

Measuring the Value of a Program Management Office

By Gareth Byatt, Gary Hamilton, Jeff Hodgkinson and Duke Okes

Many organizations have contemplated or implemented program management as a means of managing inter-related projects within their organization, with varying degrees of success. For the purposes of this article we refer to a Program Management Office (PgMO) as a vehicle which can be used to manage the life-cycle of a specific program or, if a permanent body, have the purpose of achieving strategic benefits that are not available by managing projects as separate efforts. Some organizations may refer to PgMOs (or other types of Program/Project Management Office) as Centres of Excellence.

Critical to the success of setting up a program management “practice” is gaining agreement from stakeholders on what constitutes that success. Think of it as the “why it will exist” factor. This step sounds obvious, but it is very easy to give it inadequate focus early on, and like many things, it can devolve bit by bit into providing “interesting but ultimately low-value advice or guidance.” It should always be remembered that “people make projects” and experienced project campaigners know how to get their projects across the line. A PgMO should provide experienced practitioners with an appropriate service, just as they should focus on slightly different needs of inexperienced practitioners.

Industry standards offer a good source from which to define success. Use them to specify what you will do to justify your existence. As or even more critical to having measures of success is ensuring you can measure them without adding needless bureaucracy. Capturing the wrong set of measures wastes time and could lead to the failure of the program office.

PgMOs have different purposes based on their longevity, the characteristics of the organization and the industry, the maturity of organizational processes and the scope of power with which they are endowed. Regardless of these dynamics, one of the primary goals of any PgMO should be to ensure benefit realization on behalf of the organization. One thing they need to be seen by key stakeholders is a value-adding function, rather than as bureaucratic overhead. The specific actions undertaken will depend on the scope of the PgMO but may include:

- Integration of deliverables plans to ensure a “Just in time” availability of needed resources.
- Planning, taking and measuring actions to increase expected benefits.
- Establishing processes and procedures for the effective management of projects (and project resources) and where necessary, standardizing routines and processes.

The level of success organizations ultimately attain through PgMOs will vary. Organizations that have efficient and mature project management processes, for example, will usually incur less risk in implementing a PgMO structure and returning benefits to the organization. Organizations new to project management or lacking mature project processes will often struggle with program management and implementing a PgMO. Having insufficient project management processes should serve as a warning sign of underlying issues, and it may therefore be inadvisable to attempt to implement a PgMO until the root cause of project management process issues are uncovered and addressed.

Given the complexities and variations in PgMOs, measuring the value of a PgMO is not always simple – but you should aim to make it so. The value measurement could be as unique as the projects/programs the organization manages, but several key measurement topics should be considered in all PgMO measurement strategies. These include:

Planning for Measurement

Just as with a new project, a PgMO should not be undertaken without a plan, so one of the first steps should be to create a strategy that identifies the mission, role and structure, and the measurements for evaluating success. The measurement strategy must consider stakeholder priorities. That is, the measurement plan should be able to tell the story not only from the perspective of the PgMO, but also provide key metrics of interest to its primary stakeholders. Establishing the right measurement plan early is critical as it will serve as the basis by which success will be determined.

The measurement plan should allow for change. This doesn't mean modifying the metrics (what is measured) because they are not being met or are otherwise not providing a positive light, but could include changes to the targets (e.g., what constitutes “acceptable”) or the frequency for collecting and reviewing metrics. For example, the percentage of troubled projects (those not considered “green” in the standard amber, red, green reporting process) may initially be set at 95% for the green metric. If, after a few reporting periods, it is found the average is found to be 90% percent, consideration may be given to changing the green metric to 90%, as long as one continues to measure and will increase the threshold as processes and resources mature. 95% could have been too aggressive of a metric for a specific organization at the start.

Risk/Issue Management

Risk and issue management is a critical aspect of any PgMO and any program or project, and your metrics should include these factors. Merely measuring the numbers of risks and issues is not an effective indicator. The number of issues escalated to the PgMO from the projects could be a useful indicator of either a poor interrelationship between projects managers and the Program Office, or an understanding of risks and issues and inter-dependencies across projects. The PgMO is not designed to micro-manage project risks and issues, but metrics capturing, at the Program level, the effective management of Risks and Issues at the project level, as well as those managed by the PgMO, should be considered.

When issues arise, having a means to manage, track and report is important. An advanced PgMO may consider as a metric the percentage of issues with identified root causes and actions to rectify them (and the progress of such actions).

Detailing the Measurement Processes

The measurement plan should include key definitions for collecting and reporting metrics data, including what is meant by each metric (e.g., the operational definition as well as any normalization/modification required), source of the data, who is responsible for collecting and analyzing it and to whom it must be reported. The communication plan should also detail how the metrics will be delivered to the various stakeholders. Delivering metrics to a stakeholder in a way that isn't properly understood, regardless of how positive it may be, can alienate the PgMO. Stakeholders can suffer from data overload, and lose the intended message associated with the measures.

