


IMPLEMENTING THE VIRTUAL PROJECT MANAGEMENT OFFICE

A person in silhouette is shown from the back, reaching up to place a large, glowing number '1' on a wall. The wall is covered in binary code (0s and 1s) and other numbers. The person is holding a large number '3' in their other hand.

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**Proven Strategies
for Success**

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P R E F A C E

Project managers are increasingly finding themselves in the position of having to work across multiple cultures under the extreme pressure of deadlines and budget constraints. Although such a business model is exciting, often it is still unfamiliar to these technically talented project management professionals, who come from all areas, including but not limited to information systems and technology, engineering, finance, or marketing.

These managers often discover that they are ill-equipped to deal with the challenges presented by managing projects from a distance and working with colleagues and clients from different cultures. As such, a critical need has arisen within project organizations to ensure that these key individuals acquire the core crosscultural management competencies to develop into global and virtual project managers who will succeed as well with a multinational virtual project team and clientele as they have already demonstrated in their local environment.

During the last 10 years, the demands and scope of project management have continued to broaden onto a greater global scale. Whether it's a global construction project, a worldwide

research and development initiative, or a new overseas strategic alliance, the complex dynamics involved in today's global projects require project managers to have a certain skill set and global knowledge base unlike what was required for their previous work on local projects.

At MGCG, we recognize that today's global economy brings with it the need for a new breed of project manager, one that is capable of managing complex projects from a distance while being aware of the many facets a project can develop based on the mix of disparate communication and collaboration technologies, heterogeneous virtual project management environments, languages, cultures, religions, and politics.

This book aims at helping project managers to understand the challenges of developing a virtual project management office (ePMO) and giving them vital information to help them become better virtual project managers (ePM managers), by providing:

- A sound understanding of the available collaboration and telecommunication/Internet technologies to aid in ePMO development, as well as the necessary technologies ePMO managers and their virtual teams and remote project management offices (ePMO) must have.
- Awareness and recognition of cultural differences.
- Knowledge of how to manage projects across borders (i.e., across different time zones, functional lines, distance management, national boundaries, and so on).

HOW THIS BOOK IS ORGANIZED

This book is organized into three phases. At first, we focus on the business case and conceptual overview and understanding of project management, as well as its office today and its fundamental disciplines. Following that is a practical focus on the development of an ePMO; the differences between managing

virtual and conventional projects; and the “must haves,” the challenges and additional resources, such as change and a knowledge management approach to ePM. Finally, there is a focus on the management and execution of virtual projects and the role of standards and methods in this process, as well as a comprehensive glossary. More specifically:

Chapter 1: A Business Case for a PMO provides an overview of the world’s sociocultural and economic landscape in the past 10 years, and more specifically, in the past 5 years in United States, and the inevitable causes of a virtual project management approach as a necessary evolution from the conventional methods. This chapter also depicts the evolutionary approach taken by ePM from its conventional approach, and emphasizes its applicability (and also when it’s not applicable!).

Chapter 2: Introduction to the PMO and Its Requirements discusses the requirements in developing an ePMO, navigating you through the project charter, the need for an assessment, and for the organization’s support.

Chapter 3: ePMO Versus Conventional PMO deepens the discussion of conventional versus virtual project management from all the main differing aspects, including project focus, the *formal* inclusion of change management, an overview of the project lifecycle, and the technology factor.

Chapter 4: The Virtual Project Management Office: An Overview describes the ePMO staff, this new breed of professionals, as well as the structure of a virtual project management office, its challenges, and how to use the conventional approach and techniques for ePMO’s success.

Chapter 5: Developing an ePMO is a very practical chapter, providing step-by-step best practices for developing and managing an ePMO.

Chapter 6: Developing an ePMO Business Process provides virtual project managers with tools and techniques

to assess the current best practice and capability maturity levels.

Chapter 7: Information Systems for ePMO Excellence provides an overview of tools and procedures to control project quality, as well as optimization and collaboration techniques.

