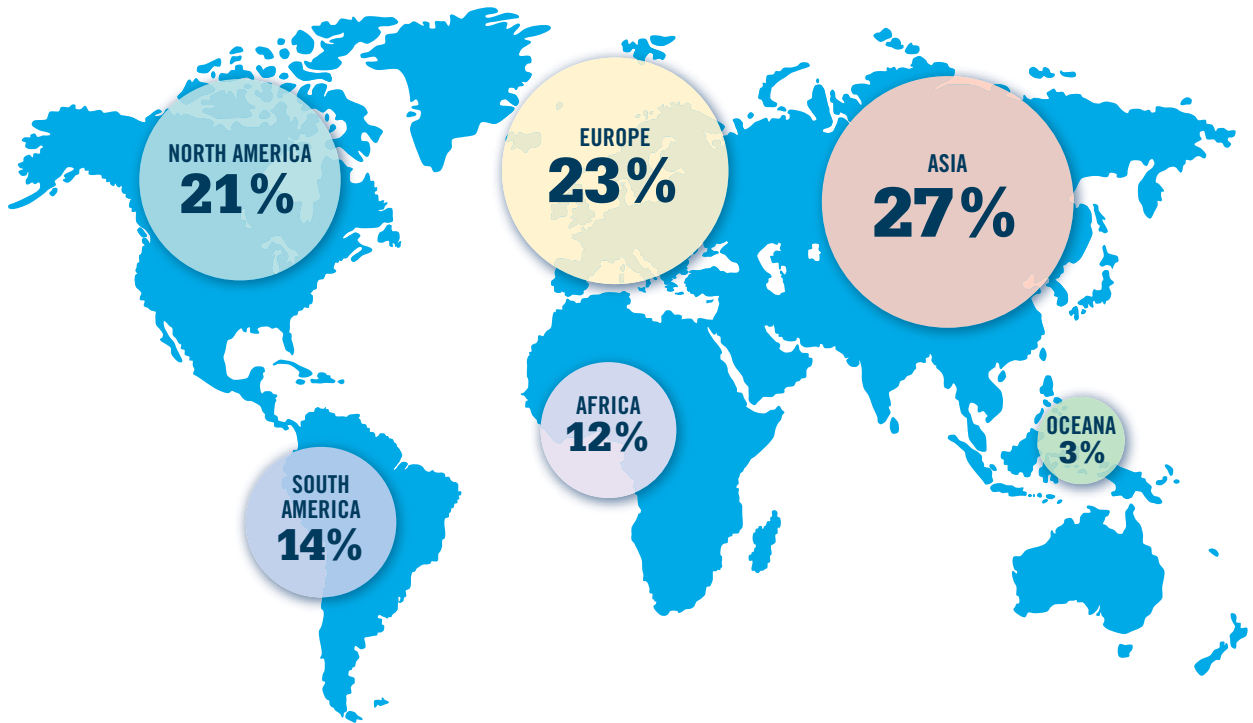# State of the Modern PMO

EXECUTIVE SUMMARY

Organizations are not as mature at project delivery as they think they are. Much of the focus of project maturity is on the mechanics of delivery – converting plans into delivery and achieving the defined scope on schedule and budget. However, performance is about converting project investments into business outcomes and growing the business as a result. In a recent survey conducted by Broadcom, results show that there is still significant room for improvement. This report highlights a number of areas where project delivery maturity is lower than it should be, and we regularly demonstrate how more mature behaviors convert to real business performance by highlighting a relationship between these behaviors and the achievement of business results.

From strategic PMOs to budgeting practices, from benefit forecasting to benefit visibility and from the use of Agile to the type of growth projects undertaken we look at a diverse range of variables. Less than 1% of respondents demonstrated all of the characteristics we have highlighted as identifying more mature project delivery organizations so there is clear evidence that virtually everyone has room for improvement. There is encouraging (and discouraging) performances from all regions, industries and organizational sizes but a medium sized Asian IT company has the best chance of being mature based on our characteristics here.
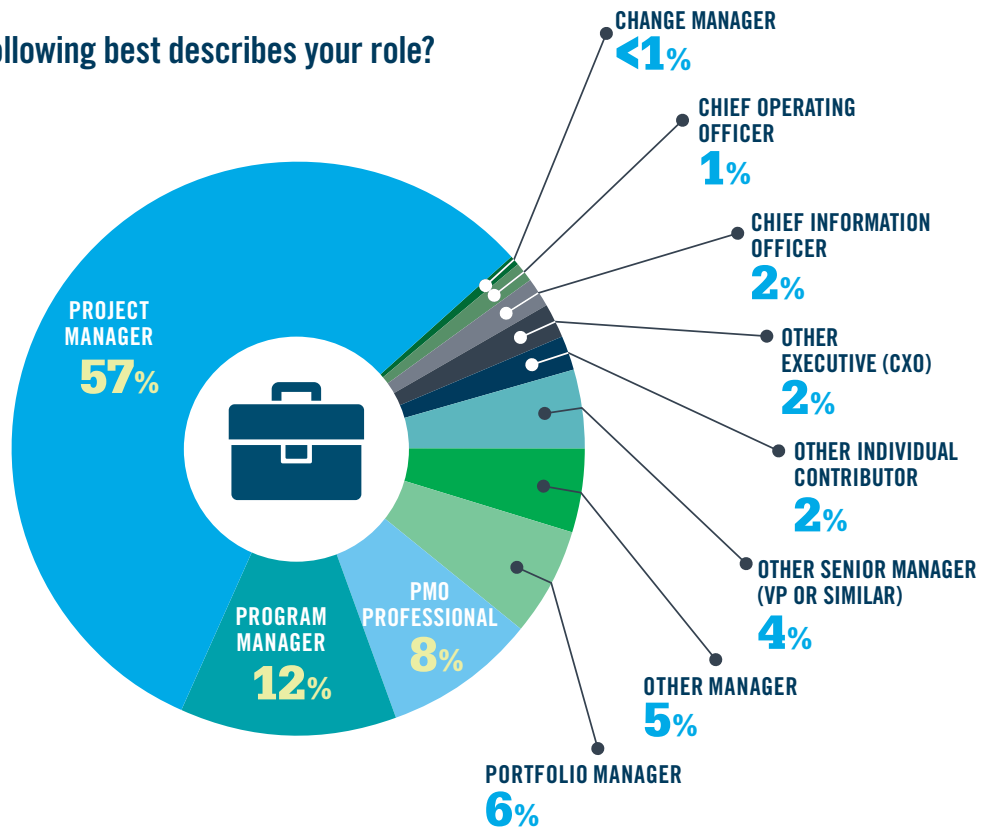
Readers should not focus solely on their alignment with one or two questions and consider themselves successful or struggling as a result, rather they should look at the survey questions as a whole and identify the areas they can improve to make the biggest impact on their ability to deliver business results. If the findings of this survey are anything to go by there is no shortage of opportunity
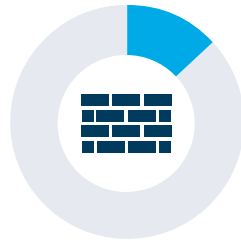
DEMOGRAPHIC DATA

