

A PROJECT SMART PUBLICATION

Ingredients for Project Management Office Success



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First Edition

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At the heart of a successful project management practice often lies a project management office, or PMO, that has been structured to create a path of success for company projects and the project managers who lead them.



Introduction

“A project management office (PMO) is an organisational body or entity assigned various responsibilities related to the centralised and coordinated management of those projects under its domain.” - PMI

Project Management Office. PMO. Wikipedia definition: “A project management office is a group or department within a business, government agency, or enterprise that defines and maintains standards for project management within the organisation.” The PMO strives to standardise and introduce economies of repetition in the execution of projects. The PMO is the source of documentation, guidance and metrics in the practice of project management and execution.

Does every organisation have one? No. Does every organisation need one? Probably not...having one would be overkill in many organisations of any size. Are they all beneficial to the success of the project management infrastructure and the organisation as a whole? Definitely not, as I’ve personally seen several that have not been. Can they all be? Yes, I believe so. But I also strongly believe key elements must be in place and key things must be happening for any project management office to really be a success and remain a viable part of an organisation.

The Struggle to Create a Success Story

At the heart of a successful project management practice often lies a project management office, or PMO, that has been structured to create a path of success for company projects and the project managers who lead them. Sounds like a good plan, right?

The problem is that while more than 50% of all projects fail to some degree, one survey of project managers showed that 58% feel that their organisation's PMO is or has been ineffective at serving the needs of the projects and project managers within the organisation.

Further, 47% of survey respondents indicated that their company's senior leadership had little to no visible involvement in the project management office. In addition, 41% of companies offered no training to project managers.

Finally, 66% indicated that there were either no repeatable processes or templates in place for project managers to use, or that the practice was definitely lacking and change needed to happen in order to be successful.

I have personally seen project management offices created, dismantled and recreated only to fail again – all within the same organisation within a timeframe of less than two years. PMOs come and go. Left in the aftermath are frustrated project managers who thought they had an organisation that was backing them and that they could call their own. Also left behind are customers, who are looking for consistent and successful delivery of project solutions. Instead, they find that chaos often ensued and good, solid repeatable practices were sorely lacking. Without repeatable practices and templates in place that have proven to bring success, we're often leaving our project successes to chance and luck. That's no way to build a solid project management practice, is it?

There are generally three different types of project management offices: supportive, controlling and directive. For the purposes of this eBook, I'm referring to the directive type of PMO that takes over projects by providing the project management experience and resources to run the engagements. To me, that's the real purpose of a project management office. That's what PMOs have been tasked to do in the organisations I've been working with

and for. They may not have been very successful at doing that – but that was their purpose.

It's what I've worked with, what I've tried to build in the past and what I help organisations with when I'm consulting with them. I personally feel that the directive type is the best structure for just about any organisation when it is done right.

Several key ingredients create a successful PMO. There are no guarantees of success, of course, but I believe the ingredients I discuss in the next few sections will give your project management office the best chance of achieving long-term success and viability. When these key ingredients are present, the chance of your PMO achieving long-term success is greatly increased. I will cover seven key ingredients:

1. Executive leadership support
2. The existence of repeatable processes
3. Hiring the right people
4. Dedicated PMO leadership
5. Meaningful capture of project knowledge and data
6. High visibility
7. Authority to take action

In these next few chapters, I will present a more detailed discussion of each of these key ingredients. As always, I welcome your own experiences and certainly your feedback on my views.

Key Ingredient #1 - Executive Leadership Support

For 26% of PMs, the No. 1 frustration they cited was a lack of management support.

I've seen many PMOs come and go, and one thing is for sure...first and foremost, a project management office must have buy-in from senior leadership within the organisation in order to survive. Why? You would think good processes would be first. Or even just having the right people. But, if your CEO on down doesn't support the PMO, then it's in trouble from the beginning. One recent survey showed that, for 26% of PMs, the No. 1 frustration they cited was a lack of management support.

When company leadership doesn't buy-in to the PMO, here's what can – and often will – happen. The good projects will go to other departments in the organisation – handpicked people who the CEO or other senior leadership 'trusts' with their babies. Funding won't go to the PMO. It will go to other departments and processes that leadership deems worthy or more impactful to the bottom-line of the organisation.

