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HOW DOES THE PROJECT MANAGEMENT OFFICE (PMO) DELIVER VALUE TO THE ORGANISATION?

by

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BSc Information Technology (DCU)

A research project submitted in partial fulfilment of the requirements for the degree of Master of Science in Technology Management

of the

National University of Ireland, Galway

College of Business, Public Policy and Law -

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Certification of Authorship

I hereby certify that I am the author of this document and that any assistance I received in its preparation is fully acknowledged and disclosed in the document. I have also cited all sources from which I obtained data, idea or words that are copied directly or paraphrased in the document. Sources are properly credited according to accepted standards for professional publications. I also certify that this paper was prepared by me for the purpose of partial fulfilment of requirements for the degree programme.

Signed: Date: **1st September, 2009**

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The decision to undertake a course of study such as this involves a huge commitment in time and sacrifices, but not just for the student. Without the help and support of several key individuals the journey would not have been possible for this student.

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TABLE OF CONTENTS

Certificate of Authorship i

Acknowledgements ii

Table of Contents iii

List of Abbreviations iv

List of Tables iv

List of Figures v

Abstract vi

1. Introduction 1

2. Literature Review 6

3. Theoretical Framework 42

4. Research Methodology 47

5. Findings 53

6. Discussion 99

7. Conclusions and Further Research 115

Bibliography 121

Appendices 126

List of Abbreviations

GUH	Galway University Hospitals
HSE	Health Services Executive
IFS	International Fund Services
PMBOK®	Project Management Body of Knowledge
PMI	Project Management Institute
PMP	Project Management Professional
PMO	Project Management Office
P3M3™	Portfolio, Programme, and Project Management Maturity Model
OGC	Office of Government Commerce
OPM3®	Organisational Project Management Maturity Model

List of Tables

Table	Description	Page
2.1	PMO functions in decreasing order of importance	9
2.2	PMO functions grouped into factors	11
2.3	PMO functions of Hobbs & Aubry (2007) compared with Dai & Wells (2004)	12
2.4	20 PMO functions	16
2.5	P3M3™ Maturity Levels	25
4.1	Case Study Organisations	49
5.1	PMO Value Roles	53
5.2	Case Study A – Evolution of PMO Value Roles	59
5.3	Case Study B – Evolution of PMO Value Roles	64
5.4	Case Study C – Evolution of PMO Value Roles	71
5.5	Case Study D – Evolution of PMO Value Roles	78
5.6	Case Study E – Evolution of PMO Value Roles	85
5.7	Case Study F – Evolution of PMO Value Roles	94
5.8	Cumulative PMO Value Role Evolution	95
5.9	Evolution of the PMO Value Roles	96

List of Figures

Figure	Description	Page
2.1	Bridging the operational and strategic divide with a PMO	13
2.2	Overview of PMO Capabilities across the PMO Competency Continuum	14
2.3	Project Management Process Groups	21
2.4	Organisational Project Management Processes depend on Project Management, Program Management, and Portfolio Management	22
2.5	The OPM3® Process Construct	22
2.6	P3M3™ Structure	23
2.7	A process model of benefits management	33
3.1	PMO Value Framework	42
5.1	Case Study A - current PMO Value Role ratings	55
5.2	Case Study A - past PMO Value Role ratings	56
5.3	Case Study A - future PMO Value Role ratings	57
5.4	Case Study B - current PMO Value Role ratings	61
5.5	Case Study B - past PMO Value Role ratings	62
5.6	Case Study B - future PMO Value Role ratings	62
5.7	Case Study C - current PMO Value Role ratings	67
5.8	Case Study C - past PMO Value Role ratings	68
5.9	Case Study C - future PMO Value Role ratings	69
5.10	Case Study D - peak PMO Value Role ratings	73
5.11	Case Study D - inception PMO Value Role ratings	73
5.12	Case Study D - future PMO Value Role ratings	77
5.13	Case Study E - current PMO Value Role ratings	80
5.14	Case Study E - past PMO Value Role ratings	83
5.15	Case Study E - future PMO Value Role ratings	84
5.16	Case Study F - current PMO Value Role ratings	88
5.17	Case Study F - past PMO Value Role ratings	91
5.18	Case Study F - future PMO Value Role ratings	92
5.19	PMO evolution – past, current and future	95

ABSTRACT

The Project Management Office (PMO) is a relatively recent phenomenon, but over the last 10 to 15 years it has become a prominent feature in many organisations. Despite its proliferation, no consensus exists on how the PMO is best structured, what functions it should perform and, of particular importance, what value does the PMO contribute to the organisation.

This research has been carried out to advance the existing body of knowledge in this field, specifically in relation to what functions the PMO performs in delivering value to the organisation. Using knowledge gleaned from the existing body of research in this field, the author has created the PMO Value Framework, a theoretical framework used to describe the functions or roles performed by PMOs. These roles are referred to as the PMO Value Roles. The author's hypothesis is that it is through performing these roles that the PMO delivers value to the organisation and as the PMO's ability to perform these roles improves the value delivered will increase.

Using multiple case studies to test the theory the research found that PMOs perform the PMO Value Roles to different degrees and it is through performing these that the PMO delivers value to the organisation. Further, through improving the effectiveness of each role the PMO contributes to improving the project management competency within the organisation and thus helps develop organisational project management maturity. The PMO needs to develop a more significant strategic role within the organisation and is well placed to do so.

1. INTRODUCTION

Introduction

The Project Management Office (PMO) is an organisational body or entity assigned various responsibilities related to the centralised and coordinated management of those projects under its domain. The responsibilities of the PMO can range from providing project management support functions to actually being responsible for the direct management of a project (PMI, 2004, p.369). PMOs are a relatively recent phenomenon which only started to gain popularity in the mid 1990s (Dai & Wells, 2004, p.526). This growth in popularity has been identified as recognition by organisations that their strategies and initiatives are essentially achieved via projects and as such project management is a critical competence which should be developed (Hurt & Thomas, 2009, p.55). The Project Management Institute (PMI) promote the benefits of developing and implementing PMOs within organisations (PMI, 2004, p.32), but despite this there is much debate within the academic community as to what, if any, benefit the PMO actually delivers to business and what factors influence the delivery of this value.

There is enormous variability in how PMOs are constructed and in relation to the functions they perform (Hobbs & Aubry, 2007). Several authors have made attempts to classify PMO functions into broad functional groups (Dai & Wells, 2004; Hill, 2004; Hobbs & Aubry, 2007). It is also argued that the PMO has a significant role to play in developing organisational project management maturity (Hill, 2004). As maturity develops the PMO will evolve.

Despite its growth in popularity, the broad range of functions it performs for organisations and the key role the PMO has in helping organisations develop a key project management competency there is little insight into what PMOs do to deliver value to the organisation and what exactly is the nature of this value.

Research

This research puts forward the PMO Value Framework which describes a range of roles that the PMO performs. It is through performing these roles well that the PMO

delivers value and helps to develop project management maturity within the organisation. Using a series of case studies to test the validity of the PMO Value Framework the research will collect both quantitative and qualitative data in order to attempt to answer this primary research question:

- How does the PMO deliver value to the organisation?

In addressing this primary research question the study shall also endeavour to answer the following related secondary research questions:

- How important are each of the PMO Value Roles?
- How do the PMO Value Roles evolve over time?
- What role does the PMO have in promoting and pursuing project management maturity?

As the popularity of the PMO increases within organisations and with the recent development of project management maturity models such as PMI's OPM3® and OGC's P3M3™ models, there is a distinct lack of research to guide organisations as to how best construct the PMO and what role the PMO can play in developing organisational project management maturity. Research completed by Hobbs & Aubry (2007) has provided the basis for describing many of the functions performed by the PMO, but this research does not identify the particular functions which deliver greatest value or which the PMO is not best placed to perform effectively.

This study proposes to address this gap by closely examining the roles that several PMOs perform within their organisations, the nature of the value, if any, that those PMOs deliver and the limitations of the PMO's capabilities. The study will also identify if organisational project management maturity has any relevance for organisations and if so, what role the PMO can play in developing this.

Chapter overview

There are seven chapters in the main body of the report. The first, this chapter, provides an outline of the rationale behind the research and the significance of the research and where it is hoped it will add new knowledge to the existing body of research.

The next chapter, the Literature Review, presents the relevant literature available on the subject of the PMO. It begins by providing a definition of the PMO and a discussion of the variation in structures and roles that it can take. The PMO's role in developing organisational project management maturity is discussed and the primary models of organisational project management maturity are presented. Different aspects of potential PMO value are discussed including developing project management competency; organisational learning; strategic alignment; and benefits management. Hurt & Thomas' (2009) model for sustainable PMOs is considered before the chapter concludes by identifying the primary functions carried out by the PMO and proposes the theory that in performing these functions the PMO will deliver value and help the organisation develop project management maturity.

Chapter 3, Theoretical Framework, proposes a PMO Value Framework encompassing five PMO Value Roles which PMOs can perform. In performing these roles the PMO will both deliver value to the organisation and help develop project management maturity within the organisation. The framework was informed by the research completed and described in the literature review. The five PMO Value Roles have been identified as:

1. **Monitor, Control & Report on Projects:** Monitor, control and report on projects for senior management and provide administrative support and tools for project management efforts within the organisation.
2. **Develop Project Management Competency & Methodology:** Develop project management methodologies and standards to deliver successful projects and improve the project management capability of the organisation.
3. **Project Management Excellence:** Manage projects, programmes and portfolios in such a way to ensure consistent project management success.

4. **Strategic Alignment & Benefits Management:** Ensure that projects are strategically aligned with the organisation's strategic goals and are managed to achieve the benefits expected of the project.
5. **Organisational Learning:** Develop and manage a means for capturing and disseminating organisational learning from projects.

As the PMO matures and competency in each of the roles improves the organisation's project management maturity will increase. As maturity reaches optimum levels the value of the PMO will be maximised.

Chapter 4, Research Methodology, explains the research methodology used, beginning with a statement of the primary research question and secondary research questions to be addressed. It describes why a case study strategy for research was selected and the benefits and limitations of this strategy. It also describes the reasons behind using a mixed model research method to collect the data. The chapter then describes the criteria used for selecting suitable candidates for interview and case study development, followed by a brief overview of the organisations included in the study. A description of the data collection methods used and the thought process behind the semi-structured interview process employed is provided. Finally, the chapter concludes with a brief outline of some ethical issues that were considered in carrying out the research.

The research findings are presented in detail in chapter 5, Findings. Each case study is presented with the detailed findings, focusing on the context within which each PMO exists, including size, location within the organisational structure, authority, roles, and evolution. This chapter concludes with a summary of the cumulative findings.

The research findings are discussed and analysed in the next chapter, Discussion. It will examine the significance of the findings and discuss the implications for the PMO in relation to how value is delivered, how the PMO is best structured, the limitations of the PMO, the relevance of organisational project management maturity models and the role that the PMO has to play in achieving project management maturity for organisations.

The final chapter, Conclusions and Further Research, presents the conclusions drawn from the research and answers to the primary and secondary research questions are given. The relevance of the PMO Value Framework is described and the relative importance of each of the PMO Value Roles will be summarised. Finally some limitations of the research are described along with recommendations for further research.

2. LITERATURE REVIEW

Project Management Office

The Project Management Office (PMO) is a relatively recent phenomenon which only started to gain popularity in the mid 1990s (Dai & Wells, 2004, p.526). This growth in popularity has been identified as recognition by organisations that their strategies and initiatives are essentially achieved via projects and as such project management is a critical competence which should be developed (Hurt & Thomas, 2009, p.55). The Project Management Institute (PMI) promote the benefits of developing and implementing PMOs within organisations (PMI, 2004, p.32), but despite this there is much debate within the academic community as to what, if any, value the PMO actually delivers to business and what factors influence the delivery of this value. A number of authors (Dai & Wells, 2004; Desouza & Evaristo, 2006; Hill, 2004; Hobbs & Aubry, 2007; Hurt & Thomas, 2009; Kerzner, 2003; Martin et al, 2007) have examined this innovation in organisational project management in order to discover how the PMO delivers business value. However, there is no clear consensus on what structure or mandate the PMO should undertake, or on the perceived value of the PMO. Hobbs & Aubry (2007, p.75) point to three factors that make this lack of consensus understandable:

1. The PMO is a relatively recent phenomenon
2. PMOs take on a great variety of forms and functions
3. There has been a lack of systematic investigation into the PMO

This paper will critically review the available literature and attempt to define a framework by which PMOs can be evaluated to determine if they are appropriately constructed to deliver value.

Definition

Dai and Wells (2004, p.524) describe the Project Management Office (PMO) as "an organisational entity established to assist project managers, teams and various management levels on strategic matters and functional entities throughout the organisation in implementing project management principles, practices, methodologies, tools and techniques". They (Dai & Wells, 2004, p524) make a

distinction between the PMO and the Project Office or Programme Office which is established to manage a specific project or a related series of projects. The PMO has a much broader mission.

Like Dai & Wells, Hobbs & Aubry also make a distinction between the multi-project PMO and the single-project PMO or Project Office (Hobbs & Aubry, 2007, p.74). Whilst they recognise that both forms of the PMO are important phenomena and worthy of investigation, for their research, a multi-phase program investigating PMOs which began in 2005, they focused on entities responsible for multiple projects. They use the PMI's broad definition of the PMO:

> An organisational body or entity assigned various responsibilities related to the centralised and coordinated management of those projects under its domain. The responsibilities of the PMO can range from providing project management support functions to actually being responsible for the direct management of a project. (PMI, 2004, p.369)

Desouza & Evaristo (2006, p.415) don't believe that a universal definition of a PMO is possible due to the customisation of individual PMOs to fit the organisational context within which they evolve. They do however identify five common characteristics of PMOs in IT organisations:

1. They are chartered with a responsibility to contribute to the success of project management in the organisation.
2. Most are responsible for ensuring project alignment with the organisation's strategic goals.
3. Most are established as independent units, with their own budgets and resources.
4. Their composition normally involves a fluid mix of experienced business and technology professionals.
5. They are responsible for the development of standards and methodologies for project management and improving the project management capability of the organisation.

The results of phase 1 of the Hobbs & Aubry research program were released in 2007 and the findings support Desouza & Evaristo's (2006, p. 415) view on the variability

of the characteristics of PMOs and were in line with the broad definition of the PMO outlined above:

> The population of PMOs shows considerable variation of not just a few, but of many characteristics, thus creating a myriad of possible forms that PMOs can and do take on. (Hobbs & Aubry, 2007, p.85)

For the purpose of this research the PMI definition of a PMO will be used.

Name

There is relative consensus on the name "Project Management Office" (Hobbs, 2007, p.11) to describe the entity that meets the PMI definition, but there are several descriptions or names given to the entity including Centre of Excellence (Hill, 2004, p.50) or Centre of Expertise (Dai & Wells, 2004, p.524), Project Support Office (Lock, 2007, p.161), Project Office (Kerzner, 2003; PMI, 2004, p.17), Programme Management Office (Rajegopal et al., 2007, p.27), Program Office (PMI, 2004, p.17), and in some cases no official label has been given (Hobbs & Aubry, 2007, p.78).

For the purpose of this research any entity meeting the PMI definition of a PMO will be considered as such.

Functions of the PMO

The variation in PMOs is most clearly demonstrated in the range of functions that they undertake, ranging from providing a standard and repeatable project management methodology for use across all projects to managing continuous improvement and cross-department collaboration to achieve strategic business goals (Hill, 2004, p.46). Hobbs and Aubry (2007, p.82) identify 27 functions that PMOs perform (see table 1). Not all functions are performed by every PMO, but all of the functions identified were found to be important for a significant number of the PMOs surveyed, and 21 of the 27 functions are important for at least 40% of PMOs (Hobbs & Aubry, 2007, p.80).

PMO Function	% of PMOs Where Important
Report project status to upper management	83%
Develop and implement a standard methodology	76%
Monitor and control of project performance	65%
Develop competency of personnel, including training	65%
Implement and operate a project information system	60%
Provide advice to upper management	60%
Coordinate between projects	59%
Develop and maintain a project scoreboard	58%
Promote project management within organization	55%
Monitor and control performance of PMO	50%
Participate in strategic planning	49%
Provide mentoring for project managers	49%
Manage one or more portfolios	49%
Identify, select, and prioritize new projects	48%
Manage archives of project documentation	48%
Manage one or more programs	48%
Conduct project audits	45%
Manage customer interfaces	45%
Provide a set of tools without an effort to standardize	42%
Execute specialized tasks for project managers	42%
Allocate resources between projects	40%
Conduct post-project reviews	38%
Implement and manage database of lessons learned	34%
Implement and manage risk database	29%
Benefits management	28%
Networking and environmental scanning	25%
Recruit, select, evaluate, and determine salaries for project managers	22%

Table 2.1: PMO functions in decreasing order of importance (Hobbs & Aubry, 2007, p.82)

To make analysis and interpretation easier they have grouped these functions under six headings (Hobbs & Aubry, 2007, p82-84):

1. **Monitoring and Controlling Project Performance**

   This group is statistically the most important functional group. It is concerned with project governance such as reporting project status to upper management,

monitoring and controlling project performance, implementing a project information system and developing a project scoreboard.

2. **Development of project management competencies and methodologies**

   This group of functions includes most of those functions that are traditionally associated with PMOs and is concerned with developing project management competencies. It includes developing a standard methodology, promoting project management within the organisation, developing competency of personnel through training, providing mentoring for project managers and providing a set of tools without an effort to standardise.

3. **Multi-project management**

   Programme and portfolio management have become important aspects of project management, as signalled by PMI with the publication of the Organisational Project Management Maturity Model (OPM3®) (PMI, 2003) and the publication of standards on program and portfolio management (PMI, 2006a, 2006b). These are concerned with the coordination of interdependencies within a multi-project environment. PMO functions include coordination between projects; identify, select and prioritise new projects; manage one or more portfolios or programs; and allocate resources between projects.

4. **Strategic management**

   Providing advice to upper management, participating in strategic planning, performing benefits management and networking and providing environmental scanning are all functions of the PMO which demonstrate the recent tendency for project management, and PMOs in particular, to become more involved with issues of strategic alignment and to become more closely tied to upper management.

5. **Organisational learning**

   Although organisational learning has been an important topic in the management literature and practice in recent years and some PMOs are actively involved in organisational learning through functions such as monitor and control the performance of the PMO; manage archives of project documentation; conduct project audits and post-project reviews; implement and manage a database of lessons learned; and implement and manage a risk database; Hobbs & Aubry (2007, p.83) found that this part of the PMO role

was viewed as its least important aspect. Operational and strategic functions are viewed as more important.

6. **Additional functions not included elsewhere**

   Hobbs & Aubry (2007, p.83-84) identified three additional functions carried out by a statistically significant number of PMOs, but which could not be placed within the groups above. These were executing specialised tasks for project managers; managing customer interfaces; and recruitment, selection and determining salaries for project managers.

The groups above are listed in decreasing order of average importance as discovered by Hobbs & Aubry (2007) in their survey of PMOs (see table 2).

1. Monitoring and Controlling Project Performance • Report project status to upper management • Monitor and control of project performance • Implement and operate a project information system • Develop and maintain a project scoreboard	**2. Development of Project Management Competencies and Methodologies** • Develop and implement a standard methodology • Promote project management within organization • Develop competency of personnel, including training • Provide mentoring for project managers • Provide a set of tools without an effort to standardize	**3. Multiproject Management** • Coordinate between projects • Identify, select, and prioritize new projects • Manage one or more portfolios • Manage one or more programs • Allocate resources between projects
4. Strategic Management • Provide advice to upper management • Participate in strategic planning • Benefits management • Network and environmental scanning	**5. Organization Learning** • Monitor and control performance of PMO • Manage archives of project documentation • Conduct postproject reviews • Conduct project audits • Implement and manage database of lessons learned • Implement and manage risk database	**Other Functions (Not In Any Group):** • Execute specialized tasks for project managers • Manage customer interfaces • Recruit, select, evaluate, and determine salaries for project managers

Table 2.2: PMO functions grouped into factors (Hobbs & Aubry, 2007,pp.82-83) from Hurt & Thomas (2009, p.58)

Dai & Wells (2004, p524-525) identified six categories of PMO functions:

1. Developing and maintaining PM standards and methods
2. Develop and maintaining project historical archives
3. Providing project administrative support
4. Providing human resource/staffing assistance
5. Providing PM consultancy and mentoring
6. Providing or arranging PM training

The Dai & Wells categories lend support to the ratings that Hobbs & Aubry found. Five of their six categories are aligned with Hobbs & Aubry's top three categories; with three of the six categories aligning with Hobbs & Aubry's second functional group: Development of project management competencies and methodologies. Dai & Wells third category aligns with Hobbs & Aubry's first group: Monitoring and Controlling Project Performance. Category 4 falls into the third functional group: Multi-project management. Strategic management/alignment finds no place in the role of the PMO according to Dai & Wells and the role of organisational learning, category 2 on Dai & Wells list, appears in practice to be the least important function of the PMO (Hobbs & Aubry, 2007, p.83).

Group	Hobbs & Aubry (2007)	Dai & Wells (2004)
1	▪ Monitoring and controlling project performance	▪ Providing project administrative support
2	▪ Development of PM competencies and methodologies	▪ Developing and maintaining PM standards and methods ▪ Provide PM consulting and mentoring ▪ Providing or arranging PM training
3	▪ Multi-project management	▪ Providing human resource/staffing assistance
4	▪ Strategic management	
5	▪ Organisational learning	▪ Developing and maintaining project historical archives
6	▪ Other	

Table 2.3: PMO functions of Hobbs & Aubry (2007) compared with Dai & Wells (2004)

Casey & Peck (2001, p40-47) classify PMOs according to the function they serve. They use three classifications to describe the PMO (1) a weather station, (2) a control tower, or (3) a resource pool. Each model performs a different function for its organisation.

1. Weather station: the primary function of the weather station is to track and monitor project performance.
2. Control tower: this form of PMO is primarily concerned with developing best practices and standards in order to improve project execution.

3. Resource pool: the goal of the resource pool is to provide a pool of trained project managers and professionals.

A number of authors (Gray & Larson, 2007, p.520-523; Lock, 2007, p.161; Rajegopal et al, 2007, p.37) advocate the creation of a PMO as a support function to the organisation's project efforts. These PMOs have a narrower focus, where "the focus of the PMO is to coordinate and communicate on all programmes and projects in the enterprise, as well as to be the knowledge centre with regard to training, leadership, mentoring, best practice, project governance standards, and so on that supports managers in the implementation of the tasks and work packages required to achieve successful project completion." (Rajegopal et al, 2007, p.37)

This form of PMO may also have a role to play in aligning project management processes with achieving the strategic goals of the business (Gray & Larson, 2007, p.519-528; Rajegopal et al, 2007, p.37-41). The PMO acts as the bridge between the operational and strategic divide within the business (figure 2.1). "The PMO enforces executive accountability and transparency by connecting the organisation's projects to the business's portfolio strategic decision making stream" (Rajegopal et al, 2007, p.39). The PMO provides support and information required for strategic 'go/kill/hold/fix' decisions (Rajegopal et al, 2007, p.39), which may be incorporated into a phase gate methodology to allow for in depth reviews of individual projects and specific phases in the project life cycle (Gray & Larson, 2007, p.523).

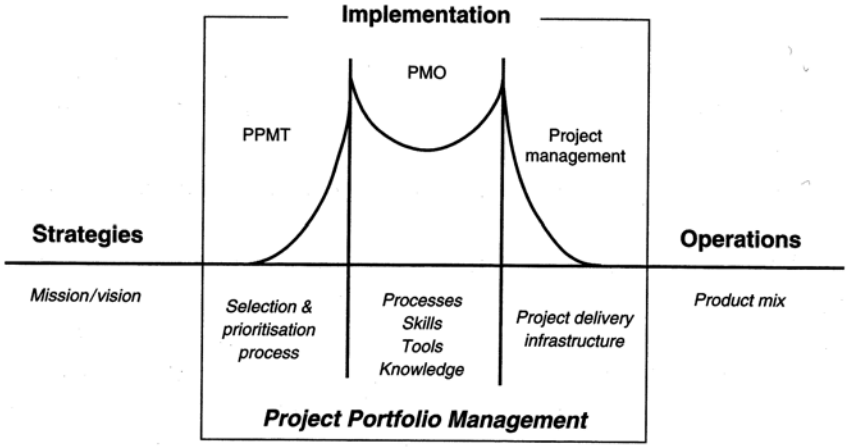

Figure 2.1: Bridging the operational and strategic divide with a PMO (Rajegopal et al, 2007, p.38)

PMO's and Organisational Project Management Maturity

Organisational project management is defined as:

> the application of knowledge, skills, tools, and techniques to organisational and project activities to achieve the aims of an organisation through projects. (Fahrenkrog et al, 2003)

By definition organisational project management is strategic because, used properly, it reflects an organisation's business strategy and provides a high-level perspective and regulation of critical resources that directly impact financial results. Seen in this light, organisational project management is a strategic advantage (Fahrenkrog et al, 2003).

More recently there has been a movement towards defining organisational project management capabilities along a maturity scale (PMI, 2003; OGC, 2008; Hill, 2004; Rajegopal et al, 2007, p.60-61; Gray & Larson, 2007, p.528-532). Organisational project management maturity implies that capabilities must be grown over time in order to produce repeatable success in project management. Maturity is defined as full development or perfected condition (dictionary.com).

PMO: A Competency Continuum

Hill (2004) places the PMO at the core of organisational project management maturity.

