LESSONS LEARNED IN ESTABLISHING A PROJECT MANAGEMENT OFFICE

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Three Key Learning Points

- Understand the possible PMO types and which you should choose
- Understand the most important thing you must do to ensure success
- Understand the role of the sponsor

Quick bio

- Twenty-three years experience in project management
- Managed numerous multi-million dollar international infrastructure and software development programs
- Principal of JP Stewart Associates since 2003
- Engaged in multiple endeavors including consulting, training and mentoring.
- A PMP since 2001 and Certified Scrum Master since 2013, I assist organizations in increasing their project maturity
- I also provide project management training, having taught project fundamentals as well as PMP courses
- Since August, I have been running two projects for a local manufacturing organization – migration and decommission of some of their legacy applications
- And setup of their PMO

What this talk is based on

- Based on project management offices I have assisted in planning and setting up and best practices I have helped instill in organizations
- Most recently I worked with a financial services company who needed to set up a Project Management Office (PMO) for their internal consulting group
- My tenure there was for six weeks. The PMO will take a lot longer than that to roll out all aspects but as per the title of the talk, it is established
- I keep in touch with the customer for periodic updates
- As mentioned, I am currently driving a PMO set-up at a local manufacturing company
- Near the end of the talk I'll update the status of both endeavors

All definitions, unless otherwise noted, are based on the Project Management Body of Knowledge (PMBOK), Fifth Edition, © 2013 Project Management Institute.

Project Maturity Levels

Level	Description
Level 1 – "Ad Hoc"	No formal standards, processes, methods, procedures, or staff to constitute a project management discipline. Standard technologies and reporting are sporadic.
Level 2 – "Planned"	Project management standards, processes, methods, procedures, and staff exist in the organization, but are not considered to be an organizational standard. Basic documentation exists, inconsistent management support rarely/occasionally applied.
Level 3 – "Managed"	All project management standards, processes, methods, procedures, and staff are in place as organizational standards. Formal documentation exists, consistent management support, execution irregularly/inconsistently applied.
Level 4 – "Integrated"	More refined project management standards, processes, methods, procedures, and staff are in place. More refined documentation, consistent management support, consistent execution, and efficiency exist across all projects. Metrics are in place to collect performance data across all projects.
Level 5 – "Sustained"	Lessons learned and best practices are applied to continuously improve existing standards, processes, methods, procedures, and staff. Metrics are collected and applied at the project, portfolio, and organizational levels. The organization is in a position to evaluate future decisions based on past performance and maximize its competitive advantage in the industry.

Similar to CMMI model for software

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First question – What is a PMO?

- A Project Management Office (PMO) is a management structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques.
- The responsibilities of a PMO can range from providing project management support functions to actually being responsible for the direct management of one or more projects.
- PMI recognizes three distinct types:
  - Supportive
  - Controlling
  - Directive

Source: Project Management Body of Knowledge, Fifth Edition, p.11.

Three PMO Types

- Supportive
  - Provide a consultative role to projects by supplying templates, best practices, training, access to information and lessons learned from other projects. Serves as a project repository. The degree of PMO control is low.
- Controlling
  - Provide support and require compliance through various means. Compliance may involve adopting project management frameworks or methodologies, using specific templates, forms and tools, or conformance to governance. The degree of PMO control is moderate.
- Directive
  - Take control of projects by directly managing them. The degree of PMO control is high.

Source: Project Management Body of Knowledge, Fifth Edition, p.11

The State of the PMO

- In a study from the year 2000, 47% of companies had a PMO
- By 2014 that percentage grew substantially, to 80% (90% in large firms.)
- Some of the perceived benefits were:
  - 45% improvement in alignment of projects with firm's objectives
  - 27% decrease in failed projects
  - $101k USD cost savings per project

- The great majority of these PMO's participate in strategic planning with a smaller number involved in portfolio management.

Source: The State of the Project Management Office 2014. PM Solutions.

