



Swedish Project Review 2019

Delivering Value Beyond Borders

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Preface

by Henrik Bagewitz and Konstantinos (Kostas) Viglas

In 2019, there is no other recognized way to achieve rapid advancement, profound change or business transformation than through the use of project, program and project portfolio management. Nor is there a more established or efficient means to develop the innovative products or services of tomorrow. Navigating in a business landscape characterized by disruption, digitalization and increased competition, organizations endure to make reality of their emergent investments through projects.

The Swedish Project Review is Sweden’s leading index on project related capabilities. This is the third consecutive issue of the report. In collaboration between KPMG Project Advisory and PMI Sweden Chapter, it provides industry specific benchmarks, points out trends and areas for improvement. This year’s report is based on a survey with 380 respondents from a wide range of sectors and industries. For further insight, the study has also been enriched by in-depth interviews with leading professionals in the field of project, program, and project portfolio management.

Practices in management of projects have been developed for decades but are still deployed with different levels of success. In 2019, a substantial part of investments in projects are lost due to insufficient project management. This year we have particularly analyzed the challenges and critical success factors that project management professionals encounter in multinational environments.

We want to thank all of you who have contributed and made the Swedish Project Review 2019 possible. Your participation truly supports and enhances the under-standing of project related capabilities in Sweden today. A special thanks goes to Pontus Jespersson, Isabel Bergling Olanders, John Denham-Smith, Shirish Kumar and Victoria Carlsson-Lundström at KPMG together with Ola Stensson at PMI and the board of directors of PMI Sweden Chapter.

We sincerely hope the condensed facts and insights provided in this report will give you confidence to move forward in your most strategic and challenging endeavors.



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The crucial role of project capabilities

The ever-increasing importance of project capabilities

The need for efficient project delivery is widely acknowledged in Swedish organizations, as well as the undisputable need for building the required capabilities in this field of management. The rules of business are changing rapidly and executives must assure not only that their organizations are executing projects successfully, but also that the right initiatives are prioritized to reach the overall business objectives. The ambition for a clear alignment of projects and strategy of the organization is becoming increasingly important.

Building the appropriate project capabilities requires long term engagement and commitment, which indeed could be challenging. However, an adequate focus throughout the organization will make a difference for the outcome of its most strategic initiatives and investments.

Compiling the data from previous years' reports, we conclude a predominant trend that project capabilities are becoming increasingly important for each year. This is determined by figures showing that differences in project success between high performing and low performing organizations have grown swiftly in recent years. As an example, in 2017, 52 percent of the organizations with low access to sufficient competence and resources met the quality criteria in the majority of their projects; the corresponding figure for 2019 is 18 percent. We find a similar pattern in other project capability areas, indicating higher demands on a mature project organization in order to be successful.

Large gap between perceived importance and performance

In many of the analyzed project capability areas, the perceived importance of performance significantly differs from the organizations' actual maturity. Organizations in Sweden highlight the importance of adopting project management principles and

leading practice, while often witnessing their organizations falling short of their intended achievements.

93 percent rate risk management importance as medium to high for project success, yet only 17 percent of the respondents characterize their organization's risk maturity level as high.

A total of 92 percent of the respondents rate the importance of benefit and financial management as medium to high, which is a minor increase since the previous two years (89 percent in 2018 and 90 percent in 2017). However, only 19 percent of respondents rate the maturity level of their organizations as high when it comes to benefit and financial management.

The vast majority of the respondents believes that performance and quality management is important for project success, 95 percent assess the importance as medium to high. At the same time, only 16 percent characterize the maturity of their project-related performance and quality management as high.

Capacity management – a key focus area

Needless to say, allocating the relevant mix of competences to carry out the intended project objectives, is key to success. In 2019, collected data for capacity management distinctly confirms that the ability to manage resources and competence within projects is becoming more important. As many as 97 percent rate the importance of capacity management as medium to high for meeting the quality criteria. On the contrary, only 15 percent of the respondents rate the availability and allocation of resources within their organization as high.

This year there is a stronger correlation between efficient capacity management and the success rate of projects in comparison to what has been seen during previous years.

Survey statistics reveal that organizations claiming to be efficient in allocating resources and competences are almost five times more likely to meet the quality criteria of their projects. The tendency might stem from a more complex balance between demand and capacity, when organizations to a higher degree than before run their most prioritized initiatives as projects, accelerating development in an increasingly competitive business landscape.

Project Management Beyond Borders

The main theme of this year's report is a critical domain for continued persistence and success of Swedish organizations. Operating in a multinational environment implicates access to new markets, suppliers and resources, but it also brings challenges. According to our research, critical factors for managing multinational projects are related to properly managing cultural differences, efficient team leadership and adoption of processes and methods being fit for collaboration beyond borders.

Public sector is lacking behind

In this year's report, the clear industry-specific patterns provide further insights and we reveal significant differences between various industries. The IT industry stands out in a positive sense by effectively managing risk throughout the project delivery, as well for having well-established practices for system and data management. On the other hand, the public sector seems to have difficulties establishing well-functioning project capabilities, which is reflected in the outcome of their projects. The survey shows that organizations in the public sector have more than 40 percent higher probability of failure compared to private enterprise.

Neglecting formal processes and methods

A timid, yet increasing number of organizations dispose formal processes, methods and working procedures. This development has a negative effect on project success – our research clearly identifies that organizations with well-established processes and methods, in general, are more efficient and successful in their project delivery. An explanation for this trend is the attempt of many to be more flexible and agile. Unfortunately, it seems to be a common misunderstanding that agile principles do not require clear processes and methods.

On the contrary, being client oriented with rapid and incremental business development swiftly responding to changes in market needs, requires well-defined ways of working and regularity in internal and external collaboration.

Leading data and insights

The Swedish Project Review 2019 is based on 380 respondents with supplementing in-depth interviews with prominent profes-

sionals in this field of management. Conducting this research for three consecutive years, the data and insights are solid with benchmarks and trends for all relevant project capability areas. The conclusions are based upon a wide range of organizations in terms of industries and sizes with main representation from project managers, head of PMOs and senior management.

Key findings

- Project, program and project portfolio management capabilities are becoming increasingly important in Swedish organizations
- There is no silver bullet in project management – all capability areas covered in this report must work together for repeatable project success
- The rated importance of performance in areas such as risk management, benefit and financials, and performance and quality, is considerably higher than the actual maturity in these areas
- The correlation between efficient capacity management and the success rate of projects has increased this year from previous years – organizations claiming to be efficient in allocating resources and competences are almost five times more likely to succeed in their project delivery
- Critical success factors for efficiently managing multinational projects are: to properly manage cultural differences, efficient team leadership and adoption of processes and methods being fit for collaboration beyond borders
- The public sector is lagging behind – our research shows that organizations in the public sector have a more than 40 percent higher probability of failure compared with private enterprise
- An increasing number of organizations dispose formal processes and methods with a negative effect on project success
- Only 16 percent of the respondents estimate that the vast majority (75-100 percent) of the projects in their organization during the last 12 months have delivered on time, within budget and with realized benefits of at least 80 percent
- In 2019, data is transforming market conditions, organizations and projects in a speed that is ground-breaking

Governance & Strategic Alignment

The importance of governance and strategic alignment

In times of disruption and increased competition, organizations predominantly execute their emergent strategies through projects. As a result, today's senior management clearly recognize that project and change capabilities are essential to succeed. The need for clearly aligning projects with the strategy of the organization has become a matter of survival. The rule of business is changing rapidly and executives need to assure not only that their organizations are executing projects efficiently, but also that the right initiatives are prioritized to reach the overall business objectives.

Large gap in perceived importance and performance

Our research shows that as many as 82 percent rate the importance of having projects aligned with the overall

strategy of the organization as high. However, only 54 percent characterize their alignment as high, indicating that there is room for improvement. Further, our findings show that organizations with high alignment are more than twice as likely to meet the quality criteria for a majority of their projects compared to those with low alignment. There is a declining trend regarding the perceived importance of aligning projects to the strategic goals of the organization. In 2017, 91 percent of the respondents rated the importance as high, compared with 84 percent in 2018 and 82 percent this year. However, although the importance has declined there has been an increase of high performing organizations within the area – the research confirms that organizations are strengthening their capabilities within the area of governance and strategic alignment.

