

PMO meets agile

Project Management Offices in the
context of agile transformation

PMO 4.0: The influence of agile methodology on traditional PM standards	04
Agile PMO structure: Social rethinking and changing values	08
The PMO transformation: Examples of more flexible processes and tools	10
Conclusion Increased benefit through more flexibility	12

PMO 4.0: The influence of agile methodology on traditional PM standards

Megatrends such as globalization and digitization force companies to act faster and more flexibly. Many companies change their procedures or start agile transformation projects as a way to meet the new requirements. Often, consciously or unconsciously, organizations choose a hybrid approach between the traditional waterfall and agile methodology aiming a feasible and ideal project dynamic. This hybrid model brings the best of both worlds together, finding a common working system: a change process that affects all areas of traditional project management and leads to agile product development.

Fig. 1 - Tasks of a modern PMO



Standard project management roles – such as Project Manager, Project Sponsor, PMO, etc. – are still present in many projects. Although the PMO role is not the focus of traditional scrum philosophies, the increasing interest in agile transformation leads to an extension of the fundamental understanding of project management (see also PMBoK Guide 6th Edition) and thus also of PMO.

Agile methods, such as Scrum, are often seen as a “means to an end” for transformation projects. The benefits of agile management have been proven outside the software development field and found their place in many project management theories. The adoption of modern approaches is driven in particular through disadvantages of the waterfall method: They frequently do not represent a progressive management approach, since procedures are often too slow and inflexible; according to the waterfall method, especially in the first project phases, structure appears to be more important than the actual product and project bureaucracy becomes its own time-consuming concept.

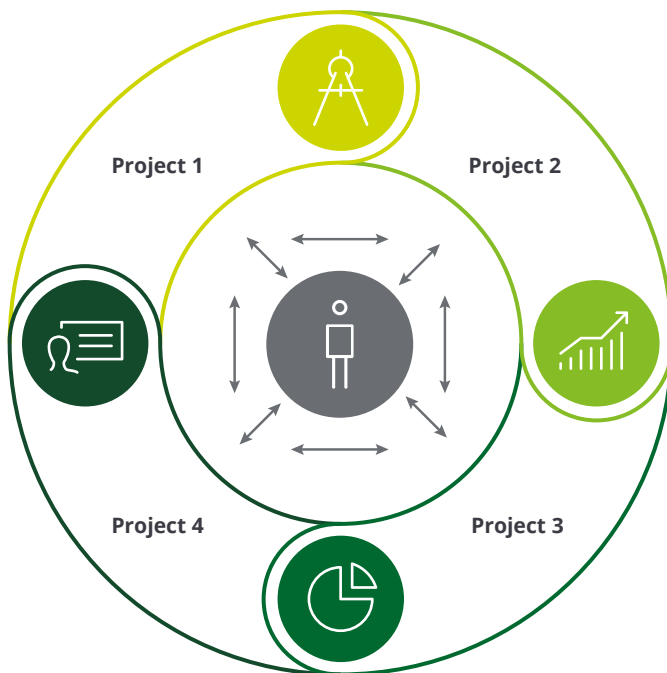
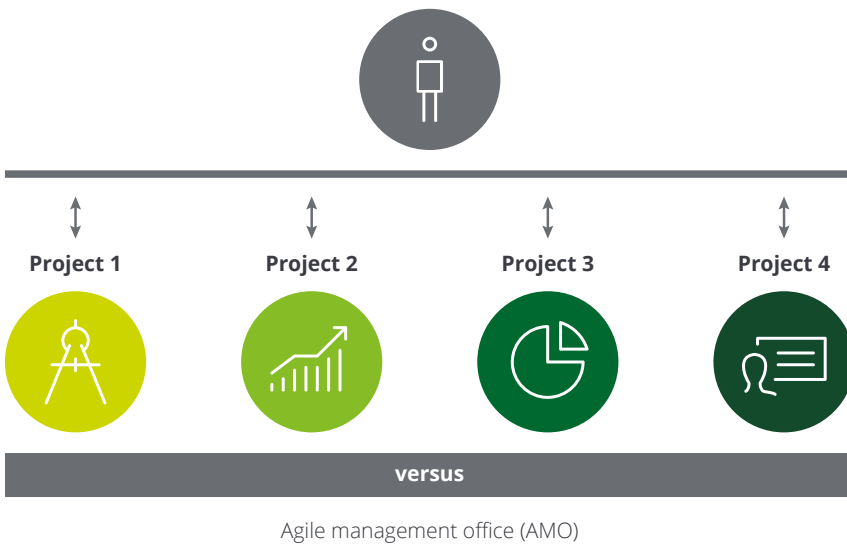
Agile Transformation combines flat hierarchies with efficient communication and action strategies that create an iterative approach to the execution of prioritized tasks. Incremental procedures can be used to re-prioritize tasks more flexibly at defined points in time. Sprints are carried out in defined, short periods of time and ideally always deliver a “finished”, already tested and operational (part) product.