Figure 2.2: Overview of PMO Capabilities across the PMO Competency Continuum (Hill, 2004, p.46)

As organisational project management maturity increases the PMO moves from having a project oversight role to one of strategic alignment (figure 2.2). Hill (2004) describes five stages of PMO capabilities along a competency continuum. Each PMO stage suggests a particular level of functional capability that the PMO will have achieved if functions are fully implemented. The five PMO stages (Hill, 2004, pp.46-51) are also indicative of an organisation's maturity in project management:

Stage 1: The Project Office

This is the fundamental unit of project oversight in the project environment. It is created as the domain of the project manager, who is responsible for the successful performance of one or more projects. It provides the capability to ensure professionalism and excellence in applying widely accepted principles and preferred project management practices.

There may be more than one project office though, creating a difficulty in ensuring that each project office uses common project management methods and tools. The project office has no programme level authority or direct strategic business relevance. It does perform some essential project management activities though:

- Applying principles and techniques of modern project management.
- Serving as the direct interface to project team performance management.
- Applying organisational guidance in the form of policies, standards, executive decisions to each project.
- Serves as the first level of project oversight, and often the highest level of technical oversight.

Stage 2: The Basic PMO

The basic PMO is the first PMO level that deals with multiple project oversight and control. It has the capability to provide oversight and control of multiple projects relative to the performance of multiple project managers.

The basic PMO is the highest centralised entity of project management. It will likely have minimal staff, in some cases just one individual assigned to build the PMOs capability. With the right amount of financial support and appropriate resources basic

PMO capability and prescribed functionality can be achieved within one year, though this may vary based on business support and the culture of the organisation.

It has the responsibility of establishing the foundation of a viable project management environment. This will involve implementing capability across all 20 PMO functions shown in table 4. These functions are associated with a mature PMO.

Hill's 20 PMO Functions
Practice Management 1. Project management methodology 2. Project management tools 3. Standards and metrics 4. Project knowledge management
Infrastructure Management 5. Project governance 6. Assessment 7. Organisation and structure 8. Facilities and equipment support
Resource Integration 9. Resource management 10. Training and education 11. Career development 12. Team development
Technical Support 13. Mentoring 14. Planning support 15. Project auditing 16. Project recovery
Business Alignment 17. Project portfolio management 18. Customer relationships 19. Vendor/contractor relationships 20. Business performance

Table 2.4: 20 PMO functions (Hill, 2004, p.48)

The basic PMO's emphasis is on establishing control in the project management environment. It performs a variety of centralised activities, including:

- Having primary responsibility for establishing a standard approach to how project management is conducted in the organisation.
- Providing the means to compile aggregate results and analyses of project status and project progress as a basis for identifying and responding to project variations, evaluating project and project manager performance and ensuring the achievement of project objectives.
- Introducing project management as a professional discipline through its prescription of applicable standards, designation of qualified project managers, training and empowerment of project teams, and specification of roles and responsibilities of stakeholders in the project management environment.

Stage 3: The Standard PMO

The standard PMO introduces a new focus on support that optimises individual and project performance. It responsibilities range from managing multiple projects and multiple project managers and may include overseeing or otherwise aligning with one or more programme managers.

Although it can evolve from a basic PMO, it can also be designed and implemented as the initial effort to introduce centralised oversight, control and support for the project management environment. It will include all of the functionality of a basic PMO.

Standard PMO functionality is the solution for organisations looking to develop a core business competency in project management or otherwise seeking to improve project management capability or increase maturity. A new standard PMO requires minimal staffing of two or three full time staff, but as functionality is increased it is likely that a few more full time staff will be needed to fill professional specialty roles and full and part time administrative support staff will be required.

These resources, along with executive business commitment, should enable complete standard PMO functionality to be achieved within a two to three year timeframe, although significant PMO functionality can be implemented within a matter of months. Once established, the standard PMO performs complete centralised project

management oversight and control activities, with an emphasis on introducing process and practice support for project management. Activities include:

- Serving as the centrepiece of project management support.
- Functioning as the interface between the business environment and the project management environment.
- Acting as the facilitator of project management process design and as a catalyst for project management excellence.
- Serving as the representative of the project management environment to the senior executives.
- Operating as the recognised organisational entity that directly or indirectly influences resource participation on projects, to include addressing such matters as qualification, training, assignment, and evaluation.

This PMO has responsibility for implementing a complete capability across all PMO functions, examining the needs of the project management environment in each of the 20 PMO functions presented in table 4. Capability in each function will be developed for optimised operational fit and maximised business benefit. Not every PMO needs to develop excellence in all 20 PMO functions.

Stage 4: The Advanced PMO

This is the "big brother" of the standard PMO. It evolves from an existing complete PMO capability. The advanced PMO has a focus on integrating business interests and objectives into the project management environment, which implies introducing common practices to be applied to both project management processes and business processes.

An advanced PMO cannot be created from scratch. Standard PMO functionality must be established before advanced PMO capability can be implemented. This stage in the PMO competency continuum can be achieved within one to two years after standard PMO capability has been established.

The advanced PMO performs comprehensive, centralised project management oversight, control, and support activities. It will have expanded functionality

representing a mature and business oriented project management organisation. Activities include:

- Appearing more and more like a separate business unit, with its own budget used to pursue development and implementation of advanced project management practices and business integration activities.
- Collaborating with business units and participating in the development or adaptation of practices and processes that are common to both the business and project management environments.
- Providing distinct expertise in state-of-the-art project management practices and procedures. Full time, highly skilled and knowledgeable, senior staff will apply business acumen and advanced business and project management concepts to solutions implemented in the project management environment. Advanced PMO staff can include business analysts and specialists from diverse professional disciplines such as legal, contract, and procurement management, customer service, and so forth, as needed to achieve PMO functionality.

The 20 PMO functions will be reassessed to introduce expanded capacity and programs. The advanced PMO also ensures that all PMO functions are integrated for efficient and effective operations.

Stage 5: The Centre of Excellence

The centre of excellence is a separate business unit with responsibility for enterprise wide project management operations. Its functionality has a focus on strategic business interests. Lower-stage PMOs may have a business alignment or reporting affiliation with the centre of excellence.

It is normally headed up by an executive reporting to or with direct access to the chief executive officer. It can be established within the time frame it takes an organisation to establish a new business unit, which is generally one to two years to create a viable presence.

The centre of excellence can be created as a result of the growth and expansion of a lower-stage PMO. Alternatively it can be established independently of any existing PMOs, with the objective of providing strategic business guidance and direction to those subordinate PMOs. The latter is typical in a large global organisation where the centre of excellence provides oversight, control, and support to PMOs serving regional business interests.

The centre of excellence has a strategic alignment role and guides the project management environment in its continuous improvement efforts. Activities include:

- Providing direction and influence for enterprise project management operations.
- Building both project management environment and project stakeholder awareness and representation across business units, customer relationships, and vendor and partner relationships.
- Sponsoring and conducting studies and evaluations of project management functionality and business effectiveness.
- Representing the business interests of the organisation in the project management environment and vice versa.

The 20 PMO functions are reassessed for strategic business implications, together with how they can be adapted, adjusted, or redesigned for optimal use, including application by other subordinate PMOs.

Hill (2004, p.51) concludes by saying "that the PMO is a business integration activity. Not all organisations may need to evolve to stage 5 of the continuum to achieve their organisational objectives. It is also unlikely that any individual PMO will implement all 20 functions. Instead, adaptations and adjustments will be the rule, rather than the exception."

The PMI (OPM3®, 2003) and the Office of Government Commerce in the UK (P3M3™, 2008) both present a means by which an organisation can measure its current level of maturity and identify what steps are needed to reach the next level.

OPM3®

According to Fahrenkrog et al (2003) OPM3® is a means to understand and assess the ability of an organisation to implement its high-level strategic planning by managing its portfolio or portfolio's and then delivering at the tactical level by successfully, consistently, and predictably managing programs and individual projects. It is a tool that can help businesses drive improvement in an organisation. It is a merging of best practices from the constituent domains of organisational project management, including portfolio management, program management, and project management.

Organisations using OPM3® to reach a state of maturity in organisational project management will use the logic of the stages of process improvement:

- **S**tandardise
- **M**easure
- **C**ontrol
- continuously **I**mprove

This allows the organisation to see which best practices are specifically associated with organisational project management maturity, where the organisation falls on the continuum of maturity, and how it might achieve organisational improvement. The stages of process improvement are used along with the PMI's process framework (figure 2.3), which is extended to the domains of program and portfolio management.

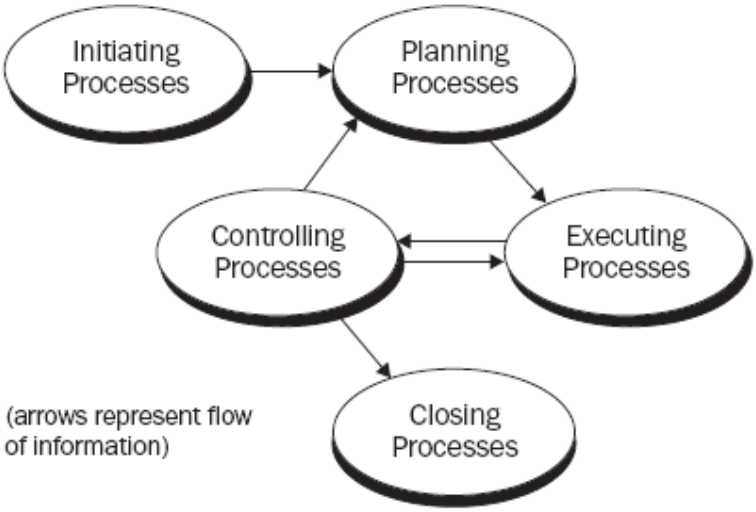

Figure 2.3: Project Management Process Groups (PMI, 2003, p.23)

Placed within the context of the three domains of program, portfolio and project management Fahrenkrog et al (2003) show how these process groups take on the added dimension of strategic importance (figure 2.4).

Figure 2.4: Organisational Project Management Processes depend on Project Management, Program Management, and Portfolio Management (PMI, 2003, p.27)

Fahrenkrog et al (2003) describe how the OPM3® process construct (figure 2.5) combines all of these concepts: the five project management process groups, within each of the three domains, interacting with and progressing through the four stages of process improvement.

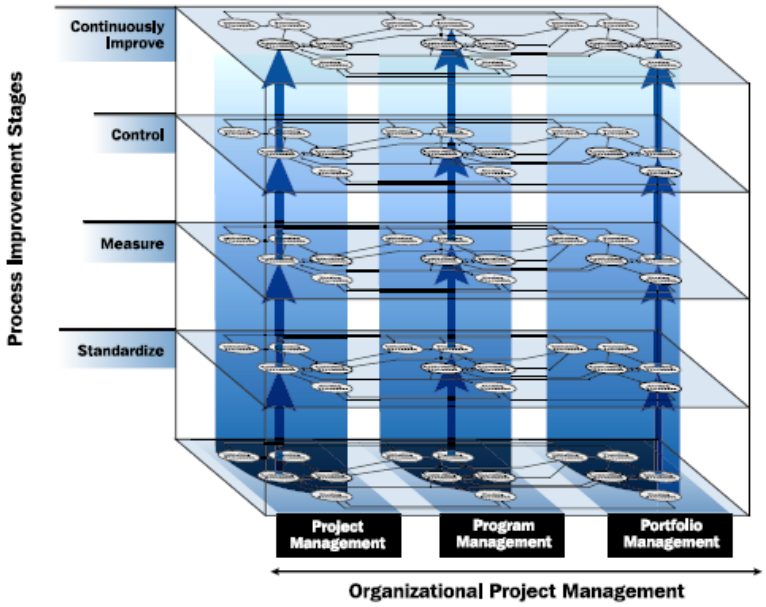

Figure 2.5: The OPM3® Process Construct (PMI, 2003, p.28)

Fahrenkrog et al (2003) describe how each of the more than 600 best practices within OPM3® is mapped to one or more locations within two-dimensions of the model. OPM3® will tell the user where a best practice falls within the domains of project, program, or portfolio management and at what stage(s) of organisational process improvement (standardise, measure, control, or improve).

To summarise the model, the authors (Fahrenkrog et al, 2003) say that OPM3® identifies hundreds of best practices in organisational project management and determines which specific capabilities are needed to achieve these best practices and how to establish when each capability has been achieved. Every best practice has been placed within a context called the OPM3® Construct, mapping them to the project management domains and to the stages of process management.

P3M3™

Like OPM3® the OGC's maturity model, P3M3™, is an overarching model containing three domains: project, program and portfolio management. It is structured to contain three individual models (figure 2.6):

- Portfolio Management Maturity Model (PfM3)
- Programme Management Maturity Model (PgM3)
- Project Management Maturity Model (PjM3)

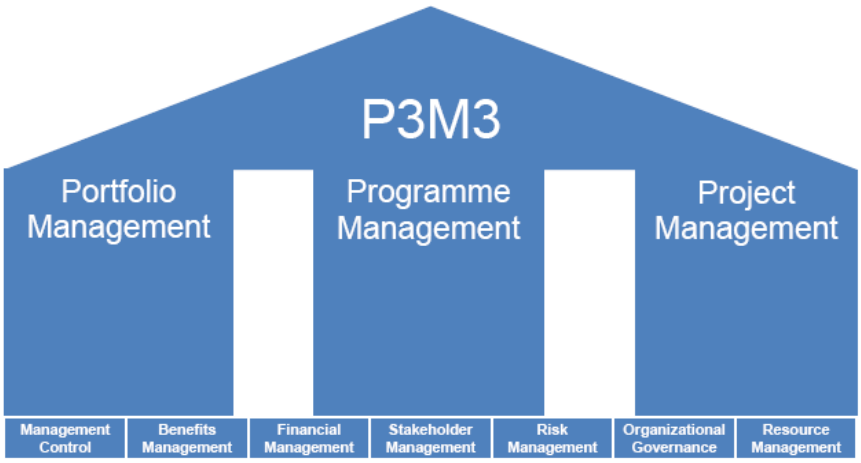

Figure 2.6: P3M3™ Structure (OGC, 2008, p.9)

Whilst the models are connected, there are no interdependencies and each model can be assessed independently. This allows for an organisation's capability in one domain to evolve independently of the other domains.

P3M3™ uses a five-level maturity framework (OGC, 2008, p.10):

- Level 1 – awareness of process
- Level 2 – repeatable process
- Level 3 – defined process
- Level 4 – managed process
- Level 5 – optimised process

These comprise the structural components of P3M3™ and are characterised as shown in table 5 (OGC, 2008, pp.10-11).

Maturity Level	Portfolio Management	Programme Management	Project Management
Level 1 – awareness of process	Does the organisation's executive board recognise programmes and projects and run an informal list of its investments in programmes and projects? (There may be no formal tracking and documenting process)	Does the organisation recognise programmes and run them differently from projects? (Programmes may be run informally with no standard process or tracking system.)	Does the organisation recognise projects and run them differently from its ongoing business? (Projects may be run informally with no standard process or tracking system.)
Level 2 – repeatable process	Does the organisation ensure that each programme and/or project in its portfolio is run with its own processes and procedures to a minimum specified standard? (There may be limited consistency or coordination.)	Does the organisation ensure that each programme is run with its own processes and procedures to a specified standard? (There may be limited consistency or coordination between programmes.)	Does the organisation ensure that each project is run with its own processes and procedures to a minimum specified standard? (There may be limited consistency or coordination between projects.)

Maturity Level	Portfolio Management	Programme Management	Project Management
Level 3 – defined process	Does the organisation have its own centrally controlled programme and project processes and can individual programmes and projects flex within these processes to suit particular programmes and/or projects? Does the organisation have its own portfolio management process?	Does the organisation have its own centrally controlled programme processes and can individual programmes flex within these processes to suit the particular programme?	Does the organisation have its own centrally controlled project processes and can individual projects flex within these processes to suit the particular project?
Level 4 – managed process	Does the organisation obtain and retain specific management metrics on its whole portfolio of programmes and projects as a means of predicting future performance? Does the organisation assess its capacity to manage programmes and projects and prioritise them accordingly?	Does the organisation obtain and retain specific measurements on its programme management performance and run a quality management organisation to better predict future performance?	Does the organisation obtain and retain specific measurements on its project management performance and run a quality management organisation to better predict future performance?
Level 5 – optimised process	Does the organisation run continuous process improvement with proactive problem and technology management for the portfolio in order to improve its ability to depict performance over time and optimise processes?	Does the organisation run continuous process improvement with proactive problem and technology management for programmes in order to improve its ability to depict performance over time and optimise processes?	Does the organisation run continuous process improvement with proactive problem and technology management for projects in order to improve its ability to depict performance over time and optimise processes?

Table 2.5: P3M3™ Maturity Levels (OGC, 2008, pp.10-11)

P3M3™ focuses on seven process perspectives (OGC, 2008, p.12), which exist in all three models and can be assessed at all five maturity levels. The seven process perspectives are:

- Management control
- Benefits management
- Financial management
- Stakeholder management
- Risk management
- Organisational governance
- Resource management

The model is flexible in that it allows organisations to review all seven process perspectives across all three models – portfolio, programme and project management – but they can also review just one (or several) of the process perspectives, whether across all three models or across only one or two of them (OGC, 2008, p.12). This can be useful for an organisation trying to determine and improve its maturity level in benefits management, financial management or any of the other perspectives.

Are PMOs doing enough to develop Organisational Project Management Maturity?

Achieving optimal organisational project management maturity should be seen as a long-term process (OGC, 2008, p.13). Maturity models serve as a guide or a roadmap towards achieving the desired level of maturity. They can be used to assess where the organisation is currently and what steps need to be taken to move to the next level.

Hill (2004) positions the PMO at the core of achieving organisational project management maturity. Kerzner (2003, p.13) states that:

> "Maturity and excellence in project management does *not* occur simply by using project management over a prolonged period of time. Rather, it comes through strategic planning for both project management and the project office."

Organisational project management maturity models are designed to help organisations develop the competencies necessary to do the right projects and to do them right. "This includes the ability to deliver projects predictably, consistently, and successfully to implement organisational strategies" (PMI, 2003, p.13).

Developing Project Management Competency

The research of Hobbs & Aubry (2007) and Dai & Wells (2004) demonstrates that PMOs are primarily geared towards doing projects right. Hobbs & Aubry (2007, p.82) found that the two most important PMO functional groups were *Monitoring and Controlling Project Performance* and *Development of Project Management Competencies and Methodologies*. These groups included functions such as:

- Report project status to upper management (performed by 83% of surveyed PMOs)
- Develop and implement a standard methodology (76%)
- Monitoring and controlling of project performance (65%)
- Develop competency of personnel, including training (65%)
- Implement and operate a project information system (60%)
- Develop and maintain a project scoreboard (58%)
- Promote project management within the organisation (55%)
- Provide mentoring for project managers (49%)
- Provide a set of tools without an effort to standardise (42%)

The results of a targeted survey of organisations completed by Dai & Wells (2004, p.527) show similar results. Some of the most commonly performed PMO functions included:

- Defining project management standards and methods (performed by 100% of PMOs)
- Providing project management consulting and mentoring (79%)
- Provide project management training (71%)

The importance of these PMO functions to actual PMOs in practice demonstrates that developing standard project management methodologies and practices, and promoting and supporting the use of project management within the organisation are core

functions of PMOs. "It seems that as a practical matter, organisations that take steps – either via a PMO or otherwise – to standardise their PM (*project management*) practices across the organisation are more likely to have stronger project performance." (Dai & Wells, 2004, p.529)

Organisational Learning

Organisational learning or the harnessing of the intellectual property represented in the organisation's project management competency must be managed wisely (Kerzner, 2003, p.21). The PMO is centrally placed to play a significant role in this. Dai & Wells (2004, p.524) identify the function of maintaining project historical archives. Hobbs & Aubry (2007, p.83) classified a group of PMO functions under the heading Organisational Learning. Kerzner (2003, pp.15-21) lists a number of functions related to capturing and distribution of project management intellectual property, such as providing recommendations for continuous improvement and preparing lessons-learned case studies at the end of each project. Cooke-Davies (2002, p.189) identified that "an effective means of 'learning from experience' on projects, that combines explicit knowledge with tacit knowledge in a way that encourages people to learn and to embed that learning into continuous improvement of project management processes and practices" was one of the success factors which would lead to consistently successful projects. Further, for Kerzner (2000) continuous improvement represents the fifth stage of project management maturity in an organisation.

However, when we look at the use of these functions in practice we see mixed results. Hobbs & Aubry (2007, p.83) show that despite its prominence in the management literature, organisational learning activities rank as the least important PMO function group. The activities they identify which are related to this area rate as follows:

- Monitor and control the performance of the PMO (performed by 50% of PMOs surveyed)
- Manage archives of project documentation (48%)
- Conduct project audits (45%)
- Conduct post-project reviews (38%)
- Implement and manage a database of lessons learned (34%)

- Implement and manage a risk database (29%)

The results of Dai & Wells (2004, p.527) research were slightly better with 64.58% of targeted PMOs performing the function of managing project historical archives, though this function appeared to be more prevalent in the targeted population of their survey than in the random sample (Dai & Wells, 2004, p.529). They also identified a significant correlation between the use of project historical archives and higher project performance (Dai & Wells, 2004, p.531).

Strategic Alignment

Organisations that achieve the highest levels of organisational project management maturity have fully aligned organisational project management with the strategic business goals and objectives of the organisation (Hill, 2004, p.46; PMI, 2003, p.27). There are two areas that organisations need to look at when aligning project management capability with corporate strategy (Crawford et al, 2006, p.38):

- They need to make best use of available resources and decide which projects, programmes, and portfolio to do with those resources. Projects need to be assessed to validate that the desired outcomes were delivered. This is doing the right projects.
- There is also a need to make sure that the organisation has the necessary project delivery capability to complete these projects. This means developing project management competencies, and using this competency to deliver the chosen projects and deliver the desired benefits. This is doing the right project right.

Hobbs & Aubry (2007) and Dai & Wells (2004) have demonstrated that where PMOs are valued organisational project management competency is reasonably well developed. However, when it comes to areas of strategic alignment with business, organisational project management maturity appears to be somewhat less developed. Hobbs & Aubry (2007, p.83) identify the following functions under the group heading of Strategic Management:

- Provide advice to upper management (performed by 60% of PMOs surveyed)
- Participate in strategic planning (49%)

- Benefits management (28%)
- Network and provide environmental scanning (25%)

As a functional group Strategic Management is the fourth most commonly performed function group from five. Dai & Wells (2004, p.525) have only identified a loose link to strategic alignment in their PMO functional categories. As part of providing project management consulting and mentoring they say that ideas regarding measures needed to foster project success should be shared with upper management.

It appears that the PMO's role in aligning organisational project management competencies with the strategic business goals of the organisation is limited, but to achieve the highest levels of organisational project management maturity strategic alignment is key (Hill, 2004; PMI, 2003; OGC, 2008). If the PMO is at the core of developing organisational project management maturity (Hill, 2004), then the PMO needs to be strategically aligned with the business. It is here that organisational project management and the PMO can deliver greatest value to the organisation.

Benefits Management

OGC (2008, p.12) identify benefits management as one of the seven process perspectives in which project management maturity can be measured:

> "Benefits management is the process that ensures that the desired business change outcomes have been clearly defined, are measurable and are ultimately delivered through a structured approach and with full organisational ownership." (OGC, 2008, p.21)

Under the P3M3™ (OGC, 2008, p.38) maturity model to achieve level 5 maturity benefits realisation will be "integral to the development of business strategy decision making". Projects, programs and portfolios that deliver the benefits desired by the organisation are delivering the strategic objectives of the organisation. This is essentially the difference between simply managing projects successfully and delivering successful projects.

Despite its importance as a key strategic function of organisational project management, Hobbs & Aubry (2007, p.82) found that only 28% of PMOs perform benefits management. Bennington & Baccarini (2004, p.22) found that many organisations fail to review whether the planned benefits of IT projects have been achieved. They identify a number of reasons why this is the case:

- It is too difficult. Benefits are tangled in general business area and are not easily identifiable.
- It is not necessary. If a project is implemented to plan, there is no need to check for benefits.
- Pressure to deliver other projects. Benefit reviews consume resources that can be better deployed on more pressing management concerns and projects.
- It is too costly and difficult to measure real impact without incurring substantial cost.
- It is against organisational culture. The delivery of business benefits is appropriate for user management, not IT management.
- A considerable number of IT benefits are intangible, but IT projects are largely approved with tangible benefits and, thus, intangible benefits are not identified.

Rajegopal et al (2007, p.206) state:

> "A benefits driven measure of project success means greater accountability and raised expectations at every stage of the project life cycle. It requires increased project governance, from scrutiny of the business case, to essential monitoring and measuring during the project and after completion."

Tiernan & Peppard (2004, p.610) have found that when it comes to IT projects the majority of business managers are under the illusion that once the technology has been implemented, everything necessary has been done for the benefits to begin to flow. Elaborate plans are created to implement the technology, whilst achieving the business benefits - the reason for the investment in IT - receives little or no planning. The assumption is that the benefits will automatically flow once the technology is implemented. This logic is not only fundamentally flawed, but a key reason why so many IT projects end in failure.

In their 1995 Chaos Report The Standish Group found that only 16.2% of software projects were completed successfully, 52.7% were challenged and 31.1% were not completed. The Chaos Report based project success purely in terms of the triple constraints of project management success: time, cost and quality. This ignores measure of project success, which is more difficult to deliver than project management success (Cooke-Davies, 2002, p.187), as it inevitably involves "second order control" (both goals and methods liable to change), whereas project management success involves only first order control (hold goals constant, and change practices to meet pre-determined goals). Project success refers to the delivery of business benefits expected from the project.

