

# Is Your PMO Adding to Business Value, or Are Some Changes Needed?

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# Instructor

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## ■ Dr. Ginger Levin, PMP, PgMP

### ■ Background

- 15 years in Government
- 15+ years in Industry and Consulting
- 10+ years in Academia

### ■ Current Affiliation

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# Participants

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- **Tell us something about YOU!**
  - A two-minute elevator speech!

# Here Is What We Will Cover Today!

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- **Why have a PMO?**
- Recent developments
- PMO roles
- Does your PMO require change?
- Suggestions and next steps
- Parting thoughts



# Why Have a PMO??

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- Support for a Single Projectized Project
- **Project Recovery**
- Support to Introduce Project / Program Management to Organizations
- **Conduct Reviews and Audits**
- Set Up Standard Methodologies and Tools and Techniques
- **Promote Education and Training**
- Develop Knowledge, Skills, and Competencies
- **Prioritize Resource Use**
- Provide Expertise and Mentoring
- **Promote Knowledge Management**
- Set Up Governance Structures
- **Promote Portfolio Management**
- Contribute to Organizational Strategy
- **OTHERS???**

# Does Your Organization Have a PMO?

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- Why did your organization set up a PMO??
- Since the PMO was established, has its functions changed?



# On to the Next Topic!

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- Why have a PMO?
- Recent developments
- PMO roles
- Does your PMO require change?
- Suggestions and next steps
- Parting thoughts

# PMI's *Pulse of the Profession*™ 2014

## (1 of 4)

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- High performers focus on alignment to organizational strategy
- These organizations are ones that are 'heavily agile'
- The agile organization has more successful projects and more successful strategic initiatives ROI
- **BUT – The results of failed projects:**
  - For every **US \$1 billion** spent on a failed project, **\$109 million** is lost and cannot be recovered



# 2014 “Pulse” (2 of 4)

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- High performing organizations are more likely to have a PMO and use standardized processes:
  - 77% understand the value of **project management**
  - 45% use **standardized practices**
  - 56% recognize **benefits realization maturity leads to success**

# 2014 “Pulse” (3 of 4)

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- The role of the PMO has changed
- It is moving to one that **is more strategic** which means:
  - Establishing and monitoring success metrics
  - Developing core competencies
  - Working toward organizational project management maturity


# 2014 “Pulse”

## The PMO and Maturity (4 of 4)

- **Project management maturity**
  - 35% of high-performing organizations
- **Program management maturity**
  - 32% of high-performing organizations
- **Portfolio management maturity**
  - 31% of high-performing organizations
  
- **Time for an *OPM3* Assessment!!!**

# “Pulse” Trending Practices

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- Trending Practices:
    - 2013 = 69% have a PMO
    - 2012 = 67% have a PMO
    - 2011 = 63% have a PMO
  - Where is it in 2014??
    - Flat at 69%
    - But only 47% have an EPMO = 46% had one in 2011!
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# Where Is Your PMO in These Stages?

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**0 = We do not have a PMO**

**1 = Gather and Report on Project Progress**

**2 = Develop and Enforce Standards, Methods, and Processes**

**3 = Manage, Allocate and Control PM Resources**

**4 = Manage Dependencies Across Multiple Projects and Programs**

**5 = Track and Report on Project ROI and Benefit Realization**

**6 = Manage the Health of the Project Portfolio**

# Moving Along!

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- Why have a PMO?
- Recent developments
- **PMO roles**
- Does your PMO require change?
- Suggestions and next steps
- Parting thoughts

I'm looking for the Project Leader

That's me.. How can I help?



I'd like to see your current project schedule

Oh.. You need to see the PMO for that



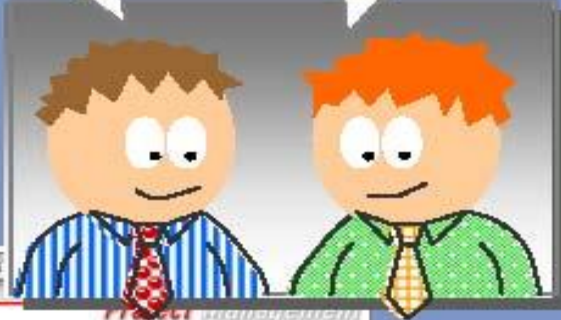
Don't you know the status?

