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Project Management Office Starter Kit
Executive Overview
Introduction
Plan Phase
  Create Statement of Purpose and Goals
  Define Scope and Target Maturity
  Identify Core Services Needed to Achieve the Goal
  Define Core Service Metrics
  Define Business Processes
  Define Governance, Stakeholders, and the PMO Team Structure
  Create the Timeline and Identify Key Milestones
  Publish the Charter
Implement Phase
  Define Key Roles/Job Descriptions
  Gather Project Inventory and Analyze It
  Define Key Methodologies and Standards
  Build Skills Assessment and a Development Plan
  Build a Project Portfolio Management System Plan
Manage Phase
  Conduct Project Reviews
  Establish a Project Monitoring and Management Model
  Work with Governance
  Revalidate with Senior Leadership
  Mature Your Project Management Office
Conclusion
Executive Overview

The goal of this white paper is to provide some concrete suggestions and guidance on how to implement a project management office (PMO). It is not intended to help make the business case for forming a PMO, although it may actually be helpful in this regard. Rather, it assumes that the business case has been made and the business decision is to move forward.

Introduction

The recommended PMO development roadmap consists of three primary phases: Plan, Implement, and Manage. Each phase is broken down into several sequential steps. This document walks through each step individually and elaborates on the various concepts and recommendations presented.

Figure 1. The PMO roadmap breaks down into sequential steps to help you develop your plan.
Plan Phase

The Plan phase is organized around asking and answering “why, what, how, who, and when” questions. The answers to these questions form the core information that flows into the PMO charter. The initial Plan phase should not be exited until you complete the PMO charter and confirm buy-in from key stakeholders and customers identified in the planning process.

<table>
<thead>
<tr>
<th>TABLE 1. THE CORE INFORMATION NEEDED FOR THE PMO CHARTER</th>
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</thead>
<tbody>
<tr>
<td><strong>KEY PLAN COMPONENTS</strong></td>
</tr>
<tr>
<td>WHY?</td>
</tr>
</tbody>
</table>
| WHAT? | Scope and target maturity | • What is the scope of the PMO, based on organizational needs and target organizational maturity?  
• What core services will the PMO provide, and how will success/value be measured? |
| HOW? | Business processes | • How will services be managed and delivered? |
| WHO? | Governance  
Customers/stakeholders  
PMO team structure | • To whom does the PMO report?  
• Who are the PMO’s customers and stakeholders?  
• Who constitutes the PMO team (key roles, org chart)? |
| WHEN? | Timeline/milestones | • When will the PMO be in business, and when will the core services come online? |
| SUMMARY | Charter | • This simple one-page summary document answers most/all of the above questions |

Create Statement of Purpose and Goals

A simple statement of purpose and goals guides the PMO team and provides a core communications platform to business leadership and project management (PM) community stakeholders. Business-driven PMOs aspiring to have a more strategic and transformational impact may have a statement of purpose that reflects business change and value delivery enablement. More-traditional PMOs may focus more on process consistency and continuous improvement. Potential goals include

- Better alignment of project activity and business strategy and investments
- Consistent adherence to a project management process and methodology
- Improved collaboration, knowledge, and best practice sharing
- Resource pool readiness (training) and competence to meet evolving IT and business needs
- World-class resource utilization and capacity management
- Executive visibility into project, program, and portfolio-level status, issues, risks, costs, and the like.
Define Scope and Target Maturity

Your PMO goals (defined above) need to be put in context with respect to scope and target maturity. The scope consists of three levels: Project, Program, and Portfolio.

- **Project.** The focus is on PM training, mentoring, and coaching as well as project-level budgets, scheduling, resources, deliverables, risks, and metrics.

- **Program.** This level focuses on the coordination of business and IT projects, program planning, change/risk management, coordination of project delivery, and results measurement.

- **Portfolio.** This level focuses heavily on benefits realization management, knowledge management, portfolio scope definition, overall investments and resource utilization, benefit and risk assessment, and performance monitoring.

