Implementing A Global Program Management Office
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The Project Problem

Per Standish Group research only 28% of IT Projects are successful. 23% fail, while the remaining 49% are challenged based upon the triple constraints. Projects are rated as successful by being on time, on budget and as originally specified. Failed projects are those that are cancelled before completion. Challenged projects are completed and operational, but they are either over budget, over schedule, or with reduced functionality (or the failure to meet any combination of these triple constraint criteria).

Project Success Rates

28%

Successful: on-time, on-budget as originally specified

Challenged: completed and operational, but over-budget, over schedule, and/or with reduced functionality

Failed: cancelled before completion

49%

23%

Source: Standish Group 2001

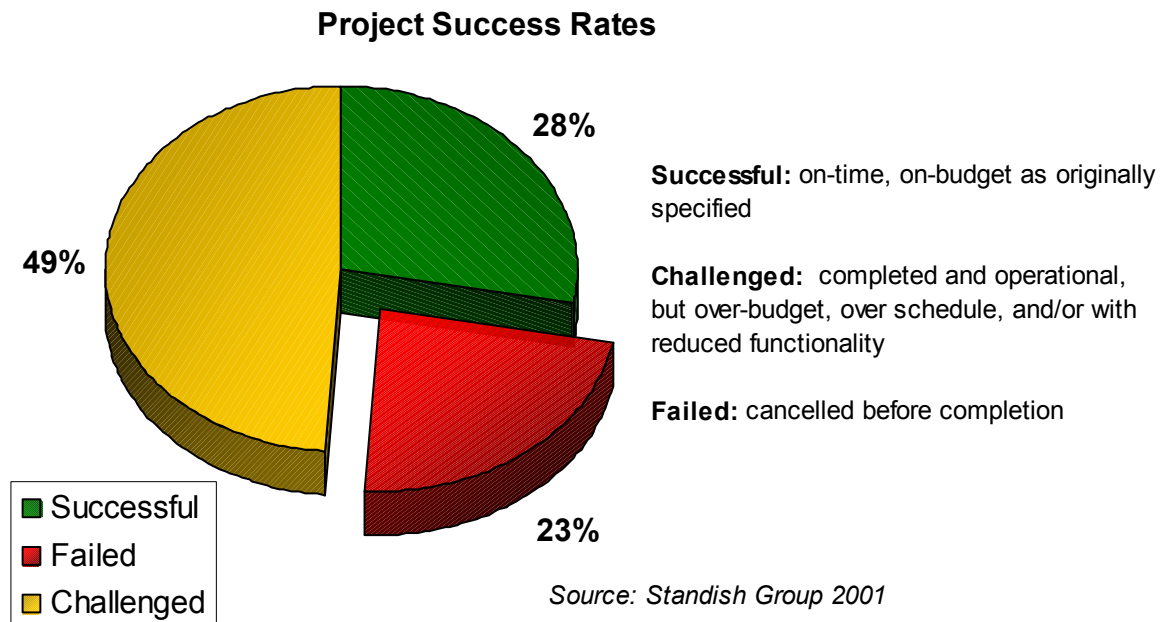Legend:
- Successful
- Failed
- Challenged

Exhibit 1

HP is not immune to these project challenges seen throughout the IT world. With the largest technology merger in history of HP and Compaq, the new HP is a $70+ Billion company with an Information Technology (IT) budget greater than $3 Billion. The merger of two diverse cultures made it even more imperative to have a common project management language, processes, and repository of project management information.

In tough times especially, it is more important than ever to focus on Project Management, and the quality of this effort is critical. The focus on Project Management discipline is the "secret sauce" of IT success.

HP is now the 9th largest company and we have over 10,000 IT professionals, working on over 3000 active projects all over the world at any point in time. We do use Portfolio Management, and for the first time in

the company history we now have all our IT projects in one common central database, a true enterprise-scale project management system.

We have also implemented a standard project management Methodology based on industry standards but using our own internal best practices from HP's rich 64-year history. This standard methodology gives us a way to compare different programs and to evaluate their potential for success.

We are looking to optimize the investment mix between the Maintenance and Support work, Infrastructure projects, and the Innovation projects which are vital in sustaining competitive advantage and building leadership.

