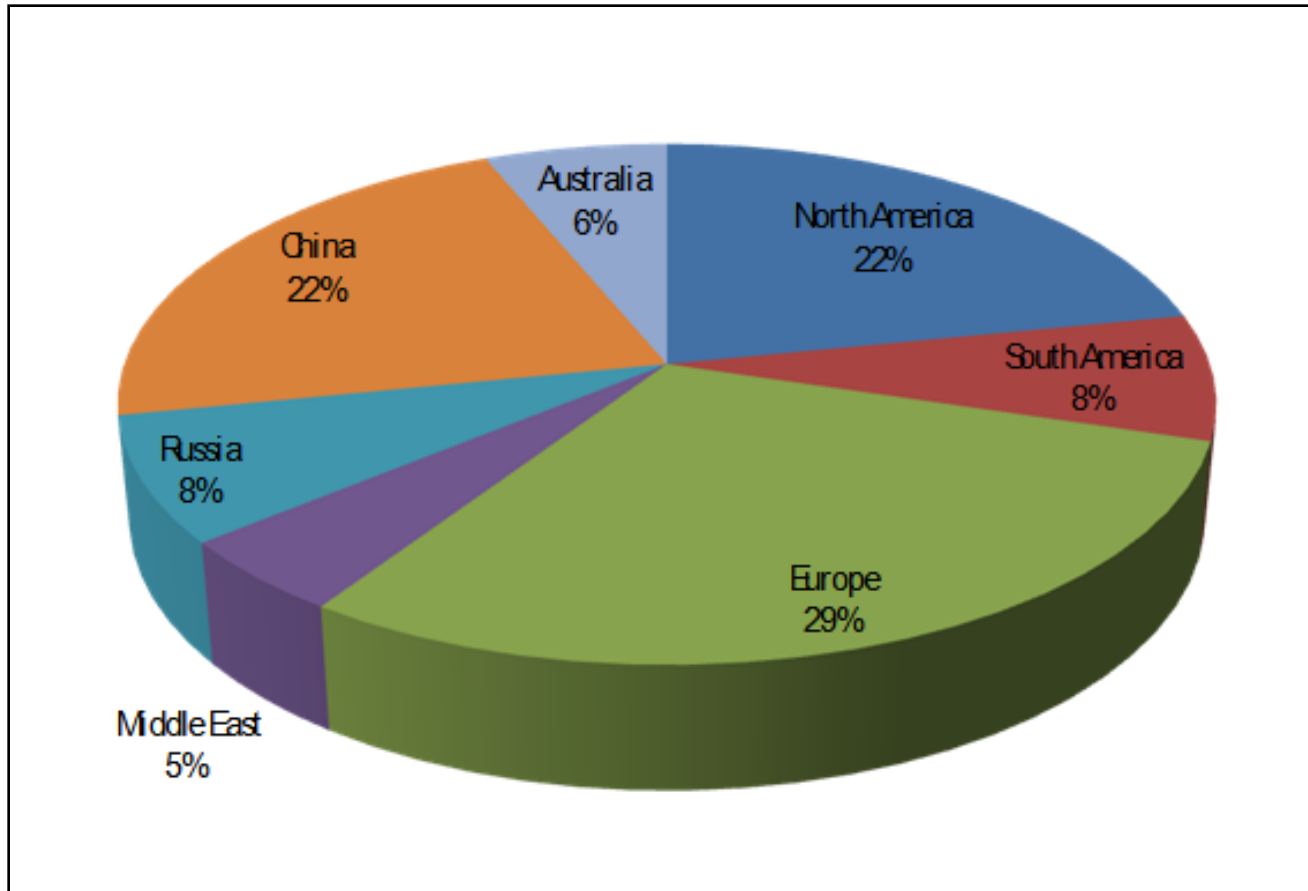
- Kaufman and Walkins, 1996. Cost Conscious Analysis. *Human Resources Quarterly* 7(1).
- PMI Market research surveys of executives (2003-2004)
- KPMG Survey (2005)
- T. Williams: *Post project Reviews to Gain Effective Lessons* (2007)
- EIU. Skills deficiency research 2008

