2008 PMO of the Year Award

Accident Fund Insurance Company of America
Innovation and Planning Department

Finalists

CPS Energy
Information and Communication Services Program Management Office

Hewitt Associates
Information Technology Services Project Management Office

National Council on Compensation Insurance
Program Management Office

R. L. Polk & Co.
Enterprise Project Office
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2008 PMO of the Year Award

PM Solutions’ Research Project Management Office of the Year Award is presented in recognition of excellence and innovation in developing and maturing an organizational structure to support the effective management of projects. It is a showcase for PMOs that have demonstrated vision and business acumen in implementing new ideas, methods, or processes that led to measurable improvements in project management realizing tangible business benefits for their organizations.

The 2008 PMO of the Year is Accident Fund Insurance Company of America’s Innovation and Planning Department. Finalists include (in alphabetical order) CPS Energy’s Information and Communication Services Program Management Office, Hewitt Associates’ Information Technology Services Project Management Office, National Council on Compensation Insurance’s Program Management Office, and R. L. Polk & Co.’s Enterprise Project Office. As you’ll see in the following case studies, these PMOs demonstrate best practices we can all learn from.

The 2008 PMO of the Year Award application forms will be available at www.cbponline.com in August (application details are on the inside back page of this booklet). Be sure to apply.

Jim Pennypacker, Director
Jeannette Cabanis-Brewin, Editor-in-Chief

Who is Eligible
To be eligible to receive the PMO of the Year Award, the applicant must be the director or manager of the Project Management Office nominated. All corporate and government PMOs are eligible for nomination. Submissions from third-parties on behalf of a PMO are not eligible.

Judging
The panel of judges consists of members of PM Solutions’ Research KnowledgeBoard (2008 Judges were PMO experts Dr. Ginger Levin, Dr. Parviz Rad, and Randall Englund). The judges will evaluate the entries independently according to specified criteria to ensure consistency between judges and a level playing field. All decisions by the judges are final.

How to Apply: www.pmsolutions.com/pmoaward
The award submission process is done electronically. To apply, visit www.pmsolutions.com/pmoaward and follow the steps described below.

1. Download the 2009 PMO of the Year Application Form (available in August 2009), which contains four sections to complete: Registration; PMO Background; PMO Innovations and Best Practices; Organizational Impact and Future Plans.

2. Assemble Supporting Documents. Limited to 5 Supporting Documents, which can include charts, graphs, spreadsheets, presentations, or other materials. Note that all Supporting Documents must be clearly labeled with the organization’s name.

3. E-mail completed 2009 PMO of the Year Application Forms and Supporting Documents to pmoaward@pmsolutions.com by 31 December 2009. Also mail one copy of the documents to PM Solutions’ Research headquarters (1788 Wilmington Pike, Glen Mills, PA 19342 USA).
It’s No Accident: This Strategic PMO is One of a Kind

Accident Fund Insurance is a provider of workers’ compensation and disability insurance—the 15th largest such company in the U.S. In 1999, a Project Management Office (PMO) was created within their Information Systems (IS) department, with a focus on managing IS projects. Its success led to the creation, five years ago, of a new entity and kicked off an organizational journey unique in the industry.

Innovation, Indeed. The new PMO was deliberately moved out of IS to be independent of any business unit in order to maintain focus and objectivity, and combined with the E-magine unit, which was focused on researching and implementing new e-business strategies. The combination of these two groups created a new department called Innovation and Planning (I&P). The I&P team is a hopper for business ideas from the executive team and from staff and customers. I&P owns these ideas right from initial research and exploration. The investments that are deemed worthy are prioritized for resources, pass through several decision gates, and are implemented as part of the enterprise strategic plan.

Since the time these two teams were combined, I&P has been directly accountable to the executive staff through the Vice President of Planning. This VP role is responsible for leading the creation and execution of the strategic plan for the enterprise. In addition to this direct channel to the strategic planning process, I&P was given its own department budget for staff, tools and more importantly the responsibility of these capital budget dollars that are associated with implementing these strategic projects. This, in turn, placed accountability and authority for these strategic projects specifically under the new department.

The broad portfolio of strategic business projects and programs that I&P has been responsible for includes:

- Large systems development projects
- Business expansion for all product lines
- Mergers and acquisitions projects
- R & D activities.

2008 PMO of the Year Winner

Accident Fund Insurance Company of America
Innovation and Planning Department

Type of Organization: Finance and Insurance
Headquarters: Lansing, Michigan
Number of full-time employees (FTE): 800+
PMO FTEs: 14
PMO Annual Operating Budget: $1.5 M plus budget for Capital Projects
PMO Director: Norm Buckwalter
Presenting Challenge: Laying to rest the question of PMO value; integrating acquired companies into the portfolio and methodologies
Business Benefits: The PMO became self-funded in one year’s time by pursuing cost savings related to vendor and contracts management.
Website: www.accidentfund.com
Even two years ago, when I&P was responsible only for the types of projects and programs described above, it was considered an innovative PMO model—so much so that it achieved Finalist status in the first PMO of the Year competition in Dec. 2006. Since then, I&P has continued to mature, adapt, and evolve with the changing needs of a growing enterprise. Through these changes, there are additional PMO innovations that the 2008 award judges believe not only differentiate the I&P from other PMO’s, but make it one of the best in class in any industry.

Some of these unique differentiators include:

• A clear linkage to and ownership of the five-year strategic plan through each annual planning process.
• The VP of Strategic Planning participates directly with CEO and senior staff and actively facilitates the ongoing dialogue on the strategic plan during monthly offsite meetings with all VPs and the CEO.
• The PMO takes priorities and direction from a cross-functional Executive Steering Committee (ESC). The PMO team institutionalized a dual project governance structure: the ESC for strategic initiatives and Project Prioritization & Management (PPM) Committee for tactical department project prioritization, and brought acquired subsidiary companies along into these processes.
• The I&P team directly facilitates these committees through scenario planning, prioritization, decision gates, cost-benefit analysis (CBA) reviews, resource allocation, and project sequencing decisions.
• The project managers “own” the initiatives right from concept exploration through closeout and benefit recognition—regardless of the type of project (IT, facilities, M & A, R & D, etc.).
• The I&P team is responsible for a bringing a broad range of methodologies to bear for executing projects (i.e. methodologies for Systems Development projects, Agile projects, R & D projects, Mergers & Acquisitions, enterprise change management, and facilities construction).
• The PMO is responsible for linking the annual plan (a subset of the five-year strategic plan) process directly to the annual budgeting process across the enterprise.
• The PMO manages project team roles and forecasts resources right down to name-level assignments through a shared resource pool across projects and operates with geographically remote staff who reside in the subsidiary companies.
• The PMO is responsible for the post-project “Benefits Realization Process” (Did we recognize the benefits outlined in the CBA. If not, why not? If not yet, then when?)
• The PMO now has a sub-team (the Vendor Management Office, or VMO) within I&P that manages key enterprise vendor relationships, contract negotiations, RFPs, SLAs, vendor audits, and creative sourcing opportunities.
• Finally, the negotiated cost reductions and recoveries that the VMO team provided in 2007 funded the entire I&P Department – meaning that the department can likely be self-funded in the future, and laying to rest forever the thorny question of PMO value.

Because of the broad range of initiatives the team is responsible for, the staff must be able to understand not only the strategies and business objectives for the enterprise, but how those objectives can be met through various combinations of people, processes, and technology changes.

The PMO is currently staffed with nine full-time project managers, three vendor management staff, the Director, a Vice President, and an administrative support professional. Periodically, contractors are added to the team for limited duration projects that may require special skills. Most members of the team are PMPs or are pursuing certification in project management and/or contract management. The team also has an analyst role that is dedicated to the overall portfolio management processes, software, and the project governance processes.

