

Overcoming the Execution Challenges of Mission-Critical Projects.



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Research Overview.

With enlightened approaches to project leadership, companies that deftly orchestrate organizationally diverse and hybrid teams have outperformed the competition since the pandemic began, our research reveals. These companies are poised for even greater success as the ability to execute key operational changes becomes as important as crafting strategies for those changes.

Scope of Research

RGP recently surveyed senior executives at 404 companies with \$1 billion or more in revenue, headquartered throughout North America, Europe and Asia-Pacific.



404

Senior Executives
Surveyed



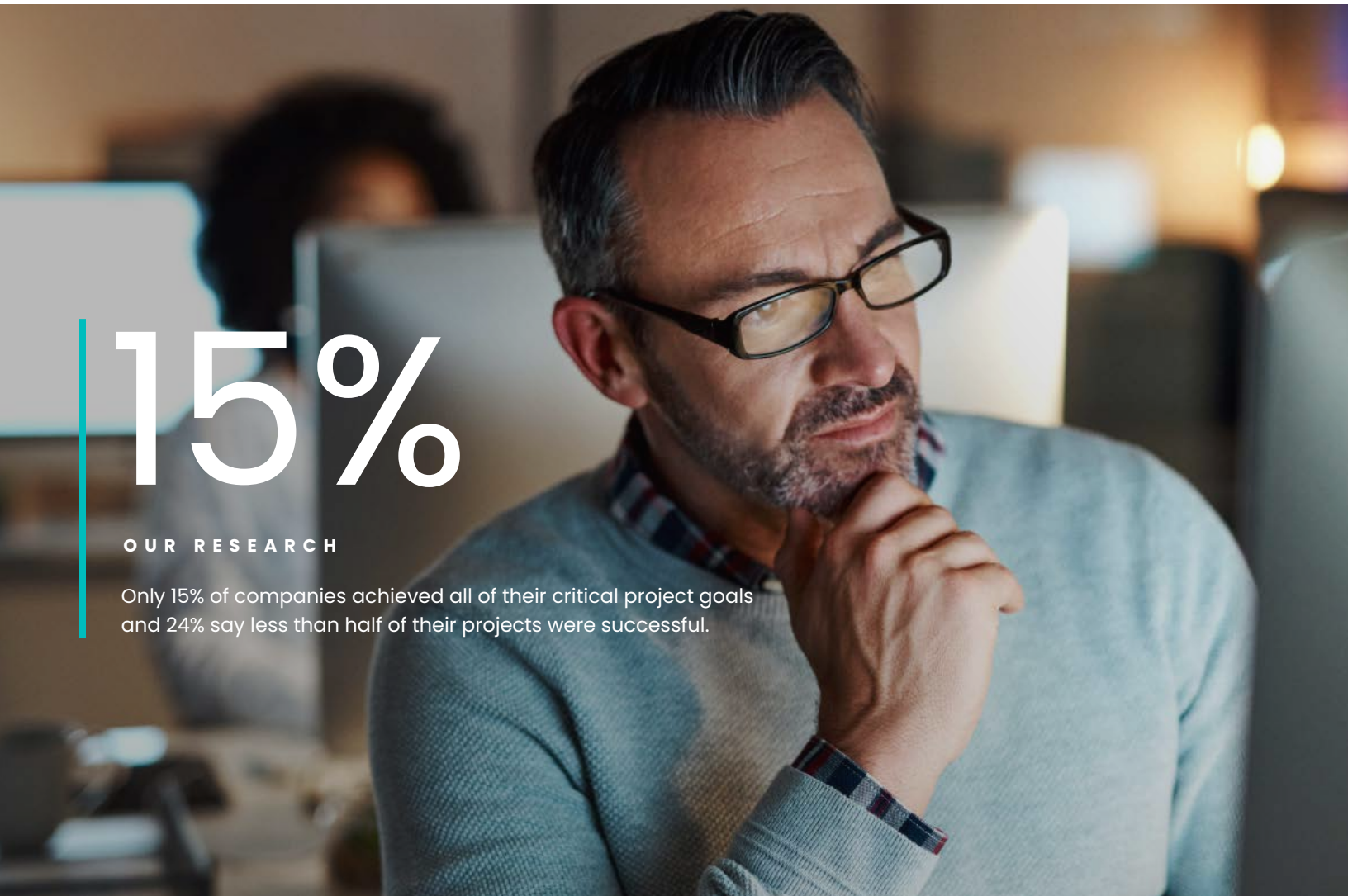
\$1B+

Annual Revenue
Per Company

15%

OUR RESEARCH

Only 15% of companies achieved all of their critical project goals and 24% say less than half of their projects were successful.



Introduction.

Peek under the covers of any large organization seeking to create operational efficiencies and meet changing customer expectations, and you will see a slew of critical projects. These projects span finance and accounting, risk management and compliance, manufacturing and logistics, employee and customer experience, and IT, among numerous functional areas. The trend toward project-based transformation has become so prevalent, it's even earned a name: "the project economy."¹

In fact, many organizations accelerated their digitization of these functional areas throughout the COVID-19 pandemic, achieving three to four years' worth of technological progress in mere months.² At the same time, these projects have had to withstand the forces of the "Great Resignation" — employees quitting project teams and heading into early retirement or contract work. And more recently, these projects have been facing the headwinds of recession. The result: Project goals can change midstream, and project funding can shrink overnight.

To understand the challenges of large companies in executing mission-critical projects, we surveyed 404 senior executives in September 2022 across North America, Europe and Asia Pacific, and in four global industries.³ (See our Methodology on page 19.)

We also interviewed executives responsible for projects at five leading companies: a major pharmaceutical firm, a large medical device and pharma company, a global luxury goods manufacturer, a large chemical company, and a supplier to the technology industry. These executives explained the interlocking operational and structural challenges of executing multiple critical projects. Their unanimous complaint: extreme difficulty in motivating thinly stretched and distributed teams who are juggling daily duties across a multiplicity of project requirements. (See "Preventing Project Proliferation," page 10.) It's little wonder that about one-third of the executives say achieving their projects' key goals has become more difficult since 2020.

A key part of our research was to better understand the project execution practices that have led to greater project success since the pandemic began. To do that, we analyzed two segments of our survey audience:

Leaders

Companies that said all their critical projects since early 2020 met or exceeded their key goals. These companies were 15% of our total sample. We refer to them as "Project Execution Leaders."

Laggards

Companies that reported the lowest percentage of critical projects meeting their key goals. This group, which made up 24% of our total sample, said less than half their projects since 2020 have met their key goals.

Correlating Stock Performance with Project Execution Success

As we delved deeper into our research, the following question quickly emerged: Does project execution success translate into greater company success?

