

2007

# PMO of the Year



## **Norton Healthcare**

Enterprise Program Management Office

### *Finalists*

#### **EDS**

Applications Program Office

#### **National Council on Compensation Insurance**

Program Management Office

#### **New York City Housing Authority**

Virtual IT PMO

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»research

## PM Solutions' Research

# 2007 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 winner of the 2007 PMO of the Year is Norton Healthcare's Enterprise Program Management Office. The finalists include EDS's Applications Program Office, National Council on Compensation Insurance's Program Management Office, and New York City Housing Authority's Virtual IT PMO. 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.pmsolutions.com](http://www.pmsolutions.com) in August (application details on are the inside back page of this booklet). Be sure to apply.

Jim Pennypacker  
Director, PM Solutions' Research

### 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 consist of members of PM Solutions' Research KnowledgeBoard (2007 Judges were PMO experts Dr. Ginger Levin, Dr. Parviz Rad, Dr. Frank Toney, 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](http://www.pmsolutions.com/pmoaward)

The award submission process is done electronically. To apply, visit [www.pmsolutions.com/pmoaward](http://www.pmsolutions.com/pmoaward) and follow the steps described below.

1. Download the 2008 PMO of the Year Application Form (available in August 2007), which contains four sections for you to complete: Registration; PMO Background; PMO Innovations and Best Practices; Organizational Impact and Future Plans.
2. Assemble Supporting Documents. You are 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 your organization's name.
3. E-mail your completed 2008 PMO of the Year Application Form and Supporting Documents to [pmoaward@pmsolutions.com](mailto:pmoaward@pmsolutions.com) by 31 December 2007. Also mail one copy of the documents to PM Solutions' Research headquarters (1788 Wilmington Pike, Glen Mills, PA 19342).

## 2007 PMO of the Year Winner

### **Norton Healthcare**

#### Enterprise Program Management Office

*Type of Organization:* Nonprofit healthcare provider

*Founding date:* 1886

*Headquarters:* Louisville, KY

*Number of full-time employees (FTE):* 9,500 full and part time; 7120 full time (In the health care environment, many clinicians are part time employees)

*Annual Revenue:* 1.3 billion (2006)

*PMO FTEs:* 7

*PMO Annual Operating Budget:* \$723,684 (2007)

*PMO Director:* Janet Yackey

*Presenting Challenge:* Too many projects, not enough capacity, unplanned training needs that adversely impacted clinical care providers.

*Business Benefits:* Implemented enterprise portfolio management; aligning the portfolio to strategy in the coming year; trained thousands of employees in PM basics via Web-based services.

*Website:* [www.nortonhealthcare.com](http://www.nortonhealthcare.com)

### **Healthcare Projects: A Serious Business**

Every project manager feels that, if the project doesn't go well, it will be "a disaster." But in the healthcare field, a malfunctioning piece of software, incomplete records, or poorly trained resources can literally mean the difference between life and death for the patients who depend on the myriad projects, both on the IT and clinical side, that are carried out daily in a large hospital chain. That's why Norton Healthcare's EPMO is serious about making sure that all the projects they manage are completed on time, within budget, and with a high degree of quality. More than that, the EPMO has taken the lead in introducing portfolio management methodology as a companion to strategic planning, to make sure the right projects for the health of the nonprofit are being selected.

Norton Healthcare began as a group of charity hospitals founded in the 1880s by several Louisville churches. These roots in the faith community are reflected in the not-for-profit organization's key values of respect and compassion for patients. Norton Healthcare is also the leading partner of the University of Louisville School of Medicine, helping to train more than one hundred medical residents each year.

Norton is the region's health care provider of choice, with almost 50 percent of the market. With four hospitals (and a fifth under construction), two medical centers, eight immediate care centers, 35 physicians' practices, and more than 2,000 doctors and 3,000 nurses serving 40 locations across the region, Norton is Kentucky's largest health care provider. The organization cares for over 1 million patients a year including:

- 62% of all babies delivered in the region
- 42% of all outpatient surgery
- 48% of all cancer care
- 51% of all emergency care.

With these kind of patient care numbers, it is not surprising to learn that Norton Healthcare is also one of the area's largest employers, with a payroll of more than \$340 million. And, the company invests in keeping those employees, since turnover is a serious problem in the health care field. Despite national health care worker shortages, Norton's turnover is down by 42 percent, and the company has won numerous HR-related awards, including "Best Place to Work in Kentucky" (March 2006). KentuckianaWorks Employer of the Year (2003 and 2005), and the Greater Louisville Inc. Work/Life Balance Award (2003).

## Up From Chaos: The Origins of the EPMO

Like most organizations, Norton Healthcare has limited resources; both human and financial. Prior to 2002, in the absence of coherent project management and portfolio selection processes, new projects were often undertaken without regard to the human resource capacity. The organization's familiar mantras included, "the never-ending project" and "phase II is the kiss of death because it never happens." Then, Janice Weaver, PMP and Janet Yackey, PMP, came on board as consultants to recover a troubled \$35m clinical systems implementation. Based on the success of that implementation, in 2003 the CIO charged them with establishing a PMO and managing medium to large Information Systems (IS) projects as full-time employees.