Involvement of senior management

Is high involvement of senior management in prioritized projects always beneficial for the outcome? Or does it lower the project manager's ability to guide the project in the right direction? Our research shows that executive sponsorship and high involvement of senior management are highly associated with project success. Furthermore, high executive involvement is shown to increase alignment between strategy and project execution. From a project portfolio perspective, transparent communication from senior management on priorities becomes a vital means for anchoring the business context in the organization. Thereby, project teams can recognize their contribution and project benefits as part of a bigger picture rather than isolated deliverables of individual projects.

Our findings indicate a minor, nonetheless important tendency towards increased engagement from senior management in prioritized projects. In 2017, 14 percent of the respondents rated the involvement of senior management in their organization as low. This year, the same figure has declined to 10 percent (11 percent in 2018).

It is important to understand that the view on involvement from senior management differs within the organizations depending on roles. This year, we observe a less common view and slightly weaker dialogue between project managers and senior management. Two thirds of executive respondents rate their involvement in prioritized projects as high, while the corresponding rating from the project managers is only 50 percent. The difference in opinion is further exposed in regards to project success. Just above half of all project managers estimate that the organization meets the quality criteria in a majority of its projects, whilst the corresponding percentage among executives is 73 percent.

This is what you can do

- Continuously ensure that project objectives are aligned with business values, strategies and objectives of the organization
- Encourage executive ownership in project portfolio management and governance of prioritized projects to ensure strategic alignment, funding, staffing and decision making as appropriate to the business
- Deploy the PMO as an executive partner for support in categorization, prioritization, adequate control, and continuous efficiency improvement
- In order to achieve strategic alignment, ensure that the PMO is reporting directly to the executive owners of the strategic agenda
- Increase the usage of program management for a more apparent focus on strategic alignment and benefits
- Implement relevant governance fora with a clear agenda, roles, responsibilities and ways of working
- Establish suitable level of progress reporting to foster efficient decision making
- Create a culture of openness and transparency

Figure 1
Indicates the correlation between senior management engagement and project results.

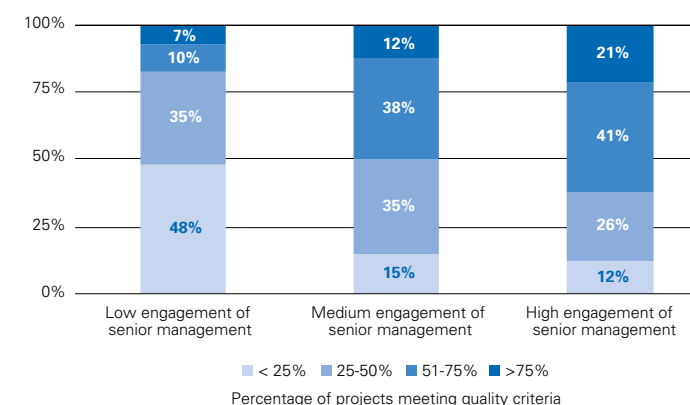
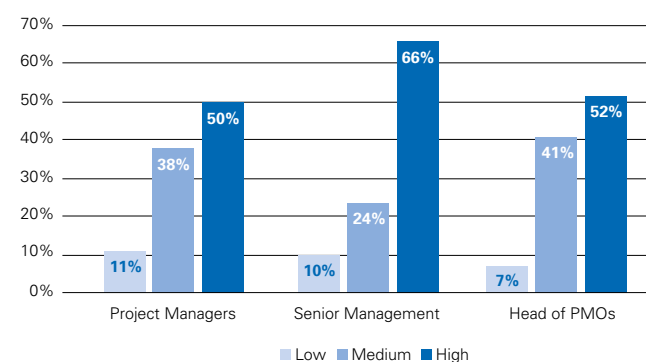


Figure 2
In your view, to what degree is senior management actively engaged in high priority projects?



Processes & Methods

The need for a structured approach

All projects, regardless of industry and business landscape, are subject to risk and uncertainty at different levels. However, with a structured approach, project managers and organizations increase the probability to succeed in delivering expected benefits throughout the project lifecycle.

Some project professionals may claim that the conditions under which projects are managed make budget, time or scope change impossible to forecast or control. Truly, external hazards and internal politics are a project management reality for some. This should however not affect the efforts to adopt structured frameworks improving the possibilities to navigate in such complex project environments. On the contrary, well proven processes and methods can make the difference between success and failure.

While agile methodologies gain momentum in the field of project management, our study indicates a risk that formalized processes in organizations lose ground. Important to point out, being agile is not the equivalent to neglecting structured ways of working without the substitution of new methodologies or frameworks. On the contrary, agile is quick in movement, yet a structured approach to being customer centric, value based in delivery with efficient empowerment. Hence, organizations need to stay attentive to ensure current ways of working get replaced by efficient project management processes, suited for their needs.

Shifting belief and commitment

Last year, a small increase was found in the importance of having project related processes and methods for project success – 97 percent of the respondents rated the importance as medium to high. This year, however, we observe a decrease for the very first time. Even though it may seem insignificant, from 97 to 94 percent, it is still valid to emphasize the downturn since formalized processes and methods noticeably relate to project success. Still, merely 6 percent rate the importance of processes and methods as low. This focus area is undoubtedly fundamental for project, program and project portfolio management.

Not only is the perception changing regarding the importance of formalized and centralized processes and methods, the lowered perception of importance does also seem to affect the operational work. The number of respondents defining their organization's processes and methods as informal has increased from 15 to 21 percent during the last year. Also, the number of organizations having centralized and well documented processes and methods with a strong and proven approach has decreased for the first time.

Benefits of formalized processes and methods

Our research shows that project related processes and methods have substantial impact on the outcome of projects. As a matter of fact, organizations with formal processes and methods implemented are 50 percent more likely to succeed with their projects. In the same way, organizations with no or informal processes and methods are 33 percent less likely to succeed. These results are uniform with what we have observed during the recent years showing that project related processes and methods are drivers for success if they are given formal status,

deployed and adhered to appropriately. Well-established project related processes and methods will also minimize the risks for uncontrollable changes to the project baseline, which is essential for project success.

This is what you can do

- Incorporate leading practices in processes and methods and tailor them to your organization's needs
- Make sure processes and methods are simple to follow and applied to fit its purpose; each project is individually different
- Communicate the value of using processes and methods and ensure inclusion of continuous improvement inputs from users
- To succeed with the agile journey of your organization, make sure it is accompanied by adequate processes and methods
- Establish a PMO to create structures without sacrificing efficiency and focus on business results
- Ensure adherence to processes and methods as appropriate by sufficient support, training and control
- Focus on the added-value of the process rather than its documentation
- Ensure processes, methods and templates are established from start in the project initiation

Figure 3
To what degree does your organization have structured and formalized project-related processes and ways of working?

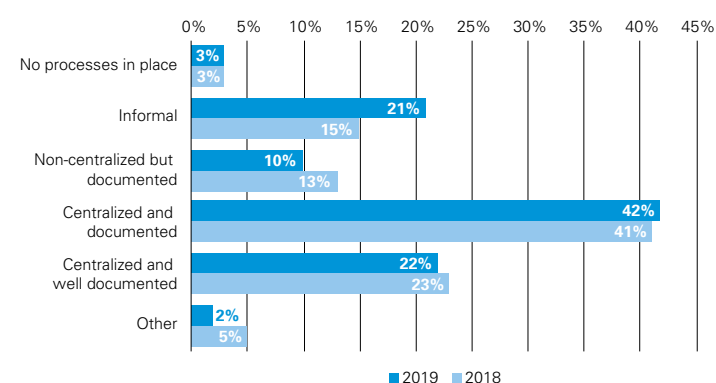
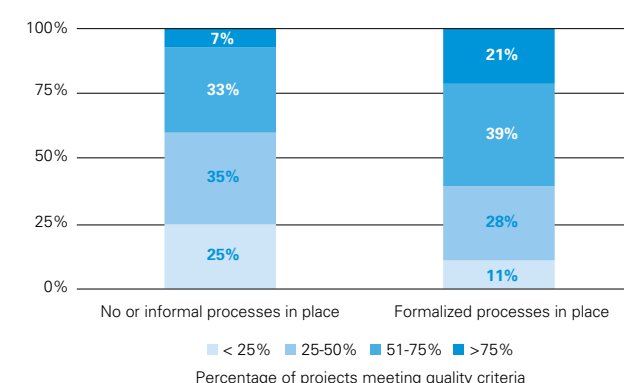


Figure 4
Indicates the correlation between process deployment and project results.



