wrench Academy

DIGITAL PMO (DPMO) WHITE PAPER

A Project Management Office (PMO) is a centralized organization responsible for defining and maintaining project management standards and practices across an organization. The purpose of a PMO is to provide governance and support to projects, ensuring that they are aligned with the organization's strategy, delivering value, and meeting business objectives.

The Need for a PMO:

Improving project success rates:

A PMO can help organizations improve their project success rates by providing a structured approach to project management, ensuring that projects are aligned with the organization's strategy and objectives, and by providing support to project teams.

Aligning projects with business objectives:

A PMO can help organizations align their projects with business objectives by providing a centralized point of control, ensuring that projects are aligned with the organization's strategy and objectives.

Improving project governance:

A PMO can improve project governance by defining project management standards, processes, and tools, and by monitoring project performance to ensure that projects are delivering value.

Providing a centralized view of project portfolio:

A PMO can provide a centralized view of the organization's project portfolio, ensuring that projects are aligned with the organization's strategy and objectives.

Types of PMOs

According to Gartner, there are four basic types of PMOs

Centralised PMO

- Centralised platform for knowledge and experience sharing by the experienced performers with the inexperienced, so that work can happen
- Processes are not defined / standardized

Compliance PMO

- Establishing standard practices
- Focus on establishing system for monitoring & controlling variances
- Audits

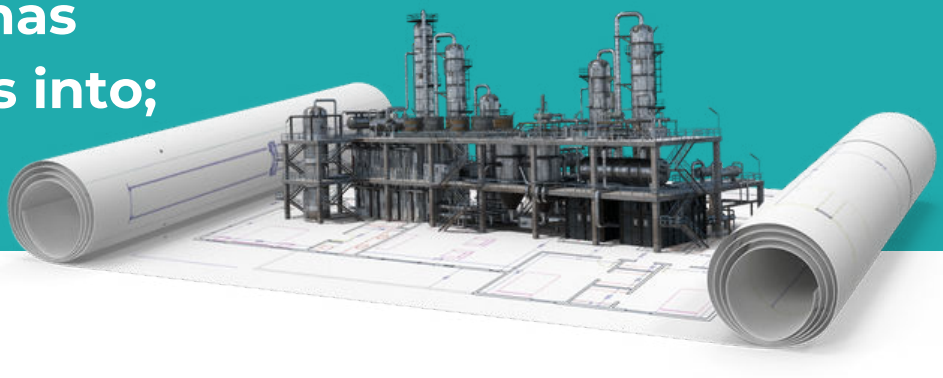
Delivery PMO

- Planning & controlling the tactical execution of projects
- Promotion of proactive project management
- Repeatable processes and techniques
- Results based culture

Activist PMO

- Enabling approach as opposed to controlling approach
- Reviews business cases of project proposals
- Project portfolio dashboard-based monitoring & control
- Results based culture

Project Management Institute (PMI) has classified PMO's into;



Directive PMO

- Directive PMO - The directive PMO is the highest level of the PMO roles. They maintain a strong degree of control over many aspects of the project, and they often communicate directly with stakeholders and clients, as well as work intimately with the CIO.

- Directive PMOs usually hire and assign project managers and serve as their guides and supervisors. They will be an important part of project planning and managing an organization's projects throughout the lifecycle in terms of scope, budget and timeframes.

- Project performance can often be linked to the active participation and initiatives set out by a directive PMO system.

Controlling PMO

- The next level PMO according to the PMI breakdown is the controlling PMO. They have a good degree of control over managing projects but not as much as the directive PMO.

- The controlling PMO approaches project control as someone who enforces the guides and practices agreed upon in the project charter, as well as being in charge of conformance and compliance.

- They also make sure everyone is using the right tools, and has some oversight over resource management. In less complex projects, it is possible to adopt a PMO in between directive and controlling.

Supportive PMO

- The supportive PMO is the third type of PMO according to the Project Management Body of Knowledge, or PMBOK. This type of PMO has very little direct control over the project, but instead serves as project support for when team members ask for more guidance.

- In other words, one can say the supportive PMO is a consultant. The supportive PMO system is also used for helping to onboard and train staff, arrange shared templates and common analysis metrics.

- As far as the right PMO for one's project management methodology, the supportive PMO should not have much of a say in prioritization, but when it comes to real-time change management, it is useful.

Key Components of a PMO:

- **Project management framework:** A project management framework is the foundation of a PMO, providing a structure for managing projects, and ensuring that projects are aligned with the organization's strategy and objectives.

- **Project management tools and technologies:** Project management tools and technologies are essential for the successful operation of a PMO, providing support for project planning, execution, and control.

- **Project portfolio management:** Project portfolio management is a key component of a PMO, providing a centralized view of the organization's project portfolio, and ensuring that projects are aligned with the organization's strategy and objectives.

- **Resource management:** Resource management is critical for the effective operation of a PMO, ensuring that the right resources are available at the right time to support the delivery of projects.

- **Performance management:** Performance management is a key component of a PMO, providing a mechanism for monitoring, reporting and forecasting on project performance, and ensuring that projects are delivering value.

Key benefits of having a PMO

A well-designed and implemented PMO can help organizations to achieve their business objectives, and to compete in an increasingly competitive business environment.

