

Building a Next Generation PMO

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Introduction

“PMO” typically brings images of a bureaucratic, stodgy, monitoring and controlling body like a typical government organization. An overhead, often perceived as an impediment to new business opportunities and time to market. According to *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* a project office is a formalized structure that is directed toward support of the project management community within an organization. The function of the PMO is to bring order and standardization to chaotic and diverse project management practices by instituting defined, repeatable processes and standards, and monitoring and controlling to ensure that these practices are followed. Projects by their very nature are unique and distinct from operations, requiring a great deal of creativity and flexibility. The question is how do you deal with the paradox of balancing the need for rigor and flexibility? How do you design and build a PMO that does not stifle creativity? A PMO that is not feared like a bureaucratic necessary evil but revered, with buy-in from the project management community and the stakeholders.

Next Generation PMO Principles

The concept of the Next Generation PMO is to foster a collaborative project environment by applying a combination of people, process and tools to enable and mature enterprise project management capabilities. Instead of just focusing on tactical approaches of how project can be delivered effectively and efficiently, the NGPMO focuses on strategic questions. How can we make project management more adaptive, responsive and innovative that sparks creative approaches to solve problems and deliver more profitable projects in a rapidly changing multi-project environment?

Design for Efficiency vs. Innovation

The Next Generation PMO is an Innovative Project Office (IPO) that is designed to balance efficiency and creativity and promote continuous innovation and adaptability to changing project requirements. The NGPMO is based on organic principles, providing flexibility, adaptability and survivability based on the changing needs of the organization's ecology. Whereas the traditional PMO may be designed to address the needs of the organization as a

Exhibit 1. Traditional PMO versus Next Generation Project Management

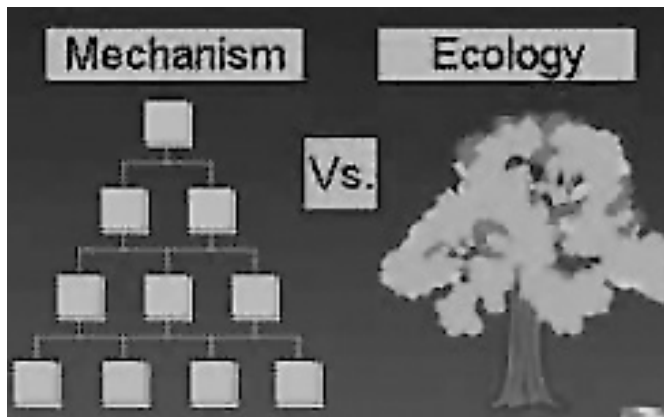
Traditional PMO

- Focus on tactical issues
- Science of project management
- Views organization as a “complex machine”
- Emphasis on monitoring and control
- Develops Best Practices
- Provides tools similar to a precise ‘map’ to follow
- Internal Process focused
- Process driven
- Standard (heavy) methods and practices
- Follow rules
- Defined, repeatable, managed and optimized practices
- Focus on efficiency
- Risk avoidance or minimum risk acceptance
- Process leadership

Next Generation PMO

- Focus on strategic and cultural issues
- Art and craft of project management
- Views organization as a “complex ecology”
- Emphasis on fostering and nurturing
- Develops Innovative Practices
- Provides tools similar to a ‘compass’ that show the direction
- Focus on end products, customers and outcomes
- Business driven
- Adaptable and flexible (light) methods and practices
- Follow rules and improvise if needed
- Innovative practices and Knowledge Management
- Focus on innovation
- Risk exploitation and acceptance
- Thought leadership

Exhibit 2. Complex Machine vs. Complex Ecology



“complex machine” with a formal approach with standards and processes, today’s organizations are based on the view of the changing nature of the organization as a “complex ecology.” Unlike the controlled and repetitive environment of a complex machine, every project is unique, living and breathing entity, requiring creative and innovative approaches to solving a particular problem. Rather than limiting creativity by piling on unproductive bureaucracy the PMO needs to create an environment for creativity to flourish within the parameters of balanced processes and methodology.