No, I've got *real* (technical) work



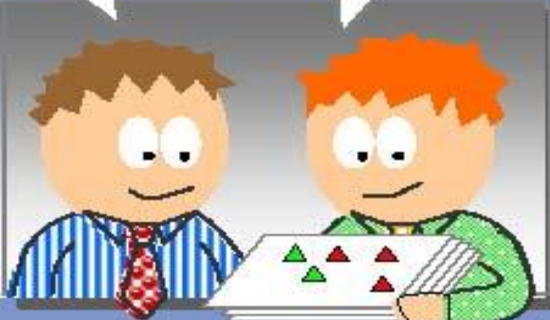
I'm looking for the PMO

That's me.. How can I help?



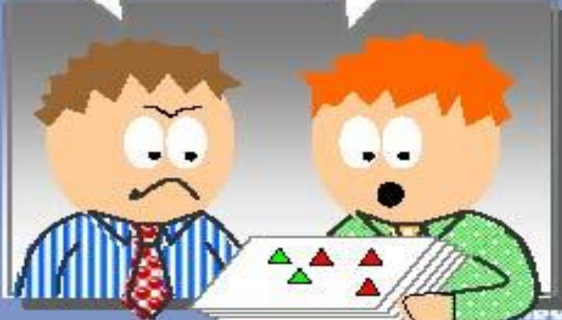
I'd like to see your current project schedule

Here you are



But what does it all mean?

No idea.. I just collect the data !



# PMO Roles

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- **Three key PMO roles:**
  - **Serving** – Provides support functions to increase resource efficiency and outcome effectiveness; answer specific questions from stakeholders; PMO adapts to stakeholder needs
  - **Controlling** – Enforce PM standards, methods, and tools; monitor and evaluate; often considered the most important function
  - **Partnering** – Equal knowledge sharing; exchange of expertise; sharing advice; joint learning with stakeholders – can create slack but can support creative processes in project management innovation
    - Mueller, Gluckler, and Aubry, *Project Management Journal*, March 2013



# Multiple, Concurrent PMOs

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- Being implemented by large organizations
- Each PMO has different mandates, functions, and characteristics
- They may be controlling, serving, or partnering or a balance of all three
- Partnering may be desirable in a serving or controlling PMO
  - Mueller, Gluckler, and Aubry, *Project Management Journal*, March 2013

# PMI's Views - *PMBOK® Fifth*

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- Range from providing project management support to being responsible for the project
- **PMO structures:**
  - **Supportive** – consultative role – templates best practices training, access to information and lessons learned – a project repository – low degree of control
  - **Controlling** – adopting frameworks or methodologies using templates, tools and forms, conformance to governance – moderate degree of control
  - **Directive** – take control by directly managing the projects – high control
- Natural liaison between the portfolios, programs, projects, and corporate measurement system – balanced scorecard

– pp. 10-11

# PMI's *Program Management Standard – Third Edition*

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- **PMO supports the program manager by:**
  - Defining the processes and procedures to follow
  - **Supporting the program's schedule and budget**
  - Defining program quality standards
  - **Supporting effective resource use**
  - Providing documentation and configuration management support
  - **Centralizing support for managing changes and tracking risks and issues**

# *The Standard for Portfolio Management – Third Edition*

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- **The Portfolio Management Office**
  - Centralized management and coordination of the portfolios
  - **Ranges from support functions to actual portfolio management**
  - May be a key stakeholder
  - **May recommend selecting, terminating, or initiation of actions**
    - To ensure portfolio alignment with strategic objectives