The focus of this approach is on tailor-made quality and performance, individual empowerment and a solution-oriented cooperation of all participants.

The performance of an agile PMO can be tracked by how the number of sprints deliver maximum value to the company business, considering “traditional disciplines” such as time, budget and scope. For this purpose, there are increasingly specialized offers on the market, such as the Deloitte Predictive Project Analytics (PPA). With this method, a PMO can use seven domains and up to 172 factors to measure project performance and thus the probability of success at an early stage. Although traditional PMO tasks such as process consideration, tool selection/operation and uniform quality standards maintain relevance to performance review in an agile setting, their role is now a secondary one - at least in intermediary stages.

An agile PMO – increasingly known as Agile Management Office (AMO) – has numerous advantages over traditional project coordination: High value orientation, self-organization, faster reaction times, efficient management of digital projects and customer experience.

Fig. 2 – Dynamically networked PMO



Since traditional project management uses a project handbook to regulate quality standards right from the beginning of the project, compliance with the quality criteria is checked iteratively in agile projects.

The PMO, depending on its design or intended sphere of influence, executes a central function in promoting project management standards and processes. It is responsible for ensuring that more agile working methods are used in the organization. The PMO defines which PM methodology has to be used and must therefore be up to date and take agility trends into account.



Agile PMO Structure: Social rethinking and changing values

Agile project management cannot replace the classic per se; both methods have their fields of application in which they can be helpful. For example, a pure “Scaled Scrum” can be successful in very few cases. This is due to existing organizational structures within the companies as well as known fundamental challenges in transforming procedures and processes. The agile scaling requires cultural change and adaptation of structures, which are made possible by classic PM methods.

The key to success, especially for Hybrid Agile, lies in harmonizing agile methods with a PMO as a tool of classical project management. The same applies to related capabilities such as program management or portfolio management (see also Figure 3). An agile PMO can unite the best of both worlds and is a step towards a more agile project management. Hybrid projects usually have an agile core surrounded by a supporting PMO structure. During the sprints, the team develops the planned delivery objects on the basis of so-called user stories. The PMO accompanies the process to ensure the necessary framework conditions. In such a scenario, the PMO provides added value, especially in sprint overlapping areas of governance, organization and communication.

Agile transformation is characterized by flexibility and speed. However, such dynamic environments often lack stable and documented structures. The use of cross-unit status and control documents – in conjunction with clear governance structures – supports the agile project structure.

The increased use of governance structures and documents facilitates project entry for employees who are not part of the team or the general project context from the outset. Project information such as onboarding materials, organizational charts, processes, and other documents are created and maintained by PMO, access is provided, and accounts are administered.

Therefore it is recommended to position the PMO as a cross-sectional function above the individual agile teams. By establishing standards in a central PMO, resources and tasks can be coordinated across projects, so that the effort for all participants is reduced to a minimum. The holistic view, which the PMO holds through its superior position, supports the sharing of knowledge and experience between the individual agile teams.

