Why Maturity Matters

The heavy cost of low project management maturity, and how to avoid paying it

In the last 5 years, organizations in Education, Government and Healthcare have undergone a dramatic increase in tech spend thereby initiating more tech projects with more complexity. These sectors are unique in that while tech spend is on a rapid rise, investment in IT resources is not matching this pace. As such, we find that these resource-constrained IT groups are looking for ways to mitigate the drain—often turning toward improved maturity—particularly in project management.

The Rapid Rise of Tech Spend in Education, Government & Healthcare

In order to better understand "what does great look like," TeamDynamix undertook a market study across these three key sectors to look at how project management maturity impacted outcomes. In this report we identify some of the key findings and make recommendations for improvement. The idea is to isolate a few key areas that can be addressed immediately allowing for tangible impact.

NEARLY HALF OF ORGANIZATIONS REPORTED LOW MATURITY

We started our study with a simple question asking respondents to self-identify into one of five maturity levels for the project management framework in their organization.

While a reasonably encouraging 30.4% of respondents reported being at level 5, a worrying 42.6%—nearly half of the respondents—identified as level 1 or 2 maturity.

This is particularly worrying given the definitions for these low maturity levels – at best they had some degree of governance and / or intake control. This isn't enough to consistently deliver project success and as we will see in this report, these organizations are struggling with their projects.

The full results of the study are available as an appendix, but in the rest of this report we want to highlight some of those performance variances between high and low maturity organizations and then, most importantly, provide recommendations for the steps organizations can take to address those challenges.

Maturity Levels		Maturity Level Results
1	Low maturity/No formal process	**11.5%**
2	Some governance/Intake control	**31.1%**
3	Full intake and project tracking	**10.1%**
4	Intake, project tracking, and budgeting	**16.9%**
5	Formal framework, dedicated project managers, intake, tracking, budgeting, capacity planning, etc.	**30.4%**

LOW MATURITY HURTS PERFORMANCE IN MANY WAYS

In today's world, organizations cannot avoid undertaking projects, and the results of our study reveal that organizations that lack maturity are far more likely to fail when undertaking those projects. It is also interesting that organizations do not need to accelerate fully to level 5 in order to see a significant improvement in project outcomes. In fact, those that reach level 3 are able to dramatically improve both the outcome and the costs of projects.

Project Failure Rates

We asked what percentage of projects achieved their business goals and across the study as a whole only 7.4% reported that less than 50% of their projects succeeded, a positive sign. However, when we looked at the difference between high and low performers the differences were stark.

Percent of Projects Reporting a Failure to Meet Business Goals - by Maturity Level

Maturity Level	Percent Reporting >50% Project Failure
1-2	14.3%
Study average	7.4%
5	2.2%

Level 1 and 2 maturity organizations were six and a half times more likely to have more than half their projects fail than level 5 organizations. This statistic alone justifies the investment in greater project maturity. Also worth noting is that almost 13% of organizations in the low maturity band reported that at least 50% of their projects had to be restarted, almost three times the less than 5% of level 5 maturity organizations that reported the same thing. This contributes to even greater costs to the organization.

Project Costs and Timelines

While less dramatic we saw similar results for many of the questions we asked.

Percent of Projects Achieving 70% Success for Schedule and Budget - by Maturity Level

Characteristic	Percent Reporting >70% Success		
	Maturity Level 1 & 2	Average	Maturity Level 5
Complete on time	30.2%	41.9%	62.2%
Complete on budget	34.9%	52.7%	71.1%

As you can see, level 5 maturity organizations outperformed level 1 and 2 organizations by a factor of at least two for all of these metrics, representing significantly better project outcomes.

Project Governance

Clearly low maturity organizations are performing worse, but we need to look a little deeper than just the pure performance numbers to understand what is driving that performance, and by extension what is keeping organizations at low levels of maturity. It's not like organizations want to fail in their project investments!

Looking at the mix of tickets to projects begins to give us some answers. Lower maturity organizations were far more likely to commit their resources to tickets rather than projects, with 61.9% of level 1 and 2 maturity respondents saying that more than half of their resource time was spent on tickets compared to just 24.4% of level 5 maturity organizations. However, we still believe this is largely a symptom of the problem, not a cause.

For causation we looked at some other characteristics of project delivery.

These numbers are extremely enlightening, particularly when we look at the relatively high responses for low maturity organizations. Almost two-thirds of that group still use dedicated project managers, presumably suggesting they are committed to the concept of projects, yet they don't have the infrastructure in place to support those PMs with low scores on the planning elements.

Addressing some of those infrastructure elements will go a long way towards improving maturity, and by extension performance, and that leads us to our recommendations.

