The Journey to an Enterprise Project Management Office

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Abstract

Building a new Project Management Office (PMO) on a sound foundation is crucial to the long-term success of the PMO and potentially the organization as a whole. In today’s competitive environment, profitability and project success are more closely linked than ever before. Companies are realizing both the benefit and necessity of ensuring the right projects are being approved, those projects are aligned with strategic goals, and all projects have measurable business benefit. The responsibility for meeting these challenges rests with the PMO. The journey to meeting these objectives is full of challenges. This is the story of one PMO’s path from inception to being recognized as the team that “makes things happen.”

The Churchill Downs Incorporated PMO used the following route to reach their destination…

1. Proactively identifying stakeholder expectations,
2. Applying a structured approach to understanding the organization and factors that would influence their success
3. Identifying short-term goals that supported attaining the long-term vision,
4. Being lean in their methodology definition and application, and
5. Constantly scanning the horizon for changes to their business environment and using that information to redefine how best to contribute to the organization’s goals

Leveraging this structured approach, the Churchill Downs Incorporated PMO was able to define and quantify their contribution to the company’s goals and evolve from primarily an information technology focus to managing enterprise initiatives.

Introduction

The starting point for a discussion on how an organization can benefit from a Project Management Office (PMO) rests with how leadership defines the “need.” What business needs can be met by a PMO? Without a definitive answer to this question, how can we begin to define our value? As project management practitioners, we recognize that meeting a defined business need is the foundation for any project, and we must apply this knowledge to implementing a PMO. Typical business objectives for PMOs include standardizing project management practices, facilitating and coordinating the organization’s portfolio of projects, gaining compliance with legislative requirements to disclose investments (read as large projects) that can affect operating performance, and simply improving project success rates (Santosus, 2003). All good reasons, but tailoring these objectives by defining exactly what your organization needs is the first step of a long walk. We would not undertake a large project or capital investment without understanding our end-state goals. Similarly, we would not start a long trip without a firm idea of where we intended to go. Make no mistake, implementing and growing a PMO is a long journey!

Research conducted by the Association for Federal Information Resources Management, citing senior leadership from 54 Information Technology organizations, states that project control, program management, project and budget planning, and risk management are among their top 10 skills/knowledge gaps. The same research identifies aligning IT and organizational goals as their number one ranking challenge (AFFIRM, 2006). When defined, structured and implemented effectively, the PMO is perfectly positioned to meet these needs.

The following is an outline of Churchill Downs Incorporated’s PMO journey. We are in the third year since our first step and our journey is far from over. Our path continues to present unique trials at every juncture. To navigate the challenges, our approach has been to continuously identify stakeholder expectations, actively seek to understand the organization and factors that would influence our success, identify short-term goals that support attainment of our long-term vision, remain lean in our methodology, flexible in our application, and constantly scan the horizon for opportunities to enhance our contribution.

Defining Senior Stakeholder Expectations

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Why not start from the beginning? A journey begins with identifying the destination. The destination is defined by where the leader(s) need, or want, to go. One of the primary benefits of defining our destination, or expectations and objectives, was to ensure that everyone was on the same page. Consider this analogy:

We generally do not just hop into our vehicles and start driving without knowing where we intend to go. We may not know the exact route we plan to take, but we know where we want to be when we have reached our destination (Millhollan, 2008).

Sounds great on paper and in theory, but how many PMOs have a charter approved and signed by their senior leadership that outlines the PMO’s mission and objectives? As professionals, we are doing ourselves a disservice by not following our own best practices and clearly defining and managing stakeholder expectations. Our PMO leveraged many of the concepts outlined in the Identify Stakeholders and Manage Stakeholders Expectations processes in the fourth edition of the PMBOK (Project Management Institute, 2008). We started with the end in mind and worked with our leadership to define that end. Our goal was to avoid the pitfalls associated with implementing processes based purely on theory or solely on previous experience in different industries. Our goal was to tailor our methodology and processes to best meet the needs as defined by those most impacted by our work.