Capacity Management

Capacity determines throughput and quality

As in previous years, capacity management remains one of the most essential areas for project success. As many as 97 percent rate the importance of capacity management as medium to high. There are several reasons why this area is considered as critical. Capacity management lays the foundation and conditions for throughput and quality. Needless to say, if resources or competences are not available as needed other capabilities are indifferent.

An efficient resource allocation should identify key competences and preferably prioritize them between projects, still being agile enough to make swift adjustments when needed.

To balance resource demand and supply properly, capacity management needs to be a central part of the project portfolio framework.

Competence allocation is a persistent challenge

Even though capacity management is considered particularly important, only 15 percent of the respondents rate the availability and allocation of resources within their organization as high. On a positive note, 15 percent is a minor increase since last year (12 percent). Nevertheless, this is still an area for improvement. Most apparently, there is a gap between perceived importance and performance in the area of capacity management.

The importance of capacity management could be further explained in figures. Survey statistics reveal that organizations claiming to be efficient in allocating resources and competences are almost five times more likely to meet the quality criteria of their projects. Hence, we conclude that organizations being able to efficiently allocate and distribute sufficient resources and competences are far more successful in executing their complex project endeavors. Further, high performance in capacity management becomes more important for each year. In 2017, 52 percent of organizations with low availability of resources met the quality criteria in a majority of their projects, in 2018 the same figure was 34 percent, and this year as low as 18 percent.

The importance of senior management involvement

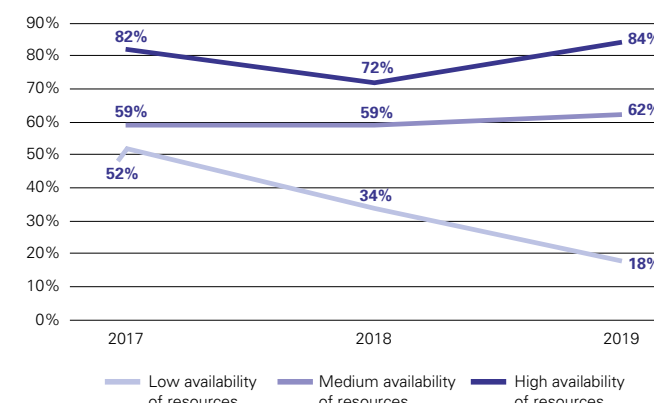
When it comes to senior management involvement, this year's data confirm previous years' results. The availability and allocation of resources in projects largely depends on the involvement from senior management. Organizations with high involvement from senior management are almost four times more likely to rate the availability and allocation of resources as high, compared to organizations with low involvement from senior management. Also, in general, project managers and head of PMOs have a scattered and more negative perception of resource availability than executives. Thus, senior involvement consequently leads to more throughput in the project portfolio and increased likelihood of project success.

This is what you can do

- Integrate a resource allocation process to make sure active priorities are made in your project portfolio based on realistic resource constraints
- Ensure swift action to get incorrectly staffed projects back on track – inappropriate resource allocation implicates an evident risk of low performance
- Aggregate and visualize a transparent view of resource availability to streamline resource allocation – take advantage of digital solutions
- Involve senior management in capacity planning, execution and follow-up to ensure that active priorities and informed decisions are made
- Identify the key competence areas following your project portfolio pipeline and make appropriate staffing plans with the relevant stakeholders involved from an operational, tactical and strategic perspective
- Prepare the organization for change with alignment between key stakeholders and proper communication before deploying structured capacity management

Figure 5

Correlation between capacity management and successful projects over the last three years.

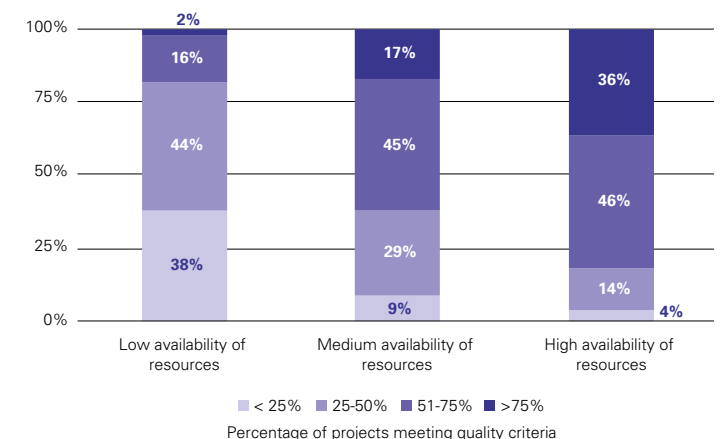


The percentage scale represents organizations with a success rate of at least 50 percent of all their projects.

In 2017, 52 percent of organizations with low availability of capacity succeeded with the majority of projects. The corresponding number in 2019 is 18 percent indicating that capacity management has increased its importance for successful projects.

Figure 6

Indicates the correlation between competence and resource allocation and availability as needed, and project results.



Benefits & Financials

Lifecycle capabilities needed for realizing benefits

In 2019, benefit and financial management is a highly rated, yet challenging area for organizations to deal with. Rather than merely calculating return on investment and ensuring funding for the prioritized projects prior to initiation, this focus area contains the end-to-end principles for adding value in relation to the resources needed. Throughout the project lifecycle, key components such as financial risk evaluation, estimation of cost elements, prognostics, continuous alignment on planned benefits and relevant financial close-out procedures make a substantial difference for the final project outcome.

Room for performance improvement

As in previous years, the Swedish Project Review confirms that benefits and financial management is a highly valued

focus area for successful projects. A total of 92 percent of the respondents rate the importance of benefits and financial management as medium to high, which is a minor increase since the previous two years (89 percent in 2018 and 90 percent in 2017).

However, our findings highlight that organizations have a long way to go in order to improve their performance in this area. Only 19 percent of respondents rate the maturity level of their organizations as high. Even though this is a sharp increase since last year (11 percent) the maturity remains low over time. With such an obvious gap between perceived importance and performance, we conclude that organizations find it difficult to develop adequate benefit and financial management capabilities.

Benefit and financial management is a critical capability

Consequently over the recent years, our study shows that there is a strong correlation between well-deployed benefit and financial management and project success. Organizations with an established benefit and financial management framework are almost three times more likely to succeed with a majority of their projects, compared with organizations without established benefit and financial management. By including benefit management throughout the project lifecycle and after project closure, organizations are enabled to make informed decisions based on the expected benefits of each individual project.

The use of business cases

An important tool for an efficient and benefit oriented project management is to make use of business cases. Using business cases throughout the project lifecycle as an instrument for prioritization, and reviewing the business case in each phase of the project, the alignment with organizational strategy can be ensured and benefits managed efficiently.

Based on our research, we conclude that the use of business cases is seeing a declining trend. This is in line with the general tendency for organizations to dispose established processes and methods, by some justified as an attempt to become agile. Unfortunately, this trend is not in favor of the organizations results. On the contrary, survey data is in line with previous years showing a clear link between project success and established processes and methods, including business cases. Relevant to point out is that the use of business cases has declined since 2018, while the negative impact of neglecting the practices of benefit and financial management is increasing.

In 2017, 62 percent of the organizations with a low benefit and financial management maturity level succeeded with a majority of their projects, in 2019 the corresponding percentage is 30 percent.

This is what you can do

- Integrate benefit and financial management principles into the project portfolio framework to enable an active prioritization and view on strategy execution status
- Ensure that benefit and financial management principles are deployed throughout the project lifecycle to clarify the planned value prior to initiation and to assure benefits are reached during and after the project
- Do not be reluctant to take corrective actions if projects do not deliver in line with what is required or planned for
- Establish a benefit realization structure to define what to measure and when to measure with defined responsibilities and baseline measurements as reference points for tracking
- Strive for a benefit oriented mindset in the organization going beyond the project deliverables with focus on business impact

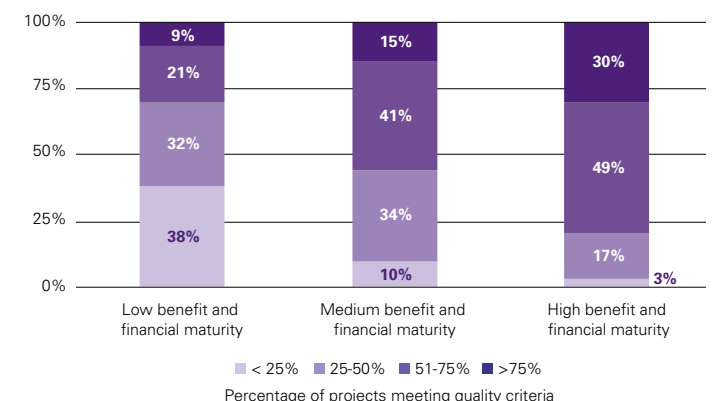
Figure 7

What does the application of business cases look like in your organization?



