

The Value of a PMO

By Marisa Silva and Rick Bouter

Where lies the Value of a PMO?

The challenges of our times point to a unanimous direction: in a highly unpredictable and complex environment, organizations cry more and more for predictability, setting the scene for the discipline of Project Management to flourish. Coincident with the growing awareness to the importance of Project Management worldwide, the implementation of Project Management Offices, aka PMOs, has faced an exponential growth in the last decade, and a large number of organizations now have or are planning to have a PMO in place. While the implementation of PMOs was a sort of a fad, the focus is now on measuring the actual value added by these structures in organizations, as a considerable number of PMOs still keep failing.

In fact, there is no use in stating that PMOs add value if value is just a buzzword, without a clear and meaningful significance. PMOs can bring value to an organization in several ways, and this is dependent on a number of factors, however, in general terms, we can say that there are ten areas where their contribution can be noted the most:

- **Consistency:** of best-fit-practices, terminology, and processes, leading to discipline and alignment of expectations and behaviours
- **Visibility:** over the status and progress of projects that enables Senior Management to gain a general overview of the portfolio and actually decide with lights-on
- **Transparency:** through independent, objective and unbiased audits and recommendations, able to act as a source of truth based on facts
- **Quality:** through quality reviews of project deliverables and management products, that ensures that products are complete, delivered according to acceptance criteria and fit for purpose
- **Assurance:** allow confidence, management by exception, and informed decision-making, by performing rigorous reviews, providing recommendations, and challenging assumptions, estimates, and approach
- **Predictability:** of delivery timescales and costs, and of resource requirements, enabling agility, foresight for long-term, and capacity planning
- **Accountability:** through a clear definition of roles and responsibilities, allowing people to be held accountable for the delivery and benefits realization

- **Alignment and focus:** so that effort and resources are put in the right, priority initiatives, and only projects that contribute to the organization’s strategic objectives are carried out and projects that are not aligned are not conducted
- **Organizational learning:** of what is to be replicated and what is to be avoided in the future through the establishment of risk and knowledge databases that enable knowledge transfer across projects
- **Resilience:** by running what-if scenarios, exploring project dependencies, and ensuring mitigation/exploitation strategies are covered so that the organization can leverage their risks and opportunities and be resilient

Due to its positioning in the organizational structure, PMOs can act as a communicating bridge between strategy planning and strategy execution, and this is where their main value lies – they are business-driven strategic partners and integrators, as well as enablers of organizational change and drivers for business success. In fact, high-performant PMOs don’t just support the execution of strategy through the delivery of projects and programs, they actually shape the strategy by playing an active role in strategic planning.

There are as many types of PMOs as there are companies in the world. Each PMO is unique and, accordingly, so the potential of value they can provide will be. A classical configuration of PMOs is that of a Project Support, where the PMO is mostly the project manager’s assistant, whose functions and services consist mainly of administrative support such as arranging meetings and producing meeting minutes, updating the project logs, and taking care of the project plan and general project paperwork. While this type of PMO can prove of use to the day-to-day of a Project Manager (I’m sure he will appreciate the help!), there is little value to be gained at the organizational level just by having a PMO performing an administrative role. If you are relying just on a Project Support Office, you are not unlocking the full potential value that a PMO can provide.

The Value Creation Process

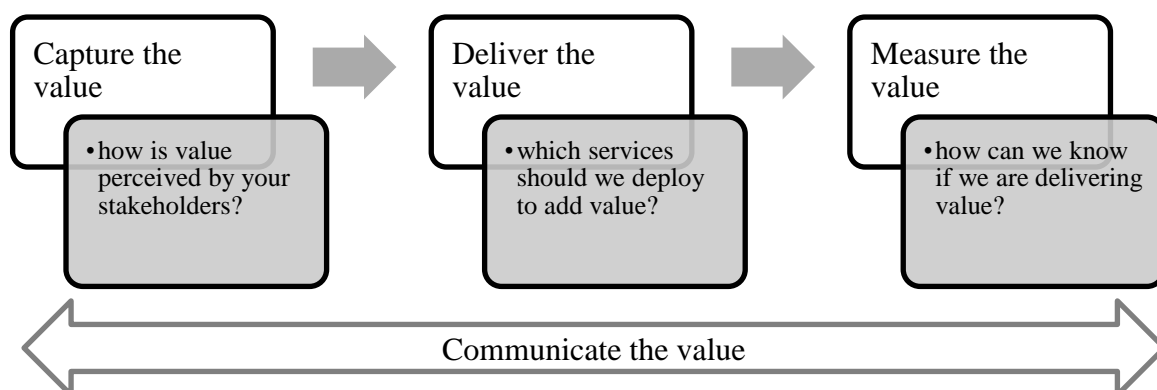


Figure 1 – Value creation process

Capturing Value

Value lies in the eyes of the beholder. What is value for Senior Management can be something very different from what is value for Project Managers or for the PMO team. For that reason, it's crucial that the PMO actually asks and understands from its key stakeholders what their expectations are, what keeps them awake at night, what is in the PMO for them, i.e., what their view of value is. The PMO needs to actively engage with its customers, establish the case for its existence, and create a sense of shared ownership, bearing in mind that no one destroys what one helps to build.

Delivering Value

Magic happens when the expectations of the business are met or exceeded and this is where PMOs walk the talk and people will perceive value being delivered. Of course, it should be noted that if you are setting up a PMO just now you won't be able to deliver all sizes and shapes of value at once. In fact, this would be dependent on your PMO type and your PMO maturity level, where value is added as the PMO matures, improving its services and introducing new ones. The broader the scope the higher the visibility and impact of the PMO.