- Market research supporting value abounds
- Executives are conflicted in their belief
- Academic research results are still fragmented and incomplete

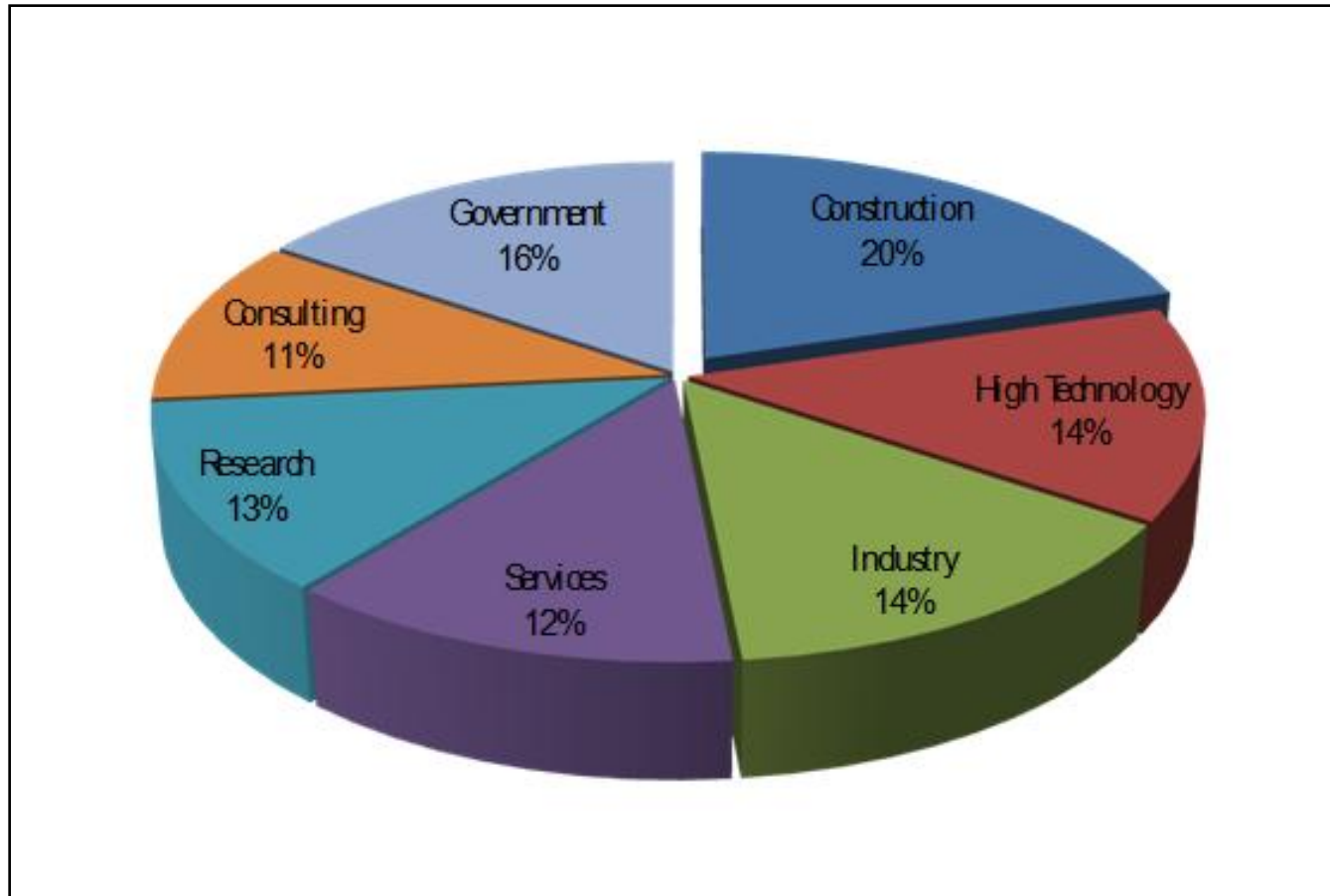
PMI needed to address these issues.

