

Arras People Survey 2009
3rd February 2009

THE PROJECT MANAGEMENT MARKET **A SURVEY BY ARRAS PEOPLE**

Arras People, the project management recruitment specialists, have carried out their fourth annual survey of the UK project management market, using independent research company Benchpoint™ to survey nearly 1200 project management professionals in January 2009.

The survey shows how the credit crunch and economic downturn is affecting project managers' earnings, aspirations and professional issues, building on the picture from previous surveys.

Arras People estimate there are nearly 80,000 project managers in the UK. Why are they important? As one respondent put it "A good PM provides leadership, a professional approach and experience to ANY form of business".

The overwhelming majority believe that they have a significant contribution to make in turning the UK economy around.

Main headlines

- **Recession bites.** It's beginning to get tough. Recession has hit the market for project management professionals. Contractors are the hardest hit, but employees, historically more secure, are also beginning to feel the pinch. Confidence levels are falling across the board.
 - 47% of contractors said the number of available contracts decreased in 2008.
 - Contractors employed for a full 12 months went from 58% in 2007 to 50.5% in 2008, a decrease of 7.5%
 - Corresponding rise in shorter contract periods of employment
 - Small decrease in contract duration across the board
 - 38% of respondents expect hard times or contraction over the next year, and 27% expect the market to remain neutral. Only 6.5% expect the market to be buoyant.
 - 60% of respondents expect cuts and redundancies in their sector.
 - 27% of employees have noted a decrease in employment opportunities.
- Earnings suffered. Last year 37% of respondents said they expected an increase in rates-in reality only 22% achieved an increase.
- Only 9% expected rates to fall, but 22% experienced decreased rates, with the largest proportion -over11%- experiencing a rate cut of more than 10%.
- 36% of all respondents said they were worse off than last year (14%"much worse").
- 28% of contractors experienced a rate increase, but 50% stayed the same
- The future is challenging. 28% of contractors are predicting rates to fall, and only 12% expect an increase.
- In 2008 the number of contractors describing "Lack of opportunity" as their biggest challenge over the coming year rose from 52% to 69%, an increase of 17%.

- Employees fared better than contractors with salary expectations being met in 2008. However the number of employees who expect their salaries to remain unchanged or fall in 2009 increased significantly, from 35% to 60 per cent.
- Not surprisingly, more employees report that they are happy in their role, or not pushing to change it, and fewer employees expect to change their employer in 2009.
- Advice to aspirant project managers: If you have a job, hang on to it. If you don't, take what you can get, however short term, and be flexible on the package offered. When contemplating becoming self employed remember our previous advice – "Self employed contracting can seriously damage your wealth".

The Project Manager's Professional life

- A few successful practitioners earn big money, but for many, it's a tough existence. Many practitioners make lifestyle sacrifices and for some, insecurity is a way of life. All projects, whatever their size, come to an end, and so there is constant churn in the marketplace as project management people look for new projects. Over the past few years we have noticed a trend of employers wanting "more for less", weeding out experienced (and expensive) project managers in favour of younger, cheaper, but qualified/accredited people.

The role of the Project Manager in the wider economy

- Arras People estimate that nearly 80,000 people earn a living as project managers in the UK. This is the first time that anyone has tried to fix this figure using survey data (see below). It's an occupation which has evolved from short term "task force"-type activities to a fully fledged professional career based on the effective management of change.
- There are university courses and a wealth of accreditations and professional qualifications available. "Projects" abound everywhere – from local authority traffic schemes to major infrastructure projects like Crossrail and the forthcoming London Olympics. Major IT projects in Government and the NHS are major employers of professional project managers. Many of these projects have a significant effect on the UK economy.
- The survey asked "Do you believe Project Management professionals have a significant role to play in helping the UK economy out of its current difficulties?" A resounding 84% replied "yes". As one respondent put it "An unprecedented crisis will require an unprecedented amount of well managed change to overcome it." Another commented "Economically, we are in a totally new and dynamic environment. Managing the status quo is not the answer. In changing times, project managers will be excellently equipped because what we are trained to do is manage change, assess risks and ensure these are mitigated." Another reflected some of the pessimism noted earlier – "A recession needs the very best people to get out of it. But business does not see it that way and makes serious cut backs that end up causing more harm than good."
- One of the Government's responses to the current crisis is to continue to invest in public infrastructure projects, which will inevitably look to the Project Management profession to deliver. This may be one of the reasons that respondents' personal confidence remains steady (63%) or even buoyant (11%) despite the considerable difficulties noted earlier.

Professional Bodies and Project Managers

- Previous Arras People surveys have noted a continuing trend towards accreditation through qualification and/or membership of a professional body. The debate turns on the value of formal, but theoretical, academic qualifications versus solid hands-on experience in a tough project management environment.
- The overwhelming majority of project managers base their seniority on a combination of experience and accreditation, with twice as many currently favouring experience over accreditation, and a tiny minority (2%) relying on education.
- For most project managers the issue is "Will I earn more, and get more projects if I have a qualification?"
- Only 43% of respondents are members of a professional institute. Of these by far the largest group (49%) is in the Association for Project Management (APM), with only 11% in the PMI® and 1% in the IPMI. 15% of respondents said that their membership of a professional association had lapsed, mainly for a perceived lack of value and relevance.
- As noted in previous surveys, Professional Associations have a continuous challenge to demonstrate value for money and relevance in raising standards – otherwise it's just another piece of paper.

