Project Management Office
Best Practices
Agenda

- Maturity Models (Industry & PMO)
- PMO Areas of Expertise (Scale & Scope)
- Project Management Office Process Model
- Project Management Framework
- PMO Implementation Approaches / Methods
- PMO Organizational Cultural Impact
- PMO Change Strategy
- PMO Implementation Pyramid
- Project Portfolio Management
- Summary: Six Critical Success Factors for PMOs
- Questions
Capability Maturity Model Levels

**Level 1 - Ad Hoc:** practices are nonstandard and nonsystematic, and teams are functionally isolated. Organization has little understanding for the number or scope of active projects.

**Level 2 - Planned:** the processes are in place for initiating, planning, managing, and closing individual projects. The organization identifies and reports upon active and prospective projects.

**Level 3 - Managed:** project management processes are implemented in the framework of an overall program management; integrated, cross-functional program teams are institutionalized.

**Level 4 - Integrated:** portfolio management is instituted across the organization. Systematic tracking and integration of projects and programs is performed for the portfolio across the organization.

**Level 5 - Optimizing:** represented by a program-centered organization in which a mechanism has been established for continuous process improvement.

*Significant Cultural Change*

*Most Organizations*
PMO Capability Maturity Model

Level 1: Non-Awareness - Individual Excellence

Level 2: Initial Processes - PMM Developed/Trained & Core PMO In Place

Level 3: Complete Processes - Formal PMM Implemented + Governance

Level 4: Managed Processes - Compliance Reporting + Core KPIs

Level 5: Well Defined Processes - KPI Dashboards w/Liability

Level 6: Repeatable Process - PMM Consistently Followed


Level 8: Optimizing Process - CPI in Place
PMO High-Level Areas of Expertise

ORGANIZATIONAL CHANGE MANAGEMENT
- Culture Analysis
- Change Management
- Knowledge Transfer
- Education / Training
- Consulting Services

PROJECT COMMUNICATIONS
- Project Vision
- Exec. Reporting
- Proj. Status & Progress
- Stakeholder Mgmt.

PERFORMANCE MEASUREMENT
- Benefit Mapping
- Project Metrics
- Trend Analysis
- EVM

IMPACT MANAGEMENT
- Schedule Management
- Issue Management
- Risk Management
- Project Change Mgmt.

PORTFOLIO MANAGEMENT
- IT Investment Analysis
- Project Prioritization
- Strategic Business Alignment
- Benefits Realization Verification
- Project Initiation & Close
- Corporate Resource Management
- Dash Boarding

PROJECT INTEGRATION & COORDINATION
- Dependencies / Constraints
- Architecture Adherence
- Business Processes
- Architecture Adherence
- Gaps / Overlaps
- Resource Mgmt.

CONFIGURATION MANAGEMENT
- Component Version Control
- Major & Service Release Control
- Electronic Document Mgmt.
- Architecture Change Mgmt.

RESOURCE MGMT.
- People
- Facilities
- Materials

VENDOR & THIRD PARTY MANAGEMENT
- Contract Negotiation
- SLA Management
- License/Warrantee Turnover

PROJECT FINANCIAL MANAGEMENT
- Cost Benefit Analysis
- ROI (Projection / Verification
- TCO (Projection / Verification
- Corporate Systems Integration

QUALITY MANAGEMENT
- Project Audits / Reviews
- Pre / Post-Implementation Project Reviews
- Industry / Defacto Standards
- SOPs, CPI, Workflow

PMO INFRASTRUCTURE MANAGEMENT
- Tools, Templates, Dashboards
- PMO SOPs & Workflows
- Databases / Data Warehousing
- Project Knowledge Management
- Applied Best Practices
- Compliance Reporting
- Project Support / Consulting

OAKWOOD
PMO Process Model - Layered Support

- Executive Steering Committees
- Governance
- Portfolio Management
- Project Management Framework
- Project Management Life-Cycle
- Delivery Life-Cycle (Disciplines)
- Quality Management Life-Cycle
- Delivery Assurance
- Enterprise PMO
- Project PMO's
- Business Solutions Standards
  - Finance
  - HR
  - Procurement
  - Etc.
Project Management Framework (PMF)

