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PMO

The roadmap to define your own Project Management Office

"Projects act almost like separate organisations"

Sofia Pemsel

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1.
WHY A
PMO?

Sofia Pemsel's quote is an excellent representation of the challenge many organizations are facing: How to coordinate a project-based organization when each project disappears after completion? How to find the necessary stability to create a project culture? How can experiences on success and failure be shared effectively? How can we avoid starting from zero?

The answer to all this question is a Project Management Office (PMO).

However, the solution soon turns into a problem: How can we define the PMO and its responsibilities?

This e-book presents a roadmap with key lessons to define your own PMO:

Learn all possible PMO functions
Listen to your internal clients
Identify the organization's maturity
Find your references with major typologies
Take the first steps towards implementation

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1.A PMOS ARE INTERNAL SERVICES. BUT WHAT SERVICES?

Broadly speaking, the implementation of a PMO ignites activities targeted at maximizing the efficiency of an organization and its projects.

These improvements are achieved through internal services of coordination, framework and methodological support, guidance and evaluation, among many others.

No two PMOs are alike: the services that their internal clientes demand change in time, both across and within organizations.

That's why it's impossible to know the services your PMO will have to consult firsthand, without consulting to your internal stakeholders first.

That said, the following list is a good starting point when considering possible attributions: it includes all possible services of a PMO (Hobbs & Aubry, 2007).

▶ 1. Report project/program status (information) to upper (senior) management

▶ 2. Develop and implement a standard project management methodology

▶ 3. Monitor and control project/program performance

▶ 4. Develop the competences (skills) of professionals, including training

▶ 5. Implement and operate project management information systems

▶ 6. Provide top management with advice

▶ 7. Coordinate and integrate the projects in the portfolio; prioritize these projects and rebalance them as required

▶ 8. Develop and maintain a project scoreboard

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9. Promote project management awareness within the organization

10. Monitor and control the performance of the PMO itself

11. Participate in strategic planning

12. Provide mentoring for Project Managers

13. Manage one or more portfolios

14. Identify, select and prioritize new projects

15. Manage project files/documentation and set up a knowledge management repository

16. Manage one or more programs

17. Audit projects and programs

18. Manage customer interfaces

19. Provide a set of tools that can be customized to meet the specific needs of programs and projects

20. Provide specialized tasks (services) for project managers

21. Allocate (and share) resources between projects

22. Carry out post-project management reviews

23. Implement and manage the database of lessons learned or knowledge repository

24. Implement and manage the risk and issues database

25. Manage program benefits

26. Networking and environmental scanning, mapping project relationships and environment within the organization and external to it

27. Recruit, select, evaluate and decide on the salaries of project managers; establish a project management career path

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1.B PMOS HAVE MANY CLIENTS

No PMO in the world has absorbed all the services compiled in the list above.

To start defining functions for your PMO, begin with internal clients.

Determine the attributions of your PMO from the services your internal clients want: senior management, project managers and analysts.

Typically, PMO services are geared toward the following benefits:

Senior Management:
- Reliable and current information presented in a simple way
- Improve project profitability
- Reduce inefficiencies
- Connect projects strategically

Project managers:
- Obtain advice, training and methodologies
- Coordination of projects and programs
- Support for learning across projects

Analysts and Executors:
- Time management practices
- Training and professional development
- Unified documentation and information

The outcome of deciding which of these services should be prioritized and designing how they look like will result in the PMO operations.

PMO functions will affect the authority and sphere of influence of all the affected roles. The PMO, therefore, becomes a matter of internal policies.

