


the little
book of
PMO

NineFeetTall
delivering positive change





Welcome

to our little book on the
big subject of
PMO

Why read this book?

You want to know what a PMO does and whether your organisation would benefit from having one.

Your organisation already has a PMO but you suspect its full potential isn't being realised.

It seems like everyone's talking about PMO and you just want to know what all the fuss is about.



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What is...
PMO?

“ The PMO is created to
monitor, control,
support and
continuously
improve
the organisation's project
management capability ”

Tjahjana et al., 2010



Why set up a **PMO?**

An organisation could benefit from a PMO if it:

1. Runs multiple uncoordinated projects.
2. Needs to focus on one strategic project.
3. Lacks project transparency.
4. Produces poor project customer satisfaction rates.
5. Struggles to accurately cost projects.
6. Experiences high project failure rates.
7. Starts projects without real ownership.
8. Lacks visibility of project activity and performance.
9. Experiences project communication barriers and departmental boundaries.



“ When is the right time
for a company to
invest in a PMO?

Yesterday.

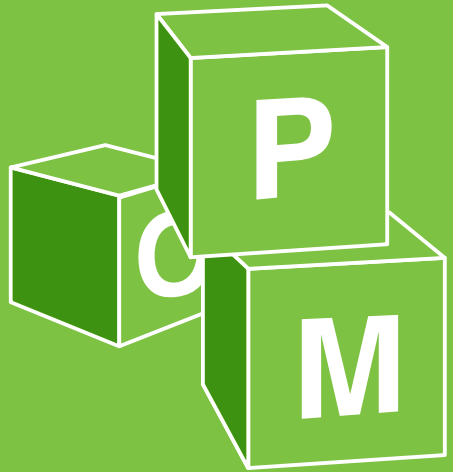
If they're a
project-focused
organisation, they
should already
have one.

”

Mary Hubbard,
PMO Director Siemens Government Technologies

1

PMO basics



PMOs come in all shapes and sizes



} Portfolio,
Programme,
or Project



} Management



} Office

Portfolio management office

The Portfolio Management Office provides organisation and support for a diverse range of related and unrelated projects and programmes to achieve the maximum value for the organisation.

Key Areas of Responsibility:

- » Inform management on strategic alignment and resource optimisation.
- » Organise and maintain portfolios.
- » Monitor benefits realisation.
- » Oversee project justification, selection and prioritisation.

Programme management office

The Programme Management Office provides organisation and support of resources and activities to define and deliver a collection of related projects and activities.

Key Areas of Responsibility:

- » Centrally monitor and oversee Project Management Offices.
- » Define standardised best practice project management process.
- » Give visibility and transparency of projects' status.
- » Coordinate project linkages and dependencies.

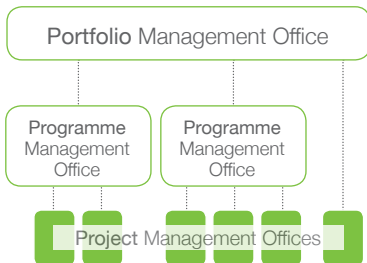
Project management office

The Project Management Office provides organisation and support of resources and activities to deliver a pre-defined scope of work within agreed timescales and costs.

Key Areas of Responsibility:

- » Adopt specified project management standards.
- » Support in project governance, reporting and administration.
- » Improve process execution and efficiency.
- » Deliver in a reliable and repeatable manner.

Projects, programmes and portfolios



THE WHAT

Portfolio Management Office selects and prioritises the organisation's project work.

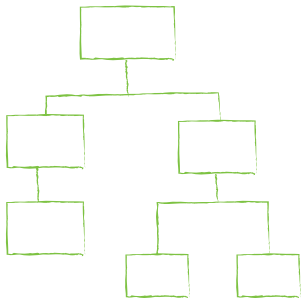
THE HOW

Programme Management Office dictates the standards and practices to be carried out by the Project Management Offices.

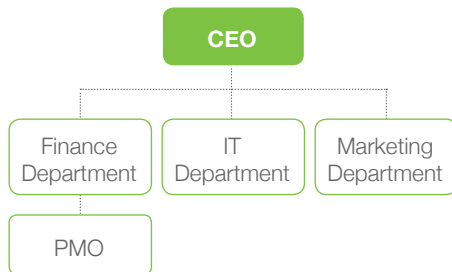
THE DO

Project Management Office executes according to the direction of the Programme Management Office.

PMOs fit into organisations differently



Departmental PMO



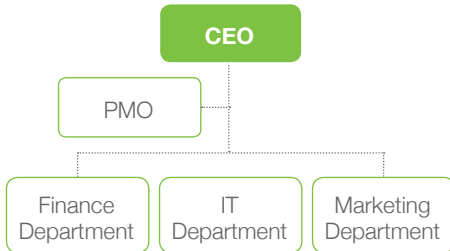
A department-based PMO oversees, coordinates and supports projects and programmes within a department.

Its influence extends only within the department, limiting the capability to support organisation-wide programmes.

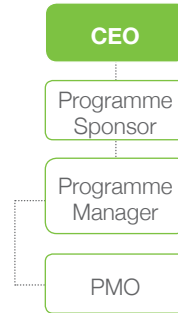
Enterprise PMO

A PMO with a strategic position within an organisation. It ensures the delivery of work across departments to achieve key strategic objectives.

