

# PMO Definitions, Challenges & Solutions

Author: Melanie Franklin, *Director, Agile Change Management Limited*



## **Contents**

<b>Overview</b>	<b>3</b>
<b>1. PMO Stakeholder Map</b>	<b>3</b>
<b>2. Challenges facing the PMO</b>	<b>4</b>
<b>2.1. Adoption of portfolio management</b>	<b>4</b>
<b>2.2 Increased emphasis on the management of implementation as well as delivery</b>	<b>5</b>
<b>2.3 Desire to incorporate agile principles into existing project management approaches</b>	<b>5</b>
<b>3. Creating the "new" PMO</b>	<b>6</b>
<b>4. Conclusion</b>	<b>7</b>

# Overview

As project management has become accepted as a mainstream management discipline, many organisations have established a PMO (Portfolio, Programme or Project Management Office) function to increase the maturity of their project management approach.

The scope, power and day to day responsibilities of each of these offices differs widely, comprising a mixture of strategic and tactical functions:

- Ensuring individual projects and programmes deliver successfully
- Providing oversight of progress, problems and achievements to a wide range of stakeholders
- Creating an environment that identifies, measures and realises the benefits of each initiative
- Developing and continually improving their project management methodologies

- Assessing the maturity and capability of their organisations to deliver projects successfully
- Providing guidance and support for managers and sponsors

The number of services provided by PMOs is growing at a rapid pace. In recent discussions with a significant number of PMO managers, I have concluded that this breadth of service offering is confusing stakeholders. This means that they are not getting the most out of their relationship with their PMO, and in some cases this is putting the continued existence of the PMO at risk.

In this paper I will describe the community of stakeholders that benefit from the existence of a PMO, and the services that are most important to them. I will outline the key challenges facing PMOs and describe the ideas that are helping to meet these challenges.

## 1. PMO Stakeholder Map

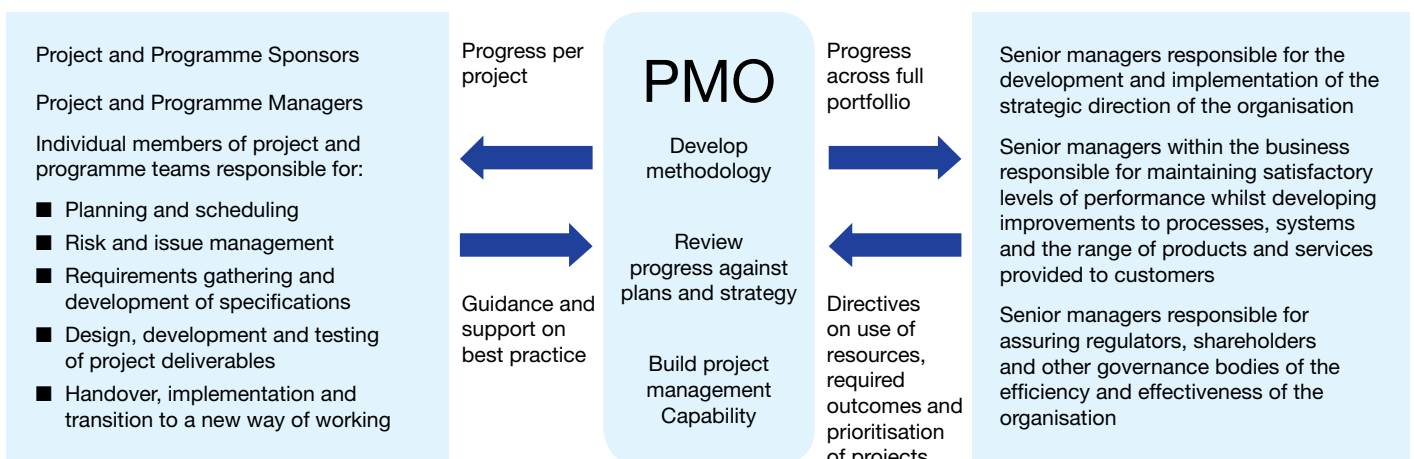
A PMO has to service a wide range of stakeholders including:

- Those that rely on up to date, accurate information about the progress, problems and achievements of individual projects and programmes
- Those responsible for the delivery of projects and programmes who need guidance and support to ensure successful delivery
- The board or senior management team who decide the needs of the business

In addition, the PMO has a responsibility to the wider organisation, to ensure that projects and programmes are being run in the best

way possible, adopting best practice and addressing the latest thinking in the technical skills of project management (planning, scheduling, requirements gathering, risk management etc) and the interpersonal skills needed to build partnerships with those supplying to the projects and those using what the projects deliver.

