



## TenStep Supplemental Paper

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### **You Must Build a PMO that Makes the Most Sense to your Organization**

There are almost as many varieties of PMO as there are companies. There are strong PMOs and weak PMOs. There are some that have many responsibilities in the organization and some that have only a few. Some companies rely on the PMO to be responsible for all areas of project management and project execution. Other companies only want the PMO to provide a consolidated reporting view of all the projects in the organization.

Before you can jump in and start up a PMO, you must first define what the PMO will look like. Without this foundation, all of the other work you do will be in jeopardy.

The place to start creating your PMO is through a formal organizational definition. The value of defining a logical organization is twofold. First, you gain clarity and agreement on what you are doing and why. This information is communicated to clients, stakeholders and your own staff so that everyone starts off with a common set of expectations. Second, this exercise provides a framework for the PMO to guide decision-making in the future. For instance, you would not want to undertake any projects that did not help you achieve your organizational objectives. Likewise, major decisions can be evaluated based on whether they fit into your strategy.

#### **Building a Logical Organization**

The term "logical organization" means that when the definition is complete, the organizational structure will only exist on paper. Once the logical organization is defined, you still need to actually staff the PMO at the right level to support the logical organization. The following major components are used to define your logical PMO. Many companies have the expertise to perform this definition by themselves. However, defining missions and strategies is something that you do not do every day. That is why consultants are sometimes brought in to assist. There are consultants that specialize in these organizational assessments. They can facilitate the definition process and make sure that the resulting logical organization provides a firm foundation for the subsequent staffing and project execution.

**Mission.** Describes what the PMO does, how it is done, and for whom. It is a very general statement, usually aligning the PMO to the value it provides to the business. An example of a PMO mission statement is "The Acme Project Management Office (PMO) implements and supports project management methodology to enable our organization to deliver projects faster, cheaper, with higher quality and within estimates and expectations."

**Strategy.** There may be many ways to achieve your mission. A strategy is a high-level set of directions that articulates how the organization will achieve its mission. Defining a strategy also helps get the PMO aligned in the same direction as strategies in the rest of the company. Strategy defines how you will do things over the long-term - say three



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years - and is used as an overall framework for the more detailed tactical decisions that are made on a month-to-month and day-to-day basis.

**Sponsor.** All organizations do not have a sponsor, but a PMO typically does. In this respect, a PMO is similar to a project and, in fact, many PMOs are established with a project. The sponsor is the person responsible for the PMO funding, and in many cases the sponsor is the manager that the PMO reports to. Sponsors are important for all initiatives, but they are absolutely critical for a culture change initiative such as this.

**Clients.** Clients are the main individuals or groups that request and utilize the products and services your organization provides. (These people may also be referred to as customers.) While there may be many stakeholders (below), it is important to recognize who the clients are. They should be the ones the PMO focuses on - to help them meet their project and business objectives.

**Stakeholders.** These are the specific people or groups who have an interest or a partial stake in the products and services your PMO provides. Internal stakeholders could include organizations you work with, but who are not directly under the PMO umbrella. External stakeholders could include suppliers, investors, community groups, and government organizations.

**Objectives.** Objectives are concrete statements describing what the PMO is trying to achieve in the short-term, perhaps up to one year. The objectives should be written at a low level, so that they can be evaluated at the end of the year to see whether they were achieved or not. A well-worded objective will be Specific, Measurable, Attainable/Achievable, Realistic and Timebound (SMART).

**Products / Services.** Products describe tangible items that the PMO produces, and are typically produced as the result of a project. Services refer to work done for clients or stakeholders that does not result in the creation of tangible deliverables. Services provide value by fulfilling the needs of others through people contact and interaction. The PMO achieves its objectives through the creation of products and the delivery of services.

**Transitional Activities.** Transitional activities are the specific activities and projects that are required to implement the physical PMO. If the PMO is new, these activities describe the work required to build and staff the new organization. This does not imply the creation of a full workplan, but it includes the immediate activities required to get you to the point that the PMO workplan can be put into place.

There are other aspects of the organization that can be defined as well, including the PMO vision, principles, goals, skills, roles and responsibilities.

### Summary

A PMO should be established based on a need to help the organization in project management and project execution. There are many ways that a PMO can be established. The correct way for your company can be determined with an exercise to create a logical organization definition. When you have a consensus on the definition, the PMO has a much better chance of success and of meeting sponsor, client and stakeholder



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expectations. Once the logical organization is approved, the staff can be put into place to build the physical organization.