Cooke-Davies (2002, p.188) determined that the single factor that would lead to success on individual projects was "the existence of an effective benefits delivery and management process that involves the mutual co-operation of project management and line management functions."

Bennington & Baccarini (2004, p.21) have identified four steps in the process of benefits management:

1. Benefits identification – identify project benefits
2. Benefits realisation planning – develop plans to realise the benefits.
3. Benefits monitoring – ensure benefits are being achieved during the project.
4. Benefits realisation – ensure benefits are actually realised at and beyond project completion.

Ward & Peppard (2002, p.442-443) added an additional step – "Potential for further benefits" - when outlining their process model of benefits management (see figure 2.7). In their model they see benefits management as an iterative process in which the objective may be modified and new benefits identified as ideas and options are considered. The benefits should be considered against the 'benefit drivers' in the organisation (i.e. the business strategy), to ensure that they are relevant.

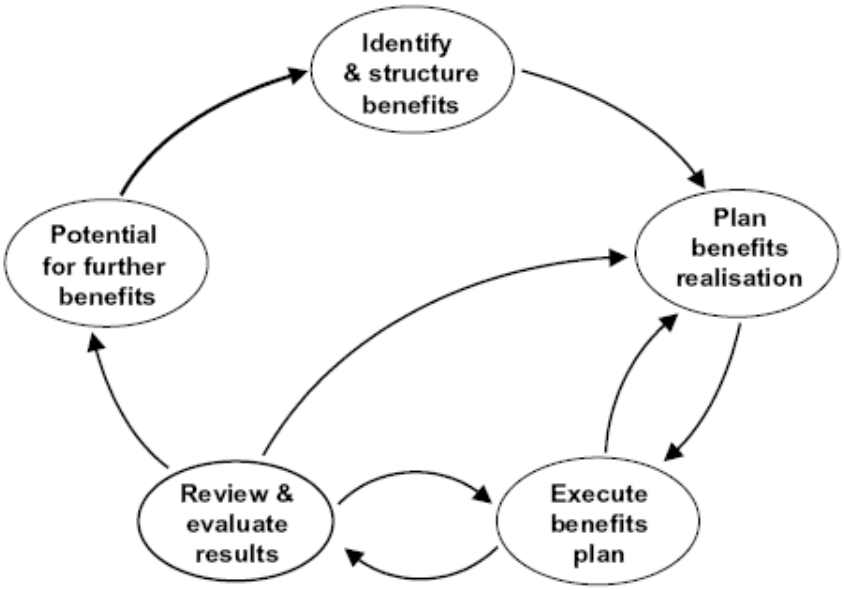

Figure 2.7: A process model of benefits management (Ward & Peppard, 2002, p.442)

It is through the process of benefits management that real value and project success can be delivered to the organisation. Properly used, this process can deliver project success in terms of business value, as opposed to the triple constraints measurements of project management success. It establishes significant alignment of projects and business strategy. Yet, benefits management is carried out by a small minority of PMOs. Hurt & Thomas (2009, p.66) argue that responsibilities like benefits realisation is outside the scope of PMOs, particularly if they are to be sustainable.

A model for sustainable PMOs?

In a March, 2009 article published in the Project Management Journal, Hurt & Thomas looked at the question of how organisations can build value through sustainable PMOs. Pointing to the research of others (Hobbs et al, 2008, p.547) which shows that most PMOs are unstable structures that undergo frequent changes and restructuring, their discussion looks at three PMOs which have experienced significant initial success and examines the reasons for this success and in the case of one of the PMOs, the decline.

Where Hobbs et al. (2008) implied that the frequent restructuring and short life spans of PMOs is a negative finding reflecting a lack of sustainable value from PMOs for their organisations, Hurt & Thomas (2009, pp.69-70) take the view that "effective

PMOs continue to *add* value specifically by changing and reinventing themselves – as long as they stay focused on the principle of improving project management in the organisation".

Hurt & Thomas (2009, pp.65-69) adapting themes from Jim Collins (2001) book "Good to Great" identified the following insights into value creation and sustainability of PMOs:

- Build a core ideology for the long term.
- Pick the right PMO leadership.
- Staff the PMO carefully.
- Create a culture of discipline.
- Confront the brutal facts, but keep the faith.

Build a core ideology for the long term

Using the Hedgehog Concept (Collins, 2001) the PMO's core ideology should be based on a clear vision, focus, and notion that:

- No one else in the organisation is more passionate or knows more about how to manage or deliver projects more effectively.
- Flexibility and a standard methodology are compatible concepts, as is the ability to be both a competent leader and manager, have both a people and a task focus, and manage internal and external relationships.
- It is better at supporting, managing, and developing project managers than anyone else in the organisation.

The core ideology needs to be reflected in the PMO's project management methodology, which should be developed by the organisational staff and project managers, even if there are only minor adaptations from best practices. This process of development and adaptation will increase the sense of ownership and commitment to the methodology. It will become part of the culture – "The way we do things around here" (Deal & Kennedy, 1982, p.4).

Relevant stakeholders within the organisation will be indoctrinated into the core ideology for managing projects, through training, mentoring, coaching, and rejection of non-compliant work.

Whilst the PMO needs to continuously stimulate progress, it must do this whilst ensuring that core principles are preserved. The PMO *must stay focused on managing projects* as this is where its core value lies, but continue to create new value by stimulating progress around the periphery. This may be done through adding new functions to the PMO that enhance its ability to manage projects, developing project managers by having them take on more challenging roles or projects, or periodically updating or refreshing the project management methodology. Disrupting the core features, such as a drastic change in the project management methodology, is dangerous and needs to be approached with extreme caution.

Pick the right PMO Leadership

The three PMO founders that Hurt and Thomas studied all exemplified Collins's (2001) successful leadership characteristics of successful, value sustaining companies:

- They were passionate, focused, and determined about what constituted effective project management.
- They each had a low-key, patient, but confident personality, which helped in their dealings with senior executives, engineers, IT personnel, and clients, where a more forceful or aggressive personality would have quickly met with resistance in trying to persuade people to adopt new behaviours and methods.
- They were focused on quickly demonstrating the proof and value of what they were advocating, through quick and simple wins like providing senior management with regular, consistent, and simple status reports. Getting senior management on board provided the additional backing for persuading others in the organisation to follow standardised procedures.

They didn't just need to persuade senior managers though; they also needed to bring the project managers in the organisation on board as well:

> "In the realm of project managers, they want their leaders to be genuine and have credibility as project managers…. They want their leaders to engender

> excitement around project management 'through their passionate commitment to clearly articulated personal values and to a vision' (Goffee & Jones, 2006, pp.194-195)."
>
> (Hurt & Thomas, 2009, p.67)

The PMO requires effective ongoing leadership which will maintain a clear and compelling vision of the value of developing an organisational project management competency and how this competency should be managed, developed and maintained. This vision and commitment needs to remain consistent through changes in leadership if the core ideology is to remain intact.

Hurt & Thomas believe that managing and leading the PMO requires strong transformational and people-oriented leadership skills and behaviours. On the Level 5 Leadership Hierarchy this corresponds with a level 4 type effective leader. These leaders catalyse commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards (www.12manage.com, 2009).

Carefully staff the PMO

Collins (2001, p.63) believed that organisations should "get the right people on the bus, the wrong people off, get the right people in the right seats THEN figure out where to drive it." The PMO leader may not have this luxury, but it is incumbent on him/her to develop an understanding of the skill sets and competencies that are prevalent in the organisation and among its project managers. Project management is not suited to everyone and creating "accidental project managers" by appointing people with the right technical understanding of the project requirements, but with few project management skills, may not contribute to creating "an environment for success by putting people into positions to succeed" (Walker & Peterson, 1999, p.5).

Hurt & Thomas (2009, p.68) recommend developing role/job descriptions, competency profiles, and RACI charts as ways to make sure that the PMO has the right people in the right seats. Along with this there is a need to develop effective, accurate evaluation processes of such competencies. Finally, clear career paths and professional development should be provided to those that want to advance into PMO leadership roles.

Organisations that rely on contract project managers are more focused on immediate project needs and do not realise improvements in project metrics (Thomas & Mullaly, 2008), rather than developing organisational project management competencies. Collins (www.jimcollins.com, 1995) describes this as the difference between time telling and clock building. Delivering one project successfully is time telling, whilst developing the competency to continually and consistently deliver successful projects is clock building. By depending on contract employees, organisations risk losing valuable insights, learning, and knowledge. However, in a world dominated by contract project managers, good hiring and screening mechanisms need to be developed to ensure good contract hiring. The PMO's culture needs to be strong enough to indoctrinate these contract staff into the core ideology, using good on-boarding mechanisms.

Create a culture of discipline

Success and sustainability, according to Collins (2001), require *disciplined people, disciplined thought,* and *disciplined action* – in that order. Discipline in project management is critically important.

The PMO needs to cultivate discipline in following the project management methodology. The PMO leader needs to closely monitor, coach and mentor project managers in doing this and demonstrating its value. If necessary procedures and processes need to be redone if not completed to the expected standards. Having a disciplined culture means that people will take responsibility and be accountable for their actions.

This discipline needs to be maintained as the PMO grows and develops new roles and responsibilities, if the value of the PMO is not to diminish.

Confront the brutal facts

PMOs and project managers need to recognise the brutal facts that are associated with a project. These facts are the realities of the project environment. They need to be addressed in an effective and timely manner, as they are the warning signs that things

are not progressing as they should be. In multi-project environments these issues are compounded.

There is no benefit in creating an environment where the brutal facts are hidden or downplayed for fear of reprisals. Fear of failure needs to be removed so that the right actions - up to and including cancelling a project - can be taken if and when projects run into trouble. A project manager, having developed the ability to doggedly pursue a project through to its completion, may not realise when a project should be stopped. The PMO leader needs to make sure that the organisation's best interests are always paramount, even if that means cancelling or stopping a project.

Whilst the factors which Hurt & Thomas have identified are likely to create an environment in which success becomes more likely, there are a number of concerns with proposing it as a definitive model for creating a sustainable PMO. Primarily these relate to the size of the sample they have used in their research and the selection of PMOs. The population of PMOs is limited to three and although the research consisted of in-depth investigations into each of these, two of the three PMOs selected had been in existence for just 2½ years. A wider population of successful PMOs may uncover additional and unrelated factors on which success in the form of value and/or sustainability can be built.

Project management maturity models strive for strategic alignment with the business. Hill (2004) and Kerzner (2003) both place the PMO at the wheel of this continuous drive for maturity. However Hurt & Thomas (2009) don't identify strategic alignment as one of the factors for sustainability, and go as far as to say:

> "PMOs should not get distracted from their primary focus, their hedgehog principles, by taking on other responsibilities like benefits realisation or additional governance functions". (Hurt & Thomas, 2009, p.66)

It would appear that the Hurt & Thomas model for PMO sustainability is primarily focused on doing projects right, but the issues of project selection and benefits management or doing the right projects should be remain outside the remit of the PMO.

Conclusions from literature review

PMOs undertake a wide range of functions and their role can vary widely from one organisation to another. The definition put forward by the PMI (2004, p.369) supports this view of PMOs. There are a number of primary functions which a PMO is tasked with carrying out:

1. Monitor, control and report on projects for senior management and provide administrative support and tools for project management efforts within the organisation.
2. Develop project management methodologies and standards to deliver successful projects and improve the project management capability of the organisation.
3. Manage projects, programmes and portfolios in such a way to ensure consistent project management success.
4. Ensure that projects are strategically aligned with the organisation's strategic goals and are managed to achieve the benefits expected of the project.
5. Develop and manage a means for capturing and disseminating organisational learning from projects.

Each of these primary functions is made up of a number of sub-functions. Not all PMOs will carry out all of the PMO functions and sub-functions and each function and sub-function will assume greater or lesser levels of importance for each PMO depending on the organisational context within which the PMO exists. There is little agreement within the research as to which roles and functions are best managed by the PMO. For some authors (Gray & Larson, 2007, p.520-523; Lock, 2007, p.161; Rajegopal et al, 2007, p.37) the PMO is best configured to provide a support function for the organisation's project efforts. Other authors (Hurt & Thomas, 2009, p.66) are of the view that the PMO's core focus should be on managing projects effectively.

PMOs are central to organisations pursuing project management maturity (Hill, 2004). Through providing project management methodologies, standards, tools and governance the PMO plays a central role in developing a strategic project management competency within the organisation. Organisational project management maturity increases as the range of project management functions and the

quality to which they are carried out by the PMO and embedded within the organisation increases. Mature PMOs are aligned with the strategic business goals of the organisation. There are a number of ways in which organisational project management maturity can be assessed, such as OPM3® (PMI, 2003) and P3M3™ (OGC, 2008). These maturity models are relatively new developments within the project management environment. Research conducted to date suggests that PMOs are heavily involved in developing some elements of project management maturity within their organisations, such as governance and control of projects and development of project management standards and methods for use within the organisation. However, elements such as developing effective tools and practices for organisational learning are afforded lower levels of importance in practice. The role of strategic alignment rates only slightly higher in importance for most PMOs (Hobbs & Aubry, 2007, p.83), yet this is key to achieving the highest levels of project management maturity (Hill, 2004; PMI, 2003; OGC, 2008).

Benefits management has been identified as a key means for ensuring successful projects (OGC, 2008, p.21), as opposed to successful project management, but few PMOs appear to have any role to play in relation to this (Hobbs & Aubry, 2007, p.82). The P3M3™ maturity model identifies benefits realisation as "integral to the development of business strategy decision making" (OGC, 2008, p.38). Many organisations have no process in place for reviewing whether planned project benefits have been achieved for reasons such as it is too difficult; if the project is implemented successfully the benefits are assumed to be delivered; it consumes too many resources which can be deployed on other projects; it is too costly; it doesn't fit the organisational culture; and many of the benefits are intangible and hence difficult to quantify (Bennington & Baccarini, 2004, p.22).

Hurt & Thomas (2009) have proposed a model for creating and managing sustainable PMOs, but there are serious questions concerning their research, primarily the size of the sample they have selected to illustrate their model. This leads to questions about the exclusivity of the model – do they propose that this is the only criteria by which sustainable PMOs can be established? Are there no other criteria that will lead to success and by which PMOs deliver value to the organisation?

In conclusion, PMOs deliver value to their organisations by performing the five primary functions outlined above. These functions will form the basis of a theoretical framework that can be used to assess their actual use and value to PMOs in practice. It is envisioned that the relative importance of each of these primary functions will evolve and develop over the lifetime of the PMO in line with the PMO's need to continuously reinvent itself in order to continue to add value to the organisation (Hurt & Thomas, 2009, p.69-70). This theoretical framework will be described in the next section of this report.

The subsequent research will look to discover how important each of the five PMO primary functions or roles are to PMOs in practice and how they evolve over time. In addition to this the research will try to determine the extent to which PMOs are contributing to the development of organisational project management maturity and what the relative importance of developing this maturity is to the PMOs. The research will be based on in depth opinions of PMO experts with extensive knowledge of what can and cannot be achieved by PMOs in the real world.

3. THEORETICAL FRAMEWORK

As we can see from the literature on the functions and value of the PMO there are many different forms that the PMO can take and a multitude of functions which they perform. The research completed by Hobbs & Aubry (2007) in particular demonstrates the wide scope and variability of PMOs.

In looking at how PMOs can deliver value to the organisation the author has identified five primary roles that the PMO performs. These are shown in the PMO Value Framework, and shall be referred to as the PMO Value Roles (see figure 3.1):

Figure 3.1: PMO Value Framework

This framework is based on the findings of the preceding literature review into PMOs. The PMO Value Roles each represent a number of secondary functions performed by PMOs. The roles are not exclusive to an individual PMO format. PMOs in practice are likely to perform many of the roles to greater and lesser degrees, indicating different levels of maturity and evolution for the PMO and the organisation's project management competencies.

Monitor, Control & Report on Projects – In this role the PMO will provide a bridge between the executive management and the management of projects. The PMO performing this role will have established project management information and reporting systems. Regular project status reporting will be provided to upper management and a project scoreboard may be in use. Hobbs & Aubry (2007) found this functional group to be the most important group of functions performed by PMOs. Hill (2004) identifies the role of project oversight in the first stage of his PMO maturity scale and includes functions such as project governance, support and assessment amongst the 20 PMO functions implemented by the basic PMO (stage 2) and continuously developed through all other stages of maturity. In providing project administrative support the PMO removes a number of distractions from the core project team according to Dai & Wells (2004). The value comes from driving projects forward, the support role to project managers and in providing project status information to management and other parts of the organisation.

Develop Project Management Competency & Methodology – The PMO performing this role will develop and implement standard project management methodologies. Using a standard methodology will help deliver consistent project management success and will foster the development of organisational project management maturity. The PMO will promote the use of these standards and work on developing project management competencies within the organisation. This will be achieved through training, mentoring and coaching of project managers. Standard tools and templates will be developed or acquired for use by project managers. Hurt & Thomas (2009, p.66) believe that the core ideology of the PMO should be reflected in the project management methodology and that the methodology needs to be developed by the organisational staff in order to foster adaptation and commitment to

the methodology. Having good on-boarding of new project managers reinforces the use and commitment to the standard methodology.

Project Management Excellence – According to Hurt & Thomas (2009, p.66) the primary way in which the PMO can continue to deliver value is by staying focused on managing projects. Losing sight of this fundamental principle will ultimately lead to diminished value of the PMO. PMOs performing this role will be focused on consistently delivering projects on time, within budget and to the quality specified. Delivering projects on time allows the organisation to realise benefits earlier. Controlling project budgets will prevent cost overruns on projects and delivering projects to the quality specified will ensure that the end product matches the business requirements. The PMO will be responsible for managing multiple projects, programmes and portfolios. A suite of metrics providing direct feedback on those projects, programmes and portfolios may be used to provide analysis and reporting on project performance. It is likely that there will be a number of project managers reporting to the PMO.

Strategic Alignment & Benefits Management – Strategic alignment and benefits management is concerned with delivering not just project management success, but on delivering successful projects which are fully aligned to the business strategy and which deliver the long term benefits expected of projects. Business cases will be developed and verified to support project selection. Benefits management processes will be used to identify & structure the benefits, create benefits realisation plans, execute those plans and review and evaluate the results on an ongoing basis. Projects may be subject to stage gate reviews where go/kill decisions are considered. The position of the PMO within the organisational structure may indicate the level of strategic alignment which is exercised by the PMO. It is likely that projects selected and managed by a PMO reporting at an executive level will be more aligned to strategic business objectives. Involvement in strategy discussions and strategic decision making processes will clearly indicate a strategic alignment of the PMO and business strategies. Cooke-Davies (2002, p.188) identified the existence of "portfolio and programme management practices that allow the enterprise to resource fully a suite of projects that are thoughtfully and dynamically matched to the corporate

strategy and business objectives" as one of the factors that will lead to delivering consistently successful projects.

Organisational Learning - Desouza & Evaristo (2006, p.414) determine that some of the primary reasons for project failures are due to poor knowledge management practices, such as poor communication and information sharing practices, and inadequate reuse of past experiences and lessons learned. Kerzner (2003, p.17) states that "if intellectual property from projects is to be retained in a centralised location, then the project office must develop expertise in how to conduct a post-mortem analysis meeting". Such a meeting is designed to discover learning from the project, such as:

- What was done right?
- What was done wrong?
- What future recommendations can be made?
- How, when, and to whom should the information be disseminated?

The second category of PMO presence features identified by Dai & Wells (2004, pp.524-525) is developing and maintaining project historical archives. Hobbs & Aubry (2007, p.83) identify a number of PMO functions under the heading of *Organisational Learning*, such as manage archives of project documentation, conduct post-project reviews, conduct project audits, implement and manage a database of lessons learned, and implement and manage a risk database.

Although organisational learning is seen to be of considerable importance, it appears that in practice this view is more an aspiration than reality. Hobbs & Aubry (2007, p.83) found that PMO functions relating to organisational learning were among the least important functions carried out by PMOs.

The importance of this role to a PMO will be demonstrated by the existence of lessons learned databases, risk databases, processes and tools for evaluating and auditing projects to discover lessons learned, and processes and tools for disseminating and communicating the knowledge gained to all that may need it now and in the future. Kerzner (2003, p.18) suggests the use of project case studies for

communication and use in project management training as a method for disseminating lessons learned. Intranet-based tools can be used to make this information available throughout the organisation.

Conclusion

The arrows connecting the five PMO Value Roles within the PMO Value Framework are intended to indicate the continuous evolution and development of the PMO's competency in each role. The roles are not thought to be exclusive of one another and whilst different PMOs will perform each of the roles to varying degrees and each role will have varying degrees of importance or relevance for each PMO, many of the roles are inextricably linked to one another. For example, as project management competency improves within the organisation, the ability to capture and use organisational learning from project management may also improve. Similarly the PMO may find greater capacity to focus on other roles. The perception of the PMO and the trust that the organisation has in its ability may increase, leading to the PMO having greater influence in relation to strategy. It is envisioned that as competency in each aspect increases, the organisation's project management maturity will also increase. As maturity increases to optimum levels the value of the PMO will be maximised.

4. RESEARCH METHODOLOGY

This chapter explains the research methodology used, beginning with a statement of the primary research question and secondary research questions to be addressed. It describes why a case study strategy for research was selected and the benefits and limitations of this strategy. It also describes the reasons behind using a mixed model research method to collect the data. The chapter then describes the criteria used for selecting suitable candidates for interview and case study development, followed by a brief overview of the organisations included in the study. A description of the data collection methods used and the thought process behind the semi-structured interview process employed is provided. Finally, the chapter concludes with a brief outline of some ethical issues that were considered in carrying out the research.

Research questions

The research will test the validity of the PMO Value Framework in order to assess the relative importance, or otherwise, of each of the five PMO Value Roles to PMOs in practice. The primary research question is:

- How does the Project Management Office (PMO) deliver value to the organisation?

In addressing this primary research question the study shall also endeavour to answer the following related secondary research questions:

- How important are each of the PMO Value Roles?
- How do the PMO Value Roles evolve over time?
- What role does the PMO have in promoting and pursuing project management maturity?

Case Study strategy

Research completed by Dai & Wells (2004) and Hobbs & Aubry (2007) has created a rich seam of quantitative data and analysis of the PMO community. However, this research is inconclusive as to the sources of value emanating from PMOs and the criteria by which PMOs can achieve success or sustainability. Hurt & Thomas (2009) have looked specifically at a small community of apparently successful PMOs to

determine what has led to their sustainability. However their sample is relatively small and the theory they have posited needs to be tested against a much wider population of PMOs.

There was little value to be gained in completing a broad survey of PMOs, as the research completed by Hobbs & Aubry (2007) had already provided a set of comprehensive data from just such a survey. Due to the time constraints, it would not be possible to complete a broad test of the Hurt & Thomas (2009) hypothesis as part of this body of research.

The PMO Value Framework has been derived largely from the body of work completed by Hobbs & Aubry (2007) and others (Cooke-Davies, 2002; Dai & Wells, 2004; Hill, 2004; Hurt & Thomas, 2009; Kerzner, 2003). To test the validity of this framework a multiple case study approach was used in order to determine the degree to which the framework correlates with the attributes of real-world PMOs, through an empirical investigation of the phenomenon of PMOs. This strategy is a useful method "to gain a rich understanding of the context of the research and processes being enacted" (Morris & Wood, 1991). It has considerable ability to generate answers to the question 'why?' as well as the 'what?' and 'how?' questions (Saunders et al, 2007, p.139).

Multiple case studies were based on a series of semi-structured interviews conducted with a number of PMO experts with the goal of eliciting their opinions and experience of PMOs that they are currently involved with or have been involved with at a senior level or for prolonged periods in the past.

It is expected that the case study strategy will lead to a source of new research questions which may be addressed by others in some future research project(s).

Mixed Model Research Method

Case studies often involve multiple data collection techniques. For this research the semi-structured interviews were used to collect both qualitative and quantitative data from the respondents. This method will enable the use of triangulation to validate the results of the data collected and cancel out 'method effect' (Saunders et al, 2007,

p.147). Further, qualitative research methods can "be used to gain new perspectives on things about which much is already known, or to gain more in-depth information that may be difficult to convey quantitatively, or where the researcher has determined that quantitative measures cannot adequately describe or interpret a situation" (Hoepfl, 1997, p.49).

Organisation Overviews

Case Study	Organisation	Industry Sector	PMO Expert	Position / relationship to PMO	PMO Experience
A	International Fund Services	Financial Services	Hannes Kieberger	Head of IT PMO	5 years Single PMO
B	Dalkia	Energy & Utilities	Hildagarde McCarville	Financial Controller / PMO reports into Hildagarde	Multiple PMOs
C	IT Alliance	IT Services	Dermot Hore	Project Management Principle	9 years Multiple PMOs
D	Galway University Hospital	Health Service	Frank Kirrane	Senior Phycisist / worked in a senior role within PMO	10 years Single PMO
E	Ergo Services	IT Services	Wendy Meredith	PMO Manager	7 years Multiple PMOs
F	EMC	IT Services	Prakash Vyas	Head of Professional Services Organisation UK & Ireland	Over 15 years Multiple PMOs

Table 4.1: Case Study Organisations

Selection Criteria

In order to tap into a well of expert knowledge case studies would be based on the PMOs described by a number of interview candidates who were selected based on any of the following criteria:

- Working in a senior role within a PMO
- In a position in which a PMO reports directly to them
- Many years of experience working in and with PMOs

Based on these criteria it was felt that data collected would be derived from authoritative sources with expert opinion as to how the PMO can best deliver value to the organisation.

