

# **How (and When) to Encourage Cooperation in Project Portfolios**

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Despite sophisticated management methods, companies struggle with timely project execution. Although cooperative behavior has been identified as a critical factor in on-time project completion, it has not been explicitly embedded into project management systems. Inspired by an innovative real-life practice in managing product development, we model a project portfolio system that incorporates and shapes project managers' cooperative behavior. Help is at the core of this system, in which project managers may ask for and provide help among themselves while top management facilitates the exchange of help. We find that companies should take a nuanced approach to such help provision. In projects for which the cost of effort when executing one's own responsibilities is low, help should be allowed to occur informally—that is, without top management's coordination. For higher costs of such effort, the company will benefit from shaping the compensation structure to reward help. One surprising result is that companies may prefer to refrain from helping behavior in projects for which early completion benefits taper off sharply over time. Finally, it is striking that asymmetric resource engagement emerges as the optimal approach: cooperative behavior may lead the company to induce different levels of efforts even for symmetrical projects.