The high level map set out below should give you some ideas about who your PMO stakeholders are, and the type of information that they expect the PMO to provide to them. One of the benefits of drawing this stakeholder map is understanding how the PMO is positioned between those from whom it needs to source information and those for whom it needs to synthesise vast amounts of data to provide an accurate summary of what is happening



## 2. Challenges facing the PMO

The most important challenge is to define the purpose of the PMO function, and ensure that this purpose aligns with the strategy, culture and business needs that underpin your organisation. As project management has continued to evolve, the needs of the project management community and their users have also evolved, providing PMOs with a choice of potential service offerings.

### Key trends that are driving these choices are:

1. The adoption of portfolio management
2. Increased emphasis on the management of project implementation as well as project delivery
3. Desire to incorporate agile principles into existing project management approaches

These factors are explained in more detail and are accompanied by examples of how some PMOs are addressing these issues to ensure their services are relevant to the evolving nature of their organisation and meet the needs of their users.

### 2.1. Adoption of portfolio management

Portfolio Management is a strategic function supporting senior level decision making on the direction and capability of the organisation. The portfolio includes individual projects and programmes which group together projects and changes that are dependent on each other. This portfolio can be characterised as the sum total of project spend and project effort that is currently underway or is planned in the short term (usually up to 12 months ahead). Some executives regard the portfolio as the totality of the discretionary spend taking place, as each project is a commitment to improve the current situation and is discretionary in that it is not essential when compared to rent, rates, utility and salary bills.

---

Executives need sufficient information to know that the initiatives forming the portfolio are the best use of this discretionary spend i.e. that the projects are the right projects for their organisation at this time. There is a view that management is doing things in the right way, and that leadership is doing the right things, so with this in mind, portfolio reporting is a leadership function performed by the PMO.

---

Portfolio Management answers the need from executives and senior management teams for visibility and assurance of all projects and change initiatives taking place across the whole of the organisation. This need for portfolio level reporting is still in the early stages, and in many organisations the information required by senior management is still developing, so the processes for gathering the necessary information and the activities to analyse and synthesise it are not yet defined.

One question that impacts on the role of the PMO is whether the portfolio is truly organisation wide, or whether the portfolio is managed at departmental or divisional level by individual PMOs and then rolled up into an organisation wide picture by a top level PMO.

Whether there is one or several portfolios in operation, another question is what constitutes entry into the portfolio. Whilst many organisations when faced with this question will say 'everything must be included' there is still a grey area between a project and an incremental change to 'business as usual' which is not regarded as a project by those involved but is being managed as part of their role, even though it creates deliverables by a specified end date.

One of the difficulties that PMOs are experiencing with their portfolio responsibilities is the lack of clarity about the questions that executives and senior managers want answered about the portfolio. As portfolio management is still a relatively new discipline, those in the PMO do not have the experience to state categorically what kind of information they should be providing, which leads to uncertainty on what information to gather, how to interpret it and how to disseminate it.

### What answers should the PMO be providing to the board?

- **Strategic value of portfolio** - Make sure executives understand what proportion of the portfolio is dedicated to the achievement of their strategic objectives – they may be making an assumption that every project is aligned to the strategy but in any portfolio there are likely to be some initiatives that are needed to fix problems in the current working environment.
- **Resource requirements** - Provide a summary of the total resources attached to the strategic initiatives and to those providing incremental improvements to business as usual – this includes the number of people, their total working hours, their total cost etc.
- **Specific benefits** - Be prepared to summarise the benefits and the expected deliverables from each of the projects, but pay particular attention to the 'non-strategic' ones as these are likely to capture the attention of executives looking to allocate resources to those initiatives delivering the most value for the least cost.
- **Exception reporting** - Go to the board with specific issues that you believe require their level of seniority to resolve, knowing that minor decisions have already been dealt with through the governance structure that supports individual projects i.e. project team members escalate to the Project Manager and the Project Manager escalates to the Project Sponsor.

