

# How to Choose the Right Project Office Structure for Your Organization's Culture

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So, your institution is ready to implement a Project Management Office (PMO). Congratulations! A PMO is widely recognized as one of the most effective business practices used by successful institutions.

To ensure the success of your project office, take the time now to look at your institution, and match the right PMO structure with your institution's culture and goals.

## Understand the Impact of Culture on a PMO

Every institution has a unique culture, created through years of leadership and staffed with individuals who share common values and work ethics. Matching the right project office structure with your culture is critical for success. PMOs are not "one size fits all" solutions. In fact, PMO structures include an entire spectrum of options (see *image A*), each with different structures, roles and responsibilities, reporting lines, resources, and levels of authority.

## Define your PMO Needs and Structure

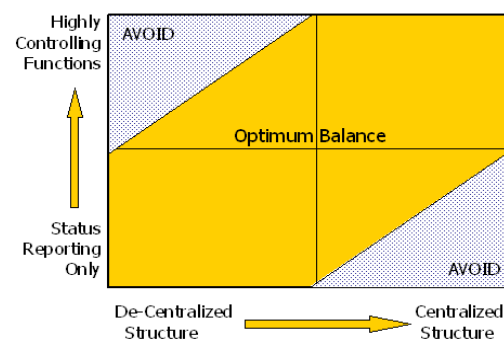
A successful project office can range from simple project data reporting to a centralized structure that takes the lead on every aspect of project management. Deciding on your institution's PMO requires evaluating the characteristics of your institution, as well as clarifying your

expectations of the project office. Key questions to ask include:

- ◆ What resources are you able to dedicate full or part time to the project office?
- ◆ Do you currently follow a standard project management methodology?
- ◆ How well do your different business units or departments work together?
- ◆ How many projects does your institution typically complete in a year?
- ◆ What problems is your institution facing when managing projects?
- ◆ What are those problems costing your institution?

Expectations for the success of your PMO need to match the maturity of your institution in each of these key areas. Be honest in your self-assessment and consider gaining an outside viewpoint or implementing a "readiness assessment" prior to determining your PMO structure. Do not make the mistake of implementing a cookie cutter approach that does not meet the needs of your institution.

**Image A:**  
PMO Structure Spectrum



## Options for PMO Structures

In a decentralized structure, the PMO would provide a valuable reporting service for project status data. Project managers typically continue to report within their departmental units. There are roles in the project office for more than just project managers, including schedulers who can implement and track quality project schedules, and facilitators, who can help guide projects in conjunction with a project manager. Often these roles remain in the project office even in a decentralized structure to provide consistency and support for the individual departments.

In this decentralized role, the project office functions primarily in an advisory role for project management methodology standards and for project issue resolution. A decentralized structure is often a lower cost solution with lower headcount and fewer impacts on the institutional structure. The heads of the departments remain heavily involved in the projects, continue making decisions, and keep their employees engaged in the success of the work.

Many institutions begin with a decentralized structure when implementing a PMO. However, under this type of structure, institutions move slower to full project management methodology adoption and do not gain the full benefits of a project office.

In a more highly controlling, centralized PMO structure, project managers typically report directly to the head of the PMO, who facilitates project decisions and resolves issues. Resources for projects are matrix-managed for the duration of the project, and the PMO has the authority to set and enforce standards. Schedulers and facilitators would also report within the project office.

This centralized structure allows institutions to more rapidly adopt project management methodologies. Issue resolution is simplified with a single escalation path to the top decision maker,

and project managers gain support from working closely with each other. It is important to remember that while this structure gives more responsibility and authority to the PMO, it should not do so at the expense of teamwork and communication. The project office needs to maintain cooperative working relationships across all departments in order to be successful.

Managing all project work through the PMO provides a single source for data and a complete picture of the portfolio of projects. The downside of this structure is that it can cause the leaders of the functional units to disengage with key project work. The PMO can also get a “project police” reputation, which may not encourage good project practices outside of the project office. This structure is effective when an institution is working with a large number of complex projects and only if the culture of the institution includes well-developed communication and teamwork skills.

Looking at Image A, the PMO Structure Spectrum, two structures exist that every institution should try to avoid: a de-centralized structure with highly controlling responsibilities and a centralized structure with responsibility only for status reporting.

A de-centralized PMO structure could have difficulty performing a strong role when using matrix-managed resources, so limit the level of central responsibility if you choose that structure.

A centralized structure that does nothing more than report status will add too much overhead to your institution, so if the role of your PMO will be limited, leave the office de-centralized.

The more responsibility assigned to your project office, the higher it should report in the institution. The most robust structure usually requires reporting directly to the President or CEO of the institution for maximum effectiveness.

## Final Thoughts

No matter what structure your institution chooses, the implementation process itself is the key to the success of your project office. A champion should be identified to assist in promoting the benefits of good project management and helping to clear roadblocks to change. The champion will often create a cross-functional steering team to help with the PMO implementation steps. Culturally, most institutions should begin with a less controlling, de-centralized project office, at least until the staff becomes comfortable working in a matrix-managed environment.

A well-defined, effective project management office can be an important step to greater success for your institution. Spend the time and effort it takes to define the right PMO structure to match your institution's culture and goals.

