THE
PMO OUTLOOK
REPORT

2022 EDITION

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FOREWARD:

PMO Outlook Survey 2021:
The Results-Driven Project Management Office

In 2021, businesses were making strategic shifts to avoid the chaos that 2020 brought upon them through the unpredictable global pandemic. That being said, the PMO was forced to adapt, pivot, and start operating more strategically in line with the organization to succeed.

As this survey demonstrates, more PMOs were citing the increasing importance of prioritizing the right projects and supporting those with the right resources at the right time. For the rest, 2021 left major gaps in being able to deliver results based on misalignment of projects to strategic business initiatives leading to project failure.

By highlighting the challenges they face, PMOs are ensuring strategic alignment to portfolio initiatives, planning capacity against projects, and even stopping projects before they start if they don't align with organizational goals. It's time for PMO leaders to stake their claim on driving the business forward. The results driven PMOs are becoming a center of excellence within an organization to drive business transformation and strategy delivery – ultimately providing the value executives and businesses desire.

Thank you to all of our participants in this year's survey. The data is compelling, thought provoking, and hopefully, serves as a tool to help PMO leaders advance their own journey of evolution.

All the best,

Rachel Hentges
Director of Marketing
KeyedIn
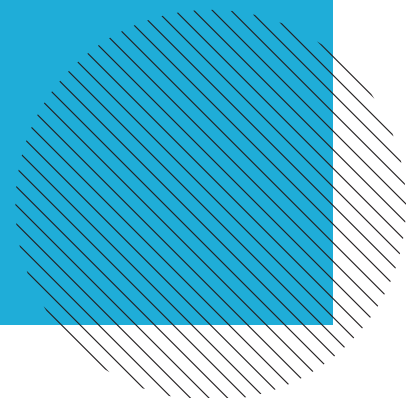
ABOUT THE REPORT

This report represents the findings from an online survey of 16 questions posed to project managers and portfolio management leaders from August through December 2021. This report was conducted by KeyedIn, a leading provider of SaaS-based project portfolio management software and services. A total of 106 individuals representing project and portfolio management functions within enterprise organizations, responded to the survey, including project managers, program managers, project management office leaders, heads of IT and CIOs. Findings presented represent responses from individuals in over 20 industry verticals, primarily located in the United States, Canada, and the United Kingdom. This study was not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For more information regarding the survey, please contact KeyedIn at **info@keyedin.com**.

EXECUTIVE SUMMARY

The role of the Project Management Office (PMO) has shifted in organizations to become a value driver for businesses and project portfolio management leaders must adapt accordingly. Today, many PMOs are focused on tracking, monitoring, and reporting, and not the management of business outcomes. With this shift, the importance of effective resource management and project prioritization based on strategic initiatives has never been more critical. As businesses are defining their goals – the PMO needs to keep up.

It's up to the PMO to establish their effectiveness and demonstrate their value through shifting business priorities. Traditional processes are being pushed to the limits and new ways of working are required for successful execution. The PMO is central to driving the value the business expects to accomplish and deliver on those expectations ultimately resulting in the PMO gaining the utmost respect of the organization.

In this survey, a number of alarming statistics came to light including:

- 86% of project practitioners report they **do not have enough resources to meet project demands**
- 95% of project practitioners have had a **project fail in the last year**
- 50% of project leaders **aren't using strategic insights** to drive project prioritization
- 71% of projects are **not very well aligned** with strategic business priorities

The goal of this report is to analyze the data presented by those in the field to create a depiction of what the industry is experiencing as well as what we can expect for PMOs in the coming year. The facts and opinions covered in this report are designed to help benchmark industry standards and provide insight into current challenges. As the practice of project and portfolio management changes to meet rising business demands, we are committed to the support and betterment of project, program, product, and portfolio management.
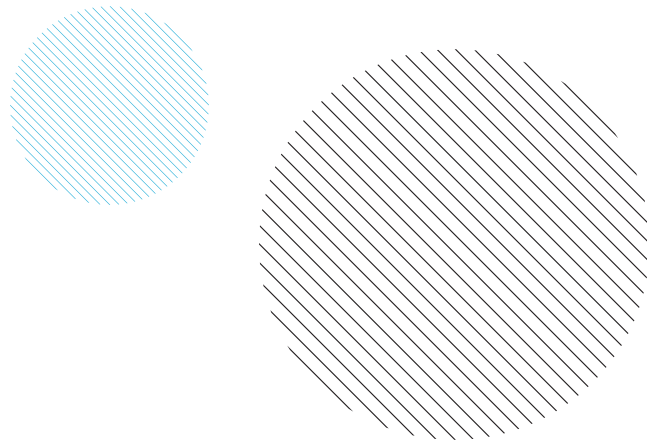
WHAT'S DIFFERENT FOR THE PMO?

We've seen a lot of evidence that the role of the PMO has changed in recent years and the trajectory has continued to evolve in 2021. As we see it, PMOs are a business unit that helps organizations establish and communicate value-based metrics, realistic time horizons, and well defined levels of effort to drive real change, efficiencies, and effectiveness. But what does this new role look like?

Historically, PMO leaders and project managers have struggled to assign the right resources to the right project at the right time. In this year's survey, we see that prioritizing which projects demand the time and attention of those resources is a major challenge for the PMO as well. The report shows that a good portion (16%) of the survey respondents also see visibility and reporting as their biggest challenge, indicating many PMOs are still using a myriad of solutions and spreadsheets to manage projects, leaving them with inadequate data and reporting capabilities. The least, yet still important, challenge for PMOs is project financial management as project leaders are still expected to manage projects to a budget, with having accurate information on project spend, or consistent overspend, being the primary concern.