Painting-by-the-Numbers

Project Management pundits agree that project management is 20% science and 80% art. Successful project management today is less about the science of using Gantt charts, work breakdown structures and critical-path methodology than about effective communications, trust, integrity, flexibility, rapid decision-making, problem solving and customer satisfaction. Painting-by-the-numbers approach may yield expected results in the short run but as the project’s landscape changes it requires flexible approaches to focus more on the art than the science of project management. The IPO strives to balance the science and art of project management.

Striking a Balance Between Rigor and Speed—Balanced Methodology

The IPO prescribes a balanced methodology between the extremes of a “heavy” methodology with heavy-duty formal processes and “light” methodology with a less rigorous approach. A project management methodology that has too little discipline and rigor runs the risk of delivering the wrong project outcomes and being late and over budget. But a methodology burdened with too much detail, formality and bureaucracy risks becoming paralyzed in the face of rapid changes.

The Marriage of Knowledge Management and Project Management

The marriage of project management with knowledge management concepts create a framework that enables sharing of proj-

ect knowledge and lessons learned and providing opportunities for cross-pollination of ideas. Whereas a PMO would typically document and disseminate lessons learned and best practices the tacit knowledge is hard to harness. The NGPMO creates collaborative communities for project manager’s to share their knowledge and learning that may be hard to capture and document by conventional mechanisms.

From Best Practices to Next Practices and Innovation

Conventional approaches put a lot of emphasis on best practices. What worked best in the past or today may not work best in the future. The NGPMO encourages innovation and focuses on “next practices” rather than relying on best practices. Experience may not always be able to solve project problems that call for a new approach based on the current problem context.

Building Continuous Innovation

The IPO builds continuous innovation into the PMO processes by providing mechanisms for revising, retooling and rotating people, processes and tools.

Project Relationship Management

Focus on managing project relationship with all stakeholders and particularly customer relationships. Understanding, setting and managing customer expectations and seeking continuous communication and clarification. The NGPMO influence’s and evangelizes as much as plans and schedules projects by selling and promoting benefits and value to all stakeholders.

