



WHITEPAPER

10 Steps

to Set Up a Successful and
Sustainable PMO

Gerald Aquila | Founder & CEO, Planforge GmbH

Tobias Drugowitsch | Consultant, PMCC Consulting GmbH

The Project Management Institute (PMI) defines a Project Management Office (PMO) as "an organizational structure that may be used to standardize the portfolio, program, or project-related governance processes and facilitate the sharing of resources, methodologies, tools, and techniques."

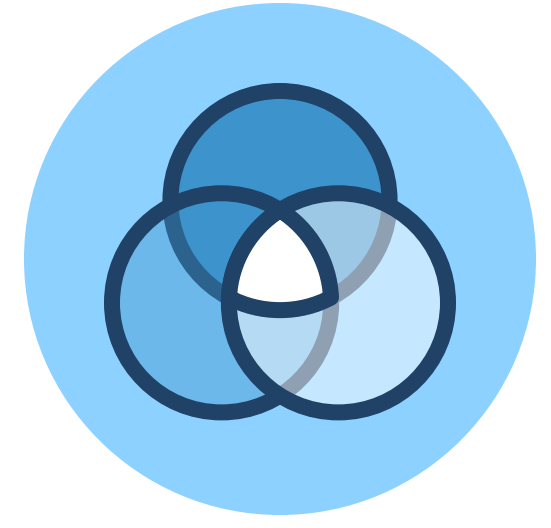
In other words, a PMO defines and maintains the project management rules and guidelines, trains and supports your project managers, and is usually responsible for implementing a PPM software solution to support everyday project work as well as portfolio reporting.

Setting up a successful and sustainable PMO is a significant challenge but provides excellent benefits if implemented correctly.

We developed the following ten steps to help you set up a PMO that fits your organization's needs, aligns with your business goals, and is designed to outlast major organizational changes. So, let's get started!

TIP 1

Decide on Your Type of PMO



The first thing you need to do is to decide which type of PMO you want to create. Based on this decision, you should make a vision statement and define specific and measurable goals for your PMO initiative.

To do so, you could use creative methods, such as Design Thinking or the Business Model Canvas. While coming up with specific ideas about your future PMO, you should also consider any possible risks and limitations regarding your future PMO's purpose and needs. Also, don't forget to relate these to your actual business needs.

Literature generally defines three common types of PMOs:

- **Supportive:** A Supportive PMO operates as a consultant or advisor. It is a knowledge center and a source of best practices, training, and lessons learned.
- **Controlling:** A Controlling PMO acts as an auditor as well as an advisor. In other words, it goes a step further to ensure that best practices and standards are being followed. It often also creates and maintains controls and governance standards.
- **Directive:** A Directive PMO is responsible for the execution of projects. Project managers report directly to the PMO rather than to a separate function or team (such as a steering committee).



▲ The three common types of PMOs

Note that you can always think outside of the box: your ideal PMO could be a combination of two or even all three common types. So, let's get creative!

