Program Management Office Transformation: Selecting the Right Enterprise-Level Tools to Unlock Strategic Value

The Program Management Office (PMO) Dilemma

Enterprise-level challenges require enterprise-level solutions. Yet when it comes to major programs, project leaders are often constrained by department-level and desktop project management solutions that do not sufficiently support large, complex programs. If the PMO wants to be able to address the evolving needs of program managers throughout the organization effectively, it must rise to an enterprise-level function and be supported by enterprise-level tools. To get there, the PMO must follow a process similar to that of other enterprise solutions.

Establishing an effective enterprise PMO is a collaborative process combining people, processes and technology to advance carefully considered goals and objectives. The transformation process begins with a strong tone at the top and looks beyond current needs to a desired future state. Furthermore, it engages program managers throughout the organization to establish common needs and develop specific and meaningful metrics with which to evaluate PMO tools under consideration.

Putting the Horse Before the Cart: Start With a Vision

Before addressing the question of a specific program management tool, stakeholders should clearly articulate the desired future state for the PMO. Once this future state is defined, the solution should be selected using a process similar to that for other enterprise solutions. This includes discovery and design, architecture and road map building, and broad and supported implementation.

Only after a vision and road map have been established should program managers consider specific PMO solutions. Prospective vendors should be required to demonstrate how their technology can meet the specific identified needs of the various stakeholders and the organization as a whole.

Key Steps to Ensuring PMO Transformation Success:

- Identify stakeholder needs and how they will be met in the new solution, to facilitate organizational buy-in.

- Identify barriers to scalability and ensure the new PMO solution is designed to overcome them.

- Select a PMO automation tool that will provide seamless integration with existing enterprise resource planning tools and address the strategic needs of the organization. The tool should help automate core processes, simplify PMO reporting and data analysis, and scale easily to the needs of the organization.

- Devise a detailed implementation plan for the solution to help the organization understand the impacts and dependencies of the effort. This will help ensure that appropriate time and resources are allocated to the implementation.

Stakeholder Engagement

Of all the important parts of the PMO tool selection process, the most critical is engaging stakeholders, because they are the users who will ultimately determine the tool's success or failure. Here are three ways to frame the transformation for maximum buy-in:

- **Define a common need.** Present the PMO transformation as an enterprise need rather than a program manager's need, with a clear business case that includes business impact and metrics for the organization as a whole.

- **Create a shared vision.** Express the desired future state in understandable terms by defining the operating model and solution design, to generate a picture of the desired future state for the organization.

- **Demonstrate stakeholders' benefit.** Paint the future state in direct contrast to the current state to establish conclusively how the improvements will benefit the stakeholders.

It's important to present to stakeholders a PMO solution that can demonstrate clear benefits and an alignment with the company's strategic goals. The envisioned PMO solution should demonstrate an ability to improve productivity by eliminating bottlenecks and missed handoffs, as well as deliver the desired level of flexibility, transparency and scalability for accommodating growth. It is important to set expectations around challenges, disruptions and change management to ensure continued stakeholder support during the process.

PMO Tool Selection and Implementation: A Three-Phased Approach

The three-phased approach below addresses the challenges outlined so far and can be used to shape the future PMO.

Phase 1: Discovery and Design

In this phase, the PMO team conducts initial discussions with management to gain a view of the desired future state, and then compares that view to the current state to discover areas in need of change or improvement. Steps include:

- Understand management's key requirements for the PMO: vision, alignment and desired performance metrics and targets.

- Understand current-state processes, available metrics, existing tools and technologies and report generation.

- Conduct gap analysis of processes, technology, data and reporting and create a solution design for PMO optimization.

Phase 2: Architecture and Road Map

Once the organization has established a starting point and a final destination in Phase 1, it can begin to consider its architectural options, cost of ownership, implementation timeline and change management strategy, based on the solution design.

- Develop and present architectural options to the stakeholders based on solution design.

- Estimate the total cost of ownership and an implementation timeline for each architectural option.

- Create an implementation road map for PMO optimization.

- Document and validate implementation success criteria and metrics.

This phase serves the dual purpose of developing the optimization road map and acclimating stakeholders to the proposed changes (change management) to maximize buy-in before moving into the implementation phase.

This is also the phase during which the various solutions are demonstrated and tested.

Phase 3: Implementation

A winning implementation and change management methodology recognizes that people are going to be responsible for the success or failure of a PMO solution implementation. Each implementation should begin with extensive training and communication, and be followed with user support and usage monitoring to ensure a smooth transition and optimal user experience during and post-implementation. Key steps include:

- Develop a change enablement plan.