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2. 10 YES OR NO QUESTIONS TO FIND OUT IF YOU NEED A PMO

1. Are operations predominant over projects at your organization?

2. Have you noticed that your most valuable members are overutilized?

3. Has your organization grown so much that it needs new procedures?

4. Do you have problems meeting deadlines, costs, scope and quality?

5. Are reliable metrics to measure your team's performance available?

6. Is there a knowledge deficit among your project managers?

7. Are you having trouble communicating priorities to team members?

8. Have you realized that progress happens spontaneously and in a decentralized manner?

9. Is senior management sponsoring the PMO?

10. Are you willing to adopt a new PPM software?

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3. MAIN ATTRIBUTIONS

Broadly speaking, PMO attributions can be grouped into five groups:

a.   Define procedures

We said earlier that PMOs are a matter of policy. Morevoer, they are a primary source of standardized methodologies and procedures.

Far from being a bureaucratic fix, standard procedures have multiple benefits:

- Reduce the human factor in complex situations
- Make work predictable
- Increase the visibility and transparency of processes
- Generate aligned expectations and improve consensus
- Support organizational authority, then focus on the hard work

b.   Optimize resources

Any complex, project-based organization faces a major challenge: to be successful in allocating resources.

Each unforeseen event, each delay and each new project add up layers of complexity and increase the likelihood of suboptimal utilization.

Some typical problems in resource management are:

- Scattering resources among too many projects
- Allocating too much effort to your resources
- Underutilizing your resources
- Lack of match between technical tasks and expert skillsets

A PMO has the global vision to:
- Identify these problems
- Indicate the necessary adjustments
- Use consolidated information to prioritize

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c. Coordinate projects

Prioritization is an example of how PMOs can coordinate portfolios of projects. If, for example, two projects share a unique resource, the holistic approach of the PMO can ignite a proactive decision.

In this example, depending on your approach, the PMO may decide to:
- Maintain the two projects by adding properly trained resources
- Generate a dependency between the projects
- Coordinate the corresponding tasks to maintain a balance between the critical paths of both projects

d. Increase profitability

Many PMOs face a double challenge to profitability:
- **A profitable PMO** is one that demonstrates the the investment necessary for its implementation has sufficient returns
- **A beneficial PMO** is one that not only reduces costs, but also increases revenues by improving deadline compliance and customer satisfaction

e. Introduce an evaluation culture

Continuous evaluation is but the data-driven art of systematically learning from the past.

Two approaches can be followed to learn from the past: the personalist and the PMO-specific.

In the personalist approach, empirical learning is reduced to the projects that have been managed by each director. In this case, many avoidable mistakes happen.

In the PMO approach, managers maintain a database with all lessons learned in the organization's projects, or even obtain case studies and external analysis.

Backed by a PMO, project managers will never feel alone when facing adversity: they can always rely on advice and practical experience to guide their work.

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4.

MATURITY AS A SYMPTOM

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How can you know that you're ready to embark in the PMO ship?

The maturity of your organization is a good indicator of your ability to launch a PMO. There are clear signs that allow to diagnose the degree of maturity of your company. Many can be grouped around four variables:

- a. Connection between strategy and projects
- b. Prioritization
- c. Resource planning capacities
- d. cuantitative evaluation

Low Maturity

- a. **Lack of** a clear company **strategy**
- b. **Absence or deficiency of quantitative project evaluation**
- c. Projects are carried out without time estimates
- d. There is no **prioritization** of ideas, projects or departments

