



Directing the Enterprise's Project Management Programme: The Project Management Office

White Paper

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One of the most significant developments in recent years has been the implementation of the Project Management Office (PMO) and its increased importance to the organisation.

The PMO is expanding its role of providing support on a single large project — it is becoming essential for the future success of an organisation. The expansion of the PMO will only increase as more organisations move toward implementation of the management-by projects philosophy.

Functions of a PMO

As noted by the Project Management Institute in the PMBOK® Guide, “There is a range of uses of what constitutes a project office.” (Page 21). A PMO operates on a continuum from providing support functions for project managers to being responsible for the results of a project.

Casey and Peck explain that a “PMO means vastly different things to different people with only this as their consistent thread: Something that’s going to fix our project management mess.” (Page 40).

The PMO and Maturity Models

There is a movement in many organisations to consider the PMO in terms of a series of levels, similar to levels used in a staged maturity model. Evaluating the maturity of the entire organisation helps to determine which type of PMO will work best (see Figure 1).

Level 1

At this first level a PMO might support only one project at a time. Project management is performed inconsistently across the organisation, and success is due to the results of competent people and unusual sacrifices. Therefore, the PMO performs short-term and quickfix activities and augmenting, mentoring and consulting functions.

Augmenting is used to fill the gaps in project team resources. The PMO in Level 1 serves in a capacity similar to a “temporary agency,” providing personnel of various skills to fill any shortfalls that may exist in the project staff.

PMO personnel work together with project personnel as mentors to ensure proper execution of certain tasks. The PMO can also provide consulting in the form of occasional problem-solving ideas. The solutions provided by the PMO staff are instant, with almost immediate results.

Level 2

At a Level 2 in maturity, the emphasis is on introducing project management tools and techniques. Underlying disciplines may not be understood or consistently followed. Project success is still largely unpredictable, and cost and schedule problems still are the norm.

However, project management roles and responsibilities are being defined, and a project management methodology is being adopted. At this level, while some services in augmenting and mentoring are provided, the PMO moves more toward project management consulting and also into training. The PMO provides templates and forms to assist in the planning processes, and it establishes project management procedures. It serves as a focal point for project management training for the project team. Training topics include generic project management competencies but also instruction on the proper execution of the organisation’s project management procedures.

Level 3

When an organisation reaches Level 3, project management methodologies are integrated with organisational procedures.

The PMO has been established as a centralised project management entity. It focuses on facilitating functional units' understanding of basic project management practices, establishing well-defined performance management policies and also establishing a clear path for improvement of those policies and procedures.

The PMO develops, implements and maintains a standard project management information system for use on projects throughout the organisation for planning, monitoring and controlling. It also routinely conducts reviews of activities in terms of scope, cost, schedule, quality, human resources, communications, risk management and procurement.

Level 4

By Level 4, the emphasis is on ensuring that project management supports the business goals of the organisation, as there is commitment to a project management culture.

The PMO, therefore, assumes broader responsibilities, as it co-ordinates project management initiatives organisation-wide and assesses the contributions of project management to the organisation.

The PMO takes the lead in establishing quantified project objectives and in monitoring performance in meeting these objectives. It facilitates conformance to organisational project management standards. The PMO also co-ordinates resource use through the integrated management of projects and establishes objectives to improve project management capabilities throughout the organisation. Knowledge management becomes an area of increased emphasis.

Level 5

When the organisation has reached the distinction of being at the highest level of maturity, the PMO focuses on continuous improvement to the profession, disseminating best practices, archiving project performance for predictive models and training project personnel in the latest developments. The office performs enterprise resource planning and integrated decision making.

The PMO serves as a facilitator, an enabler and an advocate for improved performance across all projects in the organisation. It participates in benchmarking forums as a way to continue to generate ideas for improvement and as a way to refine project management metrics. The PMO is now the focal point for project management improvement and dedicates little of its resources to crisis management operations.

Project success is the norm, and in these organisations, projects are an integral part of the business.

Figure 1. Maturity levels and functions of PMOs

<i>Maturity</i>	<i>PMO Function</i>
Level 1	Supports one project
Level 2	Supports several projects within a single program
Level 3	Supports the projects of an entire division or department in the organisation
Level 4	Supports all projects within an organisation
Level 5	Placed strategically at an executive level and supports business strategy decisions and resource allocations at the enterprise level

Implementing a PMO

Implementing a PMO will facilitate improvements in the areas of scope, quality, cost, schedule and customer satisfaction. The PMO will be commissioned to maintain the focus of the enterprise on both qualitative and quantitative facets of project management.

With consistent tools and procedures and competent personnel who execute these integrated procedures, the organisation will enjoy a higher success rate in projects, which in turn will result in lower overall project costs, leading to increased corporate profits.

To direct the project management operations, the PMO should perform a detailed review of the corporate vision, strategies and goals to determine the tolerance for inaccurate project data and project overruns, the organisational environment, attitude toward change and the organisation's culture. Then, the PMO identifies the functions and knowledge areas that best serve these purposes. For success, the PMO's operation should match the company's strategic project management needs and its roles should be methodically defined and then flawlessly executed.

From organisational and client vantage points, the primary attributes that define the success or failure of a project are cost, schedule, scope and client satisfaction. Projects, though, must also respond to market conditions and must meet the business objectives that are established.

A PMO will optimise the values of all of these success factors through development of consistent procedures and tools that are based on company-specific historical information, industry-wide best practices and company-specific best practices.

Mentoring, consulting, augmenting, archiving, promoting and training activities are functions that will ensure the dissemination and application of these skills and knowledge sets throughout the organisation.

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