



PRESENTED BY KEYEDIN



THE  
**PMO**  
**OUTLOOK**  
REPORT

**2023 EDITION**

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# FOREWARD:



## *PMO Outlook Report 2023: The Project Management Office Pivot*

In 2022, organizations were seeing the light at the end of the global pandemic tunnel and the unpredictability that it brought upon their businesses. Organizations continue to turn to the PMO to deliver value as business environments continue to evolve.

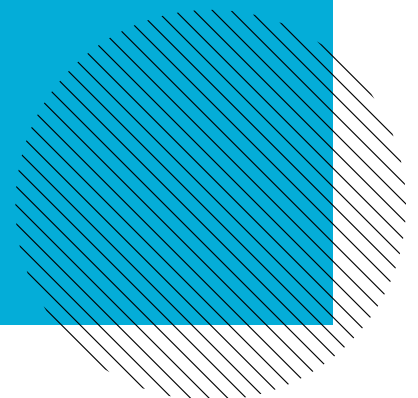
As this report demonstrates, there is an alarming disconnect in how organizations are defining the role of the PMO. In 2021, we showcased the improvement of strategic alignment for organizations through the global pandemic, but in 2022 some of those improvements have slipped. Part of that comes down to how executives and organizations are defining the role of the PMO and how PMO leaders are identifying roadblocks for improvement.

PMOs continue to struggle with resource management and project prioritization. In fact, they continue to report they don't have enough resources to meet demands which begs the question are the right projects even in flight. That said, this report will highlight the need for organizations to solidify the PMO as a center of excellence for businesses even as business priorities change.

Thank you to all of our participants in this year's survey. The data is compelling, thought provoking and serves as a tool to help PMO leaders advance their own journey of becoming results-driven PMOs by embracing The PMO Pivot.

All the best,

Rachel Hentges  
Director of Marketing  
KeyedIn





## ABOUT THE REPORT

This report represents the findings from an online survey of 19 questions posed to portfolio management leaders, executives and project managers from August 2022 through December 2022. This report was conducted by KeyedIn, a leading provider of project portfolio management software and services. A total of 121 individuals representing project and portfolio management functions within enterprise organizations, responded to the survey. Findings presented represent responses from individuals across 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 [information@keyedin.com](mailto:information@keyedin.com).

## EXECUTIVE SUMMARY

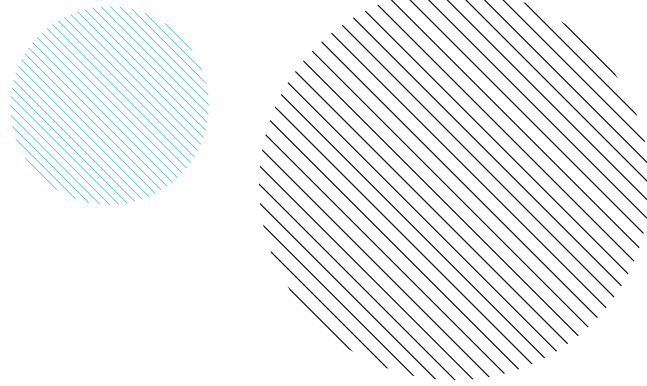
The past couple of years has brought attention to the changing role of the Project Management Office (PMO) and the pandemic shifted many business priorities that the PMO was expected to respond to. This shift required PMOs to go from being the project police focused on tracking, monitoring and reporting to managing and prioritizing real business outcomes even as initiatives shifted.

The PMO has been front and center in delivering that change for organizations and if there is a common theme over the past couple of years – it is just that, change! The thing is, that isn't going away and PMOs and organizations are having to continuously adapt to change or they will be left behind.

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

- 92% of projects are **not very well aligned** with strategic business priorities
- 51% of project practitioners **aren't using strategic insights** to drive project prioritization
- 58% of project practitioners have had a **project fail in the past year**
- 57% of PMO leaders cite the reluctance to change **hindering their efforts to improve** the function of the PMO

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.

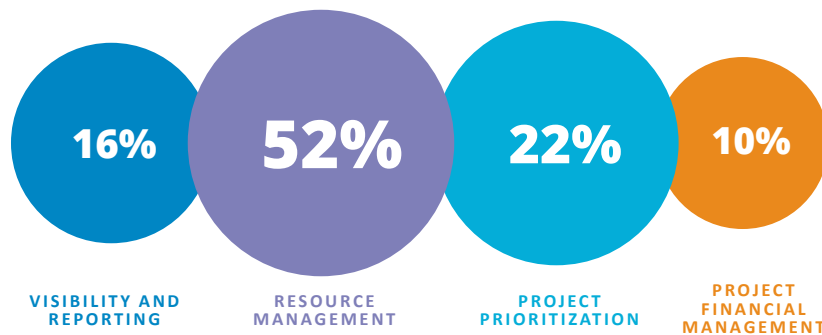


## WHAT'S NEW FOR THE PMO?

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 2022. As we see it, PMOs are a business unit that enables an organization to create and maintain a more effective and efficient project delivery environment. But in today's fast paced business environment, that task isn't as straight forward as it sounds.

Over the last few years, the top challenge for PMO leaders and project managers hasn't changed. In this year's survey, we continue to see project management professionals struggle to assign the right resources to the right projects at the right time citing resource management as their biggest challenge (52%). We also see that prioritizing which projects (22%) demand the time and attention of those resources continues to be a major challenge for the PMO as well. The report shows that an additional segment (16%) of PMO professionals continue to struggle with visibility and reporting indicating PMOs are still hindered with inadequate data and reporting capabilities. The least reported challenge, yet still important, is project financial management (10%) as project leaders are still expected to manage projects to a budget.

