Overview

Many project management offices (PMOs) are not successful in addressing the strategic priorities of their organization because they are departmentally based and not enterprise-wide. This reduces their span of influence and limits corporate support. Current PMO trends demonstrate that PMO's are more effective and can better impact the bottom line, when they are operating at the corporate enterprise-wide strategic level, rather than at the departmental level.

Current trends indicate that all levels within an organization typically do not embrace the direction of the PMO. However, headed departmentally based PMOs indicates that all levels of their departments embraced the direction of the PMO. This suggest that departmentally based Project Management offices are successful in their own silos but not accepted outside their span of influence, and therefore, are unable to influence the organization as a whole.

An examination of the traditional Project Management Office model compared to the more current corporate-wide (Enterprise) approach helps in building this case for moving the PMO to this more strategic, enterprise-wide position.

The Traditional Project Management Office (PMO)

Most Project Management Offices are located only within a department in their organizations. Generally these project management offices are relegated to the IT or Engineering department. They struggle to maintain a strategic orientation because they are not set-up to affect the entire organization. This is because many project management offices started off from a grass roots approach. They were started by an individual or small group of individuals who saw the need to bring more control over the management of a portfolio of projects, which, although based on good intentions, lacked senior management's direction and control.

Typically, the initial effort on the part of the PMO usually included presentations to increase departmental awareness and provision of training for the management team to help ensure their understanding. This helped the PMO to move from a grass-roots approach into a more formal structure. Generally, these Project Management Offices gained success through their department.

Their success increased when they were able to get executive sponsorship for their efforts but this was not always the case. In fact, during the past 5 years PMO's have demonstrated that executive sponsorship was a critical requirement for PMO success and lack of it was a key reason for failure of the PMO.

The Enterprise Project Management Office (ePMO)

The next evolution of the Project Management Office is for it to move into the corporate side of the business. This allows the PMO to gain a strategic position within the organization and works to ensure that projects proceed on the basis of their strategic alignment to the objectives of the organization. A PMO that is organizationally based versus departmentally based is more likely to get executive support. After all, project management should not be a departmental strategy; it should be an organizational strategy.

The senior management team can demonstrate a strong commitment to this ePMO by requiring all project teams to adopt the process, tools and templates of the ePMO. The ePMO should ensure projects are aligned with corporate strategy and direction. Senior executives are most concerned with

how an ePMO will positively impact the organization as a whole, each individual department, and their customers.

