Enterprise Program Management Office (EPMO): "Best Practices and PMOs"

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Our EPMO Ship Has Been Selected For Our Journey!

Our PMO is shipworthy and ready to sail across complex pain points, helping the CEO and COO with enterprise transformations that cut across lines of businesses (LoBs), divisions, and global market sectors with complex supply chains. This is when the traditional PMO practice needs to be water-tight and ready to take on all kinds of project weather with an eye to a new horizon!

The PMO needs to function as the enterprise program management office (EPMO) to support transformation efforts in all shapes and sizes, including new enterprise application installations and upgrades, acquisitions and mergers, spin-offs of unwanted LoBs, major changes in business strategies, and more.

Three themes come into play when you think about EPMO—strong governance with enterprise architecture (EA), enterprise portfolio management, and risk management.

Our journey has the stated benefits to be accomplished with using an EPMO.

Repeatable Program/Project Planning with Strong Governance
• Construct an enterprise governance structure with policies, plans, and processes to control standards within LoB PMOs.
• Build program and project plans or use project templates to list and relate activities, create work breakdown structures, schedule activities, identify resources, and estimate costs.
• Improve accuracy of cost estimating by standardizing the elements or expense associated with resources and creating a single source of information for estimates.

Enterprise Portfolio Management and Controls

• Track project changes in real time with a completely configurable change control that allows project managers to choose which attributes of a project to track.
• Enhance visibility of issues with executive dashboards, analytics, and automated workflow.
• Track programs and projects by LoBs or divisions with a consolidated view and executive dashboard.
• Remove subjectivity from status reporting with automatic project health and percent complete calculations.
• Use an enterprise portfolio management tool from your enterprise application systems or other products.

Enterprise Risk Management

• Identify risks and issues that influence programs and projects and document their characteristics. Include operational risk (such as subprime loans, insurance claims, etc.) for a roll-up of all the divisions’ risks for the enterprise.
• Monitor residual risks and identify new risks.
• Execute risk reduction plans and evaluate their effectiveness throughout the project life cycle.
• Use a Monte Carlo simulation model for risk projections.
• Use cost impact estimates on risks.
• Select an enterprise risk manager commercial off-the-shelf (COTS) application.

Our Ship Needs a Captain

To improve customer satisfaction and better align IT expenditures with the values of the organization and its LoBs, the CIO Office of Information Technology (CIO OIT) needs to establish an Enterprise Project Management Office (EPMO). The CIO OIT and EPMO share the common goal of ensuring that all activities within the OIT should be performed with an attitude of customer responsiveness and cost consciousness and all technology products and services are reliable, high quality, useful, and secure. The development of a strong enterprise governance framework around IT will be fundamental in defining the role of EPMO and the CIO’s success overall for delivery of products and services.
To structure an effective EPMO, you will need a very strong, working governance structure and asset, and project portfolio management with executive real-time dashboard information to ensure that key performance indicators (KPIs) and metrics are reported with a view looking ahead.

To be successful, a transformation methodology integrating business process management (BPM), information and knowledge management (I&KM) and organizational change management (OCM) must be in place to jump-start the organization into its new structure. It's a new adventure for the traditionalist PM or PMO.

Your EMPO leader must have access to or a seat at the executive steering committee (ESC). See the figure below for the touch point to the ESC and linkage to the divisions or LoBs.

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**Voice of the customer and satisfaction**

We recommend using the Voice of the Customer (VoC) techniques from the Lean Six Sigma world to validate what the customer really wants and is willing to pay for. Upon formation, your EPMO should take responsibility for elevating the standards for management and delivery of the programs and projects in a phased approach by LoB or division. Remember that implementing an EPMO is an art as well as a science.
Also, the broader the scope of the governance issues, the harder it is to create an environment of predictable, consistent program and project delivery.

Implementing an EPMO is an Art as Well as a Science

What makes it successful?

The illustration above provides insights and benchmarks on EPMO activities.

Now that we have our captain and mission, we are ready to begin embark on the three phases of the EPMO journey.

In phase one, the new EPMO concept needs to identify the enterprise value proposition and burning platform to invest into this model. The expected benefit outcomes should have a measureable Return on Investment (ROI) of at least 2X or more. If there is more than one PMO in your organization, expect a higher ROI when you have consolidated governance and a common operating plan across the company. There needs to be an EPMO charter, strong executive sponsor, and governance strategy in place at the end of this phase.

In phase two, the charter’s roles and responsibilities are executed to create an EPMO portfolio with enterprise COTS tools, including one for enterprise risk management. Select pilots that will be low-risk. Standards, templates, WBSs and best and/or leading practices need to be selected, crafted, and trained across the enterprise with a cross-cutting jump start team so that all the divisions and LoBs are represented.
Lastly, in phase three, the EPMO rolls out the enterprise COTS application services for portfolio management, risk, and PM and executive performance leading and key performance indicators to maintain and sustain the existing PMOs.