Chapter 8: Methodology and the Organizational Culture identifies the need for the integration of speed, change management, and innovation as catalysts for virtual project management success. This chapter also depicts a customer-driven approach to ePM and the importance of such an approach, especially when managing virtual projects, where clients, as well as the deliverables, may be virtual.

Chapter 9: The ePMO and PMI's OPM3 provide information on aligning the ePMO with the Project Management Institute's Organization Project Management Maturity Model (OPM3).

Chapter 10: Developing Standards and Methods discusses the role of PMI's PMBOK (focusing on the third version) and the role of knowledge management for project management excellence.

WHO CAN BENEFIT FROM THIS BOOK

This book is geared toward project managers, project leaders, and any project worker involved with virtual execution of their projects, who would like to better understand the virtual project management approach, as well as the communications and collaboration technologies available today to support it. This book assumes that the reader is familiar with the traditional project management body of knowledge, approach, and techniques. Some of these concepts are discussed in this book, but mostly as an overview or adaptation to virtual project management from a distance.

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I have been incubating this book in my mind for quite some time. A lot of it is the result of my own consulting work; but the PMI resources also played a major role in it, as did the many professionals I work with every day.

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Glory be to God!

C O N T E N T S

PREFACE ix

ACKNOWLEDGMENTS xiii

CHAPTER 1

A Business Case for a PMO 1

THE PMO AS A KNOWLEDGE MANAGEMENT SYSTEM 2

PROLIFERATION OF INTERNATIONAL PROJECTS 7

ORGANIZATION SIZE MANAGEMENT: RIGHTSIZING 11

THE NEED FOR TIME MANAGEMENT 22

VIRTUAL PROJECT MANAGEMENT AT MGCG 24

GLOBAL COMPETITION 26

CHAPTER 2

Introduction to the PMO and Its Requirements 31

THE NEEDS ASSESSMENT: WHEN TO USE A PMO 37

ORGANIZATIONAL SUPPORT: THE FORMATION OF A PMO 40

THE CHARTER 41

PROJECT MANAGEMENT FRAMEWORK CHECKLISTS 42

CHARTER TEMPLATE 58

CHAPTER 3**ePMO versus Conventional PMO 65**

UBIQUITOUS PROJECT COMMUNICATION 68

FROM CONVENTIONAL PMO TO ePMO 72

A METHODOLOGY FOR DEVELOPING AN ePMO 79

CHAPTER 4**The Virtual Project Management Office: An Overview 85**

THE BUSINESS DRIVERS 86

CHAPTER 5**Developing an ePMO 103**

OVERVIEW 103

BEST PRACTICES: ePMO IMPLEMENTATION ACTIVITIES 110

CASE STUDY 1: FOCUS ON VALUE: THE BRAZILIAN BANK 112

CASE STUDY 2: REDUCING TIME TO MARKET FOR COMPETITIVE ADVANTAGE 113

BAD PRACTICES: WHAT TO AVOID 114

CASE STUDY 3: IF ONLY WE HAD KNOWN THIS BEFORE 116

CASE STUDY 4: SOMEBODY OPENED THE FLOODGATE 117

CHAPTER 6**Developing the ePMO Business Processes 119**

ENABLING PORTFOLIO MANAGEMENT 123

HANDLING THE VIRTUAL MANAGEMENT PROCESS 127

CHAPTER 7**Information Systems for ePMO Excellence 137**

OVERVIEW 137

THE TECHNOLOGY ASPECTS OF ePMO: THE KM PERSPECTIVE 137

COLLABORATION TOOLS: THE IT CHALLENGE 139

THE CONVENTIONAL WAY: OPTIMIZATION RATHER THAN ADAPTATION 145

THE ePMO WAY: ADAPTATION RATHER THAN OPTIMIZATION 155

CHAPTER 8**Methodology and the Organizational Culture 161**

CUSTOMIZED PROJECT IMPLEMENTATION 161

A METHODOLOGY FOR MANAGING CONCURRENT PROJECTS 163

ORGANIZATIONAL CULTURE: THE HEART OF THE PEOPLE 176

CHAPTER 9**ePMO and PMI's OPM3 187**

OPM3 OVERVIEW 187

PREPARING THE ePMO FOR UNDERSTANDING OPM3 191

CHAPTER 10**Developing Standards and Methods 203**

THE STANDARDS 203

THE METHODS 207

APPENDIX A**Project Management Framework Checklists 233**

APPENDIX B**Project Charter Template 249****GLOSSARY 255****BIBLIOGRAPHY 291****INDEX 293**