The PMO's structured support significantly

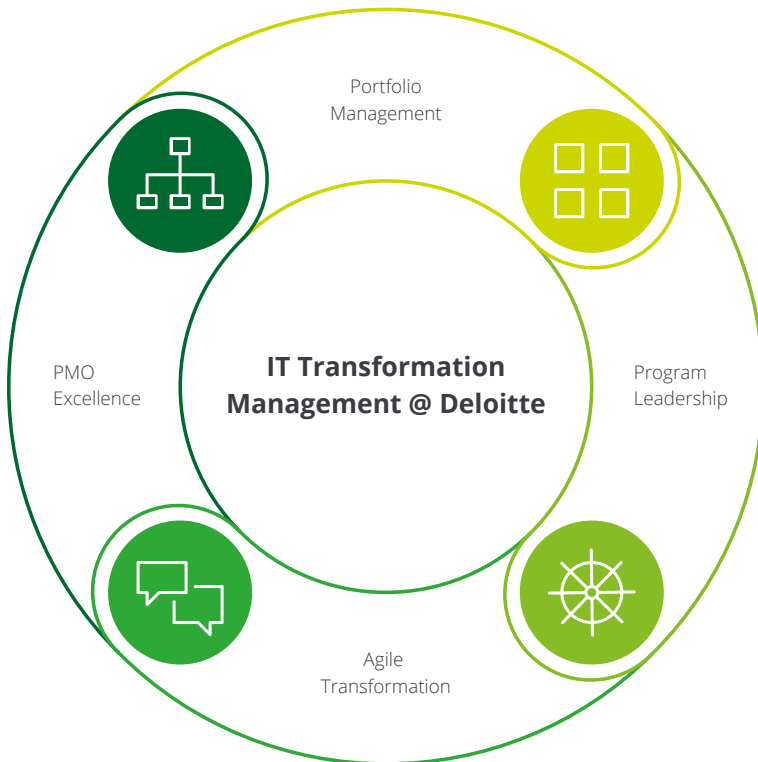
relieves Scrum Master and Product Owner, as explained in the chapter “PMO Transformation”. As a comprehensive instance to the agile teams, the PMO assumes an additional interface function between all stakeholders and can communicate in this role both the basic project vision as well as the sprint progress which is subject to a regular cycle. Many projects lead to organizational changes on a significant scale due to innovations or adaptations. Internal company communication about the change from classic PM processes to agile working methods is not only important to maintain the general working morale, but also to win the sympathy of relevant stakeholders for these changes.

Availability and productivity of team and management are increased, providing more room for customer interaction and expectation management.

In addition, experienced PMO employees usually have the necessary knowledge and are well networked with the relevant stakeholders to ensure efficient resource management and create a framework in which technical experts and developers can work together optimally on a daily basis during the project. The resulting efficiency gains allow agile teams to concentrate fully on their actual work.

The PMO is well positioned to initialize important dialogues “up” and “down”: For example, the PMO can set up sprint newsletters for the operational teams and an e-mail address for questions about technical innovations through the completed sprints. In addition, PMO can manage communication with clients and sponsors on the customer side and, for example, accept questions or organize information meetings.

Fig. 3 – IT Transformation covered by four capabilities



The PMO transformation: Examples of more flexible processes and tools

Given an appropriate allowance and empowerment, the PMO has the possibility to take on a central function in the agile project organization. It helps the project teams to live agile values and to secure the teams' decision-making autonomy. The already existing PMO can support the Scrum Master in conveying the new agile principles and requirements to the teams with the help of trainings.

The first step towards PMO transformation is to carry out an inventory or an analysis of the PM methodology used by the PMO. By means of this inventory, one can draw the first conclusions as to whether the project management of a company has already been enriched or improved by new methods.

By creating a method concept, the project management methodology in the company is supplemented and it is also determined which methods should no longer be applied in the future.

Increasingly, the PMO appears like an outdated function in the context of the agile trend: older, intent on rules and order, and quite in contrast to the young and euphoric protégé who wants to dominate the picture and more and more does so in practice. This of course is very strikingly spoken, yet it is relevant in so far as the PMO often no longer acts in a contemporary manner. The following points are suggestions on how the PMO can change to be dynamically positioned in an agile hybrid environment.





The term “process” is usually undisputedly associated with the PMO; the addition “rigid” is often added with certainty, at least silently. The problem that many PMOs face is a predominance of already existing, inflexible processes, which usually stifle any innovation at its core and determine purely reactionary action.

