

Series on Project Business Management and the PMO¹

Setting Policy and Establishing the Charter for the Enterprise PMO

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Incumbent upon the executives within any enterprise is the requirement to recognize that the management of project-portfolios, project-programs, and projects is a critical business management function necessary to successfully achieve the enterprise's business strategies and associated business objectives.

Embedding Project Business Management as a core competency within an enterprise requires a business strategy leading to the various organizational functions accepting project management as a business management function. Once accepted, but before embarking on an effective enterprise-wide implementation of project management as a business function, the enterprise's executives must establish a unique organizational business strategy. That strategy is to create the specific organizational structure known as an Enterprise Project Management Organization (EPMO) at the executive level designated to manage the processes for implementing Enterprise-Wide Project Business Management (EWPM). The business responsibilities of the EPMO are to ingrain the project management disciplines and manage the processes, procedures, practices, templates and tools used to employ those disciplines enterprise-wide within the organization, and, as a strategic business objective, to implement project management as a core competency.

The added business benefits and value, of incorporating the various disciplines of project management into the strategic planning processes of the enterprise's overall business operations, are to improve those strategic planning processes by adding a Project Business Management perspective. An EPMO, when included within the enterprise's strategic planning process:

- Supplies an executive-level project management planning input for development of business strategies;
- Allows early identification and planning for the implementation of the Project Business Management processes applicable to developing the enterprise's business strategies;
- Provides assurance that business strategies do not conflict with those Enterprise Environmental Factors applicable to the organization;

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.*

- Gives assurance that any business strategy to be accomplished by project-related actions and activities will support the enterprise's vision and mission;
- Provides a timely and accurate oversight capability to executives for future portfolios; and
- Enables maturation of the enterprise's Project Business Management strategic planning processes.

Establishing Enterprise-Wide Project Management (EWPM) practices as a business mindset improves communication and cooperation among all business functions. One value proposition of EWPM is that it focuses the enterprise's resources on the leadership's vision, mission, strategies, and related business objectives. This focus enables the enterprise to translate those objectives into executable project-portfolios, project-programs, and projects.

Establishing EWPM requires management to successfully make organizational and cultural changes, because EWPM implementation affects every level of the organization from the boardroom to all the staff below. Implementing EWPM is not easy, but the rewards to the overall enterprise are significant. The entire organization must recognize and adopt new attitudes that embrace Project Business Management best practices as the normal way of working. The successful acceptance of the significant changes affecting the enterprise's organizational culture requires everyone to understand each change that is being implemented, why is it being done, and how it will affect their job. A number of actions can be taken by management to support individuals in gaining this understanding and help them support the changes that EWPM implementation will bring. Those actions include:

- *Encouraging* individual participation in implementing the changes to provide a sense of personal ownership;
- *Acknowledging* how the changes will improve the overall enterprise;
- *Articulating* the benefits to both the enterprise and affected staff members;
- *Demonstrating* that management has the tenacity to see the change process through to successful completion; and
- *Showing* how management is providing overall planning and strong management support from start to finish for the EWPM implementation.

Adopting these changes requires the various existing organizational functions to embrace the Enterprise Project Management Organization (EPMO) and necessitates that the following be addressed by management:

- *Mission* – Explain why the EPMO needs to exist and what its position is within the business, and thereby enhance the degree to which the enterprise's organizational functions and staff understand the purpose of the EPMO.
- *Commitment* – Spell out the degree to which individuals at all levels of the organization need to hold the direction to implement the EPMO as their own and participate in its implementation.
- *Agility* – Articulate how the EPMO provides the enterprise with an improved ability to determine and understand what customers want and the greater degree to which the EPMO and the enterprise as a whole can respond to internal and external forces and demands.
- *Application* – Reinforce the value of the EPMO supporting the consistent utilization of the enterprise's Project Business Management systems and processes, which will support efficiency and effectiveness in reaching the enterprise's business objectives.

