

Business Focused PMO Setup

Practical Insights, Techniques, and Case Examples for Earning Success

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Before we get started

- Let's get to know each other
 - Please stand and introduce yourself
 - My name is (Audience responds, "Hi name")
 - I am a
 - I work for
 - I am attending this workshop to

Workshop Agenda

- PMO Introduction
 - Perceptions and Realities
- Part I – PMO Organization
 - Constituent Oriented vs. Inwardly Focused
- Part II – PMO Management
 - Embracing Flexibility vs. Mandating Conformance
- Part III – PMO Tools
 - Establishing a PMO Architecture vs. Implementing a Tool
- Part IV – PMO Maturity
 - Practical Adoption vs. Theoretical Exercises

Sources and References

- Gartner Research & White Papers
- Forrester Research & White Papers
- Published Works & Articles on PMOs
- LinkedIn PMO Groups
- Carnegie Mellon Research
- PM Solutions Research (formally CBP)

main references:

- "The State of the PMO 2010 Survey"
- "The State of the PMO 2008 Survey"
- "The State of the PMO 2006 Survey"

The State of the PMO 2010 Survey

Sample size : 291
 Organisation size:
 - Large (33%)
 - Mid-sized (35%)
 - Small (27%)

Respondents by Industry

- Manufacturing
- Finance & Insurance
- Professional & Technical
- Healthcare
- Information
- Government
- Utilities
- Other

Respondents by Role

- Head of the PMO
- Project/Program Manager
- VP/Director of Project/Program
- PMO Staff
- Other
- VP/Director of Business

Survey Topics:

- Do companies have PMOs?
- How long have they had them?
- What functions are performed by these PMOs?
- How large are PMO staff?
- How experienced are PMO staff?
- Do PMOs receive training?
- What types of training does PMO provide?
- What are the primary challenges facing PMOs?
- What value does a PMO add to the company?
- What are organizational priorities for the upcoming year?

Source: PMI Solutions Inc. 2010 - The State of the PMO 2010 Survey

Definition of a PMO?

Question:
 "How many of you today would say that the primary focus of your PMO is"

- Project Management Office ?
- Programme Management Office ?
- Portfolio Management Office ?
- All of above ?

Primary focus of PMOs

"What is the primary focus of your PMO?"

Base: 168 IT decision makers
 Source: Forrester Research Inc. 2009 - Global PMO online survey

Perceptions of PMOs

Project Staff

- It's the template police
- More forms, more policies, more bureaucracy
- PMO "regulate" process & methods overload
- Full of pen pushers not doers
- A hindrance rather than a help

Senior Management

- Part of the problem not the solution
- Project Management Overhead
- Inward focused not business focused
- Theory driven not business driven
- Information always out of date

Middle Managers

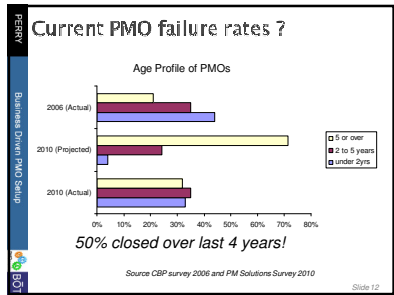
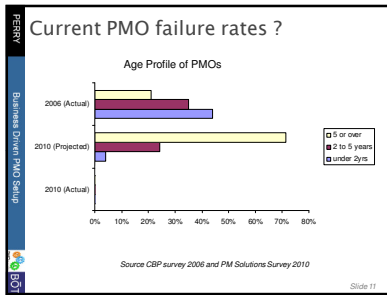
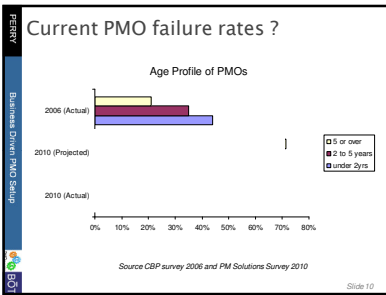
- Constant demand for key resources
- Unrealistic demands on my time
- Drain of my department's productivity
- Politics rather than delivery
- A potential threat to my authority

Speech bubbles: "I haven't got time for this..", "I don't have the budget for this.", "My dept has more pressing issues."

PMO failure rates

- 25% of all PMOs closed within one year **CRASHED**
- 50% of all PMOs stopped within 2 years **STOPPED**
- 75% of all PMOs closed within 3 years **FAILED**

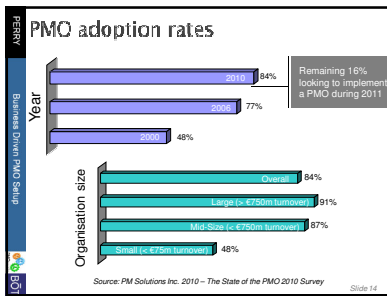
Source: PMI Survey of 2005, 2010



Why do PMOs fail ?

- When senior management fail to engage
- It not seen as a strategic business asset
- It is seen as an admin or support function
- It is seen as a short term requirement
- It becomes a policeman and auditor
- Inappropriate resources (skills/experience)
- Benefits not identified, managed, delivered
- When there is lack of perceived value

frustration can quickly lead to drowning!



