Forging the Future:
Evolving With Disruptive Technologies
Throughout 2018 we have been studying, analyzing, and reporting on disruptive technologies. Our research includes:

**Pulse of the Profession** In-Depth Reports

- **Next Practices: Maximizing the Benefits of Disruptive Technologies on Projects**
- **The Project Manager of the Future: Developing Digital-Age Project Management Skills to Thrive in Disruptive Times**

**2018 Thought Leadership Series**

- **Forging the Future: Evolving With Disruptive Technology in collaboration with Accenture**
- **The Next Generation PMO in collaboration with Capgemini**
- **The C-Suite Outlook: How Disruptive Technologies Are Redefining the Role of Project Management in collaboration with Forbes Insights**

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- Alicia Aitken, PhD, Head of Investment Management and Delivery, ANZ
- Jan Musil, Director of the Project Management Practice, SAP
Disruptive technologies are the new reality for every organization across every sector in every geographic area. Artificial intelligence, the cloud, digitalization, blockchain—they all offer up seemingly endless possibilities for organizations to transform themselves and their industries.

Yet while organizations can often envision what these bold new strategies will look like, time and again they fall apart in the execution phase. At least 59% of senior executives admit their organizations “often struggle to bridge the gap between strategy development and its practical day-to-day implementation,” according to Brightline’s 2017 Closing the Gap: Designing and Delivering a Strategy that Works survey, conducted by the Economist Intelligence Unit.

Part of the problem is ineffective engagement. All too often, the C-suite fails to clearly or effectively communicate strategy or intent with the rest of the organization. And that only exacerbates any concerns employees may have.

Organizations can—and must—do better.

The project management office (PMO), particularly at the enterprise level (EPMO), can bridge this gap—but only if it evolves. This call to action has taken on a fresh urgency as disruption becomes the new normal.

As organizations move to disrupt the PMO, there are some steps they can take:

1. Cultivate a culture of collaborative leadership that embraces change and drives innovation
2. Retool and re-skill project leaders to incorporate skills along the value delivery landscape
3. Evolve traditional delivery metrics to include key performance indicators that assess the organization’s progress in achieving strategic objectives

In today’s wildly unpredictable business environment, organizations must go in armed with a strong strategy that is paired with a competent delivery capability.

Read on to see how PMOs are embracing disruptive technology and evolving with the opportunities and challenges these technologies bring—to the benefit of the entire organization.

Joseph Cahill
Senior Vice President, Finance & Administration, and Interim Executive, PMI
Executive Summary

Disrupt or be disrupted—it is the new normal in today’s business world.

The rise of game-changing technology has spurred a frenzied race for organizations to undertake digital transformation and drive the kind of innovative strategy that delivers growth beyond the incremental.

Nearly 80% of organizations have undergone a significant transformation over the past year using disruptive technologies, according to The C-Suite Outlook: How Disruptive Technologies Are Redefining the Role of Project Management by PMI and Forbes Insights. Yet only about one-third of projects at those organizations yielded tangible benefits realized against their original goals and business intent. However, organizations that achieved significantly higher success with transformation projects (meaning 75% or more of the projects realized their intended benefits) cite involvement of the project management function as one of the top contributors to success.

These numbers represent a disconnect between strategy and execution—one that the enterprise project delivery authority, sometimes functioning as a project management office (PMO), can help close. But first, it will have to evolve. Headlines like “UK Wastes Billions Every Year on Failed Agile Projects”¹ illustrate the need for the project management function to assume and assert a prominent, central role in organizational strategy delivery. But for this to happen, both the PMO and individual project leaders must take actions to reinvent themselves for the digital age. They must move beyond traditional project management to managing strategy delivery and project outcomes, ensuring that organization-level strategic intent does not get lost as it moves from top executives to the rank and file.