- Develop a training plan.

- Create training materials.

- Conduct process evaluation and validation.

While the process follows the road map established in Phase 2 for the most part, plans and processes need to be evaluated and validated dynamically, calibrating the system to meet success criteria. Specifically, ensure that you have:

- Alignment between functional and technical designs

- Governance and validation for converted data

- Coordination and oversight of user acceptance testing efforts

- Timely capture and resolution of defects and issues
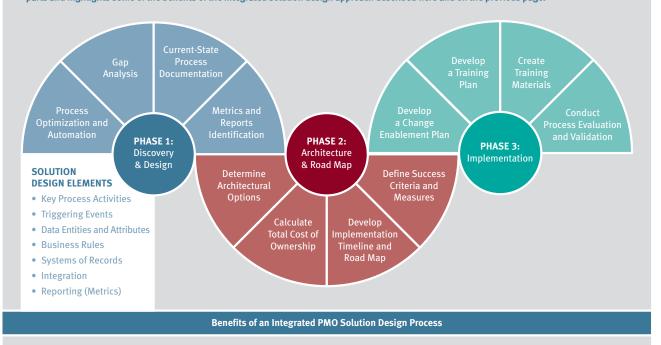
- Post-implementation user support

Figure 1: PMO Optimization – Integrated Solution Design Process. This PMO optimization model illustrates the three phases and their component parts and highlights some of the benefits of the integrated solution design approach described here and on the previous page.

SOLUTION DESIGN ELEMENTS
- Key Process Activities
- Triggering Events
- Data Entities and Attributes
- Business Rules
- Systems of Records
- Integration
- Reporting (Metrics)

Benefits of an Integrated PMO Solution Design Process

- Increased PMO life cycle process optimization and automation
- Process models incorporate complex business needs
- Integrated capabilities across multiple business processes and applications
- Reuse of existing business applications
- End-to-end data integration for the target PMO landscape

- Systems of records to create a lean data environment, efficient data access governance and single source of truth for project-related information
- Reporting and analytics aligned to business needs and leading practice models
- Clearly understood total cost of ownership for PMO transformation (process and systems)

The following elements are key to a well-designed and organized PMO process:

- **Strategic planning linkage** — Continuously link projects to strategic objectives to ensure that company goals are achieved.

- **Business case development and maintenance** — Monitor business cases for strategic alignment, scenario analysis and key performance indicators (KPIs) for benefits, risks and costs.

- **Committee governance** — Involve key stakeholders as needed to monitor and control the portfolios and projects and make go/no-go decisions.

- **Issue, risk and dependency management** — Perform consolidated tracking of issues, risks and dependencies to help analyze root causes and address issues across the portfolio.

- **Impact analysis** — Assess and manage the capacity of the PMO to absorb the impact of projects.

- **Project prioritization metrics** — Use metrics on a regular basis to prioritize and validate projects and to support go/no-go decisions. Example metrics are return on investment (ROI), net present value (NPV), risk/return and compliance.

- **Resource management** — Use project prioritization as input to assign resources optimally to the different projects.

- **Project status tracking** — Use current and adequate information on project status, KPIs and key risk indicators (KRIs) and input from quality reviews to manage the project portfolio effectively.

The best PMO solution for any organization is one that helps the business achieve a desired future state, is customized and responsive to stakeholder needs, and is scalable to accommodate growth. Change can be disruptive, but with careful planning and a comprehensive, integrated implementation plan, the likelihood of a positive outcome is greatly enhanced.

How We Help Companies Succeed

Protiviti assists companies with the design, implementation and operation of their PMO capabilities. We help our clients optimize the execution of key PMO activities and projects while effectively maintaining business strategy alignment and risk mitigation. Our perspective is that the PMO implementation must be both comprehensive and scalable, establishing the key capabilities, processes, measures and technologies to support current-state needs while providing a foundation for future growth and capability maturity.

Protiviti's Program and Portfolio Management (3PM) solutions team combines experience, leading practices from the field and Protiviti's independent viewpoints to help our clients evaluate, operate and improve their capabilities and realize performance and value on their critical initiatives. We have helped numerous organizations establish PMO functions and select and implement PMO tools that allow them to run complex initiatives with the right oversight, management and reporting throughout the life cycle of the project.

Our services include:

- PMO Capability Assessment
- PMO Transformation
- Program Risk Management
- Program Management Augmentation

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