

# The Emergence of Enterprise Project Management in Australia and New Zealand

April 2005

# EQuest Consulting 2005 Survey

## Today's Presentation:

Overview

Project Portfolio Demographics

Project Management Offices –

Prevalence, Services & Value

Project Management Tools

Enterprise Project Management –

Maturity

Methodologies

Project Portfolio Management

Benefits Realisation

Strategic Focus

Conclusions



## Survey Objective

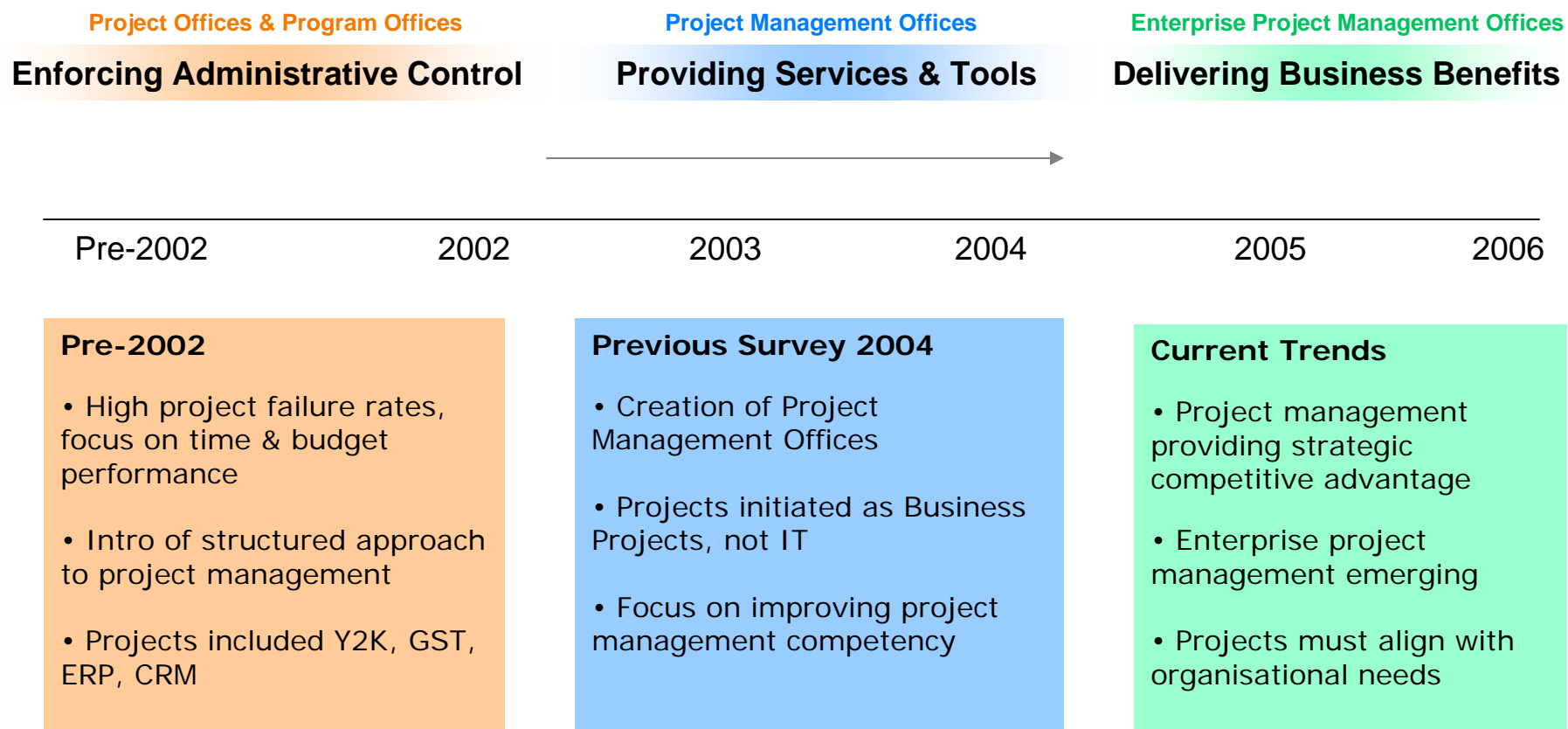
To determine the extent that Enterprise Project Management is being adopted by Australia's and New Zealand's Top 100 organisations

Interviewed Senior Level Executives in:

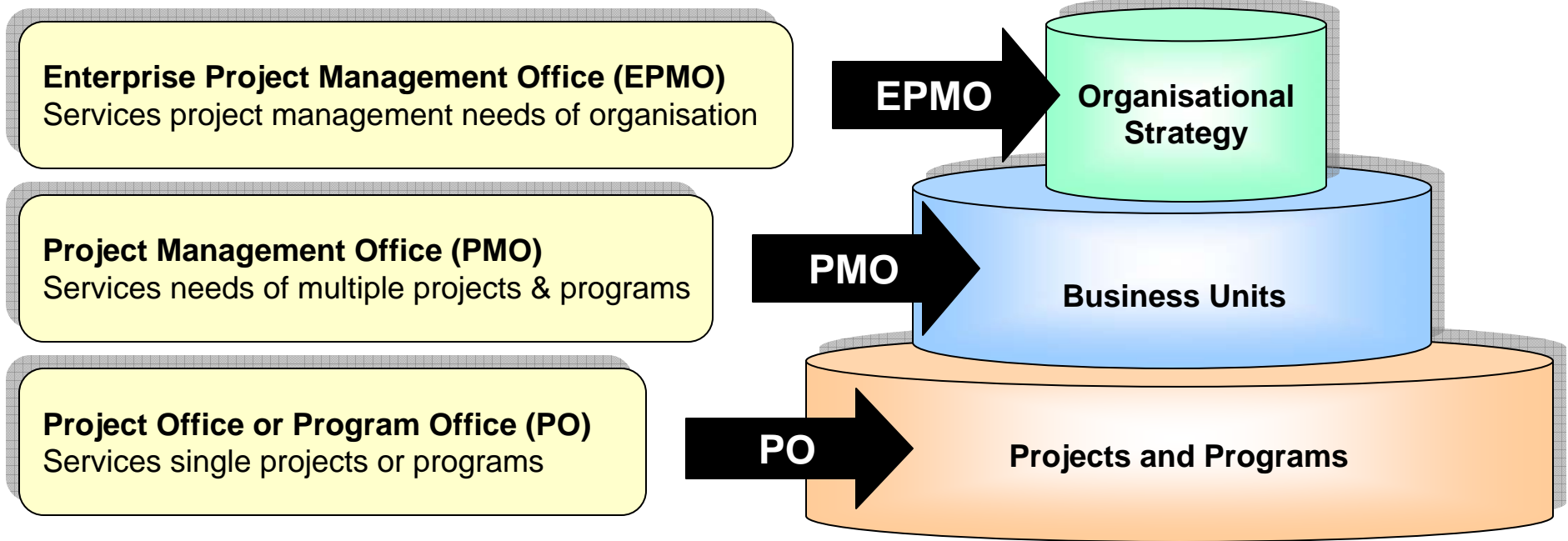
- Financial Services
- Telecommunications
- Utilities
- Education and Government
- Transport
- Manufacturing
- IT Services

