



**Review of 2008 PMO 2.0 Survey Report – by Gus Sanchez**

**About the Report**

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Report Link <http://www.planview.com/docs/Planview-2008-PMO-2.0-Survey-Report.pdf>

*Note: ALL of the information contained in this document comes from the original report (referenced above). I have summarized and re-created some of the information for the purpose of aiding our discussion at the PMI Westchester Chapter PMO SIG/LIG meeting.*

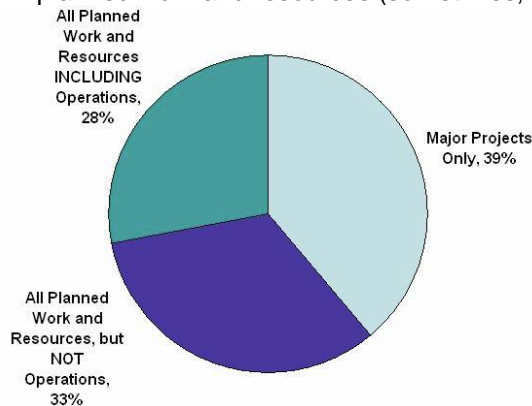
**Some review/discussion points**

**About the Report**

- Peer reviewers include Dr. Brian Hobbs, whose original survey we reviewed last year (See PMO SIG site for copy of report)
- There were 455 respondents, the majority of which are assumed to originate from North America
- Few responses came from “traditional physical project sectors” such as construction, aerospace, transportation, energy and defense. The bulk of them came from “knowledge-worker environments” in technology-based service sectors such as insurance, finance, healthcare, product development, engineering, consulting and more.
- Respondents were evenly split between those directly involved with the PMO (sponsors, managers, staff; 51%) and constituents (PMs, functional managers, others; 49%). The pattern of responses tracked very closely between the two groups. There was consistency.
- Organizations characterized as Enterprise (>10K staff), Mid-Market (10K <> 1K staff) and Small (<1K staff). Again, response patterns were consistent across the groups, supporting the original (Hobbs) report that, for the most part, size does not matter. – Though, there are differences in reporting, and some logical evolutions of more robust processes (in larger organizations, etc.).

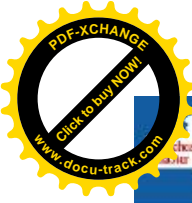
**Some of the Findings**

- Traditional scope of a PMO is that of supporting individual or groups of projects (programs/portfolios). That’s no longer the case. The modern PMO is extending to a broader scope and including general business management functions, in line with a “center of excellence” model. These additional responsibilities include ALL planned work and resources (sometimes, including operations).



