



The Project Management Office

Turning Strategic *Vision* Into Practical *Results*



A New Corporate Standard



More and more organizations are turning to the PMO to help them integrate, plan, execute and learn from their projects – and to do so with optimal resources and with improved delivery on time and on budget.

“PMOs can help by providing the structure needed to both standardize project management practices and facilitate IT project portfolio management, as well as determine methodologies for repeatable processes.”

“Over time...PMOs can save organizations money by enabling better resource management, reducing project failures and supporting those projects that offer the biggest payback .”

CIO Magazine, July 1, 2003

Key Messages



- Business success requires continuous reinvention and Change
- Change is accomplished through Programs and Projects
- Programs and Projects are orchestrated by a Centralized Project Management Office
- A Centralized Project Management Office provides Successful Program and Project Management with a structured, yet flexible and adaptable approach
- DIDEX can help your firm implement this approach

Contents



- The Project Management Office (PMO) Concept
- PMO Objectives
- The DIDEX Approach
- PMO Keys
- DIDEX Experience
- Next Steps



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The Era of Continuous Change



- Your most difficult challenge:
 - Implementing change calls for new processes, technology skills, organization, and sometimes changes in attitudes and behavior.
- Traditionally:
 - Strategic change has come from big, monolithic projects. Big projects entail substantial risk. Smaller projects, which provide focused, tactical improvements have higher success rates; but you're faced with more proposals for small projects than you can possibly staff, let alone manage.
- A PMO is the solution, giving you:
 - The impact of big projects without the huge risks, the benefits of small projects without the loss of focus, and a way to orchestrate all of your business change efforts so that your company achieves its vision.

The PMO Defined



A Project Management Office is...

- A centralized unit charged with the **Support and Ongoing Evaluation** of multiple projects/programs.
- A leadership team for **Coordinated, Strategically-focused Program** (collection of projects).
- A group that **Evaluates and Prioritizes** proposed change efforts.
- A focal point vice watchdog charged with **Monitoring and Adherence** to project best practices.
- An umbrella organization formed to help **Manage Business and IT Resources Across All Projects in Support of Corporate Vision**. The PMO provides processes to facilitate the delivery of projects for customers and internal users. These processes move projects from start to finish by initiating, tracking, and reporting their status on an ongoing basis.



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PMO Objectives Overview



A PMO will provide the tools and techniques your firm needs to deliver:

Manage all projects consistently utilizing **Best Practices**, a critical factor in achieving higher successful project completion rates. Includes a solid Methodology / toolset and training program.

Manage **Strategic Change** with programs — coherent groups of projects, each small enough to reliably succeed, but coordinated to achieve well-defined strategic goals.

Rank and select important tactical improvement projects through **Project Portfolio Management**, to ensure your company does not over-commit resources, and instead focuses efforts for the greatest impact.



Best Practices



What are PMO Best Practices?

- A PMO can deliver industry program and project management practices based on the PMI's (Project Management Institute) Project Management Body of Knowledge (PMBOK®) as well as DIDEX's refined PMO and Project Management Methodologies grounded in the PMBOK®.
- In addition, the real-world experience of the industry's best program and project managers come together to allow DIDEX consultants to provide its client organizations with only the most practical and useable methodologies, practices, procedures and tools. These are delivered in a coherent training and mentoring program designed to get the most from your project management resources.

Managing Strategic Change



What do we mean by Managing Strategic Change?

