

## **Project management maturity assessment- an overview of the P3M3 model**

As companies scale up, they face critical challenges in project management. These challenges relate to homogenisation and standardization of the techniques used, consistency and repeatability in delivery, forecasting delivery performance and ramping up resource capability/ capacity.

Organizations undertake PM maturity assessments, which highlight their areas of strength and improvement. Such a maturity assessment also gives a sharper focus for business justification for investments in new projects, strengthen governance systems and enable benchmark themselves against industry standards/ competitors.

These maturity assessments need to consider multiple perspectives. Companies who focus just on training or installation of tools, usage of a particular framework only, may not acquire or sustain the required level of maturity.

The key practices which need to be embedded before an organization moves to the next level of maturity have to be understood. The failures in project management can be attributed to multiple factors including poor or inadequate scoping, lack of governance or enforcement, team or supplier competencies and more importantly , organizational culture and appetite for improvement.

The advancement across project management maturity levels is to be viewed as a journey – rather than a short term tactical win. An organization needs to demonstrate and sustain the competencies in a maturity level, before moving up to the next level of maturity. Herein, we discuss the basics of the P3M3 (Portfolio, programme and project management maturity model) from AXELOS, as applicable to the project perspective, in a user-friendly description.

In **Level 1 – ‘awareness’** – there is a basic awareness that projects ought to be run different from operations. Nonetheless, this awareness and the application is more event based. There will be little guidance or usage of common terms across the organization on project management. Whereas some projects may become successful due to heroic efforts or even ‘stroke of luck’, such companies tend to abandon good practices in terms of crises and go into chaotic practices.

In **Level 2 – ‘repeatable or personalized’** – usually some ‘star performers’ emerge, who are able to apply better processes to the project management. But such efforts are highly individualistic/ fragmented and there no uniformity or cross-exchange of lessons across the star performers. Schedule and efforts are tracked more systematically for individual projects. There are considerable inconsistencies in the organization how do they track time and cost overruns, or how do they apply best management practices. Stakeholder engagement and communication strategies are weak.

In **Level 3- ‘defined’** – there are well defined and centralized processes on how to initiate, plan, execute, control and close projects. Defined ownership exists for control and improvement of such processes – usually vesting with a PMO.

Companywide training and skill-set enhancement workshops, peer reviews and establishment of quality management systems will be prominent in this level of maturity. There is a clear understanding of interrelationships between artefacts, processes and tools. Customization of the standard processes is done as per project requirements.

In **Level 4- 'managed'**, quantification predominates. Metrics are collected on project cost and time overruns, defect densities, effort estimates and so forth. Robust quality systems will be in place to put in place cause and effect systems. Top Management will get a handle on the fundamental issues which are affecting the performance. The PMO needs to institute a strong PMIS to collect data and produce dashboards for better management decision making. Knowledge portals will begin to share information.

In **level 5- 'optimized'**, the organization can proactively assess the project requirements needs in the light of changing business requirements and retune its processes and capability skill-sets. Project personnel can share the lessons proactively through lessons learnt. The concepts of governance, performance monitoring and benefits realization will be well embedded within the organization.

As per P3M3, there are seven perspectives which need to be considered. They can be customized at the project level as needed. These perspectives and their connotations are stated below.

#### **1. Management Control :**

This perspective covers how a project is managed and controlled – including performance of tollgate reviews, project progress review systems , robust issue management and setting up of tolerance limits

#### **2. Benefits Management:**

At the project level, benefits management is more tightly linked to scope management. There should be a clear linkage between project scope and the benefits it confers. It will also cover how effective transitions are planned and controlled. Change management workstream would be built into project delivery. Clear ownership of the project deliverables is another key characteristic.

#### **3. Financial Management:**

This perspective considers how effectively all the project costs are captured and tracked. It will also consider preparation of a robust business case and tracking the viability of the project. For some projects, this could relate to effort management (where finances are not explicitly tracked).

#### **4. Stakeholder engagement**

Stakeholder analysis, communications management and stakeholder engagement are critical aspects of every project.

#### **5. Risk management**

This perspective focuses on how strong the organizational processes for the risk management lifecycle. Institution of effective risk management methodology is a key factor here.

