

The Challenges to Success for Project/Programme Management Offices

An ESI International Study



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Key Findings

Project/Programme Management Offices (PMO) contribute to Centres of Excellence in commercial, government and not-for-profit organisations and have been widely adopted in order to improve project management performance. The majority of PMOs still endeavour to realise the full measure of their potential. Variances exist among PMOs of roles and responsibilities, performance metrics, standards for success, and stature from organisation to organisation. Surveying PMO professionals on the success of their PMOs indicated four key conclusions:

- PMOs require maturity in order to successfully deliver.
- Executive support is essential to the success of the PMO.
- A better understanding of the PMO role from the wider organisation is needed in order to succeed.
- PMOs need the right resources to succeed.

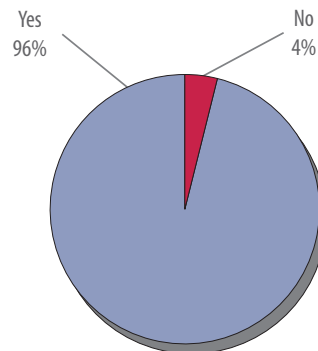
This study sought to assess the impact and significance of the PMO within organisations, to discover the challenges they have faced, and measures they have attempted to overcome them. The results provide insight into the issues that may benefit PMOs as they undertake their mission to improve organisational performance, particularly in the current economic environment.

About The Study

This study is based upon research from a quantitative 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. The quantitative survey had a response rate of 15 percent. Of respondents, 96 percent said that their organisation has a PMO in place or plans to build one in the next 18 months.

Sixty-three percent of respondents worked directly in the PMO, with 48 percent as head of a PMO and 15 percent from PMO functions. Since 66 percent 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.

Do you have a PMO or are there plans to build one in the next 18 months?



PMO Maturity and Effectiveness

Maturity is an underlying issue that affects the PMO's effectiveness and role in the organisation. In order to grow into maturity, the PMO needs executive support, embedding of processes and performance metrics, and wider organisational awareness, among other factors to ensure successful outcomes. The conundrum is that the resources and support required to overcome these barriers are often withheld until the PMO is more mature and established.

Executive Support Essential to Success

Largely impacting PMOs are challenges from within the organisation. Executive support is critical to the PMO as 35 percent of those surveyed stated it is a key factor for PMO success and one-third (34 percent) attributed lack of executive support as the main reason their PMO is not successful. Lack of understanding of the value of the PMO within the organisation is an underlying issue that PM professionals cite.

Organisational Awareness and Understanding of the PMO

Awareness of the PMO and an understanding of what it does are necessary in order for it to be properly leveraged and utilised in other areas of the organisation. When considering the activities the PMO is capable of, and some critical functions of the organisation in which it is not involved, it's apparent that there's a lack of understanding of the PMO's potential. The often held perception of the PMO as an administrative function diminishes the PMO's role as the centre of excellence for project and programme management.



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— PMO executive of a global business consultancy

Resources for Success

Looking at the issues PMOs face from organisation to organisation, it becomes apparent that PMOs often lack the necessary resources to fulfil their mission. Both quantitative and qualitative survey responses indicate an awareness of the need to close gaps in skills, knowledge and tools in order to influence the other factors that impact their success.

