

7 ONGOING CHALLENGES FOR THE PMO

(and how to overcome them)

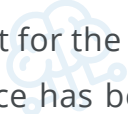



TABLE OF CONTENTS


CHALLENGE 1	THE PMO AS A STRATEGY POWERHOUSE	4
CHALLENGE 2	INTRODUCING THE CHIEF INSIGHT OFFICER	8
CHALLENGE 3	CHANGE IS HERE TO STAY: BECOME A CHANGE-ENABLER	11
CHALLENGE 4	NEED FOR SPEED	15
CHALLENGE 5	KEEP CALM & GO AGILE	19
CHALLENGE 6	COLLABORATIVE: PUTTING HEADS TOGETHER	23
CHALLENGE 7	LONG LIVE THE PRODUCT MANAGER	27
2019 IN A NUTSHELL	31
PENNY FOR YOUR THOUGHTS	32




INTRODUCTION




One could say that for the PMO, change is the only constant. From its emergence in the 1950s, the Project Management Office has been a dynamic, often-evolving function. As a substantially tool-oriented office, the PMO is highly sensitive to technological change. It acts as a linchpin of an organization, coordinating and interfacing with various departments and functions, and it is therefore accustomed to the evolution in organizational management models and techniques. Today, the PMO purpose and activities are nothing like what they were 10 years ago, and will probably take a completely different shape 10 years from now.




As the pace of technological change accelerates and disrupts the way we do business, and more generally, what 'business' is, the PMO is at an inflection point and must reshape itself to stay relevant.



Among the most urgent challenges this profession faces is an increase in responsibilities: the PMO is expected to become a strategy enforcer, enabling change and facilitating decision-making. It is also urged to always be 'MORE': more rapid, more agile, more collaborative. Finally, it needs to reinvent the approach by switching from project to product management.



Although there are as many PMO functions and practices as there are organizations, **this e-book strives to outline the 7 major trends that will impact the PMO**, highlighting risks and opportunities, and suggesting courses of action.



While there are numerous hurdles and pitfalls along the way, the path is also strewn with great opportunities for PMO leaders to increase their value contribution to the organization and become recognized business enablers.

CHALLENGE 1

THE PMO AS A STRATEGY POWERHOUSE



① THE PMO AS A STRATEGY POWERHOUSE

Schedules, timesheets and reports used to form the bulk of portfolio and project managers' in-tray. As the collation tasks are increasingly (and, some might say better) performed by software, portfolio management leaders are empowered and expected to take a step back and consider the value of project portfolios from an enterprise perspective. While ensuring that projects are delivered on time remains a key goal, making sure that they actively serve the business strategy is a new responsibility.

From PMO to EPMO

We observe an impetus towards the establishment of Project Management Offices at the enterprise level, catering to the demand for greater portfolio excellence.

Providing a central hub for PPM across the business, EPMOs enjoy an all-encompassing view on the organization's projects, programs and portfolios and can ensure that resources are optimally allocated and utilized, and that priority goes to projects that deliver maximum value against strategic objectives.

This new emphasis on outcomes, business performance and strategy alignment is a real cultural shift for the PMO and requires managers to take a qualitative leap: this is not just about shouldering extra responsibilities, but rather about changing the definition of 'success' for projects and portfolios. Thus, the PMO evolves from a service provider tasked with management of operational delivery into a full-fledged business driver responsible for maximizing value.



KEY FIGURE

By 2021,
50%
of large
organizations will
have integrated
disparate business
and IT PMOs
into EPMO hubs
to enable digital
transformation,
according to
Gartner

Source: "How PMO and PPM
Disciplines Will Change in the
Digital Business"
- Gartner July 2018 (G00360386)

Another challenge for the EPMO is to juggle this overall business vision and the daily business demands tied to the operational, planning and budget management inherited from its previous incarnation as a more traditional PMO.

...to SRO

The next stage of the PMO's ascent from tactics to strategy takes the form of a Strategy Realization Office (SRO). An SRO is a mature EPMO specifically tasked with ensuring that strategies are properly and successfully implemented. The SRO takes portfolio management to the next level by anchoring it to strategy.

Adaptive and versatile by definition, it can play a variety of leadership roles across multiple fields in the sole objective of making the strategic vision come true.

In the SRO, **'business as usual'** is minimized, making way for diagnosis of existing processes, proactive change enablement, communication or innovation management programs and other high-value initiatives.

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STEPS TO TAKE



PMOs looking to consolidate their strategic footing should start with making sure they have a clear vision of all process, projects and programs across the organization. Partnering with a tool vendor enabling integrated visibility can be pivotal in this regard.



