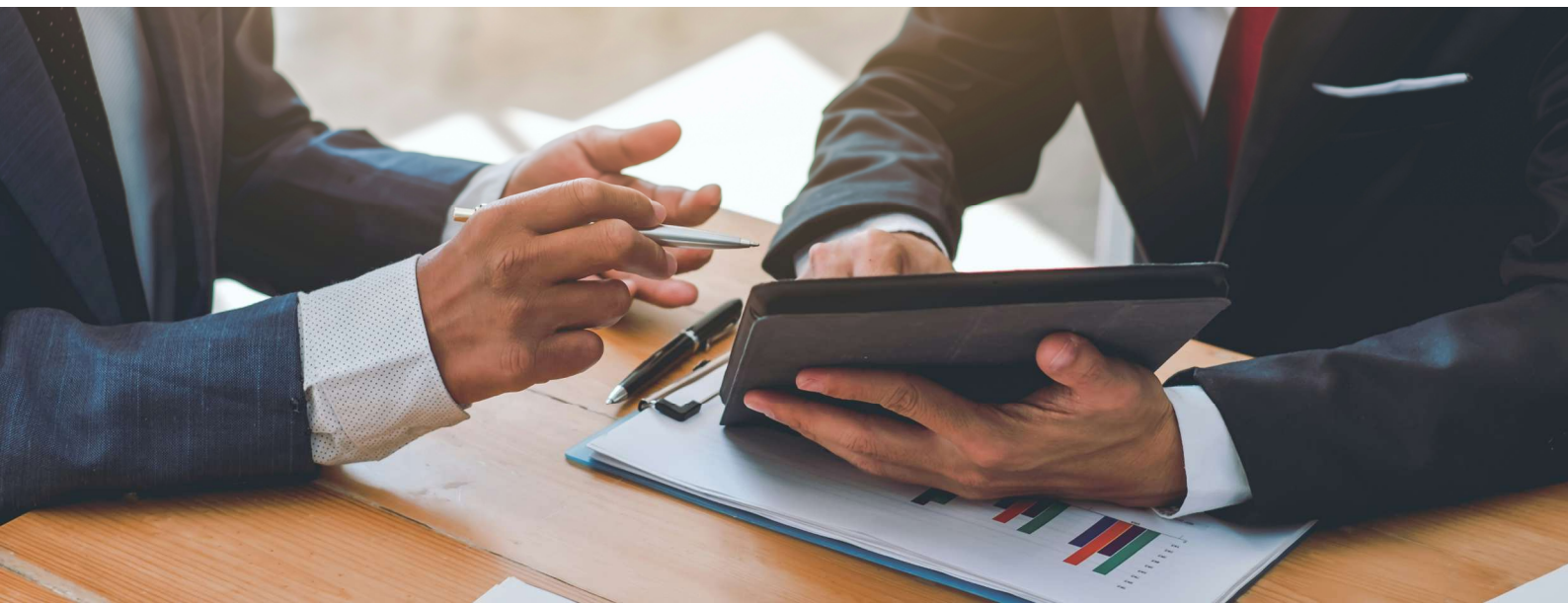


Project Business Management ^{1,2}

Sponsoring Project Business

Oliver F. Lehmann

“It takes 20 years to build a reputation and five minutes to ruin it.”
– Warren Buffett



Summary

In project business, work is delivered across corporate boundaries by customers, contractors, and subcontractors and the role most often misunderstood, yet most consequential when it fails, is the project sponsor. The article separates the project charter – the internal agreement between sponsor and project manager – from the contract that legally binds the organizations, and closes on how to build that charter deliberately rather than leave it to assumption.

¹ This is an article in a series by Oliver Lehmann, author of the book “[Project Business Management](#)” (ISBN 9781138197503), published by Auerbach / Taylor & Francis. See full author profile at the end of this article. A list of the other articles in PM World Journal can be found at <https://peworldlibrary.net/authors/oliver-f-lehmann>.

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Behind schedule

A project manager – call him Art – was building a custom piece of equipment for a manufacturing client. As the contractual delivery date approached, he saw what no project manager wants to see: the machine was going to be late. A month, maybe more.

