

# The PMO Connection - Linking Projects to Business Success

*Presented by*

*Syed Raashid Ahmed*

Global Enterprise Technologies FZC,  
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Portfolio, Programmes, Projects



- ◆ **SCENARIOS and KEY FACTS**
- ◆ **LAYING the FOUNDATION**
- ◆ **CREATING the PILLAR**
- ◆ **FORMING the STRUCTURE**
- ◆ **MATURING**
- ◆ **Q&A**

# Some Scenarios

- **I am your prospective client. I have a budget of 100K, you have estimated 200K. What have you to say to win this deal?**
- **You are a friend of the CEO and all the steering committee members. The company has bought the product you recommended and are unhappy that the suite is functionally poor. The company does not suffer from funds. How would you triangulate the political, economic and technical dimensions of this scenario to come out okay?**
- **We have the estimates all wrong. At every stage of the project we are over budget. What will you do in terms of priority?**
- **You quoted 100K for a job to fix a problem. Upon start of development we realize we can fix it is 3 days with 1 person. What would you do?**



- ◆ **63% of projects have schedule delays**
- ◆ **49% of projects exceed budget or do not meet business objectives**
- ◆ **45% of projects face cost overruns**
- ◆ **23% of all projects FAIL**

*Source: Research by the Standish Group International Inc., as reported in Computerworld, Feb. 17, 2003.*

**Recent research (Meta Group) has indicated that 70% of Global 2000 IT operations struggle with the business-side perception of value from IT Services – even when 99.9% SLA compliance and IT Balance Score card are reported.**

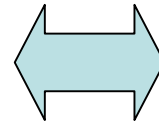
# Business Challenges & the need for PMO

## External Factors

- Mergers & Acquisitions
- Corporate Restructuring
- Changing Competition
- Legislative & Regulatory Oversight
- Public Accountability & Integrity

## Internal Factors

- Management Transition
- Pressure to manage costs
- Technology enablers
- IT / BP Outsourcing
- Relationship Management
- Risk Management



## The Project Management Imperative

- Portfolio view of projects aligned with a strategic business plan
- Defined technical processes for different types of projects
- Uniform project management process
- Integrated business and quality controls
- Viable tools to support process, project management and portfolios

“Project Management Office (PMO) is a company’s source of project management expertise and serves as the **guardian of project management standards**, a central point for **process and project management tools, best practice reuse and process library**”

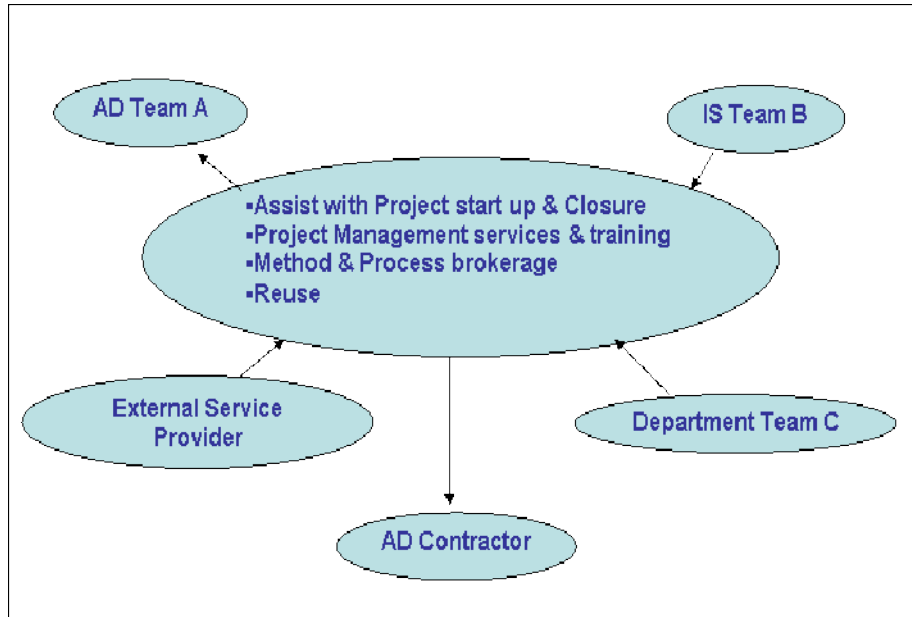
“A set of stable, predictable, repeatable, reusable and reliable management techniques and processes”



DOES A GOOD PMO GIVE A FIRM  
COMPETITIVE PARITY OR ADVANTAGE?

