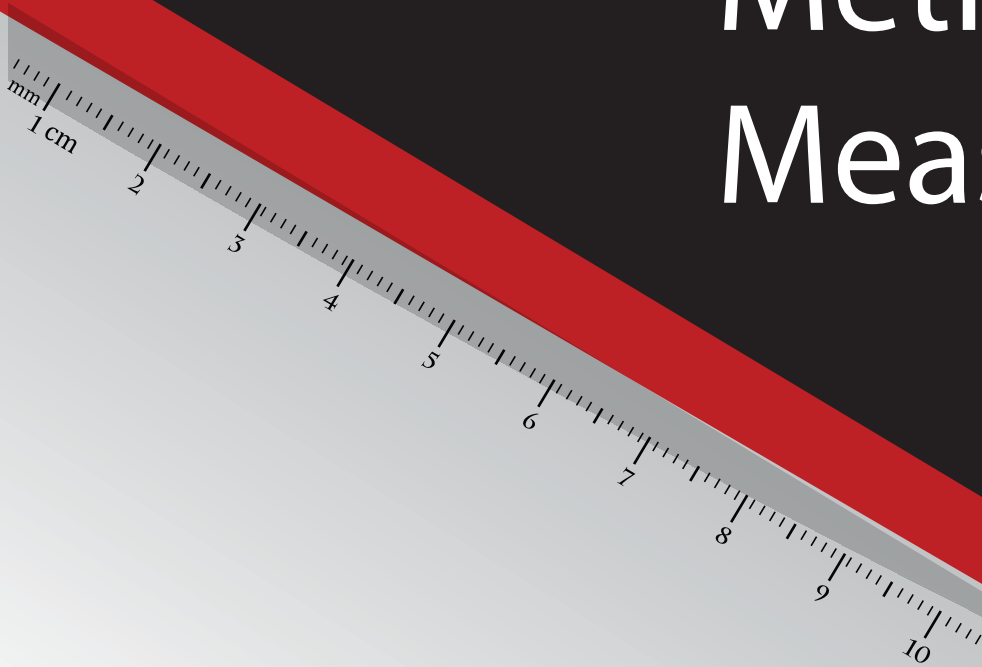


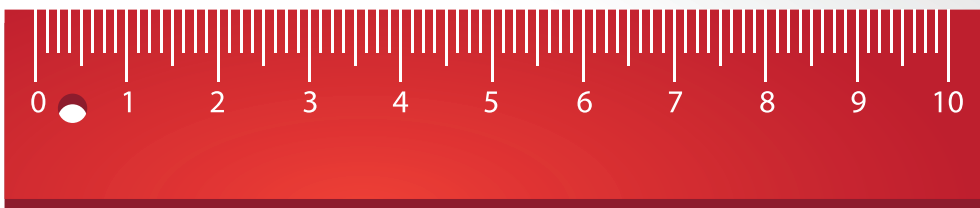
PMO Flashmob: Inside PMO

PMO Managers Lunch Series

PMO: KPIs, Metrics and Measures



Spring 2019



pmo flashmob

pmo flashmob
www.pmoflashmob.org



The Conclusions

1. The business is not interested in the minutiae of naval-gazing PMO metrics. What they're interested in are the metrics that show them the goals for the delivery / change side of the business are being met.
2. The PMO has a bigger role to play in helping the business to initially define metrics for portfolios, programmes and projects and ensure they are aligned to business KPIs and metrics.
3. Focusing on metrics to demonstrate the value of the PMO has limited benefit to the PMO and the business.
4. Time is better spent developing metrics which focus on the performance of the PMO, enabling the PMO Manager to work on improvements in the key areas.
5. Numbers are not enough. The PMO needs to unpack the numbers and give them meaning by providing narratives, stories, insights and actions to help to demonstrate what the metrics really mean and how to improve on them.
6. Organisations should stop focusing on the *value* the PMO brings to the organisation and focus more on the *influence*, *impact* and *contribution* the PMO makes to the organisation.
7. The delivery of PMO services can be measured by the use of Service Level Agreements (SLAs)
8. The Objectives and Key Results (OKRs) framework is a useful approach for setting goals for the PMO.
9. The ability to gain insights from metrics requires that project data is clean, consistent and maintained.
10. Do we need to accept that some 'value' metrics need to be done in some organisations where an initial business case was created to justify the PMO in the first place? If so, the collection and reporting of these value metrics should be limited to the early years of the PMO.
11. Ensure the metrics the PMO reports on are still needed; are aligned to stretch goals as the delivery organisation matures; are simple and focused - choose a few that really show what the business needs to know.
12. If your PMO is fairly new, don't worry about KPIs for now, concentrate on collecting consistent data and learning how to interrogate it.

PMO Flashmob: Inside PMO

November 2018 and PMO Flashmob headed to Manchester for the fourth PMO Manager's Lunch, eleven PMO Managers joined us to discuss **"PMO KPIs, Metrics and Measures"** and now we bring the findings to you in this latest Inside PMO Report.

We choose themes for the PMO Managers Lunch based on current challenges that PMO practitioners are facing. A prominent one over the years has been about measuring the value a PMO provides to an organisation.

There have been countless discussions about this both at PMO Flashmob and in the wider PMO community and inevitably discussions have moved onto the challenge of providing evidence of that value.

Metrics and measures have been touted as a popular way of proving a PMO's value yet there are both pros and cons with this thinking. We wanted to find out what real practitioners in the PMO field were doing in this area and why they had opted for their approaches.

Before getting into the report there are a few things that needed clarification. The first, we wanted to find out from the PMO Managers about their views on metrics and measures in relation to the success of the PMO.

The second is to define what we mean by KPIs, metrics and measures. There are a number of terms used throughout the report and we start with making those clear first.

