A "how to guide" on setting up a Project Management Office (PMO)

By Peter Charquero Kestenholz, Partner and Senior Business Consultant

Version 1.0

Released 9 March, 2011

Brief introduction to the history of the PMO – Project Management Office

In the past Running a PMO used to be more common in regards to supporting program managers monitoring multiple projects. In the latest years, as project management awareness has increased, more and more companies are trying to implement a centralized PMO function either on departmental level or as a centralized PMO. In short words a PMO is about being better at managing and controlling projects in all phases of the project lifecycle. Even though the term "PMO" is broadly used in almost any type of organization, successful PMO implementations are more often seen in IT organizations. A reason to this could be the fact the IT organizations/departments typically have focused on process management and IT Governance in many years, thereby having reached a rather high project maturity level.

Types of PMO

In general there are four types of PMO functions. The first type of a PMO is established only for doing reporting on the projects being executed. The second type is about implementing and running a streamlined project management infrastructure. The third type could be looked at as a coaching and training center for all project managers and perhaps even project team members. Finally a PMO could be about implementing and maintaining a resource center while at the same time being responsible for project success in general. There are many other variations besides the four mentioned and the reason to this is simply that the PMO still is a new function or office for many companies – they have to invent it.

The value of a PMO

So what is the value of having a PMO? Multiple benefits could be mentioned here, but among the more common ones are the following:

- Provide the project organization with an overview of the status of all running projects and/or projects in the pipeline
- Develops and deploys a unified project management methodology
- Constant focus on resource gaps in regards to skills available as well as training for reaching a higher competency level among all the members of the project organization
- Accelerated adoption of effective project management through coaching and training of project managers

PMO implementation

Implementing a PMO is very much about having the sponsors at the highest level possible in the organization. That being said a simple way of implementing a PMO could be to start with a simple assessment of the current state of the project management in general, followed by stating a vision for the future state. A gap analysis could then be done, which will support the development of general implementation strategy and a more detailed implementation broken down into phases each with its own criteria for success. A best practice for the initial phase could be the following:

- Phase 1

    o Plan and manage this phase as a regular project
    o Focus on building an overall communication plan
    o Focus on what defines a project e.g. project charter
    o Focus on how projects should be planned e.g. WBS, phases, scheduling
    o Focus on which procedures should be followed when running a project
    o Review of IT solutions that will actually support the business   requirements

- Various topics to be covered for the following phases

    o The PMO reviews all Project Charters
    o Securing alignment of organizational objectives and reward systems
    o Auditing selected projects and/or programs
    o Introduce governance processes
    o Introduce supporting IT tools
    o Create a shared way of managing project documentation
    o Assessment of the new project organization
    o Training, training and training of project managers and project requesters
    o Etc.

- PMO "Best Practice" checklist for implementation

    o Implement the PMO as a culture change initiative
    o Expect resistance from employees but don't fear it
    o Show results as quickly as possible
    o Treat implementation as a process and a project
    o Get sponsored on executive level
    o You have multiple years for the total PMO implementation
    o You Involve key employees and respect their ideas

PMO deliverables vs. Microsoft Project Server 2010

To successfully implement a PMO you also need as much support possible from an underlying IT platform. A lot of vendors are out there on the so called PPM market today. However, Microsoft® has with their latest release of Microsoft® Project 2010 achieved to be evaluated as leaders by multiple research institutes such as Gartner. In this case we are dealing with the server solution also known as the Microsoft® Enterprise Project Management 2010 solution.

For a simple overview the basic deliverables for a PMO have been tested up against the standard features and offerings in the Microsoft Project Server 2010 solution. This quickly shows you whether or not this IT solution will support your PMOs most important drivers and deliverables.

Consolidated status reporting

Provides consolidated view of all project status	☺
Provide dashboards with KPI indicators	☺
Drill down on each project for full status	☺
Export to Excel and PowerPoint for customer reporting	☺
Set of standard reports for Project Managers	☺

Consistent and common project management methodology

Project templates	☺
Best Practice experience	☺
Guidelines	n/a
Procedures and processes	☺

Methodology development

Use and customize a standard (PMI, Prince2 etc)	☺
Develop as you deploy	☺

Project Management Coaching

One by one coaching	n/a

Audits

Validate compliance	☺
Provides opportunity for coaching	n/a
Use quality assurance techniques	☺

Document repository

A place to hold all documents	☺
Automated file storage	☺
Track repository usage	☺

Earned Value

Provide training and coaching in Earned Value mgm.	n/a
Workplan accuracy	☺

Capturing actual work performed and cost	☺

Improved estimation

Capture actual work performed	☺
Time-reporting requirement and implementation	☺

Establish a portfolio management process

Improve resource allocation	☺
Improve alignment of work	☺
Improve balance of work	☺
PMO serves as central coordination organization	☺
Shared and global resource pool	☺
Skills inventory	☺
Overview of current assignments	☺
Monitoring milestones and project dependencies	☺
Automated workflow approvals	☺
Common way of capturing project ideas (e.g. Business Cases)	☺
Enable portfolio simulation options based on constraints	☺

Conclusion

Implementing a PMO is not an easy project. However, if you focus on the change management part and break the implementation into reasonable phases with executive support, you already in a good position for achieving success. Taken into consideration that around 75% of the regular disciplines within a PMO can be done easier and automated, with a solution such as Microsoft Project Server 2010, your organization should really think about implementing an IT tool from the very beginning of the PMO setup. This will ensure that all processes developed can actually be supported with a standard set of IT tools. Worst case scenario is for the PMO to introduce report requirements, processes to follow and tracking needs, without ensuring that the platform of IT tools can actually support end users in their daily work.