We also require Project Management training for all our IT professionals, and we are teaching them what our CIO calls, "the language of business today, which is not English, French, or Spanish, but Project Management."

Prior to the implementation of the Global PMO HP Project Management had the following problems.
- No common Executive level program status reporting
- No master plan of HP programs for our customers
- Some Projects had no real Project plans
- Some Projects managed with "Task Lists"
- Some Projects with real & detailed Project Plans
- Different & inconsistent project methodology
- Employees not trained on Project Management System
- Project Plans not in one database
- Actual Project status unknown or unavailable
- Actual Project costs very difficult to assess

In addition to resolving these problems, the purpose of the Global PMO is also to answer the following general management questions.
- What is the status of projects in my area?
- Why is this project running late?
- What happens if I re-assign resources?
- How many people do I need?
- How effectively are my people being used?
- What has been our performance and where are we headed?
- Are we meeting our customer commitments?

We use ROI or Business Case analysis on every project and we have implemented a rigorous Project Approval Process that all projects must go through. We evaluate every project along 3 critical dimensions: the Project Management Effort including the plan, the Financial analysis, and an Architectural Review to ensure it complies with our defined infrastructure and technical requirements. There are 2 key questions asked for every project: First, what is the business problem we are trying to solve? And secondly, what is the proposed Solution Description?

Most projects are being done for a handful of reasons and we have put these into general Benefit categories: Revenue Generation, Cost Savings, Compliance (legal or regulatory), Customer Satisfaction, Integration (mergers), and Infrastructure related.

We start with the Strategy, ensuring it is aligned with the corporate business strategy. Then tactically we try to launch the right programs from the Plan of Record. The Governance process requires a formal approval of each individual project. The Architecture then uses engineering discipline to seize elegance from complexity, and the PMO implements disciplined execution with global collaboration a state-of-the-art Enterprise Project Management Sys.

Launch the Right Programs

With today's challenging business environment, a key for success is ensuring you are focusing limited resources on the most important programs and projects and getting the optimal return on investment. The following table helps shows how the Global PMO determines the right programs to launch by evaluating business value against risk. By preventing low value/high risk projects from ever being launched more resources can be focused on ensuring the success of the highest value projects.

Twice a year we develop our Plan of Record, including the major proposed programs and projects for the next six months for every group. We can then evaluate all these efforts against a set of Risk Criteria, which include Project Management Risk, Interlock or interdependency risk between projects, Financial risk, etc. We then plot the results on a 2 by 2 Matrix, where the vertical axis is the Business Value, low to high, and the horizontal axis is the Ability to execute, which is rated High Risk to Low Risk. This allows us to compare programs where we are looking for the High Value-Lower Risk projects.

