



MANNAZ ARTICLE

# The Project Executive Officer Empowered to deliver

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## **SURVEY: THE BUSINESS VALUE OF PROJECT LEADERSHIP**

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*'More to be, than to seem'* is the motto of the Danish military Special Forces unit, the Huntsmen Corps. Similarly, project leaders are like elite soldiers; they don't always seem to do much, and are not always recognised. Nevertheless, project leaders are essential to the execution of the company strategy. As one respondent in our survey puts it, 'As a project manager, you must be an elite soldier, because you're the spearhead of the project'.

Projects are often the chosen method for implementing strategies and delivering customer-specific products. Although successful project execution is absolutely critical, the recent Mannaz research survey shows that the related business value of the projects is rarely followed up and measured.

Mannaz invited a number of practitioners to share their experience in the survey 'The Business Value of Project Leadership', which was carried out in 2013–2014. Based on the results, taken from more than 45 interviews in 30 companies in Europe and the US, this article describes some of the reasons why follow-up and measurement does not happen, and what to do about it.



Project managers often are at the front line with limited support, acknowledgement and prerequisites, which often leads to poor project execution (and hence poor strategy execution), with a resultant overspend of cost and lost business value.

The project manager needs to be empowered enough to ensure value is achieved by projects and that work is planned efficiently, given the resources and capabilities available. We introduce a new role, the Project Executive Officer (PEO), to emphasise a move from a content-focused project manager to a more context-aware project leader.

### From project management to project leadership

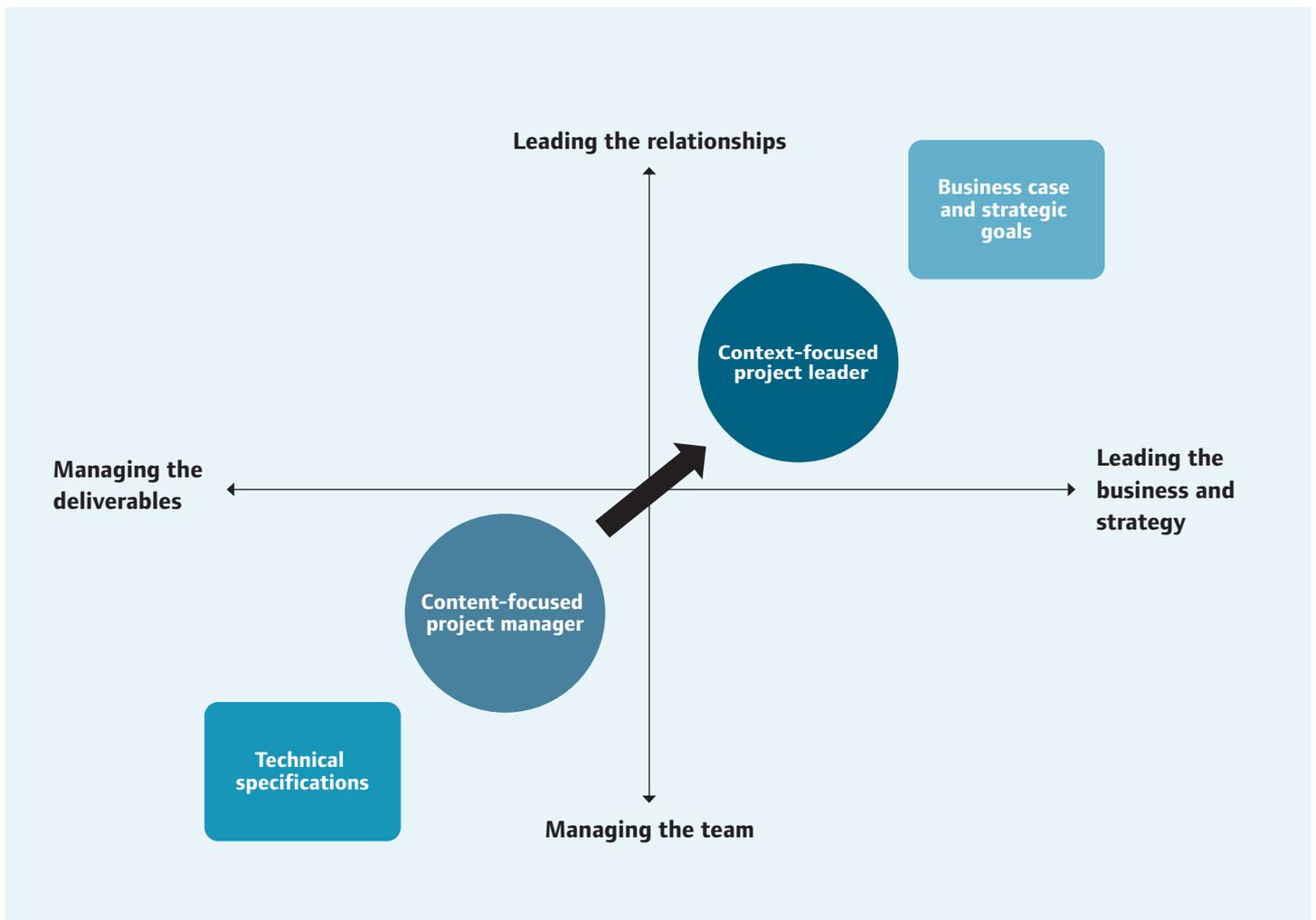
There has been a recognised shift in the project manager role. We have seen a change from the 'traditional' project manager who classically concentrated on project administration, control tasks, and managing the smaller project team. The focus was, and in many organisations still is, on the project content and the technical specifications. Today we see project

