

The **EPPM** Board

Project Portfolio Management: top line growth, bottom line transformation

THE CHANGING FACE OF ENTERPRISE PROJECT PORTFOLIO MANAGEMENT

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TheEPPMBoard

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The Oracle EPPM Board is a prestigious international steering group of senior executives, academics, and industry experts. It has produced a number of reports highlighting how C-level executives can successfully prioritize and manage the project portfolio, ensuring it remains a strategic asset.

What Does the Future Hold?

Successful Enterprise Project Portfolio Management (EPPM) relies on one thing above all else: the ability to share real-time information between delivery teams and the C-level. It gives one version of the truth across borders, time zones and internal/external personnel. It provides visibility into schedules, budgets, risks and opportunities—ensuring that leadership teams are able to act immediately.

But EPPM is changing. Two areas where we're seeing the greatest shifts are in the role of the Project Management Office (PMO) and the increasing real-time reach of mobile technology, with both issues discussed at length during the latest meeting of The EPPM Board. Indeed, questions were raised over the long-term value of the PMO, and the way mobile technologies might reduce project failure rates.

Over the following pages you will find a summary of The Board's discussion, which I hope you find valuable.

Yours sincerely,



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Can the PMO Guarantee Strategic and Financial Success When Managing Multiple Global Projects?

In 2012, during its third global survey of project management¹, PwC found that, when measured against certain business metrics, those companies without a PMO actually fared better in the first five years, although, after that, companies with PMOs did begin to report higher levels of delivery. It was a finding that resonated with The Board, who found that there was no uniform correlation between having a PMO and successful project delivery.

Worth the investment?

Board members reported that the PMO performed far more successfully in what they termed 'traditional' companies, which were said to include those working on capital projects. However, in what were described as 'agile' companies—such as those operating in software development or anything media-related—it was felt that they did not perform as well. While The Board was unable to find a definitive answer for why this might be the case, there was a collective opinion that companies such as those working in the digital industries may prioritize speedier technological innovation over rigorous EPPM methodologies.

Where they were used, though, PMOs were viewed by The Board as providing meticulous processes and high levels of standardization. Perhaps unsurprisingly, considering the divide between traditional and agile businesses, this view was linked inexorably to large capital projects where the end result has a multi-decade lifespan.

It was also pointed out, and is always worth remembering, that there are some problems that the PMO simply cannot solve, regardless of the type of company or sector. In what was explained as a truism of the industry, there is not a power on Earth that can make a success of a misguided project.

A lack of business appreciation

One of the primary challenges facing organizations—in both digital and non-digital industries—is a fundamental disconnect between project managers and the wider business. In what was viewed as an alarming trend, The EPPM Board was unanimous in its view that while PMOs were staffed by extremely able individuals, as a group they tended to lack a clear understanding of exactly how their employers made money. Put plainly, there was no visibility into the business fundamentals behind a decision to commence a project. And with that being the case, it was unsurprising that they were not viewed as guarantors of strategic and financial project success.

And as for the reasons for this, the common view across The Board was that project managers had, to a degree, been inoculated from the bottom line by some of the programs that came within their remit. Many worked, if not exclusively then certainly generally, on replacement capital projects, or those centered on regulatory, safety, or legal issues. In these cases, there was not necessarily a requirement to keep ROI front of mind. While this finding was only anecdotal, there was a uniformity of view that this could be a reason why project managers were confused by their role and the actual business basis for a project.

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The end of the PMO?

The Board then turned its attention to the following question: do organizations keep the PMO, or find some way of building project skills within business units (BUs), whose personnel have a good understanding of the fundamentals of a company? The answer—based on experience—is that rather than centralizing the PMO, organizations would be better served by placing project managers/standardization experts within each BU. In effect, building pseudo PMOs across an organization allows these groups to look at the risks and rationale behind a project, and make comparisons to similar programs. It's these specialists who ensure each project matches the wider corporate strategy, before it is then handed over to the PMO.

Rather than centralizing the PMO, organizations would be better served by placing project managers or standardization experts within each business unit.

How Mobility is Impacting Project Portfolio Delivery

Among the market chatter around the opportunities and risks of mobility, The Board recognized a simple reality: mobility is here to stay. And in that regard, debates over the wisdom of embracing it (or not) miss the point. The dam has burst and organizations are unable to stem the flow of, or requirement for, real-time information. For EPPM, mobility offers a wealth of benefits: 3D and 4D renderings that allow you to walk through a partially completed project; proximity information, via GPS, for immediate resource management; and, of course, costs and schedules that can be instantaneously shared. However, the technology and the issues that surround mobility continue to present challenges.

