

ORGANISING FOR PROJECTS: A Strategic Approach to PMOs and Benefits

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Project Management Institute
Sweden Chapter



Monique Aubry Ph.D. is professor at the School of Management at Université du Québec à Montréal. She teaches in the master's programs in project management and executive MBA. Her principal research interest bears on *Organizing for Projects* and its relation to the organizational performance. The results of her work have been published in major academic journals and presented to several international conferences, both research and professional. In 2012, she received the IPMA Research Award for the whole contribution of her research on Project Management Offices. She is member of the Project Management Research Chair (www.pmchair.uqam.ca) and the Institute of Health and Society of UQAM (www.iss.uqam.ca). She is senior editor for *Project Management Journal*.

Before joining UQAM, Monique Aubry was project manager in a major Canadian financial group for more than 20 years. She has served in the PMI's Standards MAG and Research Informed Standards Steering Committee. She has contributed to the development of the PMI's PMO Framework. She is strongly involved in the local PMO community of practices where she contributes to reinforcing the links between professionals and researchers.

Agenda

Introduction

1. Strategy, PMO, and benefits management
2. Key messages from earlier research on PMOs
– some provocative results!
3. Benefits management: some preliminary results

Conclusion

INTRODUCTION

Context

- The focus of this presentation deals with the difficulty of organising for projects:
 - Complexity
 - Multiple stakeholders
 - History
 - Diversity of perspectives on performance
 - Organisations in the move
 - Tensions
- The presentation builds on findings from research of PMOs and benefits management.

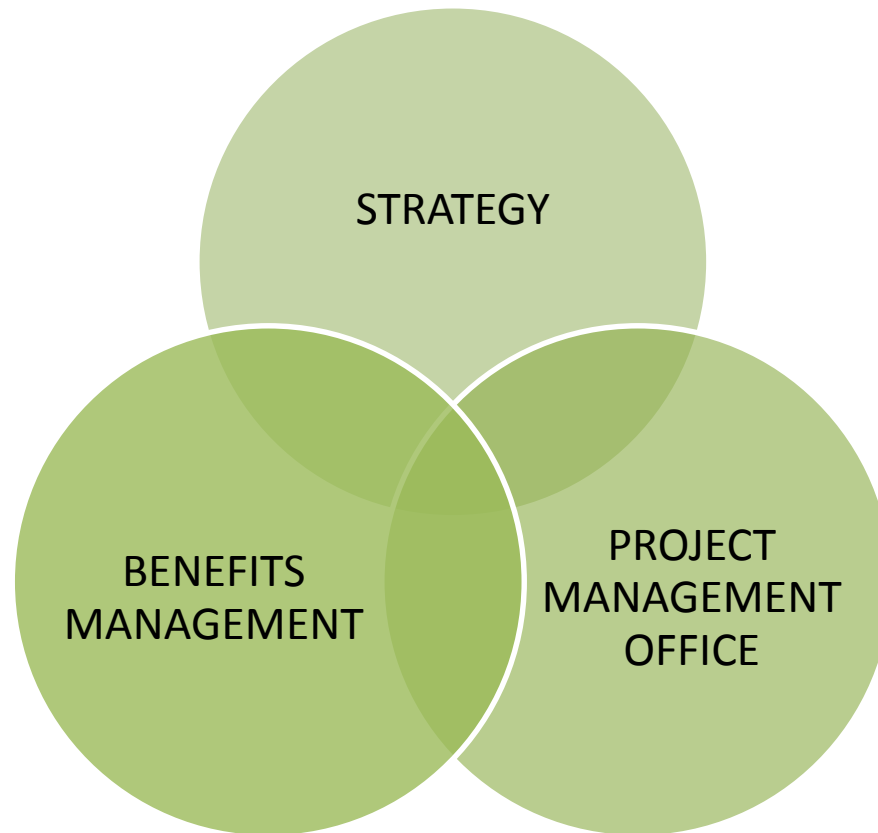
Research Program on PMOs

A Dynamic Approach to Uncover the Hidden Face of PMOs

Phase		Date	Deliverables
I	Reality of PMOs*	2005 - 2008	<ul style="list-style-type: none"> • Survey of 500 PMOs
II	In depth analysis *	2006 - 2007	<ul style="list-style-type: none"> • Doctoral thesis on 4 organisations
III	BdP in transition*	2008 - 2009	<ul style="list-style-type: none"> • 17 PMOs transformation • Survey of 184 PMO transformations
IV	Governance and Communities of PMOs*	2009 - 2011	<ul style="list-style-type: none"> • 4 case studies • Social Network Analysis
V	The PMO's contribution to the organisational performance**	2010 - 2011	<ul style="list-style-type: none"> • 1 In-depth case study • Action research
VI	The PMO's contribution to the organisational performance and change management**	2012-2016	<ul style="list-style-type: none"> • 4 in depth case studies in University hospitals
VII	Benefits Management: A Performative perspective*	2016-2017	<ul style="list-style-type: none"> • 4 in depth case studies in different sectors

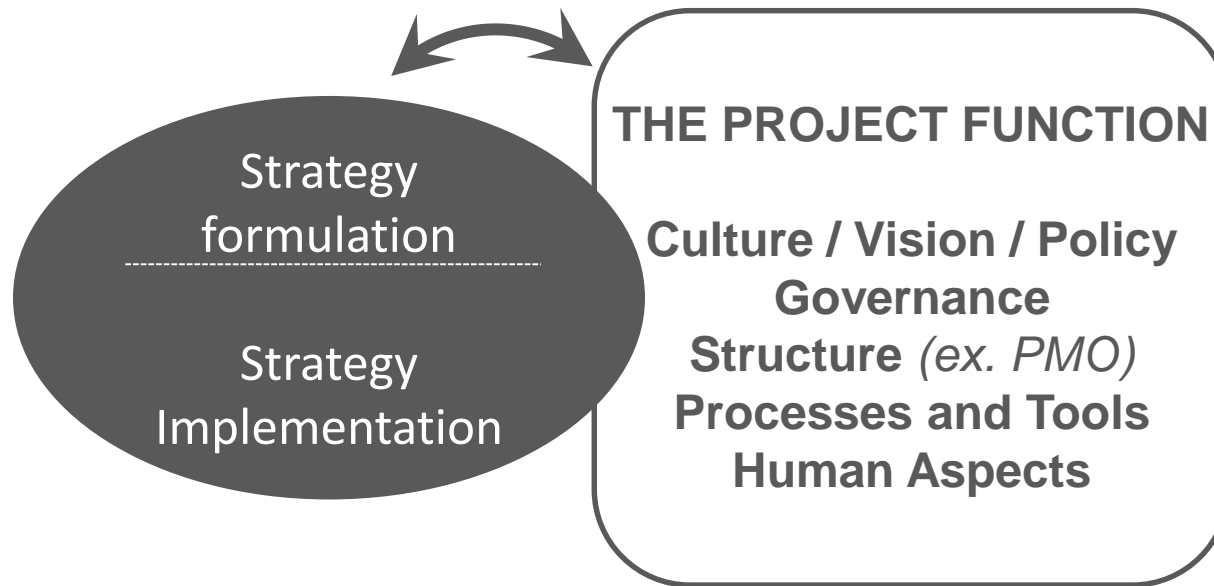
STRATEGY, PMO AND BENEFITS MANAGEMENT

Three Specific Fields: Strategy, PMO, and Benefits Management



A Closer View to the Relationships

Business Perspective ↔ *Project Management Perspective*



Business Performance ↔ *Project Management Performance*
(Benefits from investments)

