

# PMO Framework and PMO Models For Project Business Management

Dennis L. Bolles, PMP, President, DLB Associates, LLC  
and  
Darrel G. Hubbard, PE, President, D.G.Hubbard Enterprises, LLC

## ABSTRACT

The Project Management Institute (PMI®) in the introduction to its *Pulse of the Profession: PMO Frameworks* (PMI 2013d) stated: "... discoveries from this exploratory work [2012] was that many [executives and practitioners] are challenged with some of the most basic notions about a 'PMO:' What do the letters stand for? What kinds of PMOs exist? What are the functions of the various types? Who do PMOs support? Surprisingly, the very same questions existed at all levels of management, from executive level leaders in charge of entire global organizational project and project-program management operations to line managers in charge of operating the single function, departmental or divisional PMO."

In our work, we also include the following business management related questions asked by senior business executives: What makes a PMO sustainable? How does a PMO deliver business benefit and value? What is, and is not, a PMO? Why does the position of the PMO within the enterprise matter? How do PMOs relate to the operational side of the business? What are the major steps in establishing a PMO? Is there a standard or guideline for a PMO or its structure? Does the title of the PMO matter? What is a business-oriented framework for PMOs? What PMO Models would create a business-oriented organizational function?

Beginning in 1997, we began researching and publishing answers to groups of those questions. This paper provides an overview of a *project business management* PMO Framework and PMO Models useable within most enterprises. and a related analysis that provides answers to those questions from a *business management perspective* (Bolles & Hubbard 2007a & b, 2008, 2009, 2012, & 2014) (Hubbard & Bolles 2012 & 2013). The PMO framework and associated models presented are based upon our ongoing research of, case studies for, and models of project/project-program/project-portfolio organizations (PMOs) and the application of enterprise-wide *project business management* to generate enterprise business value and benefits.

## INTRODUCTION

Project Management has arrived at all major organizational levels including the senior executive-level within businesses around the world. Project Management is now a well-recognized discipline within the field of business management, just like accounting, and as such is acknowledged by academia in their conferring of advanced degrees in Project Management. Within business management circles, there is a recognition that project management is a business function, which has matured to the point where it now enables enterprises to become world-class leaders in their markets. Our research indicates a growing pressure is being placed by the marketplace on large enterprises to more formally apply the business management of projects to their project-programs and project-portfolios.

In a world where every company is striving for the most effective competitive business weapon, the project/project-program/project-portfolio functional organization has gained recognition. The implementing and streamlining by PMOs, within a business context on an enterprise-wide or division-wide basis, of the practices and processes of the project management discipline has become renowned for keeping enterprise strategic initiatives on track in a wide array of industries (BCG 2013).

The business and project management literature shows that properly implemented project management principles, processes, and practices can have a significant impact on your enterprise's:

- Time to market,
- Cost to market,
- Product and service quality to market, and
- Customers' recognition of your enterprise as a world-class leader.

These are some of the driving forces influencing enterprises to establish and position project business management as an enterprise-level project management organization. PMOs applying the principles and practices of the project management discipline, on an enterprise-wide basis, have been proven to completely transform enterprises by improving both their bottom lines and increasing the stakeholder benefits and value derived from the enterprise's projects.

Therefore, a number of executives and business unit heads now recognize that managing projects, project-programs, and project-portfolios does have a significant impact on their enterprise's bottom line. They can see that their ability to successfully manage projects depends on the proper application of specific project management processes, knowledge, skills, tools, and techniques. Hence, it makes sense to establish such an important business function as the project management organization, to perform the project work, at the executive management level of the enterprise. How else can executive management ensure:

- That limited funds and resources are effectively applied across the enterprise to only those projects that support the business's strategic initiatives and business objectives, and
- That those selected projects are given the best opportunity to succeed from the very start?

The research does show that enterprises have identified opportunities to improve the alignment of project execution with corporate strategies and business objectives that support the enterprise's mission and vision, through the use of executive-level PMOs. Enterprise-wide adoption of project management processes and best practices also calls for single ownership of that project management organization positioned as a direct-report to the senior executive-level as an independent business function. The research also shows PMOs can provide consistent effective management of project-portfolios, project-programs, and projects, and ensure a mature enterprise-specific project management methodology is employed enterprise-wide. Those PMOs can deliver the business benefits and value desired by both executive management and the organization's wider range of stakeholders.

Although PMOs are seen as taking on a variety of forms and functions, the PMOs that have the greatest impact on their companies, also have an influential structural position within the organization, and present themselves as an executive-level management business function.

## FRAMEWORK AND MODELS – PBM ORGANIZATION

Through our research we have developed (Bolles 2002) (Bolles & Hubbard 2007a & b, & 2014) and refined (Bolles & Hubbard 2012) our basic integrated Project Business Management (PBM) Framework with a set of models for our PBM Organization. These align with an executive's business point-of-view for implementing project management to gain value and benefit for the enterprise.

Many publications and professional papers in the field of project management use the terms framework and model when referring to and describing project management organizations. However, we have not found a detailed definition of either of those terms in the project management literature. Therefore, we developed the following two definitions, which have guided the development of our PMO framework and PMO models.

### PMO Framework – Definition

In general, a type of *business-oriented organizational framing and structuring* composed of a conceptual description with supporting graphical representation, which holistically integrates a complex set of organizational structures, business management processes, and project management processes.

Specifically, it provides an organizational project management based framing, identification, and categorization of specific project management and business management operational systems, policies, methodologies, practices, standards, and guidelines, which graphically depicts and explicitly describes business organizational behavior and functioning in a project management context and gives organizational project management both a business and operational meaning.

### PMO Model – Definition

In general, a type of *business-oriented organizational structure*, which supports an enterprise's business strategy and business development, and describes the rationale for how a project-portfolio management organization, project-program management organization, and/or project management organization – collectively PMOs – initiate, create, capture, and deliver value within an enterprise's economic, social, cultural, business, capabilities, infrastructure, and other contexts.

Specifically, it is an organizational structure design based within and upon both project management and operations business management, which provides a coherent graphical model and supporting a coherent narrative for a PMO. It can be used to describe and classify various PMO organizations, which can then be used by an enterprise as the basis for organizational development when creating new organizational structures or changing existing organizational structures to drive and create business value.

