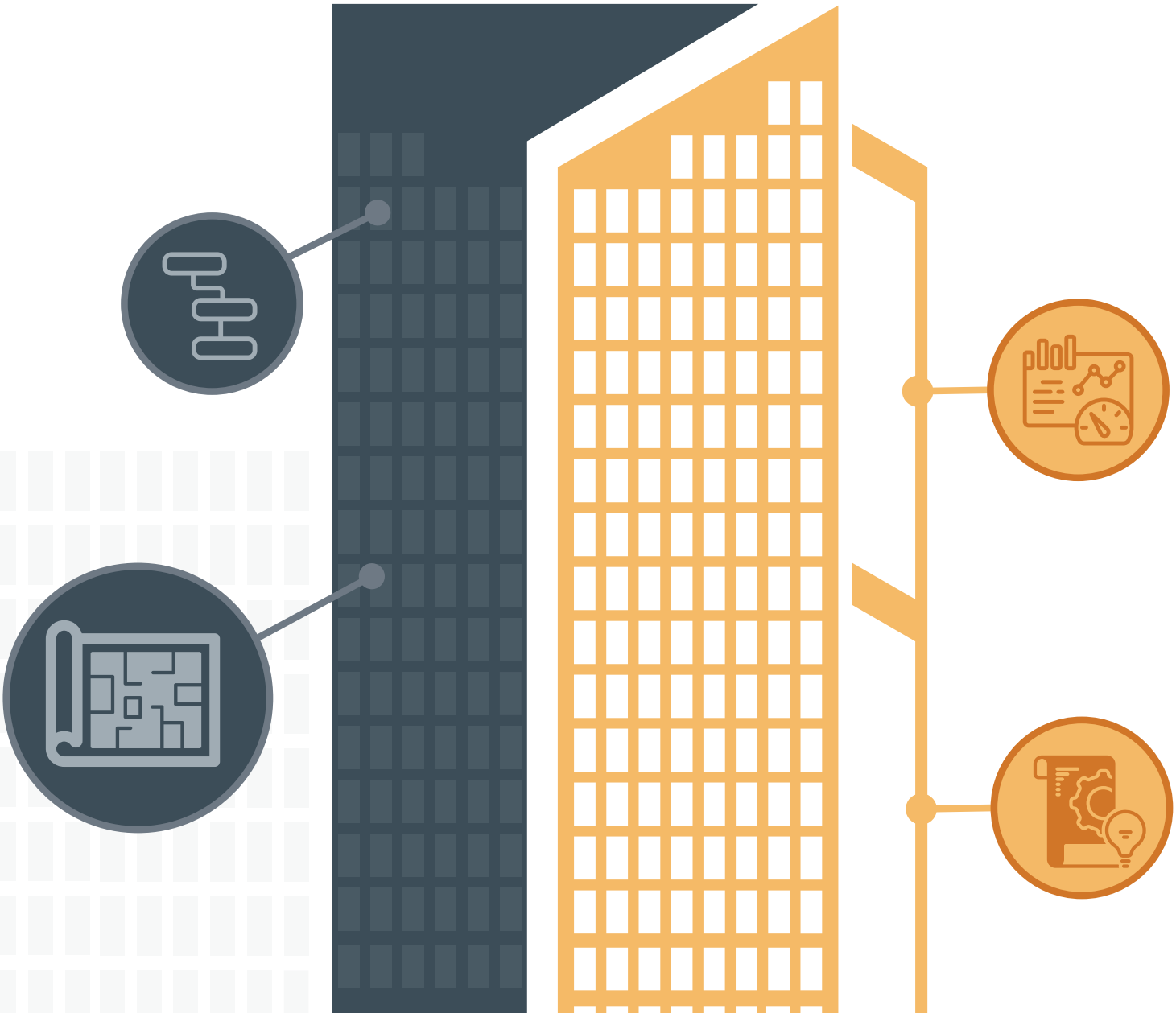
2026 PROJECT MANAGEMENT STUDY **PART 2**

FIRST QUARTER

WHAT HIGH PERFORMERS DO DIFFERENTLY DURING EXECUTION



PROJECT MANAGEMENT STUDY SERIES OVERVIEW

PART 1

Why Project Management Still Fails

The first part of our series outlined how early project manager involvement can lead to improved outcomes, but only to a point — illustrating the need to balance early input with other job responsibilities. It is also critical to have a clear understanding of best-in-class planning and collaboration, as well as how to create buy-in from field staff before a job starts to build momentum.

PART 2

What High Performers Do Differently During Execution

High-performing firms manage execution with discipline. In this part of our series, we explore how top contractors offset execution variabilities with discipline, clarity and consistent processes, turning potential chaos into predictable outcomes.

