EVOLVING THE PROJECT MANAGEMENT OFFICE: A COMPETENCY CONTINUUM

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Many organizations today have recognized the need for a project management office (PMO) to achieve project management oversight, control, and support. The PMO's role is to help both the project manager and the relevant organization to not only understand and apply modern project management practices, but also to adapt and integrate business interests into the organization's project management efforts. This article describes a five-stage competency model for the PMO.

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*D*URING THE PAST DECADE, MODERN project management precepts have emerged to instill a vitalized professional approach to project management across countless industries. Individual capabilities in project management have been strengthened and enlarged through a combination of developments in project management process and techniques, the implementation of training programs, and automated tools that use advanced design concepts and technology.
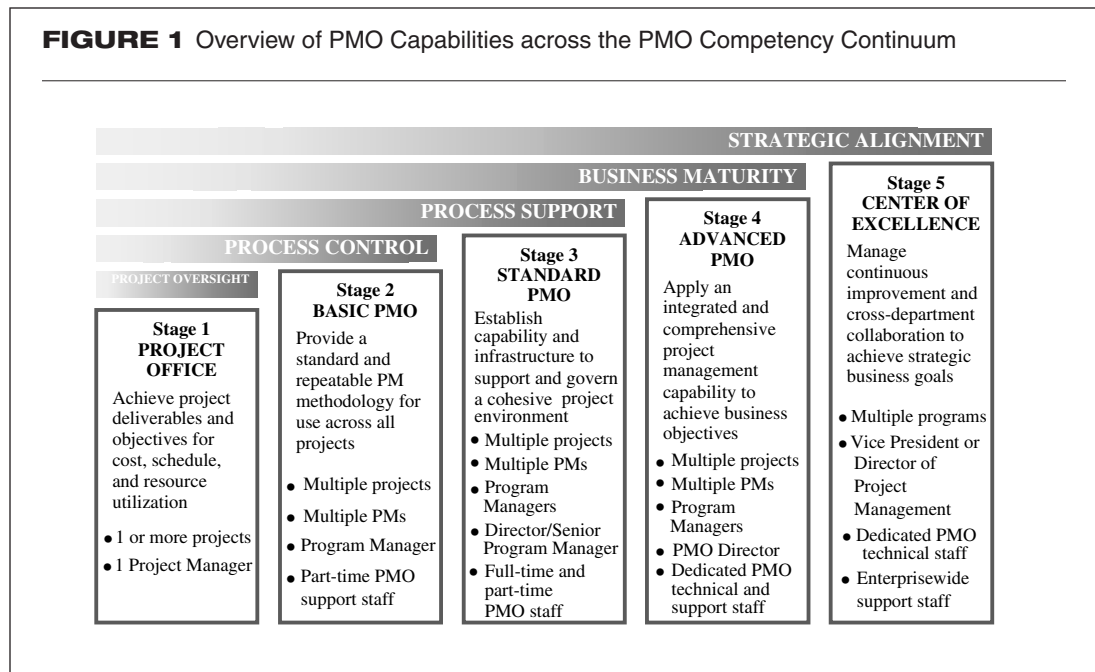
Many organizations today have therefore implemented an organizational entity, the project management office (PMO), to achieve project management oversight, control, support, and alignment. The PMO's role is to help both the project manager and the relevant organization (whether an entire enterprise, a business unit, or a department) to understand and apply professional practices of project management, as well as to adapt and integrate business interests into the project management efforts.

This article describes five stages of PMO capabilities along a competency continuum.

Each PMO stage suggests a particular level of functional capability that the PMO will have achieved if functions are fully implemented. The five PMO stages are also indicative of an organization's maturity in project management, with the PMO's role and and responsibilities advancing from project management oversight and control at the lower end of the competency continuum to strategic business alignment at the higher competency stages.

INTRODUCTION TO THE PMO COMPETENCY CONTINUUM

The PMO competency continuum provides a vehicle that defines a series of PMO stages that can be examined for application in an organization. The naming convention is relatively simple and somewhat consistent with PMO implementation efforts across most industries. However, these names provide only a frame of reference; other names can be applied as appropriate to the nature of PMO responsibilities and the business environment in which it operates.