This is often a very misguided thought process based on a lack of understanding of how much successful customer projects can mean to an organisation, both financially and in terms of reputation. Good people and leaders will be moved to other departments because they're needed elsewhere and should not be 'wasting' their talents running projects. And, finally, the organisation – as a whole – will not adopt the PM processes or see value in the PMO's existence because, well, the CEO doesn't back it, so why, then, should they?

C-level support is essential

A project management office, in the scenario I just described, is obviously destined to fail. After all, your C-level leadership sets the course for the organisation – good or bad. If they aren't standing behind your PMO, no one else in their right mind ever will either. However, there are some actions you can take to try to get them more involved. Hopefully, they will see the light and grant your PMO the organisational and monetary support it needs to grow, be effective and contribute to the organisation's bottom line. A few actions come to mind:

- Periodically invite C-level leadership to your project status meetings with the client
- Involve senior leadership in your lessons learned sessions
- Have leadership make a courtesy call to the customer's CEO or project sponsor to check on the project (prep your leadership on project status first)

There are many other ways, but these are three of the easiest things both you and the CEO or other leadership can do to show they care and are up to speed. And, of course, your hopeful end result is increased customer satisfaction from the extra attention and continued senior leadership that you previously didn't have.

Summary

Project management offices – when run properly under carefully chosen (and trained, if necessary) leadership – can prove to be a major contribution to your organisation's success. Sometimes the senior leadership in an organisation gets this. Sometimes they don't. Sometimes they are the instigators to get a solid project management infrastructure in place. But in many organisations, the project managers who are leading one-off projects have had to put that pro-PMO movement together to get one established. Then they had to build it themselves and prove its importance and viability.

I helped with that at a major aviation and engineering firm. We learned the hard way as it failed twice before gaining some C-level traction the third time around with an experienced PMO director in place...not just a resource manager who knew how to spell PMO.

What I'm saying is the infrastructure plans and executive backing isn't always handed to you. You have to work for it in some organisations. Make it your own. Make your C-level individuals understand its importance. It must be done. Success is rarely easy.

Key Ingredient #2 - The Existence of Repeatable Processes

No one likes to reinvent the wheel repeatedly if they don't have to.

Another key ingredient for PMO success is the creation of and existence of repeatable PM processes, procedures and templates. In order to try to avoid the '50% of projects fail' scenario, you must have processes and templates that work and that your project managers can continually go back to for each project they manage. If a good, proven methodology is not in place for managers to use that will help them repeat their successes, then you're just leaving project success to chance or luck. That's a certain ingredient for eventual PMO failure. Without the proper tools in place for the project managers in the PMO, projects will continue to flounder regularly. The structure of the PMO will become meaningless in the organisation.

Your well-stocked PMO full of experienced PMs and eager-to learn PMs needs templates, processes and policies to follow. In short, they need a good project management methodology to lead the way. Time – and money – must be allocated to putting this in place before the PMO can successfully take off. Otherwise, your project successes may just be luck and potentially rare. Just as you must allocate enough time and money up front in a project to plan, you must also do that with the PMO. A consistent process with reusable templates for project plans and documents will give your project managers the tools they need to run successful projects that will allow you to see that success repeated in the future as well.

In order to show consistency both to the organisation and to the customer, the project management office must have a project management methodology in place. That means sound processes and practices documented and disseminated to the project managers. It also means having project management templates ready to use that make sense for the project types the organisation is taking on.

The key is to equip your project managers with everything they need to look professional to their customers and to be successful on their projects. If all project managers in your organisation start with the same planning templates, status report samples, project milestone document shells and a common methodology guiding their use, then everyone will have a common basis to start from and a common language when reviewing and sharing information about their projects. Consistency is the basis for project success. Without reusable tools and repeatable practices, you may be leaving your project successes to chance.

Summary

No one likes to reinvent the wheel repeatedly if they don't have to. A good project management office needs to be there to equip the project managers with the tools needed to perform successfully – and consistently – over and over again. Project plan templates. Ways to track resources, project budgets, plan risks. Ways to manage issues. It's all about having the right tools and templates at your fingertips to successfully perform efficiently on the

projects we manage for our customers and our organisations. We can do that most effectively, efficiently and with the highest degree of profitability for our company if we can build on what we've always been using rather than starting from scratch on every project we manage. It's the PMO's responsibility to provide that for the project managers.

