



The Agile PMO:

***Transforming the PMO from Inwardly-facing to
Agile Transformation Partner and Customer
Centric***

A General National White Paper

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Agile & The PMO:

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The Business Challenge: Defining why we need a PMO

For most organizations, a Project/Program Management Organization (PMO) conjures a vision of an organization focused on a few common objectives:

- Evangelism of process
- Evangelism of methodology
- Training of project management competency
- Implementation of tools
- “Inward-facing/non-customer facing” focus
- Development and harvesting of reporting data
- Implementation and enforcement of standards

As organizations grow, the needs emerge to provide and enforce standards, templates, and tools that can be leveraged for delivering projects. Over time, organizational competency in project delivery would be expected to improve relative to the level of project management maturity found within a PMO.

The statistics do little to reinforce that confidence.

Does the Traditional PMO Model Work Today for most Companies?

As of 2007, 54% of organizations surveyed had implemented an Enterprise-Wide PMO¹, an increase from 35% in 2006. Still, the project success statistics provided in the June, 2008 Standish Report show a 32% success rate for projects, meaning that 68% of projects were either challenged or not delivering on their intended business value.

Many are simply overwhelmed, others are struggling with the adoption of tools to manage project flow and capacity, and still others are not capturing a repository of statistics on which to base metrics, determine best-practices, or demonstrate factors resulting in success or failure. None of those factoids intentionally derides the existence of a PMO, but serves to dispel the notion that simply instituting a PMO automatically ensures or improves project success. Given the statistics above, the compelling evidence suggests otherwise.

The same statistics suggest that the classic approach to the PMO role in many organizations has not matured from being a manager of project information (the Coaching/Reporting model) into a partnership on strategy execution.

A survey of 968 business technology professionals conducted in 2008 by InformationWeek2 provided the following factoids for consideration:

- 75% described the Information Technology workload as “heavy” or “crushing”
- 40% indicated that Information Technology has little to no control over project flow.
- 35% use a “best guess” method to determine the capacity to handle more projects.

Why are PMO’s Struggling to Deliver on their Original Promise?

The data surrounding the impact of Project/Program Groups within most organizations points to a recurring pattern in most companies where there is at best a superficial partnership in the strategic prioritization process, and often a lack of proven tools for managing product roadmaps and the associated pipeline of work. Additionally, PMO’s typically lack the organizational scope to help direct teams and resources in ways that serve to improve program effectiveness.

What are the Root Causes for PMO’s failure to deliver?

We see a common pattern in the PMO landscape that includes three critical area: Vision, Talent and Empowerment.

Vision Challenges

Most organizations today operate with a mistaken belief that there is one common approach or operating model for driving project and program success. The assumption presumes that making all things “repeatable and standard” are the key to insuring project and program success, yet when executives are asked about their expectations of a PMO, few can effectively articulate “why they want one” or “how they would measure its success”.

This lack of clarity underscores the very reason why an effective PMO is so important. In many larger, complex organizations, the “Value” or “impact” of strategic and operational performance varies widely across project and program initiatives because in truth, each initiative has a unique set of goals, challenges and constraints. Today more than ever, companies need a PMO that is designed to and equipped to tackle these business objectives with “local” and “Adaptive” program and project leadership and solutions, not central planning and generic tools.

Talent Challenges

In many organizations Project Managers are often viewed merely as organizers and note takers, scribes and facilitators, status checkers and e-mailers, not as agents of transformational change and continuous improvement. They are viewed more secretarially than managerially, less as leaders and more as a dumping ground for administrative work. This attitude has resulted in the following:

- **Compensation:** Compensation is often insufficient to attract best-of-breed strategists or individuals with both broad business expertise and project management competency. As companies responded to the 2008-2010 recessionary period, many took the opportunity to reduce project management compensation to much lower levels, resulting in lower overall competency at a lower price.
- **Short Cuts to Staffing:** Filling Key Positions : Exploring the actual leadership and management acumen of Project Managers is time consuming, difficult and often secondary to a review of credentials and resume/CV buzzwords. With the pressure to fill vacant Project Manager jobs, there is arrival of recruiting Vendor Management Systems (VMS), many organizations simply scan a resume for a specific keyword, relevant or not, and present only the candidate who is optimized for breaking past the VMS filter. Beyond that, it can be difficult or impossible in many cases to validate credentials if the candidate is being less than ethical.
- **Promotions out of Convenience:** Career advancement practices within organizations often produces what we call the "accidental" Project Manager... or put more succinctly, people serving in the role without sufficient experience, training, or guidance/mentoring to help assure successful outcomes.

Empowerment Challenges

The PMO and Project Managers were once positioned as arbiters of change. Their job was to manage the implementation of a project or capability that focused on insuring maximum delivery of value to an organization. Today, in practice, many organizations no longer view Project Managers as change agents, and instead treat them as administrators and in doing so create a predictable outcome... Project Managers that are nothing more than glorified status keepers and have little to no empowerment to drive continuous transformational change.

Changing the Game: The Adaptive and Transformational PMO

We are not suggesting that PMO's aren't working hard to align strategically with their partner organizations or that PMO's universally do a poor job of delivering against their initiatives. E are however saying that it's time we acknowledge that the changes caused by leaner and

more agile business methods, regulatory and auditing challenges, and cost restraints require all of us to think differently and consider different approaches to an ever-evolving profession. Project Management Organizations have traditionally focused as an isolated component of strategy, not overseeing the lifecycle of the strategy. In the Classic Inwardly Focused PMO Model, the Project is the deliverable. The Program, if we've reached that state of maturity, outlines how those projects help to form a strategy or align efforts together to make more effective use of resources (financial, physical, or human). For most organizations, the effort begins and ends with the delivery of the initiative. The Project Manager or Program Manager is happy to conduct a turnover and walk away. The battle may have been won, but what about the rest of the war?

