The Project Management Office (PMO): The Missing Secret Sauce
by Ahmad Iqbal, President: BPM Advisors, LLC

All too often, organizations find themselves implementing multiple initiatives, often with conflicting priorities and resource limitations. Many projects end up becoming victims of politics, interdepartmental turf wars, budgetary miscalculations, and other impediments. Larger organizations often establish a *Project Management Office*, or *PMO*, to provide governance, artifacts, best practices, and methodologies. In reality, however, a significantly high percentage of PMOs, especially in IT organizations, either fold or fail to live up to their expectations within the first year of existence.

Jane Walton, Managing Director of Clarity Decisions, LLC pointed out: *"Building a successful PMO has structural components similar to any other construction project: a strong foundation and floor, solid structural supports, and a strong exterior are essential components of building your PMO."*[1]. Unfortunately, what is often overlooked is the secret sauce that makes the structural components stick together.

Of course the approach to building a PMO can vary based on the nature and culture of the organization. What works for the Marine Corps may not work as well at the Peace Corps. Despite being "corps" these two organizations have very different cultures.

A lot of PMOs are too consumed with the formalities and subsequent compliance with the project framework, methodology and other project-related artifacts. While compliance is one of the essential functions of PMOs, too much focus on enforcement will turn them into dreaded 'Project Police' especially due to the narrow focus and almost cult-like devotion to methodology frameworks. Some project leaders are so caught up debating the superiority of waterfall vs. agile that they miss the larger picture of why their projects are undertaken in the first place.

The rigidity of a formal approach typically links project success to the triple constraints of time, budget and specifications of deliverables; success of PMOs, similarly, is measured by the establishment of governance, framework and methodologies, etc.

However, such orthodox adherence to formal methodologies allows project professionals, both at the micro (project) and the macro (PMO) levels to miss the forest for the trees due to the narrow interpretation of artifacts. At the micro level, success and failure are typically assessed against meeting schedules, budgets, and specifications, *not against achieving full customer satisfaction.*[2] Similarly, PMOs, too, are busy with enforcement instead of building relationships.