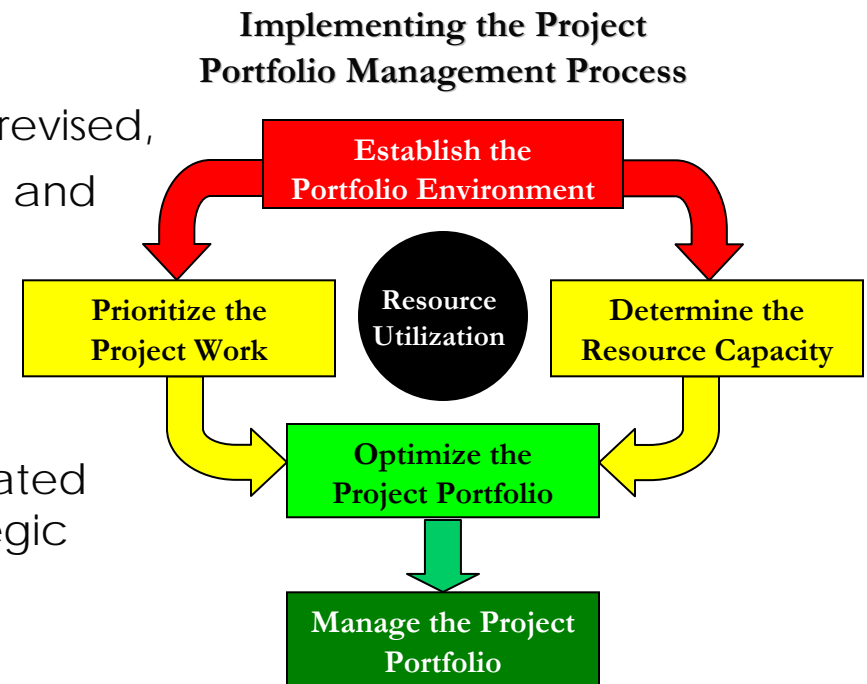
- The practical application of solid industry best practices and “experienced” PMO and Project Management Methodologies work in tandem to deliver programs and projects that are appropriately selected and successfully executed.
- Thus, the PMO ensures a coherent, workable set of programs and projects that are individually managed according to a structured, yet flexible methodology by well-trained and experienced program and project managers.
- Combine this superior program and project management with improved organizational communications processes and heightened program/project visibility throughout the organization, and the on-time, on-budget success rate for programs and projects is increases exponentially.

Project Portfolio Management



What is Project Portfolio Management?

- A Project Portfolio is the *prioritized* group of *all* of the organization's programs and projects
- Project Portfolio Management is a key component of the Governance Process.
- Project Portfolio Management is a dynamic decision process where:
 - Project lists are continually updated / revised,
 - New projects are evaluated, selected and prioritized against strategic objectives and existing projects,
 - Existing projects may be accelerated cancelled or de-prioritized, and
 - Resources are allocated and re-allocated in alignment with organizational strategic objectives.



Expectations



What Can You Expect from a PMO?

- Individual projects completed on-time and on-budget via the implementation of methodologies, industry standards and tried & true ***Best Practices***.
- More effective ***Management of Strategic Change*** via improved best practices, communications, and visibility of programs and projects.
- Programs and projects organized into a ***Coordinated Portfolio*** engineered to deliver strategic business results.
- ***All of the Above*** combine to optimize the use of company resources – balancing short-term tactical needs and long-term strategic change.



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Customized PMO Implementation



The Customizable DIDEX PMO Implementation Process

1. **Assess the Organization's Environment:**
PMO Maturity, Current Projects
2. **Define the Desired Future State PMO:**
Determine the Organizational Strategy, the PMO Alignment Strategy and Develop the Mission Statement / Document
3. **Obtain Executive Sponsor Commitment:**
To Build, Maintain, Refine, Operate the PMO
4. **Initiate the PMO Installation Project:**
Refine the Business Case, Document Requirements, and Obtain Sponsor Sign-off to Initiate
5. **Plan the PMO Implementation:**
Develop Detailed Project Plan and Obtain Plan Approval
6. **Execute by Building and Implementing the PMO:**
PMO Toolkit, Governance & other Process Areas, Train PMO Staff & "Operationalize" the PMO
7. **Ensure the Plan is Executed in a Controlled Manner:**
Develop / Utilize Necessary Project Controls to Ensure Optimized Implementation
8. **Turn over to Client / Close Project:**
Execute Transition Plan, Project Review