PART 3

How the Project Manager Role Is Evolving

Project managers are shifting from managers to business leaders, and the best companies are focusing on their development now. Learn how you can enable your project managers to drive financial results and deepen client relationships.

KEY EXECUTION THEMES

Firms that control execution chaos are more profitable.

High-performing contractors employ three non-negotiables: a structured, operational playbook; disciplined change order management flow; and prudent financial management, including cost-to-complete forecasting.

Playbooks guide practice and improve processes.

Predictability erodes quickly when process expectations become optional. Most (90%) of firms have a defined "company way," but with only 24% using these guidelines consistently, many are missing an opportunity to improve performance.

Change orders are the litmus test.

Change orders can dramatically impact project profitability. Contractors with highly consistent change order processes meet or exceed schedules 80% of the time, compared to 65% for less-disciplined peers. For specialty contractors, high change order discipline delivers 87% profit reliability.

Forecasting drives profit reliability.

Sound cost forecasting requires unwavering discipline. Accurate and consistent cost-to-complete forecasts correlate with the highest rates of meeting profit targets. Firms with the most forecasting rigor hit their budgeted profit objectives 92% of the time.

PART 2

WHAT HIGH PERFORMERS DO DIFFERENTLY DURING EXECUTION

High performers contain execution chaos through monitoring metrics, tight change order control and reliable cost-to-complete forecasting.

By Nelson Newman and Gregg Schoppman

Every project team wants its project to be successful. But as execution pressure increases, small misses can either be addressed early or allowed to accumulate. When left uncorrected, those early misses compound into cascading failures that erode both credibility and profitability.

As part of a larger research project we initiated last year, we asked 243 executives and 84 project managers at general and specialty contractors nationwide about execution discipline. This report, part two in a three-part series, explores how execution chaos unfolds and how high performers contain it through monitoring metrics, tight change order control and reliable cost-to-complete forecasting. Included are insights that executives can implement immediately.

EXECUTION CHAOS: WHEN EVERY PROJECT FEELS LIKE A ONE-OFF

Firms rarely miss goals because their teams lack the skills to do their jobs. They miss goals because they lack discipline under pressure.

"Execution chaos" is a catch-all term for the inconsistent processes, uneven leadership rhythms and reactive firefighting that hamstring productivity and profitability.

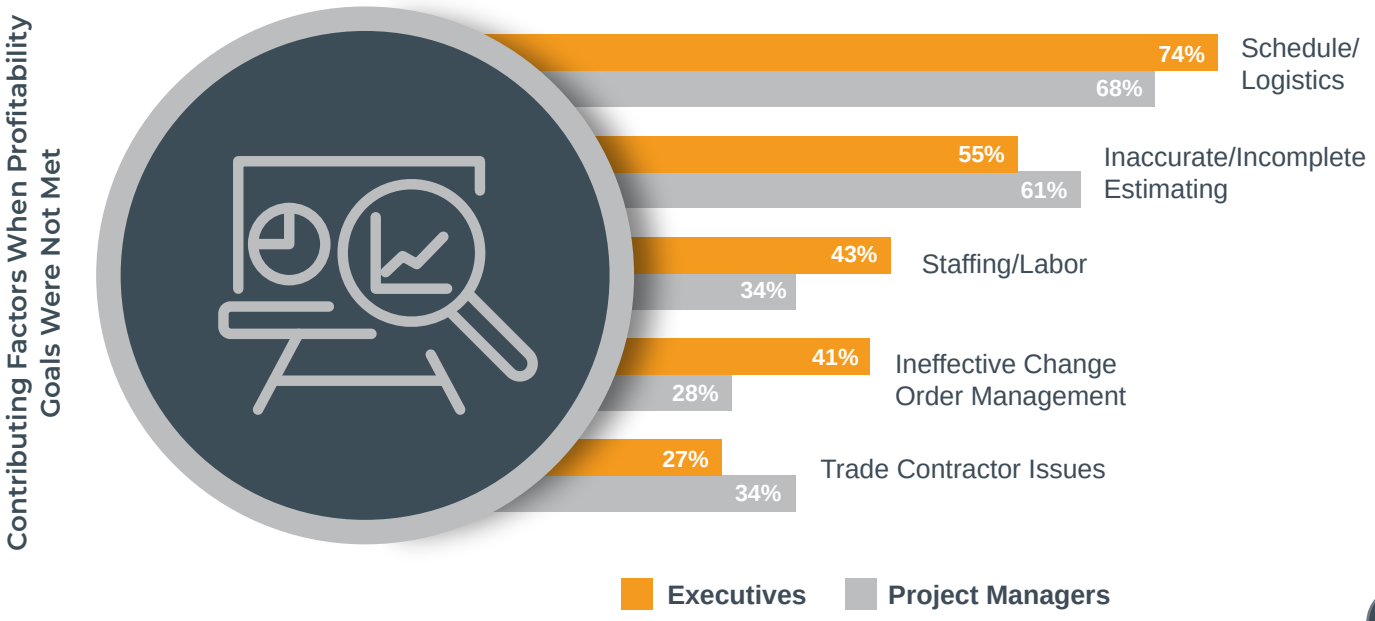
Leaders and project managers agree that chaos occurs in five main areas, but disagree on the extent. Executives rank scheduling/logistics, staffing/labor and change orders as more significant profit risks than managers do. In contrast, project managers consider inaccurate/incomplete estimating and trade contractor issues to be riskier than leaders do.

