eBook

Why PPM and PMOs Fail

Best Practices in Coordinating and Optimizing your PPM and PMO Strategy to Deliver an Active PMO

KEYEDIN®

WHAT'S IN THIS EBOOK?

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The Disturbing Reality about Today's PMO – Avoid the Consequences of an Ineffective PPM and PMO Strategy

The overriding theme of this book is to highlight a wide gap between what the PMO (Project Management Office) is doing and what the business expects it to be doing. This misalignment has serious consequences for both the PMO and the business.

If you are concerned about setting up your PMO, then maybe you should be – the failure rate is very high, with approximately half of all PMOs closing down within three years or considered implementation failures.

Fortunately, it's not all bad news. A select few PMOs are maturing to add great value to their businesses. Throughout this book we will walk through what these best in class PMOs do to separate themselves from the rest. You will learn how with the right knowledge and an effective game plan you can make a huge difference to your PMO strategy – both strategically and tactically through the use of Project Portfolio Management (PPM).

PPM DEFINITION

- PPM can be described as "the management of a collection of projects and programs in which a company invests to implement its strategy".
- PPM is not only about doing projects right, it's also about doing the right projects.

Identifying the Primary PPM and PMO Functions

In its simplest form, PPM can be described as "the management of a collection of projects and programs in which a company invests to implement its strategy". PPM is not only about doing projects right, it's also about doing the right projects.

THE KEY RESPONSIBILITY OF THE PMO

The most important responsibility of the PMO is to provide dedicated resources to ensure that project delivery teams are in complete alignment with the organization's strategic objectives.

The most important responsibility of the PMO is to provide dedicated resources to ensure that project delivery teams are in complete alignment with the organization's strategic objectives. They also ensure a consistent level of reporting on progress and how resources are utilized.

By closely aligning these 2 functions, you can quickly create an active and supportive environment that drives project success, that is forward looking and predictive – whilst striving to become the strategic arm of the business – what we will refer to as an "Active PMO".

The Consequences of Not Implementing PPM

Before we can explore how organizations can turn their PMO from passive and reactive into a truly "Active PMO", we need to understand the consequences of not implementing PPM.

NO PORTFOLIO MANAGEMENT MEANS	IMMEDIATE IMPACT	END RESULT: POOR PERFORMANCE
• Reluctant to kill projects • New projects added • No focus	• Too many projects • Resource spread • Execution suffers	• Increased time to market • Higher failure rates
• Weak decision points • Poor 'go/kill/hold/fix' decisions	• Too many low value projects • Good projects starved	• Too few top product winners • Chaotic launches
• No rigorous criteria • Selection based on emotion and politics	• Wrong projects are selected	• Many failures
• No strategic criteria for project selection	• Projects lack strategic direction and alignment	• Diluted effort • New products don't support strategy

The main consequence of not implementing PPM, or cancelling an existing initiative, is losing control over your ability to impact the business in a positive way. For example:

- Projects go from Green to Red with no warning
- As projects get towards the end they are suddenly far behind
- Knock-on impacts from other projects are not understood across the portfolio
- Projects could have been stopped months earlier

While the leaders of the PMO have some culpability in these issues, in terms of failure to perform and communicate, there is also no doubt that some of the problems come from issues that are organizational in nature. For example:

- Information reported is not accurate
- PMO leaders are too dependent on what you are told
- Projects are started without a clear understanding of all dependencies
- The projects should have never started

To resolve these issues PMO leaders need to kick the tyres and challenge what they see by providing continuous and active, advice, guidance and assurance.

They need to properly initiate change so that projects go wrong at the start rather than at the end – before any significant investment has been made.

To gain this control, your PMO needs visibility and control over 4 key elements people, money, deliverables and benefits – that's where PPM comes into play. Without it, your PMO will be passive and re-active.

If the answer is Yes to any of these questions, it's time to act now.

ARE YOU A REACTIVE/PASSIVE PMO?

1. Is your PMO predominantly administration focused?
2. Are you highly dependent on what you are told?
3. Do you mainly collate and present information
4. Are you continually dealing with an out of date picture of project status and progress?

Internal Challenges to PPM Adoption

To begin our journey towards an Active PMO, it is important to understand the hurdles you will face. Here are some of the biggest challenges you will need to overcome whilst adopting any PPM initiative:

- Internal politics & culture are by far the biggest barriers to adoption since PMOs have to satisfy multiple stakeholders who have differing goals. Likewise, a PPM initiative will demand change within the business, and with change comes resistance, from both above and below.
- Lack of executive sponsorship and top management commitment to support the PMO. In order to overcome this barrier you will need to become an "evangelist" for PPM, with an „executive sponsored guardian angel". The more mature the organization's project management capability is, the more ready the business will be to adopt PPM. The commitment to and understanding of the purpose and value of PPM must not be delegated to the lower ranks. Top management buy-in is critical and you should always look to educate as well as implement.
- Inability to agree on a common approach to managing projects. There is often resistance from program and project teams to change their existing management approach, reporting process, and construction of the business case. Probably the reason why you are passive & reactive!
- Shifting business/project priorities. Business managers are somewhat reluctant to see their „pet projects" impacted by a shift in business priorities. This again is a symptom of being passive and reactive.
- Disagreement on the pace of adoption. The best way to reduce this hurdle is to minimize the impact of the project initiatives on business-as-usual activities. Focus on the fundamentals – people, money, deliverables and benefits – this will move you from reactive to proactive faster and ensure you deliver significant value to the

BARRIERS TO PPM ADOPTION

- Internal politics and culture
- Lack of executive sponsorship
- Inability to agree a common approach to managing projects
- Shifting business/project priorities
- Disagreement on the pace of adoption
- Impact on existing processes and systems

business – we will explore these factors later.

- Impact on existing processes & software systems. The lack of organizational and financial support needed to implement a PPM solution can be a significant barrier. SaaS business models significantly de-risk this – an innovative template "PMO in a Box" approach such as that offered by KeyedIn reduces this risk further.

