

A CASE STUDY FOR A MANAGED ENTERPRISE PMO AS A SERVICE:

Ideas, Approvals, Capacity, and Demands

Abstract

Turbulent times force changes and technological advances to occur at quantum speeds as project complexity increases. Consequently, more companies have recognized the need for PMOs to direct and support project management [1]. When COVID-19 disrupted the world in 2020, it transformed how business was done globally. The concepts of distributed teams and remote work became an overnight necessity. PMO and project management operations were no exception, since PMOs and PMs have relied heavily on in-person meetings for planning and communication.

COVID pushed them to their limits to manage digital transformations and virtually dispersed teams across multiple functional business groups. PMOs with mature capabilities held the advantage for success in these deliveries. They adapted quickly. Others struggled like a one-armed juggler, leaving organizations questioning the PMO's value or how it could perform better.

The extreme disruption of COVID's early years has dissipated. Yet multiple challenges remain difficult for PMOs to address effectively. The top five are:

- Resource Management
- Change Resistance
- Strategy Shortfalls
- Prioritization
- & Project Manager Shortages

So, how can organizations tackle them and improve their PMO performance? What kind of PMO do they need to deliver strategic goals?

This paper explores the utilization of a managed PMO as a service to deliver mature PMO capabilities to an organization on day one. Managed internally by the organization or externally by the service provider, this virtual PMO service addresses the customizations the organization may need to improve the above challenges and obstacles to blending with the organization's existing culture.

Introduction

In 1909, Frederick Taylor published "The Principles of Scientific Management [2]." He connected optimization to efficiency; working right, not hard, gets things done. This conceptual seed eventually took root in the project or program management office (PMO).

Organizations viewed the PMO as useful for complex aerospace, weapons, or construction projects, but not as a business unit, until well after the 1969 establishment of the Project Management Institute (PMI). At that time, PMI's early goal to establish principles and best practices in the project management field captured the essence of a PMO. Afterward, the PMO slowly gained traction within businesses as a delivery organization for projects or programs.

Today, most organizations recognize the need for PMOs to improve program and project delivery. Over the past decade, PMOs' efforts have significantly reduced the percentage of organizations questioning the business value they add [1]. And organizations with a mature, well-developed PMO recognize the PMO's value in delivering core project alignment with business case strategies, portfolio management, and governance, in addition to project delivery. However, in our ever-changing, complex world, project management requires constant adaptation to address the top five project management challenges outlined in the abstract.

Complaints and comments of PMs and project team members are clues that a company faces one or more of these challenges. Here are six that represent ones the reader might have heard or said.

- We can't compare performance across projects at a given time.
- We don't know if we have the resources to deliver newly approved projects successfully.
- We don't have a way to show how our proposed projects fit the company's goals.
- We are at capacity but are still introducing more projects.
- Our PMs and their teams become swamped trying to provide spur-of-the-moment, real-time data when executive leadership wants to know project completion costs in flight for budget development.
- We have to spend days preparing project status reports anytime there's a leadership or board meeting.

These sentiments signify the need for a new, expanded, or revamped PMO. And yet, some companies face difficulties implementing the PMO changes needed to fix one or more top program management problems. They may not have the budget for new hires to fill PMO leadership and team positions, PMO tools, training, or the existing skills and human resources to draw from other departments and projects. They may not have time to develop or expand a PMO team to maturity before project management issues impair or kill current and future projects. Instead of allowing these roadblocks to hinder PMO progress, businesses can use a managed project management office. They could also consider transitioning their existing PMO from a static organization to a service organization that offers the ongoing flexibility they need.

PMO as a service vs. PMO as an organization

What is an *as-a-Service* offering?

Service offerings have been around for decades, if not centuries. Payroll, infrastructure, and applications are a few examples [3]. Applying the concept to the PMO means creating a menu of service options that it may offer based on the size, complexity, and business needs of the funding organization.

PMOaaS—How do we define *As a Service*?

One description is that it is a business model in which the organization offers the functions it performs to its clients (internal or external) via subscription. The most relevant definition, however, may be ITIL 3's, "... a service is a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks [4]."

The core components of an *as-a-Service* model may include:

1. Scalability based on volume and needs.
2. Re-assignable resources during the scale-down times.
3. Business outcomes that the organizations using it consider valuable.

The service offers standard and specialized PMO functions to its subscribers (internal or external clients). The PMOaaS involves consulting and filling talent gaps while performing the company's selected PMO functions. The offerings can range from a few select functions, such as portfolio management or Center of Excellence, to a comprehensive PMO service.

A core concept of PMO as a service is to ensure you can scale up or down based on project volume and needs. Typically, the classic approach to this has been to contract with external vendors to fill gaps when demand increases. That approach is still valid. If you need help with delivery, reaching out to a project service to assist with delivery while you manage the PPM and governance functions would be one approach. However, to transform the PMO organization internally into a service, the core component involves partnering with the other functional organizations.

How is it different from a consulting or contract labor offering?

Consulting—Consultants add significant value based on the expertise, experience, and industry knowledge they bring to the project. However, consultants offer the best value when brought in to solve a specific complex issue or counsel the program or project team to keep the program and projects on track. They typically should not be taking over delivery or operational roles within the project or program.

Consultants:

- ✓ Assess Problems & Opportunities
- ✓ Collect & Analyze Data
- ✓ Recommend Courses of Action
- ✓ Gain Consensus from The Client's Leadership
- ✓ Possibly Help Oversee the Implementation of Recommendations

Contract Labor (CL)—It provides tailored labor or staffing solutions and can offer onsite resources to the team managing project or program delivery. Billing is based chiefly on employee hours, and the CLS takes minimal responsibility for the approach or failure risks.

How does it provide the agility that a rigid legacy organization cannot?

All PMOs are organizations and start as living organizations. Unfortunately, many become legacy organizations. A PMOaaS, because of its service nature, pumps life into a company's PMO, whether directly managing or reinforcing it.

A Living Organization [5]—This type is a dynamic structure designed to perform the functions that fulfill a purpose. With the future outcome as a reference, its design will best use available resources to make progress today and will change as the needs and tasks change. Therefore, a living organization continually identifies its needed functions and restructures itself accordingly.