"Project managers' biggest challenge seems to be finding time to do everything properly, including submittal review, scheduling, documentation, change order management and closeout."

— Executive at a mid-size general contractor

EXHIBIT 1: Barriers to Hitting Profitability Goals

% of Respondents Selecting as a Top-Three Factor



Ask yourself:

- Is our firm investing enough in execution discipline up front to avoid expensive misses later, or are we paying for avoidable rework in the form of margin erosion?
- Do we know early on when the standard is missed and who is accountable for correcting it?
- What changes when those misses are visible, forcing fast correction and consistent results?

Profitability is shaped at bid and realized in execution. The estimate establishes the margin opportunity, but once a project is awarded, financial performance reflects how that opportunity is managed as work unfolds.

Survey responses reinforce this distinction. When projects fall short of profit targets, respondents point to what happens after mobilization—how risk is identified, decisions are made, and controls are applied as conditions change over the life of the job.

In practice, execution is where margin is either preserved or surrendered.

So why are some firms able to contain execution chaos and deliver consistent results? Because they commit to a small number of execution disciplines and reinforce them relentlessly. These firms understand that winning does not come from doing more — it comes from doing the right things consistently.

In practice, that commitment shows up in three non-negotiables that translate standards into daily behavior and drive high performance:

An operational playbook embedded in the culture and applied consistently.

Change order discipline that keeps scope, cost, schedule, and risk visible as work evolves.

Forecasting rigor that turns data into decisions and reinforces accountability.

FROM PROCESS TO PRACTICE: THE POWER OF THE PLAYBOOK

Successful firms have a culture of accountability up and down the organizational chart and across the project portfolio.

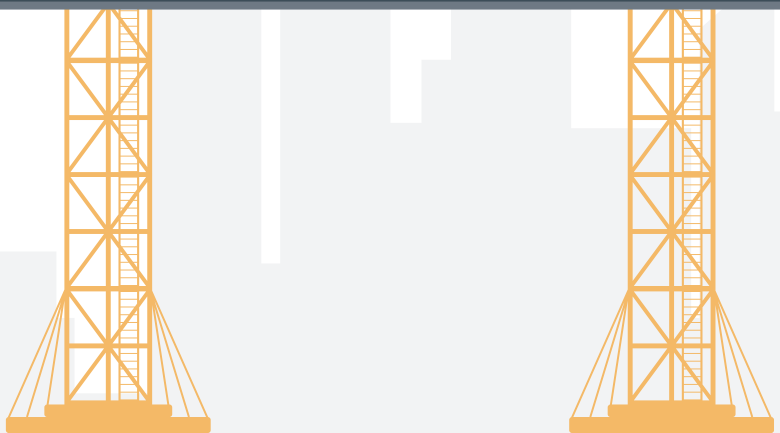
The firms that outperform their peers turn their operational playbook into disciplined, repeatable habits, executed the same way across projects, even when real-world conditions make consistency hard. But while almost every contractor (90%) participating in our survey said they have a defined set of operating principles and processes to guide projects consistently and profitably, few (24%) use it routinely.

Operating with moderate consistency may feel sufficient in stable times, but when workloads surge, your team grows or project margins are stretched thin, predictability erodes. The result is poor execution, which manifests in three ways.

- **Ineffective onboarding:** New hires learn the habits of the people they shadow instead of standard processes and practices, and/or import bad habits from their previous employer.
- **Decreased management insight:** A lack of visibility into operational controls makes risks harder to see and compare across jobs, and causes support teams to chase different processes and expectations.
- **Poor client satisfaction:** Customer experience varies depending on the team worked with, and results vary between similar jobs.

Leaders across general contractors and trades see the same pattern of missteps, especially as companies scale to take on larger, more complex projects.

Nearly **90% of contractors** report having a defined project management playbook, yet only **24%** apply it consistently across projects.



WHAT LEADERS CAN DO

Define the playbook.