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## Background to the Evolution of Project Management

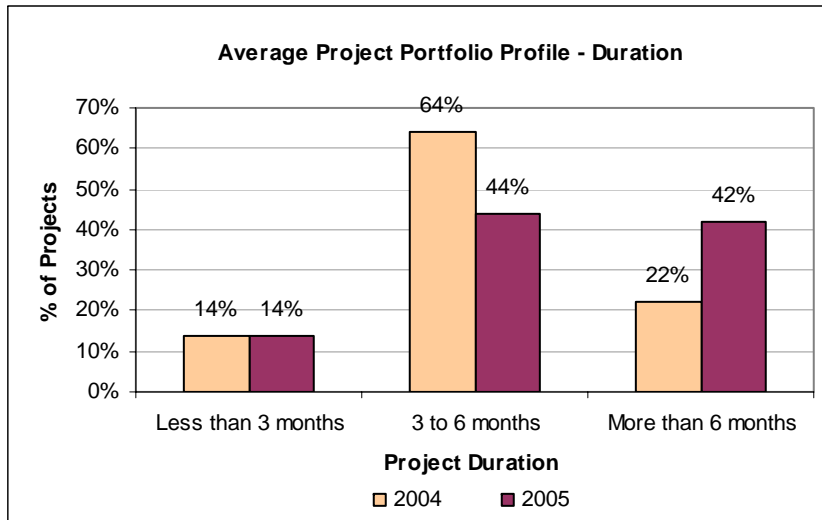


## Some Definitions



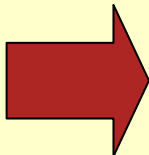
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## Project Portfolio Demographics – Duration and Budget



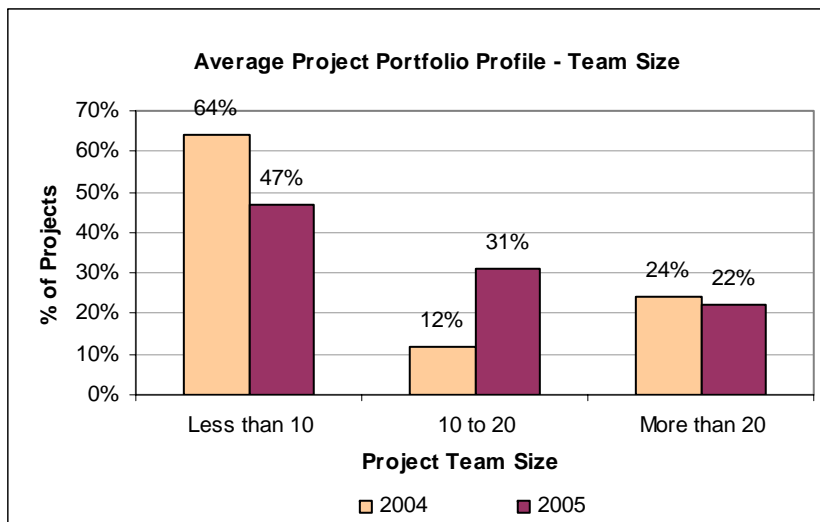
- Since our 2004 survey there is a trend towards more projects with:
  - durations over 6 months
  - budgets over \$1M

| Average Project Portfolio Profile by Budget | % of Projects        |
|---|----------------------|
| More than \$1M                              | 36%<br>(28% in 2004) |
| \$250K to \$1M                              | 32%                  |
| Less than \$250K                            | 32%                  |

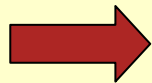
 Increased business confidence leading to investment in larger projects

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## Project Portfolio Demographics – Projects, Project Managers & Team Size



- Two thirds of organisations manage over 25 concurrent projects
- Half have over 25 Project Managers who typically manage multiple projects
- Recent increase in mid-size teams, sizes of over 20 less common
- Resources still lean and stretched across multiple projects

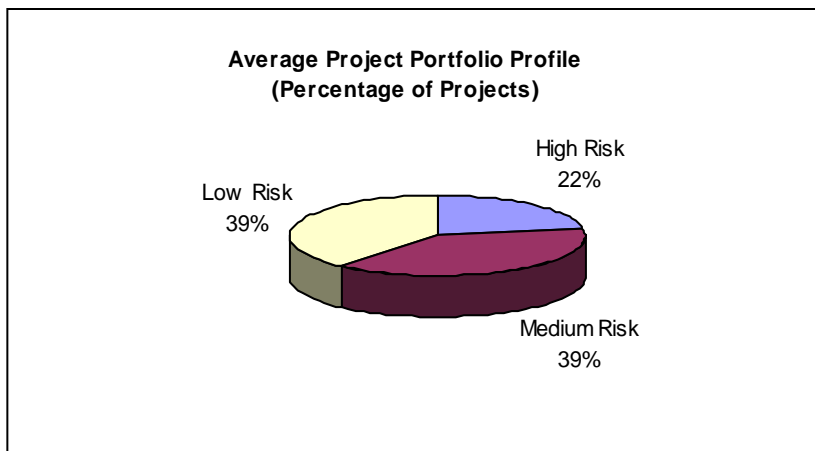


Increasing need for PMOs that support multiple projects and programs, in particular to provide resource management

