

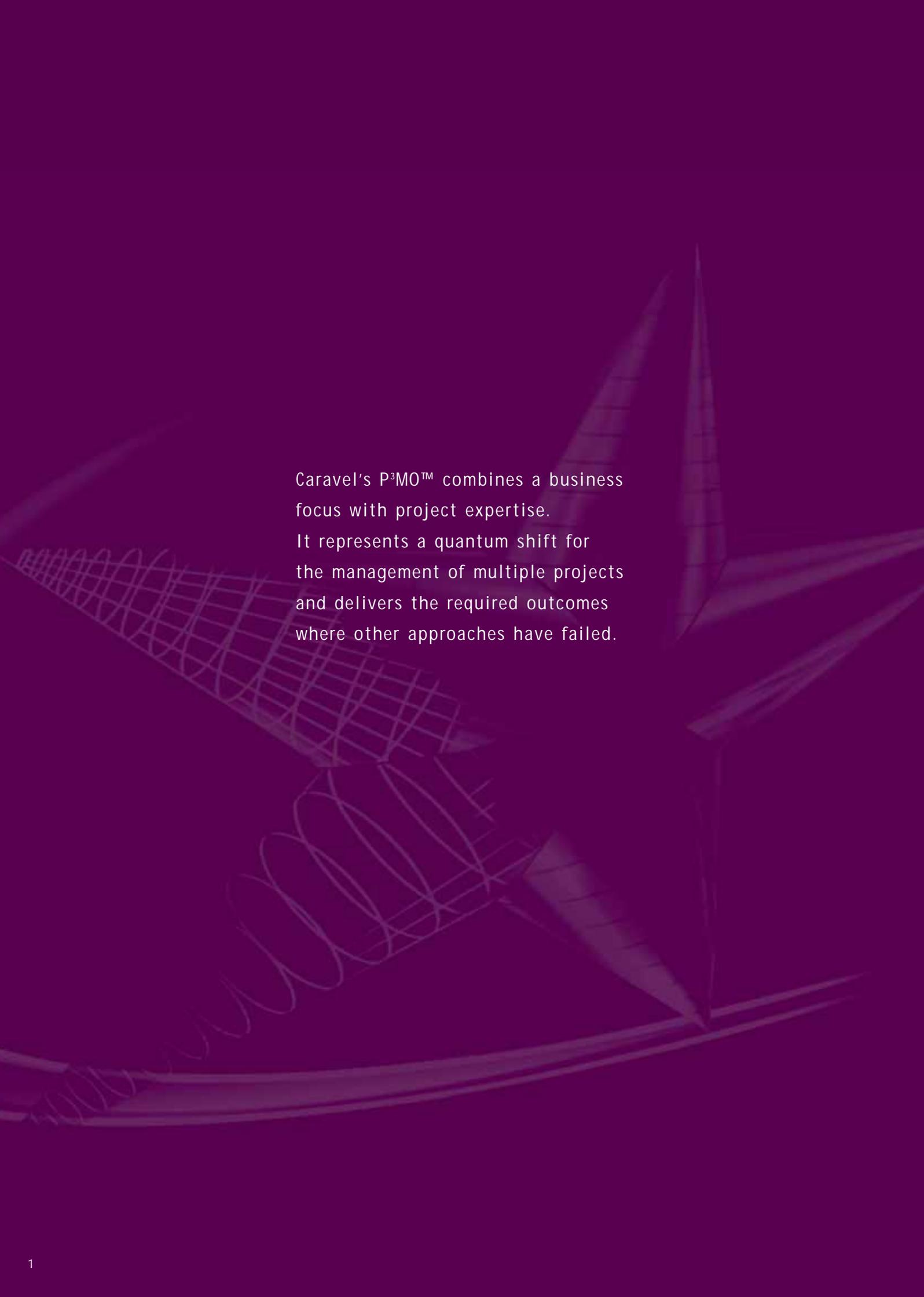
Caravel
LEADING THE WAY IN PROJECTS

p3mo

Project,
Programme
and Portfolio
Management
Offices

Caravel Group -
for project
management
offices that
deliver what
they promise

THE SPECIALIST FOR LARGE COMPLEX MULTI-DISCIPLINED PROJECTS



Caravel's P³MO™ combines a business focus with project expertise.

It represents a quantum shift for the management of multiple projects and delivers the required outcomes where other approaches have failed.

Managing Multiple Projects

PMO – a corporate capability

Organisations commonly use projects to implement change or create new products or services. The benefits are self evident: it allows organisations to pursue specific objectives and improve business performance.

However, when the business reality demands projects to be carried out simultaneously, it often causes conflicts of time, resources and business focus, that adversely affect projects and the 'business-as-usual'.

To avoid these conflicts, projects need to be appropriately integrated with the business.

