

Background

It is an undeniable trend that PMOs are working to expand their value footprint by becoming a key champion of alignment and process improvement as well as an enabler and partner in setting business strategy. It wasn't so long ago that PMOs were purely focused on improving project execution, but word finally is getting around that there is more they can offer, much more.

The ability to implement new strategic initiatives and change gears rapidly is becoming a key differentiator for organizations. Indeed, innovation and business agility are vital for survival. In line with this, stakeholders and executives need access to the right information when they need it in order to make adjustments and course corrections – thus ensuring that large strategic initiatives will deliver their target impact. And with so many moving parts to an organization across an ever-changing landscape of ideas, strategies, portfolios, projects, people, services, products, applications, and more, this information must be integrated.

In the midst of all this, process maturity is often lacking, and organizations tend to open their floodgates to too many initiatives – many of which are not aligned with their strategic goals. As a result, project demand is disjointed from strategy; resource capacity is not adequately managed; and relative value to the customer is an afterthought.

The PMO can be integral to an organization's ability to overcome these challenges; a crucial and indisputable partner in any leadership circle. Indeed, with the right focus, the PMO can not only serve as the glue that can keep the ship aligned in times of change; it can serve as a rudder that will keep it sailing in the right direction.

This white paper proposes that the PMO's role is threefold:

- To serve as a change agent across a wide array of strategic and operational elements, including investment strategies, products, programs, services, and assets
- To improve the organization's portfolio management capabilities as a way to manage innovation and change events and to drive alignment
- To refocus the organization on outcomes, customers, benefits and value, thus ensuring the best use of limited resources

In performing these critical functions, the PMO would shift its focus away from primarily monitoring and measuring execution success and dictating approaches, though it can and should provide guidelines, tools, and principles. In a sense, all three of the above proposed PMO roles are related to alignment; aligning the people, aligning the tools and processes, and aligning the organization with its customers and the market. In this third context, the PMO is helping drive strategy and is venturing above the proverbial line to assist with defining business outcomes.

Collectively, this holistic view of alignment is where the PMO earns its stripes and its seat at the executive table. No doubt, a PMO that is down in the weeds, focused purely on on-time, on-budget, and on-scope measures, is missing its key value to the organization.

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I. PMO as a Change Agent

Directly or indirectly, external and internal factors continuously drive the need for an organization to change in some aspect. This is true in any company, and especially so in a rapidly changing business environment. New products or services may need to be pursued; resources may need to be shifted to meet strategic needs; or processes may need to be updated to meet new requirements or address a quality issue. Along the way, financial decisions need to be made.

If we look at an organization as an ecosystem, made up of components such as products, programs, services, applications, technology, people, money, and a whole host of other variables, it becomes easy to see how change can cause havoc throughout the organization. Changes in one area inevitably impact the others, but most organizations don't have clear visibility as to the connections needed to effectively manage the change. Such connections impact both demand and capacity; from operational planning, through selection of investments, and ultimately the use of resources.

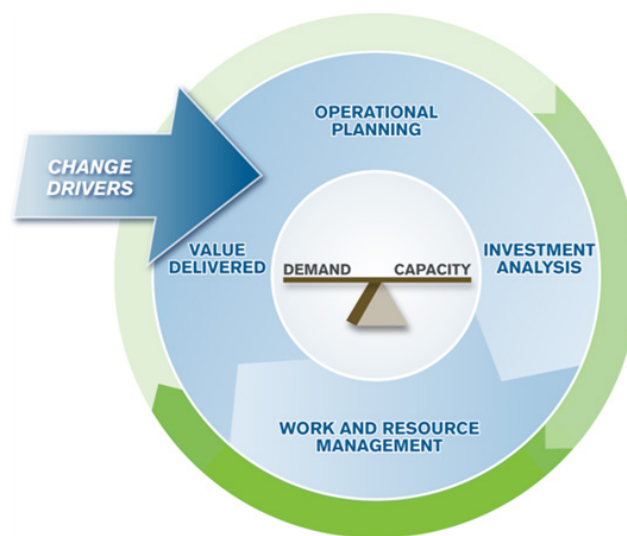


Figure 1. *The Portfolio Ecosystem, from the book, Taming Change with Portfolio Management*

In other words, it's difficult to shift gears when all the components of the transmission and engine aren't connected. This is where the PMO comes in. The PMO can help an organization remain integrated and drive change downstream and upstream across demand, investments, resource management, and business outcomes.