These challenges are disturbing, but until organizations overcome this credibility gap and get the fundamentals right, the PMO will never be accepted as a valuable (and necessary) contributor to the business.

The Bottom Line

Following are seven criteria that define an outstanding PMO. If your PMO meets all these criteria, it is no doubt adding great value to the business and there will be no perceived gap between the interests of the company and the PMO.

7 CHARACTERISTICS OF A BEST IN CLASS PMO:

1. Has well-defined and achievable objectives
2. Delivers responsibility, governance, and oversight
3. Viewed as supporting the business and IT strategy
4. Utilizes established methodologies and framework for project management
5. Able to measure and prove the realization of benefits (business value)
6. Has outward focus on business needs, not inward focus on processes
7. Practices good relationship management, from executive sponsorship to project management.

The bottom line is that in order to separate a best-in-class and fully mature PMO from the rest of the pack you not only require great information, such as best practices, but you also need great technology.

5 KEY TAKEAWAYS

- The PMO failure rate is high and this is unacceptable to both executive and project management leadership.
- Project execution is not enough – you must prove (and re-prove) the business value of the PMO.
- Best in class PMOs are a small minority, but are usually seen as strong assets to their organizations.
- PPM/PMO technology should provide targeted and valuable improvements to the way your PMO operates and how you engage with project stakeholders.

How the PMO, PPM, and Project Management Work Together – Ensuring Visibility, Governance, Productivity and Control

There is no doubt that the readers of this eBook are at varying stages of their PMO maturity. Our goal in this section is to simplify the alphabet soup of PMO, PPM, and Project Management. A big part of the problem when trying to work towards an Active PMO is the complexity and confusion involved, not only due to the acronyms, but also with the many different definitions of these disciplines.

It is not unusual to see PMO described as both an oversight function and the key project engine. Worse yet, the PPM team is tasked by different groups with exactly the same deliverables as the PMO. We have a great deal of expertise in this area and can help you eliminate some of the confusion. For those of you new to the terms PPM and PMO, here are some basic definitions:

PMO – Project Management Office

The term PMO can refer to: Program Management Office, Project Management Office or Portfolio Management Office. Some organizations only have one PMO, while others may have a handful, or even dozens. A PMO can be temporary or own a permanent place in the organization. Unfortunately, some so-called “permanent” PMOs may become temporary because they cannot fulfil their mission or prove their value to the organization.

The most important responsibility of the PMO is to provide dedicated resources to ensure that project delivery teams are in complete alignment with the organization’s strategic objectives. They also ensure a consistent level of reporting on progress and how resources are utilized.

TOP 10 PMO FUNCTIONS

- PM methodology, standards implementation/management
- Project policies, procedures, templates implementation and management
- Project/program monitoring and controlling
- PM coaching and mentoring
- Project/program initiation
- Governance process implementation/management
- Multi-project coordination
- Project/program closing
- Project performance monitoring/ controlling
- Dashboard/scorecard implementation/management

Depending on your specific model of PMO, it will be responsible for monitoring the on-time and on-budget project execution with the primary goal of achieving business benefits. **An Active PMO.**

On the opposite side of the coin, let's look at what the PMO is not. The PMO is not a centralized bureaucracy that imposes overly onerous controls and procedures. The PMO's purpose is to enable progress, never to impede progress. Likewise, the PMO is not a parallel or redundant management operation focused on day-to-day business activities and should not be considered a total solution for all that prevents you from on-time and on-budget delivery of projects.

In general, PMOs focus on project management functions. It will become clear in the next section that the greater the capability and performance of the PMO, the more pro-active and supportive it will become.

While a common practice is to view the PMO as a place or department and PPM as a process, this is not always the case. Although you can organize any way you like, it is very helpful to have an effective and understandable organizational framework to make sure you are delivering maximum operational and financial benefits.

The primary goal is to always deliver tangible and meaningful business benefits. And it is extremely important that when doing so, you show how your PMO delivers these benefits:

PPM – Project Portfolio Management

PMO BENEFITS:

- The entire portfolio of projects will be managed with an eye toward future strategy.
- The PMO will help ensure that programs are delivered on-time, within budget, and according to scope across the organization.
- You will better understand the linkages and dependencies between various projects in the program portfolio. In fact, an effective PMO may be the only place this information resides in the organization.
- Vastly improved communication within the program team and among all stakeholders.
- An increase in the awareness and perception of the value of your PMO, both in the executive suite and across business units

PPM can be described as "the management of a collection of projects and programs in which a company invests to implement its strategy". PPM is not only about doing projects right, but about doing the right projects. However, this is more than simple individual project selection; rather, it is about the entire mix of the business" portfolio of projects.

PPM is also concerned with the balance within this mix, including short-, medium, and long-term projects as well as low and high-risk projects.

PPM allows you to gain visibility into failing projects and to make mid-course corrections on under-performing projects. It also helps you to make subjective and rational "go – kill – hold – fix" decisions and eliminate those pet projects with perceived rather than actual value. Above all, PPM is about maximizing the contribution of projects to the overall welfare and success of the business.

TYPES OF PROJECTS

- Fill activities – activities that have low reward but also demand little effort. These are worth doing only if you have project execution people on the bench.
- Not worth it – projects that require lots of effort but produce little reward. The best thing you can do is to identify these early and eliminate them from the portfolio.
- Major projects – projects that require much effort but also produce large rewards. These projects need to be managed carefully to make sure the business results justify the time and financial expense.
- Qduick wins – our favorite projects - ones that require relatively low effort but still reap big rewards. Quick win projects make everyone look good, so it is best to identify them quickly and launch them aggressively.

One of the most important deliverables of PPM is to optimize the mix of projects to drive the highest possible corporate value. This is the real value of an Active PMO.

Generally, projects will fall into one of four categories.