Additionally, it is a part of the enterprise's business process design at the operational level, which supports and facilitates both the lateral and vertical operational-alignment of the enterprise's strategies, project-portfolios, project-programs, and projects with an enterprise's business-operations structure, enterprise environmental factors (PMI 2013a), and organizational process assets (PMI 2013a), to support achieving a competitive business advantage.

## Framework for a PMO – Project Business Management (PBM)

The principles and concepts of general project management, project-program management, and project-portfolio management, are complex, and the management practices and processes involved are many. The need to blend these principles and concepts with the principles, concepts, and varied processes of general business management and operations business management motivated us to develop the concept of Project Business Management (Bolles & Hubbard 2007a & b, & 2014) and to define that term as:

The utilization of general business management, operations business management, and project management knowledge, skills, tools, and techniques in applying project-portfolio, project-program, and project processes to meet or exceed stakeholder needs, and to derive benefits from and capture value through any project-related actions and activities used to accomplish the enterprise’s business objectives and related strategies.

We created the term “Project Business Management (PBM)” to eliminate any confusion – and suppress the reader’s assumptions – as to just what the term “project management” might mean when used in a business context. Therefore, we use the term Project Business Management, and its acronym PBM, in the above context throughout this paper. Project Business Management is a business approach to managing the project-related business of an enterprise, as illustrated in the framework of Exhibit 1 below.

From a business perspective, PBM places an emphasis on business strategy initiatives development and the related business objectives development and implementation (Bolles & Hubbard 2008). From a project management perspective, PBM places an emphasis on the initiation and authorization management themes. Those are the start-up processes for project-portfolios, project-programs, and projects.

The importance of initiation and authorization is evidenced by their positioning in the first two of the five common “process groups” in project-portfolio management (PMI 2013f), project-program management (PMI 2013g), and project management (PMI 2013a & ISI 2012).

Project Business Management	PBM Organization						Operations Business Management	OBM Organization					
<b>PBM Model</b> <i>Project Management</i> Integration & Harmonization	Governance	Methodology	Capability	Planning	Execution	Sustainability	<b>OBM Model</b> <i>Operations Management</i> Integration & Harmonization	Governance	Methodology	Capability	Planning	Execution	Sustainability
Organizational PBM							Organizational Management						
Management of Strategies							Management of Strategies						
Management of Objectives							Management of Objectives						
Project-Portfolio Management							Management of Portfolios						
Project-Program Management							Management of Programs						
Project Management							Management of Projects						
Management of Resources							Management of Resources						
	Sustainability						TM by PBMconcepts	Sustainability					

**Exhibit 1. – Framework for Project Business Management (PBM) and the associated PBM based Project Management Organization (PBMO) Model**

It is during those strategy, objective, initiating, and supporting planning processes – starting with identifying a single strategic initiative and continuing down through planning a project that will accomplish that initiative – where up to 80 percent of the value and benefit of the desired outcome can be created. It is also during these planning and authorizing processes that executive and senior management’s involvement and decision making will have its maximum impact.

**Model – Project/Project-Program/Project-Portfolio Management Organizations**

The PBM based Project Management Organizational (PMO) Model (Exhibit 2) is a component of our PBM Framework (Exhibit 1 above). The PMO Model is useful in successfully establishing PMOs at various organizational levels, including an executive-level Enterprise PMO (Hubbard & Bolles 2012). PMOs based upon this model are the management vehicles used to integrate project, operational, and business processes, thereby creating and establishing project business management.

The following is an overview of the structural components of our PMO Model (Exhibit 2):

**Exhibit 2. – Project Management Organization (PMO) Model based upon Project Business Management (PBM) Framework**

*PBM Organization – Structural Organizational Component:* This is the Enterprise PMO as a functional business organization. It addresses Enterprise-Wide Project Management as a business concept, and establishes project management as a business function and a core-competency discipline on an enterprise-wide basis.

*Governance Structural Component:* Governance in project business management is a blend of several governance methods, especially those of executive, operations, project-portfolio, project-program, and project management. It is employed at different decision-making levels of the enterprise and at different stages within the PBM methodology and the PMO Models, to support implementation of specific business objectives and their related business strategic initiatives. It addresses setting policy, establishing charters, and providing an organizational model for the business management of projects, project-programs, and project-portfolios.



*Methodology Structural Component:* Methodology includes the identification and

integration of processes and practices, development of standardized project business management processes, and documentation of enterprise-wide project-portfolio management, project-program management, and project management process methodology models, including their associated policies, practices, and procedures.

*Capability Structural Component:* Capability includes the enterprise’s resources (human and materiel) and abilities, developing and implementing a project management competency model, laying out and employing an education and training program, establishing a career path progression plan, and addressing various key enterprise environmental factors.

*Planning Structural Component:* Planning includes strategic business planning, tactical business planning, business objective (project) prioritization, project selection, project initiation, stage-gate reviews, and project-portfolio, project-program, and project execution planning.

*Execution Structural Component:* Execution includes executing project-portfolio, project-program, and project work, business objective (project) re-prioritization, stage-gate reviews, organizational change management (PMI 2013b), and monitoring and controlling of the work.

*Sustainability Structural Component:* Sustainability has many factors, including – organizational, sociological, political, cultural, PMO maturity, and project management maturity. PMO maturity can be seen as an evolution of the application of the knowledge and skills of the practice of project management as it becomes a core competency at all levels of the enterprise. Project management maturity (PMI 2013c) is viewed as the level of institutionalization of project business management best practices on enterprise-wide basis. The following structural analogy provides a further understanding of PBM sustainability: In developing and operating a PBM Organization, each of the seven elements are of equal importance, since the strength of implementation and operation of each of those elements has an impact on the performance of the others. If one or more of the elements is weak, the structure is not sustainable. This analogy applies as well to the necessity that all of the seven elements must be strong because they are inter-related, and weakness in one or more may lead to the business failure of the PBM Organization.

## **PMO Titles and Communication**

Assigning a name to an organizational function, such as a PMO, gives it significance and differentiates it from other functions within the enterprise. In addition, when employing PMOs there is a business need to blend terminology from the vocabularies of both general business management and project management. This allows any discussion related to project management and PMOs to be easily understood by business executives, business unit managers, and project-portfolio managers, project-program managers, and project managers.