Medium Maturity

- High visibility projects are prioritised
- **Some project alignment** with the company's general objectives
- **Resources are planned** before execution
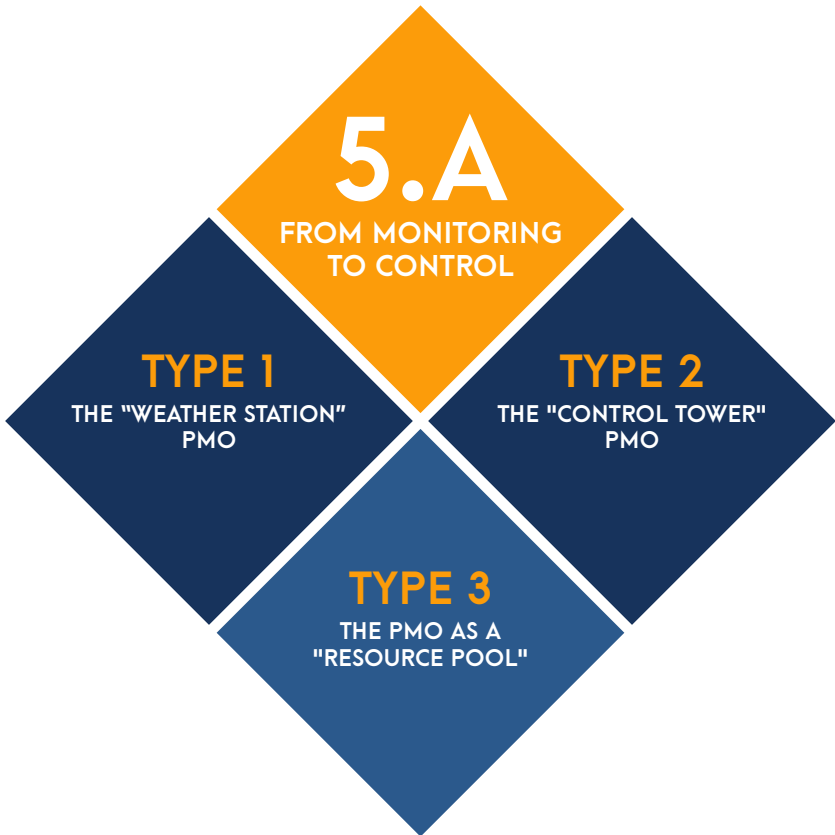- **Metrics** allow to quantify the results of the most important projects

High Maturity

- The work and tasks of the company are **integrated** into projects and programs
- All work is **goal oriented**
- **Standard measurements** of the results of each process are available
- Effective systems allow **quick and agile communication** between participants in different tasks and projects
- Systems incorporate **agile and up-to-date methodologies**, which allow to get the most out of the time worked
- **Projects** conform to international norms **standards**
- The technology base is both **specific and advanced**
- Productivity and the search for simpler and more agile processes are **properly incentivised**

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5.

PMO

TYPOLOGIES

5.A
FROM MONITORING TO CONTROL

TYPE 1
THE "WEATHER STATION" PMO

TYPE 2
THE "CONTROL TOWER" PMO

TYPE 3
THE PMO AS A "RESOURCE POOL"

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The definition of your PMO model depends on two major factors:

- **Maturity**
- **Needs**

Maturity and needs are co-dependent. For example, an immature company needs much leaner approval processes compared to a multinational group. Correspondingly, a PMO will be simpler in the former.

Although there is no universal typology for a PMO, the following pages cover two popular proposals.

The first typology was put forward in 2001 by William Casey and Wendi Peck in the article **"Choosing the right PMO setup",** and has been replicated numerous times ever since.

The classification is based in three metaphors: a PMO as a "weather station"; the PMO as a "tower of control"; and the PMO as a "resource pool".

Type 1: The "Weather Station" PMO

This supportive PMO has the mission of providing **objective, reliable and comparable information**. By providing templates for reports, the content is presented in an homogeneous and predictable way. Some of the customer questions that this type of PMO should answer are:

- What is the current state of the project? What degree of compliance with the initial objectives has already been achieved?

- What amount of the project budget has been earmarked for spending or already spent? Is the planned budget still sufficient? Why did deviations happen?

- What are the main risks or problems that may arise during the execution of the project?

Type 2: The "Control Tower" PMO

The PMO as a control tower does not only know about the weather: it also suggests which direction should be taken, and when it is too early or too late for a project to start.

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1. **Establishment of standards for project management.**

Standards serve as a methodological reference for project managers.

Some common standards follow:

- Risk protocols
- Configuration and organization of project teams
- Channels of communication, information and reporting

2. **Decision of the methodologies for the measurement and analysis of the results achieved by the project**

3. **Implementation and reinforcement of standards**

In other words: the PMO can not be limited to generating the standards, but must act as an internal enforcement authority.

