Program Management Office (PMO)

White Paper

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Abstract: The increased recognition of project management as an effective means of completing numerous and complex project efforts has prompted many larger healthcare organizations to create a Program Management Office (PMO). The primary goal of a PMO is to yield positive results from standardizing project management processes, policies, reporting, and communication methods. For the office to be most useful, it should reflect the organization's culture and overall vision and strategy. This white paper will discuss the steps to develop a PMO and identify its rewarding benefits. It will also address alternatives to launching a PMO independently that involves engaging an experienced project manager to oversee the initiative from beginning to completion.

Key Words: Program Management Office, project management, healthcare technology, PMO implementation, technology solutions

INTRODUCING THE PROGRAM MANAGEMENT OFFICE CONCEPT

Most healthcare organizations have undergone a multitude of projects that did not end on time, exceeded budget, morphed in scope over the execution, and/or misaligned with leadership’s overall vision. There are many potential variables that can cause a project to derail. Projects across all industries typically fail due to

- A lack of a clear organizational vision or project objectives
- The lack of visibility of all projects and resource workload
- Failures in communication

For these reasons, the creation of a PMO has become the latest trend in large healthcare organizations, as with other industries, to help facilitate overall project success. (Figure 1 illustrates the popularity of PMOs by industry.) According to a 2017 Pulse of the Profession Report by the Project Management Institute (PMI), “the percentage of organizations with a PMO continues an upward trend—from 61 percent in 2007 to 71 percent today.”

Figure 1. Popularity of Project Management Organizations by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage of companies with a PMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>93%</td>
</tr>
<tr>
<td>Finance</td>
<td>93%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>85%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>78%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>60%</td>
</tr>
</tbody>
</table>

(Source: https://www.wrike.com/blog/what-is-a-pmo-infographic/)

According to a 2018 PMI Pulse of Profession Report titled “Success in Disruptive Times,” 93% of organizations report using standardized project management practices. Standardized practices, when embedded, reduce risk and lead to better outcomes, particularly when the use of these standardized practices are applied throughout the organization.
ESTABLISHING A STANDARDIZED PMO

Setting up a new organizational PMO can prove to be an arduous task. When developed correctly, the PMO will serve as the central point of the organization, responsible for the methods and tools used to align and maintain the organization’s vision. Conversely, lack of attention to the fundamental matters can be devastating.

“Keep it simple” is a smart strategy for setting up a PMO. The following are three straightforward steps that are the foundation for getting off to a solid start.

Three Simple Steps to Develop a New PMO

1. **Identify Key Stakeholders.** Having the right team in place from the start can be what makes or breaks the PMO. Begin to discuss internally if the skill set is currently in-house, and identify what the expectations of each key stakeholder would entail. Action items should encompass describing the value benefits of the PMO, seeking advice, incorporating suggestions, and gaining buy-in to the PMO concept. Below are some basic questions to ask:

   - Who will be the members of the PMO?
   - Who is the executive sponsor for the PMO initiative?
   - To whom does the PMO report?
   - Who reports to the PMO?
   - What areas/departments will the PMO cover?

2. **Define Organizational Vision and Project Objectives.** Establishing a clear and compelling vision is critical. The future success of the initiative requires that the organization adequately define the overall goals, strategies, and accomplishment factors. Once the leadership outlines these key initiatives, the PMO can be leveraged to prioritize, manage, and execute these strategic initiatives. Here are a few imperative questions to ask:

   - What is the business case for developing the PMO?
   - Where will the PMO fit within the organization?
   - What are the PMO’s objectives to achieve short-, medium-, and long-term goals?
   - How many projects will be managed or supported by the PMO?

3. **Establish PMO Responsibilities.** The PMO is generally responsible for guidance, standardization, introducing, and establishing clear processes and metrics related to the practices surrounding the management and implementation of projects within the organization. There is no standard approach to PMO development; however, an effective PMO has a solid foundation aligned with the organization’s strategic initiatives. The PMO is responsible for providing accurate information to support effective decision-making. Here is a sample checklist of a PMO’s function and scope:
Standardization of documentation and project management tools to support projects?

- Project initiation
  - Project Request Document
  - Scope Statement
  - Project Classification

- Planning
  - Communications Matrix
  - Project Schedule
  - Requirements Checklist

- Execution
  - Deliverables Acceptance
  - Issues Log
  - Meeting Agenda/Minutes
  - Project Status Report

- Cost Control
  - Amount of necessary resources
  - Logistics
  - How long are these resources required?
  - The size and scope of the project(s)
  - Funds to support the project

- Risk and Impact Reports

- Change Management
  - Change Management Document
  - Change Management Governance Approval

- Closing
  - Lessons Learned Log
  - Project Survey

- Documentation
  - Network folder
  - Share Point

- Resource Allocation Management Grid

- Audits

- Develop training curriculums

- Mentoring of project team members

- Managing impact of multiple ongoing projects

- Establish “Best Practices”

BUILDING THE PMO FRAMEWORK

PMO frameworks can vary by the size and complexity of each organization. According to a 2013 PMI Pulse of Profession Report, there are five common frameworks:
- **Organizational Unit PMO/Business Unit PMO/Divisional PMO/Departmental PMO** -- provides project-related services to support a business unit or division within an organization including, but not limited to, portfolio management, governance, operational project support, and human resources utilization.

- **Project-Specific PMO/Project Office/Program Office** -- provides project-related services as a temporary entity established to support a specific project or program. May include supporting data management, coordination of governance and reporting, and administrative activities to help the project or program team.

- **Project Support/Services/Controls Office or PMO** -- provides enabling processes to support the management of project, program, or portfolio work throughout the organization continuously. Uses the governance, procedures, practices, and tools established by the organization, and provides administrative support for delivery of the project, program, or portfolio work within its domain.

