Building an Enterprise Project Management Office

Overview

70% of failing projects attribute the failure to lack of communications or lack of project management training. Other questions keeping leaders awake at night are:

- How much risk is too much?
- What projects can we really afford to implement with accurate estimates?
- What is the price of missing critical project dates?
- Can you identify and resolve potential issues in your projects?
- What is the real status of our projects?
- Are we wasting our limited resources on duplicate projects?
- Who will provide the information and resolution of issues affecting more than one project or projects across a division or department?

The goals of an Enterprise Project Office are to:

- Create and maintain a consistent world class project management methodology and process for all project management engagements across the company
- Train, certify if possible, coach, and mentor project managers in not only project management, but also project delivery to ensure skill mastery and consistency in planning and execution
- Manage corporate and project priorities matching business goals with appropriate technology solutions and provide increased resource utilization across the organization matching skills to project needs
- Provide centralized control, coordination, and reporting of scope, change, cost, risk, and quality across all projects
- Increase collaboration across projects
- Provide increased Client Satisfaction with project-related work through increased communications, collaboration, training, and awareness
- Reduce time to market by providing better coordination and the right resources with the right skills for the projects
- Reduce project costs because common tasks and redundant projects could be eliminated or managed at the central level
- Reduce corporate project risk

Enterprise Project Office Advantages

Designing and implementing solutions and services in today’s environment or even managing change in today’s environment is more complex than ever before. With multiple hardware and software vendors, as well as a diverse range of partnerships and alliances, today’s infrastructure landscape is as complex as it has ever been. Trying to manage projects for multiple divisions or groups adds more complexity to the management team. Unresolved issues, lack of consistent training, or miscommunications can delay projects for weeks and months and can turn into lost revenue, a lost competitive advantage, and an unhappy client.
A dedicated Enterprise Project Office provides the oversight to deliver all projects on time and on budget by managing, controlling and reporting on all project schedules, scope, and resources while watching the cost, change, and quality. The Enterprise Project Office provides expertise tailored to our business requirements while taking responsibility for all projects included in our portfolio. An Enterprise Project Office provides the extra focus and resources that complex projects demand.

The focus of the Enterprise Project Office is to provide a conduit for communication, coordination, and training for all projects in the corporate portfolio and be the center of excellence that supports project managers in the implementation of the functions required to achieve successful projects. The Enterprise Project Office is staffed by project professionals with the goal of providing support to project teams to consolidate project resource plans, financials reporting, project schedules, change, risk and quality information to deliver projects on time and on budget.

The Enterprise Project Office offers project management tools, support, mentoring, project portfolio management, and quality assurance. The Enterprise Project Office provides economies of scale not found in a single project team and offers a single point of contact for all information on the projects in the corporate portfolio. The Enterprise Project Office keeps critical projects on time and within the budget by providing accountability and support at every stage, from planning to acceptance. The Enterprise Project Office identifies and resolves issues before they add time to already short time to market pressures.
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The Enterprise Project Office provides expertise tailored to business requirements along with the extra focus and resources that complex projects demand maintaining project momentum by contributing in these areas:

- **Consolidated Administrative Support** – Enterprise Project Office personnel can make the lives of project team members easier by assuming administrative chores for project scheduling, report production and distribution, project management software operation, and maintaining the physical or virtual project "War Room" along with project documents or ensuring document consistency. The Enterprise Project Office receives, consolidates, and distributes information for all projects in the corporate portfolio.

- **Providing Project Management Consulting, Mentoring, and Training** – The Enterprise Project Office personnel will oversee the operations of each individual project and project manager; offering mentoring, support, and training as needed. Advanced training can be coordinated or provided by the Enterprise Project Office and each project will undergo periodic Quality Assessment Reviews during project milestones and at closeout. The Enterprise Project Office can coordinate with a project management-training provider to certify Washington Mutual Certified Project Managers.

- **Resource Allocation** – With limited resources, it is critical to have the right people at the right place doing the right jobs. The Enterprise Project Office is in a position to assign the project managers and project team members to match project needs with specialized skills, availability, and geographic needs as well as balance the workload of project managers and project team members. By doing so, the Enterprise Project Office ensures resources are being used efficiently throughout all projects.

