

# **The Connected Future Business Culture: The Great Project Management Accelerator**

## **Introduction to the Series and The Maturing Project Sponsorship<sup>1</sup>**

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### **Introduction to the Series**

Executives in both the public and private sectors worldwide are beginning to recognize the full benefits that effective project management can bring to their organizations and are willing to make the necessary changes, especially critical changes in culture. As such, the landscape for project management is changing and this series is expected to address many critical future business culture elements from the lens of the strategic role explosion for project management. The next decade is expected to rely on project management to significantly improve the performance excellence of the organizations that take the time to understand and implement them.

The series will shed light on a multitude of cultural issues, digital enablers, portfolio management, and the reinvention of project leaders of the future. Major changes to project management will occur in this coming decade due to much of the new material and thought leadership that PMI and other professional organizations have been advocating in Standards for Project Management and the accompanying continuous worldwide growth in the strategic role project management will play.

Most of the critical future-of-work changes that are expected to happen through this decade can be clustered into themes around project management as a strategic vehicle, changes in the role of project managers, the criticality of the project leadership, and the correlation between transparency and autonomy in the delivery cultures and business excellence. This series will explore many of these business culture attributes.

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## The Maturing Project Sponsorship

Project management educators and practitioners promote the value that effective project sponsorship can bring to projects. Unfortunately, there are many instances where, despite starting out with good intentions, ineffective sponsorship occurs and leads to project disasters and even project failures. In this article, we will discuss several of these ineffective sponsorship situations and what can be done to improve project sponsorship practices going forward.

### DEFINING SUCCESS

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For more than 40 years, articles and books have appeared extolling the successes in capturing project and organizational value that can be achieved from the effective implementation of project management practices. While many companies have achieved and maintained high levels of project management success, other companies have limited the continuous investment needed in project management practices to make the success sustainable (Chandler & Thomas, 2015; Thomas & Mullaly, 2008).

There are many definitions of success in a project management environment. The reason for the disparity is that most companies do not have a clear understanding of the factors that contribute to success (Bryde, 2008). For simplicity's sake, project management success and the value it brings to an organization can be described in the following areas: (1) project success, (2) repeatable use of processes, tools, and techniques, (3) impact on the firm's business model, and (4) business results. These areas have been adapted from components in the model used by Thomas and Mullaly (2008).

- Project success has been traditionally defined by completing a deliverable within the triple constraints of time, cost, and scope followed by customer acceptance. The customer could be internal or external to the organization.
- Repeatable use of the project management processes, tools, and techniques is usually a characteristic of success when companies mandate a one-size-fits-all methodology approach for all of their traditional or operational projects.
- Business model success measures the amount of new business generated or an increase in market share because of successful use of project management. It can also measure the effectiveness of portfolio management practices and use of project management offices (PMOs).

- Business results success is usually measured in financial terms obtained from revenue generated from completed projects.

There are other areas of success that could be considered, and many of them are industry-related or dependent upon the type of project. Each of the areas of success can be broken down into critical success factors (CSFs) which are also most often industry specific.

## **ROLE OF THE PROJECT SPONSOR**

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One of the critical success factors that is common to all areas of success in project management is project sponsorship. Unfortunately, companies have not in the past given sponsorship the attention needed. Companies recognized the need to assign a sponsor, but there was a poor understanding of the role of the sponsor and its importance toward delivering project and project management success.

Sponsors were assigned primarily to appease external clients and executives assigned as sponsors viewed this short and part-time role as an “accidental” or “reluctant” sponsorship assignment. Executive sponsors did not recognize the differences between project sponsorship and executive supervision. The result, as can be seen from the examples that follow, was that ineffective sponsorship soon became a major contributor to project failures even though sponsors believed that they understood their role and were performing accordingly.

## **THE PROJECT SPONSOR/PROJECT MANAGER WORKING RELATIONSHIP**

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The birth of project sponsorship began in the early years of project management in the aerospace and defense industries. Most of the projects were highly technical and mandated that engineers, often those with advanced degrees, assume the lead role as project managers (PMs). Executive management was fearful that these highly technical PMs would make decisions that were reserved for the senior levels of management and restrictions had to be in place as to what decisions they were allowed to make.

The mistaken belief was that these PMs, because of their technical expertise, may be ineffective in making project business decisions. This was certainly not true, but senior management preferred to assign sponsors to handle all the business decisions on the projects and let the PMs handle the technical issues.