Association for Project Management –APM

- The APM is an association of individual project managers and project management companies dedicated to the development of professional project management disciplines for the public benefit.
- 21% of survey respondents are members, but nearly two thirds of these have only been members for less than 3 years. Membership appears to be valued more by entry and foundation level professionals, and the majority view membership as a professional requirement, albeit an expensive one. This feeling is enhanced in respondents who pay for their membership themselves rather than their employer, and many question the cost and value. In fact only 4% of respondents rated the membership as "Excellent value for money".
- Will the APM achieve higher status for itself and its members if it achieves Chartered Status? Over a third of non-member respondents believe it will not. 27% of member respondents say they will never apply for chartered membership. But nearly a third say they will apply within a year. And 24% of all respondents say they will consider joining if Charter status is achieved. So the Association has considerable work to do to engage a large portion of the professional community of project managers.
- However, membership is growing very quickly and the continuing demand to demonstrate professional standards in the marketplace will probably drive this forward.
- Nevertheless, the APM still has a lot of communication to do - 80% of non-APM members surveyed are unaware of the Association's quest for a Royal Charter.
- The overwhelming majority –over 90%- of APM members in the survey agreed that the APM was the best body to own and manage the Chartered status of PM professionals, but this approval rating fell to 23.4% for non-members.

The Programme Management Office (PMO) – Has it caught on?

- PMO is a management concept for enhancing the effectiveness of project delivery, especially, but not always, in larger projects. It envisages a supervisory office, leading, co-ordinating and maintaining methodologies and standards. The concept is promoted by a number of leading management consultancy-types and by some professional associations. Is it catching on, or is it under pressure?

- Over 60% of respondents reported that their organisations had a PMO. 35% of respondents actually worked within the PMO.
- 41% of PMOs report at Board level, and 31% report to a specific Programme/project management function. The rest report to The IT, strategy or finance functions.
- The predominant function of the majority (35%) of PMOs is to lead and enforce best practice, standards and methodology. 21% of respondents with a PMO use it to provide organisational support or to provide added value services. A smaller number (16%) used it predominantly for administrative support. A number of respondents commented that the PMO combined several of these functions.
- The PMO function can vary in what it does and how it does it.
 - 35% Embedded – services are part of the business process
 - 29% Established – have defined offerings to the business
 - 26% Ad hoc – services sometimes used by programme / project managers
 - 6% Optimised – in a maturity cycle
 - Several people reported that they had PMOs at different levels, regions and business centres, and one reported woefully that “Best practice is ignored by the same senior management [which set up the PMO in the first place.]”
- The Primary benefits of the PMO function in terms of its deliverables were
 - 46% A common, consistent approach to delivery and management
 - 22% An independent view of programme/project activity
 - 19% Consistent management information to enable decision making
 - 7% Other
 - 6% None
- Over half the respondents with a PMO believe its functions are under greater pressure as a result of the current economic conditions, but 30% state that the PMO is not under pressure, echoing the view that project management can play a major part in the economy. Like many overhead functions, the ability to demonstrate value and relevance during a severe economic downturn is crucial, and many respondents indicated that PMO’s are only relevant for large projects.
- One respondent commented that in his organisation the PMO had been replaced by a graduate trainee doing the work of the entire department. Another noted that a failure to train and mentor PMO people would lead to poor work, a bad reputation and eventual outsourcing.

Some additional PMO developments

- P30[®] stands for Portfolio, Programme and Project Offices and is the latest idea on the block. P30[®] provides a decision enabling/delivery support structure for all change within an organisation. It’s the latest “Must Have”, and a number of organisations are offering training. Or is it?
 - 62% of respondents with a PMO had not heard of P30[®]
 - 28 % have heard of it but need to learn more
 - 5% have heard of it, and don’t think it will be used
 - 5% are already using it

The Working Time Directive (WTD)

- The days would appear to be numbered for the workaholic life style which has typically been the lot of the project manager.
- The European WTD aims to limit employees to a 48-hour working week.
- 17% of all contractor respondents say they work over 48 hours. 10% say the WTD is a welcome change, and 5% say the change will impact them.
- 14% of contractors say the WTD is a human rights infringement.

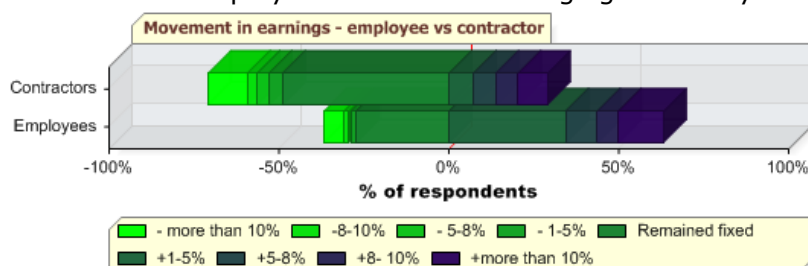
- Long hours are more prevalent in the private sector, less so in the public sector and hardly figure at all in the charity/NFP sector.

