

Does a PMO offer value for money?

## Does a PMO offer value for money?

### Abstract.

Project environments are mini business entities, with budgets, forecasts and return on investment responsibilities to their sponsors and their organisations. A project management office (PMO) is sometimes viewed as an expensive corporate overhead with little or no business benefit and value for money. Alternatively, many businesses highlight the importance of the PMO as providing exceptional guidance and support for their project managers and business units. The difficulty in this discussion lies in the business perception and understanding of just what a PMO is and does.

The aim of this presentation is to discuss the varying categories and business structures of PMOs in existence and then evaluate how these PMO structures in delivering projects and supporting project managers. Ultimately, this presentation addresses the question: does a PMO offer value for money in supporting and guiding project managers and businesses in delivering projects?

### Keywords

Project Management Office

Value for money

There is a lack of consensus in the project management profession as to the value of PMOs. 50% are valued and 50% are not<sup>1</sup>. Part of the difficulty for businesses in assessing if a PMO adds value is due to the lack over what a PMO actually does and the form it takes. PMOs come in a wide variety of forms, purposes and varying names: “support offices”, “project governance teams”, “strategic project offices/departments”, “project planning offices” or maybe a name that has nothing to do with projects!

The only certainty when talking about PMOs is that no two are the same<sup>2</sup>.

So what types of PMOs exist? There four most common types of PMO’s in existence<sup>3</sup>:

- 1. The Enforcer** – The primary purpose of this PMO is governance and control. This PMO is usually charged with establishing processes, policies and methodology of project management within the organisation. A key aim of the organisation is to obtain value through the use of consistent project management policies.<sup>4</sup> A regular activity of this PMO is project audits (or “Health Checks”) and monitoring for

---

<sup>1</sup> Hobbs, Brian. The Multi-Project PMO: A global analysis of the current state of practice [last accessed 08/07/10]

[http://www.pmi.org/PDF/PMO%20Whitepaper\\_FINAL\\_launch%20copy.pdf](http://www.pmi.org/PDF/PMO%20Whitepaper_FINAL_launch%20copy.pdf) , page 10

<sup>2</sup> Above n 1

<sup>3</sup> It is acknowledged by the author of this paper, that many other forms may exist, for example those nominated in the “PMOs: One Size Does Not Fit All”, Gartner RAS Core Research Note G00155081, February 2008.

However, for the purposes of this presentation four have been nominated as the most common forms.

<sup>4</sup> <http://www.pmostep.com/201.0HomeValue.htm> [last accessed 06/07/10]

Does a PMO offer value for money?

compliance with organisations policy projects. They will usually report to management and executives about the status of projects.

- 2. The Educator** – The ultimate purpose of this is education and the promotion of project management. This type of PMO provides advice, support to project managers. Provides training to build the competency or skills required in the organisation to manage projects. These PMOs may also have a mentor program in existence to coach and develop project skills within the organisation. This is a passive and supporting role.
- 3. The Skilled Expert** – provides much needed project skills to projects across the organisation. Every project needs skilled resources and sometimes it is difficult to find such resources. The “skilled expert” PMO has a set of professional project staff form which the business can draw upon to aid in the delivery of projects. This definition extends to a Project Support Office (PSO): “a group set up to provide certain administrative and to the services to the project manager and team”<sup>5</sup>
- 4. The Sherpa** – supports but directs the business by carrying the “large/weighty items”. These items are the strategic goals or key goals of the business. Therefore, the “Sherpa” is concerned with only a select group or type of projects and directs key projects to achieve strategic goals. This may also extend to portfolio and or program management. Due to the importance of these projects, the Sherpa PMO’s often have considerable authority to allocate resources, set priorities and influence the outcome of these projects.

While it is often common place for PMOs to take one form or another (or sometimes more), there is always one dominate form. So which is the best form? The answer is: it depends on the organisation, its direction, size, project management maturity etc. Putting those points aside for a moment, let’s examine the four most common types of PMOs and evaluate how these structures assist in delivering projects and supporting project managers.

**The Enforcer** – there is an argued link between the level of control and the perceived level of cost to the business: PMOs that are perceived as “too controlling” are also perceived as “costly and useless”.<sup>6</sup> The Enforcer PMO works best in organisations that have had difficulty in delivering consistently on their projects, where there is a need to control the project basics (time, cost and quality) or where project management is in its infancy. **The Educator** – the educator as a supportive and passive role within the organisation. This form of the PMO is charged with increasing the level of project management skills within the organisation this will take the form of training and or accreditation. It is difficult to quantify if this adds value for money to the organisation. **The Skilled Expert** - the biggest benefit to businesses is that the skilled expert PMO can save money and streamlines delivery. It does so by ensuring better resource allocation<sup>7</sup>, better planning (as it is deployed from a centralised and managed

---

<sup>5</sup> Butterick, Robert, “The Project Workout” 3<sup>rd</sup> Edition Prentice Hall, page 489

<sup>6</sup> Above n 1

<sup>7</sup> Santousu, Megan. Why You Need a Project Management Office (PMO) [last accessed 07/07/10]

Does a PMO offer value for money?

group) and by reducing the need for the business to go to market and select, recruit and train a project manager. **The Sherpa** – the “Sherpa” PMO is focused on key or strategic projects and therefore the support is not wide spread. Only helps the chosen few, thus it could be argued assist in only achieving value for money for some projects (it would depend on the key or strategic projects).

After analysing the types of PMOs the ultimate question is: does a PMO offer value for money in supporting and guiding project managers and businesses in delivering projects? This answer is maybe, it depends, never or always! The profession is still unsure. However, what is certain is that the only way a PMOs obtains a value for money proposition is to ask the following questions:

- Project management maturity – where are we today in terms of project management use and understanding?
- Longevity - what are our long term aims for project management and how many years are we willing to contribute? and
- Organisational culture – what is the culture of the organisation? What form of PMO would be suitable to our organisation?

If these three interrelated concepts exist a PMO can add value to a business and support project managers to deliver. A PMO can add value if the following occurs: a continuous improvement (or longer term implementation strategy<sup>8</sup>) that continuously pushes and expands the horizons of PM within organisations, moving it closer and closer to a more mature project management organisation<sup>9</sup> that is in line with organisational culture<sup>10</sup>. Studies show there is a strong link between the length of time a PMO has been operating and project success rates<sup>11</sup>. It is highly appropriate that the first year of a PMO’s existence it may exist as an “Enforcer”, but by the fourth year morph into another “type” of PMO.

Simply put: a PMO should have a plan like any other business unit and these plans should be created based on the project maturity that fits with organisational culture.

---

[http://www.cio.com/article/29887/Why\\_You\\_Need\\_a\\_Project\\_Management\\_Office\\_PMO\\_?page=4&taxonomyId=3198](http://www.cio.com/article/29887/Why_You_Need_a_Project_Management_Office_PMO_?page=4&taxonomyId=3198)

<sup>8</sup> CA Transforming IT Management,

[http://www.ca.com/files/industryresearch/ca\\_valueofprojectmanagementoffice\\_201174.pdf](http://www.ca.com/files/industryresearch/ca_valueofprojectmanagementoffice_201174.pdf), page 11

<sup>9</sup> Above n 5, page 240

<sup>10</sup> Above n 1, Above n 7

<sup>11</sup> Above n 7