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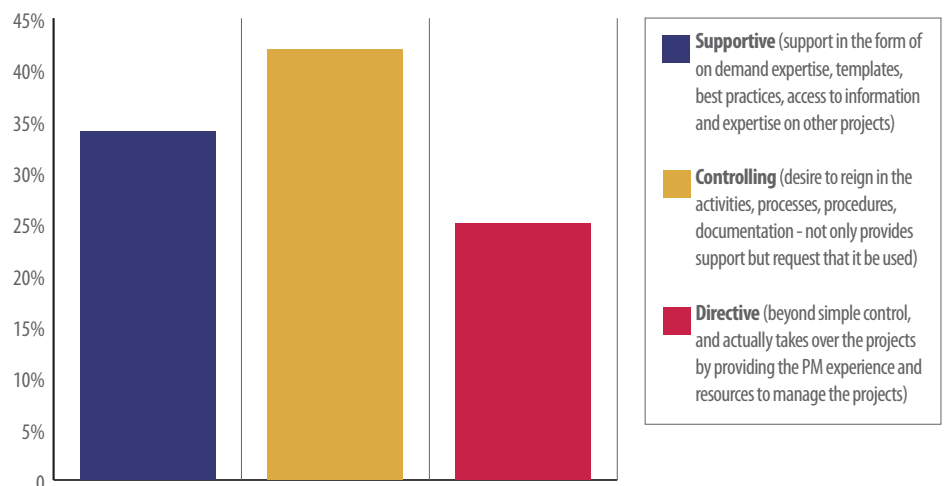
Survey Question Responses

PMO Control

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 percent 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 percent 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.
- 25 percent 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.

What is the role of the PMO?



PMO Maturity

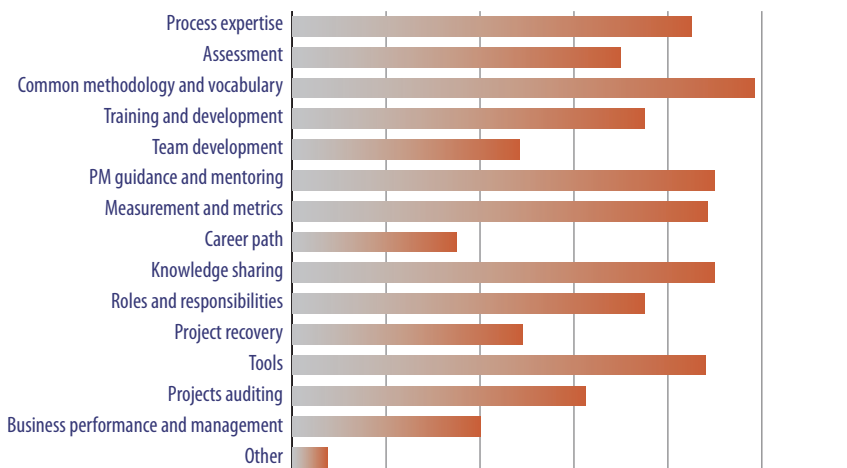
Maturity of the PMO in the organisation is a qualitative measure, rather than a quantitative measure of time in existence. The top four most important factors of maturity survey respondents cited included:

- Adoption of processes and goals
- Support from senior management
- Experience and ability of PMO managers and members to bring best practices, templates and processes which are transferable and applicable to different environments
- Value and benefit a PMO is perceived to bring to the organisation

Perceived effectiveness may well be a function of maturity. The executive of a global power equipment and services firm that has had a PMO in since 2005 said, “We seem to be well regarded and consulted by other functions and parts of the organisation. This may be due to maturity, as our approach to areas such as community development and training is ahead of most others.”

PMO Activities

What activities does your PMO get involved in?



The variety of functions PMOs perform shows that they fulfil a wide range of PM roles. When asked what activities their PMO is involved in, survey respondents gave the following responses (respondents were asked to select all that apply):

- 88%—Common methodology and vocabulary
- 79%—PM guidance and mentoring

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— Senior PM executive of a financial services organisation

“The programme offices do a good job, but they don’t measure true effectiveness well.”

— Programme management executive of a leading global financial services firm

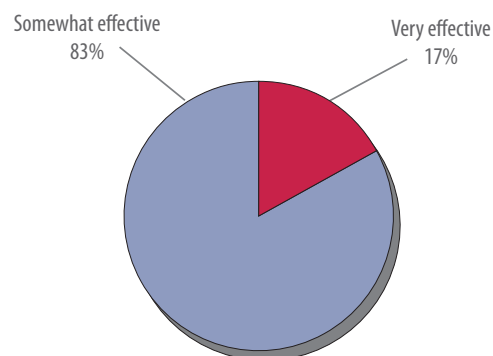
- 79%—Knowledge sharing
- 77%—Measurements and metrics
- 77%—Tools
- 74%—Process expertise
- 65%—Training and development
- 65%—Roles and responsibilities
- 61%—Assessment
- 57%—Projects auditing
- 43%—Team development
- 43%—Project recovery
- 35%—Business performance and management
- 33%—Career path

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Effectiveness Within the Organisation

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

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.