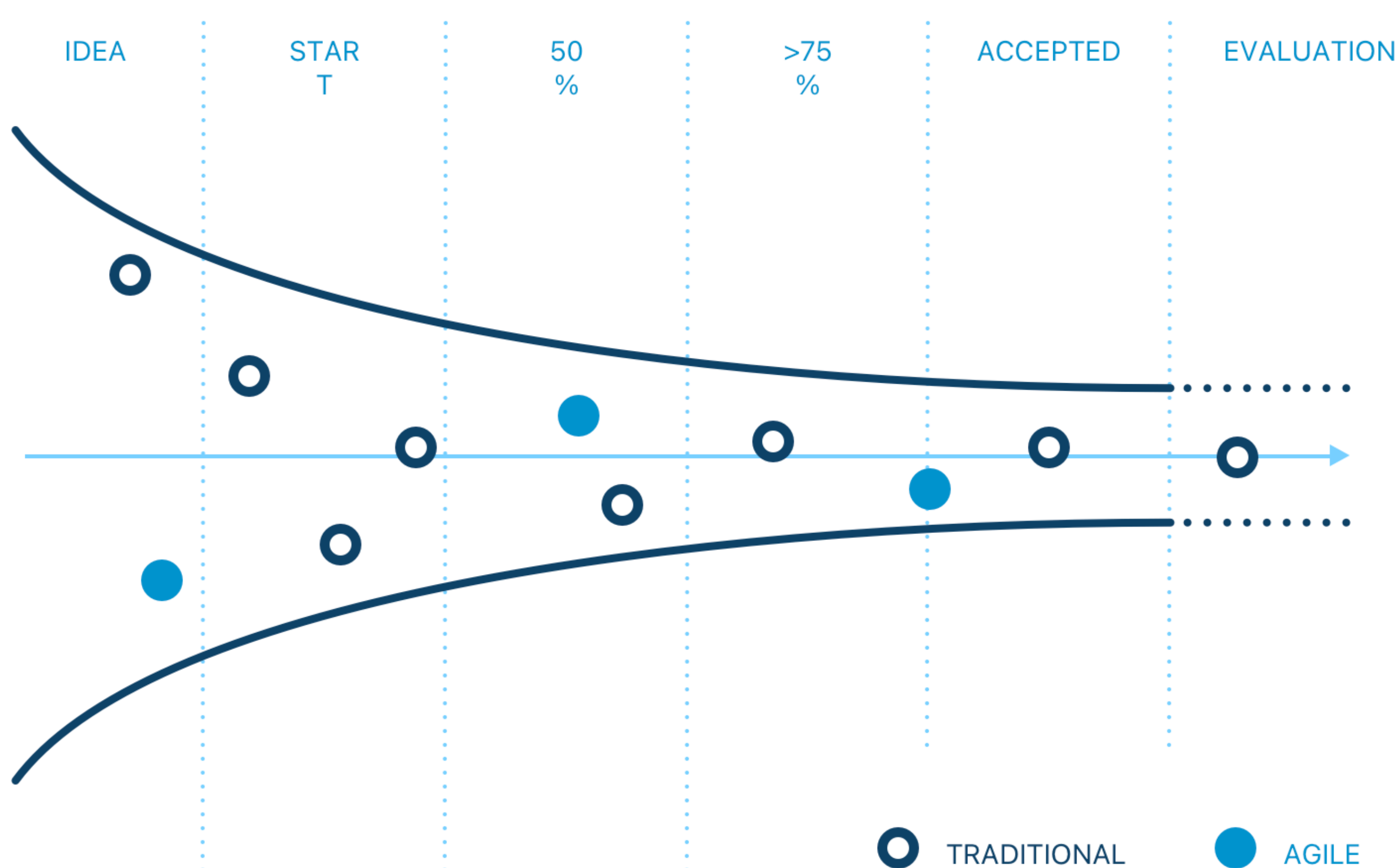
TIP 2

Include Agile and Traditional/Waterfall Projects



Despite what some agile consultants are preaching, we are seeing that although agile is everywhere, also traditional/waterfall projects are not becoming extinct anytime soon. The likely scenario in many organizations is that you will have to deal with both agile and traditional/waterfall projects in a hybrid project portfolio.

Thus, you should try to find a setup for your project organization that supports all types of projects existing in your company or NGO. You do not want to have a "two-class" situation for different project organizations. This means the total support in your PMO should be



▲ The hybrid project pipeline

available for both agile and traditional/waterfall projects if you have this mix in your actual project landscape. The staff in your PMO must be able to support and coach all types of projects that are part of your entire portfolio.

From the tool perspective, you should select a future-proof PPM solution. Ideally, one that can cope well with both agile and traditional projects in a single portfolio. You might as well want to look at how you are dealing with straightforward projects that might not need a full agile or traditional setup. This is essential if you still want them to be part of your hybrid project portfolio to get a single, clear, and consistent overview across all your projects.