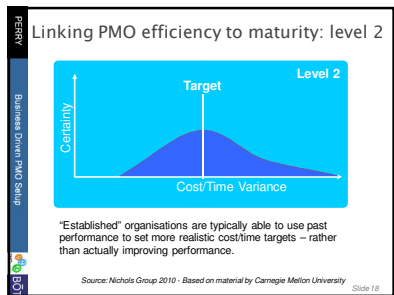
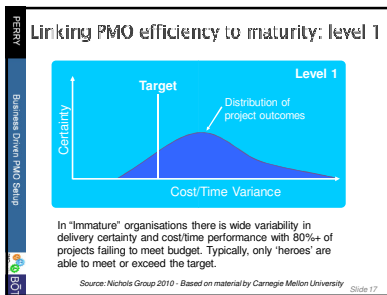
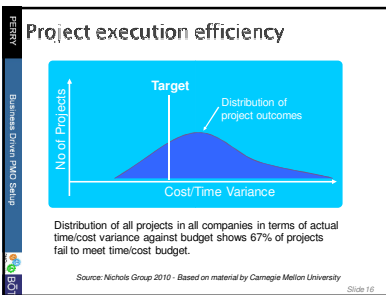
Tangible Benefits of having a PMO

PMOs contribute directly to the following performance improvements¹:

- Decrease in failed projects.....31%
- Projects completed under budget.....30%
- Improvement in productivity.....21%
- Projects delivered ahead of schedule.....19%
- Savings per project (% total project cost).....17%
- Increase in resource capacity.....13%
- Average cost saving per project.....€415,000

"However deploying a PMO does not lead to performance improvement in itself. It is only when the PMO increases in maturity that tangible improvement occurs"

¹Source: PM Solutions - The State of the PMO 2010
²Source: Making the Business Case for a Highly Focused and Effective PMO
 Michael Hanford, Gartner 2010



Linking PMO efficiency to maturity: level 3

"Grown-up" organisations are able to truly start setting improved cost/time targets and have a realistic expectation of achieving them.

Source: Nicholls Group 2010 - Based on material by Carnegie Mellon University Slide 19

Linking PMO efficiency to maturity: level 4

"Mature" organisations are typically able to set tougher cost/time targets and achieve them with even less variability than Level 3 organisations.

Source: Nicholls Group 2010 - Based on material by Carnegie Mellon University Slide 20

Linking PMO efficiency to maturity: level 5

"Best in class" organisations are able to set the toughest targets and achieve them within a very narrow range of outcomes.

Source: Nicholls Group 2010 - Based on material by Carnegie Mellon University Slide 21

Growth in PMO Maturity

Level	2008 (%)	2010 (%)
Level 1	26%	14%
Level 2	34%	50%
Level 3	30%	25%
Level 4	9%	8%
Level 5	1%	1%

Average Maturity:
- 2.3 in 2010
- 2.25 in 2008

No real increase in average maturity levels over last 4 years
Actual % decline in 'mature' PMOs (Level 3 and above)

Source: PM Solutions Inc. 2010 - The State of the PMO 2010 Survey Slide 22

Other benefits of improved maturity

Metric	Level 2 (%)	Level 3 (%)
Resources allocated optimally	~45%	~65%
Projects on schedule & budget	~40%	~60%
Strategy executed to plan	~35%	~55%
Organisation works on right projects	~30%	~50%
Projects aligned to strategy	~25%	~45%
Projects customers satisfied	~20%	~40%
Stakeholders satisfied	~15%	~35%
Organisation financially successful	~10%	~30%

Improvement versus PMO at Maturity Level 1

Source: CBP - The State of the PMO - 2008 Benchmark of Current Business Practices Slide 23

Typical PMO in 2010

- Age: 3 years
- Maturity: 2.3
- Reporting level at Director or above
- Budget: €360,000
- Budget as percent of overall project budget: 6.25%
- Staff size: 7 people
- Percentage of all project managers reporting to PMO: 50%
- Using contracted resources: 56%
- Staff with project management qualifications: 50%
- Project management experience of PMO staff: 10 years
- Staff training per year: 8 days/employee

Note: All figures are median averages of survey response

Source: PM Solutions Inc. 2010 - The State of the PMO 2010 Survey Slide 24

Summary of Research

- Take-up of PMOs is already very high (at 84%)
- Remainder looking to establish PMOs in 2011
- Failure rate for PMOs is still very high (50% over 4 years)
- PMOs need to strive for Level 3 maturity
 - In order to gain optimum performance/efficiency benefits
- There appears to be a 'glass ceiling' for PMOs at level 2
- Average maturity unchanged over the last 4 years (2.3)
- Percentage of mature PMOs (level 3/4/5) has reduced

Question: What is holding back PMOs in reaching maturity?

