

## **MITIGATING RISKS BY LEVERAGING BEST PRACTICES THROUGH A PROJECT MANAGEMENT OFFICE (PMO) APPROACH**

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### **ABSTRACT**

The focus of this article is to establish The Project Management Office (PMO) workflow approach for building a Best Practice framework to control inherent risk to business compliance, service quality, and security posture. Best practices, which are established through the implementation of a PMO, are defined as an organizational change, and never implemented without resistance. PMOs, are more closely associated with the field of Information Technology and undisputedly the most important asset of any knowledge-based organization. Successful PMOs take on responsibility for different project-related functions and core tasks related to the development of shared methodology for handling of projects, through project management, program management, and portfolio management. The overall goal of establishing a PMO through the use of best practices, incorporates the realm of practices to minimize, mitigate, or avoid identified and potential risks. When companies fail to implement best practices, statistics show that 80% of employees “waste” an average 30 minutes each day trying to find the information to do their jobs: 60% spent an hour or more duplicating the work of others. With the implementation of PMOs, tools such as project information plans (or workflow) establish invaluable data to protect a company’s most important resource while securing their intellectual capital in the reduction of risk management.

*Keywords: Project Management Office, Best Practices, Risk Management, Portfolio Manager, Project Manager*

### **INTRODUCTION**

Project Management Office (PMO) is a tool for centralized project planning to mitigate risks while implementing best practices to ensure measured outcomes for increased profitability. Workers waste lots of time searching for information, scattered across the enterprise, all due to a lack of captured data repositories. According to Phillips, Phillips & Ray (2015), employee turnover and loss of knowledge has a significant impact on a company’s return on investment (ROI). Doing more with less by providing process improvement and metrics for measuring performance and return on investment demonstrates best practices which mitigate risks. The PMO monitors and reduces any repetitive development and assignment of manpower across the organization for new projects, and quality assurance of projects.

While there is a perception that PMOs are predominantly a tool for the information technology (IT) industry, it has been proven that PMOs can establish best practices and are cross-functional to incorporate variations in terms of responsibilities and tasks. Proven best practices mitigate risk and reduce time, cost and effort involved in continuing business development by as much as 40%, as well as workflow automation and document management, as reported by Boston University (2017), Information Technology Infrastructure Library (ITIL). In today’s world of technology there needs to be a set of best practices for managing IT and business services, which offers organizations a way to manage the requirements. The gap in perception for the implementation of a PMO delivering an outcome of best practices should readily define risk mitigation for any organization.

Development of new policies, procedures and the use of tools is a culture change. This will take time and it requires strong leadership from the top. By communicating and selling the vision, you are establishing your business case. Quantifying Best Practices should be on the agenda of nearly every senior executive of a large corporation. Those executives, who are aware of their risks, need to understand the tools to manage and mitigate these risks. By building on the institutional capability of their intellectual capital should position them in a fundamentally better position to improve the risk and return of information for future planning. According to the Gartner Group (2017), the impact of a PMO within the business units will identify half the cost and time overruns as those without one. While the trend for PMO is slow to demonstrate the full potential, it is pointing in the direction of a greater success rate (Crawford, 2016). Think of Best Practices as a company’s most important resource which is all built according to project execution. Best practices become lessons learned. Glaveski (2018) reported that 80% of employees’ waste