The business approach has to consolidate 'business-as-usual' and projects alike. It must provide the necessary vision, measurement and overall control.

PMO – an obvious choice

The creation of Project Management Offices (PMO) was a logical evolutionary step and promised to instil discipline and create project success. In reality however, PMOs are often criticised for failing to deliver on this promise. Their ability to improve productivity is considered modest¹ and sometimes even non-existent.

Traditional PMOs suffer from a number of inherent weaknesses:

Lack of clarity – is it a Programme-, Project- or Portfolio Management Office or a mix of these? The semantic confusion extends to project roles, job descriptions and naming conventions.

Inconsistent approach – PMOs have no uniform processes and therefore lack a fundamental commonality.

Limited scope – fails to address operational, financial and strategic targets of the organisation.

Ineffective governance – PMOs are often project focused and seldom achieve an appropriate balance between their role as a facilitator of project governance and project delivery.

Lack of strategy alignment – the delivery strategy for the PMO is not aligned to organisational strategies. Operational factors (target goals, business cycles etc) are inadequately taken into account.

Insufficient payback – PMOs rarely pay for themselves.

1. According to an ICT project survey, only 50% of PMOs delivered improved project success rates.

Project, Programme & Portfolio Management Office = p³mo

The traditional PMO perspective has three levels of interest:

Project Management – risk focus

Projects usually cut across many parts of an organisation. The PMO focus is on scope and risk management, standards, performance metrics, knowledge management, activities and the allocation of project management resources.

Programme Management – organisational resource focus

Project delivery within a particular functional area or business line. The focus is on the management of broader organisational resources and the constraints they apply. They balance the competing objectives of individual projects.

Portfolio Management – strategic business focus

Managing groups of projects that have common objectives, namely a new or enhanced corporate capability. Demands a strategic view of the projects.

Managing the complexities associated with project, programme and portfolio offices is Caravel's core capability – our business is a PMO.

We are acutely aware of the shortcomings of conventional PMOs, having explored and implemented many innovative approaches to improving the effectiveness of PMOs.

In addressing the inherent weaknesses in current PMO practices, Caravel has developed an innovative solution and called it P³MO™.

As a corporate capability, P³MO™ takes an organisational view of projects, programmes and portfolios. In the context of this brochure it is important to appreciate that the topic of resource management means *organisational resource management*. It should not be confused with *resource management at project level* as seen through the eyes of a project manager.

PMO requirement	P ³ MO™ characteristic
Strategic	<ul style="list-style-type: none"> Links projects directly to strategic objectives Has an effective governance process Aligns the organisation / project processes
Operational	<ul style="list-style-type: none"> Allocates the right resources Reports performance using hard metrics Minimises risk
Financial	<ul style="list-style-type: none"> Provides cost tracking and reporting

The input of operational staff can represent a significant proportion of the overall project cost and dramatically alter the cost scenario of any time overruns.

™ P³MO is a trademark of Percepta International Limited.

The p³mo full life-cycle development methodology map

PMO implementations are often unsuccessful because they do not address the unique requirements of an organisation and fail to adjust to its changing project maturity.

Caravel's proprietary methodology was developed to meet these needs and deliver the right mix of process and capability from the beginning.



STAGE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
STAGE 1: Establish the need for a P³MO™	Identify the symptoms and gather hard facts on the types of problems being experienced within the organisation that suggests the need for a P ³ MO™.	Benchmark the organisation in accordance with a suitable project management maturity model. Develop a future vision of the organisation's project capability within the Portfolio, Programme and Project management (P ³ MO™) disciplines.	Identify options for different types of P ³ MO™ including the scope of functionality to be delivered consistent with that vision.	Determine the benefits of the P ³ MO™ options under consideration. Identify how the benefits will be measured over time.	Document the P ³ MO™ charter. Socialise the concepts and obtain buy-in and formal approval to proceed to the next stage.
STAGE 2: Implement the P³MO™	Establish the P ³ MO™ strategic implementation options necessary to deliver P ³ MO™ functionality: Full in-source Full outsource Partial in/out sourced.	Perform SWOT analysis of the strategic options and recommend a P ³ MO™ solution.	Create plans for the P ³ MO™ (scope, time, resource, budget, benefits, business).	Apply the concepts of this brochure to design and plan your P ³ MO™ with the help of Caravel. Obtain formal approval to proceed.	Execute the implementation plan to establish the P ³ MO™.
STAGE 3: Operate the P³MO™	Operate P ³ MO™ over time.	Execute benefits realisation plan. Measure benefits over time.	Review P ³ MO™ effectiveness and business plan.	Adjust and upgrade as necessary.	Communicate the benefits of the P ³ MO™ to maintain buy-in.