He did the responsible thing and went to Ted, his project sponsor, intending to warn the customer. The sponsor stopped him. *Let's wait and see what happens.*

What happened looked like luck. Just before the deadline, the customer called – not to chase delivery, but to ask for a delay of their own. The new manufacturing hall meant to house the equipment wasn't ready as scheduled, and they had nowhere to put it. The sponsor graciously offered to keep the machine on the contractor's premises until the client could take it. He even charged rent to store equipment that was presented as finished and delivered on time – when in truth it was neither. The customer accepted this offer, happy that this issue was resolved, and allowed focusing attention on the delay in the construction.

It seemed brilliant. The delay was invisible to the customer, and the company was even paid to conceal it. This looked like good contractor business.

Then an employee left, applied for a job with that very customer, and told them the real story. The trust between the two organizations never recovered – and the rent, the clever timing, the whole carefully managed silence became the evidence of bad faith rather than a footnote nobody would ever see.

Smart on Monday, expensive for years

This is the trap, and it's worth naming plainly: over the short term, ripping off a business partner looks smart. The numbers work. The deadline is met on paper, the storage generates revenue, and the awkward conversation is avoided. Every immediate incentive points toward the lie.

The bill comes later, and it's paid in a currency the short-term ledger doesn't track: reputation and trustworthiness. A reputation for integrity takes years to build and a single discovered deception to destroy. Once the customer learned the truth, every past dealing was recolored and every future one was foreclosed. Trust, unlike a late machine, cannot be delivered a month behind schedule. It does not come back.

That asymmetry is the whole lesson. The cleverness was real but small and temporary; the damage was dumb and large and permanent. In project business – where the same firms meet again and again across contracts, where references travel, and where, as Art's story shows, people carry the truth with them when they change jobs – the long game is the only game. The partner you fool today is the reference you lose tomorrow.

What makes the trap so durable is that the person who books the short-term win is rarely the person who pays the long-term bill. The sponsor who silenced Art collected the on-time delivery and the rent this quarter; the reputational damage landed on the organization, and on whoever was holding the customer relationship years later when the truth came out. Gains that are immediate, personal, and visible, set against costs that are deferred, collective, and diffuse — that is precisely the incentive structure that manufactures concealment. It is also why integrity cannot be left to individual restraint in the heat of a deadline. It has to be built into the role, so that the honest move is the expected one rather than the brave one.

And the discovery is not the bad luck it appears to be. Art's secret surfaced because an employee changed jobs — but people change jobs constantly, information walks out the door with them, and in an industry where the same firms meet again and again across contracts, the question is never whether a buried deception surfaces but when. Treating exposure as a freak event is the gambler's error. Over a single project it may stay hidden; over a career, the house always collects.

Sponsors govern; they don't micromanage – and they don't conspire

Look again at what Ted, the sponsor, actually did, because he failed in two directions at once.

He reached *down* into a decision that wasn't his to make. Whether and how to communicate a slip to the customer is project-management work, and Art had it right. The sponsor overrode it – that's micromanagement, the sponsor meddling in the operational call instead of trusting the manager he appointed to make it. And he made the call badly, substituting his own poor judgment for his PM's sound one.

At the same time he abdicated the thing that *was* his to do. A sponsor's real job is governance: setting the frame the project runs inside – the project manager's authority, the escalation path, the success criteria, and the non-negotiable standards of conduct the project will hold to, especially toward the customer.³ Governance is precisely where this sponsor went absent. He didn't uphold an integrity standard; he dismantled one. He didn't protect the relationship the project existed to serve; he sold it for a few months' rent.

³ (Cooke-Davies, 2005; Crawford, et al., 2008)

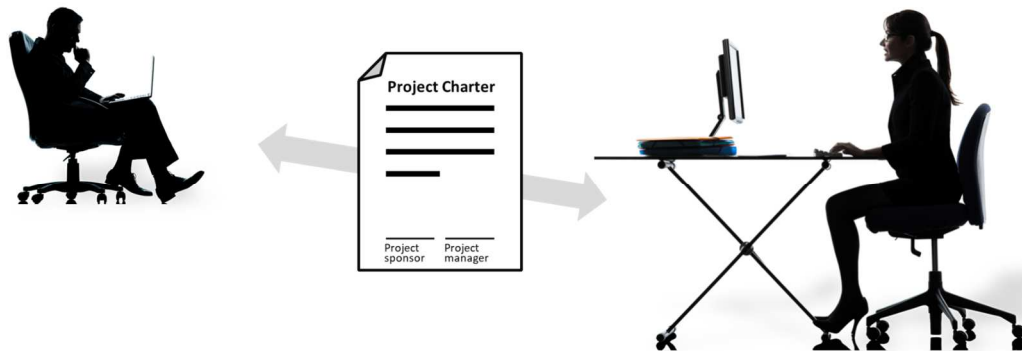


Figure 1: The project manager and the project sponsor have the project charter as an internal agreement.

