
Overview

CBO have extensive experience of designing, implementing and operating Project, Programme and Portfolio Management Offices across a number of industries. The term PMO can apply to any of these functions, but for the purposes of this paper we will be looking at the over-arching Portfolio Management Office function. This is because it is the most likely to provide strategic value to an organisation, and because the standards, processes and tools it establishes are replicable, and can be inherited, by subsidiary project and programme management offices.

A PMO plays a critical role in helping an organisation to deliver its strategy, vision and objectives. Our team has worked with many businesses to ensure that the potential of their PMO is realised, and the benefits it delivers are maximised.

This insight paper shares elements of our experience, the lessons we have learnt along the way, and explains how we take organisations on the journey to PMO success.

Why create a PMO?

Most organisations recognise the need to evolve or transform to pre-empt, or react to, a rapidly changing world. Few, however, find this to be a pain-free process.

Many organisations seek to improve the way in which they deliver change through the adoption of proven project management methodologies. While this is often delivers significant improvements, it is not – on its own – a panacea. Research in 2013 by the Standish Group found that 43% of projects were challenged (late, over budget, and/or with less than the required features and functions); and 18% failed (cancelled prior to completion or delivered and never used). Analysis by other respected organisations, such as McKinsey and Forrester Research, echoes this.

Why is this the case?

In our experience, many projects struggle or fail because they are islands of good practice, and are not supported by a consistent, realistic, or strategically aligned corporate approach to delivering change. While there can be a number of contributing factors to this, such as a failure to focus sufficiently on Business Analysis or Change Management, we often find that a root cause is the lack of appropriate management of the organisation's overarching portfolio of change. The impact of this is shown in the common, frustrating, and negative cycle shown in the diagram on the following page.

Portfolio

A collection of projects or programmes and other work that are grouped together to facilitate effective delivery of the organisation's strategic objectives. The projects or programmes included in the portfolio may not necessarily be interdependent or directly related

