

The Mission-Critical Projects of Companies in Europe Often Flounder



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Since the onset of the COVID-19 pandemic in early 2020, the obstacles for European companies have been daunting. Shutdowns of offices and other places of business. Critical skills shortages. An aging workforce. Stiff recessionary headwinds and soaring inflation. High energy costs. And a catastrophic war on the Continent's eastern edge.

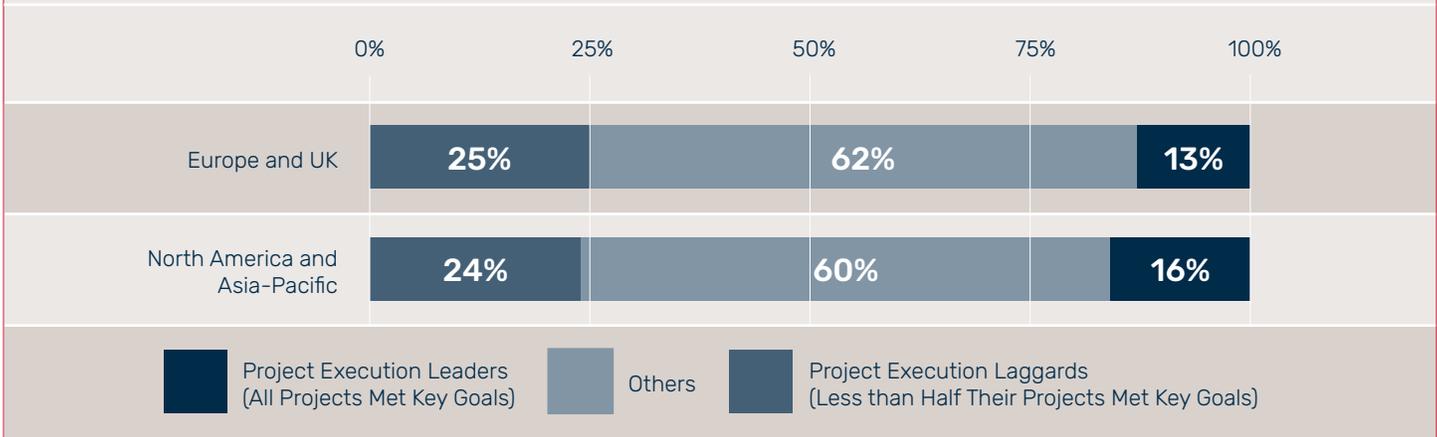
To contend with these enormous challenges, large European companies – like organizations throughout the rest of the world – have launched a steady stream of critical transformational projects. They span finance and accounting, risk management and compliance, manufacturing and logistics, employee and customer experience, and IT, among other functional areas. The trend toward project-based transformation has become so prevalent it's even earned a name: "the project economy".¹

As the project economy took hold, the digitization of business accelerated. Post-COVID, increased digitization not only enabled many European businesses to operate without employees having to come to offices, but also helped organizations worldwide accelerate years of technology adoption in mere months.²

However, the gains were not evenly spread. Many European companies have struggled to execute mission-critical projects since the pandemic began. Only 13% of the 122 European companies we surveyed said all their mission-critical projects achieved their key goals since COVID-19 struck.^{3 4} (We call these organizations "Project Execution Leaders".) Conversely, 25% said less than half of their company's critical projects met key goals. (We call these companies "Project Execution Laggards".) For context, Leaders comprised 16% of the total throughout the rest of the world; Laggards accounted for 24% of the companies outside of Europe that we surveyed (see Figure 1).⁵



How European Companies Compare with North American and Asia-Pacific Firms in Executing Mission-Critical Projects since 2020



Source: RGP
Figure 1

Project Execution Leaders vs. Laggards

What exactly did the Project Execution Leaders in European companies do better than the Laggards? We found Leaders were more effective in a number of areas, three of which stood out:

- **Managing hybrid project teams** – comprised of members who work in the office as well as those who work from home or elsewhere.
- **Getting the most from project teams with members from several organizations** – company employees, third-party consultants or staffing firms, and independent contractors.
- **Attracting and retaining highly effective project managers.** Project Execution Leaders overwhelmingly believe having extremely competent project managers is a competitive advantage.

In this report, we discuss these three findings for Europe (including companies in the UK) across four key industries (financial services, healthcare services, life sciences and technology) and in five functional areas (finance and accounting, risk and compliance, supply chain, HR and IT). We also explore key project execution challenges in the 40 German companies that took our survey. (To see our global findings, read our [full report](#).)

Managing hybrid teams is the No. 1 factor increasing the difficulty of executing critical projects.