Key Ingredient #3 - Hiring the Right People

You need a blend of experience, strong resource management, some financial management knowledge, and the right amount of entrepreneurial drive in your fleet of project managers.

It's not enough to just staff the PMO with project managers who have their project management professional (PMP) certification. PMP certification can help ensure that everyone is on the same page with language, but it's no guarantee of experience or success. Likewise, having in-house people move into project management roles ensures they have some connections as well as knowledge of the corporate structure and goals, but it's still no substitute for experience.

To do it right, you need a blend of experience, strong resource management, some financial management knowledge, and the right amount of entrepreneurial drive in your fleet of project managers. These individuals need to be able to think on their feet and make decisions when there's no one around to help them do that. They must also be able to not wilt under pressure because the target will be on their head throughout each engagement that they manage. If the projects are in an IT environment, it's essential – in terms of credibility, estimating, leadership, and decision making - that the project managers have a technical background. Not really hands-on technical, but they need to be relevant from a technology standpoint.

Now let's talk about real, and relevant, experience. If you're in an IT shop, a technical background is important. I'll be the first to say that many PM general skills are transferable from industry to industry. But it's hard to jump into IT or construction as a project manager without some industry experience. It will take

awhile for you to be taken seriously, and the learning curve may be long...and painful. Also, an organisation that goes after the cheapest PMs with the least experience will get what they pay for. It isn't necessarily about PMP certification – it's about relevant (and successful) experience, more than anything.

Summary

Some organisations try to build their PM infrastructure solely based on certified PMs. I've seen this happen as a No. 1 priority, and it didn't work. Not that PM certification is bad – far from it. But making it THE priority is wrong, in my opinion. Instead, focus on experienced, successful project experience to build from – that's where you will gain immediate payback and success on project engagements.

Key Ingredient #4 - Dedicated PMO Leadership

Too many times the PMO director ends up being a project manager who just happens to be leading the project management office.

Those involved in leading PMOs, let's hear it from you. Are you a project manager or a manager/director? Think carefully. And the same goes for you project managers and PM team members who have a PMO director in their organisations. Is this position more of a project manager or a PMO manager/director role? If you find this confusing, what I'm trying to ask is this: does this person who leads/runs the PMO also lead projects 100% of the time – or even at least 50% of the time? Or is it their only – or almost only – function to effectively manage the project management office and lead the project managers and team members that are part of that PMO?

Too many times the PMO director ends up being a project manager who just happens to be leading the project management office. That's really a bad call unless your organisation and PMO is very small. The director needs to be a well-connected leader in the organisation - one who can knock down obstacles for the project managers on their projects. It needs to be someone who is an experienced resource manager with an interest in mentoring project managers and helping them map out a career path that is beneficial both to the company and the resource.

This should be someone with some direct resource staff management experience, not necessarily the most experienced project manager in the organisation. PMO directors should not be overloaded with five or six of their own projects. It's

understandable that a leader like this may be in high demand for a very visible project or to assist a PM on a troubled project with a high-profile client, but that needs to be the exception, not the rule.

Summary

I've lived through project management offices where the PMO director was also an active project manager. I've lived through PMOs that were led by an experienced resource manager with no PM experience at all. I've survived a PMO led by a director named "Buzz" (and he was far less fun than his nickname implied), and I've performed in a PMO led by a dedicated director who only directed – no day-to-day leading of projects except for stepping in to help as a PM only in extreme situations. By far, the most successful PMO – and PMs for that matter – was in this last one where a dedicated, experienced PM was leading as a director and **only** a director.

Key Ingredient #5 - Capture of Meaningful Project Knowledge & Data

Learning from our mistakes – it's the best way to avoid the same mistakes in the future.

A solid project management office must have processes in place to capture knowledge and data that will help project managers learn from mistakes and repeat successes. Lessons learned sessions can be a great way to review the project with the customer and project team, discuss what went right and what went wrong, and understand how to run better projects in the future. Best of all, the information that comes out of these sessions can be made available to all project managers in the PMO. As a result, lessons will not have to be learned over and over again.