That's the inversion to watch for. A weak or compromised sponsor tends to meddle in the details that belong to the project manager while neglecting the governance that only the sponsor can provide. A strong sponsor does the reverse: stays out of the PM's operational decisions and stays firmly in the questions of direction, authority, and integrity.

Why every party needs a champion, not just an initiator

It's tempting to think of the sponsor as the person who gets the project off the ground: secures the budget, signs the charter, says go. That's an initiator. Initiators are necessary and not sufficient. The moment the kickoff ends, an initiator considers the job done, and the project manager is left alone with the hard parts.

A champion is something else. A champion stays. They are the project manager's direct escalation channel when a decision exceeds the PM's authority, their air cover when bad news has to reach people who won't enjoy hearing it, and their sparring partner when a plan needs pressure-testing against someone with more organizational weight and a real stake in the outcome.⁴ A good sponsor is the person a project manager can walk in on and say "we're going to be a month late" – and trust that the answer will be "then let's figure out how we tell the customer," not "then let's make sure the customer doesn't find out."

And this isn't a one-sided need. Every party at the table carries it.⁵ The contractor needs a sponsor who guards the integrity of what gets promised and delivered. The customer needs a sponsor on *their* side, empowered to make timely decisions and absorb bad news without shooting the messenger – a customer with a weak internal sponsor will hide problems from their contractor just as readily as Art's sponsor hid problems from the customer. And subcontractors need sponsors too, because a subcontractor whose escalation path dead-ends at someone with no authority becomes the silent fault that surfaces, like Art's late machine, at the worst possible moment.

⁴ (Englund & Bucero, 2015; West, 2010)

⁵ (Association for Project Management, 2018)

When every party has a strong, engaged sponsor, escalation flows. Problems travel up to where they can actually be solved, and they travel up early – while they're still cheap. When one party's sponsor is a mere initiator, or a present-but-compromised one, that party becomes the place where bad news goes to hide, and the whole project inherits a concealed fault.

Two different jobs, the same ceiling

It's worth being clear that the project manager's job isn't even the same job on both sides of the contract.

On the customer side, the project manager orchestrates a supply chain – often across multiple tiers. The work is integration: aligning contractors, and the contractors' own subcontractors, toward a result the customer is assembling but mostly not building. The PM's leverage over most of these players is contractual and persuasive rather than direct; success is making organizations you don't own pull in the same direction.

On the contractor side, the project manager runs a profit center. The project isn't only a deliverable; it's a business with revenue, cost, and margin, and the PM owns the financial result. The discipline is different – a customer-side delay is a coordination problem, but a contractor-side delay is a hit to the number the PM is accountable for.

Two different jobs – and yet they fail at the same place. Sooner or later each project manager runs out of authorization: the decision in front of them is bigger than the mandate they were given. That ceiling is universal. What's needed at that moment isn't a manager who happens to outrank them, but a champion – one with an open-door policy, so the PM can reach them *before* the problem hardens, and with the capacity to loan strength, budget, and decision power when the PM's own runs out.

And here is the part that separates a real champion from a nominal one: power delegation in an organization is a zero-sum game. When a sponsor lends decision power to a project manager, they are spending their own – every unit of authority handed down is authority the sponsor no longer personally holds. An initiator avoids this; they keep their hands clean and their power intact, which is exactly why they're useless the moment a PM hits the ceiling. A champion accepts the cost. They are willing to spend their own standing to back their project manager – and the test of one is whether they spend it *for* the PM and the relationship, or, like Art's sponsor, spend it against both.

The charter and the contract are not the same agreement

This is where the project charter earns its keep, and where it pays to be precise about what it is and isn't.

The charter is an *internal* agreement. It's the understanding between the project manager and the sponsor: it authorizes the project, names the project manager, and – the part people skip – defines the project manager's authority and the sponsor's commitments. It states what the project is for, what counts as success, what the PM may decide alone, and what must escalate. A real charter is the document that would have made Art's position defensible. Had the charter named transparency with the customer as a sponsor-level commitment, the override wouldn't have been a quiet judgment call; it would have been a visible breach of the project's own founding agreement – something Art could point to.

