5 KEY FUNCTIONS TO MAINTAIN A SUCCESSFUL PROJECT MANAGEMENT OFFICE IN ORGANIZATION

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Abstract

Setting up a Program Management Office (PMO) is as much an art as it is a skill. Entire books have been written about standing up a PMO. In fact, each of the tips discussed here could stand as a chapter on its own. With this in mind, realize that this is a general primer intended to provide high level guidance and to share some lessons learned from previous PMO start-up attempts.

Keywords: Project management office; PMO; implementation of PMO; PMO lifetime; challenges of PMO; benefits of PMO

Introduction

So what are some of the common challenges of establishing a PMO? And why do so many of them fail to perform as expected? First, it is important to understand the type of PMO that is being established. It is essential that the role of the PMO is well-defined, and that the role is understood and communicated to everyone in the organization. Just like any endeavour, to be successful, you have to know why it is being done and you must communicate it. A poorly defined PMO role can lead to the PMO overextending its reach or failing to meet perform due to a lack of direction.

Understand the type of PMO that needs to be established. It is true that PMOs have certain common objectives:

- Maintain a centralized set of processes and ensure that they are adhered to
- Maintain a central set of project management (PM) tools and services
- Centrally track resources for projects
- Provide support to project managers and senior management on ensuring project control
- Support the goal of ensuring project quality and strategic alignment
- Facilitate performance reporting
- Support portfolio selection
- Provide centralized acquisition management services
- Maintain a knowledge repository of processes, templates and lessons learned
- However, it is important to understand that within an organization PMOs can be established to serve a specific purpose. According to the Program Management Office Handbook, a book put out by the

PMO Special Interest Group (PMOSIG) of the Project Management Institute (PMI), there are six types of Programs:

- Strategic Program – focuses on work to align to with the organization's strategic goals and objectives
- Operational Program – focuses on operations within an organization — specifically operational process improvement initiatives to drive operational effectiveness and efficiency
- Product Program – focuses on a specific product
- Functional Program – aligns to a specific function of the organization such as service delivery or information technology
- Enterprise Program – generally high risk programs that span across the organization and impact multiple business units, operations and functions. They are cross functional and generally intended to deliver changes in direction or focus on positioning for new opportunities for growth.

Each of the above types of Programs could have their own PMO within an organization. In an organization with multiple types of PMOs, it also makes sense to establish an Enterprise PMO. The enterprise PMO would establish a central taxonomy and nomenclature, maintain a central repository of processes, templates and documentation, and provide centralized training and mentoring.

Determine the PMO's roles and responsibilities

Within a PMO, the specific roles and responsibilities can vary depending on the level of sponsor support and the stated goals and objectives of the PMO. A PMO can serve one or more of the following roles:

- Mentoring and coaching
- Process methodology definition and maintenance
- Project monitoring and control
- Governance support and strategic alignment
- Value delivery
- Reporting (Project and Management level)
- Communication
- Training
- Project execution
- Project selection
- Acquisition Management and Support
- Life Cycle enforcement and reviews
- Budget and resource estimation

Based on the above list of possible responsibilities, this will impact the types of roles and the number of people involved. Generally, PMOs that provide guidance but do not actually have the responsibility of running projects or programs are not very large — perhaps 3 to 5 members. Is the PMO responsible for management reporting? Is the PMO responsible for ensuring that projects are following the defined life cycle? Is the PMO responsible for promoting effective and efficient operations? Does the PMO have portfolio decision-making authority? Or does the PMO support senior management by supplying information to help senior management make portfolio decisions (accepting, maintaining and removing projects from the portfolio based on performance or risk factors, etc.). All of these considerations will impact the size and structure of the PMO.

There are some key points to consider when standing up and maintaining a successful PMO.

1. Organizing the Optimal PMO

This seems like a simple concept, but whether you're setting up a new PMO, or expanding/re-organizing an existing PMO, getting the right organization can be daunting. Not only do you need to define the right roles, you also need to think about getting the right people with the best knowledge, skills and abilities to fill those roles. Here are some thoughts about how you can go about building an optimal PMO organization.

While there seems to be general agreement that a PMO provides a focal point for projects and project-related processes, practices and tools, there is no cookie-cutter definition of what is PMO is, what it does or who is needed to run it. PMOs are by nature highly situational; they reflect the unique needs and challenges of their client or parent organization. Needless to say understanding and articulating your PMO's value proposition and business objects are the critical starting point. A critical point to remember is that when you start the discussion about organizing, you really need to focus on what you do.

What your PMO does, or needs to do, to meet its objectives and provide value is the key step in translating those too often broad, lofty strategic statements into the tactical, assignable activities that real people need to execute. It's very similar to the way we define projects - we start with strategies and business objectives and we end up with defined deliverables, tasks and assignments.

So assuming that you've been diligent about defining what you do, here are some thoughts about who you might need to do it.

