



White Paper
Project Management Professionals,
Average Salaries and Successful Recruitment
Updated, November 2008; Foreword by Vince Hines, Wellington Managing Director
Commentary on Current Recruitment Market

Updated, November 2008; Foreword by Vince Hines, Wellington Managing Director Commentary on Current Recruitment Market

As a specialist Project Management Recruitment company with clients across all industries we keep a very close eye on the current job market. As a member of the REC (Recruitment and Employment Confederation) and with over 10 years experience of the market place we have access to a great deal of recruitment trend data.

The REC, in conjunction with KPMG, published a report in September 2008 focusing on general recruitment. The trend is clear. Permanent recruitment is at it's slowest for over 7 years and placements by recruiters is falling at the sharpest rate since November 2001. Temporary recruitment does not look any better. Recruitment agency billings declined at the highest rate since 1998 and overall salary growth is at it's weakest for over 5 years.

Project Management Recruitment

Generally then the outlook for recruitment is pretty gloomy. Our interest is however with Project Management recruitment, running from Project Administrator & Project Coordinator through to Project Manager & Programme Manager.

There are three spikes in recruitment demand through the year, January, April and October. If we compare the total number of vacancies we at Wellington have handled per month in 2008 with 2007 the result is much less drastic. Total recruitment is slightly down in June, August and September and equally slightly higher in July. We would normally expect August to be very quiet

with few recruitment decisions taking place while so many people are on holiday and this year was no exception. We have now come through the key month of October, usually characterised by a spike in recruitment demand, and the situation is becoming clearer. Recruitment for October so far is running at 61% of demand from the same period last year

What about the supply of candidates? Over the last few years we have been in a candidate driven market. The supply of good quality candidates has been quite restricted. With generally low unemployment in the UK compared with similar economies this restriction of candidates has been a factor across all types of recruitment. Has the number of Project Managers looking for work increased? If we review the number of individuals who have registered with some of the major job boards under the title "Project Manager" we should get a clear picture of supply. For 2008 the figures show a linear volume of registrations per month through the year. There is therefore no significant increase in supply as yet.

We are therefore able to conclude:

- 1) The number of Project Management related job vacancy opportunities is down, but not to the extent of the wider recruitment downturn.
- 2) The supply of Project Managers has not significantly increased.

On the one hand the general economic news is very gloomy so anyone recruiting would expect to be in an enviable position, saturated with good quality candidates. The reality is that the supply of good Project Managers has not increased and indeed the level of project management recruitment has not reduced to the extent of the wider recruitment market.

Is Project Management more resilient to the wider recruitment downturn?

Project Management recruitment is not immune but is perhaps more resilient. By the very nature of being project related, work tends to be temporary so the contractor market is particularly well placed to service the needs of the project management market.

A number of our clients have decided to go the contractor route rather than recruit into a permanent position. This reduces risk for the organisation and in some cases could be the only way forward after implementing a headcount freeze.

Although many potential projects will be cancelled or postponed there is a whole basket of projects that will be initiated as a direct response to lowering profitability. Cost reduction, site closure, transfer to offshore lower cost sites, outsourcing and efficiency improvements will all be project based. We are working with a number of clients whose portfolio of projects are taking a new direction to align with revised corporate objectives – lowering cost, improving efficiency, dealing with the current economic climate.

In conjunction with these new projects there is a general move towards the benefits of formal project and programme management. Taking the economic conditions out of the equation project management is a growth market for a number of reasons:

- Organisations, both in the public and private sectors are establishing PSOs (Project Support Offices) or PMOs (Project Management Office).
- Organisations are more and more understanding the benefits of formal project and programme management techniques and are looking for professionals to bring this expertise to their operation.
- Organisations already utilising basic techniques are driving towards greater project maturity as defined by a number of maturity models. This includes Enterprise Project Management (EPM) and the implementation of tools such as Microsoft Project Server and Microsoft Portfolio Server.
- Project and Programme Management as a management technique is being adopted by industries that are not traditionally project based.