Data Collection methods & Semi-Structured Interview Process

The key data to be collected was the expert opinion of each of the selected PMO experts. The data collected was both quantitative and qualitative.

Semi-structured interviews were used to collect both the quantitative and qualitative data. The interviewer used an interview guide to ensure that all general topics to be explored during the interview were covered.

> "In semi-structured interviews the interviewer is free to probe and explore within these predetermined inquiry areas. Interview guides ensure good use of limited interview time; they make interviewing multiple subjects more systematic and comprehensive; and they help to keep interactions focused". (Hoepfl, 1997, p.52)

The interviews were all recorded on digital media. Although a recording device can be intrusive and prone to technical failure, using this method had the advantage of capturing the data more faithfully than taking notes and made it easier for the interviewer to concentrate on the interview. (Hoepfl, 1997, p.53)

Quantitative data was collected to gauge the relative importance of each of the PMO Value Roles in the context of the PMO expert's current or most recent PMO experience. During the course of each case study interview the PMO expert was asked to provide a rating for each of the PMO Value Roles to indicate how important that role is. Each rating was based on a scale from 1 to 5 where 1 indicated a not very important or irrelevant role and 5 indicated a very important or critical role.

As we have seen from the research of Hobbs & Aubry (2007) PMOs tend to evolve and restructure regularly. Hobbs et al (2008) implied that this constant restructuring was reflective of a negative perception of PMO value, but Hurt & Thomas (2009) are of the view that it is necessary for PMOs to continuously reinvent themselves in order to continue adding value. Hill (2004) suggests that the PMO will continually evolve

and improve processes and functions as it progresses along the competency continuum. In order to develop a richer understanding of the evolutionary nature of PMOs and the changing nature of each role as the PMO grows to maturity each PMO expert was asked to rate the importance of each role to the PMO at a point in the past. This historical reference point was either the PMO inception period or approximately 2 years prior to the current date. Finally the PMO expert was also asked to indicate, using the same scale, how they would like each of the roles to develop in the future.

In collecting the data relevant to the evolving nature of the PMO Value Roles the author is attempting to identify how and why these roles change. The answer to the 'how?' question will be captured by the quantitative data and supported by the qualitative data. The qualitative data will further help to answer the 'why?' question and identify what drives the changes.

It was expected that the qualitative data would also uncover new insights into the nature of PMOs and more specifically how they are constructed or developed in order to deliver value. By allowing the interviews to be loosely structured around the collection of the quantitative data it was found that a focused and in-depth discussion of each expert's particular experiences of PMOs could develop. Open questions were asked to prompt the interviewees to give descriptive and detailed answers relating to their opinion of various aspects of the PMO. Although a questionnaire was designed, apart from the collection of the quantitative data and preliminary details regarding the organisational setting of the PMO, it was primarily used merely as an interview guide. As each section of the PMO Value Framework would have varying relevancy to each individual case, it was felt that an open and flexible approach to each interview would best serve the data collection objectives. Initial test interviews conducted with Hannes Kieberger from IFS demonstrated the validity of this approach.

Where necessary an open communication channel was maintained with each of the PMO experts to follow up on any details which may not have been entirely clear from the initial interview. Other sources of data, such as the websites of the participant organisations, were also used to provide a more complete description of the context of each of the case studies.

Ethical issues

Consideration was given to any items of a confidential nature which may have been discussed during the course of case study interviews. Each interview participant was asked to indicate whether anonymity for themselves and/or their organisation would be required. Following each interview a written transcript was provided to the respondent to review and recommend any amendments or deletions from the transcript. Of particular concern were references which may have been made to any third party or client organisations which may have been subject to non-disclosure agreements. As these references would not have any relevance to the analysis of the PMO, it was decided that all such references should be made anonymous in the interview transcripts.

5. FINDINGS

Introduction

This section of the report will describe the detailed findings from each of the case studies. It will be followed by a discussion of those findings in the next section of the report.

In looking at the PMO Value Roles the following table should be used when reviewing the value scales that will be presented in the following discussion:

Label	Description
A	Monitor, Control & Report on Projects
B	Develop Project Management Competency & Methodology
C	Perform Project Management
D	Strategic Alignment of Projects & Benefits Management
E	Organisational Learning

Table 5.1: PMO Value Roles

Case Study A – International Fund Services

Additional data for this case study was sourced at International Fund Services (IFS) website: www.ifs.statestreet.com.

IFS is a hedge fund administration business providing hedge fund and alternative investment services to fund managers operating in alternative investment areas around the globe. IFS have offices in the US, Canada, Ireland, and Poland. The company employs approximately 2,500 staff globally. The company is a wholly owned subsidiary of State Street Corporation.

Hannes Kieberger is Vice President in charge of the IT PMO in IFS's New York office. This PMO is responsible for various projects managed out of IFS's offices in New York and Boston. Hannes has worked for IFS since 2004. At this time he was the only project manager working within the IT department of IFS. He was effectively performing the role of the PMO. Through managing projects successfully and demonstrating the benefits of effective project management he sold the concept to senior management and was tasked with establishing a full time PMO. This phase of the PMO development began in early 2007.

Although the PMO sits within the IT department and Hannes reports to the Senior Managing Director of IT, the services the PMO provides cross several departments within the business and externally. In Hannes' words:

> *"the projects I am running are actually a mix of technology, business and client projects."*

The PMO consists of five full time staff, but from time to time additional staff has been introduced in the form of contractors to manage increased workloads.

The primary roles carried out by the PMO are in providing project support and administration and also providing active project management for several ongoing projects. In looking to increase the value of the PMO Hannes has been working on developing a business analysis role for the PMO. The objective of this business analysis function is to bridge the gap between the business and development groups within the organisation. As Hannes puts it:

"I am trying to bridge the gap between the functions that are long standing at IFS, being the business and technology and creating the most efficient organisation you can build to take certain initiatives in projects."

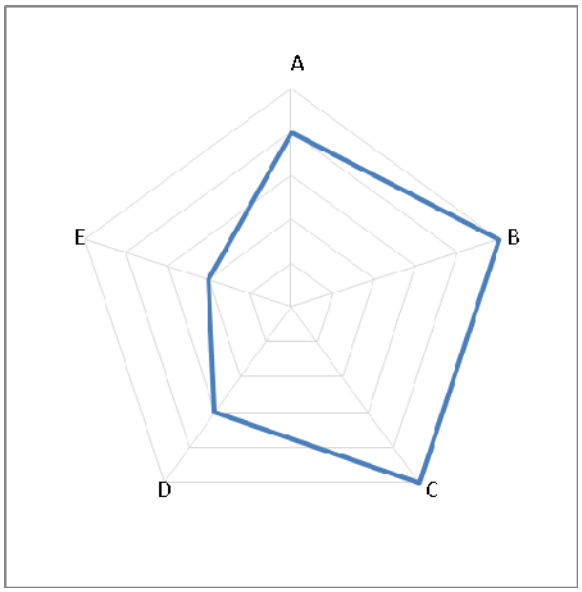

Figure 5.1: Case Study A - current PMO Value Role ratings

On the PMO Value Framework the most important roles (figure 5.1), each rating 5 on the scale, currently are ***[B] Develop PM Competency & Methodology*** and ***[C] Perform Project Management***. In Hannes' view the role of developing the competency and methodology will not only establish the standard, but also allow the PMO to penetrate the entire organisation with project management. To achieve this, the PMO must demonstrate that it is the organisation's nucleus of project management knowledge by actively and visibly performing project management to the highest standard – "*living by example*". ***[A] Monitor, Control and Report on Projects*** is the next most important role, rated on the scale at 4. This is viewed as a very important and core function of the PMO. ***[D] Strategic Alignment of Projects & Benefits Management*** is on the middle of the scale at 3. The PMO's role here is as a facilitator, providing information and support to enable senior management make the correct strategic decisions on projects. It is senior management's job to make the strategic decisions that will determine which projects will be run or cancelled. ***[E] Organisational Learning*** is viewed as the least important role, rating only at 2. It is considered important, but it can't happen effectively until the other roles are being

performed well and project management has been established as a discipline within the organisation.

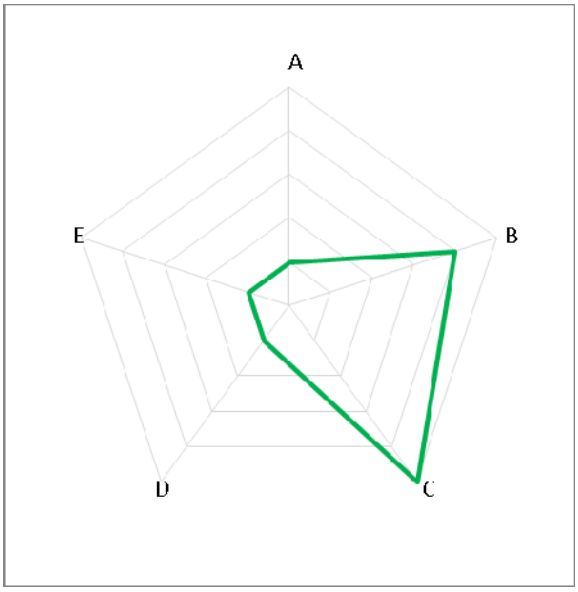

Figure 5.2: Case Study A - past PMO Value Role ratings

At inception (figure 5.2) the focus of the PMO was very different than it is today. The most important function at that time was ***[C] Perform Project Management*** which rated at 5 on the scale as it does today, but at that time the PMO seen this as a way to establish itself and develop the standards which would be used in the future. ***[B] Develop PM Competency & Methodology*** rated at a 4. Part of developing the methodology included developing the reporting standards that would be used in the role of ***[A] Monitor, Control & Report on Projects***. This role rated at just 1 initially, but its importance increased quite quickly as it became clear that it would be critical in showing the value that the PMO was delivering to senior management and to get some control and structure on the projects that the PMO was running. ***[D] Strategic Alignment of Projects & Benefits Management*** and ***[E] Organisational Learning*** were each rated at just 1 on the scale, reflecting the need to establish the core roles initially before any consideration could be given to adding new value roles.

As the PMO becomes more mature in the future the relative importance of each of the PMO Value Roles will continue to change (figure 5.3). For IFS this is expected to be reflected in reduced importance of the roles ***[A] Monitor, Control & Report on***

Projects and ***[C] Perform Project Management*** and increasing importance for the roles ***[D] Strategic Alignment of Projects & Benefits Management*** and ***[E] Organisational Learning***. ***[B] Develop PM Competency & Methodology*** will remain the most important function of the PMO. Hannes links this to the organisation's evolving nature and the need to make sure that the processes and practices remain flexible enough to constantly reflect the changing needs of IFS. The continued success of this role is expected to allow the PMO to take a less hands on role in relation to managing and controlling projects, giving it more time to take part in roles like providing better organisational learning. Hannes would like to see the PMO develop and deliver internal training programmes to the rest of the organisation. He has an aspiration for the PMO to have a greater level of strategic influence within the organisation.

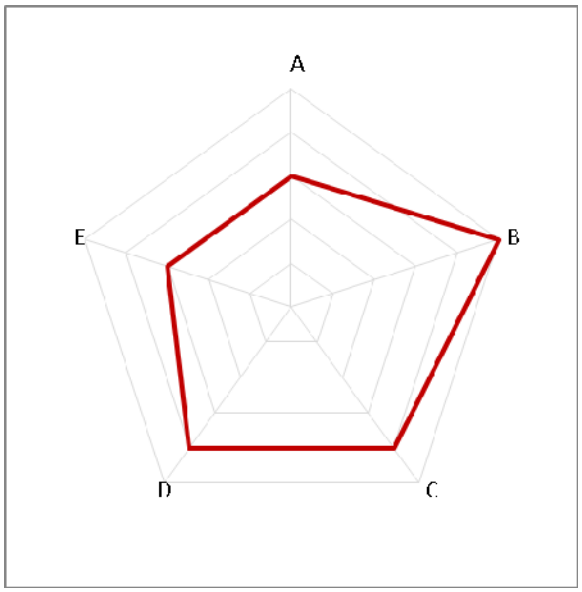

Figure 5.3: Case Study A - future PMO Value Role ratings

Over time Hannes sees the PMO becoming a member of a community of PMOs. Projects should be monitored by the PMO, but it is not necessary that a single PMO has this responsibility. The development of a PMO community within IFS would be an indication of the penetration of project management practices into the organisation. A new PMO has recently been established in Ireland to manage local projects.

This development and other extensions of the PMOs influence and the use of standard project management practices appears to indicate increasing levels of project management maturity within the organisation, but measuring this maturity or establishing a strategy around its development has not been formally considered. Hannes feels that the PMO should have a role in preparing the organisation for such a development and come up with a vision, strategy and structure for implementing it. An initiative like this will only be possible with the "*full buy-in from the entire management team. Otherwise it is impossible. They need to help you push it for their parts of the organisation.*" The PMO's role in this will be to influence the management team by providing details around the benefits and value of developing a project management competency. The PMO is relatively young when compared to a department like Quality Assurance (QA) which is fully supported by management and aligned to the business. QA is a similarly sized department to the PMO and has other similarities in that it is not client facing or directly involved in driving revenues. With management support QA can introduce new processes and initiatives to the rest of the organisation even if they are not viewed positively by staff. To implement its initiatives the PMO will need a similar level of support.

On a positive note, the PMO has survived a recent head count reduction project brought about by a downturn in the global economy. Hannes sees this as an encouraging sign of management support for the PMO and what it is trying to do. Although it can be seen as a luxury or an overhead for the business, there must be enough value coming from the PMO to support its existence.

In identifying the core value of the PMO in IFS's case it is in helping the organisation achieve certain goals that may not happen without the use of effective project management tools and practices. The PMO provides the transparency and visibility required by the business into its project management activities such that issues are escalated in a timely manner, facilitating an effective decision making process.

PMO Value Role	Past	Current	Future
Monitor, Control & Report on Projects	Initially this role had a low priority, but it soon became clear that it would play a critical part in demonstrating the value of the PMO to management (1).	This is a core function of the PMO (4).	As the PMO matures it is expected that strategy and learning roles will increase in importance and other roles will need less management (3).
Develop PM Competency & Methodology	It was important to develop the core standards and practices that would be used for project management in the future (4).	This role is critical in developing standards, and establishing PM competency across the organization (5).	This will be the most important role for the PMO in the future and will be critical in making sure that standards and practices used are flexible enough to meet evolving business needs (5).
Perform Project Management	This role was critical in establishing the PMO and developing the standards to be used in the future (5).	The PMO needs to demonstrate the benefits of good PM practices by being the leading proponent and executor of project management (5).	As project management competency develops across the organization, the PMO will have less direct project management responsibilities, but still a core tenet of the PMO (4).
Strategic Alignment of Projects & Benefits Management	This role and the next had very little prominence during the early days of the PMO development, as other roles had higher priority (1).	The PMO is a facilitator, providing information and support for senior management decision making process (3).	The PMO is expected to have a greater influence in strategic planning and decision making as a result of its success and increased value (4).
Organisational Learning	Very low priority during early days of PMO (1).	Considered important but will only be effective when other elements are performed well (2).	The PMO will develop and deliver internal project management training programmes (3).

Table 5.2: Case Study A – Evolution of PMO Value Roles

Case Study B – Dalkia

Additional data for this case study was sourced at Dalkia's website: www.dalkia.ie.

Dalkia in Ireland is part of the Dalkia Group, the energy division of Veolia Environnement, who employ more than 300,000 people worldwide. Dalkia employ over 500 people in Ireland and has grown quite rapidly over the last 5 or 6 years with annual revenues growing from €12 million to well over €100 million in that period. The solutions offered by Dalkia in Ireland are:

- Energy management services
- Utilities services
- Facilities management, mechanical and electrical services
- Energy-efficient lighting services and mobile maintenance services

Hildagarde McCarville is the Finance Director of Dalkia in Ireland. During the last 12 months she has set about establishing a PMO using her experience of PMOs gained whilst working in the IT sector before moving to Dalkia. The newly established PMO in Dalkia reports to Hildagarde, who sits on the executive operating board of Dalkia in Ireland. The establishment of the PMO was in some respects due to a reaction to the changing economic environment. As the economic conditions took a down-turn in the middle of 2008, the need to have more control and greater efficiencies in how projects were managed led to the need for improved project management competency within the organisation. The PMO would provide governance of project activities, create project management standards for use throughout the organisation, and develop the competency required.

The core function of the PMO is to provide control and reporting to the senior management team for all projects. However, for this PMO this role is linked into all of the other PMO Value Roles. As Hildagarde puts it:

> "*It focuses everything from you're aligned to your strategy, you're doing projects that make sense, from organisational learning key lessons are learned.*"

The PMO has a much wider remit than purely monitoring and controlling projects.

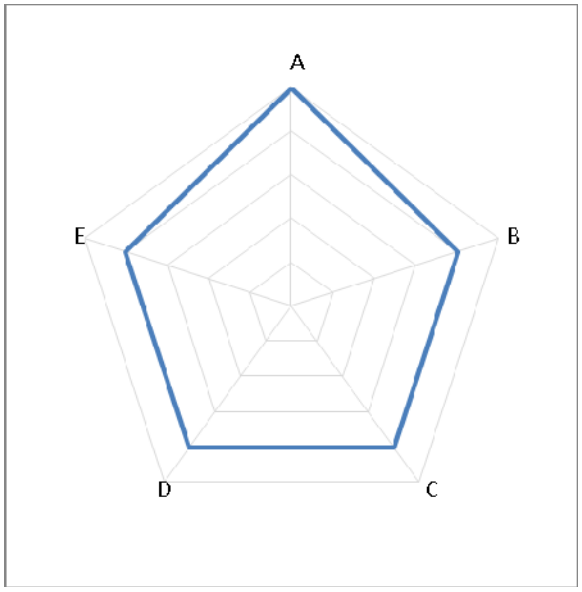

Figure 5.4: Case Study B - current PMO Value Role ratings

In looking at the current levels of importance of each of the PMO Value Roles (figure 5.4), ***[A] Monitor, Control & Report on Projects*** has been given the highest rating of 5 on the PMO value scale. However, all of the other PMO Value Roles have been given a 4 rating and are considered to be very important functions of the PMO. This reflects the organisation's desire to educate the operational staff in project management concepts, manage projects well, make sure that the projects they run fit with the business strategies, and in doing all of this, make sure that learning is happening and preparing the organisation for what may happen in the future.

When the plans for the PMO were initially considered the executive management team had very high expectations of the PMO, particularly in relation to the roles of ***[A] Monitor, Control & Report on Projects, [B] Develop PM Competency & Methodology*** and ***[D] Strategic Alignment of Projects & Benefits Management.*** On the scale these were all considered to be critical roles of the PMO, given a rating of 5 (figure 5.5). This appears to have been more due to unrealistic expectations of the management team with regard to the PMO. In Hildagarde's words:

"*some people see a PMO as a panacea for everything, but it's not.*"

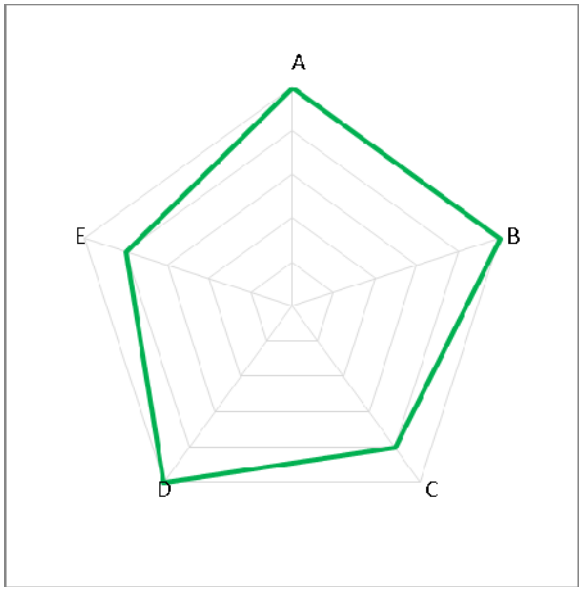

Figure 5.5: Case Study B - past PMO Value Role ratings

As the PMO evolves in the future (figure 5.6) Hildagarde expects that it will have less of a role to play regarding ***[C] Perform Project Management*** with more emphasis placed on ***[B] Develop PM Competency & Methodology***. As project management competency improves throughout the organisation the role of managing projects will be performed outside of the PMO, allowing more time for the PMO to embed and develop an organisational project management competency. The other PMO Value Roles will remain as important in the future as they are now.

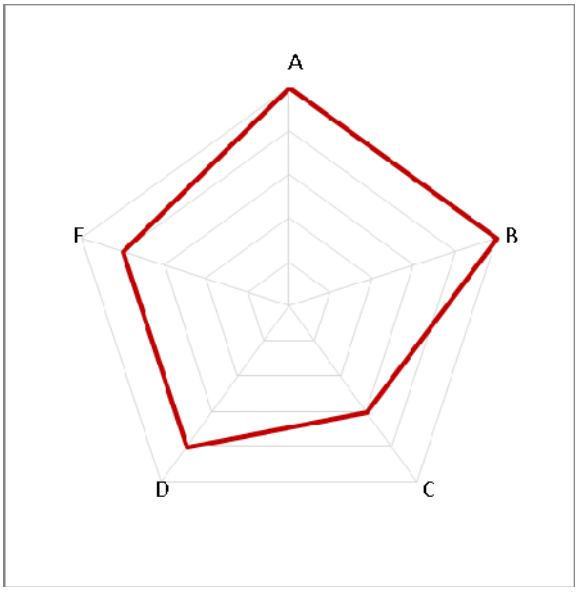

Figure 5.6: Case Study B - future PMO Value Role ratings

Dalkia's PMO has a direct reporting line into the executive operating board. As such it has a high level of support from upper management. However, all policies, processes and standards created by the PMO are created with the cooperation and review of the operations department. As the primary users of these standards it is important to maintatin the support of this department and not create the impression that these changes are being imposed on them, which would be likely to lead to an unsuccessful outcome. As Hildagarde puts it:

"*I want the operations to own it and run it.*"

Although the PMO is very much in its infancy, significant steps have been taken to establish an early and strong focus on the development of a project management competency within the organisation. A 4 day project management training programme has been developed with the aid of the University of Limerick. In the future this may form part of a programme for project managers to gain project management qualifications, such as the PMP qualification from the PMI. PMBOK (PMI, 2004) forms the basis of Dalkia's project management standards.

The PMO will have a role to play in developing project management maturity in the organisation, but at this early stage no steps have been taken to measure current levels of maturity or plan a strategy for moving to the next level.

A SharePoint site has been developed for reporting project status, standard project document templates are made readily available and extra tools will be developed over time. The emphasis with the tools has been to make them simple and effective. Over complicating the tools is likely to reduce their effectivenes, particularly since many of the project managers are working remotely. The tools are linked back to Dalkia's balanced scorecard to ensure that projects and activities are focused on the strategic objectives of the business.

Hildagarde has a very clear idea of the capabilities and benefits that the PMO can deliver, as well as the limitations. The PMO cannot do everything. For her:

> "*it's like a business partner or facilitator that has the duty of being independent in some ways.*"

It's key value is in providing real-life data, that is trusted and relied upon, from a single source regarding all project activities to help make effective business decisions. One of the tools that helps this decision making is the project dashboard that has been developed. As Hildagarde puts it:

> "*there is a dashboard, a succinct dashboard and real data that helps you run a business on an exception basis.*"

PMO Value Role	Past	Current	Future
Monitor, Control & Report on Projects	PMO was established to provide greater control and reporting on projects. This is the core role (5).	This is the core function of the PMO, and is aligned to all other roles (5).	This is and always will be the core function of the PMO (5).
Develop PM Competency & Methodology	Senior management had very high expectations of the PMO. In some aspects it was a little unrealistic (5).	Standards are developed in conjunction with operations department to ensure support. Project management training programme has been established. (4).	The current training programme may be developed to provide a stepping stone to achieving project management qualifications. It is important that it is an organization wide strategy (5).
Perform Project Management	PMO had important role in performing project management from outset (4).	For the PMO this is currently an important role as this is where the project skills exist (4).	As organisational competency increase the PMO will have a less direct role in performing project management (3).
Strategic Alignment of Projects & Benefits Management	Senior management had very high expectations of the PMO. In some aspects it was a little unrealistic (5).	The PMO provides real-life data which allows for effective management by exception (4).	PMO reporting line will be into senior management, to ensure that projects are aligned to medium and long term strategies (4).
Organisational Learning	It has always been considered important to capture learning from projects (4).	Lessons learned are shared on a monthly basis from project review board (4).	New tools will be developed, such as SharePoint, to make it easier to share learning (4).

Table 5.3: Case Study B – Evolution of PMO Value Roles

Case Study C – IT Alliance

Additional data for this case study was sourced at the IT Alliance Group website: www.italliancegroup.com.

IT Alliance is an IT Services company that works exclusively with large tier 1 professional services organisations. They help them sell and deliver IT projects and services into their customer base. IT Alliance do not sell direct to the market. Established in 1997 the company currently has a workforce of over 400 highly qualified IT professionals operating in markets across Ireland, the United Kingdom and mainland Europe.

Dermot Hore is the Project Management Principle with IT Alliance. In this role he is responsible for making sure that IT Alliance run projects properly. Project management is a core competency area for IT Alliance. Dermot is the competency lead for this area and is required to be an expert within his domain, remaining up to date on the latest technology, tools and techniques of project management.

