Growing Up … The Information Technology Project Management Office (PMO)’s Journey from Infancy to Maturity
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Abstract

Concept paper describing the process of maturing the Information Technology based Project Management Office (PMO), and guiding its development from infancy to adolescence to adulthood. The practical experiences of the authors will be utilized to give real-life examples and support the roadmap for building a mature PMO.

We believe the PMO at maturity will have a number of characteristics, which fall into 4 general buckets of Strategy, Operations, People and Metrics. These characteristics form the road map for developing the PMO to maturity. Some of the key detailed characteristics include: 1. A crisp and clear Project Management Methodology (PMM), 2. Well defined governance model including roles and responsibilities, 3. A strategy with established success criteria in place for current and future activities, 4. An operational model (policies, procedures and standards) that manages current state, allows for business optimization, and change management, 5. Well defined communication plan that provides clarity for its constituents, 6. Quality measures such as integrated capability maturity model, quality improvement processes, six sigma, and defined performance metrics, 7. Development plan / business plan for growth, 8. Commitment to an organization’s business goals, and 9. Commitment to the skills development of the PMO resources.

Introduction

For those of us working in Information Technology (IT), the days of working as project managers in isolation are almost over. The Project Management Office (PMO) has been created to help standardize project management beyond the skill of the single project manager and help to provide consistency across multiple projects and have consistent progress reporting. (Tousignant, 2002) The PMO has become and will continue to be an important aspect in the day-to-day life of a project manager.

Bill Stewart, President of the Project Management Leadership Group refers to the PMO as the ‘most significant organizational concept to be introduced in the last 30 years’. (Stewart, 2006) Despite the rise of the PMO concept, it seems that many PMO’s stay in the infancy stage, struggling with their identity and the role they need to play in an organization. Many PMO’s find themselves caught in the line of fire trying to stay agile and provide a service to their customers. Still others never develop and become defunct after a short time, spoiling an organization on their true value.

A PMO that lacks maturity will tend to stay in a cycle of justifying their existence during organizational changes. Whereas the mature PMO will stand on its own providing undeniable value to its customers as well as its staff.

PMO as a term can be used to refer to Project Management Office, Program Management Office or Portfolio Management Office. Enterprise Program Management Office (EPMO) and Project Portfolio Management Office (PPMO) are also used to define similar structures. Likewise, the terms project, portfolio, and program are often used interchangeably. For ease of reading, this discussion we will use the terms PMO and project. The term program, when used, will be defined as a series of related projects. Likewise the term portfolio may be used to refer to a number of discrete projects being managed by a single group.

Rational For the Study

There has been much written about the growth of project management and the rise of the PMO. Standards such as CMMI and OPM3® provide benchmarking for project management skills. Project management competency benchmarking (Rad, 2002, pp 43 - 56) provides great value to the individual project manager. What is less understood is the growth path for the PMO itself.

For those of us working to establish and grow PMO’s, what are our success criteria? How do I know if my PMO is in infancy or showing characteristics of a mature organization?
This paper will attempt to answer these questions. After a brief look at the history of PMO’s and the types of PMO’s, this paper will establish basic stages of PMO development, define the characteristics of the mature PMO which in turn form the roadmap for developing the mature PMO.

**Historical Background – How PMO’s came to be…**

In the early days of project management, IT management would select project managers out of a pool of resources with the following send-off “We need this done by this time, and here’s your funding. Good luck!” This sink-or-swim induction to project management is how many project managers got started. (Harris, 2000)

Project Management evolved to fill the needs of the project manager. The Project Management Processes of Initiation, Planning, Execution; Control and Closure (Project Management Institute, 2000, p 30) grew out of this.

Once project management became a recognized skill, the next step was to build organizations to foster consistency. This was the birth of the PMO. Companies setup PMO’s “to ensure that a particular project is planned and executed well”. In the last 20 years organizations have come to see project management is a unique ‘value-added’ discipline for the enterprise. This value is measured either in terms of cost–benefit achieved or the return on investment (ROI). The PMO provides a home for project management and an entity from which to effectively manage delivery. (Harris, 2000)

PMO’s come in 3 types – temporary (created for a particular program), tactical (business unit focus) and strategic (enterprise focus). (Westcott, 2006) It should be noted that temporary does not mean immature PMO. It simply means that the shelf-life of the PMO is tied to the life of the program itself. Many large and complicated projects can create quite sophisticated PMO’s to govern a project during development and then be disbanded at the successful completion of the program objectives. At this point the governance role of the temporary PMO is no longer needed.

