THE CHANGING FACE OF THE PMO

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President, LeadForward Management Consultants
What?

- PMO? (What, Who, Value etc.)
- Stakeholder Expectation Gap
- How do we resolve the Gap?
- PMO’s role in demand management
PMO?

I am in trouble, help me!

Gatekeepers

Problem Solvers

I am in trouble, help me!

Standards

Bunch of PMs
PMOs Then & Now

* Then
  * Industries
    * IT, Construction Defense
  * Value Drivers
    * Trainers
    * Standards Maintenance

* Now
  * Industries
    * Entertainment, Law, Fashion
  * Value Drivers
    * Efficiency
    * Align business initiatives, demand management etc
PMO Value

* Focus on Critical Initiatives – Provide senior leaders with true operational insight through meaningful milestones and objectives for the strategic initiatives
* Institute Smart and Simple Processes – Through the use of the above mentioned milestone and objectives, communicate progress and identify issues early without adding undue burden to business
* Develop leadership skills and capabilities within the organization and
* Institute change management as a real competitive differentiator
PMO Value (Intangibles)

- Enhanced communication and collaboration
- Alignment of values, goals and strategies within different parts of the organization
- Improved efficiency in work cultures
- Improvements in decision-making and problem solving capabilities
- Improved transparency, clarity of roles and responsibilities
Stakeholder Expectation Gap

- Business Value Realization
- Organizational Structures
- Project Owner and PM Interactions
- Project Prioritization
- Intragroup Conflicts
  - Task Conflict
  - Process Conflict
  - Relationship Conflict

AND ARE ALL OF THE ABOVE MANAGEMENT PROBLEMS?
How do we resolve the gap?

Business Value Realization

Establish clear and concise mission
What is our primary goal?

Standardization and Best Practices
Consistency and Efficiency

Seek Champions
Do we have executive level support?

Sky meets the ocean
Forward thinking/Horizon gazing
Organizational Structures

- Cross Functional Teams
  - Why cross functional teams
  - Composition of a cross functional project team
  - Resistance to cross functional teams
  - Key factors to successful cross functional teams
  - Putting cross functional and functionally aligned teams together

How do we resolve the gap?
Cross Functional Teams (Cont’d)

* Key factors to successful cross functional teams
  * Project Sponsorship
  * Goals/Scope/Objectives
  * Leadership
  * Adequate resources
  * Communication
  * Team Authority/Autonomy
  * Team Dynamics

How do we resolve the gap?
### How do we resolve the gap?

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Functionally Aligned Department</th>
<th>Cross-Functional Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Flow</td>
<td>Information channel constraints (up and down rather than out or across)</td>
<td>Information flows in all directions (circular structures) and in and out of team from all areas</td>
</tr>
<tr>
<td>Resource Ownership and Delegation</td>
<td>&quot;Owns&quot; resources (staff, funds)</td>
<td>&quot;Borrows&quot; resources (staff, funds)</td>
</tr>
<tr>
<td></td>
<td>Departmental product has top priority</td>
<td>project is viewed as &quot;extra&quot; to business or departmental products</td>
</tr>
<tr>
<td>Individual member status</td>
<td>Title/promotion conscious members</td>
<td>Disregard for title/dept. status of individual members - more focus on what value each member brings to the team</td>
</tr>
<tr>
<td>Assessment/Reward</td>
<td>Individual performance/reward focus</td>
<td>Team product and teamwork performance/reward focus</td>
</tr>
</tbody>
</table>
### How do we resolve the gap?

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<th>Attributes</th>
<th>Functionally Aligned Department</th>
<th>Cross-Functional Team</th>
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</thead>
<tbody>
<tr>
<td><strong>Organizational Structure</strong></td>
<td>Departmental: Serving one functional area</td>
<td>Matrix/cross-functional: Serving more than one (often several) functional areas</td>
</tr>
<tr>
<td></td>
<td>Pyramid structure with leader at top</td>
<td>Circular structure with leader at center</td>
</tr>
<tr>
<td><strong>Organization Type</strong></td>
<td>Permanent organization with history</td>
<td>New, temporary organization</td>
</tr>
<tr>
<td><strong>Project Ownership</strong></td>
<td>1 &quot;boss&quot; who &quot;owns&quot; all work in that department</td>
<td>&gt;1 &quot;sponsors&quot; who share project ownership and responsibility</td>
</tr>
<tr>
<td><strong>Turf Issues</strong></td>
<td>Turf barriers</td>
<td>Turf is unlimited</td>
</tr>
<tr>
<td><strong>Chain of Command</strong></td>
<td>Clear, direct chain of command</td>
<td>Shared/consensus authority within team</td>
</tr>
</tbody>
</table>
Project Owner Interactions

