

The Executive Sponsor – The Hinge upon which Organisational Project Management Maturity Turns?

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Introduction – Maturity, Success and Capability.

It is becoming fashionable for people to talk about the level of their organisation's "maturity" in project management, and there are, indeed, many models available on the market to enable such a level of maturity to be assessed. (Cooke-Davies et al., 2001) Despite serious unresolved difficulties about what maturity actually means, about how it differs in different organisational and industrial contexts, about what value it brings to an organisation, and about how it can best be assessed, the term provides a useful way of communicating something significant about the extent to which an organisation is capable of consistently defining, initiating and managing a complex portfolio of projects. (Cooke-Davies, 2004a; Cooke-Davies, 2004b)

Bill Ibbs and his colleagues have suggested that mature organisations obtain better value for money from what they spend on project management than immature ones do, (Ibbs et al., 2004) and this sounds reasonable. This paper will argue, however, that the real benefits of maturity show through in terms of improved project success measured at three levels: project management efficiency (doing projects right); project effectiveness (doing the right projects); and organisational agility (consistently doing the right projects, and doing them right). Each of these three levels of success is driven by a different set of capabilities, the maturity of which will be shown to correlate to the degree of success accomplished at that level.

The Executive Sponsor – A key role in Project Governance

The profile of the executive sponsor, sometimes referred to simply as the project sponsor, is becoming very much higher in project management literature. By the late 1990s Harold Kerzner was able to write, "During the past several years, more and more companies have accepted the project sponsorship approach so as to maintain the proper umbilical cord between projects and line/senior management." (Kerzner, 1998 page 471) Looking at it from the point of view of the project manager rather than the sponsoring organisation, Jeff Pinto was able to advise project managers to enlist a sponsor's support, because, "in the majority of cases where a project was completed in a timely and relatively smooth fashion, it is possible to point to the support and active promotion of a senior manager." (Pinto, 1996 page 59)

The precise job of the sponsor, however, remains relatively poorly defined, with very significant variation between organisations both in the way the term "sponsor" is used, and in the different terms that are used to describe the sponsor's role. (Crawford, 2001)

By 2004, with the corporate governance scandals of the past few years behind us, the Association for Project Management produced a guide to governance of project management that states that, "Project sponsors are the route through which project managers directly report and from which project managers obtain their formal authority, remit and decisions. Sponsors own the project business case. Competent project sponsorship is of great benefit to even the best project managers." (Association for Project Management, 2004 page 9)

The Sponsor's Roles

In a forthcoming book (Dinsmore and Cooke-Davies, 2005), Paul Dinsmore and I have drawn on our combined observations of enterprisewide project management in organisations to suggest that there are five separate but inter-related roles that an executive sponsor needs to play:

- Owner of the business case;
- Harvester of benefits;

- Governor of the project;
- “Friend in high places” to the programme- or project manager; and
- Champion of the project.

Since only experienced senior managers are likely to have the right combination of credibility in and knowledge of the permanent organisation that is commissioning the project, effective sponsors are usually drawn from the ranks of top management. They provide the essential link between the organisation that is seeking to obtain beneficial change through the project and the temporary organisation (the project) that has been established to create the product or service that is to deliver the desired benefits.

Before examining the results of some recent research, it is perhaps valuable to examine each of these five roles in a little more depth.

1 Owner of the business case

The business case is important, because it encapsulates the basic reason that the project is being undertaken in the first place. Very few organisations undertake projects simply for the sake of doing projects – they are means to an end. Perhaps to improve the performance of current activities, or to develop new business, new products, new markets, or to introduce new technology, new processes, new ways of working, or even to build new infrastructure, new physical assets. In each of these cases, the nature and extent of benefits will differ, and it is the purpose of the business case to spell out precisely how the benefits will add value to the enterprise.

A sound business case underpins a sound project charter – itself an essential pre-requisite to sound scope planning. It is the sponsor’s job to ensure, on behalf of the enterprise, that the business case is accurately articulated and also, on behalf of the project, to ensure that the project plan is developed so as to meet the business case.

2 Harvester of benefits.

Important as the business case is, it is simply a piece of paper that delivers no value to the enterprise until it has been transformed into real benefits. Such benefits can be said to be “harvested” or “realized” when the products or services delivered by the projects are used effectively by the enterprise to create the benefits foreseen by the business case. It is a matter of preference as to whether one thinks of the benefits being “harvested” (with its connotations of seeds being planted, crops ripening and eventually the yield being reaped) or “realized” (with its connotations of ideas gradually being converted to something that is real).

