

WHITE PAPER

The Strategic Project Office Building a Business Case and Implementation Strategy

A traditional part of the toolkit for construction and large government projects, project management now sparks interest wherever compressing time-to-market cycles is an issue — in other words, throughout the modern marketplace. Project management practices have found a home in many industries, from high-tech to healthcare. Yet many projects wind up in trouble. After nearly two decades of improving results, project failure rates rose in the Standish Group's 2004 CHAOS Report on software development projects. Research by the Center for Business Practices in 2005 indicated that 1,660 out of 3,952 projects performed by the surveyed organizations were troubled — an average of \$30 million of projects at risk per organization. So the question is not “will our projects run into problems?” but “how can we devise an organizational structure that minimizes project problems, and helps troubled projects recoup effectively?”

In 2000, the Gartner Group proposed, as a “Strategic Planning Assumption” for companies, that through 2004, IS organizations that establish enterprise standards for project management, including a Project Office with suitable governance, would experience half as many major project cost overruns, delays and cancellations as those that failed to do so. Many organizations jumped onto the Project Management Office (PMO) bandwagon, with mixed results. Often PMOs have been put in place without being fully thought through or properly staffed. In our award-winning 2001 book, we offer an implementation strategy for project offices based on research, practice and experience, which is summarized in this paper.

WHY PROJECTS FAIL

The project manager who is asked to manage a project with no methodology, no procedure, and no process to support them is going to be challenged to keep that project under control. When individual project managers do succeed, it's often the result of heroic individual efforts — not something the organization can repeat. Some reasons for failure on which establishing a PMO can have a direct impact include:

- Project managers who lack enterprise-wide multi-project planning and control skills and tools often find it impossible to comprehend the “big picture.” Thus projects get worked on individually, but overall company priorities aren't necessarily supported.
- Projects are not actively and realistically tracked and managed throughout execution. Thus change, kill, or recover decisions are not made early enough.
- Most organizations promote proficient technicians instead of developing needed project management skills. Thus many organizations have raised a crop of project managers who are administrative in outlook — reactive managers who merely report trouble after it has occurred, rather than being able to take responsibility for outcomes and act to resolve problems.
- Executive support for/understanding of projects is lacking in many organizations, and there is a high correlation between lack of clear project sponsorship and failure.

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WHAT WE CAN DO ABOUT IT

Interestingly, many of the best practices for preventing failures are also directly related to PMOs:

- A PMO is a repository for best practices in planning, estimating, risk assessment, scope containment, skills tracking, time and project reporting. It maintains and supports best practices for the project manager, providing the organization consistency in project performance.
- Project managers must be competent: able to define requirements, estimate resources and schedule their delivery, budget and manage costs, motivate teams, resolve conflicts, negotiate external resources, manage contracts, assess and reduce risks, and adhere to a standard methodology and quality processes. Such project managers are grown in an environment that trains, mentors, and rewards them based on performance in projects — an environment best created under the oversight of a PMO.
- Project metrics and milestones must be defined, measured, and reported in a consistent manner. Setting up such processes is a core activity of a PMO.
- Critical dates must be monitored via enterprise time tracking software — usually Web-based for ease of use. This is a necessity for larger projects, multi-project environments, and dispersed project teams. Enterprise-wide software implementation and multi-project oversight cannot be well managed except by a PMO.
- Project portfolio management — the systematic selection, prioritization, and evaluation of projects across the enterprise — cannot be effectively engaged in without a PMO.
- Projects must be carried out in a standard, published way, with a project methodology that sets planning and control standards, review points, the nature and frequency of project management meetings and change control procedures.
- Enterprises should harvest best practices and lessons learned, and identify reuse opportunities in order to lay the groundwork for future success.

Most organizations have approached bringing project management into their organization by implementing enterprise PM tools, or launching a training program. The frequent failure of these one-dimensional approaches has shown that implementing project management is a multi-faceted initiative that involves a combination of processes, skills building, enabling tools, as well as organizational and change agents. To succeed, these types of initiatives require the organization, coordination, and sponsorship of a PMO — ideally one that is seated at the strategic, enterprise level.

