Transforming your PMO into a Centre of Excellence

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This session covers:

- key concerns in transforming a PMO into a COE
- possible triggers for this business decision.
- differences between a PMO and a COE
- functions of a COE
- pre-requisites for implementing a COE
- thoughts on managing the organizational change.
- cautionary advice on managing expectations
Current economic conditions and the value of PM

Economic fragility continues to challenge organizations worldwide.

Governments and corporations are faced with the impacts of:

- reduced budgets
- nervous investors and customers
- a new vulnerability to influences on corporate performance by the inter-connectedness of the global economy
Current economic conditions and the value of PM

To survive, organizations are even more attentive to internal business process supports:

- To safeguard vital revenue and funding
- To remain profitable, innovative, and competitive
- To comply with all requirements for good governance in private or public service environments.

Project Management is one of these supports.

- Our frameworks, methodologies, processes, and tools provide crucial business process reinforcement
Current economic conditions and the value of PM

PM organizational structures sometimes reflect:

- the maturity of the organizations they’re in
- the maturity of PM as a functional discipline in the organization
- or both of these together

Project Offices, PMOs and COEs are just 3 options available to executives seeking to leverage the value of PM in support of business objectives, but ...

- “One size does not fit all”.
- The PM model must be aligned with the needs of the enterprise.
Current economic conditions and the value of PM

“Fitness for purpose” in connection with a PM org is key

- once the purpose itself has been
  - defined
  - clearly understood
  - committed to by the ELT

PM will not yield its full benefit to any organization unless Executives see it as a

- equal to, and not the “poor cousin” of, other core and centrally managed business processes, like
  - Finance, Procurement, Legal and Regulatory, etc.
As an enterprise moves to the most mature PM model, transforming an existing PMO into a corporate or divisional COE might be necessary.

It would be helpful to understand the differences between a PMO and a COE.
PMOs, CPMOs and COEs

“The CPMO (Corporate PMO) is accountable for enterprise-wide distribution of PM best practices. The CPMO is a corporate business function … similar to traditional business functions such as Finance, Engineering, Marketing/Sales, Manufacturing, Information Technology, etc., which provide leadership and have “ownership” of their respective functional disciplines.

“The PMCoE is an alternative title for the CPMO. Its primary focuses are strategic forecast planning and the establishment of corporate standards that include the effective use of a common PM methodology, processes, tools, templates, education, training, and PM competency.

“The PMO is responsible for tactical master planning within major divisions, business units, regions, etc., overseeing the effective application of the PM standards established by the PMCoE within their respective sphere of responsibility.”

- “Building Project Management Centers of Excellence”
  (Dennis Bolles, 2002, page 8)
The Key Functions of your COE

1. Is a PM Standards and compliance authority.

The COE is the guardian and communicator of corporate PM Standards.

- The definition and implementation of standards unifies and enhances PM across the enterprise.
- Compliance with these standards should be verified by periodic COE led audits of
  - work being performed
  - adherence to project documentation standards
  - the use of PM standards or best practices as defined by the COE.
The Key Functions of your COE

2. The COE manages the intake and authorization process for new business opportunities.
   - A “New Business Development (or Opportunity) Pipeline” should be under the jurisdiction of the COE.
   - Documentation, qualification, approval and project initiation of new business opportunities is a vital component of the work of a COE, and should not be decoupled from the Project Stage Gate Process.
   - The development and materialization of new business opportunities is the front end to the Stage Gate Process.
The Key Functions of your COE

3. Manages corporate/enterprise/divisional activity at the Portfolio level
   - Accountability for tracking, analysis and reporting on the status of the portfolio.
   - Expect the strongest “push back” from surviving, previously autonomous, PMOs in the org
     - A collaborative partnership between the COE and the distributed PMOs is best, if possible.
     - A particularly delicate exercise in diplomacy if a previous PMO is promoted into the role of divisional or enterprise COE.
4. Aligns all initiatives to strategic and organizational objectives.
   - This won’t be effectively performed by the distributed PMOs
   - Strategic alignment is a core function of the COE, and is related (often) to the Project Intake and Prioritization Processes

5. Collaborates with business units on the definition of project (and sometimes operational) benefits, metrics and KPIs
   - Collaborate or you will build resistance to, and bypassing of, the COE by the business units
The Key Functions of your COE

6. Reviews, measures and reports on portfolio performance and key operational objectives.
   - The ability to inform leaders of the health and performance of their strategic portfolio is a primary service provided by a COE.

7. Recruits, trains and develops PM staff for the enterprise.
   - Sets standards for qualifications and experience for PM roles:
     - PMO Manager/Director; Senior Program Manager; Program Manager; Senior Project Manager; Project Manager; Associate Project Manager; Senior Project Coordinator/Analyst, etc.
The Key Functions of your COE

- The COE can also perform orientation and training sessions to bring new hires “up to speed” on managing project activity in the context of the organization, highlighting:
  - PM requirements
  - Regulatory
  - Procurement
  - Legal or industry requirements
  - as well as business specific policies and guidelines pertinent to the performance of their jobs
The Request to Transform your PMO into a COE

Your PMO may plan and implement projects for a specific BU, but you may be asked to assume a broader strategic or corporate mandate.

The request might be based on past successes of your PMO and the Executive belief that it can rise to the demands of a larger mandate.

Occasionally a PMO is “pulled in” to address systemic weakness and inconsistencies in PM due to negative customer feedback, or the chronic loss of revenue or funding through customer benefit delivery failures in sub-sections of the enterprise.
The Request to Transform your PMO into a COE

Whatever the decision triggers, benefits to customers, other stakeholders and the enterprise are key concerns.