Instead of "selling" project management to the organization, the new PMO was able to demonstrate its value through practical use. Delivering programs and projects on time, on budget, with a high degree of quality using consistent project management standards began to change organizational culture. As word spread of PMO successes, they began to receive requests to manage projects outside of IS. And, as they experienced success with those projects, it became clear that what worked for IS, Material Management and Human Resources projects would work throughout the entire enterprise. Thus, by 2005 the PMO had more requests for services than three people could handle, and expanded by hiring four additional full-time project managers.

Says EPMO Director Janet Yackey "We pride ourselves in being a services-oriented department willing to do whatever it takes to support the organization. We are truly an Enterprise Program Management Office, serving all four hospitals, our medical centers and the corporate office—in short the entire enterprise." Janice Weaver, Associate Vice President, EPMO, admits, "We don't like to say no to those who need help. It's part of the ethic of health care, perhaps." As a result, the EPMO has not been challenged by corporate leadership to justify their existence as some PMOs have had to do. "The smooth, timely implementation of projects is what's important," says Weaver, who is presently managing the construction of Norton's new hospital, a \$146 million project. "They endured so much pain previously that I think it is obvious how much value we add." The current EPMO book of work includes 59 programs and projects managed by seven full-time employees.

## Best in Class Practices

**Efficiency.** The Norton Healthcare EPMO is a small group supporting a large organization, and one in which there are a variety of organizational "subcultures," from nursing to HR to marketing/communications to IT. In this complex environment, says Yackey, the key is "to operate as efficiently as possible or go down holding hands and singing 'Kum Ba Yah.'" Thus, the EPMO has striven for efficiency and user-friendliness in establishing project management throughout the enterprise. They have standard document templates for all of their services and use documentation from other similar projects to avoid reinventing the wheel.

**Cultural Sensitivity.** "We had to evaluate the culture as to the degree of change they could handle, while introducing better, more effective ways of conducting business. We did then and still do walk a very fine line between implementing innovative techniques and moving too fast to the point of misunderstanding and revolt," says Yackey. "In working with various groups in the organization, we have learned to be flexible and tailor our approach to our audience. For instance, we found that generally speaking those in IS appreciated and were thirsty for structure, a clear methodology and documentation, while those on the clinical side feel they have plenty to do already without Corporate coming and adding to it." A key question in the portfolio selection process is therefore "Will this impact hospital staff?" The EPMO implemented Sharepoint Services in January 2004 to be used as the intranet. The EPMO decided that it would lend itself well to program and project sites that could be accessed by anyone in the company and so developed an Enterprise Program Management portal with links to all of the active projects that they were working on. To their credit, the EPMO has found that, each team that they have worked with has become a believer in project management and in the organizational changes they have initiated.

## How the EPMO Has Changed Norton

Today, project management is embedded in Norton's culture. According to Yackey, "We have moved the organization along a continuum from chaos to structured chaos to planned structure and strategy." They now regularly get requests from throughout the enterprise to manage projects, and with a proven track

# Norton Healthcare EPMO Services

## Program and Project Management

### Initiation

- Contract negotiation
- Budget development
- Project request submission and project justification (ROI)
- Project definition and structure
- Project portal site development

### Planning

- Subsidiary management plan development
- Training plan
- Support plan
- System downtime plan
- Post implementation plan

### Execution

- All monitoring and controlling activities performed during execution

### Close-Out

- Administrative close-out
- Contract close-out
- Project review and lessons learned
- Celebration planning
- Benefits realization

## Mentoring and Training

- Individual, one-on-one, on-the-job mentoring
- 1-day Introduction to Project Management workshop
- 2-day Project Management Concepts and Techniques workshop
- 1-day Project Justification workshop
- 1-day Strategic Thinking workshop
- 1-day Strategic Planning workshop offered

Additional workshops are under development including project risk management and project communications management.

record of completing projects on time, the old mantras are a thing of the past. Yackey says, “The teams that we manage have confidence that a project will not go on indefinitely or die a long slow death merely due to neglect. Our customer satisfaction rating is very high.”

**Enterprise Portfolio Management.** In 2008, the EPMO plans to move to the next level of enterprise strategic planning using portfolio management to limit and prioritize programs and projects based on urgency, budget and resource needs. The organization has suffered great pain over time with resources stretched too thin due to too many projects going on concurrently and no real rhyme nor reason to the annual budget cycle process; these “pain points” have convinced senior leadership that the enterprise portfolio concept would support the annual corporate strategy.

Senior leadership now requires key executives to submit their project requests to a panel of their peers to be evaluated against one another. As programs and projects are chosen to be considered for implementation, the next step will be project justification. The EPMO will help them evaluate the cost, time required, resources and scope of each one to determine how much can realistically be done in one year.

