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Aligning Project Management Office and Strategy: A Brazilian Case Study

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INTRODUCTION

In the turbulence of the new economy, characterized by discontinuous, abrupt and sometimes unmanageable changes, companies should be able to make fast and responsive actions and innovative strategies in order to survive (Hamel, 1996). The great majority of companies already has this information and prepare themselves to compete in this new era through the elaboration of daring strategies, although feasible. According to Porter (1996), the strategy essence remains in choosing activities to be made in a different manner or in the execution of different activities in relation to the competitors. What happens, many times, is that the strategies are not put in operation because they do not arrive until the lower organization's hierarchical levels or because they don not have an ideal medium to implement it. So the strategic planning in a business environment could be defined as the process of creating and implementing decisions about the organization future (Kerzner, 2001).

Another concept actually in use is the project management. Today, a management strategy that uses the operational unities to carry out the work, check the efficiency and send information to the senior management, is necessary. The project management methodology could do all this work and is the way chosed by many companies to manage their business critical aspects (Cleland & Ireland, 2000). These authors argue that the projects can unify the strategies and spread them to the corporation areas.

Besides that, Platts & Mills (2002) argue that a successful process of creating strategies is more than a sequence of steps; it needs other characteristics, such as a good project management.

PMO (Project Management Office) consists in a structure devoted to the application of the project management concept inside an organization; it could also assume different functions in the company: from a simple group to help to control projects, until a company department that control all the projects managed by the organization.

A well succeed project management require the fulfillment of the lacuna between the company vision and the ongoing projects (Dinsmore, 1998). That's the way the PMO, structure that applies the project management concept inside an organization, could help to change the company strategy into results through the project management. It could help to get and evaluate the information, in the evaluation and selection of the strategies and in the control of the implementation strategies through the successfully execution of the projects, resulting in the fulfilling of the organization goals.

The main objective of this work is to analyze the PMO's role in the transformation of the enterprise strategies in results through the company's projects. The idea is also to verify the alignment among PMO configuration and company's strategy. The adopted methodological approach was case study, performed in a Brazilian telecommunication company.

ENTERPRISE STRATEGY

Challenged by the changes in the markets and because of the aggressive competition, the companies learned to be flexible to quickly answer the competition. Searching to gain efficiency, the management best practices were accumulating more importance (Porter, 1996).

Porter (1996) argues that, although the operational efficiency is necessary in the competitive scenery, it is not a strategy format and can not replace it. A company can surpass the performance of other competitors only if it can establish a competitive advantage that could be perpetuated. For this, the company should try to deliver value to the client, to create value for itself with the lower costs or make both.

The operational efficiency fits some companies worried in measuring performance. Deciding for a strategy is difficult, trade-offs could scare and choosing a position have a risk to make a wrong decision. In this environment, the strategy seems to limit the growing of the company, because in choosing a group to server, it is abdicating the revenues generated from the excluded groups.

A strategic vision does not means a statically vision of the competitive environment and one company could change its strategy if there is a significant change in the sector's structure. Besides that, choosing a new position should be drive by the ability to make new changes and develop a new system of complementary activities to obtain sustainable advantage.

PROJECT MANAGEMENT

Project management was developed as a leadership concept of interdisciplinary activities with the objective to solve a temporary problem. This characteristic permits the project management to reach a high degree of innovation in the presented solutions to more complex's works (Litke, 1995).

According to the Project Management Institute, PMI (2001) a project could be defined as a temporary endeavor to create a unique product or service and project management could be defined as the art of coordinating activities with the objective to reach the stakeholders expectations.

The project management is each time more present in the agile and flexible organizations and companies all over the world are sending their workers to make training with the objective to improve their control over projects. So the project managers are becoming much better in complete their projects on time, under budget and according to the scope. Beside that, there is an emergent worry that project management should be controlled in the organization level and not in the individual. Recognizing this, recently there is a great effort in the direction of creation and maintenance of a department called Project Management Office (Hallows, 2002).

PMO: PROJECT MANAGEMENT OFFICE

There are many structures of project management that are used to manage projects nowadays. Probably the most successful one is the PMO. The concept of the PMO appeared in the final of the 50ths and beginning of the 60ths (Kerzner, 2001). The PMO is a structure that worries with the application of the project management concepts inside an organization.