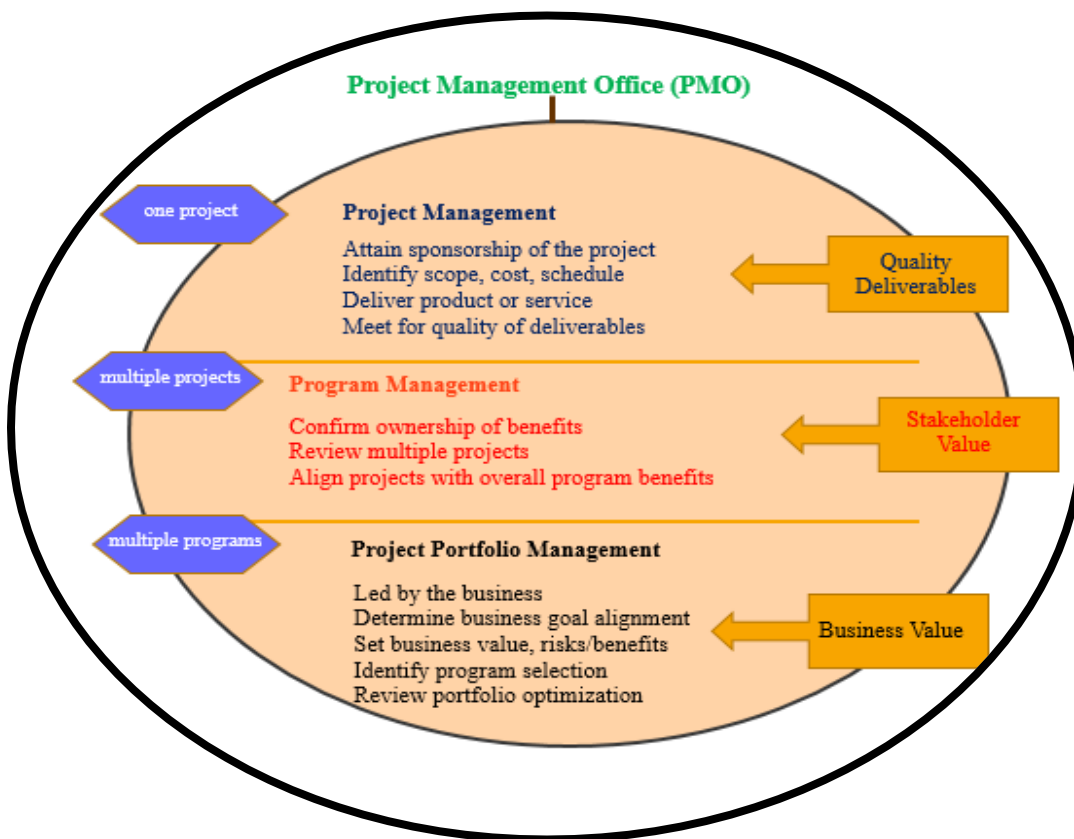
time at the office completing repetitive tasks or disruptive chat while stopping to request a document from a coworker. Sixty percent lose time duplicating work that has been misplaced, which equates to one and a half hours per day or six weeks per year.

Many companies ask the question: are PMOs physical or virtual? PMOs can be physical or they can include a team of individuals with virtual stations. To further define the methodology of PMOs, you should include a project, program, and the project portfolio (Figure 1). According to Project Management Body of Knowledge (PMBOK), the listed terms are defined by the Project Management Institute (PMI), 2019. PMO methodology reduces repetitive processes for handling of projects, program and portfolio management through training and development.

## METHODS

It is an essential element today in the world of business for setting a structure to on-time delivery in a multi-realm environment. PMO's provide the structure to standardize project management practices and procedures through project management, as well as determine the methodologies for repeatable processes through project portfolio management. A successful PMO will/ should include the following:

- 1) Support of strategic planning in the high level management of organizations, portfolio management and program management, including planning, control and reporting.
- 2) Development of methodology, reporting, tools, techniques, templates and forms.
- 3) Orientation, guidelines, standardization and support to application of best practices, tools, techniques and software related to project management.



**Figure 1:** Project Management Office (PMO)

## **Assessment and Evaluation**

Building a PMO will quantify your best practices and mitigate your risks. Jones with PMO Office and Solutions, Inc. reported that PMO process tools methodology involves a comprehensive assessment and evaluation (2019). There is a difference when managing a project versus a program.

When it is a project, the project is linear and confined to one related project. Project management is a temporary undertaking(Figure 1).Below is a summation of steps which should occur:

- 1) Identify – Understand the typical problems that might adversely affect the project. In other words – know your scope.
- 2) Assess – Rank the risks in order of importance based on probability of occurrence, impact of occurrence, and degree of risk certainty. Gather your information.
- 3) Plan – Analyze risk assessment alternatives and modify the project to adjust for the risk. Create a plan in chronological order.
- 4) Monitor – Throughout the project, continue to revisit the risk profile, re-evaluate major risks, and update the risk profile with action taken. Identify your threats and vulnerabilities.
- 5) Document – Learn from the risk identification, assessment, and management process. Use the risk analysis from past projects to plan current projects to move with the project and, use your risk management experience to update the organization risk database to establish best practices. Identify your results and establish lessons learned.

When it is a program, the program is multi which includes a group of related projects(Figure 1). If they are not grouped collectively, companies will experience overlap and repetition will occur causing a loss of employee time and productivity to achieve business results.