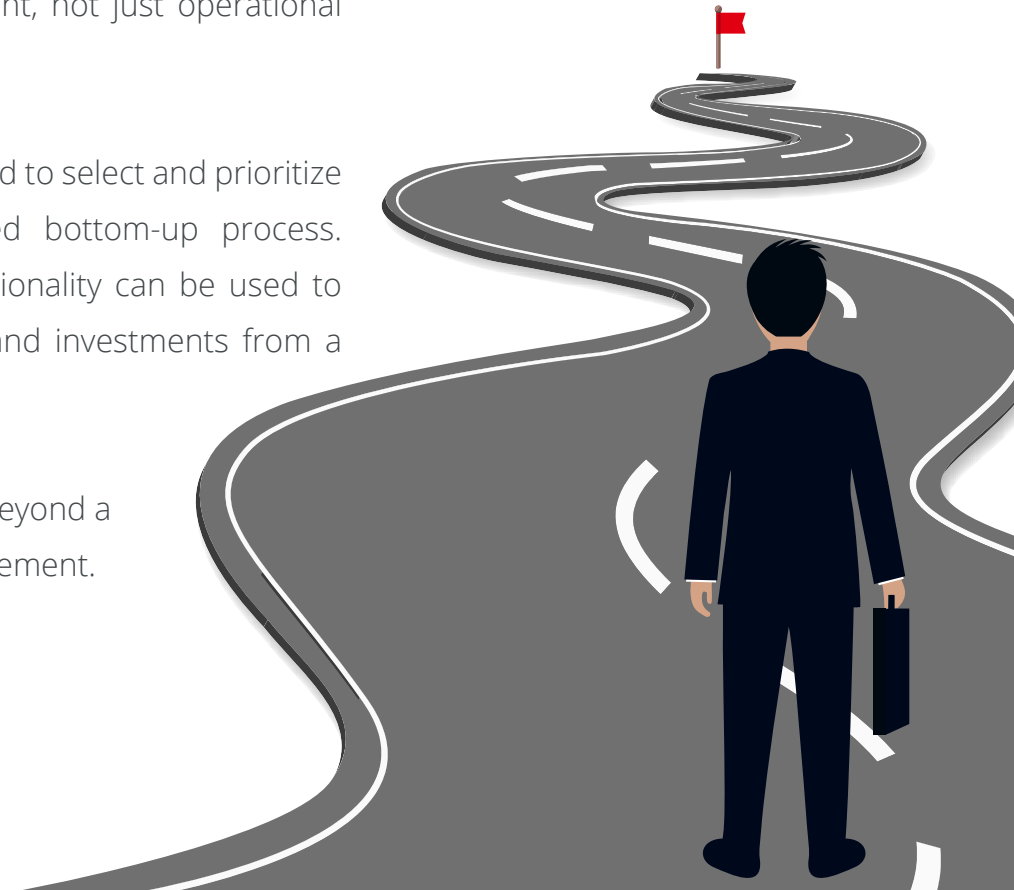
Tools, metrics, skills, and processes need to be assessed and possibly readjusted to make sure they take into account strategy alignment, not just operational excellence.



PPM tools provide demand functionality that can be used to select and prioritize business-aligned projects as part of a standardized bottom-up process. Conversely, portfolio and program management functionality can be used to evaluate and optimize strategic initiatives, programs and investments from a more top-down perspective.



As a growth facilitator, the SRO should learn to evolve beyond a risk-averse, administrative posture toward one of enablement.



CHALLENGE 2

INTRODUCING THE CHIEF INSIGHT OFFICER



② INTRODUCING THE CHIEF INSIGHT OFFICER

As project and portfolio management leaders evolve from custodians of the schedule into custodians of the strategy execution, they become supporting and enabling partners of senior, C-level executives.

A bird's eye view to inform decisions

With their broad view across portfolios, the EPMO and the SRO alike are best poised to facilitate and enable decision-making. In particular, they can shed light on investment and prioritization trade-offs, ensuring that project selection is optimal to deliver against strategic objectives.

The strategic PMO proactively performs analyses across portfolios and makes recommendations, providing valuable insights and guidance to decision-makers.

A seat on the Board for the PMO leader?

With this newfound focus on strategy execution and ability to make informed decisions, the PMO gains a unique opportunity to work hand-in-hand with strategy makers. As 'executive whisperers', PMO leaders can leverage the special bonds established with C-suite leaders to make sure the PM Office secures the resources it needs to perform effectively, but also to make a mark on the strategic directions and contribute to shape the enterprise's future. Moving forward, we believe that it will make sense for complex, mature organizations to invite PMO leaders onto the Board as 'Chief Insight Officers'.



