

pmo of the year®

PROJECT MANAGEMENT OFFICE AWARD

2012

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Foreword: Why We Celebrate Strategic PMOs

The PMO of the Year Award winners and finalists model the new style of transformative PMO.

In 2006, we initiated the PMO of the Year Award because we felt that PMOs and their leaders were not getting the recognition they deserved. During our benchmarking events in 2002–2007, we had heard about programs turned around, investments rescued, and crises averted — all accomplished in quiet anonymity. Today all that has changed. PMOs have been lauded as "transformative" by Forrester Research and as "strategy execution offices" by Gartner, Inc. The speed with which this organizational structure has colonized industries and governments around the world — and expanded its influence from the IT department to the highest executive levels — is perhaps the greatest testament to its effectiveness.

We are used to technology revolutionizing business practices over a short time span; but the PMO is perhaps the only organization design that has performed a similar transformation. In just one decade we have seen:

- The Project Office morph into the Project Management Office, a significant change in terminology because it tells us that we are creating a process center, not just managing projects
- The divisional (usually IT) PMO evolve into an Enterprise PMO
- The Enterprise PMO take on more and more high-value, strategic tasks, from advising senior executives to participating in portfolio selection
- More and more PMO leaders reporting directly to the C-level.

The upward trend is unmistakable, both in the sheer numbers of PMOs and in their rising organizational clout. Consider the story told by these statistics, from the PM Solutions Research study *The State of the PMO 2012:*

> In our 2000 research on *The Value of Project Management,* only 47% of companies had a project office. In 2006, our research study *Project Management: The State of the Industry* showed that 77% of companies had PMOs; *The State of the PMO 2012* research shows that 87% of companies have PMOs.

The Strategic PMO

(continued)

Not only that, but these periodic surveys describe a trend: the PMO has become a valued strategic partner. Compared with research from previous years, the PMOs responding to the survey have expanded their span of influence and moved up the organizational ladder. Today, the majority of PMOs work on high-value strategic tasks: governance and strategic planning, for example. And they do it well: For over 80% of respondents, the value added by the PMO goes largely unquestioned.

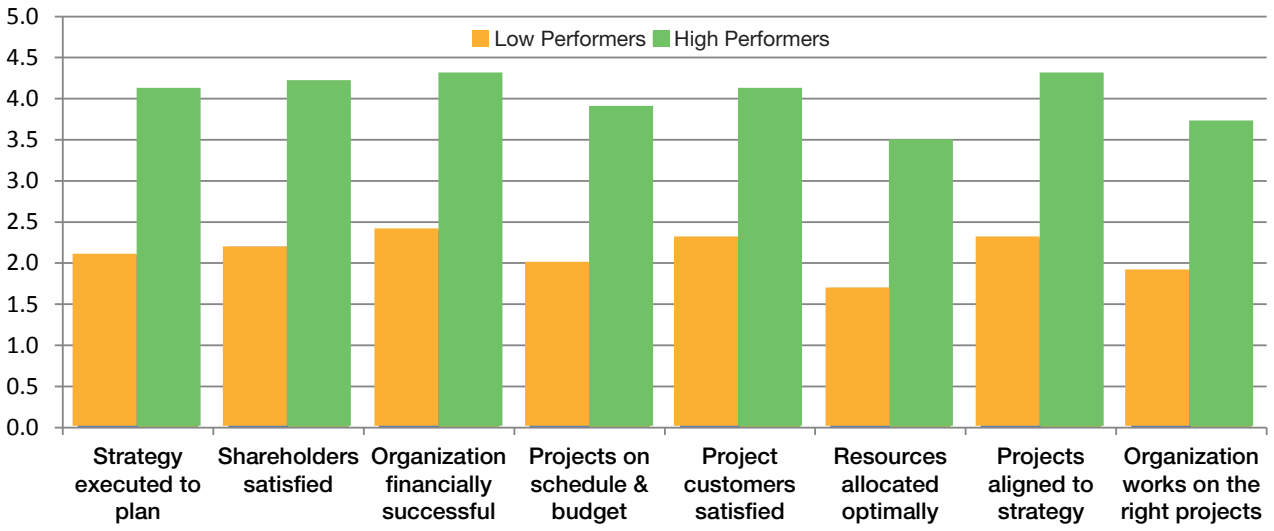
This trust has been hard-won. PMOs are highly regarded because they deliver value and continuously improve processes, and nowhere is that more evident than in the applications for PMO of the Year.

By successfully managing high-value tasks, PMOs are entrusted with increased responsibility. And they don't fail to reward that trust. Not only the PMOs profiled in these pages but nearly every PMO that applies for the award can detail millions saved, customer satisfaction improved, employee morale boosted, products launched on time, mergers and acquisitions handled smoothly, and new systems and processes implemented without a hitch.

The organizations profiled in these pages provide a template for transforming the way organizations themselves are managed, not just projects and programs. And that's a message we want to share with the world.

HIGH PERFORMERS DELIVER MORE BUSINESS VALUE THAN LOW PERFORMERS

This graph from the State of the PMO 2012 research study shows a large performance gap between PMOs in organizations in the top 25 percentile vs. the bottom 25 percentile. Responding PMOs rated their organizations in the eight measures shown below on a 5-point scale. We were then able to determine that PMOs in high-performing organizations consistently possessed a range of capabilities and functions superior to the low performers. High-performing PMOs have PM training programs in place, evaluate PM competency, use contracted resources, and manage project managers within the PMO to a far greater extent. It's no surprise, then, that the award finalists demonstrate high-performer characteristics.



About the PMO of the Year Award

To the 2012 Judges: Thank You!

- **N. Robert Buckwalter** PMP
  Tegrit Group
- **Ginger Levin** PhD, PMP, PgMP
  Certified OPM3 Assessor, Consultant and Educator
- **Robert Rausch** PMP
  Dell Services Health Care and Life Sciences PMO
- **Margo Visitacion**
  Vice President, Forrester Research
- **Janice Weaver** PMP
  Enterprise Program Management Office, Norton Healthcare

PRESENTED BY PM Solutions, the award salutes a Project Management Office that has demonstrated excellence and innovation in developing and maturing an organizational structure to support the effective management of projects. It is a showcase for PMOs that have demonstrated vision and business acumen in implementing new ideas, methods, or processes that led to measurable improvements in project management realizing business benefits for their organizations.

For more than a decade, we have watched as more and more project management leaders have reported success with implementing organizational entities devoted to the management of projects. These structures — Project Offices, PMOs, Centers of Excellence — have brought new rigor to the practice of project management and improved results to their sponsoring organizations. But, they have not receiving the accolades they deserved. The PMO of the Year Award was created to draw attention to their accomplishments.

pmo of the year®
PROJECT MANAGEMENT OFFICE AWARD
2012

Since 2006 the PMO of the Year Award has been awarded annually. The number of applicants has been on an upward trend, from an ever-widening span of the globe.