A Legacy Organization [5]—This type was once in the living category and likely had many achievements in the past. Its structure becomes rigid as its frame of reference for the future becomes the continuation

of its existence. Achieving sustainability became more about the flow of people through defined positions than about performing the functions necessary to the company's goals. The legacy organization chooses those that fit its existing structure, reinforcing itself while losing relevance [5].

PMOaaS—The service, by nature, is dynamic. Its lifeblood relies on customization. By design, the service can diminish or expand according to the client's current needs regarding a future desired outcome. This adaptability creates agility in the client's project management performance, as the client focuses on strategy and the PMOaaS aligns its functions with that strategy.

Internal vs. External PMO

What is the difference between an internal and external PMO? The internal one is usually permanent and comprises an in-house team [6]. Its audience might be primarily the employees and management staff [7]. The external is managed by an off-site service provider either temporarily or permanently, and may communicate more with customers, shareholders, and investors.

Does a PMOaaS mean the service provider is an external entity?

Typically, the PMOaaS is offered and managed by an external provider that is experienced and highly proficient with portfolio, program, and project management. These are its areas of expertise. However, the corporation would manage the PMOaaS. The service provider might provide the PMOaaS for an agreed-upon period and then transition, turning over the delivery responsibility to the organization.

Could it be a corporate entity?

With sizable corporations, building an internal PMOaaS is possible and advantageous. One complaint about PMOs is that they often become overly bureaucratic and create more burdens for project management than they provide support. The service concept means the core PMO team is minimal to support day-to-day project management operations across the organization, expanding only as needed. The team may include a rotating crew of experts from various departments.

Can a PMOaaS be both internal and external?

Even when contracting with an outside firm to provide the PMOaaS, there will always be a blend of responsibilities. Some functions must remain the responsibility of the funding organization, such as strategy, chairing the steering committee, chairing the governance committee, or chairing organizational change management (OCM). The internal-external blended service may also share PMO and project management functions.

Scope of Services Offered and Why They Are Critical

When standing up a PMO, organizations typically start with a limited mandate and a plan to mature the PMO over time. The fatal fallacy here is the inability to show value in the short term, which risks the sponsor and key stakeholders shutting down the PMO because they cannot see the results or perceived value.

When delivering the PMO as a service, it provides mature services by building in-house capability, collaborating to bring in capability from other functional organizations, contracting for weak areas, or both.

Within the service scope, there could be temporary services. Others are interdependent and essential to improving project management performance. PMOs that do not do one or more of these or are weak in performing any of these services hamper the organization’s ability to achieve its strategic objectives. The following services are essential.

- Enterprise Program and Project Management (Project delivery)
- Strategy Alignment
- Project Portfolio Management
- Governance
- OCM-close collaboration

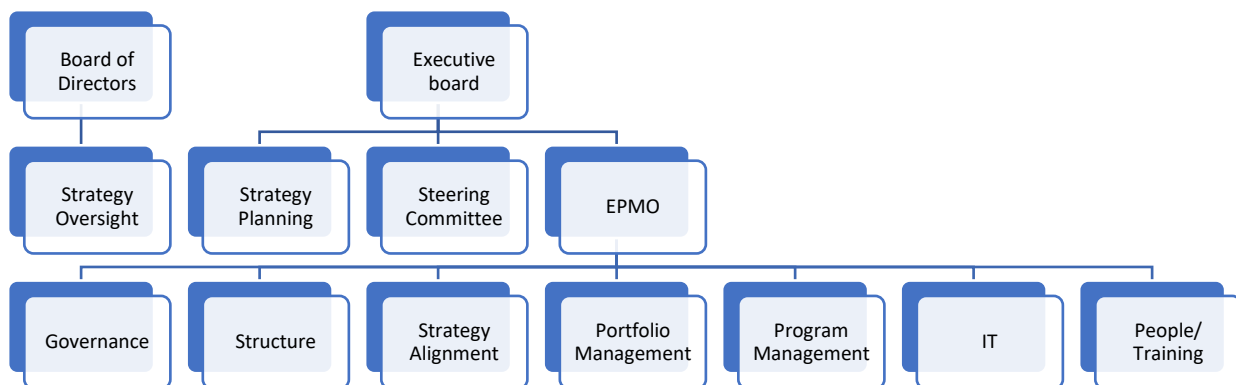
Enterprise Program and Project Management (EPM)

EPM aims to connect your organization’s goals and objectives with ongoing and future projects and programs, organizing them within a portfolio or portfolios to manage the interdependent elements between them for better delivery—on time and within budget [8]. Therefore, enterprise-wide project management offices (EPMOs) are strategic-level PMOs that carry out EPM.

Consistent with value delivery, delivering the PMO service at an enterprise level is essential. This allows the effective delivery of multifunctional projects and programs based on their resulting value to each business function. Not every function involved in the project has the same desired outcome. The PMO service, in collaboration with functional groups, ensures the achievement of value expectations based on the PMO’s established success criteria.

EPM requires the involvement of senior leadership and stakeholders across functional business units. The mePMO structure includes rotatable business-functional experts, providing it with functional expertise. Those experts, now understanding its value propositions, promote its value to their units. The figure below shows the functions of the governing bodies involved in the organization's project management process. The executive board is the governing board of an organization [9]. It is part of the board of directors that provides strategic direction and decision-making for the organization.

Figure 1 - Governance Structure & Functions



The ePMO's function scope includes, but is not limited to, governance, structure, strategy alignment, portfolio and program management, and people management regarding projects. The PMOaaS scope of roles, responsibilities, and processes falls within these aspects. Among them, the PMOaaS directs its experience, skills, and resources to those the organization needs but does not do, or does not do well. The PMOaaS should only bring enterprise-level decisions to the PMO steering committee.

Strategy Alignment

To ensure value delivery, one of the PMO's core functions is to align the project business case with the organization's stated strategic objectives. The greater the alignment with corporate strategy and goals, the greater the likelihood of value delivery at the project's completion.

