The Power of Enterprise-Wide Project Management

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AGENDA

- Project Business Management (PBM) Concepts
- Enterprise-wide Project Management Concepts
- PBM Methodology Model (PBM³)
- Governance and EPMO Concepts
- Standardization and Models
- Capability and Education & Training
- Maturity
- PBM³ Benefits and Value
- EPMO & Management Benefits and Value
- Questions
Operations Business Management and Project Business Management

BASIC BUSINESS OPERATIONS

PBM Components

Enterprise Funding

PBM ³

Fund Operational

Fund Developmental

Strategic Planning

Objectives Development

Portfolio Management

Program Management

Project Management

Program & Project Work

Methodology Standardization

Organizational Governance

Knowledge & Skill Capabilities

Integrated Execution

Enterprise PM Maturity

Acquisitions

Software Development

Hardware Implementation

New Products

New Services

New Systems

New Facilities

Process Improvements

Service Improvements

Software Maintenance

Cost Reductions

Business Operational Programs & Projects

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Project Business Management (PBM) – Concept Definition (1)

- Uses **General Business Management** and **Project Management** knowledge, skills, tools, and techniques
  - in applying portfolio, program, and project **management processes** to meet or exceed stakeholder needs.

- **Derives benefits** from and captures **value** through
  - any project-related actions and activities used to **accomplish** the enterprise’s **business objectives** and related **strategies**

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PBM Strategy and Objectives

PBM Strategic Initiative
Create a business environment within the enterprise that embraces PBM as an intrinsic enabler for achieving value and benefits from PBM.

PBM Business Objectives
Establish and institutionalize PBM practices as the natural way to achieve enterprise business objectives.

Have Project Management treated as a business function to the degree that it becomes a core competency.
PBM – Enables EWPM

- Project Business Management (PBM) is a mindset, which needs to be held organizationally at an enterprise level. PBM is a way to manage, communicate, and perform work that is supported by technology.

- PBM organizes an enterprise’s resources in direct alignment with the enterprise’s vision, mission, strategic initiatives, and business objectives (VMSO).

- PBM enables the enterprise to translate the VMSO into executable portfolios, programs, and projects.
Enterprise-Wide Project Management (EWPM) Concept Definition (1)

- Applies $PBM^3$ practices and processes on an enterprise-wide basis
- Supports *centralized management* of the enterprise’s portfolios, programs, and projects
- Through use of an Enterprise Project Management Office (EPMO) as the functional *business unit*
EWPM – A Business Management Perspective

EWPM is a Powerful Concept in Business

1st: EWPM is a Business Management Function Driven by Executive and Senior Management

2nd: EWPM Integrates Strategic and Tactical Planning of Non-Operational Goals with Operational Goals

3rd: EWPM is a Business Management Methodology for Managing Non-Operational Work (Better Known as Portfolios, Programs, and Projects and Related Non-Operational Work)
EWPM – A Business Management Perspective (Cont’d)


5th: EWPM is *Managed by* an Enterprise Project Management Office (EPMO) Headed by an Executive Manager

6th: EWPM is *Implemented Using* a Project Business Management Methodology Model (PBM$^3$) (1)

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PBM, EWPM, & EPMO
Driving Forces (Pains)

- Losing Market Share
- Competition Faster to Market
- Fewer Resources Available
- Cost Cutting – Budget Reductions
- Managing Dynamic Growth
- Financial Survival
- Determining Program and Project Success
Project Business Management Methodology Model (PBM³)


**Model: Four PBM³ Pillars Support the EPMO with a Foundation of Maturity**

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How To Establish EWPM

Establish Corporate Support → Charter EPMO → Assess Current Situation → Standardize PBM Processes → Establish Capabilities

Create EPMO

Implement EWPM → Roll-Out EWPM → Execute With PMB3

Project Management Maturity

Enterprise-wide Project Management House of Excellence
EWPM Establishment Steps

1. Establish Corporate Support
   - Create executive & senior management support for EWPM initiative
   - Get middle management commitment & support
   - Obtain top executive formal commitment & support

2. Charter EPMO
   - Develop EWPM strategic initiative business case with business objectives
   - Prepare and authorize EPMO charter and get it formally adopted by the management team
3. Assess the current situation; EWPM requires cultural, organizational, process, and technical capabilities

- **Mission** *(Governance)* – Degree to which enterprise knows why it exists and what its direction is.

