NAVIGATING
TO A SUCCESSFUL ENTERPRISE-WIDE PMO CREATION

ERIC GARTNER
• Noblis-NSP
• eric.gartner67@gmail.com

TC FOLKEDAL
• Noblis
• t.c.folkedal@noblis.org

• ABSTRACT •

The design and build of a PMO scalable to an Enterprise level should inherently be strategic. This article traces key organizational aspects of PMO design by using a ship building analogy. Specifically, it parallels the historical development of the ship's command superstructure with advances in creating modern PMOs. This methodology demonstrates the means to assess and deploy capability while simultaneously planning how to position, shape, and ultimately manage strategic growth. This design strategy synchronizes governance, change management and incorporates a maturity model to demonstrate the means of creating sustained PMO value, thereby enhancing its survivability.

INTRODUCTION

Project Management Office (PMO) design has gone through many iterations depending on how the construct has been used in an organization. Despite voluminous prescriptive literature and the well-intentioned support of project management professionals, there remains a high incidence of "failure" in the profession. While what constitutes "failure" remains open to debate, the literature is clear that an unacceptable number of projects and their supporting PMOs have not met stakeholder performance expectations. This is apparent even with closed PMOs demonstrating high project success rates. This astonishing loss of investment has generated many assertions to explain why PMOs are often not successful in organiza-

tions. The most prevalent explanations are value-based, ranging from the inability to demonstrate impact on the company's bottom line to a lack of overall project performance across an organization. Multiple remedies have also been suggested. These offerings range from applying better governance, to implementing advanced project development methodologies. While helpful to understand where to prevent failure, the question of how to navigate an optimal course to a truly successful PMO is still not clear for many organizations.

Our thesis does not contradict these thoughtful offerings. Rather, we propose the solution will come from strategic planning at an enterprise level. Our fundamental assumption is the PMO's long-term value, sustainability, and success are determined less by tactical or operational focus. Instead, the design and build of a PMO that is scalable to an Enterprise PMO level should inherently be strategic. Creating sustained value—and by extension, survival—is dependent on the PMOs ability to assess and deploy capability while simultaneously planning how to position, shape, and ultimately manage strategic growth.

To elaborate this thesis, we will use an analogy historically rooted in modern project management, and consistent with the design and build of a successful Enterprise PMO. Since mankind first sought to navigate long distances over water, ship design has changed and adapted to meet the harsh and often unforgiving conditions

HMAS Perth Compass Platform, circa 1939

of the open ocean. One of the key design updates involved the area from which a ship's captain exercised command and control. Early ocean-going vessels needed command areas located higher in a ship to better view and manage the increasingly complex operating environment. In sailing ships, the command platform was located behind the mainmast on the quarterdeck. In later iron and steel-hulled ships, platforms were built on top of towers. This afforded the captain greater views of the overall ship system controls and horizon. The change also minimized magnetic interference from metal hulls on the function of the ship's compass. This evolution in ship design offers an excellent analogy for planning, building, and sustaining a successful PMO.

---

[1] The correlated PMO implementation failure rate is over 50 percent since 2008 per Gartner PPM & IT Governance Summit 2014, National Harbor, MD, June 2–4, 2014. Further, the Association for Project Management provided statistics that 50 percent of PMOs close within three years.

Our naval-based analogy will be used to highlight the context surrounding the evolution and historical developmental process applications that are cornerstones of the project management profession. This will provide the reader with an understanding of the constant nature but ever-changing domain of the profession, as well as the adaptations used to remain viable therein. It will also provide the reader with an understanding of the underlying factors relating to the build, placement, and scale of a strategically oriented PMO. We will then chart a prescriptive course to attain the enhanced view offered by this PMO. This course is guided by an operations model that shapes PMO maturity, and facilitates organizational change management. This is the means through which to build a command platform capable of institutionalizing and communicating sustainable value to stakeholders.