## Project Portfolio Demographics – Complexity and Risk

| Average Project Portfolio Profile by No. Departments Involved | % of Projects |
|---|---------------|
| 5 Departments Involved  | 35%           |
| 2-5 Departments Involved                                      | 45%           |
| 1 Department Involved   | 20%           |

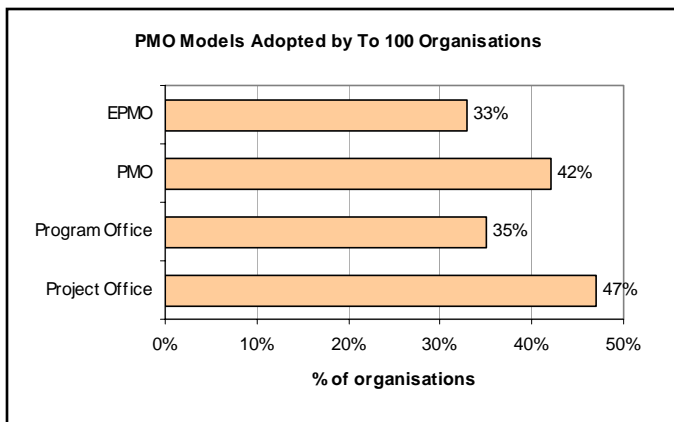
- Projects are complex with 80% involving multiple departments
- Little appetite for high risk projects just as in 2004, due to previously high failure rates



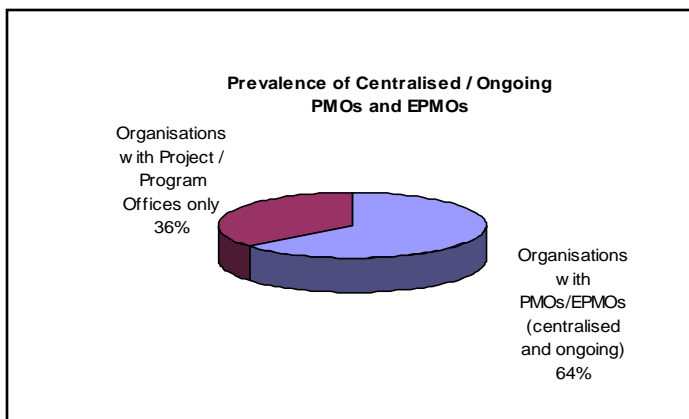
 A need to support multiple projects & programs across many departments drives Enterprise Project Management

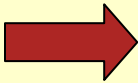
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## Prevalence of PMOs in Organisations



- 90 percent of organisations have a PMO, up from 75% in our 2004 survey
- Two-thirds have centralised PMOs serving the needs of multiple projects and programs



 PMOs well established, centralised models pave the way for Enterprise Project Management

### Prevalence of PMOs in Organisations

#### ***What our industry colleagues and experts say:***

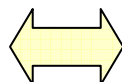
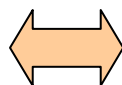
*A study by CIO magazine and the Project Management Institute found that*

*"...there is a strong link between the length of time a PMO has been operating and project success rates: The longer the better ..."*



*In addition, those with a PMO operating for over four years were able to demonstrate a track record and reported a 65% percent success rate increase. (CIO Magazine, 2003)*

## Project Management Offices – Services and Benefits

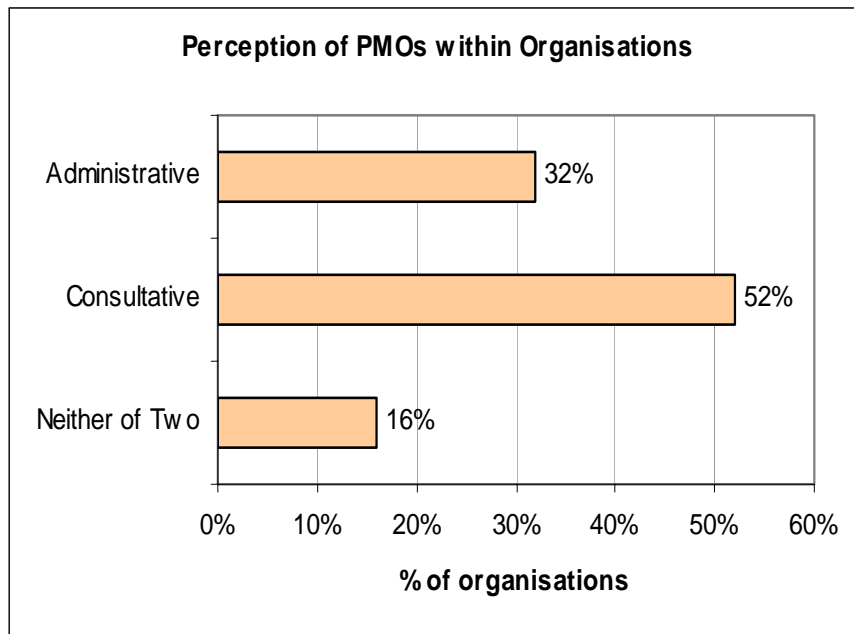
| PMO Services              | % Org. |
|---------------------------|--------|
| Portfolio Management      | 57     |
| Home for Project Managers | 59     |
| Resource Management       | 64     |
| Project Support           | 68     |
| Tools                     | 75     |
| Governance and Reporting  | 75     |
| Training                  | 84     |
| Standard Processes        | 89     |