- **Project Coordination** – Using corporate objectives as a guideline, the Enterprise Project Office will coordinate across departments and divisions to communicate project charters and ensure duplicate projects are not initiated.

- **Vendor Management** – Many details need special attention when purchasing hardware, software, and services from any vendor. The Enterprise Project Office provides objective accountability to identify and resolve issues that can delay the specification and delivery of the right equipment to the right place at the right time. The Enterprise Project Office has the authority to hire and fire contractors, assign the contractors to particular projects, and manage contractor issues centrally.

**Formation of an Enterprise Project Office**

In a number of cases, the Enterprise Project Office is both a physical location and project personnel. To start an Enterprise Project Office, the company officer responsible for project delivery, will have to select an individual or individuals capable of:

- Creating and maintaining a consistent project management process, methodology, and templates
- Training, mentoring, and coaching project managers
- Managing, coordinating, and communicating on all levels of project delivery with multiple projects at the same time
- Tracking and reporting project portfolio information to the corporation
Steps for Enterprise Project Office Creation

Plan
1. Purpose and Goals: What is the PMO’s fundamental purpose and goals? A simple statement of purpose and goals should serve as a guide for the PMO team and as a core communications platform to stakeholders.

   Potential goals include:
   a. Better alignment of project activity and business strategy and investments
   b. Implement a more consistent project management process and methodology
   c. Facilitate better collaboration and knowledge and best-practice sharing
   d. Ensure resource pool is trained and competent to meet evolving IT and business needs
   e. Better manage resource utilization and capacity
   f. Provide executive visibility to project, program and portfolio-level status, issues, costs, etc.

2. Scope & Maturity: What is the scope of the PMO based on organization needs and target organizational maturity?

3. Service Offering: What core services will the PMO provide and how will success/value be measured?

4. Service Metrics: Define a FEW metrics you can actually measure and then a few you can grow into in the future.

5. Business Processes: Define the business processes your PMO will support.
   a. Processes may include change management, issues management, risk management, quality management, financial management, and resource management. Other processes include information gathering and reporting (don’t forget a communications plan).

6. Governance, Stakeholders & Team Structure
   a. Identify direct reporting relationship and dotted-line sponsors/champions (i.e. PMO customers)
   b. Define organizational structure and responsibilities
   c. Solicit and track stakeholder agreement

7. Timeline/Milestones

8. Create a Project Charter document (summary of above) Example PMO Charter (Word.doc) and PMO Template with Instructions (PDF) and Small Project Charter Template (Word.doc). Portfolio Scoring and Prioritization Template (xlsx), all in one Zipped file (PMO Tools.zip).

It is critical to be very clear concerning the purpose and goals of any PMO. This should not be taken for granted and the specific charter for the PMO must be documented and agreed by stakeholders.

- What is the authority of the PMO?
- What is it expected to accomplish, exactly?
- How will it be measured and by what process?
**Simple PMO Charter**

**PMO Purpose & Goals**
- Concise statement of purpose and goals

**PMO Scope and Focus**
- Definition of the scope and focus of the PMO and target maturity level if applicable

**Service Offering & Metrics**
- Definition of service offerings (aligned with PMO scope and target maturity)
- Service success criteria and metrics
- High-level timeline of key service delivery milestones

**PMO Processes**
- Description of how the PMO processes will be managed and delivered

**PMO Organization Structure**
- Description of organization structure and communications flow
- List of key personnel including PMO Sponsor(s) and stakeholders

**PMO Authority**
- Statement of PMO authority
- List of sponsor and key stakeholder signatories and/or charter approvers

**IMPORTANT THINGS TO NOTE:**

Understand the scope to be delivered at the end. Working with the executive to build the PMO Charter will start you off on solid footing. You should include ‘what’ the PMO will be responsible for. Will it be an administrative PMO, governance PMO, a delivery PMO, or a strategic PMO? Once you understand what role the PMO will play in the organization, you can determine the PMO processes and best practices. (Do not confuse PMO process with methodology, they are not the same). Remember a process defines the activities and tasks to get the work done and provides the systems, tools and templates and the knowledge required to complete them.

The next step would be the training to assist in the understanding of the processes. Now that there is an understanding of the PMO processes and people are trained on how to use them, the PMO can now look for tools. I mention tools here because in my experience not one tool meets the complete needs of a PMO.

Now to staff the organization. Base your staffing on the goals that the PMO would like to achieve and the type of PMO that has been defined. After several months, do an interim assessment to understand if your model needs some tweaking to ensure that you will meet your goals defined in the PMO Charter.

As you can see, when you implement a PMO it is not something that can take place overnight. Getting the leadership to understand that fact is usually a hard pill for them to swallow. They want to be executing ASAP. If that is the case, it will be done haphazardly. Rather than meeting the needs of the business, the PMO will be seen as ineffective and in jeopardy of being considered a failure.
Implement

9. Job Descriptions & Hiring

a. **PMO Director:** Sets strategic direction. Defines, manages to and reports KPIs. Creates and maintains tool, template, best-practice and methodology documentation.
b. **PM Manager/Support:** Manages the PM resources and provides PM coaching and mentoring. May serve as PM resource for strategic projects. Tracks organization-wide resource capacity and utilization recommending optimal allocation.
c. **Training/Professional Development Manager:** Assesses organizational and individual competency levels and skills to determine needs. Designs and delivers curriculum/service offering and certification program.
d. **PMO Analyst:** Maintains PMO dashboard and reports. Assists project teams with reporting and tracking. Provides systems support and administration (project inventory database, knowledge repository, collaboration platform, etc.).

10. Project Portfolio Inventory & Analysis

a. **For every active and proposed project, the PMO should gather:**
   i. Project Name, Description and Scope
   ii. Alignment (BU, program, portfolio, strategy, etc.)
   iii. Project Type
   iv. Project Personnel (PM, project sponsor, project team)
   v. Requestor and Internal Priority
   vi. Dates
   vii. Financials (budget, costs, ROI, approved changes)
   viii. Outstanding Issues

11. Methodology and Standards Definition

Organizations that have a project management office (PMO) usually make the PMO responsible for project management methodology—the processes, procedures, templates, best practices, standards, guidelines, and policies that you use to manage projects. The methodology must be adaptable to meet the changing needs of the business, and it must add value to the projects that use it. As new technologies and methods emerge, the methodology should evolve to reflect those improvements.

All projects create deliverables/products. At the end of many projects, the deliverable needs to be supported and maintained—sometimes indefinitely.

Project management methodology should be viewed in this light, as an ongoing product: The methodology is deployed into the organization through one or more projects, and the processes, templates, and training that make up the methodology are some of the deliverables that are produced.

The support for these deliverables and the methodology could be very simple. For example, your PMO may decide to redesign a template based on feedback from members of your organization, or implement processes in new areas. After a basic
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project management rollout, your client may ask that you help the PMO to implement a metrics program within the organization.

The point is that coming up with the holistic approach to implementation, and then having a successful rollout, is only part of the long-term focus of the PMO. The PMO must continue to support and update the methodology, and make sure it is relevant in the organization. The initial development and the subsequent support of the project management processes are known as methodology management. Let’s examine three major areas of methodology management:

- Development
- Support
- Enhancement

11.1 Methodology Development

In the past, most companies that wanted a project management methodology developed one from scratch. This wasn’t necessarily difficult, since most of the basic project management processes have been known for some time. However, it could be very time-consuming, especially if it were built at a detailed level.

With the Internet, other options are available. New methodologies have been developed and introduced into the marketplace. Now, just as with a software package, there are three ways to obtain a project management process.

- **Build:** Companies still have the option to build a custom methodology from scratch.
- **Buy:** Alternatives can be purchased and brought in-house. Consultants tend to have methodologies, some of which are strictly for internal use, and some of which are for sale to client companies. If you can sell a methodology to your client, you might be ready to start training and rollout within 30 days.
- **Buy and customize:** The third alternative for your client is to purchase a methodology and then customize it based on their needs. The client only spends the time required to develop or integrate their organization standards, templates, and processes.

11.2 Methodology Support

There is an adage about the deliverables produced by projects: The day you begin to deploy your product is the day you need to be prepared to support it. This is true with project management methodology as well. When you provide templates and training to the first people in your client’s organization, you must be prepared to support the people and the products.

**Examples of support include:**

- Answering questions about the methodology and how best to apply it on individual projects.
- Helping people find documents and templates.
- Maintaining the document repository if hardware, software, or linkage problems occur.
- Providing ongoing training classes for new and current employees.
11.3 Methodology Enhancement

The last category of methodology management is the enhancement of the methodology. This includes areas such as:

- Expanding and extending the current processes. For example, you may initially deploy a basic quality management process, then extend and expand the processes to raise the quality bar.
- Creating new training classes and extending the entire project management curriculum.
- Enhancing processes and templates to make them more valuable and easier to use.

Enhancements don't necessarily imply more processes and templates. It's possible that you could be reducing as well. For example, you may have two status report templates for two stakeholder audiences that could be consolidated into one.

One caution for PMOs is that you don’t want to “over-engineer” the project management process. If you do too much extending and have too many methodology requirements, you’ll start meeting resistance from project managers who think the methodology is getting in the way of delivering projects faster and cheaper.

11.4 Summary

Too many companies make the mistake of developing a project management process, training the staff, and then never providing any long-term support and follow-up. Project management methodology should be thought of as a tangible product that is developed, supported, and enhanced.

The PMO is the place where all this happens. The PMO itself must be seen as a long-term entity to make sure your client’s project management practices live and are strengthened over time.

12. Skills Assessment and Development

a. Potential PM skills assessment and development plan actions:
   i. Assess current project delivery skills
   ii. Implement training and development plan in coordination with functional/resource managers
   iii. Track training in PPM solution
   iv. Implement PM certification program (optional)
   v. Develop feedback system to assess training effectiveness
   vi. All or some of above may be outsourced

13. PPM Solution Plan

a. Evaluate and select a PPM system in consultation with stakeholders
b. Offer Solution training to everyone including the project management process
c. Example requirements:
   i. Portfolio Dashboard with Project Health/Status
   ii. Portfolio Alignment
   iii. Rollups and Variances
   iv. Easy integration with installed systems
   v. Integrated knowledge base for best practices, tools and training docs
   vi. Training
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**Manage**

14. Project Reviews: **Conduct periodic project and program reviews that focus on:**
   a. For Projects
      i. Consistent project planning, delivery and reporting
      ii. Ensuring the project is focused on scope and objectives
      iii. Task assignment and reporting process and results
      iv. Issues and changes
      v. Project communication effectiveness
   b. For programs
      i. Master schedule and rollup of issues/costs
      ii. Project dependencies being met and reported
   c. For both:
      i. Assess team skills and offer training as needed

   a. Monitor / Detect
   b. Qualify / Quantify
   c. Communicate / Escalate
   d. Resolve / Mitigate

16. Working with Governance
   a. The PMO should stand ready to make project recommendations in the following areas:
      i. Retaining
      ii. Consolidating
      iii. Reprioritizing and shifting project resources
      iv. Killing projects based on metrics, duplications, alignment with corporate initiatives, revenue, and project resource availability

17. Re-Validation with Senior Leadership
   a. **Questions the PMO should be able to periodically answer:**
      i. Are we providing value?
      ii. Are any changes needed?
      iii. Have we driven our organizations maturity to the next level?
      iv. Can we answer the critical questions?
         - Are we doing the right projects?
         - Do we know the current status of all projects?
         - Are we managing, escalating, and resolving project Issues?
         - Do PMs have the right training?
         - What is our overall resource utilization?

18. Maturity Assessment and Development:
   a. Assess your current PMO maturity and where you want your future PMO maturity
   b. Perform gap analysis
   c. Create a roadmap for improvement

19. **Get Started!**
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Alternative Steps for Starting a PMO

STEP 1 (1-3 months)
- Meet with Governance or the Project Steering Committee to craft a PMO Director or PMO Manager job description
- Hire the right people

STEP 2 (3-5 days)
- Hold PMO Planning session to discuss PMO Roles, assign committee chairs, discuss deliverables, and timeframes

STEP 3 (10 weeks)

Project Inventory Focus (or Committee):
- Initiate a review of current projects by segmentation: by Division, by Project Management Office, by Initiative, by department or division, etc.
- In this age of electronic communications, establishing a physical project office will not move your company ahead. You need to establish a collaborative workspace, a Virtual PMO to allow your management, stakeholders, project team members, and clients to stay informed and connected with project information in real time.

Gather (but not limited to):
- Project Number (if present)
- Project Name
- Project Description
- Business Initiative Alignment
- Internal or External
- Division
- Department
- Project Type (Application Development, Infrastructure, etc.)
- Project Manager
- Project Sponsor
- Requestor and Internal Priority
- Start Date
- Estimated End Date
- Actual End Date
- Percent Complete to date
- Estimated Budget (Planned Value or Cost Forecast)
- Actual Cost (AC) to date (may be estimated)
- Estimated Risk (H, M, L)
- Customer Impact/Benefit
- Investment Type (Expense, Capital, etc.)

Calculate:
- Estimated ROI or Revenue
- Schedule Variance
- Cost Variance

If possible, use Collaborative Workspace or Project Portfolio Management (PPM) Tool:
- Project Health or Status
- Portfolio Alignment (by Initiative, Goal, LOB, Department, Division, etc.)
- Project Variances (Costs, Resources, Scope, Change, Schedule, etc.)
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Project Development/Training Focus (or Committee):
- Define Roles and Responsibilities (Project Review Boards, Project Governance Committee, Project Office Personnel, Project Managers, Project Coordinators)
- Create Job Descriptions
- Create Career Paths
- Designate individuals per identified roles
- Create Project Management Methodology, Templates, and Toolkits by project phases

Project Tools Focus (or Committee):

_Create Tools Requirements for:_
- Project Management Tool
- Project Portfolio Management Tool
- Project Portfolio Scorecard
- Evaluate tools and make recommendations for solutions.
- HARD RULE: Tools MUST work together and training MUST be a part of solution.

STEP 3 (6 Weeks)

Project Inventory and Governance Focus (or Committees):
- Make recommendations for retaining, consolidating, shifting project resources, or killing projects based on metrics, duplications, alignment with corporate initiatives, revenue, and project resource availability.

Project Development/Training Focus (or Committee):
- Create training plan with outlined courses and course progression toward company project management training and certification if desired
- Ensure every project manager has Development Plan in place for including company project management certification training
- Create company project management certification training tracking system to track and communicate training progression
- Develop feedback system to assess training effectiveness

STEP 4 – IMPLEMENTATION (3 to 6 months)

_Development / Training_
- Initiate company project management certification training
- Initiate PM Tool(s) training
- Bi-Weekly Report on training progress and student feedback
- Communicate PM Career path and post any open positions.

_Tools_
- Execute PM Tool(s) installation
- Communicate installation progress and tools strategy

_PMO_
- Track active projects for PPM updates
- Offer coaching and mentoring for PMOs and projects without PMO coverage
- Offer PM Consulting with available resources
# PMO Maturity Levels

<table>
<thead>
<tr>
<th>Maturity Level</th>
<th>Key Process Area Concentrations</th>
<th>Strategic Focus</th>
<th>Effective Span</th>
<th>Next Phase when…</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Managed</td>
<td>Program Process, Vendor, Project Integration, and Staff Performance Management PM Career Path Best Practices Dissemination Enterprise-wide Resource Planning/mgmt</td>
<td>Dynamic Micro-Level Change, Continuous improvement</td>
<td>Multiple business units – Strategic Alignment</td>
<td>Project success is the norm and little PMO resource goes to crisis management. PMO established as focal point for optimizing project execution performance enterprise-wide</td>
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<tr>
<td>3 Defined</td>
<td>PM Methodology Skills, Risk, Staff/Environment Resource, Change, Conflict/Issue Management PM Training and Consulting Knowledge Management</td>
<td>Static Macro-Level Change</td>
<td>Multiple Programs or Portfolios</td>
<td>PMO viewed as an important link between IT project/program delivery and the business. PMO takes lead in objective setting and performance monitoring.</td>
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<tr>
<td>2 Stable</td>
<td>Planning, Tracking, Estimating, Risk Identification, Schedule, Scope, Budget/Cost, and Progress Reporting Skills</td>
<td>Stabilize Performance, Standardize processes</td>
<td>Multiple Projects (Portfolio or Program)</td>
<td>PMO now viewed as Program or Portfolio Management Office</td>
</tr>
<tr>
<td>1 Initial</td>
<td>Basic tools/techniques, methodologies, services, roles, standards established (underlying disciplines may not be understood or consistently followed)</td>
<td>Success Stories, Low-hanging fruit</td>
<td>Individual Projects</td>
<td>Start to see initial “pull” for PMO services and info.</td>
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