

Series on Project Business Management and the PMO¹

Role of the Enterprise PBMO in Managing Project-Portfolios, Project Programs, and Projects

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When we interact with executives and other senior level managers they express a keen desire to obtain organizationally focused information about a typical Enterprise Project Business Management Organization (EPBMO) positioned at the executive-level, before they decide to charter and actually implement an EPBMO. They will want to know:

What is the hierarchical structure for an executive-level EPBMO as a functional business organization?

What are the basic roles, responsibilities, and authorities of each organizational function within an EPBMO?

This article offers some answers to these two key questions and provides the enterprise's executives and senior management with an organizational model for the EPBMO, which can be customized to meet the business needs and management requirements of their enterprise.

EPBMO Management Structure and Supporting Functions

Figure 1 below shows the organizational structure of a conceptual Enterprise Project Business Management Organization that is responsible for developing and implementing Project Business Management as a core competency for an enterprise. This EPBMO is located at the highest level of the enterprise, and its executive manager reports directly to one of the enterprise's senior executive officers. Those officers will have titles such as, Chief Executive Officer (CEO), President, or Chief Operating Officer (COO). The EPBMO executive should be assigned a title such as "Chief Project Management Officer (CPMO)."

The six primary functions of the EPBMO are project-portfolio management, project-program management, project management, administration, training and education, and managing distributed Project Management Organizations.

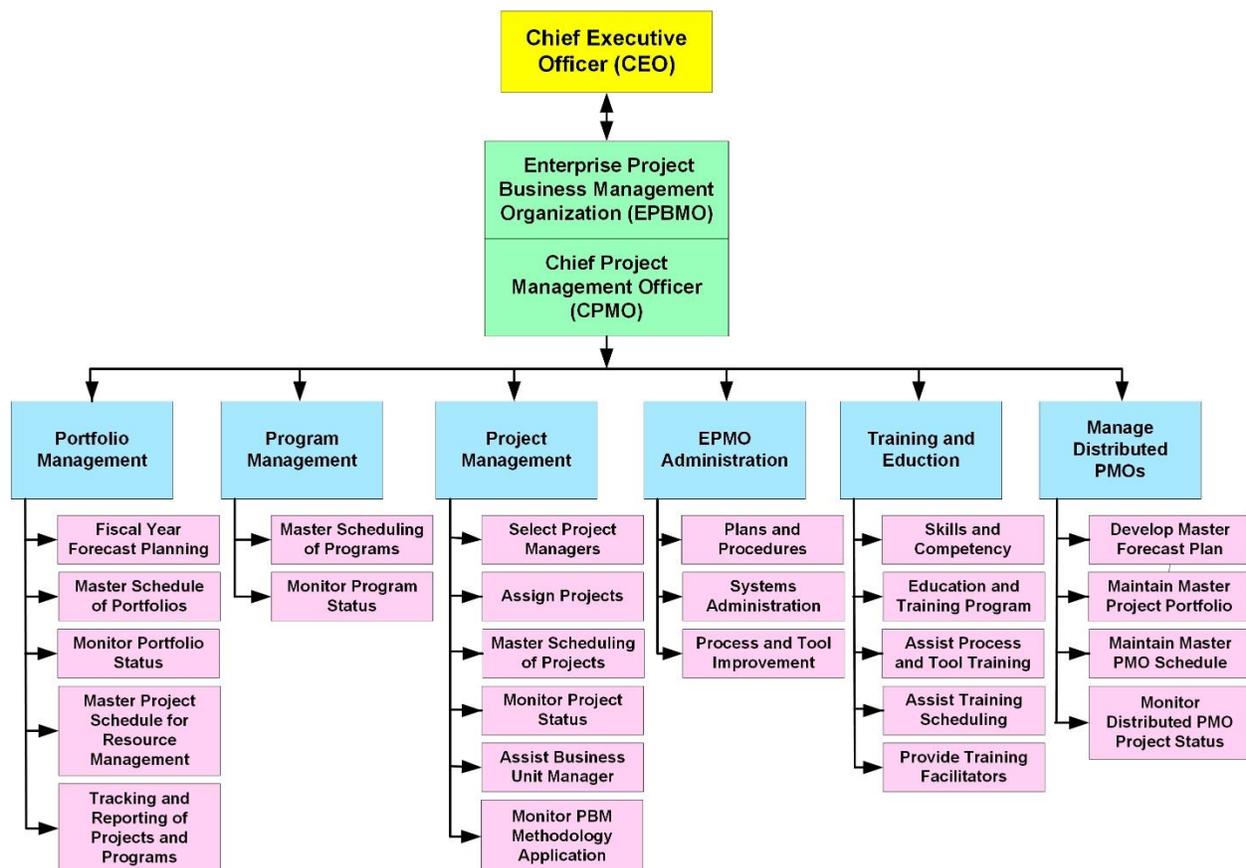
Project-Portfolio Management roles and responsibilities include:

- Developing and maintaining a prioritized fiscal-year forecast plan of portfolios and their associated programs and projects that are established to meet the enterprise's strategies and related business objectives;

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.

- Ensuring the portfolios being worked and those portfolios being planned directly support the enterprise’s established strategic business initiatives;
- Supporting the development of and providing the maintenance of a summary level budget for each portfolio;
- Developing a master schedule for future portfolios to assist in long-range management of resources across all proposed programs and projects;
- Developing and maintaining a master schedule of the currently planned and in-process portfolios;
- Monitoring portfolios status on a monthly basis to measure and report performance against established portfolio performance metrics;
- Developing and maintaining the list of the enterprise’s Enterprise Environmental Factors and Organizational Process Assets that affect the management of project-portfolios;
- Developing a prioritized schedule to minimize the use of specific limited resources by staggering the start-up of projects that require those resources;
- Tracking and reporting the status of projects and programs, at a portfolio level, to the executive management team on a regular basis; and
- Monitoring portfolio status on a routine basis to measure and report performance against established accomplishment metrics for business objectives.

Figure 1: Enterprise Project Business Management Organization (EPBMO) Functional Structure



Project-Program Management roles and responsibilities include:

- Developing and maintaining a prioritized fiscal-year forecast plan of programs and their associated projects established to meet the enterprise's strategies and related business objectives;
- Ensuring the programs being worked and those programs being planned directly support the enterprise's established business objectives;
- Developing and maintaining a master schedule of programs currently planned and in-process;
- Leading the development of and providing the maintenance of a budget for each program;
- Developing a standard list of performance indicators and performance measurement metrics;
- Monitoring program status on a monthly basis to measure and report performance against established program performance metrics;
- Developing and maintaining the list of the enterprise's Enterprise Environmental Factors and Organizational Process Assets that affect the management of project-programs;
- Tracking and reporting project status at a program level to the executive management team on a regular basis; and
- Monitoring program status on a monthly basis to measure performance against the desired benefit goals set by executive management.

Project Management roles and responsibilities include:

- Ensuring each project being worked and those projects being planned directly support the enterprise's established business objectives;
- Applying project management processes enterprise-wide to all projects;
- Monitoring the proper application of the project business management methodologies across all projects;
- Developing and maintaining a master schedule of all projects currently planned and those in-process;
- Preparing and maintaining a master budget for each project currently in-process and those being planned;
- Developing a standard list of project performance indicators and performance measurement metrics;
- Developing and maintaining the list of the enterprise's Enterprise Environmental Factors and Organizational Process Assets that affect the management of projects;
- Monitoring and reporting project status on a monthly basis to measure performance against selected project performance metrics; and
- Assisting business unit managers with developing and maintaining project schedules, and cost and schedule status reporting.

Project Administration roles and responsibilities include:

- Developing methodologies and techniques for use by executive management in defining, selecting, and prioritizing portfolio, programs, and project in support of the enterprise's strategic planning process;
- Developing the plans and procedures governing the management of multi-site projects, programs, portfolios, and other issues that affect how project management best practices are applied enterprise-wide;
- Implementing, maintaining, and administering a project business management system (PBMS);

- Developing and maintaining the methodologies, standard tools, templates, and related updates for the management of projects, project-programs, and project portfolios;
- Preparing and maintaining schedules, reports, and minutes of periodic project-portfolio, project-program, and project executive status review meeting meetings; and
- Planning and managing the recommendations for process and tool improvements that are to be incorporated into the next update release of the project management methodologies.