**General Scope of PMO Responsibilities**

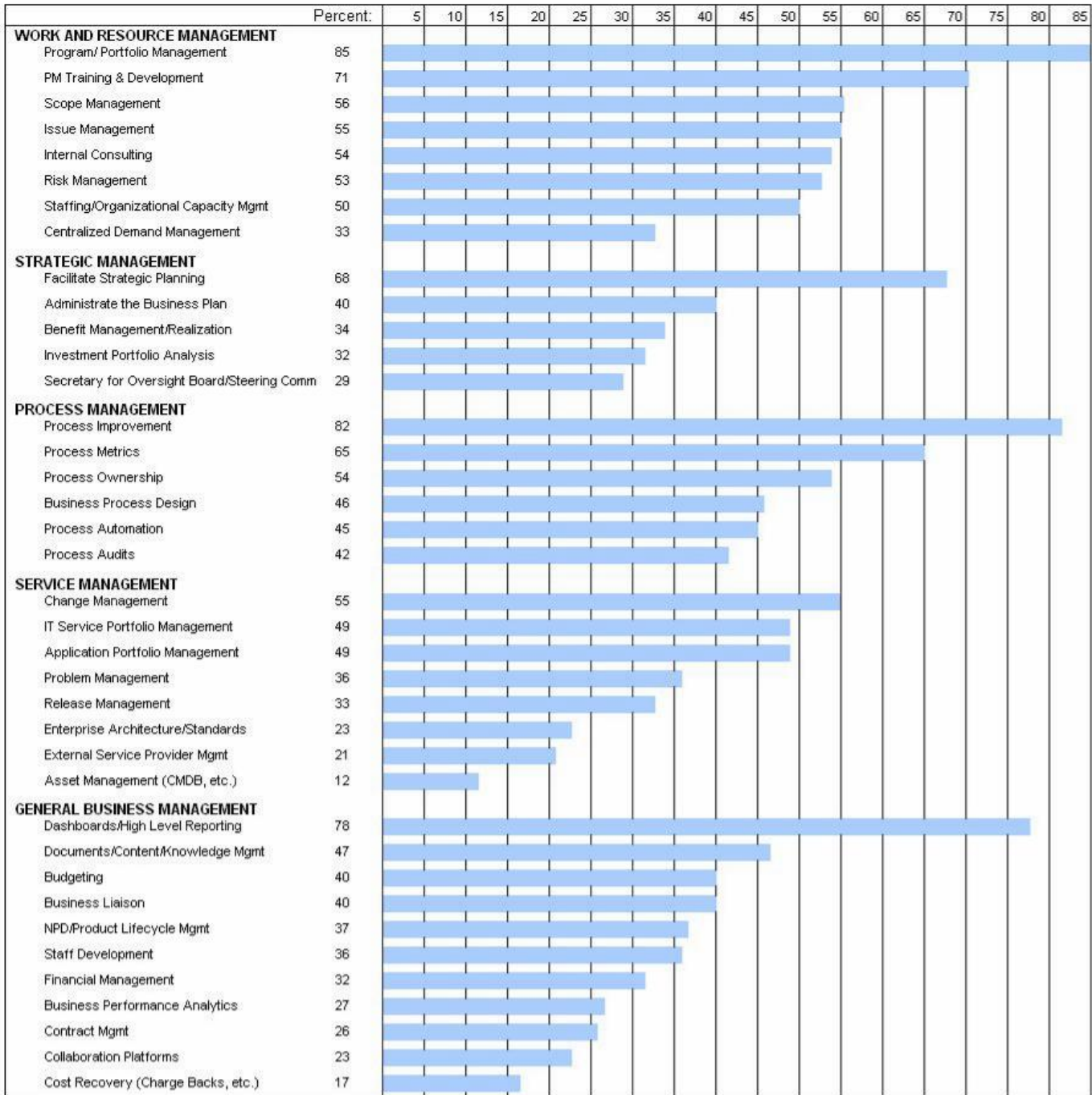
- Following, is a scope of services covered by “today’s PMO”. Supporting the expansion (of PMO scope) are the bullets in Strategic Management: 68% involved in strategic planning, and 40% administering the



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business plan for the organization. Furthermore, PMOs are taking a more active role in operational aspects of technology service delivery. Also, with only 36% of respondents reporting they specifically serve IT and over 55% reporting they support Change Management, this indicates that some “business side” PMOs are actively involved in supporting technology management functions.



- From a reporting perspective, 55% said they report to a C-level executive. 10% report to a VP. PMO staff sizes varied. There seemed to be some correlation between staff size and number of constituents (more on that later). Regardless of reporting structure, the scope of the PMO’s responsibilities remained consistent.
- Respondents were asked to identify their organizations’ level of process maturity. The range included:



- Level 1 – Most Business Processes are informal or undefined (22%)
- Level 2 – Most Business Processes are defined, but not well adopted (37%)
- Level 3 – Most Business Processes are defined, repeatable and followed (31%)
- Level 4 – Most Business Processes are aligned and have performance measures (6%)
- Level 5 – Most Business Processes are optimized and continually improved based on their performance (4%)

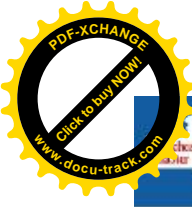
Several trends and indications were observed using these levels. For example: even though the PMO is less often responsible for “owning” processes, you can see an increase in process maturity levels as the majority of PMOs become actively involved with process improvement and measurement activities. Similarly, with regard to years in service, as the PMO (service) time increases, the average process maturity levels steadily increase compared with organizations without a PMO.

- What types of processes are being employed? Well-established PM methodologies, such as PMI and classic waterfall techniques remain prevalent. However, leading-edge techniques such as Agile/Scrum are on the rise. Similarly, the PM methodology Prince2 is also on the rise, perhaps due to the success of ITIL, also created by the British Office of Government Commerce (OCG). Stage-Gate techniques are also receiving a lot of consideration for product development.
- In terms of governance, the field remains fairly evenly split: CMMI, CobIT, ISO, Lean Six Sigma, TQM – Six Sigma still has a slight edge.