The portfolio definition process is where you define the terms, scope, and definition of your portfolio and gain agreement on your basic portfolio model. There are four basic steps in this process:

PORTFOLIO DEFINITION PROCESS:

- Gain early agreement on the scope of the organizational coverage – This includes groups, units, divisions, departments; functional areas and teams; and product or service types.
- Understand the scope of work included within the portfolio – Are you dealing with tactical projects, administrative projects, strategic projects, innovation projects, or future vision projects? Or perhaps, all of the above?
- Define the project categorization scheme – Is it mandatory, strategic, business support, experimental, infrastructure,

PORTFOLIO, PROGRAM AND PROJECT RELATIONSHIPS

1. Portfolios represent the collection of programs and projects. The process of ppm involves strategic oversight, management, and control of these components as well as providing a structured environment for deciding which projects to fund, to sustain, or to eliminate.
2. Program management is the process of managing multiple, ongoing, interdependent projects and distilling strategic goals into operational initiatives that enable realization of business value.
3. Projects are a series of planned activities with defined start and end points as clearly defined Deliverables.

maintenance, or cross organizational?

- Define the portfolio's key performance indicators (KPIs) – Including net present value, productivity index, earned value analysis, value added, internal rate of return (IRR), and cost-benefit analysis.

At this point you may be wondering: what is new about PPM and how it differs from traditional thinking on project delivery? PPM is a spearhead and is influenced by executive and senior management sponsorship and responsibility. It straddles the gap between the projects themselves, the management process, and the project teams" accountability to the business.

PPM is also the bridge between the strategic and the operational. It evolves the project-by-project oriented focus to a planning focus and brings attention to the broader, more integrated approach, subjecting projects to wider and more strategic organizational considerations. This allows the business to see which projects are able to deliver on the corporate strategy and provide real business value.

How the PMO and PPM Work Together

To start understanding how PPM can help transform your existing PMO to an Active PMO, we first need to look at the

6 STEPS TO SYNCHRONIZE YOUR PMO, PPM AND PM INITIATIVES

1. Choose your preferred PMO model. This will define your scope and what you do on a daily basis.
2. Make sure your PMO and ppm efforts are fully in Synch with corporate priorities. This is critical to earning and retaining executive support.
3. Be careful not to over-engineer your processes. Keep things as simple as possible,
4. Gain executive sponsorship early in the process.
5. Establish clear and meaningful metrics and reporting.
6. Tailor your focus on programs and projects to the complexity and urgency of the problem. The ability to do this is the hallmark of an effective PMO and PPM strategy.

relationship between portfolios, programs and projects.

PPM is primarily responsible for ensuring that the organization has chosen the right projects to work on, based on things like business priorities, alignment with corporate goals, and return on investment.

By contrast, the PMO is tasked with making sure that the projects selected are completed correctly using the proper methodologies, processes and technologies.

The following diagram explains the relationship between PMO, PPM, and PM in terms of four operational aspects.

PORTFOLIO DEFINITION PROCESS:

- Focus – PPM deliverables are linked to strategic objectives, while PMO is linked to multi-project deliverables, and PM is linked to specific project deliverables.
- Scope – PPM staff work with all projects inside a portfolio or across portfolios. The PMO can work across multiple portfolios and projects and the PM team works within single projects.
- Communication – PPM touches multiple parts of the business, ranging from single project teams through line of business management and the executive suite.
- Organization – PPM usually falls under something called the Project Portfolio Management Team, while the PMO is a self-contained unit, and PM staff fall under specific project teams.

Best Practices in Synchronizing PMO, PPM, and PM

We have had the pleasure of working with companies who excel in these four areas by following 6 simple best practices for synchronizing PMO, PPM and PM initiatives.

- Select the most appropriate PMO model to your maturity

- Make sure your PMO and PPM efforts are in synch with corporate priorities
- Do not over engineer processes
- Gain executive sponsorship
- Establish clear and meaningful metrics
- Tailor your focus based on complexity and urgency

Benefits and Uses of PMO and PPM – Measuring Your Business Impact

5 KEY PPM BENEFITS

1. Improved decision making
2. Reduced exposure to risk
3. Maximize resource utilization
4. Demonstrate value to key stakeholders
5. Facilitate repeatable success

There are a number of major benefits to be gained by adopting a coordinated and effective PMO/PPM strategy in order to achieve the ultimate goal of an Active PMO. Throughout this section we explore these benefits in detail, illustrating how they help reduce PMO failure and ultimately improve project delivery across the organisation.

Key benefits include:

1. Improved decision making

Foster an environment where collaborative decision making is easier and more fruitful . To make good decisions you need quality data; that's why visibility (both strategic and tactical) is so crucial. When you have a good handle on past project metrics, it is much easier to predict future metrics (e.g. resource utilization).

When you have a solid understanding of what is happening in your current project portfolio, you can find out which projects are not contributing to the corporate objectives. As part of the project portfolio management team's responsibilities, it is better for you to discover this, than to hear about it from line of business managers, or even worse, from the executive suite.

In the area of resource utilization, a good PMO/PPM strategy will help you understand how what you change on the project impacts the delivery of other projects. It will also help you reprioritize and re-allocate as necessary. Finally, a solid strategy, backed up by the right technology, will allow you to model multiple scenarios to make sure that the projects you add will contribute to corporate objectives and not bog other projects down.

2. Reduced exposure to risk

Minimizing the risks of individual projects reduces risk in terms of overall business impact. The disturbing reality is that there are many ways that poor project execution can be considered a detriment to the organization, in areas like financial, governance, resource utilization, and misdirected efforts.

On the financial side, good PPM policies will help you to calculate the benefits vs. costs of cancelling poor performing projects, as well as identify projects that are not contributing to corporate objectives. The sooner you identify these wayward projects, the sooner you reduce your risks.

As far as governance of risk, the goal is to build an accountability framework that ensures the right level of compliance is followed through every project lifecycle. An Active PMO offers early warnings of potential problems in meeting program/project deliverables, which will reduce program and project cost overruns.

3. Maximize resource utilization

The greater degree of visibility, both on the micro and macro level, makes it possible for you to gain the type of control over your projects and resources that is simply not possible in a non-PMO environment. A centralized approach allows you to reduce your project costs, primarily through a reduction or elimination of duplicated efforts.