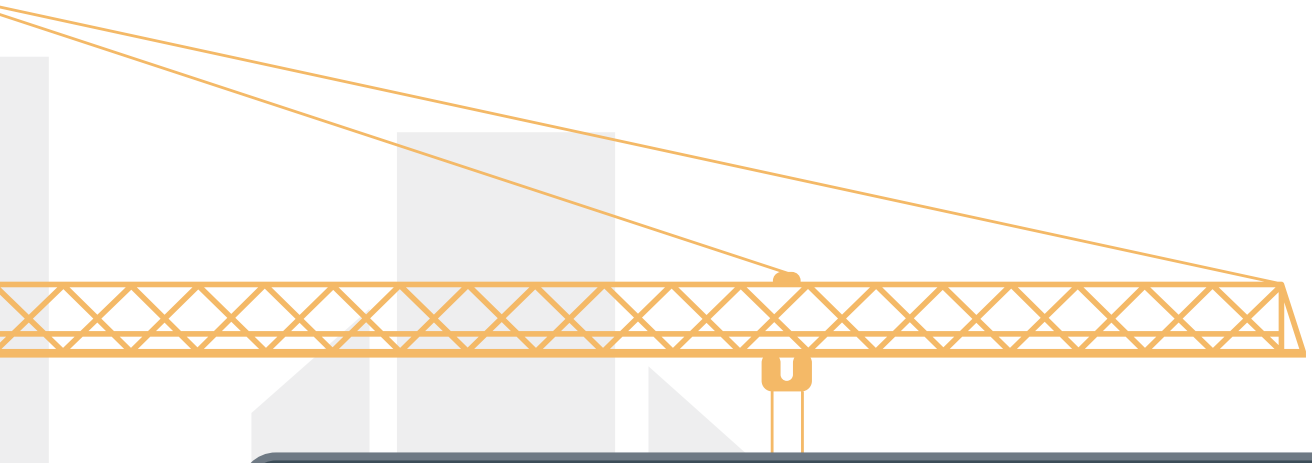
Set one clear standard per critical process, specifying steps, expectations and approach to troubleshooting, and update as needed. "As projects get larger and more complex, systems and methods must evolve so the team structure can keep up," explained an executive from a $50 million self-performing general contractor.

Train the playbook.

Your operational playbook is the set of non-negotiable behaviors, standards and processes that define how work should be executed across every project. Review it regularly and provide explicit training for both new hires and current team members. One executive at a $35 million drywall company summarized their five-year focus this way: "Comprehensive training on consistent standards, clear processes every project manager follows and stronger senior-leader accountability."

Measure behaviors that create results and drive a culture of accountability.

Inspect what you expect. Measure compliance according to stated expectations. Remember that success comes from identifying the specific behaviors that reliably produce the results you want. Focus on reinforcing those behaviors and processes — not chasing the results after the fact. When the right behaviors happen consistently, the results follow.



Measure Behaviors to Drive Accountability

The simplest way to make accountability stick is to measure the behaviors that create results. For example, how many emergency calls does your shop field each day? If the yard is getting hammered with last-minute requests, grading how fast you meet the demand is not measuring the root issue. Count the number and source of emergencies each week and work with field leaders to reduce them. Improved planning means fewer emergencies, which leads to fewer resource-driven delays.

Consider running a weekly materials look-ahead: by a set cutoff, field leaders submit next week's needs by area or phase. The shop validates quantities, kits by crew and stages for scheduled drops. In the Monday huddle, review three numbers — last week's emergencies, items added after the look-ahead and on-time submissions — then fix the biggest problems immediately.

WHERE OPERATIONAL LEADERS SHOULD START REDEFINING THE PLAYBOOK

Start small.

Select one or two high-impact processes critical to the success of each job. Map out the process(es) from A to Z with input from key stakeholders and ensure everyone buys into the notion of "how we should do this at our company." Then, work on building consistency and quality in execution on every job. Make sure these core fundamentals are done right every time before you move on. Assign a single owner, and define what "done right" means with clear turnaround expectations. Mastering a few essential routines produces far better results than partial adherence to many.

Ensure consistency.

Monitor project management operating expectations and key processes to make sure they run the same way across jobs. This creates a system people trust when the pressure rises. It is also how you move performance from person-dependent to system-dependent.

Increase clarity.

Rather than instituting tighter controls, focus on delivery clarity: clear ownership, defined standards and transparent tracking, regardless of the project manager or the project. When scope or conditions shift, process clarity guides an efficient and effective response.

WHERE PROCESSES FAIL

Processes usually break down for one (or more) of four reasons:

- People do not know the process exists or haven't been trained recently.
- Workers do not know how to execute it the "company way", so they improvise based on habit.
- Employees do not know when the process applies because triggers, cutoffs and/or deadlines are unclear.
- There is no incentive or consequence, so compliance feels optional.