This change-ready, forward-looking, next-generation PMO will:

- Enable the new skills needed to operate in a digital world
- Support the agility needed to work at multiple speeds across the organization
- Be unafraid to experiment with new, innovative ways of working
- Reinvent itself as an agent of organizational change and transformation, focused on translating strategy to business outcomes, delivered through projects

At the same time, organizations must be willing to shift from a command-and-control structure to one of collaborative leadership where the C-suite works closely with project leaders, middle management, and other functions to design and execute strategy. While top leadership focuses on setting an innovative strategy to harness disruptive technologies, the next-gen PMO translates strategy into intent and initiates projects, and project leaders work to define project outcomes and business key performance indicators (KPIs).

¹“UK Wastes Billions Every Year on Failed Agile Projects” IT Pro (2017)
Disruptive Technology: Threat or Opportunity?

New technologies are emerging every day and fundamentally altering the way we work and live. Whether it is artificial intelligence, the internet of things, the cloud, or robotics, these technologies are changing every job in the organization. Harnessing their potential requires much more than a technology focus. Organizations need to address the broader business strategy, their ways of working, and change management. From there, they must be willing to evolve and invest in building new skills.

Organizations are taking action, recognizing the power of these technologies to drive revenue growth, profitability, and innovation. And those forward-looking companies are already reaping significant benefits, according to The C-Suite Outlook: How Disruptive Technologies Are Redefining the Role of Project Management by PMI and Forbes Insights (Figure 1).

PMI’s 2018 Pulse of the Profession® in-depth report: Next Practices: Maximizing the Benefits of Disruptive Technologies on Projects found significant differences in the performance levels of companies that leverage disruptive technologies and those that do not (see sidebar). Innovator organizations—those harnessing disruptive technologies to gain a competitive advantage—typically:

- Have a mature digital transformation strategy
- Commit to organization-wide change
- Experiment with new ways of working
- Have made adoption of disruptive technologies a high priority

Given the potential, digital transformation is top of mind for the C-suite. 95% of executives surveyed in the PMI and Forbes Insights report said their organization has a digital transformation strategy in place.

To what extent has your organization’s leveraging of disruptive technologies impacted your organization across the following measures?

<table>
<thead>
<tr>
<th>Measure</th>
<th>% Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execution of high-impact initiatives</td>
<td>85%</td>
</tr>
<tr>
<td>Organizational agility</td>
<td>84%</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>84%</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>83%</td>
</tr>
<tr>
<td>Profitability</td>
<td>82%</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>82%</td>
</tr>
<tr>
<td>Financial performance (revenue gen.)</td>
<td>81%</td>
</tr>
</tbody>
</table>

Key: % positively impacted
Source: The C-Suite Outlook: How Disruptive Technologies Are Redefining the Role of Project Management (2018)
The Challenges of Digital Transformation

Nearly 80% of organizations have undergone a significant transformation over the past year using disruptive technologies. But only about one-quarter of those transformation projects yielded tangible benefits that were realized against their original goals and business intent, according to The C-Suite Outlook by PMI and Forbes Insights.

So what is stopping organizations from achieving the benefits of disruptive technologies and digital transformation? It is not a lack of C-suite support or initiative. In more than 80% of the organizations surveyed by PMI and Forbes Insights, top executives have been champions of transformation. However, 75% of executives have yet to see tangible results from using disruptive technologies against original objectives.

The top roadblocks to realizing results include:

- **Selecting the right areas for investment**
  Executives first need to determine which part of their business would benefit the most from new technologies or where they would get the maximum return on investment—whether it is increased profitability, better customer service, or lower costs. The wrong choice not only costs money, but impedes the business as well.

- **Choosing the right technology and integrating it with legacy**
  Once the technology investment priorities have been established, the next challenge is selecting the right tools. With new technology tools being introduced every day and older ones growing obsolete, organizations are struggling to keep pace. With limited resources, companies must pick and choose wisely in terms of what technology they should use, and then they have to figure out how to integrate the selected new technology into existing systems without disrupting the business.

- **Lack of funding**
  While the cost of moving to new technologies such as cloud computing decreases with wider adoption, investing in them can still be prohibitively expensive. This is especially true when organizations also have to continue investing funds to maintain and run legacy applications in parallel. In addition, they need to spend significantly on training their people on the new ways of working and on change management.
Employee resistance to change
A staggering 94% of executives say they face challenges in creating a culture of constant change, according to The C-Suite Outlook. And that is a key factor for any large transformation program to have a real chance at success. According to the report, organizations are holding back for many reasons, including that employees see technology as a threat to their jobs, the existing organizational culture is already so ingrained, and the organization lacks a clear vision or understanding of the importance of change at middle and lower levels.