THE PROJECT OFFICE: ROLES AND FUNCTIONS IN THE EVOLVING ENTERPRISE

A PMO is an “office” — either physical or virtual — staffed by project management professionals who serve their organization’s project management needs. It also serves as an organizational center for project management excellence. In the past, we referred to the types of project office as “levels” but that language can be confusing. While a PMO may exist at any one of three levels in the organization, it may also exist at all three levels concurrently in a mature organization. The presence of an

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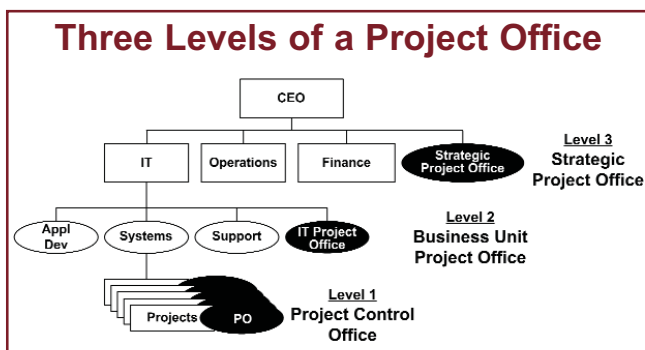
enterprise-level PMO (a Level 3 type) also does not necessarily indicate a higher level of maturity; only an examination of the practices of that PMO can reveal whether it is part of a mature organization or not.

Often, though, the type of PMO present in an organization reflects an evolution in organization's complexity. Understanding which level of PMO is right for your company is critical, since you must align your goals for the PMO with the appropriate level to avoid wasting time by implementing PMO capabilities that are either too advanced or too simplistic for your needs. Having a PMO that is not functioning at the appropriate organizational level is almost worse than not having one at all, as it can severely handicap the office's credibility and/or effectiveness.

Level/Type 1: Project Control Office

This is an office that typically handles large, complex single projects. It's specifically focused on one project, one so complex that it requires multiple schedules that may need to integrate into an overall program schedule. It may have multiple project managers who are each independently responsible for an individual project schedule and, as those schedules, their associated resource requirements, and their associated costs are all integrated into an overall program schedule, one program manager or a master

project manager is responsible for integrating all of the schedules, the resource requirements and the costs to ensure that the program as a whole meets its deadlines, milestones, and deliverables.



begins to add the dimension of multi-project coordination, which includes resource management, and management of cross-project dependencies at a departmental or organizational level.

Also, implementing a business-unit PMO will require initiatives to engender a project management culture to a wider (and less focused) audience. At the individual project level, applying the discipline of project management creates significant value *within* the project because it begins to build efficiency — the project schedule and project plan become communication tools among the team members as well as among the organizational leadership. At Level 2 and higher, the PMO serves that function, and also begins to provide a higher level of efficiency in managing resources *across* projects and extending project management expertise to a wider audience.

Level/Type 3: The Strategic Project Office

What's the value of a PMO at the enterprise, or as we prefer to say, strategic, level?

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Consider an organization with multiple business units, multiple support departments at both the business unit and corporate level, and ongoing projects within each unit. A Level 2 PMO would have no authority to prioritize projects from the corporate perspective, yet corporate management must select projects that will best support strategic corporate objectives. These objectives could include profitability goals, market penetration strategies, product line expansion, geographic expansion, upgrades to internal information management capability, to name just a few. Only a corporate-level organization can provide the coordination and broad perspective needed to select, prioritize, and monitor projects and programs that contribute to attainment of corporate strategy — and this organization is the Strategic Project Office (SPO).