PMO Administrators:

Most PMOs are heavily tasked with collecting data, distributing information and coordinating review and governance activities. In a perfect world all of these things would be auto-magical but in the real world someone needs to make them happen. From sending 'gentle reminders' to managers that their reports are due to coordinating calendars and distributing meeting materials, the PMO administrator plays a key role in making sure that the internal processes run smoothly. The best administrators also play a role in creating and communicating those internal processes across the PMO stakeholder community. Superior organizational skills, patience, persistence and good people skills are all a must!

PMO Analysts:

There are potentially several different analytical positions and job titles appropriate to a PMO; process analyst, information analyst, tools analyst, business analyst, etc. So what does an analyst *do*? In the PMO context, the analysts are the people who dive into the details:

- A *process analyst* defines the individual elements that make a process – what needs to be done and how – and helps in communicating that across the organization. The process analyst is the person who works with subject matter experts to work through the details of how a process will work, create the process documentation, educate process users and stakeholders about using the processes, and continually improve, update and enhance the process as your organization matures.
- *Information or reporting analysts* determine what kind of data is needed to support decision-making, set up the mechanisms for collecting that data and critically examine the data, turning it into meaningful information can be used by decision makers. If you ask a really good information analyst a general question about how a particular category of project is performing, you will never get a

response of 'fine' – you're more likely to get a dashboard report showing consolidated information on key indicators for that project type.

- *Tool analysts* are the people in your organization who know more than anyone else about the capabilities of the tools you use to manage projects and portfolios. They can tell you what your tools can and can't do but they can also get creative and help you use your toolset to craft solutions to your business problems.

- *Business analysts* liaise with your organizational stakeholder community to understand their needs and requirements and help translate these into systems, processes and tools that will meet those needs. Business analysts work with the stakeholder community continuously to ensure that what is delivered meets the needs and requirements; as such, they play a huge role in ensuring stakeholder satisfaction.

Great analysts – of any kind – are excellent at open listening and are exceptional critical-thinkers. They use details, but they don't get bogged down in them and can explain their methods and thinking to others.

Project Managers:

The great debate is not about what project managers do, but whether they should be centralized in the PMO. One side argues that because the PMO is responsible for the practice of project management, all project managers should report and/or be accountable to the PMO. The decentralization side argues that project managers should have a strong working knowledge of the business or technical aspects of projects and should thus report into the functional area executing or sponsoring the project. PMO's are concerned about adherence to project management standards, and mitigate risk by having deploying professional project managers. Functional areas are concerned with the quality of the project deliverables and the need to understand the project's business and technical issues.

The answer is that both sides are right and wrong. In practice, most successful organizations are those that recognize the need for a mixed model. Large, complex, cross-functional Programs and Projects require a dedicated manager who can effectively oversee the project across the enterprise. As a 'center of practice' the PMO is the appropriate 'home' for these project (or program) managers. Conversely, a smaller, intra-functional project may not require the same level of project management rigor and could be effectively managed by a functional resource – a 'project leader' as opposed to a 'project manager'. Using a mixed approach is not without its challenges, but there are also some compensating benefits.

A key challenge is determining the criteria for which projects require 'project managers' vs. 'project leaders', which then need to be applied to during the project intake process. Those criteria should be focused on risk mitigation, not availability of qualified project managers. Assigning a project leader to a mission-critical project because all the PMO's project managers are busy invites disaster. There must also be clear expectations and accountability for things like status reporting – as information generated by project leader is needed by the PMO to provide enterprise-level visibility into projects and portfolios.

Key benefits of centralized project managers include ensuring an adequate level of management for large complex projects, and providing the enterprise as a whole with subject matter experts in project management. These expert PMs can assist in establishing project management processes, educating or assisting others in their use, and increasing the overall project management maturity of the organization.

The PMO Manager/Leader:

Last, but not least, we come to the head of the PMO. In his 1990 Harvard Business Review article, 'What Leaders Really Do,' John Kotter asserts that management is fundamentally different from leadership. According to Kotter good managers deal with complexity by planning and budgeting, organizing and staffing, and controlling and problem solving. By contrast, leaders cope with change; setting direction, aligning people to that direction, and motivating and inspiring people to keep in the right direction.

The effective PMO manager is both manager and leader. This individual establishes the plan for what the PMO will do, manages the work and the staff and ensures tactical objectives are met. At the same time the head of the PMO fills the pivotal leadership role for the PMO team and for the practice of project and portfolio management across the organization. While the PMO manager spearheads efforts for creating and maintaining processes to ensure consistent predictable project performance, the PMO leader is continually working across the enterprise to encourage the adoption of those processes and the use of the information they provide. The effective PMO leader is continuously adapting themselves and the PMO to support the needs of the organization.

In conclusion, setting up and organizing a PMO requires forethought and preparation. Some things to keep in mind:

- Understand what your PMO does (and what it doesn't do)
- The optimal PMO organization is situational to its environment; no two will be the same.
- Get the right kind of people to do the right work in support of the PMO mission.
- Always remember your roles as manager and leader

2. Evolving the PMO

Many organizations of all sizes have what they call a "PMO". Sometimes, the definition of the "P" in PMO is elusive. To effectively build, maintain and evolve a PMO, however, we have to be very clear about what the "P" means. Approaching the definition with specific goals in mind can help us to put together a world-class organization.