The PMO Foundation is Critical



Processes for a Strong PMO Foundation

- Any worthwhile approach to delivering a PMO must be built upon a solid foundation. Thus, the PMO must be grounded in the time-tested process areas such as those identified in the PMBOK® (the Project Management Institute's *Project Management Body of Knowledge*).
- The DIDEX-implemented PMO Methodology will be guided and based on the following process areas:
 - Governance
 - Scope Management
 - Cost Management
 - Procurement Management
 - Human Resources Management
 - Change Management
 - Quality Management
 - Communications Management
 - Risk & Issues Management

PMO Tools – Customized Toolkit



The PMO “Toolkit”

- A PMO must be guided by a distinct, documented operating Toolkit. The Toolkit will include a manual (consisting of operating procedures) and templates as well as links or references to additional valuable sources of information.
- The PMO Toolkit must also be customized to the firm’s environment to ensure it has value specific to the organization for which it is developed. The source of this customization will be the PMO Organizational Maturity Assessment (“current state”) and desired outcome or “future state” as developed during the Assessment (1) and Definition (2) phases of the PMO Implementation.
- Finally, to guarantee the PMO Toolkit will be an accepted, utilized, living set of documents and tools, an “owner” will be assigned to solicit and implement frequent, periodic updates. Such updates will be made as more information about the environment and what works/what does not work is obtained, and as processes and tools simply become more refined and productive.

PMO Tools – EPM Solution



The Enterprise Project Management Solution

- An Enterprise Project Management Tool is designed to assist the organization with the monitoring and tracking associated with the delivery of programs and projects.
- Such tools not only provide a structured framework for organizing programs and projects, but also a platform for increasing visibility and accessibility to real-time, project data thus enabling leaders with more efficient and timely decision-making.
- Enterprise Project Management Tools can serve as workspaces that may include: program and project portfolio views; “rolled-up” or master program and project schedules; resource utilization views and resource management; risks and issues management; communications management; project team bulletin boards or other collaborative tools; and knowledge bases or central repositories.
- Tools such as MS Project Server and others may serve as the Enterprise Project Management and Collaborative Workspace solution of choice.

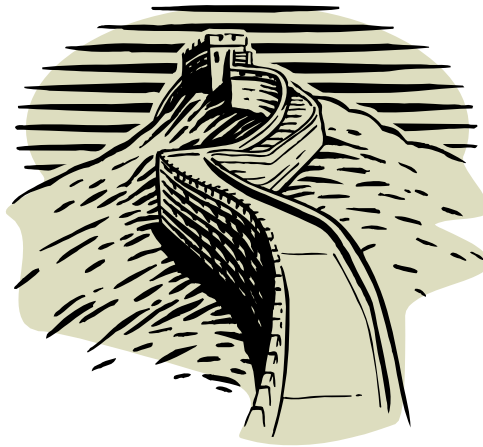


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PMO Keys



Be prepared, and remember...the Journey itself is critical to arriving at the right Destination.



DIDEX experience has shown that certain Key Elements are absolute requirements for a successful PMO implementation. Chief among these are:

Keys to Successful PMO Implementation



1. Solid, committed, **Executive Sponsorship**. Executives must do more than talk project management discipline. They must “walk” it as well. This means consistent participation in project workshops, training efforts, and ongoing support within the two major pillars of the PMO – Governance and Communications.
2. A **Comprehensive Assessment** of the current Organization Project Maturity level must be conducted, documented and can *not* be “rushed”. The output of this process ultimately forms the basis for the PMO’s definition, requirements and ultimately its deliverables.