1 **Where are you located?**

NORTH AMERICA
21%

EUROPE
23%

ASIA
27%

AFRICA
12%

OCEANA
3%

SOUTH AMERICA
14%

2 **Which of the following best describes your role?**

PROJECT MANAGER
57%

PROGRAM MANAGER
12%

PMO PROFESSIONAL
8%

PORTFOLIO MANAGER
6%

OTHER MANAGER
5%

OTHER SENIOR MANAGER (VP OR SIMILAR)
4%

OTHER INDIVIDUAL CONTRIBUTOR
2%

OTHER EXECUTIVE (CXO)
2%

CHIEF INFORMATION OFFICER
2%

CHIEF OPERATING OFFICER
1%

CHANGE MANAGER
<1%

❸ What is the main industry your organization operates within?

23%
INFORMATION
TECHNOLOGY

13%
CONSTRUCTION, ARCHITECTURE
& ENGINEERING

7%
FINANCE, BANKING
& ACCOUNTING

7%
TELECOMMUNICATIONS

6%
BUSINESS SERVICES
& CONSULTING

6%
MANUFACTURING

4%
HEALTH CARE

4%
FEDERAL
GOVERNMENT
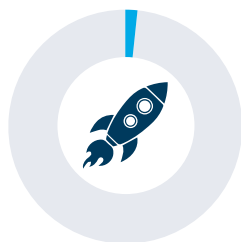
4%
MINING, OIL
& GAS

4%
UTILITIES

2%
EDUCATION

2%
AUTOMOTIVE

2%
STATE & LOCAL
GOVERNMENT

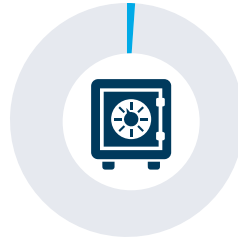**2%**
AEROSPACE

2%
TRANSPORTAION

2%
RESEARCH &
DEVELOPMENT

1%
PHARMACEUTICAL

1%
TRAVEL, HOSPITALITY
& RECREATION

1%
INSURANCE &
FINANCE

1%
RETAIL

<1%
MARKETING, ADVERTISING
& ENTERTAINMENT

<1%
DISTRIBUTION &
SUPPLY CHAIN

<1%
NON PROFIT &
TRADE ASSOCIATIONS

<1%
AGRICULTURE, FORESTRY
& FISHERIES

<1%
DATA PROCESSING
SERVICES

<1%
PUBLISHING

3%
OTHER

❹ How many total full-time permanent employees are there in your company?

Employees	Percentage
1-500	45%
501-2,000	15%
2,001-5,000	10%
5,001-15,000	10%
15,001-25,000	3%
25,001-50,000	4%
50,001-100,000	6%
Over 100,000	7%

PROJECT CHARACTERISTICS
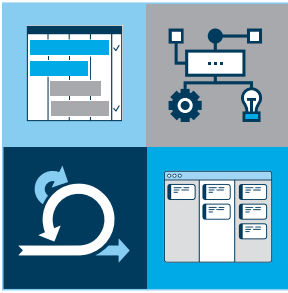
*"**58%** of the
IT industry
leverages Agile
Methodologies for
their projects"*

Agile continues to be an important elements of project delivery and we believe mature organizations must be able to use traditional waterfall, Agile and hybrid approaches within the same environment. 39% of survey participants use Agile for more than 25% of their projects, a number driven in part by the Information Technology industry where 58% reported using Agile for more than a quarter of their projects. However, the importance of Agile is clear in all industries – even within Construction, Architecture and Engineering, 9% of respondents reported using Agile for more than 25% of projects.

Mature organizations are recognizing that project lengths must be reduced as the pace of business increases. There simply cannot be commitments to huge scale multi-year initiatives in a world where technology redefines what is possible multiple times a year and customer satisfaction windows are measured in months. This is reflected in the 71% of respondents who reported an average length of strategic projects of two years or less, with 37% reporting an average length of one year or less. These numbers will continue to move towards shorter timelines as technology continues to drive performance.

Organizations are diversifying the type of growth projects they invest in, with new product development, new service offerings and expansion into new markets all scoring high on our survey. These are expected to continue to grow as organizations mature with a decline in the still dominant existing product enhancement category as a result.

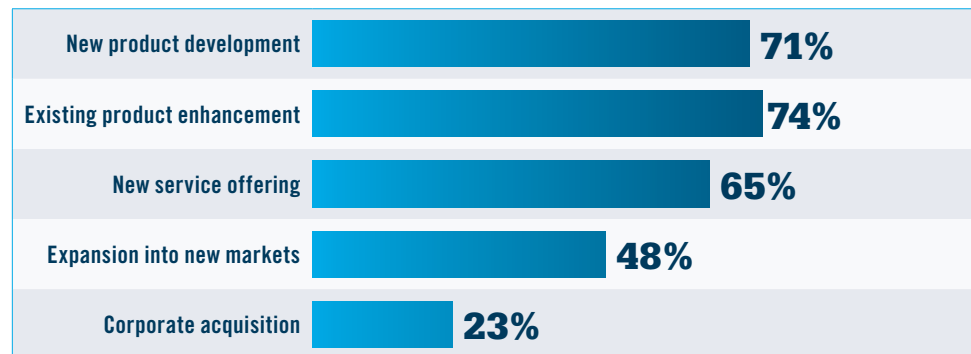Mature organizations to have at least 25% of their projects managed using Agile – demonstrating a commitment to all areas where Agile can benefit and not just restricting it to IT, strategic projects should average less than two years in length and we believe that there should be a commitment to new product development to ensure offerings remain fresh. 24% of survey respondents fulfilled these criteria.

❺ What is the average length of your major strategic projects (those projects that impact multiple business areas and are governed and monitored by senior executives)?