One approach to defining a PMO is to look at the organization as being on an evolutionary path. The first stage of the evolution is the Project Management Office. During this stage, the PMO organization will achieve some specific, foundational goals. Later, the PMO organization will more strongly focus on the programmatic aspects of the organization. Through achieving goals in this stage, the PMO will prepare for the portfolio aspects of PMO management.

Stage 1: Project Management Office/Building the Foundation
If your organization has never made use of a PMO, there are a few techniques and strategies you can employ right away to get started. First, take stock of the current efforts within the organization. Create an inventory of projects that are underway. Understand the roles and responsibilities of project managers in the company. Understand the definition of the role of the project manager in the organization you work for. Take stock of the project controls that are currently in place, and evolve them toward industry standards.

Using these lists, you can get a sense of the current value derived from projects and project management. In surveying the project landscape, also make note of the documentation and templates that PMs use, and which seem to be working. Finally, discuss the rollout of a "Red, Amber, Green" (RAG) status dashboard for projects.

Gathering this data--and providing central oversight of projects into one group or function--is the first step. The Project Management Office may reside in a sub-business unit, an operational group or with an executive office. Wherever the PMO lives it will provide value if set up correctly, and the higher in the organization that the PMO is established, the more effective it can be both in serving its function--and in evolving into a more holistic business value organization.

To appropriately serve its function, a PMO needs to establish, launch, train and support standards around project management. The nascent PMO will also begin to standardize the organization on project management templates (scope, requirements, etc.), processes (signoff, project staging) and potentially technology (timesheet system, document repository).

PMI and the associated body of knowledge, *A Guide to the Project Management Body of Knowledge (PMBOK Guide),* is a great starting point. Audit teams must support concepts around project control, so a close alignment with the audit function is also key. By establishing these "ground rules" for projects, the PMO can begin the organization on the journey of speaking the same project language. This journey can involve using the same templates, reporting on the same metrics and speaking the same project language.

For example, if I am in an organization and I refer to the scope document, everyone associated with any project in the organization needs to understand what the scope document is, what it contains, and what the roles and responsibilities around the document are. By setting this baseline for project processes, the PMO can begin deconstructing the Tower of Babel that exists in many organizations around projects--and set the stage for the evolution of the PMO function.

Stage 2: Program Management Office/Interconnecting Efforts
The next logical progression for a PMO is to employ the processes and controls of a Program Management Office. This office will take the identification and standardization work of the Project Management Office and begin to group projects thematically by process area, technology or other aspects critical to the business.

Through a Program Management Office, the good practices established and perpetuated in the Project Management Office gain what I call the "synergy of like efforts". The synergy of like efforts can be defined as the benefits gained from logically grouping projects by thematic similarities, and gaining the benefits from the grouping. For example, a Program Management Office director notices that there are five service desk implementations underway in an organization. He or she is able to glean this information from the good practices that the Project Management Office established. Using this data, he or she can work to understand the technological or procedural similarities between the efforts, and perhaps winnow down the service desk projects to one or two.

The five service desk projects then potentially can become one service desk program. In establishing this program, the PMO (now a Program Management Office) might afford the organization the opportunity to reduce the number of vendors to negotiate with, reduce the costs of implementation due to reduction in duplicate effort, and lower the operational cost after the program begins to realize its milestones.

The program management processes may be supported by the same staff as the project management offices, but the benefits that can be gained from employing a programmatic outlook can be achieved more quickly by using the foundation laid by the Project Management Office. Indeed, achieving a synergy of like efforts is far easier with the groundwork of Project Management Office rigor.

Stage 3: Portfolio Management Office/Identifying Value

At the point the organization is ready to take on the portfolio aspects of the PMO, several excellent things have already occurred. First, the Project Management Office has established standard templates and controls. The Program Management Office has begun qualifying projects by logical groupings, and has begun making decisions that have provided great value to the organization. These decisions may involve cost reduction, operational improvements or other changes critical to the business.

We can think of it this way: In a Project Management Office, we are establishing the rules of the road. We put forth guidelines, templates and procedures, and we begin to check the health of projects. In program management, we become empowered to meaningfully cluster projects into programmatic entities: We have taken projects that have similar threads and look for ways to more efficiently manage the projects and groups. In portfolio management, we are looking more deeply into our projects and programs, and we are understanding why they are successful, or why they are struggling.

More importantly, in the process of portfolio management, we become empowered to make larger financial decisions related to programs. Our organization will be ready to have conversations about the business effects of phenomenon like mean time to failure and the cost of poor quality. Terms like "charge back", "show back", "margin" and "process efficiency naturally" enter into the conversation about projects and programs. We might begin to develop heat maps around project performance and financial aspects of return on investment. I must emphasize again that all of these tools and processes are best served on the shoulders of the practices that were implemented and perpetuated in the Project Management Office and the Program Management Office.