NGPMO Scorecard: Balanced Measures that Matter

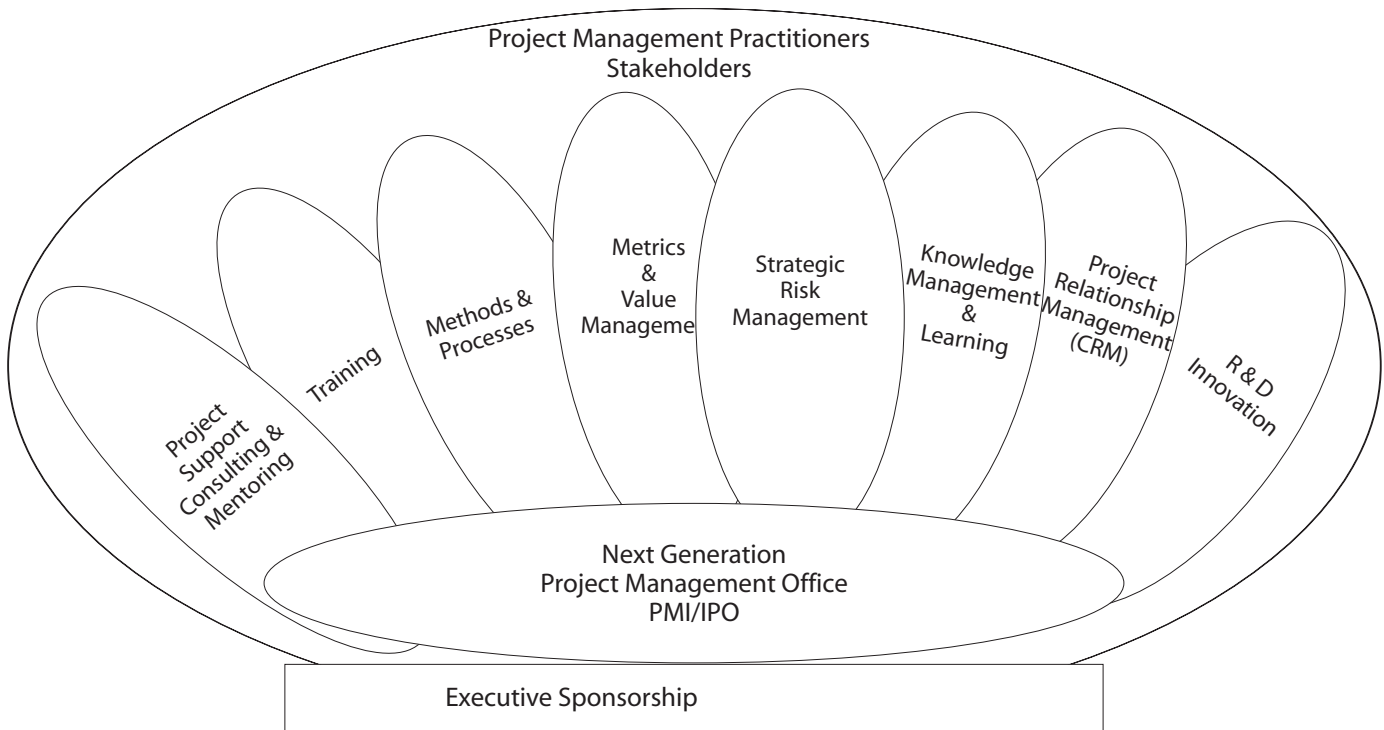
Creating a customized balanced NGPMO scorecard approach for demonstrating PMO value and return on investment (ROI) by measuring tangible and intangible set of key metrics focusing on project portfolio, customer and stakeholder criteria, learning and knowledge and process innovation.

Next Generation PMO Models and Functions

PMOs are modeled in a variety of ways depending upon the organizational needs, structure, alignment, culture and business requirements. Ranging from PMOs based on Supporting and Consulting models to Controlling and Monitoring models with a varied combination of authority and responsibility. The NGPMO is based on a Collaborative Community model structured by tightly knit overlapping communities. The project office is lead by a core group of PM staff and supplemented by a project management community of practice—a voluntary group of people engaged in real work over a significant period of time during which they build things, solve problems, learn and invent, in short they evolve a practice that is highly skilled and highly creative.

Unlike the PMO the NGPMO is not perceived as an ivory tower that sets standards, which the practitioners in the field have

Exhibit 3. Integrated Next Generation PMO/IPO Organic Structure With Tightly Knit Overlapping Communities or Areas of Function Competencies



to follow. It creates buy-in and deals with the acceptance paradox by having members contribute to the creation of standards that they must adapt. If the standards were perceived as dictatorial, resistance would be high. That is why conventional PMO processes are sometimes bypassed or even sabotaged to get around using processes that they cannot relate to.

The most common PMO functions and services include: (Kwak & Dai 2000)

- Developing Consulting and Mentoring—advice on sensitive issues and problems; project start-up assistance; timely response to project needs and problems; group sharing sessions for project managers; assisting senior management.
- Developing and Maintaining PM Standards and Methods—project procedures; project selection procedures; project planning and scheduling procedures; change management procedures; risk assessment procedures; documentation procedures.
- Assuming Project Administrative Area—project schedule maintenance; project timesheet maintenance; project workbook maintenance; project report production and distribution; active project management office in providing conference room for reviews and meetings; project management software assistance.
- Human Resource and Staffing Assistance—project manager skill set identification; project manager candidate personnel identification; project team member candidate personnel identification; providing input on project managers' performance evaluation; appropriate changes in policies and procedures.

