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FEATURED PAPER

The Program Management Maturity Model ™
A Framework for Change (Part 3 of a Series)

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***Parts 1 and 2 in the series are available at**:*
http://www.pmworldtoday.net/featured_papers/2007/mar.htm#1

Introduction

Mark Dowden, Vice President of Research and Development for Technology Solutions, came to the realization that his organization had to transform itself in order to get beyond some of the business problems limiting them today. He was convinced that adopting a systems approach and program management business model for developing Technology Solution's products was the way to move forward. In his words, "With a strong program management function, products are closer to what customers want and the development team spends less time iterating to meet the customer's needs."

But how does one implement a program management function within their organization? In this paper, we introduce the Program Management Maturity Model ™ (PMMM) as a framework for introducing and maturing program management within an enterprise.

Not Another Maturity Model!

Since the Software Institute at Carnegie Melon introduced the Capability Maturity Model in the 1980's, other maturity models have been published for nearly every functional component of a firm's business model. Our intent is not to describe yet another model that tries to prescribe a one size fits all set of practices, methods and tools in order to receive a stamp of approval from a certification body. Rather, we introduce the PMMM as a framework that can be used to introduce and expand the program management business model into organizations that wish to do so. Used in this manner, it provides the vision for transformation and continuous improvement.

This use of the maturity model is consistent with the view of Erik Simmons, a senior internal consultant with Intel, and a recognized expert in both requirements engineering and software development practices. "In my experience, efforts to adopt a capability maturity model fail most often because of arbitrary, heavy-weight interpretation of the guidance found within the model, and the pursuit of the wrong goal," Simmons tells us. "The worst reason for adopting one is to get certified at some level." Simmons shares our view that a practice-based model provides a good framework for implementation and improvement without blindly dictating a solution. "I believe the right reason for adopting a maturity model is to establish a shared vision of the end state and business goals we want to achieve," states Simmons.

Overview of the Program Management Maturity Model ™

The benefit of using a framework for introducing and/or maturing the program management model within an organization is that it provides a structured approach for setting direction, initiating actions, driving decisions, and changing the cultural components of the enterprise. Figure 1 illustrates the stages of the PMMM.

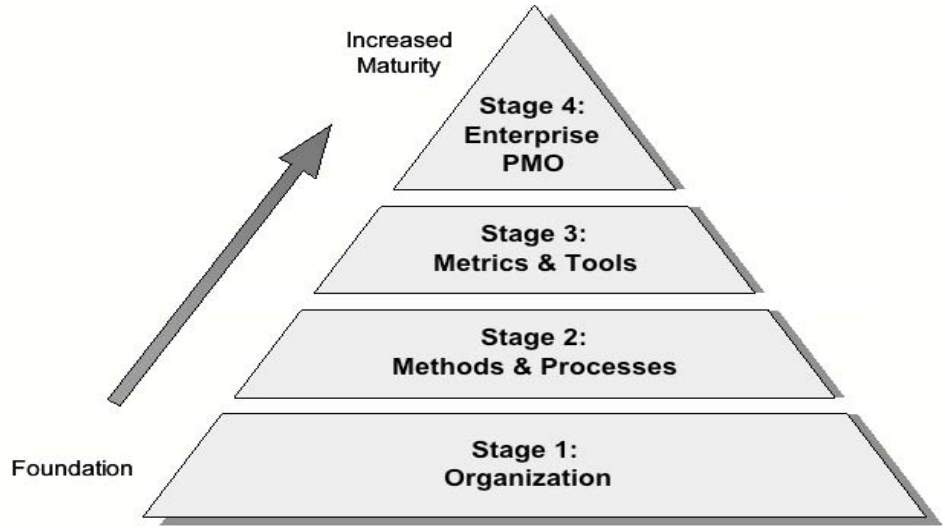


Figure 1: The Program Management Maturity Model ™

Stage one – ***Organization*** – is the foundation upon which program management is built. If an organization is historically structured in strong functional silos, the program management model will change the rules of engagement within the organization, the decision making hierarchy, roles and responsibilities, core competencies of some functions, and thus the cultural and political landscape of the enterprise. It is critical that the right organizational structure, management governance, and roles and responsibilities be put in place for the program management model to yield effective business results.

Stage two – ***Methods and Processes*** – establishes the core development lifecycle framework and the primary program and project management methodologies and associated processes to consistently manage programs to success.

Stage three – ***Metrics and Tools*** – brings in a consistent and effective set of metrics to measure the achievement of the business objectives driving the need for each program. Additionally, a suite of program management tools are phased into the organization to support increased productivity and efficiency.

