PMOs

A PMO 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 (PfMO) 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':

Passive Reporting: the most basic form and role of a PMO responsible for collecting reports from the various projects and programs[1], collating and summarising them, then forward a summary report to the organizational management for review.

Active Reporting: the PMO is responsible for standardising the reports used by the projects and programs including developing guidelines for the use of the various reports.

Project Management System: the PMO is responsible for aspects, or all of the project management system in the company; including the project management methodology[2], the project life cycle model (definitions of project stages and stage gates), performance metrics, the lessons learned system, and any supporting enterprise software systems. Good PMOs do not fall into the trap of being 'process police'(mandated processes should be kept to a minimum) - for the few mission critical processes that are mandated conformance assessments should also be an opportunity for coaching to help the project teams understand how the processes are applicable to their project.

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[1]   For more on **project controls** see: https://www.mosaicprojects.com.au/WhitePapers/WP1093_Project_Controls.pdf

[2]   For more on **methodologies** see: https://www.mosaicprojects.com.au/WhitePapers/WP1045_Methodologies.pdf

Training Support: the PMO is empowered and responsible for reporting, training and the development of project management personnel in the domain of project management.

Career Management: the PMO assumes responsibility for career development in the domain of project management; including establishing formal job descriptions and career paths for project management personnel across the organisation. The professional development program should include both mentoring and a coaching program.

Project Coordination: the PMO oversights the coordination of all or some of the organisation projects, focusing on the coordination between projects and manage the interfaces.

Managing Project and Program Managers: within a strong matrix organization the PMO is the project management functional home for the career project managers and project management personnel. When there is a project, the organisation will pull the project manager from the PMO and other project resources and team members will come from the other functional department.

Strategic Project Management: the PMO is responsible for functions that include support, at various levels of inclusion and competency, for:
- Support for the organisation's strategic planning,
- Project oversight, surveillance and reviews[3],
- 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)

Note: See separate section below for more on strategic PMOs.

PMO Authority

The *PMBOK® Guide* (Cl. 1.4.4) defines three levels of engagement / authority for a PMO, depending on its direct responsibilities and authority, various functions listed above may be more or less appropriate for the PMO to have responsibility for (remembering authority and responsibility need to be aligned). The 3 types of PMOs are:

1. **Supportive PMO.** The Supportive PMO is a consultative role with support generally provided in the form of on-demand expertise, templates, best practices, access to information and expertise on other projects, and the like. This can work in an organisation where projects are done successfully in a loosely controlled manner and where additional control is deemed unnecessary, or if the objective is to have a 'centre of excellence' for project management information to be used freely by project managers across the organisation.

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[3]   For more on *project reviews* see: https://www.mosaicprojects.com.au/WhitePapers/WP1080_Project_Reviews.pdf

www.mosaicprojects.com.au

For more White Papers see: https://mosaicprojects.com.au/PMKI.php

2. **Controlling PMO.** A controlling PMO provides support (as above) and requires compliance with various policies; it provides support, and requires that that support (at least in part) be used! Requirements might include adoption of specific methodologies, templates, forms, and application of other PMO controlled rules. In addition, project teams may need to pass regular reviews by the controlling PMO.

3. **Directive PMO**. This type goes beyond control and actually "takes over" the projects by providing the project management experience and resources to manage the project. As organisations undertake projects, professional project managers from the PMO are assigned to the projects. This can inject a great deal of professionalism into the projects, and, since each of the project managers originates and reports back to the directive PMO, it guarantees a high level of consistency of practice across all projects.

The best type of PMO depends on the organisation's culture and its history but regardless of type, the underlying objectives are to implement a common methodology and enhance organisational maturity by introducing and supporting:

1. Standardised terminology
2. Effective and repeatable project management processes
3. Common supporting tools
4. Enhanced governance

With the objective of improving the levels of project success within the organisation

The PMO should be a key contributor to the governance of projects[4]. 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:

- ISO 21505:2017 *Project, programme and portfolio management -- Guidance on governance*

- ISO/IEC 38500:2015 *Information technology -- Governance of IT for the organization*

- GoPM, The APM's *Directing Change, a guide to the governance of project management*[5].