Keys to Successful PMO Implementation



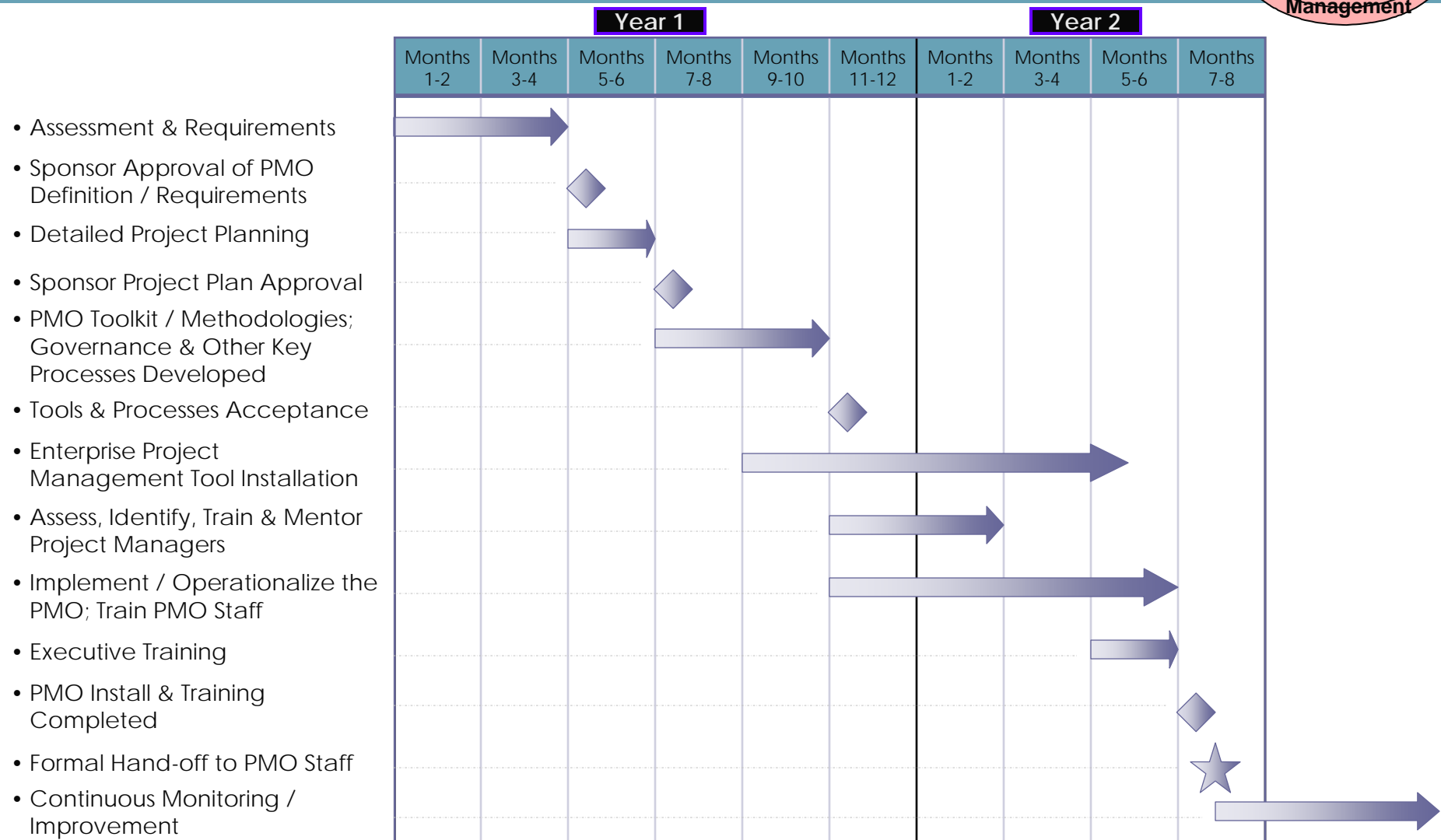
3. Understanding and **Patience**. Although the application of the Project Management discipline can be viewed as largely tactical, the implementation of a PMO is a broad, strategic measure. Thus, the firm must remember that a full organizational infusion of the PM discipline and solid and measurable ROI attributable to the PMO can take time. Current literature supports the statement that typical time to PMO operational maturity is two years.
4. For the PMO to be a success, it must be grounded in a carefully designed and iteratively refined **Governance** process. As the PMO implementation team learns more about the operating environment and as the Governance process is exercised within the PMO framework, processes and tools will be refined and implemented to ensure the Governance process provides optimal support of project selection, prioritization and re-prioritization (Project Portfolio Management).

