



Project Portfolio Management (PPM) Services

Research Report

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Project Portfolio Management (PPM) Services: Research Report commissioned by CA Technologies, Inc.

About the Author:

Andy Jordan, PMP is a ProjectsAtWork Research Analyst and Subject Matter Expert. He is also the founder and president of Roffensian Consulting. Andy is a seasoned business professional with experience in many industries on two continents. After a career managing high profile, business critical projects for many organizations, Andy moved into leadership of project management offices and built a reputation for building, rescuing and improving this key function. Moving beyond direct involvement in project, program and portfolio management and into consulting, Andy focused on working with companies to improve their capability to identify, prioritize and track the progress of key initiatives whether they were part of an ongoing evolution or to revolutionize the company through integration of an acquisition, organizational change management, etc.

Introduction

While every manager and practitioner of project and portfolio management loves PPM success, failing to meet objectives can get even more attention.

In this survey, we sought to gather information on organizational PPM goals, obstacles to achieving them, factors that could improve results and the timing and expected value of success for key PPM disciplines. These disciplines include portfolio and resource management, project execution and PPM-related business intelligence and mobility.

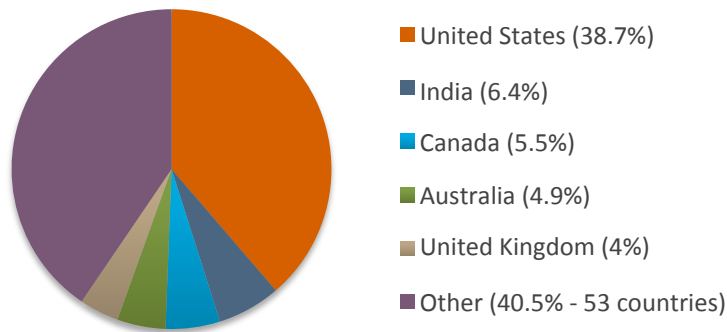
We hope the information we discovered and are sharing with the PPM community here will help in PPM planning, budgeting and obtaining the support needed for greater success.

General Information

To start the survey we captured some basic information on the location, role and experience of our survey participants.

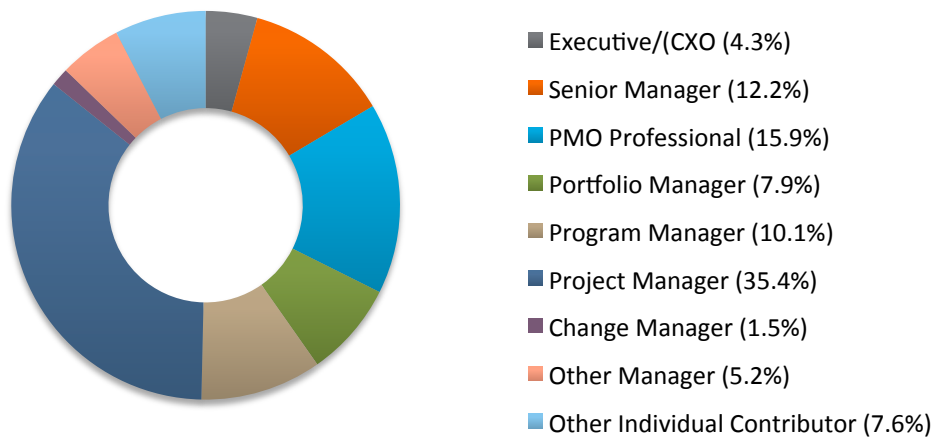
Where are you located?

Respondents to our survey came from 58 different countries with North, Central and South America, Europe, Asia, Africa and Australasia all represented. The largest contingent of respondents came from the United States with 38.7%, followed by India (6.4%), Canada (5.5%), Australia (4.9%) and the United Kingdom (4%).



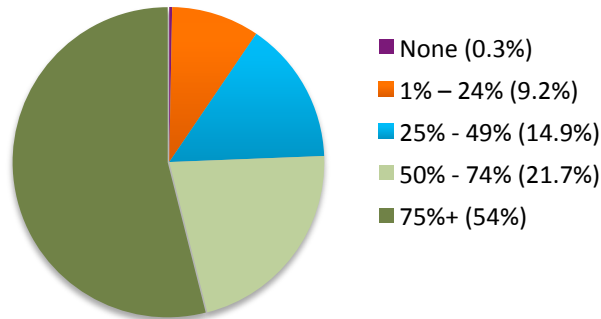
Which of the following best describes your role?