FIGURE 1 Overview of PMO Capabilities across the PMO Competency Continuum

				STRATEGIC ALIGNMENT
			BUSINESS MATURITY	
		PROCESS SUPPORT		
	PROCESS CONTROL			
PROJECT OVERSIGHT				

Stage 1 PROJECT OFFICE

Achieve project deliverables and objectives for cost, schedule, and resource utilization

- 1 or more projects
- 1 Project Manager

Stage 2 BASIC PMO

Provide a standard and repeatable PM methodology for use across all projects

- Multiple projects
- Multiple PMs
- Program Manager
- Part-time PMO support staff

Stage 3 STANDARD PMO

Establish capability and infrastructure to support and govern a cohesive project environment

- Multiple projects
- Multiple PMs
- Program Managers
- Director/Senior Program Manager
- Full-time and part-time PMO staff

Stage 4 ADVANCED PMO

Apply an integrated and comprehensive project management capability to achieve business objectives

- Multiple projects
- Multiple PMs
- Program Managers
- PMO Director
- Dedicated PMO technical and support staff

Stage 5 CENTER OF EXCELLENCE

Manage continuous improvement and cross-department collaboration to achieve strategic business goals

- Multiple programs
- Vice President or Director of Project Management
- Dedicated PMO technical staff
- Enterprisewide support staff

Five general stages of PMO competency are prescribed. Figure 1 presents an overview of the PMO competency continuum and a description of each of its stages. These five PMO stages represent a progressive competency and advancement of functionality that can be attained to meet the needs of the project management environment and the associated business objectives of the relevant organization. It is presumed that a higher-stage PMO has already achieved the competencies prescribed for any lower-stage PMOs. Thus, if an organization wants to establish a Stage 3 standard PMO, it will also have to ensure it has first realized the competencies prescribed for Stage 1 and Stage 2 PMOs. It is also suggested that a PMO at any stage can pursue activities at any level to address the needs within the relevant organization, which is far more important than stepping through levels of competency in sequence. Moreover, it is critical to discern the approximate level of PMO competency that the relevant organization needs. Not every organization needs to have a PMO at Stage 5. In fact, for most organizations, the Stage 3 standard PMO is probably more than adequate.

The following subsections provide a descriptive overview of each stage in the PMO competency continuum.

STAGE 1: THE PROJECT OFFICE

The Stage 1 PMO is the fundamental unit of project oversight in the project management environment. The project office is created as a domain of the project manager, who is responsible for the successful performance of one or more projects. It provides the capability to ensure professionalism and excellence in applying widely accepted principles and preferred project management practices to each project effort.

However, more than one project office may exist within an organization. When this occurs, an obvious challenge lies in ensuring that each project office pursues a common approach to project management. Ideally, senior members of the project management staff will collaborate in their design and implementation of project office capability. Alternatively, a higher-level PMO can be established to guide and support project office activities.

The inclusion of the project office in the PMO competency continuum is arguably an uncertain fit. By definition, it does not influence actions and activities of more than one project manager; it has no program-level authority or direct strategic business relevance; and it does not fulfill the traditional role of a PMO. However, the project office implements and monitors the "rules of project performance" at the project team level, and that oversight in itself is a responsibility of PMOs at all levels. Thus, the placement of the project office at the beginning of the PMO competency continuum ensures that effective project management oversight at the project level is considered and implemented in the context of PMO responsibility.

The project office acts as the frontline point of supervision for implementing and integrating business processes in the project management environment.

The project office performs a variety of essential project management activities, including:

- Applying principles and techniques of modern project management, through the skill and knowledge of the project manager, to ensure that successful project performance is achieved. The project office concentrates on producing deliverables associated with project objectives, and it manages the vital signs of each project effort: cost, schedule, and resource utilization. Managing these details invariably enhances examination of project performance and facilitates the application of corrective actions to any problems that are identified.
- Serving as the direct interface to project team performance management. Because most project teams likely have a technical performance focus, the project office will introduce the elements of project management. Accordingly, the project office provides for differentiation between the technical methods, which are prescribed to create an excellent technical product, and the project management methods, which are prescribed to ensure project and business success.
- Applying organizational guidance in the form of policies, standards, executive decisions, and so on to each project effort. The project office also acts as the frontline point of supervision for implementing and integrating business processes in the project management environment.
- Serving as the first level of project oversight and, often, the highest level of technical oversight. Whereas higher-stage PMOs may mandate and introduce technical methods and procedures, it is the project office that implements them in the project management environment. Indeed, at this level, there is probably less emphasis on business issues, unless the project manager has the double duty of serving also as program manager.