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



# BIGGEST CHALLENGE: RESOURCE MANAGEMENT

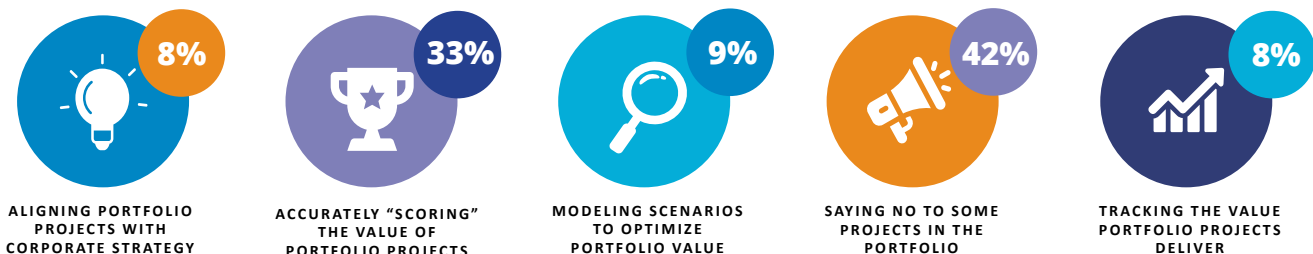
While resource management is a top concern for project practitioners at over 50%, when asked further what area of resource management is most challenging, we learned that capacity planning tops the list with 42% of the responses, followed by resource allocation (37%), resource utilization (11%), skills tracking (7%) and managing contractors (3%). It continues to be encouraging to see capacity planning at the top of the list, indicating a growing maturity of PMOs that have likely overcome the obstacles related to managing external resources, skills tracking and utilization.



# BIGGEST CHALLENGE: PRIORITIZATION

When asked further about prioritization, we heard that saying “no” to projects was the top related struggle at 42%, followed by accurately “scoring” the value of portfolio projects at 33%. Additional elements like aligning portfolio projects with corporate strategy (8%), modeling scenarios to optimize portfolio value (9%), and tracking the value portfolio projects deliver (8%) were cited less often. The trends from these responses showcase potential greater red flags for PMO leaders that will be discussed later in the report.

## WHAT ELEMENT OF PROJECT PRIORITIZATION IS THE MOST CHALLENGING?





## BIGGEST CHALLENGE: FINANCIAL MANAGEMENT

While financial management was not a common response for portfolio leaders, it doesn't discount the importance of project financial management. When asked more specifically about the elements of project financial management that is the most challenging, we saw effectively forecasting portfolio and project costs (50%), gathering accurate financial data (25%), integrating with an existing financial system (17%), and tracking budgets vs. actuals (8%) as the top answers.

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*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 23% 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*

**25%**

*Gathering accurate financial data*

**17%**

*Integrating with an existing financial system*

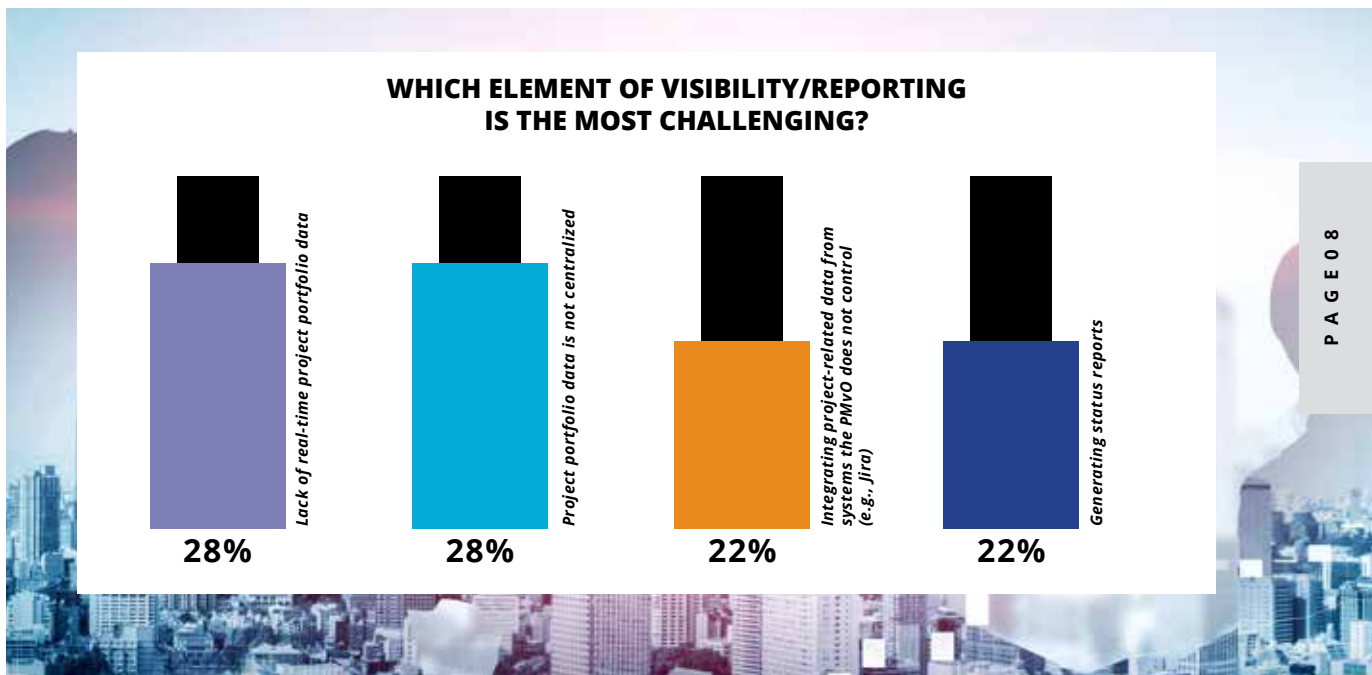
**8%**

*Tracking budgets vs. actuals*

# 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 continuing to use spreadsheets or disparate systems that don't lend themselves to the level of speed and visibility at which effective portfolio management is done. It is no surprise we continue to see visibility and reporting top of mind for many project practitioners.

