

## **Establishing a Successful Enterprise Project Management Office**

By H.B. Dewberry and Randy Hostetler

The banking industry is experiencing significant challenges, change, and transformation. On top of an already-difficult economic environment the past three years, new regulations and regulatory impacts – e.g., the provisions of Dodd-Frank and the impact of the Durbin amendment in reducing interchange fee income —as well as consumer frustration with and anger at banks are adding to banks’ struggles to generate profits. As a result, banks [or Financial Services Institutions (FSIs) more broadly] will need to optimize deployment of their human and financial resources to address this new environment. Creative thinking will be required to identify initiatives that can replace historical revenue sources while being both compliant with the new regulatory considerations and meeting customer expectations. Additionally, internal initiatives around risk management and compliance will also be required. All of these initiatives will need to include enhanced governance and controls to ensure projects are successfully implemented. Moreover, they will likely need to be accomplished with a reduced number of resources. Therefore, during the next few years, it will become imperative for FSIs to select a handful of key projects that will have the greatest impact on strategic goals and competitive positioning.

One way that management can position the enterprise to select and implement projects successfully, in a way that will optimize human and financial resources, is to establish an Enterprise Project Management Office (EPMO). This article provides a brief overview of the EPMO, highlights factors that drive success or contribute to sub-optimal performance or failure of an EPMO, and discusses, in particular, the importance of aligning the EPMO’s operations with the particular culture of the enterprise.

### **What is an EPMO and What Does it Do?**

While a company may have more than one PMO, an EPMO has special significance and importance because, as the name implies, the scope of its efforts and influence is enterprise-wide. In large companies, like FSIs, an EPMO is established as a higher-level PMO due to the interdepartmental dependencies and as a governing body that contributes to achieving the maximum returns by selecting the most strategic projects that are in line with company goals. An EPMO strengthens corporate governance by enabling an organization to manage, monitor, and assess the status of all projects. These would include human resources, financial status, and overall project activities and schedule in the enterprise, through a set of uniform EPMO processes, methods and application. Simply put, the EPMO can be viewed as an evolution of the PMO to better inform C-level executives. Evidence of the benefits of an EPMO and the value it can add is reflected in a recent survey by *PM Solutions*, “State of the PMO 2010.” The findings indicated that PMOs reduce failed projects by 31 percent, delivered 30 percent of projects under budget, and increased productivity by 21 percent.

Over the last 10 years, many banks and other FSI companies have implemented some variation of an EPMO and/or instituted a project methodology with varying degrees of success. Structured properly, an EPMO can build a strong foundation for managing project prioritization process and adding value to critical projects throughout the project lifecycle. If not properly structured or aligned with a company's culture and resources, an EPMO can create real or perceived bottlenecks and have the opposite effect which can contribute to dissatisfaction and failed projects.

### **Key Factors in the Successful Establishment and Operation of an EPMO**

Effective EPMOs don't happen by accident. They result from deliberately focusing on a number of success factors. Among the most important of these factors are:

- Having a committed sponsor at the right level of authority
- Having a clear mandate and well-defined charter/scope
- Aligning the EPMO with the organization's culture, structure, and objectives
- Involving key stakeholders and understanding their needs and the needs of the organization regarding the EPMO
- Assigning resources with the required skills and experience
- Not trying to do too much too soon
- Using change management practices to roll out changes incrementally
- Understanding that successful implementation of a strong EPMO facilitates achieving strategic objectives
- Using supporting technologies effectively within the EPMO
- Measuring and communicating the value delivered regularly (and comparing it to the original business case for the EPMO)

While all of these are important, we believe that one aspect is often undervalued or overlooked: aligning the EPMO with the organization's strategy, culture, and structure.

### **Establishing the 'Right' EPMO for Your Organization**

Establishing an EPMO that is most suitable for a specific organization in terms of its strategy, culture, and structure is especially important for the success of an EPMO. Some key considerations might include:

- What are the organization's strategic objectives and what considerations are driving these objectives?
- What is the organization's desire for, and ability to create, business cases or other criteria for selecting the best projects?

- Who are the key stakeholders and what are their goals? What matters most to them in terms of the EPMO and project-related reporting?
- What is the organization's relative balance between project management processes and project results?
- What is the organization's view on having a highly structured methodology – e.g., documents for every possible artifact and multiple formal checkpoints -- versus having projects that move efficiently through the project lifecycle?
- How would or should the type and nature of a project (e.g. business process improvement versus technology implementation) impact the above considerations?

Understanding cultural considerations, using common sense, and executing against the agreed answers to these questions are keys to implementing a successful EPMO. They are also keys to cost-effective EPMO and project execution. Without a strong EPMO and effective application of the “right” policies, processes, and project management principles for the organization, the total project cost can be high without achieving meaningful and desired benefits.

### **Conclusion**

An EPMO can help banks and other FSI companies to achieve their organizational objectives and optimize use of human, financial, and other resources. However, to achieve those outcomes, establishing an EPMO should not be undertaken in isolation. It needs to be undertaken with knowledge of the particular context of the organization's strategic objectives. As is the case with any solution, one size does not fit all, and a highly successful EPMO structure that worked for one organization may not work for another.

Therefore, in establishing an EPMO, it is important to understand the organization's strategy, culture, the type of projects undertaken, the appetite for more (or less) structure, and past history with project implementations. Gaining this understanding should include a thorough review of how projects are currently proposed, initiated, approved, prioritized, and ultimately executed and monitored. Knowing this will lay the groundwork for determining key characteristics for structuring the EPMO and ultimately, the success or failure of each project and the EPMO itself.

*H.B. Dewberry and Randy Hostetler are both Managers in the Financial Services Practice at Hitachi Consulting. H.B. can be reached at (919) 358-9196 or [HB.Dewberry@hitachiconsulting.com](mailto:HB.Dewberry@hitachiconsulting.com). Randy can be reached at (804) 909-3792 or [RHostetler@hitachiconsulting.com](mailto:RHostetler@hitachiconsulting.com).*

*Hitachi Consulting, a global consulting company with operations in the United States, Europe and Asia, is a recognized leader in delivering proven business and IT strategies and solutions to Global 2000 companies across many industries. With a balanced view of strategy, people, process, and technology, we work with companies to understand their unique business needs, and to develop and implement practical business and technology solutions.*

*Our Financial Services Industry practice works with U.S. and global leaders in the banking, payments, wealth management and insurance industries on assignments related to:*

- *business and technology strategy*
- *customer segmentation and channel optimization*
- *merger integration*
- *strategic business intelligence*
- *business process change and*
- *implementation of business and enterprise technology solutions*

*The professionals in our Financial Services Industry practice include senior consultants across the U.S. with prior industry experience and deep subject matter expertise who work collaboratively with our clients to create value. More information on the firm is available at [www.hitachiconsulting.com](http://www.hitachiconsulting.com).*