



White paper Six steps to a recognized PMO

1 Introduction

Project management in companies or organizations is often only half as organized as it could be. This statement is underpinned by a study from November 2016. The GPM - Deutsche Gesellschaft für Projektmanagement e. V. (German Project Management Association) investigated how working hours are structured in projects. The result: project staff stated that their companies did not do enough for better workflows and therefore for optimized working hours either ¹.

A project management office, or PMO, can help. The following white paper describes what exactly a PMO is, how a gradual introduction can be successful and how the creation of a PMO can have a positive effect on project business.

1.1. What is a PMO?

There are differing definitions for a PMO, as defined by DIN standard 69901-5 or the Project Management Institute, PMI® ².



¹ https://www.gpm-ipma.de/know_how/studienergebnisse/arbeitszeitsouveraenitaet.html

² <https://www.projektmagazin.de/glossarterm/project-management-office>

Simply put, however, a PMO ensures that structured co-operation, to which the entire project infrastructure is geared, is possible within projects. This includes regulations, methodical guidelines and people who monitor these regulations. In this way, multi-project management³ can be sustained.



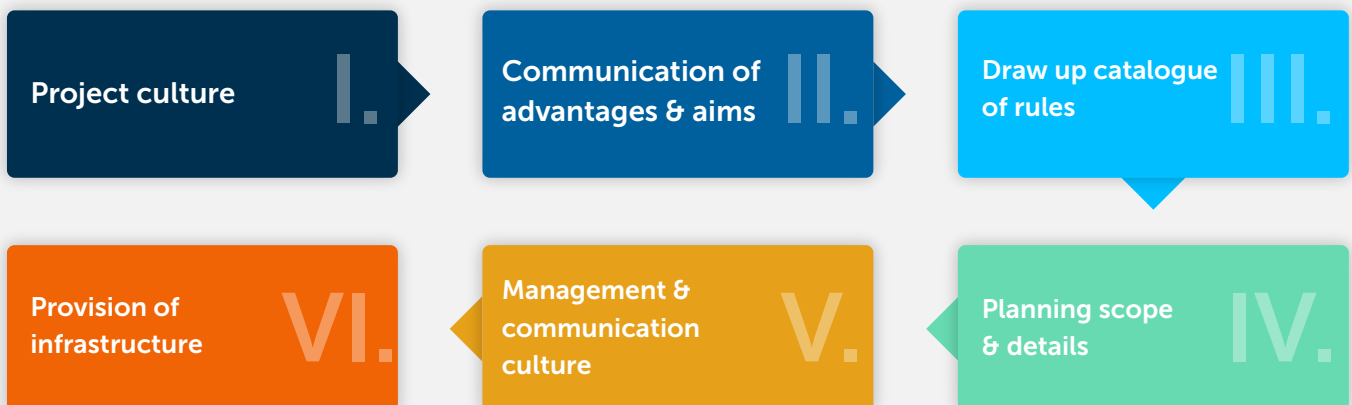
2 Establishing a PMO: Structure counts

Imagine our current road traffic without fixed roads and clear rules: incalculable driving times, delays at all levels of our society, efficiency losses in transport and in the economy, and of course, a rise in the number of deaths and injuries.

The example shows how important rules and structures are in some areas of our lives. This also applies to project management, albeit without human casualties. Project targets, on the other hand, have accidents every day. In many cases this state of affairs evolves historically. At the beginning there are only a few, harmless projects. But as the number and complexity of projects increase over time, project managers lose sight of the project and targets are missed. How can this be prevented? It is certainly not enough to write down regulations for orderly "road traffic" and then put them back into the filing cabinet.

The use of a PMO has become widespread in recent years for establishing and sustaining successful multi-project management. As a separate entity in the project business, however, the PMO is not established overnight. In our opinion, six steps are required to ensure the reliable development of the PMO.

2.1. Six steps to a PMO



³ Comprehensive planning, monitoring, coordination and control of several projects of an organizational unit by its management;



Project culture – Recording the status quo

Clarify the initial situation, adapt the implementation horizon accordingly and communicate in the company.

If you want to improve your project management, you need to know where increases in efficiency are needed. So, in the first step it is necessary to describe the current project culture in the company as objectively as possible.

To do this the following questions must be asked:

- How is project management practised?
- Are the roles and methods accepted or are they more likely to be a niche?
- Does management have a basic understanding of project management methods?
- Are projects valued?
- Is the role of project manager viewed as an important job or rather as a “hobby”?