Yackey stresses, “The business strategy is the starting point. By breaking down the overall strategy, we can organize the work to be done in a series of departmental portfolios which are then broken down into

programs (if appropriate) and projects. Now everyone can see how they will personally help implement Norton Healthcare's strategic plan." In addition, compensation is linked to meeting objectives.

Norton Healthcare's EPMO provides a striking example of how project management can be tailored to industry and culture, while at the same time injecting that culture with a boost of efficiency and realism created by rational planning and timely delivery of projects.

"We have moved the organization along a continuum from chaos to structured chaos to planned structure and strategy."

— *Janet Yackey*

## 2007 PMO of the Year Finalist

### **EDS**

#### Applications Program Office

*Type of Organization:* Publicly-traded information technology company

*Headquarters:* Auburn Hills, MI

*Number of full-time employees (FTE):* 35,000

*PMO FTEs:* 6

*PMO Annual Operating Budget:* \$1.6M

*PMO Director:* John Galecki, Program Leader

*Presenting Challenge:* A global organization utilizing seven languages needed a central locus of project coordination.

*Business Benefits:* Better, more quickly available information for executives to make informed business decisions.

*Website:* [www.eds.com](http://www.eds.com)

### **Delivering Value through Disciplined Processes**

EDS is a leading global technology services company delivering business solutions to its clients. EDS founded the information technology outsourcing industry more than 40 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to clients in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries and to governments around the world.

The Applications Program Office (APO), established in April 2006, is the EDS organization responsible for coordinating, consolidating, and analyzing Applications Delivery (AD) initiatives, programs, and projects. AD is responsible for the maintenance and development of system software, project management, and consulting services for clients. AD exists throughout all EDS's regions: the United States, Canada, Latin America, Asia-Pacific, and Europe-Middle East-Africa. Seven different languages are commonly used throughout these regions.

EDS AD originally sanctioned the APO to oversee a related group of 10 new Applications (Apps) Transformation Programs, one of EDS' key investment initiatives. The 10 Programs, although integrated with each of the Region organizations, are managed collectively as an enterprise program. Among the APO's objectives are:

- Manage and optimize investment dollars through monthly analysis and balancing. Facilitate change management
- Provide executive leadership end-to-end program transparency by tracking and reporting the scope, schedule, budget and value of the Apps Transformation Programs
- Influence and coordinate the Apps Transformation Programs' key milestones in collaboration with the regions
- Establish governance for Apps Transformation Programs in collaboration with regions through Regional Transformation Leaders
- Escalate key issues and risks to appropriate levels in the organization
- Facilitate the attainment of Apps Transformation Programs' key deliverables in order to reduce Apps total cost of delivery.

### **Worldwide Management Challenges**

In global organizations, the inherent differences of time zones, country laws and regulations, language, culture, calendars, and holidays make effective communication and collaboration a significant challenge.

Despite shared vision and common goals, the successful management of an organization's financial investments and key deliverables requires oversight by a single entity that applies strong program management discipline. This was the rationale for implementing the APO, which was created to address difficulties in:

- Collecting good data and presenting usable information
- Using multiple processes to manage and report program financials
- Existence of various report formats, repositories, templates
- Overlapping roles, responsibilities and expectations
- Using several standards, practices and tools to manage programs including scope and schedule management.

### ***Overcoming the Challenges***

Due to the aggressive plan set in motion to establish a program office, the APO was operational within just four weeks.

The APO's mission at the outset was, and continues to be, to track, report, influence and coordinate the scope, schedule, budget and value for successful execution of Applications Delivery's (AD's) business plan. To help "mobilize the troops," and communicate a common direction and expectation, the APO:

- Established a Web site to house APO processes and procedures
- Established a knowledge management repository for collateral utilizing Microsoft SharePoint technology
- Instituted a series of "Quick Start" meetings to engage program managers and provide guidance and assistance to them in setting up their 10 programs in a consistent manner
- Provided newly created (and some existing) templates to program and project managers to use in submitting status reports, quarterly executive status reviews, scope statements and executive scope summaries
- Established a Governance process including a Change Advisory Board (CAB) as a decision-making forum.

Asked what stood out for her about the project to implement the APO, Senior Project Analyst Barbara Bondy, who accepted the award on behalf of the APO at PM Solutions' Research Summit, said: "We were able to corral everyone—all the different program groups operating projects on a global level—and bring them under one umbrella." The APO, she said, acts as "a clearinghouse for actionable information for executives."

### **Showing Quick Results**

Immediate results occurred on a global scale. Some of the more notable results include:

- Consistent, single source reporting provided to executive leadership
- Identification, analysis, resolution / escalation of program issues and risks
- Timely development of mitigation / "go-to-green" plans to address issues and risks
- Changes to program scopes, schedules, deliverables are monitored through a Change Request Process and approved through the Governance process

The APO leveraged SMEs and utilized existing corporate best practices to implement the Program Office. The EDS corporate program-level methodology and project level methodology are the basis of the APO processes. These methods provide procedures to elevate and escalate program and project related information for integrated views to be discussed with executive leadership.

