



The Value of Project Management: Getting Executive Buy-In

RESearch HAS SHOWN that getting executive buy-in in implementing project management improvement initiatives is vital to ensuring an organization's success. Why do organizations implement project management improvement initiatives? Who makes the decisions to implement them? How are improvement initiatives sold to senior management? How do organizations determine whether or not they returned value for these implementations? The Center for Business Practices offers answers to these questions in their report on *The Value of Project Management: Getting Executive Buy-In*.

In this survey of senior project management practitioners from 92 organizations, more than 97% of respondents say that project management is valuable to their organizations. Their organizations have implemented a variety of initiatives, including a project management methodology and training staff in PM tools and techniques. A majority of the initiatives began within the past three years, although a significant number of them have been ongoing for more than five years. The average cost for project management initiatives is \$569,981 (USD) per year.

The first initiative that most companies implemented was either a project management methodology or a project office. The primary reasons for implementing these initiatives were that organizations experienced inconsistent approaches to managing projects or their projects were always late and over budget. The initial advocate for the project management improvement initiative was often a VP or Director-Level Business Manager or the CIO. Approval to implement the initiative was needed by a variety of executives, including VP or Director-Level Business Manager, CIO, CEO, or COO.

The primary arguments used to sell the implementation of the project management improvement initiative were to improve the ability to deliver on time and stay within budget, improve bottom-line economics, or standardize management of projects. A variety of other arguments are used to support the primary argument.

Fewer than half of the organizations responding track the actual value returned on implementing project management improvement initiatives. Those who do primarily measure the change in meeting delivery dates and budget, although other measures are used as well.

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To see if there were differences due to company size or industry, the study sample was segmented according to company size (sales less than \$100 million, \$100 million to \$1 billion, and greater than \$1 billion) and industry (information; professional, scientific, and technical services; finance and insurance; and manufacturing).

Observations and conclusions drawn from the study include the following:

- More than 97% of respondents say project management adds value to their organization (avg. 4.2 on 5.0 scale).
- The two most implemented initiatives were PM methodology (84.6%) and PM tools & techniques (83.5%).
- The first initiative implemented is usually a PM methodology (43.7%) or project office (28.7%).
- Almost all organizations are still implementing their initiatives (94.4%). A majority of the initiatives were begun with the last 3 years, but more than 30% of the respondents have been implementing initiatives for more than 5 years.
- The primary reasons for implementing initiatives are inconsistent approaches to managing projects (35.4%) followed by projects being late and over budget (23.2%).
- The initial advocates for PM improvement initiatives were executive/senior management (VP/Director-Level Business Management or higher; 62%).
- Small companies implemented significantly less PM software (38.9%) than medium (72.7%) and large (63.5%) companies.
- Small companies began their project management improvement initiatives more recently than medium and large companies.
- Size of company correlates with dollars spent on improvement initiatives.
- Small companies are much less likely to have a project office than medium and large companies.
- Manufacturing organizations are far less likely to have a project office, whereas Information organizations are more likely.
- Professional services organizations have been implementing PM improvement initiatives far longer than other organizations.
- Information organizations, far more than other organizations, have stopped implementing PM improvement initiatives, although 75% are still implementing (compared to 94.4% of all organizations).
- Finance organizations were far more likely than other organizations to implement PM methodology as their first initiative.
- Information organizations were far more likely to implement a project office as their first initiative.



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