

INTRODUCTION TO THE PMO

INTRODUCTION

Chapter 1 will introduce several concepts related to the program management office (PMO) and will provide an overview of the potential opportunity areas in which the PMO can provide value to an organization. Chapter 1 will then focus on the process of assessing the organization from a project management perspective, documenting current challenges and improvement opportunities in the organization and developing a PMO base business case. The base business case can then be presented to management for the purposes of informing management about the opportunities that the PMO can provide and requesting authorization to proceed with development of a detailed business case and a roadmap for establishing a PMO in the organization. “Organization” may represent an entire company, a division within a company, a specific region, or another subunit within a larger entity that the PMO will serve. Even if the scope of the PMO is relatively small, certain benefits provided by the PMO may be extended beyond its primary constituents and thereby provide value to a broader segment of the overall organization. Whether the PMO is

intended to serve the organization as a whole or to serve only one department within the organization, understanding the key project and program management challenges and documenting how the PMO can address these challenges is a critical first step toward achieving an effective PMO.

THE PROJECT AND PROGRAM CONTEXT

The Project Management Institute's *A Guide to the Project Management Body of Knowledge* defines a *project* as “a temporary endeavor undertaken to create a unique product, service or result.”¹ Projects are typically authorized with a defined duration and cost and with a defined scope and set of performance criteria in place that set boundaries for the project effort. Once the performance criteria are met, the project is considered complete and the resources assigned to this project are typically assigned to other efforts within the organization. Depending on the effort to be undertaken, projects can range in duration from a few weeks to multiple years and can represent specific *unique task-force-type* efforts that address specific needs or larger efforts that represent core business opportunities for the organization. In many organizations, projects and project teams are formed within functional groups such as finance, information systems, or engineering. In other organizations, a centralized project management organization that houses project management resources is dedicated to project efforts. Regardless of the specific structure, the goal of undertaking and completing project efforts for the benefit of the organization remains the same.

For many projects of reasonable size and duration, a *single* project team led by a project manager is sufficient to undertake and complete the required work. However, in larger efforts, such as building a jet or undertaking a multiple-year effort to replace an organization's central supply chain infrastructure, typically there are *multiple*, related efforts and each one requires an individual team. In these cases, a number of unique projects may be defined (each with its own project team) and managed under a single *program*—a grouping of multiple projects that enables consolidated management and reporting. Figure 1.1 depicts a common program structure.

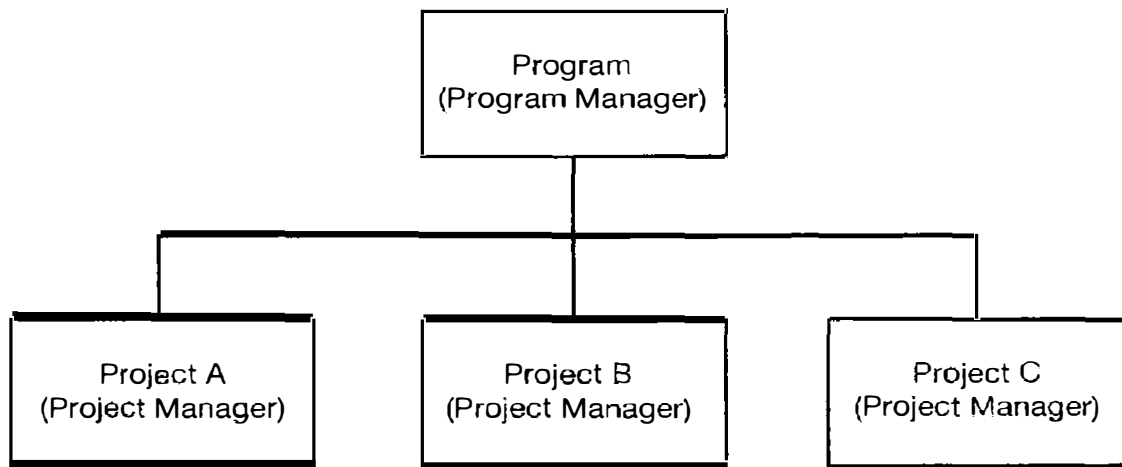


Figure 1.1 Projects and programs.

Within a program, multiple projects may exist and be executed simultaneously. Each of these individual projects will be managed by a project manager with specific responsibility for that project. Therefore, logical divisions of work can be managed and led by teams specifically devoted to that work. Additionally, a single program manager or program management team is often assigned to coordinate efforts across all of the projects within the program, to serve as a central point of contact for the program, and to assist with addressing issues that affect more than one of the component projects within the program. This structure facilitates faster decision making for situations in which only one area of the program is affected because the individual project manager for that program component assumes responsibility for decision making at the project level. For broader issues, the program manager can consult with each of the individual project managers and make decisions that can quickly be disseminated to all affected teams.

Furthermore, the program structure permits simpler management reporting and cost and schedule tracking. In large projects, budget and schedule tracking can be a significant effort due to the number of work items to be managed. The program structure facilitates decentralized management of these functions while still providing for aggregation and consolidated reporting and management across the program. Although a consolidated project schedule and budget are still necessary, individual projects can be managed at the project level with project budgets and schedules that are delegated to the

individual project managers for oversight. When individual project efforts are running within the expected budget and schedule, budget and schedule updates can be fed to the program budget and schedule through software tools or via regular meetings between the program manager and the individual project managers. When significant variances are realized, the project manager can bring these variances to the attention of the program manager so that the impact to the overall program can be assessed, understood, and managed.

THE PMO

Defining the PMO

As the importance of project management has grown, many organizations have identified the need for a central center of organizational project knowledge, one with expertise-related project management practices, techniques, and standards. Whether called the Program Management Office, Project Office, or another term, these centers of knowledge and expertise serve many important functions within organizations that are conducting projects. One role, the role of a *consulting* organization, may involve executing projects, rescuing troubled projects, mentoring project managers, or providing consulting on project management best practices to functional organizations within an enterprise. Another role, the role of a *knowledge* organization, involves capturing and organizing project artifacts, creating and delivering training related to project management topics, and helping to grow a project management culture within the organization. Still another role, the role of a *standards* organization, involves establishing and maintaining project-related standards, processes, procedures, and templates that may be implemented to help drive standardization of project management practices throughout the organization.

In this book, the term Program Management Office (PMO) will be used to describe the organization responsible for executing the many functions associated with the central management of project and program administration within an organization. Although the definition of program may vary across businesses and industries, this general concept can be used to define a number of projects that are logically grouped together for the purposes of achieving some business goal. A very complex final deliverable such as designing and building a jet may potentially involve hundreds of unique project

efforts, yet it may be desirable to identify a single point of responsibility and reporting for the effort overall. Thus, many projects could be rolled up into a single program under the guidance of a PMO. An organization may have multiple PMOs that are divided along functional or some other organizational boundaries. Regardless of number, the goal remains the same—to develop and deliver an organization that can effectively set standards, provide management and consulting, and build and maintain organizational knowledge as it relates to the function of managing project efforts.

There is no one single central theme that underlies the reasons why organizations establish PMOs. For some organizations, the need to gain control over their project efforts (often due to one or a series of major project disasters) drives them to establish the PMO as a central point of control and oversight for projects. For others, the desire to establish and maintain a set of project management best practices that are applied broadly throughout the organization, but that are managed centrally, is the primary driver. These standards, evolved and improved over time, grow the level of project and program management process maturity within the organization, helping to ensure better project outcomes over time. This maturity concept, representing an evolving state of improved conformance to proven processes that are continuously improved over time, is one of the most common reasons organizations consider the implementation of a PMO. For still other organizations, the desire to establish a project management culture and a central home for project managers is the key driver. If project management is a disparate function within the organization with no level of central management or coordination, project managers may feel that they have been left to fend for themselves to achieve acceptable project outcomes. Developing a project management culture centered on a PMO may be a first step toward bringing project managers together and ensuring that an appropriate system to support project managers in the field is available.

The decision to create and maintain a PMO is not one to be undertaken lightly. An effective PMO requires long-term commitments of human resources, money, and time. If a viable business case and a statement of value to the organization are not thoroughly investigated, documented, and communicated, the likelihood of the PMO failing or not fully achieving its goals increases significantly. If an organization can clearly articulate *what* it expects

the PMO to provide in terms of services to the organization and *how* the PMO will improve project results before beginning to establish the PMO, the likelihood of achieving success increases dramatically. Furthermore, defining a scope of work and the overall goals for the PMO up front helps to facilitate making the right decisions about how to structure, staff, and implement the PMO in the organization.

Not all PMOs are created “equal.” In some organizations, the PMO will be staffed by expert project managers who report directly to a PMO manager and who have significant responsibility for delivering projects. In other organizations, the PMO will serve primarily in the role of a consultancy, with PMO staff possibly devoting only a portion of their time to mentoring, training, and establishing standards while still having responsibility within a functional group for delivery of projects or programs. In still other organizations, the PMO may serve in an oversight function, executing administrative project functions, such as consolidated reporting, creating and supporting project management tools, and creating and evangelizing standards throughout the functional organization. There are many other possible combinations of roles as well. The first important step in establishing a PMO involves defining what role the PMO will play in the organization and understanding what PMO structure will best support the organization (at a cost acceptable to the organization).

Basic Structural Models of the PMO

One of the first important considerations that must be addressed by any organization considering the implementation of a PMO is the basic structural model that will be used within the organization. The specific scope or reach of the PMO will be of interest to management as it considers chartering the PMO. Having an idea of the intended scope of the PMO in mind as initial investigation into the use of the PMO in the organization is undertaken will help guide the process of investigating the potential benefits of the PMO to the organization and documenting the base business case for the PMO.

Several basic PMO structural models are of interest. At a high level, a PMO may be either internally facing or externally facing. The internally facing PMO exists to serve one or more divisions, groups, or geographies within

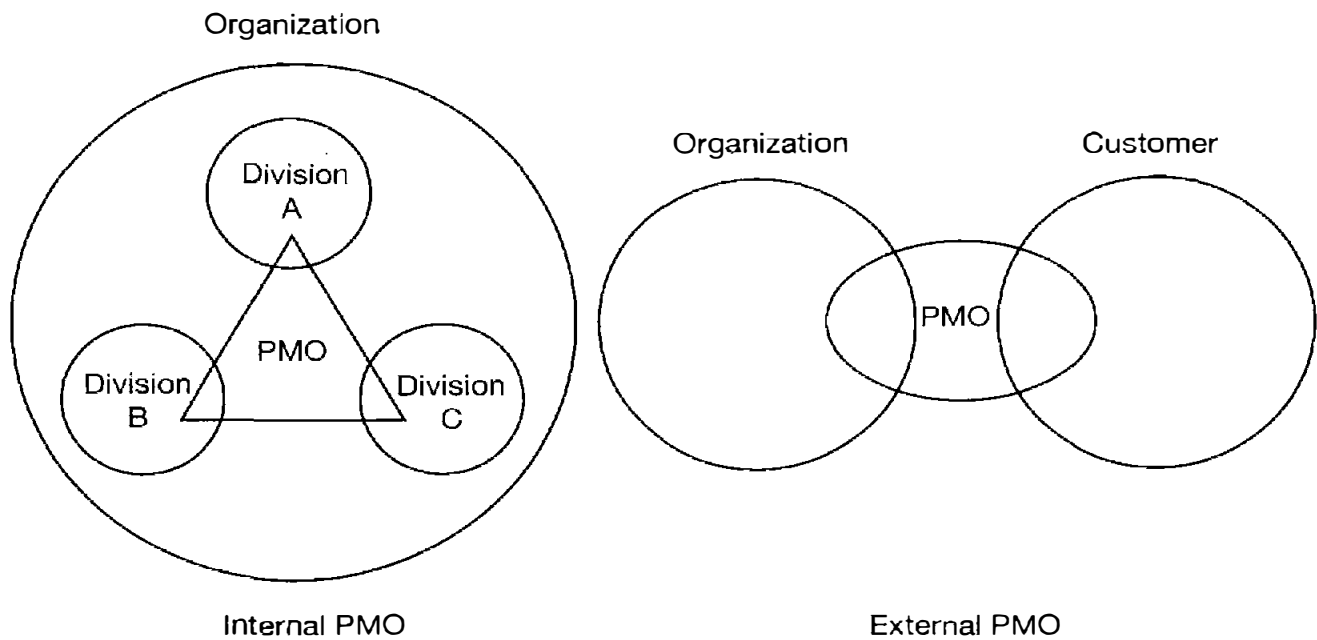


Figure 1.2 Internally versus externally facing model of a PMO.

the organization (or potentially the entire organization itself). It provides program coordination, consulting, education, standards setting, or other functions exclusively within the organization. The externally facing PMO provides a link between the organization and one or more of its customers. It acts in a customer relationship management capacity as well as in a coordination capacity to ensure customer needs are being met and that internal groups within the organization are aligned to deliver the project, program, or other deliverables that the PMO coordinates.

As Figure 1.2 depicts, the externally facing PMO spans both the organization and the organization's customers and may act as an internal coordinator of efforts and a single point of contact for one or more external customers, ensuring that customers have access to the organization and its resources via a single, dedicated group that works to ensure that customer needs are being met. The advantages of this external PMO model can be significant in terms of customer satisfaction and delivery of customer-facing projects, but the externally facing PMO also faces significant challenges in terms of potentially coordinating many internal groups, vendors, and other parties to deliver customer projects.

