

Maturity Growing: Brazil Central Bank Case¹

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With the collaboration of
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Abstract

The objective of this paper is to present how the Banco Central do Brasil (BCB), the Brazilian Central Bank, reached a PM maturity level of 4.2 in 2014, according to the PRADO-PM Maturity Model, starting in 2007 from a maturity of 2.1. So BCB doubled its maturity in seven years and reached a level of excellence. This paper presents the general PM situation within BCB at the time of the first measurement, describes the improvement projects that were conducted for the advancement of the Bank's PM maturity, and summarizes the achievements and benefits that were derived from the current PM maturity.

1. INTRODUCTION

The BCB is a federal agency whose mission is "to ensure the stability of the purchasing power of the Brazilian currency and a sound and efficient financial system within the nation of Brazil." This mission is accomplished through the actions of its 4,000 employees, distributed in more than 40 organizational units. Its operation spans nationwide, with offices in nine state capitals and headquarters in Brasilia, the nation's capital city. To frame this mission within its global context we note that Brasil ranks number 7 in the world in the value of its Gross Domestic Product (GDP), as shown in Figure 1, just after the United Kingdom and ahead of Russia and Italy.

Rank	Country/Region	GDP (Millions of US\$)
	<i>World</i>	74,699,258
	 <i>European Union</i>	17,512,109
1	 United States	16,768,050
2	 China	9,469,124
3	 Japan	4,898,530
4	 Germany	3,635,959
5	 France	2,807,306
6	 United Kingdom	2,523,216
7	 Brazil	2,246,037

¹ *Second Editions are previously published papers that have continued relevance in today's project management world, or which were originally published in conference proceedings or in a language other than English. Original publication acknowledged; authors retain copyright. This paper was originally presented at the 9th [Annual University of Texas at Dallas Project Management Symposium](#) in August 2015. It is republished here with the permission of the authors and conference organizers.*

Rank	Country/Region	GDP (Millions of US\$)
	World	74,699,258
8	 Russia	2,096,774
9	 Italy	2,071,955

Figure 1. First 9 Countries Ranked by GDP
Source: International Monetary Fund, 2013.

Since the BCB is an institution whose actions reverberate in both national and international financial markets, its work processes are well defined, and supported by stable and lawful standards. All projects that introduce change within the national financial system are obviously extremely important to a nation's economy and political stability.

BCB realized in 1998, due to a crisis in the Brazilian banking system, how projects were important to position the organization to face the challenges of the market. During that year, with supporting resources from the World Bank, projects were implemented with the objective to modernize some of its working processes. The first core of project management comes from this moment.

Today, the organization has four project offices (three departmental and one corporate). Departmental offices are located in departments that plan and conduct their work in a projectized manner. These are the:

- Department of Planning, Budget and Management (Corporate PMO-Espro),
- Integration and Surveillance Support for the Supervision Area (Degef),
- The Corporate University of BCB (Unibacen), and the
- Department of Information Technology (Deinf).

2. CURRENT SITUATION – CORPORATE PROJECTS (2015)

The Corporate Project Office (Espro) is a division of the Department of Planning, Budget and Management (Depog), under the jurisdiction of the BCB Deputy Governor for Administration.

The annual portfolio of corporate projects has around 80 projects in 2014, distributed in the various stages of their life cycles - initiation, execution and controlling, and closing. It's a portfolio that has resources of R\$ 115 M (approximately USD 40M) per year, as well as sufficient human resources for its execution.

These projects are conducted through established practices and project methodology which is in its 4rd edition (MGPro 4.0). There are several levels of authority and several committees that enable governance and management of the project management model, and a team that is well prepared with the theme.

