# Is your PMO executing your business strategy?

## If not, it should be.

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# How top PMOs are delivering real value to the business

Flexibility and resilience have never been more important for businesses — and this is especially true for the projects that contribute to critical organizational performance and outcomes. Within project management offices (PMOs), the ability to adapt and evolve is critical.

It is notable that in PwC's 2021 Global Survey on Transformation and Project Management, the majority of US respondents rate their PMO as very successful (33%) or somewhat successful (59%).
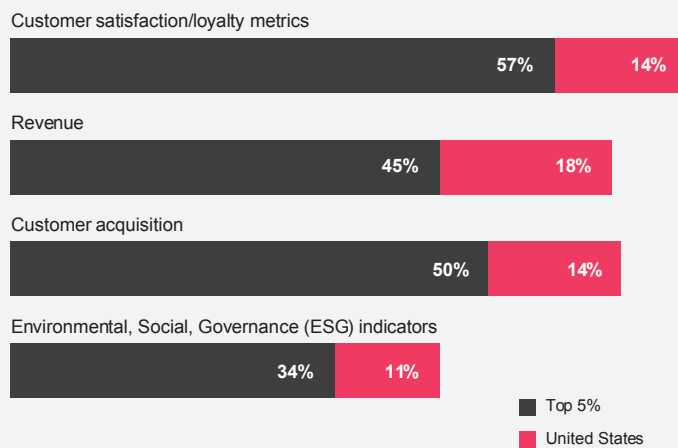
**The methodology for rating that success is an important place to start your own analysis of your PMO's performance.**

Defining success can be challenging. In project management, maturity is a common term used to assess future success and the value that a PMO delivers to an organization. In this survey, we organized questions around five maturity themes that support best in class practices for PMOs:

**1** **Governance** — Supports decision-making by implementing effective governance, risk management and compliance.

**2** **Integration and alignment** — Engages with senior leadership, project teams and the wider organization to manage project integration and align initiatives with strategic goals.

**3** **Methodologies and practices** — Develops and adheres to project management methodologies and practices that align with industry standards while adapting as needed to different projects and teams.

**4** **Technology and data** — Leverages the latest project/program level tools and uses data-driven decision-making.

**5** **PM power skills** — Makes it a priority to develop strong leadership, flexibility and business acumen in project managers across the organization.

## Organizations with advanced PMO maturity all improved between 2019 and 2020 in common key performance indicators

Customer satisfaction/loyalty metrics — 57% / 14%
Revenue — 45% / 18%
Customer acquisition — 50% / 14%
Environmental, Social, Governance (ESG) indicators — 34% / 11%

Legend: Top 5% / United States

Source: PMI and PwC. 2021. PMI and PwC Global Survey on Transformation and Project Management 2021.

As part of this research, 4000+ responses from the global project management community involved in the delivery of projects, programs and portfolios with high-performing PMOs. Our research found that organizations with advanced PMO maturity all improved between 2019 and 2020 in common key performance indicators, including revenue; customer loyalty and satisfaction; new customer acquisition; and environmental, social and governance (ESG) issues.

If these are priorities in your organization, you should be sure that your PMO is making a measurable contribution to overall business strategy, which will require:

**1** Assessing a PMO's maturity level to look for areas of improvement.

**2** Exploring new ways to measure PMO and/or project success.

**3** Ensuring that project managers have critical business and leadership skills.

**4** Leveraging technology and data to help drive all of the above.

It's also clear from the survey that one way to move the needle is to improve integration of PMO activity across all business units and — equally important — have PMO representation in the C-suite.

The survey results give us a place to start exploring what PMOs need to maintain flexibility, enhance efficiency and drive genuine business value in an ever-changing business climate.

Here we'll explore the characteristics and capabilities successful PMOs share and offer recommendations for where to look for areas for improvement, as well as how to implement changes that have worked for other companies to bring about positive change.

**In other words, there's a strong correlation with a company's overall success and the maturity of its PMO.**

# PMO maturity drives business value

Truly successful projects deliver business value and help advance business strategy. When we talk about elevating the PMO to help drive business strategy, we're referring primarily to a focus on maturity. Why? Because this signals that the PMO and the larger organization see the PMO's value within the larger context of business strategy and success.

Compared to the least mature PMOs (bottom 5%), the most mature PMOs (top 5%) are also more likely to take an enterprise-wide approach and generally have support and representation at the C-suite level. PMOs most advanced in maturity are much more likely to agree they feel valued and supported in the C-suite.