Figure 8

Indicates the correlation between benefit and financial maturity and project results.



Organizational Change

Increased performance in organizations' ability to adapt

The ability to adapt to new conditions, such as change in customer habits and disruptive technology, has become vital for organizations to succeed. From an organizational point of view, agile principles and change management capabilities are key to be flexible and to stay relevant in a constantly evolving business environment. The Swedish Project Review reveals that 93 percent of the organizations assess the importance of organizational change as medium to high for successful project management and increased value of the organization.

The fact that organizations consider organizational change to be a critical capability, also seems to give clear implications on their performance in the area. Since 2017, the proportion of organizations that assess their ability to manage and adapt to change as high, has increased from 17 to 25 percent. Despite the increase, many organizations continue to find it difficult to adapt to change efficiently. A contributing reason may be that the priority of creating a culture receptive to organizational change has slightly declined since 2017. Two years ago, 78 percent of the respondents rated the importance of creating a culture receptive to organizational change as medium to high, the corresponding percentage for this year is 73 percent.

Change management is key to success

Organizations with a high ability to adapt to change are facing a much greater chance of succeeding with their respective projects. Two years ago, high-performing organizations had about two times the likelihood of succeeding with the projects compared to the low-performing organizations. Worthy of note, this correlation has strengthened. This year, 80 percent of the organizations with a high ability to adapt succeed with a majority of their projects. The corresponding figure for organizations with a low ability is 29 percent. Thus, the likelihood of succeeding with projects is nearly three times higher for organizations with high-performance in relation to change capabilities. Clearly, it is a precarious and complicated task to change mind-sets, behaviors or values within an organization, but those who embrace agility and change management capabilities are more likely to stay on the prosperous side.

The public sector is lacking behind

In the area of change management, there is also a clear difference between the private and public sector. The public sector is struggling in this area. As a matter of fact, only 5 percent of the respondents in the public sector rate their organization's ability to manage and adapt to change as high. The corresponding figure for the private sector is 27 percent (see figure 10).

This is what you can do

- Balance your leadership focus from control and follow-up to activities building creativity and motivation
- Make trust an explicit value in your organization, clearly laying out which behaviors are desired and which are not
- Let change management competence be an important skill set for all leaders in your organization – project oriented leaders in particular managing transformation and change
- To efficiently adapt in a disruptive business environment, increase performance by initiating an agile transformation program with a clear tone from the top
- Use training and coaching to support the people of your organization in their transition towards new ways of working

Figure 9

Indicates the correlation between ability to manage and adapt to change and project results.

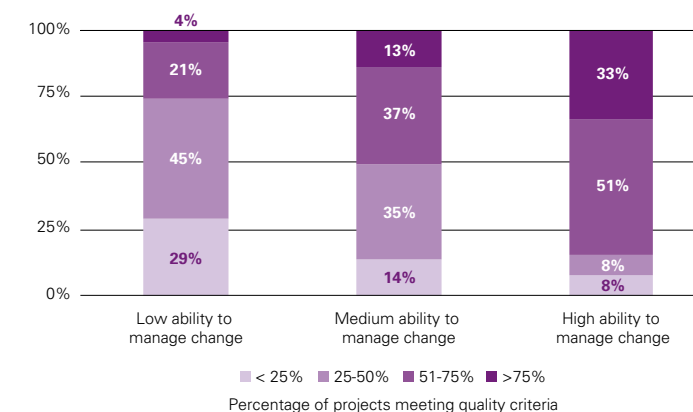
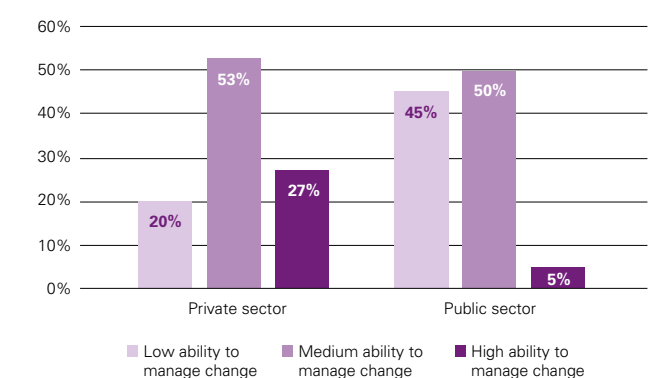


Figure 10

How would you rate the ability to manage and adapt to change within your organization?



Performance & Quality

Building capabilities for repeatable project success

The required or perceived degree of quality varies between different organizations, projects and individuals. Surely, quality management is a multifaceted domain described and interpreted differently depending on context. For our research, we have chosen a straightforward question as index for project performance and quality: "For the last 12 months, how many of the projects in your organization do you estimate have delivered on time, within budget and realized benefits of at least 80 percent?"

As in previous years, the vast majority of the respondents believe that performance and quality management is critical for project success and increased value for their organizations – 95 percent rate the importance as medium to high. This percentage is also in line with previous years' figures (93 percent in 2018 and 95 percent in 2017).

Shifting views among stakeholders

In performance and quality management, there is a significant gap between the perception of importance and performance. Only 16 percent characterize the maturity of their project-related performance and quality management as high.

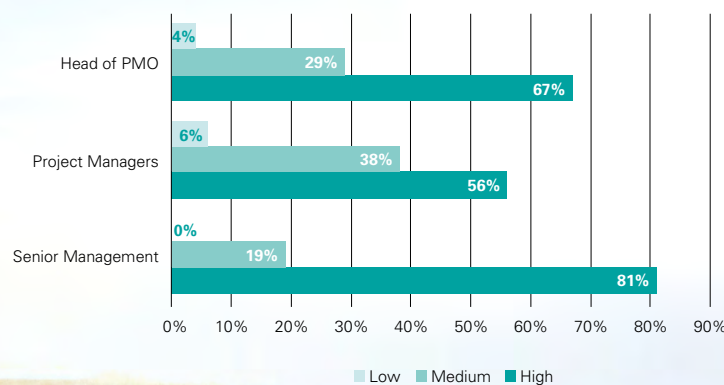
In addition, there are also major differences between different stakeholders within the organization. The most prominent differences are identified between senior management and project managers – 81 percent of senior management rate the importance of this project management domain as high while the corresponding figure for project managers is 56 percent (see figure 11).

Room for performance improvement

Only 16 percent of the respondents estimate that the vast majority (75-100 percent) of the projects in their organization during the last 12 months have delivered on time, within budget and with realized benefits of at least 80 percent. We have through our research seen an improving trend in previous years concerning project success, but in 2019, the performance is undeniably remaining the same as last year.

What is the implication of performance and quality management for project results? In line with previous years, we find that this area is one of the most important when it comes to delivering successful projects. In fact, 89 percent of high-performing

Figure 11
In your view, how important is management of performance and quality for project success and increased value of your organization?



organizations in deploying performance and quality management principles also succeed with a majority of their projects. This can be compared to 28 percent, being the corresponding figure for low-performing organizations. Not surprisingly, there is a clear correlation between performance and quality management and project success.

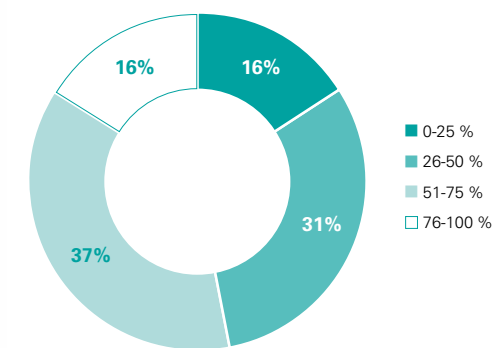
Define and manage common success factors

By measuring and continuously evaluating project performance and quality, organizations may learn over time and enhance project related capabilities. With this approach, defining tailored checklists with critical success factors and KPIs for projects based on lessons learned becomes an efficient means to proactively govern and manage projects. Important to stress, all management domains being part of this report are vital in order to succeed – there is no silver bullet in project management.

