PMI
Project Management Institute

IBM:

Keys to Building a Successful Enterprise Project Management Office

Establishing the IBM Project Management Center of Excellence

The 1990s were a turbulent time in the Information Technology industry as rapid technology change and product innovation drove industry dynamics in areas such as the fledgling internet, the beginnings of truly mobile computing, and business startups that would influence technology progression over the next decade. Increasing global competition, changing workforce competency and resource pressures, plus the rapid change in client technology expectations were affecting IBM's bottom line and drove the company to rethink its organizational structure, business model, and management approach. With the help of a few influential employees who were professional project managers, IBM identified the practice of project management as key to reliably delivering complex business solutions to its global clients. The lack of good project management was identified as contributing to certain project failures, customer satisfaction issues, and revenue and profit erosion.

In 1996, this dedicated cadre of project management practitioners wrote an internal white paper describing how IBM could benefit from building upon the practice of project management as a competitive advantage, thus turning IBM into a project-based business. IBM's CEO at the time, Louis V. Gerstner, Jr., was convinced by the team and set a strategy to transform IBM into a project-based enterprise by raising project management to a core competency of the corporation. At that time, Mr. Gerstner made a decision that highly influenced the future success of IBM's transformation to a project-based business. Mr. Gerstner requested that an Executive Steering Committee (ESC) of senior executives from all IBM business units be established to champion the transformation effort. The Executive Steering Committee then chartered and continues to guide IBM's Project Management Center of Excellence (PM/COE), a formal Enterprise Project Management Office (EPMO), as its change agent for transforming IBM into a project-based business.

IBM's Transformation to a Project-Based Business

To achieve global organizational competence in project management across IBM, the PM/COE establishes and drives a consistent career infrastructure, a common methodology based on industry standards, and supportive project management enablers including processes, tools, and measurement systems. It also develops and supports IBM's community of knowledgeable project management practitioners. The PM/COE performs the role of interface between IBM's project manager community and other internal and external professional communities.

The PM/COE transformation strategy is driven by five key areas of concentration:

1. **One consistent project management delivery approach across IBM** that improves delivery timeliness and deliverable quality while reducing project costs. Communication is simplified and more timely with standardized tools, formats, and terminology. Project managers across IBM benefit from others' experience so they no longer waste time reinventing techniques already successfully used. IBM's World Wide Project Management Method (WWPMM) is the single project management method used across all IBM business units. Based on the Project Management Institute's (PMI) *Project Management Body of Knowledge (PMBOK® Guide)*, WWPMM is kept up to date with revised industry standards and changing best practices.

2. **Qualified project managers are assigned to all significant projects.** Selected PMP®-and IBM-certified professional project managers lead IBM's most significant projects, and most importantly the business unit management system supports and enables this assignment process. IBM-certified project managers meet requirements for professional education and experience commensurate with these senior position competency expectations. Industry studies show strong experience and education plans are critical to developing the best project managers and ensuring the breadth and depth of their professional vitality.

3. **Project managers and business executives are accountable for project and business success through the use of consistent project performance measurements and metrics.** In evaluating performance and achievement, IBM consistently assesses all aspects of practicing project management -- technical, schedule, and financial performance. Historical project data allows IBM to identify and evaluate trends and then improve current processes. IBM project

managers, project teams, and executives are assessed, recognized, and rewarded based on achieving project objectives and high client satisfaction.

4. **The development and nurturing of a committed, vibrant project management community.** A professional community thrives through the contributions of its members as they help each other become proficient in the practice of their profession. Applied community efforts include mentoring other project managers, teaching project management classes, performing project assessment and assurance activities as well as the sharing of experience through "lessons learned" exercises and published papers. Such "giveback" activities renew and refresh project managers and are considered not only a community social responsibility but an honor.

5. **Reuse of project management knowledge, experiences and best practices.** Knowledge, experience, and best practices are formally developed, documented and reused during projects and help project management maturity grow across the enterprise. A formal system driven by IBM Rational Asset Manager (iRAM) is in place and managed by the PM/COE to ensure effective knowledge capture and reuse.

Ongoing Stewardship by the Executive Steering Committee Continues to Drive Project Management Transformation

Although 15 years have gone by since the initial charter, the PM/COE remains an effective transformational EPMO that plays a key role by continuing to improve IBM's project and program management competency. In 2011, the PM/COE linked its strategy to IBM's Roadmap to 2015, the corporate strategic direction established by Sam Palmisano, IBM's Chairman and CEO, to ensure continuing growth for the company.

A major aspect of this corporate initiative is how our planet is becoming more intelligent, instrumented, and interconnected. With technology and networking so readily available, projects will make life better for the world's citizens, but these projects will become larger and more complex to deliver. To manage such complexities, IBM will continue to develop smarter project managers using three work streams:

- ■ **Interconnected project teams** using technology to connect individuals who manage projects and leverage assets and common processes;

- ■ **Instrumented metrics and measurements** of transformation initiatives that focus on scorecards, organization capability assessments, and business value metrics; and

- ■ **Intelligent practitioners** who grow their competency through education, experience, industry recognition such as certification milestones, and mentoring by more senior project and program managers.

IBM's transformation to a project-based business was a massive undertaking. The Executive Steering Committee continues to recognize that it requires a long-term investment of time, people, funding, and executive commitment to maintain this transformation. Business value is readily recognized today as is the need for the PM/COE to continue its transformational role and to stay focused on each business unit's progress. The project management initiative status is communicated by the PM/COE Director quarterly to the Executive Steering Committee, and then cascades to all levels of management.

The PM/COE measures IBM's progress by monitoring key initiatives using business metrics and a quarterly Red/Amber/Green scorecard for each business unit to identify areas of focus and to drive improvement actions. IBM's Global Quality Assurance organization also tracks the results of Project Management Reviews (PMRs) and the root causes of troubled projects. Troubled projects have a direct impact on client satisfaction, revenue, and employee morale. Consistently applying project management disciplines in IBM's service organizations has resulted in a significant decrease in the number of troubled projects with documented root causes in project management since tracking began.

The PM/COE enables the practice of project management to become systemic across IBM's global organization through strong and effective communications such as a dedicated intranet site, newsletters, management articles, best practices white papers, conferences, and lunch and learn sessions known as eSharenets. These deliverables provide

relevant information to IBM's project managers in the use of project management disciplines to successfully complete projects with higher business and client value.

The Executive Steering Committee also supports an ongoing program to ensure that IBM's professional project managers are recognized for their use and business impact of project management practices through the PM/COE's Project of the Year award. For example, IBM's 2010 Project of the Year award recipient reported the following project achievements:

- All six product releases were delivered on time with high quality and resulted in market acclaim;

- Significant follow-on business and account growth from the client team; and

- High client satisfaction and strong client partnership assessments.

These results were typical of other award nominations, making award winner selection difficult but providing tangible documentation of the value of project management practices and training. If deemed competitive, the winner of the IBM Project of the Year award is submitted as an entry to PMI's Project of the Year evaluation panel.

Summary

IBM has invested 15 years making project management a core competency that drives growth and successful business results. With the alignment to IBM's Roadmap to 2015, the PM/COE Executive Steering Committee continues to have a major role in support of the project-based enterprise transformational effort.

In retrospect, IBM's journey to become a project-based enterprise has included innovative initiatives that have resulted in:

- committed, skilled project managers;

- a breadth and depth of project management best practices;

- achievement of project and business objectives;

- an energized project management community supported by all levels of management; and

- accountable project managers and executives who are committed to showing greater business value through successful projects while preparing to deliver on the promise of a smarter planet.