Under 6 months	9%
6 months to 1 year	28%
1-2 years	34%
2-3 years	16%
3-5 years	9%
Over 5 years	4%
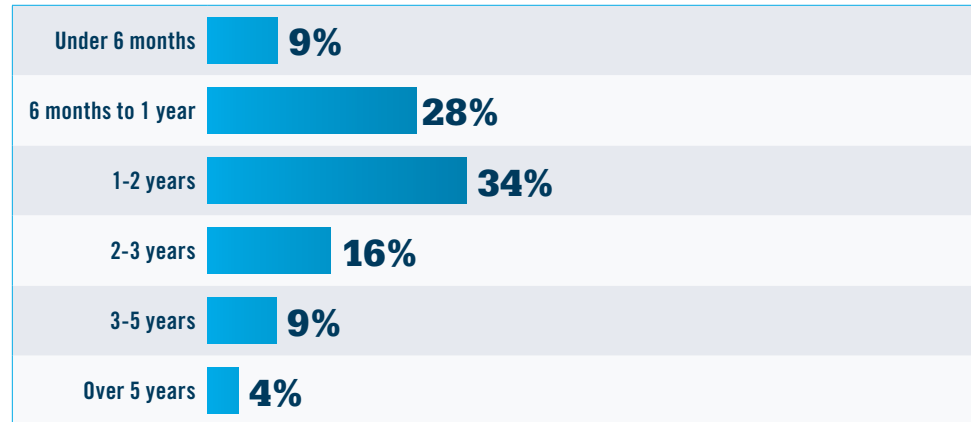
❻ What type of grow-the-business projects does your organization undertake (select all that apply)?

Note: Totals add up to more than 100% due to allowance for multiple selections

New product development	71%
Existing product enhancement	74%
New service offering	65%
Expansion into new markets	48%
Corporate acquisition	23%

❼ What percentage of your projects use Agile approaches for at least some part of execution?

0-25%	61%
26-50%	21%
51-75%	11%
76-100%	7%
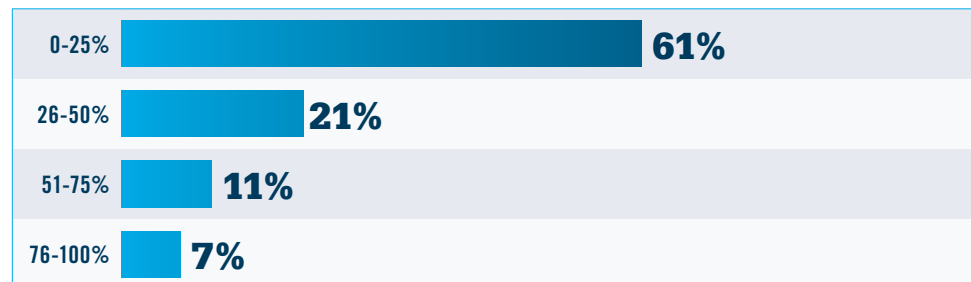
PMOs, OVERSIGHT AND PLANNING

"A strategic PMO made organizations 59% more likely to regularly achieve all of their business goals than not having one."

PMOs are an important part of managing the project delivery environment. Increasingly, PMOs are being recognized as key players in strategy execution – ensuring the organizational goals and objectives are being achieved through effective and efficient execution of projects to achieve business outcomes. One of the greatest factors in this has been the development of the strategic PMO, an organization-wide function that is focused on delivering the corporate portfolio of key initiatives. In our survey 34% of organizations reported having such a function, a significant percentage in what is still a relatively new concept. The reason for the rapid growth is clear – 36% of organizations with a strategic PMO reported that their projects regularly achieved all of their business goals compared with just 22% of those without a strategic PMO.

There was significant variation between respondents when it came to the percentage of projects managed through PMOs. Mature organizations will not always use PMOs for project oversight because there are many different models in place, we do believe consistent approaches to project governance and oversight is important, and PMOs should be a part of that. It should also be noted that 31% of organizations that managed more than 75% of their projects through PMOs regularly achieved all business goals, for those who managed below 50% through PMOs it was 26%.

Projects often succeed or fail before they ever begin. How projects are proposed, reviewed and approved is a key indicator of maturity and we looked at both budgeting and benefit tracking in our survey. When it came to budgets almost half (50%) reported that they updated business case projections from planning estimates and reviewed any variances. This is clearly the most mature approach and, if done properly, is far more accurate than a business case budget which sacrifices accuracy for precision. For benefit tracking there was less likelihood of updating business case forecasts with projections from the project. 33% took that approach compared with 30% that used the business case alone. Disappointingly 24% did not measure benefits at all, a sign of extreme project delivery immaturity.

One final element to consider here is the issue of resource change. There are no conclusions about maturity from this question as the drivers of resource change are major factors that would require far greater investigation that simply couldn't be achieved in a brief survey. However, it is expected that resource change will become more common as projects shorten in length and are forced to adapt and evolve during execution to maintain alignment between the required business outcomes and the work being done. 49% reported that more than a quarter of their projects experienced significant resource change where significant was defined as more than 10% of team members. This number is set to grow in future years.

Just 14% of our survey reported that they had strategic PMOs and that budgets and benefit forecasts were updated after business casing with differences assessed. These are all foundational elements and the low percentage of organizations achieving all of them shows there is significant room for growth in maturation.

8 Approximately what percentage of your total number of projects are managed through formal PMOs (as opposed to informally through business areas outside of a PMO)?

