Evolving the Maturity Level of Your Project Management Office (PMO)

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Chris Craig-Jones

CA CLARITY™ PPM

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IT Management

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Executive Summary

Challenge

In the pursuit of improving IT project delivery, many companies tend to focus primarily on the process but might overlook a crucial step: benchmarking effectiveness. This step is often overlooked due to the pressures of addressing immediate issues and pain points which results in a baseline that is not established to measure improvements at regular intervals. When measuring and improving the PMO, both the PPM delivery and individual office support processes and environment must be addressed to resolve these challenges.

Opportunity

This white paper, the second in a four-part series from CA, discusses tips and techniques for setting up effective, iterative benchmarking and project rollout. The focus is on utilizing industry standard PPM/PMO frameworks to benchmark, analyze, and evolve your organization's levels of PMO maturity. Recommendations on ensuring the success of the process improvement project will also be addressed.

Benefits

Many organizations are thinking about improving the management of projects, programs and portfolios, but have not yet recognized the potential of raising PPM maturity of their delivery and support processes. However, this benchmarking-centric approach acts as a great "insurance policy" for protecting the value of your investment and improving project delivery. The clearer the scope, release approach and ROI for all involved, the greater the adoption, buy-in and impact.

Evolving the Maturity Level of Your PMO

Benchmarking Your Maturity

A Project Management Office (PMO) consists of Project and Portfolio Management (PPM) processes undertaken in the delivery of projects, programs and portfolios, and support processes carried out by individual management offices. For example, the process definitions and framework, along with PMO support, enable:

- Project Managers to deliver projects within scope, time and budget

- Program Managers to manage groups of projects and services, provide an optimal mix in the use of resources, and achieve economy of scale

- Portfolio Managers to align portfolios of projects and services with business goals and also, manage the organization's exposure to risk

When measuring and improving the PMO, both the PPM delivery and individual office support processes and environment must be addressed.

Benchmarking brings additional value towards implementing and internally advocating for improved project, program and portfolio delivery. A good way to frame the idea of improving delivery is to think of it in terms of "maturity."

An industry standard PPM/PMO framework, as defined by the Project Management Institute (PMI), has three levels of work — project, program and portfolio. These are broken down into 12 process groups, such as project initiation and project planning. The process groups consist of 92 processes, which relate to the management of nine knowledge areas, including scope, cost, time and resources.

Individual project, program and portfolio management processes and groups of processes can be measured in terms of maturity. The example below shows a maturity graph of the project management processes consolidated into the main process groups, as defined by the PMI Project Management Body of Knowledge (PMBOK).

CA has several tools that can help companies analyze the maturity level for each individual process, and produce a simple average maturity level for the process groups.

PMBOK MATURITY GRAPH

PROJECT MANAGEMENT MATURITY LEVEL
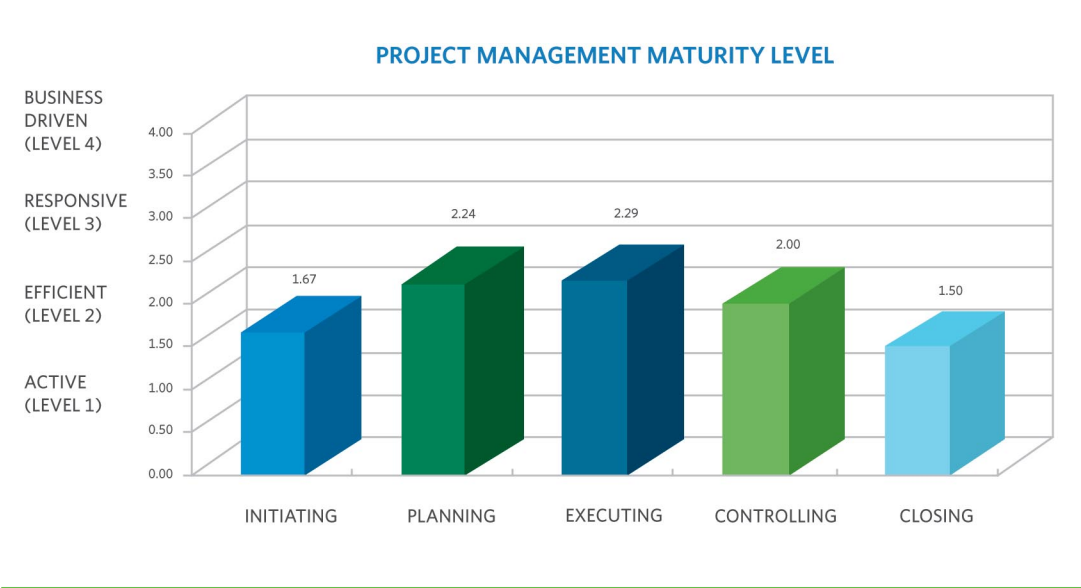
Levels of Maturity from "Active" Through "Business-Driven"
Levels of maturity generally fall into these groups:

LEVEL 0: CHAOTIC No evidence of documented processes or best practices

LEVEL 1: ACTIVE Documented processes carried out, but not formalized (ad hoc, with unpredictable results, and dependent on heroics)

LEVEL 2: EFFICIENT Consistent discipline started (repeatable processes supported by materials and templates, but only in use in "pockets")

LEVEL 3: RESPONSIVE Ubiquitous and measured (processes are applied consistently in the majority of situations and managed proactively)

LEVEL 4: BUSINESS-DRIVEN Provides data and information to drive business decisions (used as the standard throughout the organization, provides metrics for continuous improvement)

Many companies today are at Level 2, where some processes are formalized but their use is being rolled out only across pockets within the organization. However, it is typical for organizations involved in the delivery of business-critical or safety systems to be striving to reach Level 4 on the maturity scale. This type of organization can be found in the defense or aircraft manufacturing industry, for example, where safety is critical.

Organizations at Levels 3 and 4 typically have defined processes, supporting standards, templates and software for the majority of the project, program and portfolio management processes. This environment would include both PPM processes carried out by the project managers, program managers and portfolio managers, as well as the processes carried out by their respective offices. The delivery and support processes at this level are used by the majority of staff, and non-use is on an approved exception basis.

At Level 4, data obtained as a by-product of staff carrying out the processes are used as input into business-driven decision-making, such as determining which projects and services the organization should undertake in the future.

The implementation of PPM software, such as CA Clarity™ Project and Portfolio Management (PPM), is a key component in any organization's effort to improve their maturity level and ability to automatically collect data from their processes. By automating key processes, this software provides the necessary data for continuous improvement.

For example, in a Level 3 organization, the project manager would carry out a process to "monitor progress through completion of milestones". Using software for this monitoring enables measurements that can be used for comparative analysis, such as percentage of milestones achieved on time versus those that slipped. This information, if consistent across all projects, suggests that there may be an issue with project planning and could be used to identify improvements to the "create project plans" and "estimate the effort" processes.

In a Level 4 organization, a project manager produces a cost/benefit case to obtain a decision about whether or not to proceed. As a by-product of carrying out that process using PPM software, data is provided to executive management for a "what if?" analysis and for decision-making about future projects and services. The provision of data from the processes is more effective and efficient where PPM software is deployed to automate the process.

Approaches to Maturity Improvements

By examining the four levels of maturity, you can determine where your project, program and portfolio delivery and support processes are now, and identify gaps between where you are and where you want to be with your organization's most critical processes.

For example, you may want to examine the project management process of "creating a project charter." Perhaps you have a template for creating the program charter, but it is used infrequently, which causes inconsistency resulting in higher costs and therefore suggests Level 1 maturity. By automating the creation and tracking of the template consistency can be enforced to reduce costs, suggesting a maturity of about Level 3. We have now identified a gap between where we are now, and where we want to go. Next, we need to develop a recommendation on how to get there.

Where to Begin

Organizations may vary in their approaches to making PPM and PMO maturity improvements. Some may adopt a bottom-up approach, taking on the project management processes first. Others may take a top-down approach, starting with "what if?" scenarios of portfolio management using basic project and resource information at a high level rather than detailed project plans, and expanding into detailed project planning in the next release. Still, others may want to improve the level of maturity of some of the processes at all three levels — project, portfolio and program management — in the first release and then, add more process improvements at all levels in subsequent releases.