Many of the people assigned as project sponsors had a poor understanding of project management practices and sometimes the technology as well. As such, the sponsors and the PMs did not communicate as often as needed. The result was that project business decisions were being made without a full understanding of the technology and technical decisions were being made without an understanding of the impact on the customer and the business.

Result: Poor project decision-making

## **CUSTOMER COMMUNICATIONS**

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Companies soon realized the above-mentioned issue with the relationship between sponsors and PMs. Many companies considered assigning sponsors from the lower or middle levels of management rather than from the senior levels. While this approach was expected to increase collaboration and resolve some of the collaboration issues, government and military personnel did not see this as being in their best interest and exerted their influence.

Many government workers and military personnel believed that, because of their rank or title, their “equals” in the contractors’ firms were at the executive levels. As such, even though lower-level individuals were assigned as sponsors, government and military personnel that controlled the funding for the projects communicated only with senior management, thus forcing them to remain as sponsors. Simply stated, sponsorship was often based upon the impact of two government rules:

- Rank has its privileges
- He/she who controls the “gold”, rules! (i.e., makes the final decision)

Senior management succumbed to the pressure and remained as sponsors to appease the customers. Most of the time they functioned as “invisible” sponsors.

Result: Ineffective project sponsorship

## **INFORMATION IS POWER**

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In the early years of project management, senior management believed that allowing project managers to make business decisions was not only a risk, but also diminished the role of senior management. Many executives believed then (and some still do) that information is power. Therefore, providing PMs with the necessary strategic or business information needed for business decisions would reduce their power base.

When information is power, project teams do not have a line-of-sight to senior management and therefore make decisions that may not be aligned with strategic business objectives.

Result: Lack of alignment across project teams

## **SPONSORSHIP GROWTH**

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It did not take long for the benefits of project management to appear. Companies began using project management for internal traditional or operational projects as well as projects for external clients. Now, there was a need for significantly more project sponsors.

Senior management recognized quickly that they could not function as project sponsors for all the projects. Sponsorship could be delegated to the middle or lower levels of management, but they would soon complain about the amount of time they would need to perform as sponsors and the fact that it could force them to reduce their efforts on other activities necessary to support daily activities.

Senior management made the decision that, for the internal projects, the business owners would assume the role of project sponsors. This created additional problems. The business owners had very limited knowledge about how project management should function. Many times, they did not understand the technology or the complexities in developing the technologies or creating product features. But what appeared as the worst situation was when business owners made project decisions based upon short-term profitability that could impact their year-end bonuses and sacrificed the long-term benefits and value the project could bring to the firm.

Result: Short-term project decision-making

## **EDUCATING SPONSORS**

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For decades, many of the people assigned as sponsors did not fully understand their role and had a very limited knowledge about project management. Some companies set up training programs to educate people on the role of a sponsor. Unfortunately, many of the project owners did not believe they needed to attend such a course even though most of the courses were less than two hours in duration. They felt that it was beneath their dignity to be told that they must be educated on how to properly function as a project sponsor given the fact that they were all in management positions already. These people believed that project sponsorship was the same as providing executive guidance.

Result: Understating role of project sponsor remained unsolved

## **THE FEAR OF BECOMING A SPONSOR**

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Even with excellent sponsorship, not all projects will succeed. As companies undertook more projects, there were also more failures. The concern that sponsors had was whether the failure of a project under their sponsorship could have a detrimental effect upon their careers.

This fear forced some executives and managers to avoid sponsorship entirely or to look for ways of blaming others if a project failed. In one company, two business owners acted as sponsors on two projects they expected would be well accepted in the marketplace. These were “pet” projects that captured the imagination of the sponsors.

At each of the gate review meetings for both projects, the PMs stated that the projects should be cancelled because the marketplace acceptance expectations seemed unreachable. Both sponsors were afraid that the cancellation of their projects would be seen as wasting valuable resources and could then detrimentally affect their future ambitions.

Both sponsors made the decision at each gate review meeting to let the project continue to the next gate review meeting for a decision to be made on cancellation in hopes that something good might happen unexpectedly in the meantime. The projects were never cancelled. Both project managers completed their projects, but as expected, the marketplace did not appear interested in either product. To save face, the sponsors promoted both PMs for having completed the deliverables and then blamed marketing and sales personnel for not finding sufficient customers. Marketing and sales personnel became the scapegoats.