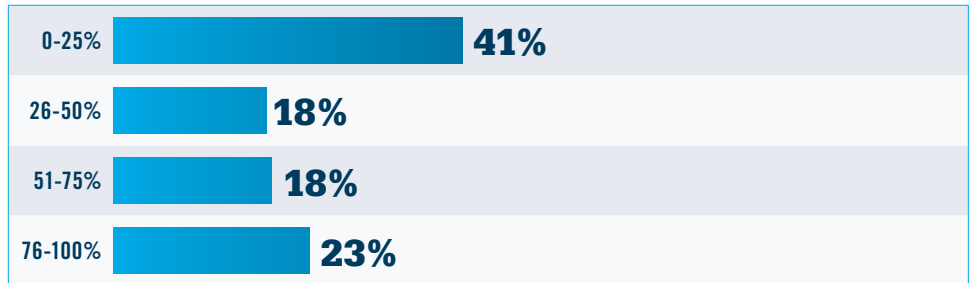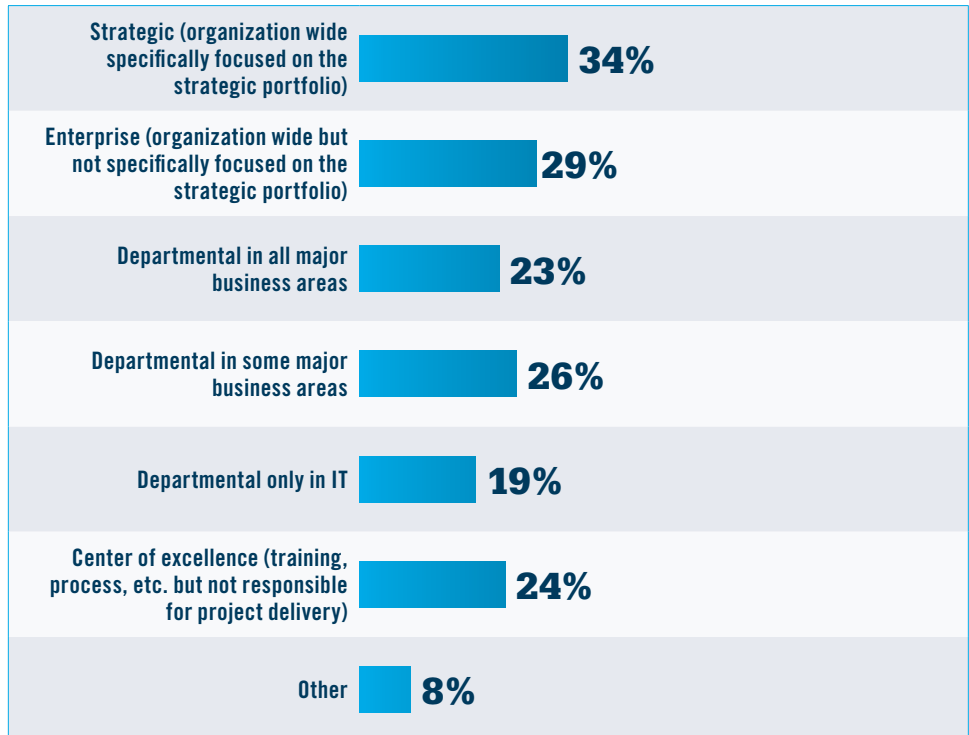|	
0-25%	41%
26-50%	18%
51-75%	18%
76-100%	23%

9 Which type of PMOs do you have in your organization (please select all that apply)?

Note: Totals add up to more than 100% due to allowance for multiple selections

Strategic (organization wide specifically focused on the strategic portfolio)	34%
Enterprise (organization wide but not specifically focused on the strategic portfolio)	29%
Departmental in all major business areas	23%
Departmental in some major business areas	26%
Departmental only in IT	19%
Center of excellence (training, process, etc. but not responsible for project delivery)	24%
Other	8%

⑩ How do your project budgets relate to your business case (or similar) cost estimates?

The budget is set at the value of the business case	25%
The budget is based on project estimates and differences with the business case are reviewed	50%
The budget is based on project estimates and the business case is ignored	11%
We do not produce business cases	14%
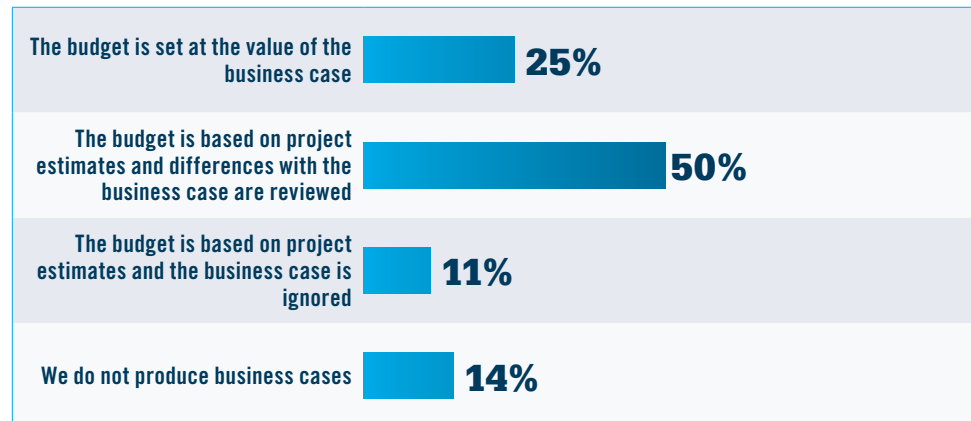
⑪ How does your benefit tracking relate to your business case (or similar) benefit projection?

Benefits are tracked against the business case projection	30%
Benefits are tracked against updated forecasts from the projects and differences with the business case are reviewed	33%
Benefits are tracked against project forecasts and the business case is ignored	13%
We do not track benefits	24%
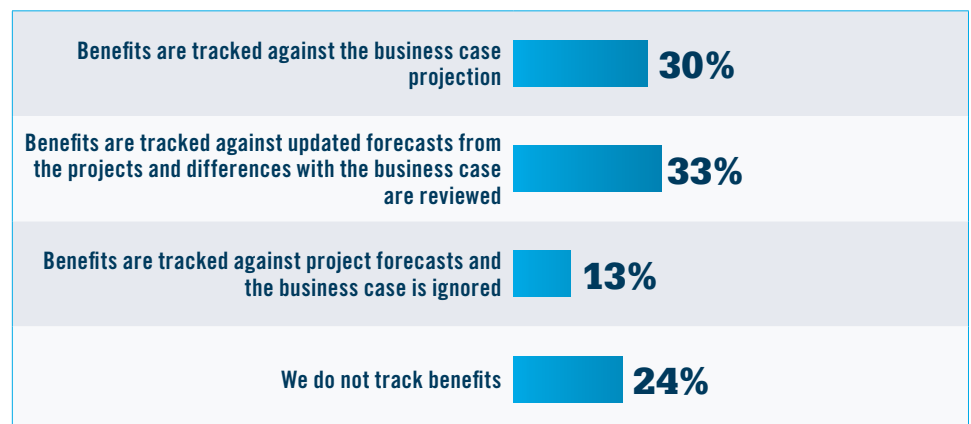
⑫ Approximately what percentage of your total projects experience significant resourcing changes during execution, where significant is defined as greater than 10% of team members?
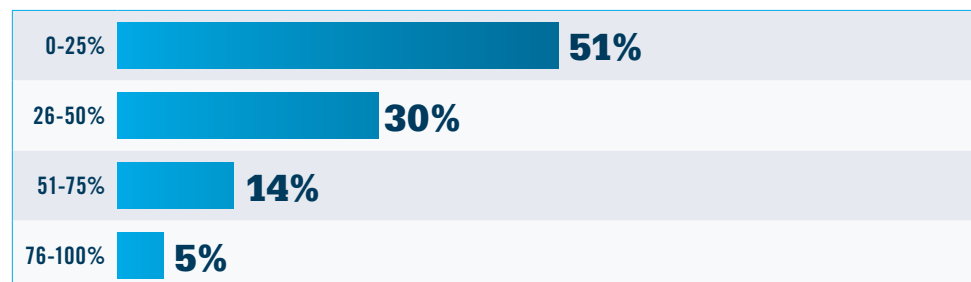
0-25%	51%
26-50%	30%
51-75%	14%
76-100%	5%