Gaps between strategy and execution
While top executives are at the forefront of defining strategy for leveraging disruptive technologies, their strategic goals do not always get translated into actions at the project level. Moreover, a 2018 Accenture report, Disruption Need Not Be an Enigma, shows that while 93% of executives say they know their industry will be disrupted at some point in the next five years, only 20% feel they are highly prepared to address it. The goals of most digital transformation programs are rooted in business outcomes—better customer experience, higher profitability, greater agility, and so on. These top-down, broad goals need to be converted into tangible, measurable project outcomes and cascaded throughout the organizational layers. Gaps in communicating leadership vision and intent as well as lack of support from middle management can thwart the best-laid plans.

Project Management as the Foundation
Organizations that achieve significantly higher success with transformation projects give top credit to the project management function and well-designed strategy, alongside the right technology, according to The C-Suite Outlook (Figure 2). This creates an opportunity for the PMO and project leaders to move beyond the customary bounds of project management and extend into managing strategy delivery and project outcomes. They have a ready audience: 90% of C-suite executives say the PMO is going to play an increasingly important role in digitally transforming the organization, according to The C-Suite Outlook.

To get the job done, the PMO must be disrupted. Some are already going down this path.

Figure 2: The Secrets to Transformation Success
What were the top reasons for your success with meeting or exceeding the original business goals and business intent of the projects related to your company’s transformation in leveraging disruptive technologies?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well-designed strategy</td>
<td>31%</td>
</tr>
<tr>
<td>Choosing the right technology</td>
<td>31%</td>
</tr>
<tr>
<td>Involvement of the project management function</td>
<td>31%</td>
</tr>
<tr>
<td>Collaboration across different functions</td>
<td>26%</td>
</tr>
<tr>
<td>Involvement of the office of strategy delivery/management</td>
<td>23%</td>
</tr>
<tr>
<td>Adequate funding</td>
<td>18%</td>
</tr>
<tr>
<td>Rigorous measurement of KPIs</td>
<td>18%</td>
</tr>
<tr>
<td>Available talent/skills</td>
<td>18%</td>
</tr>
<tr>
<td>Change management acumen</td>
<td>18%</td>
</tr>
<tr>
<td>Well-defined success metrics</td>
<td>15%</td>
</tr>
<tr>
<td>The ‘think big, start small, scale fast’ approach</td>
<td>15%</td>
</tr>
<tr>
<td>Culture supports change</td>
<td>15%</td>
</tr>
<tr>
<td>Agile execution</td>
<td>13%</td>
</tr>
<tr>
<td>Commitment from the CEO</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: The C-Suite Outlook: How Disruptive Technologies Are Redefining the Role of Project Management (2018)
The next-generation PMO is fully engaged with the C-suite. It sits at the portfolio level and oversees strategic initiatives to ensure they deliver full value without disrupting the ongoing business. It operationalizes new products, services, and processes. And it builds capabilities in all methods along the value delivery landscape—and then staffs the work accordingly.

Today’s PMO leaders have staked out a unique position in the organizational hierarchy as the primary orchestrators of all the resources required to deliver a project.

Now they must push further. PMO leaders must become agents of organizational change and transformation, focused on translating C-suite strategy to intent and project outcomes. They must forge the path to ensure business outcomes are delivered when deployed at scale. They must raise the flag when things veer away from the strategic intent, go off schedule, or go over budget. And they must push for the success of the organization to take precedence over that of the team or any individual. It is a necessary shift—the PMO has stagnated in some organizations. And project leaders continue to be pigeonholed as ensuring project objectives and delivery goals are met on time and within budget—and nothing more. At the same time, it is not uncommon to hear that agile projects do not need a PMO because the scrum master brings project management skills. At one company, the PMO was told its work hindered productivity—an office of people performing and generating administrative work for the whole project team just was not aligned with the new agile ways of working.”