When we look further at this challenge by digging into what area of visibility causes the greatest pain, we see that project portfolio data not being centralized (28%) and lack of real-time project portfolio data (28%) tie at the top of the list. This is followed by 22% saying generating status reports and 22% saying integrating project-related data from systems the PMO does not control. The concern of critical real-time project data in a single source is a very big area for PMOs to continue to focus on in 2023.



*Visibility into portfolio data is crucial for driving PMO excellence. With accurate real-time visibility, PMO leaders are able to make better decisions, provide better outcomes, gain better executive engagement and improve resource optimization.*





# DEFINING THE ROLE OF THE PMO

Understanding what the purpose of the PMO is and the core values of the organization are critical to the success and longevity of the PMO. We asked survey responders to share with us what they see the function of their PMO is and the results aren't particular surprising, but it could be preventing PMOs from improving. When asked, 23% cited their PMO as a reporting and tracking function for their business, 16% stated their role was business improvement, 6% saying governance and standards, and 49% stated a mix including 6% citing other unique definitions of the role of their PMO. But, how does a individuals' role effect their view of what the function of the PMO is?

When looking at the survey responders' role and how they see the function of the PMO there are some alarming disconnects. The surveyed executives noted that the function of the PMO is a mix (67%) of business improvement, governance, and reporting and citing 0% saying it's solely a reporting function. While looking from a PMO/portfolio leaders view 28% cited that the function of the PMO is strictly a reporting/tracking function for the business. This was similar for project managers citing 27% saying the PMO's main function is reporting and tracking. This disconnect is highlighted even more when we look at how the PMO is measured.

How would you describe the role of your PMO today?

## BUSINESS IMPROVEMENT

16%

## GOVERNANCE AND STANDARDS

6%

## REPORTING AND TRACKING

23%

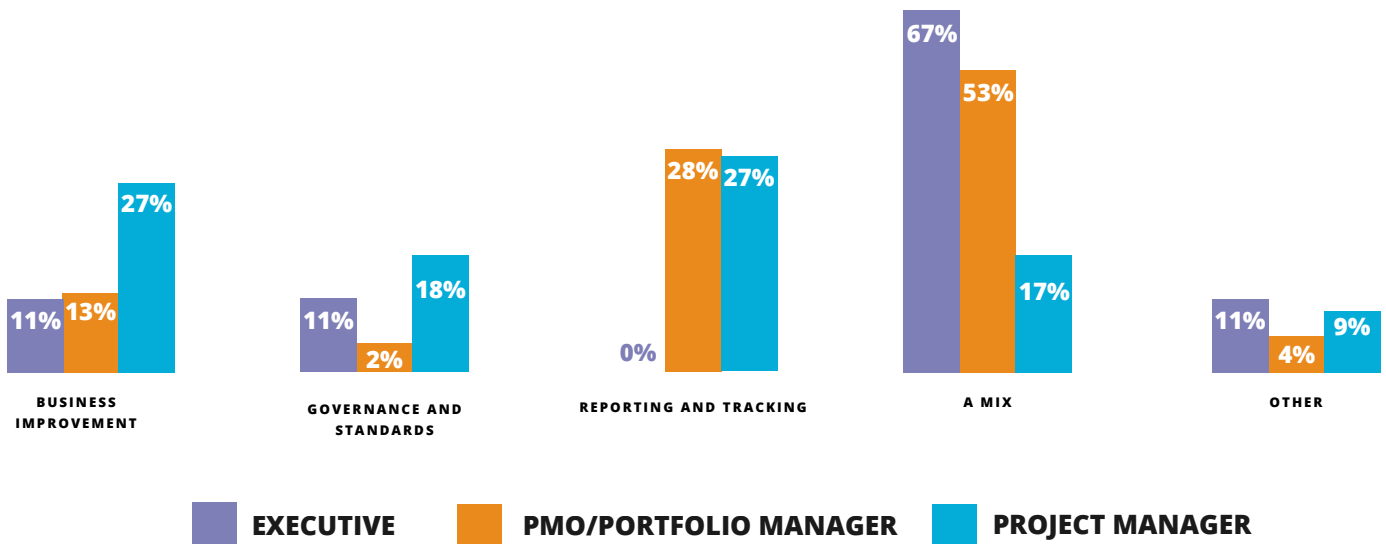
## A MIX

49%

## OTHER

6%

## HOW WOULD YOU DESCRIBE THE ROLE OF YOUR PMO TODAY?





# THE PMO PIVOT

As PMOs strive to define their role in becoming a value driver for an organization, it becomes apparent that alignment across the organization must be top of mind. What separates the PMOs that rise above are those that are in sync with the organizational goals and focus on delivering against those by prioritizing a portfolio that aligns.

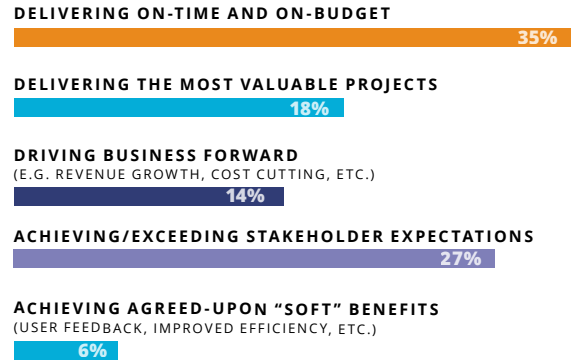
The trick here is a PMO must be able to adapt to the ever-changing business priorities at the same time. What's important here is that the role of the PMO is defined across the organization and has agreed upon key performance indicators that align with the overall initiatives of the business. Initiatives will change and the PMO will need to adapt to remain a center of excellence for their organization. A PMO becomes a center of excellence for an organization when they are able to incorporate strategic alignment across the portfolio and are able to adapt as business priorities change. That's the power of The PMO Pivot.