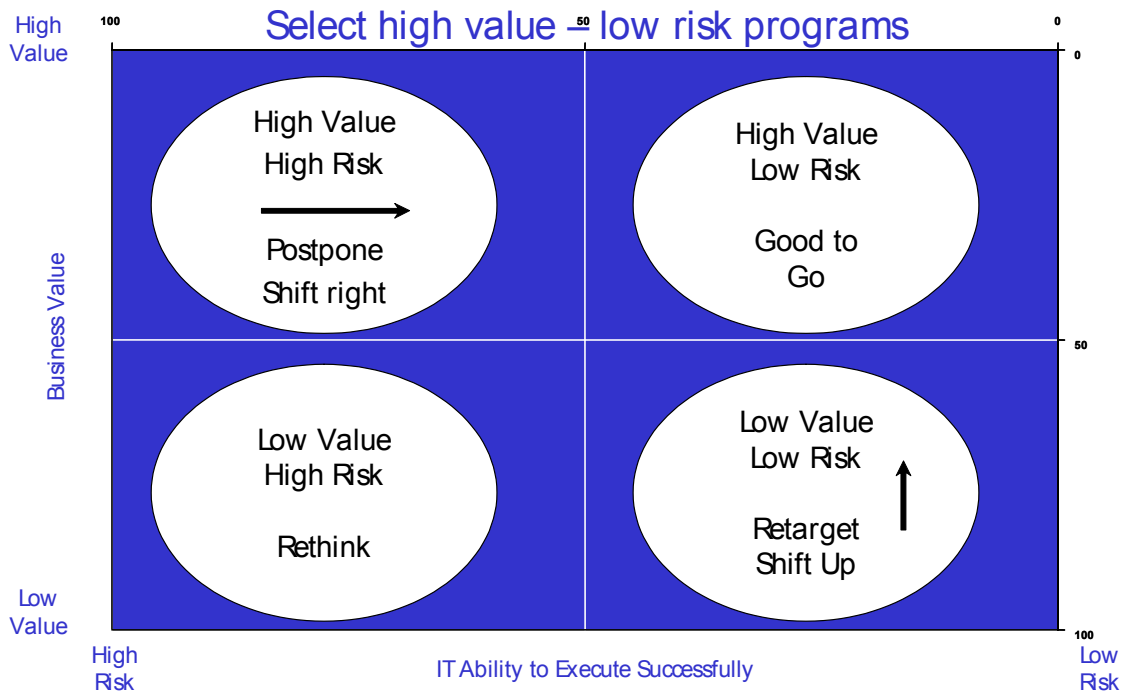# Launch the Right Programs

Exhibit 2

Once a project is underway, we have developed a set of 42 standard "Health Check" criteria to enable us to instantly evaluate the progress of any particular effort, and to understand if it is in trouble or headed for success. We look at Risks, Issues, Critical Path analysis, Resource Analysis, Sponsorship, Alignment with Strategy, Earned Value metrics, Dependencies, and many other factors impacting the triple constraints of project management: time, cost, scope. We treat the project status information as a corporate asset.

Global Program Management Office

The implementation of the enterprise Program Management Office at HP is called the Global PMO. The Global PMO over the past year has first focused on the IT (Information Technology) organization. Leveraging off the success with IT, the Global PMO has expanded to the other business (non-IT) organizations at HP starting with all of HP Global Operations across the company.

Global PMO Mission
The overarching principle of the Global PMO is that program and project plans accurately reflect the work our people do. The Global PMO mission is to:
- Successfully complete every program/project that is launched
- Achieve competitive advantage through PMO knowledge management and collaboration
- Deliver the best portfolio of tools to program teams

Global PMO Goals/Objectives
- Project Management Expertise
  - Raise the level of Project Management competency/skill in the organization and company – achieve competitive advantage with an industry leading program success rate
- Consistent Methodology
  - Implementation of a common Methodology to manage our work – best practices to ensure repeatable success
- Enterprise Project Management System –standard database (Primavera Systems TeamPlay)
  - Implementation of the Enterprise Project Management System – provide employees a world-class system to enable knowledge sharing & management visibility of all work

The New Language of Business is Project Management
A key to the success of the Global PMO is the strong endorsement of HP's Chief Information Officer Bob Napier. Bob's sees project management as the new language of business, "I am a big, big proponent of a standardized global IT program management function or office: a common IT methodology, a common way of doing reporting, a common way of doing priorities, a common way of doing metrics. I'm a firm believer that if you can't measure it, you can't manage it. I believe that everybody who is an IT professional, at least in my organization, needs to speak the language of program management and project management. It's all about planning to win."[1]

Global PMO Strategies
- Utilize industry recognized standards PMI, CMM (Software Engineering Institute Capability Maturity Model)
- Use state-of-the-art system for project management with one common centralized database
- Deliver world-class methodology incorporating industry and internal best practices
- Deliver specific project management training and guidelines for users

Global PMO Charter
- Implement and maintain critical PMO operational procedures, policies, training, and systems that enable an industry leading Program success rate
- Provide Global Program administration and leadership, which ensures that Programs and Projects are delivered on Time, on Budget, and on Target
- The PMO is a Center of Excellence for Program and Project Management to assure a high degree of consistency and control to implement successful projects across HP
- The PMO develops project evaluation metrics, implements PMI standard methodologies, and supports project reviews through Customer Driven Project Management
- The PMO provides executive portfolio management to assure project alignment with strategic business objectives

Global PMO Vision
- Every program launched completes successfully
- One PMO database for:
  - Collaboration
  - Learning
  - Management visibility & reporting
- Drive IT employee professional success & development

