

# ‘Sustaining the PMO in time of Austerity’

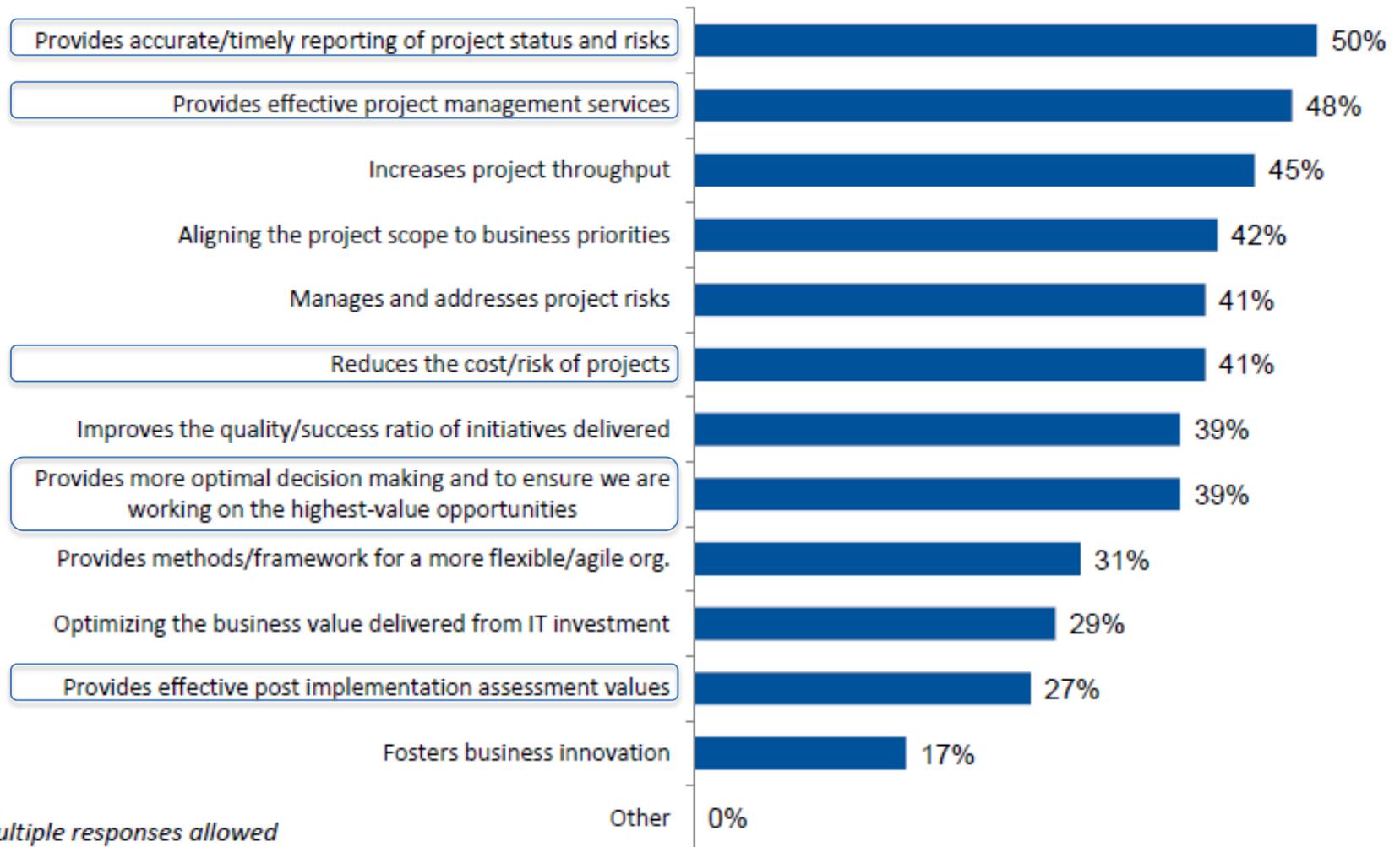
“is project management a cost to be reduced, or is it an enabler for cost reduction?”