To simply abandon processes to PMO and any methodology would be against the actual nature and also the original purpose of PMO. Processes enable job execution, but need a flexible agenda for a dynamic environment. It is good to maintain a portfolio

of proven methods, but the application should be questioned and rethought for each situation or issue. At the same time, flexible processes should move the reactive focus towards an early anticipation of situations in order to enable a progressive approach to specific topics.

For example, flexible escalation processes can help to identify problems occurring in the project as early as possible and to treat them openly. In other words, trends are identified early on and counteracted if necessary.



The PMO has its origins in the waterfall methodology, which was conceived at a time when fewer external influences, or rather, these had a much slower impact on projects. Nowadays, the requirements for project management, as for all company components, are moving forward at a much higher pace. A PMO with traditionally long coordination processes and inflexible internal hierarchy levels tends to act like a fossil fueled by the volatility of international markets.

A cornerstone for bringing more modernity to PMO organization is the theory

of lean management. If the existing PMO working methods are reduced to those that are actually useful, the existing bureaucratic layers are removed. Employees are given more responsibility and have the opportunity to make their own decisions. A “lean” PMO provides the ideal basis for reacting directly to acute questions or project requirements.

Flat hierarchies and management paths simultaneously reduce the required working time and the associated costs considerably and increase not only the success of the project but also the efficiency of the PMO.



Just like too much bureaucracy, a rigid PMO (e.g. numerous hierarchy levels, fixed and long decision paths) is also a hindrance to project execution. In addition, the rigid structures are no longer compatible with the expectations of ambitious employees: instead, they encourage the assumption of responsibility and the possibility of self-determination.

Here, too, the agile philosophy is much better suited to current challenges than the waterfall approach: Each individual in the project – including the PMO – is responsible for the final work result. With this focus on the direct impact on success or failure, the motivation and sense of

responsibility of all participants usually increases.

The agile management methodology also works with the concept of the “space of trust” within every agile team; this means that suggestions and constructive criticism can be freely expressed within the team at any time in order to find an improved solution - regardless of position or experience. The quality of work is enhanced by both: employees feel encouraged to express their opinions and make decisions. A secure platform to express thoughts and observations supports an environment of unbridled creativity and productivity.



In conventional project management, those responsible plan the financial, personnel and material expenditure in advance and align the entire project management process as well as the supporting tools with this planning. Only small divergences from this assessment are tolerated.

According to this procedure, the project is processed step by step in a fixed order with the help of traditional project management tools. Processes based on the waterfall model are mostly used in companies with pronounced hierarchical structures. In contrast to this, market requirements expect project management

tools to react immediately to short-term changes and to be structurally “agile” specialized (e.g. by taking sprint backlogs, epics, agile roles, etc. into account).