Our research answered this question with a resounding yes. Project Execution Leaders experienced much greater capital market success between 2017 and today than Project Execution Laggards. Leaders' average market capitalization grew an average 63% over a five-year period (January 2, 2017 to October 25, 2022). In stark contrast, the market cap of the Project Execution Laggards declined an average 24% over that period.



Managing Hybrid Teams Is the No. 1 Factor Increasing Project Execution Difficulty.

The average percentage of project team members working from home has increased more than 200% since the pandemic. That's creating challenges for some companies. Nearly 60% of the Laggards say coordinating hybrid teams has made project execution significantly more difficult. When projects falter, 52% of Laggards order remote team members back into the office (Figure 1).

By contrast, leaders are much more comfortable with hybrid teams. Only 40% say they increase project difficulty to a huge or even large extent. (In contrast, 59% of Laggards say this is the case.) In fact, 68% of Leaders say allowing team members to work from home increases the odds of project success. Only 16% asked remote workers to come into company offices when projects ran into delays.

Managing hybrid project teams is an increasingly valuable skill because many workplace studies suggest work from home is here to stay. A recent survey of 25,000 Americans found that when offered the chance to periodically work from home, 87% in all types of occupations do so. Currently, 58% work from home at least one day a week and 35% do so five days a week.⁵ Even more striking is Gartner's assertion that companies could lose up to 39% of their workforce by requiring them to return to the office full time.⁶ Work from home flexibility, moreover, will be key to attracting top talent. Sixty percent of executives don't expect top talent to return to in-person work.⁷

Some companies don't find work from home a novelty. "We have functional expertise in different locations, so we have always tended toward dispersed work," said a finance executive with a leading global biopharmaceuticals company. "The pandemic did force people to use technology we already had that they would not otherwise have used," he said, adding that people began turning on their video cameras when using Microsoft Teams.

Other companies are still grappling with letting project team members work from home. "We have been able to work more effectively on global projects because we save travel time," said a finance executive from

a multinational medical device, healthcare products and pharmaceuticals company. "But for some people, working from home is very risky because they lose their engagement."

However, he noted some professionals prefer to work at home, regardless of his company's policies. "We will see a new normal of partnering with other companies that have the flexibility to offer work at home so we can tap into a wider talent pool," he said.

Key Factors Increasing Post-Pandemic Critical Project Difficulty

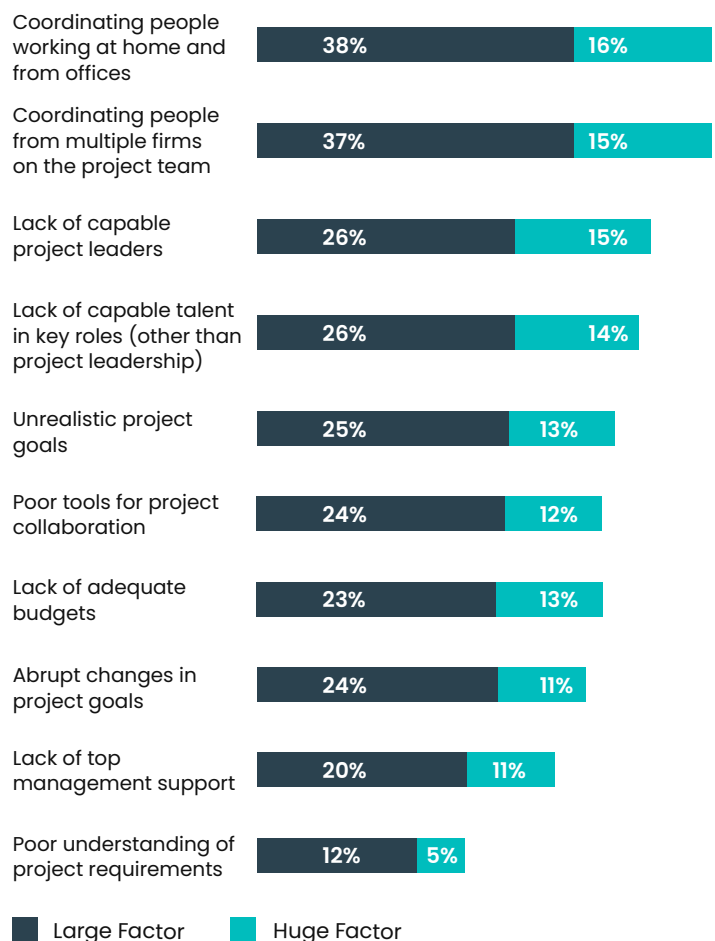


Figure 1

Source: RGP | Response Base: 404 Senior Executives

Our Recommendation

Be candid about the difficulties of managing a hybrid team and maintaining close ties with remote team members. Connectivity is critical — and not just technologically speaking. Project leaders must continuously reach out empathetically to remote team members to create connections that go beyond the business relationship. Without regular group and one-to-one engagement, teams may fracture and productivity will drop.

Review the organization structure to determine if hierarchies and functional silos undermine hybrid team success. Evaluate new digital collaboration tools that transcend or complement Microsoft Teams, Zoom or other platforms. Assess the use of white-boarding and design thinking when hybrid teams convene in person.



Five Views from the Frontlines of Critical Projects

To get a deeper understanding of the execution challenges of critical projects, we spoke with five executives around the world who lead project teams for their organizations:



The comptroller for the Asia-Pacific operations of an international luxury goods manufacturer



A finance executive for a leading global biopharmaceuticals company



The chief strategy officer for an international chemical company



A senior director of finance for a global biopharma, medical devices and consumer products company



A CFO at an Asia-Pacific semiconductor materials company.

Making the Most of Work From Home.

What do most employees value as much as an 8% raise? Working from home.⁸ So found Stanford University economist Nick Bloom. That's one reason workplace watchers believe the hybrid workplace is here to stay. Bloom and team expect 29% of professionals and managers to divide their time between home and office, and more than 15% of highly specialized workers (such as IT) to work from home full-time.⁹

Those numbers could grow if, as Bloom and team predict, technology supporting at-home workers becomes more sophisticated.¹⁰ Yet our survey found that managing hybrid project teams is the top factor increasing the difficulty of large companies to meet their key goals for executing mission critical projects. Our interviews uncovered deeper insights on these challenges.

Ensure Hybrid Team Members are Engaged and Productive

"We find trust, understanding and engagement are sometimes missing with our remote workers," said the finance executive we spoke with from the medical device, healthcare products and pharmaceuticals company. This is especially the case when the company forms a large project team with a variety of skills and new hires across multiple business groups.