There can be enormous value in consciously determining an approach to define the term "PMO" at various stages of organizational evolution. At some points in an organization's life, a PMO might be a Project Management Office, a Program Management Office or a Portfolio Management Office. If we are very clear in how we define the term, and if we are very clear about the trajectory of the organization, we can help the PMO succeed in providing tangible business results at each phase of evolution.

3. How to Sustain PMO in Your Organization

As has been already discussed the reality out there in above chapter's is that there is not a plethora of wise and experienced PMO managers, directors, leaders, heads, etc., and so it is sensible for anyone who is engaged to help an organisation set up a new PMO or advise on improvements to an existing PMO to reach out for some help.

The risk to not doing so is to, at the very least, slow the return on investment of the new PMO down. With a practical framework for guidance, such as this chapter, and a supporting experience coach then the organisation benefits that have led to the PMO investment will be secured in an optimum time frame and with reduced risk of failure.

This chapter aimed as one source of aid, inspiration and guidance, so 'well done' for starting the process with the right attitude.

Step-1: Having the right 'head' of the PMO is also critical, in *Leading Successful PMOs* the top five attributes for a great PMO leader were explored:

The good PMO leaders must champion project management and project managers across their organisation as well as believing in the business strategy. They must communicate with conviction and negotiate fairly but strongly for the PMO and the projects. They must be enthusiastic about leading change and critically must have the strength of belief in their own uniqueness and that of the PMO they lead.

It addition it is noted in the *PM-Partners: PMO Trends 2012* report: *When a PMO is expected to work across the organisation at all levels, oversee significant investments and facilitate senior decisions – it is surprising that a high number of organisations either put the wrong person in the job or don't support them when they are in place.*

Getting the right leader of the PMO is linked to lesson number one – you, and your organisation, will want to minimise the risk to PMO failure and maximise the time to ROI. As such having the right person leading that PMO is critical to its success – it is unlike any other managerial role in many ways.

Step-2: A 'balanced' approach to a PMO was advocated in *Leading Successful PMOs* with one way to achieve such a balance was to consider structuring your efforts under the '5 Ps':
- P = People.
- P = Process.
- P = Promotion.
- P = Performance.
- P = Project Management Information System.

The point here being that it may be tempting just to think of the PMO as all about the process, the means to ensure that good project management is achieved through methodology and quality assurance etc. but that ignores the people side.

And it may be that your consideration is towards the project management community and your focus is drawn towards the people (projects are all about people after all) and so you direct your efforts as a PMO leader towards training and team building, etc., but this ignores the project mechanics.

You may also accept the need to build a good tracking and reporting system, supported by an investment in a project management information system, to deliver the visibility of project health and progress towards business goals.

But without the inclusion of a promotional programme it could well be the case that all of the good work you, and your team, achieve in the areas of process and people will go unnoticed and unappreciated by both your peers and the executive.

It is our belief that the best PMOs balance all of this to achieve the most effective development of capability, representation of capability and sharing of capability and achievement.

In the PWC Insights and Trends: Current Portfolio, Programme, and Project Management Practices report there are a series of Key Findings and one relates to measuring value:

Key Finding: A majority of organisations do not conduct regular evaluations of their PMO and also do not consistently measure benefits or returns from the PMO.

Using a PMO contributes to improved project performance; however, organisations currently do not consistently evaluate and measure the success or returns on investment (ROI) of the PMO … 29% of

organisations never evaluate their PMO and 30% conduct evaluations on an annual basis. However, the 14% of organisations which evaluate their PMO on a monthly basis also measure their PMO for ROI (65% of the time). Those organisations that never evaluate their PMO measure their ROI only 9% of the time. Organisations can benefit from finding similar positive correlations between using a PMO and project performance, through conducting more regular evaluations of their PMO, as well as, business ROI.

Measuring the PMO value will ensure that you are ready to articulate the true value of your PMO to the business as needed, it will also allow you to continuously improve the PMO's performance.

Step-3: The ESI report from 2015, *The Global State of the PMO*, identified that some 72 per cent of respondents reported that the value of their PMO was questioned by key stakeholders – usually senior management – over the last 12 months.

Despite one in three PMOs being managed at the level of the C-suite, it looked like PMOs were still struggling to prove that they add (or can add) value. Even after being in place for years, PMOs are still subject to scrutiny; one in three of the PMOs which were reported in the ESI survey to have closed this year were 5 years old, or older.

So maturity is not a safety net for PMOs.

The top reason cited in the survey for disbanding a PMO was that of corporate restructuring. On the positive side this restructuring could mean consolidating PMOs into a single enterprise model. On the negative side, though, an executive decision or change in management was cited as the reason why one in four PMOs were closed down, with an associated argument that PMOs did not deliver value.

The key here is that the value of the PMO should be 'locked-in during the delivery period and should be regularly re-assessed and continually measured by a good PMO leader.

It is critical for a PMO to achieve a level of maturity, as the *PM-Partners: PMO Trends 2012* report states:

There's a direct link between the maturity of the PMO and the value it provides. Mature PMOs are far more likely to offer real competitive advantage to a business by increasing the speed and quality of business returns.

