

Project Management

The Project Economy Has Arrived

by Antonio Nieto-Rodriguez

From the Magazine (November–December 2021)



Joerg Glaescher/laif/Redux

Summary. By 2027, some 88 million people around the world are likely to be working in project management, and the value of project-oriented economic activity will have reached \$20 trillion. But research shows that only 35% of the projects undertaken worldwide are... [more](#)

Quietly but powerfully, projects have displaced operations as the economic engine of our times. That shift has been a long time coming.



During the 20th century, operations (which involve the *running* of organizations) created tremendous value, and they did so through advances in efficiency and productivity. But for most of the current century, productivity growth in Western economies has been almost flat, despite the explosion of the internet, shorter product life cycles, and exponential advances in AI and robotics.


Meanwhile, projects (which involve the *changing* of organizations) are increasingly driving both short-term performance and long-term value creation—through more-frequent organizational transformations, faster development of new products, quicker adoption of new technologies, and so on. This is a global phenomenon. In Germany, for example, projects have been rising steadily as a percentage of GDP since at least 2009, and in 2019 they accounted for as much as 41% of the total. Precise data is hard to come by for other countries, but similar percentages are likely to apply in most other Western economies. The percentages are probably even higher in China and other leading Asian economies, where project-based work has long been an important source of growth.

And we're only just getting started. In 2017, the Project Management Institute estimated that the value of project-oriented economic activity worldwide would grow from \$12 trillion in 2017 to \$20 trillion in 2027, in the process putting some 88 million people to work in project management-oriented roles—and those estimates were made before nations started spending trillions on pandemic-recovery projects.

Forward-looking companies have recognized the organizational implications of this surge. "Soon we will no longer have job descriptions," one senior IBM talent executive told me. "We will have only project roles." That's where the management thinker Roger Martin believes we already should be. "The average person

in an office thinks that their life is some sort of regular job,” he told me, “and that the projects they work on get in the way of doing it. In fact, in organizations the entire decision factory should be thought of as nothing *but* projects.”

Better Project Management: Series reprint

 [buy copies](#)

Some companies are already starting to make this change. In 2020, Mohamed Alabbar, the founder and chairman of Emaar, the giant Dubai-based property developer, announced that as part of a shift to project-based work, the company had abolished all traditional job titles—including his own—and that employees would now be defined not by the department to which they belonged but by the projects on which they worked. In a similar move, the Richards Group, the largest independently owned ad agency in the United States, has removed almost all its management layers and job titles and now refers to most of its employees as project managers.

This transformation to a project economy will have profound organizational and cultural consequences. The problem is, many leaders still don’t appreciate the value of projects and write them off as a waste of time. Typical is the attitude of one executive who recently told me, “If you want to make sure that something is *not* done, make it a project.”

It may be that leaders don’t value project management because its methods are too complex to be easily applied. Many project managers end up producing reams of paperwork, too, which can create the impression that their role is primarily administrative. Dismissing the importance and potential of projects for these reasons is a huge mistake. When executives ignore project

management, products launch late, strategic initiatives don't deliver, and company transformations fail, putting the organization's future seriously at risk.

There's one more thing that executives often fail to recognize: Projects give work meaning. Behavioral and social science show that projects can be particularly motivating and inspiring for team members. The moments they feel most proud of almost always happen on the projects they work on—the successful ones, of course, but often even those that fail.

Leaders need to recognize that their role in the project economy involves more than just the direct sponsorship of individual initiatives. At a broader level, it involves being clear and courageous in selecting and prioritizing strategic projects. It involves adopting a project-driven structure and creating a collaborative and empowering culture that reaches across silos. They must also ensure that project management competencies are developed throughout the organization.

I can say all this with confidence because I've devoted my career to the study of projects and the practice of project management. I've worked as the director of the program-management offices at PwC, BNP Paribas Fortis, and GlaxoSmithKline. I've served as the chairman of the Project Management Institute. I've taught thousands of senior leaders, managers, and project managers at several top business schools. In short, I have worked on and examined projects from every point of view, and what my work has taught me is that we need a clearer, simpler, and more comprehensive approach to project management.