# Goal

- To identify the Critical Success Factors in establishing a PMO and then how to continue to demonstrate value to the organization despite the organization actively cutting any overhead activities as it strives to meet tough financial challenges.

# Typical Benefits provided by a PMO

N = Varies, Base: Most of the benefits provided by the primary PMO (Q05A).

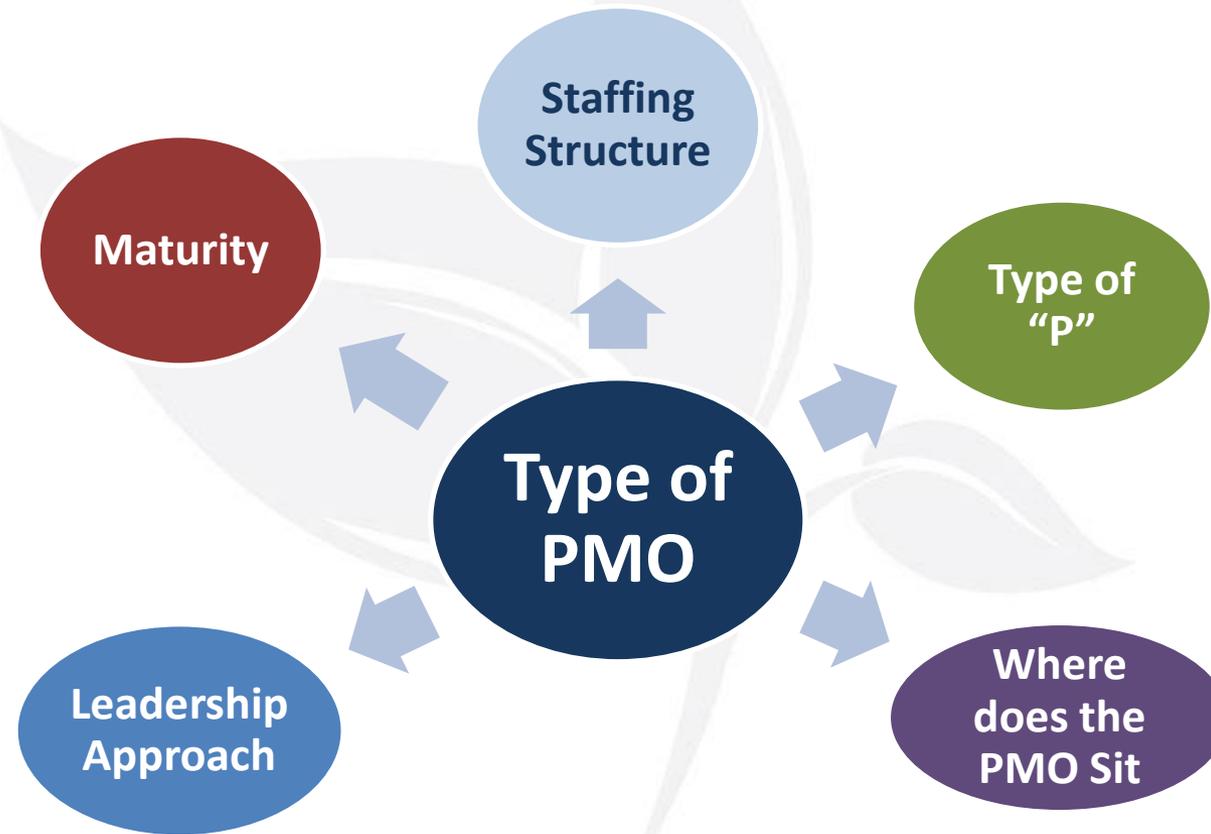


Multiple responses allowed

# What Type of PMO

- Reporting
- Centre of Excellence
- Enterprise or IT PMO?
- PM's inside the PMO?
  - Consider a PMO with a hybrid approach. Have your senior or "master-level" project managers in the PMO to execute the big, risky, cross-silo and enterprise projects and serve as role models for good PM process.
  - At the same time, work to evolve the PMO.

