

Series on Project Business Management and the PMO¹

The Enterprise PMO in Operations Business Management

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Integrating Projects with Strategic Initiatives and Business Objectives

One of the primary goals of employing Enterprise-Wide Project Management (EWPM) is establishing an Enterprise Project Management Organization (EPMO) to implement a more effective and efficient business model, which focuses on completing the strategic initiatives and associated business objectives being set by executive management for the enterprise. Realizing this goal requires the enterprise's projects to be aligned with those strategic initiative and related business objectives. The EPMO can be the effective executive-level functional business organization in accomplishing this goal.

Merging the business aspects of project management processes with the enterprise's existing operational business processes requires performing an analysis of how the enterprise is currently developing its business strategies and accomplishing the related business objectives. The analysis must also determine those processes requiring modification to promote a management-focus on the business of attaining those initiatives and objectives.

The executive management of the enterprise must determine where the internal organizations are with respect to effectively employing enterprise-wide project management from a business perspective, and then create a clearly documented baseline against which business-oriented improvements can be measured. Two key points of understanding should be drawn from that baseline analysis. These points relate first to strategic and tactical planning and secondly to the planning and execution of projects, project-program, and project-portfolios. Those points are: 1) the enterprise has identifiable enterprise environmental factors that are related to achieving its vision and accomplishing its purpose, and 2) it has also developed organizational process assets that directly affect the ability to accomplish the business objectives and successfully perform the associated projects. To be useful, this baseline needs to include the:

- EPMO business purpose for the enterprise;
- EPMO vision/mission related to the enterprise;
- EPMO functional organizational structure definition;
- EPMO related Organizational Process Assets identification; and
- EPMO related Enterprise Environmental Factors identification.

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.*

This management documented baseline is essential to:

- Identifying where the operational business processes need to be modified;
- Streamlining some of the project-related business operational management processes;
- Identifying where the project management processes need to be modified;
- Folding project management business-oriented project-processes into the current business-management operational-processes;
- Overseeing the management of project-portfolio, project-programs, and projects from the corporate office level;
- Having the capability to quantitatively demonstrate the added value of project management;
- Integrating project management with operations management in an effective manner;
- Institutionalizing project management as a core business management competency;
- Controlling enterprise operational and administrative cost levels (and profits if applicable) while implementing the EPMO;
- Showing, in a demonstrable way, the benefits gained from establishing an EPMO;
- Achieving the highest project management maturity level consistent with the enterprise's needs; and
- Sustaining project management as a functional business organization.

The task of senior executives is first to analyze and then to understand how the management discipline of project management can interoperate with the other management disciplines within their enterprise and how project management can support business operations. This analysis task should:

- Identify, with a project management focus, the key operational aspects of the enterprise;
- Document which management aspects are only operations business management processes;
- Document which management aspects are only project business management processes;
- Determine which aspects require folding project business management oriented project processes into the project-related business management operational processes; and
- Determine where within the enterprise and at which organizational levels to integrate project management with operations management.

Many of the management analysis techniques that support executives in maintaining control in a dynamic and changing environment are based on one premise: break the process or operation down into manageable pieces. This premise is founded on the concept of cascading analysis. The management technique takes the entire process or operation and dissects it into successively lower and lower levels of detail until management understanding is possible and control can be ensured. In most processes, this means until a level of detail is reached where the management actions and activities can be quantified. This analytical concept is used in many management areas including:

- General business management;
- Management by Objectives (MBO);
- Cascaded/interlocked functional organizational missions;
- Management by Planning;
- Administrative management;
- Policy, plan, and procedure hierarchy development;
- Project management;
- Work breakdown structuring (WBS); and
- Rolling wave planning.

In applying this analytical technique to project management as a business discipline, the common structural business management components of most enterprises need to be considered. This includes

defining each component and determining how each component of the enterprise’s operation relates to one or more other operational component. The common operational management and project management business-components of most enterprises as determined through our research are given in Table-1 below. Each of these components has one or more operational business processes and/or project management business processes associated with establishing and executing that component.

