



# The Results Management Office (RMO): Shifting a PMO to focus on Outcome



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## Executive summary

Regardless of size and complexity, most programs encounter hurdles and issues. Many are able to address stumbling blocks and move forward while others falter miserably and are terminated. This white paper explores the current approach to Program Management Offices (PMOs), which have historically been the answer to avoiding program failure. It discusses some PMO shortcomings and offers a blueprint to rethink the role and responsibilities of the PMO to help address its limitations. The Results Management Office (RMO) extends the traditional PMO role to better enable the achievement of program objectives. An RMO has clear and strong executive management support; understands the organization's top objectives and aligns the program's objectives accordingly; incorporates program specific or domain knowledge; and emphasizes the importance of organization dynamics and human factors in achieving program objectives. In addition, the RMO can more effectively manage the traditional PMO activities, including risk, schedule, cost and scope.

As organizations continue to struggle to achieve program objectives, the RMO can offer not only the day-to-day management needed to make ends meet, but also the strategic guidance, technical know how and people focus required to achieve lasting results.

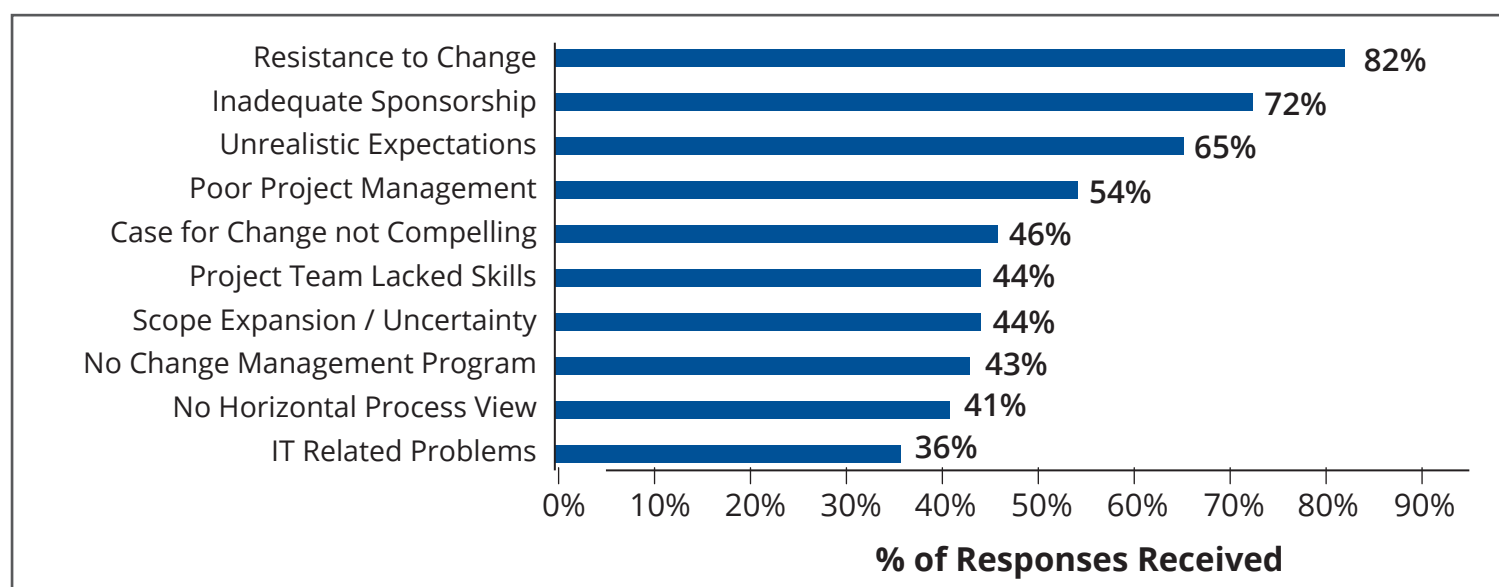
### What's not working

A recent CIO magazine article ("Federal IT Flunks Out," 15 July 2007), describes "serious management flaws" across federal IT programs. More than ten years since the Clinger-Cohen Act (a move by Congress to cast federal CIOs in the role of strategists), federal IT programs are still "failing at an alarming rate." Although the article cites several reasons for this failure, poor management and a lack of leadership are most often to blame. In addition, a Viderity survey reported ten ways IT implementations can be hampered by lack of attention paid to human factors (Figure 1). And IT projects are not alone — nor are failures isolated to federal government programs.