In either case, the benefits can not be harvested until after the project has been completed, its product or service handed over to its ultimate users, and then used by them for the benefit of the enterprise. The sponsor, being part of the permanent organisation, is better placed to influence the behaviour of the users than the project team, which is unlikely to be in existence when the benefits come through. On the other hand, the project itself can influence the benefits by the extent to which the product or service fulfils the real user requirements and technical performance specifications, so once again the sponsor is in a position to ensure the co-operation of the project team and the permanent organisation during the life of the project.

3 Governor of the project.

Faced with the Sarbanes-Oxley Act in USA and its cousins in other countries, Boards of Directors of commercial organisations are being compelled to take seriously their responsibilities to shareholders and society to manage the inherent risks in their organisations. Even if this is not already enough to make top management become interested in the conduct of their organisation’s portfolio of projects, it is likely to do so sooner or later. But this is not as straightforward as it seems.

There are fundamentally two kinds of work undertaken by any enterprise: more or less repetitive tasks or processes that recur regularly and which make up its usual sphere of operations (business as usual) and more or less unique activities that are undertaken once, by a temporary team to achieve some form of beneficial change (projects or programmes). In this paper, the term “projects” has been used generally for the latter kind of work, regardless of whether programmes or projects. Nevertheless, the

two kinds of work are fundamentally dissimilar, requiring quite different forms of management and governance, as Rodney Turner and Ann Keegan have demonstrated. (Turner and Keegan, 1999)

In practice, this means that the task of governing individual projects is likely to prove challenging for sponsors who have risen to the top of their organisations through successfully managing business as usual. The extremes of Scylla and Charybdis are represented by tendencies to either abdicate and leave things to the project manager and team or alternatively, to micro-manage and deflect the project team's from their proper focus on managing progress towards providing more and more information to the governance committee.

4 Friend in high places.

This is, perhaps, the role that is most intuitive for sponsors to carry out. By virtue of their credibility and status, sponsors are ideally situated to assist with the management of high-ranking stakeholders. Whether this involves obtaining adequate resources from hard-pressed line managers, or winning the hearts and minds of influential people who are opposed to or disinterested in the project.

5 Visible champion of the project.

The last of the five primary roles of the sponsor is actually an amalgam of the first four – it amounts to emotional leadership of the project so that people at all levels in the organisation understand that it is committed to the project and requires the benefits that will flow from it. It is, perhaps, the most demanding of the roles, requiring mastery of three quite distinct worlds: the world of external reality (focusing on the task), the world of interpersonal relationships (managing relationships) and the world of their own behavior, attitudes and values (sponsor self management).

Although much of the focus of the first four roles has been on the task, the other two worlds are equally important. The management of relationships requires the sponsor to ask himself or herself questions such as:

- Are all parties involved clear about their roles?
- Do the right people make the right decisions about the programme in the right way?
- Is everyone doing what needs to be done for the desired change to be accomplished?

Similarly, sponsor self management involves such questions as:

- Am I devoting sufficient time to the programme?
- Do I passionately portray a congruent belief in the business case?
- Do my behaviour and attitudes encourage the project manager and team to “think outside of the box” and look for solutions that will address the overall project goals?

What are the essential activities of the sponsor?

These five roles, derived from observation rather than rigorous research, make logical sense. But what about the evidence? Are all equally important, with the corollary that none is especially important? Or is there any evidence that some matter more than others? Each of the more than thirty maturity models that are currently in use, where they make mention of the sponsor and governance, places emphasis on different aspects of the sponsor's job.

The third and final section of this paper will suggest some tentative answers to these questions, based on recent research carried out by Human Systems.

How does the sponsor contribute to project success?

The research that will be reported in this paper was not directed primarily towards project sponsors, although unlike much other research it recognized the importance of governance and sponsorship right from its design stages. The research design was developed from earlier research reported elsewhere (Cooke-Davies, 2001; Cooke-Davies, 2002a; Cooke-Davies, 2002b; Cooke-Davies, 2004c) and which is summarised in Figure 1 below.

