2009

PMO of the Year

Rockwell Automation
Software Program Management Office

Finalists

Alcatel-Lucent
Global Program Management Office

Australian Securities Exchange, Ltd.
Enterprise Wide Project Management Office

Cisco Services
Office of Strategy & Planning

Regence
Enterprise Program Management Office

pmsolutions
»*research*

Contents

PM Solutions' Research
2009 PMO of the Year Award

PM Solutions' Research Project Management Office of the Year Award is presented in recognition of excellence and innovation in developing and maturing an organizational structure to support the effective management of projects. It is a showcase for PMOs that have demonstrated vision and business acumen in implementing new ideas, methods, or processes that led to measurable improvements in project management realizing tangible business benefits for their organizations.

The 2009 PMO of the Year is Rockwell Automation's Software Program Management Office. Finalists include (in alphabetical order) Alcatel-Lucent's Global Program Management Office, Australian Securities Exchange Ltd's Enterprise Wide Project Management Office, Cisco Services' Office of Strategy & Planning, and Regence's Enterprise Program Management Office. As you'll see in the following case studies, these PMO's demostrate best practices we can all learn from.

Jim Pennypacker, Director
Jeannette Cabanis-Brewin, Editor-in-Chief

About the PMO of the Year Award

Eligibility
To be eligible to receive the PMO of the Year Award, the applicants needed to be the directors or managers of the PMO nominated. All corporate and government PMOs were eligible to apply. Submissions from third-parties on behalf of a PMO were not eligible.

Judging
The panel of judges consisted of members of the PM Solutions' Research KnowledgeBoard (2009 Judges were PMO experts Dr. Ginger Levin, Dr. Parviz Rad, Randall Englund, and Margo Visitacion). The judges evaluated the entries independently according to specified criteria (see page 4) to ensure consistency between judges and a level playing field. All decisions by the judges were final.

Applications
The award submission process was done electronically. To apply, nominees visited www.pmsolutions.com and followed the steps described below.

1. Downloaded the 2009 PMO of the Year Application Form (available in August 2009), which contained four sections to complete: Registration; PMO Background; PMO Innovations and Best Practices; Organizational Impact and Future Plans.

2. Assembled Supporting Documents. Limited to 5 Supporting Documents, which could include charts, graphs, spreadsheets, presentations, or other materials. All Supporting Documents needed to be clearly labeled with the organization's name.

3. E-mailed completed 2009 PMO of the Year Application Forms and Supporting Documents to award@PM Solutions' Researchonline.com by 31 December 2009. Also mailed one copy of the documents to the PM Solutions' Research headquarters (1788 Wilmington Pike, Glen Mills, PA 19342 USA).

Application Details

The PMO of the Year Award is presented to the PMO that best illustrates—through an essay and other documentation — their project management improvement strategies, best practices, and lessons learned. Additional support documentation — such as charts, graphs, spreadsheets, brochures, etc. could not exceed five documents. While providing additional documentation was encouraged, each eligible PMO clearly demonstrated its best practices and lessons learned in the awards essay.

Judges reviewed the essays to consider how the applicant's PMO linked project management to their organization's business strategies and played a role in developing an organizational project management culture. The essays were judged on validity, merit, accuracy, and consistency in addition to the applicant PMO's contribution to project and organizational success.

Types of best practices judges looked for include:
• Practices for integrating PMO strategies to manage projects successfully
• Improvements in project management processes, methodologies, or practices leading to more efficient and/or effective delivery of the organization's projects
• Innovative approaches to improving the organization's project management capability
• Practices that are distinctive, innovative, or original in the application of project management
• Practices that promote an enterprise-wide use of project management standards
• Practices that encourage the use of performance measurement results to aid decision making
• Practices that enhance the capability of project managers.

Best practice outcomes included:
• Evidence of realized business benefits – customer satisfaction, productivity, budget performance, schedule performance, quality, ROI, employee satisfaction, portfolio performance, strategic alignment
• Effective use of resources
• Improved organizational project management maturity
• Executive commitment to a project management culture expressed in policies and other documentation
• A PMO that exhibits an organizational business results focus
• Effective use of project management knowledge and lessons learned
• Individual performance objectives and potential rewards linked to measurement of project success
• Project management functions applied consistently across the organization.

Completing the Essay

The Essay comprised three sections. Incomplete submissions were disqualified.

Section 1: Background of the PMO
In no more than 1,000 words, the applicants described their PMO, including background information on its scope, vision and mission, and organizational structure. In addition, they described:
• How long the PMO has been in place
• Their role within the PMO
• How the PMO's operations is funded
• How the PMO is structured (staff, roles and responsibilities, enterprise-wide, departmental, etc.)
• How the PMO uses project management standards to optimize its practices

Section 2: PMO Innovations and Best Practices
In no more than 1,500 words, the applicants addressed the challenges their organization encountered prior to implementing the new PMO practices and how they overcame those challenges. They described clearly and concisely the practices implemented and their affect on project and organizational success.

Section 3: Impact of the PMO and Future Plans
In no more than 500 words, the applicants described the overall impact of the PMO over a sustained period (e.g., customer satisfaction, productivity, reduced cycle time, growth, building or changing organizational culture, etc.). If available, the applicants provided quantitative data to illustrate the areas in which the PMO had the greatest business impact. Finally, they briefly described their PMO's plans for 2009 and how those plans will potentially impact their organization.