- **Consistency** *(Standardization)* – Enterprise’s systems and processes which support efficiency and effectiveness in reaching business objectives.

- **Commitment** *(Capability)* – Degree to which individuals at all levels of the enterprise are engaged in and hold the EWPM and EPMO directions as their own.

- **Agility** *(Execution)* – Ability of enterprise to know what Customers want, and degree to which enterprise can respond to external forces and demands.
EWPM Establishment Steps (cont’d)

4. **Standardize PBM Processes**
   - Create & establish PBM policies, practices, and procedures; Implement a PBM³ standard
   - Establish how Key Performance Indicators (KPI) will be defined, used, and evaluated

5. **Establish Capability**
   - Identify & select personnel, provide PBM³ education & training, set-up management systems

6. **Implement EWPM**
   - Have EPMO apply their enterprise’s version of a PBM³ Methodology
EWPM Establishment Steps (cont’d)

7. Roll-Out EWPM
   - Make a big splash to get everyone’s attention
   - Announce the EPMO and its management and staff
   - Distribute the PBM³ Standard Practices

8. Execute with PBM
   - Begin execution of work with PBM³ methodology

Establishing Enterprise-wide Project Management Is Not A Trivial Pursuit!
PBM³ Execution Stages

- **Strategic Planning** – Create business-plan based strategic initiatives with KPIs
- **Tactical Planning** – Develop Business Objectives with KPIs
- **PBM Planning** – Identify portfolios, programs, and projects and associated KPIs
- **PBM Initiation** – Select, prioritize, and authorize portfolio, programs, and projects and set final KPIs
- **PBM Execution** – Manage the portfolios, programs, and projects to meet KPIs
PBM³ Execution – Overall Process (1)
Establishing EWPM – PBM³

Critical Success Factors

- **Establish Governance**
  - Set Policies
  - Charter the organization

- **Define Standardization**
  - Identifies, documents, and integrates five standard models

- **Develop Capability**
  - Improves human skills and knowledge
  - Enhances business operational abilities

- **Enable Execution**
  - Facilitates strategic and tactical planning
  - Improves business objectives development
  - Drives the execution of portfolio, programs, and projects
Develop PBM³ Governance

First Pillar of PBM³
EPMO Vision and Mission

EPMO Vision
Create an organizational environment that enables *world-class proficiency* in applying PBM enterprise-wide.

EPMO Mission
Provide leadership that guides the enterprise in implementing EWPM and utilizes ‘*Good Practice*’ PBM processes, tools, templates, and technology to accomplish the enterprise’s *Business Objectives*. 
Enterprise Project Management Office (EPMO) – **Defined**

- **Organization** that institutes and manages the PBM³ processes for portfolios, programs, and projects
- Located at **executive level** of enterprise, to be effective in managing the initiating, authorizing, planning, controlling, and executing process in the PBM³ Model.
- Lead by an **executive manager**

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Current Status of PMOs (2)

- No clear consensus of what constitutes a PMO
- PMO is not an isolated entity, but an integral part of the host organization’s PM practice
- Lack of consensus as to the value of PMOs. (50% are valued – rest are being challenged)
- Majority of PMOs are stand-alone

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Establishing an EPMO
Enterprise-wide Organizational Structure
Requires Careful Planning

The first move often determines the outcome of the game
Preparing for the EPMO

First: Assess Organizational Capabilities

Then: Plan to Achieve the Future State

- Assess the Current State
- Define the Desired State
- Plan to Fill the Gap
Creating The EPMO

**Prepare and Issue EPMO Charter**

- Purpose
- Vision
- Mission
- Strategy
- Goals & Objectives
- Methodology
- Critical Success Factors
- Roles & Responsibilities
- Accountability & Authority
- Organizational Structure
Organizational Level of EPMO is Very Important to Success

- Position is equated with **Authority**
- Position establishes level of **Acceptance**
- Position enables enterprise-wide **Adoption**
- Position defines level of **Autonomy**
EPMO Organizational Structure

Corporate Level
- EPMO
  - Strategic Planning
  - Forecasting
  - Business Objective Development

Division Level
- DPMO
  - Overview
  - Master Project Planning

Business Unit Level
- BUPMO
  - Planning, Scheduling, Reporting

Project Level
- PMO
  - Planning, Scheduling, Reporting
  - Mission-Critical Strategic Projects