The existence of internally facing PMOs and externally facing PMOs in an organization is not mutually exclusive nor is there any implied assumption

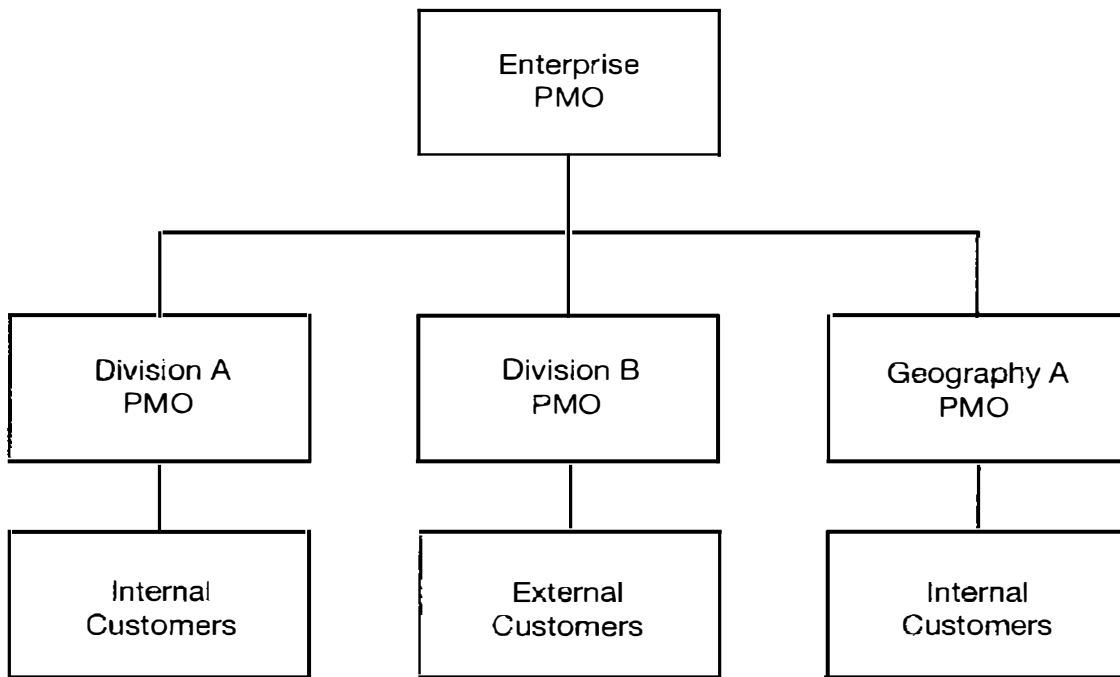


Figure 1.3 Coordinated enterprise PMO model.

that there must be only one internally facing PMO or externally facing PMO (or both) within an organization. As Figure 1.3 depicts, an organization might have multiple PMOs within the organization itself, each coordinating efforts for a particular division, group, or geography.

A *central* enterprise PMO may be included to provide overall organizational PMO coordination, to facilitate organization-wide project reporting, or to maintain certain sets of key standards to be used by the entire organization. Even within this model, externally facing PMOs may exist as well to coordinate with one or more of the internally facing PMOs or with the central enterprise PMO to ensure delivery of customer projects. Other *blended* models may exist to meet the unique needs of a particular organization.

An additional structural model is relevant for the purposes of this discussion. A project or program PMO model exists in some organizations to manage a specific effort or set of efforts. In this model, the PMO often exists only for the lifetime of the project or program and then the PMO team is disbanded to work on other project or program efforts. Thus, the PMO is a temporary entity in the organization that is established and maintained for the purposes of ensuring the success of some particular effort or group of efforts rather than as a permanent entity in the organization that looks at project,

program, and portfolio management from a broad perspective. (*Note:* For the purposes of this text, the operation of the project or program PMO will follow the general context of the PMO, but the focus will be more targeted on the operational aspects of project management than on the standards and knowledge aspects.) The project or program PMO is best coordinated through the efforts of a supervisory PMO, such as those operating in the other models previously described, which will ensure coordination and standardization across potentially many project or program PMOs that may exist in the organization to support certain efforts.

These models represent a set of possible end states for the organization that will be adapted as required to meet the unique needs of the organization. As a point of general guidance, introducing the PMO concept into the organization, regardless of the model chosen, is best accomplished using a phased approach. This approach may involve piloting the PMO concept in one division, group, or geography within the organization to gather knowledge and experience that can be leveraged to implement the PMO concept more broadly over time. Alternatively, if a single organization-wide PMO is being considered, implementing the PMO with a small set of initial goals and expanding the role of the PMO in the organization over time is often the most practical approach. An implementation model that allows the PMO concept to *sell itself* to management through a successful smaller-scale initial implementation is most appropriate in cases in which the benefits to the organization and the business case for the PMO must be proven. Even in those cases in which management's support for the PMO is strong, the desire to aggressively implement the PMO concept with broad scope in order to achieve benefits more quickly should be weighed against the potential impact on the organization of changing business processes and practices to achieve the PMO's intended goals. The PMO, with its many benefits, also creates the potential for some degree of initial organizational upheaval as affected members of the organization adjust to interacting with the PMO and as the PMO fine tunes its operational model to best meet the needs of the organization. Proceeding with due caution initially as the base structural model of the PMO is determined helps to mitigate this risk and ensure a successful start-up.

Benefits of the PMO Concept

Specific benefits of a PMO will vary depending on the structure and design of the PMO within an organization. However, there are several key categories of benefits that can be achieved through establishing a PMO. At the conceptual level, the PMO concept serves as a fundamental unifier for project and program activities in the organization. Whether the PMO actively manages projects directly or serves as a standards and consulting organization, the PMO, as a central home for project management (whether in a department, division, or across the enterprise), can provide significant value. Members of the organization will know where they can seek guidance and obtain answers to project management questions. Additionally, the PMO concept provides a formalization of project and program management oversight in an organization and creates a visible “face” for project and program management that is recognized beyond just the project management staff, signifying a broad organizational commitment to the practice of project management.

From a corporate management perspective, the PMO may serve as the central oversight organization responsible for providing key project status information to management. As such, the PMO may collect project status data and provide management with an ability to have a single view of the project landscape within the organization and to receive consolidated information regarding projects undertaken in the organization as needed. When the PMO serves as a central repository for project data across the organization, data collected enables powerful management reporting and trend analysis that would be otherwise difficult in organizations with no central project reporting standards and processes. Corporate management may also utilize the PMO to manage oversight of project chartering, to consolidate risk profiling and management, and other similar governance activities that ensure an appropriate level of control over the projects undertaken in the organization.

From a process perspective, the PMO can play a key role in providing governance, oversight, and standards setting for the project processes within an organization. Especially in large organizations, ensuring that consistent project management best practices are followed can be difficult. Establishing a PMO with a responsibility for creating and maintaining project standards can provide a focus on researching and setting best practices standards within the

organization that cannot be uniformly achieved through the efforts of individual project managers. Whether these standards are based on recognized external standards or developed through documenting and reusing best practices within the organization, the PMO concept is well suited for centralizing the establishment, dissemination, and maintenance of project management best practices. By standardizing common project management practices across the organization, expectations are uniform. Project managers, project team members, and stakeholders gain confidence that regardless of the project, a certain set of fundamental approaches to project management will be consistently in place to help ensure project success.

The benefits of the PMO to individual project managers cannot be overlooked. The PMO may serve as the central home for project managers—a place to turn to for advice, organizational standards, and support as individual project managers manage their project efforts. The PMO may also serve as a central training organization and provide professional development activities that allow individual project managers and project team members to grow their skills and expertise. Additionally, project managers may find a role in the PMO as a possible career path option within their organization. The organization may also use PMO roles as a way to attract and retain project management talent as well as a vehicle for mentoring project team members and junior project managers who wish to learn from members of the organization who have significant knowledge and expertise in the project management field.

Obstacles Facing Organizations Establishing PMOs

Several common obstacles may present challenges to an organization seeking to establish a PMO. Initially, a lack of understanding of the role of a PMO in the organization by management and, perhaps more importantly, a lack of understanding of the value proposition that the PMO provides are common. Often the concept of a PMO is very new to organizations, and management may not understand the specific roles and benefits of a PMO. Defining a clear mission for the PMO and presenting a detailed description of the intended roles of a PMO in the organization and a rationalization of the intended benefits of the PMO may help to alleviate some of these concerns.

A perception among the project management community that the PMO will serve as an obstacle to the timely accomplishment of project management goals may also exist initially. The PMO may create new processes and procedures during its lifetime that can in some cases result in either modifying the way project managers and project team members work and/or creating additional work for project managers and project team members. However, the benefits of standardization, consolidated reporting, increased organizational project knowledge, and other areas of process improvement typically outweigh the incremental costs of implementing and using revised processes. Early and consistent communication and involvement of project managers within the organization in the PMO establishment process are essential to overcoming concern regarding the role of the PMO in establishing standards as a way of bringing simplification and standardization to the organization. Early involvement also helps to ensure that the PMO, when operational, meets the needs of one of its primary constituents.

Concern from management regarding initial funding and ongoing operational costs to the organization is also common. The initial investment in a PMO must be viewed as such—an investment. The initial success of a PMO is largely dependent upon having sufficient monetary and human resources available to allow the PMO to commence operations at a level sufficient to meet its intended goals and to do so within a reasonable time frame. This does not necessarily mean in all cases that large amounts of time and effort are needed. Many PMOs begin as a small organization with a limited scope and expand over time. However, the required investment and intended payback will most certainly be a topic that must be addressed with management. Having a solid plan, well-defined resource needs, and a business case for success will go a long way toward ensuring that management understands the benefits of the PMO and realizes the required investment and intended return.

THE PMO START-UP ROADMAP

The process of establishing a PMO and commencing operations is best undertaken in a manner similar to how projects are undertaken—via a series of defined phases with intended goals and deliverables. Having a consolidated

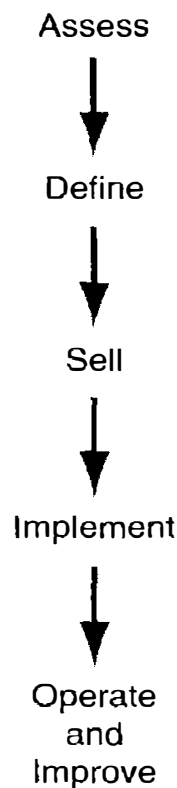


Figure 1.4 PMO start-up roadmap.

plan of action that guides the processes of defining the organization's needs, defining the value that the PMO concept can provide, securing approval to proceed with implementation of a PMO, and developing and implementing the PMO ensures that due diligence is undertaken prior to expending significant amounts of the organization's time and money. An action plan also creates a foundation for success by ensuring that a set of agreed-to plans is in place to guide the PMO development and implementation effort. In this book, the concept of a PMO start-up roadmap will be discussed. A roadmap is used to guide the PMO development and implementation process. It includes a number of important processes that help to facilitate a thoughtful and successful PMO investigation and implementation. Figure 1.4 depicts the key phases of a PMO start-up roadmap.

The roadmap begins with assessing the organization's project management needs. A gap analysis or some other identification of current project management challenges facing the organization often serves as a basis for this analysis. After this phase, a definition of and a vision for how the PMO will address some or all of these needs is established and is used as the basis for

creating the *sell* for the PMO. The selling process involves presenting the PMO plan to management, addressing issues, and securing approval to proceed with establishing the PMO. Assuming that the selling process is successful, the next step is to undertake several key foundational activities that are required in order to implement the PMO successfully. These activities include tasks such as choosing a PMO manager, establishing the physical PMO, defining the initial goals for the PMO and a time line for the initial initiatives that will provide value (ideally within the first 90 days of operation), and so forth. Once the foundation is built, the PMO is launched and it enters a phase of sustained operations and continuous improvement. Each of these phases is critical to the success of the PMO. No phase should be skipped.

The PMO Team—The First Critical Step

A PMO start-up roadmap does not create itself. In fact, reality is that the process of investigating the PMO concept, identifying opportunities for a PMO in the organization, gaining management commitment to implement a PMO (even if on a trial basis), and creating and delivering a successful PMO implementation and start-up represents a significant amount of work. The ongoing activities of the PMO represent work as well, requiring resources beyond implementation and start-up. As a first important step in the PMO process, one or more members of the organization must be tasked with investigating the PMO concept and completing the first phases of the PMO start-up roadmap, including all of the preliminary steps that lead to the final *sell* and, hopefully, approval to implement the PMO.

Assigning one or more members of the organization as PMO investigation team resources or PMO champions and authorizing work on investigating the PMO concept and benefits to the organization must be part of the first management undertakings. Initially, only one resource may be required. Over time, more resources may be added as needed to support detailed development and implementation efforts as well as to fill full-time PMO staff roles in the operating PMO. (The recruitment and selection of these resources will be discussed in Chapter 4.) For the initial PMO investigation and PMO start-up roadmap process-related work, the resource or resources assigned to investigate the PMO concept and to report to management should ideally have

sufficient experience with project management and the organizational culture to allow them to take a broad look at the state of project management in the organization and to objectively assess the current project management challenges and the potential benefits that the PMO can provide. If more than one resource will be assigned, a single individual should be appointed to lead the effort and coordinate the efforts of the entire team. If a single resource will be assigned to this task, this resource will lead the PMO investigation. A senior project manager or other organizational leader, supported by other individuals with project management experience, is an appropriate choice for the lead role. Although prior experience as a member of a PMO or as a project manager in an organization with a functioning PMO (perhaps through previous employment in another organization) is certainly desirable, it is not a requirement. With an appropriate amount of research and guidance from resources such as this text, an understanding of the functions of the PMO and specific implementation considerations that are sufficient to allow the team to identify PMO opportunities and plan for a successful implementation can be obtained. This learning and investigation process will not occur overnight. Therefore, ensure the availability of sufficient resources for potentially a number of months so that appropriate attention is given to thoroughly reviewing current operations and preparing recommendations.