Result: Ineffective sponsorship wasted valuable resources

## **SPONSOR'S ROLE IN PROJECT STAFFING**

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Project managers are at the mercy of functional managers for qualified staffing for the project. PMs may not know the skill sets needed from the functional groups. But when the PMs do know the skill set, and the functional managers provide resources that the PMs consider as inadequate, the PMs naturally expect the sponsors to intervene and assist them in obtaining the correct resources.

Many sponsors have shied away from participating in project staffing for fear of alienating functional managers that they may have to work with in the future. As such, it was not uncommon for sponsors to avoid all responsibilities and participation in project staffing activities where they may have to usurp the authority of other managers. Project sponsors did not like the idea of telling functional managers in other functional units how to staff a

given project especially since the sponsors did not know what other projects the functional units were responsible for staffing or the accompanying priorities.

Result: Projects are staffed with the wrong resources

## **SPONSORSHIP STAFFING WITH A HIDDEN AGENDA** \_\_\_\_\_

In the previous example, we showed that sponsors may not desire to participate in project staffing. At the other end of the spectrum, we have sponsors that may insist on project staffing participation especially if the sponsor believes that the success of the project that they are sponsoring could have favorable implications on their career goals. This occurs when sponsors may have a hidden agenda related to this project.

Based upon the sponsor's rank and title, the sponsor may possess the authority to force functional units to staff a project with individuals hand-picked by the project sponsor. This is often done with little regard for the impact from removing the workers from another project that desperately needed their skills.

Result: Project staffing is not done in the best interest of the company

## **MAKING UNREALISTIC PROMISES TO THE CUSTOMERS** \_\_\_\_\_

It is not uncommon for sponsors to handle communications with clients, especially with the senior levels of management in the clients' organizations. While this is an acceptable and often beneficial activity, it can create problems when the sponsor makes promises to the client as a way of appeasing the client or simply to look good in the eyes of the client.

As an example, during a discussion with the client, a sponsor promised the client that the company would perform additional testing to validate certain numbers in a report. The cost of the additional testing was more than \$100,000. The sponsor told the PM to perform the additional testing within the original budget and that the sponsor would not be pleased if there were any cost overruns. The sponsor wanted this to be treated as a "no-cost scope change."

The project team was unable to hide the costs of the additional work and the profit on the project was reduced by \$100,000. The sponsor reprimanded the team for not following his instructions even though they were unrealistic.

Result: No-cost scope changes rarely exist

## **NOT WANTING TO HEAR ANY BAD NEWS**

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Sponsors exist to help project teams resolve problems and make the right decisions. Yet there are many sponsors that tell the teams that they do not want to hear any bad news. There are several reasons for this. The sponsor may not want to relay any bad news to the client and feels better not know about the issues. The sponsor may feel that bad news can be detrimental to his/her long-term goals. The sponsor may not wish to be involved in solving problems.

Perhaps the worst case of not wanting to hear bad news was identified as one of the causes for the Space Shuttle Challenger disaster where senior management expected lower-level managers to filter bad news from reaching the senior levels of management. There exists a valid argument that the filtering of bad news led to the death of seven astronauts.

Result: Filtering bad news can create very serious problems

## **LESSONS LEARNED**

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What can be learned from the situations provided here? First and foremost, the success of a project is not entirely under the control of the project manager. There can be numerous issues that are outside of the control of the project managers and require involvement and decisions by project sponsors. The role of a sponsor is quite complex and can be different in companies even in the same industry. Without a clear understanding of the roles and responsibilities of a sponsor, it is impossible to determine how sponsorship can and does contribute to project success.

Sponsors need to understand their role and the decisions they are expected to make. They should understand this before functioning as a sponsor, not by trial-and-error when performing as a sponsor. The PM in a telecom company became concerned that her sponsor was making decisions that she was unaware of and often disagreed with. She met with her sponsor. On a whiteboard, she drew a line down the center and listed many of the decisions that she expected would need to be made on the project. Then she looked at the sponsor and asked for clarification as to which decisions she was authorized to make, and which decisions must be made by the sponsor. The result of her meeting with the sponsor was a clarification of the lines of responsibility, made the organization aware of the issue, and eventually led to the creation of a project sponsor's role template that became part of the firm's project management methodology.

