



The Enterprise Project Management Office

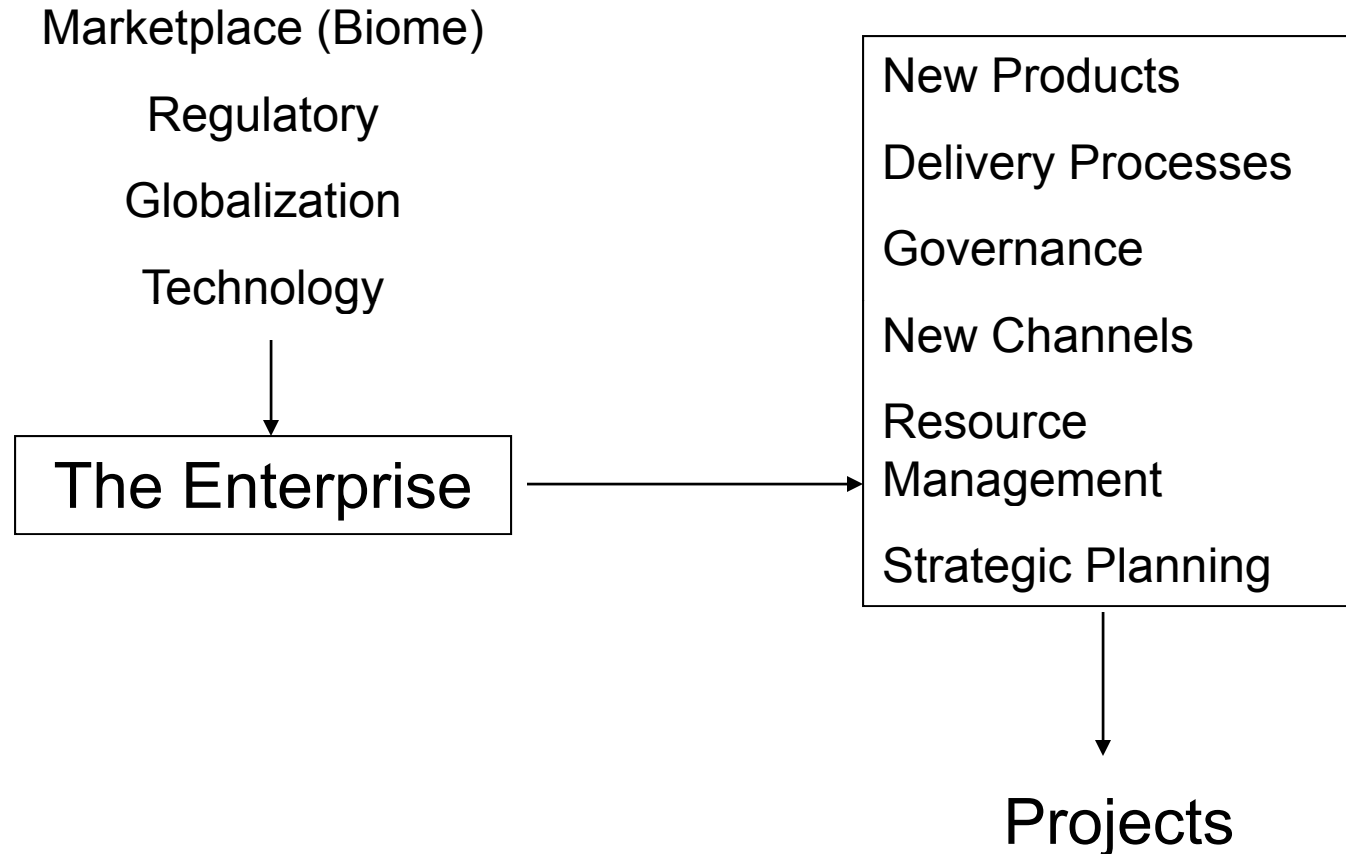
A Conceptual Review

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Report Overview

- Almost all enterprises are confronted by accelerating change.
- An effective, Enterprise Project Management Office is an essential response element.
- The Enterprise Project Management Office – EPMO – must be carefully structured and properly resourced to effectively discharge its responsibilities.

Change in the Enterprise



Change in the Enterprise/2

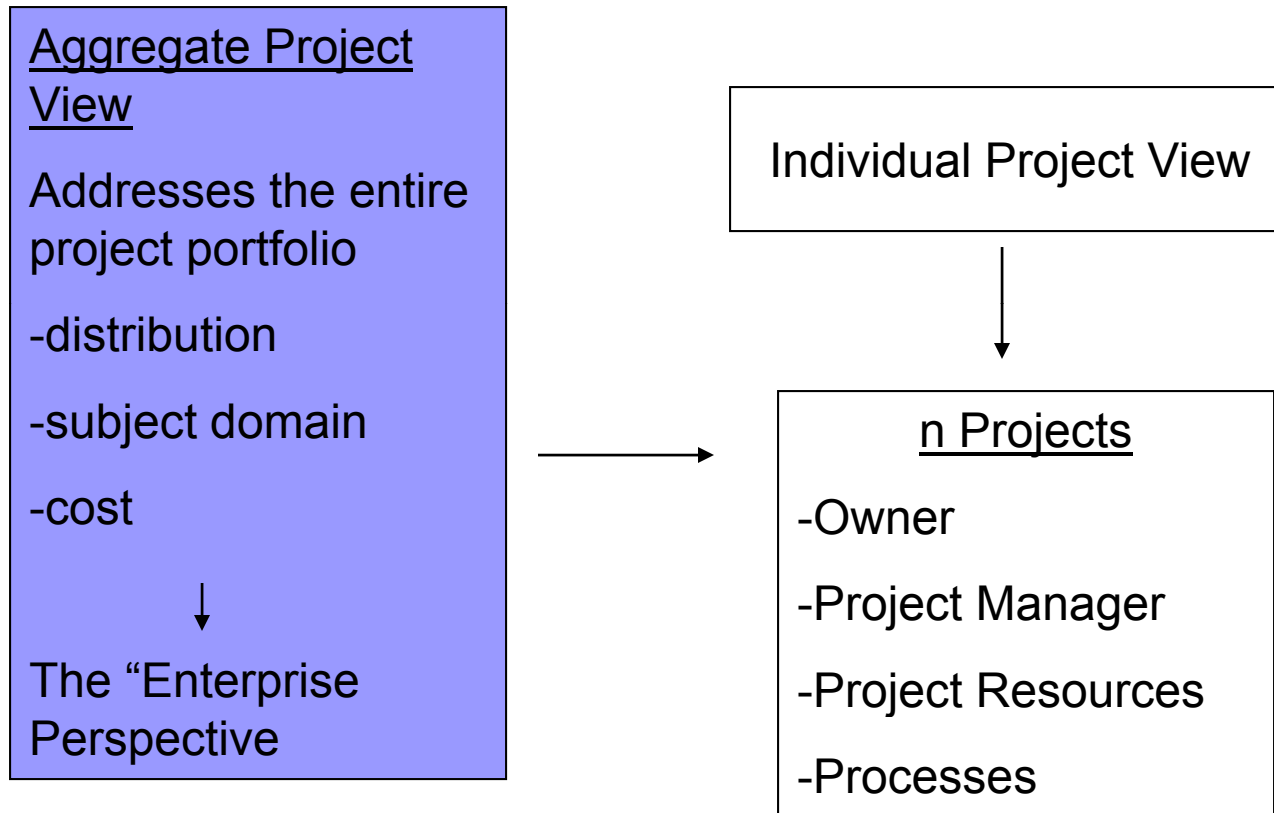
What are projects?

- Vehicles to execute change.
- Building blocks in strategy execution.
- Resource allocation.
- Direct means to create value.