In some organizations, the ePMO will oversee the management of all strategically aligned projects. In larger organizations, the ePMO will have departmentally-based PMOs reporting directly to them. This provides them with an opportunity to align all corporate-based and departmentally based projects against the strategic plan and to manage project prioritization and resourcing issues. Below is an example of what the ePMO structure looks like:
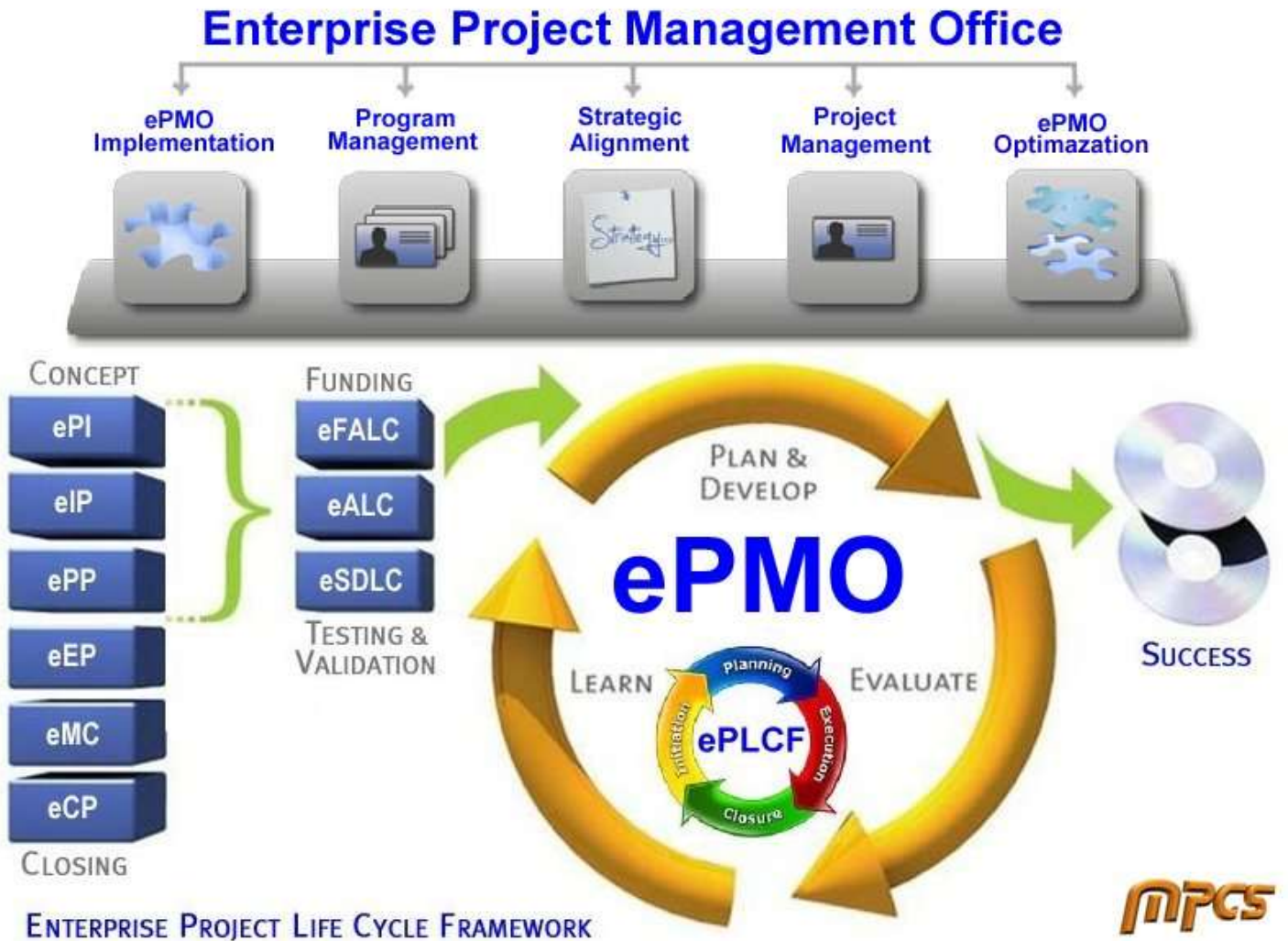
Measuring the Impact of the ePMO

The ePMO is more likely to receive continuous support from the management team if they can provide both quantifiable and qualitative data on projects that they are responsible for overseeing on a weekly or monthly basis. This data can include a comparison of the number of projects as well as the changes that have occurred since the implementation of the ePMO. It includes the number of projects that:

- Were completed within their time constraints since the implementation of the ePMO as compared to the number of projects completed within their time constraints prior to the implementation of an ePMO.

- Were completed within their budget constraints since the implementation of the ePMO as compared to the number of projects completed within their budget constraints prior to the implementation of an ePMO.

- Meet or exceeded the customer requirements specifically identified at the beginning of the project.

- Aligned with corporate strategy (Alignment should be 100%).

- Have successfully been managed (on-time, on-budget, met customer expectations) after training of project managers and team members as compared to projects managed by individuals not formally trained.

- Followed the prescribed ePMO project management process and were completed successfully as compared to projects that did not follow the prescribed ePMO project management process.

- Applied a risk management process with fewer crisis situations, as compared to those projects that did not apply risk management.

- Realized a reduction in cycle time from order to delivery or from product design to product launch.

- Simplified by making transparent a complex project for the customer, supplier and third parties.

- Utilized staff with appropriate skill sets for the project.

ePMO Structuring Guidelines

A reporting structure in which the ePMO reports directly to one or more members of the senior management team increases the likelihood for timely approvals and decisions regarding projects and generates greater visibility and acceptance for the ePMO by the rest of the organization.

Furthermore, correctly structuring the ePMO requires consideration for the authority of its leader. The head of the ePMO must have the same management level as the managers of the functional departments from which they will need to draw staff for the project team. This will help the ePMO to focus on the interests of the organization as a whole rather than on the interests of any particular functional group. It will also ensure that the ePMO is able to resolve any conflicts that may arise between projects competing for common resources.

A current approach to the structuring of the ePMO is to have anyone who manages a project reporting to a functional manager rather than to the ePMO. Current ePMO's indicates that this matrix management structure tends to reduce the hierarchy of the ePMO and it ensures it is able to stay focused on coaching and mentoring all project managers rather than the more time consuming role of managing all project managers.

The ePMO should engage the senior management team to visibly support it and its project management approach. They can do this by coaching senior management through the approval process to ensure timely approvals are given for Project Description Statements, Milestone Reports, Project Change Requests and other key project documentation as required in the Project Life Cycle Framework (PLCF). As well, the ePMO should review each of these documents with the Project Manager to ensure that the documentation is clear and accurate before presenting to the member of senior management who acts in the role of sponsor for the project. This will reduce the need to coach the senior management on every detail of each document before they agree to its approval.

It is important for the ePMO to provide early warning signs to management about difficulties that projects may be facing. While senior management does not have the time to examine individual, detailed reports on each project, nevertheless, they do want to be kept up to date on the progress of all projects. Therefore, it is preferable for the ePMO to maintain a regular practice of communicating and reporting to the senior management team through an integrated report that combines all projects into one report. This report should indicate; projects are on-track, projects off-track, and projects experiencing serious problems (risk). This provides early warning signs to management of difficulties that may be occurring with any project. Today's key reporting tool is the "dashboard" which provides a quick visual status of the projects within the Project Portfolio Management framework (PPM).

"Lessons Learned" from projects and customer feedback are other forms of communication with the senior management team that will generate added support from them as continuous improvement is applied.

Summary

A PMO that is structured to manage projects across departments, locations and regions is best implemented on an enterprise-wide basis. This is because it will hold the responsibility for ensuring consistency in the management of all elements of each of these projects and will also be able to assess and prioritize each project for alignment with the corporate strategy. The goal of an ePMO is to help their organization effectively manage projects in today's complex, global marketplace. The successful management of these projects has a direct impact on the organization, its customers and its resources. The *ePMO Flow Chart* on the next page reflects the various interfaces within an organization.
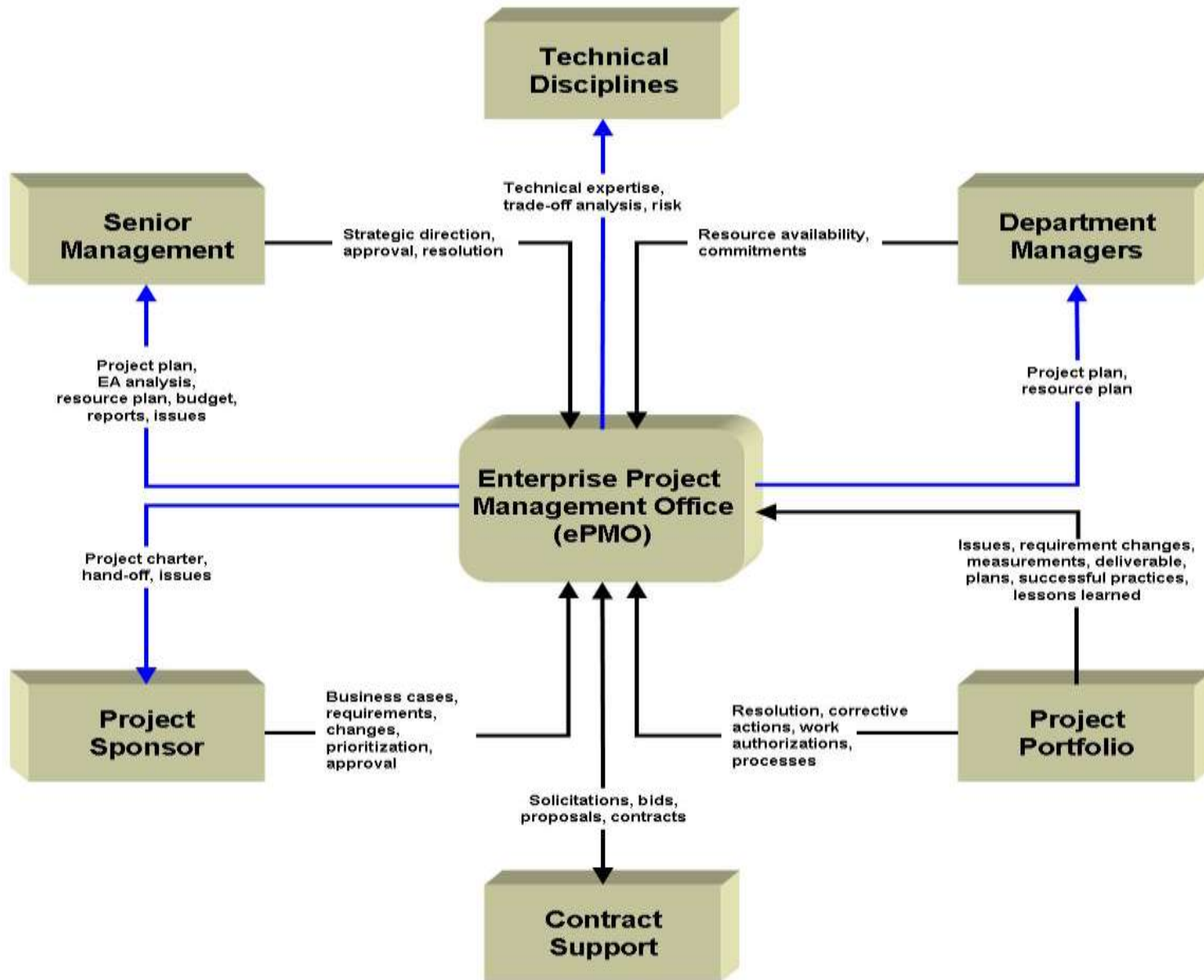
Best Practices for Implementing a Project Management Office