Source: PM Solutions Inc. 2010 - The State of the PMO 2010 Survey Slide 25

Workshop Part 0 - PMO Introduction

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Workshop Part I – PMO Organization

- Objectives
 - To recognize:
 - The tell-tale signs of inwardly focused PMOs
 - The factors that contribute to inwardly focused PMOs
 - The attributes of business driven PMOs
 - To learn:
 - Techniques for ensuring PMO success as an organizational entity within the business
 - Techniques for ensuring a business driven PMO
- Agenda
 - PMO survey findings
 - Traditional PM community mindset all wrong
 - Views of the PMO
 - PMO models
 - People, process, and tools
 - Selling the PMO
 - Case study example
 - What not to do
 - What to do
 - Conclusions

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Workshop Part I – PMO Organization

- PMO survey findings
 - In a survey of 25 PMOs, the following four questions were asked to determine the focus and perceived value of the PMO:
 - Does your PMO have measurable business objectives in place?
 - Yes or No
 - What is the top area of focus of the PMO?
 - Open ended
 - Examples include: people, process, tools, training, EPM, PPM, etc.
 - What is the PMO self assessment of PMO performance?
 - A, B, C, D, F
 - What is the CIO grade of PMO performance?
 - A, B, C, D, F

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Workshop Part I – PMO Organization

- Actual PMO survey results
 - 25 PMOs
 - Most popular response (Mode)

Survey Question	Response
Measurable Objectives (y/n)	No
Top area of focus	Methodology
PMO self assessment (A-F)	B
CIO grade (A-F)	B-

What would your answers be..?

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Workshop Part I – PMO Organization

- Actual PMO survey results

Survey Question	Response	Survey Question	Response
Measurable Objectives	Yes (7)	Measurable Objectives	No (16)
Top area of focus	Speed	Top area of focus	Methodology
PMO self assessment (A-F)	C+	PMO self assessment (A-F)	A-
CIO grade (A-F)	A-	CIO grade (A-F)	C-

Business Driven PMOs 8 out of 25

Theory Driven PMOs 17 out of 25

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Workshop Part I – PMO Organization

- But why...?
 - Why are PMOs...
 - Patterned after theoretical models
 - Set up with no goals
 - Left to run as a staff organization
 - Viewed as a competency center, rather than an accountable business unit
- Survey Conclusions
 - Business Driven PMOs
 - Focused on constituent
 - PMO mission understood
 - PMO objectives in place
 - PMO value measurable
 - Theory Driven PMOs
 - Focused on themselves
 - PMO mission vague at best
 - No PMO objectives
 - PMO value not measurable

Why is this? Who is responsible? Who is to blame?

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Workshop Part I – PMO Organization

- The traditional PMO community mindset is all wrong
 - Views of the PMO
 - Too much focus on
 - PMO models
 - People, process, tools
 - Technical project management
 - Selling the PMO
 - Too little focus on
 - The needs of the business
 - The business reason for which the PMO exists to serve (right now)
 - Vision, mission, goals and objectives for which the PMO is held to account

Knowledge Application

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Workshop Part I – PMO Organization

- PMO survey continued
 - In that same survey of 25 PMOs, the following two questions were asked regarding "Selling the PMO"
 - As PMO manager, how important is it to sell the PMO..?
 - As CIO, how important is it to sell the PMO..?

Survey Question	Response
As PMO manager, how important...	Very Important
As CIO, how important...	Very Important

Answer Key: Very important, Important, No opinion, Unimportant, Very unimportant

What would your answers be..?

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Workshop Part I – PMO Organization

- Actual PMO survey results
 - 25 PMOs
 - Most popular response (Mode)
 - As PMO manager, how important is it to sell the PMO..?
 - As CIO, how important is it to sell the PMO..?

Survey Question	Response	Survey Question	Response
As PMO manager, how important...	Very unimportant (6 out of 8)	As PMO manager, how important...	Very important (15 out of 17)
As CIO, how important...	Very unimportant (7 out of 8)	As CIO, how important...	Very important (12 out of 17)

Business Driven PMOs 8 out of 25

Theory Driven PMOs 17 out of 25

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Workshop Part I – PMO Organization

- More on why not to sell the PMO..!
 - Desired outcome known in advance, seller has a bias

"The Answer Is" Justification Effort

Desired Outcome

Not Known in Advance

Most Desirable

Least Desirable

Participants are Biased

Participants are not Biased

Level of Bias


Examples of "Selling the PMO"!

- Even when you believe in your soul what the academically perfect PMO is, you can't go further until you've given your idea to someone.
- Since people do not know what a PMO is, you have to first sell the PMO.
- There are three key steps to starting a PMO: first – pick a PMO model; second – list out roles and responsibilities, and third – sell the PMO.

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Workshop Part I – PMO Organization

- More on why not to sell the PMO..!
 - Lastly...
 - Selling the PMO is like selling your wife (significant other) on why she should be happy and agreeable with what YOU want to do as opposed to what SHE wants you to do...
 - How does that work for you...



"Honey, it's too hot to mow the lawn, I am going to go play golf."

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Workshop Part I – PMO Organization

- More on why not to sell the PMO..!
 - Oh, and one more thing...

What are these..? → PMBOK, PRINCE2, RUP, MSP, Waterfall, Cascade, Etc...

AND

What are those..? → COS, SPIN, Radar, GTM, TAS, Blue Sheets, Etc...

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Workshop Part I – PMO Organization

- More on why not to sell the PMO..!
 - Oh, and one more thing...

To no discredit to PM professionals, their knowledge of and working experience (skills) in sales best practices are about as good as the skills that sales folks have in project management..!