leaders concentrating much more on the context of the project, handling a significantly larger and more varied amount of stakeholders, leading the business and implementing the business strategy through the projects. The focus is now on the project business cases and the strategic goals of the company, and the projects are the means to reaching those goals.

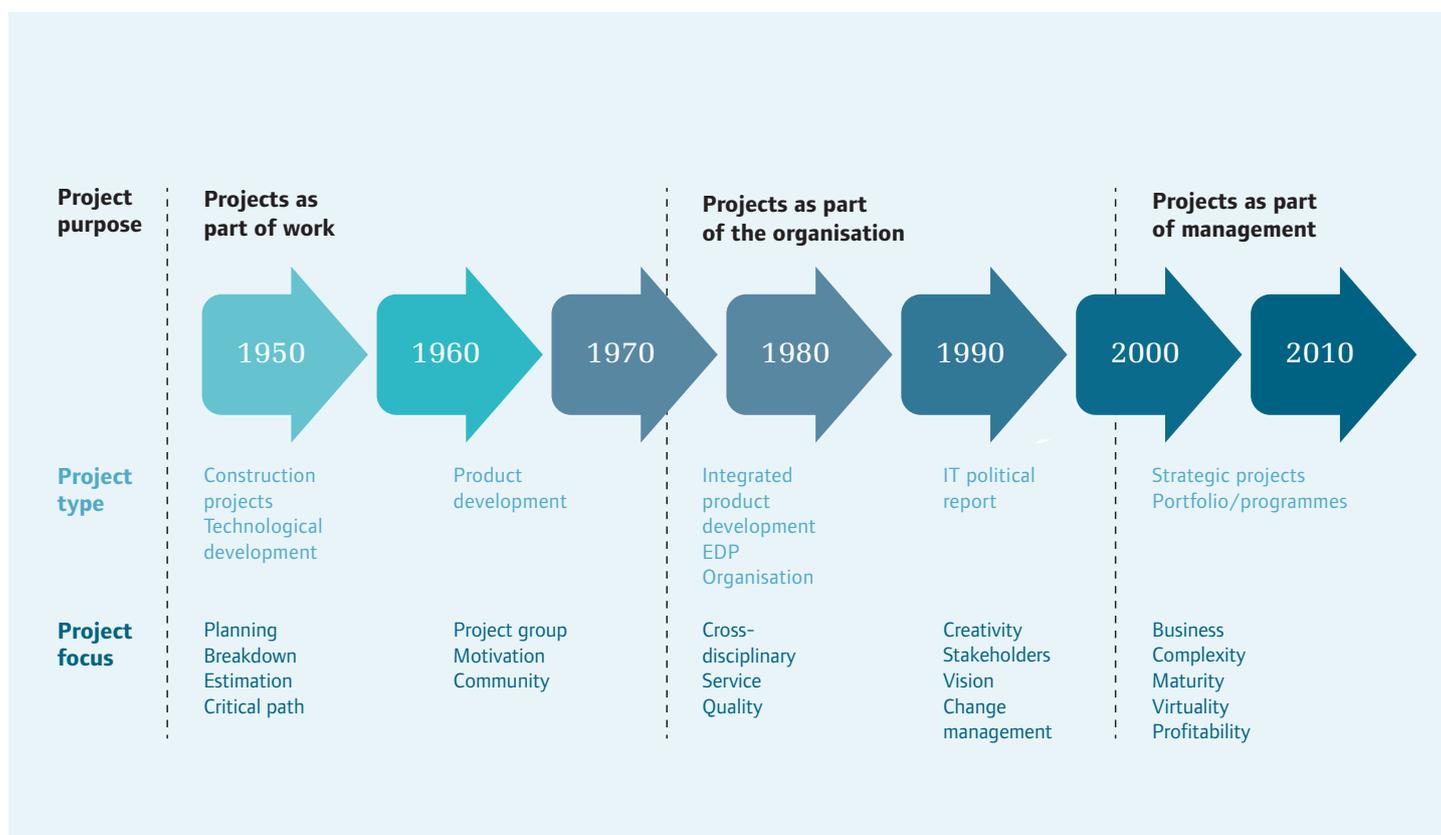
From the survey results, we found an overall agreement that project leadership is more important than project management when it comes to project manager requirements. Nearly all of the respondents are distinguishing between project management and project leadership. As one put it, 'Project leadership is not number crunching, tools, and methods, but the ability to understand the data, ask questions, and make decisions'.

