

**What is a PMO, and What it Can Do for You**

Introduction

Do you find that your IT projects seem to churn, burn more budget than anticipated, take longer than thought, have series of change requests, and deliver less value than expected? If you answered yes to the above, you are right in-line with a large number or organizations who unfortunately do not reap the rewards of effective project delivery. In fact, according to a survey by McKinsey & Company, on average, large IT projects run 45 percent over budget and 7 percent over time, while delivering 56 percent less value than predicted. To take it a step further, 17% of IT projects go so poorly that they threaten the organizations’ ability to stay in business. So what is an organization to do? You must implement IT projects, modernize your infrastructure and transform to meet todays increases in technology, but doing so is costly and riddled with risks?

A Project Management Office (PMO) when set-up appropriately will mitigate the risks of IT projects, while expediting project delivery, reducing costs and reaping more value for your team.

What is a PMO?

A PMO is the project management body that defines the processes, best practices, methods, tools and delivery model leveraged during project execution. Depending on organizational needs, PMO’s can be much more than a project management team, they can drive business value through prioritizing the right projects, at the right time, using the right resources.

Simply put, a PMO develops the framework for project delivery, controls the costs, resources and procedures associated with delivery, and drives the organization to successful implementation. That is not all a PMO does, in fact healthy PMO’s act a liaison between business and the technology team, and drafts lessons learned gathered from project retrospectives. The motto of a good PMO is iteration, iteration, iteration, meaning the processes will adapt over time as the organization, and projects they are managing change.

Challenges

A common misconception is that PMO’s slow down project delivery and decrease efficiency by adding layers of process and red tape. While PMO’s introduce processes, they are designed to create a uniform user experience, leverage efficiencies, and overall speed up delivery.

**PMOs Provide:**

* Project prioritization to help determine the selection and timing of initiatives that will be of most value to the organization. **The right project, with the right resources at the right time!**
* Central management to make sure project funding decisions are made, properly documented, and that ROI assumptions are documented and approved.
* Leadership, structure, tools and guidance for how project managers should run projects and execute delivery.
* Visibility to stakeholders on the impact projects have to the business and the status of those projects (whether they are being delivered on time and correctly) by servicing information on project status to executive teams, often through a dashboard.
* “Organization for the organization” by recommending an organization’s structure and approach so that development and product teams are organized around delivery mechanisms that will deliver the prioritized initiatives.

Do You Need a PMO?

The need for a PMO in an organization is usually a factor of risk and size. If running the wrong projects, or running the right projects without consistent standards, will result in critical harm to the business, then a PMO will be an asset to your organization. Additionally, at a certain point, an organization gets large enough that no matter how many good people it has, it reaches some level of paralysis and projects become very difficult to manage.

The point that a PMO is needed varies from organization to organization, but PMOs are nearly always useful when facing the following pain points:

1: **Your organization is not working on the correct projects**

For many organizations, unless someone or some entity is guiding employees toward analysis that helps select the right projects, they’ll maintain a narrow focus on their jobs and solve the problems in front of them. But it’s critical to see the bigger picture, and a PMO provides a mechanism to obtain this visibility through objective prioritization metrics. With a PMO, there would be consensus regarding the underfunded areas and a clear understanding of the consequences of ignoring those areas. This is where alignment with organization objectives and business value Drivers come into play.

2: **Your stakeholders can’t tell what development is working on**

A PMO can substantially improve prioritization and visibility around project performance and initiative performance. Resources can be reallocated where necessary, helping to complete the organization’s most important projects on time.

 3. **Your organization lacks project delivery standards**

Even if your organization has the right projects underway, projects can still go astray if best practices are not followed. By this, we don’t mean broad adherence to what project managers learn in project management courses and certification programs. While these provide a necessary foundation through great theory and common terminology, in practice, what is required for project management success depends on the nuances of the organization itself.

A good PMO will teach project managers about these nuances and provide coaching and mentoring on the best ways to determine and solve risk. Oftentimes, a PMO will provide tools with a list of criteria that every project must meet. Heavily regulated organizations in particular rely on templates because their projects need to be very structured and check-listed so that critical things aren’t missed, which can result in failing audits and the project becoming a liability to the overall organization. While such tools help to evaluate risk and other measures, they are ultimately an output of project management best practices that achieve consistency across the organization. Providing managers, the right level of expertise, guidance, and direction enables the best possible project delivery across the organization.

Although the benefits of a PMO are many, they can be hard to quantify and it’s important to understand that a PMO is not a silver bullet that will solve all project problems. However, in a survey conducted by CIO and the Project Management Institute (PMI), a strong link between PMOs and project success rate was discovered. Out of 450 people surveyed, 67 percent had a PMO and of those, half said the PMO improved project success rates, 22 percent didn’t know or don’t track that metric and 16 percent said success rates stayed the same.

The longer the PMO has been in place, the better the results. 37% of organizations operating a PMO for less than one year reported increased success rates while organizations operating a PMO for more than four years reported a project success rate of 65 percent. Customization is key.

Establishing a PMO at your organization will require tailoring it to your environment, a process that’s best evolved with learning and patience. The most successful PMOs have been developed with a roadmap that evolves with your organization. When you create a PMO with your most critical needs in mind, hone its organization and processes, and then continue to enhance it, the result is IT projects that run with greater efficiency and success rates over time.