# Factors determining the type of PMO



# Creating a Successful PMO

- Business Case
- Executive Support
- Clear Mandate
  - Recalibrated occasionally
- Build an PMO Charter
- Become the centre of excellence
  - Competency Development
  - Tools
  - Methods
  - Processes

# aus·ter·i·ty

*noun*

1. sternness or severity of manner or attitude.  
"he was noted for his austerity and his authoritarianism"
  2. extreme plainness and simplicity of style or appearance.  
"the room was decorated with a restraint bordering on austerity"
  3. conditions characterized by severity, sternness, or **asceticism** (severe self-discipline and avoidance of all forms of indulgence).  
"a simple life of prayer and personal austerity"
- plural noun: **austerities**
  - synonyms: severity, strictness, seriousness, solemnity, gravity;

# Austerity via Cost Containment

- Public Sector compensation
- Shared Services
- Training and Education
- Travel budgets
- Internal Fripperies
- External consulting
- Continuous Improvement to drive down the cost of service delivery – focus on transactions

# “Is Project Management a cost to be reduced or an enabler for cost reduction?”

- If it is seen as “a cost to be reduced” then PPM not linked to strategy and not seen as a value driver, it probably isn't part of the corporate culture.
- If it is seen as “an enabler for cost reduction” then the organization “gets it” and how it is linked to strategy delivery. PM is seen as a value driver.

# Costs of Project Management

- Costs of Managing a Project
  - Project Board
  - Project Manager
  - Project Support
  - Risk Budget
- Cost of failure
  - Rework
  - Cost Overrun
  - Time overrun
  - Under delivery
  - Poor outputs
  - Benefits not realized / aligned
  - Consequential costs / losses
- Cost of Managing Projects
  - Centres of Excellence
    - Competency Development
    - Tools
    - Methods
  - PMO
    - Support
    - Monitoring
    - Reporting
  - Portfolio Office
    - Evaluation
    - Assurance

# Cost Saving Options

- Reduce the number of projects
- Reduce the cost of managing a project
- Reduce the cost of managing projects
- Reduce the cost of failure
- Improve performance
  
- These are all related

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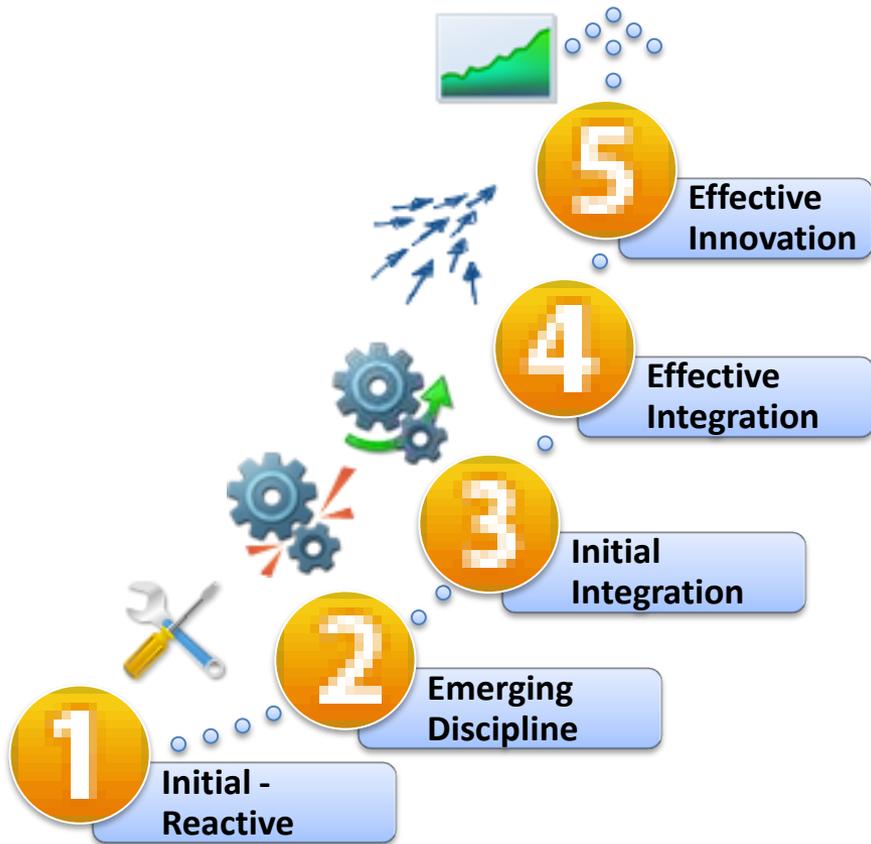
# Reducing the cost of managing projects

