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PRIMAVERA

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Six Strategies for Creating PMO Coherence

Executive Overview

What is a coherent PMO? It is one where the functions, purpose and role are aligned with the larger purpose and objectives of the organization. It enhances project functioning and delivers value to all of its stakeholders. It provides a focal point for consistent delivery of projects while allowing for the flexibility required to address individual project challenges. Paradoxical? Perhaps. Difficult to achieve? Certainly. Impossible to attain? Not really.

According to research from the Economist Intelligence Unit, organizations that adhere to strong project management methods are consistently more successful than those that do not. 90% of companies consider project management competencies crucial to their success, yet many still struggle to consistently manage projects effectively, improve processes, and meet strategic business objectives.¹ While the value of effective project management is undisputed, how to attain it continues to be elusive for many – and the barriers and challenges are growing rather than shrinking.

Introduction

The promise of project management in organizations has been to create a consistent, repeatable set of best practices to manage projects. Common efforts have seen the implementation of project management (PM) processes, PM software (both standalone and at an enterprise level) and the establishment of Project Management Offices. While it is now common to find PMO structures in many organizations, recent research shows they play a

¹ The Economist Intelligence Unit, *“Closing the Gap: The link between project management excellence and long-term success”*, (October 2009): <http://www.oracle.com/us/dm/h2fy11/oracle-project-man-web-337374.pdf>

wide variety of roles and struggle to demonstrate value – and there is little consistency in how they are implemented to support organizations. Research conducted by the University of Quebec at Montreal has shown that the value of and relevance of PMOs has been questioned in more than half of organizations that have implemented one.² This is reinforced through findings that indicate the average lifespan of a PMO is only two years, and that "PMOs are being shut down or recreated almost as fast as they are being created."³

The organizations that PMOs serve are seeking to innovate while at the same time effectively manage costs and find opportunities for the rationalization of services. Even while PMOs endeavor to provide more consistent and centralized support for project management, project managers and teams are taking advantage of vast shifts in technology. Increased availability of social media, portable technology and the explosive increase in cloud computing solutions make extraordinarily powerful technology readily available – for little cost.

These realities present both opportunities and threats to the PMO. The current environment provides new avenues to promote the relevance and promise of a consistent project management approach. At the same time, it presents unprecedented possibilities for project teams to adopt and pursue non-standard approaches and toolsets. This white paper will explore these dynamics, and identify the most effective strategies in promoting coherence and delivering value.

² University of Quebec at Montreal, *"What research is telling us about PMOs"* (2009). www.pmchair.uqam.ca/upload/files/accueil/pmo_research_pmi_rio.pdf

³ Hobbs, Brian and Aubry, Monique, "The Project Management Office (PMO): A Quest For Understanding" (2010). The Project Management Institute. <http://www.pmi.org/en/Knowledge-Center/Research-Completed-Research/The-Project-Management-Office-PMO-A-Quest-for-Understanding.aspx>

The Demands for PMO Coherence

Organizations are faced with the need to continue to realize efficiencies in their operations. This is no less true of their projects. Particularly in the uncertain economic times of the past few years, the imperative of finding efficiencies has been paramount. This has influenced the projects that organizations take on, as well as the expectations of how these projects are delivered. These are challenges that must be understood, supported and managed by the coherent PMO.

Centralization

When managed properly, centralization can be the source of considerable efficiency gains. The challenge is developing a strategy that meets the broader goals of the organization while still providing sufficient support for the needs of individual organizational units. The promise of the Enterprise PMO is providing a truly coherent focus for all projects in the organization – while still embracing the uniqueness of the different projects the organization undertakes.

Shared services

Hand in hand with the move to centralization has been the exploration of shared services strategies. The functional areas being considered for the introduction of a shared services model are growing considerably. Especially in large multi-nationals and the private sector, a broad array of functions from strategic planning to information technology to project management are being considered for shared services deployment.

Cost

Reduction of costs is an ongoing source of pressure and area of focus. There is a continued drive to manage and minimize costs that is having a significant influence on how organizations manage and how they deliver their projects. Operational managers are needing to manage budget reductions while maintaining or even enhancing service levels; project managers are facing the demand to deliver more complex projects with fewer dollars and resources.

Increasing need for collaboration and effective resource management

The coherent PMO faces both the opportunity and challenge of supporting collaboration. It is ideally suited to be a clearinghouse of information and a connector of resources. Through greater awareness of organizational strategy, increased visibility of individual projects/progress and the ability to coordinate interdependencies between projects, the PMO is positioned to be a critical lynchpin in supporting improved collaboration.

