

What Causes a PMO Value to go Up or Down



Executive Round Table

1 QTR 2019



Agenda



- | | |
|-------------|-------------------------------|
| 11:00-11:10 | Introductions and overview |
| 11:10-11:20 | The challenge |
| 11:20-11:50 | Facilitated discussion |
| 11:50-11:55 | Closing comments & next steps |
| 11:55-12:00 | Call to action & wrap up |



Introductions and Overview

Introductions

Overview:

- This is your meeting
- Participation is what makes it successful
- You ask the questions, or you provide the answers
- Any contribution, question or answer is VALUABLE

Agenda



11:00-11:10 Introductions and overview

11:10-11:20 The challenge

11:20-11:50 Facilitated discussion

11:50-11:55 Closing comments & next steps

11:55-12:00 Call to action & wrap up

Background to the Challenge



Are PMOs Gaining or Losing Value?

What causes a PMO value to go up or down?

- Strategic metrics are needed for benefit realization: how do you define these metrics accurately to ensure you achieve business value?
- When and how do you know to stop or kill projects that are not delivering value?
- How do you know when PMO value is dropping and how do you change it?

Background to the Challenge



FORRESTER®

July 2018

- “PMOs fail because they are not seen to be delivering measurable value to the organization.”
- “They tend to get bogged down in granular details of a project [methodology] and lose sight of why they came into being in the first place, which is **not** merely to execute projects successfully **but** to deliver projects that add value to the business”

PMO – Portfolio, Program, Project Office?

VMO - Value Management Office ?

RMO - Results Management Office ?

Project Execution should not be the focus

Background to the Challenge



Value delivered is most important



2018 Pulse Survey

- **Only 41% of organizations** with an enterprise-wide project management office (EPMO) report that it is highly aligned to the organization's strategy.
- **1 in 3 organizations** report high benefits realization maturity. A key challenge many companies face is managing projects based only on traditional outputs—such as time, scope, and budget—*[or in agile, velocity, cards or points]*

Gartner

“the best type of PMO is one that is tailored to support organizational needs at a level the organization can embrace and from which *it can realize benefit...*”

Background to the Challenge



PMO Practices are more than execution



“ [PMOs] help the organization achieve its larger strategic goals. **Benefits, tangible and intangible, should be considered in the equation.**”

[beyond time, cost, scope]

Top Drivers of Project Success

“Based on a rigorous statistical analysis, three drivers help organizations save millions of dollars.”

- Top Driver #1 - Executive Sponsorship
- Top Driver #2 - Controlling Project Scope
- Top Driver #3 - **Value Delivery** Capabilities

2018 Pulse Survey

Value Delivery Capabilities Should Tie to Entire Project Delivery Process

Background to the Challenge



Companies with low maturity in PMO waste 29.2% of dollars on projects not delivering business outcomes. *(2018 Pulse Survey of 446 senior executives and 800 project management office (PMO) directors)*

56% of money spent on a project is at risk due to ineffective communications



Source: Project Management Institute

Communications are Critical to Stopping the Non Value Added Work



Approximately \$682 Billion is wasted on underperforming projects in a year across the globe [Waste]

Not all Projects Should Finish

Non-Value Add Projects in PMO

Agenda



11:00-11:10 Introductions and overview

11:10-11:20 The challenge

11:20-11:50 Facilitated discussion

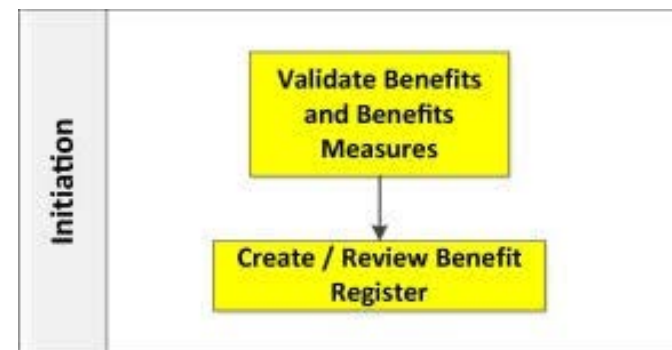
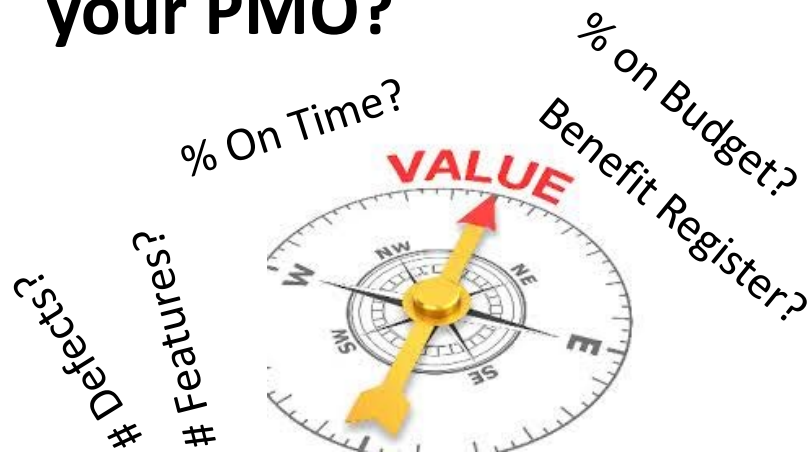
11:50-11:55 Closing comments & next steps