It often carries considerable authority and receives significant executive support.



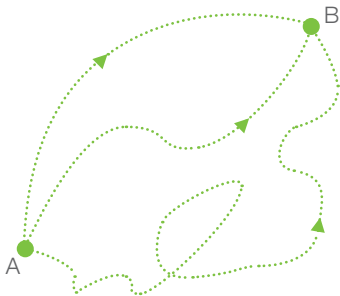
Project-Specific PMO



A PMO created for a specific and discrete purpose, such as a major business-critical programme.

It may fall into the departmental or enterprise structure and will cease to exist once the project is complete.

PMOs can vary their approach



Supportive PMO

A supportive PMO assists project managers by providing support in the form of project expertise, templates, guidelines, and best practices.

It can...

- » Increase time available for project managers to focus on delivery.
- » Bring together siloed project activity.
- » Share project management information across projects.

Controlling PMO

A controlling PMO creates stronger discipline on all project activities, methods, procedures, and documentation.

It can...

- » Ensure standard and consistent methodologies are used.
- » De-risk high risk projects.
- » Ensure that regulatory compliance is adhered to.

Directive PMO

A directive PMO guides projects by assigning project management resource to projects from a central pool, establishing project reporting lines straight to the PMO.

It can...

- » Guarantee consistency in project management practice.
- » Ensure reliable and repeatable results.
- » Reduce costs by centralising project services.



**Did you
know?**

69%

of projects with a
PMO **successfully**
meet original goals
and business intent

Project Management Institute

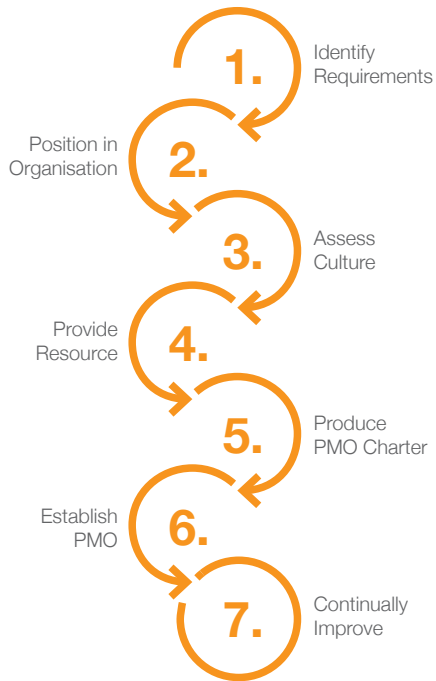
2



**Implementing
a PMO**

Ready, steady... **hold it!**

It is crucial to take the right steps in designing and implementing your PMO to make sure its objectives are clear, achievable and relevant.



1. Identify requirements

What does the organisation require of a PMO to help it reach its strategic goals?



Understanding what an organisation needs to get from its PMO is the driver in choosing the right shape and size PMO.

Are there recurrent causes of project failure?

SHAPE

What are the strategic goals of the organisation?

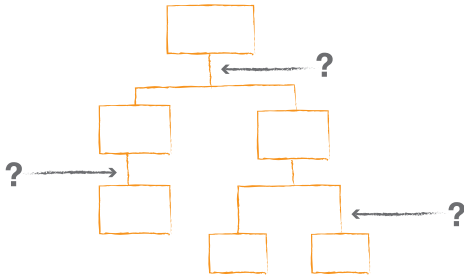
What size is the organisation?

SIZE

What level of project activity is there?

2. Position in organisation

How will the PMO fit into the organisation structure?



The organisation should empower the PMO to deliver its objectives.

Decisions on organisational positioning need to be informed directly by defined PMO objectives, shape and size.

Remember

It may be necessary to make changes to the organisational structure, reporting relationships, or resource distribution.



Did you know?

PMOs that complete 80% of projects on time and on budget, and meet their original goals are nearly twice as likely to report directly to the CEO.

And yet on average, only 19% of PMOs report to the CEO.

Project Management Institute

3. Assess culture

What is the organisation's culture and how will it react to a PMO?

Anticipating and accounting for the cultural environment within which the PMO sits ensures the right fit for success.

- » Hierarchical or collaborative?
- » Process-driven or values-driven?
- » Micromanaged or self-organised?
- » Conformative or adaptive?
- » Bureaucratic or agile?

Remember

Culture can be a facilitator or a constraint; there is no right or wrong culture for PMO success.

4. Provide resource

What will the PMO require to operate?



Skilled staff



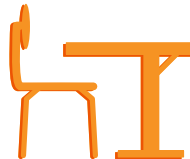
Budget



Time



Equipment



Office space

Remember

Resources can be sourced from inside or outside an organisation.

5. Produce PMO charter

The charter defines the objectives and operational parameters of the PMO.



It can typically include:

- » Purpose and alignment to organisation's strategic objectives.
- » Authority level.
- » Source of funding.
- » Responsibilities, functions and services.
- » Structure and key people.
- » Positioning within organisational structure.
- » Key performance indicators.