Understanding your current level of information technology (IT) or project portfolio management (PPM) maturity is critical to setting achievable IT organization maturity goals. Capability Maturity Model Integration (CMMI) provides a widely used and standardized framework for describing the levels of IT organization maturity:

- **Level 1: Reactive.** Methods are undocumented, and delivery, budgets, and schedules are uncontrolled. Move to the next level when the methodology is defined for project tracking and scheduling, time tracking, resource assignments, project oversight, and support.

- **Level 2: Repeatable.** Processes are not consistently used, and projects regularly exceed the budget and scheduled time. Move to the next level when automated processes are in place for project budgeting, risk mitigation, issue and requirements tracking, and resource management.

- **Level 3: Proactive.** There is a commitment to documented, standardized PM procedures and delivery processes companywide. Move to the next level when automation of additional functions such as financial management and business process modeling is in place.

- **Level 4: Measured.** Key performance indicators (KPIs) are specified and monitored regularly, and project and program delivery is predictable and controlled. Move to the next level when there is evidence that an innovative process improvement culture has taken hold.

- **Level 5: Continuously Improved.** Processes are regularly extended to external entities and collaboration practices are state-of-the-art.

A simple matrix defined by the scope and maturity dimensions helps depict where an organization may be today and where it hopes to be over a defined period of time, given the tools and influence of the new PMO. In Figure 2, an example organization currently describes its scope as “project-focused” and its organizational maturity as “reactive” (Level 1). Its goal is to expand the scope of PPM practices to include program and portfolio management (PPM) oversight while working toward “repeatable” (Level 2) maturity for project, program, and portfolio management practices across the organization.
Figure 2. A matrix based on the scope and maturity dimensions depicts an organization’s starting point and where it hopes to be with the new PMO.

Identify Core Services Needed to Achieve the Goal

Now that you have defined the core PMO mission/purpose, the next step is to identify the key services the PMO will offer in support of its business goals. Figure 3 describes various potential PMO service offerings, ranging from business strategy alignment services to basic project activity visibility and coordination. Some organizations may focus on a few of these areas, whereas others take on all these areas over time.

Figure 3. Potential PMO service offerings range from business strategy alignment services to basic project activity visibility and coordination.
The selected service offerings should be mapped to (and rationalized with) the defined PMO scope and organization maturity level. Figure 4 provides an example of selected service offerings that have been identified to address scope aspirations and organization maturity goals.

Figure 4. Service offerings should be mapped to the defined scope aspirations and maturity goals.

Define Core Service Metrics

Metrics for managing the performance of each service offering need to be defined. Business-driven PMOs that are more “outside-in” may focus on contribution to external business metrics such as return on investment (ROI), time to market (TTM), customer satisfaction, and benefit realization related to business strategic initiatives, programs, and portfolios. More-traditional PMOs typically define metrics for various service offerings (see Table 2).

<table>
<thead>
<tr>
<th>POTENTIAL SERVICE</th>
<th>EXAMPLE METRICS/ SUCCESS CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business strategy alignment</td>
<td>• Number of projects aligned with key business strategies</td>
</tr>
<tr>
<td></td>
<td>• Project health by strategy</td>
</tr>
<tr>
<td>Methodology and process consistency</td>
<td>• Percentage of projects following approved methodologies</td>
</tr>
<tr>
<td></td>
<td>• Percentage of milestones or phases completed as planned</td>
</tr>
<tr>
<td></td>
<td>• Percentage of projects completed on time</td>
</tr>
<tr>
<td>Collaboration and knowledge management</td>
<td>• Number of best practice documents submitted to the knowledgebase</td>
</tr>
<tr>
<td></td>
<td>• Number of issues resolved by leveraging of lessons learned</td>
</tr>
<tr>
<td>Professional development</td>
<td>• Number of certified PMs or PMs trained in company process</td>
</tr>
<tr>
<td></td>
<td>• Training courses delivered</td>
</tr>
<tr>
<td></td>
<td>• Percentage decrease in expenditures on contractor/outside help</td>
</tr>
</tbody>
</table>
Define Business Processes

The next step is to figure out how the services will be managed and delivered. Table 3 provides some high-level descriptions of example delivery mechanisms that are typically deployed to operationalize various PMO service offerings.