**6. Organizational governance**

This looks at how the projects are getting aligned to the strategic objectives of the organization. At the project level, the interlinkages are stronger with the program level and hence it is given primary focus. Compliance to organizational, regulatory and compliance frameworks is also assessed here.

**7.Resource Management**

This perspective looks at how effectively organizational resources are used for the projects. Supply chain management, vendor management, information management are also aspects covered here. Capacity planning, skillset enhancement are other key factors considered.

Herein now we consider the major attributes for assessing the PM maturity levels.

**1. Management Control**

Level 1: Selective use of PM processes. Ad-hoc configuration management. No knowledge sharing. Experienced people lack training. No standard roles and responsibilities defined.
Level 2: Some experts grasping the need for project management. Local and ad-hoc issue management. Local progress monitoring reports. No tracking of business impact of projects. Local file sharing arrangements. Local sharing of knowledge and limited trainings. Ad-hoc estimation procedures.
Level 3: Uniform processes adopted for project management across the organization. Robust toll-gate reviews. Issue and change control procedures get integrated. Clear traceability of requirements. Clear sign-off and handover responsibilities. Rigorous end stage assessments. Robust planning. Dependency management and good estimation practices in place.
Level 4: Projects initiated or stopped based on viable business cases. Robust knowledge management. Development plans for all team members in place. Proactive inputs from project steering committees. Inter-project dependencies clearly managed. Dynamic configuration management systems. Current trend analysis and metrics based measurements. Plan progress is maintained uptodate. Personalised improvement plans.
Level 5: Underlying causes for poor performance are identified and eliminated. Proactive knowledge management. Previous lessons used to correct current plans, Skills embedded in decision support processes.

## **2. Benefits Management**

Benefits management at the project level relates how benefits can be correlated with project outputs.

Level 1: Outcomes not recognised properly. No idea on which benefits are to be managed. No planning for realization of benefits
Level 2: Project business cases contain references to benefits. Differentiation between outputs, outcomes and benefits understood. No systematic way to measure benefits post-project. Benefits documentation available in the commencement of the project, but not maintained fully. Benefits managed differently by different areas. Roles defined sporadically
Level 3: Measures of project success becoming explicitly defined. Projects have a defined benefits review plan. Independent reviews take place. Centrally managed role definitions
Level 4: Procedures to identify and eliminate double-counting of benefits. Benefit reviews take place rigorously. Balanced scorecards in place. Clear ownership of benefits. Trends in benefit realization are highlighted.
Level 5: Clear linkage between strategic decision making and benefits realization management. Active dependency and transit on management. Inherent knowledge transfer procedures

## **3. Financial Management**

Financial management at the project level can also connote to efforts management in some projects.

Level 1: There is very little control or accountability of expenditure at the project level. No clear processes for estimating costs for business case. Effort / schedule estimates are lacking
Level 2: Project business cases produced in diverse formats with varying assumptions. No uniformity in estimating of costs. Budgeting processes are inconsistent or personalized. Limited information sharing.
Level 3: Centrally established processes for budget management. Project managers monitor costs as per established guidelines. Issues and risks assessed in financial terms. Clearly defined authority levels for financial decision making and procurement procedures. Full cost estimation for project business cases. Centrally agreed business cases and set project milestone tollgate reviews.
Level 4: Prioritizing investments based on business cases. Release of funds optimally for the projects. Business case being at the core of funding,. Budgeting and tracking systems well set and used. Formal business case reviews being done at the tollgate reviews. Trend analysis and knowledge management procedures used formally.
Level 5: Fully integrated financial management procedures. Costs and financial approvals clearly integrated. High degree of accuracy in financial management. Knowledge transfer happening seamlessly.

