Sponsored Research Program

EXECUTIVE SUMMARY: Change Management

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PUBLISHED RESEARCH

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1. Identifying the Forces Driving the Frequent Changes in PMOs
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2. Project Portfolios in Dynamic Environments: Organizing for Uncertainty
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Previous research has shown that PMOs change frequently (Hobbs & Aubry, 2010). The objective of this research is to better understand the frequent transformations of PMOs. The unit of analysis in this research is a transformation of a PMO: a situation where an existing PMO is transformed into a new PMO with a different structure and/or a different role in the organization. The object of study is a change process, which has been previously modeled. The research focuses on the drivers of the change, the nature of the change and its impacts.

The research was conducted in two major phases: (1) 17 qualitative case studies of a transformation of PMOs and (2) a survey to investigate a larger number of PMO transformations.

In a previous research project, seven in-depth qualitative case studies of PMO transformations were undertaken (Hobbs & Aubry, 2010; Aubry, 2007). The results of this research provided the starting point for the present research. An additional 10 case studies were conducted (five in Canada and five in Sweden). The objective of the additional case studies was to gain greater insight into the phenomena being studied and to develop and refine the survey instrument for the quantitative study in Phase Two. Preliminary versions of the questionnaire were used during the 10 additional case studies and comments and suggestions on improving the questionnaire were sought in each case. The result was a survey instrument that has been thoroughly validated.

The survey instrument is based on the same conceptual model and consists of questions related to the same concepts: drivers of change, descriptions of PMOs before and after the change, and impacts of the change. Information on the organizational context was also gathered on a sample of 184 PMO transformations.

The key findings from the qualitative case studies are:

1. The analysis of the qualitative case studies confirms that the conceptual framework captures the transformation process and helps in understanding the phenomenon. In this research, the focus has been put on one transformation, but the process should be understood as a continuous dynamic. It calls for a systemic circular thinking where consequences become the conditions for the next cycle.
2. A total of 32 drivers of PMO transformations were identified: five types of events external to the organization, nine events internal to the organization and eighteen issues or debates that drove changes to PMOs. PMO transformations are triggered primarily by the internal dynamics of the organization.
3. Multiple simultaneous external or internal events or both participate in the change, as do internal issues. Transformations are not triggered by a single driver. It confirms that the PMO is part of multiple social, political, and technological systems. Political tensions seem to prevail at the interface with the rest of the organization.
4. Reconfiguration of a PMO is not random. On the contrary, the resulting PMO becomes aligned with the organizational context. A particular set of characteristics comes together to form the new PMO configuration. One indicator for this alignment can be seen in the relative stability of the configuration up to a point where a certain level of misalignment leads to a change.

The key findings from the survey’s descriptive statistics are:

1. Responses on PMO demographics showed similarity with earlier studies (Hobbs & Aubry, 2010). PMOs in particular organizations are changing every few years, but the characteristics of the overall population of PMOs are not changing very quickly.
2. Changes in PMOs are significant and their implementation is apparently quite difficult.
3. Although a PMO transformation is a significant organizational change, only about 50% are implemented using an organizational change management process to accompany the transformation.
4. Multiple events and issues play a role in the PMO transition. No single driver is at a higher level of importance. This reinforces the assumption of the interweaving of multiple reasons that lead to a PMO change.

The key findings from the principal component analysis and correlation analysis are:

1. The case studies identified (a) large number of reasons why PMOs are changed; (b) changes that are made to PMOs; and (c) impacts of these changes. The descriptive statistics showed that most or all of these variables were important. It is difficult to draw conclusions from the variety of information presented therein. The factor analysis identified underlying patterns that reduced this great variety to a small number of factors for each of these groups of variables.

2. All five of the external contextual variables were grouped into one factor with no variables excluded from the analysis. All of the variables relate to changes in the economic or institutional context or both.

3. Change in top management was the only factor that was identified related to events and conditions within the organization. Change in top management was related to broad organizational change. The several examples of changes in top management were all related, indicating that such changes tend not to be isolated events but to form a pattern of general structural change in the organization.

4. Many issues can drive changes to PMOs. The factor analysis found an underlying structure of four factors:
   a. Portfolio management and methods
   b. Collaboration and accountability
   c. Project management maturity and performance
   d. Work climate.

5. PMOs are complex entities. Changing a PMO can mean changing many different things. The factor analysis identified an underlying structure of four different types of changes made to PMOs. The most important was changes to the roles or functions filled by the PMO. The analysis was quite efficient in that it only put two design variables aside: accountability for scope, costs and schedule and for benefits. It would seem that despite the great number of possible changes that can be made to PMOs, there is an underlying pattern among the organizational choices being made that reduces these choices considerably.

6. Changes to PMOs produce impacts on the organization. These impacts were evaluated in this study by the degree of improvement or deterioration in the issues that are related to changes in PMOs. Not surprisingly, when a PMO is changed because of an issue there is a tendency to find an improvement in that issue.