If you are just starting, however, you would probably start by doing the basics well first, investing in standardization and consistency, before attempting to build portfolio reporting, for instance. Value is circumstantial and unique to the particular organization and context. All PMOs have limitations and very few are delivering all the value they would like to, but you will need to start somewhere, thus a phased and incremental approach, aligned with the PMO and project management maturity in the organization, is key. Even if you believe your PMO is now on a desired maturity level, it's important to note that the most effective PMOs are the ones which continue to add value specifically by changing and reinventing themselves.

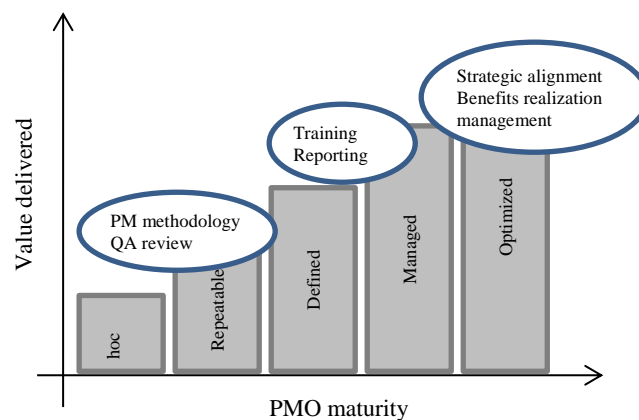


Figure 2 - PMO Value Continuum

Measuring Value

You can say that you are adding value through improved performance in project delivery, but, unless you really have a way to demonstrate it in practice, it becomes nothing more than words. So, how can you show it? Measuring it! Defining, selecting, tracking and controlling a

set of key metrics, showing the variance between your original state (your baseline), your current state (your progress), and your aspirational state (your target) is surely a way to do it.

These key metrics are commonly referred to as key performance indicators (KPIs) and, as the name suggests, provide an indication of how successfully is an individual/ team/ department/ organization operating. There are a number of KPIs that the PMO may want to measure, but the crucial message when selecting those is that it is better to have a few couple of meaningful ones than many but irrelevant. Again, just like with the perception of value, the definition and selection of the KPIs to measure should not be an isolated decision of the PMO but instead they should be discussed and selected in partnership with their customer, the PMO's sponsor.

Business Drivers	Examples of KPIs
Value to business and Portfolio Management	<ul style="list-style-type: none"> ▪ Planned ROI vs actual ROI ▪ Planned benefits vs actual benefits ▪ % of projects aligned with strategic objectives ▪ % of projects stopped or cancelled ▪ \$ at risk
Productivity and Efficiency	<ul style="list-style-type: none"> ▪ % of resource utilization ▪ % of billable hours ▪ # of FTEs by project ▪ # of projects by project manager
Project Delivery	<ul style="list-style-type: none"> ▪ % of projects on time ▪ % of projects on budget ▪ # of high risks active by month ▪ # of issues escalated by month ▪ # of change requests by project
PMO Performance	<ul style="list-style-type: none"> ▪ Satisfaction score from key stakeholders regarding PMO services ▪ % of projects following the PMO methodology ▪ % of audited projects ▪ # of hours of training provided

Communicating Value

Just as important as defining value is communicating to your stakeholders that value is being added. Not rarely PMOs are challenged and, most of the time, this is not because they are not adding value but because they are not communicating that value. While it is true that PMOs are not marketeers, it is fundamental that PMOs maintain the momentum and continuously show their value so that they build reliability, trust, and accountability. This includes not just reporting periodically on the progress of KPIs relating to project performance, but also on the effectiveness of the PMO itself, establishing regular checkpoints with the PMO Sponsor, and advertising the PMO's achievements. Communicating your value not just justifies why your PMO is critical to business, but also helps it to sustain over time as a recognized source and enabler of value.

About the Authors



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Marisa Silva is an accomplished Project and Portfolio Management (PPM) professional and trainer with over 7 years of experience gained internationally and cross-industries. Passionate about PPM and Project Management Offices (PMOs), Marisa has developed her career from management consulting and has held positions as PMO Analyst, PMO Manager, PPM consultant, PPM Competency Centre Manager, and Country Manager. Currently she works as PMO Analyst at Oxford University Press.

Marisa holds a BSc. in Management, a specialization in Competitive Intelligence, a PgDip in Foresight, Strategy and Innovation, and is currently a MSc. candidate in Strategic Management of Projects, at University College London (UCL). As a trainer, Marisa delivered over five hundred hours of training in Project Management foundation and advanced courses and PMP preparation courses. She is certified as a PMP, PMD Pro Level 2, PRINCE2, and P3O professional, as well as a Microsoft Certified Professional (MCP) in regards to PPM tools.

Marisa has authored Project Management articles and scientific papers presented and published in international conferences, and is also an active member of the Project Management community and professional bodies. She is a member of PMI, APM, Founding Member of the IIBA Portugal Chapter, and has served as a volunteer in the PMI Portugal Chapter. Marisa can be contacted at marisa.silva.14@ucl.ac.uk.



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Rick Bouter is an international travelling and operating PMO for the Capgemini University via Sogeti. In his role Rick focuses on program management, process optimization & defining business needs. Rick has a passion for new technology and loves to write about the Internet of Things, Industry 4.0, Internet of Everything & the Industrial Internet and other disruptive technology. You can find his articles at the [Sogeti Labs](#), & [Capgemini's Expert Connect program](#), his personal blog "[My Thoughts](#)" and his [LinkedIn profile](#). Previously, Rick studied Economics, and specialized in the minor Business Model Innovation (BMI). His specialization was about Innovating by Leadership, Strategy and Trends.