The PMO can be defined as an organizational entity established to help the project managers and the project teams in the implementation of the principle, practices, methodologies, tools and techniques of project management (Dai, 2001). It presents itself as the most robust structure to conduct the activities of a project (Litke, 2002).

Many organizations, big and small ones, are realizing the benefits that a consistent control over their projects can offer (Hallows, 2002).

Besides that, it is necessary to take lots of care not to transform the PMO of a company in a purely bureaucratic department. Burghardt (2000) says that a PMO should not transform itself in a merely paper accumulator and distributor.

PMO CONFIGURATION AND THE STRATEGY ORGANIZATION

Models of PMO

Dinsmore (1998) proposes five PMO models:

- Autonomous Project Team (APT)
- Project Support Office (PSO)
- Project Management Center of Excellence (PMCOE)
- Program Management Office (PrgMO)
- Chief Project Officer (CPO)

When an organization makes some autonomous projects, the function of project management remains inside the project. The font of information about practices of project management, in this case, comes from the past experience and the project leaders practice. All of the project team's costs are allocated in the project. The organization does not deliver support and all the project management functions are made by the project team. The function of this kind of PMO is to manage the project in all it integrity, so, the total responsibility by the project success remains with the project manager.

PSO gives the technical and administrative support, tolls and services to lots of project managers simultaneously, helping in the planning phase, in the conduction of scope changes and in the project costs management. The resources involved are allocated in the projects, both internally and externally, depending of the nature and the contractual structure of the projects. Sometimes, people from the PSO are borrowed during the initial phase or along the project life. The responsibility for the project success does not remain with the PSO, but with the project managers that use their services.

Project Management Center of Excellence is the focal point of experience in projects, but do not accept the responsibility for the project results. It appears as an overhead general expense, which is not allocated directly in the projects. The PMCOE's works is in great part of missionary nature: to disseminate the idea, to convert the incredible ones, to transform the adopted ones in professionals and to be in charge for the methodologies. It keeps open all the information channels between the projects and the project management external community.

Program Management Office manages the project managers and is, in last instance, responsible for the project results. In large companies, the PrgMO concentrate their efforts in the priority projects. The other projects are managed by departments and unities, and receive the support of the PrgMO, as necessary. The PrgMO, by nature, comprehends the PMCOE functions and, in some cases, the PSO functions. To works adequately, the PrgMO needs: power, corporate priority and control in the enterprise level.

The CPO responsibility consists in taking care and improving the organization project portfolio, since the business decision stage until the final implementation. Some of the CPO activities that could be presented are: involving in the business decisions that results in new projects, strategic business planning, establishment of priorities and negotiation of resources to projects, supervision of strategic project implementation, responsibility of project management system in the enterprise level, development of awareness and of project management capacity through the organization, periodical evaluation or projects, including the decision to discontinue projects and management of high level stakeholders, facilitation and mentoring.

Although the author defends the five models as sequencing ones, these models can have more adherences to a specific kind of organization regarding the project management role in the corporate strategy.

Relationship Between the PMO Models and the Corporate Strategies

Thus, the PMO configuration should be analyzed taking in consideration the corporate generic strategy and the manufacture strategy, according the criteria and competitive dimensions, and the localization of the company in the volume and variety matrix (Porter, 1979; Slack et. al., 1997).

According to Carvalho et. al. (2003) it is possible to identify different kinds of organizations in a continuum from projects to continuous process. This continuum can be illustrated by the volume-variety matrix presented in the Figure 1. According to Slack (1997), projects are in the limit that the volume is minimal (unique), the variety is maximal (singular) and, the increment of capacity; integration and automation of technology are minimal. So, projects demands differentiate treatments about the management, abilities, techniques and specific tools. The volume-variety matrix is presented in the Figure 1.

Based in the simultaneous analysis of the volume-variety matrix with the models of the existed PMOs it is possible to make relationships between the PMOs and the manufacture strategies. So it is possible to distribute the PMOs in a volume-variety matrix, as presented in the Figure 2.

The autonomous project team works well when the project has no great necessity of keeping a large interface with organization's other parts and the company has little experience in projects. In this case this kind of structure would be better applied to a company with a process of mass production that, eventually, needs to implement a project.