Step-4: The PM-Partners: PMO Trends 2012 report summarises this well:

It is generally accepted that the Project Management Office (PMO) typically defines and maintains the metrics, standards and repeatable practice for project management within an organisation and is the first step towards:

- *Increasing project, programme and portfolio success*
- *Strategy execution and business transformation*
- *Increasing the speed of time-to-market*
- *Visibility and cost control of execution on time and on budget*

Our survey results suggest that merely implementing a PMO in itself is not enough. The PMO must evolve over time with a continuous plan to mature the practices that are of the greatest value to executives. As a PMO matures and implements high value services such as portfolio management and resource management, the organisational success metrics improve, and the value of the PMO increases.

Regularly 'take the pulse' of your PMO and the view of that PMO by the business. If something has changed you may need to return to the business case and re-validated and/or update accordingly.

As detailed in *Leading Successful PMOs* you need to ask yourself and the PMO:

- Has anything significantly changed in the business that requires an adjustment by the PMO?
- What is the view, within the business, of the value of the PMO?
- Are there any key opponents to the PMO operation?

- Are the methods you have established well adopted and adhered to, and have recommended improvements been acted upon?
- Has the level of project maturity risen?
- Are project managers reporting the same issues as before?
- Has there been a change in the PMO sponsorship role(s); personnel or approach?
- Has project 'health' improved or stagnated?
- Is the PMO approach the right one?
- Is the PMO model the right one?

You may need to survey the PMO stakeholders to understand in more detail what it is that needs extra effort and focus. Alternatively, it may be that you just need to get together with your PMO team and revisit the PMO purpose.

Whatever the situation you must ensure that the PMO is in step with the current business needs.

Step-5: For a PMO to successful in the long term it needs to be connected to the strategic activity of the organisation that it supports.

In the 2012 KPMG report *Business Unusual: Managing Projects as Usual* the importance of strategic connection for a project was explored:

Strategic Alignment: The success of a project ultimately depends on whether the initiative aligns with the strategic and financial goals of the organisation. It is, therefore, as important to do the right projects, as doing the projects right. 94 per cent of our respondents indicated that they have some sort of strategic IT roadmap that acts as a major input to their selection of projects. This possibly explains why organisations scored the maximum for this dimension; still a significant gap is seen between identifying the right projects, setting clear expectations and tracking benefits of the project.

Pete Swan, Director PM-Partners group, declares:
A PMO is really adding value when it can adapt to the needs of the business and is viewed as a strategic asset during executive decision making.

A PMO can operate at three levels of 'Strategic' maturity within an organisation, the first being the custodian of strategic intentions through the ownership of the projects themselves, each of which should in some way relate directly or indirectly to a strategic intention of the organisation.

This can be considered as 'Strategy Management' whereby the PMO acts as the governing and advisory body to the executive by:

- Validating that all projects that are initiated fit one or more strategic initiative;
- Tracking the current and valid alignment between projects and strategies;
- Making recommendations for 'stalls' and 'kills' for projects that no longer align with current business strategic thinking.

The second is 'Strategy Delivery' where the PMO translates the key strategic objectives into new projects to add to the existing portfolio (and perhaps to remove some from the portfolio if such objectives have changed). This 'Strategy Delivery' is supported by the 'Strategy Management' capability.

It may be that the PMO also takes some direct ownership for the execution of large and complex programmes (or projects) that are specifically critical to a key strategic initiative, such a relocation activity for example.

The final is 'Strategy Creation', this refers to having a role in helping organisations decide on which strategic options to pursue (and then to translate them in to projects – Strategy Delivery- and to manage their success – Strategy Management).

This is a rare situation that a PMO has reached this position of trust and influence inside an organisation but it is the potential future for the enterprise PMO that is successfully delivered and embedded with the right sponsorship within such an organisation. In fact as observed in the *PM-Partners: PMO Trends 2012* report most PMOs don't even really 'get off the ground' when it comes to any of the three levels of strategic interaction or involvement:

The PMO trend is unmistakable, with over 90% of organisations surveyed having an active PMO. Over 96% have standard project management practices or methodologies, whilst only 47% have project portfolio management practices and methodologies. This is further reinforced by the fact that only 34% of PMOs are providing supply and demand planning, highlighting that there is significantly more focus on doing projects right than doing the right projects against a tough economic climate where the right investment decisions become more important than ever.

Step-6: The PMO is, if not here to stay, at least here for the foreseeable future, and more and more executives are supporting PMOs within their organisations.

The *PM Solutions State of the PMO 2012* reported that: *Most companies have a PMO (87%). Of the few that don't, 40% are looking to implement one within a year'* which is great news for all of us champions of the PMO.

The *ESI Global State of the PMO 2012* report stated: *The Project or Programme Management Office (PMO) has moved up the ranks in most organisations as more than just a warehouse of methodology, tools, and process. In an effort to impact business performance through training, methodology and project guidance, many PMOs seek to support project, programme and portfolio management in a more focused, strategic manner. Regardless of its particular position in a given organisation, the PMO is prevalent in virtually every industry and many governmental organisations.*

So this is all good news. *The PM Solutions* report also stated 'The greater the capability of the PMO, the greater the value the PMO contributes to the firm', which can also be considered good news.