TIP 3

Focus on Quick Wins

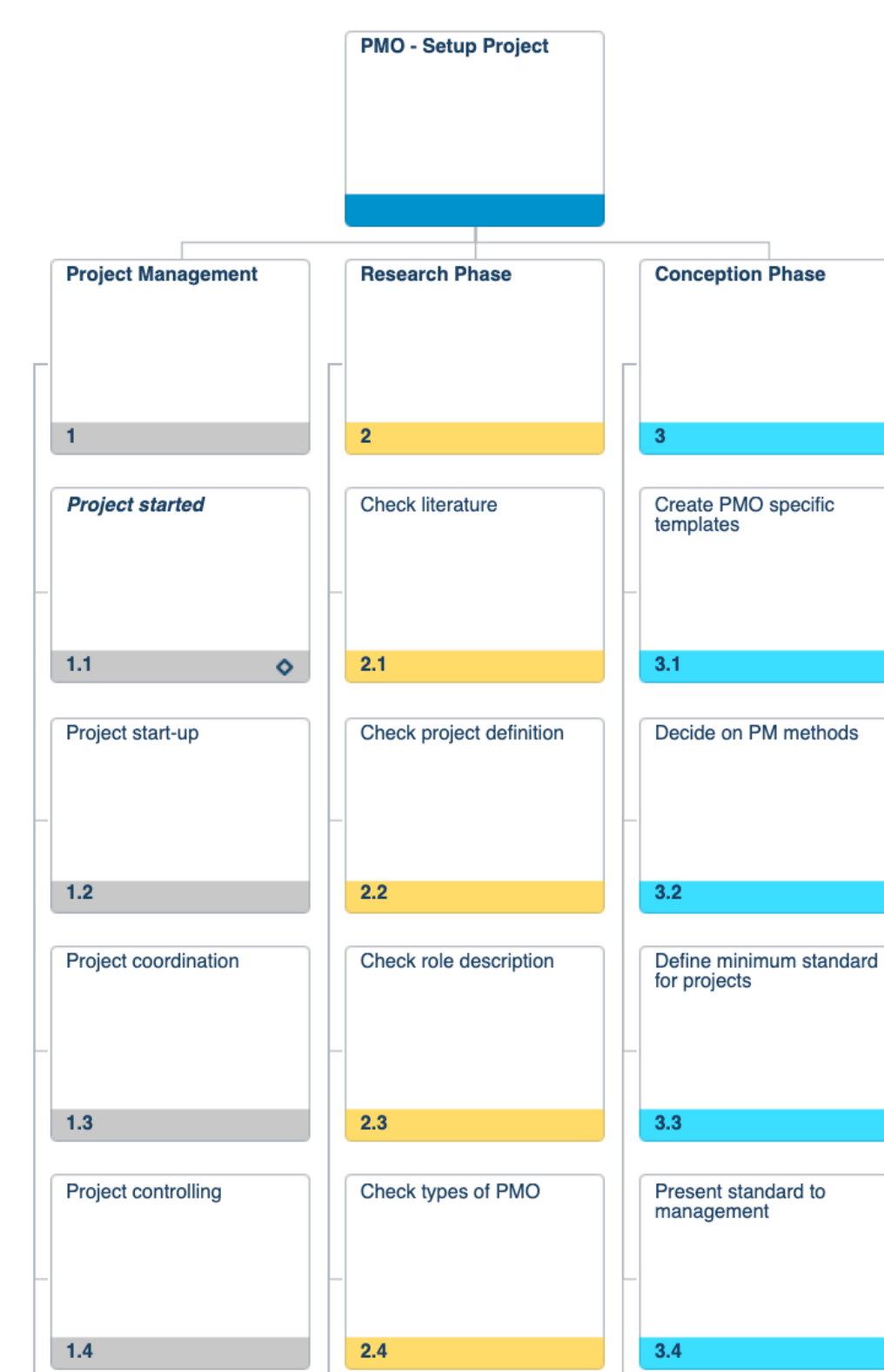


Define "low hanging fruits," i.e., small but easy to reach objectives in a short timeframe. Think about concrete deliverables that bring benefits to a project or a project team. The perspective on single project management can be the first step. If this setting is established, you can add multi-project / portfolio management topics to get a global overview and consider the traditional/ waterfall and agile necessities.

Focus on your company's decision-making target group to involve them in essential steps or decisions for your PMO initiative. With the portfolio overview, the upper/top management can now make strategic decisions on this level to support high priority projects. This helps you to decide on the next initiatives in your PMO. Focus on the future of your PMO and ask the top management if they have additional needs – lessons learned from various target groups are welcome!

Celebrate your quick wins. This will help in building commitment and encouraging morale while implementing these changes.

Tool-wise, you want to limit the number of views and functionalities you expose to your early users. Even an easy-to-use software solution can look complicated if too many aspects of a PPM tool are introduced at the same time. Focus on your quick wins and think about which



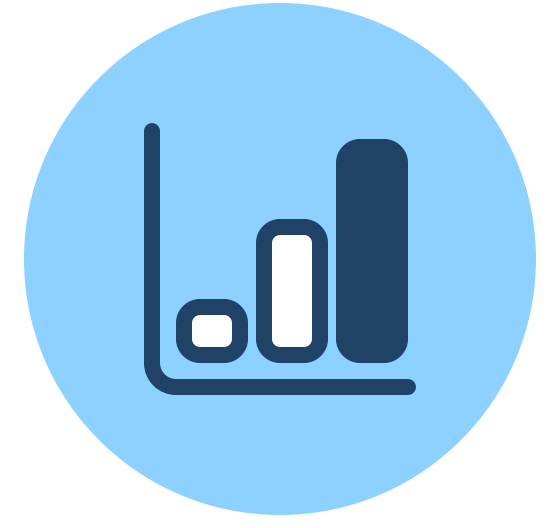
▲ Plan your quick wins

views and functionality you need for supporting your current users.

At the same time, you should also think about rolling out your project management guidelines and PPM solution only to a defined pilot user group, e.g., for one department. This way, you can learn from this group's feedback and improve your guidelines and setup before rolling out to the entire organization.