**Operational Challenges**

- There were 33 commonly reported challenges related to both the PMO and organizations in general. Respondents were asked to rate the impact of each of these challenges using the following scale:
  - Critical Problem (= 1)
  - Significant Challenge (= 2)
  - Minor Issue (= 3)
  - Not a Problem (= 4)
  - Not applicable (N/A)

The resulting dashboard looked like this (see composite dashboard on next page):

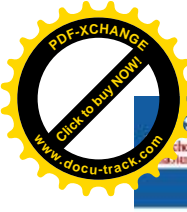


## OPERATIONAL CHALLENGE DASHBOARD (All Respondents)

ORGANIZATIONAL CHALLENGES	Avg Impact	% Major	PROCESS CHALLENGES	Avg Impact	% Major
Lack of PMO Sponsorship	2.79	43	Undefined Strategy	2.70	44
Interdepartmental Politics	2.37	60	Undefined Investment Process	2.72	44
Management Resistance	2.73	40	Uncontrolled Demand	2.47	53
Departmental Silos	2.24	66	No / Poor Priorities	2.61	46
Unclear Expectations	2.61	44	Lack of Formal Processes	2.82	35
Changing Expectations	2.54	48	Ineffective Processes	2.68	42
PMO Placement in Organization	2.84	34	Process Compliance	2.59	45
Organizational Maturity	2.41	58	Process Complexity	2.73	41
Organizational Alignment	2.68	43	Incomplete Requirements	2.43	55
Inadequate Resources	2.40	54	Financial Management	2.82	35
Lack of Accountability	2.65	45	Knowledge Management	2.68	42
Staff Turnover / Reassignment	3.18	20	Communications	2.58	46
Inadequate PMO Staff	2.76	39			
Lack of Training or Skills	2.85	34			
<b>TECHNOLOGY CHALLENGES</b>			<b>LEGEND</b>		
Metrics & Reporting	2.47	55	<b>Avg Impact</b>	<b>% Major</b>	
Ineffective / Obsolete Tools	2.59	46	(Average Impact Rating)	(% Reporting 'Critical Problem' or 'Significant Challenge')	
Lack of Infrastructure	2.85	32	<2.25	<b>DANGER</b>	>60%
<b>SITUATIONAL CHALLENGES</b>			2.25 - 2.50	<b>CAUTION</b>	60-50%
Dyanmic Business Environment	2.47	58	2.51 - 2.99	<b>NEUTRAL</b>	40 - 49%
Merger & Acquisition	3.20	22	≥3.00	<b>GOOD</b>	<40%
External Influences	2.80	33			
Emerging / Disruptive Issues	2.62	44			

- When the analysis breaks this down into levels of process maturity, we see a strong correlation between the impact of these challenges and the process maturity level in an organization:





**OPERATIONAL CHALLENGE DASHBOARD**  
(All Respondents - Segregated by Process Maturity Level)

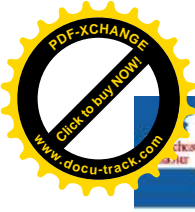
	Level 1		Level 2		Level 3		Level 4&5	
	Avg Impact	% Major	Avg Impact	% Major	Avg Impact	% Major	Avg Impact	% Major
<b>ORGANIZATIONAL</b>								
Lack of PMO Sponsorship	2.40	59	2.68	50	3.01	30	3.33	24
Interdepartmental Politics	2.25	69	2.19	66	2.55	52	2.71	46
Management Resistance	2.59	49	2.55	47	2.94	31	3.09	26
Departmental Silos	2.02	76	2.10	70	2.38	63	2.76	41
Unclear Expectations	2.40	53	2.56	47	2.70	42	3.00	23
Changing Expectations	2.47	51	2.35	56	2.67	41	3.06	32
PMO Placement in Organization	2.53	45	2.81	33	3.00	32	3.18	15
Organizational Maturity	2.05	73	2.18	69	2.75	41	2.94	34
Organizational Alignment	2.43	54	2.56	49	2.86	36	3.11	29
Inadequate Resources	2.19	64	2.41	56	2.53	48	2.49	43
Lack of Accountability	2.38	69	2.56	47	2.85	39	3.03	29
Staff Turnover / Reassignment	3.19	21	3.20	20	3.16	19	3.34	16
Inadequate PMO Staff	2.65	46	2.63	43	2.94	31	3.12	24
Lack of Training or Skills	2.61	60	2.71	39	3.07	22	3.23	17
<b>PROCESS</b>								
Undefined Strategy	2.18	67	2.61	49	3.00	29	3.29	20
Undefined Investment Process	2.28	59	2.62	50	2.91	35	3.39	15
Uncontrolled Demand	2.10	71	2.38	58	2.68	44	2.97	21
No / Poor Priorities	2.24	63	2.49	53	2.79	35	3.21	18
Lack of Formal Processes	2.15	65	2.68	43	3.24	12	3.43	11
Ineffective Processes	2.20	68	2.55	51	2.96	23	3.29	17
Process Compliance	2.32	57	2.40	55	2.82	33	3.21	21
Process Complexity	2.58	47	2.59	48	2.89	32	3.12	26
Incomplete Requirements	2.09	76	2.35	60	2.64	42	2.82	32
Financial Management	2.51	46	2.78	38	2.95	30	3.32	16
Knowledge Management	2.41	58	2.65	41	2.81	35	3.03	30
Communications	2.26	64	2.48	49	2.76	37	3.06	20
<b>TECHNOLOGY</b>								
Metrics & Reporting	2.18	66	2.39	61	2.64	47	2.97	29
Ineffective / Obsolete Tools	2.28	61	2.60	43	2.71	43	3.00	29
Lack of Infrastructure	2.56	41	2.82	32	2.98	28	3.31	20
<b>SITUATIONAL</b>								
Dyanmic Business Environment	2.38	61	2.39	63	2.53	54	2.82	43
Merger & Acquisition	3.13	24	3.18	21	3.23	22	3.41	17
External Influences	2.68	35	2.72	37	2.97	28	2.88	29
Emerging / Disruptive Issues	2.39	54	2.58	44	2.75	39	2.97	29