- Roles – Owner vs Project Manager
- Stakeholder Relationships
- Different Project Perspectives
- Project Risk Management
  - Strategic Risks
  - Operational Risk
Demand Management

- Demand—Planned & Unplanned
- Opportunity Analysis
- Communication with Customers
- Project Requests

Demand Management Pipeline

- Q1
- Q2
- Q3
- Q4
- Q1
- Q2
- Q3
Demand Management

Demand
‘The What’
Capturing and prioritizing demand, assigning resources based on business objectives and doing projects that deliver business benefits

Supply
‘The How’
Project management, software development and managing physical assets like hardware and networks
Project Classification Definitions

- **Transform** (the business): new markets, new products and new business models.

- **Grow** (the business): are about improvements in operations and performance, within current business models. These are visible to shareholders through top-line revenue growth and to external customers as enhanced products, services or experiences.

- **Run** (the business): these investments are part of the cost of doing business or the ability to stay in business. Run-the-business initiatives are about reducing costs, improving price-to-performance ratios, and lessening risk (which translates to avoidance of catastrophic costs).*

*Gartner, Inc. | G00156986*
Run/Grow/Transform – All Projects

<table>
<thead>
<tr>
<th></th>
<th>What is Average?</th>
<th>What is High Performance?</th>
<th>Where should we be?</th>
<th>Where are we?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Run - Running the Core</td>
<td>41%</td>
<td>35%</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>(e.g. supporting the business, fixing defects, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grow - Optimizing the Core</td>
<td>59%</td>
<td>65%</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td>(e.g. improving current operational capabilities, enhancements, new capabilities against core operating model, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transform - New Markets</td>
<td>59%</td>
<td>65%</td>
<td>35%</td>
<td>24%</td>
</tr>
<tr>
<td>(e.g. International, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY14 Carry Forward Projects not included

Source: Gartner 2014
Run/Grow/Transform by Portfolio

FY14 Carry Forward Projects not included
<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Carry Forward</th>
<th>Run</th>
<th>Grow</th>
<th>Transform</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>$4,246</td>
<td>$4,521</td>
<td>$11,949</td>
<td>$5,789</td>
<td>$26,506</td>
<td>22%</td>
</tr>
<tr>
<td>Legal</td>
<td>$12,077</td>
<td>$3,450</td>
<td>$4,500</td>
<td>$5,996</td>
<td>$26,023</td>
<td>21%</td>
</tr>
<tr>
<td>Technology</td>
<td>$5,116</td>
<td>$20,228</td>
<td>$14,563</td>
<td>$1,600</td>
<td>$45,203</td>
<td>34%</td>
</tr>
<tr>
<td>Ops</td>
<td>$668</td>
<td>$345</td>
<td>-</td>
<td>$1,802</td>
<td>$2,815</td>
<td>2%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>$440</td>
<td>$1,118</td>
<td>$3,868</td>
<td>-</td>
<td>$5,426</td>
<td>4%</td>
</tr>
<tr>
<td>Finance &amp; HR</td>
<td>-</td>
<td>$1,459</td>
<td>$1,188</td>
<td>$4,013</td>
<td>$6,659</td>
<td>5%</td>
</tr>
<tr>
<td>Facilities</td>
<td>$125</td>
<td>$4,378</td>
<td>$3,749</td>
<td>$3,904</td>
<td>$12,156</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>$22,672</td>
<td>$35,499</td>
<td>$39,817</td>
<td>$23,104</td>
<td>$121,093</td>
<td></td>
</tr>
</tbody>
</table>

