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ASSIGNMENT COVERSHEET

SUBJECT NUMBER & NAME	NAME OF STUDENT(s) (PRINT CLEARLY)	STUDENT ID(s)
32601 ADVANCED PROJECT MANAGEMENT	Richa Vyas	12640304
ASSESSMENT ITEM NUMBER Assignment 2 – LITERATURE REVIEW		

NAME OF TUTOR DR. GRANT MONEY	GROUP ID	Tutorial day and time THURSDAY 6PM

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32601
Advanced Project Management

Assignment 2
Literature Review

Project Management Office: Strategic Approach

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Executive Summary

In this literature review report, we will first develop few basic understanding of what project management is, what project management office(PMO) is, their different levels, generating a research question, what strategy is and how can we link strategy to PMO, differentiating traditional PMO by Strategic Project Management Office (SPMO). Further, we define SPMO and discuss three SPMO approaches.

Introduction

As defined in A Guide to the Project Management Body of Knowledge(Guide 2001), a project is a temporary endeavor undertaken to create a unique product or service. Temporary means that every project has a definite beginning and a definite end. Unique means that the product or service is different in some distinguishing way from all other projects or services.

"Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project management is accomplished through the appropriate application and integration of the 42 logically grouped project management processes comprising the 5 Process Groups namely, Initiating, Planning, Executing, Monitoring and Controlling, and Closing"(Guide 2004).

It is said that Project Management came into picture before few decades, but many argue that it has been there for centuries as a silent unknown practice but was recognized later. For example, at the time of pyramids the idea of working with a set of specific requirements and delivering it on the deadline was a silent unknown project management practice.

After knowing what project is and project management is, lets move on to further to know what Project Management Office(PMO) is. Well, PMO is an internal or external group to a company which sets, maintains and ensures the standards for project management across that organization(Miller 2017). They are a one stop place who are the keepers of best practices, project status and direction(Miller 2017).

PMO has evolved by several levels. The diagram below well explains the evolution or series of PMO which can be examined for application in an organization. The terms in the figure below acts as a frame of reference only, other names can be also used according to the business environment and PMO responsibilities(Miller 2017).
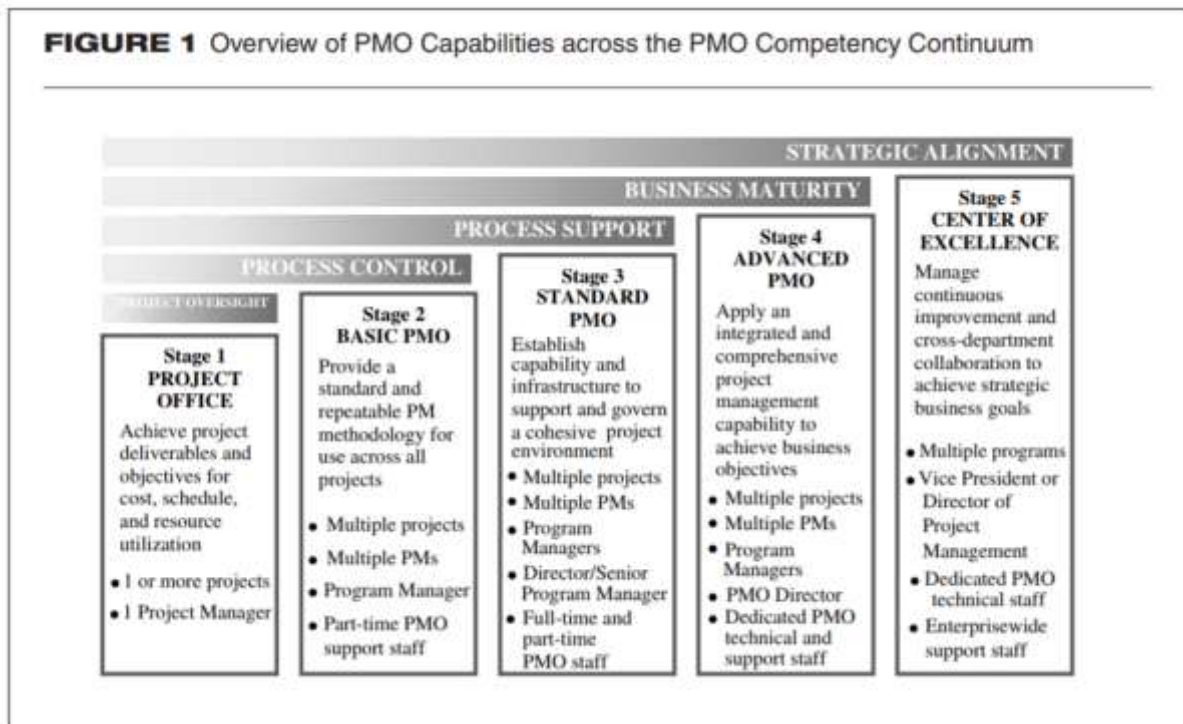
Figure 1: PMO Stages(Kerzner 2002; Miller 2017)