# Types of PMOs

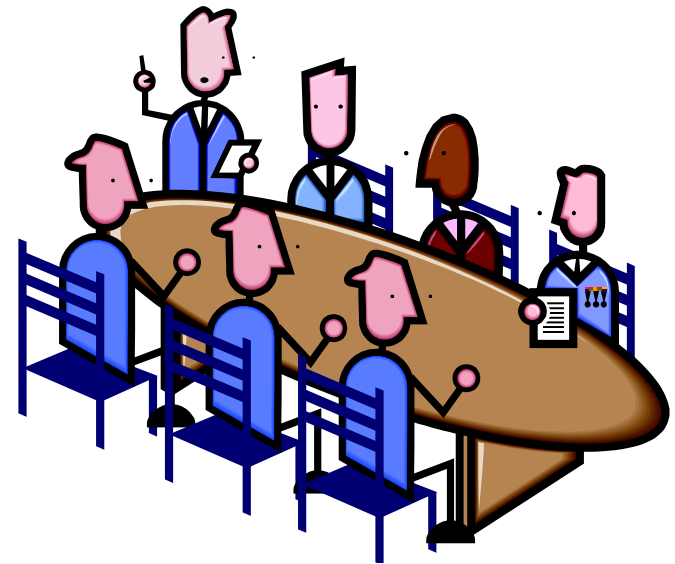
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- Project or Program Support
- Divisional or Unit Support
- Enterprise Level
- Operational = 46%
- Tactical = 22%
- Strategic = 30%
- No Answer = 6%
  - ESI Study 2013

# Group Discussion

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- What Type of PMO Exists in Your Organization?



# Group Exercise – Group 1

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- Assume your organization had a PMO in 2008, but dissolved it in 2010. Now there is a new CEO, and the CEO recognizes the value of a PMO. You are leading a team to describe the type of PMO you believe best will work in your organization. News has spread about the soon-to-be established PMO. You are to make the business case for this PMO and are considering whether it should focus on serving, controlling, or partnering
- What type of PMO do you plan to recommend and why?
- What will be the PMO's three most important functions, and why are these your recommendations?

# Group Exercise – Group 2

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- You are working in an organization in which failed projects are the norm – they seem to be late, over budget, and do not meet requirements. There is a new CEO with a mandate to ensure projects provide business value and who wants to implement a management-by-projects culture. This CEO plans to follow PMI's processes in the *PMBOK® Guide*. You are leading the team to recommend whether the PMO should be a supportive, controlling, or directive one.
- What is your recommendation and why?
- What are the three key functions this PMO should first implement, and why are you recommending these functions?



# Group Exercise – Group 3

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- Your management team has focused on best practices in project management but increasingly is using programs since they can provide more benefits if projects, subprograms, and other operations that are related are grouped together. Two programs are about to be initiated. You are leading a team to recommend a PgMO for the organization. You are considering a Center of Excellence, a PgMO supporting each program, or delegating this responsibility to the two people in the organization who have their PgMP®s.
- What is your recommendation and why have you selected it?
- What are the three key functions that would first be performed, and why have you selected them?

# Group Exercise – Group 4

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- For years, your organization has focused on ‘doing projects right’. It has a PMO and mature practices in project management that have contributed to project success. However, the poor economy and recent downsizing have led your CEO now to focus on portfolio management and ‘doing the right projects’ for the best business value. You are on the team to recommend a Portfolio Management Office be formed. You are considering a PfMO that is managing and coordinating the portfolio or one that is providing services to the PMO. It would be led by someone who is a PfMP®.
- What type of PfMO do you decide to recommend and why?
- What are the three key functions this PfMO would focus on and why?

# We Are Getting There!

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- Why have a PMO?
- Recent developments
- PMO roles
- Does your PMO require change?
- Suggestions and next steps
- Parting thoughts

# Recent Developments

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- The majority of PMOs have been implemented within the last 24 months
- They tend to have short life spans
- They are implemented only to meet certain objectives
- Then, once the objectives are met, they are dissolved
- 50% of the PMOs have been questioned in the last two years
  - Hobbs and Aubry, 2010, *The Project Management Office or PMO: A Quest for Understanding*. PMI