**LEGEND**

<b>Avg Impact</b> (Average Impact Rating)	<b>% Major</b> (% Reporting Critical Problem or Significant Challenge)
<2.25	>60%
2.25 - 2.50	60-50%
2.51 - 2.99	40 - 49%
≥3.00	<40%

**PROCESS MATURITY LEVELS**

- LEVEL 1: Processes are Informal or Undefined
- LEVEL 2: Processes are Defined but not well Adopted
- LEVEL 3: Processes are Defined, Repeatable and Followed
- LEVEL 4: Processes are Aligned and have Performance Measures
- LEVEL 5: Processes are Optimized and Continually Improved



### PMO Effectiveness

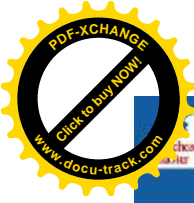
- Respondents were asked to judge their PMO effectiveness against one of the following options:
  - **(5) Outstanding:** Considered core to the business; continually expanding capabilities and scope
  - **(4) Very Good:** Meeting all objectives with wide organizational support
  - **(3) Good:** Meeting most business objectives and actively sponsored
  - **(2) Fair:** Meeting some mission objectives but struggling with others; weak sponsorship
  - **(1) Poor:** Not meeting objectives; may be dissolved

58% ranked their PMO performance positively (Good or better). Further analysis was conducted to evaluate relationships with other variables, including: time in service, process maturity, scope of functions (type and number), staff size, etc. Here is a brief list of observations:

- The higher the process maturity level, the higher the rating for PMO effectiveness
- Those PMOs reporting into the CEO fared better in the effectiveness rating
- A dedicated staff of at least 4-6 is needed for the PMO to operate at an effective level. Yet, increasing the size of staff beyond that yields little more.
- The survey did not reveal a “smoking gun”, when it comes to achieving PMO effectiveness. However, there are some indicators that, collectively, serve to influence general PMO effectiveness. There are certain traits and tendencies common to more effective PMOs including:
  - **Staffing:** Very few PMOs were effective with less than four staff
  - **General Scope:** Extending the span of the PMO and its scope of interest tracks with increased effectiveness
  - **Functional Scope:** The types of functions being done shift slightly between higher and lower performing groups. For example, groups that scored higher on effectiveness were less likely to have responsibility for more “routine” administrative functions such as:
    - administering the business plan
    - staff development
    - cost recovery/charge backs