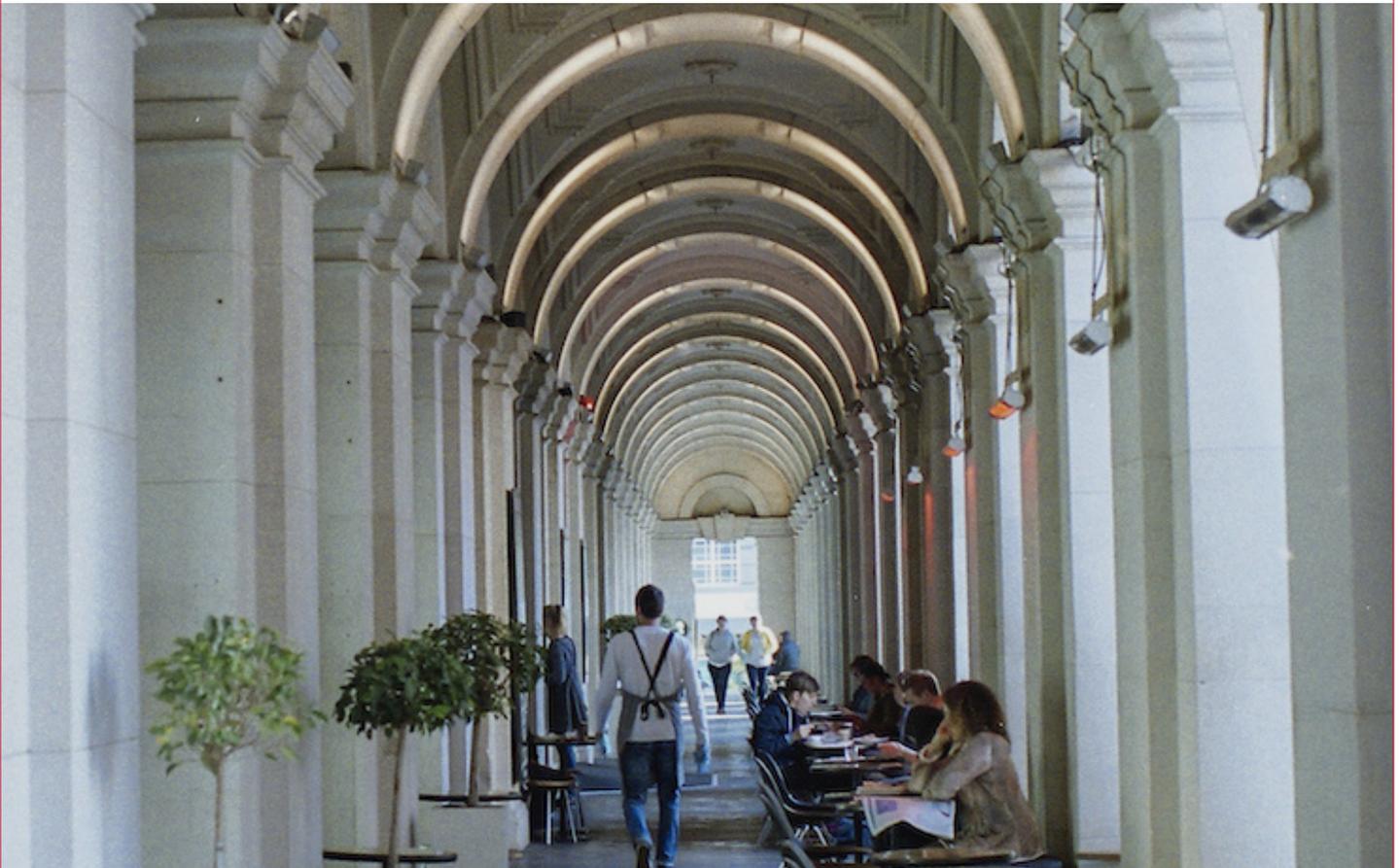
Over three-quarters (76%) of European companies said coordinating hybrid teams made critical projects more difficult to execute to a moderate, large or huge degree since COVID. This is similarly challenging across the four industries surveyed. For instance, 89% of life sciences respondents said managing hybrid teams was difficult to a moderate, large or huge degree.⁶

The challenge of managing hybrid teams was equally felt across functional areas at the European companies surveyed.⁷ For example, 89% of respondents in the HR function said managing hybrid teams was difficult to a moderate, large or huge degree. Nearly as many (76%) in the supply chain function said the same thing.

And when critical projects go off the rails, 43% of European survey respondents said their go-to response is requiring remote workers to report back to the office.