Enterprise Project Management Office
- Strategic Planning
- Forecasting
- Business Objective Development

Divisional PMO
- Overview
- Master Project Planning

Business Unit PMO
- Planning, Scheduling, Reporting

Project Management Office
- Planning, Scheduling, Reporting
- Mission-Critical Strategic Projects
EPMO Reporting Structure
Large Enterprise

EPMO = Executive Level

DPMO = Division Level

BUPMO = Business Unit level

PMO = Mission Critical Project Level
EPMO Reporting Structure
Small Enterprise

EPMO = Executive Level
- Strategic Planning
- Forecasting
- Business Objective Development
- Portfolio Management
- Master Schedule Review

PMO = Department Level
- Program & Project Planning, Scheduling, Reporting
- Mission-Critical Strategic Projects
Develop PBM³ Standards

Second Pillar of PBM³

Enterprise-wide Project Management House of Excellence

Standardization

Project Management Maturity

EPMO
Develop PBM Enterprise
Integrated Standard Models

Enterprise Strategic Business Planning Standard Model

Business Objectives Development Standard Model

Portfolio Management Standard Model

Program Management Standard Model

Project Management Standard Model

Initiation Processes
Planning Processes
Executing Processes
Monitoring & Controlling Processes
Closing Processes
Initiation Processes
Planning Processes
Executing Processes
Monitoring & Controlling Processes
Closing Processes

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### PBM³ Standard Model Processes

#### Strategy Initiating Processes (A)
- 1A-1 Update Enterprise Vision and Mission
- 1A-2 Develop Business Strategies for Next Business Cycle
- 1A-3 Identify Applicable Enterprise Environmental Factors
- 1A-4 Define Strategy Prioritization Criteria
- 1A-5 Develop Strategy Accomplishment Metrics

#### Strategy Planning Processes (B)
- 1B-1 Prepare Strategic Business Plan
- 1B-2 Prepare Business Cases

#### Strategy Executing Processes (C)
- 1C-1 Implement Strategy
- 1C-2 Perform Strategy Status

#### Strategy Monitoring & Controlling Processes (D)
- 1D-1 Manage Strategy Change
- 1D-2 Monitor Strategy Metrics Performance

#### Strategy Closing Processes (E)
- 1E-1 Close Strategy

#### IPECC Process Groups

<table>
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<tr>
<th>Action</th>
<th>Description</th>
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<tr>
<td>A-1 Receive Project Charter</td>
<td>Provide formal authorization for the Engineering Project Manager to start up a project and begin expending resources.</td>
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**Objective:**
- Management approval to proceed
- Project Charter

**Entrance Criteria:**
- Sale order, PRB budget approved, or advanced authorization OPE
- Proposal phase documentation (Proposal/Contract/Project material including Statement of Work if available)
- Customer schedule requirements

**Activity Description:**
The Project Charter is prepared by the Programme Manager and received by the Engineering Project Manager.

**Exit Criteria:**
- Project Charter is received

**Outputs:**
- Project Charter

**Roles:**
- Programme Manager
- Engineering Project Manager

**Responsibilities:**
- Prepare and issue Project Charter
- Review Project Charter and request additional information if required

**ID Number:**
- HBE-CPM-100

**Handbook:**
- Project Charter Handbook with template
Standards Content

- Introduction
- Authorization
- Initiation
- Planning
- Execution
- Monitor & Control
- Closing
- Education & Training
- PM Templates
Develop PBM³ Capabilities

Third Pillar of PBM³
Enabling The Enterprise

Develop Capabilities Through Education & Training Programs

Project Management Career Path
- Qualification
- Certification

Entry
Intermediate
Advanced
<table>
<thead>
<tr>
<th>General Population</th>
<th>Project Teams</th>
<th>Program/Project Managers</th>
<th>Executives &amp; Functional Managers</th>
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<tbody>
<tr>
<td>Knowledge Objectives</td>
<td>Learning Objectives</td>
<td>Assessment Methods</td>
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Physical Capabilities – Typical

- Templates, Tools & Techniques
- Manuals, Procedures, Instructions
- Databases
- Information & Management Systems
- Project Cost Accounting
- Safety & Quality Management
- Financial Resources
- Enterprise Environmental Factors
- Organizational Process Assets
Develop PBM$^3$ Execution

Forth Pillar of PBM$^3$

Enterprise-wide Project Management House of Excellence
Enterprise Strategy Preparation