The Project Managers' Rewards

- Salaries –it not what your called, it's what you do – unless you are female.
- There are both high and low earners in most roles and across the genders, but there is a kind of hierarchy – Programme managers earn more than change managers who earn a little more than project managers, and they all earn more than support staff. This statement is based on the number of people in each salary band for each role, but there are exceptions to the rule, and title does not confer an automatic right to higher earnings. It's not what you're called, but what you do and the value you bring that counts.
- There are more people in the higher salary bands in the private sector, and more in lower bands in the public sector. The middle band (£35-50k) has the same weight in both private and public sectors.
- The charity/NFP sector has more people in the lower bands than either the public or private sectors, and no respondents in a bracket higher than £65-79k
- There is still a gender gap in project managers' pay. There are more males than females in all the higher salary brackets, and more females than males in all the lower salary brackets. While slightly more females than males recorded salary increases, there is not much to indicate that the gender gap is closing.
- Last year's survey suggested that change management was the place for females to be, because they recorded slightly higher than average salary increases. This year the females in project management caught up with them.
- As in previous years, there are a few men(!) earning above £100k per year –only 2% of total respondents. No women here!

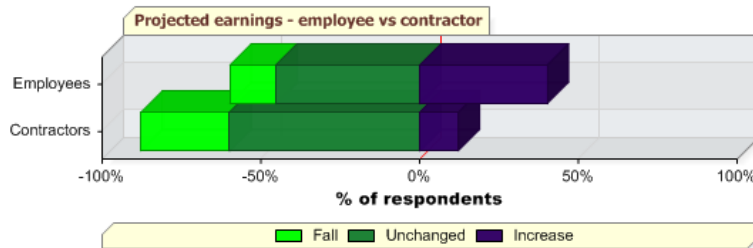
Contractor or employee? Is the tide turning for contractors?

- Each of the last 2 surveys shows a wide variation of earnings and outlook, reflecting the diverse mix of winners and losers in the project management profession, and it is not always safe to make comparisons between salaried employees and self-employed contractors. Generalisations are dangerous, but we will attempt some here.
- There is evidence that self employed contractors are in for a tough ride. There are a number of reasons for this – they are by their nature, a flexible resource, and easy to get rid of when times are hard. The survey generally shows contractors to be in a less favourable position than employees, although as yet, there is no real difference in confidence levels between the two groups.
- It is clear from the data in this year's survey that contractors did less well than employees when it came to increasing their rates. 49% of contractors remained fixed, against 27% of employees. 9% of contractors achieved increases of over 10% against 13% of employees. Twice as many contractors as employees saw their earnings go down by 10%.



- Contractors are gloomy about next year's prospects. Lack of fresh opportunities and the apprehension about cuts have been noted already, and

this expresses itself in poor salary expectations. 40% of employees are expecting a rise next year against 12% of contractors. Twice as many contractors (28%) expect their earnings to fall, against 14% of employees. 14% more employees than contractors expect their earnings to remain the same.



- Project management professionals in the public sector are slightly more confident of their earning potential than other sectors, and less pessimistic about hard times or a contraction in workload.

The Challenges of the Year ahead – stay employed!

- 70% of contractors bemoan the lack of opportunities in the marketplace and state that it is their biggest challenge for the year ahead. Falling rates are an issue for 20%.
- For employees – for those with a job, the challenge is to keep it, and for many, to gain a sense of fulfilment from it. Proving the value of the function is a challenge for many, while others have personal issues to work through
- 2009 will be an interesting year! Arras People thanks everyone who took the trouble to take part in the survey, and for providing the data for this valuable survey.

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Notes to editors:

Full Report:

- To download the full report of the Arras People 2009 Project Management Survey, go to <http://www.arraspeople.co.uk/PMReport/>

Survey methodology and demographics

- Arras People carried out a Benchpoint™ on-line survey in January 2009. 12000 emails were sent to eligible respondents and 1200 responses were received – a response rate of 10%.
- There is a confidence level of 95% and a error margin of +/- 3.1%. (We are 95% sure that any given answer is within plus or minus 3% of what the general population of project management professionals would answer).
- Survey demographics-
 - Employees 61%,Contractors 39%
 - Gender – 75% male, 25% female
 - Age 26% -16-34, 46% 35-49, 27% 50+
 - 55% from London & south east, the rest evenly distributed between the regions
 - Sectors:- Private sector 66%, Public sector 30%, Charity/NFP sector 4 %

About Arras People:

Arras People is the Project Management Recruitment Division of Arras Services Ltd. Arras People provides programme and project management professionals and professional project office support personnel across all industry sectors, for either permanent, contract or interim positions.

Arras Services began trading in February 2002, and now provides its services to many of UK's leading blue chip organisations in the UK, as well as public sector (central and local government), IT, engineering, marketing and media organizations, not for profit and charities.

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