KEY FIGURE

Organizations with a higher percentage of projects with actively engaged executive sponsors report **40% more successful projects** than those with a lower percentage of projects with sponsors

Source: Project Management Institute - Pulse of the Profession 2018 (2018)

STEPS TO TAKE



The context provides the PMO with the perfect occasion to make an impact. The traditional risk-averse stance and hands-on management style of traditional PPM leaders have been known to create the perception of an entrenched role. Debunk the bias!



Would-be 'Chief Insight Officers' should secure senior leader support and validation, and make sure that they are heard.



In addition to establishing solid lines of communication with the C-level, successful strategic PMOs must maintain its connections to the ground level to keep playing its bridging role between strategy and execution.

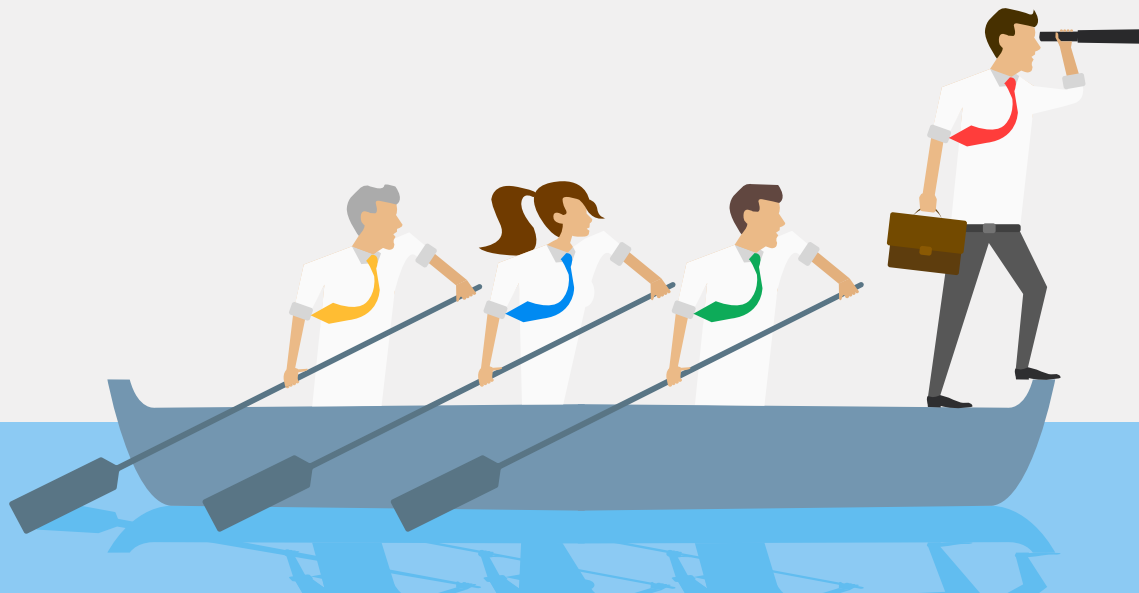


The 'Chief Insight Officer' needs to make sure they have real-time visibility on portfolios. The focus should be placed on the proverbial 'single version of truth' via data centralization in the Cloud as the first step towards process automation and proactive, insight-driven decision-making.



CHALLENGE 3

CHANGE IS HERE TO STAY:
BECOME A CHANGE-ENABLER



③ CHANGE IS HERE TO STAY: BECOME A CHANGE-ENABLER

The digital age has dramatically reduced the life expectancy of corporate strategic plans. Markets grow more fickle, and constant flows of real-time data make it possible and vital to frequently readjust the course of the business. To stay aligned with impermanent strategy, the strategic PMO must embrace and enable change. Not only should it commit itself to continuous improvement effort to stay ahead of the curve, it should also seize the opportunity to spearhead organizational change.

Leading by example

In a 'charity begins at home' mentality, the PMO itself should become self-conscious and continually assess its own maturity against the current technology landscape, market conditions and strategic orientations. For example, a price war context would typically command greater emphasis on budget control. The PMO should make sure its own methods, skill sets, metrics and tools are up to date and allow optimal strategy execution and value creation.

A designated agent of change

As they coordinate interdependent projects, PMOs are well positioned to cascade the changes in strategy down the organization. Positioning itself as a facilitator of change is a remarkable opportunity for the PMO to increase its value contribution to the enterprise. However, this requires that PPM leaders evolve from their core function as managers to become disruptors

As they coordinate interdependent projects, PMOs are well positioned to cascade the changes in strategy down the organization.

and veer further away from a control mentality. Change-enabling PMOs proactively challenge the status quo, embrace and disseminate new agile practices, often as part of a bi-modal process, and conduct both targeted and overall communication and training programs to drive mindset evolution.

Manners matter

Organizational change can hardly be bulldozed. Even the cleverest, best endowed change agenda cannot succeed without grassroots support, and successfully driving change requires influence rather than authority. Time to hone in on those soft skills!

