

PMOs Where to? – Going Back to Basics

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Executive Summary

In the race for excellence and increased expectations of PMOs, some organizations have been setting their PMOs for failure either through the lack of understanding of what a PMO does or should do; or by asking too much of their PMOs to get from zero to 100 based on other PMOs that have been built. Prior to having PMOs, organizations tried to solve for their organizational challenges (e.g. lack of collaboration, lack of structure, lack of delivery, etc.) through organizational models structures (functional, divisional, matrix, and projectized). A great notion of a project base organization.

In this paper, the author aims at exploring the impact of organizational models on PMO's, challenges and issues surrounding the ignorance of PMOs abilities or asking too much of the PMO. The author will explain what it means to go back to basics and offers a simple five steps guiding principles to for organizations to consider when they embark on getting a PMO built.

Keywords

PMO, Project Management, Integration, function

Introduction

Organizations are structured in variety of ways that help them achieve their objectives and maximize their value. The structure of an organization influences the ability of its PMO to achieve the desired objectives. The “cultural norms” include: the common understanding, approach to executing, what is acceptable or not, and who influences decisions, are what is known organizational culture (PMBOK, 2008). “Organizational structure is an enterprise environmental factors which affects availability of resources, and influences how projects are conducted” (PMBOK, 2008, pg28). Therefore, if organizational structure shapes how projects are conducted, then most likely it will shape how the PMO function will deliver these projects.

As of today PMOs exist in variety of organizational structure and while there is no perfect structure, each of the structures has its advantages and disadvantages; organizations should maximize the advantages of a specific structure that works for their type of business and ensure the type of PMO required fits their organization structure.

Organizational Structure

An overview of these organization structures and their advantages and disadvantage will serve as a background as how organizations operate, and will help illustrate how PMO's fit in these organization structure.

- **Functional Structure**

Figure 1.0 refers to the functional structure were functions are centralized around their vertical strength whether this is IT, Finance, Marketing, etc. Advantages of such structure is in focusing on the subject matter expertise in one area, providing economies of scale, and ensuring clear line of authority. Disadvantages of this structure lies in its inflexibility, poor communication between functional areas, and low decision making abilities.

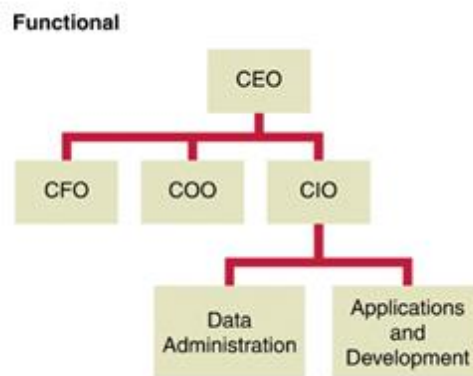


Figure 1.0 – Functional Structure

- **Matrix**

Figure 2.0 refers to matrix structure were organization have functional view as well as product/ project view. PMBOK describes the matrix as weak matrix, strong matrix and balanced matrix. In all it varieties the differences between strong, weak, and balanced is where the scale tips towards functional or projectized. Advantages of matrix structure is in the increased flexibility and responsiveness, improved resource sharing, and enhanced problem solving, cooperation, communication, and resource sharing. Disadvantage of this structure is that it may create frustration among employees who have dual lines of authority, increased coordination and communication, and conflict of interest.

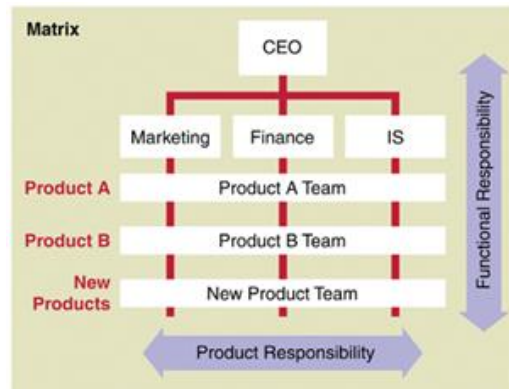


Figure 2.0 – Matrix Structure

- **Projectized**

Figure 3.0 refers to projectized structure where team members are co-located and most of the organization resources are involved in project work and project managers exercise highest level of authority under this structure. Advantages of this structure, focus on project delivery as the way of the organization, increased level of decision making at the project team level, and authority for project managers to influence outcome. Disadvantages: loss of control for some functional managers and fear of being less valuable.

