

A PROJECT MANAGEMENT OFFICE (PMO) FRAMEWORK FOR SUCCESSFUL IMPLEMENTATION OF INFORMATION TECHNOLOGY PROJECTS

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ABSTRACT

One of the strategies for successful implementation of large software projects is the establishment of a Project Management Office (PMO). Project Management Office adds momentum to continuous process improvement, identify and mitigate risk early in software development life-cycle, and manage cost through the application of applied project management methodology. The implementation of best practices in project management has greater impact on the project success for on-time and on-budget. In this research paper, we propose a PMO Framework for successful implementation of Information Technology (IT) projects.

Project Management Office (PMO) – The Concept

The concept of a distinct organizational entity within an enterprise dedicated to project, program, and portfolio management has gained a vogue and momentum in the past several years. In common parlance, these entities are referred to generically as “PMOs”.

Business trends cast shadows in terms of discussion in industry literature. An illustration of this trend is provided by a search for articles generated by the research and consulting firm Gartner for the past five years. A search of the Gartner research using the criteria “PMO” reveals the following:

Year	Article Count
2002	1
2003	1
2004	5
2005	12
2006	50

The increasing interest in PMOs is indicative of the value businesses are placing on the management, control, and business results expected from the projects and programs intended to bring about necessary business change. This interest may be driven from the low success rates of information technology projects (~ 30 – 35 %) (ref) or from the increasing press and “buzz” associated with the PMO concept.

PMO – The Four Challenges

What is clear, however, is the increasing acceptance of the need for mechanisms to increase the chances of success of IT and enterprise projects and programs as indicated by the willingness

to provide funding for such “overhead-heavy” entities. This places PMOs in the “triple threat” position of:

1. High Expectations. It is hoped and expected the PMO will solve the decades-long enduring challenge of high project failure rates;
2. Flavor of the Month: The PMO is the latest “airline magazine buzz” from which consultants can expect to derive significant income, and with which internal enterprise sources have significant experience and which deservedly have achieved a Dilbert-ish aura (i.e. BPR, TQM, ITIL, MBO, Workflow Management, etc.)
3. Enterprise Critical Path: The PMO has been placed in the pivotal role of facilitator of the success of the business (ref).

As with most of the previous programs mentioned above, (BPR, TQM, etc.), the PMO is a strong and valid concept and can provide value to the enterprise if created and managed correctly. Additionally, the success or failure of the PMO (and the changes it is mandated with providing) will be driven and determined by the strength and success of the organizational management of the concept rather than the strength of the concept itself or the internal management of the PMO.

In addition to the three challenges shown above, a fourth and overarching cultural challenge must be acknowledged. Although the PMO as an articulated concept is relatively recent, all of the activities associated with it have been occurring in all companies that incur any level of change (read: all companies). These functions may have been more or less formalized in one or more places, from various committees to the back side of envelopes to a tattered sheet of notebook paper in the CEO’s desk drawer. The act of creating a PMO, however, transfers some or all of this control to a bureaucratic entity and inevitably creates (at a minimum) the perception of loss of power. Even if, intellectually, the executives chartering the PMO understand the need and the benefits, the gut-level loss of control can lead to cultural resistance, “under-the-radar” projects and an eroding lack of effectiveness. This cultural reaction must be dealt with by exchanging value and success for the perceived loss or the PMO is at risk.

PMO - A Framework for Success

In order to provide for the greatest possibility of success of the PMO and, in consequence the success of the changes necessary for business improvement a framework of five elements is recommended. It will be noted that the described framework provides for combination of types of elements to increase the odds of a successful PMO. Whereas many discussions of this subject focus on the Domain and mechanical requirements for a successful PMO, the potential highly political nature of this venture require an equal focus on the cultural and capability oriented parts of the framework.