- The decision must not be driven by political expediency, personal ambition or short term tactical reaction to fluctuating business conditions.
- It is a crucial strategic move made by an SLT after frank and deep estimation of key stakeholder impacts and implications, and the influence on business practices, policies, guidelines and the organization.
- No decision which could result in outcomes that bring in to question the value of investing in PM should be entered into lightly.
The Request to Transform your PMO into a COE

If the transformation is not managed with wisdom and discretion

- the consequences for your org could exceed the discomfort or corporate dysfunction which led to the decision
- this is not work for Cowboys. They probably got you into the mess you’re in.

The transformation of your PMO into a COE may require a paradigm shift for your organization, a new way of doing business. Tread gently, as far as is reasonably possible.
Pre-requisites for the Transformation

There are at least 4 pre-requisites to beginning the process:

- Clear definition of the mandate and vision for the COE.
- Understanding and agreement by the whole SLT and other key stakeholders.
- The location in the org must be appropriate to its mandate.
- The impacts to the enterprise and the CM requirements for the implementation must be identified, and approved by the whole SLT
  - Essential as multiple departments, divisions, business units and regions could be impacted.
Managing Change: The Transformation Project

- Create a CM Plan or ensure the COE Implementation Project Charter includes comprehensive CM content.
  - Possible items to consider for CM Planning.
    - Create a detailed Communications plan.
      - The importance of transparency (to the degree possible) and of frequent verbal and written, formal and informal communications as tools for managing reactions to change cannot be overemphasized.
      - Articulate the rationale for the change stressing the benefits to customers, key stakeholders and staff, and a vision of the end state for the COE.
Managing Change: The Transformation Project

Benefits might include some or all of the following:

- Improved and consistent customer benefits management
- Improved and expedited ROI
- Stable, standardized, repeatable model for delivery and operationalization which
  - increases customer confidence
  - Improves the chances of winning new business
- Ongoing enhancement of organizational PM capability
- An enhanced and clarified career path for PM staff
Managing Change: The Transformation Project

Benefits (continued)

- Alignment of all initiatives with strategic objectives
- Termination of projects in the portfolio not worth continuing due to poor ROI, misalignment with corporate strategy and commitments, or other relevant causes
- Consistent approach to recovery of high priority projects in trouble
Managing Change: The Transformation Project

- Identify and communicate changes that will occur and hold forums and/or issue surveys to:
  - seek staff input and to facilitate adoption and support for the COE
  - reduce staff anxiety
- More information is better than less. The latter can drive a cycle of demoralization which could impact
  - customer service
  - customer satisfaction
  - revenue/funding continuity
  - profitability
  - enterprise sustainability
Managing Change: The Transformation Project

- Perform an “As Is” assessment of PMO resources (people, tools, systems, processes, methodologies) and identify what can be reused at the COE level.
- Determine what and who will need to be replaced, or upgraded for the COE.
- Identify priority areas (teams, customers, other impacted stakeholders, public media, etc.) for special care or focused attention in the transition phases.
- Create a Charter.
- Hire an external PM and select a full project team.
  - include representation from impacted external stakeholders, if appropriate
The Transformation Project: The Project Tasks

What are the key tasks that need to be executed in the establishment and operation of a COE?

Some possibilities:

- Define the COE’s mandate, accountabilities, scope of activity and level of authority.
- Identify interdepartmental relationships for the COE and perform a full stakeholder sensitivity analysis.
- Validate and prioritize the project portfolio, aligning and classifying initiatives against enterprise strategies, objectives and commitments.
- Perform a detailed health assessment of the portfolio.
- Staff and organize the COE.
The Transformation Project: The Project Tasks

- Develop the Executive Dashboard/s for the portfolio
- in collaboration with the BUs, and any legacy PMOs,
  Implement the following:
  - Stage Gate Process for stable transition through each phase of the project life cycle.
  - Detailed framework/methodology for all PMs to use.
  - PM Standards and performance metrics/scorecards.
  - Define divisional/enterprise Project and Operational KPIs.
  - Implement a centralized project documentation repository.
The Transformation Project: The Project Tasks

- Define the Intake and authorization process for new business development/opportunities.
- Establish a standardized Governance Model
- Create and implement common PM tools and templates.
- Establish recurring monthly and quarterly meetings with all PM staff enterprise-wide to discuss practice management, standards, innovations and key PM objectives and concerns.
- Develop and communicate a career path for PM resources in the organization and collaborate with PM staff on development plans (including internal educational options: lunch and learn sessions, mentoring, etc.)
Conclusion

• Ideals can fall short of reality and its constraints.

• You might be tempted to push forward aggressively to drive change armed with Executive support, but ...
  
  • Sensitivity to current limitations, fears, legacies and working conditions is vital if we want to achieve adoption and support for the COE.

• Any new system, process and documentation requirements should improve service to customers and efficiency for staff, or be abandoned.

• If the CM process and the implementation effort are effective, and humanely executed, the COE will be seen as a facilitator for superior business practice, and improved customer and employee satisfaction.
We are in the best of all professions, and much rides on our shoulders as change agents and stabilizers in an increasingly chaotic world, in an age of broken dreams and squandered potential.

As we build our PM organizations, whatever and wherever they may be, let’s never forget the value we add. Let’s step away from the cynicism that so easily besets us and commit ourselves to lifting the profile of what we do in project management, and to the highest standards of excellence we can achieve. The benefits are innumerable.