

Project Management Office



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A Project Management Office (PMO) refers to a department, group or division in a business or an organization which defines, implements, and maintains standard procedures and processes related to the project management (Hill, 2013; Kerzner, 2013). The PMO seeks to standardize and initiate economies of recurrence in the implementation of projects. Spalek (2012) states that the PMO is also the source of guidance, documentation, and metrics on the practices of the project management and implementation. The PMO is a strategic driver for the organizational excellence that seeks to improve the practices and processes of implementation, management, organizational governance, as well as strategic leadership change.

Importance of PMO

Approximately 70% of the organizations have PMOs. Organizations today are increasingly looking to the PMOs in an attempt to achieve greater consistency, efficiencies, as well as better cost management. A PMO ensures good governance by enabling organizations to monitor their projects so as to ensure they are properly following the project processes and procedures (Aubry & Hobbs, 2011; Kerzner, 2011; Wysocki, 2012). This will usually require guides, templates, project portfolio dashboards, and also project portfolio tools that help the project managers to follow the PMO processes. Besides, PMOs help an organization to ensure that the project scope, costs, and the schedule are well planned. This is also very important for the regulators, who consider it the main rationale for their existence.

Some organizations establish a PMO for the sole purpose of to meeting the regulatory requirements, thereby completely missing the other roles, which increase the importance of the PMO. The ever increasing impact of globalization has resulted in industry certification programs like ISO 9000 and government regulatory requirements, which have encouraged many organizations to standardize their processes. Many business organizations of different sizes and shapes are also defining, borrowing, and adopting best practices in the project management process by using the PMOs (Aubry, Richer, Lavoie-Tremblay, & Cyr, 2011; Marques, Gourc, & Lauras, 2011).

PMO Role and Benefits

One major role of a PMO involves setting the standards for running the projects in an organization (Unger, Gemünden, & Aubry, 2012). The PMO increases a common number of practices, templates, and principles for managing the projects. It allows standardization, which implies that the project managers can move more effortlessly between various projects, and the new project managers can be up to speed on the progress of projects. Developing project management templates implies standard components may be reused, thereby saving money and time as they cannot be created for every fresh project. The PMO also ensures the compliance with the project management standards (Kutsch, Ward, Hall, & Algar, 2015; Müller, Glückler, & Aubry, 2013; Pemsel & Wiewiora, 2013). While the PMO sets the project management standards, it ensures that they are observed by performing frequent assessments of projects.

Additionally, the PMO helps to gather project data and produce information for the management review (Taylor, 2012; Gasik, 2011). The PMO also assists in tracking the

status of every project in an organization on the basis of the updates from the project managers. The project managers then standardize the information and report to the management. The usual way of presenting the information involves the use of project dashboards that provide a clear approach of keeping track of the projects' status.

A PMO is also a source of advice and guidance for the project managers (Fernandes, Ward & Araújo, 2015; Too & Weaver, 2014). Most PMOs turn out to be the centers of excellence for the project management and may provide direction and guidance to apprentice experienced and new project managers, by making them to understand and know how the organization runs its projects. In most organizations, the people tasked with running projects may not always be formally skilled project managers and, so, the PMO holds an important role in helping this group (Ward & Daniel, 2013).

A PMO also helps in the management and facilitation of the portfolio management processes (Jerbrant & Karrbom Gustavsson, 2013; Tsaturyan & Müller, 2015). For organizations which have put into practice a Project Portfolio Management (PPM) approach, the PMO is used to manage and facilitate this process. This may include capturing the project needs and ensuring that every need has adequate information for assessing the project. It may also include keeping the latest repository of the ongoing projects and requests awaiting review (Artto, Kulvik, Poskela, & Turkulainen, 2011). Finally, this may include implementing prioritization and scoring models to assist in assessing which requests ought to be approved and managing resource forecast or resource capacity plan that help in understanding the availability of the resources for the projects (Perry, 2009).

Performance

According to the Standish Chaos Report (2009), 68% of the software projects failed to meet the time, cost, and scope targets. Only 32% of the projects were concluded on time, within the set budget, and delivered measurable stakeholder and business benefits. There are several reasons and explanations for these failures.

Minney (2013) points out that a survey conducted by PricewaterhouseCoopers (PwC) of 1,524 organizations showed that insufficient project planning and estimating constituted 30% of the project failures, a lack of the executive support constituted 16%, and inadequately defined goals constituted 12%. The survey also found out that using recognized project management approaches, such as PMOs increased the success as measured by the major projects' performance indicators of scope, quality, budgets, schedule, and benefits. The survey shows that operating a well-known PMO is a key reason that drives successful project delivery and performance.

Functions

PMOs may also take other functions besides the standards and the methodology. It can take part in the strategic project management as a facilitator or aggressive as the owner of portfolio management processes. Tasks may comprise of observing and reporting on the active projects, as well as portfolios (making follow-ups on the project until conclusion), and

reporting the progress to the top management of the strategic decisions about the projects (Caniels & Bakens, 2012; Fewings, 2013; Reiss, 2013).

Types

The degree of influence and control that the PMOs have on the projects are dependent on the kind of the PMO structure in the enterprise. There are three different types of PMOs: Supportive PMO; controlling PMO; and Directive PMO (Gido & Clements, 2014; Salameh, 2014). Supportive PMO provides support in the form of on-demand skill, best practices, templates, access to the information, and the expertise on the other projects. Organizations which want to rein in on the processes, procedures, activities, and documentation, a controlling PMO may accomplish the functions. Directive PMO goes beyond the control and, in fact, 'takes over' projects by giving the project management resources and experience of managing the project (Lientz & Rea, 2012; Petit, 2012)