<div style="border:1px solid #000; background:#d9d9d9; padding:1em;">

2009 PMO of the Year Winner

Rockwell Automation

Software Program Management Office

Type of Organization: Manufacturing

Headquarters: Milwaukee, Wisconsin, USA

Number of full-time employees (FTE): 21,000 +

PMO FTEs: 30

PMO Annual Operating Budget: $3.2 million

PMO Director: James C. Brown, Director, A&S Program Management Office

Presenting Challenge: Rolling out a consistent product and project management practice across sixteen businesses

Business Benefits: Increased predictability and productivity; faster pace of innovation; delivery of a major release comprising 20 + projects on time and under costs for the first time in company history

Website: http://www.rockwellautomation.com/

</div>

From "Clean Slate" to Global Innovator in Under Five Years

Rockwell Automation was formed by bringing two major automation companies, Allen-Bradley and Reliance Electric, together in the late 1980s. Over the years, Rockwell Automation has continued to acquire other leading automation suppliers as a growth strategy and also as a way to bring new advanced automation technologies into the company. In 2005, as Rockwell Automation was planning the rollout of a new SAP business system, the company recognized the need for a new, common product development process that would be based on company best practices combined with industry best practices for product development.

This effort resulted in a "Common Product Development" (CPD) process that allowed for enterprise wide adoption. All sixteen different product businesses ranging from high-volume component suppliers to complex continuous process control systems solution suppliers now use the same high-level process framework for their new product developments.

Since project managers are instrumental in the execution of a product development process, it was quickly realized that introducing an end to end process to a company built from many related but very different product businesses would require consistent application of project management across all the product lines. To complicate matters, each business segment was at a different maturity level relative to all aspects of product development. A formal Project Management organization, established in 2004, already existed and was capitalized upon to support this effort. Says PMO Director James C. Brown, "If consistency, transparency and risk mitigation are important to your business, and they are for us, than we believe that a formal well recognized and managed project management entity is paramount."

Brown, hired in 2004 to help implement the PMO, called the project management environment "a clean slate," other than those people who were already identified as project managers. The PMO is structured by functions with Program Managers overseeing programs and Project Managers overseeing projects, assisted by an additional two resources supporting tools such as MSProject Server and Sharepoint.

Rockwell's new PMO ramped up quickly, getting everyone PMP-certified within in two months, which caught the attention of the Senior VP for the division. From there they began establishing processes and methodologies, establishing scorecards and metrics, and deploying tools in support of new product development and services. They moved from a waterfall approach in driving projects to an Agile approach, driving processes from 20+ pages to fewer than five pages and moving them from notebook binders to electronic media. As Brown says, "We moved from reporting on everything to reporting on exceptions only."

The PMO grew from 10 people to 30 over just four years, and its reach went from North American to global. The number of projects under its direction grew from 12 -15 to over 50 concurrently. On the way, Rockwell Automation deployed a portfolio management process in their Architecture and Software Group. The goals and purpose of the process are to link investments to business strategy, maximize the value of the portfolio, achieve a desired balance (mix) of projects, and focus the organization's efforts. The Portfolio Management Process links to related processes, such as Idea Management, Strategy Development, Program and Project Management and the recently deployed Common Product Development Process, and has become an integral part of the planning process. Brown focuses on the human side of PPM's benefits: "It's about people reaching consensus using trusted data, and a common decision making framework."

Of course, company culture is hard to change, so governance is critical; and that requires management commitment. The driving force behind management's commitment to implement this new process was the vision of a common consistent methodology for new product development across the enterprise. This consistency was prioritized from the top (direct management involvement in stage gate reviews) down, in order to realize benefit as soon as possible.

All too often, businesses were forced to deny funding for strategic projects due to the never ending incremental product improvements that just kept coming. By forcing business management to approve each project's passage from one phase to the next, the new processes pushed the visibility of every project, every resource and every dollar up to the decision makers who wrestled with trying to find dollars to fund the real game-changers.

This visibility also made it easier for the business owners to kill projects with questionable returns, or to delay a project in order to free up critical resources. This contrasted with the old way of executing a project, where reviews were informal and haphazard. Teams were able to continue spending and even over spending without any real fear of cancellation. Under the new process, every dependent organization is represented at the appropriate review and given the chance to agree or disagree with the project manager that all deliverables are available. The intent is to have the go/no decision made by both the primary organization responsible for the deliverables during the previous phase and the primary organization responsible for the deliverables in the subsequent phase. Both these organizations are required at each stage gate review. In this way, the process helps Rockwell Automation avoid surprises during the later phases by insuring transparency during the earlier phases.

All of this has been implemented with a light touch that has eased acceptance of the new processes. As Brown notes, "There is a fine line between rigor and burden, the trick is to push this line hard to insure rigorous implementation without slowing the progress of the project team down."

The PMO has been instrumental in Rockwell Automation's quest for increased predictability, productivity and visibility. By delivering—for the first time in the company's history—a major release that contained in excess of four programs and 20+ projects, on time and under budget, the organization has proven its business value.

2009 PMO of the Year Finalist

Alcatel-Lucent

Global Program Management Office

Type of Organization: Telecom

Headquarters: Paris, France

Number of full-time employees (FTE): 70,000

PMO FTEs: 10

PMO Annual Operating Budget: $4.5 million

PMO Senior Manager: Rich Maltzman, PMP, Senior Manager, Learning and Professional Advancement

Presenting Challenge: Combining the project management improvement efforts of two companies into one supercharged initiative

Business Benefits: Improvements in a wide array of project metrics on projects that impact customer satisfaction

Website: www.alcatel-lucent.com

Two Best-Practice Telecoms Unite Their PM Strengths

The Alcatel-Lucent Global Program Management Office combines the best project management practices of Alcatel and Lucent, both of which were already in the midst of major efforts to revitalize project management as a discipline at the time that Lucent merged with Alcatel in November 2006. Both organizations had already researched best practices in project management, and the discipline was given priority by the new company leadership. A core team was assigned to combining the project management efforts into one new initiative in late 2006. The initial focus of the enterprise-wide GPMO was on the 2000+ customer-facing project managers who oversee the turnover of new solutions to customers. The GPMO focused on two major "frameworks"—a Project Delivery Framework, and a Project Management Development Framework.