The project office's role is that of implementer. It carries the policies, practices, and guidance prescribed by higher authority — possibly higher-stage PMOs above it — into the project management environment for project team implementation. Yet the project office does not have to achieve advanced levels of functionality beyond the one or several projects it supports. Rather, a project office can exist formally in name or informally by virtue of its responsibility for project and project team performance.

STAGE 2: THE BASIC PMO

The Stage 2 or basic PMO is the first PMO level that deals with multiple project oversight and control. It furnishes the capability to provide aggregate oversight and control of multiple projects relative to the performance of multiple project managers.

In some industries, this stage is traditionally known as the "program office" and represents the domain of the program manager. It is possible that there could be more than one basic PMO in the relevant organization, one for each program manager. However, it is not practical for every program manager to independently build the comprehensive capability that is prescribed here. Therefore, in the context of this model, the basic PMO is presumed to be the highest centralized entity of project management that pursues its mission under the leadership and guidance of one designated program manager.

The basic PMO will likely have minimal staff, in some cases just one individual assigned to build the PMO's capability. Presumably, this person will be assigned full time to the PMO effort and have access to at least a few additional part-time support resources. An initiative that is fully supported financially and appropriately resourced typically is able to achieve basic PMO capability and prescribed functionality within one year. This time, however, may vary based on the business commitment and culture of the relevant organization.

With an emphasis on establishing control in the project management environment, the basic PMO performs a variety of centralized project management activities, including:

- Having primary responsibility for establishing a standard approach to how project management is conducted in the relevant organization. This includes the introduction of common tools, repeatable processes, and preferred practices, ideally represented by implementation of a comprehensive project management methodology.
- Providing the means to compile aggregate results and analyses of project status and project progress as a basis for identifying and responding to project variations, evaluating project and project manager performance, and ensuring the achievement of project objectives.

TABLE 1 Twenty Project Management Office Functions

Practice Management

1. Project management methodology
2. Project management tools
3. Standards and metrics
4. Project knowledge management

Infrastructure Management

5. Project governance
6. Assessment
7. Organization and structure
8. Facilities and equipment support

Resource Integration

9. Resource management
10. Training and education
11. Career development
12. Team development

Technical Support

13. Mentoring
14. Planning support
15. Project auditing
16. Project recovery

Business Alignment

17. Project portfolio management
18. Customer relationships
19. Vendor/contractor relationships
20. Business performance

☐ Introducing project management as a professional discipline in the relevant organization through its prescription of applicable standards, designation of qualified project managers, training and empowerment of project teams, and specification of roles and responsibilities of stakeholders in the project management environment.

The basic PMO has responsibility for establishing the foundation of a viable project management environment. This involves implementing capability across all PMO functions. Table 1 lists 20 functions associated with a mature PMO, which are referred to later in this article.

The new Stage 2 PMO will likely be treading new ground within the relevant organization; functional capability advancements may initially be slow as business units become accustomed to the PMO's presence, accept transition of certain responsibilities to the PMO, and evolve with greater reliance on PMO management capability to achieve business interests associated with project oversight and control. Conversely, the new basic PMO must demonstrate its full alignment within the relevant organization and its professionalism in the practice of project management. This often requires the PMO to be proactive in planning its functionality and prepared to defend its business position.

STAGE 3: THE STANDARD PMO

The Stage 3 PMO is central to the PMO competency continuum, representing the essence of a complete and comprehensive PMO capability. Although it continues to address project management oversight and control, the Stage 3 PMO introduces a new focus on support that optimizes individual and project performance in the project management environment. Its purview ranges from managing multiple projects and multiple project managers and may even include overseeing or otherwise aligning with one or more program managers.