WHAT IS THE BIGGEST CHALLENGE YOU FACE TODAY WITH MANAGING YOUR PORTFOLIO OF PROJECTS?

| 16%	48%	31%	5%
VISIBILITY AND REPORTING	RESOURCE MANAGEMENT	PROJECT PRIORITIZATION	PROJECT FINANCIAL MANAGEMENT
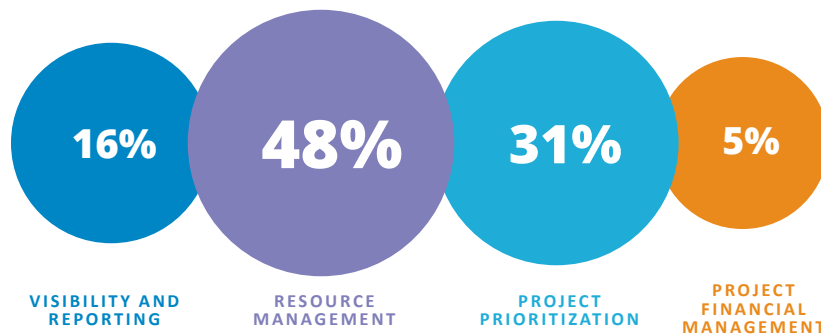
BIGGEST CHALLENGE: RESOURCE MANAGEMENT

While resource management is a common concern for project practitioners at 43%, when asked further what area of resource management is most challenging, we learned that capacity planning tops the list with 43% of the responses, followed by allocation (33%), utilization (13%), skills tracking (9%) and managing contractors (2%). It is encouraging to see capacity planning at the top of the list, indicating a growing maturity at PMOs that have likely overcome the obstacles of managing external resources, skills tracking, and utilization.

Which element of Resource Management is the most challenging?

43%

CAPACITY PLANNING	**43%**
RESOURCE ALLOCATION	33%
RESOURCE UTILIZATION	13%
TRACKING RESOURCE SKILLS	9%
MANAGING CONTRACTORS	2%

BIGGEST CHALLENGE: PRIORITIZATION

When asked further about prioritization, we heard that saying "no" to projects was the top related struggle at 40%, followed by aligning the portfolio of projects with corporate strategy at 23% and accurately scoring the value of portfolio projects at 20%. This issue shows up later in the survey when we talk about prioritization in general, and it seems this issue hasn't quite been addressed by a strikingly large amount of PMO practitioners. This finding aligns with the theory that prioritization is increasingly important for businesses as resources are taxed, investment dollars are shrinking, and the cost of failure is at an all-time high.

WHAT ELEMENT OF PROJECT PRIORITIZATION IS THE MOST CHALLENGING?
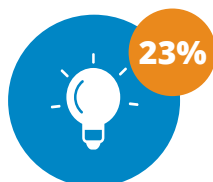
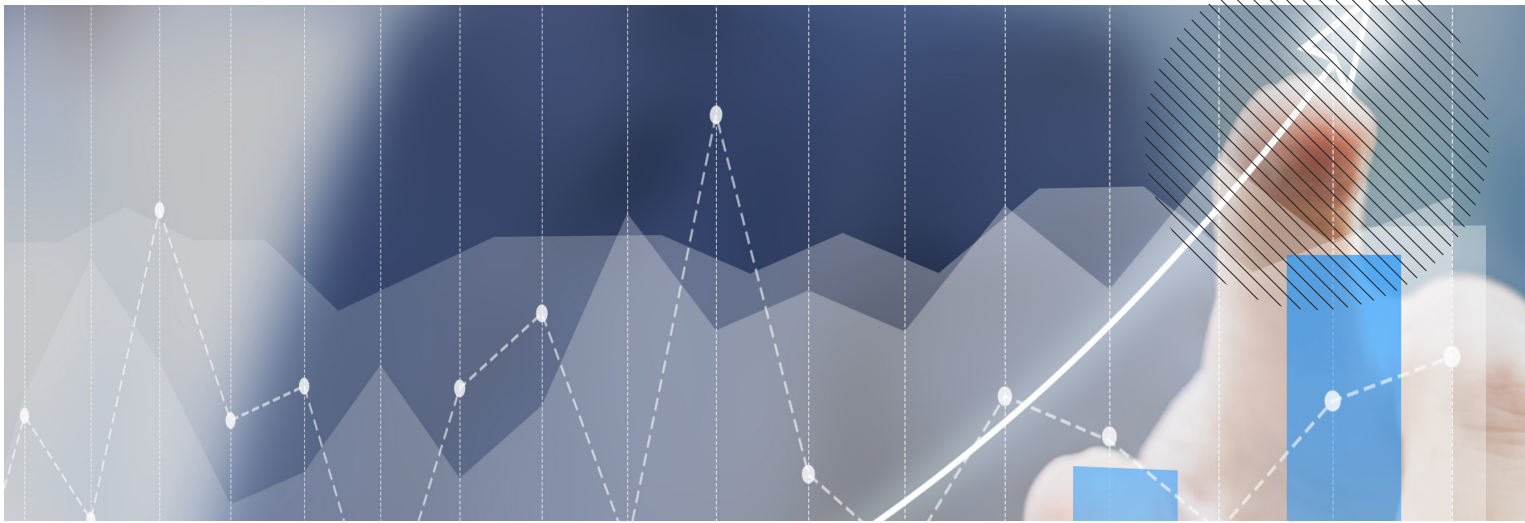| 23%	20%	10%	40%	7%
ALIGNING PORTFOLIO PROJECTS WITH CORPORATE STRATEGY	ACCURATELY "SCORING" THE VALUE OF PORTFOLIO PROJECTS	MODELING SCENARIOS TO OPTIMIZE PORTFOLIO VALUE	SAYING NO TO SOME PROJECTS IN THE PORTFOLIO	TRACKING THE VALUE PORTFOLIO PROJECTS DELIVER

BIGGEST CHALLENGE:
FINANCIAL MANAGEMENT

While financial management was not the dominating factor keeping portfolio leaders up at night, that doesn't discount the importance of project financial management. When asked what element of financial management is the most challenging, we saw the largest two factors were in effectively forecasting portfolio or project costs at 50% of respondents and gathering accurate financial data at 50%.