Organizations moving towards the implementation of a Project Management Office (ePMO) must consider many factors before taking the first steps. This note addresses:

- The definition and purpose of an internal ePMO.
- The multi-faceted and various roles of an ePMO.
- Several key circumstances indicating the need for an internal ePMO.
- Recommendations for the successful execution of an ePMO.

Use this research note to ensure that all bases are covered before delving into the broad time, resource, and intellectual commitments required to for successful ePMO implementation.

Strategy Point

Enterprises are increasingly turning to project-based work to facilitate success and to allow for more efficient prioritization. By breaking projects into manageable pieces, employees can be assigned by skill-set and allocated to several different projects at once instead of to one large, lengthy project at a time. This trend has forced many enterprises to look into efficient ways of managing these interconnected projects and subprojects. A Project Management Office (ePMO) is a centralized forum for keeping these projects within schedule and budget, and also aligned to business goals through the creation and enforcement of policies and procedures. The ePMO is in charge of creating standardized processes and maintains control of all project process for the entire organization.

Key Considerations

The ePMO directs and guides the enterprise through the development and enforcement of a PM methodology. The use of tools and relevant templates is also common practice, with all resources available to the enterprise through the established ePMO. The ePMO usually does all of the resourcing for projects, including project manager assignments. The ePMO also manages all ongoing projects and enforces adherence to company PM procedure.

Generally, an ePMO consists of an individual or a team that provides assistance, guidance, and support for project process integration. All enterprise project managers live within the enterprise ePMO.

An ePMO is an integral part of the enterprise Project Management (PM) system: with a proper PM methodology and process in place and enforced, projects have a higher chance for success. The role of the ePMO depends on the industry and the organization and there are many options when it comes to selecting an applicable ePMO for the enterprise. Selection should be made based on a balanced recipe of the dynamics and the culture of the enterprise in order to promote success. *See Table 1* for details about several possible ePMO roles: it is advisable to consider adopting a collection of these to suit the specific needs of the enterprise.

Table 1: Typical ePMO Roles

Role	Description
Process Establishment	Develops standardized processes to be followed and provides useful tools and appropriate training for these tools. This prevents each project manager from reinventing the wheel. Projects start up more quickly with less time wasted planning and documenting steps.
PM Service Provider for Projects	Provides skilled project managers that will perform: • **Project Planning.** The ePMO evaluates resource allocation and plans project scheduling, timelines, and completion dates. • **Project Monitoring.** The ePMO manages the project charters, key deliverables, milestones, and status reports. It tracks project status and predicts the ability to meet key deadlines. Additionally, the ePMO provides centralized tracking of project budget performance and detects and assists with project scope change control. • **Team Facilitation.** The ePMO ensures proper team communication to mitigate misunderstandings and confusion. This ePMO function in larger organizations is often allocated to a project management center of excellence when large numbers of project managers must be resourced to projects.
Quality Assurance for Project Management	This can include: • Assessment of project plans and charters for completeness and quality.

- Establishment of project health checks during the course of projects.
- Audit for compliance of process, methodology, techniques and tools in order to understand what is and is not working.

Coaching

Facilitates training and coaching of project members to build core project competencies. Provides support for the use of the project management software.

Project Review

Analyzes and reports on in-project and outcome metrics at the project, program, or portfolio level.

This includes:

Continuous Improvement

- Building upon best practices and keeping processes up-to-date.
- Reviewing completed projects to identify areas for improvement going forward.

Project Portfolio Communication

Aggregates and summarizes information across all projects to provide a high-level snapshot of project status to management and other key stakeholders.