**4. Stakeholder engagement**

<p>Level 1: The concept of stakeholder engagement may be known but undefined. Ad-hoc basis of communication</p>
<p>Level-2: Personal equations matter in stakeholder engagement. Most of the stakeholder analysis is rudimentary – limited to what stakeholders are interested in. Localised communication management systems, transmitting information. Key messages are delivered inconsistently – and no feedback is taken on their efficacy. Localized, ad-hoc style of communications management</p>
<p>Level-3: Centrally defined approach for stakeholder identification and prioritization. Corporate communications involved in stakeholder engagement. Projects explicitly consider stakeholder needs and key stakeholders are involved in decision making. PMO is actively involved in communications management. Information is regularly refreshed and updated.</p>
<p>Level 4: More sophisticated stakeholder engagement – including segmenting and developing specific messages for different segments. Critical stakeholders are embedded in the decision making process. Current information is shared across various stakeholders</p>
<p>Level 5: Stakeholder engagement embedded into organization’s culture. Communications are proactively sent for better impact</p>

## 5. Risk Management

<p>Level 1: Risks are identified but not recorded consistently.  The focus is more on issue management – rather than risk management.  Risk identification is one-off and classified arbitrarily and not followed up after initial recording. Ad-hocism in risk management</p>
<p>Level 2: Individualized risk management procedures.  No correlation with the effects of the past for the risks.  Risk register may be used – but the escalation and risk response are ineffective.  Risk management is not aligned to stage assessments. Inconsistent assessment of risks.</p>
<p>Level 3: Project risk management defined consistently with organization’s risk management policy.  Standard risk management tools used consistently.  Risks are reviewed and opportunities are also identified (not only threats).  Risk audits are done regularly and efficacy of risk responses assessed throughout.  Independent reviews take place.  Interdependency management across and within project takes place proactively.  Project business case contains reference to risk management.</p>
<p>Level 4: Risk management is embedded in the project lifecycle and the value of risk management can be demonstrated.  Aggregate risk exposure tracked at the project level.  Evidence of lessons learnt being used for project reviews and risk management lifecycle.  Risk register is constantly updated and end-phase reviews happen properly.</p>
<p>Level 5: Top management has a clear visibility of risk exposure from all the projects.  Risk assessment underpins all decision making.  Organizational risk management policy and process guide updated periodically.  Strong links of risk management to financial management.</p>

## **6. Organizational Governance**

<p>Level 1: Project start without due diligence and no signoffs occur during the project closure.  Level of authority for the project manager is questionable.  Many of the senior management are not aware of the project or its objectives.</p>
<p>Level 2: Ad-hoc controls. No strategic control. Locally produced mandates and decisions.  ‘Pet or run-away projects’ in existence. No clear linkage to strategy. Project steering committees existing as consultation groups rather than decision making authority.</p>
<p>Level 3: Centrally defined organization controls. Clear definition of roles and responsibilities.  Clear line of sight between the project and the strategy. Auditable decisions. Governance and compliance regulations in-built. Clear business cases, strategy oriented trainings.</p>
<p>Level 4: Project Manager roles embedded within larger organizational role. Decision making effectiveness feedback obtained and improvements sought. Strategic changes communicated to project steering committees. Performance correlated against business performance.  Newer initiatives started taking into account the risk / capability and capacity availabilities.</p>
<p>Level 5: Evidence of continual improvement. Project roles and responsibilities linked with organizational roles. Business reasons predominating closure of poorly performing projects. Clear evidence of lessons learnt being applied to ongoing projects. Project management competency embedded as a part of business excellence. Proactive knowledge transfer.</p>

## **7. Resource Management**

<p>Level-1: There is some awareness on resources needed for the project. No systematic planning for resource acquisition. Minimal reporting on resource utilization. Resourcing profiles are not considered during staffing.</p>
<p>Level 2: Individual projects take their route for resource acquisition. No centrally controlled standards. Resource requirements do not consider handover to operations. Resource overloading for key resources. Localized knowledge sharing.</p>
<p>Level 3: The organization has centrally defined and adopted resource management practices. Clear guidelines for when the work has to be outsourced and for vendor management. Clear guidelines to manage peaks and troughs of resource management. Resource management also spans non-HR resources. Clear guidelines on induction planning and control. Forums exist for organizational resource management.</p>
<p>Level 4: Resource management is done at the organizational level with a strategic intent. Resource utilization is monitored and tracked effectively. Training focussed on performance improvement. Minimal dependencies on key individuals. Strong supply chain management and vendor management processes. Resource management becoming a key factor in prioritizing resources.</p>
<p>Level 5: Load balancing and continual improvement are in place. Technical capability enhancement aligned with business needs. Active supply chain in existence for optimal resource deployment and utilization.</p>