Financial management is a core component of project management and while it is encouraging to see most seem to have gotten it right, it is concerning to see 18% use financials as a measurement of project success/failure.

Which element of Project Financial Management is the most challenging?

50%
Effectively forecasting portfolio or project costs
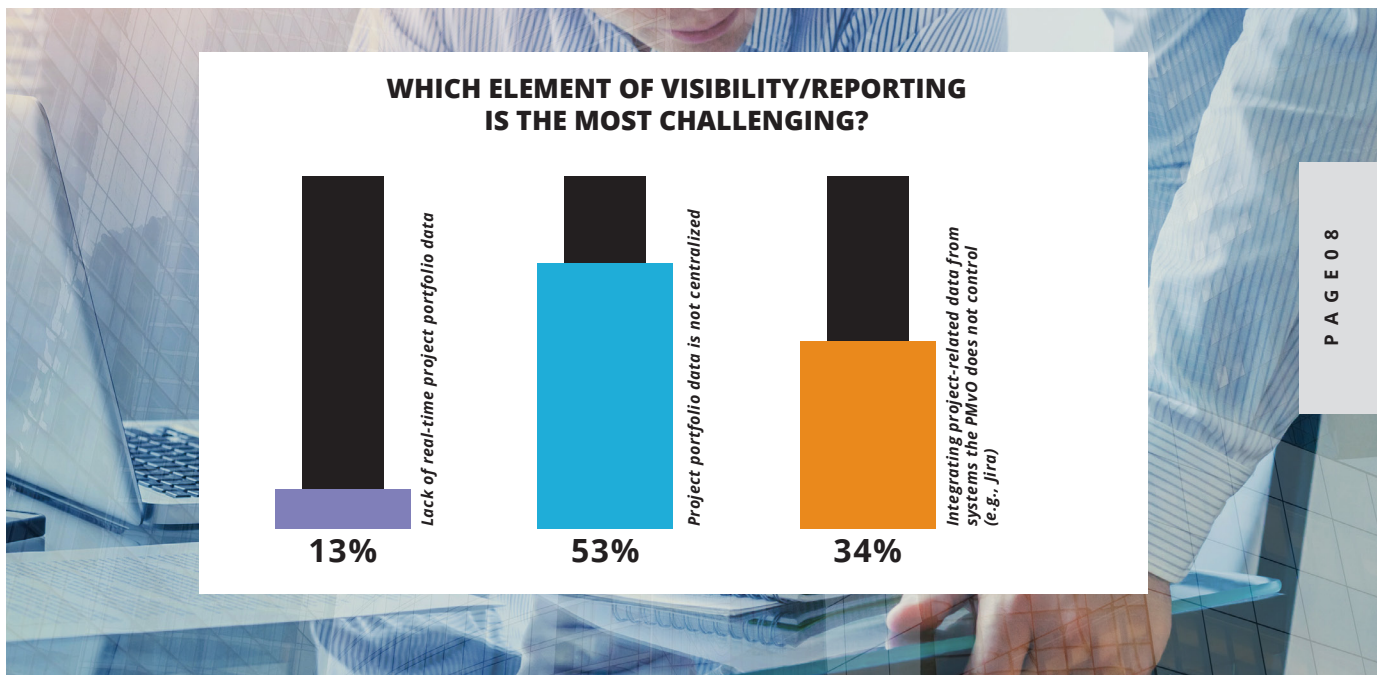
50%
Gathering accurate financial data

BIGGEST CHALLENGE:
VISIBILITY/REPORTING

A portion of respondents cited project visibility and reporting as their biggest challenge (16%). This finding is indicative of the fact that some teams are using spreadsheets or disparate systems that don't lend themselves to the level of visibility needed for effective portfolio management. This problem is often exacerbated by continual requests from executives, which leads to PMOs not being able to meet the demands of change at the rate they are expected. It is no surprise we see visibility and reporting top of mind for many project practitioners.

When we further look at this challenge by digging into what area of visibility causes the greatest pain we see that project and portfolio data not being centralized as the primary concern at 53%, followed by the use of disparate systems at 34% and followed by lack of real-time project portfolio data at 13%. The concern of critical project data in a single source is a very big area for PMOs to focus on in 2022.

WHICH ELEMENT OF VISIBILITY/REPORTING IS THE MOST CHALLENGING?

Lack of real-time project portfolio data — **13%**

Project portfolio data is not centralized — **53%**

Integrating project-related data from systems the PMvO does not control (e.g., Jira) — **34%**

Visibility into project data is the number one benefit reported by customers just getting started with portfolio management software. From executives to project coordinators, every level reports improved efficiency from greater visibility.