It's no wonder since these high maturity PMOs are key contributors to growth. This should serve as a call to action for US PMOs, which are just below the global average.

## C-suite backing common in most mature PMOs

The most mature PMOs overwhelmingly report strong support from the top backing  PMO objectives and demonstrating commitment to its success; understanding and appreciating PMO value; and viewing the PMO as a strategic partner. US PMOs can work on making sure top executives understand and appreciate PMO value.
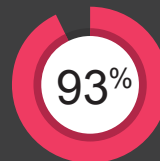
**Top 5% Maturity**
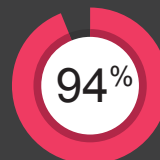
**94%** Agree the C-Suite in their organization supports the PMO and its objectives, and demonstrates commitment to its success
**(Global: 75%, US: 72%)**
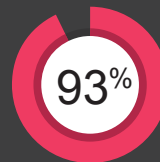
**93%** Agree the C-Suite in their organization understands and appreciates the value of the PMO
**(Global: 75%, US: 67%)**

**93%** Agree the C-Suite in their organization considers the PMO to be a strategic partner
**(Global: 75%, US: 67%)**

Source: PMI and PwC. 2021. PMI and PwC Global Survey on Transformation and Project Management 2021.

# A mature PMO is one that prioritizes five key areas:

| | |
|---|---|
| **1** | Governance |
| **2** | Integration & alignment |
| **3** | Methodologies & practices |
| **4** | Technology & data |
| **5** | PM power skills. |

Our research found that the top 5% of mature PMOs are confident that their PMO has maximized performance across all five dimensions.

**In other words, to reach the highest level of PMO maturity, all PMOs should strive to do the same.**

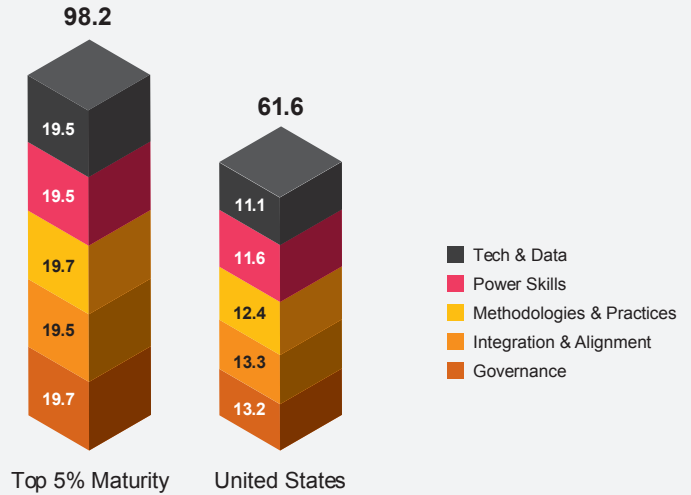US companies in the survey lagged slightly behind the global index, but not by much.

To catch up, US companies should focus on making improvements in all areas, but especially in fortifying project managers' power skills and leveraging technology and data.

## Tech and data strong among US PMOs

Among the top 5% of mature PMOs, US organizations rank their use of technology and data highest among the elements factored into PMO maturity.
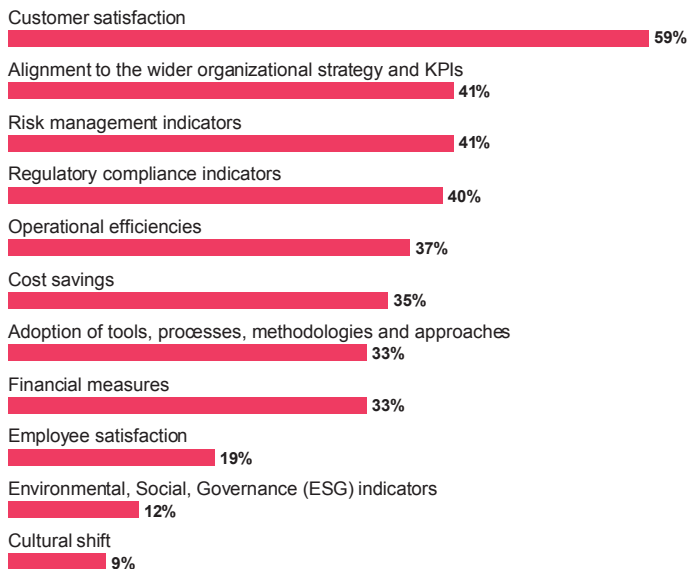
**98.2**

| | Top 5% Maturity | United States |
|---|---|---|
| Tech & Data | 19.5 | 11.1 |
| Power Skills | 19.5 | 11.6 |
| Methodologies & Practices | 19.7 | 12.4 |
| Integration & Alignment | 19.5 | 13.3 |
| Governance | 19.7 | 13.2 |