So, before you give or take the advice that you should "sell" the PMO, at least recognize that this (selling to the C-level) is a task for which you have minimal to no professional sales skills and experience..!

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Workshop Part I – PMO Organization


- Case Study Example
 - The CEO of a high growth technology company was faced with many of the common problems associated with success
 - The leadership team all responded favorably to the idea of having a PMO
 - CEO and leadership team interviewed a number of candidates
 - Candidate #1
 - PMO manager at three large companies (PMP certified)
 - Experience in PMO setup, methodology development, and tools
 - Candidate #2
 - Management experience in sales, marketing, business development, and professional services (Not PMP certified)

Who do you think was hired..?

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Workshop Part I – PMO Organization

- Case Study Example
 - Candidate #1 was hired
 - Week 1
 - CEO and leadership team each met with the new PMO Manager
 - Week 2
 - PMO Manager presented his strategy



Wow..! That's fast..!

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Workshop Part I – PMO Organization


People <ul style="list-style-type: none"> Small PMO team Methods and standards Reporting Consulting and mentoring Bus units owns projects 	Tools <ul style="list-style-type: none"> Project management Resource management Issues management Executive reporting
Process <ul style="list-style-type: none"> Singular methodology Aligned to the PMBOK Accessible from the intranet 	Training <ul style="list-style-type: none"> Project management basics Tools usage Methodology

Coaching Model PMO

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Workshop Part I – PMO Organization

- Case Study Example
 - End of month 1
 - 5 project managers staffed
 - End of month 2
 - Vendor demonstration arranged for leadership team
 - PMO Manager had experience with tool at other IT PMOs
 - Tool implemented and used by the PMs in the PMO
 - End of month 3
 - Methodology was developed and made available
 - Months 4 through 6
 - Project management training sessions were held
 - PMBOK® Knowledge Areas, tool usage, methodology
 - Six Month Checkpoint
 - Are business needs being met?
 - Are executives happy?



Anyone seen this picture before..?

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Workshop Part I – PMO Organization

- Exercise #1: PMO strategy and execution
 - As a team, discuss and grade the PMO manager

	A	B	C	D	F
Strategy					
Effort					
End Results					
Overall					

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Workshop Part I – PMO Organization

- Case Study Example
 - Six month checkpoint...
 - VP of Sales "Unhappy"
 - Too long to get new projects underway
 - VP of Professional Services "Unhappy"
 - Methodology did not effectively address management of requirements and pricing of billable work
 - VP of Business Development "Unhappy"
 - Non-revenue producing business development projects not supported
 - Manager of Product Development "Unhappy"
 - Development resources still being pulled away for sales support
 - Chief Financial Officer "Unhappy"
 - Data in PPM tool not accurate nor useful for revenue planning
 - Chief Information Officer and CEO "Concerned"
 - Holistic PPM – not there yet, in fact not very close

PMO not meeting business needs..!

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Workshop Part I – PMO Organization

Case Study Example

- The grade the PMO manager got..!

	A	B	C	D	F
Strategy				✓	
Effort			✓		
End Results				✓	
Overall				✓	

Again, who is to blame for this..?

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Workshop Part I – PMO Organization

Case Study Example

- The next staff meeting
 - PMO Manager besieged with questions
 - Common leadership team view of no real progress
 - PMO Manager advised that most of the problems and issues were outside the scope of the "Coaching Model" PMO
- The next 6 months
 - The PMs in the PMO were deployed to high priority projects
 - PPM tool never fully deployed or used
 - Methodology not followed
 - Attendance at monthly training sessions dwindled to just a few people
- The first year anniversary of the PMO
 - The PMO Manager resigned
 - Half of the leadership team wanted to disband the PMO
 - They all agreed that they hired the wrong candidate

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Workshop Part I – PMO Organization

Case Study Example

- Candidate #2 was hired
 - Unlike the previous PMO Manager who quickly developed and announced his coaching model PMO plan...
- The 2nd PMO Manager
 - Scheduled a working session with the leadership team to prioritize and agree upon their company's key problems that would be "tackled" by the PMO
 - And prior to the working session, the PMO Manager distributed a one page business planning template and asked each member to come prepared with a working draft of their input
 - Nemawashi (Japanese Business Term - Prior Consultation)



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Workshop Part I – PMO Organization

Case Study Example – Starting position

- Top three problems to be solved by the PMO
 -
 -
 -
- Vision
 - The vision of the PMO is to _____
- Mission
 - The mission of the PMO is to _____
- Goals and objectives
 - The top three goals and objectives (how much by when) of the PMO
 - Goal 1
 - Objectives _____
 - Goal 2
 - Objectives _____
 - Goal 3
 - Objectives _____

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Workshop Part I – PMO Organization

Case Study Example – Unanimous ending position

- Top three problems to be solved by the PMO
 - Poor forecasting and management of project-based revenue
 - Not enough capacity to perform more projects
 - Lack of visibility of all of the projects of the company
- Vision
 - To be an enabling and facilitating organization that is focused on, and accountable for, the project-based success of the company
- Mission
 - To develop and execute annual plans and strategies that solve the major project-related problems faced by the company
- Goals and objectives
 - The top three goals and objectives (how much by when) of the PMO
 - Goal 1: Improve project revenue management
 - Objectives: Reduce forecasting margin of error to 5 percent by year end
 - Goal 2: Increase project capacity
 - Objectives: 100% increase by year end
 - Goal 3: Provide holistic view of all projects
 - Objectives: Effective project reporting in place within 90 days