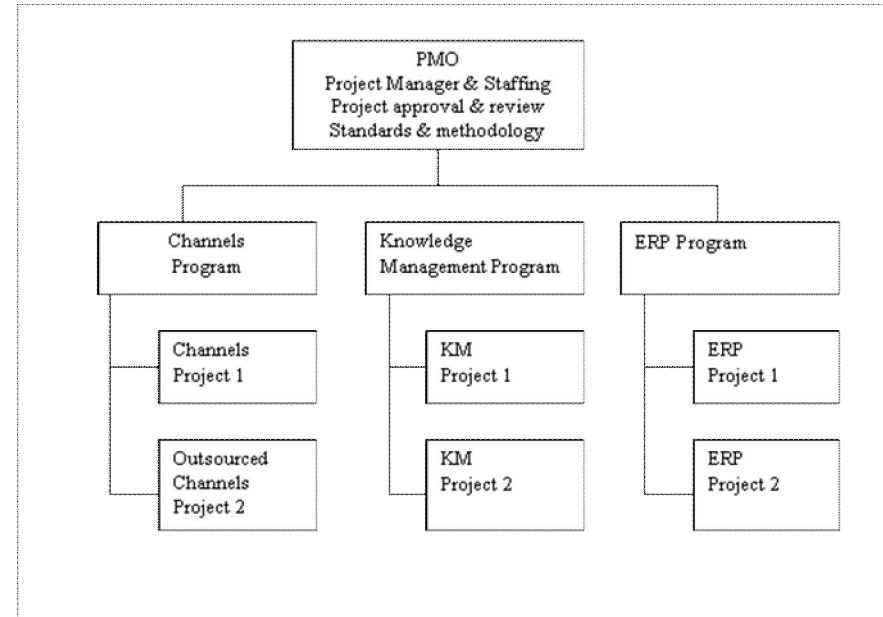
# Choosing the Model

## Coach Model (X Model)



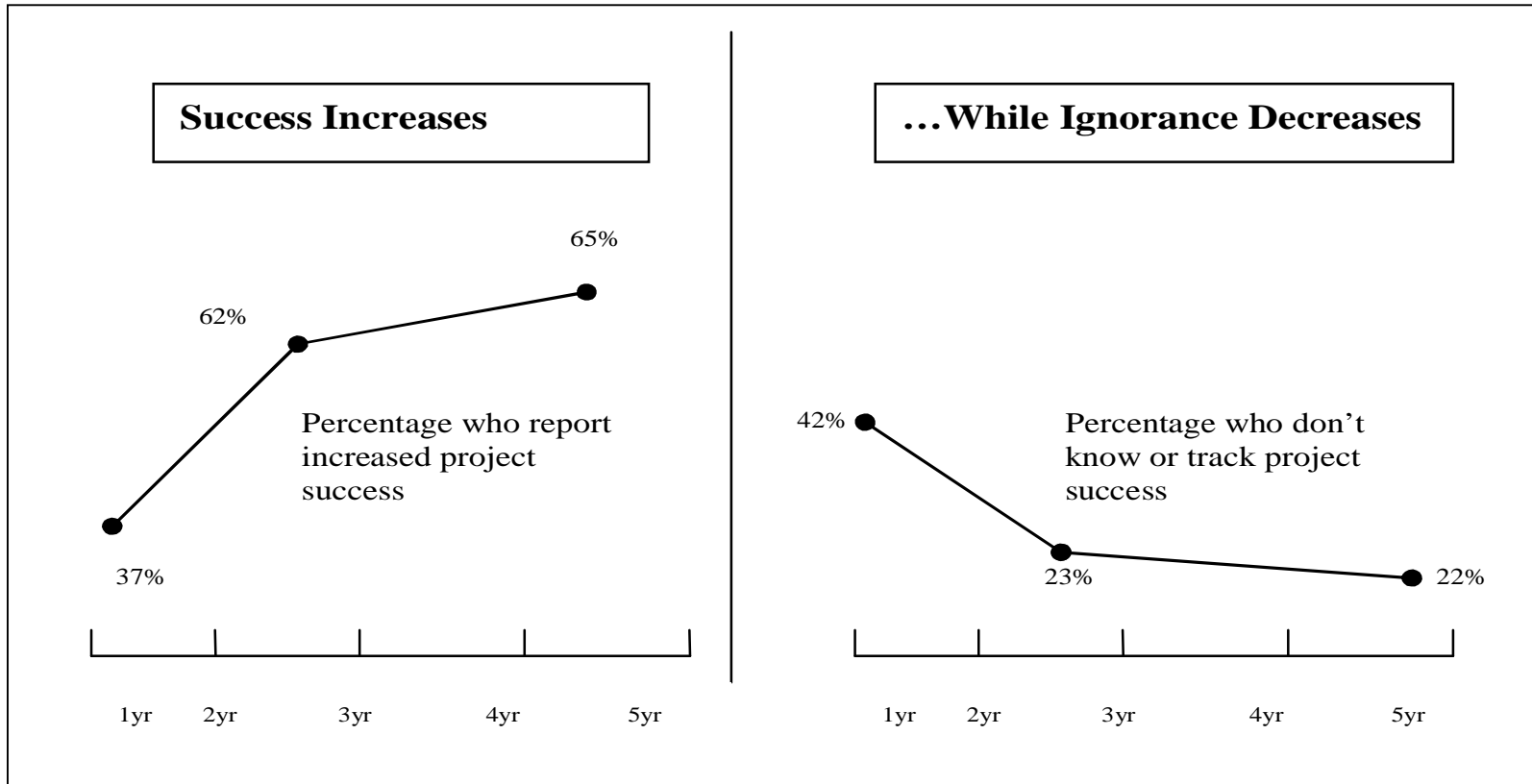
## Support Role & Mentor

## Manager Model (Y Model)



## Supervisory Role

*The two models are mutually exclusive & PMO should entail both mentoring & Supervising*



***PMOs: The Longer you have them, the Better they work***

Source: CIO/PMI survey (available on [www.cio.com/research](http://www.cio.com/research))

## The “Who” question....

### Who is the right sponsor for the PMO?

Pain Area	Sponsor from
Execution Excellence	Senior VP - Projects
Financial reform	CFO
DSS	CEO
Resource allocation	HR

### Who are the right people for PMO?

#### Typical roles to choose from:

- PMO Manager
- Financial Analyst
- Process Expert
- Risk Management Expert
- Trainer
- Senior Project Manager
- Communication Specialist
- Resource Manager

*It is now best to recruit core PMO Members and have them participate in the rest of the processes*

*The typical size of a PMO is 3 – 8 members*

## Agree on what needs to be changed

Pain Area	Focus Area
Project Failures	Execution Excellence
Costs out of control	Financial Reform
Insufficient Information	Portfolio Information Transparency
No decision framework	Portfolio Decision support
Resource bottlenecks	Resource Allocation

*If you are thinking “All of the above”, think again*

*Focus on a few goals if your PMO is to be successful*

*Create a roadmap with a timeline for adding additional focus areas*

# Creating the Second Pillar

- ◆ **Decide the Scope & Communication plan.**
- ◆ **Name each PMO member as liaison officers (SPOC)**
- ◆ **Prepare & release the 'Service Catalogue'**

Task	Activity
Project Inventory	Construct inventory of all projects underway & gather key information
Project Process Development	Create Processes, templates & tools for effective Project Management
Training & Support	Train Project Managers & provide support
Project Execution Services	Provide 'Turnkey' execution services as a 'Go By'
Best Practices Repository	Create means to capture & store documents
Financial Analysis & Reporting	Create Cost / Benefit models & train PMs on their use, analysis & reporting of results
Status Reporting & Dashboards	Design KPI, SLA, & facilitate Metric collection & other MIS reports
Decision Support	Design criteria for Project decisions, facilitate gathering information & conduct decision meetings

