Corporative Project Management Office Proposal

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Summary

The implementation of Project Management Offices (PMOs) has been successful in many organizations, and an important tool for adopting better project management policies. This paper presents the main characteristics of a corporative project management office and a proposal for its implementation.

Key words: Project Management; Corporative PMO; Methodology; Portfolio Management

1. Introduction

In the PMBOK® Guide the Project Management Institute defines project management as "knowledge, skills, tools and techniques developed for the project activities in order to meet their needs". We make use of projects usually to carry out the strategic plan of the organization [PMI, 2008].

A portfolio is a set of projects and strategic programs bound in order to make their management easier. Portfolio management has to do with centralizing control of projects and programs. It includes identification, prioritization, authorization, management and controlling of those projects and programs in order to achieve strategic business targets [PMI, 2008]. It aims at the establishment of a single staff more accessible and aligned with partners, and better adapted to available resources [SOLER et al, 2005]. Managing policies are important tools to carry out strategic plans of organizations and are widely in use due to their limited resources, either in financial or staff terms [MORRIS, JAMIESON, 2004; BROECKE et al, 2005].

Main reasons to adopt management techniques in a nutshell [SILVEIRA, 2006b]:

- More efficient use of organizational resources;
- Raising probability to meet strategic targets;
- Better policies can be implemented with little effort and in short term;
- Raising communication in the company;
• Providing organizational know-how management (learnt lessons);
• Raising efficiency in carrying out higher level scope-targeted projects, cost and quality, and lower losses as a result of risk management.

Many are the ways to get such an organizational strategic controlling tool; we would like to highlight the PMO - Project Management Office [PMI, 2008].

According to PMI-RJ’s 2008 benchmarking study[1], initiatives for implementing project management offices are abounding lately. Another research shows that 50% out of the 2000 top world companies have adopted similar portfolio management policies [SILVEIRA, 2006].

The project management offices have been growing as an effective structure to implement project and portfolio management. They work as a tool to promote a strong policy in project management, to standardize processes and improve organizational performance. In order to be successful in implementing a PMO, board support is highly recommended. Needless to say, effective information systems are a major factor to support project management. Also, we should mention, organizational environment has to be taken into account in any given management methodology [KERZNER, 2005].

Our objective is to present a project management office for organizations at its initial phase.

[1] In 23% of companies, the area in charge of portfolio administration is a PMO; 64% of organizations have at least one PMO; 41% have strategic corporative PMOs; 28% have PMOs for over a four-year period [PMIRJ, 2008].

2. Outlining

As Valeriano calls our attention in his study [2001], PMO is the organizational structure that has come up to meet the demand of companies’ management projects according to the Project Management Institute (PMI). PMI mentions that PMOs (project management offices) are normally implemented to endorse and set a pattern of project management policies, processes and operations. Standardized procedures should lead to consistent results, ensuring better results and project sharing [PMI, 2008].

PMOs can work on an extensive or on an intensive basis. The extensive version implies on providing training services, software, standard policies and procedures; the intensive version implies project coordination to reach targets.

Main activities in Brazil [MANSUR, 2009]:

• Methodological development and support;
Implementing, monitoring and controlling processes and standards of project management;
Project development support;
Project data consolidation;
Portfolio management;
Decision making support;
Audit of projects;

The focus of project management offices must be constantly updated and fitted to meet the organization as the project evolves.

As managing knowledge is developed, project management offices are responsible for the updating related to the project management as much as they are responsible for giving all information necessary to support the organizational strategic plan [KERZNER, 2005].

Proposed Project Management Offices [DINSMORE, 2003]:

- Authonomous Project Team (APT);
- Project Support Office (PSO);
- Project Management Center of Excellence (PMCOE);
- Program Management Office (PrgMO);
- Chief Project Officer (CPO).

APT is the management backbone of any project, all management functions are performed by the designated staff and success is under their leadership.

PSO provides administrative and technical support, tools and services for planning, scope changes and cost management to different projects. The successful outcome relies on the project manager.