The necessary elements fall into four types:

1. Organizational: Mandate, charter, scope
2. Philosophy: Results Focus
3. Mechanics: PMO Operations
4. Domain Competency
 - a. Portfolio Management
 - b. Project Delivery

The relationship of these elements is shown in the below diagram (Fig 1):

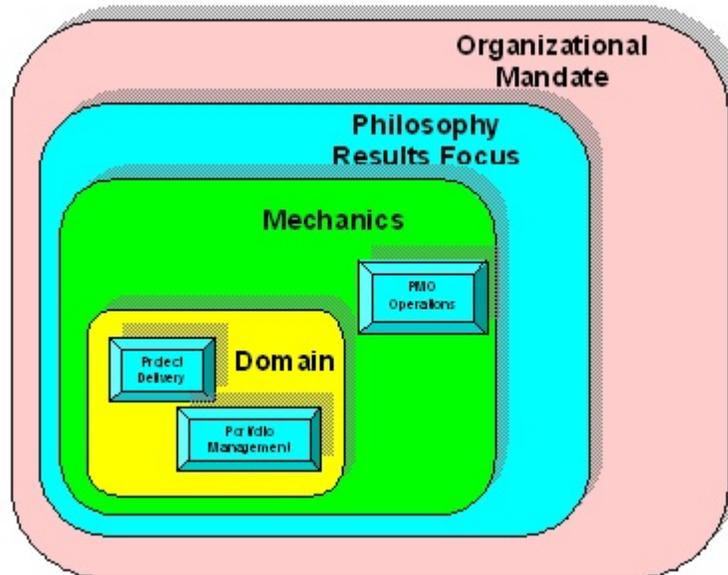


Fig 1. Framework

Framework 1: Mandate

Framework type: Charter/Scope/Organizational Development

As mentioned above, the PMO has become a generic name for organizational structures responsible, at some level for the success of projects, programs, and portfolios. It is critical to the success of the PMO that this organizational mandate and desired outcome of the PMO is clearly articulated. This is important on a number of levels including but not limited to guidance for funding and focus, as well as organizational acceptance and support.

There are four major levels at which a PMO can establish its level of operational focus. Each of the below assumes incorporation of the previous level:

1. Project Management Office
 - a. Focus: Successful delivery of projects: On time, on budget, to scope. At this level, the PMO receives project requests from other entities and maintains a minimal level of portfolio awareness and challenge only to the level it provides for insight into dependencies and allows for resource management.
 - b. Orientation: Execution
 - c. Potential Cultural Challenge/Disruption: Low
2. Program Management Office
 - a. Focus: Successful delivery of both projects and programs (programs: multiple projects coordinated for a single outcome). The program level PMO maintains most of the same characteristics of the project level PMO with an increased need for sophistication and expertise.
 - b. Orientation: Execution
 - c. Potential Cultural Challenge/Disruption: Low
3. Portfolio Management Office

- a. Focus: Construction of a portfolio and delivery of business results designed to achieve the business goals of the organization as well as quality execution of projects and programs. The portfolio level PMO can manifest itself in at number of levels from illustrative to driving to results. This level of PMO implementation has the highest potential for misaligned or unmet expectations and thus the highest need for clear definition.
 - b. Orientation: Business Results and Execution
 - c. Potential Cultural Challenge/Disruption: High
4. Planning and Portfolio Management Office
- a. Focus: Bidirectional interaction with the management team in the creation of plans, development of the portfolio, and delivery of business results as well as quality execution of projects and programs. At this level, the PMO is a driver of result and is clearly mandated with the organizational approval for challenging, questioning, and facilitating the development of prioritization methods and achievement as well as gating metrics and mechanics. Paradoxically, the level of risk associated with this manifestation of the PMO is reduced due to the close association with the senior levels of management that are inherent in this model.

