

Series on Project Business Management and the PMO¹

Enterprise-Wide Project Management and the PMO as Business Concepts

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Enterprise-Wide Project Management Concept and End-State Vision

The enterprise-wide project management (EWPM) concept cannot be, in and of itself, successful. Only the application of the EWPM concept, institutionalization of the practices and principles, and execution of the related process can be successful. The phrase *enterprise-wide* implies project management will be instituted throughout the enterprise. Our saying EWPM is a business function also means that a functional organization, such as the Enterprise Project Management Organization (EPMO), will manage the related project business management processes. Enterprise-wide project management is a project business management concept that encompasses the integrated application of:

- Multiple functional organizational structures;
- Portfolio project-related management practices and processes;
- Program project-related management practices and processes;
- Project management practices and processes; and
- Business operations management practices and processes.

Business operations, or just operations, can be defined as the day-to-day on-going business processes and activities within an enterprise, with the operational functional organizations being the business units that manage and perform the business operations.

We define the term Enterprise-wide Project Management (EWPM) as “the application of project business management practices and processes on an enterprise-wide basis, using an enterprise-wide project business management organization as the business unit to support management of the enterprise’s project-portfolios, project-programs, and projects.”

Current research in the project management field shows that best-in-class enterprises typically have highly effective project management cultures with advanced project management maturity.

¹ *Editor’s note: Bolles and Hubbard are the authors of The Power of Enterprise PMOs and Enterprise-Wide Project Management (PBMconcepts, 2014); A Compendium of PMO Case Studies – Volume I: Reflecting Project Business Management Concepts (PBMconcepts, 2012); and A Compendium of PMO Case Studies – Volume II: Reflecting Project Business Management Concepts (PBMconcepts, 2016). This series of articles is based on their books, research, courses and executive consulting experience.*

The business operations of world-class successful companies are embracing and implementing mature project business management processes. These enterprises are successfully applying project management and control as core management disciplines. These enterprises are not only obtaining beneficial results from their project business management processes but also are achieving a significantly positive return on their investment using project business management.

All enterprises, including the smallest business enterprises, are involved in some form of project management. Enterprises with more complex operations are also involved in some form of program or portfolio project management. Establishing project management on an enterprise-wide basis is the key to achieving all the enterprise's business objectives and obtaining the benefits, which are expected from accomplishing the related projects, programs, and portfolios.

To be successful, project management must be viewed and treated as a key business function throughout the enterprise. It is critical that all those who work within the enterprise, including line managers, see executive level management supporting project management as a business function—publicly, completely, and without hesitation. Those executive managers must establish a business strategy and related objective to institutionalize project business management practices as core competencies as the first critical step toward successfully instituting EWPM.

Project management as an independent business function and the ownership of project management by the EPMO must be recognized at every level of the enterprise to establish the level of authority that is required to provide, monitor, and control the distribution of enterprise-wide project management best practices.

Since every enterprise is unique, no cookie-cutter one size fits all solutions exist to implement Enterprise-Wide Project Management. However, by using an Enterprise Project Management Organization (EPMO) the portfolio, program and project management processes, methodologies, techniques, and tools, employed by the enterprise can be customized and implemented. Such customization is common with successful enterprise-wide project management operations.

Enterprise-wide adoption of project management best practices calls for single ownership of the EPMO function, locating the EPMO at the executive level of the enterprise's organizational structure, and operating it as an independent functional organization. Establishing a project management organization at a business unit level rather than at the enterprise's executive level does not support establishing enterprise-wide project management. Positioning the project organization at the highest level in the enterprise is especially important when the long-term objective is to instill project management best practices within all areas of the enterprise as a core competency.

Rapidly implementing project management enterprise-wide or establishing an EPMO as a project management center of excellence should not be viewed as quick-fix solutions to current problems with prioritizing, planning, managing, or executing projects. The implementation process of implementing EWPM and establishing an EPMO require a longer-term foundation-building effort to attain the business objective and project management maturity required to infuse project business management practices as the new way the business will be managing projects.

The end-state vision for Enterprise-Wide Project Management is to establish the EPMO as a functional business organization, which oversees and helps the enterprise use mature project business management processes leading to the successful planning and completion of programs and projects on schedule and within budget. The end-state vision includes providing a high return on the enterprise's

investment in project business management, assuring areas of planned cost avoidance are realized, and supporting generation of cost reduction for ongoing project work. The timely implementation of Enterprise-Wide Project Management can provide a business and economic benefit to the enterprise by reducing project management costs, and improving project management effectiveness, while obtaining the business benefits of lower-cost project delivery. This vision requires the integration of modern project business management practices throughout all operational areas of the enterprise.