Our Recommendation

Be candid about the difficulties of managing a hybrid team and maintaining close ties with remote team members. Connectivity is critical – and not just technologically speaking. Rather than mandate that workers return to the office, project leaders must continuously reach out empathetically to remote team members to check in on their welfare. Without regular group and one-to-one engagement, teams can fracture, and productivity can drop.



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

Project teams with members from multiple organizations are on the rise – and they are the second-largest factor increasing project difficulty.

In the post-COVID era, taking a “one badge” approach to all team members, regardless of what company they work for, is key to project execution. Yet 76% of our European respondents said coordinating such teams made projects difficult to execute to a moderate, large or huge degree. Moreover, 56% said managing blended teams was very or extremely important to project success.

While such coordination was difficult across all the functional areas we studied, the challenge is more acute in the supply chain area and HR. Approximately 80% of supply chain respondents said managing organizationally diverse teams made projects difficult to execute to a moderate, large or huge degree.

Roughly 78% said the same of the HR function.

Managing such teams is similarly challenging across the four industries we studied. For instance, 77% of life sciences respondents said managing such teams was difficult to a moderate, large or huge degree.

When projects fall behind expectations, 36% of Europe companies bring in project team members from outside the organization to supplement internal talent. This was the second most popular response after making team members return to offices.

While important across all four industries, the life sciences sector is a case in point. Approximately 84% of respondents said it was important, very important or extremely important to bring in highly talented outsiders for key project roles. And when it comes to external project leaders, 78% said these outsiders were important, very important or extremely important to project success.

Our Recommendation

Bringing in highly talented outsiders for key project roles (in addition to project management) is becoming the rule rather than the exception. In fact, it was ranked

Composition of Critical Project Teams (Europe): Leaders vs Laggards (All Projects Met Key Goals)

Year	Composition of Project Teams	“Leaders”	“Laggards”
Early 2020 (pre-pandemic)	Employees	58%	68%
	Consultants, staffing firm professionals	26%	15%
	Independent contractors	12%	13%
	Other	4%	4%
2022	Employees	55%	59%
	Consultants, staffing firm professionals	31%	20%
	Independent contractors	12%	20%
	Other	2%	1%
2024 (projected)	Employees	59%	58%
	Consultants, staffing firm professionals	31%	22%
	Independent contractors	9%	18%
	Other	1%	2%

Source: RGP
Figure 2

very or extremely important by 57% of our European respondents. And it will be crucial as companies increasingly rely on outside talent to execute critical projects (see Figure 2).

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

Make sure staffing and consulting partners have insight into the aggregate demand for project work and resources. This way, they can provide project managers and other team members who are best

suited to upcoming strategic projects. Importantly, this will elevate the value of third-party partners.

Excellent project managers and collaboration tools improve project execution and drive competitive advantage.

An overwhelming majority (94%) of the best European companies at project execution – the Project Execution Leaders – believe superior project managers provide a very strong or strong competitive advantage. In stark contrast, less than half as many Project Execution Laggards (40%) said the same thing.

Moreover, 94% of Project Execution Leaders believe a strong project manager is very or extremely important to project success. Only 73% of Project Execution Laggards said the same. Importantly, 88% of Project Execution Leaders said their project managers were extremely

strong or strong, whereas 73% of Project Execution Laggards said their project managers' skills were either moderate or weak.

Yet most European companies indicated they don't have the right tools for excellent project management. Some 76% said their project management tools made it difficult to execute critical projects to a moderate, large or huge degree.

Giving project managers quality tools is vital. In fact, 71% of European companies said great project collaboration tools were very or extremely important to critical project success. Roughly 87% of Leaders said such tools were very or extremely important.

Our Recommendation

Be highly selective about which projects to fund and place your best project managers on the highest priority projects. From our experience, many European organizations turn project managers into administrators whose primary role is to keep the trains on track – rather than provide input on which trains should be on the tracks. These project managers often prioritize inputs (schedules and resource utilization) over outputs (business outcomes). Many come from project management backgrounds but lack functional domain experience.

Organizations undertaking critical projects need project managers who excel at project management (i.e., who combine project execution discipline with the empathy to lead people through thick and thin) *and* who have deep experience in the domains their projects cover. Make sure your project management tools provide capabilities that can be customized per project and project member and enable collaboration that transcends basic time accounting, resource allocation and communications functions.

Conclusion

As companies make even greater operational changes in the next few years, they must significantly improve their project execution skills, processes and tools. On the skills front, the best companies at critical project execution have a big head start in having excellent project managers (see above).

