**The Value of a PMO**

There should be no question that your organization will find value in good, sound project management practices. In fact, the larger the project is, the more project management becomes a requirement for success, not just a value-adding proposition.

In general, the value of a common project management process includes:

* Reduced cycle time
* Reduced delivery costs
* Improved quality of project deliverables
* Early identification and proactive management of project issues and risks
* Better containment and management of project scope
* More opportunities to leverage and reuse knowledge
* Improved accuracy of estimates
* Better communication with clients and stakeholders
* Improved perceptions of your organization by your clients
* Improved people and resource management
* Reduced time to get up to speed on new projects

Project management processes are applied at a project level. Since we assume that the project itself has some business value, you should be able to show that project management processes have value if they help you to complete the project within expectations. On the surface, you might think that if project management is good, then there must be value associated with a group that will help implement project management processes. However, not all companies view it this way, and a PMO does not have the same value proposition for every company. For one thing, the PMO does not manage projects, and so does not have a direct project connection. It is indirect. The value proposition for a PMO is much looser and more subjective.

A PMO costs money to staff and to run. In many respects, a PMO reflects an overhead investment. The hope is that the money and time invested in the PMO will be more than saved by delivering projects better, faster and cheaper across the entire organization. In fact, the value is gained by not only helping specific projects meet their expectations, but by implementing processes and practices that allow every project within the organization to be delivered better, faster and cheaper.

Most organizations will find an overall cost savings associated with implementing a PMO (versus the cost savings associated with project work). Some organizations may find the savings in project delivery costs are made up for in the actual incremental cost to implement and run the PMO. In this case, the other benefits of the PMO should more than justify the value proposition. This value includes helping projects complete within their estimated deadlines and budgets, and generally delivering faster than they did in the past. If this value proposition is fine for your PMO, you will still be delivering a lot of value to the organization. If you find the cost savings on projects are offset by the cost of the PMO and this is not acceptable, it may point out a need to reduce the size of the PMO to make this value proposition work.

An organization typically needs to be of a certain size before the overhead associated with a PMO becomes beneficial. At one extreme, if you only have one project per year, you do not need a PMO since it is much less expensive to provide project management training and support to the one project manager. If you have a handful of projects every year, you may still be able to get by with the few project managers collaborating and agreeing to a certain set of common processes and templates.

Now, let's go to the other extreme. Let's say you have a large, diverse organization that delivers hundreds (or thousands) of projects per year. In this environment, there may be dozens or hundreds of project managers, each with varying levels of skill and experience. A lack of common processes results in project managers and team members being required to learn new processes as they move from project to project. In addition, no one has any idea whether the company is successfully delivering projects in general, and no one knows what anyone else is doing. In this environment, a centralized PMO makes great sense to ensure that all project managers have a core set of project management skills, common processes and templates. The PMO also acts as the owner of the project management methodology, and the PMO acts as a support organization that project managers can utilize for project management assistance. In addition, the PMO can serve as a place for providing an organization-wide view of the status of all projects and can report on the improvements being made to project delivery capabilities over time.

Of course, most organizations are somewhere in the middle. They have more than a couple projects per year, but not hundreds. Each organization needs to look at the number of projects executed per year and make a determination of whether the projects were completed successfully. This internal analysis starts with gaining an understanding of how you execute projects today, how you would rather execute projects in the future, and how best to get to this future state. If your future state vision is close to your current state, there may not be a reason to make any changes. However, if you are not where you want to be, a PMO may be the organizational mechanism to get to this desired state. There are many options to look at for implementing a PMO. You want to do so in a way that ensures that the group and their mission make sense for your organization.

In addition, one obvious motivating factor for implementing a PMO is the amount of pain that the organization feels over failed projects. If most projects end successfully without a PMO, there may not be a strong motivating factor to build one. However, if there is a lot of pain associated with project delivery, the organization will be much more motivated to invest resources in a PMO to turn the situation around.

At a high level, a PMO is increasingly being viewed as an essential component that enables the success of projects, and hence, the future success of the entire organization. At a more tactical level, the value provided by a PMO is summarized below. Although PMOs can be established to provide a narrow or broad set of services, this list includes many of the common responsibilities a full PMO would perform.

* The PMO establishes and deploys a common set of project management processes and templates, saving each project manager or organization from having to create these on their own. These reusable project management components help projects start-up more quickly and with much less effort.
* The PMO builds the methodology and updates it as needed to account for improvements and best practices. The PMO deploys updates as they are available for organization consistency.
* The PMO facilitates improved project team communication by having common processes, deliverables, and terminology. There is less misunderstanding and confusion within the organization if everyone uses the same language and terminology for project related work.
* The PMO sets up and supports a common repository so that prior project management deliverables can be candidates for reuse by similar projects, further reducing project start-up time.
* The PMO provides training (internal or through vendors) to build core project management competencies and a common set of experiences. If the training is delivered by the PMO, there is a further reduction in overall training costs paid to outside vendors.
* The PMO delivers project management coaching services to keep projects from getting into trouble. Projects at risk can also be coached to ensure that they do not get any worse.
* The PMO tracks basic information on the current status of all projects in the organization and provides project visibility to management in a common and consistent manner.
* The PMO tracks organization-wide metrics on the state of project management, project delivery and the value being provided to the business by project management in general, and the PMO specifically.
* The PMO acts as the overall advocate for project management to the organization. This includes educating and selling management and team members on the value gained through the use of consistent project management processes.