In addition to applying standard methodologies, the APO developed procedures and tools which were implemented to enhance communication and ensure coordination in reporting. These included:

- A bi-weekly Consolidated Status Report, a single interactive workbook providing a summary account of current status for all Apps Transformation Programs and regions
- An Enterprise Integrated Schedule report providing a single-page view of status against scheduled deliverables for all Programs
- Bi-weekly CAB/Governance meetings to review and process Change Requests
- Bi-weekly Operations meetings, a forum for dialogue which connects Programs with the global

#### Regional Transformation Leaders

- A Monthly Variance Report to better manage financials in attaining goals
- A quarterly Applications Investment Scorecard, an executive report displaying a summarized view of the organization's training days, financial status (forecast to actual budget), key accomplishments, and current risks/issues to the programs.

#### Business Outcomes

Providing executive leaders with quick access to “health checks” that summarize AD’s program performance is invaluable to making informed business decisions. The APO is the single source for an integrated summary of all programs and key initiatives within the Apps Transformation Programs.

As the APO oversees program processes and activities, we are able to monitor financial outlooks and ensure targets are met. Many of the programs have interdependencies. The APO assists the program leaders in determining and understanding the dependencies, and facilitates “two-way” communication among the programs and the regions regarding implementation of deliverables. APO director John Galecki says that a primary benefit of the APO has been to instill transparency into each program by implementing standardized tools, reporting and governance. “It is one thing to have standardization, it is another to mobilize hundreds of people to adopt a shared understanding and usage in a way that yields positive results,” he says. “Through a series of “Quick Start” training sessions and the establishment of indexed, readily-accessible reference documentation, the impact to the organization was greatly accelerated – faster information and reduced variance to go along with the constancy of purpose.”

In summary, the APO focuses on the following to ensure organizational success: :

- Managing the enterprise view and the interdependencies between programs to achieve broad business change objectives and benefits
- Enabling executive management visibility into the program portfolios
- Providing coordination and communication across programs
- Resolving escalated issues and mitigating risks across each program
- Managing change at the program level
- Maintaining program sponsor support and alignment with the program’s objectives
- Providing executive governance for the program portfolio
- Providing budget and resource management planning at the program level.

Says Galecki, “Investment dollars used to improve the business need careful consideration – what areas need improvement, what are the priorities, how much should we invest, how much can we afford to invest? Through the systematic progression through the APO processes, and the utilization of the standard tools, we were able to provide the information necessary for executive leadership to answer those exact questions and make prudent business decisions. In addition to capturing the business case information at the beginning of the cycle, we track and analyze actual financial results and forecasted estimates on a monthly basis. Using a common change control process, we can make dynamic business decisions throughout the course of the year, reacting to changing environments, economics or business conditions.” In this manner each and every investment dollar provides the maximum ROI to the overall Apps Transformation Program as well as the corporation as a whole.

“It is one thing to have standardization, it is another to mobilize hundreds of people to adopt a shared understanding and usage in a way that yields positive results.”

— *John Galecki*

APO Benefits / Value	Measurement Criteria
<ul style="list-style-type: none"> <li>Investment dollars optimized through monthly analysis and balancing</li> </ul>	<p>Monthly report with recommendations</p>
<ul style="list-style-type: none"> <li>Executive Leadership will be equipped to make business decisions; established governance activities will allow for accelerated decision-making process</li> </ul>	<p>Accurate, timely and pertinent reporting of issues, risks, investment spend and program status; reports generated through change request process and CAB procedures</p>
<ul style="list-style-type: none"> <li>Common, agreed-upon plan actively supported by regions and stakeholders will create synergy of purpose</li> </ul>	<p>Scope and key milestone approval by Executive Governance Return on Investment (ROI)</p>
<ul style="list-style-type: none"> <li>Standardized tools, reports, information and processes will focus and improve program execution</li> </ul>	<p>Appropriate measurements and tools demonstrating ROI</p>
<ul style="list-style-type: none"> <li>Management of corrective action plans; timely mitigation of key issues and risks through appropriate escalation</li> </ul>	<p>Status Reports and 'health checks' – all escalated issues and risks made visible and resolved</p>

2007 PMO of the Year Finalist

## **National Council on Compensation Insurance** Program Management Office

*Type of Organization:* Not-for-profit finance and insurance company

*Headquarters:* Boca Raton, FL

*Number of full-time employees (FTE):* 1000

*Annual Revenue:* \$140.0M

*PMO FTEs:* 15

*PMO Annual Operating Budget:* \$12.0M

*PMO Director:* Heidi Boehringer

*Presenting Challenge:* Transitioning away from mainframe programs while doubling the number of IT applications.