Yet, even projects managed with agile techniques can end up going over budget or schedule, and to do so without considering the company’s strategic intent. Pointing to the need for better outcome management, a study by 6point6 found 32% of agile projects fail to some degree, according to An Agile Agenda: How CIOs Can Navigate the Post-Agile Era. Though devotees to a specific methodology might disagree, research shows it’s not about using one specific practice in all instances, it’s about using the right method for the right project. Those organizations that use some type of formal project management approach—be it predictive, agile, or hybrid—successfully meet their goals, within budget, and on time, according to PMI’s 2018 Pulse of the Profession: Success in Disruptive Times.

Establishing the Next-Gen PMO

PMI has long advocated for the PMO’s evolution—and that call to action has only taken on greater urgency in this age of massive disruption. The next-generation PMO should be a change-ready, forward-looking version of itself—unafraid to experiment with and embrace new ways of working, and also prepared to help employees adopt those new ways of working.

An organization may take years to complete its digital transformation. During this journey, the PMO must be empowered to help create and nurture a culture of innovation, agility, and critical thinking, reinforced with the right standards, tools, and educational opportunities. The idea is that project leaders are armed to operate at multiple speeds as different parts of the organization move at different paces, using a mix of methodologies and technologies. For instance, project leaders in the construction industry may have to deal with a hybrid workforce comprising robots for dangerous excavation or construction activities alongside the usual human workers. They may also be supplementing the typical spreadsheets or software with cloud-based solutions on handheld devices.

Just as how they are managing projects is shifting, so too is what they are delivering. PMOs and project leaders should be measuring a project’s ability to meet the organization’s strategic objectives, which may mean adopting new technologies such as intelligent analytics to bring forward a single version of truth to executives. This will not only give organizational leadership better visibility into the projects and programs they are sponsoring but will increase their agility, helping them mitigate risks and capitalize on opportunities.

The next-generation PMO should be a change-ready, forward-looking version of itself—unafraid to experiment with and embrace new ways of working.
Such a shift will require organizations to reimagine the PMO guided by the following practices:

**Empower the PMO**

The C-suite must enable the PMO to focus on the organization’s strategic objectives along with managing the traditional delivery goals. While the strategy defined by the C-suite provides overall direction for the organization, it needs to be translated into intent and then cascaded into programs and projects as business outcomes. This is where the PMO will play a crucial role, ensuring the strategy and outcomes are aligned at all times. To do that, it must constantly evaluate whether the projects are delivering the outcomes—and possess the authority to change course if they are not meeting the strategic intent.

**Evolve traditional delivery metrics to include KPIs that assess the organization’s progress in achieving strategic objectives**

The PMO and project leaders will need to move away from only using traditional delivery metrics such as cost performance index and schedule performance index, to measuring whether they have accomplished the desired business KPIs, such as driving uptake of the new technologies and driving transformational change. These KPIs assess the organization’s progress in achieving its strategic objectives. Project leaders will take responsibility for ensuring leadership’s strategic roadmap and organization-level KPIs are reflected in the project-level business outcomes and KPIs.

**Retool and re-skill project leaders to incorporate skills along the value delivery landscape and around the PMI Talent Triangle**

An Accenture study, *Operate Like a Disruptor*, “found example after example where things that incumbent companies would do in months, quarters, or years were done by disruptors in days or weeks.” To keep pace, incumbents must embrace the entire value delivery landscape, or the full spectrum of competencies that enable them to deliver their projects and programs. It includes all approaches to project delivery—predictive, iterative, incremental, agile, hybrid, and next practices. Project leaders are now expected to manage at all speeds effectively and, to do so, the PMO must enable them with evolved standards, tools, and knowledge.

In today’s environment, project leaders are expected to wear multiple hats—strategic advisor, innovator, communicator, big thinker, and versatile manager—while being well-versed with new technologies and ways of working, according to PMI’s 2018 *Pulse of the Profession* report *The Project Manager of the Future: Developing Digital-Age Project Management Skills to Thrive in Disruptive Times*. The report identifies six crucial skills project leaders need to develop: data science, an innovative mindset, security and privacy knowledge, legal and regulatory compliance knowledge, ability to make data-driven decisions, and collaborative leadership.

