
Setting up and operationalisation of Enterprise PMOs

A. Why an EPMO?

Entities in private and non-profit/ governmental sectors need to constantly address change due to external and internal forces. These organizations maintain the master portfolio/sub-portfolios and launch programs and projects to address the change. As the extent of change becomes more complex, these organizations are confronted with following queries:

- Is our current portfolio aligned to our corporate strategy?
- Are we responsive enough to address the impacts of change?
- Did we select the right programs and projects to run? Are we investing in the right initiatives?
- Are we deploying our scarce resources appropriately to manage change? Are the change initiatives we run optimally balanced/sequenced to address our capability and capacity constraints?
- Are our governance processes and value tracking systems robust?
- How do we ensure consistency in delivery and enhance our delivery competency?
- Are we getting the right benefits from our change initiatives?

Enterprise PMOs (EPMOs, covering portfolio/ program and project offices) can enable addressing of the above questions towards safeguarding value and enhancing Project Portfolio (PPM) maturity of the organizations.

B. What is an EPMO?

An Enterprise PMO is a combination of permanent and temporary offices set up to support the change initiatives at various perspectives in an enterprise. The EPMO can include a centralized permanent structure to support the portfolio management functions, resourcing of PM skillsets and the Center of Excellence (COE) alongwith temporary offices to support specific programs and projects. Some large companies can have permanent multi-layered 'hub' portfolio offices to address regional and SBU specific requirements. The structure of the EPMO, to a large extent depends on the PM maturity of the organization and the number of change initiatives it runs.

C. What would be the composition of a full-fledged EPMO?

The full-fledged EPMO would include following offices supporting each other from multiple perspectives.

- a) A Centralized permanent Portfolio office
- b) 'Hub' Portfolio Offices which are permanent – where hubs could be geographies/ SBUs – as noted earlier, formed to accommodate region specific needs and sensitivities
- c) A standing permanent entity – Center of Excellence (COE) - to propagate the best practices and tool applications etc to manage change initiatives
- d) Temporary offices to support programs and projects, as required.

The functions and services provided by various offices are elaborated below.

C1. The centralized Portfolio Office

This office supports the 'master' portfolio of the organization and renders the following functions and services:

- Assistance to top management in building the portfolio and prioritizing the change initiatives which should be included in the portfolio, aligned to the strategic objectives of the organization
- Maintaining the 'big picture' of all the major change initiatives in the organization and providing decision support to enable right projects and programs get included in the portfolio
- Creation and maintenance of management dashboards to portray the progress of change initiatives to multiple levels of stakeholders – especially the top management/ key decision makers
- Assisting in governance, especially for robust risk management, issue escalation management quality assurance and assistance during gated reviews.

As noted earlier, large companies may have individual hub offices reporting to the centralized portfolio offices. These hub offices can lend support for prioritization of local change initiatives, resource management, country/SBU-specific dashboard configuration management, dependency management of multiple change initiatives running in the organization etc.

Both the centralized and the hub offices are also responsible for tracking project/program progress, ensuring value for money is obtained and benefits are realized for programs. Another key function they play is to enhance the visibility of the change initiative progress to the top management, ensuring their buy-in, confidence and improving organizational accountability/transparency.

The portfolio offices can also maintain a flexible resource pool, consisting of Project Management subject matter experts, who can be loaned to functional departments to start and run the programs and projects effectively. This structure is generally seen for 'internal' projects/ programs executed for a performing organization.



C2. Center of Excellence (COE) functions and services

As the name implies – this office sets various standards for program and project management planning and execution (including processes, templates, tools to be used). In addition, the COE can assist the organization by:

- Maintaining the Lessons learnt/ Knowledge databases creation and updation and providing access
- Maintaining the best practices/ Metrics updation
- Tools management for project/program management
- Capacity building through trainings facilitation etc,
- Providing internal consultancy to projects and programs

In some cases, the COE can provide independent assurance function to ongoing projects and programs.