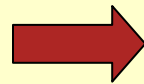
| PMO Benefits Reported                                 | % Org. |
|---|--------|
| Selecting Projects that Deliver Strategic Goals       | 41     |
| Efficient Utilisation of Resources                    | 43     |
| Stopping of Rogue Projects                            | 43     |
| Well Managed Expectations                             | 48     |
| Improved Communication                                | 77     |
| Performance Improvement (project time, scope, budget) | 70     |
| Improved Efficiency from Standard Processes           | 80     |

-  Harder to implement - usually consultative - new benefits emerging from maturing services
-  Easier to implement - usually administrative - established services delivering benefits

## Project Management Offices – Perceived Value



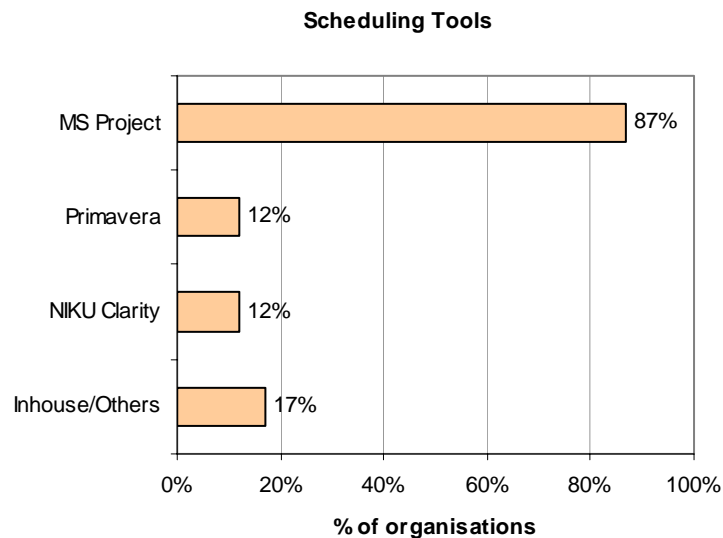
- PMOs meet organisational needs in 75% of organisations, up from 50% in 2004
- Around half of PMOs are consultative, one third administrative, 40% expect to provide ROI
- Senior Management fully support project management in 75% of organisations



**Senior Management support of project management is driving PMOs to deliver value and ROI**

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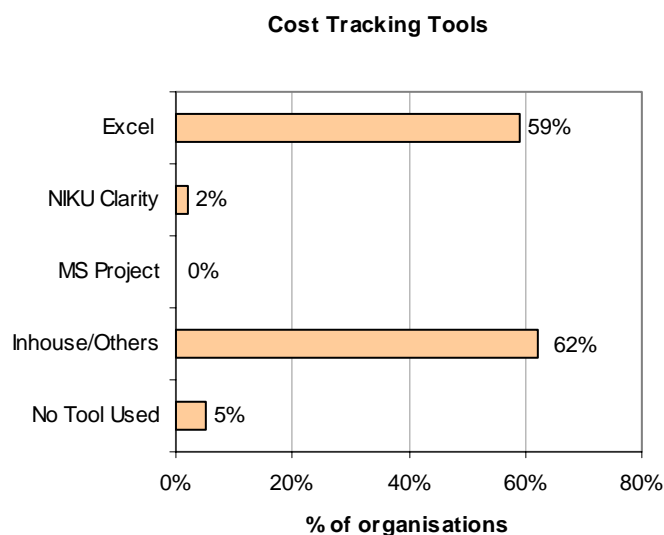
## Project Management Tools – Scheduling



*Note: Some organisations use more than one tool*

- MS Project remains the dominant scheduling tool
- There has been some movement from MS Project desktop to EPM scheduling tools including:
  - MS Project Server, NIKU Clarity & Primavera

## Project Management Tools – Cost Tracking

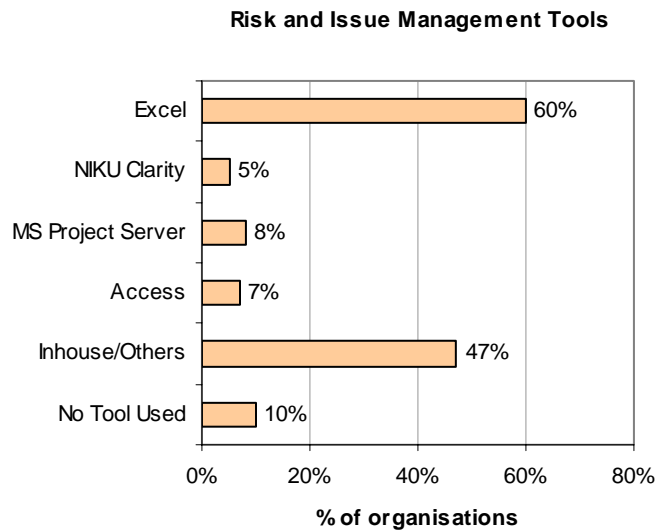


*Note: Some organisations use more than one tool*

- MS Excel dominates for cost tracking, however:
  - In 2004 10% of organisations used other tools
  - In 2005 it's over 60%
- Significant increase in use of cost tracking tools:
  - In 2004 36% of organisations did not use a tool
  - In 2005 it's only 5%

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## Project Management Tools – Risk & Issue Management

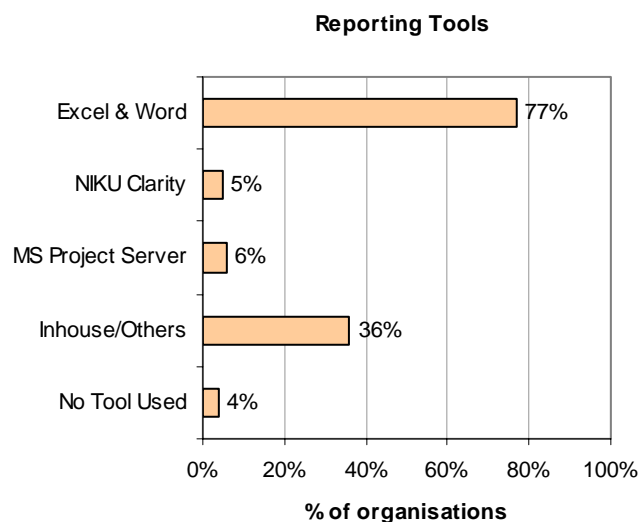


*Note: Some organisations use more than one tool*

- MS Excel dominates for risk & issue management, however:
  - In 2004 10% of organisations used other tools
  - In 2005 it's over 50%
- Use of EPM tools emerging for managing risks & issues across multiple projects