Whatever approach is used, for each process or group of processes, the organization must analyze the current state, agree on the target state, identify the gap, and then create recommendations for improvement. These recommendations will include requirements for improvement in processes, staffing and technology.

The implementation of technology will involve the configuration and deployment of a PPM system, such as CA Clarity™ PPM. This system will support all the PPM and PMO processes, but the emphasis will be on processes and functions to be deployed first. How those functions will be configured will depend on the approach the company adopts: bottom-up versus top-down.

The PPM software will enable more efficient and effective project, program and portfolio management delivery and support processes. This is achieved through:

- The provision of online deliverable templates

- Use of project models and templates to create project plans

- Automated time, status and cost capture

- Automated requisition of project and program resources

- Delivery of project, program and portfolio status, and planning information through portlets and reports

- Automation of the processes through workflows that present templates to users and route completed deliverables for approvals

SECTION 2

How to Move from One Level of Maturity to the Next Through Multiple Releases

Evolving Your Level of Maturity

A "release" is a project that addresses a group of recommendations for improving project, program and portfolio management maturity. In short, a "release" is a grouping of recommendations that feed into a project. Releases involve people, processes and technology and should be measured for effectiveness. Each release will provide incremental improvement over the previous releases.

Every process improvement release should be executed between 60 to 90 days, with an agreed follow-on period for operation use before the effectiveness of that release is re-benchmarked. It is an iterative process of continuous release/use/benchmark.

The balance here is to come back regularly with measurable value for the following key stakeholders:

- Operational project managers, who will need to be sold on changing culture to accommodate the new process

- Tactical departmental managers, who will be held accountable for instituting the new process

- Strategic executives, who will want to see the return on investment (ROI) for the organization

A common oversight in benchmarking and improving delivery processes is forgetting the critical role played by the support organizations (project, program and portfolio). Each level of delivery — project, program and portfolio — has its own processes, which are aligned to support organizations that have their own processes.

Therefore, to evolve your maturity levels, you need to improve delivery-type processes and support-type processes that go on at the same time. For example, say you want to improve a process related to procurement. On the delivery side, the project manager will undertake processes for supplier selection, while the support organization — in this case, the project management office — undertakes processes for developing parameters for creating and maintaining supplier lists.

Both of these process improvements would involve changes to staffing or roles, plus the implementation of PPM software to support the processes. This means that the support organization develops rules and guidelines so that project, program and portfolio managers can carry out the delivery processes efficiently and effectively.

Often, when improving the level of maturity in PPM and the associated processes, organizations take a "bottom-up" approach. We often see the different profiles of functionality released as an organization moves up the maturity level from "Active" through "Business-Driven" on groups of processes.

A possible approach with a 4-part release implementation may be:

- Release 1 Implement basic project management including initiation, planning, (plus resource assignments), control, execution (plus time capture) and project closure

- Release 2 Add project risk management to the basic project management functionality; basic program management of projects and services (mainly grouping projects and services into programs for progress reporting); and portfolio management processes and capabilities for both projects and services

- Release 3 Add project cost management, project procurement management and project quality management; program risk analysis; and program resource management

- Release 4 Add IT services portfolio planning; business relationship management; services finance management; program cost management; program procurements and program quality management

For example, a large healthcare organization decided to take a bottom-up approach. Its first release involved improving its project, resource and time management processes through the implementation of industry-standard processes for project management, supported by standards, templates and software.

This first release raised their level of maturity in many project management level processes. Their second release involved improving the processes they needed to review resource usage and capacity across programs of projects, plus the management of costs and earned value at both the project and program level.

Their future releases most likely will concentrate on economies of scale through the improvement of program-level processes, plus aligning projects and services to corporate objectives through portfolio management "what if?" processes.

An example of a different approach is of a property development company that wanted to improve processes, organization and technology at both the project management and portfolio management levels in the first release. They introduced standardization around project initiation, scope definition, high-level project planning and tracking, and resource allocations, plus grouping of projects into portfolio scenarios for "what if?" analysis. The next release

introduced cost management at both the project and portfolio planning levels. In this case, the focus is on both project and portfolio management, and program management is likely to be addressed in later releases.