KEY INSIGHT:

As resource management and project prioritization are the top two problems cited in the survey, leaders need to find new, better ways to address these needs. This need has given rise to what we've identified as the results-driven PMO.
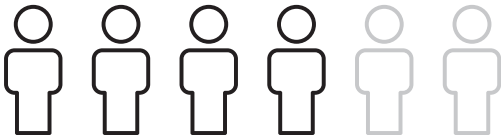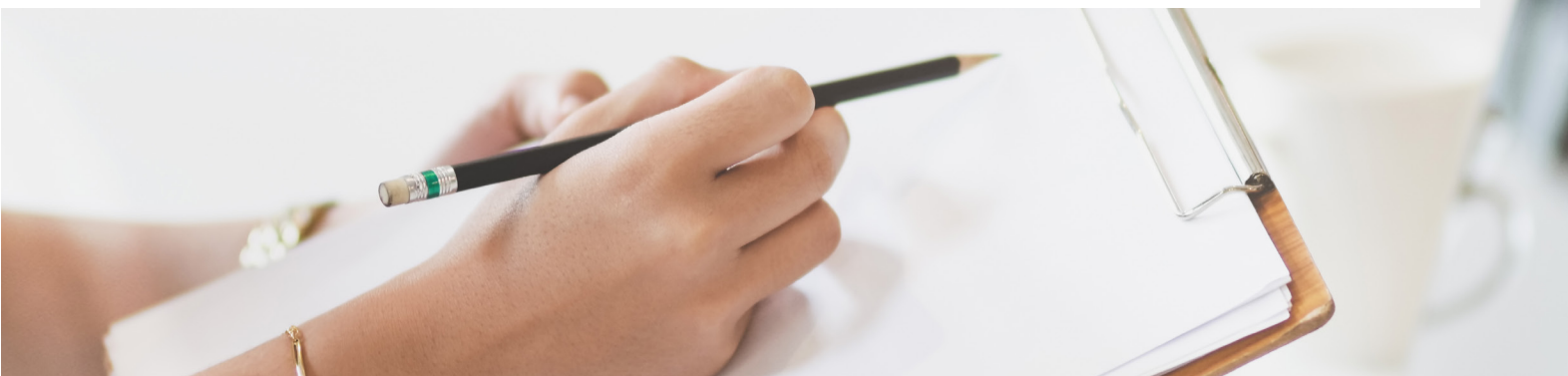
WHAT IS A RESULTS-DRIVEN PMO?

Executives are challenging PMOs to think beyond the traditional mechanics of project tracking and reporting, and focus instead on delivering measurable business results. The need for a more strategy-led approach has driven PMO leaders to rewrite their models to adopt and adapt to ever-changing demands with strategic business insights. Results-driven PMOs are continually reevaluating the portfolio of projects, understanding available and constrained resources and adapting to change quickly to ensure strategic value is delivered. Getting the right projects in-flight and understanding what indicators should be tracked in order to ensure the right projects stay inflight is key for business impact.

43%
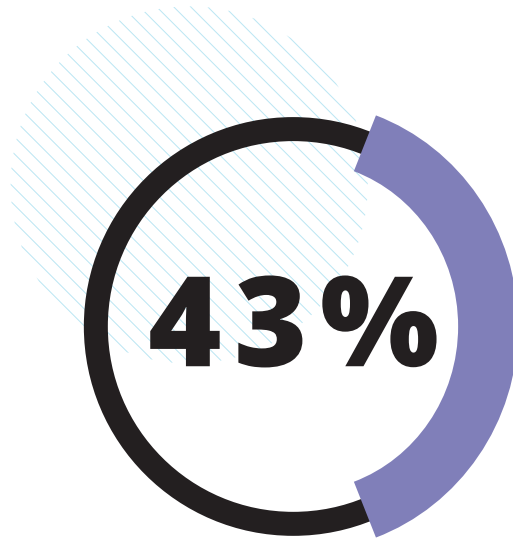
EVIDENCE

We see that capacity planning is the top challenge (43%) for those that cite resource management as the number one challenge for the PMO. While it is evident that allocation and utilization are still major areas of focus, 33% and 13%, respectively, it is encouraging that more companies are looking to enhance their resource management capabilities through more thorough capacity planning.
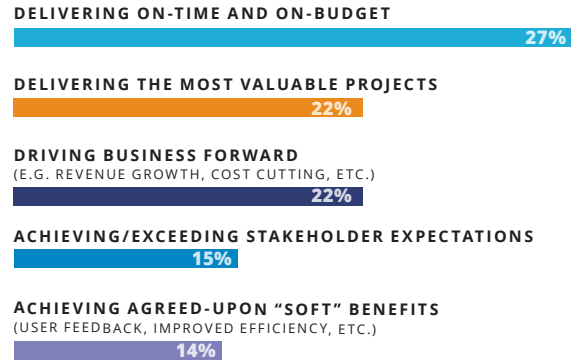
RISE OF THE RESULTS-DRIVEN PMO

As PMOs strive to meet the challenge of becoming a value driver in an organization, it becomes apparent that a new approach and outlook must be taken. What separates those that rise to this challenge versus those that struggle to execute is how they are able to shift from processes to outcomes. Results-driven PMOs differ from traditional PMOs in that they incorporate strategic planning and management. Many have started to adopt this model allowing for greater business impact.