CORNERSTONES OF THE PMO: A VIEW FROM THE DREADNOUGHT

The traditional or waterfall approach to project management dominated the discipline for decades. Early PMO renditions were heavily shaped by the scheduling breakthroughs of Henry Gantt, whose popular charts still bear his name. During World War I, and at the request of General William Crozier, Gantt's methods were used in both ordinance management and to speed the construction of "dreadnoughts." PERT and Work Breakdown Structure (WBS) became common PMO practice originating from US Navy projects in support of Polaris submarine construction. The Project Management Institute (PMI) was founded a decade later in 1969; its Project Management Body of Knowledge (PMBOK) guide remains the outward expression of traditional PM knowledge. Critical chain algorithms developed in the 1980s/90s based on Dr. Eliyahu Goldratt's Theory of Constraints added complexity that mirrored the frequent advancements in process and technology. In terms of our ship design analogy, the view from the quarterdeck had changed. The view was now towering from the command platform to guide corporate behemoths such as the Detroit-class of US auto-dreadnoughts and their production lines. This expanded view seemed sufficiently acceptable to corporate boardroom oversight as informed by market forces.

The advent of structured, data oriented developmental processes pushed the evolution of the PM profession. Methods espoused by lean six sigma, and large-scale Information Technology (IT) drove PM approaches to change accordingly. PM visibility requirements increased dramatically along with program scope and scale. Applying our analogy to the auto industry, this would have been akin to Japan replacing the entrenched Detroit dreadnought manufacturing model for modern Kaizen-class type aircraft carriers with enhanced 'over-the-horizon' views and capability. Thus, the view from the command platform necessarily changed to

reflect the changing context and environment within which PMOs could navigate. To add further complexity, a key development occurred in 2001 in Snowbird, Utah—the creation of the Agile manifesto and an iterative approach to software development bearing the same name.

What this brief history tells the reader seeking consistent views from the command platform, quite simply, is that there are none. Change and adaptation will occur, and they should thus be managed as part of any strategic decision calculus. These famed practitioners have left their impact on the form and function of PMOs and their variants. Nonetheless, and for a variety of reasons, the success-rates of PMOs remains mixed.

Planning for a successful command platform should thus embrace two key aspects. The PMO will continue to evolve, and the PMO and its cumulative body of project management knowledge will continue to grow. These aspects lend themselves to a key lesson learned—successfully navigating a frequently changing environment requires strategic planning to stay on course.

SCANNING THE HORIZON AND BEYOND

The need for a PMO is revealed when you compare those who have used a PMO approach to those that have not. PMOs may be a challenge to establish, but consistent project performance across an enterprise will not occur without one. This recognition led to a challenge provided by a major US government agency. Considering publicly acknowledged unsatisfactory project execution, our task was to create from scratch an Enterprise PMO to remedy these issues.

In our initial assessment of PMO needs in the organization, we were struck by the large mix of IT and non-IT projects within the agency's purview. Our overall performance goal was to improve project success rates and minimize failure across agency projects. We thus started by identifying commonalities between successful IT and non-IT projects. This helped us to determine overall success metrics that would be relevant for either type of project.

Another key enterprise planning aspect centered on PMO valuation. Specifically, we looked at the multiple elements that create PMO value. These encompassed project performance and facilitation efforts, compliance, stakeholder requirements, delivery, and project financials. They also included PMO branding and organizational prestige emanating from successful PMO engagement and ultimately, successful projects. In essence, our thesis was shaped by the recognition that PMO value is an evolving construct that needs to continuously change. This construct shifts from tactical and operational, to a strategic orientation over time. It was therefore necessary to plan the Enterprise PMO (EPMO) construct with a structure and processes that could steadily scale and evolve from existing and emerging requirements. Our roadmap reinforces this evolution, with the view from the command platform being first and foremost on our agenda.

TOWARDS AN ENHANCED VIEW, BY AND FROM THE COMMAND PLATFORM

PMO placement in the organizational hierarchy has a direct correlation with its potential for success. One study found 76 percent of high performance PMOs reporting directly to the Executive Vice President or C-level. Hosting such commanding organizational views should seem an obvious need for a ship's captain or manager. Our planning efforts were based on the practical assumption that, within a large government agency, high placement would not be a guarantee. We

[2] "Dreadnoughts" refers to pre- and World War I era battleships with evolutionary design concepts which included large caliber weapons, heavy armor, and steam turbine propulsion. The HMS Dreadnought, launched in 1906, gave its name to this moniker. See "The Gantt Chart, a Working Tool of Management" by Wallace Clark, 1923, available at https://archive.org/details/ganttchartworkin00claruoft for Gantt's early work with armaments.

[3] See PMI's Pulse of the Profession 2014, the Standish Group's CHAOS report, and ESI International's 2015 Global State of the PMO for further details.

thus emphasized mechanisms for creating and sustaining corporate stakeholders and executive sponsorship independent of PMO placement. If achieved, high placement would only enhance the over-the-horizon view we sought.