When it comes to change management, it is paramount to clearly, openly communicate the 'why', the 'what' and the 'what for' to everyone concerned. One-to-one mentoring might also be useful to overcome natural resistance to change.

These soft skills and clear communication also are valuable assets for the more conventional responsibilities of the strategic PMO, since strategy execution across portfolios calls for cross-silo interactions

*Even the cleverest,
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STEPS TO TAKE



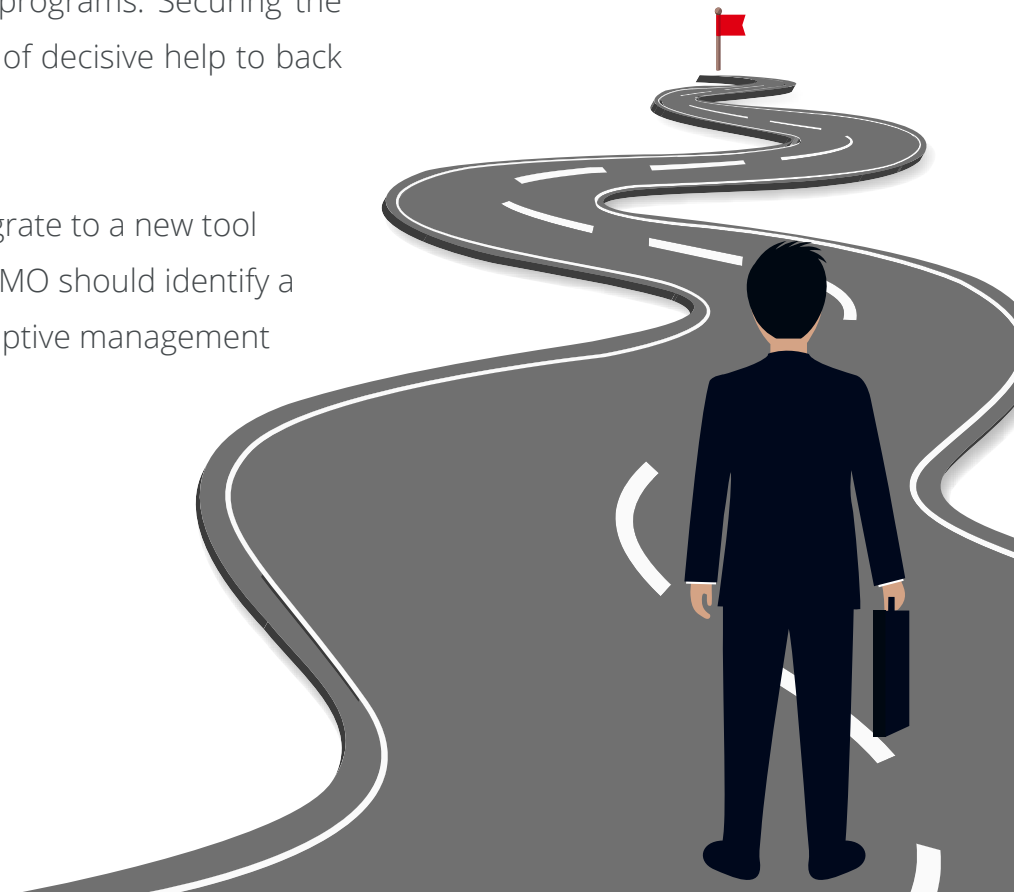
The PMO should keep a constant watch on market and strategy evolution and adjust when needed. In particular, it should stay on the lookout for new practices, patterns, models and tools that may improve operations and strategy alignment.



The importance of training and communication to support the change process must not be underestimated and it may be a good idea to turn to specialized consultants to build and implement transformational programs. Securing the support of senior management and of HR may also be of decisive help to back the change initiatives.



Nobody wants the inconvenience of being forced to migrate to a new tool environment at every step of the change journey. The PMO should identify a change-oriented solution partner providing flexible, adaptive management tools able to grow and evolve alongside the company. Robust collaborative features are important.



CHALLENGE 4

NEED FOR SPEED



4 NEED FOR SPEED

Digitalization is all about speed. The digital age has ushered in a paradigm where microseconds matter. As the clock is running, staying in the race requires PMOs to constantly devise new ways to speed up decision-making, development and execution to minimize project lifecycle and time to market. The PMO is traditionally responsible for bringing projects in on time; but what to do when 'on time' is no longer timely enough?