**TABLE 3. TYPICAL DELIVERY MECHANISMS FOR PMO SERVICE OFFERINGS**

<table>
<thead>
<tr>
<th>POTENTIAL SERVICE</th>
<th>EXAMPLE SCOPE, FOCUS</th>
<th>TARGET DELIVERY MECHANISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business strategy alignment</td>
<td>Alignment with corporate strategies</td>
<td>The PPM system delivers strategy alignment functionality with listings, reports, and dashboards.</td>
</tr>
<tr>
<td>Methodology and process consistency</td>
<td>Focus on standards and methodologies for project execution, risk identification, issue resolution</td>
<td>Methodology expertise and knowledge transfer are delivered via training services. Consistent delivery is enforced by the PPM system.</td>
</tr>
<tr>
<td>Collaboration and knowledge management</td>
<td>Best practice projects, tools, and templates PPM community</td>
<td>A globally accessible Web-based knowledgebase leverages a PPM system document repository.</td>
</tr>
<tr>
<td>Professional development</td>
<td>Methodology training and certification</td>
<td>Delivery is via a blended learning software platform (Information and Learning Technology [ILT] and e-learning).</td>
</tr>
<tr>
<td>Resource management</td>
<td>Resource management initially focused on resource assignment visibility and basic resource utilization</td>
<td>This is the core function of a PPM software solution.</td>
</tr>
</tbody>
</table>

Define Governance, Stakeholders, and the PMO Team Structure

In this step, the PMO plan must address the various “who” questions. Who is going to deliver the service offerings that have been identified? Who is the customer for these services, and to whom is the PMO accountable for the delivery of these services?
Specifically, the plan should

- Identify direct reporting relationships and dotted-line sponsors/champions
- Define the organizational structure and roles and responsibilities
- Solicit and track stakeholder agreement

Figure 5. The PMO plan should define the organizational structure and reporting relationships.

Create the Timeline and Identify Key Milestones

Every plan must clearly identify key phases and milestones. Some major milestones for this PMO starter kit’s three primary phases (Plan, Implement, and Manage) are suggested in Figure 6.

Figure 6. Working through the PMO rollout phases involves several major milestones.
Publish the Charter

Once all the “why, what, how, who, and when” questions have been answered, the organization is ready to publish and communicate its charter, which is essentially a high-level summary of the following information:

- **PMO purpose and goals.** Concise statement of purpose and goals
- **PMO scope and focus.** Definition of the scope and focus of the PMO and the target maturity level, if applicable
- **Service offering and metrics.** Definition of service offerings (aligned with PMO scope and target maturity), service success criteria, and metrics, plus a high-level timeline of key service delivery milestones
- **PMO processes.** Description of how the PMO processes will be managed and delivered
- **PMO organizational structure.** Description of organizational structure and communications flow and list of key personnel, including PMO sponsors and stakeholders
- **PMO authority.** Statement of PMO authority and list of sponsor and key stakeholder signatories and/or charter approvers

Implement Phase

Define Key Roles/Job Descriptions

The first step in the implementation phase is to execute the hiring plan. With the high-level team structure defined, it is now time to refine key role definitions and job descriptions and begin the recruiting process. Example role and job description summaries include

- **PMO director.** Sets a strategic direction; defines, manages to, and reports KPIs; creates and maintains tool, template, best practice, and methodology documentation
- **PM manager/support.** Manages the PM resources and provides PM coaching and mentoring; may serve as a PM resource for strategic projects; tracks organizationwide resource capacity and utilization, recommending optimal allocation
- **Training/professional development manager.** Assesses organizational and individual competence levels and skills to determine needs; designs and delivers a curriculum/service offering and certification program
- **PMO analyst.** Maintains a PMO dashboard and reports; assists project teams with reporting and tracking; provides systems support and administration (such as a project inventory database, a knowledge repository, and a collaboration platform)
Gather Project Inventory and Analyze It