1

C H A P T E R

A Business Case for a PMO

The need for a project management office (PMO) has become more evident over the years. Today, even professionals with not much experience in project management recognize the obvious need for a PMO, not only to make deploying project management best practices easier, but also to support the development of the necessary business process for the adoption of project management techniques. However, the whole notion of developing a PMO transcends the organizational aspects of the task. PMOs are very important in the process of gathering resource information for use as what J. Christian Connett (2003) calls *retrospective reference* (i.e., lessons learned, projects that failed and why, what worked for what projects, and so on). Being able to refer to past projects in building use cases and project definitions will help organizations use what has worked in the past. By doing this, organizations can dramatically increase the rate at which they move through the levels of the project management capability maturity model, which we will discuss in more detail later in this book. In addition, a PMO can also provide important data that other project management (PM) teams can use to determine feasibility and risk assessment.

The focus I propose here is to develop and use a PMO mostly as a knowledge management system, enabling the reinforcement of

internal strategies and business alignment, which is necessary both for the empowerment of the project organization and for the success of the project. In addition, we must tap this knowledge management system to help us develop more reliable risk assessment and mitigation systems, which are discussed later in this chapter.

THE PMO AS A KNOWLEDGE MANAGEMENT SYSTEM

Let's take as an example the World Bank Group, which has been dispensing loans to developing countries for more than 50 years. Back in 1996, the then-president of the bank, James Wolfensohn, announced that the bank would strive to become a knowledge bank with a goal of better supporting the bank's own projects. Since then, a variety of initiatives have penetrated almost every corner of the organization, including the IT-like knowledge repositories and benchmarking efforts with other companies and consulting.

What the World Bank has that few other organizations can boast is integration of these initiatives with the organization's basic mission and processes. As I discuss extensively in *The Knowledge Tornado* (2002), it has been able to identify and capture *learning* and transfer that learning into *action*. And the evidence of this is seen in the bank's new, modified mission statement: "To help people help themselves and their environment by providing resources, sharing knowledge, building project management capacity and forging partnerships in the public and private sectors" (Goncalves, 2002). The bank was so serious about knowledge management (KM) that its strategic plan included a section on KM that defined the concept and how it would be applied within the project organization. By the end of fiscal 2000, the bank had spent almost \$45 million on KM, which translates to about 5 percent of operational expenditures. Although this data is a bit outdated, it is still significant compared with how much banks in general are investing in KM today, which according to David Midgley of INSEAD (2002)¹ is less than 2 percent of operational expenditures.

One of the tactics used by the bank to promote the identification and capture of learning and its transfer into action included an

¹"Setting Knowledge in Motion: Knowledge Creation in Organizations," <http://knowledge.insead.edu/abstract.cfm?ct=10064>.

expectation that every project staff member would devote two weeks of his or her time each year to knowledge creation, sharing, and learning. The bank created communities of practice around the PMO that it called *thematic groups*, with a goal of creating and sharing knowledge in key content domains. At the time this is being written, the bank has more than 100 such groups, and almost half of the bank's employees are active members of at least one group. And the bank's efforts are producing results.

For instance, one of the groups is using KM-based approaches to circulate ideas for handling problems related to slums in developing nations. In this case, it developed a CD-based electronic tool kit for those who need help in designing and implementing large-scale urban infrastructure projects. It also developed an approach to tacit knowledge download, or capturing of knowledge, to help new staff members learn from experienced ones.