## Creation of Tools

- **Gather & disseminate Tools, Templates & Processes**
- **Build & Operate a Central data repository**
- **Create and build a Knowledge Base**

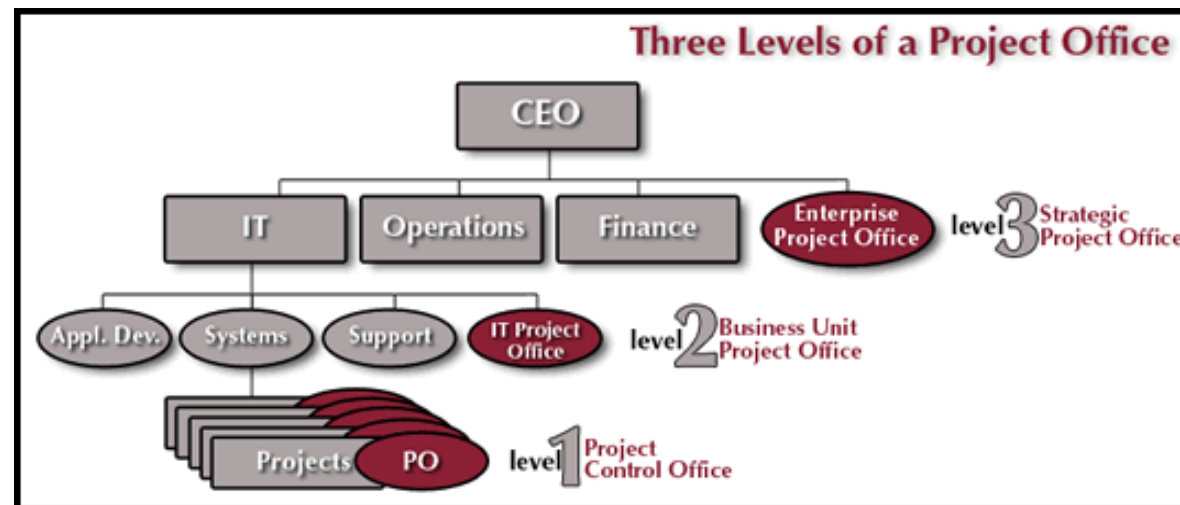
Typical Tools
Project Charter
SDLC templates
Project Plan
Costing Model
Risk Analysis template
Status Reporting formats
KPI, Dashboard
SLA, IM & PM Tool
MPP , EPM,

*Start Small & build – Create a timeline for adding to the tool suite*

# Forming the Super structure

## Inventing a Maturity Model is a 5 step process:

- ◆ Select Capabilities of conceptual “Perfect” PMO viz...Financial Analysis, Project Planning, Resource allocation, Risk Analysis, etc
- ◆ Determine a “Scale of Progression” for each capability
- ◆ Perform an “As-Is” analysis
- ◆ Set a “To-Be” goal for each capability
- ◆ Create a road map on how to get there



# Forming the Success Measure

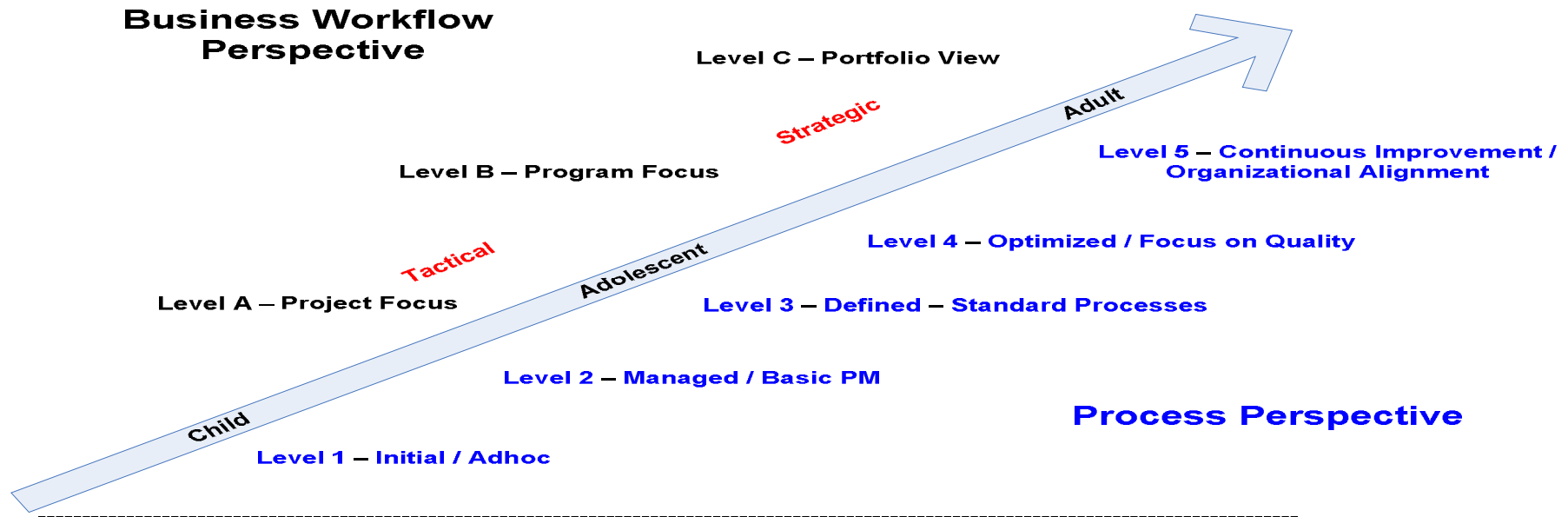
## Performance Measure:

- PMO should provide its own basis for Measurement

Performance Area	Performance Measure
Execution Excellence	Reduction in Project delays, Increase in User satisfaction, Reduction of Issues
Financial reform	Reduction in Cost per employee or Cost as a % of revenue
DSS	% of Projects subjected to Decision analysis, Spending eliminated due to prioritization
Resource allocation	% of Resource utilization, % of Billable Vs Non-billable time

*First, last & always, the PMO is the hub of communication.*

*Remain focused as the Single Point of Contact for all projects*



### Maturity Model Road Map

*Note: Levels indicated (numbers & letters) are for illustrative purposes only*

- Do not stay in the corridor but move in to the 'Engine Room'
- Feed & Support Change governance process
- Change the conventional theory of Project being synonymous with Software development
- Bring Value adds to Organizational Decision making process

# Maturing in Change Governance

- ◆ **Organize along customer lines**
- ◆ **Bring the voice of the customer into the Planning process**
- ◆ **Support a move to continuous planning**
- ◆ **Institute a transparent decision process with accepted decision criteria**
- ◆ **Make use of Online real-time planning & prioritization tools**

*PMO should shift the enterprise from a functional, siloed driven by politics, whose decisions are not well understood, whose decision criteria is a black box and whose communication is internalized*

**to  
this**

*A customer focused organization where decision process allow organized, rational priority decision using trusted information, where customers voluntarily and actively participate, where analysis of the portfolio is real time and vital to the Management*

# Maturing in Benefits & Cost Management

- ◆ **Implement a consistent Cost / Benefit model to forecast portfolio benefits**
- ◆ **Focus achieving benefits, not just controlling costs**
- ◆ **Create a Portfolio repository where benefits accountability can be transparent**
- ◆ **Move the organization to life-cycle thinking about benefits & costs**
- ◆ **Bring the focus of the organization on value**

*PMO should shift the enterprise from a environment where costs are unknown benefits are not quantified, departmental budgeters fight for funds & planning is done on an annual time & financial target is 'Cost cutting'...*

**to  
this**

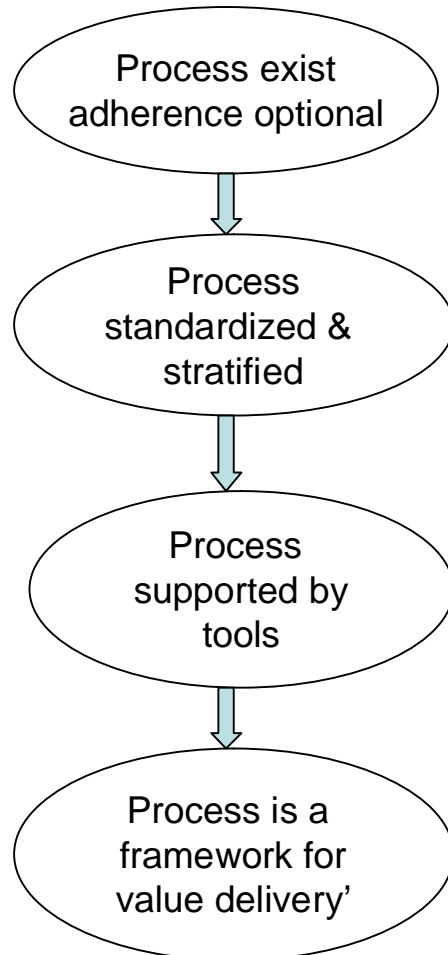
*A transparent environment where the economic value of the IT portfolio is known and credible, Continuous planning for life cycle of investments is practiced, and the reporting of value is automated*

# Maturing in Risk Management



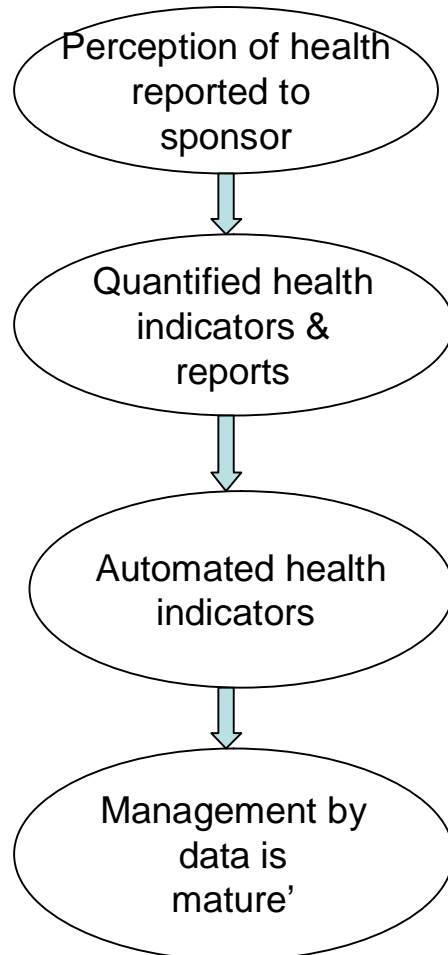
- ◆ **Show teams how to identify risks**
- ◆ **Educate how risks can be assessed or scored**
- ◆ **Institute common Risk Management techniques**
- ◆ **Associate Risk scores to Cost, Schedule & Utility**
- ◆ **Group Risks – Do Risk Profiling**
- ◆ **Make use of Online real-time planning & prioritization tools**

# Maturing in Process Performance



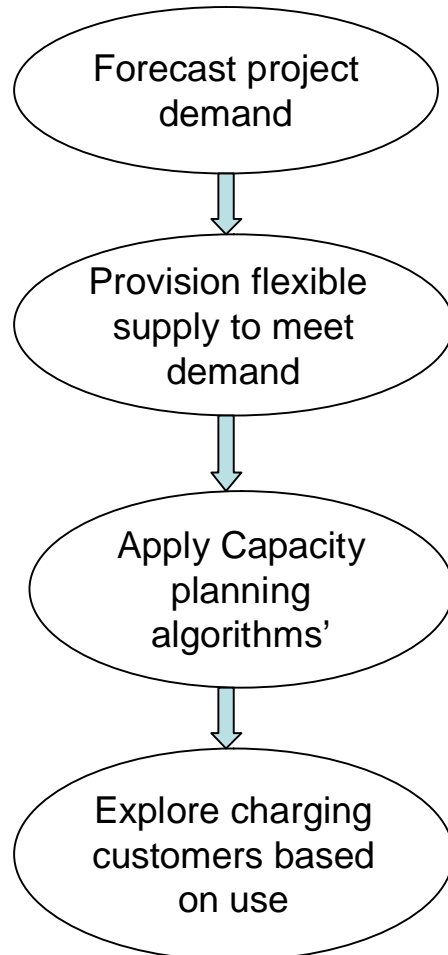
- Document existing processes and improve on them
- Make process 'User Friendly' and sell improvements
- Build supportive tools and obtain users involvement
- Gradually ensure refined processes are accepted
- Shift from a 'Prescriptive mode' to 'Supportive mode'
- Develop a framework that ensures 'Value Delivery'