Dermot has over 15 years experience in project management in private and public sector organisations and has lectured in project management at a Graduate and Masters level in the Dublin Institute of Technology. His introduction to the concept of PMOs came whilst working for ICL, later to become Fujitsu Services, in the year 2000 when he was tasked with establishing and running the PMO. Since that time Dermot has had various roles and relationships with PMOs in different organisations.

IT Alliance is a very projectized organisation. Everything is run as a project and the PMO reports directly to the executive board. The PMO provides project management services to the company's clients, including project management consulting; programme and project management; project administration and support; project health checks and audits; project rescue; and project management mentoring and training. All project managers at IT Alliance are required to have at least one professional project management qualification, such PMI's Project Management Professional (PMP) qualification or a similar PRINCE2 project management qualification.

The PMO's primary responsibility within IT Alliance is to track projects from bid right through to execution and completion. Although it doesn't have a role in aligning project selection to the business strategy, it is responsible for helping to prepare bids and making sure that the right team has been assembled within IT Alliance to deliver the service to the client. Dermot describes the role as:

> "*ensuring that the senior management know that a proposal is going to go out so the relevant senior manager is at the PMO meeting*"

and

> "*making sure the right people are available to work on bids and proposals and that the project management aspect in a bid is actually valid, that the correct number of project managers or project management days are built into the price and that the correct experience project manager is actually in the proposal*".

The PMO will make sure that all project managers keep their status reports up to date and they will complete detailed reviews of status reports with project managers in order to identify any slippages or issues, rather than taking the report at face value. This is an audit or governance role for the PMO. They will help develop plans for corrective actions on troubled projects.

The project management standards used are primarily framed around PMI's PMBOK® but the PMO is responsible for adapting these standards to suit the organisation's needs, communicate the standards to all project managers, and ensure that they are being applied consistently.

The most critical roles for the PMO currently are ***[A] Monitor, Control & Report on Projects*** and ***[E] Organisational Learning*** (figure 5.7). IT Alliance sell their project management competency as a service to their clients and as such it is critical that they do it well. Learning from past mistakes is key to this, so much so that repetitive mistakes on the part of a project manager can lead to dismissal. As Dermot puts it:

> "*the only reason we'd take the project manager out to the car park and shoot him is if they make the same mistake three times.*"

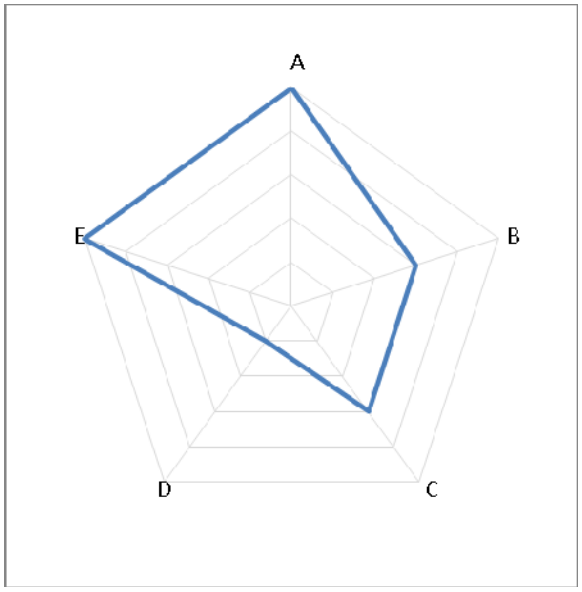

Figure 5.7: Case Study C - current PMO Value Role ratings

Documenting and communicating lessons learned is a continuous process throughout all projects. It is not left just to the end of the project, but as part of project closure there is a formal lessons learned report produced, from which actions will be taken and followed up. The PMO calls regular meetings of project managers to communicate lessons learned, current project updates and other information. However, recently this process does not appear to be working as well as it did. The economic recession in some ways responsible for this as the organisation is focused primarily on delivering projects. Some project mangers and other staff have been let go and ancillary processes, such as communicating lessons learned are suffering under a heavier workload for less staff.

Although the PMO does manage some projects and programmes directly this is not a primary function for it. ***[C] Perform Project Management*** is rated at 3 on the scale, as is ***[B] Develop PM Competency & Methodology***. Project managers are hired with considerable experience and preferably with project management qualifications already earned. Often they will be required to go straight onto a project with minimal induction training, so the need for ready made experience and knowledge is important. As such the PMO does not play a significant role in developing the organisation's project management competency.

Senior management are responsible for ensuring that projects are strategically aligned to the business goals and objectives, and whilst there is an active benefits management process happening in the organisation it is not performed by the PMO. Role ***[D] Strategic Alignment of Projects & Benefits Management*** rates as 1 on the value scale.

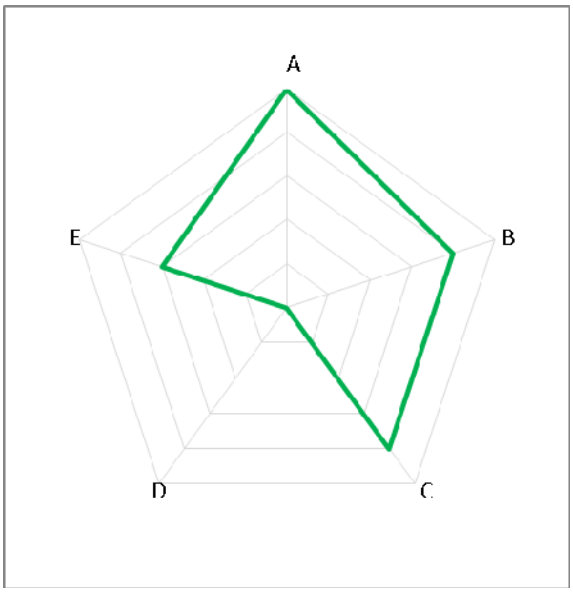

Figure 5.8: Case Study C - past PMO Value Role ratings

Looking back to when the PMO was established (figure 5.8) the most critical role performed by the PMO was ***[A] Monitor, Control & Report on Projects.*** Initially the focus was on getting accurate status reports for every project regularly and making sure that the project managers were certified and doing their job correctly. As such, the role ***[B] Develop PM Competency & Methodology*** had a higher level of importance than it does today. This was needed to develop the organisation's project management competency from a very basic level. ***[C] Perform Project Management*** also had a greater role to play in the PMO's early existence, rating a 4 on the value scale. The PMO had absolutely no role in ***[D] Strategic Alignment of Projects & Benefits Management***. Dermot rated this at zero on the scale. ***[E] Organisational Learning*** was less important during the early days of the PMO, due to the focus on establishing the structure required to control and manage projects first.

As the PMO evolves in the future (figure 5.9) Dermot feels that the PMO will have a greater influence or role to play in relation to ***[D] Strategic Alignment of Projects & Benefits Management***. There is a goal to introduce a business analysis competency into the organisation to help clients identify the solutions they need to deliver and initiate and plan projects based on this analysis. This process establishes a link into identifying the desired business benefits and designing projects to deliver those benefits. Achieving the benefits will often not involve implementing new technology solutions, but a need to reorganise the business or processes around the technology. Technology is just a facilitator. In some case there is no technology required, just process or competency development. Dermot expects that this role will move from 1 on the value scale to 4 in terms of the importance it will have for the PMO.

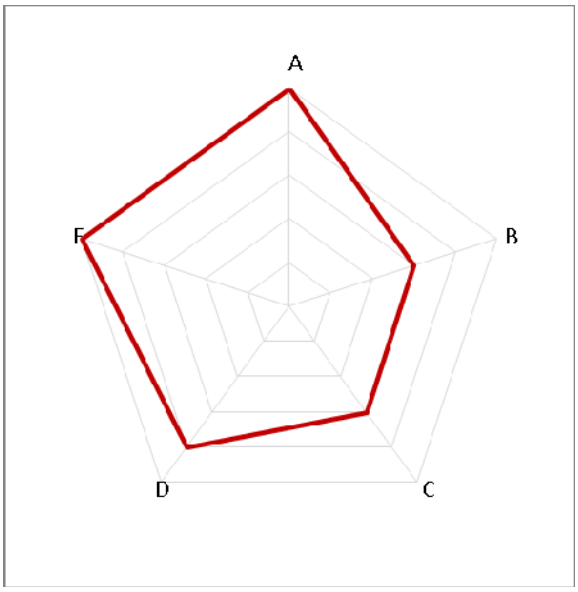

Figure 5.9: Case Study C - future PMO Value Role ratings

However, ***[A] Monitor, Control & Report on Projects*** and ***[E] Organisational Learning*** will remain the most critical roles for the PMO. These are core roles for the PMO. Monitoring and controlling projects is the 'essence' of what the PMO does and this should always be the case. Reducing the importance of organisational learning for the PMO will be a backward step, so despite the practical implications brought about by external forces creating additional pressures on time and resources the PMO needs to maintain a focus on a continuous learning process. In Dermot's words:

"*the PMO will always have a focus on it, because you can't make the same mistakes over and over again.*"

The role the PMO has in relation to ***[B] Develop PM Competency & Methodology*** and ***[C] Perform Project Management*** is not expected to change in the future. The organisation will continue to hire good project managers who will be responsible for managing the projects and reporting status to the PMO. These practices have been established and work well.

An aspect of the PMO's role that has not been identified in the PMO Value Framework is the role of making sure that the project managers feel part of the organisation. The project managers spend a lot of their time off-site in client offices and a number of them are contractors. It is up to the PMO to make these employees feel like they are part of the organisation, by creating a project management forum, bringing them out to lunch to keep in contact, and making sure that they are aware of other activities within IT Alliance. This is an ad-hoc function of the PMO, but it is important to have these open communication channels. The project managers can learn about product and service offerings that IT Alliance can offer outside of the project manager's current role. With this knowledge the project manager may be able to identify new business opportunities within the client organisations they are working for.

There is an awareness of organisational project management maturity models within the PMO. No steps have been taken to measure where the organisation is in relation to any of the existing models or to develop plans to reach higher levels of maturity. This is primarily due to not having the resources or time available to do it. It seems likely that at some stage in the future the PMO will have to look closer at this.

For Dermot the primary value of the PMO is control:

"*That the organisation knows what project is running and what the statuses of those projects are and the PMO would also report on whether the project managers are doing their job competently or not.*"

For IT Alliance project management is one of a number of competencies the business has developed and markets to its clients. This competency in project management cuts across all other competencies, but it is a competency in its own right.

PMO Value Role	Past	Current	Future
Monitor, Control & Report on Projects	Initial focus for PMO was getting accurate status reports (5).	This is one of the most critical roles of the PMO. The primary source of value from the PMO is control on projects (5).	A core role of the PMO (5).
Develop PM Competency & Methodology	In establishing competency the PMO had a role in making sure that all project managers were suitably qualified (4).	Experienced project managers are hired, so there is less need to develop PM skills (3).	Strategy will continue to be recruitment of experienced project managers (3).
Perform Project Management	Initially the PMO had more direct responsibility for performing project management (4).	Not a primary function, but does manage some projects and programmes (3).	Project managers will be primarily responsible for performing project management (3).
Strategic Alignment of Projects & Benefits Management	PMO had no strategic role at inception (0).	Strategic alignment of projects is a role for senior management, not the PMO (1).	There is a goal to introduce new business analysis competency. The PMO will have a key role to play in this (4).
Organisational Learning	PMO was focused on establishing project structures. This role was not as important initially (3).	Project learning processes take place throughout the whole project. This includes documenting lessons learned and communications to all project managers (5).	A core role for the PMO. Key in centralizing and distributing learning and knowledge to prevent repetitive mistakes (5).

Table 5.4: Case Study C – Evolution of PMO Value Roles

Case Study D – Galway University Hospitals

Additional data for this case study was sourced at the Health Service Executive (HSE) website: www.hse.ie.

Galway University Hospitals (GUH) is made up of University Hospital Galway and Merlin Park University Hospital Galway. These hospitals provide secondary, regional and supra-regional services for the HSE – West. It is one of the major academic teaching hospitals in Ireland. GUH provide a comprehensive range of services to emergency and elective patients on an inpatient, day care and out patient basis across the two sites. It is a regional centre for a wide range of specialties. It is also a supra-regional centre in respect of cardiology and cancer services.

Frank Kirrane is a Senior Physicist with the Department of Medical Physics and Bioengineering. The department's role is to provide the technical and scientific advice to the hospital on how it relates to medical technology, its use, purchase, testing and maintenance. Frank's role is in new project implementation and new product development where the department looks at introducing new technology through capital development programmes. As part of this role he was assigned to the Project Office (PMO for the purpose of this research) for 10 years, though continued to report to his functional line manager. About 80% of Frank's time was spent working in the PMO though.

The PMO was established in 1998 to manage the procurement and implementation of all new medical equipment as part of a major such capital development programme. It was instigated by the Project Board to manage a single programme over two phases, with a budget of approximately €128 million. Phase one began in 1998 and phase two began in 1999. The PMO reported to the project manager. There was a different project manager assigned for each phase of the programme.

Although the PMO was established to manage a single programme it took on "*twenty or thirty smaller projects*". These projects were funded directly by the hospital rather than through capital funding from the Department of Health. Many of these projects came to the PMO due to the expertise that the members of the PMO had in relation to the procurement process. As Frank describes it:

"our role – and we were seen as this – we were seen as sort of the people that if you wanted to try and tease through or sort of get through this quagmire of bureaucracy and come out with the best equipment at the end work with these people because they're on our side."

The PMO outlived the original capital development programmes it had been established to manage by approximately 2 or 3 years, sustained by regular local revenue projects. In the last year, as a result of reduced budgets and availability of necessary revenue the project stream has trickled to a halt and the PMO has been disbanded. All members of the PMO either returned to their original functional roles or have been redeployed to other parts of the organisation. After a little more than 10 years the PMO closed.

Although there were similar PMOs in other hospitals around the country there were no links established between these PMOs or into any centralised PMO function within the HSE or the Western Health Board in the beginning. However, there is a greater drive towards centralisation of functions within the HSE now, so any future incarnation of the PMO may be borne out of a centralised initiative. So far though, there does not appear to be any guidance coming from the HSE as to how projects should be managed or how PMOs may be structured in the future.

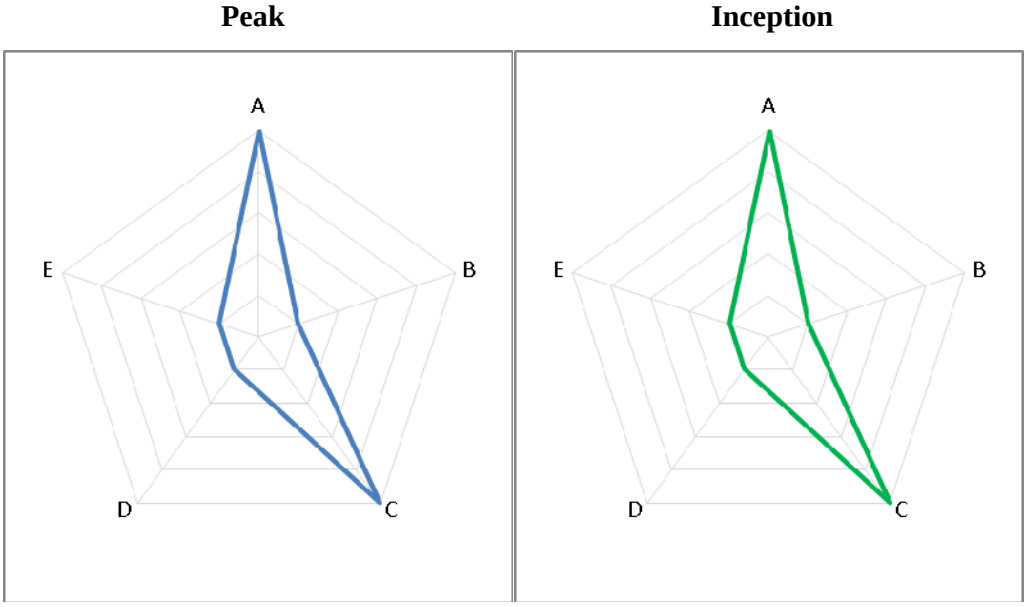

Figure 5.10 & 5.11: Case Study D – peak & inception PMO Value Role ratings

At its inception and during its peak operating period the PMO performed two core roles (figures 5.10 & 5.11) of ***[A] Monitor, Control & Report on Projects*** and ***[C] Perform Project Management***. This PMO "*did what it said on the tin*". There was no project management methodology used, at least not formally. Whatever processes were used were ad-hoc and driven by public procurement regulations. The members of the PMO were all very experienced in the roles they came from. The PMO was effectively a network of technical and project experts. All the members came from inside the organisation:

> "*the people in it were very experienced in how the hospital ran, everyone in it had a formal role that was operationally important to the hospital and it was just sort of a meeting of minds…*"

In this environment there was no importance given to the role of ***[B] Develop PM Competency & Methodology*** for the PMO. ***[D] Strategic Alignment of Projects & Benefits Management*** and ***[E] Organisational Learning*** assumed similar low levels of importance for the PMO. On the PMO Value Scale this PMO did not evolve or change over time.

However, this does not paint the full picture for this PMO. GUH has a significant academic role and Frank used his experience to deliver lectures to MSc students on the subject of project management. This was not a specific role of the PMO though, but part of Frank's functional department role, but the experience he used for the lecture material came primarily from the role he had in the PMO. The PMO had no role to play in developing a project management methodology or competence within the organisation, yet Frank speaks of the multidisciplinary approach to equipment project management that was used within the PMO. This 'methodology' was also the subject of lectures for the hospital. This evidence appears to point to both the development of methodologies or processes to be used for project management within the hospital and also to the practice of organisational learning processes at some level. Although these may not have been formally stated roles of the PMO, they were practiced informally in a way that appears to have fitted the needs of the local organisation.

There were no formal benefits management processes or a strategic alignment role for the PMO. However, informally to get things done the people working in the PMO used the close links they had with their clinical colleagues to ensure that maximum benefits were derived from the technologies they introduced:

> "*It was very important for us to see improved benefits of that clinically to the patient the only way we could do that and see it, was to work closely with our clinical colleagues and make sure that they were prepared to go through the extra effort they had to go through to squeeze out this extra technological benefit for the patient.*"

The technology often required changes in practices and processes in order to get the maximum benefits:

> "*Things like function MRI which looks at not just the image of a liver, say, but it can look at the functioning of the liver and that's a technique that's difficult clinically to perform. It changes how you deal with patients, it changes the expertise of the radiographers that use these, that set up the equipment, it changes the expertise of the radiologist who read the examinations and it changes the sort of the – almost the culture of the organisation because it changes how you choose to diagnose.*"

It took time to get funding for projects and then to go through tendering, installation, training and clinical commissioning took as long as two years in the case of the MRI scanner. This time was used to prepare the ground for process and organisational changes required to get the benefits. The people working in the PMO knew that the fruits of their labour would eventually become the technologies they would operate and maintain later. They had a personal interest in making sure that the projects were successful, not so much from a project management measure of success, but from an organisational benefits realisation measure of success.

The core value of GUH is "*The patient is our reason for being*" (www.hse.ie, 2009). This is refected in the culture of the hospital. The people working in the hospital were focused on the patients and delivery of the best possible care for the patients:

> "*let's do it for the patients or 'our patients', that's the way we spoke of it.*"

The PMO was "*a microcosm of the hospital*". The PMO felt responsible for protecting the users from getting the cheapest equipment, because cheap usually meant less functionality, less benefit. The PMO understood the internal needs of the organisation because they came from within. They were an integral part of the organisation. They weren't seen as, or called, project managers, they were just people with 'know how' and if you needed something they could help you get it. They didn't need to spend time learning the technologies or trying to understand the requirements or processes.

It is difficult to imagine a remote PMO operating in Dublin or Cork, from outside the hospital, achieving as much as this PMO did, primarily through informal practices and the social networks that existed:

> "*they knew me because I was in the Medical Physics Department, they knew Jarlath because he used to be in the Supplies Department and it was just a matter of – they were known to us, they weren't sending a request to unknown people and we could sort of fit around them*".

Frank felt that the PMOs greatest value lay in the knowledge reservoir that it possessed:

> "a *knowledge reservoir that had a kind of reservoir of experience and technical expertise that was very integrated with the service or the hospital it serves.*"

The PMO was fully integrated with the rest of the organisation, as opposed to a bolted-on function.

Although the PMO has been disbanded, Frank considers this as a kind of "*bush fire*" which can serve to refresh the structure, and allow the members to return to their primary clinical roles so that they don't lose touch with the technology or the front line. There may be an opportunity to re-establish the PMO at some time in the future with new people and fresh knowledge, when it is needed again. There are no definite plans for this, and it seems likely that there will be a larger role for some centralised HSE function in any future PMO, but in Frank's opinion a future reincarnation of the PMO should focus differently on the PMO Value Roles (figure 5.12).

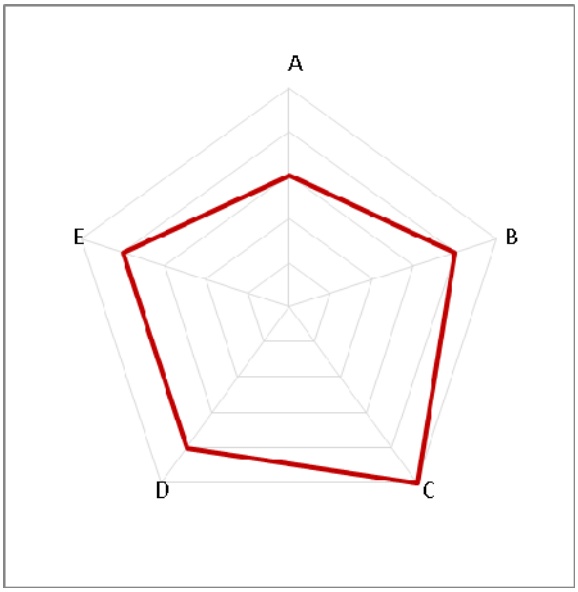

Figure 5.12: Case Study D - future PMO Value Role ratings

In this scenario greater focus should be given to ***[B] Develop PM competency & Methodology***, ***[D] Strategic Alignment of Projects & Benefits Management***, and [***E] Organisational Learning***. This new focus should be based on continuous improvement and continuous learning and development of a project management competency. The hospital has an academic role to play, and this type of structure can be better used to contribute to that role. This would involve formalising the current informal processes so that learning and development can be measured and demonstrated. The value will become more transparent in respect of the ultimate beneficiary, the patient.

[C] Performing Project Management will remain high on the priority list. The PMO would be charged with managing all projects as the centre for project management expertise, but that expertise would be developed within the organisation by regularly rotating people in and out of the PMO. This will have the added benefit of ensuring that the clinical knowledge in the PMO remains fresh and up to date. A mature PMO in this case will not have to place too great an emphasis on ***[A] Monitor, Control & Report on Projects*** as with the right level of expertise the project managers could be trusted to do this as a matter of course and focus more on other elements of developing competency and realising benefits.

PMO Value Role	Inception	Peak	Future
Monitor, Control & Report on Projects	The core function of the PMO was to manage and control the capital development programme (5).	PMO role did not change from inception (5).	Greater focus should be placed on other elements of PMO's role (3).
Develop PM Competency & Methodology	The PMO had no role in developing a project management methodology or competency within the organization (1).	The PMO role did not change since inception, though there is evidence of informal processes emerging (1).	Developing a project management competency for the organisation can be used to more effectively and efficiently manage and deliver projects (4).
Perform Project Management	The core function of the PMO was to manage and control the capital development programme (5).	This was one of 2 core function of the PMO at inception and it did not change (5).	This is and should be a core value of the PMO (5).
Strategic Alignment of Projects & Benefits Management	PMO was established to manage capital development programme. No other strategic involvement (1).	This role did not change formally, but there is evidence that at some level the PMO was playing a role in getting projects on board and delivering the expected benefits (1).	A formal benefits management process can help the PMO maximize the value from projects (4).
Organisational Learning	The PMO had no role in capturing organisational learning (1).	The PMO had no role here, though there is evidence of informal practices for capturing learning (1).	Organisational learning will be important in ensuring that competency and processes continually improve (4).

Table 5.5: Case Study D – Evolution of PMO Value Roles

Case Study E – Ergo Services

Additional data for this case study was sourced at Ergo Services website: www.smartbusiness.ie.

Ergo Services is an IT services company with five divisions. These divisions are:

- Ergo Software Solutions – this division develops bespoke technology solutions for client businesses, largely in the retail banking and other financial services sector.
- Ergo Managed Services – provides managed services for desktop support, print and output services.
- Ergo IT Resourcing – offers a recruitment service for permanent and contract IT staff for their clients.
- Ergo IT Services & Support – delivers hardware, software and network support services.
- Ergo IT Products – sells IT products and supplies including servers, storage, desktops, printers and consumables.

Wendy Meredith is the PMO Manager in Ergo Software Solutions. She joined Ergo about 3.5 years ago with the task of managing the PMO. At the time though Ergo didn't have a PMO and did not have a particularly strong project management competency. Through performing a project management role for the first 2 years she worked there, Wendy was able to develop the project management methodology and capability within the organisation such that Ergo were better prepared for the establishment of a full time PMO. Before joining Ergo, Wendy had worked in a project management role for several years at Hewlett Packard. Wendy holds a PMP qualification from the PMI.

The PMO in Ergo resides in the Software Solutions division of the organisation, reporting to the Chief Operating Officer. Currently there are no PMOs in any of the other divisions of the business. The PMO consists of Wendy and an administrator working part time in the PMO. The primary functions of the PMO are developing and maintaining a project management methodology; monitoring and reporting on projects; and resource management, allocation and recruitment. Project managers do

not report directly to the PMO, but they are required to provide regular status updates and reports on all of their projects to the PMO.