Supporting the PMO Team

In addition to establishing one or more members of the organization as the leaders of the PMO investigation effort, it is important to formally establish management oversight for this function. This oversight might include appointment of a member of the organization's management team to the role of PMO sponsor. Alternatively, oversight could involve establishment of a PMO steering committee that includes several members of management who represent different PMO stakeholder groups within the organization. Establishing a PMO sponsor or a PMO steering committee role ensures that the PMO team is supported and demonstrates management's commitment to investigating the potential role of the PMO in the organization. The PMO sponsor or PMO steering committee member role should be staffed by individuals who are empowered to make decisions regarding the PMO

implementation and ongoing activities, are authorized to commit funds and resources to support the PMO effort, and are committed to ensuring that the PMO provides value to the organization.

Initially the PMO sponsor or PMO steering committee will receive reports from the PMO team on the progress of the investigation effort and will receive the final management reports that provide the basis for approval of the implementation of the PMO. Once the PMO is in operation, the PMO sponsor or PMO steering committee will provide management oversight, assist with resolving issues as they arise, ensure that the PMO is reaching its intended goals, and validate that the PMO remains aligned with the organization's goals and priorities. Although the commitment of time and effort required may vary, there is no expectation that the PMO sponsor or PMO steering committee roles will represent full-time roles. However, the PMO sponsor or PMO steering committee members must be committed to providing an appropriate level of ongoing oversight, including attending regularly scheduled status meetings, providing guidance as needed, and assisting with the resolution of key issues that may be limiting the success of the PMO effort.

A NOTE ABOUT USING THIS TEXT

This book can be divided into two sections. In the first section (Chapters 1 through 5), issues related to the establishment of a PMO within an organization will be addressed. Topics that will be examined include structuring of a PMO, effectively marketing the PMO concept to an organization's leadership, selecting a PMO manager and PMO team, and creating the essential plan and deliverables required to start-up a PMO. Guidance will be provided to allow the reader to take the first steps toward establishing an effective PMO and managing the implementation and early life of the PMO.

The second section (Chapters 6 through 8) will address the role of the PMO as a consulting, knowledge, and standards organization in greater detail. For each of these important functions, guidance on the selection and implementation of appropriate aspects of these functions based on the needs of the organization will be addressed. For readers operating in an organization that

already has a well-established PMO, this section will provide insight into how to foster and grow these three critical roles of a PMO.

Those who are establishing a PMO should start with the first section and proceed in order through the phases required to successfully start-up a PMO. Those who are working in an established PMO that is already in the “sustain and improve” phase may prefer to proceed directly to the second section of the text. The second section focuses on a more-detailed discussion of the three key roles of a PMO in project organization:

- The PMO as a *consulting* organization
- The PMO as a *knowledge* organization
- The PMO as a *standards* organization

Although these three key roles will be discussed at a high level in the first section, the second section will provide a more-detailed discussion of how to exploit each of these roles. The second section would be appropriate as a starting point for those who do not need a detailed understanding of the process of establishing a PMO.

DEFINING AND SELLING THE PMO

This section will provide guidance through the first phases of the PMO start-up roadmap:

- Assess the project environment
- Determine project management needs
- Establish a mission for transformation
- Sell the PMO concept

The first critical steps in the process of establishing a PMO include determining the needs of the organization from a project management perspective, defining the intended vision and goals of the PMO, and gaining organizational commitment to invest the necessary human and capital resources to start up and sustain the PMO in the organization. Without a clear vision of the purpose and goals for the PMO, the ability to sell the PMO concept to management will be severely limited. Additionally, establishing a clear vision

for the initial role of the PMO in the organization will help to avoid PMO scope creep. This situation can cause the PMO to attempt to initially address too many issues and thus dilute its capability rather than focusing on establishing a firm footing in several key areas and expanding in terms of role and scope over time.

It is critical to define the organization's needs from a project management perspective, to determine how to translate these needs into a concise mission and set of initial goals for the PMO, and to determine how to sell this vision to management. These activities form the fundamental foundation upon which a successful PMO is built. Without management buy-in, a PMO will be doomed to failure. By showing the organization that a solid vision exists and that management concurs with the vision, organizational resistance to the PMO concept may be reduced and the likelihood of long-term success is increased.

ASSESSING THE PROJECT ENVIRONMENT

The first process in establishing the foundation for organizing a PMO is to survey the current project environment. The purpose of this activity is to identify the current state of project management in the organization and to begin the process of identifying the opportunity areas within a project management context in which a PMO can potentially provide value. This activity will examine the state of project management in the context of several key areas:

- People (organizational assessment)
- Processes (process assessment)
- Project outcomes (delivery assessment)

In the following sections, the indicators that should be examined within each of these areas will be explained. The order in which these assessments are completed is not critical, but the results of each of these assessments create key inputs to the PMO design process.

Upon completion of the assessments, an assessment summary document will be prepared that encompasses the key findings from the organizational, process, and delivery assessments. This document will be used as a key input

to developing an appropriate business case to justify organizational investment in the PMO. Beyond approval and implementation of the PMO itself, the assessment summary may be used throughout the life of the PMO to identify additional areas of PMO focus (recognizing that it will not be possible to solve all of the organization's project management challenges through the initial implementation of the PMO) and may be updated from time to time, based on future assessments, to gauge progress in addressing the organization's challenges or to reflect improvement that is realized over time.

There are many possible formats for capturing the information obtained while conducting an assessment. For smaller organizations in which a limited number of projects are conducted or in organizations that have a limited number of groups within the organization that typically undertake projects, simply documenting important findings in a simple table format or as one summary document per assessment area may be sufficient. In larger organizations, it may be necessary to conduct the assessments within individual groups or geographies and to produce several sets of documents segmented along some organizational or geographic boundary. Alternately, it may be possible to use a single document, but to note specific divisional or geographic differences within the document. For larger organizations, it may also be beneficial to assemble a small team to conduct the assessment if the size and scope of the organization precludes obtaining information in a timely fashion using only one or two resources. When a team approach is used, some minimal level of training should be provided to ensure consistency in how the assessment is conducted and how the findings are reported.

The goal of conducting an assessment is to determine what processes are in place today and the extent to which these processes are standardized across the organization. For now, focusing the assessment on what is in place today rather than what should be changed as work is done to implement the PMO is important. If appropriate, additional assessment areas may be addressed as well, depending on the current needs and challenges facing the organization. The assessment areas outlined are not intended to be an exhaustive list, but rather to be a summary of the core areas that should be addressed prior to considering the possible business benefits of establishing a PMO.

Table 1.1 Project Resource Inventory

Resource	Current Project and Allocation	Current Role	Skills/Certification
Resource A	Server upgrade project (100%)	Project Manager	Internal Project Manager certification
Resource B	Server upgrade project (50%)	Server Architect	
Resource C	Business reporting project (25%)	Senior Programmer	
	XYZ data conversion project (50%)	Data Conversion Lead	

Organizational Assessment

The organizational assessment process seeks to identify the current state of the project organization as well as the resources that are assigned to project activities. The deliverables from the organizational assessment should include:

- Project resource demographics
- Project organization charts
- Project management development processes

Project Resource Demographics

The first step in an organizational assessment is to determine who in the organization is currently leading projects as well as who in the organization is providing support to project leaders. This may be most easily accomplished by developing a simple project resource inventory that includes the names of project resources, currently assigned projects, role(s) on currently assigned projects, and project-specific certification or other skills relevant to the project environment. A basic inventory might take a format similar to Table 1.1.

Other information such as geographic location, division, business unit, or other relevant items may be included as well. Undertaking this exercise can be very time consuming if a mechanism does not already exist to obtain consolidated project resource utilization information, but it yields several key benefits:

- Provides a consolidated view of the resources working on project activities (This view is critical for understanding the work being undertaken and will be an input to later assessment processes.)
- Serves as a basis for identifying project-relevant skill sets and certifications that exist in the organization (This information will be useful for understanding the state of project management skill in the organization as well as for potentially identifying resources to assist with the start-up and management of the PMO.)
- Provides understanding about whether resource commitment to projects is largely distributed (i.e., many resources spend a percentage of their time on several projects) or highly committed (i.e., resources are generally assigned to spend the majority of their time on one or two project efforts only) as well as the extent to which resources devote their time to project efforts versus operational efforts

In large organizations that undertake many projects, completing this exercise for every project resource in the organization may not be practical. In this situation, several possible alternatives will still provide useful results. If the intent of investigating the establishment of a PMO is to determine the benefits of a PMO for only one division (or a few divisions) within a very large organization, only the resources relevant to the projects undertaken in those divisions must be captured. If this information still appears to be too large to capture within a reasonable time frame, a cross-sectional sample of large, medium, and small project efforts could be captured as well. If the intent is to develop an enterprise-wide PMO, capturing only the resources for one division or a few divisions may yield skewed results. In these situations, an alternative methodology may be to capture data on only the resources managing the project efforts in the organization and then conduct interviews with a few of these resources to gauge the general utilization and skill sets of the project resources that report to the project manager being interviewed.

Project Organization Charts

Once the resource inventory has been completed, the next step in the organizational assessment process is to develop an *as is* project organizational chart.

The purpose of this chart is to map the results of the resource inventory to a graphical format that highlights the chain of command in the organization from a project management standpoint. The organizational chart should include the roles of functional managers within the organization, project managers, and project team members. If project team members and project managers are drawn from multiple areas of an organization, it may be necessary to map several functional groups in order to obtain a view of how projects are undertaken in the organization. If formal organization charts exist that show the formal structure of the organization, using these charts as a basis and delineating the associations between members of the functional organization and projects may be appropriate. As resources are mapped to an organizational chart, one of several general patterns may emerge.

Silo. In the silo pattern, projects each have their own individual lines of reporting from the project team to the project manager, but the centralized reporting line beyond the project leads to a single functional manager. This functional manager may represent a division head, vice president, or some other general business function manager. In this model, projects are primarily completed by resources within the division that are under the direct general control of the function head. The function head sets standards for how he or she would like to see project progress reported, validates resource assignments, and may set other policies for his or her division relative to how projects are approved, funded, and executed. Resources assigned to projects in the silo pattern may be full-time project resources or resources that have primarily non-project responsibilities, but spend a portion of their time devoted to project efforts. Figure 1.5 depicts the silo pattern.

Cross-silo. Another pattern that may emerge is the duplication, matrix, or cross-silo pattern. In the cross-silo pattern, projects are still primarily controlled within a single division, but resources assigned to project efforts may either be a mix of resources from multiple divisions that come together to execute a particular project or a combination of resources that span multiple projects across multiple divisions. Each resource has primary reporting responsibility to a particular division head from a management, career path, and performance evaluation standpoint, but may additionally have “soft” or

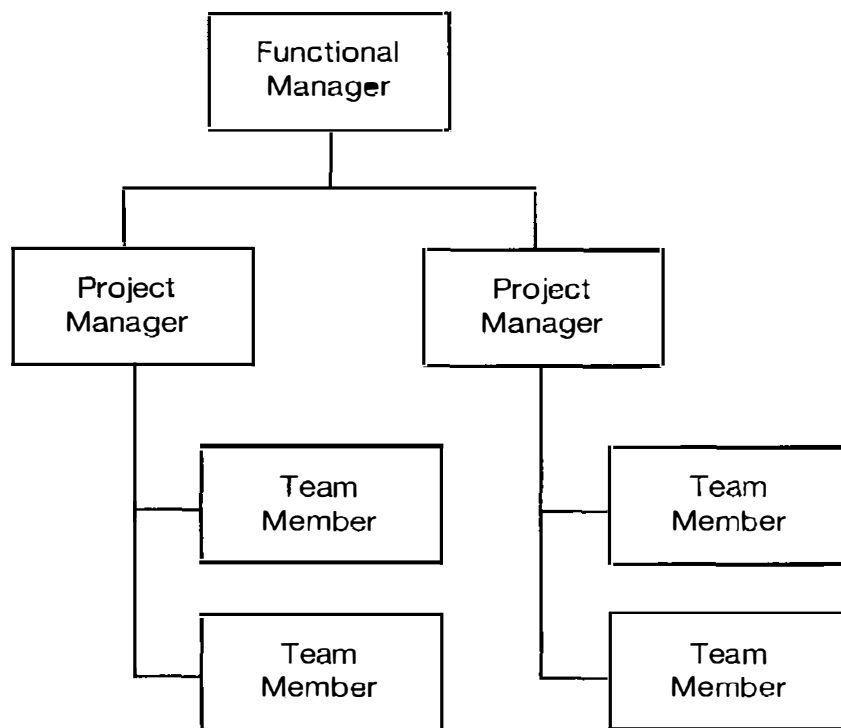


Figure 1.5 Silo pattern organizational structure.

“dotted-line” reporting relationships to project managers in other divisions or to other division heads directly. Figure 1.6 depicts the cross-silo pattern.

As illustrated in Figure 1.6, project resources are shared across divisions as needed to undertake projects. The procurement of resources for a particular effort may be undertaken primarily through negotiation between division heads to ensure that a particular resource is assigned for a certain percentage of his or her time for a particular project effort. The cross-silo pattern usually involves a number of resources who spend only a portion of their time engaged in project efforts in addition to other job responsibilities. Although this model may seem cumbersome, many organizations that prefer strong functional reporting lines or that undertake primarily smaller, limited-duration projects find this mode of operations easier to manage. A potential downside of this model from a project management standpoint is that resource negotiation can be time consuming and can potentially cause split loyalty between the project work and an individual’s primary job.