- Competency Development
  - Seek out free Webinars (PMI, APM, others)
  - PMI Membership – access to resources
  - Study group participation
  - SkillsNB membership
    - e-Learning & Books 24x7
- Low cost/no cost tools
  - Project In A Box
  - Planner
  - Open Project
  - Google Docs
- License free methods
  - PRINCE2, PRAXIS
  - PRINCE2 Templates

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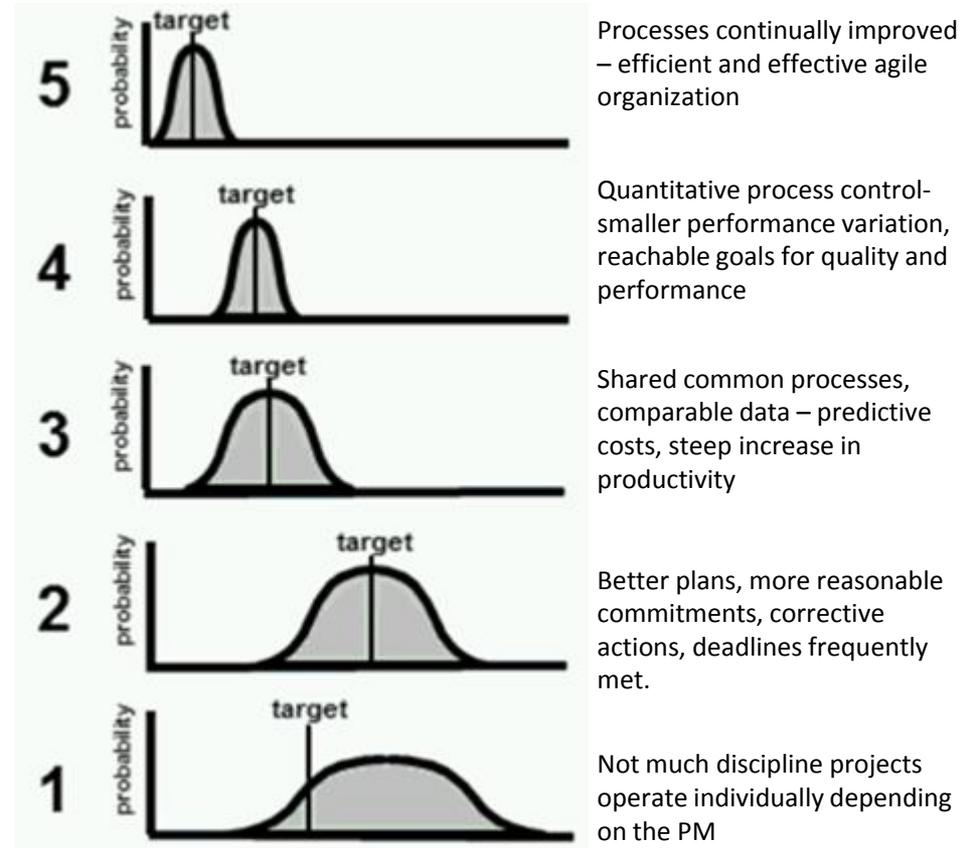
- PMO Support
  - Not the Method Police
    - but standard templates
    - Specify the minimum set by Complexity and Risk
  - Just enough process
  - Minimum of monthly report to executive
  - Ensure projects are resourced
- Evidenced Based Decision Making
  - Business Case
- Assessment of Outcomes
  - Post project reviews

