

Project Management Office (PMO)

Added value instead of administration

By Andreas Splett

Presentation by Andreas Splett

Topic: Project Management Office (PMO) – Added value instead of administration

This slide show should point out the benefits of PMOs. Project Management Offices can provide basic administrative support, but this isn't the real value of a PMO.

Project-Office (PO) vs. Project Management Office (PMO)

Examples

Project Office (PO)

Supports one project

Setup for the project timeframe

Special knowledge about project related details

Access to assigned staff only – additional staffing only through the project sponsor

Impact of the current used project methodology and project culture



Project Management Office (PMO)

Supports the whole project landscape (Portfolio)

Permanent function to support the project and portfolio management of an organization

Overview of the company scope and the background story of all projects within the portfolio

Centralized resource management and access to all project staff which incl. the possibility of repriorisation

Enhancement of project methodology and project culture for the project portfolio

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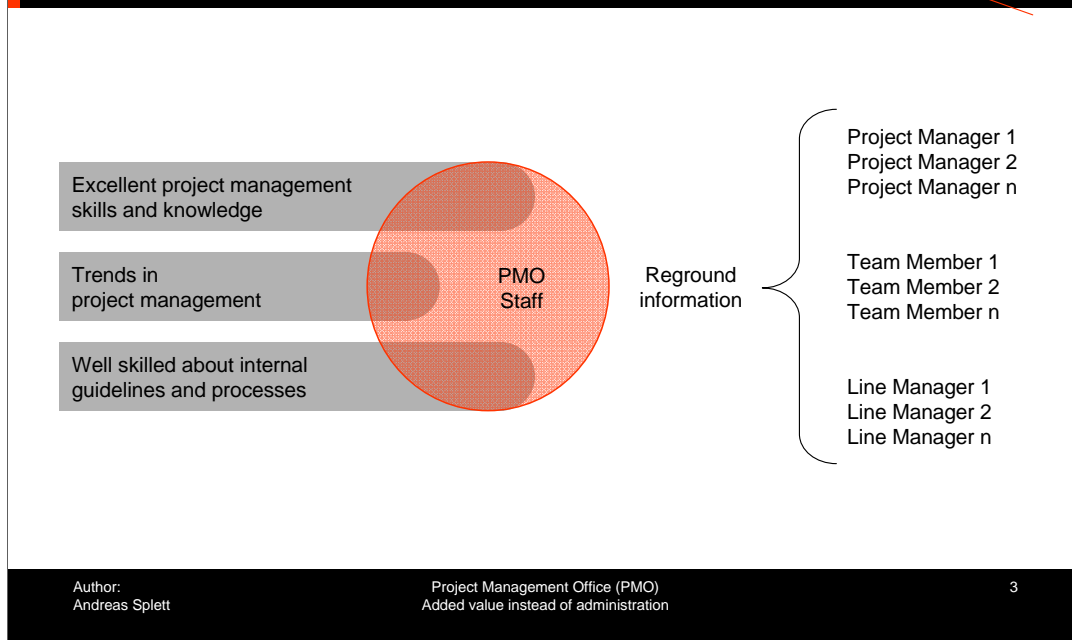
In direct comparison between Project Management Office (PMO) and Project Office (PO) can be shown that the PMO is enhancing the basic support function of an PO. Holistic consideration of the services points out, that the support of the PMO is not limited to one project or one project team but can improve a whole organisation.

An approach to settle a standard within the organisation includes one methodology and assailable results.

The main intention to implement a PMO is the further development of the organisation itself.

The PMO-crew is multiplier for all project related topics

Schematic



The challenging tasks of a PMO require a special attention on the qualification of potential PMO staff members.

The staff should have excellent knowledge within these three topics:

- Project management (i.e. methodology, tools, social competence),
- Trends in project management (i.e. actual discussions on project management methodology, reviews, best practice, results of research etc.)
- Internal guidelines and processes (i.e. timelines on administrative decisions, documentation standards, code of conduct etc.)

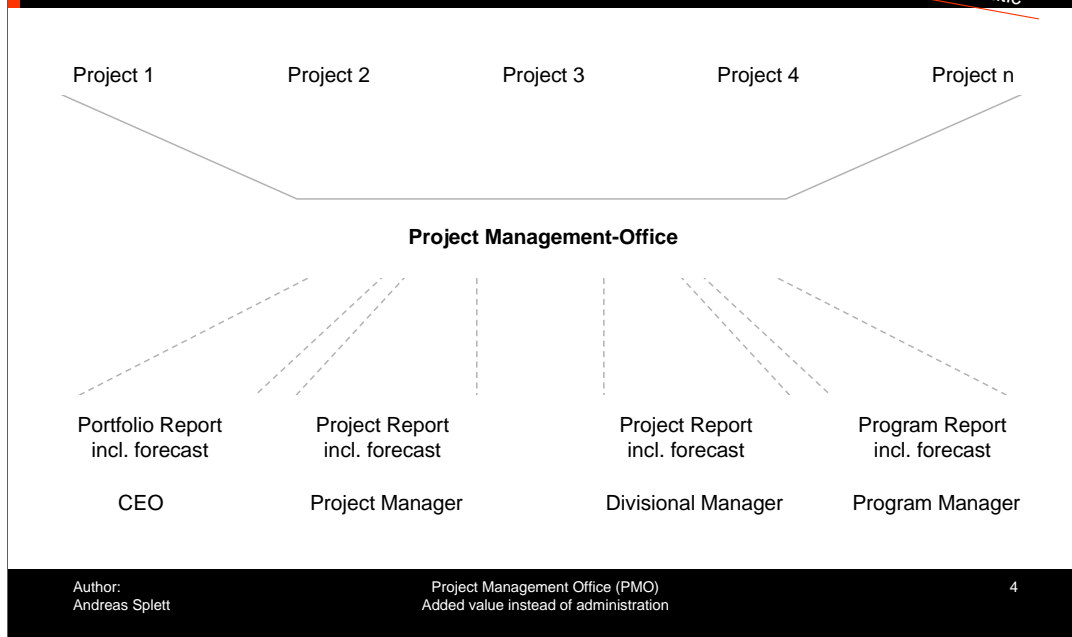
Trainings, project management certifications (i.e. IPMA, PMI etc.), external expert symposia can support the gaining of knowledge in addition to years of experience.

The PMO staff members can evolve to leaders inside the organization and promote certain ideas and chances while they support the project portfolio.

They keep in contact with all kinds of stakeholders like project owners, team members and team leads. Due to editing of information suiting the individual need and the support within the projects the members of the PMO can gain reputation and build a bond of trust that result in high transparency within the collaboration.

The portfolio dimension enables the PMO to support all stakeholders with specific KPIs and forecasts

Schematic



The centralization of information within the PMO is a chance to develop organisation wide operation figures and KPIs (Key Performance Indicator).

The PMO isn't a place to distribute the enormous amount of information directly; it should be a filter to get the right information in time and extent to the people that need it.

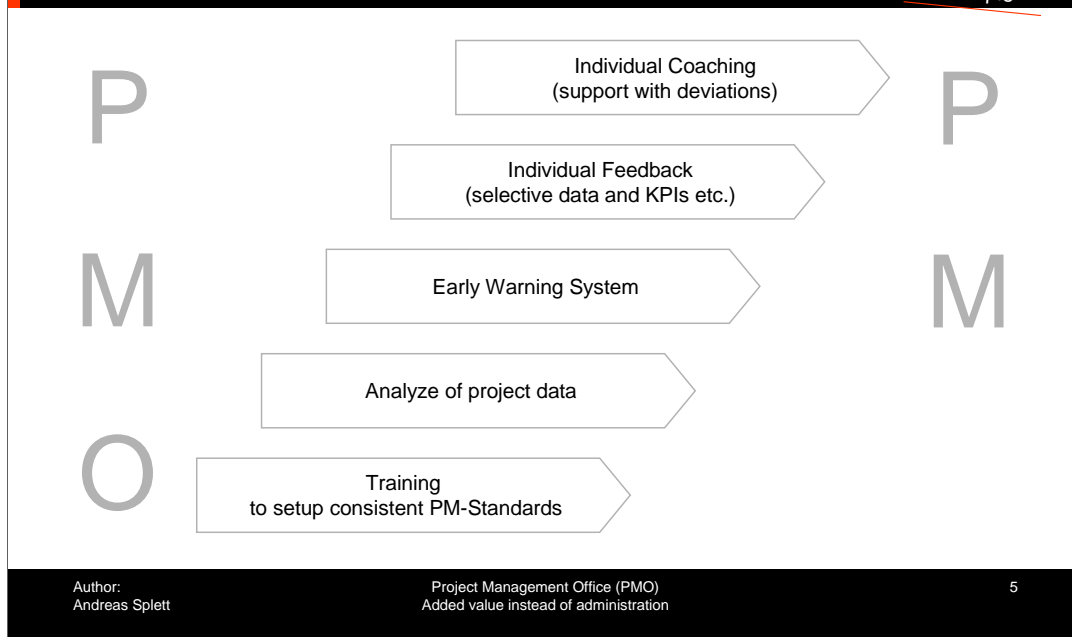
As an example take a look at the different project reports:

A project manager needs detailed information on his project.

The report for the portfolio manager or CEO needs more information on trends and KPIs. That enables the management to set priorities and manage the portfolio more efficient in respect to the business objectives and strategies.

The individual coaching of each Project Manager (PM) can help to avoid failing projects

Example



The PMO offer of service can be tailored to the needs and wants of the client (i.e. the project manager or other project roles).

1. Basic Services, like consistent project management training to establish project standards and a common language.
2. Analysis of project data and comparative reports (incl. internal or external bench marking).
3. Implementing of an early warning system for the project portfolio or single projects.
4. A selective Data analysis enables the organisation to develop specific KPIs for the company.
5. As the PMO members are well experienced. That enables the team to coach the project managers in challenging situations and support them overall.

Examples could be:

- Support while planning
- Support to collect relevant project data
- Support handling of deviation concerning the project schedule
- Support to ensure a lesson learned
- Support personal development (incl. social skills)
- Being a supporter as subject matter expert (if knowledge is at hand by experience)
- Supporting work shops, events, presentations with creative techniques
- Support the project marketing
- And much more

The PMO offers broad management functions and not only administrative support

Examples

Added Value

- Standardization and optimization of processes
- Knowledge Management
- Enhancement and resource development (trainings)
- Individual Coaching
- Updates on current project management topics
- Implementation of early warning system
- Development of KPIs
- Analysis
- Individual reports and forecasts
- Use of synergy effects
- Interface Management (project to project, project to end user etc.)
- Resource management for all projects

Administrative Support

- Support of planning process
- Preparing of Meetings and Meeting Minutes
- Project controlling
- Risk management
- Documentation

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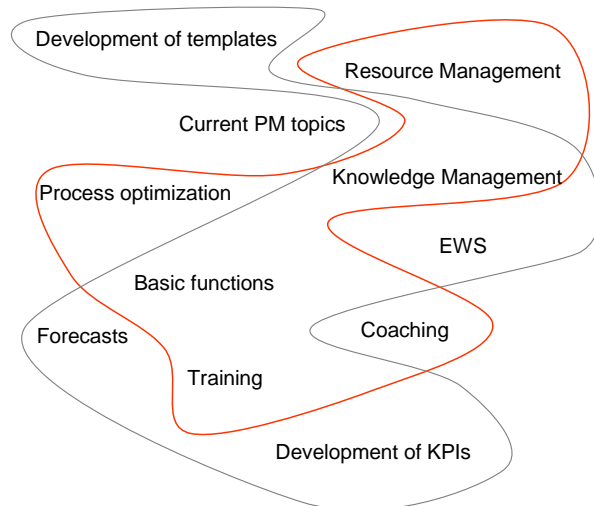
Basis of the PMO are the offered services. The administrative services can be titled as supporting activities or basic services.

The basic services could also be done by an assistant but this would withdraw the knowledge at the PMO.

The added value of the PMO will be generated though services beyond the project office level. A portfolio view is significant to get experts and inexperienced personal to interact with each other. There is a chance to enable knowledge management for specific topics between experienced managers and the young crew.

The PMO must meet the needs and wants of the organization

Examples



The PMOs differ within their scope of duties and responsibilities within the different organizations

The requirements on a PMO vary by the organization applied

Basic or administrative functions form a must have to maintain the companies need

Long range goals should be the development of the organization and the project culture incl. a learning organization

The value of the PMO for every single stakeholder must be recognizable

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The function of an PMO has to fit the requirements of the organisation. If there is only an offer of basic administrative services that mean no obvious benefit for the "clients", they will ignore the offered services. Without transparent advantages there will be a lack of acceptance and promotion by the stakeholders.

That makes it vital to evaluate the needed services and the nice to have services in front of the implementation of a PMO:

The service components need to be conforming to the need of the organization. This can be different from company to company. This is approved by the analysis by Dr. Brian Hobbs (compare: „The Multi-Project PMO: A global Analysis of the Current State of Practice“ <http://splett.posterous.com/what-research-is-telling-us-about-pmo-pmot-vi>)

Main purpose for an PMO is the implementation of a never achieved transparency that stands for deployment of a lasting value

Examples

Transparency of		
Financial statement	▶	Cost Avoidance
Cost savings	▶	Disclosure of cost saving opportunities
Means of income	▶	Promotion of new revenues
Intellectual Property	▶	Protection of all internally archived knowledge
Strategic alignment	▶	of all project goals
Competitive advantage	▶	through synergetic effects between the single projects
Data Management	▶	Equal data structure to quickly find data again

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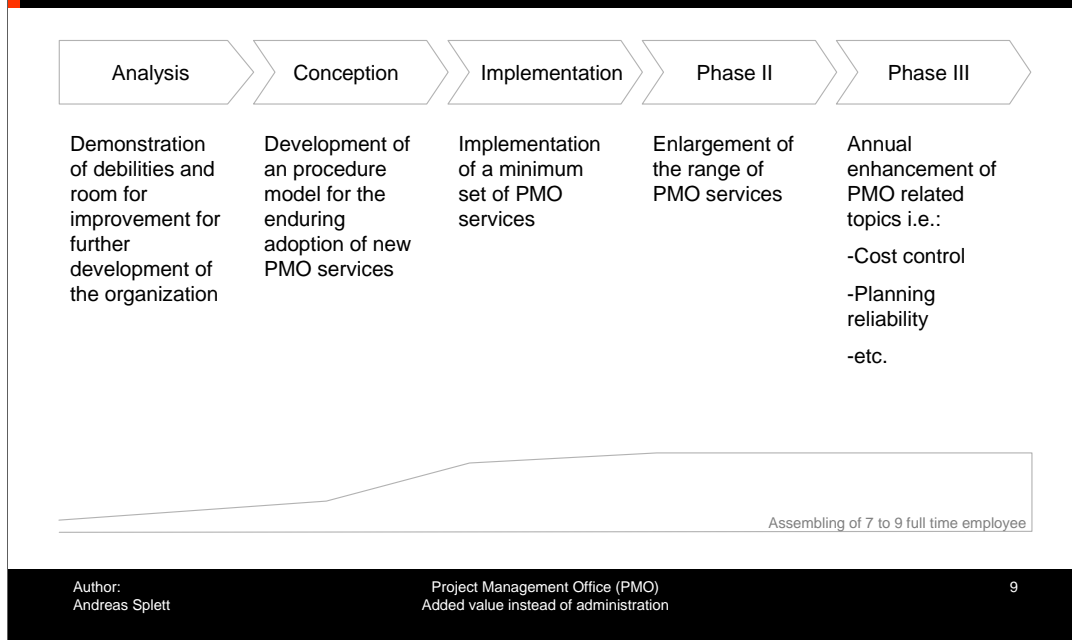
A decision maker will always ask why he or she should invest time and money to a new subject.

The implementation of a PMO within a company enables a new dimension of transparency through the complete project portfolio.

Special topics can be discussed with a global approach instead of the restricted project view. Expert can be brought together and share their knowledge and don't invent different solutions in competitively projects. This adds value to an institution.

Per example can transparency of costs help to avoid exceeding the cost goals. In addition can the disclosure of cost reduction opportunities build new chances to enhance the financial situation of a company if the organization decides to actively support the opportunity. New means of income can be identified (i.e. claim management).

Trying to accomplish all key benefits from scratch will overburden the PMO staff members



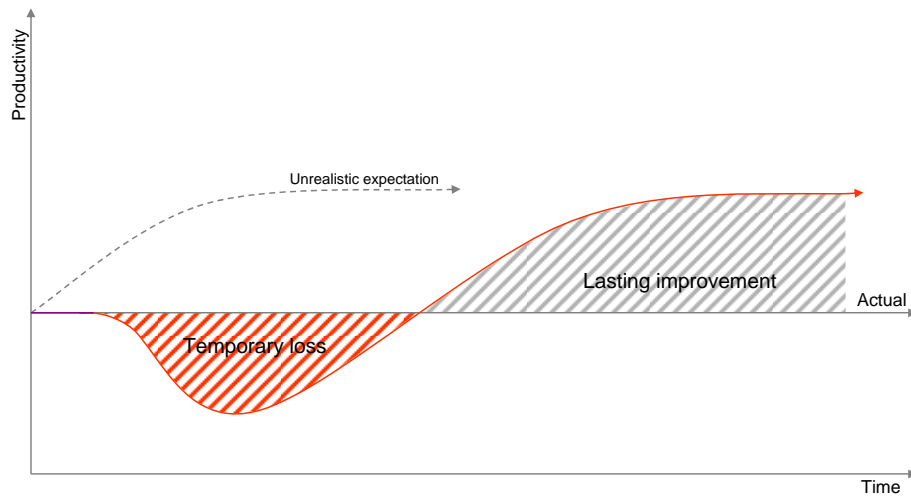
The rollout of all services at once will ask to much from the staff members of the PMO. This can be avoided by a iterative implementation.

1. Analysis of needs within the organisation and transparency of all chances concerning the enhancement of the company.
2. Conception of service set.
3. Implementation of a minimum service level incl. all administrative support functions to add value to the organisation from the first day on.
4. Iterative adoption of additional services that have a value for the organisation.
5. A minimum set of new services should be released once a year.

Research has discovered that a PMO can only show the value with a certain staffing. There should be a capacity building of 7 to 9 FTE (full time equivalent). The number of PMO members need to be in relation to the organization and the assigned functions. Different consulting agencies share the estimation that a PMO with 7 to 9 people can act more efficient and effective that larger or smaller groups.

By every attempt for improvement there will be a temporary loss of productivity

Schematic



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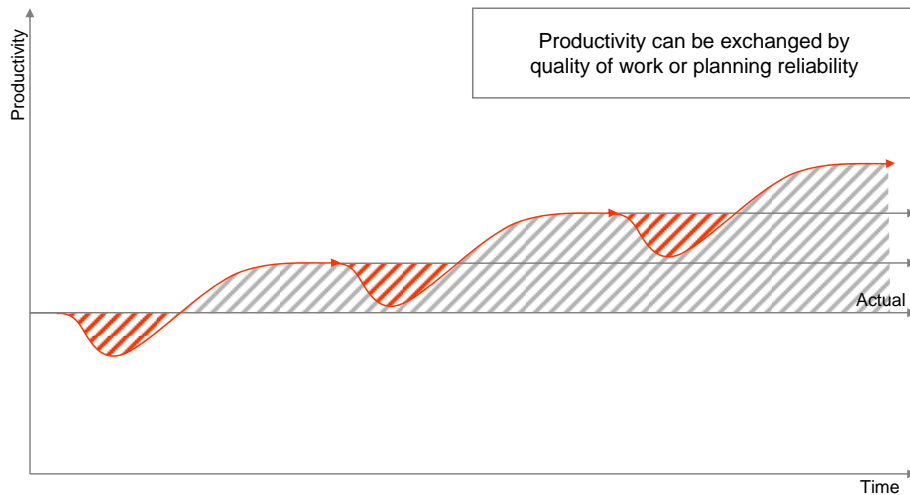
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Every advancement is based on a good preparation and training of the affected employees. That implicates that these colleagues can't invest the all working hours into their assigned duties and responsibilities.

The temporary loss of productivity needs to be accepted by the management. Otherwise there will be disaffection by the sponsor and the PMO clients.

The PMO can boost the productivity by implementing continuous improvements and enhance their own standing

Schematic



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Using a continuous improvement process the organisation has to suffer this loss of productivity on a regularly basis.

The loss can affect the

- Productivity
- Quality of work
- Planning reliability

Even so the benefits for the organization will be recognized by the stakeholder.

You need to set the stage for the PMO otherwise the PMO would not be able to deliver the benefit for the organization

Examples

- Accepting a realistic training curve for all employees and the organization itself
- Support by the top management to work against the antagonism of change
- Quality and quantity of PMO staff must be assured
- The basis of project management methodology should be the same for all PMO-Members
- Definition of scope of work and duties
- Decision about organizational placement of the PMO:
 - Staff function for the CEO
 - Staff function for a project orientated
 - Administrative support for operating departments
- Willingness for continuous improvement of the PMO and the project management methodology

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The implementation of the PMO itself isn't providing an enduring benefit. The acceptance of a realistic training curve and a fair staffing of the PMO are as vital as the support by the top management. The ongoing development of the services is a main factor for a successful implementation if a PMO.

Without the support of the top management is the implementation of a PMO impossible. But even if you have been successful with the implementation you need the support for the enhancement and the survival of the PMO organization. You need strong promoters and sponsors.

The organizational positioning of the PMO will define the field of activities of the PMO.

If the PMO is a service provider for a single department or division the focus will be point on an operational level.

If you choose to assign the PMO as staff function of the CEO, the level of strategic work will be much higher.

The decision where to place and assign the PMO should be based on the real need of the organization.

Questions

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Thanks

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