

Project Management Office Requirements Plan

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Summary

Utilizing a Project Management Office (PMO) within a business is an important step for a growing business. As a business takes on more sales, their operational requirements rise quickly. In addition, their headcount rises too and within a short period of time, the growth ends up causing more challenges and lower productivity levels. As new ideas, tools, and ways of doing business are contemplated, the planning and execution of the company initiatives become chaotic. It's this chaos that stifles growth and for many businesses begins to lead them down a path of demise.

A formal PMO can bring order to chaos and provide a growing business the leadership it needs to be effective and maintain a high level of productivity. Most businesses that go the route of a PMO experience a higher success ratio of completed projects versus started ones. The PMO provides for a single point of accountability with a voice to manage the requirements of your staff's time. The PMO is instrumental in establishing project priorities thus avoiding the unpleasantness of competing projects from different departments.

Finally, the PMO gives management a single point of contact to track what projects are happening in the company, where those projects stand at any point in time, and how much money has been spent and is required to complete the projects already approved. This is simply huge to have this in place when your company is growing beyond what you can manage yourself.

Project Management Office Defined

A Project Management Office, abbreviated to PMO, is a group or department within a business that defines and maintains standards for project management within the organization. The PMO strives to standardize and introduce economies of repetition in the execution of projects. The PMO is the source of documentation, guidance and metrics on the practice of project management and execution. In some organizations this is known as the Program Management Office (sometimes abbreviated to PgMO to differentiate); the subtle difference is that program management relates to governing the management of several related projects.

The primary goal of a PMO is to achieve benefits from standardizing and following project management policies, processes and methods. Over time, a PMO generally will become the source for guidance, documentation, and metrics related to the practices involved in managing and implementing projects within the organization. A PMO may also get involved in project-related tasks and follow up on project activities through completion. The office may report on project activities, problems and requirements to executive management as a strategic tool in keeping

implementers and decision makers moving toward consistent, business- or mission-focused goals and objectives.

It also found that using established project management approaches increased success as measured by a project's key performance indicators of quality, scope, schedule, budgets and benefits.

Project Management Office Styles

How a project management office (PMO) is designed and staffed for maximum effectiveness depends on a variety of organizational factors, including targeted goals, traditional strengths and cultural imperatives. There are three basic organizational styles for a project management office.

1. ***The project repository***: This model occurs most often in organizations that empower distributed, business-centric project ownership, or enterprises with weak central governance. The project office simply serves as a source of information on project methodology and standards. Project managers continue to report to, and are funded by, their respective business areas.
2. ***The project coach model***: This model assumes a willingness to share some project management practices across business functions and uses the project office to coordinate the communication. Best practices are documented and shared and project performance is monitored actively. The PMO in this model is a permanent structure with staff and has some supervisory responsibility for all projects.
3. ***The enterprise project management office***: This model also assumes a governance process that involves the project office in all projects, regardless of size, allowing it to assess scope, allocate resources and verify time, budget, risk and impact assumptions before the project is undertaken. Funding is generally a combination of direct, budgeted allocation for baseline services and a fee-for-service charge for others.

Project Management Office Setup

The decision to utilize a PMO is fairly straightforward. The following steps outline the decisions you must make to establish your own:

1. Make a commitment to treating each project in your business with the same set of standards.
2. Establish the PMO as a formal structure in your business with at least one person as the representative of that group. *Note: This person must be detail oriented and be given the authority to hold each project owner accountable for*

their projects. A profile description of a Project Manager is included in Appendix A.

3. Determine which style of PMO you want in your business. For smaller companies with generally inexperienced project managers running projects, the project coach model may work well.
4. Decide who will have a role in your PMO. There can be many people who participate on an as needed basis. Any of these roles can be as little as a few hours a month to full time depending on the number of projects you have active at any given time and the amount of involvement your PMO has in those projects.
5. Determine what the process is to create a project in the company. This will be the general setup of each project from a standards perspective and can and should change over time as the company grows and the PMO learns more about how the projects across multiple departments function.
6. Decide what technology to use as the governing project management tool and what other tools will support projects.
7. Initiate your first project and test the process you just created.
8. Modify the process to work through the issues discovered that will lead to a more functional PMO. This willingness to adjust will help the organization as a whole accept this new way of project execution.

Appendix A – The Project Manager Role

A project manager is the person who has the overall responsibility for the successful initiation, planning, design, execution, monitoring, controlling and closure of a project.

Key among his or her duties is the recognition that risk directly impacts the likelihood of success and that this risk must be both formally and informally measured throughout the lifetime of the project.

Risks arise from uncertainty, and the successful project manager is the one who focuses on this as the main concern. Most of the issues that impact a project arise in one-way or another from risk. A good project manager can lessen risk significantly, often by adhering to a policy of open communication, ensuring every significant participant has an opportunity to express opinions and concerns.

It follows that a project manager is one who is responsible for making decisions both large and small, in such a way that risk is controlled and uncertainty minimized. Every decision taken by the project manager should be taken in such a way that it directly benefits the project.

