



# PMO Insights Report

A Survey and Analysis of Project Offices in South Africa

## 2019



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# Executive summary

The PMO Insights Report 2019 is the first ever comprehensive analysis of project management offices (PMOs) in South Africa, and explores current local trends in portfolio and project management. This report lays the foundation for a regular publication aimed at helping us understand PMO trends, as well as key issues and challenges facing our community in these complex, fast-changing times.

Project Portfolio Office (PPO) conducted the countrywide research during the period from October 2018 to May 2019 using an online survey aimed at PMO leaders and executives, PMO managers, portfolio and programme managers. The survey is methodology neutral, and the term 'PMO' is being used as a catch-all for various types of project offices, from PMOs, project and programme offices, enterprise programme offices (EPOs) and strategy offices, to other formal and informal structures involved in the broad discipline of project management. Some of the key topics we examined included:



Project management office characteristics



Effectiveness of portfolio management practices



Addressing the disruption of Agile



Benefits realisation

The past several years have proven to be turbulent for many organisations, characterised by an uncertain political and economic climate. Organisations are facing increased competition both locally and globally, and in order to remain relevant, they are being forced to adapt quicker than ever before. And, if our findings have shown anything, it is that businesses have confidence that effective project portfolio management (PPM) practices are crucial to survival.

The results of the survey reinforce the fact that **C-suite executives** have bought into the **need for effective project and programme management** to drive **strategic initiatives**. The message being communicated by the executive is that the completion of projects and programmes on **time and on budget is expected** and that there **must be a broader focus on project performance**. If the PMO wants to be **trusted** as the **central organisational structure** responsible for **strategy execution** and the **realisation of organisation success**, it will need to **sharpen** its focus on **benefits realisation**.

We are encouraged to see in our first PMO Insights Report, that despite the uncertain business climate, organisations see value in making the investment to improve their project management practices. That said, there is still more work to be done for PMOs to become a trusted strategic partner that delivers ongoing value.

## Summary of key findings

### Executive

- Only 22% of strategic projects are managed by the PMO, underlining a lack of trust for oversight of all strategic initiatives.
- Executives are placing more emphasis on benefits management to align projects, programmes and portfolios to strategy.
- 25% of PMOs are not distributing portfolio and project status reporting.
- Closure reporting, including benefits tracking and lessons management, is not being directed by 30% of PMOs.
- 50% of executives have listed resource management as one of the least value-adding functions performed by the PMO.
- Executives rate maturity higher than PMO leaders do, suggesting that there is a lack of understanding on the measurement of organisational project management maturity.

### PMO Manager

- The need for a PMO has been recognised by the majority of organisations. Only 15% of PMO leaders do not receive the funding needed to support their PMO, and just 26% cited inadequate executive support.
- The adoption of Agile methodologies in organisations is on the rise, but findings suggest that Agile delivery techniques have not been wholly embraced. More than 50% of PMOs still need to change their budget and forecasting approach, as well as reporting and governance around Agile project delivery.
- 55% of PMOs stated that the compiling, consolidating and publishing of portfolio, programme and project status reports is still the single activity that consumes the bulk of resource time every month.
- While it's encouraging to see that 56% of PMOs aim to tackle time spent on reporting by implementing or enhancing reporting, analytics, dashboard tools, only 34% aim to implement a benefits realisation process.
- Almost a quarter (21%) of projects are being managed by non-project managers (either within the PMO or the business itself).

## Our data

161

Unique participating organisations



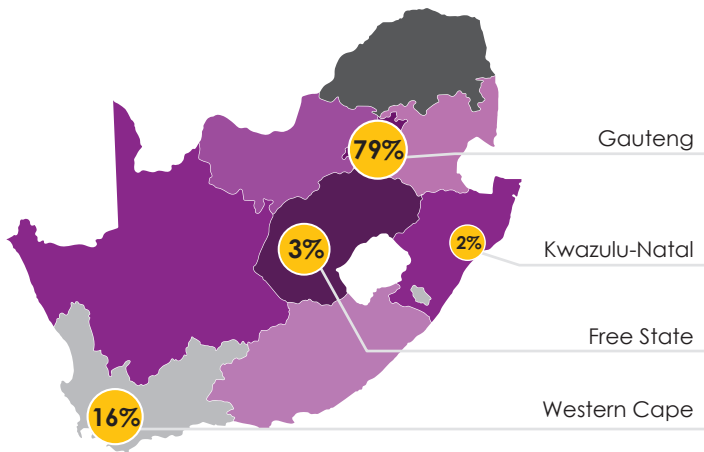
197

Total responses

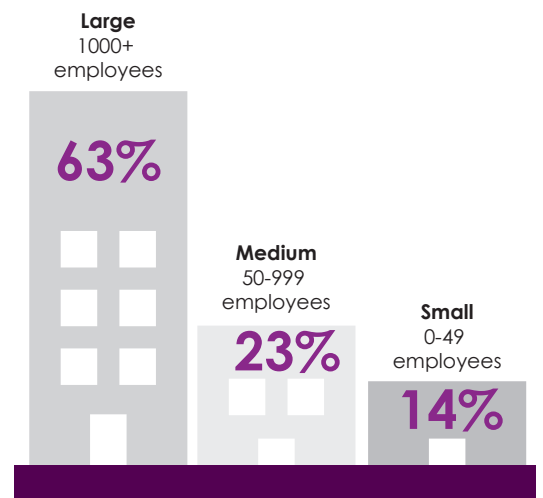


### Respondents by sector

NGO 1%  
Public 21%  
Private 79%



Respondents by location



Organisation size

### Respondents by industry

16%



Information Technology

12%



Financial Services: Banking

10%



Other

8%



Consulting

8%



Financial Services: Insurance

7%



Financial Services: Other

6%



Construction and Engineering

6%



Manufacturing

5%



FMCG

5%



Retail

4%



Telecommunications

4%



Professional Services

3%



Energy

3%



Mining

2%



Education and Training

2%



Chemical

1%



Entertainment

1%



Agriculture

1%



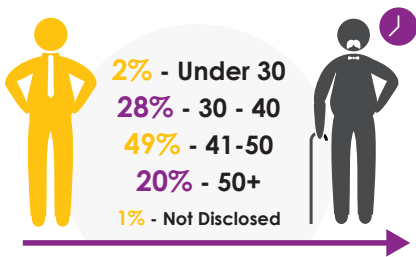
Media

# Benchmark statistics

## Gender



## Age



## Average active projects in the portfolio



## Average salary



## Average projects completed in the last 12 months



## Average projects assigned per project manager



## 69% of PMOs are managing Agile projects



# What executives are saying

Support for the PMO from the C-suite executive level (cluster of an organisation's most important senior executives) is invaluable. As part of our research into the State of PMOs in South Africa, we surveyed executive leaders to capture their viewpoints, in order to help us understand how PMOs are perceived, and the factors driving organisational decisions and outcomes. Our research confirms that PMO leaders and their seniors (C-suite executives) do not view organisational success and the benefits of project management in the same way. They have significantly contrasting views about their PMO's performance when it comes to the measure of maturity, formulating and driving strategy, executing strategic projects, and recognising the need to improve benefits and resource management capabilities.