About the PMO of the Year Award *(continued)*

HOW THE AWARD IS DECIDED

PMOs must be nominated by their directors, who submit a three-part essay covering :

1. **The Background of the Project Management Office.**
   - How long the PMO has been in place
   - Director's role within the PMO
   - How the PMO's operations are funded
   - How the PMO is structured (staff, roles and responsibilities, enterprise-wide, departmental, etc.)
   - How the PMO uses project management standards to optimize its practices.
2. **PMO Innovations and Best Practices.** Addresses the challenges the organization encountered prior to implementing the new PMO practices and how it overcame those challenges. Describes clearly and concisely the practices implemented and their affect on project and organizational success.
3. **The Impact of the PMO and Future Plans.** Describes the overall impact of the PMO over a sustained period (e.g., customer satisfaction, productivity, reduced cycle time, growth, building or changing organizational culture, etc.). If available, provides quantitative data to illustrate the areas in which the PMO has had the greatest business impact. Finally, briefly describes the PMO's plans for the coming year and how those plans will potentially impact the organization.

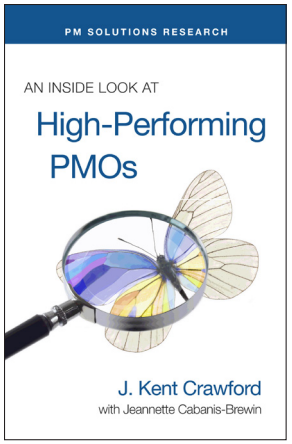
Judges — a panel of independent volunteer experts, selected by PM Solutions Research and including directors of winning PMOs from previous years — then review the documentation provided for each of the nominated PMOs and rate them on a scale of 1 to 5 on how well they meet the criteria below, taking into account the validity, merit, accuracy, and consistency in addition to the PMO's contribution to project and organizational success:

- Demonstration of vision and business acumen in implementing new ideas, methods, or processes
- Meeting organizational challenges
- Positive impact on project success
- Positive impact on organizational success

About the PMO of the Year Award *(continued)*

- Realization of tangible business benefits
- Building a project management culture
- Effective use of resources
- Improved organizational PM maturity
- Improved project manager capability.

Finally, the judges provide an Overall Rating based on the following question: To what extent did the nominated PMO demonstrate excellence and innovation in developing and maturing an organizational structure to support the effective management of projects? The top-ranking PMOs are then reconsidered, in a second round of judging, to select the winner and top three finalists. (In some years, when there is a tie between finalists, there have been four finalists.)



For more information see J. Kent Crawford's *An Inside Look at High-Performing PMOs,* PM Solutions Research, 2011. Find it on Amazon.com (ISBN 978-1-9295-7629-6)

Verizon Wireless

MARKETING PROGRAM & PORTFOLIO OFFICE

winner

Type of Organization
Telecommunications

Headquarters
Basking Ridge, NJ

Number of full-time employees (FTE)
80,000

PMO Size (FTEs)
60

PMO Annual Operating Budget
US $16 million

PMO Director
Theo Bell, Vice President, PMO

Presenting Challenge
An entrenched way of launching products that was at odds with the overall corporate strategy

Business Benefits
Cycle time reduced by 58% despite the increasing complexity of projects

Website
www.verizonwireless.com

"I Can Hear You Now!" A Marketing PMO Surpasses Ambitious Goals

Verizon Wireless operates the nation's largest 4G LTE and 3G networks and offers global voice and data services in more than 200 destinations around the world. With over 94 million customers, Verizon Wireless can truly be said to have "a household name," so its marketing department surely deserves a round of applause.

Yet just seven years ago the organization had strong leaders in key functional areas who already had project lists and approached the project work based on what would work for their organizations, not what was best for the entire enterprise. This had been the norm for many years, so resistance to new project management methods was high. Even within the marketing organization, none of the strong departmental leaders were willing to give project resources to another leader for fear of losing the profits they were seeking. At that point, 90% of the work completed by key functional areas was focused on the consumer market. Only 10% of all project work was being directed to business and governmental clients, which was a key piece of the Verizon Wireless strategy.

Even though the PMO was initiated in 2005-2006 by the then-Chief Marketing Officer, resistance was still very high. The CMO provided corporate funding for the PMO as part of its normal operating budget and commissioned Theo Bell, Vice President PMO, to build a PMO organization that would improve the performance of his organization. The results he expected the PMO to achieve included:

- 50% cycle time reduction
- 90% on-time delivery for top projects
- 70% on-time delivery for all other projects
- 100% alignment of organizational resources to top prioritized projects.

Verizon Wireless
(continued)

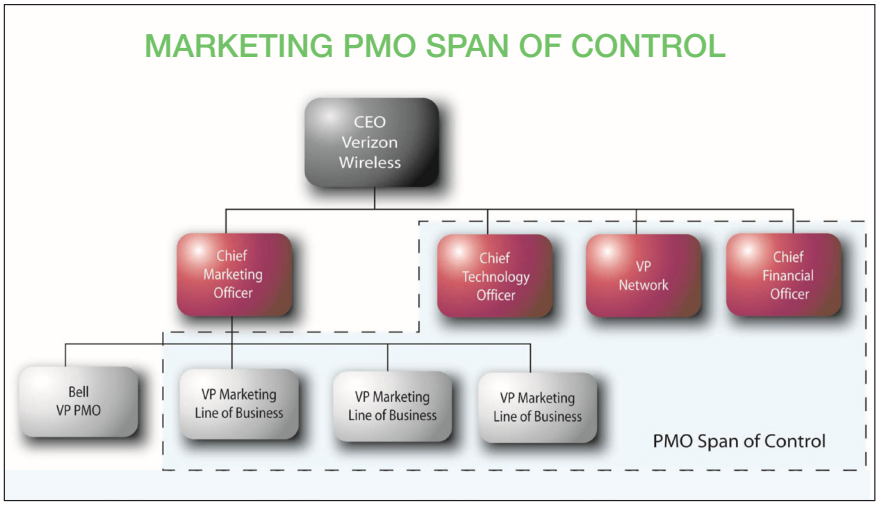
VISION

Building & Sustaining a Business Driven and Value Based Enterprise PMO Organization

MISSION

The Verizon Wireless Marketing PMO is the financial advisor and delivery arm for the strategies of the organization.

The PMO's mission is to be "the financial advisor and delivery arm for the strategies of the organization." To that end, the span of control of the PMO is enterprise-wide. It is accountable for the portfolio and the delivery of Tier 1 and 2 projects for the entire enterprise. Verizon Wireless has shown its executive commitment to a project management culture by funding and growing the PMO every year since 2006.



AMBITIOUS GOALS, STRONG LEADERSHIP

Reporting to the VP, the PMO consists of an array of skilled project management leaders with a strong grip on the business rationale and impacts of the portfolio:

- Strategic Program Managers – These Director-level positions manage the most complex and strategically important programs of the enterprise.
- Director Project Management – This Director position is accountable for the effective delivery of the remaining Tier 1 and 2 programs and projects of the organization. Each Program Manager has multiple programs that encompass the work for that line of business. They also have multiple Senior Project Managers and Project Managers reporting directly to them. They are accountable for finding areas of improvement and applying those improvements enterprise-wide.
- Director Business Operations – This position built and manages the Marketing reporting and analytics team that provides the business data such as number of subscribers and product revenues. The data is utilized to set anticipated and then realized benefits for the projects and products of the organization.

