

Five Thoughts on Creating a Project Management Office

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Today, enterprises are threatened more than ever with the potential of failed projects. Software applications are becoming more and more indispensable while at the same time the integrated marketplace is causing an increase in the complexity of delivery. This is prompting many enterprise managers to establish a Project Management Office to alleviate their fears.

But how can you be confident that your ideal PMO can be built and survive the test of time? We offer 5 concise thoughts.

1 – Ensure the PMO Adds Value.

A PMO provides a consistent and disciplined approach to chartering, prioritizing and resourcing of projects with attention to quality and knowledge collection. A PMO also provides a consistent, single language coupled with established communication hierarchies and a common methodology.

One way to ensure that the PMO adds value is to drive ownership of the PMO down to the project staff, the folks who will make or break the PMO. Let the users feed and water the PMO.

The PMO should add value in every transaction and support every phase of the project lifecycle. Project Managers are the customers of the PMO. Value added includes Communication, Leadership and Training.

Value Area	To the Organization	To the Project Managers	To the Project
Project Communication	<ul style="list-style-type: none">- Channeled communications- Common project language- Resource issues identified quickly	<ul style="list-style-type: none">- Increased inter-project resource utilization- Concerns raised to executives in a timely manner	<ul style="list-style-type: none">- Risk identification and mitigation- A common, consistent method of communications delivery
Project Leadership	<ul style="list-style-type: none">- Clarity of outcomes and objectives- Reduced risks	<ul style="list-style-type: none">- Line of sight between project and organizational strategy	<ul style="list-style-type: none">- Increased likelihood of project success- Advocacy for a given project
Project Training	<ul style="list-style-type: none">- Reduced costs- Increased likelihood of success	<ul style="list-style-type: none">- Professional development- Networking	<ul style="list-style-type: none">- Objective met- Consistent application of technology

2 – Define a Plan for Establishing the PMO.

A successful PMO is not built overnight. It is critical to outline a concise plan for establishing your PMO. We offer the following 12-step program as a roadmap for your PMO creation:

1. Identify the Business Case. Why is the PMO being formed?
2. Define the Scope. What is our sphere of influence and control?
3. Establish Your Mission. What are we in business to do?
4. Clarify Your Vision. What do we want to become?
5. Create a Charter. Outline the information flow and how to interact with the PMO including a rules of engagement memo defining how all stakeholders are to engage and interact with the PMO.
6. Identify and define desired business benefits and measurement methods.
7. Define a governance structure.
8. Define the impact management process.
9. Define leadership and communication protocols.
10. Define risks and develop mitigation strategy.
11. Define project support function.
12. Define integration approach and methods.

3 – Realize that Successful PMOs Evolve.

A PMO can be anything from a shared library to a center of expertise and guidance. Your initial goal may simply consist of the adoption of a standard methodology. Often, taking a phased or evolutionary approach to the creation of a PMO will increase its chances of being adopted by the end users.

You should realize that current Project Managers and Team Leads will view the PMO as an intrusion into their domain and a preliminary action aimed at reducing their control. Since they probably do not have clear metrics for measuring performance, it is difficult for them to defend themselves. The best approach is to have a shared urgency across business functions and a champion, i.e. create an emergency or a sense of urgency and identify a sponsor for the PMO.

You should also limit the PMO scope to the culture, requirements and governing realities of your enterprise. Your PMO should evolve through three separate styles:

Project Library – PMO provides a single source of information on project methodologies and metrics.

Project Coach Model – PMO actively monitors project performance and enables Project Manager mentoring.

Enterprise Project Office – PMO acts as a contracted Project Manager to assess scope, allocate resources, and verify time, budget, risk and impact assumptions.

4 – Realize the PMO Will Influence Staffing Requirements

The establishment of a PMO may require additional staffing including a PMO Manager, additional administrative help and support of experts in industry best practices.

You should also consider the impact the PMO will have on the presence of contracted help. Usually with external delivery partners it is easy to underestimate the management needs. You may also fall prey to assuming your contracted help are partners for life rather than simply short-term vendors.

5 – Support the PMO with the Use of a Portfolio Concept.

Proper evaluation of diverse projects within your enterprise requires the use of a portfolio management concept. This consists of enabling the management of these projects as entities within a broad enterprise portfolio.

Similar to how you may manage stocks within a portfolio, evaluating each against common metrics, analyzing what-if scenarios, attempting to predict future performance and reallocating resources to meet market demands – the same approach can be used for managing projects.

Today there are many project management tools that are beginning to embrace the portfolio concept. These tools enable you to not only see how your high priority projects are performing, but also support project viability reviews. These reviews are performed not only to provide just in time remedies to save projects, but also to kill those projects that lack pertinent critical success factors such as a valid business case, ample resources and a track record of success.

Keeping these five thoughts in mind while establishing your PMO will increase its probability of acceptance by the users, resulting in a PMO that adds value rather than just additional bureaucracy.

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