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## THE NEED FOR SPONSORSHIP STANDARDS

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Professional organizations have created standards for project management, but there does not appear to be any standards or guidelines for project sponsorship. The UK-based Association of Management (APM) defines a project sponsor as the individual/body, who is the primary risk taker, on whose behalf the project is undertaken and the US-based Project Management Institute (PMI) describes the sponsor as the person/group that provides the financial resources, in cash or in-kind, for the project. These two definitions characterize a project sponsor as being the primary risk taker or the resource provider, Bryde, (2008).

Companies must understand the CSFs that lead to effective sponsorship and success. The following list, which is not in any specific order of importance, provides some guidance in understand the role and responsibilities of a sponsor:

- Sponsors must understand that on some projects they may have to function as the primary communications link with the customer.
- PMs may not possess the authority to drive the projects to success without support from sponsors.
- We are now using project management on strategic as well as operational or traditional projects. Sponsors provide the knowledge and authority to make sure that project decisions are aligned to corporate strategy and strategic corporate objectives.
- Sponsors must be assigned during project selection activities to ensure that the best portfolios of projects are chosen and to get their buy-in. Sponsors should possess skills in conducting a SWOT analysis and application of established business models during project selection.
- More and more projects today are impacted by the enterprise environmental factors in the VUCA environment. Sponsors may possess a better understanding than PMs of how the company is impacted by the VUCA environment.
- The VUCA environment increases the risks that the company must face. Sponsors can provide guidance on how to best mitigate the risks.
- Sponsors are more than just business owners that fund projects. They possess the authority to ensure that the correct resources are assigned to the project.
- Sponsors must understand that status reporting is no longer based upon just three metrics, namely time, cost, and scope. Sponsors must participate in selecting the proper mix of metrics such that the true project status can be determined quickly and that project sponsorship decisions will be based upon evidence and facts rather than guesses.

- Sponsors must provide PMs with the criteria (perhaps based upon metrics selected) as to what will be defined as project success and project failure. Project failure criteria are essential so teams will know when to stop working on a project and wasting resources.
- Sponsors must understand how their decisions impact the outcome of projects and can lead to success or failure.
- Sponsors must recognize that the true success of a project rests in the benefits and value that comes from the deliverables. It may be months or years after the project's deliverables have been produced before the real success of the project can be seen. Sponsors must therefore remain active as sponsors over the full life cycle of the project including benefits harvesting and sustainment of benefits and value. This is especially true for projects that lead to organizational changes in the firm's business model.
- PMs rely upon the project managers for guidance, leadership, networking, coaching, and mentorship during the execution of the project. Therefore, sponsors must possess more than just a cursory knowledge of how project management should work.
- Sponsors must be willing to attend periodically sponsorship courses to learn about sponsorship CSFs and best practices.
- Some companies have embarked upon committee sponsorship because one person may not possess all the necessary skills for sponsorship. Other companies have created specialized project management offices (PMOs) that have as their primary function the sponsorship of the portfolio of projects under their control. All members of the sponsorship committee as well as PMO leadership personnel must understand the role of a sponsor.

## **THE PATH FORWARD**

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Based on the multitude of ineffective leadership results addressed, the gaps in the standards, and in commonly agreed to attributes for effective sponsorship, we recommend a revolutionary investment in maturing two critical dimensions to the success of sponsorship. With projects taking their seat as the strategic vehicles for sustaining the organizations of the future, it has finally become attractive for organizations to seriously consider this sponsorship topic critical investing in their future.

The first path forward dimension is expanding the mindset around the future role of project and program sponsors. In the future, the main value creator in organizations is projects. Project management is going to be part of the ongoing dialogue of future executive leaders and thus understanding and investing in the critical attributes of

sponsors beyond currently accepted narrow views will be a must. We see possible three critical buckets of attributes that make a difference in the persona of effective future project sponsors.

- a. Project conditions: PM techniques, common language, extended strategic project life cycle view, metrics objectivity, impediments removing
- b. Sponsor's character: Decisiveness, relational capacity, excellence orientation, simplification creator, servant leadership, project value selling, political savviness, courageous
- c. Sponsor's attitude: positiveness, inspirational, visionary, risk balanced

The second path forward dimension pertains to creating of a *sponsors track* in every organization that delivers initiatives. With the project economy growth surpassing every expectation and a much higher focus on achieving unique customer and business experience, it has become critical that this sponsor role is no longer accidental or left up to the views of the who is in charge at a given moment.