Finally, there are resources that don't work so well in print so we have made some additional resources available for download on the website.

You'll find those on the page where the report is available for download:

WWW

pmoflashmob.org/inside-pmo-metrics-measures/



This report provides those insights from the fourth PMO Manager's Lunch held on the 20th November 2018.

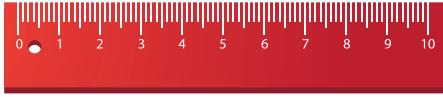
The PMO Manager's Lunch is a PMO Flashmob Plus event. With PMO Flashmob there are great conversations amongst different types of PMO people and this event gives us an opportunity to bring together leaders of PMOs - PMO Managers to discuss PMO topics which are relevant today

It is an opportunity for PMO Managers to talk to other PMO Managers in different industries. We also wanted the opportunity to understand what is happening in PMOs today - PMOs in the real world

We are also conscious that there is not a lot of PMO benchmarking available, either formally or informally and this is an informal benchmarking opportunity which brings insights that others from within the PMO community can share and use

Previous reports which have focused on portfolio management; resource management and Agile PMO can be found on the PMO Flashmob website: Inside PMO

Terms Used Throughout



What do we mean by KPIs, Metrics and Measures?

Firstly, it is important to clarify some of the key terms and acronyms used throughout the report. We are aware that they have many dictionary and localised meanings, but in this report they mean the following:

METRIC

– a qualitative or quantitative standard or dimension that has an associated scale indicating how it can be measured

MEASURE (noun)

– The qualitative or quantitative value on a scale derived from taking a measurement. (NB: Outside of this report, this term is often used interchangeably with the word METRIC.)

For many organisations, they have defined the metrics and measures that they wish to use and this has led to some additional acronyms which are also used within the report:

KPI (Key Performance Indicator)

– a defined metric relating to an objective of the organisation e.g., for a PMO objective of ensuring all projects are appropriately governed, one KPI might be the number of projects with trained sponsors.

OKRs (Objectives and Key Results)

– a cohesive framework of objectives and KPIs for part or all of an organisation.

KRA (Key Results Area)

– critical areas of the business that may not have specific objectives and KPIs are required.

The table below gives very simple examples of measures, metrics and indicators:

Measure	Metric	Indicator
Cost	Pounds	Monthly Costs
Time	Hours	Hours to Complete Task
Quality	Errors	Number of Defects per Day
Quantity	# of units	Total number per period

PMO Managers:

John McIntyre - Ticketmaster UK
 Anke Bysouth - CAFOD
 Lain Burgos-Lovèce - Manchester Uni
 Tim Crawford - Freshfields
 Carey Leach - Rackspace
 Sarah Carroll - Arriva
 Nicole Reilly - Independent
 Stuart Dixon - Independent
 Chris Walters - Independent
 Matthew Milsom - Independent
 Ken Burrell - Independent

Hosts: Lindsay Scott & Eileen Roden



“There’s an argument that not everything that matters can be measured. Not everything that can be measured matters.”

Albert Einstein said, “Not everything that counts can be counted, and not everything that can be counted counts” and our PMO Managers were quick to use it in relation to metrics in their businesses today.

Whenever metrics are discussed in relation to PMOs, the conversation immediately jumps to metrics in relation to the value of the PMO. The initial challenge of ‘should a PMO be measured?’, quickly turns to ‘should the value of the PMO be measured?’, ‘what is the point of measuring the value of the PMO?’ and if it can, ‘what metrics can be used to measure the value of a PMO?’. Further reflections also leads to ‘is measuring value a measure of PMO success?’.

This inward focus leads to further discussion; who cares if the PMO is measured? Surely the organisation is more interested in whether its programmes and projects are successful and whether they are aligned with their strategy – outcomes that the PMO may be able to contribute to.

For our PMO Managers that has meant starting at the organisation level to understand the business goals and how they cascade down to the change part of the business and ultimately to programmes and projects.

This has also meant that the main focus for PMO metrics and measures are predominantly ones which focus on portfolio, programme and project (PPM) metrics.

The PMO could spend time unravelling the PPM metrics to show where the PMO has directly contributed to the measures but what’s the point?

The effort from the PMO should be focused on how they influence or contribute to those measures; how they track and report on those measures for the business; and how they can bring further insights from what the measures are really telling us.

Measuring the value of a PMO has been a hot topic for a number of years now and it’s useful to think about where this perceived need has come from. There are three, potentially related, root causes:

1. Historical lack of understanding or the role of the PMO and the negative perception of PMOs have led to PMOs feeling the need to explain and justify why they are there.
2. PMOs are typically justified via a Business Case. It follows therefore, that if a PMOs existence is based on a cost/ benefit analysis, it needs to demonstrate/ provide evidence of that benefit and its value to the organisation.
3. Various Best Practice states that you should.

**“Who actually cares?
 In my business, it’s the board,
 they care how the projects
 are doing.
 But they don’t care how the
 PMO is doing.
 So that’s how I manage my
 PMO.
 I drive it according to our
 business KPIs”**

Start with the Organisation

“Let’s start by finding out what’s important to the organisation....”

There are a range of standard corporate metrics that every organisation uses, such as revenue and profit to measure organisation performance. An organisation then typically chooses a range of Key Performance Indicators (KPIs) based on their strategic goals and objectives to measure delivery of their strategy. KPIs will be created for both business-as-usual operations and the change part of the organisation.

The challenge for organisations is to create appropriate KPIs for portfolio, programme and project (P3) delivery, as well as the PMO. PMOs are often well placed to set or inform these KPIs because they understand how project / programme delivery contributes to the strategic business of an organisation.