Recruitment behaviour

Yes, organisations are still hiring but two characteristics are starting to emerge which are of concern. Firstly, there is some reluctance from

candidates already in a good job to move at this time. This concern may dissipate over the next few months depending on the general economic news but currently it does appear that some candidates are deciding to stay put. This creates inertia in the same way as currently impacting the housing market – generally each person moving from one job to another creates a vacancy for someone else. If they are less inclined to move this reduces the churn of vacancies.

Secondly, hiring managers appear to be taking their time over selection or are having to seek higher approval internally. Again this is slowing the market and although vacancies exist they are taking longer to fill. We have seen several cases of clients taking too long to make a decision and then losing their preferred candidate.

In summary, and in my opinion, Project and Programme Management recruitment is more resilient to the current recruitment downturn than many other professions. The need to reduce cost and make efficient improvements will ensure some continuation in demand. The separate and continuing increase in interest in project management will also continue to generate demand. Good opportunities will continue to exist for the right candidates, but not in the volume previously expected.

The one million dollar question of when will things improve is impossible to answer. The state of the economic situation is unfolding on a daily basis. Reviewing historical recruitment data suggests recovery takes 2/3 of the time of a downturn so identifying the low point enables possible projection of timing back to healthy conditions. Data released by the Bank of England on the 12th of November 2008 includes a projection of GDP. This trends towards March 2009 as being the lowest point and a return through 2009 building positively through 2010. Given the influence of annual recruitment spikes, October 2009 appears to be a reasonable prediction for positive signs within recruitment and January 2010 could be a return to good conditions with healthy demand through 2010.

This projection could be positively influenced by further intervention by central government, including interest rate cuts, tax cuts, and acceleration of public spending on major projects.

This white paper was first published in June of 2008 and the average salary data is still valid. The status of recruitment has deteriorated since original publication and this foreword provides an updated view of market conditions.

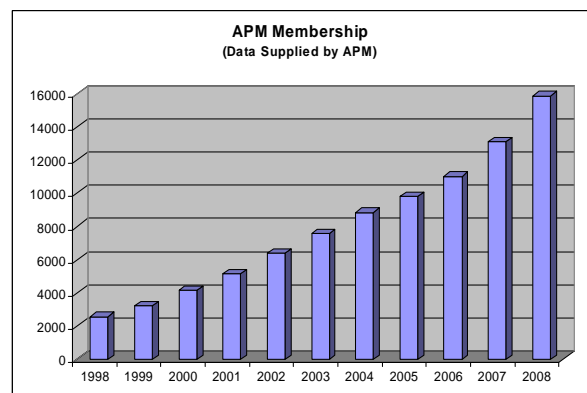
Project management is a growth market. Awareness of the formal tools and techniques of project management and the benefits they can provide to any organisation continues to grow. Project management maturity can be assessed using a number of models and although there are many good examples of best practice or high maturity, there are a surprisingly large number of organisations that are only lightly tapping into the benefits.

Good project management practice enables the most efficient use of limited resource to achieve prioritised goals in a timely manner. The need for project management is therefore relevant to all industries and organisation types.

There is growing recognition of the professional project manager – an individual who can add value in any environment who brings with them formal project management rigour. Surrounded by suitable subject matter experts, the project manager can be highly successful with limited industry knowledge. The pharmaceutical industry is a good example of this behaviour with professional project managers being recruited to drive +£100m R&D projects. Surrounded by subject matter experts (pharmacists, clinical

experts, regulatory experts) the project manager can focus in achieving deliverables as quickly as possible and is less likely to get distracted by the science or an area of particular personal expertise.

Data from the Association for Project Management clearly shows a healthy growth in interest with significant year on year increases in membership.



Trends in Project Management Recruitment

The growth in project management brings with it a higher demand for project management professionals. This demand is not focused solely on the Project Manager but includes a range of professionals from Programme Manager through to Project Co-ordinator and Project Support Office (PSO) staff. All of these roles are therefore benefiting from increases in demand.