Independent quality assurance to challenge and support

The use of quality assurance and project reviews is relevant for organizations striving to improve in the area of performance and quality management. Project reviews could be performed as holistic health checks or as deep dives within defined project areas, at specific milestones or toll gates, or as an integrated support and control throughout the project lifecycle. Evaluating performance, highlighting risks and recommending relevant actions going forward in the project could be done by internal competence or by an external assurance partner.

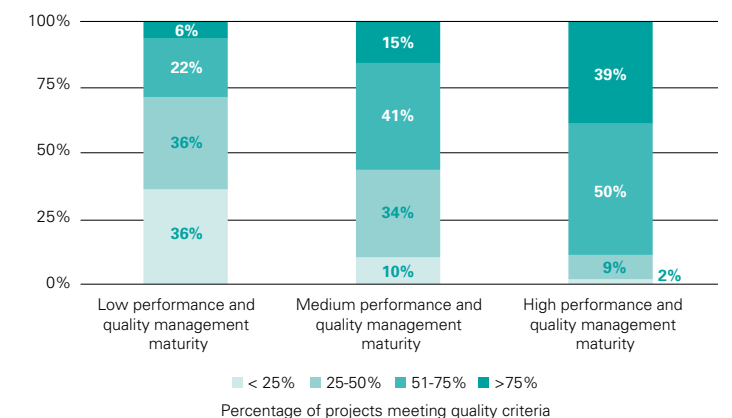
Figure 12
For the last 12 months, how many of the projects in your organization do you estimate have delivered on time, within budget and realized benefits of at least 80 percent?



This is what you can do

- Identify quality criteria and critical success factors in your organization to enable improved performance and common expectations on project delivery
- Deploy proactive KPIs enabling predictive governance
- Ensure adherence to decided ways of working through relevant communication, support and control
- Within the project or in the portfolio, follow up on different aspects of quality – make sure lessons learned and feedback are incorporated appropriately
- Create a culture for learning and development to ensure conditions for continuous improvements
- Ensure transfer of knowledge and leading practice between all project managers within the organization through collaboration platforms
- Utilize project reviews as an enabler for reliability and consistency - if capabilities are not in place internally, consider external support as a valuable complement

Figure 13
Indicates the correlation between maturity in performance and quality management and project results.



Risk Management

Manage risks to ensure a proactive approach

Projects are by its nature affected by risk. Hence, a well thought-out and deeply rooted process for risk management is in many cases the difference between success or failure for organizations in their project endeavors. Undeniably, efficient risk management is a fundamental component throughout the project lifecycle in order to make proactive priorities and decisions. There are numerous examples of how insufficient risk management has been devastating for multinational organizations. Inevitably, it is important to incorporate risk management for all projects, programs and project portfolios, regardless of size or focus.

This year, 93 percent rate the importance of risk management as medium to high for project success and increased value of their organization, which is similar compared to previous years. When it comes to risk management, there is a major gap between performance and importance for project success and increased value of the organization. On a positive note, 96 percent of organizations perform some sort of risk management activity. However, only 17 percent of the respondents characterize their organization's risk maturity level as high. This is a minor decline since last year when the corresponding figure was 20 percent.

Following the same trend, since 2017, the proportion of organizations frequently managing risk in their projects has steadily declined from 43 percent to the current 37 percent. This is a worrying direction that we will continue to track going forward.

Furthermore, our research shows that organizations that are efficient in managing risk are more likely to succeed with their projects and achieve the quality requirements. More than four fifths of organizations having a high risk management maturity reach the quality requirements for a majority of their projects. Correspondingly, only one quarter of the organizations with a low risk maturity level reaches this target. Hence, organizations with a well-established risk management approach are three times more likely to meet the quality criteria of a majority of their projects compared to organizations with low maturity.

Outstanding industries

Two industries standing out in their risk management practice are the IT and the construction industry. The IT industry should be highlighted in a positive manner and is 24 percent more likely to frequently manage risk compared to other industries. The construction industry, on the other hand, is four times more likely to not manage any project-related risk at all, compared to other industries.

In summary, since risk management is closely correlated with project success and the lack of proper risk management is potentially severe, organizations need to take a more active role and ensure that risk activities are conducted and acted upon continuously.

This is what you can do

- Establish an end-to-end risk management processes for projects, programs and project portfolio
- Segment the project portfolio in different risk levels and decide on your organization's risk appetite
- In your project portfolio, ensure a system for visualizing project risks on an aggregated level including early warnings
- Stress the importance of risk management in your organization through training, support and storytelling to establish risk awareness
- Include risk management in the standard agenda for project and program steering committees
- Establish and continuously maintain a risk register of commonly identified risks with suggested risk strategies and actions
- As a practitioner in an industry characterized by insufficient risk management, be prepared to put extra effort on the adherence to risk management principles

Figure 14

With what frequency does your organization manage risks within projects?

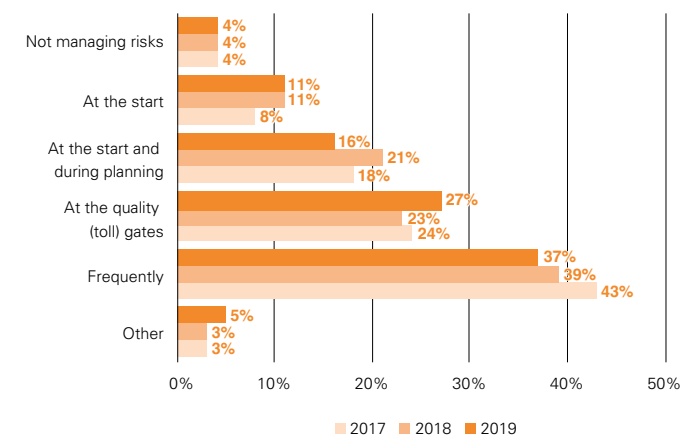
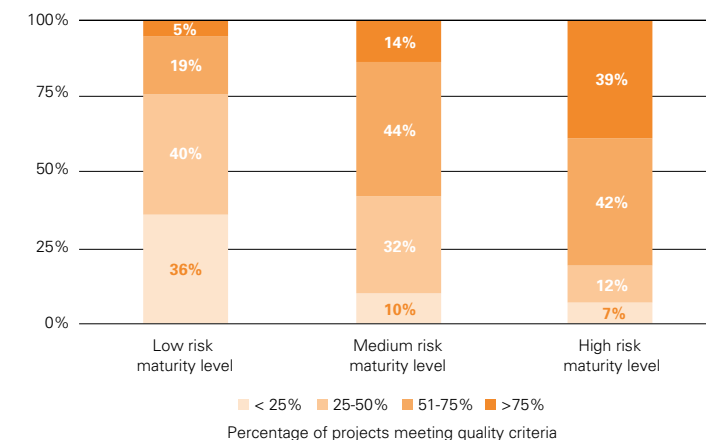


Figure 15

Indicates the correlation between risk maturity level and project results.



System & Data

Groundbreaking opportunities with system and data management

In 2019, data is transforming market conditions and organizations in a speed that is groundbreaking. Those with the highest ability to adopt strategies, business models and drive innovation are more likely to be competitive or even stay in the game. Data utilized in the right way undoubtedly enables new opportunities to create more relevant services and offerings as well as more satisfied

and loyal customers. Relevant information is also key for governance and management of projects. At the same time many organizations face the issues data may cause if it is not correctly managed. Organizations need to ensure high levels of trust in order to gain benefits from data and insights. This is becoming an even more pertinent factor going forward.



As in previous years, the perceived importance of system and data remains high – 91 percent of the respondents rate the importance as medium to high. However, there is a large gap between perceived importance and performance, although the gap has decreased since last year. Only 22 percent of the respondents state that the relevance and accuracy of project-related data in their organization is high (20 percent in 2018 and 40 percent in 2017).

An underlying reason for this trend might be that GDPR entered into force in 2018. Hereby, many organizations increased their understanding of the potential damages that a lack of data management could entail. Also, the business opportunities of managing and processing data, in operations, projects and programs, were revealed to a broader audience. This awareness has most likely affected the drastic decline in performance between 2017 and 2019.

