



Why PMOs Don't Work

Learning from Practical Experiences in non-performing Program Management Offices

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A review of experiences with non-performing PMOs

We will look at the following elements:

- **Introduction**
- **Do PMO's fail?**
- **What causes them to fail?**
- **What can be done to avoid failure**

Introduction - What is a PMO?

P.M.O.

P.M.O. =

Program management organisation?

Project management office?

Portfolio management office?

Project management overhead?

The focus of my discussions today will be looking at the organisation, or enterprise, level Program Management Office

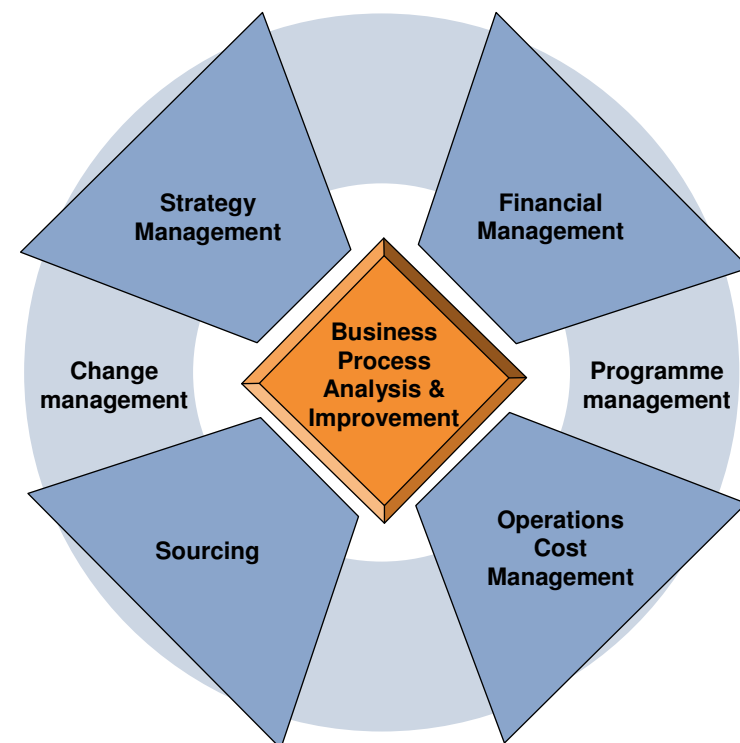
Introduction – What is my role in PMOs?

KPMG's Risk Advisory Services provides a range of services to help organisations deliver sustainable value through balancing performance improvement and the management of risk during times of change.

Our Business Performance Services group focuses particularly on assisting organisations in the improvement of business practices and the management of organisational change.

I am our National Product Leader for Project and Program Performance Services.

I have been involved in assisting organisations in reviewing and implementing PMOs at various levels and for various purposes within organisations.



Do PMO'S really fail?

Some survey results:

PMI 2007 white paper analysing the current state of play:

Almost 50% of survey respondents indicated the existence of their PMO was being, or had recently been, seriously questioned.

KPMGs 2005 Global IT Project Management Survey:

While the overall perceived value of PMOs was positive the use of EPMOs was rare and only 21 percent of existing PMOs have a mandate to control all projects.

The reality is darker – survey results are positively biased...

So, why do PMOs Fail?

It pays to look at some old research – Standish Group's Chaos Report identified the following top 5 reasons for project failures:

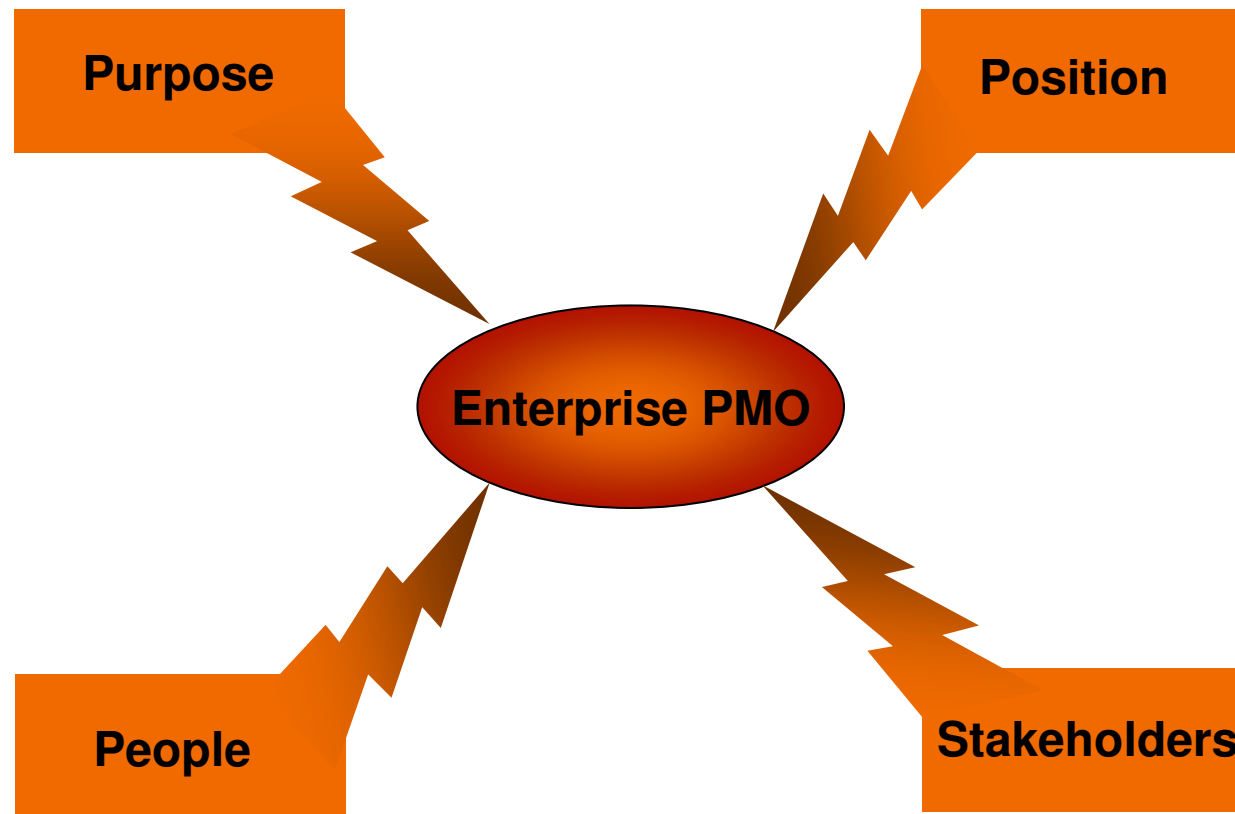
1. Incomplete Requirements
2. Lack of user involvement
3. Lack of resources
4. Unrealistic expectations
5. Lack of executive support

Unfortunately, these same reasons are a significant part of why PMOs fail...

However, establishing and maintaining a PMO has an additional layer of complexity to manage – organisational change and resistance.

There are four main performance influencers to a functioning PMO that need to be addressed.

Why do PMO's fail? – Performance Influencers



Why PMOs Fail - Purpose

PMOs often fail because they do not have a clear purpose.

PMOs need:

- Clear value proposition
- Focus on value add to projects to assist in delivery
- Link to business strategy delivery
- To provide valued service to Executive
- Avoid “a lot of reporting but very little analysis”
- To be more than just a “best practice centre of PM excellence” and training coordinator.

The PMO must have a clearly defined statement of purpose that is supported measurable performance metrics.

Why PMOs Fail - Position

PMOs fail when they become irrelevant to the organisation.

To be effective, an enterprise PMO should be positioned appropriately:

- Need to report to, and have genuine authority from, the Executive
- PMO activities must be on the Executive “radar”
- A clear engagement model defining how the PMO will work within the organisation is required
- Careful consideration needs to be made on a case by case basis as to who belongs in the PMO. It is definitely not a given that project managers report to the PMO.

A PMO that is positioned too low in the management reporting structure has minimal mandate to effectively add value to the executive management of the portfolio of projects.

Why PMOs Fail – Stakeholder Engagement

PMOs will often fail because their existence is “white-anted” by key stakeholders.

To avoid this, a PMO needs to:

- Gain buy-in from senior management
- Work to the beat of the senior executive drum
- Avoid being a threat – the PMO should work to the rules of engagement and not be too intrusive

PMOs that fail to have a carefully laid out communication plan to engage with the business leadership will inevitably fail.

Why PMOs Fail - People

PMOs are often staffed with inappropriate staff, which leads to:

- Further poor perception of PMO
- Increases PMO cost with little return on value proposition
- Wastes PMO managers time on managing low performers
- Lack of ability to deliver

The size and make-up of the PMO must have a purpose:

- All staff should have a role linked to the PMO purpose
- PMO should have skills valuable to the project management function (such as Change, Communications and Finance Management)

PMOs that are perceived to be dumping grounds for low performers within the business will naturally fail.

What can be done to avoid a PMO failure?

Developing and implementing an Enterprise wide PMO requires more than just the development of a grab bag of tools, and document templates. It requires significant organisational transformation.

Do not underestimate the level of effort required!

A PMO Leader and Business Executive must:

- Have a clear PMO purpose linked to the delivery of business strategic objectives
- Resource the PMO appropriately
- Establish clear priorities and performance metrics for the portfolio and PMO
- Establish strong communications with the business leadership
- Invest time in establishing the rules of engagement and gain buy-in

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