The Director for Innovation and Planning primarily ensures that the core projects for Accident Fund are delivered successfully and are in alignment with the strategic plan created and maintained by the Executive Team. Although the I&P has provided project management services to other departments periodically, it does not lead every single project in the company, but rather, focuses time and energy on the projects that are core to achieving the five-year strategic plan, those projects that provide the biggest business benefit, and the projects that span multiple departments or companies.
Solid Processes Lay the Foundation. The PMO had led or assisted in the strategic planning processes for most of the departments within the company, and recognized the need to begin each year with the end in sight. Therefore, in the words of I&P Director Norm Buckwalter, “We eat our own dog food: as a team we analyze our strengths, weakness, opportunities and threats as a department. We look at other successful PMO’s (including those that have been honored with the CBP award!). Annually we prioritize the process improvements we want to take on each year to continue to raise the bar for our team. Through this process we create a Project and Portfolio Management Improvement Roadmap and assign owners for each area.” Throughout the year they keep score and evaluate progress against the original roadmap plan. The categories chosen to focus on in 2007 fell into four key areas:

1. Governance Improvements
2. Process and Portfolio Technology Improvements
3. Project Management Process Improvements
4. Organizational Improvements.

1. Process Governance Improvements Help Fuel Evolution. Like most organizations, Accident Fund requires project sponsors and project managers to develop CBAs when presenting and requesting approval for a project. They use a standard template which captures critical information such as estimated costs, benefits, present value and payback periods. However, the opportunity for improvement was really in the ability to capture and communicate project benefit realization. Instead of merely capturing project costs, the I&P team works to ensure that these projects recognize the benefits inherent in their justification. To do this, the business line managers, through project manager facilitation, are brought into the process on the front end and throughout stages in the implementation to better ensure that benefits are realized as planned. It is the responsibility of the PMO to evaluate status according to plan and to validate earlier assumptions and review any new information such as functional or organizational changes that could impact the original cost benefit. Says Buckwalter, “It is very much the project manager’s job to ensure accountability for the benefits of project investments.”

In addition to focusing on benefits realization, the PMO institutionalized and owns the enterprise project governance structures—the ESC for strategic initiatives and the PPM for tactical project prioritization.

2. Process and Portfolio Technology across Subsidiary Companies Enables Better Decision Making. Accident Fund has invested in an enterprise-wide portfolio management suite. Prior to this system, project managers all had their own processes and methodologies for capturing project issues throughout the lifecycle of a project. Project members, sponsors and stakeholders alike had difficulty tracking the issues to completion. By leveraging the issue tracking features of the portfolio suite, they are now able to standardize, capture and manage issues across all projects. The features include the ability to categorize, prioritize and assign issues to resources.

The portfolio management tool also benefits Accident Fund by providing the ability for the ESC to review the health of strategic projects and make more informed decisions. System reports have been created to provide a snapshot of where projects are based on timelines, budgets, resource utilization and capacity. Whereas once they would have taken on additional projects only to find out the necessary resources were unavailable, negatively impacting projects already in progress, now better information provided to the governance committees enables the discipline to make investment tradeoffs.

As the organization grows, both organically and by acquisition, the challenge is to assess resource availability across the enterprise. This year, use of the portfolio tool was extended to subsidiaries, allowing the company to shift resources and leverage any excess capacity at an enterprise level.

3. Project Management Process Improvements. A cross-functional team with members from the PMO, Information Services and various business groups established and institutionalized the System Development Life Cycle (SDLC). Not only have the processes been established and documented, but roles, responsibilities and process checklists have been created to assist project managers. To further institutionalize the SDLC, the Corporate Training and Education Department created a training program. The portfolio tool was customized to create appropriate workflows and project checklists to ensure it is aligned with the SDLC.
But, as Buckwalter notes, “a good SDLC will only take you so far: it is NOT the basis for delivering every strategic project.” Project managers need a broad range of tools and even other tool boxes to successfully lead the broad range of strategic initiatives that are essential to successful business growth in a global economy. Mergers and acquisitions, facilities construction, organizational change, and other types of projects are therefore covered by the I&P department’s “umbrella of PM methodologies” shown in Exhibit 1.

A program of experimenting with the use of Agile Methodologies began last year. By leveraging this approach the project team was able to identify slippage early and take corrective action, and saw an increase in quality as a direct result of frequent test cycles. The opportunity to use this methodology on other projects is a goal in 2008.

The PMO has been able to provide structure and process to the merger and acquisition activity, and will be able to leverage processes and lessons learned from previous M&As. The integration of subsidiaries has also been an area of opportunity for the PMO. Integrating cultures, processes and systems without losing the values and strengths that each bring to the table independently is a niche well suited to the techniques of project management, such as stakeholder management and facilitation.

Lastly, the opportunity to institutionalize a new methodology for executing construction and facilities projects will be realized in 2008. As the company continues to grow in geography and risk diversity the need for these types of projects will continue to grow, and the I&P will need to be prepared.

4. Organizational Improvements—Killing the Value Question Once and for All. Although the team continues to earn credibility and enjoys a good reputation in the enterprise, the question of the PMO’s “added value” was identified on a list of threats when brainstorming for 2007. Like any healthy organization, Accident Fund periodically looks at its organizational investments and makes value judgments about them. For example, the centralized Quality Department was eliminated because it was not seen as adding value to the core business. I&P team members had networked with PMO
organizations that are now no longer in place. The team therefore considered opportunities to bolster I&P’s overall value proposition to the enterprise. One of the opportunities that came up was the chance to become “self funded.”

Because of the team’s heavy interaction with external vendors and suppliers, they identified a potential opportunity to recover enough costs through vendor/supplier negotiated reductions to actually offset the entire cost of the Innovation and Planning Department. The enterprise spends several hundred million annually through external entities such as PPOM networks, attorneys, sourced business processes, technology vendors, and the like. Buckwalter and his team asked themselves: What if we could find and negotiate enough cost reductions, recoveries, or cost avoidance items with these vendors to actually pay for the whole department? Although this seemed like a gossamer chance early in the year, by the end of 2007 it had become reality. The VMO was created within the department and through identification, hard work, and negotiation with vendors, not only did the team improve the overall SLAs associated with these third party agreements, it also recovered nearly enough cost to pay for the department. More importantly, says Buckwalter, “it looks like we may have only scratched the surface on this opportunity. Since the team is involved with so many strategic initiatives that involve third parties, the likelihood of being able to fund the team going forward is very high.” In 2008, he expects to see the entire department become self funded in cost savings, reductions, and recoveries.

Not only does this partnership seem natural now, but it seems the sum may actually be worth more than the parts. Project managers need to be good negotiators and control project changes to be consistent with the contract. Contracts need to be tightly integrated with the project goals. Keeping the two units working in tandem under one roof drives better results.

THE TEAM HAS CONTINUED TO EVOLVE as the needs of the enterprise have changed. It has transformed from a group within the IS department to an enterprise-level department independent of all other departments and now spanning multiple companies. This enables the team to provide objective project leadership that recognizes the needs of the overall enterprise, instead of focusing on the needs of any single department. Like most teams, they have had some great successes as well as some disappointments. A hallmark of a great PMO is that it makes the most of learning from mistakes, as well as continuously maintaining a focus on delivering value to the enterprise. While continuing to focus on improving processes, business results remain the Innovation and Planning team’s primary mission.
People and Processes Get a Public Utility Charged Up about Project Management

CPS Energy is the nation’s largest municipally owned energy company, providing both natural gas and electric service. Acquired by the City of San Antonio in 1942, CPS Energy serves nearly a million customers. The need for formalized project management was identified over three years ago, but as with many organizational improvement initiatives, the initial PMO start-up efforts encountered a myriad of unplanned obstacles. Road blocks associated with a lack of clear vision and lack of processes delayed these efforts. Nevertheless, each effort identified shortfalls that needed to be addressed: a clear vision, appropriate executive support, an experienced PMO director, and appropriate personnel to staff the effort.

The Information and Communications Services (ICS) PMO has been in operation just over a year and a half now, having addressed these barriers. The ICS PMO has strong senior management representation. The CIO espouses project management; he understands the project management process, values the benefits and is the PMO’s greatest champion. Says PMO Director Steven Kustelski, “The real value is that the captain of our vessel knows where we’re going and how to best help us get there. Above all, he is totally dedicated to the Project Management concept and reflects confidence in his assigned directors.” He also is dedicated to the PMO vision of being “the provider of choice in project management services for information technology projects at CPS Energy.”

The CIO sought a PMO Director who would be experienced (“like a fine steak,” joked Kustelski, “seasoned—but not overly so”); a visionary; credible, able to lead by example, and realistic in his expectations, recognizing that organizational change is like turning an ocean liner—it takes time … and timing. He felt it was also important for the candidate to actively participate in industry knowledge sharing, not only in program/project management community but also in the utilities world. After a couple false starts, Kustelski came aboard, and says that as PMO Director he is “completely committed to the organization, its goals and, most importantly—its people.”

