

Establishing a Successful PMO

Defining and maintaining project management standards in an organization.

By Simon Alder

Utilities across many sectors are facing large capital improvement programs after many years of under investment. This comes at a time when countries around the world emerge from the recent recession that required organizations to “do more with less.” Across the engineering industry, there is a growing awareness of the role a Project Management Office (PMO) can play in ensuring the successful delivery of a portfolio of projects.

A PMO can take many shapes and forms, but its primary function is to define and maintain project management standards within an organization. By standardizing processes for governance, project controls, and reporting, organizations use a PMO as a source for guid-

ance, documentation, and metrics. In addition, a PMO ensures that project management practices are in line with overall organizational strategies, goals, and objectives.

MWH Global (www.mwh-global.com), a global consulting, engineering, and construction firm, has a proven track-record of setting up and running PMOs on programs in many countries and across multiple sectors relying on an approach heavily focused on three key areas: people, process, and tools and systems. First, the right people need to be selected to fill the right positions and provided with the training and support to be effective. Second, delivery processes are required—underpinned by a clearly defined project life-



cycle and an associated approval framework. Finally, arming employees with the right tools and systems provides a level of automation and efficiency needed to manage a large number of projects. The implementation of these key areas then needs to be combined with an effective change management strategy, as the creation of a PMO will usually result in significant organizational and cultural change.

When working with clients to create a PMO, the preferred MWH approach is to provide immediate support in capacity uplift and expertise. The focus then shifts to knowledge transfer to client staff enabling them to stand alone and allowing MWH to transition off within a relatively short period.

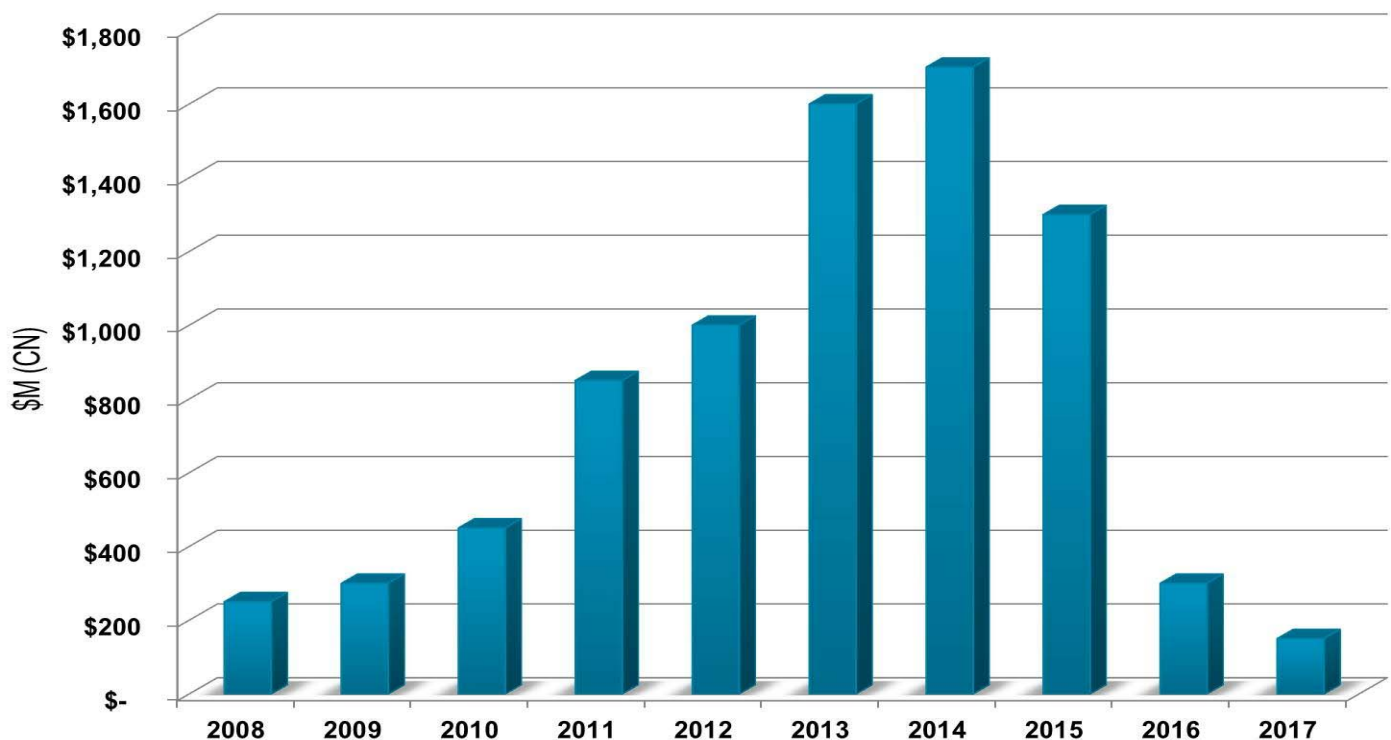
Case Study: AltaLink

Commencing in 2011, MWH

worked closely with AltaLink to establish a PMO to manage a multi-year, \$7-billion capital improvement program to expand the Alberta Integrated Electricity System transmission network. AltaLink is Canada's only fully-independent, investor-owned electricity transmission company that owns more than half of Alberta's transmission grid and serves 85 percent of its population.

"Very early in our capital program planning, we identified the need for a PMO and consistent processes and procedures for managing a large volume of work," said Darcy Fedorchuk, AltaLink vice president, Project Management Office. "Our executive management understood the need for this new office and provided the support needed to create the organization. Today, the PMO provides the people, systems, and processes necessary for cost and sched-

AltaLink – Past and Projected Capital Spend



ule monitoring, risk management, and reporting across our entire portfolio of capital projects.”