What is Project Management within a business context?

The principles and concepts of portfolio management, program management, and project management are complex and the management processes involved are multifaceted. Taken all together and blended with the principles, concepts, and varied processes of general business management and business operations management leads to the concept of Project Business Management. Project Business Management is the integration and application of those practices and processes on an enterprise-wide basis.

Project Business Management fully addresses the integration of project, business, and operations management on an enterprise-wide basis and combines the application of project business management practices and processes and the use of an enterprise-level Project Management Organization. We defined the construct of the Project Business Management Organization (PBMO) in our second book, *The Power of Enterprise PMOs and Enterprise-Wide Project Management*, as, “a business unit positioned at the executive level of the enterprise, operating as an independent functional organization, and recognized by every level of the organization as having the autonomy, roles, responsibilities, accountability, and authority to implement and apply, on an enterprise-wide basis, those project business management best practices developed specifically for the enterprise.”

Our PBMO construct is a defined subset of the range of possible project management organizations. The construct is based upon, limited to, and restrained by, our construct for Project Business Management (PBM), which is based upon an organizational and business management vantage point of view. To further place this organizational construct in a management context, we define a *Business Unit* as, “any sized functional organization within the enterprise that is charted to perform a relatively well defined business support operation, such as accounting, a service center, product production, sales, human resources, marketing or a project management organization.”

Project Business Management blends the terminology from the vocabularies of both general business management and project management, which allows the Project Business Management processes to be easily understood by business executives, functional managers, and project managers. We use the term Project Business Management to eliminate any confusion and suppress the reader’s assumptions as to just what the general term *project management* could mean in a business context.

However, even the term *project business management* can be interpreted many different ways. If 10 executives and senior managers from 10 different enterprises are asked what PBM means, there will typically be 10 different answers. Therefore, to eliminate this confusion, we define Project Business Management (PBM) as: “Utilization of integrated general business management and project management knowledge, skills, tools, and techniques when applying project-portfolio, project-program, and project processes, methodologies, and procedures to meet or exceed stakeholder needs, and to derive benefits from and capture value through any project-related actions and activities used to accomplish the enterprise’s business objectives and related strategies.”

The general operational and business processes for an enterprise are described well in many business books, and the generally accepted project management processes are well documented in current standards such as the Project Management Institute's (PMI®) standards: *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*; *A Standard for Program Management*; and *A Standard for Portfolio Management* latest editions.

General management includes common management disciplines, such as accounting, marketing, human resources, operations, production, legal, and personnel supervision. The practice of project management is also an identifiable specific discipline within the broad category of general management. To practice any one of these disciplines requires the practitioner to know general business practices and to also have the specific knowledge and skills associated with that specific business discipline. Hence, Project Business Management requires an understanding of both general business and general project management practices, and knowledge of how to apply the various project, program, and portfolio processes as defined in the various project management standards.

Six Key Factors of Project Business Management

Six critical factors influence the successful application and implementation of Project Business Management. Less than complete support for any of these will create or foster adverse conditions and attitudes that will affect the degree of success in achieving a total integration of project business management (PBM) into an enterprise's corporate culture. Those factors are:

1. Having total commitment and support from top executive management down through the working staff within the enterprise. If corporate leaders are not totally convinced that integrating PBM into the enterprise's business management processes is the right thing, then how can the staff reporting to them? The staff are the people who will be most affected by the change. Lukewarm management support will not get the job done either. Nothing less than enthusiastic support is needed to convince the working staff to accept the proposed changes. In many cases, even this level of support is met with skepticism. Acceptance by edict is one way to make sure everyone gets the message to cooperate. Issuing decrees and proclamations may not be the most democratic way, but it usually has the best short-term results. Possibly the most successful way to show commitment is to use a combination of cheerleading and a clear message that 100 percent cooperation and participation is required to make the transition work to everyone's benefit.

Executive management needs to identify PBM implementation as a key business initiative that directly supports the enterprise's strategic initiatives and related business objectives. PBM needs to be presented and recognized for the value it can add to improving business processes. To assure success, the necessary financial and human resource commitments must be made by top management at the start.

This level of management and staff support can be obtained by clearly identifying and defining the current problems, which can be solved by PBM; selling the value of PBM from the top (CEO) down through the functional managers; preparing and approving a PBM implementation plan with the requirements, a budget, and a schedule; and finding a PBM sponsor who can help sell and continually support the initiative

2. Selecting an executive-level PBM Sponsor is critical. The following points define why this is such an important action:

- A PBM Sponsor is an executive-level manager who is usually not a direct stakeholder in the implementation of the initiative, but at the same time is a strong proponent.
- The PBM Sponsor is critical because he/she serves as the primary liaison between the person(s) who are responsible for the implementation of PBM and the other enterprise policy makers.
- The best PBM Sponsor is someone who is well respected and has political clout within the enterprise. A Sponsor can get things done when the normal channels of protocol become clogged or breakdown.
- The Sponsor plays a key role in supporting the progress of a smooth PBM implementation process.