BENEFITS PERFORMANCE

Investments in projects are only made to achieve business outcomes. If organizations cannot consistently deliver those outcomes they cannot be considered successful. We first looked at the visibility of performance against benefits to executives. This is a foundational element of maturity and we were disappointed to see that over a quarter of participants – 27%, reported that benefit performance was not very visible or not at all visible to executives. Only 35% said benefit performance was very visible. Of this group, 44% reported that their projects regularly achieve all business goals, compared with just 19% of those that chose any other visibility option. Those numbers speak for themselves.

We next asked what percentage of projects actually had benefits measured. While we recognize that a subset of projects is required regardless of the return – regulatory and compliance, keep the lights on, etc. that doesn't mean that the organization shouldn't still seek to understand the costs and benefits they are delivering. For every other project benefit measurement should be considered mandatory. It is therefore very disappointing that only 25% reported that they measured benefits for more than 75% of projects and less than half – 45% measured them for more than 50% of projects. This cannot allow organizations to effectively determine their overall business performance and should be viewed as unacceptable. 40% of those who measure benefits for more than three quarters of their projects regularly achieve all business goals, it's just 23% for everyone else and a shocking 18% for those who measure benefits for less than a quarter of projects.

We asked some questions around project failure and we include the results here. We make no comment on these results in terms of maturity because we don't know why those projects failed. We believe organizations should be using portfolio management and business agility approaches to 'fail early' and redirect investments to more appropriate areas when necessary.
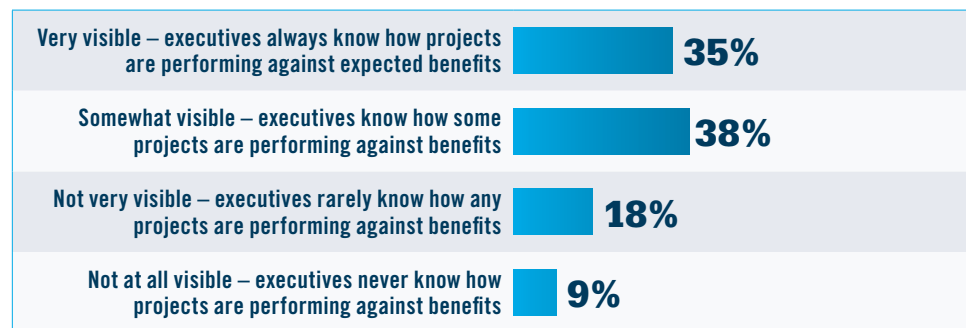
*"Visibility matters. Organizations that regularly achieve all their business goals were **61%** more likely to have benefits very visible to executives than the survey average."*

⓭ How visible is performance against benefits to executives?

Very visible – executives always know how projects are performing against expected benefits	35%
Somewhat visible – executives know how some projects are performing against benefits	38%
Not very visible – executives rarely know how any projects are performing against benefits	18%
Not at all visible – executives never know how projects are performing against benefits	9%

14 **For approximately what percentage of your total projects do you measure business benefits?**

0-25%	**33%**
26-50%	**22%**
51-75%	**20%**
76-100%	**25%**
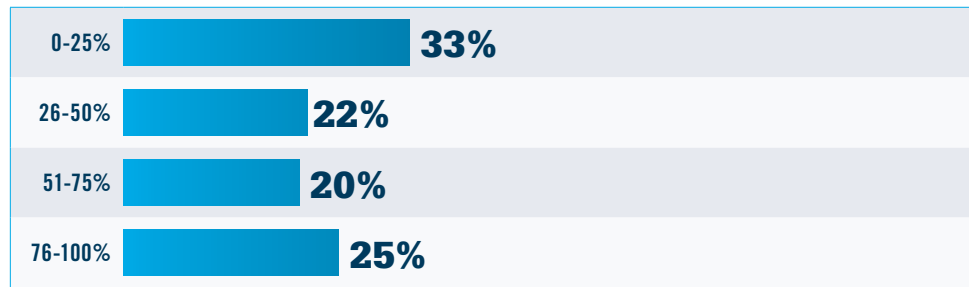
15 **For those projects where you do measure business benefits, which of the following best describes the success of your projects at achieving their business goals?**

Projects regularly achieve all business goals	**27%**
Projects regularly achieve some business goals	**46%**
Projects sometimes achieve some business goals	**23%**
Projects rarely achieve any business goals	**3%**
Projects never achieve any business goals	**1%**
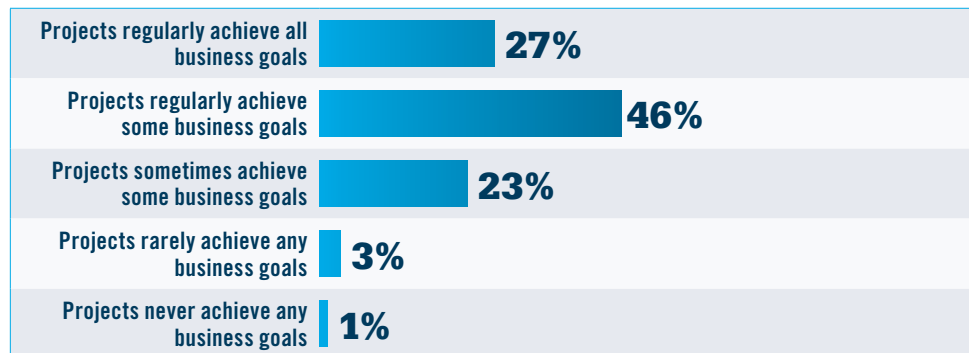
16 **In the last 12 months what percentage of your projects have failed where failure means achieving few or none of their business goals?**

0-25%	**76%**
26-50%	**17%**
51-75%	**6%**
76-100%	**1%**

⑰ Is this figure better or worse than the previous 12 months?

