

This PMO is a great success! Let's shut it down! ^{1, 2}

Stacey Cellier, PMP and Melissa Cowart

Introduction

The company was one delayed go-live away from losing a big client. They were about to transition to a new and radically different core business system and no one knew how 800+ team members were going to be trained. Project managers cried. This was the tipping point at a \$1B national healthcare company. If ever there was a need for a PMO, this was it.

With a PMO, the company turned their at-risk client into an evangelist. They prioritized, organized and delivered on their strategic priorities, including that core business system. They brought in Quality Assurance and BA functions that transformed the organization. After 20 months, they shut down the PMO.

Was this PMO successful?

How we look at perceived “success” and “failure” measurements of project management offices depends on how it was designed in the first place. Setting up (or reimagining) your PMO with the end in mind can help you stay in the “success” column.

The Learning Objectives of this course are:

- Learn current perceptions of modern PMOs
- Understand the critical attributes of successful PMOs
- Know the questions to ask when considering a PMO

What is a PMO?

Current definitions and understanding of a “PMO”

¹ *Editor's note: Second Editions are previously published papers that have continued relevance in today's project management world, or which were originally published in conference proceedings or in a language other than English. Original publication acknowledged; authors retain copyright. This paper was originally presented at the [14th UT Dallas PM Symposium](#) in May 2022. It is republished here with the permission of the author and conference organizers.*

² How to cite this paper: Cellier, S. and Coward, M. (2022). This PMO is a great success! Let's shut it down! presented at the 14th University of Texas at Dallas Project Management Symposium in Richardson, TX, USA in May 2022; republished in the *PM World Journal*, Vol. XI, Issue VII, July.

A 2016 study identified 47 different PMO models (Monteiro, Santos, & Varajão 2016) Which can be the ultimate challenge for PMO leaders when it comes to expectations management.

Some generally accepted definitions include:

- A (PMO) is an organizational structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques (PMBOK 6th Ed.)
- A (PMO) is a group or department within a business, government agency, or enterprise that defines and maintains standards for project management within the organization. (Wikipedia, 2021)
- A project management office (PMO) is usually created to solve a specific problem: generally, the IT organization's inability to deliver IT projects on time, on budget and in scope. (Gartner Glossary, 2019)

There are fading barriers between "IT" and the "Business." Dissolution of IT into the business functions mean faster and more collaborative project teams. It also means that there are more models, methodologies, and approaches to defining and delivering value than ever before.

Differing views on what a PMO is, rapidly evolving business needs and strategic plans that are more dynamic all mean that the modern PMO is required to match this flexibility and adjust its services to stay in step with the business.

Managing Change is the new PMO Driver

Multiple studies, articles and surveys predict change management as a key driver evolving the PMO (including IT PMOs) to an enterprise-level change management function. We have found in our respective PMOs that there is a key differentiator in determining the perceived success or failure of a PMO: clear scoping of the PMO that considers the purpose of the PMO as well as how long that purpose might be served and managing the intended change through the PMO life-cycle.

Use Case – Multi-site Healthcare Organization

The life cycle of our Enterprise PMO experience

The company in our use case is a national multi-site healthcare organization focused on imaging service and women's health. The company was going through a stage of rapid growth after a round of private equity investment and was poised to enter another private equity transaction. The company was not scaling as rapidly or effectively as

expected. The private equity investors advised the company's leadership team to invest in a PMO to build capabilities in project management, which would enable delivery of their strategic plans and objectives.

The company hired a PMO leader to sit on the executive leadership team and build out the current group of project managers to a true PMO structure. Once the leader was in place, the objectives and structure of the PMO were identified.