Projects are critical to enterprise success

Change in the Enterprise/3



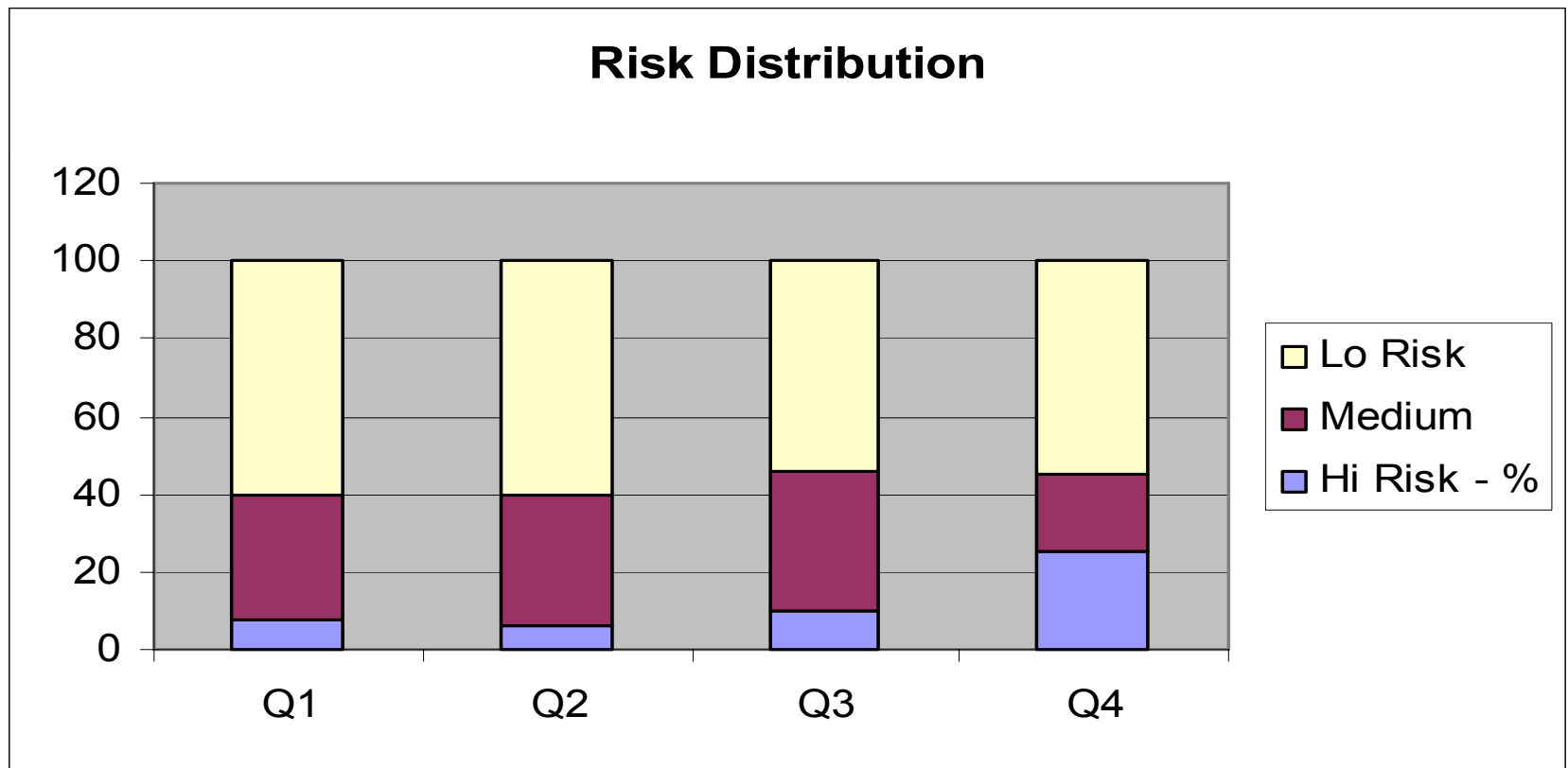
The Enterprise Perspective

The Project Portfolio

- What is the resource allocation to projects (change) vs. on-going operations?
- How is the portfolio distributed by subject (IT, HR, organizational, new initiatives, etc.)?
- What is the risk distribution (high, medium, low)?
- What is the current status (actual to plan) of key projects?
- How is the portfolio changing over time?

The Enterprise Perspective/2

The Project Portfolio

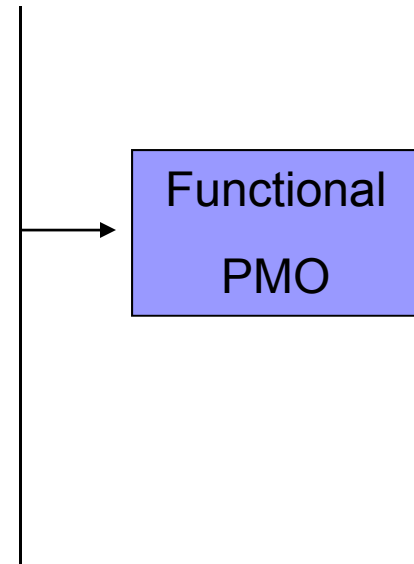


Concept Delineation

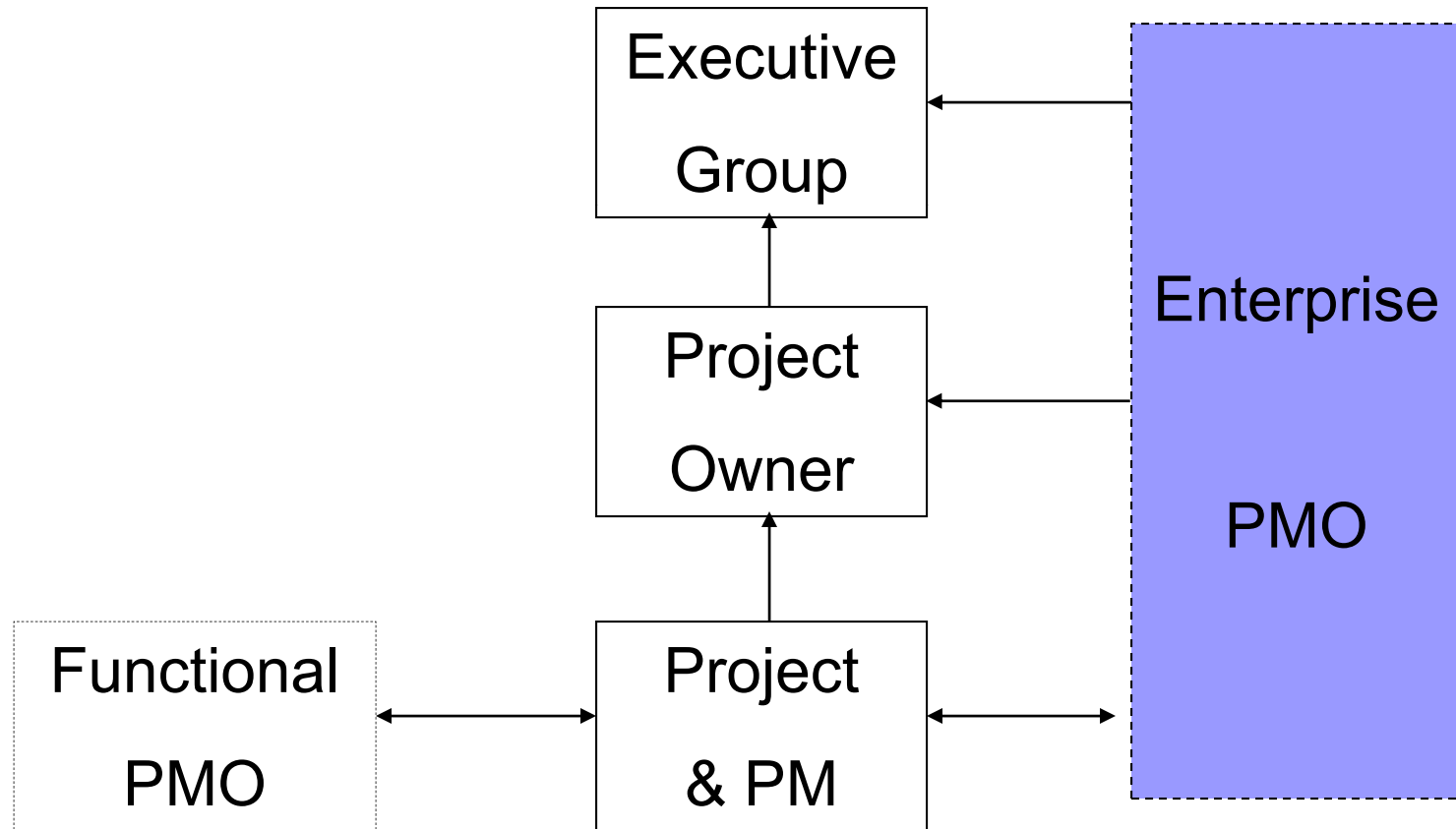
The Project Management Office concept is not a new idea

