



Australian Institute of
Project Management

The state of play in project management

AIPM and KPMG Australian Project
Management Survey 2018

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The era of project management

Today, more than ever, we are witnessing the use of project management to drive business prosperity, deliver strategic investments into public infrastructure, and introduce new products and services to market.

The Australian Institute of Project Management (AIPM) and KPMG share a common purpose to help Australian organisations – both public and private – to deliver these projects effectively.

We believe improving our national capability to effectively deliver significant and complex projects is of critical importance to driving Australia forward.

It will be our intention to run this survey regularly in order to establish a longitudinal view of changing practices, attitudes and performance of projects in the Australian environment.

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About the survey

The AIPM and KPMG Australian Project Management Survey 2018 is a collaborative effort to establish quantifiable performance indicators.

Conducted in August 2018, the survey was open to all current and past members of the AIPM, along with a group of KPMG clients who have leadership roles in the delivery of projects and programs.

The purpose of the survey is to explore current trends in project delivery in Australia. We hope the insights provided can help progress the effectiveness of project delivery in Australia.

Introduction

The modern practices of project and program management have been with the business community for several decades. They have been enhanced, improved, and newer versions of the practices have been introduced.

Anecdotally, in Australia, we have continued to hear stories of poor project delivery and continued challenges to deliver important strategic projects. However, there has been a paucity of formal, factual data on the state of play in project management.

AIPM and KPMG have endeavoured to address this gap through a collaborative research survey. The survey results represent the collective opinions and observations of project practitioners at the coalface of delivery, and provide insights into what is working, and what is not, in the project management market.

We believe there is a significant opportunity for organisations and project delivery practitioners to learn from the findings of this survey to enhance strategic project success and deliver better business performance outcomes.



Survey findings

The following pages highlight the key survey findings, and provide the basis for observations on where action is needed to enhance the success of project delivery in Australia in 2018 and into the future.



There is a significant amount of project activity underway in Australia

Top reasons for starting projects



9%

To refresh infrastructure



10%

Compliance or regulatory



10%

To support organisational change



10%

To introduce new products or services



15%

To develop new infrastructure



19%

To grow revenue

We are in the midst of an era of project management with significant project activity underway in Australia. 32% of organisations reported delivered over 100 projects in the past year alone. The underpinning reasons for the commencement of projects varies, with project management techniques and disciplines being applied for an increasingly wide range of activities.

Infrastructure and facilities continues to be the dominant project type, with business improvement and information technology being the other key project types.

Given this context of reliance on project management disciplines, it is critical that we see positive outcomes from this space.

Performance results



45%

Of organisations completed more than 50 projects in the last year



62%

Of organisations manage their projects within a portfolio structure



26%

Of organisations feel their organisational change management capabilities are very or extremely effective



30%

Of organisations are likely to deliver projects that are on time



39%

Of organisations regularly track variations to project benefits



23%

Of organisations deliver successful projects, at least most of the time



30%

Of organisations disestablished a centralised PMO in the past two years



47%

Of organisations are likely to deliver projects that meet original goal and business intent



49%

Of organisations use a centralised or enterprise PMO to coordinate projects



50%

Of organisations feel that project success rates, in relation to achieving benefits, have improved over the past two years



45%

Of organisations are likely to deliver projects with stakeholders' satisfaction



36%

Of organisations are likely to deliver projects that are on budget

See appendix for Australian comparison to New Zealand results

Use of tools

The apparent failure to establish and monitor clear success criteria for project outcomes challenges organisational leadership and undermines the logic underpinning critical investment decisions.

The use of recognised project management tools and techniques is widespread.