The survey was answered by all roles within the project execution hierarchy of organizations. As we would expect, 50.4% of respondents were program manager or above but project managers made up the largest single group of respondents. Organizational leadership was represented by senior managers and executives, and a small number of change managers also responded to the survey.



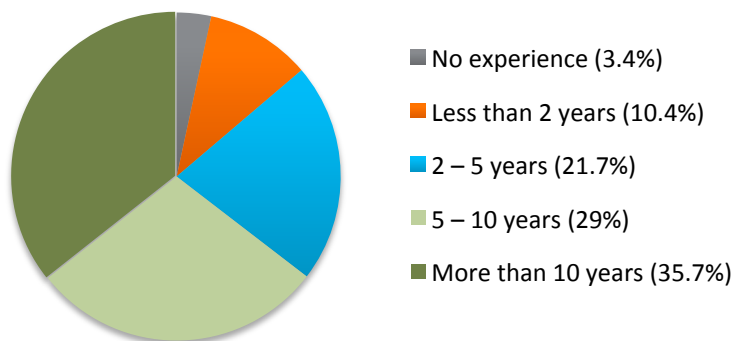
How much of your time is spent on project, program or portfolio management?

Most respondents (54%) spent 75% or more of their time managing initiatives, and a further 21.7% spent between 50% and 74% on the discipline. This means that more than three quarters of our survey (75.6%) have project, program and/or portfolio management making up the majority of their work, ensuring that our data is provided by practitioners who live this every day.



How much experience do you have with project and portfolio management (PPM)?

Our survey respondents represent many levels of experience with almost two-thirds having more than five years experience, and more than one-third having over 10 years' experience. Approximately one third of respondents reported having five years or less experience. Generally, respondents with more experience were clearer on organization goals and more optimistic about anticipated value and likelihood of achieve organizational goals for PPM.



PPM in the Organization

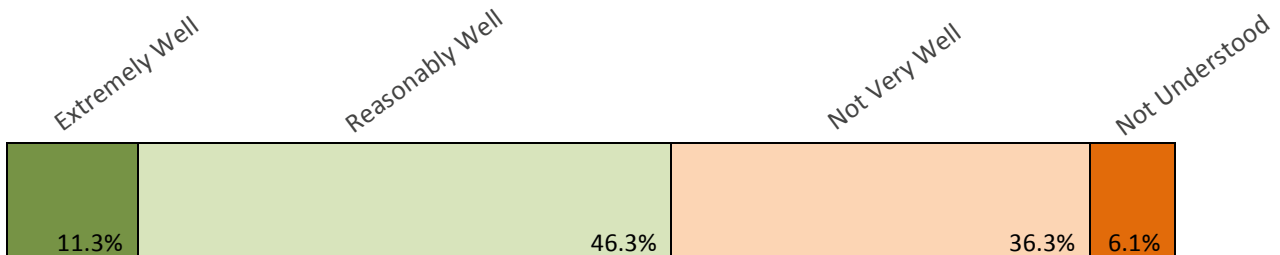
The core of the survey was focused on the execution of PPM within the organization. Many of the questions in this section asked respondents to answer the question as it applied to each of a number of different areas within PPM. For all of these questions, the areas were:

- Project Management
- IT Portfolio Management
- Resource Management
- Mobility for PPM
- PPM-related Business Intelligence
- Agile Project Execution

These multiple-selection questions are identified and examined in more detail below.

How well understood do you feel that the benefits of PPM are by your organization's leadership?

To start this section we simply enquired as to how well PPM and its benefits were understood by leaders in the organization. The results show that there is clearly a good foundational understanding in many organizations, but that there is also room for significant improvement with more than 40% of respondents indicating that the benefits of PPM are not understood or not well understood.