#### Figure 1:

Seven of the top ten barriers to successful systems implementations are human factors.

#### *Top ten barriers to success for systems implementations*



PMOs are often cited as the answer to these problems, and governments and private organizations spend billions to establish them each year. But despite the perceived need for PMOS, their ambiguous role and often incomplete implementation limit their effectiveness. Traditional PMOs have become paper tigers, ineffective at managing programs to achieve results. The RMO is an opportunity to remedy the common PMO pitfalls and achieve the results too many programs rarely realize.

## Extending the PMO: The RMO

By design, PMOs are focused on tracking, monitoring and reporting, as opposed to managing outcomes. They are often not empowered to influence program direction, nor are they involved in measuring and managing program delivery or expected benefits.

In contrast, RMOs focus on the strategic outcomes or results the organization seeks for the program, including technical or financial performance thresholds. However, the RMO also goes beyond these traditional measures to include measuring benefits against key performance indicators (KPIs) defined by the appropriate executive leaders for the specific program. The target results consistently align with the objectives of the organization, even though they vary by program. Figure 2 outlines the key distinctions between the PMO and RMO.

**Figure 2: Distinctions between PMOs and RMOs**

| Primary traits of the PMO  | Primary traits of the RMO       |
|----------------------------|---------------------------------|
| Administrative             | Strategic and agile             |
| Reactive                   | Anticipatory and proactive      |
| Efficiency focused         | Effectiveness focused           |
| Output focused             | Outcome focused                 |
| Costs and schedule focused | Leverages human capital         |
| Process focused            | Collaborative and communicative |
| Performance focused        | Risk intelligent                |

Although, like the PMO, the RMO is also responsible for execution, it reinvents the PMO in several ways (see Figure 3).

**Aligning program and organization objectives** More strategic than the traditional PMO, the RMO works with key stakeholders to define the objectives of the program in alignment with those of the organization and develops the program's strategic vision and roadmap. This vision and roadmap are then used to monitor the program's ongoing alignment with the organization's objectives and to communicate and lead program resources in the same direction. Aligning program objectives with organization objectives is the key driver and differentiator of an RMO.

**Providing specific domain knowledge to achieve program objectives** Using a team of people referred to as the Domain Authority, the RMO also provides specific knowledge based on the program's main objectives. For example, on a large systems implementation, the Domain Authority may provide the systems architect, process designers and system engineers to help integrate the overall effort at the enterprise level and help reduce the potential for misalignment. Although the RMO is knowledgeable about the technologies deployed across its various projects, the actual and exact management of technology is left to individual project teams. The RMO consistently retains its enterprise-wide perspective, working to align projects and initiatives under a common vision and approach.

### **Recognizing the importance of organization readiness/transformation**

The RMO recognizes that, most often, people play the most critical role in a program's effectiveness. Resistance to change, inadequate sponsorship, unrealistic expectations, no understanding or management of stakeholder expectations, poor communications or training, lack of skills, and poor change management can wreak havoc on program effectiveness. The RMO takes an active role in understanding the stakeholders and their needs and in developing and implementing effective communication and training plans to keep them actively engaged in and informed about the program.

### Program strategy and mission alignment

**Program vision and strategy** defines the vision and strategy, including how it is aligned with the organization's strategic objectives

**Program roadmap** lays out program plan moving forward — it's roadmap which includes goals, high level timelines, key milestones/ achievements

#### Key benefits

**Alignment with organization** objectives Helps to ensure program supports and helps achieve objectives of the organization.

**Alignment of projects** aligns all projects and activities with program goals, ensuring all activities are aimed at supporting achievement of those goals

**Interdependency of projects** better understanding of linkages and dependencies among projects.

#### People

**Stakeholder management** accurately identify stakeholders and their needs, set expectations appropriately, work meet needs and expectations.