In keeping with this commitment, the initial step for the PMO Director was to staff the organization with the appropriate personnel. His focus was to find individuals that had the appropriate experience in project management, were PMI-certified, and could bring a degree of “people orientation” to the organization. The first two attributes can be easily identified on a resume; the third is a little more difficult. The director’s belief is that if he could find individuals with these qualities, they could “hit the ground running” be committed to being part of a successful team.
The Master Plan. The next step in the PMO development process was to develop an Implementation Strategy (Master Plan). They laid out a six-phase plan.

1. Establishment of a functional project management office within the Information Communication Services (ICS) Division. After determining issues of organizational structure, they established a communication plan to engage stakeholders. “A great idea is no good unless you can sell it to someone,” notes Kustelski, “and this is where showing the potential benefits was especially important.” To this end, they developed and communicated a high-level methodology for managing projects—a roadmap to success based upon a “standardized, simple, repeatable” process.

2. Next, they established a program to implement project management best practices within ICS. They developed common tools and templates. While recognizing that project manager brings a unique experience and knowledge to the organization, they wanted them to manage their project management efforts within specified parameters. Implementing the ICS PM Methodology consisted of three major deliverables: modified PMI processes; realistic project management deliverables for the project lifecycle process; and a way to tailor it to the type and size of the project(s). Implementing internal and external benchmarking provided the checkpoints for successful project management and guides in the continuous improvement actions. Developing and implementing a resource planning process provided an important input to the portfolio management effort. Previous efforts had revolved strictly around the availability of budget, without appropriate consideration as to the availability of resources. They also implemented metrics to validate project performance. Finally, a practice of continuous improvement was put in place by identifying and implementing project management improvements within ICS.

3. A strategy to implement program/portfolio management best practices within ICS came next. The concept, initially supported via manual processes and spreadsheets, will continue to evolve toward the implementation of an integrated PPM solution, a project in itself, which is currently under way. During the 2008-2009 planning cycle this effort will be instrumental in the prioritization and budgeting process for the projects within the multi-million dollar portfolio.

4. Project Management and Quality Assurance, since they are intertwined in many aspects of projects, needed a tighter linkage. Standards, inspection guidelines, process adherence, product reviews—just about anything that is done under the project management umbrella can be monitored, assessed, and hopefully improved in quality.

5. Project Management Training and Development is set to be developed and provided to both resources within and outside the ICS. This includes process knowledge as well as coaching in the people management attributes which make up project management.

6. Success! Metrics now provide a measure for determining degree of success. Prior to the PMO, success meant a project was completed, with no determination of whether it finished ahead or behind schedule or how much the budget was impacted and quality was the least measurable attribute. Now the ICS PMO measures and equates success to budget impact (dollars), schedule impact (dates) and the quality of the product.

Since its inception, the PMO has grown to consist of three functional areas, Program/Project Management, Quality Assurance, and IT Financial Management. Each of the functional areas has a manager assigned. The Project Managers are directly billable (charged-back) to the project(s) they are supporting and all other individuals assigned to the PMO are billed as Operations & Maintenance (O&M), which is basically capital versus expense.

The Program/Project Management group partners with all areas to provide services to execute projects and programs as follows:

- Provides Portfolio/Program/Project Management support to ICS following the principles and practices of the Project Management Institute (PMI), to include project schedule creation, resource tracking, weekly status updates, project analysis, and reporting.
- Develops and administers certified Project Management training courses.
- Coaches and mentors Associate Project Managers (APMs).
• Facilitates resource management for ICS.
• Develops and maintains the ICS Project Management Methodology documentation, tools and templates.
• Develops Program/Project metrics required to identify successes and opportunities for action.

The Quality Assurance (QA) group, an independent function, collaborates with various areas of ICS, the Quality Council, Audit Services, and the Enterprise Architecture Council to provide the following services:
• Develops and establishes quality assurance standards and measures for ICS, including guidelines for inspections, assessments, process adherence, product reviews, and sign-offs.
• Provides guidance on quality assurance best practices.
• Conducts quality assurance compliance reviews for adherence to ICS architecture, testing, and other governance standards and procedures, including inspections of deliverables, and execution of phase-end reviews.
• Documents and reports quality assurance findings and monitor action plans. Determines root cause of product failures and makes necessary adjustments in product development and quality assurance processes. Tracks and analyzes historical quality data to predict future performance.
• Provides training on quality assurance processes and standards.
• Creates a network within the organization to provide QA expertise.

The Financial Management group monitors and controls costs for portfolio management and for Operating & Maintenance (O&M) expenditures to provide the following services:
• Coordinates ICS’ annual budgeting process for capital and O&M expenditures.
• Performs financial analysis/management for ICS.
• Reports ICS’ financial results.
• Applies accounting and financial requirements to PMO operations.

The integration of these three functional areas has been especially critical to the continued success of the PMO. The integration provides the basic structural integrity for managing projects toward the budget, schedule and quality goals. With the immediate proximity of each of these functions to the others, situations that could cause a delay are quickly resolved and communicated among all parties.

Using the Standard Methodology to Optimize Practices
CPS Energy's project management practices are based upon three standard concepts.

1. Project management professionalism—all Project Managers assigned to the PMO are experienced. Project Management Professionals (PMPs). This provides a basic terminology “common denominator” among the individuals responsible for managing projects and interacting throughout the core team.

2. Standardize and sell the goals/objectives associated with the project management benefits. This becomes especially important in an organization where the project management process was immature. As the process matured and more individuals recognized the benefits, the reward was truly worth the effort. The more the organization sees the benefits associated with processes, the more they want to participate.

3. Understand the roadmap (process methodology. CPS's project management roadmap is the standard PMI development lifecycle, modified into a five-phased lifecycle. This supports the full complement of projects supported by the PMO. Their approach was to start out simple with an easy-to-follow methodology, along with a set of basic tools and templates maintained in accessible Document Management System. The standardization among the projects is based upon this combination of process, tools, templates and a standard repository.

The major differences between PMI's and their lifecycle are the addition of the Implement phase and the Monitor and Control actions exist throughout the lifecycle rather than being depicted as a single phase.
Lastly, the integrated strategy allows CPS to bring this all together into a viable, dynamic process. Each component shown below is a building block toward the success of the CPS Energy project management process. The structuring of each component and its process interaction with the other components creates the dynamic encompassing process.

**Notable Improvement.** CPS has created a standardized project management repository that represents the project lifecycle. It contains all supporting project documents, very accessible by the project manager and core team members, and contains the lessons learned.

They continue to increase customer buy-in; sponsors understand their role, and they in turn become returning customers because they recognize the value added provided by the PMO. In addition, the PMO has been instrumental in helping to overcome a culture of chaos. It has brought structure to the Division and lastly, it has been a positive instrument of change by overcoming an attitude of resistance to change.

This is exemplified by the many ways in which the ICS PMO works with other departments as a partner. Audit services recognizes that the processes are substantiated; the PMO’s internal QA function melds and assists with their role. One initial success was driven by enlisting process champions to promote the PM Lifecycle and consistently validating that the methodology brings a repeatable, standardization to project management; as a result, it now incorporates the quality assurance function. And a chartered Project Leadership Council was created and has introduced standardized reporting and prioritization of projects across the division as well as helping to achieve budget equity. Says Kustelski, “Our next logical step is toward a greater degree of resource management across the division.”

CPS Energy is realizing the benefits associated with formalized Project Management. The two charts represent a comparison between the performance period prior to the implementation of the PMO and the period during the current performance period with the PMO. Using the same measures for the metric comparison, the difference between the performance periods is quite evident. The second performance period with the PMO and the standardized project management practices has resulted in a substantial improvement in budget and schedule management. The initial goal established was that 80% of their projects would be within +/- 20% on cost and schedule.

In Exhibit 1 (next page), we see that, of the 25 projects completed during the performance period prior to the PMO implementation, 56% did not meet the cost baseline and 76% did not meet the schedule baseline.

Exhibit 2 is a projection (with 3 months remaining in the performance period at the time the award was applied for) based upon the current projections and with all the remaining in-flight projects continuing to track within the baseline schedule variance and 14 of the remaining 16 meeting the baseline cost variance. Though simplistic, the comparison of the cost variance between performance periods shows almost a 40% improvement as well as a substantial improvement in the schedule performance. Granted there are factors that could account for some of the differences but for the most part this improvement is based upon methodology, standardization and increased accountability.