Strong project. A third pattern that may emerge is the strong project pattern. In this pattern, projects are recognized as either primarily *belonging* to one organization or division or potentially *crossing* divisional boundaries to

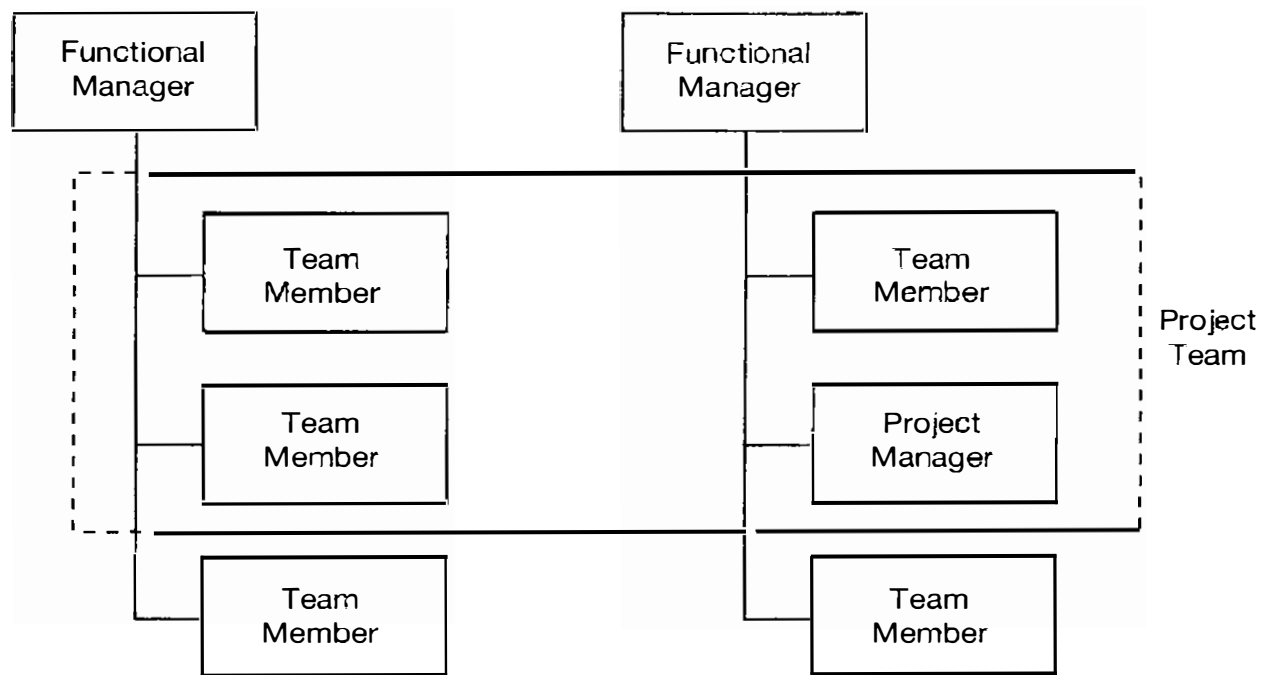


Figure 1.6 Cross-silo pattern organizational structure.

become “enterprise” projects that affect the entire organization. In the strong project pattern, a project manager maintains primary control for the project effort and leads a team that may involve individuals from several different divisions in the organization that are on loan and primarily devoted to the project activities. This pattern ensures that resources are aligned to the project effort and that loyalties are not split between completing project work and ongoing operational activities. Figure 1.7 depicts the strong project pattern.

A strong project pattern has significant advantages in terms of providing the ability for the project manager to direct and manage project resources and in terms of ensuring consistent effort and commitment to project work. However, typically the strong project pattern is the most difficult to sustain given the significant commitment required to ensure that project resources remain committed to project work.

Hybrid. As this step of the organizational assessment progresses, it is possible that none of the general patterns will consistently emerge or that findings will indicate that a hybrid of one of the patterns mentioned may exist. All of these cases are perfectly acceptable. The goal of determining the general project organization is not to attempt to “force fit” a particular organization to a

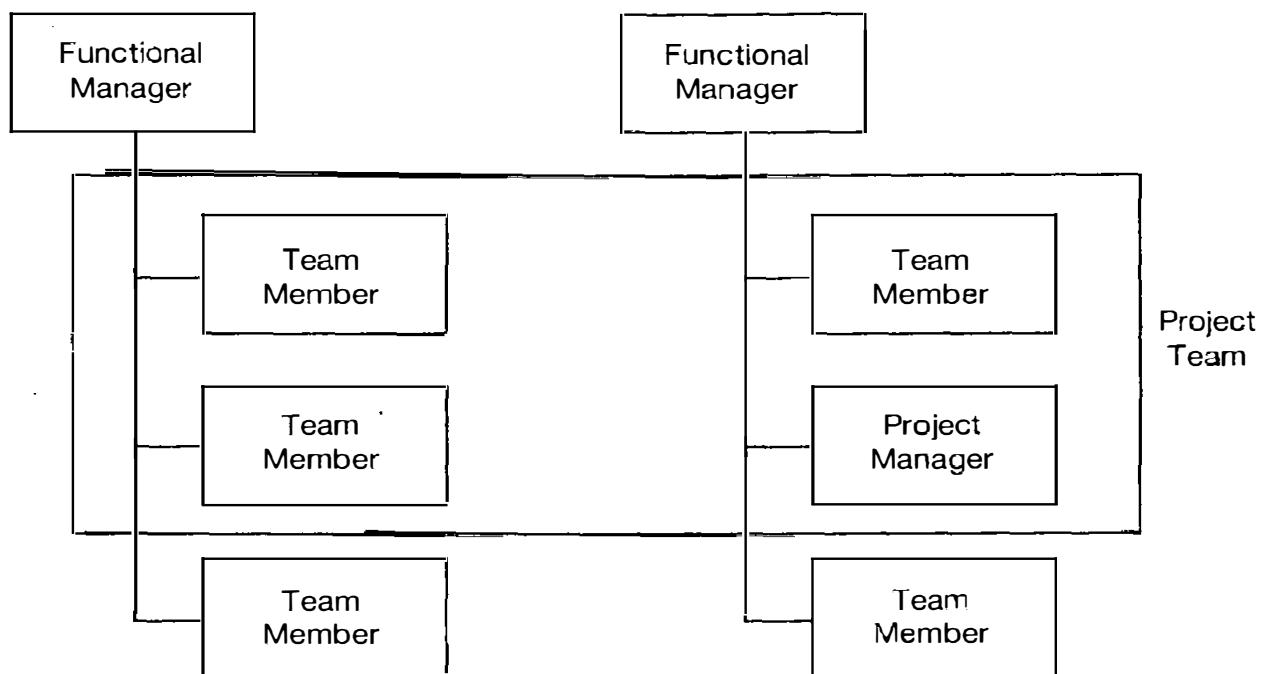


Figure 1.7 Strong project organizational structure.

particular pattern, but to identify the general pattern or patterns that the organization uses to manage projects and resources. Depending on the size and complexity of the organization, it may be possible to assign specific names to specific nodes within a general project organization framework and thus complete a true view of how project resources are currently assigned across projects in the organization. If that exercise is not practical, one may choose to either map only the projects and their associated project managers or to simply create a generalized diagram of how a typical project is staffed and managed in the context of the project organizational chart.

It is important to not overlook this organizational assessment step. This *as is* view of the project organizational chart is a key input to determining the *to be* project organization within the context of a PMO. Without a documented view of the structure that currently exists, an attempt to map how the organization will operate in the future will be extremely difficult.

Project Management Development Processes

Project management development processes include the processes by which the organization trains and certifies project management resources. These processes are not intended to be solely for the benefit of project managers.

Project process awareness training for project team members, sponsor training for key project sponsors and stakeholders, and specialized training for project administrators, finance managers, and others with a vested interest in project processes and outcomes are all part of the overall project management development process. Additionally, training is not the only relevant component of the project management development process. Documentation, resource guides, and other related means of disseminating information about project processes should also be considered.

For project staff such as project and program managers, a review of training opportunities for both new project managers as well as advanced opportunities for experienced project managers should be undertaken. If standard organizational processes exist for project management, the content of training opportunities provided should align to these standards. If the organization follows standardized methodologies provided by external standards organizations, training opportunities should align with these standards and ensure that the standards are placed in the context of the types of projects typically undertaken by the organization. For project team members, the same general principles should apply—training should introduce the role of the project team member in the project process and the expectations of the organization relative to how project team members will conduct their work within the project context.

In addition to training, an understanding of how the organization assesses project manager performance and certifies skills should be obtained. In some organizations, internal staff development programs and internal certification paths are provided to allow project managers to grow their skills and obtain recognition for their level of competence and achievement in project management. In other organizations, external certifications provided by project standards organizations serve as the basis for qualification of project management skill. Regardless of the approach taken, it is important to understand how the organization fosters growth within the project management discipline in the organization, how the organization recognizes proficiency in project management processes, and how the organization tracks and maintains information on the level of skill and proficiency obtained by

their project managers relative to the project management standards or training and certification paths or guidelines in place within the organization.

Process Assessment

Process assessment seeks to identify the organizational processes that are in place today from the project selection, initiation, planning, management, and closeout perspectives. These processes may be formal, documented processes that are either created internally or provided by some external provider or ad hoc processes that vary across the organization. Like organizational assessment, the goal of this assessment is to identify the *as is* state of processes. The outputs of a process assessment should include the following:

- Process definitions for project selection and approval
- Process definitions for project management
- Process definitions for project closeout and archiving

These three deliverables require assembling, cataloging, and documenting how the key processes of project management are currently undertaken within the organization. The next three text sections will address the specific types of information that should be considered when gathering definitions for each of these processes. For each process, if formalized methods or documents exist that apply to the entire organization or cross divisional boundaries, copies of the relevant processes should be obtained and cataloged. If consistent, cross-division or enterprise processes do not exist, then any formal processes that exist relative to a single division or group should be obtained and cataloged. If none of these situations apply, individual interviews with project managers in different divisions within the organization will have to be undertaken to determine the types of ad hoc processes that exist. These findings should be documented for use in developing the assessment summary.

Process Definitions for Project Selection and Approval

Project selection and approval processes represent the key processes involved in determining which projects are undertaken by the organization as well as how funds, schedules, resources, and associated project needs are determined

and allocated for each project that the organization will undertake. The key process areas and associated processes to be considered include:

- Project selection
 - Determining possible projects to be undertaken by the organization
 - Quantifying the value of potential projects
 - Quantifying the costs associated with potential projects
 - Determining which projects the organization will undertake
- Project initiation
 - Formal chartering and scope determination
 - Assignment of project managers and project teams
 - Determining project oversight

Selection. The selection processes primarily deal with how the organization (or potentially individual divisions within the organization) identifies potential projects and decides which projects should be undertaken. The first step in this process, determining possible projects, may occur largely through informal processes or via some technology-enabled mechanism to capture project needs. In some organizations, an ongoing process may exist in which business units submit projects and subsequent prioritization and scheduling of these projects occurs. In other organizations, a formalized process may be in place that occurs on a regular, scheduled basis for the specific purpose of reviewing project proposals and prioritizing and approving project efforts.

If a formalized review process exists that facilitates managing project requests, the details of this process should be obtained. If methodologies for estimating project effort and quantifying the potential value of projects exist, these should be collected and cataloged as well. In addition to process information, any relevant forms or standardized templates for documenting project goals, cost and schedule estimates, and potential benefits should be captured. If project authorization primarily occurs at the division or business unit level, a review of the parties authorized to charter projects and their scope of authority should be undertaken. The purpose of this exercise is to

determine if standardized criteria are established or if formal processes are in place to facilitate prioritizing projects and managing changing priorities.

Initiation. The initiation processes primarily deal with how projects are assigned to project managers and how project oversight occurs. In some organizations, a formal pool of project managers exists and projects are assigned based on capacity, expertise, potential for growth, and other similar factors. In other organizations, project managers are assigned in a more ad hoc fashion based on the scope of the project and availability of resources. If a formal resource group exists, details about the management of that pool should be obtained. If no formal resource group exists, the resource inventory can be used to determine who is participating in project management work, and those individuals can provide input into the processes used to formalize the assignment of project managers and project teams.

In addition to the project team, it is important to understand how project oversight is established. There may be formal processes for assigning a project sponsor, a project steering committee, or a project board to review progress, manage escalation of critical project issues, and address other project needs. Alternatively, there may be single-point oversight by an assigned functional manager who oversees one or more project efforts and who has authority to address significant project issues directly. If a consistent process exists across the organization, the organizational standards for this process should be obtained. If no formal process exists, a representative sample of how project oversight occurs for a variety of project efforts should be obtained and documented.

Process Definitions for Project Management

Project management processes represent the key processes associated with the planning, executing, and monitoring of project activities. Depending on the size and relative sophistication of the project processes in the organization, these processes may be ad hoc, aligned to internally standard processes, or aligned with industry standard processes. Additionally, the processes in place may be established for a particular division or for the entire enterprise. The key process areas and examples of associated processes that should be included in this area of assessment are:

- Project planning
 - Determining detailed project work breakdowns, activity lists, and project schedules
 - Determining project budgets
 - Managing the assignment of resources to project efforts
- Project execution and monitoring
 - Tracking project progress versus schedule and budget
 - Managing variances and taking corrective action
 - Reporting project progress

Planning. The project planning process analysis should focus on the specific tools and techniques used to develop and document project plans as well as the level of consistency in application of these techniques across the organization. These tasks include determining an appropriate breakdown of the project work, scheduling tasks according to precedence and anticipated duration, determining a firm project budget based on the detailed breakdown of project work, assigning resources to execute the project according to the project plan, and other relevant project management activities. If project management software tools, standard templates, or standard process definitions are used to guide these tasks at the division or organization level, these items should be obtained. Planning process analysis should focus on the level of consistency and standardization as well as on the adherence to any relevant internal or external standards if applicable. The planning processes address the development of plans only. The specific monitoring techniques and associated processes for ensuring adherence to plans will be addressed as part of project execution and monitoring analysis.

An important component of project planning analysis is determining how the organization's resource pool is managed. This resource pool may include human resources as well as machines, computers, and other tangible resources required to complete project work. If a standardized assignment and management methodology is in place, its scope and associated processes should be obtained and detailed. If no standardized processes exist, a cursory understanding of the ad hoc methods used in different divisions or groups may be sufficient. If processes exist to forecast resource demand or to track resource

utilization across project efforts, these processes should be investigated. The simple goal of this exercise is to understand how supply and demand is managed and whether or not a consistently applied methodology is in place and is effective. In many organizations, detailed resource utilization is not maintained and resources are often “borrowed” from different divisions or working groups in order to accomplish project goals. This mode of operation may be workable and providing relatively consistent results. If so, this should be noted as part of the assessment.

Execution and monitoring. The project execution and monitoring process area focuses on how project tracking and correction occurs. The first stage of this assessment should focus on how individual project progress tracking is accomplished. Some factors to be considered should include the frequency with which data is collected for use in cost and schedule updates, the method of collection (verbal, via spreadsheet, via software tools, etc.), and the manner in which data is summarized and reported. It is important to understand not only how the process works at a project level, but also how data is rolled up for reporting to management on a division, program, or organizational level. If software tools are used to aid in the process of project tracking and reporting, an assessment of the uses of these tools and the level of standardization in the toolsets should be obtained.

It is also important to determine how variances are managed. Typically, project managers are able to manage small variances through work reassignment or reprioritization as long as the overall budget and schedule are not significantly affected. However, in cases in which variances are significant, a process of escalation to management may be in place either via formal processes or ad hoc discussions. If regular project reviews are conducted, representative agendas for those meetings should be obtained to assist in understanding if these reviews are conducted regularly and consistently across the organization. If formal processes for managing variances, consuming project contingency funds, or authorizing additional resources or funds exist, these processes should be documented. If no formal processes exist, a representative sample of how these processes are undertaken within several different areas of the organization is sufficient.

Process Definitions for Project Closeout and Archiving

At the conclusion of a project, one or more deliverables has been provided to the group for which the project has been performed. Upon review and acceptance of these deliverables, the major project effort is considered complete. The process definitions for project closeout and archiving consider the processes that begin with the completion of project deliverables and terminate with complete closure of the project. This assessment should include:

- Project closeout
- Project archiving

Closeout. Project closeout includes the processes associated with completing project documentation, producing final cost and schedule data, formally closing contracts, releasing resources from the project effort, and conducting “lessons learned” sessions to document project outcomes and opportunities for improvement on future projects. In conducting the closeout assessment, it is important to address both the level of adherence to standard project practices (if any) as well as the level of consistency in practices across the organization.

In order to have accurate data regarding project success in any organization, ensure that the reported data on projects will be provided by using standard methodologies so that data integrity will be ensured when the data is rolled up for broader organizational reporting. Typically, the base data that will be captured during the project closeout phase will include some final cost data that can be compared to the project budget as well as some final schedule data that can be compared against the baseline project schedule. (*Note:* If the earned value management technique is employed in the organization, performance indexes may be provided in addition to actual data.) No matter what technique is used in the organization, ensure that project closeout data reporting relies on standard processes, definitions, techniques, and forms because these standardizations tend to better ensure consistency across multiple project efforts.

An often overlooked but critical element of the project closeout phase is the process of conducting lessons-learned sessions to review the project effort and capture opportunities for improvement in the future. These sessions

typically include the project team as well as other critical project stakeholders. The lessons-learned session includes reviewing overall project success, discussing the overall planning and execution of the project, capturing data on risks realized during the project, and discussing opportunities for improvement in future projects. If the organization does not conduct lessons-learned sessions, an understanding of how project reviews are conducted should be obtained. If the organization does conduct lessons-learned sessions, the process, associated standard forms and procedures, and the level of consistency across the organization should be considered. Additionally, it is important to understand how outcomes from lessons-learned sessions are distributed for use by the project management community within the organization. Although capturing lessons-learned is an important step in the project process, merely capturing the data is not generally sufficient because lessons-learned data is intended to be broadly shared so that experiences from individual projects can be used as opportunities to improve future projects.

Archiving. The project archiving process includes the processes by which project records are retained once final project closeout is complete. In most projects, a significant amount of documentation is produced over the life cycle of a project effort. This documentation may include pure project management documentation such as schedules, project charters, and project change orders as well as associated project documentation specific to the individual project effort such as design documentation, user interview results, testing plans, and other related project documents. Capturing and maintaining these artifacts of the project effort are important not only to ensure that data is available in case questions arise regarding a particular project in the future, but also to ensure that it will be available as a source of base documentation that can potentially be modified and reused in later project efforts. The primary factors that should be considered include the *means* in which project archives are captured, the level of *consistency* in ensuring that appropriate assets are captured, and the *ease* with which project archives can be accessed and searched. Clearly, capturing relevant assets alone is not enough. It is critical that these assets are cataloged and maintained so that project managers have easy access to this information as they undertake future projects. To the extent possible, determine if a standard taxonomy exists for cataloging information as part of the

archiving process. Merely having a shelf full of binders that contain data from past projects does not necessarily imply that a project archiving process is in place.

Delivery Assessment

Delivery assessment involves gathering data on real projects to determine project success within the organization along three critical dimensions:

- Cost
- Time
- Customer satisfaction

In order to accurately assess the relative strength of the organization with respect to project delivery, it is important to gather data for projects of several different sizes, levels of risk, complexity, and cost and, if possible, at levels below merely the project summary level. Small projects (those with planned durations of only a few weeks or months), medium projects (projects with planned durations from a few months to at most 1 year), and large project (projects with a planned duration of over 1 year) should all be included in the assessment. Additionally, projects from several different areas of the organization, if appropriate, should be included. Data may be gathered at the project summary level if this level of data is the only level that is reliably available. If project data is captured at the phase or milestone level, gathering this data may be appropriate as well. The goal is to achieve a representative sample of projects at a fairly consistent level of detail across the various projects captured. The number of projects included from each category will depend on the number of projects undertaken by the organization in each category as well as the level of data available. To the extent possible, projects completed within the past 1 to 2 years provide the best data for assessing the current state of the organization.

When assessing delivery, verifying that the sample of projects is not skewed is important. Selecting only successful projects or only projects that were delivered over budget will not yield the type of data required for this assessment. If the majority of projects delivered by the organization are successful or are over budget, then this data would be appropriate to include, but

Table 1.2 Project Delivery Data Table

Customer Project/Phase (Baseline)	Schedule (Actual)	Schedule (Baseline)	Budget (USD)	Cost (Actual USD)	Customer Satisfaction Score
Simple project/ phase 1	9 weeks	10 weeks	150,000	120,000	9 / 10
Simple project/ phase 2	24 weeks	24 weeks	450,000	490,000	6 / 10
Data center/ implementation	40 weeks	40 weeks	895,000	900,000	9 / 10
Data center/ upgrade	15 weeks	20 weeks	130,000	124,000	8 / 10

it is important to ensure that an appropriate cross section of the organization is sampled and that a variety of different projects are considered.

Cost and time. Measuring performance with respect to cost and time is relatively simple, assuming that data regarding baseline costs and schedules and final costs and schedules are available. If earned value data is used consistently, these measures are appropriate to include and use as a basis for this analysis. If only raw data is available, a simple table of projects, approved costs and schedules, and actual results such as the example provided in Table 1.2 can be developed. If more-detailed data is available or if additional data is deemed relevant, the example in Table 1.2 can be easily expanded to support additional items such as the division in which the project was performed, project manager name, type of project, brief project description, or other relevant items.

As the data is gathered, especially cost and schedule data, keep in mind that there is a distinction between the original project projections for costs and schedules and revised baselines that may be made only after it is determined that the project is significantly off target. For this reason, it is often appropriate to consider the original baseline cost and schedule rather than to measure performance versus a revised baseline alone. However, if a given project was essentially on-time and on-budget, but was revised due to some change requested by a customer or management, late delivery versus the original plan may be considered a success. Because each project has unique

dynamics that affect the final outcome, it may be necessary to consult with project managers or members of the project teams (if available) to validate the reasons for any significant variances so that a decision may be made as to how to most fairly represent the final results in the assessment findings. It is perfectly appropriate to include a section for notes so that significant facts for particular projects may be included.

Customer satisfaction. Measuring customer satisfaction has several significant challenges. In many organizations, a project is deemed to be complete once either the customer accepts the final deliverables or the project is deferred or canceled. If a project is deferred or canceled, customer satisfaction data may not exist or the data may be implied to be poor given the lack of delivery. In these cases, an investigation as to the reasons why the project was deferred or canceled may lead to valuable data that can be included with the assessment. In cases in which projects are delivered successfully, determining overall customer satisfaction may still be difficult because quantitative data such as user surveys, post-project follow-up questionnaires, or other methods of gauging customer satisfaction may not exist. The mere delivery of the project itself may indicate some level of satisfaction in that the project was delivered according to the scope and requirements for the project effort, but further follow-up at some interval post-project (such as 90 days or longer) is often not conducted. In these cases, customer satisfaction data may either have to rely on any facts present at project completion or merely be listed in the assessment as “unable to determine.” If quantitative data exists, it is best captured directly and reported. If a qualitative scheme that ranks relative satisfaction along some commonly agreed-to dimensions such as *high*, *medium*, *low* can be developed and used consistently as part of the assessment process, this may yield acceptable results as well.

Once the assessment data has been obtained and documented, it may be possible to discern relevant trends. If it appears that one division or department consistently delivers the same general results, be it good or bad, that data can be noted. If project success along the three dimensions discussed is highly varied across projects of different sizes and scopes or across multiple divisions within the organization, this data is helpful to understand and note as it may point to a lack of following consistent processes. The final stage of this

assessment involves reviewing the data obtained in aggregate and attempting to discern patterns, trends, or other facts that may point to either areas where quality practices exist (and thus consistent, positive outcomes occur) or to areas where inconsistent or negative outcomes occur more frequently. Depending on the level of data obtained, this data may be relevant only at the project level, or it can be investigated at some lower level within the project.

Assessment Summary

Once an assessment has been completed for each of the assessment areas described (and any others if relevant), the assessment results should be summarized and reviewed with members of the organization in order to ensure that the assessment results fairly represent the state of the organization. This review may be in the form of a formal review with management, a summary document that is distributed within the organization for review and comment, or in the form of a small workshop to review findings with key project managers, project team members, and project stakeholders. The goal of this review is not to formulate an action plan to correct any of the improvement areas identified as part of the assessment, but rather to validate the assessment findings and determine if any additional factors should be included as part of the overall assessment document.

The final assessment findings will serve as a key input to the next process—defining project management needs. Likely the assessment will have highlighted areas of inconsistency or lack of process within the project environment. With a firm understanding of the current state of these processes, it will be much easier to determine the intended *to be* state as well as to begin the process of identifying which processes are candidates for initial improvement as part of the PMO implementation process, which processes are candidates for improvement as part of the longer-term PMO strategy, and which processes are in need of improvement, but are outside the scope of the PMO.

DEFINING THE ORGANIZATION'S PROJECT MANAGEMENT NEEDS

Before considering the technical aspects of establishing, staffing, and starting-up the PMO, take time to consider the challenges the organization faces from a project management perspective. The assessment process serves as a basis for

determining areas within the project environment that could be standardized, enhanced, or improved. Yet, additional broader questions may exist that the organization may wish to address. Possible additional questions might include:

- What are the project challenges faced today related to the delivery of projects?
- Is there a real or perceived view by management or other project stakeholders that lack of consistency exists related to project delivery?
- Is management receiving consistent, accurate, and timely information regarding the projects being undertaken in the organization?
- What is the state of the project management culture in the organization? Do project managers think that they have a place to obtain mentoring and support?

Many other questions may also be relevant as the organization considers the primary driving forces behind establishing a PMO. Some of these were likely revealed throughout the assessment process. When considering the challenges faced and the opportunities for change that establishing a functional PMO might provide, certain inherent themes will become evident. This is especially true if analysis is extended beyond just the perceptions of management of the organization and includes the project managers and project team members who are regularly operating in the current project management environment. A PMO will not solve all of the issues that may come forth as this analysis is conducted. However, as key themes emerge, these themes may serve as a basis for determining the few critical roles that the PMO will play in the organization. A PMO can seldom be everything to everyone. Understanding the needs, at a high level, that the PMO will address in the organization will help not only with ensuring a successful PMO in the long run, but also with framing the *sell* for a PMO to management.

Gathering feedback. How this analysis is conducted may vary based on the organization's needs and capabilities. In many cases, if a detailed assessment was conducted, enough data may already exist to begin to document the key challenge areas facing the organization. However, in other organizations,

an additional level of survey and analysis may be needed in order to gauge the perceptions of a broader mix of the organization. A survey may be appropriate in organizations in which project managers and team members are widely dispersed or when the reach of the PMO will be large and it was not possible to seek input from a broad range of individuals while completing the assessment process. Focus groups may be appropriate if resources are located in close proximity to a central office location. In some cases, personal interviews may work best.

