



TenStep Supplemental Paper

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The Project Management Office (PMO)

Statistics regarding the high percentage of projects that are only partially successful, or not successful at all, have pointed out the need for many organizations to review how they manage and organize projects. One direction that many companies are turning is toward the establishment of a Project Management Office (PMO). The PMO is an organizational entity that has a role in ensuring that projects are completed successfully. There is no right way or wrong way to set up a PMO, and there are a number of models to consider. Success is more a matter of what your organization expects from the PMO and what your management is prepared to support. In general, there are a number of models that can provide value, with varying degrees of influence and accountability for project success.

General PMO Types

Project Coordination

In this role, the PMO acts as a central repository of information on projects and their status. If you have a large organization and many projects, this could be a valuable role in itself. This type of PMO has visibility to all the projects going on, and maintains an exposure of current status, budget, duration, issues, etc. They know this information because they gather it on an ongoing basis from each of the projects. This in turn, can force the Project Managers to keep up with this information as well. Part of the role of this PMO is to consolidate and issue summary status reports. In this role, they can issue standards for status reporting format and frequency. They may also keep certain metrics on how all of the projects are doing - for instance, the number that are successful and those that are not. If anyone in management needs information on all projects or certain projects, this PMO is the place to go. On the other hand, they have no ability to influence the projects, or to help them if they are in trouble. They actually have little formal power or authority. If Project Managers do not send them the information they need, they need to follow-up with them. If the information is not accurate or of sufficient quality, they must again go back to the Project Manager and ask for revisions. If they do not get the information they need, their course of action includes escalation to their management, and to the project sponsors. Their main advantage is that they act as a clearinghouse so that there is one place to go for all project-related status information.

Project Management Infrastructure

This role gets the PMO more formally involved with how projects are managed. The PMO establishes project management standards and guidelines. They create common templates and processes. They help establish a common training curriculum for the organization. All of this is established to help Project Managers manage their projects consistently, utilizing best practices, to give them a better chance for success. This type of role is valuable for a couple reasons. First, it helps Project Managers and project teams have a common set of expectations on how projects will be managed, regardless of the



TenStep Supplemental Paper

specific group or function involved. If a Project Manager finished a project in the marketing department and goes to a new project in manufacturing, they don't have to worry about learning new tools or techniques. The Project Manager utilizes a consistent set of skills, processes and tools throughout the organization. A second benefit is that the Project Manager does not have to invent anything new. They utilize a common format for the Project Definition, Communication Plan, Scope Change Log, etc. Both the Project Manager and the team can quickly be productive utilizing common processes to what they have utilized in the past. The PMO may also establish a repository of examples and best practices from other projects. For instance, if a Project manager were putting together a Project Definition and Communication Plan for a Marketing Warehouse application, it would be nice if they could review previous deliverables from similar projects in the past. To be successful, there must be some mechanism to enforce the agreed upon standards. This will usually involve having part of the Project Manager's (and/or the manager of the Project Manager) performance review affected by how well they did or did not follow standard processes. In addition to this expanded role, the PMO may or may not also have a project communication and coordination role as defined previously.

Project Management Coaching

This PMO is similar to the Infrastructure variety, except that they not only establish the relevant project management standards, but they also provide coaching assistance in how the processes, tools and techniques should be utilized. This coaching could be on an ad-hoc basis when requested by a Project Manager, or the PMO coaches could actually be assigned part-time on a project. The people within the PMO must be experience and successful Project Managers themselves. A typical PMO member might have the following schedule for a week.

- Work on project management best practices (infrastructure)
- Spend three hours per week on four different projects to assist and mentor the Project Managers (coaching)
- Be available for ten hours per week to answer general Project Manager questions, help Project Managers find material, etc. (ad-hoc support)

Project Management Resource Center

In this role, the PMO acts as a functional department for the Project Managers, just as all sales people might report to the sales department. In other words, all Project Managers report functionally to the head of the PMO, as well as have a dotted line relationship to the current project sponsor or manager in the functional organization. (The reporting relationship could be reversed - straight line to the functional manager or project sponsor, and dotted line to the head of the PMO.) The big difference is that the PMO has formal authority over the Project Manager. When a project is ready to be staffed, the head of the PMO looks to see who is the best person available and assigns them to the project. When the project is completed, the person comes back to the PMO. The PMO is responsible for maintaining a center of excellence for project management; provides the career path for Project Managers; takes care of training; etc. Of course, the PMO can still be responsible



TenStep Supplemental Paper

for infrastructure (standards, guidelines, processes, templates, etc.) and they can also perform an overall central coordination role for the projects as well. They may also maintain some experienced project management coaching resources to assist their own members, as well as assist part-time Project Managers that still may be assigned by the functional organizations.