*Embracing The PMO Pivot allows the PMO to establish themselves as the bridge for strategy delivery and project execution even when business priorities shift.*

# THE GREAT PMO DIVIDE

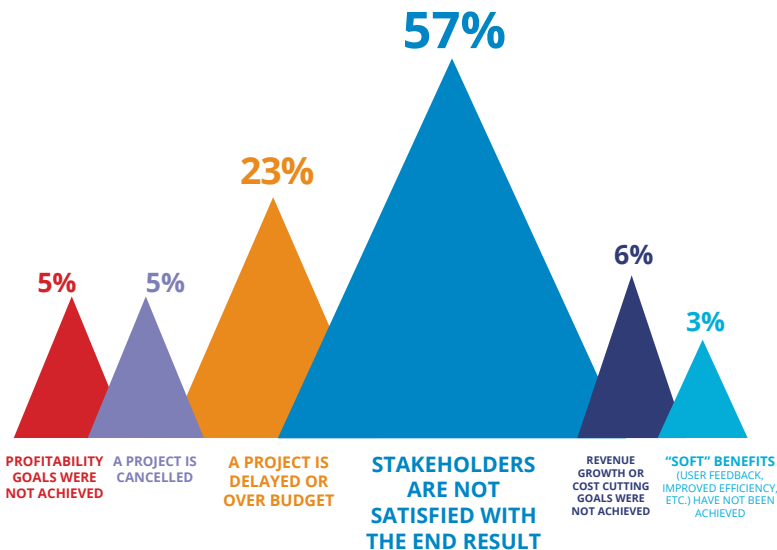
A key insight seen in this data is that the role of the PMO and how it's measured isn't directly aligned with how organizations determine project failure. Delivering on-time and on-budget remains the highest reported answer at 35% of how their PMOs are being measured. This is followed by stakeholder satisfaction at 27%, delivering the most valuable projects (18%), driving the business forward (14%), and achieving agreed-upon "soft" benefits (6%). For reference, only a single response was allowed for this question.

How is your PMO primarily measured?



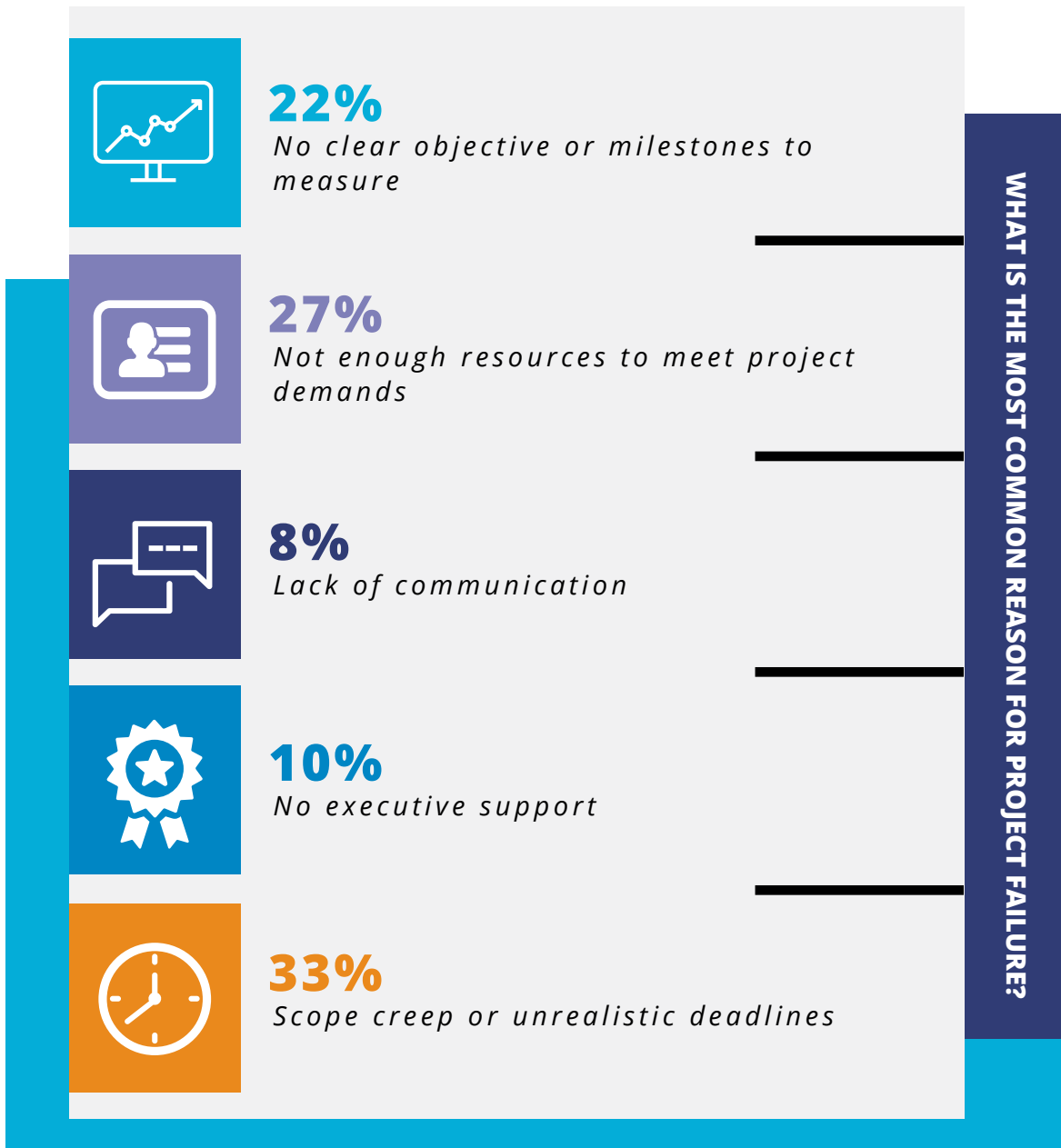
Ensure your PMO is setup for success by defining metrics based on business goals and measuring to those metrics. For an on-time, on-budget PMO, ensure projects are measured to that goal. Similarly, if PMO goals are to drive business results, create project KPIs that support that result.