TIP 4

Define Hybrid KPIs



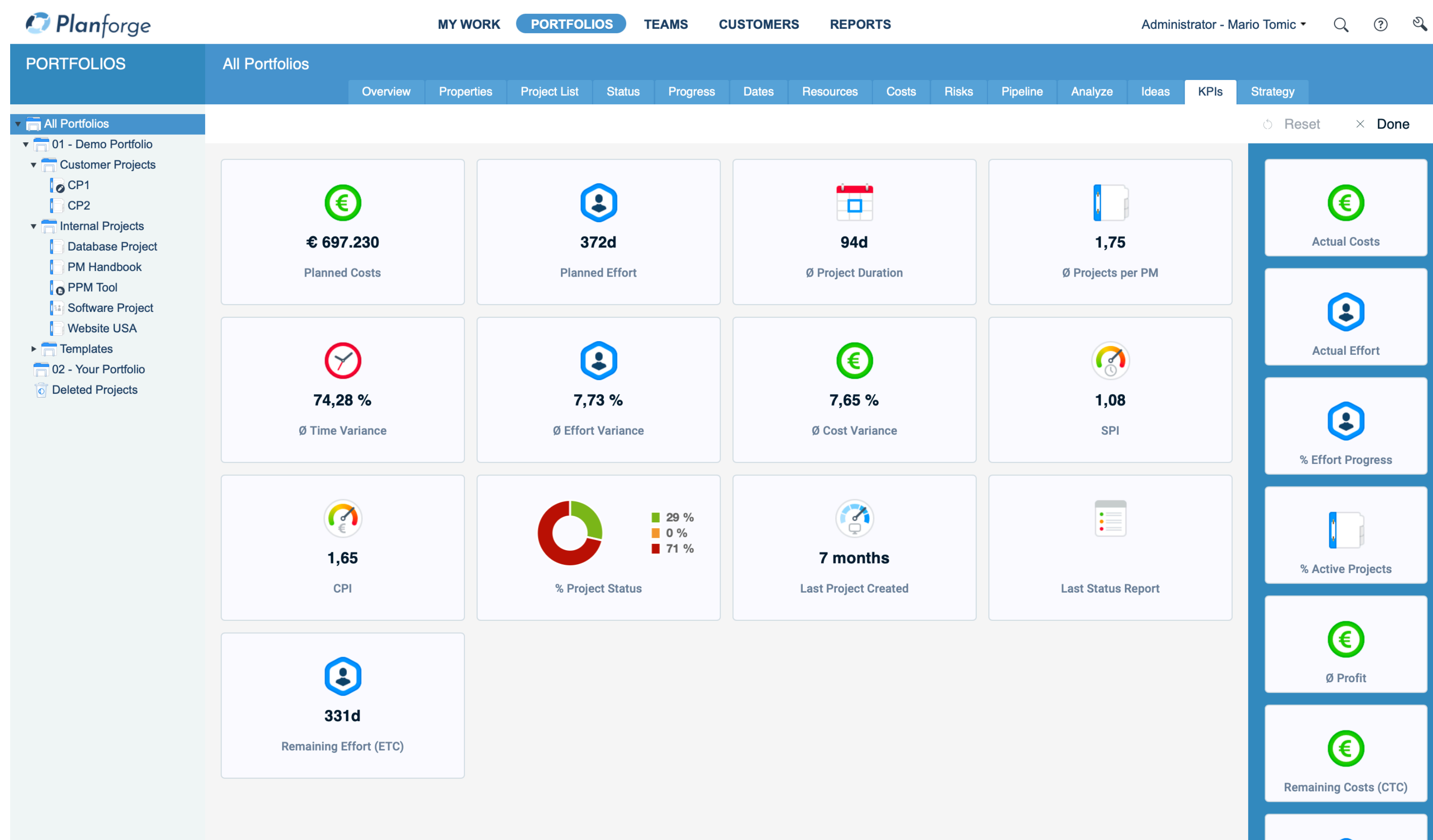
Key Performance Indicators (KPIs) for projects and/or portfolios help to maintain a clear and consistent overview of projects. They create transparency regarding interactions with other projects and, most importantly, support the decision-makers to make informed and timely decisions. KPIs further enable the comparison of different scenarios to show effects based on interactions between projects in a transparent way.

The set of KPIs you define must work for traditional as well as for agile projects. Fortunately, most established KPIs that originate from traditional PPM are also applicable for agile projects (especially Scrum). We have analyzed all KPIs defined by the PMI's PMBoK and found out that the Scheduled Performance Indicator (SPI) is the only KPI that cannot directly be used for Scrum projects. However, we believe that it can be replaced with the classic Velocity as defined by the Scrum framework because the calculation methods are quite similar.

To get started, we suggest that (unless you already have a set of KPIs in mind) you initially go with established KPIs such as SPI/Velocity and CPI (Cost Performance Indicator, based on Earned Value). Next, think about whether there are specific indicators to your company setup, processes, or business model that could be of value and add your own KPIs as needed.

Defining a good set of KPIs is an integral part of setting up a successful PMO. Always think of KPIs like the ones in the Earned Value analysis that work for single projects and portfolios.

Here, the progress is measured based on actual effort vs. effort-to-complete (or actual costs vs. cost-to-complete for costs) over time. All these values are available for both traditional/waterfall and agile projects (think sprint planning in terms of time).



