

An Insider's Perspective on PMI's OPM3

by John Schlichter

After half a decade of development PMI's OPM3 is finally here, and it is the next big thing for achieving organizational strategies through projects, the team-based vehicles for delivering change. It is just as important as (yet more strategic than) the PMI's Guide to the Project Management Body of Knowledge, the world's de facto standard in project management from the world's largest professional organization dedicated to project management.

Developed by hundreds of practitioners in industry and government over the past five years, the OPM3 is a standard that explains excellent business practices emphasizing two things:

1. Choosing the right projects to execute organizational strategies, and
2. Implementing the processes, structures, and behaviors necessary to deliver projects successfully, consistently, and predictably.

This discipline is called Organizational Project Management or OPM. The OPM3 standard describes excellence in these two areas in terms of roadmaps from lesser to more advanced capabilities that can be assessed. Through an assessment using this standard, an organization's current profile or level of maturity is identified, as well as the next steps toward becoming more capable.

Impact of OPM3

When thinking about how an OPM3 assessment may impact an organization, executives should think in terms of improving their organization's ability to deliver projects successfully (e.g. better, faster, and less expensively), and in terms of revealing and correcting issues associated with effectively translating corporate strategies into the actual work of an organization, eliminating waste and rework.

Executives should think in terms of creating the possibility of developing more products, improving operational effectiveness, and better serving customers. Such improvement is the potential impact of OPM3.

While OPM3 will not tell an executive what his or her strategies should be, it will help one's organization to work more harmoniously and flexibly to support its strategy and create a whole which is greater than the sum of its projects. Ultimately the combination of choosing the right projects and delivering them successfully in the midst of change is the way to reach the goal of a superior long-term return on investment.

Organizations can do a better job of delivering individual projects. In the United States alone, only 34% of projects succeed, and \$55 billion dollars of total project waste occurs against a total of \$255 billion in project spending, according to the Standish Group 2003 Chaos Report. OPM3 addresses cost and schedule management on individual projects, but it does much more than this. Quite often the things that are problematic for an individual project, including cost and schedule management, are caused by other projects, some of which should never have started

in the first place. Many organizations are lacking the capabilities necessary to address these common yet significant problems effectively, and OPM3 may be what they need, whether to improve the selection of projects, or management of individual projects or groups of projects.

In addition to helping organizations develop the capabilities necessary to manage an individual project, OPM3 also helps one develop the organizational ability to manage multiple projects together, which we call program management. Organizations, which always face resource constraints, must create the organizational ability to formulate and manage multiple projects to adapt to the hallmarks of business today: rising complexity and the increasing pace of change.

Moreover, we have learned that project failures often result from decisions made well before a project team executes its work. These stem from poor decisions regarding the origination, selection, and prioritization of projects, i.e. actions that are categorized within the discipline we call portfolio management.

OPM3 addresses the pervasive problems of cost and schedule overruns by enabling organizations to become more capable in project, program, and portfolio management processes. OPM3 cultivates an environment in which such processes operate effectively by transforming the cultures of these organizations. Specifically, an OPM3 assessment will help one identify the low-hanging fruit for making marked improvements in project selection and delivery, and by creating the possibility for better project investment decisions, increased productivity, and greater bottom-line earnings.

OPM3 Assessments

The best way to introduce OPM3 into an organization is a workshop in which key stakeholders learn what OPM3 is, what it means to perform an assessment using OPM3 in practical terms, and what can and should be done with assessment results.

It is essential to understand the strategic priorities of the organization and how these affect decisions regarding the extent to which the organization should be assessed. It is also important to understand that OPM3 is implemented in phases with decision-gates, using the project management technique of "rolling wave" planning in which plans become more detailed as new and better information is created. This affects how one makes the business case for OPM3. Other important issues include understanding how to introduce OPM3 to executives; strategic imperatives and the crises that are triggers for action; how project management addresses those triggers and the corporate strategy; citing concrete evidence in strategic terms.

Self-assessment

Many organizations are asking whether or not self-assessment using the OPM3 is possible, given its sophisticated content. No two organizations are alike, and for some self-assessment is a viable option. Because whether an organization should self-assess is always a question, OPM Experts addresses the pros and cons of using internal versus external assessors in its introductory OPM3 workshops.

Internal assessors may have the benefit of being able to quickly discern the veracity of assertions made by members of an organization regarding existing capabilities; however, internal assessors do not enjoy the power conferred on external experts, a distinct benefit of using outsiders to produce results quickly. Whether an organization

uses internal or external assessors, those people should be formally trained in OPM3. To help an organization reach a decision about self-assessment versus an assessment facilitated by an external resource, a three-day workshop format is effective, explaining the OPM3 theory on day 1, covering the assessment process and assessment pitfalls and alternatives with interactive exercises on day 2, and finishing day 3 with the business case for an assessment. In just a few days, users can learn everything they need to know in order to decide whether self-assessment or facilitated assessment is appropriate for their own organization.

How long does an assessment take?

How long an assessment takes depends largely upon the organization being assessed. The duration can range from weeks to months depending upon the scope of the organization being assessed, the strategy for assessing it in a way that will create quick wins and visible momentum, and factors like the number and location of sites and the availability of key personnel. To determine how long a self-assessment will take, you must understand exactly what OPM3 is and how to use it (both in part and as a whole), and you have to do some planning with your own organization in mind.

Incentives for Implementing OPM3

Being able to choose the right projects in order to achieve your organization's strategic intent for 2004 and beyond is a strong incentive for implementing OPM3. The other side of the OPM3 coin is being able to deliver those projects capably.

If you are an executive, consider whether your organization can achieve its strategic objectives for this year. Being able to answer this question definitively is a strong incentive for doing an OPM3 assessment.