Moving from Project Management to Caravel's P³MO™ Methodology

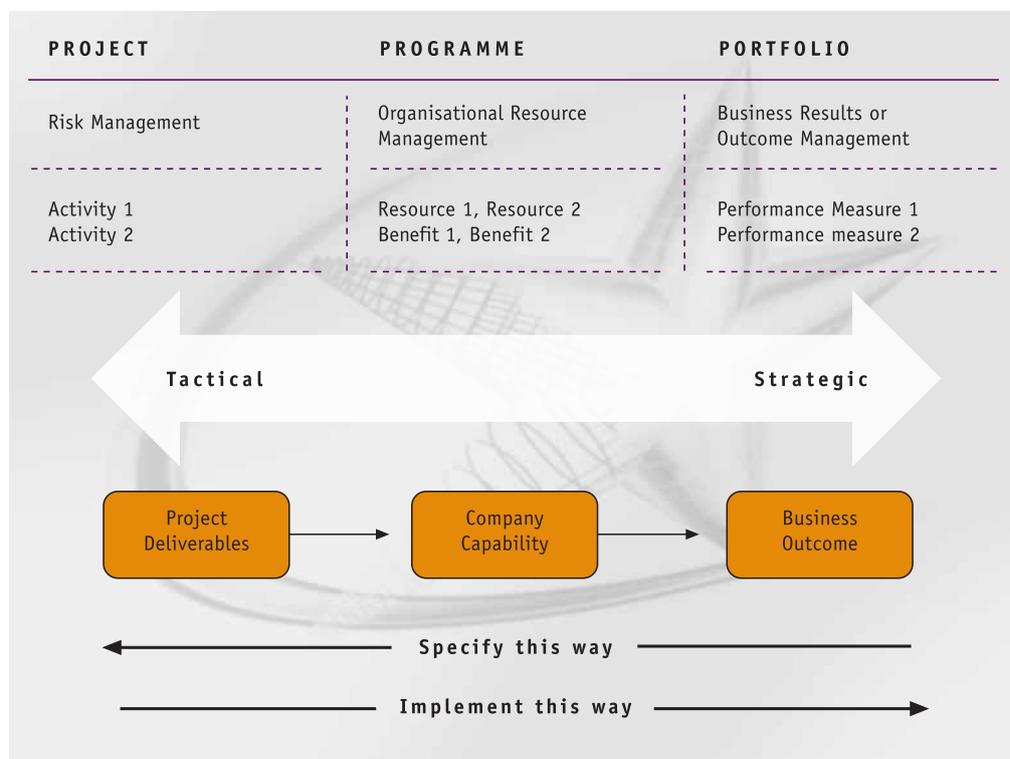
Project Structure from a Business Perspective

Fundamental insights

A strategic overview of projects is vital when operating multiple projects because each project interacts with the organisation differently. Only a properly structured strategic overview can ensure that the projects collectively *and* individually deliver the required benefits.

For major initiatives this usually involves managing several projects in multiple business areas, taking care of portfolios and directing programmes of projects at the same time. This complex task usually calls for a dedicated project² management office with experienced professionals.

Effective management of a P³MOTM, however, requires an insight into the fundamental interrelationship between projects, programmes, portfolios and the business.



2. In this context "project" encompasses project-, programme- and portfolio management.

Questioning conventional thinking

As leaders in project management, Caravel seeks continuous improvement and fosters innovation. This involves extensive research and close industry observation which frequently leads to the development of improved concepts and methods.

Conventional thinking assumes that projects, programmes and portfolios are in a simple linear relationship, with multiple projects captured within programmes and multiple programmes within a portfolio.

Caravel has found that this simplistic hierarchic project model only holds true for smaller organisations. It does not scale well for large organisations that manage multiple portfolios and large numbers of projects that cut across most departments.

The simple linear model belies the fundamental differences that exist and is insufficient for the effective management of a complex suite of projects. As a result, organisations struggle to define their PMO needs or even know how to deploy them; an unsurprising consequence of the lack of clarity about traditional PMO roles and structures.

Programmes reflect their relative position 'in between' projects and portfolios with a distinct duality of roles: on the one hand they resolve organisational resource constraints, on the other hand they contribute to the corporate capability as seen at portfolio level.

Caravel's P³MO™ model addresses the key differentiators that determine the fundamental management model within the overall project domain.

The reality – a three-dimensional model is required

Assigning project, programmes and portfolios to each of three physical dimensions, results in a more scaleable and robust organisational model.

Projects interact with as many parts of the organisation as necessary to ensure delivery. The project view of the world is assigned to one of the dimensions within the model.

Programmes traditionally have a focus on removing organisational resource constraints and consolidating projects to the portfolio level. By assigning programmes to the second dimension and aligning these with business units, the programmes' primary focus is to address organisational resource constraints. The change in role necessitates a change of name to 'Business Unit Programmes'. Portfolios now connect directly to projects without consolidation via a programme.