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Workshop Part I – PMO Organization

Case Study Example

- The leadership team unanimously agreed that
 - These core foundational PMO goals must first be achieved
 - And other areas of need would be secondary in importance over the next twelve months such as
 - Business development getting resources for non-revenue producing projects
 - Product development wanting to stop sales from borrowing development resources for high priority customer situations
- And noticed how different the two PMO approaches were
- PMO staffing strategy driven by PMO mandate
 - 2 PMO Officers
 - PMO Officer #1: Increasing project capacity
 - PMO Officer #2: Effective reporting
 - 3 Project Managers
 - Assigned to manage the large, complex and strategic projects
- CEO and leadership team very happy with progress
 - No "selling the PMO" required, just good business acumen..!

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Workshop Part I – PMO Organization

Case Study Example

- What was the difference..?
 - It wasn't...
 - The five project managers in the PMO
 - The new PMO Manager's skill in project management, knowledge in methodology, or experience with PPM tools
- The difference was all about focus..!
 - The first PMO Manager had the wrong focus
 - "PMO Models", "People, Process, and Tools", "Sell the PMO"
 - Minimal input from the leadership team on strategy
 - The second PMO Manager was driven by needs of the business
 - Problems to be solved by the PMO
 - Vision, mission, goals and objectives of the leadership team
 - PMO and PPM strategy a by-product of leadership team input
 - Not a "tee it up and sell it (or defend it)" effort

Business driven vs. Theory driven

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Workshop Part I – PMO Organization

The PM community promotes an incorrect PMO view

- Incorrect view of the PMO
 - The purpose of the PMO is to provide standards, tools, and reports for the management of projects within the enterprise
- Correct view of the PMO
 - The purpose of the PMO is to meet the business need for which it was created and exists to serve (at this point in time)
 - Vision, Mission, Goals, Objectives (how much by when)
- Other departments understand this all too well..!
 - Sales, Marketing, Services, Manufacturing, Engineering, Human Resources, Finance, Administration, Legal, etc.
- And so should PMOs..!
- And so should those that are responsible for, advocate, and participate in the PM community..!

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Workshop Part I – PMO Organization

Conclusions

- When setting up a PMO, it is easy to become "Inwardly Focused"
 - It's not your fault, rather the fault of the "PM Community"
- Examples...
 - PMO survey findings confirm the existence of "Inward Focus"
 - 17 of 25 PMOs viewed as "Inwardly Focused", CEO grade of "C minus"
 - Traditional PM community mindset promotes "Inward Focus"
 - PMO models, "people, process, and tools", selling the PMO
 - Case study provides an example of "Inward Focus"
 - PMO manager #1 vs. PMO manager #2
- Seek to Ensure your PMO is Business Driven
 - Constituents determine the mandate, PMO determines strategy
 - Executive involvement can be a challenge
 - But without it, PMO stands on a very weak foundation

PMO Organization? There are only two PMO models..!

- PMOs that are driven by the needs of the business
- PMOs that aren't

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Workshop Part II – PMO Management

- Objectives
 - To recognize:
 - Ineffective PMO methodologies and approaches
 - Leadership skills needed to ensure PMO success
 - To learn:
 - Techniques for embracing speed and flexibility
 - Techniques for successful project outcomes
 - PMO leadership techniques
- Agenda
 - Managing the PMO
 - Managing project management
 - Leadership techniques
 - Conclusions

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Workshop Part II – PMO Management

- Managing the PMO
 - Beware of the "one-shoe-fits-all-sizes" methodology
 - The purpose of a methodology is not to apply adopted standards
 - Three problems with this mindset
 - The purpose of a methodology is to achieve a successful outcome
 - Standards for project management (PMBOK) do not provide guidance for projects of different types and sizes
 - PMOs need to address project related work that takes place both before and after the various steps of the standard
 - Case study example – large pharmaceutical PMO
 - PMO manager developed a "singular" PM methodology for all projects
 - Aligned to the latest version of the PMBOK Guide
 - A detailed Visio drawing and accompanying PDF depicting
 - The 44 process steps of the then current version of the PMBOK
 - Along with 8 other steps and gates
 - In total, a 52 step methodology complete with templates, checklists, and signoffs

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Workshop Part II – PMO Management

- Project management methodology
 - Immediately after introduction, it had to be overhauled

	A	B	C	D	F
Alignment to the PMBOK	✓				
Use for IT projects		✓			
Use App Dev projects				✓	
Use for large projects		✓			
Use for small projects				✓	
Degree of user satisfaction				✓	

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Workshop Part II – PMO Management

- Managing project management
 - The PMO sets the tone for how projects are to be managed
 - One of two PMO mindsets are often prevalent
 - The methodology-oriented mindset
 - How to make eggs
 - The process-oriented mindset
 - How to make breakfast
 - For your mom, in her kitchen, with her watching...
 - What is the difference...?
 - One is a cookbook
 - The other is a roadmap for success

Process good, methodology bad...