OKRs

Objectives & Key Results is a framework used for goal setting by some organisations and we’ve included it in the report because it has lots of potential for use by the PMO. This framework works well for PMOs with well defined objectives though there is still the challenge of determining the appropriate metrics. We look at OKRs in more detail later in the report.

Reference: <https://www.hotpmo.com/management-models/okrs>

KRA

Key Result Area was also mentioned and these are often set by managers for the people within their team. KRAs are the outputs from an individual’s work and often used in performance appraisals. The tasks and activities an individual carries out will have a link to the overall work the department is carrying out and therefore a direct link to the Key Performance Indicators.



Portfolio, Programme and Projects

The KPIs for change will quite rightly focus on the portfolio, programmes and projects within it. The goals that are usually the most important for the business include choosing the right programmes and projects to meet the business strategy and delivering them successfully. There are many metrics available (we have a selection available on the website) which can be chosen and the PMO can make recommendations on the most appropriate for their business.

Our PMO Managers discussed the implications of separating portfolio/programme/project metrics from those of the PMO and by large, agreed that whilst the PMO can’t take the programme or project success as its own success there is certainly two areas the PMO can do. First, the PMO can highlight its impact on those successes as it, secondly, continues to track and report on them for the business.

Do metrics such as, “% of project managers trained in process X” provide any useful and meaningful insight for the business?

The PMO Managers had found in their experiences that you often start out by wanting to show the effectiveness of the PMO and introduce a whole manner of metrics. Over time these become redundant, the business is not interested in the minutiae of naval-gazing PMO metrics. What they’re interested in are the ones that show them the goals for the delivery / change side of the business are being met.

PMO Metrics in Context

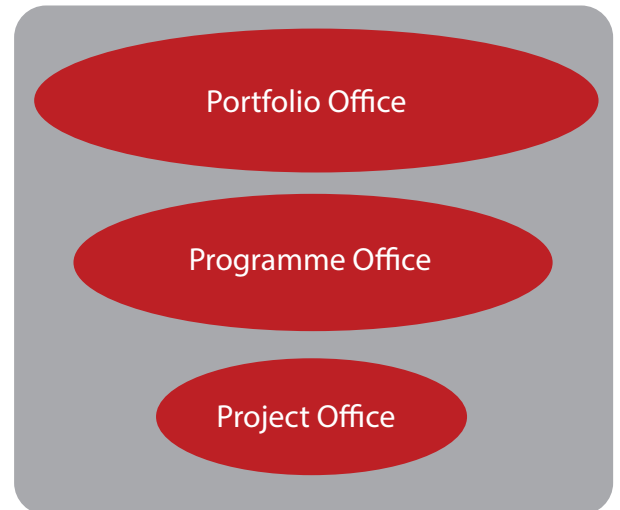
Our PMO Managers talked about the importance of the different Ps of PMO when it came to deciding what metrics needed to be place.

The metrics at a Project Office level should be aligned with the project and, similarly the Programme Office with the programme. It also follows that the metrics of the Portfolio Office or Enterprise PMO should be aligned with the portfolio but it is worth recognising that the metrics here have the potential to be wide reaching, looking at the entirety of delivery happening in the business and the different factors that are contributing to success. We've included the different metrics on the website for you to take a look at. See earlier in the report for the link.

One further key influence for PMOs is whether the Project Managers reside in the PMO or not. If they are (which seems to be a very US model and found in a lot of SMEs too) aligning PMO metrics to project performance makes perfect sense.

This demonstrates how the configuration of the PMO and where it is situated within the PMO topography has a bearing not only on the metrics of the PMO but also how easily it might be to collect and report on them.

"I can't think of a situation where you can say your programme PMO is been fantastic but your programme failed"



Not Measuring the PMO

So, what are the implications if the PMO's value is not measured? The obvious concern is that if we don't (or can't) demonstrate our value, our PMO will be closed. So, PMOs do and will continue to select metrics that they hope will demonstrate their value. The sticky point seems to be that the quantitative metrics chosen are not really reflective of reality and therefore give a false impression of the PMO. There are lots of examples where the value of the PMO is perceived as high but to reduce it to a metric renders it useless. Here's an example:

... there was a period of time where actually the biggest value that my PMO brought to the organisation was that the executives were coming to us very early on in their thought process about potential projects. In those conversations with the PMO it became clear that they actually don't have a project and there may be better ways of getting to the same outcome with much less expense and time being taken.
Could I have counted that? Yes, so in the last month I could have stopped 10 random ideas from happening that could have kept us busy for years.
Would those things have been damaging both externally and to the business? Absolutely. Did we say save loads of money? Yeah. But what value was that to the organisation? It becomes impossible to tell without doing a load of needless analysis into the potential projects.

There are many more similar experiences from our PMO Managers, many along the lines of it being the interventions the PMO may make in a given situation that makes a difference. One particular insight from one of our PMO Managers was:

"...the measure was, no surprises"

"I asked him how would you measure my success. He said "look, stuff is going to go wrong. But I need to be able to see stuff going wrong not be told that it has gone wrong. So I will measure you on the amount of surprises that come completely out of the blue."

Rather than focus on metrics that measure the value of the PMO, there appears to be greater value in metrics that measure PMO performance. These are the metrics such as customer satisfaction - how happy people were with the service they received from the PMO or 'voice of the customer' and are they receiving the right kind of services from the PMO. Even this is not all plain sailing as we will see when looking at Service Metrics for the PMO.

Service Metrics for the PMO

Ever since the Portfolio, Programme and Project Offices (P3O) and Best Management Practice listed out the typical functions and services of the different types of PMOs, the idea of the PMO being a service provider to the change community has been widely accepted.

The PMO often has a service catalogue which lists the services on offer which the business can then pick and choose from. Some of the services are mandated, reporting say, whilst others are based on personal choice, using the PMO to facilitate workshops for example.