The Project Delivery Framework, dedicated to the methodologies and tools that project managers use across the company, brings a new level of project management maturity by offering practice consistency across business units and geographical regions. At its core is a gate-based methodology called the Contract Implementation Process (CIP). The CIP points to a collection of tools that can be used as appropriate by the customer-facing project managers on a region-by-region and unit-by-unit basis. Each CIP methodology is traceable to a *PMBOK® Guide* process. The company has adopted CA's Clarity system as a standard for managing their telecom projects as a portfolio.

The Project Manager Development Framework is a nine-piece integrated model that recognizes the interconnectedness between such key Project Manager Development elements such as a Competency Model, a Career Path, PM Training, industry certification, internal accreditation and recognition, and PM skills management. The GPMO has set stringent targets for PMP® certification for their project managers over the next two years. Alcatel-Lucent was featured in PMI's *Leadership in Project Management* annual for their work in this area. The company's depth of commitment to providing a supportive environment for project managers is illustrated by a number of programs, including:

- **Project Management Professional Accreditation.** Alcatel-Lucent has its own program of accreditation, above and beyond the PMP® certification, the General Project Manager Accreditation, an accreditation above and beyond the PMP® that honors excellence in real-word deployment of external customer projects. It requires the completion of an extensive case-based set of advanced PM courseware and is subject to extremely strict criteria, including a formal jury board. This certification helps guarantee that project managers have not only the general project management wisdom needed for their work, but the particular experience and background in actual projects in the telecom field to support customers. Started with the project manager population (2,000 people), professional accreditation was so successful that it is now being rolled out to all of the contributors in the Services organization—approximately 18,000 people.

- **Competency Model.** The heart of the PM Development Framework is a competency model that takes the best from the heritage of Alcatel and Lucent. This is a living model, updated every year to keep up with changes in the project management discipline as well as the fast-paced telecom business.

- **RSMS.** The Resource and Skills Management System facilitates project managers' ability to monitor their own progress in development, using their job profile as a basis identifying skills gaps, and suggesting development options to fill those gaps.

- **Alcatel-Lucent University.** As a PMI Registered Education Provider, A-L University provides access to a wide array of web-based and instructor-led training, some of which is highly customized and case-based to allow project managers to learn from real successful projects.

- **PMP Study Groups.** The GPMO now has 27 PMP Study Groups, groups of 8 –12 individuals who pool their efforts in studying for the PMP Exam. A PMP instructor guides the group, which meets at a frequency of their own choosing via teleconference, and completes study using a recommended book and set of practice questions. The program also benefits the instructor, yielding 10 PDUs, as we have registered this program with PMI as part of Alcatel-Lucent University.

- **International Project Management Day Symposium.** The second annual International PM Day Symposium featured presentations from seven countries on project management topics, with speakers such as Dr. Harold Kerzner. About 1,000 project managers registered participated in the Symposium, which received excellent feedback scores.

Integration: A Best Practice in Itself

According to Rich Maltzman, PMP, Senior Manager, Learning and Professional Advancement—a role that focuses on the human side of project management, including the career path, training, internal recognition programs, and skills management, "We feel that the integrated nature of the PM Development Framework is a best practice. It forces the interaction between supporting elements of a successful Project Management career, and in turn a PM discipline that can best support customer projects and thus increase the company's financial position."

In addition, some of the primary best-practice tools include:

- **Project Delivery Framework.** The CIP, the heart of the Delivery Framework, is the standardized process for managing the project lifecycle in the company and is focused on the handoffs at key gates in that project lifecycle. Recognizing that people make projects work, it provides responsibility matrices to show which role is responsible for which activities at each handoff point. The extensive number of tools and processes that it defines for project managers provides a uniform and effective means to manage projects.

- **PM Community Building.** The GPMO web page provides news, executive messages, links to PMP Exam preparation resources, CIP, and a frequently-updated general PM blog. That blog, 'Scope Creep,' now has almost 100 postings, receiving as many as 1500 unique views, putting and keeping it in the top 10 of the over 100 Alcatel-Lucent

corporate blogs since its inception about a year ago. The GPMO is experimenting with blogging as a mechanism for project managers to provide "live" lessons learned rather than to rely on a static repository.

- **Project Team of the Year Award.** A dedicated program was established in January 2008 to recognize the most outstanding project teams in each Region and in the entire company. The program was designed with peer project managers. Nominations for 32 teams were received and judged by a panel of project managers and executives. During the year, feature stories based on the nominations were placed on the GPMO and other key corporate websites. Nine finalists were chosen, and from that, a single winner was selected. All of the finalists will receive a team dinner, and the winning team sends a representative to Paris to receive a special award from the Alcatel-Lucent CEO.

- **Maturity Assessment and Improvement.** In 2008, the GPMO began a deliberate measurement of PM Maturity using a custom survey tool built from recommendations from the SEI CMMI and the PMOEC. The number of questions was limited to 25, divided amongst areas such as Governance, Project Performance, Resource Management, and Financials. The response rate was very high (700 respondents) and the answers have yielded mathematical data as well as verbatim feedback that provide a way to map out improvements. The GPMO plans to run the maturity assessment at least once per year, providing a way to track the improvements by aspect area as well as region.

Tracking the Benefits

Enrollment in RSMS has increased in the months since it was introduced to the point where—despite significant turnover in the workforce—well over 90% have actively started managing their skills using the dedicated skills programs customized for the four project manager job profiles.

