

Series on Project Business Management and the PMO¹

Enterprise-Wide Project Business Management Methodologies and the PMO

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A situation frustrating and plaguing executive management within many enterprises is their inability to adequately control resources, materiel, and facilities when managing a range of projects. This commonly results from the enterprise lacking a system of documented, formal, simple, and properly integrated project-portfolio/project-program/project policies, standards, methodologies, processes, procedures, and practices, which support the safe, prudent, strategically-focused, and cost-effective business management of the enterprise's projects.

Most enterprises recognize the management value and usefulness of the Project Management Institute's (PMI[®]) and other international project management organizations' standards and guides in addressing this issue. However, executives at all levels still struggle with how to implement those professional standards and guides within their own enterprises. Many executives view the PMI and other international standards as methodologies; this is not the case. Those standards are only intended to serve as the basis for developing an enterprise's own portfolio/program/project policies, standards, and methodologies.

Understanding Project Business Management Methodology Development

This article discusses at a summary level how an Enterprise-level Project Business Management Organization can support the enterprise in developing an overall project management system of six major components. As practitioners and PMO managers, we need to understand the meaning of those component terms, within the context of the project management discipline, to more effectively employ them and to communicate to executive management their particular meaning and their functioning when managing projects in a business environment.

A *System*, in the project business management setting, can be seen as an integrated structured set of interconnected, interacting, interdependent, and interrelated components forming an intricate whole, which has inputs, outputs, and feedback mechanisms and is created to accomplish defined objectives or results in the enterprise's management of its projects. Each project management system has defined and maintainable relationships among its major components of policies, standards, methodologies, processes, procedures, and practices, and, therefore, the whole operates better than the basic sum of its components.

Project business management *Policies* are the foundation of any system for project management and are the formally prepared, and management issued, statements concerning the enterprise's governing or

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.*

guiding principles, which are stated courses of action to be taken by the enterprise. Established policies are considered expedient, prudent, and advantageous by an enterprise's executives and are intended by them to influence and determine future decisions and actions in the management of the enterprise's portfolios, programs, and projects.

The enterprise's *Policies* are commonly addressed by developing supporting Standards. A *Standard*, within the discipline of project management, establishes a model that provides for the common and repeated use of rules, guidelines, or operational characteristics when performing activities or obtaining results in managing portfolios/programs/projects. It is developed through consensus and promulgated by a recognized authority such as PMI, or a corporate executive, and is aimed at the achievement of an optimum degree of performance and outcomes in a project business management context. A third party professional standard can either be adopted as is by an enterprise, or it can be converted into an enterprise specific standard. In either case, those standards need to be operationally translated into a set of enterprise specific *Methodologies* for use by the enterprise in managing its portfolios/programs/projects.

A *Methodology* is an organized body of intra-related business management methods to be employed and followed in the project business management of the enterprise's portfolios/programs/projects. Here a *Method* is a specific group of processes, procedures, and/or practices for attaining particular outcomes or objectives in the management of a portfolio/program/project. A *Process* within any particular project business management *Method* is a higher-level series or set of interrelated actions, activities, and rules performed to achieve a pre-specified set of outcomes, results, or services, when managing a portfolio/program/project. Each process is normally implemented by developing and issuing one or more implementing Procedures and Practices.

A project business management *Procedure* is a systematic presentation of instructional material that gives a series of steps to be followed in a definitive and prescribed order to accomplish a specific task, or set of tasks within a Process, during the enterprise's management of a portfolio/program/project. A specific implementing *Practice* within the project business management discipline is an established way of doing things developed through, and documented based upon, experience and knowledge. It is a specific set of project business management actions that contributes to the execution of a project business management process or procedure and it may employ one or more techniques, tools, and/or templates.

For most enterprises, translating the PMI's *A Guide to the Project Management Body of Knowledge*, *The Program Management Standard*, *The Portfolio Management Standard*, and *Implementing Organizational Project Management: A Practice Guide*, and other non-United States standards and guides into enterprise specific Standards and methodologies is a daunting task. Our research shows this task is most effectively performed by a Project Business Management Organization (PBMO) positioned at the executive-level of the enterprise. A properly chartered and established PBMO has the required capabilities to translate the concepts and processes within those standards and guides and to integrate them with the enterprise's operations, business development, and services methods and processes.

Our book *The Power of Enterprise PMOs and Enterprise-Wide Project Management* [AMACOM, 2007 & PBMconcepts, 2014] has a model for completing those translations and utilizes five sets of processes that integrate strategic, tactical, project-portfolio, project-program, and project management into an integrated enterprise-wide Project Business Management (PBM) Model methodology. How this integration is constructed and applied is different for every enterprise, because all of the processes are influenced by the enterprise's culture and other enterprise environmental factors.