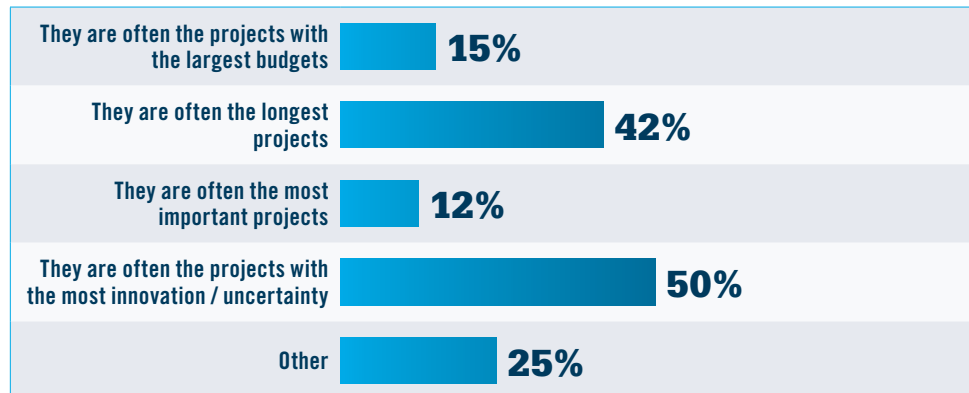|	
Significantly better (halved or better)	26%
Lower	6%
About the same	48%
Higher	19%
Significantly worse (doubled or worse)	1%
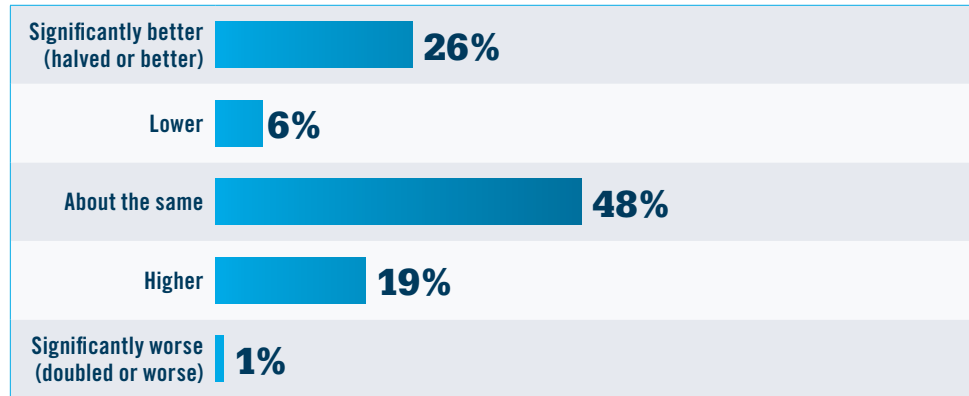
⑱ Which of the following statements describe your failed projects (select all that apply)?

Note: Totals add up to more than 100% due to allowance for multiple selections

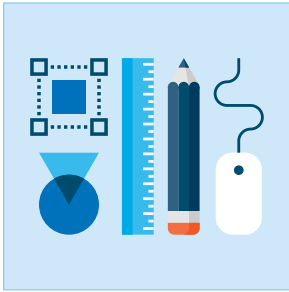|	
They are often the projects with the largest budgets	15%
They are often the longest projects	42%
They are often the most important projects	12%
They are often the projects with the most innovation / uncertainty	50%
Other	25%

⑲ Which of the following factors contribute to the success of your projects (please select all that apply)?

Note: Totals add up to more than 100% due to allowance for multiple selections

Factor	Percentage
Sponsor engagement	71%
Customer engagement	62%
PMO engagement	40%
Other stakeholder engagement	48%
Project budget	41%
Project schedule	50%
Project scope	60%
Project manager skills	64%
Project manager understanding of business purpose	58%
Team understanding of business purpose	65%
Resource assignments / team make up	64%
Other	5%
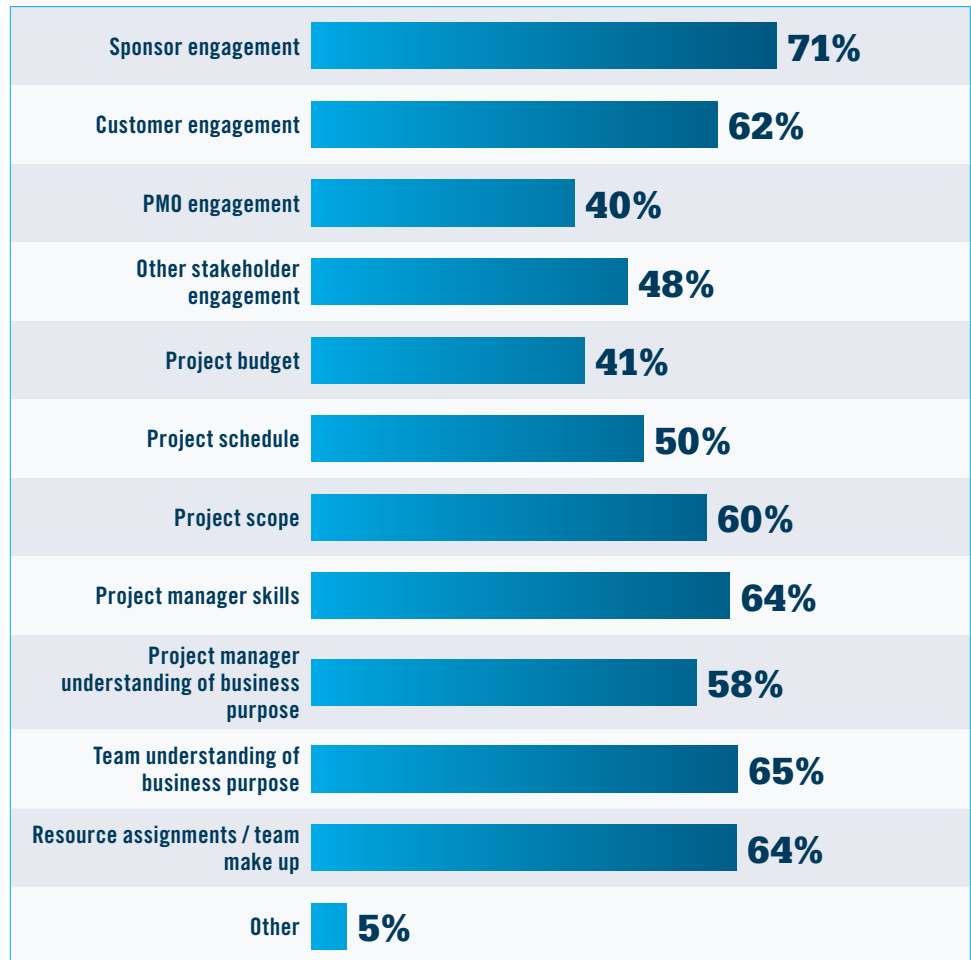
SOFTWARE AND TOOLS