## **Strategic Planning**

Project Portfolio Management is an organization of a series of projects(Figure 1). It is significant to include the portfolio management stream because many projects will overlap. With a portfolio management process, duplication is identified and repetition is removed. Companies that successfully embrace portfolio management build best practices and gain at least three significant benefits:

- a) They spend less than five percent of IT time on unplanned work (also known as firefighting).
- b) They experience a low number of “emergency” changes.
- c) They successfully implement desired changes more than ninety-nine percent of the time, and experience no outages or episodes of unplanned work following a newly implemented change.

## **Business Management**

Having Best Practices in place is not enough, PMO Business Management policies and controls must be systematically evaluated and enforced. PMO operations must be controlled to mitigate the inherent risk to business compliance, service quality, and security posture. Indeed, national and local laws, as well as private contractual arrangements, demand that organizations deploy effective controls on their IT infrastructures, and other business practices. One form of effective control is to implement PMOs that will instill business management processes and procedures to help with the following:

- a) Control deficiencies that can result in poor audit findings, potential fines, and other disciplinary measures.
- b) Service outages, unplanned work, and delayed delivery of strategic projects resulting from unauthorized and undocumented changes, and/or emergency time offs.
- c) Increased risk and security vulnerabilities.
- d) A lack of assurance about system security and data integrity.

These processes are often based on best practices, as identified by the Project Management Institute (PMI) and/ or such as ITIL, and supported by an array of system management techniques; tools, procedures, and policies that together help define the organization's business.

## **PROPOSED WORK**

### **Account Management**

When ROI evaluation is applied to the project portfolio, it provides structure for looking at the overall picture – by projects, in years, or across organization. One of the most challenging aspects of determining IT value related to Best Practices is the development of a model for measuring as a whole and its effect on desired outcomes for repetition of projects and IT services. Remember – you can only spend your project budget once!

The overall goal of this process is to progressively reduce the project's exposure to events that threaten the timely delivery of project objectives by:

- 1) Incorporating approaches into the project plan that minimize, mitigate, or avoid identified and potential risks.
- 2) Developing proactive, contingency plans or risk response plans.
- 3) Ensuring timely risk responses based on the concise identification of risk occurrence and risk opportunity.

### **Business Development**

PMO is an organizational change is never implemented without resistance and challenges according to Rajendra, Keil, & Kasi (2017). While many staffers commonly protest that increased controls will slow them down as they perform their tasks, high-performing organizations consistently prove that implementing good processes and controls actually increases efficiency and productivity throughout the organization.

Organizations that are interested in implementing a PMO program must first identify and define their goals. This process should include answers to the following questions:

- (a) What will be the overall goal of the PMO process?
- (b) What percentage of their time does the staff spend on unplanned work?
- (c) If something changed in the company environment, how will anyone know?
- (d) What is the volume of emergency changes in the current environment?
- (e) Has the change audit trail been properly documented?
- (f) How many failed changes have been experienced and what were their causes?

## **CONCLUSION**

As we progress into the 21st Century we should be cognizant of the fact that PMOs are a necessary evolution to deliver a precise market, which is undisputedly the most important asset of a knowledge-based organization. PMOs convert best practices into knowledge resources to formulate a Risk Mitigation statement. The more of these critical ideas that you are able to harness, the more valuable you will be to your company. The cost to define and implement a PMO plan for best practices is always less than the potential costs involved if your business does not manage risk. This culture starts at the top, with executives who understand that unauthorized change constitutes uncontrolled business risk. They not only expect policies to be followed – they inspect processes to ensure that change policies are in place and enforced.

Best Practices... Tools such as Best Practices are invaluable. "Think outside of the box" has become an over-used expression, but its meaning is still valid. You cannot just work harder, or work faster, or add more staff. You need to work differently, within different parameters, utilizing different resources. You need to evolve to be an association poised to move into the 21st century.

Risk... Technology evolves at a rate too fast for any of us to be state-of-the-art for more than a few months. How do you handle rapid change and maintain quality in the delivery of products and services? How do you manage risk for service members who have become accustomed to state-of-the-art service delivery systems?

ROI... When ROI evaluation is applied to the PMO, it provides structure for looking at the overall picture of the portfolio – by projects, in years, or across organization. Remember... Think of ideas like money!

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