



# PMO Starter Kit

White Paper

January 2011

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# 1. About the PMO Starter Kit

The PMO Starter Kit is designed to provide guidance for individuals tasked with forming and managing a project, program or portfolio management office (PMO). It consists of three components:

- **PMO Starter Kit White Paper** (this document): This white paper provides a detailed description of a recommended plan for launching and developing your PMO organization.
- **“How to Plan, Implement and Manage a PMO” Presentation**: This PowerPoint slide deck delivers the information provided in the white paper in slide format. It can be personalized for your own situation and, as such, is useful in sharing and socializing your plan with key stakeholders.
- **PMO Action Plan Spreadsheet**: This Excel document provides a handy tool for communicating and tracking progress against steps outlined in the white paper and presentation documents.

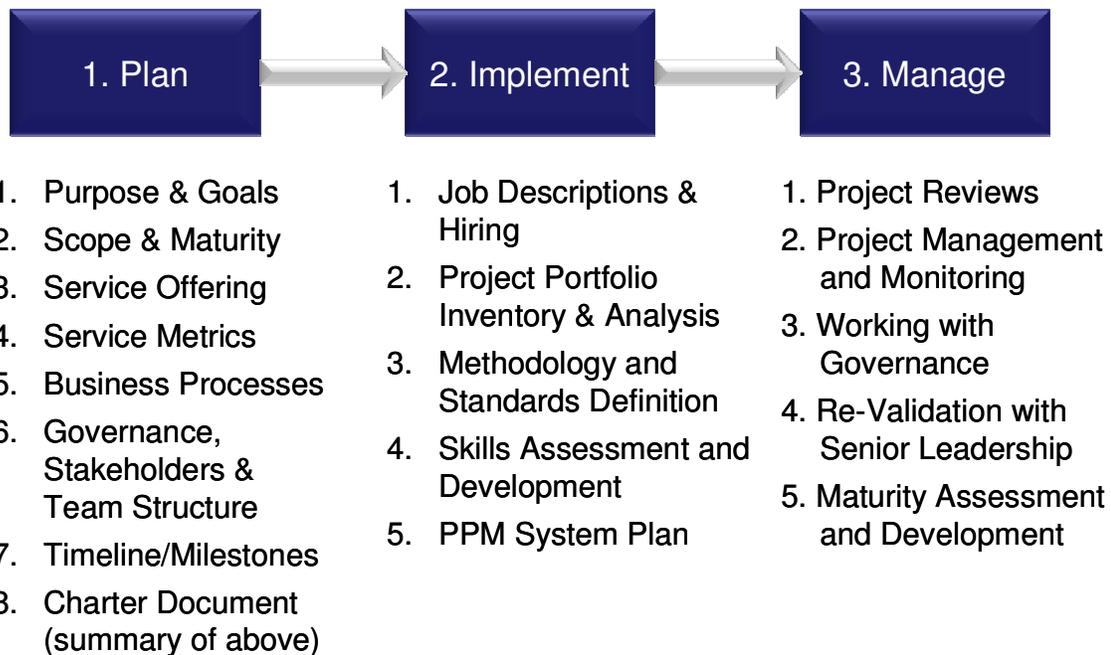


## 2. Introduction to the PMO Starter Kit White Paper

The goal of this white paper is to provide some concrete suggestions and guidance on how to implement a PMO. It is not intended to help make the business case for forming a PMO (although this document may in fact be helpful in this regard). Rather, it assumes that the business case has been made and the business decision has been made to move forward.

## 3. PMO Development Roadmap

The recommended PMO development roadmap consists of three primary phases: Plan, Implement and Manage. Each phase is broken in down into a number of sequential steps. This document will walk through each step individually and elaborates as necessary on the various concepts and recommendations presented.



## 4. Plan Phase

The plan phase is organized around asking and answering *why, what, how, who* and *when*. The answers to these questions form the core information that flows into the PMO charter. The initial plan phase should not be exited until the PMO charter is complete and buy-in from key stakeholders and customers identified in the planning process has been confirmed.