Biggest challenges faced by PMO's

- They're seen as overhead. They are a cost center, not a profit center
- Organizations continue to be resistant to change
- They're not necessarily well-understood
- Often seen as an "IT thing"
- They need to succeed quickly

Successful PMOs realize that it's often not enough to just deliver value—they make the business value of the PMO known throughout the organization, consistently and often.

Source: The State of the Project Management Office 2014. PM Solutions.

The Customer Landscape

- As mentioned, this presentation is based on a PMO implementation for which I consulted to a major Boston-based financial firm
- My customer was an in-house project management consulting group, consisting largely of project managers and systems analysts
- Although there was a central PMO, it was felt that this group - Professional Services – needed a standardized method of providing project management services to its stakeholders
- Its stakeholders consisted of diverse business units, each of whom required something different
- So to one stakeholder, the PMO might seem to be directive, to another controlling, to another supportive

The Customer Landscape

- I reported to the Director of Project Management and collaborated closely with one of his major stakeholders, a Vice President of Operations
- While there were some well-trained project managers in-house, some people had that title but were actually systems analysts
- Some were PMP's, some were not. Some were Certified Scrum Masters but the process of getting more people trained was ongoing
- One of the first tasks I took on was to ask three different PM's for status reports. To no one's surprise, I got three different versions of what a status report was
- One person gave me what I would consider a true status report, one gave me a schedule, one shrugged
- This did not surprise me as my customer – by their own admission – was at best a 1.5 on the maturity scale

Lessons Learned - Summary

Have a sponsor

Know and manage stakeholders

Decide on a PMO structure

Create a charter

Create a schedule

Leave time for planning

Drive the project

Don't "boil the ocean"

Manage change

Go for "low-hanging fruit"

Get down on the ground

Collect metrics

And a question to ask yourself:

Do I even need a PMO?

Have a Sponsor

- **Make sure you have a sponsor**

- A senior executive in the organization has *got* to sponsor this and be willing to stay with it. You need commitment for the long haul

- Organizational change – which is effectively what this is – takes time and you need an evangelist and supporter

- Make sure your sponsor understands what you need from them and what his or her role is

Know and manage stakeholders

- In real estate, they say there are three important things – Location, location, location
- I would say that in project management those "three things" are stakeholders
- PMI's definition is interesting and bears repeating (Italics mine):
  - An individual, group, or organization who may affect, be affected by, or *perceive itself to be* affected by a decision, activity, or outcome of a project.
- Positive stakeholders resonate with everyone. They are supportive
- Negative stakeholders ("resistors") may have a hidden agenda. For example, the very act of creating a PMO may affect their power negatively. People in organizations don't give up their power lightly

Project Management Body of Knowledge (PMBOK), Fifth Edition, p. 563. © 2013 Project Management Institute.

Decide on a PMO structure

- To recap, Per PMI, there are three types of PMO:
- Supportive
    - Essentially a repository, no real control over projects
- Controlling
    - A repository plus compliance with methodology
- Directive
    - All of the above but also run projects

- Controlling is arguably the most common type. No need to go to directive if you have PM's inside of business units
- The PMO can appear to be any of the above, depending on the business unit's needs

Create a Charter

- You should write a PMO charter.
- You want management to sign off on what they're getting so there's no controversy later. Well, there may still be controversy but at least you've got it in writing.
- Should include:
  - Scope
  - Objectives
  - Success Criteria
  - Stakeholders
  - Risks
  - Constraints, Assumptions
  - Budget
  - Governance

Create a Schedule

- Setting up a PMO is a project like any other
- You need to get it done in a certain timeframe
  - It is temporary
  - It is unique
  - It requires resources
  - It requires funding

Just like any other schedule, add in resources and calendars. So if each of your core team are going to devote, say, one hour/day to this, make sure the schedule reflects that

Leave enough time for planning

- Planning takes time
- This means meetings, which means other team members' availability.
- Try to get at least ½ hour meetings
- But if someone says I can only give you 15 minutes, take it. Or if they say I'll talk to you while I'm walking to the cafeteria, take it
- In fifteen minutes, the Director laid out 10 bullets that helped me flesh out the schedule