### Commonly these decisions are likely to involve:

1. **Prioritisation:** The prioritisation of projects to ensure a suitable balance between resources dedicated to project participation and preparing their areas for changes resulting from projects and the day to day responsibilities of running the business. One of the benefits of having a portfolio is that senior managers can see the total impact of project activity across the organisation, but your analysis can ensure that the implementation of project deliverables does not de-stabilise the organisation.
2. **Conflict resolution:** Resolving resource conflicts, particularly when core team members who possess key skills are assigned to so many projects that they are unable to contribute in a timely manner and become a bottle neck for project progress.

The demand for portfolio level reporting and assurance means that the PMO has to be staffed with those who have a strategic viewpoint and who can assess projects for their contribution to the strategic objectives and identify when projects are deviating from the organisations goals.

---

An essential part of this assurance role is helping senior managers select the 'right' projects to authorise. This means ensuring that the project outcomes are of strategic importance and that there are sufficient skilled resources to deliver the project according to the required timescales.

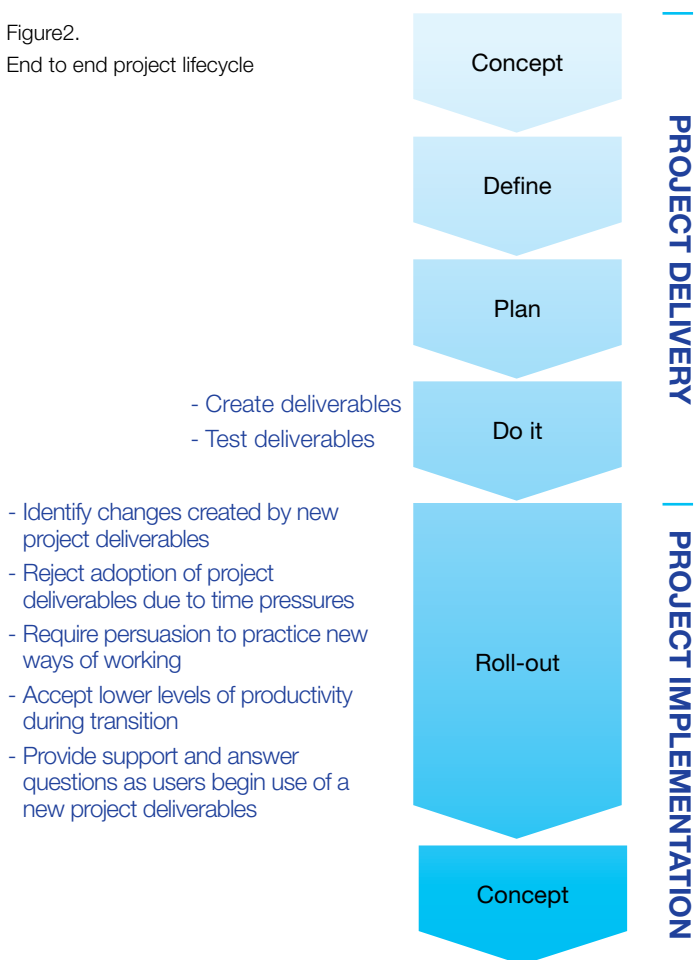
---

## 2.2 Increased emphasis on the management of implementation as well as delivery

There is a growing appreciation that effective project management has a wider scope than the design, development and testing of deliverables prior to their handover to users. If benefits are to be realised as a result of using the project deliverables, then the activities to implement them into existing business as usual processes must be planned and actioned with as much care as their creation.