In reality, the success of a PMO, especially a nascent one, relies not on better adherence to frameworks and methodologies, but the ability to establish trust and build relationships with their internal clients. These organic factors, such as **Credibility, Trust** and **Relationships** and the ability to **Manage Change**, are the desperately missing secret sauces of PMO success.
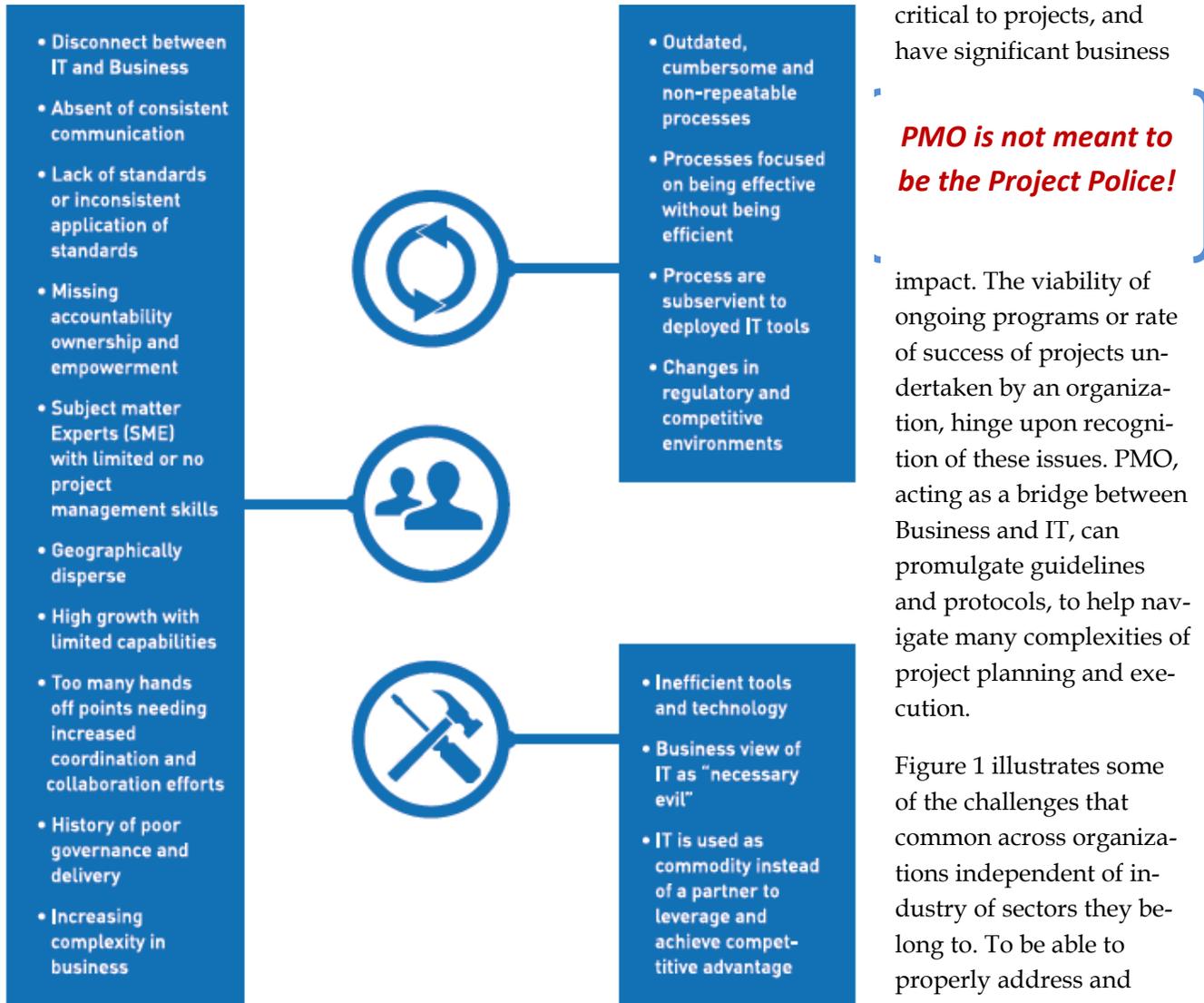
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1 Walton, Jane; "Creating a Project Management Office (PMO)"
2 Frame, J Davidson; "The New Project Management", 2nd Edition, Jossey-Bass

People, Processes and Tools

For an IT organization, especially at enterprise level, the PMO is expected address issues affecting both Business stakeholders and IT. These issues, while they may not be always visible on the surface, are very critical to projects, and have significant business

PMO is not meant to be the Project Police!

impact. The viability of ongoing programs or rate of success of projects undertaken by an organization, hinge upon recognition of these issues. PMO, acting as a bridge between Business and IT, can promulgate guidelines and protocols, to help navigate many complexities of project planning and execution.

Figure 1 illustrates some of the challenges that common across organizations independent of industry of sectors they belong to. To be able to properly address and ameliorate these issues, PMOs can catalog them

- Disconnect between IT and Business
- Absent of consistent communication
- Lack of standards or inconsistent application of standards
- Missing accountability ownership and empowerment
- Subject matter Experts (SME) with limited or no project management skills
- Geographically disperse
- High growth with limited capabilities
- Too many hands off points needing increased coordination and collaboration efforts
- History of poor governance and delivery
- Increasing complexity in business

- Outdated, cumbersome and non-repeatable processes
- Processes focused on being effective without being efficient
- Process are subservient to deployed IT tools
- Changes in regulatory and competitive environments

- Inefficient tools and technology
- Business view of IT as "necessary evil"
- IT is used as commodity instead of a partner to leverage and achieve competitive advantage

Figure1. Organizational Issues addressed by PMO Services

under three primary areas: People, Process and Tools. However, the categorization notwithstanding, these issues, for the most part are intertwined and changes in one affects others. For example, just as an organization cannot outsource or automate away inefficiencies that are inherent to their processes, it cannot adopt any tool without consideration of the capability and its people.