What's led to this? Historically projects started as part of the workflow, then developed into becoming more organisational, and for the last decade projects have been recognised as a management tool to execute corporate strategies.

Figure 1: From content to context focused project management



**Figure 2: Project management from an historical point of view – with an organisational perspective**



As a consequence of this development, the role of the project manager has changed from the traditional project manager focused on construction projects and technical development in the 1950s and 1960s to more of a focus on product development in the 1970s. The project manager worked with planning, work process breakdowns, and estimations and was focused on the project team and near project community.

In the 1980s and 1990s, project management moved into cross-organisational product development and IT projects and the project manager had to focus also on service, a wider range of stakeholders, and act in a cross-disciplinary role in heavily matrixed organisations.

Since around the start of the millennium projects have become increasingly strategic, global, and complex, with an inherent need of portfolio and programme management to ensure the focus on the utilisation of resources, the business, and the profitability and efficiency of the projects initiated.

Even though this is recognised as important to the organisations, the same recognition of the importance of the project manager has not developed. The project manager needs to be high enough in the hierarchy to ensure value is achieved by projects, and that work is planned efficiently given the resources and capabilities available. However, our research shows that this is not the case. The data underlined a lack of recognition and focus on the importance of project leaders, and investment in developing this critical role.

### THE NEED FOR CONTENT KNOWLEDGE

Many of the respondents emphasised the project managers' need for good content knowledge to lead: that it's necessary for them to fully know the business in order to earn the respect from the different internal and external stakeholders. Some organisations are successful in establishing a group of 'professional' project managers who, while they are strong in project leadership, do not necessarily have deep content knowledge of the project; however they know the business and the context the project operates within. One respondent emphasised the importance that project leaders should not become 'PowerPoint project leaders' so focused on the business case and strategic goals that they lose touch with the core, content, and reality of the project. They need both professionalism and to have their project management toolbox in place.

### THE LINKAGE TO STRATEGY

Just over half of the respondents believe it's important that the project managers know the link to the strategy in order to put the project into context, sell the message, and create motivation around the project. When asked about the most important leadership capabilities required to deliver strategic objectives, the respondents emphasised the project manager's ability to:

- set the direction and create trust and clarity around the purpose and objectives of the project
- form an efficient team, including creating motivation, handling conflicts, and coaching and influencing stakeholders.