# Maturing in Performance Reporting



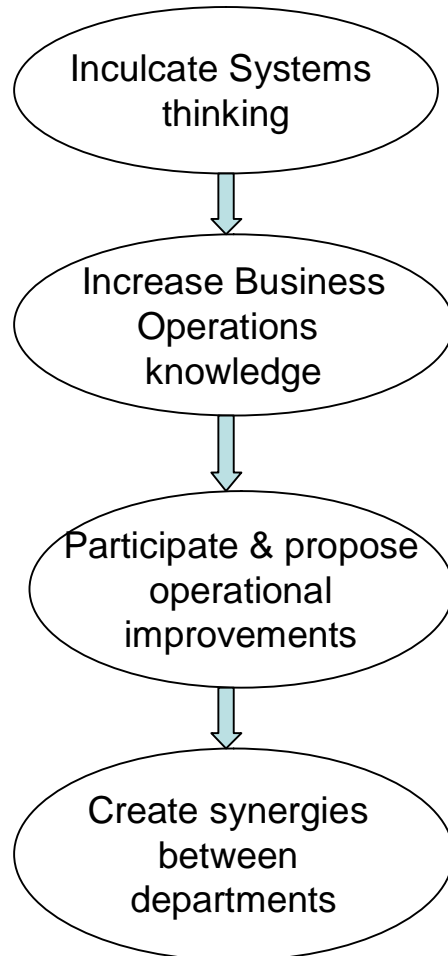
- **Communicate difference between Value creation and project performance**
- **Demonstrate 'Value leak' of poor performance through statistics**
- **Evolve a system to support everyday Project Management, task assignments & the like..**
- **Provide services to projects identified as 'Troubled'**
- **Provide information no one asked for & show how it can be used to solve problems**

# Maturing in Resource Management



- **Perform demand forecast & cost tradeoffs of resources over 'Baseline'**
- **Strategize a workable mix to meet demand against supply of resources**
- **Identify constraints & Integrate Demand & Supply to do Capacity Planning**
- **Develop 'Charging models'**
- **Notice 'Key Business differentiators' within the organization and evolve 'Unique expertise'**

# Enhance strategic opportunities



- **Promote Organizational communication at all levels and avoid the silo effect**
- **Deliberately increase the business knowledge of PMO**
- **Capitalize on the relationship with 3 or 4 'Business Leaders' within the organization and provide value to your counterparts**
- **What value will PMO provide this year....in the next 2 years and in the next 5 years?**
- **Create a governance process for portfolio management of innovation opportunities in the context of strategy development**
- **Help earn 'Profits' and not to spend from 'Profits'**

# Can we do without a PMO?

No PMO	With PMO
Projects are selected based on the “squeaky wheel”	Projects are tied to strategies
Poorly performing projects just keep on going, and going, and going	Stage Gates are predetermined to help determine viability of project
Project performance is unknown until failure is identified	PMO reviews projects objectively & mentors/coaches
Projects follow various, if any, methodologies; lack defined process	Projects follow standard methodology, consistent process
Project success varies by PM chosen	Project success more consistent as best practices are used throughout the organization
Project Managers looked at as, “you know, those weird guys”	Project Managers recognized as change leaders
Project Managers afraid to ask for help	Project Managers build relationship of trust with PMO
Project Managers chosen based on technical skill, or availability	Project Managers chosen for their ability to deliver
Project Managers alone when dealing with stakeholders	PMO support and help Project Managers negotiate with stakeholders

Thank you



Q & A....