CPS IS PROUD OF THE RESULTS of bringing the right people together, developing the processes and providing the appropriate tools/templates. Due to their success, there is a demand for their services outside ICS. For example, they are involved in Facilities (construction) projects and several other projects outside Information Technology in the business units. Kustelski says, “Our methodology, tools and knowledge will become more sophisticated as we evolve. Although we still have a long way to go, we are proud of our journey thus far!”
Exhibit 1. Cost and schedule variance for PMO-managed projects that were completed in 2006.

Exhibit 2. Cost and schedule variance for PMO-managed projects that were completed in 2007.
Making the World a Better Place to Work with Project Management

Hewitt Associates is the world's largest provider of multi-service HR business process outsourcing (BPO), and the only firm fully integrating HR outsourcing and consulting. Hewitt's mission is Make the World a Better Place to Work, which is what the Information Technology Services Project Management Office (ITS PMO) strives to do on a daily basis by meeting four objectives:

1. Revenue Growth
2. Manage Productivity and Cost Effectively
3. Engage and Manage Associates Effectively

The initial ITS PMO was formed in 2001 and consisted of five full-time project managers focused primarily on information technology-initiated projects. There was an immediate and significant demand for this group to manage projects within the IT organization. Many of the existing projects were being managed by technical leads, and several were failing or in chaos. The formation of this group had an immediate impact on the success rate of projects in the organization.

In 2006, Hewitt went through reorganization. ITS was aligned to a broader group called Global Business Services (GBS). As part of this restructure, the ITS PMO grew to include the enterprise application development project managers to help meet the changing needs of their business. A fast, well-managed transformation was key to meeting organizational goals, so a GBS Reorganization program comprised of several projects was initiated and run by a member of the ITS PMO to oversee these major changes.

As the ITS PMO grew through 2007, its work expanded to include the broader management of GBS projects in addition to ITS projects. The ITS PMO was chosen to take on these additional responsibilities due to its established reputation: the PMO made a name for itself across Hewitt as the Subject Matter Experts on project management and are in high demand to manage enterprise wide, critical projects and/or programs.
The ITS PMO is part of the Office of the CIO. Projects are funded based on a top-down approach looking at the portfolio of work that is needed to be done. They divide work into two main areas: external projects and internal projects. Each area is managed by a PMO manager who reports up to the PMO Director. The PMO Director reports directly to the head of the Office of the CIO and is part of the ITS Leadership Team. Exhibit 1 shows the role of the ITS PMO within the organization.

The Information Technology Services PMO plays an important role in helping the organization reach its goals because a majority of initiatives or projects include some type of technology. ITS PMO members are responsible for managing high-priority projects: those that have significant financial or organizational impact, highly visible.

In FY 2007, the ITS PMO managed 374 projects, ranging from internal application/hardware upgrades to host/re-host of multi-processing client infrastructures to integrating acquired organizations to application development projects. The ITS PMO also initiated Large Portfolio Management.

Their project management methodology is continuously improved based on feedback and lessons learned. It is based on the Project Management Institute standards, except that some European projects follow PRINCE2 standards. All project managers in the PMO are required to have their PMP certification.

As part of the methodology, the team has created, owned and published project management practices and standards for use on any Hewitt ITS project. They have also implemented a project governance process which verifies that the methodology is followed consistently across ITS. This ensures consistency for leadership, management, and team members and enables their recognition of project documentation and artifacts, which fosters a common understanding of how project artifacts are used.

The PMO also provides a PMI-accredited project management curriculum (six courses, open to all Hewitt associates). The team also maintains a “Project Management Resource” self-service database and monitors a “Project Office” mailbox to enable anyone in the firm to obtain assistance with regards to project management.

In addition to their project management responsibilities, each ITS PMO member is partnered with an Extended Leadership Team member to assist them with portfolio management. These members exist of direct reports to the CIO.
and select key managers. These responsibilities include helping manage the portfolio of projects a specific ITS area aligned to their XLT member by guiding their resource management, forecasting future project requests and ensuring projects are aligned to the firm's goals. ITS PMO members are also responsible for coaching and mentoring any project coordinators within their portfolio, providing performance feedback, and setting expectations regarding the use of project management methodologies. An ongoing goal for the ITS PMO is to build project management expertise within the organization so there is a strong pool of candidates for available project management positions.

From Private to Public: Visibility Brings Challenges
As Hewitt moved from a private to a public company, there were several challenges that directly impacted Information Technology Services' ability to deliver projects on time, within budget and to quality standards. These included a lack of accountability for project delivery. After an idea went through the project validation and approval process, there was little to no accountability at appropriate levels of the organization for delivering a project on time. Project executives and owners were often not fully engaged in removing barriers from the project team, which left the project team to manage by force.

There was also an inability to track financial activity at the project level. The problem with tracking financial activity related to a project was fundamentally a cultural issue in that individual team members were not required to submit timecards on a weekly basis and there was no validation that the appropriate time codes were being charged for work completed. Also, project managers were not involved in ordering hardware or tracking the purchases made for a project.

At one time there were just under 300 active projects listed in the Project Index, which is a catalog of all projects. Often projects were starved for resources and therefore were left open with only a few activities left to complete. In other cases, the project was a low priority and the resources allocated would never have enough time to work on the project so it remained active with no actual activity being done.

Due to the large number of active projects, the project management office was unable to staff all projects with a full-time project manager. Therefore, technical resources were often assigned as the project manager on a part-time basis. There were no performance goals or standards in place for the part-time project managers to follow and be measured against.

Senior-level management was often unaware of all the challenges facing a project. Leadership did not understand project delivery or their potential role in solving some of the problems. There were instances where the project executive did not even know he or she was the executive of a project let alone what its current status was.

Administrative responsibilities were balanced with keeping projects running. Project managers were responsible for keeping meeting minutes, weekly status reports, project financial spreadsheets, issue logs, risk management plans and schedules up to date while working with the project teams to deliver project results. The large administrative overhead for the larger programs caused project managers to manage fewer projects simultaneously in order to manage workload.

Finally, due to two waves of workforce reductions within one year, ITS personnel felt concern regarding job security in an area where layoffs had never occurred before. The motivation levels of associates assigned to projects was very low.

Responding to the Challenges. Beginning February 2007, the project management office started a series of initiatives to address the above mentioned challenges. The main goal of the initiatives was to improve the ability for Hewitt's Information Technology Services department to deliver projects. The main initiatives were Project Governance, Financial Management Process, Project Audits, Education, Portfolio Management and European Project Office (EPO).

**Project Governance.** The Project Governance model was created to drive accountability for project delivery, reduce the number of active projects, provide guidance to the part-time project managers and provide a forum for open communication. The governance model includes four steps to success:

- **Step 1:** Project Evaluation Phase. Authority to move to planning after initial evaluation of overall project conducted.
- **Step 2:** Project Planning Phase. This step provides the authority to move to Execution once scope statement, schedule, resource plan, budget, change management and risk management plans have been agreed to by the Leadership Team.
- **Step 3:** Project Execution Phase. Project Manager monitors progress against schedule and budget and brings the project back to Leadership if performance falls outside of stated thresholds.
- **Step 4:** Project Closing Phase. Project Manager ensures that all necessary work with regard to deliverables and project owner satisfaction are met. Conduct a post-project checklist review and have the leadership sign off.
Financial Management. The Project Financial Management process was created to address the challenge of not being able to track financial activity at the project level. The process was created from the ground up and includes the following steps: gathering cost estimates, tracking actual cost charged and reporting against the budgeted baseline. A spreadsheet was created to track the results as well as perform calculations in a summarized view.

Project Audits. An audit process was resurrected to address the challenges of having too many active projects, holding all project managers accountable to following project management standards, and to quantify the problems associated with layoffs and motivation problems. The project audit process includes criteria for selecting projects to audit, an audit checklist and a one-to-one conversation between the auditor and the audited project manager regarding the findings.

Project Assignment Improvements. In order to address the challenges related to layoffs and ensuring in-flight projects stayed on target, the ITS PMO worked with the ITS Resource Manager to determine available and appropriately-skilled resources to manage in-flight projects. Part-time project managers to whom projects were assigned, were provided with a checklist of expectations including status, metric and financial reporting. Mentoring services were also offered to those who might need additional assistance.