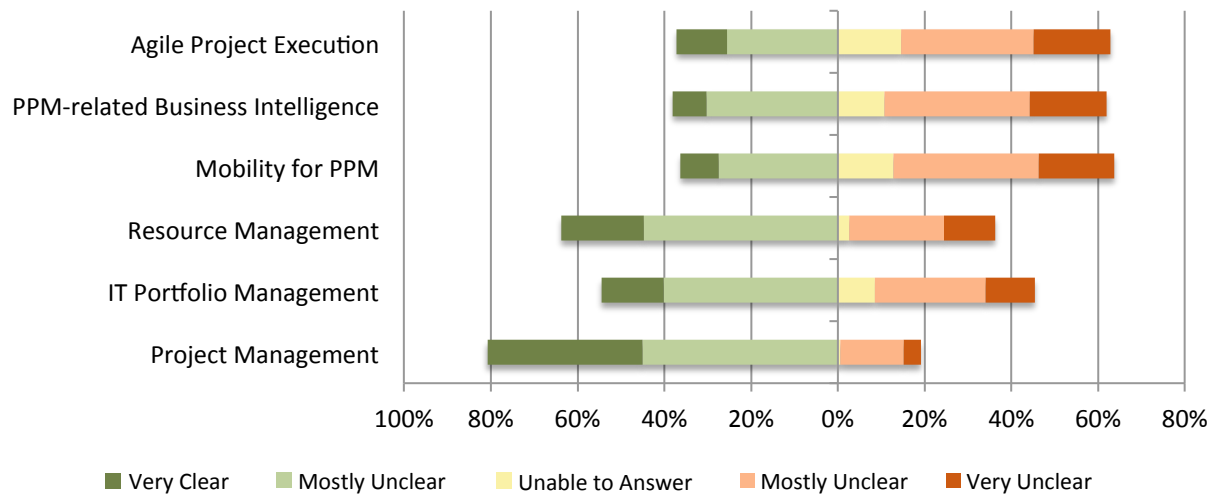
A slightly deeper look at this answer is very revealing about how PPM is perceived. Fully, 50% of executives felt that their organizations understood the benefits of PPM “extremely well”, but only 3.9% of portfolio managers felt the same way. When we look at the other extreme, the numbers are also revealing: 7.8% of project managers and 9.1% of program managers felt that their organization had no understanding of PPM.

How clear are you on your organization's objectives for each of the following areas?

This was the first question that asked respondents to make multiple selections, one for each of the categories identified above. We asked people to indicate their understanding of their organization's objectives on a four-point scale:

- Very clear
- Mostly clear
- Mostly unclear
- Very unclear

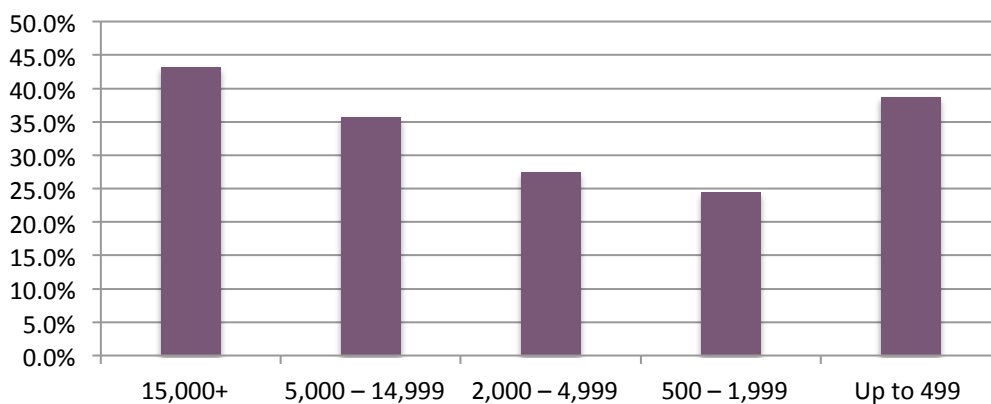
We also allowed people to identify if they felt unable to answer.



We would expect to see the highest level of clarity around the most familiar area – project management, although we might have expected to see more than 80.8% of respondents be “mostly” or “very” clear about those objectives. Beyond that category, however, the drop-off is surprisingly steep, especially in the “very clear” category where only one other area (resource management) managed to get half as many responses as project management.

The responses in the “mostly unclear” category suggest that in many cases, organizations have begun to define and communicate their objectives, but there is still clearly much work to be done. Mobile for PPM and PPM-related Business Intelligence are emerging categories and it is not surprising to see a relatively high number of “very unclear” or “unable to answer” responses, but it is surprising to see a combined 32.3% of participants identify those categories for Agile Project Execution.

While the differences were not dramatic, we did see a marked increase in positive answers for larger organizations. With project management for example, 43.2% of the largest organizations (15,000+ employees) answered very clear, but this had dropped to just 24.5% of organizations with 500 – 1,999 employees. At the very lowest level (up to 499 employees) the numbers increased again, perhaps because that would include very small organizations that are less likely to face significant communications issues.



“There seems to be strong support for the objectives that they are committed to.”

If your organization achieves its objectives in each of the following areas, how significant do you think the benefit will be?