- Continuous maintenance of a knowledge bank of project management information based on industry-wide and company best practices.
- Helps teams perform best practices and methodologies.

Knowledge Bank

- Tracks and records lessons learned from projects in order to leverage them in the future.
- Includes an open collection of company policies, procedures, templates, guidelines, and past project documentation.

Assignment of one or more project managers for hands-on assistance with project teams. Duties include:

Project Advisor

- Helping with preparing status reports and work plans according to company standards.
- Training and consulting teams on ePMO best practices.
- Resource allocation.

Centralized

Acts as a formal governing body that:

Governing Body

- Oversees resources allocated for projects.
- Determines a project's measures and benefits as they relate to the business.
- Has centralized control over projects.
- Enforces projects to comply with policies.

Recommendations

When creating a strategic ePMO development plan, key stakeholders must:

1. **Establishing the need for an ePMO.** There are no clear cut prerequisites for determining the need for an ePMO, but there are some guidelines that are good indications that an ePMO should be considered in the enterprise. For instance, a ePMO is generally a good consideration when an enterprise:

   - Has established a solid project management discipline.
   - Have projects of medium to high complexity.
   - Have simultaneous projects with time sensitivity.
   - Have cross-departmental projects and teams.
   - Has a significant or growing portfolio of project-based work.
   - Have several ongoing projects at once.
   - Has experienced a series of project failures or missed deadlines.
   - Suffers high impact as a result of project failure and missed deadlines.
   - Can benefit from centralized resource allocation.
   - Has a growing project backlog as a result of delays and failures.
   - Prioritizes projects based on politics or perceived urgency instead of strategic planning.
   - Requires assistance with becoming Sarbanes-Oxley compliant.
   - Has established end-user buy-in to ensure that team members do not object to or have resistance against placing controls on project work.

2. **Develop an ePMO strategic plan, charter, and goals.** Gather all of the stakeholders and formulate the details together. One key factor for the enterprise is to define and agree upon the purpose, scope, goals, and objectives of the ePMO in writing. Some common issues to discuss include:

   - The extent of ePMO authority.
   - What the ePMO must accomplish and within what time frame.

- Which model the ePMO will follow.
- Whether the ePMO methodology will be built from scratch or adapted based on industry-tested and/or known best practices.

3. **Define measures and benefits.** All members of the ePMO and key stakeholders must identify the scope of the desired business benefits and respective business value. Agreement, collection, and documentation are also necessary concerning which processes will be measured and how. For example, key ePMO metrics should be outlined, such as time, cost, resources, scope, quality, and action items. All conclusions should be included in the ePMO strategic plan.

4. **Obtain buy-in.** In order to achieve success, the whole organization needs to be on board, and the ePMO must have the support of the executive team. This is usually the most significant step, because regardless of whether the ePMO is designed and strategized perfectly, without buy-in, the initiative will not achieve desired results.

5. **Impose structure.** If properly implemented, the ePMO can provide a definitive set of rules for governing new projects and teams. It is critical that the ePMO have a solid governance structure. The following must be determined:

- ePMO organization and stakeholders.
- ePMO interaction with company operations and development efforts.
- Who will oversee the ePMO (e.g. steering committee, board, CEO)?

6. **Mandate process.** For ePMO implementation to be successful, it is essential for processes to be well enforced. This is often the most difficult part of implementing an ePMO. In order for process mandating to occur, stakeholders must pre-determine the following:

- Effective means of communication of project best practices, impacts, and issue resolution.
- Methods for identifying risks and mitigation strategies, as well as overall risk management.
- Reporting structure, delivery, and organization.
- Processes and/or software requirements for status and reporting.

7. **Manage change.** In order to obtain support, it is important to effectively manage change. To do so:

- Plan future changes broadly.

- Describe the change process to all the people involved and why the changes are occurring.
- Design the enterprise to effectively implement change by:
  - o Establishing forums and communicating methods to enable immediate review and decision-making.
  - o Empower people to make decisions through the delegation of responsibilities and power as much as possible. At the very least, encourage people to make recommendations based on upcoming decisions.
- Provide support and include employees in the change process whenever possible.
- Be prepared to be tough when employees are resistant to change.
- Implement a Change Management policy.

Bottom Line

It is necessary for organizations to efficiently track and manage company-wide IT projects: ad-hoc project management (PM) is the way of the past. Determine enterprise need and then take the essential steps to implementing a successful centralized enterprise Project Management Office (ePMO) to reap the benefits of being on time, within budget, and well-organized.