Establishing and Improving the PMO at Your Organization

January 15, 2014
Today's Agenda: Key Topics

- Objectives for the PMO
- PMO Leading Practices
- PMO Benefits
- Common Challenges & Risks
- Improving PMO Practices – A Case Study
- Roundtable Discussion
PMO Role & Objectives

The PMO can fulfill multiple roles within an organization. PMO objectives and focus will evolve over time to align with different levels of capability maturity requirements.

**PMO Objective**

- **“Achieving organization goals”**
  - Enterprise Management
    - Executives formulate the strategic goals and objectives of the organization. The PMO may be integrated into planning activities and is responsible for aligning PMO processes and activities (portfolio, programs, projects) to strategic objectives.

- **“Doing the right things”**
  - Portfolio Management
    - Portfolio management is a tactical process in which projects are selected; performance, value and risks are monitored and financial implications are assessed to ensure that company goals are met.

- **“Doing things right”**
  - Program Delivery
    - Program delivery is about managing projects and programs, i.e. time, quality and costs through the optimal use of resources, technology and approach.

**PMO Process Focus**

- **Enterprise Management**
  - Business case development & maintenance
  - Project prioritization
  - Resource management
  - Portfolio reporting: value, status
  - Risk & dependency management

- **Portfolio Management**
  - Needs assessment
  - Scope definition & management
  - Project / product lifecycle management
  - Planning & staffing
  - Quality assurance
  - Organizational change enablement
  - Project risk management
  - Project status reporting

PMO Capability Maturity

PMO Objective

PMO Process Focus
### PMO Practices: Maturity Roadmap

<table>
<thead>
<tr>
<th>Level 1 Reactive</th>
<th>Level 2 Emerging Discipline</th>
<th>Level 3 Initial Integration</th>
<th>Level 4 Effective Integration</th>
<th>Level 5 Effective Innovation</th>
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<tr>
<td>All internal processes are centered on the management of critical projects</td>
<td>Projects have budgetary estimates</td>
<td>Program / project delivery lifecycle is standardized</td>
<td>PMO(s) established</td>
<td>Centers of competency improve workload management</td>
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<td>Program / project delivery lifecycle is standardized</td>
<td>Specialized 2PM leader roles formalized</td>
<td>Cross-functional groups are easily formed, and collaboration is the norm</td>
<td>The portfolio is modeled and appropriately optimized, factoring in risk</td>
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<td>No formal management tools</td>
<td>Projects and programs are prioritized</td>
<td>Programs increasingly managed in-house</td>
<td>Multiple methods exist and are used by all PMs</td>
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<td>Rapid strategy execution is the focus of enterprise programs</td>
<td>Change management and communications are core capabilities of the EPMO</td>
<td>Benefit realization is being tracked</td>
<td>Change operations provide a constant stream of mini-projects</td>
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- Level 1: Reactive
- Level 2: Emerging Discipline
- Level 3: Initial Integration
- Level 4: Effective Integration
- Level 5: Effective Innovation

- **Level 1** Reactive
  - All internal processes are centered on the management of critical projects
  - Projects have budgetary estimates
  - No formal management tools

- **Level 2** Emerging Discipline
  - Program / project delivery lifecycle is standardized
  - Projects and programs are prioritized
  - Programs are aligned with strategy

- **Level 3** Initial Integration
  - Specialized 2PM leader roles formalized
  - Cross-functional groups are easily formed, and collaboration is the norm
  - Career paths defined

- **Level 4** Effective Integration
  - Centers of competency improve workload management
  - The portfolio is modeled and appropriately optimized, factoring in risk
  - Programs increasingly managed in-house
  - Benefit realization is being tracked

- **Level 5** Effective Innovation
  - Multiple methods exist and are used by all PMs
  - Change operations provide a constant stream of mini-projects
  - Rapid strategy execution is the focus of enterprise programs
  - Change management and communications are core capabilities of the EPMO
Activity Breakout #1

PMO “Type” Discussion

**Timing:** 10 minute table discussion, 5 minute group debrief

**Table Group Instructions:**

1. Discuss the nature of the PMO organization and processes at your respective organizations. Considering the following key questions:
   - How is the PMO structured (or PMOs)?
   - What are the role & objectives of our PMO(s)?
   - What level of PMO process capabilities exist?

2. Compare/contrast the various PMO attributes amongst your table group.

3. Consider whether the existing PMO structure and capabilities are aligned with your organizations’ objectives.
Establishing an Effective PMO

PMO implementation and improvement requires a staged approach. In high performing PMOs, improvement will be continuous.