Project Business Management Model – Methodology Components

A simple hierarchy is inherent in the business management of projects: strategies, objectives, portfolios, programs, projects. This hierarchy can be used as the basic structure on which to build a set of integrated project business management process to create the basis for a project business management

methodology. From this simple hierarchy, we produce five related components of the PBM model, which are:

Business Strategy Development Processes Model: Strategic business planning is common and performed to some extent in all enterprises. Your enterprise may have a rigorous methodology, while others have more of an ad-hoc approach. The PBM Model supports defining and developing a more formal and executive-led strategic planning process to formalize each and every strategy, and then flowing their requirements down through the enterprise's other planning and management processes to drive the delivery of the desired benefits and value.

Business Objective Development Processes Model: The second stage of most business planning models and of the PBM model is development of the business objectives that support each business strategy and then identifying, documenting, and authorizing the project-related portfolios, programs and projects that will be employed to accomplish each objective.

Portfolio Management Processes Model: Our research shows a significant amount of discussion about planning and managing portfolios in commercial businesses. The focus is on assembling various enterprise business objectives and related business unit action items, with the objectives and action items related to various strategic initiatives and budget and/or funds constraints. This business portfolio type is called a project-portfolio. It is managed or overseen by an executive or senior manager who usually resides in the business unit most involved with the work to be accomplished and who is most interested in a successful outcome. Project-portfolio management is a subset of enterprise-wide project management. It is an ongoing business function, as well as an ongoing management process. This discipline of portfolio management can be described in terms of its component processes, defined by PMI® in *The Standard for Portfolio Management*. Project business management includes the standardized application of those principles, processes, and practices on an enterprise-wide basis.

Program Management Processes Model: The concept of a program is familiar to any person who has worked on various military programs or, on a worldwide basis, for those who have worked in information technology on software or hardware programs. In both commercial businesses and governmental organizations, the focus is on assembling various related and sometimes interdependent projects, enterprise business objectives, and related business unit actions items. A program is normally managed or overseen by a senior manager who usually resides in the business unit that is charged with its successful completion and heavily involved with the work to be accomplished. Program management is a subset of enterprise-wide project management and both an ongoing business function and management process. The discipline of program project management can be described in terms of its component processes, defined by PMI® in *The Standard for Program Management*.

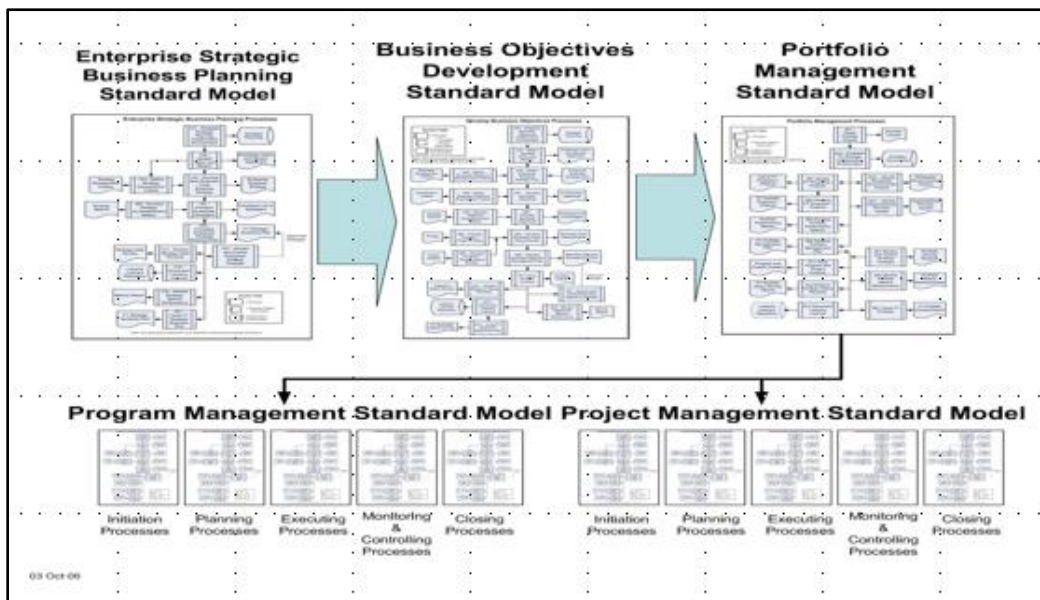
Project Management Processes Model: Almost all executives and managers generally understand the concept of a project in the form of developing a new product, implementing reorganization, improving a production process, etc. In the business context of integrating business management with project management, a project is either all of, or a specific component of, a selected business objective required to be accomplished to attain that objective. As with project-portfolios and project-programs, a project (specific business objective) is usually accomplished with limited resources, which include time and funds. The management goal is to produce the desired results that will create the project deliverables and meet the project's business objective. In most business management processes, and in all project management processes, a project is normally managed or overseen by a single project manager who provides the focus on the planning, organizing, directing, and controlling of all project activities. The management of a project is also a subset of enterprise-wide project management and an ongoing set of management processes. The discipline of project management can be described in terms of its component processes that are defined in PMI's *A Guide to the Project Management Body of*

Knowledge (PMBOK® Guide), which provides the guiding principles upon which an enterprise methodology for the management of a single project can be based.

