Whitepaper 002: The Concentric vs. the Vertical PMO
Introduction

Business Intelligence (BI) solutions are designed to identify and predict emerging trends, risks and issues across its organization. The nirvana of an optimized BI solution is to predict trends, risks and issues <u>before they manifest</u> and impact business drivers <u>across the entire organization</u>. The key words are "<u>before they manifest</u>" and "<u>across the entire organization</u>".

The Programme Management Office (PMO) function is much like a purpose-built "human" BI solution. Among PMO's other remits, it retains a common purpose to identify and predict emerging trends, risks and issues for its project/programme deliveries "<u>before they manifest</u>".

The Problem

The question few of us ask is: "Why do PMO's focus so much energy to manage trends, risks and issues vertically instead of laterally for project/programme deliveries?"

The nirvana for a PMO is to predict project/programme trends, risks and issues before they manifest and impact business drivers <u>across the entire organization</u>. Few PMO's do this.

The best analogy of this problem is to toss a stone onto the surface of a calm pond and to watch the effect. From stone's impact epicentre, we see concentric ripples radiate out. Our pond is our metaphorical organization and the stone is the programme issue impacting the organization. PMO's traditionally concentrate on the impact of issues up and down to the pond floor (project to the board) and not what effect issues have as they radiate out across the entire organization.

Now, wait for the pond to calm again and toss three stones, equally distributed across the pond all the same time. Now the ripples from each stone radiate in expanding concentric circles. When the ripples from each stone collide with the ripples of the other two stone's, the amplitude of the ripple increases (doubled and tripled – physics 101!). In the same sense, if an organization experiences the same issues from different programmes, then the same issue has an amplified effect on the wider organization.

Usecase

A core banking programme has a Single Sign On (SSO) security issue. The Core Banking PMO identified this issue, escalated it from project to programme and then to the board. The board decided to resolve it. Funds were allocated, the SSO security issue was fixed, core banking delivery proceeded. Meanwhile, in the Treasury division, a treasury programme experienced the same SSO security issue. The treasury PMO identified the issue, escalated it, got board approval and funding. The same security SSO issue was fixed for the treasury programme and delivery proceeded.

Neither of the divisional PMO's had the remit, holistic energy, or capability to identify the SSO security issue as a common failure across the entire organization. The board was not completely informed. The outcome was two individual funding allocations, two unique SSO fixes and two different SSO security policies. The organization, at board level, missed out on identifying the SSO as a common issue and could otherwise have resolved it with scales of economy, a consistent fix and a single change in SSO policies.

Conclusion

Much like a mature BI solution, PMO's should seek board approval for the remit, holistic energy, and capability to predict project/programme trends, risks and issues <u>across the entire organization</u>.