Leveraging experience, best practices, and lessons learned, the Churchill Downs Incorporated PMO began with the basics; they chartered their PMO. Our three-fold mission was to establish, facilitate, and manage the project portfolio selection and funding process; create a foundation for consistent project success throughout the organization through development of a strong and pervasive Project Management discipline; and to guide key projects to a successful conclusion by providing project management leadership, while improving the quality and repeatability of related processes.

PMO objectives included:

1. Develop and implement standard processes for project requests, evaluation, and funding to ensure that approved projects were aligned with Churchill Downs Incorporated’s business goals and objectives.
2. Develop and implement a standardized project management methodology, to include policy, standards, guidelines, procedures, tools and templates.
3. Build project management professionalism by providing mentorship, training, and guidance to project teams as they learn and adopt project management processes and best practices.
4. Manage the Churchill Downs Incorporated project portfolio by ensuring required documentation is in place and that stakeholders are properly informed about the ongoing progress of the project portfolio through effective reporting of key performance indicators.
5. Direct project management for key strategic initiatives.
6. Ensure benefit realization by define processes for clearly defining business cases and the associated metrics for measuring project success. Facilitate post-implementation benefit measurement and reporting.

This was our destination. Our focus has evolved over time as we have accomplished goals, the organization has restructured and the economy has pressured project related spend. Our destination remains the same; however, our route has changed to navigate the challenges and barriers.

Understand the Organization and Factors Influencing Success

All too often, PMOs focus on methodology, processes, templates, etc. without first seeking to understand the organization’s vision, strategic goals, culture, departmental interdependencies and relationships, and the current project atmosphere. By seeking first to understand, the PMO can determine how to best implement and facilitate effective and efficient project management methodologies that are tailored for the organization and focused on meeting defined business needs.

Once you have clearly defined business objectives for your PMO, the next step in developing new organizational processes is to understand how those processes support the organization’s vision. We must learn as much as possible about our organization’s strategic objectives. To ensure long-term viability, our profession must be able to describe the following:

1. How the PMO is contributing to the organization’s strategy.
2. How the project portfolio mix supports meeting, or progress towards, each strategic goal.
3. How programs and projects provide their intended business benefit.

Evolving the PMO by linking project management methodologies to strategic objectives is not only vital for defining policies and procedures that will be effective, but also necessary in generating the indispensable senior management support for those policies and procedures.

The PMO must also have an in-depth understanding of the organizational norms. Documented or not, processes and procedures exist with our organizations. Dictating methodology and procedures without first understanding “how things are done” can lead to insurmountable resistance, or worse, passive non-compliance. If a defined project management methodology already exists, has the methodology been audited to see if reality matches theory? If there is a gap between the two, our job is to understand why. Chances are that processes were developed in a vacuum based on theory or past experience without consideration for the organizational norms or factors that influence the practical application of the defined methodology.

To grow our PMO into a business partner and evolve to the next level of contribution, we must understand how project team members perform their daily activities, how resources define and resolve problems and conflict, how team members and stakeholders interact with each other, etc. Understanding the organizational culture and norms will help you better communicate and advance project management methodologies within the organization.

**Pragmatic Tips for Developing an Understanding of Your Organization**

In our effort to evolve the Churchill Downs Incorporated PMO from primarily an information technology focused team to an enterprise level partner, we focused on leveraging the project manager’s innate skill set to enhance our contribution to the organization. The idea was not to ask what the organization could do to adapt to what we considered the best approach to managing projects, but to ask what the PMO could do to better contribute to our company outside of traditional project management. The collateral benefit was that each opportunity outlined below contributed to the depth of our understanding of the company, the people, organizational processes, etc.

