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## **The PMO as a Project Management Integrator, Innovator and Interventionist**

The competitive environment in today's marketplace is forcing business to be more flexible, responsive and efficient than ever before. Corporate resources deployed to achieve objectives are measured against changing priorities on an ongoing basis. Sustaining competitive advantage is a challenge that must be faced in HR, organisational and business process dimensions.

Competitive strategy drives capability. Delivery of capability is achieved through projects. The challenge for the executive team is to ensure that the project portfolio remains aligned to strategic intent. Change in strategy must be quickly reflected in project priorities.

Yet this is one area where many organisations fail. Corporate resources are frequently exhausted by abandonment or rework attributable to the delayed appreciation of changes to strategic direction. There is a significant need for an effective review and alignment between the capability being delivered and the evolving corporate strategy.

Additionally, the dynamics of precedence and authority between functional streams can mitigate the alignment process. Most areas of expertise align their value systems to internal priorities, frequently at the expense of corporate efficiency. True cooperation centred on commitment to high-level strategy is difficult to achieve.

This paper will explore the dynamics of integration, innovation and interventionist strategies as applied by the Program Management Office (PMO) to deliver project portfolios aligned with business strategy. The context for this discussion is the PMO function in large organisations.

It is important to understand that while the PMO shares tools, techniques and methodologies utilised by project managers, the fundamental role of the PMO is

operational. It is an ongoing function whose role is to ensure effective utilisation of corporate resources in delivering strategic capability. The success of a PMO can be measured by the degree to which the effective alignment of project delivery and current strategy is recognised at the executive level.

## **Integration by the PMO**

Integration is one of the core functions of the PMO. Integration can be described as the process of achieving shared understanding, cooperation and focus on the key issues impacting successful project delivery.

The process of integration specifically addresses:

- Strategic priority - understanding the relative importance of project deliverables in terms of current corporate strategy
- Resource allocation - ensuring that resources across the portfolio are assigned in line with strategic priorities
- Management of Dependencies - awareness of areas where projects impact on one another and on business operations
- Project schedule - alignment to high level milestones and dependencies between projects
- Program risk - understanding the relationship between individual project scope and strategic outcomes and the point at which strategy may be compromised
- Effective communication - the flow of useful information covering both context and actionable issues.
- Securing buy-in - driving the process of clarification and acceptance of accountability

The challenge for the PMO is not only to ensure integration between projects. Projects frequently interact with multiple functional areas and, in the end, deliver facilities that are handed over to operational staff for ongoing management. The PMO mandate as an integrator must extend to both project and operational issues.

### **Strategic Priority**

Prioritisation of initiatives is rarely explicitly documented. This in itself can lead to inefficient use of resources. Furthermore, when attempting prioritisation of initiatives across functional areas, like is not being compared with like. How do you determine the relative importance of a market research project and an upgrade to technology infrastructure?

From a PMO perspective, it is not important that a balance of priority is achieved across functional areas. What is critical is that the individual areas rank their own initiatives in order of priority as they see it, and that the order of priority can be justified in terms of contribution to corporate strategy. The executive manager for each functional area must own the prioritisation outcomes and be in a position to champion it to peers on the executive team, particularly as this may impact allocation

of budgets. Prioritisation is a strategic activity that must be owned at the highest level.

The PMO ensures that a prioritisation of initiatives is completed and documented. Under normal circumstances, attempting to assess relative priority between functional streams adds little value. After all, each area contributes to strategy according to its expertise. However, an explicit order of priority for initiatives forms a baseline for strategic planning and provides a meaningful framework for resolving competing claims for access to resources.

### **Resource Allocation**

At a strategic level, different industries enjoy different levels of competitive activity. For example, construction industry primarily competes on price and reputation. The level of competitive activity is stable. Telecommunications, IT and Banking on the other hand, are characterised by strategic differentiation around products and services. The levels of competitive activity are high and fluid.

In a highly competitive environment, resource utilisation becomes a key factor in securing competitive advantage. Once a response to a competitive threat is framed, the challenge for the organisation is to achieve a rapid realignment of resource infrastructure.

A response to a competitive threat usually demands a swift delivery of additional capability. Traditional organisational structures and management models rarely achieve the desired levels of flexibility and responsiveness.

The PMO adds value through imposing a discipline of ongoing review of initiatives against strategic priorities. Decisions on resource allocation appropriately remain with the executive team and functional managers. Where the PMO makes a difference is that the baseline for strategic planning and a framework for a rapid assessment of demands on limited resources is already in place. Quality assessment of capability to align behind emerging strategy becomes routine.

### **Management of Interdependencies**

Communication on key points of interaction amongst projects and between projects and operations functions is often poor despite the fact that projects impact on each other and on business operations functions. It is not unusual to find that two or more approved projects deliver similar infrastructure or incompatible functionality.

A given project within a functional area may be totally unaware of concurrent projects in other areas that may have material impact on its success. Projects managed from within functional streams have limited means for a broad review of dependencies. The PMO's cross-functional mandate provides the means to ensure effective scrutiny of dependencies.