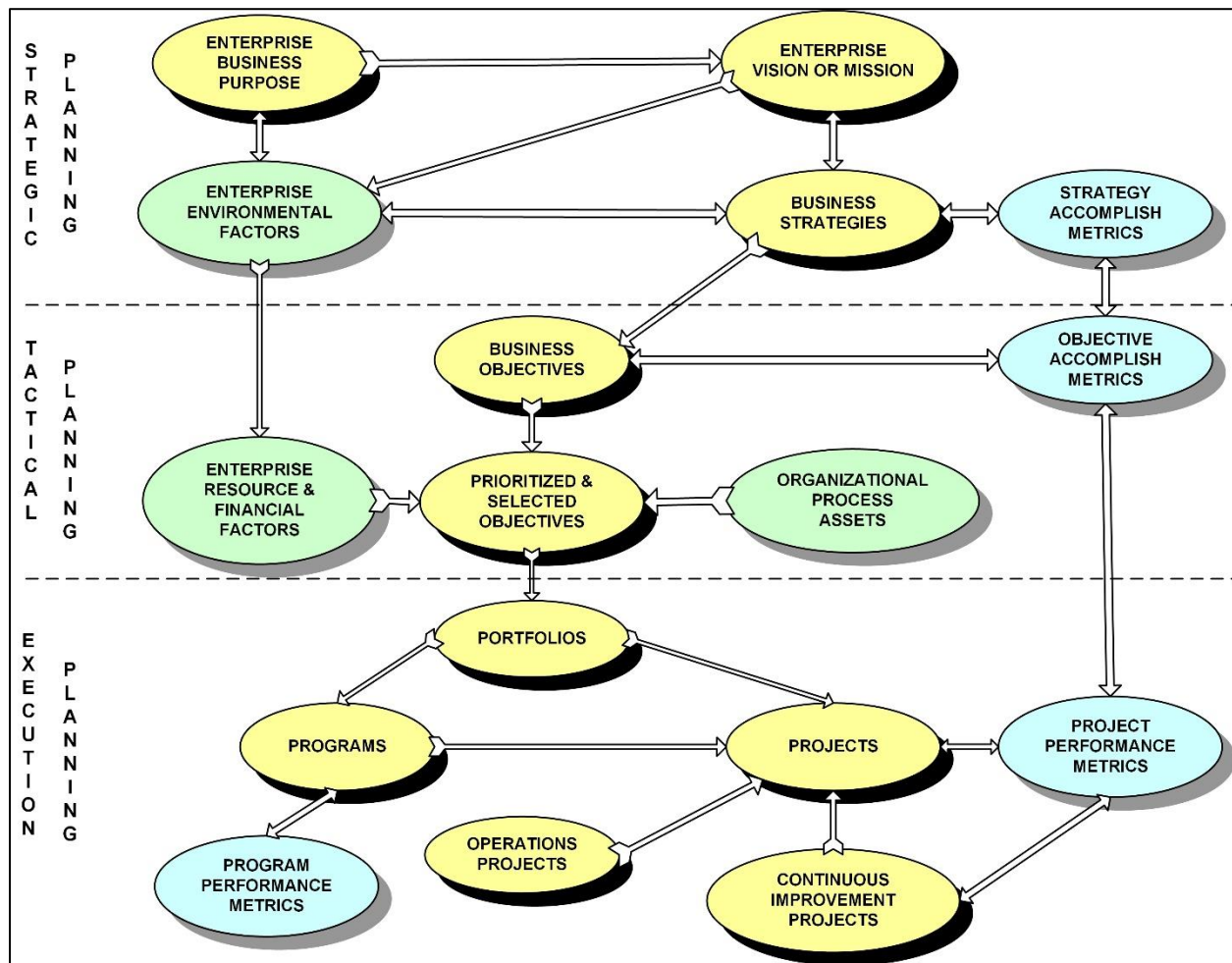
Table-1: Common Operational Management and Project Management Business Components