Having the proper mix of metrics is important. For example, both outcomes/results as well as in-process metrics should be developed. The latter are useful predictors (leading indicators) of the results that will be achieved, and allow taking corrective action. Measurement should look at both effectiveness (meeting primary

customer/stakeholder requirements) and efficiency (how well organizational resources were utilized in carrying out the program).

Example Metrics

Having looked at the considerations of a measurement strategy, let's now turn our attention to some specific metrics strategies based on the concept of PgMO maturity. As has been observed, there is no standard set of metrics that will work for every PgMO. When planning the metrics for the PgMO, do so with the understanding that the metrics needs to be insightful, strategically focused, and help to drive decisions rather than "telling people what they already know."

The right metrics for a PgMO will enable decisions which facilitate business strategy, increasing the value of the PgMO. Collecting and reporting the wrong metrics will make demonstrating the true value of the PgMO a challenge. While the exact metrics vary depending on the type of PgMP and other factors, the following are some example categories stratified by the maturity of a PgMO.

For a newly formed (young) PgMO:

- The number of interactions between stakeholders, project managers, and other key players. Since these interactions are critical to effective program outcomes, the PgMO can help ensure that they occur, increasing the probability of success (a process metric).
- Since program outcomes are of course important, the rollout status of projects (e.g., variance in timelines and resource usage, projected outcomes) should allow early detection of critical interface problems (process metrics).
- All programs, and therefore PgMOs should track and measure benefits. The benefits should be captured and reported based on the strategic objectives of the organization (outcome metrics).

For an experienced PgMO:

- More in-depth status of critical interfaces, such as the number of problems encountered and resolved, and estimates of reliability/risks of program outcomes (process metrics)
- Alignment of program to stakeholder interests, such as stakeholder feedback relative to concerns and satisfaction
- Cost of operating the PgMO (outcome metric, but efficiency rather than effectiveness)

For a mature PgMO:

- Value of the PgMO, such as value added and costs avoided, divided by the cost of PgMO
- Project, program, and/or system technology knowledge/skills developed and deployed across projects and the organization through PgMO efforts (outcomes)
- Comparison of the PgMO to benchmark PgMOs (could be outcome or process metrics)
- Percent of issues for which root cause was determined, and the ongoing benefits resulting from resolving the root causes through changes in PgMO processes

Determining the level of maturity of the PgMO is complex, as it may be related to the length of time the office has been in place, the level of standards and/or skills used by the office, the number or complexity of tools used for program and project management and the number of successful program outcomes. A measurement system based on audits of the PgMO office processes, guided by a maturity rubric/matrix, can be useful when determining maturity level.

Conclusion

Far too often, measurement systems used in project/program management focus on what has been done, rather than whether the strategic intent of an initiative is being or has been attained. A PgMO, if properly designed and aligned with your business strategy, should capture metrics that help the organization understand where they are on this trajectory and what ongoing actions will deliver success. Developing the right measurement system, and obtaining agreement on that system from key stakeholders, is a critical part of the PgMO, since it drives the way in which it operates.

Article Author Bios as of June 2012

<p style="text-align: center;">About The Article Authors, Their Roles Their Plans, And Their Goals</p>	<p>Gareth Byatt, Gary Hamilton, and Jeff Hodgkinson are experienced PMO, program, and project managers who developed a mutual friendship by realising we shared a common passion to help others and share knowledge about PMO, portfolio, program and project management (collectively termed PM below). In February 2010 we decided to collaborate on a three (3) year goal to write 50 PM subject articles for publication in any/all PM subject websites, newsletters, and professional magazines / journals.</p> <p>Readership of the articles is continuously increasing and we are fortunate to have assistance from people around the world who have taken the time to translate our articles into Arabic, Czechoslovakian, French, German, Indonesia, Italian, Korean, Spanish, Portuguese, and Russian for their readers. Our articles are published on websites in 30 countries including Australia, Brazil, Canada, Chile, Costa Rica, Czech Republic, Finland, France, Germany, Hong Kong, Italy, India, Jamaica, Jordan, Netherlands, New Zealand, Nigeria, Pakistan, Panama, Poland, Portugal, Russia, Singapore, South Korea, Spain, Sri Lanka, Trinidad, Turkey, UK, Ukraine and the USA.</p> <p>Our mission with these articles is to help expand good PMO, program, and project management practices by promoting the PM profession, to be a positive influence to the PM Community, be known as eminent influencers of good PM practices, and in earnest hope readers can gain benefit from the advice of their 66+ years of combined experience plus the expertise of co-authors who kindly write with us on particular subjects. As of May, 2012, we have been published over 600 times! Along with writing articles, each also champions a role in the overall writing program collaboration process:</p> <ul style="list-style-type: none"> → Gareth manages all requests for additional guest author collaborations → Gary manages the article development tracking and readership metrics → Jeff manages the article distribution and new readership demographics <p>Each of us can be contacted for advice, coaching, collaboration, and speaking individually as noted in our bios or as a team at: Contactus@pmoracles.com</p>
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