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Taking Your PMO To The Next Step: The Office Of The CIO

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EXECUTIVE SUMMARY

Project management offices (PMOs) have long been responsible for overseeing and developing project management expertise, but forward-thinking companies are now considering them for a new role: the office of the CIO. In addition to maintaining their existing responsibilities, these structures and the resources within them are becoming the business managers for the CIO by focusing on two areas: 1) creating an environment for IT and business to work together more collaboratively, and 2) serving as stewards of process management to streamline and improve IT's ability to deliver. While the notion of the office of the CIO (OCIO) is not new, adding in PMO expertise is a new element and a positive one. Leveraging the discipline and skills in successful PMOs can make IT organizations more effective in delivering what the business really needs.

RESEARCH CATALYST

Clients asked about upcoming trends for PMOs.

TAKING A PAGE FROM THE PUBLIC SECTOR

The OCIO is not a new concept or term. This structure, most often found in government, is used to provide IT services to an agency's clients through the design, acquisition, and support of information technology.¹ Much of the tactical work is similar to that found in usual IT support organizations; however, the OCIO's responsibility extends to more strategic duties. The US Department of Commerce, for example, coordinates the development of policies and procedures for the management, use, and execution of IT resources, including project management, skills development, and recruitment. This includes the IT strategic plan, enterprise architecture, project initiation, and the assurance that new proposals are in accordance with the Office of Management and Budget.² Resources in the OCIO in government usually involve executive management, including the heads of security, operations, network, and development, as well as strategic program and project managers.

The academic world is also getting onboard. State universities such as Ohio State University and the University of Illinois have adopted OICOs to better manage strategic initiatives, while creating standard procedures for management and support. Adopting these organizations has led to increased visibility and control. Actual day-to-day management remains within the various IT roles, but consolidating strategic planning and policy-setting keeps the entire IT organization focused on collective goals, while reducing the potential for unnecessary redundancies or investments that lack value.



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WHAT CAN THE PRIVATE SECTOR LEARN FROM THIS?

The need to continually meet business demands often puts IT organizations on the defense. This is especially true in large IT organizations, where the pressure to compete often results in bypassing standard processes, architecture, and collaborative project execution.³ Although putting together shared services and centers of excellence are positive steps, creating an OCIO will assist these fractured organizations by:

- **Establishing a centralized structure for collaborative strategic planning.** In the public sector, the human resources within the OCIO come from various departments within IT, and usually, they are senior management. For private sector organizations, representation would be the same. Together with the CIO, these resources are responsible for developing the IT strategic plan. To be aligned with business objectives, the private sector must include representation from the business, as is the case with Toyota.⁴
- **Serving as the stewards for process development.** The US Departments of Commerce and Agricultural leverage the OCIO to standardize the way in which IT executes its responsibilities. Procedures ranging from help desk support to application development are developed and standardized (within reason) to ensure more consistent performance. This consistency supports stronger and more accurate reporting. In the private sector, complete standardization is a more difficult situation. However, it would be more successful to create guidelines and portfolios of practice and have them managed by a centralized organization to support continual improvement than it would be to have fractured process improvement programs.⁵
- **Acting as the centralized voice of IT.** In the public sector, the OCIO sets the policy and monitors its progress. Information is submitted to one place and is tracked as centrally as possible. Doing this within the OCIO allows IT to answer with one voice that has more information, rather than having disparate organizations scrambling to assemble a message that can be diluted as it passes from agency to agency. In the private sector, the OCIO, leveraging the benefits of collaborative strategic planning, is armed with stronger information and is able to communicate impact and strategy more efficiently than a highly decentralized organization.

THE PMO IS THE NATURAL RESPOSITORY

For project management, much of the duties described above are becoming standard operating procedures within PMOs.⁶ Extending the PMO to encompass all of IT's strategic planning and operational execution would extend the current disciplines within the PMO, while increasing visibility across planning areas outside of new project development. The PMO's strengths would support the OCIO by:

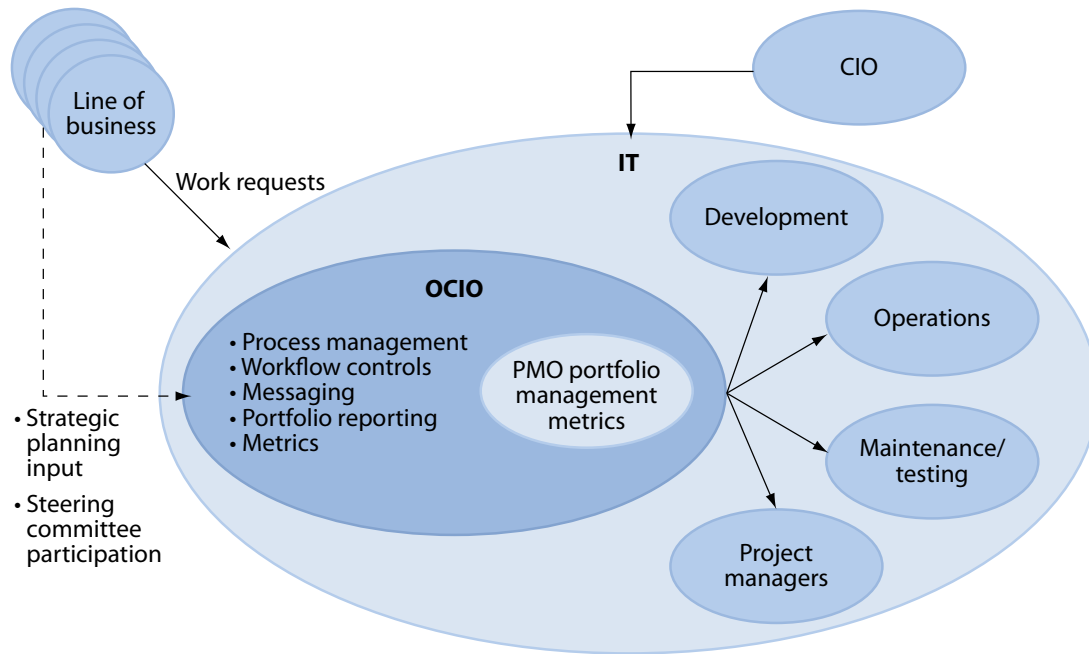
- **Providing a centralized area for initiation, tracking, and management.** The PMO already acts as the conduit for new project introduction. Expanding these practices into areas of maintenance and operational requests and using many of the same processes creates a more

streamlined work initiation processes. Centralizing work requests and resource pools into a consolidated database reduces the potential for redundancy and resource constraints. Project portfolio management (PPM) applications, which are used by many PMOs, are excellent repositories. Consolidating this information and the associated work processes is the first step in creating the foundations for integrated IT management (IIM).⁷

- **Establishing methodology standardization for major initiatives and activities.** PMOs are currently tasked with standardizing project management methodology. Some of the submethods within project management, such as requirements management and quality assurance, are increasingly becoming standard parts of the PMO. It's not unusual to see business analysts and quality assurance engineers having dotted-line relationships with the PMO. Extending this dotted-line relationship to process managers in development and operational support would ensure that there is greater coordination in the ways in which new projects and initiatives are delivered, and it would also bring greater visibility to the quality of current practices in those areas.
- **Teaching the organization that everything, ultimately, is a project and must bring value.** Forrester recently spoke with an assistant CIO at a large public agency that is in the process of creating its own OCIO. The goal of this organization is to provide a structure that gives a framework of strong, linked processes that are developed and executed by the right people. The organization feels that although it is a challenge to put a structure in place that is efficient but not bureaucratic, the benefits of creating improved levels of transparency in managing demand and delivery justify the effort. The key is that for a process to be put in place and remain in place, it must provide some visible value to the organization.

An important part of this new framework is the recognition that essentially, everything is a project — not that everything the organization does is executed with the same rigor, but that everything has some level of process that is appropriate to the scope of the work request. It is key to focus heavily on demand management. Every request goes through just enough process to evaluate, prioritize, and allocate the work. This way, every type of work request, ranging from a small task assignment to a major program, is tracked with the appropriate level of detail.

Work processes and methodology development and management, which are consolidated into the framework, not only give IT greater visibility into what it is working on, but they also provide visibility into how well it is doing its work. Work requests that are consolidated into a single point of entry allow for pragmatic standardization of evaluation practices, and they can also help to weed out the requests that don't deliver sufficient value. By placing the PMO within the OCIO to help develop consistency between IT's many processes and to leverage the relationships forged with business units via project initiation and strategic planning, organizations can provide additional support to the OCIO. The OCIO is then tasked with creating the necessary visibility to better manage potential constraints that will risk on-time delivery, while striving for continual process improvement (see Figure 1).

Figure 1 The PMO Resides Within The OCIO

Source: Forrester Research, Inc.