- 3-year, \$2.5 million study
- 4 year study - 2005 through 2008
- Athabasca University in Alberta, Canada
 - Dr. Janice Thomas and Mark Mullaly, PMP
- 48 researchers, five continents, 65 case studies
 - 70 organizations, 418 projects, 447 interviews

- Literature Review
- Development of a Conceptual Model
- Methodology and Methods
- Collection and Analysis of Data
- Value Realizations



Regional Distribution of Case Organizations



Distribution of Case Organizations by Industry

- **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 case study organizations realized various types and levels of value including:**
 - 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.

- **Maturity matters.**
 - Even minor improvements in PM resulted in value realization in some organizations.
 - Values associated with internal efficiencies and productivity dramatically increased in more mature organizations.

- **Organizational Context and Fit are Essential to Value Realization.**
 - The context of the organization, its geographical location and industry.
 - The fit of the correct PM implementation to the needs of the organization.
 - There is no simple formula. Each organization is unique as are its PM needs.
 - Organizations that do have high fit demonstrate statistical correlations of PM elements to specific value realizations.

- **Culture Counts.**
 - National, organizational and the PM culture of organizations affect value realization.
 - Culture is a contributing element to the correct fit of PM implementation.

Can I do "a" to get "b" value?



	1	2	4	5	7	9	10	11	12	13	14	15	Count - All Regressions	Count - Positive Impact On Regressions	Count - Negative Impact On Regressions	
Value PCA 1 - Desire For Change	54%															
Value PCA 1 - Project Manager Satisfaction																
Value PCA 1 - Customer Satisfaction																
Value PCA 2 - Aligned Organization																
Value PCA 2 - Aligned Project Management																
Value PCA 3 - Good Practices																
Value PCA 3 - Good PM No Practices																
Value PCA 4 - Better Process Results																
Value PCA 4 - Better Project Results																
Value PCA 5 - Better Business Outcomes																
Value PCA 6 - Growth & Reputation																
Value PCA 6 - Corporate Culture																
Value PCA 6 - Improved HR & Quality of Life																
Value PCA 6 - Strategic Alignment																
Value PCA 6 - New Services & Staff Retention																
Percentage of Variance Explained	54%	63%	18%	69%	66%	63%	49%	77%	68%	80%	29%	31%	33%	50%	6%	
