Project, Portfolio, or Program Office?

Understand the Distinctions To Achieve Success

Walter R. Washburn, PMP

Project, Portfolio, or Program Management

Enterprises are adopting the PMO as a key enabler of organizational effectiveness. Several trends are converging to motivate companies to adopt centralized PMOs to help manage their strategic initiatives. The increasing pace and demand for innovation have driven the number and complexity of projects to soar, often with little addition of staff. The rapid evolution of technology and adoption of interactive, web-based touch points with clients, customers, and partners demands frequent short-cycle project deliveries. Increasingly, initiatives in the enterprise involve wider collaboration of process and technology which increases the complexity and inter-dependencies within projects. All of these factors lead to a complex management environment that cries for centralized management.

However, as the conversation turns to adopting and founding a PMO approach to regain control... stop for a moment and discuss *which* 'P' applies in your situation. Project, Portfolio, and Program management are three very different disciplines, and key to the PMO's success is understanding the distinctions, and adopting the right set of stakeholder objectives.

Different objectives, scope, and rolls apply to each approach. Let's explore why, and gain a sense for the state of organizational maturity that points to one over the others.

Project Management Office

If your organization has been used to an ad hoc, do-whatever-it-takes-to-get-the-project-done approach to project management, then you may be ready for the first level of maturity development that is frequently marked by the creation of the Project Management Office.

Objectives

The primary focus will be on gaining control of the essentials of project management. The Project Management Office can provide project management knowledge, skills, and process area skills needed for effective project delivery. The process areas required to enable repeatable and reliable project delivery include:

- Requirements Management
- Project Planning
- Project Monitoring and Control
- Measurement and Analysis
- Process and Product Quality Assurance
- Supplier Agreement Management, and
- Configuration Management

The Project Management Office, then, provides a framework for the establishment, maintenance, and training of process and methods for project delivery. The goals are to assist PMs in the execution of individual projects to meet budget, schedule, and scope objectives reliably.

Scope

The Project Office stays focused on the development of organizational skill in executing project management on a project-by-project basis. The primary means of delivering value are to define appropriate development work flows, in publishing procedures, process descriptions, and templates, and by delivering training and quality assurance. In so doing, this PMO builds the organization's ability to consistently, effectively, and reliably deliver projects.

Key Roles

Project Manager: The PM applies knowledge and skill, along with specific tools and techniques, to manage project activities to meet project objectives – specifically the Three Constraints of schedule, budget, and scope. The specific skills needed are project planning, execution, control & monitoring, etc. PMs are the primary constituent of the Project Management Office.

Project Management Office Leader: The PMO Leader is often the Chief Project Manager, and provides process, training, standards, and performance criteria for the project management discipline. Sometimes provides internal consulting, mentoring, and staff augmentation.

Portfolio Management Office

A second stage of organizational maturity in project-oriented management reflects a recognition that providing management to related projects achieves more than strong management for the projects individually. Treating projects with similar key attributes as portfolios offers the ability to leverage control and monitoring elements that the Project Management approach applies to single projects, however with disproportionate benefits. Governance and shared resource management now become powerful levers to achieve stronger performance when applied to a portfolio.

The Portfolio Management Office is a much more sophisticated approach to project delivery, and depends upon a solid foundation of basic project execution skill and process within the organization.

Objectives

Portfolio Management offers an opportunity to achieve close alignment of project activity with strategic corporate and business unit goals. It provides the platform to deliver a framework for:

- Applying process and practice consistently across a collection of related projects;
- Collecting metrics and applying criteria to achieve standards of performance for the portfolio;
- Providing visibility of and accountability for project performance.

The Portfolio Management Office provides the mechanisms for:

- Integrating vision;
- Organizing and managing collections of projects;
- Selecting and terminating projects;

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- Assigning priorities;

- Allocating resources;

- Collecting and analyzing performance metrics;

- Assessing and reviewing programs and portfolios; and

- Communicating.