Results-driven PMOs don't forego governance; rather, they rely on it. Governance becomes incredibly important in order to ensure baseline standards and execution. However, results-driven PMOs focus on strategic project prioritization and planning and execution so governance becomes a function of the PMO rather than the purpose.
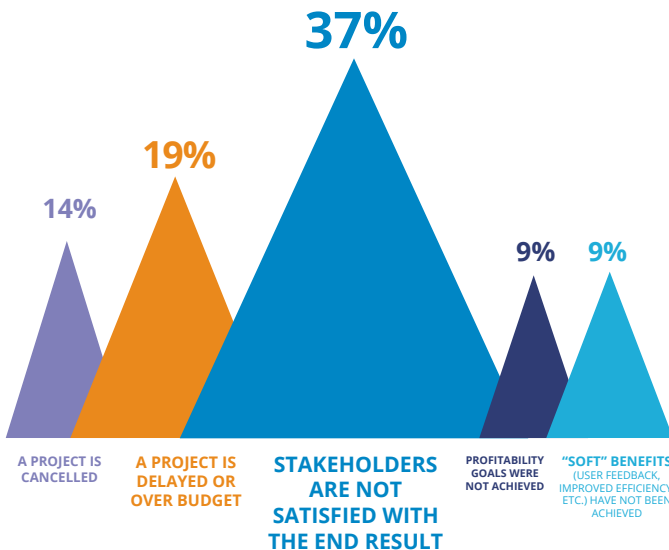
REDEFINING SUCCESS METRICS

Understanding what the purpose of the PMO is and the core values of the organization is critical to the success and longevity of the PMO. As we see from our responses, there is no single way to measure success. Delivering on-time and on-budget is still the highest reported answer at 27%, but a tie between delivering on business initiatives at 22% and delivering the most valuable projects represents 22% of the responses as the next most used. Beyond that, achieving/exceeding stakeholder expectations at 15% and achieving agreed-upon benefits each cover 14% of the responses. For reference, only a single response was allowed for this question.

How is your PMO primarily measured?

DELIVERING ON-TIME AND ON-BUDGET
27%

DELIVERING THE MOST VALUABLE PROJECTS
22%

DRIVING BUSINESS FORWARD
(E.G. REVENUE GROWTH, COST CUTTING, ETC.)
22%

ACHIEVING/EXCEEDING STAKEHOLDER EXPECTATIONS
15%

ACHIEVING AGREED-UPON "SOFT" BENEFITS
(USER FEEDBACK, IMPROVED EFFICIENCY, ETC.)
14%

Ensure your PMO is setup for success by defining metrics based on business goals and measuring to those metrics. For an on-time, on-budget PMO, ensure projects are measured to that goal. Similarly, if PMO goals are to drive business results, create project KPIs that support that result.

HOW DOES YOUR ORGANIZATION DEFINE PROJECT FAILURE?

14%
19%
37%
9%
9%

A PROJECT IS CANCELLED

A PROJECT IS DELAYED OR OVER BUDGET

STAKEHOLDERS ARE NOT SATISFIED WITH THE END RESULT

PROFITABILITY GOALS WERE NOT ACHIEVED

"SOFT" BENEFITS (USER FEEDBACK, IMPROVED EFFICIENCY, ETC.) HAVE NOT BEEN ACHIEVED

Interestingly, when asked "what is project failure," the majority responded with stakeholder satisfaction (37%), which doesn't necessarily align with the success metrics of the PMO which reported a much lower percentage that actually measured achieving stakeholder expectations (15%) as a key performance indicator. The next most common response, project delayed or over budget (19%), is relatively consistent with PMO measurement of delivering on-time and on-budget (27%). When comparing the response of revenue growth or cost-cutting goals not being achieved (9%) with a PMO success metric of driving business results (22%), we again see an inconsistency between the success of projects and the success of the PMO. There are other definitions of project failure reported by project practitioners, including the project being cancelled (14%), soft benefits not being achieved (12%) and not reaching profitability goals (9%), all with relatively low response rates, indicating that while these may be high priorities at the business level, they are not reflected at the project level.
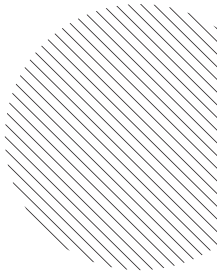
As we uncover further why project failure occurs, we see most (42%) respondents agree projects fail because of scope creep or unrealistic deadlines. While this is not surprising at the project level, it supports the notion that projects are being defined and measured by their ability to deliver on-time and on-budget and not the merit of the initiative. We also see a lack resources (31%), defining objectives or milestones (14%) as major causes for project failure, followed by a lack of executive support (9%) and lack of communication (4%).

14%
No clear objective or milestones to measure

31%
Not enough resources to meet project demands

4%
Lack of communication

9%
No executive support

42%
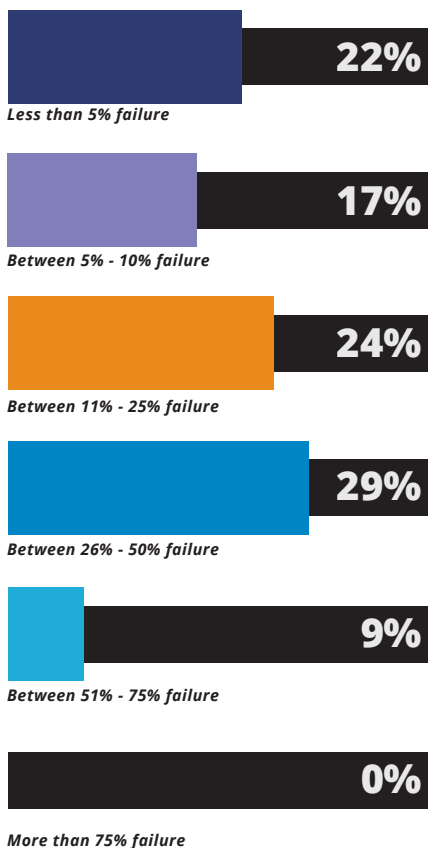*Scope creep or unrealistic deadlines*

WHAT IS THE MOST COMMON REASON FOR PROJECT FAILURE?