6. Establish PMO

Follow a few simple steps for a seamless PMO launch:

1 Communicate objectives

Inform stakeholders of changes before they happen. Explain the PMO, its benefits and how it will affect stakeholders. Remember, it's a two-way conversation.

2 Produce change management plan

Scope your change process. Include goals and timescales, roles and responsibilities. Don't forget to get buy in from sponsors.

3 Conduct stakeholder analysis


Identify the PMO's key stakeholders and the appropriate level of engagement to be had with each. Evaluate the likely impact of their resistance or support.

4 Manage resistance

Negative response can be emotionally or professionally driven. Anticipate reactions ahead of time and plan strategies to overcome them.

5 Consult stakeholders

Give stakeholders the opportunity to get involved. Think surveys, interviews and forums.



Bear in mind, some stakeholders will feel a PMO creates:

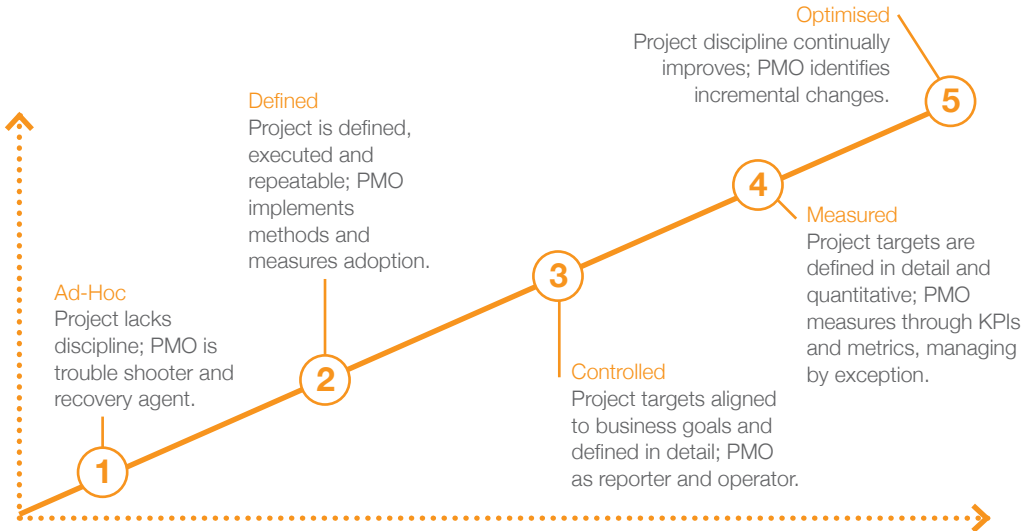
- » Unnecessary supervision.
- » Added bureaucracy.
- » Loss of independence.
- » Distraction from delivery.

Remember

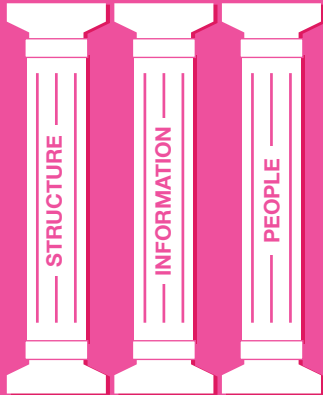
The key to addressing resistance is to ensure senior management champion the PMO and its purpose and benefits are clearly communicated, reiterated and understood.

7. Continual improvement

As it continually matures and improves, a PMO is likely to progress through five states:



3



**Governance,
reporting and
communications**

“ A project is a temporary group activity designed to produce a unique product, service or result. ”

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Q How does an organisation decide which projects to initiate and how to operate them?

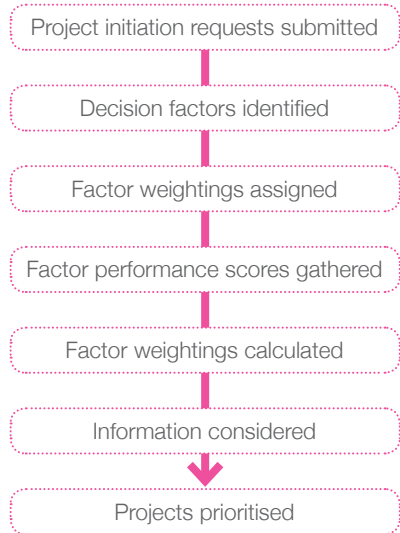
A **An organisation relies on its PMO as...**

- » Informer and advisor in project selection and prioritisation.
- » Creator and regulator of the governance framework that projects operate under.
- » Implementer and administrator of standardised project management processes.
- » Communicator of project information and processes.

Prioritisation, selection & organisation

A Portfolio Management Office acts as a central organiser, providing data to senior management to inform selection, prioritisation and organisation of projects, programmes and portfolios.

THE SELECTION PROCESS



Facts & figures

Performance scores for decision factors should satisfy three criteria:

REALISTIC

Reflect reality as closely as possible.

USER FRIENDLY

Simple enough for decision makers to understand.

COST EFFICIENT

Balance comprehensiveness and practicality so that the cost of assessment is relative to the benefits on offer.

Remember...

Information can be qualitative or quantitative.

Qualitative assessments are subjective but simple. For example, customer satisfaction improvement assessed as very high, high, medium or low.

Quantitative assessments are objective but complex. For example, market share growth assessed in £.