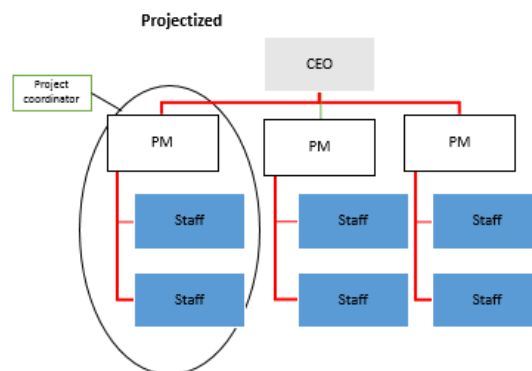


Figure 3.0 - Projectized Structure

PMO and organizational Structure

PMO's have existed in many organizational structures, as a matter of fact organizations rarely correlate the type of PMO to the type of organizational structure. The studies have been mainly on types of PMO's and where they may fit whether at the enterprise level, or departmental level, and whether they are IT centric, or business centric. In the (State of PMO, 2012), the reports makes reference to high performing PMOs and statistical data

showed that PMOs at the enterprise level have been highly performing PMO's regardless of type of organizational structure. PMOs in high-performing organizations are more likely to perform a variety of functions than PMO's in low-performing organizations (state of the PMO, 2012).

- Impact of organizational structure on PMO

PMOs embedded in a functional structure and operates at the departmental level will have difficult time succeeding because the fundamental advantage of a PMO is in harmonizing and working across the functions, and this is simply is not going to happen by the virtue of the functional structure. The organization is not set to be cross functional if it chooses functional structure as their model and if it chooses to operate every function in a silo based on the advantages of the functional model (e.g. clear line of authority and employees report into one function). PMOs embedded in a functional model at the enterprise level (i.e. reporting to an Executive) may have a better chance of influencing outcomes than PMOs that are embedded in a department, but influence will be limited and number of functions the PMO carry out might be also limited.

PMOs embedded in a matrix structure will have a better chance in operating cross functionally especially if the structure is strong matrix because these types of organizations are more comfortable with dual reporting structure by having a resource manager line of authority, and at the same time having a project manager running the project and tasking individuals from across the organization functions to provide their skills and expertise to deliver on a project objectives. Some limitations will occur possibly when operational activities collide with project delivery activities. The pendulum on priority will swing based on whether the structure is a weak or strong matrix structure and whether the organization has a formal process identifying resource needs and allocations.

PMOs in a projectized model will enjoy most liberty and freedom to operate as PMI suggested that project managers will exercise most authority in that model, so would the PMO assuming the project managers report into the PMO. When an organization model and culture are supportive of delivery through projects and the PMO is a pivotal entity in helping the organization sort that out, then PMOs will flourish the most. A PMO that is embedded in IT or in a specific department will still have limitations in prioritizing projects outside the PMO's realm of authority. Therefore, in a projectized model, PMOs ought to be at the enterprise level to drive the full benefit and alignment to achieve value by working on the right projects from portfolio perspective and working projects right from the execution perspectives to achieve organizational objectives.

- Major Challenges faces PMO

The author makes reference to several challenges the PMO faces in her publication "Managing the PMO lifecycle: A Step-by-Step Guide to PMO Set-up, Build-out, and Sustainability" which are summarized as: process and methodology, project managers skill level and reporting structure, and project and portfolio tools. In addition to these

challenges, there are two major challenges at a higher level that are impeding PMOs success in some organizations.

1- Challenges with executive level ignorance

When executives decide to build a PMO without knowing what the PMO can and can't do, they will be opening a door for interpretation from internal resources who potentially have their own agenda, or subject to consultants selling them on the build of the PMO based on a standard boiler plate to setup functions regardless of the organization need. Another major issue occur when the champion or sponsor of PMO lack the knowledge of PMO, then the measure of success for the PMO will be vague and anyone in the organization can interpret the success and failure the way they see it fit based on their agenda and limited knowledge of what the PMO should, shouldn't do.

2- Challenges with too much too soon

This particular challenge is dangerous because when taking on too much too early, it often backfires. PMO existence is a huge change management and transformation to the way organization does business and if it is not carried out with care and thought process to the impact on individuals, departments and the organization, it will be setting itself for failure. Some eager executives want the 12 horse power PMO going from 0 to 100 because someone has sold them on it as that's the only way to get the reward expected of a PMO. The journey of establishing a new function needs the right elements, and the right supportive structure.