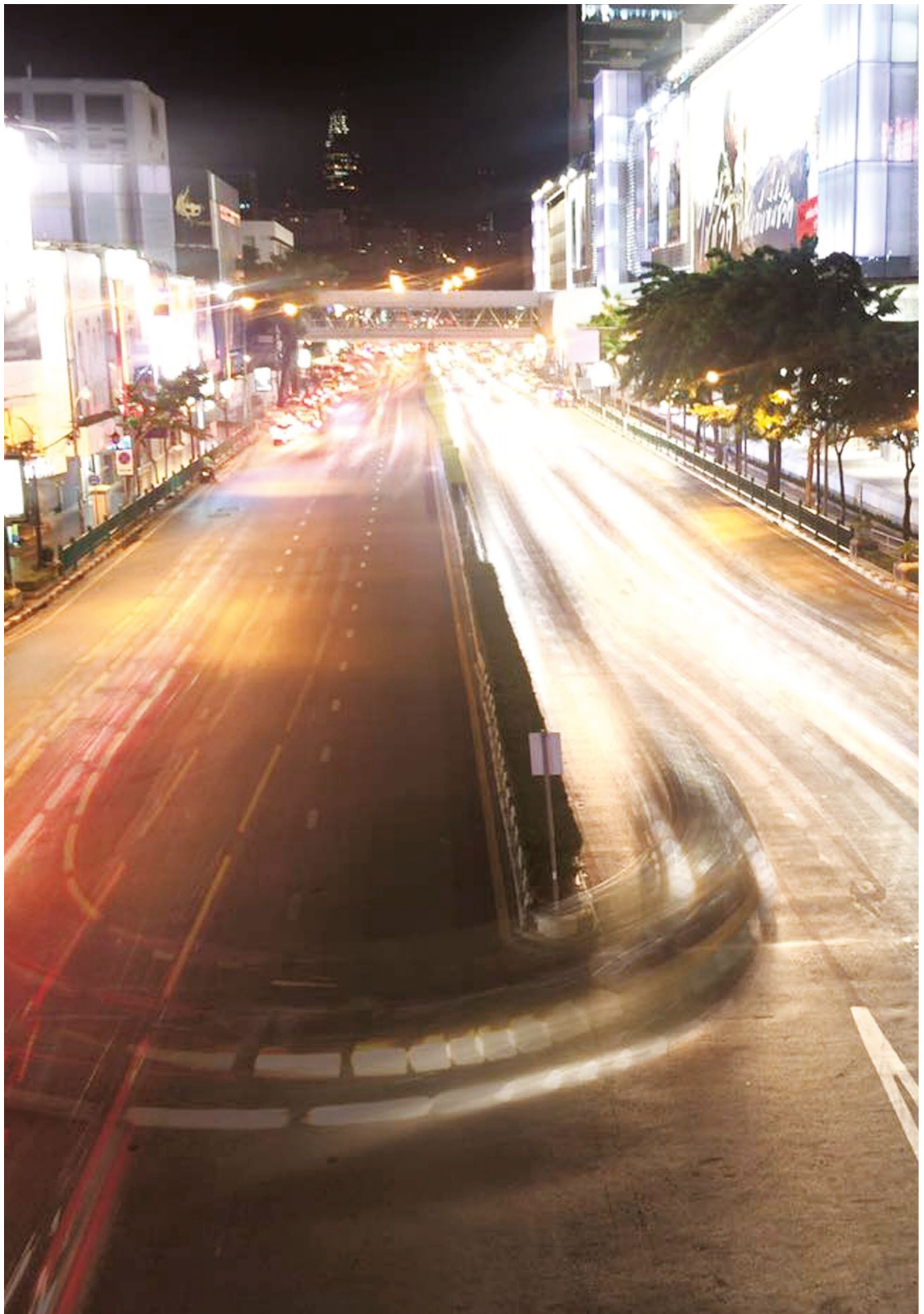
An agile project organization also benefits from the right tools. On the one hand, teams need methodical training in agile work. PMO, for example, can assume this role. On the other hand, teams need tools to document upcoming tasks, project progress and further planned steps in an “agile-compliant” way.

Conclusion: Increased benefit through more flexibility

As a result of digitalization, projects are becoming increasingly complex. The use of technology to manage projects is expanding and project teams must be cross-functional in order to achieve project goals. Agile project organization represents an opportunity to react more quickly to new requirements and, as a result, be more visible on the market. For companies with a traditional approach to project organization, the transformation to an agile PMO is part of their digital and agile transformation.

At this point it should be emphasized that it is not about the evaluation of "better" or "worse" methods. Because each project management method can unfold its strengths, if applied correctly. It is essential to consider, use and improve them.

In today's immediate and dynamic business environment, agile working methods offer added value that should not be underestimated. In the context of an agile hybrid transformation, the change to more flexible PMO structures is a must.



Contact



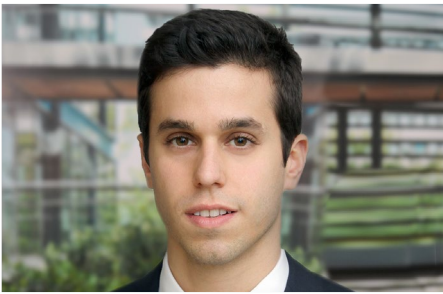
Jochen Fauser

Partner
Lead Technology Strategy & Architecture
jfauser@deloitte.de



Matthias Albrecht

Manager
Technology Strategy & Architecture
malbrecht@deloitte.de



Carlos Almería Abad

Senior Consultant
Technology Strategy & Architecture
calmeriaabad@deloitte.de



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