The perfect is the enemy of the good

Drive the project

- People that you need to meet with are ALWAYS too busy
- They will wave you away. But you have to be persistent and keep trying to get them in a meeting room
- Have a specific agenda so as not to waste their time. Once they're in the meeting room, they'll focus on what they need to as long as *you're* focused, even if it's a single problem you're trying to solve
- But most times they're trying to do their regular job and will see this as a distraction. You cannot let that stop you

Don't "Boil the Ocean"

- Don't try to do everything all at once. Don't over-promise
- So keep the schedule of deliverables to a reasonable level
- It may take you twice as long to do this project as you thought because you're stealing cycles from other work
- But don't get discouraged. A year from now will still be a year from now. Might as well have something to show for it

Manage Change

- Recognize that you are introducing change into the organization
- And while everybody recognizes they need to do things differently, paradoxically, at the same time, they dislike change.
- The only person who likes change is a baby with a dirty diaper
- Read up on the topic. PMI has a white paper on their site called *Change Readiness: Focusing Change Management Where it Counts*

Go for the low-hanging fruit

- Go for some early, relatively easy wins
- So perhaps establish a couple of standardized artifacts and put them up on a repository, train the team how to use them
- For example, you can make sure everyone is doing status reporting the same way. What do red, yellow, green really signify on your dashboard?
- Or better yet, identify the top three issues and see if there is a quick way to address them. Or even one of them

Be prepared at all times to explain why what you're doing is necessary and not just make-work

Get Down on the ground

- By that I mean, do not strategize in a vacuum
- Go out and see how project managers do their jobs, what challenges they face
- By sitting down with several project managers, I found out some key things
  - None of them could agree on what a status report should look like
  - Each one had their own way of managing a project
  - They were frustrated with the lack of support
- Talk to the stakeholders. You're not doing this for you. You're doing it for them. What are their expectations?

Collect Metrics

- Like it or not, you will need to prove the usefulness and validity of the PMO
- Unless the PMO shows some value, it is often the first endeavor to get cut
- Measure where you are now (X percent of projects late and/or over-budget) and measure again down the road say in 100 days and again in 6 months
- Management loves numbers. And simplicity. Don't bury them in PM jargon. They could not possibly care less about your Gantt chart.

Politics

- You ignore internal company politics at your own risk
- On this project, I was reporting to a Director but our major stakeholder was a VP
- Whenever we met with her to strategize and discuss the rollout of the PMO, there was never a time that the political nature of the organization was not discussed. Not once. Ever
- So, for example, we couldn't call it a PMO because there was already another one
- I actually had to come on board and run projects as part of this endeavor. Otherwise it would have been harder to justify my existence

Results in one hundred days

- Focus on business value
- Help with project status reporting
- Establish a list of all "key" projects in the area(s) of the business you are responsible for
- Survey your PM's to find out where they need assistance
- Provide training and mentoring for PM's
- Get project reviews in place to raise the bar

"What makes a PMO Successful" – Tom Carter, PMP

Results in six months

- Open PMO positions filled
- Guidelines for project planning and estimating developed and in use
- "Startup Services" being used for key projects
- Portfolio management incorporated into, or advised by, PMO
- Process to review and prioritize projects defined, agreed to, and in use
- Project metrics and format for reporting on key projects defined, agreed to, and in use

"What makes a PMO Successful" – Tom Carter, PMP

Incorporating Agile into the PMO

- By definition, Agile (adaptive) has less overhead than plan-driven projects
- In and of itself, there may not be a need for a PMO in an all-Agile organization
- But since plan-driven projects are still so prevalent, there is a case to be made for a PMO in a hybrid environment
- Let's first refresh on what Agile is and is not

The Agile Manifesto

- We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:

- Individuals and interactions over processes and tools
- Working software over **comprehensive documentation**
- Customer collaboration over contract negotiation
- Responding to change over following a plan

- That is, while there is value in the items on the right, we value the items on the left more.