The growth in permanent employment is mirrored by a significant increase in demand for contract or interim project management professionals. This is a key benefit for those looking to work on a contract basis, after all projects are by definition temporary and therefore many organisations look to bring in short term resource to work on their projects.

When these projects are not within the core skills of the organisation, then the decision to use a contract Project Manager is even more sound. For example, organisations looking to setup a new IT system do not need to recruit permanent staff who have this installation and configuration expertise.

A contract Project Manager with a proven track record implementing the exact system is a perfect choice.

Although there is much room for growth when it comes to project management maturity there is again growing recognition of the professional skills and qualifications of project management.

PRINCE2 is now well recognised by both the public and private sector. There are some concerns that this particular qualification is seen by some as the solution to all ills. Expertise in the PRINCE2 methodology does not guarantee project success or any abilities from the wider pool of soft & hard

skills that define a good Project Manager. Lack of in-depth knowledge of professional project management qualifications from hiring managers and HR generalists does lead to PRINCE2 being listed by default in role descriptions as a required qualification.

In some instances this is inappropriate, particularly in organisations that do not formally follow the PRINCE2 methodology. This can then artificially

limit the number of suitable candidates. Of course, the opposing view would be that any project management professional who are serious about their career would gain PRINCE2 Foundation or Practitioner status as a matter of course. This is a valid argument but the time and cost implications of achieving this qualification does mean that unless an organisation will invest in this training for an individual then they are unlikely to pursue it independently.

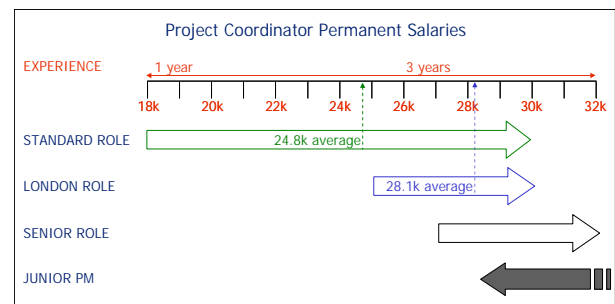
Average Salaries and Day Rates for Project Co-ordinators

A good Project Co-ordinator can be of immense value to a Project Manager or PSO. Once a project is in the implementation stage the Project Manager should focus on completing deliverables to the specified quality in the required timescale and cost. There are a number of tools in the armoury of the Project Manager that can be maintained on their behalf by a Project Co-ordinator, in particular issue, risk and change (variations) logs, project schedules, cost & resource forecasts and monthly project reporting.

The exact demands on a Project Co-ordinator do vary considerably from glorified Administrator through to junior Project Manager. Those organisation looking to leverage the most benefit from their Project Managers would do well to push responsibilities for elements of their work to Project Co-ordinators.

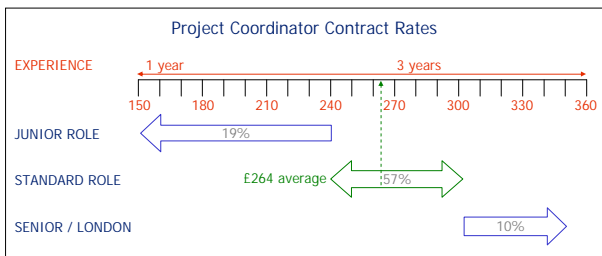
The average salary of a Project Co-ordinator is £24.8k per annum. At this level salary is linked closely with the number of years of applicable experience and to receive this average salary one would expect a Project Co-ordinator to have at least two to three years relevant history. Within Greater London a Project Co-ordinator benefits from a higher average of £28.1k and the most

senior Project Co-ordinators can command £28k to £32k.