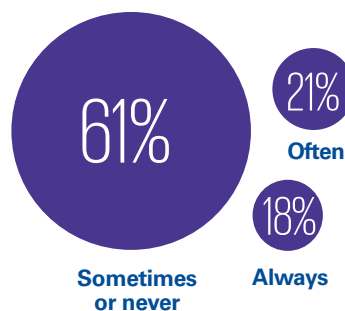
Almost all participants reported that a variety of formal project management practices are in operation in their organisations, with many using more than one accepted method. Fifty percent are using an approach founded on the PMBOK approach. AgilePM techniques are in application in 24%.

However, while the establishment of project management tools is widespread, it seems the underpinning disciplines are not being consistently applied. Only 36% of organisations reported that project managers consistently apply a risk management methodology throughout the life cycle of the project, and only 62% reported that recovery actions to address time and cost variations are identified and implemented.

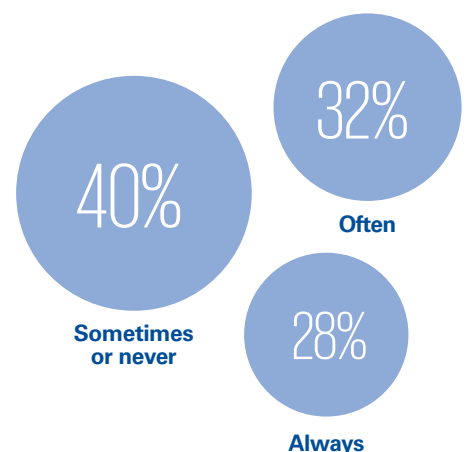
Of the organisations with established project management offices, 72% reported using project management software to manage and control the delivery of projects, with 44% of these organisations reporting that the use of this software is mature and contributing to operational efficiency and analysis.

The complementary discipline of change management is recognised as an important support tool to project delivery, with 68% including change management capability as part of project establishment. However, only 26% rated their change management capability as being very or extremely effective.

Project benefit tracking variations are reported regularly



Measurable critical success criteria are defined at the outset of projects



Improving PM skills

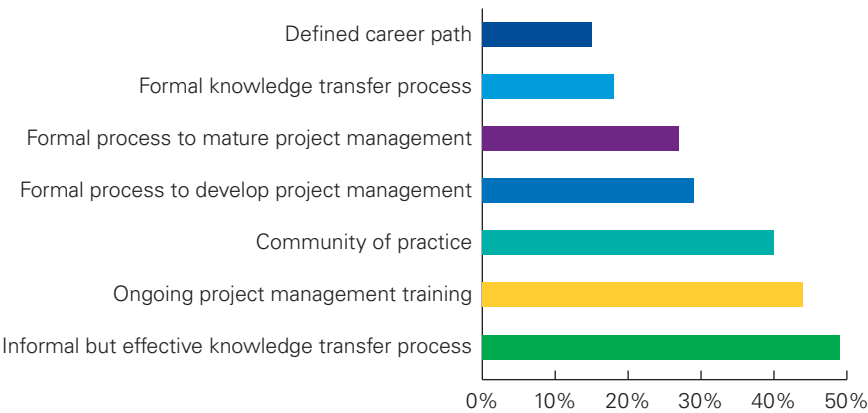
The increasing complexity and use of project management suggests the importance of developing skills is critical.

However, perhaps counter intuitively, only 49% of organisations have formal project management skills review processes in place, only 30% have a formal organisational development program for project managers, and only 15% have a defined project management career path.

However, one of the key differentials of organisations that deliver successful projects is that they have formal processes in place. They are more likely to have formal processes around knowledge transfer (as well as informal processes), project management practices and competency.

Sixty-six percent of the successful projects group have a formal review process for project managers, and

Key people management activities to support project management maturity



43% of this group have a formal organisational development program.

leading change, contract negotiation and delegating authority effectively.

Wider business skills within the organisation are the top skills reported as lacking in project management professionals. Particularly around

The skills most lacking in your organisation's project management professionals are not technical project management skills, but rather the wider business skills necessary to navigate complex organizational dynamics.