▲ An example KPIs view from a PPM tool

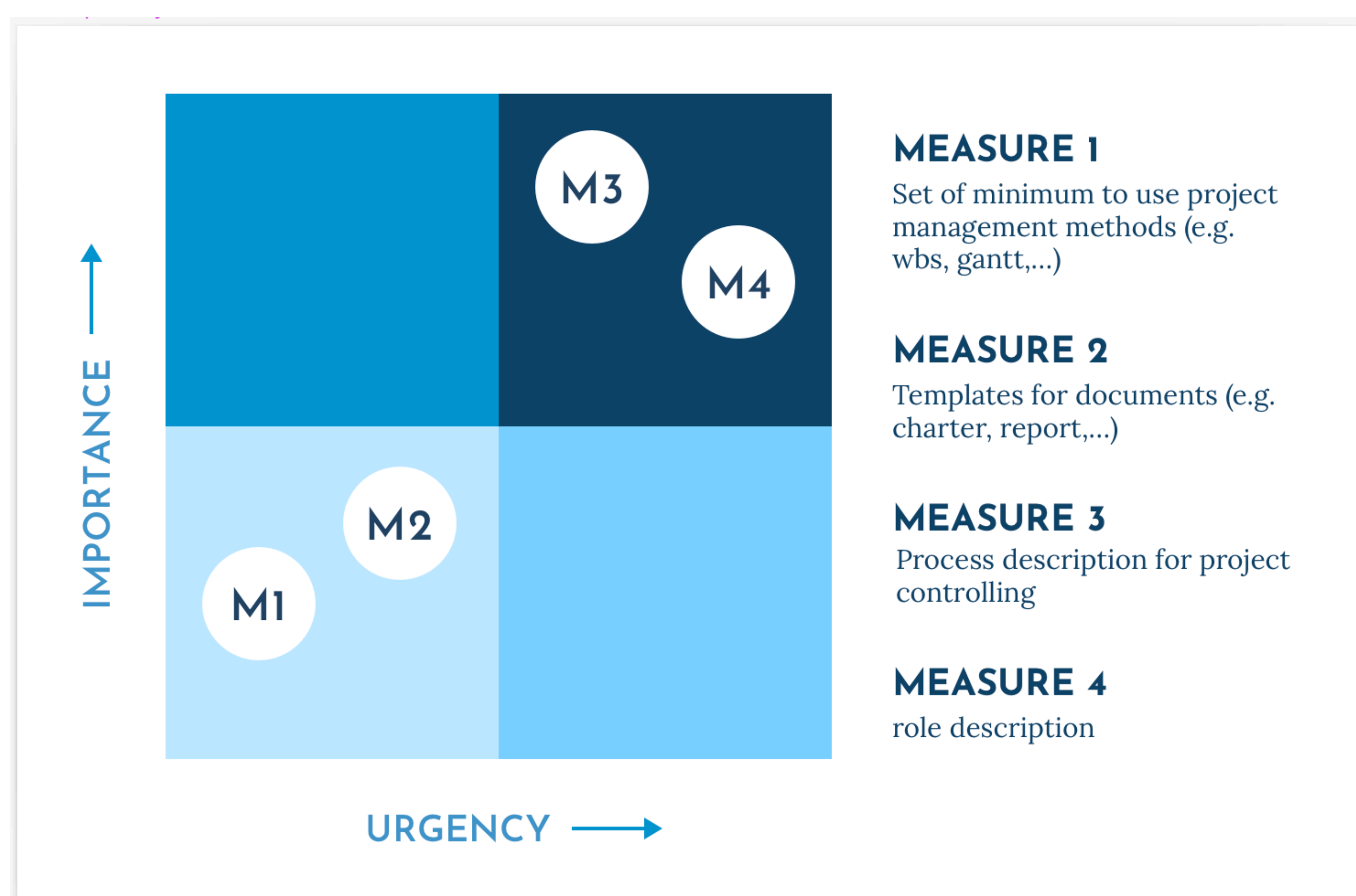
Tool-wise, it is essential to have quick access to your KPIs on the project and the portfolio level. Your KPIs are important for your decision-making process. Therefore, they should always be readily accessible – ideally in real-time. KPIs should also be reportable to include them in reports, such as project lists and status reports.

TIP 5

Communicate the Benefit



Focus on both the organizational and the single project benefits in your journey to a successful PMO. Involve target groups in your considerations and communicate effectively with them. Do not focus on marketing buzzwords like "efficiency" or "KPI tracking"; instead, create an individual set of benefits for your organization.



▲ An Eisenhower Matrix for prioritizing measures

Make sure to visualize these benefits, for instance, in the form of a roadmap. Make it very clear that you are setting this new PMO up to help your company or NGO succeed.

TIP 6

Obtain Long-Term Achievement



The establishment of a PMO will mean a significant, long-lasting change for the whole organization. It is important to focus on change management and stakeholder engagement to ensure that people are committed to its long-term success. This organizational change must be aligned with the company's strategic goals and therefore become a part of the corporate strategy – otherwise, it will fail.

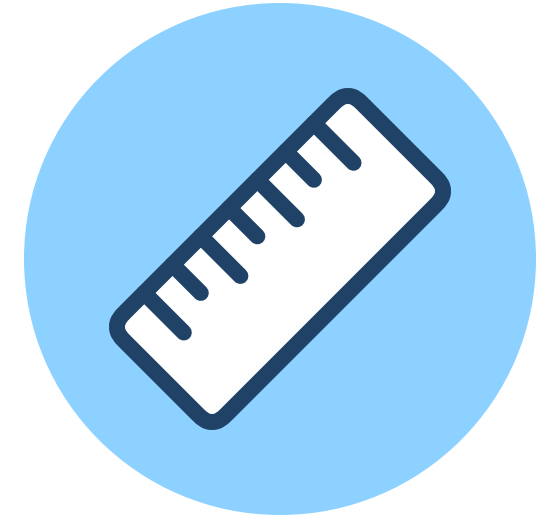


▲ An example stakeholder analysis for a PMO project

From a tool perspective, you ideally want a vendor who appreciates feedback and is interested in a long-term relationship. If users see that their feedback is valued and sometimes even built into the product, they will be much more motivated to use the tool. This, in turn, will ensure more up-to-date, higher-quality PPM data, which again will lead to more informed and better decisions.