Nothing increases the frustration and cost of a project more than skills shortages, especially during peak hours. With the right strategy, you can view overall project demand vs. resource supply and re-deploy resources as needed. Since human resources are by far the most costly aspect of implementing projects, this can be a substantial benefit. Likewise, a central resource pool allows you to quickly find the right resources for each project, keep skills profiles up to date, and efficiently manage resource demand, allocations, and capability.

4. Demonstrate value to key stakeholders

Stakeholders include anyone who has a vested interest in the PMO or the individual projects, including: line of business managers, project managers, financial analysts, and the executive team. A PMO provides a greater level of comfort by fostering transparency into all aspects of project execution and results. An effective PPM tool allows relevant stakeholders to have access to the project status and results data they need, without being bogged down by sorting through reams of irrelevant and confusing data or relying on word of mouth.

With an Active PMO, you can also improve external and internal morale, reduce the time it takes to produce executive and board level reports, and increase buy-in from stakeholders. Remember, it is not the actual value of what you are doing and what you accomplish, but the perception of the value that counts. A well-oiled Active PMO will eventually prove these perceptions to be true.

5. Facilitate repeatable success

An Active PMO coupled with a good PPM strategy creates an environment that not only enables success today, but also with future project initiatives. While not discounting the skills of the PMO and PPM leadership, the essence of an effective PMO is providing a process framework and technology infrastructure that allows you to continuously meet your business objectives.

Repeatable success is gained by establishing best practices and proven project management methodologies and enforcing their use throughout the organization. You need to be able to leverage the processes and lessons learned from previous projects and capture this information in the project repository. This allows you to not only use past data, but also real-time data to continually improve your project operations and results.

In this way, you will be seen as a proactive, not reactive, organization. Finally, you need to ensure that you have a single version of the truth to enforce consistency in evaluating past projects and guiding the prioritization of future projects.

How the Right Strategy Drives Business Impact

A recurring theme here is the necessity of creating an Active PMO to help achieve strategic business alignment. Achieving this alignment is a three step process:

3 STEPS TO ACHIEVE BUSINESS ALIGNMENT:

1. Current State Assessment / What Is – Tells you about your organization today and describes the current tasks, responsibilities, and outcomes.
2. Future State Vision / What Should Be – Describes your organization's mission and vision, and outlines where you should be over the next three, five, and ten years in regards to market, products, and services.
3. Gap Analysis / How To – This step forms the basis of portfolio management and describes the project strategy and specific projects that have to be completed to achieve corporate goals, including: long, mid, and short term and low, medium, and high risk.

Organizations are dynamic; they are either progressing or stagnating and the ones that don't change become uncompetitive and unprofitable. Fortunately, an Active PMO is designed to properly initiate change.

So, smart organizations are choosing to not just implement a PMO/PPM strategy, they are striving to be the strategic arm of the business. As PMOs increase their capability, more of them engage in portfolio management and have project management training programs in place. The trend is to enhance and standardize core project processes as well as drive improvements in resource and capacity planning. Equally important, PMOs are focusing on improving the qualitative aspect of project portfolio management including reporting, analytics, and dashboard tools.

KEY QUESTIONS ADDRESSED WITH PPM

1. Do we have the right mix of projects to deliver our strategy?
2. What is the impact on the business' resource capabilities?
3. What is the ROI on our projects?
4. Do we have the right mix of low, medium, and high-risk project investments?
5. What resources do we need to complete the portfolio as planned?
6. What are alternative scenarios if the strategy changes?
7. What is the status of each project and program?

Measuring PMO and PPM Success

Businesses have typically been guilty of too narrow a focus when it comes to quantifying project success, typically measuring against when the project will be finished, how much the project costs, and if the project was delivered to specification. However, executives have come to realize that projects are a basis for the future profitability and ultimate success of their organizations.

This is why there is a growing interest on the part of the business leaders in how their projects are performing and impacting the bottom line.

It has become obvious that economic factors have caused companies to demand more of their project operations. PMOs have responded with an increased focus on performance and cost savings. As PMOs gain more attention and visibility at the executive level, their role in strategic functions increases, but so does the pressure to demonstrate added business value.

Service Level Agreements (SLAs) and Key Performance

Indicators (KPIs) provide the basis for measuring performance, in objective terms, that are well-documented and consistent. SLAs represent firm obligations and tend to look backwards at a point in time and therefore provide the executive team, line of business managers, and PMO managers with a lagging indicator. By contrast, KPIs are critical because they represent trends that can be extrapolated to predict future performance and therefore provide management with a leading indicator.

It is important to define a meaningful set of SLAs as part of the agreement, as well as identify a limited set of KPIs that should be proactively monitored.

This is where we recommend sticking to the fundamentals – with the assistance of a top down focused PPM tool, the status of your resources, budget, deliverables and benefits can be easily collated – then presented to all stakeholders in a consistent manner.

We have seen situations where the PMO and project teams are operating in compliance with all of the cited SLAs, but things are still not working. This most often occurs in a reactive PMO environment where there is an administrative focus, no common toolset, SLAs are not in alignment with the corporate objectives, or when the KPIs are being ignored or over-complicated.

PMO and PPM Resource Management and Capacity Planning – Allocating Resources for Business Success

For many organizations, the greatest benefit of an Active PMO is the improvements it brings in terms of understanding your resource capability and improving your resource demand planning.

All too often in less mature PMOs, there is a common tendency to only focus on the current time period when it comes to resource management and capacity planning.

5 FACTORS IMPACTING RESOURCE CONFLICTS

1. Competing goals
2. Competing schedules
3. Personality difference
4. Budget disputes
5. Project methodology

This is due to the tools or approach – such as using traditional task based planning software – where thousands of tasks with multiple dependencies over complicate the process and only provide a limited planning window.