Digital maturity at the crux

Delivering at maximum speed requires perfectly oiled processes, instant interaction between all stakeholders and maximized individual productivity - all achievable by leveraging an array of digital tools. While centralizing data for easier access and automating time-consuming processes represent the bread-and-butter capabilities that will prevent unnecessary waste and stalling, more advanced features can propel the business on the fast lane. Among these 'building blocks' for Rapid PPM are the cloud as an enabler of rapid deployment, advanced analytics for faster decision-making, the Internet-of-Things to increase responsiveness, collaborative features for anytime, anywhere interaction. The higher on the digital ladder, the better.



KEY FIGURE

Gartner predicts
that by
2021,
IT PMOs that fail to
shift focus toward
speed of delivery
will be relegated to
legacy maintenance
oversight or
disbanded

Source: "How PMO and PPM
Disciplines Will Change in the
Digital Business"
- Gartner July 2018 (G00360386)

Instilling a culture of responsiveness

Owning the best-in-class, top-maturity tools comes to naught if their potential is not properly harnessed. Providing training and guidance to make sure that team members have the appropriate skills and a clear understanding of all tool capabilities is an absolute prerequisite, but hitting the jackpot requires a more pervasive effort. Digitally-fueled acceleration entails cultivating 'digital instincts' within the organization, whereby individuals naturally rely on automation, data and analytics, whereby instant communication becomes a new reflex, and whereby sudden readjustments, new requirements or changes of course are business as usual and not a source of distress.

*Digitally fueled acceleration entails cultivating 'digital instincts'....whereby individuals **naturally** rely on automation, data, and analytics...*

STEPS TO TAKE



Treating digital transformation as a means to an end or as a mere option will not do. Tackling the ongoing digital revolution is a matter of survival for everyone - and the PMO is at the forefront.



When faced with a wide spectrum of advanced digital tech, each as stunning as the next, one should not forget that staple features such as spotless data visibility and automation are the foundations needed to underpin any other block.



The PMO should keep in mind that tool maturity and user maturity are two sides of the same coin and should be grown in sync. Fancy tech solutions are of little use without grassroots adoption.



CHALLENGE 5

KEEP CALM & GO AGILE



5 KEEP CALM & GO AGILE

Just like digitalization, agility is no longer optional. In an uncertain, faster world, success often hinges upon the ability to be adaptive, innovative, flexible - i.e. agile. As increased use of agile across enterprises seems unavoidable, the PMO is at a crossroads: it can either be an agent of the switch to agile, or witness it and possibly be sidelined in the process.

The march towards agile

Interestingly enough, agile management was born as a PPM concept before being popularized into mainstream business. Agile methods - which advocate lightweight management guided by a pragmatic and responsive approach with iterative and incremental development - are now everywhere. PMOs which have not yet added agile strings to their bows should make the leap, lest they are beat to it by another office within the organization. The ones already using agile methods may consider furthering them, as agile benefits for rapid development, innovation, and delivery of products are undeniable.

Learn to unlearn

Agile principles can differ markedly from ingrained PPM patterns. As far as agile is concerned, small is beautiful. Projects as we knew them are shattered into a number of small iterative sprints, encompassing all stages of the traditional project lifecycle, from conception to testing and deployment. This is a pronounced contrast to the linear waterfall approach, whereby a project follows a delineated route of subsequent phases.



KEY FIGURE

By
2020,
more than half
of application
development
organizations will
use a framework
for scaling agile
development,
according to
Gartner

Source: "Evolving PMOs in an
Enterprise Agile World"
- Gartner October 2018
(G00373768)

Agile involves tight-knit, empowered small- to medium-sized teams, expected to give their best when self-managed. This accounts for some PMOs' reluctance to embrace agile: for an office that originated from the need to rationalize control mechanisms, going hands-off can be quite a leap. In an agile environment however, the need for control and coordination does not evaporate but becomes more complex, as top-down control is exchanged for more collaborative validation, and requires the implementation of specific agile frameworks. Relatedly, transitioning to agile project management demands a new, less formalized approach to risk analysis.

This is just the tip of the iceberg - long story short, agile methods challenge the PPM gospel and represent a revolution for resource management. A seemingly inescapable one, though.

*...the need for control
and coordination
does not evaporate
but becomes more
complex...*