## HOW DOES YOUR ORGANIZATION DEFINE PROJECT FAILURE?



Interestingly enough when asked "what is project failure," the majority responded with stakeholder satisfaction (57%), which doesn't align with the success metrics of the PMO which reported a much lower percentage that actually measured achieving stakeholder expectations (27%) as a key performance indicator. The next most common response, project is delayed or over budget (23%) which is closer to the PMO measurement of delivering on-time and on-budget (35%). When comparing the response of revenue growth or cost-cutting goals not being achieved (6%) with a PMO success metric of driving business results (14%), we again see an inconsistency in 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 (5%), soft benefits not being achieved (3%), and not reaching profitability goals (5%), 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.

This disconnect between the business and the PMO is also highlighted when we look at the reasons for project failure. We see most (33%) 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 being defined and measured by their ability to deliver on-time and on-budget and not the merit of the initiative or what the business is trying to achieve. We also see lack of resources (27%), defining objective or milestones (22%) as a major cause for project failure, followed by lack of executive support (10%) and lack of communication (8%).



**What do these disconnects mean for the PMO?** The answer is aligning success metrics with business goals and measuring to those specific metrics. By eliminating this divide, the PMO is setup for success, becoming a center of excellence by delivering on what the business requires and is able to pivot when those requests change.

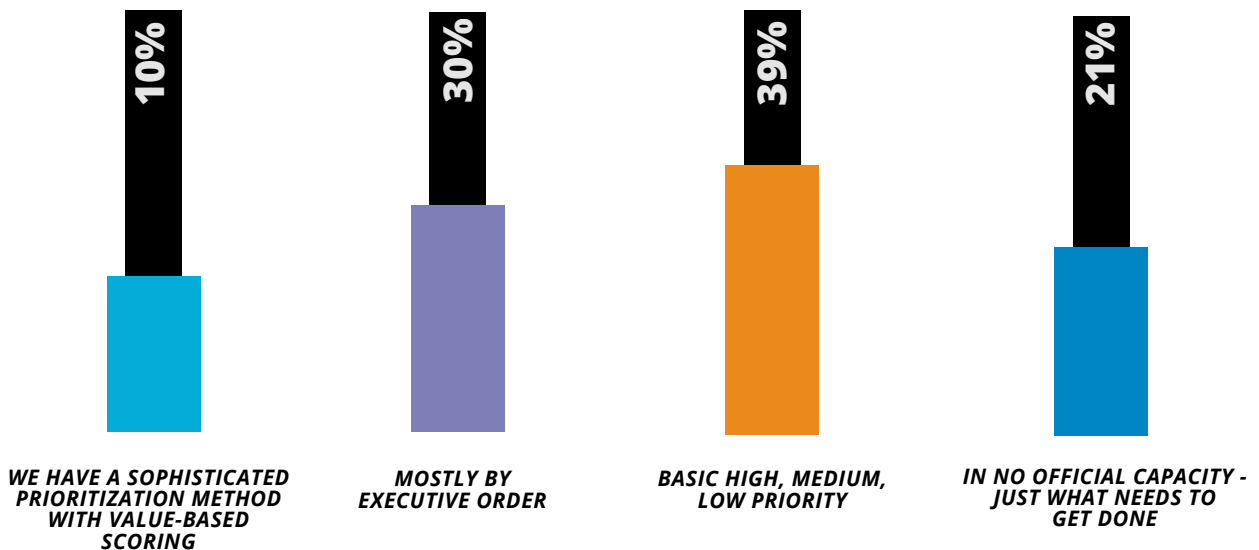


# THE MISSING LINK FOR PRIORITIZATION

The misalignment seen by organizations isn't surprising when we look at how PMO leaders are prioritizing their portfolio of projects. The top way PMO leaders are prioritizing projects in their portfolio is using a basic high, medium, low priority model at 39%. The next most popular way PMO leaders were prioritizing projects was executive order (30%) followed by an unofficial what needs to be done manner (21%) and lastly a sophisticated prioritization method with value-scoring (10%). With over 50% either relying on executive order or an impulsive just do what needs to get done model, it's no surprise organizations aren't seeing the alignment to business priorities.

In 2021, we saw organizations utilizing much more sophisticated or robust priority models which correlated to the 23% saying they were very well aligned to business priorities. This is a good reminder that PMO success starts at the beginning with prioritizing the right projects at the right time utilizing the right and available resources to deliver the desired business outcomes.

## HOW ARE YOU PRIORITIZING PROJECTS WITHIN A PORTFOLIO TODAY?



# RESOURCE MANAGEMENT - ALIGNMENT WITH DEMAND

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 encouraging to see that 88% of executives are recognizing this gap in resource supply similarly to the 83% of portfolio management leaders who also cite they do not have enough resources to meet demand. This shows there is at least communication happening around this challenge for project professionals.

**DO YOU HAVE ENOUGH RESOURCES TO MEET DEMAND?**

23%  
YES

77%  
NO

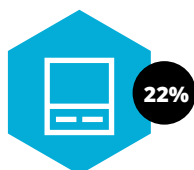


*Resource availability should be top of mind when prioritizing your portfolio to ensure a successful outcome delivery.*

## TECHNOLOGY SUPPORTING PMO SUCCESS

As we analyze the information presented, we see organizations utilizing tools to support the management of their portfolio of projects. The most popular tool respondents are utilizing is project management software (36%) followed by project portfolio management software (26%). There is still 22% utilizing spreadsheets/free tools, 7% utilizing home-grown systems and 9% citing other. This is interesting as we identify the challenge with resource management and prioritization. The benefits of centralized data an organization gains from real-time insights available in a strategic tool is noted when we see those utilizing project management software and project portfolio management software are twice as likely to be more aligned to business priorities.