The problem is that - when the project is over - the team often quickly moves on to other tasks and projects and never gets around to conducting this very vital and useful step in the project process. In fact, 63% of respondents in a recent survey indicated that end-of-project lessons learned sessions were conducted either never or less than 25% of the time.

By skipping these knowledge-gathering sessions and failing to capture data and issues that can be helpful to us and to others, from the projects we're managing, we're potentially setting ourselves up to repeat the same failures. Or worse, to miss out on repeating the same successes. Save documents and lessons learned from past projects in a common location where project managers can collaborate and share what worked and what didn't. We learn a lot from what went right or wrong for us, but we'll learn even more from what went right or wrong from 10 or

20 other project managers. Don't miss that opportunity to share and aid in each other's successes. That is what helps build great project management offices.

Summary

We learn from our mistakes – it's the best way to avoid the same mistakes in the future. Likewise, we document why we were successful, so we can be successful again. This is how I approach grilling and smoking meat (believe me, I've failed a few times, so when I do it right with a new meat or other food, I write it down for next time!), and this is how I approach managing projects. If it works, make notes of why and keep doing it that way for continued success. It really is that easy.

Key Ingredient #6 - High Visibility

It is the responsibility of the PMO leadership to properly promote the PMO and help ensure its viability and visibility.

The PMO must have significant visibility in the organisation. The entire organisation needs to see that this is an entity that will be around for a while and that it is the go-to unit for all project-related undertakings and information. They must see that all projects go through this one entity. They must also see that it is well-equipped to handle the tasks for the internal organisations within the company. Otherwise, it will get lumped in with the latest 'continuous improvement' undertaking that the company has embarked on. No one will give it much of a chance to succeed or have any confidence in its longevity.

We all want our project management office (PMO) to be visible, right? If the projects are flowing through it like they should be, then it probably is visible. The scary part is when some projects flow through it and others – possibly the big-ticket, high-dollar projects – aren't.

Separate is not equal

It's not wise to segregate like that. I worked at one very large aviation and engineering company in the late '90s and early 2000s leading all internal web development projects just prior to helping them build its PMO. There was an internal struggle to be the web project provider between our group, the Internet Team and the other group, the Graphic Design Team. It truly was some strange, internal political struggle. Our team eventually came out on top, meaning all web

development projects were channeled through us, but it was strange to see such an internal battle take place.

The same can be said for the PMO and the projects that are allowed to run through it. If you have a PMO in place, or are building one, then all projects should at least run THROUGH it – if not all are run BY it. All projects should be tracked by the PMO, and status reporting should be run up through the PMO, even if the project ends up being managed elsewhere within the organisation. If the high-visibility projects aren't even being channeled through the PMO for documentation and tracking, then you have a real problem brewing.

PMO promotion

It is the responsibility of the PMO leadership to properly promote the PMO and help ensure its viability and visibility. Its viability is maintained by doing the following:

- Implementing proper and repeatable processes to consistently and successfully manage projects
- Implementing consistent templates for managing project and reporting status to customers and executive management
- Hiring competent, experienced project managers to lead projects for the organisation

- Implementing proper compensation plans to retain good PM resources
- Implementing adequate training and on-boarding programmes and processes to ensure that PMs are well-trained and up to speed on the PMO processes and practices

The PMO's visibility is maintained by doing the following:

- Reporting project portfolio status on a regular basis and in a meaningful and useful format so that executive management realises the PMO's value
- Implementing solid PMO practices to ensure high visibility customers are happy and referenceable and to ensure the high visibility projects are successful
- Inviting executive leadership to regularly attend weekly PMO meetings and sit in on project status meetings for the critical high-visibility projects
- Managing project budgets thoroughly and reporting budget status up through executive leadership to show bottom-line PMO and project manager value

The PMO director, as the leader of the PMO, must be a strong leader with pull inside the organisation to ensure that these things happen. Otherwise, the PMO runs the danger of becoming

obsolete or, at the very least, insignificant...and the mission-critical projects will pass right by the PMO to special teams outside the PMO's jurisdiction. Executive leadership must see value, and ensuring that happens begins with the PMO leadership.