He and other executives we talked to said project leaders must communicate frequently, helping hybrid teams coalesce. Project leaders also must identify and connect to members who are unwilling to speak up about project difficulties for cultural or personality reasons. "Misunderstandings and miscommunication when people don't know each other waste time," said the chief strategy officer of the chemical company.

Requiring people to return to the office should be a last resort, dependent on a looming deadline or other crisis, most executives agreed.

"If you need people physically present to manage them effectively, you're micromanaging. Give people the tools they need to succeed, then trust them," said the finance executive at the global biopharmaceuticals company.

Bring the Company's Culture to Remote Workers

Another work-from-home worry is making remote workers feel like part of the organization. Executives say occasional but thematically relevant in-person gatherings can jumpstart productivity. "We got together for a day. Everyone focused on what we needed to do, and that was worth three weeks of emailing and conference calls," said the biopharma company executive.



Focusing on corporate culture is key to productivity for the widely dispersed hybrid project teams of the luxury goods maker we interviewed. “Our differences span organizations, functions, countries, cultures and gender,” said the comptroller for its Asia-Pacific operations. “There’s really nothing to bind us except our company’s values.” Her teams’ conversations focus on the company’s brand messaging, goals and community contributions.

Maintain the Human Touch

“It’s easy to see people as just numbers or resources. But a person has an emotional side. You must understand what they are feeling,” said the chemical company’s chief strategy officer.

During the pandemic, those feelings often were stress and fear. The luxury firm’s Shanghai employees were

caught in the pandemic lockdown and could not easily shop for groceries. So the company arranged for food deliveries and access to mental and physical health resources. “You can’t expect the usual high performance under those conditions,” said the company’s Asia-Pacific comptroller. “Leaders must use empathy in these cases to motivate teams.”

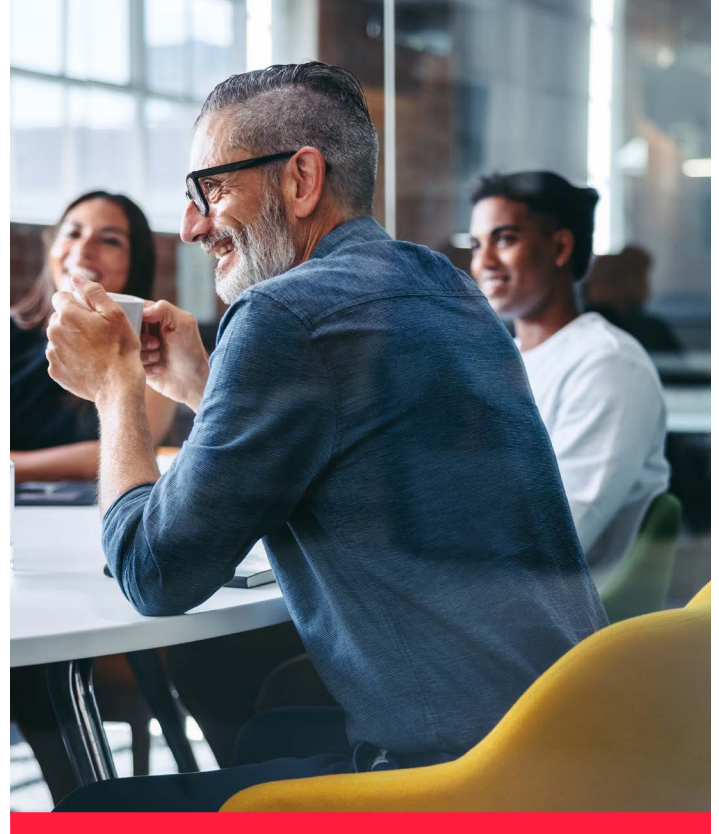
Even as such extreme circumstances have mostly receded, some pandemic-vintage practices for managing remote workers remain effective.

“During the pandemic, we were more inclined to ask each other, ‘How are you doing?’ instead of being judgmental if we couldn’t reach someone,” the biopharma company executive said. “That behavior is continuing. Understanding what’s going on with people has made for better relationships and easier management.”



48%

Outside consultants are expected to comprise 48% of the average project execution team by 2024.



Organizationally Diverse Teams Are on the Rise – and They Are the Second Largest Factor Increasing Project Difficulty.

The use of external talent on project teams has increased since 2020 and is still growing (Figure 2).

Independent contractors and professionals from consulting and staffing companies on average made up 38% of project team members in 2020. In the fall of 2022, the average was 45%; the companies surveyed predict it will grow to 48% by 2024.

Dealing with organizationally diverse teams was especially difficult for companies that have been managing supply chain/manufacturing projects (60%) since the start of 2020. This is not surprising given the innumerable touchpoints of global supply chains. In risk and compliance projects, 89% say those challenges range from “moderate” to “huge.”

Despite their management challenges, companies create organizationally diverse teams to overcome the global talent shortage. Before the pandemic hit, research from the consulting firm Korn Ferry predicted that by 2030 the world’s “talent deficit” would be 85.2 million people. It pointed in particular to a shortfall in highly trained professionals comprising 21% of the workforce across the 20 economies it analyzed.¹¹ Similarly, the Project Management Institute had forecast a need for 88 million individuals in project management roles by 2027 as well as a shortage of talent to fill those roles.¹²

Post-pandemic, the “Great Resignation” of work and “quiet quitting” have only exacerbated the issue, with companies struggling to fill positions requiring skilled professionals.¹³

“Sometimes our best people are involved in multiple projects, so we don’t have capacity, or we don’t have a specific skill set internally. That’s when we lean heavily on our external partners,” said the finance executive at the global biopharmaceutical company.

With collaboration tools such as Microsoft Teams and Zoom, combined with management tools such as Smartsheet,¹⁴ companies can more easily tap a global talent pool. This especially has been the case for people with highly sought-after skills who have greater choice about when, where and for whom they work.

This can make for some very diverse project teams. “You have a consultant, you have your own project leader, third-party staff, a business process outsourcer — it gets confusing,” said the Asia-Pacific comptroller at the luxury goods company. “This will continue because business is getting more complex. No single organization will have all the required expertise. We must leverage all the resources that are the best fit for the project.”

