Moving Upmarket:
New Roles for Old PMOs

G J Rankins

CPPD MApplSc MBA

Abstract

In many organisations, program management offices (PMOs) have evolved from project support offices, and in many cases they remain primarily focussed on gathering status information from project managers and consolidating this information into a portfolio status report. Many tools are available to automate this activity, which raises the questions: what value does a PMO provide, and where to from here?

Maturity models of PMOs [1] suggest a progressively more intense and intrusive series of other services that a PMO could provide, including methodology and process development, developing and managing resource pools of project managers and business architects, project portfolio development and validation, project assurance and audit, and program-wide risk, issue, configuration and communications management. Many PMOs have implemented one or more of these services. But all of these services operate at the tactical level.

The emergence of strategic program management methods such as MSP [3] (the OGC's Managing Successful Programmes method), the PMI's Standard for Program Management [5] and John Ward's [6] approach to benefits management has seen greater focus at executive level on the benefits promised by a project portfolio. In MSP, in addition to their in-flight roles, PMOs are also seen as organisational structures that survive the closure of specific projects and programs, to track ongoing benefits realisation activities by operational areas, to measure the value of these benefits over time and to compare the realised benefits with the benefits promised in the original Business Cases.

This paper argues that for PMOs to continue to evolve, to remain relevant and valuable to senior management, they must follow advances in program management into the strategic level. If program management is regarded as an executive level process, then PMOs must be seen as valuable to these executives, whose primary needs include business continuity across periods of change and the delivery of real and measurable returns from their investments in programs and projects. The role of PMOs in maintenance of business-as-usual, termination of non-performing projects and benefits realisation is explored.

A model of the strategy implementation process is analysed with respect to historical and possible future roles of PMOs. Current PMO configurations emerge from the model, and possible future configurations are predicted. For example, one possibility is that enterprise-level PMOs will merge over time with the organisational units responsible for capturing and monitoring metrics associated with the Balanced Scorecard approach to tracking achievement of strategic objectives – a Value Management Office.

Introduction

PMOs seem to be the flavour of the month. In a recent consulting engagement, each of the organisation's Divisions seemed to have a PMO, and one Division had a PMO at several levels. Part of each PMO's role was to coordinate with the other PMOs.

The P in PMO also causes confusion. Does it mean project, program or portfolio? It seems that some "project management offices" refer to themselves as "program management offices" for financial and credibility reasons. Some IT groups which don't commission programs seem to have PMOs that manage the groups' resource allocation and prioritisation of its project workload without providing much support to project managers, so they are probably better thought of as a "IT portfolio management offices". Some organisations have a PMO at corporate level that does the same thing, without bothering program managers too much, so again, an "enterprise portfolio management office". And these examples seem to be permanent establishments in their organisations rather than being temporary (though long-lived) functions supporting one or more programs.

In this paper I mean by "program management office" a functional unit that supports one or more programs or major projects, from conception in strategy development well before the first project has started through to benefits realisation by operational groups well after the last project has finished.
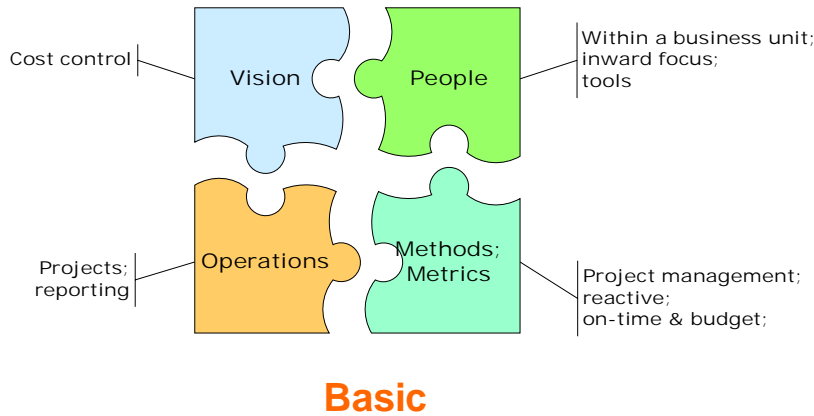
PMO Maturity Models

Part of the attraction of PMOs is research that reveals that organisations that have had a PMO for more than a few years achieve higher project success rates than organisations with no PMO or a relatively new PMO [9]. Part of this is probably due to the PMO having had time to develop enough credibility to have gathered organisational support to expand its range of offerings.