TIP 7

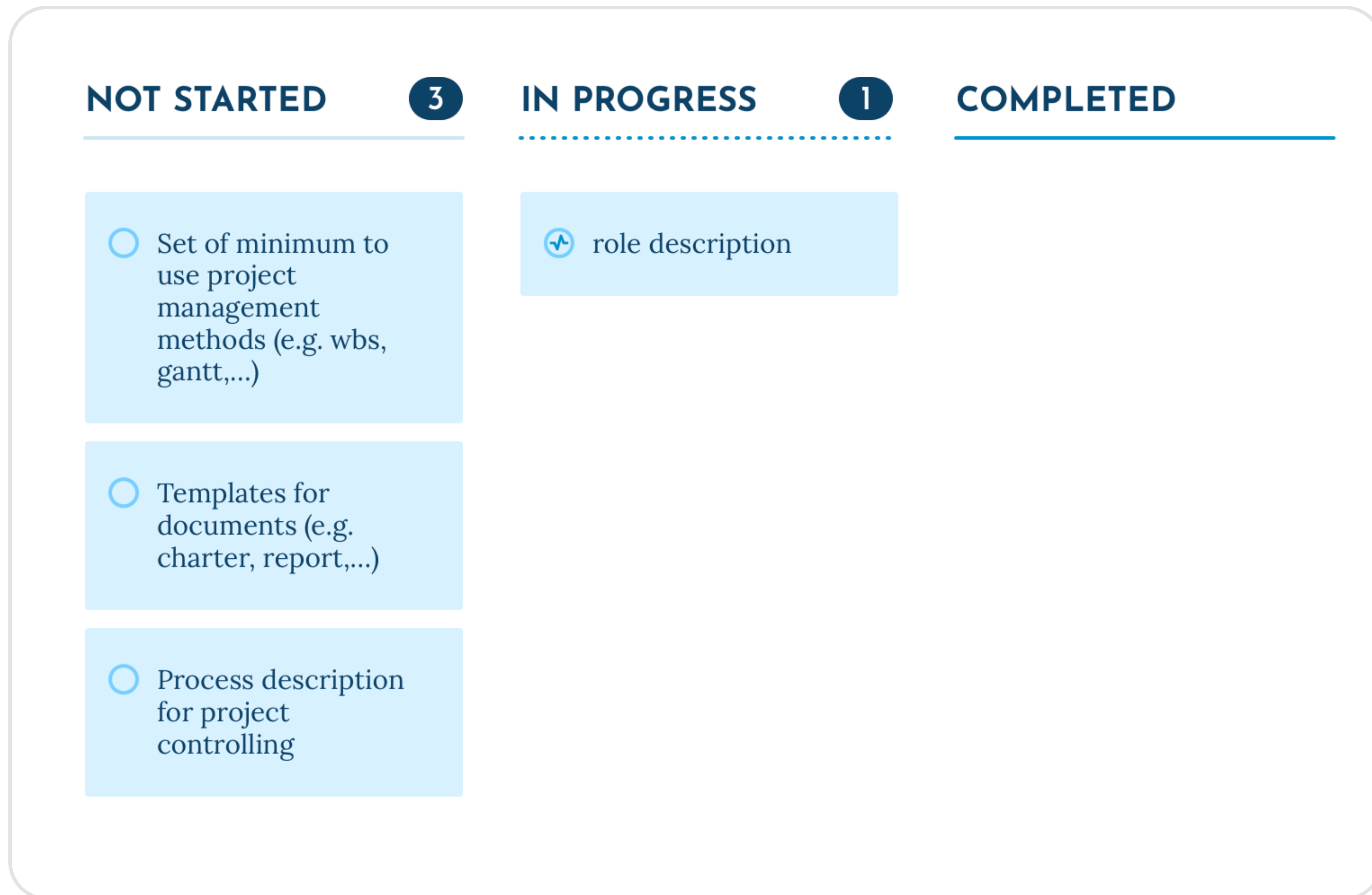
Ensure Success Is Measurable



As already mentioned, the benefits of implementing a PMO need to be well defined early on and communicated clearly. However, these benefits must also be measurable so that they can be tracked and reported both during the introduction and after the initial rollout.

A good way to achieve this is to define explicit "deliverables" for your project managers and PMO such as, e.g.:

- A set of minimum project management methods that must be used (e.g., project charter, WBS, Gantt-chart, resource plan, cost plan, etc.)
- Regular status reports as part of a standardized project controlling process
- A set of role descriptions to fill in to help your organization with setting up a proper project organization
- The required data to calculate the defined KPIs and the dashboards, or reports for communicating these KPIs for single and multi-project management



▲ A good way to measure progress: the Kanban board

Of course, do not forget to regularly communicate these deliverables' status to all relevant stakeholders.

