

# Building a World-Class Project Management Organization

Michael G. Martin, PMP

# Purpose

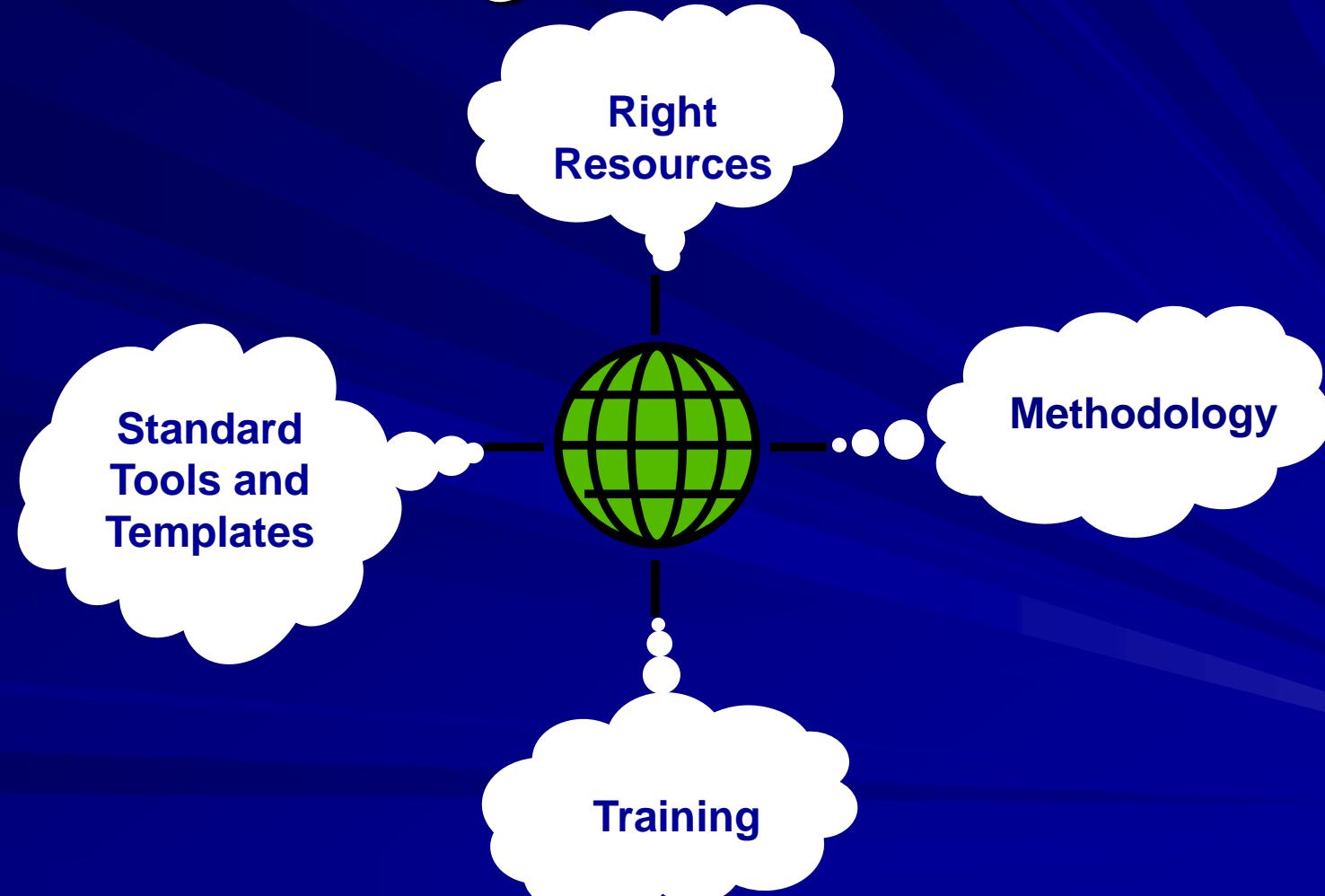
To help you better understand the perception organizations currently have towards the value of project management and to identify the key elements required to build a “world-class” project management organization.

# What is meant by “world-class”?

- According to Webster’s Dictionary  
“world-class” is defined as:

*“Of the highest class, as in international competition.”*

# Elements of a “world-class” organization



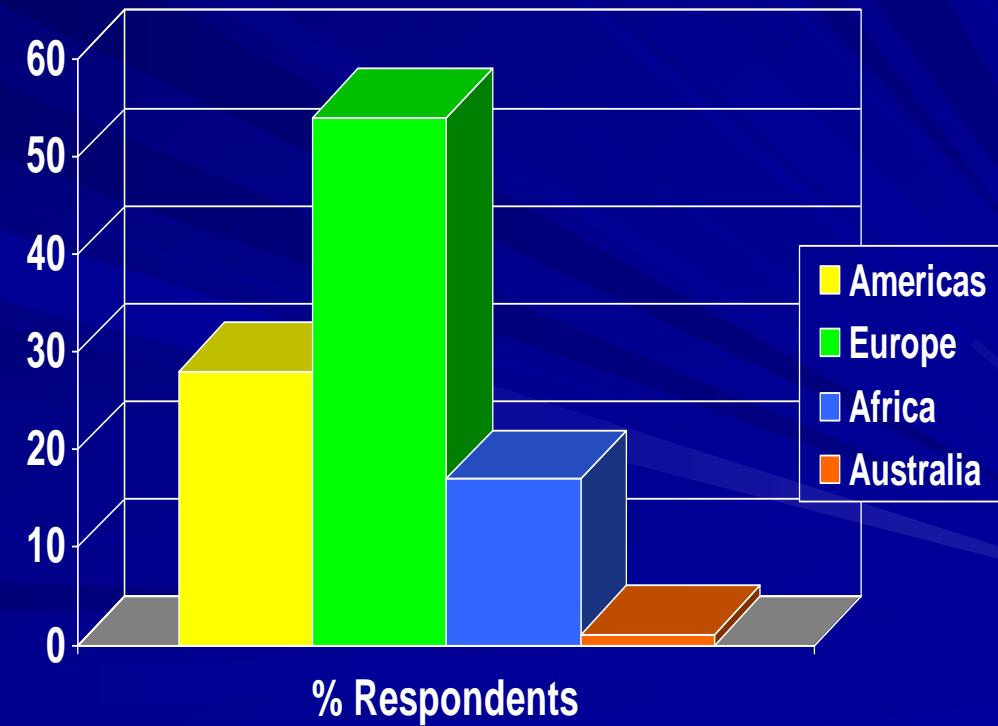
# PM Survey - Background

- 135 respondents
- Survey consisted of 51 questions, organized into the following sections: 1/
  - Company
  - General scope
  - Organization
  - PMO maturity
  - Training & certification
  - Results
- Methodology
- Compliance & Monitoring
- Portfolio Management & Reporting
- Costs & Activity
- Future

1/ KPMG Annual Program/Project Management Survey - 2002

# PM Survey - Background

- Global Participation: 1/
  - 54% of respondents were from Europe
  - 28% were from the Americas
  - 17% were from Africa
  - 1% were from Australia

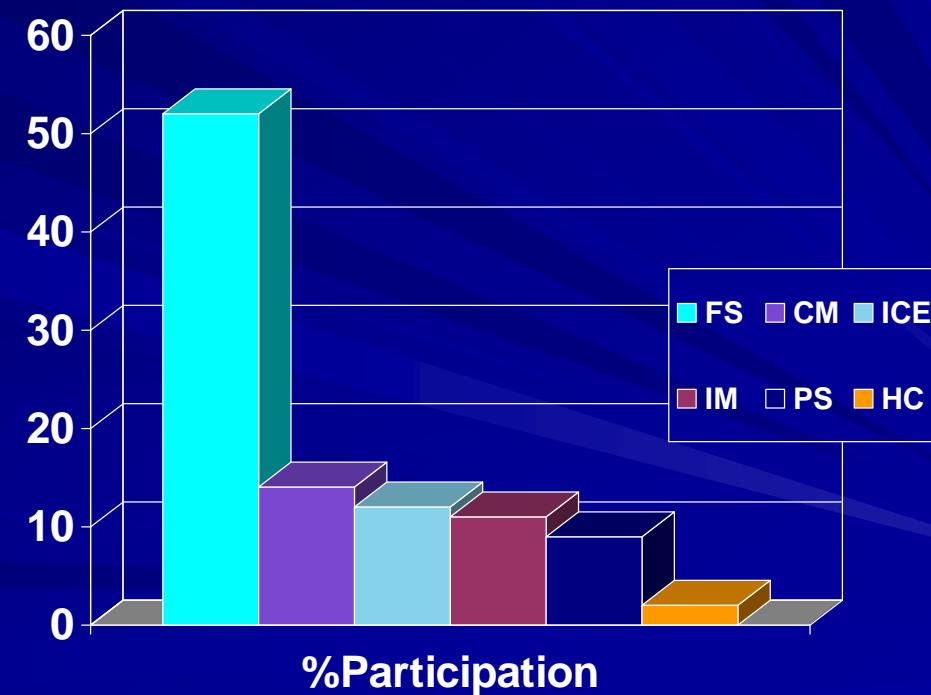


# PM Survey - Background

## ■ Response by Industry: 1/

- 52% of respondents were Financial Service organizations
- 14% were from Consumer Market organizations
- 12% were from Information, Communications & Electronics organizations
- 11% were from Industrial Markets organizations

- 9% were from Public Service organizations
- 2% represented Health Care



# One Consistent Theme

Disciplined Program/Project Management is the next wave of untapped productivity gain for organizations. Better tools, methodologies, accountability, tracking, training, and enterprise wide communication are critical to achieving the expected benefits of our business initiatives. Real maturity and its inherent competitive edge will come from moving these disciplines from the project office to the hearts, minds and desktops of every employee.