As shown in the graphic, PMI has added a new digital overlay to the Talent Triangle to emphasize how digital transformation is impacting every aspect of our work.

All of the marketplace volatility places an even greater premium on a project leader’s change management abilities. But they cannot do it alone. To encourage new ways of thinking and working, organizations must be willing to invest in the training and development project leaders require to capitalize on disruptive technologies and steer projects. The PMO will play a pivotal role here, assessing the skills and competencies project leaders will need, evaluating the skill gap, and imparting training on the latest project management tools and techniques, while partnering with other business functions to equip project leaders with other needed skills.
Since January 2018, Dr. Aitken’s team has been redefining their charter and goals to focus on investment and strategic planning. Dr. Aitken now reports to the group general manager of strategy and is part of the team making decisions about how to use investments to better execute strategy.

At the outset of this evolution, she assembled a cross-functional team from finance, technology, risk, project management, and investment who work with the chief design officer to rethink how the organization assesses and selects investment opportunities, and where it could eliminate waste and overlap. Once the team defined a new approach, they met with customers to further hone the process in a way that would deliver the most value potential to the company.

In this process, the IMDO team realized that they could not be disruptive if every project was tied to a predetermined ROI and timeframe. “There’s no time for certainty anymore,” Dr. Aitken says. “We need to be more nimble so we can adapt how we prioritize investments to keep pace with internal and external change.” That includes defining new performance metrics based on leading and lagging indicators, and tracking results over time to identify trends, rather than conducting a single measure of impact at the end of each project.

The IMDO rolled out the pilot version of its investment management system in 2018 and is now testing whether it delivers more productive, value-driven investment outcomes. The new approach focuses on areas that the team predicts will drive disruption and deliver greater value for the business.

“The IMDO’s New Focus

What ANZ really needed was an investment management delivery office (IMDO) to make better decisions about which projects were funded—so the EPMO evolved into an IMDO.

Anz: Defining Its Next-Gen PMO

The evolution of the PMO is already happening at many organizations. One prime example: Australia and New Zealand Banking Group Ltd., commonly known as ANZ.

In 2015, the third-largest bank in Australia was in the midst of a multiyear journey to improve project delivery and scale across the organization. The transformation effort, which was launched by the CEO, required thousands of employees to adopt a new way of working, co-locate in new spaces, and embrace the idea of delivering rapid interactive results, says Alicia Atiken, PhD, Head of Investment Management and Delivery.

To make that happen, ANZ launched an enterprise PMO (EPMO) and brought in Dr. Atiken 18 months later to help address a persistent “project delivery capability problem.”

When she studied the results of past projects, she found delivery was not actually the issue. “Our people were very successful at delivering projects and following project management processes,” she says. Instead, the problem was in how projects were chosen. The investment leadership team determined what ANZ really needed was an investment management delivery office (IMDO) to make better decisions about which projects were funded—so the EPMO evolved into an IMDO. The IMDO would still provide oversight, guidance, and advice on project delivery best practices, she says, “but now that’s just a part of what we do.”

What ANZ really needed was an investment management delivery office (IMDO) to make better decisions about which projects were funded—so the EPMO evolved into an IMDO.
Creating a Culture of Constant Change and Innovation

New technologies will continue to disrupt the way both employers and employees work at an accelerated pace—so much so that 65% of children today will work in future jobs that do not yet exist, according to the Accenture report, *Operate Like a Disruptor*. These changes foretell significant imperatives for organizations and, in turn, the workforce. Chief among them is a willingness to constantly reinvent and evolve. Yet 94% of organizations struggle with creating a culture of change, according to the PMI and Forbes Insights report, while 38% say employees see change as a threat.

A robust organizational change management program is, therefore, an absolute priority to help organizations navigate uncertainty with greater success and predictability. The PMO and project leaders have an important role here as agents of change. Already, 47% of PMO leaders say their PMO is the sole driver or very involved with change management to leverage disruptive technologies, according to a recent survey by PMI and Capgemini (Figure 3).