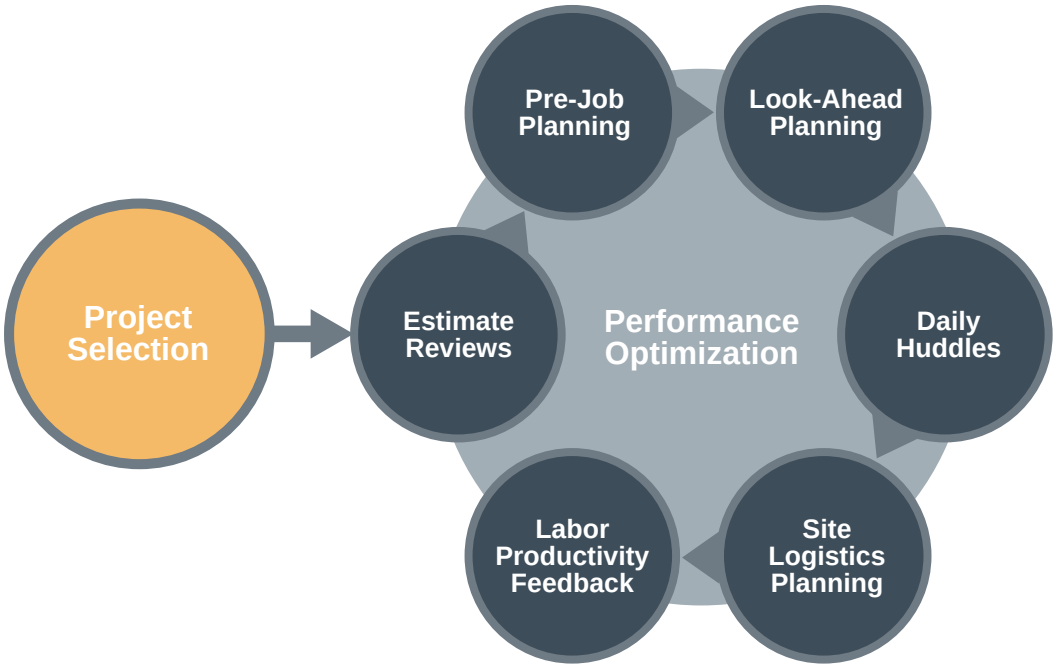
If leaders diagnose process failures through this lens, it becomes much easier to decide whether the fix pertains to communication, training, tooling and/or accountability.

FMI PERSPECTIVE

Operational discipline is not about enforcing every procedure; it is about identifying the handful of processes that truly drive results and executing them without exception. The goal is not to add more policies, which are too often codified reactions to one-off situations. Instead, focus on the few management routines that consistently drive performance. Processes should solve problems that matter.

Every essential process should have a designated champion — someone accountable for maintaining and improving it — just as a manager is accountable for developing people.

EXHIBIT 2: Core Operational Processes



Ask yourself:

- Do we have a clear, simple way of doing things that everyone understands and follows?
- Have we defined and reinforced the five to eight core processes that drive results and can not be left to discretion?
- When pressure rises, do we rely on our process or revert to improvisation?
- Do we measure what matters most, or what is easiest to track?
- Do we only measure downstream results (profits, costs) and fail to measure the behaviors that influence those downstream results?
- Are process deviations treated as opportunities to learn or simply accepted as normal?

THE CHANGE ORDER TEST: WHERE PROCESS MEETS PRESSURE

Change orders are the day-to-day proof of how your process management system is working.

The way project managers run change orders is an indication of leadership and execution discipline. If we want project managers to act as CEOs of their projects (see Part 3), change order management is their proving ground.

Across our research data, one theme stands out: change orders shape schedule performance and profit margins. Firms with a highly consistent change order management process meet or exceed schedule expectations roughly 80% of the time, compared with about 65% for those with only moderate or minimal consistency.

Our research also reveals an important perception gap that undermines predictability. Project managers often rank change orders' impact on schedule, profitability and client experience lower than executives do. Forty-one percent of executives cite it as a primary driver of profit misses, yet only 28% of project managers do.

Visibility into change orders is what keeps project managers in control. Seeing how changes affect contract value, project costs, schedule commitments, and risk as the job evolves allows teams to act early and execute with intent.

EXHIBIT 3: Change Order Discipline Correlates With On-Time Project Delivery

That same discipline directly protects profit margins.

- **General contractors** with highly effective change order processes report meeting or exceeding project profit margins 68% of the time, compared to 61% for those with moderate or minimal effective change order processes.
- **Specialty trade contractors** with highly effective change order processes report meeting or exceeding their project profit margin targets 87% of the time, compared to just 64% among those with moderate or minimally effective processes.