Communication in business is inherently difficult and is exacerbated when an enterprise tries to employ discipline-specific language within a general business management context. The Project Management Institute (PMI®) and other project management professional organizations have, within their literature and lexicons, taken terms well defined for over half a century in the business and financial communities and redefined their meaning within the narrow context of the project management discipline. Experience has shown that this causes communication issues and problems particularly within the executive level and across the business, and creates confusion in implementing practices and processes among organizational elements. This also hinders executive-level and enterprise-wide adoption and implementation of project management as a business function.

*Portfolio and Program:* These are two of those misused terms, which are generally well understood within both the fields of business and finance. The authors and other business experienced and business oriented project management practitioners understand this and use the terms “project-program” and “project-portfolio.” Project-portfolios are a subset of an enterprise’s financial portfolios. These more descriptive terms, simply created by applying an adjective to the noun, allow for a different definition of each new compound term, which then allows for clearer cross-discipline business communication.

*Office versus Organization:* Historically speaking, the term “project office” traces back to construction sites in the design/procurement/construction industry where the “project office” was and still is the physical location to which a person reports when entering the work site. That same “Office” may have been in a downtown office building during the design phase of the work. However, it is the engineering-design organization and the construction organization that are doing the work, not the office.

Next, we can draw some analogies. In terms of a business enterprise there is usually an “Accounting Office” where a person can go to find accountants. That is the physical office within which the accounting *organization* performs accounting work. Similarly, there may be an “Information Technology Office” where a person can go to find software programmers, hardware systems developers, etc. The same can be said for Quality Assurance, Plant Maintenance, Operations Management, etc. There is no standard for naming a project management organizational structure, just like there is no standard for naming an accounting organizational structure, except that the name would not include “office.”

Therefore, an office is just a physical location associated with the enterprise where a person can go, whereas an organization performs a business purpose within that enterprise. Physical offices do not succeed or fail – the organizations that operate within those office spaces are the entities that experience success or failure. The conceptual point here is: “The PMO *isn't* an office ... it *is* an organization, within an enterprise.”

*Titles:* Titles can make a difference. Different titles eliminate confusion when communicating the distinctions among the various project management “offices” or other “organizations” within the enterprise. It is important to note, however, that positioning of the project management function within the enterprise’s management structure is far more important and has a greater impact on institutionalizing project management best practices, than the title assigned to the PMO.

*Project Business Management PMO Model – PMO Titles:* To more effectively communicate within a business environment and to more concisely and clearly describe our PMO models, we use the descriptive terms of Enterprise, Division, Business Unit, and Project (see Exhibit 3 below) to indicate the relative position that would be held, by each PMO, within the organizational structure of a large enterprise (Bolles & Hubbard 2007b, & 2014).

### Exhibit 3. – Functional Titles and Focus for each type of PBM Organization

PBM Titles (Business Focus)	Managerial Focus	Common Titles/Names Currently in Use
<b>Enterprise PMO</b> (Strategic)	<ul style="list-style-type: none"> <li>• Provide project business management on an Enterprise-wide basis.</li> <li>• Ensure project work is congruent with the enterprise purpose, vision, mission, and strategic business plan across the enterprise.</li> <li>• Oversee Division and Business Unit PMOs.</li> <li>• Operate as a Project Management Center of Excellence.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enterprise Project Management Organization/Office</li> <li>▪ Portfolio Management Organization/Office</li> <li>▪ Project Portfolio Management (PPM) Organization/Office</li> <li>▪ Corporate Project Management Organization/Office</li> </ul>
<b>Division PMO</b> (Tactical)	<ul style="list-style-type: none"> <li>• Provide project business management on a Division-wide basis.</li> <li>• Manage Project-Portfolio(s).</li> <li>• Manage Project-Programs as required</li> <li>• Oversee Business Unit and Project PMOs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Portfolio Management Organization/Office</li> <li>▪ Project Portfolio Management (PPM) Organization/Office</li> <li>▪ Program Management</li> </ul>

		Organization/Office
<b>Business Unit PMO</b> (Operational)	<ul style="list-style-type: none"> <li>• Provide project business management across the Business Unit.</li> <li>• Manage Project-Program(s).</li> <li>• Manage Projects as required</li> <li>• Oversee Project PMOs, Project Offices, and Project Support Organizations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program Management Organization/Office</li> <li>▪ Project Management Organization/Office</li> </ul>
<b>Project PMO</b> (Operational)	<ul style="list-style-type: none"> <li>• Provide management of a single, mission-critical or major project, which is typically large and complex, (and whose success affects multiple areas of the enterprise).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Management Organization/Office</li> </ul>
<b>Project Office</b> (Operational)	<ul style="list-style-type: none"> <li>• Provide direct support of a single non-complex project.</li> <li>• If directed, manage the Project.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Organization/Office</li> </ul>
<b>Project Support Organization (PSO)</b> (Administrative)	<ul style="list-style-type: none"> <li>• Provide administrative support of one or more non-complex projects.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Support Organization/Office</li> <li>▪ Project Controls Organization/Office</li> </ul>
<b>Project Management Center of Excellence (PMCoE)</b> (Methodology)	<ul style="list-style-type: none"> <li>• Establish and implement project business management standards, methodology, practices, tools, templates, education, training, and project management competency on an enterprise-wide, division, business unit, or project basis.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Corporate Center of Excellence</li> </ul>

### Types and/or Kinds of PMOs

The majority of project / project-program / project-portfolio organizations (PMOs) fit into one of seven different categories or types as shown in Exhibit 3 above. Our PMO model titles are given in Exhibit 3, column 1, while various other titles are given in Exhibit 3 column 3. It is usually a matter of management preference and the purpose of the PMO within the enterprise, rather than application of any particular standard or framework, that determines what title is utilized.

The position of a PMO within a hierarchical organization establishes its degree of authority, acceptance, adoption, and autonomy—and, thus, its “ownership” of, and the responsibility for, establishing, distributing, and supporting project management best practices somewhere within the enterprise.