The framework and mechanisms, then, provide the platform for the Portfolio Management Office to deliver on objectives:

- Doing the right projects;

- Doing the projects right;

- Managing Capacity;

- Managing Resources; and

- Maximizing portfolio objectives (return, profitability, time to market, delivery, budget)

Scope

Portfolios are generally defined in terms of corporate strategic objectives. As groupings of projects aligned with these objectives, portfolios typically cut across organizational and business functional boundaries. Add the responsibilities for managing and executing a governance process and you can appreciate that the scope of a Portfolio Management Office is enterprise-wide.

Particularly important for effective portfolio management is the establishment and operation of a governance system that assures portfolio performance. That means project proposals are documented with quantifiable performance objectives up front. Project sponsors will be formally held accountable for project results. The governance process may even mean that projects that fail to meet their performance gates are terminated so their resources can be re-deployed more effectively.

Though individual business units may operate effective Project Management Offices, Portfolio Management spans several business units and thus has enterprise scope.

Key Roles

Portfolio Manager: Provides processes, governance, and tools for selecting, culling, planning, assessing, aligning, and reporting performance of the collection of projects in the designated portfolio.

Portfolio Management Staff: The staff of a Portfolio Management Office need to apply skills and offer process support for the following areas:

- Execution of governance process;

- Performance management process and execution;

- Measurement and analysis of project performance;

- Reporting and communication; and

- Stakeholder support.

Program Management Office

The distinguishing element of Program Management is that programs are all about strategic change. Program Management is typically driven by high-level, integrated business initiatives that require many projects and significant enterprise resources in order to achieve a well defined objective.   Programs are usually driven top-down in the enterprise. The objective that justifies the effort and focus at the highest executive leadership levels is naturally one that drives the enterprise – often in a new and strategic direction. It is not uncommon to see Program Management developing in concert with Project and Portfolio initiatives, but the skills and style of the Program Management Office will have a distinctly Line-Of-Business flavor, and must be plied at the very highest rungs of the executive hierarchy.

Objectives

Program management is not about incremental achievements, but about coordinating and delivering strategic change. So the key objectives boil down to delivering that change, and to do that, Program Management leaders must be consummate negotiators and collaborators with their business colleagues. Maintaining consensus, support, and commitment to specific program goals is the focus of the Program Manager and the Program Management Office..

Scope

Typically Program Management Offices provide a framework that

- Manages efforts that engage across functional and business unit boundaries;
- Promotes collaboration and coordination across broad categories of stakeholders;
- Communicates and builds consensus among disparate interest groups; and
- Manages continuity and coordination of resources to support the program.

Key Roles

Program Manager: Provides program planning, coordination of project delivery, risk management, stakeholder management, reporting and communication, and collaboration between business and stakeholders to deliver program objectives.

Program Management Office Staff: For Program Management, specific skills managing consensus, support, and commitment across components of the program and business units are key:

- Negotiation
- Communication
- Consensus building
- Resource allocation and coordination

Summary

The following table summarizes the discussion along the attributes of Objectives, Scope, and Key Roles.

PMO	*Objectives*	*Scope*	*Roles*
Project Mgt Office	Develop: PM Processes, Knowledge, Skills,	Individual Projects	Process, Standards, Criteria Delivery
Portfolio Mgt Office	Alignment of Projects with Corporate Strategy	Classes of Projects Project Governance Resource Mgt Enterprise Scope	Governance Administration Metrics & Analytics Communications
Program Mgt Office	Strategic Change	Enterprise Senior Leadership Line-of-Business	Negotiation Collaboration Consensus Mgt Communications

Which is right for your situation might be indicated by the objectives that need to be satisfied. However there is no substitute for core project management process and skills as an initial prerequisite for any of these PMOs. Companies without a good experience benefiting from one or more Project Management Offices may not fare well trying to deploy a Portfolio or Program Management Office.

Staff the PMO you choose with people that have the skills and experience to assume the roles that will be required. Be sure to have the corporate sponsorship and support appropriate for the scope of activities implied by the PMO being implemented.

With these alignments in place, the PMO can deliver on its promise to the enterprise.