

PROJECT-PROGRAM MANAGEMENT OFFICE



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UNISYS

TEAMmethod Rel. 5.0
Project Management

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Some Questions

- Does your Organization need a PMO?
- What are the different options for organization structures?
- Is there a road map to follow to successfully implement a PMO?
- What portfolios of information must a PMO maintain?
- What data are included in each portfolio?
- How do you measure a PMO?



Some Numbers

- Over 30% of all software projects are canceled before completion
- Over 70% of the remainder fail to deliver expected features
- The average project runs 189% over budget and overshoots its schedule by 222%

(Source The Standish Group Intl. www.spmn.com)



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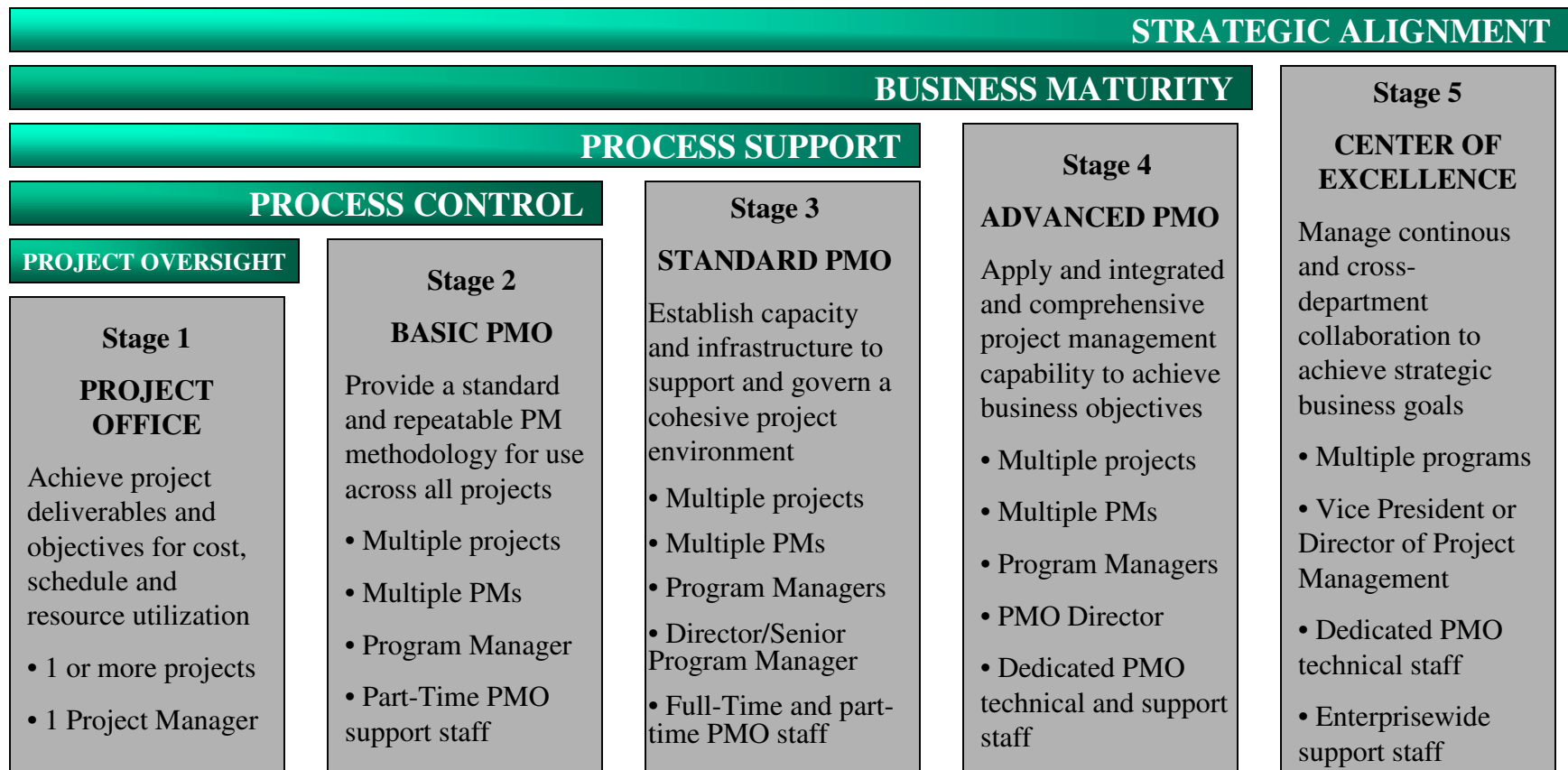


ADOPTING BEST PRACTICES



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The PMO competency continuum



PMO functions

- Organizational Unit to centralize and coordinate the management of projects under its domain
- Focuses on the coordinated planning, prioritization and execution of projects and subprojects that are tied to the parent organization's or client's overall business objectives
- Can operate on a continuum
 - From support functions
 - Training, sw, standarized policies & procedures
 - To direct management & responsibilities for achieving business objectives



PMO functions (cont)

- Can receive delegated authority to act as an integral stakeholder and a key decision-maker during the initiation stage of each project
- Can have the authority to make recommendations
- Can terminate projects to keep the business objectives consistent
- Can be involved in the selection management, sharing/redistribution of resources



Some key features of a PMO

- Sharing & coordination of resources across projects
- Development of projects methodology, best practices & standards
- Project policies, procedures, templates, shared documentation
- Centralized configuration management
- Central operation office, project financials, standard tools
- Central communication management across projects
- Coordination of overall project quality standards