Keys to Successful PMO Implementation



5. Move to a **Projectized Organizational Structure**. Any PM who has worked within a Functional hierarchy knows how difficult it is to get things done – working in a “department” where everyone knows the PM’s authority is self-contained. Better is the Matrixed approach. Although reporting to a particular area, the PM is in most cases at least temporarily dedicated to the project and has better recognized authority. However, the Projectized approach is the best solution for effective project management. Project Managers are dedicated, a known entity, and their authority is best recognized and appreciated.
6. Finally, as the PMI states (and every experienced project manager knows), good project management is 80-90% **Communications**. To ensure the PMO and its resulting change are fully *anchored* within the organization, a continuous, well-articulated, targeted communications program is a must. PMO communications will serve to inform, educate, validate and create a “memory channel” regarding the PMO and Project Management.

The PMO Install – A Rigorous Schedule



A typical DIDEX PMO implementation timeline



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DIDEX Experience



DIDEX Staff Have:

- Managed large, complex projects and program, and successful execution of these have been the basis and key to our success.
- Developed and implemented PMOs out of a necessity to successfully implement these large, complex projects.
- Built a PMO Methodology within a flexible framework that allows its adaptation to each unique customer environment.
- Work product and experience grounded in the Project Management Institute's (PMI) Project Management Body of Knowledge (The PMBOK® Guide) – the time-tested framework for successfully guiding project delivery.
- Developed its PMO Methodology from its knowledge and real-world, practical experience. DIDEX expertise spans nearly all industries and both private and public sectors.

DIDEX – Recent Success #1



Public Sector, Major Texas-based U.S. Hospital System

Customer Environment

- Office of the CIO for one of the U.S.'s largest public hospital systems
- Over 200 IT staff & over 150 systems managed
- Annual project work total > \$25mil
- Multiple “partner” organizations including hospitals, numerous outpatient clinics, a major medical school and specialty services

Solution

- Design, build and implement an OCIO Project Management Office that includes:
- Customized PMO Operations with Methodology, Project Tool and Toolset
- PMO Operations integrated with an Enterprise Architecture Model
- Customized Project Management Methodology and Toolset
- Enterprise-wide IT Project Governance Model and Portfolio Management
- Customized PMO & Project Management Methodology and Toolset
- PMO & Project Management Training & Development Program designed for multiple audiences including senior leaders, business and IT staff

DIDEX – Recent Success #1



Results

- **Successful implementation and adoption of PMO / Project Management practices, tools, and methodologies. All business units, senior leaders, and unit management (from staff to C-level leaders) utilizing and working within the newly-established PMO and Project Management processes.**
- **Enterprise-wide implementation and acceptance of IT Project Governance. A formal program/project feasibility, ranking, selection and prioritization / re-prioritization process now exists where previously absent.**
- **Senior leaders formally trained in PMO / Project Management concepts and skills designed to enable them to more effectively support the successful selection and delivery of programs and projects.**
- **Successful identification, training and development of a core group of skilled project managers. In addition, supporting staff also trained on PMO / Project Management concepts.**
- **Combined integration with, and delivery of, an Enterprise Architecture Model. (In short, the EA Model is designed to input, analyze and then provide meaningful output that helps identify potential complexities, duplicated efforts, and ultimately create improved efficiencies and strategic alignment where such did not previously exist.)**

DIDEX – Recent Success #1



Results (continued)

- Implementation of an Enterprise Project Management Tool – MS Project Server 2003 combined with MS Project Professional 2003 as the standard project management / scheduling tool.
- Enterprise Central PMO Repository as a component of the Enterprise Project Management Tool. All program and project artifacts are logically archived in a searchable knowledgebase to ensure documents and templates are “re-usable”.
- Custom development and implementation of: (1) PMO Operations Manual, Methodology and Toolset, (2) Project Management Manual, Methodology and Toolset, (3) Enterprise Project Management Tool and processes, (3) Organization Change Management Assessment and Remediation Plan, and (4) PMO and Project Management Training Sustainment Program.
- During the combined implementation / operation period, numerous project-specific successes were achieved:
 - (1) Programs and projects were inventoried, ranked and results published. Leaders were then able to review data and re-prioritize their portfolios more appropriately aligning their needs with strategic objectives as well as resource and time constraints.