Executives continue to be largely focused on bridging strategy formulation and execution, as well as building and sustaining basic project management capabilities. In contrast, PMO leaders are concerned with governing the methodology and the provision of tools and templates.



## Executive findings



The PMO is seen as a strategic resource but not trusted with the oversight of all strategic initiatives. **Only 22% of strategic projects are managed by the PMO.** Unfortunately, executives have a hard time seeing the PMO as anything other than the 'project police', and they've only ever experienced the PMO as a 'command and control' function that governs projects, as opposed to delivering business outcomes.



There's a **growing emphasis on benefits management** as a powerful tool to align projects, programmes, and portfolios to the organisation's strategy.

The key process of distributing portfolio and project status reporting is not being performed by **25% of PMOs.**



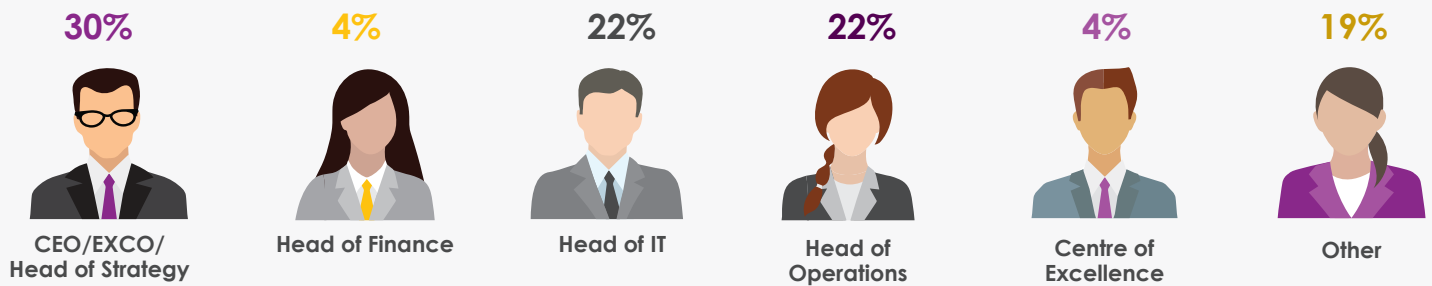
Strategies can not be implemented without effective resource management, yet **50% of executives** have listed this in the bottom two of the least value-adding functions performed by the PMO.

Executives rate maturity higher than PMO leaders do, suggesting that there is a lack of understanding on the measurement of organisational project management maturity. South African PMOs are relatively immature, with just over a third (35 %) at a level 3 or higher.











# Positioning of the PMO

Our research highlights that there is a divide between the expectations of the executive and the business level role of the PMO. According to Project Management Institute (PMI), only the enterprise PMO (typically the highest-level PMO in organisations) is responsible for the alignment of project and programme work to corporate strategy, establishing and ensuring appropriate enterprise governance and performing portfolio management functions to achieve strategy alignment and benefits realisation. Our findings show that only 30% (CEO, Board/EXCO and Head of Strategy) of our PMOs are adequately positioned to drive the strategic agenda of their organisations.



Other: Business Performance General Manager, Head of Business Performance, Group Executive for PMO, COO, Human Capital

A key factor for the success of a PMO is how it's positioned in the organisation. The positioning of the PMO is dependent on the type of PMO, the services it provides and the function it performs. The PMI distinguishes between **five different types of PMOs**:

Business-Level Role	Operational Responsibility	Organisational Accountability	Requisite Authority
 <b>Enterprise PMO</b> <ul style="list-style-type: none"> <li>One for enterprise</li> <li>Permanent function</li> </ul>	 Strategic master planning. Tactical master planning. Project selection and prioritisation.	 Enterprise - reports directly to the CEO/President.	 Review and approve master project portfolio and budget plans. Oversee portfolios and programmes.
 <b>Division PMO</b> <ul style="list-style-type: none"> <li>One for each division, region, or portfolio</li> <li>Permanent function</li> </ul>	Tactical master planning. Project-portfolio management.	Division, region, or portfolio - reports directly to division manager or Enterprise PMO.	Establish project-portfolio operational and budget plans and authorise adjustments. Manage portfolios and oversee programmes.
 <b>Project Office</b> <ul style="list-style-type: none"> <li>One per project</li> <li>Temporary function</li> </ul>	Project initiation, planning, execution, monitoring, control, and closing. May include management of project.	Specific project - reports to the project manager.	Prepares and maintains project documentation as directed by the project manager.
 <b>Project Support Organisation (PSO)</b> Normally temporary but may have permanent function	Support administratively project initiation, control, planning, execution, monitoring, and closing. Provide project controls function.	One or more specific projects - reports to various project managers or a business unit manager.	Report project progress and status.
 <b>Project Management Centre of Excellence (PMCoE)</b> Normally permanent function	Establish, document, and promulgate project business management standards, methodology, practices, tools, training, templates, education, and PM competency.	No projects - administrative function reports to management at the enterprise, division, or business unit level as applicable.	Maintain, update, and disseminate the project business management methodology, practices, tools, and project management communications such as status reports, intranet website, and dashboards.

# Are PMOs integrated into strategy execution?

Through the research we have identified that **many South African organisations acknowledge that strategic change happens through effective project, programme and portfolio management**. 56% of executives say that the projects identified as part of strategic planning are managed as formal projects within their organisations, and 59% indicated that project management is the practice to follow to drive change within your organisation.

The projects identified as part of strategic planning are managed as formal projects within your organisation.



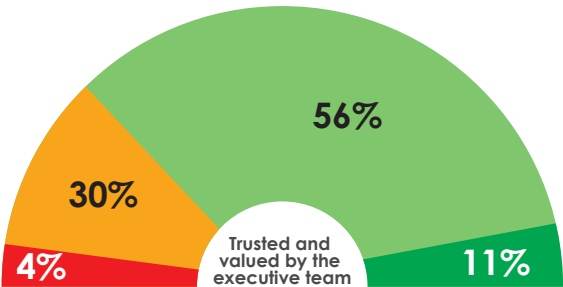
Project management is the practice to follow to drive change within your organisation.



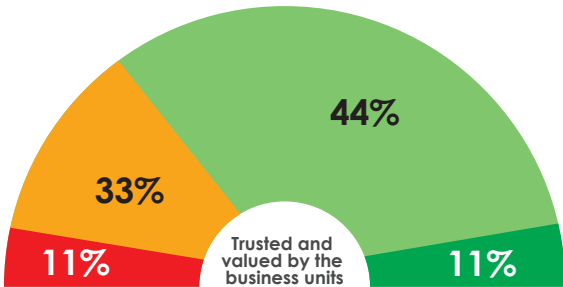
Strongly agree    Agree    Neutral

## Have our PMOs acquired the trusted partner status?

Our research continues to show that the C-suite understands that embedding a project management mindset is key to improving business success, but the PMO is yet to be seen as the trusted partner essential to driving business performance. 67% of executives indicate their PMOs are trusted and valued by the executive team and a lesser number of 55% are trusted and valued by the business. If PMOs want to achieve the trusted partner status then they will have to do more to demonstrate their value.