The PSOs are especially applicable to sceneries in which projects are managed by strong project managers, in which exists in the organization the awareness to project management, a strong documentations necessity to formalized support and lots of projects occurring. The PSOs would be better applied to projects in organizations with manufacture strategy localized between the mass production and the lots productions, with a great variety of projects being implemented.

The PMCOE approach is particularly adequate to corporations with global responsibilities, with projects from different natures (for example: information systems, marketing, engineering and organizational change), and that prefers a soft approach to influence the internal culture. This kind of PMO structure would be better applied in organizations with manufacture strategy localized between the lots and the jobbing production, as well as with a great variety of projects.

Figure 1. Matrix Volume-Variety and Manufacture Strategy (Font: Slack, 1997)

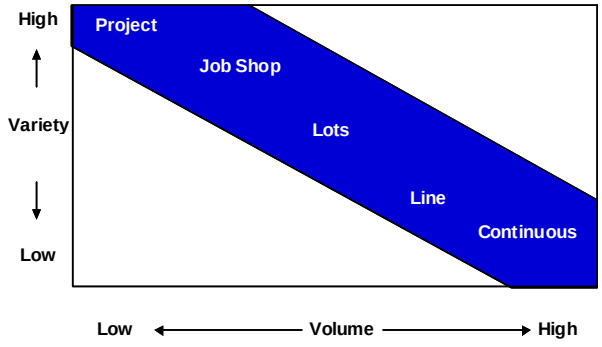


Figure 2. PMOs Models Localized in a Matrix Volume-Variety (Font: Elaborated by the authors)

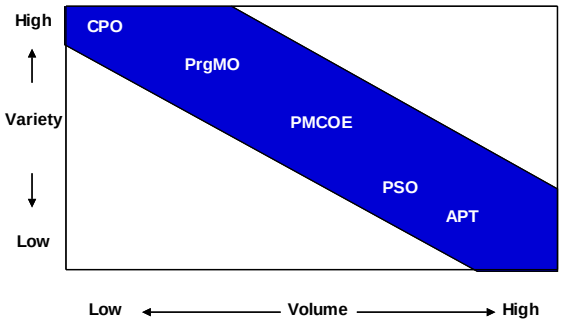
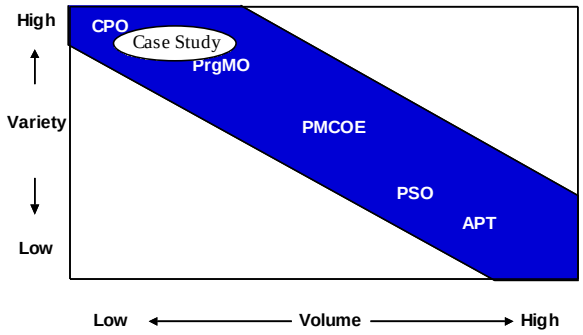


Figure 3. Analysis of the Case Study in the Matrix Volume-Variety Proposed (Font: Elaborated by the authors)



The PrgMOs are normally applied when the corporate management has been compromised to manage priority endeavors by projects, when there is organizational maturity adequate to a project superintendence works effective, and when not manage by projects means strong negative consequences. The PrgMO should be applied only in companies with manufacture strategies exclusive designated to projects, or localized between the manufacture strategy of jobbing and projects. It is with this kind of manufacture strategy that all the advantages of the PrgMO could be obtained.

The CPO is applied to global organizations, multidisciplinary and that requires results from multiple and complex projects in the schedule planned. The CPO, should also be applied to large companies with manufacture strategy totally devoted to projects.

METHODOLOGICAL APPROACH

The methodological aspect to investigate the role of the PMO in the alignment of management strategies was the case study of a company in the Brazilian telecommunications sector. In this enterprise interviews and field research were made, considering the following aspects:

- Enterprise strategies, focusing in the strategies implementation's process elaborated by this company;
- Project management, more specifically the PMO structure and their main roles and functions.

After the realization of the interviews and the analysis of all the documentation obtained in the field research (visits programmed in the company), it was made a comparison between the PMO functions adopted in practice by the studied company, with the functions that, ideally, would be more adequate to companies in general, when the implementation of the strategies occurs through a similar structure.