Full-time project managers assigned to the PMO worked in conjunction with unit managers to review resource plans to better strategize and confirm when resources would be available to take on additional work. Aligning resources with upcoming work in a proactive rather than reactive method helped ITS to become more plan-based and provide a better work balance for associates.

Portfolio Management. As part of the Project Governance process, project managers within the PMO are responsible for managing a portfolio of work based on alignment with a member of the executive leadership team. This alignment also provides a forum for a full-time project manager to provide guidance to the part-time project managers in the leader’s area including working on improving consistency of project management skills. Another benefit of the Portfolio Management role is the ability to offer mentoring and assistance to part-time project managers. The Project Management Office has provided templates for generating project documentation and the Portfolio Management role has provided a communication channel for reinforcing the use of the templates.

European Project Office. The European Project Office (EPO) was created to assist project managers by performing some of the administrative responsibilities for a project so the project manager can focus on driving project delivery. It was also a cost-saving factor to decide to establish Project Coordinators out of Krakow, Poland. The Project Coordinators perform duties that include collecting status for large programs from various Project Managers that fall under that program.

Going forward, the ITS PMO will continue to emphasize and expand their roles as planning consultants and delivery experts and reduce their focus as project administrators and score keepers. This will be accomplished by focusing on three core strategies: Client Focused Approach, Strategic Sourcing and Role Definition, and a Lean Governance Philosophy. The LEAN Governance Model is a streamlined approach to governance. Says PMO Director Michael Syverson, “Our philosophy is transparency and accountability. The EPEC (Evaluate, Plan, Execute, Close) governance model was created to help control the flow of projects from the request to close and focus the organization to managing. Since the inception of this model, we have since received rave reviews of what we do as PMO Liaisons as well as have stopped projects in the stage gates before they took on company time and money.”

The goal is no longer to fill a one size fits all Project Management roles, but to strategically source the organization with distinct qualifications that are needed to perform the unique job definitions. In the current operating model, they have created five distinct roles and disciplines to enable them to have their most qualified and senior resources working with customers to deliver key programs and strategies while ensuring that the business as usual projects and administrative functions are properly controlled and managed. This alignment has allowed them to better meet their customer delivery expectations, led to more repeatable results, and given the Project Management skill set a logical career path. The ITS PMO expects the organization to continue to evolve in response to Hewitt’s business needs.
An Award-Winning IT PMO Ramps Up to Enterprise Level

NCCI Holdings, Inc., based in Boca Raton, Florida, is the most experienced and largest provider of workers compensation insurance and employee injury data and statistics in the nation, providing a variety of data products to over 900 insurance companies and nearly 40 state governments. NCCI has won numerous awards ranging from the MarCom Gold and Platinum Awards, to the Greater Boca Raton Chamber of Commerce 2007 Business of the Year.

The cornerstone of the company is the data, and the systems supporting the data. For years, the company operated by band-aiding archaic mainframe programs and implementing technology changes “transparent” to the user; changes that were decided and driven by IT with little or no communication, business decisions, or testing performed by the internal business customers. In the late 1990s, systems and external/internal customer needs evolved to delivering internet/intranet applications. This required a major re-platforming of mainframe systems and applications. Over the last 11 years, the company has doubled the number of IT applications from approximately 65 to 134. This environment of application growth spawned the need for a PMO.

NCCI’s PMO evolved over approximately nine years, from a business unit PMO that provided rudimentary information on project methodology, standards and templates, to a PMO department combined with two business unit project teams and reporting directly to the CIO, to today’s award-finalist configuration.

A Strategic Project Office

While called the Program Management Office (PMO) from an organizational chart perspective, NCCI’s PMO has operated as a Strategic Project Office (SPO) for three years. Through careful planning and a commitment to maturing the project management competency, they have reduced the staff from 27 business-focused employees to 14 project management professionals. The department includes the Director-PMO, Manager-PMO, 11 project managers (six senior project managers, three project managers and two associate project managers) and a senior administrative assistant. Their mature project management practices contributed to NCCI’s Information Technology (IT) Department winning the 2003 South Florida Business Journal Pinnacle Award for IT Excellence, as well as achieving Finalist status for the PMO of the Year Award in both 2007 and 2008.
The PMO provides a nexus connecting strategic planning, standard methodology and metrics, resource evaluation and planning, project management consulting, knowledge management and a learning organization. The PMO Steering Committee (comprised of the CEO, Senior Staff and the Director-PMO) deals with strategic planning, project selection and monthly portfolio reviews. Periodic check-ins and the annual planning cycle (see Exhibit 1) are aligned with Board meetings. A PMO Operations Group (comprised of business leaders from each division, Application Development IT Executives, Infrastructure Architect, Director-QA, Manager-PMO and the Director-PMO) deals with tactical issues, including corporate capacity planning, project recommendations to the PMO Steering Committee and global issues resolution.

A core strategy leading to the success of the PMO is recognizing when to encourage project purist processes and when to soft sell processes, thus encouraging adoption that will later be built upon to increase the maturity of the organization. Business leads are not expected to understand the nuances of Microsoft Project, but are offered Microsoft Excel versions of project plans of those projects managed by resources whose core competency is business analysis, not project management.

**Standard Methodology and Metrics.** Repeatable PMO processes are the cultural expectation at NCCI and are integral to the success of the PMO. To that end, they have developed a comprehensive set of 36 templates, ranging from vision statement and project charter to business requirements and detail design through to a traceability matrix and metrics calculation. Metrics are based on three aspects of the triple constraint (budget, schedule and scope). A focus on achieving business results is growing and will lead to establishing a value metric.

**Resource Evaluation and Planning.** The Manager-PMO conducts periodic capacity reviews with business and IT counterparts with the goal of proactively managing resources, based on analyzing the available resources for strategic...
corporate and/or divisional initiatives aligned with the PMO Annual Plan. The PMO developed a robust relational portfolio database management system with reporting capability to manage this effort.

Resource evaluation and planning looks across all IT initiatives—investment (large, strategic projects), discretionary (small enhancement projects) and baseline (“break fix”) projects—to detect capacity and/or skill set stress points within each division. Capacity is then smoothed by making adjustments to project start dates, schedules and scope. Capacity constraints are mitigated and managed as a project risk. The capacity planning sessions provide a forum for assessing departmental goals against resource availability throughout the year. The implementation of the PMO Project Data Analyzer tool allows project managers to use in-house historical project information to validate project estimates from a resource, cost and schedule perspective.

**Project Management Consulting Center.** The current SPO is the seat of governing responsibility for project management and as such, operates as a consultative organization, providing project management with direct oversight and responsibility for all investment projects with regard to budget, schedule and scope, regardless of where the project originates in the organization. In 2007, based on a corporate directive, they expanded their role to include monitoring and oversight of discretionary projects. Based on the results of a risk assessment completed by the business and IT teams, the PMO assigns a project manager to high risk projects. For medium and low risk projects, the division manages the project with the assistance of a technical project manager (TPM). Upon completion, the PMO then audits a sample of projects for each division and determines a satisfactory or unsatisfactory finding. Unsatisfactory findings are expected to be remediated within 30 days.

**Knowledge Management.** The PMO facilitates lessons learned sessions prior to the close of each project. All project documentation, including lessons learned, is stored in the PMO Repository. The lessons learned knowledgebase is analyzed on a quarterly basis, resulting in the initiation of Software Engineering Process Groups (SEPGs) on targeted topics. The SEPGs recommend and deliver process improvements in the form of templates, processes and systems. Many new PMO initiatives arose from SEPG recommendations.

Upon project completion, the project manager ensures all final documents are retained to be used as sources of information for future projects. Project plans for active projects are updated weekly into the Microsoft Project Server.

**Learning Organization.** NCCI does not stop at knowledge management, however. PMO Director Heidi Boehringer quotes Anton Chekhov: “Knowledge is of no value unless you put it into practice.” That practice includes an array of learning and training methods and opportunities.

To further enhance the competency of project teams, each project manager assumes the responsibility of assessing their project teams and coordinating “just in time” training. Training is provided to the entire organization on a regular basis, including topics such as Project Charters, Business Requirements, Project Scheduling and Tracking, Cost Estimation, Project Risk Management Fundamentals, and Quality Management based on Six Sigma and the Deming cycle.