Source of spend = HLE’s
## Complexity Factor Definitions

<table>
<thead>
<tr>
<th>Fields</th>
<th>Run</th>
<th>Grow</th>
<th>Transform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity Factors</td>
<td>1 (Best)</td>
<td>2 (Neutral)</td>
<td>3 (Worst)</td>
</tr>
<tr>
<td><strong>Time To Deploy (15%)</strong></td>
<td>0 – 6 Months</td>
<td>7-11 Months</td>
<td>12 + Months</td>
</tr>
<tr>
<td>The amount of time required to take an initiative from the-initiating-stage to implementation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Significant Dependencies (10%)</strong></td>
<td>Fewest Dependencies 0-1</td>
<td>Medium Number of Dependencies 2-3</td>
<td>Most Dependencies 4+</td>
</tr>
<tr>
<td>The number of other projects or organizations whose input, participation and/or agreement is required in order for an initiative to be successful.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Required Organizational Change (10%)</strong></td>
<td>Least Organizational Changes 0-1</td>
<td>Medium Organizational Changes 2-3</td>
<td>Most Organizational Change 4+</td>
</tr>
<tr>
<td>The organizational and operational impact required of SHR as a result of the initiative’s implementation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Required External Integration (Third Party) (5%)</strong></td>
<td>Little to no Integration 0</td>
<td>Moderate level of Integration 1-2</td>
<td>High level of Integration 3+</td>
</tr>
<tr>
<td>The amount of integration, support, technology integration and/or training needed teams outside SHR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resource availability (20%)</strong></td>
<td>Resources defined and ready</td>
<td>Resources defined, most are ready</td>
<td>Resources NOT defined nor ready</td>
</tr>
<tr>
<td>The identification and availability of necessary resources required to successfully delivery the project (e.g. business partners, developers, architects, testers, infrastructure support, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Implementation and Execution Risk (15%)</strong></td>
<td>Little Risk</td>
<td>Moderate Risk</td>
<td>High Risk</td>
</tr>
<tr>
<td>The potential to add pain points to SHR (business disruption, customer disappointment, security or compliance exposure, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost to Deploy (25%)</strong></td>
<td>&lt;$500,000</td>
<td>$500,000 - $2 Million</td>
<td>&gt;$2 Million</td>
</tr>
<tr>
<td>Amount of capital and expense dollars required to deliver the solution to production. Does not include ongoing maintenance fees.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Value Factor Definitions

<table>
<thead>
<tr>
<th>Value Factors</th>
<th>1 (Low)</th>
<th>2 (Medium)</th>
<th>3 (High)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Growth (40%)</strong></td>
<td>Revenue Growth</td>
<td>Revenue Growth</td>
<td>Revenue Growth</td>
</tr>
<tr>
<td>The amount of revenue growth the initiative would bring to SHR over the course of a fiscal year.</td>
<td>&lt;$1M</td>
<td>$1M-$5M</td>
<td>&gt; $5+M</td>
</tr>
<tr>
<td><strong>Cost Savings or Cost Avoidance (40%)</strong></td>
<td>Annual Savings</td>
<td>Annual Savings</td>
<td>Annual Savings</td>
</tr>
<tr>
<td>The amount of cost savings OR cost avoidance the initiative would bring to SHR over the course of a fiscal year.</td>
<td>$0-$100,000</td>
<td>$101,000 - $500,000</td>
<td>&gt;$500,000</td>
</tr>
<tr>
<td><strong>Alignment to Strategic Priorities (20%)</strong></td>
<td>Not Aligned</td>
<td>Loosely Aligned</td>
<td>Directly Aligned and a Critical Enabler</td>
</tr>
<tr>
<td>The degree to which the project / initiative is aligned to one of SHR’s key strategic priorities: 1) Big Opportunities (game-changing wins), 2) Maximize Profitability, 3) Compliance, 4) Investment in People, 5) Multi-Channel Expansion</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The scores for complexity and value are plotted to highlight which initiatives should receive focus and priority for this year.

FY14 Carry Forward Projects not included
Project Prioritization

II

III

IV

High Value / Relatively Low Complexity
Relatively Low Value / Low Complexity
High Value / High Complexity
Relatively Low Value / High Complexity
Project Prioritization

- **High Value / Relatively Low Complexity**
  - Project A
- **Relatively Low Value / Low Complexity**
  - Project C
- **Relatively Low Value / High Complexity**
  - Project B
Conflict Management

- Types of conflicts
  - Task conflicts
  - Process conflicts
  - Relationship conflicts
- Source of conflicts
- Effects of conflicts
- Ways of mitigating effects of conflicts
Gap between PMO and business arise due to management problems

Management problems can be addressed by:

- Recognize the problem
- Have the right people
- Keep people together for the length of the project

Questions?
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Mobile: (469) 878 7718
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