“ If a CEO is enthused about a particularly foolish acquisition, both his internal staff and his outside advisors will come up with whatever projections are needed to justify his stance.

Only in fairy tales are emperors told that they are naked.”

Warren Buffet

Governance framework

Governance describes a project, programme or portfolio's decision making framework that is logical, robust and repeatable.

The PMO defines, establishes and reviews the governance frameworks upon which projects, programmes and portfolios are run.

“ Why do we accept running a £20m project so poorly?

We spend weeks or months approving the business case, but then spend 5 minutes choosing the project manager and put no controls in place to make sure it will deliver.

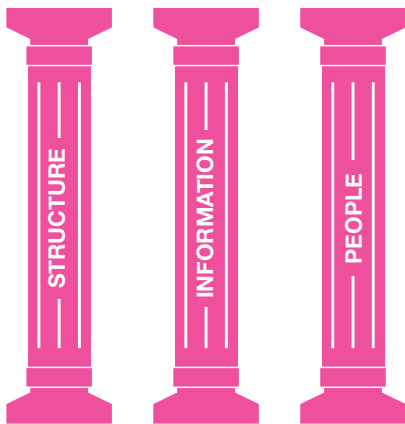
You wouldn't run a £20m organisation this way – you're not legally allowed to!

So why run a £20m project this way?

”

Acando

A governance framework is supported by three pillars:



Project board,
programme
board

Weekly status
report, monthly
executive report

Executive,
senior
supplier

STRUCTURE

- » Definition of governance committee structure, decision rights and interrelationships.
- » Integration of project structures within business governance arena.

INFORMATION

- » Definition of information upon which decisions are made and frequency required.
- » Provision of necessary information in report format.

PEOPLE

- » Determination of committee membership based on representation of different interests.

Process management

Within the governance framework, the PMO standardises and continuously improves project management processes, procedures and tools.



Why standardise?

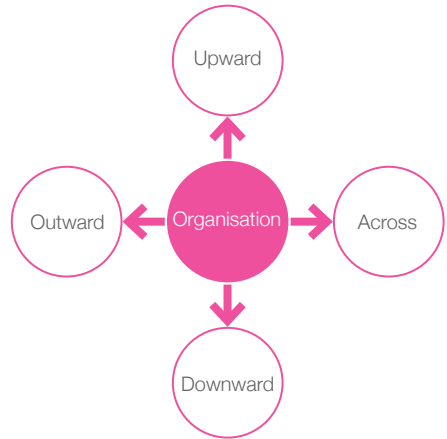
Standardisation of an organisation's project methodology and tools by a PMO strengthens its ability to execute projects effectively.

- » Facilitate performance comparisons between projects.
- » Improve communication and understanding between projects.
- » Reduce time and cost associated with setting up new projects.
- » Ensure best practices are carried out organisation-wide.
- » Facilitate rapid response to the ever changing business environment.
- » Improve timeliness of project deliverables.

Communication

The sharing of information and ideas is critical to project success.

The PMO is the communication hub of a project, programme or portfolio and must create an environment conducive to information flow.



Well-balanced communications flow in four directions in an organisation.

9 tips for top communication...

1. Understand culture, policies and processes.
2. Use trustworthy and credible communicators.
3. Have a clear sense of your audience.
4. Know the goal of every communication.
5. Think about when and how you communicate.
6. Explain rationale when communicating decisions.
7. Communicate continuously to build trust.
8. Be flexible to communicate rapidly and accurately when necessary.
9. Acknowledge and appreciate responses to outgoing messages.

Administration

The PMO supports the execution of standardised processes and procedures by carrying out daily administrative tasks.

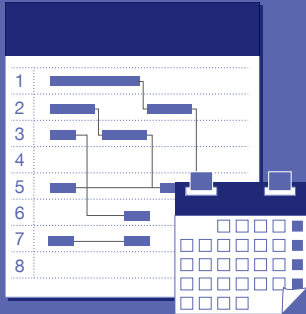
Think about...

Management of information repository to ensure accurate and complete information on a project is retained and communicated as necessary.

Management of facilities and equipment to ensure materials are provided, maintained and returned upon project completion.

Management of stakeholders to ensure calendar is maintained, contracts are administrated, vendors are invoiced and project helpdesk function is provided.

4



**Plan, cost
and resource
management**

Plan management

The PMO manages a project, programme or portfolio's plan and measures actual performance against it, typically on a weekly basis.

The creation and content of a plan is the responsibility of the project, programme or portfolio manager.

The role of the PMO is to ensure the plan created is fit for purpose.

Think about...

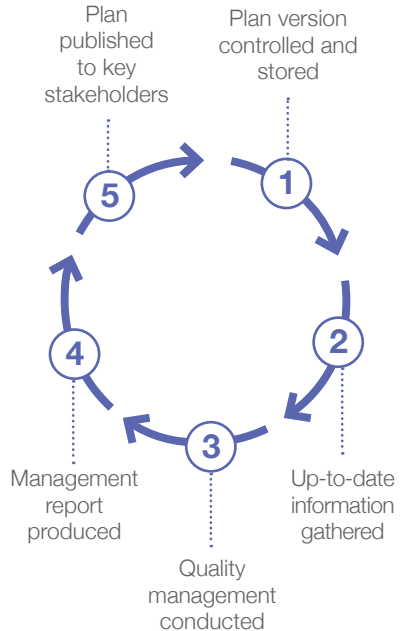
- » Defining the standard, format, and responsibilities for the plan.
- » Ensuring compatibility between project, programme and portfolio plans.
- » Providing a suitable document storage facility for the plan.