Generally:

- It is found in almost all North American enterprises
- Usually originated within IT
- Three primary functions:
 - Project tracking (systematic information gathering)
 - Status reporting (uniformity)
 - Resource/"tools" sharing – templates, standards, methodologies



Concept Delineation/2



Concept Delineation/3

PMO Construct	Elaboration
Functional	Primarily data gathering, providing status information and tools to project managers.
Enterprise	Active project participant, promoting good governance and management, reporting to the enterprise at large

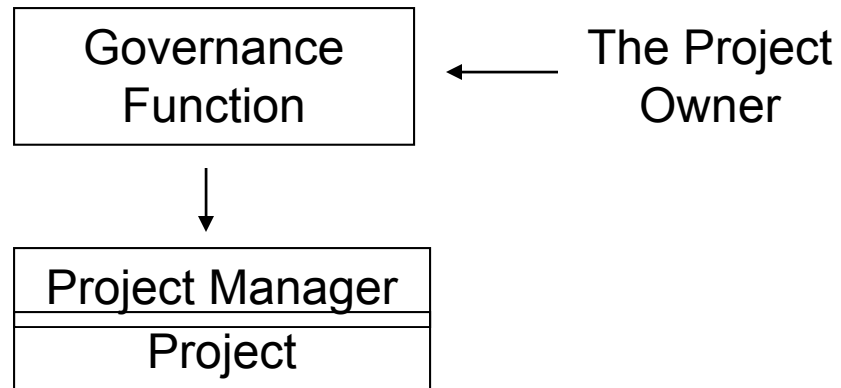
While the functional PMO is now a common organizational feature, especially in the IT unit, the Enterprise PMO is rarely to be found.

Concept Delineation/4

Service To:	Functional	Enterprise
-Executive Group	None directly	Project status overview Portfolio analysis
-Project Owners	None directly	Governance assistance Status reports
-Project Managers	Information & tools repository	Same
Reporting Focus	Data for project managers	General project and portfolio reporting

Governance

“Governance” is the function wherein various project stakeholders exert power and influence on the direction of the project.



Governance/2

Project Failure Analysis

Domain	Problem Illustration
Governance	Indifferent users Conflicting motivators
Project Management	Inadequate testing
Technology	Unstable software

The prevailing conventional wisdom is that most failures arise from management or technology problems; the facts indicate otherwise.

Governance/3

Project Failure Analysis – cont'd

In my personal experience, most project reversals arise from governance failure

The Chaos Report (Standish Group) reviewed 8,380 projects; the reported problems are largely governance issues

An effective governance function can and will correct project management problems; the converse is almost always impossible.

Conclusion One

All large organizations require an
Enterprise Project Management Office

- To provide the enterprise with portfolio project management.
- To promote good project governance at the project owner level.
- To optimize project processes beyond the possibilities of a functional unit.



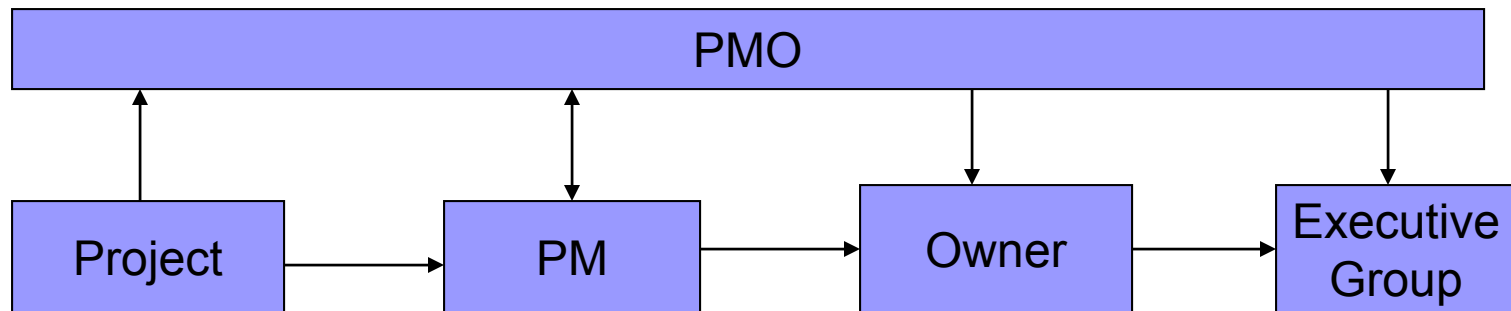
EPMO Consequences

It changes information flows.

Before:



With an EPMO



Consequences/2

The Project Owner (usually, the responsible line executive) perceives pluses and minuses

Better

- Source of governance assistance
- More consistent project information

Concern

Loss of control over information flows to the executive group

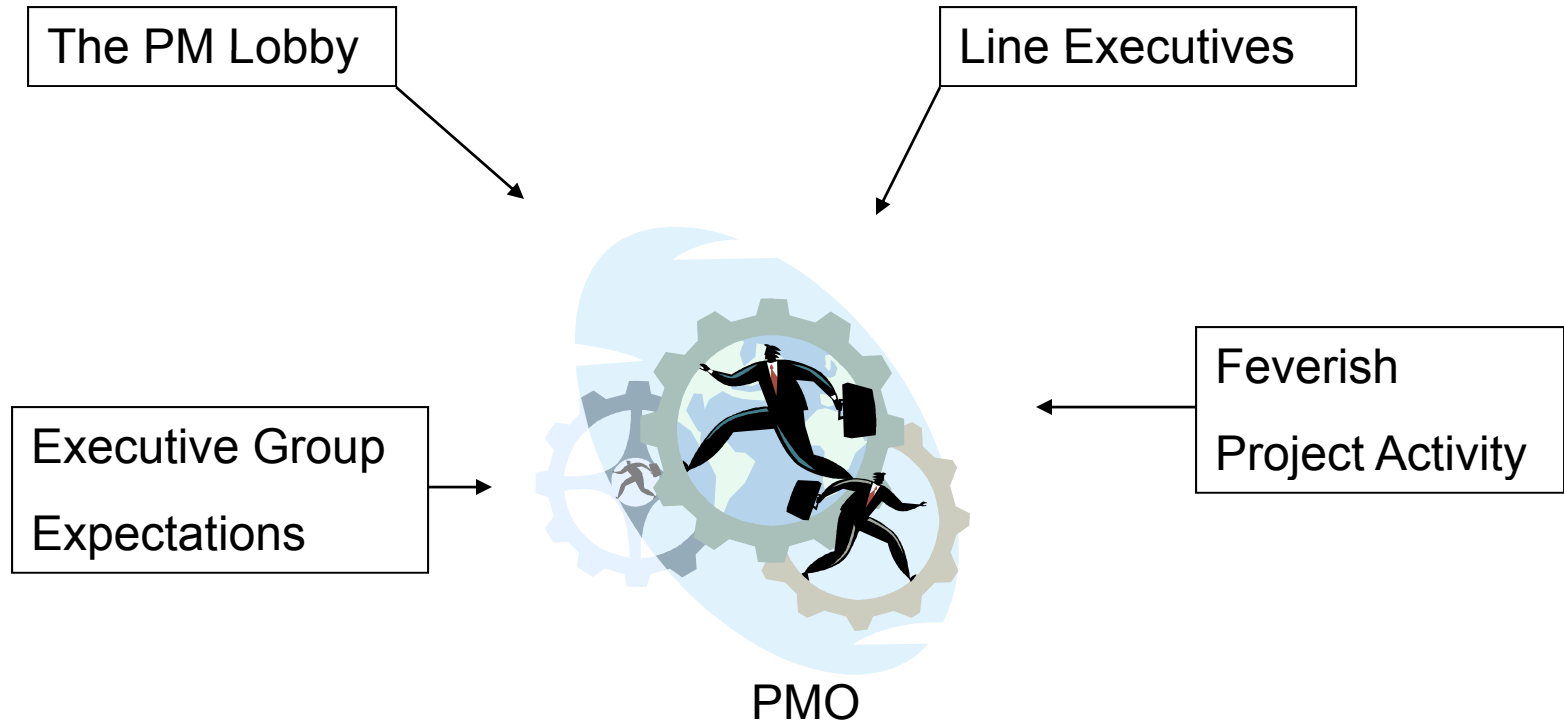
The EP MO concept requires careful relationship management

Consequences/3

Project Managers also develop concerns.