Figure 2: *Key Components of Change for the PMO*

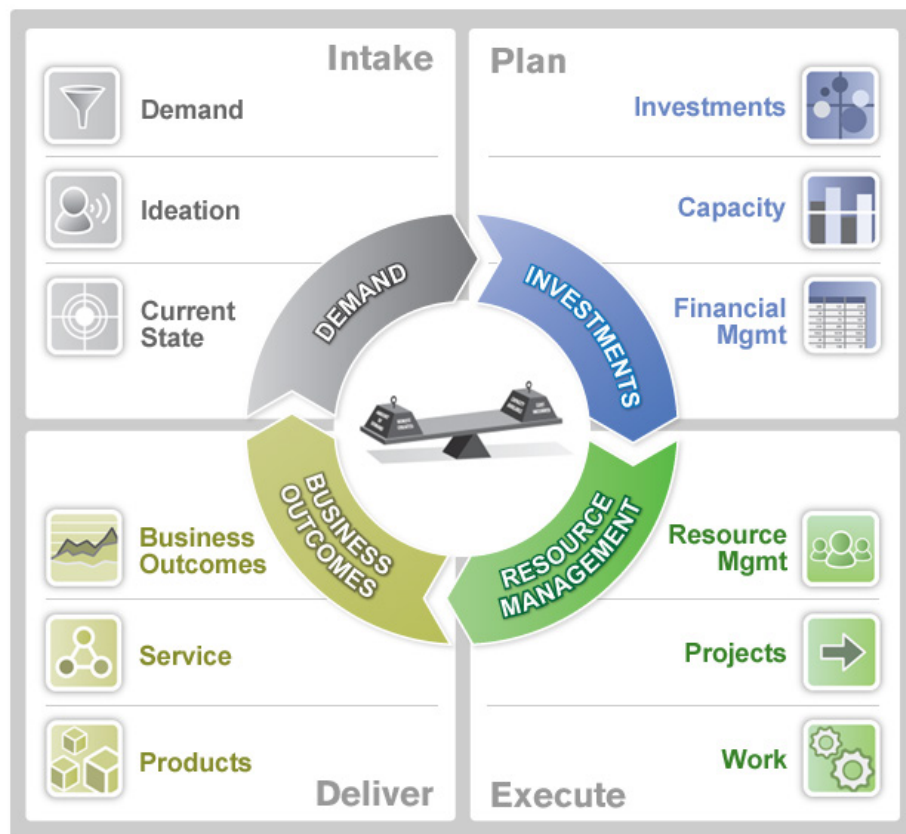
If we drill down further, each of these components, have their own set of business questions and analytics, outcomes and enablers, and integration points with other components. It is the underlying business questions and desired outcomes that will lead to value-based innovation and change. And it is knowledge of the integration points that will make such change possible. The PMO is in the best position to bring all the right pieces together and give the organization the "bird's eye view" it needs. A good place to start is portfolio management.

II. Boosting Portfolio Management Capabilities

The ability to innovate and change is essential; both functions must be fully optimized for an organization to make it in today's market. Yet, why is it that so few organizations devote adequate attention to their innovation and change processes?

The best tool for managing innovation and change events is portfolio management, which is only now beginning to surface as a crucial business discipline. In line with this, a PMO that helps elevate the organization's capabilities in portfolio management will be seen as a central component of that organization's ability to operate.

The move toward business capabilities as a primary measure of maturity and progress is a recognized trend by leading research analysts. Applying this to the portfolio management domain, we can examine capabilities across the entire investment continuum, including: intake (ideation, demand, and current state analysis); planning (strategic, capacity, and financial planning, as well as product roadmapping); execution (consuming resources on projects, products, and other work); and delivery (in terms of products, services, applications, and measurement of benefits delivered). Such a model might look like this:



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Figure 3: Portfolio Management Business Capabilities Model

Once the core underlying capabilities in each of these areas are understood, an assessment of the current state can be undertaken, and an improvement path can be determined. For instance, there are a number of methods and functions for establishing expertise in maintaining portfolios of all types, including strategy portfolios, investment portfolios, project portfolios, product portfolios, resource portfolios, and more. The methods and functions needed to excel in each of these areas can be defined in terms of core capabilities.