Differences between project managers & managers of PMO

Project manager

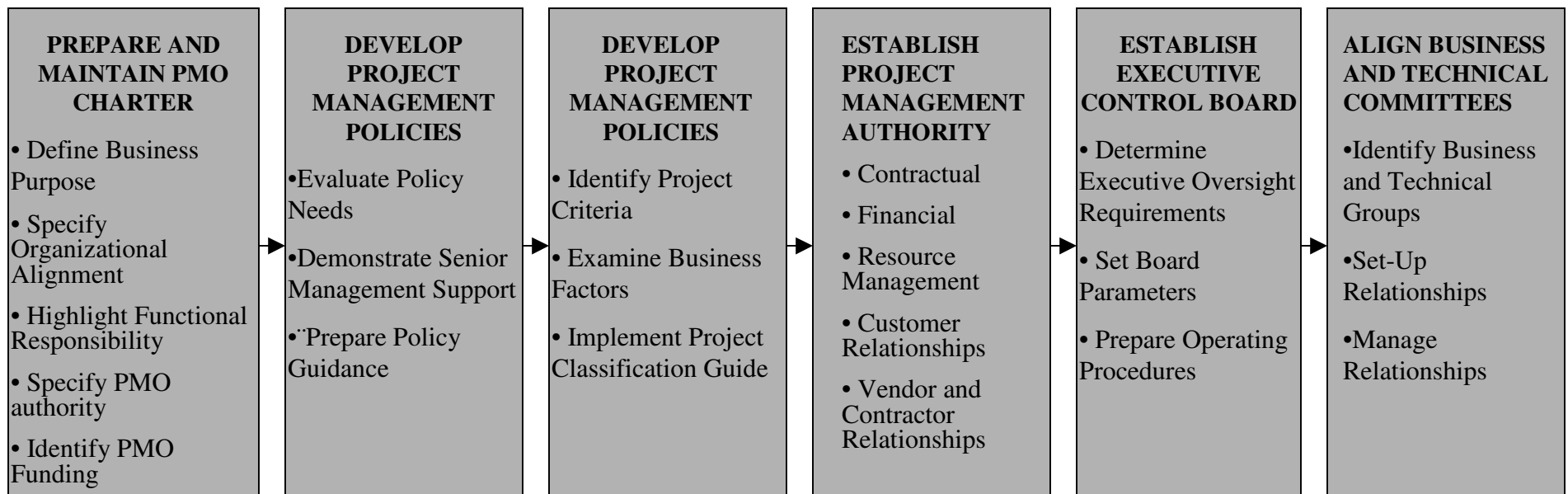
- Responsible for delivering specific project objectives within the constraints of the project
- Focuses on specific project objectives
- Controls the assigned resources to best meet project objectives
- Manages scope, schedule, costs, quality of the products at work packages
- Project specific information

Manager of a PMO

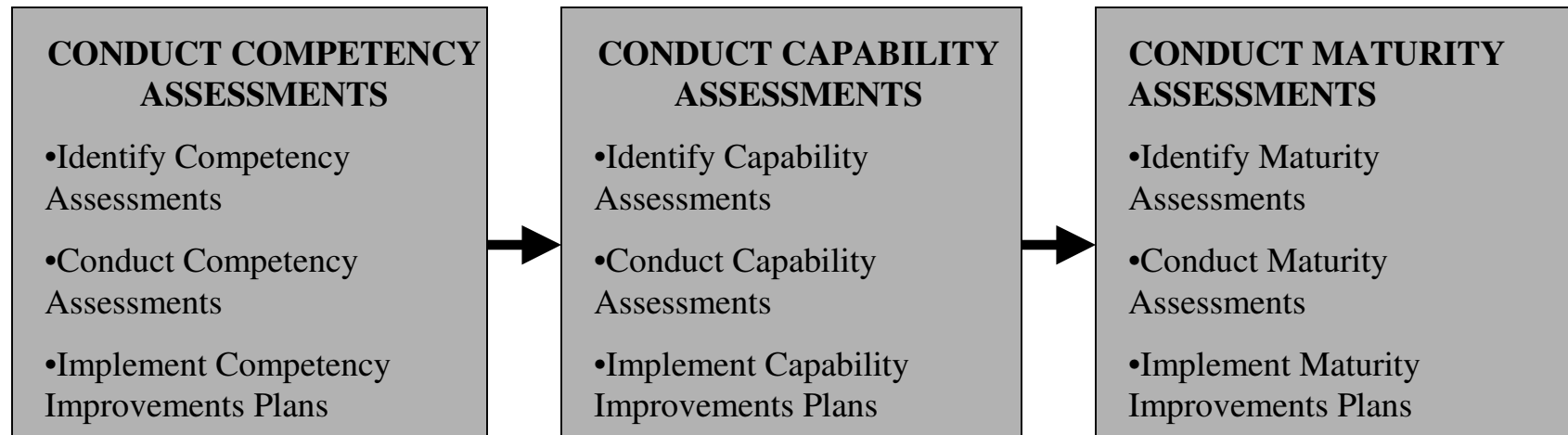
- Organizational structure with specific mandates
- Manages major program scope changes
- Optimizes the use of shared organizational resources across projects
- Manages overall risk, overall opportunity & interdependencies among projects
- Consolidated reporting



Project Governance Function Model



Assessment Function Model

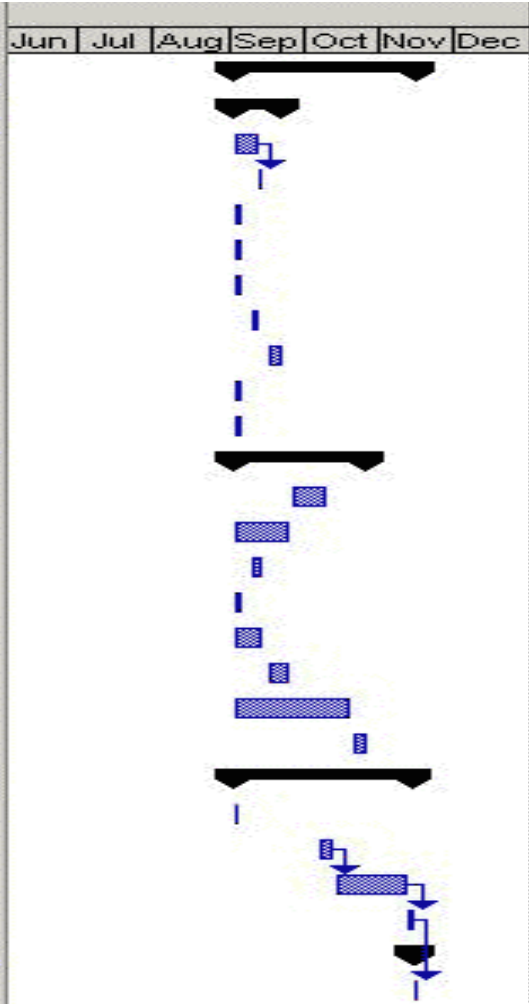


Organization and Structure Function Model



Steps for creating a PMO (Example)

