



Cast the net wider

PMOs are often criticised for projects and portfolios that are misaligned with organisational strategy, according to recent research. The answer? Widen the PMO's departmental focus to an enterprise-wide approach.

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"WHAT DO YOU MEAN OUR PORTFOLIO isn't aligned to strategy?", the project management office manager asks. "All of our projects are approved by the CIO and the IT managers once we know the annual budget."

A comprehensive research study of 750 global organisations that was conducted by Business Improvement Architects found that many PMOs are not successful in addressing the strategic benefits of their organisations because they are departmentally based and not enterprise-wide. This reduces their span of influence and limits corporate support.

PMOs are more effective and can better impact the bottom line when they operate at the corporate enterprise-wide strategic level, rather than at the departmental level, the research found.

With just 43 per cent of survey respondents indicating that all levels within an organisation had embraced the direction of the PMO, but 60 per cent of interviewees who headed department-based PMOs indicating that all levels of their departments embraced the direction of the PMO, the findings suggest that departmentally based PMOs are successful in their own silos but not accepted outside their span of influence. They are therefore unable to influence the organisation as a whole.

An examination of the traditional PMO model compared to the more current corporate-wide (enterprise project management office, or EPMO) approach helps in building a case for shifting the PMO to the more strategic, enterprise-wide position.

The traditional PMO

Most PMOs are located within a single department in their organisation, generally IT or engineering. They struggle to maintain a strategic orientation because they are not set

up to affect the strategic benefits of the entire organisation. This is because many PMOs start with a grassroots approach.

Initial effort on the part of the PMO, according to the research, usually includes presentations to increase departmental awareness and provision of training for the management team to help ensure their understanding. This helps the PMO to move from a grassroots approach into a more formal structure. Generally, these PMOs gain success through their department.

This success increased when the PMOs were able to gain executive sponsorship for their efforts; the research shows that executive sponsorship is a critical requirement for PMO success, while lack of it was a key reason for failure of the PMO.

The EPMO

The next evolution of the PMO is for it to move into the corporate side of the business. This allows the PMO to gain a strategic position within the organisation and works to ensure that projects proceed on the basis of their strategic alignment to the objectives of the organisation.

A PMO that is organisationally 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 organisational strategy.

The senior management team can demonstrate a strong commitment to an EPMO by requiring all project teams to adopt the processes, 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 organisation as a whole, each individual department, and their customers.



“ PM SHOULD NOT BE A DEPARTMENTAL STRATEGY; IT SHOULD BE AN ORGANISATIONAL STRATEGY ”

In some organisations, the EPMO will oversee the management of all strategic benefits from projects.

Measuring success

The EPMO is more likely to receive continuous support from the management team if it can provide both quantifiable and qualitative data on projects that it is responsible for overseeing on a regular 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. These measures need not only focus on the number of successful projects. They also need to focus on the following areas:

- Comparisons of project success before and after the implementation of the EPMO.
- Ensuring benefits are realised and/or exceeded.
- Alignment with corporate strategy.
- Professional development and training of project managers and team members.

- Continual improvement of the prescribed process effectiveness.
 - Active risk management with fewer crisis situations.
 - Simplifying assessments of success by making a complex project transparent for the customer, supplier and third parties.
 - Optimisation of resources by utilising staff with appropriate skill sets for the project.
- A PMO that is structured to manage projects across departments, locations and countries 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 prioritise each project for alignment with the corporate strategy.

The goal of an EPMO is to help its organisation effectively manage projects in today's complex, global marketplace and deliver strategic benefits. The ability of an EPMO to achieve this will determine its success or failure. ...

GET INVOLVED

To find out more about PMOs and EPMOs, contact your AIPM PMO Special Interest Group Chair.

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