



The State of the PMO

Priorities for Advancing PMO Maturity

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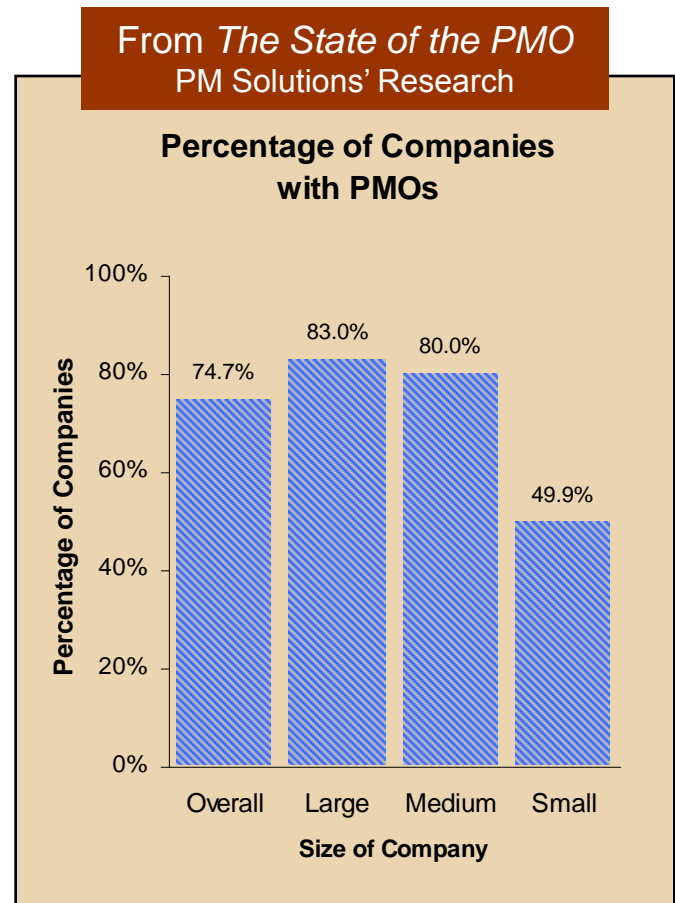


Agenda

- **PMOs: Growth and Expansion**
- **The Strategic Project Office**
- **SPO Governance**
- **Project Portfolio Management**
- **Resource Optimization**
- **Adopting a Project Culture**