- **Enterprise/Organization-wide/Strategic/Corporate/Portfolio/Global PMO** -- the highest-level PMO in organizations having one, this PMO is often responsible for alignment of project and program work to corporate strategy, establishing and safeguarding appropriate enterprise governance, and performing portfolio management functions to ensure strategic alignment and benefits realization.

- **Center of Excellence/Center of Competency** supports project work by equipping the organization with methodologies, standards, and tools to enable project managers to improve the delivery of projects. It increases the capability of the organization through sound practices and serves as a central point of contact for project managers.

Figure 2 is a visual of a basic PMO framework as described above.

*Figure 2. PMO Framework*
FOLLOWING A STANDARD PROGRESSION

Even after the initiation of a project management office, processes must be in place to manage projects. Having a standard progression will allow leadership to focus on “managing” projects rather than having the challenging task of deciding which projects move forward and which ones do not. The goal of having a proven process is to be able to identify priority levels for each project. Typically, they are broken into tiers, for example, Tier 1, Tier 2, and Tier 3.

- Tier 1 projects identify projects that are of high priority to the organization.
- Tier 2 projects identify projects that are necessary, but not a top priority. These projects will move forward but only when resources are available.
- Tier 3 projects may still require additional diligence, resources, funding, or approval.

Having a set course of action for moving undertakings forward is essential when trying to manage them effectively within the program management office (see Figure 3). The process allows the projects to move forward quickly if all the fundamentals are in order to enable the project to move to Tier 1. The procedure also allows the employees and stakeholders to know where their projects rank regarding the organization’s overall goals and vision.

**Figure 3. Steps in Project Management**

(Source: European Journal of Business and Management, www.iiste.org ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol.6, No.9, 2014.)

SUMMARIZING THE BENEFITS OF PMOS

The positive results of the PMI “Pulse of the Profession Report 2017” suggest that a growing number of organizations recognize the strategic value of projects and programs and that how well they support these strategic initiatives and the professionals who manage them matters to their long-term relevancy.
and ultimate viability. According to Wrike, a project management software firm, on average, high-performing PMOs create value in the following areas:

- Improved project alignment with business objectives – 45%
- Increased number of projects delivered under budget – 28%
- Increased cost savings per project -- $101,000
- Decreased number of failed projects – 27%
- Improved productivity – 18%
- Improved customer satisfaction – 31%

The PMO has many roles and should evolve with industry standards as well as align with the organization's strategic goals and initiatives. The most significant impact that a PMO can afford is the ability to improve organizational alignment while providing transparency for corporate decision makers. Standardizing projects from initiation to close has many benefits. For example, established processes and methods help optimize collaboration and minimize communication conflicts. The training that project managers undergo ensures that they apply experience and avoid known mistakes. PMOs can warrant that projects run smoothly with the appropriate amount of resources and that decisions are implemented quickly. Moreover, costs could decrease while quality increases. As operating budgets lesson, no organization would complain about reduced costs and increase efficiency!

**ENGAGING AN OUTSIDE COORDINATOR**

It is a tall order to develop a new PMO optimally without prior experience. No longer is success driven by any one single defining factor; it requires multiple elements. Smart organizations understand that proven project management practices lead to greater success and reduced efforts and costs. There are many aspects that, when overlooked, may result in failure.

To eliminate some of the dangerous pitfalls in establishing a PMO office. Coker Group has a proven methodology in helping clients with this momentous task. To deploy and implement a PMO, Coker will assume the role of the PMO and/or we will co-manage within the organization’s internal staff identified to operate the PMO. In conjunction with the Client’s formed steering committee and/or executive sponsor, the Coker PMO will serve as the focal point in coordinating efforts to support the Client’s projects and organizational goals and vision of the future.

Coker’s Program Manager will position and serve as the central command center within the many projects, committees, locations of care, and key stakeholders to create transparency and accountability for a positive adoption. The overarching objective of the project is to instill and transfer knowledge to those staff members who will be continuing to manage the PMO going forward. Developing functional “Super Users” within each of the critical areas for corporate oversight is a necessary strategy for self-sustainability for the support of the new methodologies and processes.
Coker will deliver the following services in the phases identified below:

Phase One — Initial Establishment of Critical Success Factors
- Coker recommends an initial pre-implementation scoping assessment to determine areas of needs and priorities, including current and future projects, staffing, operations, current workflows, and organizational objectives and goals. Phase One will be used to define Phase Two further.

Phase Two — Establish Program Management Office (PMO) Managed by CPL/Program Manager
- Coker’s PMO will manage with the following initiatives:
  - Serve as the central point of communications for the corporate level sponsors
  - Facilitate weekly/monthly conference calls and task management
  - Provide executive sponsor/oversight and the steering committee with project status update reports
  - Provide support and management of scheduling, project plans, collaboration and communication, timelines, resource management, and facilitation of the client steering committee meetings
  - Oversee and manage current projects
  - Track the issues and oversee their resolution

Coker has a seasoned team of consultants to help implement your PMO. As with all of our consulting projects, we strongly encourage a highly-collaborative relationship with our clients, and we intend to engage the Client team in promoting knowledge transfer and practical learning, when possible, to enable the organization to be sustainable beyond implementation and post-go-live.

Whether your organization is looking to implement a PMO or migrate to another technology solution, Coker can provide resolutions to your needs. We also offer consultation on system integration, consolidation, and retiring applications. Coker Group’s expertise in vendor vetting, data analytics, and software implementation gives us a unique perspective to assist organizations of all sizes to resolve their technology needs. For more information on our services and to discuss your technology needs, please visit www.cokergroup.com, or call 678-832-2021 to speak with Christopher Torregosa, Senior Manager.

References