49%

Leading change in the organisation



38%

Communication skills



37%

Difficult conversations and conflict management



42%

Contract negotiation



40%

Delegating authority effectively

The Project Management Office (PMO) and portfolio management structures

The use of centralised PMOs to coordinate projects is widespread with 49% of organisations utilising a PMO.

The top three reasons organisations introduced PMOs were to prioritise investment, to align and adjust to business strategy (56%), to improve governance (41%), and to hold people to account for investment decisions (38%).

It's an old joke that the O in PMO stands for Overhead. Disturbingly, despite the widespread use of centralised PMOs, the jury is still out as to their value. Sixty percent of organisations are on the fence about whether their PMOs are effective, and 6% rate them as not at all effective.

Indeed, 30% of organisations reported having disestablished a PMO in the last 2 years. Key reasons for disestablishing PMOs are because of perceived overhead, and process inefficiencies due to different business units not being joined up.

Conversely, PMOs are more prominent in organisations with successful projects and they are considered more effective. Fifty-seven percent of these organisations have a centralised PMO coordinating project delivery, and 67% of these rate their PMO as very or extremely effective.

Amongst this successful group, the key purposes of the PMO are rated as significantly different to the total population with the successful group focusing on:

- Engaging senior management with key risks and issues;
- Safeguarding value by supporting the business case process; and
- Ensuring complete, timely and accurate data is collected to enable quality decision making.

The bias of the PMOs in the successful projects group is clearly towards activities that relate to engaging and supporting the senior leadership and implementation of strategy, rather than project management process control and reporting.



49%

Of organisations use a centralised PMO to coordinate projects



30%

Of organisations have disestablished a centralised PMO in the past two years



33%

Of organisations rate their centralised PMO's ability to support and effect change at very or extremely effective

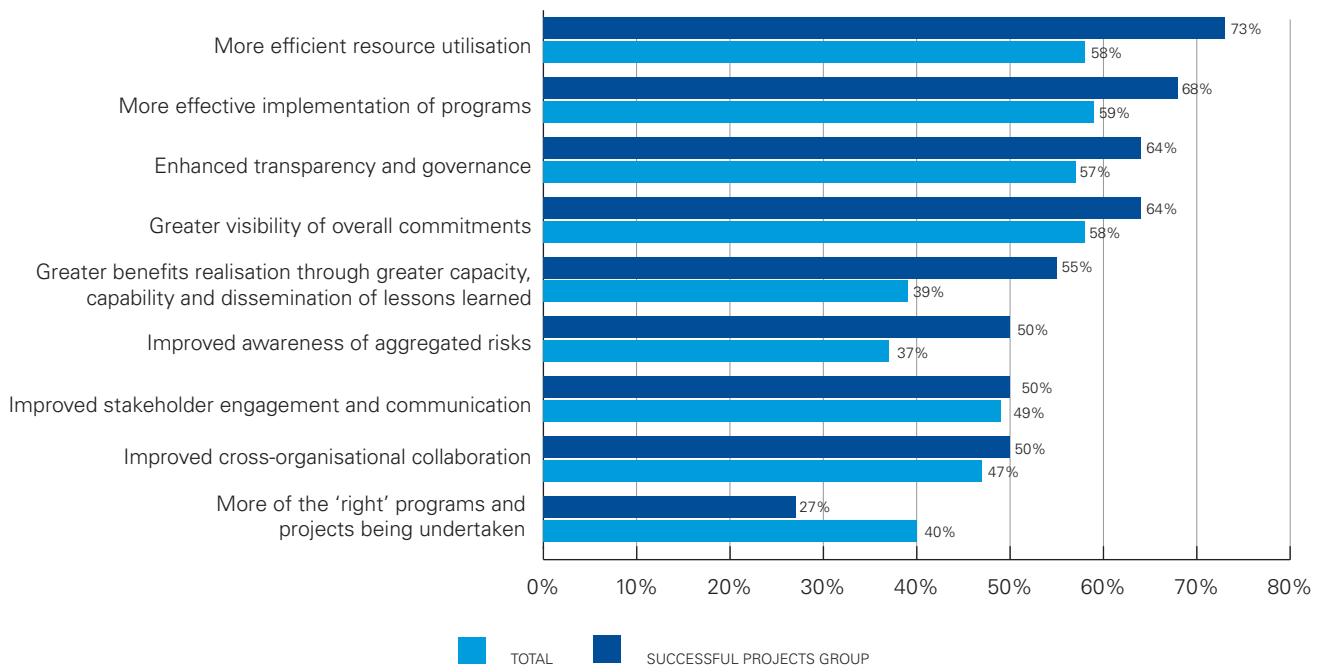
Portfolio management practices to manage projects across an organisation are widely used with 62% of organisations using these approaches.