### Exhibit 4. – PMO Roles, Responsibility, Accountability, and Authority (RRAA) Matrix

<b>Business-Level Role</b>	<b>Operational Responsibility</b>	<b>Organizational Accountability</b>	<b>Requisite Authority</b>
<b>Enterprise PMO</b> One for enterprise. <i>Permanent function</i>	Strategic master planning. Tactical master planning. Project selection and prioritization.	Enterprise – reports directly to the CEO/President	Review and approve master project portfolio and budget plans. Oversee portfolios and programs.
<b>Division PMO</b> One for each division, region, or portfolio <i>Permanent function</i>	Tactical master planning. Project-portfolio management.	Division, region, or portfolio – reports directly to Division manager or Enterprise PMO.	Establish project-portfolio operational and budget plans and authorize adjustments. Manage portfolios and oversee programs
<b>Business Unit PMO</b>	Operations master	Functional business unit	Develop project-program

One per business unit <i>Permanent function</i>	planning. Project-program management.	or program – reports directly to Division PMO.	operational and budget plans and authorize adjustments. Manage programs and oversee projects.
<b>Project PMO</b> One for each major or mission critical project <i>Temporary function</i>	Project initiation, planning, execution, monitoring, control, and closing. Management of project.	Specific major project – reports directly to Business Unit PMO.	Develop project operational plans and budgets and authorize adjustments. Manage, control, and report project progress.
<b>Project Office</b> One per project <i>Temporary function</i>	Project initiation, planning, execution, monitoring, control, & closing. May include management of project.	Specific project – reports to the project manager.	Prepares and maintains project documentation as directed by the project manager.
<b>Project Support Organization (PSO)</b> <i>Normally Temporary but may be Permanent function</i>	Support administratively project initiation, control, planning, execution, monitoring, and closing. Provide project controls function.	One or more Specific projects – reports to various project managers or a business unit manager.	Report project progress and status
<b>Project Management Center of Excellence (PMCoE)</b> <i>Normally Permanent function</i>	Establish, document, and promulgate project business management standards, methodology, practices, tools, training, templates, education, and PM competency.	No projects – Administrative function reports to management at the enterprise, division, or business unit level as applicable.	Maintain, update, and disseminate the project business management methodology, practices, tools, and project management communications such as status reports, intranet website, and dashboards.

Exhibits 3 above and Exhibit 4 above show a model example of such a hierarchical structure and illustrate how the various PMOs might be implemented in a large enterprise with multiple divisions or regional operations, and business units.

Exhibit 4 reflects what our research currently shows regarding the business-level roles, and organizational positions of various types of PMOs. As shown above in Exhibit 3 and in Exhibit 4, the number of layers and project management units within each layer will depend upon the size of the enterprise, the number of annual projects within a project-program or project-portfolio, and the complexity of the projects within the various levels of the enterprise. For small to mid-sized organizations, the number of layers and functional units should be adjusted to fit the amount of control required by the enterprise, for the project related activity, at each organizational level.

To better understand the differences and similarities among PMOs, we have compiled below within Exhibit 5 selected key functional roles of, and selected key business operations attributes associated with, each of our PMO models.

The layout in Exhibit 5 above provides a comparison among the various types of PMOs and those key functions that can be performed by PMOs and those key attributes associated with PMOs.

Those thirty-three (33) key functions and attributes are organized into five major Groups: 1) – Positioning of PMO Business Function; 2) – Business Management; 3) – Strategic, Tactical, and Project Planning; 4) – Methodology Standardization and Application; and 5) – Benefits & Value Realization. The relationships of each PMO type to items in each Group can be further analyzed to provide insights into answers for questions commonly asked by executives regarding the business use of PMOs.

## ANALYSIS OF PMO RESEARCH RESULTS

The authors' continue to research PMO frameworks and PMO models, including enterprise management's role in the enterprise-wide implementation and application of PMOs within various business contexts and industries.

The current PBM Framework and PBM Organizational Models for Project Business Management we described are structured to integrate and harmonize the *business* management of *operations* with the *business* management of *projects*. That framework and those models are designed to make your PMO an accepted business function within your enterprise at the executive level.

The PMO related information compiled in Exhibits 3, 4, and 5 provide a cross-correlation among the various aspects of project-portfolio/project-program/project management organizations. The thirty-three attributes and functions we selected from our research to create Exhibit 4 are those most associated with PMO success – positioning (routinely performing designated roles), sustainability (viability & longevity), and return on investment (benefit and value). The following are observations derived from our published research (Bolles & Hubbard 2012) and current research material used to develop and support Exhibits 3, 4, and 5:

**Exhibit 5. – PMO Types vs Key Business and Operational Attributes for PMO Success**

Type of PMO							Business Related Attributes / Functions of the PMO
Enterprise PMO	Division PMO	Business Unit PMO	Project PMO	Project Office	Project Support Org	Center of Excellence	Attributes relative to: <ul style="list-style-type: none"> <li>▪ Positioning</li> <li>▪ Management</li> <li>▪ Planning</li> <li>▪ Standardization</li> <li>▪ Benefits and Value</li> </ul> ◆ = PMO has attribute / performs function ▽ = PMO may be assigned attribute / may perform function
							<b>Group 1: Positioning of PMO Business Function</b>
◆	◆	◆				◆	ACCEPTED as a permanent part of enterprise
◆	◆	◆	◆			◆	ADOPTED as a business function within enterprise
◆	◆	◆				▽	Possess AUTHORITY for decision making at specified enterprise level
◆	◆	◆				▽	Has AUTONOMY for self-direction at specified enterprise level
◆	◆	◆	◆			▽	Possess POWER to influence decisions at specified enterprise level
◆	◆	◆				▽	ORGANIZATIONAL REACH provides span of control at specified enterprise level
◆	◆	◆	◆	▽		▽	Controls BUDGET for organizational asset allocation at specified enterprise level
							<b>Group 2: Business Management</b>
◆	◆	◆				▽	Leadership of functional organization at specified enterprise level
◆	◆	◆	▽	▽		▽	Management of functional organization at specified enterprise level
◆	◆	◆	◆	▽		▽	Management & Control of resource application & usage at specified enterprise level
◆	◆	◆	◆	▽		▽	Management of Risk for Portfolio or Program or Project at specified enterprise level
◆	◆	▽					Management of organizational change processes
							<b>Group 3: Strategic, Tactical, and Project Planning</b>
◆	▽					▽	Support Strategic initiatives development and implementation (PMI 2013e)
◆	◆	▽				▽	Support development and implementation of project related Tactical objectives
◆	◆	▽				▽	Prioritize Business Objectives & related Projects (The Economist 2013)
◆	◆	▽				▽	Select and only initiate strategy supporting projects (The Economist 2013)
◆	◆	▽				▽	Perform Portfolio planning at specified enterprise level
◆	◆	◆				▽	Perform Program planning at specified enterprise level
▽	◆	◆	◆			▽	Perform major/complex Project planning at specified enterprise level
▽	◆	◆	▽			▽	Perform multi Project overall planning at specified enterprise level
▽	▽	▽	▽	◆	▽	▽	Perform individual Project planning at specified enterprise level
							<b>Group 4: PBM Methodology Standardization and Application</b>
◆	◆	◆	▽			◆	Develop & document PBM methodology & practices at specified enterprise level
◆	◆	◆	▽			◆	Promulgate & establish PBM methodology & practices at specified enterprise level
◆	◆	◆	▽				Enforce usage of PBM methodology & practices at specified enterprise level
◆	◆	◆	◆	▽	▽		Effectively implement PBM methodology & practices at specified enterprise level
							<b>Group 5: Benefits and Value Realization</b>
◆	◆	▽				▽	Develop, measure, report, & action all project-related Strategic Initiatives KPIs
◆	◆	▽				▽	Develop, measure, report, & action all project-related Business Objectives KPIs
◆	◆					▽	Develop, measure, report, & action specific-selected KPIs for Portfolio
◆	▽	▽				▽	Develop, measure, report, & action specific-selected KPIs for Program
▽	▽	▽	◆	▽		▽	Develop, measure, report, & action all Project key performance indicators (KPIs)
◆	◆					▽	Prioritize & initiate only projects supporting strategic initiatives & business objectives
◆	◆						Apply resources only to those projects that support specific business objectives
◆	◆	▽	▽				Cancel and/or re-prioritize non-performing projects or place projects on hold