Verizon Wireless
(continued)

- Director Portfolio Management – This position is accountable for the processes that build the Enterprise Portfolio, the valuation, and the prioritization of projects. This position also manages the resource allocation of cross functional teams (Network, IT, etc.) to the portfolio of projects. In addition to managing the portfolio, this position is also accountable for the governance and stage gate process for the enterprise.



J. Kent Crawford (back row, third from left), CEO, PM Solutions, with Theo Bell (back row, fifth from left), Vice President, PMO, and the Verizon Wireless Marketing PMO team.

SHOWING RESULTS RAPIDLY VIA STANDARDS AND BENCHMARKING

The PMO has utilized the standards of the Project Management Institute and other key methodologies as the basis for its methodology and processes.

- Project management processes have been based on the *PMBOK® Guide*. Program and project managers are required to be PMP® certified.
- Program management processes are based on the Program Management Standard V, supplemented by the Managing Successful Programmes methodology. Program managers are MSP certified.
- For portfolio management, the PMO built a customized process based on current research, then reviewed the PMI® Portfolio Standard V2 and updated the methodology accordingly.
- The PMO conducted an *OPM3®* assessment of the enterprise implementation of the PMO and its processes. The *OPM3®* v2 Standard has been used in updating the strategy execution framework of Organizational Project Management since 2007.



Another key factor in the PMO's success has been a best practice knowledge sharing program with Siemens, Intel, Samsung, and several other large organizations in 2010. They hosted and participated in discovery sessions and then implemented the best practices that fit their needs, resulting in an effective use of lessons learned and improved organizational project management maturity.

Verizon Wireless
(continued)

> This organization is mature, thorough, innovative, and tightly woven into the fabric of the business — a goal that every PMO should endeavor to achieve. They were challenged to deliver top projects on time 90% of the time. They deliver 100%.
>
> *— from the judges*

STARTING WITH GOVERNANCE

The initial best practice activity implemented was a governance process. VZLaunch, the Verizon Wireless product development process, required extensive stakeholder management to implement, due to the change resistance noted earlier. However, using an organizational change model, the PMO was able to convince the leaders that governance and portfolio processes would enable more project capacity and serve the entire enterprise in delivering its strategies.

The VZLaunch model was eventually supported by the entire Verizon Wireless enterprise. The model established stage gates that defined the cross-functional work required in each gate. A team of cross-functional gatekeepers decide if the project is ready to move to the next gate and the next stage of development. Although most organizations implement a cumbersome, rigorous process, the PMO team designed and delivered a process that continually moved the organization to reduced cycle time. This process guarantees that cross-functional teams are building the product correctly and reducing re-work. It results in project management functions applied consistently across the enterprise.

When a new PMO Director took over the execution of project management, she realized that there was an opportunity for improvement in processes to deliver to the PMO's commitments. First, she put a process owner in place. The process owner worked with project managers to define the core processes that need to be executed. The process owner ran a training class and taught the fundamentals of project management, concentrating on the execution of Verizon Wireless' core processes within the VZLaunch governance framework.

The process owner built measurements for each discrete process and measured their effectiveness. Continuous improvement activities were based on those measurements.

The new PMO Director focused on individual performance appraisals and made sure that each person was clear that performance expectations were tied to project success. She created job descriptions with required skills and proficiencies. She required all project managers be PMP-certified. She performed due process and removed ineffective project managers. She promoted the project managers who exceeded expectations to Senior Project Manager positions. Her actions have resulted in a 100% on-time delivery rating for her organization.

Verizon Wireless
(continued)

IMPROVING CAPABILITY AND MATURITY

In 2008, in order to diagnose the gaps that hindered the organization in achieving its goals, a new product development performance and governance leader received the *OPM3*® Professional Services Certification. She then conducted an assessment that was used as the basis for the improvement plan in the following years. The PMO continues to diagnose and improve the organization's project, program, and portfolio management capabilities.

"AS IS" VS. "TO BE"

In 2010, the PMO began implementing benefits realization in the enterprise. The new product development performance and governance leader built an "as is" and a "to be" process model showing how Verizon Wireless was currently handling benefits realization, as well as an improved model of handling it. She produced detailed reports that outlined what capabilities could be added to the entire organization. She built a "to be" model that outlined the role and capabilities required by all aspects of the business.

The innovation for the "as is" and "to be" model was the creation of a 6-foot by 3-foot diagram that depicted a Verizon Wireless customer's experience if the organization does not build products using sound business and customer experience data. The graphic was posted in the VP's office and marketing leadership invited to discuss the challenges of benefit realization. This diagram enabled PMO leadership to understand and embrace the concepts of benefits realization—a key factor in maintaining an organizational business results focus (see figure on p. 13).

MATURING PORTFOLIO MANAGEMENT PRACTICES

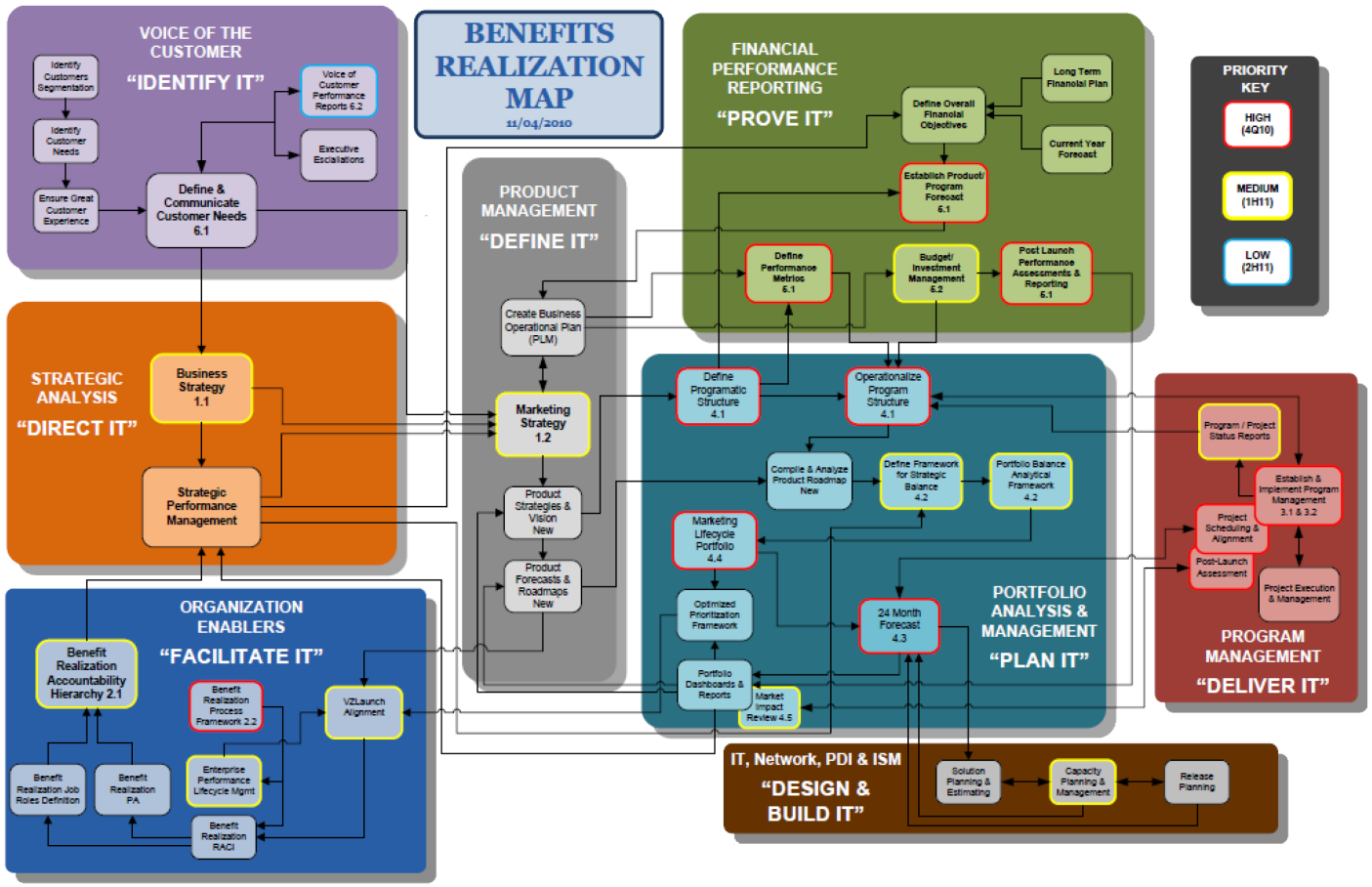
In 2008, the first iteration of portfolio management was established at Verizon Wireless, modeled on a customized methodology based on industry research. This first iteration included the functions of:

1. Establishing several portfolios for specific business areas
2. Methods to evaluate and place an investment value on the work of the business
3. Prioritization processes
4. Creating the framework to allocate the resources of the organization.

Verizon Wireless
(continued)

Over the next year, the organization began the facilitation and allocation of the enterprise's resources to the top-priority projects. They also drove cross-functional organizations to commit resources and timelines resulting in the effective use of the enterprise's resources.

MARKETING PMO'S BENEFITS REALIZATION MAP



Measure of Performance: Portfolio and PMO have established the structure that directs, facilitates, plans tracks, delivers, and proves Average Revenue per User (ARPU) growth.

In order to improve the use of performance measurement results in portfolio decision-making, in 2010 the PMO made the strategic move of acquiring Verizon Wireless' Data Warehouse Team, which builds and provides business data on product results. This positioning tactic was the beginning of the establishment of Program Management and subsequently the discipline of benefit realization.

Later that year, the "as is" and a "to be" process model was again created, showing how Verizon Wireless was currently handling benefits realization as well as how the organization should be handling benefits realization. These documents established the platform of benefits realization implemented in 2011.

Verizon Wireless
(continued)

Enhancing the Capability of Project Managers. In 2011, the PMO started using PATHPRO®, a job and skills database provided by PMI®. This software tool houses the years of research that PMI® has accumulated; it describes positions, skills, and competencies needed for project, program, and portfolio managers. The PMO customized this tool to complete skills assessments:

1. For the entire department
2. For individuals to set skill improvement goals
3. To determine the best qualified candidate for open jobs.

MISSION ACCOMPLISHED

By the end of 2008, these collective efforts had improved the cycle time of product delivery by 25%. Another two years showed that the initial goals for the PMO set out at its inception had been achieved or surpassed:

- Cycle time had been reduced by 58% despite the increasing complexity of projects.
- Top projects were being delivered on time 100% of the time.
- All other projects were delivered on time 80% of the time.
- A manual process provided 100% alignment of organizational resources to top prioritized projects.
- Prioritization of the entire enterprise's work (over a US$1 billion portfolio investment) is completed every month.

Innovation for better performance continues with the introduction of Agile methodologies. Seeking for ways to simplify work processes, the PMO is also in the process of moving the entire enterprise to a single PMIS which will mechanize the resource allocation process.

Verizon Wireless now knows which projects will advance its strategy. It has predictability; when a product is scheduled for launch, it will make the launch. Says VP Theo Bell confidently, "The organization has invested its money, and in 2012 the PMO will show realized benefits where promised."

VSP Vision Care

ENTERPRISE PROJECT SOLUTIONS

finalist 1

vsp® Vision care for life

Type of Organization
Healthcare

Headquarters
Rancho Cordova, California

Number of full-time employees (FTE)
3,500

PMO Size (FTEs)
53

PMO Annual Operating Budget
US $6 million

PMO Director
Karen Casey, Vice President, Enterprise Project Solutions

Presenting Challenge
Melding an organization composed largely of acquired companies into a unified portfolio of projects and programs in an environment of rapid growth in large-scale projects and programs (2,900% increase in three years)

Business Benefits
Despite increased complexity, corporate PMO-managed projects contributed US$8.7 million in new revenue, US$1.4 million in cost savings, and US$474 thousand in cost avoidance

Website
www.vsp.com

VSP Views a Complex Enterprise through the "Progressive Lens" of the PMO

Founded in 1955, VSP® Vision Care, a $3 billion VSP Global® (VSP) company, provides vision benefits to over 58 million members throughout North America through a network of 28,000 private-practice doctors and national retail chains. VSP grew by creating and acquiring several companies — many industry leaders in their own right — that today represent the four VSP Global lines of business. Together these companies provide optical services including vision care benefits, designer frames, practice and electronic medical records software, and ophthalmic products and labs solutions.

In the 1990s, during a period of unprecedented growth, project managers and business analysts from several divisions came together in a grassroots team to collaborate. With managers and sponsors, they self-organized to address a lack of coordination. As they began holding regular meetings to share lessons learned, establish best practices, and educate themselves on cross-divisional efforts, they evolved into a virtual Program Management Office (PMO). The success of this grassroots effort eventually led to the chartering of Enterprise Project Solutions (EPS) as a PMO within the Vision Care line of business in 2008.

Under the leadership of chief operations officer Laura Costa and vice president of Enterprise Project Solutions Karen Casey, EPS consolidated and colocated PMs and BAs from individual divisions into the EPS PMO, focusing on portfolio management functions along with the oversight of project and program managers. EPS's mission, "Bridging strategy and operational excellence through innovation, execution, and adoption" was operationalized via three strategies:

- Shaping, leading, and delivering results on enterprise projects
- Fostering high-performing employees
- Championing business innovations to transform the way business is done.

VSP Vision Care

(continued)

> VSP must stand for Versatile, Strategic PMO. This organization has aligned itself with the business through, among other things, a set of innovative focus groups. In addition to standard PMO functions, this group manages program/project work. The VSP PMO is a revenue-producing, cost savings engine and a model of versatility for other PMOs.
>
> *— from the judges*

Shaping, Leading, and Delivering Results. With much of the needed structure and methodology in place, the PMO dedicated itself to internal process improvement and alignment with enterprise strategies. By creating project-tracking processes, the PMO established a baseline for project metrics and post-project assessments.

One process improvement that allowed the PMO to influence a neutral, enterprise perspective for investing resources into new projects and programs was to create approval and oversight governing bodies. These governing bodies, comprised of cross-line-of-business executives and subject matter experts, evaluate projects and programs through the broader, enterprise lens, and make decisions from an enterprise perspective. (See the *2011 PMO of the Year* ebook for a description of these teams. VSP was also a runner-up for the award last year.)