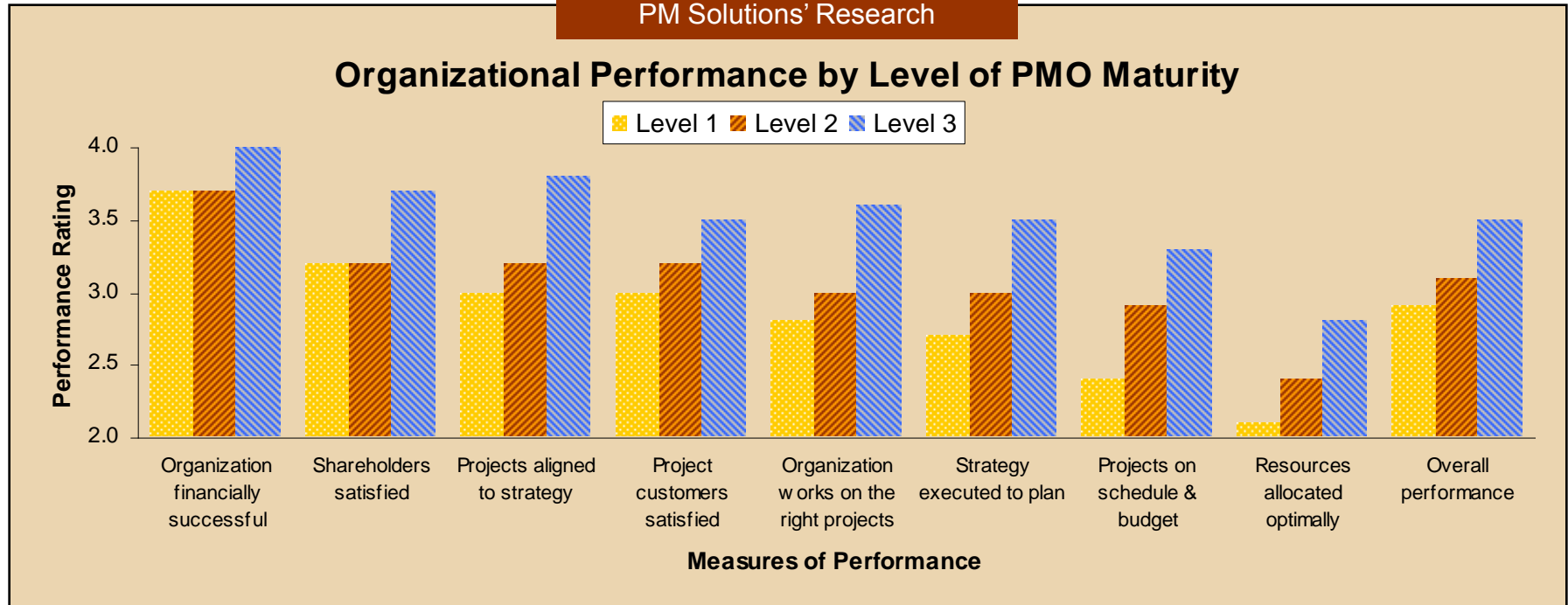
PMOs: Growth and Expansion

- In the PM Solutions' *Value of Project Management 2000* study, only 47% of the respondents had implemented a project office of any type.
- By 2006, 77% of the respondents to the *Project Management: The State of the Industry* survey had implemented PMOs; of those, 35% had an enterprise-level (or "strategic") PMO.
- This year, 54% of the respondents to the survey on *The State of the PMO* reported having an enterprise-level PMO in place.



PMO Maturity is Key

From *The State of the PMO*
PM Solutions' Research



Organizations with more mature PMOs show significant improvement in all measures of performance

The Strategic PMO

- The pinnacle of PMO maturity is the Strategic Project Office.
- The Strategic Project Office is a discrete organizational unit that takes on the responsibility for making sure that, across an enterprise, the promise of project management can unfold without being cramped by bureaucratic barriers.
- In particular, the Strategic Project Office shows success through effective project governance, project portfolio management, and resource optimization.

From *The State of the PMO*
PM Solutions' Research

High-performing organizations are more likely to have an Enterprise PMO than low-performing organizations

65.8% vs. 48.6%

SPO Purpose

- To ensure that the enterprise invests in the best set of projects and programs and realizes the most benefits
- To provide the organizational focus on improving the management of projects, programs, and portfolios
- To optimize the capability and use of scarce resources
- To raise strategic issues to the highest levels of the organization to facilitate effective decision-making

From *The State of the PMO*
PM Solutions' Research

PMO functions performed significantly more by high-performing organizations include:

Strategy formulation

Portfolio risk management

Benefits realization analysis

Contract preparation

Outsourcing

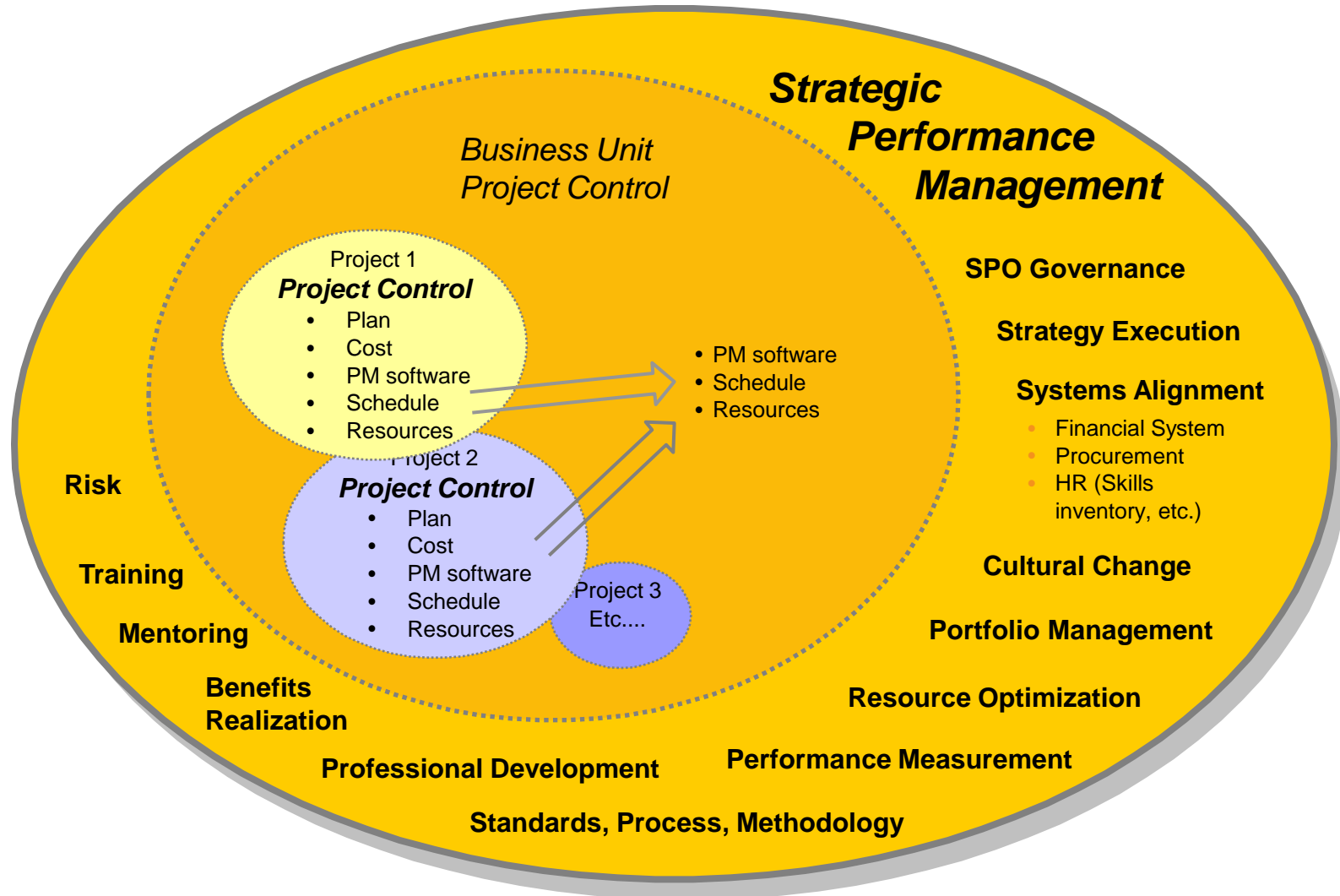
Project opportunity process development

Resource assignment process development

Management of a staff of project planners/ controllers and business relationship managers

Resource identification and optimization

SPO Functions



SPO Governance

A framework of processes and practices to ensure that:

- Project and portfolio strategies align with business strategies
- Project and portfolio objectives are achieved
- The enterprise's project resources are used effectively and efficiently
- Decision-makers have the information necessary for making good decisions
- Good decisions are made

From *The State of the PMO*
PM Solutions' Research

Governance issues top the list of PMO challenges

Companies lack the compliance structure to make project management processes consistent throughout the organization

Project leaders still labor under conditions where responsibility and authority are not allied

SPO Governance Checklist

SPO governance requires integration with overall enterprise governance

- ✓ Are projects and portfolio oversight regular items on the agenda of executive management?
- ✓ Is the reporting level of the most senior project management professionals commensurate with the importance of project management?
- ✓ Is executive management regularly informed of major initiatives, their status, and issues?
- ✓ Does a standing project strategy committee exist with representation from project management as well as representation from the business?

