



Creating a PMO Charter

Critical factors and milestones you need to know and meet to create a successful PMO

USAID-Funded Economic Governance II Project

Presented To: CBI - PMO Working Group

Date: <2006-OCT-12>

“Through 2004, Organizations that establish organizations standards for project management, including a project office with suitable governance, will experience half the major project cost overruns, delays, and cancellations of those that fail to do so.”

Adapted from - Gartner Research: The Project Office: Teams, Processes and Tools (August 2000)

Agenda

What is a PMO?

What is a PMO Charter?

How is it useful?

What is in it?

How do I go about writing one?

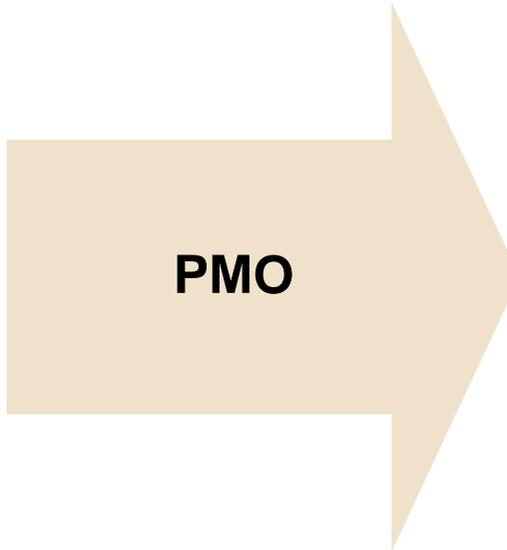
The Charter Template - Instructions

The Charter Template - Example

What is a PMO?-1

The Project Management Office (PMO) is a mechanism used to address common project management issues in an organization *in order to support and facilitate project success.*

Central Bank's operations must be conducted in an effective manner since its costs are ultimately borne by the public. In order to re-position itself to efficiently deliver on its core mandate, It is important for the Bank to make efforts to promote the efficiency of its business operations and organization.



PMOs have the knowledge and tools to consistently manage the complex coordination activities needed to implement organization-wide project.

What is a PMO?-2

A PMO is generally implemented as a centralized, coordinating body.

A PMO can be setup for:

- Large, complex projects or a program of projects
- A department or business unit portfolio of projects
- An organization wide approach to selection and management of projects

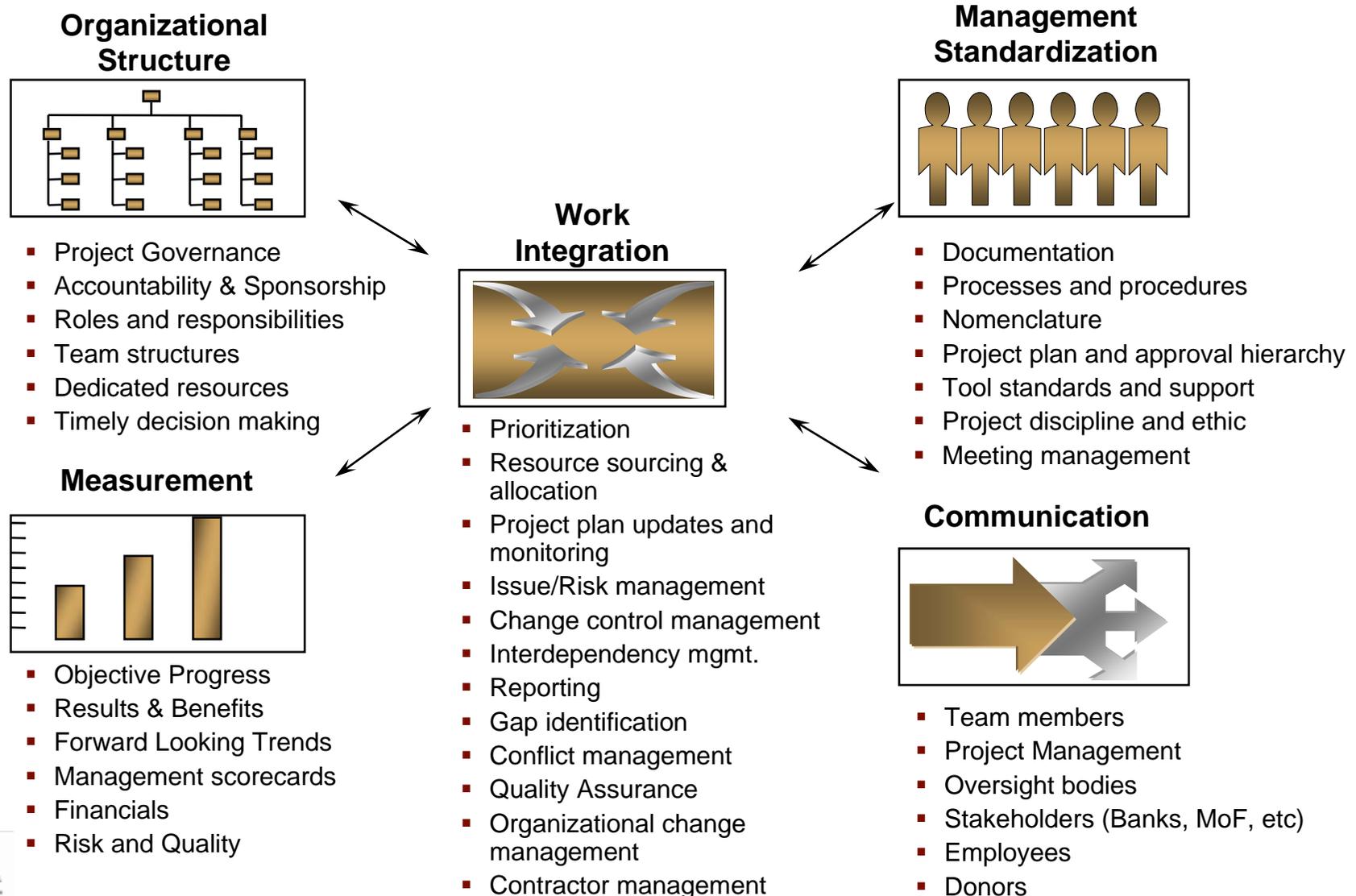
What is a PMO?-3

The PMO may integrate any combination of the following:

- project knowledge
- project processes and procedures
- training and certification for project staff
- reusable standard templates
- project skills and resources
- project portfolio management
- project financial management

Project Management Office Components

The PMO is the infrastructure required to integrate, drive, and coordinate the individual components of a specific project. It is also the center for assembling, tracking, and distributing key project information.



What Does a PMO Do?-1



Depending on its charter, a PMO may perform any of a number of functions.

- Integrate project management within the organization
- Provide Project Management tools, mentoring and training
- Oversee the entire project cycle, from project approval to project closure

There are many reasons to establish a PMO:

- Create effective project oversight and control
- Minimize project “thrash” and promote greater project success
- Keep management better informed
- Improve integration of projects with the business
- Build project management expertise in the staff
- Help define and then achieve business objectives

Establishing a PMO-1



“Organizational politics aside, the greatest challenge that most organizations face is to define what the PMO's purpose should be, and why it is being created.”

Establishing a PMO-2

The PMO requires a clear mission

That mission must be based upon the needs of its customers

From an understanding of customers can come a definition of requirements

Only at that point can the PMO truly characterize and implement its services

Establishing a PMO-3



There is no universal definition of a PMO

It must be defined individually for each organization that creates one

It is the role of the PMO Charter to provide that definition

In fact, we need the following information before we can begin development of the PMO Charter:

- PMO Mission (as voiced by management)
- Customers & Stakeholders
- Service Offerings
- PMO Structure
- PMO Success Profile

Make Establishing a PMO a Project



Every project requires clearly defined goals, a mandate from management to proceed and a plan by which to execute it

High Level Goals of the PMO



The Mission is included in the PMO Charter, which is its mandate

There should also be a “Project Plan” that guides implementation of the PMO

The PMO Charter is NOT the Project Plan!



“The PMO Charter is, in effect, the organizational mandate for the PMO to exist.”

What Does the PMO Charter Define?

It defines:

- Who the PMO sponsors are
- Who the “customers” are
- The services that it offers
- The staffing and support structures required to deliver those services.

The PMO Charter-1



To recap, the PMO Charter establishes the purpose for the PMO's existence, its primary functions, its Sponsors and Customers, and its structure.

This is a lot of information!

It is best NOT constructed in a vacuum

A PMO is expensive to create and put into operation

Usually there is some specific reason for this investment

- There may be a problem with management of projects that the PMO is supposed to correct
- The PMO may be seen as a means of reducing the risk in a major undertaking

You must be fully aware of the reasons for initiating a PMO before you begin its development

If this information is not readily available, initiate discussions with those management figures who can tell you

Once you understand why the organization is moving to create a PMO, it is much easier to define its role and primary functions

In general, the following steps are effective for obtaining the information needed for the PMO Charter:

PMO Charter Mission Statement



Identify the PMO's primary stakeholders

Meet with them and learn their expectations of the PMO

Define the measures of success that the PMO will be judged by

Develop and gain acceptance of a PMO Mission Statement

Building on the Mission Statement, gain agreement on some High Level Objectives that will guide the work of the PMO

These Objectives should be few in number and directly support the Mission

It is at this level that the nature of the PMO is defined (e.g. Agent of Change vs Reporting Agency)

Next, define the functions of the PMO

It is while discussing the work of the PMO with your key stakeholders that they will begin to get a true appreciation of what it will mean to have an established PMO

Identify those steps that your organization can take to ensure that the PMO is successful

Also note the milestones that your organization should plan on reaching as the PMO is implemented and begins its work

The PMO is a major investment. Management has the right to know that the investment is paying off

Identify those areas of greatest concern to your organization and establish means of measuring the impact of the PMO in those areas

PMO Charter - Staffing and Structure



Once you understand the work that the PMO is expected to do, you are in a position to define the staff structure that will make it all happen

Be clear not only on the number of bodies, but also respective roles and reporting arrangements

Provide Position Descriptions in the Appendix

How much will it cost to establish the PMO?

Provide at least a rough estimate of what the costs will be in the first year (or other period of time as management dictates)

If you write a formal ROI, this information will be invaluable

This document was prepared by:

Virginie I. Sadoine

Project Management Advisor

BearingPoint

Tel: +964 (0) 790 191 9623

Email: virginie.sadoine@bearingpoint.com

This document is protected under the copyright laws of the United States and other countries: it has been prepared by BearingPoint, Inc. ("BearingPoint") Technical Advisors and/or contractors working directly for BearingPoint under the auspices of the U.S. Agency for International Development ("USAID") contract number 267-C-00-04-00405-00. This document and all accompanying pages are strictly for the use of USAID in support of their own consideration regarding the subject matter contained herein. Except where explicitly stated otherwise, the following information was prepared on the basis of data that is publicly available or was provided by USAID: it has not been independently verified or otherwise examined to determine its accuracy, completeness or financial feasibility (where applicable). Neither BearingPoint, USAID nor any person acting on behalf of either assumes any liabilities, expenses (including attorney's fees and legal expenses) fines, penalties, taxes or damages (collectively "liabilities"), resulting from the use of any information contained in this document.

© 2005 BearingPoint, Inc. All rights reserved.