**Tip # 1: Team Chartering**

In our discussions with resource managers, we realized that not only project teams, but also work teams were having difficulty with aligning expectations, working towards common goals, and effectively addressing conflict within their teams. To help overcome these potential barriers, the PMO designed and delivered a series of lunch-and-learn training events designed to address these issues. The workshop focused on the concept of “chartering” the team. Collaboratively with the workshop attendees, we developed a Work/Task Team Charter that helped teams document the following elements:

1. **Business need**: State in specific terms the problem or issue this team is chartered to resolve. For example, is this team solving a problem, enhancing a process, etc.?
2. **Team goals, purpose statement and objectives**: Arguably the most important section of the charter. This section included task or work goals, expected end-state and/or outcomes, process goals, quality level/related goals, etc. stated in terms specific enough to provide direction, but not so limiting to dictate the outcome. This provided a clear narrative of the team’s overall mission, objectives, deliverables, and statement of work. This developed a habit of defining objectives in enough detail that the goals were SMART (Specific, Measurable, Actionable, Realistic, and Time-bound).
3. **Constraints**: Applicable restrictions which will affect the team, such as factors affecting when an activity can be scheduled, access to resources (human, equipment, etc.), cost limitations, deadlines, etc.
4. **Team roles**:
   a. **Leader**: Responsible for moving the team to accomplish task(s)
   b. **Facilitator**: Responsible for keeping the team on track, ensuring the agreed upon processes are used, ensure participation, etc.
   c. **Recorder**: Responsible for documenting key points, ideas, and decisions.
   d. **Timekeeper**: Responsible for monitoring time and progress, ensure effective use of time, etc.
   e. **Members**: Responsible for participation, sharing work loads, following agreed upon processes, staying on task, etc.
5. Ground rules: Meeting schedule, locations, attendance expectations, agenda, communication methods, level of contribution/commitment, etc.

6. Risk/conflict management: What are the potential conflicts that the team might encounter? How will the team proactively deal with identified problems among team members, with the chartered objectives, resource availability, etc.?

7. Problem solving steps
   a. Identify the problem (What is the issue being addressed?)
   b. Define criteria, goals, and objectives
   c. Evaluate the effect of the problem (This is the baseline for benefit measurement.)
   d. Identify the cause(s) of the problem (Identify the root cause of the problem, not the symptoms.)
   e. Frame/identify alternatives
   f. Evaluate the impact of each alternative
   g. Decide on the optimum alternative
   h. Implement the decision
   i. Measure the impacts (Was the identified problem resolved to satisfaction?)

8. Sponsorship: Documented support from the leader responsible for the task/work.

The immediate benefit of this training was that teams developed an understanding of not only the value of documenting expectations and quantifiable business objectives, but also learned some of the basics of chartering a project.

We were reducing risks to our journey by proactively removing potential barriers.

**Tip # 2: Standardized Meet Opening Checklist**

Another opportunity we identified was based on a repeated, operational process that was key to our business model. In the thoroughbred horseracing industry, track operations revolve around the race meet. A meet is simply the period in which the track hosts live racing. Although the meet opening process was conducted several times a year on an ongoing basis, there was a lack of standardization that led to long hours, reactive maintenance and a backlog of helpdesk tickets for each opening. In response to this operational need, the PMO took the opportunity to charter a project to develop a Standardized Meet Opening Checklist to support on-going operations.

Like any project, we chartered the initiative, identified the project goals and documented business objectives. We also developed a milestone list to communicate our planned progress with our operations leadership. In addition to the measurable objectives, one of the deliverables for this project was a project plan with clearly identified tasks, recommended lead times for each task, dependencies on other tasks, etc. The benefits of this effort included familiarization with a structured approach to defining project objectives, the value of repeatable processes, and a “Work Breakdown Structure” type of task list. The tangible benefits were a measurable reduction in helpdesk tickets and backlog in the weeks leading to a meet opening, reduced downtime due to access to systems, and reduced overtime requirements.

We were building relationships with operations and fostering an appreciation for our approach to projects; Partners for our journey.

