




THE



PMO SURVIVAL GUIDE

Things are looking good
for project management
offices—at least the ones
that can deliver ROI.

BY SARAH FISTER GALE :: ILLUSTRATION BY OTTO STEININGER

IN what remains a tenuous recovery at best, it's survival of the fittest. And project management offices (PMOs) are no exception. When the economy took a dive, those with a weak mission and no executive support were among the first on the chopping block.

Yet those PMOs with strong leadership and a clear strategy that added quantifiable value to the bottom line not only made the cut, they were progressively thought of as a go-to resource for the executive suite.

"In today's increasingly competitive environment, organizations need to formalize and improve the way projects are conducted," says Rogério de Mello Pires, PMP, corporate PMO, portfolio and program manager at Itaú Unibanco, a bank in São Paulo, Brazil. "In that context, the PMO is being recognized by a larger number of organizations to be a project management business function structure of increasing importance."

More than half of PMOs now report to the highest levels of management, according to *The State of the PMO 2010*, a survey of 291 U.S. project professionals across sectors by PM Solutions, a project management consultancy in Glen Mills, Pennsylvania, USA. And they're working on high-value strategic

tasks, including implementing or managing the governance process (72 percent), advising executives (64 percent) and participating in strategic planning (62 percent).

Part of the reason they're gaining that organizational clout comes down to performance. PMOs reduced the number of failed projects by 31 percent, delivered 30 percent of projects under budget and saved companies an average of US\$567,000 per project, according to the report.

It's a fairly positive picture, but it's clear the standout PMOs do much more than offer standard documentation.

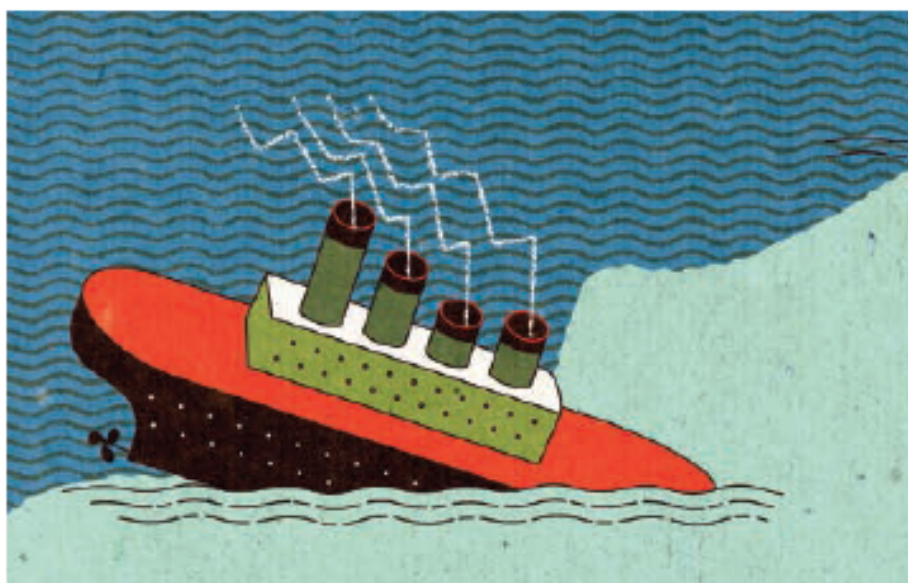
"The PMOs that are seen as merely administrative support are the ones that struggle to gain traction within the organization," says J. Kent Crawford, PMP, PMI Fellow, CEO and president of PM Solutions.

Valuable PMOs set processes and track projects as a standard matter of performance, but the advanced PMOs also deal with governance, resource optimization, performance measurement and portfolio management, he says.

"You need to make sure that the message of the PMO matches the direction senior leadership is going," Mr. Crawford says. "PMOs show the greatest value when portfolio performance is related to the strategic objectives of the organization."

>>More than half of PMOs now report to the highest levels of management.

Source: *The State of the PMO 2010*



Basic metrics aren't enough.

"PMO leaders can't just rephrase data from one document to another. They have to be able to critically analyze the problems and be seen as an organization that can design and implement solutions," says Zafeiris Konstantinos Petalas, PhD, portfolio management office lead at financial services giant Barclays, London, England.

"PMOs need to stand up and show their executive team what they can do," he says. "It takes passion and a deep understanding of how their competencies link to the larger goals of the business."

The trouble is, that's precisely where many PMOs fail.

"They have no vision or mission, and no measures of success," says Mark Perry, senior vice president of operations for BOT International, a PMO software provider in Orlando, Florida, USA.

That's when they get labeled as administrative overhead—and fall prey to budget cuts.

GIVE THE EXECUTIVES WHAT THEY WANT

The first step in delivering what the organization needs is to know what the organization wants.

"A good PMO leader should go to the executive team and ask, 'What are your top three problems?' and then set a mission and goals around solving them," says Mr. Perry, author of *Business Driven PMO Setup: Practical Insights, Techniques and Case Examples for Ensuring Success* [J. Ross Publishing, 2009].

These goals could include measurable outcomes, such as reducing forecasting errors by 10 percent. Results should be tabulated and reported back to the executive team.

"Then at the end of the year, there is no doubt that the PMO was successful," Mr. Perry says. "That's how a PMO survives."

