Strategic Alignment and Project Management Offices: Case Studies from Successful Implementations in Turkey

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Abstract

Due to an increased need for learning modern project management methodologies, companies have been forced to improve their knowledge of Project Management Offices (PMO). Global business environment resulted with increased importance of project management methodologies, aligned with competitive strategies. Today, many organizations have recognized the importance of implementing PMO's for effective project control and better stakeholder (executives) support for projects. PMOs also undertake strategic roles such as incorporating higher management support to achieve strategic goals, integrating business strategies into project management efforts, and prioritization of projects. This paper examines PMOs in the process of strategic alignment. Moreover, the contribution of PMOs to achieve strategic goals is explored. Our initial findings are promising represented in a framework, and demonstrated by a case study application review using IT and telecommunication companies selected from Turkey. The research offers future directions and implications of a well-established successful PMO system.

1. Introduction

Over the past decade, project management as a discipline, has played a significant role to shape the market. Project management methodologies have added significant value to the global project-based organizations, specifically in markets where multi-projects operate simultaneously. The concept of modern project management methodologies and practices provide valuable solutions to today’s business challenge by enhancing an organization’s overall performance, and PMO is one of these valuable practices. Different motivations exist to establish PMOs as identified from the literature; the primary motivation in most cases is to be able to improve business strategies. PMOs also carry different roles within organizations and contribute to the strategic goals of the company.

In many organizations PMO operates like a bridge between project members and upper management.

However, there is no significant evidence in the literature to claim that organizations put an extra effort to align their strategies with PMO operations. This research mainly focuses on this.

2. Background

A project is defined as a temporary endeavor or organization in which human material and financial resources are organized to manage the uncertainty to create unique product or services within given specification and constraints of cost and time in order to deliver objectives [1]; PMBOK® Guide,2004). Similar to early definitions of projects, [1] considered the project as a function of production as a temporary organization, as an agency for change, as a tool for resource utilization and uncertainty management. Projects are interrelated activities to achieve a common goal, and to be consistent with overall strategies; yet, to do so, projects need to share the same resources of the organization at some point to achieve the specific goal to fit the organization’s overall strategies [2]. This points out that projects are major components of the whole strategic system. For this reason it is stated that projects have also become a critical endeavor and significant investment in new product development, in new plant construction, in software installation, in process improvement, or in new service development efforts [3]. Besides marketing and manufacturing, organizations need to emphasis on projects in these operations of organizations [4].

While early project management research is focused on the effective management practices of single projects, today’s focus rotates to concurrent management of multi-project environment from a large entity to achieve ultimate strategic goals [5]. Successfully completed projects require effective project management practices that enhance project performance, and organizational performance. APM’s Body of Knowledge (BoK), defines project management as the planning, organizing, monitoring, and control of all aspects of a project and the motivation of them to achieve the project objectives and overall objectives of the organization. Project management practices include “setting goals, creating plans and providing documented rules, standards and procedures to the project team” [6]. Successful project
management practices require achieving the project objectives: within time, within cost, at the desired performance, with utilized resources efficiently, accepted by customer [7]. Project management provides organizations ability for planning, implementing and controlling its project activities besides utilizing resources efficiently [8].

With increased numbers of global project-based organizations, project management becomes the driving force behind the competition in today’s changing global market, in which multiple-projects operate simultaneously. In such an environment, central management of several projects is more successful than individual management of projects [9]. Consequently, as organizations spend much effort on projects and project management to achieve higher levels of success and for effective management of projects, the need for project management offices has been rapidly recognized ([10];[20]; [14]; [6]; [21]). PMI’s PMBOK Guide defines PMO as “an organizational unit, which centralizes and coordinates the project management under its domain”.

Our literature search indicates that before year 2000, research studies about PMO are very limited. Only a few articles had introduced the concept, although it’s been practiced in the last 15 years around the world under different names. “Project offices” which help to achieve project deliverables and objectives of one or more projects ([10]; [6]) have already been embraced. With an increasing interest in project management practices, “Basic” and “Standard PMO” which provide a standard methodology and support to cohesive projects [10] has been implemented in multi-project environments. Throughout the implementation, each project office or PMO has changed its structures several times [11]. Besides the change in the structure, these offices have been established under different labels such as, Project Support Office, Center of Excellence for Project and Program Office, and so on, and different names have created inconsistency within the literature if one wants to explore PMOs. Especially in developing countries, such as Turkey, PMO is a growing concept within many sectors, such as construction, pharmaceuticals, banking, software, and telecommunication. Understanding the principles and practices of PMOs are necessary for organizations to survive.

As observed from the literature, PMOs takes on particular roles to contribute the success. The following paragraph summarizes the benefits of PMOs synthesized from the literature.