Compliance Vs. Subscription

Compliance to a set of rules and guidelines has been the genesis of the development of PMOs. It is true that most PMOs are responsible for establishing Best Practices and Policies that are to be adhered to by the internal customers they serve. Some highly effective PMOs morph into Centers of Excellence (CoE) within their industry segment. Yet compliance alone is not enough to make PMOs sustainable. PMOs must reach the state where their suggested policies and procedures are 'subscribed' to by the users. Unlike Compliance, Subscription is not achieved by the threat of punitive actions.

When users are truly sold on an idea or policy wholeheartedly and where they really believe that following certain procedures or methodologies will be in their best interest without any fear of retribution, they become subscribers to those policies. Subscription does not come easily, and some procedures and policies may start as part of a mandatory compliance process until users become truly convinced about the benefit of adhering to those mandatory requirements. At that state, subscription becomes part of the organization's culture.

For example, when seatbelt laws became mandatory in most states, most people considered them to be a nuisance and would only grudgingly buckle up when police were present. When accident survival data consistently favored motorists who are wearing seat belts (vs. those who were not), people took notice. Slowly, what started as compliant action became a subscribed act. An overwhelming majority of the drivers now wear seatbelts.

Having a successful PMO in 'command-and-control' type organizations can be especially tricky due to the compliance-oriented nature of these organizations, and may even give a false impression of early and quick success. One of our public sector clients spent a significant amount of resources building a very impressive PMO that was equipped with well-qualified project personnel. On the surface, this PMO was destined to be a success as it enjoyed tremendous support from the executives and had the established framework, best practices and technology tools at its disposal. Unfortunately, when the honeymoon period ended, the PMO was in serious trouble. By its eighth month of existence, it had lost all credibility from the rank-and-file employees. The PMO was viewed as condescending and pontificating, using the methodology bully pulpit. The construction engineers were complaining that the PMO, instead of being a helpful entity, became a hindrance by introducing yet another layer of bureaucratic hurdles that they needed to jump through.

The PMO, from their perspective, was clueless about the nature of their work, and instead of trying understand their world, it was too focused on creating the Work Breakdown Structure (WBS) and registering the projects on the MS Project Server. While recording a number of projects on the project server might have helped the PMO achieve its Key Performance Indicators (KPI) goals, its obsession with enforcement of certain rules without any desire to understand the pain points of its clients created a hostile environment. Because all midlevel managers were directed to make their projects visible on the project server and follow the PMO methodologies, most employees started to use guerilla techniques where either the bare minimum or purposely ambiguous information would be entered to attract less scrutiny.

In extreme cases, an entire project would be undertaken totally "off-the-grid" without any visibility to the PMO. Employees complained that they were spending more time satisfying the PMO's requirements than doing actual project work.

Thankfully, senior management recognized the need for an intervention before it was too late. As a last ditch effort, the entire rescue was based on doing triage – to repair relationships, re-establish communication and trust with the hope that eventually the PMO would establish credibility.

At the end, the structure and the focus of the PMO had to be changed and re-cast based on the organic factors on the ground. It was an uphill battle, but with the change of leadership and key personnel, who forged valuable relationships and built credibility, the PMO not only managed to survive, it thrived.

At the end, it was as much of a study of the organizational relationship as it was a case study of lessons learned for the client to understand how both the inorganic and organic aspects of the relationships those were at play within their organization.

Building Trust and Establishing Credibility

For a PMO, not having credibility is an existential threat. The window of opportunity to make 'believers' out of apprehensive and apathetic stakeholders is a very narrow one. In fact, many PMOs, especially new ones, have been known to falter due to their inability to establish credibility. Since PMOs pose challenges to the status quo of managing projects, the onus is on PMO leadership to engage, gain trust and ultimately win over the Business.

Business and IT are interdependent. It becomes the job of the PMO leadership to build trust and rapport to create a successful and lasting synergy.

This synergy consists of three critical ingredients: *(1) Clarity, (2) Trust, and (3) Influence.[3]*

In most cases, when relationships with the PMO falter, it is due to a lack of **Clarity** in expectations and agendas that quickly result in loss of trust and reduced influence.

Clarity cannot be taken for granted due to the subjective nature of the concept. It can get even more complicated in the context of project teams' expectations as they come in both conscious and subconscious forms. For example, a project directive or initiative may have total clarity to the sponsor, but may not be clear to IT because they are not privy to all of the qualifying information. On the other hand, subconscious expectations may be based on internal bias and assumptions between Business and IT.