	<b>Key Plan Components</b>	<b>Key Questions Answered</b>
<b>Why?</b>	1. Statement of purpose/ goals	• What is the PMO's fundamental purpose and goals?
<b>What?</b>	2. Scope & target maturity 3. Core services offerings 4. Service metrics	• What is the scope of the PMO based on organization needs and target organizational maturity? • What core services will the PMO provide and how will success/value be measured?
<b>How?</b>	5. Business processes	• How will services be managed and delivered?
<b>Who?</b>	6. Governance Customers/Stakeholders PMO team structure	• Who does the PMO report to? • Who are the PMO's customers and stakeholders? • Who comprises the PMO team (key roles, org chart)?
<b>When?</b>	7. Timeline/milestones	• When will the PMO be in business and when will the core services come online?
<b>Summary</b>	8. Charter	• A simple one page summary document answering most/all of the above

### 4.1 Create Statement of Purpose and Goals

A simple statement of purpose and goals should serve as a guide for the PMO team and as a core communications platform to stakeholders. Potential goals include:

- Better alignment of project activity and business strategy and investments
- Consistent adherence to a project management process and methodology
- Improved collaboration and knowledge and best-practice sharing
- Resource pool readiness (training) and competency to meet evolving IT and business needs
- World-class resource utilization and capacity management
- Executive visibility to project, program and portfolio-level status, issues, risks, costs, etc.

## 4.2 Define Scope and Target Maturity

Your PMO goals (defined above) need to be put in context with respect to scope and target maturity.

The **scope** dimension can be defined by three levels: Project, Program and Portfolio.

- **Project.** Focus is on PM training, mentoring, coaching; project-level budgets, scheduling, resources, deliverables, scope, risks and metrics.
- **Program.** Concern is with the coordination of business and IT projects, program planning, change/risk mgmt, coordination of project delivery and results measurement.
- **Portfolio.** These PMOs focus heavily on benefits realization management; knowledge management, portfolio scope definition, overall investments and resource utilization, benefit and risk assessment, and performance monitoring.

Understanding your current level of IT/PPM **maturity** is critical to setting achievable IT organization maturity goals. The Capability Maturity Model Integration (CMMI) provides a widely used and standardized framework for describing the levels of IT organization maturity:

- **Level 1: Reactive** – Methods are undocumented and delivery, budgets and schedules are uncontrolled.  
Next level when: Methodology is defined for project tracking and scheduling, time tracking, resource assignments, project oversight and support.
- **Level 2: Repeatable** – Processes are not consistently used and projects regularly exceed budget and schedule.  
Next level when: Automated processes are in place for project budgeting, risk, issue and requirements tracking and resource management.
- **Level 3: Pro-Active** – There is a commitment to documented, standardized PM and delivery processes company-wide.  
Next level when: Automation of additional functions is in place such as financial management and business process modeling.

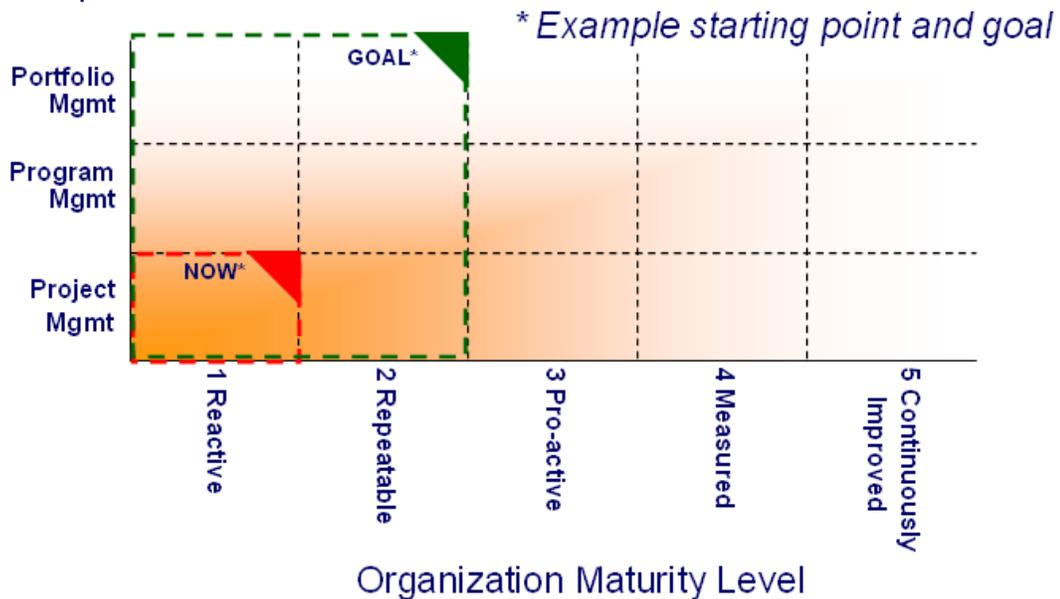
- **Level 4: Measured** – KPIs are specified and monitored regularly and project and program delivery is predictable and controlled.