It's in the SPO that the value-adding mechanisms of a PMO really reach warp speed. At the corporate level, the SPO serves as a repository for the standards, processes, and methodologies that improve individual project performance in all divisions. It also serves to deconflict competition for resources, and identify common resources that could be used across the enterprise. More important, an SPO allows the organization to manage its entire collection of projects as one or more interrelated portfolios. Executive management can get the big picture of all project activity across the enterprise from a central source — the SPO; project priority can be judged according to a standard set of criteria, and projects can at last fulfill their promise as agents of enterprise strategy. The Gartner Group has identified five key roles for a PMO, all of which are most effectively carried out at by an enterprise-level SPO:

- Developer, documenter, and repository of a standard methodology: a consistent set of tools and processes for projects
- Resource evaluator: Based on experience from previous projects, the PMO can validate business assumptions about projects as to people, costs, and time; also a source of information on cross-functional project resource conflicts or synergies
- A competency center and library for previous project plans
- Project management consulting center: providing a seat of governing responsibility for project management; perhaps staffing projects with project managers or deploying them as consultants
- Project review and analysis center: a knowledge management center where information on project goals, budgets, progress, and history are stored both during the project life cycle and after, in the form of lessons learned

Of course, in the real world, nothing sorts into neat categories in precisely this way. Most PMOs are hybrids of the levels or types presented above. The important thing to take away from this discussion is that it is a mistake to charter an enterprise-wide PMO and task it with remaking the organization, at the same time saddling the effort with inexperienced people and a low level of influence in the organization. Yet this common error dooms many PMOs from the beginning. Decide what your goals are and position and staff the office accordingly.

FUNCTIONS OF A PMO

Regardless of which level of project office you envision for your organization, all project offices perform similar functions to one degree or another often just at different

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magnitudes. There are six primary components to any PMO, which grow in capability and complexity as the PMO takes on more strategic responsibilities.

Processes, Standards and Methodologies

A primary role for the PMO is as developer and maintainer of the processes and methodologies pertaining to the management of projects. It serves as a central library for these standards, and the expert on their deployment. The PMO also incorporates lessons learned on projects nearing completion into the project management methodology. As the keeper of these standards, the PMO also maintains the templates, forms, and checklists developed to ease the paperwork burden on project managers.

Functions of the Project Office

- Processes, Standards, and Methodologies
- Project Managers
- Training/Professional Development
- Project Support
- Software Tools
- Mentoring and Coaching

The methods and standards function of the PMO may also serve as the quality audit and continuous improvement function for project management. Methodologists understand what should be done in terms of methodology and process and can audit whether or not it is being done and, if so, whether or not it is showing value and productivity.

Project Managers

The PMO takes charge of the development of professional, proactive managers. Initially, the PMO must aggressively follow a three-point strategy for getting top-flight project managers in place: new project managers may be hired or contracted for while, at the same time, personnel with promise may be developed within the organization. Coordinating both the efforts and the development of project managers from diverse sources is a critical role for the PMO.

In the fully deployed SPO, project managers actually report to the SPO and are deployed to projects either as full-time managers or on a part-time basis. The SPO maintains a database of project managers, their skill sets, capabilities, specialties, experience, and technical skills. New projects can be staffed from this database, while project managers between full-time assignments work on special projects such as developing new processes, methodologies, techniques, templates, and capabilities. A highly competent project manager is too valuable to be idle just because he or she is between projects: this infrastructure development aspect of the SPO allows the organization to derive full value from a project manager's expertise and experience as well as avoid the high cost of turnover.

Training/Professional Development

One of the biggest challenges in most organizations is that they have subject matter experts (technology gurus in IT organizations; clinical experts in pharmaceutical R&D organizations), but few professional project managers skilled in the disciplines of project management (planning, scheduling, communicating to uncover problems, resolving and removing problems, reworking the project and communicating with stakeholders to meet objectives). The PMO is the center of focus for project manager and team training and development. It identifies competencies needed by high-performance project managers and for executive awareness and team member partici-

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pation. The PMO participates, with a specialized project management training vendor typically, in tailoring standardized courses around the culture and methodologies that apply to the organization specifically. Just as important as contracting for training is the development of promising project managers into high-performance project managers. Such professional development includes training but begins with identifying project manager competencies, then hiring for or identifying those competencies in-house, creating performance metrics that reward project managers for the right behaviors, and so on.