Establishing efficient ways of working in relation to system and data is proven to be a success factor. We see a consistent trend in how efficient system and data management correlates with efficient project management. In fact, high-performing organizations in this field are two times more likely to succeed with their projects compared to low-performing organizations.

Successful system and data management

Technological innovation enables organizations to gain access to a wide range of systems and software creating conditions for advanced analysis. However, many organizations invest in systems that do not add any value for them. Organizations with higher maturity in this field are far more successful at recognizing the business value of a system implementation in advance

and are therefore able to make more accurate prioritizations and investments.

Not surprisingly, the IT industry performs far beyond average when it comes to managing systems and data. In fact, the proportion of respondents who characterize their organizations' data and reporting as accurate and relevant is 80 percent higher in the IT industry compared to other industries. In this field, the public sector is distinguished in a negative sense – 0 percent rate the accuracy and relevance of the data in their organization as high.

This is what you can do

- Define the purpose and value of reporting and information sharing for your organization – the wanted steering effects should be outlined
- Acknowledge the value of data and business insights, use it as your foundation to strategy and project objectives
- Make relevant information available tailored for different stakeholders to enable decisions and actions as appropriate
- Ensure that data sources provide accurate data – the analysis is only as good as the quality of the data
- Make sure your system solution supports the required functionality, is prepared for automation and other efficiency enablers

Figure 16

In your view, how relevant and accurate is the project related data and reporting of your organization?

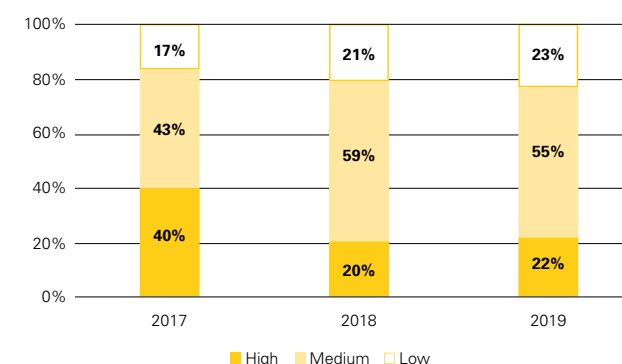
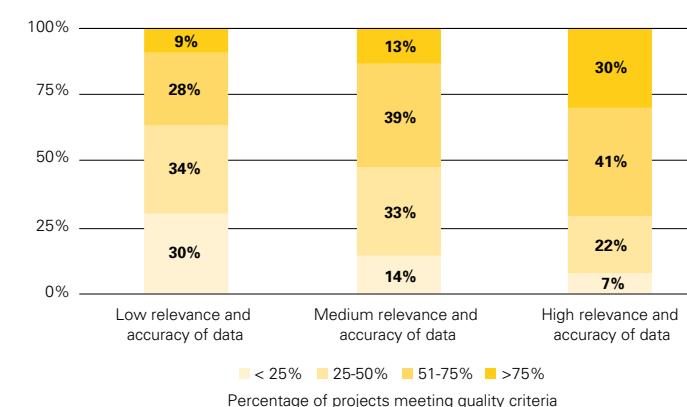


Figure 17

Indicates the correlation between relevant and accurate data and reporting and project results.



Knowledge & Leadership

Knowledge and leadership for developing the organization

Incorporating the knowledge and leadership dimension in project, program and project portfolio management is key for accelerating positive development. In 2019, human capital is often the main resource in an organization. Hence, a well-developed knowledge and leadership framework, is key to cultivate this asset and create a competitive advantage. In projects in particular, when time and cost focus is of the essence with demanding stakeholder requirements, accurate knowledge and leadership skills are often the key differentiator.

Our research shows that knowledge and leadership is perceived as central for project success and increased value for the organization. A total of 95 percent of the respondents rate the importance as medium to high (69 percent as high). Last year, 93 percent of respondents rated the importance as medium to high (63 percent as high). We conclude that the knowledge and leadership dimension is considered even more important this year. However, this trend is not reflected in actual performance – as a matter of fact, organizations do worse than in previous years.

Several aspects to consider

Learning from past experiences is an important way for organizations to avoid falling into the same pitfalls, as well as being able to draw advantage from previous achievements. For individuals in small teams, this is often a natural and intuitive element – challenges arise when constellations grow and become increasingly complex. Without formalized and well-established ways of working, it is almost impossible to reflect on projects and utilize gained experiences. Working with lessons learned could be challenging both in terms of adherence to the process but also in terms of making the relevant information available.

Our research shows that only 19 percent actively work with lessons learned (32 percent in 2017). Hence, opportunities to capitalize on mistakes and identified success factors are often being lost.

What impact does capturing lessons learned have on actual performance? In this field, facts are unambiguous – organizations actively working with lessons learned are more than twice as likely to be successful in projects compared to organizations neglecting these principles. In other words, there are strong incentives to establish lessons learned processes and ensuring that they are applied and adhered to throughout the organization.

Many times success lies in the hand of a project manager. Therefore, ensuring that project managers are fully equipped with the tools, experience and skill-sets to drive strategic initiatives becomes vital. Working with mentorship and coaching is an efficient means to develop competence and increase prerequisites for a successful execution. Our research highlights that a majority of the most successful organizations within project management actively work with mentorship and coaching. Alarmingly though, only 16 percent actively deploy these principles and as many as 48 percent state that this type of activities are non-existent. Organizations actively working with mentorship and coaching are two times more likely to succeed with their projects – in other words, there are opportunities for improvement.

Furthermore, many organizations seem to have difficulties in establishing a robust and well-functioning competence baseline. Only 20 percent of respondents rate their organization's acknowledgement and maturity in defining competency requirements as being high. On a positive note, 20 percent is still a minor increase since last year (17 percent).

Since competency requirements are not fully established, it is fair to assume that access to internal training and certifications is negatively affected. Only 27 percent state that their organization is actively working with relevant education and certification, which obviously adversely affects the possibilities for setting up projects to succeed. Organizations working with relevant education and certification are almost three times more likely to succeed than others.

This is what you can do

- Put the right competence in focus for improved project planning and delivery conditions – prioritize competence development, relevant education and certification
- Recognize the project manager profession as a prerequisite for successful projects – define competency requirements and create a career path
- During the recruitment process of project managers do recognize soft skills as a valuable asset for team spirit, group collaboration and recognition of team performance, which all together leads to project success
- Provide coaching and mentorship as a means to guide and motivate but also as an instrument for transferring and restoring knowledge
- Do not hesitate to collaborate, share insights and get leading practice from others in order to improve
- Design and deploy a formal lessons learned process tailored for your organization ("for us, by us") – ensure lessons learned are applied in new projects

Figure 18

In your view, how important is management of knowledge and leadership for project success and increased value of your organization?

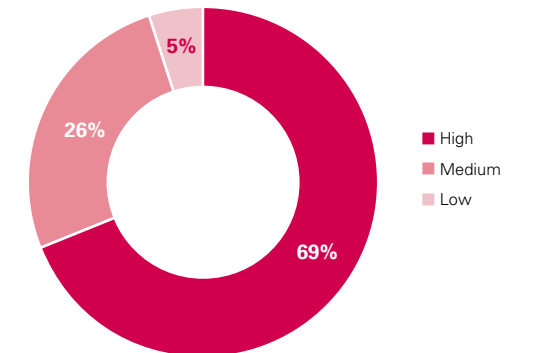


Figure 19

Does your organization acknowledge and actively work with lessons learned collected and used in new projects and strategies?

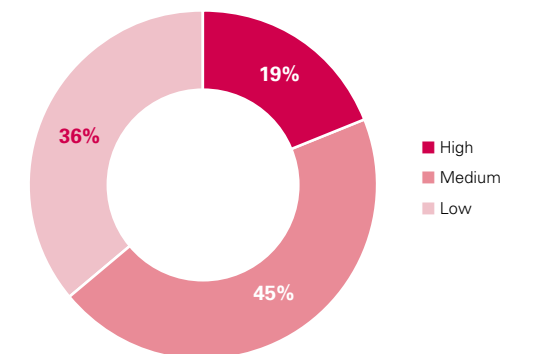
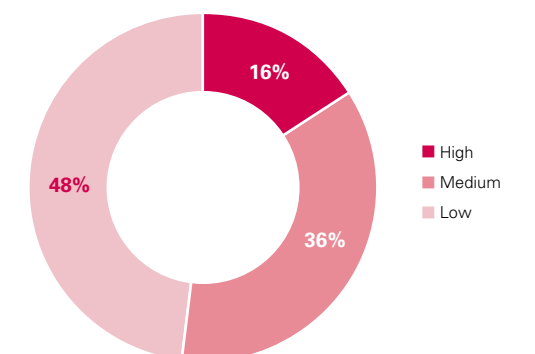


Figure 20

Does your organization acknowledge and actively work with mentorship and coaching?