Next level when: There is evidence that an innovative process improvement culture has taken hold.

- **Level 5: Continuously Improved** -- Processes are regularly extended to external entities and collaboration practices are state-of-the art.

A simple matrix defined by the scope and maturity dimensions can be used to depict where an organization may be today and where it hopes to be over a defined period of time through the tools and influence of the new PMO. In the example below, an organization currently describes itself as “project-focused” with respect to scope and “reactive” (Level 1) with respect to organizational maturity. The goal is to expand the scope of PPM practices to include program and portfolio management oversight while working towards “repeatable” (Level 2) maturity for project, program and portfolio management practices across the organization.

### PMO Scope





#### 4.4 Define core service metrics

Metrics for managing the performance of each service offering need to be defined. The table below provides examples that are frequently used for various service offerings.

Potential Service	Example Metrics/Success Criteria
Business Strategy Alignment	<ul style="list-style-type: none"> <li>• # of projects aligned with key business strategies</li> <li>• Project health by strategy (# or %)</li> </ul>
Methodology and process consistency	<ul style="list-style-type: none"> <li>• % projects following approved methodologies</li> <li>• # or % of milestones or phases completed as planned</li> <li>• % projects completed on time</li> </ul>
Collaboration and knowledge management	<ul style="list-style-type: none"> <li>• # of best practice documents submitted to knowledge base</li> <li>• # or % of issues resolved leveraging lessons learned</li> </ul>
Professional development	<ul style="list-style-type: none"> <li>• # of “certified” PMs or PMs trained in company process</li> <li>• Training courses delivered</li> <li>• % decrease in expenditures on contractor/outside help</li> </ul>
Resource management	<ul style="list-style-type: none"> <li>• % improvement in resource utilization</li> <li>• % improvement in employee satisfaction</li> </ul>
Issue & Risk management	<ul style="list-style-type: none"> <li>• # of issues reported; % reported issues resolved</li> <li>• # of high-impact issues</li> <li>• % of aged issues</li> </ul>

#### 4.5 Define business processes

The next step is to figure out how the services will be managed and delivered. The graphic below provides some high level descriptions of example delivery mechanisms which are typically deployed to operationalize various PMO service offerings.

Potential Service	Example Scope, Focus	Target Delivery Mechanism
Business Strategy Alignment	<ul style="list-style-type: none"> <li>• Alignments to corporate strategies</li> </ul>	<ul style="list-style-type: none"> <li>• PPM system delivers strategy alignment functionality using listings, reports, and dashboards</li> </ul>
Methodology and process consistency	<ul style="list-style-type: none"> <li>• Focus is on standards and methodologies for project execution, risk identification, issue resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Methodology expertise and knowledge transfer delivered via training services</li> <li>• Consistent delivery enforced by PPM system</li> </ul>
Collaboration and knowledge management	<ul style="list-style-type: none"> <li>• Best practice projects, tools and templates</li> <li>• PPM community</li> </ul>	<ul style="list-style-type: none"> <li>• Globally accessible web-based knowledge base leveraging PPM system document repository</li> </ul>
Professional development	<ul style="list-style-type: none"> <li>• Methodology training and certification</li> </ul>	<ul style="list-style-type: none"> <li>• Delivered via blended learning software platform (ILT + eLearning)</li> </ul>
Resource management	<ul style="list-style-type: none"> <li>• Resource management will initially focus on resource assignment visibility and basic resource utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Core function of PPM software solution</li> </ul>

## 4.6 Define Governance, Stakeholders, and PMO Team Structure

In this step, the PMO plan must address the various “who” questions. Who is going to deliver the service offerings that have been identified? Who is the customer for these services and who is the PMO accountable to for the delivery of these services?