*Business Benefits:* A 27% improvement in project delivery metrics and establishment of an organization-wide annual planning process.

*Website:* [www.ncci.com](http://www.ncci.com)

### **Change Without Chaos**

NCCI Holdings, Inc., based in Boca Raton, Florida, is the oldest 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. The cornerstone of the company is the data and the systems that support the data.

In the late 1990s, the company's systems and external/internal customer needs evolved to delivering Internet/intranet applications. This required a major re-platforming of the mainframe systems and applications. Over the last 10 years, the company has doubled the number of IT applications from approximately 65 to 130. This growth environment spawned the need for a PMO.

The road to success for NCCI's PMO has been long and occasionally challenging, but has led to indisputable success for the PMO, NCCI, and its customers. The PMO evolved from a "Project Repository"—the primary source of rudimentary information on project methodology, standards, and templates. Project teams existed in several divisions; however, they were siloed and often did not use the same methodology, standards, or templates. Because there was no corporate view of projects, teams from different divisions sometimes worked on similar, overlapping initiatives.

The PMO was combined with project teams from two divisions into a "Project Management Office," reporting directly to the CIO. With support from Senior Management, this PMO developed, refined, and deployed supportable project delivery processes that were used across the organization. Recognition of the need to have a corporate Return on Investment (ROI) based on the achievement of business requirements, led to a project leadership comprised of a triumvirate drawn from the functional business units, IT, and PMO. The designated leaders of each discipline were expected to work together, contributing their relative expertise in the successful management and control of a project through its life cycle. The PMO was charged as the central player in this arrangement, responsible for the management of other units and joint accountability for projects, their outcomes, and overall corporate success.

Today, NCCI is served by a Program Management Office. The PMO has forged a link between process and metrics, strategic planning, and operational delivery. A PMO Steering Committee (comprised of Senior Management and the Director-PMO) deals with strategic planning, including annual planning, project selection, and quarterly check-ins prior to Board meetings, while a PMO Operations Group deals with tactical issues, including corporate capacity planning, project recommendations to the PMO Steering Committee, and global issues resolution.

Overall, the current PMO is a consultative organization, providing project management with direct oversight and responsibility for all projects with regard to scope, schedule, and cost of projects, regardless of where they originate in the organization. They have developed a robust relational portfolio database with reporting capability on capacity and the PMO Annual Plan (project portfolio information).

To further enhance the competency of the project teams it oversees and guides, the PMO provides training to the entire organization in their Project Management & Control (PM&C) concepts and practices on a regular basis. Attendance by personnel from across the organization is consistently high at each of these courses, reflecting the importance of PM&C procedures and their permanence as a recognized and valued resource and organizational core competency.

The establishment of NCCI's PMO from its origins to a true Program Management Office has taken approximately five years to achieve. During the transition, NCCI senior management clearly indicated the advantages and authority associated with a Program Management Office were valuable, but it also recognized this would require a significant change in organizational culture. Accordingly, the initial years were spent laying the groundwork for the awareness and value of project management and control through the establishment of procedures in the business functional areas. The latter years have focused on the integration of project management principles and procedures throughout the organization. Heidi Boehringer, director of the PMO, a veteran of nearly 18 years with the organization, was able to apply her deep familiarity with organizational culture and processes to this integration. She describes the difference the PMO has made in this way: "Our project list used to have hundreds of projects on it. As our planning process has matured, we now can separate the wheat from the chaff."

### **PMO Specific Initiatives**

One of the first prerequisites of acting as an organizational leader is the development of the internal tools and skills of a trade which provides value to others in that 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. All were critical steps for laying the framework of PMO innovations and best practices.

First, they developed a solid core of expertise in PMO members and partners in business and information technology in the processes and practices of project planning and tracking. This 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. Some of these core competencies are:

- Design and establishment of a detailed project life cycle with guidelines and standardized templates for each deliverable and milestone event.
- Implementation of project charters for the refinement of user needs in relation to organizational constraints
- 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
- Establishment of such tools as a traceability matrix to track the relationships between business requirements, design elements, and test cases, ensuring that all requirements were, in fact, considered, tested, and met
- Institution of key performance measures at both the status reporting level and at project completion by which to judge the accomplishments and merit of project outcomes
- Installation of a meaningful lessons learned methodology from which observations were actively gathered, analyzed, and then key findings enacted and driven back into the processes and templates, ensuring repeatability
- Training all levels of personnel on the various aspects of PM&C, which not only develops their individual competencies, but also permits them to more effectively contribute to the PM&C processes so critical to organizational effectiveness
- Creation of a PMO Reference Guide (accessed via the corporate intranet), detailing all aspects of our project lifecycle with links to internal and external sources of information.

However, it was not sufficient to simply have success in the PM&C arena. What was far more meaningful was to build on that success through integration with other organizational initiatives. A move toward Six Sigma quality provided a significant opportunity in this regard.