Both of the above examples relate to the work of internal IT departments in the delivery of projects, programs and portfolios. While services organizations carry out the same processes, they may differ in the lower-level detail as to how they carry out the processes and staffing, utilize PPM software, and also, in the priorities they place on certain processes or groups of processes.

CA Clarity PPM can help in both the delivery processes — as in the examples above — as well as in the automation of the processes the support organization must carry out. These processes could include storing of supplier information and selection criteria; the automated application of selection criteria against a project selection request to identify a match or mismatch; collection and analysis on use of suppliers for projects and programs, and the rates that were negotiated; and analysis of trends in supplier rates.

CA can assist in defining the content of each release by looking at the level of maturity of each process, identifying recommendations for improvement of those processes, and obtaining agreement on priorities. We would then use CA's predefined PPM Reference Architecture to identify the content of each release in terms of the processes to be addressed, the CA Clarity PPM functionality to be deployed, and how the application should be configured to provide maximum value. The use of these pre-defined architectures reduces the time required to improve the level of maturity, thereby offering rapid time-to-value.

SECTION 3

Tips for a Maturing PMO

Ensuring Success

Once you have determined the processes you want to improve and grouped the recommendations into a release, the following steps are crucial to ensuring the success of the process improvement project:

THOUGHT LEADERSHIP Create a roadmap and vision for the implementation of processes, organizational change and PPM software, an explanation of why we're doing this, who it will benefit, and the desired ROI. Constantly communicate this roadmap, benefits and progress at three levels of the organization (Project, Program and Portfolio).

CLEARLY DEFINE THE REQUIREMENTS AND CREATE AN ACTIONABLE SCOPE Scope should be manageable and achievable within 60 to 90 days.

- Scope creep will derail your efforts as teams lose sight of the payoff

- Frequent successes fuel positive PR for all internal audiences and maintain sponsorship

STAFFING — SET UP THREE TEAMS
- Implementation Team Defines and implements processes and puts supporting standards, material and PPM software into place. This team will carry out each release, then hand off to the stabilization team and on-boarding teams and move to the next release.

- **Stabilization Team** Takes over from the implementation team to ensure that any process, people or technology issues in the release are addressed and have no impact on the implementation team undertaking the next release.

- **On-boarding Team** Trains all end users in the new processes, standards, supporting material and software being deployed within that release. Again, this is undertaken as a separate exercise so that it does not divert the implementation project resources away from the next release. Effective on-boarding will ensure that the process improvements and changes will be used throughout the organization (e.g., will raise the level of maturity in the deployed processes to level 3 — the "Responsive" level of maturity). As one release builds on the next, this team helps to ensure that the maturity level is raised across the entire process.

SECTION 4

Conclusion

Companies undertaking improvement initiatives often allocate their budget for a mixture of process, people and technology-related improvements. So, why not invest an additional 5 percent to 10 percent into measurement to ensure these improvement projects are actually creating benefits for the organization?

CA can help, and is committed to your success. CA Technical Services specializes in designing, implementing and optimizing PMO solutions to help you achieve the efficient IT performance that drives superior business results through a five-step, rapid time-to-value approach that delivers results quickly and incrementally. CA also offers a variety of professional services packages to help implement a PMO rollout and reduce risk.

SECTION 5

Recommended Reference Material

- Project Management Institute (PMI)

- Project Management Body of Knowledge (PMBOK)

- PMI standards for Portfolio Management and Program Management

- WWW.PMI.ORG

SECTION 6

About the Author

Chris Craig-Jones is Global Solution Manager for CA Clarity PPM. He has over 30 years of experience in information technology and management, progressing from programming through analysis, project management, data and database administration, strategy planning, program management, business process engineering and consultancy management.

Prior to his current position with CA, He was responsible for the management of CA Clarity PPM services projects within the Western United States. He has worked in a variety of industries for companies such as Cap Gemini, Guardian Royal Exchange, Aramco, Consol Glass, Legal & General Volkskas, Barclays Bank, and Lloyds Bank International.

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