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## Project Management Tools – Reporting

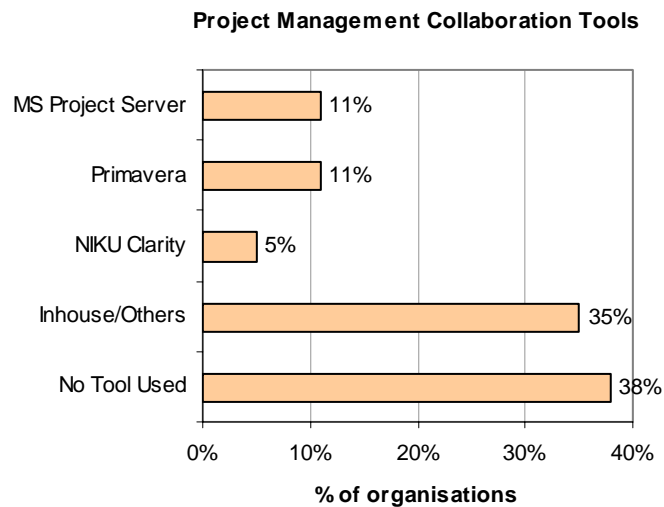


*Note: Some organisations use more than one tool*

- Significant increase in use of reporting tools:
  - In 2004 34% of organisations did not use a tool
  - In 2005 it's only 4%
- MS Excel & Word dominate as reporting tools, however some organisations moving to EPM tools to report across multiple projects

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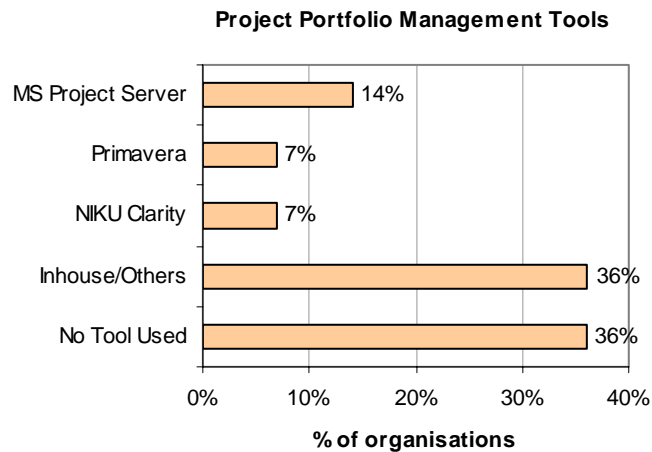
## Project Management Tools - Collaboration



- Room for growth for EPM tools to provide better team collaboration:
  - Over one third of organisations do not have a tool for this purpose

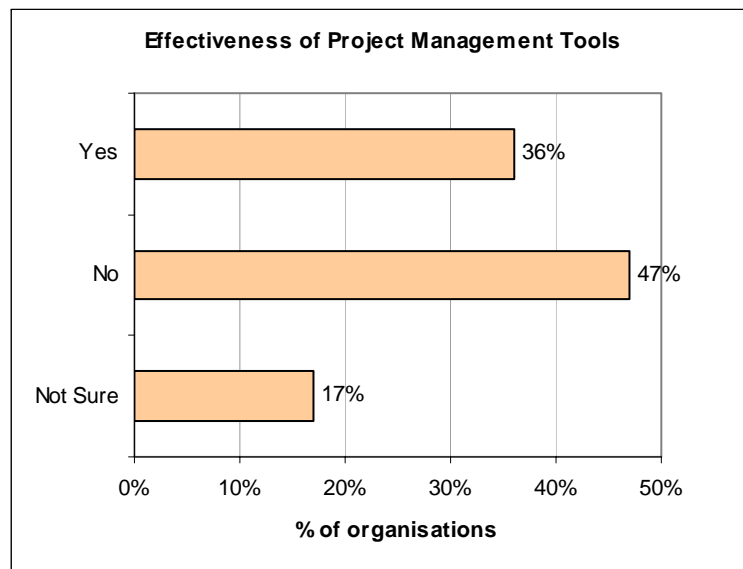
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## Project Management Tools – Portfolio Management



- Significant increase in use of portfolio management tools:
  - In 2004 15% of organisations used a tool
  - In 2005 it's up to 64%
  - Room for growth, especially for EPM tools

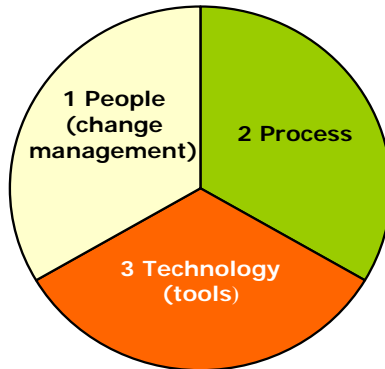
## Project Management Tools – Effectiveness



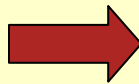
- *THIS IS A BIG ISSUE FOR ORGANISATIONS:*
  - Half say their PM tools are not effective
  - Tools are not integrated or used consistently
  - No capability improvement despite increased take up of tools