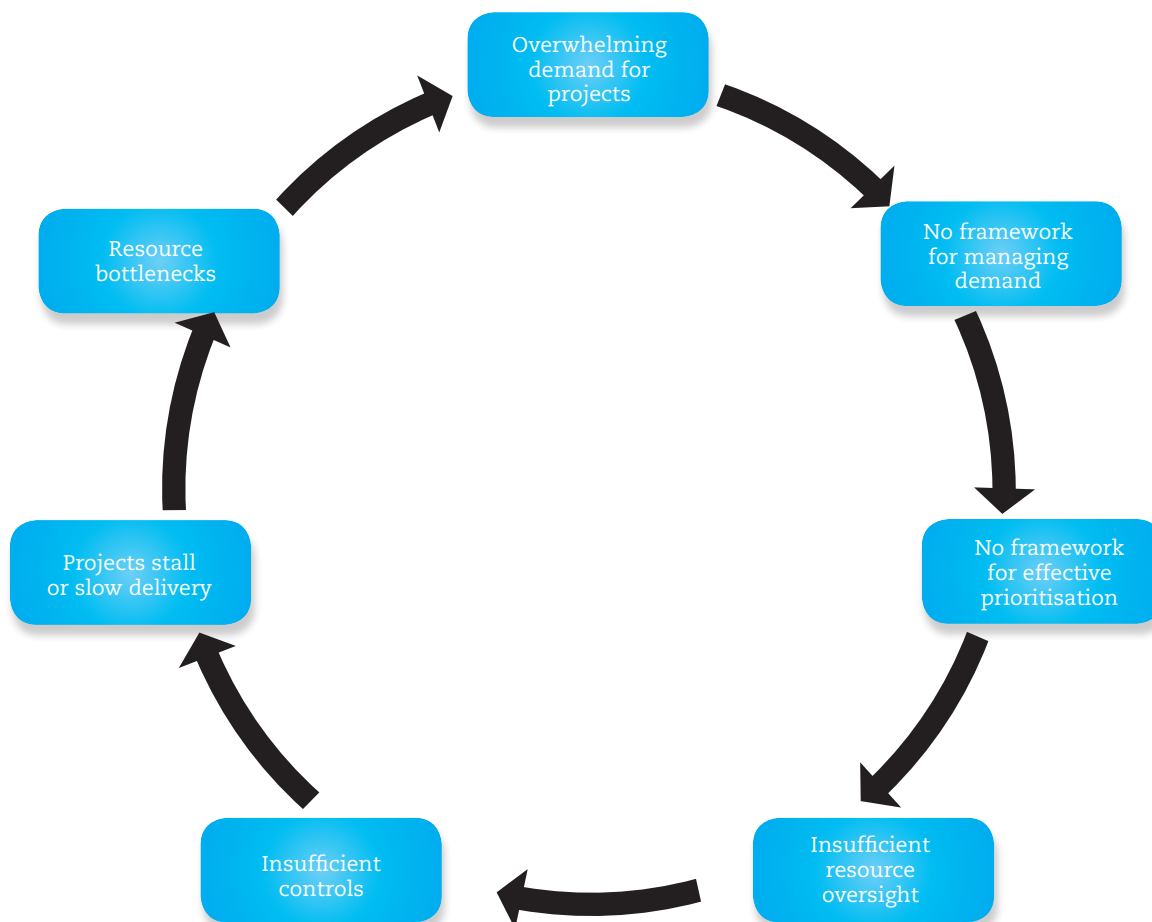
Programme

A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programmes may include elements of related work outside of the scope of discrete projects in the programme.

Project

A set of co-ordinated and controlled activities with start and finish dates, undertaken to achieve an objective conforming to specific requirements including the constraints of time, cost and quality.

Why create a PMO?

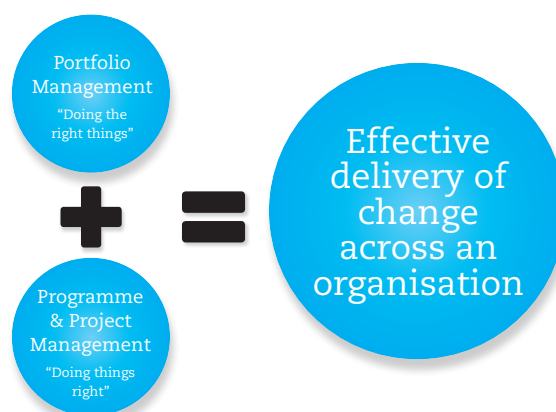


The negative cycle of weak portfolio management

A Portfolio Management Office provides an organisation with the capability and framework to manage its overarching demand for change, convert it into a coherent and structured portfolio of projects, and then provide assurance that those projects are being delivered effectively. Specific benefits delivered by a PMO include:

- Provides a Portfolio (top-down) view of all projects and programmes
- Enables effective prioritisation of change
- Improves alignment between projects and business strategy and vision
- Ensures greater project success through defined and effective processes
- Allows for more efficient planning and use of resources
- Provides a structured means for measuring and managing benefits.

At its heart, the value of a PMO lies in understanding that the effective delivery of change requires Portfolio Management, in addition to Programme and Project Management. The former ensures that the right changes are progressed by an organisation, while the latter two ensure that those changes are delivered in the right way. When a PMO is designed and implemented well, it becomes an incredibly valuable strategic asset for your organisation.



How to ensure PMO success

The concept of a PMO is by no means new but, relative to functions such as Finance and Human Resources, there are fewer agreed standards as to what constitutes the responsibilities of such a function and where its boundaries lie. For the purposes of this document we have pared-back the potential responsibilities of a PMO to a core set that would provide our current and potential Channel Islands clients with an effective, value for money, Portfolio Management Office.

A PMO of this sort would deliver three functions: Portfolio Support, Project Support, and a 'Centre of Excellence'. Each of these is described below.

Portfolio Support

- Coordinating and prioritising all changes to be delivered, including the use of resources for business analysis, project management and other project-related activities.
- Reporting on the current status of the entire change portfolio to the Executive, ensuring that any issues and risks are effectively managed, and that benefits are monitored and delivered. Reporting includes:
 - current and future resource requirements,
 - key issues & risks that need Executive attention,
 - portfolio spend against budget,
 - achievement of benefits.

Project Support

- Providing the consistent methodology and framework for delivering projects and change.
- Supporting the development of ideas into projects in a structured manner, including the development of robust business cases, and helping project to get established in the manner most likely to ensure success.
- Supporting project managers throughout each project lifecycle.

Centre of Excellence

- developing appropriate standards for the organisation and ensuring those agreed standards are applied proportionately.
- Recruiting, managing, training and continually improving the performance of projects managers.
- Conducting gateway and ad-hoc reviews on projects as directed by the Executive.

The biggest challenge to successfully embedding a PMO is the risk that the introduction of the processes and responsibilities listed above translates into an overly bureaucratic approach to delivering change, which feels like it is strangling front line service delivery and innovation.

