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Creating and Proving PMO Value

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Introduction

What is the value of the project management office (PMO) and why should we keep this organization?

This question strikes fear and uncertainty into everyone in the PMO organization and especially the PMO manager. It is a question that not only hints that the business is looking to save costs, but it shows that the organization is improperly executing its mission. But why do companies ask this question? How can the PMO answer this question, and how can it attempt to avoid this question from being asked in the future? The objective of this chapter is to show that a properly aligned PMO can effectively answer this question and possibly avoid it altogether.

Throughout this chapter we will investigate the importance of insuring that the PMO is aligned to the culture of the organization and is focusing on executing projects to meet business needs. These two activities—culture and execution alignments—are the keys to producing and proving value. The ultimate goal is for the PMO to be so tied to the success of the company that it becomes indispensible. When established and managed properly, it will not have an issue proving its value to the company.

Approaches to PMO Justification

Before we move into a discussion on cultures and alignment, it is critical that we understand why the question of PMO value is even asked. Businesses today are

constantly looking for ways to improve profitability. Profitability can be obtained through two courses of action: adding new customer revenue or reducing expenses. Although these principles are extremely basic to business, project managers often forget that these two components are the lifeblood of their company. When the PMO is evaluated, senior management does not immediately look at it as a revenue-generating organization, nor does it see the cost savings that the PMO is generating. As a result, senior management begins to question the value of the team and whether the project managers are actually doing anything to reduce cost or increase revenue. The question of value is further complicated by the fact that the PMO does not independently produce any products. On its own, it does not produce software code, additional hardware, new sales opportunities, or ongoing revenue. In the eye of a senior manager who is unfamiliar with what the PMO does on a daily basis, it becomes a line item on a financial statement that should be evaluated for reduction or elimination.

If the PMO has been identified in this way, the questions become more difficult. Senior management and finance begin to ask tough questions such as: *What exactly does the PM do? Why are they doing it?* and *What need is there for a project manager or the PMO?* These questions are aimed at discrediting the project manager and eliminating the PMO. An attempt to justify and explain the daily functions may lead to a discussion of why the functional manager is not addressing the needs of the project. From senior management's point of view, functional managers should be able to manage their business units in a way that not only meets the needs of the business, but also in a way that does not require project managers. However they often do not understand that there can be significant impacts that come from making this type of move. In my experience, when the company moves away from project management to functional manager control, project delivery is not the only item that is impacted. It is also detrimental to the functional department. The functional organization is so focused on its regular activities that it is not able to spend the required time on the overall delivery of the project. In addition, the functional group is not designed to perform cross-functional work, nor is it set up to provide the reporting requirements that senior leadership requires. These items are not looked at when senior leadership looks at cost-saving measures such as a reduction or elimination of the PMO.

Another roadblock to being able to answer the question of PMO value is often caused by its structure. This is especially true for PMO organizations that have been built to police project managers and require that they follow a very rigid project deployment methodology rather than the management of projects. This type of structure does not have a clear connection with successfully executed projects, which prevents it from quickly providing data on the value it is providing. To justify the existence of a PMO, it must be able to answer the value question based on its ability to deliver to the business in an efficient and effective manner.

Many PMOs try to answer the justification question through presentations and persuasion. For example, I have heard many people say something such as, "We are trying to establish a PMO at my organization. However senior management is not buying into following the methodology we have developed."

Attempting to justify a PMO in a company is extremely difficult through theory and documentation alone. It is the same type of selling that is required to move an organization to Six Sigma, TQM, or any other standard methodology that is in the marketplace. Executives may have experience with a given methodology and may have supported it in the past, but it is extremely hard for them to commit to a methodology without proven results. My response to individuals caught in this justification approach is that they must prove the value of project management through execution. Management wants to see that a PMO works and that it provides them something they cannot get through other means. Without hard proof of success in their organization, the likelihood of a senior manager supporting a new group is extremely low. Start with a focus on executing projects, and then move into a more robust project methodology.

This reminds me of what occurs within sporting events. Many teams will show up at the beginning of the game and brag about how many points they will win by, or how much better they are. Time and again we can see that the bigger talkers are often defeated by the teams that simply execute their game plan and work as a unified group. It is not the words of the players that make the difference, it is the fact that they deliver during the game. How many people would rather see someone deliver on their actions than simply talk about their abilities? Unfortunately, many PMOs I have encountered want to go down this path of talking and explaining, rather than just doing. They attempt to justify based on their methodology or their standards. However this shaky ground is not tied to business results, which is the lifeblood of the company. The PMO should focus on delivery, document the success, and then do it again. I am not saying that the PMO should ignore explanations; it simply needs to follow up with action.