This second multiple-selection question builds on the objectives asked about in the previous question and seeks to understand those objectives that respondents felt would be the most impactful. Respondents were asked to select from four options as well as the opportunity to indicate that they were unable to answer:

- Very significant
- Rather significant
- Rather insignificant
- Very insignificant

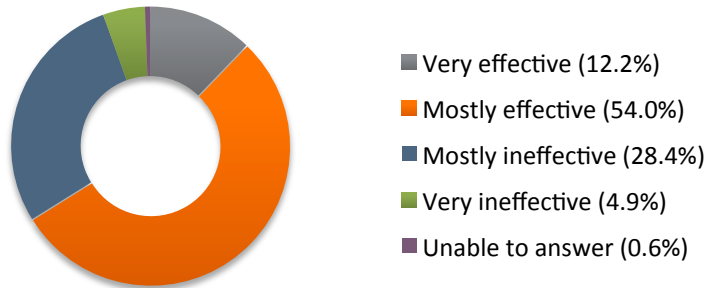
Criteria	Very Significant	Rather Significant	Rather Insignificant	Very Insignificant	Unable to Answer
Project Management	65.6%	30.2%	2.7%	0.9%	0.6%
IT Portfolio Management	48.2%	33.9%	7.0%	3.1%	7.9%
Resource Management	58.9%	31.4%	6.1%	1.5%	2.1%
Mobility for PPM	25.6%	42.7%	14.3%	3.4%	14.0%
PPM related Business Intelligence	35.4%	41.5%	11.6%	2.7%	8.9%
Agile Project Execution	35.7%	36.3%	11.6%	3.4%	13.1%

The good news for organizations from this category is that there seems to be strong support for the objectives that they are committed to – there are much stronger numbers in the positive category than in the negative categories. The project management response received the most positive response with an overwhelming 95.8% choosing one of the significant options. IT Portfolio and Resource management also scored highly in anticipated benefit although they scored substantially lower in the question above regarding clarity of the organization’s objectives.

Agile again had relatively weak support, with only mobility scoring lower in terms of positive responses – suggesting that either people do not fully understand the benefits that Agile approaches can deliver, or that they do not believe that Agile is being undertaken in the right way in their organizations.

How effective is your organization at communicating progress toward objectives to business stakeholders?

Having established our survey participant's understanding of their organization's objectives and their perceived significance of those objectives, we wanted to understand how well progress was tracked and reported.



While the responses were skewed toward the positive side of the options, it is also clear that there is significant room for improvement. Less than one in eight believe that their organization is very effective at communicating progress, and one-third feels as though their organizations are mostly or very ineffective.

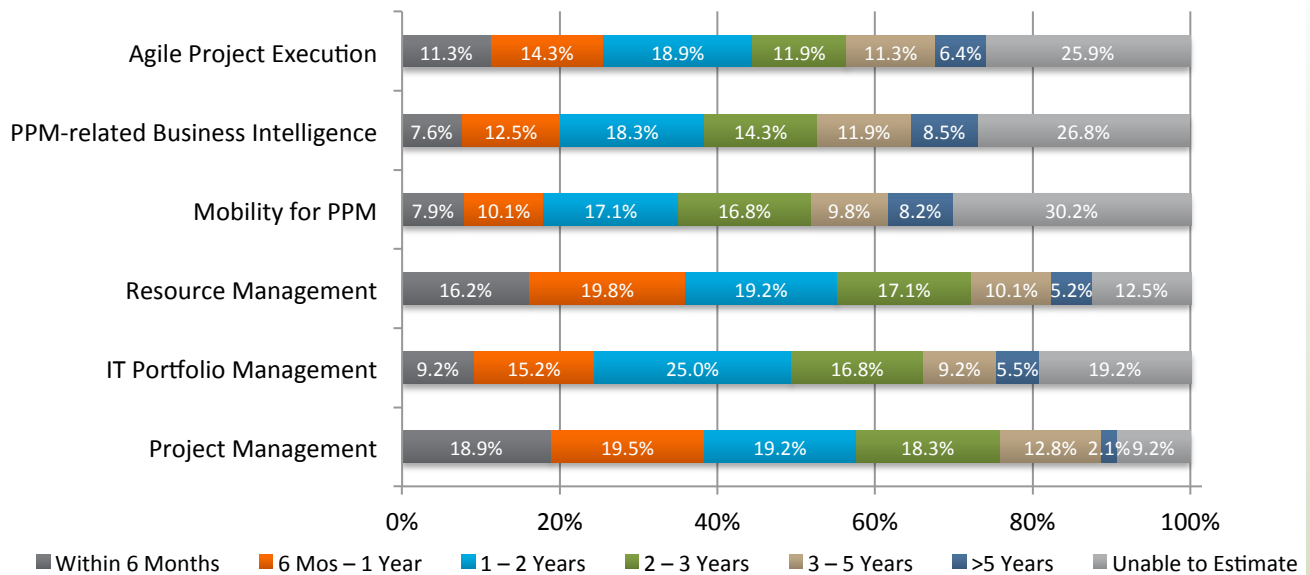
While it wasn't universal, or extremely strong, we did see a correlation between those respondents who felt that their organizations were good at communicating progress and those that felt that the benefits of achieving the objectives were more significant. While this might not be a particularly surprising finding, it does demonstrate the importance of communication in helping the organization buy in to the organization's priorities.