As with project management, there is a balance to be found between maintaining an appropriate level of rigour around processes and allowing the business the freedom to breathe, be creative and have the agility to react to market or client demands.

When developing a PMO, and when deploying Project and Portfolio Management software to support it, we recommend adherence to the core principle of "doing the basics well". At its heart a PMO should know who is doing what, when, why and how much it's going to cost. If the PMO can maintain that information, and keep it up to date for the entire portfolio of projects, then it will already be mitigating much of the business risk relating to change.

From our experience of designing, implementing and running PMOs for a wide variety of organisations, we have developed a standardised implementation approach.

This is based around 4 phases:

1. Discovery
2. Design
3. Implementation
4. Operational Handover.

How to ensure PMO success

Prior to initiating this 4 phase approach, CBO work with the organisation to secure Board-level support and active sponsorship for both the project required to implement the PMO and for its role in the future. The process of establishing corporate prioritisation and control of change initiatives, while rationally attractive to most executives, can generate emotional resistance. This is because it forces senior managers to consider and balance their priorities alongside those of their peers, and can lead to de-prioritisation of projects that they personally hold dear. It is important to discuss this risk with the Board, and agree how it will be managed, before work on the PMO's implementation begins.

As part of this pre-project work with senior Executives, it is essential to identify a single Board member who will ultimately own the processes around the planning and delivery of change. This sponsor is the person that the PMO will report into, and must be both sponsor and an active participant in the PMO's implementation.

Discovery

This initial phase is essential, as it ensures that the design of the PMO is appropriate for all aspects to the organisation. There are two key elements to this Discovery work.

First, it is important to understand what the organisation requires of the PMO. CBO have a proven approach, centered on our **Strategic Assumptions Framework**, to help the Executive and other key stakeholders to combine their explicit formal business strategy with implicit, previously unarticulated, assumptions about how change needs to be delivered. Discovering these strategic assumptions allows CBO ensure that the PMO's detailed design is built around the organisation's requirements, and directly address any conflicting expectations of the PMO.

Second, it is beneficial to build a detailed understanding of how change is currently being delivered. Using CBO's tried and tested **Rapid Project Review** process, we gain a consistent and rounded understanding of what change the organisation is currently delivering, what elements of current arrangements work, and what is causing problems.

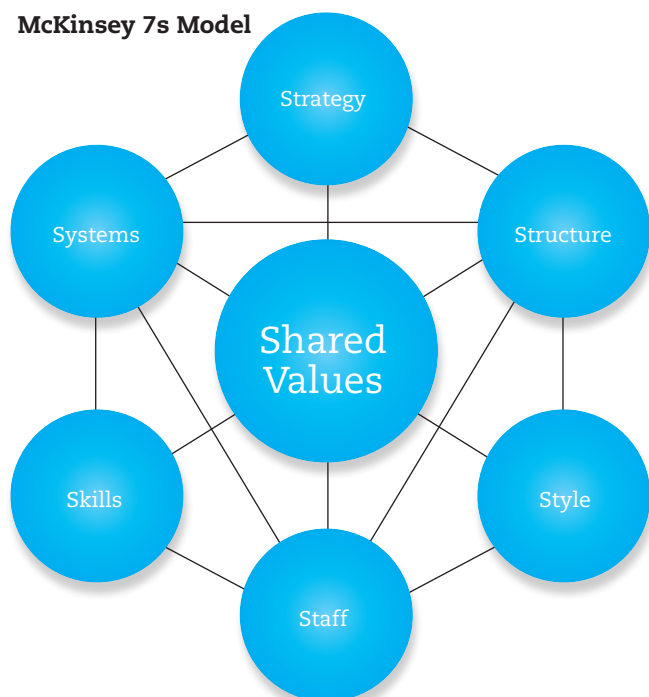
In its totality, the Discovery Phase allows CBO to understand both the organisation's strategic requirements of its PMO, and the operational issues that must be addressed for the PMO to be successful. This information allows provides key foundations for the second phase of our process: Design.

Discovery: The Essentials

What is it?	Why do it?	The CBO Approach
Understanding what an organisation needs and expects from a PMO	To ensure that the Design of the PMO meets the business' expectations, and will be adopted by all elements of the organisation.	CBO apply a proven tool, the Strategic Assumption Framework to combine an organisation's explicit and implicit (previously unarticulated) requirements of a PMO.
Understanding what currently supports and prevents the effective delivery of projects.	To ensure that the PMO harnesses the existing strengths in the organisation's delivery of change, and addresses current problems.	CBO's Rapid Project Reviews allow for the fast but detailed development of a comprehensive understanding of the organisation's current delivery of projects.