Trust and Power (of Influence) resides in the relationship. NOT in the person.

For example, an IT employee may assume that the project manager is already aware of the varying interpretations of a project's requirements between them and Business, and may just be indifferent to it. "She ought to know; she's the PM!" may be uttered by the frustrated employee. The project manager, in this case, may truly be unaware of the issue. But it doesn't matter because the employee has made up his/her mind about the *perceived* indifference of the project manager, and the level of trust has diminished. The project manager, due to the loss of trust, will lose influence over this employee and possibly more.

It should be noted that Trust and Power (of Influence) resides in the relationship NOT in the person.

Additionally, **Clarity** in expectations is also tied to credibility. *"Your credibility is your 'credit rating' with others in the organization. Just as a good credit rating offers a financial cushion in managing our personal affairs, your credibility gives you an organizational cushion to try new things and take necessary risks."[4]*

Credibility(C) is further defined as a function of ($\int$) **Relationships** times **Results** (Where Results is a function of Relationships). This *Credibility Equation* highlights the importance of Relationship:

$$C = \int(\textbf{\textit{Relationship x Results}}), \textit{but}\ \ \textbf{Results} = \int(\textbf{\textit{Relationships}}), \quad \textit{therefore}$$

$$C = \int(\textbf{\textit{Relationships}}^2)$$

In other words, Credibility is equal to Relationship squared! [5]

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3 "Revitalization; Helping Yourself by Helping Your Organization", by Sathe, Vijay; P.25. Emphasis added by BPM Advisors
4 "Revitalization; Helping Yourself by Helping Your Organization", by Sathe, Vijay; P.30

Communication

Communication is the most important ingredient of the secret sauce that makes a PMO successful. If there is a breakdown in communication, trust and credibility will follow suit.

PMOs often find themselves as a go-between / conduit for project-related activities among various departments within and organization.

Yet "communication" in the context of a PMO or project management starts and ends with creating artifacts that include creating communication plans and distributing periodic project status reports. Project Managers are often aghast at how their messages get misinterpreted. "That's not what I said" is a phrase that is often uttered by staff and managers alike.

Despite frequent status updates, significant project-related miscommunication happens due to the originator's inadvertent inconsideration of some basic factors such as environmental factors and Subjective and Situational biases present in any organization.

This can be elaborated further by in the context of Communication Theory taught in first year engineering classes.

Communication Theory

The most basic principle of the communication theory explains the relationship between an Input and Output. In its simplest form, a communication 'system' consists of Input, Output, Transfer function and a single Feedback function. Transfer function takes into account the environmental effect (e.g., noise etc.) on the input. Similarly 'Feedback function' deals with receiver's interpretation (biases) of the signal (Output) as it is being fed back to the system.
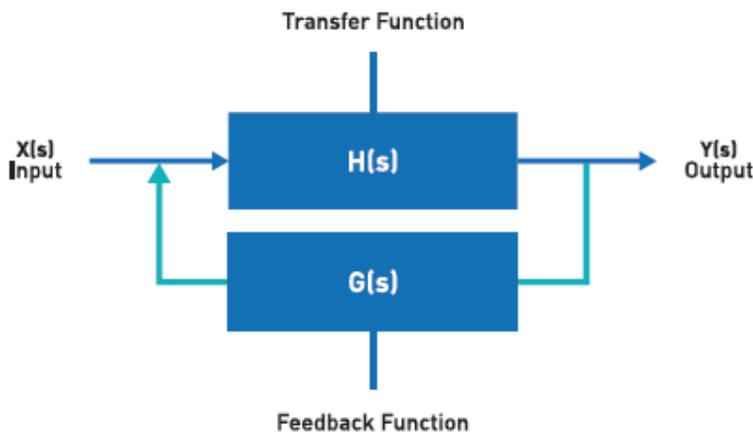
$$Y(s) = \frac{H(s) * X(s)}{1 + H(s) * G(s)}$$

Fig. 2] Mathematical Formula for Simple Linear Communication theory with Feed Back Loop.