Percent of Respondents at Different Maturity Levels Engaged in Various Project Characteristics

Characteristic	Percent Utilization		
	Maturity Level 1 & 2	Average	Maturity Level 5
Time Tracking	41.3%	58.1%	84.4%
Resource Capacity Planning	44.4%	60.1%	86.7%
Formal Project Management Office (PMO)	42.9%	58.8%	82.2%
Dedicated Project Managers	65.1%	80.4%	100%
Project Intake/Governance Review	54.0%	74.3%	88.9%
Formal Definition of a "Project" versus Task/Request	54.0%	68.9%	80.0%

3 AREAS OF FOCUS TO IMPROVE MATURITY

It's easy to recommend organizations simply focus on tracking time or recognize that not every ticket is a project, but that's too simplistic. Without an organizational commitment to maturity, work in those areas will fail. That leads us to our first recommendation.

1. Create a Formal PMO

Over 80% of our level 5 maturity organizations had a PMO in place, almost twice as many as in the level 1 and 2 maturity categories. The PMO in and of itself will not solve an organization's problems but it will be a very tangible commitment to maturing the organization and delivering improved project outcomes. Even those organizations who don't invest a significant amount of their annual operating budget in projects cannot ignore formal initiatives—the rate of technological advancement (and obsolescence) is too great. By committing to a PMO, and tasking it with delivering improvements in some of the meaningful metrics identified in this report, organizations can see immediate results. Recommendation two is the first area we believe that PMO should focus.

For those organizations that cannot jump straight to a formal PMO, enlisting a dedicated project manager will be a good first step. If you consider the data, only 58% of those at level 3 or 4 maturity had a formal PMO but 80% had a dedicated project manager. This small step can make a big difference in project outcomes.

2. Conduct Resource Capacity Planning on an Ongoing Basis

Resource capacity planning is another aspect that was used by almost twice as many in the level 5 maturity group as in levels 1 and 2. It is more than just knowing how many people you have and making sure they are busy. The planning element must consider the optimal alignment of people with work, the time needed to transition from one project to the next, the number of people who need to be held pack for support or operational work, etc. It must also consider how quickly resources can be added to or replaced, which requires consideration of not just numbers but also their skills. And of course, all of those variables are highly fluid so resource capacity planning must be a continuous exercise. Aligning it with the newly created (or now appropriately funded) PMO will go a long way to improving both project management maturity and project performance in a short timeframe.

3. Create an Effective Intake and Governance Process

By definition level 1 and 2 maturity organizations have limited to no intake or governance in place. However, the solution isn't simply to create those processes, the key word here is "effective." This is another priority area for your PMO, and should focus on creating a simple framework in two areas:

- An intake process that routes work appropriately to a project request and initiation process, a ticketing process, or rejects the work.

- An oversight or governance process that ensures work is undertaken appropriately and effectively.

Both of these should initially be 'light' control frameworks as they will evolve as the organization adopts and understands them. Once there is evidence of growing maturity they can be formalized and managed more formally through the PMO.

Again, organizations can start small. A framework can be instituted to propose a project and this can go through a formal review board and then be assigned resources. All too often, projects start in a meeting or a conversation and resources are pulled into the project ad hoc. Each time this happens, another project is likely going off the rails—timelines are expanding, budgets are being reallocated and when this happens over and over again, eventually project outcomes suffer along with expanded costs.

THE BOTTOM LINE

A brief study can only scratch the surface of what is happening in these sectors, yet that insight can still reveal a tremendous amount about what is going well and what could use further inspection. In this case we didn't need to look far to find evidence of poor performance where study participants reported low levels of maturity. Organizations must recognize that this is not only hurting them financially, it is causing wasted effort, low morale, and lost opportunity in numerous areas. That's something every organization has to be concerned about. These findings can serve as a starting point for internal conversations. Even asking these questions will help you to determine the best way forward.

The good news is the solutions are not difficult and the results of implementing them correctly are significant and rapid. All it takes is commitment.

About TeamDynamix

TeamDynamix offers Service and Project Management together on a single cloud-based platform. TeamDynamix transforms IT from order taker to strategic innovator. Organizations in the public sector, education, and healthcare leverage the solution to improve IT maturity, optimize resources, and deliver enhanced end-user service. TeamDynamix offers IT Service Management (ITSM), Project Portfolio Management (PPM), and Enterprise Service Management (ESM) together in one solution.

About ProjectManagement.com

Since 2000, our mission has been simple: To make project managers more successful. ProjectManagement.com is the experience bridge that fills in the gaps—providing help to project managers in a number of ways. It is a community, your community, for project managers in Information Technology and other industries. We are your one-stop shop for PM answers, helping get you "unstuck"—and confidently meet every new challenge that comes your way with over 4,000 articles from industry experts, over 1K Deliverable Templates to save you time and more than 550K peer connections and experts to offer specific advice.

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Project Management Institute (PMI) is the world's leading association for those who consider project, program or portfolio management their profession. Founded in 1969, PMI delivers value for more than three million professionals working in nearly every country in the world through global advocacy, collaboration, education and research. We advance careers, improve organizational success and further mature the project management profession through globally recognized standards, certifications, communities, resources, tools, academic research, publications, professional development courses and networking opportunities.