Training and Education roles and responsibilities include:

- Developing and maintaining the policies defining program and project management skill requirements for personnel and the competency level requirements, which are to be applied enterprise-wide;
- Developing an education and training program to assist personnel achieve the skills and knowledge required to meet the competency requirements for their assigned position;
- Assisting in project business management process and related tool training; and
- Assisting the Human Resources function with the scheduling of project management discipline education, training classes, and workshops and by providing facilitators.

Management roles and responsibilities for a Distributed Project Management Organizations (PMO) include:

- Developing and maintaining a master forecast work plan for the distributed PMO;
- Developing and maintaining a master organizational budget for the distributed PMO;
- Developing and maintaining a master work schedule for the distributed PMO;
- Developing a list of standardized performance indicators and performance metrics to measure and report PMO performance;
- Developing and maintaining the list of the enterprise's Enterprise Environmental Factors and Organizational Process Assets that affect the management of the distributed PMO; and
- Monitoring the status of projects and programs managed by the distributed PMO on a monthly basis to measure performance against each project's and each program's performance metrics project.

Chief Project Management Officer roles and responsibilities include:

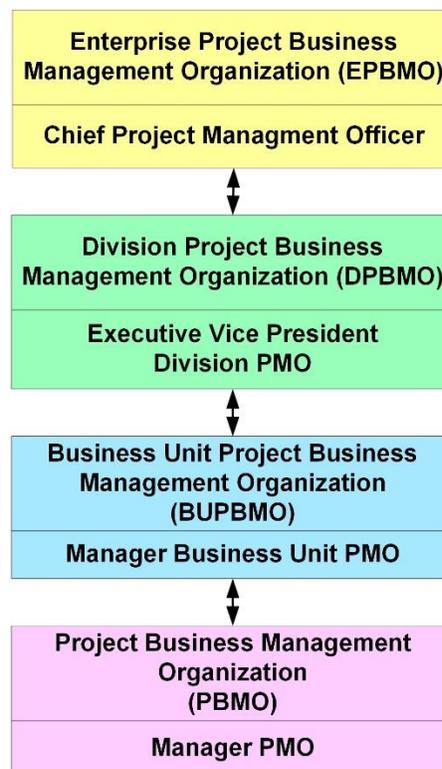
- Recommending, selecting, and obtaining approval for standard methodologies, processes, tools, and templates for managing project-portfolios, project-programs, and projects;
- Assisting executive management in the development of strategic initiatives and related business objectives;
- Assisting executive management in selecting and prioritizing the set of projects, programs, and portfolios that would fulfill the strategic initiatives developed by the enterprise;
- Establishing the specific level of experience, education, and certification requirements for portfolio, program, and project managers at entry-level, mid-level, and advanced-level positions;
- Reviewing and approving education and training programs and periodically reviewing the results;
- Selecting or recruiting new portfolio managers, program managers, and project managers from inside and outside the enterprise;
- Assigning portfolio managers to portfolios, program managers to programs, and project managers to projects;

- Performing PBM Competency Model assessments to establish baseline measurements and subsequently performing annual assessments to measure improvements; and
- Assuring the services provided by the EPBMO provide the benefits and value desired by executive management and thereby support the sustainability of the EPBMO.

The EPMO in Large or Global Enterprises

Figure 2 illustrates the Enterprise Project Business Management Organization structure that owns and governs the management of project-portfolios, project-programs, and projects within the usual three organizational levels common in large or global enterprises.