## What are the “real” PMOs?

To be a PMO, the organization must be a unique business function within its enterprise, and not be an add-on to an existing function or department. Of the seven identified types of PMO models, only four meet the full definition of a PMO, and only two of those are effective on an enterprise-wide and enterprise-level basis.

- PMOs located below the enterprise or division level have little influence on an enterprise-wide basis.
- Project Offices and Project Support organizations as well as Project Management Centers of Excellence do not manage projects and therefore are not actually a PMO.
- Project Management Centers of Excellence are of value for developing and disseminating company-standardized project management practices at any level where they are used. However, the actual application and enforcement of those practices and process requires a PMO at the enterprise, division, or business unit level.
- PMOs employed on a major/critical project are effective, but have little long-term influence on an enterprise-wide basis.
- PMOs located at the Business Unit level are effective within the business unit, but lack the strategic and tactical aspects needed to have an influence outside of the Business Unit.

Therefore, the PMOs that can have an influence enterprise-wide are those established at the enterprise or division level. Of the two, the Enterprise PMO is more likely to be successful and beneficial to the enterprise than the Division PMO.

## Positioning the PMO

Positioning of the PMO is critical. For the PMO to be most effective from a business perspective requires acknowledging the PMO as an independent business-unit functioning at the highest level of the enterprise. This designation provides the assigned executive manager of the Enterprise PMO with the authority, acceptance, adoption, and autonomy required to establish, monitor, and control the distribution of the resources needed to successfully utilize project business management best practices enterprise wide. Therefore, the lower the PMO is positioned within the enterprise, the lower will be the beneficial impact that the PMO can have on the enterprise’s overall business and financial position in the marketplace.

PMOs for major/complex projects are positioned to have the necessary management visibility and support, and are given the requisite amount of authority plus autonomy and budget control to complete the project. They are usually disbanded when the project is finished, because their assigned mission has been completed.

## PMO Support of Operations Organizations

In some instances, there exists formal relationships between the PMO and operations management. Most PMO's strive to understand each operation’s business and associated business-issues to better understand and manage each proposed project. The following are the positive and supportive business relationships that exist between some PMOs and operations management (Bolles & Hubbard 2012):

- PMO fosters better working relationships with operational functions by having PMO personnel situated side-by-side with operations staff to help develop business cases for projects, to provide advice on estimation techniques, and assess lessons learned at the end of each project.

- PMO provides business analysts (IIBA 2009) who are responsible for helping business units justify projects, establish the scope for those projects, and gather and document business requirements.
- PMO assess project performance and implement continuous improvement initiatives to design, develop and deploy a common project management methodology that will ensure project and proposal success utilizing an integrated approach across the business.
- PMO bridges the diversity of the organization's product lines (silos) and business units enabling improved project prioritization and project selection to be performed across all of the product lines in a consistent manner based upon real business data and metrics.
- PMO performs cost benefit analysis, develops business case for all proposed projects, and evaluates them based on financial projections (cost and benefits), strategic alignment, risk, and other industry-specific characteristics.
- PMO ensures projects within the corporate project-portfolios and/or project-programs are a true reflection of the enterprises' top priorities, as documented in the strategic initiatives and supporting business objectives.
- PMO is an integral partner with the enterprise's operational management. All products and services currently provided by the enterprise, as well as the products and services under development, are supported by the PMO.
- PMO provides the following three key support functions: downward – providing support to project managers; horizontal – reporting about project and program health and status to internal and external organizations; and vertical – facilitating the enterprise's governance structure.
- PMO allows the operational areas of the enterprise to focus their attention on their functional areas of operational responsibility.

### **PMO Sustainability**

As noted above in the framework and models discussion, sustainability has many factors, including – project management maturity, PMO maturity, organizational/structural, sociological, political, and cultural.

The key organizational and political factors for sustainability are executive support and cross-functional support. ESI™ in Section 4 of its study, *The 2012 Global State of the PMO* (ESI 2012), noted the following finding: “The lack of executive support was named as the number one reason for the disbandment of the PMO, according to survey respondents. These findings show that executive buy-in is crucial for the health of the PMO.”

The authors have a related finding that has been solidified through their many years of practical experience and that of other professional practitioners. It also has been corroborated by many off-the-record in-depth discussions with senior personnel who were involved in successful PMOs that were subsequently dismantled or disbanded. It will not appear as a specific point in any formal published case study or most academic research. “The apparent temporary nature of many PMOs is a direct result of organizational politics and the selfish self-interest of personnel managing the competing permanent functions within the enterprises in which those PMOs were created (Bolles & Hubbard 2012).” These actions can range from basic sabotage of the PMO to various subtle forms of management road-blocking related to funds, facilities, resources, executive-access, etc. (Hubbard & Bolles 2013).