Trusted and valued by the executive team



Trusted and valued by the business units



Disagree



Neither agree or disagree



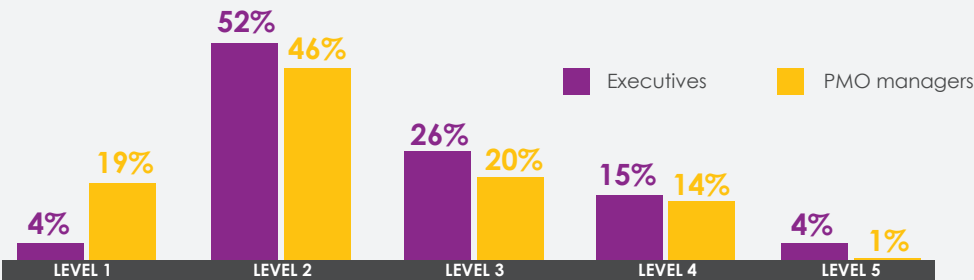
Agree



Strongly agree

## Measure of maturity

Understanding maturity levels in the organisational context



In its simplest definition, project management maturity is an indication of the ability of an organisation to master its project delivery capability. It enables the PMO to assess its project management processes with the aim of making noticeable and constant improvements. An organisation may not need the highest level of maturity, and the type of projects and the needs of the organisation will dictate the optimal maturity level. The research data shows that the C-suite, in comparison to the PMO leaders, has rated the maturity of the PMO significantly higher across all five levels. This can be attributed to the fact that PMO leaders have a greater understanding of how maturity is determined across the project, programme and portfolio management perspectives.



# Take advantage of what executives want

Our research reinforces the growing strategic value of the PMO view. However, we see a gap in how executive leaders and PMO directors view the functions and services of the PMO environment. The C-suite reported the following factors will play a major role in the current state of PMOs and have significant impact on their future:

The increased role of the PMO in portfolio resource management

The ability of the PMO to drive the strategic agenda through the art of story-telling and credible portfolio status information

Capitalise on the business benefit realisation process as a planning tool to demonstrate how projects and programmes add true value to the enterprise

Recognising the need for business agility and having the capability to quickly adapt to external and internal forces to deliver results by embracing agile techniques

## Reduce/eliminate non-value adding activities

South African PMOs are still some way from being a valued partner and strategic enabler, but the good news is that the C-suite is open to engaging in dialogue to improve value. The executive is optimistic that driving and realising organisation improvement is possible by reducing or eliminating these non-value adding activities:

Eliminating manual and cumbersome reporting by automating administration functions, specifically governance and process adherence

Shift the focus from process management to monitoring and measuring the benefits that projects and programmes deliver

Focus solely on technical skills and embrace the trend of investing in leadership skills, and strategic and business management skills

Eliminating silo planning by observing strategic planning cycles and aligning the PMO functions to deliver more successful projects



# PMO Manager key findings



# The state of South African PMOs

## PMO Manager key findings



20% of PMOs don't have a PMO manager and the project manager role doesn't exist within almost 30% of PMOs.



Almost half (46%) of PMOs are two years or younger, offering some explanation for the reasons why they're not providing the intended value.



The need for a PMO has been recognised and accepted by the majority of organisations. Only 15% of PMO leaders experience a lack of funding to support their PMO and just 26% have cited inadequate executive support as a challenge for their PMO.

The adoption of Agile methodologies in organisations is on the rise, however our findings suggest that organisations have not wholly embraced techniques associated with Agile delivery. More than 50% of PMOs have not changed their budget and forecasting approach nor the way in which they report and govern Agile project delivery.



# 34%

of organisations have no understanding of programme and project portfolio management. There is still significant work to be done for PMOs in these key areas.

# 82%

of PMOs do not formally track the value of the PMO and this is likely as a result of the lack of a mandate that has been formally approved and communicated to its stakeholders.



The lack of trust that exists between PMOs and business is a direct result of the lack of a documented, formally approved mandate.



The role of the executive project sponsor is by far the most strategic role performed on projects. Despite the importance of the role, our findings highlight that almost half (47%) of organisations are not investing in educating executive sponsors on their role on projects. Actively engaged executive sponsors will always be one of the top drivers of project success. Organisations that recognise the crucial role that project sponsors play report higher project success rates and reduced organisational risk.



Although PMOs are starting to perform portfolio management functions, the compiling, consolidating and publishing of portfolio, programme and project status reports is still the single activity that consumes PMO resource time every month. 55% of PMOs stated that reporting is where most of their time is spent.



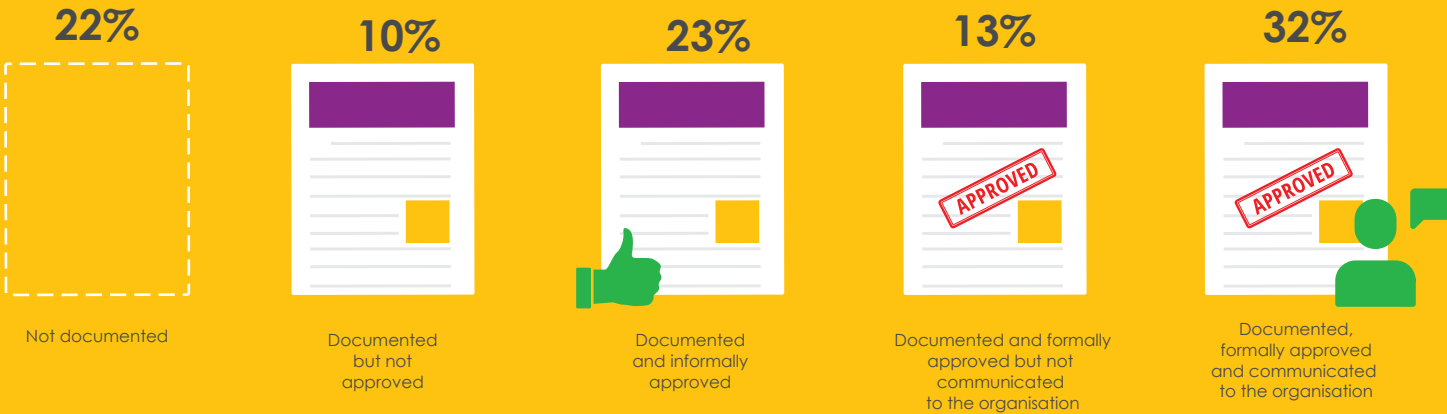
The gap between what the C-suite expects of the functions performed by the PMO is highlighted when considering the top five priorities of PMOs for the next 12 months. While it's encouraging to see that 56% of PMOs aim to tackle the single activity that consumes the most PMO resource time by implementing or enhancing reporting, analytics, dashboard tools, only 34% aim to implement a benefits realisation process.