Over 100 new PMPs have been certified thanks to the establishments of targets and the use of the PMP Study Groups. In addition, 36 new General Project Manager Accreditations were awarded in 2008, an increase of almost 30%.

The GPMO spearheads the dissemination of project management thought leadership by Alcatel-Lucent via:

- Presentations at PMI world congresses
- Article in PMI's Leadership in Project Management magazine feature
- A-L Presentations at PMO Summit (Florida) and PMO Symposium (Texas)
- Operations Committee membership for the 4th Edition *PMBOK® Guide*

Finally, in terms of statistical results, all of the following measures demonstrated improvements over EOY 2007 or even within 2008:

- Baseline of projects under financial margin control, up 160%
- Percent of projects with (approved) upscope has nearly doubled
- Percent of projects with under-runs has more than doubled
- Percent of projects covered by the Enterprise Project Management system went up from 52% to 87% within the year 2008
- Percent of CFPMs with formal PM development plans has gone from 52% to over 80%.

Clearly, a dual focus on people and processes has served the company well, and assisted the projects under the umbrella of the GPMO to sail through the merger period—a significant achievement in itself.

2009 PMO of the Year Finalist

Australian Securities Exchange, Ltd.

Enterprise Wide Project Management Office

Type of Organization: Financial Services

Headquarters: Sydney, Australia

Number of full-time employees (FTE): 550

PMO FTEs: 39 — includes Project Officers, Project Managers, Business Analysts and Management

PMO Annual Operating Budget: AUD $3.8 million (USD $2.5 million) — excludes estimated project expenditures

PMO Director: Eloise Wett, General Manager, PMO & Strategic Operations

Presenting Challenge: Diverse stakeholders created by a merger; plus projects with no room for error

Business Benefits: More efficient resource allocation and portfolio decision making; very low staff turnover

Website: http://www.asx.com.au/

Critical Projects Demand a Centralized Approach

The Australian Securities Exchange, ASX Limited (ASX), one of the top 50 listed companies in Australia and top 10 exchanges in the world, plays a crucial role in the Australian economy. The ASX PMO is a unique operation in that the projects it undertakes can have a diverse set of stakeholders ranging from internal teams right through to the Australian household.

ASX was created by the merger of the Australian Stock Exchange and the Sydney Futures Exchange (SFE), in July 2006. ASX spans the primary markets for corporate control and capital formation, and the secondary markets for capital allocation, price discovery and risk transfer. It functions as a market operator, supervisor, central counterparty clearer and payments system facilitator. It promotes good corporate governance among Australia's listed companies and helps educate retail investors.

The diverse domestic and international customer base of ASX includes issuers of a variety of listed securities investment and trading banks, fund managers, hedge funds, commodity trading advisers, proprietary and retail traders and retail investors.

At the time of the merger with the SFE in 2006 it was decided to implement an adaptation of the SFE's centralized approach to organizational project management rather than the individual business unit model in place at ASX. Since its inception, the PMO is now recognized across the organization as a key conduit through which strategic and tactical objectives can be realized.

The ASX PMO is an enterprise-wide function dedicated to project, program and portfolio management. It performs a critical function, ensuring that ASX's strategic and tactical change program is managed in such a way that market service levels and integrity are maintained at all times, regardless of whether the project involves major system enhancements or the launch of new products.

Because of the integral role ASX and its key systems play in the domestic and international financial markets, where unplanned system outages are not acceptable, the PMO must achieve a consistent level of high quality deliverables. ASX, including the PMO, is also subject to regular external audits which review the adequacy of the projects process and associated business outcomes, as part of ASX retaining its market operations license.

The ASX PMO Mission

The PMO is focused on assisting ASX meet strategic and tactical business transformation and change management goals via a robust project governance framework and associated set of processes that focus on:

- Choosing the right project mix

- Linking executive team strategies to current and planned programs & projects

- Managing the project portfolio appropriately (within framework guidelines)

- Measuring the PMO to tangibly improve project governance relative to the organizations strategic imperatives.

As a centralized PMO our scope of work is tightly controlled through our portfolio management function which ensures that all projects undergo a stringent litmus test to ensure that a clear line is drawn between business as usual (BAU)/operational activities and project work.

One of the distinguishing characteristics of the ASX PMO is our capacity to undertake any type of project. Whether it involves technology, legal or regulatory, market supervision, business or product development, marketing initiative or a combination, we have the skills, practices and toolset in place to deliver.

The ASX PMO comprises a group of experienced professionals in the fields of Project Management, Business Analysis and Project Administration. The team has thirty-nine full-time staff members, including management. Eloise Wett, General Manager, PMO and Strategic Operations, has responsibility for both the PMO and Strategic Operations. As the interface to business stakeholders and the project/program managers, the General Manager plays a pivotal role in balancing the objectives of the organization with the day to day management of the PMO. The General Manager provides the interface between project ownership and delivery, while also leading the governance structure to define the portfolio and the relative priority of each project within the portfolio. She is supported by Program Managers, Project Managers, Business Analysts and Project Officers.

Funding for the ASX PMO is determined via the portfolio management process. There are seven strategies; projects must align to one or more. This involves reviewing the strategic alignment of each project: is it a business process re-engineering project or a regulatory/license obligation project? Each strategic category carries different financial and strategic weightings.

Once the portfolio is in place to meet these requirements, resource planning and allocation can take place. This holistic approach forms the basis for not only the ASX PMO headcount and operating budget but also other areas of the business. For example: during the portfolio prioritization and scheduling process the nature of projects may identify an additional staff requirement in a particular department. This analysis would then shape the budget allocation for that cost centre and the same principle applies across the organization.