Even one of the most basic steps in change order management, client authorization, is often a point of confusion or inconsistency in contractor organizations. The ability to secure and price change orders effectively is part of creating project discipline. To avoid conflict or keep the client happy, some project managers proceed to address casual requests without formal authorization. This often backfires. "[If] we proceed too quickly without formal approval, then the client gets sticker shock, and the amount gets adjusted," noted an executive at a $360 million general contractor.

The most reliable performers resist the instinct to please, and follow one clear standard: no work proceeds without written authorization. As one executive put it, "Put the instinct to please on hold and complete change orders only with written approval."

Standardizing this workflow is the fastest way to protect margins and relationships.

WHAT LEADERS CAN DO

Explain and train the process.

Make sure every party understands the change order process — roles, timelines and decision rights so the process runs smoothly. This includes involving specialty contractors, so that details get ironed out in a single conversation instead of a slow back-and-forth.

Support dialogue.

Improve speed by letting trades explain scope and constraints directly to the owner. An executive at a $200 million electrical contractor framed it this way: “General contractors try to explain the complexities of electrical and low voltage to owners. Give us a seat at the table, and approvals move faster.”

FMI Perspective

Elevating your change order management requires that you take a careful look at how information is captured, analyzed and shared. Consider the questions below.

ASK YOURSELF:

- How often are change orders scoped, priced and integrated into the schedule before approval?
- Even if duration is covered, how will the change disrupt flow and slow the job’s momentum?
- Are project managers applying change order standard operating procedures the same way on every job?
- Do we have clear turnaround standards (e.g., pricing within five business days, mapped approvals), and are we consistently meeting them?
- Are schedule and cost impacts quantified and integrated into the current schedule and cost-to-complete?
- How much work is being performed at risk (directive/time and material/verbal), and what is the margin at risk?
- After approval, are budgets, commitments and labor plans updated in real time, so field and office teams are working from the same baseline?

FORECASTING: A DISCIPLINE, NOT AN UPDATE

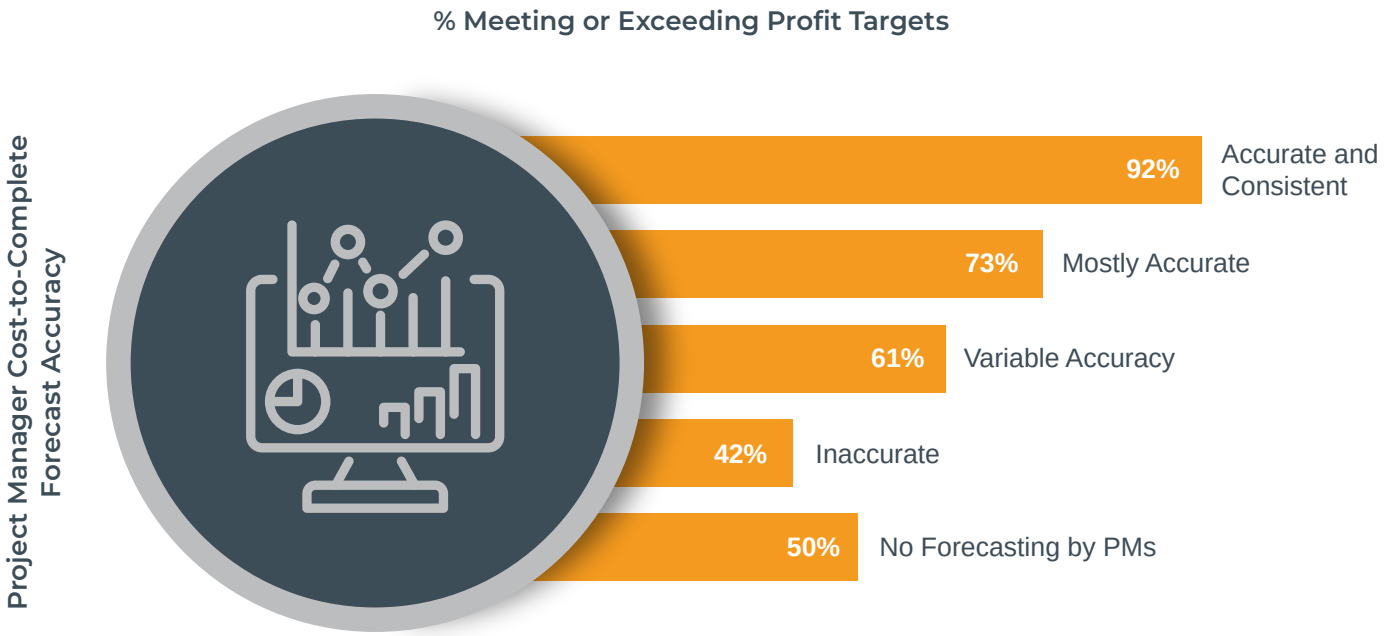
Best-in-class project managers know where they stand and where they're going, and have a plan to get there.