# ESI's 2011 Survey

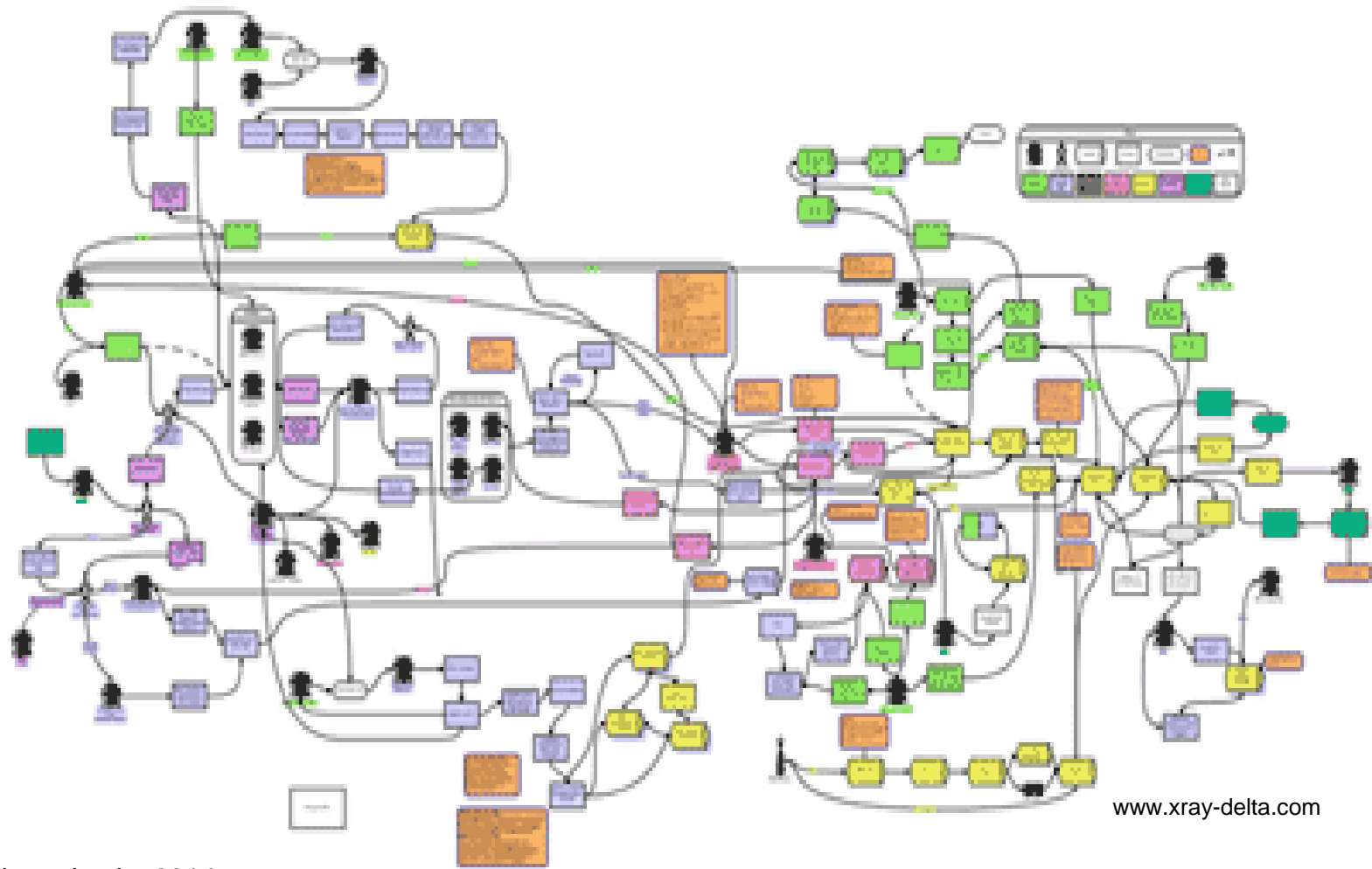
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- **PMOs Under Pressure!!**
  - 60% = senior level project professionals report their PMO's value has been questioned
  - 40% = senior level project professionals state their PMO is operating to a fair or poor extent

*The Global State of the PMO: Its Value, Effectiveness, and Role as the Hub of Training*, ESI International, March 2011

# Is Your PMO Out of Control??

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# How Do You Know?