Type 3: The PMO as a Resource Pool

In this model, the PMO directly manages projects and programs, at least from the point of resource allocation and planning, prioritization, and budgeting.
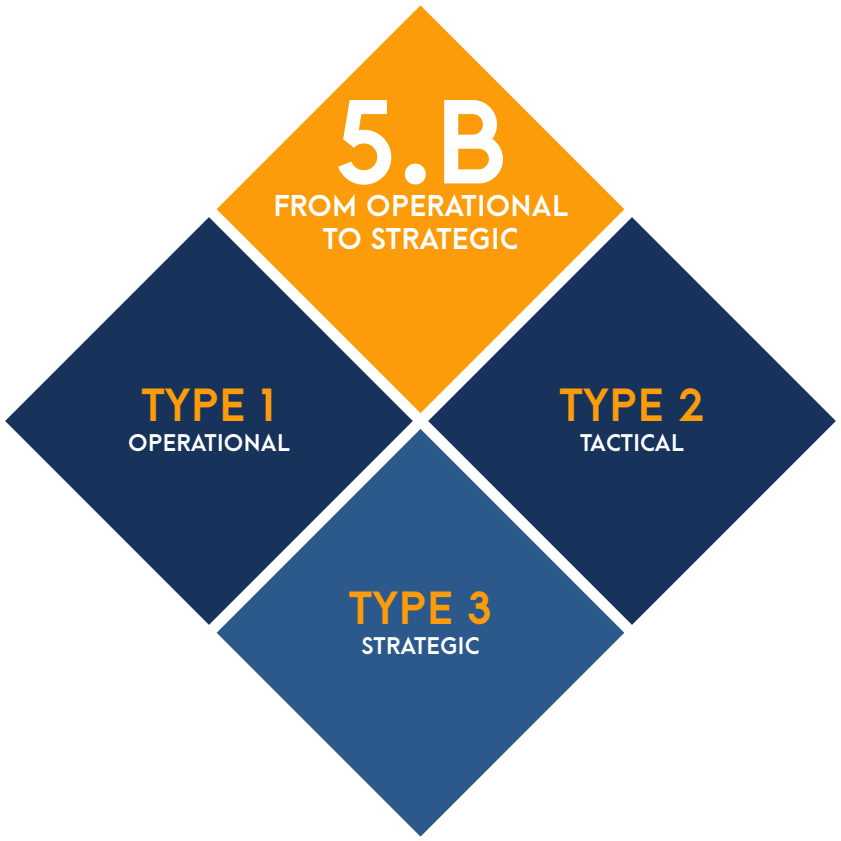
This type of PMO, also called "Directive PMO", assumes the classic responsibilities of project managers, albeit from the macro perspective.

At this level, instead of resolving dependencies between tasks, the directive PMO resolves dependencies between projects and allocates resources according to their priorities.

This type of PMO might be better suited for a more mature organization.

Specific Functions:

- Develop and maintain sufficient and properly trained project managers to manage all the projects of the company
- Organize contributions from team members, including external consultants
- Coordinate projects and programs in the organization's portfolio

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5.B
FROM OPERATIONAL TO STRATEGIC

TYPE 1
OPERATIONAL

TYPE 2
TACTICAL

TYPE 3
STRATEGIC

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Another typology that can help define the most appropriate attributions for your PMO distinguishes between three approaches: operational, tactical and strategic.

Desouza and Evaristo's 2006 contribution is very useful because it relates to the **degree of authority of the Project Management Officer:** if you decide how much power the PMO will have, you can start assigning cascadomg responsibilities.