Portfolios are assigned to the third dimension and have a pan-organisational perspective. With a direct view of projects and business unit programmes, it strengthens the project-portfolio relationship and simplifies the role of the business unit programme in terms of resource management.

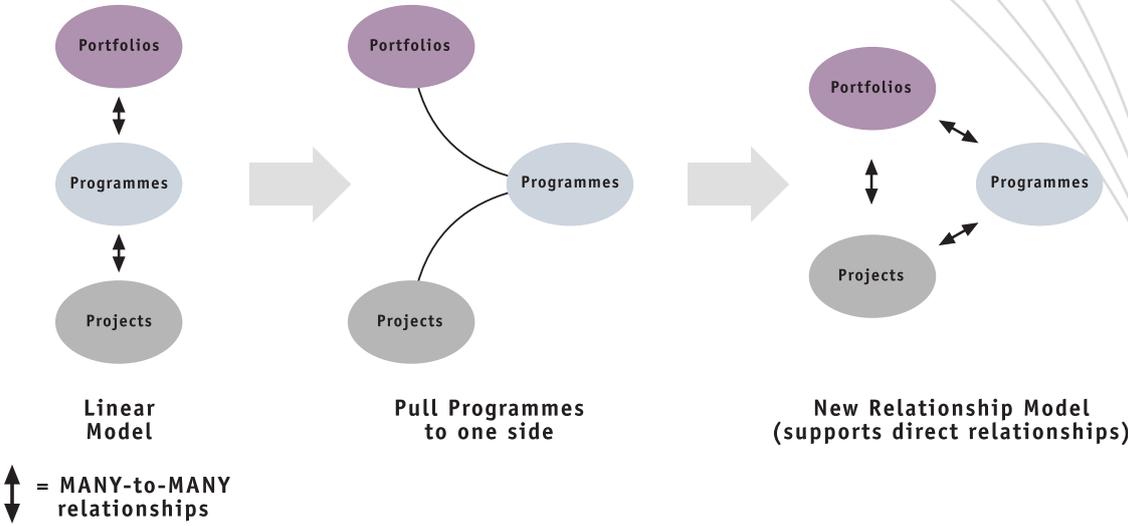
Projects don't necessarily align with the programme view - Example: an IT department may well be engaged on many different projects coming from multiple functional areas.

The previous role of the programme – consolidating projects in support of the portfolio – is best achieved through a hierarchy of portfolios with sub-portfolios as required. The result is a robust scalable model with the flexibility to reduce it back to the single dimensional view or, in principle, to increase the dimensionality as required.

NB: use of the term “programme” requires due consideration for the underlying model. The addition of an appropriate qualifier i.e. *business unit programme* is therefore imperative to avoid confusion.

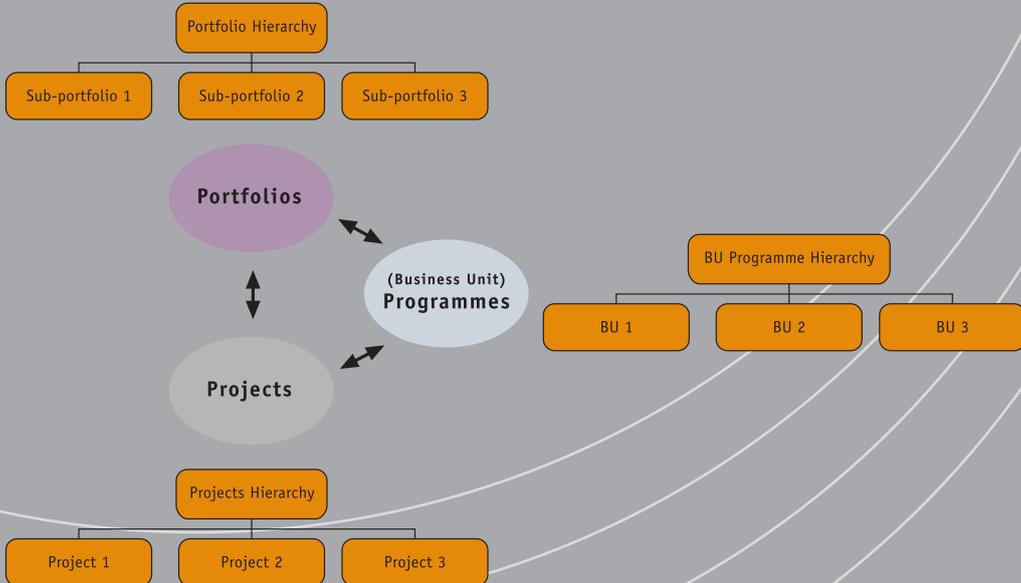
The evolution of a new relationship model

The three-dimensional physical model now gives rise to and supports a corresponding triangular relationship model.



Adding nodal hierachies

The naming conventions may allow for hierarchies at the nodes as required. It should also include codification schemes and job title schemes.