From *The State of the PMO*
PM Solutions' Research

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**Critical Success Factor
Not Being Met**

PMO performance, as well as project management performance, is measured, and accountability is assigned.

Portfolio Inventory

- **Formal projects**
 - Chartered, documented, recognized
- **Informal projects**
 - Mandated by senior mgmt, outside of formal process
- **Unconscious projects**
 - Rogue Projects – They come from nowhere
 - Nike – *Just do it*
 - Zombies – Projects that have been “killed” but have come back to life!
- **Emerging project opportunities**

From *The State of the PMO*
PM Solutions' Research

Organizations average 31 projects per year (median)

Organizations with a PMO work on more projects per year (38) than those without a PMO (18)

Larger organizations work on more projects per year as well as more costly projects



Competency-Based Management

- **What is competency?**
 - The requisite skills and abilities to carry out the requirements of a job
- **Three components:**
 - Knowledge
 - Experience
 - Personal qualities

From *The State of the PMO*
PM Solutions' Research

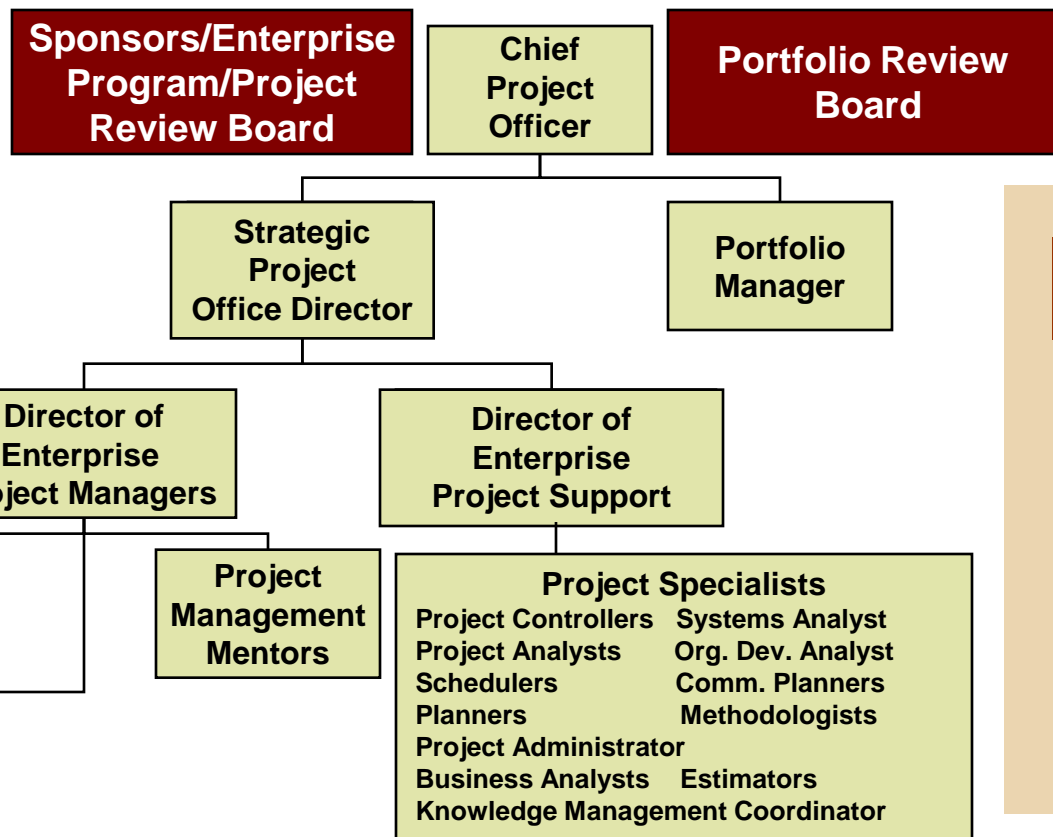
High-performing organizations evaluate project manager and project team member competency significantly more often than low-performing organizations