Design elements for a successful PMO

To be successful a PMO needs a range of factors in place:

- A clear mission statement describing what the PMO does, how it is done, and for whom. This is an overarching, general statement aligning the PMO to the value it provides to the business.

- An effective executive level sponsor[6]. The sponsor is the person responsible for the PMO funding, providing 'political protection' to the PMO, and in many cases the sponsor is the manager that the PMO reports to.

- Clearly defined and agreed objectives and services (see below). Based on the needs of the organisation, the required products and services are defined and objectives written defining how and when these will be delivered. Objectives are concrete statements describing what the PMO is trying to achieve in the short-term.

- A good understanding of its stakeholder community and Customers. Stakeholders are people or groups who have an interest in the products and services the PMO provides. Customers are the main individuals

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[4] See **WP1033 Corporate Governance**: https://www.mosaicprojects.com.au/WhitePapers/WP1033_Governance.pdf
and **WP1073 PPP Governance**: https://www.mosaicprojects.com.au/WhitePapers/WP1073_Project_Governance.pdf

[5] Download from: https://www.mosaicprojects.com.au/PDF-Gen/Directing_Change-v2.pdf

[6] For more on **sponsorship** see: https://www.mosaicprojects.com.au/WhitePapers/WP1031_Project_Sponsorship.pdf

or groups that receive the benefits of the products and services of the PMO. While there may be many stakeholders, it is important to recognise and provide value to the customers.

- An implementation or transition / development plan[7]. Transitional activities are the specific activities and projects that are required to implement or develop the PMO. If the PMO is new, these activities describe the work required to build and staff the new organisation. Most of the development work is designed to build the products and services described previously with input from the organization assessment

Objectives 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 by focusing and supporting:

- Strategic alignment of projects and programs
- Benefits realisation[8]
- Providing leadership in implementation of standards (the best aspects of the following)
- Managing continuous improvement
- Becoming the information Manager, facilitating open and targeted communications:
  - o Between the various levels of the PMO (project, program and portfolio)
  - o Between the PMO and organisation executives (summary reports, etc)
  - o Between project and program management (health checks, performance metrics, Earned Value, etc)
- Focusing on adding value from a executive management perspective
- Providing 'value add' services to support project managers such as:
  - o Establish and support a document repository. One of the value propositions to deploying common project management processes is the ability to reuse standard operating procedures (SOP)[9], processes, templates, prior examples, etc. But the documents need to be easy to find and up to date.
  - o Convert key learnings to best practices. A best practice statement (or a SOP) implies that the benefit can be gained for all projects, not just the few that reported it.
  - o Coordinating a common resource pool. All organisations have a process to staff projects. Since the PMO is a focal point for all project management-related activities, it is the right place to manage these common resource pools.
  - o Defining the role of contractors on projects. The PMO can help determine the right policies for staffing projects in your organisation.
  - o Document review service. Focused on helping project managers use standard templates as they were intended and that they are completed clearly and consistently. The PMO is not approving the document, but they are providing feedback to help the project prepare for seeking approvals.
  - o Benchmarking and reviews. Benchmarking studies (one-time) and benchmarking programs (longer-term) are a way to compare your organization against others[10].

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[7] For more on **establishing a PMO** and **effective stakeholder management** within the PMO see the papers at: https://mosaicprojects.com.au/PMKI-ORG-045.php

[8] For more on **benefits and value** see: https://www.mosaicprojects.com.au/WhitePapers/WP1023_Benefits_and_Value.pdf

[9] For more on **standard operating procedures** see: https://www.mosaicprojects.com.au/WhitePapers/WP1086_Standard_Operating_Procedures.pdf

[10] For more on **benchmarking and reviews** see: https://www.mosaicprojects.com.au/WhitePapers/WP1080_Project_Reviews.pdf