The current situation of BCB in Project management could be summarized in the following main aspects:

- Maturity 4.2 (scale from 1 to 5)
- High efficiency in Portfolio, Program and Project management:

- High acceptability in the bank's internal environment
- KPI:
 - Total Success Index: 80%
 - Partial Success Index: 15%
 - Failure index: 5%
 - % Projects finishing on planed cost: 60%
 - % Projects finishing on planed time: 50%
- Common language across the organization
- Integration of PM with other managerial disciplines
- Dissemination of a project-oriented culture
- Positive impacts on stakeholders external to the institution

This situation is clearly different from the initial situation on 2007, where the projects usually finished by starvation, as we will see later in this paper. In 2014 BCB got the prize “PMO of The Year 2014” sponsored by MundoPM Magazine (8th Edition). The institution is now seen as an international benchmarking in PM. In 2014 BCB hold the World Central Banks PMO International Meeting, with more than 400 participants from many private and public institutions, from all the regions of Brazil, and also Central Bank’s employees from 15 countries such as Canada, Israel, England, Italy, Philippines, etc.

The pillars of portfolio, program and project are very consolidated.

Portfolio management has standardized the whole processes cycle, as well the organizational structure involved. The projects are linked to three main strategic objectives:

- Core business:
 - To ensure compliance with the inflation targets
 - To ensure the strength and the proper functioning of the National Financial System.
 - To promote the efficiency of the national financial system and financial inclusion of population.
 - To ensure adequate supplies of cash to society's needs.
- Institutional Strengthening
 - To improve the regulatory framework for fulfilling the institutional mission.
 - To promote improvements in communication and relationships with internal and external public
 - To strengthen the international position of the institution.
- Governance:
 - To improve the governance, structure and management of the institution.

Program management has been established after a partnership with British Government, and a course of *Management of Success Programs* (MSP) was taught by a British consulting. 13 BCB servers were certified at MSP Practitioners.

To be sure that previous experiences are not lost, BCB also created a platform for Knowledge Management, in which we may have the history of finished projects (Lessons Learned, Best Practices, etc.). The platform provides also a search tool (Google based) and a chat.

2. PREVIOUS SITUATION – 2003 to 2006

The previous situation could be summarized as:

- Several methodologies;
- Different processes;
- Lack of standardized tools;
- Limited capability in PPPM practices;
- Only two PMP certified professionals;
- Few strategic projects;
- Diffuse sponsorship;
- Lack of prioritization criteria;
- Termination of projects by “starvation”.

The Corporate PMO was created in 2004 and it created and released the methodology used for the development of strategic projects in BCB. This office also acted as consultant for project managers of the organization units in the preparation of preliminary studies and project plans, and as first level appraiser of proposed projects and proposed modifications to ongoing projects. The Corporate Projects Committee (CPC) was created and became very active. During this period the criteria for a single lifecycle for preparation and approval of strategic projects was implemented. This improvement became fully operational in 2006.

The three PMOs (Corporate, Department of Information Technology and Supervision Area) underwent assessment of the level of maturity in project management using OPM3 (PMI model) in 2004. The Corporate PMO also evaluated the level of maturity in project management using two other models: Kerzner-PMMM and Prado-PMMM. The results of both models noted, in 2004, an initial level for maturity in PM for the BCB that was less than desirable.

This PPPM maturity level indicated that the institution had achieved some success in the implementation of project management processes, but there was still a need to consolidate the culture and procedures. To continue to raise the level of maturity it was necessary to make continued investments in tools, consolidate the methodology throughout the institution, train stakeholders according to the needs of each one, and to internalize procedures.

From these experiments in using maturity models, BCB decided to use the Prado-PMMM model [1] for periodically measuring its evolution. This choice was based on the following criteria:

- a) adaptability of the model to various areas of the organization, allowing corporate and department maturity assessment;
- b) adequacy of the model to Brazilian organizations;
- c) applicability of the model for public organizations;
- d) possibility of using the model without external assistance;
- e) use of the assessment result for the definition of improvement actions.

3. THE PATH OF EVOLUTION

The evolution took place in three phases (Figure 2). Each phase has been managed as a project, having a Project Plan and its own Project Manager. Figure 2 shows how maturity grows at BCB since 2007.

