

What is a Project Management Office (PMO)? And Do You Need One?



If your company is seeking more reliable monitoring or increasing the efficiency of IT projects, you may want to consider opening a project management office (PMO).

A PMO is a group, either an internal department or an external company that determines, maintains and ensures project management standards throughout an organization.

They keep best practices, project direction, and project direction all from a central location.

Research shows that in 2016, 85% of companies had a PMO, representing a 5% increase from 2014. It also found that 30% of companies without a PMO had plans to implement one soon.

Why are they growing? Using a PMO within an organization has numerous benefits, such as:

- Improved communication between program teams and stakeholders for

- better decision-making,
- Aligning the project portfolio with an eye on future strategy,
- Consistent project delivery - according to scope, on time, within budget,
- Strengthening the comprehension of interproject dependencies and connections.
- Improved project portfolio management

As digital transformation and artificial intelligence continue to evolve, the role of the PMO could do so as well.

Here's what a PMO should do today, who needs one, and the types available for businesses to use.

PMO Roles and Responsibilities

A PMO, whether internal or external, aims to ensure all company policies, procedures, and operations run successfully, on time and budget, uniformly, across the entire organization.

According to the Project Management Institute's (PMI) 2017 Pulse of the Profession, companies that align their organization-wide PMO to strategy see 38% more projects meet their original goals and business intent than those that didn't.

In addition, they see 33% fewer project failures.

The PMO:

- Develops the project management process and standards for the entire company. This roadmap serves to better enable team members to achieve business goals with each strategic project.
- Encourages/enforces the use of the standards and processes
- Reports on financial information
- Handles resource planning
- Monitors and evaluates performance compared to the project goals.
- Conducts risk analysis and creates plans to mitigate the risks.
- Manages dependencies across multiple projects.

The PMO team usually consists of:

- **PMO Sponsor:** The main champion for the PMO – the one who directs its establishment. Typically, this is someone on the board of directors.
- **Head of PMO:** This is the person who establishes and runs the permanent office.
- **Head of Project Office:** This person establishes and runs the temporary project office.
- **Portfolio Analyst:** This role facilitates the development and ongoing management of the company's portfolio, to ensure senior management decisions lead to strategic objectives being reached as a result of projects being delivered.
- **Project Specialist:** This role proactively promotes project management methods and standards, ensuring good practices are implemented and monitors certain projects.
- **Project Officer:** This role seeks to improve planning and delivery processes by collecting and maintaining project data.

A successful PMO:

- Produces tangible benefits that are repeatable for the long term.
- Remains agile to adapt to changes in strategy.
- Aligns with company culture and strategy.
- Integrates data and information from corporate strategy projects and supports the balanced scorecard.
- Identifies and develops the appropriate project management methodology, standards, and best practices.
- Provides oversight, coaching, mentorship, and training for project managers and their staff.
- Facilitates sharing methodologies, tools, and techniques, and resources for project success throughout the organization.

PMO vs. Project Manager

The PMO defines and maintains project management standards within an organization by standardizing everything and creating scalable, repeatable processes.

It serves as a source of documentation, guidance, and metrics regarding project management and execution for all project teams within an organization.

The project manager, on the other hand, is the one responsible for managing the project constraints, such as schedule, scope, cost, and quality. The project manager also monitors project progress at the individual project level.

The PMO operates on a different level because they manage the standards, methodologies, risks/opportunities, metrics, and project interdependence across the organization as a whole.

The project manager is held accountable for project performance and achieving goals, only on the projects they are responsible for, while the PMP is accountable for reaching the goals of the company itself.

Companies can use the coaching in mentorship to find and develop talent both within and outside the PMO. Project managers can move up to the executive level within an organization, which is crucial to our attention, so that project managers within the piano don't view their careers as a dead-end and leave the company.

Types of PMO

There are three main types of PMO: Supportive, Controlling, and Directive.

Supportive

Under this type of PMO, the organization provides help only if it's needed. They will give you ideas and best practices, but you do not have to follow them, and they won't complain.

The supportive PMO provides the least support to the organization they are working with.

Controlling

The controlling PMO is neither completely hands-off nor a full support organization. It serves to provide some control measures for the projects.

It provides templates, procedures, and reporting. It provides an excellent middle ground to enforce some standards and provide support, but the organization is

not in charge of everything.

Because of this middle ground, the controlling PMO is the most common type.

Directive

The directive PMO involves the PMO directing project management of the work with support and control of the work weaving no space for deviation from the templates, procedures, and reporting requirements.

Because of the strict rigidity, these are commonly seen in high-risk environments that are highly regulated.

Internal vs. External PMOs

Internal PMOs are comprised of in-office staff who serve to bridge the gap between teams throughout an organization. They are most common in organizations that are focused on large programs to transform their business processes.

The external PMP is much the same as the internal one but particularly excel in communicating with stakeholders, product teams, and customers.

Gartner predicts that by 2030 many of the PMOs that exist within an organization today will merge into a single function that's focused on the "change, strategy, project evolution, and organizational governance."

Does Your Company Need a PMO?

In general, it can be difficult to determine if your business should create or hire a PMO.

Examine your current operations, paying close attention to how well the various departments are working well together across groups and systems. Does everything work together and run like a well-oiled machine?

Or, does each department operate as a silo using different systems that don't communicate with one another? If you find that your company operates with multiple silos, then you're a prime candidate for a PMO.

If your company runs projects, the projects heavily impact costs and business growth. The larger projects may have a bigger budget, but the more projects you have, the more benefit working with a PMO offers.

That said, Gartner also predicts that by 2030 that due to smart machines and AI, through partnerships with humans will eliminate “some 80% of the ‘work’ that represents the bulk of today’s project management discipline, practices, and activities.”

For PMO professionals, that means adapting with changes, and for companies, that means embracing changes to the project management profession for the benefit of the company.

To be successful, the PMO must have support from company executives with stakeholder buy-in and be treated as a stakeholder partner. It’s crucial for the PMO to have appropriate communication with all areas of the organization, with a clear mutual understanding of areas of responsibility and competencies.

The PMO must be able to identify any reasons for resistance, build trust, take small steps, record progress, and ultimately remain transparent with the company - whether internal or external.

Project management comes with a set of challenges that are difficult to solve relying on software alone - and depending on the number and nature of the projects your business handles, you may operate with multiple project managers at any given time.

Using a PMO can streamline project management regardless of the number of or complexity of any given project running simultaneously.

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