Task Name	Duration	Timeline						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec
ESTABLISHING THE PMO	54 days							
Design the PMO	15 days							
Create Business Case for PMO	8 days							
Document Constraints, Team and Strategy	2 days							
Document PMO Organization Structure	3 days							
Inventory all Active/Proposed Projects	3 days							
Prioritize projects/proposals	3 days							
List Tools/Skills inventory	3 days							
Identify Metrics needed (ROI, etc)	5 days							
List existing Project Processes	3 days							
Design Future PMO Processes	3 days							
Build the PMO	40 days							
Procure/Implement Project Tools	10 days							
Document Methodology	16 days							
Create Roles & Responsibilities	4 days							
Obtain your PMO Headcount	3 days							
Develop Training Curricula	10 days							
Create Project Template Repository	7 days							
Establish PMO Policy/Procedures	35 days							
Train PM's & PMO staff	5 days							
Pilot the PMO	53 days							
Identify Pilot Project	1 day							
Customize Tools and Templates	5 days							
Launch PMO Pilot	21 days							
Lessons learned /customize	2 days							
Execute the PMO	1 day							
PMO opens	1 day							

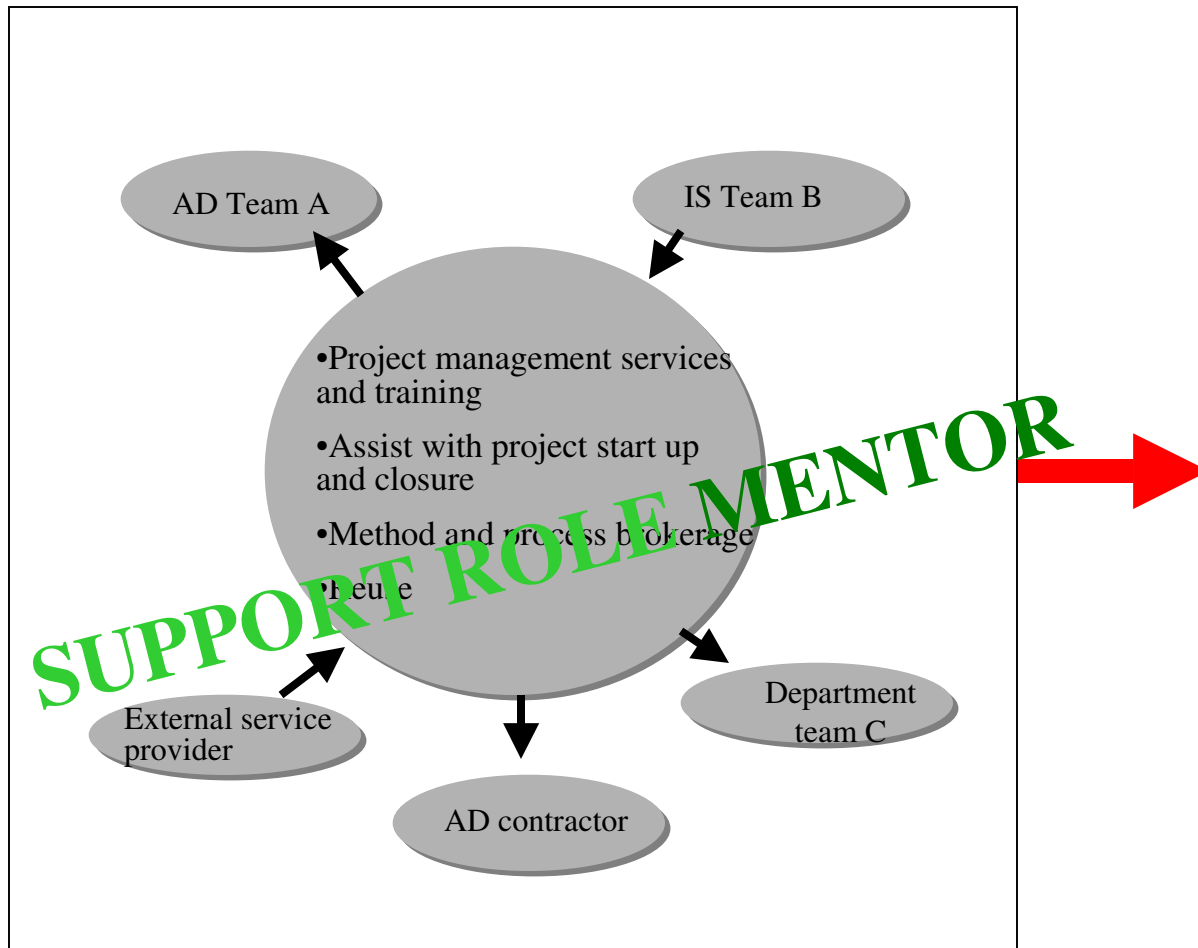


Implementing a PMO different styles



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Coach Model (X Model)

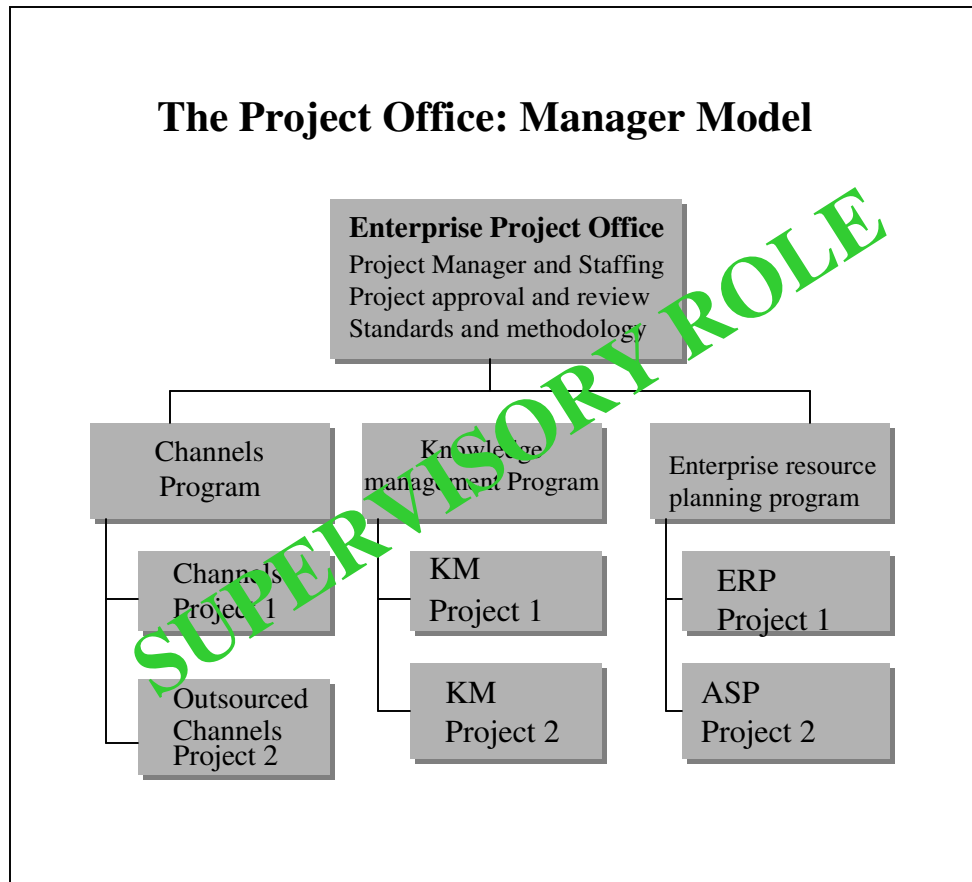


- Results are used as an opportunity to raise enterprise performance
- Train inefficient or new project managers