Let's take strategy portfolios as an example. In the Portfolio Management Business Capabilities Model in Figure 3, core capabilities for the "Planning" capability group include:

- Strategic Alignment
- Scoring and Prioritization
- Funding
- Scenario Modeling
- Portfolio Optimization
- Brand Management
- Sustainability

An organization might decide to improve their strategic planning capability by improving one or more of these areas. Like any maturity path, however, it is important to know where to begin. Often, the best place to begin is at the end – with desired business outcomes and benefits.

III. Focusing on Outcomes and Benefits

Focusing the organization on outcomes and benefits ensures the best use of limited resources and helps drive more meaningful improvement efforts.

To start with, if we build upon the model in Figure 3, we can assess the typical business questions that would arise in each area. This helps determine which areas most need improvement. In other words, we need to work backwards from the outcomes and benefits. The best way to do this is to look at the challenge in terms of business questions, such as in the following example.



Figure 4: Sample Questions by Business Area

Making sure the organization has the right underlying capabilities, tools, and other enablers to be able to address these questions is the key. So, from the business questions you wish to target, you would then assess the core capabilities and enablers that can best address the issue at hand. Then, work efforts and improvement initiatives can be tied to ultimate business value, such as below:



Figure 5: High Level Outcomes

In essence, business questions lead to identification of needed portfolio management capabilities, which can in turn be used to determine the right enablers (i.e. processes, tools, and knowledge), with all of this being rolled up to ultimate business outcomes.

The PMO can facilitate this model, serving as a vital change agent, and becoming a crucial partner in helping their organization align scarce resources with high-value activities.

IV. 9 Key Ingredients for PMO Success

To recap an earlier point, PMOs have been too narrowly focused on project execution, at the expense of being a true player when it comes to organizational strategy and excellence. Beyond facilitating portfolio management capabilities, which is itself an important piece of the puzzle, there are other ingredients that contribute to successful PMOs. Here is a list of nine key ingredients for PMO success:

1. Outcomes/Goals/Customer Focus – Use business questions to determine and drive portfolio management capabilities that tie to ultimate outcomes and benefits. Help align the organization toward customer and business stakeholder needs. Speak the language of executives and customers.
2. Management Involvement – Ensure management uses the data from reports and systems, and is actively engaged in new methods; lack of management commitment is a leading cause of failure in PMO initiatives. Likewise, make sure managers have adequate visibility in terms of dashboards and analytics for effective decision-making and course correction.

3. Inclusion Over Compliance – Instead of being the methodology police, use capabilities and outcomes to engage people in improvement efforts and provide greater customer satisfaction.
4. Guidelines/Checklists Over Rules – Encourage the use of guidelines and checklists where applicable to minimize approval steps and bureaucracy.
5. Standardize Selectively – Rather than boiling the ocean, pick just a few areas that everyone agrees needs improvement and standardization; then move to other areas.
6. Knowledge Broker Approach – Focus on providing principles, leading change, and capturing and distributing knowledge rather than being a centralized bottleneck.
7. Keep it Simple – Quick Wins – Try to avoid overly complex or overreaching initiatives; aim small and achieve success in increments.
8. Get Regular Feedback – Incorporate customer feedback loops and lessons learned throughout each project to make adjustments on the fly as needed. Don't wait until the end of a project, when it's too late to make course corrections. Feedback-based adjustments can boost both customer and employee satisfaction. But be careful to avoid an overly laborious process trying to account for every situation. Consider checklists instead where appropriate.
9. Enable Innovation, Don't Stifle It – Help the organization make room for high-risk, high-reward innovation projects, and adjust methodologies and metrics accordingly. Encourage innovation in processes as well.

V. More About the Planview Business Capability Model and Further Reading

Planview developed the Portfolio Management Business Capabilities Model in Figure 3 to address how business capabilities can be applied to the discipline of portfolio management to examine capabilities across the entire investment continuum. In applying the model, you will find the next level of detail in how an organization delivers innovation and creates value through their business strategies.

Again, a PMO that can help elevate the organization's capabilities in portfolio management will be seen as a central component of that organization's ability to operate.