	Before PMO	After PMO
Methodologies	“As dictated by my experience/belief”	Pay attention to prescribed methods
Information Control	Exclusive	Shared
Imposed Overhead	None	Could be significant, depending on design

The Cumulative Effect



Nevertheless

An effective Enterprise PMO is vitally important to most organizations; it is the foundation for:

Project Portfolio
Management

Enhanced Project Processes

Before EPMO

Project Success = f(Heroic Effort)

After EPMO

Project Success = f(Systemic
Process)

Conclusion Two

The EPMO requires careful planning, demonstrable expertise and prudent execution to achieve success

- Receptivity within the enterprise must be considered and nurtured.
- Credible (i.e. “seasoned”) resources are essential to sustain acceptance.
- An incremental approach is usually superior to allow organizational learning.



Success Factors - Some

1. The organizational placement must be “corporate”.
2. It must be seen as a vital resource to the Executive Group.
3. The organizational tension between the PMO and its interfaces must be understood, acknowledged and managed.
4. The founding vision/mandate must be clearly articulated.

Success Factors – cont'd

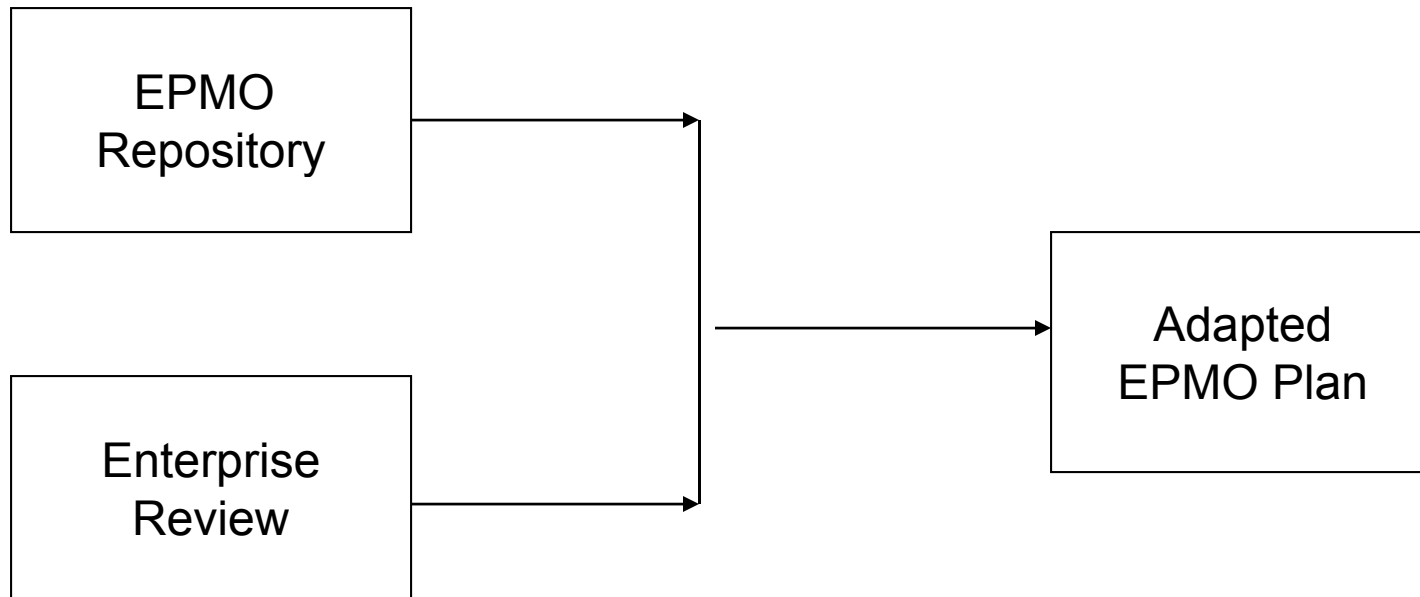
5. The operational and implementation plan needs to be reasonably charted.
6. Communicate, communicate, communicate: organizational learning is essential.
7. Like with most functions, sound metrics are essential.
8. Focus on steady incremental improvement, especially in sensitive areas like governance.



An effective EPMO is a corporate achievement, not simply a new function within the enterprise.

Success Factors - Conclusion

The initial launch lays the foundation





The *Strategic* Option regarding the Project Management Office

A Summary Review

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Report Overview

The Start Point:

Almost all enterprises have established Project Management Offices – PMO – as an integral part of the project management process