The p3mo in Practice

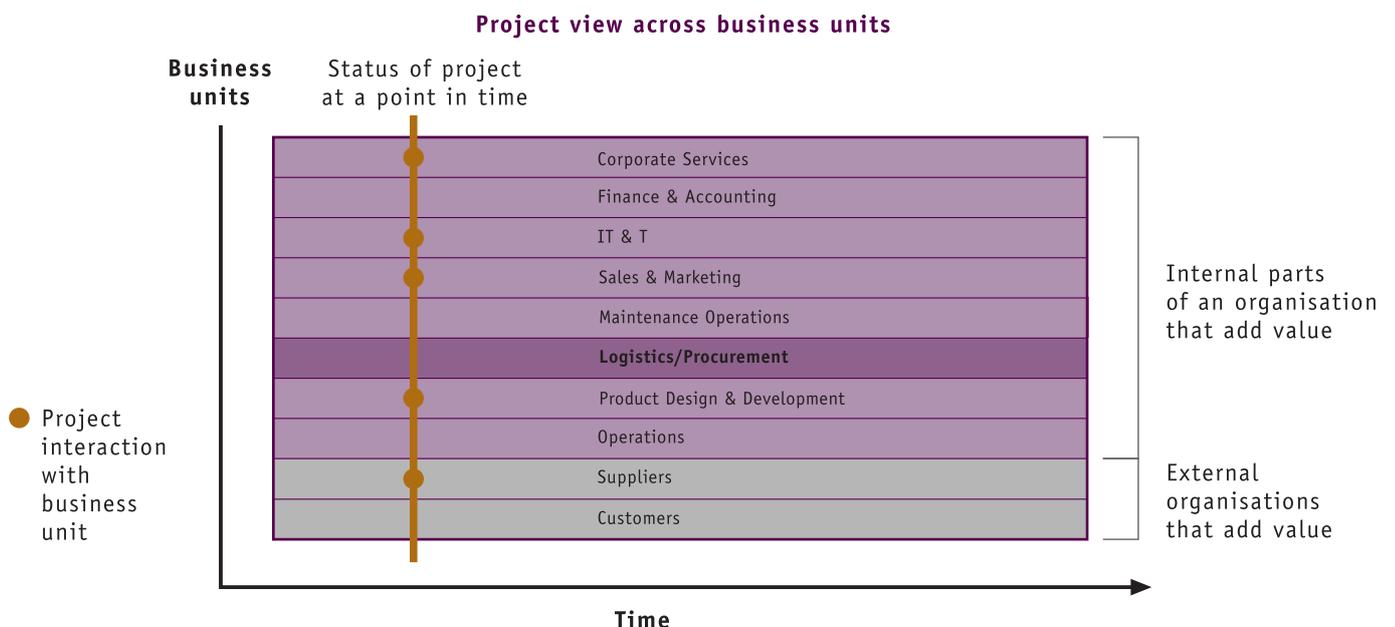
In order to properly understand projects, programmes and portfolios in the context of the three-dimensional project organisational structure, it is vital to consider that they all exist in time – the fourth dimension.

Projects and the Value Chain

Given that projects are an integral part of most organisations, appropriate business models can be readily adopted. Of particular interest is the separation of the core parts of an organisation from the supporting parts as promoted by the Value Chain Analysis³. It reflects the premise that each process adds value, i.e. is part of a Value Chain.

The Caravel model reflects the processes of an organisation as well as those of its customers and suppliers. All of these are displayed horizontally, in a parallel fashion and referred to as business units for the purpose of the model as below.

The advantage is that the project lifecycle can be represented from initiation, through to execution and closeout. Importantly, it can also be represented in time. The diagram below is a simplified representation of a single project.



The functional areas of an organisation that are engaged with the project are separately defined as shown above and are subject to a time-varying load during the life of the project.

3. Michael Porter, "Competitive Advantage"

And from the project's point of view it goes through an independent life-cycle as follows:

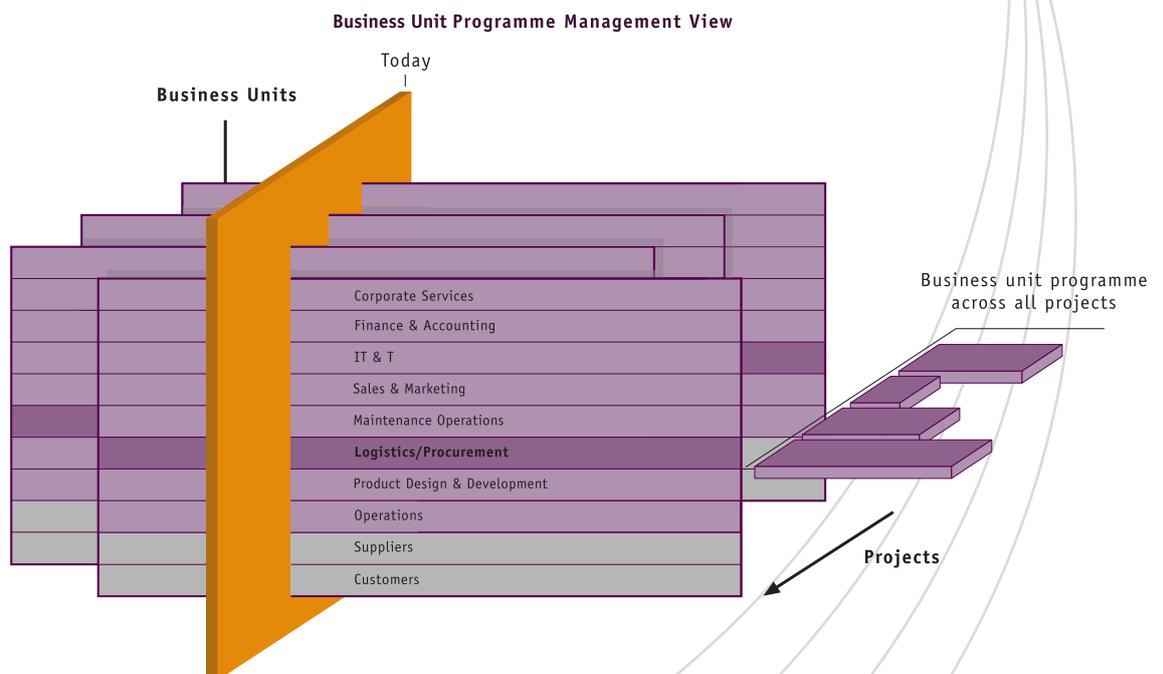


At any point in time, the project engages with all parts of the organisation while also going through the individual life cycle phases. Refer to our Strategic Management of Projects brochure for further details.

The business unit programme view of multiple projects

The Caravel model addresses the cross-functional reach of projects and depicts various internal and external organisational activities that play a role in achieving the project deliverables. Strategically aligned at portfolio level, the projects cut across different business units (functional areas) where the work load is managed as a “programme of projects”.

The Business Unit Programme Management provides a much clearer model of the real workload required to deliver a portfolio of projects with the additional dimension depicted in the diagram.



Each project in the business unit programme is at a different stage and produces different loads on resources within any given business unit. The time based (vertical) slice represents the value chain processes in action at that particular time.

Caravel's model reflects the fact that corporate support groups provide critical input to projects and the business-as-usual.

The P³MO™ approach provides a clear view of all necessary activities and all resource requirements at any particular time in the project or the programme.

Minimum project group sets

In order to ensure a meaningful interaction with portfolios, a basic premise has to be considered and incorporated into the working P³MO™ model, namely the minimum project group set.

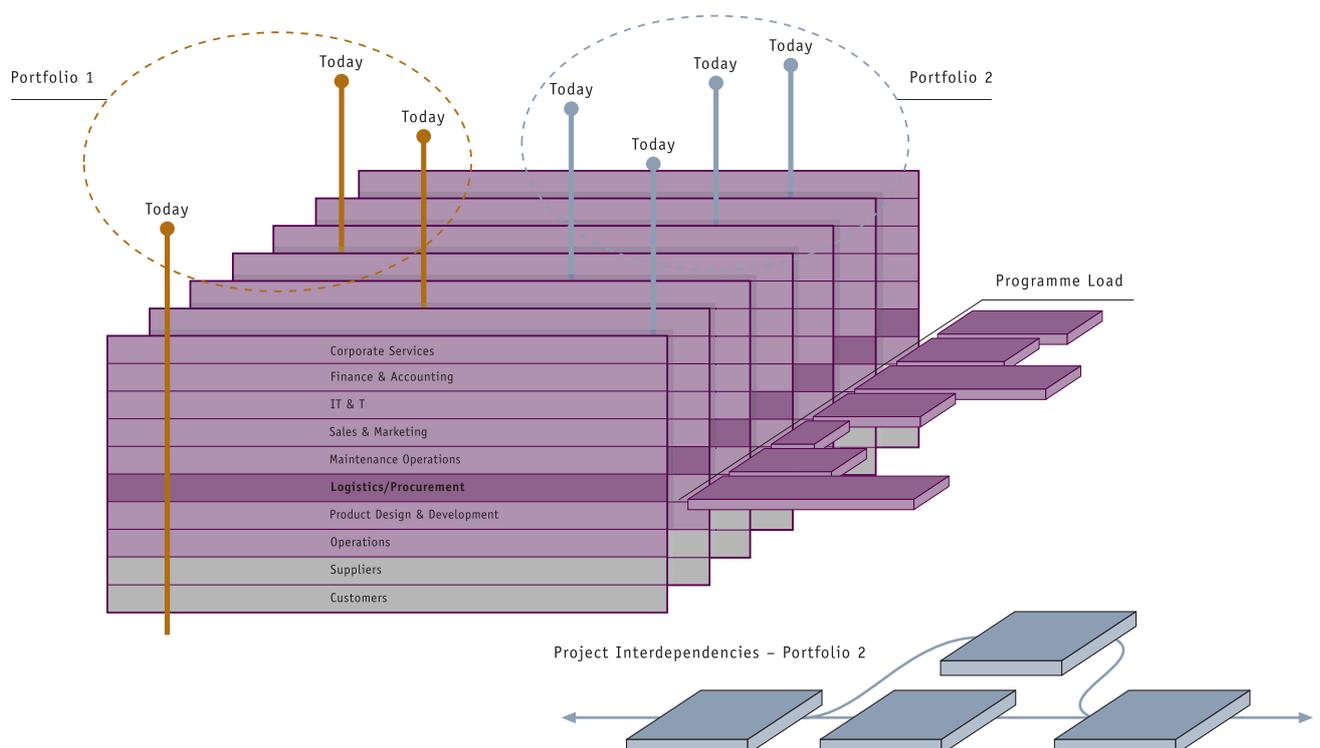
These are groups of projects that need to be executed together so that the organisation achieves some core strategic advantage. If any project of the set does not proceed, the others become redundant. Conventional PMO concepts do not adequately address this fundamental notion. Benefits realisation processes are usually applied after the fact.