For every active and proposed project, the PMO should gather basic information such as

- The project name, description, and scope
- Alignment (business unit, program, initiative, strategy, portfolio)
- The project type
- Project personnel (PM, project sponsor, project team)
- Requestor and internal priority
- Dates (planned, actual)
- Financials (budget, costs, ROI, approved changes)
- Outstanding issues

Once you’ve collected project data, you must analyze it to (1) understand potential issues and opportunities that exist right now and (2) generate baseline metrics for future trend and comparative analytics. Example findings that may trigger near-term action:

- “Projects are not generally aligned with business objectives.”
- “We have some common project issues such as...”
- “Projects with certain attributes such as [fill in the blank] are generally not on time.”
- “We have a project cost/estimation issue.”

Define Key Methodologies and Standards

This step defines key methodologies and standards. This includes project execution methodologies the PMO will support by providing training, coaching, mentoring, tools, and templates (such as Agile for IT; Stage-Gate for new product development; and Six Sigma/define, measure, analyze, improve, control [DMAIC] and Lean for process improvement).

This also includes providing standard definitions for project-related concepts and attributes such as issues, risks, and change and trigger events, as well as standardized processes for associated actions such as making assignments, establishing qualifications, initiating escalations, finding resolutions, and composing communications.

Build Skills Assessment and a Development Plan

Most PMOs are charged with improving the organization’s project management skill set and overall maturity and competence level. To accomplish this, an organizational skills assessment must be conducted to establish a benchmark. A development plan should be constructed—at the organizational and individual level—that focuses on closing the gap between the benchmark and the target skill or competence level.
The resulting remediation plans should be developed in coordination with functional and resource managers. Optionally, a certification program can be implemented to validate and recognize competence and skills attainment. Systems should be leveraged to track development plans, training, certifications, and feedback on training effectiveness. Outsourcing can be considered for all or parts of the skills assessment, development planning, and training delivery process.

Build a Project Portfolio Management System Plan

The systems plan depends on the initial and projected scope and scale of the PMO organization and the project-intensive environments it serves. An appropriate solution can range from an Excel spreadsheet to an enterprise-class on-demand PPM system, so it would not be meaningful to provide detailed guidance in this area, beyond the following high-level best practices.

Requirements should map to PMO service offering enablement such as strategy alignment capabilities, resource utilization, project execution consistency, best practice sharing and collaboration, integrated training administration, and project tracking (in terms of factors such as status, issue, risk, schedule, and time).

The system must provide an easy way to report on project, program, and portfolio metrics that have been identified for each service offering. This includes the ability to easily compose, share, print, and communicate dashboards and reports.

Finally, make sure that there is a well-thought-out plan for integrating with existing systems as necessary and that sufficient emphasis is placed on systems training. Solution training should be offered to everyone involved in the project management process.

Manage Phase

Conduct Project Reviews

Conduct periodic project and program reviews. When focusing on projects, look for

- Consistent project planning, delivery, and reporting
- Project focus on scope and objectives
- Task assignment and reporting process and results
- Issues and changes
- Project communication effectiveness

When focusing on programs, look for

- Master schedule and roll-up of issues/costs
- Project dependencies’ being met and reported

When focusing on both, assess team skills and offer training as needed.
Establish a Project Monitoring and Management Model

For all in-flight projects, it is important to operationalize a process for monitoring changes to status, issues, risks, costs, and so on. This involves subprocesses for detecting these changes, qualifying and/or quantifying their potential impact, communicating and escalating the impact to relevant stakeholders, and triggering plans of action for resolution or mitigation.

![Diagram showing the process of monitoring, detecting, reporting, communicating, and escalating changes.]

**Figure 7.** Establish a process for detecting changes, quantifying and communicating their impact, and triggering resolution.