FIVE KEY MESSAGES FROM EARLIER RESEARCH ON PMOS

Five Key Messages

- ➔ **1. *Slow* PMO - Reflection, Awareness and Sense-making**
- 2. Be prepared for change
- 3. Think globally
- 4. Chaos versus order
- 5. Asking the right question on PMO

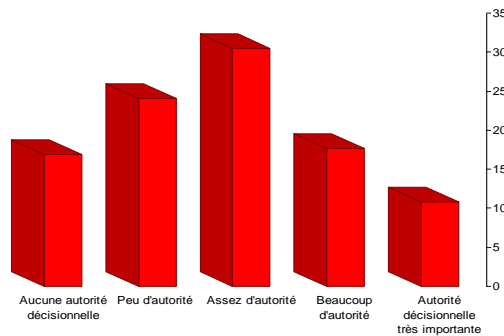
Slow PMO PMO Models?

- There is an extreme variability:
 - Form
 - Function
 - Perceived value
- PMOs don't vary systematically with
 - Industry
 - Geographic region
 - Public vs. Private sector
 - Size of organization (except size of PMOs)
 - Internal vs. External customers

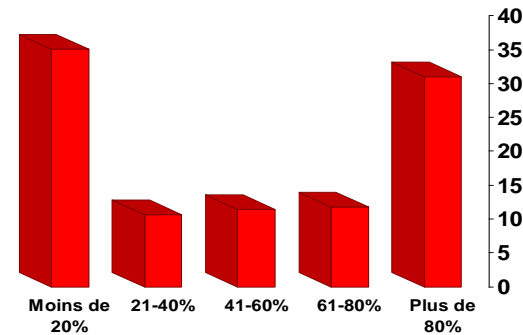
Slow PMO

Few Examples of Variability

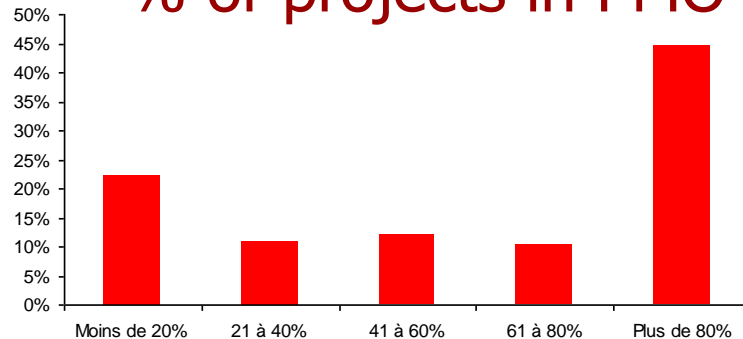
Decision-making authority



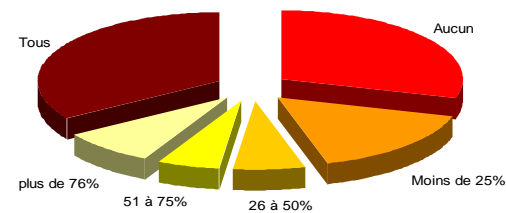
Matrix type



% of projects in PMO



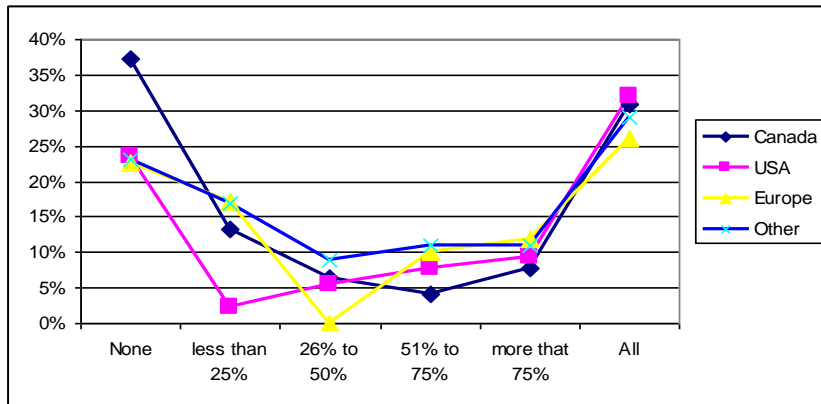
% of PM in PMO



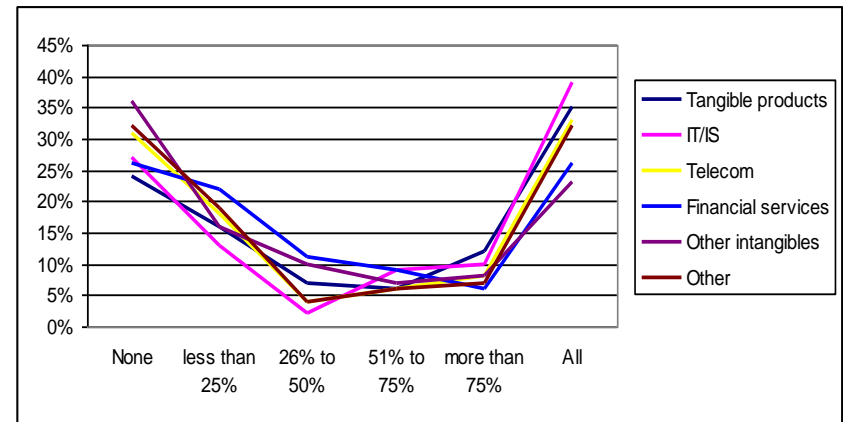
Hobbs, B., & Aubry, M. (2010). *The Project Management Office: A Quest for Understanding*. Newtown Square, PA Project Management Institute.