Portfolios of projects

Knowledge of the inter-relationship between projects is a prerequisite for portfolio management and supported by the multi-dimensional modelling technique.

The P³MO™ portfolio management capability allows the definition of a network of project interdependencies, primarily for reporting and planning purposes. A portfolio can have its own set of business objectives or derive them from the individual projects within the portfolio.

A portfolio may, for instance, consist of a group of projects to deliver new management systems using new technological architecture. The projects to design and install the new hardware architecture have specific objectives and utilise different resources from the projects that develop and implement new management systems; yet the sets of projects have clear and direct dependencies. There is no point in developing new architecture if the new management systems don't proceed, and vice versa. The portfolio objective is the deployment of the fully functioning system that results from the delivery of both, the new technology architecture and associated management systems.



p³mo Portfolio management at a glance

- Affords new insights into individual project controls
- Provides the mechanism to realise strategic business plans
- Uses network tools to define project interdependencies
- Employs project cost and schedule tools to track and measure performance
- Will deliver the portfolio business strategies with significant time savings

The p³mo architecture

The importance of defining the underlying structure, naming convention and roles cannot be overstated. The P³MO™ management capability needs to be set up to reflect the architecture of the projects within the organisation whether this is single or multi-dimensional.

In the first instance this requires a clear design of the project architecture based on the multi-dimensional concepts described in this brochure. Thereafter, naming conventions need to be established and possibly codified before role titles are assigned to reflect the structure for all parties.



Ensuring effective governance

Once a clear structure is established, the reporting system follows the defined naming convention.

With its differentiated overview, the Caravel model supports effective governance from project through to portfolio level. That governance now appropriately addresses business-as-usual resourcing constraints as well as project team constraints, and one without the other does not deliver a corporate project capability.

By affording a distinct view of all projects and how they interact with the organisation, business leaders have access to superior project intelligence which ensures that project decisions are in line with corporate strategic goals.

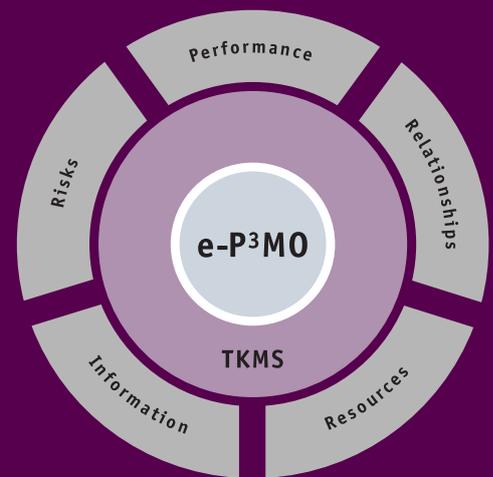
Considering that approximately 35%⁴ of projects fail due to ineffective governance, Caravel's approach effectively counteracts this major project threat.

Critical Support Tools

Walking the talk

P³MOTM reflects the sophistication of modern management systems and delivers an effective organisational structure for the management of projects. Conventional PMOs, however, only have access to simple tools for project activities such as status reporting, project planning and manual audits.

As *P³MOTM* pioneer Caravel has invested in the necessary tools and developed a toolkit that reflects the *P³MOTM* model. We called it *enterprise-P³MO* (e-*P³MO*). Built 'on top' of Caravel's proprietary knowledge management system TKMS, this support toolkit integrates business and project outcomes and performance monitoring in a single package within an enterprise. It reflects Caravel's experience in large and complex projects, is an indispensable support tool and provides key functionalities for the effective control of the *P³MOTM*.