Some PMOs have set themselves up for these value questions through their behavior and their requirements. They have drilled methodology into their organization to such a degree that they are actually inhibiting the delivery of a project. In essence, they have become their own worst enemy. In one company I worked for, the PMO had an excellent stage-gate methodology. They followed all the great thinking on project management, including appropriate executive buy in, continual gate reviews, and they established levels of control based on the size and risk of the project. All these things were set up to ensure that a project was delivered successfully. However, they missed one very important function: the function of the project manager to manage in alignment with business needs. Instead, they were relying on the paperwork required by the methodology for a project to succeed, eliminating the critical human interactions. Many times I sat in a gate review for a project, going over the nearly 45 pages of required project

management documentation for a gate, and heard the words, "Are you sure this is all the paperwork for this gate? Isn't page X missing from this paperwork?" Or worse yet, "This header on page 35 is not consistent with the other headers. We can't approve this project to move forward without it being correct." The methodology of the PMO was killing the project by focusing attention on the documents rather than on the content and objectives of the project. The lack of business need for the project, not the PMO methodology nor the project manager working the project, should be the determining factor.

As a result of these over-burdened gate reviews, the impression of getting a project manager involved or using project management methodology was that it was not going to help; it was just going to add overhead. Paperwork is important for documentation, status updates, and project organization. However, it should not be the reason for the project manager. This is a sign that value is not being delivered. Value is created, proven, and maintained through meeting a business need in a way that aligns with the company. The best way to ensure that this is occurring is to allow proper focus and attention to be spent on the business needs for a project.

A former boss once told me that, "It is not just if you deliver, but how you deliver that is important." Some individuals are good at doing the specific requirements of their job; others are good at building and maintaining relationships. Few people are good at both. The PMO that learns how to deliver projects without creating collateral damage (e.g., excessive paperwork or extensive project management prodding) will be successful. For example, I have worked with project managers who have been extremely gifted in getting a project completed when others were simply unable to accomplish the tasks. These project managers were very good at forcing a delivery date, holding teams accountable for their delivery dates, and ensuring that scope remained under control. But, these project managers were extremely poor at relationship building and this was the downfall of each of them as they were unable to successfully move from one project to the next due to the bridges burned during the first project. On the other hand, I have seen project managers who were fantastic relationship builders, but did not have the aggressiveness needed to push their project forward. This delicate balance between doing and relationship creation is the same balance the PMO must maintain between project delivery and internal process requirements. Without an appropriate balance, its value will be difficult to create and maintain over time.

Cultural Alignment

A primary key to creating and proving value for the PMO is to ensure that it is properly established within the culture of the company. Not every PMO is the same and there are no magic formulas for setting up a properly formed project management organization. The debate about the proper place for a PMO within

the company has been going on for some time and will continue into the future. However where it is placed within the company is not as important as how it functions in relationship to the company's culture. It should then be the objective of PMO management to ensure that they align themselves to the culture of the company. Misalignment will quickly cause conflict. Just as a person would not go to a foreign country and begin insulting the people without anticipating consequences, the PMO should not begin to do things completely contrary to the company's stated practices. For example, I have heard of PMOs that have decided to take it upon themselves to be the determining group on whether to reject or accept a project due to the lack of strategic direction from senior management. This put them in a place of approving business plans, which resulted in immediate conflict with the senior managers who normally would review these proposals. Instead of this radical example, it must fit within the parameters of the company. Because the PMO is an enabling organization, it must be set up to operate as an enabler not a detractor.

As a project manager for a web billing company, I was assigned software deployment projects for telecommunication companies. Some of the companies were large Fortune 500 companies, some were small 100-person companies, and some were international. Each one was unique in how it operated, what it considered important documentation records, and what they required from their vendors. In this role, I could have forced those companies to align with how my company delivered projects, but this would have immediately caused tension during the delivery and there would have been continuing conflict throughout the project. Instead, I focused on how our customers delivered projects, and what they needed from the project manager and from my company as their vendor. By understanding the people that were involved, their personalities, and their goals, the delivery of the projects improved. Success came faster and daily progress became smoother because the companies saw the project manager as the enabler to their end goal. Simply by operating within the boundaries established for that given deployment, while not impacting our internal processes, greater success was obtained. Similarly, the identification of the cultural elements of the company in which project managers deliver projects is the key to ensuring success for the PMO. But how do we identify these areas and what things should be looked at when evaluating the company culture?

In my viewpoint, there are seven unique areas that define any culture, including any company culture. These areas are people, politics, purpose, process, policies, power, and pressures. Our goal as PMO leaders is to identify how these seven items are practiced in our company and apply them to our organization. It should be noted that the findings within these areas can vary vastly from one company to the next and sometimes from one division within the company to the next.

People

People are the key to overall alignment. People, not the projects or the process, will have the biggest impact on the success or failure of how the PMO aligns within the company. Project management is about communication, and communication occurs between people. Understanding the people who are in the company is critical to understanding the cultural makeup of the company. Most people when they leave a company will say something like, "I won't miss the work; I will miss the people." This is because the company is not merely a group of products and services. It is the people that make up the company. It is what causes deliveries to occur and what makes the company move forward. A company could eliminate every process and automate their entire delivery system, but it still would need to have people to make that company move forward. For this reason, it is critical that you understand the makeup of the people in your organization.

