

PMI's

PULSE OF THE PROFESSION **IN-DEPTH REPORT**

# ORGANIZATIONAL AGILITY





## Study Highlights

Slow economic growth and shifting global market priorities have created a complex, risk-laden business environment—one that rewards innovation yet also threatens to derail projects. And there's little question that global volatility will continue into the foreseeable future, causing organizations to cancel or delay projects.

Such a turbulent environment demands organizational agility, a trend identified in PMI's 2012 *Pulse of the Profession* report, based on an annual global study of more than 1,000 project, program and portfolio managers.

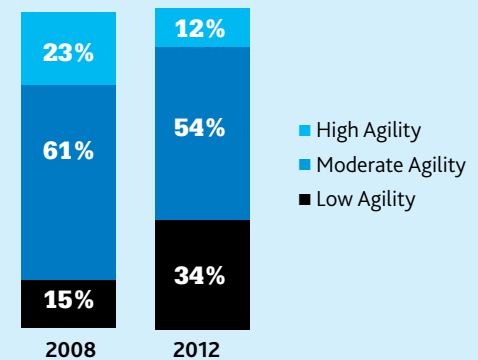
Taking a deeper dive into the topic, PMI's 2012 *Pulse of the Profession In-Depth Report: Organizational Agility* focuses on how organizational agility impacts success and how to increase that agility.

To forge that agility, successful organizations are aggressively reshaping their culture and business practices on a three-pronged front:

- Rigorous **change management** to better adapt to shifting market conditions
- More collaborative and robust **risk management**
- Increased use of **standardized project, program and portfolio practices**

The report reveals a clear payoff: Highly agile organizations are twice as likely to see increased success with their new initiatives as their counterparts with low agility.

Organizations report they are less agile today



Sources: Economist Intelligence Unit, *Organisational Agility: How business can survive and thrive in turbulent times*, sponsored by EMC, 2009.

PMI Pulse of the Profession In-Depth Report: Organizational Agility, 2012.

## What Defines Organizational Agility?

Seize opportunities  
**Change**  
Identify market shifts  
**Responsive**  
Quick to adapt  
**Flexible**  
**Competitive edge**  
**rapidly**  
**Maintain fast pace**

Here's how respondents described the practices or characteristics of organizational agility:



**75%**

Quick response to strategic opportunities



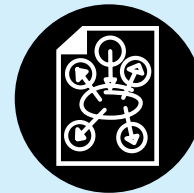
**64%**

Shorter decision/production/review cycles



**59%**

Focus on change management



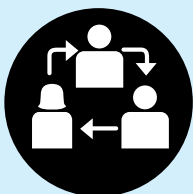
**54%**

Integrating voice of the customer



**53%**

Focus on risk management



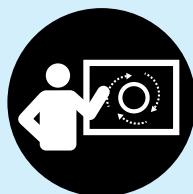
**53%**

Interdisciplinary project teams



**53%**

Elimination of organization silos



**51%**

Contingency planning



**50%**

Use of iterative project management practices



**46%**

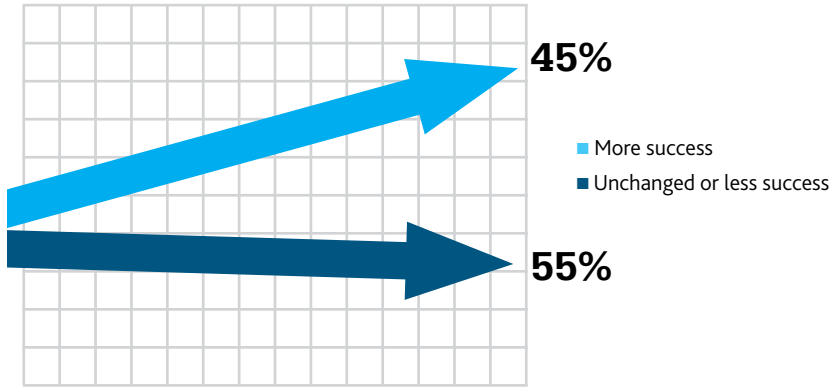
Leveraging technology

# Key Findings

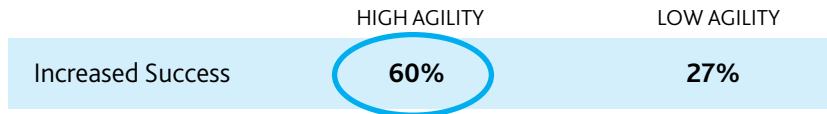
## A COMPETITIVE EDGE

Due to the volatile economic environment over the last two to three years, only 45 percent of organizations reported increased success with new initiatives.

SUCCESS WITH NEW INITIATIVES OVER THE PAST 2-3 YEARS



Those organizations that *are* successful report higher levels of organizational agility—giving them a powerful edge on the competition.

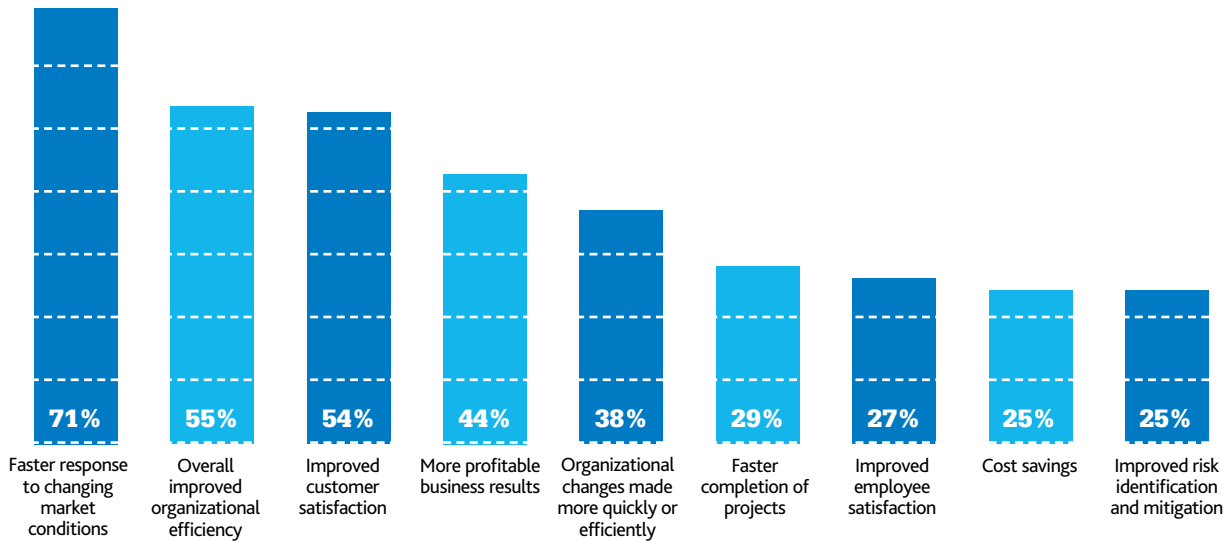


Even before the economic downturn, the role of organizational agility in providing a competitive advantage was supported by a McKinsey survey. Nine out of 10 executives, spanning all regions and industry sectors, ranked organizational agility both as critical to business success and as growing in importance.

In addition, nearly 90 percent of executives surveyed by the Economist Intelligence Unit ranked organizational agility as vital for business success. One-half of all CEOs and CIOs agreed that rapid decision-making and execution are not only important, but also essential to a company's competitive standing.

Agility may also be linked to profitable growth: Research conducted at the Massachusetts Institute of Technology suggests that agile firms grow revenue 37 percent faster and generate 30 percent higher profits than non-agile companies.

Done right, organizational agility provides rewards on multiple levels. PMI respondents identified the following benefits of increased organizational agility:



There is, of course, no magic bullet for staying ahead, especially during tumultuous economic times. However, organizational agility is proving to be a powerful tool in ensuring success now and in the future.