Pros and cons

Security was, as you would expect, the biggest concern of Board members. Increasing numbers of project professionals are surfing the wave of consumerization and bringing their own tablets and smartphones to work.

With that has come a greater demand for drawings, plans and schedules to be released from the confines of corporate firewalls and out into sites, private homes and customer offices. And this is a pattern that is only set to grow as the Baby Boomer generation retires over the next five years and is replaced by Generation Y, which has grown up with the expectation that instantaneous information delivered to smart devices is a right.

But it is the disclosure of this type of confidential information that caused concern for some Board members; indeed it was pointed out that the loss of confidential data could be considered a Federal crime in some cases within the US. Documents do not even need to be lost or stolen, as was seen when architectural plans for the new World Trade Center were accidentally posted on the New York Department of Finance website in 2011².

The Board also had a number of practical concerns. Firstly, it was pointed out that while there may be the will among certain members of the C-level to embrace the benefits of mobility (although not Chief Risk Officers!), delivering mobility can be difficult to achieve. In some industries, such as engineering, construction, and mining, the remote nature of project sites means there is often little or no access to broadband. And it is likely to stay that way until wireless providers increase their coverage levels. Secondly, it was pointed out that a lack of standardization in mobile platforms, hardware, and applications will hinder the spread of mobility in delivering EPPM.

However, The Board was also vocal in stressing that it is not a case of if mobile platforms become the key enabler of EPPM, but when. Project-intensive industries have a long history of initially dismissing emerging technologies, only to find themselves forced to accept the prevailing winds. It may be hard to believe (or remember), but technologies that are now well entrenched or even superseded, such as the desktop PC, the spreadsheet and PDAs like the Palm Pilot, were first viewed with suspicion.

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A change of behavior

While the real-time and mobile nature of smart devices and wireless technology is well documented, The Board highlighted how apps could transform project portfolio management in terms of changing cognitive behaviors. By coincidence, this was also discussed earlier in the year at the European EPPM Board meeting and featured in *Putting the Truth on the Table*³.

It can often be difficult to provide the C-level with clear visibility of the project portfolio, and one of the reasons for this is human nature. People are reluctant to deliver bad news, especially if it is perceived to have a negative impact on

careers and reputations. The Board was open about the fact that, when projects fail, it is often an open secret among the delivery team that disaster was a forgone conclusion. It was just that no-one wanted to be the person who brought it to the attention of the senior team. And it's here that The Board felt that mobility can help. The sharing of real-time data and analysis, through apps or even gamification methods, gives the C-level the visibility it needs. Real-time data does not lie and, when presented in a straightforward manner, such as a dashboard, the messenger cannot be blamed for the data it delivers.

Summary

The EPPM Board meeting took on two serious issues that have divided the project portfolio community.

Project management is, of course, as old as time itself. The builders of The Great Wall of China, the Inca temples and St. Paul's Cathedral would have all worked to some kind of schedule. But modern project management has its genesis in the 1950s, when organizations began to look beyond Gantt charts, and apply systematic tools and procedures. These have evolved in all directions, but one that has firmly taken hold in large, complex organizations across the globe is the PMO.

It's accepted that to deliver large projects, it is best to have a PMO, and this was the first issue raised. The EPPM Board generally agreed that while the PMO certainly brings benefits, it also presents problems. Primarily because project managers, while skilled in their discipline, too often lack an appreciation and understanding of the businesses they work in. Lost in the minutiae of project delivery, they can often be blind to the impact of overruns on wider business strategy. While The Board did not suggest

a wholesale re-education of the PMO, or its disbandment, it did argue that the skills contained within it could be replanted within individual business units. Projects could then be gauged against risk to the wider organization by individuals versed in both EPPM and business strategy, before being passed over to delivery teams for final implementation.

The second issue involved the continued march of mobility. Much has been written about the ability of wireless and smart device technology to deliver real-time information straight to the C-level, and so drive even greater visibility among senior decision makers. It is also worth noting that mobile is a genie that cannot be put back in its box—people use it daily and expect to do so. In fact, as Generation Y increasingly spreads itself across project-intensive industries, it is the organizations that fail to provide the level of mobility required to attract the right level of talent. At the moment, bandwidth is a major issue, with many projects undertaken in areas that simply do not support wireless reception. Security is, of course, a perennial concern, with lost information possibly resulting in US federal charges.

But while there is a history of resistance to technological innovation, The EPPM Board pointed out that in the case of mobility, a failure to embrace it could have serious consequences for the delivery of successful projects. It felt that there is enough evidence to show that when projects fail, many people know well in advance, but are worried by what disclosure could do to their careers. Smart devices, apps that deliver real-time data straight to the C-level, and dashboard analysis were all viewed as positive ways in which to combat such cognitive, but very human, behavior.

Sources

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