With no long term view of resource capacity and resource demand a number of resourcing issues commonly exist:

- Competing goals – Different individuals are judged and incentivized based on their own unique metrics. This can cause serious conflict during times when resources are not abundant.
- Competing schedules – Individual departments have alternate views on which activities are important and which seem to be a waste of time.
- Personality difference – This plays a role when one person has a more aggressive approach to demanding resources. This is why an organized and thoughtful approach is always better than rewarding the person who asks in the loudest voice.
- Budget disputes – Usually, the most expensive part of a project is labor/people costs, so it is not surprising that budget fights are common.
- Project methodology – Many teams and departments have differing views on project methodology and ways of measuring success. This makes it hard to develop common metrics and evaluation criteria.

The PMO Imperative

Two important goals of any PMO are to first organize their strategy to achieve corporate goals using resources in the most effective way possible. From the opposite side of the coin, they also need to avoid resourcing issues that could seriously delay important project deliverables.

The balancing act that all PMOs face is to achieve the project and corporate objectives while controlling costs. As much as 90 percent of project expenses are related to labor costs and therefore controlled by the PMO. This is even truer in PSOs (professional service organizations). If you do not manage this balance correctly, or have inefficient resource allocation, it can lead to unnecessary cycles of layoffs and hiring, poor morale, and underutilized resources sitting on the bench. The bottom line is that you need good visibility into resource utilization to ensure the business has the ability to get the work done and allocate resources accordingly.

As we explore the many nuances of resources management, try not to approach this subject with rose-colored glasses. In order to be successful, you must be prepared to face some or all of these issues:

- Shifting priorities – The goal of your PMO/PPM strategy is to serve the needs of the organization, not the other way around. This ability to quickly adapt to shifting priorities is the key factor that separates Active PMOs with high perceived value from those that are considered to be passive and reactive.
- Personnel turnover – This can seriously hurt you, particularly when you are dealing in areas of specialized expertise.
- Changing budgets – These issues are fairly common and need to be dealt with. Your ability to deliver on-time will gain you support when budgets are allocated
- Hostile executives – There is nothing that can hurt your ability to deliver as severely as lack of executive support. You must be able to quantify the business value of your PMO.
- Non-integrated systems – This is the final “gotcha" that will derail you, but only if you are unprepared to deal with the issue. This is also true when different projects are implemented with their own processes and methodologies.

Perhaps the most important question is how to ensure that every stakeholder receives what they perceive as high value according to their unique needs. This critically important issue has many different levels of requirements ranging from those at the executive suite down to project team members.

- Executive suite – Those at the executive level mostly concern themselves with how projects contribute to the overall corporate goals. Each executive may be more concerned with their area of control – for example the CFO and the business finances.
- Line of business (LOB) managers – Each of these individuals mostly cares about how the achievement of specific projects serves the needs of their department.
- Project managers – Project managers are tasked with delivering projects efficiently, on-time, and on-budget and they are not so much concerned with what happened at the PMO or corporate level.
- Project team members – Although they have some stake in the ultimate project success, team members are usually judged at the micro level, in other words, how they contributed to specific deliverables.
- IT leaders – These individuals are subject to shifting priorities and are mindful about how particular executive and LOB managers feel about specific projects. They will also be deeply involved in selecting systems to standardize and improve PPM systems and methodologies.

In an Active PMO with a well-defined PPM strategy resourcing issues are significantly reduced and stakeholders view the PMO as a strategic hub, providing an environment that drives business success. When it comes to resource management and capacity planning, many organizations have a way to go to reach the pinnacle. The good news is that even on the lower rung of the scale you have the opportunity to build a great foundation for the future.

THE CAPACITY PLANNING MATURITY SCALE

1. What are the strategic goals of the business? Make sure you have buy in from the executive level on this important issue.
2. What are the biggest short-term and long-term priorities? Are there signs that these priorities will be shifting in the near future?
3. What are your available resources? Do you have a centralized repository to monitor these resources?
4. Which projects lack critical skill sets? This is particularly important to know for high priority projects.
5. Is the project Roadmap sustainable? It is best to figure this out early so that you can adjust priorities or find the necessary resources.
6. How do you measure objectives versus results? This ability to measure and report on results is a key area that separates valuable PMOs from those that don't get the recognition they deserve.

How to Move Up the Resource Capacity Planning Maturity Scale

There are four specific steps you can take to improve your position on the Capacity Planning Maturity Scale. First, determine resource and demand constraints. There is always going to be a spread between business-as-usual activities and new projects. One of the factors to consider is that while you have a good handle on past capacity issues, the demands of your new projects will usually be less predictable.

In its simplest form, step one is about identifying existing resource demands and constraints and determining resource requirements for new projects. Once you do this, you can accurately determine the ratio of resources required between existing and new projects.

Second, create resource supply and demand scenarios. To accomplish this, you want to first model different resource scenarios by analyzing the impact across 3, 6, and 12-month periods, examining whether or not you can reprioritize and delay or bring forward projects. You can then create portfolio variants for different allocations of resources, develop resource distribution scenarios, and analyze their impact on the business. This will allow you to determine the need for additional internal and external resources and define resource development requirements based on your database of existing skills.

Third, allocate resources efficiently. In this step your goal is to determine resource allocations necessary for each project, whether you make judgments based on past performance, or utilize data on projects that are somewhat similar to the current project.

You then decide whether you need to create additional internal or external capacity.

Finally, choose the right technology solutions to meet your objectives. A top down strategy focused PPM tool that focuses on the fundamentals of good resource management will help you achieve this fast.

6 CHARACTERISTICS OF BEST IN CLASS RESOURCE MANAGEMENT

1. Quickly create demand profiles for projects in order to forecast resource requirements and analyze the capability to deliver.
2. Account for project delays or changes in project scope and re-profile projects so that demand is either delayed or brought forward.
3. Compare resource demand by role and department against the overall capability to deliver.
4. Maintain a real-time picture of overall resource capability by comparing resource allocations across different teams, departments, and roles.
5. Make sure projects are fully resourced in the present and capability exists to deliver on future demands.
6. Claim resources supplied to your projects to ensure correct teams are in place for the required time, effort, and duration to deliver projects successfully.