**The Takeaway:** Greater organizational agility leads to better performance—providing organizations with a powerful edge on the competition.

#### HOW TO IMPROVE ORGANIZATIONAL AGILITY

Organizations cannot simply declare themselves more agile. They must make a concerted effort to transform three key areas:

- 1 Implement change management best practices
- 2 Implement risk management best practices
- 3 Standardize portfolio, program and project management practices

## 1. KEEP UP WITH CHANGE

Whether due to anemic economic growth or the constantly morphing digital landscape, the business environment is changing at an unprecedented pace. Yet some organizations manage that volatility better than others through aggressive change management.

Organizations effective at change management are more agile, not only reducing the impact of external changes, but also capitalizing on the opportunities they may present.

The *Pulse of the Profession In-Depth Report: Organizational Agility* reveals that 92 percent of organizations highly effective at change management report high or moderate agility. That's almost three times more than organizations that report minimally effective change management.

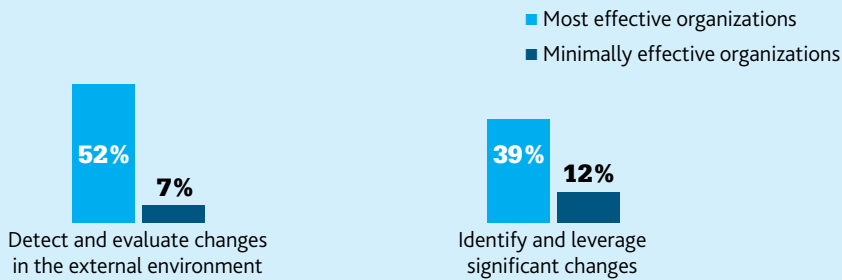
# 92%

of organizations highly effective at change management report high or moderate agility.

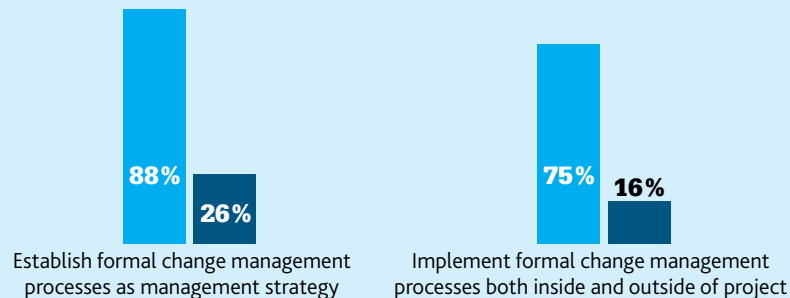
### BEST PRACTICES

Those organizations most effective in change management do three things better than their minimally effective counterparts:

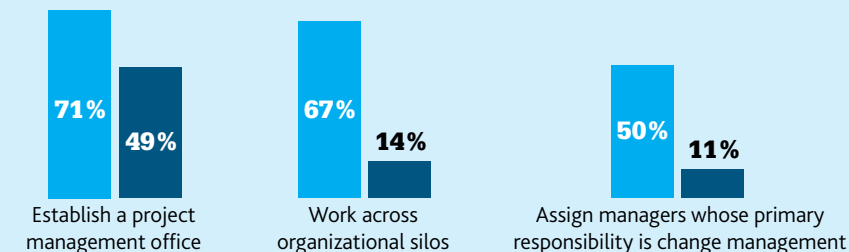
#### Monitor and act on external environment



#### Standardize change management



#### Organize to best leverage change management



### The Takeaway:

Organizations effective at change management are more agile.

## 2. MASTER RISK

When organizations are forced to make rapid-fire decisions, they can sometimes lose control. Effective risk management helps executives and project leaders identify and mitigate the factors that could sabotage success.

The findings on risk management echo those on change management, with 90 percent of organizations effective at risk management reporting high or moderate agility. That's more than double the organizations that report minimally effective risk management.