**61.6**

■ Tech & Data
■ Power Skills
■ Methodologies & Practices
■ Integration & Alignment
■ Governance

Top 5% Maturity     United States

Source: PMI and PwC. 2021. PMI and PwC Global Survey on Transformation and Project Management 2021.

# Focus on PMO measures that actually deliver business benefits

## Evolving PMO success metrics

More companies are adding new business aligned metrics to measure PMO maturity — and moving toward better alignment between PMO performance and successful execution of business strategy.

| Metric | Value |
|---|---|
| Customer satisfaction | 59% |
| Alignment to the wider organizational strategy and KPIs | 41% |
| Risk management indicators | 41% |
| Regulatory compliance indicators | 40% |
| Operational efficiencies | 37% |
| Cost savings | 35% |
| Adoption of tools, processes, methodologies and approaches | 33% |
| Financial measures | 33% |
| Employee satisfaction | 19% |
| Environmental, Social, Governance (ESG) indicators | 12% |
| Cultural shift | 9% |

Source: PMI and PwC. 2021. PMI and PwC Global Survey on Transformation and Project Management 2021.

Many PMOs still focus primarily on the "iron triangle" of schedule, budget and scope to measure project success. These are certainly still important, but more mature PMOs now factor in a greater range of metrics — and there's room for others that may be specific to individual projects, sectors, companies, or business or project goals.

**Additional metrics for PMOs to track include "output measures" that track a project's business impact, such as:**

- Increased customer and/or employee satisfaction
- Improved risk management
- Cost savings and other financial measures
- Increased operational efficiency

Many US PMOs currently track these key business strategy metrics with customer satisfaction (59%) at the highest, followed by risk management indicators (41%), alignment to the wider organizational strategy and KPIs (41%), and regulatory compliance indicators (40%).

The fact that some PMOs track these metrics is good news, but PMO teams need to speak the language of their organization when articulating their value.

**How? The most mature PMOs in our survey report focusing on two key areas:**

- Aligning the priorities and performance of the PMO to organizational strategy and KPIs (75%).
- Improving communication and transparency around projects, including meaningful milestones, issues, value and impact (71%).

Quite a few US PMOs do both of these things well, which is encouraging.

Fifty-six percent align PMO priorities and performance with business strategy and 64% have improved communication and transparency around projects.
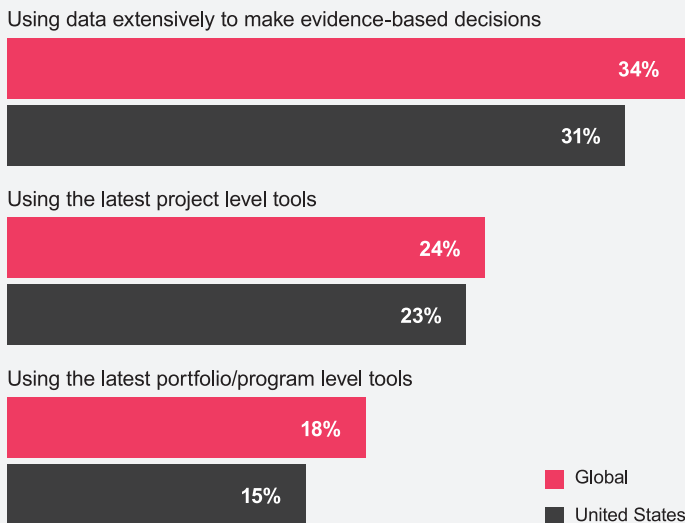
# Digital leadership and tools

Reevaluating how you measure project success throughout the PMO also offers the opportunity to pinpoint what's working and what needs improvement, particularly with regard to processes. In addition to helping projects go more smoothly, technology can also help PMOs measure and track project success. Among the leading PMOs in our survey, 55% use digital tools to measure the impacts of projects or programs.