Establishing a PMO

Since there is not necessarily a right or wrong model for a PMO, the question comes down to understanding the role that the PMO will play in your organization.

This page describes a top-down process to define a Project Management Office (PMO) for an organization. The same process can be used to define any new organization, or to validate the purpose and value of an existing organization. One good technique is to get all the appropriate stakeholders in a room, and use a facilitated session to gather this information. When you are done, you will have established a logical organization - all on paper. At that point, it takes budget and people to actually build the physical organization that maps to the logical one.

Mission Statement: The Mission Statement is a high-level description of the purpose, policies, and long-range vision of the PMO. It tells the reader what the organization is trying to achieve and why. It describes the organization's purpose in life. In general, this statement should describe the value that the organization will provide to the business.

Vision (optional): The vision can be covered in the mission statement. If you choose to have a separate vision statement, it would describe the future state of the business based on the contributions made by the PMO. In other words, what will the organization look like and how will it act in three to five years if the PMO is completely successful?

Principles (optional): Principles are statements that define how the PMO will act as it moves toward achieving its mission. The principles can describe how the PMO will treat its team members and customers, how it will make decisions and any underlying philosophy that will effect its actions. Examples include treating everyone with respect, valuing the differences in people and making decisions with a bias toward the customer.

Customers / Clients: Describe who your customers are, in terms of people, positions, or organizations. You may have many customers, and they may be both internal and external. If there is more than one, determine if any of them is more important, or closer to your mission, than others. This helps set priorities and tells you who the people or groups are that you need to focus on. This ensures, for instance, that you don't make decisions that benefit stakeholders to the detriment of customers.

Stakeholders: Stakeholders are other people or groups that are impacted by your group. Stakeholders must be identified to ensure that you gather requirements and expectations from everyone that the PMO will affect. Stakeholders can also be placed in relative priority so that you can make decisions and place proper focus on the key stakeholders first.



TenStep Supplemental Paper

Goals: Goals are high-level statements that describe what the PMO wants to achieve over the next few planning cycles (years). For a large organization, these may be three-year goal statements. If you set organizational objectives quarterly, the goal may cover one year. Goals are transitional statements that provide more focus than the mission statement, but are at a higher level than the objectives. The achievement of multiple goals over a period of time should bring the PMO closer to achieving its mission.

Objectives: Objectives are the concrete statements that describe what you want to accomplish in the next review cycle. They should be SMART (Specific, Measurable, Achievable, Realistic and Time-Based). They should also be aligned to the goals. If all objectives are successfully achieved, then the PMO should have also achieved, or substantially achieved, its goals. An organization's overall success is usually measured in terms of whether they met their objectives or not.

Strategy: Strategy statements describe how the PMO will achieve its mission and its goals. It should reflect the types of initiatives that will take place over time. Examples include transitioning all new applications to the web, reducing to two or three strategic vendors for all supplies, centralizing common functions throughout the organization, hiring more seasoned Project Managers, etc.

Products: Describe any deliverables or products that the PMO will specifically be responsible for building. These should align to objectives. That is, don't build any deliverables that don't help the PMO achieve its objectives.

Services: What services will the PMO provide to the organization? Again, there should be no service provided that does not help the PMO achieve its objectives.

Roles and Responsibilities: Describe the type of people needed by the PMO and what their role will be.

Workplan: Build a workplan that lays out the specific activities required to make the PMO a reality. Define the activities, who is responsible, when the activities will be completed, dependencies, etc. If some of these activities are large, they can be organized into projects themselves. It may take a series of projects and the completion of many activities to get the PMO established successfully.

Then manage the workplan to build the PMO organization in the manner defined.