

PM Market Trends

Arras People Survey

Arras People, the programme and project management recruiters, surveyed 1016 permanent and interim project professionals across the UK in January 2006.

We wanted a snapshot of the project management profession and the issues facing it half way through the first decade of the 21st Century. We wanted to find out what had changed since the millennium. We covered market trends, remuneration, and the positioning of PM within a professional context.

Several issues stand out. Against the general increase in salaries and day rates, there is an undoubted desire for "more for less" from employers. There is real competition out there, with consequent downward pressures on rates, and there are winners and losers.

And then there is the question of accreditation. A good or bad thing? Read on.

Thanks to everyone who took the time to take part. We hope you will enjoy reading this report, and will help us again when we repeat the survey.

Umbrellas up!

There has been a fivefold increase in the number of contractors using "Umbrella companies", enabling Limited company status without the accountancy and tax hassles. [More Info](#)

Big increase in short term contracts

Once upon a time job security and status meant a senior position with a major company, underpinned by several years' solid service. You could look forward to promotion, a decent pension, and lots of goodies, like cars, away days, courses and conferences. How times change.

Our survey shows:

- A significant shift from permanent to contract employment in the UK. In 2000: 70% of our respondents were permanent employees. By 2005 this had dropped to 50%. In 2000, 18% of our respondents worked as contractors. In 2005, 37%.
- Overall, there was a decrease in permanent em-

ployment of 20% - matched by a 19% increase in those working as contractor companies. A further rise (only 1%) is forecast for 2006.

- Major shift from longer to short term contracts. In 2000, 37% of respondents had been in place for 3 years or more. 2005: 21% - a drop of 16 %

- In 2005, 18% of respondents had been in place for under a year. In 2000, this had risen to 52%, suggesting an increasing number of short term contracts and a volatile marketplace.

It's not what you say you do, but what you do!

Nearly 40% of our respondents come from just 3 sectors so the results are skewed toward people who work in:

IT 19%
Banking & Finance 13%
Telecoms 7%

The other sectors represent the broad spectrum of private and public sector employment. There was no significant change in sector populations between 2000 and 2005, except telecoms

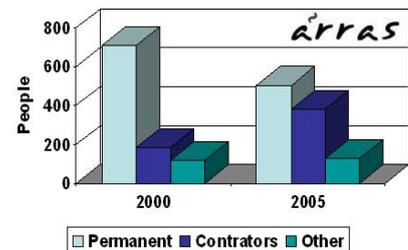
is down 4%, Central and local government is up 2%. By and large, people tend to stay within the same sector.

Many people had "project" or "programme" in the title, followed by "director", "manager", "administrator", "co-coordinator etc. There seems to have been little significant change on overall roles since 2000 - except 51% more have titles with "Director" in the role description in 2006.

Inside...

PM Earnings	2
Contracts vs Salaries	2
Benefits	3
Accreditation	3
Professional issues	4

PM Employment 2000-5



Interim and contract employment is rising

The PM Market in a nutshell

- A significant shift from permanent to temporary/interim employment.
- Fancy titles abound, but it won't affect your take home!
- Pay is generally rising, or is it? A significant minority disagrees.
- Contractors- who put in the hours - will earn more than permanent employees.
- Employers are demanding professional accreditation, and the majority of respondents believe that accreditation will increase their earning power.
- A growing number of people are working in the public sector.
- The vast majority of those surveyed are looking for another job.

Project Manager earnings

The Burning Question: Are PM earnings up or down?

The survey shows professionals gradually migrating from lower to higher pay brackets, although it is difficult to make valid comparisons with the data available.

- We asked people if their salaries or day rates had reduced over the last 5 years. 53% said no (13% disagreed strongly). But 26% agreed that rates had gone down (5% agreed strongly).

- Agreement or disagreement is across the board. No particular role or industry sector stands out – it's a jungle out there!