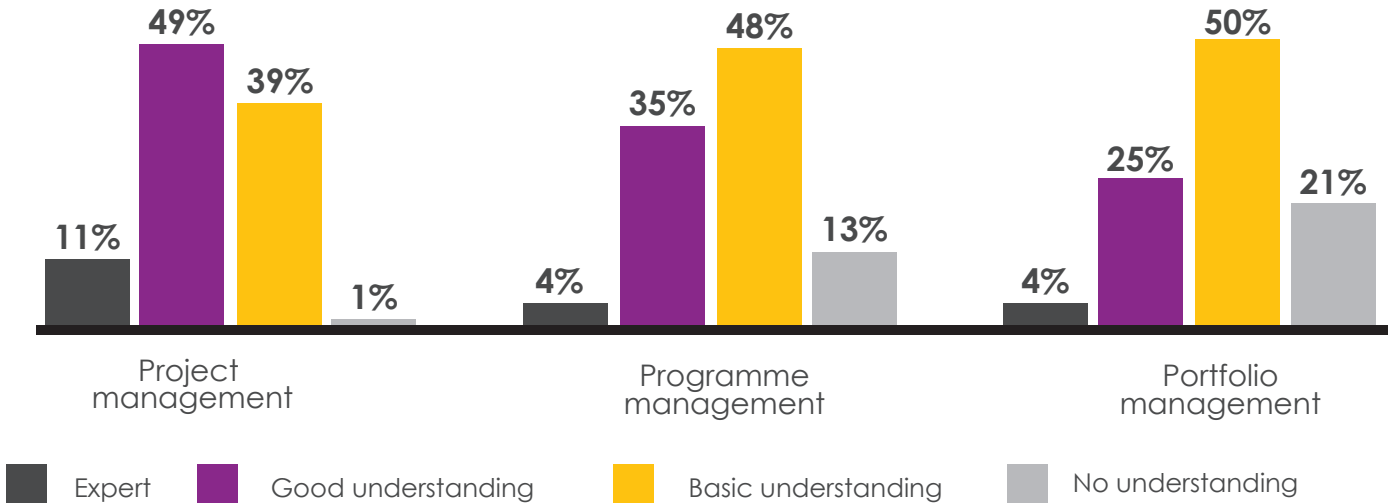
Almost a quarter (21%) of projects are being managed by non-project managers - either within the PMO or within the business. The growing number of non-project managers responsible for project delivery must not be ignored.

# The significance of the PMO mandate

The PMO mandate is a definition of the type of PMO, what it does, how it benefits the organisation, and how it's measured. Having a formally approved mandate is a way to communicate to stakeholders, obtain buy-in, and manage executive expectations. Only one third of PMOs have a mandate that's documented, formally approved and communicated to the organisation.



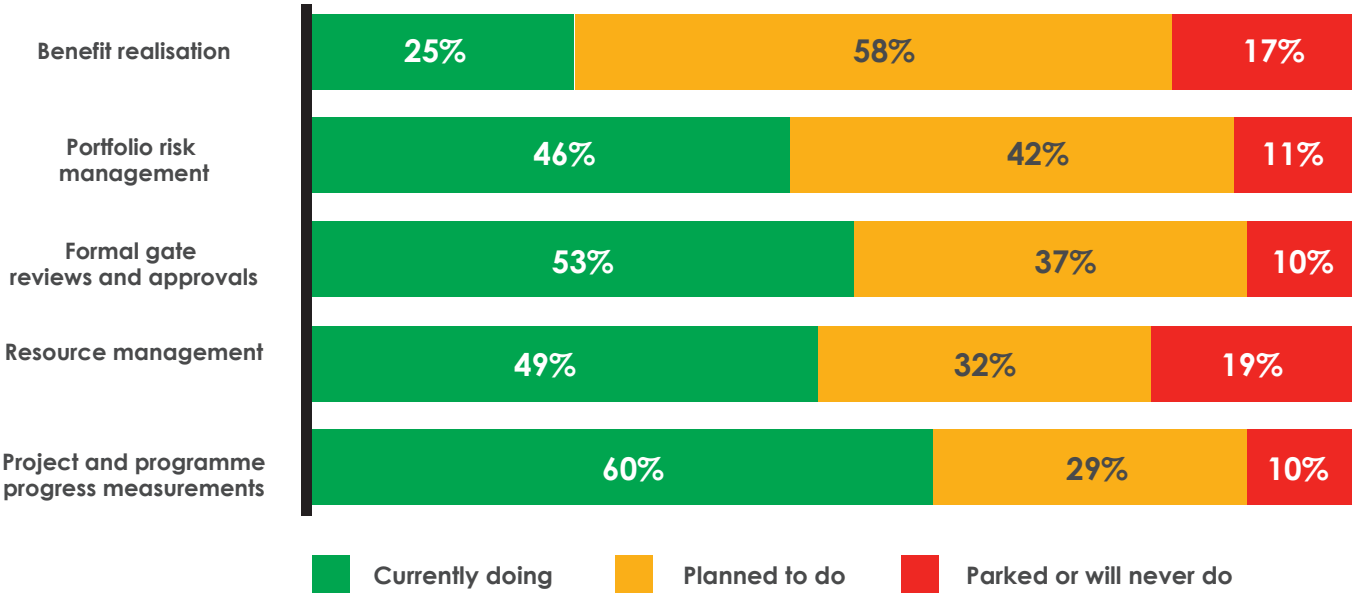
While 99% of organisations understand the value of project management, a combined 34% have no understanding of programme and portfolio management. There is still significant work to be done for PMOs in these key areas.



## Top five PMO functions/services



# The current state of key processes within the PMO



## PMO metric performance

The typical PMO offers the promise of improved project success rates and strategic alignment, but based on our analysis, the majority of organisations (82%) are not formally measuring or tracking whether their PMO actually creates value. A transformational PMO will ensure that they have processes in place to collect the data needed in order to track key metrics .

Over a period of time the metrics will help identify organisational problem areas which, in turn, will allow corrective action, smarter executive decision making and increased organisational project management maturity. PMOs, irrespective of size or industry, should see themselves as a strategic solution to delivering business value from the projects they execute.