Stage four – ***The Enterprise Program Management Office*** – establishes program management as a true function within the organization on par with the other key development functions. This stage brings a strong alignment between business strategy and program execution, consistency in business

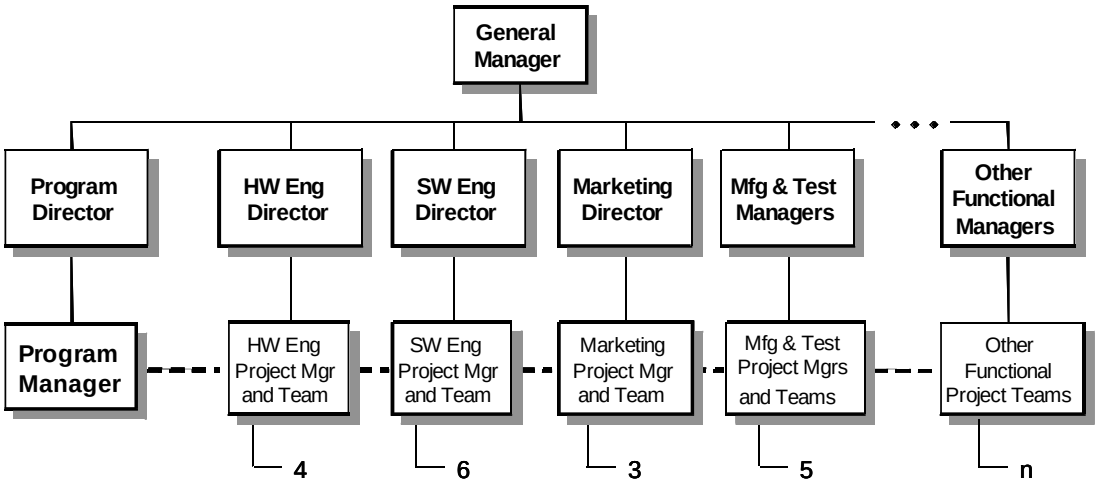
results across programs, and development of a true program management career path and competency development.

Stage One: The Organization

This was Mark Dowden's second attempt at establishing the program management model within an organization. His first attempt - with his former employer - was a bust. "I tried to create a systematic product development model with program management established as a true discipline and stepping stone into the general management ranks of the company," explained Dowden. "Unfortunately, the senior executives in the company were all technologists by training and nature, and couldn't see the value of a 'non-technologist' as a general manager. Worse yet, they were unwilling to learn what that value may be."

As Dowden learned, the *revolutionary* part of implementing the program management model comes in this first stage of the PMMM – establishing the correct organizational structure, roles and responsibilities, management governance, and decision making empowerment for the program manager. Additionally, a fundamental shift from a tactical project-oriented view to a strategic view on the part of the senior leaders is required to gain the true value from program management.

As we explained in article one of this series, the power of program management comes from the cross-discipline management of all organizational functions involved in the development of product, service, or infrastructure capabilities[1]. This requires breaking down the functional silos within the organization. The matrix structure, shown in Figure 2, is an effective organizational structure for the program management model. In the matrix structure, formal responsibility and authority for the development effort resides wholly with the program manager.



Source: Program Management for Improved Business Results

Figure 2: The Matrix Structure

As Patrick Lencioni - author of Silos, Politics, and Turf Wars - points out, "Matrix organizations have commonly been established in companies to break down the functional silos that cause people

on the same team to work against one another. They have many times added to the conflict and confusion because they can put employees in difficult situations by asking them to please two leaders who may not be aligned with one another".[2] To make a matrix structure work, empowerment must shift from the functional managers to the program managers who own and manage the business and operational aspects of their specific program. The program manager therefore becomes empowered to make the required decisions on the program, and the functional managers take on a support role for the programs while also building the core competencies of their specific function (engineering, marketing, manufacturing).

This empowerment shift is exactly what prevented Dowden from being successful in his first attempt to establish the program management model within an organization. Conversely, it is a key element in the success he is now having at Technology Solutions.

Stage Two: Methods and Processes

In stage two of the PMMM, the *evolutionary* nature of program management transition begins and continues through stages three and four. In moving from stage one to stage two, the focus is on establishing the methods and processes needed to effectively and efficiently manage the programs within an organization. Consistency in methods and processes, as well as the program management practices associated with them, should be established across all programs within the enterprise to gain consistent and repeatable results.

As shown in Figure 3, a robust development lifecycle methodology must first be established to provide a consistent framework to synchronize the cross-project, cross-discipline work within a program. Once the lifecycle is established, the supporting program management processes are developed and put into practice.