11:55-12:00 Call to action & wrap up



Facilitated Question #1

How does your organization measure Value from your PMO?



Facilitated Question #2



Does Agile really solve the Value Delivery problem?

How are you validating Epic Chartered Benefits with Delivered Value...Or each story...or feature?



What challenges have you seen with validation of Chartered Benefits (Agile or Not)? How did you overcome them?



Facilitated Question #3

“What are your biggest drivers of PMO benefit realization metrics succeeding or failing?”

- *CBA SME assigned from finance?*
- *Standard requirement of all work to build measurement system in?*
- *Good Sponsor/Product Owner*



- *Not well defined?*
- *Afraid of Finance?*
- *No resource to update?*
- *Supporting data not available?*

Business Cases?

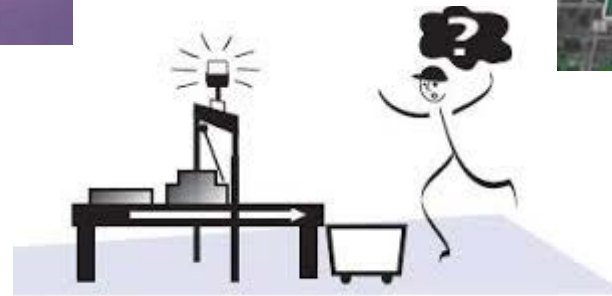
CBA?

Metrics/KPIs?



Facilitated Question #4

How does your PMO or Agile team stop work when you can not see benefit or business value aligned with outcomes?



Automatic line stop.

What Percent of Projects or Stories should be Stopped?



Facilitated Question #5

What is on your PMO dashboard that ensures value of your PMO?

“What Gets Measured Gets Done”

**IS VALUE MEASURED?
HOW?**



Agenda



11:00-11:10 Introductions and overview

11:10-11:20 The challenge

11:20-11:50 Facilitated discussion

11:50-11:55 Closing comments & next steps

11:55-12:00 Call to action & wrap up



Conclusion #1



COLLABORATION

“PMOs success comes through measuring value and communicating to stakeholders”

PMOs were not originally formed to just complete projects, but rather to deliver Value

“PMOs that don’t demonstrate tangible value are at risk of loss of stakeholder support”

- Truly understanding what your leadership sees as Value is important
- Benefit Realization and Value Delivery are two very important processes to ensure success
- There will be obstacles to measuring value and reporting benefits...change management and communications will be needed



Conclusion #2



COLLABORATION

“Sponsors or Product Owners need to be aware of the STOP work process and support it.”

A PMO focused on Value Delivery will have processes to STOP the Non-Value Added work

“Not all projects need to finish. Lean principles applied would stop Non-Value Added work from continuing”

- Encourage and reward the Lean Principle to stop work if it is non-value add
- If you PMO maturity is low, you should see a higher Non-Value Added percentage of work. As you mature, your % improves
- A repeatable process to Stop Work is needed



Conclusion #3



COLLABORATION

“Finance teams are often great partners for Benefits Realization and measuring Value.”

A PMO should be transparent with Benefits Realization

“The Value challenge is not unique to traditional PMOs...new agile teams also struggle reporting Value Delivered vs Value Expected”

- Companies have KPIs and objectives to achieve. Teams should be seen as an asset to achieve those objectives.
- Agile is not the silver bullet. Measuring and reporting Value is difficult
- Benefit Registers provide keep Value on the table

Agenda



- 11:00-11:10 Introductions and overview
- 11:10-11:20 The challenge
- 11:20-11:50 Facilitated discussion
- 11:50-11:55 Closing comments & next steps
- 11:55-12:00 Call to action & wrap up



Call to Action

What three things can you do tomorrow?

1)

2)

3)