The ASX PMO has been in place for over two years, and has already conducted two separate maturity and capability benchmarking exercises from which a number of initiatives have flowed into an overarching improvement roadmap. This commitment to continuous improvement has resulted in the creation of an enterprise-wide methodology, the Project Management Framework—a set of flexible processes, tools and templates, designed to be used together to manage a project through its lifecycle. This in turn has provided consistency in delivery methods for stakeholders and project team members. As an added plus, the use of a consultative approach ensured input from stakeholders across the organization. This provided contributors with a sense of ownership and early endorsement which was crucial in maintaining buy-in.

One of the key improvement areas for the ASX PMO in the 2006 benchmark assessment was to better utilize the resources across projects—both human and technical. The ASX PMO has made considerable progress in this area through the implementation of an enterprise project management system (Microsoft Project Server 2007), which allows us to forecast the impact of new projects in terms of resource type requirements. One of the key advantages of this resource pool is the more proactive focus on IP problem areas and more effective balancing of individual and team training and development needs.

A re-assessment in April 2008 revealed several key areas, some of which were highlighted in the initial assessment in 2006, to be developed further and built into a roadmap for improvement:

1. Project Initiation/Prioritization

The benchmark report identified that significant improvements could be made if the rationale for projects and their strategic importance to the organization were determined at the outset so that priority of work at an individual level accurately reflected organizational priorities. The introduction of strategic filtering for new projects now means new ideas are scrutinized by Group Executives against seven strategic imperatives. This has led to much clearer organizational understanding of why projects have been approved and their relative importance within the portfolio.

2. Project "Lite"

By removing the definition phase and reducing the number of deliverables, substantial improvements in time can be realized on less complex projects. Resource flexibility will remove the constraint on Project Managers and Business Analysts and may provide a career path for Project Officers. This leverages the existing investment in tools and infrastructure (e.g. Project Server) deeper into the organization, further unlocking value. It promotes visibility of smaller initiatives with high value but does not represent a significant departure from existing process, tools and culture.

3. Requirements Gathering

Evaluate and implement a Requirements Management Tool based on the following outcomes:

    a. Automatic generation of documents from standardized templates

    b. Opportunity for re-use of Requirements/System Flows from previous projects where appropriate

    c. Improved version control and universal reviewer visibility

    d. Automatic interface with Mercury Quality Centre for creation of test cases/scripts

    e. Automatic interface with Microsoft Team Foundation Server to facilitate requirements development

The PMO has had a profound effect on the quality of ASX project deliverables since its formation. In the last 12 months alone, the PMO has been responsible for the delivery of more than 25 projects, most of which involved extensive organizational effort to complete. This achievement has been significant in that the planned deliveries were still met whilst the focus of many parts of the organization has necessarily been on other market events, now evidenced in the current financial markets' turmoil. The achievement of the development work has also been recognized as a great success having made substantial change both culturally and in the framework in such turbulent times.

Whilst the number of projects completed has been decreasing over time, overall this has been a positive for the organization. The projects delivered have a higher success rate in meeting agreed quality and financial expectations with more consistency than without the enterprise model and less effort was expended on projects not completed. This success has also been attributed to the project initiation changes, ensuring only true projects are approved as part of the Portfolio.

The PMO regularly conducts reviews though a formal post-implementation review (PIR) and closure report process to examine stakeholder satisfaction, cycle times and achievement of agreed project scope and objectives. These measures have significantly improved since the introduction of the revised model allowing us to capture valuable lessons learnt that are then fed back into the project management framework ensuring continuous improvement. A third benchmarking exercise in mid 2009 seeks to further validate this improvement.

Wett particularly stresses the importance of focusing on the resources of the PMO. "We have a high-performing team, with less than 10% turnover since the introduction of the benchmarking and review process," she says. "The ongoing development of these resources is critical [for] retention, not only from a talent perspective but also to preserve the subject matter expertise that makes ASX a unique organization."

2009 PMO of the Year Finalist

Cisco Services

Office of Strategy & Planning

Type of Organization: Communications

Headquarters: Milpitas, California, USA

Number of full-time employees (FTEs): 66,000

PMO FTEs: 7

PMO Annual Operating Budget: $1.5 million

PMO Director: Patrick Tam, Sr. Manager, Office of Strategy & Planning

Presenting Challenge: Lack of visibility into initiative performance

Business Benefits: A 20% improvement in investment utilization in just 10 months

Website: http://www.cisco.com/en/US/support/index.html

A Collaborative Approach to Supporting Smart Investment

Cisco Services supports thousands of mission-critical networks around the world every day, employs 9000+ people, and generates $8 billion in revenue for Cisco through technical support for products and other services that enable customers to improve their business performance with technology. In such a large corporation, it is remarkable to find a situation where teamwork and collaboration can not only drive consensus but also spark the pooling of funds to support common goals.

The organization's leadership structure is topped by the Services Executive Board, which supervises the affairs of the organization. Although the Board holds monthly and weekly sessions to examine important business issues and make timely decisions, executives cannot make every decision necessary for the business to run, and in the past this limited capacity was impacting the speed of business. So, instead of appointing next-level executives as decision-makers and making the PMO merely a tracking function, Cisco decided to place its confidence in teamwork and collaboration instead of command-and-control, and to push decision-making as far down within the organization as possible, reserving top executives for the most strategic decisions.

The Office of Strategy & Planning's (OS&P) collaborative model employs a matrix of cross-functional governing councils (led and manned by VPs and directors) that are accountable to the Board and representative of all functions and geographies within Cisco Services. The councils shepherd strategic initiatives that represent a quarter billion dollar investment in Cisco Services' future state. These initiatives are projects that, for example, develop new services and business models in response to customer demand or improve internal systems and processes.

