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The Digital PMO
by Wafa Karkukly, PhD and Ian Laliberte
Advisory Article

The Digital PMO: How PMOs need to Digitalize themselves and evolve to support their organization Digital transformation[1]

Article one in a three-part series

By Waffa Karkukly, PhD and Ian Laliberte, MBA

Abstract

Congratulations! Your executives are ready to go Digital. Is your PMO ready to become Digital?

PMOs have proven their success and their worth in the industry; we do not need to re-prove this fact. This series of three articles will explore the need for PMOs to digitalize themselves and evolve towards their organizations' needs in order to support their organization digital transformation. In the first article, the authors will shed light on PMOs today and explore, what it means for PMOs to digitalize themselves and the areas of focus to achieve a DTPMO (Digital PMO). In the second article, we will explore how DTPMOs can shift the current thinking to forward thinking and facilitate their organization digital transformation to move from a project base focus to a product base focus. In the last article, the authors will focus on the ultimate future destination for the digital office to become the core unit in their organizations to connect all CoE's (Center of Excellence) and sustain a product/platform-based organization. Furthermore, we will share a case study that explores the digitalization journey, and how one organization was successful in their transformation.

Key Words: Digital PMO, DTPMO, DTMO, EPMO, SPO, SRO, CGO,

Introduction

(Gartner 2019) Nearly two-thirds of CEOs and senior business executives already have a digital business transformation initiative underway at their organization. Some 90% of corporate leaders view digital business initiatives as a top priority, but 83% are not making any meaningful progress. In addition, 60% of EPMOs are not aligned to the strategic direction, or ready to enable their organization digital transformation. PMOs need to become digital themselves before they are able to support their organization's digital transformation. The industry is predicting that by 2021 which is less than two years from this article date, a 50% of large organizations will have hubs to enable digital

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transformation (e.g. Digital COEs, Transformation COEs, Agile COEs, etc.). For who is leading the way?

Elements for Digital Transformation

"Future proofing your business as Digital is woven into everything we do" (Deloitte, 2019). This statement speaks to how digital is shaping our everyday life at the individual level and as consumers of products and services, soon will demand services if organizations are not embracing and moving forward faster than their competition, they might be left behind. First, what does it mean to be digital? Organizations today are struggling with a consistent definition to what "digitalization" means, to some it is automating the business including client experience via mobile, social media, etc. For others, it is instituting the myriad of practices PPM, Agile, Platforms, PMO, COEs, etc. and trying to make sense of which way will help them compete in the future. Second, what are the main digital transformations elements that drove transformations? They can be summarized into: Automation, Connectivity, Real-time information, Change management, and Risk management. Digital business transformation <u>is changing</u> the PMO/EPMO operating context. Before we explore how we foresee this happens, let's explore today's PMO landscape successes and challenges.

The PMOs Landscape Today

<u>Successes</u>

Today organizations have been still enjoying some of the fruits as a result of having PMOs. Whether it is a traditional delivery PMO, EPMO, ITPMO, regardless what the "P" stands for whether it is project, program or portfolio; PMOs have been successful in demonstratingleadership in these PMO core services:

- Standardization to process, framework, and methodology
- Resource management (skills and allocation)
- Reporting and dashboards to various stakeholders
- Project change management and lessons learned
- Risk management, scheduling, and cost tracking
- PMO staff professional development and career path

Most of those organizations that have PMOs have better opportunities to project delivery success, consistency, predictability, tracking, monitoring, and reporting; however, many fundamental issues are still outstanding for many years ago despite the revitalization of many PMOs even with the label change from strategy project office (SPO) to Enterprise Project Office (EPMO) to Corporate Governance Office (CGO) the fact remain alignment with strategy has not been done well, as well as the people change management. PMI's pulse of the profession 2017, states that among

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organizations that have a PMO, half of these organizations have EPMOs and those that align their organization strategy report 38% of project success. This is still a gap that many PMOs and their organizations have not addressed yet.