Creating a structured track similar to the simple concept, highlighted in Figure 1 below, could be a good starting point. Ideally a continuous improvement-based track that combines training, coaching, and practical and maturing sponsorship experiences. We see this sponsor track also as a possible answer to the aspirational growth of many project and program managers who want to expand their career journey into an enterprise-wide level of responsibility. The future organizations are committed to putting effective sponsorship on their strategic radar and the associated ROI is bound to be worth it.

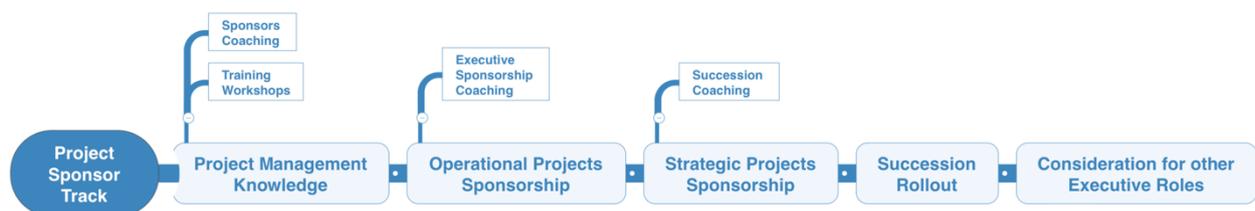


Figure 1 – A Future Concept for a Project Sponsor Track

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**Dr. Harold Kerzner** is Senior Executive Director for Project Management for the International Institute for Learning (IIL). He has an MS and Ph.D. in Aeronautical and Astronautical Engineering from the University of Illinois and an MBA from Utah State University. He is a prior Air Force Officer and spent several years at Morton-Thiokol in project management. He taught engineering at the University of Illinois and business administration at Utah State University, and for 38 years taught project management at Baldwin-Wallace University. He has published or presented numerous engineering and business papers and has had published more than 60 college textbooks/workbooks on project management, including later editions. Some of his books are (1) *Project Management: A Systems Approach to Planning, Scheduling and Controlling*; (2) *Project*

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He is a charter member of the Northeast Ohio PMI Chapter.

Dr. Kerzner has traveled around the world conducting project management lectures for PMI Chapters and companies in Japan, China, Russia, Brazil, Singapore, Korea, South Africa, Canada, Ireland, Germany, Spain, Belgium, Poland, Croatia, Mexico, Trinidad, Barbados, The Netherlands, Sweden, Finland, Venezuela, Columbia, United Arab Emirates, France, Italy, England, and Switzerland. He delivered a keynote speech at a PMI Global Congress on the future of project management.

His recognitions include:

- The University of Illinois granted Dr. Kerzner a Distinguished Recent Alumni Award in 1981 for his contributions to the field of project management.
- Utah State University provided Dr. Kerzner with the 1998 Distinguished Service Award for his contributions to the field of project management.
- The Northeast Ohio Chapter of the Project Management Institute gives out the Kerzner Award once a year to one project manager in Northeast Ohio that has demonstrated excellence in project management. They also give out a second Kerzner Award for project of the year in Northeast Ohio.
- The Project Management Institute (National Organization) in cooperation with IIL has initiated the Kerzner International Project Manager of the Year Award given to one project manager yearly anywhere in the world that demonstrated excellence in project management.
- The Project Management Institute also gives out four scholarships each year in Dr. Kerzner's name for graduate studies in project management.
- Baldwin-Wallace University has instituted the Kerzner Distinguished Lecturer Series in project management.
- The Italian Institute of Project Management presented Dr. Kerzner with the 2019 International ISIPM Award for his contributions to the field of project management.

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In his position, as the Executive Director for Emirates Nuclear Energy Corporation, Abu Dhabi, UAE, he was responsible for creating the strategy execution framework, achieving transformation benefits, governance excellence, and creating the data analytics discipline necessary for delivering on the \$40B complex country energy mission roadmap.

At the McLean, USA HQ of Booz Allen Hamilton, Dr. Zeitoun strategically envisioned and customized digitally enabled EPMO advisory, mapped playbooks, and capability development for clients' Billions of Dollars strategic initiatives. Furthermore, he led the firm's Middle East North Africa Portfolio Management and Agile Governance Solutions.

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