TIP 8

Maintain Motivation



The implementation of any significant organizational change can be rocky. There are likely to be periods when things seem to be happening slowly or not at all. During these times, it is vital to remain positive and focus on keeping stakeholders engaged and committed to the end-goal. Note that the relevant stakeholders for traditional and agile projects can differ and so the information needs might differ as well.

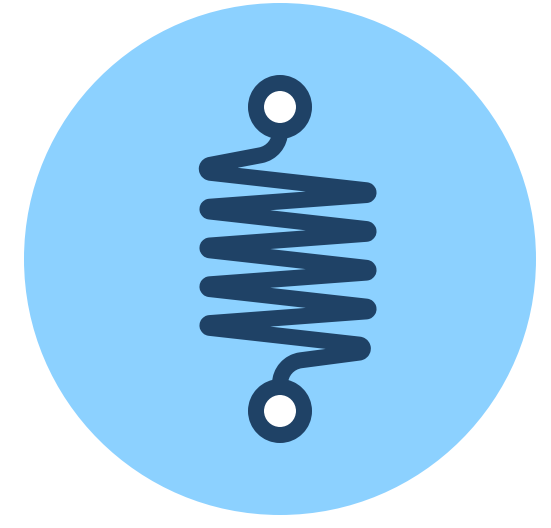


▲ Fast access to information: project and portfolio dashboards

PPM tools can support this by offering usage statistics and/or usage-based KPIs that indicate how intensively users are using the tool and if the data is up to date. Software-supported status reporting can provide a significant benefit here. It ensures that all project managers have to file status reports periodically (usually once per month). If the frequency and actuality of these status reports are, in turn, tracked via KPIs, you have got an excellent indicator for both usage and project status data quality.

