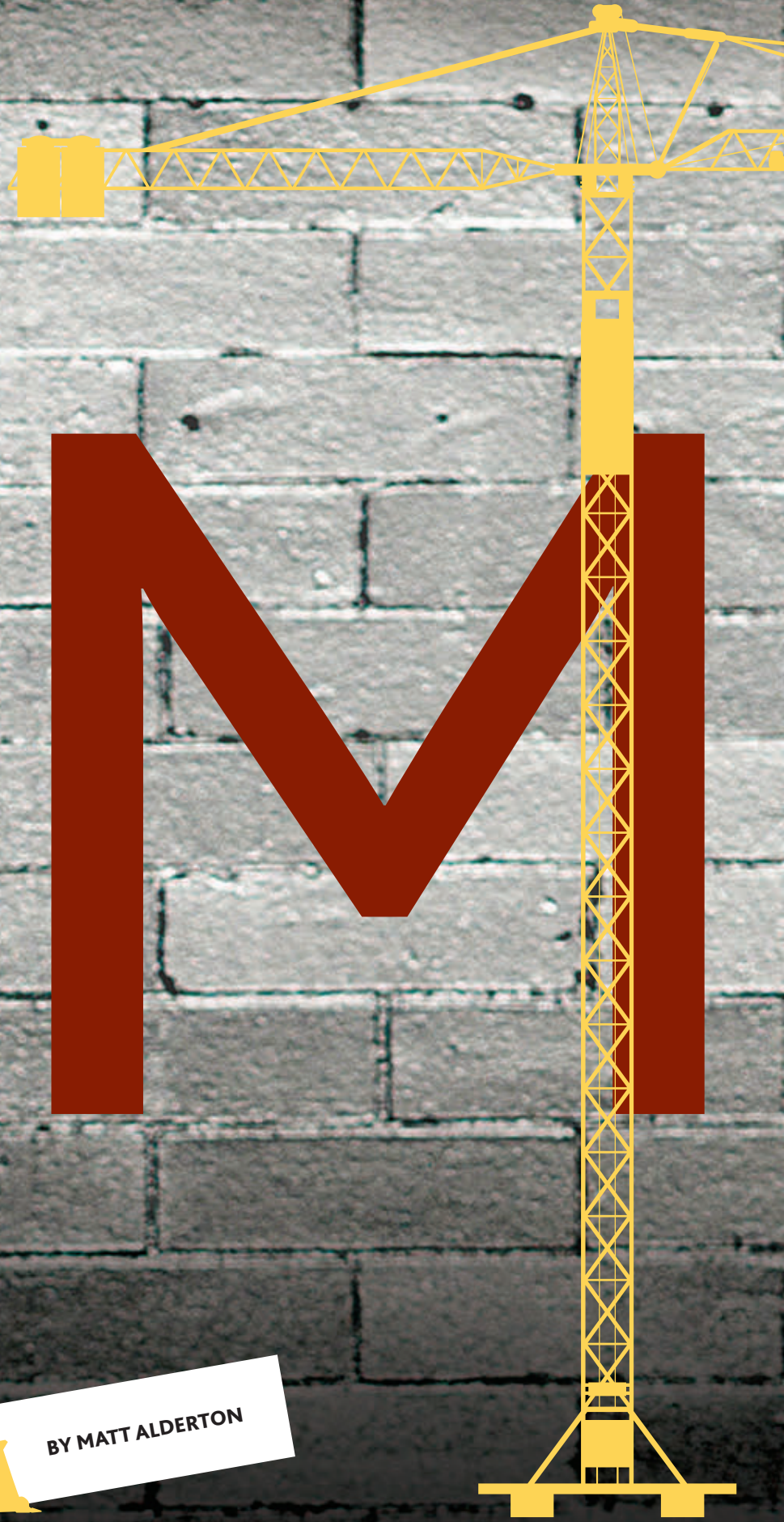


# PNM



BY MATT ALDERTON





Resurrecting a failed project management office  
requires a strong up-front case and  
a commitment to seeing the task through.

# For thousands of years, philosophers the world over have wrestled with the question: Is there life after death?

In the case of a project management office (PMO), the answer is a resounding “yes”—with plenty of opportunities for second chances. PMOs are an increasingly common part of the organizational landscape. The PMI 2012 *Pulse of the Profession*<sup>™</sup> report found that 67 percent of organizations surveyed have a PMO, up from 63 percent the prior year.

But will they last? Three-quarters of PMOs fail within the first three years of being launched, according to Forrester Research.

Mario Henrique Trentim, PMI-RMP, PMP, PMO manager at the Institute of Aeronautics and Space in São José dos Campos, Brazil, hasn't seen a PMO truly disappear, but he has seen one reborn.