The Services governance model has been in place for more than two years, and its existence has enabled the Board to begin to align functions behind a common vision for future capabilities. The OS&P team helped leaders gain consensus around what investments are critical, and also achieved commitment from functions to contribute a percentage of their budgets toward strategic initiatives.

Curious to better understand initiative performance, the OS&P organized a project to collect necessary data and measure performance against stated goals. At first, the results were disappointing. Clearly, a way was needed to move from words on paper toward commitments in terms of dollars and resources. There was also a need to ensure that scarce resources were invested in the largest opportunities to enable Cisco's future growth.

Leadership recognized that more frequent analysis and greater oversight to initiatives would enable greater accountability, but moreover, the data gathered would allow the Services group to quickly re-allocate resources when necessary toward the highest priorities. In effect, response could be very quick as external forces (such as the economic slowdown, or competitors entering or exiting markets) changed the competitive environment. There was a desire to move to a continuous planning cycle, exercise more control, and manage the business like a portfolio.

The Services PMO, established in April 2008, is the latest step in the evolution of Services' collaborative governing model. The team's vision is to maximize the return on strategic investments. Its strategy is to assure execution excellence across all strategic initiatives, provide the data and strategic funding models that enable objective investment decision-making, and constantly balance the portfolio based on performance by the initiative teams.

The scope of the Services PMO is to provide project execution oversight for the cross-functional Services strategic initiatives. In conjunction with the Planning and Strategy teams within the OS&P, the PMO drives the work to shape and plan the strategic investment portfolio. The Services PMO's operations are directly funded by Cisco Services Executive Vice President and Chief Globalisation Officer, Wim Elfrink.

Innovative and ground-breaking work the Services PMO has done in its short ten months of existence includes:
- Pooling cross-functional funds to establish a protected investment portfolio
- Establishing a detailed monthly portfolio review process for the Executive Board
- Mapping cross-functional interdependencies and delivering a critical path roadmap
- Optimizing and re-balancing the portfolio every quarter in alignment with strategic priorities
- Driving program management best practices across Cisco.

Seven employees make up the Services PMO—one manager (lead) and six senior program managers. The team members are assigned to liaise one on one with representatives from the initiative teams while also building and sharing their unique domain expertise in project management. With experts in project management standards and tools, knowledge management, PMO processes, the quarterly planning function, communications, and portfolio management, the team is actively driving common PM standards within the Services PMO, across Cisco Services, and within Cisco.

From a strategic investment portfolio perspective, the PMO has established a trusted partnership with the initiatives and provides direct feedback to improve their internal processes. In order to satisfy the need for valid data, the Services PMO created a rhythm of reporting status on a bi-monthly, monthly and quarterly basis, which not only provides needed data, but also creates and maintains an atmosphere of accountability for timeliness and data accuracy.

Prior to the Services PMO, the Services Executive Board lacked comprehensive visibility to the performance of the strategic investment portfolio. Every year, millions of dollars would be invested without a formal or consistent way to track the return on investment.

To establish a baseline for improvement, the Services PMO conducted an assessment of the portfolio's performance. It was determined that, in the last fiscal year, the initiatives within the portfolio under-invested by 9%, achieving only 80% of their KPI goals and 64% of their financial goals.

As such, the Services Executive Board approved the formation of the PMO to oversee this strategic investment portfolio. The PMO had a clear strategy to aggressively establish and operationalize best-in-class capabilities to improve the performance of the portfolio.

First, the PMO recommended centralizing funds for the portfolio. As is typical in large corporations, initiative investment at Cisco is funded by contributions from each function within the company. In an unprecedented move of this scale, the Services PMO secured approval to pool all initiative spend into a protected central investment fund. This quarter billion dollar fund would be overseen and managed by the Services PMO to optimize the strategic investment portfolio and maximize returns.

Next, the PMO allocated funds directly to initiative teams. No longer would teams have to "tin cup" around the organization for funding. The PMO established a new funding model where each initiative had its own department, with the leader of the initiative being the owner of that department's budget. Fundamentally, this changed the initiative landscape within Cisco Services. Since initiative leads now directly hold their budget, they can control all activities within their initiative, and be held fully accountable for performance.

Today, the PMO is driving all strategic initiatives to establish a full-fledged project plan in Microsoft Project Plan, Oracle Projects, or HP Project Portfolio Management. These project plans now include duration, work effort, WBS breakdown, RACI, actual vs. plan, interdependency, and budget allocations for each project deliverable. The net effect is improved initiative execution performance, accountability and benefit realization.

Additionally, auditing, prioritization and alignment activities have created an atmosphere of transparency. This allows for open communication and an understanding of interdependencies which was not previously apparent.

The Services PMO has conducted related portfolio level analysis for the purposes of continuous improvement. The main goal is to study the portfolio performance trend, determine root cause and provide the Services Executive Board with recommendations. One of the best examples was "Project Green". Using the DMAIC model, the project analyzed the portfolio status and success factors for high achieving and under-performing initiatives. It then applied the cross-comparison and correlation methods to identify the relationship between performance and driving factors. Such relationships provided a clear insight of why the high performance initiatives differentiated from the low performance ones and helped the team to draw recommendations for performance improvement. The Services Executive Board viewed the results of the study as a mirror, which revealed the portfolio's true performance.

The Services Executive Board approved and funded the Services PMO with expectations of quick results to enable the Board to make decisions on the spot. The PMO rose to the occasion. Previously, the Executive Board invested money without visibility to initiative performance. Working with the initiative teams, the PMO created improved portfolio visibility via standardized monthly performance reviews. Today, initiative performance is reviewed in detail, including triple constraints (schedule, scope, and budget) and key performance indicator (KPI) visibility. As a result, the PMO is tracking performance against a plan of record and improving accountability.