This separation of governance of projects and management of project managers is important to Wendy as it allows the PMO to operate in an independent capacity and focus on ensuring that the correct processes and methodologies are used:

> "*I was more interested in making sure we were following the correct steps, whereas if that governing person was also your manager, it might be a bit strained, so we made a decision not to do that.*"

The project management methodology used is based on PMI's PMBOK framework. This was selected because it was the methodology which was most familiar to Wendy and there was some other knowledge of this methodology within the organisation. To Wendy the actual methodology used is not as important as simply using a methodology that works for the organisation. The processes and tools used have been adapted to suit the particular needs of the organisation.

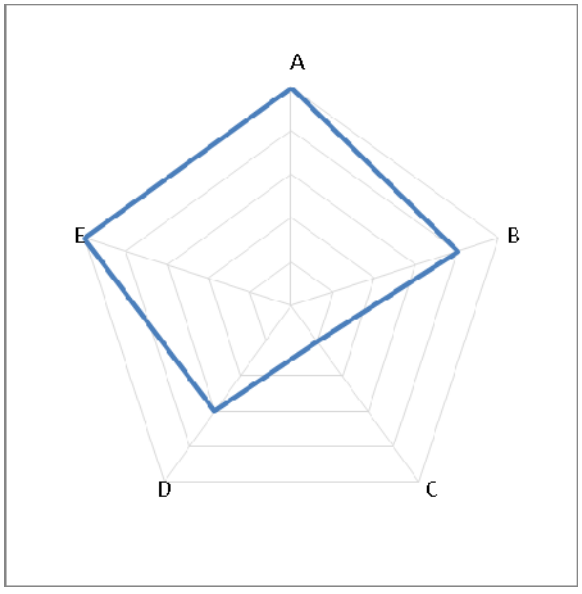

Figure 5.13: Case Study E - current PMO Value Role ratings

Looking at the PMO Value Roles (figure 5.13) the most critical roles for Ergo's PMO are ***[A] Monitor, Control & Report on Projects*** and ***[E] Organisational Learning***. Prior to the PMO being established the project reporting was done in an ad-hoc way.

Each project manager provided different levels of information and in some cases there was no reporting coming from the project manager. The PMO introduced a standardised and regular reporting process for all projects and is charged with making sure that the project managers provide this information in the correct format and with the appropriate level of detail when required.

This regular reporting is referred to as an "*in flight review*". It serves as an opportunity to complete a high level audit of the project, where probing questions will be asked of the project manager to make sure that there is nothing out of the ordinary or any red flags that need to be raised. The support of the COO is important and is readily available when issues arise within a project.

Organisational learning is a fundamental role of the PMO. Every project is subject to a post-mortem review where lessons learned are documented. This process is used to identify change requirements which are fed into the change programme and implemented during the next phase of the programme. The on-going objective of this programme is to enhance how Ergo delivers projects. The programme is managed and controlled by the PMO. Lessons learned are also posted onto the PMOs SharePoint site so that they are available for everybody to read and learn from.

Other than the internal change programme and some small internal projects, the PMO does not directly manage any client facing projects. The role ***[C] Perform Project Management*** is rated lowest on the scale at 1. The PMO has no role to play in developing the project management competency, choosing instead to recruit experienced project managers. However, developing and refining the methodology and processes to be used by the project managers is a significant role for the PMO. ***[B] Develop PM Competency & Methodology*** rates as 4 on the scale based on the importance of developing the best methodology for the organisation. Currently the PMO is developing a small project process to meet the needs of smaller projects. The economic downturn has resulted in an increased volume of small projects and rather than reject these, the organisation are looking to ways to run them and still get a reasonable return. This project process is central to this.

The PMO does not have a significant role to play in ***[D] Strategic Alignment of Projects & Benefits Management***. This is driven more from the business or the sales team. The PMO does take part in annual strategic planning as part of the senior management team, but ultimately if a project can be run profitably but does not strictly fit the agreed strategy the sales team will push it through. However, every new project is subject to a Project Board review. The Project Board consists of the senior management team and the PMO. The review will look at the business case for the project and the risks associated with it and the project and the project manger are given a strenuous test of its viability. This review can result in a decision to kill the project before it starts:

> "*that does happen, that meeting is quite beefy. It can be quite controversial.*"

The Project Board review of every project at initiation was an initiative driven by the PMO as a measure to apply some control on how decisions were made to initiate projects. Previously decisions were ad hoc and often based on strong relationships that had been developed with the client.

Benefits management is considered to be part of the client's responsibility. The PMO has very little control of the post-implementation period on the project, so it is up to the client to use the solution to gain the expected benefits. It is not part of the PMO's role.

The PMO is still very young but a little under two years ago the importance of each of the PMO Value Roles was quite different than it is today (figure 5.14). At that time ***[B] Develop PM Competency & Methodology***:

> "*The priorities at inception were really totally around delivering a methodology, within which Ergo projects could deliver successfully, so that was the priority, that's almost the mantra for setting up the PMO, so that was a five.*"

and ***[C] Perform Project Management*** were the most critical roles for the PMO. There was an expectation that the PMO would do everything around the projects:

> "*I think at the beginning it was, well sure, why don't you do a bit of project management and maybe you will be able to do a bit of gardening, so I think that was do the whole lot…*"

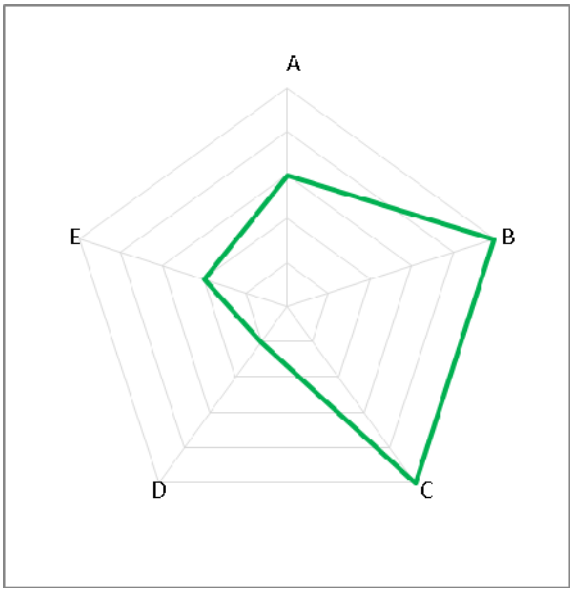

Figure 5.14: Case Study E - past PMO Value Role ratings

[D] Strategic Alignment of Projects & Benefits Management and ***[E] Organisational Learning*** each had less importance in the beginning. The PMO was primarily focussed on developing the methodology first. ***[A] Monitor, Control & Report on Projects*** also assumed less importance at that time. There was no consistent reporting methodology used before the PMO was established, but it took some time to develop the reporting requirements. It happened mainly because it was something that Wendy felt was required to demonstrate the benefits of improving the methodology around project management.

Looking to the future (figure 5.15) the core roles of ***[A] Monitor, Control & Report on Projects*** and ***[E] Organisational Learning*** will remain as important as they are today. The importance of organisational learning in the continuous development and improvement of project management methods as part of the change programme is demonstrated by the increased importance given to ***[B] Develop PM Competency & Methodology***.

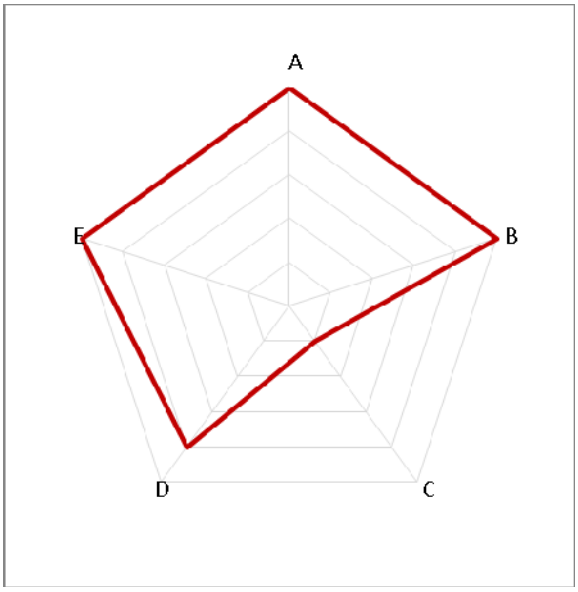

Figure 5.15: Case Study E - future PMO Value Role ratings

There has been no initiative to look at measuring the organisation's project management maturity or to establish a strategy to move to the next level. The perpetual change programme is likely to be contributing to the continuous development of project management maturity though. But change is driven primarily by the organisation. The PMO needs to be able to evolve as the organisation evolves and grows.

A pivotal function that the PMO performs currently is resource management on projects. Using knowledge of the resources available and the needs of every project the PMO is centrally placed to be able to assign the most appropriate resources to each project. If a project requires additional resources or specialist skills the PMO will know what people have done previously and who would be the best person to drop in at short notice to fix a problem.

Project control is the core value that this PMO delivers to the organisation. By implementing a framework and structure to deliver successful projects the PMO has demonstrated the benefits of using sound project management processes. The PMO provides:

> "*a framework and structure, within which to deliver successful projects.*"

PMO Value Role	Past	Current	Future
Monitor, Control & Report on Projects	There was no consistent reporting methodology used. It took some time to develop this (3).	This is a core function of the PMO (5).	This will remain a core function of the PMO (5).
Develop PM Competency & Methodology	Developing the methodology for successful project delivery was a critical role in the early days of the PMO (5).	Experienced project managers are recruited, reducing the need to develop competency. The PMO does have an important role to play in developing the methodology (4).	The need to continuously adapt and develop the methodology to meet the needs of the organisation will make this a critical ongoing role of the PMO (5).
Perform Project Management	The PMO had a greater role in performing direct project management initially (5).	The PMO has a very limited role in performing direct project management (1).	The PMO's role will continue to be more of a governance and development role. Project management will be done by the project managers (1).
Strategic Alignment of Projects & Benefits Management	Other roles had greater importance at the start (1).	PMO is not directly involved in strategy planning, but has implemented measures such as Project Board reviews for all new projects (3).	As the PMO matures it is expected to have a greater strategic input (4).
Organisational Learning	Developing a methodology had to be completed before significant progress could be made here (2).	Organisational learning is used to feed continuous change plan for process improvements (5).	Ongoing continuous improvement will come from this role (5).

Table 5.6: Case Study E – Evolution of PMO Value Roles

Case Study F – EMC

Additional data for this case study was sourced at EMC corporate website: www.emc.com.

Founded in Massachusetts in 1979, EMC is a US Fortune 500 provider of information infrastructure systems, software and services. They are the largest provider of data storage platforms in the world, but they also provide software and professional services solutions to their clients. They are a global organisation with more than 42,000 employees worldwide. In 2007 they generated revenues in excess of US$13 billion.

Prakash Vyas looks after the Professional Services Organisation for EMC in the UK. In this role there are 36 project managers, 4 programme managers and 85 engineers reporting into Prakash. Prakash worked for the British government after graduating in 1992 from Imperial College. He was responsible for major programs and the acquisition and implementation of major computing power. It was whilst working for the government that he first experienced working with a PMO. He then spent some time with a number of private companies where he had a number of very senior roles within those businesses. Working in a leading systems integrator he was a business manager and grew the line of business he was responsible for into a multi-million pound business, before joining the CEO for two years executive training as his apprentice. Before he left that organisation he was Managing Director of Global Financial Products. He joined EMC five years ago having joined as Head of Business Operations in Europe. In his current role he is responsible for the largest geographical region outside of the United States.

The PMO sits within the Professional Services Organisation and reports to Prakash. The PMO sits alongside the Project Management Group, into which all the project managers report. The Project Management Group also reports into Prakash. The PMO is responsible for delivering projects as well as delivering value and best practice into the organisation. The PMO does not report into the Project Management Group as it has a governance or compliance role on projects:

> "*the PMO is our conduit to corporate best practices, and is also our enforcer of compliance into the Project Management Group.*"

Although, the preferred approach in enforcing compliance is to:

> "*promote governance and compliance through showing best value, rather than forcing people to actually adhere to standards.*"

The UK PMO is a member of a community of PMOs replicating the functionality across every organisation in continental Europe. All of these PMOs report into the global PMO in EMC's head office in Hopkinton, Boston. The global PMO is responsible for the establishment of governance and the definition of best practice which is implemented at the local PMO level. Local PMOs will then provide feedback on how effective the adoption of processes and the processes themselves are. In Prakash's experience this structure was the same as the PMO structure implemented within the British government, where local PMOs would report into central government.

The similarities between the PMO in EMC and in government do not end there. Both are driven by highly standardised processes:

> "*industrialisation of processes within government and in EMC is almost identical.*"

Where EMC processes and standards are heavily guided by PMI standards, the government standards were driven by the OGC based on PRINCE2. EMC sits on the Global Corporate Council steering committee of the PMI, a worldwide group of organisations working with PMI to raise global project management capabilities and standards (PMI, 2008, p.12). In Prakash's experience he felt that both EMC and the British government have got the concept or the formula for the PMO correct.

That formula was based on being able to create the structures and processes required to manage any size of project:

> "*anything from a five thousand dollar engagement to a forty two and a half million dollar engagement.*"

For smaller transaction business or projects "*systemic control, operational control, and governance*" are required to manage it correctly, typically using "*analysis by*

exception". The PMO is best placed to provide this level of reporting, by ensuring that there is compliance in the way data is entered and systems are updated which will allow "*systemic project control of those lower value engagements*." At the higher end the PMO needs to instil best practices and safeguards and support for the risk management process on larger projects. The PMO becomes "*more of a trusted advisor to the larger projects within the organisation*." This model is replicated in central government and EMC.

Where EMC and the government differ is how the processes are implemented. EMC use highly automated systems that they have developed or procured to capture the workflow and compliance requirements. Those systems are provided to their project managers to be used as tools for doing their job. These systems are the source of the management reports that EMC use to manage the business. The people working in the PMO are viewed as the gurus in how these systems work and how they can be used. In the case of the government the processes are heavily dependent on labour and paperwork, at least during the time Prakash experienced its operation.

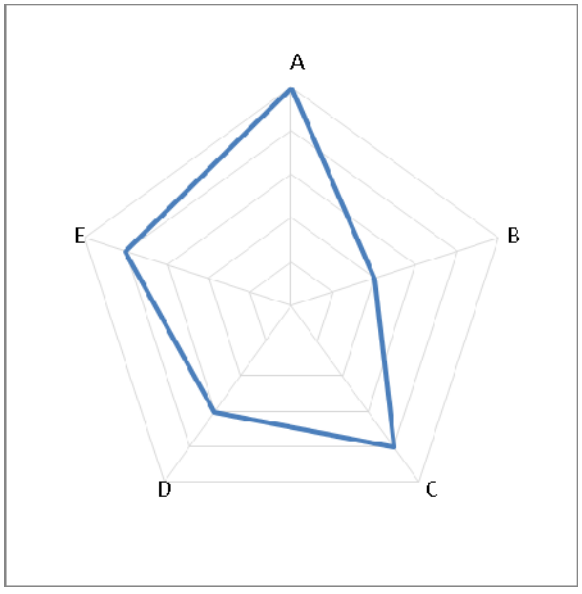

Figure 5.16: Case Study F - current PMO Value Role ratings

Looking at the PMO Value Framework the most critical role for the local PMO is ***[A] Monitor, Control & Report on Projects*** (figure 5.16). ***[B] Develop PM Competency & Methodology*** is the least important role for the local PMO. The importance of

these two roles would be reversed if considered from the perspective of the global PMO. The global PMO would rate ***[B] Develop PM Competency & Methodology*** as a five:

> "*Because in EMC, the raison d'être of the global PMO is to set the standards and develop the standards*."

Locally though, the most critical role of the PMO is to monitor, control and report on projects. The PMO uses the data from all projects to generate metrics to allow them apply statistical process control and ratios, which will produce exception based reports for management. This is different to the traditional project control that the project managers use such as risk management, communication and stakeholder management.

Developing project management competency and methodology has very little relevance for the local PMO. Prakash sees this as PMOs delivering value at different levels and in different ways. The global PMO creates value across the local PMOs by standardising and developing the project management processes. The local PMO generates value at a "*transactional*" level through consolidating "*the business intelligence*".

The local PMO does however have a role in inducting new project managers. This is done by having new graduate and junior project managers report directly to the PMO when they first start. During orientation they will trained on governance, compliance and best practice; and in the use of the systems, such as project and financial control and accounting. They will report to the PMO until their orientation is completed and then move into the Project Management Group. Mentoring and coaching is provided by Team Leaders within the Project Management Group and is not a function of the PMO.

At a global level feedback from local PMOs on what's working and what isn't and from customers through quality surveys is taken through structured change control and used to develop the next revision of the methodology. This continuous evolution of the methodology is important to make sure that current project management practices meet the needs of the market, the end customer.

In relation to ***[C] Perform Project Management*** this role is important to the PMO, rated at 4 on the value scale. This is because small projects, which don't require a project manager, are managed as portfolios by the PMO. In terms of dollar value when combined these portfolios are quite significant. The health of these projects or portfolios is monitored by the PMO to make sure that they are being discharged to the client's expectation. The volume of projects managed by the PMO in this way warrants the high value rating.

[D] Strategic Alignment of Projects & Benefits Management rates in the middle of the scale, at 3. The PMO does not plan the strategic direction of the business, but it does manage projects to try and deliver on the objectives or requirements of their customers. They use a systematic process to ensure that every project they deliver is delivered to meet the customer expectations. A *book rate* for the project is calculated based on the value of the services divided by the effort, or hours, required to deliver. This is done when the project is initially sold. At this point the project manager will then calculate a *plan rate*. If the *book rate* is higher then the question is asked 'whether the project manager is over delivering on customer expectations?', and if it is lower then the question is 'is the project manager doing everything the customer expects?' In doing this, EMC are focused on delivering successfully managed projects that exactly meet the quality expected, no more and no less. This focus is on delivering project management success.

Prakash associates ***[E] Organisational Learning*** with compliance. When projects fall out of tolerance there is a need to learn and understand why. Before completion of every project a 'pre-mortem' report is completed by the project manager. This is used to identify what conditions are expected to be like at completion of the project. If it is outside of tolerance, what steps can be taken to correct it before project closure. When the project closes a post-mortem report is created and this will document any lessons learned form the project. These may instigate actions to be taken to reduce the possibility of similar issues in the future. The pre and post-mortem reports are compliance metrics for the project manager. The reports are stored in a repository where the content can be analysed to identify trends. The trends can point to issues relating to customers, suppliers or even the project manager and can lead to actions or process changes to improve the efficiency of future projects.

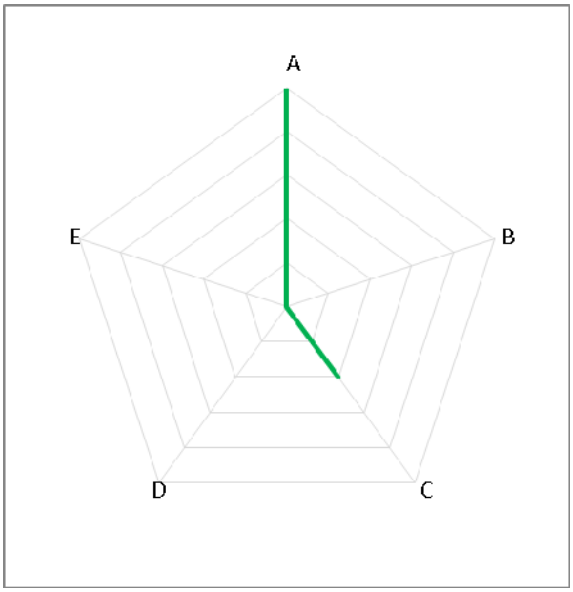

Figure 5.17: Case Study F - past PMO Value Role ratings

At inception (figure 5.17) the roles performed by the local PMO were considerably less than they are today. The most critical role at inception of the PMO was ***[A] Monitor, Control & Report on Projects***. The PMO "*was a heavily administrative almost finance function*" at that time. It had no role to play in relation to ***[B] Develop PM Competency & Methodology***, ***[D] Strategic Alignment of Projects & Benefits Management***, and ***[E] Organisational Learning***. ***[C] Perform Project Management*** was rated as only on the PMO Value Scale.

The evolution of the PMO has been enormous since that time and the next stage of its evolution (figure 5.18) is expected to be just as dramatic. Pointing to industry thinking "*that services can be engineered to the same extent as software*" and can be reused and componentised, Prakash anticipates that the PMO will have a significant role to play in packaging services for reusability and to make it more cost effective for the customer. This will mean "*offering a deeper service to the project manager, and making the project manager more customer focused*". This will allow the project manager to spend more time with the customer helping them to assimilate the technology into their organisation.

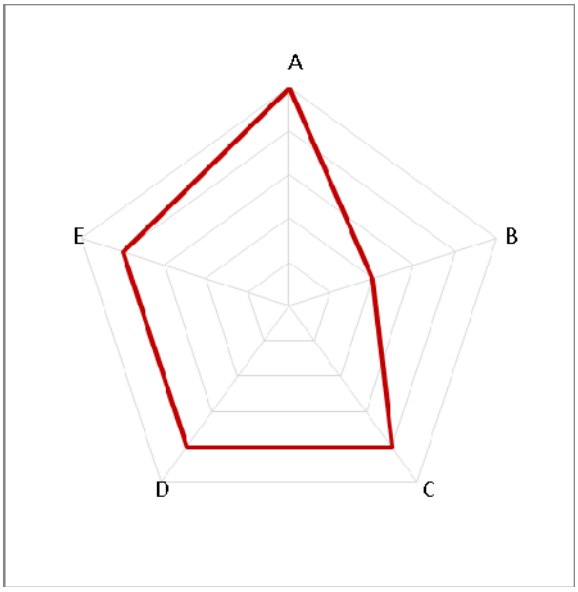

Figure 5.18: Case Study F - future PMO Value Role ratings

This change will mean that the project manager becomes more relevant to the end-customer and is less concerned with monitoring and controlling the project on behalf of EMC. That role should be performed by the PMO. Although this change is likely to be quite radical, it is unlikely to change the importance of most of the PMO Value Roles for the local PMO. The most significant change in the PMO Value Roles will be in relation to ***[D] Strategic Alignment of Projects & Benefits Management***, which will move to 4 on the scale. The PMO will need to manage two customers in the future – the end-customer and the project manager through its role in service engineering.

EMC are actively pursuing an organisational project management maturity strategy around the OPM3® standards developed by PMI. Within the last few months a new framework has been launched internally for the "*delivery of accreditation training around project management, using newer methods, and newer tools, coming from the PMI stream in the US*". Project management practices within EMC are moving away from the traditional waterfall approach to more dynamic or agile project management methods. These changes are being driven by the market and how the market is consuming products and services. Controlling "*projects requires deeper stakeholder management and deeper risk analysis*". This has a huge impact for the global PMO,

but at the local level it has had less direct impact, just in relation to "*factual data and in the interpretation of factual data*".

In looking at the core value of the PMO Prakash felt that it is impossible to have a functional project management organisation or function within a services company without a PMO. Without the PMO he would not be able to function, it is that critical. Experienced project managers are a key part of the PMO's success:

> "*if you've got an exceedingly experienced project manager, then they reflect the PMO in the right way*."

Where the PMO doesn't work, in Prakash's opinion, is where it is considered to be a highly administrative function and the people working in it are relegated to nothing more than personal assistants to project managers, who use the services in an ad-hoc manner. This was his experience during a stint at another employer. In that case he felt that the PMO served no value whatsoever.

PMO Value Role	Past	Current	Future
Monitor, Control & Report on Projects	The PMO performed a heavily administrative function in which this was its most critical role (5).	This is a critical role for the local PMO. Data and metrics collected by the local PMO allow for the use of statistical process control (5).	This is the core function of the local PMO (5).
Develop PM Competency & Methodology	PMO had no role in this at inception (0).	This role is performed by the global PMO. The local PMO will induct new project managers (2).	The global PMO will continue to drive standards and methodology. Local PMOs will have influencing role only (2).
Perform Project Management	This was not a significant part of the PMO's role at inception (2).	A large volume of small projects are managed as portfolios by the PMO. These projects don't warrant a dedicated project manager, but the total financial value is significant (4).	The volume of small projects will mean that this will continue to be an important role for the PMO (4).
Strategic Alignment of Projects & Benefits Management	PMO had no role in this at inception (0).	PMO takes no part in strategic alignment. Projects are managed to achieve project management success (3).	PMO will have significant role to play in service engineering to improve the type and depth of project management services delivered to customers (4).
Organisational Learning	PMO had no role in this at inception (0).	Organisational learning processes are used for continuous improvement of project management practices and competency (4).	This will always be critical to continuous improvement process (4).