How quickly do you believe your organization will achieve its objectives in each of the following areas?

Our next multiple-selection question was aimed at understanding the speed with which respondents felt that objectives would be achieved. Here we provided a number of different time periods:

- Within 6 months
- 6 months to 1 year
- 1 – 2 years
- 2 – 3 years
- 3 – 5 years
- More than 5 years

We also allowed participants to indicate if they felt unable to estimate.



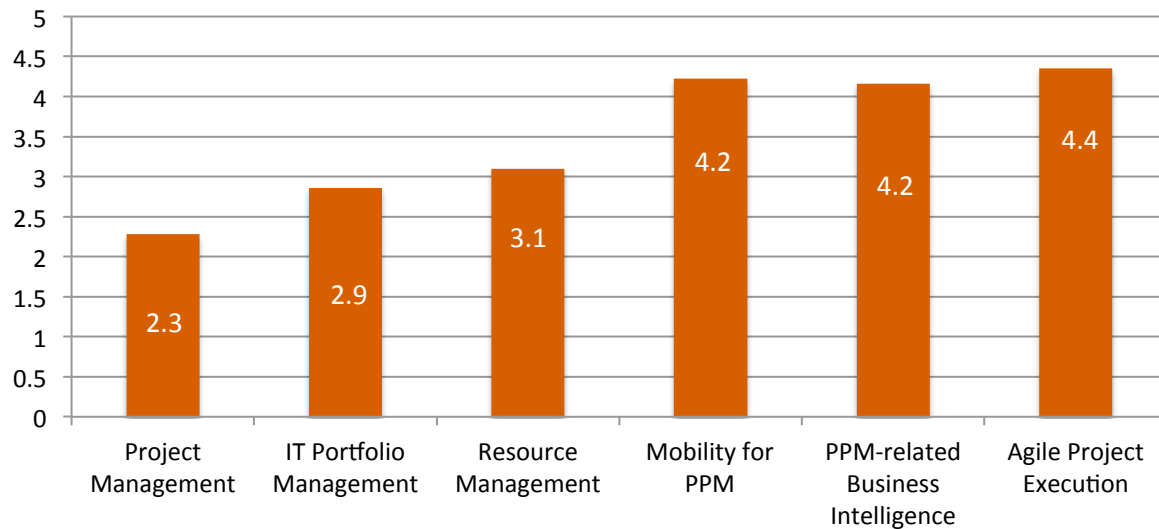
With this question we saw a strong correlation between the clarity of objectives and the timing of achieving those objectives – where the objectives weren’t clear, the time to achieve them was assumed to be longer. We also found a relatively high number of respondents indicating that they were unable to estimate, suggesting either a level of skepticism or that they lack information to select a time period. We also note that the less significant benefits are assumed to be, the further out the expected achievement window is.

Broadly speaking, the timing of assumed benefits is well distributed across the different categories, especially in the 0-3 or even 0-5 year categories. This may well reflect the increase in strategic focus that has become more prevalent in many organizations over the last few years, resulting in broader distribution of goals and objectives across multiple corporate periods.

In order to achieve its objectives, which areas will require investment?

We asked participants to sequence each of the six areas based on the amount of additional investment required to allow that area to achieve its goals. Participants were asked to rank the six categories from 1 (requires the least investment) to 6 (requires the most investment).

In order to weight the responses, we applied that numerical score to the area based on the ranking provided by survey respondents and then averaged the responses. The results are shown in the table below, with the lowest number representing the least amount of investment needed and the highest number representing the most required investment.