Regardless of the method used to gather feedback, several considerations must be addressed. Most important is that the individuals providing feedback must be able to provide *candid* information without fear of retribution. Anonymous surveys may address this need if the organization's culture does not address it directly. The initial feedback must also be recorded in a *consistent* manner. A scribe may be employed for live focus group sessions or a single survey format may be used in cases when live feedback is not possible. Additionally, ensure that a broad *cross section* of the organization is considered. In most cases, it would not be appropriate to merely survey the project management community. Beyond project managers and project team members, additional stakeholders such as non-project line management, senior management, user communities, and others have a vested interest in the success of projects. The perceived issues may vary among these groups and some feedback from several different perspectives must be gathered and considered in order to limit the risk of establishing a PMO that only addresses the problems of one or two groups of potentially affected stakeholders.

Using an opportunity matrix. When documenting the challenges and opportunities found during the analysis, using a format similar to the PMO opportunity matrix found in Table 1.3 to capture this high-level data is beneficial. As appropriate, key findings from the assessment process should be translated into this document. This data will serve as an input to discussions with management regarding the purpose and goals of the PMO and should be as complete as possible. Without access to key findings, there is no compass by which to guide further thought and discussion related to the goals of the PMO in the organization. Taking the time to understand the current challenges

Table 1.3 PMO Opportunity Matrix

Current Challenge	PMO Opportunity	Priority
Inability for management to have a consolidated view of project statuses across the organization software	Provide consolidated central project reporting; establish project reporting standards; implement project management	High
Lack of consistent methodology for authorizing projects	Define standards for project initiation; assist with organizing and prioritizing potential projects across business units	Medium
Inability to effectively manage human resource utilization for project efforts	Track and report resource utilization by resource at an organizational level	Low

faced in the organization will facilitate preparing for framing the context of the PMO and the *sell* to management.

A PMO opportunity matrix begins with the current challenges facing the organization at a high level (typically through summarizing recurrent themes in the feedback gathered as part of the needs determination analysis and the assessment process). In some cases, listing broad categories of challenges rather than specific challenges may be appropriate, especially if the number of individual feedback items is large. In either case, do not seek to fully elaborate each of the challenges. That exercise will be completed later as part of the process of further elaborating the opportunities into a value statement and PMO vision.

The next column in the PMO opportunity matrix defines the potential opportunity areas in which implementing a PMO can help to address the current challenges. This section will focus on the specific values that the PMO can provide. In many cases, the challenges facing the organization could be addressed to some extent at an individual project, department, or division level. Yet, the advantages of consistent oversight, uniformity, etc. are often lost through an approach that focuses primarily on limited-scale improvement. Focusing on the specific opportunities that the PMO provides that could not be easily accomplished without a coordinating body is important. Likely the

PMO will not serve as a micromanager of all projects. The objectives should be fairly broad and far-reaching.

Prioritizing opportunities. Because implementing every potential opportunity immediately will not be possible, prioritizing the relative importance of addressing each challenge within the organization at a high level is important. A simple ranking of *high, medium, low* is often most appropriate. Although a more-complex numeric ranking scheme might seem to be a better solution, considering the goal of this exercise is important. The PMO opportunity matrix does not seek to *create* a plan—it seeks to *expose* current challenges in the organization, document them, and elaborate at a high level the areas in which implementation of a PMO could address the challenges. Prioritizing the specific tasks that the PMO will undertake is an exercise that will be undertaken with management once the fundamental decision to implement the PMO has been made. At this stage, framing what is possible rather than what should be done is of primary importance. It is appropriate to identify the areas of greatest need, but inappropriate to attempt to rank order each individual need. Using a *high, medium, low* scheme will help to group the current challenges and to show the areas of greatest relative concern, yet still leave room for further refinement as the process of chartering and starting-up the PMO progresses.

TRANSLATING NEEDS INTO ORGANIZATIONAL VALUE—THE PMO VALUE STATEMENT

Once the opportunity matrix has been developed, a PMO value statement can be developed for the organization. The PMO value statement serves two purposes. It translates the opportunities identified in the opportunity matrix into a set of objectives for the PMO and it frames these objectives in terms of the items that can be implemented quickly (the “quick wins”) versus the objectives that will serve as mid- to long-range objectives. For this exercise, a brainstorming session involving project managers, project team members, and members of management is often helpful. The goal is to try to frame what is possible rather than to develop a committed list of firm actions that the PMO will undertake once established. Depending on need and time frame,

Table 1.4 PMO Value Statement

Opportunity	PMO Objectives	Time Frame
Provide consolidated central project status reporting and associated reporting standards	Implement earned value management reporting for all projects over 1 million USD	Short term
	Develop and implement standardized templates for monthly project reporting	Short term
	Establish reports repository for historical reporting and tracking	Medium term
Implement project management software	Implement enterprise project management software for tracking resource utilization	Long term
Formalize the project chartering process	Review and document current processes for project authorization within business units	Short term
	Define workflow and documentation standards for chartering projects and implement in business units	Short term
	Establish project authorization board for all projects over 1 million USD	Medium term

expanding each opportunity in the opportunity matrix may be appropriate. A more concise view of only those opportunities identified as *high* or *medium* in the opportunity matrix may also be appropriate. The format for the value statement document could be similar to Table 1.4.

Several considerations must be addressed as the PMO value statement is developed and refined. First, define the terms “short term,” “medium term,” and “long term” for the organization. As a guide, “short term” may represent items which can be completed within 6 months of PMO start-up, “medium term” may represent items that can be completed within 2 years of PMO start-up, and “long term” may represent items that would be implemented more than 2 years after start-up. It is acceptable to define different timetables as well. The key is to define those time frames clearly so that no misunderstanding exists as to what the time frames represent. At this stage, it would not be

advisable to set individual, firm time frames for each objective. Doing so creates the impression that firm decisions regarding prioritization have already been made. In reality, management review and input will likely drive final prioritization. The time frames that are initially set merely represent a starting point for discussion based on an understanding of the most pressing project management needs in the organization.

Next, determine the level of detail to include in the objectives. The goal of the PMO vision statement is to create a high-level view of proposed values and objectives rather than to create an implementation plan. Depending on the priority agreed for each objective, the critical few items that represent the true short-term objectives of the PMO will be further elaborated as part of the PMO implementation plan. The PMO value statement should be viewed as a management level view. A few sentences defining the essence of each objective should be sufficient.

At a first glance, one significant column may appear to be lacking from the PMO value statement. This column would represent the cost to the organization of operating in the current environment. If data is available to quantify the cost to the organization of not undertaking the opportunities listed in the PMO value statement, that data should be included because it is key data that will help the organization to determine the return on its investment in the PMO. Unfortunately, hard data is often not readily available to quantify the cost of rework, lost efficiency, and other factors that typically drive organizations to consider implementing a PMO. If data regarding historical project success and failure rates is available, that data can be useful in discussions with management regarding the broad objectives of the PMO in terms of better control over projects, but it is often difficult to assign a specific percentage of a particular loss due to project failure to one or two unique opportunities. A compromise could include expanding the challenges in the PMO opportunity matrix to a more-detailed list of current challenges (with supporting data included when available). Table 1.5 shows a revised PMO value statement that includes a column for capturing these current challenges.

Including detailed information about each of the challenges as additional detail in the PMO value statement might be tempting, but fully elaborating challenges is best left to the PMO opportunity matrix or some other document

Table 1.5 Revised PMO Value Statement

Opportunity	Current Challenges	PMO Objectives	Time Frame
Provide consolidated central project status reporting and associated reporting standards	Lack of consistent reporting with standardized measures leads to potentially troubled projects gaining management attention too late to allow for effective response.	Implement earned value management reporting for all projects over 1 million USD	Short term
		Develop and implement standardized templates for monthly project reporting	Short term
	Lack of historical data makes project estimating difficult (estimated 30% of projects exceed project budget by 10% or more due to estimating error).	Establish reports repository for historical reporting and tracking	Medium term
Implement project management software	Inconsistent tracking of large projects leads to inaccurate reporting and schedule misses.	Implement enterprise project management software for tracking resource utilization	Long term
Lack of consistent methodology for authorizing projects	No defined authority for reviewing and authorizing projects occasionally leads to duplicate, similar efforts in different business units.	Review and document current processes for project authorization within business units	Short term
		Define workflow and documentation standards for chartering projects and implement in business units	Short term
	Lack of consistent project review for large projects causes occasional significant misunderstanding regarding project scope and required resources.	Establish project authorization board for all projects over 1 million USD	Medium term

that supports the opportunity matrix. The goal of the vision statement should be to create a very high-level view of challenges and opportunities rather than to create a detailed list of current challenges for the organization. The value statement links the opportunities and objectives to define areas of benefit that the PMO may provide to the organization. Describing how these areas of benefit address the current challenges in the organization can be worthwhile for providing additional detail on why the proposed opportunities and objectives are relevant, but it is not necessary to provide significant detail as long as this detail is documented elsewhere.

CREATING A MISSION FOR PMO TRANSFORMATION

Once the process of defining the PMO value statement is complete, including stating the current challenges facing the organization, the PMO opportunities, and the possible time frames for implementing these opportunities, the next step is to formulate a concise mission statement that summarizes the intent for establishing the PMO. The mission statement is designed to represent a desired *to be* state for the PMO. It is to capture the essence of what the PMO is intended to achieve. The following provides a possible example:

To create a functional Program Management Office that establishes and implements project management best practices for the benefit of the organization in a way that encourages collaboration, standardization, and overall improvement in project results across the organizational landscape

The mission statement should be unique to the organization and should summarize the broad mission of the PMO. The mission statement is not designed to list the specific undertakings of the PMO or the specific processes and problems that will be addressed by the PMO. This documentation, along with time lines for implementation, possible costs, and other factors, will be part of the overall presentation to management as part of selling the PMO concept to management. Establishing the PMO mission and agreeing on the desired intent for the PMO prior to initiating the selling process serves an

important purpose. The mission statement will help guide the formulation of the PMO marketing strategy.

Important: Note that the mission statement defines a mission for *transformation*—a process of moving from a current state to a new state. A PMO transformational mission is very different from a PMO *operational* mission. An operational mission guides specific activities that the PMO will undertake once it is in operation. A transformational mission guides the establishment process of the PMO. An operational mission ensures that the PMO stays on course throughout its lifetime. Once the PMO goals and activities are approved by management and the PMO is formally chartered, a set of operational goals may be established that will drive the formulation of an operational mission. Yet, initially, the focus should be on the transformational nature of how the PMO will impact and improve the organization.

As the mission statement is formulated, think about the key challenges facing the organization that could be addressed by implementation of a PMO. The PMO opportunity matrix can serve as a source for this information and should be referenced as the mission statement that will be established is considered. The mission statement does not need to be long nor does it need to be an exhaustive list of goals. It serves as a starting point—as a guiding statement—for creating the marketing and selling plan that will be delivered to management as part of the process for seeking approval to begin work on establishing the PMO. The key is to ensure that it captures the essence of what is intended to be achieved. If the PMO will transform the organization by establishing consistent standards for project management processes, then this should be stated. If the PMO will hire, train, and foster project managers and project management as a profession within the organization, then this may be relevant. The mission statement must be shaped to the organization. Once it is complete, it should stand on its own as a single point of reference for what will be achieved by the PMO implementation. Other documentation, including assessment findings, the PMO opportunity matrix, and other relevant materials will be supplied to management as plans and information to support how the mission will be implemented if the establishment of the PMO is approved.

SELLING THE PMO CONCEPT

With a completed assessment, a PMO opportunity matrix, a value statement and a mission statement in hand, the process of selling the PMO concept to management can begin. Many operational issues relative to the PMO have not yet been addressed. Additionally, the core structure, management, and implementation plan for the PMO have not yet been defined. This is by design. Before tackling the operational aspects of establishing and managing the PMO, it is essential to gain organizational commitment to the concept of the PMO in the organization and to gain approval to perform the detailed work required to make the PMO a reality. Many organizations jump right in and establish a PMO without creating a firm foundation on which to build it. Establishing a base business case for the PMO and selling the PMO concept to key organizational leaders will help to avoid many of the pitfalls associated with establishing a PMO first and then attempting to justify the value and benefits later. Specifically, creating a base business case and selling the PMO concept to the organization will achieve several benefits:

- An awareness of the specific challenges facing the organization relative to project and program processes will be raised, which will serve as a basis for making the business case for the PMO.
- Educating key organizational decision makers on the concept and benefits of the PMO will help to ensure uniform understanding of the role of the PMO in the organization and the specific business benefits.
- Obtaining management's agreement with the base business case and authorizing further detailed design and development of the PMO implementation plan will help ensure organizational commitment to provide the resources required to further drive the PMO implementation.
- Understanding the concerns of key decision makers will provide a basis for molding the structure, design, and implementation of the PMO to address these key concerns.

The process of establishing, formalizing, and gaining alignment to the base business case is not a process that occurs quickly. Taking time to build a

solid case and to ensure that there is appropriate data to substantiate the fundamental tenants of the case is critical. Once reviewed with and agreed to by management, the base business case will be a key input to development of a detailed business case, which will be used as the basis for formally chartering the PMO and beginning the PMO implementation process. The following section will provide a simple process for building the base business case and preparing to present it to management.