There are a number of facets to portfolio management, and it is interesting and relevant to understand where organisations are placing priority in their portfolio management practices, and how effective they are.

Interestingly, portfolio management practices are even more commonly applied in the successful projects group (68%). There are some strong areas of difference in the key portfolio focus areas of the successful projects group to the overall group.

Tellingly, the successful projects group is 17% more likely to have formal processes to review portfolio outcomes with organisational strategies (66% versus 51%).

Priority Portfolio Management Activities





The sponsorship dilemma

The role of the sponsor and steering committee in governing project and program management activities is becoming increasingly critical as projects become more complex in nature.

The numbers are clear: organisations that consistently deliver successful projects are more likely to engage sponsors in projects, and have processes in place to support and train them.

Taking a closer look at the numbers reveals a number of actions are being taken to engage and support the sponsor and steering committee by those organisations in the successful projects group in comparison to the broader pool.

The key action areas are:

- Creation of an accountability statement (30% vs 26%)
- Providing formal training on roles and responsibilities (21% vs 13%)
- Establishing formal processes to support (60% vs 42%)
- Holding sponsors accountable through organisational reviews (36% vs 27%).



55%

Of organisations have actively engaged sponsors



74%

Of organisations in the successful projects group have actively engaged sponsors.



35%

Of organisations have very or extremely effective project and program governance practices.

The traits of success

Of all the organisations that participated in the survey, there was one group that were of particular interest to us – the 23% that successfully delivered projects most of the time.

It is worth reflecting on what characteristics these organisations displayed that were different to the general population. These success stories signpost a pathway forward.

What we found when we investigated these organisations a little deeper was:

- They typically have an enterprise PMO over-sighting project delivery;
- Most have an emphasis on the PM career pathway and PM skills development;
- They are much more likely to have formal benefits management processes in place; and
- Project sponsors and leadership are actively engaged in the delivery of projects.



67%

of delivery co-ordinated by a centralised PMO



60%

have formal benefits measurement processes in place at project and/or enterprise level



66%

have formal review and development processes for PMs



74%

have actively engaged project sponsors

Interpreting the results

Project and program management is a critical capability for high performance organisations striving to adapt and keep ahead of the curve in our complex and dynamic business environment. Project management is increasingly being used to deliver strategic outcomes and, as such, it is important that organisations set their portfolio of projects up for success. The survey feedback indicates five main areas of focus that should be applied to enhance project effectiveness today.

Focus Areas

- 1. Project and program management are critical enablers for delivering strategic outcomes for organisations.**

The skills and disciplines of project management are being used to tackle a widening set of business challenges. Ultimately, project delivery is essential for the modern organisation as a tool for delivering strategic change and driving bottom line revenue growth.

Organisations need to invest in furthering their bottom up portfolio management capabilities to ensure the project portfolio can react appropriately to changing strategic priorities while maintaining a focus on delivering measurable business benefits from the project investments. The survey results revealing a lack of discipline in tracking and measuring project benefits are, in this light, disturbing.
- 2. The development of successful project managers requires more than training and certification in technical project management.**

In a world of complex projects that require increasing levels of community, customer and stakeholder engagement, the skills for successful project managers must be increasingly enhanced regarding wider business engagement.