Fostering High-Performing Employees. EPS values its employees and invests in their education. A learning organization, VSP encourages continuous learning and skills development:

- Enterprise Cultural Values – Providing education that promotes cultural values such as trust and situational leadership.
- Personal Mastery – Learning through staff training, development, and contributing to the improvement of PMO processes.
- Shared Vision – Encouraging a common identity to focus staff energy.
- Team Learning – Training opportunities that allow individuals to engage in open dialogue.
- Systems Thinking – Tracking and communicating enterprise performance measures.

Championing Business Innovation. A key PMO tool for establishing neutral, collaborative decision-making was the development of the project-selection process. This process assesses projects for strategic alignment with enterprise initiatives and ensures PMO-managed projects and programs successfully move from concept through execution, closing, and benefits measurement. After review, concepts are either denied or prioritized for charter development. The project-selection process also includes project execution "health checks."

VSP Vision Care

(continued)



(left to right) Karen Casey, Vice President, Enterprise Project Solutions; J. Kent Crawford, CEO, PM Solutions

SHARPENING THE PMO FOCUS

In 2011, with the explosive growth of large-scale projects and programs impacting multiple lines of business (more than 2,900% increase in three years), the PMO was being pulled in several directions — and asked to do more with less. To ensure PMO resources execute on the work that supports enterprise initiatives, the PMO established corporate-project support criteria. The PMO manages only those programs and projects that include one or more of the following criteria:

- Includes IT infrastructure development and business support across one or more lines of business
- Requires more than 500 person hours
- Necessitates outside vendor support or procuring technology
- Implements new technology (impacting two or more critical systems), new data stores, or new architectural direction
- Calls for high-demand resources or SMEs/key resources who are in limited supply
- Requires resources for more than four months
- Supports other projects
- Replaces existing processes (internal or external to a division).

With a widening and growing portfolio, the PMO capitalized on its strengths by focusing its contributions to the enterprise in areas that deliver the greatest value:

- Developing a comprehensive, objective approach to prioritizing and funding projects and programs to align with enterprise strategy
- Evolving the PMO cross-line-of-business governance structures to aid in the assessment, development, and execution of strategy decisions
- Standardizing and streamlining processes to provide self-direction and accountability to program management teams.

VSP Vision Care

(continued)

Evolving Enterprise-PMO Strategy. As the needs and initiatives of the enterprise change, so do those of the PMO. The PMO maintains agility by working with key project and program focus groups to determine and address areas for improvement:

- Portfolio Analysis and Support — To compile the data necessary to make portfolio-management decisions, the team uses a cross section of analytical skills and project and program implementation tools and resources that provide a broad perspective of each project or program to illustrate how they align with enterprise strategic initiatives.
- Estimating Focus Group — To assess the root cause of this issue and to develop tools to assist in developing estimates.
- Sponsor Training Focus Group — To establish common knowledge of key project topics, including vision, strategy and roadmaps, project lifecycle, role of the sponsor, and operational readiness.
- Lessons Learned Focus Group — To assess all closed project lessons learned, and identify and communicate key lessons to the PMO.
- Vendor Relationship Management Focus Group — To work to consistently develop successful vendor relationships.



ADDRESSING THE OBSTACLES IN VIEW

Even with the successes of EPS, the PMO does face challenges that continue to stretch its creativity and resourcefulness. Those challenges include alignment of enterprise strategy with project execution, resource management, and decision making.

- Alignment of the Enterprise Strategy with Project Execution — The speed of business allows only a brief time period to fully assess enterprise strategies to ensure they align with existing programs that support the enterprise mission statement and vision. To address this challenge, EPS formed the FIT team to conduct focused, yet rapid, feasibility and strategic analysis to evaluate new strategies before execution.
- Resource Management — Program and project needs greatly exceed current resource availability. Executives initiated a solution that would support commitment to prioritized efforts: the development and implementation of a Cross Line of Business Center of Excellence (COE). The COE addresses IT staff-resource shortages by augmenting program and project technical staff with external contractors using a combined On-site/Near-shore/Off-shore model.

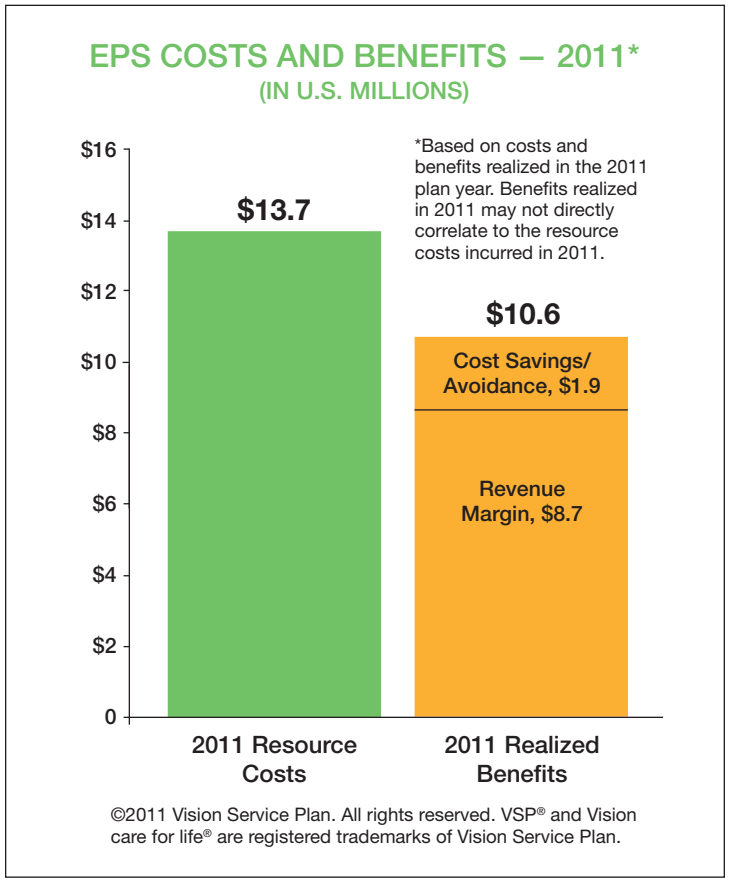
VSP Vision Care

(continued)

- Decision Making — With the growth and additional complexity of new lines of business and intense competition, it has become increasingly important to make timely, well-educated, solid, and consistent decisions throughout the project lifecycle. The PMO promotes a decision-making model that assists decision makers with the transition from strategic proposals to program execution without rework or delay.

SEEING THE IMPACT

The 2011 metrics illustrate that, in spite of increasingly complex projects and a continuously changing business environment, projects with PMO oversight meet the PMO's aggressive metrics for budget, schedule, and expected benefits (see chart).



The average 2011 project budget more than doubled, with a 2,500% increase in vendor and procurement costs over 2010 projects. And 7 out of the 8 projects that closed in 2011 demanded more than 10,000 resource hours, as opposed 1 in 12 in 2010. Despite this increased complexity, the average time to first baseline fell below five weeks for the first time since the PMO started tracking this metric, a prime example of the success of the PMO's metrics-driven improvement process.

In addition, corporate projects, which the PMO manages, contributed to US$8.7 million in new revenue, US$1.4 million in cost savings, and US$474 thousand in cost avoidance.