THE BASE BUSINESS CASE

The base business case will contain an overview of the current state of project and program management in the organization, the challenges facing the current organization, and the fundamental opportunities that will be addressed by the PMO. It will also document the necessary next steps required to fully plan for the creation and operation of a PMO. The base business case will contain four key sections:

- Overview of current project organization
- Key challenges in current project organization
- PMO opportunities
- Key actions and accountabilities—the PMO transformation mission

The base business case is most practically presented as a single document that contains the sections listed above along with supporting documentation or addenda that further elaborate on findings in the business case. The document is intended to be a management report and should be concise, but still provide enough detail to allow management to understand the key issues and opportunities. Most likely, the document will be paired with a presentation in which one or more key members of the team investigating the establishment of the PMO will be able to more fully comment on the contents of the report. If a presentation is not a practical option, complete supporting documentation such as the PMO opportunity matrix, assessment summaries, and associated documents may be included as appendices to the business case document.

At this stage, a case is being built for authorization to create a complete plan for establishing a PMO. Because details of the specific implementation are mostly unknown, the base business case should focus on the key overriding themes discovered during the assessment and opportunity work. It would not be appropriate at this stage to create any firm financial models or other documents that explore possible cost impacts to the organization or possible hard benefits that can be achieved unless specifically required by management. These documents, as required, will be produced later and included as part of the complete implementation plan and charter for the PMO that will be established once agreement has been obtained to proceed with further planning for the implementation of the PMO.

Overview of Current Project Organization

This section will describe the current project organization from both a structural and a procedural standpoint. The purpose of including this section in the base business case is to provide management with a baseline that reflects how projects are undertaken and managed today. This is a factual section that should address the current project environment without explicitly stating the limitations of current operations. From an organizational standpoint, a formal project management organization chart should be provided if a consistent, formal organizational structure exists. If the organization's structure aligns with one of the models discussed earlier in this chapter, a reference to the specific model may be appropriate. If several different structures exist throughout the organization, this should be noted. Additionally, any formal career paths or other forms of organizational alignment to project management as a profession should be discussed. The goal of this discussion is to identify resources currently engaged in project work at a high level as well as to identify how the organization structures projects.

Beyond how the pure project management organization is structured, it is also important to discuss how projects are currently staffed. If a group of dedicated project and project management resources exists, this group should be identified at a high level. If project resources are primarily drawn from functional organizations to support specific project efforts, this should be noted.

From an organizational standpoint, it is important to identify both the structures and processes that are in place to ensure that projects are appropriately managed and staffed. If a highly functional organization is currently in place and project managers are largely “project managers by appointment” rather than “project managers by profession,” then the current project organization will most likely closely reflect the functional organization, with members of the functional organization drawn together to perform specific project activities under the guidance of a manager who coordinates the efforts. This may be a perfectly acceptable structure from the organization’s perspective, but it is rather limited from a project management competency development perspective. If a formal organizational structure exists, it should be reflected in the base business case document. This structure may represent an opportunity for the PMO to add value by formalizing the process of developing project managers and encouraging project management as a professional career path.

From a procedural standpoint, process assessment data gathered during the assessment process will serve as the basis for this section. An overview of the extent to which the organization has a set of standards for executing the processes associated with project management should be provided. If no single set of standards exists that is representative of the entire organization, a summary of various processes used within divisions or business units within the organization should be provided. These standards may align only to internal processes or best practices or may align with external standards provided by industry groups or project management organizations. Regardless of whether or not the procedures are externally aligned, the extent to which the procedures are documented, practiced, and updated should be discussed at a high level.

In addition to the existence of standards, the discussion should also include the extent to which any standards are consistently followed. If standards are outdated, not regularly updated, or if no mechanism for maintaining a “master set” of standards exists, this situation should be noted. Whenever discussing any form of process, standard, or procedure, it is important that the existence of the standard, process, or procedure is paired with the extent to which the standard, process, or procedure is maintained and consistently followed. If audit processes exist to validate conformance to standards for

project standards or processes within the organization, these should be noted as well because they provide important information about how process conformance is managed.

The overview section should also include some of the summary data gathered as part of the delivery assessment portion of the assessment process. Including all data for all projects analyzed during the assessment is not necessary. Instead, either summarized data for various project groupings (large, medium, small projects, projects across different divisions, etc.) or a narrative explanation of the general state of project success in the organization can be provided. If average cost and schedule over-run or under-run data is available and fairly represents most projects (i.e., no significant outliers skew the numbers), then it may be appropriate to provide this data as a general summary. If customer satisfaction data is available, this data may be summarized and provided as well. If no consistent measurement scheme is available to facilitate accurate comparisons across divisions or for the organization as a whole, this should be noted and sample data should be provided for a number of projects to demonstrate the range of project outcomes captured during the assessment.

Key Challenges in Current Project Organization

The second section of a base business case builds on the previous section by addressing key challenges in the current project organization. This section is not designed to be an exhaustive list of all of the challenges facing the organization, but rather a summary of some of the key areas in which the organization is either experiencing undesirable results or other factors are creating inefficiency with respect to project processes, procedures, reporting, and delivery. Findings from the assessment processes as well as the opportunity matrix will likely serve as key inputs to this section. These findings may be presented using the same broad categories as are used in the assessment process—people, processes, and outcomes.

In order to create a full picture of the current challenges, it is often desirable to include with the list of challenges some general statements about the impacts of these challenges on the organization. If quantitative data is available, this type of data is preferable; however, in many cases, only qualitative or

“soft” impacts may have been captured. Regardless of the type of data available, including some statement regarding the impact on the organization is important in order to allow management to understand how the current situation within the organization is affecting project results. For example, if one of the challenges facing the organization is that a lack of consistent estimating practices exists, the impact in terms of project outcomes (projects are often late because duration estimates are inaccurate) or processes (inconsistent processes do not implement best practices or align to existing organizational standards) can be addressed as soft impacts or can be discussed using specific project examples in which lack of a consistent estimating process has led to schedule or cost overruns.

In some cases, referencing specific portions of the assessment findings or specific sections of the opportunity matrix (which can be attached as appendices) directly in the review may be appropriate, but, in general, including all of the detail from these documents adds limited benefit in an executive report. A suggested format for this section might include a bulleted-list format such as the following:

- Over the past 2 years, 54% of projects that were delivered late were shown to have used inconsistent or nonstandard project estimating practices, which led to underestimating the required work effort to complete the project. A lack of consistent estimating best practices and guidelines exists in the organization.
- Enterprise-wide views of project performance and projects metrics do not exist. Although divisional reporting on project performance is available in some divisions, inconsistent use of project outcome metrics and inconsistent data gathering leads to an inability to effectively summarize divisional data at the enterprise level.

Whether a list format, a table, or paragraph narrative form is used, keeping several key factors in mind while developing the list of challenges is important:

- Separate the “critical few” key challenges from the list of all current challenges. Present either the critical few key challenge areas or a summary of major challenges by category. Presenting an exhaustive

list of challenges is often too detailed for a management report and may lead to an impression that nothing is going well.

- Because addressing every challenge in the organization through implementation of a PMO is impossible, highlight the specific challenges in which implementation of a PMO can provide benefit.
- Ensure that for each challenge presented, sufficient data (either qualitative or quantitative) exists to support the findings presented. Often management will question or challenge the validity of statements that cast a negative light on one or more areas of organizational operation. Ensuring that the challenges have been validated via the assessment process and gathering some relevant facts to support the findings will make addressing questions easier if they are raised.

PMO Opportunities

The PMO opportunities section discusses how challenges faced by the organization might be addressed through establishing a PMO. This section essentially becomes the *sell* for the concept of using a PMO to address the project challenges facing the organization. Like the previous section, this section should be a high-level discussion rather than a detailed explanation of specific action items. Because the purpose of a base business case report is to obtain authorization to develop a complete proposal for implementing a PMO, details on specific action items are not appropriate at this stage. During the PMO implementation planning process, the details of specifically how the PMO will operate, what specific initial targets will be set, and related detailed topics will be addressed in full. The PMO opportunities section should focus on how, at a broad level, the PMO can address the challenges identified in the key challenges section. A format similar to the format used in the key challenges section can be used for the opportunities section. For example:

- Standardize project effort estimating techniques by creating a single, enterprise-wide standard and toolset for project estimating, providing training on project estimating techniques, and gathering data on estimates and actual durations for past projects to create

an estimate repository to assist project managers in estimating future similar project efforts.

- Create a single, enterprise-wide project dashboard for conveying all project efforts at an organizational level. Manage data gathering via standard templates and processes and provide reports to management for review and action.

Consider the following points when developing each opportunity statement:

Respond to the challenges. Each of the opportunities should be a response to one or more of the challenges presented in the challenges section. The purpose of the opportunities section is not to list every possible opportunity in which a PMO might play a role. It is designed to identify the *key* opportunities that may be available to address the challenges discussed in the challenges section. If other opportunities exist that do not address any of the current challenges identified, these may be listed separately within the document as potential additional areas of focus or as an appendix to the document. Remaining focused on the opportunities that address the current challenges is important because these opportunities are an important part of the *sell* for the PMO. If management is not clear as to how the opportunities to be pursued will address the challenges that exist in the organization, they will likely question the specific value that the PMO will provide. A significant part of the implementation goal of the PMO is to work to improve the current situation in the organization, not to proceed blindly to address many peripheral challenges.

Provide specific benefits. The focus of the opportunities should be on specific benefits to be achieved rather than on broad categories of opportunities. To state that one opportunity is to “standardize project management processes” is too vague to pinpoint a specific benefit that addresses a particular challenge. Standardization may indeed be a benefit to the organization, but the opportunity at hand is to implement standardization for a specific process that represents a current challenge that the organization is facing. Because it is likely impossible to implement standardization for every project management process at the onset of implementing a PMO, identifying specific areas of benefit helps to set reasonable expectations as to what will be achieved.

Avoid specific dates and targets. Avoid setting specific time frames and specific benefit targets. To state that a benefit will be “decreasing project estimation errors by 30%” or that a time frame will be “implementing standardized reporting for the organization within 1 year” is premature. Having specific time frames and concrete goals is important, but they should be established once a definite plan and time frame for PMO implementation are decided. *Remember:* At this stage the goal is to obtain permission to proceed with developing a detailed plan for implementing the PMO—not to detail the specific time frame and expected outcomes for what the PMO will deliver.

Avoid rank ordering. At this stage, avoid rank ordering of the possible opportunities. The process of determining which one of the available opportunities is the highest priority for the organization should be undertaken after a discussion with management rather than attempting at this stage to determine which opportunity is the most important. Clearly, priority setting will need to occur because the list of available opportunities may or may not align completely with management’s view of the role and function of the PMO. Management, if already familiar with the PMO concept, may already have ideas as to what areas the PMO should address first prior to receiving the formal base business case. The opportunities presented in the base business case and the opportunities ultimately explored as part of the PMO establishment process may differ. Aligning these priorities will be part of the process of validating the business case and obtaining permission to proceed with developing a plan for PMO implementation.

Key Actions and Accountabilities—The PMO Transformation Mission

This section ties together the entire document by addressing, in summary form, the opportunities available. It also seeks permission to proceed with developing a more-detailed business case for the PMO. This section should include the following items:

- A statement of the PMO transformation mission
- Deliverables for PMO implementation planning
- Resource requirements for development of a detailed business case

- Milestones and completion targets for development of a detailed business case
- A request for authorization to proceed

Transformation mission statement. The PMO transformation mission statement has already been developed. It should now be restated as the starting point for this discussion. With the key project challenges and PMO opportunities already discussed in previous sections, the transformation mission statement serves to provide management with a concise, understandable statement regarding the intent of moving forward with a PMO. Management may wish to adjust or revise the transformation mission statement, which may, in turn, adjust the planning processes that take place as transformation planning occurs. This is certainly acceptable. Management alignment to a single mission for transformation should be ensured prior to commencing any detailed planning.

Deliverables. The next part of the PMO transformation mission addresses the deliverables that will be presented to management once the planning exercise is complete. Existing organizational standards or policies may guide the types of documentation required. If standardized documentation or policies exist, they should be referenced. At this stage, the transformation planning activities should be treated like a project. A defined set of deliverables should be developed and agreed to with management prior to commencing detailed work. Because the goal of the base business case document is to secure approval to move forward with detailed planning, this section should contain sufficient detail to allow management to see that a plan is in place and to understand what deliverables will be presented at the conclusion of transformation planning. At minimum, the deliverables should include:

- A scope statement defining the role of the PMO in the organization
- A detailed business case documenting the specific challenges to be addressed by the PMO along with specific projected benefits and/or savings
- A PMO organizational structure detailing roles, responsibilities, and accountabilities

- Required resources to commence operation of the PMO and anticipated resource needs for ongoing operations

The deliverables contain many of the elements that would be included in a detailed business plan or project charter. Essentially, a detailed business case and the implementation planning process are part of a chartering exercise in the sense that a plan is being created to present to management in order to gain formal approval to commence operation of the PMO. As such, the deliverables presented in the detailed business case will include whatever relevant detail management requires for making a business decision regarding the costs and potential benefits of a PMO. The list of deliverables presented in this section is not intended to be exhaustive. Other deliverables such as return on investment calculations, detailed cost projections, detailed operational plans, and others may be required in order to secure approval to proceed with implementation. If the organization has specific standards in place, any relevant requirements should be included. As part of the base business case review, the deliverables presented in this section will be reviewed with management to ensure that the deliverables presented align with management expectations.