20 **Do you use dedicated enterprise project management tools?**

Yes	65%
No	35%
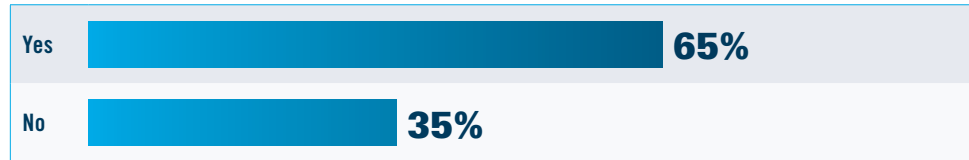
21 **If you use dedicated enterprise project management tools, which vendors' tools do you use (select all that apply)?**

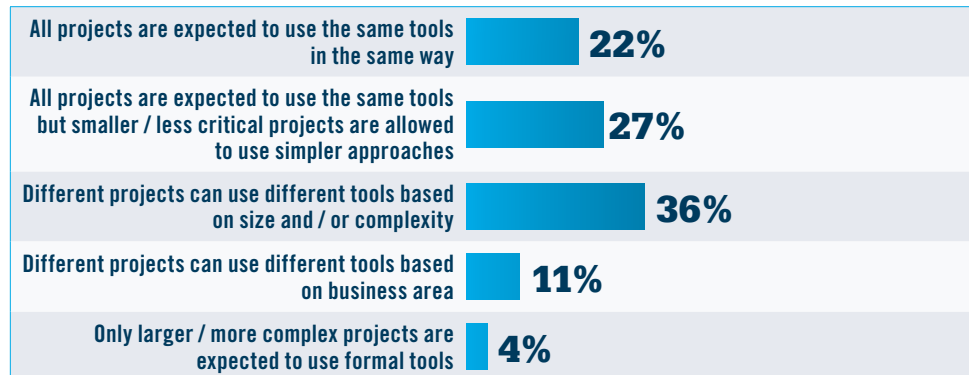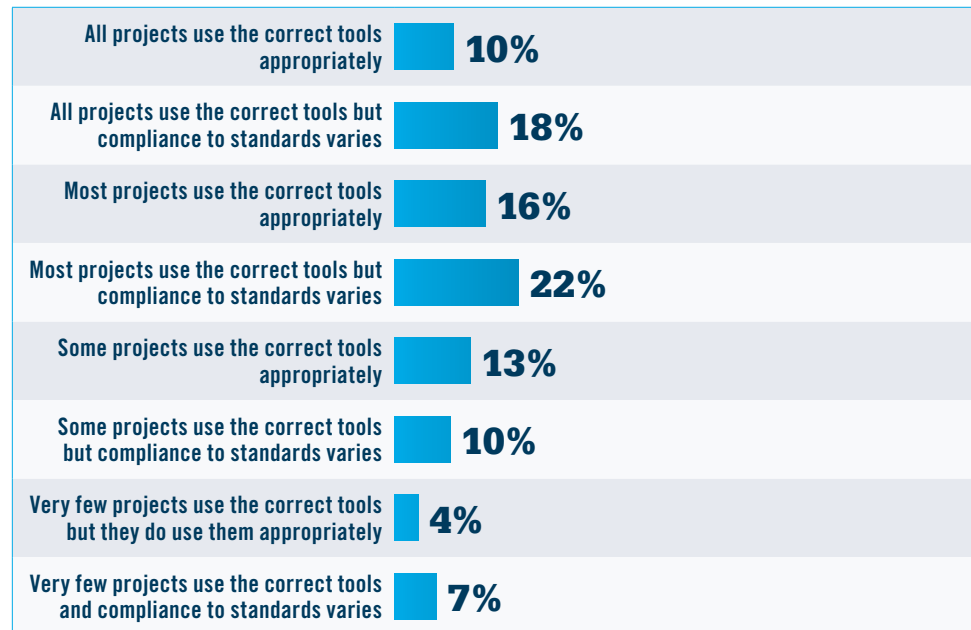*Note: Totals add up to more than 100% due to allowance for multiple selections*

Standalone (desktop) project management tools	30%
Excel	92%
Other Office Productivity Suite Tools (Word, PowerPoint, etc)	78%
Work Management Tools (e.g. Wrike, Clarizen, Asana, etc)	9%
Agile Tools (e.g. Kanban boards)	31%
Simulation Tools (e.g. Monte Carlo)	9%
Other	23%
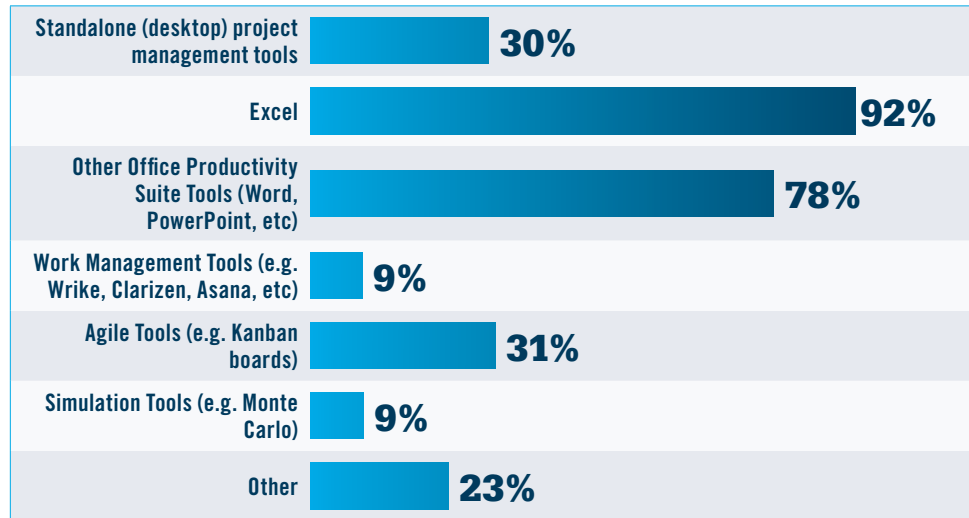
22 **Which of the following statements best describes the way tools are expected to be used in the management of your projects?**

All projects are expected to use the same tools in the same way	22%
All projects are expected to use the same tools but smaller / less critical projects are allowed to use simpler approaches	27%
Different projects can use different tools based on size and / or complexity	36%
Different projects can use different tools based on business area	11%
Only larger / more complex projects are expected to use formal tools	4%

㉓ Which of the following statements best describes the way tools are actually used in the management of your projects?