The Service Level Agreements (SLAs) are generally in place so the customer knows what level of service to expect. A lot of the time the SLAs focus on responsiveness, how quickly a service can be expected, say 24 hours turnaround in response to a certain request.

The PMO offering services means there is an opportunity to measure the performance of the services. Whilst providing Service Level Agreements (SLAs) and regularly reporting on those doesn't give an answer to how valued the PMO is, it does give an insight into how it is operating and potentially highlighting areas where performance may need to be improved.

The trick with tracking service metrics is to understand what the real objective is in doing so. Using it as a mechanism to gain customer feedback is all well and good but what insights do you want to receive over and above people saying they use the services and like them. One PMO Manager noted, 'it was all about how busy we were (carrying out the services) rather than the work we were doing' - was it necessary? Should we stop doing something? Start doing something new? Change or improve what we're offering? Those were the insights we really needed.

One PMO Manager summed that up by explaining that it isn't so much about the services offered in the catalogue or the uptake, or how responsive the PMO is in offering them. It's about the benefits from each of the services and what they're offering to the business. Why offer workshops in planning techniques? To improve the accuracy of plans in the current portfolio which in turn enables improvements in resource capacity planning six months down the line.

Timesheet Management is a perfect example, getting them in on time; ensuring the accuracy of the data; getting the timesheet report out on time. The PMO were not responsible for the content but speed of our work and the ability to influence our customers to get it in on time were our key measures.

Value Vs Impact

Can we really measure how valuable the PMO is to the business? Our PMO Managers don't think there can be a meaningful quantitative measure placed on it. Instead, the focus should be on the **impact** the PMO makes to the success of programmes and projects and the **contribution** the PMO makes to positive outcomes.

Impact and contribution are also very difficult to measure which is why our PMO Managers stated that the objective of your own individual PMO is what drives how you choose to show the effectiveness of it. If your PMO is primarily about selecting the right programmes and projects (portfolio office) then the impact and contribution can be evidenced in the successful measures for the portfolio. The same for programme and project successes, the programme or project PMO's impact and contribution can be evidenced in those measures.

The success of the PMO and the success of portfolios, programmes and projects are too closely intertwined to be separated.

"The PMO should be focusing more on the KPIs we can influence, and highlight to the business what kind of influence we have had on those"



" You cannot measure a PMOs value separately from a portfolio, programme or project it is supporting"

OKRs and the PMO

The Objectives and Key Results (OKRs) framework was briefly touched on and we wanted to expand it further here to demonstrate how it could be used for your PMO. We'd like to thank HotPMO.com for allowing us to reproduce their overview here.

Objectives outline a broad, qualitative goal designed to propel the organisation forward in a desired direction. Simply put, it asks "What do we want to do?" Objectives are supported by one or more Key Results – the measures of how well we have met our Objectives. The Objective is a qualitative statement, and the Key Results (KRs) are quantitative.

Setting OKR Objectives

Objectives are the 'O' of OKRs. The Objective is a qualitative statement that establishes a goal for a set period of time, usually a quarter. The OKR framework cautions against setting too many Objectives - between 1-3 is the recommendation. The objectives you set should be:



Inspirational: The kind of goals that inspire you and your team to leap out of bed in the morning and start working straight away.

Attainable: Whilst Objectives should be stretching, they must be attainable. A stretching-achievable objective is a great motivator, but objectives that are not achievable will have the opposite effect.

Controllable: Even if you or your team are working towards a broader strategic goal, it is still important that the OKR is focused on what is within the team's control.

Propels the business to achieve its strategy: Everyone in the organization should be able to explain how the OKR (or OKRs) they are working on are playing their part in helping the business achieve its overarching strategy.

Selecting OKR Key Results

Key Results (KRs) are used to measure progress towards achieving our Objectives. They are Quantitative and are usually expressed as a percentage. The Key Results you set should be:

Aspirational: This is where the element of stretch comes in. This is also what separates OKRs from more traditional forms of goal-setting. The thinking is that if (for example) you have set an objective of increasing sales by 5%, and you feel it is comfortably achievable, you would instead set yourself a target of 10%. As you progress through the quarter, you can regularly check your KR to see how you are doing, whilst challenging yourself to hit your target. But what happens if you don't hit your 10% objective? What if you only hit 7%? This is what OKRs are all about! By setting a stretching target, you have achieved 2% more sales than your original Objective. With OKRs, it is not about hitting 100% all the time. In fact, hitting 100% all the time suggests you are setting goals that are not stretching enough (sandbagging).

SMART: KRs need to be specific and measurable. As Marissa Mayer, CEO of Yahoo!, notes "It's not a Key Result unless it has a number".

Progress driven: Key Results are measured throughout the quarter. It is massively rewarding to see how you are moving the dial week-by-week, sprint-by-sprint, release-by-release. Seeing progress is a great motivator and spurs the team on to hit their OKRs. Where you set KRs that are binary, or where the result can only be seen at the end of the quarter, you rob yourselves of a key motivator and a regular check-in opportunity.

An example of an OKR that a PMO may set for itself. The objective is a qualitative statement that gives readers a clear understanding of the direction the PMO is moving in. It is an Inspirational statement - who wouldn't want to work in a PMO that people WANT to engage with?

Progress with the OKR is measured with five KRs. Crafting these should be a collaborative process involving the team. Each metric is progress driven - the team can check progress throughout the quarter, rather than waiting until the end. They are specific and each KR can be expressed as a percentage. For KR3, the team decided

to specify a minimum attendance rate to avoid negative behavior. If the metric was simply to 'Run 3 lunch 'n' learn sessions, it would be simple to run these and award 100%. But if no one turns up to the sessions, then the KR does not show that the PMO is putting on lunch 'n' learn sessions that that people genuinely want to engage with.