Contractors do better than permanents (but have more short-term assignments)

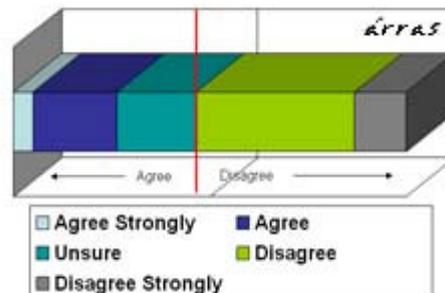
between £300-349 per day and £400-449 per day.

- The number of contractors earning from £300 to £550 per day increased marginally in 2005

- 3% of contractors who were in the lowest group in 2005 expect to move out of this group in 2006.

- Contractors in all groups earning over £350 per day expect earnings to increase marginally, the inference being that they will move up from lower groups. However, the individual numbers are small.

Rewards have gone down?



Pay and rates—a mixed picture

- 11 individuals (out of 1016) expect to earn between £1000-2000 per day in 2006, and 9 expect to earn more than

Contractors:

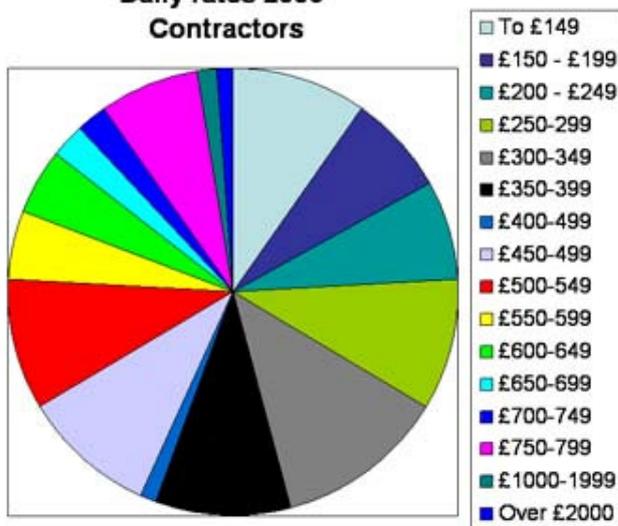
Contractors' earnings are fairly evenly spread across all daily rate bands from £200 to £600, which indicates a real market – you get what you can negotiate, so start to focus on your value.

- In 2000 the largest group of contractors (20%) said they earned a daily rate of "other", (outside the range £0-£1200 per day) so it is impossible to judge what their earnings were. The next biggest slice (17%) was those who said they earned "up to £149 per day".]

- However, there is some evidence that contractors are migrating from the lower paid bands to higher bands.

In 2005 two larger groups, both representing 10% of respondents, earned

Daily rates 2006-Contractors



Each slice represents a salary band as a % of the whole

Earnings Comparison between contractors and salaried staff

If we assume that contractors work 5 days a week for 46 weeks a year (230 days), we can calculate the equivalent salary bands.

We can then compare the number of

permanent employees and contractors in each band. See table.

- 83% of contractors have an earnings potential of over 50k.
- Over a quarter (26%) of contractors

have an earning potential of between £100 and £150k per year.

- Actual earnings will vary according to the number of days worked.
- 52% of salaried employees earn less than £50k.

Distribution of salary bands between salaried staff and contractors 2006 (estimated)

Band	To£24k	£25-29k	£30-39k	£49-49k	£50-59k	£75-99k	100-159k
% Contractors	-	-	5	5	21	20	26
% Salaried	6	9	18	19	13	11	10

Salaried staff

PM salaries rising, but contractors make more

In 2000 the largest group of salaried employees (22% of the total) earned up to £24,999.

- In 2006 two groups of salaried employees (both 19% of the total) earned between £30-39k and £40-49k.