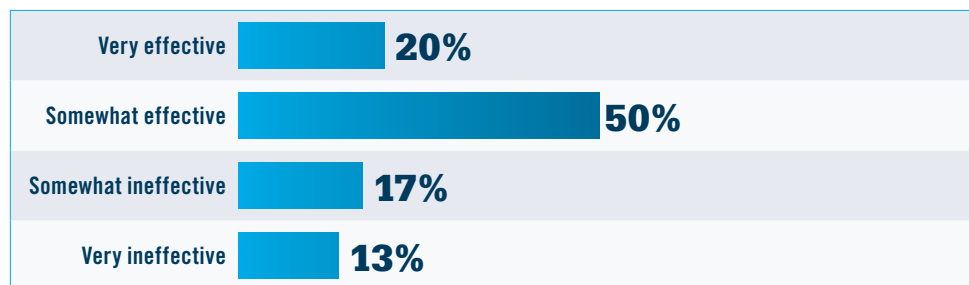| Statement	Percentage
All projects use the correct tools appropriately	10%
All projects use the correct tools but compliance to standards varies	18%
Most projects use the correct tools appropriately	16%
Most projects use the correct tools but compliance to standards varies	22%
Some projects use the correct tools appropriately	13%
Some projects use the correct tools but compliance to standards varies	10%
Very few projects use the correct tools but they do use them appropriately	4%
Very few projects use the correct tools and compliance to standards varies	7%

RESPONDENT OPINIONS

In addition to questions specifically targeting areas of project delivery we asked respondents to share their opinions on three areas – project management, PMOs and resource management. Unsurprisingly there was a strong correlation between perception and reality so even if organizations find it difficult to measure their performance in certain areas they should trust the views of their employees. 47.7% of respondents from organizations that regularly achieve all business goals reported that project management was very effective, 44.2% felt that PMOs were very effective and 52.3% felt resource management was very effective.
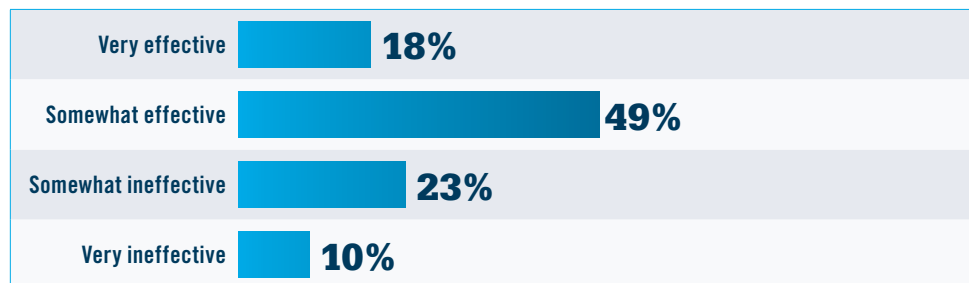
24 **How effective do you feel project management is in your organization?**

Very effective	28%
Somewhat effective	53%
Somewhat ineffective	14%
Very ineffective	5%
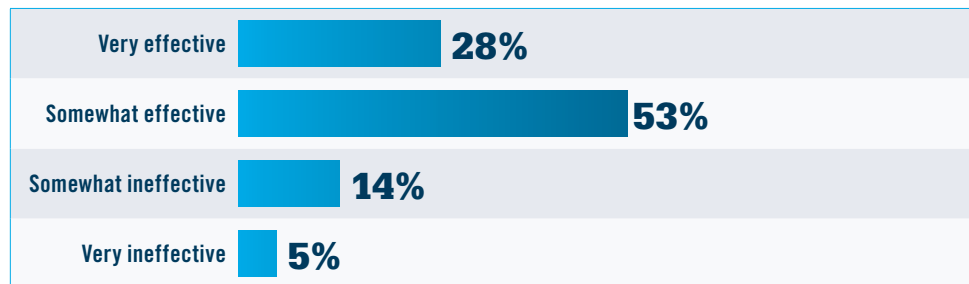
25 **How effective do you feel PMOs are in your organization?**

Very effective	20%
Somewhat effective	50%
Somewhat ineffective	17%
Very ineffective	13%

26 **How effective do you feel resource management is in your organization?**

Very effective	18%
Somewhat effective	49%
Somewhat ineffective	23%
Very ineffective	10%

CONCLUSION

This report started with "Organizations are not as mature at project delivery as they think they are". The answers dictated this time and time again. While reading this report, opportunities for improvement have been identified. The good news is that none of those improvements need be difficult. All of the preferred categories in our survey are easy to understand and most are easy to implement. Your focus will need to be on creating consistency in all areas and helping employees to recognize the benefits to be achieved through effective project delivery. The results of this survey are a good starting point.

About Broadcom

Broadcom Inc. (NASDAQ:AVGO) is a leading designer, developer and global supplier of a broad range of digital and analog semiconductor connectivity solutions. Broadcom Inc.'s extensive product portfolio serves four primary end markets: wired infrastructure, wireless communications, enterprise storage and industrial & other. Applications for our products in these end markets include: data center networking, home connectivity, set-top box, broadband access, telecommunications equipment, smartphones and base stations, data center servers and storage, factory automation, power generation and alternative energy systems, and electronic displays. For more information, go to www.broadcom.com.

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Since 2000, our mission has been simple: To make project managers more successful. ProjectManagement.com is the experience bridge that fills in the gaps—providing help to project managers in a number of ways. It is a community, your community, for project managers in Information Technology and other industries. We are your one-stop shop for PM answers, helping get you "unstuck"—and confidently meet every new challenge that comes your way with over 4,000 articles from industry experts, over 1K Deliverable Templates to save you time and over 1.2 million peer connections and experts to offer specific advice.

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PMI is the world's leading association for those who consider project, program or portfolio management their profession. Founded in 1969, PMI delivers value for more than three million professionals working in nearly every country in the world through global advocacy, collaboration, education and research. We advance careers, improve organizational success and further mature the project management profession through globally-recognized standards, certifications, communities, resources, tools, academic research, publications, professional development courses and networking opportunities. As part of the PMI family, ProjectManagement.com creates online global communities that deliver more resources, better tools, larger networks and broader perspectives.

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