PMM – Project Management Methodology (Global Best Practices & Standards --- PMI based)
- Initiation
- Planning
- Execution
- Control
- Closing

BAG – Business Area Guideline (Business Area Best Practices & Standards)

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<th>INFRASTRUCTURE</th>
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<td>Contract Management</td>
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BAM – Business Area Methodologies (IT Examples Provided)
- Waterfall
- RUP
- Scrum
- Agile
- Spiral

PMF = PMM + BAG or BAG Methodology
PMO Approach Summary

Approaches

- **TACTICAL** - Focus on key oversight areas and challenges
- **PROGRESSIVE** - Focus on phased PMO Implementation
- **PROCEDURAL** - Focus on full fledged PMO Implementation
- **STRATEGIC** - Focus on Governance

**Progressive vs. Procedural**

- Resources Required to Implement
- Time to Implementation
- Cultural Impact
- Overhead Needed to Support Operationally
Implementation Approach Details

➢ Tactical (Case-by-Case): Low Organizational Impact – No Cultural Change
  • Identify hot spots
  • Apply best practice / tools
  • One on One training – limited supporting documentation
  • Compliance by management oversight
  • Short term solution – questionable repeatability

➢ Progressive (Iterative): Medium Impact – Low Cultural Change
  • Business initiative based – aligned with business processes
  • Apply best practice w/supporting business process change
  • Lunch & Learn training or more – full documentation (targeted)
  • Formal compliance tracking and reporting (targeted)
  • Long term solution – repeatable (targeted)

➢ Strategic (Organizational Restructuring): High Impact – High Cultural Change – Growth through Progressive Initiatives
  • Full organizational solution / aligned with supporting business processes
  • Packaged solution tailored uniquely to the organization based on industry standards /best practices / tools
  • Formal organization training program
  • Formal compliance tracking and reporting (global)
  • Long term solution – repeatable (global)
Progressive Approach Method

- Identify Key Value Areas (Phase I)
  - Interviews
  - Analysis
  - Recommended Focus Areas

- Establish Pilot Program (Phase II)
  - Based on Key Value Areas (across organizational levels)
  - Refines Organizational Rollout Strategy

- Establish Formal PMO Initiative (Phase III)
  - Rollout of Initiative w/Compliance Tracking
  - Integrate appropriate business processes and training

- Determine/Establish Organizational Reporting/Metrics (Phase IV)
Levels & Impacts in OCM
(ORganization Change Management)

Acceptance of Change = Culture + Value =
How easily the proposed change will be accepted.
Justification to obtain perceived commitment to see the change through to successful completion - must be measurable!
Level of actual organizational/individual accountability to the value commitment (based on actual/measurable acceptance of the change).

Change will always challenge the existing culture of an organization. The greater that challenge, the greater the reliance on compliance metrics and the need for the organization’s management team to be actively and visibly supportive of the change. The greatest success to implementing organizational change comes from tangible accountability in compliance to the change at all areas/levels of the organization impacted by the change, including management.

Acceptance Metric for Change = > 85% Compliance for a minimum of 3 Months to ALL change metrics.
PMO Change Strategy

Strategy Elements for Successful PMO Solutions:

- Based on business value delivered
  - Align to specific identified business or operational needs
  - Communicate value statements
  - Organizational level require different value statements
- Aligned with industry best practices and standards
- Designed to be repeatable & sustainable
- Utilizes a “Practical” implementation approach
  - Formal training and support materials for all levels
  - Strive to utilize existing tools and business processes wherever possible to minimize cultural impact
  - Implement in a “Top Down” fashion
What is PPM?

Project Management Institute:

“The centralized management of one or more portfolios, which includes identifying, prioritizing, authorizing, managing, and controlling projects, programs, and other related work, to achieve specific strategic business objectives.”
The PPM Structure

In order for project portfolio management to be successful, project management, resource management, reporting, and organizational processes must be well established. Similarly, if processes have not evolved to allow individual projects to be managed in a standard way, or if the team members are not fully participating in the Enterprise Project Management Solution initiative, accurate analysis of project portfolio data is not possible.
PPM Tool Capabilities