Whatever the eventual outcome, building and reinforcing such relationships was recognized in our planning as a long-term endeavor. It would require institutionalized feedback loops, effective analysis, and the ability to communicate PMO value continuously from the service and delivery layers directly to the executive level. Our means to accomplish the communication of value and performance was the governance structure.

Governance is the organization of management. It compares in function to the keel in a ship's design. Without a well-constructed keel, a ship will not respond quickly to rudder or sail changes. Similarly, our design incorporated a two-tiered structure to support horizontal and vertical linkages. The lower tier was comprised of task-aligned working groups covering administration, resource, and project support/monitor/analysis functions. This provided oversight of horizontal service functions and overall quality control of service delivery. The upper tier provided vertical organizational linkage to the executive layer necessary to anticipate, plan, and create strategies to align with and achieve corporate goals. Together, this nexus between the horizontal and vertical served as the basis for our governance model.

The model provided several advantages that enabled "decision-advantage" for the PMO. The nexus created between the horizontal and vertical provided the basis for seamless, informed communications and feedback loops across the enterprise. The weekly working group meetings combined with monthly executive updates. They sustained the flow of information across PMO projects. This allowed executive sponsors to provide feedback on strategic direction. Tailored forms and an established meeting format minimized the administrative burden. This provided the means for data collection and metrics generation. It also documented these efforts as an official record of management.

The same process informed quarterly strategy meetings. The inclusion of ex-officio members in these meetings ensured stakeholder visibility. This furthered corporate buy-in and inclusion to the PMO governance processes. Process transparency served to promote inclusion at all
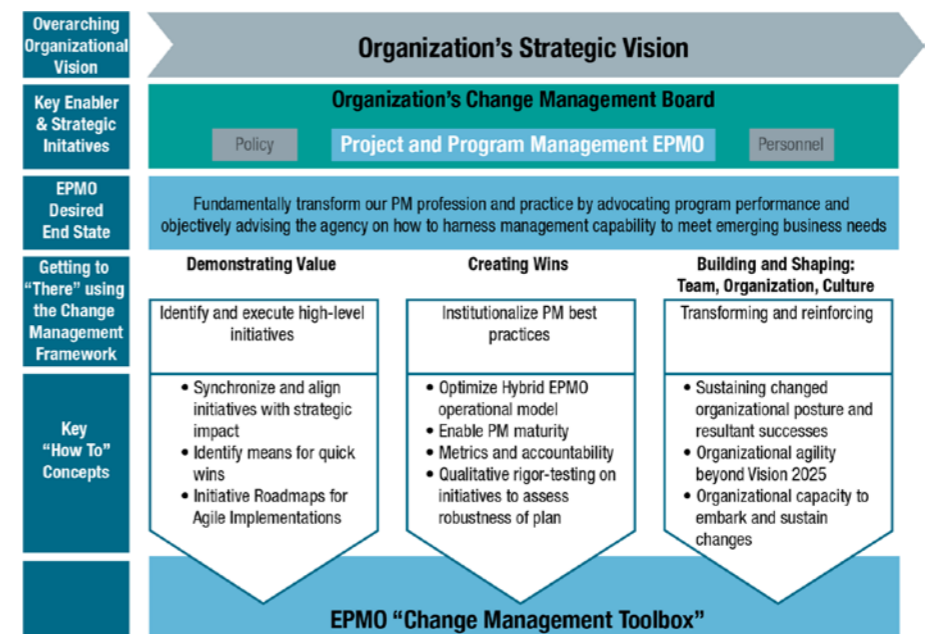
levels. Leveraging these relationships ensured that the PMO would have a seat at the executive table and play a key role in shaping corporate outyear goals, strategy, and helped ensure project and strategic alignment. The service orientation of the lower tier's working groups fostered interoperability with the service and delivery levels. This also countered perceptions of the PMO as a 'police force' seeking only to enforce project rules.

This two-tier governance structure was empowered to make informed decisions—whether on all matters of projects, programs, and portfolios; or in managing PMO assets, resources, and service. This was especially important in preventing the PMO from becoming a resourcing entity for competing and non-strategically aligned initiatives.