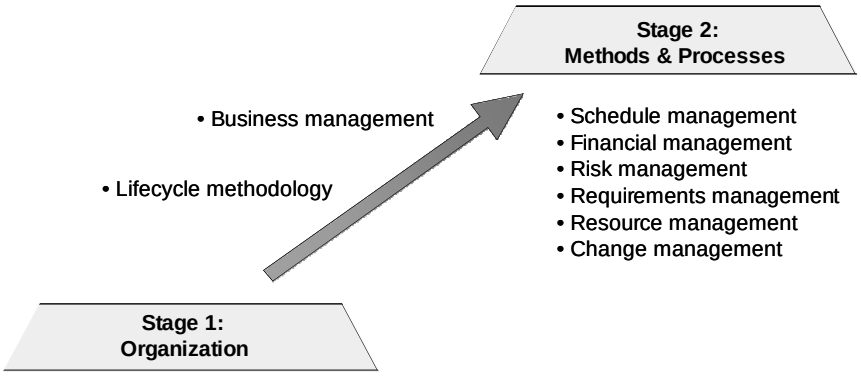


Figure 3: Transition from stage one to stage two

Also in stage two, the program manager takes on the business management responsibilities associated with his or her program[3]. This means focusing on creating the business case for the program, establishing and managing to the business success criteria, monitoring the market, customers, and competitors, and ensuring continued alignment of the program to business strategy.

Stage Three: Metrics and Tools

With the establishment of effective program management methodologies and processes, as well as consistency in the practices involved in managing programs to success, an organization is ready to move from stage two to stage three. The focus of the transition from stage two to three is on establishing the correct set of metrics to measure performance and a suite of tools to generate the measures, as illustrated in Figure 4.

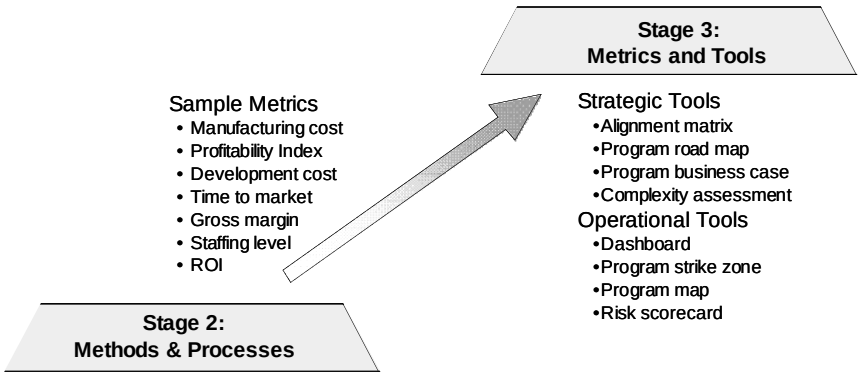


Figure 4: Transition from stage two to stage three

It is commonly understood that one of the key rationales for using metrics is that *what gets measured gets improved.* In particular, using program performance metrics will help program managers and their sponsors understand how well a program is performing, where and why a program has problems, and tailor actions to eliminate the problems. This will improve the program and bring it closer to its goals.

Program metrics not only measure the health of individual programs, they are also a way to learn about the effectiveness of program management-related domains such as strategic management and portfolio management. In this manner, program management metrics are an effective means to integrate strategic, portfolio, and program management practices[4].

We separate program management tools into two categories – strategic tools and operational tools. The purpose of the strategic tools is to enable program managers to fathom the nature and position of their program in relation to all current and future programs and to a company's business strategy. These tools are traditionally owned and managed by senior management; however, their outputs are critical to the successful operation and achievement of the program management model. Frequently, senior program managers participate in the development of these tools with the senior management team. The intent of the operational tools is to allow the program manager to effectively plan, monitor, report, and control progress of the critical elements of a program.

We defer the detailed description of program management metrics and tools to our book, Program Management for Improved Business Results, where we provide and describe a suite of the most common program management metrics and tools utilized by best-practice companies.

Stage Four: The Enterprise Program Management Office

The final stage of program management maturity is the introduction of an enterprise program management office (PMO). The PMO addresses two of the most common problems that arise as the use of program management increases within an organization. First is the need for *consistency* in the definition, planning and execution of all programs within a business unit. Without consistency across the portfolio of programs, business results are not predictable or repeatable on a recurring basis. Second is the need for a *single program management point of contact* within an organization. A single point of contact for program management provides improved communication, decision-making and program oversight[5]. Figure 5 illustrates the key elements involved when transitioning from stage three to stage four.