The higher end of the Project Co-ordinator bracket does cover similar pay territory as a Junior Project Manager. When developing a career in project management it is recommended that Project Co-ordinators pay particular attention to planning their jump into a Project Manager role as this can be difficult in some organisations. The key difference

between these roles is the level of responsibility and ownership “enjoyed” by a Project Manager versus a Project Co-ordinator. Project Co-ordinators should seek out those organisations that can offer this structured career path beyond the limits of their current role. Likewise, organisations that can provide a career step from Co-ordinator to Manager are much more attractive to candidates and this is a very strong sell as part of a recruitment message. Many Project Co-ordinators in permanent positions are often surprised at the opportunities within the contract market.



A good Project Co-ordinator can accelerate their career path by taking a number of good contract placements, exposing themselves to a wider range of projects, industries, organisations and

methodologies much quicker than those in a permanent position. The average day rate for a Project Co-ordinator is £264 with 57% of contractors commanding a day rate between £240 and £300 per day.

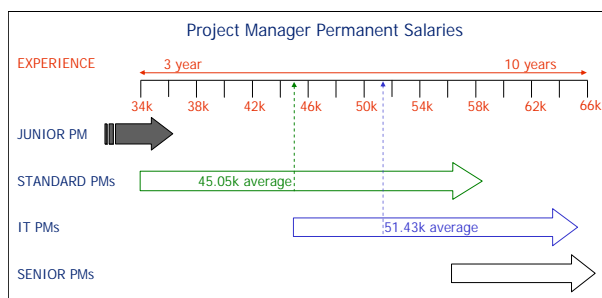
To be attractive as a contractor individuals must be able to demonstrate a good level of experience so these rates tend to reflect the most experienced Project Co-ordinators and therefore gives a slightly skewed impression against permanent salaries as they include a larger pool of less experienced resource. 10% of contractors earn £300 or more per day and these reflect the most capable Project Co-ordinators who are likely to be based in London and cover a greater range of responsibilities that could be associated with a Junior Project Manager or Junior PSO Manager.

The average day rate of £264 gives an annualised equivalent of £57k, more than double the permanent salary. This does not factor in any additional benefits enjoyed by those in a permanent position but the variance is significant.

Average Salaries and Day Rates for Project Managers

The title Project Manager is very widely used and sometimes incorrectly. To calculate average rates an initial analysis was performed to eliminate those roles that did not comply with the full definition of the term Project Manager; i.e. full accountability for the management & control of a project as defined by the Association for Project Management. Many Project Managers do not hold budgetary control, particularly on internal projects and this group were included in the calculation. There is however quite a wide variance from industry to industry with IT, Financial Services and Pharmaceuticals comparing favourably to Construction, Rail and Retail.

Nevertheless the average Project Manager salary is £45.05k. This does not factor in any additional benefits such as pension, car allowance, bonus and health insurance but is based on the basic annual salary.



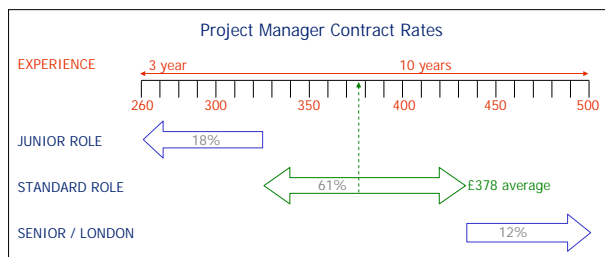
Those looking to work as a contractor must recognised the true value of these additions before calculating the uplift they might enjoy. The range

of salaries is wide with standard roles running from £34k to £58k.

The public sector does appear to offer a large number of opportunities for Project Managers in the £34k to £39k range and in some instances these salaries are for fixed term contracts. It is difficult to see how these roles, offering lower salary but not the traditional benefits of the public sector (job security and pension) can be attractive to the strongest candidates.

A separate calculation was performed for IT Project Managers as the data pool was sufficiently large to provide useful results. Here the average was calculated at £51.43k across a range from

£46k to £65k. In some instances the job title “Senior Project Manager” is used and these roles are likely to command a salary of +£56k. There is no doubt that the role of Project Manager can provide plenty of challenge and reward for any career minded professional.