In the early beginnings of defining a vision, the PMO set scope boundaries, defined a governance model and determined processes with which to move forward. As part of the PMO governance model, the PMO has been working closely with each initiative to embed standard PM best practices into their normal operating model. A formal survey was conducted across the finance, theater and function departments as well as initiative project managers, initiative leads and executive board stakeholders to gather data to quantify the perception and the performance of the PMO. In two months the PMO launched 44 best practice templates, which span the entire project lifecycle and governance framework, improving rigor and discipline by 400% over the prior year. Today, all initiatives have a dedicated PM in place, a formal program charter, an integrated program plan, and a formal stakeholder map. Improved stakeholder alignment is evident by the marked satisfaction increase of 92% by seven functions and five geographies.

The PMO Implemented bi-monthly extended team meetings which consist of critical status reviews, change requests, best practice reviews and upcoming timelines and deliverables. This reoccurring meeting also provides a forum for questions and answers to any of the initiative attendees to remove ambiguity and provide clarity for the broader stakeholder audience resulting in increased interlock by 92% among theater, functional and initiative teams.

Services PMO created a Web 2.0 wiki to share best practices and provide visibility to on-going portfolio performance in conjunction with the Collaboration team, which was recognized as a best practice by the strategic planning organization of Cisco's Chief Operations Office. The wiki contents include PMO templates, reference material, meeting recordings and proceedings, calendar of events and initiative collateral (project plans, BRDs, project charter, etc.). Other Cisco PMOs, such as Human Resources, Manufacturing, and IT, access and utilize the templates. Additionally, Technical Services PMO, Advanced Services PMO and the initiative teams have adopted the best practice templates and processes creating improved standardization and reporting. The Services Global Strategy and Operations organization has recognized the Services PMO leadership ability and requested the team's participation in the creation of the Center of PM Expertise.

In response to the recent changing economic times, the PMO rapidly modeled realistic funding scenario options, enabling the Services Executive Board to make immediate, monumental changes to the portfolio. Within only three hours of deliberation the Board made a definitive decision to rebalance and reallocated the portfolio by 10%, approximately $15M in changes.

In conclusion, the Services PMO has made significant progress to optimize its strategic investment portfolio in less than a year. This includes improving investment utilization by 20%, from 85% investment utilization in the prior year, to 102% investment utilization today. Also, moving from annual to monthly portfolio reviews, improving PM discipline by 400%, rebalancing $15M in funds, and establishing itself as the PMO best practice within Cisco.

But perhaps the most encouraging statement about the PMO's future comes from Senior Vice President of Technical Support Services, Joseph Pinto: "It has definitely paid for itself."

2009 PMO of the Year Finalist

Regence

Enterprise Program Management Office

Type of Organization: Health Care/Insurance

Headquarters: Portland, Oregon

Number of full-time employees (FTE): 6,800

PMO FTEs: 126

PMO Annual Operating Budget: $15.5 MM

PMO Director: Jo Anne Long, Senior Vice President, Enterprise Program Management Office

Presenting Challenge: A troubled enterprise-wide system implementation program had adversely impacted a number of metrics

Business Benefits: Improved strategic execution; lower overhead costs; renewed morale

Website: http://www.regence.com/index.jsp

Increasing Impacts, Decreasing Costs, a Transformed Enterprise … On the Fly

Regence (four Blue Cross and/or Blue Shield Plans in the Pacific Northwest and Mountain states) manages more than $8.3 billion in member premiums annually and members can take pride in the fact that the company's executive leadership realized early that a robust competency in project, program and portfolio management would support the company's evolving strategic and operational objectives.

In 2003, Regence's affiliated health plans in Idaho, Oregon, Utah and Washington were at a crossroads. Under the leadership of a new chief executive officer, a hand-picked team of senior executives established a new transformative business paradigm aimed at driving the health payer industry toward a retail focus, and eventually enabling a fundamental change in the health care system's overall economic model. To realize this dramatic shift, this leadership team established an overarching strategic plan that included long-term core strategies and annual key initiatives.

Regence leadership recognized that to achieve the incremental objectives, the company needed to undergo a wholesale reorganization and structure its work expectations into a series of complex projects and programs, the like of which far exceeded anything it had undertaken during its nearly 90-year history. Most evident were gaps in program and project management competence, methods and tools. To address these deficits, the EPMO was founded.

The EPMO faced several daunting challenges, including a fragmented corporate culture; skepticism about broad new internal initiatives; a dearth of professional project management, program management and business analyst expertise; and lack of a single, commonly recognized project management methodology—including standards, tools and processes—to support such an ambitious task.

Consequently, the EPMO had to be staffed, organized and resourced while simultaneously developing new, industry-leading products and consolidating businesses, systems and cultures. Clearly, this was to be an exercise in "building and servicing an airplane while in full flight," according to John Cardascia, assistant director of the EPMO.

Nevertheless, by the end of 2007, the Regence EPMO had established project standards, developed requirements and business analysis expertise, initiated project status reporting, enabled project time tracking, revamped testing operations and methodology, improved project forecasting, and expanded project portfolio governance. In 2009, the EPMO is collaborating with key business and technology leaders to define a new model that will consolidate all projects under a common governance structure and body.

This steady progress in deploying important project management disciplines has made it possible for the EPMO to play a vital role in creating and achieving the company's strategic and operational objectives. EPMO staff and processes support timely, effective and fiscally responsible selection, staging, planning and delivery of a wide range of projects and programs. The EPMO's growing track record of success and an assertive 2009 business plan demonstrate the its expanding value across the enterprise.