Global PMO 16 Key Principles of Project Management
1. Project plans accurately reflect the work our people are doing
2. All significant IT work has a project plan, and the plan is used to manage the work
3. All IT Projects are managed in the TeamPlay system
4. Projects go through a formal approval process – with an identified ROI
5. Projects are managed with an approved methodology
6. Projects have a WBS with key milestones and a critical path identified
7. All Project Plans must have a baseline saved
8. Projects should generally be planned to last no more than 1 year
9. Project actual data (costs/hours worked) results are updated once per week
10. Project Plans are Scheduled at least once each week
11. All Activities/Tasks have at least 1 specific resource or a role assigned
12. Projects have all supporting documentation (Charter, ROI, etc.) linked to the plan
13. Projects conduct formal Phase Exit reviews at all significant transitions
14. Projects follow HP Corporate Policies - with all the required project information, codes, & financials established
15. Lessons Learned are compiled on all projects
16. The appropriate level of project management discipline, process, and quality is applied to each project based on its scope, cost, and impact

The Global PMO Office is an organization that is responsible for program operations, program management infrastructure, supports project portfolio management, and facilitates communication within HP and with our customers.
- Improve probability that HP Programs deliver On-Time, On-Budget, and On Target
- Improve Program & Project collaboration, communications, and knowledge management for HP and our customers
- Improve the efficiency of HP Program & Project Management processes
- Improve the predictability, visibility & accessibility of HP Program/Project Plans and schedules
- Simplify the HP IT customer engagement processes
- Ensure Project partnership / sponsorship
- Increase the return on investment on HP Projects

Key Tools of the Global PMO

- Primavera TeamPlay – Enterprise Project Management System (EPMS)
- HP IT Methodology - customized methodology developed to provide a model approach to deliver all HP projects. It includes key deliverables and promotes the use of best practices that increase a project's probability of success. The Methodology is integrated with the EPMS.
- Principle s – 16 Key Principles of Project Management
- Policies – Visible straightforward statements of position with intention and direction that are aligned with principles and require mandatory adherence
- Standards – Aligned with Principles and Policies and providing more details
- Guidelines - How to steps for the Enterprise Project Management System – TeamPlay, and Methodology processes
- Strategic Roadmap – Plan of Record (POR)
- CIO Steering Review Board – PMO, Performance Optimization, and Enterprise Architecture reviews followed by final review and program approval by the CIO
- Categorization of programs/projects (A, B, C)
- Weekly Executive level Program Scorecard reports
- Program Health Tracking Metrics
- Extended PMO teams in each HP Organization
- Global PMO website

The Global PMO drives system integration of TeamPlay with other enterprise management systems to reduce data error/redundancy (PeopleSoft interface), maximize project and program financial tracking (Project IQ/SAP Interface), increase administration and support productivity, and provide a 360 degree vertical and horizontal view of the enterprise's programs and projects.

Proof the Solution Works

Having just passed the one-year anniversary of the largest technology merger in history, people are now asking what has made this merger of HP + Compaq work where so many other large mergers have failed. Our CEO, Carly Fiorina, recently explained this very well on national television when she said, "We have managed the integration with incredible discipline and attention to detail. We've had project management discipline and program management discipline over absolutely everything that we've done." For the merger implementation we used our enterprise project management system to initiate and manage all the critical projects. We had about 200 most critical projects which we called the, "Must Starts", and about 300 of the next tier projects which we categorized as the, "Must Do" projects. All of these went through the formal approval process and project plans for each were built in our system.

An equally important effort for the Program Management Office was stopping those projects that were no longer part of our strategy and we called this list the, "Must Stops" and there were over 100 of these efforts. It was crucial to track these projects, ensure they were actually stopped, and to re-deploy the resources to the new critical programs. Stopping projects that are no longer germane to the company strategy is one of the important functions for a PMO, and should be part of its measurement of success. Project management processes, tools, techniques, and discipline have long been well applied in the engineering and construction communities, but have not been so well applied or practiced in the Information Technology space, and HP believes the time has come for this to change.