Slow PMO

Few Examples of Variability



% of PMs in PMO by Region

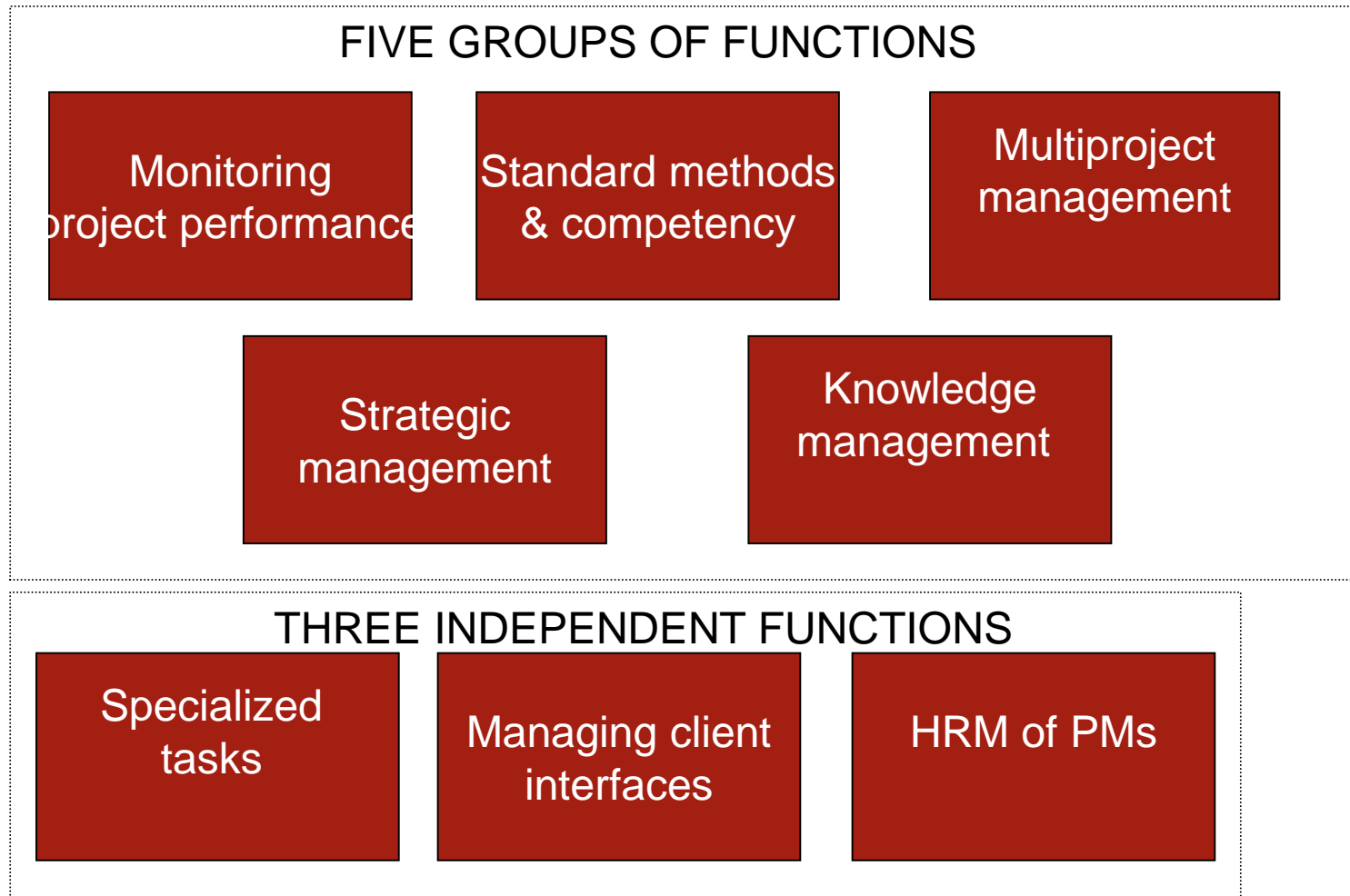


% of PMs in PMO by Industry

Hobbs, B., & Aubry, M. (2010). *The Project Management Office: A Quest for Understanding*. Newtown Square, PA Project Management Institute.

Slow PMO

The PMO Functions



Hobbs, B., & Aubry, M. (2010). *The Project Management Office: A Quest for Understanding*. Newtown Square, PA Project Management Institute.

Five Key Messages

1. *Slow* PMO - Reflection, Awareness and Sense-making
- 2. **Be prepared for change**
3. Think globally
4. Chaos versus order
5. Asking the right question on PMO

Be Prepared for Change

PMOs are Changing Frequently

- Research just shows that 80% of organizations changed their PMO after 3 years.
- Reasons why changes occur are various and not necessarily associated with something wrong
- Research shows that PMOs adapt to their internal and external environments
- Not changing could be the sign of organizational inertia and being a barrier to reaching the strategic objectives