TIP 9

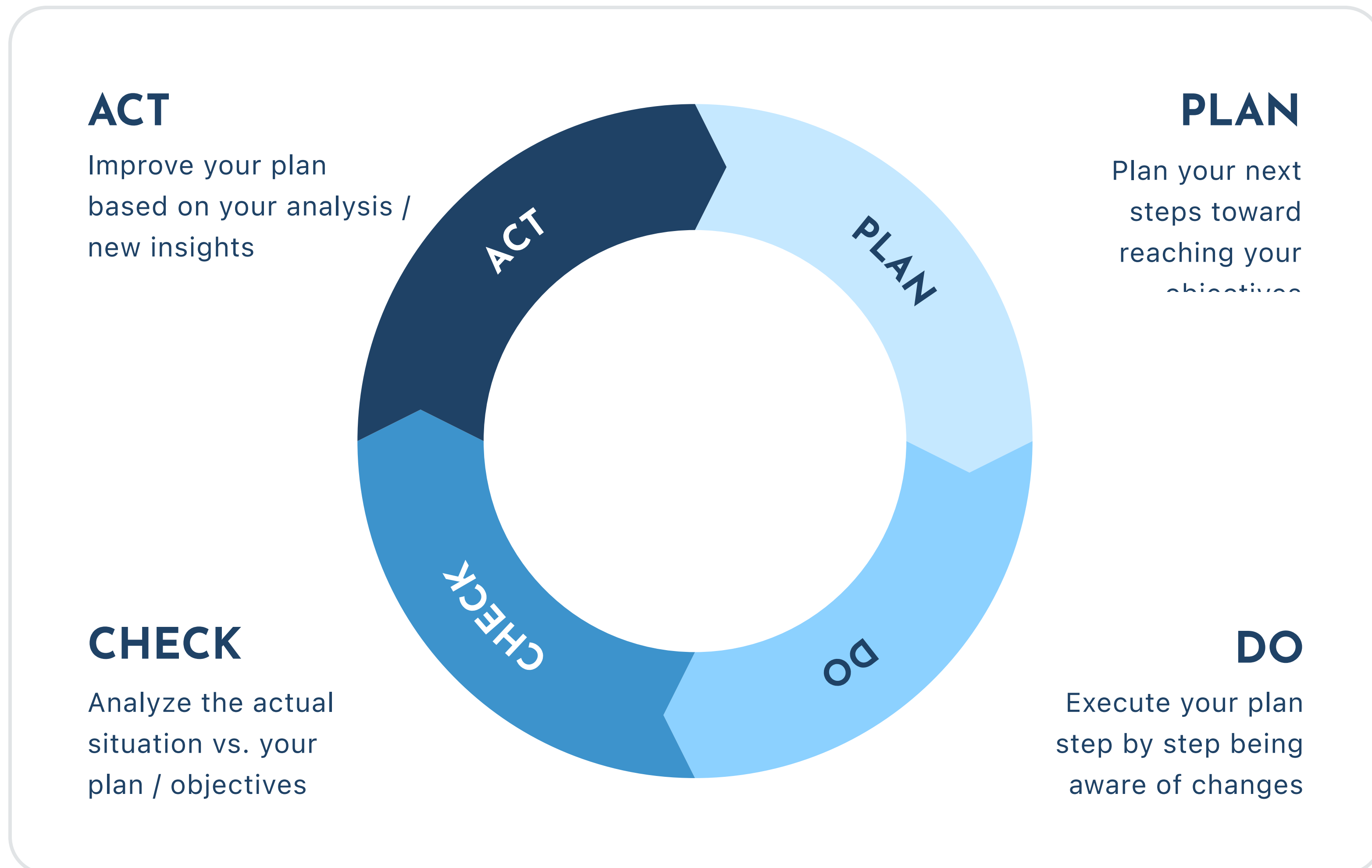
Keep It Flexible & Adaptive



As the business grows and changes, the PMO needs to be able to adapt. For example, the PMO may start as a Supportive PMO but morph into a Directive PMO over time. The same is true for your types of projects – even if you initially only have traditional projects, your PMO should be flexible enough to cover agile projects as well in the future.

The staff for your PMO can support this change in its organization and is openly minded towards being an active part of these changes in the future. This could, e.g., be a quarterly workshop researching and evaluating "new" methods or "modern" ideas that might bring a benefit to your organization. Some ideas that are not new but interesting could be, for instance:

- Hybrid project management
- Business Model Canvas
- Design Thinking
- Kanban
- Lean management
- Safe® - scaled agile framework
- ...

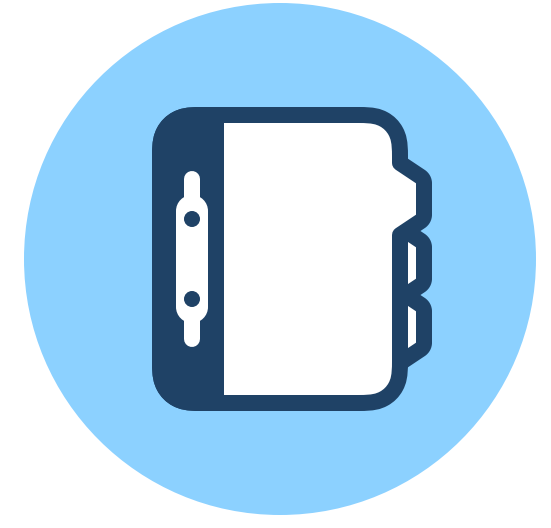


▲ The comeback of the venerable PDCA cycle

The PPM tool you choose should be flexible, too. It should adapt to your needs and be extensible. You want a tool that you can configure yourself and adjust to your current needs whenever necessary. You do not want to bring in external consultants to implement simple changes. This is especially true for the reporting framework: the PPM solution should support adaptive built-in reporting possibilities and should ideally be accessible via 3rd party reporting tools (business intelligence solutions).

TIP 10

Make it a Project



Finally, setting up a new organizational unit (your new PMO) in a company or NGO is worth being a project on its own.

This project should find alignment to the governance, structure, and processes of the whole organization and fit into the strategy to justify the implementation of a PMO. It is crucial to secure organizational buy-in before starting the realization effort. To ensure the later success move your key-stakeholders into focus – both your internal supporters as well as your opponents: "Keep your friends close, keep your enemies closer!"

- Develop a temporary project organization. Support this team with key players out of different line-organizations/ departments that are later dealing with this project's result. The roles project sponsor, manager, core-team members are mandatory
- Define the boundary definition for traditional and agile projects
- Develop a draft budget overview. Not only the needed resources but also the financial aspects should be part of your considerations
- Display a realistic end date for the result and/or define some rough milestones (highlights and dates) for the roadmap



▲ A typical hype cycle of a PMO introduction project

Note that this can seem like a "chicken-egg" situation, as your project management processes are naturally not in place yet. But running the PMO setup like a project will help you validate your early decisions and keep your efforts on track and organized. This could be the situation to ask for support/coaching to get the best practice experiences from qualified project managers.

Summary & Conclusion

We hope we could give you a few useful tips, or at least some food for thought on how to set up your new PMO. Now it is up to you to take the next step. Contact us if you need help with your project management processes or selecting a modern, hybrid PPM software solution.

About PMCC Consulting

PMCC Consulting is a specialist and full-service provider for project management, process management, and strategic development and supports companies' development towards process and project-oriented organizations.

We are experts in this field, have longstanding experience in providing consulting and training services to companies across the globe, and help our customers develop viable and pragmatic solutions and sustainably implement them using Change Management processes.

As an internationally acting consulting firm, we have excellent customer relations and references that enable us to flexibly employ the benchmarks we have created to our customers' benefit.

About Planforge

Planforge is a leading provider of Project Work Management software. By integrating cross-functional processes from Jira and enterprise agile planning (SAFe) to resource management, the web-based PPM solution closes the gaps between information silos. Planforge empowers your organization to adapt to changing environments faster, turn strategy into action, and make better value-based decisions.