The disciplines of change management, agile management and project management are blurring and merging, and the skills of project managers need to develop accordingly.

The role of project manager needs to evolve to be responsible for delivery of the strategic business value underpinning the project, and not just a set of defined project deliverables. This means responsibility for how the project outcomes are implemented and how they result in the desired business change.
- 3. The heat needs to be turned up on the role of project sponsors and the steering committee.**

The evidence is clear that engaged senior stakeholders have a significant positive impact on the likelihood of project success. Organisations naturally want to see positive returns on project investments so we should see increasing focus on efforts to educate and professionalise the role of project sponsors and the steering committee.

This should extend to improving the disciplines associated with portfolio decision making and governance, particularly in the areas of defining and monitoring the realisation of project benefits.
- 4. Accidental project managers are not the right solution for managing important investments.**

Too often we hear stories of project management selection being simply a question of who's available, rather than finding the right professional project manager with the skills required commensurate with the task at hand.

We see the solution being in two parts, with the first being to introduce the core skills of project management into institutional development programs, while simultaneously developing career pathways for people who aim to become professional project and program managers.

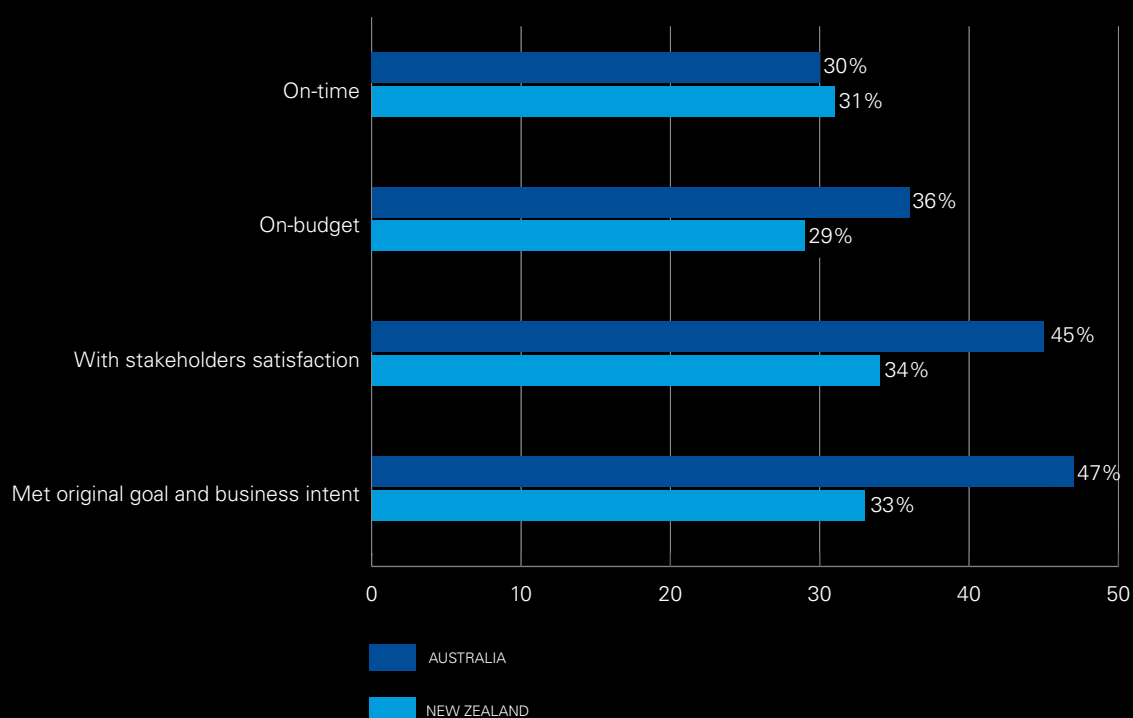
Steps towards improvement

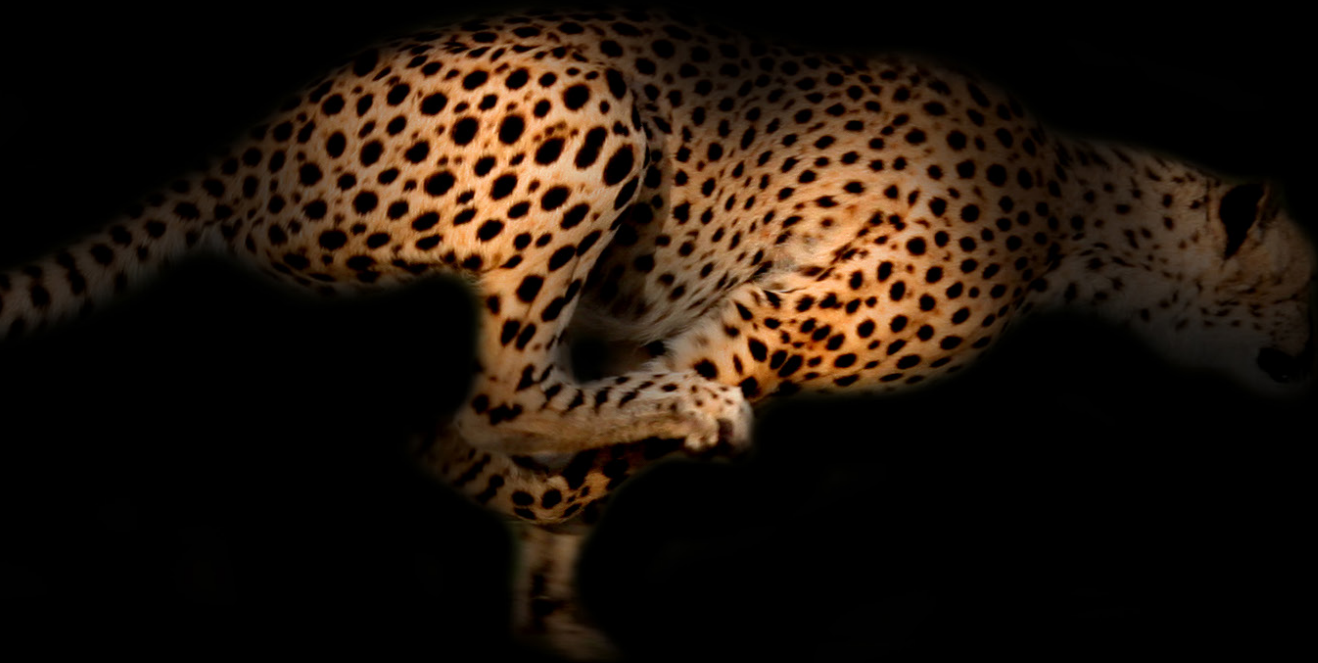
Improving the figure of 23% of projects and programs delivering to full success is a challenge to the project management community in Australia. The potential results in terms of organisational effectiveness and community benefits is significant. To turn these performance results around requires:

- Organisations to improve portfolio management practices, particularly in the area of defining project benefits and tracking benefits realisation through the complete project life-cycle.
- Project managers to seek to develop their skills beyond technical capability, and into the important general management skills required to be effective in an environment of increasing project complexity.
- Committing to development of project sponsors and steering committee members to educate and hold them accountable to their roles, to ensure investments in projects remain aligned to the strategic outcomes required by organisations.
- Ensure organisational change management capability is integrated with project delivery capability. This is necessary to ensure the delivery of project outcomes is managed in close synchronisation with related change activities.
- Organisations to take a more strategic approach to project management career pathways, and invest in developing both core project management skills and professional project managers.

Appendix

Australia and New Zealand Comparative Results





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