The PMO was chartered to deliver on four key areas of the business:

1. New Center Openings
2. Joint Venture Partner Integrations
3. Strategic Projects
4. Project Financials Reporting & Analytics

Immediate gaps in the existing project management capabilities and the impact of those gaps were conducted within the first 90 days of the PMO. The four key areas to address delivery concerns were (see Diagram 1):

- Requirements Management / Quality
- Communications & Change Management
- Risks & Issues Management
- Deployment

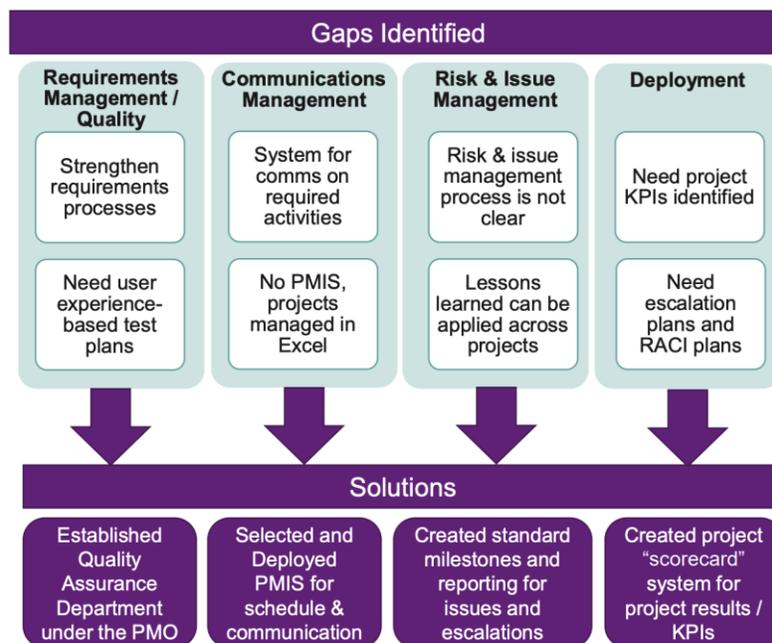


Diagram 1

Fifteen team members were hired in the first year, the team launched a project management information system, and a project quality department was established. In the first half of the second year, the PMO has a project financial system in place and successfully delivered the largest project in the company's history.

Nearing the end of the second year of the PMO, the New Centers delivery function in the PMO was well established, with standard processes, procedures, and templates utilized in all center delivery. The major strategic projects that were identified in the first year of the PMO had been delivered and even enterprise level projects were more routine in nature and consultants / third parties were engaged to supplement the team when larger initiatives were introduced. Project financials reporting and analytics had been deployed and was operating stably and delivering value. The QA and BA functions had been absorbed into the IT organization the year prior. The remaining function of joint-venture partner integrations was the primary function still with material maturity needed to deliver the expected value from the PMO function. After analysis by the executive leadership team, including the PMO leader, it was determined that the four core areas the PMO was responsible for could be absorbed into operations (new centers delivery), finance (financial reporting and analytics and strategic projects), and IT (joint venture integration). The PMO was formally dissolved, positions seen as non-essential were eliminated, and the remaining positions were transferred to the respective department functions.

Executive Perspective of the Use Case PMO

Key Takeaways and Lessons Learned

The Enterprise PMO in this use case was a success by all measures established when the PMO was originally chartered. There were red flags to share as lessons learned though, as the transition from a centralized Enterprise PMO to departmental project management functions was unexpected by many and created a ripple effect through the organization, causing some value of the processes and structure to erode and weaken the overall value delivered through projects.

Changes in Leadership

As the company grew over the two years of the PMO, several C-level leadership changes occurred. All but one C-suite role transitioned to a new leader during this time. The original vision, objectives and value delivered by standing up the PMO became less implicit, and each new leader came in with a different perspective of what a PMO should and should not deliver to the organization.

By not staying in sync with the leadership team's perspectives on the PMO's value and services, the PMO did not adjust to the possibility of other options and other structures that may have been more appropriate going into the third year. We could have adjusted early to the needed services and structure and had a more disciplined and well-planned transition to the changes required to stay aligned with the business model.