- Prioritize projects by their business values as derived statistically
- Select the best portfolio by optimizing against risk, budget, and resource constrains
- Utilize “What If” analysis through advanced portfolio intelligence
- Provide drill down capability as to the reasons why a project may not qualify for portfolio selection
- Enable communication and sharing of portfolio data through automated, real-time distribution services
- Provide practical graphics and representations that are easily interpreted and modified to reflect a project’s current state within the portfolio, including project change requests.
- Through effective workflow management, insure and expedite scalable project governance
Best Practice: PPM Workflow
19

Stages of Excellence

Basic World-Class

Opportunity Factor

Ad Hoc
No Portfolio Inventory or Repeatable Processes
-“Just Do It/FIFO”
-Success is random
-Little/no business driver alignment

Project Inventory
Processes are defined & documented, and most projects are aligned to a consistent PMM & business drivers
All projects are consistently captured in some form of a project inventory

Project Portfolio
Portfolio analysis is repeatable, predictable, and consistently used to evaluate and optimize project portfolio selection
Portfolio Management teams are able to understand, analyze, & recommend optimal portfolio bundles and schedules to technology and business partners

Cross Portfolio
PPM is adopted and used consistently across multiple organizations and portfolios
Portfolio Analysts can compare and leverage portfolio analysis information across multiple departments
Consistent measures enable cross portfolio analysis, selection, planning and management that supports predictive modeling and internal / external benchmarking

Enterprise
PPM is optimized across the enterprise with a focus on continuous risk mitigation and value creation
Project portfolio performance and risk data is understood and can be compared at the individual, cross-LOB, and enterprise levels
Senior leadership is able to leverage PPM analysis when allocating funds to various portfolios
Ability to measure and benchmark entire portfolio lifecycle

Portfolio Value = Value Potential \times \text{Ability to Realize}

Project Portfolio Management Maturity Model
Six Critical Success Factors for PMOs

As an organization, you must understand your organizational strategic goals and be able to clearly articulate them. KPI’s must be clearly defined and tangible.
Six Critical Success Factors for PMOs

Initial and on-going organizational change communication and education programs are required to ensure process improvement and cultural acceptance.
How well is the change control process defined, understood, and used?

Is your organization prepared to make the cultural and process changes necessary to ensure adoption of and adherence to a PMO initiative?

Is senior management visible to the organization in support of the PMO initiatives?

Does your PMO plan to provide on-going education programs in support of PMM and PPM initiatives (i.e.; lunch-n-learns, internal seminars, templates, tools, etc.)?
Making PMO oversight processes work requires strong governance, participant accountability, and relevant metrics.
Does your team understand your project management methodology and adhere to it?

Do you use clearly understood and consistent metrics for measuring and managing projects?

Are project goals and associated measures communicated clearly and consistently?

What are your accountability standards for project participation, compliance, and management?
Six Critical Success Factors for PMOs

The project prioritization framework should include investment categories, risk-adjusted evaluation criteria, and strategic alignment.
How do you prioritize projects – and how do you communicate the prioritization to your teams?

What safeguards are in place to prevent “tag-along” projects from being improperly categorized / prioritized?

Can you dynamically re-prioritize projects based on your changing business climate, and communicate that change to your organization and project teams?

How do you prevent lower priority projects from keeping resources tied up that should be used for higher priority projects?
Six Critical Success Factors for PMOs

To facilitate PMO use, align services to tangible business value and provide tools that make compliance easier. Tools ensure consistency & support group decision making.
What tools are you using today? Are they meeting your PMO needs?

Do you have ready access to tools that, with proper implementation planning, could meet these needs?

What framework can be structured around your toolset to provide high level visibility to the PMO?

Do your current tools provide you the best possibilities of projects that your organization can implement given the available budget and your organizational capabilities?
Six Critical Success Factors for PMOs

Portfolio Management is such a major undertaking that it needs to be treated as a strategic project to succeed. PPM needs a process owner and a qualified support team.
At what level of the organization will PPM be utilized – Departmental, Divisional, Corporate?

How will oversight of the portfolio be governed and who will be accountable for the accuracy of data within the portfolio?

What is the perceived value of the portfolio by varying levels of the organization?

Does the business owner of the portfolio have the authority to determine and insure compliance to business processes that support the portfolio?

Where does the expertise lie within your organization in developing a Project Portfolio solution?

Can you field a qualified support team?
Questions