The above figure describes the five general stages of PMO competency with a brief explanation each. They represent as a progressive competency and an advancement of functionality that meets the requirement of project management environment and following business objectives. Its is assumed that the higher the stage of PMO then they satisfy the lower stages to achieve competency. Hence, if an organisation wants to adapt stage 3 PMO than it is assumed that they will ensure stage 1 PMO and stage 2 PMO already.

As you can see the stages evolved for advancement of competency from basic project management approach i.e. Stage 1 to strategic PMO approach i.e. Stage 5 by hierarchical advancement of improvements in the project management office according to the organisational needs by crossing all the hurdles to make it better are process control, process support, business maturity.

Hence, this report will further focus on the strategic PMO approaches.

Literature Review

As discussed above the definition of project, project management, project management office and its stages from different literature. It clearly states that project management is ever evolving for betterment. Now, Project management is moving forward by applying strategy according to changing business needs for competency. So, to move forward with my research, I formulate a research question.

Research Question 1: What is strategic approach to Project Management Office(PMO)? Is it good?

Research Question 2: What are the different ways to apply strategy to Project Management Office(PMO)?

The answer to this research question is explained in a well-mannered step by step approach by defining some important terms and considering three strategic approach to Project Management Office(PMO) further.

What is strategy

The term strategy is not new to the society, it originated from the early writings about wars published in famous works, like Sun Tzu's The Art of War (1994) which was written around 400 BCE, and Carl von Clausewitz's On War (1989), written in the early eighteenth century after the Napoleonic wars. Defining strategy for Early war philosophers was not a difficult task. They saw it as a quest for finding the best way to ensure winning the war or the battle. They typically delineated different strategies and matched them to the conditions that seemed most suitable(Mintzberg & Ahlstrand). Hence, in those days strategy had one clear concept i.e. to win the war.

The term strategy has expanded to different environments and in much more broader context including organizational viewpoint. "Some people see strategy as a direction, a plan, a guide, a course of action into the future, or a path to get from here to there"(Minzberg 1994).
"A typical definition of organizational strategy is the plans developed by top management to achieve outcomes that are consistent with the missions and goals of the organization(Peter, Pringle & Kroll 1992).

It is very important to have a strategy in place in any kind of project. If a strategy is unclear, then it will face difficulties to transfer measurable objectives vital to achieve the project and organisational goals. In simple words, poor strategy results in poor execution of plans(Cleland & Ireland 1999).

Linking strategy with Project Management Office(PMO)

As project nowadays are moving to be aligned with a business perspective in mind with a goal focused on better business results. Researchers realised that project's business outcomes are disappointing even if the project management procedures are carefully followed(Williams 2005). Therefore, the time has come to expand the focus of traditional project management from operational to more strategic perspective. As found in the research of Shenhar, in this modern evolving organisation, project managers are required to stay focused on business aspects and their roles have changed from getting the job done to achieving business results and winning the market place. He also said, any project outcome – a process, product or service faces competition undoubtedly. So, to succeed in the face of competition we need a competitive advantage which is a good strategy in place for winning the market place(Ahlstrand, Lampel & Mintzberg 2001). Even Porter agrees on this by stating" Thus, for each of product or service one should ask, how would it stand out? How would it succeed in the face of competition, and what would be its competitive advantage? Project management is therefore not about meeting time and budget goals. Project management is about creating competitive advantage"(Porter 1985).

Today in many organisations, executives have no time to deal with strategy. So, the responsibility is passed on to the project manager. So now project managers have to be an all-rounder from project strategic leadership to operational and human management(Cleland & Ireland 1999; Shenhar 2004).