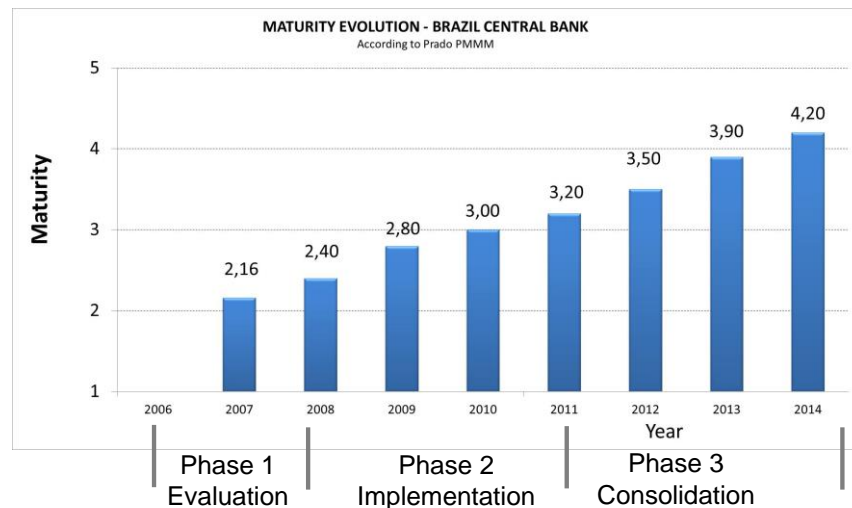


Figure 2. The path of evolution

4. THE FIRST PHASE OF EVOLUTION - April 2006 to May 2008 – The Evaluation Phase

The objective of the Growth Plano was to implement and make work a PM Platform (Figure 3), composed of the following dimensions [1]:

- PM Competence
- Behavioral competence
- Technical and contextual competence
- Methodology
- Computerization
- Strategic Alignment
- Organizational structure

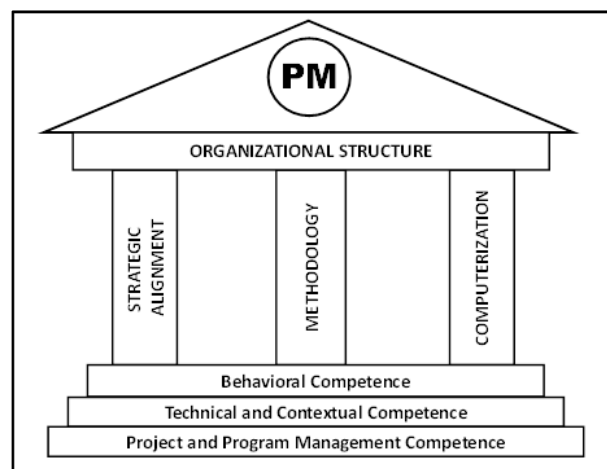


Figure 3. The platform for PM

The first maturity evaluation showed a score of 2.16, with the dimensions adherence as show in Figure 4.