Strategy alignment is one of the core reasons the PMO senior leaders and senior PMs must understand corporate strategy and goals. Being a singularly focused PM on project delivery is no longer acceptable for senior-level PMs if the PMO is to show consistent value.

As part of the alignment process, the PMO must:

- Manage the project intake process.
- Ensure that a business case exists for each project in the queue and that one-pager business cases are acceptable for smaller projects to avoid becoming bureaucratic.
- Allow functional groups to be involved with the project selection process based on both quantitative and qualitative factors.
- Have a scoring system to judge project delivery alignment with corporate strategy.

What advantage does the PMOaaS have over traditional PMO establishments in implementing strategy?

- **Perspective**
As part of your organization, you see things from the inside out, which narrows your viewpoint. You and your team are focusing on the immediate problem or problems. But they may only be the trees in the forest of more significant troubles [10].
A PMOaaS, whether externally or internally managed, has the advantage of a detached, outside perspective. The PMOaaS expert team brings holistic observations and ideas to your organization's project management system, clarifying situations.
- **Experience**
Because the PMOaaS business is program, portfolio, and project management, they have the experience and expertise to transform and perform all the necessary functions. [11] Thus, the PMOaaS team provides solutions that speed up resolution and project progress.
- **Flexibility**
The PMOaaS establishes a scalable model customized to business priorities, using the best people, tools, governance, and techniques to develop or transform PMOs rapidly [11].
- **Cost**

The PMOaaS reduces the need for the client organization to expand its hiring and staff overhead. The service brings over-budget projects and programs into alignment and roots out unnecessary parts, processes, or projects, thus increasing the client's return on investment [11].

Project Portfolio Management (PPM)

Companies must attend to business operations or quickly cease to be in business. Business operations are the daily activities that deliver products and services to customers. Project-driven organizations rely on projects to provide products or services for revenue generation. Other organizations use projects to transform, change, build, or improve their products or services. The project does not generate revenue but enhances the organization's ability to improve its competitive edge, revenue, reduce costs, and more. Both have a vision and goals, which entail strategy development. Project portfolio management is paramount to ensuring that projects achieve that strategy.

However, project portfolio management is a specialty within project management and is not most companies' primary focus. They are not in business to perform project management. Unless a company has the resources and time to build a project management organization as an additional business function, staffing and equipping it with the right resources (knowing what "right" is), the business will struggle to get it right. Project management is not what they do best, but what PMOaaS does best. The service is a timely, mature, cost-effective option for businesses to improve and implement their strategies.

Understanding PPM

Project portfolio management is the link between enterprise management and project management [14]. PPM is the process of selecting the projects the organization wants to execute and their timing. Selection is part of the portfolio management strategy that the organization decides on with counsel from the PMO. PPM strategies involve balancing strategy alignment with risk, budgets, and resources.

PPM should be an ongoing process that allows the organization to ensure that they are consistently executing projects that can be fully funded, aligned to corporate strategy, and delivered in a manner that fully realizes its benefits. This process requires agility within the PMO, which the PMOaaS includes as one of its core tenets.

Successful PPM benefits include [12, p. 267]:

- 20-30% time-to-market improvement
- 25-300% increase in projects completed with the same resources
- 25-50% project duration reduction
- Over 90% project success rate at 2x profit margin
- 50% research & development productivity increase

PPM LIFECYCLES OR COMPONENTS

Three goals are critical to PPM's mission to add value and improve your organization's return on investment [12, p. 267]:

- **Selecting the right project mix.**

Organizations are resource-limited, so chosen projects should leverage those resources to give the best value to stakeholders.

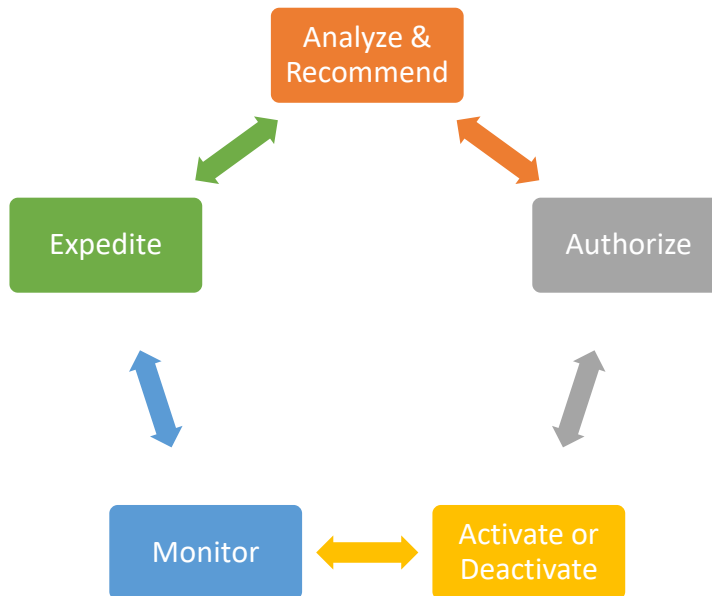
- **Optimizing scope.**

Cross-functionally align projects and limit changes to those necessary to achieve maximum improvements that meet corporate goals.

- **Quickly executing correctly sequenced projects.**

The PPM team and the organization must stay within the project’s capacity. The PPM team must monitor project execution, promptly recognize out-of-control situations, and immediately take action to resolve them. The figure below represents the process involved in accomplishing these three PPM activities:

Figure 2 - PPM Processes



These activities are not sequential, even from the beginning of the portfolio or a project proposal. They are interdependent upon analysis and monitoring, which also depend on each other.

WHAT ARE THE INDICATIONS THAT YOUR COMPANY NEEDS PPM OR PPM IMPROVEMENTS?

- Your project management teams struggle to execute their assigned tasks because the organization has more projects than resources for efficient delivery [13]. Evidence of struggling teams includes partial completion of assignments and disengaged or demotivated members [13].
- Project teams spend too much time creating status and progress reports [14].
- There is a lack of visibility about how the projects perform against company objectives [14].
- An unacceptable percentage of projects experience time and cost overruns [14].
- Communication between teams, management, and executives is lacking or confusing [14].