Figure 2: EPMO Enterprise-Structure Overview



When projects become significant enough to an enterprise, then a Project Business Management Organization needs to be established and managed by a separate EPBMO executive officer. The level of effort required from EPBMO support personnel will vary from program to program or project to project based upon the technical complexity of the specific programs and projects and where each program or project is within its life cycle. In general, that level of effort will vary over time and will be higher during the planning phase. A few peak days will occur during the routine status cycle, and some ongoing basic effort is normally needed. To be effective, EPBMO personnel need to be familiar with the Business Units and Divisions who are the performing organizations and the associated program and projects being managed. EPBMO personnel need to be positioned, from time to time, where the actual project work is being performed to view the progress of the work and provide an independent project progress and work performance assessment.

Major enterprises, through the use of their executive-level Enterprise Project Business Management Organization (EPBMO), are currently identifying opportunities to improve the alignment of portfolio, program, and project planning and execution with corporate strategies and business objectives that support the enterprise's mission and vision.

The trend to develop and establish enterprise level Enterprise Project Business Management Organizations that are responsible for implementing portfolio/program/project management methodologies has increased, as executive leadership's interest in, and recognition of, project management as a profession has grown. These EPBMOs are supporting the evolution of project management as global businesses needs change and as an enterprise's related business needs evolve.

Those enterprises looking for the answers to meet the challenges of the global market or their regional markets have discovered a key answer is to implement an Enterprise Project Business Management Organization. This evolution in the project management profession will continue to occur as more enterprises come to view the management of project-portfolio, project-programs, and projects as business functions and come to understand the overarching business need to create an executive level position, which owns the EPBMO. Enterprise Project Business Management Organizations are now effectively addressing a wide range of business and organizational challenges, which include:

- Implementing and operating organizational project business management;
- Managing organizational change;
- Improving communications and collaborative cooperation among business units;
- Dealing with complexity;
- Managing changes in projects, project-programs and project-portfolios;
- Establishing project management as a core competency;
- Enhancing project management competency and maturity;
- Managing and balancing project related risk;
- Applying Agile project management practices; and
- Supporting executive management in maintaining market competitiveness.

EPBMO Management Structure Evolution

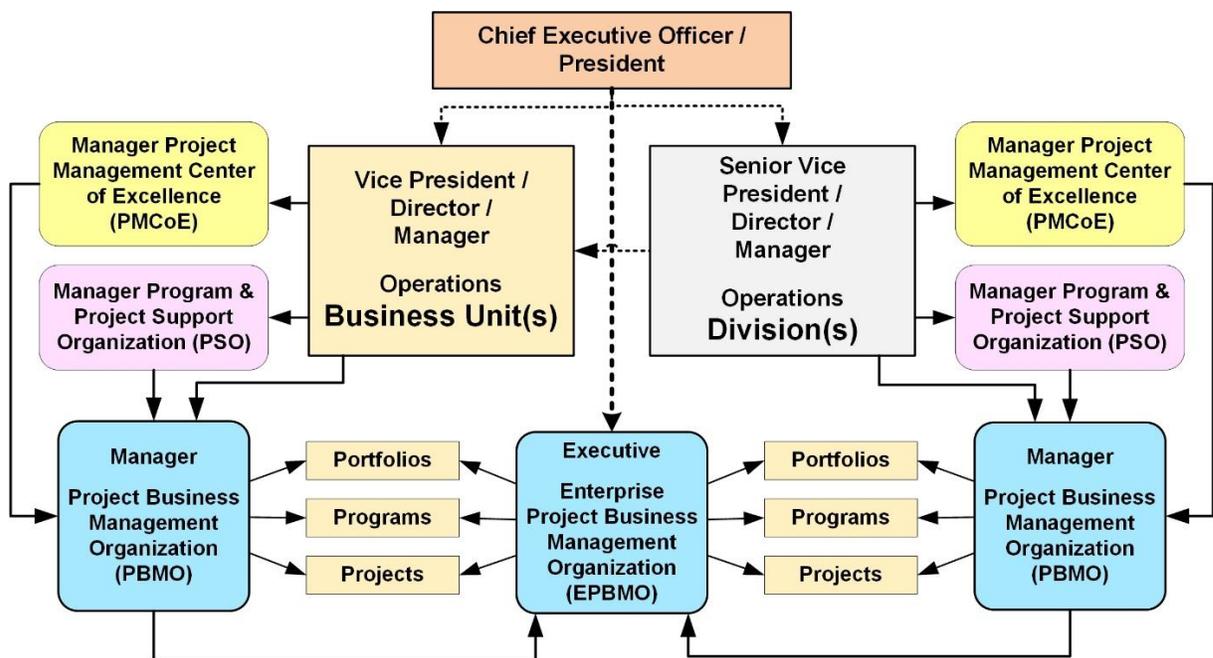
Figure 3 on the next page is an expanded representation of Figure 2 and when compared with Figure 1 it shows a different view of the typical management related functions associated with an EPBMO in managing project-portfolios, project-programs, and projects. This figure portrays the various evolutionary paths, which can lead to an executive-led Enterprise Project Business Management Organization at the executive-level.