<i>Conversation about:</i>	<i>Involves</i>	<i>Criteria for Success</i>	<i>Critical Success Factors</i>
The right combination of . . .	<i>Senior management.</i>	<i>Strategy implemented; Productivity improved; Right projects done; Projects done right..</i>	<i>Portfolio management; Continual improvement; Comprehensive & reliable metrics..</i>
. . . the right projects . . .	<i>Project governance. Executive sponsor. "Client", "owner", "operator".</i>	<i>All benefits realized. Stakeholders satisfied.</i>	<i>Clear & doable goals. Stakeholder commitment. Benefits processes. Project strategy.</i>
. . . done right.	<i>Project manager. Project team..</i>	<i>Time, cost, quality, scope, technical performance, safety etc.</i>	<i>Clear & doable goals. Capable & effective team. Adequate resources. Clear technical requirement. Effective planning & control. Risk management.</i>

Figure 1: Conceptual Research Design

A self-scored questionnaire was developed with questions probing both the presence or absence of specific capability areas at each level, and the degree of success accomplished for each criterion at each level. Clearly such a method suffers from some weaknesses: the sample is self-selected and may not be representative of all projects and all organisations; respondents are answering from the point of view of completed projects, which can lead to "post hoc" bias in their answers (if it was successful, we must have had good capability and vice versa); and because the questions have been carefully selected from previous research, it is to be expected that many variables will correlate with each other (high collinearity).

The instrument contains 44 questions about capabilities: 21 at the organisational level, 10 governance/sponsor and 13 at the project level. Each question is in the form of a statement that is answered using a four point Likert scale ranging from Completely Untrue (1) to Completely True (4). In addition there are 21 questions about success achieved: 10 organisational; 6 governance/sponsor and 5 project. The answer to each question is divided into 4 bands (scored 1 to 4) with an "unknown" option. In general a score of 3 implies a result in accordance with expectations, 4 somewhat better, 2 somewhat worse and 1 much worse.

Many of the methodological weaknesses will be compensated with sufficient data, and at present, there are 168 valid data records in the analysis reported here at the project level, 117 at governance level and 30 at organisational level. Respondents answering at a higher level generally answered at lower levels as well.

The data was distributed 121 from USA, 38 from UK and 9 from other countries.

A wide variety of industries was represented.

Respondents were senior managers (12), project sponsors or members of governance committees (87), people responsible for project processes (19), project managers (31) and project team members (19).

Comparison between results at the three levels.

Perhaps the first noteworthy result is that only 3% of organisations said that their overall portfolio of projects meets or exceeds expectations, and although the picture is somewhat better at governance/sponsor level where 8% of projects do and at project level (nearly 20%) it is still not a picture to be proud of. (Figure 2)

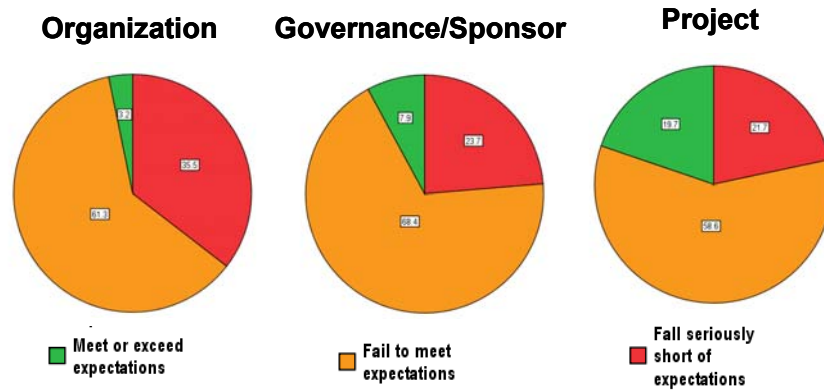


Figure 2: Success Achieved at 3 Levels

The picture for capabilities mirrors this to some extent, although the capabilities appear to be greater in all cases than the success that they lead to. The pattern shows that at the project management level, most organisations are well on the way to having the basic project management capabilities in place to a greater or lesser extent, although this is less true at the governance sponsor level, and definitely untrue at the organisational level, where more than a quarter of all respondents believe the necessary capabilities to be largely or fully absent. (Figure 3)