The highest-performing companies know that forecasting isn't about forms — it is about maintaining control over what the future looks like, positioning for success, and making timely corrections where they can deliver meaningful impact. They run monthly cost-to-complete forecasting as an operating system, updating in real time. This discipline leads to greater profitability.

Firms with accurate, consistent forecasts meet or exceed profit targets 92% of the time. Profit reliability falls sharply to 73% for those who are mostly accurate, and plummets to 42% when forecasts are inaccurate. Despite the evidence, only 8% of project managers cite cost-to-complete forecasting as a critical development need for their team, versus 40% of executives. This disconnect can erode leaders' confidence in the numbers.

When project managers don't build forecasting discipline, the business defaults to lagging indicators and after-the-fact corrections. Without the tools to extract clean data, reporting weakens and project managers assume they're on track until variances surface too late to recover.

EXHIBIT 4: Accurate, Consistent Forecasting Strongly Correlates With Profit Reliability



WHAT LEADERS CAN DO

Make data-informed decisions.

Forecast discipline is the strongest predictor of operational control, because it converts activity into decisions. This decision ladder is a useful framework for transforming analytics into actions:

- **Data → Information:** Know the source, completeness and timeliness of each figure, and validate its quality. Convert raw numbers into structured, reliable inputs the team can use.
- **Information → Knowledge:** Interpret those inputs in context — what they imply about productivity, progress, risk exposure and/or emerging constraints.
- **Knowledge → Decision:** Act on what the forecast signals, including resequencing work, adjusting crew levels, escalating issues, capitalizing on opportunities and/or documenting key assumptions.

Prepare project managers.

Show project managers the role of forecasting in predictable profitability, then give them the training and tools to change behaviors and meet expectations. To do this, focus on:

- **Cadence**. Monthly, quantity-based updates tied to realistic production rates, with weekly touchpoints.
- **Clarity**. The project manager develops and owns the forecast, but the field leader provides key insights and reviews it with the PM. The two roles must approve/sign off together.
- **Visibility**. Variances reviewed visually (graphs, trendlines) and explained.

When you exercise forecasting discipline, data is turned into the decisions that cultivate a culture of accountability and produce predictable profitability.

Ask Yourself:

- Do we review a quantity-based, cost-to-complete forecast monthly for every job, with variance explanations?
- Are forecast errors tracked and coached, or simply overwritten?
- Can leadership see forecast accuracy by division/project manager over time?
- Do we correlate non-financial variables like schedule, document control and safety with financial data?

TRAINING AND LEARNING: THE CRUCIAL FORCE MULTIPLIER

Learning is the differentiator between good and great.

"Work smarter, not harder" is more than a catchy adage. The most successful leaders promote a growth mindset, knowing that a project isn't finished until they capture and share lessons. Yet few follow this valuable practice, with the majority of contractors in our research (61%) conducting post-job reviews sometimes, rarely or never.

Without a structured post-project debrief, knowledge stays local, processes don't get updated and avoidable mistakes are repeated. Experience only compounds when it is captured and shared.

Here's an example:

- **Team 1** breaks the work into phases, tracks productivity and closes with a planned-versus-actual debrief.
- **Team 2** relies on experience, gets the project done and moves on without capturing what changed, what worked, or what did not work.

At completion, both teams have gained experience. The difference is that Team 1 converts experience into evidence the organization can reuse, while Team 2's learning remains informal, personal, and effectively lost once the team moves on to the next project.