Various writers such as Kendall and Rollins [1] have developed Maturity Models which guide organisations down this path. These models seem to follow the usual SEI maturity model approach with five levels, though Kendall's has eleven which seem more like stages of an improvement project.

The following is an alternative view focussing on the PMO's stance with respect to the vision expressed in its Charter, the focus and positioning of its people, its engagement with projects and the methods and metrics it uses. The entry-level PMO shown in Figure 1 is usually located in the IT function of an organisation, and its role is primarily to control costs and provide the IT Director or CIO with a consolidated view of the status of the IT-related project portfolio. Its focus is inward, and it believes that software tools are the answer. It may have very little insight into the minds of the business sponsors of the project portfolio, or authority to intrude into operational areas of the business, so it concentrates on simple metrics such as on-time delivery.
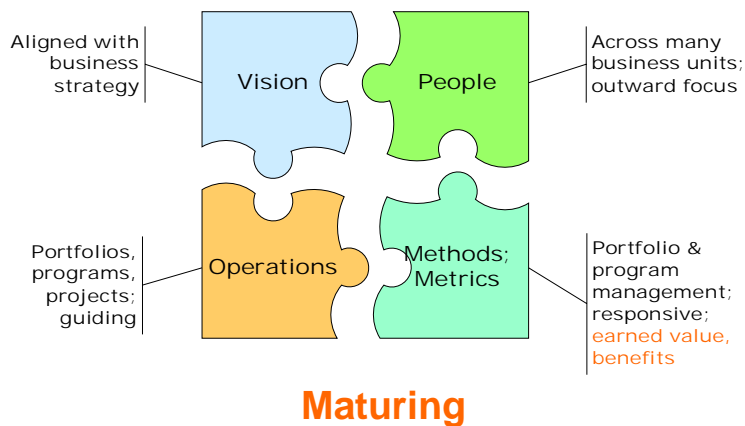
Simple PMO Maturity Model

Cost control — **Vision** | **People** — Within a business unit; inward focus; tools

Projects; reporting — **Operations** | **Methods; Metrics** — Project management; reactive; on-time & budget;

Basic

Figure 1. Basic PMO

As the PMO becomes more credible, and provides value to senior managers outside the IT function, its role will expand to better align with organisational strategy. Its adoption of higher-order management methods such as MSP will see its focus move to benefits, which starts to move its activities into operational areas of the business, as shown in the following Figure 2. It starts to project itself into portfolios and programs, and adopts more effective metrics and methods such as earned value performance management.

Simple PMO Maturity Model

Aligned with business strategy — **Vision** | **People** — Across many business units; outward focus

Portfolios, programs, projects; guiding — **Operations** | **Methods; Metrics** — Portfolio & program management; responsive; earned value, benefits

Maturing

Figure 2. Maturing PMO

But unless the PMO is seen to be continually adding value, rather than operating under cover, then it may be terminated too soon. In some organisations, a PMO's ability to add value is

constrained by its positioning in the organisation. For example, most PMOs seem to exist within the IT function of organisations [9]. Moving up the Maturity Levels may mean convincing higher levels of management that they'll get more out of the PMO than they may perceive they'll lose by raising its profile. And it requires a PMO Manager with the ability to operate effectively with those higher layers of management, understand their needs, and deliver value in their terms. A possible problem has been identified in a recent survey, in which KPMG [9] found that the leadership of many PMOs lacked strong business acumen and commercial training. A low profile PMO that rolls over to pressure quickly loses strategic value and may soon be perceived as unnecessary.

What the Methods say or imply

The various project or program management methods have at least something to say about PMOs, although in general they focus on tactical roles. This section also explores what they have to say with respect to non-traditional roles for PMOs, such as maintenance of business-as-usual, termination of non-performing projects and benefits realisation tracking.

Tactical Roles

The initial roles for most PMOs include method and process development, project assurance and audit, and program-wide risk, issue and communications management.

A useful role for PMOs is to identify training opportunities for project managers. But what happens the day after the course finishes? In one organisation, a project manager returned from a PRINCE2 course, incorporated a few PRINCE2 document templates into the organisation's existing project management method and claimed to be running projects according to PRINCE2. A PMO could usefully offer coaching support of newly trained project managers, to ensure that the organisation's investment in the training actually realises the expected benefits.