Under the PMO's informed sponsorship, project plans can be evaluated for dependencies that may threaten project objectives and operational teams can be given an opportunity to carry out meaningful assessment of impacts on project detail and operational planning.

These reviews can be carried out as structured workshops facilitated by the PMO with a focus on efficient identification of key issues. The PMO review of dependencies can eliminate duplication or delivery of incompatible functionality that

would not otherwise be possible. Corporate benefit is derived through eliminating gaps, rework or provision of redundant functionality.

Furthermore, a strategic response usually defines both scope and timeframe for a required capability. Through assessment of dependencies and critical interactions across all initiatives, the PMO articulates program level milestones that require executive attention. Management control of corporate performance is enhanced.

### **Project Schedule**

Scheduling activity is initiated to define a timeline and logical staging of implementation activities. Its focus is usually on project scope, implementation techniques and a completion timeframe. Scoping of projects is an activity usually confined within the responsible functional area. Dependencies are identified to the limit of knowledge of assigned project staff.

As staff at middle management level are rarely informed of strategic initiatives across the organisation, it is almost a certainty that duplication or incompatible functions will be missed. The same limits on knowledge will prevent staff from fully identifying significant points for coordination with concurrent projects or operational program.

The PMO role gives broad visibility of initiatives. It's access to strategic priorities and objectives allow it to identify projects with overlapping functionality.

Additionally, the PMO role in championing project management excellence requires that all schedules be reviewed for appropriate technical standards. This ensures a level of familiarity with detail issues on projects that cannot be easily found elsewhere within the corporate structure.

With its broad overview, the PMO is in a position to define relevant program level milestones as well as the key coordination milestones, across projects and operations. These milestones are then incorporated into the project schedule and, along with significant project milestones, are identified for scrutiny through reporting mechanisms.

The PMO function ensures coordination between project plans. Even more, it provides a mechanism to ensure visibility of adverse impacts generated through issues in seemingly unrelated projects or operational activities.

### **Program Risk**

Risk assessment at project level is established good practice. Formal risk assessment at program or portfolio level is a less frequent activity.

Why carry out formal risk assessment at program level? Severity of impact and likelihood of occurrence may be differently perceived at project and program levels. Most project level risks would not warrant attention at program level. Why should this be the case?

At project level, elements of risk are assessed within the context of project circumstance, objectives and priorities. At program level, risk assessment must address impact on required strategic capability. It is not inconceivable that a situation could arise where some performance indicators at project level are not satisfied but that the project is seen to have succeeded from a strategic perspective.

Because program risk impacts strategy, review and assessment of program risk is an executive function. The PMO is the only entity in a corporate context that can effectively facilitate a review of strategic risk across corporate functions.

## **Communication**

Good communication is timely and relevant and specifically tailored to its intended audience. This ideal is rarely achieved, a fact lamented by all of us who have lost time in unproductive meetings.

Effective communication is best seen as knowledge creation and can be defined as information that is provided in context, is relevant and is actionable. Because unproductive communication activities can generate distractions leading to more unproductive activity, this is an appropriate area for attention by the PMO as the champion for best practice in project management.

So what tools can the PMO deploy to ensure effective communication? The key to PMO focus here is the need to build project knowledge, as defined above. Communication events should result in action. This will ensure their relevance. The action should relate to project objectives (context). The PMO can lead by example and promote an action focus for formal communication events.

For example, each meeting should have a clearly articulated purpose. The minutes of meetings should be confined to documenting decisions and actions. Brevity should be encouraged. The PMO can impact on the way meetings are run by providing templates for meeting agenda and minutes that must be used on all projects. The templates can require that the purpose of meetings be documented. Roles and contact information for attendees should be recorded for reference and for easy retrieval. Actions should be recorded in terms of responsibility and specific targets for completion, etc.

Additionally, guidelines can be prepared indicating the objectives, type and frequency for meetings and other communication events. Reporting tools can be structured to serve many levels of management in one document.

The PMO should be actively seeking ways to make communication events focused and productive.

## **Securing Buy-in**

Explicit accountability for issues or deliverables is one of the key factors impacting efficiency. While broad accountability is easily delineated, there are usually a multitude of actions or deliverables throughout the lifecycle of a project that are critical to project success but which frequently remain a grey area in terms of accountability.

These are often matters that relate to interface or dependencies between the project and other corporate entities. There is a natural inertia to claiming ownership for matters that are not clearly in one's specific area of responsibility. Early buy-in and ownership of issues is important for smooth implementation of a project and the PMO must drive a discipline of articulating explicit accountability as a routine function.

The PMO's most effective tool for securing buy-in and ownership of issues is the capacity to demonstrate clear relationships between strategic outcomes and project deliverables. The party with the greatest stake in the outcome or the technical

capacity for action must claim ownership. Resolving these issues is often made easier with an independent party facilitating or driving the process.

Securing buy-in is not an easy process - it demands courage and informed approach to issues. PMO's access to program detail and broad strategic issues, backed by its independence from functional streams, underpins its authority to challenge and drive ownership at all levels of management.

## **Innovation by the PMO**

Innovation is frequently seen as a tool to deliver competitive advantage. At a tactical level innovation revolves around new, more efficient or effective ways of doing things. On a strategic level, innovation is focused on insight. Both rely on a creative response driven by need and context.