At the same time, centralized structures can be perceived as a bottleneck as much as they can be an enabler. To be successful, the PMO must be a value-added contributor to project and organizational success. They must see themselves – and be seen to be – a facilitator of a greater dialogue between stakeholders and project participants. Organizations are looking for support and assistance in

facilitating greater levels of collaboration, just as individuals are seeking more ways to contribute. The PMO is being increasingly seen as a resource to support these efforts.

Flexibility offered by technology solutions

The technology innovations of the last few years have made significant impacts on how services are delivered and organizations are managed. These same technologies also have an influence on how projects are managed and PMOs deliver their services; several trends are giving PMOs new tools to help them with their project management practices.

Enterprise software

The idea of enterprise PM software isn't new. Successfully being able to harness the full power of enterprise software offerings at an organization level is a much more recent occurrence, however. The functionality, ease-of-use and deploy-ability of this software mean its promise is finally being realized.

Social media

The exponential rise of social media in a business context means new paths are available for collaboration – within and between projects, throughout the organization and across organizational and industry boundaries. The ability to collaborate at will with colleagues around the globe is fundamentally changing how, where and when we work.

Mobile devices

The growth in mobile devices and their capabilities has been meteoric. The evolution of functionality and the growth of data bandwidth mean that employees have immediate access to huge amounts of information. For project managers and teams (as well as for PMOs that support them) this means a growing demand for mobile access to project information and an increasing ability to deliver it.

Cloud computing

A few years ago, access to corporate data meant heavy applications that were only accessible behind highly secure firewalls. Cloud computing is fundamentally changing how and where project teams interact with their applications and data. PMOs are being expected to develop coherent strategies to leverage these opportunities while still ensuring the consistency and security of corporate information.

The Challenges of PMO Coherence

Even as the coherent PMO is becoming strategically important and technologically possible, there are significant challenges that stand to undermine its success. Pressures for decentralization and increased local control of projects are growing – at the same time the very technology solutions that make the coherent PMO possible also threaten to undermine it.

Pressures for decentralization

While the logic of cost efficiency and a move to shared services reinforces the logic of a centralized, enterprise-level PMO, the desire for divisional and business unit-level control is working against the idea and the promise of the coherent PMO. Business units view their projects as strategic, and there is a strong temptation to retain control over their management and delivery. Uniform organizational approaches are often seen as being not relevant or appropriate for specific divisions or project types.

Where PMOs are responsible for not just process but delivery, there can be a particular source of resistance from business units that are used to managing their own projects and controlling their own project managers. These units are often unwilling to let go of control. They may view a central PMO as a threat to their autonomy or authority; think that projects managed at arm's length will not fully support their needs; or that project managers may not have the specific industry or subject-matter expertise that was experienced when projects were managed within the business unit.

Continued separation of the business and IT PMO

Despite the promise of the enterprise PMO as a source of coherence for the organization, the reality for many organizations today is that the PMO structure is cleaved in two, with separate PMOs for IT and the business. While IT is playing a more strategic role in organizations and significantly influencing the delivery of strategic projects, there is still a temptation to view IT projects as separate and distinct from those of the business. This is particularly true when the technical development of solutions is kept separate from the organizational change management necessary in driving the evolution of structure, roles and processes within the organization.

A significant barrier is defining where in the organization an enterprise-focused PMO is established. Those organizations that endeavor to create an enterprise PMO from within the IT organization are typically least successful when the PMO role is perceived as being organizationally focused. These organizations are also most likely to have the PMO seen as being IT-focused or established to address challenges within the IT organization rather than being designed to support the needs of the enterprise.

Increasing use of new technologies

While the growth in innovation and capability of technology represents a significant avenue for developing and establishing the coherent PMO, it also represents a very real threat. Even while the most successful organizations are championing their IT projects from the business side, the emergence of new technological capabilities is giving them the power to do so more directly than ever before. The PMO faces a number of new challenges in realizing their objective of coherence brought about by the use of social media, mobile devices and operating in the cloud.

Social media

Given the collaborative nature of project teams, social media environments could be explored as a means to help accelerate their work. At the same time, social media presents many challenges to the organization. Social media by its nature is managed outside of the organization and in public, which

can lead to issues of security and confidentiality. Apart from the inherent security challenges and competitive issues, this can also create considerable concerns in managing corporate reputations (particularly where criticisms or negative feedback are discussed in a public forum).

Mobile devices

The increasing prevalence of mobile devices expands the availability of information. However, their portability creates security issues if devices are lost or stolen. A growing number of mobile devices are the personal property of the employees rather than organizations. This results in support challenges for organizations, as well as significant threats regarding application and network security.