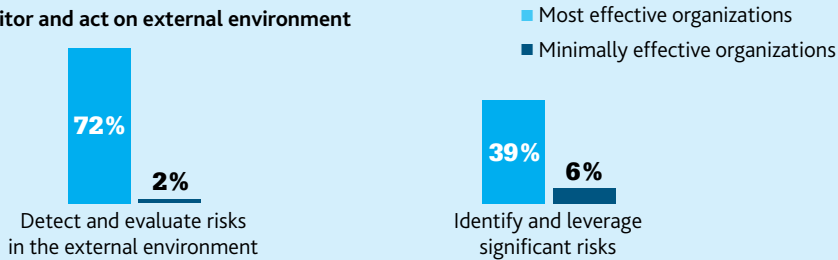
**90%**  
of organizations effective at risk management report high or moderate agility.

### BEST PRACTICES

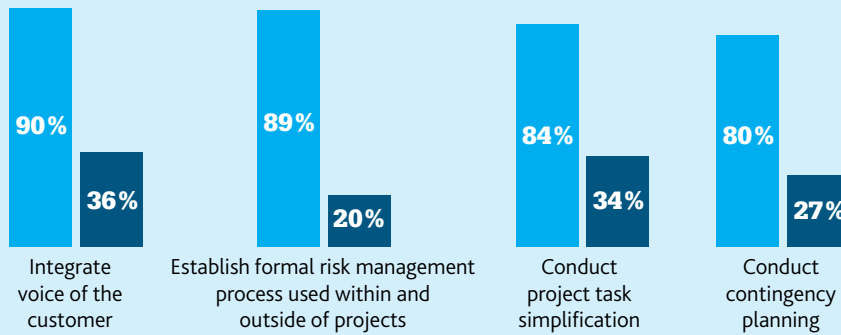
The differences between organizations reporting highly effective risk management and those reporting minimally effective risk management follow a similar pattern to the change management findings above.

Once again, highly effective organizations do three things better than their minimally effective counterparts:

#### Monitor and act on external environment



#### Standardize risk management



#### Organize to best leverage risk management



### The Takeaway:

Organizations effective at risk management are more agile.

### 3. STANDARDIZE PRACTICES

Faced with changing economic conditions, priorities and demands, organizations have to act fast. But a solid foundation of portfolio, program and project management practices is still a must.

When organizations standardize their project management practices throughout all departments, they are **three times as likely** to report high agility than their counterparts that don't.

The study also shows that organizations that always or often use portfolio management are **three times more likely** to report they are highly agile than those that don't use portfolio management.

The report further highlights the need to improve agility. Only 12 percent of organizations characterized themselves as highly agile. But the data also reveals standardized practices that highly agile organizations said they use always or often:

	Standardized practices through all departments	Standardized practices not through all departments
High Agility	22%	7%
Moderate Agility	60%	51%
Low Agility	18%	42%

	Use portfolio management always/often	Use portfolio management rarely/never
High Agility	18%	6%
Moderate Agility	57%	46%
Low Agility	25%	48%