The outward expression of this governance model was, quite simply, corporate alignment and synchronicity. Deliberate planning in the design phase engineered a model capable of scaling from a tactical project-oriented PMO at implementation, to a strategically oriented PMO at maturity. This would correspond well to the projected corporate valuation of the PMOs services. For example, fixing WBS or risk issues in individual projects would cement value in the initial implementation of PMO service implementation. Downstream, however, this same caliber of service would result in diminishing value returns. Creating a model that could posture resources towards fixing systemic WBS or risk issues would provide a measurable means to maximize impact with limited resources—and create quantifiable, sustained value-added for the PMO.

CHARTING THE COURSE TO ACHIEVE OUR VISION

With governance firmly established—and true to any naval projection of power, we thoroughly exercised the staff to ensure processes were understood, practiced, and espoused—we embarked on solidifying goals, their supporting objectives, and revalidating our vision. This fine-tuning was incorporated into our governance meeting cycle.

FIGURE 1. PMO operations model. The PMO should have a seat on the organization's Change Management Board to be able to help prioritize projects with a strategic view, and thus shape and help steer the organizations' course to achieve its strategic vision.

[4] The State of the Project Management Office (PMO) 2014, PM Solutions' bi-annual benchmark study; survey of 432 organization executives.

The revalidation of our vision led to the creation of our PMO Operations Model. As shown in **Figure 1**, it captured the key components guiding the view from our governance decks. This included leveraging stakeholders based on early tactical successes to earn a seat at the "Captain's table." This seat would help ensure strategic project prioritization and alignment with long-term goals and the overall corporate vision. The path of reaching this end state, or "getting to there" was also mapped into a "how to" function. By design, this function would shape the everyday actions of the PMO staff. This straightforward model afforded a consistent means through which to both shape and to charter the PMO's course.

An early application of this model had its genesis via the question of "how to embark on an Agile course." This question was derived from the "how to" concepts under "Demonstrating Value." To provide context, our government colleagues had a superb mix of traditional and iterative skill sets, and a large array of IT and non-IT projects. The context was such that there were many fervent opinions based on the successes, differing applications, and failures of Agile implementation in the business and government realms. This model helped us achieve consensus for our government client by recognizing that both traditional and iterative approaches have merit depending on design, project nature, and requirement. Further, the governance board design allowed for hybrid applications. Thus, informed decisions governed how these approaches would best be implemented. The below model (**Figure 2**) stemmed from this decision-making process.

NAVIGATING THROUGH CHANGE

The preceding question on Agile implementation underscored the need to understand the context of the client's business environment—and specifically, its organizational culture. Embracing change management can present challenges, as demonstrated by the subsurface portion of the iceberg often accompanying Edgar Schein's model of organizational culture. It requires patience and understanding, but also a fervent advocacy for embracing change in the face of an entrenched culture.

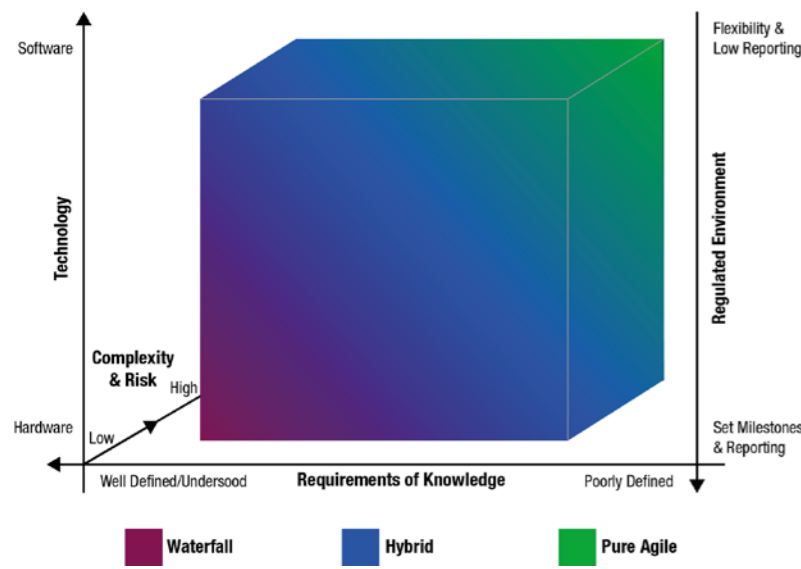To our analogy, famed Army Air Corps Briga-

FIGURE 2 . Ideal conditions for different approaches. There is no perfect option—EPMO should be positioned to tailor best recommendations. Efficiencies of scale are possible for ideal types (i.e., Agile), but with the recognition that enterprise and cultural expectations and needs are different.

dier General Billy Mitchell understood the emerging applications of air power in the age of dreadnoughts. Despite dispatching the *Ostfriesland* to the bottom of the Chesapeake Bay to prove his point, it took more than a decade of non-descript change management (and a worldwide conflagration) to usher in this new strategic dimension.