## Project Management Tools – Why Effectiveness is an Issue

Three elements to improve capability,  
in this order



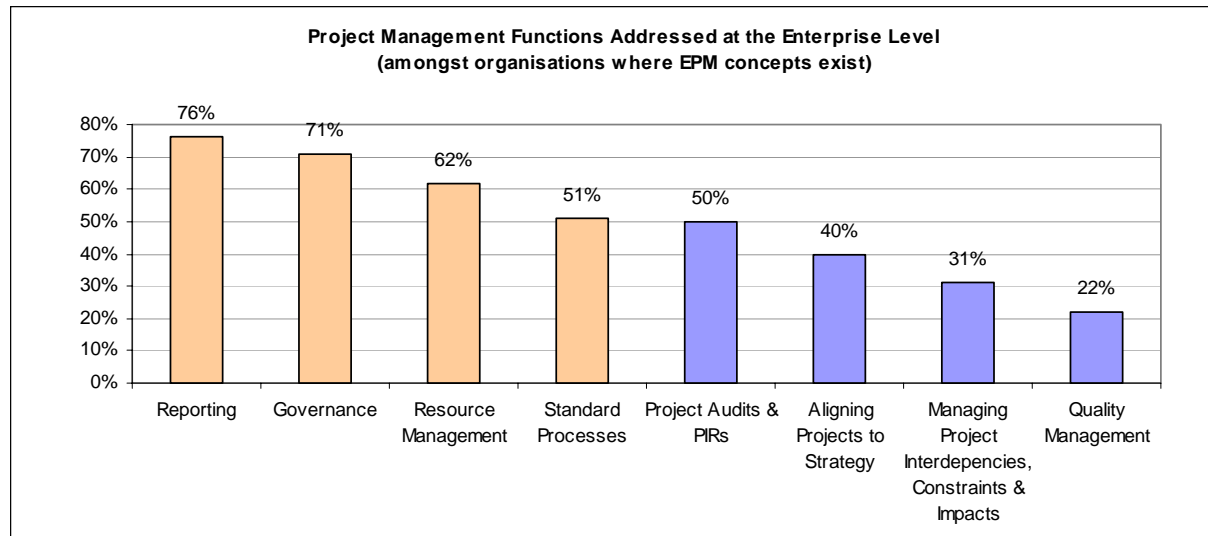
- Align tools with capability, do not expect tools to increase capability by themselves
- Most organisations lack the maturity required for EPM tools



For results, focus on people’s capability & “fit for purpose” processes, not technology, especially with EPM tools

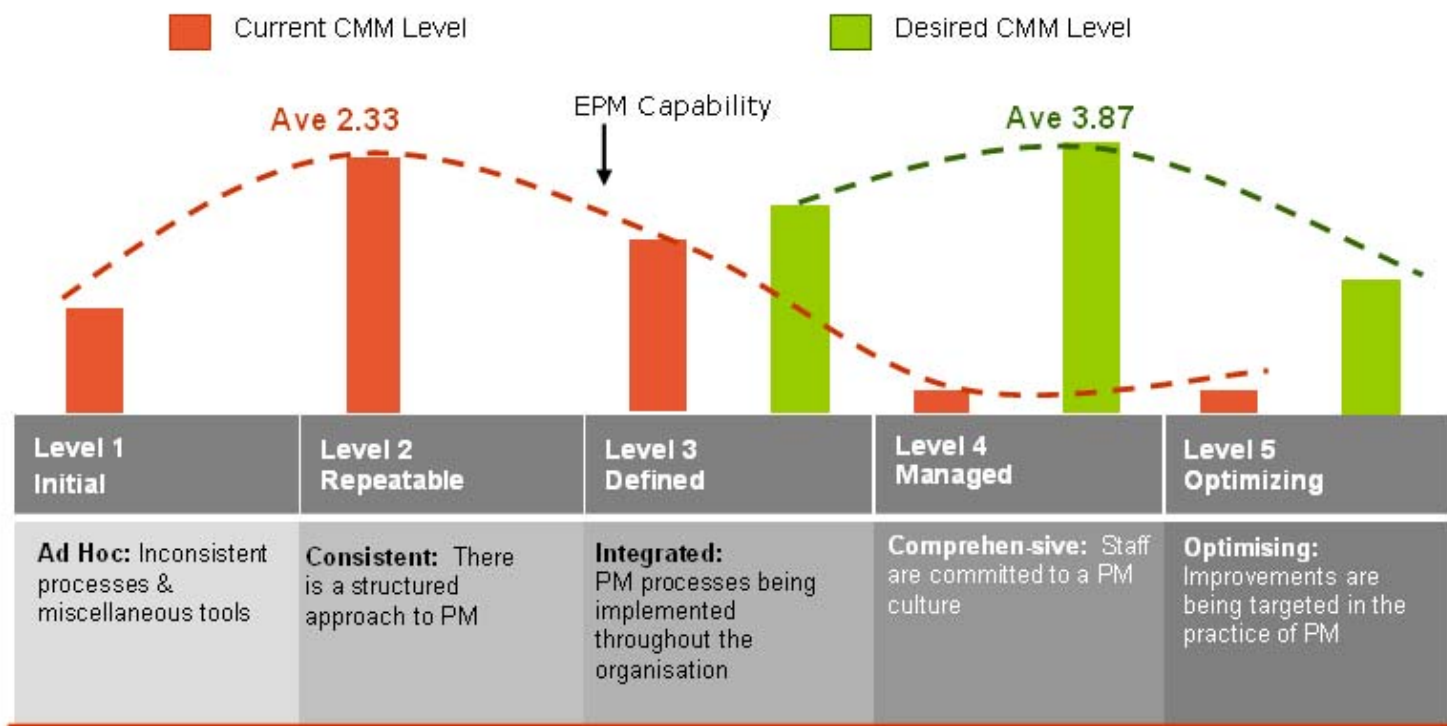
## Enterprise Project Management – Maturity

- 1 in 3 organisations use EPM concepts and have an EP MO
- Evolution of EP MO's similar to evolution of PMOs but at an earlier stage:
  - Easier to implement administrative services are followed by harder to implement consultative services