There was a marked movement from lower to higher bands

- The numbers earning up to £25k decreased by 16 per cent, while those earning between £25k and £29k decreased by 4 %

- Correspondingly, the number earning £40-49k increased by 7 per cent and the other bands between £50-150k increased by between 2 and 4 %. In IT the £40-49k band represents 43% of respondents, and in Telecoms it represents 32%, compared with 19% for respondents as a whole.

- Only 11 people said they earned more than £150k per year in salary.

- The three top earners in the survey were salaried employees

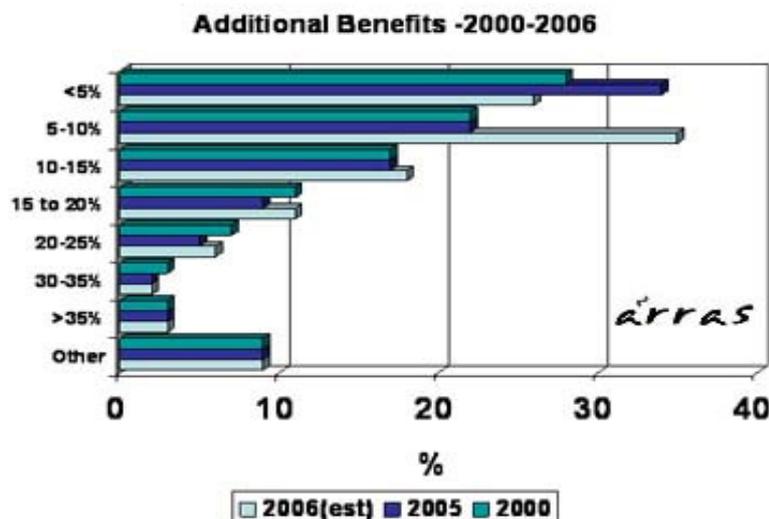
Earnings up to £25000 in 2006		Earnings £100-200k in 2006	
Sector	No in sector	Sector	No in sector
Telecoms	6	IT	9
Other	6	Consulting	3
Banking & Finance	3	Engineering	3
Consulting	3	Insurance	3
IT	3	Telecoms	3
Transport	3	Banking & Finance	2
Defence	2	Manufacturing	2
Engineering	2	Retail	2
Health	2	Transport	2
Insurance	2	Automotive	1
Local Govt	2	Defence	1
Automotive	1	Education	1
Education	1	Local Govt	1
Retail	1	Petroleum	1

Profile of the three top earners in the survey			
Type	Role	Sector	Expected earnings 2006
Other	Other	Consulting	> £200,000
Permanent Employee	Project Manager	Computer Mfg services	> £200,000
Permanent Employee	Project Manager	Construction and Property	> £200,000

Benefits and bonuses are rising for a job well done

80 per cent of salaried respondents get additional benefits worth up to 20% of their salaries. Only 5% get more than 30 per cent of their salary in benefits (20 per cent of these were already earning over £100k per year.)

The number of people getting between 5 and 10 per cent benefits has increased marginally since 2000, and the number getting less than 5% has decreased, suggesting that bonus levels are rising.



Call me Boss!

Titles are meaningless in terms of what you might earn, either as an employee or a contractor. The survey revealed no significance between role/title and earnings .

High benefit and bonus expectations in 2006



Accreditation

Do You need it? Is it worth it? Does it mean anything?

There is a growing emphasis on professional accreditation in project management jobs

- There has been a massive increase in Prince2 Foundation and Prince2 Practitioner accreditation, which have seen threefold and fourfold increases respectively since 2000. Practitioner accreditation is expected to increase further in 2006
- In 2000, 61% respondents were not members of a professional association. By 2005 this had fallen to 46%, and is expected to fall a further 2% in 2006
- The association which has benefited the most is the Project Management Institute, which has increased its membership from respondents by 5% since

75 per cent believe that a professional accreditation has increased their earnings potential

- 2000
- The International Professional Management Association (IPMA), BCS Project Management Specialist Group (PROMS-G), and the International Professional Management Association (IPMA) have also gained members.
 - Employers are increasingly demanding formal professional accreditation. 77 per cent of respondents agreed that they had seen a "significant increase" in employer demands" (20% agreed strongly).
 - 75 per cent of respondents believe that a professional accreditation has increased their earnings potential in the marketplace. 37% are unsure, and 18% disagree. Only 2% disagree strongly.