Project Support

With an appropriate level of technical support, project managers can focus on the things at which they can have the greater impact. In a fully staffed SPO, the project support group performs the science of project management, as opposed to the art. They are responsible for estimating and budgeting, including cost estimating and capital estimating. They develop plans and schedules and provide status updates, pulling data from time collection, timesheets, and the financial system to update the status against the plan. They perform variance analysis, and are also critical to change control.

Project support also entails keeping a project repository, which may be as simple as a book, or as complex as a knowledge management system. Project support also maintains issues tracking and handles progress reports; thus the project support organization is responsible for the executive dashboard. Especially in a Level 3 SPO, project support acts as a resource broker with functional heads to ensure the right resources are working on the right projects at the right time.

If the organization does not have direct access to cost information at the project level (through integrated enterprise-wide software), a lot of legwork is required to provide project managers with current, accurate, and complete cost information. Members of the project support team within the PMO literally “mine” cost tracking information they need from available data sources.

Finally, project support handles all issues surrounding the project management software support — a category of responsibility so large we have also named it one of the central components of the PMO.

Software Tools

The PMO centralizes the establishment and maintenance of project-related software tools, maintains project management software standards, and acquires project management software and supporting software (time collection software, time reporting software, configuration control software, documentation software, knowledge management software, database software, spreadsheets and other applications). The project support group identifies software, facilitates or performs the integration and use of software, and maintains and monitors its performance.

Mentoring and Coaching

When another department in the enterprise wants to manage a project themselves, the

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PMO can provide expert assistance in the form of mentoring and coaching for the staff involved. This also provides an audit function for existing projects to determine how effectively the project management process is being utilized within the organization.

Project Office Positions

- Project Office Director
- Project Manager
- Project Mentor
- Project Planner
- Methodology Expert
- Librarian/Documentation Specialist
- Administrative Support Coordinator
- Communications Coordinator
- Issue Resolution and Change Control Coordinator
- Risk Management Coordinator

The entire organization should view the PMO as a source of experts with focused ability in project management. When a project needs additional oversight and guidance to achieve project recovery, the mentor can help develop workaround plans, new estimates of cost, resource reallocations, and replanning. Finally, mentors and coaches from the PMO are the logical personnel to do project assessments or audits.

In sum, the role of project mentors and coaches is to transfer the knowledge they have developed to project managers and project teams to enable them to perform better on current and future projects. Knowledge transfer is the key, since mentors are not provided on a continual basis.

STRATEGIC PROJECT OFFICE ROLES AND RESPONSIBILITIES

The Executive Role

The executive staff must establish vision and direction for the project management initiative and allocate funding and resources to it. Many organizations have strong support for project management at lower levels, but very little acceptance or interest at the top. Such an organization is unlikely to derive the benefits that enterprise project management has to offer. It isn't necessary for executives to become project managers; but it is necessary that they enthusiastically support — with words, actions, and funding — the aspirations of the project management community within their organizations. Once the initiative is in place and the projects that fall under it are gearing up, the executive staff has minimal involvement in day-to-day project activities.

There are two specific ways in which executives play a key role:

Proper chartering. As one of the architects of the charter for the PMO, the executive must take responsibility for placing the PMO in the appropriate organizational niche (see discussion of project levels, above). Appropriate placement means not only specifying the responsibilities of the PMO but also matching to those responsibilities appropriate levels of funding, staffing, and organizational clout. Staffing, as discussed earlier, may include in-house personnel, contracted staff, and new hires — the executive should commit to doing whatever is necessary to bring on board the project management talent without which the PMO initiative is likely to fail.