A Mission to Transform

The EPMO mission is to deliver Regence's health care transformation initiatives by successfully executing the right projects at the right time with the right resources. It has a mandate to deliver excellent project and program outcomes within the context of a diverse, market-facing enterprise-wide project portfolio, and to accomplish these objectives, it:

- Drive strategic planning for the project portfolio

- Monitor and report on all projects using a single, simple set of standards, tools and methods

- Consistently deliver successful projects

- Manage a portfolio that aligns to corporate strategy and optimizes the outcome of the component projects.

Leading the Regence EPMO in these efforts is Jo Anne Long, senior vice president, who reports to the company's chief operating officer. She is a member of the company's Strategic Planning Group, the executive leadership team chaired by the chief executive officer. In this capacity, Ms. Long is directly involving in setting corporate strategies and objectives, and in the prioritization, selection and funding of projects and programs to achieve those strategies and objectives.

The EPMO division comprises four departments:

- The Project Portfolio Management department oversees project and program governance to maximize project portfolio outcomes in support of corporate strategies and objectives. The team drives the selection, prioritization and funding of project and program business cases, and oversees portfolio-level schedule and cost variance reporting, risk and issue management and change control.

- The Project Scope and Requirements department ensures projects and programs are clearly defined and ready for formal project initiation. In addition to defining scope, this team executes a consistent and repeatable process to develop and document business requirements for ongoing projects.

- The Project Delivery department delivers projects and programs that support the company's overall business objectives and provides ad hoc leadership and project management support for smaller-scale corporate initiatives.

- The Project Support Services department creates and maintains the process and technology infrastructure needed to support the company's large project portfolio, including project and program methods, tools, metrics and support services.

The efforts have paid off in many ways, both human and financial. The EPMO has had significant impacts on the Regence culture, including an increased perception of project management as a valuable professional discipline and a new understanding of project complexity and interdependence.

In addition, although concerns about overhead costs always rank high when a company implements a PMO, Regence has shown that as its EPMO gains maturity, these costs plummet: Since 2005, it has reduced the percentage of the portfolio budget dedicated to project management from 25% to 14%, while adding critical services and improving project delivery. The progress in efficiency is also evidenced by the five-year trend in costs per member per month, which has fallen by more than 13%.

The Regence EPMO has assembled a complement of expert project and program managers, together with a program services team that provide management with just-in-time information about project, program and portfolio performance. It has launched an internal consulting capability staffed by highly skilled individuals. These consultants will oversee the identification, development and delivery of formal training, as well as act as mentors and coaches for project managers and business analysts.

With the ongoing enhancement of the EPMO's infrastructure both in quantity and competency, and an increase in employee resources the EPMO is well positioned to accomplish its 2009 objectives of enhanced project portfolio governance and improved employee engagement.

Past PMO of the Year Winners

— 2008 —

Accident Fund Insurance Company of America
Innovation and Planning Department

Finalists

CPS Energy • Information and Communication Services Program Management Office
Hewitt Associates • Information Technology Services Project Management Office
National Council on Compensation Insurance • Program Management Office
R. L. Polk & Co. • Enterprise Project Office

— 2007 —

Norton Healthcare
Enterprise Program Management Office

Finalists

EDS • Applications Program Office
National Council on Compensation Insurance • Program Management Office
New York City Housing Authority • Virtual IT PMO

— 2006 —

EDS
Office of the Multi-Year Plan

Finalists

Accident Fund Insurance Company of America • Innovation and Planning Department
Oklahoma Department of Human Services • Data Services Division Project Management Office
American Power Conversion • Availability Enhancements Group Global Project Office

About PM Solutions

PM Solutions is a project management firm helping organizations execute, govern, and measure their portfolios to improve business performance. We are the leader in applying project and portfolio management processes and practices to drive operational efficiency for our clients.

Founded in 1996 by J. Kent Crawford, PMP®, the former president and chair of the Project Management Institute (PMI®), PM Solutions delivers expert project management services to help organizations and its people perform to maximum potential. Our targeted offerings address business needs in the following areas:

- Organizational Improvement
- Project Execution
- Learning & Development

Why PM Solutions

Our proven ability to deliver against business priorities ranging from organizational process improvements to the execution of mission-critical projects is why PM Solutions is trusted by top organizations around the world.

PM Solutions' experts have an extensive network of company-backed resources and assets to draw from when delivering solutions to our clients. Our research and benchmarking allows us to stay on the forefront of trends and be adaptive with new approaches that positively impact our clients across industries.

Our commitment to quality includes executive oversight on every engagement and unparalleled attentiveness to the relationship we forge with each of our clients.

Value Proposition

For PM Solutions, it's not enough to merely perform well and provide focused services. To build a trusted partnership with our clients, we have a vested interest in demonstrating that the services we provide actually improve our clients' business performance in measurable ways. We are proud to have helped lead initiatives for our clients that resulted in double-digit process maturity improvement, time-to-market acceleration enabling direct revenue growth, and on-time delivery of multi-million dollar programs for new manufacturing facilities, regulatory compliance, and data center consolidation, to name just a few.

"PMI", "PMP", and "PMBOK" are registered marks of the Project Management Institute, Inc.

Services that Drive Performance

Organizational Improvement
» Governance/PMO
» Portfolio Management
» Resource Optimization
» Performance Measurement
» Process Maturity

Project Execution
» Program Managers
» Project Managers
» Mentors
» Project Controllers

Training & Development
» Comprehensive Curriculum
» Course Customization
» PMP® Certification Prep
» Competency Assessment

1788 Wilmington Pike
Glen Mills, PA 19342 USA
484.450.0100
pmsolutions.com
pmcollege.com

pmsolutions
»research