Define PMO & Governance Approach
- Conduct PMO design sessions.
- Develop PMO charter.
- Design project governance processes.
- Develop project artifacts.
- Define status reporting process and templates.
- Define project portfolio and change management process.
- Establish metrics for ongoing measurement of PMO activities.
- Develop communication plan and protocol.
- Implement project risk assessment framework.

Establish PMO
- Organize steering committee and define / revise responsibilities.
- Identify project funding and estimate budgets.
- Identify project tracking mechanism and tools.
- Organize reporting processes and procedures.
- Develop communication for PMO implementation.
- Set up project infrastructure – office space, systems, office automation, etc.
- Implement PMO tools.

Allocate Resources
- Project team introductions.
- Project role definition and sign-off.
- Assess project portfolio and associated priorities.
- Define resources needed for ongoing support of the PMO.
- Align resources with defined roles.
- Develop plan for ongoing PMO support.
- Review resource roles and responsibilities for project management processes.

Perform PMO Functions
- Initiate / charter project.
- Conduct project kick-off meeting.
- Develop detailed project plan and resource plan.
- Implement project prioritization process.
- Integrate project risk management framework.
- Compile project risk and issues registers; set up escalation process.
- Perform project tracking and status reporting.
- Perform project progress meetings.
- Participate in steering committee meetings.

Continuous Feedback & Improvement
PMO Benefits: 
Addressing Common Portfolio Challenges

### Common Portfolio Management Challenges:

- Economic situation requires cost control
- Project success in terms of budget, timeline and quality is scarce
- Project initiation not based on thorough business cases
- Collaboration with and managing of external vendors remains a challenge
- Too many projects
- CAPEX is out of control
- Projects are late and exceed budget
- Project benefits not clear or understood

### An Effective PMO Helps Organizations Better Control and Manage the Enterprise Portfolio:

- Forges a link between company goals and the projects; better enable company goals: doing the right things the right way
- More efficient and effective allocation of scarce resources
- Improves alignment, balance, and oversight of project work
- Increases collaboration and communication
- Increases priority transparency
- Focuses on the total investment picture: cost *and* benefits
- Less ambiguity in work authorization
- Enables objective, data-based project selection
- Consistent delivery and results
- Increases focus on and achievement of organizational goals

**These benefits are commonly cited when formulating business cases for more formal and effective PMO functions.**
PMO Leading Practices: Lessons Learned – Enterprise System Program Example

1. Comprehensive basis for program scope, plan and budget
2. Complete definition of role, responsibilities and commitments across all parties (internal, external, vendors, etc.)
3. Focus on risk identification and resolution – not administration and status presentation
4. Continually monitor the assessments of all key project performers and customers
5. Anticipate project risks early – constructively challenge the program approach, status and plan
6. Culture that encourages identification and open discussion of risks
7. Manage quality and realization of solution – not just timeline and budget
8. Actively manage cross-functional dependencies
Project Risk Life Cycle

Total project life cycle

- Concept
- Development
- Implementation
- Termination

Opportunity to reduce risk & cost

Amount at stake

Area of highest risk impact

Well executed risk management limits the chance of project failure
## PMO as a Risk Management Function

### What Could Go Wrong?

<table>
<thead>
<tr>
<th>Initiating</th>
<th>Planning</th>
<th>Executing</th>
<th>Controlling</th>
<th>Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Key stakeholders not identified</td>
<td>• Scope not clearly defined</td>
<td>• No process for dealing with environmental change, e.g. shift in business priorities</td>
<td>• Lack of open honest assessment of status and risks</td>
<td>• Ongoing support structure and processes not established</td>
</tr>
<tr>
<td>• Executive sponsorship not provided</td>
<td>• Project objectives not aligned with business objectives</td>
<td>• Environment of distrust</td>
<td>• Failure to take timely corrective action</td>
<td>• Lack of adoption of new processes, technologies, etc.</td>
</tr>
<tr>
<td>• End-game not clearly defined</td>
<td>• Dependencies with other projects and within the project not identified</td>
<td>• Executive sponsorship not maintained</td>
<td>• Failure to adjust plan</td>
<td>• Lack of formal acceptance of project deliverables</td>
</tr>
<tr>
<td>• Undocumented benefits support business case</td>
<td>• Constraints not identified or taken into account</td>
<td>• Poor handoffs between teams</td>
<td>• Financial and timeline commitments not managed</td>
<td>• Failure to track realization of business case and original goals</td>
</tr>
<tr>
<td>• Business case insufficient</td>
<td>• Appropriate skills not identified or obtained</td>
<td>• Ineffective project communications with project team, contractors, vendors</td>
<td>• Additional requirements added to scope without oversight or executive approval</td>
<td>• User documentation not up-to-date</td>
</tr>
<tr>
<td>• Project &amp; risk management practices not established</td>
<td>• Lack of appropriate project performance and status metrics</td>
<td>• Staff turnover</td>
<td>• Irregular communication to stakeholders</td>
<td>• Inadequate training</td>
</tr>
<tr>
<td>• Project team not trained</td>
<td>• Lack of commitment from competent performers</td>
<td>• Interim deadlines not defined</td>
<td>• Quality control not enforced</td>
<td>• Failure to forecast and manage ongoing costs</td>
</tr>
<tr>
<td>• Project team not empowered</td>
<td>• Inadequate QA plan</td>
<td>• Lack of user involvement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Activity Breakout #2