Project Management Beyond Borders

Emerging opportunities in the multinational context

Globalization and digitalization have fundamentally changed the way we communicate and interact – organizations are enabled to access new markets, suppliers and resources. International operations has made management of multinational projects a natural part of everyday life for many organizations.

22 percent of all respondents in the Swedish Project Review 2019 claim not to be engaged in multinational projects. For the remaining majority, as much as 96 percent rate the importance of capabilities in this area as medium to high (71 percent as high). In addition to the capability areas already covered in this report, there are a wide range of other critical aspects to manage in order to be successful. These aspects are for instance related to differences in business objectives, culture and ways of working, terminology, technology and time zones.

In terms of performance, 85 percent of the respondents working in a multinational environment perceive their organizations' performance as being medium to high (34 as high). Hence, following the same pattern as in other capability areas, this indicates an opportunity for improvement and a gap between rated importance and performance.

Apart from the opportunities arising in the context of complex and multinational projects, there are certain challenges

that follows. According to our research, managing cultural differences, team leadership and project processes and methods are particularly critical.

Managing cultural differences

Managing cultural differences is an outstanding critical factor for successful project management in a complex or multinational stakeholder environment. There are several aspects of the cultural dimension having significant impact on the outcome of a project. Cultural differences could be derived from various industries or sectors, business relationships (customers, suppliers, partners etc.), legal jurisdiction or nationalities. Common reasons for discord are related to misalignment in expectations, decision making and hierarchical structures. Previous reports are confirming that conflicts are more prevalent in projects where different cultures are represented. In addition, there is a predominant risk that these projects face unexpected practical challenges if cultural differences are not identified and managed efficiently. Therefore, it is important for projects to establish efficient and transparent governance, management and communications right from the start.

In contrast to the challenges that cultural differences entails, there are infinite advantages to be gained in this regard. While confirming the importance to understand and respect cultural differences within projects, experienced project

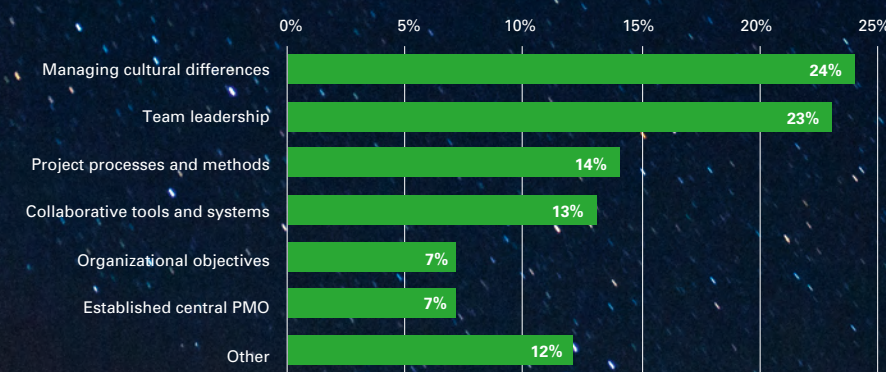
managers also highlight that organizations benefit from investigating how cultural differences impact the business and customer preferences.

Further, our findings indicate that the most successful organizations in multinational project management tend to build bridges to manage the cultural differences, through a common corporate culture uniting individuals in the project

teams and the organization as a whole. A strong corporate culture could create advantages in several perspectives, such as clarifying overall common values or goals, and be a tool for more coherent decision making. Clearly, carrying out an integrated culture and ensuring a clear tone from the top, supports the organization to work efficiently in projects across borders.

Figure 21

In your view, which critical success factor is most important for managing multinational projects?





Antura is a Swedish leading system supplier within project, program and project portfolio management software, with a global customer record consisting of several multinational corporations. Antura has been rewarded the gazelle prize, for the last seven consecutive years, for its rapid growth pace. Through the broad customer base, CEO Mattias Andersson possesses valuable experience concerning multinational project management. Andersson believes that there are many critical aspects to consider in order to be successful. Most importantly, he highlights the significance of adapting project management and its functions to the people in the organization.

“Highly adaptable and user-friendly systems is an important aspect for project success in multinational organizations. However, a system is just an enabler, and a system cannot take a project all the way. The focus must be on the people, the communication and the team”.

Andersson explains that designing uniform systems for multinational organizations can be rather challenging, as the preferences on functionality and other requirements differ between countries in terms of e.g. organizational culture, transparency and preferred level of monitoring and control. Andersson further explains that organizations demand global ways of working in a time-efficient, environmentally friendly and harmonized way, placing high demands on technology which pushes the development of digital platforms forward.

With Antura’s extensive experience on delivering PPM software for numerous customers in different sectors, what make some customers perform better than others, even if they use the same system? Andersson states it mostly depends on the culture and the leadership, the people behind the wheel.

“Those who succeed with the implementation are those who possess knowledge and insights in change management, having champions and ambassadors promoting and pushing the new way of working with support from the top”.



Mattias Andersson
CEO
Antura



Göteborg & Co is strongly embedded in the international context by its mission in the tourism and event industry for a city with a prominent international character. Åsa Borvén, Head of Event Support at Göteborg & Co, has been working in the organization for more than 20 years and has accumulated extensive knowledge in the field of multinational projects. Borvén emphasizes the importance of governance and strategic alignment.

“When we work internationally, it is important with clarity in terms of what we strategically aim to achieve with the events. In all types of project management, it is vital to link projects and strategy. I picture this as a dressing room, where we need hooks (strategies), on which we can attach the projects”.

Borvén further explains that the general degree of maturity regarding processes and methods in the tourism and event industry is low. There is a lack of uniform processes and methods in the industry, hence, there are low expectations from international partners that Göteborg & Co will apply a certain framework for their projects. According to Borvén, a possible explanation is that the industry is characterized by complexity in the stakeholder landscape, which places high demand on a solution-oriented and flexible way of working in order to succeed. Difficulties to plan for scope, timeline and budget at an early stage is a fact. However, Göteborg & Co is currently in the forefront of developing these capabilities which, according to Borvén, should make them pioneers in the



Åsa Borvén
Head of Event Support
Göteborg & Co

industry. She further mentions that there is an obvious need to learn from other industries and share leading practices to identify the relevant processes, methods and ways of working for governance and management of event projects.

The event industry is built upon motivation and commitment with an operational focus. Thus, successful events are not synonymous with delivered business effects, within decided project baselines. This makes change management more difficult. The experienced project team members know how to deal with external changes but might not see the value of change in applying new methods and tools. This is a key challenge for the industry.



Nordea is the result of mergers between four Nordic banks. Being officially domiciled in Finland, headquarters functions are spread across Stockholm, Oslo, Copenhagen and Helsinki requiring much cross border collaboration. In addition, a large number of project resources are located in Poland and India why multinational project management becomes a natural and integrated part of the business.

Lena Dubbelman is Head of Portfolio Management, Group Functions, at the bank with an extensive international career in multinational project and portfolio management. According to Dubbelman the success factors does not significantly differ between national and international project management, common goals and clear processes and methods are prerequisites for project success in all contexts.

“The most important component for project success in a multinational environment is a common goal, and that there are well-defined processes and methods for how this goal can be achieved. Processes and methods create their own culture, with its own language and traditions, and a common goal and culture can override most challenges”.

On the question if she believes organizations opting for agile methods disperse from processes, Dubbelman responds:

“To work in an agile way is not dropping processes and methods, on the contrary, it requires more to be agile. For example, standup meetings and continuous communication ensuring that everyone is on the same track is a key. Few things are more misunderstood among managers than working agile”.

Concerning cultural differences, Dubbelman emphasizes that this is not to be considered as the major challenge for multinational projects, as long as there is a strong organizational culture and mutual respect. Dubbelman further stresses that communication skills from management and project managers play a central role for the entire project organization. Distinct communication and transparency from senior management and sponsors gives the project managers ability to control the project scope, deliver the desired results and engage with project stakeholders.