O	Develop the PMO as a Center of Excellence that people WANT to engage with	Score
KR1	All Members of PMO complete 15 hours of personal development	50%
KR2	Fresh, informative content added to the PMO business facing wiki every day	60%
KR3	Run 3 lunch 'n' learn sessions with attendance of 10 or higher	33%
KR4	Satisfaction survey score of 8.0	70%
KR5	'Drop Ins' increase by 10%	80%
Overall Objective Score		59%

KRs measured as percentages

Average of all KR scores

What Metrics for the PMO?

We asked the simple question; what metrics does your PMO provide today? We wanted to find out what the single most important one is within their business and to gain an idea of how different and diverse they may be depending on the type of business and the type of PMO they manage. Here's a selection:



- Demand for resource across the portfolio is matched by the supply of resources across the organisation
- Risk loading - what is the level of risk we are carrying at any one time
- The completeness of the strategic portfolio of change - is everything there?
- The portfolio of work and how they align to the organisation's strategies
- The number of resources working on strategic projects Vs less relevant projects or pet projects.
- The cycle time of projects
- Focusing on the right projects and reducing work in progress
- Reducing the number of resources working on multiple projects
- Reducing project dependencies across different countries
- Reduction of waste of effort in scoping projects.

Check the website for more examples of metrics and measures

All of these examples were based on the ability of the PMO to give insights that help the organisation make the right decisions. The advice from each of the PMO Managers is to ensure that the PMO can provide these insights by maintaining project data. It's the biggest hurdle to ensuring consistency and accuracy of the numbers and insights the PMO is providing.

Ensure your project data is clean and properly maintained.

Our PMO Managers also shared that the metrics are chosen based on what is important to the business. That means they change depending on what is happening in the business. What might be important in one quarter may not be the next. That's a job for the PMO to ensure the right metrics are selected and that means understanding the bigger picture of what's happening in the business.

Ensure the current metrics reported on are still needed.

"The environment will change all the time, so as soon as you get your KPIs sorted and start measuring them. You need a meaningful track for that data.

But by the time you have a perfect track the world has moved on."

As your organisation becomes more mature at delivering portfolios, programmes and projects, there is less need for certain metrics and measures. The basics of project success such as % of projects completed on time will become normalised and give way to more advanced metrics which measure much larger and more difficult to attain goals.

Ensure the metrics chosen are aligned to stretch goals as the delivery organisation matures.

All the PMO Managers agreed that keeping the metrics and measures as simple as possible whilst still giving the business the insights they needed is the way to go. In some PMOs that translated to single metrics - for example; the change portfolio to be delivered within budget. In other PMOs keeping it simple meant focus. Choosing just a handful of measures was described by one PMO Manager as the Fat Rabbit and the Hawk.

Ensure the metrics are simple and just choose a few that really show what the business needs to know.

Fat Rabbit and the Hawk

Here's how the story goes. When hawks are flying around looking for lunch and there is a rabbit running around, they go in and kill it. It's game over for the rabbit. If there are two rabbits running around, the hawk goes hungry because it cannot focus on two rabbits running around in different directions.

The moral of the story is about focus. If the organisation really focusses on the most important goal or objective, each person working in the organisation can then understand what the priorities are.

A clear message about the goal is needed so that people don't get overloaded and work on several, conflicting priorities to help achieve it. Focus is needed, and with one fat rabbit people can do exactly that.



PMO Storyteller

The Fat Rabbit was a typical example of our PMO Managers ability to convey information or insights using story. Storytelling came up a few times in relation to the PMO providing, not only the mechanisms of measurements and the resulting reports but also the ability to convey “great, actionable insights.. that aid decision-making.”

The real value of the PMO is not in providing data and metrics to prove its worth and existence. The real value is in providing the right data, converted into information, where sense-making and insights can take place which lead to action being taken - on the things that really matter to the business. When a PMO is asked to report on metrics, it's often the narrative around those numbers that really make a difference - a value-add service if you like.

Data storytelling is a skill which has been creeping into the reporting and data analytics part of the PMO role recently and the PMO Managers here think it can be used well in metrics reporting.

“That’s how you get the information across, you begin to unpack the numbers then you get to give them meaning through the story, to give the numbers a link to what the organisation really wants to achieve.” The storytelling skills enable the PMO to bring to life the quantitative data and allow the nuances of what is driving the data to become visible.



“We don’t know it all, we’re human, so we count to try and make sense of the world but then we tell stories to make sense of the numbers. But if we only tell stories then we miss the numbers so that’s why we count.”

“The word **performance** comes from a very old French word, *parfornir*, which means to complete, accomplish something, flourish. It’s a process that takes you there. The word **indicator** comes from the Latin word *indicātor or indicō*, which is to point out or show. So I think what it is telling us really, the truest sense of the words, what Key Performance Indicators are.

What key things do we want to show, that tell us whether something is flourishing and brought to completion.”

In a world of monthly standardised reporting how can we tell the story? And do that regularly?

First steps are to add **context** to the report, for example; in a portfolio report, this is where we said we would be and this is where we are. That’s giving context against plan. It could be spend breaks against plan or spend plans against where we were last year with the same number of people or more people. You need something to anchor the numbers against, something that can be referred back to.

Adding ‘are we getting better or worse than last year?’ and driving to understand why that is. Understanding the business, understanding the changes in the business and understanding why last year is different to this year - the PMO needs to understand the context first.