Our paper "PMOs of Today and Tomorrow" published in PM World Journal Volume IV, Issue XII, December 2015 provides a description of each of the nine major PMO types in a quasi-standardized form. By employing the organizational and structuring terms defined therein, a summary of the purpose, primary role, responsibilities, and organizational position within an enterprise can be characterized and stated for each type of PMO. These PMO descriptions were presented in our first article "PMO Framework and PMO Models for Project Business Management" in this twelve-part series on PMOs, which was published in the PM World Journal Volume V, Issue I, January 2016.

The five of those nine project management organizational descriptions of importance here are the:

- **Project Support Organization (PSO):** An administrative functional organization specifically established to be responsible for developing, maintaining, and providing a limited set of project management standards-based methodologies and processes for the management of projects. The PSO is organizationally positioned under a Business Unit or a Division or a Division’s lower-level business unit in support of the other groups or individuals within those functions, who actually perform the management of projects;
- **Project Management Center of Excellence (PMCoE):** An administrative functional organization specifically established to institute, develop, and maintain project management, program management, and portfolio management standards-based policies, methodologies, and processes for the management of project, programs, and portfolios. The PMCoE’s functional responsibilities are: to promulgate project, program, and portfolio management policies, standards, methodologies, and processes; to ensure the effective and efficient use and sharing of common project management discipline methodologies, processes, systems, tools, templates, and lessons learned; and to provide the associated project management discipline education, training, and competency development. The PMCoE is organizationally positioned under, and directly reports to the senior management of a Division, or a major Business Unit, or the enterprise;

