



WHITE PAPER:
PMO 3.0
Project Management Office



This white paper explores how a PMO can achieve meaningful impact by enhancing project, program, and portfolio performance, maximizing value creation, ensuring benefits realization, and implementing more effective ways of working.

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ABSTRACT

This white paper explores how a PMO can achieve meaningful impact by enhancing project, program, and portfolio performance, maximizing value creation, ensuring benefits realization, and implementing more effective ways of working.

A project driven company needs to ensure:

- project and program performance
- a project portfolio supporting corporate and organizational finances
- value creation and benefits realization
- governance, steering and follow-up of the project portfolio
- continuous improvement, competence development and leadership

The PMO is uniquely designed for this role, making it the ideal unit for the job.

The PMO should serve as the foundation and driving force for cultivating a business-driven, efficient, and common **project culture** across the organization.

Research indicates that only **one in three projects** is delivered on time while meeting their objectives!

To avoid this situation the key is to aim for a good business driven project culture, driven by a PMO.

The PMO should be prepared to manage and/or coordinate project portfolios, programs and projects, to ensure the mentioned value creation and benefits realization.

That can be done using the GPMM PMO 3.0 model as a base for the best possible overall performance.

As a first step toward improvement, conducting a project culture maturity assessment is recommended.

About the author:

Rickard Romander, Founder and CEO of Greenlight Project Management Group, with more than 30 years of experience as Project Manager, PMO Manager and Management Consultant, in many different sectors working with small, medium-sized and major international companies.



BACKGROUND - TODAY'S CHALLENGES

- “We live in an increasingly **dynamic and uncertain world.**”
- “We need to **accelerate the launching of new solutions** to our customers”
- “Today **new competitors and players** are entering our market to compete with more traditional companies”
- “Our **budgets are reduced**, but we still need to win more business “
- “**New technologies** boost new channels, customer interactions and ways of doing business”
- “**We do not manage to deliver** what the market and the customers need on time”

Hence, organizations and individuals need to become more Agile, and the following image summarizes key statements describing an agile organization.



Agile Organizations require the best project and program management, or in other words, the best possible **business-driven project culture.**

A BUSINESS-DRIVEN PROJECT CULTURE

An organization with a good business-driven project culture can be recognized through the following 6 signs.



In GreenlightPM we have developed an analysis model to assess the 6 signs with up to 10 key questions for each sign.

The maturity is measured using a 1-5 performance scale as a start to continue with improvement activities. Click [here](#) to read a white paper describing a real case study.

BENEFITS AND VALUE WITH GOOD PROJECT PERFORMANCE

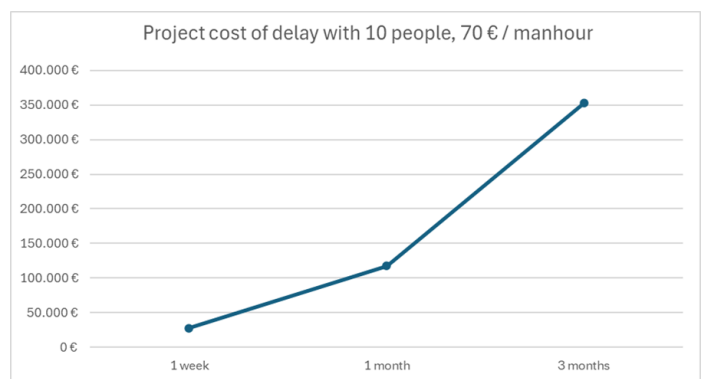
Research indicates only **1 in 3 projects** deliver on time while meeting their objectives!

The associated costs and inefficiencies are very high and impact both profitability and growth.

Let's consider a simple example.

Suppose a project with a team of 10 people is delayed by just one month. Assuming an hourly rate of 70€ per team member, the additional cost amounts to:

- 10 people × 160 hours × 70€/hour = 112.000€
- ...and that's "just" for one month!
- ... many projects suffer longer delays.