**Technology and Data: To what extent is your PMO doing the following all of the time?**

Less than a quarter of US PMOs are using the latest project level tools all of the time

Using data extensively to make evidence-based decisions

34%

31%

Using the latest project level tools

24%

23%

Using the latest portfolio/program level tools

18%

15%

■ Global

■ United States

Advocating for investment in digital tools the PMO can use to enhance operations and measure success can be a challenge.

In our research PMOs reported a lack of digital leadership and inadequate digital culture, as well as C-suites that don't prioritize technology for project management. But PMO leaders — and the new generation of project managers we call project influencers — must make the case for supporting PMO activity with tech tools, digital upskilling or potentially getting support from a service provider that can help with both.

**While it may sound obvious, it's critical for the PMO to be involved in developing the measures of project and program performance. Most of the most mature PMOs (79%) report being involved in developing the measures of project and program performance.**

Source: PMI and PwC. 2021. PMI and PwC Global Survey on Transformation and Project Management 2021.

# Mature PMOs are powered by upskilled project managers

A talent crisis in project management is looming and some of the perceptions of project managers as rigid or slow to adapt to market changes are not helping.

PMO leaders should focus on helping project managers build leadership, communication, team-building and other "soft" skills.

They should also encourage PMs to apply and deepen these skills in their day-to-day work.

**Strong digital acumen and an appetite to explore ways technology can improve efficiency, enable data-driven decision-making and help expand the ways they measure project success are a bonus as well.**
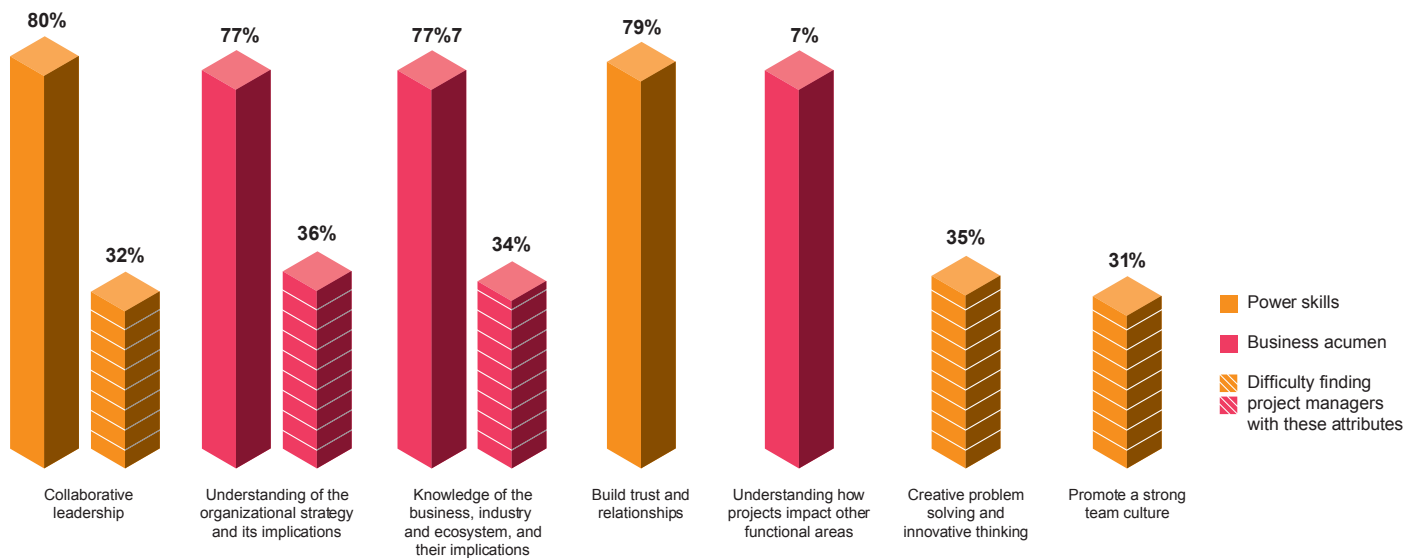
Giving PMs the right mix of capabilities will require an increased emphasis on training and upskilling, as well as new approaches to recruitment.

Considering PMO managed services may also help address these challenges.

A similar talent gap is (and has been) building across many functions in the organization — so there's a clear need to consider upskilling enterprise-wide, not just in the PMO.