<i>Component</i>	<i>Description</i>
Business Purpose	The business purpose for which the enterprise was created and is operated.
Enterprise Environmental Factors	All of the <i>external</i> factors in the overall environment in which the enterprise operates and all of the <i>internal</i> environmental factors that the enterprise either creates or adopts.
Enterprise Vision / Mission	What the enterprise aspires to become or what larger goal the enterprise is expected to attain.
Business Strategies	Something toward which the management and resources of the enterprise are directed, such as a product to be produced or a service to be performed, or a business area to be developed. One or more plans, methods, series of actions, or schemes developed by the enterprise to attain the enterprise’s vision/mission.
Strategy Accomplishment Metrics	Those measurable metrics established by the enterprise’s management to determine how well a specific business strategic benefit has been met.
Business Objectives	An aim, goal, or defined action toward which effort is directed. A business position to be attained, or achieved, a result to be obtained, a product to be produced, or a service to be performed.
Objective Accomplishment Metrics	Those measurable metrics established by the enterprise to determine how well a specific business objective has been met and the extent to which a specific strategic benefit was delivered.
Enterprise Resource and Financial Factors	All of the economic assets available to and controlled by the enterprise and all of the human resources, equipment, material, supplies, etc. controlled by the enterprise.
Organizational Process Assets	All of the assets related to any business, operational, or project process within the enterprise.
Prioritized and Selected Objectives	Those business objectives prioritized and selected to be pursued based upon a set of parameters set by the senior management of the enterprise.
Project-Portfolios, Project-Programs, and Projects	The set of selected business objectives or components of objectives and related work that are organized and assembled into project-portfolios, project-programs, and specific projects for execution
Continuous Improvement	A project or series of projects supporting a business objective related to improving a process, product, or service within the enterprise.
Program Performance Metrics	Those measurable metrics established by enterprise’s management to determine how well a specific project-program has been met and is tied to determining if the related business objectives have been met.

Project Performance Metrics	Those measurable metrics established by enterprise’s management to determine how well a specific project has been met and is tied to determining if the business objective has been met.
Business Operations	The enterprises ongoing processes utilizing the products, services, and results obtained from completed projects and programs.

Figure-1 shown below is a graphical analysis and display of the components identified in Table -1, and how they interrelate and can be viewed from a business perspective in a hierarchical manner.

Figure-1: Hierarchy of Business Planning Components



Strategic Planning

Every enterprise is established for a purpose, whether it is a for-profit company created to mine minerals, a non-profit created to provide social services, or a governmental agency created to provide community/state/national/international services. When an enterprise is created or undergoes changes, it comes under the influence of a set of *Enterprise Environmental Factors* that affect and sometimes limit how the business may operate. Business purpose related Enterprise Environmental Factors, which must be considered when performing an analysis include, but are not limited to:

- Governmental or industry standards, specifications, regulations, and laws;
- Local, regional, national, global and specific marketplace conditions;
- Stakeholder risk tolerances;
- Culture within the enterprise;
- Culture and social conditions where the enterprise operates (demographic, ethnic, economic, educational, ethical, religious, etc.);
- Commercial availability of information databases; and
- Existing patents, copyrights, and trademarks held by others.

The business purpose of the enterprise leads to the supporting vision/mission. Every enterprise has a definable vision/mission, whether or not it is formally documented. To attain or accomplish that vision/mission the enterprise will need to address and develop additional Enterprise Environmental Factors needed to operate its business. Some of these factors if not understood by management can limit the enterprises ability to operate. Vision/mission related Enterprise Environmental Factors, which must be considered when performing an analysis, include, but are not limited to:

- Functional organizational structure;
- Physical infrastructure (facilities, etc.);
- Local ecology and geology around the enterprises physical facilities;
- Globally dispersed operations (time zones, holidays, traveling, etc.);
- Health and safety practices – local, regional, national, and international;
- Administrative systems assets (personnel management, procurement, warehousing, legal, etc.);
- Accounting systems assets;
- Work authorization system;
- Information systems and technology;
- Research and development methodologies;
- Manufacturing methodologies; and
- Product/service distribution channels.