After the baseline...

After the plan is baselined the PMO drives the plan management cycle, a process of maintenance and reporting.

Top Tip!

Only ever hold a single live version of the plan – a single source of the truth.



Plan reporting

The PMO reports on the plan along 3 key themes:

- » Date variation
- » Resource analysis
- » Metric analysis

DATE VARIATION

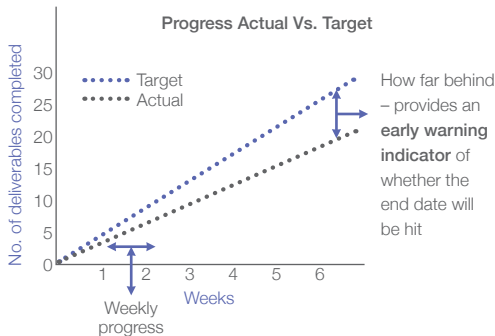
Changes to baselined milestone dates, which must be subject to a change control process. Date changes are analysed and communicated to ensure wider impacts and dependencies are understood.

DAY	
Mon	X
Tue	↓
Wed	↓
Thur	X

Baselined date – new date = +/- variation

METRIC ANALYSIS

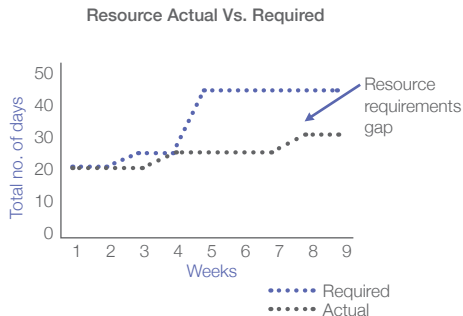
Figures which track progress towards milestones, for example percentage or number of a deliverable completed. Progress is broken down and tracked on a weekly basis.



No. complete week 1 – No. complete week 2
= Weekly progress

RESOURCE ANALYSIS

Resource requirements across a project, programme or portfolio for comparison against actual resource capacity. Over-/under-resourcing is highlighted to understand potential impacts on the timeline.



Total resource requirement – Total capacity
= Resource gap



58%

of projects with a PMO finish within their initially scheduled timeframes.

64%

of projects with a PMO finish within their initial budget.

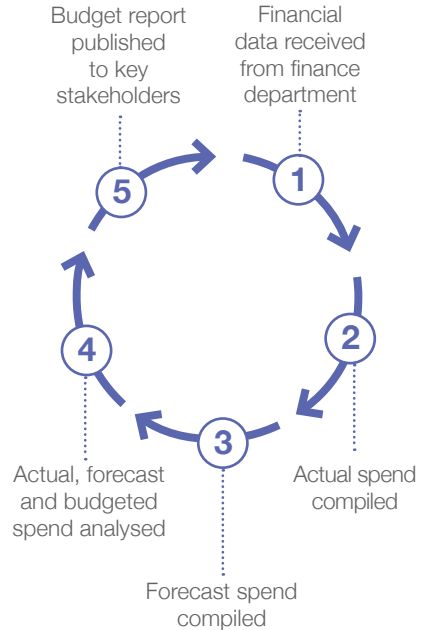
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Cost management

The control of a budget is the responsibility of the project, programme or portfolio manager.

The role of the PMO is to track and report a budget in collaboration with the organisation's finance department.

The PMO produces a consolidated financial statement compiled from each project or programme within a portfolio, typically on a monthly basis.



The PMO manages cost on a cyclical basis.

Cost reporting

The PMO provides budgetary information and analysis to senior management along 3 key streams.

In all cases the aim is to highlight over-/under-spend, understand potential impacts on the wider budget and trigger responsive action.

ACTUAL VS FORECAST VARIATION

Differences in actual and forecast spend across a project, programme or portfolio.

Forecast spend – actual spend = +/- variation

ACTUAL VS BUDGET VARIATION

Differences in actual spend and budget across a project, programme or portfolio.

Budget – actual spend = +/- variation

FORECAST VS BUDGET VARIATION

Differences in forecast spend and budget across a project, programme or portfolio.

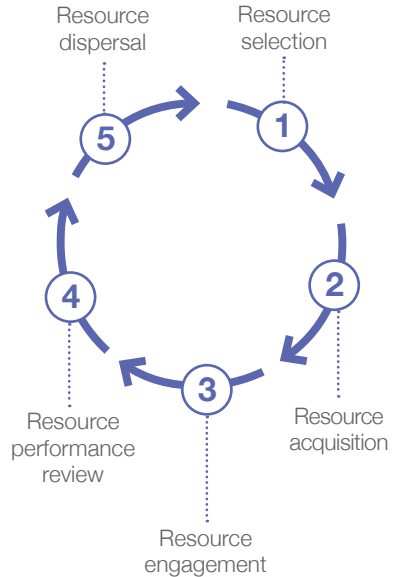
Budget – (actual spend to date + remaining forecast spend) = +/- variation

Resource management

An organisation's resources are assets used to generate competitive advantage and achieve strategic goals.