- **Monitoring:** This involves regularly tracking the progress of the project against the project plan and identifying any variances or issues that need to be addressed. This includes monitoring cost, schedule, and quality, as well as any risks or opportunities that may arise.
- **Controlling:** This involves taking corrective action to address any issues identified through monitoring, and to keep the project on track. This includes controlling costs, schedules, and quality, as well as managing risks and opportunities.
- **Cost Control:** This involves monitoring the project costs, identifying and addressing any cost overruns, and taking actions to stay within the project budget.
- **Schedule Control:** This involves monitoring the project schedule, identifying and addressing any delays, and taking actions to keep the project on schedule.
- **Quality Control:** This involves ensuring that the project meets the specified quality standards, and taking corrective action if necessary.
- **Risk Management:** This involves identifying, evaluating, and managing project risks.
- **Change Management:** This involves managing and controlling changes to the project scope, schedule, and budget.

Digital PMO (DPMO)

A Digital PMO (Project Management Office) is an organizational unit that uses digital tools and technologies to manage a portfolio of projects, programs, and initiatives. Implementing a Digital PMO can bring several benefits to an organization:

- **Continuous Alignment:** Digital PMOs can help organizations to better align projects and programs with strategic objectives, by providing real-time data and insights into portfolio performance.
- **Increased Visibility:** Digital PMOs can provide increased visibility into project performance, by using digital tools to track progress, identify issues, and generate real-time reports and metrics.
- **Enhanced Collaboration:** Digital PMOs can facilitate collaboration among team members and stakeholders, by using digital tools to share information and documents, and to communicate in real-time.
- **Better Decision Making:** Digital PMOs can enable organizations to make data-driven decisions about resource allocation and portfolio performance, by providing real-time data and insights into project performance.
- **Reduced Costs:** By automating processes and reducing manual effort, digital PMOs can help organizations to reduce costs and improve efficiency.

- Better risk management: By monitoring project performance in real-time, digital PMOs can help organizations to identify and manage risks more effectively.

- Scalability: Digital PMOs are easy to scale up or down, depending on the size and complexity of the project portfolio.

Overall, a Digital PMO can help organizations to improve project performance, increase efficiency, and make data-driven decisions about resource allocation and portfolio performance.

Critical success factors for implementing Digital PMO (DPMO) ?

A well-designed and implemented PMO can help organizations to achieve their business objectives, and to compete in an increasingly competitive business environment.

Start with the end in mind- dashboards

- Always top driven
- Closer to the decision maker- able to show case quickly- large screen etc

Stakeholder engagement

- Identify key stakeholders (reviewers, decision makers, influencers)
- Organizations / functional departments participation

Scope

- Define the key pain point / points the dPMO must solve
- Identify the best fit solution (reduce customization)
- Prioritize Top 3-5 Modular Solutions in order of preference for the Customer (MVP)

Schedule

- Define the major milestones
- Identify risks prioritize / reprioritize based on delivery capabilities.
- Define the major milestones with dates

Start implementation (execution)

- Always work on Early-Stage Live Projects data, ensures better user participation. This will also provide leadership attention to support timely launch
- Streamline implementation plan continuously based on the actual progress
- Have legacy data strategy
- Feature implementation vs Prioritizing Modular Rollouts in the order value creation - Using scope sections top 3-5 customer priority modules.
- Early simulation and detect failures with stakeholders
- Adapt changes with intent to Go live and break endless testing cycles

Go-live

- Stop all parallel reporting.
- Do not wait for all processes to be in place for all drill down analysis, use existing weekly and monthly reports data
- All go live points helps to create positive engagements
- Ensure active use by User teams - More The usage less their propensity to reject the system
- Do not business process reengineer while creating dashboards – use as is
- Be firm and conclude promptly once clarity is in place.

Conclusion

Digital PMO makes it possible to;

- Get accurate and real time project progress information any time through fully automated, intelligent and customizable dash boards

- Get notifications on outliers or exceptions (cost, schedule, risk, quality, safety etc) so that management teams can focus on the problematic areas (management by exception). This saves lot of effort and improves the overall effectiveness of project management.

- Perform forecasting of cost and schedule, facilitating proactive project management. The ability to prevent problems before they occur reduces slippages and overruns.

- Build compliance into the digitalized workflows, eliminating the need for time consuming audits, corrective and preventive actions.

- Create accurate current / historical data repositories for effective integration with other tools.

Digital PMO can perform many of the mundane activities performed by traditional PMOs more efficiently and economically with the help of affordable cloud-based tools.

- Most of these tools are available on subscription model, which makes them extremely affordable even for small organizations.

- The best of the digital PMO tools have built in industry best practices and eliminates the need for compliance audits as there is no room for deviations in digital workflows.

- The accurate data repository created by these tools comes in handy for data-based decision support which speeds up decision making and integration with other systems.

- Adoption of digital PMO will help the PMO staff to focus on activities which will deliver strategic value to the organization thus converting them into VDOs (Value delivering organization).

Background & Research

This white paper is co-authored by Wrench Solutions and Wrench Academy. This report created leveraging the experiences of the Implementation, Product engineering, Sales & Marketing and the Domain expert teams at Wrench Solutions along with the industry best practices and trends.

Wrench Solutions, the makers of 'SmartProject', the Digital PMO software which is widely used in infrastructure projects have associated themselves with 10000+ projects across the globe. Wrench Solutions is one of the pioneers in project management software for the EPC industries, celebrating its Silver Jubilee 25th anniversary in 2023.

References and Appendices:

- Four types of PMOs that deliver Value - https://www.gartner.com/smarterwithgartner/4-types-of-project-management-offices-that-deliver-value

- Wrench Solutions Coporate website https://www.wrenchsp.com/digital-pmo