How to Establish a Successful PMO

CLARKSTON CONSULTING

Projects run outside of the umbrella of a program management office (PMO) are subject to risks and missed opportunities that those under an effective PMO may be sheltered against. Just as a conductor unifies musical performers into a harmonious symphony, a PMO guides and ensures cohesiveness of the organization's resources and initiatives and keeps in tune with the organization's goals and strategic roadmap. Once a decision is made to build a PMO, it is prudent to assess and determine the best approach to establishing the entity in order to avoid common pitfalls. Based on decades of Clarkston's experience in building and working with PMOs, this eBook will expand upon the following key steps to establishing a successful PMO and how to avoid those common pitfalls.

1. **Define PMO Objectives and Success Metrics**
2. **Determine Roles and Responsibilities**
3. **Establish Standards**
4. **Align and Engage with Key Stakeholder Groups**
5. **Implement and Monitor**

Steps to Establish a Successful PMO

A PMO that is built with a strong foundation will reap benefits that are multifold. It's widely known that a key benefit of a PMO is the ability to drive efficiencies by leveraging synergies and managing interdependencies, thus, avoiding confusion and redundancies. A strong PMO also helps to foster an engaged organization aware of the ongoing changes and more likely to accept those changes. Acknowledging these pivotal benefits of a well-established and high-performing PMO, here are the key steps in establishing a successful PMO:

1. DEFINE PMO OBJECTIVES AND SUCCESS METRICS

Depending on the organization's needs and the drivers for establishing a PMO, the output could manifest in a number of different variants. The Project Management Institute studies and publishes information around the **evolution of the different models of PMOs**. For the sake of this paper and based on Clarkston's experience, we'll simplify the various models: at its essence, a PMO could fall anywhere in the spectrum of these 3 levels: :

- **Level 1: A Tactical PMO Model:** provides a consistent framework, tools, and templates to execute projects. Provides program-level status reports to Leadership. Does not take part in portfolio management.

- **Level 2: A Supporting PMO Model:** in addition to the responsibilities of a Tactical PMO, a Supporting PMO has additional ownership responsibilities to ensure central control of the major projects – ensuring adequate resource management and accountability for upward management. Usually does not take part in portfolio management.

- **Level 3: A Strategic, Governing PMO Model:** in addition to having both the Tactical and Supporting PMOs' responsibilities, a Strategic, Governing PMO is a high-value model focused on throughput, delivery acceleration, portfolio selection, and management. It participates in project selection based on knowledge of the organization's business objectives, strategic roadmap, and resources. It guides and collaborates with project managers, executives, and other stakeholders to ensure focus on productivity, efficiency, and business impact.

For some organizations, there may be a logical progression through the levels or this spectrum may provide a self-assessment framework and offer a basis for discussion on ascending to the next level. It goes without saying that the Level 3: Strategic, Governing PMO provides the highest value to the organization. Once alignment at the model-level is achieved, defining the success metrics will be key. Common metrics center around:

- **Cost Controls:** focused on the efficient use of resources and budgetary controls
- **Throughput Metrics:** focused on driving down project cycle time with an emphasis on efficiency
- **Project Success/Business Impact:** realization of project value based on the project's direct impact toward the targeted business goals
- **Organizational Engagement and Cultural Impact:** measures around change adoption (ensuring changes and output produced from the projects "stick") and increased employee engagement through increased awareness and buy-in.

2. DEFINE PMO OBJECTIVES AND SUCCESS METRICS

The roles required to achieve successful program management could vary based on the size of the organization, average number of projects to cycle through a year, and other factors. The below lists some of the typical roles of a PMO – and depending on the factors above, they could be combined or scaled accordingly.

TYPICAL PMO ROLES	RESPONSIBILITIES
PMO Executive	Leads the PMO strategically and is key to gaining organizational support, accountable for the program success: ▪ Develops and implement the PMO ▪ Ensures PMO activities are driving bottom-line value ▪ Gains buy-in from executives and project managers ▪ Staffs the PMO ▪ Approves project forecasts and plans ▪ Approves 3rd party contracts ▪ Manages program-level budgets
Project Portfolio Manager	Leads the development of the project, resource, asset and strategic objective portfolios, responsible for the program success: ▪ Makes recommendations on the project portfolio mix ▪ Ensures portfolio is balanced ▪ Manages the definition and execution of the prioritization model ▪ Facilitates governance meetings ▪ Publishes performance reports to key executive stakeholders ▪ Provides guidance to project managers/teams and feedback on areas of improvement based on knowledge of other projects and business objectives ▪ Evaluates and helps implement processes to improve project flow and accelerated delivery ▪ Works with project teams to provide project management training.
Resource Portfolio Manager	Oversees the resource portfolio and assists in balancing the project portfolio: ▪ Ensures correct utilization of resources ▪ Tracks resource utilization trends ▪ Assists project management community in locating resources
PMO Administrator	Supports the administrative needs of the PMO: ▪ Constructs standing and ad-hoc reports ▪ Maintain PMO knowledge repositories ▪ Review and assess project status reports for errors ▪ Provides technical support and coaching on PMO processes and tools ▪ Ensure integrity of all tool usage and data collected