A key thing to look for when evaluating the people is how they relate together. Look at how people communicate. Do they spend time at lunch laughing and joking? Do they spend time together discussing anything outside of work, or is it all business all the time? What language is used in the workplace? Is it harsh and critical; or is it open and trusting? Do people communicate passive aggressively or do they communicate directly? Evaluate how they operate in groups and as individuals. During this exercise, focus your attention on those people closest to the PMO and to the projects being delivered.

There are many studies on personality types and how to relate to each type. For the project manager, the gift of identifying a personality and then appropriately reacting to that person is critical to his or her success. This skill is not easily trained in a classroom or by a book. Rather it must be learned through the example of others who are effective at working through other individuals. In my experience, project managers who work as a team can readily assist each other in identifying personality types and provide guidance on how to work with each type. When taking on a new project, spend time learning which individuals will be on the project team and in what capacity each person will operate. Understanding how each person will operate and react on the project will assist the project manager in their communication plan as well as provide indicators to watch for when working through their project. The PMO should encourage project managers to share their *personality* lessons learned just as much as their *project* lessons learned. These personality lessons will be a key to the success or failure of the next project.

After you have completed this evaluation of the people around the PMO, the people within it must come into alignment with the culture of the company or they will continually struggle to deliver. In my organization, we spend a great deal of time evaluating the fit of the individual with the culture. In fact, we have selected project managers to join the company based on this fit rather than on their

certifications or project management expertise. I am not suggesting these other elements are not important, only that they are not as important as someone's ability to adapt to the culture of the organization.

Project managers, unlike any other role, must have the soft skills ability to identify the culture of the company and work within it. Without these skills, all the training, certifications, and project manager abilities are useless. If you find that a project manager is not aligning with the culture, but rather is trying to change it, the issue must be addressed quickly. There is nothing more detrimental to the PMO than a project manager who is attempting to change the culture or a PMO that is not properly aligned with the people who it interacts with on a daily basis.

Politics

Next in order of importance is politics. The word *politics* has so many different meanings in our society. As I refer to politics, I refer to the overriding motivations of people that cause them to act in a certain manner, and it typically relates to decisions made to benefit an individual, not the company. Every company has some level of politics, because every company is made up of people. Those who say they have limited or no politics in their company are either oblivious to the realities or they are the drivers of politics. Understand that politics drive the company. They are the core beliefs of people that result in decisions or events. As you look at the politics of your company, look for the person who is really in control. Who is that person who really drives the company, the division, and the team? How are decisions really made, and why are those decisions made? Delve into what makes the events of the company occur the way they do. If you dig hard enough, you are likely to find that they are made because of someone's political agenda to gain something for themselves. This could be a larger bonus, a promotion, greater control of the company, or simply personal bias. For example, look at recent company failures due to corporate greed. In nearly every situation the greed of several individuals resulted in business decisions that were driven by their personal goals and purposes.

Defining the culture of the PMO to align it with the political climate of the company is not an easy task. In this area it is more important to make sure that it does not add to the political underpinnings of the company. It needs to remain neutral in political issues, since siding with a corporate political party will cause the value of the organization to be an issue. If a shared PMO exists across the entire company, it is critical that it does not reside under an organization that consistently conflicts with another organization using its services. I have seen PMOs used by their leadership to push their personal agenda instead of the success of the company. This eventually leads to resentment from other divisions and makes it extremely difficult for the project managers to get work from the other political entity. However if the PMO is aligned with a neutral organization or

directly with the chief operating office, that organization can maintain an unbiased view. Neutrality is critical in evaluating incoming projects, performing portfolio reviews, and performing daily functions. It also gives the project managers the ability to accomplish their projects without the political issue of individuals who intentionally do not want to participate in the project due to it being aligned with another organization. In the past I have seen the PMO align to a particular technology division or a particular operational organization. This works when there are multiple PMOs in the company. However this type of alignment does not work when the PMO is responsible for all projects, because this places it into the role of mediator to accomplish its mission.

Once you have identified where the political battles occur and have determined that your group is not aligned with a division that will prevent a neutral state, it is critical to apply that understanding to how projects are managed by the project managers. Doing this is not as easy as just defining a process for how it will be handled. It takes continual communication within the PMO to understand and discuss the elements of the political climate, because political situations change regularly. Each project manager must understand what activities on the project will incur political issues, how to avoid them, and how to use them to the advantage of the project. Effective project managers can use to their advantage the political climate to improve the success of their project through the appropriate use of these motivators. This takes an incredible amount of experience and expertise in understanding the politics of the company and how to effectively position the project to fit within these parameters.