However

Most PMO's are *Functional* in their role and orientation

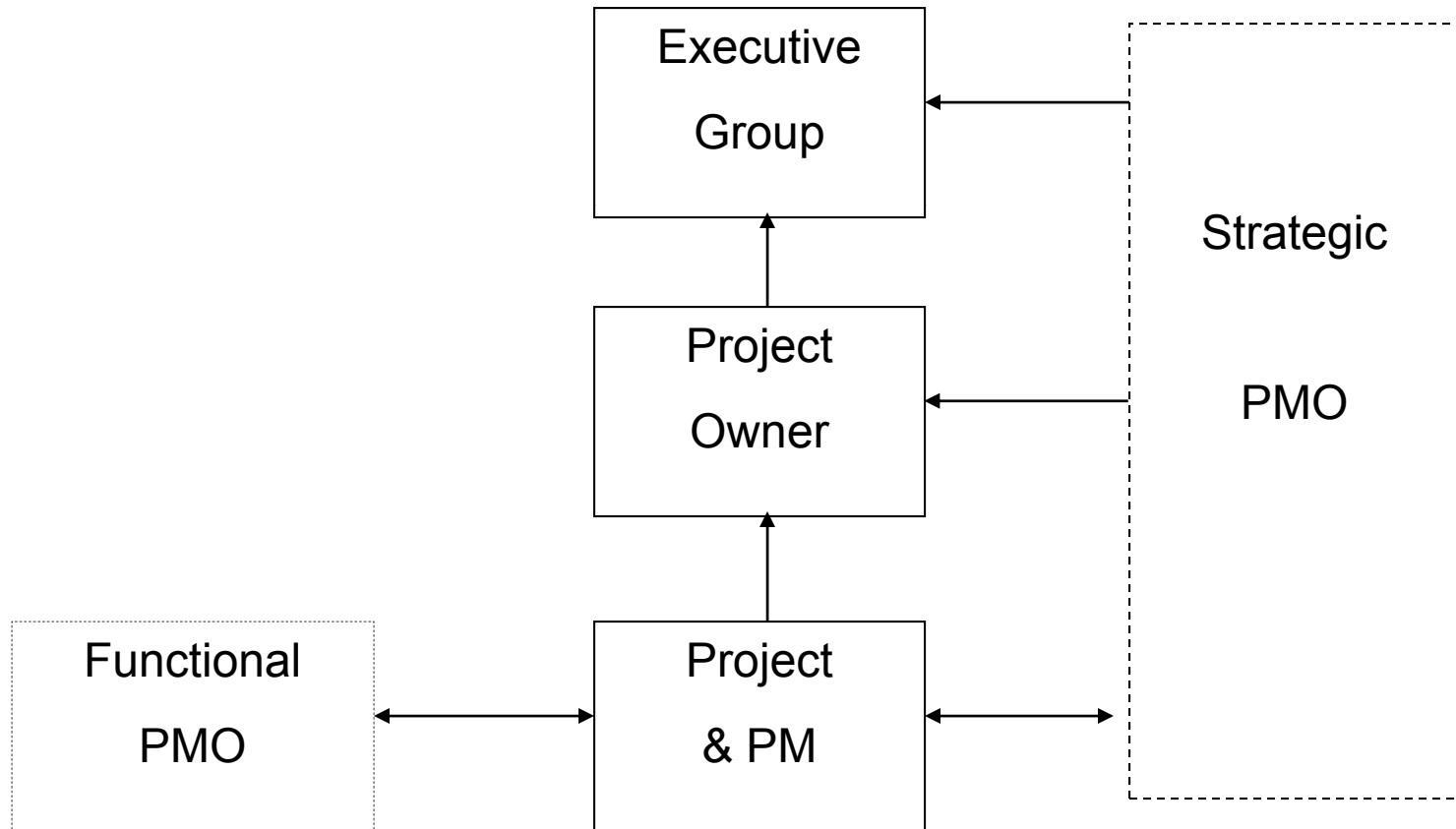
This Report

Will explore the concept of a *Strategic* PMO, the resultant advantages and consequences

Report Overview – cont'd

- Assumes that the management rationale for a PMO is fully understood and does not require further review.
- Addresses the following topics:
 1. Delineation of the Strategic PMO concept.
 2. Comparisons between the Functional and Strategic
 3. Consequential advantages
 4. Implementation notes

Concept Delineation



Delineation – cont'd

Construct	Elaboration
Functional	Primarily, data gathering, providing status information and tools to project managers.
Strategic	Active project participant, promoting good governance and management, reporting to the enterprise at large

Yes, there is a continuum in the constructs with intermediate positions possible. In practice most implementations fall clearly in one mode or the other.

Service Comparisons

Service To:	Functional	Strategic
Executive Group	None directly	-Project status overview -Portfolio analysis
Project Owners	None directly	-Governance assistance -Status reports
Project Managers	-PM tools	-Data repository
Reporting Reach	Data for project managers	General project and portfolio reporting

Some Comparisons

	Functional	Strategic
Primary Client	Project Managers	Executive Group
Governance Role	None	Assess, support and report
Project Methodologies	Passive repository	Advocate for standard, good practices
Reporting Reach	Data for project managers	General project and portfolio reporting

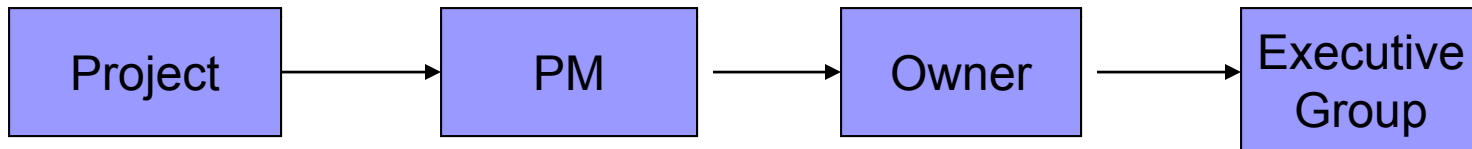
More Comparisons

	Functional	Strategic
Staffing	Junior analysts	Seasoned PM veterans
Cost	Relatively low	Appreciably greater
Project Impact	Positive but limited	Positive and appreciable, subject to “good politics”.
Organizational Placement	Usually, within IT	Must be “corporate”
Enterprise Impact	Basically, none	To be addressed

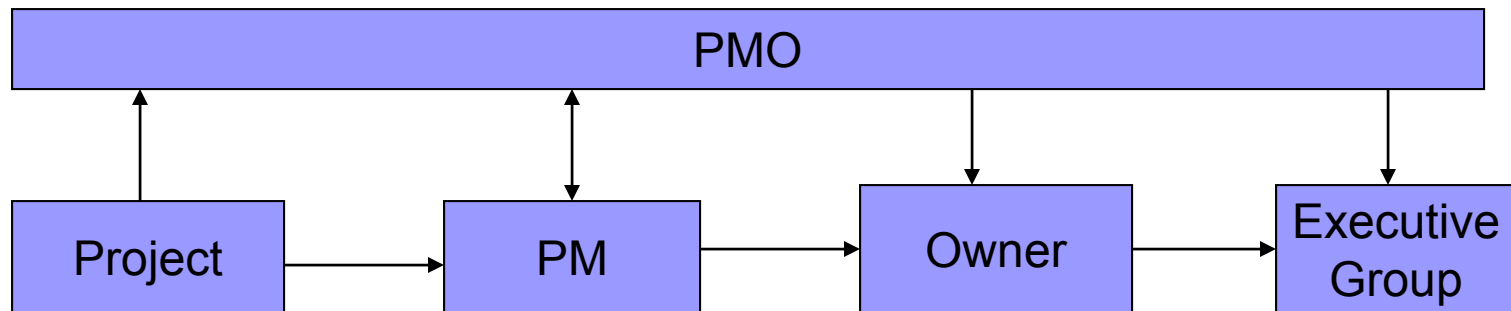
Turning to the Strategic PMO, several effects need to be understood

One: It changes information flows.

Before:



With a PMO



Effects – cont'd

One: Consequences of changed information flows

The Project Owner (usually, the responsible line executive) perceives pluses and minuses

Better

Worse

More reliable, consistent Lose of control on info project information
to senior executives

Bottom Line: "I'd better be careful about this".

Effects – cont'd

Two: Project Managers also develop concerns.

	Before PMO	After PMO
Methodologies	“As dictated by my experience/belief”	Pay attention to prescribed methods
Information Control	Exclusive	Shared
Imposed Overhead	None	Could be significant, depending on design

Effects – cont'd

Two: The PMO – PM interface cannot ignore organizational realities.

- The PM's came first.
- The need/justification for PM's is beyond debate.
- The PMO is usually charged with “proving itself”.
- The PMO mandate is often ambiguous – strategic, functional or in between?

Consequently, PMO's often find themselves compelled to appease a powerful PM group within the enterprise, compromising the strategic orientation that would make it successful.

Effects – cont'd

Three: The essence of project delivery changes.