EXPANDING THE PICTURE

As the enterprise's sphere of influence in the optical industry has grown over the past three years, the PMO has helped transform the executive decision-making process from one driven by internal goals and benefits to an enterprise view. In 2012 and beyond, the PMO plans to pave the way for a portfolio budget and facilitate neutral, cross-line-of-business collaboration to ensure achievement of common priorities that support the enterprise mission and strategies.

First Horizon Bank

ENTERPRISE PROJECT SERVICES

finalist 2

Type of Organization
Financial Services

Headquarters
Memphis, Tennessee

Number of full-time employees (FTE)
4,500

PMO Size (FTEs)
17

PMO Annual Operating Budget
US $1.2 million

PMO Director
Robin Markle, Executive Vice President, Director - Enterprise Project Services

Presenting Challenge
A visionary plan to leverage the financial crisis as a growth period required delivery of over 114 large, complex projects with an initial capital outlay of $110 million

Business Benefits
Over a two-year period, the total expense of the PMO decreased by over 52% while the total value of the projects managed increased tenfold. Over three years, US$182.7 million in projects were delivered as planned for a benefit of US$337.3 million.

Website
www.fhnc.com

Banking on Portfolio Alignment to Weather Massive Change

From the mortgage meltdown to regulatory reform to the mobile/virtual revolution, the financial services sector has seen more than its share of disruptive change. As the financial crisis began to unfold, bankers were hard pressed to keep up with changing legislation. And new customer demands for virtualization and real time channels made legacy systems and product platforms outdated overnight. Many financial services IT divisions simply tried to shrink expenses and wait out the storm. At First Horizon, the arrival of a CIO with a very different vision sent the organization leaping ahead to leverage a unique moment in the industry by upgrading or replacing every core banking system and application. The objective was to equip bankers with cutting-edge tools and customer-centric products to assist customers and investors with navigating the turmoil in the markets. In addition, the roadmap included building a new data center and migration of 190 offices and 3,115 employees to Voice over IP, all while benchmarking expenses to industry standards … in under three years.

In early July 2009 First Horizon's Enterprise Project Services unit was formed to lead the successful delivery of over 114 large, complex projects touching every aspect of the business. With an initial capital outlay of US$110 million, the five-year expense projection for the total portfolio was nearly half a billion dollars. The offsetting benefit would be a combination of direct cost savings and growth in revenue through increased capability.

A FOCUS ON PEOPLE AND CHANGE MANAGEMENT

Launching a new model for developing and implementing projects during one of the greatest market upheavals in banking history presented unique challenges in gaining acceptance and adoption at First Horizon. Known as one of the "Best Places to Work" for many years, key stakeholders were tenured, relationships were mature, responsibilities understood and projects were managed in many different ways. There was no enterprise PMO or aggregate view of the

First Horizon Bank *(continued)*

list of activities underway at any given time, and no way to determine if projects were aligned with strategy. Funds were earmarked for change projects within the lines of business and were prioritized at the functional unit level.

At the time EPS was launched, roughly 125 various "projects" were in flight. Benefits were not committed to at funding, nor were benefits tracked or forecasted. Spend was not tracked at the project level. This was not unusual in the industry: when the financial markets crashed, regulators were already beginning to examine practices related to project management. And at First Horizon, internal audit teams were gearing up to meet the new scrutiny.



(left to right) J. Kent Crawford, CEO, PM Solutions; Robin Markle, Executive Vice President, Director - Enterprise Project Services, Bruce Livesay, Executive Vice President, Chief Information Officer; and John Daniel, Executive Vice President & Chief Human Resources Officer

CHANGING EVERYTHING … BUT MANAGEABLY



The goal was to implement structure and controls that were meaningful but not disruptive. The business needed better tools and they needed them fast, without adding more obstacles than they were already faced with externally.

Utilizing an existing team of project managers, execution teams were organized into investment portfolio strategies aligned by line of business, each with a portfolio manager serving as strategic partner for both the executive sponsors and the IT relationship managers. These portfolio managers led the rollout of the new simplified project life cycle. In this way, the leaders were not asked to do anything differently. The mantra was "variable inputs–standard outputs." With this approach, no training was needed to launch the process so that work could begin immediately.

Portfolio managers report directly to the EPS Director, who serves as the liaison to the most senior leaders of the organization. All inputs were assimilated into standardized reports, metrics, and plans. Project managers were assessed and mapped to projects that were appropriate to their skill and ability. Gaps in experience or skill set were augmented by contractors when the demand could not wait for available resources. One senior program manager was given the responsibility of managing, coaching, and mentoring the project managers, providing an agenda of personal growth for each project professional.

A cross-functional team of banking professionals, including communications, training, LOB field representatives, human resources and technology, was formed to focus on the impact and timing of the often dramatic changes to be implemented. The team was charged with coordinating messaging, timing of training, and overall fatigue of the field at large. This focus on change management was critical to the success of the portfolio and was branded as GOPower — Growth and Opportunity

First Horizon Bank *(continued)*

First Horizon demonstrates the tangible business outcomes that truly define a successful PMO.

— from the judges

through change. Through GOPower, the organization was kept abreast of all plans, as well as recognition for individual heroes and high-performance teams.

The impact of the new EPS organization was immediate and dramatic: over a two-year period, the total expense of the PMO decreased by over 52% while the total value of the projects managed increased tenfold.

The First Horizon Enterprise Project Services team has successfully led a tremendous amount of change over the last three years. Even as the portfolio of projects was expanding, EPS was sizing quickly to ensure maximum efficiency and value to the shareholder. As the existing culture gradually adopted the new project life cycle and governance structure, core competencies began to form within the functional lines:

- Change management and the customer's view of change is now an integral part of every plan.
- Stakeholder analysis as strategic tool has become a method of delivering messages more efficiently by varying communications to adapt to the styles of key leaders. This reduces the number of old fashioned meetings and allows the team to focus on what each leader wants to know and how he/she expects to participate.
- The finance team now draws all project information directly from the PPM repository for forecast walk forwards and key metrics.
- The organization now has full visibility to resource assignments and can prioritize allocations to projects with the greatest impact.
- The EPS team most recently has been tapped as a partner to lead multiple strategic initiatives, including one that resulted in a US$128 million cost reduction.
- The Emerging Leader program, designed to develop senior-level executives from within, now requires all graduates to lead a project. EPS coaches these new leaders during the program and after graduation.

First Horizon's successes have been featured in multiple publications, including *CIO Magazine, Bank Technology News,* and *American Banker.* Even Jim Cramer, a well-known financial analyst and critic, applauds First Horizon as a bank that "knows how to get things done." In 2010, just one year into the process, CIO Bruce Livesay was selected as one of *Bank Systems and Technology Magazine's* "Elite Eight." When asked to comment on one technique he would offer as advice to peers, Livesay replied "Establish an enterprise project office."