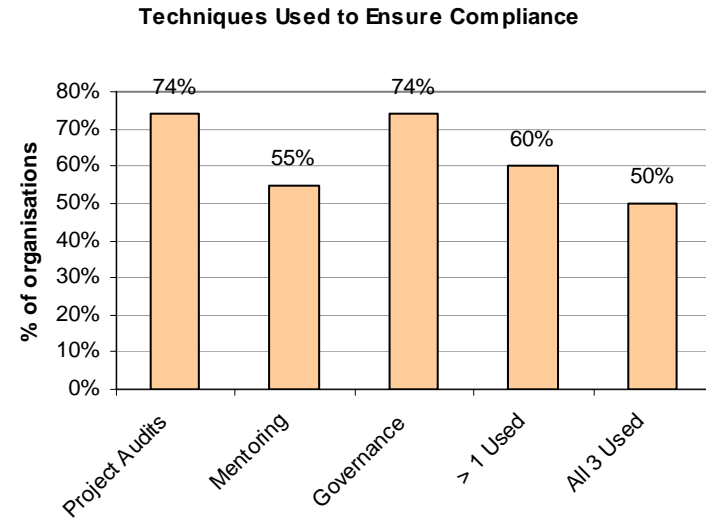
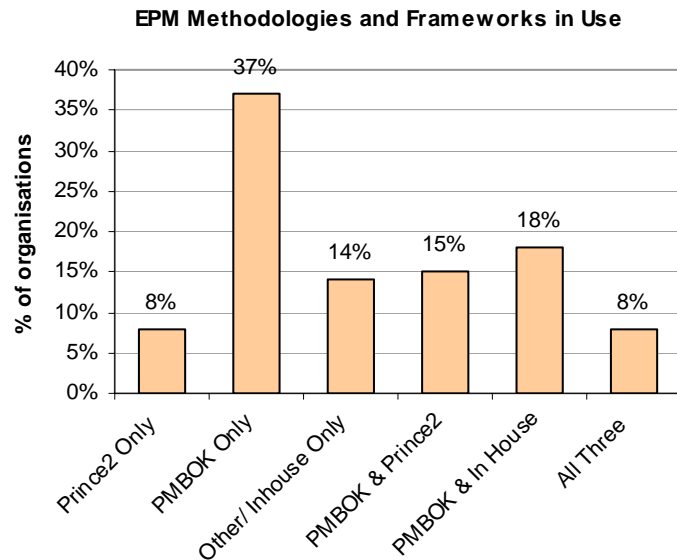
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## Enterprise Project Management – Maturity



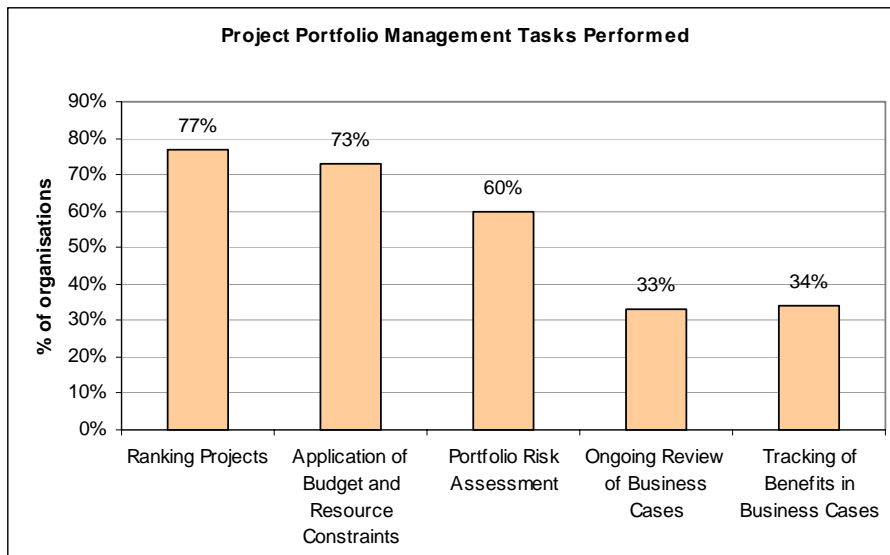
**Project Management Capability Maturity Model (CMM)**  
*Note: Results from EQuest Consulting 2004 survey*

## Enterprise Project Management – Methodologies

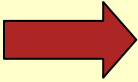


- 9 out of 10 organisations base their project management on a recognised standard:
  - 80% use PMBOK, 30% use Prince2
  - Of these, 95% say this provides benefits
- Compliance to methods is a challenge that PMOs must work hard to attain
- Half of organisations monitor compliance by audits, mentoring and governance