Creating change. A project management initiative changes the way people work. Therefore, the sponsoring executive leadership must plan for and support the kind of activity necessary to change the behavior of organizations. The specific activities may

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vary from company to company based on their culture, but the executives' role in this process is pivotal. In summary executives need to:

- Value the new process, and show it by being
- Vocal in their support of the process
- Vigilant in carrying out the new process, and
- Visible in their support of the process

The Project Office Steering Committee

As the liaison between senior corporate management and the SPO project team, the executive sponsor should be the chair of the SPO Steering Committee. This committee is normally made up of the chair (who may be the COO or a Senior Vice-President), the director of the SPO, select heads of key functional organizations (members of business units affected by the project or projects being dealt with at any one time), and possibly a senior corporate official — the CFO or a senior legal officer.

This committee is active on a continuing basis to select, prioritize, and evaluate the entire corporate portfolio of projects. When issues with a key strategic project must be escalated, the SPO Steering Committee provides a forum for issue resolution. This committee also initiates the SPO implementation project in a management oversight role, and also continues to hold end-of-phase reviews throughout the duration of the SPO deployment project, monitoring progress against the objectives to determine whether or not the SPO is meeting the objectives that were established at initiation. This group is, in effect, the board of directors for the SPO and other mega-projects. The Project Office Steering Committee continues to revisit the goals and objectives of the SPO, as well as the critical deliverables, and works within the organization to achieve executive buy-in. As a primary contributor to ongoing progress, the Steering Committee reinforces culture change by making decisions to move the implementation along.

The Project Office Director

If your organization is prepared to make the SPO the central driving force behind the management of projects, consider establishing a director of project management who will sit at the director or vice-president level with other senior executives in the organization. This position, which we will call the SPO director, but who in some forward-looking enterprises is called the Chief Project Officer, provides project oversight in virtually all areas of the organization, managing corporate-level projects and overseeing corporate-wide resource distribution and allocation on all projects. Any project that crosses divisional boundaries, as well as some large projects performed within a department, would be under the auspices of this SPO director.

But the SPO director position is more than a glorified project manager. It's useful to think of the SPO director as a "program manager." While individually accountable for his/her own program (overall direction of the SPO in this case), they may also be measured and held accountable for the success of *all* projects within their domain. Thus the structure supports the natural desire to work closely with other division or

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departmental heads) on leveraging opportunities.

Some of the many hats that may be worn by an SPO director or overseen by the SPO director but carried out by SPO staff, depending upon the size and scope of the SPO include:

- Chartering a PMO that delivers business benefit to the organization and regularly demonstrates value
- Developing an organizational metrics program to measure SPO success
- Facilitating the identification, prioritization, and execution of the organizational project portfolio
- Developing working partnerships and relationships between project managers and functional managers in the organization as well as sponsors/customers
- Developing and communicating the mission, vision, scope, and benefits of the SPO
- Serving as a liaison to executive and functional management to ensure availability of the appropriate services, and participate with them in setting direction for the SPO
- Developing the skills of the SPO staff and project managers throughout the organization
- Prioritizing the application of Project Office resources and managing PMO budgets
- Providing corporate project oversight, checkpoints, and controls

The Project Manager(s)

The goal of a project manager is to see to the successful completion of projects. This includes initiation, planning, execution, control, communication, and closure of the project. The project manager is also responsible for keeping the project sponsor and SPO management apprised of progress and pertinent information. Coordination and communication with functional management and PMO team peers is also essential. In addition, project managers today should be expected to feel a sense of partnership with the business, not just “do the job.” A proactive project manager does more than merely report problems: he or she is empowered to take action, solve problems, and escalate issues to management as a last resort.

Project Support

Several roles complement the project manager(s) to efficiently execute programs and projects:

- Project Schedulers
- Project Planners
- Project Controllers

These roles, which represent the “science” side of project management, provide a career path for technically skilled project personnel, and by assuming responsibility for the tracking of schedules and cost, updating schedules and budgets, keeping proj-

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ect status reports current, and analyzing variances, they make sure the project managers and executives have accurate information upon which to base business decisions, and free up the project manager to concentrate on the facilitative and business aspects of projects.