Given the nature of projects the demand for contract Project Managers is healthy and a mature market of professionals exist within the UK labour market. Similar to permanent salaries the range of opportunities across different industries results in a wide range of day rates but the average is

calculated at £378 per day with 61% of roles falling between £330 and £440 per day. A small number of roles are available at lower and higher rates and these tend to match against specific industries.

The average contract rate therefore provides an equivalent annualised salary (based on working 18 days per month to account for holidays) of £81.6k, slightly less than double the average permanent salary. Similar to the Project Co-ordinator the comparison is slightly skewed as only the more experienced Project Managers are likely to working as contractors. There are a number of positives and negatives in working as a contractor and hiring a contractor that go far beyond the basic financial calculation. These are discussed further later in this white paper.

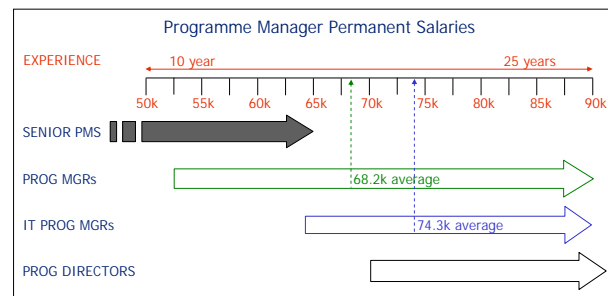
Average Salaries and Day Rates for Programme Managers

Most organisations that have asked us to recruit a Programme Manager tend to exhibit higher levels of project management maturity. They are beyond the early benefits of good project management practice and are now looking at a holistic level across their portfolio of internal or client based projects to compare business case, project benefits and resource needs.

In many instances the Programme Manager will have ownership of a Programme Office or other variant of the PSO with a number of direct reports, including a pool of Project Managers. In an ideal world it can be argued that a Project Manager should have no direct reports enabling them to focus on the delivery of the project but this no longer applies at the Programme Manager level.

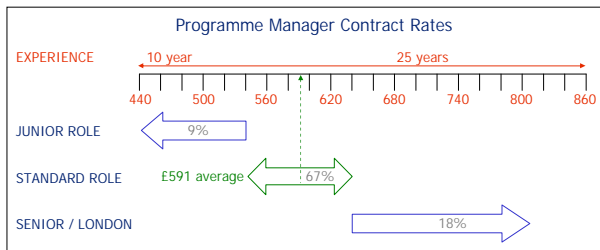
Similar to the Project Manager there is quite a range of salaries with variation due to level of seniority and industry sector. The average salary of a Programme Manager is £68.2k but this is within a range from £55k to £90k and again this date is based on basic salary only.

A separate analysis of IT Programme Managers gave a higher average of £74.3k and the separate more senior job title of Programme Director generated a range starting at £70k.



The role of Programme Manager is less likely to be offered to contract resource. The term “interim” is more often used at this level but this is purely a terminology change rather than a separate talent pool as the name suggests.

The interim market is certainly buoyant and has seen strong growth in recent years.



The majority of organisations do not see the Programme Manager role as a temporary opportunity in the same way as a Project Manager.

They see this role as being more strategic and given the importance to the organisation should be the responsibility of a permanent employee.

The average day rate however is calculated at £591 across a typical range from £540 to £640.

There are some examples of individuals commanding in excess of £1,000 per day with these high calibre contractors often having come from one of the better known management consultancies.

Permanent to Contract Rate Conversion Rule of Thumb

For many recruiting line managers and HR officers understanding appropriate contractor day rates can be difficult, particularly if there is no experience in the organisation of recruiting such resource. Similar resource may exist within the business but paid on a permanent salary basis. Clearly the contractor accepts more risk and has additional cost burdens so the total amount paid to contract resource will be higher than that to permanent staff. But what is appropriate?

The Conversion Rule of Thumb shows how to calculate a guide day rate based on an equivalent salary.

