Executive Briefing

Project Management Institute 2017 Study

Overview

The Project Management Institute (PMI) conducts a major annual study that charts project management trends and project success rates. This briefing is a four-page summary of key data points from the PMI's 32-page 2017 *Pulse of the Profession* study. "Success Rates Rise" is the headline of the 2017 report. However, that is after several years of decline and stagnant improvement over many years.

Since the inception of the PMI's annual study, an abundance of data shows a strong correlation between implementation of best practices and project success. Similar studies conducted by major universities, The Standish Group, and others also show that correlation. Unfortunately, most organizations do not adequately invest in known best practices, so overall success rates are low.

Here is a link to the complete 2017 PMI report (2.41 MB download):

https://www.pmi.org/-/media/pmi/documents/public/pdf/learning/thought-leadership/pulse/pulse-of-the-profession-2017.pdf

Participating Organizations

Feedback and insights were received globally from 3,234 project management professionals, 200 senior executives, and 510 project management office directors. Approximately 50% of respondents work in North America, 23% in the Europe & Middle East region, 20% Asia Pacific, and 7% in Latin America.

Most organizations that participated are either larger ($1B+ annual revenue) or smaller (less than $250M). The middle range ($250M - $1B) is not as well-represented for some reason.

The majority of their projects are characterized as high complexity.

Major Trends

2016 – 2017:

	2016	2017	2011 – 2017 Average
Project met original intent	62%	69%	64%
Completed within budget	53%	57%	55%
Completed on time	49%	51%	51%
Had scope creep	45%	49%	44%
Failed projects	16%	14%	15%

This is the first time in the last five years that more projects are meeting the original intent and completed within budget. On-time completion peaked at 54% in 2011.

Another major trend is that more projects are using an agile approach year after year. In 2017, 71% of organizations reported using an agile approach sometimes, always or often. About 20% of projects used what is considered to be "Agile," and about 20% of projects used a hybrid or blended approach. Yet only 7% of the respondents rate the agility of their organization as "very high." This implies that many attempts at an agile approach are not effective.

2017 Data

The 2016 to 2017 trends overall are positive. The details of the 2017 data unfortunately show that the state of industry remains poor.

Overall success and waste:

Only 7% of organizations report that greater than 80% of their projects were successful (on-time, on- budget, meeting all of the requirements).

About 10% of investment is wasted due to poor project performance.

Only 31% of organizations report high benefits realization maturity. What that means is not many groups have a good collective process for clearly identifying benefits before a project starts, and ensuring through purposeful actions that the benefits are realized when the project ends.

40% of projects deemed as strategic initiatives failed or fell short of success. Primary cause of failure was lack of clearly defined objectives and measures.

The top five causes of project failure across all types of projects:

1. Priorities changed
2. Inaccurate requirements gathering
3. Changing project objectives
4. Inadequate vision or goal
5. Poor communication

Executive support:

Actively engaged sponsors on 62% of projects (not bad, actually).

Only 32% report technical, leadership and management skills development is a high priority.

Only 43% have a defined career path for project managers.

Executive perspective vs. others:

83% of senior executives say their organizations fully understand the value of project management.

Only 57% of the other respondents see it that way.

Project management process:

47% have a formal knowledge transfer process.

45% have a process for developing project management competency.

Only 28% always use project performance measures.

Only 21% have standardized project management practices throughout the organization.

Only 13% characterize their project management maturity to be very high.

Summary

Many of the data points convey a lot of talk but little action. Best practices are claimed to be valued, but the implementation rates are low.

The data in this and other major studies consistently shows the correlation between known best practices and project success. Low success rates imply that management performance generally needs much improvement.

Benchmarks to consider as a basis for key performance indicators:

> 80%+ of projects completed on time, on budget, meeting all of the requirements

> High benefits realization maturity across all projects (see page 2)

These recommended benchmarks represent the top 7% of organizations, defined by the PMI as "Champions."

The PMI's data conveys that a few general management actions are likely to make a big difference. Focus in these areas, and project success rates should improve:

- ✓ Consistently identify benefits clearly before a project starts, and ensure through purposeful actions that the benefits are realized when the project ends.

- ✓ Make requirements clarity, completeness and timeliness high priority on every project (even Agile projects benefit).

- ✓ [Manage the project portfolio](#) such that all projects have a clear priority based on business value. Every project should have an [estimated cost of delay](#).

- ✓ Communication plans should be included as part of every project plan.

- ✓ Projects should have actively engaged executive sponsors.

- ✓ Every project should have measures of actual cost and completion time vs. the estimates.

- ✓ Support ongoing development of skills (leadership, management, communication, and technical skills). Teams aren't likely to be successful if team members aren't highly skilled.

- ✓ Define an adequate process for initiating, executing and closing projects. Process should be flexible for implementation of various project lifecycle models.

- ✓ Consider an agile approach as the best fit for certain projects. [Develop agile methodology and related skills](#).

About Auxilium

Founded in 2002 by lead consultant Gary Hinkle, Auxilium helps engineering-oriented businesses increase productivity, manage special projects, and develop talent. Call or text Gary Hinkle directly at 971-222-6234 or email: gary@auxilium-inc.com to learn more about consulting services and workshops offered by Auxilium.

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