Staff Roles(s)

Among the roles filled by project team members in an SPO are:

- Administrative support — back-office tasks, report generation, software support
- Best practice or process experts — training, project oversight, quality assurance, methodology development
- Knowledge management coordinator — project records, standards, methods, and lessons learned must be stored in a project database. In a large organization, the maintenance of such a repository can become a full-time job.
- Resource manager — in organizations with significant project activity, an RM prioritizes resource requests and works with the Project Office Steering Committee to manage the “fit” of resource skills to project requirements, manage and balance scarce resources, forecast and aid in planning for acquisition of resource shortfalls, and secure assignment of key resources in keeping with the prioritized project list.

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Most of these roles fall under the Project Support and/or Standards and Methodologies areas of PMO functions noted earlier. And, although we discuss these roles at the SPO level, they are scalable to divisional PMOs as well. Note: All these roles, and more, are fully described in our book, *Optimizing Human Capital with a Strategic Project Office*.

THE CHALLENGES OF IMPLEMENTING A PROJECT OFFICE

Implementing an SPO or any PMO is an organizational change project. That’s because it is designed to facilitate the management of projects; but it is also intended to improve management of the entire enterprise via project portfolio management and linking projects to corporate strategy. Many project office implementations flounder because the degree of dislocation caused by change has been seriously underestimated.

Creating Culture Change

An organization’s culture represents what people believe about their work, each other, and management. It includes the formal business rules, unwritten but understood processes, and the organization’s beliefs and practices around decision-making, management style, communications, rewards, customer relationships, quality, and employee involvement. Obviously, creating change in such a pervasive system requires a systematic approach.

Change management incorporates communication, training, and rewards into a process that helps an organization move from a current state to some desired future

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state through effective change processes. To lead an organization through change, the individuals managing the change process must:

- Understand the organization's past history of change
- Gauge and overcome resistance to change
- Manage specific cultural issues that may impact change

These three areas, known as critical change variables, must be integrated into the change process. Understanding an organization's past experiences with change is also an important change variable. Organizations that have tried and failed to implement change effectively in the past build up additional resistance. Keeping these variables in mind, let's look briefly at some key issues for the change agent to consider when deploying the SPO.

Speed and patience. Building a project management culture takes time. On the other hand, it is critical to meet clear objectives during deployment or risk the possibility of a failed PMO, with the participants losing sight of the added value that project management practices can bring. So the basic premise behind deploying a PMO is *move forward quickly*: Show results within six months; really begin changing the culture within the first year; and begin showing corporate results within a two-year time frame. But be prepared that it will most likely take anywhere from two to five years to fully deploy a Strategic Project Office.

A "big picture" perspective. To deploy project management throughout an organization, all the players must be on board. From project team members up to the executive sponsors, everyone must understand what is happening with project management. That's why effective PMOs are located at the corporate level, providing data on total corporate funding for projects, the resources utilized across all corporate projects, capital requirements for projects at the corporate level, materials impact, supplies impact, the procurement chain impacts. When corporate executives can effectively prioritize projects and make fact-based decisions about initiation, funding, and resources, they will be in a position to apply "systems theory" to their organization: to optimize the corporation as a whole, rather than just tinkering with the parts (projects and departments). At this point, most corporations haven't yet achieved that level of sophistication.

Enterprise-wide systems. Taking the need for common corporate data on resource projections as an example, we can see that all of the planning must be accomplished in a common database so that resource projections can be summarized at the project level, then at the organizational level, on up to the corporate level, in order to understand the impacts of projects or programs on the overall corporate resource pool. For this to be possible, common systems must be established that integrate data and provide summarized integrated reporting in a timely fashion — not just with regard to resources but also in the areas of capital funding, budgeted expenses, and the like. At the organizational level, integrated resource management, cost planning, and time tracking requires integration with corporate procurement, financial, time collection, and human resources systems.