\*Use always or often

**The Takeaway:**  
Organizations that use standardized practices are more agile.

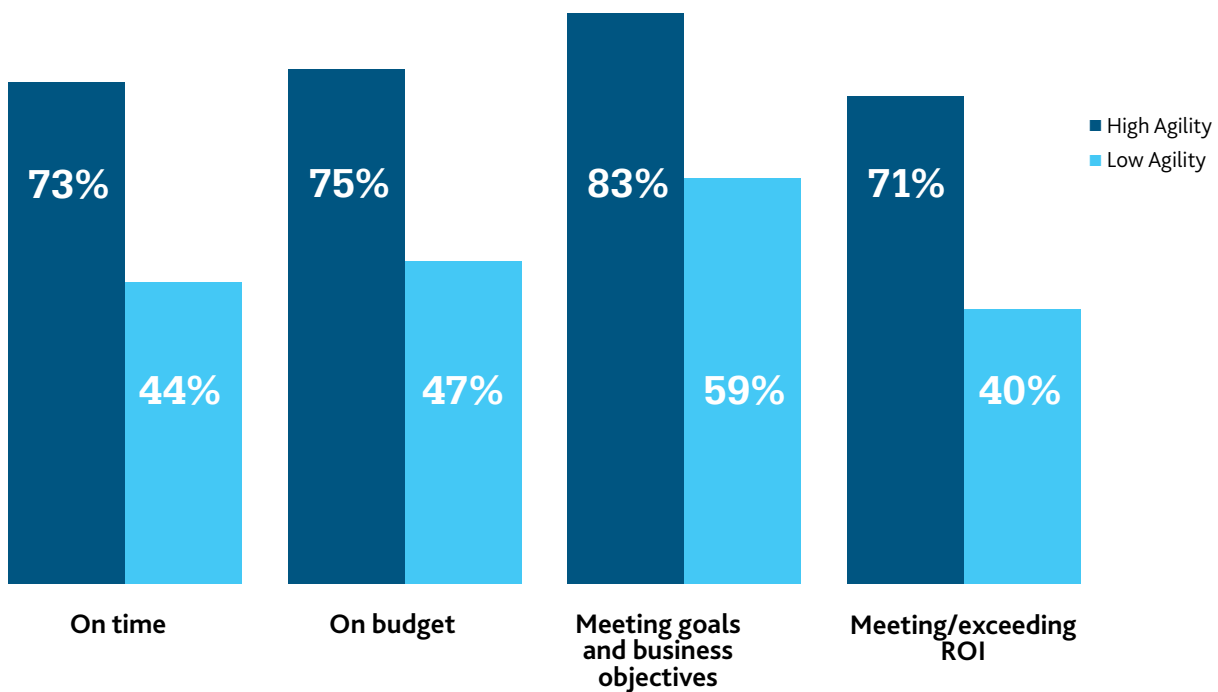


## THE PAYOFF

Agile organizations lead the pack. If project leaders and executives work together to build greater agility, they can solve problems, take smarter risks, and deliver innovative products and solutions to market faster—all leading to greater success.

Consider this: The average percentage of projects completed on time, on budget, achieving business objectives and forecasted ROI is significantly greater in organizations reporting high agility than those reporting low agility.

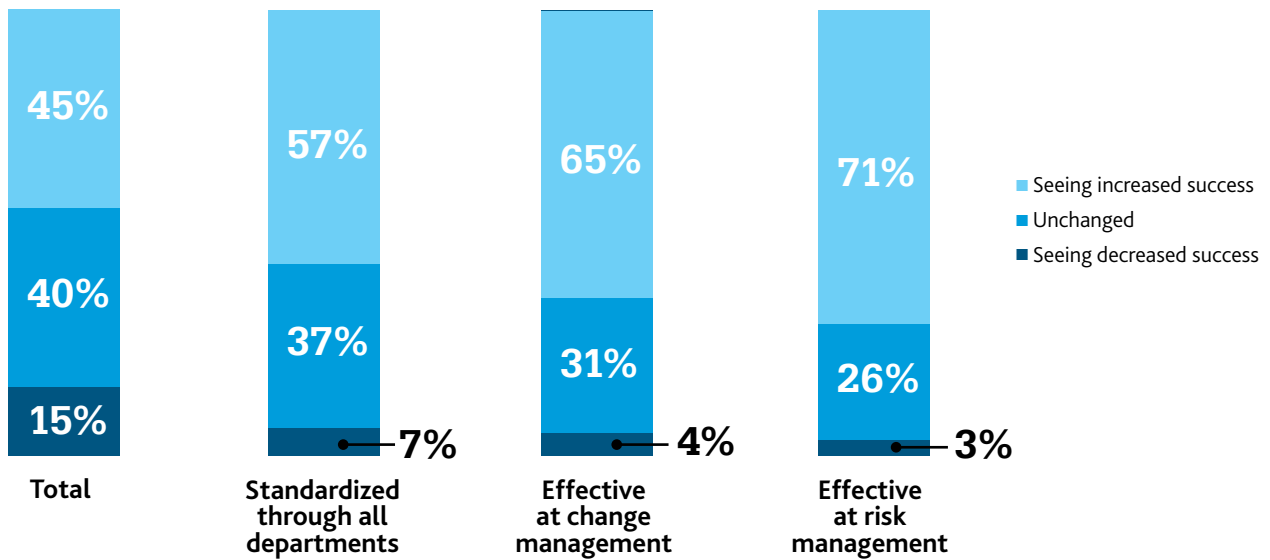
PROJECT SUCCESS METRICS BY LEVEL OF AGILITY