Challenges

The fact remain that alignment of strategy is not done well, organizations have been trying many ideas, separating the portfolio practice from the project practice. While PMOs remain tactical, as a matter of fact the PMO in some organization stood for the (project in a box) organization to execute on projects and staff projects with appropriate skills. While a SPO or CGO become the strategic entity for the organization to work with executives on strategy alignment, benefit realization, orchestration, and prioritization of business cases and initiative in-take. (Gartner, 2019) yet adds another type to the mix and that is SRO (Strategy Realization Office) that in addition to what the SPO and CGO do, they help fight the change fatigue in organization what translates to us as better management of corporate change at the strategy and portfolio level. With all these attempts to align to strategy, organizations and their respective PMOs still have many challenges demonstrated in the following:

- Focus on Projects and Programs construct, and its execution, not governance and alignment
- PPM initiatives are turning into tool deployment rather than strategic alignment
- PMOs existed to eliminate silos and bureaucracy to introduce their own rigidness and bureaucratic practices
- Ineffective and inefficient budgeting and funding process practices
- Heavily gated and mostly waterfall, very little iterative, administer its stage-gating and compliance
- Unable to cope with change within and certainly external
- Lack of organization wide change management and risk management
- Even within CoEs, they are stuck with one framework adhering to it

While the notion of separating strategy from delivery is a great idea, it fell short in the execution of it and it became that empty sandwich i.e. no filling to connect the two pieces of bread as strategist and author Nilofer Merchant book titled, "The New How: Creating Business Solutions Through Collaborative Strategy." She mentioned in her book terms, there are two perfectly good pieces of bread in the sandwich; there just isn't any filling. While the PPM practice may remain in the PMO for some organizations, others have kept the PPM outside of the PMO in a SPO or CGO; the most pivotal element is the links between strategy and operationwhich is still a challenge for many organizations. The strategic link challenge compounded with the lack of change management making PMOs suffer in the overall organization transformation, in particular, the AGILE transformations, and the digital transformations.

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The PMOs in Transition to Digital

The areas of Digital transformation split into the two main areas: first: PMOs internal readiness to digitalize themselves; second, PMOs external readiness to support digitalization. Each of the internal and external areas will be assessed against strategy and execution maturitycomprised of five levels (Gartner 2018). To ensure readiness happens according to a standard benchmark, we are exploring the first <u>two</u> levels of the five levels strategy and execution maturity levels.

- Level 1: Functional (efficient provider, rarely involved in the enterprise strategy).
- Level 2: Enabling (reactive service provider, offering on-demand operational and project services to drive efficiency and effectiveness).
- Level 3: Contributing (operates as a proactive service provider and consultative partner).
- Level 4: Differentiating (helps differentiate the enterprise; viewed as a partner in shaping and delivering the enterprise strategy).
- Level 5: Transformational (leads enterprise-level transformations).

<u>**PMOs Internal Readiness**</u>

To make the change into the business digital transformation, the following key areas need to transform: people, process, technology moving from level 1 to level 2 strategies and execution maturity

PEOPLE

- **Drive Cultural Change**

As organizations shift directions, the success in embedding the new cultural changes primarily relies on the PMO whether it is instituting Agile within the organization, or strategic changes relating to funding process, portfolio management and business case justification. Driving culture changes through a robust change management process, as well as executive education. Further, ensure new culture adoption through tracking progress and keeping executives informed by providing them with realistic picture of the level of adoption.