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- Its functions are purely administrative
- People see it is focusing only on providing training
- It does not seem to focus on strategic initiatives
- It is viewed only in a command and control role
- People question why it is needed at all levels

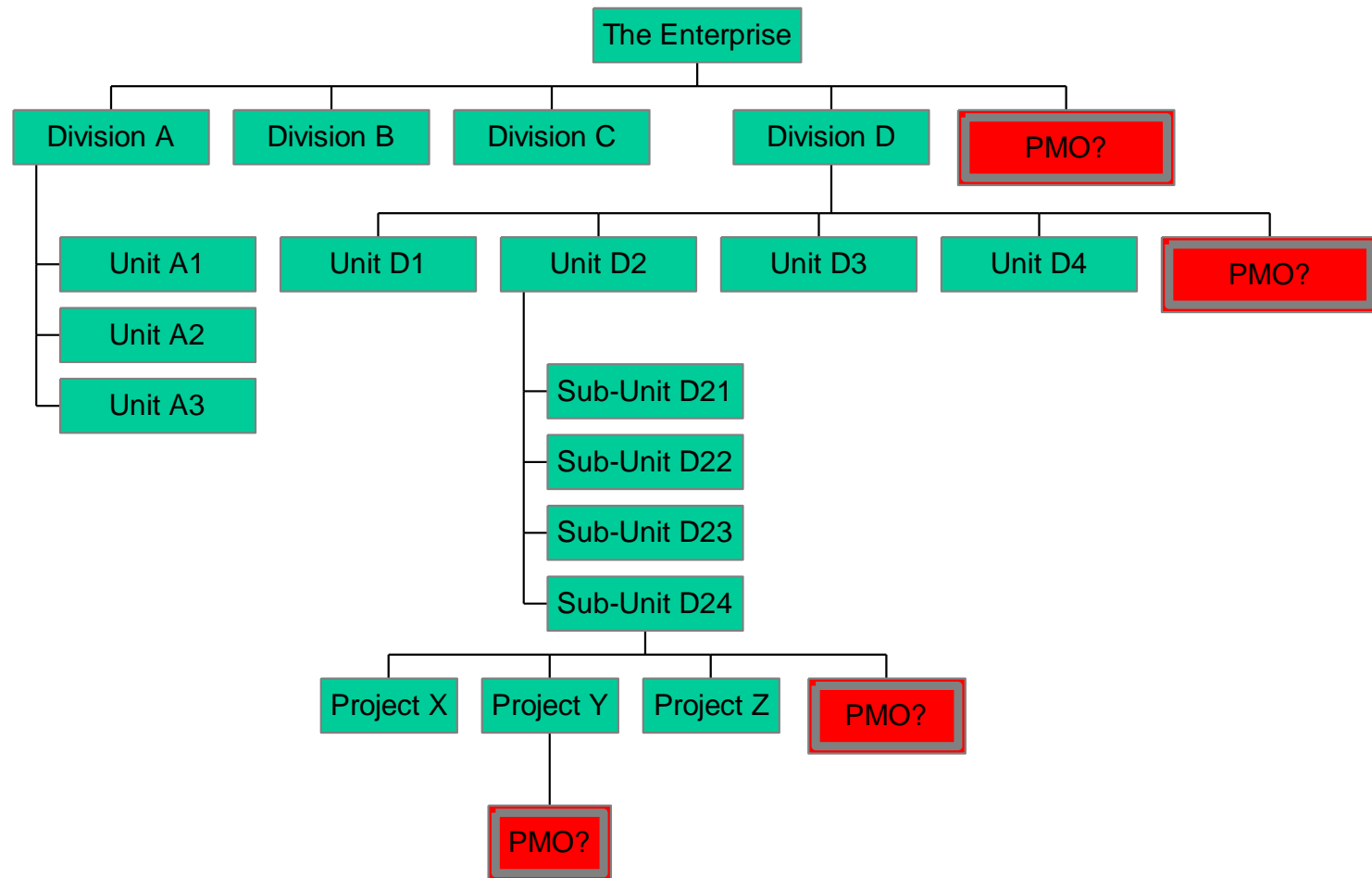
# What Do PMOs Need To Change?