Project business management and the PBM Model include the customized application on an enterprise-wide basis of the project management principles, processes, and practices contained in each PMI and/or other standards and guides as applicable. The PBM model includes the planning, managing, and monitoring of each strategy, objective, project-portfolio, project-program and project, and closing it when completed or terminated. The Project Business Management (PBM) Model methodology employs these five components to directly utilize and translate the PMI and other international standards and guides into a blueprint for planning project-related business strategies, business objectives, project-portfolios, project-programs, and project; executing the work; monitoring schedule, scope, and resource information; controlling the schedule, scope, and resources based on information collected; and reporting on progress.

Project Business Management Standardized Models – Processes Manual

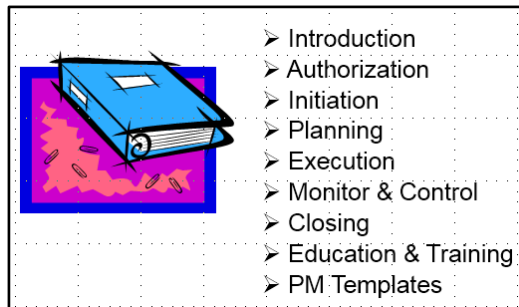
The figure below is a simple graphical representation of the elements contained in the five PBM standardized models. The PBM processes elements, within each of the five standardized model components, are organized into the five common business management categories identified as process groups in the PMI® PMBOK® Guide.



This model has been operationally validated by the eight executive-level project management organizations contained in our latest book, *A Compendium of PMO Case Studies – Volume II* [PBMconcepts 2016]. This PBM Model identifies the basic processes to be followed to complete the work during various stages of the enterprise’s business cycle. The model is a contiguous framework of processes, each relying on the proper application of the others. At the same time, each process is a separate definable process. These high-level processes must be scaled to suit the requirements of an enterprise’s project-portfolio, project-program, and project classifications and should be closely aligned with an enterprise’s product or service development processes.

A five process-group format is used in our models, not only to be consistent with PMI standards, but also to allow the processes in all five of the PBM Model components to be similarly presented, even though the higher level components may not have many specific processes associated with one or more of

the process groups. In addition, we have added, as is permissible by PMI standards, those additional processes for portfolio management that we have captured from our PMO Case Studies. The PBM Model



methodology also uses the common simple *input-process-output* format to describe the function of each PBM model component.

This model emphasizes authorization and initiation that are crucial steps in the standardized models for business strategy development, business objective development, and portfolio management, as these also comprise the first two processes of the five common process groups associated with program management and

project management.

The sequence and the interrelatedness among the processes and model elements are presented as input-process-output formatted flow-charts. That set of scaled defined processes is incorporated into a separate manual for each of the five PBM standardized models, with the following focuses:

- *Scope:* The enterprise PBM Model manual defines the model processes and their application in managing the organization's project-portfolios, project programs, and projects.
- *Purpose:* The manual contains the project business management best practices methodology for managing all project-portfolios, project-programs, and projects to ensure consistent and effective project business management practices across the enterprise.
- *Applicability:* Use of the manual is mandatory for all portfolios, programs, and projects.
- *Usage Guidelines:* The manual defines what processes, procedures, and practices are to be applied to portfolio, program, and project management. The manual uses common project business management terminology and is used in conjunction with the specific documents developed by each of the business units that compare local (division, region, facility) standard definitions of terms with those contained within the manual. The specific document should also contain references to internal local policies, project management policies, and other types of requirements that would apply to parts of the defined processes and identify local processes that would be substituted for the model processes.
- *Procedures:* The manual is supported by a set of process procedures that defines how each process is to function and provides best practice guidance on how to apply that process.
- *Governance:* The manual is owned by the enterprise executive responsible for institutionalization of the PBMO and project business management across the enterprise. It is the responsibility of each business unit manager to ensure compliance within their organization.

Deploying the Project Business Management Methodologies

Distribution, implementation, and maintenance of the Project Business Management methodology is the responsibility of the executive-level Project Business Management Organization (PBMO) that was used to lead its development. That PBMO must also be chartered to coach and mentor portfolio/program/project team members in the proper application of project management procedures and practices defined by a standard set of project business management processes that are to be applied in all areas of the enterprise. The PBMO can provide to the enterprise's business units the basic knowledge of the project management processes, which is needed to understand and properly apply the processes identified in the project management processes manual and to effectively utilize the information contained in the supporting procedures and practices.

Enterprise-wide acceptance and adoption of the enterprise's Project Business Management methodologies will help establish a mature management environment that enhances the capability of the Project Business Management Organization to continuously improve the PBM Model through the effective application of lessons learned.



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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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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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