Specifically, the plan should:

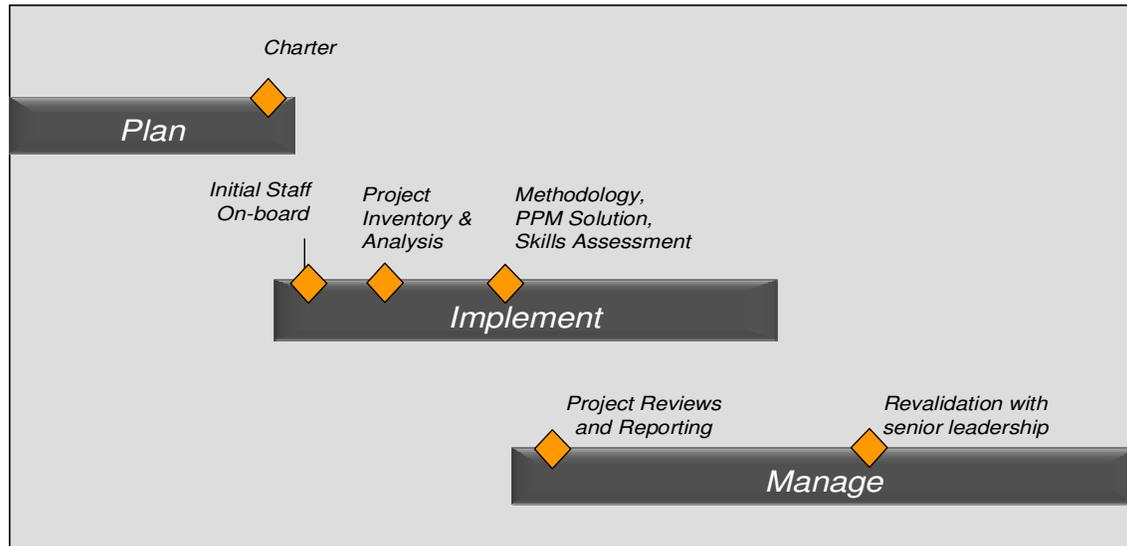
- Identify direct reporting relationships and dotted-line sponsors/champions
- Define organizational structure and roles and responsibilities.
- Solicit and track stakeholder agreement.

### Example PMO Reporting Structure



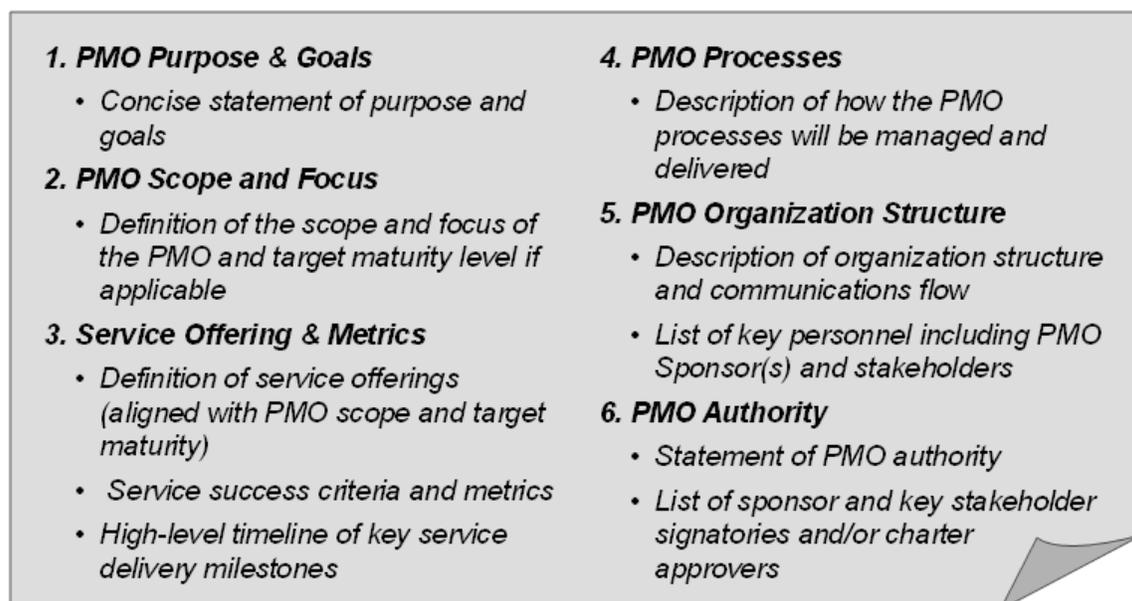
## 4.7 Create Timeline and Identify Key Milestones

Of course, every plan must clearly identify key phases and milestones. This PMO starter kit recommends at least three primary phases: Plan, Implement and Manage. Some major milestones are suggested in the graphic below.



