

PMOs

A PMO¹ will have various roles and responsibilities according to whether the service (or support) is focused at the project, program or portfolio level.

- Project management offices (PjMO) provide centralised and coordinated management or support of those projects for which it is responsible,
- Program management offices (PgMO) tend to provide strategic and centralised support to the program, including the management of shared resources, methodologies, tools and techniques,
- Portfolio management offices (PtMO) provide support at a strategic level within the governance and strategic project selection and management domain.

The role of a PMOs should be assisting both the project manager and the relevant organisation with the application of professional project management practices and the adaptation and integration of business interests into the management and delivery of projects and programs. This can be defined within a continuum of maturity from 'project reporting office' to 'centre of excellence' with functions that include support, at various levels of inclusion and competency, for:

- Strategic planning,
- Benchmarking and continuous improvement,
- Training and mentorship for project managers,
- Methodologies and 'Enterprise' tools,
- Knowledge management in the form of lessons learned, estimating databases and project management experience.

Within this framework, the PMO's roles and responsibilities should be based on the organisations needs. The PMO may be a simple 'PO' for projects, a COE (Centre of Excellence) focused on development of capabilities or an EPMO (Enterprise PMO) for portfolios. Regardless of its form, a successful PMO requires:

- Executive sponsorship
- Management buy-in
- A clear mandate (Authority and autonomy)

The PMO should contribute to the governance of projects². Effective project governance ensures that an organisation does the right projects, and does the selected projects right. Governance and 'good practice' are defined in a range of standards including:

- OPM3, PMI's Organizational Project Management Maturity Model³
- AS 8015-2005 Australian standard for Corporate Governance of ICT
- GoPM, The APM's *Directing Change, a guide to the governance of project management*.
- OGC's Governance of Programme Management

Factors for PMO Success

To be successful, PMOs need to be more than administrative 'police' PMOs can add significant value in the strategy and relationship areas of the portfolio by focusing and supporting:

- Strategic alignment of projects and programs

¹ For more papers on PMOs see: http://www.mosaicprojects.com.au/Resources_Papers.html#Proj_Off

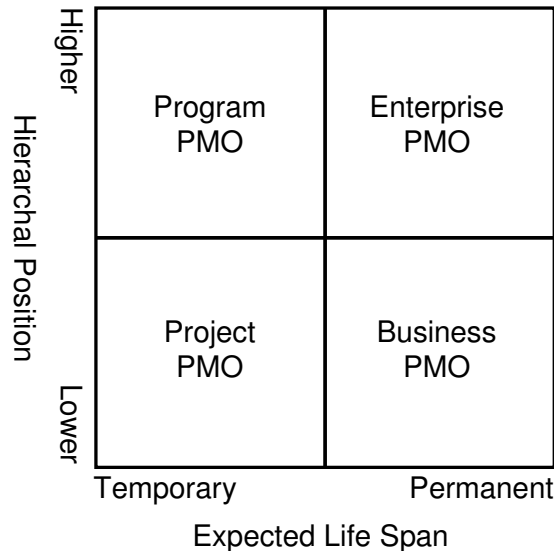
² See **WP1033 Governance**: http://www.mosaicprojects.com.au/WhitePapers/WP1033_Governance.pdf

³ For more on OPM3 see: <http://www.mosaicprojects.com.au/OPM3.html>

- Benefits realisation⁴
- Providing leadership in implementation of standards (the best aspects of the following)
- Managing continuous improvement
- Becoming the information Manager, facilitating open and targeted communications:
 - Between the various levels of the PMO (project, program and portfolio)
 - Between the PMO and organisation executives (summary reports, etc)
 - Between project and program management (health checks, performance metrics, Earned Value, etc)
- Focusing on adding value from a executive management perspective

Basic Types of PMO

Research by Human Systems International Ltd has identified four basic types of PMO based on a survey of 158 respondents (most having multiple PMOs within their organisation)⁵. Tensions exist between the functions of the different PMOs.



Approved functions from the survey included:

- Conducting project / program / portfolio reporting
- Standardising the use of PM tools
- Developing and enforcing PM methodology policy / procedures / standards
- Specifying and managing PM training

Functions that are not valued:

- Value management
- Replicating PM functions such as purchasing

PMOs are still evolving, so it is hoped this structure will start to provide a foundation for the on-going development of PMOs and a reference framework for researchers to help develop consistency.

⁴ For more on benefits and value see: http://www.mosaicprojects.com.au/WhitePapers/WP1023_Benefits_and_Value.pdf

⁵ For more information see: <http://www.humansystems.net/>

The value of PMOs

A 2010 benchmark study on the value of project management offices undertaken by PM Solutions⁶ reveals increased maturity can drive major savings per project. The survey found PMOs decreased failed projects by 31%, delivered 30% of projects under budget, demonstrated a 21% improvement in productivity, delivered 19% of projects ahead of schedule, and saved companies an average of \$567,000 per project

Additional findings suggest significant increase in executive influence. More than half of PMOs now report to the highest levels of management, with 29% reporting to an executive vice president and another 27% reporting to the C-level.

PM Solutions surveyed 291 high-level project management employees from large, mid-sized and small organizations in various industries including manufacturing, healthcare, technology, finance, and government. The primary purpose of the study was to gain a clearer understanding of current PMO operations such as size, functions, staffing, challenges, performance, and maturity. Of the organizations surveyed, 84% have a PMO in place, demonstrating a steady growth from 77% in 2006, and 48% in 2000.

For the first time, however, the value of the PMO is no longer in question. According to the study, 83% of research respondents report that the value added by the PMO goes largely unquestioned, with that figure rising to 94% among those with mature PMOs.

It has always been very difficult to quantify or adequately measure how PMOs are impacting their organizations because the feedback was often vague and intangible, but this year's study shows precisely how valuable and pervasive a PMO can be today," said J. Kent Crawford, PMP, CEO of PM Solutions and former president and chair of the Project Management Institute. "Now there's no question — a mature PMO can affect an organization's bottom line."

Mature PMOs are focused on delivering strategic business value, training and dealing with the challenge of resource management. The majority of mature PMOs work on high-value strategic tasks such as implementing or managing governance processes (72%), advising executives (64%), and strategic planning (62%).

With the demonstrated positive impact on corporate finances, these tasks are expected to expand to include enabling effective governance practices, optimising the portfolio of projects, centralising resource management functions under the PMO.

The value the PMO adds to the business is aligning strategy and projects, and will lead to the evolution of the PMO as the strategy execution engine of the organization.

⁶ The full report is available at www.pmsolutions.com/research