Steps such as these have led to a singular record of achievement where the primary metrics of success have increased an overall 27% from when metrics were first initiated. In fact, in 2006, 100% of projects were delivered on schedule; 75% were delivered at or under cost; and 88% met their scope targets. In recognition of such impressive value-added results, the PMO and its processes have been adopted as an integral part of the overall organizational fabric.

### Organization-Wide Adoption

Keeping in mind that “a PMO is nothing more than a tool for the efficient and effective achievement of individual project objectives and overall organizational goals,” as Boehringer notes, a key part of the PMO charter was that it must recognize the congruency between objectives and goals, ensuring that projects remain business-oriented as opposed to project-centric. The days of projects being justified on their own merit were over – if a project does not support a specific business need in today’s environment, there is a very good chance it will not be approved for initiation or continuance. Thus, the term “Center of Excellence” does not apply to just the PMO, but to the way it supports the overall health and growth of the organization. Anything less represents a potentially costly misapplication of scarce organizational resources.

Three key contributions to organizational success directly derived from the institution of enhanced PMO processes have been:

- **Annual Planning** – Building on its base of credibility in the management and control of projects, the PMO has been instrumental in establishing an organization-wide 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.
- **Capacity 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 resource capacity 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 project in terms of not only assignment, but also the extent of each assignment and the corresponding skill set required by the project.
- **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 PMP Exam.

The overall success of the PMO at NCCI can be measured through three, singular data points:

- NCCI’s customers and Board of Directors have recognized and praised the dramatically improved products developed and fielded through enhanced and sophisticated project management and control procedures that have become part of the overall organization’s structure and value system.
- Through the development of organizational efficiencies and effectiveness, NCCI has been able to consistently return annual funding to its “owners,” the insurance companies it serves.

Says PMO Director Heidi 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 the latter.” For example, the PMO leads 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.

Boehringer states, “Overall, we can confidently state that we have established the methodology and overall environment, supported by sound processes and practices, that permits ‘stability, but not stagnation ... change, but not chaos.’ To do less would be an abrogation of our professional responsibility to the NCCI organization and the discipline of Project Management and Control.”

“A PMO is nothing more than a tool for the efficient and effective achievement of individual project objectives and overall organizational goals.”

— Heidi Boehringer

2007 PMO of the Year Finalist

## **New York City Housing Authority** Virtual IT PMO

*Type of Organization:* Government

*Headquarters:* New York City

*Number of full-time employees (FTE):* 13,500 employees

*Annual Budget:* FY2006 budget was \$3.4 billion which consist of two major components: operating and capital. The operating budget was \$2.7 billion and the capital budget was \$692 million.

*PMO FTEs:* 3

*PMO Annual Operating Budget:* Annual operating budget of the Office of the CIO is \$1.8 million, of which the IT PMO is a part

*PMO Director:* Ronald Michael Rigores, IT PMO Program Manager

*Presenting Challenge:* High project failure rates; low organizational PM maturity

*Business Benefits:* Improved productivity and resident satisfaction; a role in improving PM in other government agencies in NYC and around the country.

*Website:* [www.nyc.gov/html/nycha/html/home/home.shtml](http://www.nyc.gov/html/nycha/html/home/home.shtml)

### **Building a “Home” for Projects**

The New York City Housing Authority (NYCHA) provides affordable housing in a safe living environment for low- and moderate-income residents throughout the five boroughs (Manhattan, Brooklyn, Queens, the Bronx and Staten Island). To fulfill this mission, NYCHA must preserve its aging housing stock through timely maintenance and modernization of its developments. NYCHA also administers a citywide Section 8 Leased Housing Program in rental apartments, and works to enhance the quality of life at NYCHA by offering residents opportunities to participate in community, educational and recreational programs, as well as job readiness and training initiatives.

NYCHA was created in 1934, and is the largest landlord in North America, with approximately 13,100 employees serving about 174,325 families and 408,850 authorized residents (as of January 1, 2007). Based upon the 2000 Census, NYCHA's Public Housing residents and Section 8 voucher holders combined comprise 7.8% of New York City's population.

Naturally, an operation of this size entails a large number of IT services and projects. In 2004, NYCHA's Virtual IT PMO was developed to address a number of existing challenges in the management of NYCHA's IT portfolio including:

- High project failure, slippage and over-budget rates
- Lack of senior management ability to mitigate delays, failures and financial losses in a timely fashion
- Lack of transparency/visibility of the project plans and status.

In addition, NYCHA's lack of an enterprise-wide IT governance and project management process prevented strategic alignment of its business and technology investments and strategies. Compounding that problem, a lack of standardized business processes and limited review of IT funding made it difficult to identify, initiate, and execute strategic, multi-million dollar IT programs. As a result, an Information Technology Strategic Plan was developed and presented to the NYCHA Board of Directors. The purpose of the plan was to help reorganize NYCHA's Department of Information Technology organization into an enterprise service model, along with the development of a robust governance, PMO, and Enterprise Architecture program to help select and protect NYCHA's IT investments and provide transparency and accountability.