Artist Joerg Glaescher contemplated the intense power of nature by handcrafting waves out of gathered deadwood in the forest near his home in Leipzig, Germany. Joerg Glaescher/laif/Redux

The stakes are high. According to the research firm the Standish Group, around 35% of the projects undertaken worldwide are successful. Given that we're talking about tens of trillions of dollars, and the labor of millions of employees, that's a mind-blowing number. It tells us that we're not only wasting 65% of the time and money that we've invested in our projects but also forfeiting trillions of dollars of new value for organizations and society at large.

We can and we must do better. In this article I'll present a simple but powerful project-management framework that can make the job easier for everyone, and I'll lay out six skills that you'll need to succeed in an increasingly project-centric world.

From Operations to Projects

It's often said that to succeed in times of change, companies need to be organizationally ambidextrous—or as the academics put it, they must balance the *exploitation* of their current capabilities (operations) with the *exploration* of new competencies (projects). In other words, they need to focus simultaneously on running the organization and changing it.

Running the organization (operations). This dimension is made up of the core and legacy activities of the business. It includes functions such as sales, customer service, finance,

manufacturing, and IT. Most of the revenues (and fixed costs) generated by firms are from running-the-organization activities. These functions are what keep the company alive. Running the business is about efficiency, productivity, and speed. The focus is short-term, the objectives are mainly performance-driven, and the structure is hierarchical. Culturally, the model is command and control.

Changing the organization (projects). This dimension is key to the future of the company. It includes all the organization's strategic and tactical initiatives and programs. Changing the business is about innovation, transformation, agility, and long-term value creation. The focus is medium- to long-term, the objectives are more strategic, the structure is flat and project based, and the outcomes are less quantifiable than operational results. Culturally, the model is entrepreneurship and collaboration.

The future belongs to organizations that can achieve the right balance of run and change, but most leaders are far better at the former, and so spend more of their time on it. That's a legacy of the 20th century, when, starting in about 1920 and guided by the likes of Henry Ford and Frederick Taylor, most companies made productivity their prime directive. They achieved it with a relentless focus on increasing efficiency, reducing costs, and raising volumes and outputs. Because they mainly produced goods, they grew in mostly organic ways: by increasing production capacity, by standardizing and automating processes, and by entering new markets. Once a year, senior leaders would decide on strategies, projects, budgets, and operating plans and then would manage operations accordingly. Between annual-planning cycles, only a few minor amendments were allowed.

All this made operations extremely efficient. But efficiency has its downsides. By commoditizing their processes, companies sacrificed elements of medium- and long-term value for speed. They regularly grew their businesses through acquisition, often at the expense of organic growth, or as an alternative to it. That allowed them to accelerate their product-release schedules or

simply to produce more. But there comes a point after which a strategy of more volume, more product releases, and more brand extensions simply runs out of road. Sustainable growth through further efficiency becomes impossible, especially in times of uncertainty and rapid change.

That's where we are today. The yearly operational rhythm that prevailed for a century is out of touch with reality. Every organization, public or private, now operates in an environment of continual and sometimes disruptive change. Projects used to be temporary, and operations permanent, but now the reverse is true: Operations keep you afloat temporarily, and change is what's permanent. Anticipating, managing, and driving change thus become the prime directives. And what's the best way to do those things?

Handle your projects better.

New Terms and Conditions

What exactly is a project? Everybody uses the word, but it means different things to different people. That's a problem. As projects drive more and more of the value that organizations create, everyone needs to have a common understanding of what projects and project management are. So let's briefly define them.

Projects involve a series of planned activities designed to generate a deliverable (a product, a service, an event). These activities—which can be anything from a grand strategic initiative to a small program of change—are limited in time. They have a clear start and end; they require an investment, in the form of capital and human resources; and they are designed to create predetermined forms of value, impact, and benefits. Every project has elements that are unique. That's key: Each contains something that has not been done before.