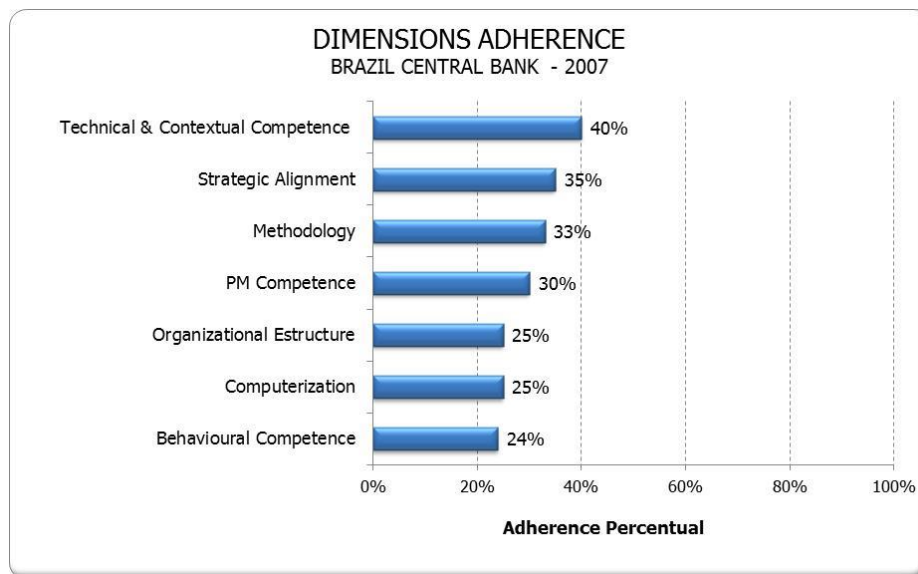


Figure 4. Dimensions adherence by 2007

The goals for this first phase were:

- Identify the necessary actions for raising the level of maturity in PM.
- Maximizing the use of the financial resources of the Redi-BC (Budget for BCB Institutional Development) in a structured and optimized manner;
- Definition of requirements for rigging the PMOs with the tools and software necessary to perform their functions;
- Definition of a PM educational training plan for managers, PMOs, senior managers, project managers and employees, in order to increase their knowledge and develop and/or increase skills;
- Settling of the PM culture in BCB.

To achieve these goals the following actions were implemented:

- Understanding of the topics for which the group is responsible and the activities to be undertaken;
- Mapping the situation of BCB for each maturity dimension;
- Diagnosis of the situation, identifying where improvements are needed;
- Developing an action plan for implementation of the activities identified in the previous step;
- Preparation for the implementation of the action plan in the next phase.

5. THE SECOND EVOLUTION PHASE - May 2008 to May 2011 – The Implementation Phase

The objective of this phase was to raise the maturity from 2.16 to 3.20, according to the plan that was established in the previous phase. The target was obtained. The actions taken at this phase were:

- Conduct training in PM for the BCB employees.
- Publishing procedures and fostering culture in PM.
- Conducting periodic diagnostic of PM procedures.
- Improvement of processes and adequacy of the practice of PM methodology.
- Acquisition and implementation of an enterprise management computer solution for projects and portfolios.
- Conducting diagnoses to evaluate the level of maturity in the BCB every year.
- Implementation of the Center for Studies in PM (CEDEC-PM).
- Elaboration and implementation of the plan for CEDEC-PM within the Corporate University of BCB (Unibacen).

The initiative proved successful. With a semester calendar, Cedec-PM has offered over 1,000 training opportunities since 2008. There is also the ongoing preparation for the PMP certification that has certified 43 PMPs in the Brazilian Central Bank, of which only 10 were certified in 2013. It is worth mentioning that there are now 54 PMPs working on BCB projects.

The subject “project management” also has gained a permanent agenda in the institution, as seen in submitting new corporate projects, and in the events organized by the Corporate PMO. Even after six years of the first actions of training, the demand outstrips the supply of courses by Cedec-PM.

This project promoted the improvement of the methodology and procedures of project management. The roles of the CPC were strengthened, executive committees were designed and implemented and there was created the figure of PM Agent (focal point in each department). The model of structured portfolio management was strengthened significantly.

The executive committees for projects were a good solution for the organizational model of BCB. The institution has a clear and strong functional-like structure, so project managers still have no formal power to allocate organizational resources. These committees, formed by the chiefs of the departments involved in the production of the products by each project, act as sponsors and decide on the allocation of resources.

Each executive committee meets between three and four times a year and may be convened by the project manager in exceptional situations. It is up to the members of each committee not only to evaluate the deliverables and the project's progress, but also decide on issues that demand a high level evaluation on the part of sponsors, that are above responsibilities of the project manager, such as prioritization and people allocation, changes in time and costs and significant scope changes, among others. Thus, the question of the formal power of the project manager was solved.

In the previous Project, benchmarking studies had been conducted for the choice and specification of a corporate computer system for the management of all phases of a project life cycle. In this second project bidding, implementation, testing and operation of the new system were made. In January 2011, 80% of corporate projects had already migrated to the new tool (HP PPMC2) and new projects initiated only using this tool.