Achieving world-class proficiency in managing projects, project-programs, and project-portfolios is the operational target of an EPMO. This is the operational vision that establishes organizational ownership of the Project Business Management processes required to hit the bulls-eye. World-class

proficiency is defined by the enterprise's customers and the industry within which it practices. Executive management must demonstrate EPMO's accountability for performance as part of its leadership responsibilities to the enterprise as a whole. The other functional organizations must demonstrate their commitment and support of the EPMO by implementing EPMO defined Project Business Management best practices across the enterprise.

Enterprise personnel embracing and using Project Business Management as a realistic disciplined approach to doing their work is one clear measure of success in achieving a fully distributed practical application of Project Business Management practices. A proven fact in operating a business is that taking ownership of a new operational idea and embracing that idea usually does not happen until people experience positive results that are repeatedly proven to be beneficial to them and their business function. It takes time, tenacity, and management focus to stay the course of an EWPM implementation and establishing a sustainable EPMO. Management's attitudes can create a working environment that encourages a positive implementation attitude or not. Management's day-to-day actions speak louder than any policy or empty words.

No singular established approach exists for implementing Project Business Management into the governance structure and culture of an enterprise. That is not to say that the process itself is not well defined, but rather the application of the concepts and techniques may be different in each business and cultural environment, especially when the process is guided by experienced professionals. The key is *doing it right the first time*. To institute and implement Project Business Management correctly the first time, any enterprise needs to issue the:

- *Policy* that institutes Project Business Management on an enterprise-wide basis.
- *Charter* for the Enterprise Project Management Organization (EPMO).

The most important component missing in an enterprise's quest to fully integrate Project Business Management into its Operational Business Management is the executive's lack of knowledge of and experience with project business management processes and methodologies. This is why executive acceptance of the EPMO value proposition and their on-going commitment to support the EPMO is the only way to infuse Project Business Management practices into an enterprise's culture and operations.

The EPMO becomes the organization's project management "center of expertise," a core support group of skilled experts who are trained, educated, and experienced in developing and implementing the processes associated with managing projects, programs, and portfolios. This core group can initially provide key Project Business Management support services for strategic mission critical projects, while at the same time mentoring and coaching the business-unit project managers by demonstrating the correct application of Project Business Management practices and principles.

A few individuals experienced in project management can provide adequate resources to begin the integration of Project Business Management into the enterprise's overall business processes. The length of time it will take for full integration is dependent upon a few variables, which include:

- Maturity level within the enterprise of Project Business Management (i.e., general Project Business Management capability and application across the enterprise-wide population);
- Enterprise's size and number of locations;
- Size and complexities of typical project-portfolios, project-programs, and projects; and
- Number of qualified project management staff available and/or the amount of staff outsourcing done.

True acceptance and personal ownership of general project management concepts and processes usually occur only after an individual personally experiences or observes the real value that can be achieved by correctly applying those concepts and processes. This takes time, because cultivating Project

Business Management skills is best achieved through personal experience and the best lessons are learned by a successful repetitive accomplishment of the project work within the enterprise's changed environment.

The governance of the Project Business Management (PBM) processes must be established by institutionalizing and applying PBM policies, plans, processes, and procedures within the enterprise. The first steps in doing this are to issue a PBM Policy statement and the EPMO Charter.

Issuing the Project Business Management Policy Statement

Preparing and formally issuing an enterprise-level policy statement covering the use of Project Business Management on an enterprise-wide basis is the first organizational development action that needs to be taken by senior management. This Policy Statement would be in the format the enterprise normally uses to issue policies in such areas as human resources, authority levels, quality assurance, procurement, and safety.

The Project Business Management Policy statement, as a minimum, must cover:

- Directing that Project Business Management methodology, principles, and practices will be used throughout the enterprise to manage each and every portfolio, program, and project;
- Establishing an enterprise-wide project business management functional organization (such as an EPMO) to provide Project Business Management support services to all operational functions and project organizations; and
- Naming the executive-level position that will head the EPMO.

