

Project Manager

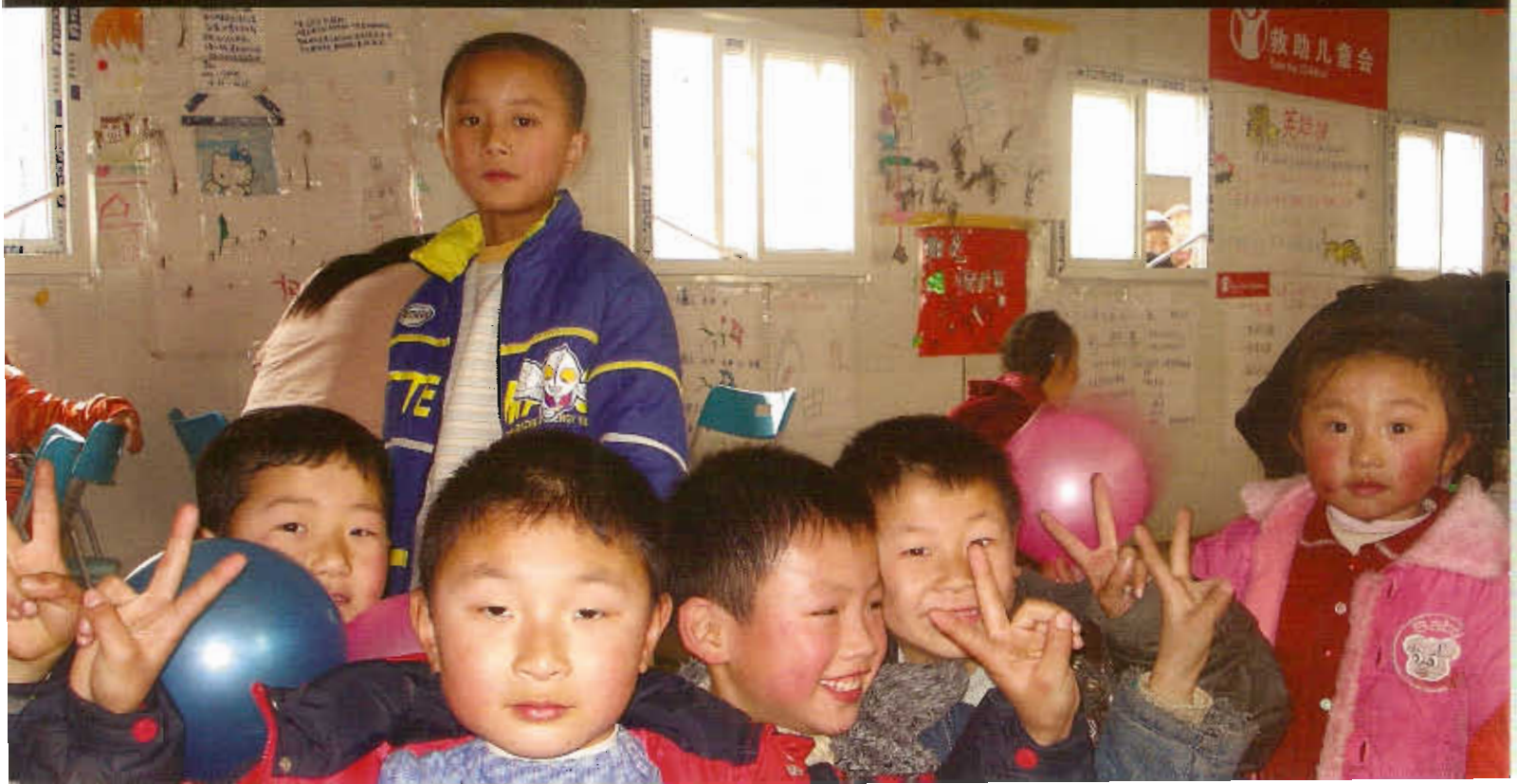
T O D A Y

APRIL 2009

ISSN 1366-6851



International Aid | PMO Health | Recession Challenges



How is the health of your programme or project office?

The results of a European survey show that the value of the programme or project office still needs to be 'sold' within many organisations. Is a PMO destined to fail without organisational support? The majority of the respondents in the ESI survey blamed their lack of success on these factors.

84 Project Manager Today & Human Systems "State of PM" survey: Does your organization have a Central Project Management Office (PMO) or other similar function?



74 Project Manager Today & Human Systems "State of PM" survey: To what management level does the Manager of the PMO report?



74 Project Manager Today & Human Systems "State of PM" survey: Which of the following functions does your PMO perform?



Project or programme offices (PMOs) have been around for many years but have been given a new image and significance with the launch of the P3O guidance from OGC. The launch has been very successful and there is a new enthusiasm abroad.