STEPS TO TAKE



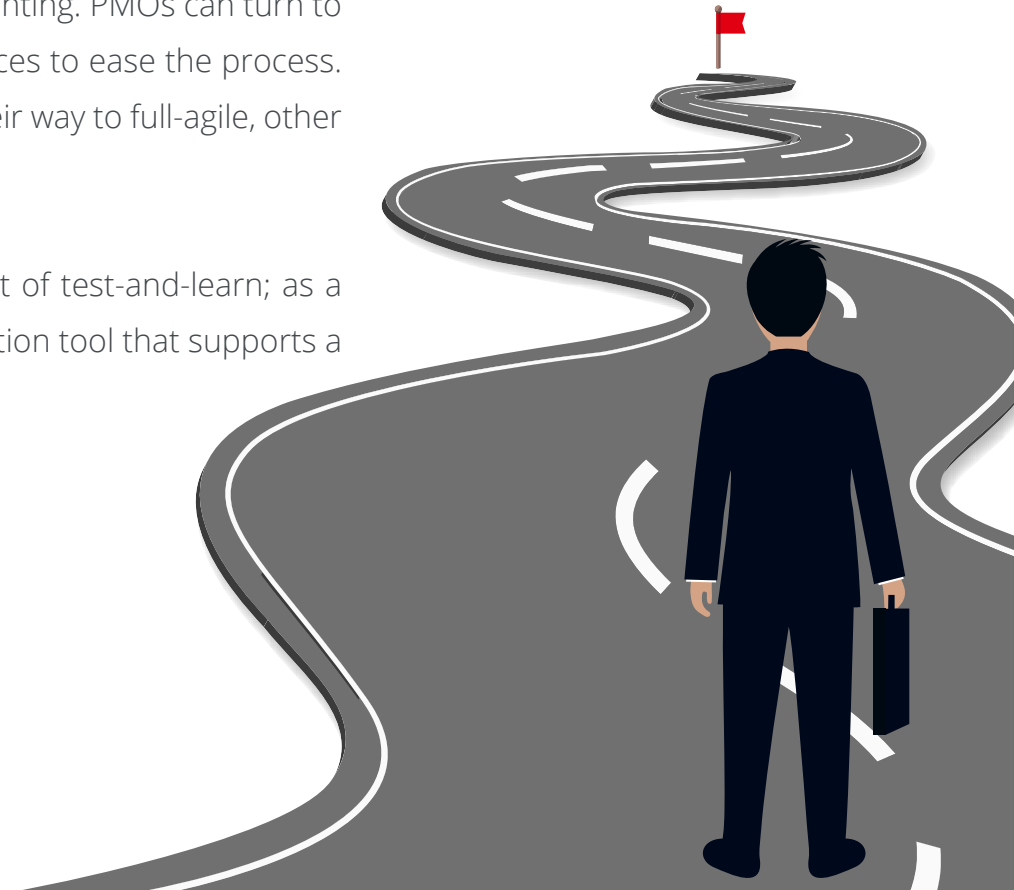
Going agile is first and foremost a cultural shift, requiring new mindsets to embrace adaptive leadership and autonomous teams. Team members will need to be re-educated to some extent, with emphasis on individual and team empowerment. As for PMO leaders, they will need to learn to back off in cases when oversight and monitoring might stifle agility.



Transitioning into agile can appear to be somewhat daunting. PMOs can turn to a bi-modal approach mixing traditional and agile practices to ease the process. While some may consider bi-modal as a stopover on their way to full-agile, other may embrace it as a long-term functional model.



The first-time transition to agile may require quite a lot of test-and-learn; as a result, it is key to be able to depend upon a robust solution tool that supports a variety of processes and methods.



CHALLENGE 6

COLLABORATIVE WORK: PUTTING HEADS TOGETHER



⑥ COLLABORATIVE WORK: PUTTING HEADS TOGETHER

A pillar of agile, collaborative work can trigger significant productivity gains, enable an organization to run with increased flexibility and to align with some of the most meaningful trends reshaping the workplace - such as the nascent gig economy, or an increasing geographically dispersed workforce.

As often in our digital world, what is intrinsically an opportunity is evolving into an imperative, as the necessity to keep up with market competition transforms 'woulds' into 'musts'.

A powerful mechanism for the PMO

As the organization becomes more complex, rapid, proactive and agile, the need for collaboration between teams and functions increases. It becomes key to enable shared information, constant updates and instant communication to get everyone on the same page.

Frictionless collaboration acts as a value driver and can make the PPM more fluid to increase workflow flexibility and support agile management. Improved quantity and quality of interactions encourages a more skill-based work division, boosting productivity. In the meantime, exposure to different business functions supports employee upskilling. A collaborative mentality can also act as an innovation booster, fostering diversity of thought, encouraging new ideas and serendipity.



KEY FIGURE

Gartner finds
that the need for
cross-functional
collaboration has
increased from
41% to 78%
relative to
2013

Source: "Leadership Vision for
2019: Program and Portfolio
Management Leader"
- Gartner March 2018
(G00354491)

But there's a catch. To unleash the potential of collaborative work, PMOs need to make a U-turn and veer from top-down command and control to more collaborative enablement.

Meeting Generation Z halfway

Evolving organizational structures towards collaborative practices also calls for a demographic change in the organization. Integrating younger employees with superior digital literacy, who knew how to text before they could write, calls for adjustments in talent management. Collaborative work helps meet the expectations of the newer generations of workers: less hierarchical organizations, with minimal silos, granular management with optimal autonomy, etc.

*Collaborative work
helps meet the
expectations of the
newer generations of
workers...*

STEPS TO TAKE



As with change, collaboration cannot be imposed or enforced but merely proposed and encouraged. There are textbook best-practices, like implementing a robust digital architecture enabling shared insights and instant communication, and empowering users through training and workshop programs, but the rest is mostly a matter of soft skills.



The PMO should pay heed to bottom-up feedback and carefully observe usage patterns, standing prepared to adjust processes and frameworks when necessary.



As a department, the PMO draws benefits from increased cross-functional collaboration: in a fast-changing business context, it has to deal with many a challenge impacting the enterprise, and strength lies in unity.



CHALLENGE 7

LONG LIVE THE PRODUCT MANAGER



⑦ LONG LIVE THE PRODUCT MANAGER

“Life's too short to build something no one wants”, in the words of Innovation Guru Ash Maurya. Rating value over cost, market-conscious organizations are restructuring their activities around product lines. In turn, this induces a shift from project- to product-centric management delivery models, with a focus on understanding consumer demands and maximizing the value delivered to them.

Definition of the term: what is a ‘product’?

The advent of a product-oriented management model does not only impact the development of consumer goods or software. The so-called ‘product’ can be any new internally focused IT service providing value to internal end-users. Therefore, the change impacts every organization as much as IT resources engage in technology innovation activities (as opposed to more traditional infrastructure management). In this case, the objectives to deliver against are: user satisfaction, alignment with corporate goals and strategy, and overall optimization of the value created from technology investments.



KEY FIGURE

Gartner predicts
that by
2020,
organizations that
have embraced
the product model
will outperform
their competition
in both customer
satisfaction and
business results

Source: “Predicts 2018: PPM
Leaders Must Keep Pace With
Digital Business”
- Gartner November 2017
(G00325893)

The PMO under a product-oriented prism

Managing product portfolios implies understanding the nature of products, their life cycles and their markets. Pillars of effective product management include solid knowledge of business fundamentals and metrics, of markets and competition, and customer engagement. Instead of financing a series of projects, the PMO can allocate budget to the establishment of permanent product teams tasked with assessing customer demand to determine the products to develop.

Product management is fundamentally innovation-oriented: it is always about bringing forth something new. Therefore, promoting product-centricity can help rejuvenate slack areas, and goes together with instilling a sense of boldness and a culture of calculated risk-taking within the organization.

In terms of resource management, product-oriented approaches have the product teams involved at all stages of the development, increasing the demand for versatile talent and full-stack skills, whereas the rotation-based project management calls for more focused expertise. Cross-functional training can help grow teams of highly-skilled generalists.

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STEPS TO TAKE



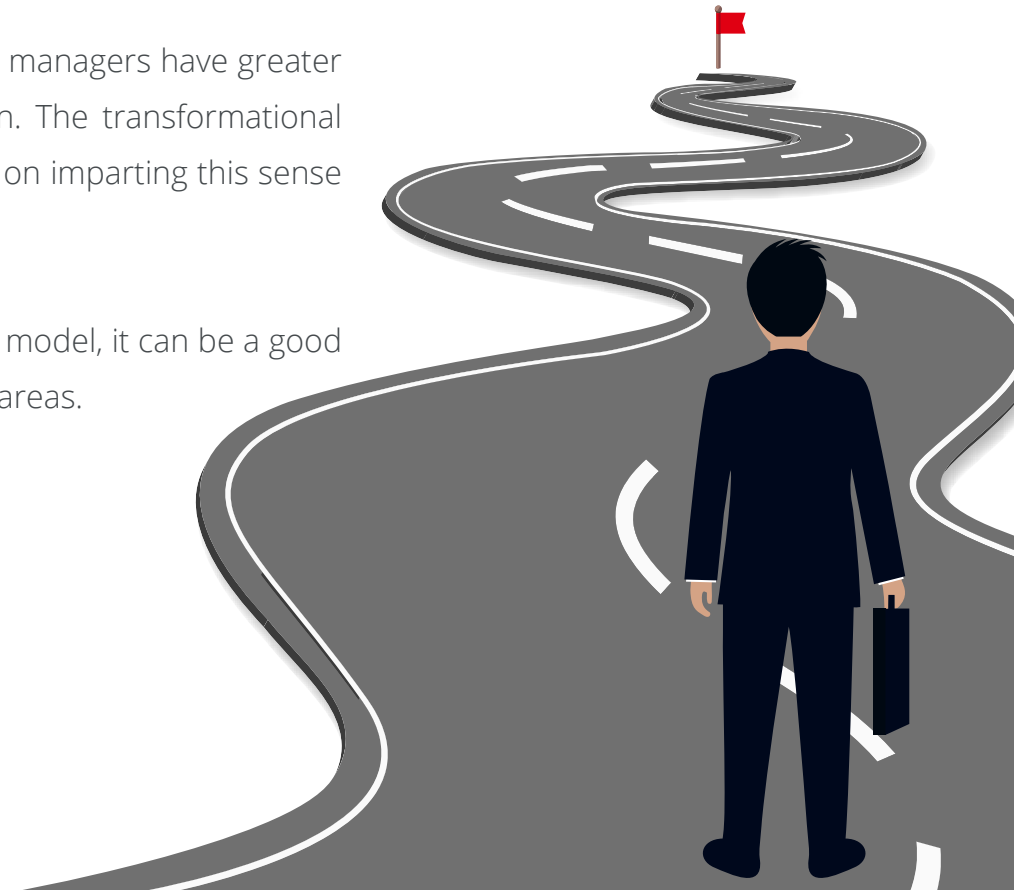
Evolving from a project- to a product-centric approach requires PMOs to develop a whole new set of metrics and KPIs, integrating consumer satisfaction and feedback, and helping manage product life cycles. These will typically include 'soft' KPIs, as the PMO learns to think along the lines of consumer experience. Maintaining reliable feedback metrics will imply devising effective ways to collect and process unstructured data.