Beyond direct costs, project delays can also lead to:

- Delayed net sales and worsened cash flow
- Missed market opportunities
- Lost revenue from delayed launches
- Reduced capacity for teams to focus on new projects

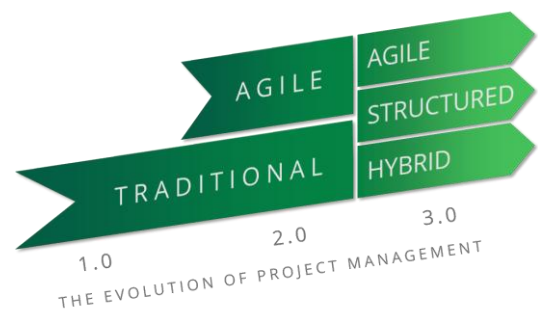
To avoid this situation the key is to aim for a good business driven project culture, driven by a PMO, prepared to manage, plan-driven (traditional), agile and hybrid projects, to guarantee the projects goals – Deliveries on time according to expectations and goals.

WHAT IS HYBRID PROJECT MANAGEMENT?

Hybrid Project Management means using the best of both worlds, Plan Driven and Agile Project Management, the image summarizes the evolution.

This means that Hybrid project management blends the structured approach of traditional methodologies with the flexibility and adaptability of Agile, offering a balanced solution that can be tailored to the unique needs of each project.

This approach is increasingly being adopted, with PMI reporting that 31% of all projects are now hybrid, and this percentage is on the rise.



In short Hybrid Project Management means:

1. Plan driven and agile ways of working
2. Management of projects, programs portfolios and PMOs to meet strategic goals
3. Having an agile mindset and dynamic behavior
4. Flexibility, structure and control, to meet the financial goals
5. Deliveries on time, value generation and benefits realization
6. Customer collaboration
7. Clear roles, accountability and responsibility – e.g. sponsor and project manager
8. Stakeholder engagement
9. Flow and resource efficiency
10. Tailored use of processes

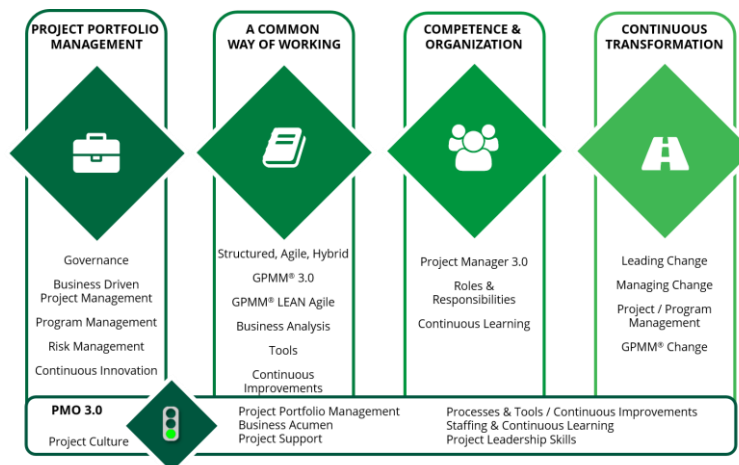


Click [here](#) to read the whitepapers about Hybrid Project Management.

THE PROJECT MANAGEMENT 3.0 FRAMEWORK

The goal for most organizations should thus be to get a Business-Driven Project Culture, and we propose the Project Management 3.0 framework to get there.

The framework, described in the image below, is built up by four blocks and a PMO which is a common part and act the Driver.



The four blocks are tied together by the GPMM PMO 3.0 Model. The PMO (Project Management Office) should act as the driver of the organization to implement Project Management 3.0 with the goal to get a Business-Driven Project Culture.

Click [here](#) to read the white paper about Project Management 3.0.

So now, let's focus on the PMO!

PROJECT MANAGEMENT OFFICE 3.0 (PMO 3.0)

A project driven company needs to ensure:

- project and program performance.
- a project portfolio contributing positively to corporate and organizational finances, thus the income statement, the cash-flow statement and the balance sheet.
- value creation and benefits realization
- governance, steering and follow-up of the project portfolio
- continuous improvement, competence development and leadership

The PMO is uniquely designed for this role, making it the ideal unit for the job.