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). Tensions exist between the functions of the different PMOs.
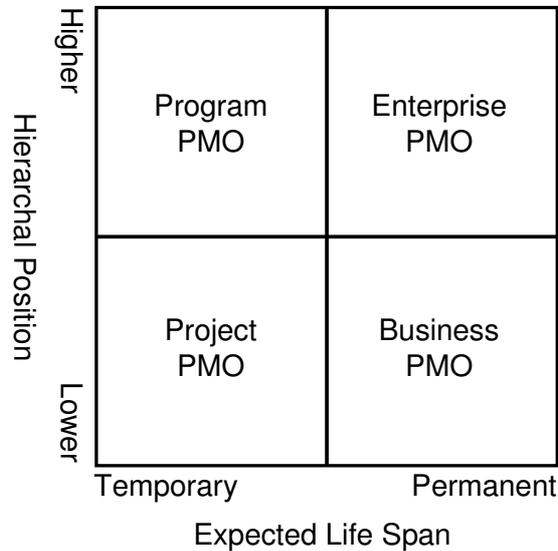
Approved functions from the survey included:

- 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.

Strategic PMOs

As part of PMI's *Thought Leadership Series*, PMI in partnership with the Economist Intelligence Unit, Boston Consulting Group and Forrester Consulting have examined the changing role of PMOs as they shift emphasis away from process and towards the more important role of contributing to value delivery. In these reports, successful PMO leaders cite project alignment to strategic objectives as the top-rated PMO function that has the greatest potential for adding real business value to their organisational activities.

This concept moves beyond 'strategic project management' towards the PMO playing a key role in the development of organisational strategy and the implementation of the agreed strategy. The five papers in this series are:

- **Strategic Initiative Management**[11]. This is the capstone report for the entire PMI Thought Leadership series, highlighting how PMOs can play a crucial role in delivering organizational value by supporting the implementation of key strategic programs.
- **Strategic PMOs Play a Vital Role in Driving Business Outcomes**[12]. Successful PMOs are those that positively influence business results and deliver value at every level of planning and execution.
- PMI's *Pulse of the Profession*™ In-Depth Report: **The Impact of PMOs on Strategy Implementation**[13]. The key factor for a PMO to succeed in driving strategy implementation is its alignment to the goals of the organization.
- PMI's *Pulse of the Profession*™: **PMO Frameworks**[14]. This report enables PMOs to benchmark themselves against the most common PMO frameworks and the key practices of each type.
- **Why good strategies fail: Lessons for the C-suite**[15]. Senior executives recognize that strategy implementation is essential to competitiveness, but a majority admits to poor performance in this area; this report uncovers a range of steps to successfully manage this situation

The Value of PMOs

A 2010 benchmark study on the value of project management offices undertaken by PM Solutions'[16] 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.

Research in 2012 by Pcubed[17] (UK) suggests the cost of running a PMO (specifically a Program Management Office) varied from 0.8% of the program value to 3.7% averaging less than 2% of the program value. In aggregate the PMO costs constituted approximately one third of the total project management costs for the program. The research is limited by suggests the cost of a PMO will vary depending on its roles, responsibilities and the culture of the organisation, but if managed efficiently will cost around 2% of the overall project/program expenditure for the significant savings outlined above. These figures back up the findings from a series of KPMG surveys between 2002 and 2005[18] that clearly identified the value of PMOs and the cost of not having an effective PMO.

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

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11 Download the report from:
https://www.mosaicprojects.com.au/PDF-Gen/PMO-BCG-Strategic-Initiative-Management.pdf

12 Download the report from:
https://www.mosaicprojects.com.au/PDF-Gen/PMO-Forrester-PMOs-Play-Vital-Role-TLP-PMI-Final.pdf

13 Download the report from:
https://www.mosaicprojects.com.au/PDF-Gen/PMO-PMI-Pulse-Impact-of-PMOs-on-Strategy-Implementation.pdf

14 Download the report from: https://www.mosaicprojects.com.au/PDF-Gen/PMO-PMI_Pulse_PMO-Frameworks.pdf

15 Download the report from: https://www.mosaicprojects.com.au/PDF-Gen/PMO-Why-Good-Strategies-Fail_Report.pdf

16 A series of reports are available at: https://www.pmsolutions.com/resources/category/research/

17 Pcubed see: https://www.pcubed.com

18 To download the KPMG surveys see: https://mosaicprojects.com.au/PMKI-ORG-045.php

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%). Importantly, the value to the organisation increases significantly as the maturity level of the PMO increases. There is a 34% improvement in value between immature PMOs and mature PMOs.

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.

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