The Changing Mix of Critical Project Teams

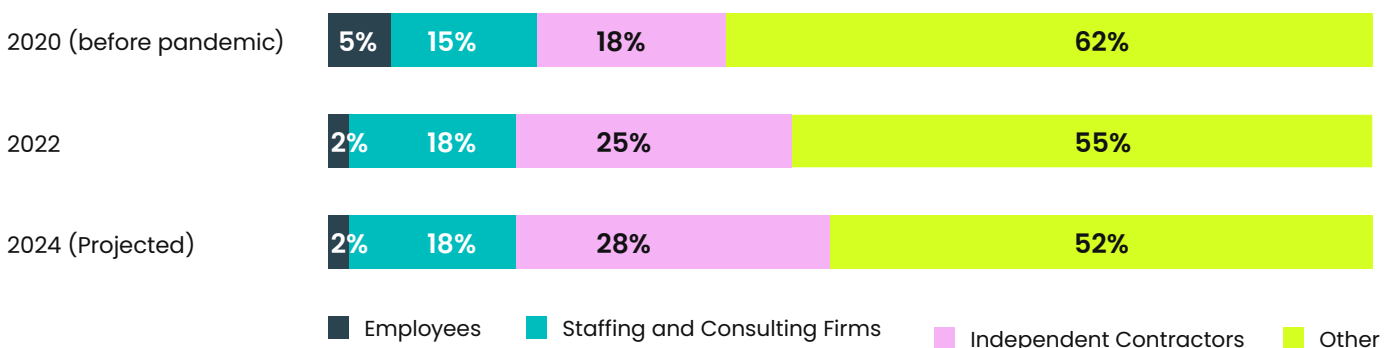


Figure 2 | Source: RGP | Response Base: 404 Senior Executives

Another factor fueling the growth of organizationally diverse teams is the rise of projects involving multiple companies. Mercer, a workplace consultancy, says nearly one in four organizations are part of or plan to join a consortium that shares talent across companies to create more fluid and networked organizational designs. These so-called “digital ecosystems” require teams with people from many companies.¹⁵

One of the best-known cross-organizational projects was Pfizer Inc.’s COVID-19 vaccine development. Pfizer partnered with BioNTech to create the vaccine; together the companies convinced a small Austrian company to drop other projects so it could provide a critical ingredient in record time.¹⁶ Pfizer had the benefit of CEO Albert Bourla smoothing out such project obstacles. On a day-to-day basis, other companies must rely on project leaders to provide such diplomacy.

Our Recommendation

Make team members as equal as possible regardless of their “home” organization. Appoint a project leader with the emotional intelligence (EQ) skills to help the team forge a single “one badge” identity. Establish conflict resolution procedures at the outset to avoid power struggles later. Also, be quick to reconfigure team composition as projects evolve so the team has the skills to meet new goals.

Make sure staffing and consulting partners have insight into the aggregate demand for project work and resources. This way, they can offer up project leaders and other team members who are best suited to upcoming strategic projects. Importantly, this will elevate the value of third-party partners.



How the challenges of hybrid and organizationally diverse teams compare by industry and function

Managing hybrid and organizationally diverse teams were the two biggest factors complicating critical project execution. This held true across the four industries we surveyed (see Methodology).

Pharmaceutical companies led the way in citing hybrid teams as increasing the difficulty of executing critical projects. Two-thirds said managing hybrid teams increased project difficulty to a “large” or “huge” degree. Healthcare companies were second (55%) in citing similar difficulties.

Managing hybrid teams was especially difficult in supply chain and risk and compliance projects. Some 91% of executives involved in these projects said coordinating team members from home and offices was difficult to a moderate, large or huge degree.

Organizationally diverse teams, those composed of members from two or more organizations, also created project execution headaches. Technology companies (57%) most often said managing these teams was a source of “large” to “huge” difficulty; pharmaceuticals and life sciences companies were a close second at 55%.

Organizationally diverse teams were more difficult to manage in human resources projects; 92% of our respondents working on these projects rated the challenges to be from moderate to huge. Some 83% of those involved in supply chain projects said the difficulties of managing diverse teams ranged from moderate to huge.

Preventing Project Proliferation: Augmenting the Pmo with Strategic Project Portfolio Management.

In today's project economy, many businesses run multiple critical projects simultaneously. The Asia-Pacific comptroller for the luxury goods manufacturer told us her teams are involved in 19 concurrent projects. "My team does double work — their regular work and then their project work," she explained.

A traditional project management office (PMO) will rightly ask: "Are these projects adequately resourced?" But a more strategic question should be asked: "Which of these projects will add value, either from the shareholder, customer and/or operations perspective?" Without an answer to this question, a large organization runs the risk of greenlighting every project that appears to have merit (at least on the surface).

Complementing the PMO's capabilities, companies should create a strategic portfolio management office to evaluate current and proposed projects across the organization. It should greenlight projects that align with the company's strategy, as communicated by the C-suite. The office should be headed by a senior executive with the business and large project leadership experience to make credible, authoritative decisions. Without this control mechanism, projects will proliferate. That will increase financial risk and employee turnover. It will also prevent more deserving projects from being executed.¹⁷

We've seen effective strategic portfolio management offices achieve three benefits.

Greater Value Through "Agile" Funding

Projects that use agile project management techniques are quite different than those that use waterfall methods, in which pieces of a project are done sequentially. With waterfall methods, the project may not deliver business impact until all the project steps are completed. In contrast, agile projects are organized into smaller initiatives, each of which delivers business impact. The funding of these projects should be based on the delivery of business impact over the life of the project — rather than on some predicted business impact of the entire project when it's done. In this way, projects delivered through agile methods may draw more funds only when

they produce interim results. If they don't, they are easier to shut down — and without having incurred the entire upfront investment.

Lower Risk, Higher Quality and Greater Efficiency

With a view of the entire project portfolio, a company can prevent duplicate efforts and resource conflicts. "Some projects can run in parallel to a certain degree, but at some point, they collide," said the finance executive at the global biopharmaceutical company. "There's an interdependency, or the complexity is just too great for us to staff effectively without getting too cost-heavy." Finding synergies among projects maximizes the use of scarce resources.

Higher Employee Retention

Companies often assume they can scale up dozens of project teams to run multiple concurrent projects. What they don't realize is many projects will require the same employees. "People work so hard on so many projects that they stress out and they wind up leaving us," said the comptroller of the luxury goods maker's Asia-Pacific region, who said turnover at her company was high. Limiting projects to effective, value-generating initiatives can reduce the workload and improve employee focus.

The strategic portfolio management office replaces traditional pre-pandemic hierarchical project delivery structures. It identifies the highest-value projects and focuses cross-functional teams on delivering value on manageable work streams.

Without an effective project control mechanism, companies increase the risks of project failure and project team burnout.

Finding synergies among projects maximizes the use of scarce resources.

Excellent Project Managers Create an Organizational Competitive Advantage.

Almost three quarters of Project Execution Leaders believe highly effective project managers give them a very strong competitive advantage (see Figure 4). The larger the firm (that is, those with \$10 billion or more in revenue), the more likely it is to see effective project leadership as a competitive advantage.