The Project Management Office (PMO) should:

- be the driver for building a business driven, good, common and efficient **project culture** in the entire organization.
- as a part of demand management, should propose projects and programs based on business, organizational and corporate strategies.
- ensure **the best possible project and program performance**.
- ensure that the project portfolio is adequately managed and actively support and pursue improved business results, value creation and continuous improvement in the projects, the programs and the whole portfolio.
- raise the status of project management in general in the organization to ensure a balanced or strong matrix organization (i.e. an organization where projects and the project managers have a lot of weight).
- ensure the best management of change and continuous improvements, making use of project and program management ways of working.

The main interfaces of the PMO are the Portfolio Manager, the Project Sponsors, the Project Managers, the Resource owners and the Product owners/managers.

Depending on the size of the organization and the number of portfolios, one or several PMOs are needed, and they will have different roles, and different responsibilities.

A PMO could, for example, be focused on:

- 1) Governance
- 2) Monitoring, control and support
- 3) Supporting a specific program.

For the first two cases the PMO should be organized directly under the manager owning the project portfolio where the projects and programs are being run.

The PMO should thus be part of the management team, and the manager should report to the:

- Project Portfolio Owner (also known as the "Mult project manager")

- Program Manager

Like this we will get a strong, or balanced, matrix organization, considering the functional/line managers and the project managers, which is key to improve project performance.

The GPMM PMO 3.0 Model can be used as a base and then be adapted to each case.

Each PMO should define its responsibilities in detail, based on the model of the seven areas of responsibility, as illustrated in the image.

All seven areas of responsibility must be implemented and taken care of somewhere in the organization to achieve a well-functioning common Business Driven Project Culture. However, all of them do not necessarily have to be in the scope of the PMO from the beginning, since it is also valid to handle them elsewhere in the organization.



Though as the project culture approaches maturity, it is natural for the PMO to manage or be involved in most of these responsibilities.

There is also the possibility of establishing an SMO (Service Management Office) based on the PMO 3.0 Model. Sometimes a combination of both could be a good solution, like for example if a customer contract requires managing programs with both projects and ongoing operations (i.e. production, maintenance and support).

THE GPMM PMO 3.0 MODEL

The GPMM PMO 3.0 Model with its 7 areas can be used to define the functions and responsibilities of the PMO.

The areas are:

1. **Project Portfolio Management** – Ensure that the chosen projects and programs are the ones which are aligned with the company's business strategy and goals.
2. **Business Acumen** – Ensure that the organization has business acumen behavior at portfolio, program and project level.
3. **Project support** – Ensure that projects and programs receive the necessary support.
4. **Processes & Tools / Continuous Improvement** – Ensure that the cross-functional processes are adequate and up to date to facilitate optimal program, and project management.
5. **Staffing & Continuous Learning** – Ensure that Project Managers and Project Management teams are the adequate ones and that they have the competence needed.

6. **Project Leadership Skills** – Ensure that the best possible leadership and human skills aspect are considered and well-managed in the projects.
7. **Project Culture** – Ensure that the whole organization works towards a good, efficient and common project culture.

Each area covers 10-15 activities, which are divided into 3 levels; Basic, Intermediate and Advanced, which can be implemented, step by step, as the PMO matures.