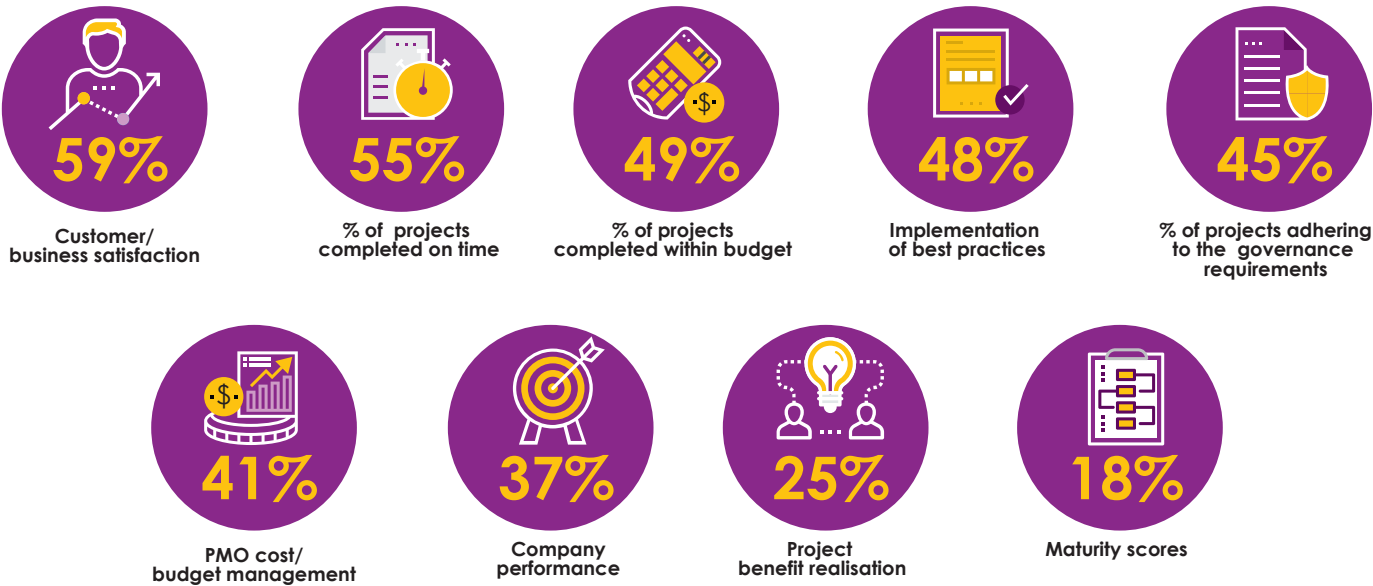


# Metrics PMOs use to track the value of their PMO

The perception is that traditional PMO structures are only driven by process and governance compliance, thus it's reassuring to see that 59% of PMOs are measured on customer or business satisfaction. Business leaders expect to see results and want to know that the PMO is making every effort to adapt in an ever changing and competitive business environment.

Building trust with the PMO's stakeholders takes time, and getting on the ground and communicating with individual teams is one of the most effective ways to gain trust and change perceptions. This results in increased project success, quicker alignment, and open communication.

For the C-suite executive, project success is achieved when business benefits have been realised. As a PMO manager you're expected to help the business achieve results and yet only 25% of PMOs are measured on project benefit realisation. For a PMO to succeed and continue to be seen as a facilitator of strategy execution far into the future, it needs to broaden focus to ensure that every project undertaken aligns with business goals through formal business benefit tracking.

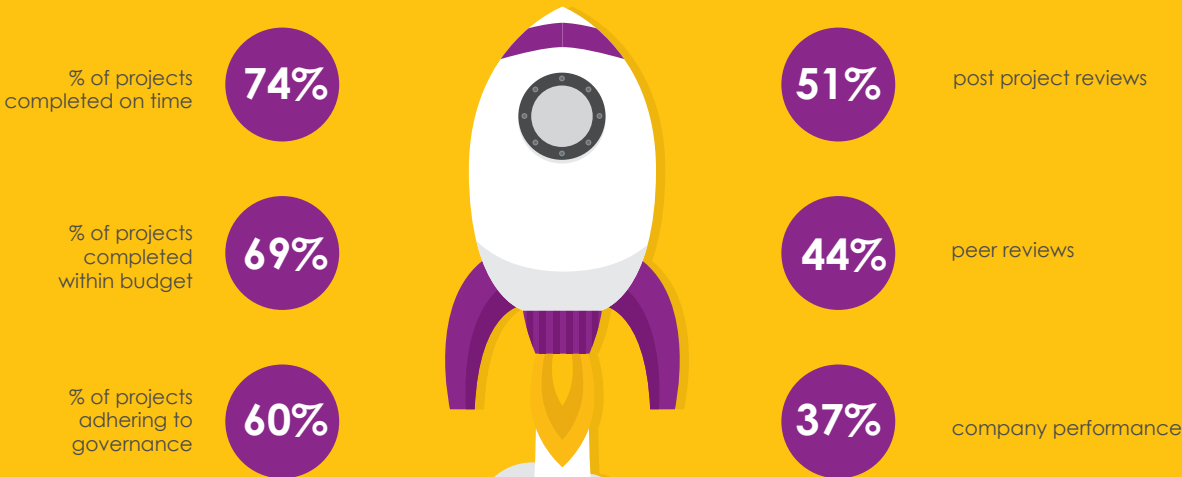


It's not surprising to see that project manager metrics are mostly concerned with measuring the efficiency or competence of project management. The common metrics used by PMOs to measure a project manager's performance focus on time (74%), cost (69%), and their ability to adhere to process (60%).

It should be a given that a competent, certified project manager understands that managing the triple constraint is core to their role. These traditional metrics are almost perfectly designed to discourage metrics that measure performance against the original business case as well as stakeholder satisfaction.

Rather than focus on metrics implicit to the role of the project manager, PMOs need to change their focus to have clear, outcome-focused milestones across all roles within the project environment. Measuring outcomes will enable portfolio committees to make more effective decisions when it comes to resolving to stop projects, what actions should be taken to course-correct, or inject more funding to help projects deliver on its business case as quickly as possible.

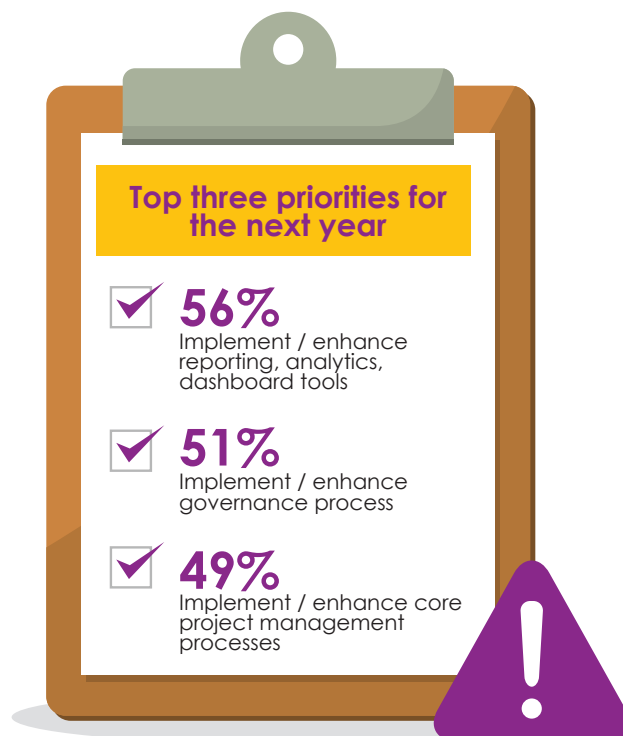
## KPIs project managers are managed on:



# PMO challenges and priorities



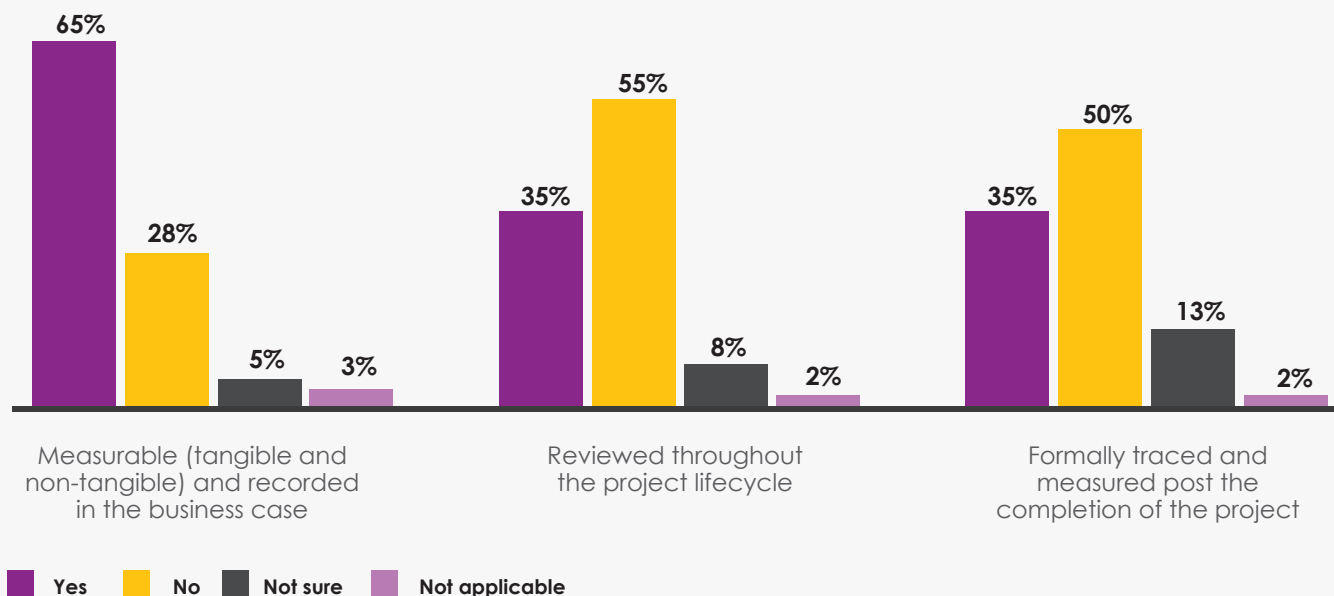
Top five challenges of South African PMOs



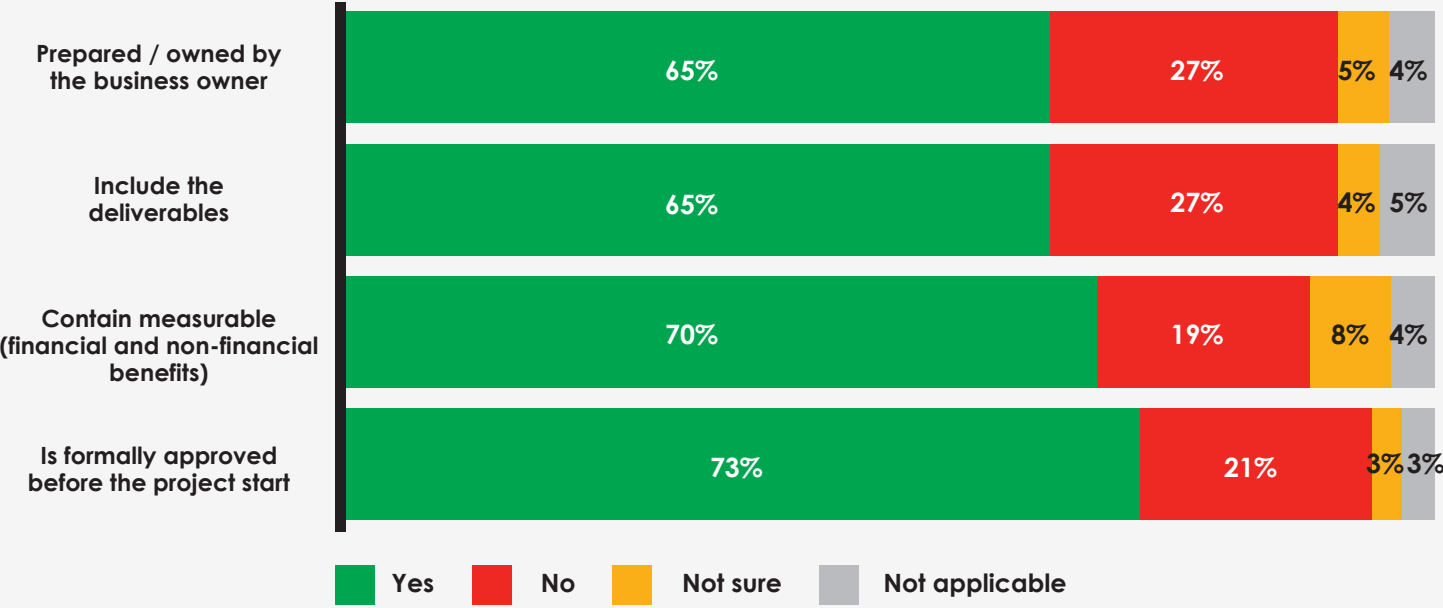
## Benefits realisation

Benefits management is a vital role for the enterprise PMO. This role is a key portfolio management function, includes aligning the project portfolio to strategy, and assumes the responsibility of monitoring and reporting on progress. There's an increased focus on business realisation by the C-suite as they question whether economic value is being created through the projects being executed.

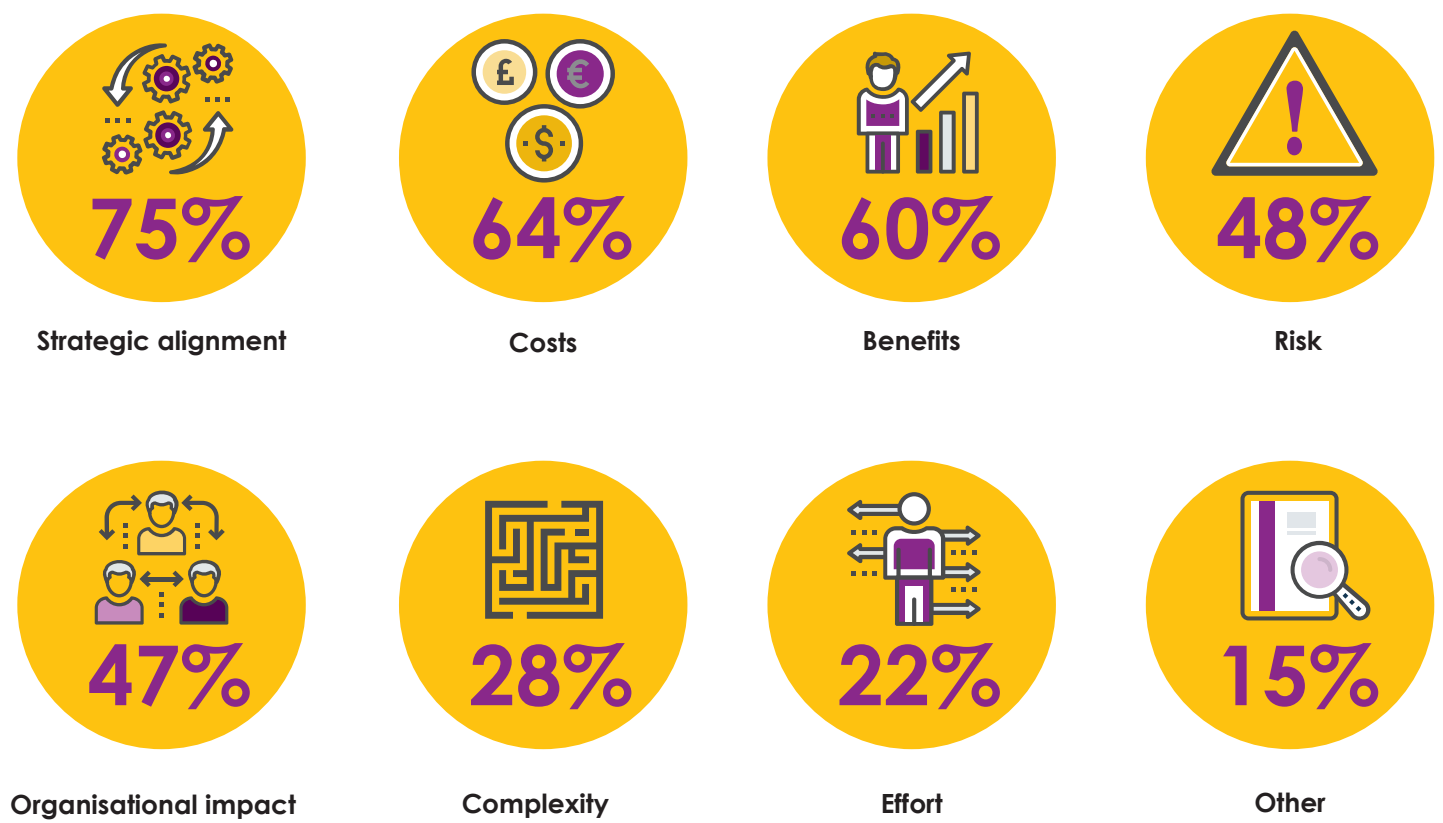
**Our findings suggest a discrepancy between what executives want to see more of (specifically relating to benefit realisation), the state of the benefit realisation process reported by PMOs, and the findings below.** Only 25% of PMOs reported that they currently perform the function of benefits realisation, while 55% stated that benefits are reviewed throughout the project lifecycle, 49% trace and measure benefits post project completion.