Pharma/biotech and healthcare companies are more likely to see strong project managers as a competitive advantage. Some 73% of pharma/biotech companies and 69% of healthcare organizations agree. "It is a large advantage," said the executive we spoke with from the medical devices and pharma company. "If you don't have a very strong project capability, you cannot keep up with your peers because everyone's evolving."

Lending credibility to the perceived advantage of strong project managers is the fact that from 2017 to October 2022, the average market capitalization for publicly held Project Execution Leaders increased 63%; market cap declined an average of 24% for the Project Execution Laggards (see Figure 5).

Competitive Advantage Enabled by Effective Project Leaders

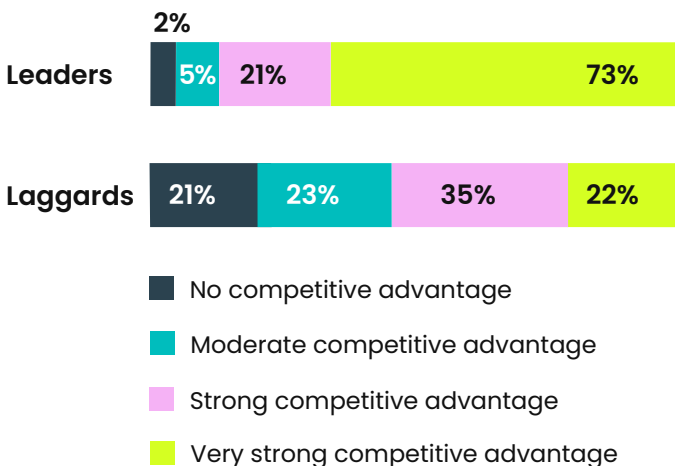


Figure 4 | Source: RGP
 Response base: 62 Project Execution Leaders and 97 Project Execution Laggards

Where Project Execution Counts

Leaders vs. Laggards: Five-year market cap performance

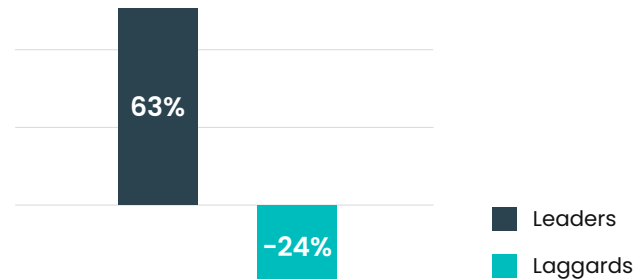


Figure 5

Source: RGP | Timeframe studied: Jan 2, 2017-Oct 25, 2022

Note: Stock market performance of 60 publicly held Leaders and 91 publicly held Laggards

"I am purposefully training my team members as project leaders because for them to know how to manage a project successfully is really our competitive advantage."

Said the luxury goods maker's Asia-Pacific comptroller.

Our Recommendation

Choose project leaders with strong EQ to motivate team members and resolve conflicts. Survey respondents ranked soft skills as highly important to project success (see Figure 6). Empower project leads to form the project team and be accountable for project execution. The person should have experience with similar projects to anticipate and pre-empt or mitigate project risk factors. The leader must also have a strong executive involvement to influence and create alignment among stakeholders. (See on next page, "Hallmarks of a Successful Project Leader.")

Hallmarks of a Successful Project Leader.

For project leaders to succeed, companies should entrust them with significant authority. That's a key takeaway from our research. Project Execution Leaders and Project Execution Laggards were evenly matched in allowing project leaders to assemble their own teams. Beyond that, our study revealed key differences in the level of freedom given to project leaders in companies with greater project success.

They replace team members: 85% of Leaders permit this vs. 70% of Laggards

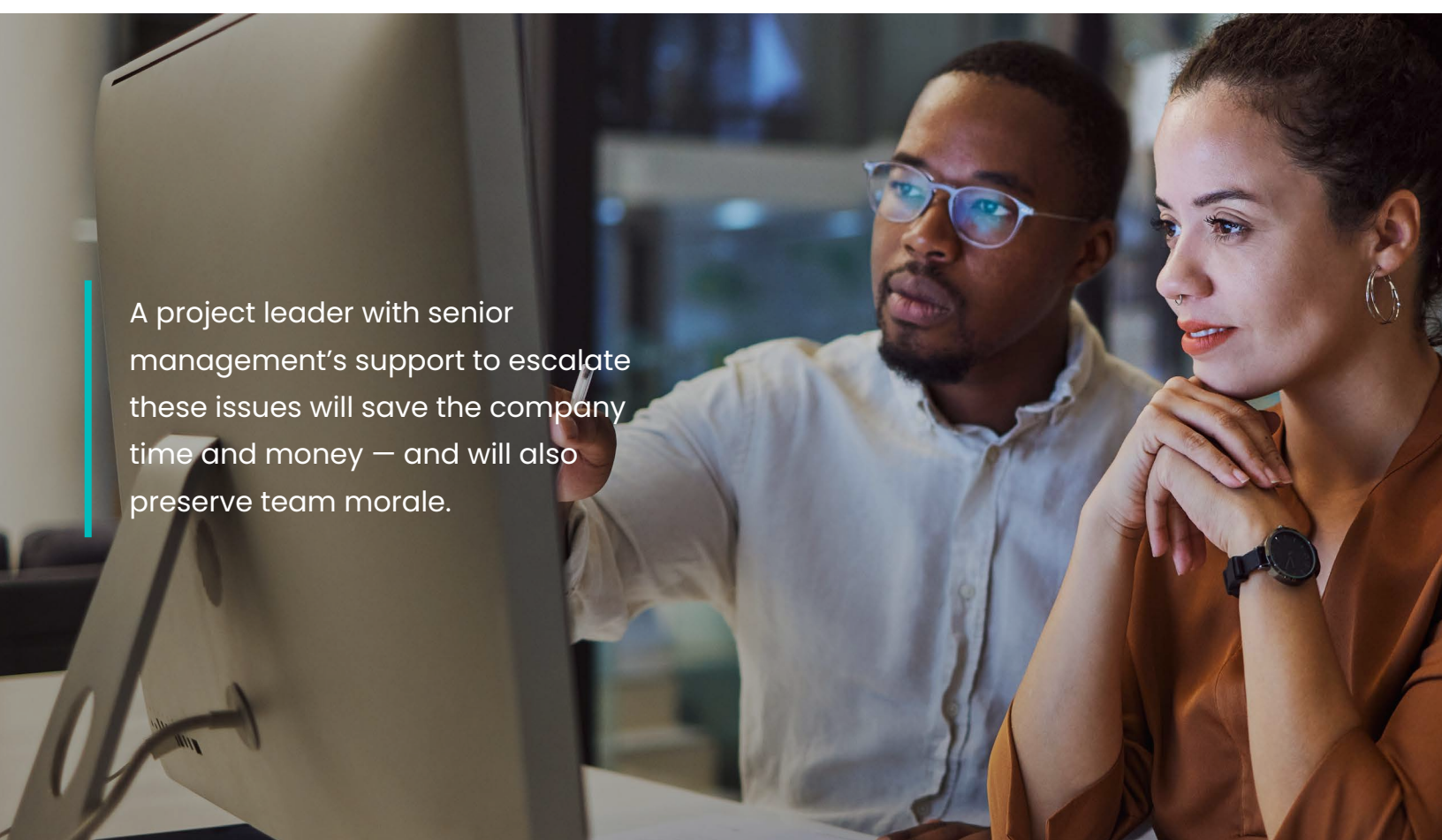
No project follows a linear path. Project leaders should have the flexibility to release team members and bring others on board to ensure the team remains aligned as project scope and requirements inevitably change. The project leader also should have authority to adjust member roles to reflect the team's unique strengths and skills.