# Key Elements of Building a “world-class” PM Organization

- Project/Program Management Office (PMO)
  - Right Resources - Passion
  - Baseline current state

# Program/Project Management Office

- Baseline the current state in order to measure success
- Findings on the value of the PMO: [1/](#)
  - Having a PMO in place was critical to project success
  - Average PMO managed 83 projects, with a total value of \$101 million
  - Average cost of mature PMO's (8 or more years) was 2% of the total project portfolio versus 3% for immature
  - 90% stated most important function was tracking & reporting
    - communications and standards a close second

# Program/Project Management Office (Cont'd.)

- 98% of mature PMO's reported all successful projects
- 60% of PMO staffs had > 5 years PM experience
- PMO Staff Size:
  - >\$10 Billion – avg. 44 personnel
  - >\$1 Billion and <\$10 Billion – avg. 39 personnel
  - <\$1 Billion – avg. 12 personnel
- 80% of successful projects occurred in PMO's with stringent compliance
- *56% of the PMO's had failed projects within the past 12 months, with an average loss of \$11.6 million*

# Key Elements of Building a “world-class” PM Organization

- Project/Program Management Office (PMO)
  - Right Resources - Passion
  - Baseline current state
- Senior Executive Support

# Senior Executive Support

- Mature PMO's (8 or more years) predominately reported to CEO, rather than to an executive or oversight committee
- 80% of the PMO's reported to a Vice President or higher
- 87% stated that senior management valued the PMO 1/

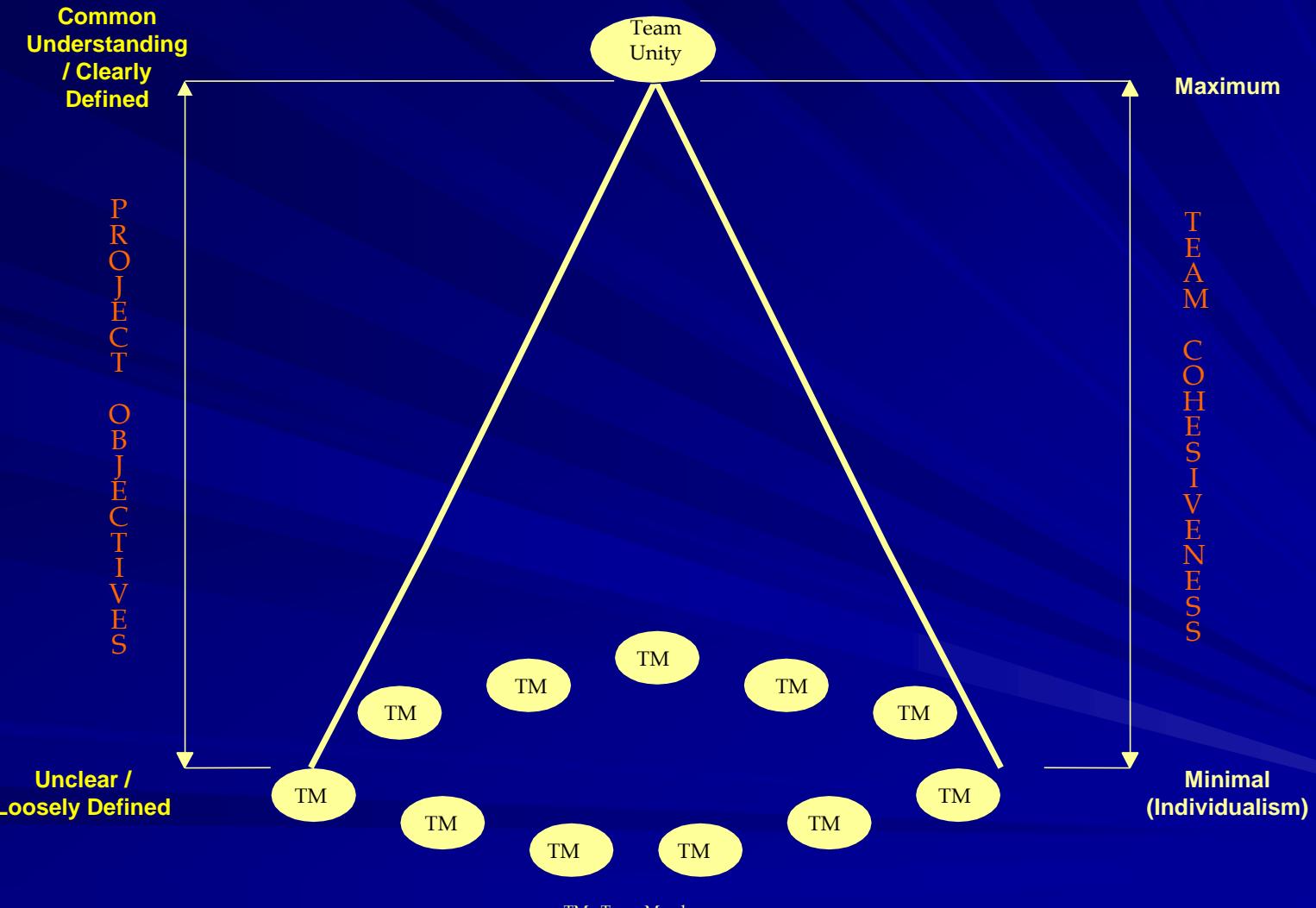
# Key Elements of Building a “world-class” PM Organization