The new system consolidated the maturity reached by the BCB, which in that moment had already passed 3.0. The computer system records the entire lifecycle of a project and allows you to track schedule, budget, risks, lessons learned and changes in scope, time and cost. It is noteworthy that the system was customized to receive financial data each day, which allows you to use earned value management to monitor projects.

The features of BI (Business Intelligence) and graphs allow you to create specific views for the operational, tactical and strategic levels of the institution. The Corporate PMO is prepared to have effective real time control about the situation of each project.

Procedures, human aspects, tools, communication and maturity model, all these were dimensions covered by the actions of this project and all advanced with equal priority. So, to consolidate the achieved level became a natural step and that was the object of the next project.

2. THE THIRD EVOLUTION PHASE - June 2011 to November 2014 – The Consolidation Phase

The objective of this phase was to raise the maturity from 3.20 to 3.80. By the end of 2014 the maturity evaluation showed a score of 4.20. The actions undertaken at this phase were:

- a) **Human Resources:** conducting trainings in PM for BCB employees that work with PM, according to the needs identified by the UniBacen PMO, aiming the consolidation of culture and knowledge. This Project includes development of behavioral competences for Project Managers, certifications and participation in open and closed classes in Unibacen on topics related to PM;
- b) **Communication:** continuation of the communication plan for PM, which includes: publishing of PM procedures and culture, improvement of PM Community Portal, purchase of technical books, editing PM related topics books and holding events;
- c) **Processes:** improvement of processes and adequacy of MGPRO methodology, through technical benchmarking visits, analysis redesign of processes and update of the normative;
- d) **Computerized Systems:** improving enterprise solution for portfolio and project management, revising and adding new functionalities, as well as implementing program management;
- e) **Monitoring:** performing diagnostics of current maturity level each year.

The Maturity Consolidation Project has been successful in achieving the outcomes proposed in its planning. The training activities continue with strong demand across all organizational units. The communication with the community project is done in a structured way. The methodology

² See http://www.hp.com/hpinfo/newsroom/press_kits/2009/lasvegasevents2009/HPPPMOverview.pdf

(MGPro) has been enhanced with the introduction of new graphics and flowcharts, and it and the computerized system (SGPro) have evolved together. The fact that maturity has increased does not mean overly complex tools, quite the contrary. The methodology (MGPro) and computer system (SGPro) are suitable for various types of projects, like a simple accomplishment of an economic event or the implementation of computer systems that operate the nationwide Brazilian Payment System.

This graduating complexity of the processes and tools was also increased with a new approach within BCB for the achievement of organizational benefits: Program Management. In 2013 BCB undertook a project in partnership with the British Embassy to implement Programme Management based on the British standard MSP - Managing Successful Programmes.³

The experience proved to be innovative, because it brought a greater link between the benefits that the organization wants from its strategic planning and corporate projects and programs. It is not only necessary to do and to do it the right way, but it is necessary to achieve measurable benefits for the organization.

Thus, Program Management keeps on growing at BCB based on an innovative theoretical framework and with high patronage by institution senior managers. In 2014 BCB has two pilot programs using the new methodology.

Finally, another innovation that is rapidly growing up in its use is Knowledge Management in projects. Leveraging lessons learned from the tacit knowledge of project managers and PMO staff has always been critical for organizations. The new computer system Conhecer Projetos (Knowing Projects) is a tool for Knowledge Management that was been developed inside the institution and fosters the record of lessons learned, captures the key project documents (WBS, schedule, risks, budget, communication arrays, etc.) and shares with everyone who requests such information.

A manager might, for example, browse similar projects or specific steps, simplifying the development of his/her own project. The Conhecer Projetos is innovative because its search engine is similar to an internet search engine, a platform that everyone knows well. The system itself encourages Story Telling and Chats in matters relating to projects. It is noteworthy that knowledge management is an important item in the model PRADO-PMMM, which could not be otherwise, given that successful projects are built based on lessons learned and outcome indicators.