Qualifications or Experience?

Respondents' verbatim comments show that accreditation is not a simple black and white issue. Several complain of organisations which require accreditations in Prince2 and PMI, but who do not follow the methodologies in practice.

As one put it -"It is either the agencies that do not understand the requirements, or the employers are asking for qualifications that they do not understand."

Many made the point that qualifications are not a substitute for experience, and talked about the "qualified incompetent". One PM in Central Government said "a lot of people who are

not project managers call themselves project managers and go to interviews and drive prices down - then fail to deliver.

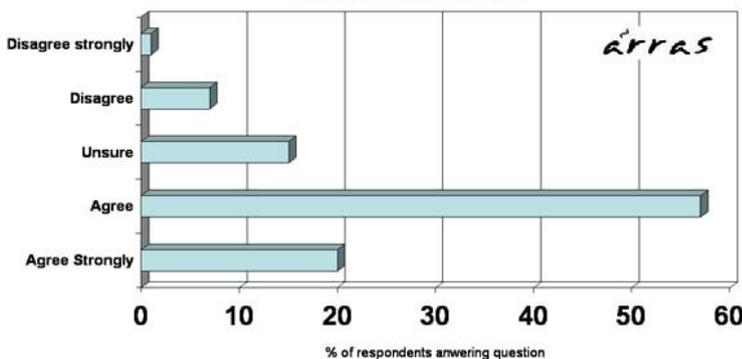
"Not good for the industry", he adds. "Too many academic people with little practical experience", was another comment among many similar.

Most comments on this subject echoed the findings of the survey - accreditation is here to stay, so better accept it. When professional accreditation is the norm -rather like ISO 9000 - then experience, track record and leadership ability will command a premium in the market- as they always have done.

Methodology	Rank	%*
Prince2 Practitioner	1	21
Prince2 Foundation	2	18
None	3	16
Other - Non listed	4	11
PMI - PMP	5	4
MSP - Foundation	6=	3
MSP - Intermediate	6=	3
MSP - Practitioner	6=	3
MSc Project Management	6=	3
APM - Introductory Certificate	7=	2
APM - Certificated Project Manager (IPMA Level B):	7=	2
APM - Practitioner Qualification (IPMA Level C)	7=	2
APM - APMP (IPMA Level D)	7=	2
BCS - Professional Accreditation	7=	2
ITIL - Foundation (Green)	7=	2
ISEB - PPSO Foundation	8=	1
ISEB - Certificate in IS PM	8=	1
ITIL - Practitioner (Blue)	8=	1
M_o_R	8=	1
PMI - CAPM	8=	1
ISEB - Foundation in IS PM	9=	0
ISEB - PPSO Advanced	9=	0
ITIL - Service Manager (Red)	9=	0
PPM Diploma	9=	0

*Percentage of respondents holding accreditation

Significant increase in demands for accreditation?



"Employers are asking for qualifications that they do not understand."

ARRAS

SURVEY SNIPPETS**Public sector growth**

62 % of respondents have seen a significant increase in public sector jobs, but 33 per cent are unsure. This is borne out by a 50 per cent increase in public sector jobs done by respondents, and by a general increase in public sector employment across the country, described by the Office for National Statistics (ONS).

Where do you go from here?

Our respondents are on the move! The overwhelming majority are looking for a new role in 2006. 75 per cent want to move on (45% "strongly"), 14 per cent are unsure. Only 11 per cent seem happy where they are.

The overwhelming majority of those who "Agree strongly" are permanent employees, plus, as you would expect, those who are between roles or not currently working.