First 100 days of the new HP

- Rolled out the Global PMO
    - Common Program Portfolio
    - Common Program Metrics & Reporting
    - Common Resource Management Capabilities
- Ramped to 1500 active programs
- Controlled halt to 200 legacy programs in first 30 days
- Launched the 100 highest priority "Must Start" integration programs from the "Clean Room Plan" in the first 30 days from the merger close on May 7, 2002.
- Launched the next tier high priority integration and innovation programs with 250 "Must Do" programs in the first 60 days
- Drove a relentless one company, one HP communication process
- Burn the ships
    - Operated in the new model and culture
    - Stopped investments not aligned with adopt-and-go decisions
    - Reinforced and rewarded success; managed issues swiftly

Implementation Summary
- TeamPlay (EPMS) is now one of the largest applications in production at HP
- Vast majority of users like this application – above 93% User Satisfaction Rating
- Users are overwhelmingly satisfied with the applications functionality
- Primavision, the new additional Web-based Client, Resource, and Portfolio Management system, provides another leap in functionality and performance
- Delivered first integrated IT Plan of Record (POR) for the two combined companies

Executive Level Benefits
- Executive visibility of programs and projects, enabling sound management decisions on priorities and accountability for all the work
- Supported the development of the first integrated Plan of Record (POR) for the two combined companies
- Visibility of breakout of types of spending by HP Organization (Innovation, Infrastructure, Support, Maintenance)

Implementation Lessons Learned
- Critical to have the Program Management Office / Organization in place
- Senior Mgmt. Support & Commitment
- Small Core Team - empowered to make decisions & take action
- Establish clear Mission, Goals, Processes, Procedures & Policies
- Start delivering operational data immediately – don't wait for systems
- Engagement, alignment & partnership with users

Things that went well with the Implementation
- Pilots as a method of engagement / alignment
- Planned & timed implementation, change mgmt. communications
- Website containing all PMO-related information: operational reports, marketing material, user manuals, policies & instructions
- Reporting requirements can drive process & policy
- Advanced communication to users
- Onsite Consulting assistance when required
- Quality Technical Support & quick response team
- Online Training
- Passion

Current Status

Current Global PMO Metrics (as of 8/11/03)
- 57 Category A Top projects identified/managed
- 137 Category B projects identified/managed
- 3193 Active IT projects worldwide in the system
- 1174 IT projects completed since the merger (May 2002)
- 3491 people have completed the Project Mgt System web based training
- 28,069 total resources in the Project Mgt System resource pool

HP PMO extended Team Meeting
The Global PMO conducts weekly meetings with the extended PMO groups. The meetings include value rich and relevant presentations along with providing a forum for bidirectional communication. The extended PMOs are then available to share the content covered and implement the appropriate process with their organizations.

HP IT Methodology Team Forum
A Methodology Core Team also exists with at least one member from each IT organization. The Methodology Core Team meets biweekly with various sub teams meeting the alternate week. Methodology changes are reviewed by the Core Team and then communicated and implemented in monthly releases.

Next Steps

Project Management Guidance from the HP CIO
- Focused investment in senior IT Project Manager training, including enabling Project Managers to be available for training, will continue to be a high IT priority.
- Creation of a Job Family for IT Project Managers is required to establish a professional project management career path in IT.
- TeamPlay, HP IT's standard project and portfolio management system of record, is the only accepted IT project management tool.
- Project management maturity improvements are assessed through use of the Project Management Maturity Model (PMMM) and program effectiveness metrics.

Integrating "WHAT" and "HOW"
The Global PMO has become integrated with the HP business processes and is part of our continuous improvement as shown in diagram below.