Project management, for its part, involves the collection of competencies, techniques, and tools that help people define, plan, and implement projects to achieve their goals. Most project-management methods we use today were developed in the 1970s

and 1980s and reflect the efficiency and standardization methods used for operations management. Organizations typically adopted one standardized project-management methodology and applied it consistently to all their projects. Over time, what project management was and what it needed to be drifted apart. Organizations evolved rapidly, and although the number of projects increased exponentially, project management somehow stayed in the past.

Using the traditional model, project managers have focused far too much on *inputs and outputs* (planning, estimation, cost, time, scope, risk management) and not nearly enough on *outcomes and value* (purpose, rationale, benefits, impact, and strategy). It hasn't mattered much to them what happens before or after their projects are complete—they've concerned themselves with deliverables, the idea being that if they can complete their projects on time, on budget, and on scope, then the promised benefits will...just happen.

Typically, project managers conceive of their projects in life cycle stages, moving sequentially from initiation through planning and implementation to closing. You work on one stage until you're done; you move on to the next; and when you've made it through the final one, your project is complete. At no point do you return to a previous stage.

But we now know that projects don't lend themselves naturally to such a rigidly sequential, one-size-fits-all approach. In taking on work that's never been done before, projects involve experiments and false starts and failures and, as a result, are prone to movement back and forth among the stages. To run projects well, sponsors and managers need to focus on three main things: innovating; creating a high-performing team; and, most important, delivering benefits.

Agile and traditional project management aren't at war with each other. In a change-driven world,

companies can't apply just one methodology to all their projects.

In the early 2000s, as the internet and new technologies converged to create an explosion of change, the agile movement began to take hold as an alternative to the rigidity of traditional project-management practices. The focus was on accomplishing work in smaller increments, on delivering value to customers faster, and on evaluating requirements, plans, and results continuously. Agile has been a positive development in many ways, but at times it has led to tribalism in the project-management-expert community. Many leaders see agile as cool and fresh, and traditional project management as obsolete—and so they have rashly instituted agile throughout their organizations.

That is counterproductive. Agile and traditional project management aren't at war with each other. In a change-driven world, companies can't apply just one methodology to all their projects. Instead, they need a toolbox of approaches—among them agile and traditional project management, certainly, but also design thinking, change management, and product development—and then must build competencies in all of them throughout their organizations.

But to make that possible, they first need a framework that allows everybody in the organization to see, understand, and work productively on the key elements of any given project.

The Project Canvas

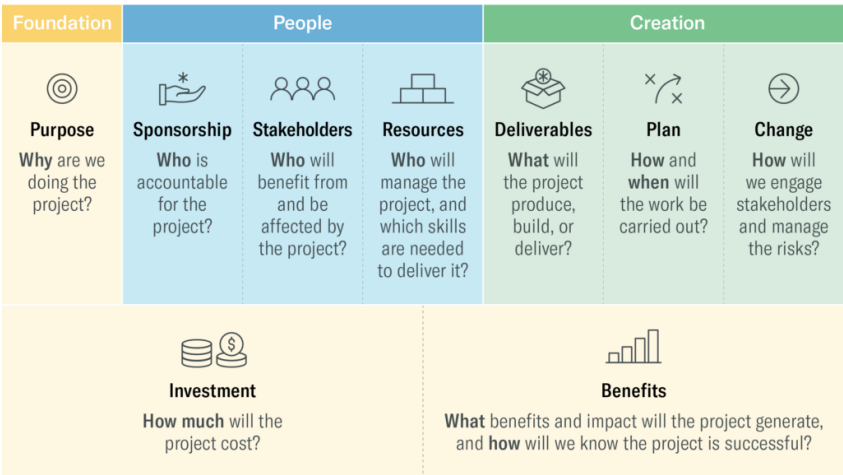
I've created just such a framework for the executives and managers I teach and advise across the globe—a one-page strategic template that I call the project canvas. The concept is inspired by the business model canvas developed by Alex Osterwalder and Yves Pigneur and used by millions of people worldwide. Both Alex and Yves helped with early brainstorming

for the design of the project canvas. A few other frameworks with the same name exist, but none has been as widely adopted as this one.

The framework is composed of just three domains: foundation, people, and creation. Each domain is vital to the success of any project.