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



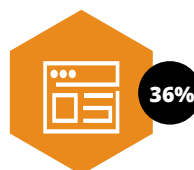
22%

SPREADSHEETS/  
FREE TOOLS



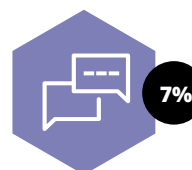
26%

PROJECT PORTFOLIO  
MANAGEMENT SOFTWARE



36%

PROJECT MANAGEMENT  
SOFTWARE/TASK  
MANAGEMENT SOFTWARE



7%

HOME-GROWN  
SYSTEM



9%

OTHER

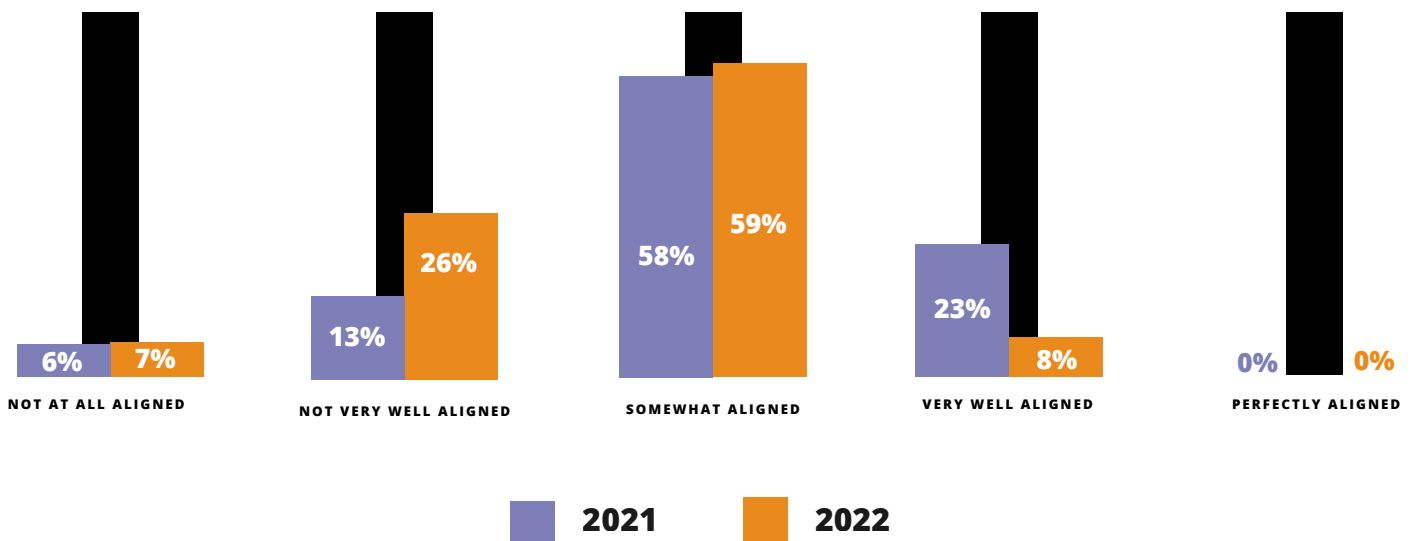
# DON'T LOSE FOCUS OF THE PRIORITIES

Prioritization should remain 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 as well. Bridging the great PMO divide starts here. Focusing efforts and resources on the highest value work allows organizations to delivering on strategic imperatives – even as those change.

Fortunately, only 7% of respondents reported their projects and resources were not at all aligned to strategic business priorities. However, we saw a large decrease in organizations from 2021 (23%) to 2022 (8%) in those saying they are very well aligned. This might be associated with the extra emphasis of alignment for organizations during the global pandemic. Unfortunately, prioritization of alignment to business priorities remains a crucial component of PMOs that are seeing success within their organizations. You'll notice the shift back to organizations claiming less alignment of their resources within their organization in 2022. There was 92% survey responders that cited projects are not very well aligned with strategic business priorities.



## HOW WELL ALIGNED ARE YOUR RESOURCES TO THE STRATEGIC PRIORITIES OF THE BUSINESS?





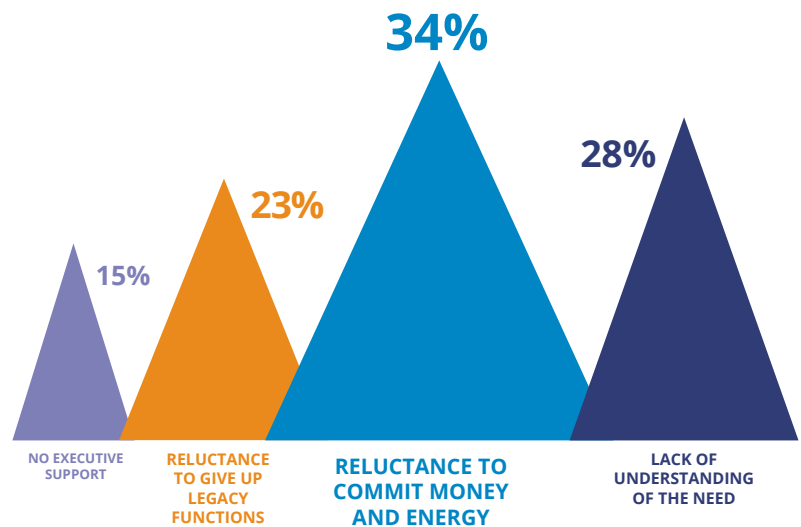
## STATUS QUO MUST GO!

In today's fast paced business environment, it's crucial to be able to keep up. Status quo processes and business results won't cut it. The PMO has been at the center of the business for years, but as the role of the PMO changes the needs of the business are also changing and organizations need to adapt.