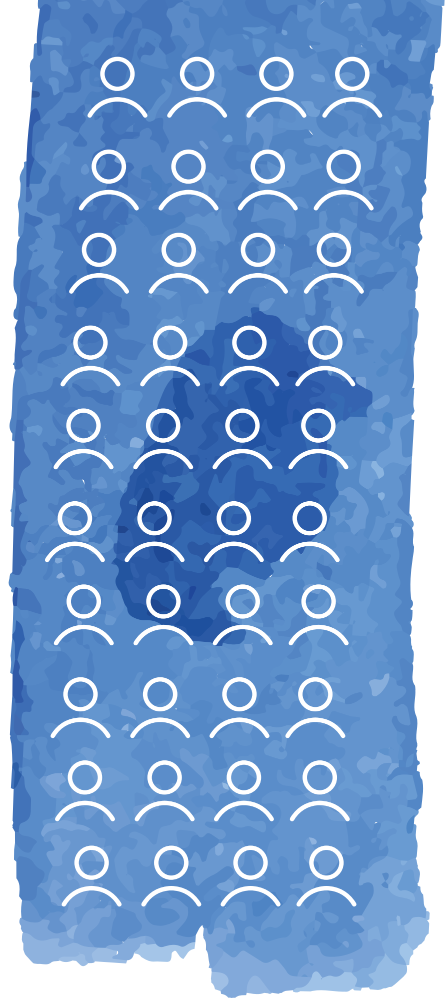
3. ESTABLISH STANDARDS

Among the key steps of establishing a PMO is providing a set of streamlined methodologies, tools, and templates in support of project execution – allowing for consistency in execution and avoidance of redundancies and lost efficiencies. During the setup of a PMO, project managers may already be leveraging their own versions of tools and templates; it's advisable to conduct interviews with a sample group of project managers and other stakeholders to gather input. This exercise allows for a deeper understanding of the current state as well as ensuring buy-in toward an efficient, streamlined future state.

Broadly speaking, project management standards usually fall under the following categories and it is the responsibility of the PMO to establish the single source of truth for these:

CATEOGRY	KEY PROCESSES & TOOLS/TEMPLATES
Portfolio Management	▪ New Project Intake ▪ Business Case ▪ Project Selection Process ▪ Portfolio Dashboard
Project & Financial Planning	▪ Budget Forecast and Tracker ▪ Project Charter ▪ Project Schedule ▪ Resource Schedule
Project Maintenance & Reporting	▪ Change Control ▪ Status Report ▪ Meeting Minutes ▪ Action Plan ▪ RAID Management (Risks, Assumptions, Issues, Dependencies)
People Management	▪ Stakeholder Analysis ▪ Change Management Plan (incl. Communications, Training Plan, etc.) ▪ Team Onboarding ▪ Performance Management
Knowledge Management	▪ Project Roll-on and Roll-off ▪ Knowledge Transfer Plan ▪ Learns Learned Template ▪ Document Storage

4. ALIGN AND ENGAGE WITH KEY STAKEHOLDER GROUPS



With the PMO structure and supporting roles established, along with a robust toolkit of methodologies, tools, and templates comes the need to engage with the key stakeholders who will be part of the PMO framework. Typical stakeholder groups include project managers and teams, business and IT partners, and executives. A key activity within this step is the awareness and education of these methodologies, tools, and templates. Included in this effort is communication on the “Why” – it is imperative that the value of the PMO is convincingly shared and demonstrated early. At the core, stakeholders, especially the project managers, must see the PMO as a partner, therefore, establishing an environment of transparency and trust early on is imperative.