The mathematical equation above shows that Output is NOT merely equal to the Input; rather, it is a 'function' of factors such as Input, Transfer Function and Feedback Function.

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5 "Revitalization; Helping Yourself by Helping Your Organization", by Sathe, Vijay; P.32

Similar to the communication pattern in a system, communication among stakeholders follows the same principle.
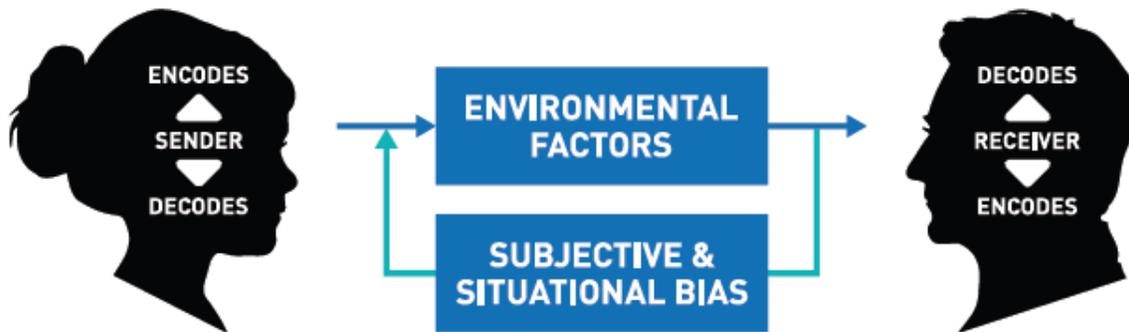

Fig. 3)Real-life communication subjected to environmental factors, and subjective bias.

Environmental factors in an organization consist of 'noise' due to factors such as cultural, political, nature of entity, etc. Feedback is affected by subject biases from the receiver (s) and situational biases (i.e., mode of communication: speech, email, spoken directives etc.).

If the sender is *aware* of these variables, he/she will be aware that whatever message is being transmitted, it is subject to environmental factors that can alter the message, sometimes significantly. The burden remains on the sender to solicit feedback to make sure that the received message is closely resembled to its original content. The *awareness* of the subjective and situational biases will help the sender and or the organization to design better 'filter' so that messages remains within an acceptable range of variance as received by the intended recipients.

Unfortunately, a number of PMOs do not allow any viable feedback path. It is due to their over-reliance of status reports and meeting updates, and overall lack of awareness of these fundamental principles, that result in complacency. An attitude of 'Fire and Forget' sets in--further impeding communication between the PMO and other stakeholders.

Managing Change

PMO, by its very nature, will induce change in a way an organization operates. Yet, very few people, including the project managers themselves, view PMOs as change agents. Traditionally, the projects mangers have been the task masters –– working as the relentless foot soldiers at the behest of management to fulfill the deliverables within the triple constraints of scope, schedule and budget. In a purely task oriented mindset, there is little room to think about changes that being experienced by the people that are affected. For a PMO to be sustainable, it cannot afford to ignore the human aspect of the change it induces.

Based on the nature and scope of projects undertaken by the PMO, it can play *all* four key roles[6] in managing change: Sponsor, Implementer, Change Agent and Advocate. Although it is most visible as an implementer, PMO can sponsor changes that are transforming and enduring when comes to how an organization manages its projects. Playing its part as the facilitator of change, PMO, as a change agent can make the biggest impact in enterprise level IT projects.

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6 O'Neill (2000)

As a change agent, the PMO can help align the business and IT with the overall mission and vision of the organization. During and after a project, PMO can function as an advocate by having a clear understanding of the motivations, anxieties and other barriers to change at the rank-and-file level. It is the advocate, who starts many change initiatives on behalf of the organization based on their experience at the ground level. In an organization, most project initiatives take top-down approach where strategic initiatives and outcomes are defined and at times, handed down as *diktat* from the upper management. Unfortunately, due to the disconnect that happens between strategy and implementation at the ground level, a lot projects go sideways in the implementation phase. It is due to the fact, that neither the PMO nor the organization at large has been paying much attention to get the buy-in for their project initiatives at the ground level where most of the work is done.