We will do some more research later this year to investigate whether it is working conditions, money or employers who are driving this.

ARRAS®

Arras People
Arras House
47 York Street
Heywood
Lancashire
OL10 4NN

Tel: 01706 - 366444
Fax: 01706 - 366544

info@arraspeople.co.uk

<http://www.arraspeople.co.uk>

The Project Management Recruitment Specialists. Permanent, contract and interim project professionals across all industry sectors

Change in the profession**We asked: What are the biggest changes in Project Management in the last 5 years?**

Here are some of our 468 replies:

Organisation issues:

- "Greater integration of projects between business units and IT Groups." (Banking & finance)
- "Recognition of programme management as a distinct skill. Increased willingness to use contractors in project and programme management roles". (Banking & finance)
- "Organisations run numerous 'projects' over diverse disciplines. Those that manage these projects automatically call themselves project managers, even though they have no understanding of PM methodologies or the skills and experience to warrant the title." (Consulting)
- "Companies beginning to accept that Project and Programme management are skills in their own right". (Insurance)
- "Starting around five years ago I noticed that companies were moving from chaotic environments to structured environments based on CMM etc. In the last year or so chaos seems to be making a comeback". (IT)

Professional issues:

- "Employers pay much more attention to experience than formal education". (Banking & finance)
- "What has changed? Nothing much. There are just as many fools out there claiming that they can do project management". (Banking & finance)
- "PRINCE2 is being promoted as THE methodology when in fact an appreciation of other methodologies (APM BoK and PMBOK) is just as important". (Banking & finance)

- "The number of low-level administrators coming into the profession who have no management track record of any kind and who get chewed up. This is particularly so in central and local government, especially the NHS. The negative impact on the employing organisations is disastrous". (Central Government)
- "There are too many people with qualifications and absolutely no common sense." (Energy)

Working Conditions

- "Too much emphasis on process methodology and administration and less on good leadership experience and a strong delivery focus. As a result, good managers are being bogged down with paper pushing and feeding the tech-

roles and 30 years' successful experience doesn't count for anything". (Education)

- "Reduction in average daily rate. Lip service by clients to methodology. Lack of cost benefit analysis for projects by business clients. Offshoring to poorly performing out-sources which ends up costing more money than UK equivalent." (Banking & finance)

- "Employers are employing anybody with or without qualifications at the same rate or more than professionally qualified staff due to vast projects underway - the Olympics, Wembley, LUL and Terminal 5. There are severe skill shortages and people job hopping for best rate offered. Therefore the role and quality are severely compro-

mised". (Transport & logistics)

It's all about money

- "The discipline is becoming more professional, except that the focus on daily rates devalues the discipline as a profession". (Pharmaceuticals)

"There are just as many fools out there claiming that they can do project management"

nology rather than walking the floor and spending time with people and using their talents to manage risk and resolve problems. Processes don't deliver. Good managers do". (Central Government)

- "A proliferation of qualifications and training leading to increased expectations and demands in qualifications from employers, but not necessarily enough knowledge amongst non-practitioners to make sufficiently discerning recruitment decisions". (Consulting)
- "We are at last being taken seriously". (Rail)

Life in the Jungle

- "Drop in salary and increased completion for jobs". (Aeronautics & ships)
- "IR35 preventing training costs being tax deductible. Considered too old for most

- "I have seen salaries as a whole fall or at best stay the same, yet the workload and skill requirements needed to remain in the Project Management arena have increased. I don't think there will ever be the silly money about like there was at the end of the 90's". (Telecoms)
- "Clients want more for less" (Manufacturing)

- "The rates for contract project management roles have fallen. In my opinion a project management accreditation increases the chances of getting a higher rate and/or the job". (Banking & finance)

ARRAS®

The Programme and Project Management Recruitment Specialists - www.arraspeople.co.uk