How to ensure PMO success

McKinsey 7s Model



Design

The Design phase of CBO's work includes four workstreams. These deliver:

- A Target Operating Model
- A Process Set
- A Tool Set
- An Implementation Plan.

The creation of a **Target Operating Model** precedes the other three workstreams. Building on the Strategic Assumptions Framework and thematic findings from the Rapid Project Reviews, this Target Operating Model provides a rounded description of how the PMO will operate, and how it will link to other teams and functions within the organisation. To ensure that this Target Operating Model is complete, providing the organisation with the wide range of design information it requires to implement the PMO, CBO utilise a methodology developed from the McKinsey '7s Approach' to Target Operating Model design. This approach covers both the 'practical' aspects of the PMO's design (its structure, size, role profiles, etc) and the 'cultural' ones (the manner in

which it will engage with managers and front line staff, etc).

Once the Target Operating Model has been designed, CBO focus on the development of a **process set**. We bring a set of example good practice processes to this work, which are based on both recognised standards such as Prince 2, P3O, PMBOK and ISO:21500 and our experience of 'making PMOs work' with other organisations. We always work closely with staff from within the business to localise these processes, as we recognise that their success is highly dependent on the ease with which they interlock with the organisational culture, and existing ways of working. There are, however, a number of key principles that we strongly discourage an organisation from deviating from. Examples include:

- That every Programme and Project should have a single, named, Senior Responsible Officer
- That project management processes should be proportionately applied to reflect the complexity, cost and risk of a project
- That all projects of significant size should be subject to an independent Gateway Review process.

Once the processes that will be applied are defined, CBO focuses on the **tool set** to be used by the organisation. The first question to be asked about tools is whether it is in the organisation's interest to invest in an electronic Portfolio Project Management (PPM) system. This will be determined by a range of factors, such as the size of the organisation's portfolio of change and the number (and physical distribution) of people involved in its delivery.

Increasingly, CBO are seeing and supporting the adoption of PPM tools such as Daptiv, Clarity and Microsoft Project Online. These are proving effective at ensuring all projects comply with some minimum basic project management processes while providing senior stakeholders with clear visibility of the project portfolio as a whole.

CBO maintains and regularly refreshes a market analysis of PPM tools, so that we can provide reliable and up-to-date advice on the technological options available to our clients, and their likely costs.

How to ensure PMO success

Complementing this, CBO also maintain a full suite of Portfolio and Project Management templates. This means that our clients will have rapid access to good quality tools for use by their PMO, independent of any decision to invest in a PPM tool.

The final element of the Design phase is the creation of an **implementation plan**. CBO are strong believers

that any organisational model we design must be easily implemented by our clients. To this end, we always develop a detailed implementation plan, incorporating all key activities required. The strength of these builds on our core competence as Project Management experts. Further detail relating to the Implementation process is given below.

Design: The Essentials

What is it?	Why do it?	The CBO Approach
Developing a Target Operating Model to describe how the PMO will run.	To provide a shared, rounded, model of this new function that all elements of the organisation can interrogate and understand.	CBO have a proven approach to developing Target Operating Models, based on the McKinsey '7s Approach', that provides organisations with a rounded description of how their PMO will operate.
Develop a set of PMO processes	To provide a clear and consistent detailed description of how the PMO will work on a day-to-day basis.	CBO's work with clients to 'localise' a set of PMO processes that are based on international best practice and CBO's practical experience of PMO implementation.
Develop a set of PMO Tools	To provide a consistent means of underpinning key decisions and communicating key information. Often, our clients choose to adopt an electronic Portfolio Project Management tool. CBO maintain and up-to-date market analysis of PPM tools.	CBO maintain an up-to-date market analysis of ppm tools CBO also maintain a comprehensive document library of Office-templates for running PMOs.
Develop an Implementation Plan	To ensure that a PMO can be implemented easily, it is essential to have a clear and comprehensive plan for how it will be set up.	CBO draw on their expertise as Project Managers to provide each client with a detailed plan for the implementation of the designed PMO.