- Providing and Arranging Project Management Training—project management basics; advanced project management topics; assistance in preparation for career advancement; project management software skills; soft skills—leadership; communication; design and development of training courses both for internal and external customers.
- Developing and Maintaining Project Historical Archives—records of prior project performance; record of prior project plans; issues and problem lists or previous projects; historical project archives database; description of techniques and templates. The NGPMO enhances the traditional functions of a PMO by additionally integrating the following functions: (see Exhibit 3)
- Metrics and Value Management—PMO scorecard aligned with business results; demonstrating PM ROI; measuring tangible and intangible benefits; measuring business value and critical success factors.
- Strategic Risk Management—embracing risk and building a better safety net; risk management is integrated as part of daily planning; companies that can handle risk are able to adapt to change more easily and to be more innovative.
- Knowledge Management and Learning capturing knowledge; organizing knowledge; distributing and sharing knowledge; applying knowledge and lessons learned.
- Project Relationship Management and Marketing—managing project relationship with all stakeholders and particularly

customer relationships; understanding, setting and managing customer expectations.

- Research and Development and Innovation—research new tools, technologies and processes to foster project innovation.

Case Study

Background

The concepts of the Next Generation PMO/IPO have been implemented in a number of settings. This case study is based on a global technology infrastructure company in a professional services environment with over 150 project managers and 1,600 plus engineers. Initially the PMO was based on a “support” model in a matrix environment with project management reporting to resource managers in the field. After a level of maturity and changing organizational needs the model was changed within ten months and the project managers were reporting directly into the PMO.

The charter of the PMO was based on business needs and stakeholder requirements to meet strategic business objectives for delivery and profitability of projects. The needs were to enhance service delivery capabilities by providing a common language and methodology, training and mentoring project managers to deliver quality projects on time and at profitable margins. The charter was to deliver measurable business value; to mature the project management practice and promote innovation; to retain practitioners by providing opportunities for job enrichment; continuous learning and meaningful contribution; to harness intellectual capital and build a project management knowledge base; to bridge the chasm between different lines of business and to build a highly productive project culture.

Organization Principles and Outcomes

The PMO was based on the principles of the Next Generation PMO and implemented with a combination of tactical, strategic, and cultural initiatives.

The PMO was structured as a web of inclusion with a core group that led and managed the project management communities of practice. Initially 10 communities were initiated to focus on developing and enhancing—methods and standards; metrics and measurement; knowledge management; rules of engagement; quality and customer satisfaction; training and mentoring; transition management; marketing and communications; rewards and recognition and international project management. Diverse groups of practitioners participated and engaged in real work in these communities to share similar goals, solve problems, learn, invent and share project artifacts, tools and templates.

An e-community portal was designed to facilitate communication, coordination and collaboration among community members and create a repository of all community deliverables and documents. One hundred and twenty project managers be-

longed to the extended PMO community. Over 8.5 gigabytes of project artifacts, tools and templates were created and adapted by the practitioners within a six-month timeframe. A balanced methodology customized by the practitioners was adapted and 96% of project managers were trained within six months to start using a common language and methodology. There was automatic buy-in in the adoption of these practices as most of these processes/tools were created by the community.

At the organizational level the PMO was instrumental in bridging the gaps between different lines of business and areas that traditionally did not share knowledge or resources. The PMO also had a positive impact on the retention of valuable resources by providing opportunities for job fulfillment, continuous learning and meaningful contribution to the practice. The PMO scorecard was jointly created with the business owners to maximize the impact of PMO initiatives across stakeholders and track progress at predetermined intervals.

One of the strategic objectives was to foster a productive project culture and weave the discipline of project management across the enterprise. According to Fosberg and Moos, “*The project team can be a catalyst for culture changes. This team catalyst can also become the most significant competitive edge a firm can wield in this technology driven, time-compressed era. Whereas technology is surprisingly easy to clone, a well integrated, highly productive project culture, tailored to your needs, can be your proprietary golden goose.*” The framework of the next generation principles helped in creating a highly productive project culture that enhanced enterprise project management capabilities.

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