

## Central Project Office in Large Project-Oriented Organisations

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*The project management concepts alone imposed to highly complex organizations – far from being a panacea - can turn from corporate assets to huge liabilities unless properly managed by adequate project portfolio and program management processes, driven by specialized structures, known under the generic name of Central Project Office. The paper attempts to address the fundamentals of a CPO in a complex project-oriented organization – namely the mission and the roles and responsibilities of a CPO in such a company.*

**Keywords:** *project management, central project office, project initiation review, project tracking, project healthcheck.*

### 1 Introduction

With the advent of project management as a firmly established body of knowledge and a known way of doing things, a lot of the formerly “operational” issues are now seen as “project-oriented” activities. As I mentioned in my early paper [KOMA03], once dedicated to professional services companies, the project management approach has today permeated most of the large organizations as a preferred method for addressing complex change management problems – whether these occur in the IT, HR or operations areas.

However, the side effects of this powerful paradigm proven to be at least as strong as its benefits: due to the increasing complexity of the projects (the paper [IVAN01] providing a good analytical view on the topic) correlated with the application of the method in large multinational and transnational companies led to countless inefficiencies and lack of coherence – manifesting as poor allocation of resources (material resources, people and money), delayed projects, futile projects executed dogmatically and so on.

In order to address these issues, large project-oriented organizations are today trying to establish coordinating bodies to oversee the whole of their project efforts. However, such bodies, known under the generic name of “Central Project Offices” (CPOs), do not have yet a common coherent approach for achieving their mission but are rather attempting – even in the largest of Fortune 500

companies – to “guess” their key directions rather than to rely on a firm basis for their actions. This paper is trying to define the mission as well as the roles and responsibilities a CPO should play in such a large organization.

### 2. The Mission of a CPO

In our view, the mission of a Central Project Office should cater both for establishing the theoretical framework of project delivery, as well as for the supervising the actual execution of the projects. Thus, such a mission could be written as follows:

*“Our mission is to provide a common and coherent methodological approach for project definition and execution and to ensure the business & operational risks associated with company’s project portfolio are identified, understood and contained thereby helping the company to constantly deliver the projects to the agreed targets”.*

Addressing in more details the above, the mission can be refined according to the following directions:

- To ensure that all project business cases are developed and issued to a consistent level of quality, to an acceptable level of risk and meet desired goals.
- To verify that all major projects are being delivered in accordance with documented business practices and procedures, ensuring at the same time proper resource allocation throughout the entire organization.
- To provide to the project teams with the

practices, methods and tools needed for proper execution of the projects and to follow-up during project phases in order to capture lessons learned in CPO's knowledge repository.

- To work closely with divisional (geography units) and vertical (specialized units) practices to promote consistent standards and practices for managing risk in new and emerging business sectors.

### 3. Roles and Responsibilities of the CPO

The roles and responsibilities of the Central Project Office are directly derived from the mission stated above. More clearly, they can be organized around a number of key business processes that need to be defined and managed by the CPO.

Elements of such processes are to be found in both proprietary project management methodologies from CapGemini ([CGUK98]), KPMG ([KPMG98] and [KPMG99]), Oracle ([ORAC04]) and SystemsUnion ([SYST98] and [SYST99]) as well as in the competency baselines/body of knowledge arisen from the international project management associations – IPMA ([IPMA99]) and PMI ([PMIS00]).

In a nutshell, these processes are:

#### A. Project Initiation Review

- Perform project initiation reviews on projects within Central Project Office review thresholds and recommend/not recommend project for approval. As part of this process:
  - Ensure that Central Project Office is involved early in the project initiation stage
  - Evaluate and minimize risk during project initiation
  - Improve the quality of Company project initiatives, making sure that the local organization understands the commitment and risk, is able to deliver the to the agreed targets and improve the overall profitability
  - Prepare a project initiation review summary and send to Management Tiers for approval. For larger/complex deals arrange for meetings with the relevant approvers to discuss the content of the project initiation with them as necessary.

#### B. Project Tracking

- Monthly tracking of projects (through project management information systems – PMIS – or manual system) and ensure that project reviews are conducted on a monthly basis.

- Define risk mitigation strategies with the project manager, regional manager and management.

#### C. Project Healthcheck

- Initiate/execute requests for Health Checks

- Ensure that recommendations and actions are adopted by the project team

#### D. Development of Practices, Standards and Tools

- Support the development and of practices, standards and tools to support Central Project Office on a Global basis

- Promotion of practices, standards and tools by defining Transfer of Information (ToI) packages containing whitepapers, brochures, presentations, training materials (on line or instructor led) as well as distribution schedules from the CPO to the local practices

- Ensuring the developed practices are thoroughly understood by the project teams and applied without significant variations

- Incorporate the “lessons learned” of the projects in the CPO knowledge repository, thus provisioning for the continuous development of the practices, standards and tools.