The Policy Statement should be no more than one page; two if it is supported by illustrations. The policy content needs to be reviewed and agreed upon by the executive management team and signed by the Chief Executive Officer of the enterprise. A sample Policy Statement is shown in Figure 1 below.

Figure 1: Example Project Business Management Policy Statement

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| <p style="text-align: center;">PROJECT BUSINESS MANAGEMENT POLICY STATEMENT</p> <p><i>Policy Title:</i> Application of Project Business Management Methodology and Practices</p> <p><i>Policy Statement:</i> A Project Business Management methodology and processes develop by and for the <Enterprise Name> shall be applied enterprise-wide in identifying, selecting, initiating, authorizing, planning, managing, monitoring, controlling, executing, and closing of all project-based portfolios and programs, and all standalone projects. The <Enterprise Name> shall implement and operate an Enterprise Project Management Organization (EPMO) which shall develop and manage the Project Business Management methodology, processes, and practices. The EPMO shall be supervised by the Chief Project Management Officer who shall report to the Chief Executive Officer. The EPMO shall be authorized by, and operated in accordance with, an executive level approved EPMO Charter.</p> <p><i>Approved By:</i> _____ Chief Executive Officer (or Chief Operating Officer as appropriated)</p> <p><i>Issue Date:</i> _____ <i>Effective Date:</i> _____</p> |
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Issuing the Enterprise Project Management Organization (EPMO) Charter

Establishing an EPMO is a strategic project. As such, the authorization for this organizational and management change project requires a project Charter. The Charter begins the implementation of the executive direction given in the Project Business Management Policy Statement. It provides the means to formalize the creation of the EPMO and serves to establish its role, responsibilities, accountability, and requisite authorities. It is the most effective way to communicate to the other functional areas of the enterprise what the EPMO is all about. The EPMO Charter is designed to inform all levels of the enterprise of the purpose for creating the enterprise-wide project management functional organization. It provides the “sizzle” that helps sell the idea to the existing functional organizations. The following Table 1 contains examples of the key elements to include in an EPMO Charter

Table 1: EPMO Charter Key Elements

| <i>Element</i> | <i>Description</i> |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Vision | To create an environment that enables world-class proficiency in managing portfolios, programs, and projects within the enterprise on an enterprise-wide basis. |
| Mission | To provide the leadership that will guide the enterprise in performing its portfolios, programs, projects, and services by utilizing best-in-class project business management methodologies, tools, templates, and technology to deliver benefits and value to the overall enterprise. |
| Strategy | To create an environment within the enterprise that embraces project business management as an intrinsic enabler for achieving its business strategies and objectives. |
| Goals and Objectives | To establish and institutionalize a project business management methodology and practices as the normal and best way to accomplish work and treat the EPMO as an executive-level functional organization to the degree it becomes part of the enterprise’s core business competencies. |
| Methodology | To establish an internal network to support the EPMO efforts to distribute the project business management methodology, processes, and practices across the enterprise. |

The job of creating the EPMO Charter belongs to the executive who will manage the EPMO. The first important step in establishing the EPMO, after the Project Business Management Policy Statement is issued, is presenting the EPMO Charter to the executive management team to review, formally adopt, and submit to the Chief Executive Officer to approve.

Moving ahead without the unanimous support of the enterprise’s executive management team is a risky move that will likely result in the failure of effectively implementing the EPMO or establishing Project Business Management enterprise-wide. Once the management team adopts the EPMO charter, it should be presented to all functional organizations as part of the enterprise’s communication processes in establishing the EPMO as an executive-level functional business organization.

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Darrel G. Hubbard is President of D.G.Hubbard Enterprises, LLC providing executive consulting and assessment services. He has over 50 years of experience in consulting, line management, and technical positions. He has served as a corporate executive officer; managed the due diligence processes for numerous mergers and acquisitions; managed information technology, proposal, accounting, and project control organizations; was a program manager on engineering projects; was a project manager on commercial projects; and a designated “key person” under government contracts. He has also held executive positions in the securities, insurance, and business consulting industries.

He assists organizations, as a 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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