How to ensure PMO success

Implementation

The implementation of the designed PMO includes many of the same elements as any other capability development or organisational change project. As a minimum, the project will need to manage the changes in staff roles, or recruitment of new staff, and the implementation of the agreed processes and the introduction of the agreed toolset that will underpin them.

In this paper, we draw attention to three pieces of learning we have taken from PMO implementations we have led. These are as follows.

First, do not underestimate the challenge of introducing a new function into an organisation. While there is often cross-organisational sign-up to the concept of introducing a PMO, there are often practical barriers to freeing up the resource or funding required to implement it. CBO have found that close working with the PMO's sponsor, supplemented by a pragmatic and flexible mindset as to how the PMO can be successfully implemented, is essential to overcome these barriers. A range of solutions, such as capitalising some PMO costs, and implementing interim organisational structures, have

allowed our clients to overcome seemingly overwhelming challenges to making a PMO a reality. Second, do not underestimate the need to 'fine tune' a PMO toolset to support an organisation. Regardless of whether a business chooses to invest in software or rely upon Office-based templates there will need to be careful specification of how the tools need to be configured or drafted to ensure they are fit for the organisation to adopt. This analysis needs to be conducted at a detailed level, particularly if a software supplier is to be contractually engaged, to ensure all aspects stitch together effectively and all PMO processes integrate with other corporate processes.

Third, do not underestimate the need for change management activities. CBO's experience shows that training for all staff impacted will be required, high-level and detailed communications to various stakeholder groups, and testing and initial data loads need to take place to ensure the requisite tools are configured correctly. It is CBO's process to run this activity in partnership with the staff who will subsequently be running the PMO, so that all training materials, etc, can be re-used to refresh staff over time and induct new colleagues.

Implementation: The Essentials

What is it?	Why do it?	The CBO Approach
Enacting the Implementation Plan	A structured, rounded, and focused implementation of a PMO is essential for ensuring that it is taken up by the organisation and delivers expected benefits.	CBO bring a depth of expertise to implementing PMOs, and are able to provide authoritative advice on what activities are essential, and how to overcome common implementation problems.

How to ensure PMO Success

Operational Handover

Post-implementation, it is critical to ensure the PMO remains actively supported, particularly by senior stakeholders. Much of the perceived flexibility (absence of project processes) will fall away at this point and some in the organisation may feel that the centralisation of coordination is overly bureaucratic. This concern will ease over a period of months as all projects are brought into line with standard project requirements and as new projects are established in line

with corporate standards. Of critical importance is the regular heartbeat of governance to ensure a forum exists where concerns are aired, necessary changes adopted and all stakeholders kept informed of progress.

CBO typically provide on the ground support during the first few weeks followed by a period of support for the Portfolio Board (or whichever governance body oversees the delivery of change) to ensure the PMO successfully embeds itself fully into the day-today operations of the organisation.

Operational Handover: The Essentials

What is it?	Why do it?	The CBO Approach
<p>Ensuring that light-touch support is available to the new team running the PMO as they embed and put the design into practice.</p>	<p>Without a structured period of Operational Handover, a new PMO function can become overwhelmed by the volume of information it is expected to master, and also be 'defeated' by stakeholders who are uncomfortable of the loss of complete autonomy of how change can be delivered.</p>	<p>As a Channel Islands-based consultancy, we can provide light-touch Handover Support without generating significant cost overheads. We are always 'on call', expense-free, to come on-site and provide short, focused, pieces of post go-live support.</p>

Conclusion

Most businesses would benefit from implementing a PMO. Very few organisations, independent of sector, are in the happy situation of having sufficient resource to deliver all of the changes they know would improve their business. Trying to press ahead with all such changes, blind to the resourcing impact that that would have, is a recipe for confusion, delay and staff discontent. A well-designed and implemented PMO is, by contrast, a proven tool for ensuring that the right changes are delivered in the right way.

CBO understand, however, that the appropriate design and implementation of a PMO is primarily determined by the way in which an organisation already functions. A PMO needs to enhance positive behaviours within a business, and has a role to play to address ways of working that the Board wish to discourage.

CBO have a tried and tested approach to working in partnership with an organisation to deliver the right PMO, and ensure that it is successfully embedded. We hope that you will wish to explore this with us. Independent of our involvement, however, we reiterate the three most crucial elements of making a PMO work for your organisation:

- Ensure that the introduction and running of the PMO has cross-Board support, and is led by a named Board member.
- Ensure that everyone working in, or with, the PMO is supported through regular training and coaching.
- Build your local arrangements on proven good practice, and remember that standardised processes and tools underpin the consistent and effective delivery of change you seek.