It is important the level of mandate and charter be clearly articulated by the key management entities in order to minimize cultural resistance to the PMO. This is true in two major avenues: Driving to results and scope of project types (IT only or enterprise wide). This is especially true at the level of the Portfolio Management Office. If the portfolio of projects is expected to achieve the desired outcomes of the organization, the PMO has moved de facto into driving priorities, dependencies, and line-of-site project-to-end-state outcomes. Without clarity and organizational approval for the processes of questioning, measuring, gating, etc. organizational backup behavior can result.

Framework 2: Philosophy – Results Focus

Framework type: Orientation/Philosophy

The PMO in what ever manifestation it takes must be created on an underlying philosophy or culture of results. The PMO as a specific entity has grown out of the IT organization in most companies. This origin has led to a high dependence on process and methodology, often to the diminishment of focus on results. As a response to ad hoc development projects and project implementations, several project methodologies and process frameworks have been developed and implemented by IT organizations.

The results of these methods and frameworks, whether PMI-based, ITIL-based, or of other more proprietary origination has been mixed. Some documented incremental improvements have been shown through various studies. However, simultaneously, a certain “cookbook” execution mindset has developed that results in project and program managers focusing more and more on “deliverables” (Opportunity Evaluation Form, Preliminary Approach Documents, Scope Documents, PCRs, Issues Logs, Risk Logs, Work Breakdown Structures, Change Management Logs) rather than results. The essential mechanical elements of project success, while certainly necessary are no longer enough. The focus on these elements, while providing some undeniable benefit has had at least two unintended results. These include the increasing costs of projects due to management infrastructure and overhead (usually without clear ability to document the beneficial trade off for the expense and sometimes causing orders of magnitude increases in cost – especially on smaller projects) and the frustration of sponsoring managers with the inability of project personnel to communicate in terms of outcomes rather than project esoterica.

PMOs at all levels must be chartered to execute and communicate in terms of outcomes and results, both at the project/program level and at the business results level.

Framework 3: Mechanics – PMO Operations

Framework type: Role/PMO Organizational Model

A successful PMO Management relies on people who are performing in clear defined roles. Documented roles on who does what in relation to overall project goals are useful to ensure that members of the PMO understand what is expected of them. Roles also can ensure that all of the obligations and responsibilities of the PMO are covered.

Framework 4: Domain Competency - Portfolio Management

Framework type: Role/PMO Organizational Model

The PMO, if it is mandated with a level of portfolio management will develop competency in this domain. This activity or competency stream is one of the two classically considered in the bailiwick of the PMO. Portfolio Management is largely a governance function within the PMO and enterprise. This role will be responsible for the following:

- Construction and maintenance of the project portfolio
- Consulting with business sponsors and contacts for portfolio planning and forecasting
- Ongoing project demand management
- Knowledge, awareness, and communication of project/program dependencies, interactions, and limiting resources
- Prioritization of projects and programs
- Project gating criteria discussions and impacts
- Management of the governance and advisory bodies
- Portfolio results metrics, measurement, and reporting (decisions on this front regarding results in terms of projects per se versus the ongoing results and costs of completed projects are important to defining the scope and resource needs of this function).

Framework 5: Domain Competency - Project Delivery

Framework type: Role/PMO Organizational Model

When the PMO initially envisioned by the management team of an organization, this domain competency is usually what they have in mind. A strong desire for predictable delivery of projects to scope, time, and budget is the clear and obvious driver that all managers intuitively understand and desire. This role is responsible for the following:

- Successful delivery of projects: Budget, time, scope, quality
- Ownership of project/program methodology
- Staffing and direct or matrix reporting of project personnel including staff augmentation
- Balancing project personnel
- Project reporting to sponsors and others as appropriate
- Ongoing project monitoring
- Runaway project turn around
- Project audits

Project training and education
Project post mortem, ongoing improvement processes

SUMMARY

Successful implementation of the PMO framework within an organization requires Executive Sponsorship and management to identify a strategy for success. Project Management Office adds momentum to continuous process improvement, identify and mitigate risk early in software development life-cycle, implementation of best practices / lessons learned, and manage cost through the application of applied project management methodology.