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How to Implement a Project Management Office Into Your Organization *(Part 2 of Series)*

By George Hunte



When you're tracking and managing dozens — or even hundreds — of projects, a solid Project Management Office (PMO) can be crucial to project success. After determining the organization's needs and level of maturity, a rollout plan must be developed for

establishing the PMO. While there is no preset order for executing against this plan, part two of this six-part series offers suggestions on how to best implement a PMO into your organization. ([Part 1: How to Get Started with a Project Management Office](#))

Step One: Implement the PMO Staff and Determine Reporting Structure

The Project Management Office (PMO) is the chief information officer's (CIO) "eyes and ears." It is the body that the CIO relies upon to make sure the organization is addressing the right needs and that budget is being applied towards initiatives that will sustain and grow the business. If project management is relegated to a lower level in the management hierarchy, the PMO won't have the authority to enforce best practices, gain the respect of practitioners, and ultimately, it won't achieve the potential impact of a well-positioned PMO.

The three offices within the PMO — Project Management, Portfolio Management and Program Management — have specific roles. For instance, the Project Management Office should include a Process Mentor to promote and foster best practices. This individual will provide mentoring and training, as well as review deliverables and manage the overall infrastructure. This person also plays a key governance role by spot-checking deliverables and ensuring guidelines are being followed. Process mentors typically report directly to the PMO.

A key resource in the PMO is the Business Relationship Manager (BRM), whose responsibilities include brokering communications between IT and the organization. The Portfolio Management Office typically reports to the CIO and chief financial officer (CFO), but it is still important to maintain a relationship with the Project Management Office because the constituent projects in each portfolio will be managed there.

The Program Manager is tasked with understanding the dependencies between key tactics and milestones within the various projects that comprise a program. This individual is therefore responsible for realizing the collective benefit of the program, which cannot be done if the projects are managed separately.

Step Two: Develop a Simple Repository or "Library" of PMO Materials

The next step is to develop a simple repository or "library" of PMO materials (e.g. project plan templates, project charter templates and workflow diagrams). This library will eventually become the "process encyclopedia" for the organization.

Specific library items to consider for each type of office include:

- **Project Management:** Project templates, skills database, project performance dashboard/health monitor
- **Program Management:** Program management plan template, work breakdown structure template, communications plan
- **Portfolio Management:** Strategic initiatives (CIO- or CFO-based), alignment category for project mapping, risk factors for each project's business case (i.e. where was it initiated) and value to the business/projected costs (ROI and payback)

Step Three: Select Technology to Automate and Enforce Your PMO Processes

Step three involves selecting the appropriate technology to automate and enforce your PMO processes from project request and resource planning through delivery. This technology should be equipped to support a variety of features, such as idea management and project initiation. For instance, when someone has an idea for a new project, that individual will be prompted to enter the idea into a solution which can then automate a workflow to ensure that all the right steps occur before that project gets funded. This is an important process to any IT governance initiative. Other features to request in a Project and Portfolio Management (PPM) solution include portfolio management, planning and balancing, electronic timekeeping, project-level IT cost tracking, and project "health" dashboards and status reports.

An example of such a solution is CA Clarity™ Project and Portfolio Management (CA Clarity PPM), just one of the many solutions available offering a number of features that are critical to streamlining your PPM processes, including the ability to:

- Create new projects based upon pre-defined project templates
- Automate the project gating process to ensure that the appropriate analysis and approvals are gathered prior to funding the initiative
- View and forecast resource availability to avoid bottlenecks on key resources, such as architects
- View a portfolio dashboard, which summarizes key portfolio management decision-making criteria
- Optimize a portfolio based on user-defined criteria such as ROI, risk and cost

- Present a real-time project dashboard highlighting key status indicators such as cost variance, schedule variance and late critical path items
- Track an individual's time at the project or task level
- Provide a document management system for sharing key project deliverables

Execute Rollout Plan

Once the rollout plan is in place and stakeholder agreement has been secured, it is time to execute. One key execution strategy is to show value within a relatively short period of time (usually about 90 days). This strategy will solidify the PMO's position as a "trusted advisor" to the CIO and executive management team. Early ROI will also ensure that the PMO gets the resources it needs to fully execute the rollout plan and it will attract early adopters who can be showcased as process leaders.

How do you show value early on in the execution process? One idea is to "start narrow and deep," i.e., focus on projects that are deemed to be most critical and processes that will provide value to all levels of IT management.

"Accelerator" options achieve a quick ROI in the execution phase. PPM tools typically have an accelerator feature, which provides the ability to get the user up and running very quickly by leveraging a pre-configured set of templates and reporting options. This quick start installation can be evolved over time as more specific requirements are developed.

As is the case with implementing any new process, there are a number of pitfalls which can have an adverse affect on a PMO rollout. Below are some key areas to think about before embarking on the roll out, as well as advice for mitigating risks.

Cultural Buy-In: This is especially crucial at the project and application manager levels. At the beginning of the PMO process, there is usually a small decrease in productivity followed by an increase in project completion time after the implementation is complete. During the initial slow down it is important to have champions that understand this dynamic and who are willing to accept a temporary drop in productivity in exchange for faster implementations in the future. Buy-in at the executive level is also paramount. Make it a point to understand key stakeholder wants and needs, and address them early in

the rollout. This could be as simple as building a portlet which displays a simple project inventory.

The value of transparency must be well understood. Project managers need to understand the importance of raising issues early so that course corrections can be made before timelines, quality and/or cost are put at risk. Project managers need to understand the benefits of a centralized PPM repository or 'single system of record,' which will alert project managers to potential problems while corrective action can still be taken.

A rewards system also helps to ensure organization buy-in. Ideally, performance and best-practice consistency should be tied to incentive-based compensation and individual career goals. Posting project status reports in a highly visible area also goes a long way towards changing behavior — peer pressure can be a powerful tool.

Training: It is a challenge rolling out new processes across dozens of business units and thousands of users. Establish training and mentoring programs to ensure best practices are consistently followed after training is completed.

Communication Plan: Communicating success is as important to sustaining PMO momentum as the process that goes into creating one. Develop a comprehensive communications plan that ensures successes are being highlighted across all the stakeholder audiences.

Benefits of Establishing a PMO: The First Step to Improve Quality and Time-to-Market

Many companies have already recognized the benefits of establishing a process-improvement effort. The relationship between an organization's process maturity level and its productivity has been studied extensively. While developing a software process improvement program can be costly, studies have shown that the resulting benefits of improved time-to-market, productivity and software quality far outweigh the initial investment costs.

Establishing a PMO is the first step to improving your project, program and portfolio management best practices so you can accelerate time-to-market and increase the quality of your IT initiatives in a cost-effective manner. Coming up in part three, I'll offer suggestions for setting up effective, iterative benchmarking and project rollout with, "*How to Evolve the Maturity Level of Your PMO.*"

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