**Sponsorship** actively engage program sponsors and ensure they are part of the program decision making.

**Change management** develop transition strategy and change management approach to increase program support and adoption

#### Key benefits

**Program support** Increased awareness of and buy in to the program.

**Higher adoption rates** Increased acceptance of the program initiative and changes that result, ultimately leading to increased success of the program implementation



## Domain Authority

**Subject matter knowledge** program specific technical expertise to contribute to program management and strategy.

**Management of program "Blueprints"** Integration of all project technical approaches and decisions to make sure they work together within the program environment.

**Coordination of technical issues** work across the program to help ensure technical decisions are made with a holistic view.

## Key benefits

**Improved technical alignment** increased visibility at the program level helps to ensure technical decisions are consistent and compatible across all projects.

**Consistent technical approach** standard technical approach implemented across the program improves efficiency and compatibility.

## Program management office (PMO)

- Schedule management
- Financial management
- Scope management
- Quality management
- Risk management
- Performance management
- Program operating standards and processes
- Program reporting

## Key benefits

**Improved decision making** provide leadership with the information they need to make effective, timely decisions.

**Clear program requirements** define and document business needs or requirements of project to clearly communicate to all stakeholders and better manage scope.

**Efficient operations** Maintain synergies and create efficiencies across program through use of standard tools, processes and practices.

**On track projects** projects delivered on time, on budget and within scope.

## Enhancing PMO daily management to achieve results

The RMO elevates the PMO by focusing on results and outcomes in addition to the traditional trio of cost, schedule and scope. It extends the PMO's reach, serving as a collaboration point to coordinate the efforts of multiple projects. The RMO works to align the results of its projects with the strategic objectives of the organization.

## Four key components of the RMO

As shown in Figure 3, the RMO encompasses four primary components:

### 1. Program strategy and mission alignment: Alignment means results

Critical to the effectiveness of any program is defining its objectives and understanding how the program fits within the organization's overall strategy and objectives. With the strategy and vision defined, communicating program specifics to stakeholders is the next priority.

The program strategy and mission alignment component of the RMO focuses on confirming that the objectives of the program are clearly defined, are aligned with the organization's objectives and drive the specific goals of projects within the program portfolio. Without this alignment, programs frequently fail, either because the objectives are not achievable or because achieving their objectives has no impact or a negative impact on the organization. To avoid this, the RMO works with the program sponsors, team members and stakeholders to

- outline the objectives of the organization, identifying which objectives the program aims to support
- identify and clearly articulate the vision and objectives of the program
- define the specific projects and objectives to be implemented in support of the overall program objectives
- establish the program-level plans that program resources will follow in order to stay aligned with one another and ultimately meet the program's objectives.

### 2. Domain Authority: The key to integration

Because large, complex enterprise programs span organizations horizontally, communication and coordination are keys to achieving the desired objectives. Processes must be reengineered, standards set, technologies integrated and organization policies and procedures updated in order for the program to succeed. The Domain Authority focuses on enterprise-wide integration.

The creation of a Domain Authority recognizes the interdependence among business transformation programs and technical design dependencies, constraints and issues. The Domain Authority is not a discrete, standalone part of the program organizational structure.

Rather, it is a cross-functional, cross-organization entity or team that supports a program's technical decisions, after confirming that those decisions consider the holistic impact on people, process, technology and organization. For example, for an enterprise application systems development program, the Domain Authority could consist of four primary roles — Process Architect, Data Architect, Application Architect and Chief Architect. The Domain Authority construct applies equally in a program with little connection to technology implementation. For example, a large financial transformation program must include resources in the program office with accounting and financial process knowledge, experience and skills.

The Domain Authority plays a key role in three dimensions:

- Business goals and program alignment from a design perspective
- Foundational services or technical experience, knowledge and skills
- Program blueprints and standards

It is generally empowered to make decisions, as necessary, with clear integration into a program's governance processes.

### 3. Organizational readiness: Adoption and long-term results

As discussed previously, the long-term effectiveness of any program depends on stakeholder support and adoption. Without this buy in a program may achieve short-term results under the drive of its sponsors and leaders, but the long-term prognosis is poor, as leaders move on to the next program and the day-to-day stakeholders — those who must ingrain the program into the organization for long - term results — abandon the effort.