Planview offers Rapid Portfolio Management (RPM) solutions that are built upon extensively-researched portfolio management capabilities. Planview's RPM solutions integrate the best of Planview software, enablement, and deployment options to quickly deliver the benefits of robust portfolio management.

VI. Further Reading

For further reading, here is a selection of materials from which you can learn more about focusing your organization on outcomes and benefits for the best use of limited resources to innovate and change.

ON DEMAND WEBCAST

When Incoming Demand and Change Derail Your Annual Plan:

The Case for a Continuous Approach to Strategic Planning and Execution

With guest Margo Visitacion, Forrester Research, Inc.,

Carina Hatfield, Product Manager and Patrick Tickle, Chief Product Officer, Planview

Planview.info/ContinuousPlanning

WHITE PAPER

Agile Project Management: What's the Story?

By Jerry Manas

Planview.com/AgileStory

SOLUTION BRIEF

The Planview Solution for Integrated IT Portfolio Management

Planview.com/IntegratedITSolution

VII. About Planview Enterprise

Planview Enterprise is Planview's market leading solution for end-to-end portfolio management, from ideation through operational planning, execution, and value delivery.

All Planview solutions are integrated with proven best practices to help you build process maturity and maximize your return on investment. These adaptive best practices deliver a roadmap to success, providing process maps, document templates, tips and techniques, and more, all based on our cutting edge research.

Planview offers portfolio management solutions that help organizations embrace change by bridging the gaps between strategy, Finance, and operations. Through unique use of portfolios, Planview integrates ideation, strategy, investment planning, execution management, and Finance in order to provide a crystal-clear picture of value delivery at all levels of the organization.

With this holistic, integrated, and portfolio-driven approach, Planview can help you and your organization embrace change, create unity, and thrive in an environment that's defined by change.

To learn more about the comprehensive solutions Planview offers, please contact Planview at:

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VIII. About the Author



Jerry Manas, Senior Editor at Planview, is frequently cited by leading voices in the world of business, which often reference his best-selling book, *Napoleon on Project Management*, particularly its core themes of simplicity and focus.

Throughout his career as an author, speaker, and consultant, Jerry has built a reputation for taking complex information and processes and making them clear and accessible.

His work has been highlighted in a variety of publications, including *Leadership Excellence*, *The National Post*, *The Globe and Mail*, *The Chicago Sun Times*, and *The Houston Chronicle*. He has written numerous articles and appeared on radio programs nationwide.

In *Napoleon on Project Management*, Jerry drew insightful parallels between Napoleon's strategic brilliance and success in today's organizational and business worlds. The prestigious Kirkus Reviews called it "the ultimate case study in effective project management." The book has been published in eight languages.

His book *Managing the Gray Areas*, which brought new perspectives on resolving the most common leadership dilemmas, was hailed by Pat Williams, Senior VP of the Orlando Magic basketball team, as "a new path for leaders."

Jerry collaborated with the Creating WE Institute on the bestselling book *42 Rules for Creating WE*, which reached #1 on Amazon in Leadership, Management, Motivation, and Organizational Behavior. His book, *Project Lessons from the Roman Empire* examines lessons in leadership and communication from the rise and fall of Rome. Jerry's newest book is *The Resource Management and Capacity Planning Handbook* (McGraw-Hill), available September 2014.

Jerry is a founding member of [The Creating We Institute](#), an international thought leadership community dedicated to fostering WE-centric practices through collaboration, research, and publishing. A prominent voice in the blogosphere, he is co-founder of the popular blog [PMThink!](#) and a founding member of the Project Management Institute's New Media Council, which keeps abreast of trending topics.

At Planview, Jerry applies his passion and expertise to developing and evangelizing best practices in the areas of leadership, planning, execution, and value delivery. He also is focused on creating communities of practice around topics such as innovation, capacity planning, portfolio management, project management, and more. Jerry welcomes your comments and feedback. Contact him at jmanas@planview.com.

Planview is a global leader in portfolio management and project collaboration. From small teams to large enterprises, leaders in every industry rely on the company's cloud solutions to empower organizations to reach their goals and drive results by optimizing the capacity of their people and financial resources. Planview's singular focus fuels a deep commitment to innovation and customer success. For more information, visit Planview.com and Projectplace.com.

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