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Research Report

The Impact of Implementing a Project Management Office – Report on the Results of the On-Line Survey

**Report Issued
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THE IMPACT OF IMPLEMENTING A PROJECT MANAGEMENT OFFICE—RESEARCH REPORT OF THE ON-LINE SURVEY

PRESIDENT'S MESSAGE

Business Improvement Architects is pleased to present the results of the on-line survey portion of our research study, "The Impact of Implementing a Project Management Office."

Many organizations start up a Project Management Office (PMO) and a year or two years later they are totally shut down—staff are let go or reassigned because the organization saw no value in having the PMO and looked at them as being additional overhead. Why were these PMOs not able to demonstrate bottom line impact? What do PMOs have to do differently to show bottom line impact for their organizations?

Conversely, other organizations have been able to demonstrate bottom line results and savings in dollars and time and have increased productivity with their PMO. Why were these PMOs successful? What are the lessons learned for other organizations?

We initiated this research to identify ways to help organizations improve the success rate of their PMOs. Our research investigates the practices of organizations that have implemented PMOs to uncover their successes and failures and learn ways in which PMOs can best achieve bottom line impact for their organizations. The research methodology included both an on-line survey and personal interviews. This research report conveys the findings of the on-line survey only. A comprehensive research report of the *entire* study is also available for sale that includes an analysis and reporting on trends. Please contact me directly for more information.

The on-line survey includes the participation of approximately 750 participants from around the globe who have either successfully or unsuccessfully implemented Project Management Offices. Their experiences and learning has provided some invaluable insights and opportunities, which we look forward to sharing with you. Please keep in mind that the on-line survey is only one aspect of our research. Findings from the personal interviews with over 50 global organizations have added greatly to our knowledge and insights on the subject matter.

I would like also to extend thanks and appreciation to the Project Management Institute (PMI) for providing us with a link on their web site to help further generate participation in the on-line survey.

Sincerely,



Michael Stanleigh, President
Business Improvement Architects
Email: mstanleigh@bia.ca

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KEY FINDINGS

Incidence of PMOs

- PMOs exist in organizations of all sizes and are relatively new departments within organizations—the majority being in place for less than 2 years.
- PMOs may be created for specific departments or organization-wide; both occur equally.
- The PMO is generally new to organizations—the majority have been put in place over the past two years.

Business Case and Mandates for a PMO

- Not surprisingly, the primary business case for implementing a PMO is to achieve more successful implementation of projects and to have predictable and reusable tools, techniques and processes. Therefore, PMO mandates most often include measurable improvement in the management of projects—on time, on budget and meeting customer requirements.

Creating the PMO

- In the development or creation stage of the PMO, development of a clear process for managing projects that includes processes to manage the resources of projects or establishment of guidelines to prioritize projects as well as tools and templates are critical to on-going success. Organizations that move too quickly to implement PMOs tend not to plan sufficiently for their implementation. This reduces the likelihood they will be able to sustain themselves.
- Thorough planning at the creation stage of a PMO involves more than the development of a project management methodology, structure for the PMO and identification of PMO roles and responsibilities yet the majority of respondents identified these as the key activities undertaken. The creation stage should include the development of a clear Scope Statement and Project Plan identifying what the PMO's mandate and plan of action, both in the short term and longer term. As well benchmarking best practices and agreeing on the responsibilities of the PMO sponsor should be completed.
- Budgeting for the PMO occurred in only half the organizations—most budgets were below \$100,000. The larger the organization, the larger the budget.

Success Factors

- Lack of executive sponsorship and lack of a clear process for managing projects are the key reasons for failure of a PMO and, when these factors are properly in place, are also the key reasons for success of the PMO.
- Strategic alignment of projects with the organization's goals is necessary for gaining executive sponsorship. A successful PMO will structure itself to deliver the portfolio of services necessary to support the business and will deliver these services with a high level of quality.
- The PMO is often oriented towards acting as consolidators and distributors of information rather than as providing a valuable service to the organization.

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- It would seem that PMOs are struggling with achievement of effective communication and reporting systems and this may be impacting the support received from senior management and functional management.

Impact of the PMBOK and ISO 10006 on Projects

- While many organizations are applying PMBOK to their project management most are not applying ISO 10006 quality guidelines for projects. A significant opportunity exists to apply the “ISO 10006: Guidelines for Quality Management in Projects”. Following this guideline in the management of projects will add quality to the process of managing the project as well as the quality of the end product, service or end result of the project.

PM Methodology and Processes

- Most survey respondents indicated that their organizations have a documented methodology for managing projects and use a variety of methods for documentation including intranet, shared computer files and handbooks. Project reporting and project monitoring are the primary ways in which they ensure the documentation methodology is followed.

Gaining Buy-in and Commitment for the PMO and Projects

- Most organizations in our survey did not provide training for project sponsors or functional managers. We feel this is affecting the level of sponsorship and buy-in. Training of the project sponsors and the functional managers who, under a matrixed organizational structure provide resources to the project, helps ensure they understand their role and responsibilities in ensuring project success.
- PMO staff and Project Managers need to develop their Influencing Skills in order to better cope within the constraints of a matrixed organizational structure. This will help them to manage the continuous shifting organizational priorities and ensure their projects continue to be strategically aligned, thereby increasing the likelihood that these projects will succeed.

Primary Responsibilities of a PMO

- The primary responsibility of a PMO includes project monitoring, portfolio project reporting and ensuring the training in project management skills.

Risk Management

- Risk assessment tools are being used by the minority of organizations and may be impacting their success on projects. Assessing risk on projects increases the likelihood of project success. The lack of risk management on projects generally leads to the management of projects by crisis.

Project Member Competencies

- Project Manager and project team member competency evaluation tools are being used by the minority of PMOs. There is opportunity for improved selection and training of project managers and team members with the use of competency evaluation tools. Team selection, through the identification of

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competencies helps ensure that the right people are selected based on their knowledge, skills and experiences.

Measuring Project Success

- Measurements for project success primarily relate to PMO mandates and generally were related to achieving on time and on budget projects in which customer requirements are met. Additional opportunity exists to include other quality measures.

Training

- While almost all project managers receive training and almost two-thirds of project team members, training for project sponsors and functional managers was provided in less than half the organizations. This may be contributing to lack of support.
- Customized training programs are the preferred method of training with facilitation either by internal staff or a combination of internal staff and outside consultants.

Reward and Recognition

- Less than half of the organizations participating in the survey provide reward and recognition for project managers or project teams. Establishment of reward and recognition systems may help to reinforce a project-management culture for the organization.

Knowledge Retention

- Documentation archiving is occurring by PMOs and is the primary method of knowledge retention and transfer. There is an opportunity for more active approaches to ensure knowledge transfer such as Knowledge Management Systems and Knowledge Sharing Sessions.

Best Practices

- Strategic alignment of projects with the organizations goals ensures executive sponsorship.
- Development of the PMO as a service agency ensures that the PMO provides a valued service to the business rather than performing as information consolidators and distributors.
- Ensuring there is on-going communication both within the PMO and with the rest of the organization is critical to ensure executive support and provides an early warning system.
- Effective planning in the creation stage of the PMO helps ensure success from the 'get go.'
- The most successful PMOs place their focus of effort on training, mentoring and leading by example.