The RMO focuses on these stakeholders from the outset of the program, not just before go live of a system or implementation of a new process. It begins with a stakeholder analysis, where stakeholders are identified and then interviewed to understand their needs and their inputs to the program's objectives while beginning to set their expectations of the program. With this information in hand, the RMO develops a stakeholder relationship management strategy that documents stakeholder needs related to the program, groups or organizes the stakeholders appropriately and lays out a plan for addressing those needs. From this strategy, the RMO develops the change management plan detailing how the program will transition stakeholders from the "old way" to the "new way". Stakeholders who are informed will likely be more engaged in and feel part of the program, ultimately supporting and implementing the program results. Sponsorship, while critical to gaining

stakeholder attention, is not enough to secure their long-term endorsement.

#### 4. Program Management Office: Enhancing the traditional role

The PMO component of the RMO fulfills an important leadership and oversight role. PMOs have generally played a variety of roles, including acting as advisors to a loosely organized set of projects. Such advisory services include risk management guidance, reporting templates, quality suggestions and the like. The PMO, however, has no real responsibility or authority to achieve consistency or efficiencies. Rather it acts as an overseer, establishing guidelines, templates and standard processes that make it easier for people to work together to achieve effective individual projects and consolidate reporting and tracking.

The RMO builds a strong PMO that serves as much as a mechanism to initiate and accomplish quick, efficient change, when needed and mutually agreed upon, as it does to manage the intricacies and dependencies of a set of related projects. In addition, it focuses on decisions required to achieve results and the program's ability to meet its objectives rather than simply tracking and reporting cost, schedule and scope information.

### Program results: RMO outcomes

The RMO focuses on the outcomes — not simply the outputs—of a program. The first outcomes measured are the program's ability to meet its initial objectives. These objectives should not be simply program management related, such as the program's ability to deliver on time or on budget. They must be related to the overall need or purpose of the program. For example, the results of a financial management transformation program may be measured by improvements in the accuracy of the organization's financial statements, the speed at which it processes accounts receivables, or its ability to address specific weaknesses found in the organization's audit.

Second, the RMO measures stakeholder adoption or acceptance of the program. This measurement is a key indicator of the longterm results of the program. Shortterm outcomes are often lost after the initial program launch, when old habits or attitudes begin to percolate back into the system. For a program to be truly effective, the stakeholders must not only support it but also embrace what the program initiates. It cannot be effective in the long term if its support comes only from the key executives or leaders.

Third, the RMO may focus on the program's contribution, financial or otherwise, to the organization's mission or financial results. Examples include linkage to GPRA (Government Performance and Results Act of 1993) measures for government projects or to profitability or share price of an organization. Too often, organizations that procure traditional "PMO support" fail to connect the performance of the actual program with the performance of their PMO provider. In an RMO world, organizations build incentives into their program support contracts that tie to program outcomes and performance criteria. If the program fails to meet its objectives, then both the organization and its providers are impacted.

### Implementing the RMO: Enabling characteristics

Recruitment of the appropriate experience onto the RMO team is essential. The most effective RMOs will have team members who have executed the very projects the RMO manages.

In addition, the RMO must have access to resources from a variety of experience and knowledge to provide the necessary domain knowledge when it is required. For example, an IT implementation will require access to skills ranging from IT security to enterprise architecture. An RMO should be able to call on those resources when and how they are needed throughout the project life cycle.

Finally, RMOs possess individual characteristics that differentiate them from traditional PMOs. These characteristics both make it easier to adopt an RMO and help further the overall program goals.

- Scalable — A small team of individuals can establish foundational elements such as strategic alignment and enterprise standards. Members may be added as the program progresses. The RMO can also be scaled to match the size, geographic dispersion, impact footprint, requirements and complexity of the program.
- Customizable and tailor-able — A key advantage of an RMO over a PMO is that it addresses the specific nature and needs of the organization. The RMO does not levy or impose standard processes or approaches but is customized and tailored to the requirements of the effort.
- Enterprise oriented — The capabilities of the RMO address cross-organization, enterprise-level complexities when strategic objectives, systems, processes or other major initiatives demand it.

## ABOUT VIDERITY

Viderity provides clients with business process and industry expertise, a deep understanding of technology solutions that address specific industry issues, and the ability to design, build, and run those solutions in a way that delivers bottom-line value.

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