Scrum Variant of Agile

- A product owner creates a prioritized (based on business value) wish list called a product backlog.
- During sprint planning, the team pulls a small chunk from the top of that wish list, a sprint backlog, and decides how to implement those pieces.
- The team has a certain amount of time — a sprint (usually two to four weeks) — to complete its work, but it meets each day to assess its progress (daily Scrum).
- Along the way, the Scrum Master keeps the team focused on its goal.
- At the end of the sprint, the work should be potentially shippable: ready to hand to a customer, put on a store shelf, or show to a stakeholder.
- The sprint ends with a sprint review and retrospective.
- As the next sprint begins, the team chooses another chunk of the product backlog and begins working again.

The Agile PMO

- Project direction in an Agile environment tends to shift more towards the business side (Product Owner) and there is more of an emphasis on business value
- Portfolio management is certainly part of the PMO and can be used in the Agile PMO
- The PMO can help decide whether or not a project would best be suited to be plan-driven or adaptive.
- It should also provide mentoring and coaching
- The transition – if need be – from project manager to Scrum Master may not be easy. Mentoring can assist in this
- A Certified Team Coach works with Scrum teams, stakeholders, and management to improve performance and outcomes.

The Agile PMO

- Lacking any strong requirement for documentation, the PMO in this instance tends to be more advisory and consultative
- That said, we're currently considering default documentation such as templates for stories, risk, product backlog, etc.
- I know of a large bank who have a stage gate process for Agile projects, just as they do for plan-driven projects.
- Gate 1, Charter
- Gate 2, Discovery Readiness (mobilization)
- Gates 3-5, Checkpoints
  - Held periodically, usually every two months or quarterly, but some groups do them every month for each release.
  - The checkpoints cover what they do for traditional projects for planning/build/accept but since they are doing these steps normally every two weeks, they include them in one gate.
  - They also track metrics such as team velocity

The Agile PMO

- As we're developing the current PMO, I'm keeping a copy of the Agile manifesto in front of me as a reminder
- And we're not necessarily dictating how Agile is manifested in projects
- Often teams will use whatever pieces of Agile work for them, including Kanban boards, a tool used to visualize work and optimize the flow of the work among the team
- As we develop artifacts, we are trying to use formats that people are already familiar with
- So the key here is to make sure that the Agile PMO is ...

Agile!

A Few Relevant Quotes

- "Valuable insights Jim. I have taken over and established PMOs before. The critical element is *defining what services will be offered and aligning that to the strategic goals and "needs" of the organization*. Done correctly, this makes the PMO immensely valuable from the organization's perspective"
  - Jonathan X Ozovek – VP, Business Transformation, Byram Healthcare
- "The only other thing that I would add is *make sure you staff the PMO with the best talent you can find, both in terms of capability and just as significantly their ability to build trust with the stakeholders*. You can do everything right, but if you get the wrong personality mix into the equation it can all unravel quickly
  - Bane Hunter – President, Global Growth and Strategy, BlueChilli Group

Updated customer (financial company) status as of 8/30/2016

- PMO project started mid-January 2016
- Within six weeks we had established:
  - PMO structure
  - Repository of templates (charter, project plan, scope statements, etc.)
  - Proof of concept for first project reviews
  - Schedule for ongoing work for rest of the year
- Since March 2016 the group have:
  - Embarked on group training for 10 different artifacts
  - Held several peer review (and prep) meetings for a dozen projects
  - Established a portfolio tracker for an 'at a glance' perspective on each of these projects
  - Started to add more projects into review process

Manufacturing company PMO Status

- Charter created and signed off
- Weekly one-hour core team meeting initiated
- Presentation as to "what is Agile" performed for Director, fellow PM's
- Governance document created
- Initial artifacts in place
- Reach extended to acquired company who have little to no project management background

Three Key Learning Points

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- Understand the most important thing you must do to ensure success
- Understand the role of the sponsor

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