Traditional PMO vs Strategic PMO

The traditional way to manage project was operationally managed project. But as we discussed before that we are moving towards strategic way to manage project. Strategically managed projects focus on achieving business results, whereas operationally managed projects are focused on getting the job done. In strategically managed projects, managers and management teams spend a great deal of their time and attention on decisions and activities that will improve business results. "They create a project strategy, which is connected to the business strategy; and they articulate a clear project vision that is well communicated to all team members. Rather than just focusing on schedule and cost control, they are concerned on a day to day basis with customer needs, competitive advantage, and future market success; and rather than sticking to the initial product definition and project plan, they keep making adjustments that will create better business outcomes and higher competitive advantage. Such projects, however, are still rare today, and most projects are still managed with an operational mindset, focusing on short-term results and delivery, namely, meeting time and budget goals.

While time to market is often critical to business success, in most cases a more long-term, strategic perspective must be used"(Shenhar 2004).

What is strategic PMO

Strategic Project Management Office (SPMO) provides all the services of a generic PMO listed below:

According to PMBOK(Guide 2004),

- Managing shared resources across all projects administered by the PMO;
- Identifying and developing project management methodology, best practices, and standards;
- Coaching, mentoring, training, and oversight;
- Monitoring compliance with project management standards, policies, procedures, and templates via project audits;
- Developing and managing project policies, procedures, templates, and other shared documentation (organizational process assets); and
- Coordinating communication across projects.

In addition to the above listed services to individual and departmental level project office, SPMO is a critical link between the organisational vision and the work of the organisation.

Strategic PMO Approach 1: Area of project control and coordination

Now let's discuss Strategic PMO with the eyes of Crawford (Crawford 2010a),

He says any project opportunity or problem, or anything related can be managed by project management expert in the light of PMO. But, "Strategic PMO goes beyond the traditional project management categories, with an expanded role that links strategic objectives to individual projects and portfolios"(Crawford 2010a).

Many additional areas of project control and coordination affect SPMO are listed below:

- Project Management Maturity

  SPMO investigates the maturity of project management and takes steps and actions for improvements needed in the practice of project management across the organization(Crawford 2010b).

- Project Quality Management

  Organizational level standards and process is established for quality management. Normally, this comes under System Quality Management(SQM). But if some organizations lack in having one then SPMO is responsible to ensure the project management standards and processes are maintained and taking important steps needed to improve so that quality rich service reaches the customer(Crawford 2010b).

- Project Office Steering Committee

  The Director of the SPMO shall chair the steering committee which will select, prioritize, allocate resource and terminate all the projects. They also act as a guide to project managers and help them in decision making.

- Process and System Interfaces

  "It is vital that various systems within the enterprise share information. The SPMO, working with the information technology (IT) section, takes the lead in this effort to integrate project management software with the accounting, human resources (HR), and other systems".

- Creation of a Project Culture

"The SPMO, working with the HR department, takes the lead in creating the project management culture so necessary for many of the advanced topics".

- Resource Management across Projects and Portfolios

"Perhaps the most difficult job of a project office is to ensure that resources are assigned to projects according to their position on the prioritized list. Tis can be done in a number of ways, from having a resource manager within the SPMO who takes requests from project managers and negotiates for resources with functional managers to forming a strong liaison with the HR department, which performs the same service for the project office. Regardless of the mechanism and procedure devised, the SPMO is responsible for ensuring that key projects are not delayed due to resource shortages. Note that it is not the role of the project office to lead project teams. That job belongs to the project manager".

Strategic PMO Approach 2: Three P's Approach
(Patanakul & Shenhar 2012)

Figure 1: Project strategy and its components.