EXPANSION WITHOUT DILUTING PMO SPECIALITIES IS POSSIBLE

When turning the PMO into the OCIO, companies must be resolute in keeping the core competencies of the PMO intact. It cannot become the dumping ground for all incoming work and process development. It is critical to keep the PMO intact within the OCIO as the focal point for project and portfolio management, while leveraging the disciplines for other process management improvements. In the OCIO, the PMO would:

- **Continue as an expanded center of excellence.** As the PMO's presence expands to touch greater parts of the organization, it must delegate hands-on project management to individual organizations so that both monitoring execution process and quality rise to equal prominence. In turn, the PMO acts as the central entity that designs integration points between various types of IT work processes.⁸
- **Direct responsibility for project management processes and project portfolio analysis.** The PMO must retain its traditional focus on project management excellence in both delivery and process management, and it must continue to monitor the project portfolio to ensure that the delivered projects align with and support the IT portfolio. The PMO can and should be involved in how other methodologies, such as application and software development life-cycle (SDLC) practices, are developed to create stronger integration with project management. There

should also be dotted-line involvement with maintenance and operational support to improve reporting and resource allocation practices, but ownership of these practices should remain with their respective organizations.

- **Retain administrative responsibilities for PPM applications.** The PMO traditionally manages these types of applications to standardize project management, resource allocation, and project reporting, but PPM applications contain many features that can benefit organizations, in addition to project delivery. Having a single point of entry for work requests increases demand management efficiency. Resource pools that organize by role, skill, and location can help to improve resource allocation, while minimizing resource constraints as much as possible, or they can at least manage expectations when constraints are unavoidable. Task and project management methodologies, along with other types of work practices, can be created with appropriate workflow via the tools' resident methodology managers to improve standardized practices. Role-based dashboards provide information that is specific to user and management needs.⁹

The increasing sophistication of these tools requires a greater partnership between the vendor's implementation team and the buying organization. Once again, the PMO's expertise in developing methodologies can be put to good use in extending the use of these tools so that a broader audience can reap the benefits.

WHAT IT MEANS

THE OCIO IS AN EXTENSION AND NOT A REPLACEMENT OF THE PMO

Extending the PMO into a structure that ultimately becomes part of the OCIO is a practice that has slowly been gaining acceptance in the public sector, but it is increasingly becoming a crucial part of government and public sector IT organizations. The OCIO has been working with positive results for the public sector for some time now. The private sector should take a page from these organizations to improve processes, but it should not look at this as a silver bullet to improve efficiency. Companies should look at developing the OCIO as a way to bring together business and IT concerns to improve how they work together, leveraging the PMO but not replacing it or making it a dumping ground. As compliance requirements and business pressures continue to force IT to do more and to do it better with less resources, we expect to see the OCIO gain acceptance within the private sector, albeit slowly.

ENDNOTES

¹ For more information, visit the Office of the Chief Information Officer's charter for the US Department of Agriculture (<http://www.ocio.usda.gov>).

² The duties and activities of the OCIO are described in the mission statement for the US Department of Commerce Office of the CIO (<http://www.osec.doc.gov/cio/oipr/itpphome.htm>).

- ³ Structural problems that are often found in large IT organizations with highly federated or decentralized groups can result in poor planning, communication, and control. It is critical for CIOs to rethink organizational design to include new roles that will increase visibility across organizational lines to make the entire IT organization more effective. See the March 14, 2005, Best Practices “The Structure Of IT: Large Shop Case Studies.”
- ⁴ Barbara Cooper, the group vice president and CIO of Toyota, leverages both IT and business input to establish comprehensive collaborative planning. Source: Thomas Wailgum, “IT Gets Organized: Introducing The Office Of The CIO,” *CIO Magazine*, July 1, 2004 (http://www.cio.com/archive/070104/hs_article.html).
- ⁵ Developing a framework of application development methodologies enables an IT organization to have increased flexibility in taking on different types of application development projects. This flexibility enables an organization to increase its skills and to be able to take on a wider range of projects. See the July 29, 2003, Planning Assumption “Developing A Development Methodology Framework — Critical To Addressing All Project Types.”
- ⁶ The roles of the PMO are evolving from tactical administrative resources to strategic planning and management roles that are designed to take an organization to the next level of efficiency. See the May 14, 2004, Best Practices “Defining The Roles In The PMO.”
- ⁷ Standardizing work and project initiation processes where it makes sense, in the areas of evaluation, estimation, analysis, and resource allocation, lets the IT organization create a level playing field for selecting projects and allocating work. This makes demand management more efficient, which can help to reduce resource constraints and better manage stakeholders’ expectations. See the February 2, 2005, Forrester Big Idea “Integrated IT Management Drives Efficiency.”
- ⁸ Creating integration between project management and application development practices is critical to ensure that project managers and the development teams are on the same page; this improves delivery practices and managing stakeholder expectations. See the October 23, 2003, Planning Assumption “Integrating Project Management And Application Development Processes.”
- ⁹ Role-based dashboards are the hallmark of IIM. Making rich, role-appropriate content available to users who access this type of dashboard allows for more informed decision-making practices. See the June 13, 2003, Trends “IIM’s Dashboards Serve Many Constituents.”