These results show a distinct demarcation between project, IT portfolio and resource management and the other areas that we enquired about. An “average” answer would be 3.5, so we can see that those three are seen as requiring quite a lot less than an average amount of investment; the other three categories are seen as needing a significantly higher investment.

We can only speculate as to why this is, but the results are consistent with the other answers that we have seen to this point in the survey. It is likely that organizations are more familiar with project, IT portfolio and resource management having been involved with them for longer periods, and that may be part of the reasoning behind the data.

“Insufficient staff skills and staffing levels also scored highly across multiple categories.”

Please identify the three biggest obstacles to success for each area below.

For the next multiple-selection question, we asked people to identify what they believed the major obstacles were to achieving success in each of our six criteria. This would allow us to build on some of our assumptions about the previous question as well as providing additional information on some of the challenges that survey participants are facing. We asked respondents to select three obstacles (in any order) from the following list:

- Insufficient staff skills
- Insufficient staffing levels
- Lack of executive sponsorship
- Insufficient budget
- Competing PPM priorities
- Competing non-PPM priorities
- Limitations of PPM technologies
- Business processes not ready
- Change is too disruptive

The table below shows the percentage of people who selected each response for each area.

Criteria	Insufficient staff skills	Insufficient staffing levels	Lack of executive sponsorship	Insufficient budget	Competing PPM priorities	Competing non-PPM priorities	Limitations of PPM technologies	Business processes not ready	Change is too disruptive
Project Management	47.6%	45.1%	44.8%	33.2%	29.9%	25.3%	18.3%	40.2%	15.6%
IT Portfolio Management	47.3%	35.7%	39.6%	37.8%	27.4%	27.1%	19.2%	44.2%	21.7%
Resource Management	44.5%	43.3%	43.6%	39.3%	27.7%	25.3%	19.2%	35.7%	21.3%
Mobility for PPM	39.3%	26.8%	48.2%	36.0%	32.0%	22.6%	27.4%	44.2%	23.5%
PPM-related Business Intelligence	44.8%	32.3%	44.5%	39.3%	25.6%	22.6%	23.8%	49.4%	17.7%
Agile Project Execution	57.6%	31.7%	47.3%	28.7%	25.9%	19.2%	13.4%	48.8%	27.4%

Anyone who has been involved with project execution for any length of time will be unsurprised to see a lack of executive sponsorship as a popular answer – it is a commonly recurring theme. It is interesting that it is seen as less of an issue with IT portfolio management, perhaps because that is one of the current “hot” topics. It also scores higher for mobility (likely because of a lack of perceived value) and for Agile. The Agile score is understandable given the extremely high score for insufficient staff skills for that category.

Insufficient staff skills and staffing levels also scored highly across multiple categories but were notably displaced for other categories where business process limitations scored higher (IT portfolio management, mobility, agile project management).

The perception of the lack of executive sponsorship as a problem also varied depending on the role that people played in their organization, but not in ways that we might imagine. While only 28.6% of executives thought that a lack of executive sponsorship was a problem in achieving project management success, project managers also came in below the mean at 41.4%. The highest responses here came from program managers (54.5%) and other individual contributors (60%).

Another consistently high score is seen with business processes, and this may indicate that a number of organizations have issues where their ability to execute is lagging behind their objectives, something that should be addressed quickly and may be an early indicator of future problems. PMO professionals tended to be the most negative in this category which makes sense as they are likely to be owners of process.

It was pleasing to see that competing priorities were one of the less cited obstacles, suggesting that organizations are becoming more adept at prioritizing and approving initiatives. Organizations also seem to be demonstrating capability at handling change, another category that was low. While the insufficient budget category could not be described as low, it wasn't as high as some others, not appearing in any of the consolidated top three for any area, a positive sign as the global economy recovers.

Please identify three areas that would help most to achieve success for each of the following...

After asking about obstacles to success, we next inquired about items that might help the organization to achieve across each of the six categories that we are considering. We again asked respondents to select three areas in any order, this time from the following list:

- Improved financial support
- Better PPM technology
- Greater investment in staff
- Stronger executive sponsorship
- Clearer priorities and fewer distractions

The table below shows the percentage of people who selected each response for each area.