They stop and reset projects: 73% of Leaders permit this vs. 58% of Laggards

When business conditions force changes in project goals, a good project leader will pause the project and ensure sponsors and stakeholders understand a reset is required. That increases the chances a project delivers.

They escalate major issues: 92% of Leaders permit this vs. 84% of Laggards

How to cripple a project: pull team members into too many projects, create complicated interdependencies with concurrent projects, or allow project stakeholders to think "agile" means "change mind daily." A project leader with senior management's support to escalate these issues will save the company time and money — and will also preserve team morale.



A project leader with senior management's support to escalate these issues will save the company time and money — and will also preserve team morale.

Strong Project Leadership, Hybrid Team Management and Great Collaboration Tools are Critical to Project Success.

Project Execution Leaders are three times more likely than Laggards to say their project managers have strong or extremely strong skills vs. weak or moderate skills. They are also more likely (97%) to have a PMO than Laggards (78%).

Laggards do not place a premium on project leadership skills. Only 22% say highly effective project leaders would give them a very strong competitive edge. Laggards are also less likely than the Leaders to say a strong project leader is very or extremely important to project success. Instead, a higher percentage of Laggards say talent in non-leadership project roles is “extremely” important (35%). Some 29% of Leaders said the same.

Domain expertise clearly is important for successful project leadership. “Our big projects involve many, many cross-functional teams,” the Asia-Pacific comptroller for the luxury goods company said. “It’s very hard to connect with the business and build trust and respect among different functions if the leader doesn’t know the system or process we’re working on.”

Yet skills beyond domain knowledge also are key. “You can’t just put stars together and assume they will function well,” said the finance executive at the biopharma, medical devices and consumer products company. “The leader brings together the individuals so they function as a team.”

Leaders and Laggards also diverge on the need to coordinate team members working from home with

those in offices. Ninety-two percent of Leaders say it is very to extremely important, compared to just 66% of Laggards. Yet 60% of Laggards report hybrid teams make it much more difficult to achieve project goals.

Among Leaders, 76% report their project tools and management platforms are highly effective, compared to just 12% of Laggards. But most Laggards (73%) say such tools are very to extremely important to project success.

Our Recommendation

Invest in effective collaboration tools to reduce the administrative burden on project teams and retain knowledge as team members roll on and off. This also helps onboarding new members. Select lean, lightweight project management tools rather than those requiring hours of daily data input to glean insights.

A good tool provides almost real-time transparency on how projects are performing. Project managers can quickly plan and assign work as well as gauge quality. Finally, this toolset should enable team members to collaborate easily without extensive training. Supplement the project tools with digital workforce enablement: strong connectivity and efficient business process tools that make project tasks easier to do.



Leaders' Keys to Successful Projects

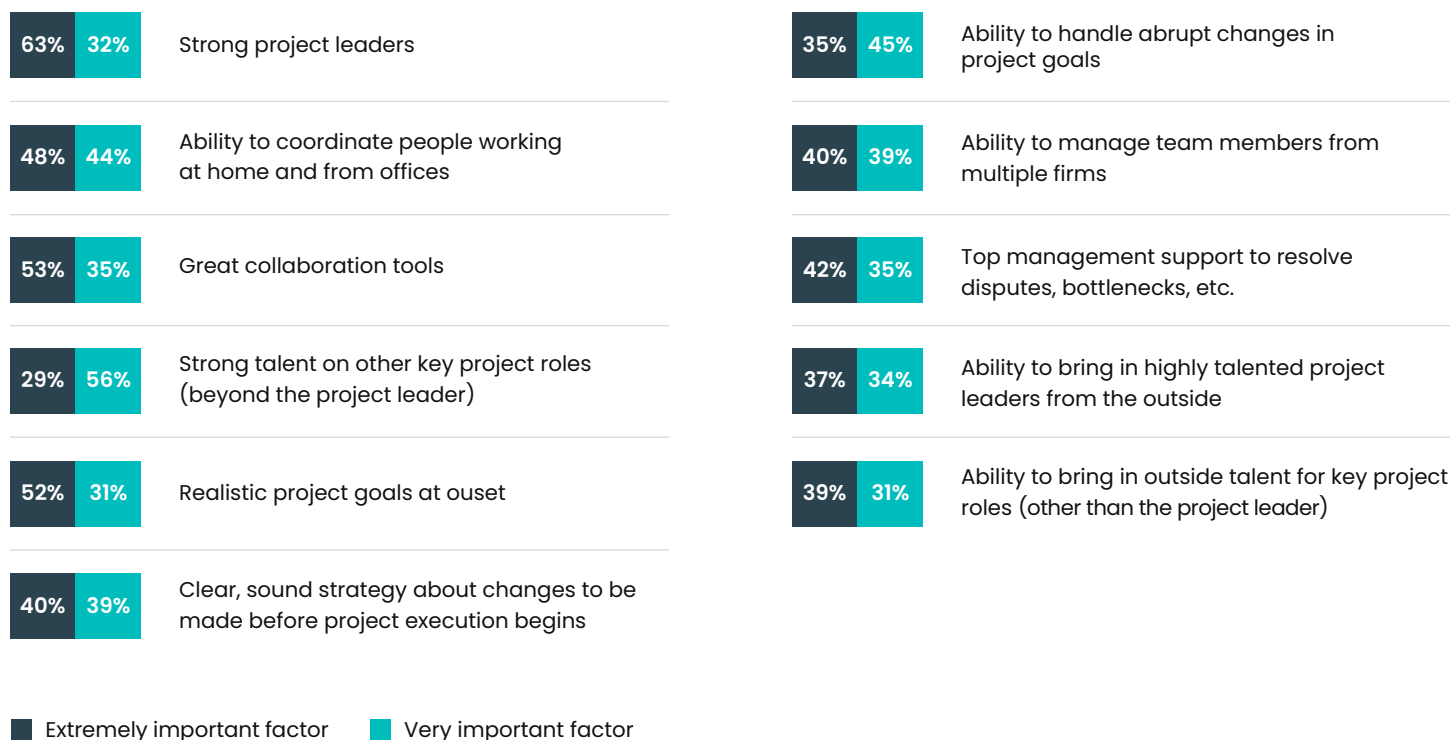


Figure 6 | Source: RGP | Response Base: 62 Senior Executives



Working with Talent from Consulting and Staffing Organizations vs. Independent Contractors Correlates with Greater Project Success.