“I've been part of a failed PMO,” he says. “Although it didn't die, it starved and lost power along the way, and fell into discredit.” He says that project teams didn't understand the PMO's role, seeing it as a controlling structure rather than something that could help them with their projects.

Resurrecting it required unifying strategic planning by putting portfolio management and project management into one organizational structure, he says. The end result was a strong corporate PMO that acts as a portfolio management structure.

As Mr. Trentim learned, the end is sometimes just the beginning. Even if an organization kills, closes or otherwise disbands its PMO, resurrection is possible. And preventing that next iteration from repeating the fate of its predecessor demands a measured mix of education, communication and persuasion.

“To rebuild a PMO is much more difficult than to create one,” he says.

## Cause of Death

Step one is understanding why the previous PMO failed. “The people who want to restart a PMO—both the PMO team and the business—need to be honest with themselves about what went wrong last time,” says Craig Letavec, PMP, PgMP, head of PMO, risk and quality at IT services firm Atos, Cincinnati, Ohio, USA. “The organization then has to decide if it's willing and able to do things differently.”

There are myriad reasons why PMOs fail. Perhaps the most common, however, is lack of executive support, cited as the top reason for the disbandment of a PMO by respondents to ESI International's 2012 *The Global State of the PMO* report. For 55 percent of respondents, key stakeholders have questioned the PMO's value.

“In the majority of cases, when a PMO shuts down it's because it loses buy-in from the senior level,” says Ralf Finchett Jr., director and owner of PMO Planet, a London, England-based PMO consultancy. “One main reason can be it's just not seen as adding value anymore.”

## 3 Signs It's Time to Shut Down a PMO


Not all PMOs deserve a second chance. Here are three signs that a PMO should be closed:

**No value.** “Think of a PMO that's delivering a bunch of templates for project managers to use,” says Craig Letavec, PMP, PgMP, Atos, Cincinnati, Ohio, USA. “Are project managers actually using them, and are these tools adding value?”

**Mission accomplished.** “In theory, a PMO should put itself out of a job,” says Ralf Finchett Jr., PMO Planet, London, England. “It's the PMO's job to develop an organization's project and program management capabilities so much that eventually it can't develop them any further. That's the perfect reason for shutting down a PMO—and it's the one [accomplishment] I've never seen or heard that a PMO has achieved.”

**Stagnation.** “If the organization is changing, the PMO and its role should be changing as well,” Mr. Letavec says. “Stagnant delivery is problematic.”





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Source: Global State of the PMO, ESI

Other common reasons PMOs fail:

- **Lack of direction:** “One of the reasons PMOs fail is they don’t have a clear purpose or mission,” says Kristopher G. Sprague, PMP, PgMP, global program management office leader of manufacturing technology at GlobalFoundries, a semiconductor foundry based in Malta, New York, USA. No matter if the mission is reporting, training or thought leadership, if a PMO lacks a reason to exist, it won’t.
- **Organizational changes:** “Some PMOs tend to stagnate,” Mr. Letavec says. “They get into delivering a set of services and they’re not moving with the organization, so they become a dinosaur.” Nearly two-thirds—64 percent—of PMOs that were disbanded met that fate because of organizational restructuring, according to the ESI survey.
- **Insufficient resources:** An underfunded or understaffed PMO can’t succeed. “A PMO may fail if it has a limited number of resources—if the organization wants you to do X but you’re only able to do Y,” says Mr. Sprague.
- **Cost pressures:** “Sometimes, PMOs are seen as financial overhead,” explains Mr. Finchett, who most recently served as interim PMO head for the Equality and Human Rights Commission, a

department of the U.K. government. “If a company was looking at ways of cutting costs, it’s sometimes easy to say, ‘I can’t lose the project manager because he or she is the person steering the ship, but I could cut the PMO.’”

Conducting a postmortem of the failed PMO provides insights into what should be done differently the second time around—if, indeed, it is even worth attempting.

Mr. Letavec suggests performing an analysis that asks, “What was the state of the PMO when we ended it, where do we sit today and what do we envision a new PMO is going to deliver?” That analysis is extremely important, because it may actually lead you to the conclusion that you shouldn’t resurrect your PMO. It’s better to fail once than to fail twice.”

## Act Two


No matter why the PMO failed, one absolute must on subsequent efforts is to convince skeptical senior managers that the reboot will be better. That makes reopening a failed one an exercise in patience and persistence.

“Treat the PMO like you would a project,” says Mr. Sprague, who recommends having a 30-, 60- and 90-day plan, as well as longer-term objectives that guide the PMO through at least its first year. “You’re going to have deliverables, milestones and resources, all assigned to the PMO setup.”