Power

Every company has its power players: those individuals who can quickly destroy a project plan or the PMO. Since the PMO is completely reliant on others in the company for its success, its management must be aware of those people in the company who hold the most power over the PMO and its project portfolio. The power person in your company may not be the individual identified by looking at the hierarchy. Each individual in the company has some degree of power based on their time with the company, the area they are responsible for, or the number of people who report to him. It is critical that all areas of the PMO align with how these power players operate in the company. This includes ensuring that each project manager understands the initiation process that these power players require and the roadblocks they can create. A minor example of effectively managing power players can be seen in project funding approvals. When a PMO started submitting funding requests, the team would have to go through an extensive review process with their chief technology officer. The questions that were asked were always the same and surrounded several basic elements of the requests: *Why do we need it now?* and *What alternatives to this purchase were*

reviewed? Tired of constant rework for these questions, the PMO requested that these questions be built into the finance request form. Immediately they saw a reduced number of review meetings to discuss the *why* of the request. This did not eliminate the need to go through reviews, but it dramatically reduced the challenges they faced relating to request justification.

PMO management should spend time with these power players on an ongoing basis so that these players become supporters of the organization. In my career, I have made it a point to spend time with those vice presidents, directors, and managers who play the most significant role in my projects and on my team, even if there is not something specifically required from them. This practice not only allows me to have open communication with these individuals, but also builds a relationship of trust with these key players. A former boss said, "If you always go to someone only when you need something, you create the wrong expectation." Be sure to build the relationship with power players.

Building relationships takes a great deal of time, effort, and persistence. It requires you to pay attention to the likes and dislikes of the other individual. Learn what motivates them and consumes the majority of their time outside of work. These outside interests will be indicators about what is important to them and what drives them in how they respond at work. For example, a person who is very involved with their kids may be focused on getting work done in a way that allows them to spend more time with their kids. Other individuals may be interested in the arts, sports, or world events. Once you understand these interests, take time to educate yourself about these activities so that you can intelligently converse with these individuals. Cutting out a newspaper article that relates to their interest or discussing a recent sporting event creates a stronger bridge. Beyond just the external interests of others, the project manager and PMO manager must understand the work interests of others. Focus on how their team operates, what their intake process is, what their trouble spots are, and what causes them the greatest amount of pain. Understanding these components of their division will build a working relationship with that division and enable the PMO and the project manager to make sure that they operate in a way that fits within the realm of that group. A PMO that can guide their projects to completion while meeting the intangible needs of each division will be extremely successful. PMOs that continually demand from a division simply based on their need to deliver a project will continually destroy these relationship bridges and will hurt their ability to be successful.

Remember you cannot eliminate or change power players. You can, however, learn who they are and what they require, then align your organization to meet their needs. Think about the roadblocks project managers are faced with related to power players in your organization and develop ways to meet those roadblocks more effectively. This could include establishing policies and procedures that prevent the power players from being able to play as strong a role on the delivery

of the projects. The end goal is to set up your project managers for success, and power players can either advance the goal or prevent that goal from occurring.

Pressures

Every company is defined by the pressures that are exerted against it. These pressures could be financial, such as quarterly results for Wall Street, or they could be cost-saving goals. They could be driven by others, such as competitive products. All of these pressures play into the success of the PMO as they will be evidenced in the project delivery and will need to be handled by the project managers. Although there are a variety of ways to align the PMO to the pressures the company faces, it is important that the PMO enables the project managers (PMs) to understand what these pressures are and the results that may be experienced by these pressures, so that they can adapt their projects accordingly. Start by identifying what these pressures are, who controls the level of pressure on them, and the triggers. For example, as a company goes through organizational realignment or a buyout, the impact to projects can be extreme. I have seen the mere rumor of organizational realignment result in changed behavior in the affected departments. Consequently the ability to deliver on projects was dramatically impacted as people attempted to show their personal worth through unusually aggressive behavior. It is critical that the project management team is aware of pressures such as these, so that the project team can adapt to this heightened emotional response. Strong communication within the PMO is the primary way of ensuring that the project managers can adapt their projects to changes. There is not a magic solution to pressure points. It is all about interproject manager communication on how to avoid pressure points and how to appropriately use them to assist in meeting the goals of the project.

Policies

Every company must operate under defined policies. These policies dictate to the company and divisions what must occur to be compliant with governmental laws and regulations. Company policies may include: Sarbanes-Oxley (SOX), ISO, and/or employment laws. These policies are the guiding walls in the company that cannot be crossed. It is important that the PMO not only understand what these policies are, but should also be a leader in ensuring that the work of the project teams aligns with these policies.