C3. Temporary Project/ Program offices

These offices are set up and run with the concomitant projects and programs and are thus temporary in nature. Such offices provide a range of services to the respective project/ programs – as in:

- Assisting in project/program planning and resourcing/ tracking its progress
- Dependency management
- Customising dashboards and tool configurations specific for the context of the change initiatives
- Providing services during project kick off, project reviews and closure
- Assisting the program/ project manager in specialized functions like procurement, vendor management, finance, stakeholder/communication , issue and risk management
- Benefits lifecycle management for the programs

Typically , the centralized portfolio office and the COE report to the Director of Strategy (or similar) at the Corporate level. Hub offices report to the head of the hub (like a regional director). The temporary offices report to the respective project/ program managers, while maintaining a communication linkage with the centralized portfolio office.

D. How to set up the EPMO?

Setting up the permanent office can itself run like a program. Following are the major steps envisaged for this set up, which can be customized to specific situations.

i) Understand the ‘As-is’ state:

Before embarking on an EPM implementation, it is necessary to understand the ‘as-is’ state of the organization. This can include assessing the status of current change initiatives of the organization, their alignment to corporate strategy, resources deployed, issues faced and the expectations from the top management.



More importantly, the organizational maturity in terms of Project and Program Management needs to be assessed. Couple of toolsets provided along with models like OPM3/ P3M3 etc can facilitate this.

If a current EPMO exists, the functions and services provided by the EPMO need to be assessed. An outline goal statement for the proposed implementation (like a vision for implementation) will get created here as a communication mechanism to various stakeholders. The implementation team will get this vision statement agreed with the Sponsor for the program for EPMO implementation. The implementation team needs to have multifarious skills including in project and program management, organizational change management, EPM tool selection and configuration/ deployment and management reporting. Specialist resources from functions like finance, vendor management, risk and benefits management can be co-opted as needed.

ii) Define the ‘To-be’ state after EPMO implementation

The implementation team needs to assess:

- 1) Who are the major stakeholders (impacting/ getting impacted by) the EPMO implementation, their interest levels and influence factors
- 2) What will be target operating model for the EPMO implementation? This can be assessed by agreeing on the functions and services to be provided by the EPMO and which maturity level for PPM implementation the organization needs to move to – after the implementation.

It is necessary to analyze the target operating model from multi-farious dimensions – such as:

- Which are new processes for the change initiatives lifecycle management need to be in place? What type of skillsets the PPM implementation teams need to possess?
- What type of reporting structures need to be designed?
- Which is the tool support required to support the PPM implementation?
- What types of information flows, management dashboards, escalation paths to be supported for PPM implementation?
- How the change initiatives need to be governed? What types of governance structures need to be in place?
- How to get the top management buy-in? Especially how to change the culture of the organization?

3) Develop metrics for assessing the success of EPM implementation

These can include say, Extent of cost/ time overruns for projects/ programs, extent of benefit realization against plans, compliance to processes (as assessed during audit reviews), efficacy of risk responses, stakeholder satisfaction and the maturity improvements in PPM implementation etc.

iii) Identify major risks concerning the EPM implementation

All EPM implementations do not go smoothly. The challenges being faced by the EPMS can be multifarious – depending on organizational maturity and more importantly, the culture of the organization. The implementation team needs to consider the following risks:

- Top management may not give sustained support for the EPMO implementation
- EPMOs are seen as cost centers and disbanded during the financial crunches
- Resistance to change by the impacted staff may derail the implementation
- Lacking a holistic view - too much focus on tools or processes or dashboards – leading to a lopsided implementation
- Lack of authority – leading to EPMO being relegated as an office for information management

It is the responsibility of the implementation team to identify these risks and escalate to the EPMO implementation Sponsor (who should ideally a C-level executive) for appropriate resolution.

iv) Develop a Business Case for EPMO implementation

The business case can contain the major objectives of the EPMO implementation, proposed timelines and costs, major stakeholders and risks and the value proposition. The Sponsor for the EPMO implementation is the owner for the business case and it would become their responsibility for selling this to top management and securing the necessary funding for EPMO deployment.

v) Develop a phased implementation plan.