PMCOE is the spot of project management. It has to spread ideas, convert the unfaithful, and turn their personnel into real professionals. PMCOE is responsible for devising and maintaining methodology and better organizational project management policies. It should also keep networking and provide proper training and tools for carrying out strategic policies. However, it is not responsible for meeting targets. As mentioned, the project manager is in charge of that.

PrgMO leads the project management, what means it is responsible for projects’ results. By definition, PrgMO intersects PMCOE and, in some cases, PSO. It is crucial for PrgMO proper work: power, corporative priority and control in the business area.

CPO deals with the portfolio of the organization’s projects, its maintenance and enlargement from beginning to end. It stands as the structure responsible for
negotiating resources, appraising projects, prioritizing projects, and taking up PgrMO´s activities.

3. A Corporative PMO

The importance of corporative project management offices is supported by a research that indicates 16% of offices report to directors, 19% report to a board of directors, and 28% to a vice-president. That means more than 60% are at the top. Although, placement is not a PMO problem, it is important to understand the scope of projects brought by the office, as they will set more accurate placement for the company. And, as we know, that varies according to the organization [MANSUR, 2009].

When the scope of projects managed by the office is strategic, there is no doubt the best place to position it is as high as possible, as shows the research mentioned before.

PMO deals basically with two major areas: portfolio and projects. After all, to manage portfolios effectively, the organization needs to have stamina in their project management [SILVEIRA, 2006].

The implementation of a corporative project management office can be trigged by a PMCOE´s model, plus portfolio management activities. With time, it can be developed according to the other models. As we have seen, APT deals solely with one project, and the PSO is not suitable for corporations. Project management offices must not be responsible for project results. Cost and support must be a part of the project budget as cost estimate.

PMO focus is on people, processes, technology and portfolio.

Focusing on people implies training and coaching to match processes and procedures defined by the methodology of the organization. It is necessary to run campaigns to broadcast the methodology and the best practices in PM.

Focusing on processes implies anticipating problems and improving methodology in project management. That can be done based on extensive project implementation along with appraising and auditing as the organization evolves.

Focusing on technology implies providing tools that allow the support to the information system of project management, a common parameter setting and configuration of the technological tools, a creation of a PM portal, and the development of templates to support the methodology according to the standard technological tools of the organization. At the implementation phase it is also necessary to compare and choose the suitable supporting tool.
Focusing on portfolio is the methodological development necessary for the identification, prioritization, authorization, management and control of the projects. It also has to do with the execution of those processes.

Using departmental division, we can create the following structure for a PMO.

- Support division
- Methodology and process division
- Technology division
- Portfolio division

The staff number depends on the work volume, quantity of projects, and the size of the organization.

The implementation of a PMO must take into account ongoing projects, projects at their initial phase or in planning. There should be devised a strategy for gradual implementation in order to prioritize projects of the first group, as ongoing projects must be completed without the use of the methodology.

Main steps to implement a PMO:

- Define office model (PMCOE, PrgMO e PCO)
- Set up PMO’s staff
- Define PM methodology and portfolio
- Train and broadcast PM policies
- Support implementation and manage project portfolio

4. Conclusion

According to PMI-RJ’s research, organizations have been investing successfully in their POMs. Organizations that implemented project management in their current budget cut 10% a 25% in costs and raised 5% to 40% of return on total investment (ROTI) [SILVEIRA, 2006].

In different contexts, types and sizes of organizations, we have been able to spot successful cases. Transpetro is one of them. It devised a PMO and kicked off a portfolio management focused on strategic projects, such as Consultoria & Sistemas de Botucatu. This PMO manages not only their own strategic projects but also provides business services to clients [SOLER, et al,2005].

The implementation of PMOs brings value to project and portfolio management; it also influences the organization positively, opening new job opportunities for their
collaborators. Not to mention the chance for the ones directly involved with project management to study it more deeply, raising their knowledge and motivation. Nevertheless, it is necessary to mention that project and portfolio management implies a change in organizational culture, and should be highly considered as so. This article presented a proposal for corporative project management offices and it can be used as a reference for implementing a PMA PMO at you company or organization.

5. Bibliography

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