The following (Exhibit 6) is a partial list from our case studies (Bolles & Hubbard 2012) of actions taken to create and maintain a sustainable PMO, or that add to the viability of the PMO:

### **Exhibit 6. – Actions Required of Sustainable and Viable PMOs**

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|---|---|
| <ul style="list-style-type: none"> <li>• PMO is appointed a single executive who “owns” the Project Business Management Organization function.</li> <li>• PMO is assigned those formally established and commonly accepted roles and responsibilities of an independent functional organization.</li> <li>• PMO is given recognition and acceptance as an integral part of enterprise’s organizational structure.</li> <li>• PMO existence allows the other areas of the enterprise to focus attention on their functional areas of operational responsibility.</li> <li>• PMO leads establishing and institutionalizing PBM methodology best practices enterprise-wide.</li> <li>• PMO routinely assesses gap between PBM processes and practices their existing state of maturity, and the desired end state, on an enterprise-wide basis.</li> </ul> | <ul style="list-style-type: none"> <li>• PMO is positioned at an enterprise executive-level or division level, and has senior-executive support.</li> <li>• PMO has a quality education and training program to mature the development and implementation of PBM processes, practices, and personnel.</li> <li>• PMO has cross-functional organizational support from the enterprise’s operations organizations.</li> <li>• PMO measures and communicates benefits and value of operating a PMO and employing Project Business Management methodology, practices, and processes.</li> <li>• PMO senior members coach the project-program manager, and project managers of major projects.</li> <li>• PMO implements on an enterprise-wide basis the PBM process improvement initiatives that address identified process or practice maturity gaps.</li> </ul> |
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### **Benefits and Value Added by PMOs**

PMOs at the enterprise and division level, and centers-of-excellence, provide a level of benefit and value to the enterprise by providing leadership of the improvement, expansion, and implementation of project management best practices throughout the enterprise. Fully functioning PMOs all have a positive impact on the enterprise’s selection and timely completion of those “right” projects, which provide value to the business by delivering the desired benefits promised by those projects. Enterprises reported (Bolles & Hubbard 2012) over twenty-eight key benefits and value their PMO contributes to their organizations (Exhibit 7), which include:

### **Exhibit 7. – Benefits and Valued Added by Enterprise or Division Level PMO**

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- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Advance the enterprise’s project management maturity.</li> <li>• Advance the PMO organizational management maturity.</li> <li>• Improve efficiency of operational functions.</li> <li>• Provide a structured and coordinated approach for all projects, project-programs, &amp; project-portfolios.</li> <li>• Manage organizational transformation of processes and systems.</li> <li>• Staff increasingly complex projects and programs with highly skilled project professionals.</li> <li>• Provide leadership for improvement and expansion of company-wide project management best practices.</li> <li>• Provide project/program tracking, reporting, and strategic resources prioritization.</li> <li>• Improve the enterprise’s market position to win larger projects.</li> <li>• Increase market’s (customer’s) confidence in enterprise’s ability to deliver.</li> <li>• Establish project documentation standardization and preparation methodologies.</li> <li>• Make project managers, project-program managers, and team leaders more effective.</li> </ul> | <ul style="list-style-type: none"> <li>• Advance the enterprise’s talent capability.</li> <li>• Perform only right projects at right time.</li> <li>• Improve strategic and competitive business advantage.</li> <li>• Improve business results from completed projects and accomplished business objectives.</li> <li>• Improve collaborative efforts and integration across operations organizations within the enterprise.</li> <li>• Reduce project and program cost while improving staff productivity.</li> <li>• Lead by example, by steadily and continuously improving competency.</li> <li>• Effectively manage and deliver projects on time and within scope.</li> <li>• Improve assurance of, and enterprise’s reputation for, successful projects.</li> <li>• Lead organizational transformation of processes and systems.</li> <li>• Contribute to sales processes by increasing success in producing winning proposals.</li> <li>• Establish an integrated PBM methodology approach across the enterprise.</li> </ul> |
|---|--|

- Make executives, managers, supervisors, project sponsors, project managers, team leaders, and team members understand their roles in making projects successful.
  - Move reporting from focus on pictures and vague progress descriptions to objective reporting of requirements, scope, schedule, and cost versus baselines.
  - Apply standardized methodology, thereby providing: improved project execution; improvement in project completion; reducing costs; & positive effect on bottom line.
  - Establish, monitor, and routinely report on project-portfolio, program-portfolio, and project key performance indicators, which explicitly show specific benefits and value.
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## **PMO Sustainability versus PMO Produced Benefits and Value**

Every functioning unit within an enterprise, whether it is overhead consuming, such as accounting and marketing, or it is profit generating, such as a product production line, must be shown to have benefit and value to the enterprise. Therefore, to be sustainable and viable a PMO functional organization must identify, explicitly measure, and then prove its benefit and value. The following are the business actions necessary for a PMO to establish its economic worth:

- Select, prioritize, and initiate only projects supporting strategic initiatives and business objectives.
- Direct the distribution of enterprise funds and resources, while assuring those funds and resources are effectively applied across the enterprise to only those projects that support strategic initiatives and business objectives, thereby giving those projects, from the very start, the best opportunity to succeed.
- Assess multiple categories of risk, including technical, project delivery, and operational risk. Prioritize and document identified risks and develop control strategies for higher-level risks.
- Identify and document non-performing projects and cancel each non-performing project, or place the project work on hold.
- Identify and document changes in business strategy, budgeted funds available, or requirements and establish the associated effects on projects-in-progress. Then re-prioritize or place on hold affected projects.
- Develop and then measure PMO selected key performance indicators for: each strategic initiatives, each business objective, each project-portfolio, each project-program, and each project of any significance.
- Report upon, and take corrective action as necessary for, each PMO selected key performance indicator.
- Formally and routinely, communicate the measured value and identified benefits to the enterprise's executive management.
- Develop and maintain PMO support of, and support for, operations organizations and also foster inter-organizational collaboration.

### **Each Established PMO is Unique**

The following, but paraphrased, findings, by Hobbs and Aubry in their research-based book, *The Project Management Office, A Quest for Understanding* (Hobbs & Aubry 2010), are corroborated by the authors' 1997-2006 PMO Survey and 2012 Case Study research (Bolles and Hubbard 2012):

- Existing PMOs change every few years.
- PMOs are varied.