This is where disconnects begin between traditional "inwardly focused" Project/Program Management (focused primarily on "People, Process, and Tools") and where the next frontier of managing overall initiatives must lead us.

Businesses are demanding that project management be more tightly aligned to product, business purpose, and organizational strategy. Demonstrating results rather than simply implementing processes, training and tools will be key as businesses become more competitive and time-to-market pressures increase.

Agile as a Game-Changer for the PMO: Results-Driven Values & Adaptive Execution

At General National we have identified four key themes of opportunity for guiding how PMO's can effectively transition back into a role where they are helping to consistently and strategically drive both operational execution and transformational change. Each of these themes will be further elaborated in future General National Advisory Papers. These themes include:

The Essential Agile PMO Disciplines:

1. **Improved Strategic and Business Unit Alignment.** By aligning the function of an Agile PMO to become business-facing/customer-facing, immediate tangible value can be attributed to the project manager as key to the delivery of value for the organization.
2. **A Transition Toward Product Line Execution:** Today there is enormous waste in both time and cost associated with a project driven lifecycle execution model. With a continuous release, continuous value driven, incremental funding execution model there are opportunities to radically improve both organizational agility and program throughput and quality by outcomes that can easily exceed 200% or more.

3. **Improved Adaptive Process at the Portfolio Level:** Processes in an Agile PMO structure exist to further business unit goals and are implemented only as they provide a direct business benefit. Focus changes from being a purely “overhead” or “administrative” function toward a measurable value. Work that might be otherwise construed as non-essential can be challenged and argued toward its benefit toward the delivery of strategic value.
4. **Redefining the Scope and Leadership Responsibilities of Strategic Program and Product Managers:** Program and Product/Project Managers serve a broader leadership role in driving results. Where in most inward-facing or traditional PMO Models, the Project Manager is the reporting and status face of the project, in an Agile Model, the Project Managers are charged with the direction of the effort and ensuring the end benefits are realized.
5. **Transition of Project Managers to Product Owners:** Project Managers often have the necessary business domain expertise to act as business experts and trusted advisors. When alignment changes move the PMO toward improved business-unit accountability, the Project Manager has an opportunity to transition into the role of Product Owner where there is a greater opportunity to understand the business unit and assimilate knowledge of business vertical workflows, processes, and practices and recommendations increase in value along with their knowledge and understanding.

The results-driven approach of an Agile PMO is starkly different to the traditional inward-facing or “people/process/ tools” PMO Model. Rather than relying on a centralized control structure, the business units become active partners in managing projects, and thereby can realize a much different value from the project manager.

Getting Started: in Agile PMO Alignment/Engagement

At General National we advocate an approach to Agile PMO transformation that starts with the simple act of conversation. We believe that every business deserves and needs an Agile PMO that reflects their unique vision, talent, challenges. To do this requires thoughtful, engaged and transparent discussions involving following themes:

- **Culture** – is the culture of the organization collaborative or authoritative; how involved are employees in the decision-making with their management; how comfortable do they feel in working with other groups; how cooperative or responsive do they view their group and others; does the culture recognize their effort and is leadership prepared to model the values and ideals necessary to foster real collaboration and innovation.
- **Performance/Rewarding** – does the culture effectively recognize and reward both individual and team performance: are there opportunities for work variance; are projects and assignments providing the right challenges; is compensation fair compared to peers in their group or other organizations.

- **Opportunity** – is there opportunity for advancement or lateral movement in the organization; is there opportunity to build knowledge and skills that can benefit the organization; does their management encourage or discourage their growth.
- **Management** – does their direct management understand their motivations; do they feel they have an open dialogue with their direct manager; does management recognize their effort; do they feel supported in their job role.
- **Mission/Objectives** – do they understand the organization’s mission statement and core values; are those upheld; do they feel their work contributes to those values; do they believe their management supports those values; does their work align with those values; do they understand how their roles affect the organization’s objectives.

Advocating a PMO in an Agile environment isn’t always an easy task, but it’s often a necessary step for organizations that have struggled with Agile adoption and effectiveness. The value in the correct PMO model can yield more effective results than organizations lacking the PMO’s sense of proper leadership and control. In future General National White Papers, we will elaborate each of the five Agile PMO Disciplines highlighted above.

*Andrew Buck, PMP, is the Managing Partner of General National, LLC, a global consultancy focused on strategic advisory of clients on organizational and business objectives, in addition to application of knowledge and processes aimed at leaner and more efficient investment in the entire product life cycle. Andrew brings more than three decades of global experience through several different industry sectors, and is the author of two current books in print including **(Not) PMO-in-a-Can: Pragmatic Management of Strategic Objectives (as told from the trenches)** that defines frameworks and approaches to maximizing organizations and stakeholder investment and collaboration. He is also the author of the **CLiF Life Cycle Framework**™, a Product Life Cycle Framework aimed at smart investment of key resources; and has written about **Bow Tie Syndrome**™ as a way to explain organizational communications alignment and keys to its improvement.*

For further information about General National, please consult their Website at:

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