Impact of the Economy

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 percent 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 of the existence of PMO
- Limitation in staff

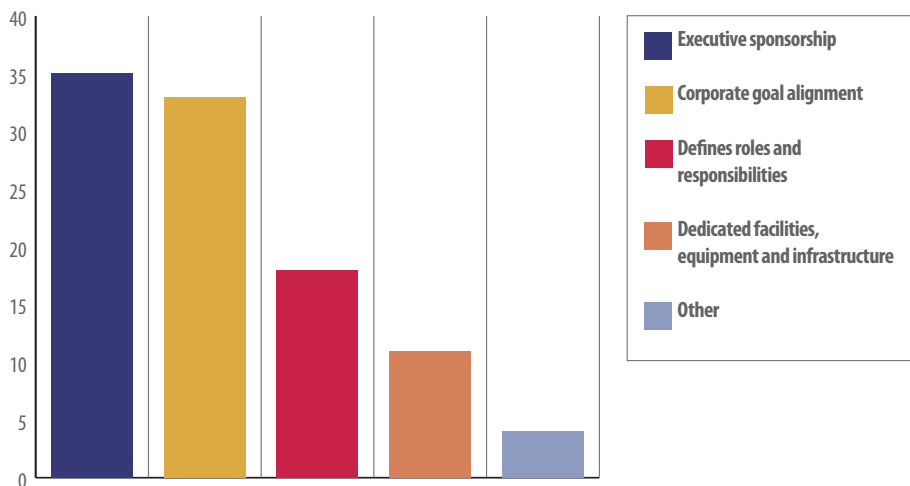
“Everyone is trying to do more with fewer resources but this creates a dichotomy as the PMO could help drive efficiency. But it is seen that there is a cost attached to using this resource,” said a PM executive of a European food and beverage organisation.

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Internal Factors for Success

What do you see as the key factors for your PMO success?



When asked what they see as the **key factors for their PMO success**, survey respondents replied the following:

- 35%—Executive sponsorship
- 32%—Corporate goal alignment
- 18%—Defined goals and responsibilities
- 11%—Dedicated facilities, equipment and infrastructure



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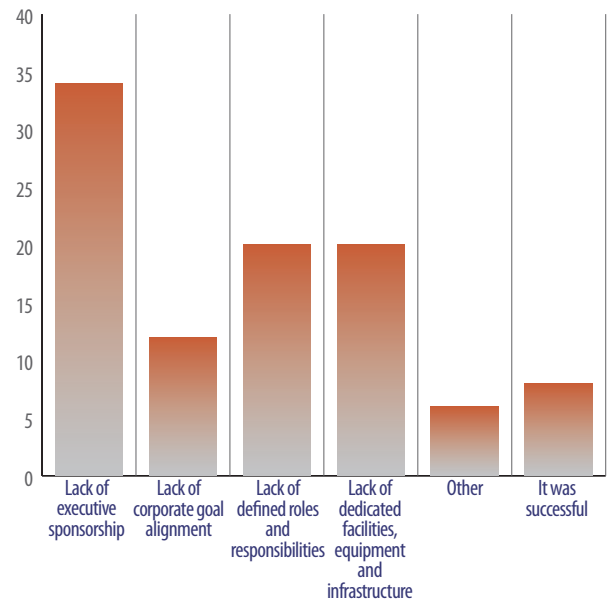
“The PMO does not do anywhere near as much as it could/should do in relation to adding value to projects.”

