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| Exit Planning and Implementation |
| Guidance on Program Management Office for an EPI Engagement |
| **For Internal Use Only** |

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| This report contains pages |
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| PMO Guidance for EPI |



**The full scope of services within the Exit Planning and Implementation (EPI) Services Methodology Guide is not permissible for SEC audit clients and their affiliates. EPI services are generally permissible for IFAC audit clients subject to evaluating engagement circumstances using the conceptual framework (i.e.. threats and safeguards approach) and provided we do not assume a management responsibility as outlined in the Global Quality & Risk Management Manual Chapter 11. See detailed guidance regarding Independence on slides 14-19 of the EPI methodology guide.** **DELETE THIS NOTE.**

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# Overview

This **guide** outlines unique aspects of setting up a Project Management Office (PMO) in an exit planning and implementation context. It highlights areas that should be considered when undertaking an EPI engagement.

# Establishing the Exit Planning Program Management Office (PMO)

## Setting up PMO for an EPI Engagement

The EPI specific PMO will typically be subordinate to the overall EPI Steering Committee, which would establish, as a minimum:

* + Program governance
  + The overall closure plan and timelines
  + Resource assignment and management
  + Status tracking and reporting
  + Integration budgets by functional area or track
  + Issue identification and resolution processes
  + Scope management processes

The EPI PMO will establish procedures to support the processes listed above.

Some organizations have a high degree of maturity in the areas of program and project management and will have an ongoing PMO established. This PMO may then be expanded to accommodate the overall closure strategy. In many organizations, a formal PMO does not exist. The client may not recognize the need to establish a PMO at this stage. The team lead should work with the client to determine the appropriate timing for establishing the PMO function for the EPI engagement.

At this point, it is recommended that the KPMG practitioners review KPMG’s Change Management and BPI methodology for potential additional project guidance and available tools/ templates.

## Key Tasks

The key tasks for the PMO are to establish the Governance and decision making structures for EPI, develop and execute the plan for closing the facility and design the closure plan. The number of resources initially involved and the scope of the exercise may be limited at this point, however, the PMO structure can be carried forward into future phases and monitor greater scope as the closure progresses.

## PMO Co-ordination

The PMO is typically led by a senior individual, either from the client or from KPMG. The PMO lead will have regular reporting responsibilities to the EPI Steering Committee and/or the Board.

A closure program typically has a very large number of activities that have to be coordinated within a short period of time, in an environment of significant change. Additionally, new information and issues come up on an ongoing basis and with great frequency. **Excellent program and project management throughout the engagement is a critical success factor.**

The responsibilities and activities of the EPI PMO might be slightly different in each of the EPI phases. The responsibilities and activities need to be set by and agreed with the Steering Committee at the start of each phase.

At a minimum the PMO should be responsible for:

* Defining objectives, assumptions, success criteria and the required overall approach
* Defining project structure, leadership, and governance
* Defining clear accountabilities and responsibilities
* Defining and setting readiness criteria to formalize progress between key milestones
* Identifying and dealing with constraints and challenges
* Defining quality procedures, quality approvers and who signs off on completion
* Identifying and assessing risks and defining an approach to help manage each risk
* Defining key processes such as status, issue resolution, and project communications
* Identifying and monitoring critical issues that may impact the remaining business
* Setting and monitoring clear operational KPI’s
* Identifying the right resources for each phase of the closure program

Project timelines should at a minimum:

* Be created in Excel® or MS® Project or a project management tool approved by the client
* Show start time and duration
* Show dependencies between activities and critical milestone dates
* Consider the milestones established by the overall corporate integration
* Identify resources assigned to each task

Some of the leading characteristics of a closure that should always be considered when establishing the PMO, or when planning any stage of the closure include:

* A closure program is typically highly confidential. Therefore, physical and information security will need to be a priority for the PMO lead and its members.
* Resources are typically very constrained as the timing and speed of the closure does not allow for appropriate backfill – there will often be competition between tracks for key resources

Closing a facility is typically an emotionally charged environment, as there is a high degree of uncertainty around job security and large scope of change. This is intensified by the speed at which the closure takes place, allowing little time for appropriate planning or adjustment. Furthermore, any differences in culture may intensify the emotional impact of the changes.

**1.4 Organizational Change**

Organizational change management approaches should be very well planned and tightly connected with the project planning and execution. Key considerations include:

* The project team should constantly monitor how the organizations are dealing with the change and adjust planning appropriately.
* Leadership must be very visible in demonstrating that they are in charge that they have a well thought out plan, and that things are under control, even if everything is not going as smoothly as desired.
* Organizational communications should be continuous and as frank as possible. Leaders must be visible and staff managers must be given guidance on how to deal with questions and issues from their staff. Channels for two way communication must be open and leaders must take feedback into consideration.
* The need for very clear and immediate communications within the project team is critical to success. Particularly when issues have been identified, or decisions have been made. This may require status meetings to happen on a more frequent basis, even if they are shorter in length.
* The decision making process should be very fast in order to keep pace with the project changes and issues that arise. This will require that a high degree of authority be provided to the overall closure planning leader and that robust channels of communication be established to keep the Steering Committee members informed between scheduled meetings. Things you should consider when planning closure governance include:
  + The pace of exiting and closing is typically very fast, with short timeframes and significant deadlines
  + Issues arise with a very high frequency, due to the constant discovery of new information, as the organizations get to know one another

In the early stages of a closure, decisions should be made and activities conducted with complete information. **The client‘s expectations should be monitored** to allow for imperfection through the initial phase of exiting period. It is quite common and acceptable for mistakes to be made through this tactical phase. It is important to learn from the mistakes, and move on, quickly.

**Consider the involvement of the People and Change team in the EPI engagement for knowledge, experience and resources to help manage organizational change for and with the client.**