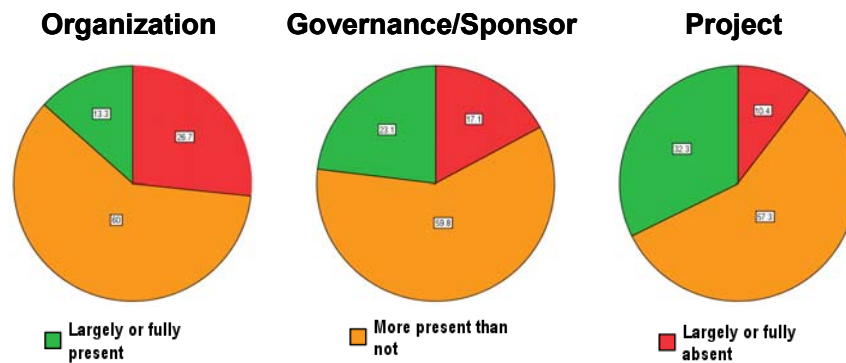


Figure 3: Capabilities at 3 Levels

At the organisational level, this is about as far as it makes sense to perform analysis, with only 30 sets of data. At the two lower levels, however, there are some very interesting conclusions that can be drawn.

Governance/Sponsor Level Capabilities and Success (Effectiveness)

The data shows that projects are not good at delivering the benefits for which they are undertaken.

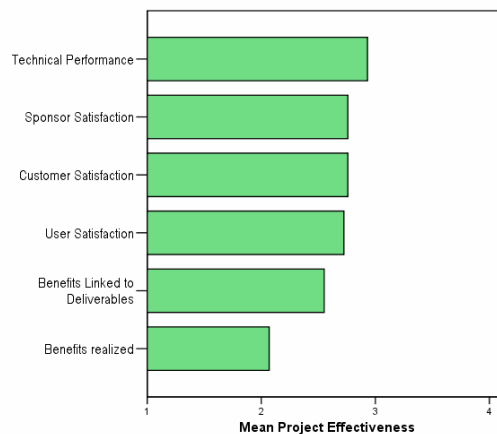


Figure 4: Degrees of Project Success Achieved.

Only 7% of all projects deliver 100% or more of the benefits expected of them, while more than two thirds deliver less than 75% of the expected benefits. And these figures apply only to those 75% of projects that are able to make an estimate – the remaining quarter are unable to assess the extent to which any benefits were delivered. And yet, sponsors are not too dissatisfied with their projects (See figure 4).

In terms of governance/sponsor capabilities, there is considerable variation between the worst (integrated financial systems) which are more absent than present and the best (goal clarity about projects and presence of a business case) which are more present than absent. (see figure 5)

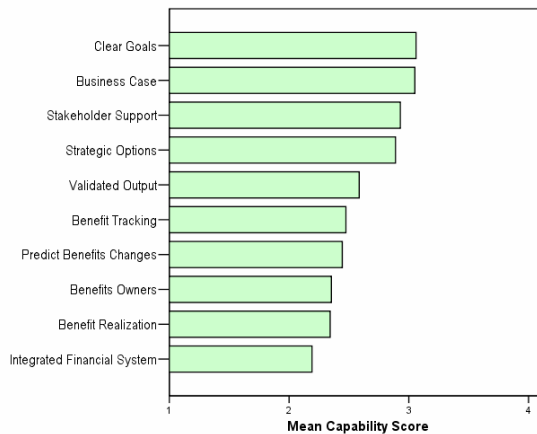


Figure 5: Governance/sponsor Capabilities (Ranked).

Approximately 26% of the variation in success is accounted for by variation in the governance/sponsor capabilities, and there is a clear correlation between the success achieved and the capabilities possessed (see Figure 6). There can be no doubt that a compelling business case can be made for raising the capabilities of sponsors.

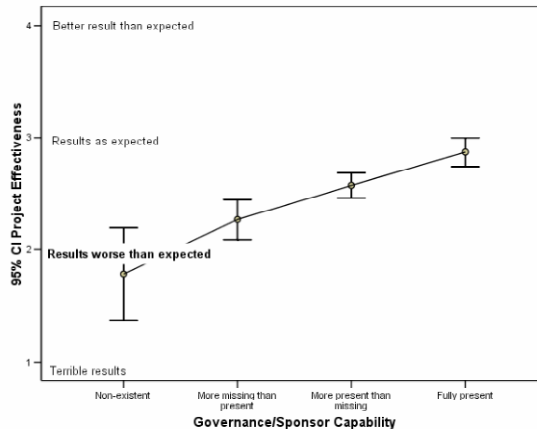


Figure 6: Relationship of Capability to Success

But are all capabilities equally important? What should be the focus of a programme to improve sponsor capability? That is where an additional form of analysis proves to be helpful

Which Capabilities Matter Most?

