

EXPERT SERIES

The "Expert Series" is a collection of articles, papers and writings by PM Solutions' associates and other industry experts that provides insight into the practice and value of project management.

Does Your Organization Have a Chief Project Officer?

by Debbie Bigelow, PMP

IF YOU CARE ABOUT WHAT THE BUSINESS ANALYSTS SAY, YOU SHOULD HAVE A CHIEF PROJECT OFFICER (CPO) AS A KEY POSITION WITHIN YOUR ORGANIZATION.

As project management has gained in importance, corporate executives have struggled to find a way to link strategic business objectives with projects. Too often, projects are chartered that have little or no connection to the corporate strategy formulated by executive management. Why? Basically due to the lack of an organizational entity with responsibility to map strategy to projects, and to monitor projects and portfolios against strategic initiatives. Ideally, organizations should strive to have a CPO sit at the director or vice-president level with other senior executives in the organization. This position provides project oversight in virtually all areas of the organization, managing corporate level projects and overseeing corporate-wide resource distribution and allocation on all projects. Projects that cross divisions would be under the auspices of this position.

Eight critical responsibilities of a CPO:

- 1) Strategic input and direction
- 2) Project portfolio management
- 3) Resource prioritization
- 4) Business interface
- 5) Development of project management standards, policies, guidelines, procedures
- 6) Project review and analysis
- 7) Budget
- 8) PM competency development

Research from Gartner, Inc. suggests that IS organizations, who establish enterprise standards for project management, including a Project Office with suitable governance, will experience half as many major project cost overruns, delays and cancellations as those that fail to do so.¹ One way to ensure that you establish enterprise standards and governance is to ensure you have an organizational entity that fosters such a structure. The profession of project management needs to be elevated to the strategic level with the impact of effective project management being felt at the bottom line.

Elevating project management to a strategic level is a critical issue facing all organizations. Software vendors, with their new enterprise solutions, are also experiencing the dilemma of not being able to reach the senior level due to the current positioning of project management within organizations. An important part of corporate strategy is an appropriate organizational design for the implementation of projects. Projects are the basic building blocks in the design and execution of corporate strategies, requiring ongoing strategic management and surveillance. If organizations fail to provide a mechanism for this, the results will be imprudent financial performance, delay of effective strategies, waste of corporate resources, and support of a corporate culture that condones poor quality in the management of corporate resources. One of the greatest threats to business success is an organization's inability to see the value and effectiveness of enterprise solutions. But organizations must be pragmatic as they bring in stronger project management governance.

"Chief Project Officers can be easily eviscerated — they make easy targets," said Melinda Ballou, senior research analyst at META. "Organizations must make a CPO a 'facilitator' or 'steward' with the highest

level of executive support, appropriate staffing, and good marketing or run the risk of undermining the very rigor and process improvements that they're seeking to establish. It's a balancing act. Because if the CPO is anemic, she or he will also fail. It may seem easy. 'Put someone in charge, and you'll do fine.' But it doesn't work that way in practice. Because people's habits are unbending. Human beings are wired for consistency and will change only with the greatest reluctance, even when the incentives are clear."

Project management in the 21st century is changing, so too, must the attitude toward it. Traditional project management focused on efficiency, operational performance, and meeting time and budget goals. While these are still important, today's dynamic business environment and global competition require finding new ways to make projects into powerful, competitive weapons. In the quest to reach these strategic objectives, project management can no longer be perceived as another operational activity. Its position in the organization must be strategic. Project management has created a strategic pathway with the emergence of alternative teams in the modern organization that deal with change initiatives, such as reengineering, benchmarking, simultaneous engineering, and self-managed production. Traditional organizational hierarchies have been changed forever in favor of a horizontal, projectized form of organizational structure. The next organizational change necessary to enable project management to be fully effective will be to have a Chief Project Officer managing cross-functional activities and providing the strategic perspective that every organization needs.

¹ M. Light, T. Berg, "The Project Office: Teams, Processes and Tools," Gartner Strategic Analysis Report, 1 August 2000.

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