You can include a **headline** measure or trend in the report and then drill down to subsidiary measures that are contributing to that headline. You begin to add the story in with the analysis you’ve carried out and then begin to ask the question - so what? The headline can change each month, bringing focus to a different trend or KPI. You need to keep monitoring to see if anything looks out of place that needs further attention. The stories need to be about the exceptions, the things to be concerned about, not whether the project status is green. They could also be about successes as we can also learn from those and motivate others.

Alongside great visualisations and a commentary there is often one bit that gets forgotten about - the **call to action**. What do you want people to do now you’ve given them the context; insights and analysis? Giving options about the way to go next, present different scenarios on how things could play out. It’s about moving people to take action based on the story.

“Whenever you try and use metrics in the world in black and white or RAG status you also have to factor into the story the experience that surrounds it.

“I think that as an industry increasingly talking and reducing it to just the numbers, we are missing the point completely. And I think I would be quite worried as a PMO professional if we kept perpetuating that”

The Story

Let's practice what we preach and bring you a story about one PMO Manager's journey with metrics. They recount their experiences in starting a new role with an existing PMO. Are you sitting comfortably? Then we shall begin...

When I first joined the organisation there weren't any KPIs but some things were being tracked, for example, how many projects are red, compliance with the Handbook, timesheets and all that stuff. Lots of data and you can see that it was a lot.

I wanted to change that so we started using this as data to mine (interrogating data sets to glean information and insight, not necessarily against specific KPIs) rather than to continue just tracking and reporting with it.

The metrics we now have started with the four things that we think are important, and we're not quite there yet.

1 **Asking the PMO customers how satisfied they are** and we rate that through smileys. That's how scientific it is, no numbers just 3 smiley faces. And then we ask the follow up question, what can we do to help you now?

The next important one is cycle time. We're trying to move away from projects being red or amber and moving to understand the flow, the pipeline of delivering things, like a production line. So you put things in at the front and they come out of the other end hopefully. **We wanted to see how quickly projects were being delivered** so we used flow metrics. I have found something, what I started to call, ghost projects. They were in the register and they would come in and go on hold, and they would live on hold and then they would be cancelled. So they never ever became anything. This metric was of interest to the organisation and as a PMO we can start digging and asking the questions about these ghost projects, why they were happening and what the impact of them was.

3 **was all about risk load.** If you have a risk log and you assume that you have three ratings in it. One is your inherent risk, one is residual after you have applied some control and the third is the target risk, the desired optimal level of risk. So if you look at the residual risk, for all the things that you have in your pipeline you just add up the number, say you use a 5x5 risk matrix, it doesn't really matter because once again you're looking at the whole picture. So you have all that and you also measure the ratio between reds, greens and ambers and that's it, just two simple measures. Those are your risk load for your pipeline of projects. You're not highlighting what each project's risk is, it's about the whole thing, all of the projects in the pipeline.

Below that, you have things you can do as a PMO, constantly challenge why some things don't get any attention. There are risks that nobody looks at for weeks on end so they're not being managed. You can highlight those. Others you look at the age, so it's about going deeper and looking at segments of the data.

The final one is waste and in this case, for now, we are just measuring wasted time. So that would be delays or things that don't actually need to be done. For example, with weekly reports there's a lot in them that indicate waste. We have changed the weekly reports to be not about red meaning a milestone will be missed. What really matters is what is outside the control of the Project Manager that needs escalating. And who are you escalating it to? And has anything been done about it.

So as a PMO our role is to chase and make sure that the escalation takes place. And the answer comes back and you just make it happen. You can track how long they have been waiting, that's waste. If a project goes on hold because someone can't decide on something? That's waste. Because you are just waiting, it's just waiting time while your pipeline is idle. "I want the organisation to be worried about waste and ultimately eliminate it"

So by looking at those four things we have a starter kit really and can start to find out what's important to the organisation. For our PMO its, 'lets start to show them we can be the mirror, show them what's happening and how we can do things differently.' **It's about the PMO making things happen, making things move. Actually that's the metric, how you measure making stuff happen.**



Your Own Performance in PMO

We've looked at performance indicators in relation to the business and PPM. What about you as an individual? How do you know you're successful at what you do as a PMO Manager? Apart from the glib responses about being paid, not getting sacked or having a contract terminated, the PMO Manager's answers were all subjective ways of measuring success.

I get asked about more things than I did last month. People say 'what do you think about this? Shall we do this?'

I just ask, "do you think I'm doing a good job?" The voice-of-the-customer stuff is hard to do, but you get straight to the point.

I get Project Managers coming in to ask if they can talk to me about a problem they are having, they think I can help.

Talking about our own successes led to the problem of some indicators being subjective - like beauty, success is in the eye of the beholder. Indicators which don't carry a number associated with it are often overlooked, yet some of our own biggest successes don't have a £ mark or percentage attached. The danger comes if you cannot agree the measures you want for your own role and your own performance, which in turn has an effect on the type of PMO you are operating as the manager.

Our PMO Managers have had experience in their own careers where the wrong metrics were set on the PMO and their performance; "when you're being measured on something you intrinsically don't care about and it's not something you want to get behind for yourself or the PMO you're managing, you're probably going to find another a PMO to manage"

Another question raised was, "do you ask about PMO success when being interviewed for a new role?". Even though they had experience of having the wrong measures on themselves and their PMO, it wasn't something that was mentioned before taking up the role. It's something to bear in mind for future interviews.

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Further Insights for the PMO

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If you look at the HR department as an example, their metrics are all business focused ones like employee turnover which have nothing to do with how the HR department *do* their job. They are metrics that are measured and reported by the HR department, but are they accountable for the turnover figure based on the service they provide? Are KPIs about being held to account or about helping the HR department to turn their attention to the things that they can do to be part of the solution which impacts the turnover figure? The metric is provided by the HR department but does not represent their work; it's a metric they have to produce for the rest of the organisation. The PMO is operating in a similar way. It's OK to only report on, for example, portfolio success without beating ourselves up if we don't publish PMO navel-gazing metrics too.