For the PMO to sustain, it must be able sell itself and its vision to stakeholders at the ground level through this two pronged approach by constantly working on socializing the change. To that end, a method known as the *Inver-T™ [7]* approach (see Fig. 4 at right) can raise awareness within the PMO and to help manage change especially when it comes to introduction of new ideas and processes.

The 'Inver-T™' approach works on getting clarification and guidance from the executives (in the 'Y' axis'), while getting input/buy-in from the beneficiaries on the horizontal axis ('X' axis).

While it is easier to talk about getting the buy-in from stakeholders at the ground level, it is much harder to win over a group who may have an innate apprehension or even cynical view of anyone who they believe are carrying the water for the management. To get the buy-in, the PMO will need insight to organizational issues that may not be obvious on the surface. To have an insight to the inner working below the surface, the PMO will need to develop the awareness about the myriad of emotions such anxiety, fear, jealousy, excitement, etc. that are at play.

An understanding of the cultural makeup and the inherent politics within the organization will help the PMO recognize the hidden trap doors and learn where the bodies are buried. Nothing could worse than getting a surface level buy-in without understanding the motivators that lie underneath for it may result in total chaos and abandoning of the ship right when the PMO may need the most support such as the implementation phase of a enterprise project.

Most PMOs are well versed with various models of quantitative tools such as Six Sigma, Earned Value Measurements (EVM), etc. to measure success or gauge progress of projects. Yet few are equipped with any tools that provide allowances for humanistic approach and understanding. A quick study of Hofstede's cultural dimensions[8] and awareness of the psychodynamic effects of change including the knowledge of models such as Satir[9], Kubler-Ross[10], would provide invaluable insight to *organic* dynamics that is common to all organizations.

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7 *Inver-T* is a trademark of BPM Advisors, LLC (2008)

8 Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations. Second Edition, Thousand Oaks CA: Sage Publications by Geert Hofstede (2001)

9 Virginia Satir Model for Change

Accountability: Self Evaluations

PMO, by its charter provides framework and governance for projects and programs it undertakes. The governance allows PMO to implement escalations model to allow project related issues to be raised at higher level. PMO, at times, working as a neutral entity, can work to address issues related to adherence to project management methodologies, framework, etc. However, few provisions exist to hold PMO responsible if people on the ground are unhappy or feel that the PMO is imposing restrictions and rules from above that are perceived as being too restrictive or minimally applicable to them. The existing governance models that are too compliance focused has little room from such allowance that flows in the *opposite* direction. For the PMO to be sustainable, its governance must have democratic allowances where PMO will need to establish guidelines to ensure appropriate checks and balance of its authority. A simplified feedback loop from the field, and frequent self-evaluations based on feedbacks will ensure that that the PMO doesn't grow unwieldy with time.

Types of PMOs

At a high-level, PMOs can be classified into two different types: **Consultative** and **Operational**, as shown in the diagram below. The **Consultative** version of the PMO is responsible for providing overall governance, framework and any needed artifacts for projects that are run within an organization. The consultative nature affords the PMO to work as an in-house consultant to various business units managing their own projects. Consultative PMO is viewed as Center of Excellence (CoE) for issues related to project management within the organization.