I have seen project methodologies built that directly conflict with company policy. This puts the project manager in a position of attempting to play two sides of a situation to make sure the project is successful. Avoid this by ensuring that the work of the project manager aligns with the policies of the company. However, the PMO should take it a step further and actually make sure that the project managers are aware of the organization's policies so they can ensure that

their projects meet these standards. For example, if company policy requires a security audit of all new code, project managers can build this into their plans. Not only does this help the project manager deliver their project more efficiently; it also allows the PMO's value to be immediately felt since they are making sure policies are met in a timely and effective manner. As awareness of this value increases, different divisions will make an effort to ensure that the PMO is educated on their process so that their work gets incorporated effectively into projects.

Process

The greatest failure area for PMOs in cultural alignment relates to process. Process alignment involves identifying and becoming familiar with the processes that must be followed in the company to implement change. These processes include change management, procurement, funding, provisioning, sales, request for proposal, etc. It is important that the PMO management team clearly understands and communicates the major processes that are used within the company, so that these processes can be properly aligned with the project management methodology. Project managers cannot be rogue and attempt to push things through faster simply because of a project need. They need to understand the processes that must be used for proper completion of their project, the time to get an activity through each process, and how to initiate the process. When there is a lack of a defined process, the PMO can gain value by identifying needed processes and providing feedback for correcting a process in the future. Through project management training and methodology descriptions, it can align with the processes within the company.

Once alignment with company processes has occurred, the PMO must ensure that their own process matches the company culture. Most PMO managers want to move to higher levels of maturity by imposing complex methodology policies and practices upon the project manager. The purpose of applying these processes is to ensure that projects are consistent and successful. However, hiding behind these processes, rather than addressing the individual capabilities of the project managers, can be detrimental to the overall PMO. While the end goal is for consistency and success, these processes can actually have the opposite effect. I have seen a two-inch thick notebook of tools and methodology guidelines used for a Fortune 500 PMO. Because continual methodology changes were occurring, constant retraining was necessary to make sure project managers were following the methodology. All of this training and effort did not improve the success of the projects. It only changed the perception of the PMO from an organization that enabled project success, to an added level of paperwork needed to get something done. It is critical that the team understand that the business need for a project is the reason they exist. Methodology and project management processes should only be established to the level necessary to enable the project managers to effectively manage the project to a successful conclusion.

In the companies that I have been involved with, I have spent a great deal of time ensuring that the PMO methodology and practice remained consistent with the level of process for that company. Wherever possible, I have attempted to keep project management paperwork to the bare minimum and rely on the project manager to perform his duties in a style that is consistent with the project. Every project still requires a set of documents required to meet reporting and regulatory demands. Each document in the methodology should be evaluated for its effectiveness in meeting the goal of enabling the project to satisfy business needs. As a company grows, additional methodology and process documents can be added to ensure all required elements are addressed. However, methodology and process must not distract the project managers from being able to focus on the needs being met by the project they are managing. PMO value is obtained through successful delivery, not on properly completed forms.

Purpose

The final element is purpose. Every organization has a purpose. This purpose is more than the plaque on the wall that states the vision of the company. It is the driving force that causes the company to move in a given direction. It is the end goal that is being pursued. The mission of the PMO should be to ensure that every project selected for inclusion in the portfolio is in line with this purpose. This should be done by establishing gate reviews and tools that require justification of that project against the company's purpose. It should also make sure that each project manager focuses their project on meeting the purpose that has been communicated. This harmony of purpose will ensure that the PMO is in alignment with the vision of the company.

Alignment

As you work toward alignment in these seven areas, you must remember that to be effective the PMO must be considered a neutral organization. It must be an organization that is focused on the good of the overall company. This soft skill must be evidenced in how projects are communicated to senior management, how recommendations are made, and how projects are prioritized. By remaining neutral, a strong trust relationship can be built between the PMO and the other departments within the company. Trust is built through two key items. First, the people in the PMO must use the information being provided to them in an appropriate way. Information provided to the PMO should be used to further the success of the projects, not used as ammunition against the person providing the data. Second, the people in the PMO must be counted on to do what they say they will do. Accomplishing what is promised and using information appropriately are the keys to building trust. Only when the PMO has built enough trust

between themselves and the rest of the company will they be able to provide the level of value to the company that is unmatched by other divisions.

Be careful to note that the PMO must align with the culture, not the culture with it. This is where a great number of people make their greatest mistake. They assume that since they have a certification or they have a particular degree, the culture should align with them. This is a recipe for a quick exit from that company, either voluntarily or involuntarily. In my experience, I have seen individuals come into an organization with many excellent ideas and an eagerness to move the PMO forward. These ideas promoted the direction the company needed to go, and were in accordance with what was needed for that particular business area. However these individuals forgot to evaluate the culture around them to determine the best way to implement these ideas. As a result, they began to implement their ideas without any attention to the impact it would cause on downstream divisions. It did not take long for discord to occur, and eventually those individuals had to be removed from the company.