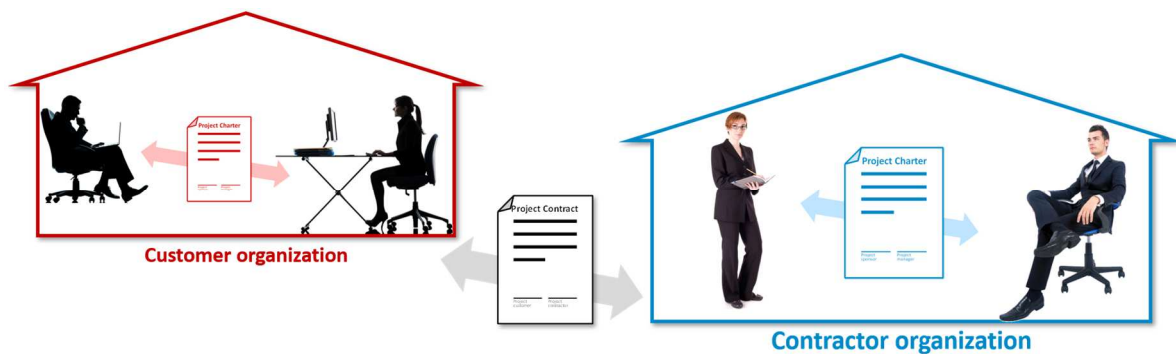


Figure 2: On both sides customers and contractors should be project managers, sponsors, and charters.

The contract is a different instrument entirely. The contract is the *external* agreement, the legally binding relationship between the organizations – customer and contractor, contractor and subcontractor. It governs obligations, deliverables, deadlines, liability, and remedy. It is enforceable in a way the charter never is, written for a different audience and a different purpose.

The distinction matters because the two are easy to conflate and serve different masters. The contract protects the organizations from each other. The charter aligns the project manager and the sponsor *within* an organization so they can deliver on that contract in good faith. A contract can be airtight and the project still rot from the inside if the charter is missing or hollow, because nothing internal compels the sponsor to behave well. And a strong charter doesn't replace the contract – no amount of internal alignment makes a handshake enforceable across company lines.

Art's story is, at bottom, a charter failure dressed up as a contract success. On paper the contract was satisfied: equipment delivered, on time, even generating rent. Internally, the agreement that should have governed how the project manager and sponsor behaved toward the customer either didn't exist or didn't bind. And so the thing that was legally fine became the thing that destroyed the relationship the contract was there to protect.

Forging better charters

If the moral of Art's story is that a strong, integrity-minded sponsor relationship has to be built deliberately – not assumed – then the charter is where you build it.

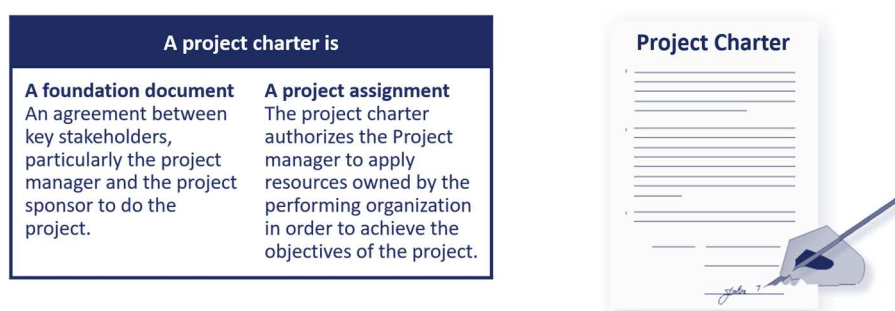


Figure 3: The project charter is the foundation document of the project and the assignment of the project manager.⁶

That's also where most projects are weakest, because a good charter is genuinely hard to draft. It has to capture authority, escalation, success criteria, and standards of conduct clearly enough to bind two people who may be tempted, later and under pressure, to reinterpret them.

This is the gap **Charter Forge** is made to close. It's a free Project Charter Generator from the Project Business Foundation, built for exactly the cross-corporate world this story lives in, and it helps a project manager and sponsor produce a charter that does more than authorize spending. A charter shaped this way names the escalation channel before anyone needs it, makes the sponsor's commitments explicit rather than assumed, and sets the conduct standards that protect not just the project but the business relationship around it – the very thing Art's sponsor traded away. Done well, the charter becomes the place where both parties agree, in advance and in writing, to play the long game.