Resource requirements. In addition to the deliverables for the planning work, the resources required to produce the required deliverables should be presented. It is likely that these resources will primarily include human resources, but they may include other categories such as travel and entertainment expense, office supply expense, and others if relevant. From a human resource perspective, the anticipated level of effort as well as a specific resource category should be provided. For example, if a process analyst is needed to assist with documenting existing processes, the process analyst role as well as the expected effort required should be included. If specific resources are required, it is appropriate to state the resource by name along with an expected time commitment. If the organization requires cost data from a human resource perspective, it is appropriate to include this data along with any other anticipated expense costs so that a full picture of the required resource commitment is available.

As is standard with any project effort, a single project manager should be identified as part of the required resources. This resource will guide the implementation planning effort, report to management, and participate in other

project management activities. The project manager should be included by name as part of the base business case document so that management is clear as to who will have accountability for carrying out the detailed business case development and implementation planning work.

Time line. Once the required resources have been identified, a time line and anticipated milestones should be presented. For the purposes of this document, a detailed work breakdown structure or task level detail is not necessary. However, an anticipated duration should be provided to assist management in understanding the expected duration of the planning effort. There is no set formula to define the amount of time required to complete the planning activities. Many factors, including the size of the organization, anticipated scope of the PMO, organizational structure, resource availability, level of management support, and numerous others must be considered when establishing the time line. When considering the amount of time required (which likely will, at minimum, span more than a month), looking ahead to Chapters 3 and 4 of this text may be helpful in order to determine, at a high level, the type of planning activities that will be undertaken. At this stage, the purpose of providing an estimate is to set an expectation as to when management can expect to see progress. If management will accept an open-ended estimate, with a commitment to provide regular progress updates (perhaps on a biweekly or monthly basis), setting a firm completion date will not be necessary. However, if a firm completion date is required, the date should include a sufficient allowance for risk and may require developing a detailed set of action steps based on the planning processes presented in this text and associated estimates based on organizational experience with planning and the types of work required.

Authorization. The final part of the document should request authorization to proceed with development of a detailed business case and the implementation plans for the PMO. This authorization should include an authorization to engage resources and an agreement on the detailed business case scope, developmental time line, and deliverables. A formal signature page with approval from management serves as a show of commitment to the project effort and helps to ensure management alignment to the plan. Formal

approval of the plan will be requested upon completion of the management presentation on the work completed and a review of the base business case.

Selling the Base Business Case—The Management Presentation

Once the documentation portion of the base business case is complete, it is important to plan a management presentation to provide an overview of the base business case, expand on its content, and address questions and concerns from management. The goal of the presentation, like the base business case document itself, is to secure approval to proceed with further PMO development. The audience for this presentation should be the key business manager or managers who have the authority to authorize resources to further work on the PMO effort. Other key stakeholders may be invited as well, but it is critical that the focus of the presentation is on satisfying the needs of the members of management who will be responsible for authorizing further work.

The agenda for the management presentation should follow the format of the base business case document. A sample agenda might include the following:

1. Introductions
2. Agenda
3. Overview of Work to Date
4. Current Project Management Challenges
5. Program Management Office Opportunities
6. Transformation Planning
7. Discussion/Questions

Ideally the management presentation should be conducted in a face-to-face setting so that participants can formally review and discuss the base business case and the accompanying presentation. If a face-to-face session is not practical, an audio conference with the ability to present slides or other content items remotely is an acceptable compromise. Preparation for the management presentation should include:

- Providing sufficient notice of the date and time of the presentation to allow participants to confirm attendance
- Disseminating the base business case document to the meeting participants prior to the meeting

- Preparing a slide deck or some other summary document that provides relevant highlights from the base business case document and serves as the basis for the presentation and discussion
- Providing sufficient time for selection of the presenters and rehearsal in advance of the material to be presented

Other practical considerations, such as meeting room set up, availability of audiovisual equipment, catering, and other “administrivia” should be addressed in advance as well.

In order to ensure that participants are prepared to discuss the project management needs and PMO opportunities, it is critical that the base business case document be provided in advance to meeting participants along with a summary page that details the date, time, and location of the management presentation, the proposed agenda, and a request to review the base business case document prior the presentation. Asking participants to come to the management presentation without having advance understanding of the work completed to date and the related outcomes will dramatically reduce the effectiveness of the meeting and may lead to numerous questions that are likely to have already been addressed in the base business case. Additionally, providing the document in advance allows the presenters to focus the presentation on key portions of the base business case document without having to discuss the document in its entirety as part of the presentation.

The presentation should begin with roundtable introductions if the participants are not already acquainted with each other. Next, a review of the agenda should be conducted in order to ensure a uniform understanding of the purpose of the meeting. In addition, the intended outcomes should be addressed so that all participants will understand the goals of the presentation. Then an overview of the work conducted to date should be conducted. This section should include a review of the assessment process, the specific assessments conducted, and how the assessment process findings were used during the process of documenting the base business case. It is not necessary to review the assessment findings in detail, but it is important to demonstrate that a systematic process was followed to arrive at the conclusions that will be presented as part of the sections on current challenges and PMO opportunities. It is also important to demonstrate that the assessment was conducted

with input from individuals throughout the organization rather than just the few individuals who worked directly on preparing the assessment findings. This will help reassure management that the findings are representative of a broad cross section of the division or organization.

Following the overview of work to date, a summary of the current project management challenges should be presented. This discussion should not be an exhaustive list of all of the challenges facing the group, division, or organization for which the PMO concept is being proposed, but should highlight the key challenges that face the organization in terms of ability to deliver quality projects within agreed-to time and cost limits. These challenges may be presented as categories or specific challenges, but it is important to avoid referencing specific project efforts if possible. Taking one or more projects and using them as examples of the challenges facing the organization is dangerous. To do so risks offending or alienating key decision makers who may have been involved with the particular projects being discussed. It may be beneficial to research in advance specific project examples and have data available to support the findings in the event a request for a specific example is made. In this case, the research should be conducted and documented in a way that ensures that any examples provided fairly represent the challenge(s) being discussed. This research should also highlight what went well in the project as well as the challenges faced. Taking time to perform this investigation in advance and presenting any requested examples in a concise manner, with a fair treatment of the successes and challenges, will demonstrate to management that a complete and thoughtful investigation was conducted as part of the process of defining and investigating the project management challenges facing the organization.

The next portion of the presentation should focus on key opportunities for addressing the challenges faced by the organization. The PMO concept should be presented here at a high level to ensure a uniform understanding of the purpose of the PMO. The presentation should then focus on how a PMO could be used to address the challenges faced by the organization. Several important points should be made:

Set expectations. Be clear that the PMO itself will not solve all of the organization's project management challenges, but that implementing the PMO as

a focal point for driving process improvement and improved project management results can in itself create an environment for broad improvement.

Frame the context. Help management realize how the PMO fits within the broader organizational context. The PMO can have a role as the key focal point for all project activity in the organization, including managing projects directly, or it can serve as a consulting organization that helps to drive standardization and process improvement while still leaving the day-to-day management of projects in the hands of organizational divisions and groups. (*Note:* The level of control over projects and the specific roles of the PMO will be defined in more detail in consultation with management as the PMO implementation process proceeds. Discussing the potential roles at the presentation is important, but not in a manner that prescribes a particular implementation methodology for the organization.)

Link opportunities and challenges. Link the opportunities to the challenges in a way that clearly demonstrates specific areas of potential improvement, but does not tie implementation to a specific set of results. For example, it would be inappropriate to suggest that implementing a PMO would result in a 50% reduction in late projects. Yet, it would be appropriate to indicate that an area of opportunity for the PMO would be addressing the problem of late projects by defining standards and processes for estimating projects so that project managers will be equipped with tools to help them to arrive at better project estimates. Alternately, the PMO could facilitate periodic project reviews to ensure that project scope statements are clear and that any changes in management processes are defined and consistently used to ensure that unapproved changes to projects do not lead to prolonged schedules. The process of defining specific, measurable benefits should be left to the later planning processes. Specific areas of improvement and improvement targets should be defined and aligned with management prior to the start-up of the PMO and, thus, they will be deliverables of the implementation planning process.

The transformation planning section will focus on PMO implementation planning activities and seeking concurrence from management to com-

mence with the planning effort for the PMO. A high-level overview of the required next steps in terms of allocating resources for further investigation and planning for the PMO, specific deliverables of the planning phase, and an approximate time line for completion of the planning activities should be provided. Assuming that the project management challenges and PMO opportunities have been discussed in sufficient detail, the transformation planning discussion need only focus on the plans for moving forward with transformation planning. To the extent possible, the discussion should be focused on what will be achieved by transformation planning and on detailing for management the critical next steps required to ensure that a complete plan is developed. In this section, stress that the activities that are required for PMO planning are focused on defining the specific value of the PMO in the organization and detailing the practical matters required to start-up the PMO. These activities culminate with a fully detailed business case and a start-up roadmap that will be brought back to management for concurrence prior to commencing implementation work. Therefore, approval is being sought to proceed with defining a full plan rather than to commence with PMO implementation activities.

The final portion of the presentation should include a summary discussion of the presentation content and addressing any questions from the meeting participants. To the extent possible, keep the discussion focused on specific items addressed in the presentation rather than on specific details of the PMO operation. If questions arise that address specific plans for implementation, it is reasonable to state that specific implementation planning is a topic to be fully addressed in the next stage of the PMO planning effort and that any feedback from the group on this topic will be recorded and incorporated into the planning process. If questions arise that require a more detailed explanation of items presented during the presentation, a good-faith effort should be made to address these questions fully, relying on data from the assessment and base business case documents as well as from the presenter's experience. If questions cannot be answered directly due to a lack of information, note them as follow-up items to be investigated and communicated at a later date.

At the conclusion of the presentation and discussion, formal approval to proceed with detailed planning, as discussed in the presentation and base

business case document, should be obtained. If specific follow-up items are required and if these items must be provided prior to obtaining approval, individuals should be assigned to obtain whatever information is requested and a follow-up meeting should be scheduled as soon as is practical in order to review the follow-up items and gain approval to move forward with PMO planning.

Overcoming Initial Resistance

It is quite likely that one or more participants in the management review session will have concerns about the PMO concept or the specific implementation of the PMO in the organization. These concerns could range from the time, effort, and cost associated with start-up and ongoing operation of the PMO to lack of understanding of the specific benefits of the PMO to the organization to concerns about the level of influence and control that the PMO will have within the organization itself. It is not possible to detail here all of the possible concerns that could be raised nor is it possible to define every possible strategy for addressing these concerns. However, a few general guidelines can help assist in addressing concerns:

Manage expectations. Stress that many specific details of the implementation of the PMO are not yet known. The process of additional investigation, development of a detailed business case, and detailed implantation planning will lead to a more-detailed assessment of the role of the PMO in the organization. This process will include seeking input from management, project managers, project team members, and other PMO stakeholders. This broad feedback will guide the detailed business case development and specific implementation planning details.

Regular reporting. Note that throughout the detailed planning process, regular reports will be provided to management so that progress and challenges will be well understood. The process of providing reports to management will be another vehicle that will help to maintain alignment between management and the PMO planning team. Regular status reports will also serve as a risk mitigation activity, ensuring that if management perceives a lack of alignment or if changes in business conditions necessitate a change in the

approach of the PMO, these items will be communicated early so that the PMO planning team can consider them prior to presenting a detailed business case and implementation plan for approval.

Limited investment. State that approval to expend funds and to commit resources to a planning effort does not assume approval for implementation of a PMO. Developing a detailed case will allow management to receive the information needed to make an informed business decision regarding the value of the PMO to the organization. To that end, the cost of developing a plan is a small cost in comparison to doing nothing and allowing the current project management challenges to persist or to immediately charter the PMO, only to later realize that it exists without focus and is not providing a level of benefit to the organization that justifies its existence. Thus, the proposal before management to proceed with detailed planning represents a middle ground between doing nothing and charging forward without a clear charter and plan.

Limited risk. Realize that any process change, organizational transformation, or restructuring effort will involve some level of risk. Defining the potential impacts on the organization, the specific benefits to be achieved, the level of potential disruption, and possible negative outcomes from implementing a PMO are all activities that will be undertaken as part of the detailed planning process. The primary risk to the organization at this stage is the risk of missing a potential opportunity to improve processes, mature the project organization, and create an environment that leads to better project outcomes over time. A PMO is not designed to achieve overnight success. It is designed to assist in growing a project culture that promotes standardization and process improvement over time. The initial PMO rollout, if approved, will likely focus on a few key areas of concern. By limiting the focus initially, organizational impact can be minimized. Cost and time commitments will also be investigated in detail, and the specific cost and resource commitments required will be provided as part of the outcomes of planning. As such, there is minimal risk of creating a significant drain on organizational resources in the planning process.

SUMMARY

The first step in the process of establishing a PMO within an organization is to gain an understanding of the current project management culture, practices, and challenges through an analysis of the organization's project management practices. This analysis serves as the basis for development of a base business case that outlines for management the challenges facing the organization as well as opportunities in which the PMO concept can be put to use to improve project management practices and results within the organization. Once the base business case is reviewed by management and approved, the next step will be to chart a course for successful development of a detailed business case and PMO implementation plan.

Chapter 3 will discuss the process of developing a detailed business case for a PMO and will address a number of practical considerations that must be addressed as part of developing a detailed plan. Chapter 3 will also conclude in a similar manner to Chapter 1, with a detailed presentation to management that focuses on securing approval to commence with PMO start-up and operation, but first, Chapter 2 will describe several essential PMO models and their functions.

REFERENCE

1. *A Guide to the Project Management Body of Knowledge, Third Edition*. 2005. Newtown Square, PA: The Project Management Institute.



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