It is important to note that the PMO has little control over changing company culture. As it proves value, it may be able to *influence* the culture, but understand you cannot *change* the culture. If during the process of discovering your company's culture you realize that the company does not align with your core beliefs, you may need to move from that company. It is better to find a company in which you align rather than struggle to fix it.

Culture Conclusion

It is important to note that alignment is not always accomplished through complicated or sophisticated methods. It is about doing the small things to ensure that you are aligning with the needs of the business. When done effectively, alignment with the company allows the PMO to successfully deliver, which in turn increases its value perception. Aligning the PMO with company culture is very similar to a mechanic tuning a car. As the mechanic adjusts the timing of the engine, he must look at the various elements that exist within that engine. He skillfully adjusts the various parameters to ensure that each cylinder is hitting properly and effectively so the car can move forward in the smoothest, most effective way. A properly tuned car not only goes forward effectively, it does so in the most efficient, least expensive manner. The PMO manager is that mechanic making the appropriate adjustments to the overall alignment of the PMO so that the project managers (drivers) can skillfully move the car in the right direction to meet business objectives. The farther the car goes, the more value is created and the more weight can be added to the vehicle.

Importance of Execution

Once the PMO has been appropriately aligned with the company, it can focus on its primary purpose. This purpose is to ensure that projects are executed effectively to meet the needs of the business. Throughout my experiences I have seen the PMO's goals and purpose defined in a variety of different fashions including creators of the process, directors of the portfolio, or a project governance committee. Only those PMOs that maintained a focus on ensuring delivery to meet company strategy have been able to easily prove their value.

In our business world today, successful execution must occur and must be continually measured. Every public company in the United States must provide the financial numbers of their success to Wall Street. It is not enough for them to simply claim that they have been successful. They must show measured proof of their current status and their potential results. This should also be a focus of the PMO. Almost every well-known business methodology teaches that the only way to manage or improve is to measure. This same philosophy needs to be applied to the PMO. You must be able to show numerically what the team has accomplished and what it is currently managing.

Successful project execution is critical, since it is the key metric that will prove PMO value. The success or failure of a project starts with the initiation process. The initiation step is the critical path to success of the entire PMO. Many companies take this process lightly and accept anything as a project. Others belabor the process, thereby limiting the number of projects that are ever started. The initiation process in the PMO must be clearly communicated to the company and defined in a way that is not cumbersome to the company. Do not add multiple steps of justification or extreme levels of paperwork for projects that are small in dollar value or length of delivery time. Rather ensure that the level of effort for initiation matches the project breadth of scope, cost, and control. Overburdening sponsors with meaningless process steps will have a detrimental effect to the result of accomplishing a business benefit to the company. At the same time, not enough process at initiation may result in unnecessary projects being approved or unclear projects being started. A delicate balance must be maintained, and this balance must be established based on the culture of your company.

During the initiation process, the focus should be on the business need for each project and how it aligns with company strategy. Too many times project initiation focuses on the cost and schedule without attention to the business benefit of the project. The project management triple constraint must be applied to the initiation process. This clearly is not new to project management; in fact these components are the most basic element of a project charter. However, ensuring that these three constraints are properly defined at project inception is vital to the success of the project and the PMO.

Sometimes it is impossible to avoid work that does not completely fit the criteria of a project. This is especially true in small to mid-sized companies. Some

business owners will initiate a project because the expertise of a project manager is needed to accomplish work that a functional team is not capable of managing. The request to use a project manager for their expertise may sound positive. However, this situation is actually a recipe for disaster. It immediately places the PMO in a precarious position: the project manager's role is not to run an ongoing business, nor is the project manager in a place to define processes for a functional division to correct their shortcomings. As a result, the PMO is faced with unknown success criteria, an unknown end, and an unknown authority level. When taking on these projects, it is important to classify them accordingly and make sure they are clearly known. It is critical that these situations be managed carefully so that the expertise of the project manager is used only to the level absolutely required to get the effort back on track. During the course of these projects, constant monitoring and evaluation are required to determine at what point the project manager can gracefully take themselves out of the work and put it back into the hands of the functional organization. Without this level of constant oversight, these efforts can spin out of control, dramatically impacting the value of the PMO by confusing its objectives.

In new PMOs, it is critical that the company not only understands how to engage its team, but also how to properly write the charter. Depending on the maturity of the company, it may be necessary to accept a reduction in quality of the charter to accommodate the capabilities of those within the company. However it is critical that this document be defined specifically enough that it will allow the project to be successful. In my experience with smaller companies, strong sponsorship of a project has been difficult to obtain due to the number of roles a sponsor plays. To overcome this strong sponsorship issue, the PMO has made sure that the objectives were known up front, were well documented, and were agreed to by the sponsor. At this point it was possible for the project team to be successful. For example, a sponsor once requested four separate initiatives for their organization. As the team evaluated the charters for these initiatives, they quickly realized that the projects had conflicting objectives. In fact, some of them would completely undo work in another effort. Cultural analysis showed that the ability to sort through these charters and resolve these conflicts would likely not occur in a way that would allow the project to be successful. As a result, the PMO accepted the charters with the agreement that it would spend time determining the goals and objectives of that division. Once known, the charters would be revised and sequenced so that the project manager could achieve the business needs of these projects. To reiterate, this clarification of a charter is done for the sole purpose of ensuring that the project is successful in meeting business needs. It is in meeting the business need that the PMO's value is created and proven.

