The PMO that delivers

Why project success is business success in today’s world
Is your PMO evolving your projects?

Remember when projects were about delivering on time, on scope and on budget? And when program management offices (PMOs) were about process, compliance and governance? That model didn’t work. Organizations spent huge sums of money on projects that they deemed successful in terms of the triple constraint, but that failed to improve the business in any material way.

This caused frustration with project management and PMOs that eventually led to the evolution of projects. Now projects are more often designed to enable a business to achieve its goals and objectives—to deliver outcomes, not just outputs. That’s been an important step and a catalyst for organizations to deliver better value in less time, and with more consistency.

Going beyond the mechanical

But what about those PMOs? They haven’t evolved nearly as much. Many are still focused on the mechanical aspects of project delivery that do very little, if anything, to ensure that the business is generating a return on their project investments. Too many PMOs stress the importance of governance and oversight; they spend time consolidating reporting, championing the role of process and structure, and criticizing project managers instead of supporting them.

Half of PMOs fail

Perhaps worse is what PMOs don’t do. Many refuse to acknowledge that Agile is a legitimate approach; they see no role for themselves in guiding the business through portfolio planning, capacity and capability modeling, or risk distribution. And they don’t connect their roles with the need to improve the overall value delivered by the project portfolio. Over the last 20 years, countless surveys have shown that around 50% of PMOs fail and are closed within about three years. And that statistic isn’t improving—because PMOs aren’t improving.

A PMO built for modern business

The simple truth is that businesses need projects to succeed in order for the business itself to succeed. And traditional PMOs don’t deliver that success. Today’s businesses need a PMO that’s built for the modern world. They need a PMO that is business focused.
The modern, business-aligned PMO

To understand what today’s PMO should look like, let’s focus on the phrase “business-focused”. The traditional PMO has sat on top of project delivery and focused ‘down and in’—looking at the projects themselves and providing a top-down oversight role for project managers and teams. As a result, it looks only at what’s happening within the project during the execution phase, and ignoring the context for the project. It also ignores the adjustments needed to maintain alignment between the work being done, and the benefits the business needs.

A partner in project delivery

A modern PMO focuses ‘up and out’. Instead of sitting on top of the project delivery function, it exists alongside it, as a partner. The PMO supports business leadership in aligning project investments with business goals—helping to identify, prioritize and schedule the investments that have the best chance of success. It works with project managers to adjust and adapt the work being done within projects to keep the ability to achieve business outcomes at the heart of the work—even as those business outcomes evolve in a changing environment.

A focus on ROI

This evolution pivots the PMO entirely. It is no longer project focused; it is business focused. Instead of trying to ensure projects are executed in a certain way, it tries to ensure that the business return on project investments is optimized. It acts as shock absorber, guru, and catalyst. Let me explain.
Businesses are in a constant state of adjustment. They don’t exist in isolation, but in an environment that’s continuously changing. Some of the changes that happen in that environment are small—a minor update to a product from a competitor. Others are massive—a pandemic. But all of those changes require a business to assess the work it’s doing and potentially make adjustments.

This is where leaders today spend a lot of their time: considering whether the changes that are happening will impact their ability to achieve their goals; identifying scenarios where those goals should be adjusted to respond to some of the environmental changes; and finding ways to leverage emerging opportunities to gain an advantage and strengthen their position.

**Ensuring minimal disruption and maximum understanding**

With the speed at which business moves today because of emerging technologies, global competition and fluid customer expectations, those adjustments have become almost constant. Instead of planning for a year and then delivering, businesses have moved to planning quarterly, and are now evolving again to continuous planning—never having a stable and consistent set of plans. That helps keep the focus of the business where it needs to be to succeed in a constantly changing world, but it also makes it very hard to deliver projects. That’s where the shock absorber role of the PMO comes in.

The PMO must protect project teams from all of this continuous change, ensuring that only the ‘bumps’ that require adjustment make it to the project manager and team. That will still result in regular adjustments to ensure the team is delivering work that matters to the business, but the adjustments occur with minimal disruption and maximum understanding because the PMO is providing interpretation and context.