The three-part combination of the purpose, the vision/mission, and the associated managements actions taken to address accomplishing the defined purpose and vision/mission determine those Enterprise Environmental Factors that affect how the business currently operates and could operate in the future. Therefore, the ability to execute any business strategy is constrained by the Enterprise Environmental Factors that pertain to that specific enterprise and its internal organizations.

To attain the vision or accomplish the mission the senior management of the enterprise must 1) develop and adopt one or more business strategies (plans, methods, series of actions, or schemes), 2) define the expected associated benefits, and 3) determine how accomplishment of those benefits will be measured.

Tactical Planning

Each business strategy is further defined by one or more specific business objectives that, when accomplished, will complete that associated strategy. To determine that a business objective has been achieved a set of metrics, driven by an understanding of the requirements of the strategy and the desired benefits, are established to determine how adequately each business objective is met.

Each objective, within the overall set of business objectives, can be prioritized for implementation using a set of prioritization criteria that are meaningful to accomplishing the various business strategies. From that prioritized list a set of business objectives are selected based upon a set of selection criteria that

are directly influenced by the *Enterprise Resource* and *Financial Factors* and the enterprise's *Organizational Process Assets*. Those Enterprise Resources and Financial Factors are a subset of the overall Enterprise Environmental Factors and include, but are not limited to:

- Available funding (authorized funding for governmental enterprises);
- Ability to obtain additional financing for a company (level of indebtedness);
- Availability of existing skilled human resource in the required disciplines;
- Existence and operability of required information systems and technology; and
- Availability of required equipment, materiel, facilities, etc.

The Organizational Process Assets are distinct from the enterprise environmental factors and are those assets related to any business, operational, or project process within the enterprise. They include, but are not limited to:

- Relevant knowledge in the enterprise's databases and files;
- Relevant formal policy statements;
- Applicable plans for managing the work;
- Appropriate and applicable procedures;
- Documented financial controls;
- Quality assurance and control capabilities;
- Ability to manage the associated risks;
- Defined and approved operational processes;
- Defined and approved project management processes;
- Defined and approved project-program management processes; and
- Defined and approved project-portfolio management processes.

The combination of the necessary organizational process assets and the specific enterprise environmental factors directly affects the enterprise's ability to reach its business objectives and successfully perform the associated projects.

Project Business Management Based Planning

Selected business objectives are assembled into project-portfolios and then converted and disassembled into project programs and projects that need to be executed to achieve the enterprise's business strategies. Some of the projects may directly support an existing operational aspect of the enterprise and could be called continuous improvement projects. An example is a "six-sigma" project that is established as part of the business objectives related to a current product or an operational and production process. Some project-portfolios may be divided into sub-portfolios, some project-programs may be divided into sub-programs, and some large projects may be divided into sub-projects to facilitate the enterprise's project business management and control of that planned work.

Senior management then formally authorizes the execution of each project-portfolio, project-program, and project. Simultaneously, a combination of project management and operations management personnel establish the performance metrics for each project-program and project and ensure those detailed metrics are a definitive subset of the accomplishment metrics established for the enterprise's strategic initiatives and related business objectives.

The final output, the deliverables, of the project-programs and projects are supplied to operations to integrate into the ongoing business operations.



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He assists organizations, as a Project Business Management Organization (PBMO) 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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He has been a member of the Project Management Institute (PMI) since 1985, received his PMP® certification in 1986 (#81), and is a founding member of the PMI Western Michigan Chapter, serving on its Board of Directors and in several positions since its 1993 inception.

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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