But how have existing PMOs been succeeding and how seriously are they taken within organisations? Evidence from our own PM survey* last year and a new Europe-wide survey undertaken by ESI reveals that there is still considerable progress to be made.

In our survey, 66% of the respondents' organisations had some form of Central Project Management Office and, of those, 47% reported

* Project Manager Today, February 2009 issue.

at a high level, either directly to the board or an executive committee.

The range of CPO functions covered varies from organisation to organisation but, to some degree or other, the CPOs in our survey tackled everything from central reporting on projects and support to the board on prioritizing projects, to mentoring & coaching, as well as 'traditional' activities like project review & assurance and selection & provision of PM tools.

The image of the office simply as the project police seems to be waning fast. On the other hand, 33% of respondents didn't have a PMO of any kind.

ESI recently conducted a survey to determine if UK and Europe have any unique challenges in comparison to other regions of the world. In looking at other PMO-related research, such as the recent PMI PMO global study, ESI found that the challenges are similar throughout the world.

PMOs (under any name) they say are continuing to be sought out as a solution for better management of projects across a business division as well as entire enterprises. But the key challenge, says the survey, is the problem of gaining executive sponsorship.

It was to help present the case for PMOs to the business that David Marsh created the *Project & Programme Support Handbook* in 2000 (*Project Manager Today* Publications). Introducing the Advanced volume, he said: 'If your organisation has a Project or Programme Support Office... it is often the poor relation of the organisation's support functions'. He said that, designed and implemented correctly, the PPSO, PMO, call it what you will, can become a major repository of the organisation's knowledge.

But in 2009, executives still have concerns about PMOs as an added 'overhead' and query their added value. The ESI survey shows that this is something that PMOs need to address head on, by tracking and demonstrating results in ways that are meaningful to senior management. This is the single most important factor in a successful PMO.

It doesn't matter whether it is P3O or any other methodology, ESI says that anything that helps drive the PMOs toward excellence is of value in today's tough business/economic environment.

The survey was designed to look broadly at PMOs with a focus on real-life experience – what are

they doing, what barriers do they face, what are the keys to success – the survey did not specifically explore the effectiveness of one methodology, or theory, over another.

The study was based upon research from a survey of senior-level project and programme executives in the UK and Europe across a wide range of industries and sectors. In addition, in-depth interviews were conducted with project/programme executives from UK and European industry leaders.

Of respondents, 96% said that their organisation has a PMO in place or plans to build one in the next 18 months.

Sixty-three per cent of respondents worked directly in the PMO, with 48% as head of a PMO and 15% from PMO functions. Since 66% of respondents said their PMO had been in existence for two or more years, the input from their survey responses provides a well-informed viewpoint of the PMO experience.

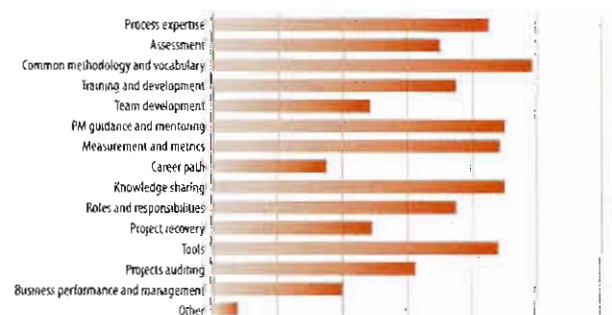
Maturity is an underlying issue that affects a PMO's effectiveness and role but, ironically, the resources and support needed to help achieve maturity are often withheld until the PMO is more mature and established.

PMOs generally take on one of three types of control over project/programme management within the organisation. When asked to describe their PMO's role in the organisation, survey respondents answered the following:

- 41% described their PMO as being a 'controlling type', meaning they took control over project management activities, processes, procedures, and documentation, as well as enforced that these methods are being used.
- 34% view their PMO as being a 'supportive type', in the form of on-demand expertise, templates, best practices, access to information and expertise on other projects.

PMO Activities

What activities does your PMO get involved in?



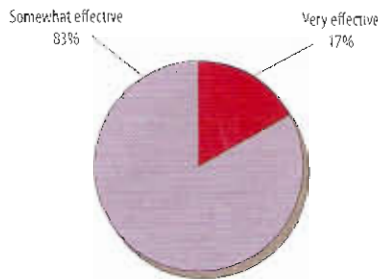
From the ESI Survey

25% responded that their PMO is a 'directive type', in which their functions go beyond simple control, and actually take over the projects by providing the PM experience and resources to manage the projects.

When asked how effective their PMO is at addressing the key business challenges of their organisation, only 17% of respondents said that their PMO is very effective. The majority (83%) responded that their PMO is somewhat effective.

'The programme offices do a good job, but they don't measure true effectiveness well,' said a programme management executive of a leading global financial services firm.

