The 21st Century PMO

Andy Jordan

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As Mark Mullaly moves on to a new role with a new department, gantthead has asked me to become the PMO Subject Matter Expert. I agreed without giving it too much thought--it sounded like an exciting opportunity, but now I'm sitting here trying to figure out how I can replace someone like Mark--those are big shoes to fill. Having stared at a blank page with a flashing cursor for half an hour, I've decided that I can't. So instead, I'm going to reinvent the PMO (at least for this article…).

PMOs have been around for quite some time, and in the last decade or so some consistency has developed in their structure. We seem to be moving from the "every PMO is different" model to the "PMOs fit into one of several types" model. However, it seems to me that since the heady days of Y2K the world has changed a lot--and created a lot of opportunities for PMOs to reinvent themselves and create a new model. It may be that I am a power-crazed egomaniac, but I think PMOs can run the organization (if not the world).

Organizational basics

If we distill an organization down to its very basic elements, there are two types of functions--the function that concentrates on executing things the way that they are today (let's call that Operations), and the function that focuses on improving the way that Operations does things (let's call that Projects). Now let's apply the PMO to that model. The PMO is the function that controls the way that projects are conducted, ensuring consistency, compliance, continuous improvement, etc.

So let's think about what that might mean for the PMO. I'm not going to claim that the decisions about which programs and projects to approve should be the PMO's; I'll readily accept the need for an executive function within the organization. However, once the decision has been made as to which projects are to be executed in the current fiscal year, the PMO should take over. That means that the PMO should run the "Projects" half of the organization.

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At the highest level, we need the three core functions:

- *Portfolio* management to ensure that all of the projects scheduled for the current fiscal period are completed successfully
- *Program* management to ensure that the larger-scale initiatives are being managed properly, that the relationships between projects are understood and managed, etc.
- *Project* management to ensure that the individual initiatives are being executed according to plan and methodology

To these core functions the PMO then needs a support infrastructure. Functions that exist in that part of the PMO will include:

- Process improvement to review the way that projects are executed--and improve the processes and procedures to ensure that they are as efficient and effective as possible. This area would also look at the tools and templates and own the review and update of those. Finally, it would be responsible for ensuring that the lessons learned from each project are captured and integrated with the overall methodology
- Governance will ensure compliance on each project. Our PMO for the new millennium shouldn't own all governance elements; there should be involvement from the appropriate operational areas on specific initiatives. But the PMO should have an oversight presence across all projects as a centralized governance function. I would include "audit and review" within the governance arm of the PMO to audit processes and artifacts on completed projects at key gating point (and potentially at random on critical initiatives).
- Training to ensure that project managers are prepared to deal with the challenges of managing projects in the organization. In this category I would put "skills training on project management"--not just the hard and soft skills that a PM needs to succeed, but also the organization-specific training on methodology, process and tools. I would also include in this section career management and succession planning to ensure that the right skills are available to the project organization at the right time--and that high -potential employees are identified and nurtured.

In an organizational structure this large, there will need to be some kind of management structure--but I would want to keep it as flat as possible, possibly a head for each of the six functions (and there may be shared management unless the organization is very large) reporting to a single PMO head who would be part of the executive team.

Depending on the nature of the organization, there may need to be some additional specialized functions--if there is flexibility for new projects to be considered, then there may need to be some kind of intake function (I would group that with process) for example.

The project teams would be staffed from the operational side of the business in my model--those groups would have additional headcount allowance for the expectation that they would have staff assigned to projects. I prefer a structure like that because it allows specialist

resources to be managed by the specialist skill sets that they have--finance managed by finance, engineering managed by engineering, etc.

Overcoming resistance
I have tried this concept out on a few people, and they have all had the same response: "You'll never convince an organization to go with that." However they have a harder time responding when I ask "Why?" I'll accept the argument that this is a major change, and on the face of it there seems to be a shift of power to the PMO and away from operations. But is that really the case? Operations now focus on what they do best, and the PMO is responsible for managing the changes to the norm. There'll be resistance to the PMO managing projects that change their day-to-day operations, but that exists today--fear of the unknown will never go away.

The PMO will likely grow, but the organization won't necessarily be enlarged; it's really just formalizing--under one umbrella--functions that already exist today. At the same time, by centralizing functions you should be leveraging economies of scale and improving consistency and compliance, which in turn should produce organizational efficiencies and reduce costs.

It also brings a portfolio and program view to the entire company. That makes management of the large number of initiatives harder to handle--there are more "balls in the air", but it also means that there is much clearer visibility of the dependencies, challenges and bottlenecks across the entire project structure of the company.

Confession time
I started thinking about the concept for this article a few weeks ago as something that would be a radical departure from the traditional PMO simply because I wanted to start my time as the PMO SME with something that would generate some kind of response. I wanted to be a little controversial and see if I could spark some debate.

As I read through the completed article, it still feels a little controversial at times--the PMO as one of two pillars of an organization may be a stretch for some executives, but in other places it seems to make perfect sense. Maybe that's a reflection on my state of mind; maybe it's simply because I am too familiar with it now to find it controversial. But maybe, just maybe, this is the PMO of the future.

What do you think?

Andy Jordan is President of Roffensian Consulting Inc., an Ontario, Canada based management consulting firm with a comprehensive project management practice. Andy always appreciates feedback and discussion on the issues raised in his articles and can be reached at andy.jordan@roffensian.com. Andy is also on Twitter at RoffensianPM.

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