DIDEX – Recent Success #2



Private Sector, Global Pharmaceutical Outsourcer

Customer Environment

- Information Technology Organization of the worlds' largest pharmaceutical outsourcing firm
- Annual revenue exceeding \$5bil
- Over 18,000 employees
- Locations in over 30 countries at over 130 sites
- Direct operational control of 4 major data centers, 2 in the U.S and 2 in the U.K. (and 2 smaller data centers 1 each in the U.S. and U.K.)
- Multiple subsidiary organizations, external governmental and quasi-governmental units, and multiple client organizations

Solution

- Design, build and implement a centralized Program Management Office to support IT operations as well as to provide business project support
- Develop a customized PMO Operations Methodology
- Develop a customized Project Management Methodology and Tool Set
- Installation of site-level Project Offices at each of the six major locations
- Identification, installation and development of Site Project Office Managers
- Identification, training and development of both dedication and matrixed Project Managers
- Eventual decentralization of Site Project Offices – maintain link to centralized PMO only for monitoring, training and support

DIDEX – Recent Success #2



Results

- **Successful implementation and adoption of PMO / project management practices, tools, and methodologies. All business units, senior leaders, and unit management utilize and work with the PMO and project management processes.**
- **Significantly improved project selection, execution and ROI achieved.**
- **Identification, training and ongoing development of a core group of skilled project managers.**
- **Stabilization of project delivery – achieved steady state and ability to decentralized PMO operations and return tactical control of projects to the site level. Monitoring and project support only from centralized PMO with continuous improvement of project management processes originating from the site level and below. Infusion of project management discipline from the top down to the lowest level.**

DIDEX – Recent Success #3



Private Sector, Major Northeastern Insurance Firm

Customer Environment

- One of the nation's largest health insurance payer organizations
- Operated in a northeastern state and controlling over 65% of the health insurance market in that state
- Annual project work total surpassing \$25m
- Implementing mammoth software development and implementation program replacing all major software and systems
- Complex, \$50mil+, 3-year software program effort comprised of more than 30 projects
- Program troubled due to complexity – multiple projects, lack of skilled project managers, improper project organization and financial management structure, and lack of appropriate project controls

Solution

- Design, build and implement a Software Program Management Office (SPMO)
- Customized SPMO Operations Manual and Project Management Tool Set
- Integrate SPMO operations with IT outsourcer PMO and customer's Strategic PMO
- Develop a SPMO Project Controller program
- Identify, train and deploy dedicated Project Controllers as Program / Project Manager counterparts
- Customize Project Controls and Governance level reporting
- Develop software estimation, development, testing, and implementation guidelines and tools
- Re-estimate, re-baseline and establish new budget for entire \$50mil+ program

DIDEX – Recent Success #3



Results

- Successful implementation and adoption of SPMO and Project Management practices, controls, tools, and Project Controller role.
- Identified, trained and deployed five Project Controllers to focus on the management of their respective projects and related project controls while allowing the Project Managers to focus on their individual project implementation activities.
- Developed and implemented SPMO software development, estimation, testing and implementation guidelines and tools.
- Developed new standards for metrics monitoring and reporting to internal, customer and Governance level entities – approved and accepted by customer.
- Successful reorganization of entire program consisting of over 250 team members. Identified and assigned new organizational departments, project managers, project team members, budgets and related accounts, procurement and expense structures processes and guidelines.
- Re-estimated, re-baselined and re-budgeted entire program effort in 2 months. Obtained customer / sponsor approval of new plan.
- Reduced non-essential scope, redundant project management activities, and identified other additional efficiencies allowing for a reduction of the project budget by nearly 35%.
- Returned overall program effort to “Green” (on track) status from “Red” (behind schedule).



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Next Steps



What You Can Do Next:

1. Assign qualified staff to:
 - Perform a very high-level review of your projects and project organization
 - Consider the level of project consistency – are your projects delivered on time, on budget, and with the requirements project sponsors expected?
2. Based on the above, if your projects are not delivering as expected, develop support for a Project Management Office initiative
3. Contact DIDEX for a comprehensive assessment and strategy



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