The Project Canvas

This framework ensures that every project has a purpose and lines up with your organization's strategy. It is a living document, to be revisited anytime you face a major decision or make changes to the scope of the project.



HBR

What distinguishes the project canvas from other guides to project management? A lot of things. It can be applied to any project, program, or strategic initiative. It focuses on value and benefits rather than processes and controls, and it encourages you to focus on how to quickly deliver the elements of greatest value. It helps you ensure that every project has a purpose and lines up with your organization's strategy. It focuses on implementation rather than detailed planning, and—this is critical—it spans not just the traditional project life cycle but also the pre- and postproject phases, to include aspirations and benefits. It's flexible and allows changes to be made quickly whenever necessary.

The project canvas works with all project-management methodologies, and it guides each stage of the process. It is used before the project begins, to assess how well it has been defined and whether it's ready to go. It is used throughout the project to

track progress and ensure that critical elements and assumptions remain valid. It is used near the end, to assess whether the project is delivering its intended benefits, and after the project is over, to capture lessons learned and build up competencies found to be lacking.

The canvas process begins just before you invest heavily in a project but after you have put both a project manager and a project sponsor in place. Those two roles are key to the success of any project. It's common to think of a project manager as focusing primarily on the technical aspects of the project—with the goal of providing the deliverables on time, within scope, and on budget—while the project sponsor oversees and supports the project manager and ensures that the project stays true to its purpose and delivers its promised benefits. But that division diminishes the role of the project manager, who also needs to be concerned with purpose and benefits. When it comes to how a project is run and what its goals are, the manager and the sponsor must be on the same page—which, of course, is exactly what the project canvas makes possible.

The canvas has to work for everybody, so it must be built on consensus. The project manager should start by convening a project-definition workshop—a meeting that brings together the project sponsor, key stakeholders, and company experts, not to mention anybody else who might provide relevant information, including customers and suppliers. This meeting might take two or three hours. Don't rush it. Make sure everybody has a blank copy of the canvas. Review the goals, scope, and details of the project, and walk through the elements of the canvas template. Then have everybody brainstorm for a while. Start with the foundation, and then move through the other domains and their building blocks. Ask participants to share their views and opinions, and then using a master copy of the canvas, summarize the main themes that have emerged for each domain and building block. You'll now start to see a picture of the challenges ahead.

At this point, your canvas will have a lot of information on it. Ask yourself, Does it all work together as a cohesive and integrated whole? Does it make sense from a strategic and an organizational perspective? Does it acknowledge that you'll be implementing your project in a fast-changing and multiple-priority environment? Now is the time for some careful thought and focused iteration. If you are missing or unclear about two or more building blocks, it's probably too early and too risky to start your project. Take more time to define them. And if you still can't do that, don't start the project at all.

When the meeting ends, the process is far from over. Your next step is to share the document you've produced with other stakeholders and incorporate their feedback.

The canvas is now a living document, to be revisited regularly. Consult it each time you face a major decision, and update it any time you make changes to the nature of the project or your goals. You might even want to feature the canvas in your drumbeat communications. Consider producing a video, drafting an article, or facilitating a short workshop around one (or more) of the elements in the canvas on a regular cycle—perhaps once a month.

Skills and Training

Projects are only as good as the people who run them. So what are the main qualities that leaders need to excel in a project-driven world?

I divide them into six categories.

Project management skills. Executive sponsors need a solid grounding in the essentials of project management. They need to know why projects succeed or fail, how to ensure that a particular project's technical fundamentals are robust, and which characteristics of that project to consider when choosing its project manager. In addition, they need to understand the technical complexity and constraints associated with how plans and estimates are developed.

Project managers, for their part, need to be able to use tools and techniques to determine the rationale and business case for a project. They must be adept at working with contributors and partners in defining scope. They need to know how to identify and manage risk effectively. Once a project is underway, they are responsible for establishing reporting mechanisms to monitor execution and quality. When delays or changes to the plan are foreseen, they need to be able to anticipate their impact and come up with viable alternatives.

Product development and subject matter expertise. Project sponsors and managers need to develop a reasonably proficient understanding of the technology, features, product, service, or capabilities that the project aims to produce. This will do a lot for them: It will give them credibility with the team and the stakeholders. It will enable them to communicate in the language of the experts and the product teams. It will ensure that they understand what the project benefits are, and how and when they will be achieved. And it will help them understand how the project connects with the organization's overall strategy.



Subscribe to our Monthly Newsletter

Leadership

The qualities of the most effective leaders are always changing. Read our latest.

[Explore all HBR newsletters >](#)

Sign Up

Strategy and business acumen. Because of their seniority, executive sponsors tend to have a good understanding of their organization, its strategy, and its key competitors. They're also typically savvy when it comes to the financials and the environment in which their projects will be implemented. Project managers often need to develop these skills. Being able to connect the project benefits and purpose to concrete business priorities is essential for winning buy-in and achieving goals. Also key is a

strong focus on a project's benefits and impact, even in the early stages.

Leadership and change management skills. Project sponsors and managers today need strong leadership and change management capabilities. They have to create high-performing teams; provide direction; manage and persuade across multiple cultures; build bridges across the organization; communicate clearly and effectively; evaluate, develop, and coach staff; and resolve disagreements in ways that all parties can embrace.

Agility and adaptability. There's no question that project sponsors need to adapt to agile methods. In the old world, they were expected to lead according to a predetermined plan and treat decisions as simple and binary. But in a change-driven world, they won't have all the answers and will need to alter their course and cancel projects regularly. Many agile training groups offer very helpful courses and certifications that can provide a solid knowledge base.

Similarly, project managers need to be comfortable working in uncertain contexts and making plans and decisions with only limited information. They should be prepared to apply some agile methods or adaptive techniques, among them Agile Project Management, Scrum, Kanban, and Scaled Agile Framework.

Ethics and values. Project sponsors and managers are role models. They create a safe, respectful, nonjudgmental environment in which the project team can build trust and communicate openly. In the launch phase of any project, consider developing a code of ethics to guide you and the project team. Start by consulting existing models. Both the Project Management Institute and the International Project Management Association have codes posted online.

Mastering these skills is no small task, but fortunately plenty of good options for learning are available. Some business schools offer yearlong programs in project management. Groups such as the Project Management Institute and Prince2 offer internationally recognized programs of accreditation. PM2, from

the European Commission, and Praxis provide free project-management frameworks online, and the International Project Management Association offers a competency framework for technical skills. The best option, however, is to develop an in-house training program specific to your organization's needs and culture.

...

Great projects don't just make work better—they make the *world* better.

If managers and organizations want to build the competencies required to transform themselves and thrive in the new project economy, they'll need to get comfortable devising strategies that are driven not by efficiency but by change. They'll need to allocate more resources, budgets, and decision-making power to projects and project teams at the expense of the traditional departmental hierarchy. They'll need a simple framework, such as the project canvas, so that everybody in their organizations can get involved. They'll need to build project management competencies and adopt new technologies. They'll need to encourage a shift in focus from inputs and outputs to outcomes and value. They'll need to broaden the scope of their ambitions for their projects, by including, for example, a focus on diversity and sustainability.

If all of us as leaders can do these things, just imagine what we'll collectively make possible: By executing our projects better, we'll be able to provide trillions of dollars' worth of additional benefits to the world.



Editor's note: Antonio Nieto-Rodriguez is the author of The Harvard Business Review Project Management Handbook (2021), from which this article was adapted.

A version of this article appeared in the November–December 2021 issue of *Harvard Business Review*.

Antonio Nieto-Rodriguez is the author of the Harvard Business Review Project Management Handbook, the HBR article The Project Economy Has Arrived, and four other books. His research and global impact on modern management have been recognized by Thinkers50. Fellow and former Chairman of the Project Management Institute, he is the founder of Projects&Co and the Strategy Implementation Institute. He is a member of Marshall Goldsmith 100 coaches. You can follow Antonio through his LinkedIn newsletter Lead Projects Successfully, his online course Project Management Reinvented for Non-Project Managers, and his website.

Recommended For You

Agility Hacks



Make Megaprojects More Modular



The Dirty Little Secret of Project Management



Does Your Project Have a Purpose?