- Best Practices are documented & shared



Manager Model (Y Model)



- Assumes a governance process of all the projects, regardless of size, duration, budget
- Allocate resources, verify time, budget, risk and impact

Disadvantages of the two approaches

Support Role

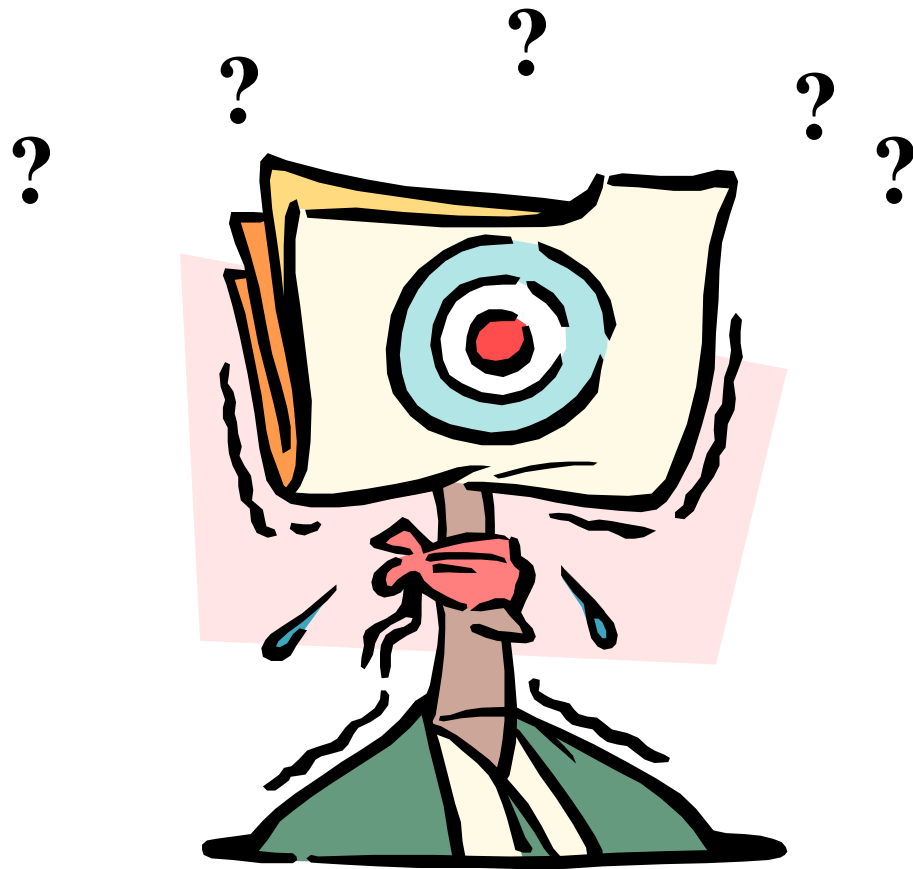
- It's not a governance force
- No authority to ensure projects aligns with business needs
- The organization may see this structure only as a cost center

Supervisory Role

- Works only within a highly structured environment
- It's difficult to implement in a decentralized organization
- May provoke resistance because the lack of authority of the project managers



WHAT TO DO ??



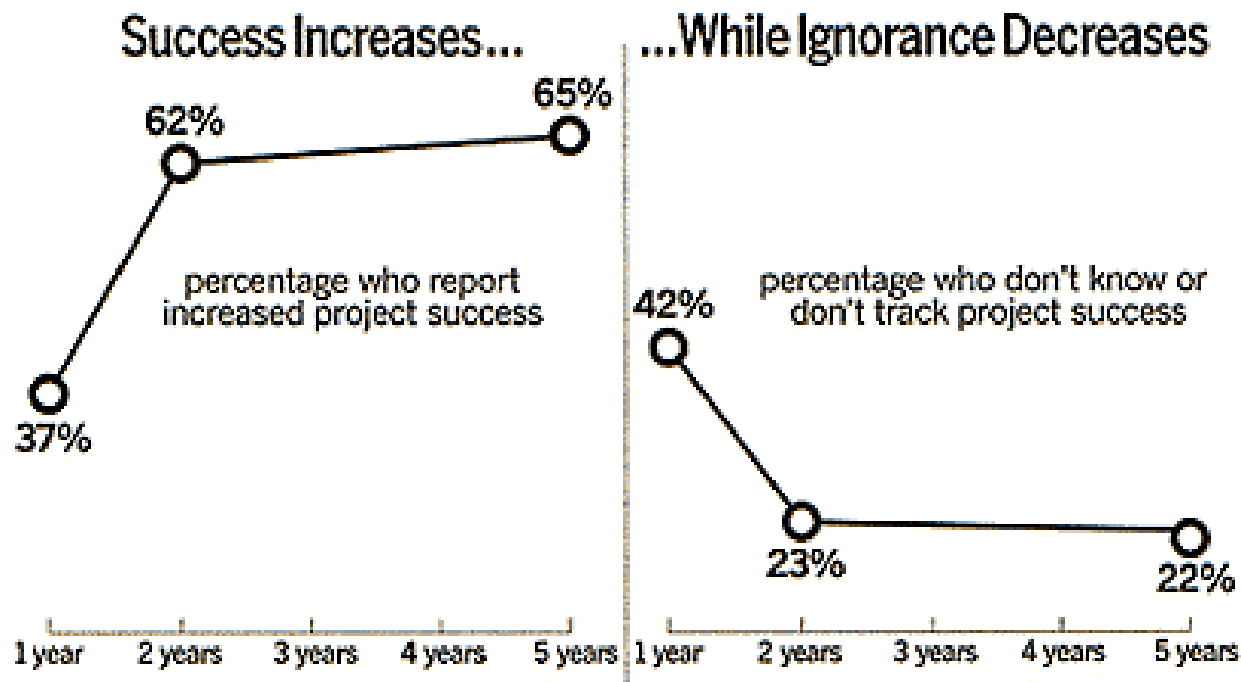
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- Clear definition of role, responsibilities & chain of command
- Limit the scope of the implementation to the culture, requirements, and governancy realities of the enterprise
- The two model are not mutually exclusive, the PMO should entail both mentoring and supervising
- Ideally the PMO puts controls in place and monitors them in a consultative fashion