All companies will need project managers with the right mix of hard and soft skills to guide hybrid team members from multiple organizations. Here's one way to make it work: implement Agile, human-centered project management methods. Together, these skills

can minimize the emotional impact of big shifts in project direction.

Three actions can help companies increase their ability to execute mission-critical projects in the years ahead:

1) Be more selective about which projects to pursue.

Companies must bring more rigor to evaluating potential project returns and monitoring progress. Converting the enterprise project management office (PMO) into a strategic portfolio management office is a key step here.

2) Invest in developing project leadership skills.

Companies can help project managers with high EQ gain project management skills such as "chunking" projects (i.e., breaking down a large goal or project into many different, bite-sized tasks), Agile methods, effective communication, and change management.

3) Implement next-generation project management tools.

Tools such as Smartsheet[®] go beyond time-and-budget metrics.

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

Germany's Struggle with Mission-Critical Projects

The German economy, like most others in Europe, is struggling. It shrank 0.2% in the fourth quarter of 2022⁹ – well below earlier projections. And to many economists, this means a recession is unavoidable.

If economic headwinds weren't enough, the post-COVID challenges of successful project execution are making life difficult for the 40 German companies we surveyed. For instance, 60% said coordinating people working from home and the office made critical projects more difficult to execute to a large or huge degree. Moreover, 60% said coordinating teams with members from more than one organization made it harder to execute critical projects to a large or huge degree.

As a result, only 13% of the German companies said all their mission-critical projects since 2020 achieved their key goals – the same percentage as in the rest of Europe. However, 30% of German companies surveyed said less than half of their projects met their key goals.

Nowhere is this more apparent than in life sciences. Many German pharma and biotech organisations

struggle to optimize R&D and supply chain processes. These are high-stakes, data-intensive projects that rely on a combination of domain and IT specialists who often work remotely and come from several companies. As a result, German life sciences organisations are finding project execution in these areas easier said than done, our research shows.

Among the other key research findings from Germany:

- 81% said poor management tools have made projects more difficult to execute since the pandemic began (to a moderate, large or huge degree).
- When projects need corrective action, 48% require workers to return to the office; 43% bring in outsiders to supplement internal teams.
- 75% rated their project managers' skills as strong or moderate.
- 65% said strong project managers are very or extremely important to project success.
- 73% said bringing in talented outsiders for key project roles (in addition to the project manager) was important or very important for project success.



Methodology

From September to October 2022, we surveyed 404 senior executives (122 in Europe) at large companies (\$1 billion+ in revenue) on the challenges they have faced since early 2020 in executing critical projects to improve key operations in financing and accounting, risk and compliance, HR, recruiting and retention, and IT / digital. These executives were either in the C-suite or reported to the head of function or two levels below. They work for companies in the financial services, healthcare, pharmaceuticals/ life sciences, and technology sectors. Each was personally involved in executing or had substantial knowledge of the execution of at least one critical project in their company. We defined "critical projects" as major initiatives with a budget of at least US\$1 million whose goals were key operational and financial improvements. By "execution" of such critical projects, we refer to the project team and its steps in implementing the strategy of such initiatives.

Need expert support to achieve your mission-critical project goals? Just ask:

partner@rgphealthcare.com

About RGP

Founded in 1996, RGP is a management consulting and professional services staffing firm. Our experts help clients execute transformational initiatives across the enterprise. Today's project economy reflects our founding strategy – quickly align specialized resources for the work at hand with a premium placed on value, efficiency, and ease of collaboration.

Based in Irvine, CA, with offices worldwide, our model enables top consulting talent to work differently, with radical flexibility and purpose – features unavailable in traditional consulting firms. This winning value proposition has enabled us to become the leading provider of agile consulting services. With 4,200 professionals on staff, we annually engage 2,100 clients globally, including 87% of the Fortune 100.

(NASDAQ: RGP)

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³We defined “mission-critical” projects as those with investments of at least US\$1 million, with the goals of major improvements in cost, time to market, quality and other key metrics.

⁴Companies with revenues of \$1 billion or greater.

⁵https://info.rgp.com/hubfs/Documents/RGP_ResearchReport_011223.pdf

⁶Responses across industries ranged from 25 to 37 executives.

⁷Responses across functional areas ranged from 4 (for risk and compliance), to 21 for supply chain, to 34 for IT.

⁸Smartsheet: A spreadsheet-based tool for easy project management”, Matthew Finnegan, Computerworld, September 8, 2021, <https://www.computerworld.com/article/3239150/whats-smartsheet-a-spreadsheet-based-tool-for-simpler-project-management.html>

⁹<https://www.bloomberg.com/news/articles/2023-01-30/germany-may-still-see-recession-after-fourth-quarter-contraction>