Good news with a 'but'. There is a strong argument for a 'green' PMO to try and get as involved as possible inside the organisation but there are dangers in taking on too much. The PMO is well respected these days for the most part but there is also the risk that it is seen as a solution for everything that is not 'operational' and that it can deal with anything even loosely associated to project work. For example, there are other pressure points inside the same organisations that now advocate PMOs such as the weakness that many experience in the area of executive sponsorship. The PMO can have a role here to act as a temporary sponsor, as well as a role of developing sponsorship capability internally. But that is extra work.

As another example many projects and programmes suffer from a lack of focus and resource in the area of Organisational Change Management. One large PMO ran a number of Health Checks in the most significant projects and a common issue found was in the area of OCM, with recognition of the importance and value of good OCM but with an equal lack of investment in this key area. The question then was is this a potential role for the PMO, associated as it is with projects and project success, or was this just a distraction too far?

In some businesses there is a renewed focus on good 'technical' capability to support project-based activity and the bringing together of these technical consultants in to one community. Some even refer to this community as a Technical Project Office (TMO), so should this TMO be linked with the PMO or should it come under the management of the PMO and be another skillset resource? Should the PMO remain 'pure' project management or spread itself across a wider community?

These are big and potentially distracting challenges within organisations, ones that a good PMO leader will be aware of and will have a voice to contribute to, but who will also have a mind to concentrate on the key PMO work that still needs to be done.

When your PMO is well established then consider these other matters but for now be wary of making your PMO a bottomless resource for anything and everything that the business pushes in your direction.

4. Integral and Traditional PMO

For many, the PMO is primarily a portfolio management, project standards and governance organization. Perhaps that is why so many PMOs fail. How many fail? According to the PMO 2010 survey, 50% of PMOs are closed within four years. Imagine if 50% of marketing, accounting and human resources experienced that type of failure rate; there would be a global crisis.

So what makes the PMO different? One glaring distinction is that most don't participate in the strategic and business planning process. The PMO's leadership is not a member of the executive/leadership team. Like many IT organizations, the PMO's value is discounted and seen more as a cost sinkhole than a success shaper. Given all this, it seems time for a change--it's time to align the PMO with business strategies, goals and objectives; and it's time for the PMO to become integral to achieving organizational success.

Imagine a PMO that proactively worked with the organization's leadership to identify the strategic initiatives that need to be successfully achieved over the next three to five years. Imagine if the PMO didn't wait for project requests to appear at its doorstep, but instead partnered with the leadership team to create a projects strategy--and then worked cross-functionally *and* with individual business units to develop project proposals that were designed to achieve that strategy. How might that change the way the PMO is perceived within an organization? How might that change the PMOs role? How might that reduce the closure rate?

What follows is a possible scenario that depicts a PMO that is integral to the business planning process and how that might contrast with a more traditional approach.

Project Identification & Prioritization

Integral PMO	Traditional PMO
Mission Critical/Strategically Aligned Initiatives are identified by senior management and the PMO including: • Alignment with Strategies & Objectives • Capital Constraints • ROI Expectations • Timing Considerations • Deployment Date Goals • Success Measures The PMO in partnership with other operating units is	Operating units get marching orders per the business plan's goals and objectives. Each operating unit develops its own plan for contributing to the stated goals and objectives. Each operating unit identifies the projects it wants to pursue followed by submission of project requests to the PMO. PMO vets projects and prioritizes those approved.

charged with the identification and design of projects required to achieve those initiatives.	
Value/Benefit • By definition, mission-critical projects are aligned with the organization's strategies and objectives. • No need to identify champions and sponsors--that role is born by the leadership team. • Business cases are easier to develop because they have a proper context for evaluating each project's true value proposition. • Communications and cooperation across functional lines increases because it is clear what contribution and value each organization will realize from the project successes. • Silo-specific projects are eliminated or at least diminished unless they align with the long-term roadmap.	*Value/Benefit* Status quo is maintained
Risks: Senior Management may lack the discipline needed to enforce a strategically aligned approach to a program& project management process.	*Risks:* • Political infighting between operating units might increase as each competes for its share of project resources. • Projects may become misaligned with strategic goals as they are conceived within organizational silos. • Optimum value may not be realized across the project portfolio. • Underlying information systems could be subject to changes that dilute their effectiveness and increase their legacy status.

As can be seen from the above, an integrated PMO creates an entirely new paradigm for how projects are identified and prioritized for execution and deployment. The approach is faster, more effective and less costly than traditional approaches. In addition, it provides a framework for perpetuating the success of the enterprise.

Standards, Processes & Governance
so how does an integrated PMO approach impact project standards, processes and governance? Again, it changes how these things are approached. Instead of building the PMO around an enforcement model, the PMO begins to focus on the implementation of standards, processes and governance that best insure project successes while being minimally evasive.