The above problems also correlate with the need for PPM software that provides easy visualization and communication for all users and viewers. Therefore, proper PPM involves using the right tools. The

PMOaaS can help determine which tools will work best for your portfolio, programs, and project management, while overseeing any necessary training for their use by team members, executives, and stakeholders.

WHAT ADVANTAGE DOES THE PMOaaS HAVE OVER TRADITIONAL PMO ESTABLISHMENTS IN IMPLEMENTING PPM?

Much the same as the advantages it has in implementing strategies: perspective, experience, flexibility, and cost. In addition, the PMOaaS, by nature, must be highly proficient in project integration and understanding of interdependencies. Also, the PMOaaS has strong people-management skills, deploying their resources, blending them with yours, and bringing internal resources up to speed.

Process and Governance

Governance ensures the most effective use of resources for programs and projects (including dollars, labor, and other resources). The focus of project governance is not to introduce bureaucracy, but to ensure the right projects are delivered at the right times, the projects in flight are on track to meet the desired business outcomes, and the organization is well positioned to leverage those outcomes.

The governance competency of the PMOaaS involves the activities that set it as a business function with centralized authority and responsibility for all the organization's project management [15]. This includes establishing accountability to the PMO'S leadership hierarchy and independent authority to govern without a heavy-handed bureaucratic approach.

The governance service aspect ensures that the PMO administers business and technical guidance across the project environment. It manages authority for direct interactions with department heads and business managers. It also develops and provides relevant company project management best-practice guidance.

Best practices are the most established, efficient, and effective procedures that make up project management processes. The PMOaaS sets them as standards for:

- Metrics
- Content
- Auditing
- Team development.
- Knowledge management.
- Mentoring
- Planning
- Project recovery.
- Resource management.

As crucial as governance is to organized, consistently successful project delivery, it can be more detrimental than helpful when implemented. There are four rules to follow that will keep it sound.

1. Keep governance for every kind of project, even the small ones.
2. Keep it light for small projects.
3. Keep it agile and not bureaucratic.
4. Keep both as simple as possible.

The effort and expense of constructing and deconstructing a PMO can be an excuse for not using a PMO for smaller projects. Only building a PMO for large, complex projects or programs is deemed necessary. Yet, multiple smaller projects share many of the same resources.

The PMO building process is not only the most critical part of the PMO Lifecycle, but also the most planning-intensive. Using it only for complex projects means the PMO is not correctly tracking interdependencies. If the PMO is only temporary, time and resources are wasted on its build and deconstruction. But if the PMO organization is always at scale for larger, complex projects, it becomes cumbersome and bureaucratic, and it is not cost-effective.

The mePMO then becomes the perfect solution, scaling up and down while maintaining a primary core team to support any and all projects. As new project needs arise, whether large, small, or in between, the mePMO spends less time assessing new resource effects since it already tracks current resources.

The governance and processes function of the mePMO wraps up our overview of the basic predominant service areas of the mePMO. Unfortunately, mechanically performing these program management functions does not maximize value delivery. We need to give them a set of principles to guide the mindset of everyone involved in carrying out the mePMO's mission.

Establishing the Predominant Principles- What drives the mePMO?

Guiding principles enhance all aspects of life, including project management. They help smooth the journey and achieve goals [16]. However, the ongoing chaos on projects, the lack of timely decisions, and haphazard approaches to governance cause even the most experienced PMO leader to doubt the ability to guide project management principles. These have not made a lick of difference in improving performance and delivery, if they exist at all [16].

Never-ending challenges and failures force leaders to improve methods, processes, and frameworks [16]. Principles are supposed to guide change, but the industry-standard principles seem insufficient for the average PMO and project management teams. We feel they are weak in strategy.

Principles of War

When we observed other industries for inspiration to enhance project management principles, we determined the military operated in the most volatile of circumstances with agility. What principles guide their strategy and agility? The principles of war have been around for centuries. Around the 19th century, there were nine that embodied them all. We adapted them for use by the PMOaaS.

The Nine War Principles [17]

1. **Objective**—Direct every military operation toward a clearly defined, decisive, and attainable objective.
The U.S. Army uses mission statements to convey the objective or purpose of an operation. Since the Army uses them, the PMO should, too. A mission statement is vital to building and managing any PMO.
2. **Offensive**—Seize, retain, and exploit the initiative. In PMO language, it translates to drive and own the narrative. Be proactive, not reactive. From the portfolio to the program and project, taking the offensive could be the only way to deliver success.
Strategic offensives include portfolio, risk, change, and transformation management. These offensives prepare the PMO team to meet challenges before they occur.
3. **Mass**—Concentrate the effects of overwhelming combat power at the decisive place and time. Align project and resource planning by applying the right people and other resources at strategic times throughout each phase of projects in the portfolio.

Having the right competencies within the PMO and the ability to deploy them in ways that deliver business value demonstrates the PMO's ability to deliver to executive leadership.

4. Economy of Force—Employ all combat power available in the most effective way possible; allocate minimum essential combat power to secondary efforts. Prioritize all operations or strategic initiatives to prevent spreading resources too thin.

Empower the PMO to recognize what is essential to the success of the PMO mission and the mission's components. Non-project- and program-critical tasks are daily distractions that take our focus and resources, including time, away from the PMO's mission and project success. Do not fear putting non-essential tasks on the back burner to bring the economy of force to critical success factors.

5. Maneuver—Place the enemy in a position of disadvantage through the flexible application of firepower. Among the enemies of a PMO are uncertainties, risks, poor communication, uninformed stakeholders, and, at times, the attitudes of executives and team members.

The strategy behind this principle means the PMO team is well-equipped and prepared to maneuver its resources to minimize the enemy's impact on the mission's intent.

Also, the PMOaaS knows complacency is not an option, even when riding a wave of success. If they do, executives and stakeholders assume they no longer need the PMO or the service.

6. Unity of Command—For every objective, ensure unity of effort under one responsible commander. This principle is in the *PMBOK Guide*, which states that only one person gives orders for any action or activity to an individual. This principle requires the following.