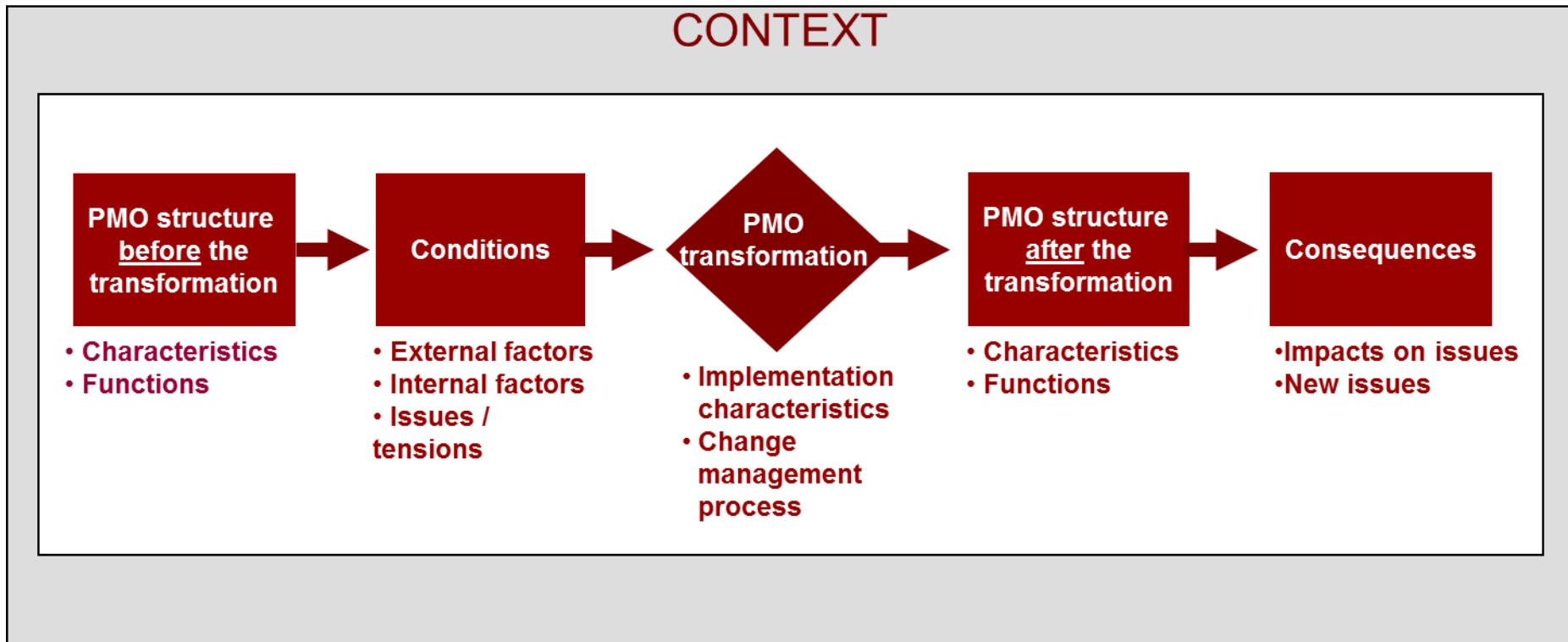
Be Prepared for Change

An Example of Adaptation to Environmental Change



Be Prepared for Change

The PMO Transformation Process



Aubry, M., Hobbs, B., Müller, R., & Blomquist, T. (2011). *Identifying the Forces Driving the Frequent Changes in PMOs. Newtown Square (PA): Project Management Institute.*

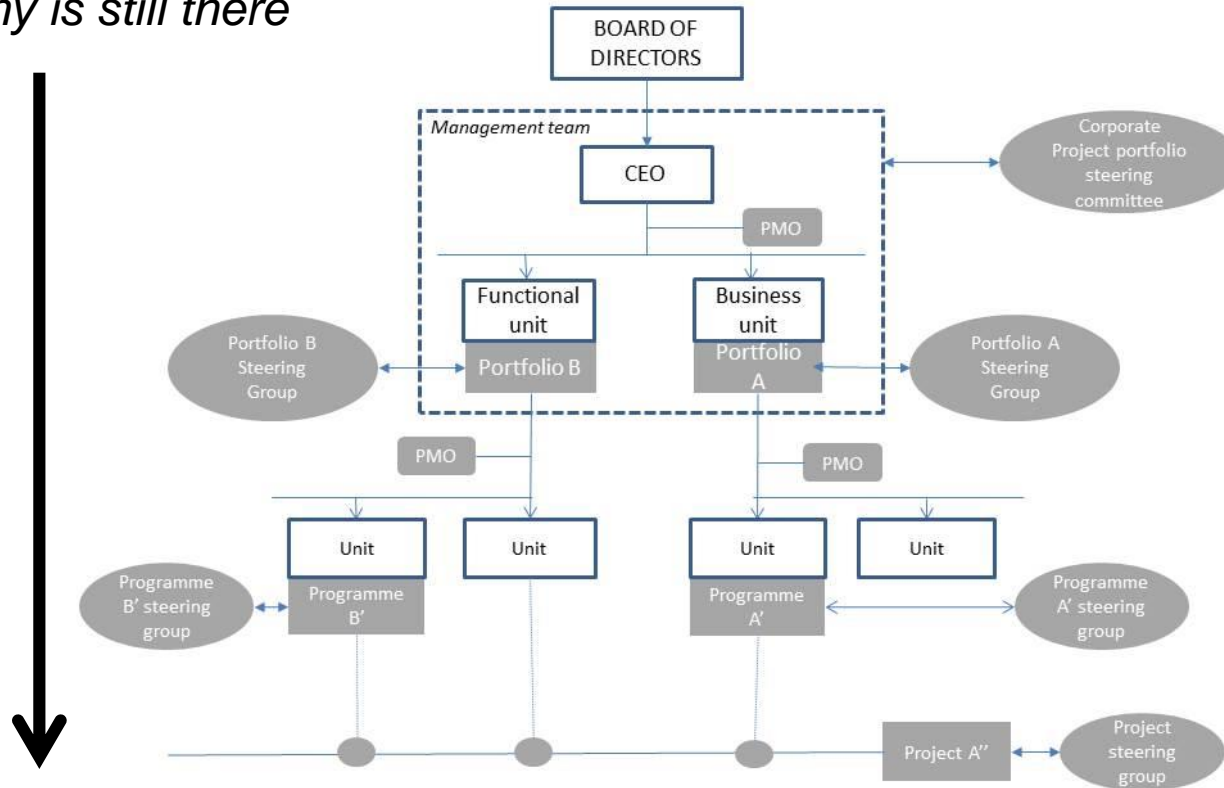
Five Key Messages

1. *Slow* PMO - Reflection, Awareness and Sense-making
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Think Globally