Table 5.7: Case Study F – Evolution of PMO Value Roles

Cumulative Case Study Findings

Label	PMO Value Role	Past	Current	Future
A	Monitor, Control & Report on Projects	4.00	4.83	4.33
B	Develop Project Management Competency & Methodology	3.17	3.17	4.00
C	Perform Project Management	4.17	3.67	3.33
D	Strategic alignment of projects & Benefits Management	1.33	2.50	4.00
E	Organisational Learning	1.83	3.50	4.17

Table 5.8: Cumulative PMO Value Role Evolution

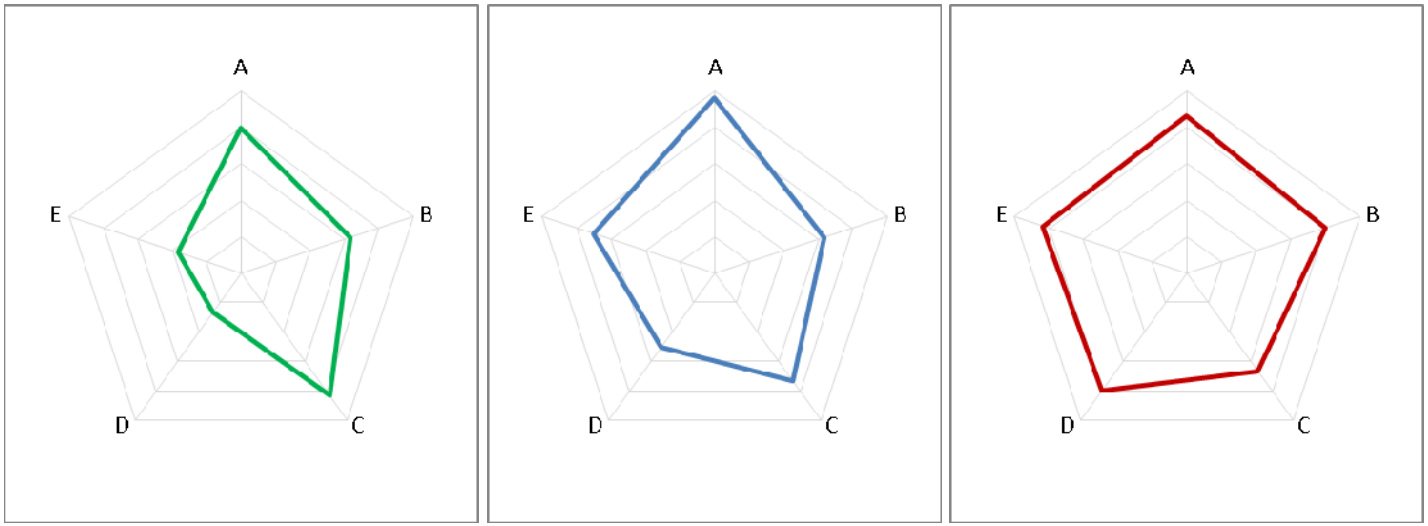

Figure 5.19: PMO Evolution – past, current and future

PMO Value Role	Past	Current	Future
Monitor, Control & Report on Projects	In the majority of cases this role was the core reason for establishing the PMO. Where it didn't have a very high rating at inception, this role quickly assumed a rating of very important or critical. (4.00)	In all but one case this role is given the highest rating on the PMO Value Scale. In the exception it is rated as a very important role of the PMO. (4.83)	In most cases this is the core function of the PMO and always will be. It demonstrates to management the value of the PMO and provides the means for improving capability in all other roles. (4.33)
Develop PM Competency & Methodology	Developing the methodology was very important in most cases, the exceptions being where the PMO would not have a long term future or where standards were driven from another central PMO function. (3.17)	This role is very important or critical for PMOs, except where standards are driven centrally or the PMO does not have a long term future. (3.17)	In every case this role will maintain its current level of importance or it will become more important in the future. (4.00)
Perform Project Management	In most cases the PMO had to perform direct project management initially, in order to demonstrate the benefits of good project management practice to management. (4.17)	There is a trend towards placing this role outside the PMO as project management competency across the organisation increases. (3.67)	The decreasing importance of this role demonstrates a desire to increase levels of project management competency outside the PMO. (3.33)
Strategic Alignment of Projects & Benefits Management	For most PMOs this role was non-existent at inception, when greater focus was given to other roles. (1.33)	The lowest rated role, but there is a clear upward trend demonstrating its increasing importance as the PMO develops and matures. (2.50)	Most PMOs have a goal to increase their strategic importance to the organisation. (4.00)
Organisational Learning	Similar to the Strategic Alignment Role, for most PMOs Organisational Learning was given a very low rating at inception. (1.83)	As the PMO develops the tools and processes to capture learning this becomes more important. It feeds into continuous improvement. (3.50)	This role will become more important for most PMOs. It is seen as a way to achieve continuous improvement of project management practices. (4.17)

Table 5.9: Evolution of the PMO Value Roles

Summary of Findings

The most important role is ***[A] Monitor, Control & Report on Projects***. For most PMOs this is the core function of the PMO, providing reporting to senior management to support decision making and to demonstrate benefits of effective project management, governance and control over projects. This PMO role doesn't change significantly over time.

The role of ***[B] Develop PM Competency & Methodology*** varies in accordance to the strategy or primary role of the PMO. In some cases the PMO recruits the competency required through hiring experienced project managers. This saves time and cost in relation to training and developing the competency. There was also a distinction made between developing a competency and developing standards and methodology. Where this distinction was made the PMO's role in developing the standards and methodology is more important. In one case the PMO is a local member of a global community of PMOs. The central or global PMO drives the standards and methodologies to be used by all PMOs. For GUH the PMO was established to manage a specific programme of work and although additional projects came into its responsibility over time, it never assumed any responsibility for developing a project management competency for the organisation.

While it appears to be the case that PMOs would prefer to focus on other roles and leave the role of ***[C] Perform Project Management*** to project managers outside of the PMO, in practice this remains an important role for PMOs. Initially this is the basis upon which the PMO establishes confidence and credibility for the use of good project management practices and in some cases performs this role to develop the methodology and standards to be used in the future. The PMO remains the centre of project management excellence and in most cases retains some responsibility for the management of projects, programmes or portfolios. However, in the future most PMOs see this as being the least important PMO role.

[D] Strategic Alignment of Projects & Benefits Management is the least important role for PMOs currently, but this role appears to evolve significantly as the PMO matures. Having a greater strategic influence within the organisation is a reflection of the growing importance of the PMO. At inception this role is non-existent for most

PMOs, but over time as PMO value is demonstrated and confidence in its role increases, then its strategic input or influence is also seen to increase.

[E] Organisational Learning also has low significance for PMOs during inception, but once established the importance of this role increases rapidly. This is the means for continuous improvement of project management practices within the organisation and in some organisations knowledge captured through organisational learning processes is a direct input to a formal continuous improvement programme.

Organisational Project Management Maturity

An organisational project management maturity strategy is being actively pursued only within EMC, where it is being driven by the global PMO. There is awareness of maturity models in most of the other PMOs, but none have measured their current maturity level or initiated a strategy for pursuing higher levels of maturity. However, the continuing evolution of the PMO in all bar one organisation, GUH, is leading to improvements in project management practices and competency within each organisation. At least at an informal level these PMOs are contributing to increasing the level of organisational project management maturity.

6. DISCUSSION

Introduction

Within the project management community it is generally accepted that PMOs provide value, but it is difficult to describe exactly what that value is to those working outside of the project management discipline, particularly to those for whom the value of project management is not apparent. The perception can be that the PMO is simply another layer of administration adding cost, not value, to the bottom line.

The focus of this research has been on identifying how PMOs deliver value to their organisations. Identifying the value of project management is outside the scope of this research, but the PMO's role in harnessing, developing and controlling the project management activities of the organisation and the intrinsic value of project management is at its core.

The PMO Value Framework was developed, based on previous research by several authors (Cooke-Davies, 2002; Dai & Wells, 2004; Hill, 2004; Hobbs & Aubry, 2007; Hurt & Thomas, 2009; Kerzner, 2003), to assist in gathering quantitative and qualitative data via semi-structured, in-depth, interviews with several PMO experts regarding their experiences of PMOs. Each interview formed the basis of an individual case study of the PMO expert's most recent PMO experience. The findings from each of these case studies have been detailed in the previous chapter. This chapter will examine the implications of the research findings.

The Case Studies

Each of the case studies was based on interviews with individuals working in high level positions within the PMO or where the PMO has a reporting line into them. All had several years experience working in or with the PMO, and in several cases they had experience working with PMOs in other organisations. The variation in organisations studied presents several perspectives for analysis, with the PMOs varying across areas such as servicing internal or external projects, organisation size, and public versus private organisations.

The value delivered from each PMO is unique to its particular organisation and context. All have limitations and very few are delivering everything they would like to deliver, but even in maturity the PMO will be limited by internal and external factors. As one interviewee put it, "*some people see a PMO as a panacea for everything, but it's not*".

External Vs Internal Projects

Where the PMO is primarily charged with looking after external projects for clients (Dalkia, IT Alliance, Ergo Services and EMC), the project managers do not report directly to the PMO but are expected to report project status and follow PMO standards on all projects. For Dalkia this means that the PMO is "*like a business partner or facilitator that has the duty of being independent*". At Ergo Services the PMO does not have project managers reporting directly to it as the need to govern projects objectively may lead to strained relationships between management and staff. EMC maintain the PMO and Project Management Group separately for similar reasons. This separation of the PMO from the project managers allows the PMO to act with independence when performing project governance. The PMO needs to be able to step back from the project and the project manager in order to provide an objective view. In doing this the PMO can provide an accurate assessment of the project status, or support and information required for strategic 'go/kill/hold/fix' decisions (Rajegopal et al, 2007, p.39) for senior management.

PMOs looking after internal projects and portfolios are less concerned with maintaining independence from the actual project management tasks. In IFS the project portfolio is mixed between internal and external projects and project managers exist both within the PMO and in other departments. In GUH the PMO was responsible for all project activities and the project managers worked within the PMO. The PMO is less interested in governance of project management activities

The use and development of project methodologies and standards, as well as organisational learning activities are also more evident in those PMOs that service external projects. Organisational learning activities are used as input into the ongoing development of good project management practices. Within IFS and GUH organisational learning activities have not been practiced strongly in the past. The

desire to increase these activities in the future appears to be an aspiration, rather than a clear goal. This aspiration may have been fuelled by the discussion of the PMO Value Framework during the course of each interview.

Organisation Size

Organisation size does not appear to influence the nature of the PMO. In larger organisations (Dalkia, IFS, GUH, and EMC) the PMO exists within a smaller business unit or department of a larger organisation. Only in EMC did the PMO report to a separate central PMO, and the PMO was borne out of a global corporate strategy. Priorities and roles for the local and global PMOs at EMC are different, reflecting the centralisation of standards development and distribution of project control functions.

Public Vs Private Sector

Only GUH operate in the public sector and when compared to the private sector organisations this PMO had no focus on developing or using project management standards or developing a project management competency within the organisation. An interesting contrast was provided by Prakash Vyas when discussing his experience of PMOs in the public sector in the UK, where there was a strong emphasis on the use of standards and formal methodologies for project management. PRINCE2 and P3M3™ standards were initially developed by the OGC in the UK. The OGC performs an important role for the British government in the developing standards for use in several disciplines. The Irish government do not have a similar department or body charged with developing standards for use in this country. However, it is important to note that the GUH PMO was initially established to manage a specific programme of work. Although its role evolved over time to include many other projects, this evolution was informal and did not include the extension of its scope outside of managing and controlling projects.

PMO Evolution

As organisations continually evolve, so too will the PMO. The PMO may even cease to exist, as happened in the case of GUH. This constant evolution is a fact of life for PMOs, as was identified by Hobbs et al (2008, p.547) and Hurt & Thomas (2009, pp.69-70). However, the evolutionary nature of PMOs appears to point towards

continual learning, improvement and value delivery and is not a reflection of a negative view of PMO value as suggested by Hobbs et al. Even in the case of GUH, where the PMO was disbanded, it was considered this to be a necessary "*bush fire*" to refresh the PMO. As will be discussed later the fact that many of the PMOs have survived the current economic downturn supports the view that the PMO is a value driver, rather than an unnecessary overhead.

Variability of PMO functions

The function(s) of the PMO varies from one organisation to the next. All PMOs that took part in the research had a role in monitoring, controlling and reporting on project activities, but very few had any significant strategic input into the organisation and there were mixed results in relation to the other PMO Value Roles. This research supports the findings of Hobbs & Aubry (2007) in relation to variability of functions, but as the PMO matures the role of organisational learning appears to have greater significance than Hobbs & Aubry found. A number of PMOs (Ergo Services, EMC, and IT Alliance) actively use organisational learning functions to continuously develop and improve project management practices.

Each of the PMO Value Roles can provide a source of value, but the manner in which PMO value is delivered will depend on the PMO's position within the organisation, the availability of senior management support, external factors, organisational culture, and the level of project management maturity within the organisation.

External Factors

The primary external factor that has affected every organisation within the last 12 months has been the economic recession. The fact that there have not been greater attrition levels within the PMOs that took part in this research supports the notion that there is not a negative perception of PMO value. The PMO has survived the headcount reductions that took place in IFS and IT Alliance. The recession was partially responsible for the establishment of Dalkia's PMO. And although the GUH PMO did not survive, in the majority of cases it appears that the PMO is seen as a source of value rather than an unnecessary overhead.

Many of the PMOs discussed (Dalkia, IT Alliance, Ergo Services and EMC) deliver services to external organisations and clients. These client organisations and their changing needs have an impact on how the PMO functions. Ergo Services are developing small project standards to meet the needs of clients with smaller budgets. IT Alliance is developing a business analysis function in order to improve the range of services they can deliver to their clients. For EMC the ability to engineer project management services to allow them the ability to deliver the concept of "*packaging service reusability*" to their clients in order to improve time to market and deliver more cost effective solutions will significantly change the function of the PMO. These PMO responses to external factors demonstrate the need for constant evolution and improvement. Successful PMOs need to be flexible and responsive to these forces.

Organisation Culture

The authority of the PMO is provided by support from senior or executive management. Where the PMO reports at a high level within the organisation or where there is a culture supportive of project management the PMO has greater scope to achieve its goals. This is demonstrated in the cases of Dalkia, EMC and IT Alliance. Although the Dalkia PMO is relatively young, strong executive level support has meant that the structures and development programmes needed to establish the function have been made available. At EMC there is a strong emphasis on project management and the PMO is part of a community of PMOs headed up by the Global PMO in Hopkington. The organisation sits on the Global Corporate Council steering committee of the PMI. IT Alliance provides project management training and development for external clients. The company is a Recognised Education Partner (REP) of PMI. Project management is one of the competencies the business has developed and markets to its clients. Within IFS and Ergo Services the PMO has had to demonstrate the benefits of good project management practices in order to slowly win the support of management, but once this support has been won it has led to increased scope and greater influence for the PMO. There is no evidence of strong support from management for the PMO at GUH. Although it survived for ten years, this was during a time of prosperity for the country and bulging coffers for the government. Once the economy experienced a downturn and there were no funds for new projects the GUH PMO became redundant and has been disbanded.

Organisational culture greatly influences the effectiveness of the PMO. As discussed already EMC and IT Alliance are strongly supportive of the use of good project management standards and methodologies. The PMO gets much of its authority from the organisational belief in the value of project management. Within IFS, Dalkia and Ergo Services the benefits needed to be demonstrated or sold to the rest of the organisation first. It can be a slow and difficult process of demonstrating the benefits before getting agreement and formalising the processes across the organisation. This process is similar to the development of a "core ideology" as discussed by Hurt & Thomas (2009). At IFS this means "*living by example*". Ergo Services methodology was adapted from PMBOK (PMI, 2004) standards to suit the needs of the organisation. It took two years of hands on project management by the PMO manager before the PMO could be properly established with a solid methodology and the support necessary from senior management. Dalkia's PMO has a champion on the Executive Operating Board and works closely with the operations department to develop and agree project management standards.

The culture within the PMO at GUH was quite different to that of the other organisations discussed. Staffing the PMO with qualified and experienced project managers, hired from outside, would have been counter productive in this organisation. Within the health service there is an "*aversion to the role of project management*". Project managers coming from outside are deemed to be lacking in the essential knowledge required to deliver the best service and solutions for the patients ("*our patients*"). In this environment the success criteria for projects has not been based on the traditional triple constraints of time, cost and scope. Instead the focus is on constantly trying to improve the hospital's ability to provide patient services.

The PMO was essentially a collection of experts, with the 'know-how' needed to push things through and get things done. Within the organisation the PMO was recognised as the place to go if you needed to get something done. The PMO was not charged with developing or using project management standards, but informally there is evidence of the development and communication of organisation specific standards. The hospital is a teaching hospital and as such has developed a learning

culture. This is evidenced by these informal learning processes. Because the members of the PMO were drawn together from various parts of the hospital in order to bring a multi-disciplinarian approach to projects arising from the capital development programme it resulted in the PMO, whether intentional or not, being highly integrated within the organisation.

Social Capital

As a consequence of it highly integrated nature there is clear evidence of the existence of strong social networks which the PMO at GUH was central to. The strength of these networks may have lead to the accumulation of considerable *social capital*:

> "Social capital can be seen as networks of strong, personal relationships developed over time that provide the basis for trust, cooperation and collective action. Thus, it is based on the notion that the collective abilities of individuals are derived from social networks. The central proposition of the theory around social capital is that this network of relationships constitutes a valuable resource for the conduct of social affairs in an organization. Crucially, social capital operates outside of formal organisational structures."
>
> (Peppard, 2007, p.341)

IT Alliance has also made attempts to capture some of the value of social capital through the PMO. The PMO creates forums to bring project managers together to discuss issues and learn from one another, and also to learn about new opportunities that may exist at client organisations. The project management competency crosses all other business areas and as such, the PMO centrally placed to try to capture the value that exists within the social networks it can help establish.

The PMO's role in developing social capital or in creating an environment in which it may flourish is outside the scope of the current research, but this is an area which may benefit from some future research.

PMO Value Roles

Monitor, Control and Report on Projects

Five out of the six PMOs studied rate the role of monitoring, controlling and reporting on projects as the most important role the PMO performs currently. This monitoring and controlling function helps to focus all other elements of the PMO and provides the means for the PMO to demonstrate its value to other parts of the organisation, particularly senior management. For Dalkia this role provides the focus for everything from strategy to learning. At IT Alliance the core value of the PMO is represented by the control it provides over project activities. For GUH it was one of two critical roles for the PMO, with all other roles being inconsequential. Control is also the core value of the PMO for Ergo Services as it provides: "*a framework and structure, within which to deliver successful projects*." EMC's local PMO views this as the most critical role it performs. These findings correlate with the findings of Hobbs & Aubry (2007) and Dai & Wells (2004), who both identified this as the most commonly performed role by PMOs.

This role delivers PMO value not simply by demonstrating the value to senior management, but by enforcing discipline in project management activities. Hurt & Thomas (2009, p.68) identify the need for disciplined people, disciplined thought and disciplined action under the theme of creating a culture of discipline in their model for creating sustainable PMOs. As well as identifying the need to introduce a professional project management discipline in stage 2 of the competency continuum Hill (2004) also describes the PMO as "the interface between the business environment and the project management environment". Rajegopal et al (2007, p.38) describe the PMO as the bridge between "the operational and strategic divide" within the business. The PMO provides this interface or bridge function as part of the monitoring and reporting function of the first PMO Value Framework role. This research reinforces the importance of this role to PMOs in practice. In this role the PMO provides the independent governance of projects that is critical to providing accurate information and advice to senior management as well as enforcing the discipline required to apply best project management practices.

Develop Project Management Competency and Methodology

The importance of the role of developing project management competency and methodology varies in accordance with the age or maturity of the PMO and in relation to the general role afforded to the PMO. For example, in the case of EMC the local PMO rates this role quite low, but for the Global PMO this is its most important role. At GUH the PMO was charged with performing all project management activities and as such did not have any requirement to develop an organisational competency or methodology. At IT Alliance, Dalkia and Ergo Services the PMO identified this role as being more important in the early days or during the inception of the PMO than it currently is. This corresponds with Hill's (2004, p.48) competency continuum where introducing project management standards and training happens during stage 2 of the continuum, the *Basic PMO*. By the time the PMO reaches stage 3, the *Standard PMO* the standards and methodology will have been largely established already. Developing the methodology and standards is more important for the PMO than developing a competency for some PMOs. In the case of IT Alliance and Ergo Services the competency is acquired through recruiting experienced and qualified project managers, however in Dalkia, EMC and IFS there are training and development activities undertaken by the PMO. In EMC's case this is part of the remit of the Global PMO. Even in GUH there are some project management development activities, though these happen independently of the PMO.

With the exception of GUH, all PMOs have developed or applied a standard methodology which they promote for use throughout the organisation. The standard methodology forms the basis of the core ideology (Hurt & Thomas, 2009, p.65) of the PMO. Hobbs & Aubry (2007) found this role to comprise the 2nd most commonly performed PMO functions. The importance attributed to this role during this research does not appear to correlate the previous research, although the fact that it is not given a higher rating does not necessarily indicate that it is performed less. It is more likely that once a standard methodology has been established it requires less attention on an ongoing basis than other functions and as such assumes less importance for the PMO than other roles. The PMO is primarily concerned with ensuring that the methodology is applied by project managers. The value contributed by this role is in establishing the basis for effective performance of project management. Without this control is not possible and project success is less likely. It is the foundation required

for developing organisational project management maturity and in most cases the PMO has been the architect of this foundation.

Project Management Excellence

Hurt & Thomas (2009, p.66) recommend that the PMO must stay focused on managing projects, but in several cases as the PMO develops and matures performing project management becomes less of a direct responsibility of the PMO. Although performing project management remains very important in most cases, as the PMO evolves the tendency is for it to take on more of a governance role than a performance role. Examining anticipated future PMO roles this trend appears set to continue. For Ergo Services performing project management is now the least important role of the PMO. For IFS, IT Alliance and Dalkia it has either become less important already or is anticipated to have less importance in the future. This trend can be interpreted as the PMO's increasing role in developing a project management competency across the whole organisation. As organisational competency develops the PMO will have less need to perform direct project management functions. Hill (2004) identifies this trend for PMOs as they move through the various stages of the competency continuum as part of the development of organisational project management maturity.

There is a danger is that project management expertise will exit the PMO and it will become purely a support and administrative function for project managers within the organisation. Prakash Vyas of EMC described this as a scenario that doesn't work in his experience:

> "*Where it doesn't work is where the PMO is considered to be a highly administrative option, and the individuals are relegated to nothing more than personal assistants and admin staff to project managers who really would use them in an ad hoc fashion. That was my experience during a systems integration stint at a leading systems integrator, and really that serves absolutely no value whatsoever.*"

Wendy Meredith of Ergo Services identified the need for having real project management experience in order to effectively assert control over the project management activities and project managers:

> *"If the PMO hadn't had project management experience, it wouldn't make a good PMO. You can't come from college, or school, or the books, or the PMP and run a PMO. You have to have learned it the hard way, you have to have got burnt with your own issues and own stuff. You have to have had the project management experience to run a PMO."*

Hurt & Thomas (2009, p.65) recommend that the PMO should be the part of the organisation that is most passionate about project management and is the permanent source of the highest levels of project management expertise within the organisation. It is this passion for project management and expertise that is the essence of the value contributed by this PMO Value role. Although the research completed here shows a trend towards moving more project management activities outside of the PMO it is not significant enough to suggest that the PMO will not continue to be the primary source of the project management expertise.

Strategic Alignment and Benefits Management

OPM3® (PMI, 2003, p.xiv) bridges the gap between strategy and individual projects. Hill (2004) places the PMO at the heart of the project management competency continuum. The PMO functions as "the interface between the business environment and the project management environment" (Hill, 2004, p.49) and Rajegopal et al (2007, p.38) describe the PMO as the bridge between "the operational and strategic divide" within the business. We have already described how in performing the controlling and reporting role the PMO provides independent governance of projects and advice to senior management, but to take it a step further the PMO, as the "bridge" between strategy and operations, has a role in ensuring that projects are strategically aligned with the organisation's strategic goals. Under the P3M3™ (OGC, 2008, p.38) maturity model it is not enough to merely ensure that project, programs, and portfolios are strategically aligned but that benefits realisation will be "integral to the development of business strategy decision making". This extends the PMO role to include ensuring that projects are managed to achieve the benefits expected of the project. During the literature review we described processes for performing benefits management (Bennington & Baccarini, 2004; Ward & Peppard, 2002).

This research, as with earlier research (Bennington & Baccarini, 2004; Hobbs & Aubry, 2007), shows that this role is not an important function of PMOs. In most cases the job of ensuring that the projects are strategically aligned lies outside of the PMO's responsibility and primarily with senior management. The PMO operates on the basis that all projects are approved by management and as such are strategically aligned. The PMO performs a supporting role in relation to this. For IFS:

> "*You can facilitate the decision making process, but it has to be senior management who ultimately makes the decision*."

At Dalkia the PMO provides accurate data and information to allow for effective decisions making and management by exception. The PMO at IT Alliance are not responsible for ensuring that projects are strategically aligned and whilst there is an active benefits management process it also is not part of the PMO's responsibility.

Whilst there was no formal benefits management process used within GUH, the highly integrated nature of the PMO led to effective, informal processes for ensuring that the right projects were pushed through and that maximum benefits were achieved:

> "*It was very important for us to see improved benefits of that clinically to the patient the only way we could do that and see it, was to work closely with our clinical colleagues and make sure that they were prepared to go through the extra effort they had to go through to squeeze out this extra technological benefit for the patient.*"

At Ergo Services the PMO has been responsible for introducing new processes to formalise the project selection and approval process based on solid business cases. Whilst the PMO does not make the decisions it has been successful in establishing an initial Project Board review where 'go/kill' decisions are made for every new project:

> "*that does happen, that meeting is quite beefy. It can be quite controversial.*"

Similarly at EMC, the PMO does not have a contributing role in strategic planning for the business, but it does have a role in ensuring that projects are managed to deliver on the objectives or requirements of their customers.