The ways in which a project team is organizationally diverse appear to influence whether projects achieve their key goals.

While Leaders and Laggards both increased their use of nonemployee talent, Leaders sourced a much higher number of project team members — 31% of the average project team — from staffing and consulting firms in 2022. The average number of consulting and staffing company team members for Laggards was 21%. And they were far more likely to use independent contractors.

By 2024, Laggards expect their project teams will comprise an average of 41% of non-employees, while Leaders predict using a much higher percentage (47%). Leaders will use a much greater percentage (34%) of people from consulting and staffing firms than Laggards will (22%). Laggards will use a higher percentage of independent contractors (see Figure 7).

Composition of Critical Project Teams: Leaders vs. Laggards (n=404)

Year	Composition of Project Teams	Leaders	Laggards
Early 2020 (pre-pandemic)	Employees	62%	68%
	Consultants, staffing firm professionals	20%	15%
	Independent Contractors	13%	13%
	Other	4%	4%
2022	Employees	52%	59%
	Consultants, staffing firm professionals	31%	20%
	Independent Contractors	14%	20%
	Other	2%	1%
2024 Projected	Employees	53%	58%
	Consultants, staffing firm professionals	34%	22%
	Independent Contractors	12%	18%
	Other	1%	2%

Figure 7 | Source: RGP | 62 Project Execution Leaders; 97 Project Execution Laggards

Companies that extensively hire independent contractors do so to gain skills cost effectively and avoid the administrative burden of bringing on full-time employees, according to an ADP Research Institute study.¹⁸ However, demand for the most skilled independent professionals is intense. Companies may not be able to source and vet these workers as quickly as they need them. They may also find themselves paying top dollar for this talent.¹⁹

Some consultants suggest that using “gig” or other independent workers enables organizations to forgo the extensive credential checks typical when hiring a full-time employee.²⁰ Yet it could saddle a critical project with unqualified team members. Evaluating project talent requires deep knowledge of a practice

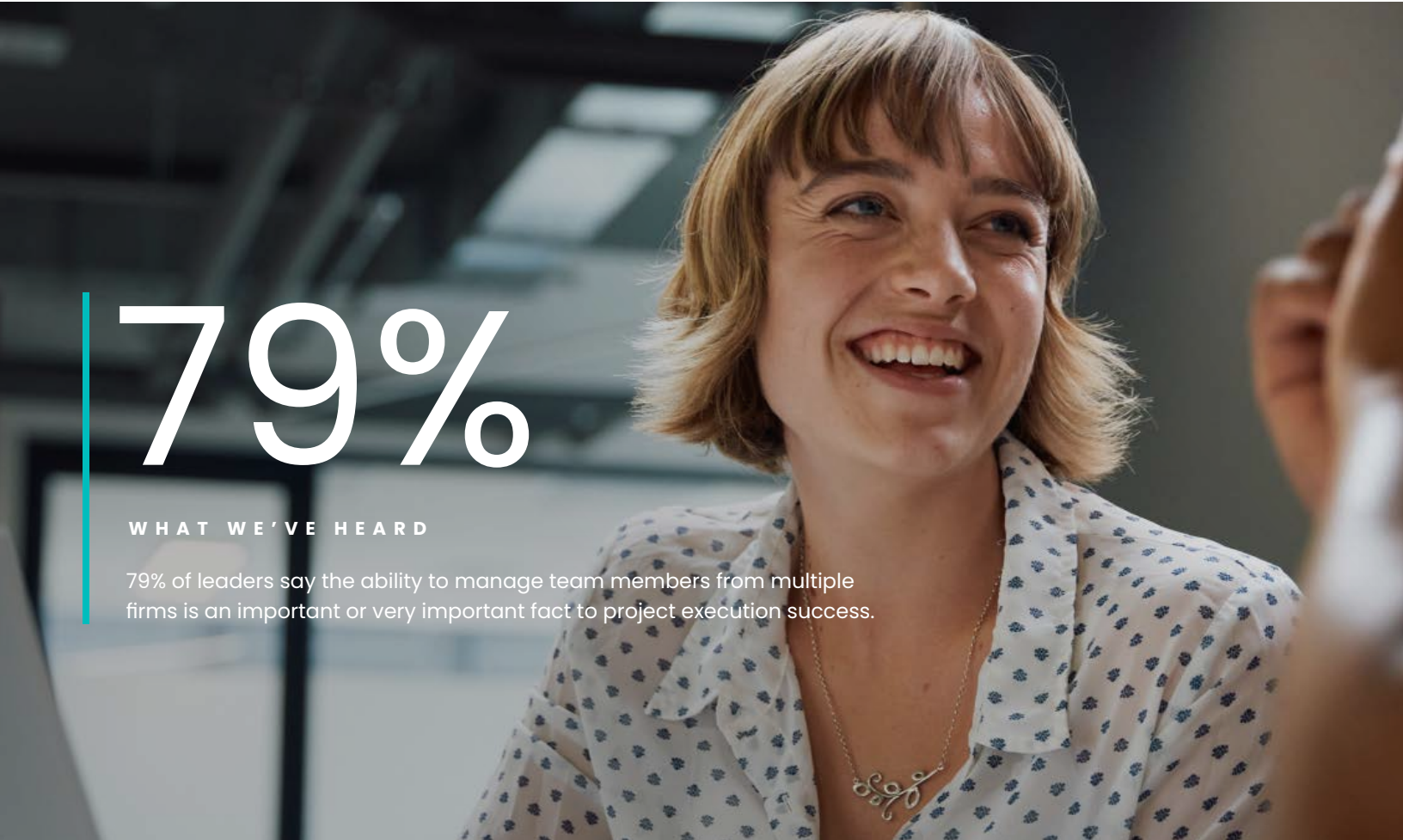
area to judge whether a prospect has the right skills and complementary experience. Then it’s vital to evaluate whether the candidate will fit into a company’s culture. Companies have told us that when such an assessment is made by a consulting or staffing firm with which they have a long-term relationship, they are more likely to benefit from a good “culture fit.”

