



# ***Establishing Enterprise Portfolio and Project Management in a Shared Service Environment***

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in a Shared Service Environment***

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## **1 Executive Summary**

Many large corporations face a similar challenge: their IT organization is made up of a loose affiliation of diverse IT groups, each with its own budget and each working to support a specific division's business objectives. The IT function as a whole has little visibility into the individual project spending or the status of the projects belonging to these independent units. However, the enterprise CIO is accountable for the IT function overall, and the budget across the operating companies. The CIO recognizes that there are opportunities for leveraging enterprise applications as shared services, but the supporting details for the business case remain hidden within the independent IT budgets. Resource management and risk management opportunities are not apparent because different teams approach both using a variety of tools and vocabulary. How will you begin to establish an enterprise PMO in such a decentralized environment?

The five areas defined by the Institute of IT Governance provide focus: Strategic alignment, Value delivery, Resource management, Risk management and Performance measures. As you move forward, your success will depend on alignment with the following guidelines:

- Balance enterprise benefits with local benefits, never sacrificing one entirely in support of the other
- Start small and make it easy to opt in
- Resist the temptation to over-engineer the first version of the common enterprise data collection
- Don't abdicate enterprise responsibility to a "first adopter" organization
- Keep moving – momentum is the key

The PMO is the organization that will support your IT Governance efforts, and the standard tool for Project and Portfolio Management will be the vehicle to monitor your progress.

## **2 Benefits of the Shared Service Approach**

As Project and Portfolio Management is established as a shared service, there are benefits to be realized in all the areas of focus defined by the Institute for IT Governance:

- Strategic alignment
- Value delivery
- Resource management
- Risk management
- Performance measures

A set of common Project data attributes that are refreshed on a periodic basis by project managers allows both the local PMO and the enterprise PMO to monitor progress on key initiatives in support of the business strategy. Tracking spending against budgets assures that the investment in IT is realized successfully each year. A common approach to resource management allows the organization as a whole to improve its utilization and planning capability. Similarly, developing a common approach to risk management gives the IT organization a way to prioritize and review projects periodically, not just during the annual business planning cycle. Finally, establishing enterprise performance indicators in the area of Project and Portfolio Management, such as a Scorecard or Dashboard, gives both the CIO and the local IT organizations a common measure of success against the goals of the IT Roadmap.

There are cost benefits, as well. Using a common tool and database allows the development of common reports, portlets, training materials and a common operations support team which can be used by all the local IT organizations. A common process allows team members to change organizations without having to learn a new process or a new toolset. These are benefits for both the enterprise and the local organizations.

Throughout the process, it is important to balance value to the local organization with value to the enterprise PMO. Do not try to implement one at the expense of the other. Develop reports, portlets and data marts with both local and enterprise needs in mind.

Benefits to the Enterprise PMO:

- Enterprise data, even with a limited scope, is available for dashboarding against strategic goals
- Common definition of enterprise attributes allows overall aggregation
- Overall budget planning and ongoing project oversight is enabled with the ability to drill into details

Benefits to the local organization:

- Participation in the IT Governance body gives local teams a say in the enterprise process and common data definition
- Reduction in the number of 'fire drill' requests for project data – the common data store can be accessed by finance, sourcing, compliance, business continuity, and other corporate oversight groups
- Establishing an enterprise process can improve and support the implementation of the local PMO organization
- Enterprise dashboards, reports and training can be leveraged by all

### **3 Getting Started with an Enterprise PMO**

*Make it easy to opt in*

Negotiate an enterprise license for the Portfolio Management tool of choice. Your ultimate goal is to get broad adoption of the tool. A product like **Clarity** ranks high in most product comparisons and has the strong project management capabilities needed by individual project managers, as well as enterprise portfolio management functionality. Buying enough licenses for the product will enable oversight, and offering divisions an attractive chargeback will encourage adoption, even among those divisions with less capital to invest in Portfolio systems.

Establish a PMO office/shared service owner as early as possible, followed by a strong “portfolio management” coalition governance group made up of representatives from all the local teams. Your organization may begin with only one pilot group using the PPM tool, but include representation beyond the current user group. This team provides oversight of the PMO process and common data definitions; it is not just a tool user group.

*Start small with rigorous consistency*

Make adoption easy – when there is a mandatory data collection across IT, use the opportunity to place data from those teams who are not yet tool users into the Portfolio Management tool. With minimal planning, spreadsheets used to collect information can be used to populate data in the tool. This will provide the CIO with a complete view of the organization’s information. Then, limited access to the tool can be provided to those local teams so that their PMO can refresh the data periodically, until their project managers are ready to adopt the tool.

Evolve along the lines of the organization’s natural data gathering. As requests are made for compliance or business continuity information across IT, use the PM tool to make those additions. The tool will gradually gain acceptance from all corporate groups as *the* source for project information.

Establish a calendar for reporting in support of organizational processes such as annual business planning and business continuity updates. A published calendar will allow project managers to manage their time and take responsibility for the accuracy and currency of data. The project managers who use the tool will appreciate the fact that they are less often asked to respond to ‘fire drill’ spreadsheet data requests from the many corporate groups. This is a big win for the local organizations.

Once established, the enterprise PMO is poised to expand the number of common enterprise data attributes maintained, and to implement common processes and tools, including enterprise resource planning and vendor management.

## **4 Avoiding Common Mistakes**

There are two common mistakes that enterprise PMOs make:

- 1) Attempting to collect *all* the data needed at the enterprise level in the **initial** request.

Collecting 10 common project attributes (including start and end date, total capital and expense budget, project name, description, and overall status of the project) will be much easier to accomplish across the enterprise than if you request all of the 100 attributes you expect to eventually need for the IT Scorecard. The idea is to first get all the project managers routinely submitting a small set of common data and keeping it refreshed on a regular basis. Asking for too many data attributes in the initial enterprise offering is the single most common mistake, and the result is often abandonment of the effort or delay in adoption of the tool.

- 2) Appointing one PMO tool pilot group to set the standards for the enterprise.

It is critical to establish a coalition governance team which can make decisions about enterprise standards and, in turn, represent their importance back to their respective local teams. If included in the discussion, most representatives will actively adopt good ideas from their peers. Having the same ideas mandated to them is likely to meet resistance.

## **5 Keep the Momentum Going**

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Once you have your Enterprise Portfolio Office established, along with a coalition governance team, and you've established regular data refresh, however limited in scope, it is important to keep the focus on moving ahead and tackling the next common need together. Momentum is key. Establish and keep a calendar for enterprise data pull and scorecard reporting to Senior IT Management and business executives. Continue to evolve the common set of attributes and make new reports and portlets available to everyone, with training for best usage. Hold frequent governance team meetings (at least monthly) and make the meeting agenda topics engaging, even a little controversial. That way, the team will remain vibrant and attendance will be strong.

At each stage of maturity there are pitfalls and opportunities for even greater success. Following these simple guidelines will enable you to establish a firm foundation for your Enterprise Portfolio and Project Management function.