Figure 3: EPMO Structure-Related Management Roles

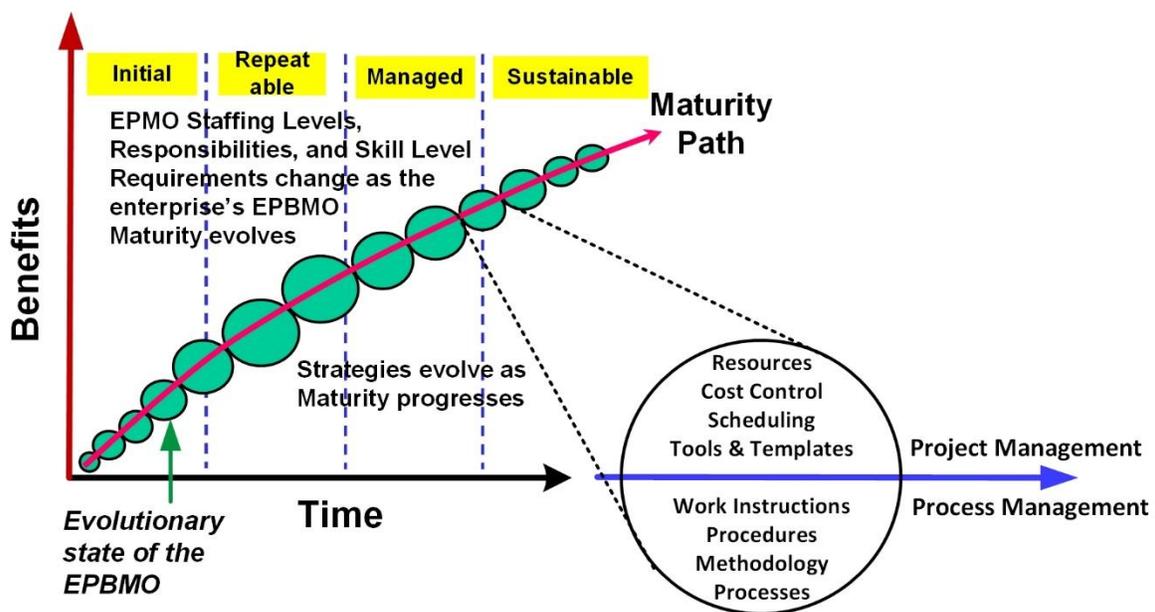


- **Business Unit Project Business Management Organization (Business Unit PBMO):** A functional business organization established within a specific major Business Unit for the management of projects, programs, and portfolios that are within the control of that Business Unit. The Business Unit PMO is assigned various responsibilities related to the centralized and coordinated management of the Business Unit’s portfolios, programs, and projects, and may be responsible for developing and maintaining a set of project management, and/or program management, and/or portfolio management standards-based methodologies and processes for its own use. The Business Unit PMO is organizationally positioned under, and reports directly to, the manager of that major Business Unit;

- Division Project Business Management Organization (Division PBMO): A *functional business organization*, itself a business unit under a Division, established within a specific Division of an enterprise for the management of projects, programs, and portfolios that are within the control of that Division. The Division PMO is assigned various responsibilities related to the centralized and coordinated management of the Division’s portfolios, programs, and projects, and may be responsible for developing and maintaining a set of project management, and/or program management, and/or portfolio management standards-based methodologies and processes for its own use. The Division PMO is organizationally positioned under, and reports directly to, the executive manager of that Division; and
- Enterprise Project Business Management Organization (Enterprise PBMO): A *functional business organization* established specifically for the enterprise-wide, or division-wide, management of all project-portfolios, project-programs, and projects. The Enterprise PBMO also performs all the functional responsibilities of a PMCoE and a PSO. The Enterprise PBMO has the business responsibility for delivering the business value and benefits, which those projects, programs, and portfolios represent within the business objectives of the strategic initiatives of the enterprise. The Enterprise PBMO may have as direct reporting business units: Division PBMOs, Business Unit PBMOs, Portfolio PBMOs, Program PBMOs, Project PBMOs, and Major Project PBMOs. The Enterprise PBMO is positioned at the executive-level as a direct report to the chief executive officer of the enterprise or a major division.

As an EPBMO is implemented and evolves over time both the support staff and processes mature and change as pictured in Figure 4 below. In addition, the needs placed upon the EPBMO fluctuate over time as the enterprise itself matures in its project management capabilities and automates various project management processes.

Figure 4: EPBMO Evolution of Staff Skills, Responsibilities, and Process Maturity



Enterprises usually begin the implementation of their EPBMO through an evolutionary process which begins with either some form of a Project Support Organization or a Project Management Center of

Excellence. Those two types of organizations are less politically challenging to the management of the existing operational organizations as discussed in our article “The Elephant in the Executive Suite” published in PM World Journal Volume III, Issue III, March 2014. This risk-adverse method allows the application and implementation of more customized and formalized project management methodologies, processes, and procedures to evolve as senior management comes to understand the value and benefits provided by a PMO as a functional business unit. In summary, the Project Business Management Organizations that have an enterprise-wide influence are those established at the enterprise level or division level. Only those Executive-level PBMOs have led to enterprise-wide quantifiable improvements in the management of an enterprise’s projects, project-programs, and/or project-portfolios. Of the two, the Enterprise PBMO is more likely to be successful and beneficial to the enterprise than the Division PBMO.

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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; has served as 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 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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Dennis Bolles, PMP, President – DLB Associates, LLC, has over forty-five years of experience in multiple industries providing business and project management professional services. He assists organizations, as a Project Business Management Organization (PBMO) Subject Matter Expert (SME) consultant, to achieve their business strategic objectives with the analysis of their business process improvement needs and development of business and project management capabilities.

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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