Going Back to Basics

With all the hype about the PMO and its functions and what is the right type and structure that should be in place, the key for success is going back to basics. Regardless of the art and science that the PMO model will be built upon, simple guidelines will always keep the organization in check whether it is the executive looking to build or refresh a PMO, the PMO head looking to revitalize an existing PMO, or consultants looking to assess whether an organization needs a PMO. These five guidelines are summarized as follows:

1- Right sponsorship

Identifying who the sponsor should be is a key element, not because a functional head of a department want to create a PMO for him or her means the PMO should reside under him/her authority. The idea is to look at PMOs as solutions to organizational challenges, would be the right idea, but where the PMO should reside and who is the long term sponsor of the PMO is a different answer. Maybe the short term sponsor is different from the long term sponsor, who knows. Whatever the case might be the sponsor or champion needs to be neutral and has no conflict of interest in the process or content of work being delivered.

2- Right people

Hiring the right caliber and staff to work and run the PMO is important aspect and second in priority to having the right sponsorship. The balance has to exist for the PMO to succeed. Having great people but not having the right sponsorship is demoralizing for those PMO talents who may end up leaving or being let go. Also having the right sponsorship and not having the right staff that can align with the vision and mission will be a problem for PMO longevity.

3- Right size

Start small regardless of how big is the organization that the desired PMO is looking to support. The notion of the right size not only goes to the actual size of PMO in terms of number of support staff, project managers, etc, but also from the functions perspectives. The start of any function should focus on the small wins and then it is easier to scale up. Further, even in building processes and adopting methodologies, starting small and building upon early wins is always a sound strategy over a big bang approach or too much rigor too soon. The organization needs to absorb the change and reflect the learnings.

4- Right feedback loop

Holding multiple checkpoints and retrospectives at the various levels of an organization to ensure that the PMO functions, the sizing of work, and the number of staff are per the champions' expectations. Further, while the feedback and direction is from organization champions and executives, the focus should not be only to get feedback from the top layer. A process should be built to ensure continues pulse check from the users and consumers of the new methods being established. The benefits of having 360 feedback loop helps ensure instituting early continuous improvement and demonstrate the ability of being open to change based on value to the organization

5- Right support

Go back to item 1. Executive sponsorship upfront is not a one-time exercise and ushering the build of the PMO isn't the end of the job. It is in the sustainability and continuous improvement were support of leaders will be needed the most. The ongoing support of the champion to shield the PMO from the politically charged agendas that start to surface after the early days of the PMO's existence. The right support lies in setting up the expectation, guiding and directing the progress, and finally defending the cause and ensuring the success is seen by all stakeholders of the PMO. Only then PMO can maintain sustainability and longevity.

In all five guiding principles, it was stated in the beginning of each principle with the word "Right", right sponsor, right size, right people, etc. The word right is subjective and the reason it was used because what is the right fit for an organization might not be the right fit for another. The role of a PMO Head is to define what is "right" for the organization

and that has to be approved by the champion or the power to be in the house to ensure support and compliance. While all these principles apply to all types of organizations looking to have a PMO or those looking revitalize their PMO, the “right” value can only be determined by the organization only.

Conclusion

In this paper, the author reminded us with the various organizational models and explored the impact of these organizational models on PMO's, and which one of these models might be better suited for PMOs; although PMOs have existed in all types of models. The author covered two major challenges surrounding PMOs and proposed going back to basics. Then went on to explain what it means to go back to basics and offer a simple five guiding principles to ensure that organizations are looking at when they are looking to embark on getting a PMO built or revitalized.

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About the Author



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Waffa Karkukly is currently the President and Managing Director for the www.globalpmosolution.com. Waffa has an extensive experience in Project Management, specializing in building PMOs and revitalizing and assessing value proposition of existing PMOs. Waffa has helped organization improve their IT and / or Project management practices through building standards and proven solutions that improved the delivery process of an organization. Waffa is an active PMI member and a frequent speaker and panelist at the various PMI events. Waffa has a BSC in Information Systems from DePaul University and an MIT from Northwestern University in the United States, and is currently a PhD Candidate at SKEMA School of Business in France. She is a certified project management professional (PMP) and Agile Certified Professional (ACP) by the Project Management Institute (PMI®), and is dedicated to improving the understanding and standards of project management practices, especially in the Value proposition of building and sustaining successful PMOs. Waffa can be reached at karkuklyw@yahoo.com.