For this role then the PMO primarily acts as a facilitator for ensuring that good decisions are made regarding projects. This can take the form of ensuring that processes are in place to create well considered business cases for projects and that project reviews take place before they start and at key points during the project. In most cases the PMO did not place this role high on the value scale. Both at inception (1.33) and currently (2.50) it has the lowest rating of all of the PMO Value Roles, although it displays a strong upward trend. When considering the future (4.00) role of the PMO in almost all cases this strong upward trend continues. For many PMOs performing this role will be a key source of value in the future. At IT Alliance the PMO is expected to have a significant role in establishing a business analysis competency for the organisation. There are similar plans for extending the functions of the PMO within IFS, and at EMC the PMO is expected to perform a significant role in project management service engineering.

Currently though, there is very little evidence of any benefits management processes taking place. PMOs look at project success in the traditional sense of project management success or along the triple constraints of time, cost and scope. This is important, but it does not necessarily indicate a successful project. Merely delivering the product of the project may not guarantee that the business will receive the benefits of the project. Without the benefits the recipient will not view the project as successful. Effective benefits management will ensure that maximum benefits are delivered from every project. During the research most PMOs showed a lack of awareness of what benefits management meant, and more so how it is performed. There is significant potential value to be gained through effective benefits management. PMOs are well placed to deliver this value and need to consider it if they are to maximise their value to the organisation.

Organisational Learning

Organisations and individuals learn through experience. As projects are run lessons may be learned from how well or otherwise the project went. Errors and issues that arise can be analysed so that steps can be taken to reduce the risk of similar errors happening in the future. When projects go well it is equally worthwhile identifying what was done differently in order to achieve a better outcome and then incorporating these processes into future projects. Effective organisational learning practices will

not just capture this information, but also communicate and share it with other parts of the organisation. Knowledge gained through organisational learning will feed continuous improvement of practices and performance within the organisation. For project management activities the PMO must act as the central repository and disseminator of this knowledge (Dai & Wells, 2004; Desouza & Evaristo, 2006; Hobbs & Aubry, 2007; Kerzner, 2003).

Hobbs & Aubry (2007) found that the organisational learning functions of the PMO are amongst its least performed functions. However, this research found that this role is considered to be one of the most significant roles performed by the PMO and is actively used in many PMOs (Dalkia, IT Alliance, Ergo Services and EMC). Whilst it is generally not a priority for PMOs at inception, when the PMO has become established and many of the other roles are being performed to a level which enables the effective capturing of knowledge then this role takes on greater importance.

At Dalkia the project review board distribute lessons learned data on a monthly basis and the PMO is developing a SharePoint website to make it easier to share learning. As part of the continuous development of the project management competency at IT Alliance it is critical that learning from past mistakes happens. Documenting and communicating lessons learned is a continuous process that happens throughout the project lifecycle, not just at the end. At GUH this role is considered non-critical and was not a function directly performed by the PMO, but there is a culture of learning within the organisation and evidence that this permeated through to project management practices, although on an informal basis and not as part of a PMO function. Ergo Services conduct a post-mortem review of all projects to capture lessons learned, which are then used as an input to the change programme which the PMO manages to assist in the continuous improvement of project management practices within the organisation. EMC capture project data in pre-mortem and post-mortem reports. The pre-mortem report is completed to identify what conditions are likely to be like at the close of the project and if necessary take corrective steps on the project before closing. Both reports are stored centrally where they can be analysed to identify trends that point to issues which can lead to actions or process changes to improve efficiency on future projects.

This research shows a general acceptance amongst PMOs that organisational learning is an important role, but to do it effectively other processes need to be in place first. Once a project management methodology has been established and the PMO can effectively monitor and control project management activities it will be well placed to implement effective organisational learning practices. The value of this role to the PMO is in driving the continual improvement of project management practice and performance within the organisation.

Project Management Maturity

It is impossible for the PMO to consider and perform each of the PMO value roles in isolation. They are all interdependent. Monitoring and controlling projects gives the PMO the ability to ensure that best practices are being followed, learning is being captured, strategies are aligned, and projects are well managed. Capturing project data and lessons learned gives the ability to adapt processes and standards to improve project management practice and performance in the future. It can help identify new metrics and areas for monitoring and reporting. Developing a methodology provides the foundations to build the organisation's project management competency on and training and developing staff in the use of the methodology helps to build the competency. Performing project, programme and portfolio management puts the methodology and competence to use, incorporates the lessons learned and provides the metrics and data for reporting project activity to management and others.

Although only EMC are actively pursuing a project management maturity strategy, there is clear evidence in several other cases (Ergo Services, IT Alliance, IFS and Dalkia) of continuous improvement projects. Ergo Services have incorporated a continuous change programme into every project that feeds into the constant evolution and development of the PMO and project management practices. EMC have a similar programme providing feedback to the global PMO which is then used as input into their strategic drive for organisational project management maturity. Dalkia's PMO is working with the University of Limerick to develop project management training programmes for the organisation. IFS have plans to develop their own internal project management development programmes.

Almost universally the research has shown that the PMO is actively involved in improving the project management competency of the organisation. It doesn't matter if this is through implementing development programmes, developing and enforcing standard practices, or controlling and reporting project management activities. All of these activities contribute to improving project management competency and hence organisational project management maturity. This research supports Hill's (2004) positioning of the PMO at the core of organisational project management maturity. Achieving organisational project management maturity is a source of strategic advantage (Fahrenkrog et al, 2003) and possibly the greatest source of PMO value.

All of the PMO Value Roles contribute to the development of organisational project management maturity. As the PMO's effectiveness in each role improves this leads to increased competency within the organisation and the development of organisational project management maturity.

7. CONCLUSIONS AND FURTHER RESEARCH

How does the PMO deliver value to the organisation?

The primary research question of this study was to identify how PMOs deliver value to their organisations. Using the PMO Value Framework it has been discovered that value comes from several roles, each with varying levels of importance dependent on the age of the PMO and the level of project management maturity within the organisation. At different stages all of the PMO Value Roles deliver value. Consistent project management effectiveness is not possible without the use of a suitable and standard methodology. Hence developing a project management methodology is critical in the early stages of PMO development. Until the methodology has been established the PMO finds itself responsible for providing direct project management services to the organisation. This direct project management becomes the basis for establishing a solid methodology that fits the needs of the organisation. Once established though the PMO can direct its attention to other key roles, primarily monitoring, controlling and reporting on projects and project management activity. This evolutionary development of the PMO is consistent with Hill's (2004) competency continuum and supports Hurt & Thomas' (2009, p.69) view that "effective PMOs continue to *add* value specifically by changing and reinventing themselves".

By performing each of the PMO Value Roles the PMO improves the organisation's capacity to manage projects successfully and deliver consistently successful projects. As the PMO becomes more effective in performing each role the organisation's project management competency improves. The PMOs studied during this research have been found to be proficient at monitoring and controlling the project environment, developing project management standards, and managing projects and portfolios. In more mature PMOs they are also adept at capturing project management knowledge and learning from this. The weakest performance area is in relation to strategic alignment of the PMO and business, particularly when it comes to the area of benefits management. In general it appears that this is not a role or function that the PMO has considered before now. In summary, PMOs are

constructed to help organisations manage projects right, but are generally not geared towards helping the organisation manage the right projects.

How important are each of the PMO Value Roles?

It was expected that the value of the monitoring, control and reporting role of the PMO would come from driving projects forward, supporting project managers and providing reporting to management. The research found all of this to be true, but in a significant portion of the sample this role was also identified as providing an independent governance of projects. The PMO acts as a bridge between management and the project management activities, much as Hill (2004) and Rajegopal et al (2007) described the PMO's role. The independence of the PMO provides objectivity and allows it to "confront the brutal facts" (Hurt & Thomas, 2009, pp.68-69) on projects. This is a role that is made easier by being independent and solely focused on the organisation's best interests. Correlating with previous research (Hobbs & Aubry, 2007) this is the most critical role the PMO performs.

Developing a project management competency and methodology provides the foundation for the effective performance of all other project management activities. Establishing a standard methodology is one of the first tasks the PMO performs. A standard methodology, consistently applied, creates the basis of an environment for consistent project management success. In some cases the PMO has developed or is in the process of developing training programmes for developing the project management competency within the organisation. In other examples the preference is to recruit experienced project managers, on a contract and permanent basis. In the latter case the organisation may be "more focused on immediate project needs rather than organisational competency development" (Hurt & Thomas, 2009, p.68). In Collins' (2001) terms this is the difference between "*time telling*" and "*clock building*". In the majority of cases the PMO is concerned with developing a standard methodology for use in project management activities, but less concerned with directly developing the project management competency within the organisation. Encouraging project managers to attain recognised qualifications is a valid method of acquiring the competency though, as most methodologies are largely based on best practice.

A surprising finding of the research is the trend towards moving direct project management responsibilities outside of the responsibilities of the PMO. This is most likely driven by the need to provide an independent bridge between management and project activities. How can the PMO objectively report on projects it has direct responsibility for? Another reason for this migration of responsibility is the continual development of project management competency within other parts of the organisation. As this competency develops there is less need for the PMO to perform the role directly. However, there is a recognition that the PMO needs to retain some expertise and authority in actual project management activities. Without this the PMO is in danger of assuming a largely administrative function with little credibility and authority in the eyes of the project managers. Whilst there is a trend towards moving the role outside of the PMO it is not a significant migration and it is likely that most effective PMOs will never fully relinquish this responsibility.

Although the PMO provides an interface or bridge between management and projects, this does not stretch to providing a strategic link between the two. In most cases the PMO plays no role in ensuring that projects are strategically aligned or that they are managed to ensure benefits realisation. In general the PMO facilitates management decision making processes through the reporting function it performs and in some cases this facilitative role goes further in providing a project review process, particularly at the start of projects. It is perhaps the case that the PMO's role in this needs only to extend to providing a facilitative service to the strategic decision making process. At the very least though, the PMO needs to ensure that the project management capacity of the organisation is somehow aligned to the project portfolio.

Ignoring the process of benefits management may be to the ultimate detriment of the PMO. By managing projects to deliver the benefits expected the organisation will more consistently deliver successful projects. Projects that don't realise benefits, no matter how successful they are in project management terms, fail the organisation. Through performing benefits management effectively the PMO will deliver value over the long term. As the strategic bridge between the business and projects it is best placed to perform this role.

Previous research (Hobbs & Aubry, 2007) has shown organisational learning activities to be the least important functions of PMOs, but the results of this research show that organisational learning is considered to be one of the most important roles performed by the PMO. In performing this role the PMO can aid the continual development of project management competency and maturity within the organisation. Effective performance of this role requires other roles to be firmly established first, but once this is the case then organisational learning activities link into all other roles, from the ongoing development of standards and best practices to the organisation's strategy.

How do the PMO Value Roles evolve over time?

The evolution of the PMO is largely based on how each PMO Value Role develops over time. We have already described how the PMO first establishes a methodology through directly performing project management activities and quickly creates a method for monitoring, controlling and reporting on project activities. As the PMO becomes more effective at performing these roles, it then begins to add new roles and functionality. Organisational learning becomes increasingly important and feeds into the other activities. The only role that consistently diminishes in importance for the PMO over time is the direct project management role.

Generally though, all other roles grow in importance and effectiveness over time. As effectiveness in a role increases it allows other roles to be developed without lessening the importance of established functions. This growing effectiveness steadily increases the value the PMO delivers to the organisation and increases its strategic influence, although only marginally to date. As the PMOs continue to evolve and grow this is the role that all PMOs would like to see develop most. It is also the role which has the potential to deliver the greatest value to the organisation.

What role does the PMO have in promoting and pursuing project management maturity?

Organisational project management maturity is seen as a strategic advantage (Fahrenkrog et al, 2003), but it appears that most PMOs or their organisations do not have a strategy in place to improve project management maturity levels, at least not against any of the recognised maturity models, OPM3® and P3M3™. This does not

mean that the PMO is not active in developing the organisation's maturity levels. This research shows that where PMOs exist, by performing the roles and functions described in the PMO Value Framework they are contributing to increasing project management maturity levels within their organisation. It has been shown that as effectiveness in each role improves the PMO will progress along the PMO competency continuum (Hill, 2004). As this happens, project management competency levels within the organisation will increase. Hill (2004) correctly placed the PMO at the centre of organisational project management maturity.

However, to achieve levels of maturity that will provide strategic advantage for the organisation PMOs need to establish a strategy for purposeful development of project management maturity for the organisation. This will require the support of senior management and will not be achieved overnight, although by measuring current maturity levels the PMO will be able to identify the areas to focus on which will deliver greatest value in the short term. It is not necessary for the PMO to achieve maximum levels of maturity in every facet of the selected maturity models. The areas where greatest benefit will be achieved will be specific to each organisation.

Further Research

The PMO Value Framework has been a valuable tool for capturing and analysing data relating to the value proposition of PMOs. Although it can benefit from further analysis and research the framework may also be a suitable model to base the construction and development of future PMO strategies within organisations. This body of research would certainly have benefited from a larger participation in the case study analysis. Analysis of the PMO value within each case study from several perspectives will also add value to the research. Extending the research in this way will require a longitudinal study of several participating PMOs. The PMO Value Framework can be adapted and used for such future research.

An interesting finding of this research was the existence of social capital within some organisations driven by PMO activities. Due to its position within organisations the PMO is well placed to both benefit from social networks and create an environment where social networks can flourish. This phenomenon was outside the scope of the

current research, but may warrant further research to try to identify if this is a commonly occurring phenomenon where PMOs exist. Peppard (2007, p.341) describes social capital as follows:

> "Social capital can be seen as networks of strong, personal relationships developed over time that provide the basis for trust, cooperation and collective action. Thus, it is based on the notion that the collective abilities of individuals are derived from social networks. The central proposition of the theory around social capital is that this network of relationships constitutes a valuable resource for the conduct of social affairs in an organization. Crucially, social capital operates outside of formal organisational structures."

He points to other work on the topic of social capital by Nahapiet & Ghoshal (1998), Cohen & Prusak (2001), and Adler & Kwon (2002). How we construct organisations can either hinder or facilitate the development of social capital. Trust has an important role to play, as does language and codes of practice. The PMO at GUH may have been better constructed to achieve social capital because its members were drawn from internal resources that used the same language and practices as the rest of the organisation. They had already developed the trust required for integration of the PMO, which was unlikely to happen if the PMO was constructed externally from a pool of dedicated project management professionals.

GUH may have been a unique situation, but it appears that much of the success the PMO achieved was based on the social capital that was developed. As such it warrants deeper research and analysis.

Although there was an awareness of the concept of project management maturity and the models that existed, only one PMO was actively working to improve maturity based on any of the known maturity models. Some research examining the reasons why project management maturity is not being actively pursued by more organisations may be valuable to the project management community in general. Do organisations or PMOs see any value in pursuing such a strategy?

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APPENDICES

Appendix 1 127

Semi-Structured interview questionnaire and prompt sheet

Appendix 2 136

Research description provided to all interview candidates

Appendix 1 - Semi-Structured interview questionnaire and prompt sheet

The following questionnaire was used during the course of all interviews to be used to collect quantitative and qualitative data based on the interviewees' opinions of their PMO. Each interview was largely unstructured and was designed to illicit the opinions of the interviewees regarding the PMO. Primarily the questionnaire was used as a prompt sheet to make sure that all of the primary areas of interest were covered during the course of each interview. Quantitative data was collected during each interview regarding the relative importance of the five value roles of the PMO Value Framework to the PMO currently and with regard to its evolution into the future and since inception or 2 to 3 years prior to the current timeframe.

Semi-Structured Interview Questionnaire

Derek Keating, PMP
July/August 2009

Section 1 – Organisational Setting

Interviewee name: _____

Position/Role: _____

Organisation name: _____

Industry Sector: _____

PMO Experience

PMO involvement

Q1. What is your experience of PMOs?

_____

_____

_____

_____

Q2. Where is/was PMO located within organisational structure?

(report directly to executive management, within IT or finance, etc) _____

(is it the only PMO in organisation?) _____

(if not, is there a hierarchy of PMOs or a network of PMOs?) _____

(where does this PMO fit within hierarchy or network?) _____

_____

Q3. How is the PMO staffed?

- Project managers _____
- Other staff _____

The following roles and functions have been identified as roles that are performed to greater and lesser degrees by PMOs within organisations:

1. **Monitor, Control & Report on Projects**
    - Report project status to upper management
    - Monitor and control of project performance
    - Implement and operate a project information system
    - Develop and maintain a project scoreboard
    - Provide project administrative support
2. **Develop Project Management Competency & Methodology**
    - Develop and implement a standard project management methodology
    - Promote project management within the organisation
    - Develop project management competency of personnel, including training
    - Provide mentoring and coaching to project managers
    - Provide a set of tools for use by project managers
    - Develop on-boarding programme for new project managers
3. **Perform Project Management**
    - Directly manage one or more projects
    - Directly manage one or more programmes
    - Directly manage one or more portfolios
    - Develop metrics for measuring project status
    - Allocate resources between projects
4. **Strategic Alignment of projects & Benefits Management**
    - Develop business case for projects
    - Select projects based on strategic alignment
    - Take part in strategic planning
    - Perform benefits management
    - Provide advice to upper management
5. **Organisational Learning**
    - Implement and manage a database of lessons learned
    - Implement and manage a risk database
    - Conduct post-project reviews
    - Conduct project audits
    - Create project case studies for lessons learned
    - Provide technology and tools for sharing of project knowledge

Q4. On a scale of 1 to 5, where 1 is not important and 5 is extremely important, within your organisation's PMO can you indicate the current level of importance of each of the 5 PMO roles?

1. Monitor, Control & Report on Projects	1	2	3	4	5
2. Develop PM Competency & Methodology	1	2	3	4	5
3. Perform Project Management	1	2	3	4	5
4. Strategic alignment of projects & Benefits Management	1	2	3	4	5
5. Organisational Learning	1	2	3	4	5

Q5. Looking to the future, in terms of the PMOs development, do you see the relative importance of each of these roles changing?

Using the same evaluation criteria, within your organisation's PMO can you indicate what you think the future level of importance of each of the 5 PMO roles will be?

1. Monitor, Control & Report on Projects	1	2	3	4	5
2. Develop PM Competency & Methodology	1	2	3	4	5
3. Perform Project Management	1	2	3	4	5
4. Strategic alignment of projects & Benefits Management	1	2	3	4	5
5. Organisational Learning	1	2	3	4	5

Q6. Considering the past, has the relative importance of these PMO roles changed for the PMO? Using the same evaluation criteria, within your organisation's PMO can you indicate what the level of importance of each of the 5 PMO roles was 2 years ago or when the PMO was originally formed?

1. Monitor, Control & Report on Projects	1	2	3	4	5
2. Develop PM Competency & Methodology	1	2	3	4	5
3. Perform Project Management	1	2	3	4	5
4. Strategic alignment of projects & Benefits Management	1	2	3	4	5
5. Organisational Learning	1	2	3	4	5

Q7. Are there any functions which the PMO performs that have not been identified within the 5 PMO roles outlined?

(can they be inserted within 1 of the 5 roles?)

Q8. In your opinion, what are the most important functions or roles that the PMO undertakes?

Prompt Sheet

Monitor, Control & Report		Tick?	Notes
	Report status to upper management?		
	Responsible for monitoring all projects?		
	What tools are used to monitor & control?		
	Administrative support to PMs?		
Develop PM Competency & Methodology			
	PMO responsible for methodology & standards?		
	Promotion of PM? How?		
	PM training?		
	Mentoring/coaching of PMs?		
	Tools for PM?		
	On-boarding new PMs?		
Project/Programme/Portfolio Management			
	PMO directly manage projects?		
	PMs report directly to PMO?		
	How is project success measured? Linked to PMO success?		
	Tools/metrics?		
Strategic Alignment & Benefits Management			
	PMO responsible for strategic alignment?		
	PMO take part ins strategic planning?		
	Business case required for projects?		
	Benefits Management?		
	PMO authority on projects (go/kill)?		
Organisational Learning			
	Lessons learned database?		
	Risk database?		
	Post-project reviews?		
	Project audits?		
	How is knowledge shared?		
	Tools & technology		

Q9. Considering the earlier discussion around the changing PMO roles, can you outline what you consider to be the primary drivers behind the change in emphasis of the PMO over the last two years or since inception?

Q10. Considering the discussion about the changing PMO roles, can you outline what you consider will be the primary drivers behind the change in emphasis of the PMO over the next two years and into the future?

Q11. Finally, are there any further comments or information relating to the role of the PMO and how it delivers value that you think may be pertinent to this research?

Thank you for your time and help in conducting this research. If you are interested in receiving a summary of the research findings please let me know and I will be pleased to share it with you on completion.

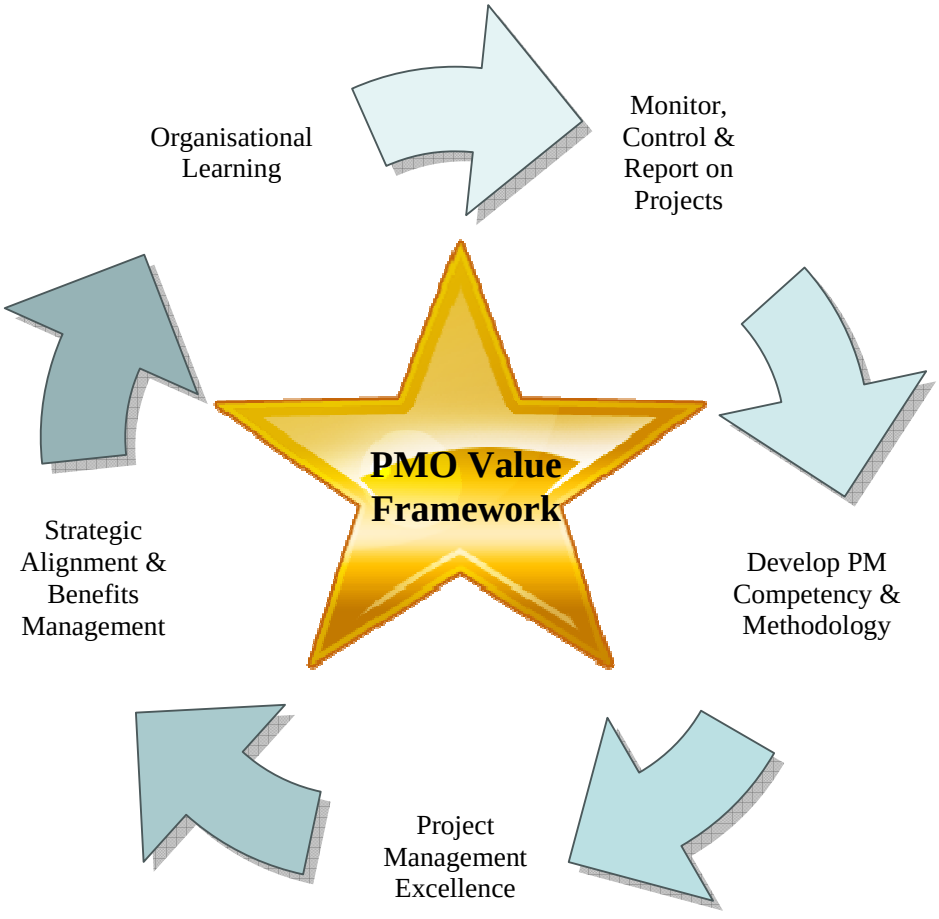
Appendix 2 - Research description provided to all interview candidates

The following brief document was provided to all interview candidates in advance of the interview taking place in order to provide a brief description of the research project and to be used as the basis of a semi-structured interview to illicit quantitative and qualitative data based on the interviewees opinions of their PMO.

The subject of the research is the Project Management Office (PMO). I am primarily concerned with how a PMO can deliver value to organisations. Based on a review of the literature relating to PMOs it appears that there are a number of functions that the PMO performs within organisations and which I have categorised under the following headings:

- Monitor, Control & Report on Projects
- Develop Project Management Competency & Methodology
- Deliver excellent Project Management
- Strategic alignment of project & Benefits Management
- Organisational Learning

These PMO roles form the basis for the "**PMO Value Framework**":



For the next phase of my research I would like to get the views of PMO experts working in industry. This phase of the research is intended to test the veracity of the framework and to learn new insights that I have overlooked or which perhaps haven't been observed previously.
Just to provide a little more detail around the PMO roles, each contain a number of PMO functions. A sample of these functions is shown below:

6. **Monitor, Control & Report on Projects**
    - Report project status to upper management
    - Monitor and control of project performance
    - Implement and operate a project information system
    - Develop and maintain a project scoreboard
    - Provide project administrative support

7. **Develop Project Management Competency & Methodology**
    - Develop and implement a standard project management methodology
    - Promote project management within the organisation
    - Develop project management competency of personnel, including training
    - Provide mentoring and coaching to project managers
    - Provide a set of tools for use by project managers
    - Develop on-boarding programme for new project managers

8. **Perform Project Management**
    - Directly manage one or more projects
    - Directly manage one or more programmes
    - Directly manage one or more portfolios
    - Develop metrics for measuring project status
    - Allocate resources between projects

9. **Strategic Alignment of projects & Benefits Management**
    - Develop business case for projects
    - Select projects based on strategic alignment
    - Take part in strategic planning
    - Perform benefits management
    - Provide advice to upper management

10. **Organisational Learning**
    - Implement and manage a database of lessons learned
    - Implement and manage a risk database
    - Conduct post-project reviews
    - Conduct project audits
    - Create project case studies for lessons learned
    - Provide technology and tools for sharing of project knowledge

My theory is that in performing some or all of these functions well that the PMO can deliver value. I want to examine which roles and functions actually deliver greatest value in practice.