Project-Based Organizations

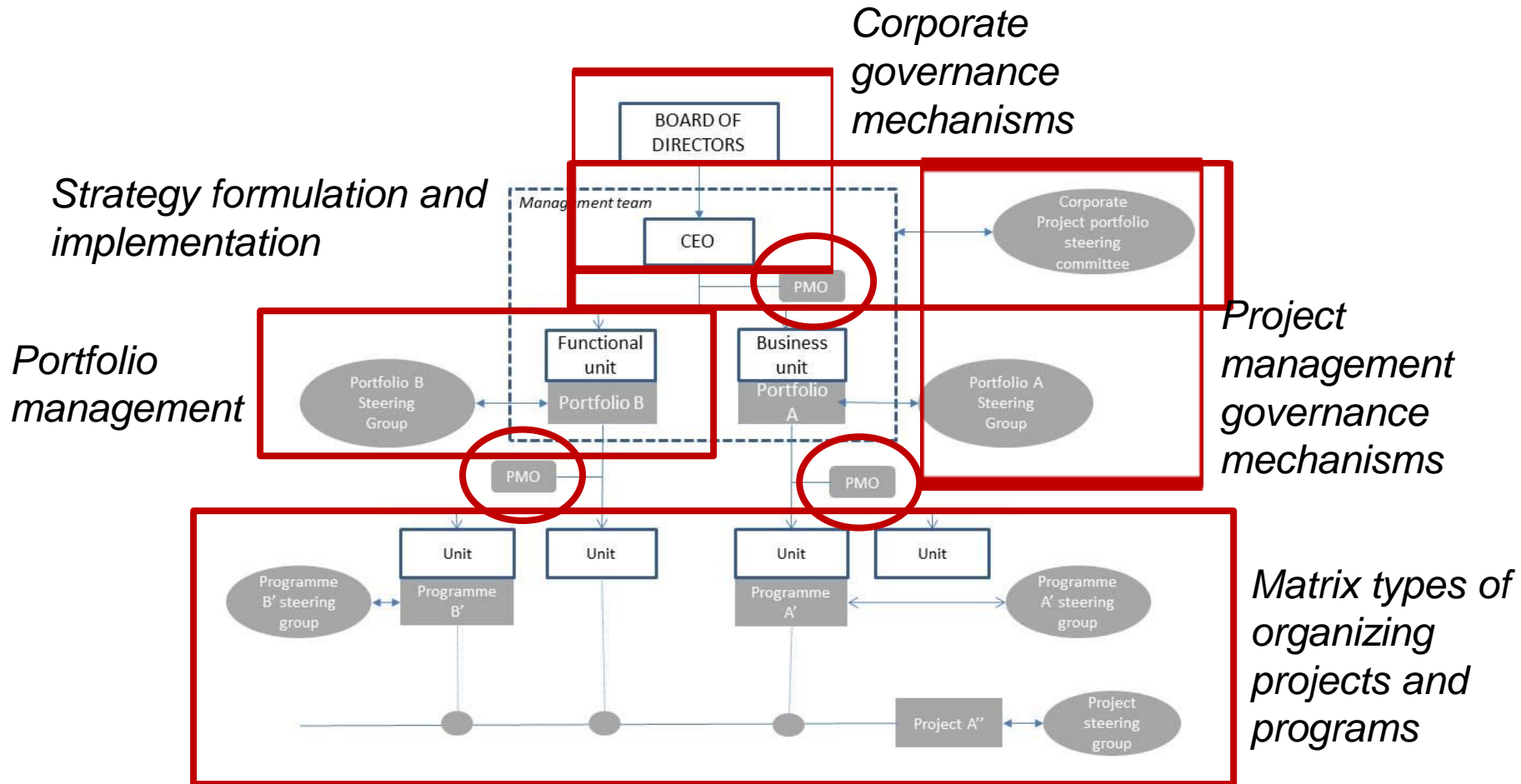
Hierarchy is still there



Aubry, M. (2013). Managing organisation. In J. R. Turner (Ed.), A handbook for project management professionals (5th ed.). Aldershot (UK): Gower.

Think Globally

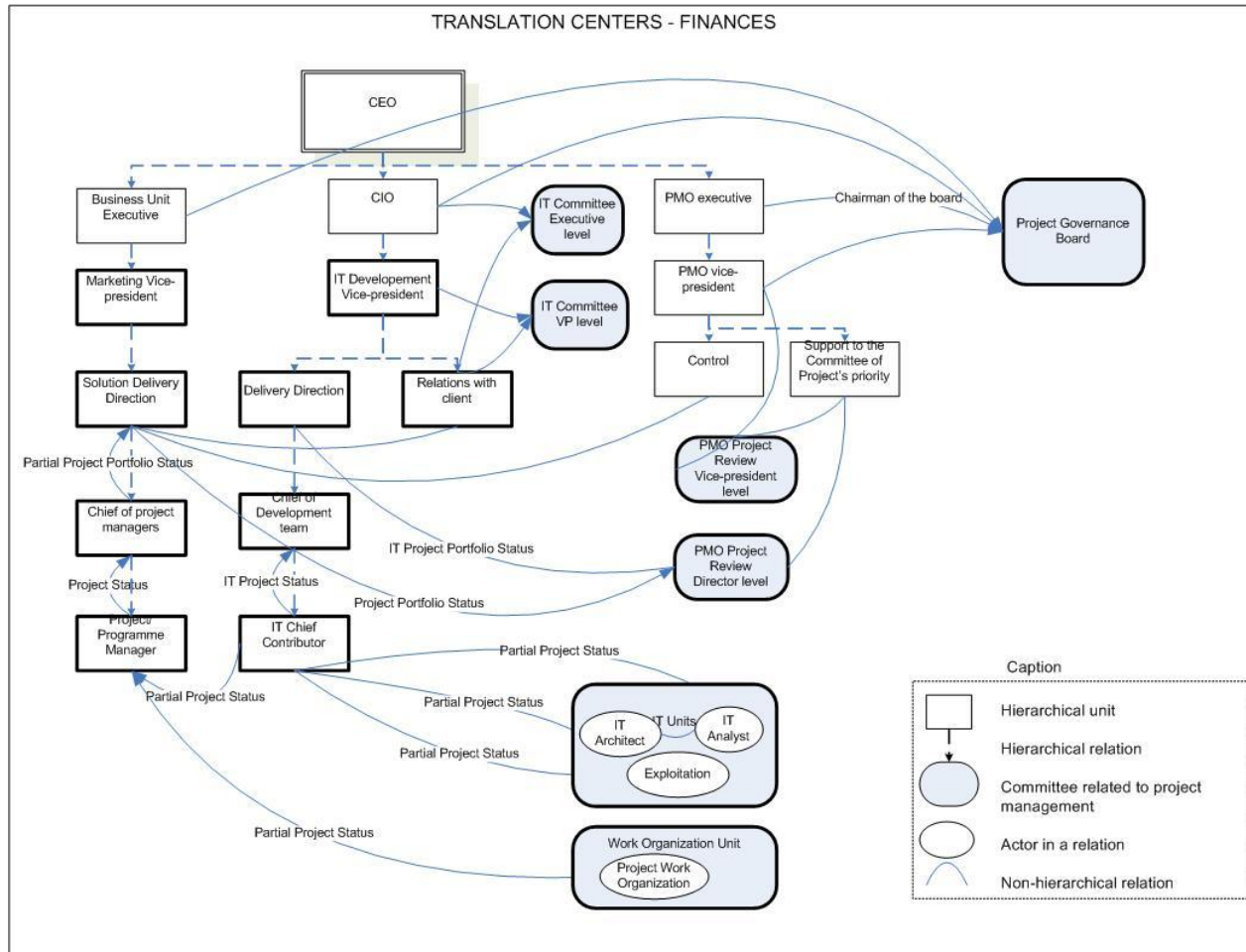
Archipelagos of Isolated Knowledge Islands



Aubry, M. (2013). Managing organisation. In J. R. Turner (Ed.), A handbook for project management professionals (5th ed.). Aldershot (UK): Gower.