“A metric needs to drive a legacy, not just a point in time measure”

Using Theory of Change

Utilise tools and techniques that the organisation is already familiar with. “So in international development there is a thing called the **theory of change (ToC)** where in particular complex situations and context, what you try to do is map things out a little. Where you say well if we do this, this might happen, as a result of this, this might happen and here's all the assumptions that we are making underneath.

We were starting to reshape the PMO and we worked through what our theory of change is for our PMO. And that included things like:

We think that by taking some of the basic coordination and making information more readily available sponsors will be more likely to want to work on projects. By training people and helping them to understand what project management is all about we think that they are more likely to participate and deliver project related work. We also spelt out the assumptions like people want to work for the greater good of the organisation.

What we also learnt was that the training one was a complete fallacy. Training did not help anyone work more effectively on a project. What would help them learn better on a project would be to believe in the project and have the support of the supervisor to do so. ToC leads you to look at patterns, challenge assumptions and look at different interventions. We had to look for patterns and then a couple of times a year we got together with a representative group of people involved in projects throughout all levels of the organisation and we did a meta lessons learnt review together with all of them. I think understanding the business you're in, how you're making a difference to your team or to your organisation and then being able to pinpoint what you want to test and whether it is truly working.”

Theory of Change is a specific type of methodology for planning, participation, and evaluation that is used in the not-for-profit and government sectors to promote social change. Theory of Change defines long-term goals and then maps backward to identify necessary preconditions.

Wikipedia

“Potential metrics are around are we improving capability and are we improving the organisation”

Evolve Your Measures and Metrics

At the lowest level of PMO maturity, measuring the ‘service levels’ of the services the PMO is providing is a good first step. As the PMO becomes more established, increased capability and ultimately becoming more mature in what it provides to the business, the measures become harder to quantify. There can also be sliding scales of maturity within the delivery organisation too.

“I think there is an element of where are we in our project or programme delivery journey. Do we have a team of very qualified people who can go out and deliver projects or are we starting from scratch and learning what do we need to do.

“There are different levels of maturity at project levels and also within the sponsorship that comes with that. For the PMO that means differentiation within reporting on the metrics, it's not as straight forward as measuring one programme or project against the next. It is trying to understand the context of those and deciding on the response or intervention.”

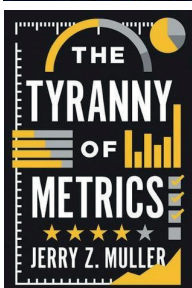
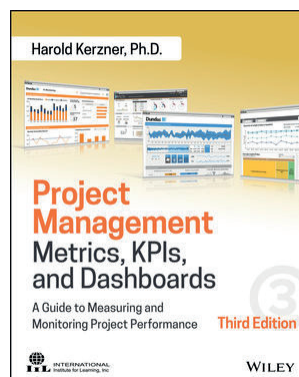
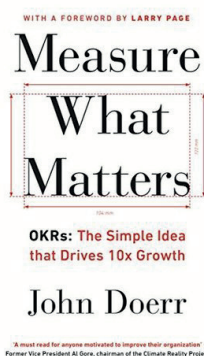
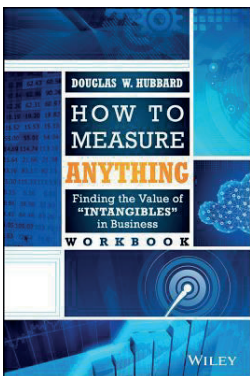
There are times where you start measuring certain things which are in effect issues. Once the issues become stabilised we then move onto something else that needs potential intervention and that's where you start to move up the maturity continuum.

The Advice

The PMO Managers looked back over their experiences with KPIs, Metrics and Measures and were asked, if you're just starting out with all of this, what advice would you give to people who were new to it all?

- Go to the person who is asking you for the metrics (if nobody is asking you for the metrics then don't sweat it) ask them: what are they going to do with it, what are they going to use it for and how is it going to help them. Get the context.
- Ask them what insight they are hoping to gain from the metrics; it's less confrontational than saying why.
- Learn to ask the right questions of the people who are asking for the metrics and periodically find out if its still relevant. Do the sense-checking every quarter to see if the metrics you're collecting are still needed.
- Keep abreast of what's happening in the business and what is changing. Keep your ears open, ask questions, identify the hotspots by speaking to stakeholders and senior management.
- Remember that numbers are not insights, without the insight, the numbers become worthless. It's not about how big the number is but the story around it. Explain the numbers, give the insight and add the call to action.
- Be prepared to challenge metrics and measures that don't help the business move forward. Don't collect metrics just based on what the textbook says, they have to be aligned to what the business needs to meet its goals.
- Top questions for metric alignment; is the metric strategically aligned; do you understand how the metric will help us deliver our organisation's strategy; do you see the link and do you see what you are doing helps move the business forward?
- Top questions for ongoing metric reporting; are you still convinced that you are delivering value to the organisation with the tracking and reporting?; is the metric tracking and reporting process well defined and designed (are improvements needed?); and is the process being delivered well - are we giving the business what they need?
- Remember the Fat Rabbit; try focusing on the one metric that will really help your sponsor (Project Manager, Programme Manager, Senior Exec etc)
- Remember that the metrics you're tracking and reporting will depend on the type of PMO you're working in. Whatever you're aligned to - project, programme, portfolio. See the website for examples of metrics for different PMOs.
- If you're looking for metrics around the PMO itself, consider service level metrics. These will give you insights about how the services are being used and where performance improvements maybe needed.
- If your PMO is fairly new, don't worry about KPIs for now, concentrate on collecting consistent data and learning how to interrogate it. Start with the basics; do you collect data consistently and is it recorded well?; is it in a place where it can be access?; can you do basic analytics with it to see trends for example. Without this you can't provide the data-driven insights.