Reasons and persuasion rather than carrots & sticks are the tools more needed by PMO staff



PMOs: The Longer You Have Them, The Better They Work



SOURCE: CIO/PMI SURVEY (AVAILABLE ONLINE AT www2.cio.com/research)



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Top ways that PMOs make a **financial** impact

- Provide standard methodology for managing projects
- Have responsibility for process and project reporting and tracking
- Ensure that similar projects are executed in a similar way
- Have the information needed to speed up or slow down a process
- Provide a process for resource allocation and capacity management
- Ensure that projects have direct links to company's strategic and operating plans



Top ways that PMOs make a **strategic** impact

- Link projects directly to company's strategic and operating plans
- Provide standard methodology for managing projects
- Have sponsorship/support from senior management
- Ensure that projects support a business goal or strategy
- Align groups on project process, selection, priority and execution
- Ensure that similar projects are executed in a similar way



How to measure effectiveness

- There are three key metrics that can help a lot in measuring its effectiveness
 - Accuracy of cost estimates
 - Accuracy of schedule estimates
 - Project stakeholder satisfaction



Executives must see the PMO effect on the Bottom Line

To be effective, the improvement effort must

- connect the goals of the organization to the identified strategies, and the strategies to the project portfolio
- show whether or not the portfolio is properly balanced between supply-side and market-side projects
- keep top management involved in the execution of the project portfolio
- complete projects faster
 - to meet market-side goals (speed to market & competitive advantage)
 - to meet financial goals (reduced cost & better ROI)



Best Practices for Project Management Offices

Which project management practices were most effective in helping the organization meet its financial goals

- Providing standard methodology for managing project **56%**
- Responsibility for process, project reporting and tracking **38%**
Ensuring that similar projects are executed in a similar way **37%**
- Having the funding and information needed to speed up or slow down project delivery **29%**
- Providing a process for resource allocation and capacity management **27%**

Source Survey Cio Magazine & PMI February 2003



Best Practices for Project Management Offices

What are the most effective practices for helping the company meet its strategic goals

- Ensuring PMO projects have direct links to company's strategic and operating plans **43%**
- Providing standard methodology for managing projects **40%**
- Having executive sponsorship/support from senior management **37%**
- Ensuring that the PMO works only on projects that support a business goal or strategy **37%**
- Using a process to ensure that groups are aligned on project process, selection, priority and execution **31%**

Source Survey Cio Magazine & PMI February 2003



Best Practices for Project Management Offices

Benefits of PMO

Top benefits of having a PMO

- Project success rates have increased as a result of having a PMO **50%**
- Project success rates (completed on time, within budget with all original specifications) have increased by **46%**
- implement PM standards **62%**
- Increased internal Customer satisfaction **38%**
- Increased employee productivity **39%**
- Lower costs **27%**
- Increased external customer satisfaction **25%**

Source Survey Cio Magazine & PMI February 2003



Best Practices for Project Management Offices

How to rank the top challenges to their PMO's effectiveness

- Unreasonable workloads **52%**
- A lack of PMO authority to carry out objectives **43%**
- A lack of support from business unit management **42%**

Some information about the survey

303 respondents

Respondents worked in companies

52% annual revenue > 1 Billion

22% annual revenue 100-999Mill

18% annual revenue < 100 Mill

Source Survey Cio Magazine & PMI February 2003



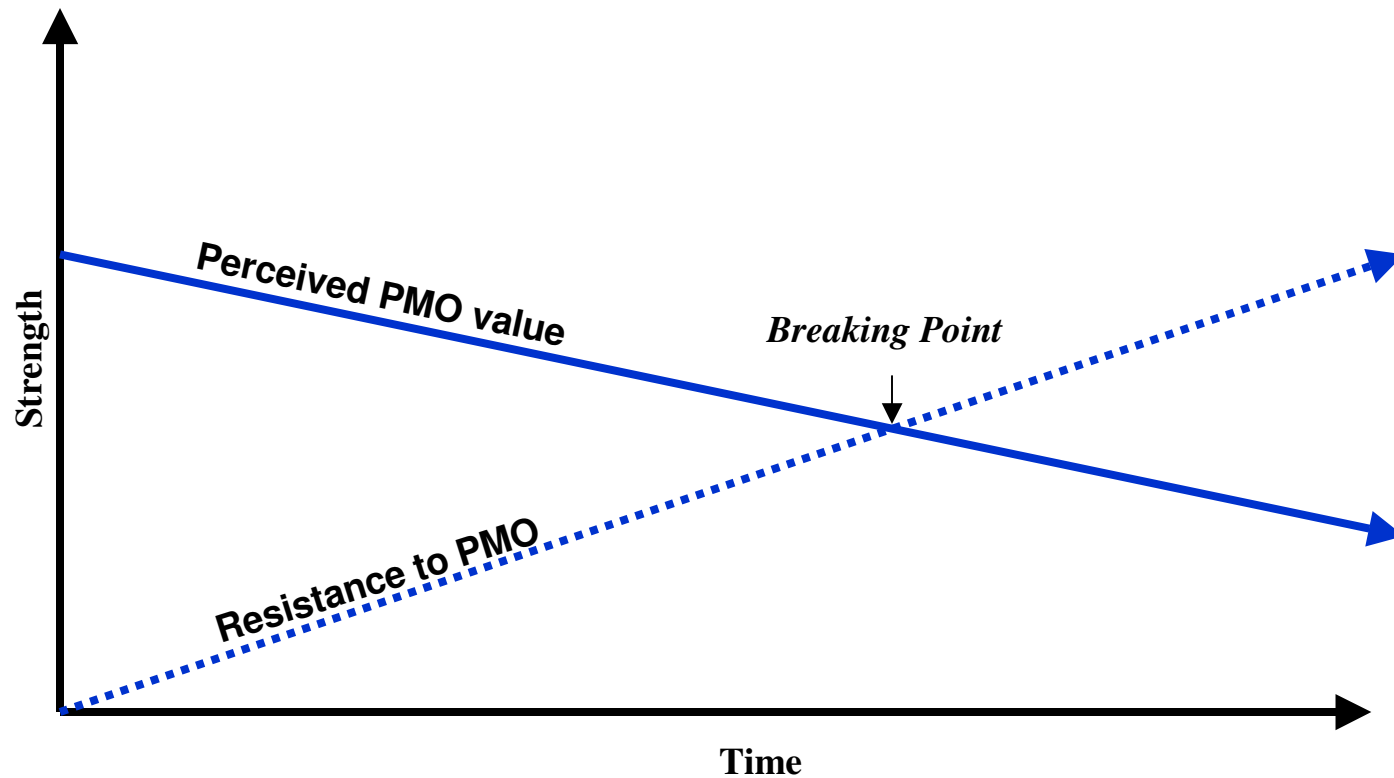
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THE "WRONG" RESULT — WHY PMO IMPLEMENTATIONS FAIL