## Enterprise Project Management – Project Portfolio Management



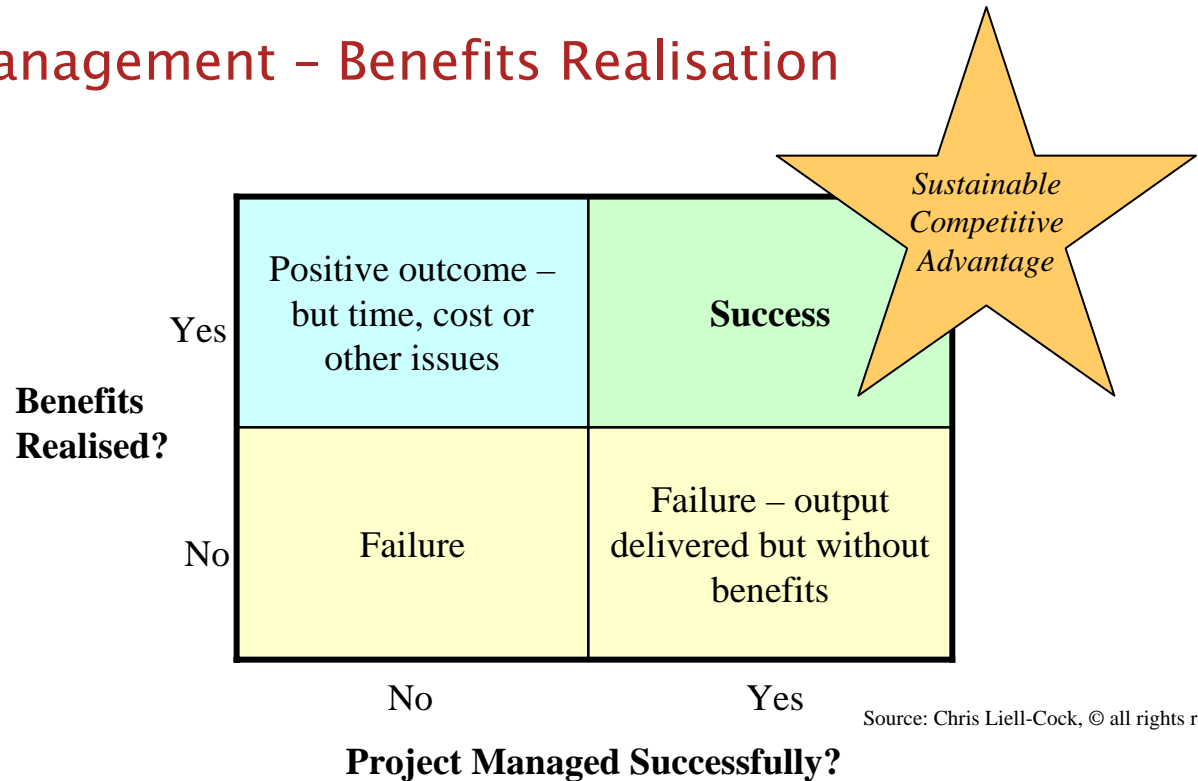
- 68% of organisations are performing portfolio management, up from 56% in 2004
- Portfolio management is maturing with most selecting portfolios by:
  - ranking projects
  - applying constraints
  - assessing risks
- Portfolio review and tracking of benefits is much less common

 Portfolio Management gaining momentum with management wanting better visibility and control over investments


However reporting is often lacking as “roll-up” of project data does not capture interdependencies & performance data is unreliable

## Enterprise Project Management – Benefits Realisation

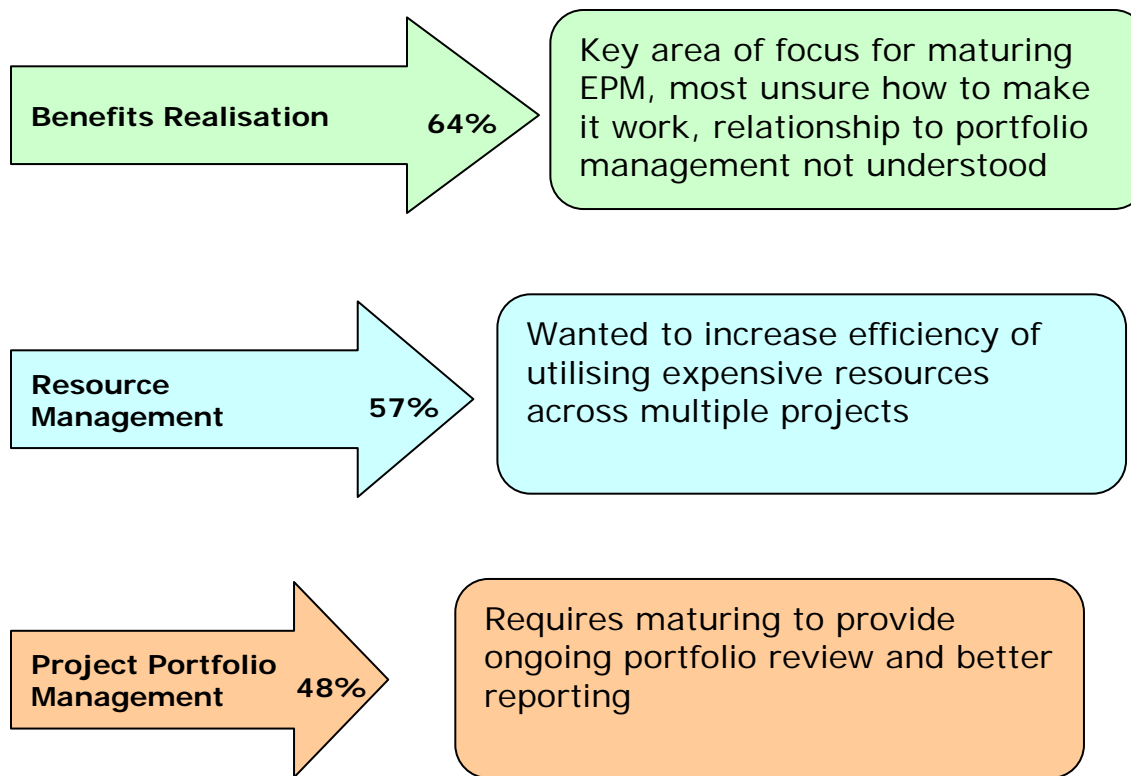
- One-third of organisations are attempting benefits realisation
- Two-thirds say it's a key strategic focus



Source: Chris Liell-Cock, © all rights reserved.

 Results only achieved with successful execution and delivery of the project plus the ability to quantify, monitor and elicit the benefits

## Enterprise Project Management – Strategic Focus



- Not quick wins
- Require new process, change management & discipline
- Big ticket items with rewards to match!

### Conclusions: The Emergence of Enterprise Project Management

#### Demographics

- Investment in larger projects & sharing resources across departments drives EPM

#### Project Management Offices

- Administrative services followed by consultative services, management want value & ROI

#### Project Management Tools

- Requires improvement, to get benefits people & process change must be addressed

#### Enterprise Project Management

- Emergence of EPMOs following a similar path to evolution of PMOs, but is at an earlier stage

#### The Big Picture Items

- Senior management driving EPM with desire for benefits realisation, resource management & project portfolio management

Conclusions: The Emergence of Enterprise Project Management

***Senior management must be fully committed to driving project management through the organisation if it is to take hold...***

***...this will enable EPM, linking project management to organisational goals & driving organisation wide efficiencies***

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Thank You

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**Acknowledgements:**

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