While perhaps not as dramatic, our thesis centers on adapting to the shifting value construct that we deemed critical for this PMO to be fully and continually successful along its maturity path. To the question of Agile implementation within this government agency construct, it was apparent that to be successful, a

cultural shift was necessary. This would be accomplished via a four-phased organizational change management model operating in tandem with a PMO maturity model. These models would provide the steerage through the proverbial icebergs to ensure a smooth path to achieve our vision. A brief overview of the four-phased model is shown in **Figure 3**.

TOWARDS A CENTER OF EXCELLENCE

This government PMO's design and build was predicated on maintaining relevancy through change. This was the means through which to maintain a sustained value construct. In addition, we designed a governance framework alongside an operational implementation model. This provided the PMO with the ability to strategically align, assess, and decide the best means for resource prioritization and allocation. The owning agency's valuation of the PMO in this construct would necessarily be shaped by the PMO's maturation to the strategic level. This evolution in capability starts from a PMO initially postured to bring value through tactical and operational application. It proceeds to a PMO that operates strategically and with far reaching impact, necessarily follows its maturity model. This model operates in tandem with the change management model just presented. This evolution—and associated view from the command platform—presents the means with which to grow and strategically posture the PMO to create and sustain out-year value.
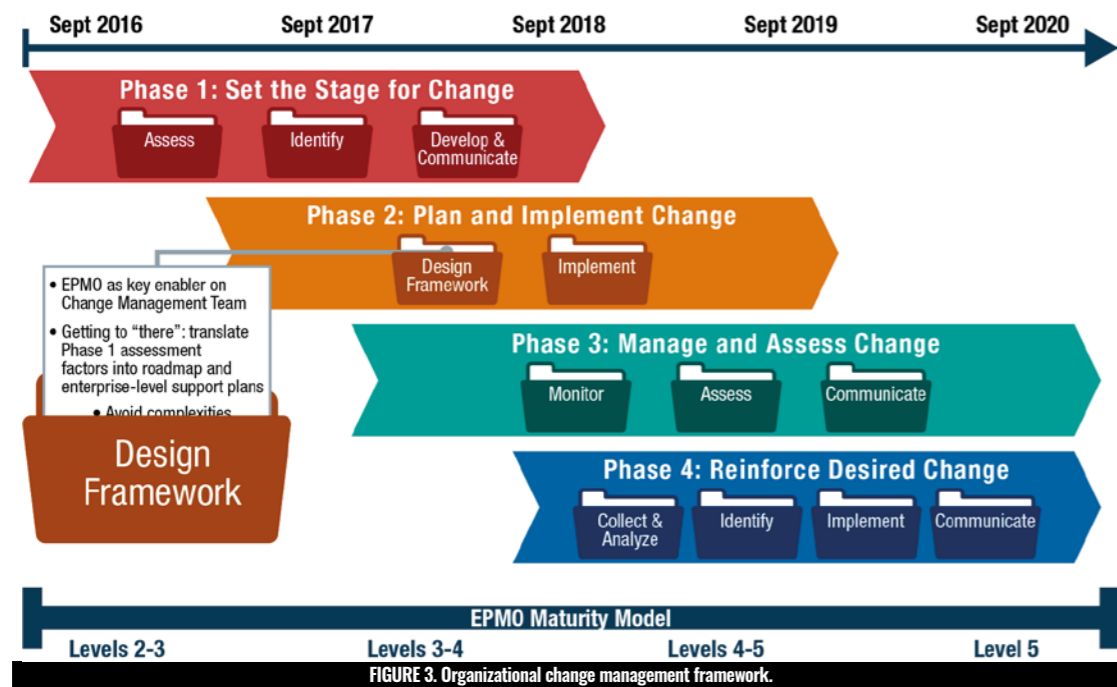

FIGURE 3. Organizational change management framework.

The natural outgrowth of the matured PMO in this construct is envisioned as a Center of Excellence (COE). The COE is purposed towards maximizing portfolio alignment with the cultural needs of the enterprise, and the business needs of the customer. Its focus is to sustain corporate standards and PMO-based methodologies and processes, strategic risk, and gap forecasting. It also facilitates the maturity of project groups. The COE expands the PMO's breadth and span of control while maintaining a light footprint, and helps sustain the depth of the PM discipline through the Community of Practice.