- The PMO did not define its value proposition.
- The PMO is not perceived as impacting project delivery abilities.
- The PMO is seen as a threat — most often too authoritative.
- The PMO is too low in the management reporting structure.
- The PMO does not have buy-in from the senior functional managers.
- Project Management Overhead — the bad PMO acronym.
- The PMO is micromanaging — trying to control every project directly.

THE "WRONG" RESULT — WHY PMO IMPLEMENTATIONS FAIL



Executives will embrace a PMO that dramatically increases the probability of meeting their goals

- Choosing the right project mix — a new way of strategic planning
- Linking the executive team's strategies to current and planned projects
- Managing the project portfolio correctly
- Measuring the PMO to tangibly improve project performance relative to the executives' strategic goals

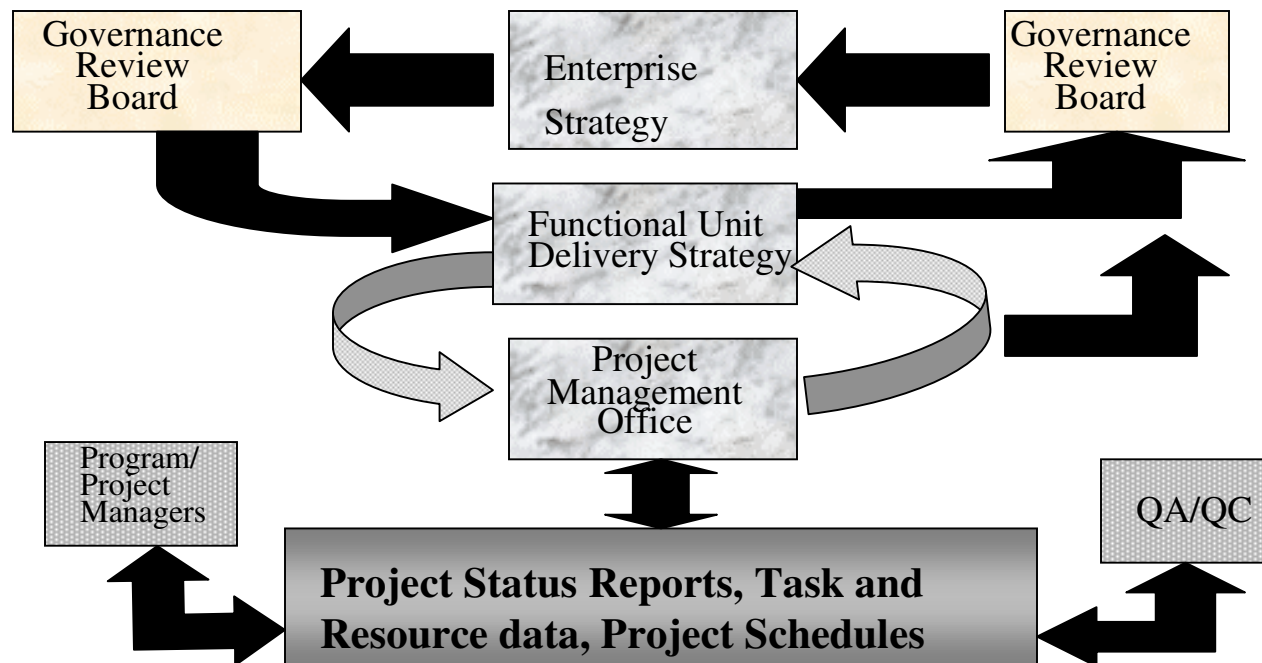


Determine Project Portfolio: new Project Strategic Classification Mechanism

- **Breakthrough:** Projects that move the organization to new markets, a new competitive position, or new competencies
- **Evolutionary/extension:** Projects that support the internal operational needs of the organization, such as human-resource management systems, financial systems, information management, and decision support
- **Infrastructure:** Projects that are an iteration of what the organization is currently doing, capitalizing on a core competency or extending current product lines
- **Customer service and support:** Projects that focus on customer expectations, requirements, and improvements to improve competitive advantage



Throughput Model: focuses on meeting organization goals



throughput acceleration becomes a way of life for the enterprise. PMOs established in this model become ROI engines. Their ability to bring improved rigor and discipline that reduce project duration is a key value of their mission.

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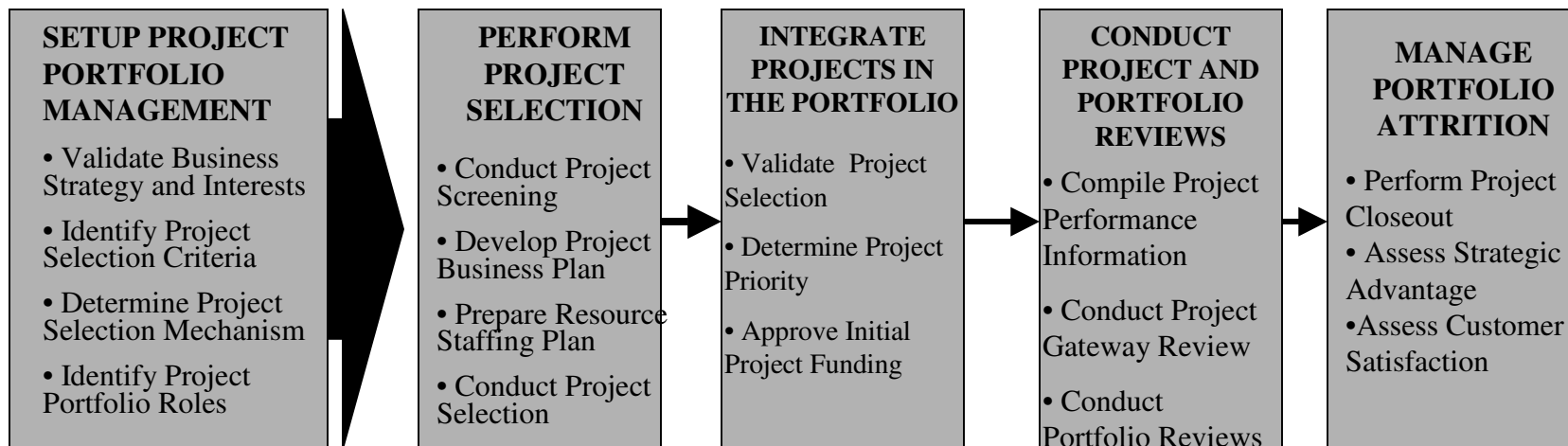