PORTFOLIO-LEVEL IMPACT

Failure at the portfolio level is quite different than failure at the project level. For instance, projects might get cut due to changing business priorities, which would likely be a positive outcome, or a project might run over time or budget but still accomplish the original goal, as we saw in the success metric above. However, portfolio-level failure might indicate a strategic problem and therefore a much higher concern for business and C-level executives. We polled the audience on portfolio-level failure to get a better understanding of how broad this impact might be on strategic imperatives. When looking at project failure rates as a percentage of the portfolio, there is an alarming 62% of respondents that report at least 10% of their portfolio is failing indicating this is likely not a few projects being cut or missing targets, but a strong portion underperforming or failing outright.

OVER THE LAST YEAR, WHAT PERCENTAGE OF YOUR PORTFOLIO PROJECTS HAVE FAILED?

22%
Less than 5% failure

17%
Between 5% - 10% failure

24%
Between 11% - 25% failure

29%
Between 26% - 50% failure

9%
Between 51% - 75% failure

0%
More than 75% failure

Ensure your PMO is setup for success by defining metrics based on business goals and measuring to those metrics. For a on-time, on-budget PMO, ensure projects are measured to that goal. Similarly, if PMO goals are to drive business results, create project KPIs that support that result.

STRATEGIC PORTFOLIO MANAGEMENT

Critical areas of portfolio management enable success for the PMO and promote growth and maturity. Starting with strategic alignment ensures the PMO is prioritizing the initiatives that have the biggest impact on the business while ensuring resources are available for those mission critical projects. Strategic Portfolio Management is designed to drive the best possible business results with limited resources.

What is Strategic Portfolio Management?
The practice of aligning the portfolio of projects to business objectives and goals. Starting with a strategy-first model, the PMO is always executing on those projects that have the biggest business impact while ensuring there are resources available and clear objectives to reduce the chance of project failure.

RESOURCE MANAGEMENT – IT'S ALL ABOUT YOUR PEOPLE

While it is not surprising that the vast majority of project practitioners would agree they do not have enough resources to meet the demand, it is somewhat encouraging to see this statistic is relatively consistent across all levels of the organization – 100% of Executives, 95% of PMO/Portfolio leaders, and 86% of project managers would agree they do not have enough resources.

DO YOU HAVE ENOUGH RESOURCES TO MEET DEMAND

14%
YES

86%
NO

WHAT UNDERLYING ISSUES ARE CAUSING YOUR RESOURCE DEMAND GAPS?

39%
*Not enough people
(we need to hire more)*

20%
*We lack certain
specialized skillsets*

29%
*Our best are over-loaded
while others sit idle*

12%
Other

While resourcing in general is a very common struggle, not everything about resourcing is the same struggle. Many (39%) report there are just not enough people to do all the work, 29% cite certain resources are being overburdened while others are sidelined, 20% agree there is a skills gap, and there were a number (12%) that reported other challenges causing resource demand gaps.

PRIORITIZATION SHOULD BE A PRIORITY

Prioritization is a key focus for PMO leaders in any given circumstance, but as we see organizations turning to the PMO to deliver greater value, it becomes imperative for PMO success. Focusing efforts and resources on the highest value work allows the organization to deliver on strategic imperatives – even as those change.

Fortunately, only 6% of respondents reported their projects and resources were not at all aligned to strategic business priorities. We did see an encouraging 23% report they were very well aligned; however, that leaves a **full 71% that are either somewhat aligned or not very aligned.**

HOW WELL ALIGNED ARE YOUR PROJECTS AND RESOURCES TO STRATEGIC BUSINESS PRIORITIES?

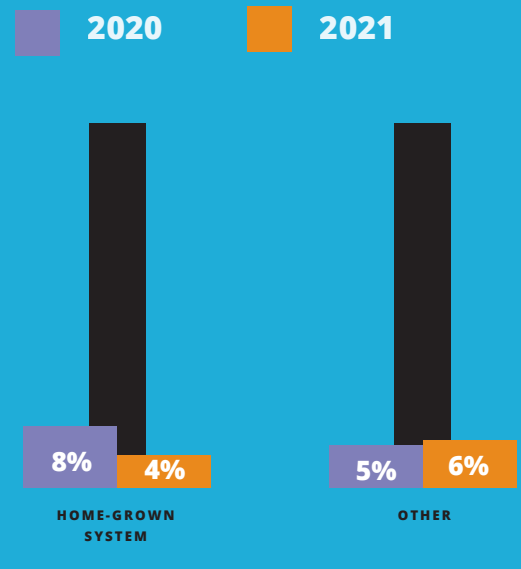| 6%	13%	58%	23%	0%
NOT AT ALL ALIGNED	NOT VERY ALIGNED	SOMEWHAT ALIGNED	VERY WELL ALIGNED	PERFECTLY ALIGNED
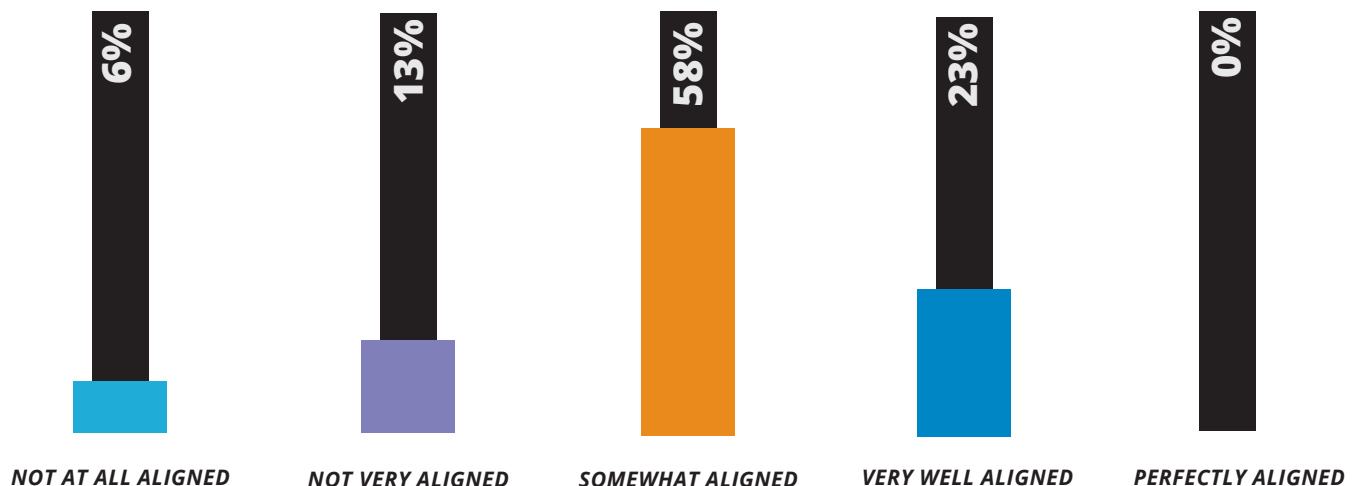
PROJECT PORTFOLIO MANAGEMENT SOFTWARE - STRATEGIC SHIFT FOR BUSINESS ALIGNMENT