Chaos vs Order

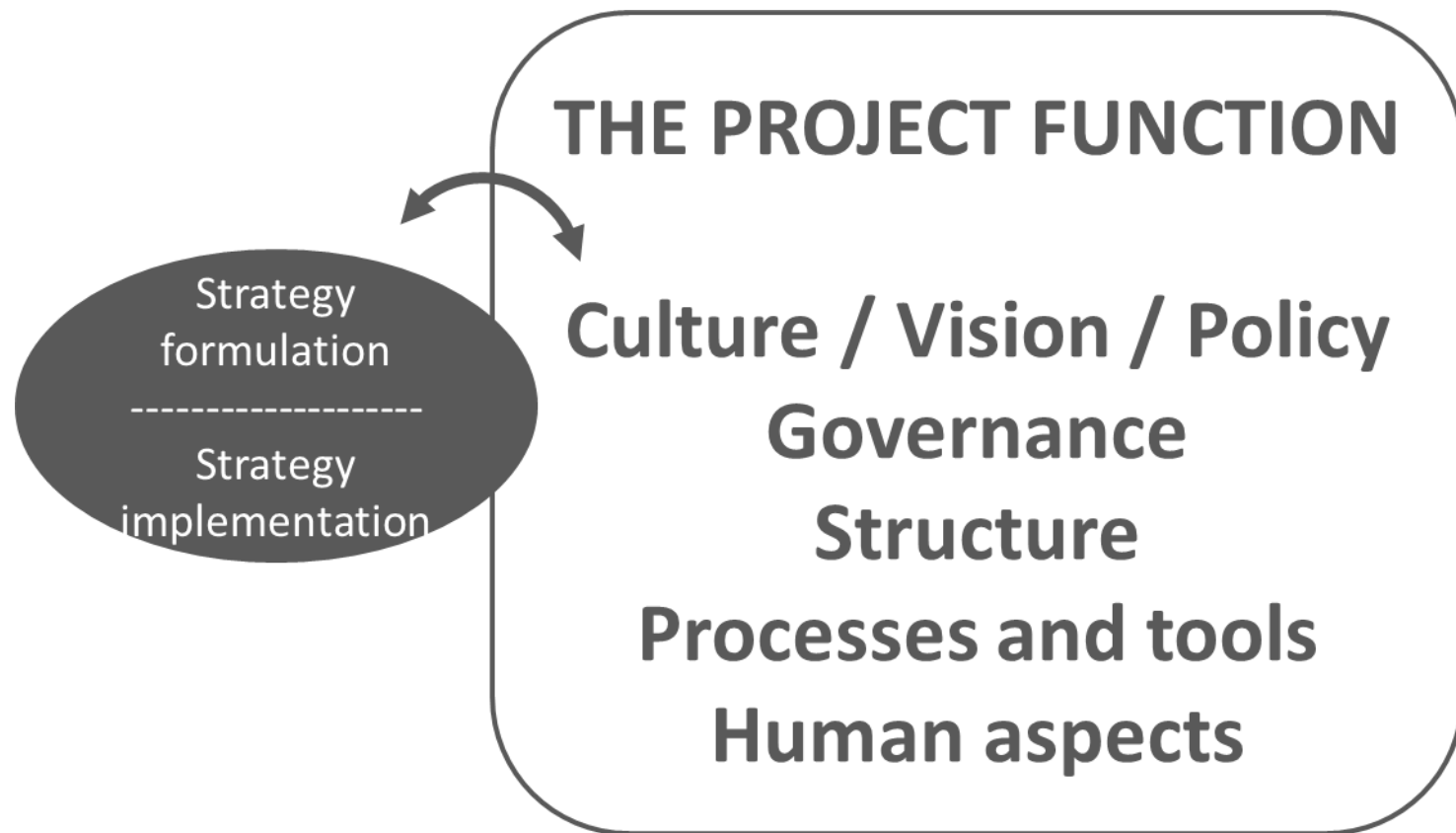
Project Networks Add Up to Hierarchy



Aubry, M. (2011). The social reality of organisational project management at the interface between networks and hierarchy. *International Journal of Managing Projects in Business*, 4(3, Emerald Highly Commended Paper Award 2012), 436-457.

Think Globally

The Project Function



After Aubry, M. (2013). Managing organisation. In J. R. Turner (Ed.), A handbook for project management professionals (5th ed.), Aldershot (UK): Gower.

Five Key Messages

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- ➔ **4. Chaos versus order**
5. Asking the right question on PMO

Chaos vs Order

Impacts of *Projectification* and *Programmification*

- The idea of matrix-type of organization is coming from the innovative research field (Burns & Stalker, 1961):
 - Bureaucratic hierarchies are good at repetitive and operational activities
 - Organic form or organizing will better fit innovation and project type of activity
- More control mechanisms are coming with more formalization and standardization in project, program and portfolio management (Maylor & al., 2006)

Chaos vs Order

Impacts of *Projectification* and *Programmification*

- Researcher in the project management field do question these findings where organizations are going back to the *iron cage* (Di Maggio & Powell, 1983, Maylor & al, 2006, Sage et al, 2010)
- Some bring the idea of the need for an equilibrium between chaos and order to bring projects delivering the expected outcomes (Geraldi, 2009). Too much order will kill or inhibit the emergence of the project. Too much chaos will have risks of being lost.

Five Key Messages

1. *Slow* PMO - Reflection, Awareness and Sense-making
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4. Chaos versus order
- 5. **Asking the right question on PMO**

Asking the right question on PMO

Performance Based Solely on Structural Characteristics and Functions

Answers to the questions:

- Form: How should my PMO be structured?
- Function: What should its mandate be?

These may be the wrong questions or at least incomplete.

Asking the right question on PMO

Predictors of PMO Performance

- Form
 - Most projects within mandate
 - Most project managers in PMO
 - Decision-making authority
- Function
 - All functions linked to performance
 - Multiple functions
- Organization context
 - Project management maturity
 - External customers
 - Non-matrixed resources

Explains 28% of variation in PMO performance

Asking the right question on PMO Embeddedness

- Collaboration with other project participants
- Recognition of PMO's expertise
- PMO's mission is well understood
- Support of upper management

Explains 48% of variance in PMO performance

To retain

1. All these results point to the “organisational design” of the project function.
2. The organisational design refer to :
understanding how to organize people and resources in order to collectively accomplish desired ends. (Greenwood & Miller, 2011)
3. Organisations are in the move. It requires for decision-makers to be sensitive to their overall environment.

BENEFITS MANAGEMENT: SOME PRELIMINARY RESULTS

Context

- In the economic context of the last decade, there is a high sensitivity of investors to the return on their investments (especially in the short term)
- This sensitivity is now encountered in project management - projects being the means to materialize investments
- Issues of social responsibility and environmental and social impacts must be taken into account by projects
- And in parallel, the number of projects and their importance continue to increase
- Work in progress!

This research is a collaboration between Monique Aubry and Viviane Sergi, both professors at UQAM. The research is funded by the Project Management Institute (PMI) Academic Research Support Program.

Problem

- Benefits management is now part of project management requirements.
- Despite the existence of a variety of frameworks, it is still very difficult to match project results with the organization's strategic outcomes
 - On time: some benefits take time to be realized
 - In a changing environment
 - Combined effects of several projects
 - For multiple stakeholders
- Something is wrong!

Problem

A recipe for failure (Flyvbjerg, 2012, p. 107) :

Costs under-estimated

➡ + Over-estimated revenues

➡ + Over-estimated effects on development

➡ + under-estimated or ignored environmental impacts

= Budget authorisation for the project

Methodology

- Qualitative approach
- Four organisations in different sectors



- 1st wave of data collection: 18 interviews semi-structured with a variety of persons at different levels, with different roles in projects and operations

How much would you pay for this « now famous three-billion-year-old diamond the size of a tennis ball [...] » ?

