

What value does a Project Office add?

A Case Study in 5 Steps and 10 Lessons Learned

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"Life is a journey, not a destination." — Ralph Waldo Emerson

Introduction

The concept of a Project Office is fairly new. In order to understand the impact of Project Office (PO) on an organization, it is important to acknowledge that the concept of PO became popular in early 2000s where positive statistics was reported by the companies who established their project offices (see [References:](#)

[1](#)). When we were creating first start ups, we did not know who the business analyst, product owner, or IT project manager (PM) are and what a “project office” means. Each of us on the team played multiple roles by defining requirements, coding, testing, and marketing the product we created. You had to be good in all the aspects, otherwise you would not succeed: either your great product will be buggy and unusable if you are a good visionary but a bad tester, or you would create a good product but won’t be able to find buyers for the product, if your marketing skills are not so good. There were no project managers but there were leaders who were knowledgeable and supportive, and were respected by their teams.

This was an exciting and rewarding experience until IT market became more competitive and small teams started to grow. And the more the teams were expanding, the harder it became to overcome competition and reach success in IT area. First step was establishing goals, both financially and from the product point of view and narrow down areas of specialization for the team. Then, timelines and budgets came into the picture. Next to it, teams realized that they need structure and discipline to keep their spending on track and execute within budget and without delays. And that’s how POs emerged in the late 1900s/early 2000s.

The Case Study

Step 1: New Joiner. The story related to a company in question (we will call it “A Business Company” - ABC) originates in 2005. This was a global company with a project management office in London who decided to concentrate its business on US market. As a result, the strategy was to create a Project Office in the US, hire experienced project managers, provide any additional training that is needed, and establish processes and templates for the newly hired project managers to follow. The goal was to be able to plan based on the new business objectives and execute according to this plan. This sounded as a straightforward goal, so the first project manager was hired, and the journey began. The project manager was an intelligent and experienced professional who was good at managing projects within the structured financial environment where he has previously worked. He got totally lost when he became a one-person PO and also got projects to manage. He was used to following the process as opposed to creating a new process in a totally different environment. He did not provide any guidance or support to the two newly hired business analysis (BAs) who were asked to manage several projects of a smaller scope while PO was still getting established. As for the vendor management, he felt that this was a direct responsibility of the functional managers and PO had nothing to do with it. After struggling for several months, he left the

company. This was noticed primarily by the developers who were onsite consultants from an offshore partner who billed ABC by the hour. They surely missed this project manager because he never questioned what the offshore team was working on or what they have actually delivered, but even they acknowledged that he added no value to the strategic project he managed at that time (which was by that time three months delayed and almost twice over original budget).

Lesson 1. To set up a PO, it is not sufficient to be a good project manager – it requires a different skill set. I will take it further – maybe you do not even need to be an outstanding project manager to set up a successful PO. The skills required are the ability to envision multiple processes starting from project portfolio prioritization to suggesting/approving templates for project management artifacts, as well as strong resource management skills.

Lesson 2. If you are the first member of PO, there are two goals: define value proposition for the project office and live up to it. By living up to it, I mean not just being a good project manager, but also communicating newly created processes, getting buy-in from the key stakeholders, and confirming the value by delivering projects on time and within budget.

Step 2: The Second try: panacea for project challenges. When the first project manager proved to be passive and incapable of setting up processes and (potentially) running a team of project managers, the decision was made to overcome it by putting three measures in place: 1. Define specific measurable objectives 2. Train new PO leader in PO best practices, and 3. Standardize the structure. The plan was set and a new enthusiastic project manager was hired (we will refer to him as a “second guy” to reflect the sequence of appearance). He was given a clear goal of delivering immediate, quantifiable savings and sent to UK for PRINCE2 training and certification. The project manager showed a lot of enthusiasm and successfully passed PRINCE2 certification on the top of PMP which he already had. This project manager greatly enjoyed his trip to UK, however, he still wonders what was the purpose of adding PRINCE2 certification on the top of widely recognized PMI certification. In a few months, three things became clear to the IT management, Lessons 3, 4, and 5.

Lesson 3. Project Office is not a panacea for inefficiencies and project challenges. The structured process pinpoints weak areas and prescribes necessary measures to ensure smooth pace. However, having a project office itself just establishes structure, nothing more, nothing less. It cannot make a project more structured and the product of any better quality.

Lesson 4. It is hard to quantify PO ROI, if not impossible. There is an old project management joke that if a project goes wrong, it is all project managers’ fault, but if a project goes well, it is all due to the team. If a company performs better and the profit is going up against the baseline when the project started, there are a few well-established ways to put the link in place between increased profit and timely/within budget/within quality standards product delivery. More on that in PMBoK and thousands of articles and studies on the subject. Easy to comprehend, not that easy to enforce this type of thinking.

Lesson 5. Training for PMs. Training for PMs is very helpful, but it is also quite costly. If a PM has PMP certification, PRINCE2 certification may not add significant value. Having one framework to follow is helpful to someone who has creation of the whole PO on their plate. Adding certifications does not add value, except maybe value to the certifications holder’s resume.

In addition to these challenges, quite soon it became obvious that this enthusiastic project manager is very active and good in social interactions but actually, he is not that well organized, not good at planning, an inefficient communicator, has poor writing skills, and neither is a good project manager nor a good personnel manager. On the top of it, he was totally unaware of his own weaknesses. Two additional staff members who were hired as project managers felt miserable and did not have their work prioritized or acknowledged. So the decision was made to hire a high-quality experienced project manager to run a PO.