Fig. 5) PMO Types and Common Services offered by PMO
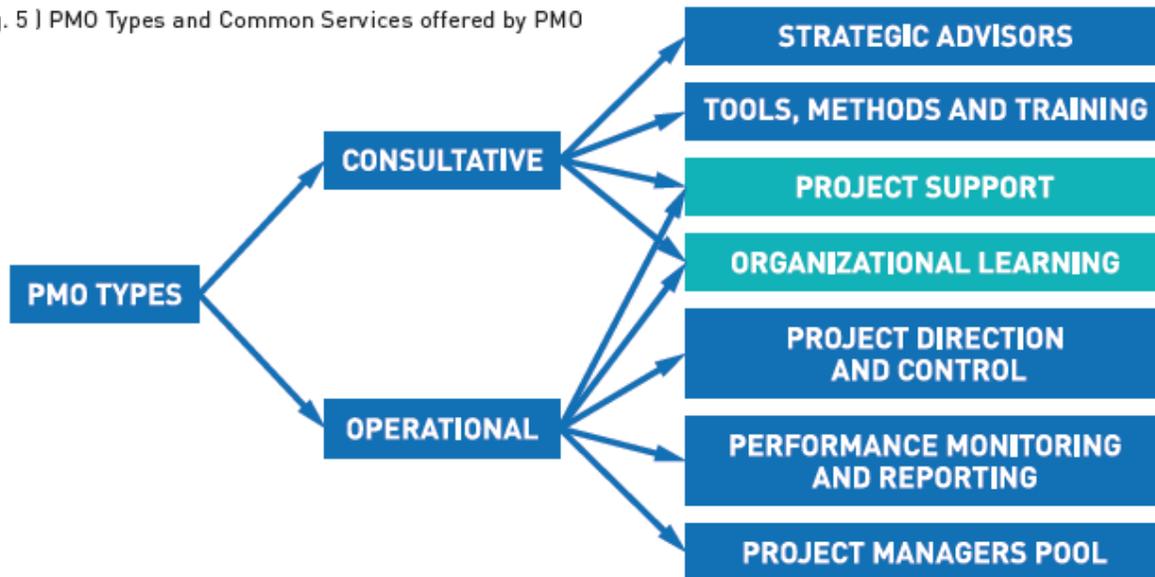
The **Operational** PMO is also known as the working PMO where all Project Managers are 'housed' in the PMO. In this model, the Operational PMO manages the projects during the entire lifecycle of the project before handing them over to various business units. Although operational PMO is expected to take a very hands-on approach to project management within an organization, the demand for project help can often far outweigh the PMO capabilities.

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10 Five Stages of Grief Model by Kubler-Ross

In such cases, operational PMOs take on projects that are deemed to have the highest *business impact*. The level of business impact is done based on strategic significance a project may have, and is done by a Project Steering Committee (PSC) representing executives from various departments. This measure is not an arbitrary one, and does not necessarily depend on the project budget or duration.

The Operational PMO, upon successful completion of such high profile projects, develops a set of Best Practices and Policies that are recorded and shared as the 'by-products' of their practice.

Conclusion

By statistics alone, PMOs do not have much to celebrate; a 2010 research report from Gartner reported a 50 percent failure rate for PMOs. However, this is because the approach to establishing PMOs has been too mechanistic, with a disproportionate amount of focus being placed on policy, process compliance, and quantitative measurements: *metrics, KPIs, deliverables, and deadlines*. At the end, it matters little how fine-tuned the metrics and accurate the KPIs are if organizations are not bought into the value that a PMO provides. For acceptance and broad buy-in, the approach to PMOs must thoughtfully address the myriad of *organic* factors at play, such as credibility and the power that is rooted not in ranks or titles, but in understanding of the culture and the ability to catalyze change.

For PMOs that are being suffocated through metrics, gaining acceptance quickly will provide much-needed oxygen. Instead of being viewed as the dreaded 'project police', PMOs can become a much welcomed Samaritan, serving as the guide that helps an organization prosper without leaving casualties in its trail.

About the Author

Ahmad Iqbal is the President of a Los Angeles (USA) based boutique management consulting firm called BPM Advisors, LLC. In the past, he ran many large-scale projects locally and internationally in telecom, aerospace and financial services industries. As someone who started multiple successful PMOs from ground up, he helps clients who either seek to establish successful PMOs in-house or need to re-calibrate existing ones. In his current practice, he pioneered a *PMO-as-a-Service* model to help organizations execute projects efficiently without having to incur overhead of having project teams in-house. In addition to his organic approach to project management, Ahmad's expertise includes Strategy and Policy Development and Implementation, Change Management, Organizational and Operational Assessment, Business Process Re-engineering, Enterprise Architecture and Design for IT organizations, Best Practices Processes and Procedures etc.

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Ahmad is a member of asapm, IPMA-USA. He is an elected member of the Board of Directors at International Visitors Council of Los Angeles (www.ivcla.org). In the past, he served as a fellow with Southern California Leadership Network (SCLN).

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About BPM Advisors, LLC

BPM Advisors, LLC is a Los Angeles based boutique management consulting firm that takes on human-centric approach to strategy, project management and technology. To that end it believes that:

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