## 4.8 Publish Charter

Once all of the *why, what, how, who* and *when* questions have been answered, the organization is ready to publish and communicate its charter, which is essentially a high-level summary of this information.



## 5. Implement Phase

### 5.1 Define Key Roles/Job Descriptions

The first step in the implementation phase is to execute the hiring plan. With the high-level team structure defined, it is now time to refine key role definitions and job descriptions and begin the recruiting process. Example role and job description summaries are provided below.

#### **PMO Director**

**Job Description:** Sets strategic direction. Defines, manages to and reports KPIs. Creates and maintains tool, templates, best-practice and methodology documentation.

#### **PM Manager/Support**

**Job Description:** Manages the PM resources and provides PM coaching and mentoring. May serve as PM resource for strategic projects. Tracks organization-wide resource capacity and utilization recommending optimal allocation.

#### **Training/Professional Development Manager**

**Job Description:** Assesses organizational and individual competency levels and skills to determine needs. Designs and delivers curriculum/service offering and certification program.

#### **PMO Analyst**

**Job Description:** Maintains PMO dashboard and reports. Assists project teams with reporting and tracking. Provides systems support and administration (project inventory database, knowledge repository, collaboration platform, etc.).

### 5.2 Gather Project Inventory and Analyze

For every active and proposed project, the PMO should gather basic information such as:

- Project name, description and scope
- Alignment (business unit, program, initiative, strategy, portfolio)
- Project type
- Project personnel (PM, project sponsor, project team)
- Requestor and internal priority
- Dates (plans, actuals)
- Financials (budget, costs, ROI, approved changes)
- Outstanding issues

Once project data has been collected, it must be analyzed to (1) understand potential issues and opportunities that exist right now and (2) generate baseline metrics for future trend and comparative analytics. Example findings that may trigger near-term action include:

- “Projects are not generally aligned with business objectives”
- “There are some common project issues such as...”
- “Projects with certain attributes such as [fill in the blank], are generally not on-time”
- “We have a project cost/estimation issue.”

### **5.3 Define Key Methodologies and Standards**

In this step the key methodologies and standards are defined. This includes project execution methodologies that the PMO will support in terms of providing training, coaching, mentoring, tools and templates (e.g. Agile for IT; Stage-Gate for new product development; Six Sigma/DMAIC and Lean for process improvement).

This also includes providing standard definitions for project-related concepts and attributes such as *issues*, *risks*, *change* and *trigger events*, as well as standardized processes for associated actions such as *assignments*, *qualifications*, *escalations*, *resolutions* and *communications*.

### **5.4 Build Skills Assessment and Development Plan**

Most PMOs are charged with improving the organization’s project management skill set and overall maturity and competency level. To accomplish this, an organizational skills assessment must be conducted to establish a benchmark. A development plan should be constructed – at the organizational and individual level – that focuses on closing the gap between the benchmark and the target skill or competency level.

The resulting remediation plans should be developed in coordination with functional and resource managers. Optionally, a certification program may be implemented to validate and recognize competency and skills attainment.

Systems should be leveraged to track development plans, training, certifications and feedback on training effectiveness.

Outsourcing may be considered for some or parts of the skills assessment, development planning and training delivery process.

## **5.5 *Build a PPM System Plan***

The systems plan depends obviously on the initial and projected scope and scale of the PMO organization and project-intensive environments it serves. An appropriate solution can range from an Excel spreadsheet to an enterprise-class on-demand PPM system. As a result, it would not be meaningful to provide detailed guidance in this area beyond the following high-level best practices.

Requirements should map to PMO service offering enablement such as strategy alignment capabilities, resource utilization, project execution consistency, best practice sharing and collaboration, integrated training administration and project tracking (e.g., status, issue, risk, schedule, time tracking).

The system must provide an easy way to report on project, program and portfolio metrics that have been identified for each service offering. This includes the ability to easily compose, share, print and communicate dashboards and reports.

Finally, make sure that there is a well-thought out plan to integrate with existing systems as necessary and there is sufficient emphasis placed on systems training. Solution training should be offered to everyone involved in the project management process.