NYCHA's IT PMO is virtual due to the dotted-line reporting structure of business project managers to the IT PMO. The PMO has three full-time staff, which consists of a Program Manager, Project Manager and Administrator, one part-time application administrator and governance personnel.

NYCHA operates under a number of constraints including limited budget and staff resources. The NYCHA IT Virtual PMO and the ePMO application are important solutions in decentralizing project management to other NYCHA staff, including business unit staff and IT strategic partners. As a result, project management activities are delegated to NYCHA staff, some of whom have limited experience managing projects utilizing a formalized project management methodology.

Aware of the organizational maturity, NYCHA elected to use a four-phased approach when introducing these concepts to the organization. Phase 1 consisted of an enterprise-wide governance portal which leveraged a shared server environment to create an online repository of tools and materials to support project managers. Phase 2 of this portal leverages the Microsoft Enterprise Project Management (EPM) suite and other products to provide a web-based project management application, including collaborative tools and techniques such as a project dashboard, repository, planning and tracking, risk management, and reporting/issue management.

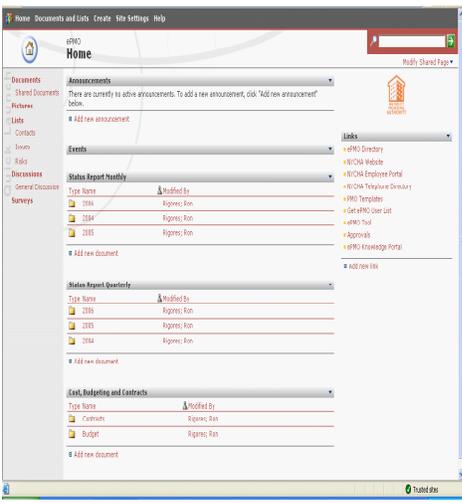
Phase 3 consisted of a comprehensive training program. The ePMO application training covers three distinct aspects: project management fundamentals, software (MS Project Professional), and the system itself. It wasn't just a matter of showing our users which option to select on the toolbar but to reinforce project management principles and methodologies and the importance of maintaining accurate project plans. A layered training program was devised.

Phase 4 introduced the IT PMO Knowledge Portal, where eLearning and training tools for the Virtual IT PMO reside; this includes help guides, documentation and helpful links to external and internal project management resources. Although the ePMO tool (see Exhibit 1) resides within NYCHA's private network, an eLearning module that walks you through the NYCHA IT Governance and PMO process is accessible over the public internet at: <http://www.claritylearningsolutions.com/NYCHA/>

PMO: Collaboration Space



- **Overview:** A common repository for all project-related document storage and collaboration facilitation
- **Users:** PMO, project managers and team members, and anyone needing access to knowledge management
- **Elements:** Contains current and historical documents and completed PMO templates, past status reports, updated issues and risk logs, etc. Provides version control and authentication. Information clearly segregated in open and protected folders with links provided to any other required website (e.g., NYCHA intranet).
- **Owner:** PMO, with project managers for their specific folders (collaboration spaces)



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Exhibit 1. e-PMO Sample Screen

## Taming the IT Portfolio

The Virtual IT PMO manages IT portfolio selection project management methodology, project lifecycle approach, and project management discipline through an IT governance model (see Exhibit 2). This includes comprehensive process flows and templates that standardize IT project selection and management throughout the organization.