In order to adequately anticipate the needs of the stakeholder groups and ensure buy-in, a stakeholder analysis is often performed. The analysis identifies the individuals within each stakeholder group, the impact the PMO has on them, their level of influence toward the success of the effort, and the most effective engagement strategy toward effecting a positive outcome. Following this analysis is the development of a comprehensive change management plan containing both communication and training components. In addition to a well-planned communications approach is often a multi-tiered training schema:

TRAINING TYPE	OBJECTIVE	AUDIENCE
Foundational Awareness	Brief training or communication on understanding why the PMO exists, its benefits, and who to contact for questions.	Organization-wide
Project & Financial Planning	Knowing how to use the methodologies, tools, and templates; understanding roles and responsibilities; aware and aligned on measures of success are. This is usually done in multiple sessions with an initial, general one to cover the overall PMO framework, key methodologies, tools & templates, followed by tailored sessions targeted for each stakeholder group.	PMO members, Project Managers, Project Team Members

In addition to formal training and communications activities, continuous coaching, and establishing a forum to address questions will be instrumental to the success of the PMO.

5. IMPLEMENT AND MONITOR

Understanding the benefits of the PMO is a must (which is conveyed through training and communications efforts, as mentioned above), however, imparting the confidence that the appropriate support structures are in place (such as useful tools/templates that address the organization's specific needs, clarity on who to go to for questions) will ensure that the momentum is carried forward. Therefore, Steps 3 and 4 are fundamental to establishing a successful PMO. Step 5, and the final step, is implementing the routines and processes laid forth, and monitoring for improvement opportunities, with a keen eye on the success metrics. This includes activities such as recurring touchpoints with the key stakeholder groups, providing ongoing visibility to program success and progress toward the defined success metrics, portfolio management activities, and a regular pulse check on resource capacity.

Common Pitfalls

In Clarkston's experience working with PMOs and helping organizations establish PMOs, we often come across the following pitfalls:

The utility of the PMO is unclear. The symptoms that arise are poor collaboration between PMO and project managers – such as difficulty in collecting key project information from project managers. This is often due to lack of executive-level sponsorship, sub-par understanding of the stakeholders and their pain points, the benefits of the PMO not clearly conveyed, or a combination of all of these factors. Actions speak louder than any communication plan; ensure that the PMO is involved at the right level to aid in decision-making, problem-solving, and knowledge-sharing, when appropriate. This doesn't mean the PMO should sit in on every project meeting. There's a fine balance of depth and breadth: not being too deep but still able to share learnings and cross-pollinate when opportunities arise.

Being resource-constrained. The symptoms manifest in delayed projects, top priority initiatives not being attended to, project managers fighting over resources, and more. This is often the result of an unclear view of resource capacity as well as inefficiencies that result from time spent on low-value activities, failure to use existing templates/tools and having to recreate from scratch, or poor processes/tools/templates that lead to rework or redundancies. In some instances, it's due to the lack of autonomy to carry out the necessary tasks. As a solution, the PMO and project managers should be aware of key guidelines and guardrails and then be empowered to make the appropriate-level decisions. Another root cause is poor portfolio management; rigor in assessing the portfolio against resource capacity is key - this may call for tough decisions on pausing or stopping certain projects to redirect efforts toward the appropriate areas.

Lack of consistent standards. This is often due to poor adherence on the use of standard processes, tools, and templates. In many instances, this is caused by old habits – for example, a project manager has used a particular template from a prior life and is reluctant to adopt the new. Communication and training reinforcement are the immediate solutions, followed by coaching if the challenge persists. In other cases, it's because the tools and templates are not effective either due to poor initial selection or because the organization has evolved and they no longer support the new ways of working. It is good practice to regularly evaluate the tools and templates used, as well as offer a forum to escalate if/when issues are found or improvement opportunities identified.

Conclusion

These steps lay out the fundamentals in establishing a successful PMO; like anything, there's an element of over-simplification to reduce the process to the most critical common denominators. Every organization will have its unique set of challenges and may adopt different flavors of the "recipe" depending on their strategic imperatives, size, and maturity of the organization, and its culture. Nonetheless, a simplified recipe is useful as a starting point, as well as awareness of the common pitfalls.

While organizations may have different remits for PMOs, their main purpose is to drive focus and discipline across projects in support of the organization's strategic objectives. A strong PMO brings organizational efficiency and alignment to a new level, and is an enviable competitive advantage.

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Contact us to learn more about Clarkston's PMO work, and let's connect on how we can support your organization's program management needs.

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