From Purpose, Mission, & Vision to Ranked Business Cases
PBM³ Business Objectives
Development & Data Flow
Business Objective Planning

1. Identify Enterprise Business Objectives
2. Tabulation
3. Rank Strategic Business Cases
4. Identify Business Unit (BU) Objectives
5. Align BU Objectives with BU Objectives
6. Assign Business Objective and Action Item Sponsors
7. Objective Profile & Impact Study Packages
8. Develop Objective Profile & Impact Study
9. Objective Profile & Impact Study Packages
10. Identify BU Action Items
Prioritization/Selection Process

1. Strategy & Business Objective
   - Objective Prioritization
   - Criteria Documentation

2. Business Objective & Action-Item Tabulation

3. Objective Profile & Impact Study Packages

4. Prioritize Objectives, Portfolios, Programs, & Projects

5. Develop KPIs & Metrics to Accomplish Objectives Projects, Programs, Portfolios

6. Develop Portfolio, Program, & Project Selection Criteria

7. Prioritized List of Objectives, Portfolios, Programs, & Projects

8. Rank & Select Objectives, Portfolios, Programs, Projects

9. Organizational Process Asset Documentation

10. Objective, Portfolio, Program, & Project Accomplishment Metrics List

11. Enterprise Environmental Factors (Resource & Financial)

12. Selected & Prioritized Objectives Portfolios, Programs, & Projects
Selected Work is Related to Level of Enterprise Resources

Limited Resources

Capacity And Capability To Do Work

New Opportunities Require Reprioritization of the Portfolios, Programs, and Projects
PBM³ Authorization Process

Employed by management to authorize & initiate work to ensure resources used are in alignment with corporate strategic initiatives and supporting business objectives
PBM³ Readiness Checks

Initiating Phase
Review Gate
Planning Phase
Review Gate
Executing Phase
Review Gate
Closing Phase

Portfolio, Program, or Project Readiness Check

Capture Lessons learned
Capture Lessons learned
Capture Lessons learned

Lessons Learned Review
PBM$^3$ Structure Support

Project Management Maturity

Foundation of PBM$^3$

Enterprise-wide Project Management House of Excellence
PBM³ Methodology Maturing Process

- **Baseline**
  - A baseline - an EPMO is established

- **1. Repeatable**
  - Project Business Management Methodology standards applied to all portfolios, programs, & projects

- **2. Managed**
  - Project Business Management processes fully integrated

- **3. Distributed**
  - Project Business Management is a core competency enterprise-wide

- **4. Sustained**
  - Continuous improvement and innovation is common
CONCLUSION

Implementing a PBM Methodology in support of an EPMO for EWPM is not a trivial pursuit

But EWPM Produces Value & Benefits

- For Executive & Senior Management
- By having an implemented Project Business Management Methodology Model (PBM3)
- By having an operational Enterprise Project Management Office (EPMO)
PBM³ – Value and Benefits

- Provides **Standardized Repeatable** Processes
- Establishes **Best Practices** and Expands PBM Practices Enterprise-wide
- Facilitates Internal **Benchmarking**
- **Adjustable** to Various Enterprise Sizes
- Incorporates Strategic Initiative Planning processes and **supporting Business Objectives** Development processes as part of overall methodology
Integrates management concepts, processes and practices contained in PMI’s Standards for Project, Program and Portfolio Management

Establishes Key Performance Indicators (KPI) and related Metrics for strategy and business objective accomplishments and for project / program / portfolio performance

Recognizes Successes via Performance Measures
EPMO – Value and Benefits

- Acts as **independent executive-level business unit** for project / program / portfolio management
- Is organizationally above, or an equal player in, company politics, thereby assuring the enterprise is **doing the right things**
- Maintains enterprise level **focus on** achieving all approved business **objectives** and related **strategies**
- Assures **deliverables** for authorized portfolios, programs, and projects **stay aligned** with their approved business objectives
Value & Benefits for Management

- By committing to PBM and an EPMO, they can assure desired strategic and business objective values & benefits are attained.
- They can exercise their prerogatives and can make a profound impact during the strategic and tactical planning processes.
- They can set, during the PMB processes, their required enterprise-level benefit and value outcomes and the related KPI measurements.
- They can adequately and successfully control and obtain an ROI on the significant assets currently being expended on non-operational work.
QUESTIONS?

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Thank You!
Project Business Management Methodology Model (PMB³)