The standard PMO can evolve from earlier efforts to construct a basic Stage 2 PMO. It can also be designed and implemented as the initial "from scratch" effort to introduce centralized oversight, control, and support in the project management environment. If a new PMO at the standard PMO level is to be pursued from the outset, the designers and developers must ensure that functionality prescribed for the basic Stage 2 PMO is incorporated into their PMO implementation plans.

Stage 3 PMO functionality is the solution for organizations seeking to implement project management as a core business competency or otherwise looking to improve project management capability or increase project management maturity. The new Stage 3 PMO necessitates minimal staffing of a full-time PMO manager or director and at least two additional full- and part-time staff members qualified to perform and facilitate PMO functionality design and implementation. Furthermore, the extent of standard PMO functionality may warrant some part-time, possibly extended involvement from other participants in the project environment, as well as potential participation of business units in the relevant organization. As functionality is established, it is likely that a few more full-time staff members will be needed to fulfill professional specialty positions. As this PMO grows, additional full- and part-time administrative support personnel also will be required.

The assignment of these resources, along with distinct executive business commitment to the effort, should enable complete Stage 3 PMO functionality to be achieved within a two- to three-year timeframe. Of course, timely

deliberation and planning of operational needs and priorities, along with assignment of adequate initial resources, will enable significant PMO functionality to be implemented within a matter of months. Initial standard PMO operating capability normally can be realized within the first year of the implementation initiative.

The standard PMO performs complete centralized project management oversight and control activities, with an added emphasis on introducing process and practice support in the project management environment. These activities include:

- Serving as the centerpiece of project management support in the relevant organization: a project management resource for business units, a professional practice facilitator for project managers and project team members, and a coordinator and collaborator for project stakeholders' (resource managers, customers, and vendors) activity and involvement.
- Functioning as the interface between the business environment and the project management environment. The standard PMO translates, as appropriate, policy and executive guidance for project performance and implements actions and activities associated with business interests and objectives in the project management environment.
- Acting as the facilitator of project management environment process design and as a catalyst for project management excellence. This extends from attending to project management methodology and practices used to ensure project success; to introducing project reporting tools and collaboration techniques; to providing executive support processes regarding matters of project governance, project portfolio management, and business performance.
- Serving as the representative of the project management environment to the senior executive of the relevant organization, and participating in or possibly convening and leading associated control boards comprising executives and senior managers. As such, the standard PMO can be the relevant organization's project management representative to business and industry affiliates, partners, and professional institutions.
- Operating as the recognized organizational entity that directly or indirectly influences resource participation on projects, to include addressing such matters as qualification, training, assignment, and evaluation.

The standard PMO has responsibility for implementing a complete capability across all designated PMO functions. It should examine the needs of the project management environment in each of the 20 PMO function models presented in Table 1. The challenge therefore is to adapt each function model for optimized operational fit and maximized business benefit within the relevant organization. It should be reiterated that not every PMO needs to develop full capability in all 20 function areas. However, the PMO established at the standard level should at least consider every option for functionality.[1]

STAGE 4: THE ADVANCED PMO

The Stage 4 PMO evolves from an existing, complete PMO capability and therefore is the "big brother" of the standard (Stage 3) PMO. Its focus is on integrating business interests and objectives into the project management environment. This implies introducing common practices to be applied to both project management processes and business processes. To use a term familiar to many professional project managers, the advanced PMO helps create a "projectized" business environment.

Thus, by definition, the advanced PMO cannot be new. Rather, standard PMO functionality must be established before an advanced PMO capability can be implemented. Of course, this should not limit PMO designers and developers from incorporating advanced PMO considerations into their PMO implementation plans. Establishing the functionality and capability of the advanced PMO can be the next phase in plans for PMO fulfillment within the relevant organization. It is anticipated that this stage in the PMO competency continuum can be achieved within one to two years following establishment of the standard PMO capability.

The Stage 4 PMO has increased staffing and the potential for direct alignment of resources. In particular, the PMO staff is enhanced to include the professional and administrative resources needed to develop, implement, and manage expanded processes, programs, and functionality. The PMO director will have expanded authority to address business interests in the project management environment. Assigned PMO resources may be aligned with a few key functional units within the PMO that provide the means to integrate business and project management practices.