**Project manager competency:
75.3% vs. 50.7%**

**Team member competency:
50.7% vs. 22.5%**

Resource Optimization

Optimized Organizational Structure



From *The State of the PMO*
PM Solutions' Research

As PMOs mature, they are more likely to staff professional planners, schedulers, and controllers

Level 2 PMOs have 14% more than Level 1 PMOs

Level 3 PMOs have 24% more than Level 2 PMOs

SPO Role in Resource Decision-making

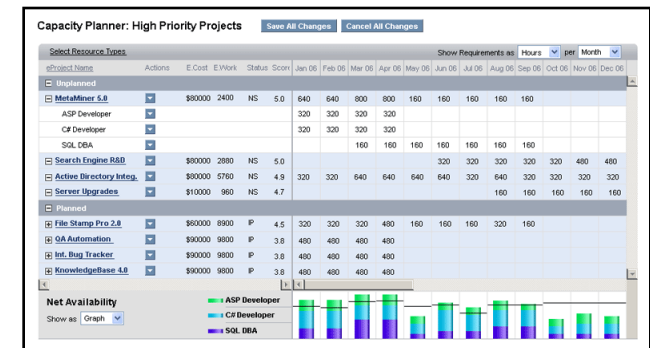
- Establish guiding process for acquiring project resources
- Establish resource assignment process
- Monitor resource needs, establish processes to make deployment efficient
- Ensure actions are taken to close out individual assignment to projects
- Provide resource capacity/availability information to executives to enable effective strategic planning

From *The State of the PMO*
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Top Issues for PMOs