Managing closer to the customer requires that product managers have greater market literacy and understanding of value generation. The transformational and skill upgrade programs implemented should focus on imparting this sense of business purpose.



For PMOs interested in switching to a product-oriented model, it can be a good idea to opt for a gradual shift, starting with handpicked areas.



2019 IN A NUTSHELL

To wrap it up, the necessity to navigate ongoing disruption delineates a new job description of the strategic PMO, which will have to adjust its know-how and posture, with focus on creative thinking and the art of dealing with the unexpected, critical thinking and the ability to formulate a vision, the ability to lead and inspire people.



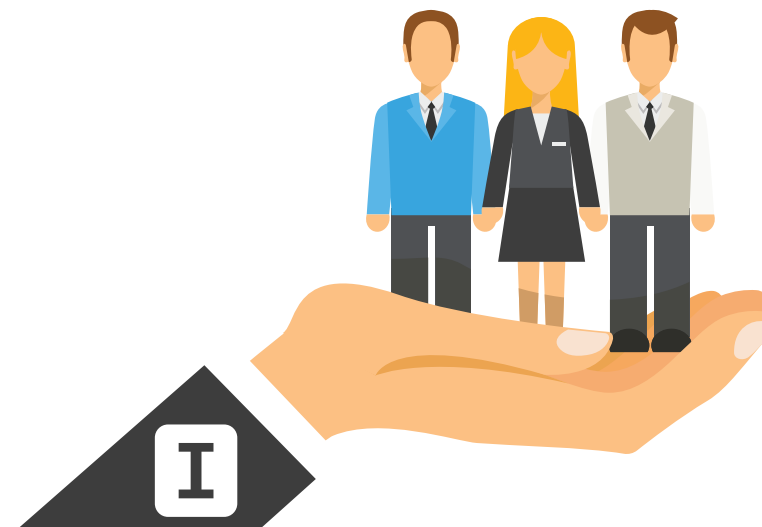
PENNY FOR YOUR THOUGHTS

The challenges highlighted here are the highest-profile and impact trends that we have identified based on our experience and our daily work alongside a wide array of various businesses and organizations across the world.

We chose to focus on the disruption forces that seemed most salient to us, as opposed to embracing a comprehensive approach.

However, this implies that we may have left out notions that are important from your vantage-point. Should this be the case we would love you to reach out and tell us about the other challenges you face as a PMO.

Here at Sciforma, dedication to constant improvement is a core value and at the heart of our culture. We look forward to your perspective and to learning from you.



WE THRIVE TO HELP PMOS OVERCOME CHALLENGES AND SUCCEED

Check out some of our guides for project portfolio management



Self-Assessment of Project Delivery
Efficiency & Effectiveness



Developing a Business Case
for Digitalization



Selecting the Right Partner

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About Sciforma

Sciforma is one of the largest providers of Portfolio & Project Management software, delivering solutions to more than a quarter-million users worldwide since 1982. The company offers flexible and easy-to-use multi-platform project management and project portfolio management software solutions. Businesses that have multiple projects from multiple clients (including internal customers) need to be able to prioritize efforts that will bring the best results to the company. The configurable Sciforma PPM solution provides project managers and executives the ability to analyze investments, plan capacity, manage risks, and control expenses better.