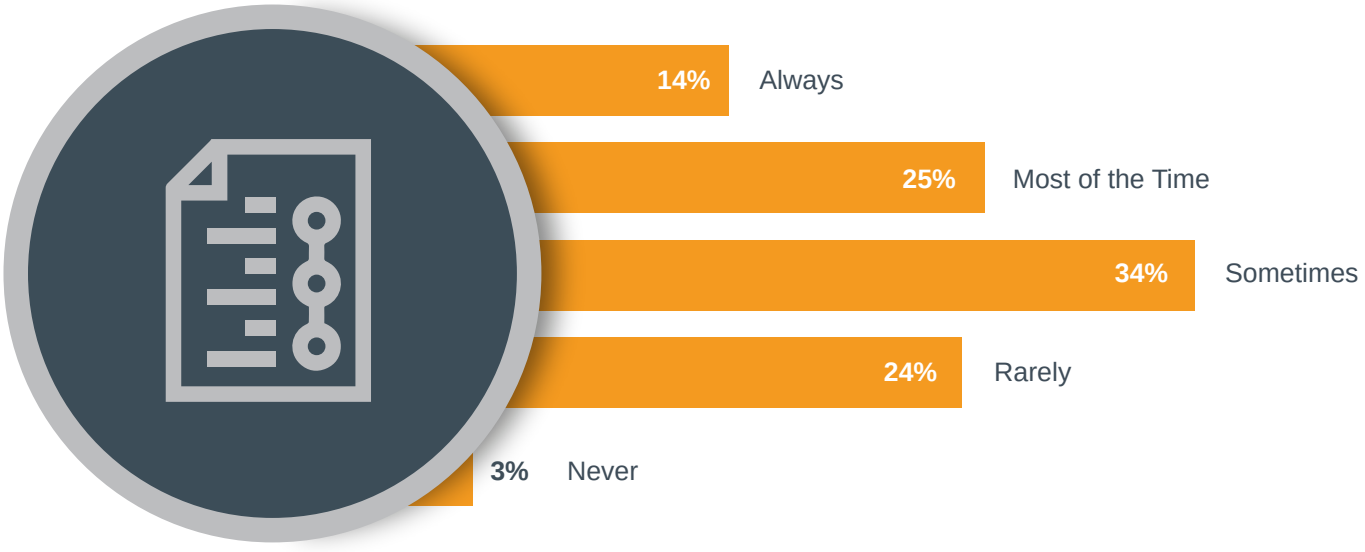
Over time, only one of these approaches compounds value.

Instead of relying on casual post-project reports, implement information gathering up front, through phases, quantities, productivity and planned-versus-actual. Then the lessons can feed into estimating, planning and execution across jobs.

The best post-project debriefs are informed by data that has been captured with discipline throughout the life of the project. The debrief is an executive summary of the information we already have. Its review with the project team and relevant stakeholders drives productive conversation about what we learned, what to repeat/not repeat on future jobs, and who else in the organization could benefit from these insights.

The most critical next step is capturing all of this information in a database that is easily searchable by all estimating and execution teams across the organization.

EXHIBIT 5: How Often Post-Job Reviews Are Conducted



WHAT LEADERS CAN DO

Leaders must ensure lessons learned become standard practice, not isolated experience. That requires clear training on core processes, consistent application across project managers, and visible accountability from senior leaders. When standards are understood, reinforced and enforced, learning compounds and execution becomes more predictable from project to project.

Ask Yourself:

- Have we established when documented "lessons learned" are required (e.g., for all jobs, jobs over X hours or $X revenue, all jobs with new clients, all jobs with new project managers or superintendents)?
- What were the largest variances between planned and actual?
- What did we learn about suppliers and trade contractor partners?
- What did we learn about this particular project type?
- What did we learn about the client and how we served them? What are their preferences and priorities?
  - What went well?
  - What will we stop doing, start doing and keep doing? Do any key processes need to be refined to reflect this?
- Where are the documented lessons stored so others can refer to and leverage them?

WHAT'S ON THE HORIZON: FMI PROJECT MANAGEMENT STUDY PART 3

The root causes of project failure do not disappear after mobilization. Best-in-class teams distinguish themselves through disciplined execution. Part 2 examined how execution chaos unfolds once work begins, and how high performers contain it through tighter change order control, leading indicators and reliable cost-to-complete forecasting.

Part 3 looks ahead to the evolution of the project manager role. As projects grow more complex, margins tighten and technology accelerates, leaders face a choice: define the project manager role with intention or allow it to default into a patchwork of reactive tasks. We will explore the people-versus-process dynamic, and the skills, systems, training and structures that position project managers and their organizations for consistent results.

AUTHORS

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Before joining FMI, Nelson's passion for building led him to serve as a construction supervisor and engineer at a global engineering and defense contractor, overseeing the new construction of nuclear-powered aircraft carriers and submarines. He can be reached at nelson.newman@fmicorp.com.

GREGG SCHOPPMAN specializes in productivity and project management for general and trade contractors across the country. He also facilitates strategic planning and evaluation services focused on organizational transformation. Gregg was named one of the Top 25 Consultants in the World in 2014 by Consulting Magazine and is also the recipient of the Association of Management Consulting Firms' High Five Award for consulting excellence in 2013.

Gregg leads FMI's Operations consulting practice as the discipline leader. Gregg has been a featured instructor in FMI's Project Manager Academy and regularly trains at all levels of construction, from foreman to CEO.

Gregg often addresses industry organizations and has also been a featured keynote speaker for Viewpoint, Sage and Autodesk. With Viewpoint, he is a founding member of the Alliance for Construction Productivity. Gregg has successfully completed engagements all over North America and throughout the world, including Mexico, Canada and Russia.

Before coming to FMI, Gregg was a senior project manager for a general contracting firm in central Florida, completing complex and sophisticated construction projects in several niches and geographic markets. He can be reached at gregg.schoppman@fmicorp.com.

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