The majority of the implementation and embedding activities to create the new ways of working will need to be carried out by the users who are impacted by the project deliverables, but this work is no longer undertaken in isolation from the project team.

Figure 2.  
End to end project lifecycle



Organisations with high levels of capability for project management recognise the importance of governing the end to end project lifecycle to include these activities, and this practice is now spreading to those organisations who have less experience in structured project management. This means that if the PMO is to continue to be regarded as a centre of excellence for project management, the methods, processes and techniques that it is responsible for will need to be broadened to include change management practices.

Oversight of the implementation and embedding activities changes the information that the PMO needs to assess. Progress on generating the participation of all those impacted by these changes, assessing the efficacy of the training and reviewing the level of preparedness in the business area subject to the change means

that those in the PMO have to gather data from the business units as well as the Project Managers. This can cause problems where business units interpret this additional reporting as bureaucratic and unnecessary. To overcome this, PMO leaders have to establish the value and benefits of the PMO into the wider business community and not solely with those in specific project roles.

However, widening the remit of the PMO to include these change activities can have significant organisational benefit. The PMO can assess the level of change that is taking place in the organisation at any one time and can advise on the potential for destabilisation if too many new initiatives are being implemented at the same time.

Many PMO managers have commented on how hard it is to find experienced project managers who also have sufficient depth of understanding of change management practices that they can advise on both subjects. This has led many PMOs to employ a separate change management specialist who provides guidance to the business units, alongside a project management specialist who continues to encourage project teams to adopt best practice project and programme management approaches.

There is a growing demand for those working in the project arena to develop their skills in change management so that they have a greater appreciation of the activities needed to successfully transition from project closure to the realisation of benefits.

## 2.3 Desire to incorporate agile principles into existing project management approaches

Although agile approaches have been around since 1995, the last two years have seen tremendous growth in their adoption by all sorts of organisations, and not just those at the cutting edge of IT development. Agile is now a very popular term and although there is very little agreement on the definition of the term, it is associated with greater flexibility, faster response to change and greater user involvement in defining, developing and testing the project deliverables.

Agile project management is fundamentally different to more traditional or 'waterfall' approaches in that it emphasises the importance of allowing the detailed solution to evolve as the project progresses. Detailed requirements are not defined and planned at the start of the project. Instead, a high level understanding of the improvements required by the project lead to an initial delivery of part of the solution, and feedback on the usability and impact of this solution leads to further deliveries of additional features and functions.

This emphasis on 'just enough' up front planning to get the project underway, and the willingness to deliver something that is 'fit for purpose' but not necessarily containing all of the potential features and functions mean that agile projects deliver their initial outputs early in the project lifecycle, and keep delivering further iterations of these outputs until the users have everything they need.

Agile approaches to project management impact on the relationship between the project team and their users, as users are expected to be much more heavily involved throughout the project lifecycle, giving regular and detailed feedback on what aspects to develop next and which requirements can be ignored as they are no longer regarded as essential to the realisation of the benefits.

Agile emphasises the importance of a close partnership between those in the project team and those who will use what the project produces. However, this close relationship can lead some in the project arena to believe that there is no longer any need to document what is happening as there is frequent, face to face exchanges of information amongst those involved. However, this ignores the needs of those responsible for authorising the project and those responsible for assessing that it is progressing according to plan.

---

I think it is unrealistic to suggest that organisations will discard their existing methods and frameworks developed on the waterfall approach where there is a heavy bias towards documenting in detail the activities and expected outputs from the project before any development takes place.

---

For example, creation of a Project Initiation Document offers those responsible for the sponsorship and decision making for the project a solid understanding of what they are commissioning and what they can expect to see at the end.

The challenge for the PMO is to align the benefits of the waterfall project approach with the demands from many in project management for a more agile approach. This involves re-working the existing project management methodology so that it better reflects agile working, whilst at the same time preserving elements of the documentation, escalation and governance structures that satisfy those on the periphery of the project activity e.g. auditors, strategic planners etc.