The more pessimistic the assessments, the longer the road becomes and the more carefully the change process in project management should be advanced. Otherwise there is a risk that employees will turn into opponents of any change.

This means, in concrete terms, that the professionalization of the PMO is synchronized to the company situation. If there are few cultural obstacles, and if the challenges lie more in the procedures and the tools used, then a period of implementation of twelve months is quite realistic. If the company is at the very beginning in terms of project management acceptance, the process can take three years and longer.

During the implementation period, the advantages and desired objectives of the PMO should be clearly shown in order to avoid jeopardizing the overall process. If PMO activities do not show any visible benefits, there is the risk of the development of the PMO being prematurely stopped.



Communication of advantages and aims

Clearly define the objectives of the PMO implementation taking into account the implementation horizon from Step 1.

People often find change uncomfortable. This must be recognized and channeled before fear and even a backlash from employees develops.

In particular, increased transparency, comparability of projects and resource use through projects can lead to concerns among employees. Departments that provide resources for projects often also have a sense of a loss of power and control.

It is therefore necessary to clearly identify and communicate the objectives of the implementation of a PMO as well as its advantages for each individual employee. This is the only way to define uniform rules and behaviour, which ultimately lead to adherence to schedules and an optimized distribution of resources.



Draw up a catalogue of rules

Description of the project landscape including all rules and stakeholders

Clear rules are unavoidable in project management so that each participant knows their responsibilities and rights and develops their roles accordingly. In addition, "legal certainty" is created and the security of all stakeholders is increased since, in case of doubt, everyone can rely on the defined rules.

In this step it is therefore necessary to write down and train the rules and roles for company-wide project management. A rough project guide is a first step in the right direction. Additional binding work instructions and role descriptions to illustrate the importance of these rules are even better.

Examples of roles could be:

Roles	Responsibility
Project client	Definition of tasks and targets
Project manager	Controlling and planning
Project staff	Implementation of the work packages
Project Office (PO; in single project management)	Assistance and administrative tasks
Project Management Office (PMO; in multi-project management)	Monitoring function, authority where all threads come together

In addition, basic project management procedures are part of this set of rules.

- How does an idea or request become a project?
- Who decides about project commissioning and what minimum information should be available for this?
- What are the competencies of the project manager and project staff?
- Which uniform reporting intervals must be observed and with which key figures?
- What escalation mechanisms can the project manager use?
- What are the minimum requirements for the planning and controlling of the projects?
- Which official project terms/wordings are to be used?

The documentation of these questions is also the prerequisite for developing the necessary infrastructure.

IV.

Planning scope and details

Specify the planning methodology with regard to the level of detail and frequency of updating, taking into account the different levels of the project work.

The primary goal should be to keep current planning data as up-to-date as possible. In order for this to work sustainably, planning must be designed in such a way that it can be updated in a manageable amount of time to avoid all parties involved becoming disillusioned. Similarly, not every tool and not every method is equally suitable for all project situations.

Methods should be used based on their strengths and not their weaknesses. For example, a classic project plan must be planned out of a mix of knowledge and assumptions. One must accept that some of these assumptions will not be confirmed as the project progresses towards its goal. New insights and assumptions will be added. The planning must, therefore, find a compromise between a high level of detail and rough planning.

This compromise, which is used in various industries, is basically a hybrid form of agile and classic project management, and uses the strengths from each method. So, the planning security of resource and personnel utilization is adopted from classic project management, while agility is put into practice weekly in the planning phase.

If the project schedule is very detailed, the effort for a regular plan adjustment will be disproportionately high. In addition, there is a justifiable question at this point: Why plan in detail if changes occur weekly or daily? It is worth taking a look at the "altitude" of the project plan: from what perspective is a relatively stable future visualized and at which planning stage does agile project work begin?

So, in practice, a combination of classic project and resource management and agile project work at team level is often used. This leads to a more stable project landscape at management level with flexibility at team level at the same time.

The PMO should promote this approach, which provides for clearly structured projects that adapt to new circumstances every 14 days or once a month. In addition, the team members receive a high degree of flexibility in self-regulation and can manage day-to-day changes. With this separation, "culture wars" are avoided. For one level, ad hoc measures and new daily prioritization are completely fine, whereas the other level requires a certain stability and constancy.

This can be supported by a combination of classic planning tools with ticket systems or Kanban⁴ -style ToDos. In this case, the classic planning stage provides the phases or epics, and the agile project work breaks these down into ToDos, tickets or Kanban cards. At the end of the day,

⁴ Project management methods used mainly in software development and production; <https://www.projektmagazin.de/glossarterm/kanban>

each level is controlled by itself. Nevertheless, control data is, of course, provided in a compressed form from the bottom to the top. After all, the projects should also be managed within the multi-project management.