However, when asked what's stopping the PMO from improving survey respondents cited some surprising results. As we look at responses, 34% say reluctance to commit money and energy, 23% say reluctance to give up legacy functions, 28% saying there's a lack of understanding of the need for the PMO, and 15% no executive support. All of these responses showcase the need for the alignment talked about earlier in the report. The role of the PMO needs to be established based on the goals of the business and may need to change as those change. That said, the main theme here is change.

We all know change is hard, but the findings in this report highlight the need for organizations to adapt if they want to keep up with evolving business demands.

### WHAT STOPS YOUR PMO FROM IMPROVING?







# PMO POINT OF VIEW: SURVEY SAYS!

We asked survey responders to define a successful PMO and got a number of different responses. We were able to allocate each answer to a particular theme. As shown below, 66% of the responses noted results/outcome focused PMO as what makes a successful PMO. Other themes seen were business agility (9%), stakeholder support/satisfaction (9%), governance (9%) and 7% reporting other definitions.

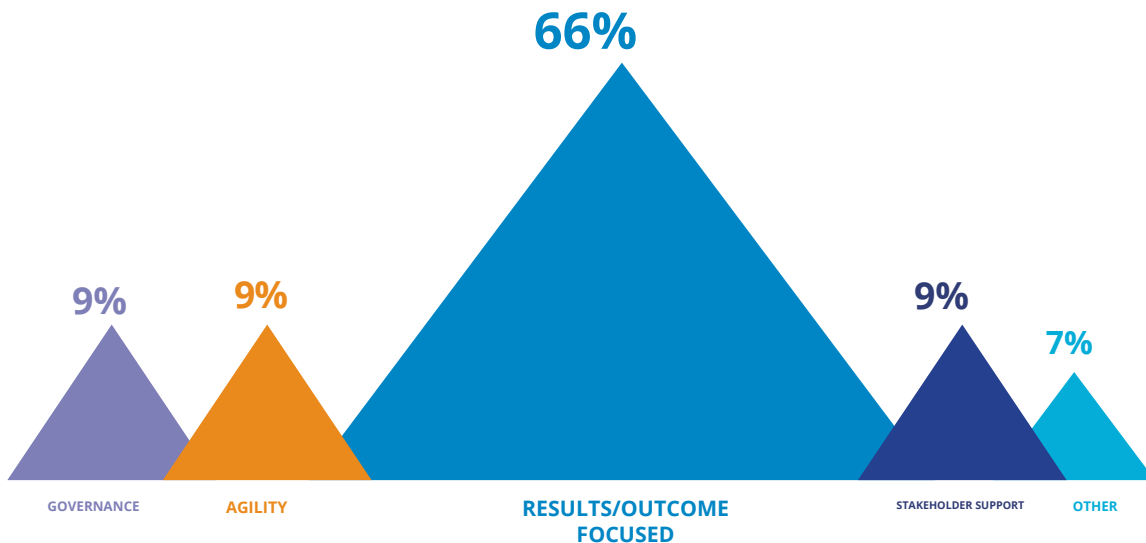
The findings here tells us that regardless of how a PMO is being measured today, the outside theme of success for a PMO actually lies in driving results and business outcomes for the business. Notice that none of the answers we received were actually related to being on-time/on-budget which was the most popular answer (35%) for how a PMO is being measured. Additionally, the second most common answer for PMO measurement was stakeholder satisfaction (27%), but here we see responders (9%) citing a PMO is successful through stakeholder support/satisfaction.



*Again, we see a misalignment between what success is for a PMO and how it's being measured. Without alignment at this level, organizations are going to see a gap in performance because ultimately the PMO and the organization are determining success differently.*



## HOW WOULD YOU DEFINE A SUCCESSFUL PMO?



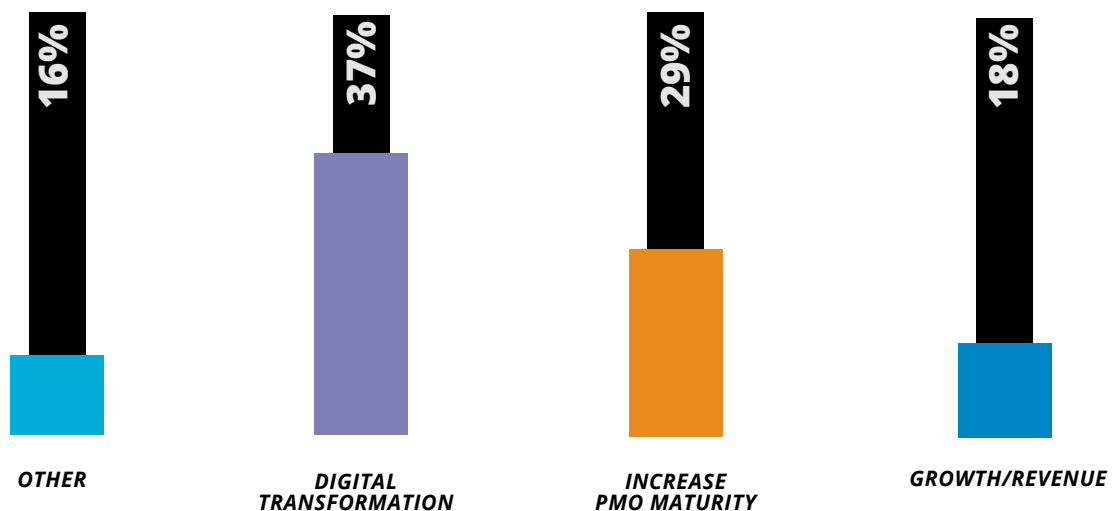
# TOP BUSINESS INITIATIVES FOR 2023

Because this report summarizes the trends and challenges for 2023, we wanted to gauge what businesses see as their top initiative for the year 2023. We asked respondents to share their insight here and were able to identify themes in the responses we received. The top response for business initiatives this year was digital transformation at 37% followed closely by increasing PMO maturity at 29%. Respondents also cited the theme of growth/revenue at 18% and a catch all category of other initiatives at 16%.