During the nine-year transition from Business Unit PMO to a true Strategic Project Office, NCCI senior management clearly indicated that the advantages and authority associated with an SPO Office were valuable, but also recognized it would require a significant change in organizational culture. Their strategic plan included establishing the foundation, short-term initiatives aimed at demonstrating the value of the PMO and long-term solutions aimed at inculcating a project management culture throughout the organization. The road to success for the PMO has been both challenging and rewarding, but it has led to indisputable success for NCCI and their customers.

Boehringer stresses that any discussion of the PMO’s role should emphasize the Project Management and Control (PM&C) process and its application—not the PMO organization itself, which is simply an instrument of organizational goals, objectives, and policies. This is a significant point, as there must be recognition and acceptance of the value of the process for it to be supported and used by the organization. The PMO role should be viewed as the embodiment of efficient and effective application of the PM&C process for the shared good of the overall organization and individual projects.
NCCI’s PMO is now in year three of a three-year plan on three initiatives aimed at optimizing their practices:

1. **PMO Portal**—This project will deliver the integration of project information via Microsoft SharePoint 2007 and Microsoft Project Server. Individual project pages with status will be easily accessed with divisional and portfolio views. Workflows will assist with tracking approvals of key project documents. Supporting materials will be a click away.

2. **Continued Maturity of PMO Templates**—Based on lessons learned and driving repeatable processes through standardized templates, the PMO delivered a new business requirements template with embedded detailed prompts, driving consistency of design, development and delivery.

3. **Extension of Tools**—The PMO is careful to analyze when to deliver process solutions versus technology solutions, and cognizant of managing the people side of change. Once processes are firmly in place, they develop technology solutions to gain efficiencies.

Another key adjustment made in 2007 involved the level of engagement from a corporate sponsorship perspective. As the PMO has evolved through the years, the PMO Steering Committee has also evolved—the level of oversight has ranged from micro-management to laissez faire. Starting in January 2008, the PMO Steering Committee reviews a monthly PMO Portfolio Report that includes budget, schedule and scope metric information on active projects and updates on pending projects. Along with the strategic planning meetings and periodic in-depth portfolio and key project reviews, a healthy balance of oversight has been struck.

**Innovations and Best Practices**

One of the first prerequisites of acting as an organizational leader is the development of the internal tools and skills that provide value to others in the organization. From the perspective of project management at NCCI, this requirement encompassed a vast array of topics, ranging from planning to Project Management and Control (PM&C) to the sophisticated mechanics of project scheduling and tracking. As an initial contribution to organizational efficiency and effectiveness, the maturity of the PMO and of the organization as a whole was tantamount. The PMO developed a solid core of expertise in PMO members through training on advanced procedures. In addition, selective hires were made from external sources to introduce outside expertise and perspective to the NCCI environment. In turn, these external sources extended the PMO and organizational training and expertise for the effective use of productivity tools such as Microsoft Project Server, introduction of the concepts of integrated project structures, earned value methodology, and the basis for the integration of the core concepts of project management and Six Sigma quality, translated into NCCI’s Quality Management System (QMS).

This solid core of expertise was extended through training to partners in business and information technology in the processes and practices of project planning and tracking. Shared expertise was central to the understanding, acceptance, and actual usage of the next step in PMO innovations—the development of standard templates of all types for the effective introduction and application of core organizational competencies in the areas of PM&C. Core competencies include:

- Implementation of the project vision statement template, which ensures early development of the business case and general agreement that the proposed project has merit. Implementation of the project charter template for the refinement of the business case, approved course of action and a commitment of resources.

- Establishment and maturity of detailed project plan templates, including defaults for duration, work, predecessors, successors and resources (e.g., TPM, SME, etc.) for investment, discretionary and baseline projects.

- Development of standardized project structures for project scope definition and as a base for enhanced project schedule and cost estimates.

- Enforcement of rational, detailed business requirements as the basis for achievable design elements. The PMO sponsored a Software Engineering Process Group (SEPG) whose activities resulted in embedding detailed prompts into business requirements template for consistency of design, development, and delivery.

- Creation of two electronic PMO Reference Guides—one for the investment project life cycle and one for the discretionary project life cycle—detailing all aspects of the project lifecycle with links to internal and external sources of information.
Integrating Quality and Project Management. However, it was not sufficient to simply have success in the PM&C arena. What was far more meaningful was how to build upon that success through integration with other organizational initiatives. The move toward Six Sigma quality provided a significant opportunity in this regard. Working with the Quality Council and the PMO process team, the PMO developed a seamless interface and mutually supportive set of tools and techniques between the Quality and Project Management Systems. This interface and set of tools, known as the Quality Management System (QMS) is now being used throughout the organization as part of organizational development.

The Bottom Line
Steps such as these have led to a singular record of achievement where the primary metrics of success have increased an overall 29.6% from when metrics were first initiated. The score in 2007 for service delivery was:

- Budget 91%
- Schedule 82%
- Scope 100%

While these metrics show evidence of the PMO's achievements, what has been of far greater importance has been the adoption of the PMO process by the overall organization and the positive results of that adoption. Three key contributions to organizational success directly derived from the institution of enhanced PMO processes were:

1. Strategic Planning — Building on a base of credibility in the management and control of projects, the PMO has been instrumental in the establishment of an organization-wide strategic planning process that (1) identifies potential projects, (2) prioritizes them, (3) develops initial estimates of schedule and cost, and (4) aligns the projects with the Corporate Balanced Scorecard and divisional Cascading System of Indicators. As a direct result of the PMO strategic planning process, the organization has a rational process for the designation of projects among divisions, providing the greatest return on investment for the entire organization, as opposed to individual divisional concerns.

2. Resource Evaluation and Planning — The identification of projects for initiation is only as good as the corresponding identification of the resources necessary to support them. The PMO has developed and taken the lead in managing corporate resource evaluation and planning, an iterative process throughout the course of each year. A rather complex effort, it essentially involves the detailed identification of individuals for each current investment, discretionary and baseline project in terms of not only assignment, but also the extent of each assignment and the corresponding skill set required by the project. The assignments for current projects are then stacked and compared to the needs for projected efforts. The resulting gap analysis is fed back into periodic reviews with the PMO Operations Group and the PMO Steering Committee and, ultimately, the future year strategic planning process. Capacity constraints are actively managed. At the direction of the PMO Steering Committee, project initiations may be delayed or schedules adjusted to address constraints.

To strengthen resource evaluation and planning activities, the PMO focused on project estimating processes. Utilizing credentialed staff experience — members of the staff hold advanced degrees in Mathematics, Statistics, and Industrial Engineering, not to mention a professor who regularly consults with the FDA and the IRS — NCCI developed an estimating tool they call the Project Data Analyzer, based on fifty-three completed projects from 2004–2007. As additional projects are completed, they are added to the tool to expand the base of NCCI historical project information.

3. CAPM & PMP Certification — As an adjunct to the variety of courses sponsored by the PMO in the area of PM&C, an extended series of in-house training courses is conducted, preparing individuals throughout the organization to take and pass the CAPM and PMP examinations and gain certification. The success of this program has been reflected in a variety of ways, ranging from the recognition and adoption of the value added by the PMO process to the development of individual competencies and personal development to the adoption of project management principles throughout the organization. This program has resulted in twenty-five PMP certifications, with another fifteen people now studying for the either the CAPM or the PMP exam.
NCCI is a not-for-profit organization, so the usual business measures don’t apply. Yet there are several indicators that the new SPO model is yielding important benefits. First, NCCI’s customers and Board of Directors have recognized and praised the dramatically improved products developed through enhanced and sophisticated project management and control procedures that have become part of the overall organization’s structure and value system. In fact, they received a score of 8.43 (on a 10-point scale) in a recent Executive Survey of their member insurance companies. Feedback praised a continued focus on systems initiatives.

In addition, through the development of organizational efficiencies and effectiveness, NCCI has been able to consistently return annual funding to their “owners,” the insurance companies they serve.

Still, the organization isn’t sitting on its laurels. Says PMO Director Boehringer, “While we take pride in our accomplishments to date, we realize that we are part of a highly dynamic environment, and we can either be followers or leaders in the changes that challenge the organization on a daily basis. We have consciously chosen and planned to be leaders. We now are leading the organization in such areas as the effective use of performance measurement and metrics to judge project effectiveness and organizational maturity in its core competencies.”