Accomplishing these functions is often via a forum to develop, update, share and communicate project management best practices and innovations that align with the government agencies strategic goals. To facilitate the evolving of the COE in parallel to the PMO's maturity model, the team focused on four main COE pillars to guide overall goal attainment. Known as "the four E's," they are described in **Table 1**.

As part of our ship design, the COE represents the final addition to the command superstructure. The pillars of the COE are welded to the ships structure and keel. Per the functions delineated above, they strengthen the superstructure and thereby keep our ship moving smoothly and efficiently through the waters of change.

Pillar	Description
Educate	Improve the quality of project delivery through development of content, tools, training curriculum, and sponsorship of certification processes that enhance project management practices. Cultivate continuous learning and promote mentorship. Recognize and share best practices from the project management community.
Empower	Enrich project management capability through standard processes for project management and project management norms.
Evaluate	Institute objective measurement of project performance using standardized metrics that focus on accurate evaluation of project health.
Encourage	Create a trusting and rewarding atmosphere that encourages the use of PMO tools and participation in the community of best practice. Establish a PM retention mechanism for talented PMs.

TABLE 1 · THE COE PILLARS.

IN CONCLUSION

A strategic perspective is necessary to create, adapt, and sustain a PMOs value to stakeholders. The outward expression of this valuation is the PMOs ability to scale to an enterprise level, and its long-term survival. This article traced the design and implementation considerations of a large government agency PMO using a shipborne analogy. The designs of both shipborne command platforms and PMOs are informed by the environments within which they operate. This environment includes the enterprise and community PM context, the nature of the project, and corporate and market-driven valuations that impact stakeholders. Our understanding of this context fundamentally shaped our planning. The result was an operational model and governance construct designed to grow and evolve towards a strategic PMO application, and supported by a COE to create and sustain outyear value. This construct follows a clearly defined course towards PMO maturity. Navigating this course depends on shaping and encompassing organizational change. It also rests upon a solid framework of governance, centered in our ship's command platform, and scalable to the ever-increasing strategic views required to manage strategic growth while sustaining value and fostering success.

✏️ • AUTHORS •

ERIC GARTNER is a governance and strategy subject matter expert for Noblis NSP. He is a retired USAF Colonel and Special Agent with 24 years of active duty military service. A graduate of Earlham College, he has Masters Degrees from the University of Delaware, Air Command and Staff College, and the National War College (Distinguished Graduate).

TC FOLKEDAL MP, is the Noblis Lead Expert for the Economic Analytics for Decision Support Center of Excellence. His efforts help clients manage the convergence of technology, resources, budget, and cost to recognize value, mitigate risk, plan efficiency, and drive performance across the government enterprise. A graduate of Boston University, TC has his MGA from the University of Pennsylvania, and an Executive Certificate in Strategy and Innovation from Massachusetts Institute of Technology's (MIT) Sloan School of Management.

• REFERENCES •

Clark, W. (1923). The Gannt Chart: A Working Tool of Management. Retrieved from https://archive.org/details/ganttchartworkin00claruoft

ESI International 2015 Global State of the PMO Executive Summary. Retrieved from https://www.strategyex.com/~/media/Files/Public-Site/US/POV-s/2015GlobalStateofPMO

Hastie, S., & Wojewoda, S. (2015, October 4). Standish Group 2015 CHAOS Report – Q&A with Jennifer Lynch.

[Web log article]. Retrieved from https://www.infoq.com/articles/standish-chaos-2015

Needs, I. (2014, January 6). Why PMOs fail: 5 shocking PMO statistics. [Web log article]. Retrieved from https://www.keyedin.com/keyedinprojects/article/why-pmos-fail-5-shocking-pmo-statistics/

PM Solutions. (2014, April 10). The State of the Project Management Office (PMO) 2014. Retrieved from http://www.pmsolutions.com/resources/view/the-state-of-

the-project-management-office-pmo-2014/

Project Management Institute. (2014). Pulse of the Profession 2014: The High Cost of Low Performance. Retrieved from http://www.pmi.org/-/media/pmi/documents/public/pdf/learning/thought-leadership/pulse/pulse-of-the-profession-2014.pdf?sc_lang_temp=en

Standish Group. CHAOS Report 2016: Outline. Retrieved from http://www.standishgroup.com/outline