Source: <http://www.mining.com/worlds-largest-diamond-found-in-100-years-could-fetch-over-70m/>

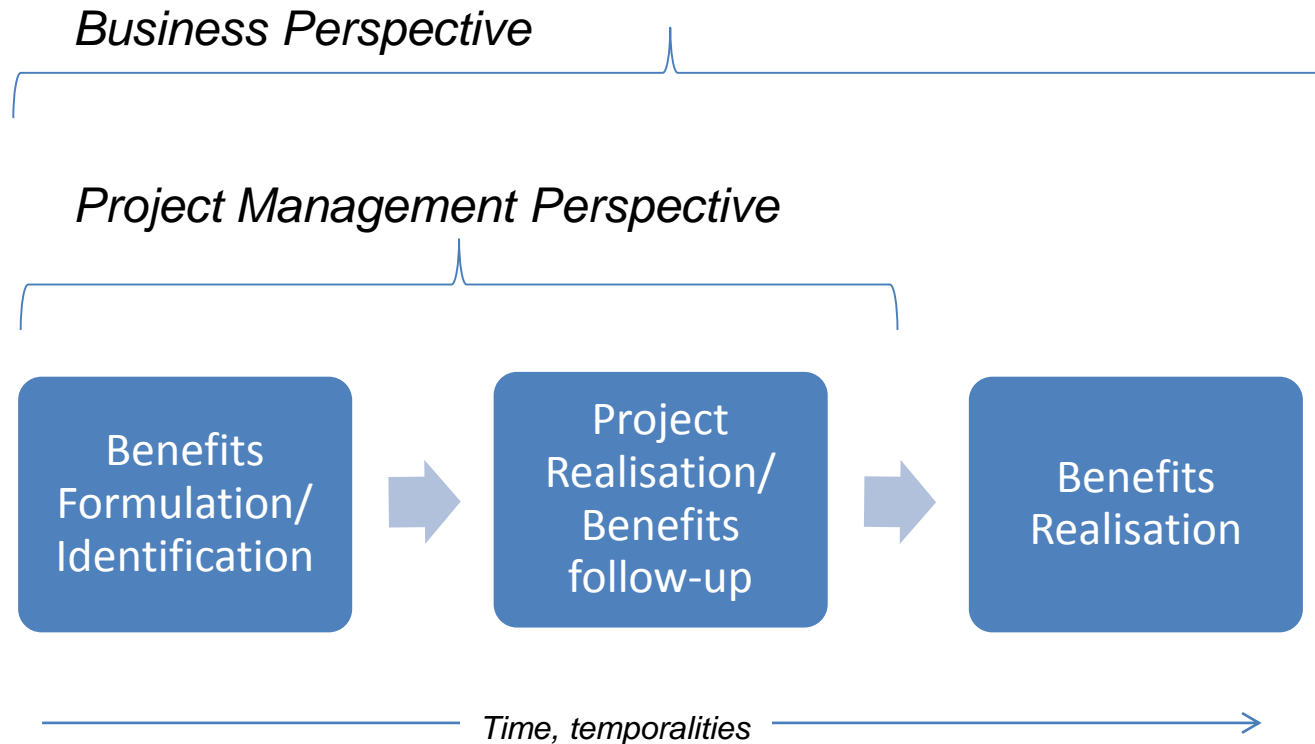


How much is a grass-snake worth?

The story put into question spending public money to save a specie of brown grass-snakes in the construction of a new bridge.

The screenshot shows a web browser window with the URL www.journaldemontreal.com/2012/12/11/combien-vaut-une-couleuvre. The page is from Le Journal de Montréal, dated Monday, September 12, 2016, at 5:41 AM. The main article is titled "Combien vaut une couleuvre?" by Mario Dumont, published on Tuesday, December 11, 2012, at 07:24. The article text reads: "Je me suis inquiété le week-end dernier de revoir la couleuvre brune dans la liste des espèces qui ont leur habitat aux abords du futur pont Champlain. Je me souviens de l'épisode Turcot. Ça avait coûté cher pour déplacer une à une des couleuvres. La préservation des espèces vraiment menacées est une priorité, oui. La biodiversité aussi. Mais nous arrive-t-il de dépenser de façon absurde au nom". The sidebar on the right features a "LES PLUS POPULAIRES" section with articles such as "Caïd nerveux, mais accueillant", "Taxis: le bon vieux temps est fini", "Chauffeurs de taxi furieux", and "Une explosion à Van fait".