As we analyze the information presented, we found it encouraging to see more organizations utilizing tools to support the management of their portfolio of projects. In 2021 Edition of the PMO Outlook Report, we cited that 30% of respondents were using spreadsheets or free tools, while in 2022 that has shifted down to 21%. That shift was also met by a correlating percentage increase for those utilizing project portfolio management software from 22% to 28%. This shift is significant in highlighting the importance of the centralized data an organization gains from real-time insights available in a strategic tool.

## WHAT ARE YOU CURRENTLY USING TO MANAGE YOUR PROJECT PORTFOLIO?

SPREADSHEETS/FREE TOOLS	PROJECT PORTFOLIO MANAGEMENT SOFTWARE	PROJECT MANAGEMENT SOFTWARE/TASK MANAGEMENT SOFTWARE	HOME-GROWN SYSTEM	OTHER
21%	28%	41%	4%	6%
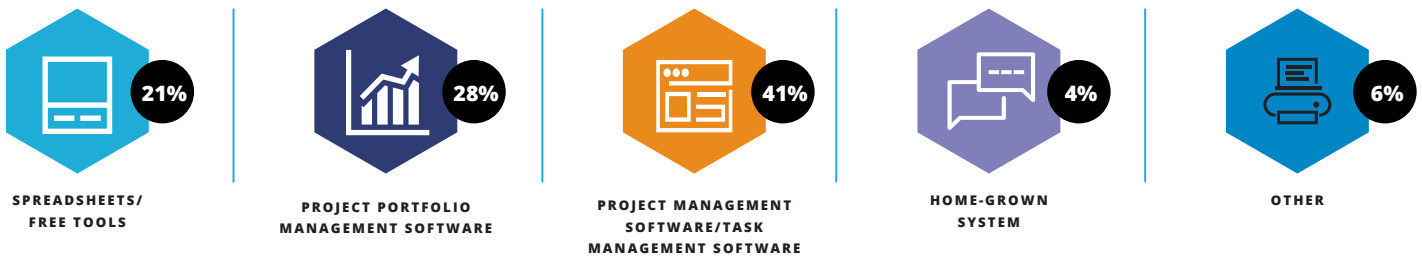
WHAT'S CHANGED IN THE LAST YEAR?

2020 **2021**

	SPREADSHEETS/FREE TOOLS	PROJECT PORTFOLIO MANAGEMENT SOFTWARE	PROJECT MANAGEMENT SOFTWARE/TASK MANAGEMENT SOFTWARE	HOME-GROWN SYSTEM	OTHER
2020	30%	22%	36%	8%	5%
2021	21%	28%	41%	4%	6%

In the last year, there have been shifts in what PMO leaders are using to manage their portfolios. The shift you see above is moving away from cumbersome spreadsheets to strategic tools like project management software/task management software, but more importantly utilizing project portfolio management software that can drive the strategic alignment and productivity that impactful results-driven PMOs need to succeed.

A LOT CAN CHANGE IN A YEAR - WHAT THE LAST 365 DAYS TELLS US!

As we analyze the information presented in 2020 and 2021, we found there were insightful shifts that organizations are citing that align with the changing role of the PMO. The below insights highlight that need for results-driven PMOs to strategically look at portfolio prioritization, resource management and all business data to ensure alignment and strategy delivery of business results to solidify the PMO as a value center of excellence in an organization.
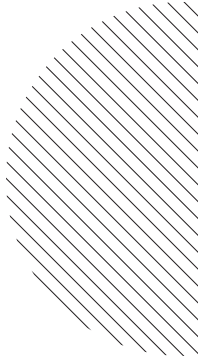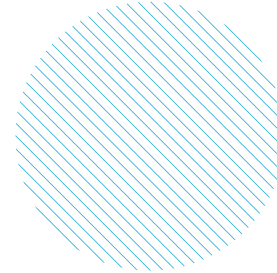
Highlights	2020	2021	Insight
Increasing need to say "no" to projects in the portfolio	33%	40%	Organizations are realizing that saying "no" to projects ultimately can lead to greater results because the projects being worked on are actually aligned to strategic business initiatives resulting in greater success.
Resource management remains the biggest challenge	37%	43%	Ensuring PMOs have enough resources to meet the demand of strategic projects in flight is crucial and leveraging real-time insights is key to that alignment.
Centralized data is biggest challenge for project prioritization	27%	53%	Having all portfolio and project data in a centralized solution is increasingly important to strategic decision making.
Project failure occurs most because of a lack of resources	19%	31%	The most common reason projects are failing is increasingly due to the lack of resources available to support those projects in flight.
The use of spreadsheets/free tools is decreasing	30%	21%	This shift is crucial as PMO leaders are adapting to their changing role by implementing and leveraging more sophisticated and strategic software toolsets to support the results-driven PMO requirements.