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- Relationship to portfolio management – project / program workload changes
- **PMO evolves and focuses on different areas of emphasis**
- PMO becomes a change agent for the rest of the organization
  - Methods, standards, and tools – updates for greater business value
- Executives change – each with different perspectives and vision
- **Organizational restructuring**
- Competition for resources
- **External – regulatory, legislative, political**
- Greater focus on innovation and adaptability



# Group Discussion: What Type of PMO Should Exist in Your Organization?



# Our Next to Last Topic!

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- Why have a PMO?
- Recent developments
- PMO roles
- Does your PMO require change?
- **Suggestions and next steps**
- Parting thoughts

# Siemens and PMOs

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- “Several thousands of PMOs. . . overseeing massive programs to establishing enterprise-level standards and best practices in project management . . . Advance its methodologies and strategic management maturity” (p. 40)
- **Suggestions:**
  - Ensure the PMO is viewed as driving value
  - Move from the tactical issues to the strategic
  - Charter each PMO for two years; executives then re-evaluate its value in terms of benefits
  - Establish and track metrics to show ROI or benefits

# Other Suggestions

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- Have a business case with measures and metrics
  - PwC
- Have a business case with a clear vision aligned to the organization's goals
  - Deloitte
- Have a plan to show results are being delivered - have a formal governance process
  - DM Petroleum Operations
- Have a champion
  - City of Denver
- Use reports and case studies to demonstrate value
  - Pfizer

# Is It Time To Outsource??

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- **If yes, the challenge is selecting the right vendor**
  - The organization pays a fee to acquire the vendor
  - **The organization determines specific requirements and oversees the vendor**
  - The vendor provides some or all of the resources
    - People, hardware, software, maintenance, etc.
  - **The vendor may have responsibility for some or all of the PMOs**
    - The organization may continue the EPMO with in-house staff

Adapted from *PM Network*, "Hired Help", August 2013

# PMO Charter

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Director, PMO	Phone	Fax	E-Mail
VP of Projects	Phone	Fax	E-Mail
Objectives			
Scope			
Assumptions			
Constraints			
Major Risks			
Major Milestones			
Approvals:			

# What Should Be Done? (1 of 2)

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- **Develop competencies of people**
- Focus not only on project management but also on portfolio and program management
- **Establish a mentoring program**
- Set up active communities of practice
- Promote knowledge management sharing and overall organizational learning
- **Focus on customer relationship management and customer interfaces – work collaboratively with Business Development**
- Maintain an up-to-date inventory of all programs and projects

# What Should Be Done? (2 of 2)

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- Participate in strategic planning and benefit realization
- Have access to senior managers
  - Have your elevator speech ready
- Move from a single champion to multiple supporters at all levels
- Set up Governance Structures
- Show with KPIs the PMO's success
- Increase the PMO's level of decision making and autonomy
- Continue with education and training
- Evaluate PMO effectiveness



# Last but Not Least!

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- Why have a PMO?
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# Parting Thoughts

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# PMO Strategies

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- Tribal wisdom among people at the North Pole says that when you discover you are riding a dead horse, the best policy is to dismount and leave it.
- About PMOs, however, other strategies are suggested. They include:

# PMO Strategies

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- Harness several dead horses together for increased speed
- Provide additional funding to improve the dead horse's performance
- Form a quality circle to find uses for dead horses
- Promote the dead horse to a supervisory position

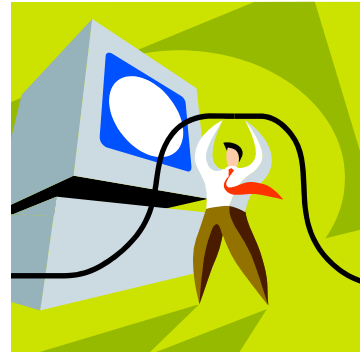
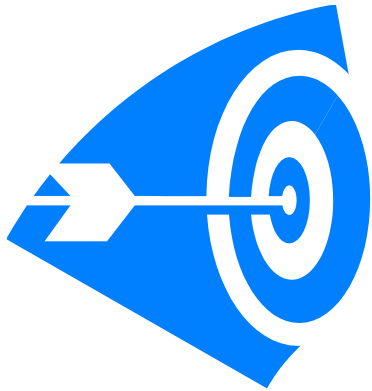
# PMO Strategies (Continued)

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- Buy a stronger whip
- Appoint a committee to study the horse
- Visit other sites to see how they ride dead horses
- Change requirements and declare that "this horse is not dead !"
- Hire contractors / consultants to ride the dead horse !

# Thank You!

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# Contact Information

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