Management and communication culture

Regularly monitor planning and controlling data and provide feedback to individual project management and company management.

Those who think that a lack of planning also means no mistakes are fooling themselves. The opposite is actually the case: mistakes are neither seen nor can they be remedied, and there is no learning effect.

It is therefore important to generate management reports directly from the individual project management data - and so avoid not only manual work, but also "tweaking" project plans. The ACTUAL should not be adapted to the PLAN, but rather the PLAN to the ACTUAL.

Here, the PMO is the central nervous system of project management. Through selective audits of all ongoing projects, improvements can be quickly identified and discussed with the project manager concerned. This supports the continuous development of know-how and ensures the perceptibility of the PMO within the company. The image of the PMO in the company depends on the approach to projects. Police & supervise or train & coach? In fact, it is also possible to assign dual roles if the PMO consists of several employees who share these roles.

Naturally, the PMO should also work for and support the line. If all important employees are tied to projects, an unstable and unsatisfactory situation is created for all parties involved. So, resource bottlenecks should not be viewed to the exclusion of the daily business.

The PMO also has to ensure adequate perceptibility and a positive image at management level in the same way as at individual project level. Should it act as a supplier of data, a "reminder" or as a consultant? The basis for this is a realistic database of all the projects and resources used. Only in this way can resource bottlenecks be comprehensibly documented and recommendations to start new projects made.



Provision of infrastructure

"Open" PMO as an administrative department, specify mandatory tools and monitor compliance with the minimum requirements.

The simplest way to achieve greater transparency is to create a unified infrastructure. This is not just about tools, but about controlled processes, roles and an organizational body that feels responsible for holding the reins, as it were. So, step III is a prerequisite for the following infrastructure measures.

Initially, the PMO must be authorized as an official starting point for all project topics by the management. From this point on, all threads are gathered in one central place. To ensure that this does not tie up the PMO, all participants should have received training on the new procedures and rules.

In particular, the PMO acquires more responsibility when it receives project proposals, examining the project category and checking compliance with the minimum requirements (requirement description, time and cost plan, resource requirement planning, etc.).

If these resources are not available to a sufficient degree, the project will take longer to complete. Are decision makers aware of this fact? Is management aware of the current resource situation in connection with ongoing projects?

Talking about bottlenecks with management is not enough. The bottlenecks must be highlighted using valid project and employee data. This means that the solution is no longer to be found in motivating slogans, but in decisions concerning the project and resource landscape.

The transparency necessary for this is created by the PMO through a uniform resource database, in which all project topics and involved staff are maintained. This also applies to all project requests and all ongoing projects and their budgets. If this is not the case, this immediately affects the use of resources. This results in consequences for other projects planned with the same resources.

In addition, planning and management methods should be standardized. The principle is one system for all projects. This, of course, requires fundamental project management skills. This is not a "free interpretation" of how a project should be implemented, but a framework given by means of a tool. This could be organized based on the following principles:

- A budget must be defined for each project.
- Resource requirements must be stored for each project.
- Each project must be divided into three to four phases.
- Each project must be checked using milestones.

If this framework is not adhered to, the tool is no longer supported. Otherwise the old saying applies: "Shit in, Shit out!"

3 Real-life example

But how are the six multi-project management steps implemented in practice? A company from the telecommunications sector serves as an example.



Project culture

- Record the actual processes and documents in the project management by means of interviews and establish the maturity of the project management processes

Communication of advantages & aim

- Conduct interviews
- Involve the management
- Integrate the line

Draw up a catalogue of rules

- Create a project management guide for the PMO and project managers

Planning scope & details

- Outline the target processes and project life cycle from idea to delivery, including reporting and resource management processes

Management & communication culture

- Configure the MPM tool based on the target processes (workflows, templates, reports, rights)
- Test operation for 3 months, incl. conversion of current projects
- Start of regular operation after 4 months

Provision of infrastructure

- Create and carry out training for project managers, project employees and managers in the areas of methods, processes, tools

4 Conclusion



If project management rules are accepted openly and the role of the project manager is accepted, if resource use and project priorities are disclosed, uniform data from the individual projects is used for multi-project management reporting and if a central body for project management in the company is provided, we can change the project culture and thereby the prospect of project success. This, in turn, will sustainably strengthen the acceptance of a PMO.

So, the most important tasks for a PMO are clear.