The advanced PMO performs comprehensive, centralized project management oversight, control, and support activities, together

*T*he standard PMO can be the relevant organization's project management representative to business and industry affiliates, partners, and professional institutions.

The advanced PMO staff can include business analysts and specialists from diverse professional disciplines.

with expanded functionality that represents a mature and business-oriented project management organization. These activities include:

- Appearing more and more like a separate business unit. If a PMO budget has not already been established at an earlier PMO stage, the advanced PMO normally prepares and manages its own budget as a means of pursuing development and implementation of advanced project management practices and business integration activities.
- Collaborating with business units within the relevant organization and participating in the development or adaptation of practices and processes that are common to both the business environment and the project management environment.
- Providing distinct expertise in state-of-the-art project management practices and procedures. Senior staff members are assigned full time and represent highly skilled and knowledgeable professionals who apply business acumen and advanced business and project management concepts to solutions implemented in the project management environment. These individuals help implement such functionality as mentoring services, project audits, and project recovery services. They monitor and manage project results in terms of business performance. The advanced PMO staff also can include business analysts and specialists from diverse professional disciplines such as legal, contract, and procurement management, customer service, and so forth, as needed full time or part time to achieve PMO functionality.

As part of the advanced PMO, implementation of the 20 PMO functions will be reassessed to introduce expanded capacity and programs to manage the project management environment. Because it has a focus on integrating business interests, the advanced PMO also ensures that all PMO functions are integrated for efficient and effective operations.

STAGE 5: THE CENTER OF EXCELLENCE

The center of excellence is a separate business unit within the relevant organization and has responsibility for enterprisewide project management operations. The PMO functionality prescribed for the center of excellence has a focus on strategic business interests across the relevant organization. Although lower-stage PMOs may also be assigned such tasks, it is most distinct at this highest PMO level. Lower-stage PMOs may also have a business alignment or reporting affiliation with the center of excellence.

Normally, there is an executive in charge of the center of excellence, and that individual should either report to or have direct access to the chief executive officer or any other top executive in the relevant organization. To that end, the center of excellence can be established within the timeframe it takes an organization to establish a new business unit, which generally takes from one to two years to create a viable presence.

Although it appears at the top of the PMO competency continuum, the center of excellence is a unique project management entity that can be established in one of two distinct ways. First, it could be created as a result of the growth and expansion of a lower-stage PMO, which would normally be the case in a small- to medium-sized organization. Second, it could be established independently of any existing PMOs, with the objective of providing strategic business guidance and direction to those subordinate PMOs. The latter is typical in a large global organization where the center of excellence provides some aspect of oversight, control, and support to PMOs serving regional business interests.

Consequently, the center of excellence assumes a strategic alignment role in the relevant organization and guides the project management environment in its continuous-improvement efforts. These include:

- Providing direction and influence for enterprise project management operations. It also may oversee subordinate PMO functionality where the relevant organization has constructed other PMO operations relative to its international, national, or other expanded geographical business focus.
- Building both project management environment and project stakeholder awareness and representation across business units, customer relationships, as well as vendor and partner relationships.
- Sponsoring and conducting studies and evaluations of project management functionality and business effectiveness, which may include affiliated PMOs.
- Representing the business interests of the relevant organization in the project management environment, and vice versa.

The Stage 5 center of excellence PMO reassesses the 20 PMO functions for strategic business implications, together with how they can be adapted, adjusted, or redesigned for optimal

use, including application by other subordinate PMOs within the relevant organization.

CONCLUSION

The underlying premise of the PMO model presented here is that the PMO is a business integration activity. Not all organizations may need to evolve to Stage 5 of the continuum to achieve their organizational objectives. It is also unlikely that any individual PMO will implement all 20 functions. Instead, adaptations and adjustments will be the rule, rather than the exception. ▲

Note

1. For a complete description of the 20 PMO functions and their associated activities, see the author's *The Complete Project Management Office Handbook,* published by Auerbach Publications, 2004.