- The PMO leader (the PMO commander) needs the authority to conduct the PMO mission and all the responsibilities and activities it entails.
- Project managers (the project commanders) need autonomy to achieve their goals.
- The Unit of Command requires effective communications, thus a communication plan. The plan specifies who, when, what, where, and how to communicate project and program management concerns, internally and externally.

7. Security—Never permit the enemy to gain an unexpected advantage. The PMOaaS sees risk, change, and transition management as opportunities to meet and prepare for challenges before they occur. For instance, risk analysis forecasts the worst (or best) case scenarios and associated solutions, so the team is ready to act if they occur.

8. Surprise—Strike at a time, a place, or a manner for which the enemy is unprepared. This principle seems unnecessary with the security and maneuver principles in play. It was the most difficult to adapt to the PMOaaS until we considered the element of surprise in the positive application of pleasant surprises.

Though not the enemy but allies, some executives and stakeholders lack appreciation or understanding of program and project management, especially the PMO and, even more, the PMOaaS. So, the PMOaaS considers this principle to mean taking the initiative to understand their viewpoints and supplying them with what they need before they realize they need it. The PMOaaS has this principle internalized.

Another application of surprise is facilitating teamwork by providing opportunities, timely feedback, and support while encouraging innovation. Team members' ideas may be the source

of the next solution to recurring situations, new tools, processes, or training. A cohesive team of problem-solvers is a powerful weapon that the PMOaaS wields against disruptive forces.

9. Simplicity—Prepare clear, uncomplicated plans and clear, concise orders to ensure thorough understanding.

The PMOaaS is ideal for utilizing this guiding principle. It provides clear, concise communication, including mission statements, reports, documented processes, and portfolio, program, and project plans. It strives to be minimalistic in its governance and direction, using just enough to drive the project management machine to appreciable progress.

“In the Army, we are taught to manage expectations. It’s important to understand what you are capable of, both as an individual and as a group, and to plan accordingly. Overextending because of unrealistic objectives can be deadly for a commander and his troops.”

Luis Carlos Montalvan [18]

A PMOaaS that incorporates war principles into its strategies better defines long- and short-term objectives for the PMO, the portfolio, and projects. Leveraging its strengths at the right time, with the greatest impact, to achieve goals minimizes the risk of uncontrolled chaos. The PMOaaS is a master of efficiency while reinforcing weaknesses. Like the military, it is decisive, disciplined, and flexible, supporting and directing project managers to deliver more value to your organization.

A mePMO that embraces these principles has a strategic and tactical advantage beyond the average traditional PMO. It will also have two highly desired qualities—agility and NexGen. What does that mean?

Agility

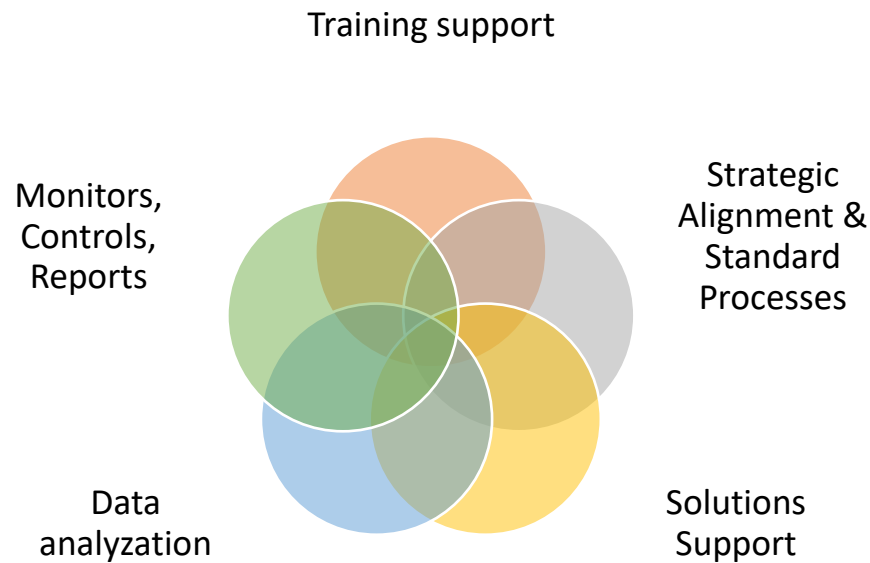
Agility is often thought to be an independent principle, but it is, in fact, a characteristic that can be achieved by practicing the right principles. Used in a PMO context, it is vague and confused with the AGILE method. While the PMOaaS may use some or all of AGILE to deliver projects, AGILE is not the same as the agility we apply. The definition of agility is the state or quality of being agile, like nimbleness or dexterity [19]. Agile is ready and able to move quickly with ease and grace, also having a quick, resourceful, adaptable character [20]. Agility in the project management context is the ability of the project team and its stakeholders to respond to an event faster than the event can adversely impact the project.

By considering these definitions and applying them to the PMOaaS, we can establish its distinguishing characteristics. It is resourceful, adapts quickly with grace, and has a highly skilled team. This agility directly results from applying the previously mentioned war principles.

NexGen Concepts

The NexGen concept embraces full maturity as a necessity from day one. The management industry views the activity sets below as operational steps that a PMO gradually adds to its scope as it and the organization master the prior steps. However, we consider this to be why so many PMOs have failed.

Figure 3 - Responsibility Interdependence



This figure shows the relationship between all the responsibilities above. Which ones do you think are okay to be mediocre or worse? Before you answer, consider that their interdependence means the poor performance of one affects the others.

The PMO is the major league within project management. You do not put minor league resources in leading roles within your PMO and expect major league performance. All leading positions within the PMO must be highly skilled, knowledgeable, and experienced in project, program, and portfolio management, project controls, and communications. It also needs the tools to perform enterprise-level functions efficiently. Only then will it perform all services within its expected management scope at level 5 maturity.

Staffed with leaders who meet the NexGen (major league) criteria, the PMOaaS has an advantage over the standard PMO. The PMOaaS must have NexGen resources and capabilities; otherwise, it will not be able to mature your organization and its project management capabilities. Even if the service covers only a few select PMO or project management functions, the service team still uses them all, to some extent, knowing each affects the others.