Here are some important areas of functionality that will allow managers to analyze the demand, supply, and resource assignments for each project or program, by role and period, in either numeric or graphical format:

KEY TECHNOLOGY REQUIREMENTS FOR SUCCESSFUL RESOURCE CAPABILITY PLANNING:

- Visibility into your entire resource pool
- Real-time access to utilization analysis
- Identification of skills shortages
- Ability to monitor training requirements and certifications
- Intelligent deployment of resources across the business
- Ability to manage resource conflicts

The idea is to always have a real-time view of resource capabilities, including training and critical skill sets so that you can easily identify any resource shortfalls, fill these skills gaps, and quickly make critical go, kill, and hold decisions based on accurate resourcing data. The lack of a tool to collect, monitor, and act on this information can be a big deterrent to your ability to move your PMO higher in the maturity scale.

Good resource management also provides each project team member with a clear and accurate view of their planned work and deadlines as well as showing alerts and notifications for overdue, missed, or rescheduled deliverables.

Commonly, Active PMOs will be very high on the resource capacity planning maturity scale and will have the 6 best in class characteristics detailed opposite.

A Balanced Approach to Resource Capacity Planning

Perhaps the most important characteristic of Active PMOs is the fact that they have a good handle on both the strategic picture as well as the ability to execute tactically. Instead of building their own solution, these world-class PMOs utilize a system that enables both a top-down strategic approach and a bottom-up execution approach.

The fact is, to get every aspect of your PMO strategy right, including resource capacity planning; you not only need great information, such as best practices, but also a software solution that is designated to create business value. Preferably, you want a solution that encompasses project management, portfolio management, and program management. This is a far better concept than buying individual solutions for each discipline.

This is where KeyedIn Projects provides a unique approach, and the ability to fast track your PMO maturity to the Active PMO stage.

By providing the PMO and executive team with a pragmatic, information focused solution that manages costs, people, delivery and benefits; we are able to step into the chaos and quickly start to deliver clarity and visibility. By focusing on only what the team needs to know to make decisions, we are able to implement and start to add value in a very short time frame.

Planning is based around breaking down the project into elements, defining milestones that are deliverable and focused, and ensuring all planning, measure, and control is focused on delivering results and not merely effort. Effort doesn't count – results do!

Of course, planning tools, time, expense and resource scheduling are still available, but we encourage our clients to use them on an as needed basis, rather than making them the central point around which everything revolves. Experience has proven that this approach guarantees successful deployment of

PPM and the PMO benefits in such a way that users are more likely to adopt the tools, and therefore drive additional value.

Best Practices in PPM and PMO – How to Improve Efficiency, ROI and Overall Productivity

There is a high cost associated with not getting project strategy and execution right. One of the keys to make sure your organization doesn't face such financial peril is to make sure your PPM and PMO strategies are all in alignment and that you consistently follow the best practices outlined here.

While there are a myriad of smaller challenges faced by PPM initiatives, here are five of the major issues we often see:

How to Optimize your Project Portfolio Management Team

We will begin our discussion on best practices with what is perhaps the most important element of the PPM strategy – the correct utilization of your human assets. Unless you get this aspect right, even the best processes and technology won't be effective.

The Project Portfolio Management team must focus on the right objectives, have a clear set of responsibilities, and be accountable for the management of the entire project portfolio process. Specific activities of the PPM team include:

- Portfolio definition and strategy alignment
- Resource and business capability analysis
- Portfolio selection, prioritization, and authorization
- Portfolio execution and monitoring

The PPM team is also responsible for translating strategic decisions into a practical workable portfolio of projects as well as communicating the status both up the executive stream and throughout the PMO. The PPM team also supports core programs and project management by making sure the business is focused on the right projects. The team also brings together the organization's full complement of projects and their related resource needs and allocations, risks, benefits, schedules, issues, and scope. The relationship of the PPM and PMO team is crucial for bridging the strategic and operational divide and for achieving Active PMO status.

Gaining executive sponsorship early is key to protecting and maintaining the level of success you have already achieved. Consistent education is needed in order to accomplish this. It is important for the executives in your organization to understand that the PPM initiatives and the PMO organization are there to support (but never hinder) executive decision making. PPM/PMO is a strategic approach, driven from the top to establish accountability and credibility early.

Because executive sponsorship and buy-in are critical, never delegate this responsibility downstream. Executive sponsors need to understand the ROI that can be delivered from PPM and they should have profit and loss (P&L) responsibility and/or board influence, hopefully both. If possible, one or more executive sponsors should sit on the PPM team and represent their interests. Long-term support is only viable if the executive sponsor has visibility and remains engaged.

6 PPM BEST PRACTICES:

1. Repeatable – consistency is key.
2. Flexible – processes can be customized as necessary.
3. Accountable – identified owners with clearly defined responsibilities.
4. Sustainable – built for today and for the future.
5. Measureable – metrics are established and monitored with clearly defined KPIs.
6. Scalable – able to absorb large increases in projects and portfolios without breaking the system.

How to Create Efficient Processes for Operations and Metrics

The second critical facet of a successful PPM strategy is to create processes that streamline operations and lead to a solid return on investment (ROI).

One of the barriers to designing effective processes is the absence of quality data – most commonly associated with passive and reactive PMOs that are administrative in focus.

Sometimes this is about the headache of getting the data, but it can also be about the problems of trying to make sense of too much data that has no effective use. Poor data can be as bad as no data or as the saying goes, "garbage in = garbage out" (GIGO). Here are some questions to help you avoid the GIGO phenomenon and to guide you in determining if data management is a serious problem:

IS DATA MANAGEMENT A SERIOUS PROBLEM IN YOUR ORGANIZATION:

1. Do you really have a complete picture of the demands being made on the business, your team, and yourself as you try to support the organization?
2. Do projects come at you from multiple directions without regard to whether or not you have the capability to deliver on them?
3. Do you have enough data to allow you to quickly and smartly reprioritize the use of resources?

