



2015 TOP 10 PROJECT MANAGEMENT TRENDS

Read ESI International's trends to get an in-depth look at how the field of Project Management will evolve in 2015. This year's trends were created by a council of ESI executives and subject matter experts. Topics include managing sponsor expectations, aligning projects with organizational culture, and creating links between strategy and execution.

1. **Lofty expectations.** As cloud-based solutions continue to flood the market, project organizations will persistently find themselves in the middle of the cost-benefit tradeoff between standardization and customization. Cloud-based solutions solve a lot of problems; however, they create many as well. As customization gives way, and centralization wins over complexity, the expectations of business owners will need to be managed. Though a strong case can be made that highly customized, client-server applications never really delivered the promised business value, the high expectations of business owners still exist. As the hype around the cloud heads into the stratosphere, project managers and business analysts will need to become very adept at identifying, communicating and managing gaps between the expectations of the business and the constraints of cloud-based platforms.
2. **Out-of-whack.** Talent management will make gains as a key focus for project organizations, again. According to the Project Management Institute's (PMI's) *Pulse of the Profession*® in-depth study, organizations that successfully align talent strategy to organizational strategy have an average project success rate 14 percentage points higher than those not aligned, and consequently risk 50% fewer project dollars. That might sound like common sense, but more often than not organizations get it wrong. For many, the default practices of hiring only for the immediate need, outsourcing whenever possible, and developing talent later are starting to take their toll. In 2015, the pendulum will start to move back toward a more strategic approach to talent management for the project community.
3. **Fuel for the hybrid.** New, innovative business models and technologies will force project managers to adapt. With many industries undergoing rapid changes, project management methods that allow for accelerated development and rapid learning will become critical to serving the business. Historically stodgy industries such as financial services and healthcare are being forced to employ new business models to keep up with changing customer expectations and increased regulation and compliance requirements. These and other industries will look to technology-based solutions to bring products and services to the market and to accelerate the data capture and reporting requirements driven by regulation. Existing project management methods will become strained. Increased uncertainty and velocity will directly impact front-end processes and risk management practices, requiring many project organizations to make adjustments. Agile will continue to grow in importance and even more project communities will struggle with hybrid project teams.

4. **A day late and a dollar short.** The cost of senior project talent continues to increase as demand rises and the availability of seasoned professionals dwindles. According to an ESI Project Manager Salary and Talent study, 83% of project organizations reported that they were understaffed, and 44% of those positions were for senior project professionals. This number will continue to rise as other macro supply and demand trends continue. Increased regulation and compliance, emerging technologies, rising globalization and several other business trends continue to generate increasing numbers of projects. Since these trends appear to be accelerating, it seems obvious that the demand for projects and the people who manage them is not going to level off anytime soon. Supply trends are also working against project organizations. According to PMI®, senior project managers are retiring at an increasing rate with over 60% of PMI members now over the age of 40. PMI is forecasting that 30% of project managers will be leaving the workforce by 2018. An existing shortage of supply, an aging workforce, and a growing demand for projects all add up to a serious problem for organizations not actively developing a bench of talent.

5. **Bottoms up!** Keeping existing projects aligned with current business objectives will increasingly require a bottom-up approach. Project portfolio management (PPM) has taken big strides forward over the past few years as organizations have had to carefully rationalize their projects and resources. PPM processes, of course, rely on a top-down approach where portfolio decisions are made in the boardroom and then permeate down to project selection and funding. The problem occurs when strategy shifts, as it often does, and the existing project portfolio does not follow. In many instances PPM processes do not keep pace with market velocity and dynamics, and the shifting organizational priorities that follow. When misalignment occurs projects ultimately pay the price. To correct this misalignment, project organizations must work to build a bottom-up process that continually links project outcomes with organizational strategy. Whether done as part of the stage-gating process or through a separate audit process, project teams need to take responsibility for delivering business value or risk delivering meaningless project outcomes.

6. **Ignore project managers at your own peril.** Project professionals will continue to be ignored by their managers. In a recent ESI Interpersonal and Leadership survey of over 500 project professionals, the number-one skill that respondents wanted from their managers was the ability to coach and mentor them. The survey revealed that the top three skills required to successfully lead project professionals were coaching and mentoring (52%), setting goals and expectations for team members (47%), and the ability to motivate team members (36%). The survey also asked about the greatest deficiencies project professionals found in their managers. Again the number-one response was coaching and mentoring. According to the survey, the top three deficiencies were coaching and mentoring (42%), delegating authority effectively (39%), and activity leading change in the organization (33%). Managers of project professionals are busy people who typically manage projects as well as project professionals, so it is understandable. With that said, coaching and mentoring are instrumental to the success of project professionals; those who don't make time to focus on their staffs will likely fall victim to the oversight.

7. **Run!** Project professionals will continue to avoid conflict. This is not a hard prediction to make since most of us avoid uncomfortable situations—it is human nature. Unfortunately, fear of conflict can plague project performance, as project management success depends on candor and transparency, both of which often involve difficult conversations and, potentially, conflict. A recent ESI Interpersonal and Leadership survey validated the impact of fear of conflict. Of the 500 project professionals who responded to the survey, 36% of them ranked having difficult conversations and conflict management as the top skills lacking in most project professionals. Beyond our natural tendency to avoid conflict, other factors that promote this behavior include closed management styles and cultural tendencies to “shoot the messenger.” It is critical for managers to train their project professionals to effectively manage difficult situations and to enable them to be transparent and candid with impunity.

8. **Change is coming.** The disciplines of change management and project management will continue to merge. Inherently projects are about change. No project has “steady-state” as its goal, yet historically change management and project management have been kept apart. Projects have been entirely about delivering project outcomes on time and on budget. This perspective has, for the most part, entirely ignored the underlying purpose behind any project — to move the business forward. It’s a subtle but important disconnect. If asked, how many executives would prefer a project manager who believes the end game is simply to deliver project outcomes, with no sense of context as it relates to business strategy, most people would tell you that a good project manager has strong business acumen, and is very capable of challenging project deliverables that seem misaligned to project objectives. But why stop there? Why not expect project managers to deliver business value as a direct result of the project? This means taking responsibility for not only what a project delivers, but also how those deliverables are implemented and how they impact the business. To achieve that level of integration requires change management to be included as a project requirement and business impact to be stated as a deliverable.
9. **Knocking at the door.** In the coming year we will see project management take a big step closer to business strategy. As business leaders continue to adapt to the increasing volatility and velocity of markets, they are, necessarily, getting better at connecting the dots between strategy and execution. Consequently, as a discipline that bridges the gap, project management will make big in-roads in the coming year. The trend has not gone unnoticed by PMI, which has written extensively on the subject in its *Pulse of the Profession*® and other recent publications. As more organizations take notice of the links between strategy and execution, the discipline of project management can only benefit.
10. **Culture shock.** The role of culture in project execution finds a bigger audience. Having a project culture is fundamental, but it may not be enough if the overall culture of an organization is at odds with the types of projects it undertakes. Success is difficult to come by in organizations where disconnects exist between culture and the strategy. Often, when this is the case, project impact suffers and sponsors are left shaking their heads as to why. Organizational cultures strongly influence working relationships, and some types of relationships may impede successful execution. For instance, a rules-based culture may be at odds with an effort to build high levels of intimacy into the customer engagement process. Consequently, a project linked to a misaligned implementation would carry significantly more risk than a project tied to, for example, a process improvement effort. In the end, the project community does not have much to say about the organization’s strategy or the projects it chooses to undertake. Identifying cultural disconnects in strategy, however, may help them recognize risks that would have otherwise gone unnoticed.