First Horizon Bank

(continued)

BEST PRACTICES EMPLOYED TO IMPROVE AREAS OF CONCERN

Area of Concern	Best Practice	Impact
Consistent reporting with an enterprise rollup to provide cross-functional visibility	Keep project life cycle simple. Use natural decision points. Require only four simple approvals — for planning, spend, implementation, and closing.	Senior leaders incorporated project-related information and forecasts into strategic planning and even included comments related to the projects in quarterly updates to investors and analysts.
Formal capital budgeting and forecasting and expense tracking through project maturity	Make project managers responsible for creating initial financial modeling and request for funding approval using core team inputs.	PMs much better equipped to detect burn rate volatility early. Project investments now an integral part of quarterly forecasts. Finance team can produce reliable detailed ad hoc reports. External auditors report that the sophistication in the tracking is beyond their expectations.
A simpler and more flexible project methodology better tailored to the needs of First Horizon	Align the EPMO with the Line of Business organizational structure. Senior leadership sponsorship is critical to the success of the EPMO and the EPMO itself should be an extension of the executive team charged with the responsibility of bringing the corporate vision to fruition.	In three years, US$182.7 million in projects delivered as planned for a benefit of US $337.3 million — including a data center build out and insourcing effort that was completed over six months early and under budget, winning the prestigious FirstPower Team of the Quarter for 1Q2012.
Prioritized resource assignments with experienced project professionals	Leverage experienced contractors to infuse experience into “green” project teams.	Many LOBs “adopted” their assigned talent, requesting them again and again to support high-impact strategic initiatives. Survey in 2011 ranked the EPS team 4.4 out of 5 in competencies and service — an increase from 3.8 for prior years. Voluntary turnover is near zero. Two members of the EPS team selected as Emerging Leaders, a designation given to only 40 employees out of 4,500.

Catholic Health Initiatives

ENTERPRISE PROGRAM MANAGEMENT OFFICE

finalist 3

CATHOLIC HEALTH INITIATIVES®

A spirit of innovation, a legacy of care.

Type of Organization
Healthcare

Headquarters
Englewood, Colorado

Number of full-time employees (FTE)
70,000

PMO Size (FTEs)
180, including contractors

PMO Annual Operating Budget
US $20 million

PMO Director
John A. Kocon, VP EPMO

Presenting Challenge
Introducing new services at a pace where the CHI culture could effectively adopt change within ITS then transitioning those services to consistently deliver quality results for the CHI strategic portfolio.

Business Benefits
The divisional PMO grew into an enterprise-wide entity, bringing coherence to portfolio management. Improvements in morale and quality are demonstrated in a 50% drop in troubled projects and cost savings of over US$9 million annually, despite a 76% increase in projects.

Website
www.catholichealthinit.org

Catholic Health Initiatives

Catholic Health Initiatives is a national, faith-based, non-profit health organization formed in 1996 by bringing together 12 health ministries deeply rooted in traditions of caring for those in need, especially the poor and vulnerable. In 2008, the Enterprise Program Management Office was established by CHI executive leadership with the goal of implementing standard practices and improving project success rates. Initially positioned within the Information Technology Service function, as CHI project sponsors and stakeholders became more familiar with the role and value of the EPMO, business demand for EPMO services grew. Over time the EPMO introduced new services to solve business problems and improve organizational project management maturity by evaluating organizational business needs, readiness, and change adoption capability. This was accomplished by "nudging" the organization forward at a pace of change comfortable for CHI culture. As a result, since its implementation the EPMO has grown 600%, from 25 to 175 team members. And in early 2012, the EPMO was re-positioned by CHI leadership to support all types of enterprise-wide projects, not just projects with ITS components. The new EPMO is transforming its vision and level of services and aligning its resources to best serve the CHI enterprise businesses and leaders.

The EPMO Scope of Services: Program/Project Management, Business Analysis, Process Excellence (including an EPMO career framework) and Project Portfolio Management, from planning to analysis, tracking, performance measurement, and reporting.

SUPPORTING CORE STRATEGIES

EPMO activities are aligned with and support CHI's core strategies: People, Quality, Stewardship and Growth.

Catholic Health Initiatives *(continued)*



(left to right) Michael O'Rourke, Senior Vice President and Chief Information Officer; J. Kent Crawford, CEO, PM Solutions; John A. Kocon, VP EPMO; and Kevin E. Lofton, FACHE, President and Chief Executive Officer

People. To instill and improve a project management culture, the EPMO has had to overcome the challenge that the project management profession was not organized, widely recognized, or managed as a competency or function within CHI. As a result, project manager skills/performance and project sponsor expectations/satisfaction varied. The EPMO met this challenge by implementing a comprehensive EPMO career framework that integrates multiple related components endorsed by Human Resources with several adopted by other functional groups as CHI best practices. The framework consists of:

- Cascading Goals — Develop, align and integrate CHI organizational goals with EPMO departmental and team member goals.
- Organizational Structure — Functional areas (teams) based on EPMO scope.
- Job Competency Matrix — By position, detail skills, and experience requirements grouped into job families for use in consistent career planning and recruiting. Online tool allows managers and employees to identify personal strengths and opportunities for improvement.
- Job Descriptions — Consistent and accurate job requirements.
- Recruiting — Standard recruiting interview guides and processes based on job descriptions and competencies.
- Career Path — Identifies lateral and advancing career opportunities for EPMO job roles into five job families.
- Professional Development Plan — Allows the employee and manager to establish professional development plan based on employee and organizational development interests, needs, and constraints.
- Professional Development — Internal and external project management professional development opportunities are available to all staff.
- Performance Plan and Evaluation — Encourages quarterly and requires twice-a-year formal communication between each employee and manager to establish annual performance goals, provide feedback, measure accomplishments, and make goal adjustments based on changing business requirements.
- Rewards and Recognition — Allows managers, peers and project stakeholders to acknowledge exceptional performance through a program of quarterly and other awards, which are delivered at team meetings.



Catholic Health Initiatives

(continued)

In designing and integrating the EPMO into CHI, careful consideration was given to our nonprofit organizational culture and values of Reverence, Integrity, Compassion, and Excellence."

— John A. Kocon, VP EPMO

Because project management professional development opportunities were not readily available to all project team staff, the EPMO initially saw variable and ad-hoc project management practices which led to inefficiencies, poor communication, customer dissatisfaction and sub-par performance. To counter this, an internal EPMO education program, trainer, and coaching function was implemented. Working with other functional organizations such as Human Resources and Learning, a comprehensive yet flexible modular training program was implemented. Highlights include:

- Required, recommended and optional courses
- Just-in-time training for project functions and project teams
- Four progressive levels of courses comprising 16 subject areas including PMP® preparation
- An EPMO toolbox of minimum requirements for non-EPMO staff assigned to manage small, simple projects.

Quality. Due to de-centralization and limited focus on the project management profession and practices, there was inconsistent and ineffective application of project management standards,which adversely impacted project communication, decision making, and performance. The establishment of a foundation of fundamental project management processes, tools, and techniques, based on the *PMBOK® Guide,* was then built incrementally depending on business need and user adoption. Attributes include:

- A scalable, tailored project life cycle
- Project management standards that leverage industry standards and leading practices including PRINCE2, Gartner, CMMI, SDLC, Agile, and SCRUM
- Standards education through training, job aides, coaching, newsletters, and the EPMO website
- Cross-functional business process "touch points" integration — e.g. finance, strategy, communications, security, etc. — through the formation of an EPMO advisory committee.