Coupled with the right people, processes, and tools, the commitment of senior leadership is vital to the success of a PMO. AltaLink’s executive leadership before significant growth in capital expenditures supported and championed the PMO and empowered the team to implement the needed process and procedural changes. The MWH team became fully integrated into the AltaLink PMO organizational structure, providing an immediate boost in capacity and capability during the early stages of the program with the goal of transferring delivery knowledge to AltaLink within an 18- to 24-month period. The combined integrated PMO team focused on the implementation of processes, procedures, and tools that would ensure consistent, repeatable project delivery across the portfolio to achieve cost, schedule, and quality

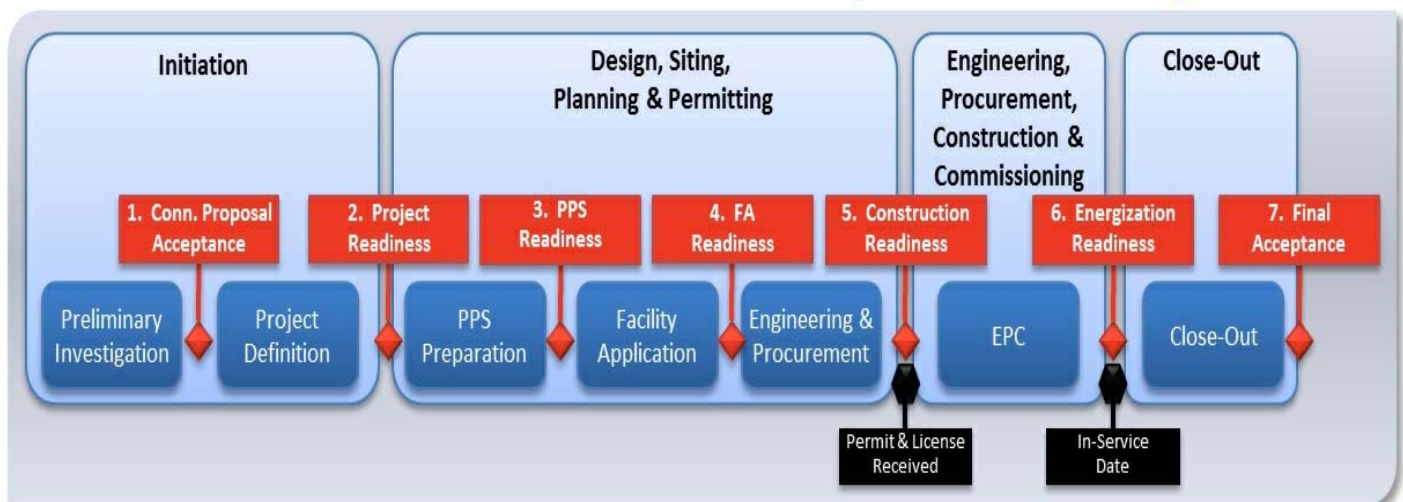
objectives. The collaborative working relationship at all levels combined with executive management support allowed the PMO team to provide the foundation for the rapid and significant growth in the AltaLink capital program.

The need for a change management process was key to ensure a smooth and effective transition to a PMO structure. Support from senior leadership is only one component of change and buy-in from the rest of the organization is equally critical. In the case of AltaLink, project managers sit outside of the PMO in delivery teams organized by geography and type of project. As such, it was important to adopt an approach that obtained their buy-in to the initiatives being rolled-out by the PMO.

“Buy-in from our entire organization was a vital part of our PMO’s success,” said Fedorchuk. “AltaLink is a collaborative organization and change of this magnitude required support from the whole organization in order for it to be

ALTALINK

Project Delivery Model



successful. This also included our employees that would make up the PMO team. We worked hard to keep the entire organization informed and engaged during the early stages of the PMO using multiple forms of communication on a frequent basis.”

As part of a change management process, consistent, frequent communication was pivotal to AltaLink’s success. AltaLink actively set-up workshops to solicit input related to processes, systems, and procedures for governance, reporting, and cost and schedule control. Follow-up conversations continued the discussion to ultimately render the decision-making a collaborative process led by the PMO. This constant communication enabled the PMO processes to be rolled-out in a staged manner as they were developed, providing an immediate and sustained impact on project delivery.

A key communication tool was the development of a graphic that succinctly summarized the new Project Delivery Model (PDM) required for all projects. The PDM became the anchor-point for the change management process in its representation of AltaLink’s approach to project delivery.

AltaLink’s focus on building early and significant executive support for its new PMO and emphasis on an effective change management process led to significant accomplishments in 2012 and 2013, including:

- ❑ Successful delivery of \$1.5 billion in capital projects (up from \$100 million two years earlier).

- ❑ Successful executive-led reviews of 112 projects through the stage gate process totaling over \$5 billion in capital value.

- ❑ Preparation and maintenance of over 100 project schedules for consistent schedule control at a portfolio and project level.

- ❑ Standard financial control processes across all delivery teams to ensure consistent cost control.

- ❑ Upload of over 3,500 final deliverables into a document management system for project learning and auditability.

- ❑ Integration of cost and schedule data into reporting and dashboard functions for executive confidence in project performance and decision-making.

- ❑ Migration of over 80 project risk registers with more than 1,150 identified risks from spreadsheets to an online Microsoft SharePoint database to mitigate risks and exploit project opportunities.

- ❑ Establishment of consistent formatted change logs/variance logs for 100 percent of active project for a consistent and improved control.

PMOs, such as that implemented at AltaLink, provide an organization with the standard processes and systems needed to effectively manage large, complex capital improvement projects.

Mr. Alder is MWH Global director of Americas program management.