An emerging role for PMOs relates to selection and allocation of suitably competent project managers. For example, the DMO's Acquisition Category (ACAT) framework introduced in 2004 – links types of projects to competency of project manager required. And the DMO's Competency Standard for Complex Project Managers [7] released in 2006 means that the ACAT will be extended further to reflect really complex projects. Another role for a PMO, particularly an ePMO with a pool of talented project managers being trained and moved through a career development path, would be to maintain these demand and supply matching frameworks, and actually allocate individuals to specific projects.

PRINCE2 [4] is the UK Office of Government Commerce's project management method. In PRINCE2, various operational managers will take on formal roles on Project Boards. In general, these managers will have had little formal training in project management, and more pertinently, little training in how to operate as a Project Board member. Their tendency will be therefore to continue to use their operational mindset in a project environment. And success in an operational environment does not automatically imply success in a project environment. One emerging role for a PMO is to ensure that those taking on governance roles in projects have been adequately briefed in the project management method being used, and trained in how to think as project governors. For example, the ePMO in the National Australia Bank provides 'Sponsor Training' as one of its formal offerings.

Managing Successful Programmes (MSP) [3] is the UK Office of Government Commerce's program management method. In MSP, in addition to their in-flight roles, PMOs are also seen as

organisational structures that survive the closure of specific projects and programs, to track ongoing benefits realisation activities by operational areas, to measure the value of these benefits over time and to compare the realised benefits with the benefits promised in the original Business Cases, and if necessary initiate new projects to support or improve benefits realisation.

The MSP method introduces the role of Business Change Manager (BCM). BCMs are senior operational managers responsible for maintaining business-as-usual in their operational areas, and for planning and executing transition of project products into operational use in their areas. , MSP also says that BCMs may act as Senior Users representing their areas on Project Boards (in PRINCE2 terminology). In general, BCMs generally have no background in project management. A PMO could be tasked with providing initial training and ongoing support for BCMs, in both their program-level and project-level roles.

There are gaps at the front of the process models for both PRINCE2 and MSP. The methods are somewhat vague about who provides the arms and legs to develop project or program Briefs, develop outline Business Cases detailed enough to at least justify the allocation of seed money, and to ensure that the subsequent projects and programs are well chartered. In many cases, a mature PMO with a staff of people experienced in these sorts of activities may be able to take on these roles.

An ePMO may also have a role in project management career development. To advance from a project management role into a strategic program management role does not simply mean gaining an MSP accreditation. It also means changing thought processes from the tactical mode required at project level, to a more strategic stance at program level. So a possible career path emerges:

- Project team member

- Project team leader

- PMO support, to become aware of the organisational context of projects, and introduce a separation between technical proficiency and project management expertise

- Project Manager, through a succession of more complex projects

- PMO Manager, to expose the person to the more strategic aspects of project work

- Program Manager, to think in-the-large

- ePMO Manager, perhaps acting as the organisation's Chief Project Officer.

Strategy Implementation

In a recent article in the Harvard Business Review, Kaplan and Norton [10] say that their research has indicated a persistent disconnect in most companies between strategy formulation and strategy execution. They have also found that most organizations do not have a strategy execution process. Many have strategic plans, but no coherent approach to manage the execution of those plans. They promote the concept of an 'Office of Strategy Management' as the mechanism for closing this gap.
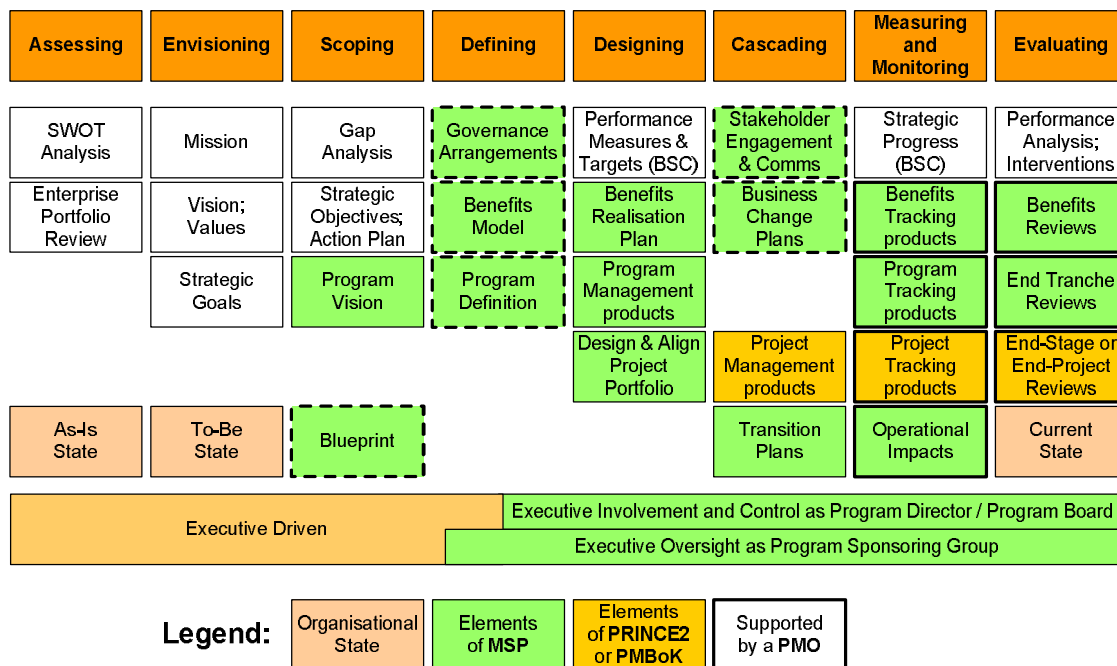
It is the contention of this section that strategic program management provides the basis for a strategy execution process, and that an enterprise-level PMO can take on this role of 'Office of Strategy Management'.

