



2015 GLOBAL STATE OF THE PMO

EXECUTIVE SUMMARY

The Project/Program Management Office (PMO) has become deeply entrenched in many organizations across the globe. While the number of PMOs overall remains steady, its level of maturity has grown worldwide. Even though it is still early days, there is evidence that PMOs are increasingly moving away from just providing monitoring and controlling activities, and moving up a level to provide support at the strategic and portfolio level. Although the majority of PMOs are tasked with training project staff, human resources departments continue to exercise the most control over the type of training delivered and the vendors who implement it.

In its fourth annual survey on the global state of the PMO, ESI International has investigated the PMO's function, its role in the organization, its value and its involvement in training project management professionals. Conducted online from March to April 2015, the global survey attracted respondents from five continents and from industrial sectors including energy, telecommunications, engineering, financial services and IT. Respondents from the project professional community comprised of 63 percent portfolio, program or project managers; 12 percent PMO heads and seven percent senior-level management. A total of 42 percent of respondents work for companies with more than 10,000 employees. Employees from multinational firms made up 65 percent of all respondents.

Some of the top findings in the survey include:

Departmental and enterprise-wide PMOs rule

Three out of four surveyed have a PMO. The top five PMO functions include methodology, reporting to management, project management tools, portfolio management and planning. Well over half of the PMOs had either a departmental or enterprise-wide scope, while about one in five was situated at the program level or Center of Excellence. Just under half of the PMOs surveyed were tactical—or tactical with some strategic reach (46 percent). About one in four (26 percent) was either strategic or purely operational in nature.

An Increase in Tactical PMOs

While we can see that 26 percent of respondents thought their PMO was strategic i.e., providing a portfolio-level service, this represents a minimal increase from the survey in 2013 (3 percent). The dominant group is a mixture of tactical and strategic influence (29 percent), which highlights the dramatic drop from 2013, where 43 percent reported that their PMO had a mixed influence. There has been an increase in tactical PMOs (from 6 percent in 2013 to 16 percent this year), which are responsible for a consistency in delivery methods, hence classifying their services as a Center of Excellence.

Future funding is secure

The future of PMO funding is secure, according to 74 percent surveyed, who thought PMO funding would either stay the same or increase next year. Just under half the PMOs are funded by corporate overhead (49 percent) with an equal distribution funded within projects (18 percent) or programs (18 percent). This distribution indicates that many PMOs will remain under executive scrutiny as senior management continues to hold the PMO's purse strings.

Two out of three PMOs are involved in training

Sixty-five percent surveyed said their PMO is involved in training. Top PMO involvement includes direct training in methodology and tools (70 percent), the ownership of core competencies and skills profiles for project management within the organization (61 percent), hard skills development (52 percent) and coaching individuals and groups (52 percent). Soft skills development is still lagging, indicating a gap between the hard skills and soft skills offered. PMOs and HR will therefore need to work more closely together to close this gap.

Less than one-half of PMOs offer a defined PM career path

Overall, only 46 percent of the PMOs surveyed in 2015 offered a defined career path for its project management staff. When broken down by job title, only 37 percent of project managers have access to a career path; that number drops to 31 percent for program managers and 18 percent for portfolio managers.

The definition of PMO success remains the same

Classic definitions of project success (on-time, to-budget delivery) are still the most used to determine PMO effectiveness. In 2015, 78 percent claimed to use this measuring stick. Interestingly, project/program visibility status was the second most common tool for measurement (68 percent). Streamlined processes, greater project visibility, reporting and an expanded ability to take on larger projects, programs and portfolios, were named the greatest successes for PMOs in 2015.

The greatest perceived challenge for PMOs is resource management

Resource management tops the list of challenges mentioned for PMOs in 2015. More specifically, one of the biggest ongoing challenges cited for PMOs was the lack of training and skilled resources in Agile projects.

Executives continue to challenge PMOs

Because half of the PMOs are funded by corporate overhead, it is clear that the PMO will continue to be challenged by the C-suite. In this year's survey, 72 percent of respondents claimed the PMO continues to be called into question mostly by senior management. The top three reasons for challenging the PMO were its lack of perceived value (44 percent); its lack of project/program maturity in the organization (41 percent) and a lack of executive support (32 percent).

The PMO has come of age, yet value perceptions are lagging

The PMO is coming of age with 26 percent claiming full maturity, up from 23 percent in 2013. In the survey's inception year (2010) only 15 percent of PMOs claimed full-blown maturity. At the same time, three out of four respondents said their PMO operates mainly from a tactical standpoint. Its perceived level of influence is actually much lower.

Agile is on the rise

Great effort has been made to adopt Agile practices, either from staff members themselves or through external support, especially in larger organizations—yet a majority of staff still have no practical experience using this method. Around two in five PMOs use the Agile approach in some of their projects/programs, while 54 percent use some type of Agile consultancy to help implement Agile successfully. Over half of those surveyed said the use of Agile has increased, either in the number or percentage of projects. We have seen large increases in Agile across all types of PMOs, especially the Center of Excellence

model. Project/program level PMOs had the most challenges when implementing Agile, which points to the need for organizational buy-in rather than trying to implement Agile from the bottom up. Of those that do not use Agile, one in five claimed the reason was that they did not understand how to apply it. Well over half (54 percent) said they have no practical experience with Agile whatsoever.

Summary

While more PMOs are increasingly reaching full-blown maturity, the PMO has a long way to go in proving its own value. Measuring effectiveness leads to higher visibility and alignment to strategic objectives, as this study has clearly demonstrated. Regardless of the type of PMO, resource management continues to be a challenge. The reported successes for higher project visibility and greater alignment with business strategy speak well of the PMO's role in maintaining the health of the companies surveyed. Funding appears to be secure for a vast majority of PMOs—and while executive challenges remain—the scrutiny the PMO receives indicates that it is a body worthy of consideration by senior management. The PMO has indeed proven its well-deserved place in the business landscape.