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Knowledge management. New procedures and standards need to be established along with a common mechanism for storing and sharing them. A data collection routine must be established to get information into this database, before knowledge transfer can take place. Few organizations keep a history of lessons learned on projects, or possess standards for data collection of this kind. That's why the Gartner Group recommends incorporating a contractor or consultant in any knowledge management implementation.

Learning and learned project organizations. If your company has a system in place for educating, mentoring, and evaluating project personnel, you are in the minority. The skill set and knowledge needed to effectively deploy a project management initiative is complex. Learning has to take place enterprise-wide for the PMO to be most effective.

Open communication. Communication must now become free-flowing not just within but between projects and up and down the organizational levels. This is important because 80% of what we call the "art" of project management is communication and all the traits that good communicators display: trust, integrity and honesty. Through new channels of communication set up by the SPO, it will become possible for the entire organizational culture, from chief executives all the way through project teams, to communicate in a common language and work together to understand the issues surrounding projects, as well as how the issues on one project affect other projects and, ultimately, the organization.

IMPLEMENTATION STRATEGY: DELIVERING VALUE FAST

The best way to win converts for the PMO method of managing projects is by adding value as quickly as possible. Two approaches demonstrate the immediate value of the PMO: short-term initiatives and project mentoring.

Short-term initiatives provide solutions to immediate concerns of key stakeholders. These are items that can be implemented quickly and which address top-priority organizational concerns. Examples include: support for new projects and projects in need; an inventory of projects (new product development, information technology, business enhancements, etc); summary reports and metrics; informal training lunches; project planning or project control workshops; templates. In conjunction with the short-term initiatives, project mentoring is an excellent way to provide immediate project management value to projects that are in need of support.

At the same time, continue to work toward longer-term objectives related to changing organizational culture and adapting the organization to a new way of doing business.

Assess and Establish the Strategy

Define the PMO and determine your immediate concerns and long-term objectives. As appropriate, start with an assessment of your current capabilities, goals and objectives. This should not simply assess for the benefit of developing a numerical ranking, but instead to clearly understand strengths and weaknesses and map those

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against organizational goals. The result of an assessment should be a clearly prioritized action plan that identifies the time, cost, and resources required to get to the next level. PM Solutions' Project Management Maturity Model drills down to an actionable level of detail that can be particularly helpful in developing objective and productive assessments and implementation plans.

One strategic decision that may need to be addressed early on is the choice to either acquire outsourced project management resources — planners, controllers, project mentors, project managers, or even the entire PMO staff — from outside the enterprise. This contract staff can be one way to get moving quickly with experienced personnel, and can be a long-term strategy or a transitional feature of the project management initiative.

Deploy Short- and Long-Term Initiatives

Armed with an implementation plan that maps to an organization's goals, the start-up of the implementation project is activated. With expectations of results high, it is important to plan both short- and long-term activities — to show immediate results and to lay an essential foundation for continuing success. Some examples of short-term initiatives are:

- Creating an inventory of your projects (new product development, information technology, business enhancements, etc.)
- Preparing an executive dashboard, showing the status of all active projects
- Establishing summary project report structures and project success metrics
- Establishing an initial communications program
- Establishing initial training sessions and informal education sessions
- Establishing support for new projects and projects in need
- Conducting project planning or project control workshops
- Providing hands-on support (planning or project management) for troubled or critical projects
- Providing templates for recurring project activities

Some examples of longer-term initiatives include:

- Developing and deploying a project management methodology
- Developing and deploying a professional development program
- Identification and deployment of a centralized information management system
- Developing and deploying a long-range communications program
- Developing and deploying a culture change program
- Developing a career progression program
- Developing an organizational strategy to support project management