Overall, she adds, they can confidently state that they have established the methodology and overall environment, supported by sound processes and practices that permit, in a departmental motto, “Stability, but not stagnation. Change, but not chaos.”
A Watershed Moment for Project Management

“There are watershed moments in the life of every company; moments when the course of history can be changed. Successfully seizing such moments means good fortune for all concerned. We’ve reached such a moment in the history of Polk.”

—Stephen Polk, Chairman, President & CEO of R.L. Polk & Co. speaking to employees in May 2000 upon the company’s decision to focus on its automotive business and sell its non-automotive operations.

Signaling a clear strategic shift in company focus, Stephen Polk set forth a chain of events that forever changed R. L. Polk & Co. and also led to the establishment of their Enterprise PMO.

In realizing the market opportunities available by focusing on its automotive business, beginning in 2000 Polk’s Senior Leadership created a core team to assess the benefits of utilizing project management. The team put together a business case that included:

- Pros and Cons of Project Management
- Project Office Short- and Long-term Goals
- Infrastructure Requirements (people, process & technology)
- Roles & Responsibilities
- Training Requirements.

After assessing the business case and clearly understanding the benefits that a formalized project office could bring, Polk’s Senior Management quickly approved the implementation of an “Enterprise Project Office (EPO)” in July of 2000. The EPO name was chosen to make an impact on the entire company by signifying that project management can benefit the entire organization and not just specific departments.
The R. L. Polk EPO Plan

**Phase I: Define EPO (30 Day Plan)**

Deliverables
- Identify & Document Corporate Expectations/Requirements
- Identify & Document EPO Benefits
- Identify Project Methodology
- Create Mission Statement
- Identify EPO Functionality (scope)
- Create Charter Document
- Identify Roles & Responsibilities
- Obtain Corporate Validation
- Develop Communication Strategy

**Phase II: Gap Analysis (60 Day Plan)**

Deliverables
- Technology Assessment & Recommendations
  - Project Tools
  - Templates
  - Website
- Training Assessment & Recommendations
  - Skillsets
  - Personal Development
- Status Reporting Assessment & Recommendations

**Phase III: Process and Procedures Implementation (90–120 Day Plan)**

Deliverables
- Project Prioritization Process
- Resource Allocation Process
- Project Feedback Process
- Project Effort Tracking Process
- Project Request Process
- Standardize Documentation Procedurals
- Change Management Process
- Mentoring Process
- Audit Process
- Marketing Strategy Process

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**Exhibit 1. The three phases of Polk’s Enterprise Project Office strategy.**

The EPO team began with a staff of seven excluding the team lead. Some members had been part of the core team, while others were recruited from other company departments. The team members were relatively inexperienced in applying true formal project management practices and, to make the situation even more challenging, some project managers resided in remote office locations such as Long Beach and Cincinnati.

As the team began to gel, it worked on developing a strategy which ultimately consisted of three phases and included aggressive timelines, deliverables, resources required, value added requirements, risk and measurement (see Exhibit 1).

The team worked diligently to develop Polk’s project management methodology, Project Management Process Model (PM2), which consisted of the first iteration of project templates, tools and processes. All PM2 development and training work was done in-house and in conjunction with managing projects. As a result, the team was commended for their effort and commitment to the evolution of Polk’s project management methodology which also was integrated with Polk’s Software Development Life Cycle (SDLC).
Early on, several individuals assigned to the project office were not “true” project managers; they did not possess the art or the science to manage projects effectively. But as time progressed, the EPO became part of Polk’s Quality Team and the focus to hire skilled project managers was the top priority. Since then, the EPO organization has shaped itself to consist of skilled project managers utilizing a rock solid methodology. The EPO has worked diligently and become a highly valued team of professionals by:

• Hiring skilled project managers that have a track record of managing projects successfully. In addition, the EPO sought applicants that were PMP certified and provided support to project managers to obtain their PMP certifications.

• Implementing a methodology for project managers to consistently use on all projects. Stakeholders started to see value in this methodology because they proactively understood the budget and timeline.

• Training not only the EPO staff but the Polk community at large regarding the value of project management. Outside experts presented various project management topics during quarterly forums which not only provided additional company visibility, but it also afforded an opportunity for Senior Management to be actively involved.

Seven years ago, the EPO began with stakeholders asking, “What is project management?” Today, they’ve become an integral part of Polk’s corporate operations. And they’ve grown as individuals in the profession by demonstrating stronger skills, professionalism and maturity. A partial list of their accomplishments includes:

• Expanded the team to 15 employees (in 2005/2006).
• Revised the PM2 methodology five times (current version 2.3).
• Implemented quarterly MS Project courses, lunch & learns, & global training.
• Compiled and presented portfolio metrics, and annual reports to Management and Senior Leadership.
• Obtained 100% team PMP certification.
• Implemented PMP training sessions to help non-EPO individuals receive their PMP certification.
• Released PM2 guidebooks.
• Integrated with several internal corporate processes (Request & Approval, SLC (revised SDLC), SQA, Infrastructure, Estimation, Leadership review processes (PIT, NALT)).
• Spearheaded the implementation of ProSight and MS Server.
• Helped Polk receive CMMI Level 2 certification in 2004.

In these ways, the Polk EPO has truly lived up to their Value Statement: “The EPO serves its customers through actions that always demonstrate: high performance, learning and continuous improvement, team accountability, and project management best practices.”

The Polk Process Model. The Enterprise Project Office’s most successful and repeatable innovation has been the development of PM2—Polk’s project management process model. It was developed and customized to fit Polk’s needs. Here is a high-level look at the phases of PM2.

• **R&A (Initiate)**—Defines the initial project scope, timing, estimate and architecture.
• **Plan**—Gathers detailed business requirements to fully understand the business needs and the size of the project.
• **Design**—Supports the SLC (Software Life Cycle) process and facilitates the functional identification, system design and technical modeling of the new system.
• **Execute**—Consists of the project team accomplishing the tasks outlined in the previous phases.
• **Transition**—Transitions the technical support into maintenance, production or operation.
• **Close-out**—Conducts a post-project analysis which can be divided into three distinct components: project (objectives were met), project methodology, and the team’s performance.
In terms of organizational value added, the PM 2:

- Provides a standard approach to effectively manage projects while ensuring they are conducted in a disciplined, well-managed and consistent manner.
- Provides a project methodology concerned with the management of “how” you do things in order to be successful.
- Promotes the delivery of quality projects that are completed on-time and within budget.
- Clearly defines expectations and results so all stakeholders have the same understanding of the work being performed.
- Identifies, incorporates and tracks all required tasks from inception to completion so the needed resources can be identified and secured early on in the process.
- Creates and facilitates strong cross-functional teams so all resources work together in unison and minimize or eliminate an “us” versus “them” mentality.
- Identifies problems, challenges and road blocks early on to increase the chances of meeting the committed delivery date “in spite of” the inevitable “surprises” that surface in every project.
- Effectively manages the impact of changes to the project so customers can understand the effect of requested changes with respect to time, cost and resource allocations.

The EPO identified a need to implement a Process Improvement Team (PIT) to develop new practices while enhancing current practices or removing practices which were adding minimal value. As a result of the PM 2 innovation, other PIT innovations and best practices were born to help increase the effectiveness of managing projects. The following best practices were implemented and are still utilized consistently today on all projects:

- **Project Schedule**—This is a template that is customizable for any project type.
- **Project Log**—This log has evolved into an Excel spreadsheet which consists of multiple tabs (action item, issue, risk, change log and decision).
- **Lessons Learned Process**—A custom built “lessons learned” database was created. This enables data to be centralized and provides the project manager with an opportunity to research past projects.
- **Status Reports**—The status report allows project managers to report on the current status, issues, risks, financials and overall status (red, yellow and green).
- **Change Request**—This process is utilized for managing the project’s scope. It provides the team with an opportunity to understand the impact (resource, timeline, cost, etc.) before proceeding.
- **Meeting Minutes & Agendas**—These artifacts are simple in nature but are key for facilitating team meetings. Stakeholders have become reliant on the meeting minutes to validate that everyone is on-track moving forward.
- **Charter**—A charter is created for every project and signed by top management to ensure a common understanding of a project’s scope.

All of the artifacts mentioned above are used across each project. The EPO has received very favorable feedback about PM 2 and its processes, tools and templates.