Work with Governance

Maintaining the support of the PMO governance entity will be critical to long-term survival. Although this entity is interested in project-level progress, it is more concerned with structural change and strategic process and direction. In this regard, it may look to the PMO to play an advisory or consultative role, so the PMO should stand ready to make project recommendations in the following four areas:

- **Retaining.** The PMO should be able to recommend and justify projects that should be kept alive.

- **Killing.** The PMO should recommend projects to discontinue based on metrics results (performance), duplication of effort, lack of alignment with corporate initiatives, resource contention considerations, and the like.

- **Consolidating.** The PMO should identify opportunities to consolidate disparate project efforts into a single project or program in order to achieve greater project execution efficiencies or outcome coordination or to refocus efforts and resources.
• **Reprioritizing.** The PMO should be able to make recommendations regarding project priorities and opportunities to shift project resources.

**Revalidate with Senior Leadership**

Questions the PMO should be ready to answer at all times include

- Are we providing value?
- Are any changes needed?
- Have we driven our organization’s maturity to the next level?
- Can we answer critical questions?
- Are we doing the right projects?
- Do we know the current status of all projects?
- Are we managing, escalating, and resolving project issues?
- Do project and program managers have the right training?
- What is our overall resource utilization?

**Mature Your Project Management Office**

The CMMI described earlier in this document pertained to the maturing of the organization the PMO serves. The PMO itself needs to mature as well. The PMO maturity model depicted below provides a starting point for modeling an appropriate evolutionary path in your organization. Because the business context—including goals, business drivers, organizational structure, and culture—is unique for every enterprise, any maturity model can be viewed only as a template and a launching point for further discussion on how best to plot the most efficient and successful path.

<table>
<thead>
<tr>
<th>Maturity Level</th>
<th>Key Process Area Concentrations</th>
<th>Strategic Focus</th>
<th>Effective Span</th>
<th>Next Phase when...</th>
</tr>
</thead>
</table>
| 5 Integrated   | • Value, Procurement, Outsourcing, and Contract Management  
                 • Business Continuity Planning  
                 • PM Center of Excellence | Integration with Business | Enterprise / Industry – Strategy Execution | A whole new paradigm for Enterprise PPM and governance is invented. |
| 4 Managed      | • Program Process, Vendor, Project Integration, and Staff Performance Management  
                 • PM Career Path  
                 • Best practices dissemination  
                 • Enterprise wide resource planning/mgmt | Dynamic  
                 • Change, Continuous Improvement | Multiple SBUs – Strategic Alignment | Project success is the norm and little PMO resource goes to crisis management. PMO established as focal point for optimizing project execution performance enterprise-wide. |
| 3 Defined      | • PM Methodology  
                 • Skills, Risk, Staff/Environment Resource, Change, Conflict/Issue Management  
                 • PM Training and Consulting  
                 • Knowledge Management | Static  
                 • Macro-Level Change | Multiple Programs or Portfolios | PMO viewed as an important link between IT project/program delivery and the business. PMO takes lead in objective setting and performance monitoring. |
| 2 Stable       | • Planning, Tracking, Estimating, Risk Identification, Schedule, Scope, Budget/Cost, and Progress Reporting Skills | Stabilize Performance, Standardize processes | Multiple Projects (Portfolio or Program) | PMO now viewed as Program or Portfolio Management Office |
| 1 Initial      | • Basic tools/techniques, methodologies, services, roles, standards established (underlying disciplines may not be understood or consistently followed) | Success Stories, Low-hanging fruit | Individual Projects | Start to see initial "pull" for PMO services and info. |
Figure 8. This PMO maturity table provides a starting point for modeling an appropriate evolutionary path within your organization.

Conclusion

If you have been tasked with forming and managing a PMO, the steps outlined in this white paper will provide a starting point. Once you have followed these steps and have a detailed description of how you’ll launch and develop your PMO organization, you can move on to communicating this plan to key stakeholders and, of course, managing your plan in action.