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## 3 Common Mistakes Companies Make When Embarking on a PMO Implementation *And how to Avoid Them*

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## Don't let these common mistakes sink your PMO efforts

Proponents of effective project management have a long list of reasons why it makes sense to invest in creating a Project Management Office (PMO):

- Increase on-time, on-budget and on-scope project delivery, ensuring projects recognize the benefits expected by stakeholders
- Provide consistency in project delivery through a customized Project Management approach, processes and templates
- Improve the competence of the organizations' Project Management team through creation of a Center of Excellence, to include training, mentoring and coaching
- Provide a central hub for project activity, allowing for more thorough reporting, budgeting and prioritization

However, detractors argue that a company's PMO can become a bureaucratic nightmare, leading to more work for teams without an obvious added value. They argue that as commonly implemented, PMO structures fail to live up to promised returns on investment. A recent study by the Project Management Institute revealed over 50% of new PMOs will fail within the first two years.

The truth is that both sides have valid points. When implemented correctly, a PMO can help ensure project work taken on by the organization is aligned to the company's strategic goals, offering the most returns.

So, how does your company avoid being one of the PMO failure statistics? By avoiding the following three common mistakes that sabotage a PMO's efforts:

1. Limiting the PMO to methodologies and templates and not aligning its goals to the strategic vision of the company
2. Making a top Project Manager the PMO Director
3. Not having full Stakeholder engagement and support for the PMO from top management

All three of these common mistakes are discussed in detail below. By avoiding these common mistakes, your PMO is headed for success, which means that everyone in your organization wins.

## **Mistake #1: Limiting the PMO to methodologies and templates and not aligning its goals to the strategic vision of the company**

Before you start creating a PMO, stop and think of the reasons behind WHY your organization is thinking of creating a PMO in the first place:

- Is it because you are tired of projects that are running later and become much more expensive than planned?
- Do you question why certain projects are even started, and why seemingly redundant ones continue to be handled?
- Have projects been implemented that have not moved the company closer to their strategic goals?
- And worst, have you lost credibility due to commitments not being met?

Keeping your reasons in mind, the next step is to decide HOW you want the PMO to operate, as the word “PMO” can mean very different things to different people. In general, a PMO can be established using either a tactical or strategic point-of-view.

Taken from a tactical perspective, a PMO is viewed as a unit that must ensure project managers are adhering to best practices and employing the right level of project management for each project. The tactically focused PMO will concentrate on the latest industry methodology, creating processes and associated templates to ensure consistency. Project reviews are conducted to ensure standards are being upheld. Although this is a step in the right direction, it generally leads only to on time, on budget tracking and does not offer true value-added governance to the organization.

In a tactically focused PMO, the PMO Director typically is chosen from the team of Project Managers and, in some cases, still manages a project workload. This resource usually does not report very high up in the organization.

Therefore, if set up as simply a reporting or tactical organization, the PMO will be seen as overhead to the organization and, ultimately, will fail. The unit will be seen more akin to auditors than partners, causing employees to avoid dealing with them.

The solution to this situation is being adopted by forward-thinking organizations: a PMO whose focus is on strategy. A strategically focused PMO, when launched as a Change Agent, is a valuable asset that understands the importance of aligning its goals with the strategic objectives and guiding principles of the organization. It is important for the PMO to take both objectives and principles into account, along with the company culture, in determining the best approach for managing projects.

When focused strategically, the PMO will work with the Executive team to identify and implement a governance structure that focuses on selecting, prioritizing and monitoring only those projects that bring the most value to the organization. No

mindless documentation will be undertaken simply because a methodology calls for it. Similarly, no unnecessary reporting will be made for the sole purpose of checking the box that a status was provided. Instead, the PMO works collaboratively with both the Executive team and the project management team to ensure value-added communication is shared, risks mitigated and actions taken to move efforts forward as streamlined and consistently as possible. This framework provides leadership and direction for the overall project portfolio. It also ensures that resources are allocated most effectively and that the department is working on the most important initiatives.

Thinking strategically also means ensuring growth and development of those managers leading projects within the organization. Establishing repeatable processes based on lessons learned and best practices will go a long way to shorten the life cycle of projects, and allow for more projects to flow through the queue. In addition, one goal of the strategically focused PMO is to improve execution skills of those individuals implementing the plans. This continuous improvement will be realized by providing ongoing training, coaching and mentoring opportunities.

***Recommendation:*** First, consider the challenges you have been facing and use them when coming up with the requirements you have for establishing the PMO. Ask yourself “WHY” your company needs a PMO. Second, implement a strategically focused PMO that can be part of an integrated project management process that incorporates the strategic, developmental and tactical levels of project management across the enterprise. Providing the best of both tactical and strategic approaches, this type of PMO will serve as an accountability model and execution system, which ultimately will help the Executive team improve strategic business investment and delivery capability. Equally importantly, the PMO will be a success and add to the bottom line.

### **Mistake #2: Making a top Project Manager the PMO Director**

Once you have made the decision to move forward and create a strategically focused PMO, the next decision is who should spearhead the new department. Your company may have talented Project Managers who have proven valuable and effective in their role. But does that mean that one of them should be the “PMO Director”?

As discussed in Mistake #1, to be valuable to the organization, a PMO must do much more than create processes and templates. Similarly, the skills that make a great Project Manager are not always the same skills needed by an effective PMO Director. To be a good Project Manager, one must be able to motivate her teams to meet deadlines and get things done. Therefore, she has a very good understanding of how to plan, how to track and how to deal with issues and changes encountered as it relates to her assigned milestones. To use a description seen in Mistake 1, good Project Managers are very tactical by nature – having strengths that are in the day-to-day management of tasks.