Choosing the right project mix: Balanced Scorecard Mechanism

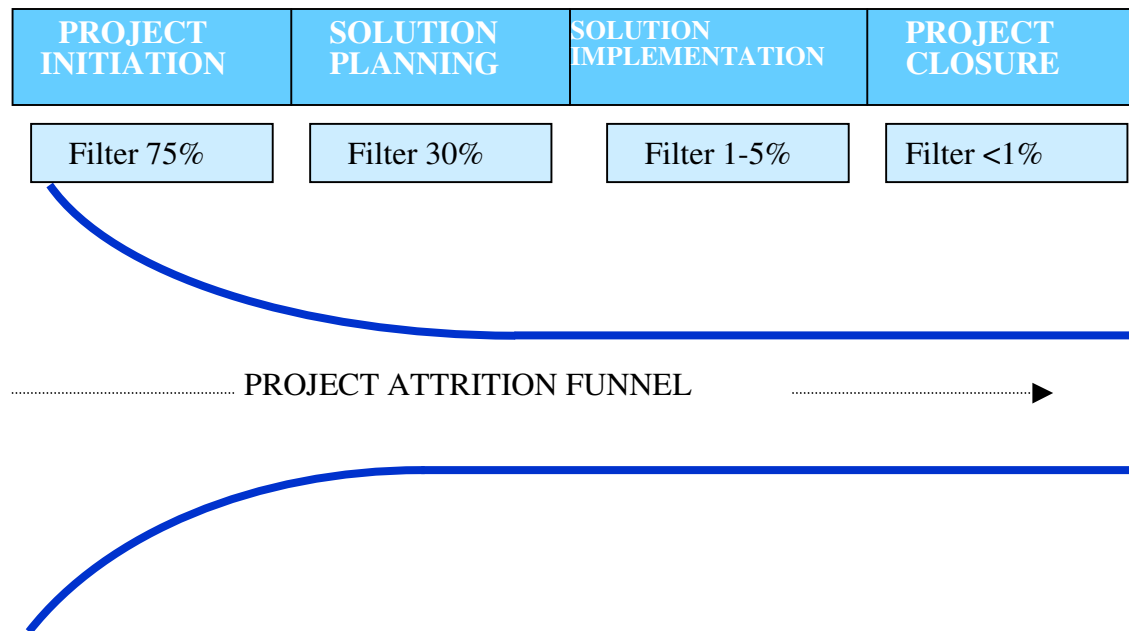
- Financial perspective: Links financial objectives to organizational strategy
- Business process perspective: Entails specification of internal business processes and activities
- Customer perspective: Considers the customer and market segments that will deliver the revenue
- Learning and growth perspective: Provides the infrastructure and capability that enables the other three perspectives to be achieved



Project Portfolio Management Function Model



Project Attrition Funnel



In Summary

- The type of PMO must be compatible with corporate culture
- Coming up with a PMO that works for any given organization is an exercise in both customization & patience
- For establishing a PMO there are no road maps to follow, benchmarks to shoot or metrics against which to measure
- The most effective PMO's are those that reap improvements over time and continuously push the IT department to improve on its performance.



PMO Structure



PMO Director/Manager

- Provides oversight of organizational projects
- Provides oversight of organizational resources
- Manages and reports on project portfolio
- Manages project priority based on business strategy
- Liaison between project managers and executive team



Subject matter experts

- Act as mentors for project managers
- Assist with training on tools & techniques
- Recommend industry best practices
- Experts in methodology designs and use
- Experts in Project management tools
- Act as auditors and quality reviews



PMO Coordinator

- Administers project artifacts in repository
- Maintains Web site/Intranet
- Generate exception reports
- Maintain list of prioritized project portfolio
- Assist with meeting & scheduling
- Assist in training/career development



Project Managers

- Managers allocated project to spec, schedule & budget
- Reports back to PMO director and functional manager
- Escalate severity 1 issues and risks
- Notifies PMO on scope creep, change requests
- Has biweekly reviews with PMO director/manager