Once the project initiation process is clearly established, the PMO moves to the next area of focus, which is metrics management through portfolio management. As stated previously, value cannot be proven without a measurement of

results. Although this discipline can be vast and complicated, the PMO manager must align the focus of this discipline to the culture of the organization. For example, the powerful tool of earned value management would be an ineffective, time-consuming effort for a company that does not know how to interpret and use the numbers. It is not that earned value is meaningless, but rather that the culture of the company inhibits the ability to use these advanced metrics. As a result, the time spent to produce this information is wasted. It is important to evaluate each metric in light of the culture of the company and focus the time spent on metrics to those items that are meaningful to the company. The PMO must then provide that data in ways that are meaningful to the consumers of the data. In some companies, the importance of financial data is not as important as the level of quality of delivery to a defined schedule. As a result, the focus of measurements should be on how well the team delivered to the schedule, and how often the delivery did not meet quality standards. In this scenario, careful attention should be paid to resource availability and how interproject dependencies will impact on-time delivery. This data should then be delivered in visual timeline charts that show how sliding milestones impact other projects. The goal is to provide data that focuses on the needs of the company so that the business can act on the results of the data. Each company will have a different focus, so it is critical to align your metrics with the company. It is important to note that over the course of time, the metrics needs of the company may change due to new management or changes within the company. With this in mind, focus on maintaining the highest-value metrics for your company, but do not forget to anticipate changes and be prepared with metrics that may be requested in the future. Consistently providing metrics about the PMO's portfolio of projects, the amount of money allocated to projects within the portfolio, and the number of projects completed provides senior management with an understanding of its value to the company. Even though senior management may not seem to pay attention to the numbers, they are aware of them.

In metrics-driven companies, it is possible for senior management to run the strategic direction of the organization through the PMO. It is the one organization that has a consolidated view into the highest strategic objectives of the organization. This view gives senior management the ability to take action to ensure that the right projects are being done and the appropriate attention is being spent on the most critical projects for the company. In my experience, I have only heard of this being used effectively once. A new chief operating officer had been hired to manage the company, and within weeks of joining the organization, he went to the PMO for an understanding of the strategic and major initiatives occurring within the company. He was immediately able to cancel projects that did not align with his ongoing objectives, and was able to realign spending to other, higher priority strategic objectives. This not only dramatically impacted the bottom line of the company, but it brought a level of excitement to employees since they could see how his new strategies were being defined and

implemented. It also raised the value of the PMO, as they became the focal-point in managing the strategic objectives of the company. Not all companies have seen this value, nor have they learned this power. PMO management's job is to ensure that this capability is available to the company and that they are willing to assist in aligning the projects with the company's strategic direction. The pinnacle of its success is meeting this need when it arises, and then maintaining this level of strategic impact going forward.

Killers of PMO Value and Avoiding Them

All of the work spent to align your organization with company culture and to prove value through execution can be devastated by the following PMO killers. These killers can be external to your company, external to the PMO, or from within the PMO. Beware of these items and take action on them immediately.

Poor Project Execution

The biggest killer of PMO value is poor execution on a critical project. This can quickly devastate the perceived value of the organization. Make sure that proper attention is spent on the critical projects, and wherever possible, ensure that every project is successful. As mentioned before, be sure projects are queued for success at the start. If projects are not started on a path to success, they will not be successful. Naturally, there will be project failures, or projects that need to be cancelled during project execution because the business needs changed. In both cases, it is important that the reason for these challenges is not the project manager or the PMO.

Too Much Process or Methodology

Many sources will attempt to add process and methodology to the PMO. Be extremely careful with these requests. I have seen that excess methodology can actually reduce the PMO to overhead. Careful attention should be spent to prevent the perception that running a project through the PMO will only burden the project with paperwork. The goal of project management methodology should be for consistency, control, and support of the end goal. Find a balance that is in line with your company culture, meets the need of organizational control and regulatory compliance, and does not add more process methodology just because someone believes it is necessary. Carefully evaluate all feedback and the goal of each process that is suggested. Make sure that it adds value, reduces confusion, provides consistency, or provides clarity. If it does not meet one of these objectives, it is likely not worth adding.