On the other hand, to be an effective PMO Director, one must be able to understand the details as well as the big picture. While the PMO Director needs to ensure individual projects are meeting their targets, she must also truly understand how the particular projects impact each other and how each align with the greater strategic goals set by the organization. This will allow the PMO Director to determine what messages need to be heard by the Executive team for action/decision, and what changes may need to be made to the way the project methodology is being implemented. Being more strategic allows the PMO Director to prioritize the right projects at the right time. It also allows her to see across the entire project management team and provide guidance, training and mentoring.

Therefore, a PMO Director is a key player in the organization, taking part in strategic meetings and helping make decisions regarding the direction of the company. The PMO Director not only is a great source of information to the Executive team when making decisions, but also is a partner providing the team with expertise and insight.

Critical to the personality of an effective PMO Director is a passion for change and continuous improvement. The PMO Director will introduce a true project management culture to the organization, one that has a critical focus on being results-driven yet open to new ideas and always looking to incorporate “lessons learned” into future projects.

Sharing these best practices is not limited to the PMO department however. As a very real change agent, the PMO Director will share her expertise and coaching across the organization, which will ensure greater acceptance by the project teams and stakeholders alike.

Ultimately, a good PMO Director will have a dual role within the organization. On one hand, she will be a trusted advisor and mentor to the Project Managers and teams. On the other hand, the PMO Director will be a trusted partner to the Executives who will expect and receive consistent results, reporting and measurements that they can use to make the best future decisions.

***Recommendation:*** When creating a new strategically focused PMO, it is key to select someone for the Director position that is experienced, can share best practices and be respected by the Executives. This does not mean that you could never promote a great Project Manager from within the team, but success as the Director will depend upon more than excelling in her present position. Having an experienced Director who can draw on experience and real-life case studies of what has worked in the past will go a long way in getting buy-in from those critical to the success of the PMO, and projects in general. It is hard to build credibility without the experience.

Before simply promoting an internal Project Manager, consider the cost of it not going as expected and more importantly, not as promised. It is very tough to change perception once it is set. Either hire an experience PMO Director full-time or bring in an outside expert who can work with you and your team to establish your customized PMO approach and provide mentoring and coaching to your team.

### **Mistake #3: Not having full Stakeholder engagement and support for the PMO from top management**

To be successful, key projects need to have the full visible support of Executives. The same applies to the implementation of a PMO in the organization. Without express top-down support, it will be much harder to obtain buy-in from those who will be impacted by the changes the PMO will bring about.

Key to this support is ensuring the PMO has been most effectively aligned within the organization. Although many organizations will align the PMO under the CIO or IT groups, this is not the best alignment for a strategically focused PMO. Although IT areas will generally have a tactical Project Oversight body (which would ultimately report to the PMO Director), the strategically focused PMO for the organization aligns best with the CEO, CFO or COO – those C-levels most commonly business-focused. This alignment also allows for the PMO to be a greater agent of change for the organization.

Another key element to encourage buy in is to ensure full engagement from all stakeholders. In addition to the management team, this would include your Project team, Development team, Quality Assurance, Communications partners, etc. If the implementation is treated like a true project, with gathering of requirements, setting milestones and goals and having thorough communications to share benefits and expectations throughout the organization, you should see nearly 100% buy-in for your efforts. Ensuring the “voice of the customer” or users of the PMO are heard in establishing and customizing methodology will lead to acceptance. This support will be a huge step in the success and sustainability of the PMO.

***Recommendation:*** Employees fear and are uncomfortable with change, even when they recognize that it is in the best interest of the organization. As they are already resistant, a lack of management backing gives little incentive for stakeholders to be open to the changes the PMO introduces. A lack of buy-in leads to lack of adoption, ultimately leading to failure. Like any key initiative undertaken by the organization, support for the implementation of the strategically focused PMO should be visible and communicated from the top-down.

## About Candice Benson and Benson Consulting

Candice Benson is an internationally recognized Management Consultant and the CEO of Benson Consulting Inc. For the last 13 years, she has been instrumental in successfully leading companies at all levels to operational excellence, resulting in higher profits and streamlined projects. She has lead highly complex workflow, process and back-end optimization projects for Fortune 50 companies, including several major M&A transactions. Her true passion is bringing this expertise to companies of all sizes, as she knows the benefit that a focus on operational excellence can bring.

Candice, a true Change Agent, is an experienced PMO Director, Portfolio Manager, Program Manger and Project Manager. She has been certified as a Project Management Professional (PMP®) from the Project Management Institute and is a Six Sigma/Lean certified leader, mentor and Project Management coach.

## How We Can Help

*Strategic Build and Design:* Benson Consulting can help build your strategically-focused Project Management Office, aligning it to the vision for your company while at the same time customizing a methodology that shows results but fits within your corporate culture. This service could include, but is not limited to:

- Interviewing and hiring the best staff for your PMO, including the Director, Project Managers, Business Analysts, etc.
- Creating a custom Methodology for your organization, calling on years of experience with the latest industry trends of Six Sigma, Lean and Agile.
- Developing processes and templates needed by the organization to meet reporting and prioritization needs.
- Facilitating assessment and selection of Project Management Tools for the organization.

*Transformation:* Benson Consulting can help assess your current PMO. Using the strategies noted above, we help take you from where you are today to where you want to be – meeting the needs of your Stakeholders.

## Contact Us

We look forward to the opportunity to discuss our strategies with you and would truly appreciate your business. If Benson Consulting could be of assistance in your efforts, please do contact us to discuss further.

Contact Candice: 603-488-2025 or [Candice@Bensonconsultinginc.com](mailto:Candice@Bensonconsultinginc.com)

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