

Project Management Value Calculator

why effective project management matters

Have you ever stopped to wonder what the value of effective project management equates to for your company? I define project management as ... leading and motivating team members so a project's goals are met according to company scope, time, quality and cost constraints. Benefits of successful project management include: less "re-dos", learning from past experiences, less time referencing project specific information, a better solution fit the first time through, completing projects ahead of schedule, and resolving tasks / action items more quickly. What's this worth in terms of dollars and cents?

Value (\$) of Effective Project Management


of projects: 25

ave hrly rate: \$125

hrs saved/person/day 1

days/week: 5

| Project Duration | Team Members | | | |
|------------------|--------------------|--------------|--------------|--------------|
| | 5 | 10 | 15 | 20 |
| 1/4 year | \$1,015,625 | \$2,031,250 | \$3,046,875 | \$4,062,500 |
| 1/2 year | \$2,031,250 | \$4,062,500 | \$6,093,750 | \$8,125,000 |
| 3/4 year | \$3,046,875 | \$6,093,750 | \$9,140,625 | \$12,187,500 |
| 1 year | \$4,062,500 | \$8,125,000 | \$12,187,500 | \$16,250,000 |
| 1.25 yrs | \$5,078,125 | \$10,156,250 | \$15,234,375 | \$20,312,500 |
| 1.5 yrs | \$6,093,750 | \$12,187,500 | \$18,281,250 | \$24,375,000 |
| 2.0 yrs | \$8,125,000 | \$16,250,000 | \$24,375,000 | \$32,500,000 |
| 2.5 yrs | \$10,156,250 | \$20,312,500 | \$30,468,750 | \$40,625,000 |
| 3.0 yrs | \$12,187,500 | \$24,375,000 | \$36,562,500 | \$48,750,000 |



© Project Marketing Associates 2012

The value calculator above illustrates the enormous impact potential of practicing project management correctly. The math is straightforward: 5 person team x 1 hr saved / person / day x 5 days / week x 13 week project x average compensation rate with benefits of \$125 / hr equates to a savings of \$41,000 per project. For a company with a total of 25 projects this represents over a **million dollars per quarter** in "productivity opportunity". As the number of people on the project team expands and/or the length of the projects increase the potential savings get larger.

The next time you don't receive a timely and actionable set of minutes from an important project meeting, stop to ask yourself – how much productivity is being lost as a result?