Criteria	Improved financial support	Better PPM technology	Greater investment in staff	Stronger executive sponsorship	Clearer priorities, fewer distractions
Project Management	43.9%	45.4%	74.1%	67.4%	69.2%
IT Portfolio Management	48.8%	53.7%	64.6%	71.0%	61.9%
Resource Management	47.0%	44.8%	69.5%	70.7%	68.0%
Mobility for PPM	48.8%	57.0%	57.6%	75.6%	61.0%
PPM-related Business Intelligence	51.8%	56.7%	55.5%	72.6%	63.4%
Agile Project Execution	39.6%	46.3%	74.7%	68.0%	70.4%

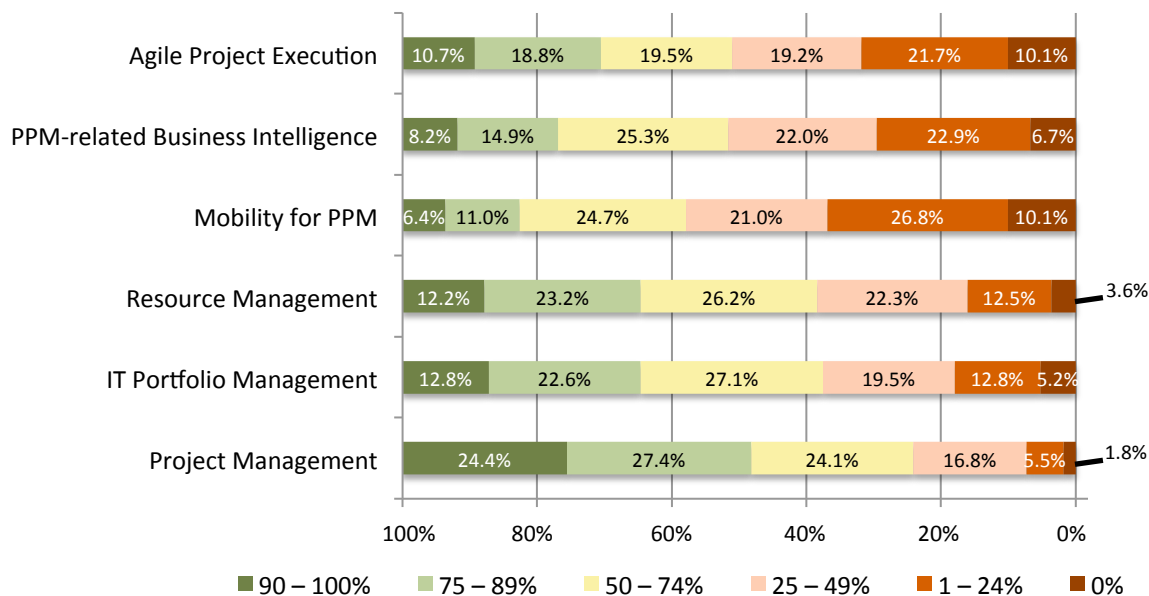
With fewer options to choose from, the percentage of people choosing any particular category will be higher than on the previous question, but we continue to see some consistent trends. Stronger executive sponsorship and greater investment in staff are strong answers here as we would expect from their identification as significant obstacles in the previous question. The need for clearer priorities and fewer distractions appears stronger than we might expect from the relatively low scores that we saw for competing priorities before.

The level of financial support and the ability of organizations' PPM technology to support their objectives are less significant issues, although there are variances here – PPM tools are clearly better able to handle project and resource management than they are mobility and BI, and that is to be expected given that project and resource management is core to every tool in this market segment.

“31.8% of respondents gauged that Agile had a lower than 25% Chance of success within their organization.”

What do you believe the likelihood is that your organization will achieve its objectives for each area?

To wrap up this part of the survey, we asked participants to estimate their chances of success for each of the areas that we have been examining.



With this question we saw a significant amount of variation between the different criteria, although again there was consistency in the trends between the different questions – the criteria that were viewed as having the best chance to succeed were the ones that had received positive responses earlier in the survey. Adding the responses for 0% and 1-24% likelihood of achieving objectives, it is clear that there is substantial work to be done in each of these categories. Project management, IT portfolio management and resource management each score very highly in anticipated value of achieving objectives but the likelihood of success, anticipated time period for success and clarity of objectives reveal a more complex story.

In the case of project management in particular, we saw a very positive outlook, with 51.8% of respondents rating the likelihood of success at greater than 75%. Executives were the most positive, with 64.3% believing that there was a greater than 75% chance of achieving project management goals. Project managers were less positive with just 47.4% sharing that degree of optimism (and program managers were even less positive).