## A NEED FOR EXECUTIVE COMPETENCES

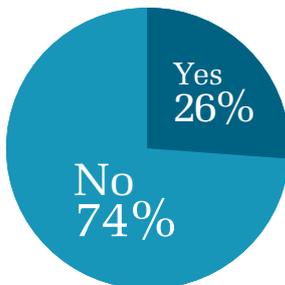
In order, the answers to the question: 'What are the most important competences for project managers in your organisation?' are:

- Project leadership skills, such as leading the way, taking responsibility, saying no, optimising resources to given conditions, and the ability to challenge
- Good communication, presentation, and influencing skills
- Business understanding and commercial acumen, being able to put project into a business context
- Social skills, being able to handle many different stakeholders and situations. Being a 'politician'
- Project management skills – the tool box needs to be in place
- Technical skills were mentioned only a few times as a requirement, which corresponds well to the description of the new project manager role, moving from content towards context.

## WITH RESPONSIBILITY COMES ... NO AUTHORITY

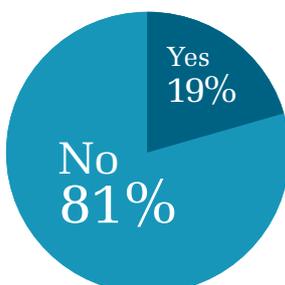
Considering the huge responsibility the project managers carry, there seems to be a gap in terms of their organisational status. Only 26% of the participating companies acknowledge and reward good project leadership, e.g. by ranking project leaders with line managers, and providing development plans and project-related incentives.

**Figure 3:** Does your organisation support, acknowledge and reward good leadership in projects?



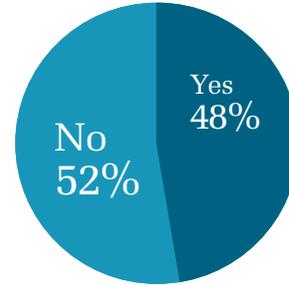
Only 19% of the respondents say that their companies have a formal approach to identifying project management talents. In these companies, identification is done via appraisals and structured competence mapping.

**Figure 4:** Do you formally identify project management talents?



In addition, less than half of the companies (48%) have a formal career path for project managers corresponding to that of typical line managers.

**Figure 5:** Is there a career path for project managers?



This basically means that we don't focus our attention on our most important resource for executing strategy.

## CASE EXAMPLE

One of the engineering consultancies we interviewed has a very strong link between strategic objectives and project execution.

*'It is the project managers who create surplus or deficit on the projects, and hence good project management forms the bottom line. It is the project managers who have the responsibility for budget performance.'*

Recognising this importance to the company, they have created clear career paths for project managers, going from Project Leader Level 4 to Level 1, followed by a Solutions Manager, and at the top a Project Chief.

Each level is based on experience and education and influences what size and complexity of projects the project leaders can handle. To move up from one level to another, the project leaders have to prove successful project leadership and execution in current projects, go through a series of courses, and pass internal facilitated exams.

The new requirements place a great demand on the shoulders of today's project managers. The project managers are on the front line, sometimes with their professional life at stake. They are required to do everything, know everything, and complete the projects, but with scarce resources, the minimum of authority and, although they are responsible for project deliveries, they often lack the opportunity to impact the final outcome of the business value of the project.



*The project manager is called to stand up for imperfection, redundancy, and noise. They accept and assume responsibility for complexity, in the name and account of all others, who prefer living in the illusion of technical perfection, all those who, not being able, and not wanting to do otherwise, choose to look at the world from a single point of view.*

*Varanini, F. and Ginevri, W. (Ed.s) (2012) Projects and complexity. CRC press, New York.*

### THE PROJECT EXECUTIVE OFFICER?

The question is, do we need to view the role of project managers and their organisational importance in executing strategy in a completely different way?

The lack of focus on the business value of strategically important projects also represents a lack of focus on the organisation around the projects and the lack of prerequisites, skills, and competences among project managers.

The 'new' role of the project manager is the role of the CEO of the project – literally! They are expected to always act in the best interests of not only the project and the project team, but for the whole company and the wide range of stakeholders. Their main task is often to show direction and create followship, which is very much similar to the role of a CEO. They have to deal with project scope changes, market situations, all the different stakeholders, benefit realisation, and so on.