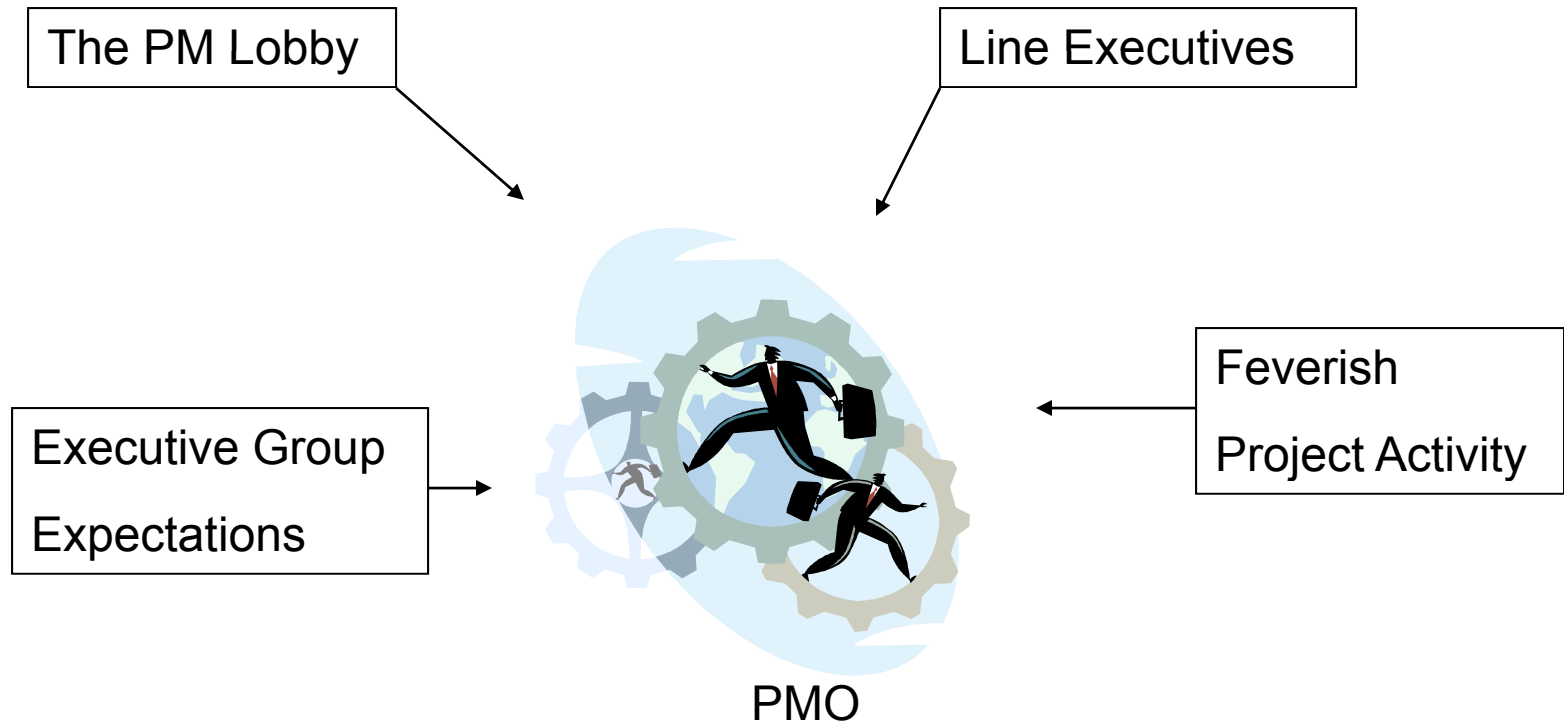
Before PMO:

Project Success = f (Heroic Effort)

PMO Foundation:

Project Success = f (Systemic Process)

The Cumulative Effect



Nevertheless

An effective strategic PMO is vitally
Important to most enterprises.

- Basis for enterprise change/adaptation.
- Basis for portfolio project management.
- Arguably, most project failure originate from governance failure; only strategic PMO's can address.

Success Factors

1. The organizational placement must be “corporate”.
2. It must be seen as a vital resource to the Executive Group.
3. The organizational tension between the PMO and its interfaces must be understood, acknowledged and managed.
4. The founding vision/mandate must be clearly articulated.

Success Factors – cont'd

5. The operational and implementation plan needs to be fully charted.
6. Communicate, communicate, communicate.
7. Like with most functions, sound metrics are essential.
8. Focus on steady incremental improvement, especially in sensitive areas like governance.



The Project Management Office -Challenges and Consequences-

Intuitive Reflections

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Background

The Project Management Office concept is a reasonably mature construct. Nevertheless, its adoption in any enterprise should be subject to careful planning and informed decision making.

It is also possible that a viable commercially supplied system may be available to provide the required functionality.

Advantages

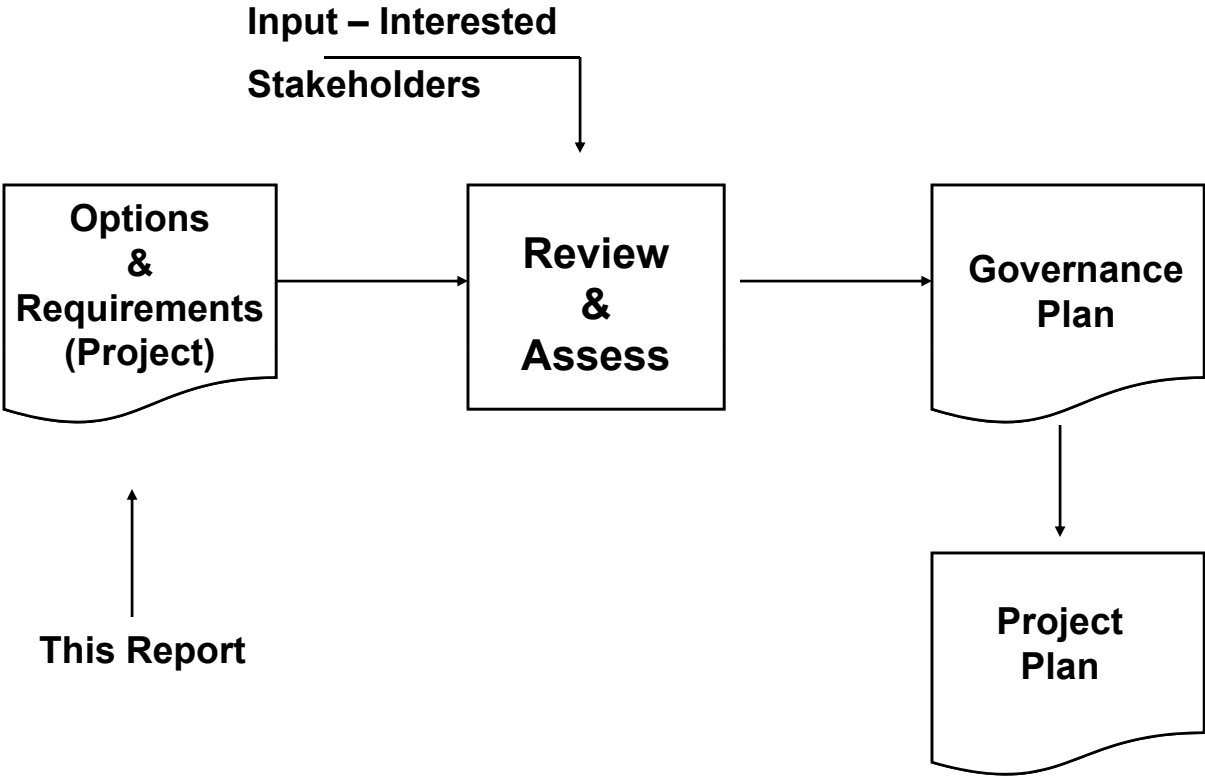
- Reduced time to completion
- Usually, lower cost
- More reliable system
- Lower risk

Disadvantages

- Generalized solution; limits to customization
- Vendor dependency

Background /2

In either case, an effective management framework is required for the project.



Background /3

Under the best of circumstances, most large information system projects fail.

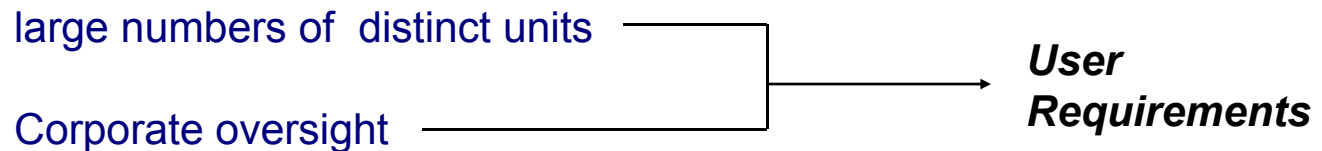
8,380 Projects (private & public)

Cancelled:	31%
Marginal:	37%
(Average: 189% of budget, 42% of functionality)	
As Planned:	9%
Other:	23%

Source: *The Standish Group, 1994*

Background /4

The Integrated Information Systems for large organizations are usually very large, complex projects



Business scope – annual operating budget - say: \$150 million

Project funding - say – \$30 million

Management Requirements

From the management perspective, what is required to ensure a successful project?

