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The Changing Face of Today's PMO

By Terry Doerscher

The world of project management has changed. Have you adapted?

Management techniques historically grounded in construction and manufacturing have quickly become obsolete in today's fast moving, technology-oriented service organizations. For many Project Management Offices (PMOs) the message is clear: evolve or die.

*"In the United States, we spend more than \$250 billion each year on IT application development of approximately 175,000 projects...A great many of these projects will fail. Software development projects are in chaos, and we can no longer imitate the three monkeys – hear no failures, see no failures, speak no failures." - The Standish Group*

Profitability. Value. Success. Achievement. These are the bottom-line goals for all business organizations, accompanied by words like "innovation," "change" and "vision." Inside the company however, there is another equally distinct set of terms at play. Too often, where planning meets execution, it is more common to hear terms like "restart," "change in priorities," "cost overrun," "schedule overrun" and "content deficiency." There is still a huge disparity between the success rate of projects executed in more traditional environments compared to those in the technology sector.

What we are dealing with is nothing short of a project management crisis. Where did things go wrong? Why is it that commonly accepted standards and methodologies that have proven effective in the past fall flat when applied to technology initiatives? What can organizations and PMOs do to reverse this unsettling trend?

### **Introducing the Knowledge Worker Environment**

To understand the current project management crisis inside most technology companies, we must first analyze the evolution of these organizations as well as their fundamental characteristics.

For more than 20 years, the business environment has been in the midst of its most radical transformation since the industrial age. The technology revolution that began in the 1980s set the stage for today's instantaneous information access and truly global economy. This change led to rapid growth in a unique sector dedicated to providing the technology services that has enabled this information access transformation. Typified by

IT, these tech services groups include organizations such as engineering services, telecom, new product development and R&D...to name a few. Instead of construction and manufacturing, it is now these knowledge-based organizations that largely drive innovation and economic growth in global economies. I refer to these groups collectively as knowledge workers.

Knowledge workers have the following common characteristics:

- Serve multiple internal and/or external customers
- Have transformational as well as operational responsibilities
- Deal with a high volume of inbound work of different types
- Have a limited number of highly skilled, specialized-knowledge workers
- Multi-task across a range of different assignments and responsibilities
- Operate in a highly dynamic matrix business environment where strategies and priorities are constantly being adjusted

Given these circumstances, is it any wonder that executing projects on time and under budget, as promised, is such a significant challenge? Unlike their parents – many of whom were factory or skilled trade workers – today's younger knowledge workers have likely never had a full day at their job when they came in knowing exactly the single 'thing' they were to do, were left undisturbed to do 'it', and recognized 'it' as definitively complete at the end of the day. This has seriously impacted the role and operational effectiveness of the traditional PMO.

In a world now dominated by knowledge workers, project managers and PMOs face a very different set of challenges compared to their classical project counterparts. The key concerns of project management within a knowledge worker environment include:

- Managing a portfolio of 'endless demand' vs. 'fixed organizational capacity'
- Balancing project management vs. work management
- Executing deliverables when requirements, sponsorship and risks seem ethereal
- Coordinating differing priorities between contributing groups to achieve a common result

To succeed in this new project management environment, project managers and PMOs must update their management approach to embrace the knowledge workers' unique challenges. They cannot afford to operate in a totally reactive manner, nor can they rely on classical management techniques alone to be successful.

There are three key characteristics that define successful project management in a knowledge worker environment. Organizations looking to drive process improvement should focus on the following areas:

- Flexibility to address the business dynamics of a knowledge worker. It is imperative that flexibility be an integral part of the internal culture of the knowledge worker environment.
- Taking a resource-centric approach to move from chaos to success. The end result is greater control over assigned work and higher morale for workers who are able to maintain greater focus, be more efficient and meet realistic expectations.
- Operating within the limits of your planning horizon. Planning and management techniques must be accomplished in iterations of increasing granularity as dictated by the availability of reliable supporting information.

Managing knowledge workers requires an integrated approach to process management. With all the activities taking place inside a knowledge worker environment at any given time, both resource and work managers must carefully orchestrate assignments, progress and consider interdependencies to make valid decisions in a collaborative manner.

Entrusted with the success or failure of business innovation, the project manager and PMO are critical components that enable companies to succeed. To overcome the current marginal rate of project success, project managers must confront their responsibility armed with more effective management approaches.

The result is a PMO that not only thrives in the knowledge worker environment, but gains greater control over its own destiny and ability to serve the organization's long-term vision.



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