The general ongoing lack of identification of and succession planning for project managers causes a huge drain on existing resources. It falls to the 'usual suspects' or the 'Monday morning project managers', who on Monday morning are told that they are now manager of this or that project when they have no or little experience, competences or resources to effectively carry out that task, but are 'promoted' because they are good specialists.

It is well known from research that those project managers who possess business acumen, confidence, courage, and empathy are more successful project leaders than traditional project managers with a process toolbox. However, project leadership is not just an individual task. It's a corporate responsibility to foster and nurture excellent project leadership behaviour.

### SO WHAT HAPPENS WHEN PROJECT LEADERS ARE TREATED AS PROJECT EXECUTIVE OFFICERS?

Project managers should be considered as project executive officers. Like other executives, project leaders execute corporate strategies through projects, exercise leadership skills, and handle an increasing number of internal and frequently external stakeholders, and therefore be considered an important corporate asset in need of sufficient attention in terms of authority, recognition, and training.

Figure 6: Key project executive accountabilities



The survey results confirm that it DOES pay off to focus on the development of project leaders. One organisation where they have worked intensively to strengthen their project management competences reported that, 'now project leaders are able to challenge the steering committee, which they couldn't five years ago'. And in another organisation, 'Focused project leadership ensured keeping change requests down, which saved a lot of money and gave a very low cost per square metre'. And another: 'One project was parked by senior management, but the project manager revitalised it by pulling the team together, showing direction and their own willingness to get it to work and influenced a lot of stakeholders. They succeeded in continuing the project and now the deliverable is performing well in the market'.

Besides the results of this Mannaz survey, the Project Management Institute concluded in their recent 'Pulse of the Profession' research that there is a direct correlation between the effective talent management of project managers and better project performance<sup>1</sup>. Continuous identification, training, development, and recognition of the project managers, and developing frames to support all of that creates a competitive advantage. Executed well, this can improve internal resource allocation, increase stakeholder management, enhance risk handling, decrease project write-offs, increase communication, and clarify roles and responsibilities. Evidence shows that this will increase the business value of the project leadership.

<sup>1</sup> PMI's Pulse of the Profession: The High Cost of Low Performance, p.10-11, 2014 Project Management Institute, Inc.

If you would like to learn more about the survey or how Mannaz can support your organisation in Project Leadership please contact:



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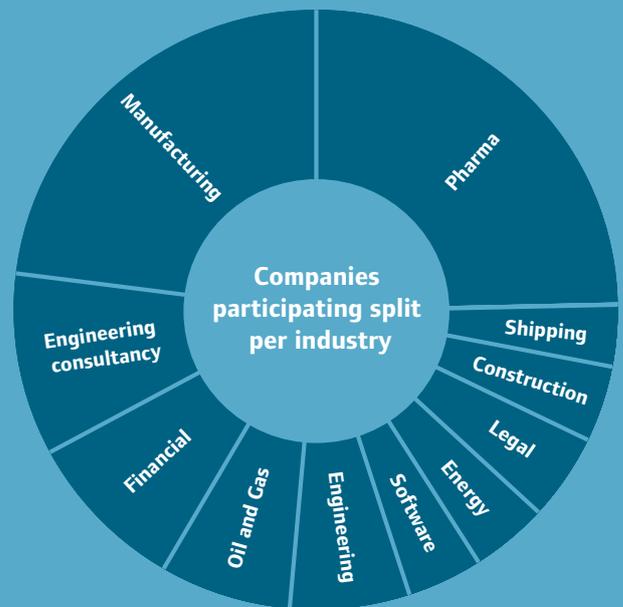
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**ABOUT THE SURVEY:  
BUSINESS VALUE OF PROJECT LEADERSHIP**

- 45 practitioners from 30 international companies participated in the survey.
- The survey is based on semi-structured interviews, following a fixed questionnaire around the following themes:
  - Strategy execution and projects
  - Tactical orientation, programmes and benefit realisation
  - Project environment, uncertainty and complexity
  - Project leadership, capabilities and competences.
- Answers have following been clustered and quantified to draw conclusions.
- The survey was conducted in 2013/2014.



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