How effective is your PMO in addressing the key business challenges of your organisation?



'A lot of improvements have to be brought in; the PMO needs to be more proactive and hands-on, driving business changes instead of being admin driven,' said a PMO executive of a global business consultancy.

The recessionary economy is intensifying pressure on all organisations to increase control and reduce costs. When asked 'Do you see a changing role or wider challenges for the PMO given the current economic climate?' 59% of survey respondents said 'yes'. The top three challenges they believe PMOs face as a result of the economy are:

- Increase in control (costs, risk management)
- Questioning the existence of the PMO
- Limitation in staff.

'Everyone is trying to do more with fewer resources, but this creates a dichotomy as the PMO could help drive efficiency. But it is seen that there is a cost attached to using this resource,' said a PM executive of a European food and beverage organisation.

Only 8% believe that their PMO is successful. The remaining 92%, that identified their PMO as not successful, identified the following as the key contributing factor or barrier:

- 34% – Lack of executive support
- 20% – Lack of defined goals and responsibilities
- 20% – Lack of dedicated facilities, equipment and infrastructure
- 12% – Lack of corporate goal alignment
- 6% – Other

'The majority of the business sees the project managers as admin-type roles, managing documents and carrying out reporting as opposed to high-level change agents,' said a senior PM executive for a financial services organisation.

Survey respondents provided insights on areas where their PMO is uninvolved, but where they believe their contribution to be critical. One PMO executive of a global customer management and business services firm interviewed said: 'The PMO does not do anywhere near as much as it could or should do in relation to adding value to projects'. Examples of areas where activity is lacking include:

Internal management integration 'The PMO faces a lack of integration in communication processes and is not involved in resource management. Consequently, there was no support for project managers on a one-to-one basis and there is a strong feeling that IT governance and value management are lacking.'

Portfolio management 'The lack of involvement in the strategic alignment of the portfolio management review & analysis, and poor participation in managing strategic projects is a concern.'

Project finance 'The lack of involvement in the financial planning process is also an issue, as PMOs rarely get to track project finance. This is reinforced by the lack of involvement in setting targets for top management to report to.'

Planning and resourcing 'PMOs are not involved in project bids and initiation stages; as a result insufficient planning & resources are given to defining and implementing delivery.'

'The PMO works very closely with their Centre of Excellence for products and that allows us to get involved in projects in a holistic way that is not just at the project management level. This has helped to ensure the PMO is not seen as the "project police"; said a senior PM executive for a leading multinational software systems organisation.

Metrics for a PMO's success vary among different organisations. When asked how they measure their PMO's successes and effectiveness, survey respondents said:

- 25% – Clients satisfied
- 22% – Project success
- 22% – Methodology deployed
- 8% – Number of people trained
- 7% – Higher ROI.

'The PMO has to justify its existence and provide quantifiable benefits for its existence,' said a senior PM executive for a major UK-based retail organisation.

Most respondents (83%) reported that they are taking proactive measures to address the pressing project management issues of their organisations. The following focus areas were cited:

Evolving Re-aligning processes, or including other areas of business to add to process improvements. Finding new tools to improve reporting, such as models to track time and delivery of projects better.

Maturing methodology Developing project methodology to fit a more complex project environment, adopting risk management processes, deploying enterprise architecture with relevant processes.

Better communication Gaining vital executive buy-in through increased visibility via presentations to executive teams, awareness workshops for project board executives and targeted training for project managers.

Financial control Providing more updates on project, risk and change management plans. Also prioritising projects, costs and resources.

'The plan is for the PMO to evolve to sit cross-functionally to maximise our investment,' said a senior PM executive of a financial services organisation.

Thirty per cent of the respondents said the relevance and even the existence of their PMO had been seriously questioned in recent years. Among the reasons stated were:

- The PMO is seen as an extension of administrative support, rather than a professional body with value-add skills.
- Budget cuts necessitate cost justification, a difficulty for the non-revenue producing PMO.
- PMO size and organisational set-up that are counter to time constraints under which PMs operate.
- Lack of understanding of the business benefits of the PMO.

One PMO manager said that the PMO concept had not been properly sold within the organisation, and as a result, was seen as more of an overhead than a complementary value-add. The positive news, however, is that a clear majority of PMOs have not been called into question. This indicates a level of support that PMOs would be wise to leverage by undertaking means to improve processes, performance and perception within the organisation.

'One of my goals for this year is to better publicise the PMO and integrate it with the PM practice. Often, in times of downturn, organisations look at ways of cutting costs. I think that we need to turn this argument around and look at ways of spending budget more effectively on initiatives that will ultimately save us money in the longer term,' said a PMO executive of a global customer management and business services firm.

If your PMO has not been successful, what were the reasons?