Lena Dubbelman
Head of Portfolio Management
Group Function Change
Nordea



Multinational project management is a natural part of H&M’s business with operations in over 70 markets worldwide. Nicklas Dahl, with over 10 years of experience in project and program management, has gathered valuable insights on factors that distinguish successful organizations in a multinational environment. Dahl emphasizes H&M’s corporate values being a key success factor and a strong foundation for how the company operates across borders.

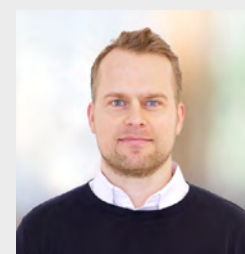
“Our values are incredibly important, they are the factor that unites us regardless of other cultural differences. We work extensively with our values and they permeate everything we do, helping us to make strategically unified decisions throughout the organization”.

Dahl underlines that multinational project management implicates certain challenges placing specific attribute demands on the project manager.

“In multinational situations it is particularly important that the team understands the project goals, this simplifies the project. Furthermore, it places demands on the communicative ability of the project manager who must be able to explain, clarify and simplify the overall objectives of the project. A successful project manager knows how to adapt the communication towards its audience”.

Dahl further highlights the importance of being customer centric and that customer needs differ from market to market. H&M must be aware of these differences in order to provide the right solution and to initiate the right projects. In addition to the customer-specific differences, there are formal administrative alterations that H&M must take into consideration.

“In order to understand the fiscal requirements of a particular market, we must do a thorough requirement analysis and set up a strategy for how we can manage these challenges. In complex situations, it is common that we seek expert advice from management consulting firms with international presence such as KPMG”.



Nicklas Dahl
Business Development Manager
H&M

Team leadership is essential

Team leadership is another highly critical aspect for project success in a complex or multinational stakeholder environment. Leading multinational projects usually means that team members are scattered geographically in different locations. This naturally brings new or enhanced challenges for project managers. Our research in this field indicates that the main challenges for project managers are to connect, engage and establish trust among remote team members.

Managing multinational projects also enforces project managers to have a thorough understanding of how digital technology can simplify and improve collaboration. In this context, digital capability is a necessity to succeed as well as ensuring project managers possess the required skill-set and competence to operate and lead.

Efficient communication enables project managers to decisively lead their teams. The people in the teams should be in management focus in order to succeed. Mature organizations are capable of integrating and engaging people regardless of geographical location. Well-defined goals, roles and responsibilities as well as structured and harmonized ways of working create conditions for success.

The value of project processes and methods

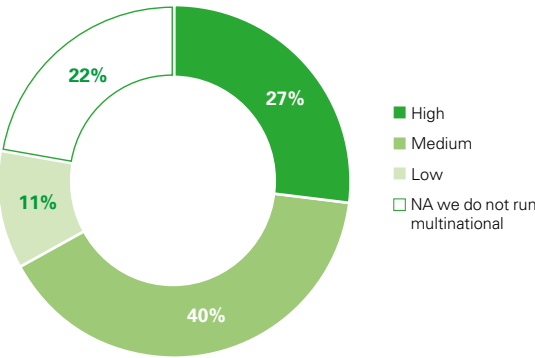
Moreover, well-defined processes and methods are a prerequisite to success. Our research shows that 96 percent of the organizations managing multinational projects rate the importance of being able to adapt processes and methods for managing multinational projects as medium to high.

Processes and methods are contributing to a more stable and integrated culture, simplified ways of working and efficient leadership and collaboration. Thus, having established processes and methods within the organization is especially important working beyond borders.

This is what you can do

- Establish efficient and transparent governance, management and communications right from the start
- Manage cultural differences and avoid misalignment in expectations, decision making and hierarchical structures
- Focus on team leadership and the people agenda of project management – connect, engage and establish trust
- Ensure a common view on objectives with well-defined roles and responsibilities to empower the multinational team
- Benefit from established processes and methods, supporting common traditions and harmonized ways of working
- Acknowledge system solutions and sufficient technology as important means to connect and collaborate seamlessly
- Recognize holidays, working hours and time zone differences for all team members

Figure 22
In your view, how would you rate your organization's management of multinational projects?



Demographics

The Swedish Project Review 2019 is based on a total number of 380 respondents, a figure similar to last year. This year's survey has been supplemented with in-depth interviews with representatives from the field to provide further insights to the theme Delivering Value Beyond Borders. The interviews are also valuable for validating and further explaining the data.

Figure 23, 24 and 25 depict the demographics of the respondents in terms of position within the organization, distribution across business sectors as well as annual gross turnover. Similar to previous reports, respondents mainly consist of project managers, head of PMOs and senior management enhancing the comparability for relevant trend analyses. A majority of the respondents are active within the consulting, IT and manufacturing industry. Telecom, energy, automotive and construction are also well-represented industries together with the public sector. Further, 61 percent of the respondents represent organizations with 500 MSEK gross turnover or more (37 percent of the respondents represent organizations with 5 BSEK gross turnover or more). Hence, 39 percent of the respondents represent organizations with less than 500 MSEK gross turnover. In summary, facts, figures and conclusions in this report are based upon a wide range of organizations in terms of roles, industries and size.

Figure 23
Which of the following best describes your job role?

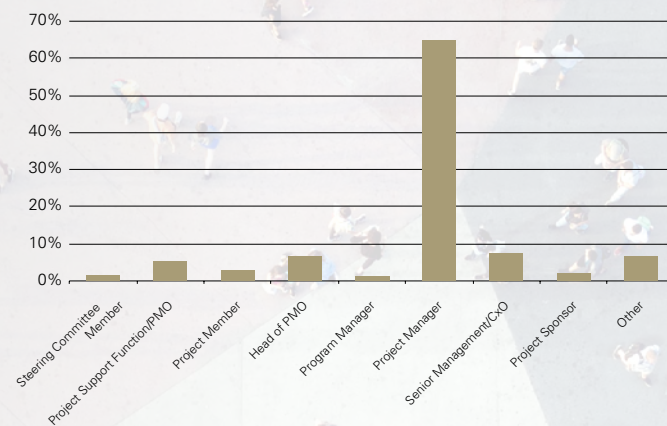


Figure 24
Please select the term that best describes the primary focus of your organization.

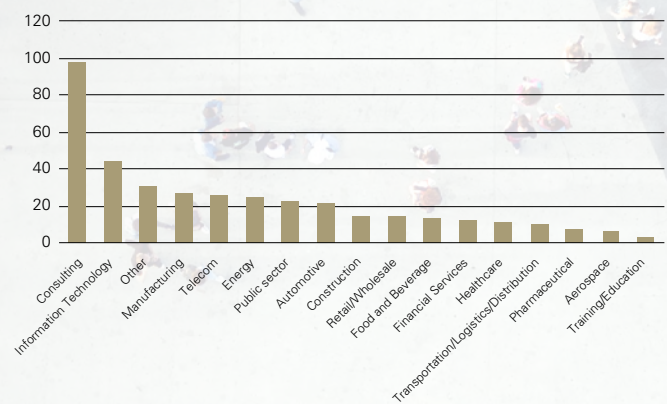
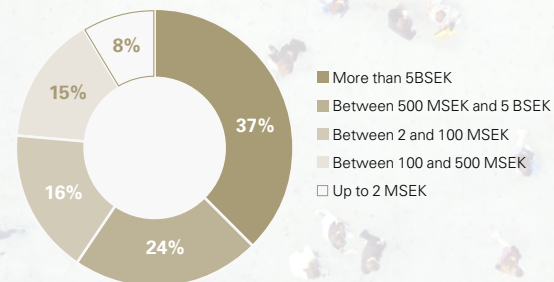


Figure 25
Which of the following best describes the total annual revenue of your organization?



Notes



KPMG is a global leader in Project Advisory with a strong Swedish presence. Our professionals work to inspire confidence and empower change. What drives us is a desire to pass on business insights and provide our leading expertise tailored to each client's specific needs.



PMI is the world's largest non-for-profit membership association for the project management profession represented in nearly all countries in the world. It holds over 700 000 credential holders, volunteers and members. PMI Sweden chapter work actively to be an optimal and sustainable force for change in our society measured by the fact that organizations have embraced and appreciated projects as a way of working. The Sweden chapter engages 1600 members and 100 volunteers.

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