Book Recommendation



This selection of recommendations takes in specific project metrics; OKRs; KPIs; how to measure the intangible and a new book which looks more broadly at metrics and measures and the damage they can cause and how to fix it.



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PMO Manager's Dinner

KPIs, Metrics and Measures

Tuesday 20th November

- Introductions
- KPIs, Metrics and Measures
- Why do we measure?
- What do we measure



- Who are we measuring for?
- And who actually cares?
- How do you know you are successful?
- What was the impact of measures?



- What happens when there are no measures?
- How do you measure?
- When do you measure?
- Where do the outcomes get discussed?



- Places to go for help - resources
- Advice for newbies

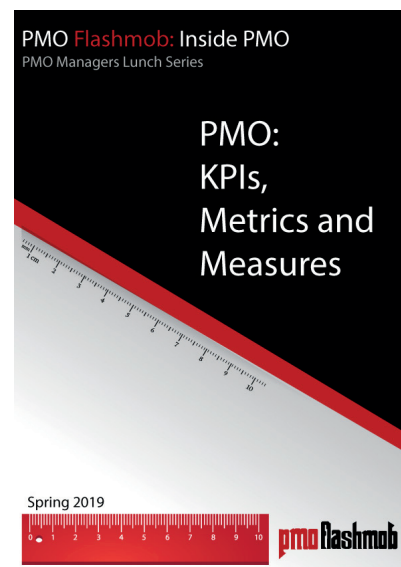
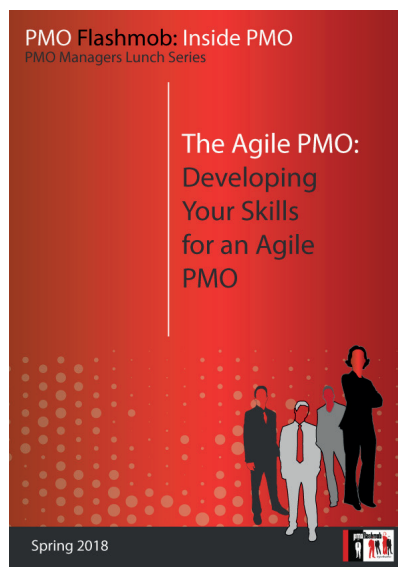
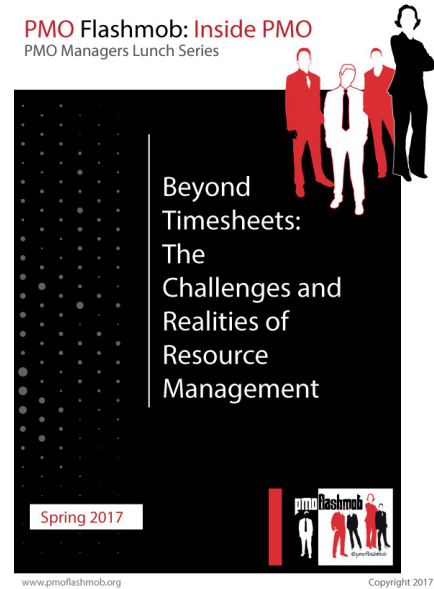


pmo flashmob

PMO Flashmob: Inside PMO

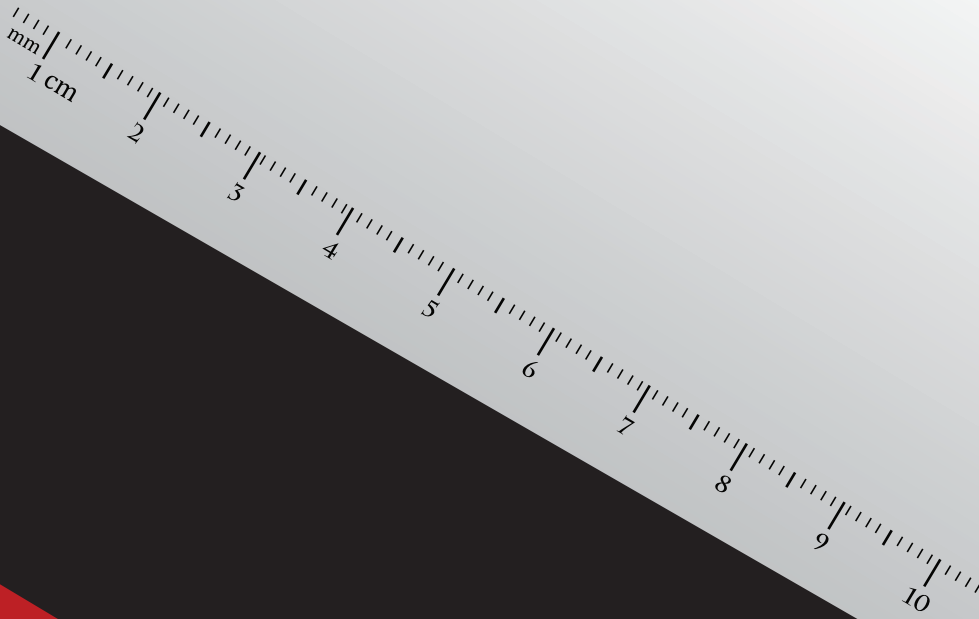
Enjoyed the report? Take a look at the previous reports available which cover portfolio management; resource management and Agile PMO.

Available to download at: pmoflashmob.org/inside-pmo/



Did you know that there are lots of video sessions; articles and presentations from previous PMO Flashmob sessions that are available for you to access? Visit PMOFlashmob.org, sign up and access the content.

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