

# DESIGNING A PROJECT MANAGEMENT OFFICE THAT WORKS

## The Next Generation PMO

A Summary of the 2019 EMEA Presentation

### Introduction - "Houston, we have a problem."

The need for a PMO within an organization is well documented. Unfortunately, PMOs struggle to survive. The eye-opening statistics in see Figure 1 reveal why organizations and executives are sometimes disillusioned by PMOs and their value. Thus the need for a next generation PMO for the organization's success in program and project management.

The Next Generation PMO (NexGen PMO) is the mission control for an organization's project portfolio to propel organizations to the next level of performance. Until recently, metrics that prove PMO value were virtually non-existent. But with the NexGen PMO, executives will have the necessary proof to justify the continued need of the PMO.

What are the distinguishing qualities and advantages of the NexGen PMO? What is the process of establishing one?

### Developing the Next Generation PMO

The NexGen PMO is mature in expert competencies. Maturity is measured as a function of scope, since functional competency is at expert levels within the determined scope of operation. The PMO may initially have a limited budget assigned by its sponsors. To prove value, including all the typical PMO functions is counterproductive if doing so leads to unexceptional performance because the budget insufficiently covers the full scope of work. The NexGen PMO uses the limited funds to decide what functions (budgets, schedules, resources alignment, portfolio management, corporate alignment, prioritization, etc.) will add the most value to the organization from day one. These are the functions it takes on and performs to the highest level of competency (typically referred to as Level 5 in Capability Maturity Models).

So how does an organization take a nonperforming PMO and transform it or create a new Next Generation PMO? The process is distilled into the following steps:

Establish Purpose → Make Assessments → Develop the Building Blocks → Tools → Plan for Sustainability

- **Establish Purpose**

- Those proposing the implementation of a PMO need to answer the question, "Why is a PMO needed, and how will it add value to the organization?" Address the necessity and value in the form of the "Commanders Intent."

- **Make Assessments**

- The next stage in development begins with assessment. Start with an assessment of the organization's maturity to absorb and utilize a PMO with the stated intent. If the organization is capable, then evaluate the current or anticipated PMO and the functions it should perform. To be successful, the NexGen PMO must operate at a level five maturity with the functions it strategically and tactically chooses to do. At Level Five, the PMO goes beyond defined and managed processes, focusing on optimization. Finally, assess the team

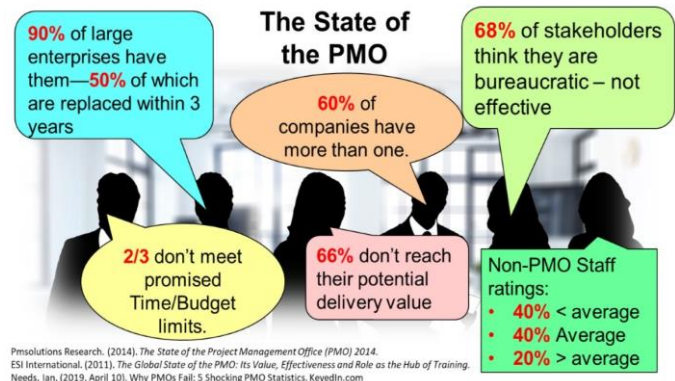


Figure 1 - Statistics on the State of the PMO

currently available, and the team needed to operate the PMO with the desired intent and function.

Every new function, when added, operates at a Level Five maturity. Successful PMOs have diversity in experience level, skill levels, and functional experience within their team structure. They also have gender and cultural diversity.

**Develop the Building Blocks**

After assessing, determine the building blocks that guide and frame the NexGen PMO. The key building blocks that best suit a NextGen PMO are:

1. Organization - The organizational structure and roles of the PMO are such that it has a directive influence on project selection and execution, with robust support features in its platform.
2. Scope - When possible, the PMO should be enterprise-level in scope. If a departmental PMO is considered, it should be designed such that the PMO head reports to the department head.
3. Strategy - Follows a strategic project management approach and, to a lesser degree, tactical. It also maintains an operational mode in its Center of Excellence.
4. Alignment – To help the organization achieve business objectives and a competitive edge, the PMO focuses on alignment of project and business goals, agility in the selection and delivery of projects, and innovation in project delivery concepts.

Figure 2 – PMO Building Blocks



**Tools**

The proper tools ensure the success of the NextGen PMO. The ones here do not refer to software or process, but concepts for success. The NextGen PMO’s focus on the following will drive success:

1. The PMO’s mission statement—We started the discussion with *purpose*. The development of a mission statement or the “Commanders Intent” is key to driving focus and ensuring alignment of objectives between those funding the PMO and the PMO evangelists. It should involve the purpose, including improving project success, providing corporate alignment, and value.
2. The PMO’s organizational structure—The leadership hierarchy and communications strategy of the PMO comprise the internal structure. To grasp the concept of the external structure, visualize a tree. The PMO is the trunk; the roots (goals, values, principles) are grounded into the organization, and each departmental program, with its projects, branches off from the trunk.
3. Value delivery tools—
  - a. KPIs categorized by goals such as improved project delivery, stakeholder satisfaction, and improved resource management
  - b. Organizational alignment of the goals of the PMO, programs, and projects with the company’s goals to produce value for the company through reaching its goals
4. A roadmap to maturity—The roadmap forecasts how the NG PMO matures through corporate embedding and resource availability for the directive management of priority complex projects.
5. A checklist for PMO implementation—The list provides a further assessment of the PMO’s readiness to launch as a fully mature project portfolio management organization or office.

**Plan for Sustaining the PMO**

PMO’s can only be successful when sustainable. Remember, 50% of PMOs fail within the first three years of operation. For the PMO to survive and thrive, the PMs, executive decision-makers, and stakeholders must know how to adapt it to accommodate changes in business direction, project growth, and complexity. Three needed processes are agents or drivers of sustainability:

1. Self Evaluation—The NexGen PMO must continue to prove and provide value to the corporation, which requires the incorporation of documented evaluations into the PMO’s process. The NexGen PMO leadership should make periodic appraisals of corporate alignment, functions and capabilities and finally performance.
2. Training—To prepare for future growth and expanded capabilities, the PMO requires a structured training plan that starts with ensuring that the project management team aligns with organizational standards and policies.
3. Succession Planning—The succession planning of human resources creates a steady pool of talent for varying degrees of skill and leadership levels for the project management team. It decreases turnover and ensures that each player on the team aligns with corporate and project management objectives.

### Conclusion

The planning, development, and maintenance of the Next Generation PMO require a clear purpose and mission statement. The core of its mission involves improving project success, aligning projects to corporate values, and providing corporate value.

Early assessments and periodic evaluations of the organization, the PMO, project managers, and project team members ensure the maintenance of strategic alignment. Documentation tracks objective value added to the organization. These processes ensure that executives have solid proof of the PMO’s achievements.

The use of proven building blocks and tools structure the PMO for enhanced performance in the directive management of strategic projects and programs of the organization. Also, the PMO’s training processes and succession programs guarantee that the Next Generation PMO will not be the last generation PMO.

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