Audit Organizations define:

7 Pillars

1. Governance
2. Review (monitor / assess)
3. Change Management
4. Best practices
5. Professional development
6. Pathfinder projects
7. Communications

4 Principles

1. Support the business
2. Ensure accountability
3. Comprehensive project management
4. Risk management

Project Governance /1

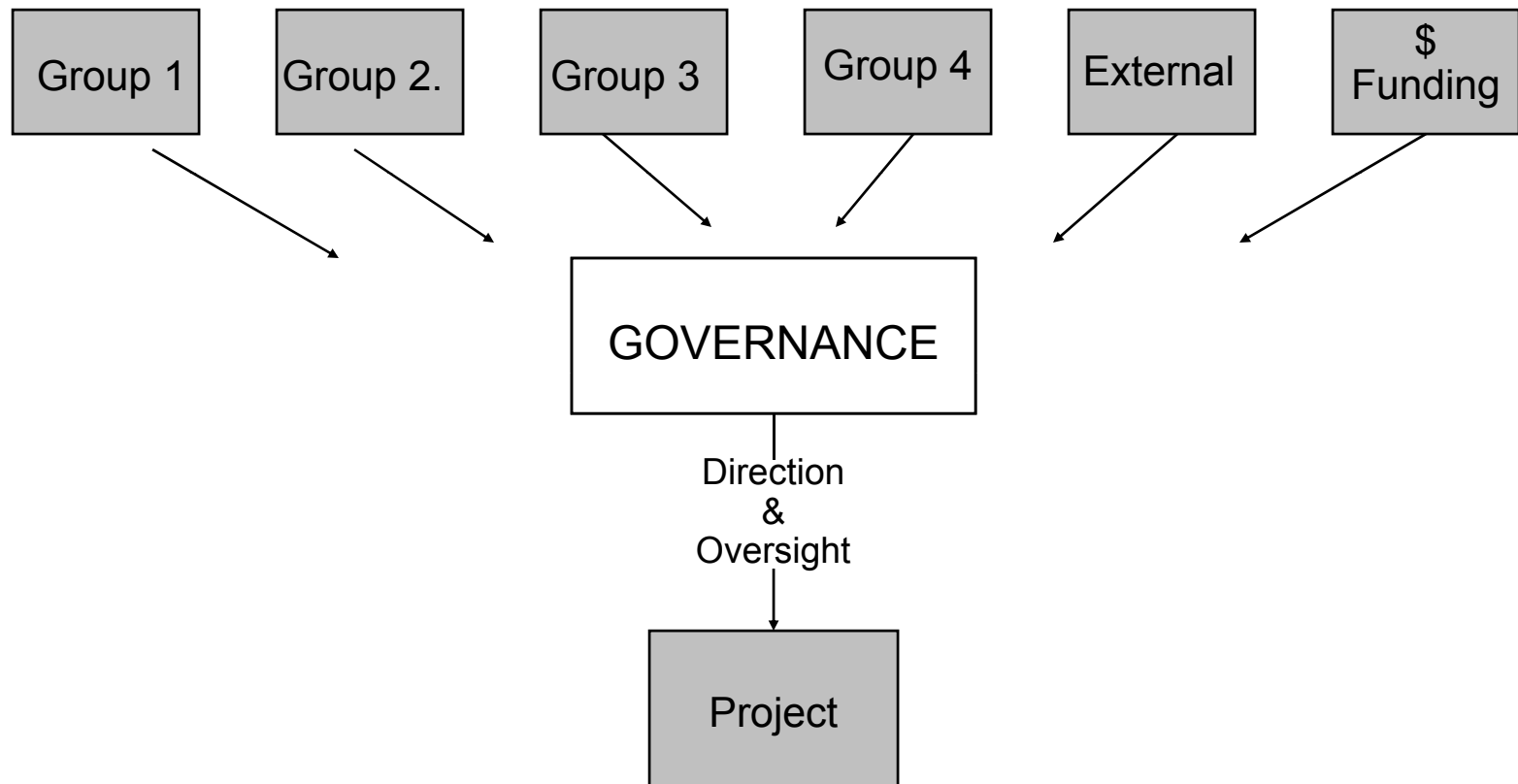
What? Why? How?

Any large information systems project, usually encompasses several stakeholders besides the system owner. These diverse interests must be reconciled into a coherent strategic direction and effective management oversight.

	<i>An Enterprise</i>	<i>A Project</i>
Governance	Board of Directors	Project Council
Management	CEO	Project Manager

Project Governance /2

In a large project context, governance can be depicted as follows:



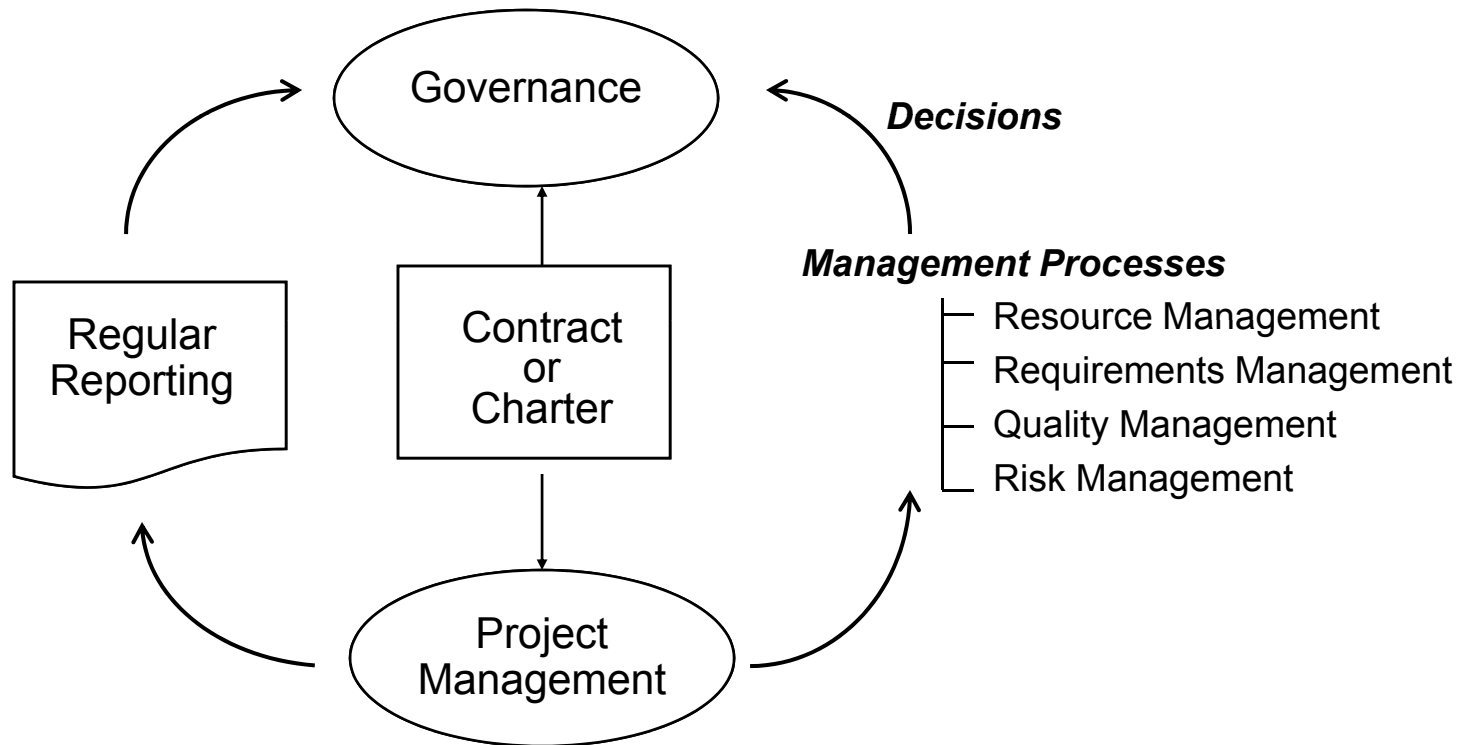
Project Governance /3

The governance function is usually delivered through a Project Council (sometimes called “Steering Committee”) which provides:

1. ***A visible forum for governance***
“who is running the show”
2. ***Strategic direction e.g.***
 - objectives and priorities
 - resolution of major issues
 - organizational change management
3. Reconciliation of diverse interests and pressures
4. Project oversight / monitoring
5. A mechanism to ensure project benefits

Project Governance /4

Project governance is distinct from but must effectively interface with project management.