In an **operational approach,** the PMO is dedicated to **daily supervision:**

- Of programs
- Reporting to senior management
- Counseling of project managers

In a **tactical approach,** the PMO **administers tools** used in projects:

- Methodologies
- Databases and documentation repositories
- Information systems
- Resources (experts)

In a **strategic approach,** the PMO assumes **management functions,** such as:

- Coordination of portfolio projects
- Prioritization of new projects
- Advice to senior management
- Strategic planning
- Monitoring and evaluation of the PMO

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6. NEW TRENDS: THE AGILE PMO

Since the **Agile Manifesto came out in 2001**, agile methodologies have come to be accepted beyond software development and into a broader number of organizations.

The project manager mindset has changed so much that many experts now recognize the convenience of including agile frameworks in PMOs.

What does a PMO look like?

In an agile organization, **the PMO is tightly knit together with business priorities and value generation.**

Even though control function may lose relative weight, it doesn't disappear. For example, an agile PMO can focus on providing adequate agile-friendly tools or offering administration criteria to organize a healthy backlog.

PMOs also offer great value in organizations that are moving from traditional to agile frameworks: in these situations, the connecting tissue of the PMO acts as a powerful **accelerator**.

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MO	TU	WE	THU	FR	SA	SU	MO	TU	WE	THU	FR	SA	SU

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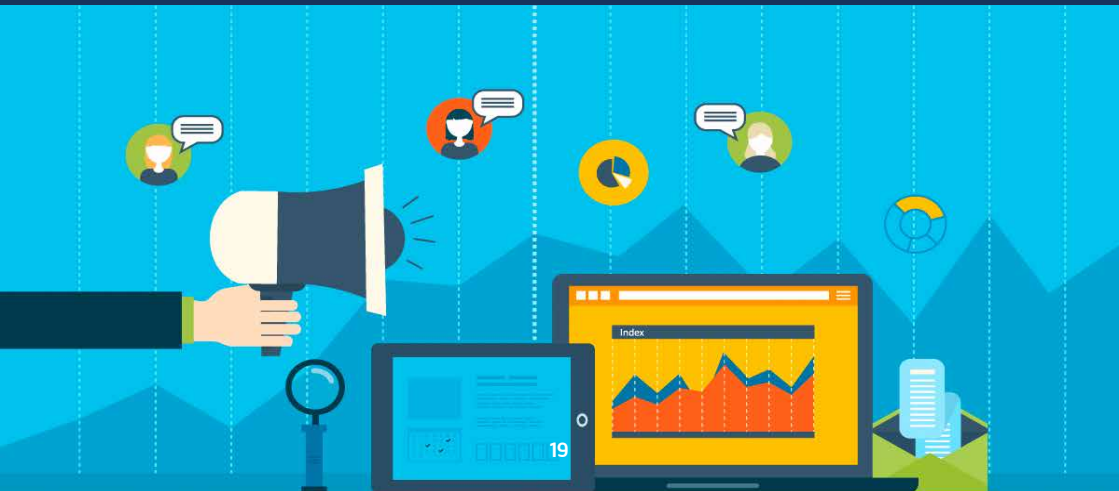
7. START YOUR ENGINES: IMPLEMENTATION PROCESS

Here is where the journey starts

Remember that, in order to decide what will be the features of your Project Management Office, you should commence with people around you. Identify the needs of your internal clients and then define the attributions that you wish to centralize in a PMO.

Don't forget strategy! PMO can add tons of value by just connecting different teams and experiences in meaningful ways.

Let us guide you

ITM Platform helps organizations of all industries and sizes in adopting project management frameworks, methodologies and processes.

Our trajectory of software implementation in hundreds of organizations and our large partner network makes us the perfect fit to support your transition to a new Project Management Office.

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Quoted References:

Desouza, K, and Evaristo R. (2006) "Project management offices: A case of knowledge-based archetypes" International Journal of Information Management, Volume 26, Issue 5, Pages 414-423

Hobbs, B., and Aubry, M. (2007). "A multi-phase research program investigating project management offices (PMOs): the results of phase 1." Project Management Journal, Vol. 38, No. 1, pp. 74-86.

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