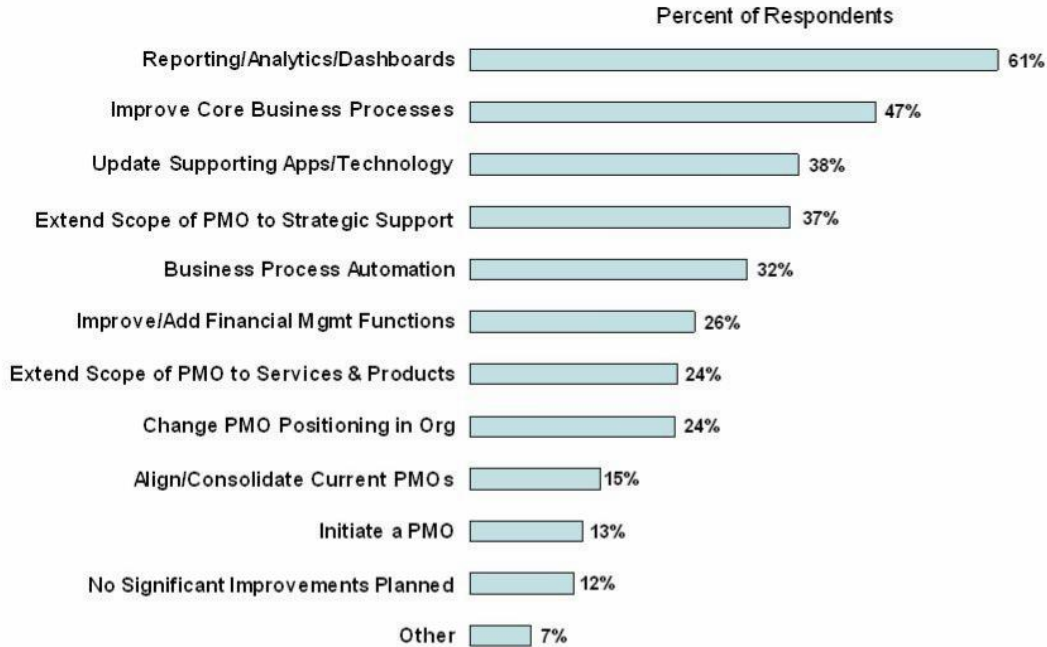
and more likely to be doing higher level functions that required the PMO to take a more active management role, such as”

- owning processes
- strategic planning
- investment analysis
- financial management
- process audits
- benefit management
- also, service management functions such as problem and change management
- **Sponsorship:** Executive support for the PMO is a key ingredient to its effectiveness.
- **Time in Service:** As the PMO matures, its general effectiveness increases accordingly; more effective PMOs have been in place for 3 or more years.
- **Process Management:** PMOs that are more involved in owning, defining, improving and measuring the performance of processes are more effective. The PMO is highly reliant upon processes as the mechanism by which it delivers many of its services. The collection of data and status information; methods of interdepartmental coordination; analysis and reporting; and effective management response are all enabled through business processes. Thus the PMO has a vested interest in being actively engaged in process management to ensure results adequately support its own needs as well as those of its constituency.



**Planned 2009 PMO Initiatives**

- \*\*\* Big Disclaimer \*\*\* - This survey was conducted just prior to calendar Q4 of 2008, the economic downturn. As a result, some (or many) of these initiatives may have been impacted.



**Planned 2009 PMO Improvement Initiatives**

**Summary**

- The greatest obstacles facing organizations are organizational, situational or process-related issues (refer to challenge dashboard). To effectively address these, an organization needs a solid foundation of effective processes (that are consistently followed). This is where a PMO can help.
- The PMO can provide a group dedicated to supporting and integrating operations across organizational boundaries. They do this by providing services such as:
  - Gather and distribute information
  - Monitor, analyze and report performance
  - Provide specialized business management expertise
  - Facilitate communications, coordination and collaboration
  - Identify, analyze and communicate significant issues and support their resolution
  - Actively coordinate and manage complex activities across the organization
  - Define, deploy, measure, and improve the enabling network of business processes

The PMO is being mobilized to counter challenges in other parts of the organization, including product development, marketing, engineering services, etc. Executive decisions depend on an understanding of the current status of internal activities, risks, opportunities and challenges, extending PMO capabilities into higher level business management activities such as strategic planning, business plan management, benefit management (ROI, etc.) and investment portfolio analysis.

- Effective processes are the key to dealing with organizational challenges. As we have seen, achieving higher levels of process maturity will help temper the impact of these challenges. The PMO is uniquely situated as a natural point of focus to establish a sustained program for business process management.





### ***Author's Closing Thoughts***

The concept embodied in the term PMO 2.0 is that PMOs of leading edge, knowledge based, technology-centric sectors are evolving to become nothing less than a center for integrated business management. The potential for the PMO to positively contribute to the overall efficiency and effectiveness of an organization is *immense*, as illustrated by those polled who have graciously shared the details of their own success as an example. But, overall PMO performance indicates that simply having a PMO does not guarantee it will be an effective addition to the organization, as attested to by others who readily admit that they are falling short of expectations or goals.

While this survey and its analysis reveal general trends and broad recommendations, each organization faces unique circumstances that must be considered on a case-by-case basis. Cultural differences, individual business objectives and circumstances, maturity levels and a myriad other specific environmental considerations make every journey towards PMO success a truly distinctive endeavor, each with its own challenges and ultimately, rewards. The information within this report can be leveraged by those actively engaged in fostering the success of their own PMO, are supporting others with their services, or are seeking information and inspiration to start their own PMO.

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