## Where are the problem-solvers and innovators?

US businesses report difficulty finding project managers with business acumen/power skills.



| | | |
|---|---|---|
| 80% | | |
| 32% | Collaborative leadership | |
| 77% | 36% | Understanding of the organizational strategy and its implications |
| 77%7 | 34% | Knowledge of the business, industry and ecosystem, and their implications |
| 79% | | Build trust and relationships |
| 7% | | Understanding how projects impact other functional areas |
| 35% | | Creative problem solving and innovative thinking |
| 31% | | Promote a strong team culture |

Legend:
- Power skills
- Business acumen
- Difficulty finding project managers with these attributes

Source: PMI and PwC. 2021. PMI and PwC Global Survey on Transformation and Project Management 2021.

# Meet the project influencer

**In a world of pervasive social media, there are influencers for everything. The same is true in the business environment — particularly in the C-suite and in a corporate landscape increasingly dominated by digital pioneers and companies that started small and through technology and innovative business models gradually took over their industry.**

We see a growing need for project managers to evolve into "project influencers" who are not only skilled in PM fundamentals but also possess business acumen and well-developed emotional intelligence. In the US and globally, our research found that power skills — such as the ability to build trust and relationships, develop collaborative leadership and encourage creative problem solving and innovative thinking — along with business acumen — particularly knowledge of the business, industry and ecosystem and their implications on projects — are highly valued in project managers. These skills are also hard to find.

Project managers who have these skills, however, promise to become the project influencers of the future.

Project influencers not only shepherd successful projects from start to finish but also understand the broader business implications and can communicate how project outcomes help achieve strategic goals.

They understand the importance of measuring and sharing project success more broadly throughout the organization, and, as we've discussed, especially with the C-suite. In addition to soft skills, project influencers serve as innovation evangelists within the PMO and broader organization. They have digital skills and a clear understanding that technology can help amplify their expertise while creating new efficiencies through automation and collaboration tools. Project influencers are problem-solvers, innovators, team builders and ambassadors for the PMO.

# Upskilling and recruiting to fill the skills gap

Your organization may not have people with the full gamut of capabilities described above. However, upskilling programs can help you identify the PMO team members eager to expand their skills — and then provide that training.

Digital skills are perhaps the easiest to teach using a wide array of available training programs. (In our survey, 59% of US respondents agreed that the project managers they work with possess digital fluency, which means the remaining 41% could be upskilled.)

**When it comes to soft skills, upskilling is possible, too, but companies can also shift their PM recruiting approach to specifically seek (or even require) business acumen, which 32% of US respondents said is difficult to find.**

In the US, only half of PMOs promote a culture of continuous learning and only one in five regularly review the training they offer or monitor the training's usage or efficacy. Fewer still adapt training to diverse employee needs such as localizing content. If you already offer training, it's critical to assess its effectiveness and make improvements where needed to get the most out of your investment.

Most business leaders know that retaining top talent is typically much easier and more cost-effective than trying to recruit new employees with the right mix of skills and expertise.

The means by which PMOs retain top talent varies, but in the US, 58% offer flexible and remote work arrangements and 47% promote a positive work culture.

# Mirror, mirror on the wall, who is the perfect PMO of them all?

A PMO should set standards, the tone, and drive. Few areas of business — or life — achieve excellence without concerted effort. To determine precisely what your organization could improve on, it's critical to look under the hood at your PMO's maturity level, how it measures success, and if you have the right mix of power skills among PMO staff.

PwC has worked with companies in this area for years and can help them gauge PMO effectiveness and maturity, how to measure PMO success, and how to turn project managers into project influencers. Focusing on these three areas can truly elevate the PMO's role to critical business strategy enabler.

# Calls to action

**1** Strategic alignment is a key contributor to PMO and project success. Organizations need to establish C-suite support for the PMO to help move it beyond the execution of projects to a place where it can help inform and drive the organization's strategy.

**2** Start the conversation about transformation and project success with outcome-based measurements. Collaborating across the organization to develop the measures that matter is key to changing the image of the project manager from that of a scheduler to a change-maker.

**3** The impending talent shortage will place transformations and projects at risk of failure if organizations don't act quickly. Building winning capabilities needs to become a strategic priority, with a greater emphasis placed on more creative and effective hiring, retention and upskilling strategies. Running your PMO as a managed service is one potential solution.

**4** Widespread digital upskilling and a cultural shift toward a digital mindset at the C-suite level and within the PMO needs to happen at pace.

**Contact us to learn more**

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