Strategic PMO Approach 2: Three P's Approach
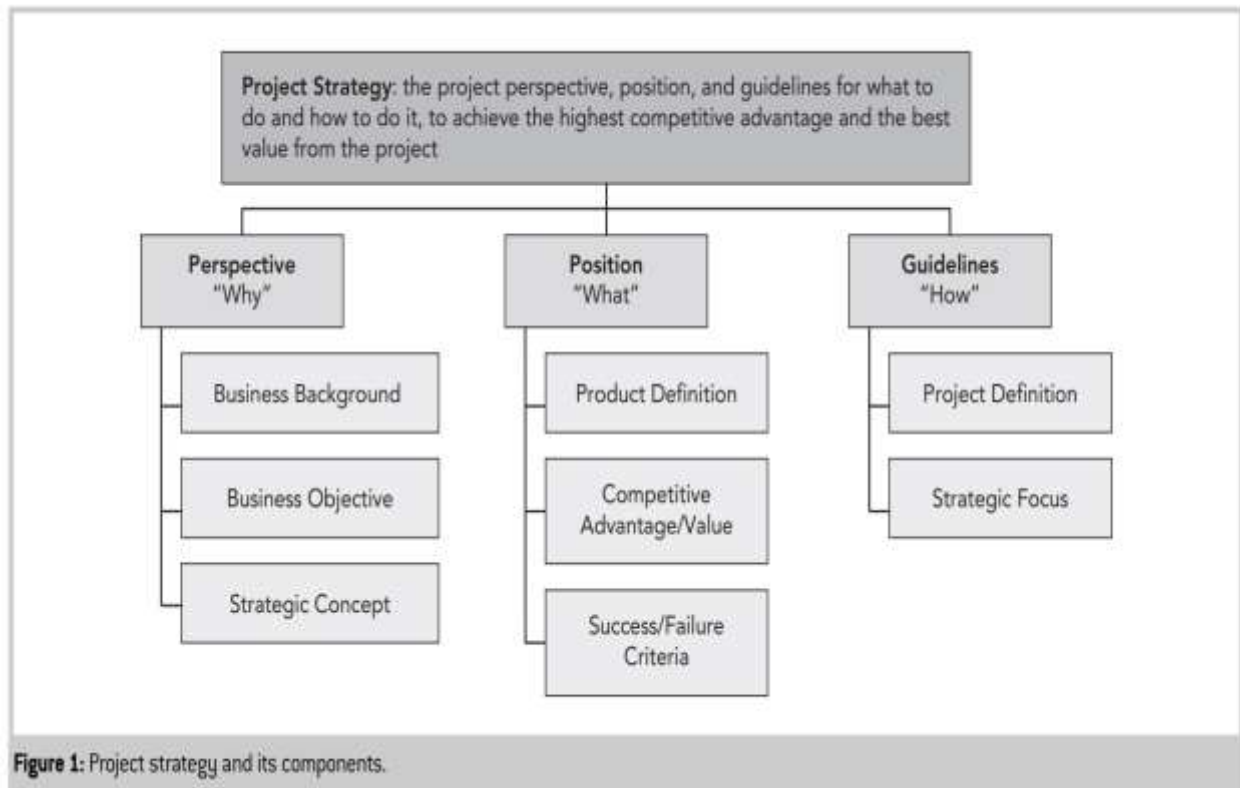
Strategic PMO Approach 3: Seven Principles of Strategic Project Leadership
(Shenhar 2004)

Principle 1 - Leadership: turn project managers into leaders. Make them responsible for business results.

Principle 2 - Strategic project portfolio management: group your projects based on their strategic impact and form a policy for project selection

Principle 3 - Project strategy: define the competitive advantage of your product and articulate a detailed project strategy to win in the market place.

Principle 4 - Spirit: articulate an inspiring project vision, and develop an appropriate project spirit, which will support the strategy and create energy, excitement, and commitment

Principle 5 - Adaptation: assess the product, environment and task. Classify your project, and select the right project management style to fit the project type

Principle 6 - Integration: create an integrated hierarchical plan. Start with strategy, and include spirit, organization, processes, and tools.

Principle 7 - Learning: create a project learning organization. Every monitoring and controlling activity will include lessons learned. Summarize your project in lessons learned event and report

Conclusion

In conclusion to my research, I agree that strategy plays a vital role in project management office in this ever changing and competitive business environment. It has an advantage over all the other Project Management Office previous versions.

According to PMI's 2017 Pulse of the Profession, those companies that align their enterprise-wide PMO to strategy had 38% more projects meet original goals and business intent than those that did not. They also had 33% fewer projects deemed failures(Miller 2017).

Additionally, we examined that there are many approaches to Strategic Project Management Office (SPMO). But we discussed three approaches and any of these can be applied in the enterprise to have a competitive advantage.

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