![Figure 3: PMO Involved in Change Management to Leverage Disruptive Technologies](image)

<table>
<thead>
<tr>
<th>PMO involvement level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMO is the sole driver</td>
<td>6%</td>
</tr>
<tr>
<td>PMO is very involved</td>
<td>41%</td>
</tr>
<tr>
<td>PMO is moderately involved</td>
<td>29%</td>
</tr>
<tr>
<td>PMO is only somewhat involved</td>
<td>13%</td>
</tr>
<tr>
<td>PMO is minimally or not at all involved</td>
<td>11%</td>
</tr>
</tbody>
</table>


In collaboration with change managers, the PMO can help shape a positive message and lead the change journey across the organization. As disruptive technology changes the organizational structure and management layers are potentially eliminated or transformed, the PMO will need to assess what roles are impacted in what ways, and help equip them with the needed skills.

To instill a culture of constant change and innovation, organizations must:

1. **Invest in Continuous Learning**
   
   New tools and techniques are enabling employees—including project leaders—to work with far greater efficiency and speed than in the past. In a few years’ time, we will likely see a hybrid human/machine workforce where repetitive, mundane tasks are relegated to machines, while human workers focus on higher-end tasks involving critical thinking and teamwork. Investment in talent and continuous training will be a high priority for organizations to prepare themselves and their workforces for the next iteration of the digital age. Ultimately, making use of disruptive technologies is about people, not just technology. And that requires organizations to reimagine work, evolve their workforce to new growth models, and re-skill and up-skill their people to do more valuable work.
As promising as technologies like artificial intelligence (AI) and robotics are, they are bound to create resistance among workers who view them as a threat to their jobs. To assuage their fears, organizations should provide timely, accurate information about new opportunities. They also must invest in re-skilling and cross-skilling people whose job profiles have been made redundant by new technologies. The PMO and project leaders can help work through those insecurities by driving change management from within.

For example, at a global company based in Europe, the finance department had transferred staff to an outsourcing provider. The team was not thrilled about the move or about having to report on metrics. The last thing they wanted was a PMO measuring what they were doing. The new head of accounts receivable communicated the strategic intent to the newly outsourced team and created a dashboard showing how individuals and teams were contributing to achieve the intended outcomes. The dashboard was on a screen in full view and highlighted team successes backed by hard numbers. As more and more team members stopped in front of the dashboard and digested the value they were creating, there was a perceptible change in their outlook. Instead of resistance, there was now a sense of pride in the team’s contributions to the strategic intent.

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Project leaders will play an important part in embedding the culture of innovation and change, evangelizing new technologies and methods across the organization. They become educators, helping people understand how to apply technology that worked in a previous project into their own, sharing best practices, and cross-pollinating learning and ideas. An organization or team shifting to DevOps, for example, may face challenges as individuals may not fully understand the new practices or appreciate what is expected of them. Developers may feel they do not have the requisite skills. Project leaders can draw upon their own experience or from another project team’s successful DevOps journey to identify the roadblocks and offer relevant solutions. In this case, it could be offering a tailored coaching program that addresses the developers’ concerns around what new DevOps and management skills they need, how their role will evolve, and how they can support the change journey.

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FULLY ENGAGE EMPLOYEES

ELEVATE PROJECT LEADERS TO CHANGE ADVOCATES
Data is the lifeblood of the digital organization. Rapid advances in data science enable organizations to analyze vast amounts of data for deep insights and patterns invisible to the human eye, while predictive analytics can help managers identify problems before they occur and take preventive action. And with the proliferation of AI and machine learning, organizations can process millions of terabytes of data to reveal hidden insights. To truly make the most of all this information, organizations must foster a data-centric culture where leadership relies on data and analytics to make decisions and inform business strategy. For the next-generation PMO and project leaders of the future, data science will be an essential part of their skills repertoire as they are called on to make rapid, data-driven decisions. Organizations should also look for opportunities to tap into “dark data”—information that organizations collect during regular business activities but do not use—to find solutions to unsolved problems and deliver superior business outcomes.

