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Project Management Office Best Practices

A step-by-step plan to build and improve your PMO

Step by Step

The first step to establishing a PMO is to determine your organization's needs. The Project Management Institute's (PMI's) project portfolio management framework breaks down the three levels of work (project, program and portfolio) into 12 process groups that contain 92 processes relating to the management of knowledge areas. Examples of PMI processes/components include a project charter, project plan, work breakdown schedule and cost estimate.

Begin by defining and implementing an end-to-end project management process. This requires implementing a flexible project management process and basic tools for project planning and reporting.

PMO leaders should devote resources to developing competent project managers through formal training, coaching and mentoring. Not all projects require the same level of experience. Use a mix of internal and external hires, contractors and external service providers to allow for staffing flexibility.

Once best practice basics are in place, the PMO has demonstrated improvement in project delivery and the office has gained credibility, consider broadening the PMO's scope beyond project management to program management and portfolio management. This will help mitigate business risk.

Determining Your Organization's Maturity Level

Perhaps you have already established a PMO on some level. The road to project portfolio management maturity starts with recognizing the problem and its affect on business improve processes. ¹

Level 1 is the **Reactive Project Management** stage where methods are undocumented and delivery, budgets and schedules are uncontrolled.

At this basic level, PMOs need to established methods for project scheduling, time tracking, resource assignments, project tracking, oversight & support, and perhaps use an automated project dashboard to track project success.

Level 2 occurs when companies begin adopting **Repeatable Processes**. The main project management processes have been defined, but not constantly used. Still, project teams find it difficult to repeat earlier successes, and the project still risks exceeding budgets and schedules.

At this established phase, PMOs should automate project budgeting, risk and issue tracking, requirements tracking, resource management.

Level 3 PMOs show a commitment to **Proactive, Standardized Project Management**. They employ documented standard project management and delivery processes, and consistently use these processes companywide for project delivery.

In this growth phase when these new tasks are mastered, the PMO can focus on automating other functions such as financial management and business process modeling.

Level 4 PMOs demonstrate **Measured Project Management**. Quantitative key performance indicators have been specified for project success and are monitored frequently. The PMO has achieved predictable and controllable project delivery, and is now free to become more “innovative.”

At **Level 5**, the most mature PMO enterprises continuously improve project management. At this level, the “connected” PMO can focus on automating vendor management, collaboration through social networks and blogs – and communication through text, IM, video or mobile.

These PMOs should produce predictive analysis dashboards and reports, and manage business processes.

PMO Stages

PMOs evolve over time through three stages² – even though the term “PMO” is used to refer to all three. PMO Directors and C-level executives play an important role in ensuring that their PMOs master the basics of their current stage, employ best practices and demonstrate results before moving them to the next stage – from tactical to strategic, and from department projects to enterprise initiatives.

The **project management stage** is where project manager training, coaching and mentoring have the most focus. This stage focuses on tactical processes such as budgets, scheduling, resources, deliverables, scope, risk and metrics.

High-level governance programs and communications programs are most frequently implemented at the **program management stage** to coordinate business and IT projects. It also involves comprehensive program planning, change and risk management, coordination of project delivery and measurement of results.

The **portfolio management stage** is where benefits realization management and knowledge management most frequently take place, according to Gartner. At this stage, the PMO manages portfolio scope definition, overall investments, benefits and risks, portfolio performance monitoring and business environment change adaptation.

Program leaders play an important role in matching the PMO stage to business needs, and program evolution. Getting too far out in front of the business or lagging too far behind have similar disadvantages.

What Type of PMO Office Do You Need?

Not all companies require the most sophisticated levels of portfolio management. To determine what level of PMO your company needs³, analyze which PMI process benefits your organization the most. For instance, if your immediate issue is the need to assess relative value of a project to others within the portfolio of projects consider implementing a portfolio management office.

PMO Best Practices

The best-performing project management offices reduce business risk, optimize resources and contribute to business growth through a portfolio management office, according to Gartner.

Reduce Business Risk

When it comes to reducing business risk, top PMO offices establish a flexible, end-to-end project management process that balances rigor with overhead. They support the process with simple-to-use tools to plan, manage, track and report all project activities. They make the tools available over the company's intranet along with examples and instructional support. They provide formal training, coaching and mentoring to both IS and the business to develop competent project managers. They are flexible in sourcing and providing project management resources. They provide project management assistance, such as consulting, problem solving, audits and expertise.

Optimize Resources

Highly effective PMOs optimize resources by expanding PMO oversight to include business and IT projects, and projects sourced externally. They institutionalize project management discipline into the culture to free up resources to focus on program management. They use program-level visibility to identify and alleviate resource contention issues. They educate the business, IS and external stakeholders about their shared responsibilities for ensuring program success. They expand governance body membership to represent the expanded stakeholder set of programs. They establish communications programs to keep all stakeholders informed and committed to

program success. They provide collaboration tools to facilitate the work of the business, IS and external project teams.

Contribute to Business Growth

The best-performing PMOs contribute to business growth by enlarging the breadth of PMO influence to extend from strategy formulation through benefits realization. They also position the PMO organizationally outside IS to give it independence and senior management sponsorship. They design governance to focus senior management on strategic issues. High-performing PMOs also integrate benefits realization into the entire lifecycle starting with planning, and report on it regularly. They implement portfolio management tools that provide high-level visibility and analysis that inform decision makers. They broaden PMO staff competencies to include strategic planning and investment analysis, and they implement knowledge management tools to capture, categorize and distribute best practices and lessons learned.

SOURCES:

1. Based on a Capability Maturity Model Integration (CMMI) framework of Carnegie Mellon University
2. "Taking Your PMO to the Next Stage," Gartner Inc.
3. http://www.information-management.com/issues/2007_47/10000992-1.html?zk



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Oracle Corporation
World Headquarters
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200
oracle.com



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