KEY TAKEAWAYS:

PMO LEADERS ARE TURNING TO SOFTWARE TO GAIN INSIGHTS REQUIRED TO BECOME A RESULTS-DRIVEN PMO.

THE ROLE OF THE PMO IS CHANGING FROM A COST CENTER TO A VALUE CENTER OF EXCELLENCE FOR ORGANIZATIONS.

REAL-TIME PORTFOLIO DATA IS CRUCIAL TO PRIORITIZING THE RIGHT PROJECTS AND ALLOCATING THE RIGHT RESOURCES.

BREAKING IT DOWN

This report is based on survey responses representing a range of project professionals primarily at the project manager, PMO/Portfolio leader, and executive level. Those that have a formal PMO far outweigh those that do not, 72% to 17%, with an additional 11% citing they are planning to have a formal PMO. This survey also incorporates data from individuals of various company sizes, the majority (53%) in the enterprise space (1,000 employees or more).
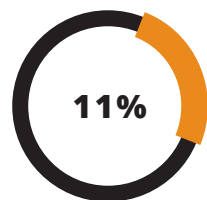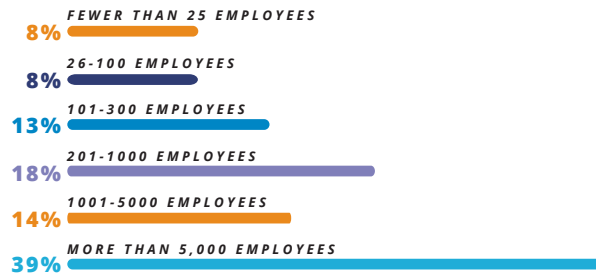
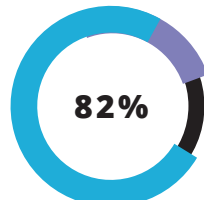## 72% WITH FORMAL PMO

17% WITHOUT PMO | 11% PLANNING TO

56% RESPONSES

FROM ENTERPRISE (1000+) SIZE COMPANIES

56%
35%
7%
2%

EXECUTIVE **PMO/ PORTFOLIO LEADER** **PROJECT MANAGER** **OTHER**
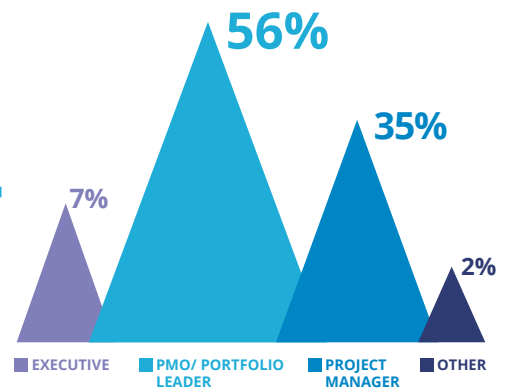
The survey covered a range of organization sizes from small (less than 25 employees) up to over 5,000 employees. We saw the majority of responses come from larger organizations, with 53% from organizations with over 1,000 employees.

FEWER THAN 25 EMPLOYEES
8%

26-100 EMPLOYEES
8%

101-300 EMPLOYEES
13%

201-1000 EMPLOYEES
18%

1001-5000 EMPLOYEES
14%

MORE THAN 5,000 EMPLOYEES
39%

11%
WITHOUT PMO

82%
WITH PMO OR PLANNING TO HAVE

This survey was targeted at PMO members and represents a large portion of individuals that do have a formalized PMO within their business. 82% of respondents reveal they have a formalized PMO or are planning to have a formal PMO within their organization.

LOOKING FORWARD

Over the course of 2021, we saw many of the common struggles and challenges for PMOs amplified by the lack of resources and strategic alignment of the PMO. While these insights might not be surprising, it's encouraging to see that organizations have started to take steps in the right direction to ease those challenges. In 2022, organizations are turning to the PMO to drive real business value through delivering a portfolio that aligns with their core business initiatives. The rise of a results-driven PMO highlights the importance of prioritizing the right projects, utilizing resources effectively and delivering the imperative business results organizations require to succeed.

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ABOUT KEYEDIN

At KeyedIn, our mission is to make our customers more successful by empowering them to strategically deliver their most value portfolio of projects leveraging key real-time business insights. KeyedIn offers a suite of SaaS solutions that support business transformation, strategy realization and organizational change. The company's award-winning products go beyond simple project management to encompass portfolio analysis, scenario modeling, capacity planning, product portfolio management, strategic resource management and more – supporting the evolving needs of PMOs, ePMOs and SROs. Join the hundreds of customers that have partnered with KeyedIn to deliver greater business results through top-down, bottom-up project portfolio management.

CONTACT US

KEYEDIN®