**Project Mindset versus PMO Mindset**

Projects by definition in *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* are “a temporary endeavor undertaken to create a unique product or service”. This temporary project mindset is ingrained in the minds of anyone who has studied for the PMP exam or worked as a project manager. PMBOK goes on to say “Operations and projects differ in that operations are ongoing and repetitive while projects are temporary and unique.” (Project Management Institute, 2000, p 4)

With the rare exception of the temporary type of PMO mentioned above, most IT PMO’s are not temporary. The PMO itself may involve ongoing and repetitive operations even though the projects and programs it oversees each have distinct beginnings and ends.

This mindset shift is a key realization for the leader of the PMO. Many PMO leaders fall into the role as a step up from managing projects. In these cases, the leader needs to adjust and start to think like an operations manager and less like a project manager.

**Child, Adolescent, or Adult**

So what are the functions and features functions of the PMO through its stages of development?

PMO’s displaying infant or childlike characteristics are “simply a corral around the project managers” so that basic reporting is consistent. As PMO’s mature into adolescence they become more consistent and repeatable in how they manage the work of projects. In the adult PMO, issues are coordinated across portfolios of projects to generate better economies of scale. In these adult PMO’s some of the more advanced project management competencies such as corporate risk management, vendor management, outsourcing, and procurement are also included within the scope of domain of the PMO. (Bohner, 2000)

There is not a single school of thought on what constitutes PMO maturity. Research indicates two general schools of thought – one process driven, the other business driven.
PMO Maturity from a Process Perspective

In the same vein of process maturity, CMMI and PMI’s OPM3 are evolving as measures of Project Management Maturity.

The Program Management Office Capability Maturity Model (PMO-CMM) provides a framework for systematically improving an organization's project management competencies. In this assessment model, which is loosely based on the Software Engineering Institute’s Capability Maturity Model, a PMO can advance through 5 levels: Level 1 Initial, Level 2 Stable, Level 3 Defined, Level 4 Managed, Level 5 Incorporated. (Bohner, 2000)

OPM3, which is charted by PMI, is gaining momentum. OPM3 is an acronym for the organizational project management maturity model. It is a standard developed by the Project Management Institute for the purpose of providing a way for organizations to understand organizational project management and to measure their maturity against a comprehensive and broad-based set of organizational PM best practices. (Project Management Institute, 2004)

OPM3 offers a standard (methodology) that includes three main components: 1) knowledge foundation for best practices, 2) Assessment questionnaire to evaluate best practices and capabilities, and 3) Improvement measure tied to capabilities related to best practices. OPM3 is based on knowledge of specific competencies (capabilities and outcomes, and key performance indicators-KPI) to aid an organization in developing and fostering a continuous improvement cycle(s) in organizational project management.

OPM3 could provide guidance to organizations looking to improve their organizational project management maturity. Organizational project management is the systematic management of projects, programs, and portfolios in alignment with the achievement of strategic goals. The concept of OPM is based on the ideas that there is a correlation between an organization's capability in project management, program management, and portfolio management and its effectiveness in implementing the overall organization strategy. The degree to which an organization practices this type of project management is referred to as its OPM3 Maturity. (Project Management Institute, 2004)

Both these approaches can be used to measure project management process maturity and can provide a baseline for PMO maturity.

PMO Maturity from a Business / Workflow Perspective

Taking a slightly different approach, PMO maturity, as assessed in recent Gartner research, judges the maturity of the PMO by the breadth of work that it successfully manages. In the early stages a PMO will handle projects, then as it matures, it oversees programs and finally as it matures to adulthood, it can handle a portfolio of work and thus provide greater businesses value to the enterprise. In this progression the scope of work progresses from tactical to strategic. In addition the scope of the initiatives managed start with an IT focus in the child stage, improve to Business – IT in the adolescent stage and to an Enterprise focus in the adult stage. (Tucker, 2006)

Mature PMO Characteristics

In our assessment, a truly efficient PMO will be grownup when it masters both the process side of efficiently managing its internal operations and also providing business value in the managing portfolios of project based work.

Another critical success criterion for PMO maturity is ability to execute on projects. In a project setting, this means that projects are delivered on time, on budget, and with quality and customer satisfaction. To achieve this status PMO needs a well defined organization structure, strong leadership, and a general orientation (culture) towards execution, and getting things done. In Execution – Getting things Done, Bossidy writes I’m an impatient person, and I get more satisfaction from seeing things get done than I do about philosophizing or building sand castles. Many people regard execution as detail work that's beneath the dignity of a business leader. That's wrong. It's a leader's most important job…” (Bossidy, 2002) This ability to get things done is a key aspect in a mature PMO that is juggling multiple deliverables.

We believe the mature PMO have a number of characteristics, which fall into 4 general buckets of Strategy, Operations, People and Metrics. Into these 4 buckets, there are numerous characteristics which become aspects of the roadmap for
PMO maturity. We will now go into greater detail on each of the areas. Similarly the child PMO and adolescent PMO will only have mastered a subset of varying degrees of these characteristics.

I. Vision and Strategy

Organizations grow out of planning and planning starts with high level vision or business strategy. Under the area of vision and strategy we see the following key characteristics of the mature PMO:

1. Have a commitment to your organizations overarching business goals. This includes developing an identity, alignment with organization mission and priorities and general support to the organization’s business direction.

2. Have a strategy with established success criteria in place for the current and future activities and being involved in strategic planning.

3. Have a development plan supported by a business plan for growth and continuous improvement.

II. Operations

Once strategy is in place, the PMO can focus on its operations. Under the area of process / operations we see the following key characteristics of the mature PMO:

1. Have a crisp and clear Project Management Methodology (PMM) and the commitment to spread the vision throughout the organizations they serve. A clear PMM will establish consistency in project delivery which will foster confidence and trust with the customer (end-user). For example, the OPM3 methodology involves a framework for …Knowledge foundation / Assessment / Competencies (capabilities and outcomes – Key performance indicators-KPI) and continuous improvement cycle(s).

2. Have a set of standardized tools to promote communication and knowledge transfer. For ongoing optimal performance a PMO will need a data repository to support the volume of work produced. The exact tools vary by organization, but could include an enterprise solution such as a Windows Share Point Server Site. Most standardized tools will include a dashboard view where multiple project aspects can be viewed from a single view. More sophisticated tools will go beyond just collecting data in a repository, but include reporting features. The most sophisticated tools will include analytics components and be able to mine data out of the project data repository and drive metrics reporting. The ability to mine data on risks, lessons learned, costs, schedule variances, and changes from project baselines can be very valuable to an optimized PMO.

3. Have well defined governance model including roles and responsibilities – a governance structure in the form of a leadership/executive committee for project oversight will ensure the PMO is on the right track, is well connected with upper management and is supporting the mission and vision of the organization at large. In larger organizations, there may be multiple governing committees including steering committees, operating or working committees. Project governance should appear on the project organization chart and have direct communication with the delivery project manager. Project charter and a high level budget should be reviewed by the project governance committee(s) and approvals obtained. There should be a gating process at different phases, approval to proceed, approval to make changes, and approval to stop work and shift focus if there is a clear business need.

PMO Governance needs to adopt an operational model - policies, procedures and standards - that manage current state, allows for business optimization, and support change management in the organization. The resulting process should be defined, repeatable, streamlined, stabilized and flexible enough to handle future improvements.

4. Have a communication plan. Lines of communication need to be clearly delineated to ensure vertical and horizontal communications are taking place in an efficient manner. One of the characteristics is mature or adult PMO is common messages coming out of the PMO. A best practice in this area is to have a robust communication plan with key information coordinated through a single source, often a project manager closest to the work.
5. Support compliance. IT projects, particularly financial projects are now governed by Sarbanes Oxley. (SOX) Similarly, regulated industries such as pharmaceutical companies will have specific process rules tied to government regulations for validated systems. Whatever is required by regulatory compliance should be part of the operational model for the PMO. In organizations where compliance activities are housed in another organization outside the PMO, the PMO will need to tightly align with this other organization to ensure proper compliance.

III. People

Information technology projects are run by people. These people need to be selected wisely, they need to have the right mix of education, certification, training, and work experience. Efficient handling of human resources and efficient talent acquisition and management are signs of a mature PMO. The following key characteristics have been identified:

1. Build the right team: one of the biggest challenges organizations face is hiring, retaining, growing and developing leaders. The challenge is in hiring the right people for the right job, and ensuring the proper mix of soft and hard skills. Industry certification is a good tool to gauge skills and knowledge of the field, past business experiences, and connections in the industry are other sources for finding the right talent.

2. Have a commitment to the development of skills of the PMO resources. This involves multiple career paths for PM’s. Within the PMO, there may be career paths for process focused PM’s, delivery PM’s, and PMO leadership. It is important to find the specific skill sets the PM resources want to develop. The traditional pipeline model career path for a delivery PM could include: manage oneself, manage others (team lead), functional manager, business manager, manage managers (senior manager / director level), group manager (director / senior director), enterprise manager (V.P. / Sr. VP/ EVP). To achieve this depth, the PMO will need elaborate job descriptions, differentiators, and a measuring scale. A PMO needs to provide mentors to junior members, career and life coaching to manage stress and build confidence. The maturing PMO needs to support continuous education and training for professional development and growth.

3. Manage the Customer relationship. Customer Relationship Management is more than CRM. It means developing long-term enduring relationships, built on trust and common business goals. This requires understanding the customer business needs and partnering with the customer to achieve the goals. It involves relationship building activities, relationship maintenance effort, keeping the right attitude, and regular interaction.

4. Team building and team culture – setting the tone for transparency and trust, learning the team expected behavior, accountability, and commitment to excellence in performance are all descriptors of a strong team. Building teams on the foundation of trust and transparency is a key competency for a successful and mature PMO. In his book the *Five Dysfunctions of a Team*, Patrick Lencioni observes from his years of experience working with teams, that organizations fail to achieve team work because they unintentionally fall prey to five pitfalls: 1) lack of trust among team members, 2) fear of conflict that inhibits open dialogue and free expression of ideas and opinions, leading to, 3) lack of real commitment to decisions made during team meetings, and lack of buy-in, resulting in, 4) avoidance of accountability and counter-productive actions or behavior, causing, 5) inattention to team results (i.e. putting ego, career development, and recognition above the team goals.) Lencioni acknowledges that though this might sound simple, theoretically, in practice, it is very difficult because it requires discipline and persistence that few teams can muster. (Lencioni, 2002)

IV. Metrics – Measuring And Reporting Outcomes

Once the people issues are under control, the forth and final key area is Metrics. It is in the area of metrics, measurement, and acting on measurements that one can see large jumps in PMO maturity. Under the area of Metrics – measuring and reporting outcomes we see the following key characteristics of the mature PMO:

1. Establish Success Criteria. Projects and PMO’s like any business have to define their key performance indicators (KPI’s), and PMO’s must run as a ‘business and in business’. It has been said - if you can’t measure it you can’t define it and you can’t track it and report on it. It is essential to keep track of KPI’s. Common KPI’s include: meeting business requirements, cost / budget, schedule, resources, change requests, and lessons learned.
2. Have quality measures – integrated capability maturity model, quality improvement processes (Six sigma, or lean), and defined performance metrics. Quality measures may meet compliance needs in industries where that is important.

3. Measure Customer Satisfaction. Note: Customer Satisfaction is also a quality measure and often a success criteria

These characteristics form the basis for the road map for maturing the PMO. The successful incorporation of these characteristics into the IT PMO will set a PMO on its goal of reaching PMO adulthood.

Conclusion

In conclusion, it is important for a PMO to establish a culture of goal setting, flexibility, reassessment and continuous improvement. Metrics as outlined above allow the PMO to establish a framework for ongoing growth. Unlike other organizational structures such as finance, accounting, or distribution departments which may be able to exist for years without major changes, the IT PMO continues to evolve. In dynamic organizations such an IT PMO, it is important to establish a culture of continuous improvement.

The mature PMO will set goals and execute against these goals. In childlike PMO’s there can be a rigid adherence to originally established goals. As a PMO matures, the benefits of measurement grow exponentially. As data is gathered on completed projects, customer satisfaction and the like, the PMO will need to continue to reassess what it is doing and have the flexibility to act on what it is learning.

So how do I know if my PMO is all grown up? Is there some right of passage? Do I get a diploma from the University of PMO and hang it on my wall? As with all journeys there is not a single indicator to say that a PMO is all grown up. Sometimes the PMO will recognize when it is grown up, other times outsiders will see it first. The indications are when a PMO becomes proficient and establishing Strategy, Operations, People and Measurement characteristics as elaborated previously.

Another indicator is when the PMO is fully established organizationally within the larger organization it serves. A fully established PMO will not be as vulnerable to reorganizations. The adult PMO will be an established operation which will stand the test of time.

References


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