No Responsibility for Project Execution

Every company must look to improve profit and enhance results. Without these components, the company fails to exist. PMOs whose entire focus is the creation of methodology and the policing of that methodology run the risk of elimination. There is no way to mathematically prove that PMO work is actually helping the bottom line without responsibility for the projects being executed in the company. When projects are done as part of the PMO, it is easy to prove value through metrics. Value can also be shown in what projects were rejected or stopped because they did not meet the strategies of the company.

Lack of Consistency

In our society, people quickly forget what was accomplished in the past and are constantly looking for what has been done for them lately. This is especially true during times of financial trouble for the company. It is important that you are consistent in initiation, execution, and providing metrics to show your ongoing value. The majority of successful companies are successful because their products are consistently produced. This should be the case for the PMO. The company should be able to receive consistent results in delivery. If the reliability of the organization changes, it will quickly impact the value that has been created.

Company Realignment

When a company goes through an acquisition or a major reorganization, the PMO will be evaluated for its value. During this time, it is critical that the execution of projects remain at the forefront. Changing PMO methodology or processes during this time will only add confusion to the company, and may give further reason to have it reduced or eliminated. I have seen PMOs completely eliminated during reorganizations simply because that team did not have the metrics to show the value it had created. To avoid this killer, keep up with the small things when times are good so that it is easier to weather these major changes. Only those who deliver faithfully over the long term can make it through these difficult times unscathed.

Lack of Neutrality

A PMO that does not maintain neutrality will immediately run into delivery problems on its projects. I have experienced a PMO that was aligned with a particular technical director. As projects came into the workflow, the projects for that individual's department immediately gained the highest level of priority for delivery. Proposed projects from other divisions were severely questioned, and additional justification was required for that work to begin. As a result, the

divisions that needed PM assistance stopped requesting projects and began to sabotage the projects of the technical director. These other divisions, by simply not providing resources to projects, were able to impact the delivery of those projects. The result was that its value was destroyed. Managers in the PMO need to continually look for biases in their organization, and evaluate how that bias may impact the PMO's reputation. Without a reputation of neutrality and the good of the company always in mind, it will not achieve a high level of success.

Taking on Nonprojects

As stated previously, evaluation of projects upon initiation is critical to the success of that project and the PMO. It is vital that the PMO be careful of devious projects. These projects are submitted through the paperwork process, not simply because they meet PM criteria, but because of a major failing in another division. These projects can be an attempt to throw blame for the failure on the project organization to avoid retribution on the functional organization. When evaluating the project, ensure that it meets the criteria established for a project and that it is set up for success. If these are not met, stop the project as soon as possible. If stopping the project is not possible due to political pressure, be sure that you set that project up for success through a clearly defined charter and clear objectives. Close out the project as quickly as possible. One example of this type of situation occurred in a company where a new software release was put into production, causing a customer outage. As the teams looked into this issue, it brought to light the many failings of a particular division. In addition, the root cause analysis (RCA) and resolution plan was taking longer than was reasonable. The PMO was brought into this situation to bring the RCA to conclusion and begin the work necessary to resolve the issues on a going-forward basis. Since the PMO had no ongoing operational control of this organization, there was no way to run this as a project because changes to the functional team were required. Therefore, the team quickly focused their attention on a scope of work that could meet the immediate concerns. Acceptance of this scope of work was obtained and monitored closely. As soon as the defined scope items were complete, the effort was handed back to the functional teams with suggestions for ongoing improvement. Always be leery to take on this type of project. It puts the PMO in the place of a functional team that could result in a destroyed relationship with the functional team, and could put them in a place where they are held responsible for something completely unrelated to their core competency.

Initiation Roadblocks

When establishing the initiation process, some PMOs require a great deal of work to prove the need for the project and for the PM. This is appropriate when it is focused on business needs, so that it can be prioritized and funded. However if

the PMO starts to add roadblocks to initiation simply to avoid adding work to the PMO organization, the value of the organization will be impacted. I have seen directors attempt to avoid using the PMO due to the rigorous justification process that it required. If the PMO continues to elicit this type of response, the result is not only a lack of projects but a complete reduction of value.

Each of these PMO killers can quickly reduce or eliminate the value that has been, or is being, created through your organization. These items should be evaluated and changes made to avoid the potentially damaging impact on the PMO. Understand that these issues cannot all be addressed or resolved independently, and in some cases, they will be driven by upper management. The PMO needs to be aware that each of these must be managed in an effective way so as to avoid the ultimate effect of each of these killers, which is reduced value and potential elimination of the department.

Conclusion

Throughout this chapter we have looked at the various elements of company culture and the importance of identifying and aligning the PMO to this culture. In addition, we have looked at the importance of execution. We have also discussed how to continually show value through the metrics being produced. In conclusion, the key to creating and proving value is effectively meeting business needs in a way that is in alignment with the cultural structure of the company and showing that this was accomplished. Our world is full of individuals who talk the big talk, but actions speak louder than words, and actions can be proven. Show through action how the PMO is executing to business needs, and you will have no problem proving value.

Author Biography

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