— PMO executive of a global customer management and business services firm

Only **eight percent** believe their PMO is successful. The remaining 92 percent 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

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



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Lack of Involvement in Crucial Activities

Survey respondents provided insights on areas where their PMO is uninvolved, but, which they believe 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/should do in relation to adding value to projects.” The 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 1:1 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 and 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 and resources are given to defining and implementing delivery of the project.

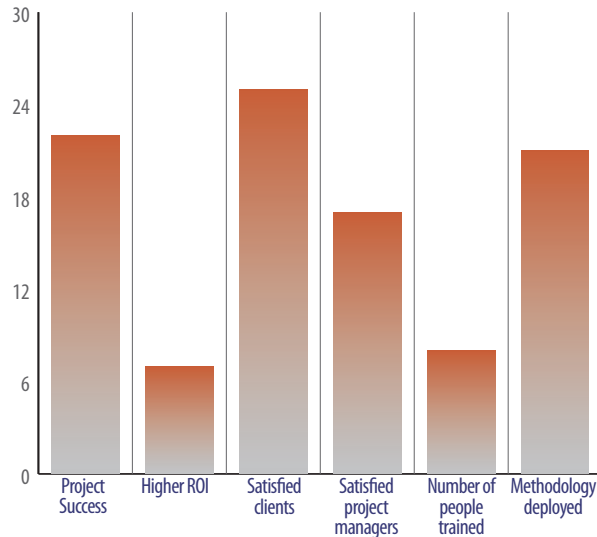
“The PMO works very closely with their Centre of Excellence for products and that allows us to get involved in projects in a holistic way that is not just at the project management level. This has helped to ensure the PMO is not seen as the ‘project police,’” said a senior PM executive for a leading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

Metrics of Success

Metrics for the 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

How do you measure you PMO successes and effectiveness?

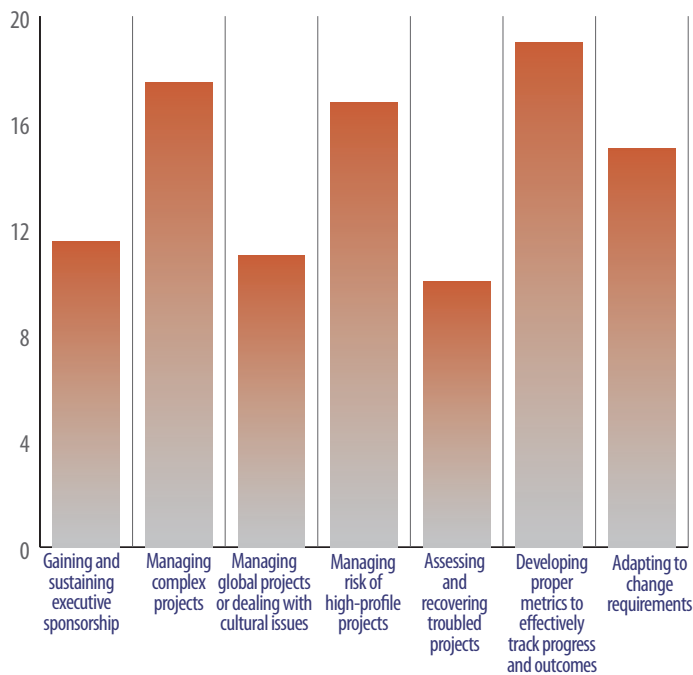


“The PMO has to justify its existence and provide quantifiable benefits for its existence,” said a senior PM executive for a major UK-based retail organisation.

Organisations’ Most Pressing Issues in Managing Projects.

The most pressing project management issues vary among PMOs. When survey respondents were asked which challenges describe their organisation’s most pressing issues in managing projects, they said the following:

Which of the following challenges describes your organisations most pressing issues in managing projects?



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“The plan is for the PMO to evolve to sit cross functionally to maximise our bang for buck.”