3. Recognizing that PBM requires the full-time dedication of experienced resources. PBM is a professional discipline that employs specific knowledge, skills, tools, techniques, and principles required in the planning, organizing, implementing, managing, and controlling portfolios, programs, and projects of various sizes and complexities. Managing project-portfolios, project-programs, and projects and providing related supporting services is a full-time job requiring specialized capabilities and experience.

4. Adhering strictly to documented PBM processes and procedures. Documented enterprise policies, which support project business management processes and procedures, are critical to the successful application of PBM practices throughout an enterprise. Adherence to a standardized set of PBM processes and procedures provides a consistent approach to managing all project-portfolios, project-programs, and projects across the enterprise and facilitates education and training of PBM skills.

5. Standardizing tools development and conformity. Designating specific standard project management tools (purchased or developed) will facilitate the creation of common reporting formats and also improve user skills. Uniformity of output allows easier comparisons between project-portfolios, project-programs, and projects and improves communications among project teams and management. Routine and targeted communication is a key for maintaining stakeholder confidence.

6. Committing to ongoing project management skills development and training. Project management education and training is a key element in the initial and on-going PBM integration process. Project management education and training will improve the general management skills of the enterprise as an added benefit. These actions can also be utilized as a means to select and advance staff members along a career path.

Fully integrating the principles of PBM throughout an enterprise takes time and a commitment to providing the means and methods to develop the skills and knowledge required to become proficient in their application. Failure to meet the six critical success factors outlined above directly encumbers the degree of acceptance and hinders the successful implementation of PBM practices within the enterprise. Conversely, if these resolutions are carefully met, a multitude of benefits will be realized by any enterprise willing to make such long-term commitments to ensure future growth and prosperity.

Institutionalizing Project Management Takes Commitment

Some senior managers and many mid-level managers have set about implementing project management practices and processes and creating a project management organization for their business units. However, they have met with varying degrees of success. The most successful are the managers of a business unit within an enterprise that is operated almost as a standalone business. Those project management processes and PMO implementations that were setup within lower level business units and

those not setup as operational business functions were completely eliminated during periods of lowered business activity. This has occurred, because the associated practices and processes were neither institutionalized nor matured to a point where they could be viewed as a low-cost, high-return operational business function.

Two case studies follow from for-profit based enterprises. Each attempted to institutionalize project management as a core competency enterprise-wide. The first one failed; the second is in the process of succeeding.

Company A was a multi-national, tier-one automotive supplier that began the process by establishing a Project Management Center of Excellence (PMCoE) in the Information Technology (IT) department. Its objective was to institutionalize project management as a core competency globally within IT. The Chief Information Officer/Vice President (CIO/VP) was the project Sponsor and Champion who provided the funding and management support to establish the PMCoE internationally across his enterprise. When the effort began, the management of projects was done on an ad hoc basis, with no formal use of a project process methodology. Within sixteen months, the PMCoE established a standard project management methodology and distributed it, along with basic training in project scope and schedule development, in its U.S. and European operations. The IT organization was just beginning to demonstrate the value of project management best practices when the terrorist attack occurred on September 11, 2001, and the subsequent change in the state of the U.S. economy caused budget cuts and downsizing. As a result, the PMCoE was eliminated. The IT organization lost sight of the goal of institutionalizing project management along with the desire to achieve it, and the goal vanished. This example was repeated in many enterprises during the economic downturn that occurred from 2000 through 2003. The CIO/VP's vision of establishing project management as a core competency was not shared by the overall executive corporate management and not enough time was allowed to quantitatively demonstrate the value that project management could add to the overall enterprise.

Company B was a multi-national tier-one supplier of aerospace electronic systems to the commercial and governmental aviation industries. Project management had been an integral function within the engineering department of the enterprise for the prior ten years, and the roles and responsibilities of the participants were well defined. The enterprise had been using a documented methodology for managing projects for the past three years. A formal project management organization (PMO) had not yet been established, but many of the functions typically found in a PMO were being performed by a number of separate groups of individuals who reported to the manager of project managers. All of the project managers also reported to a director of project management who had overall control in the engineering department of a division of the global enterprise. Management had taken steps to develop project management education and training programs for the enterprise's general population, project managers, team members, and line managers. The director of project management had begun the process of institutionalizing project management best practices by making arrangements for all of the project managers to become PMP[®] certified by the Project Management Institute. He also provided membership to PMI[®] national, the local chapter and a PMO Special Interest Group. The corporate officers established a committee that developed a common project management methodology, which was used to manage all projects enterprise-wide. The next logical step was to establish an enterprise-wide project management organization at the corporate and divisional levels of the global organization to enable the organization to fully embrace project management as a core competency enterprise-wide.