**What do these themes have in common?** CHANGE! If the pandemic taught us anything it's that change is inevitable and organizations need to be able to adapt and quickly. As seen earlier in the report, the PMO is at the center of determining whether that change is successful or if it fails. Without the right tools, processes, metrics and buy-in, PMOs can't deliver this for organizations at the pace at which today's business environment requires. The PMO Pivot is essential for delivering fast, efficient, and high quality performance for organizations.



## WHAT IS THE BIGGEST INITIATIVE FOR YOUR BUSINESS NEXT YEAR?

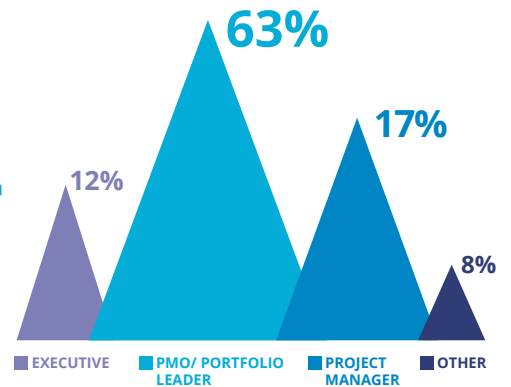


# BREAKING IT DOWN

This report is based on survey responses representing a range of project professionals primarily at the PMO/portfolio leader, project manager and executive level. Those that have a formal PMO far outweigh those that do not, 73% to 18%, with an additional 9% citing they are planning to have a formal PMO. This survey also incorporate data from individuals of various company sizes, the majority (57%) in the enterprise space (1,000 employees or more).

**73% WITH FORMAL PM**

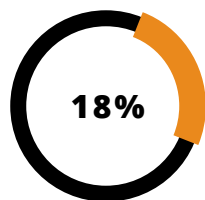
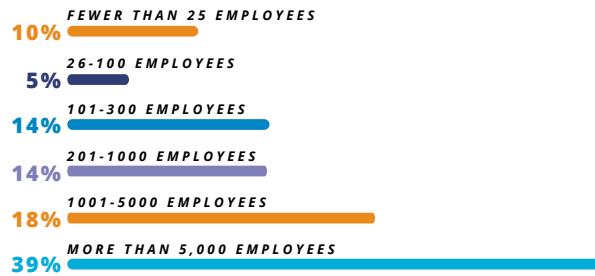
**18% WITHOUT PMO | 9% PLANNING TO**



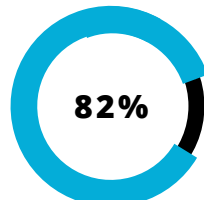
**57% RESPONSES**

**FROM ENTERPRISE (1000+) SIZE COMPANIES**

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 57% from organizations with over 1,000 employees.



WITHOUT PMO



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.

# THE ALARMING REALITY

As we analyze the information presented, we found there were some alarming statistics that organizations are citing that showcase the need for a more defined and aligned PMO function in the organization. The below insights highlight the need for improved business alignment and adaptability to solidify the PMO as a value center of excellence in an organization.



## DECREASE IN ALIGNMENT TO BUSINESS PRIORITIES FROM 2021 TO 2022

The pandemic escalated the need for organizations to focus in on business priorities with little resources, but as we navigate the business environment after the pandemic, PMOs can't let the importance of adaptability and strategic alignment slip.



## ORGANIZATIONS CONTINUE TO NOT HAVE ENOUGH RESOURCES FOR DEMANDS

We continue to see resource management as a top challenge and it's no surprise that organizations are citing the gap in resources being able to meet the demands of the business. That said, with real-time resourcing information organizations are empowered with insights to prioritize the projects that resources will be able to execute successfully even as priorities shift.



## ORGANIZATIONS AREN'T USING STRATEGIC INSIGHTS TO PRIORITIZE PORTFOLIO

Businesses that aren't leveraging strategic insights to prioritize their portfolio are seeing greater disconnect in PMO performance and business success. Success starts at the beginning and the PMO must prioritize the portfolio that will deliver on the desired business objectives and continuously reassess to adapt to changes.



## PROJECTS CONTINUE TO FAIL YEAR OVER YEAR WITHOUT ALIGNMENT

This statistic continues to be above 50% and a lot of it correlates to the challenge of prioritizing the right projects as business priorities change. With 42% citing saying "no" to projects as their top challenge with prioritization, it's no wonder organizations are seeing projects fail. Maybe those projects shouldn't have even started in the first place. Ensure all projects are aligned to the business initiatives your executives and organization have set out to accomplish even as those change.

## LOOKING FORWARD

Over the course of 2022, we saw many of the common struggles and challenges for PMOs highlighted by the lack of resources and strategic alignment within the business. While these insights were surprising after enduring a global pandemic, it's a great reminder that things like prioritization, PMO performance metrics, and project failure measures should all be aligned to the overall goals of the business. In 2023, organizations will be turning to the PMO to pivot to the evolving needs of the business while maintaining a results-driven approach to drive real business value. Status quo won't cut it as PMOs are challenged to level-up and become a value center of excellence for organizations. This is imperative for on-going business and PMO success.



# THE PMO OUTLOOK REPORT

2023 EDITION

## ABOUT KEYEDIN

At KeyedIn, we offer dynamic PPM software for growing and scaling, results-driven PMOs. We transform the way your PMO delivers insight-led decision making across value based outcomes through strong user adoption, exceptional customer experience and powerful product innovation. We support your transition from project delivery to portfolio value by guiding you on a journey to improve prioritization, portfolio analysis, resource capacity planning and what-if scenario modeling. We have you be more than just a status quo PMO by helping you adapt to industry trends and become a proactive PMO that embraces change. We provide our customers with trusted enterprise PPM to easily manage hybrid work from intake through to successful business outcomes.

*We are with you when you start and here for you as you grow.*

## CONTACT US

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