Best practices are defined by those practices that optimize project conduct and deployment effectiveness as opposed to some standard body's "ivory tower" approach that is typically fraught with resistance, overkill and bureaucracy. Consider the following contrast between the integrated approach and more traditional ones.

Integral PMO	Traditional PMO
Value/Benefit - Standards are minimal yet sufficient to provide quality and consistency across projects insuring a practical level of maturity. - Governance is focused on achieving consistently successful outcomes across all projects. - Processes are calibrated to project complexity, duration and scope. - Talent and track record are recognized variables in establishing specific project oversight requirements. - PMO provides project resources in the areas of project tracking, administration, status reporting and analysis. This improves compliance to processes and standards. - Projects finish faster, accelerating ROI. - Projects are free of needless and ineffective rules and standards. - Project processes tend to be lean, streamlined and adaptable.	*Value/Benefit* Every project is conducted in a consistent and pragmatic matter.
Risks - Disciplines may give way to expediency. - Long-term continuity and maturity may lose importance.	*Risks* - Standards are rigidly enforced regardless of situational appropriateness. - Governance is viewed as an audit function rather than a success leveraging endeavor. - Compliance can derail progress and hinder project success. - Professional judgment is discounted in favor of compliance. - PMO may become ineffective and dysfunctional. - Resistance and turnover can be high. Project managers are tasked with all aspects of project tracking, administration and status reporting.

Clearly, a PMO that is integral to the enterprise planning process tends to keep its focus on what is most important to sustained success. This focus helps to keep the PMO's standards, processes and governance activity lean, adaptable and effective.

Conduct, Deployment & Effectiveness Evaluation
Of course, at the end of the day, the real value of the PMO to the enterprise is how well it adds value to the organization's long-term success, profitability and prosperity. When the projects are correctly aligned to overarching enterprise goals, properly planned, resourced and governed, they tend to encourage greater stakeholder and project team buy-in and commitment. The benefits during project conduct and deployment are evidenced during the post-deployment effectiveness evaluations. Below are a few examples:

Integral PMO	Traditional PMO
Value/Benefit • Projects finish faster and under budget. • Project teams feel accomplished and appreciated, yielding reduced turnover. • Teams are energized and focused. • Project successes are the norm**.** • 95% of task effort is focused on project content tasks and less on project administration. • Project teams connect with the project, reducing resistance to time and progress reporting requirements. • PMO becomes a resource to the project manager for guidance, troubleshooting and stakeholder issue resolution.	*Value/Benefit* Projects can be easily audited due to the paper/information trail surrounding the process.
Risks Project teams can feel a sense of entitlement and become overly dependent on the PMO, using it as a crutch or an excuse for project failure.	*Risks* • Stakeholder confidence can erode. • 20% of the project manager's efforts are focused on getting team members stick to compliance standards and processes. • Projects get bogged down in project administration tasks. • Forms and paperwork become oppressive. • Project managers can build resentment toward PMO. • Team morale can suffer. • Projects fail more often. • Projects finish late and are over budget more often. • Projects suffer high turnover--causing delays, disruptions and chaos.

By changing the way the PMO helps shape the way organizations identify mission-critical programs and initiatives, the PMO can be transformed from a Project Management Office into a Project Success Office. The PMO becomes a critical and integral resource for achieving enterprise goals, thus taking its rightful and respected place at the leadership table.

Under this approach, the PMO provides a way to leverage the effectiveness of capital expenditures, ensuring the enterprise gets the most value and return on its investments. It becomes business driven, which in turn shapes the way it is organized, the standards and processes it deploys, and the resources it makes available to leverage and enable project teams and their success rates. The PMO is viewed as an asset for project managers instead of as traditional "compliance police". The integrated PMO is thus more effective, less costly and streamlined.

5. PMO Successes and Failures

Project Management Offices have been in existence for decades. At first, they supported single, large programs, such as the Supersonic Transport program in the late 1960s, which operated in a totally projectized structure.

Later in the late 1970s to early 1980s, PMOs began to be established to serve an entire organization. Continuing with an example from the Federal Aviation Administration, the administrator established one in

1982 to work across silos as it began the massive program of upgrading the U.S. National Airspace System. Then in 1996, IBM Chief Executive Officer Lou Gerstner set up its Center of Excellence for Project Management, which remains in existence and was followed by those in other organizations. With the Y2K initiative, PMOs became a common entity in many organizations to help ensure all applications were converted successfully. Each year, many organizational executives set up a PMO as they recognize increasingly that programs and projects are strategic assets, and other organizational leaders dissolve the PMOs in their organizations.

For a PMO to be successful, it must demonstrate it has continued business value to the organization. To do so, the functions it is to perform need to be stated explicitly and communicated throughout the organization when it is first established. People at all levels then have a consistent message as to *why* it is being established and *what* it is to do.

A charter for the PMO, similar to that for a program or project, is a best practice to follow to state the PMO's:
- Responsibilities
- Accountabilities
- Vision
- Mission
- Assumptions
- Constraints
- Milestones

This charter requires signoffs from the various heads of the units involved that the PMO is to support.