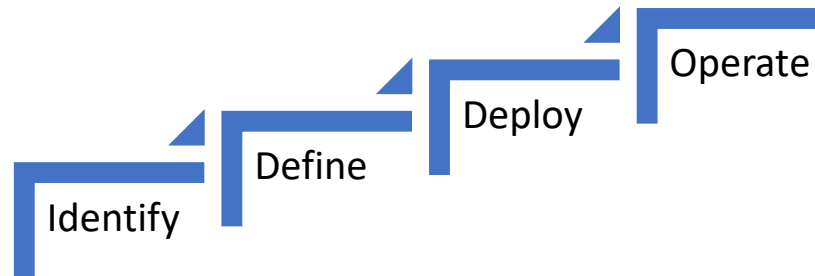
Although expert leaders, consultants, and team members comprise the PMOaaS, the service utilizes less experienced or skilled resources to assist the leaders or manage less-complex projects or programs. When the service provider trains junior staff, it builds a pool of experts familiar with the PMOaaS's guiding principles and operations.

Transitioning to a PMOaaS

Moving your organization to a PMOaaS model is a large-scale transition, but it does not have to be traumatic [21]. You are not in it alone. The service provider guides and mentors you through the process, while keeping it as simple as possible. Or your organization can start by restructuring its existing PMO, giving the core of your most experienced expert leaders the autonomy to become the managing service. Collaborate with them as they oversee further transformations.

There are four basic steps [21]:

Figure 4 - Four PMOaaS Transition Steps



1. Identify the service requirements, setting relevant success metrics. Doing so entails understanding the current business and project management environment and defining the service's mission, goals, and key performance indicators (KPIs). Run a program diagnostic to find out the company's existing project management capabilities and resources, and establish a performance baseline [21].
2. Define the work or activities with the mobilization plan. Consultants work jointly with the existing resources during this learning phase. They will evaluate the management effort involved and establish the standardization and price of the service offered. The following important part of this phase is the mobilization plan, which encompasses converting existing resources and minimizing impacts on current projects [21].
3. Deploy and use the service once you have standardized delivery, pricing, set roles, and responsibilities. During this scaling phase, your company adds projects to the portfolio through a managed change-control process. The service provider regularly reviews performance as your organization adds more projects [21], which improves satisfaction levels. Embedding the delivery teams with onsite leaders completes this phase.
4. Operate the day-to-day service. The PMOaaS continually assesses and adjusts to deliver the greatest value to your company.

People

The structure of any PMO is not brick-and-mortar; it is people who perform the leadership, technical, and functional roles of the PMO. A traditional PMO is built to be a permanent organizational fixture or to be dismantled within a specified time. Too often, permanent ones become legacy organizations, as described earlier in the paper. The PMOaaS stabilizes the permanent fixture while remaining a living, flexible project management business function.

The required roles involved within and outside the mePMO are the following:

1. Steering committee members
2. PMO leader (CPO/PMO director/PPM)
3. Project portfolio manager
4. Center of Excellence director
5. Business function directors
6. Project controls director
7. PMs

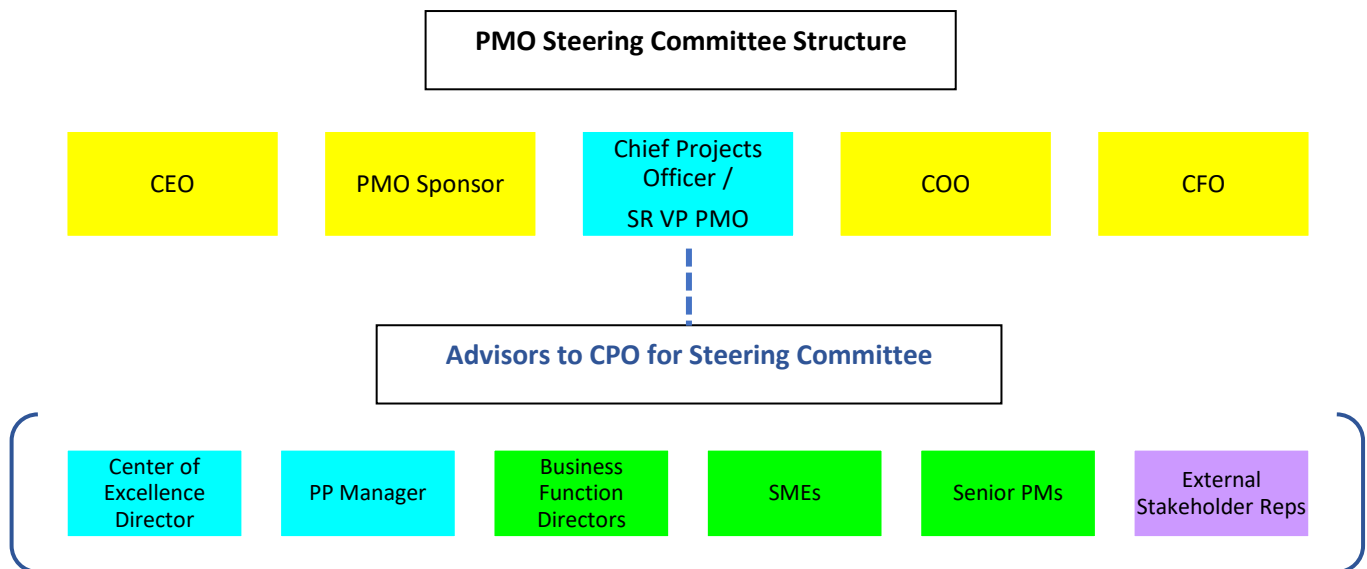
8. Subject matter experts and
9. PM support team members (project engineers, estimators, for instance)

As we further expound on the roles and other elements of the structure, keep in mind that the structure as a whole is fluid. All positions must exist within it, though not necessarily singularly represented. The mePMO service scope and your organization’s capacity and maturity level will determine the representation.