Impl PCA 1 - Full PM Training								-0.22						1	0	1
Impl PCA 1 - Lunch & Learn		0.26		-0.29		0.25				0.29				4	3	1
Impl PCA 1 - Distance Degree & Diploma		0.20								-0.27		-0.28		3	1	2
Impl PCA 2 - Tailored Internal		-0.24			-0.66		0.28		-0.37		0.49	0.58		6	3	3
Impl PCA 2 - Informal Off-the-Shelf		0.35			0.33		0.26		0.34					4	4	0
Impl PCA 2 - Customized External		-0.41			-0.33	-0.21		-0.19		-0.31			0.20	6	1	5
Impl PCA 3 - Long-term Training					0.29			0.23		0.34		0.30	-0.48	5	4	1
Impl PCA 3 - Short-term Training									-0.43				-0.40	2	0	2
Impl PCA 4 - Full Toolsets									0.29		-0.29		-0.32	3	1	2
Impl PCA 4 - Resource Management								-0.29			-0.40	-0.26	0.36	4	1	3
Impl PCA 4 - Cost Management			-0.44			0.30		-0.26		-0.40				4	1	3
Impl PCA 5 - Clear Roles & Training				0.67	0.28							-0.31		3	2	1
Impl PCA 5 - Trained Experts						0.48		-0.51	-0.43					3	1	2
Impl PCA 6 - Traditional Drivers	0.27				0.25							-0.80		3	2	1
Impl PCA 6 - Strategic Drivers	0.22	0.30			0.52			0.63	-0.28	0.63	-0.23			7	5	2
Impl PCA 6 - Internal Drivers		0.54			0.78	0.39	-0.54	0.39		0.24	0.32	-0.28	0.28	9	7	2
Impl PCA 7 - PM Authority		0.80				0.61				0.16				3	3	0
Impl PCA 7 - Delivery PMO	-0.25				-0.34									2	0	2
Impl PCA 7 - Methodology PMO								0.38			0.33		0.26	3	3	0
Context PCA 1 - Economic Prospects							0.45			0.26	0.29			3	3	0
Context PCA 2 - Seniority					-0.40	-0.61		0.31			-0.41	0.37		5	2	3
Context PCA 2 - PM Experience		-0.21			0.22	0.22		0.24	-0.26					5	4	1
Context PCA 3 - Positive PM Attitude		0.51		0.21	0.30	0.30		0.44	-0.24	0.48		0.44	-0.24	8	6	2
Context PCA 3 - Innovators					0.24			-0.25	0.50					3	2	1
Context PCA 3 - Conflict Avoiders					-0.46			-0.25		-0.51				3	0	3
Context PCA 3 - Not Customer Focussed								0.26						1	1	0
Context PCA 4 - Construction				-0.18		-0.22		0.18						3	1	2
Context PCA 4 - Product Development									-0.19					1	0	1
Context PCA 4 - Organizational Change						0.41				0.28	-0.32			3	2	1
Context PCA 4 - Strategic Construction	0.32							0.15			-0.29			3	2	1
Context PCA 5 - Government		-0.37			-0.46	0.45	-0.48		-0.33				-0.25	6	1	5
Context PCA 5 - Publicly Held	-0.21				-0.32			-0.75	-0.23		0.44	0.32		6	2	4
Context PCA 5 - Public Partnerships		-0.19									-0.23			2	0	2
Context PCA 5 - Privately Held								-0.34	-0.24	0.39	-0.26	-0.25	0.24	6	2	4
Context PCA 5 - Sole Proprietorship							0.17							1	1	0
Context PCA 6 - Strategic Innovators	0.50			-0.20	0.90	-0.30	-0.49	0.46		0.35	-0.48			8	4	4
Context PCA 6 - Operational Efficiency				0.32			-0.48	0.32				0.35		4	3	1
Context PCA 6 - Customer Intimacy	-0.42					0.25					0.39			3	2	1