In addition, the EPO has generated other innovations including:

- **Lessons Learned Process**—This process not only consists of a database that enables company management and project managers to extract reports based on project type, project manager assigned, project complexity and leadership categories (people, process, technology). The results are presented to Polk’s Senior Leadership team, which enables project members to receive additional, important visibility within the company.
- **EPO Phase Audit**—These audits were implemented to ensure that project managers were utilizing PM 2 effectively and efficiently. The audit is embedded in all schedules at the end of each phase. In addition, the SLC has instituted that all audit reviews are required prior to attending the SLC reviews.
Annual Report — The EPO has created and produced an annual report to reflect project progress during a given fiscal year. This annual report provides the Senior Leadership team with an overview and analysis of how well the portfolio did against budget, timeline (duration), and effort. Since the evolution of the first annual report, the second report has been expanded to include new metrics and data points (production, root cause analysis, cost of change, etc.).

Paperless — In 2007, the PIT implemented a process to go paperless. Therefore, all project artifacts are stored and utilized in SharePoint. By doing so, they’ve significantly trimmed costs for binders, tabs, paper, color ink, etc.

Project Log — The project log is helps keep all required best practices (action, issue, risk, decision, and change) items housed in one portfolio. In addition, this log has a summary tab embedded up-front to summarize outstanding items.

PM2 Lite — This methodology is a subset of PM2 and this “Lite” version is used for smaller projects (effort, complexity & resources). This process has identified a selective number of required artifacts that must be used.

The Enterprise Project Office has established several best practices. In fact, 90% of what they created in early 2000 is still being utilized today. Naturally along the way, practices have been enhanced to keep up with a rapidly changing industry. Also, other techniques have either been implemented or are being established to ensure that the EPO continues to add the utmost value to the company:


Variance Escalation & Baseline Reporting — Defined processes for re-baselifing and escalating.

Program Management — Defined program management, responsibilities and approach.

OPM3 — Planning to conduct a Gap Analysis in the next fiscal year to validate maturity.

MS Project Server 2007 — Gap Analysis was completed in mid 2007. The strategy identified requirements for gathering, a pilot, and an implementation plan.

Contractor Management — A process implemented for on-boarding, off-boarding, forecasting and financial tracking.

Global Cost Transfer Process — A process implemented for managing global projects.

Project Classifications — A process for classifying small, medium and large projects based on using a formula that involves team size, complexity and estimated hours.

EPO Training Curriculum — This curriculum will consist of training the Polk community about various project management practices such as Project Management 101, PM2 Overview, Risk Management, Change Management, MS Project 101, Project Budgeting 101, Managing Multiple Projects, and Earned Value.

Customer Satisfaction (Survey) — This year, the EPO purchased and implemented a software tool that enables them to solicit project performance feedback from external customers.

Agile Integration — This is their latest undertaking which ensures that key project management practices are not compromised; the EPO is working diligently with Polk’s Information, Services & Support team to develop a win-win partnership.

Says PMO Director Carrie Clark, “We pride ourselves on our commitment and all-out ability to enhance our practices which have been instrumental in delivering results which have exceeded our customers’ expectations.”

Whether it’s assisting in the acquisition of a new business, launching a new Polk product, coordinating major client projects or assisting in a myriad of other internal and external ways, the Enterprise Project Office has had an extremely positive impact on the business operations. Stakeholders have come to expect that projects being managed by the EPO will have a clear scope, good communications, a controlled budget and a well-defined and communicated schedule.

As a result, the entire Polk community realizes the value of having a project office in place to manage and oversee key projects, using repeatable processes and assigning skilled resources to oversee, track, and schedule the requirements needed to ensure success.

PM Solutions’ Research
Past PMO of the Year Winners

2007 Winner

Norton Healthcare
*Enterprise Program Management Office*

2007 Finalists

EDS
*Applications Program Office*

National Council on Compensation Insurance
*Program Management Office*

New York City Housing Authority
*Virtual IT PMO*

2006 Winner

EDS
*Office of the Multi-Year Plan*

2006 Finalists

Accident Fund Insurance Company of America
*Innovation and Planning Department*

Oklahoma Department of Human Services
*Data Services Division – Project Management Office*

American Power Conversion
*Availability Enhancements Group, AEG Global Project Office*
PMO of the Year Award Application Details

The PMO of the Year Award will be presented to the PMO that best illustrates—through an essay and other documentation — their project management improvement strategies, best practices, and lessons learned. Additional support documentation — such as charts, graphs, spreadsheets, brochures, etc. should not exceed five documents. While providing additional documentation is encouraged, each eligible PMO must clearly demonstrate its best practices and lessons learned in the awards essay.

Judges will review your essay to consider how your PMO links project management to your organization's business strategies and plays a role in developing an organizational project management culture. The essay will be judged on validity, merit, accuracy, and consistency in addition to your PMO's contribution to project and organizational success.

Types of best practices judges will look for include:
• Practices for integrating PMO strategies to manage projects successfully
• Improvements in project management processes, methodologies, or practices leading to more efficient and/or effective delivery of the organization's projects
• Innovative approaches to improving the organization's project management capability
• Practices that are distinctive, innovative, or original in the application of project management
• Practices that promote an enterprise-wide use of project management standards
• Practices that encourage the use of performance measurement results to aid decision making
• Practices that enhance the capability of project managers.

Best practice outcomes might include:
• Evidence of realized business benefits – customer satisfaction, productivity, budget performance, schedule performance, quality, ROI, employee satisfaction, portfolio performance, strategic alignment
• Effective use of resources
• Improved organizational project management maturity
• Executive commitment to a project management culture expressed in policies and other documentation
• A PMO that exhibits an organizational business results focus
• Effective use of project management knowledge and lessons learned
• Individual performance objectives and potential rewards linked to measurement of project success
• Project management functions applied consistently across the organization.

Completing the Essay

The Essay comprises three sections. Incomplete submissions will disqualify your entry.

Section 1: Background of the PMO
In no more than 1,000 words, describe your PMO, including background information on its scope, vision and mission, and organizational structure. In addition, describe:
• How long the PMO has been in place
• Your role within the PMO
• How the PMO's operations are funded
• How the PMO is structured (staff, roles and responsibilities, enterprise-wide, departmental, etc.)
• How the PMO uses project management standards to optimize its practices

Section 2: PMO Innovations and Best Practices
In no more than 1,500 words, address the challenges your organization encountered prior to implementing the new PMO practices and how you overcame those challenges. Describe clearly and concisely the practices implemented and their affect on project and organizational success.

Section 3: Impact of the PMO and Future Plans
In no more than 500 words, describe the overall impact of the PMO over a sustained period (e.g., customer satisfaction, productivity, reduced cycle time, growth, building or changing organizational culture, etc.). If available, please provide quantitative data to illustrate the areas in which the PMO has had the greatest business impact. Finally, briefly describe your PMO's plans for 2008 and how those plans will potentially impact your organization.
About PM Solutions

PM Solutions is a project management firm helping organizations execute, govern, and measure their portfolios to improve business performance. We are the leader in applying project and portfolio management processes and practices to drive operational efficiency for our clients.

Founded in 1996 by J. Kent Crawford, PMP®, the former president and chair of the Project Management Institute (PMI®), PM Solutions delivers expert project management services to help organizations and its people perform to maximum potential. Our targeted offerings address business needs in the following areas:

- Organizational Improvement
- Project Execution
- Learning & Development

Why PM Solutions

Our proven ability to deliver against business priorities ranging from organizational process improvements to the execution of mission-critical projects is why PM Solutions is trusted by top organizations around the world.

PM Solutions’ experts have an extensive network of company-backed resources and assets to draw from when delivering solutions to our clients. Our research and benchmarking allows us to stay on the forefront of trends and be adaptive with new approaches that positively impact our clients across industries.

Our commitment to quality includes executive oversight on every engagement and unparalleled attentiveness to the relationship we forge with each of our clients.

Value Proposition

For PM Solutions, it’s not enough to merely perform well and provide focused services. To build a trusted partnership with our clients, we have a vested interest in demonstrating that the services we provide actually improve our clients’ business performance in measurable ways. We are proud to have helped lead initiatives for our clients that resulted in double-digit process maturity improvement, time-to-market acceleration enabling direct revenue growth, and on-time delivery of multi-million dollar programs for new manufacturing facilities, regulatory compliance, and data center consolidation, to name just a few.

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