- PMOs in different industries, different regions, similar sized enterprises, or in private or public enterprises do not vary systematically in the manner in which they are structured or the functional roles they fulfill.
- PMO organizational structure and the functional roles employed by a PMOs are driven by the enterprises political and organizational context.
- PMOs are best established within a context specific setting.

We agree with the Hobbs and Aubry research summary point that “When designing a PMO, an organization has a large number of choices as to how the PMO is organized and what role it plays (Hobbs & Aubry 2010).”

Project Business Management and the use of a Project Business Management Organization are ubiquitous business approaches to managing the project-related business of an enterprise. In addition, each PMO is unique based upon how each enterprise approaches the way it manages its business. The following are some basic guidelines for establishing and operating a PMO and their relationship to our PBM Organization Model:

- Establish whether the PMO is to be temporary or permanent (*governance*)
- Issue the PMO vision and mission statements (*governance*)
- Assign the PMO manager or executive (*PMO Office - governing*)
- Define the PMO reporting relationships and organizational structure (*governance*)
- Develop, document, and issue the methodologies to be used (*methodology*)
- Identify, acquire, and enhance the capabilities required to perform the mission (*capability*)
- Put in place the planning needed based upon the approved methodologies (*planning*)
- Establish a change management capability (*execution and governance*)
- Manage and supervise the performance, monitoring, control and completion of the projects in accordance with the issued plans and procedures (*execution*)
- For a permanent PMO or a multi-year mission PMO, institute and provide personnel training and process improvements (*sustainability*)

### **PMO management standard, or a PMO structure standard?**

Based upon all the available research to date, we do not believe that PMOs can currently be, or should be, classified into some artificial types or groups by the project management profession, or that a PMO structure or structures should be created, in an attempt to produce a guideline or a standard. Some of the significant current reasons are:

- Organizational and political contexts are enterprise specific.
- Specific internal and external cultures are related to enterprise’s geographic location.
- Political contexts vary by industry, geographical region, and country.
- Enterprise Environmental Assets (PMI 2013a) are enterprise specific.
- Organizational Process Assets (PMI 2013a) are enterprise specific.
- Enterprises vary in ability to adapt to new approaches to managing business.
- Product focus and service focus are both enterprise and industry specific.

- Enterprise will intentionally establish a PMO as either temporary or permanent.
- Project Support Offices and Project Administrative Offices do not manage and are not PMOs.
- Organizational structure of any specific PMO is dependent upon how the enterprise establishes and utilizes business units within its culture and business operations.

## CONCLUSION

Gaining your executive management’s recognition of the project management organization (PMO) as a permanent business function is the critical first step in establishing project management as a core business management competency within your enterprise. Establishing project management within an enterprise is a significant undertaking. Establishing a common project management methodology and associated processes and practices across an enterprise is difficult, if not impossible, without first establishing exclusive ownership of the PMO implementing those standards and locating that PMO at the enterprise or division level.

Additionally, deploying an Enterprise PMO as an executive level business function will meet with resistance at many organizational levels, for various reasons (Hubbard & Bolles 2013). One obvious reason, but one seldom given sufficient consideration, is people resist changes, especially organizational changes, when they do not understand why those changes are necessary or what impact those changes will have on them. Most prefer the status quo to something new, especially when it involves how they perform their work. Therefore, communicating to all levels within the enterprise, the benefits of establishing the project management organization as a functioning business unit enterprise-wide, is a critical step in making project management an integral and permanent capability within your enterprise.

Our research results confirm the experience of other practitioners, which is the possible organizational structures for a PMO, will be as varied as the combination of industries and enterprises and the associated organizational and political contexts. There is no standard for a project management organizational structure, just like there is no standard for an accounting organizational structure. How any organization within an enterprise is structured is dependent upon the type of business, the business roles it performs, the enterprise’s organizational structure, and the culture of the specific enterprise. Therefore, because no two enterprises are alike, customization of our PBM Organization model for business size and type is a given.

The way any organization within a business is named is dependent upon the roles it performs and the culture of the enterprise it resides within. But, you never find the term “office” on any organizational structure chart that depicts an enterprise’s Accounting, Quality Assurance, Plant Maintenance, or any other functional groups. If the term does appear in a chart depicting a structure of the enterprise, it is only with respect to the management chain. The term office specifically reflects the executive and managerial positions, their roles, and their relationships: Office of the President, Office of the Chief Operating Officer, Office of the Chief Account, Office of the Vice President for ..., etc. Conversely, you will find the term office where it belongs, associated with specific organizations in building directories and on building floor plans. That is the proper context for the simple use of the term office, which does reflect its basic definition. Can you imagine seeing the term PM Office ‘Office’ in a business directory? Therefore, we recommend that you not use the term office in naming any Project Management related *organization*. Name your organization so it fits within the naming conventions and culture of your enterprise and in a business-like manner – not by applying a misused verbal-artifact.

The deployment of the Project/Project-Program/Project-Portfolio Management Organization (PMO) has become a key business and organizational methodology for successfully initiating and managing projects, project-programs, and project-portfolios. The authors' research shows:

- PMOs are being utilized to solve the larger business issues associated with projects, project-programs, and project-portfolios.
- PMOs can integrate the role of project management into the business and can explicitly address implementing strategic initiatives (BCG 2013 & Forrester 2013), tactical objectives (Forrester 2013), and business requirements, and meeting stakeholder needs.
- PMOs now address issues of:
  - Managing organizational change (PMI 2013b);
  - Dealing with complexity (PMI 2014b);
  - Project management sustainability (Bolles & Hubbard 2009);
  - Managing changes in projects (PMI 2013a),
  - Project-programs (PMI 2013f), and project-portfolios (PMI 2013g);
  - Enhancing project management competency (Forrester 2013) and maturity (PMI 2013c) (Bolles & Hubbard 2007a);
  - Implementing organizational project business management (Hubbard & Bolles 2013) (PMI 2014);
  - Managing and balancing project related risk;
  - Applying agile practices; and
  - Gaining market competitiveness.