The PMO coordinates a pool of available resources according to the demands of projects and programmes across portfolios.

Resources include people, equipment, and office space.



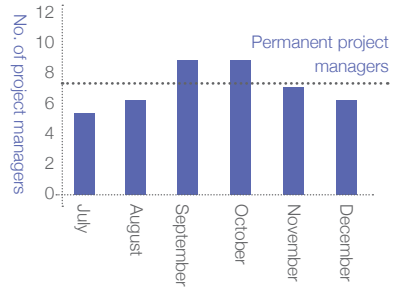
The PMO manages resources in a cyclical manner.

Resource forecasting

By monitoring resource allocation and performance, the PMO can forecast future resource requirements and advise of acquisition or dispersal required.

Resource forecasting translates short term fluctuations and long term average resource requirements into sustainable permanent resource levels.

PROJECT MANAGER REQUIREMENT:



This understanding minimises staff turnover and optimises productivity of resources.

Resource communication

With project, programme and portfolio resource in such a fluid state, it is vital to communicate structures and allocations regularly and accurately.

The PMO records, illustrates and distributes project organisational structures using lists and diagrams.

Top Tip!

Display project organisational structure diagrams on a wall in your project space. Refresh them often and everyone will know who's who.

5



**Risk, quality
and change
management**

Risk management

Risk management ensures that all risks and issues are properly identified, recorded, monitored and escalated through appropriate channels for resolution.



Project, programme and portfolio managers are responsible for identifying risks and issues.

The PMO defines the risk management and escalation framework, standardises risk evaluation and heightens risk visibility.

What is risk?

A risk is an uncertain event that, should it occur, will have an effect on the achievement of objectives, e.g. there is a risk that system developers will be struck down by the heebie-jeebies.

An issue is an event which has happened that is having an effect on the project, e.g. the system developers are suffering from the heebie-jeebies.

The aim of risk management is not to eliminate risk, but to manage the risk involved in all project activities – maximising opportunities and minimising adverse effects.



“It’s
impossible

that the
improbable will
never happen

”

Emil Gumbel

The starting point

The key tool in the risk management process is the RAID log.

- R – risks
- A – actions
- I – issues
- D – decisions

This log typically includes risk... references, descriptions, treatments, likelihood and impact scores, mitigating actions, dates, categories and owners.

THINK ABOUT...

Defining standards, format, and responsibilities
What information will the log contain, what scoring system will it use, what quality of input is acceptable, who is responsible for inputting information and how often?

Ensuring compatibility between project, programme and portfolio
How do project RAID logs feed into programme or portfolio RAID logs, and is the information in a consistent, transferable format?

Provide a suitable document storage facility
Who needs to access the RAID log and how can they do so?

The risk management cycle

After the risk management process is established, the PMO drives a cyclical process of RAID log maintenance and reporting.



9 top tips for risk management

1. Shout the benefits loud – buy-in from project managers is key.
2. Be strict on quality – an inaccurate or vague risk is good for nothing.
3. Be clear on risk scoring – strong definition of criteria aids objectivity and regulates both the worrier and happy-go-lucky approaches.
4. Take action – logging a risk will not resolve it; mitigating action is essential.
5. Encourage conversation – the log is a communal sharing tool.
6. Be open – the log should be seen as a friend not a supervisor, or stakeholders may hide risks.
7. Escalation criteria – find the balance to make sure the critical stuff gets through without the chaff.
8. Beware the short cut – strictly enforce the process to ensure consistent treatment and avoid bypassing.
9. Use the information – make sure senior management digest, value and use risk information.

Why manage risk?

Centralised and active management of risk by a PMO delivers benefits to all stakeholders, from project managers to senior management.

- » To provide upward assurance to senior management that potential hazards are on the radar.
- » To encourage open culture and proactive discussion.
- » To minimise detrimental effects on projects, programmes and portfolios.
- » To strengthen the resilience of projects, programmes and portfolios in the face of adversity.
- » To support strategic and business planning by improving visibility of risk areas and realism of project plans and forecasts.

Quality management

Quality management ensures project, programme and portfolio outputs are produced in a timely manner, to appropriate standards and with consistency of content.

The PMO monitors quality through a framework of gated approvals, audits, deliverable tracking and document review.

THE PURPOSE OF MANDATING ACCURATE AND HIGH QUALITY OUTPUTS IS TO:

- » Verify that projects, programmes and portfolios are well-executed and in good health.
- » Provide useful documentation in the handover to BAU when project activity comes to an end.
- » Produce a clear audit trail throughout a programme of work.

The stage framework

The staged approach to projects and programmes provides a strong framework for quality management.

The idea is that the plan contains stages through which the work must progress to completion.

Each stage has clearly defined entry and exit criteria, or deliverables, so that at the stage boundary an objective decision can be made about readiness to progress to the next stage.

The PMO must hold the project or programme accountable for defining and completing these 'deliverables' (usually documents) and doing so to an agreed standard.

This gives rise to a cyclical process which the PMO repeats through each stage.