In a paper presented at last year's ProMAC Conference [2], a Strategy Implementation Framework based on MSP was introduced. In the following figure, this Framework is expanded to show the roles that could be taken on by a PMO.

A strategy lifecycle is show across the top, from Assessing the organisation's internal and external environments at the left, and Envisioning the desired future for the organisation at the left, through various implementation phases in the centre mediated by the MSP program management method, to Measuring and Monitoring progress and Evaluating outcomes at the right. In the column below each of the phases are identified the key activities that occur. We determined that the MSP program management method could effectively fill in many of the gaps in most organisation's approaches to strategy implementation, leading to such problems as project portfolio that are not aligned to organisational strategies.

The diagram now also identifies where a PMO might be able to support strategy implementation either fully (the boxes outlined in a solid bold line) or partially (boxes with a dashed bold outline).

Strategic Change through Programs

Assessing	Envisioning	Scoping	Defining	Designing	Cascading	Measuring and Monitoring	Evaluating
SWOT Analysis	Mission	Gap Analysis	Governance Arrangements	Performance Measures & Targets (BSC)	Stakeholder Engagement & Comms	Strategic Progress (BSC)	Performance Analysis; Interventions
Enterprise Portfolio Review	Vision; Values	Strategic Objectives; Action Plan	Benefits Model	Benefits Realisation Plan	Business Change Plans	Benefits Tracking products	Benefits Reviews
	Strategic Goals	Program Vision	Program Definition	Program Management products		Program Tracking products	End Tranche Reviews
				Design & Align Project Portfolio	Project Management products	Project Tracking products	End-Stage or End-Project Reviews
As-Is State	To-Be State	Blueprint			Transition Plans	Operational Impacts	Current State

Executive Driven	Executive Involvement and Control as Program Director / Program Board
	Executive Oversight as Program Sponsoring Group

Legend:

Organisational State	Elements of **MSP**	Elements of **PRINCE2** or **PMBoK**	Supported by a **PMO**

Figure 3. The role of PMOs in supporting strategic change

In MSP, the Blueprint is a description in operational terms of the desired future state of the organisation. It is usually the most complex aspect of the MSP approach to strategic program management, because it frontloads the critical process of internal organisational discussion and debate about alternatives. Many organisations find that multiple alternative Blueprints must be maintained, until a decision can be made about which represents the consensus view as to the

optimum approach. An ePMO could assist greatly in this process by supplying the business architects and facilitators required, and managing the configurations of artefacts generated.

In MSP, a PMO will generally be responsible for 'establishing and maintaining' the program's governance arrangements, including strategies for resourcing, risk management, quality, and so on.

Many organisations are becoming interested in benefits realisation. In MSP, planning for benefits starts with the development of a Benefits Model and supporting Benefits Profiles. The Benefits Model will eventually provide traceability between the organisation's strategic objectives, through various benefits identified and the capabilities that must be in place for these benefits to be realised, to the enabling projects and other initiatives that will provide these capabilities. This is a non-trivial exercise for a major strategic program, and can be supported by a PMO. The PMO will establish and maintain the benefits register, and will ensure that benefits are properly counted and attributed in the business cases of the portfolio.