RESULTS ANALYSIS

Relationship Between the PMO Model and the Analyzed Company Strategy

The analyzed company belongs to the eletric-eletronic segment, having 8,000 workers in Brazil and has started its activities in the country 100 years ago.

Due this company have lots of different divisions, this case study will maintain the focus in the telecommunication division. This division works in the carrier and mobile segments (fixed and mobile telecommunication's operators and huge public companies that have a telecommunication network), enterprise (products and solutions to medium level public and private companies) and services (specialized telecommunications and informatics services). This division has more than 3,000 workers and has two factories in Brazil. The headquarters are localized in the city of Sao Paulo and it has other offices in the most important Brazilian cities.

The analyzed division produces and installs a great variety of telecommunications equipment, in the great majority delivered to customers through specific projects adapted to the necessities of each one. The products innovation tax is extremely high and the products actually sold were developed maximal three years ago. Basically the company sells customized solutions to their customers. That is why the delivered competence in the services must be high. This approach reflects in the principal company's resource, the labor force and their coordinated work together with the customers.

Based in the interviews made, it was possible to classify the analyzed company regarding its volume and variety.

It is possible to verify that the analyzed enterprise is positioned between the jobbing and project strategies. So, according to the relationships between the manufacture strategies and the models of PMO, developed in the topic 5.2 of this work, the analyzed enterprise should presents a PMO from the PrgMO model.

Figure 3 presents the volume-variety matrix for the PMO models, including the analyzed enterprise, according to the characteristics and the manufacture strategy of this company.

PMO Model for the Analyzed Company

Based in the analysis of the studied company, it is possible to conclude that the PMO of this company can be characterized as a Project Management Center of Excellence (PMCOE), according to the Dinsmore (1998) classification presented in the topic 5.1 of this work. To this company the PMO is the focal point for project experience, but do not assume the responsibility for the projects results.

The PMO objectives of the analyzed company are the followings:

- Systematic diffusion of the project management best practices;
- Project management standardization;
- To have a sufficient qualified number of project managers;
- Project management uniform culture;
- To obtain sustainable profitability;
- Improvement of the customer satisfaction (regarding time and quality);
- Improvement of the project planning security;
- Improvement of the project controls;
- Continuous improvement of the business managed through projects.

The PMO functions of the presented company are the following:

- Elaboration of recommendations to the project management main topics: contract management, project control, qualification and personnel management, qualification's program, IT tools and systems, process for transference and implementation, project assessment, claim management and risk management;

- Implementation of a project management career;
- Implementation of a project management training program;
- Control of the program implementation status in the departments;
- Control of the hugest and most important projects;
- Survey of the project managers, their capabilities and their training requirements.

CONCLUSIONS

Simply improve the way the work is made is not enough. This enormous change means walk over the obvious, reaching a second logical level and examining the situation through a different pair of lens. In management, this means to adjust the philosophy top-down, to secure that the proposed improvements in efficiency are corresponded with a project management strategic approach in the whole organization (Dinsmore, 1998).

Though the analysis of the studied company PMO's activities, presented previously, it is possible to confirm that the goal of this PMO is, in its great majority, of missionary nature. In this moment the PMO concentrates its efforts in disseminating ideas, in obtaining support for the project management implementation and in preparing methodologies to be used by the project managers.

It is possible to verify that the aspects that characterized the PMO from the analyzed company are almost the same as mentioned by Dinsmore (1998) and presented in the topic 5.1 of this work, for PMOs of the model Project Management Center of Excellence (PMCOE), with special attention to the placement of the project manager outside of the PMO and it non-responsibility of project results.

Based in the Figure 3 and in the relationship between the manufacture strategies and the PMO models developed in the topic 5.2 from this work, it is possible to verify that there is some space to the migration of this company's PMO, actually a PMCOE one, to a PrgMO. This should happen in the future, because the PMO analyzed has just one year of work and, in this first step, it remains working with aspects related to the implementation of the project management concepts inside this organization.

To finalize, we argue that the methodology adopted here to analyze the best project management office for a company could be applied to other companies, from different business segments. The idea is to repeat the sections 6 and 7 for the other target companies.

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