The people filling these roles will perform the PMO and project management services needed to optimize each client’s project delivery and provide the best value. Therefore, the PMOaaS structure is unique to your company. And though all PMOs have standard functions, departments, and roles, their arrangement within the managed PMO will also be unique. The diagrams below show the components and players of a PMOaaS.

The yellow roles display the organization’s participation in the governance of the PMO, while the blue represents those of the service provider. The green shows the positions the organization or the service provider might fill.

Figure 5 – PMOaaS Pieces & Players

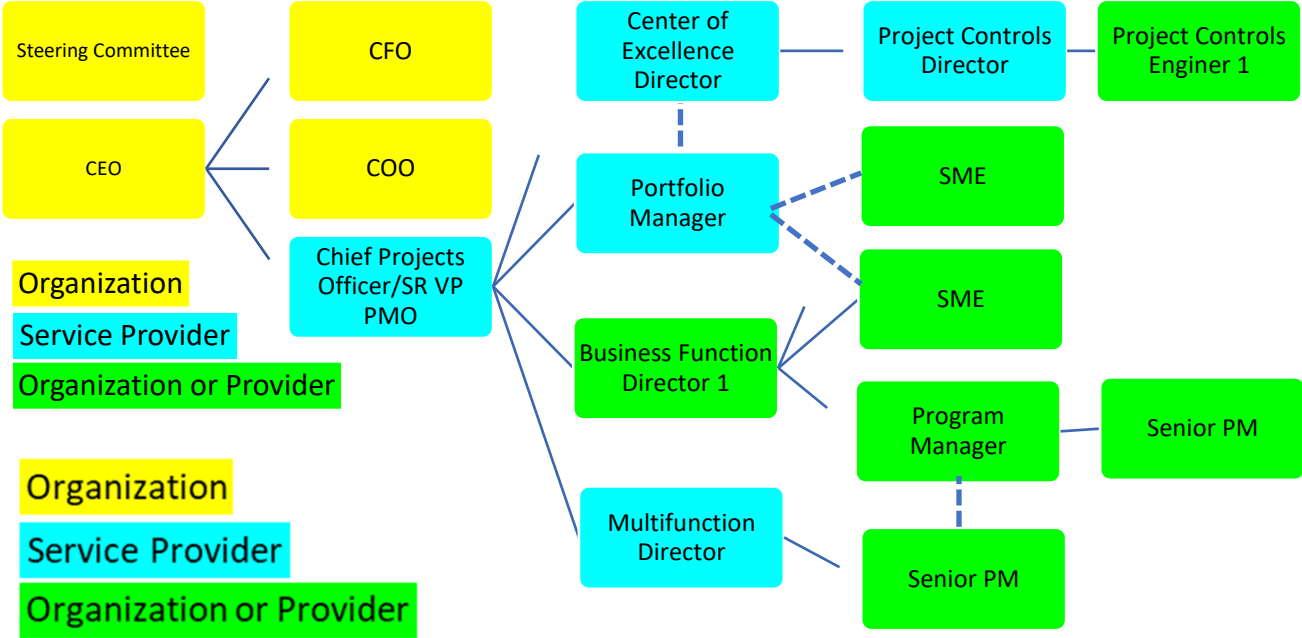


Along with the EPMO leadership, the executive board is part of the PMO steering committee. This committee, through the CPO, should consider the heads of cross-functional teams, SMEs, expert senior project management personnel, and external stakeholder representatives as needed advisors. At the very least, the CPO should consult advisors over any issues that need to go before the steering committee.

PMOaaS Structure

The structure of the PMOaaS functions at the enterprise PMO level, creating a partnership across the organization from executive leadership down through the organizational hierarchy. The chart below represents this leader-partnership well. This figure and the next also show the flexibility of the managed service organization.

Figure 6 – PMOaaS Leadership Partnership & Hierarchy



There are four primary parts to the structuring process that keep it flexible and help the internal and external members work together to integrate the PMOaaS with your organization’s culture.

1. Keep the Core team interchangeable, thus rotatable. The chief projects officer (CPO)/PMO director is stationary for stability. However, the expert CPO can fill other core team roles. The CPO might also serve as the Center of Excellence (CoE) director.

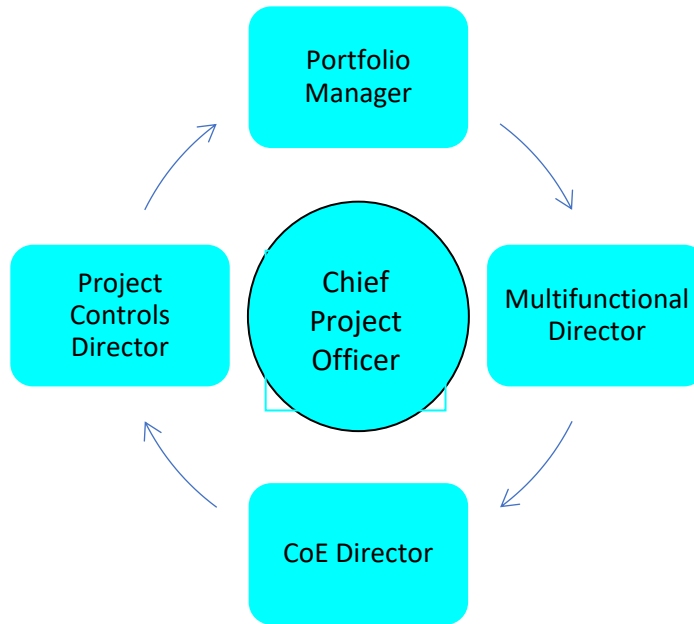


Figure 7 – Rotatable Core Team

The COE Director can also perform dual roles, such as the project controls director or the portfolio manager. Likewise, the portfolio manager oversees the portfolio while serving as the multifunctional director. These cases of duality would be appropriate for smaller organizations or until the initial PMOaaS must expand capacity. We do not recommend resources who perform more than two roles within the PMO.

Cross-training between functional areas and PMO personnel supports rotation to maximize resources. The core team’s ability to be interchangeable comes in handy as project demands fluctuate.

2. Borrow from the functional area’s people.

When a PMOaaS actively manages a company’s PMO, project managers recruit temporary resources from the functional unit or units involved in initiated projects. The business function director, who may be a permanent addition to the PMO, can come from within that functional unit. The project manager cooperates with these units, and the recruited team members report directly to the PM while performing project duties [22].

The business function director will work with the Senior PM or PMs to designate subject-matter experts (SMEs) for that functional unit’s projects. If the business organization needs an SME for that function, the PMOaaS can provide one. Since roles within a PMOaaS are interchangeable or dual, the business function director or a senior PM might also serve as the SME for that function.

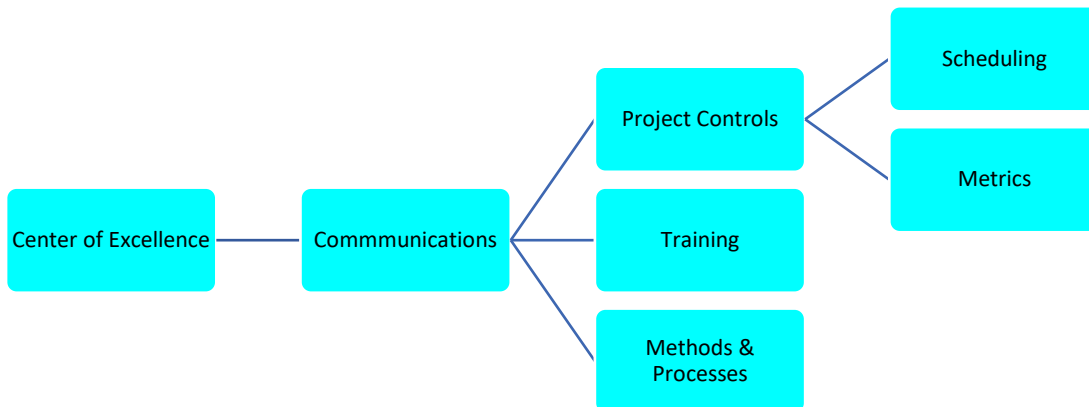
3. Let your organization concentrate on existing competencies as the PMOaaS fills in its project management skills and capabilities gaps. Depending on organizational goals, the PMOaaS may include training resources to improve skills and expand knowledge, enabling your team to take on more PMO responsibilities or fully manage the PMO.

Suppose your company prefers an external PMO service provider. In that case, the PMOaaS expands its service scope as the business grows or needs to pull resources from project management personnel to fill resource shortages in other functions. The service team works

with your organization periodically to review where and when adjustments to its service scope are necessary.

4. Build the Center of Excellence (COE) as the skills/communications/data hub. The COE within the mePMO, under the supervision of the COE director, centralizes all communications and data while managing project controls, including scheduling and metrics, training, and standardizing methods and processes.

Figure 8 – Center of Excellence Functional Departments



Notice how project controls, training, methods, and processes run directly through the communications center, which collects and manages all data. The COE director could be the communications officer or may need a communications officer to assist with communications operations. The COE drives transparency and interdependent cooperation among leaders, project teams, and stakeholders. Such a critical function requires the right tools for smooth, effective operation.

Tools

The need for a project management tool has evolved. However, the need for tools to deliver a PMO service goes beyond the typical project delivery toolset.

We are at last in an age where program, portfolio, and project management software encompass the primary tools of the PMO. Therefore, if you want staying abreast of all the programs and projects within the portfolios to be a breeze, then you want your PMOaaS to use and integrate the right management software for your needs and business culture.

Not just any program or project management software will do. For the software to meet the PMOaaS's needs, it must include certain capabilities or tools.

1. Intake Management
2. PPM
3. Governance
4. Program and Project Management
5. Collaboration
6. Dashboarding and Analysis
7. AI to automate certain features

The above tools are must-haves, but the mePMO may need others for your organization. The software is just as customized to your company as the PMOaaS offers.

Summary—*Why as a service?*

The service (PMOaaS) delivers business value by leveraging PMO processes. The goal of the service should be business success. If the PMO is a functional organization and not a service, there is no need to transform. However, if you feel the current PMO is rigid or unable to deliver the expected business value, then transitioning from a functional organization to a PMOaaS makes sense.

This transformation cannot be superficial. If the PMO focuses on standards, templates, and tools, it will continue to fail. Knowing how project management delivers business success is critical to transforming it into a service. And providing a service requires continuous evaluation of value delivery, which requires understanding the business organization's desired outcomes.

The PMOaaS's core capabilities are program, portfolio, and project management, so its experts have the experience to transform and perform all the needed functions. Staffed with leaders who meet the NexGen (major league) criteria, the PMOaaS shows business value to executive leadership by focusing on business outcomes and providing a performance index that business executives will value.

The PMOaaS holds advantages over establishing and maintaining a more traditional PMO, but only if the business outcomes measure PMO success—not delivery methods or traditional project success measures of on-time and on budget. The PMOaaS structure at the enterprise level works best, creating a partnership with executive leadership down through the organizational hierarchy. It has a rotatable core team of experts, borrows from the organization's functional experts as needed, fills critical gaps in project, program, and portfolio management, and includes a center of excellence. These strategies keep it flexible while providing the stability of a permanent fixture and maintaining it as a living project management business function.

The PMOaaS is cost-effective. It increases your return on investment by reducing over-budget projects and programs, processes, and redundancies. It reduces the need for your organization to expand its hiring and staff overhead. The mePMO helps the internal and external members work together to integrate the PMOaaS with your organization's culture. It achieves this integration by building trust through collaboration, transparency, and support. Providing an open communication flow and informing everyone of processes and roles proves added value [23].

Migration from a functional organization to a service model is a significant transition. Restructuring to allow your core leaders to focus on business outcomes and defining the success criteria is a critical first step. Giving them the autonomy and responsibility to collaborate with other functional leaders allows them to implement further changes.

An alternative is to bring in a PMOaaS provider as a partner as you transform, allowing you to observe the service provider and make incremental changes. Another approach is handing over one program to the service provider while transforming the remaining organization.

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