**Tip # 3: Book Club**

This final tip is likely the easiest to implement and has proven the most beneficial for team building. The PMO has been facilitating a Churchill Downs Incorporated Book Club. The original idea was limited to a few resource managers that were interested in team development concepts; however, the book club has grown in both membership and scope. We chartered our book club to gain agreement on our objectives and help manage expectations associated with our book reviews. Our goal was to share a pragmatic review of selected titles that we could relate directly to both our professional development and Churchill’s success. Specific objectives included personal growth, identifying creative approaches to real-world issues, promoting interaction among different functional areas within Churchill Downs Incorporated, and learning with our fellow book club members. Simple enough, right? It is!
The books we have reviewed to date (in order) are:
1. The Five Dysfunctions of a Team by Patrick Lencioni
2. Silos, Politics and Turf Wars by Patrick Lencioni
3. How Full is Your Bucket by Tom Rath & Donald Clifton
4. Go Put Your Strengths to Work by Marcus Buckingham
5. Crucial Conversations: Tools for Talking When Stakes are High by Kerry Patterson, Joseph Grenny, Ron McMillian, & Al Switzler

The Churchill Book Club quickly gained recognition as a group of engaged associates seeking to both develop professionally and contribute to the betterment of our teams. To date, both our Chief Operating Officer and Chief Finance Officer have come in to kick-off our discussions and share their thoughts on professional development.

We were gaining recognition for, and appreciation of, our journey.

**What Are You Waiting For?**

These are just a few ideas about how the PMO can enhance their contribution to the organization, all the while developing a better understanding of the organization and marketing the PMO’s skill set. The learning associated with these activities was simply invaluable. The PMO gained an in-depth understanding of several operational processes, developed relationships with stakeholders we would otherwise have cursory interactions with, identified potential barriers to project success, and identified ourselves as team players.

Chances are that everyone reading this paper operates in an environment that:
1. Leverages teams,
2. Performs repeated processes that could benefit from documentation, or
3. Could benefit from team building and professional development, etc.

What are you waiting for? Seek opportunities to deepen your knowledge and understanding of your organization’s operations, business model, and strategic goals!

**Start with the End in Mind, but Know Your Short-Term Goals**

When our PMO debuted in April 2007, the concepts of project documentation and results measurement were foreign. Getting our stakeholders to embrace these changes was a necessary leg of our journey. The PMO had to explain, and subsequently demonstrate, that we did not intend to add administrative overhead. Instead, our goal was to help the enterprise meet and manage project expectations.

The PMO charter provided terrific business objectives and a strong direction, so our next challenge was to plan the route to reach our destination. The first, and in retrospect most important, goal was to win the hearts of the people. The Tips outlined in the previous section of this paper helped us both gain the credibility we needed and build strong collaborative relationships with stakeholders throughout the organization. Building and maintaining these relationships is a journey in and of itself, and we continue to seek opportunities to learn more about our company, our processes, and our stakeholders.

Concurrent with building relationships, we defined two primary types of short-term goals. The first type included “Quick Hit” process enhancements that could help us begin to meet our long-term objectives of developing standard processes, implementing a standard project management methodology and building project management professionalism. The second type of short-term goal was based on demonstrating and communicating value.

We used current challenges to help identify the low-hanging fruit that presented the greatest opportunity. Examples include:

1. Quick-hit Process Enhancement – Charter Signatures: Developing an appreciation for, and then requiring, stakeholder signatures on project and program charters. This seems basic, but my experience is that a formal review and approval of a project’s business objectives and goals is rarely documented. By
documenting business objectives and their associated metrics, we have been able to proactively manage expectations and ensure alignment between various stakeholders.