Cloud infrastructure

A project team can readily set up a cloud-based environment in which to collaborate on a project, resulting in enormous security threats in maintaining the integrity of corporate records and archives.

Strategies to Move Toward Coherence

For the executive or director responsible for creating the coherent PMO, success involves developing strategies that embrace the available opportunities while at the same time managing and mitigating the potential threats.

While the dynamic changes that support and underlie the creation of the coherent PMO are numerous, taking advantage of them requires concerted focus and effort. The promise of the coherent PMO is a consistent, centralized means of managing projects across the organization. This requires carefully balancing where consistency is important with the flexibility necessary for individual projects to be successful. Research has helped reinforce the following strategies as being most effective in enabling organizations to strike this balance:

1. *Taking an enlightened approach to managing methodologies and toolsets.* Process is an essential part of creating coherence in how projects are managed. Processes have been consistently seen to fail where organizations have defined processes that are seen as being too rigid and bureaucratic, or that are too generic or high-level. Those organizations that have been most effective are those that have processes that provide guidelines and boundaries, not rules, and that are supported by enterprise PM software that is implemented with appropriate guidelines and standards for how it is used.
2. *Embracing innovation and experimentation.* A key opportunity for the coherent PMO is in embracing continued innovation. Those organizations realizing the most value from project management are those that continue to invest in their project management capabilities. The coherent PMO needs to actively find creative ways to improve, and support and encourage their stakeholders to adapt and experiment. Rather than a static capability that is policed, project management needs to be perceived as ever-evolving.
3. *Leading the process of experimentation, rather than following it.* In the face of project managers adapting or deviating from standards, it is tempting to police, control and try to prevent them from doing so. At the same time, adaptation and experimentation are the essential ingredients of innovation and improvement. The coherent PMO can help shape and manage the process of experimentation by facilitating discussions of where different approaches may be appropriate, supporting innovations in an appropriate fashion and highlighting their results.

4. *Rapidly develop and continually evolve “soft” standards for technology use.* Technology is adapting at an accelerating pace. Trying to develop standards that rigidly control how and when technology is used is an exercise in frustration. Leading organizations employ “soft” standards – guidelines and principles for the appropriate application of technology and tools – rather than strict rules, procedures and policies. This is particularly important in ensuring that new technologies are used in a way that does not threaten or expose the organization to unnecessary risk. For the coherent PMO, it is also important to define principles and expectations for how project information needs to be managed and archived to enable continued availability and access.
5. *Co-opt the early adopters as pilot users and evangelists.* The coherent PMO needs to recognize those project managers, team members and executives that represent the “early adopters” of project management approaches – and nurture and develop relationships with them. They should be viewed as critical resources in evaluating new approaches and illustrating their results (both the successes and the failures) to the rest of the organization. By partnering with them, early adopters become allies in not just evolving the current capabilities, but also in reinforcing the relevance and appropriateness of the practices, guidelines and standards that are in place.
6. *Make it easier and more valuable to collaborate inside the firewall rather than outside of it.* Social media is not going away. While most people understand the potential threats, the overall value is often seen as worth the risk. Apart from developing appropriate and reasonable guidelines, leading organizations are providing secure and organizationally managed versions of the same collaboration tools that exist publicly in the internet. The coherent PMO needs to champion the use of collaboration, data sharing and communications tools alongside enterprise PM software. Wherever possible, these need to be integrated in a way that makes it easier for teams to work within the organizational environment rather than needing to go outside of it.

Conclusion

Project management is an essential skill and capability for most organizations. Those organizations who are realizing the greatest value in managing their projects are those that have consistent, supported and relevant project management practices. They continually evolve, and invest in these practices and they are seen as being of critical value from the executive suite to the project frontlines. Creating and supporting this ongoing evolution is the role of the coherent PMO.

For any organizational practices to be used, they must be seen as allowing project teams, managers, executives and business units to be more successful than they otherwise would on their own. This sets a high bar for organizational change. The goal of the coherent PMO should not be establishing a practice that supports the lowest-common denominator; it must invest in creating capabilities that are more effective and more relevant than the personal practices of individual project managers and teams. They need to invest in solutions that harness the opportunities that current practices and technology make possible. The coherent PMO will invest effort in making it easier and more appealing to work within the context of the organizational project management approach, not outside of it.

Above all, the coherent PMO needs to provide value, support continued evolution and be open to questioning current practices. Effective project management is not a destination; it is a continuing journey.



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