This needs to consider the budgetary constraints, resourcing issues, need to enhance the maturity gradually etc. The EPMO implementation team manager can prepare this- in consultation with the Sponsor.

The implementation plan and the business case need to be approved by the top management – before its deployment.

The EPMO implementation will include deployment of the right skillsets, communicating with right stakeholders, assessing the risks for EPMO implementation and addressing them and periodic assessment of the progress.

Typically the implementation can last from 12-18 months for a large sized organizations- running few hundreds of change initiatives. It needs to be reckoned that in large organizations, the EPMOs need to be ‘refreshed’ rather than implemented anew, in which case, the implementation timelines can be shorter. Periodic reviews can be taken to assess the progress and the viability of the business case.



Once the required outcomes have been achieved and the benefits stabilized, the EPMO implementation program can close and the implementation team can be disbanded. The newly formed Portfolio office and the COE can take on from here to render support to the portfolio and for other change initiatives. It is essential to collect necessary data points and configure the PPM implementation tool appropriately before the sign-off can occur.

E. Setting up and running the PMOs for a specific change initiative

Whereas the previous model focused on setting up and operationalising ‘permanent’ EPMO (alongwith COE), here the focus is on setting up a PMO function aligned to a specific change initiative (project or a program). This PMO will be staffed from the resource pool provided by the central portfolio office and it can customize the processes and templates provided by the COE, specific to the context of the change initiative.

They can render following additional services to the specific change initiative concerned:

- Establishment of the common tool support and information flows for the project or program to align with the reporting requirements to the top management
- Maintain the master databases and documents, including provision of configuration management services
- Assist in rapid start up of projects and programs through facilitated workshops, assistance to the project or program manager in risk and issue management (including those arising out of dependencies), stakeholder and communications management etc
- Assist the change initiative manager in updating the status / assist in managing quality standards
- Assist in specialized functions like vendor management, budgetary control, resource management, providing access to strategic and governance oriented documents to concerned stakeholders
- Running lessons related meetings and providing a reverse feedback to strategy and to the COE
- Benefits lifecycle management assistance (for the programs) / performance management
- Providing administrative and secretarial support to the project/ program manager

F. Challenges facing the PMO and their possible remedial measures

1. The Top Management commitment is very crucial to set up and ‘incubate’ the EPMO in the initial stages. The expectations from the EPMO become enhanced as time passes by and disenchantments can occur, in case the early benefits are not visible to the top management.
2. The EPMO implementation team and the deployment team should include seasoned project/program managers, winning the confidence of other PMs. Sufficient authority should be vested in them- so that the change initiative managers provide necessary status reports as needed and be able to induct the ‘good processes’ and have confidence in EPMO services.



3. The EPMO needs to be funded appropriately- as it undertakes both ‘development and governance’ roles. The funding can come from functional organizations- who get benefits by the projects they undertake, with the funding for common functions/services/ development of common standards coming from the corporate.

It is also important that the EPMO does not get into ‘turf wars’ with functional and/or project managers and getting ‘entangled’ into organizational politics. Project/program Managers should not be seeing PMOs as structures increasing bureaucracy, hindering progress etc.

G. Summing up

As a ballpark, any organization which manages atleast 20 change initiatives will most likely require a formal structure to plan, implement and monitor these initiatives . Most of the large organizations have ongoing PMOs, which sometimes provide disjointed services to various change initiatives. In this white paper, we have outlined the major steps involved in setting up and operationalising the EPMOs. Based on the complexity of implementation, the route-map needs to be refined still further.

The critical success factor for successful EPMO implementation is sustained top management commitment and adoption of a change culture. If these do not exist, the established EPMOs could be disbanded, as they would be seen as a more of cost centers or reducing to ‘reporting offices’. Successful EPMOs have been able to portray their value proposition and enhance the capability and the PPM maturity of the organization, which is the outcome of a successful implementation.