Real-time information is critical to becoming an Active PMO. Poor access to real-time information is a key factor in why many projects fail; real-time is about the speed and accuracy of decision making.

To be effective, you need to be able to make the following decisions quickly:

EFFECTIVE PPM DECISION MAKING:

1. What mitigation can we take if we go over budget?
2. What action do we take if the project is behind schedule?
3. How much new business can we take on?
4. How fast can we modify the product roadmap, if necessary?

The best criteria for the data that drives these decisions are speed, reliability, and visibility of information. What stops us from collecting the right data and inhibits the flow of real-time information? First, single-user-centric tools such as spreadsheets and project planning tools that are divorced from the business. Second, silos and isolated departments, including a territorial interpretation of information. Third, poor communication due to different interpretation from different data sources, disparate technical data infrastructures, isolated knowledge centers, and ring fencing/black boxing knowledge.

Fortunately, there are four steps that you can take to overcome these barriers:

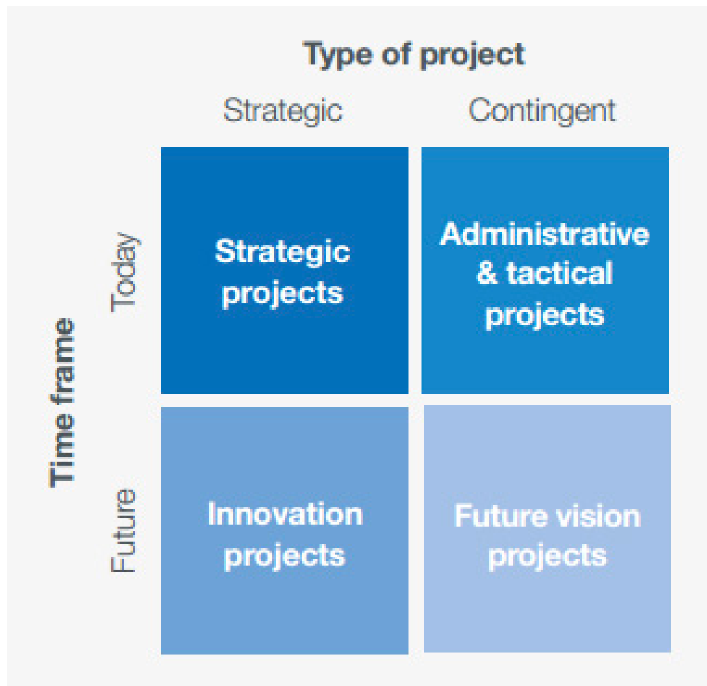
4 STEPS TO OVERCOME DATA INHIBITORS:

1. Institute a single centralized data source.
2. Use a web-based management application.
3. Implement centralized milestone tracking capability.
4. Use a role-based dashboard to break through management layers.

The idea behind effective project governance is to build a framework that enables the business to deliver on its commitments and objectives while at the same time instituting two-way accountability between the business and the project delivery process. Essentially, project governance is about building an accountability framework, distributing various types and levels of responsibility, and bringing these items together into an organizational decision making framework.

These practices should be embedded within the PMO via the speed, reliability, and visibility of information. Good project governance flows naturally from a formalized decision making infrastructure to milestone management and coordinating the entire portfolio of projects. It is not an isolated discipline, but rather a by-product of the best practices in PPM and PMO that we are discussing.

Milestone management is central to ensuring that decisions are made the same way up and down the organization and by the right people, identifying and monitoring accountability at all layers of management, including strategic management and operational management. You need to retain control over what the business has agreed to deliver, align the strategy with the project delivery process, drive delivery, and provide the ability to see whether projects are on time, why projects have been moved, who moved them, and the impact of these changes.



As essential part of portfolio selection and prioritization is the ability to categorize accurately. In order to do so, you must look at long-term strategic orientation as well as operational impact. Prioritization criteria focus both on tangible and intangible benefits and measure the values of the individual and aggregate projects. It is important to select the most value-producing projects for execution with a balance between low and high-risk and short, medium, and long-term delivery.

Tactical projects deliver competitive advantage today with low-risk. Administrative projects deliver on currently promised service levels and support projects with low risk.

Strategic projects deliver competitive advantage in the future, but they are often high-risk and require high skill levels to complete.

Innovation projects are smaller and may deliver competitive advantage tomorrow. They are also high-risk and require highly skilled practitioners.