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Workshop Part II – PMO Management

- Managing project management
 - Methodology-oriented vs. process-oriented mindset

Methodology-oriented	Process-oriented
Methods based	Outcomes based
Seldom end-to-end	Typically end-to-end
The "what" of the what is to be done on the project	The "who, what, where, when, and why" of the what is to be done on the project
Based upon standards	Based upon business needs
Seldom updated	Continuously updated
Methodology integrated into tool	Tool integrated into process
Original author not known	Process owners clearly identified
Promotes bureaucracy	Promotes a culture of improvement
Project "document" focused	Product of the project focused
Driven by project reporting	Driven by project delivery

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Workshop Part II – PMO Management

- Exercise #2: Project reporting vs. project delivery
 - Example
 - Consider the following two identical projects
 - Which project manager did a better job...?

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Workshop Part II – PMO Management

- Managing project management
 - Methodology-oriented vs. process-oriented mindset
 - Driven by project reporting vs. driven by project delivery
 - Example
 - Project Manager #1 allowed the Student Syndrome to take effect
 - All tasks completed on time, though they could have finished earlier
 - Project completed in 125 days
 - Project manager focus was to make project cost and schedule commitments
 - Project Manager #2 challenged the Student Syndrome
 - Some tasks finished late and the project finished 10 days late
 - Project completed in 110 days
 - Project manager focus was to deliver the project as early as possible
 - Why the difference in focus...?
 - Product of the Project Benefit Stream is \$1,000,000 per month
 - By finishing 21 calendar days early
 - Project #2 produced an additional \$700,000 to the organization
 - Project Manager #2 was more focused on project delivery and benefits realization than "green, yellow, red" status indicators and the illusion of good project management

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Workshop Part II – PMO Management

- Project management office leadership
 - PMO managers today require greater leadership skills than ever
 - Management of the PMO spans all organizational levels
 - Management of projects is inherently collaborative and participatory
 - Greater technical knowledge required
 - PM tools, collaboration platforms, web services, desktop products
 - Greater best practice knowledge required
 - Project management, software development, process improvement
 - Greater business strategy and process controls required
 - Headcount, budget, resource management, risk management, compliance
 - Supply and demand management, ERM, PPM, efficient frontier analysis
 - Strategic planning, complex adaptive systems
 - PMO management is becoming more about leadership
 - But many PMO managers have little management training
 - PPC&E, P&L, business strategy, negotiations, leadership, etc.

A quick study in Leadership is Essential.!

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Workshop Part II – PMO Management

- Project management office leadership
 - MBWA 2.0 – an updated model of leadership
 - Traditional MBWA and more...

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Workshop Part II – PMO Management

- Situational leadership – not just for direct reports..!

Follower Readiness Levels	Leadership Styles
R1 – Unwilling and unable	S1 – Directing
R2 – Willing but unable	S2 – Coaching
R3 – Unwilling but able	S3 – Supporting
R4 – Willing and able	S4 – Delegating

Situation	R	S
Hey, I would like to use Microsoft Project for my schedule, but I don't know how.	R2	S2
This PPM tool is a waste of time, I know how to use it, but I will just fudge the data.	R3	S3
I don't anticipate any problems with this project, but I will let you know if I need help.	R4	S4
I don't know what EVM is, so I am not going to use this project performance report.	R1	S1
All CFO, I support the PMO concept, but I don't know how we should do it.	R2	S2
I know a PMO would be good to do, but I do not want to change my department now.	R3	S3
A PMO would be very good for the company, my organization supports this fully.	R4	S4
It probably won't work and end up being a waste of time and money, so why bother	R1	S1

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Workshop Part II – PMO Management

- PMO management
 - Conclusions
 - Effective leadership is critical to PMO success
 - Managing the PMO: Embrace flexibility rather than mandate conformance
 - Beware of the "one-shoe-fits-all-sizes" methodology
 - Managing project management
 - Methodology vs. process-oriented mindset
 - Process good, methodology bad
 - Keep the eye on product of the project benefits, not just project performance indicators
 - Leadership
 - PMO management is becoming more and more about leadership
 - Few PMO managers placed on an executive develop program (EDP)
 - MBWA 2.0 – an updated model of time-tested leadership techniques
 - Managing By Walking Around
 - Situational Leadership
 - Web 2.0

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Workshop Agenda

- PMO Introduction
 - Perceptions and Realities
- Part I – PMO Organization
 - Constituent Oriented vs. Inwardly Focused
- Part II – PMO Management
 - Embracing Flexibility vs. Mandating Conformance
- Part III – PMO Tools
 - Establishing a PMO Architecture vs. Implementing a Tool
- Part IV – PMO Maturity
 - Practical Adoption vs. Theoretical Exercises

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Workshop Part III – PMO Tools

- Objectives
 - To recognize:
 - The PMO one-tool-does-it-all approach
 - The benefits of establishing a PMO architecture
 - Potential areas of waste (time and cost) in PMO tooling
 - To learn:
 - Techniques for implementing PMO tools
 - A roadmap for accelerating PMO value
- Agenda
 - The PMO one-tool-does-it-all approach
 - The PMO architecture approach
 - How to establish and evolve a PMO architecture
 - Conclusions
 - Recommendations

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Workshop Part III – PMO Tools

- The PMO one-tool-does-it-all approach
 - One tool can't possibly do it all
 - Such a mindset is oblivious to all of the tools that an organization already has, uses, and knows
 - Project management is not transactional
 - IT help desk operational support far more transactional
 - Trouble tickets
 - Capture, routing, diagnosis, approvals, remedy, closeout
 - PMO project management far more collaborative
 - Projects of the PMO
 - Managing the project triple constraints – scope, time, cost
 - Management of the resources, risks, changes, etc.
 - Regrettably, many view the PMO as just a "bigger" help desk
 - Projects are just "bigger trouble tickets"
 - So a bigger trouble ticket "one-tool-does-it-all" is needed

Wrong..!