7. The analysis failed to reveal a pattern among the factors. Conditions and issues driving changes to PMOs were generally not related to the actual changes made to the PMOs. Organizational reality is plausibly too complex and too subtle to reveal simple relationships whereby a particular condition or issue would lead to a particular change in the PMO.

8. The examination of associations between contextual variables and the issues, changes and impacts associated with PMO transitions did not identify many significant patterns. There were only two significant findings. First, large organizations doing projects for internal customers see portfolio management and methods as more important issues, which is an intuitive result. Second, more mature organizations see maturity and performance as more important issues. This is somewhat surprising at first glance, but is consistent with a mature process for continuous improvement.

9. Several associations were identified between the process for implementing changes to PMOs and the drivers of change, the nature of the changes being implemented and the improvements that were delivered. This highlights both the importance of questions related to implementation and to the variability found among organizations in this regard.

Further attempt to identify patterns in the PMO transformation process has been undertaken using the analysis of mediator and moderator effects. The key findings are:

1. The analysis of mediating and moderating effects did not reveal important general patterns among the variables in the form of particular drivers of change leading to specific changes in PMO and in turn to specific improvements. However, some significant findings did shed light on specific situations.

2. The pattern that leads most directly to guidelines for managerial practice is that when portfolio management and methods are important issues, decreases in the scope and controlling nature of the PMO’s mandate are associated with greater improvements on these issues.

3. Making significant changes to a PMO is an organizational change and should be managed as such.
4. Project management maturity does not have a direct effect on organizational improvements. It does have moderator effects in some situations. This may reflect the effect of the monitoring, management and continuous improvement functions found at higher levels of maturity.

Conclusion
It was possible in the seventeen case studies to understand how the context had unfolded and how the drivers led to the changes that were made to the PMO. No significant general patterns were identified. The analysis did reveal some very partial patterns and some rather complex interactions. These were not enough to identify general patterns but were illustrative of the complex interactions occurring during the transformation process. The failure to identify general patterns in the transformation process suggests the question, “Why?” There may be several explanations but the most salient are: The transformation of a particular PMO is driven by a complex set of drivers that become salient over time in a particular organizational context. The organizational dynamics that lead to a transformation of a PMO may be so context-specific that it is not possible to identify which drivers lead to which changes in the PMO independently from the context. Methodologically, it is very difficult if not impossible to capture a complex social, organizational and political process such as a transformation of a PMO using a survey.

Project Portfolios in Dynamic Environments: Organizing for Uncertainty
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Project portfolio management (PPM) refers to a set of processes and practices used to manage a group of projects and programs to achieve strategic business objectives. The focus of PPM until now has been on project selection and prioritization and on the strategic alignment of projects. The current literature on project portfolio management makes little mention of potential disturbances to project portfolios such as new, terminated and delayed projects, incorrect planning due to high uncertainty, and changes in external environment. This is somewhat surprising considering that management in the face of uncertainty has been studied for a number of years in the fields of change management of single projects, organization theory, and strategy theory.

This research investigates the following question: How is uncertainty affecting project portfolios managed in dynamic environments? An uncertainty management perspective is adopted instead of the more established practice risk management.

While different approaches have been developed in the context of the management of single projects, these ideas have not been carried over to the management of project portfolios. It is unclear whether these approaches are applicable at the portfolio level or whether it is sufficient to incorporate flexibility at the project level to gain flexibility at the portfolio level.

The dynamic capabilities framework is used to examine the management of project portfolios in dynamic environments. According to the concept of dynamic capabilities, resources and capabilities must be constantly reallocated and re-optimized to adapt to changing environments. Only a few such capabilities have been investigated empirically, and unfortunately, there are very few descriptions of how firms can implement and maintain dynamic capabilities in practice. The conceptual framework for this research was initially composed of three main concepts: sensing, seizing, and reconfiguring/transforming. During the classification of the different mechanisms observed in four portfolios, it became clear that there were at least two orders of changes occurring in the organizations and that it would be useful to distinguish and treat these two concepts separately.
The research is based on four portfolios in two firms using retrospective analysis. Sufficient material was collected and analyzed to: (1) provide a better understanding of the management of project portfolios, more specifically of the operational activities involved once portfolios are selected and authorized; (2) analyze the relationships between the sources of uncertainty in dynamic environments and the mechanisms put in place by organizations to minimize their impact and to capitalize on opportunities; (3) develop ways to operationalize the concepts in the dynamic capabilities framework; and (4) suggest improvements to the dynamic capabilities framework.

[KEYWORDS: DYNAMIC CAPABILITIES FRAMEWORK; UNCERTAINTY; DYNAMIC ENVIRONMENT; PROJECT PORTFOLIO MANAGEMENT]