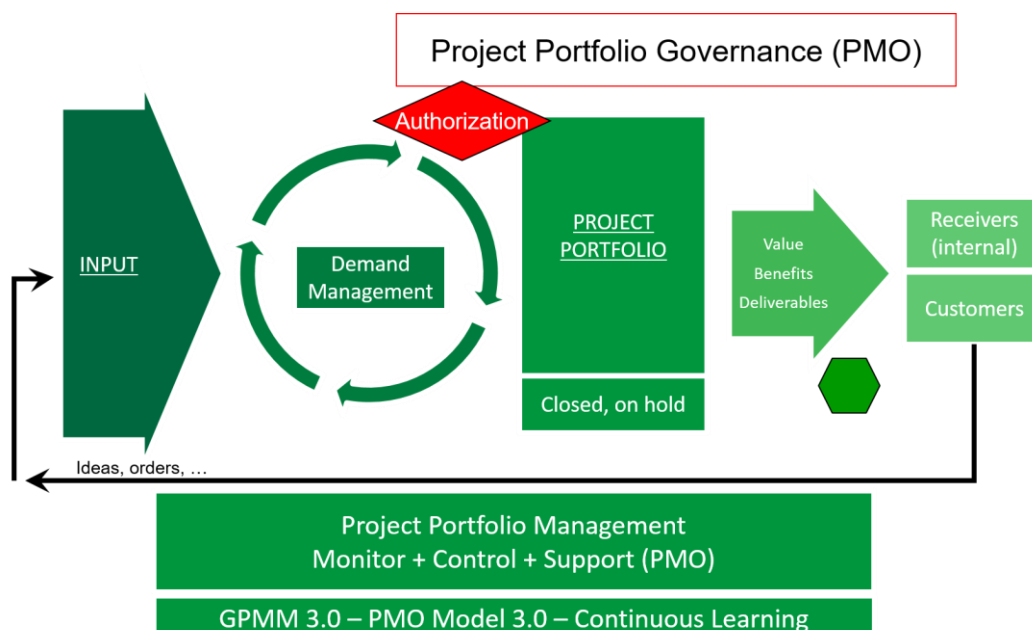
All the activities are then backed up with tools, techniques, templates and procedures, as part of the GPMM PMO 3.0 Model.

In continuation let's take a somewhat deeper look at a few of these areas.

PROJECT PORTFOLIO MANAGEMENT

Project Portfolio Management is a key PMO responsibility to ensure strategy implementation, value creation and benefits realization, and it consists of for example the following activities, as also described in the image below.

- Demand management, to manage and define the project portfolio
- Governance
- Project monitoring, steering and control
- Project portfolio risk management
- Continuous improvement and competence development
- Authorize the portfolio continuously (for example monthly)



BUSINESS ACUMEN

Showing business acumen is closely related to project portfolio management, and it means:



Good stakeholder engagement by for example always frame discussions around business outcomes rather than technical details.

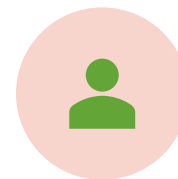


Be proactive in proposing solutions and projects/programs that contribute to strategic goals and more and better business.



Have a clear understanding of market dynamics, customer needs, financial drivers and results to position the PMO as a strategic partner within the organization.

A PMO which ensures value creation and benefits realization.



Initiate and drive change.

Promote the use of project and program management to achieve sustainable change.

PROCESSES, TOOLS AND CONTINUOUS IMPROVEMENT

Developing and implementing a customized project management model/methodology, which should be the base for all project, program, portfolio and PMO activities. It could for example be based on GPMM 3.0 (Greenlight Project management Model).

The model and the ways of working should be supported by AI (artificial intelligence), since the use of AI dramatically enhances performance and efficiency.

STAFFING AND CONTINUOUS LEARNING

The PMO should ensure the availability of the best possible project managers and other PMO staff (project administrators, project planners, configuration managers, scrum masters etc), which show business acumen, as described in the following image.



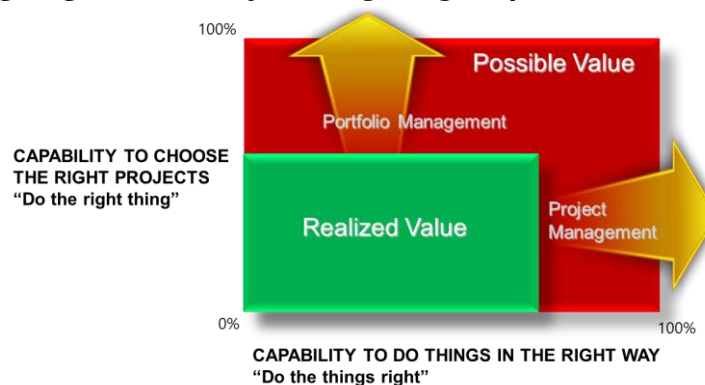
This means that the PMO should continuously ensure competence development with training, mentoring, coaching, recruitment etc.

