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## Integrated Framework for Project Management Office Evaluation

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### Abstract

The project management office (PMO) as a dynamic organizational entity is a significant participant in reaching the strategic achievements of companies. This unit has become the focus of project management-related research, and tasks of professionals in companies operating typically in multi-project environment. The appearance of related maturity models, practical feedback, and certifications indicate the topicality of this topic. The appropriate management of the portfolio by PMOs is especially important for project organizations (e.g. in the construction sector), where revenue directly depends on the performance of the projects. Thus to implement, operate, and understand a PMO better in any organization raises fundamental questions and requires great attention. Unfortunately, the approach towards PMOs is not fully consistent and many rather independent results with some overlap have been published so far, therefore this recurring, constantly changing problem requires a great deal more research. These studies are not only substantially different, but describe even the common domains in different ways. Although the importance of this issue is widely recognized, the definition, basic roles and functions, characteristics, expected performance etc. are still not standardized, and will probably not be for a long time. This exploratory study identifies the development of definitions, the evaluation of state-of-the-art models and typology, and reveals a new, integrated framework to analyze PMOs. Identifying the most specific and noticeable evaluation segments of PMOs leads to a better understanding of PMOs and provides potential future research directions.

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### 1. Introduction

Organizations give project-based operation as a response to competitive and globalized markets including fast-changing customer demands, and the turbulent environment. Projects serve as an effective tool for organizations to

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achieve strategic goals. Projects have a financial interpretation as well; organizations try to increase their value since the sum of their value in the portfolio indicates the value of the company – which is usually measurable on the stock market. Projects are considered temporary organizations operating within the boundary of the parent organization (called institution in this paper), which can be a project-based organization (PBO) in an ideal case – usually in the construction industry. The PMO distributes project culture and the PBO approach in non-PBO-like organizations. The establishment of a new entity, the project management office is one answer to the above-mentioned organizational tasks. The PMO is an organizational substructure of a PBO, which was created with the aim to improve project management practice, to adopt proper methodologies to handle many projects.

In the recent years, much impressive academic research and practical surveys on project management offices with wide variations of the topics and approaches have been published, including the role characteristics, and functions of PMOs; position level and organization structure; evaluation of PMO performance and success; efficiency and maturity of operation. In this research we propose a model that gives not only a literature classification but describes a general and complete PMO framework as well with the classes.

The company/institution can gain maximum benefit when it plans and builds a PMO model matching the existing structure of the organization. Since every organization is different, the optimal structure for the PMO must be designed based on many considerations and variables. A well-established starting model incorporates the most important elements, and reflects to the theoretical and practical antecedents and gives guidance.

The aim of this study is to establish guidance built into an integrated model based on an overview of the broad literature including earlier models. The topic of PMO was one of the favorite discussion topics of recent publications, and even different service or software providers. Regular PMO areas focusing on one key element of PMO activities are also investigated. Beyond the academic literature summary, the model proposed is about to challenge the traditional models and academic approach with practical surveys and experience.

## 2. Definition

In an institution the PMO is a formal layer of control between project management and top management [1,2]. According to the largest PM organization (PMI), the PMO is “an organizational body or entity who are assigned various responsibilities related to the centralized and coordinated management of those projects under its domain [3]. The responsibilities of the PMO can range from providing project management support functions, to actually being responsible for the direct management of a project”. The main purpose of a PMO is to align the projects to the organization's needs and to meet the expectations of different stakeholders [4]. Hobbs et al. (2008) suggested a new, innovation-based approach: the PMO can be defined as an innovation. Since it is not stable, it co-evolves with the host organization [5]. Artto et al. (2011) continued their research with the innovation-based approach and determined the PMO as an integrative organizational arrangement [6].

PMOs can be *categorized* in many ways. Desouza and Evaristo (2006) classified them into two groups [7]. Administrative PMOs support project management administratively. Knowledge-intensive PMOs take the best practices, the learning effect, and maturity improvement into consideration. They span four archetypes between the two extremes, from the purely administrative supporter, through the information manager, the knowledge manager, to the most knowledge-intensive coach.

Aubry et al. (2010) defined the PMO at three *levels*, which is closely related to its definition through functions [8]. At the operational level the PMO supports projects with project management practices, and professionally accepted principles. The task of the tactical level is to integrate the multi-project environment with coordination and cross-project dependencies (e.g., resources). At the strategic level the PMO has the authority to prioritize projects along corporate objectives and strategies.

Monteiro et al. (2016) processed and reviewed 47 PMO models and collected 12 relevant ones from publications by well-known publishers to answer the question ‘What models of PMO are currently proposed by researchers and practitioners?’ Although there are common elements across the different typologies, the diversity of the concepts clearly appears. These models often insert PMOs into the hierarchy of the organization by their degree of authority, acceptance, adoption, and autonomy. Authors evaluated the PMO models by their frequency in typologies and found that Enterprise PMO, PMoCE, Project Office, Project Support Office, Business Unit PMO, Program Management Office are the most often used terms. [9]

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