PMO Maturity Alignment with Services

The original scope and need for the PMO was during a time of growth in the organization and a very low maturity level in project management. The company needed to calm the chaos, align on priorities, and create processes and structures to enable the organization to deliver value. This was an intensive period to stand up in an aggressive time window, but it was necessary to move quickly to meet the objectives and commitments of the organization. However, once the processes and structure were in place and the original bolus of demand was delivered and stabilized, the level of maturity of the PMO quickly met what was required and we found our PMO over-resourced and then we were maturing our processes beyond what was essential to the business.

Designing our PMO with the end in mind, or phasing the objectives of the PMO, would have been a more appropriate approach when standing up the PMO.

Project Manager Perspective of the Use Case PMO

Key Takeaways and Lessons Learned

A little over a year after I started in my role as a project manager in this case study company, it happened. Happy Friday. No more PMO. A few of us went to Finance and IT and the rest of us were distributed among Operations leadership.

I was already scheduled to go back to Houston for a project the following Monday, so I didn't have much time to process what had happened. My new boss was the VP of Operations. At first, it was a bit of a relief. I had been working with her and her team for a year. It felt like the change in reporting structure removed the middleman. I could be present on site without my inbox filling up with other projects. I could be present. It was refreshing.

This feeling of relief lasted roughly a day. My new leader and I had a meeting to discuss how best she could support me and what I may be interested in doing in the organization. It hit me in that meeting – my new boss admitted she had no idea how to manage a PM. She knew what I did for her, but that was it. I realized the growth opportunities I thought I had as a PM at the organization had also been dissolved the previous Friday.

I didn't dwell on this for long. I still had plenty to do, so I remained focused on my deliverables. I also took the opportunity to simplify some of the processes and artifacts in place for new center delivery. Those involved in implementation were well trained at this point, and there hadn't been much turnover.

I realized that there are significant differences in the role of a project manager being in a fast-growing PMO, in a stabilized PMO, and as a project manager in a functional area and not under a PMO structure. As a project manager I gained perspective on signs to look for that the structure may be about to shift (or should), and I have taken this learning to my current role as a PMO leader.

PMOs Need to Begin with the End in Mind

Considerations for an “Outcomes-Driven” PMO

Deciding to deploy an Enterprise PMO is a major leadership decision. As practitioners and trusted advisors our role is to bring a clear perspective to the “should we?” question. Just as with any other function in an organization – the PMO needs to offer what the company needs of it, nothing more, nothing less.

An outcomes-driven PMO is focused on achieving the goals and outcomes of a significant initiative or effort requiring competency, structure, and/or communication that does not currently exist in the organization.

The organization in this use case could have applied an outcomes-driven PMO structure to absorb the impact of the significant growth period and stabilized the project delivery cycle, then assessing the ongoing needs of the organization.

There are 3 questions to ask when establishing a PMO:

1. Does the competency required for this effort exist in the current team?
2. Does this effort require special or unique centralization and communication?
3. Will the need for the expertise, experience, and centralization persist?

If the competency does not exist on the current team, the effort requires special or unique centralization and communication, and the need for these will not persist as part of the ongoing business structure and services, it is worth considering planning for a limited, outcomes-driven PMO.

Some examples of when an outcomes-driven PMO makes sense are (see Diagram 2):