“I look for trusted partners who know what I need,” said the finance executive we spoke to at the global biopharma, medical devices and consumer products company. “I would like to see a few candidates to get a sense of who will fit with our culture. But I leave the first-round screening to those with the resources to do it.

The executive added: “You establish relationships and work with firms to the point where they say, ‘We know you just as well as you know yourself.’”

Our Recommendation

Ensure a consulting or staffing firm follows best practices for onboarding talent quickly so that team members are productive from Day One. Team members must understand the big project picture and exactly how their role will contribute to its success. The consulting or staffing firm should be quick to swap out team members as the project evolves to keep team skills aligned with project goals. Project sponsors may be reluctant to remove internal staff or independent contractors.



79%

WHAT WE’VE HEARD

79% of leaders say the ability to manage team members from multiple firms is an important or very important fact to project execution success.

Conclusion.

As the project economy gains steam, companies must significantly improve their project execution skills, processes and tools. In fact, even the companies that are best at executing critical projects (our Project Execution Leaders) are aware of their skills shortcomings (see Figure 8). To maintain their leadership, they will need a mix of complementary hard and soft skills.

The best companies at critical project execution have a big head start in having excellent project managers (Figure 9). About nine in 10 say they already have highly effective project managers in place vs. only 10% of the Laggards. More than two-thirds (68%) of Laggards say it will take them at least 12 months to develop highly effective project managers.



Project Manager Skills Needed by Project Execution Leaders

58%	Project assessment and planning (translating the strategy into project goals, timelines, deliverables)	58%	Identifying and resolving conflicts quickly
58%	Getting the team to quickly embrace major changes in the project	58%	Assessing and improving team morale
58%	Leading team members who aren't employees of the firm	58%	Managing egos of members with strong, valuable skills
58%	Getting project sponsors to remove roadblocks	58%	Effective communications
58%	Adopting agile project methods	58%	Dealing with team resentment in going back to offices
58%	Using advanced project management tools		

Strong Project Leadership Skills Aren't Developed Overnight.

The burgeoning project economy, the growth of organizationally diverse teams, and the continuing evolution in workforce culture and operational models require companies to elevate their critical project execution capabilities. Three steps will accelerate progress.

Be More Selective About Which Projects to Pursue

Companies must bring more rigor to evaluating potential project returns and monitoring progress. As noted above, converting the enterprise PMO into a strategic portfolio management office will improve execution of mission-critical projects.

Invest in Developing Project Leadership Skills

Companies can help project managers with high EQ gain project management skills such as “chunking” projects, applying agile methods, effective communication and change management.

Implement Next-Generation Project Management Tools

Tools such as Smartsheet go beyond time-and-budget metrics to help teams deliver quality results.

Companies must constantly gain new technology capabilities, satisfy emerging customer needs, and anticipate major change. Project execution skills are critical to all.

Converting the enterprise PMO into a strategic portfolio management office will improve execution of mission-critical projects.

Time Companies Expect to Take to Have Highly Effective Project Managers on Critical Projects

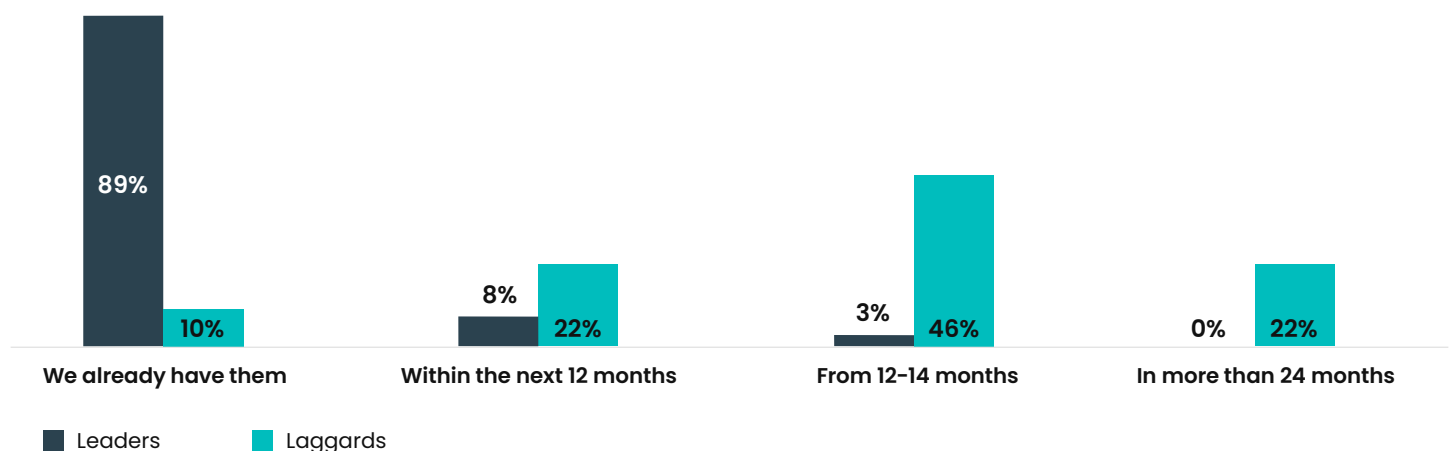


Figure 9 | Source: RGP | Response base: 62 Leaders and 97 Laggards



Methodology

From September to October 2022, we surveyed 404 senior executives at large companies (\$1 billion+ in revenue) on the challenges they have faced since early 2020 in executing critical projects to improve key operations in finance and accounting, risk and compliance, HR, recruiting and retention, and IT/ digital. These executives were either in the C-suite, reported to the head of function, or reported two levels below the head of the function. They work for companies headquartered in the U.S., Europe, or Asia-Pacific regions in the financial services, healthcare, pharmaceuticals/life sciences and technology industries. Each was personally involved in executing or had substantial knowledge of the execution of at least one critical project in their company. By “critical project,” we mean a major initiative with a budget of at least \$1 million and with goals of making key operational and financial improvements. By “execution” of such critical projects, we refer to the project team and its steps in implementing the strategy of such initiatives.

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3. We defined “mission-critical” as those with investments of at least \$1 million, with the goals of major improvements in cost, time to market, quality and other key metrics.
4. Of 404 companies studied, Leaders (62) reported 100% of critical projects met or exceeded their key goals since early 2020. Laggards (97) reported less than 50% of critical projects met or exceeded their key goals since 2020
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