Project Risk Analysis

Timing: 10 minute table discussion, 5 minute group debrief

Table Group Instructions:
1. Discuss some recent examples of successful/unsuccessful projects at your organizations. Select one project to discuss in more detail.

2. Using the risk elements noted on the prior slide, identify key risk areas where “unknown”, “missed”, or “improperly managed” risks may have impacted the project results.

3. Identify 3-5 key risk management activities that could have helped improve the project results.
Protiviti Case Study: 
*Using Agile Methods to Drive PMO Improvement*
Protiviti Case Study:  
Example Project Overview

Protiviti assisted a client with improving the maturity of their IT PMO function. The project utilized a staged approach, leveraging agile project management concepts, methods, and tools to implement change and enable continuous PMO improvement.

### Phases

**Phase 1: Assessment, Strategy & Roadmap**
- Analyze and document key business requirements, current state processes, improvement and optimization points, and desired future state
- Create and validate roadmap and transition strategy
- Create and validate organizational change enablement and training strategy
- Begin identifying ongoing support needs (post-implementation)

**Phase 2: Design & Recommend**
- Design the optimization and improvement points and "to-be" state for the PMO processes
- Document and validate plans for implementation and ongoing support based on the roadmap
- Create change enablement / training plans and supporting training materials
- Identify implementation success criteria / measures

**Phase 3+: Implement & Continuously Improve**
- Multi-phased and iterative process to implement the PMO improvement plan and provide ongoing support
- Evaluation / validation of implementation success criteria / measures (definition of done)
- Quality gates provide for continuous analysis and incorporation of lessons learned into PMO processes

### Activities

- **Phases**
- **Activities**
- **Deliverables**

### Deliverables

1. Current State Assessment
2. Change Enablement Strategy
3. Improvement Initiative Listing

1. "To-Be" Designs/Models
2. Implementation & Ongoing Support Plans
3. Prioritized Improvements

1. Completed Implementation Tasks
2. Updated Plans & Processes
3. Ongoing Support
Protiviti Case Study: Agile-based Iterative Implementation Approach

**Iteration Objectives & Benefits:**
- Iterative approach drives continuous improvement and benefit realization.
- PMO improvement backlog provides targets for each sprint, but can adapt to changes in business objectives.
- Implement workable “chunks” – measurable improvement and change enablement.
- Share successes – reflect and act on improvement points.
- Instills agile values and builds awareness of key agile concepts in the PMO.

**Sample Month**

<table>
<thead>
<tr>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iteration 1 Planning</td>
<td>Backlog</td>
<td>Backlog Updates</td>
<td>Adjust Activity</td>
</tr>
<tr>
<td><strong>Iteration 1 Task Execution (Do)</strong></td>
<td><strong>Iteration 1 Checkpoint</strong></td>
<td><strong>Results &amp; Observations</strong></td>
<td><strong>Future Iteration Goals</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Successive Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iteration Priorities</td>
</tr>
</tbody>
</table>

Weekly Status Updates & Completed Task Delivery

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Protiviti Case Study: Iterative Improvement Methods & Tools

**Project Burndown Chart**

<table>
<thead>
<tr>
<th>Iteration Week</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Task Delivery</td>
<td>18</td>
<td>15</td>
<td>12</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Not Started</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>In Process</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Done / Delivered</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

**Project Task Board**

1. Backlog Items
2. Not Started
3. In Process
4. Done / Delivered

**Ground Rules:**
1. Limited to 15 minutes.
3. Not for detailed project status.

**Daily Standup Meeting**

**3 Questions:**
1. What did you do yesterday?
2. What will you do today?
3. What is blocking you?