Summary

Sometimes we don't want to stand out. This, however, is not one of those times. We need our PMO to be a visible and viable part of the organisation. The more visible it is, the harder it will be for leadership to ignore it and for other parts of the organisation to not use it for overseeing the projects that they need done. One centralised, visible project management office – that's what we want, and we need to shout its existence from the rooftops.

Key Ingredient #7 - Authority to Take Action

Whether it's authority over resources, key decisions, the customer interaction process and meetings, or something else, it's important that the project managers can act quickly to make good choices for their teams and projects and customers.

One of the most frustrating things is to have an important job to do but have little to no authority to make the decisions – big or small – necessary to get that job done. I've led projects where I was directed – by my PMO director even – to withhold information from the client and I complied, only to watch the project fall apart because early action that could have been taken wasn't. As a result, trust between client and vendor was lost. That happened to me twice in the same organisation. You would think I would have learned – and I finally did – but not fast enough. Now the project client is No. 1 to me, and I would have to think long and hard before taking any action that would not work in my client's best interest. Period.

Who gives the authority?

If you're working as a direct employee of an organisation when you're leading projects, then the given authority comes from your senior management. If you work as a project manager in a matrix organisation, chances are you're going to run up against this issue on one of your projects eventually – if you haven't already. You've been given responsibility for a project, and you've been assigned a team. You're the project manager. You have ultimate responsibility for the resources on your team, the work they do, how your team performs for the customer and – ultimately – the overall success of the project. Are you with me so far? Sounds like typical project management, right?

Now comes the hard part. Each one of your team members has 3-4 other project managers that they are working for on other engagements, AND they have a resource manager who is their ultimate authority, who is responsible for their performance reviews and raises, and who also is assigning them work from time to time that has nothing to do with your project. You have the work you need them to do. You have the assignments that you're making. Beyond that, you have to hope they understand the meaning of the project and their role in its success enough to perform the work you need them to perform and to do it well. But you truly lack the authority to 'make' them do it.

Summary

Whether it's authority over resources, key decisions, the customer interaction process and meetings, or something else, it's important that the project managers can act quickly to make good choices for their teams and projects and customers. It's also important that they have authority over the resources they are managing on these projects – not only as taskmasters, but also as resource managers. Not exclusive authority in matrix organisations, of course, but some authority to make the right resource decisions.

PMO Success is Not a Guarantee

In a world where nothing is guaranteed, anything is possible.

We all know that nothing in life is guaranteed except death and taxes. But I feel strongly – very strongly based on experience – that by following the ideas discussed in this book, you can build a project management office that is far less likely to fail than most.

Financing is important. Experienced project management is key. The other things are also important. All of this is true. But if you ask me which is THE most important ingredient, I will always go back to the executive support.

When you're working in an organisation, it's really difficult to get anything of significance to work long term if your management isn't behind you. Financing, roadblocks, projects being run by the wrong people – it will all happen if you don't have the infrastructure set firmly in place and have the backing of your leadership. They write the cheques, assign the budgets and know your future project clients. They are essential. No questions. So woo them with what you can do on projects. Make them drool over the possibilities for profitability. Then make it happen and continually work to involve them. You won't be sorry.

About the Author

Brad Egeland is a Business Solution Designer and an Information Technology Project Management consultant and author with over 25 years of software development, management and project management experience. He has successfully led project initiatives in manufacturing, government contracting, creative design, gaming and hospitality, retail operations, aviation and airline, pharmaceutical, start-ups, healthcare, higher education, nonprofit, high-tech, engineering and general IT.

In addition to his accomplishments in IT development and resource and project management, Brad has also authored more than 3,500 expert advice and strategy articles and more than a dozen eBooks on project management, small business and information technology for his own website as well as for clients all over the world. Brad is highly regarded as one of the most prolific go-to authors on project management general topics, advice and strategy in the world. He often bases his articles on his own personal experiences, successes and frustrations, providing insights on how to combat issues and deficiencies encountered along the way to the average project manager, business owner or strategist looking for help in a given situation.

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