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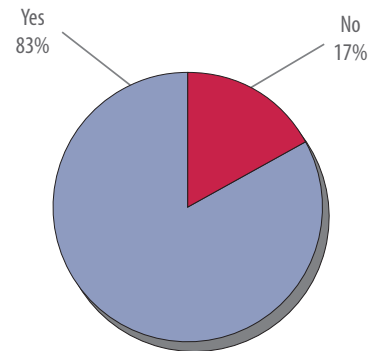
- 19%—Developing proper metrics to effectively track progress and outcomes
- 17%—Managing complex projects
- 16%—Managing risk of high-profile projects
- 15%—Adapting to change requirements
- 12%—Gaining and sustaining executive sponsorship
- 11%—Managing global projects or dealing with cultural issues
- 10%—Assessing and recovering troubled projects

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PMO Actions For Addressing Challenges

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

Is your PMO addressing the above issues?



- **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 better track time and delivery of projects.
- **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.

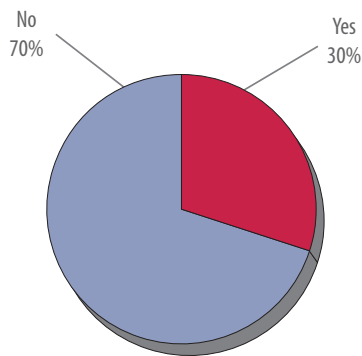
“The plan is for the PMO to evolve to sit cross functionally to maximise our investment,” said a senior PM executive of a financial services organisation.



Calling the PMO's Existence into Question

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

Has the relevance or even the existence of the PMO been seriously questioned in recent years?



- 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 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 70 percent 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.

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Methodology

Quantitative Survey

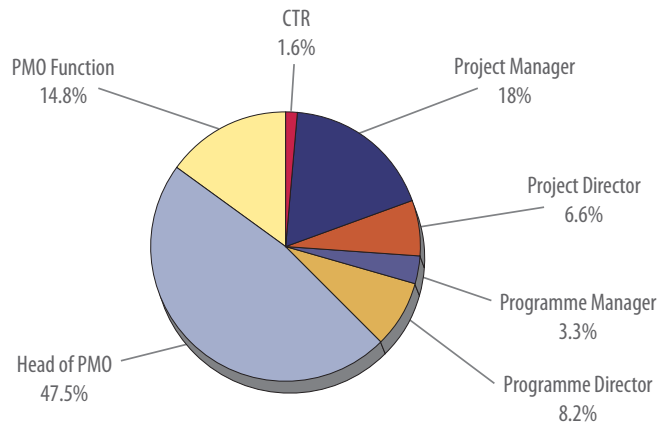
ESI International sent a survey of 17 open and close ended questions to 387 project and programme managers with senior job titles in various sectors and industries in the UK and Europe. Sixty executives participated for a response rate of 15 percent. Their firm sizes range from organisations of less than 101 employees to more than 30,000 employees. The survey was distributed via e-mail on 24 November 2008 and open for 12 days. The survey was anonymous unless respondents wanted to receive the results, in which case they had to complete their details.

Demographics of Quantitative Survey Participants

Job roles of survey participants:

- Head of PMO—47.5%
- Project Manager—18%
- PMO function—14.8%
- Programme Director—8.2%
- Project Director—6.6%
- Programme Manager—3.3%

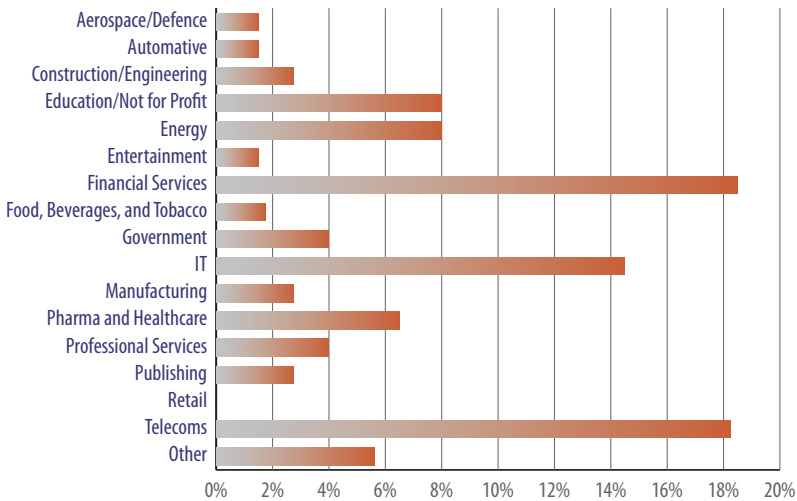
Which of the following best describes your job title?