Built on knowledge

TKMS was crafted to meet the practical *P³MOTM* demands and to deliver exactly what businesses need in the way of meaningful data.

It does not replicate, or compete with specialist capabilities that other systems already provide; it simply delivers strategic project intelligence on demand.

Caravel has successfully used this tool for over a decade while continuously refining it.

TKMS Sub-system	Function and benefit
e- <i>P³MO</i>	Management of work with self auditing of an embedded quality system as appropriate
People management	Contains skills, knowledge and experience of all the resources available for the projects
Relationship management	Manages the internal and external client relationships
Organisation management	Maps organisational structures that affect the projects
Resource management	Charts projects in terms of who works on what; delivers resource view of work under management
Information management	Manages the generated project information and makes intellectual property accessible
Maintenance	Maintains the infrastructure that supports TKMS

Providing project wide support for clients

The e-P³MO component of our knowledge system provides the necessary management and visibility of the project, programme and portfolio elements. It is fully integrated into the elements of the system that address core business relationships (Total Relationship Management) whether the relationship is with a client, supplier, associate, staff, alliance or competitor.

The system supports standard processes that manage the capture and processing of project related costs with roll-up at business/portfolio level.

Other functionalities include:

- work management for projects and programmes (self auditing, quality system compliant)
- “traffic light” reporting (supports execution of projects, programmes and portfolios)
- projects can be collected into a single group or programme of works with simultaneous execution linked into predecessor/successor format to provide the portfolio view

e-P ³ MO Component	Function and benefit
Project <ul style="list-style-type: none"> - Status - Risks - Issues - Schedule - Costs 	Provides definition of projects, including: <ul style="list-style-type: none"> - up-to-date details of status (including traffic light reporting) - a comprehensive risk register and risk management tool - a comprehensive issue register and issue management tool - milestones and deliverables - a comprehensive cost budgeting and cost management tool
Programme <ul style="list-style-type: none"> - Status - Risks - Issues - Schedule - Costs 	Provides definition of programmes, including: <ul style="list-style-type: none"> - up-to-date details of status (including traffic light reporting) - a comprehensive risk register and risk management tool - a comprehensive issue register and issue management tool - milestones and deliverables - a comprehensive cost budgeting and cost management tool
Portfolio <ul style="list-style-type: none"> - Network relationships - Status - Risks - Issues - Schedule - Costs 	Provides definition of portfolios, including: <ul style="list-style-type: none"> - capability to link projects into programmes and portfolios - up-to-date details of status (including traffic light reporting) - a comprehensive risk register and risk management tool - a comprehensive issue register and issue management tool - milestones and deliverables - a comprehensive cost budgeting and cost management tool

The architecture is based on ISO9001 compliant quality system processes. It can be adapted to any other quality system and will work with any mainstream project methodology. Project excellence can be enhanced with a documented set of project management processes and procedures that meet your organisational needs.

The adaptable project companion

As a fully fledged independent P³MO™ toolkit, e-P³MO is designed to work in most environments. This means that it can be swiftly implemented as a temporary overlay to your specific enterprise management system.

It quickly becomes a project support tool and starts providing benefits from day one. Clients benefit by retaining their system independence yet enjoy the benefit of instant access to a proven and highly efficient system.

If a long-term solution is required, Caravel can implement an equivalent enterprise management system if desired.

Caravel's e-P³MO has been crafted to meet the needs of large complex projects. It is kept as simple as possible while containing a wealth of key project information.



Caravel's range of project services

As a leader in projects, Caravel offers a range of specialised consultative and implementation services that span the entire life cycle of a project from inception, through implementation to final hand-over. Caravel adds value at every point along the way through project management services for:

Strategic Management of Projects

Core services include:

- Multi-project Management
- Organisational Resource Management
- Value Management
- Project Feasibility Studies
- Critical Chain Modelling
- Organisational Project Management Maturity Assessment

Project Assurance

Core services include:

- Project Governance
- Project Audits
- Project Health Checks
- Recovering Troubled Projects
- Project Risk Assessments
- Post-implementation Review
- Mentoring and Training

Project Planning and Execution

Change Implementation

Business Process Innovation

Business Partnering

Enterprise Management Solutions

Operational Management Centres

Core services include:

- Customer Contact Centres
- Service Management Centres
- Operational Control Centres
- Mission Critical Moves

Safety Critical Projects

Bid and Tender Management

P³MO™ - Project Management Office (PMO)

Security Management Projects

Caravel can tailor a range of industry-specific services to suit the exact needs of your organisation.

Please refer to our website for your nearest
Caravel office: www.caravelgroup.com