You can try Charter Forge here: <https://project-business.org/charter-forge>.

What does such a charter actually contain? Beyond the obvious — the project's purpose, the named project manager, the definition of success — it makes explicit the things Art's project left to assumption. It states the limits of the project manager's authority and, just as importantly, the sponsor's: which decisions the PM makes alone, which require the sponsor, and which must travel higher still. It names the escalation triggers — the conditions, such as a slipping delivery date, that oblige a conversation rather than merely permit one to be deferred. It commits both parties to a standard of conduct toward the customer, so that "tell them the truth about the schedule" becomes a written obligation rather than a test of nerve. And it records the sponsor's commitments back to the project manager: the open door, the air cover, the willingness to spend authority when the PM runs out of it. Each of

⁶ (PMI, 2025)

these is a clause that, had it existed, would have turned the sponsor's instruction to stay silent from a quiet judgment call into a visible breach Art could point to.

The screenshot displays the 'Charter Forge v2.3.3' web application. On the left, a sidebar lists 11 sections: 1. Project Context (selected), 2. Foundation & Mandate, 3. Sponsor & Project Manager(s), 4. Approach & Planning, 5. Change Control Board / SC, 6. Authority & Power Transfer, 7. Objectives & Success Criteria, 8. Scope & Boundaries, 9. Resources & Disruptions, 10. Parties & Governance, 11. Initial Assumptions, Constraints & Risks, and a final 'Review & Export' step. The main content area is titled 'SECTION 1 OF 12: Project Context' and includes a tip box stating: 'The project charter is the foundation document of the project and documents the assignment and authorization of the project manager. A project charter is not just documentation – it is a power transfer. It formally reassigns authority from existing power holders to the project manager.' Below this, there are form fields for 'Project ID' (with example 'e.g., PRJ-2026-0142') and 'Project Name' (with example 'e.g., H.A.L. for Hyper-Adaptive Lifecycle (or Hope And Luck?)'). A section titled 'What type of project is this?' contains five radio button options: 'Cross-functional project (internal)', 'Cross-corporate – We are customer, using contractors', 'Cross-corporate – We are contractor for a paying customer', 'Cross-corporate – We are prime contractor with subcontractors', and 'Not yet determined'. At the bottom, there is an 'Image for print (optional)' section with a text input field for a URL. Navigation buttons for 'Previous' and 'Next' are visible at the bottom of the form.

To receive information about the Project Business Foundation, go to <https://cert.project-business.org/subscribe> or use the form below.

Figure 4: Charter Forge online

Appendix: What Is Project Business?

Many of today's projects are no longer internal endeavors. In a world shaped by global supply chains, outsourcing, and cross-border collaboration, projects are increasingly delivered by networks of companies. These projects are not just technical undertakings – they are commercial ventures.

Project Business arises when two or more companies team up to perform a project under contract.⁷ It operates at the boundaries between organizations and often involves diverse legal systems, cultures, and moral compasses. Some project networks are simple; others are complex and fragile ecosystems with dozens, sometimes hundreds of organizations involved.

⁷ (Lehmann, 2018)

Though long overlooked, Project Business contributes an estimated 20% to 30% of global GDP and employs more project managers than internal projects. It deserves far more attention – not only for its scale but for the unique challenges it poses.

Traditional project management handbooks typically address internal projects within organizations. By contrast, project business takes place across corporate boundaries, introducing commercial, legal, and relational complexities that such works only partly cover. Project business (cross-corporate, customer-contractor) has different challenges and rules – success depends here not only on planning and execution, but on commercial acumen, legal awareness, and a deeply cooperative mindset. Trust must be built among parties with differing interests and asymmetric power to enable collaboration toward shared success.

The risks in Project Business go beyond deadlines and deliverables – they include cash flow instability, legal exposure, reputational damage, and contractual disputes. Where information is asymmetrical and objectives diverge, the project manager must act as negotiator, strategist, and builder of partnerships.

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the owner of the website , a non-profit think tank for professionals and organizations involved in cross-corporate project business.

He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree (with Merit). Oliver has trained thousands of project managers across Europe, the USA, and Asia in methodological project management, with a focus on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.



He has been a member and volunteer at PMI, the Project Management Institute, since 1998 and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch," analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

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- ["Project Business Management"](#) (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

- <https://peworldlibrary.net/authors/oliver-f-lehmann>