The quality management cycle

STAGE PREPARATION

- » Establish stage deliverables
- » Prepare stage quality management tools
- » Prepare deliverable templates for the upcoming stage
- » Brief stage deliverables to authors
- » Create stage document repository

STAGE DRAFT SUPPORT

- » Coach project managers on required stage deliverable content
- » Support authors to complete stage deliverables
- » Chase deliverables and remind authors of stage deadlines
- » Continually improve stage document folders

STAGE QUALITY MANAGEMENT

- » Define stage quality management steps
- » Review stage deliverables for quality and liaise with authors to amend
- » Delegate and manage content-expert reviews of stage deliverables
- » Track and report progress through stage quality management steps
- » Manage document naming, versioning and storage in repository

STAGE SIGN-OFF

- » Manage and track sponsor sign-off at the end of a stage
- » Hold go/no-go checkpoint assessments with decision-makers



“ Quality is
never an
accident.

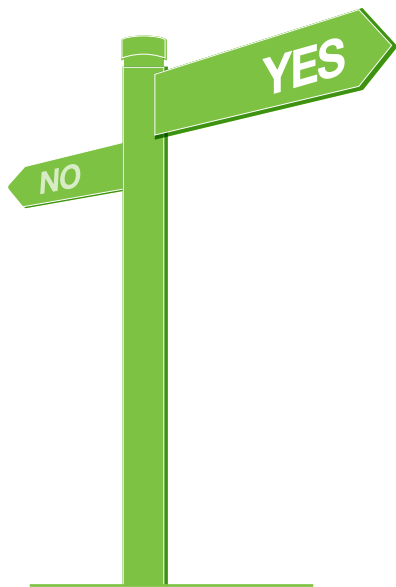
It is always
the result of
intelligent effort.”

John Ruskin

Change control

The change control process ensures that any changes to signed-off project or programme deliverables are carried through the appropriate channels before implementation. Examples include alterations to project scope, schedule, or budget.

The PMO is responsible for defining and governing the change control process and tools. All changes are registered, reviewed and signed off by the appropriate authority.

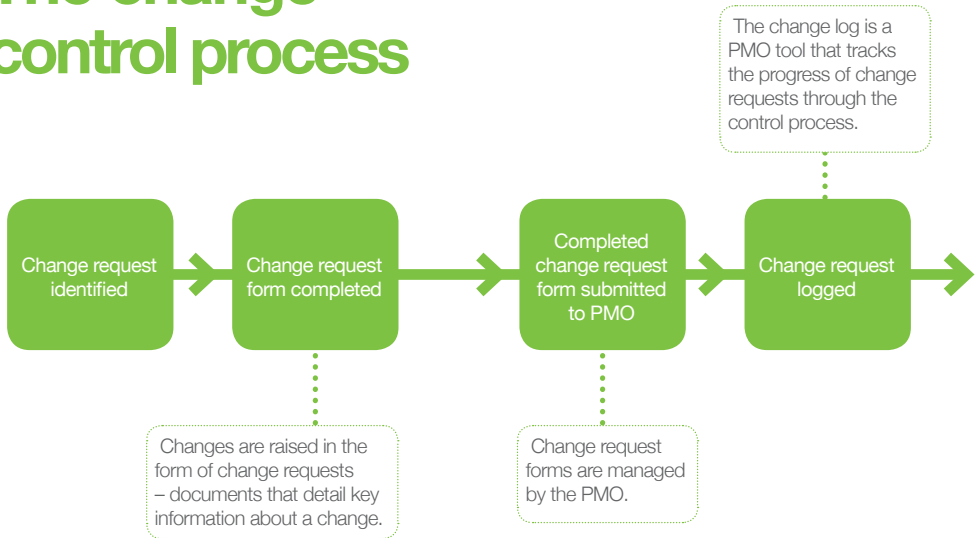




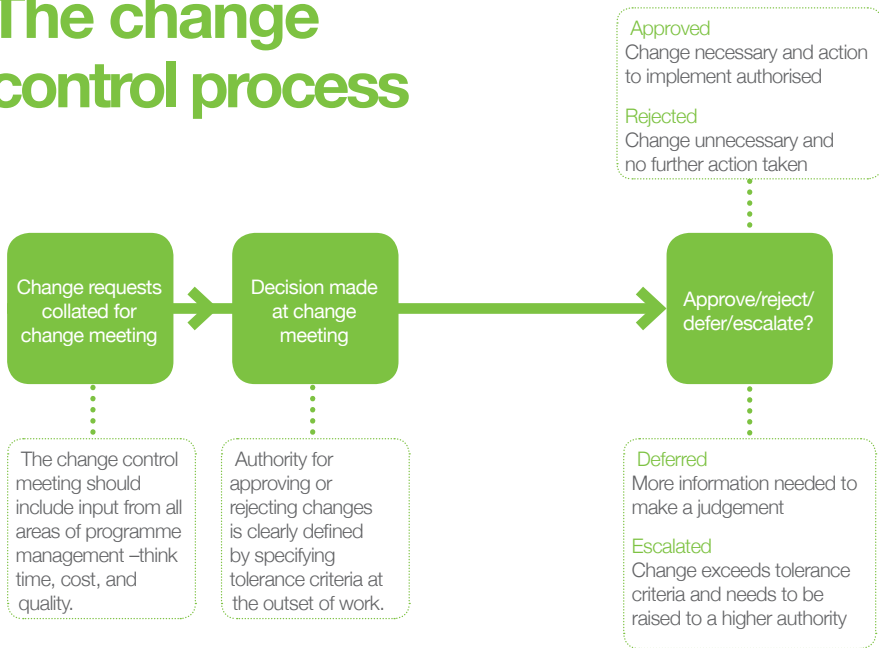
The purpose of change control is to:

- » Provide a systematic approach to managing potential changes.
- » Prevent unnecessary or unmanageable changes.
- » Document changes and provide ongoing clarity around objectives.
- » Assess wider impacts of changes on interrelated objectives.
- » Prioritise allocation of resource.
- » Prevent the adoption of moving targets.

The change control process



The change control process

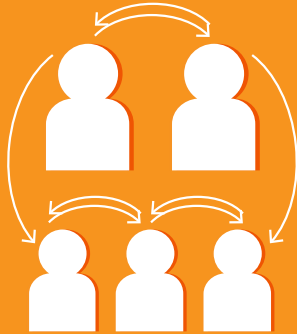




Remember...

Change in the project environment is inevitable, but without a firm grip on change a project can easily run over budget, miss deadlines or fail altogether.

6



**Knowledge
and training
management**

Knowledge management

Knowledge is a resource used by an organisation to achieve its strategic goals.

Project environments assemble huge breadths and depths of knowledge in temporary structures in order to meet an objective.

The PMO manages knowledge to increase an organisation's overall knowledge capacity and ultimately add value.

Think of the PMO as a...

retainer
creator
accumulator
facilitator
identifier
distributor
sharer
applicator

...of information and ideas.



The PMO conducts a variety of knowledge management activities

CREATOR

Seek information on the latest developments in project management.

IDENTIFIER

Provide standardised tools that ensure projects' data and documentation is captured.

FACILITATOR

Facilitate discussions among project participants to optimise the exchange of ideas.

RETAINER

Further knowledge by facilitating lessons learnt workshops and logging outputs.

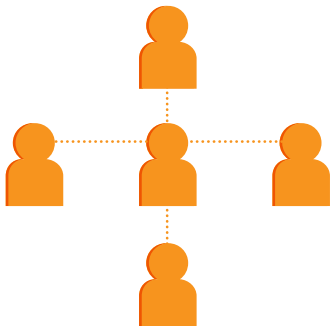
SHARER

Implement a knowledge hub that reduces reliance on subject matter experts.

ACCUMULATOR

Harvest knowledge and maintain information contained within the knowledge hub.

Why manage knowledge?



- » To retain information and understanding.
- » To allow project participants to learn from past mistakes.
- » To eliminate the need to start from scratch each time a new project is initiated.
- » To improve the quality of outputs more rapidly and with less cost.
- » To strengthen the internal network as a result of gathering stakeholders from all areas to harvest knowledge.

Training management

The PMO works with project offices and human resources to manage the training needs of an organisation's project resource.

Training programmes are aligned to both the organisation's strategic positioning and the employees' personal goals.

Training programmes are used to strengthen best practices, build specific expertise and enhance the ability to execute.



Developing a training programme

Training programme structure is stepped to reflect skill progression.

Training programmes can involve internal or external courses and qualifications, or a combination of both.

9 great knowledge areas to include in a project resource training programme...

1. Cost management
2. Risk management
3. Knowledge management
4. Resource management
5. Communications
6. Team building
7. Plan management
8. Time management
9. Leadership

7

Glossary



Glossary



PMO

Project Management Office

PMO

Programme Management Office

PMO

Portfolio Management Office

DELIVERABLE

Either a document or action that is required to be completed as part of a project; there would typically be tens to hundreds of deliverables through a project life cycle

RAID

Risks, issues, actions, decisions

LESSONS LEARNT

A formal log of lessons taken from a project

DEPENDENCY

An action, document or milestone is dependent on another being completed to enable its own completion

QA / QM TRACKER

A document monitoring the progress of quality assurance / management activities, typically drafting, review, sign-off

8



**Useful
resources**

Useful resources



WEBSITES

- » www.ninefeettall.com
- » www.9plustraining.com
- » www.projectsart.co.uk

BLOGS

- » www.ninefeettall.com/blog

BOOKS

- » *The Program Management Office Advantage*
Tjahjana, Dwyer, & Habib (2009)
- » *The Complete Project Management Office Handbook*
Hill (2007)

CASE STUDIES

- » NASA
www.pmi.org/Knowledge-Center/Articles/NASA.aspx

ASSOCIATIONS

- » Project Management Institute
www.pmi.org
- » P3O
www.p3o-officialsite.com



About
NineFeetTall



About NineFeetTall

NineFeetTall
are experts in
business transformation

with proven experience of delivering
complex change projects across
multiple industries and sectors.

Each member of the team
has a broad range of skills and
knowledge brought together with
a conviction and energy to deliver

measurable results
for our clients.

Contact us

We hope you have enjoyed our little book on this big subject.

If you would like to discuss your PMO requirements, please get in touch:

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