Staples, in Framingham, Massachusetts, has invested in KM in hopes of encouraging its technical support employees in nine different locations to share their technical know-how and best practices. Marcia Mitchell, Staples's senior IS project manager, says that the project has resulted in shorter training sessions for Staples employees and faster response times from support personnel to customers (Goncalves, 2002).

Other companies, however, such as Cooper Tire & Rubber Co., have not figured out how to make KM work for them. The fact that a KM system is successful in one organization does not guarantee that it will be successful in another. For instance, some companies cannot afford KM systems that require additional effort on the users' part. Actually, most companies need KM systems that will sift through the types of documentation and tools that are already in use and then present the information gleaned in an organized and accessible manner.

Gathering Knowledge

One of the major mistakes that KM professionals make is relying on technology to deliver KM successfully. Technology, and KM software in particular, should never either dictate a KM strategy or hold back its implementation, particularly in project management. Technology is only part of the KM riddle. Just as using Microsoft Word

does not make someone a better writer, buying IT implementations does not necessarily guarantee an organization's ability to identify and capture knowledge and transfer it into action.

Harder than dealing with the technology is getting people to accept KM and use it effectively, as most of the time it will require changing employees' work habits and attitudes, which typically is not an easy task. Employees are never excited about sharing all the things they struggled to learn. That is why one of the biggest challenges to implementing KM successfully is to appropriately address the cultural change issues. The hype behind knowledge management may wax and wane, but the business transformations that are under way in many private and public companies are true indications of the long-term value of knowledge and its management.

Therefore, we need to make sure that the PMO/KM system is a mediated system that can provide ease of use and the ability to locate important project details. It should also archive all pertinent documentation, including test scripts and even meeting minutes, which can be valuable when questions are raised in future projects. Thus, the purpose of a powerful and robust PMO system should be to provide enough information for your current project(s) to minimize your risks and chances of failure in such a way that your bottom line will improve and the time required for procurement, risk assessment, feasibility assessment, and most aspects of any project will be reduced.

The idea of utilizing a PMO as a reference for project details, frequently asked questions (FAQs), and feasibility is, of course, the tip of the iceberg, as there are many more advantages than meet the eye—and explaining them is the objective of this book. But adding the functionalities of a knowledge management system will certainly strengthen projects' baselines, bottom lines, and success rates.

Enabling Effective Risk Assessment and Mitigation

Developing a sound risk assessment plan is key to any project management implementation. Anticipating the potential for failure and/or the risk of a project enables the development of a sound baseline for your projects and helps to mitigate risk and the chance of failure in future projects. The utilization of a PMO beyond the role of a *project repository system* can improve the success rate of future

projects. Of course, as discussed earlier, the notion of utilizing the PMO for comprehensive project storage is obvious; however, using the PMO as a reference for questions asked and answered, project micro-sites, blogs, and general FAQ sections will also strengthen future projects and their bottom lines.

But how can we assess the importance of a PMO and determine whether such an investment is warranted, given the expected return on the investment (ROI)? Well, some of the questions you should be asking yourself include, but are not limited to

- How much risk is too much for your project? Can you answer that?
- How much time or money can you afford to lose (leaving aside the potential impact on quality)?
- What is the cost of missing a critical project milestone?
- Do you know who is accountable for all resources, and can you be sure that all resources will be coming together at the right time for all projects?
- Can you identify and resolve potential issues in your projects?
- Do you know the status of your projects?
- Who will provide the information and resolution of problems affecting more than one project?

Risk assessment is difficult. Assessing the risk of a project is one of the most difficult phases of the project to carry out. By definition, a risk is a combination of uncertainty and constraints. Now, constraints are usually difficult to remove, and thus it is very important to understand them.

For example, the constraints on the project of dropping the ball in Manhattan's Times Square exactly at midnight on New Year's Eve are easy to understand. Human resources constraints, such as the availability of skilled staff at critical phases of the project, are often more complicated. You may object here by saying that I am defining a constraint as an uncertainty, which just goes to prove how clear the thinking has to be if risk assessment is to succeed.

So let's try to be absolutely clear about what I mean by uncertainty and constraints. If we look at Webster's dictionary, *certainty* is