#### E. Global Resource Management

- Define a standardized way of analyzing resources throughout the company, especially in terms of capabilities/competences

- Build a complete repository of existing resources together with their relevant competences

- Ensure each project is staffed with the best team available, by matching the competences of the available resource pool with project requirements

- Define a framework for continuous development of resource competences.

#### F. Consolidated Reporting to Senior Management

- Provide reporting with regard to status of major project initiations and emerging business trends

- Provide reporting regarding the status of major projects, common problems encountered and suggested remedies

#### **4. Project Delivery Processes within the CPO**

Through this chapter I will analyze with more details the top three of the processes briefly described above (the processes actually taking care of the project delivery within the organization):

##### **4.1 Project Initiation Review**

The purpose of this process is to reduce risk and increase good business through the consistent application of a common procedure utilizing standard business case and estimating tools that results in value-add project initiation reviews, and a thorough understanding of the client organizations' needs and requirements.

This process has the following objectives:

- Ensure the business opportunity is properly understood and profitable
- Assemble a qualified project initiation team
- Understand the client organization's requirements and expectations
- Perform a thorough risk assessment and identify risk mitigation plans
- Prepare realistic work estimates and project plans
- Conduct an Independent QA review and obtain appropriate management sign-off
- Identify and leverage related procedures deliverables and process

##### **4.2 Project Tracking**

The Project Tracking process is the method by which CPO collects data on all the projects within the company that satisfies certain criteria defined under Scope of Tracking below. This information is summarized and analyzed by the reviewers for input to management.

Each month the project managers are obliged to submit to their local project offices (LPOs) a project progress report (PPR). This PPR details progress made during the last month, risks and issues (and the mitigation for each), and a project profit and loss statement.

The LPOs reviews each one of these PPRs sets the RED, AMBER, GREEN status (RAG), and summarizes all the projects in a report that is sent to CPO. CPO will review all projects that appear to be at risk, which includes all RED projects and those originally classified as exceptional. CPO will then agree any changes with the country project office and publishes a final version of the RAG summary report, which is distributed to Senior Management.

The purpose of this document is to give an overview to management of the state of the projects in each country. This may well alert them to problem areas that require their intervention immediately or in the near future. Each project will be assigned a status of Red, Amber or Green with Red being the indicator that immediate management intervention is required. The primary audience of the Project Progress Report and the CPO Tracking Report is intended to be the country/region.

##### **4.3 Project Healthcheck**

A Healthcheck is an evaluation of the status of a project, including progress against objectives, project management and commercial control from both delivery team and client organization viewpoints. The emphasis of a Healthcheck is on control and management of risk, thereby maximizing the probability of success.

The Healthcheck process consists of a review, report and follow-up cycle. The review process entails a document review and interviewing key project team members. Key project team members ideally include project management, functional and technical team leaders and user-group representatives.

Important project documentation is reviewed ahead of time and referenced during the interviews. The project documentation includes the project plan (baseline vs. current vs. actual), status reports, issue log, change management, specifications and the quality plan. The goals, at a high level, of these interviews are to ascertain concurrence on progress overall, ensure that the delivery team and the client organization are playing

the right roles and identify any barriers, risks or exposures in the way of success.

The first post start-up review "baselines" the health of the project is used as the reference point for subsequent reviews. Ideally, the first Healthcheck is conducted at the end of the strategy/definition phase when the first version or revision to the initial project plan has been formalized.

Follow-up Healthchecks are conducted to assess the impact of implementing previous recommendations and to revise or reiterate the independent view of project status, issues and risks. The timing of these follow-up Healthchecks depends on the individual project.

There are a number of situations where Health Checks may be commissioned:

- Where they are flagged in the project initiation review and made a condition of approval. If Health Checks are noted as a requirement at the project initiation approval stage, then a Health Check schedule needs to be created upfront (via discussion with the Project Manager) to allow CPO to schedule the resourcing for the Health Checks.
- The CPO team may identify, as part of the project tracking process that a Health Check is required as a result of issues that are surfacing during delivery.
- Local Management/the project team may request an independent review of the project at any point and therefore may ask CPO to perform a Health Check on their project.

## 5. Conclusions

As we saw, the project management concepts alone imposed to highly complex organizations – far from being a panacea – can turn from corporate assets to huge liabilities unless properly managed by adequately project portfolio and program management processes, driven by specialized structures, known under the generic name of Central Project Office.

The paper attempted to address the fundamentals of a CPO in a complex project-oriented organization – namely it started by defining the mission of a CPO and then further refined it down to its roles and respon-

sibilities.

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