# Cost Containment of Project Management Vs Performance



Gartner PPM Maturity Model

Created 2007



# Critical Success Factors

- Maintain PMO Relevancy
  - Clear Mandate – Update as necessary
  - Organization Charter clearly identifying:
    - Mission, Vision & Values (and their drivers)
  - Set KPI's that reflect the mandate / objectives
- Review Value contribution
  - Actively generating cross enterprise opportunities
  - Highlight additional benefits delivered
  - Does your executive see the value and promote it?
- Report on performance – at least annually

# Investing in Capability

	Individual	Team	Organization
<b>People</b>	PPM leader role formalized, Increasing specialization Predictive Index,	Team learning, empowered decision making, shared resource pools Balanced teams - insights	SRO Boot camp ensure Senior Leaders know their role and responsibility for successful projects
<b>PPM Practices and Processes</b>	PMI PMBOK, PRINCE2 Educate in PM processes	PRINCE2 Agile practices PM Control processes	PPM function established. Projects are approved on a portfolio basis. Management processes integrated
<b>Value &amp; Financial Management</b>	Project estimation – cost and benefit	PMO Benefits Definition	Business case driven, Costs are captured and forecast. Benefits are identified and related to strategy in the portfolio.
<b>Technology</b>	Desktop tools (MS Office, Planner, Mind manager) Project cost management tools	Project In A Box, MS Project Enterprise, Collaboration Tools such as SharePoint	PPM tools is in place, resource management, portfolio analysis, Status Dashboards, workflow approvals etc...
<b>Relationships</b>	Grow Individuals EQ, Instill a Client focus, Enable feedback from client (survey)	Adopt tools to help the team explore balance of the team. (MBTI, Insights, Predictive Index, Belbin)	The relationship between the PMO and the governance board begins to shift from execution of projects to execution of the portfolio

# Opportunity

- Transformation means ever increasing number of projects
- Organizations must create the environment in which high performance project delivery is possible and also link this to the organizations strategic aims
- The challenge will be to manage projects more effectively, both operationally and strategically
- Which Projects will deliver the \$\$\$ ?

# Monday Morning

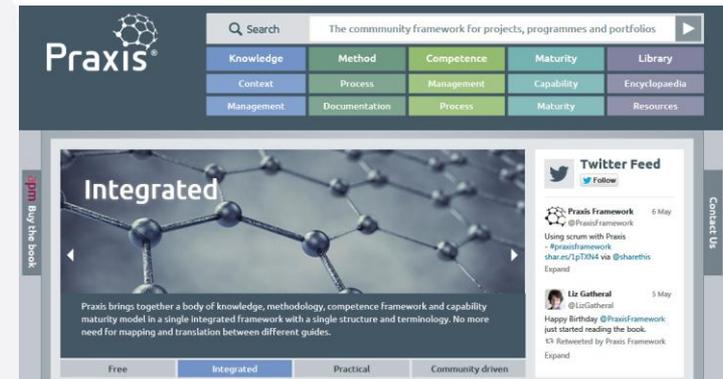
- Establish / Redefine the PMO Mandate
- Create / Review PMO charter documentation
- Develop a framework of stakeholder dialogue to regularly check that established PMO goals and objectives remain valid
- Consider PMO role in cost containment

# Summary

- How can project management help with austerity.....
- Contribution = Increased performance + reduced cost of failure + lower cost of projects – cost of project management
- How does this look in your organization?
- Where is the current pain and where is the potential gain?

# Information

- <http://www.praxisframework.org/>
  - Free method / templates / library of guidance
- [www.SkillsNB.ca](http://www.SkillsNB.ca)
  - E-learning and books 24x7 – Free access
- <https://www.axelos.com/>
  - PRINCE2 and other methods / free templates etc...
- [www.pmi.org](http://www.pmi.org)
  - Membership provides access to many benefits
    - Project / Program / Portfolio Management Standards
    - Free Webinars, Communities of Practice
- [www.Linkedin.com](http://www.Linkedin.com)
  - Public discussions and sharing of lessons, advice etc..



# Questions