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Creating Change

To establish a new and effective way for the organization to perform, change/knowledge transfer activities are essential and are often performed in concert with the activities discussed above. Some examples include:

- Understanding the organization's readiness for change
- Developing a change plan that includes components for communications, learning and rewards
- Establishing and cultivating a sense of urgency for the new practices
- Establishing supporting processes that reinforce the use of the new practices and methodology

Objectives for the Project Office

Establish the Foundation

- Establish the project office
- Identify and prioritize all projects
- Deploy project management methods
- Train core teams
- Successfully complete pilot projects
- Attain management oversight on pilot projects
- Establish time and cost collection by project
- Establish a corporate metrics program to measure project office value

Startup with Short-Term Initiatives

- Train all project teams
- Utilize project management methods on all projects
- Plan, track, and manage resources
- Collect and manage projects
- Establish the project management costs for all culture changes
- Integrate management oversight into all projects
- Implement project reviews and audits

Rollout with Long-Term Solutions

- Train all business teams
- Fully integrate PM throughout organization
- Integrate resource and cost management across the organization
- Keep management actively involved utilizing PMO reporting and analysis

Support and Improve

- Implement a continuous quality improvement program

Support and Improve

When the project office is in full operation, it supports the organization's projects, from a tactical and a strategic perspective, conducting day-to-day activities, refining project management activities, and expanding the involvement of the SPO where appropriate. Training and other initiatives continue under the direction of the SPO. Key stakeholders provide feedback on the SPO's efforts and activities are continually refined as part of a quality management program. Portfolio management becomes more sophisticated as more project metrics are collected. A lessons-learned library,

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benchmarking, best practices collection and other knowledge management activities are hallmarks of the mature Strategic Project Office.

The bottom line: You will be able to accurately predict and manage the time, quality, and cost of your projects. Some signs that projects are well under control:

- Established project scope statements that are agreed on and worked in partnership with business and project performance groups
- Projects that are managed in an ongoing fashion, with up to-date and realistic time, cost, and scope projections
- An escalated decision-making process for addressing and resolving project conflicts
- Project schedules that have accurate estimates that are not constantly revised
- Top management understands project management basics
- Activity-based costing systems and project management training programs are in place

CONCLUSION

Implementing a project office is not simple. The good news is that once you recognize that it is a multifaceted organizational change project, it becomes simpler. Failure does not come from the lack of a way to implement project management, but from a misunderstanding of the initiative itself. Success comes from accurately understanding the magnitude of the initiative, and from planning and working to that scale.

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About the Author

J. Kent Crawford, PMP, is the CEO and founder of Project Management Solutions, Inc. In experience spanning over 25 years, he has been responsible for the development and the functional design of integrated project management systems for a number of Fortune 500 organizations. He is a former President and Chair of the Project Management Institute (PMI®), and a recipient of the PMI Fellow Award, PMI's highest and most prestigious individual honor. He is also the award-winning author of numerous project management titles including *The Strategic Project Office: A Guide to Improving Organizational Performance* (which received a David I. Cleland Project Management Literature Award from PMI), *Optimizing Human Capital with a Strategic Project Office*, and *Project Management Maturity Model: Providing a Proven Path to Project Management Excellence*.

About PM Solutions

PM Solutions is a management consulting, training, and research firm dedicated to helping companies optimize business performance and successfully execute their strategies through project management improvement initiatives. To help organizations improve their project management maturity, PM Solutions offers Project Management Maturity Advancement services using its acclaimed Project Management Maturity Model (PMMM) as the framework for conducting organizational maturity assessments. Maturity advancement services also include the development and implementation of a PM Improvement Plan that defines actions that need to be taken in order to establish a sustainable project management culture. Providing ongoing support through the plan's deployment, PM Solutions' experts work in partnership with organizations to coach and assist project teams in applying best practices and improving project delivery capabilities.

Reassessments are also conducted at regular intervals to measure progressive maturity advancement. For more information, call 1-800-983-0388 or visit www.pmsolutions.com.