Executive (CXO) (64.3%)
Senior Manager (65%)
PMO Professional (59.6%)
Portfolio Manager (50%)
Program Manager (42.4%)
Project Manager (47.4%)
Change Manager (60%)
Other Manager (52.9%)
Other Individual Contributor (20%)

By contrast, the pessimistic outlook for some of the categories was marked – 31.8% of respondents gauged that Agile had a lower than 25% chance of success within their organization, and that number increased to 36.9% for mobility and 39.6% (almost two in five) for PPM-related business intelligence.

Even among executives, there is some doubt about organizational ability to deliver on those goals: 21.4% of executives felt that there was a less than 25% chance of achieving their organization's Agile objectives, and the numbers were only slightly better (14.3%) for each of mobility and business intelligence.

Approximately how big is your organization's annual budget for projects?

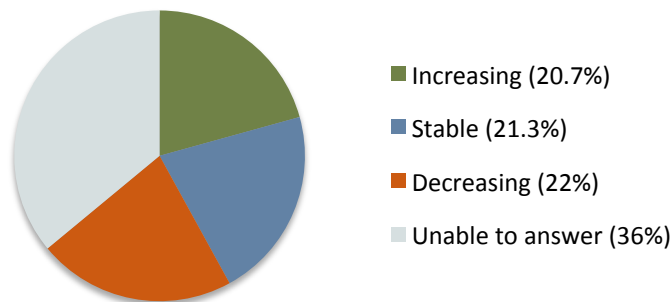
We asked participants to tell us how much money is spent on project execution within their organizations. While a number of respondents were uncertain on their organization's budget, we did have representation from large and small portfolios.

\$99,999 and under (7.9%)
\$100,000 - \$499,000 (6.1%)
\$500,000 - \$999,000 (6.4%)
\$1 – 3 million (8.8%)
\$3 – 5 million (6.7%)
\$5 – 10 million (7.9%)
Greater than \$10 million (33.5%)
Unable to answer (22.6%)

When we compared the size of budget with the likelihood of success question, there was actually a trend toward larger budget organizations having greater confidence in their ability to achieve their objectives. There were certainly outliers within the data, but the trend was to increasing confidence with increasing budgets. Whether devoting more budget improves the confidence of success or, improved confidence earns more budget remains an interesting question.

How is your organization's annual budget for PPM changing?

We also asked participants to tell us whether their budgets were increasing or decreasing, and there was no discernible trend from that data. There were almost the same number of organizations reporting increasing budgets, stable budgets and decreasing budgets.



Perhaps surprisingly, organizations with smaller budgets were more likely to be decreasing their budgets – in the \$1-3 million range, only 10.3% were increasing budgets compared with 24.1% decreasing; and in the \$500,000 - \$999,000 category, it was 19.1% increasing and 38.1% decreasing. The \$3-5 million and \$5-10 million categories both showed even distribution between increasing and decreasing budgets, while the over-\$10 million category showed a small trend toward increasing budgets (28.2% to 25.5%).

About Your Organization

We ended the survey with a few questions about the organization that our participants worked for.

What is the main industry that your company operates within?

Participants represented 25 distinct industry sectors ranging from Aerospace to Utilities. Information Technology was the largest industry represented with 19.2% of participants, followed by Manufacturing; Finance, Banking and Accounting; and Construction, Architecture and Engineering. There was also strong representation from Telecommunications, Business Services and Health Care, all of whom had more than 5% of survey participants.

Information Technology (19.2%)
Manufacturing (8.5%)
Finance, Banking & Accounting (7.9%)
Construction, Architecture & Engineering (7.6%)
Telecommunications (6.1%)
Business Services (5.5%)
Health Care (5.5%)
Other (18 categories - 39.6%)

How many employees are there in your company?

We saw a relatively even distribution of project budgets across participants, and that is supported by the information on organizational size. We had large and small companies represented in our survey with good representation in all of our categories.

Up to 499 (32.3%)
500 – 1,999 (14.9%)
2,000 – 4,999 (12.2%)
5,000 – 14,999 (12.8%)
15,000+ (24.7%)
Not sure (3.1%)

Under \$1 million (7.6%)
\$1 – 9 million (10.1%)
\$10 – 49 million (11.9%)
\$50 – 99 million (4.3%)
\$100 – 249 million (6.1%)
\$250 – 499 million (5.8%)
\$500 – 999 million (5.2%)
\$1 billion or more (28.1%)
Not sure (21%)

What is your company's approximate annual revenue (in U.S. Dollars)?

Our final question looked at the annual revenue of organizations represented in the survey. While there was a weighting toward the largest category, we again saw that all revenue levels were well represented among respondents.



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