Achievements

These considerations motivate us to recap the achievements in these eight years of implementing actions to increase the BCB maturity in projects:

- Single project management methodology with clear and appropriate processes adapted to the diverse complexities of projects;

³ See

http://webarchive.nationalarchives.gov.uk/20100503135839/http://www.ogc.gov.uk/guidance_managing_successful_programmes_4681.asp

- Managers at strategic, tactical and operational levels were trained in the techniques and skills required for project management;
- Modern computerized system, which allows monitoring of all phases of the life cycle of project, program and portfolio, integrated with the accounting system of the organization that make possible earned value management, and other monitoring functions;
- Communication channel with the strategic, tactical and operational levels were established;
- Training Center in Project management was consolidated;
- An active PM community has been established;
- Corporate PMO has been empowered and provides services aligned with organizational needs;
- The level 4.2 in PM maturity was achieved. The dimensions adherence are as showed at Figure 5.

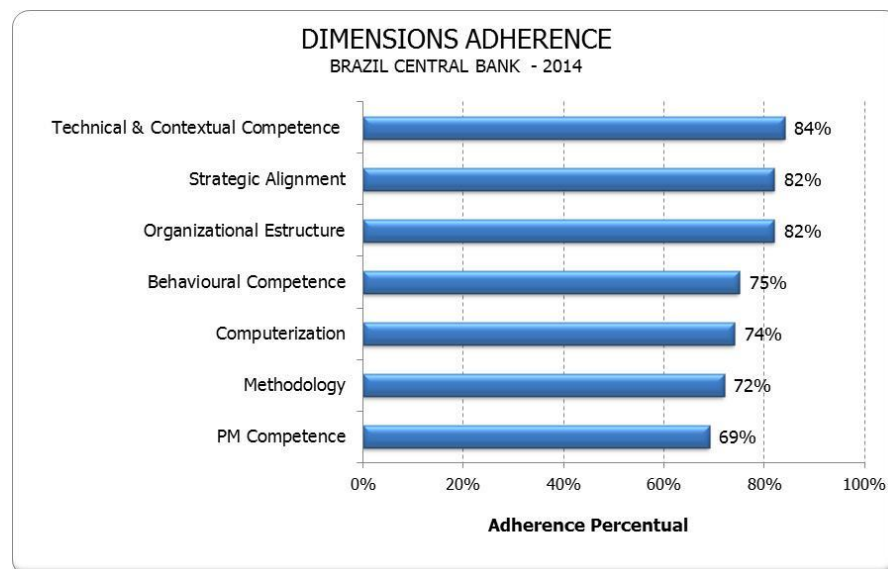


Figure 5. Dimensions adherence by 2014

Benefits

BCB's experience demonstrates the importance of developing a managerial approach based on three pillars:

- People: Professional development of the various stakeholders;
- Methods: Construction of a methodology adjusted to the organizational culture;
- Systems: Implementation of an integrated technological solution based on the methodology.

The BCB understood that the progress in a coordinated manner across these three pillars allowed delivery of the following benefits:

- Development of a common language across the organization;
- Integration of PM with other managerial disciplines, such as strategic planning, budget and daily processes;
- Dissemination of a project-oriented culture in management through the creation and articulation of a PM community;
- Significant increase in the success of projects, putting the physical and financial performance into a new level, with the consequent increase in the performance of working processes impacted by these projects;
- Positive impacts on stakeholders external to the institution, many of who are actively involved on corporate projects.

Conclusions

The usage of a maturity indicator as a KPI for driving the PM evolution proved to be a smart decision. The strategy to drive the process for growing the maturity through projects proved effective and victorious. The following factors were critical to the success of this endeavor:

- Big dream
- Senior management support
- Dedicated professionals
- Involvement with outside organizations

Every month BCB receives two to three public and private organizations interested in knowing its progress in management. This fact alone proves the correctness of the implementation of this and the related management strategies that have been described.

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