Step 3: Experienced PO Director. The new experienced PO Director joined the company, and the management and the team felt very positively. The only person who was not happy about the change (yes, you guessed it right!) was the “second guy” who already envisioned himself promoted to this role. He was not concerned that projects were failing or getting delayed, or that the team members did not follow any process and happily took their projects one day at a time. Experienced Director (we’ll refer to him as “ED”) brought in a consultant to work on the process and develop artifacts while working with PO team, he set up Lunch and Learn sessions to increase PO visibility, and got engaged in process optimization effort with the product team. He was there for his personnel and provided coaching and support. Things started improving after less than a year when ED announced to the shocked audience that he is resigning to establish his own business and left the company shortly after.

Lesson 6. It is good to bring a Director-level person to set up PO. However, arrangements have to be done to retain these resources for 2-3 years until PO setup process is completed.

Step 4. Self-organizing PO. After ED left the company, morale on the team was so low that projects started slipping all over again and budgets going over and over. Over the time, this started changing. Some team members had more experience, so they shared the templates with the others. They set up a wiki page for everyone to check status and see the planning. That’s where they found that one of PMs who has been with the company for 3 years already, was not able to use MS Project. After they overcame all challenges, established the processes and defined the templates, implemented knowledge sharing and peer reviews, and defined project portfolio management process, their division manager decided that PO needed a leader and appointed the “second guy” as a PO Manager. Clearly he never asked other project managers of their opinion on that appointment.

Since the “second guy” never had direct reports before and did not qualify for a PO Director position, senior management created a new position of “PO Manager” for him and made a commitment to promote him to a director-level position with 6 months. The new PO Manager (aka “second guy”) was so excited about his promotion that put strict control and audit measures in place and this marked the end of a self-organizing PO.

Lesson 7. The most efficient effort is the one that comes from within the team. In the absence of appointed leader, the team members have shown their best qualities to set up professional environment to work in. A human beings wants to succeed, we do want to make a positive difference. Self-motivation and self-organization are the most powerful drivers possible. The fundamental rule of a good project manager is to believe that people are by default good citizens. Have you ever seen a good project manager who believes that primary intention of his staff is to avoid work? There are still some probably but none of them succeed because it is impossible to lead people without believing that they can do the right thing. More on that in

[References:](#)

2 and 3.References:

Lesson 8. It is not necessarily the leader or the most knowledgeable person who gets appointed as PO lead. There are too many subjective factors and perceptions being involved. It is important to have realistic expectations regarding the formal appointment and check with the team about their perception of this person. At the same time, if there is an informal leader in the group, it would be beneficial to encourage this person to apply for the job so that this person can have authority in implementing solutions and supporting the team. Successful POs are led by coaches and mentors, not by order givers.

Lesson 9. Since the “second guy” waited long enough for the position he desired, his patience was rewarded by the management. This appointment was beneficial neither for the company nor for the team. The lesson here is that seniority is not always the best advisor in personnel decisions. And if you are a division manager making the personnel decision, it never hurts to ask opinion of the team who is expected to report to this newly appointed PO Manager.

Step 5. The PO is dead. Long live the PO! When the newly promoted PO Manager got comfortable in his role, the decision was made to move PO outside of IT so that every initiative is treated as a project, whether it is a move to the next floor or a process improvement initiative. As a result, the number of projects increased, several staff members were let go, the project managers were given extra projects to manage, and their responsibilities have been extended outside of IT, thus making their workload hard to manage. However, despite all the challenges, projects continued being implemented, the systems were being built, enhancements were provided, and the end users were successfully trained. PO re-emerged as a different organization, reduced, reshaped, but still viable and capable of adding business value.

Lesson 10. There are two major elements that comprise PO. One is project delivery methodology which provides solid foundation for the successful delivery. The second element is the Human Factor. These are people with their knowledge, dedication, professional needs, desires, and aspirations. PO teams who are enthusiastic, self-organizing, who have the drive and self motivation to accomplish their goal are most efficient in setting up successful project management operations and implementing project management methodologies. They will re-define the objectives and find a way to bring value to the organization.

Conclusion

I started this article with a statement about not dividing roles within IT teams in the times of early start ups, when one person combined all the skills required to implement the product. As ABC company experience has shown, the most successful project managers were those who combined knowledge in project management theory with practical understanding of all areas of software development lifecycle. In addition, when project managers were given responsibility outside of IT, over the time they became the driving force in delivering solid results and driving process optimization within the company (see [Picture 1](#)).

In their journey towards successful project management, the focus for ABC company (and many others) shifted in as little as 5 years from an attempt to build a strong centralized PO responsible for software delivery to a multi-faceted organization which governs and executes major company initiatives. In this case, there is high added value that Project Office brings to the organization by streamlining, planning, executing, and constantly enhancing the way to implement strategic initiatives and ongoing business objectives, as well as by setting up efficient and effective practices within organization. PMs are no longer coordinators

or skillful executors, they are also strategists and decision makers who shape up the company and are the driving force in defining and implementing business objectives. Successful PMs are comfortable with all IT aspects, have good business knowledge and developed intuition, as well as mentoring and coaching skills.

Doesn't it look like that the history went full circle on this?

Note: *The ABC company is a product of fiction. Any resemblance of an actual company is not intentional. Opinions expressed by the author are subjective and do not represent anyone else's point of view. For any questions or suggestions, you are welcome to contact the author directly at maria_breiter@yahoo.com.*

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Picture 1. Building Bricks of a Successful Project Office (PO)