Can I do "A" to get "B" value?

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Count - All Regressions	Count - Positive Impact On Regressions	Count - Negative Impact On Regressions
	Value PCA 1 - Desire For Change	Value PCA 1 - Project Manager Satisfaction	Value PCA 1 - Customer Satisfaction	Value PCA 2 - Aligned Organization	Value PCA 2 - Aligned Project Management	Value PCA 3 - Good Practices	Value PCA 3 - Good PM No Practices	Value PCA 4 - Better Process Results	Value PCA 4 - Better Project Results	Value PCA 5 - Better Business Outcomes	Value PCA 6 - Growth & Reputation	Value PCA 6 - Corporate Culture	Value PCA 6 - Improved HR & Quality of Life	Value PCA 6 - Strategic Alignment	Value PCA 6 - New Services & Staff Retention			
Percentage of Variance Explained	54%	63%	18%	69%	66%	63%	49%	77%	68%	80%	29%	31%	33%	50%	6%			
Impl PCA 1 - Full PM Training								-0.22			0.29					1	0	1
Impl PCA 1 - Lunch & Learn		0.26		-0.29		0.25										4	3	1
Impl PCA 1 - Distance Degree & Diploma		0.20						-0.27					-0.28			3	1	2
Impl PCA 2 - Tailored Internal		-0.24			-0.66		0.28	-0.37			0.49		0.58			6	3	3
Impl PCA 2 - Informal Off-the-Shelf		0.35			0.33			0.26		0.34						4	4	0
Impl PCA 2 - Customized External		-0.41			-0.33	-0.21		-0.19	-0.31				0.20			6	1	5
Impl PCA 3 - Long-term Training					0.29			0.23		0.34		0.30	-0.48			5	4	1
Impl PCA 3 - Short-term Training								-0.43					-0.40			2	0	2
Impl PCA 4 - Full Toolsets										0.29		-0.29	-0.32			3	1	2
Impl PCA 4 - Resource Management								-0.29				-0.40	-0.26	0.36		4	1	3
Impl PCA 4 - Cost Management			-0.44			0.30		-0.26		-0.40						4	1	3
Impl PCA 5 - Clear Roles & Training				0.67	0.28								-0.31			3	2	1
Impl PCA 5 - Trained Experts							0.48		-0.51	-0.43						3	1	2
Impl PCA 6 - Traditional Drivers	0.27				0.25									-0.80		3	2	1
Impl PCA 6 - Strategic Drivers	0.22	0.30			0.52			0.63	-0.28	0.63	-0.23					7	5	2
Impl PCA 6 - Internal Drivers		0.54			0.78	0.39	-0.54	0.39	0.24	0.32	-0.28		0.28			9	7	2
Impl PCA 7 - PM Authority		0.80				0.61				0.16						3	3	0
Impl PCA 7 - Delivery PMO	-0.25				-0.34											2	0	2
Impl PCA 7 - Methodology PMO									0.38			0.33		0.26		3	3	0
Context PCA 1 - Economic Prospects							0.45				0.26	0.29				3	3	0
Context PCA 2 - Seniority						-0.40	-0.61		0.31				-0.41	0.37		5	2	3
Context PCA 2 - PM Experience		-0.21			0.22	0.22		0.24	-0.26							5	4	1
Context PCA 3 - Positive PM Attitude		0.51		0.21		0.30		0.44	-0.24	0.48			0.44	-0.24		8	6	2
Context PCA 3 - Innovators					0.24			-0.25	0.50							3	2	1
Context PCA 3 - Conflict Avoiders					-0.46			-0.25		-0.51						3	0	3
Context PCA 3 - Not Customer Focussed								0.26								1	1	0
Context PCA 4 - Construction				-0.18		-0.22			0.18							3	1	2
Context PCA 4 - Product Development										-0.19						1	0	1
Context PCA 4 - Organizational Change							0.41				0.28	-0.32				3	2	1
Context PCA 4 - Strategic Construction	0.32									0.15		-0.29				3	2	1
Context PCA 5 - Government		-0.37			-0.46		0.45	-0.48		-0.33				-0.25		6	1	5
Context PCA 5 - Publicly Held		-0.21			-0.32				-0.75	-0.23			0.44	0.32		6	2	4
Context PCA 5 - Public Partnerships			-0.19										-0.23			2	0	2
Context PCA 5 - Privately Held								-0.34	-0.24	0.39	-0.26	-0.25	0.24			6	2	4
Context PCA 5 - Sole Proprietorship								0.17								1	1	0
Context PCA 6 - Strategic Innovators	0.50			-0.20	0.90	-0.30	-0.49	0.46		0.35		-0.48				8	4	4
Context PCA 6 - Operational Efficiency				0.32			-0.48	0.32					0.35			4	3	1
Context PCA 6 - Customer Intimacy	-0.42					0.25							0.39			3	2	1

- **Sustaining Value.**
 - Once implemented, value can be sustained by nurturing PM.
 - The organization fit of PM implementation must be regularly assessed and changes made as appropriate.
 - Overzealous PM practices can actually destroy value.

Simply said it is the:

Right **O**rganizational **I**mplementation

and, it provides:

Realization of benefits

Optimization of organizational processes

Ideal business outcomes

 Forbes
ICapital Forbes
ADVISORY PANEL

- 2008 Market Research survey responses of 543 executives in US and Asia.

“The strongest methods of determining project management ROI are its ability to generate and execute new ideas and faster implementation of processes (without error). Other factors respondents find important in ROI of project management include customer satisfaction, repeat business and growth of the business.”

Project Management Delivers Value;
it enables organizations to
successfully *execute* their individual
strategies and initiatives.

Thank You

Valerie Carter
(202)429-0918

valerie.carter@pmi.org