However, only the operation of an enterprise-level PMO or a division-level PMO reflecting our models has led to enterprise-wide quantifiable improvements in the management of an enterprise's projects, project-programs, and/or project-portfolios, and only the enterprise level, the Enterprise PMO, has demonstrated real enterprise-wide business benefits and value for their enterprise. This hypothesis of our original project business management framework (Bolles & Hubbard 2007b) has been supported by recent studies commissioned by PMI® with Forester Research, Inc. (Forrester 2013), The Boston Consulting Group (BCG 2013), and The Intelligence Unit of The Economist (The Economist 2013).

The establishment of PMOs at various organizational levels based upon our described framework and models, including an enterprise executive-level project management organization, which we call the "Enterprise PMO," as operationally based business functions, can provide a solid framework and foundation for establishing and uniformly applying project business management standards, processes, and procedures. This can promote the success of every project, every program of projects, and every portfolio of projects --- and, yes, your enterprise.

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## About the Authors



### **Dennis L. Bolles, PMP**

Michigan, USA



**Dennis Bolles**, PMP, President – DLB Associates, LLC, has over forty-five years of experience in multiple industries providing business and project management professional services. He assists organizations, as a Subject Management Expert (SME) consultant, to achieve their business strategic objectives with the analysis of their business process improvement needs and development of business and project management capabilities.

He has been a member of the Project Management Institute (PMI) since 1985, received his PMP® certification in 1986 (#81), and is a founding member of the PMI Western Michigan Chapter, serving on its Board of Directors and in several positions since its 1993 inception.

Bolles performs speaking engagements and assists Project/Program/Portfolio Organizations (PMOs) start-up teams begin the planning and implementation processes; conducts on-site organizational project management capability assessments; provides virtual and periodic on-site support for development of business and project management methodologies, policies, procedures, processes, systems, tools, and templates for organizational governance and corporate strategy; assists in the implementation of a project business management methodology that integrates strategic planning, business objective development, portfolio management, program management, and project management processes to achieve strategic objectives and maximize operational efficiency enterprise-wide through the development and management of Project Management Organizations.

Bolles served as a member of the PMI Virtual Community of Practice Advisory Group (VCAG) advising the Manager of Community Development on future program enhancements and initiatives that would increase the value of PMI's Communities of Practice and further develop their leadership to mature their communities. He was the PMI Standards Project Manager who led the project core team to a successful completion and on-time delivery of the Project Management Body of Knowledge (*PMBOK® Guide* Third Edition in 2004. He has served on and has contributed to multiple PMI Standards bodies over the past 20 years.

He is a published author of many project management articles, is a PMI Congress/Symposium/Chapter speaker, and author of *Building Project Management Centers of Excellence*, AMACOM, NY, 2002. He is the co-editor of *The PMOSIG Program Management Office Handbook*, JRoss, 2010. He is the co-author with Darrel G. Hubbard of *The Power of Enterprise-Wide Project Management: Introducing a Business Management Model Integrating and Harmonizing Operations Business Management and Project Management*, hardcover – AMACOM, NY, 2007, now in paperback, revised, and retitled *The Power of Enterprise PMOs and Enterprise-Wide Project Management* – PBMconcepts, MI, 2014, and of *A Compendium of PMO Case Studies: Reflecting Project Business Management Concepts*, PBMconcepts, MI, 2012. He can be contacted at [DBolles@dlballc.com](mailto:DBolles@dlballc.com) and at [LinkedIn](http://www.linkedin.com/in/dlballc01) at <http://www.linkedin.com/in/dlballc01>. Visit the PBMconcepts website at [www.PBMconcepts.com](http://www.PBMconcepts.com) for information about current and future book projects.



## **Darrel G. Hubbard, P.E.**

California, USA



**Darrel G. Hubbard** is President of D.G.Hubbard Enterprises, LLC providing executive consulting and assessment services. He has over 50 years of experience in consulting, line management, and technical positions. He has served as a corporate executive officer; managed the due diligence processes for numerous mergers and acquisitions; managed information technology, proposal, accounting, and project control organizations; was a program manager on engineering projects; was a project manager on commercial projects; and a designated “key person” under government contracts. He has also held executive positions in the securities, insurance, and business consulting industries.

He assists organizations, as a Subject Management Expert (SME) consultant, to achieve their enterprise’s strategic business and tactical objectives. He provides analysis of their management structures, business processes, general business operations, and project management capabilities, while supplying specific recommendations on business, methodology, and process improvements. Mr. Hubbard also assists companies, as an outside third party, with the intricacies of the due diligence process in their merger and acquisition activities. He also supports companies in the managerial development and establishment of their Project/Program/Portfolio Organizations (PMOs) and gives workshops and seminars focusing on the business management aspects of project management.

Mr. Hubbard holds a bachelor’s degree in mathematics and physics with a minor in chemistry from Minnesota State University at Moorhead. He is a registered Professional Engineer in Control Systems in California. Mr. Hubbard joined the Project Management Institute (PMI) in 1978 (#3662), is a charter member of the PMI San Diego Chapter, and was deputy project manager for the Project Management Body of Knowledge (*PMBOK®*) *Guide* Third Edition ANSI Standard by PMI. He was the Exhibitor Chairperson for the 1993 PMI North American Congress/Seminar/Symposium, is a published author of many articles, a presenter at several PMI Congresses and other Project Management Symposiums, and a guest speaker at PMI and IIBA Chapter meetings. Darrel is also a Life-Member of the International Society of Automation (ISA).

He is a contributing author to *The AMA Handbook of Project Management*, AMACOM, 1993 and *The ABCs of DPC: A Primer on Design-Procurement-Construction for the Project Manager*, PMI, 1997. He is the co-author with Dennis L. Bolles of *The Power of Enterprise-Wide Project Management: Introducing a Business Management Model Integrating and Harmonizing Operations Business Management and Project Management*, hardcover – AMACOM, NY, 2007, now in paperback, revised, and retitled *The Power of Enterprise PMOs and Enterprise-Wide Project Management – PBMconcepts*, MI, 2014, and of *A Compendium of PMO Case Studies: Reflecting Project Business Management Concepts – PBMconcepts*, MI, 2012.

He can be contacted at [Darrel.Hubbard@dghelc.com](mailto:Darrel.Hubbard@dghelc.com) and *LinkedIn* at <http://www.linkedin.com/in/DarrelGHubbard>. Visit the PBMconcepts website at [www.PBMconcepts.com](http://www.PBMconcepts.com) for information about current and future book projects.