### 3. Creating the 'new' PMO

---

The challenges outlined above mean that there is no 'one size fits all' solution to the construction of a PMO. Creating a function that works for your organisation will depend on the level of project management and change management maturity combined with the culture of your organisation and the demands of your stakeholders.

---

Here are some examples of how organisations are adjusting the remit of the PMO to meet their needs:

#### Positioning of the PMO

The widening of scope of the traditional PMO has led some organisations to rename the PMO in a bid to clarify its role and its remit. For example, some PMOs are now being re-branded as Change Management Offices (CMOs) so that there is greater appreciation of their role in defining, planning and implementing business change.

Other organisations have removed the initials PMO and replaced them with the title Portfolio office or have added enterprise to the functional title, creating an ePMO to reflect that the PMO is not servicing individual projects or programmes but is 'enterprise-wide' and responsible for the assurance of the total project spend, gathering projects and programmes together into one portfolio representing the whole of their organisation.

Finally, some organisations have abandoned the title of PMO altogether and have incorporated the responsibilities of the PMO into a Strategy Office that is responsible for setting and tracking progress against the strategic objectives of the organisation.

#### Staffing the PMO

This widening set of responsibilities for a PMO is causing confusion about how to staff the function and what the expected career path of someone working in a PMO is likely to be. As organisations have increased their capability for successful project delivery, the skill base of those in the PMO has increased, so that they can provide guidance and offer solutions for the more difficult aspects of project management. This means that the PMO is no longer staffed by low level administrators, but is populated with experienced project and programme managers.

This change has been supported by the proliferation of reporting tools in the last few years which have reduced the need for the PMO to be an administrative function, re-keying data from project reports.

---

These systems offer standard reporting across all initiatives, and give those in individual projects and programmes and in the PMO the opportunity to look at like for like data across all projects. To achieve the desired 'single voice of the truth' should in theory take less effort than it has ever taken, enabling the PMO to add value to the project management process, rather than be seen as a 'policing' function whose main task appears to be chasing Project Managers for up to date progress reports.

---

These systems have another advantage, in that they give the PMO access to real time data, which means that PMOs can be as close to the actual progress of a project as the Project Manager, which can help them in their assurance role of trying to identify potential problems before they occur.

#### Establishing the PMO as a value added service

At a time when there is great pressure on resources, and culturally we are all expected to do 'more with less' an important function of the PMO is to carry out resource planning. Performed well, this can add real business value as it reduces the number of contract project management resources that need to be hired by an organisation to service an over-abundance of projects. Instead the PMO can smooth the use of resources to maximise the use of existing project staff and save costs.

Another service of the PMO is providing senior management with the data needed to decide between competing initiatives, ensuring that project effort is targeted at those projects capable of contributing the greatest level of benefits for the least cost. Ensuring that the organisation is concentrating its efforts on the right projects, and preventing ill-considered initiatives from getting underway can save the organisation vast sums of money, and prevents wasted effort in project management and the disruption caused by unnecessary changes to business as usual.



## 4. Conclusion

The PMO is an essential management function. It can be a valuable source of information about the progress of change across the organisation, and can be a major contributor to decisions about strategic direction and future capability of the organisation.

If you are responsible for project management in your organisation – if you don't have a PMO, start today. If you do have a PMO, review its terms of reference and ensure it is delivering the most value to the widest possible audience in your organisation.

If you are responsible for managing or sponsoring projects – review your relationship with your PMO and define what information and services you need, and make sure those responsible for the PMO function are giving you what you need when you need it.

If you are responsible for the PMO – consider how the PMOs described in this paper are tackling their challenges and consider how you can revise your service offering to better meet the needs of your stakeholder community.



### Agile Change Management

13

123 Park Street

London SE1 9ES

T:+44 (0)7960 995 269

melanie@agilechangemanagement.co.uk

www.agilechangemanagement.co.uk



**APMG International** Head Office: Sword House, Totteridge Road  
High Wycombe, Buckinghamshire, HP13 6DG, UK

**Tel:** +44 (0) 1494 452 450

**Fax:** +44 (0) 1494 459 559

**Email:** servicedesk@apmg-international.com

**Web:** www.apmg-international.com