MSP says that the Program Manager does not have to have been identified until after the Program Definition has been developed, which begs the question: who develops the Program Definition in that case? If the career progression identified in the previous section is in place, then the ePMO Manager would have enough credibility in the organisation and experience in chartering programs to develop the Program Definition and hand it off to another suitably competent program manager for execution.

A PMO would take on the usual role of coordinating stakeholder engagement activities such as communication activities. A mature PMO could also task business analysts to work with impacted operational executives to establish business change plans for their areas. Such a PMO acts as a business partner, driving the project portfolio to deliver capability that operational managers can use to deliver benefits.

A classic role for PMOs is to capture and report metrics that track the progress of projects and programs. MSP extends this to include tracking benefits to be realised in operational areas.

PMOs also have a classic role in arranging and facilitating reviews of the current state of the organisation at the end of projects and tranches of programs, to support possible mid-term corrections to the strategy implementation program.

Finally, PMOs have an obvious role in supporting the organisational structures and roles responsible for program governance.

Value Management

The end result sought from strategic programs is represented by the benefits realisable as a result of the organisation's investment in the program. Thinking of programs as alternative investment choices leads to thinking more generally on how an organisation maximises the value it receives from its investments in change generally.
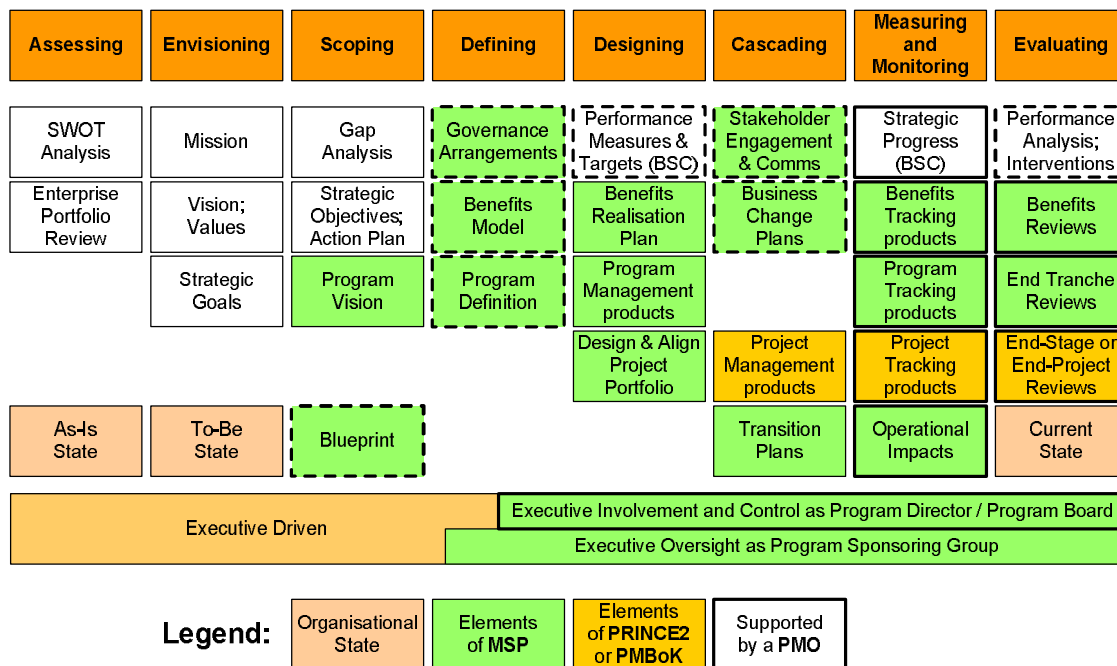
The ePMO is in a unique position to deliver on value realisation because of its exposure to both strategic and tactical execution. By being witness to strategic planning exercises and being responsible for the project portfolio, the ePMO plays a critical role. Over time, it will develop a view of the organisation's capacity and capability to generate effective change, which will improve the reliability and credibility of future investment proposals. By developing best practices in project initiation and portfolio and project management, as well as providing a

reporting and analysis structure, the ePMO provides the foundation to allow an organisation to extract the requisite data to demonstrate benefits realisation. Through internal consulting and promotion, the ePMO can also assist in transforming organisational culture to make value measurement standard practice.