WHY A PMO – THE PMO BUSINESS CASE

In continuation you will find the main arguments why a PMO is needed

1. With a PMO it will be more likely to reach all the project goals
 - Not only in some projects, but in all projects.
2. The PMO will create a better Project Culture
 - Clear and well-understood roles and responsibilities
 - Support to Sponsors and the Project Portfolio owner
3. Correct decisions in demand management by good project portfolio overview and decision data
 - Choosing and starting the right projects/programs
4. Assignments with clearer objectives
 - Correct project contents/scope
 - Minimizing project start up time.
5. Improved project performance
 - Time, benefits, value, deliveries, cost and quality
 - Focus on project lead-times, and striving for reduced lead-times
6. Control of the organization's project finances and cash-flow
 - Ensuring that the portfolio, the programs and the projects contribute to improve the overall financial statements
7. PMO supports organizational learning and creates a better project culture
 - Using projects and programs to create competence, i.e. including competence development activities as a part of project/program goals and scope.
8. Project Managers with the right competence for the projects
 - Shorten start up time for projects.
 - Changing project managers during implementation phase will be less frequent and have a smaller impact when it does happen.
9. Retaining Project Manager's for a longer period
 - Lower need and cost for recruitment and initial training.
10. Improved work with processes, methods and tools.
 - Increased project management efficiency

In short – The PMO will help to ensure that ***Project success is repeated! ... and To Do the Right Things Right! ... as the following image explains.***



IMPLEMENTATION

To finalize let's summarize a possible implementation plan.

1. Start with a PMO maturity Assessment based on the GPMM 3.0 PMO model with its seven areas.
2. Define a mission, a vision, and short- and long-term goals for the PMO.
3. Define the scope for the PMO with chosen activities from the PMO model.
4. Implement the defined activities, starting with the quick wins.
5. The quick wins could for example be:
 - definition of a project portfolio with focus on value creation and benefits realizations.
 - project portfolio and business acumen related activities, with visualization and status reporting of the project portfolio.
 - better decision making, governance and project steering.
 - improvements in specific projects or programs, like for example better stakeholder management, project planning or risk management.
 - Preparation of an enhanced and customized project management methodology.

FINAL CONCLUSIONS – KEY TAKE AWAYS

This whitepaper explores how a PMO can achieve meaningful impact by enhancing project, program, and portfolio performance, maximizing value creation, ensuring benefits realization, and implementing more effective ways of working.

Today's challenging business environment requires agile organizations, and agile organizations require a business-driven project culture, thus the best project and program management.

Most projects benefit from hybrid project management. Hybrid project management means using the best of both worlds, Plan driven and Agile project management.

A PMO should be the main driver to implement a good business-driven project culture, and the PMO can be implemented step by step using the GPMM 3.0 PMO 3.0 model.

A correctly implemented PMO will deliver important value to an organization, for example thanks to better project portfolio management.

HOW GREENLIGHTPM CAN HELP

GreenlightPM offer the following products and services related to PMOs.

- A project culture maturity assessment
- A PMO Training course. You will find the course description [here](#), and the schedule for the open courses [here](#).
- Supporting your PMO with the implementation of improvements, by customizing the use of the GPMM 3.0 PMO model with its processes, ways of working, templates etc.
- Developing and implementing a customized project management model using GPMM 3.0 as a base.
- Acting as a sub PMO; supporting your PMO with chosen activities from the PMO model, like for example status reporting, implementation of a customized model/methodology, project support, mentoring, coaching, training, audits, assessments, etc.