When Donna Easterday, PMP, joined the National Institutes of Health (NIH) in 2009, management at the



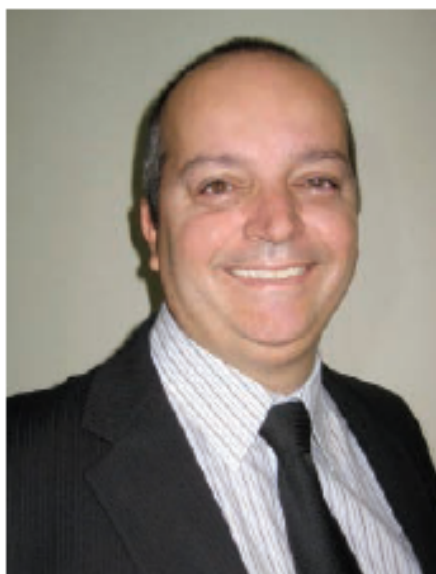
There was a lot of uncertainty regarding the value of the PMO until we ran the initial reports. At that point, it became clear to people what we were doing and why we were doing it.

—Donna Easterday, PMP, National Institutes of Health, Rockville, Maryland, USA

federal government agency in Rockville, Maryland, USA was abundantly clear about what it wanted: greater insight into the progress of projects and a better structure around how projects are managed.

As chief of human resource systems support and information management, she determined that the best way to deliver on those goals was to build a PMO.

To make her case, Ms. Easterday defined the issues the PMO would address, along with quantifiable mea-



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—Ivo M. Michalick Vasconcelos, PMP,
M2 Consultoria, Belo Horizonte, Brazil

sure to track outcomes. She also included data on the long-term impact of *not* building a PMO, including expenses related to inconsistent reporting, errors due to inaccurate project data and higher risks. "I identified the big problems and put a cost to them," she says.

The measured bottom-line tone of the business case won the executive suite's attention. "The leadership responded very positively," she says. Ms. Easterday was given the support, resources and time she needed to create a PMO.

Ms. Easterday spent the first four months defining project management

methodologies and devising reporting processes that would give the executive team the consistent transparency it sought.

During that time, there was little evidence of what she would eventually accomplish, which made some of her colleagues skeptical.

"This resulted in the need for additional education and understanding," she says. "There was a lot of uncertainty regarding the value of the PMO until we ran the initial reports. At that point, it became clear to people what we were doing and why we were doing it."

The reports did more than track progress. They provided at-a-glance information about every project in the portfolio, addressing one of the executive team's biggest complaints about the agency's project management process.

"They were able to see the data that they had been seeking for years but didn't have a methodology to collect," she says. "It was a true culture change."

STAY IN LINE

For many organizations, PMOs serve as a powerful force driving organizational strategy down into the trenches.

At NIH, Ms. Easterday created a structure designed to ensure all projects were in sync with business goals. Every project that moves forward must have a clearly defined business case that aligns with organizational strategy, and the monthly PMO reports map how currently completed projects meet NIH objectives.

To deal with issues that might compromise the ability to deliver on strategic goals, all projects develop and maintain risk registers. These are consolidated at the end of each month into a risk report.

"It forces the project managers and project leads to think about the implications of project-related decisions they are making and to ask whether what they are about to do aligns with the

larger goals of the organization," Ms. Easterday says.

The PMO can also act as a bridge between executives and project managers and their teams, says Ivo M. Michalick Vasconcelos, PMP, owner of M2 Consultoria, a project management consultancy in Belo Horizonte, Brazil.

When Mr. Michalick Vasconcelos recently worked as a PMO manager at Vale, for example, he would ask the mining company's project managers to produce an executive summary of their projects. Instead, they would inevitably develop two-hour presentations.

He spent months working with both senior management and project managers to create a graphics-driven template reporting around key performance indicators and measures of progress. Only one column was reserved for notes—yet the project managers still had trouble.

"In the first report, the project managers wrote three pages of text in very small letters to fit the space," he says, laughing. "But eventually they adapted."

By working across all levels of the organization, PMOs help project teams and the company leaders work in harmony.

"It's important to talk to both sides," he says. "Executives want transparency, and project managers need an advocate. That's the PMO's role."

With everyone on the same page, the PMO can ensure it's getting the job done.

"When the strategic and important projects of the organization are completed with success and with the expected return, the value and importance of PMOs is recognized by all," says Mr. de Mello Pires.

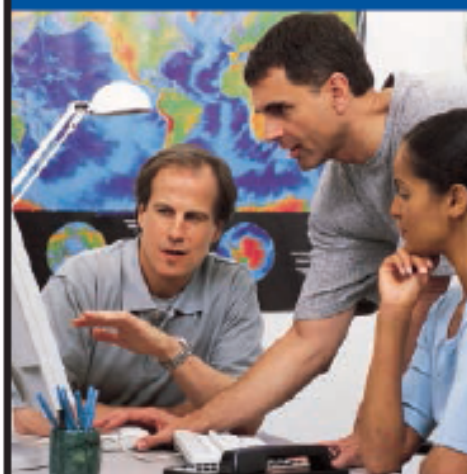
Those PMOs that can make that connection and deliver measurable results will be viewed as an inherently valuable thread in the corporate tapestry. And that may be the most effective survival tactic of all. *PM*



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