About CBO

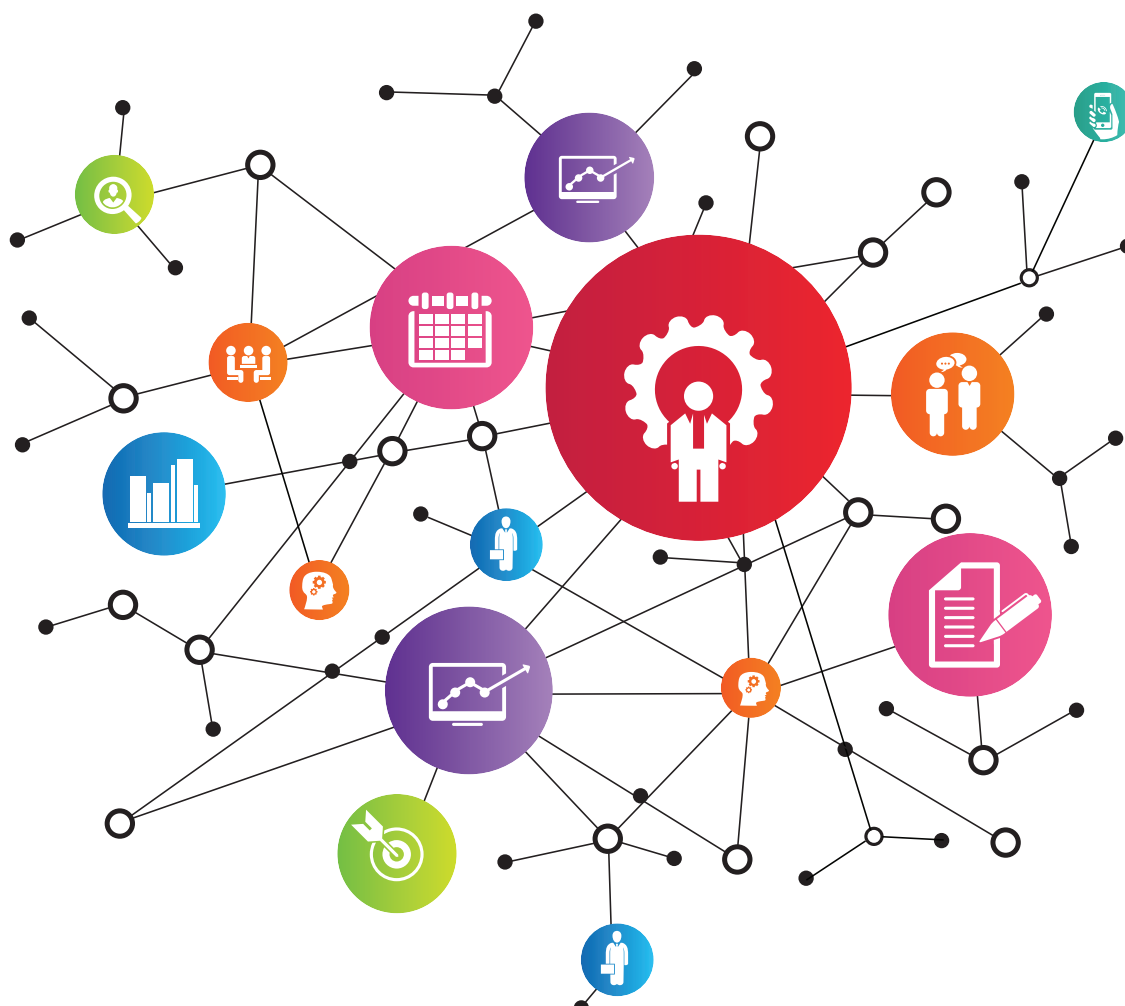
CBO is a successful Channel Islands-based management consultancy business, with a proven track record of maximising the benefits delivered through successful project and change delivery for our private and public sector clients.

Without the overheads associated with UK-based staff, we are supporting our Channel Islands clients at unparalleled value for money and quality of service.

We provide a high quality service to help organisations to thrive and deliver successful projects and change. To do this, we focus on doing the basics well, and value a collaborative approach with our clients.

Our aim is always to work in a very supportive and close partnership with clients, by building strong relationships and integrating into the organisation.

Please feel free to contact the CBO team using our details provided in this insight paper.




The CBO Team



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