**Paving the smooth highway of rapid project delivery**

At the same time, the PMO must embrace evolving ways of delivering work. The shift in software development away from traditional project structures to a digital product model with permanent teams delivering a continuous stream of new functionality is one example. For practitioners used to working in a project-based model, this can be a difficult adjustment. But the PMO must ensure that evolution happens, delivering more value to customers and business in less time and without loss of productivity.

This is how the business focused PMO supports optimum performance. It ensures that only the changes that matter make it through to project delivery teams, but it also ensures that when those changes are necessary, they are accomplished without major shocks to the system, allowing a smooth transition and improved performance. The PMO turns the rocky road of modern business into the smooth highway of rapid project delivery.
Historically PMOs were very good at telling you what had already happened. Today we have software for that. Businesses need the PMO to tell them what can happen in the future—what’s possible and how it can be achieved.

3 ways to drive the highest ROI

The business focused PMO must be a strategic partner to the business. It must incorporate portfolio planning and management functions to ensure the distribution of investment funds into projects are capable of achieving the best possible returns. That must include:

• **Capacity and capability** modeling to provide insight into how much work can be delivered, what skills the organization has, what skills it lacks and how best to address the shortfall.

• **Work scheduling and distribution** to balance disruption, risk and change capacity across different areas of the business and ensure the most work can be delivered in the least time and with minimal business disruption. This includes all work approaches be they traditional, agile or hybrid; and regardless of whether they’re project or product oriented.

• **Tracking of which projects can easily be adjusted** to changing circumstances and which will be slower to turn around. Knowing how adjustments can be made if they become necessary is critical to making smart business decisions.

These practices aren’t just important during planning cycles, they must be constantly carried out for the business. Consider the impact of catastrophic disruptions, like a pandemic or an economic sector collapse. While traditional PMOs might report only on schedule delays caused by closed offices, organizations with business-focused PMOs would be looking at how to redistribute resources, where funds could be freed up and how best to fund recovery.

Helping to see the big picture

Modern PMOs are also gurus for their project managers. They’re the experts on business context, consultants guiding the most appropriate adjustments, and big picture thinkers helping understand the cause and effect of any changes. The business focused PMO is a project manager’s translation tool for the business value they’re delivering—and that’s critical.
If there’s one thing that all businesses have to deal with today, it’s change. Technology is redefining what’s possible on a daily basis and that’s changing how work gets done. Even before the pandemic, IDC was predicting that global spending on digital transformation would reach $2.3 trillion annually by 2023—representing more than half of IT expenditure.¹

**Embracing enterprise agility**
To be able to deal with that degree of change to the way work gets done, businesses must embrace the concept of enterprise agility. That’s the ability to adapt and respond to new opportunities and threats as quickly and effectively as possible while minimizing the disruption caused. That includes everything from remote working and automation to the shift from projects to digital products. And it’s only going to be possible when the vehicle for delivering change in an organization is operating at peak performance levels.

**Aligning business leaders and project teams**
That vehicle is the project—the tool that moves an organization from where it is, to where it needs to be. A PMO that can maintain alignment between the business leaders that define what’s needed, and the project teams that deliver the enablers of that need, will help the business accelerate not just digital transformation, but also a recovery strategy and long-term growth. It will also help the business become more resilient and better able to deal with the next disruptor that comes along—and there will be another.
Ask project managers about their experience with PMOs and you likely won’t get a positive response. Ask business leaders and you’ll get the same reaction. Yet despite a long track record of failure, the traditional PMO model continues to exist in massive numbers. And it continues to fail at alarming rates.

No other area of business operates the way it did 20 years ago. It’s time for the PMO to mature to the business success enabler it can, and should be. It’s time for a business-focused PMO.

The bottom line
Learn more about enterprise agility and how Strategic Portfolio Management (SPM) from ServiceNow can help you realize it:

**Learn how to turbocharge your PMO** to increase business value, improve reliability, and accelerate delivery.

**Discover how to get the greatest value** from your initiatives.

**See how to get a 365% ROI** from ServiceNow SPM.

**Find out how SPM** can help you deliver enterprise agility for better business value.