Project Governance /5

What is required for an effective Council?

1. Leadership from recognized, accepted system owner.
2. Each member is accountable for his / her stewardship of the project. Thus, each member must know “for what” and “to whom” he / she is accountable.
3. All legitimate stakeholders are included with an appropriate balance of influence.
4. Reflects legitimacy and credibility.
5. Established modus operandi
 - by consensus, preferable
 - owner decision, when necessary

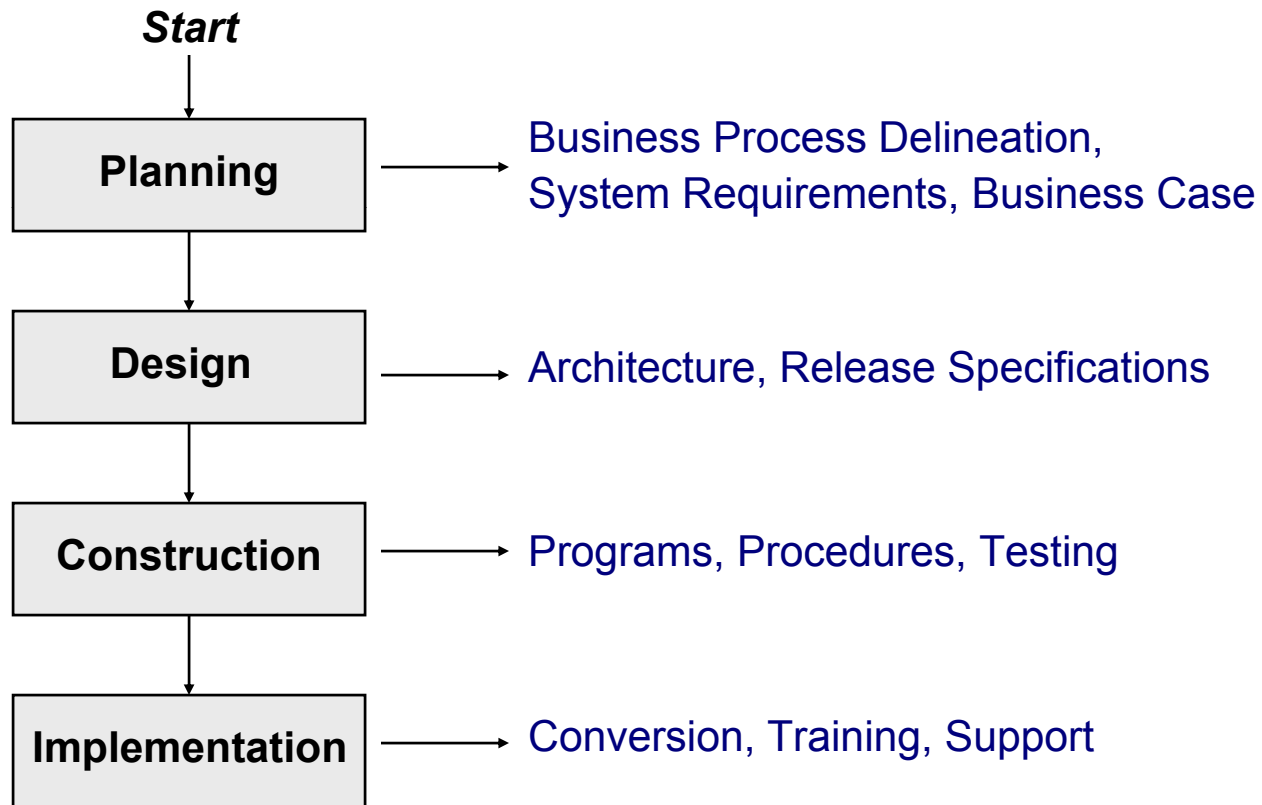
Project Governance /6

What is desirable for an effective Council?

1. Congruence between ownership, funding and Council leadership.
2. Presence of an independent member.
3. Appropriate training.
4. Availability of independent reviews, if required.

Project Management /1

Project Governance provides the foundation for effective project management which must begin with a comprehensive project plan.



Project Management /2

The first two phases (Planning and Design) are especially important with ample opportunities for going astray.

Why?

1. Business processes inadequately defined.
 2. The planning / design outputs are quite abstract
– *difficult to grasp*
 3. Their absence can be ignored
– *start construction before planning / design formalized*
 4. Validation / acceptance must be independent of preparation
 5. Change management must be applied
- 

Project Management /3

Mapping the existing project to the established constructs of good project management raises several serious concerns.

Phase	Expectation	Available
Planning	Business Case	No
	System Requirements	No
Design	Architecture	No
	– Data	No
	– Technology	No
	Release Specifications	No
Construction		Underway
Implementation		N/A

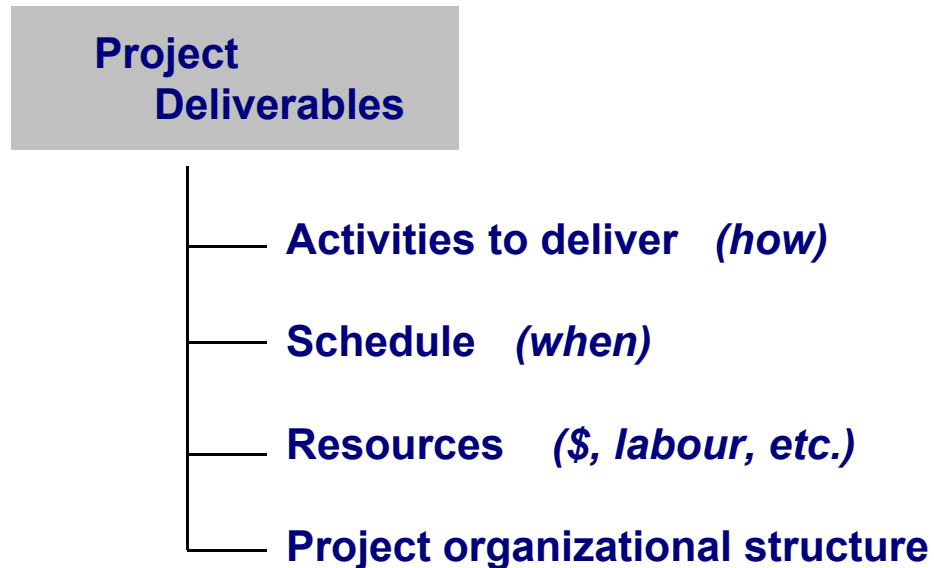
Project Management /4

Several consequences may flow from the project conditions previously cited.

Condition	Consequence
Business Case Missing	Cost to complete, benefits to be realized are unknown No basis for resource trade-offs
No Requirements	User needs may not be satisfied
No Data Architecture No Technology Architecture No Security Architecture No Release Specifications	Required information not available Unknown configuration requirements, unknown cost Sensitive system; major exposure Implementation may be counter-productive
No Stress Test No Conversion Plan	Performance may be unacceptable Essential

Project Management /5

A comprehensive project plan must be prepared to chart the many inter-related activities required for project completion.



Governance – Illustrated /1

What issues or problems should the Project Council anticipate?

1. *Visible Forum*

- communication / representations from stakeholders

2. *Strategic direction*

- SMS or commercial package?
- Which standard assessment tool?
- Trade-offs between central project responsibility and individual CCAC's e.g. conversion

3. *Reconciliation*

- Balancing system and user perspectives
- Differences on functionality, interfaces, etc.

Governance – Illustrated /2

Continuing with anticipated issues.

4. *Project oversight*

- Review / accept project plan (business perspective)
- Review / resolve changes to plan
e.g. delays due to “user requests”
- Resolve disputed deliverables

5. *Ensuring project benefits*

- Are benefits being realized? (e.g. projected cost reductions, service level improvements, etc.)

Your Input

Specifically, how should the Project Council be structured?

Chair: Who
Accountability

Members: Who
Accountability

Owner: Who
Mechanisms

Conclusion

In summary, program management is envisaged as:

