

The PMO: What is it really managing?

IT-Based vs People-Based PMOs: Data Management and Knowledge Management

A few years back, I was coaching project managers in a specific program for a large multinational organization. I encountered a strong reluctance from the project managers to use and update their project plans. When investigating the reasons for this, I discovered that the project plan template was imposed by the PMO. It had been designed, with a complete processes and procedures manual, by an external consultant who used a standard project plan model loosely based on the PMBOK Guide®. This model was all inclusive, designed for large projects and since the projects in this program, as most of the projects of the organization, did not exceed €2m-€5m the project plan template was much too detailed.

The project managers felt they were imposed something they did not need and were very reluctant to spend time on it. When I discussed this with the PMO people, I realized that they were aware of this and agreed it was too complicated for the projects, but had been told that the information was needed to input in the PMIS (Project Management Information System).

This is a typical situation that I have encountered in many organizations where PMOs are developed by a small core of experts and rolled out with the support of an "Enterprise Project Management Solution".

Many well known studies have consistently demonstrated the failure of IT projects due to lack of understanding of stakeholders' needs and expectations and the lack of resources invested in managing change from a people perspective. Many project managers and project-based organizations don't seem to have understood the lesson from technically-driven IT projects, because they are now setting up PMOs, based on IT tools (PMISs and ERPs) the main purpose of which is to collect and control data.

Because the PMO is currently based on tools and techniques rather than intrinsic value, there is a real danger that the PMO will become another fad if nothing is done about it.

In order to verify that strong statement, I decided to consult colleagues from the Valense Network who had been involved in the setting up and management of PMOs or in PMO research projects; they were all concerned with the same things as I was and decided to share their own experience.

Jack Duggal, MBA, PMP, from the Projectize Group, CT, and external lecturer with Hartford U. has for a number of years now promoted the vision of a "Next Generation PMO". He delivers seminars on this topic in PMI's SeminarsWorld® program for the last 5 years. He states: "One of the fundamental problems participants want to discuss in my seminar is the whole approach of setting up a PMO or for that matter, any process improvement initiative. **The key is to understand the distinction between a complicated machine and a complex ecosystem.** Most PMO efforts are implemented as if the organization was a machine; to fix a machine you need tools and techniques, but if you think about it, organizations are not machines. They are living, breathing, ecosystems comprised of people working and living in their unique organizational culture, subjected to politics and hidden agendas. Before you implement a tool, you have to cultivate the right environment for it by understanding who the people are."

Jack adds that in his practice he has come across many examples where clients have literally spent \$millions on enterprise PM tools and are not satisfied because they are not optimally utilized, and are a far cry from all the vendor promises. It is typical to think of the tool-based PMO as a miracle solution that will resolve the issues facing the delivery of business strategies. This is a high risk initiative, especially in the early stages of the PMO lifecycle when it needs to be established with the people, not imposed on them. Jack has unfortunately witnessed that a lot of time is spent in reviewing and selecting a tool and not enough in assessing the organizational readiness for the tool.

He says that without a strong PM culture, there is confusion in terminology and usage, the data is often retrofitted to the desired reports, resulting in pretty charts and reports, but useless information. Project managers learn to manipulate the information that is not serving its purpose anymore. **"Many participants in my seminar are anxious to discuss PMO tools and are surprised to discover the need to push tool implementation until much later, when the PMO culture is well established"** says Jack.

Alexander Matthey, PMP, MSc of 3PM Expert, Switzerland, and external lecturer at Geneva University, has recently set up the PMO for Orange Swiss and is currently project manager of the International PMO for SITA. **Alex likes to talk of the PMO using the metaphor of a Greek temple constituted and supported by 3 pillars: Processes & Procedures, People & Organization and Systems & Tools.** His observation is that in the past most organizations, and nowadays less mature organizations, start with the third pillar: systems and tools. Sadly, to the misfortune of competent project managers, it becomes the only one addressed often with the support of processes and procedures. With Orange he went against main stream practice and initiated a company-wide training program and put the PMs and their requirements at center stage. This approach allowed motivation to spread in the PM community of 120 PMs and enabled the PMO

to quickly gain recognition from the CEO, VPs and other Senior Management. Alex's conclusion is that while Swisscom (Orange's main competitor) and several Geneva based private banks that had started PMOs at the same time as Orange, dismantled their PMO and demised its personnel to operational positions, at Orange the PMO is still thriving.

Following these two compelling testimonies, I wanted to see if they could be generalized worldwide. I called **Dr. Brian Hobbs**, PMP Professor at the University of Quebec at Montreal, who had just completed a worldwide study of PMOs, the first results of which have been presented at the Toronto PMI Global Congress. I asked him what he thought of these statements.

Brian told me that for the last eight years, he had been observing PMOs in organizations in his role of researcher, trainer and sometimes consultant, but most often through the eyes of mature students in graduate programs in project management as they reported on the PMOs in their own organizations. His close observation of over 250 PMOs contrasts sharply with the literature on the subject that promotes PMOs as a sure way of improving performance and offers clear recipes to be implemented. Real-life shows a very different picture.

Since few systematic investigations of PMOs can be found in the literature and those that do exist provide a very summary description. Brian decided to undertake a worldwide survey of PMOs asking respondents to describe their organization's PMO and to evaluate its performance. The survey confirmed the above observations: **"Organizational reality does not fit into the small set of easy to implement models from the literature"**. PMO set ups and the mandates they fill vary enormously from one organization to the next. As Alex observed earlier, Brian found that: **"the very existence of almost 40% of the PMOs has been challenged in recent years; 50% of those surveyed had been in existence for less than 3 years, while 20% are perceived as overly controlling, costly and not collaborating well with other parts of the organization"**. PMOs are being shutdown or radically changed almost as fast as they are being set up, therefore this picture of PMOs may even be too optimistic because organizations that have shut down their PMO or have decided not to implement one did not respond to the survey.

What is the solution then, I asked myself? How can we build this PMO culture that Jack and Alex have talked about and how can we change the controlling and the turnover of PMOs? I therefore consulted with two soft skills consultants that have been involved with organizational change and PMO organizations.

Jürgen Oschadleus, MBA, Director of Act Knowledge from Sydney Australia, author of the book *Heart of Influence*, is an international speaker, trainer and consultant on communications, leadership and team building that has managed systems deployment projects in numerous organizations. From his work with project-based organizations, he concludes that **far too often tools and processes stifle the creativity and innovation needed to make a significant difference in the workplace**. This was also one of the underlying messages to emerge from the 2005 Australian Project Management Congress in Sydney, at which senior business leaders from major Australian organizations addressed the theme, "Improving Project Management Competencies and Raising Business Performance". While organizations need PMOs in the same way as they need appropriate tools and efficient processes, **the purpose of the PMO is to make people more effective in achieving business outcomes. Consequently, the approach to implementing PMOs should be people-focused and people-driven**.

Jürgen remarks that the perceived danger of this approach is a loss of management control. Metrics can be established to gauge the effectiveness of new technology; process improvements can be measured; a return on investment can be quantified, but people-oriented approaches are less clear cut. **It's far more complex, risky, and time-consuming to identify the culture and strength of the organization's key assets (its people), and then tailor a solution to harness that uniqueness. It's far simpler to select an off-the-shelf system, tweak it slightly to give the impression of being people-focused, and then try to force the uniqueness they have in their employees into those easily-measurable structures**.

Manon Deguire, MPsy, PMP, Prince2 practitioner, is teaching at MSc and PhD level at ESC Lille and a managing Partner of Valense Ltd. She has observed that organizations often impose a top-down control structure as part of the PMO; one that does not allow very competent program and project managers to use their greatest skill: people and team management. The Theory X approach is still alive and well in most organizations and managers are put under the microscope and controlled to a level that does not allow them the necessary decision-making latitude to run their projects. They spend more time reporting than managing.

In a recent team facilitation mandate in a PMO organization, she observed that: **"this very diverse and competent group of project managers had approached every new task in a most conventional manner [...] one participant stated, the need to "develop lateral, more creative thought processes and encourage a bit less conformity" in order to foster a new work environment that encouraged potential and growth."** In line with the findings of Brian Hobbs, she observes that: "the workshops showed

the facilitators and the participants that **the diversity of emerging individual and team leadership styles precluded any attempt to uniformize management leadership approaches.** This development reinforces similarities with patterns observed in complex systems, as these diverse approaches led to a clear and common message about the group's need for multiplied interactions not enabled by the current PMO System.

So, what happened with the situation that is described at the beginning? Well, I acted as an intermediary between the program and project managers of the program and the PMO and we agreed on what was really important and essential to be reported upon. I made sure the project managers understood why it was important and how it could help them manage their projects. The project plan went from over 100 pages to about 20, including an Excel[®]Microsoft document that encompasses all this information. The project plan is used everyday by the project managers.

Are there any solutions? Yes, but they are not easy!

1. The implementation of a PMO is a change process. As such, to be successful and sustainable, the PMO must be introduced, taking into account the latest developments on change management and complex environments.
2. The PMO is a vehicle that should support the transition between functional and project-based organizations and, as such, take into account each organization's own culture rather than rely on textbook solutions.
3. When implementing a PMO, start with investigating what the organization is already doing well, most project managers have competently delivered projects for years, then build on it to develop the PMO functions that are essential for this specific organization.
4. Projects and programs are as successful as the people that form their teams, not as the tools they use. The PMOs should empower project and program managers, not stifle them under increased levels of control tools.
5. Although a PMO can have many functions, its main objective should be to ease the delivery of project deliverables that lead to business benefits. In order to achieve this, the PMO should be supported by the required IT tools and not driven by them.

In a successful and sustainable PMO, it is the knowledge and people that must be managed not the data and systems.