

Deliver Business Improvements fast ... successfully!

How a Corporate PMO helps to improve your business faster



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To survive in today's ever changing market environment, companies need to adapt fast. To achieve the required "organizational agility" companies have to frequently launch strategic initiatives to either implement crucial enhancements in their business operations or expand their business scope. Those strategic initiatives can extend from the implementation of improved processes and technology, the setup of new organizations, introduction of new products and services or business restructuring initiatives.

Despite the importance to companies' success, these strategic initiatives are often implemented very poorly and many inevitably fail. According to a study conducted by the Standish Group, 90% of initiatives do not meet their time, cost or quality targets. Only 9% of large, 16% of medium and 28% of small initiatives were completed on time, within budget and most importantly delivered measurable business and stakeholder benefits. Many companies discover that solutions either don't bring the expected benefits or initiatives drag on forever and never get fully implemented.

What happens? Why do so many crucial business enhancement initiatives fail to

deliver the promised business benefits?

To answer these questions we need first look at how companies traditionally approach these initiatives. A common approach to strategic initiatives is that an enhancement idea is given from Top Management to one of more middle managers for implementation. The middle managers then assign respective tasks to their subordinates on top of their day to day work. This approach sounds good in theory as it utilizes eventual idle time of the experts in the line organization. However, experience shows significant short comings. Often one year after the initiative has been assigned Top Management realizes that actually not much has been implemented.



There are four challenges that implementation teams typically face when trying to implement strategic initiatives out of the line organization:

Insufficient Focus of team members - Changes in an existing business setting are usually very complex and need to be well thought through. Since change always involves people, change management aspects are crucial for complete implementation and benefit realization. Running the initiatives out of the line organization means that necessary tasks are assigned on top of people's day to day job. Chances are very high that the initiative gets lowest priority. Meetings tend to be postponed, issues are not being addressed properly and delays in delivery milestones are mostly being justified through some urgent work for customers. The initiative will take forever or die quietly.

Lack of cross-departmental empowerment and communication - most strategic initiative don't stops at department boundaries. Initiatives that are run out of the line organization often suffer limited support from other departments. In addition to this, the department in charge also has insufficient understanding of what is required in other departments. People have insufficient end to end process overview and come up with silo-designs that are not effective to the overall company context. Furthermore, those initiatives often need to integrate with other initiatives

of other departments. It's often seen that initiatives end up in a catch 22 situation where every department is waiting on deliverables of another department.

Lack of Project Management Skills - The nature of working in a larger initiative can be very different from a line organization. While line organizations are driven by day to day schedules of external or internal customers and continuous analysis of business performance figures, projects are dominated by clear milestones and deliverables that have to be achieved within scope, quality, time and budget. In many organizations, middle management and team members have insufficiently understanding on basic project management principles that would help them to manage the dynamics of cross-functional initiatives.

Insufficient focus of Top Management - Often Top Management has very limited visibility about the status of the strategic initiative. On the other hand, the working team may have insufficient visibility on the current company strategy. It's been seen often that implementation teams spend time and resources on ineffective solutions because they are not aware about potential changes in the overall business strategy and direction. If top management had more transparency about the project status and content, they would have given more direction and resolved issues quickly.

A crucial step to ensure effective implementation of

strategic initiatives is to setup a *Corporate PMO* (Corporate Program Management Office). A Corporate PMO or Enterprise PMO usually reports directly to the CEO and ensures that investments in business improvement initiatives are effective, i.e. expected benefits are realized as fast as possible, costs are controlled, solutions are aligned with the overall strategy and risks to operations are managed.

Many Thai companies have already implemented a PMO for their IT department to multiple concurrent and dependent IT projects in a standard project governance framework. A Corporate PMO takes on very similar responsibilities on corporate level, e.g.:

- Facilitate investment decisions and ensure alignment with Corporate Strategy
- Create full transparency on project status, e.g. progress, issues, costs
- Manage the Masterplan of strategic initiatives - ensure everything is in sync and issues are addressed

- Facilitate sourcing of right skilled internal resources (team members) and external vendors
- Ensure project members are well trained about core project management processes, e.g. planning, issues resolution, risk management or benefit realization
- Facilitates the knowledge management process, e.g. organization of key learnings

Implementing a Corporate PMO can be quite challenging since the respective working culture requires high discipline and strong commitment to achieve planned milestones in time, scope, quality and budget. However, it's worth the initial investment. As per a KPMG survey of 252 organizations, 69% of project failures are due to lack and/or improper implementation of project management methodologies and project governance. It's seen that more and more Thai companies recently started setting up a Corporate PMO to optimize large investments and also make their business move faster.