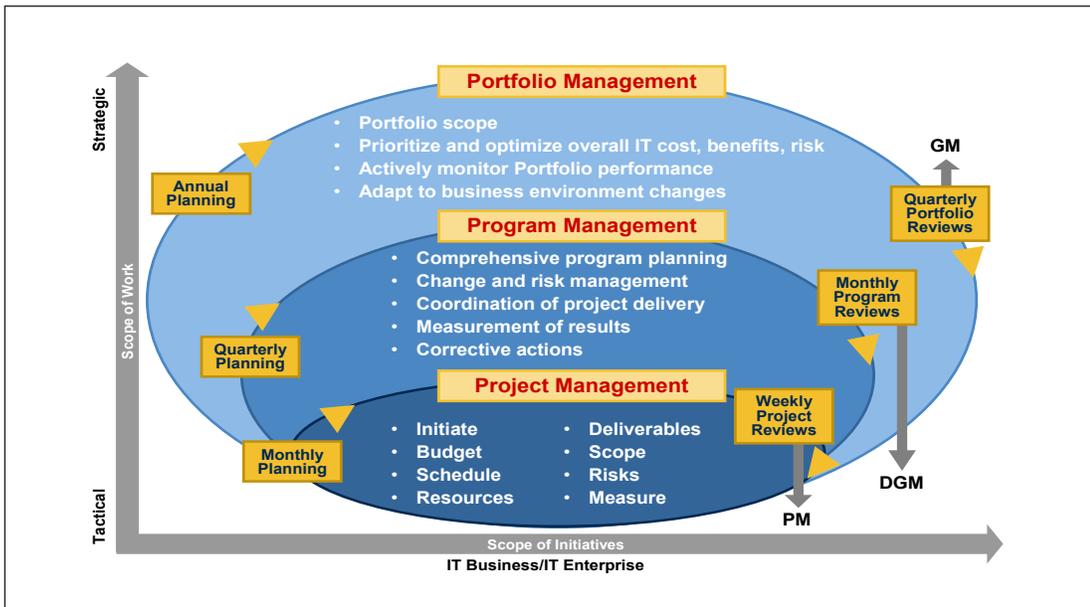


Exhibit 2: NYCHA's Portfolio Management Approach – Ongoing Process  
GM=General Manager; DGM=Deputy General Manager; PM=Project Manager

With a support structure that monitors and facilitates best practice transfers, IT issues such as reuse, methodology, and business performance measurements are addressed. The governance model will help NYCHA select the right technology projects dictated by the business and integrate technology with business priorities set by the program, rather than by the CIO.

Not only has the governance model allowed NYCHA to analyze, track, and measure IT projects, it has provided a method of evaluating opportunities to establish partnerships — a key strategy for NYCHA's IT Department. Out-tasking functions to other organizations helps to streamline operations and reduce cost. In addition, the NYCHA IT Governance Model enables the key IT governance process to be carried out and allows for cross-functional/cross-team representation, as well as providing a high level of visibility across all of the Executive Leadership.

### Virtual Organization, Real-World Results

Today, the Virtual IT PMO manages IT portfolio selection, project management methodology, project lifecycle approach, and project management discipline through IT governance, mentoring, coaching, and reports information directly to the governance board. They utilize comprehensive process flows, templates, online tools, and collaborative techniques to standardize IT project selection and management throughout the organization, driving innovation through governance and high performance. This approach has already led to increased productivity, reduced costs, improved resident satisfaction, and has enhanced NYCHA's ability to make informed decisions about strategic, business-aligned IT programs. Among other benefits, NYCHA has seen the following results:

- Generated \$1.2M in cost reductions through staff avoidance via Virtual IT PMO
- Increased business unit satisfaction and collaboration with IT
- Streamlined NYCHA business and IT five-year strategic planning process
- Improved level, quality, timeliness, and cost effectiveness of strategic IT programs
- Significantly increased the amount of capital spending allocated to IT projects.

NYCHA's Virtual IT PMO framework was recently cited in Gartner's EXP March 2006 report titled "Taking Your PMO to the Next Stage," [www.gartner.com/DisplayDocument?doc\\_cd=138611](http://www.gartner.com/DisplayDocument?doc_cd=138611)

According to PMO Director Ron Rigores, the organization's most important lessons learned can be summarized as:

- Take time to assess the culture of the organization and allow sufficient time for the process and system changes

- Devote resources to develop project management skills through formal training, coaching, and mentoring
- Develop IT governance and PM framework process before implementing a project management tool.

### **Today, the Housing Authority ... Tomorrow, the World!**

Increased business satisfaction and collaboration with IT has enabled NYCHA to deliver projects, such as centralized remote elevator and boiler plant heating, which have a direct impact on the quality of service NYCHA can provide to the residents of public housing.

Outside of NYCHA, this real impact of the Virtual IT PMO has generated interest from other city/state agencies. As a result, the Government Enterprise Technology Project Management Consortium or “GETPMc” was established. The Consortium was a public sector “virtual community,” in which agencies and other organizations could share best practices and lessons learned, and was comprised of CIOs, Project Management Office Directors, and other IT management representatives from agencies as varied as New York City’s Department of Information Technology and Telecommunications-Office of the CIO, Department of Education, Police Department, and School Construction Authority; New York University; the Commonwealth of Massachusetts; Department of Administration, Alaska; California State Controller’s Office; Nassau County, and FISA. With assistance from its implementation partner, Pcubed, NYCHA’s Office of the CIO hosted the first half-dozen web-based LiveMeetings. However, despite a clear demonstration of continued interest by the membership, NYCHA’s Office of the CIO could not sustain its leadership role due to resource constraints. NYCHA is seeking a partner(s) to help support a national best practice exchange around project and program management for the public sector.

In his presentation to the Summit, Rigores cited Mayor Bloomberg’s challenge to the city to create sustainable infrastructure and practices: “Will you still love New York in 2030?” A lifelong New Yorker, Rigores views the work of the PMO as a player in helping to make his city more liveable today and over the long-term.

“This approach has already led to increased productivity, reduced costs, improved resident satisfaction, and has enhanced NYCHA's ability to make informed decisions about strategic, business-aligned IT programs.”

— *Ron Rigores*

# 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 Project Management Office

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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## Services that Drive Performance

### Organizational Improvement

- » Governance/PMO
- » Portfolio Management
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- » Performance Measurement
- » Process Maturity

### Project Execution

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