A technique known as Classification and Regression Trees can be used to examine data in order to find which is the best predictor of a given result – in the case of this paper, effectiveness (project success at the governance/sponsor level) and efficiency (project management success at the project level, using the classic measures of time, cost, scope, quality and HSE). This method has the benefit of not only identifying which factor out of all those that correlate to success is the best predictor of success, but then to go deeper into the data looking for the next best predictor and so on. It can also give a quantitative prediction of the improvement in success that can be expected.

The results for effectiveness are shown in figure 7, and for effectiveness in figure 8.

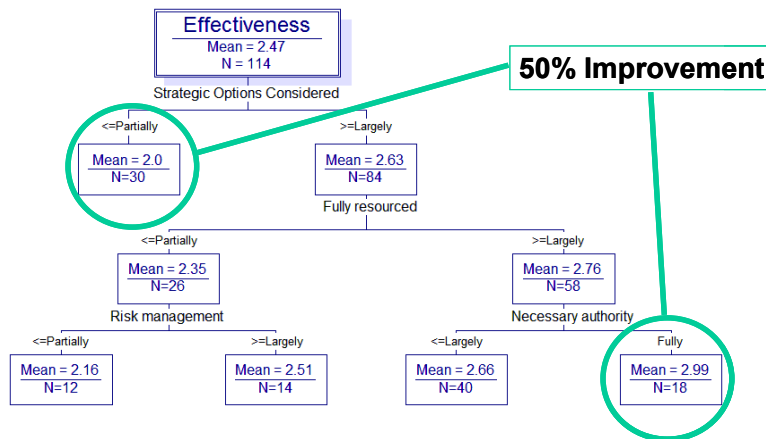


Figure 7: Most Significant Predictors of Effectiveness

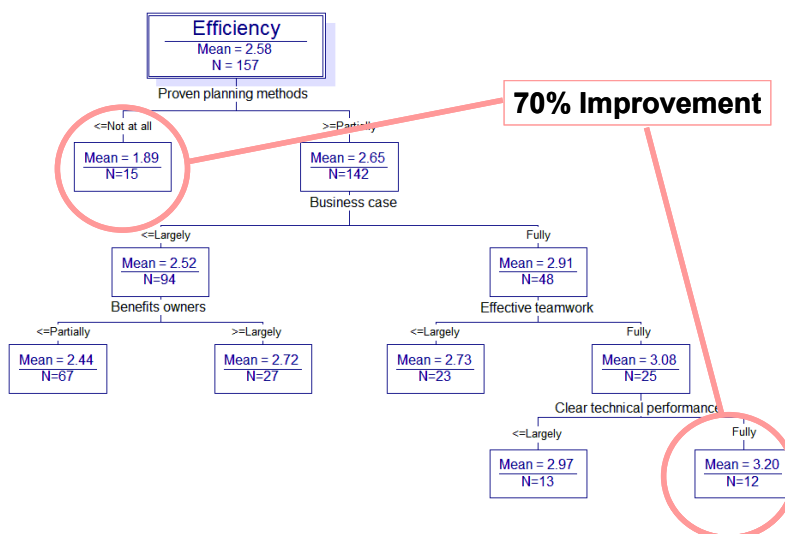


Figure 8: Most Significant Predictors of Efficiency

All in all, of the nine capabilities that most strongly correlate to improved effectiveness (as measured by benefits delivered, technical performance achieved and satisfied stakeholders) and improved efficiency (as measured by time, cost, scope, quality and HSE) no fewer than six are dependent to a greater or lesser extent on the capabilities and efforts of the project sponsor.

In terms of effectiveness, the sponsor is best positioned (1) to ensure that all strategic options are considered before the project is approved, (2) to ensure that the project is assured of receiving the resources and that (3) the project team has the authority necessary to accomplish the projects goals. In terms of efficiency, the sponsor plays a large part in (4) assuring the quality of the business case on which the project is authorised, in (5) ensuring that responsibility for realising benefits rests with the right people in the organisation and (6) that the technical performance requirements of the project are such that if achieved, then the business case will be achievable.

Is the sponsor the hinge on which maturity turns?

If maturity is approached as a series of processes, each of which has to be defined, managed and optimised, then there is no reason to value the role of the sponsor any more highly than any other role in the organisation. If, on the other hand, the purpose of maturity is to deliver project results consistently, then I hope this paper has convinced you that the sponsor does indeed play a pivotal role. It is time for project management professional organizations to provide help and guidance to executive sponsors!

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