Building a culture of innovation requires freedom to experiment with new ideas and ways of working—without the fear of being reprimanded if something does not go to plan. As organizations work through how to make the most of disruptive technologies, they need to adopt the “fail fast to learn fast” mentality by which employees are allowed to fail, learn from their experience, and quickly move on to the next “experiment.” The PMO and project leaders need to learn that mistakes might be made, metrics may take a hit, but pivoting and learning will pay off in the long run. They will also need to learn how to track the value of experimentation and learning for ideation and innovation projects.

In disruptive times, where experimentation and innovation can make or break an organization, the PMO and project leaders should be able to measure things like how quickly unsuccessful experiments are abandoned, how much learning has been documented from experimentation (and whether other teams are subsequently tapping into that learning), how fast the team pivots to new ideas, and how well the learnings are applied. This calls for a shift in C-suite mentality: Traditional leadership is not accustomed to accepting or rewarding failure, but it needs to allow for this experimentation mindset for innovation to thrive.
“In the cloud, you cannot strive for perfection,” Mr. Musil says. Instead the PMO is teaching project leaders to focus on developing a minimum viable product, with incremental improvements to come. The results are impressive: Software can be deployed in months, not years, giving customers access to new innovations faster, with frequent outputs that make it a little better all of the time. “It’s changing the way we help customers deploy our software, which is accelerating their time to value,” he adds.

Along with changing how projects are planned, the PMO has developed guidance to help project teams track the value of these investments. That includes monitoring progress during and after deployment against predefined baseline performance metrics as a way to prove a positive impact on business results. “It may sound basic, but when you see it executed successfully, it takes the business of project management to a new level,” he says.

Getting to this point meant everyone—from top leadership to the customers SAP serves—had to adapt their definition of success and embrace a new agile mindset. “We’ve had to make a conscious effort to change, and we have daily conversations with customers about what this means,” he says.

The substance of the conversations teams are having is also shifting. “In the past we use to dance around the idea of agile, now it’s where these conversations begin,” he says.

While the transformation is not complete, Mr. Musil is confident the work done so far has already set up his teams for future success. “We are ready for disruption even if we do not know where it is coming from,” he says.

CASE STUDY

SAP: Transforming the PMO’s Focus

Software giant SAP’s Digital Business Services PMO is in a state of continuous evolution. When initially launched several years ago, it was primarily an administrative body that created tools, processes, and policies for project delivery aligned to PMI’s A Guide to the Project Management Body of Knowledge (PMBOK Guide) and worked to enable project managers to drive project delivery maturity.

A few years later, however, the PMO went through its first strategic shift, focusing more on developing project management capabilities, says Jan Musil, Senior Director of the Project Management Practice for the US$24 billion German company. That included improving the PMO’s time to value and total cost of ownership for SAP customers by leveraging pre-configured business processes and project delivery guidance.

Now, however, the PMO is working toward its next-generation strategic evolution. That means bringing some functions closer to product development by forging connections between research and development and innovation teams. The project teams are also now fully agile and have embraced compressed delivery cycles so they can roll out major releases at the speed of the cloud.
The Time Is Now.

Rapid advances in digital technology are fundamentally redefining our world. Successful organizations cannot simply respond to disruption, they must lead it.

But many will be held back by a profound disconnect between strategy design and delivery. It is a significant roadblock that will hinder the digital transformations of today or whatever kind of disruption organizations will face in the years to come.

To build their future, organizations must be willing actively interrupt their own status quo. They must set their organizations up to fully capitalize on the competitive edge that digital transformation promises. And they must move from a command-and-control structure to one of collaborative leadership.

Now is the time for the PMO to stake its claim as the entity that can bridge these gaps and create this organizational infrastructure. But first it must evolve. The PMO must become a strategic collaborator and drive strategy delivery and execution.

It is a transformation that PMI has been advocating for years, but one that has taken on fresh urgency. Organizations that wait risk losing to their competition, while those willing to adapt and evolve their PMOs will find themselves in a lasting position of strength, able to adapt to disruption no matter how chaotic the future business environment becomes.