- Project/Program Management Office (PMO)
  - Passion
  - Baseline current state
- Senior Executive Support
- PM Methodology
  - K.I.S.S

# Methodology

- Keep it simple and straight forward
- Provides a roadmap or framework for managing projects
- Builds consistency throughout the organization
- Supported by standard tools and templates
- Methodology used by PMO's: 1/
  - 81% used a homegrown methodology
  - 15% used a PMBOK® based methodology
  - 4% used other methodologies

# Martin's Cone of Team Cohesion™



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# Key Elements of Building a “world-class” PM Organization

- Project/Program Management Office (PMO)
  - Passion
  - Baseline current state
- Senior Executive Support
- PM Methodology
  - K.I.S.S
- PM Competency Model and Training

# Training

- Develop a competency model or career path to support the training curriculum
- Customize training specific to the methodology and organization
- PMO Training: 1/
  - Only 65% reported being trained in their discipline
  - 49% had a curriculum to follow to achieve training goals
  - PMO personnel averaged 40 hours of training per year

# Value of Certification

- Value of PMP Certification in the PMO: [1/](#)

- 2% reported all personnel within the PMO were certified
- 4% reported most personnel were certified
- 22% reported some personnel certified
- 72% said no personnel were certified
- Only 39% Valued PMI Certification

- Other valuable professional organizations/certifications: [1/](#)

- Prince2
- IEEE
- Six Sigma

# Key Elements of Building a “world-class” PM Organization

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  - Passion
  - Baseline current state
- Senior Executive Support
- PM Methodology
  - K.I.S.S
- PM Competency Model and Training
- Supporting Tools

# Supporting Tools

- Tools should be used to support the methodology and make it more efficient and productive
- Most important tools used by the PMO: [1/](#)
  - MS Office Suite
  - MS Project
  - Time recording applications
- Value of technology tools: [1/](#)
  - 21% said high, very effective
  - 73% said o.k., fairly effective
  - 6% said poor, not effective

# Summary of Findings

## ▪ **Reasons for Failure:** 1/

- Lack of sponsor's involvement
- Poor scope management
- Poor planning
- Poor change management – compliance with the process, lack of understanding
- Ambitious commitment to deliver in restricted timescale

# Summary of Findings

## ▪ **Reasons for Failure (cont'd.):**

- Contention over resources
- Poor communication between IT & the business
- Misalignment of strategy
- Quality of code delivered by software vendor

# Summary of Findings

## ▪ **Most Important Measure of Success:** 1/

- 21% said On-time projects
- 9% said On-budget projects
- 46% said projects meeting business case expectations
- 24% gave all three measures equal weighting

# Summary of Findings

## ▪ **Reasons for Success:** 1/

- Clarity of scope
- Clear understanding of requirements at start
- Executive sponsorship and commitment
- Management of shareholders expectations
- Project transparency and regular reporting
- Issues resolution

# Summary of Findings

## ▪ **Reasons for Success (cont'd.):**

- Small controllable projects
- Teamwork and leadership
- Experienced / capable staff
- Quality control
- Common goals

# *Questions & Answers*

# Thank You!

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- Michael is a Senior Manager with KPMG, LLP's Project Risk Management (PRM) group and author of the recently released book titled *Delivering Project Excellence with The Statement of Work* [Management Concepts, Inc. - 2003]. He has over 18 years of program and project management experience in the information technology and construction industries. During his career he has been instrumental in helping organizations in both the public and private sector achieve excellence in program and project management worldwide.

A certified project management professional (PMP), he has authored numerous articles and papers on project management and is a frequent speaker to professional organizations, companies, and universities on the topic. He is past chair of the Project Management Institute's (PMI's) Georgia Chapter and past member of the PMI Research Membership Advisory Group. Michael holds an MBA from the University of North Florida and a BS in Civil Engineering from West Virginia Tech.