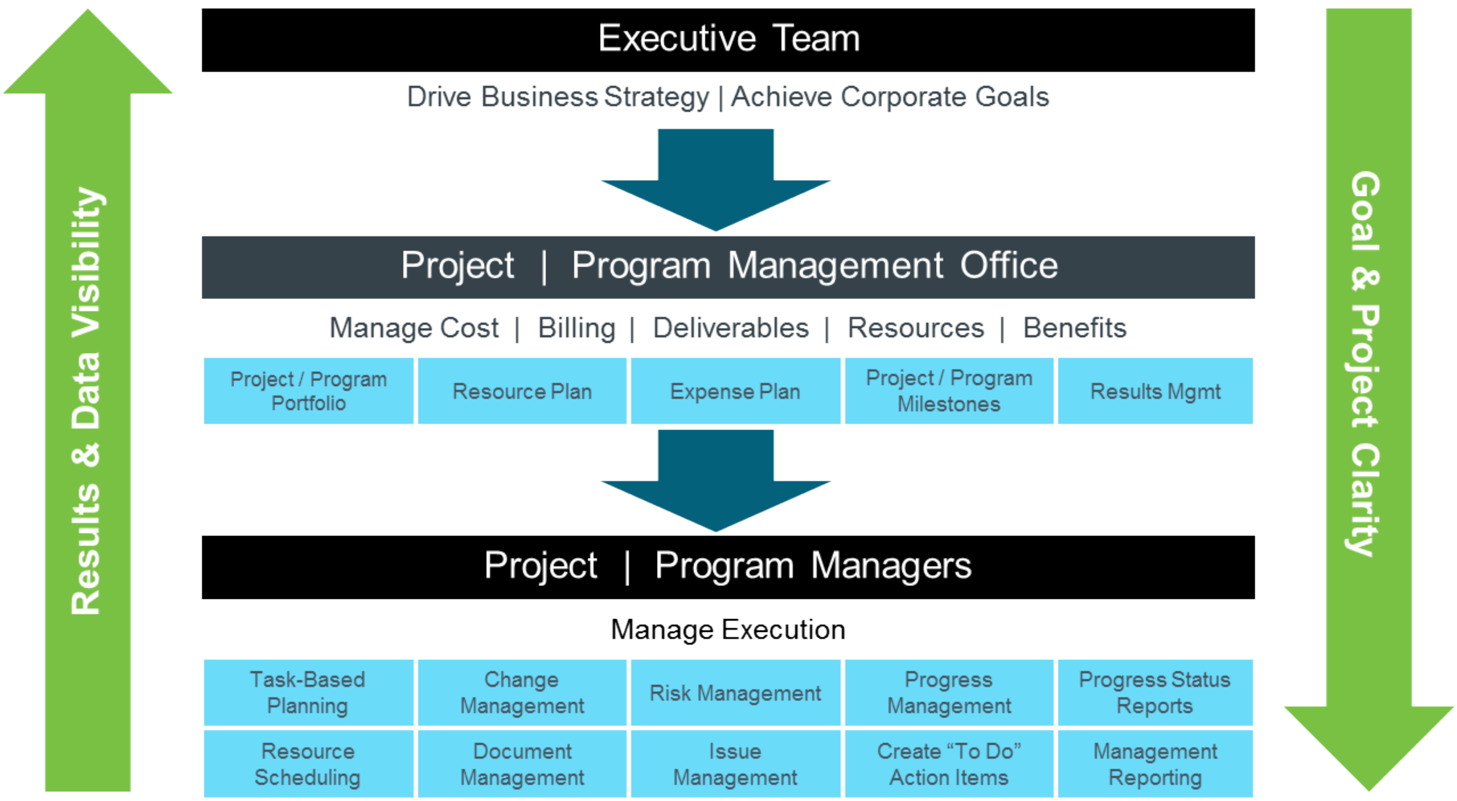
Future vision projects are contingent upon strategic and innovation projects. They tend to be high-risk and require advanced skills.

After projects have been categorized, the approval process is where you determine the actual work to be funded, prioritized, allocated, and resourced.

The primary objectives of the approval process are to deliver the highest overall value, build a project registry with a detailed inventory of projects, develop a value ranking, or score, for each project against tactical criteria and strategic objectives, identify risks vs. benefits, and optimize the portfolio mix by asking whether the project is worth doing, which aspects are achievable, whether there is enough capability and capacity to deliver, and what risks (strategic, operational, market, legal, etc.) are involved. The portfolio plan is then ready to be approved and published to the business – and your PMO is demonstrating it is the strategic arm, the active and supporting body that defines an Active PMO.

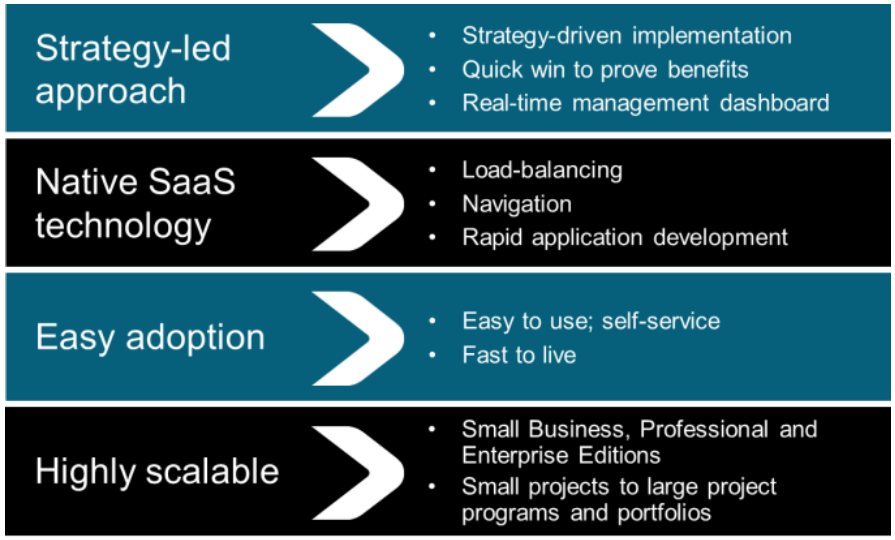
Ensuring that Your PMO and PPM Strategy Will Succeed – How KeyedIn Solutions Can Help

KeyedIn Projects provides an executive view (or oversight) into your entire organization's project portfolio – tying projects and programs to overall corporate objectives and strategies - but also providing leaders with a way to monitor and measure accountabilities.



By focusing on the fundamentals, and by providing a template based PMO in a Box solution. KeyedIn Projects helps you fast track your way to an Active PMO.

While many competitive offerings have adjusted their existing applications for the web, we totally re-wrote our project portfolio management solutions for the SaaS environment.



They are true, native and multi-tenant SaaS-based applications where we took our decades of project management domain experience and combined it with the unique technical requirements of SaaS to ensure performance, usability and scalability.

In other words, we built a solution for you that is easy to use and fast to implement – all at a fraction of the cost of on-premise systems. And we've done so for small businesses with a handful of projects as well as global enterprises with thousands.

To find out more on how KeyedIn Projects can help you fast track your way to an Active Demo –watch this online [Product Demonstration] for further information.

About KeyedIn® Projects

KeyedIn Projects enables your PMO to be more strategic, more efficient, and deliver greater business impact by allowing you to easily forecast and allocate resources, create and analyze portfolios, gain visibility to all your projects, and discover new insights through dynamic PPM analytics.

Start today by requesting a free product trial or by calling one of our PPM experts at +1-877-932-4402 or +44(0)1274 863300.

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