Every PMO should produce these "now and later" pictures

NOW

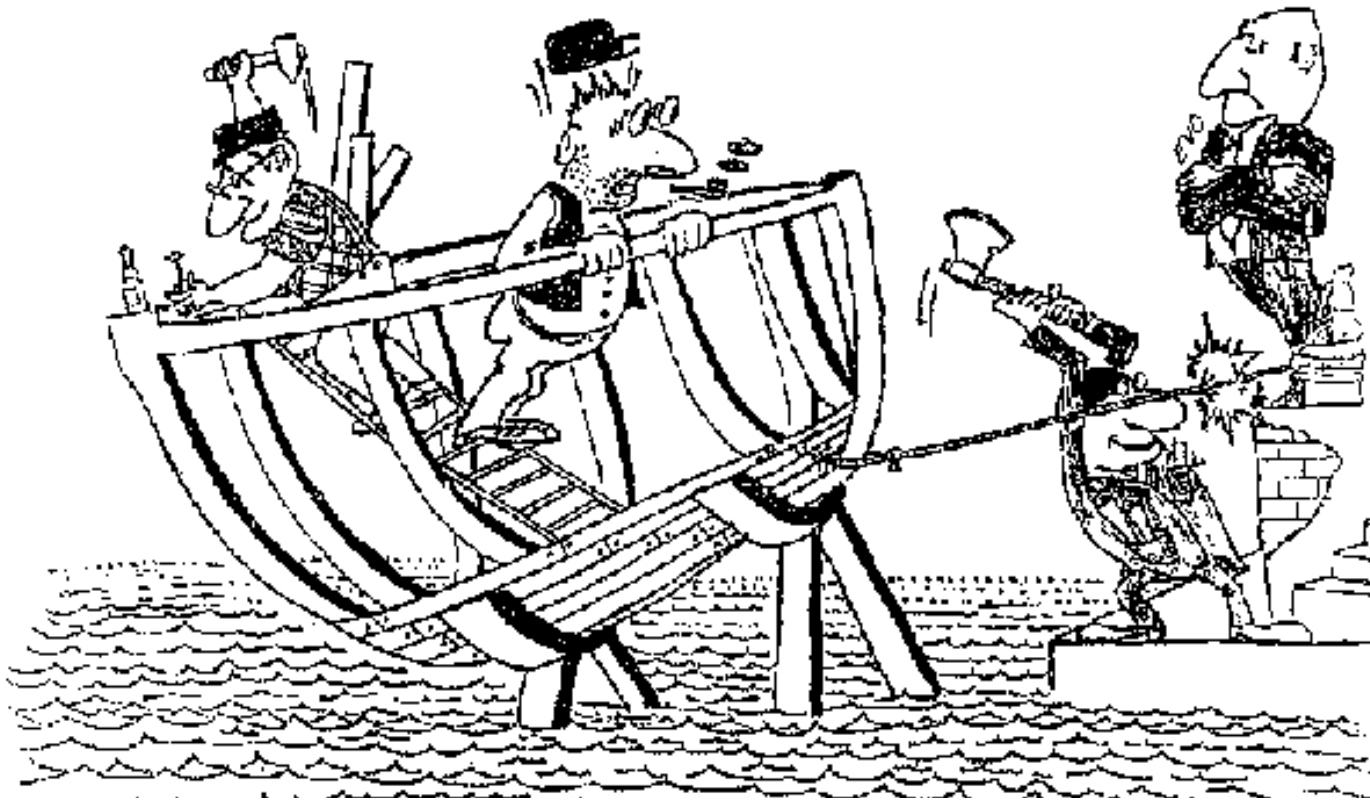
- Create a positive impact right from day one
- Assist with troubled projects and show PMO value
- Obtain PMO sponsorship-sell the PMO internally
- Communicate the PMO concept
- Assess current project management capabilities
- Evaluate business necessities and quick wins
- Asses what resources you need and negotiate
- Interview PMO staff who will build the PMO
- Start by analyzing every active project/proposal
- Create a project prioritization chart
- Identify existing project management tools
- Identify required processes and document them
- Open the PMO

LATER

- Focus on establishing metrics and ROI per project
- Develop a centralized project repository
- Develop a scalable project tecnology plan
- Develop an online/customized reporting tool
- Establish a capability maturity model
- Track project variances and exceptions
- Develop a long-term career program fro managers
- Integrate project management within the business



Don't set too ambitious deadlines



Deadline is deadline !

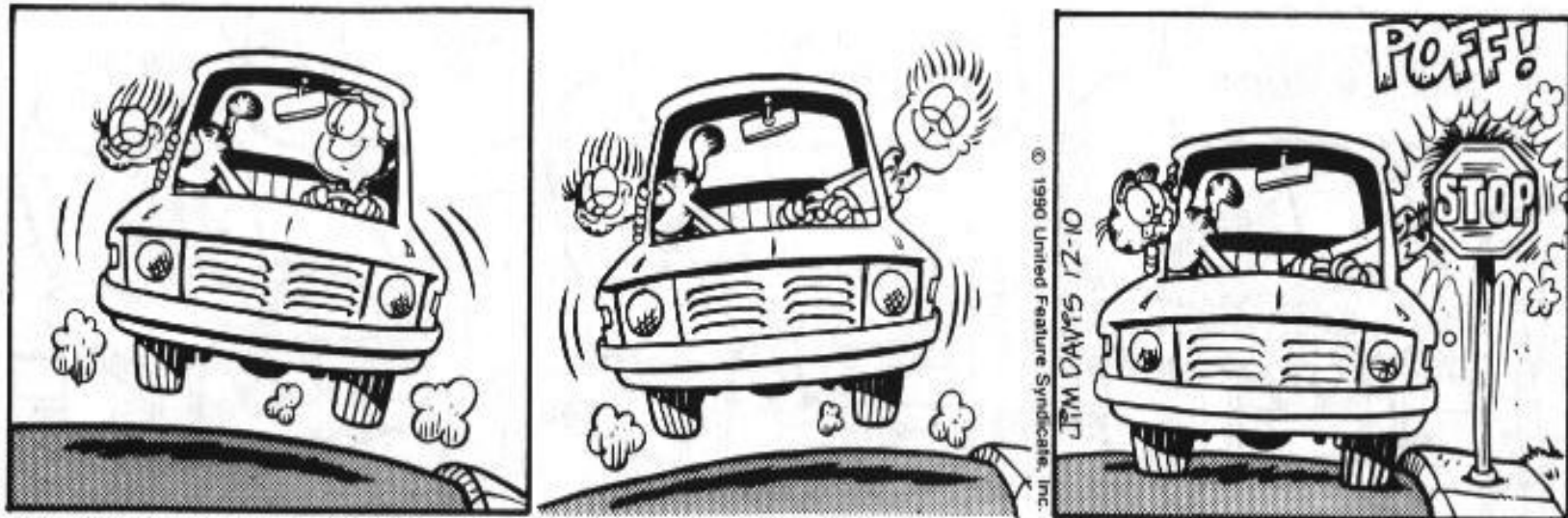


Always listen to the market



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What suits one customer might not suit the next



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Teamwork



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PREGUNTAS

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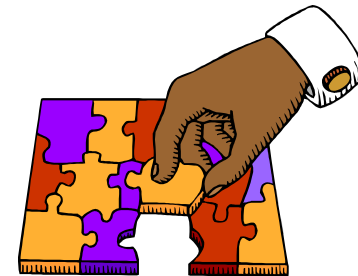
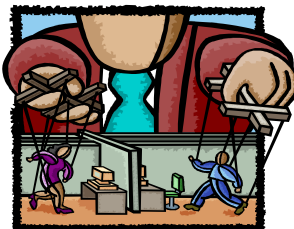
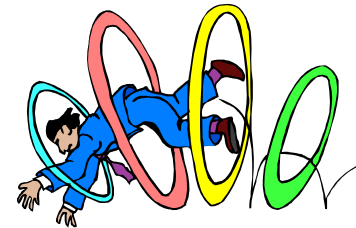
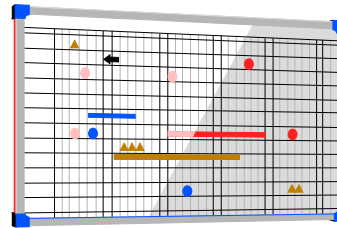
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