When a PMO is first established, its functions are more administrative in nature--such as collecting data on existing programs and projects, and presenting them in an easily accessible fashion to the interested stakeholders and decision makers.

On the surface, collecting this data appears to be easy. However, it requires an inventory of all the programs and projects underway. Here, the charter can be useful to explain why the PMO has been established and its responsibilities, as many people may be reluctant to share everything about their specific programs and projects. They may not share as they may feel they are working on the next breakthrough project for the organizational leaders and want to surprise them pleasantly when it is a success. Others may not share as some people tend to not want to completely close a program or project if they don't have other work to pursue.

Regardless, this inventory is a must. With the inventory, leaders have an understanding as to the work being done and can make decisions as to whether the ongoing programs or projects are supporting organizational goals and objectives, or whether resources should be used elsewhere.

Additionally, those in the PMO need to determine the types of data to collect on the programs and projects that are the most useful. Reports should be meaningful, and the people preparing the reports need to recognize how the data are to be used and why the report is being prepared so they are committed to working on it each time it is due. The report should not contain so much information that it takes too much time to prepare, but it should convey the key information of use to the decision makers.

Other initial functions are to establish methodologies, processes and procedures for those working on programs and projects such that easy-to-use templates for the various plans and reports are set up and can be accessed without difficulty and tailored if needed. These methodologies, if they are to be followed consistently in the organization, need to be ones program and project managers and their teams will use.

The PMO staff, as it prepares these methodologies and templates, can solicit ideas from program and project managers using interviews, focus groups and surveys for buy in. But first, it needs to explain why a consistent approach is desired. The goal is that through a consistent approach, program and project professionals can easily move from one project to the next and see what has been done thus far. Also, program and project

managers then have templates to use--so each time there is a new initiative, they don't need to spend time determining a format to use.

These functions lead to the need for people in the organization to speak the same language, which is another key initial PMO role--training. Having a variety of courses is positive, but they should be ones that are tailored to the organizational culture and also to the audience.

Once these four areas are established, many organizational leaders may decide not to continue the PMO--an inventory of program and project work has been collected, standard reporting is in place, a standard methodology is in use and people have taken training in project management and have other education options to pursue.

It is not necessarily the case that the PMO has failed, but rather its functions may be considered complete and executives may decide its resources can be used more effectively elsewhere. Other leaders may downsize the PMO staff, retaining someone to collect the reports on programs and projects and maintain the inventory.

The PMO staff members require a plan for the other improvements in the field that they will undertake to show their value to the organization (and with a suggested timeframe for their completion). Some necessary functions are:

1. Showing people that programs and projects are strategic assets to the organization, and demonstrating the value they bring—therefore establishing project management as a desired career in the organization (with a career path for those who are interested). To do so, competency profiles of existing people in project-related roles need to be established and maintained, as well as competency profiles for the specific roles in the career path.
These competency profiles are useful, especially if they are easily accessible and up to date. One can use them to find a specific type of subject matter expert (or a project manager) with the needed competencies to handle the level of complexity for an upcoming project. Program and project managers can use them to see their existing competencies and areas for improvement to advance to the next level in their career path.

2. Focusing on knowledge transfer by establishing a knowledge repository that can be accessed with a single point of entry with quality content. Such a repository can contain methodologies and templates. Additionally, information from lessons learned from programs and projects and how any risks or issues were resolved can be included. To do so, the PMO staff works with program and project managers and their teams to ensure lessons learned are collected along the way (possibly facilitating these sessions), and holding debriefing sessions with people who leave the program or project early.
The PMO staff can facilitate this process from hoarding to sharing until people are accustomed to do it on project work, and the PMO can maintain the repository to ensure its content is up to date.

3. Working in tandem with the business development staff, the PMO can assist these people in recognizing that many business development pursuits are projects--and can follow the existing methodologies. They can ensure that program or project managers are involved from the beginning (rather than after the contract is awarded) to contribute to the proposal, as they may have a relationship in place with the customer. By doing so, the PMO staff can foster a more customer-centric approach in that, over time, program and project managers can anticipate customer needs and requirements rather than waiting for a request for proposal or similar document.

4. Supporting portfolio management by ensuring each program and project has a business case prepared before it is submitted to a Portfolio Review Board or comparable group. Then, if the program or project is approved, the PMO can work to ensure a project charter is prepared, and other plans are developed.
If portfolio management is not already in place, the PMO staff can be the catalyst for change. It can explain why it is needed, set up and attain agreement on the process to follow to score potential programs and projects to approve to be in the portfolio (and how to prioritize them), and facilitate meetings of the oversight group.

The PMO staff then continually updates the inventory of work under way and ensures resources are available with the desired competencies.

While the above list of suggestions is only a start, the PMO staff should evaluate its own work as it would evaluate the work done by a program or project team with an audit. It needs an objective appraisal as to where it has added value--and the next steps to take to foster the growth of project management in the organization. By doing so, the PMO continues to add responsibilities and is considered a successful and required unit in the organization. It shows project management is not a passing fad, but instead is essential to organizational growth and survival.

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