These two skeletal case study examples, which are supported by many others, show that establishing and institutionalizing project management enterprise-wide should not be viewed as either a quick-fix solution or a trivial pursuit, but rather as a long-term foundation-building effort. They also show that establishing common project management practices across an organization and at all levels is difficult, if not impossible, without the sole ownership of those project management business practices being clearly established. This requires that the Enterprise PMO must be recognized as an independent business function and its ownership set at the highest management level of the enterprise. The Enterprise PMO needs to have the authority to distribute, monitor, and control the Project Business Management processes and procedures required to achieve enterprise-wide project management best practice capabilities.

Establishing project management in most enterprises is challenging to do, partly because functional managers are afraid of losing their authority and control over the resources that report to them. Those same workers are afraid of being held accountable for performing to a new set of requirements brought about by the resulting organizational changes. This fear, expressed as resistance, comes from lack of information and understanding about how the changes will affect their jobs. Positioning the project management function at the highest management level within the enterprise also provides the measure of autonomy necessary to extend its authority across the enterprise while substantiating the value and importance the function has in the eyes of executive management and other functional operational organizations.

Many programs and projects fail because of poor coordination, limited resources, faulty assumptions, not being the right project at the right time, or mid-management infighting. These issues are generally eliminated or resolved at the executive level:

- Where strategies are set and business objectives are defined;
- Where business direction and priorities are determined;
- Where resources allocation and usage are set; and
- Where the final decisions are made.

Viewed from an executive perspective, Project Business Management can be seen as the application of project and business management practices and processes on an enterprise-wide basis using an enterprise-wide Project Business Management Organization to support, as a minimum, the management of the enterprise's non-operational and cross-functional projects, project-programs, and project-portfolios. The business driver is basic. The premise here is that an *executive level*, enterprise-wide Project Business Management Organization is created to implement the Project Business Management methodology to direct diverse and resource intensive, portfolios, programs, and projects across the enterprise.



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He assists organizations, as a Subject Management Expert (SME) consultant, to achieve their enterprise’s strategic business and tactical objectives. He provides analysis of their management structures, business processes, general business operations, and project management capabilities, while supplying specific recommendations on business, methodology, and process improvements. Mr. Hubbard also assists companies, as an outside third party, with the intricacies of the due diligence process in their merger and acquisition activities. He also supports companies in the managerial development and establishment of their Project/Program/Portfolio Organizations (PMOs) and delivers workshops and seminars focusing on the business management aspects of project management.

Mr. Hubbard holds a bachelor’s degree in both mathematics and physics with a minor in chemistry from Minnesota State University at Moorhead. He is a registered Professional Engineer in Control Systems in California. Mr. Hubbard joined the Project Management Institute (PMI) in 1978 (#3662), is a charter member of the PMI San Diego Chapter, and was deputy project manager for the Project Management Body of Knowledge (*PMBOK®*) *Guide* Third Edition ANSI Standard by PMI. He was the Exhibitor Chairperson for the 1993 PMI North American Congress/Seminar/Symposium, is a published author of many articles, a presenter at several PMI Congresses and other Project Management Symposiums, and a guest speaker at PMI and IIBA Chapter meetings. Mr. Hubbard is also a Life-Member of the International Society of Automation (ISA).

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Mr. Bolles performs speaking engagements and assists Project/Program/Portfolio Organizations (PMOs) start-up teams begin the planning and implementation processes; conducts on-site organizational project management capability assessments. He provides virtual and periodic on-site support for development of business and project management methodologies, policies, procedures, processes, systems, tools, and templates for organizational governance and corporate strategy. He assists in the implementation of a project business management methodology that integrates strategic planning, business objective development, portfolio management, program management, and project management processes to achieve strategic objectives and maximize operational efficiency enterprise-wide through the development and management of Project Management Organizations.

Mr. Bolles served as the PMI Standards Project Manager who led the project core team to a successful completion and on-time delivery of the Project Management Body of Knowledge (PMBOK®) *Guide* Third Edition in 2004. He has served on and has contributed to multiple PMI Standards bodies over the past 20 years.

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