2. Demonstrate and Communicate Value – Benefit Management: Each project we chartered started with quantifiable business objectives. During the chartering process, we identify the current state, desired end-state, and the metrics used to measure success. The results measurement process has the benefits of helping project teams measure their contribution and allows senior management to quantify the benefits each project brings to the organization. For example, we launched a project to implement VoIP (Voice over Internet Protocol) system to support all of the Churchill Downs Incorporated Louisville, Kentucky facilities. At completion, the team could demonstrate that the project translated into lower maintenance cost, lower equipment costs, a reduction in recurring operational costs, and increased productivity and capability due to reduced system downtime. Of course, not all projects can deliver such easily measured benefits, but our goal is simply to define what we are trying to achieve before we begin.

The following quote from one of our business unit leaders provides evidence of the acceptance of not only the value of project management, but also the contribution the PMO team has made to our corporate goals: General Manager and Project Sponsor - “This has been the most effective system implementation that I have ever been associated with. Because of my involvement as a Sponsor, I now know how a project should be managed to meet expectations.” This perception, grown from the seeds planted as part of our short-term goals, was the catalyst for the evolution to the PMO becoming an enterprise resource.

Be Lean & Be Ready to Redefine Yourself Regularly

Since Churchill Downs Incorporated was new to formalized, structured project management, we wanted to be sure not to overwhelm stakeholders, especially internal stakeholders such as project team members and sponsors, with added processes and bureaucracy. Our goal was, and remains to be, to implement the minimal amount of process necessary to achieve the intended results.

The catalysts behind Churchill Downs Incorporated’s decision to staff a PMO were challenges with defining and managing the scope of projects, effectively allocating resources amongst multiple projects, and bringing projects to a defined closure. All three of these primary needs have been specifically addressed since the PMO was chartered in April 2007. Through a planned, effective implementation of these basic principles, our PMO evolved from an Information Technology PMO to an enterprise PMO (re-chartered in July 2008).

“If change is happening on the outside faster than on the inside, the end is in sight.”
Jack Welch

We would be wise to embrace Jack Welch’s words of wisdom. Change is inevitable. As project management practitioners, we intuitively embrace this concept at the project level; however, to ensure long-term viability of our profession, we must apply the same rigor to how we contribute to our organization’s strategic goals. If we fail to recognize or acknowledge a changing corporate environment, changing economic pressures, or changing needs of our stakeholders, we may well join the dinosaurs in extinction.

One way we scan the horizon to help determine the best routes to our destination is by conducting a regular SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis on our PMO. Our contribution plan for 2009 was based on our SWOT analysis conducted at the end of 2008 and consists of the following added legs to our journey:

1. Continued formal training on both our end-to-end financial processes and our project management methodology. Background: To expand our reach and visibility in 2008, we worked with our finance department to fully document all of our finance processes. We completed a SIPOC (Suppliers, Inputs, Processes, Outputs and Customers) diagram including everything from purchase requisitions and purchase orders to capital expense requests and the associated tracking. The process mapping and subsequent training helped not only with standardization, but also enhanced the PMO’s understanding of the integration associated with project management and finance processes.
2. Expand leadership with professional development opportunities. Background: One of the approaches we have used to enhance PMO visibility and build relationships with our stakeholders is the facilitation of a Corporate
Book Club. A collateral benefit of having the PMO lead these initiatives is that we have been able to familiarize participants with chartering processes, quantifiable goals and objectives, team roles, etc.

3. Define and implement a standardized project artifact repository to enhance our ability to leverage best practices and lessons learned.

Conclusion

The journey to becoming an enterprise project management office is an admirable goal; however, without a defined need to reach that destination, the voyage is doomed from the start. There is no incentive to brave the challenges and weather the storms. This paper has not attempted to describe how to structure your PMO, where in the organizational chart a PMO best fits, or propose that our path was the only way to reach your destination. Instead, the goal was to share our journey. The journey is not over. Our organization has recently restructured and we have new senior leadership. The Churchill Downs Incorporated PMO will continue to apply the lessons we have learned in the first three years, be ready to change our route...and destination if necessary, and adapt to ensure we continue to provide value to our organization.
References