Forecasting the need
for resources

Resolving resource conflicts





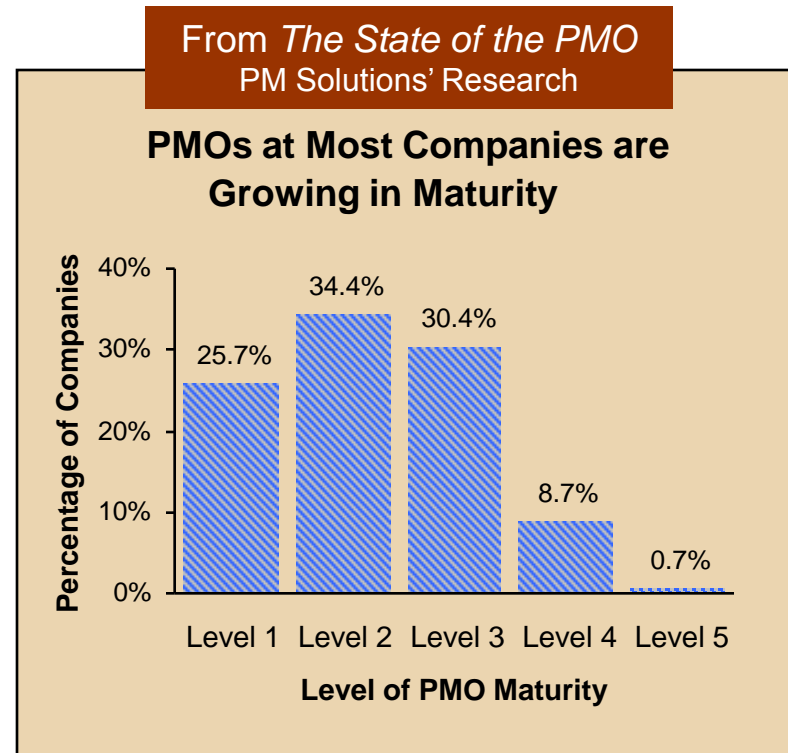
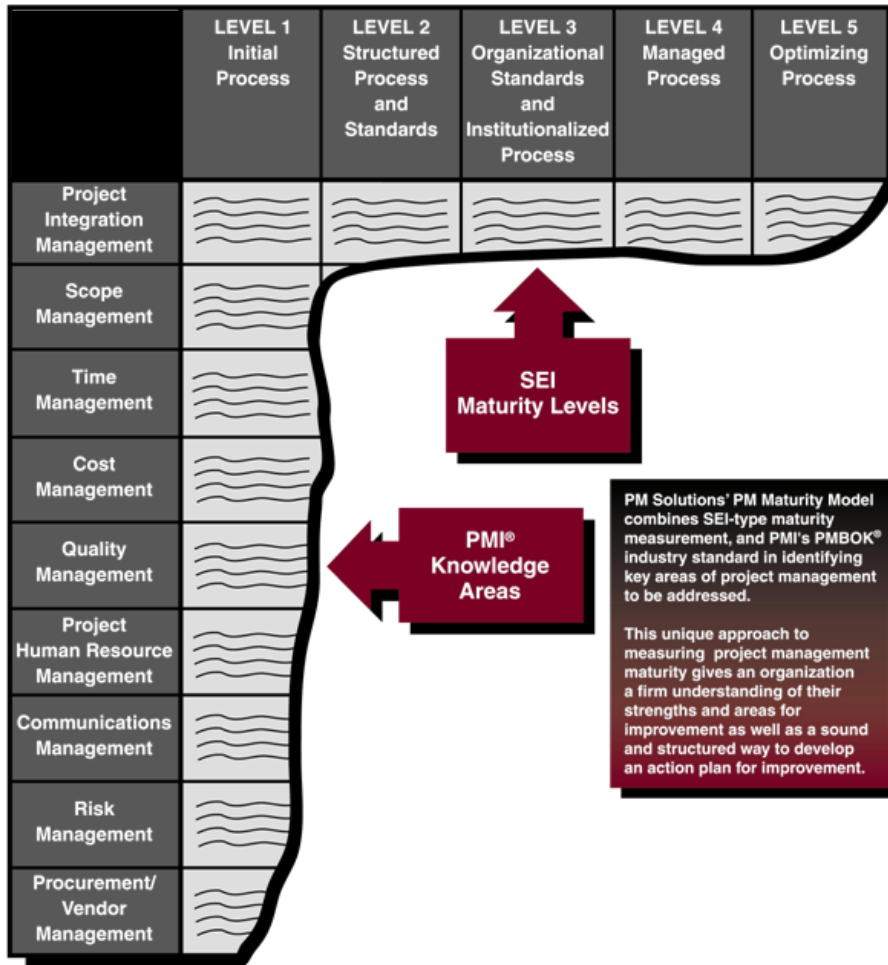
Project Management Culture Change

Provide the structure and guidance necessary to effectively prepare your organization for the successful acceptance of change

From *The State of the PMO*
PM Solutions' Research

- **High Performers have larger PMOs**
 - 30% more staff
- **High Performers rely on more specialized roles**
 - Mentors (136% increase)
 - Team Leads (467% increase)
 - Planners (147% increase)
 - Controllers (116% increase)
 - Relationship Managers (698% increase)

Project Management Maturity Model



Conclusion

- **Strategic Project Offices are the future**
- **Be on the leading edge by effectively deploying a full-service Strategic Project Office**
- **Be an articulate advocate of a project management culture!**

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PMO Challenges

PMOs in high-performing organizations are much better at being accepted at all levels of their organization and obtaining executive sponsorship

PMO leaders still are uncertain how to demonstrate the added value of the PMO

PMO leaders still face a challenge in defining the PMO's role and applying it across the enterprise to projects of all types



Questions?