According to John Thorp [8], in this model, the ePMO becomes the secretariat for the organisation's investment review board. As a consequence, we can make a final notation to the Strategy Implementation Framework, where the ePMO takes on the role of establishing, maintaining and monitoring the organisation's Balanced Scorecard, including recommending or even initiating interventions in to ensure maximisation of value realisation. Or in Thorp's terminology, a Value Management Office. A PMO equipped to act as an effective integrator, driver of innovation and with a capacity for a delicate touch in intervention, can provide an effective review and alignment function between capability development and the evolving corporate strategy.

Strategic ePMOs could also have the potential to lead the capital allocation and prioritisation process, but to do this they would probably need to report to the CEO [9] or at least have strong C-level sponsorship. Few current ePMOs have a genuine strategic function, with a mandate to control all projects [9]. This means that in most organisations, projects are being controlled by operational managers.

Figure 4. ePMO as Value Management Office
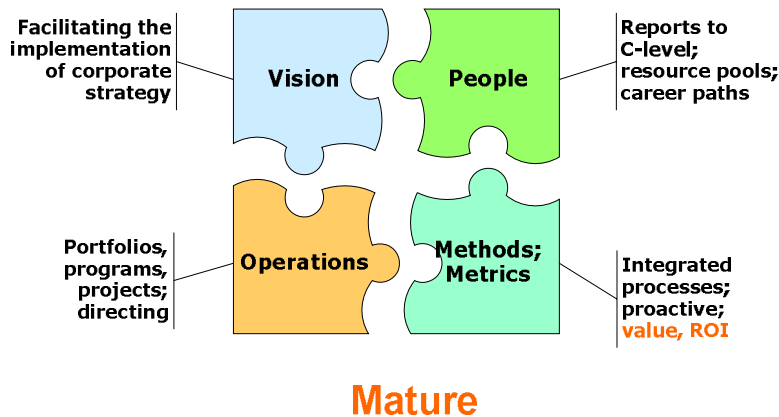
So now, if we return to our maturity model, we can begin to describe what a PMO operating at this level might look like. It will report directly to a C-level executive such as the CEO or CFO,

it will be an important supporting player in business strategy, with sufficient influence to arrange termination of projects that have drifted too far from organisational strategy or are no longer capable of delivering the benefits promised in their business cases. The focus of such a PMO will be on the search for value.

Simple PMO Maturity Model

Figure 5. Emergence of a VMO

Conclusion

A model of the strategy implementation process is analysed with respect to historical and possible future roles of PMOs. Current PMO configurations emerge from the model, and possible future configurations are predicted. For example, one possibility is that enterprise-level PMOs will merge over time with the organisational units responsible for capturing and monitoring metrics associated with the Balanced Scorecard approach to tracking achievement of strategic objectives, and generally taking a facilitating role in investment decisions, where the value of the investment is realised through portfolios, programs and projects.

References

[1] G Kendall and S Rollins, *Advanced Project Portfolio Management and the PMO*, 2003
[2] G Rankins, *Aligning Projects to Strategy by linking Balanced Scorecards and Benefits Maps*, 3rd International Conference on Project Management (ProMAC2006), Sydney, Australia, 29 September 2006.
[3] Office of Government Commerce, *Managing Successful Programmes,* release 2 2003
[4] Office of Government Commerce, *Managing Successful Projects with PRINCE2* release 4, 2005
[5] Project Management Institute, *Standard for Program Management*, 2006

[6] J Ward and E Daniel, *Benefits Management: Delivering Value from IS and IT Investments*, 2006
[7] Defence Materiel Organisation, Department of Defence, *Competency Standard for Complex Project Management* version 2, 2006
[8] J Thorp and DMR, *The Information Paradox*, 1998
[9] KPMG, Global Programme Management Survey, 2005
[10] Robert Kaplan and David P. Norton, *The Office of Strategy Management*, Harvard Business Review, Oct 2005

Presenter Bio

Geoff Rankins has been a practicing project manager for almost 30 years. He is convinced of the importance of well-formed and well-governed projects and programs to organisational success. As well as his ongoing contribution to real-world projects, he now offers organisations the benefit of his experience at all levels as a consultant, coach, trainer and presenter.

L: www.linkedin.com/in/geoffrankins
W: www.AspireAustralAsia.com.au
W: www.InspiringProjects.com.au