## 6. Manage Phase

### 6.1 Conduct Project Reviews

Conduct periodic project and program reviews that focus on:

- For Projects
  - Consistent project planning, delivery and reporting
  - Ensuring the project is focused on scope and objectives
  - Task assignment and reporting process and results
  - Issues and changes
  - Project communication effectiveness
- For programs
  - Master schedule and rollup of issues/costs
  - Project dependencies being met and reported
- For both:
  - Assess team skills and offer training as needed

### 6.2 Establish a Project Monitoring and Management Model

For all in-flight projects it is important to operationalize a process for monitoring changes to status, issues, risks, costs, etc. This involves sub-processes for detecting these changes, qualifying and/or quantifying the potential impact, communicating and escalating the impact to relevant stakeholders, and triggering plans of action for resolution or mitigation.



### **6.3 Work with Governance**

Maintaining the support of the PMO governance entity will be critical to long-term survival. While governance is interested in project-level progress, they are more concerned with structural change and strategic process and direction. In this regard, they may look to the PMO to play an advisory or consultative role. As a result, the PMO should stand ready to make project recommendations in the following areas:

- Retaining: The PMO should be able to recommend and justify projects that should be kept alive.
- Killing: The PMO should recommend projects to discontinue based on metric results (performance), duplication of effort, lack of alignment with corporate initiatives, resource contention considerations, etc.
- Consolidating: The PMO should identify opportunities to consolidate disparate project efforts into a single project or program in order to achieve greater project execution efficiencies, outcome coordination or to re-focus efforts and resources.
- Reprioritizing: The PMO should be able to make recommendations regarding project priorities and opportunities to shift project resources

### **6.4 Revalidate with Senior Leadership**

Questions the PMO should be ready to answer at all times include:

- Are we providing value?
- Are any changes needed?
- Have we driven our organizations maturity to the next level?
- Can we answer the critical questions?
- Are we doing the right projects?
- Do we know the current status of all projects?
- Are we managing, escalating, and resolving project Issues?
- Do project and program managers have the right training?
- What is our overall resource utilization?

## 6.5 Mature your PMO

The CMMI maturity model described earlier in this document pertained to the maturing of the organization that the PMO serves. The PMO itself needs to mature as well. The PMO maturity model depicted below provides a starting point for modeling an appropriate evolutionary path in your organization. Since business context is unique for every enterprise (e.g., goals, business drivers, organizational structure, culture, etc.), any maturity model can only be viewed as a template and launching point for further discussion on how best to plot the most efficient and successful path forward.

Maturity Level	Key Process Area Concentrations	Strategic Focus	Effective Span	Next Phase when...
5 Integrated	<ul style="list-style-type: none"> <li>Value, Procurement, Outsourcing, and Contract Management</li> <li>Business Continuity Planning</li> <li>PM Center of Excellence</li> </ul>	Integration with Business	Enterprise / Industry – Strategy Execution	A whole new paradigm for Enterprise PPM and governance is invented.
4 Managed	<ul style="list-style-type: none"> <li>Program Process, Vendor, Project Integration, and Staff Performance Management</li> <li>PM Career Path</li> <li>Best practices dissemination</li> <li>Enterprise-wide resource planning/mgmt</li> </ul>	Dynamic Micro-Level Change, Continuous improvement	Multiple SBUs – Strategic Alignment	Project success is the norm and little PMO resource goes to crisis management. PMO established as focal point for optimizing project execution performance enterprise-wide
3 Defined	<ul style="list-style-type: none"> <li>PM Methodology</li> <li>Skills, Risk, Staff/Environment Resource, Change, Conflict/Issue Management</li> <li>PM Training and Consulting</li> <li>Knowledge Management</li> </ul>	Static Macro-Level Change	Multiple Programs or Portfolios	PMO viewed as an important link between IT project/program delivery and the business. PMO takes lead in objective setting and performance monitoring.
2 Stable	<ul style="list-style-type: none"> <li>Planning, Tracking, Estimating, Risk Identification, Schedule, Scope, Budget/Cost, and Progress Reporting Skills</li> </ul>	Stabilize Performance, Standardize processes	Multiple Projects (Portfolio or Program)	PMO now viewed as Program or Portfolio Management Office
1 Initial	<ul style="list-style-type: none"> <li>Basic tools/techniques, methodologies, services, roles, standards established (underlying disciplines may not be understood or consistently followed)</li> </ul>	Success Stories, Low-hanging fruit	Individual Projects	Start to see initial "pull" for PMO services and info.