- **Improve Talent Management**

All PMOs that fail to shift focus toward speed of delivery will be downgraded to legacy maintenance oversight or even disbanded. Focus should be on new skills to operate in a digital world (workforce transition). Establish opportunities to train, coach, and mentor

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to evolve existing skills, as well as o augment current skills with new skills from the industry.   This means building the following five competencies becomes critical:

1. Business acumen: bring awareness of internal and external business context to help on valued outcome alignment and decomposition
2. Adaptability: coach and educate to new ways of working: therefore, employees have a new toolbox of a spectrum of approaches
3. Political savvies: build strong internal and external networks
4. Fusion collaboration: provide the ability to work with staff with diverse perspectives and experiences
5. Systems thinking: design, think, prioritize, and execute with E2E in mind

- **Obtain Executives Support**

Focus on executing on executives' strategies and aligning executive support for the new mission. Focus on translating strategy to business outcomes, delivered through product-based organization or projects (and not program as much as possible). With the many ideas of whether to create special program office for digital transformation separate from the PMO, or to transform the current into one, or whether the new PMO gets a new acronym as suggested by some industry specialist. The truth executives do not care what we call the entity as long as it is coping with the change they have and evolving as the organization strategy evolve.

PROCESS

- **Improve Process Agility**

Ability to support the many processes and frameworks available to support the agility needed to work at multiple speeds. Ability to change and scale solutions become two key components of how fast PMOs react to changes required while calculating the risk on their strategies, resources availability, and financial health. PMOs need to ensure faster workflow and approval process for initiatives, and be unafraid to experiment with new ways of working. The ability to be process nimble and apply "fit for use" and not one size fits all is what will speed these PMOs journey into digitalization. Heavy processes will make it difficult to pivot in different directions and adapt to new changes; yet having the right processes and ability to pivot as needed allows the PMO to be a digital hub.

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- **Embrace Agile Mindset**

There is a difference in EPMOs using Agile or being an Agile. Being an Agile PMO or organization indicate mind set of Agility to approaching work components and being flexible in how Agile is applied as seen fit based on the many models Agile offers today. With more projects using Agile, as reported in PMI pulse of the profession 2017, 71% of organizations today report they use agile approaches to their projects, the major issue reported is how PMOs transform their current PMO traditional framework into Agile.

- **Re-align PPM and Business Case**

PMOs have a huge opportunity to improve in this area, the heavy process and lengthy documents to justify initiatives' intake where many of the parameters are still not known. Even when a good business case is written, and it takes a few weeks to months on an average to get a business case done. Meanwhile, business priorities shifted making the business case outdated. PMOs that are able to improve the agility of the intake process and provide iterative business case model that aligns with the iterative funding model, will make a positive impact on their organizations key alignment area

TECHNOLOGY

- **Current PMO technology**

Leveraging existing tools, many of the enterprise tools even are not fully explored or fully used. Many organizations we know still have their executives wait for a monthly report that is paper format and data is stale and at times outdated by the time the PMO compiled the report. Integrating the reporting within the available technology and providing executives with real-time info connected to their mobile devices is one of the low hanging fruits that PMOs can start with. With organizations' digital move to provide real-time reports and dashboards enabling decision making, PMOs cannot afford to sit on the sidelines with their static outdated reports expecting their evolving executives demand will settle for that.

PMOs should be unafraid to experiment with new technology and turn the information into powerful organization knowledge. PMO's should be the digital intelligence information hub for their organizations. With the power of process, data, and technology at the PMOs disposal, making sense of the data and getting out of those static reports and schedules into a more dynamic collaboration, reporting to transform the timeliness of decision-making ability.

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- **Embrace Digital**

Way before the digital era in 2007, I had timesheet for project teams served on their mobile devices and acceptance of timesheet in a workflow for team leaders was also on mobile devices. In 2010, executive dashboards were served on executives' handheld technologies, the main issues in both cases were that technology wasn't fast or robust enough and a lot of effort had to be done at the backend to ensure support. With today's "plug-and-play" technologies and mobile apps, EPMOs/PMOs have no excuse not to turn the data into powerful information for their organization and become the AI hub in answering all the tactical and strategic questions equally.

PMOs External Readiness

Automate / Digitalize

Running in the age where you leverage AI (Artificial Intelligence), and digitization of workflows; PMOs can start to shift from an artefact and process-based management to focus on automating the information flow. The data demonstrate you meet all the required control objectives, and the application of Augment Intelligence (as opposed to Artificial Intelligence) can automatically sense that the same information can be applied throughout the lifecycle of any initiatives.