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Workshop Part III – PMO Tools

- The PMO architecture approach
 - Purpose of architecture
 - Keep it simple
 - A mechanism to deal with complexity
 - Enable decision making
 - An inventory of components and a process for managing the inventory
 - Provide process-based tool usage
 - Define the properties and uses of system components
 - Ensure longevity of use
 - Tools and applications come and go, but architecture is lasting
 - Facilitate continuous improvement
 - Modifying existing or implementing new tools and applications
 - Communicating the changes
 - Context and visibility
 - Keeping all involved on the same page

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Workshop Part III – PMO Tools

- Exercise #3: PMO Architecture
 - For each component, list four examples

PMO architecture components

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Workshop Part III – PMO Tools

- Exercise #3: PMO Architecture
 - For each component, list four examples

PMO architecture components

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Workshop Part III – PMO Tools

- How to establish and evolve a PMO architecture
 - Traditionally
 - Organizations struggle with establishing PMOs
 - PMO setup roadmaps available from consultants and vendors
 - But for most organizations, PMO consulting can be
 - Costly, time consuming, avoidable, better used at a different time
 - Case study example
 - George, a CIO of a fairly large firm
 - Decided it was time to establish a PMO
 - Firm had an existing relationship with a "Big 5" consulting firm
 - George and the management team enlisted the consulting firm
 - PMO setup advice and implementation assistance (consulting engagement)
 - George's firm was financially healthy
 - Budget for the PMO available
 - Expenses for the consulting firm were not an issue, initially

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Workshop Part III – PMO Tools

- How to establish and evolve a PMO architecture
 - Case study example
 - Consulting firm activities included
 - Gap analysis
 - Assessment of the as-is state
 - List of needs for the new PMO
 - This effort alone took 6 weeks and cost \$50,000
 - Presentation of findings
 - The finding of the consultant came as no surprise
 - In essence, George just paid to find out what he already knew
 - The main findings and recommendations dealt with
 - Organization
 - Tools
 - Training

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Workshop Part III – PMO Tools

- How to establish and evolve a PMO architecture
 - Case study example
 - The epiphany – George's two conclusions after nearly three years
 - First epiphany
 - Value of the PMO only started to resonate after the PMO purpose and measurements of progress toward that purpose were put in place
 - Second epiphany
 - The investment made in time and money of the various PMO setup phases were disproportionate to the value and seemingly performed in the wrong order...

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Workshop Part III – PMO Tools

- How to establish and evolve a PMO architecture
 - Establishing a PMO – A practical roadmap
 - How George would have done it after the fact

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Workshop Part III – PMO Tools

- PMO tools
 - Conclusions
 - The PMO one-tool-does-it-all approach
 - Avoid it...
 - For most organizations, the one-tool-does-it-all mindset is problematic
 - Sounds good in theory, not practical for today's businesses
 - Nonetheless, this mindset is driven by vendors and consultants
 - Caveat employer
 - The PMO architecture approach
 - Architecture enables tools
 - Can help to identifying and understanding the different components of a system
 - Tools, applications, platforms, processes, and organizational knowledge
 - Can foster better tool usage
 - Can facilitate establishment of the PMO
 - Can facilitate tool retirement and replacement

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 - Practical Adoption vs. Theoretical Exercises

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Workshop Part IV – PMO Maturity

- Objectives
 - To recognize:
 - Traditional PMO maturity
 - Business needs that drive PMO maturity
 - Roadmaps for implementing PMO constructs throughout the enterprise
 - To identify:
 - Techniques for establishing a PMO
 - Techniques for maturing an existing PMO
 - Techniques for the management of PMOs
- Agenda
 - Establishing a PMO
 - Maturing a PMO
 - Formal PMO maturity – deep maturity
 - Line of business PMOs – wide maturity
 - Embracing complex adaptive systems
 - Conclusions

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Workshop Part IV – PMO Maturity

- Establishing a PMO – a practical roadmap
 - Things not to do – a review
 - Viewing the PMO as a practice, excellence-driven, staff organization
 - Rushing into a people, process, and tools strategy
 - Selling the PMO
 - Conducting maturity assessments prematurely or for the wrong reasons
 - Things to do – a practical roadmap
 - Viewing the PMO as a value-add, purpose-driven, business unit
 - Step 1. Determine the "raison d'être" of the PMO
 - Step 2. Define a useful and usable processes
 - Step 3. Setup of a workplace process framework
 - Step 4. Use the tools you already know and have
 - Step 5. Forgive human errors, but not process errors
 - Step 6. Seek formal and informal continuous improvement (maturity)

"Have a PMO process error once, shame on the process; Have that same error a 2nd, 3rd, and 4th time, shame on the PMO."