Industries Represented by Survey Participants:

- Financial Services—18.4%
- Telecoms—18.4%
- IT—14.5%
- Education/Not for Profit—7.9%
- Energy—7.9%
- Pharma and Healthcare—6.6%
- Other (Transport, Customer Services)—5.3%
- Professional Services—3.9%
- Government—3.9%
- Publishing—2.6%
- Manufacturing—2.6%
- Construction/Engineering—2.6%
- Food, Beverage & Tobacco—1.7%
- Entertainment—1.7%
- Aerospace/Defence—1.3%
- Automotive—1.3%

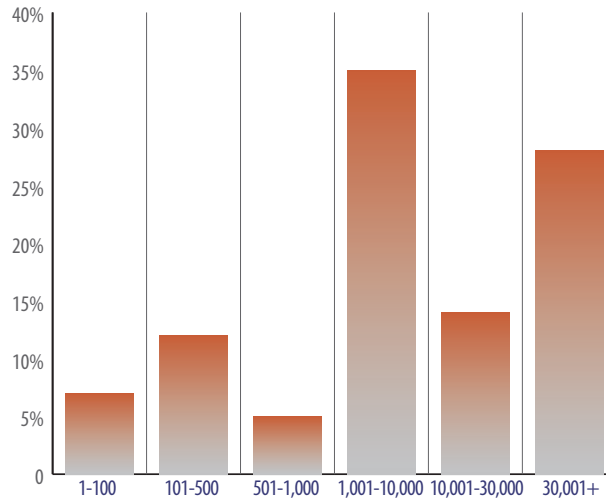
What industry does your organisation belong to?



Size of Survey Participants' Organisations:

- 1-100 employees—6.7%
- 101-500 employees—11.7%
- 501-1,000 employees—5.0%
- 1,001 to 10,000 employees—35%
- 10,001-30,000 employees—13.3%
- 30,000+ employees—28.3%

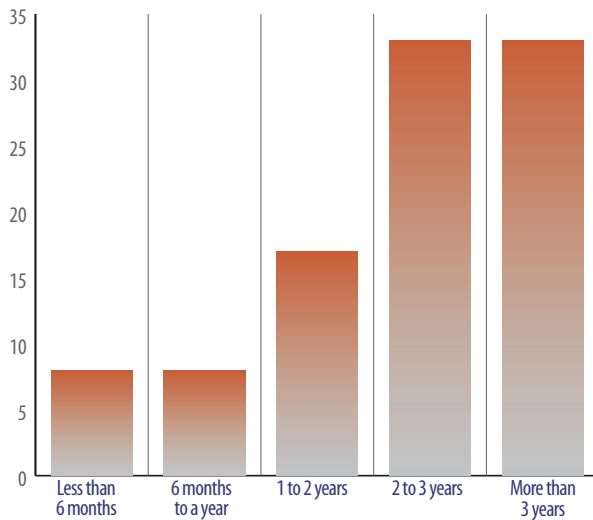
What is the size of your organisation?



Length of Time PMO Has Been in Existence:

- Less than six months—8.2%
- Six months to a year—8.2%
- One to two years—18.4%
- Two to three years—32.7%
- More than three years—32.7%

How long has the PMO been in existence for?



Qualitative Survey

To provide further insight into the quantitative results, ESI International conducted in-depth interview lasting an average of 35 minutes in winter 2008-09 with seven senior title project and programme management executives. These executives covered a broad range of industry-leading organisations in energy, retail, food/beverage, business services, IT and financial services. Participants provided in-depth responses to ten questions, which closely aligned with questions posed in the quantitative survey.



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