Divide Permanent Salary by 100

Subtract E where E is an Economic conditions variable.

For example, £40k permanent salary translates to £350 / day assuming E = £50.

Economic conditions that reflect lower demand will increase the value of E. In the middle of 2007 an E value of £50 would be reasonable but there is no

doubt that market conditions have changed since then with more pressure on E to increase. Given current macro economic conditions with high energy prices and inflationary pressures, coupled with the reduction in availability of credit then it can be argued that the number of projects likely to be undertaken will be lower, both in terms of client and internal projects. This will reduce the demand for contract or interim resource and therefore lower day rates (therefore resulting in a increase in the E variable).

Some markets are more immune to such changes and currently spending in the public sector for example continues to be strong.

Permanent versus Contract Resource

As we have already seen the financial benefits of contracting against permanent employment can appear attractive. A note of caution is appropriate. As previously highlighted contracting involves greater risk and with that risk comes greater reward but a full and transparent calculation should be undertaken by any individual looking to switch. Contractors must factor in time for holiday, illness and a whole range of benefits enjoyed by permanent staff including company car, health insurance, pension, performance bonuses. In depressed market conditions contractors are likely to be cut first so it could be argued that 2008 does not reflect good timing for those considering making the jump from permanent to contract status.

Potential contractors should also consider the other significant differences. As a contractor you are hired to perform a very specific function on the basis that you have expertise in that function. An ideal contractor is someone who has just performed exactly the same role at a competing organisation. This works well for the hiring organisation but provides the contractor with limited career development. No client will factor in the needs for career development when hiring a contract resource.

It is therefore important that contractors perform their own personal development review each year, establishing training and career goals for the

subsequent period. There are examples of individuals becoming expert in a particular field (most notable with software) to find that demand for that expertise evaporates as new technology offers new solutions. Individuals who have not kept up with such changes and taken appropriate training can find themselves left behind.

A contractor will also never feel quite the sense of belonging that is enjoyed by a permanent employee. A contractor is a hired hand and is expected to be up and running, adding value, in a very short space of time. Some organisations will purposely differentiate between their own employees and contractors as part of compliance

with legislation regarding temporary workers. For example, contractors may have to pay to attend the Christmas party or be excluded from joining the company gym.

It is therefore reasonable for any hiring manager to continue to ask themselves two questions when reviewing the performance of contract resource:

(1) "Are we getting value?" Is the contract resource worth the additional expense. Is this expertise outside of the core knowledge base of

the organisation and is that contract or adding the appropriate level of benefit.

(2) "Who has the knowledge?" Knowledge is power and contractors who become a centre of knowledge for the organisation are able to position themselves as more indispensable, therefore (consciously or not) protecting their interests. If the expertise provided by the contractor needs to be retained internally then make sure a knowledge transfer plan is established immediately and that it is implemented.

Considerations for Conducting Recruitment Interviews

Whether you are recruiting into a permanent or contract position it is important to ensure you are fully prepared and ready to conduct an interview. The selection process is a two way street and the candidate has to decide that they want to work for your organisation. You can create a bad impression with them if you are not prepared.

Make sure you have thoroughly read the candidates CV and have prepared a list of questions driven by the CV. You should also have a list of standard questions to ask every candidate. This will help you make a fair comparison.

The Interview Format

Start the interview by explaining what you intend to do. The following four steps are an example guide to an interview format.

STEP 1 - Explain more about the organisation and the role. This gives the candidate time to get her thoughts and perhaps calm their nerves.

STEP 2 - Talk through the candidates CV

STEP 3 - Ask other standard questions not picked up as part of the CV discussion

STEP 4 - Closing the interview. Candidates should have an opportunity to ask questions and you should outline the next steps, including approximate timings for decisions and how a decision will be communicated. If there are other potential interview stages then these can be explained as well.