**Accelerating a high-performance organization
PMO Integrating the "WHAT" and "HOW"**

Exhibit 3
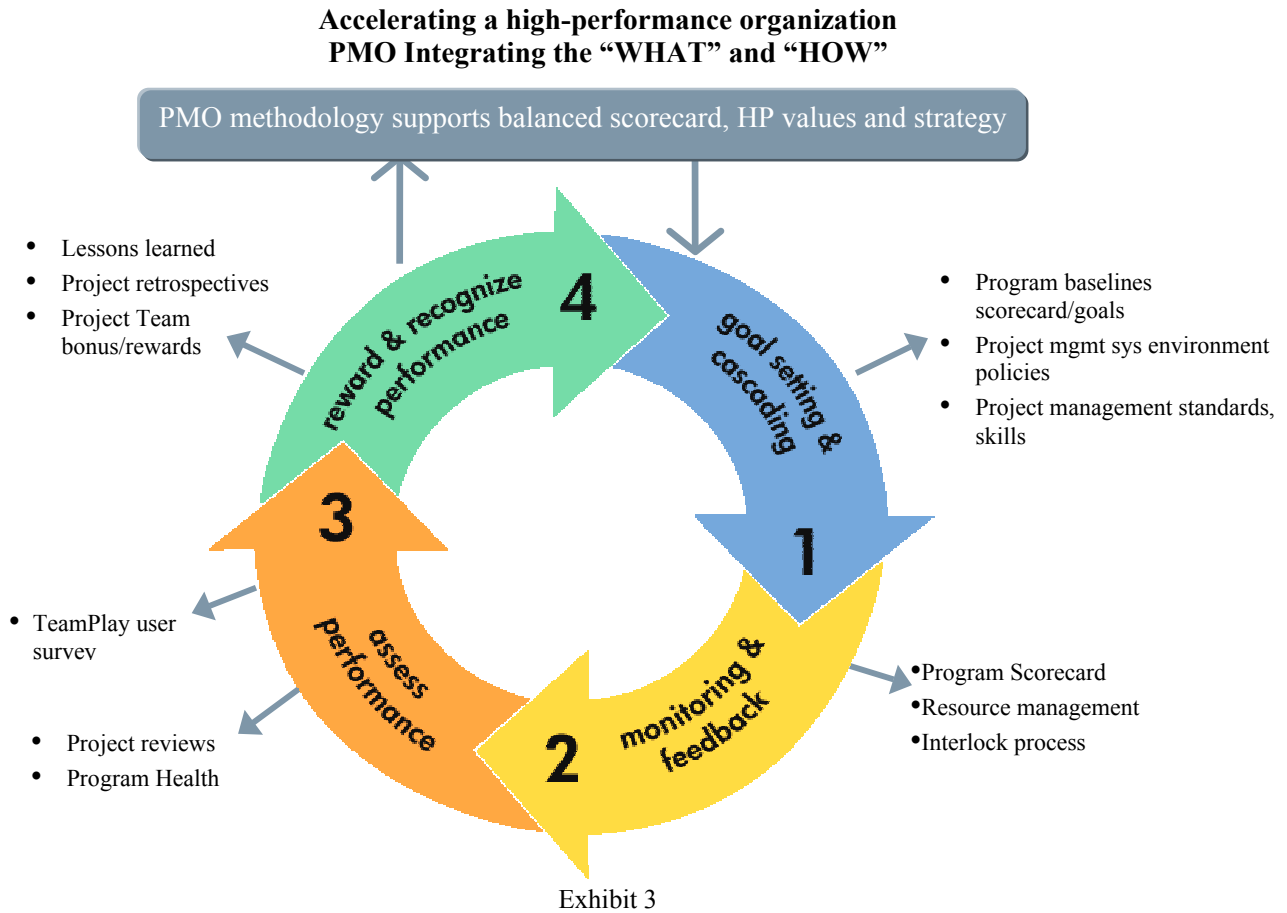
Today there are tremendous demands placed on the IT functions of all organizations. Many of our customers often ask us, "how do you manage the size and complexity, how do you prioritize, how do track all the work and how do you measure?" The answer is the PMO and in the project management discipline we instill.

Reference

Exhibit 1: The Standish Group International. (2001) *Extreme Chaos*. The Standish Group International

Exhibit 2: Napier, R. (April 24, 2003). *The Role of Governance & Program Management in the CIO Office*. HP CIO Summit in New York City, NY, United States of America.

[1]Napier, R. (September 15, 2002) Q&A with Bob Napier, CIO at Hewlett-Packard. *CIO Magazine*, September 15, 2002 issue. (http://www.cio.com/archive/091502/napier.html).

Exhibit 3: Kingsberry, D. (June 26, 2003). *HP Global PMO Overview Presentation*. Internal HP Global PMO Website.