While there is a commonly held view that creativity is innate and can not be taught, the likes of DeBono and others have explored formal tools to generate a creative outcome. Thinking outside the box is a valued attribute in competitive situations.

So what is the scope for the PMO to stimulate innovation in a corporate context?

The first point that needs to be made is that project management relies on a high level of sophistication in planning and process to achieve objectives. Operational areas rely on procedure and experience. These parameters define the boundaries of functional comfort zones. A creative response by definition involves moving perceptions outside comfort zones.

For the PMO, innovation need not be a quantum leap in understanding or outcome. Its focus is on creating an environment for functional effectiveness. This requires encouraging a culture characterised by cooperation and openness to ideas outside a given group or discipline. There should be as few barriers as possible to free-flowing exchange of ideas.

The second point to be understood is that an innovative approach identified in the early phase of a project delivers significantly greater benefits when compared to improvements arrived at in closing stages. Strategic focus on innovation should revolve around project initiation and scoping phases.

This is not to say that innovation in later phases of project delivery should be discouraged, it is simply a fact that the earlier an opportunity for better ways of doing things is identified, the greater the benefit.

The PMO actions to encourage innovative outcomes can include:

- Convening formal reviews at project initiation or scoping stages, with a broad representation of participants. The format is similar to value management workshops but with a focus on need and context that may stimulate a creative response. Broad participation and facilitation by the PMO ensures that insights from outside individual groups are given appropriate level of consideration.
- The PMO should, with the project manager, act to identify and agree on key points for project review by a wider forum. This will ensure that the project benefits from feedback by key stakeholders.

- The PMO must look for opportunities to challenge and push projects beyond comfort zones, focusing on overall strategic benefit.
- Experience should result in improvements. The PMO must ensure that the organisation learns from experience and that the learning benefits subsequent projects. Formal project closure reviews should be convened by the PMO with a focus on changes to process and procedures in order to internalise benefits from hard-won experience.
- Lead by example. The PMO should strive for higher standards of management excellence than what the organisation currently achieves. Tools developed and the management approach promoted by the PMO should be perceived as being embodied in the PMO. There should be consistency between policy and action.

## Intervention by the PMO

The PMO role requires a degree of intrusive overview. The PMO is not a passive observer. It is a proactive agent.

The PMO mandate requires ownership of some responsibility that would otherwise be held at project or functional area level. This includes both setting of standards for the project management discipline (methodology, tools, templates etc.) and development of job descriptions, assessment of candidates and making recommendations for appointment to project management positions.

For the most part, functional streams do not perceive PMO ownership of these functions as intrusive. It is the PMO's authority to challenge the way the business responds to competitive pressure that causes friction.

Tacit understanding can be reached amongst functional area managers to "go soft" on issues, ensuring that preference and strategy are addressed when allocating resources. This arrangement with the PMO acting on executive authority is unlikely. A low profile PMO that rolls over to pressure quickly loses strategic value and will be perceived as unnecessary.

So what are the areas in which PMO intervention in business function adds value to strategy, even though this may be subject to controversy?

To answer this question properly, we must first look at the capability of the PMO. What skill base and expertise are necessary for a PMO to succeed, particularly as embodied in its leadership? To succeed, the PMO must possess:

- leadership qualities backed by technical skill
- a strong grasp of corporate strategy and business acumen
- the capacity to work with and negotiate at all management levels and particularly the executive
- an ability to build positive relationships in difficult circumstances
- flexibility in approach coupled with tenacious hold to principle

- strong communication skills
- an innate appreciation of value that individuals bring to an organisation

PMO function brings it into direct contact with all levels of management and it must be able to earn their respect to be effective.

The scheduler must perceive and respect the PMO scheduling skill. Technical staff must perceive that the PMO understands their technical issues and values. The executive team must have confidence that the PMO appreciates the strategic vision and has the capacity to make informed assessments of issues. In short, all levels of management must trust the PMO's capability to do its job.

Armed with a broad based trust described above, the PMO can deploy interventionist strategies to maximise corporate value. These include:

- Driving the process of strategic prioritisation
- Challenging strategic priorities where this seems necessary
- Reviewing project plans and directing modifications if necessary
- Convening and facilitating alignment activities such as project reviews
- Pushing consolidation and restructuring of reporting to improve corporate knowledge and functional efficiency
- Auditing compliance with standards
- Setting program and project level milestones
- Initiating risk assessment activities, and so on.

The PMO as a proactive agent acting for the executive team must intervene to guide execution. However, this process must be carried out with a delicate touch and be based on mutual respect for ability. Trust is important. Being liked is not.

## Conclusion

As shown above, business strategy drives capability and delivery of capability is achieved through projects. To enhance competitive advantage, changes in strategy must be quickly reflected in project priorities.

A program management office equipped to act as an effective integrator, driver of innovation and with a capacity for a delicate touch in intervention, can provide an effective review and alignment function between capability and the evolving corporate strategy.

The PMO delivers enhanced corporate value through effective use of resources and the fostering of a corporate culture that is flexible with a capacity for swift response.