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Workshop Part IV – PMO Maturity

- Formal PMO maturity – Deep maturity
 - What is a maturity model...
 - A framework used to identify and establish capabilities
 - A maturity model includes:
 - Methods to facilitate assessment
 - Methods to identify deficiencies
 - Representations of improvement paths
 - Project management maturity models
 - PMI OPM3™
 - OCC P3M3™
 - Countless other models
 - OPM3™ track record
 - When led by certified consultant
 - Typically successful
 - Use of OPM3™ Product Suite
 - When led by non-certified person
 - Results can vary. Know why...?

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Workshop Part IV – PMO Maturity

Line of business PMOs – Wide maturity

PMOs are not limited to IT, Enterprise, and Strategic

Workshop Part IV – PMO Maturity

Line of business PMOs – Wide maturity

Project examples...

Person	Project	Project Issue	Impact
Admin Assistant	Annual Conference	Ordered free-flow coffee	\$50,000 coffee bill, instead of \$35,000
Course Instructor	Flight Training	MS Project difficulties	\$20,000 two months salary wasted
Software Engineer	50 day TD in Tokyo	Took taxis to client	\$15,000 in taxis, instead of \$150 subway tickets
Event Manager	Xmas Poker Party	No photographer	\$50,000 in celebrity photos sales
Sales Customer Manager	Customer Golf Event	No hold-in-one insurance	\$10,000 unexpected event cost
Sales VP	Quarterly Review	Book flights at last minute	\$20,000 per year in avoidable expense

What if 10% of all employees have a project..?

Workshop Part IV – PMO Maturity

Exercise #4: Line of business PMOs

If 10% of all employees had at least one informal project per year...

Person	Response
What would be the value of managing these projects better?	\$\$\$
Does this value merit consideration of some kind?	Yes or No
If yes, who should give consideration for this improvement?	Title
Who in the organization is most likely to understand the value throughout the organization of project management?	Title
What percent of PMO managers have done anything about this?	%

Workshop Part IV – PMO Maturity

Exercise #4: Line of business PMOs

- Past workshop responses
- Are today's PMOs being the best that they can be..?

Person	Response
What would be the value of managing these projects better?	\$5,000,000 (1% of Sales)
Does this value merit consideration of some kind?	Yes
If yes, who should give consideration for this improvement?	Functional Management
Who in the organization is most likely to understand the value throughout the organization of project management?	PMO Manager
What percent of PMO managers have done anything about this?	5%

Should today's PMOs be asked to step up their game..?

Workshop Part IV – PMO Maturity

Embracing complex adaptive systems

- The emergence of new directions for project management
- Based upon view of project management and view of management
- How projects are viewed
 - Mystic vs. ubiquitous
 - Formal vs. informal
- How management is viewed
 - Plan-driven project management
 - Scientific project management
 - PMBOK® Guide as an example
- Complex Adaptive Systems
 - Contemporary project management
 - Self organized teams
 - Behaviors and outcomes based
 - Less formal guidelines

Today, most PMOs are only here

Workshop Part IV – PMO Maturity

Embracing complex adaptive systems

- Agile software development enthusiasts – Jim Highsmith (2001)
 - "One aspect of agile development is often missed or glossed over – a world view that organizations are complex adaptive systems. A complex adaptive system is one in which decentralized, independent individuals interact in self organizing ways, guided by a set of simple, generative rules, to create innovative, emergent results."
- Project management experts – Kaye Remington (2007)
 - "A complex project is a complex adaptive system. All projects exhibit the attributes of interconnectedness, hierarchy, communication, control and emergence, attributes which are generally useful in describing all kinds of systems. Most large and many small projects also exhibit the characteristics of complex adaptive systems."
- PPM research analysts/industry experts – Robert Handler (2010)
 - "What most do today under the umbrella of PPM is becoming dangerous." Today's businesses operate in a complex world, a complex adaptive system. Attempting to isolate and decompose change efforts into discrete projects through the application of scientific management approaches that made sense a century ago when things were less complex is inappropriate to do today. And applying bloated project management techniques, not designed for IT but rather to build complex things with fixed requirements, must stop."

Workshop Part IV – PMO Maturity

Conclusions

- There are many paths to PMO maturity
- Business-driven
 - Practical roadmap based upon needs of the business, your business
- Theory-driven
 - Application of models and standards
- Traditional views of maturity (OPM3®, P3M3™, other models)
 - They go very deep, but not wide
 - Domains
 - Project, Program, Portfolio
 - Codified best practices
 - Plan-driven management techniques (scientific management)
- Organizational maturity that does goes wide includes...
 - Line of business project management and PMOs
 - Complex adaptive systems

Workshop Part IV – PMO Maturity

Thank You For Participating..!

Questions..?

Note: This workshop represents selected perspectives and insights provided in the book, Business Driven PMO Setup. The presenters welcome your wisdom, experience, and friendship.

Workshop Part IV – PMO Maturity

Business Focused PMO Setup

Practical Insights, Techniques, and Core Examples for Learning Success

Mark Duddy
Mark Price Perry