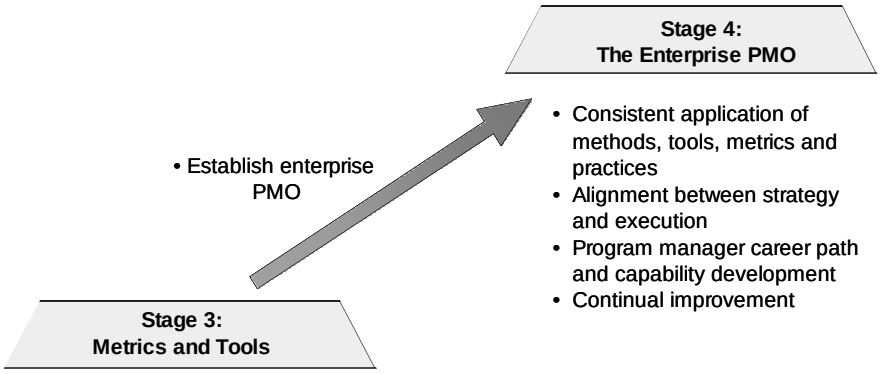


Figure 5: Transitioning from stage three to stage four

The first step in stage four is to establish an enterprise level PMO within the organization. The fully functional enterprise PMO is the center for program management competencies and practices within a company. It should be established at a level within the organization comparable to other critical functions (see Figure 6). Placing the PMO high in the organization hierarchy is critical for two reasons. First, the PMO manager needs to be part of the senior management team of the organization in order to properly align programs to business strategy. Second, the PMO manager must have sufficient political and decision-making influence to broker tensions between other functions – such as the natural tension that exists between marketing and engineering.

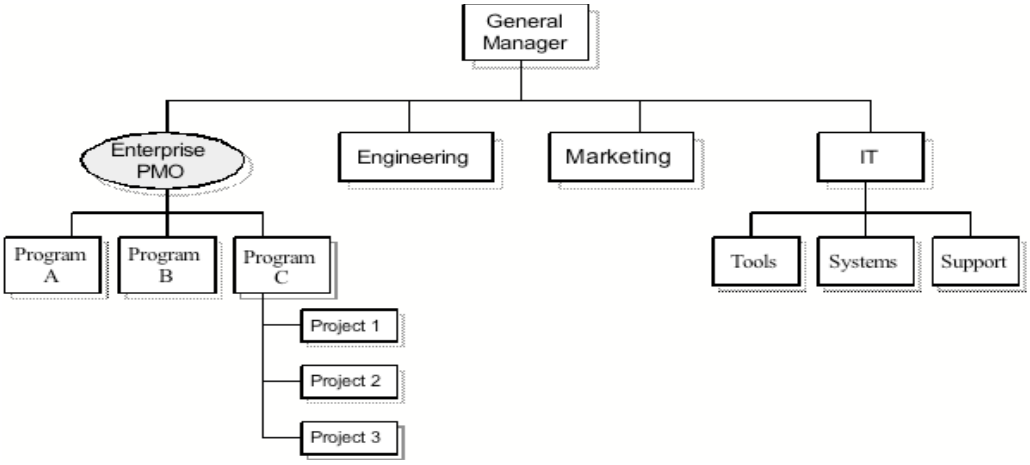


Figure 6: The Enterprise PMO within the organizational structure

With the PMO established, it now serves as the vehicle for the continued maturation of the company's program management function. As Mark Dowden learned, "Prior to establishing a central PMO, we had no way of measuring the overall success of our programs, or their contribution to meeting our business objectives. They were dispersed in various business groups across the organization with little or no consistency of information, measures and metrics between the programs".

The PMO is first focused on consistency of methods, tools, metrics, and practices across all programs within an organization, as well as consistency of methods, tools, metrics, and practices across all projects that make up a program. Second, the PMO management team becomes a champion for business and strategic success for the firm and is responsible for defining and measuring program metrics that ensure each program is helping to achieve the strategic objectives. Third, the PMO is in charge of developing and administering a career ladder for the growth and advancement of program managers. The career ladder includes detailed job descriptions outlining responsibilities and experience levels that range from entry level to senior level positions. The PMO becomes the center for competency building by creating a learning environment through the alignment of all program managers and their teams under the same leadership, philosophies and practices. Finally, the PMO must be committed to continual improvement and maturity in order to remain a viable and valuable function within the organization. Long-term improvement involves capturing and innovating new best practices, evaluating and implementing more effective tools, and establishing and evolving a central knowledge base for program management.

Conclusion

Like most organizational change, transitioning to a true program management model requires a lot of effort and strong senior management support and involvement. As Mark Dowden states, "Implementing and becoming good at program management is a journey, but one that leads to better business results". Before embarking on the journey, it is best to establish a framework to guide the transition process. In this paper we presented and described the Program Management Maturity Model™ as one framework option.

In the next paper in this series entitled, "Power, Politics and Program Management", we will discuss key considerations for managing the organizational behaviors that may occur during the transition to the program management model.

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