Connect

Once workflow and data flow have been automated and connected, that is the first connectivity element. The second is connecting people across the organization geographic reach to provide organization talents with speedy information sharing, and skills exchanges. Connecting the various methodologies and framework and automating them and providing access to teams to learn from one another.

Enable

The ability to enable real-time data intelligence is key in the success of being digital. The wealth of information collected by PMOs can easily be turned into knowledge. Why rely on those static monthly outdated reports when you can connect your data engine to real time reporting to enhance executives' decision ability as they go especially in the area of PPM and tracking of financials and benefit realization.

Manage Risks and Changes

This is the one neglected area by PMOs and many of their project managers. The practice of risk management varies in organizations ranging from poor risk

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management and collecting a useless risk log, to the very few PMOs that plan their risks responses; those are the more successful inbecoming digital The ability for PMOs to assess risks allow them the speed and the agility of pivoting directions as their organizations environmental factors changes. Similarly when it comes to change management from managing changes within the project to managing the impact of that project on the organization and the two practices are different and require different processes, skills, and timeliness in how they connect and overlap. The area of change management requires immediate attention as PMOs look to successfully becoming digital.

Summary

In this article, we aimed to provide guidance to PMOs in the process of going digital to understand their potential and the areas of focus to turn themselves digital and be ready to support the fast moving digital transformations. In the next article, we will explore how the digitalized PMOcan shift the current delivery model of their organization from project base to product base to facilitate their organization digital transformation.

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Dr. Waffa Karkukly, PhD, MIT, PMP, ACP, CMP has over 20 years' experience in IT, and Project Management. Waffa has helped fortune 100, midsize, and small sized organizations improve their project management practices and PMO establishments through building scalable standards and proven solutions that improved their delivery process. She held many positions ranging from big 5 to small startups where she held the responsibility of managing IT strategy and operation; in her career progression she became head of PMO with titles ranging from director to VP, responsibilities ranging from $50 million to $1billion in Enterprise assets for global and international organizations.

Waffa is a strategist and change agent who had many organizations' transformations in building agile organization culture and building CoE for IT organizations. Waffa teaches various beginners and advance project management and IT courses at various Ontario universities and colleges. She is a program and curriculum lead developer for variety of topics aligning education certificates with practical industry needs and trends.

Waffa holds a BSC in Information Systems from DePaul University, an MIT from Northwestern University, and a PhD from SKEMA School of Business. She is a Project Management Professional (PMP), Agile Certified Professional (ACP), and Change Management Practitioner (CMP) who is dedicated to improving the understanding and standards of project management practices especially in the Value proposition of Strategy execution via Portfolio Management and PMO.

Waffa is an active PMI member who has held various positions of Director of Communication for the PMO CoP and Regional communication coordinator for the PMOLIG. Waffa was one of the committee members that built the standards for PMI-OPM3. She is a volunteer and an Academic Reviewer for PMI's academic paper proposals selection. She contributes often in project management publications and is a frequent speaker in project management chapters and forums.

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In over 20 years he has held senior positions leading business and IT transformation through turnaround, realignment and revitalization within international distribution, manufacturing, insurance (Life and GI) and banking industries. Before joining TD, Ian held diverse Information technology, Project Management, and leadership roles at Canadian Bearings. He has also held executive technology roles with Aviva Insurance, which included Change and IT Strategy, EPMO, Management Information & Analytics, and he has led Commercial Lines business transformation and the implementation of a business and operating model for Aviva's Digital business.

Ian graduated from New York Institute of Technology with an MBA in Global Management. Ian's leadership thinking has also been recognized as part of the top 50 thought-leaders in change excellence, and he has been published in *2014 Project Management Best Practices: Achieving Global Excellence – 3rd Ed* (by Dr. Kerzner), collaborated in *2012 Managing the PMO Lifecycle*, by Dr. Karkukly, and many other recent PMI article and publications on standards.

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