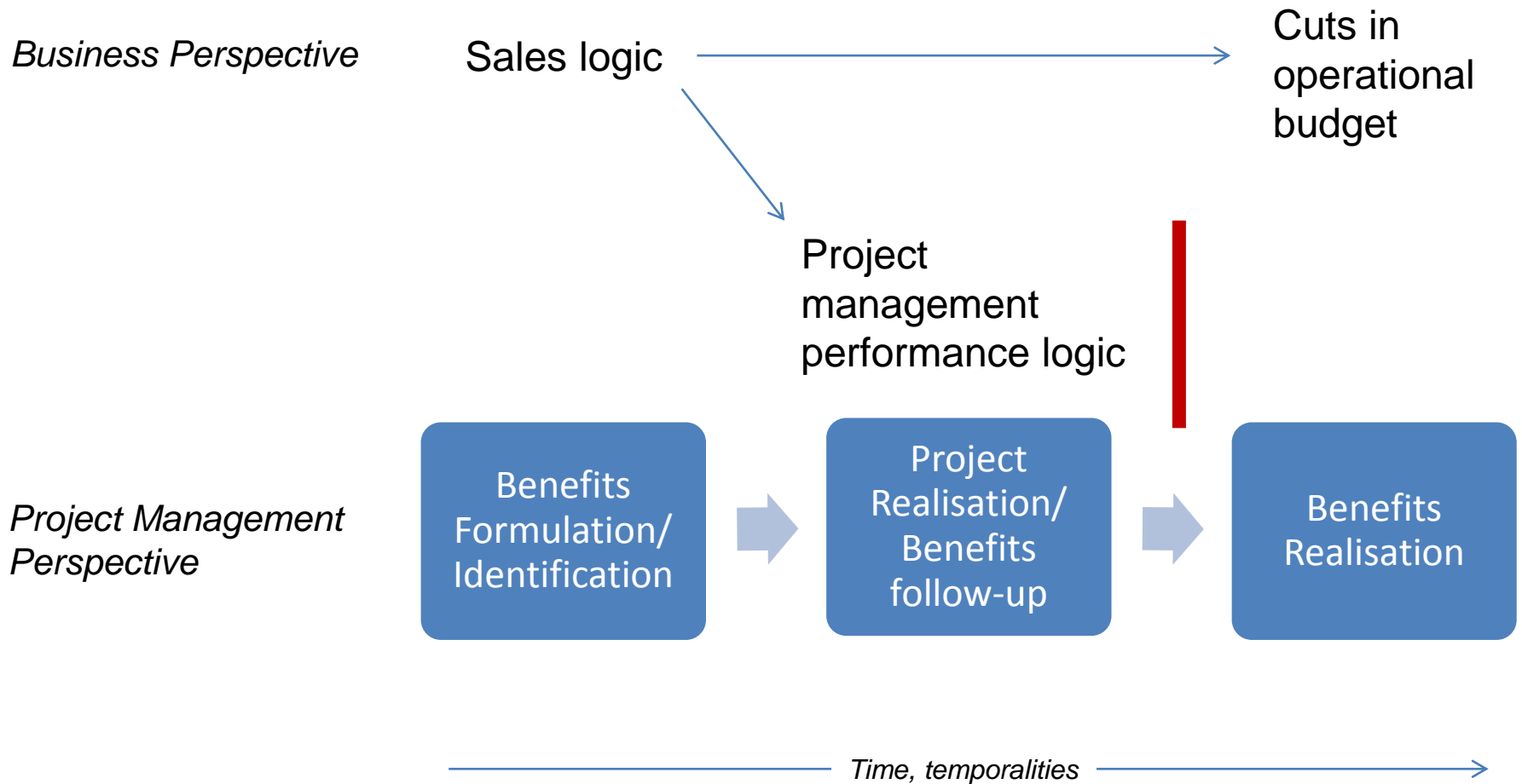
Simplified benefits management process



Preliminary results on benefits management

- Preliminary results show :
 - A variety of ways in defining benefits with competing views within the same organisation
 - The prevalence of a “sales” logic in the early stages of a project (get the money) including all sorts of benefits
 - Then, the transformation of the sales logic into a business perspective and a project management perspective
 - Lack of connection between both perspectives
- In the following, three different trajectories of benefits management process

Example 1: Lost link with benefits other than operational costs



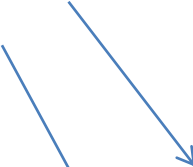
Example 2: User view on the benefits

Business Perspective

Sales logic



Cuts in operational budget



User logic



Social benefits

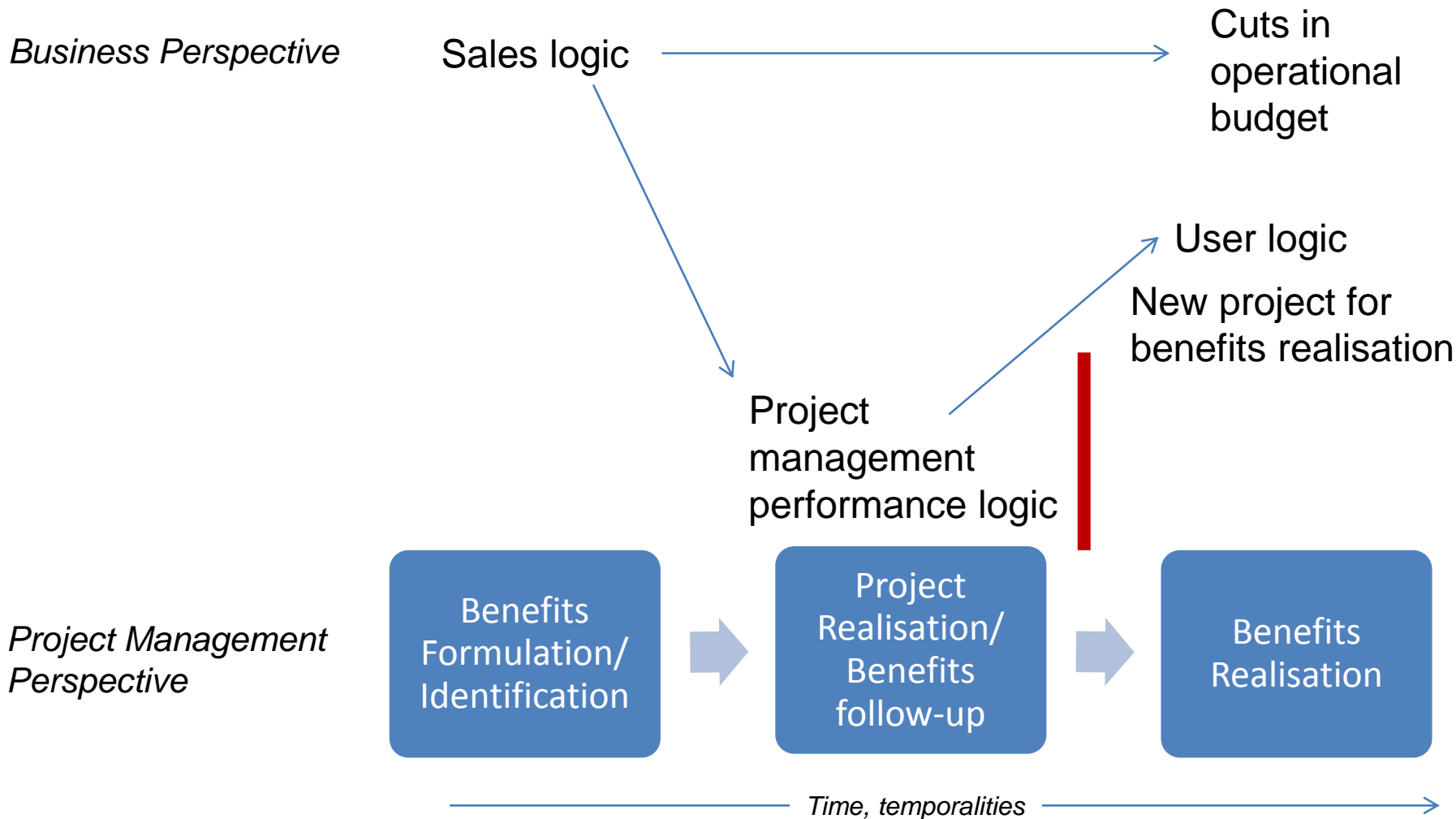
Project management performance logic



Project Management Perspective



Example 3: Initiating a new project for benefits realisation



First insights

- Despite implementation of benefits management process, we observe some confirmation of a recipe for failure:
 - strong « sales » logic at the early phase of projects
 - Abandon of qualitative social and environmental impacts during the project progression
- At the later phase of projects, it seems to have a disconnect between the business and the project management perspectives

Role of PMO in Benefits Management

- In our case studies, there was a variety of arrangements in the responsibility of the benefits management process:
 - Full methodology and centralised mechanism based on types of projects in one single entity (not a PMO)
 - Governance mechanisms associated with benefits management during the life cycle of projects (portfolio steering committee)
 - Ad hoc process, decentralised to individual projects
 - Scope of methodology, rarely goes over the project life cycle
 - Reinforcement of the role of the sponsor or owner in the accountability of benefits realization

CONCLUSION

Conclusion

- Observations in our case studies show a lack of connection between the business and the project management perspective, more likely at the end of the project
- A project is defined as a temporary organisation – is there a paradox to cover benefits realisation. Is it part of the project management realm?
- Is an entity such as PMO can help in this situation?

Many thanks!

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