The process of formally approving benefits before the project start is practiced by 73% of PMOs



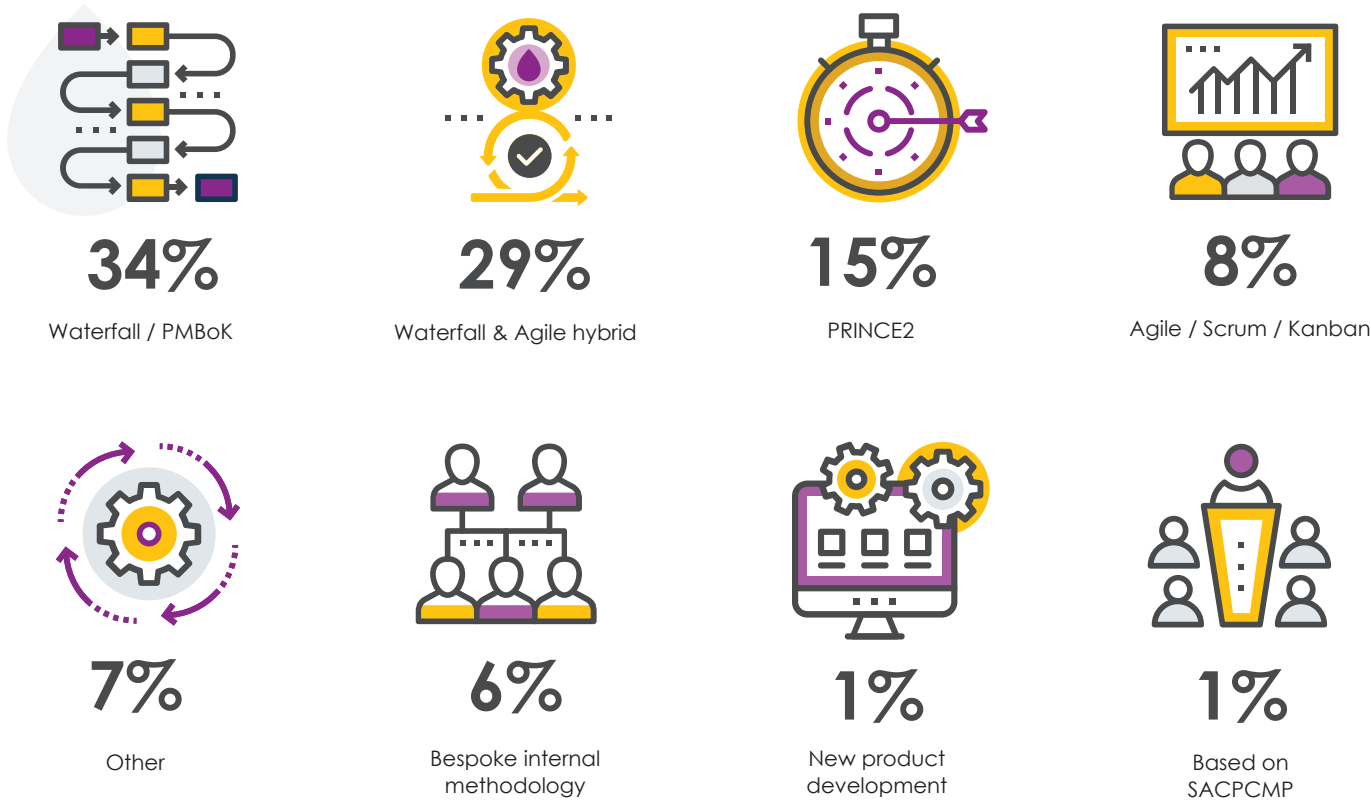
Organisations prioritise projects based on:





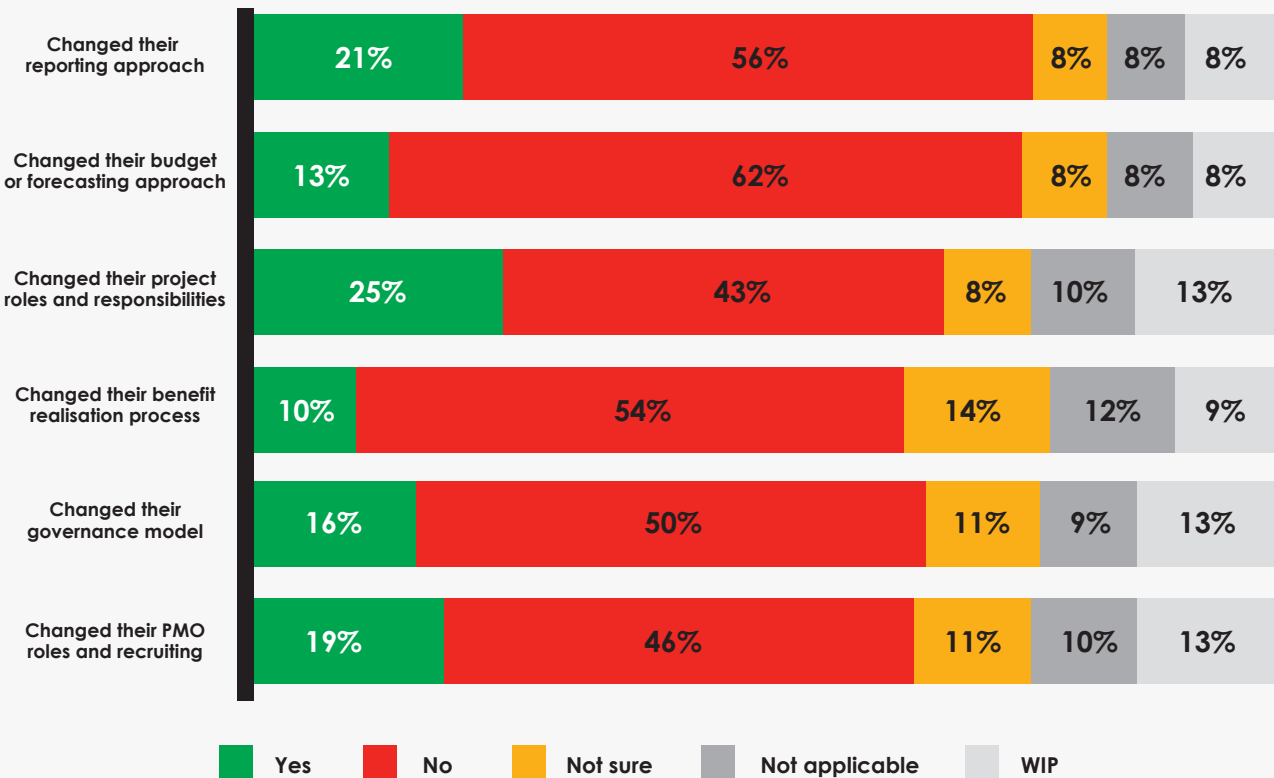
# Methodologies

Waterfall based project management processes are the most commonly used, with 34% of PMOs following a Waterfall method. Rapidly changing business environments have demanded that project environments adapt to allow for accelerated project delivery. This is evident in the number of PMOs (29%) adopting a hybrid approach between Waterfall and Agile.



## PMOs executing Agile projects

Our research suggests that organisations are uncomfortable with the consequences of adopting Agile, and have not introduced new ways of work. Executives want faster, quicker delivery synonymous with Agile but still want the control and structure of Waterfall delivery.



# Final thoughts

The positive results of our first PMO Insights Report suggest that, despite a challenging operating environment, more organisations recognise the strategic value of effective project portfolio management. The C-suite is looking to the PMO as the structure to become a stronger driver of strategy and provide improved organisational project management capability. The disciplines of project and benefits realisation management will continue to be of significant strategic importance in driving businesses forward and delivering business value as a direct result of the projects delivered.

The growing focus on benefits realisation management, in particular, shows that the executive layer of organisations is recognising the connection between project execution and business success.

At the same time, organisations are searching for ways to be more agile, customer focused, and competitive. Project management methods that allow for accelerated delivery while still producing business results will become critical, and PMOs will need to adapt business models to support their stakeholders.

Organisations with PMOs that are able to communicate its function, resultant benefits, and how it measures success, will be more effective in building trusted relationships with than those that are not as transparent.

## What's next for South African PMOs?

Based on our research findings, there are several significant challenges for our PMOs to navigate. The key 2019 PMO Insights Report findings have led us to the following recommendations:



### Resource management

Despite the C-suite gaining little value from resource management outputs delivered by the PMO, resource capacity planning and tracking resource utilisation are still key components of project portfolio management. For the PMO wanting to improve its project portfolio success rates and make a real difference to the organisation's strategic objectives, it has to focus on providing a level of insight into how organisations can utilise their resources in the most beneficial and effective way.



### Addressing Agile delivery approaches

Delivery methods are adapting and accelerating and PMO teams need to make sure their tools and processes are adequately tailored to support the different methodologies in use throughout the business. Successful PMOs will streamline process-heavy approaches and ensure the appropriate use of project processes with just the right level of governance to achieve results.



### Managing benefit realisation

PMOs are whistling in the dark when it comes to implementing effective benefits realisation tracking and management processes but the reality is that this need is not going away. PMOs are perfectly placed to understand the forces at work within organisations and assume the role of ensuring that projects align with, and continue to align with, organisational strategy. It requires the PMO to shift its focus from what we are doing and how we are going to do it, to focus instead on the questions "Why are we doing this? Why does it matter?" The failure of the PMO to adopt a business realisation management discipline to maximise the business value of projects and investments will eventually lead to its demise.



### Continuous evaluation

The challenge for most PMOs is having a clear mandate which is an endorsement by the executive team of the PMO's goals, objectives, key metrics and value proposition. The mandate must be widely communicated and 'sold' to the business. By using the mandate as its compass, the PMO that continually self-examines and transforms will be successful in demonstrating its value and relevance to the organisation.



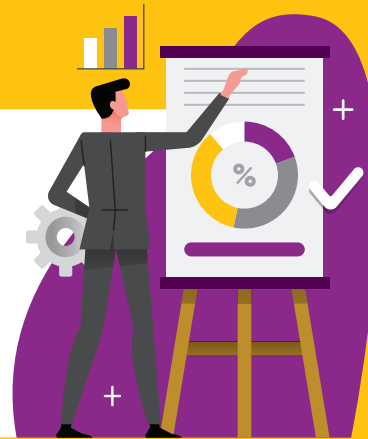
### Closing the gap between the PMO and Business

In a perfect world, the PMO is visible, trusted and valued at every level of the organisation. For PMOs to thrive, partnering is essential, now more than ever. This means engaging with all areas of the organisation beyond the scope of project delivery. Invest more time focusing on igniting conversations with business leaders to better understand the business context. These insights will enable PMOs to adapt to new demands and participate in the strategic planning and prioritisation discussions.

# Everything you need to Know about PPO

## As thought leader...

**Project Portfolio Office (PPO)** is committed to advancing the project management profession in South Africa. To demonstrate this commitment, PPO has taken on the role of driving the PMO Forum. The PMO Forum, aimed at senior PMO practitioners, is part of a series of forums presented by industry thought leaders. The forum offers a quarterly opportunity for discussion and knowledge transfer by means of case studies, best practices, research outcomes and lessons learned presented.

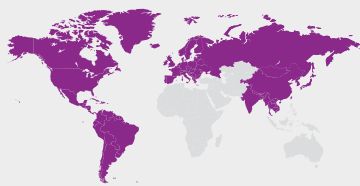


## As PMO solution provider...

Through our over 15 years of PPM experience and in collaboration with our partners across various industries, including manufacturing, IT, financial services, and healthcare, we equip organisations with processes to drive operational efficiency by either implementing a new PMO, operating a PMO or optimising and maturing an existing PMO.

## As PPM technology provider...

We help organisations achieve greater project success by implementing and adopting a simple to use, cost effective, configurable yet enterprise scalable project portfolio management application to plan, manage, collaborate, execute and report on their projects, programmes and portfolios.



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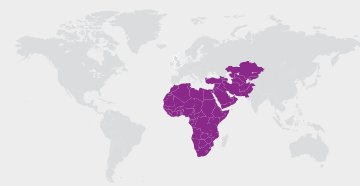
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