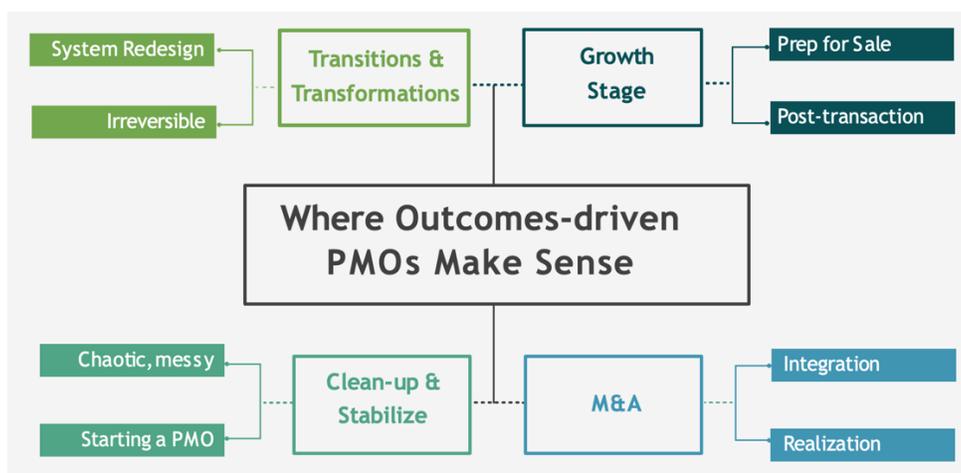


Diagram 2

1. Transitions and Transformations

Transitions and transformations are inherently fit for a temporary PMO structure, however there may be blurred lines or confusion over the definition of a Transformation Office, a PMO, or even the role of an outcomes-driven PMO to deliver an Agile Transformation. Funny but true! It is critical that all stakeholders understand the goals and roles of the function, no matter what moniker is applied.

2. Growth Stage

Growth Stage organizations may be more difficult to spot as a good candidate for an outcomes-driven PMO. They are however excellent candidates when you consider the critical three questions, particularly the persistent need for the services. Organizations going through a growth stage, and here we are referring to major funding rounds, transactions, equity changes, are often executing several projects that are directly related to meeting the transaction goals. These transactions also typically generate several projects post-transaction that are driven by the new capital and growth goals.

3. Mergers & Acquisitions

For companies entering a merger or an acquisition, the failure rate is 70% or higher. The application of an outcomes-driven PMO that is aligned to the planned synergies and outcomes envisioned by the deal could improve the odds considerably.

4. Clean Up and Stabilize

For a new PMO or a PMO that is being chartered to “get their arms around things” or “calm the chaos” we strongly recommend approaching this type of PMO by assessing the longevity of the initial demand and working with the leadership team to design the PMO with a beginning, middle, and end clearly defined. This will allow the entire team to measure success along the way as well as to clearly identify when the PMO has delivered the required initial value. The team can then determine what is needed for ongoing PMO and/or project, program, or portfolio management.

We are both thankful for the learning experience and welcome discussion and learning from others as well to continue to improve the perceived success rates of Project Management Offices.

About the Authors



Stacey Cellier

Texas, USA



Stacey Cellier, MBA, PMP, an internationally recognized thought leader and national keynote speaker on PMO topics, and was recognized as the 2019 Top 8 PMOs in The Americas by the PMO Global Alliance. With over 20 years of experience in project management, strategy, and business development, Stacey is a passionate advocate for the impact a strong project management and change management culture can have on an organization – especially in the rapidly changing world of healthcare.

Stacey's project management experience ranges across projects from eight-figure healthcare process and technology system change initiatives to real estate to global product security. She founded the PMO office for a multi-billion-dollar real estate and property management company and established and led national and international project management offices for public and private-equity-backed companies in healthcare, brand security and Fortune 200 healthcare.

Stacey received her PMP in 2006 and holds a Master Certification in Applied Project Management from Villanova University, a BS in Business Management from Western Governors University, and an MBA from the University of Texas at Dallas Project Management Program. She can be contacted at stacey@cellierconsulting.com.



Melissa Cowart

Texas, USA



Melissa Cowart is a life-long creative problem solver and thrives on overcoming complex challenges! Her resume is a series of “pivots” through which she has successfully built upon her diverse professional experience in commercial interior design, software sales, marketing, business development, and now project management. She is a passionate servant leader, encouraging those around her to take pride in their work, deliver quality projects, celebrate success, and have a positive impact on the organization.

Melissa’s career in project management began in 2018 with an opportunity to become a project manager for a private-equity-backed healthcare company, focusing on cross-functional delivery of projects expanding market share and enabling continuous improvement around patient care and experience.

She has since founded, and now leads, the PMO at a larger private-equity-backed healthcare company where she continues to drive strategic projects and support the development of the global domination roadmap.