Questions to Ask About a CV

You need to find out as much as possible about previous experience so you can align it with your own requirements. Try asking open ended questions that give the candidate the opportunity

to talk – you want to listen to them, not the other way round.

Invariably you will discuss previous projects.

Examples of possible questions include:

- What was your position within the project team?
- Did you have responsibility for time, cost & quality for the project / work packages / specific deliverables?
- How did you plan the project work? Who was involved in developing the plan? How did you collect progress updates?
- If you had cost responsibility, how were actuals & forecast updated? Were you given a contingency and how was this authorised / distributed?
- At what stage did you perform risk management? How were risks and issues managed through the project lifecycle.

- Did you encounter project changes / variations? How were these controlled and the impact of changes assessed?
- What monthly reporting did you undertake? Did you present updates to a Steering Committee / Senior Managers
- What worked well on this project?
- What did not work so well on this project? What would you change next time?

Standard Questions to Ask All Candidates

You should prepare a list of standard questions to ask all candidates. This enables a clear comparison against your selection criteria. These questions should support the role description and requirements that you will have defined at the start of the recruitment process.

The exact questions to be asked does can vary significantly depending on the exact nature of the role but here are some examples:

- Are you familiar with any formal project management methodologies (note: if you are a PRINCE2 environment then clearly you need to drill into candidate knowledge further)?
- What would you say are the most common reasons for project failure?
- What do you believe is the fundamental role of a Project Manager?
- How do you ensure the project team understands the goals for the next month?
- What techniques would you employ to ensure your team are motivated and committed to the project?
- At what point would you highlight problems or concerns to senior management?

You might also like to use scenario questions where you present a situation and ask the candidate what would they do, for example :

- A software developer has assured you that development time for a unit of code is 2 weeks. You return 2 weeks later to find they

need a further 2 weeks which would delay the project. What would you do in this scenario?

- A very senior manager from the client has demanded a last minute change to a refurbishment project, setting you back 2 weeks beyond the agreed end date. How would you manage this request?

Make notes during each interview to refer back to at a later stage. Remember that a candidate has the right to ask to see these notes should there be questions raised as to why they were not selected.

About Wellington Project Management

Established over ten years and preferred supplier to many organisations Wellington is a specialist Project Management Recruitment, Training and Consulting company based in Windsor, Berkshire with a presence in Dublin, Ireland and Dubai, United Arab Emirates .

A recognised industry leader we sponsor research at the Centre for Project Management at Leeds Metropolitan University, regularly contribute editorial to Project Manager Today magazine and present at all the leading industry tradeshows, APM and PMI Chapter events .

As the UK leading experts in Project Management recruitment our white papers are based on our own data and data provided by the REC (Recruitment and Employment Confederation) .

Some of the reasons why we are frequently selected as a preferred supplier include :

- All our recruiters are professionally qualified (APM / PRINCE2) project management specialists.
- On average, for every 3 candidates we submit to our clients 2 of them are invited in for interview. We have an outstanding CV to interview ratio as we perform significant candidate filtering & assessment before our clients even see a CV.
- All our candidates and clients are given access to Wellington Advantage. This secure online area provides access to our knowledge base, hundreds of pages of guides, templates, forms and tools and exclusive discounts across a wide range of leading project management organisations, from books to PRINCE2 training. Wellington Advantage – all for you and all for free.
- We have an exclusive partnership with Project Manager Today magazine enabling us to advertise your roles every month at no cost to you saving you up to £1,750.
- Over 14,000 project management professionals subscribe to our Wellington Project Management Newsletter and Wellington Vacancies Bulletin. Our reach across the industry is very extensive. Our vacancies are shown across our network of partners across the project management industry.

Recruiting the right permanent, contract or interim resources is a time consuming process. Over the last ten years we have built a proven track record in saving our clients time and effort in all project management recruitment.

COPYRIGHT 2008 Wellington Limited.

You are invited to share this document with colleagues either as hard copy or electronically. Please do not publish data or text from this white paper using any media or methods without the expressed written permission of Wellington Ltd.