The tasks to be handled by a project manager to successfully manage a project include:

- **Integration Management** - This is developing and managing the direction of the project
- **Scope Management** - This includes planning, defining and managing the scope of the project.
- **Time and Cost Management** - This covers developing a schedule, allocating resources and managing funds for the project.
- **Quality Management** - This involves taking care of the quality of the process in question such that it meets or even exceeds various quality parameters set earlier.
- **Human Resource Management** - A manager needs to take care of his team, encourage and motivate them and make sure the team moves in the right direction.
- **Communication Management** - The manager needs to prepare a communication plan and make sure that there is a healthy communication, both horizontally and vertically.
- **Risk Management** - Various risks involved in a project should be identified and a mitigation and contingency plan needs to be developed to ensure that the project is not derailed at any point.
- **Procurement Management** - Various materials needed during the project need to be procured and managed with the vendors and suppliers for successful completion of the project.

A project manager is usually responsible for the success or the failure of the project. They first need to define the project and then build its work plan. If the scope of the project is not very clear, or the project is executing poorly, the manager is held accountable. However, this does not mean that the manager does all the work by himself (which is practically impossible). There is an entire team under the project manager, which helps to achieve all the objectives of the project. However, if something goes wrong, the project manager is ultimately accountable.

Apart from this, depending on the size and the complexity of the project, they may need to take on multiple roles. The project manager may need to assist with gathering business requirements, help to design a database management system or may prepare project documentation. They may work full time on a large project, or may work part-time on various projects of a smaller nature; or may alternatively handle various projects as well as handle other responsibilities like business analysis and business development.

At times, they may have accountability but not authority. For example, he or she may be using certain resources but might not have direct control over those resources. At such times, the manager might find certain limitations over task execution, which might not take place as they might have liked. Not having direct control over the state of finances and finance allocation might cause ambiguity.

In order to be successful, the project manager must be given support and authority by senior management.

So what is the project management skill set?

1. Be a Leader and a Manager

Leaders share and communicate a common vision (of some future state); they gain agreement and establish the forward direction. They motivate others. Managers are results driven and focus on getting work done against agreed requirements. A good project manager will constantly switch from a leader to a manager as situations require.

2. Be a Team Builder and a Team Leader

Because projects are often cross-functional in that they use people who may not have worked together before. It is up to the project manager to set the "tone" of the team, and to lead them through the various team development phases to the point where they perform as a team. Often, the team individuals have their own line manager, and so the project manager has no implied authority - yet still needs to motivate the individual. This is particularly true in a "Matrix" organization

3. Be a Problem Solver

This is a skill that can be learned, it just needs a little "detective" work up-front! You will want to first identify the possible "causes" that lead to the problem "symptom." Now, causes can come from a variety of sources, some are:

- Interpersonal problems.
- Internal sources.
- External sources.
- Technical sources.
- Management sources.
- Communication.
- Opinions or perceptions.

...and so on.

The next step having found the root causes is to analyze possible options and alternatives, and determine the best course of action to take. Take care to agree what "best" really means here!

4. Be a Negotiator and Influencer

Negotiation is working together with other people with the intention of coming to a joint agreement. Influencing is getting events to happen by convincing the other person that your way is the better way - even if it's not what they want. Influencing power is the ability to get people to do things they would not do otherwise. This assumes that all requests are legal, ethical, and fall in alignment with the company core values.

5. Be an Excellent Communicator

Being a communicator means recognizing that it's a two-way street. Information comes into the project and information goes out of the project. A good way of summarizing this is that all communications on your project should be clear and complete. As a project manager you will have to deal with both written and oral communications. Some examples are documents, meetings, reviews, reports, and assessments. A good mental guideline is "who needs this information, who gathers and delivers it, when or how often do they need it, and in what form will I give it to them."

6. Be a Good Organizer

Let's just think of the aspects you will need to organize; project filing including all documentation, contracts, e-mails, memo's, reviews, meetings, specialist documents, requirements and specifications, reports, changes, issues, risks, etc. It's almost

impossible to stay organized without having time management skills, so add this to your list!

7. Be a Competent and Consistent Planner

The skill of planning can't be underestimated, and neither can estimating! There are known and logical steps in creating plans. As a project manager you will certainly own the project plan, but there may be others depending upon the project. Two aspects need to be mentioned here:

1. Plans are always documents, don't fall into the trap of thinking that, for example, a Gantt chart is not a plan - it's only a schedule diagram. On the contrary, Gantt charts are plans.
2. Successful projects are delivered by successful teams. Always use the team to help create the plan unless, rarely, there is a good reason why not, such as commercial confidentiality, or contractual conditions.

8. Set-up and Manage Budgets

At the heart of this is the skill of estimating, particularly cost estimates. The project manager will nearly always need certain knowledge of financial techniques and systems along with accounting principles.

Part of the project plan will be something called the spend plan. This will show the planned spend against a timescale. The project manager will want to get involved in purchasing, quoting, reconciling invoices, timesheets, labor costs, etc. The project manager then needs to establish what has actually happened as opposed to what was planned and to forecast the expected final costs. Normally accounting and project management tools will help, but remember the garbage in = garbage out rule!

Well, that just about summarizes the main areas. If you are new to project management, don't be too bamboozled by all this, there are well-understood methodologies, tools, guidelines, and procedures to help an organization on their way to developing the important skill of project management.