Notional EPMO Implementation Strategy

PHASE 1
Study, Plan & Initiate
• Identify need & performance objectives
• Assess “as is” capability
• Recommend areas to de-scope & streamline - identify improvements to processes & enablers (tools, reports, etc.)
• Develop implementation plan based on needs
• Identify pilot
• Begin developing & enabling virtual visibility room capability on Web

PHASE 2
Engage & Expand Capability
• Define processes & enablers (tools, reports, etc.) for risk, cost, change & ROI metrics
• Implement & roll out added capability
• Develop structure & criteria for management “toolkit” (repeatable processes)
• Augment virtual visibility room with expanded capability to include Enterprise Information System (EIS)
• Train & enable team/suppliers on performance measurement processes & standards
• Review performance objectives

PHASE 3
Sustain Enterprise Information Function
• Ensure effective operation and value of EPMO – continual process improvement
• Provide ongoing informed analysis and recommendations
• Assess next level of need (portfolio management?)

Sailing Tips from the Fleet!

➢ Strategy and EA

The EPMO needs to be sharply aligned with the business strategy, just like IT. The EPMO and IT organizations that seek to align their decisions with business strategy must start by communicating their own strategic objectives as simply and clearly as possible. This effort is often either overlooked or poorly done, and the outcome often looks more like a service level agreement than a mission, goal, and outcome statement. Alignment with the business starts at the top with a shared understanding of the strategic role of the EA and how it supports IT in delivering value to the organization.

➢ Program/Product Management (PM)
For business users, the EPMO is simply about the portfolio of programs, products and services that IT delivers. However, the EPMO will have not only the IT programs, products, and services, but includes the rest of the organization’s capital projects for
a holistic view of the company. The programs, products and services portfolio is relatively static, with product costs and benefits accruing until the asset is replaced and/or retired.

Programs and products should be mapped to all key business processes and measured in terms of business value, providing an important context for making resource investments (people and funding) and project decisions. Because of their direct relationship to the businesses, projects to upgrade and enhance the assets are more easily prioritized. The product portfolio is the context for all of the projects and services performed by EPMO.

- **Program/Project Portfolio Management (PfM)**
  Too often, organizations try to consolidate product and project life cycles into a single framework. In fact, they are very different, and establishing product management actually clarifies the role of projects and the project portfolio. Projects are the mechanism for changing and enhancing products in the product portfolio. At any time, there is a long list of active and proposed projects that will add to, enhance, or retire products in the product portfolio. The project portfolio process exists to simply prioritize, select, and sequence the projects to optimize the organizational divisions and IT’s limited resources. Key elements of a project portfolio management process include a project prioritization model, visibility into resource allocation, and standardized performance and status reporting metrics.

To summarize, here is all the cargo you need for your EPMO:

- Business strategic alignment and line of sight
- Strategic and cultural leadership with a strong sponsor
- Enterprise project portfolio management
- Enterprise project and business management
- Enterprise risk management
- Business strategy/vision/mission
- Strong business culture
- Strategic objectives and strategic initiatives
- Enterprise architecture—information, technology, and business architectures
- Prioritization criteria and project prioritization
- Resource allocation and solution implementation with pilots
- Organizational change management (OCM)
- Ongoing operations and sustainment
- Theory of conscious alignment

**Driving Organizational Adoption on the High Seas**

Implementing change—particularly change involving processes and tools—within any organization can be challenging. Fortunately, some organizations have the advantage of a strong culture of service and support for others that leads to a very healthy
environment to incubate ideas for improvement and change. Key OCM tenets include:

1. **Involvement:** All management staff, senior staff members, and key stakeholders should be included in developing the governance framework. Through the process of shared development, the outcome is seen as a program, product, or service of the enterprise, and therefore is considered less foreign or new when implemented.

2. **Consistent communication of the vision (the big important thing):** Throughout the collaborative process of development and implementation, a simple yet powerful vision must be established that continues to endure and encapsulate all changes. Tireless and consistent communication of the business vision ensures that everyone is headed in the right direction.

3. **Incremental advances and shared benefit and goals:** Equipped with a holistic vision, the implementation should be broken into incremental steps or phases—each with specific objectives. The approach is top-down but also focused on balancing shared benefits and maturing processes at all management levels.

4. **Flexibility for different rates of adoption across the enterprise:** While some groups may be early supporters and eagerly adopt changes, others may not be prepared for large-scale changes. (This is especially true with enterprise application implementations.) The best approach emphasizes flexibility to support groups at different maturity levels and does not force a strict lock-step adoption.

5. **Order in implementation and execution:** The leadership team must begin with process work early in the initiative, followed by personnel considerations such as skills training and organization. Process and people considerations should be followed by selecting supporting tools tailored with EPMO guidelines to meet the enterprise process and people requirements. The result is outstanding levels of buy-in and support—and ultimately, enterprise-wide adoption.

**Docking the Ship**

Let recap the compass points on our EPMO journey. The EPMO

- Serves as a central point of contact and control of all enterprise engagements—tactical and strategic
- Sets and continually analyzes criteria and provides visibility into performance
- Defines, establishes, and facilitates key processes for the enterprise
- Balances organizational scope based on needs versus wants
- Enables communication and stakeholder involvement
- Enables rapid and informed decision-making
- Institutionalizes successful business practices
- Consists of experienced program management expertise
• Provides an objective viewpoint and is committed to the success of the organization.