## CONCLUSIONS AND IMPLICATIONS

PMI's *Pulse of the Profession In-Depth Report: Organizational Agility* demonstrates that organizations are increasing their success rates on new projects, even in a weak global economy, with high agility. To survive—and indeed thrive—in today's competitive marketplace, organizations must build their agility by implementing risk management, change management and standardized practices across the enterprise.

### PRACTICES THAT LEAD TO AGILITY LEAD TO GREATER SUCCESS



By investing in the three core practices outlined above, organizations improve agility—giving them that elusive edge in a fast-paced, dynamic market.

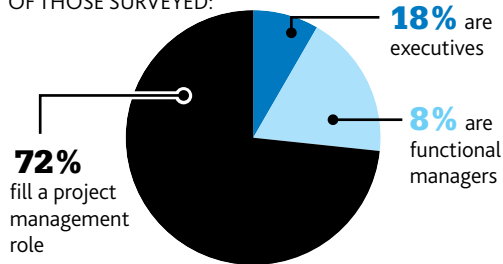
## The End Result



## ABOUT THE STUDY

PMI's 2012 *Pulse of the Profession In-Depth Report: Organizational Agility* was conducted in August 2012 among 1,239 practitioners around the world who are involved in project management.

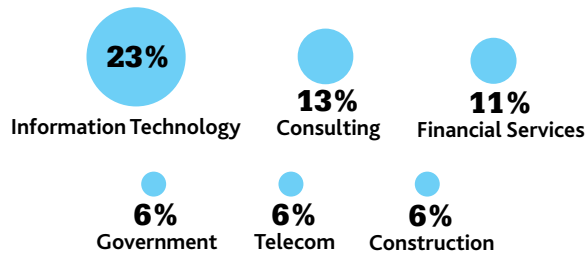
OF THOSE SURVEYED:



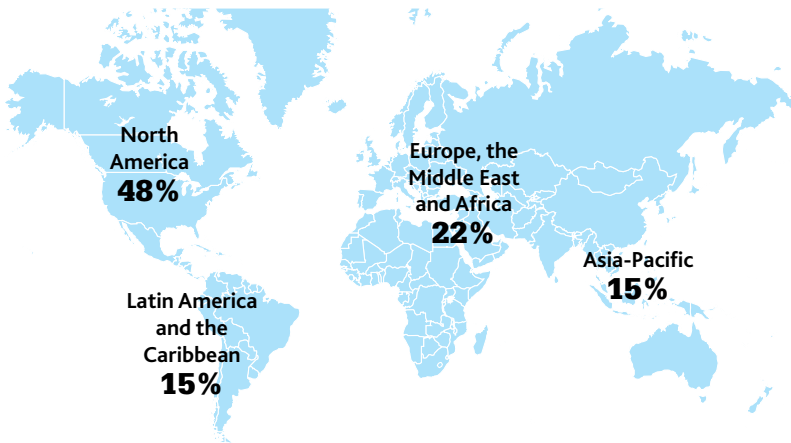
OF THOSE FILLING A PROJECT MANAGEMENT ROLE:

- 22%** are project managers
- 20%** are directors of project management/  
project management office
- 12%** are program managers
- 8%** are portfolio managers
- 7%** are project management consultants
- 4%** are project management specialists

SOME OF THE INDUSTRIES REPRESENTED ARE:



THE ORGANIZATIONS REPRESENTED ARE LOCATED IN:



THEIR ANNUAL REVENUE IS:

