

# Building a PMO: A Blueprint for Success



## BRIEF

As corporations seek every possible competitive and operational advantage, project management is gaining new momentum and importance. Some organizations are establishing their first project management offices (PMOs), while those that already have PMOs might reorganize to spread the strategic benefits more widely.

Today, however, corporations are looking beyond the traditional definitions of PMOs. Organizations seek PMOs that can help reinforce the connections between project-based work and strategic goals. They also look to modern PMOs to bring operational excellence to the increasing percentage of project-based work that is done to forward business initiatives.

If you've been asked to set up a PMO, this brief can serve as your action plan. It provides an overview of the elements needed for your PMO business case and operating plan, and offers insight, practical advice, and basic definitions along the way. It's meant to accelerate your journey to PMO success.

### The PMO Business Case

Corporate leaders want PMOs to create project governance structure, to serve as an enterprise-wide resource for project standards, techniques, processes, and support and, in many cases, to provide training along with their expertise. Regardless of whether senior executives ask for it, it's important that your first step be to write a business plan for the PMO—just as you would for any project.



The business case for establishing or extending a PMO should describe the current state of the organization and the envisioned future state. Common language is critical to mutual understanding. To that end, share the “Terms and Processes” appendix at the end of the document with relevant stakeholders.

The business case should reflect your own thinking and mirror back that of senior executives, business unit leaders, and PMO sponsors. Ask these questions to establish clear goals aligned with your organization’s business strategy:

Why is project management, or a different approach to it, needed now?

What are the business strategies and priorities that drive the need for change?

How do PMO stakeholders view the risks and benefits of launching or expanding the PMO?

What are the near- and long-term expectations for the PMO? (i.e., What does success look like?)

What are the current and near-future projects envisioned as top priorities, meaning those projects tied to the business strategies already articulated?

What are the near- and long-term PMO resource expectations (people, technology, and budget)?

Your business case should define PMO success based on initial and ongoing measurable metrics. Define your set-up milestones, operational targets, and anticipated project-impact goals for the first six months, full year or three-year outlook. These can be as simple as a series of bullet points. A common business format for goal structure is “SMART”: Specific, Measurable, Achievable, Realistic and Timely.

## The Operating Plan: Work and Services

Your PMO operating plan should start by setting expectations and defining appropriate resources for project success. In other words, you should be answering the two very basic questions: 1) what is the work and 2) how will it get done?

In reality, of course, it's not always simple. In some organizations, even achieving consensus on the PMO's official name can be a challenge.



### What's in a Name?

The PMO name your organization chooses can convey importance and purpose to the practice and prominence of project management. Here are some common naming conventions and their connotations; consider them in the context of your organizational culture, existing structures and leadership priorities.

- **Project Support Office:** Offers administrative services to projects; generally ad hoc.
- **Project Management Office:** Provides leadership, governance, technical expertise, management, and control of projects and teams. Aligns projects' scope, resourcing, and impact with overall business strategy and goals.
- **Program Management Office:** Generally, a PMO that has oversight for collections of projects organized into programs or portfolios.
- **Enterprise PMO:** A large-scale operation (with resourcing to match), often hybrid in structure, with centralized and distributed PMO networks that are highly responsive to shifting needs. Maintains project and program links to organizational strategy and goals.
- **Center of Excellence:** Akin to an Enterprise PMO, with added emphasis on best practices and accountability for performance improvement and organizational excellence.
- **Community of Practice:** PMO operation that supports widespread use of project management; an organizational "community" of accessible experts and resources, as well as leaders and staff who advocate project management techniques as corporate practice.

Your PMO plan should define:

- Initial projects—whether proof of concept, pilots, or inherited projects are already underway (with current status, including suspended or failed efforts)
- Project volume and complexity
- Documentation to use—including formats, directory scheme, and reports
- Technology and standard project management tools, storage, and access
- Any anticipated early results and quick wins

### The Operating Plan: Team and Communication

Two additional components—teams and communication—influence how project-based work gets done. These need to be planned and carefully tended for success.

Project teams should share and be enthusiastically committed to the goals and work plan, participate in an open exchange of information and problem solving, and be characterized by trust and mutual respect. Team members should represent a diversity of talents, experiences, and viewpoints. Project sponsors don't need to be active on the team, but should be vitally interested in the work and outcomes.

Leadership communication is a basic requirement for project managers and, increasingly, a strategic service from PMOs as projects increase in volume and strategic value. Project managers must be experts at the dynamics involved in listening, asking clarifying questions, informing, reporting, and detailed documentation, while leaders make the communications flow.

## The Operating Plan: Skills, Structures, and Budgets

Depending on organizational expectations and PMO type, the set-up plan must also reflect whether (and to what extent) the PMO will provide project management technical and relational skills training and materials. This will influence a number of PMO factors, including structure, size, talent pool, and training investment. Your PMO operating plan should define:

- **Structure:** Either centralized, a distributed network, or a hybrid with centralized governance and decentralized resources.
- **Reporting:** PMOs are often overseen by one, more, or all of Financial, Operational, Risk Management or Human Resource leadership. The higher up, the better.
- **Talent:** PMO size varies relative to organizational size and project management maturity. A conservative staffing approach includes PMO leader (who also manages projects); senior project leader(s); junior project manager(s); project associate(s) (entry level); resource manager(s); and general, scheduling and financial administrators.
- **Budget:** Build three scenarios (basic, mid-range, and all in). Create rationales for the budget overall, as well as key line items. Be ready to adjust and revise, for launch and the long-term. In addition to operations, budgets should include investment in ongoing development of technical and relational skills for PMO leaders and team players (see “Ongoing Training Investment” sidebar).

### Ongoing Training Investment

Don't forget that in the modern, fast-changing business landscape, success requires lifelong education. Plan and budget for ongoing training of PMO members in technical skills and the relational skills that are rising in importance. Determine if your PMO is expected to be a source of training and skills development to other business units, and discuss this with each respective leader. Depending on PMO structure and resourcing, such training may be provided internally or supplied by third-party project management courses and instructors.

Those charged with establishing and leading PMOs need to be exemplary models of **technical project management basics**, including communications; scheduling and time management; budget management and cost control; dependency and contingency planning; quality management; risk management; task management; meeting management; documentation management and control.

Just as important is the growing set of **relational skills and leadership capabilities**, including business acumen, change management, collaboration and teamwork, communicating with influence, cross-cultural skills, emotional intelligence, negotiation, problem-solving, self-awareness and strategic decision-making.

## Keep Communications Flowing

As you move forward into executing your PMO plan, realize that creating a PMO signals change to the rest of the organization. It's a new way to work; it threatens some, exhilarates others, and leaves many in between.

Remember to:



Use your project management skills and techniques to make your case to all of your organization's departments and business unit leaders throughout the enterprise.



Use your relational skills to educate and promote understanding and appreciation of PMO expertise, projects, processes, and the benefits project management delivers.



Keep information, progress, and results-oriented communication flowing in ways that are most meaningful to other departments and business units.



More than anything else, that communication will drive widespread appreciation and support for the PMO – which will, in turn, drive PMO success.

## Appendix: Terms and Processes

The definitions of these basic terms and processes are based on the Project Management Institute's Body of Knowledge (PMBOK)<sup>®</sup>. They can provide common ground for mutual understanding across the organization.

### Basic Project Management Terms

**Projects** are temporary endeavors to create a unique product, service, or result. They have a defined beginning and end, scope, and resources. They are unique because they are not routine or standard operations, but have a specific set of operations (tasks, actions) to accomplish the project objective. They can be as simple as streamlining contract signature and approval processes or significantly more complex and prominent, as in product or marketing campaign launches. Projects can be intra- or inter-departmental initiatives, managed locally, regionally, or globally; across supply chains and in joint ventures.

**Project Teams** often are groups of people who do not usually work together, drawn from different units and/or geographies. Teams do sometimes include in-unit co-workers. Teams are usually sponsored at the executive or business unit level, are led by project managers, and populated with cross-functional employees and leadership.

**Project Management** is the application of knowledge, skills, tools, techniques and processes to activities that meet project requirements and objectives. Activities and tasks are organized in a scope. Project results are basically measured in time, cost, and quality parameters, yet increasingly are viewed in the context of return-on-investment or return-on-value. Increasingly, project management includes leadership of organizational and business change.

**Programs and Portfolios** are collections of interrelated projects.

## Core Project Management Processes

**Initiate:** Examine and decide whether the idea or concept is suited to project management.

**Plan:** Document in project plan or charter, the scope, budget, timetable, team and other resources.

**Execute:** Proceed to completion with team, plan, tasks, change management and progress reports to sponsor and other stakeholders.

**Monitor and Control:** Manage status to plan, risks, requirements, dependencies, change control, quality and schedules. Track and report project progress given basic constraints, as defined in the project plans. Detail varies widely given actual project scope and other factors.

**Close:** Following project completion, compile sponsor/client report against planned outcomes, constraints, and lessons learned.