In addition, project quality assurance was improved. The EPMO internal and external voice of the customer had not been adequately captured, understood, or acted upon to make process improvement adjustments, including the effectiveness and application of standards. The EPMO implemented a project quality assurance function to capture feedback; to provide an independent view of the application of standards, customer satisfaction, and project performance; and to provide "any-time" coaching. The QA function conducts monthly project health checks of random or selected

Catholic Health Initiatives

(continued)

projects, shares the results with select project stakeholders, and consolidates information to assess trends. In addition, semi-annual EPMO standards surveys are distributed to collect anonymous feedback regarding the effectiveness and efficiency of process and tool standards, training, and key project barriers. As a result, over the last year there's been a 10% improvement in the effectiveness and efficiency of EPMO standards.

Stewardship. The EPMO recognized that a lack of project portfolio transparency, reliable project information to act upon, and overall project portfolio control made it difficult to properly steward the organization's resources. Project governance and a project management information system were implemented to serve as a central repository for all project information. This repository provides consistent and real-time project information across all projects. This resulted in the identification of over 800 projects, many of which were duplicates or not aligned with organizational goals. Utilizing new PPM practices, the portfolio was reduced to 140 projects.

The EPMO leadership team conducts a monthly portfolio review focusing on the analysis of data, trends, leading indicators, and significant changes for information and action.

Growth. Like many organizations, CHI had many constituents who were comfortable with pre-EPMO informal project management processes and practices. However, it was recognized by CHI leadership that this resulted in inefficiencies and inadequate project performance. The EPMO took an incremental, just enough, continuous process improvement strategy to advancing organizational project management maturity. This was accomplished in part with a three-phase process to embed standards and organizational change.

Because many CHI executives did not utilize project information for decision support, the EPMO incrementally introduced project management information (start date, planned finish date, percent complete, red-yellow-green status, relation to other scheduled projects, etc.) to senior leadership. As they became familiar with the value of the information, they came to regularly depend on it to aid in decision making, especially regarding the decision to introduce additional organizational change.

> This group has undertaken a methodical, well-thought-out approach to improving project management. Their focus on quality and people has led to a stunning improvement in customer satisfaction increasing 15% in the last two years to 80%. Their well-structured development of a project management career path has helped them resolve both the immediate issues as well as position them to improve maturity year-over-year.
>
> *— from the judges*

Catholic Health Initiatives *(continued)*

RESULTS OF IMPLEMENTING CORE STRATEGIES

PEOPLE

- 2,500 internally developed/led project management trainings completed since 2010
- Staff increase of 600%

STEWARDSHIP

- US$9 million dollar annual cost savings by converting EPMO contractor roles into CHI permanent roles
- 2% under EPMO organizational budget

QUALITY

- 88% of projects are managed by EPMO project managers vs. 35% in 2009
- 80% customer satisfaction level steadily increasing by 15% over the last two years
- 50% fewer red projects when EPMO business analysts are utilized

GROWTH

- Improvements on organizational project management maturity:
  - 44% increase in completed projects over the last three years
  - 76% increase in project go-lives over the last three years

EPMO practices have not only been embedded in ITS but they've been woven into the fabric of CHI culture. This includes directly contributing to achieving CHI's mission through CHI's core strategies. These metrics tell the story.

Never departing from its vision statement, the EPMO is developing FY13 goals and objectives through a collaborative effort with CHI leadership. Activities in progress include:

- Implement a project executive steering committee as the CHI project governance body: Prioritize the portfolio to allocated critical constrained resources.
- Integrate change management and project life cycle processes: Implement synergies where managing programs and projects overlaps with managing the people side of change, and streamline and consolidate processes, training, resources, templates, lexicon, and responsibilities to improve customer satisfaction and adoption and project performance.
- Utilize proactive project performance indicators, e.g. correlation between early risks, issues, and performance.
- Maintain a 95% certification for all EPMO program and project managers.

PMO of the Year Hall of Fame



J. Kent Crawford (right), CEO of PM Solutions, presents the 2011 PMO of the Year Award to Robert Rausch, PMO Director, Dell Services Helthcare and Life Sciences PMO.

HALL OF FAME PROFILES

2011

Dell Services Healthcare and Life Sciences PMO

Finalists

- VSP Vision Care Enterprise Project Solutions
- California Technology Agency Program Management Office
- Nationwide Insurance Enterprise IT Delivery Services

2010

IBM Corp. Project Management Center of Excellence

Finalists

- Auckland City Council Programme Management Office
- The Doe Run Company Enterprise PMO
- T-Mobile USA Enterprise Program Office

2009

Rockwell Automation Software Program Management Office

Finalists

- Alcatel-Lucent Global Program Management Office
- Australian Securities Exchange Enterprise Wide Project Management Office
- Cisco Services Office of Strategy & Planning
- Regence Enterprise Program Management Office

2008

Accident Fund Insurance Innovation & Planning Department

Finalists

- CPS Energy Information and Communication Services Program Management Office
- Hewitt Associates Information Technology Services Project Management Office
- National Council on Compensation Insurance Program Management Office
- R. L. Polk & Co. Enterprise Project Office

2007

Norton Healthcare Enterprise Program Management Office

Finalists

- EDS Applications Program Office
- National Council on Compensation Insurance Program Management Office
- New York City Housing Authority Virtual IT PMO

2006

EDS Office of the Multi-Year Plan

Finalists

- Accident Fund Insurance Company of America Innovation and Planning Department
- Oklahoma Department of Human Services Data Services Division Project Management Office
- American Power Conversion Availability Enhancements Group Global Project Office

About PM Solutions

PM Solutions is a project management solutions and consulting firm that helps PMO, project, and business leaders apply project and portfolio management process practices that drive performance and operational efficiency. Comprehensive offerings include PMO transformation, project portfolio management process improvement, program and project management resources, and corporate training and competency development delivered through our training division, PM College®.

Founded in 1996 by J. Kent Crawford, PMP, the former president and chair of the Project Management Institute (PMI®), PM Solutions delivers expert project management solutions and services to help organizations and their people perform to maximum potential.

Services that Drive Performance

PMO SERVICES

- PMO Deployment/ Enhancement
- Demand Management
- Portfolio Management
- Resource Management
- Maturity Advancement
- Project Recovery
- Mentoring
- Vendor Management

PROJECT & PROGRAM MANAGERS

- Project Recovery Experts
- Program Managers
- Project Managers
- Project Planners/Schedulers

TRAINING & DEVELOPMENT

- Competency Assessment
- Off-the-Shelf Courses
- Course Customization

PM SOLUTIONS' PMO PRACTICE



For more than 15 years, PM Solutions has been well-known as a leader in PMO design and practice, bringing its clients the expertise and tools needed to help create and sustain a value-driven PMO. We regularly work with clients to deploy a new PMO, operate a PMO, or optimize and enhance an existing PMO to meet a set of evolving challenges, functions, and services. Our processes are scalable and fit PMOs at any level of the organization (enterprise, divisional, departmental, etc.) at any level of PMO maturity.

PM Solutions' highly experienced consultants (15 years on average) have deployed and actively managed PMOs for both commercial and government organizations. We've worked in most industries, including manufacturing, IT, financial services, and healthcare. PMO structure and process are only part of the overall picture. It takes people to adapt to the cultural shifts that result and embrace PMO operations. Because we have our own training division, the PM College, we incorporate training, professional development, mentoring, and coaching, which are integral parts of making a PMO "stick" and become a valued organizational entity to the business.

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