As with any project, first develop a business case. Mr. Letavec advises including the value the PMO will deliver, the services it will perform, potential metrics it will use to measure its performance and demonstrate its value, and how the PMO will link to the overall organizational strategy. When applicable, outline the ways in which the new PMO will differ from the failed one.

The business case should also show why the PMO needs to be relaunched at all. Those reasons are rooted in the organization’s strategy and portfolio. “A PMO needs to find a compelling reason for change,” explains Mr. Finchett, who says change management skills can be especially valuable in the campaign to restart a PMO. “A compelling reason for change might be that projects are overrunning regularly, or that they’re not delivering what they should be delivering.”

Metrics measuring the PMO’s deliverables are crucial to winning over executive stakeholders focused on the bottom line, particularly the second



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time around. “A lot of benefits PMOs articulate are soft, like ‘better trained project managers’ or ‘better reporting,’” Mr. Letavec says. “Instead, you need to articulate a clear link between the PMO and real change in project performance—better project success rates, lower cost of labor, more efficient use of resources, more project work done, etc.”

Armed with a compelling and quantitative business case, project professionals’ next step is securing an advocate who can evangelize to executive leadership. “Someone at the management level has to be involved in the process of chartering the PMO,” Mr. Letavec continues. “This senior person has to be the champion of the PMO rebuilding effort, willing to share with his or her peers the importance of having the PMO function in the organization.”

Finally, Mr. Finchett advises looking for quick, small successes to earn early support—another common tactic for winning skeptical stakeholders. “How do you eat an elephant? You eat it one bite at a time,” he says. “Design your plan to take a chunk at a time, allowing you to deliver quick wins based on what the organization’s priorities are.”

## Staying Alive

Getting the next iteration of the PMO running may be exciting and satisfying, but it will all be for naught if the PMO leaders don’t take steps to prevent it from going the way of its departed predecessor. Project leaders must give as much thought—if not more—to running a second-chance PMO as it did to resurrecting it. That means keeping not only high-level stakeholders happy, but also the day-to-day project staff.

Focusing on three key areas can go a long way toward giving the new PMO longevity:

- **Numbers matter:** Metrics should be a core function of a reborn PMO, capable of justifying its existence on an ongoing basis. “Without key performance indicators, there’s no gauge in terms of how much improvement you’re actually making,” says Mr. Sprague, who suggests metrics that quantify planned versus actual benefits. “Unless you measure something, you don’t know if it is getting better or worse.” Mr. Trentim includes employees trained per year, percentage of late projects, percentage of projects with cost overrun and number of projects completed per year as sample metrics.
- **Go-to guidance:** Re-chartering a PMO requires

## Failed PMO, Successful Résumé

If you let it, a failed PMO can be a black mark on your résumé, a giant red flag about your ability as a manager. But if you’re willing to learn from your mistakes, that failure can give you a competitive advantage.

“The great project managers I’ve met have always gone through a failed project,” says Kristopher G. Sprague, PMP, PgMP, GlobalFoundries, Malta, New York, USA. “If you’ve gone through a failed PMO, regardless of who’s at fault, you’ve learned from that and should be able to turn it around and say, ‘Look at all the learning I went through; now I can do a much better job next time.’”

Ralf Finchett Jr., PMO Planet, London, England, adds that being up front about both how you failed and what you learned will show you’re not going to make the same mistake again. “Be brave enough to say, ‘I’ve been punched in the face twice. If you punch it a third time, I’ll know to duck or move out of the way, or even better, stop those strikes from coming in,’” he says.

executive support. Operating one, however, requires support from on-the-ground project managers. Training is a powerful incentive for skeptics—and helps the PMO better serve them. “Training got project managers and team members involved with the PMO, which helped us to understand better their needs and improve our services,” Mr. Trentim says of his experience with a resurrected PMO. “We built trust and relationships during the courses provided. People felt we were there to help them. From then on, team members called me for help and support. Consequently, I was able to get feedback and improve the PMO.”

- **An inside job:** In addition to communicating key metrics upward to decision makers, PMOs should communicate activities and achievements outward to internal stakeholders to maintain visibility. “When I resurrected a PMO, we used an intranet blog to share news and knowledge, and a PMO website to share documents, templates and more,” Mr. Trentim says. His PMO used social media to post success stories, stimulate discussions and solicit feedback. “I think that this approach helped people feel part of the process and to understand that the PMO was there for them.”

Ultimately, succeeding the second time around requires connecting the tactical work of the PMO with the strategic goals of the business. “Companies don’t shut down their marketing department, because you have to market in order to be in business,” Mr. Letavec says. “If the PMO demonstrates its value both internally to the people who rely on it and externally to the broader business, there won’t be discussions about shutting it down when it comes time to cut costs.” **PM**



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