A research study conducted by [14] finds out that all of the targeted organizations in their research suggested that the main function of PMO is to ensure that companies establish project management standards and methods. However, [4] suggests that integration with cultural and strategic elements of projects has become more important than processes and tools for project success. In parallel with this idea, [14] explained the roles of PMO as supporting strategic planning of high level management, development project management tools and techniques, and standardization and supporting best project management practices. [2] states that the main reason for project failures observed in organizations in where multiple-projects exist, is the result of an attempt to be managed by inadequate workforce without linking to organizational strategy or common goals. Supporting the work by done[2], [15] also found out that one of the most important reasons for establishing PMOs is to incorporate project management with strategic goals in order to gain competitive advantage. One of the PMO’s roles is to integrate business interests into the project management efforts [10]. PMO is a key influencing factor between project management strategy and overall business strategies [12]. In this sense, a PMO sets the direction and manages multiple projects in collaboration with upper management. Additionally, [6] argued that one of the purposes of the PMO is to ensure consistency among multiple projects. Consistency also yields improvement in project performance [16];[17] and formalized project selection [17]. Many organizations have some difficulties about project selection or prioritization among several projects [18]. In that sense, PMO is helpful with the prioritizing of projects in portfolio management for big corporations.

Other benefits of PMOs can be counted as to provide training programs to adopt the project management methodologies since many problems arise from the lack of training [19]; to reduce and manage conflicts; and to enhance the communication [18]. A relatively recent research report named The State of the PMO (a research report was done for the years of 2007-2008 for benchmarking the best practices of PMOs) states that 70% of PMOs has the goal of training for its staff. However, a majority of members in organization do not feel that their PMO is effective (with 58 %) because of such shortcomings identified in training process, and in executive leadership [22]. Additionally, training programs within PMO generally focus on the tools and applications of project management practices rather than utilizing potential contribution of PMOs on the strategic alignment process [4]. Collecting project historical archives, ensuring project administrative support and project management consulting and mentoring are also identified as some of the roles of PMOs [14].PMOs are ordinarily used for ensuring the projects meet the basic success criteria (cost, content and schedule) rather than auditing a strategic fit for the project portfolio, which is important for the organization’s overall strategies [9]. While the main goal of organizations is to deliver projects on time, within scope and on budget, the establishment of a PMO is essential to be successful. Admittedly, “implementing PMO is not a panacea”; but the existence of PMO creates strong correlation between organizational performance and maturity of PMO.

Despite clear identification of PMOs’ roles, in organizations the primary reason for establishing a PMO varies from one organization to another. Relevant
A literature review was conducted for a better understanding of the general research regarding the roles of PMO, the strategic alignment process of PMO, and successful PMO system. Primarily, the research findings are presented in a conceptual framework. Synthesized from the literature, the framework represents the strategic alignment process of PMOs and practiced roles of the PMO. The framework includes two fundamental sets of roles that the successful PMO system must have: PMO’s strategic roles and operational roles. The strategic roles refer to the roles that are directly related to the strategic alignment process of PMO, and operational roles refer to the other most practiced roles that are required to execute successful projects, but not related to the strategic alignment process. Definitions of roles are developed from the findings of literature review and integrated with applied practical research on PMOs. In order to achieve the greatest possibility of success within a PMO system, both of these roles have to be performed at a balanced level. The responsibility of a PMO can range in different organizations. The strategic roles exist in the strategic alignment process of PMOs. While classifying the strategic roles, primarily we consider the upper management expectations from the projects and PMOs. These roles are determined in terms of the contribution of PMOs to achieve organizations’ strategic goals, and achieving the overall goals in organization results in mutual success for both project team and upper management. Eventually, strategic alignment of PMOs has an important role to achieve organizational goals.

3. Conceptual Framework: Successful PMO System

The objective of this study is to examine the role of PMO on the strategic alignment process in order to establish successful PMO system. In this context, we describe PMO system as the system that execute projects within the PMO in a standard manner while implementing roles successfully and aligning strategies of organization. A literature review was conducted for a better understanding of the general research regarding the roles of PMO, the strategic alignment process of PMO, and successful PMO system. Primarily, the research findings are presented in a conceptual framework. Synthesized from the literature, the framework represents the strategic alignment process of PMOs and practiced roles of the PMO. The framework includes two fundamental sets of roles that the successful PMO system must have: PMO’s strategic roles and operational roles. The strategic roles refer to the roles that are directly related to the strategic alignment process of PMO, and operational roles refer to the other most practiced roles that are required to execute successful projects, but not related to the strategic alignment process. Definitions of roles are developed from the findings of literature review and integrated with applied practical research on PMOs. In order to achieve the greatest possibility of success within a PMO system, both of these roles have to be performed at a balanced level. The responsibility of a PMO can range in different organizations. The strategic roles exist in the strategic alignment process of PMOs. While classifying the strategic roles, primarily we consider the upper management expectations from the projects and PMOs. These roles are determined in terms of the contribution of PMOs to achieve organizations’ strategic goals, and achieving the overall goals in organization results in mutual success for both project team and upper management. Eventually, strategic alignment of PMOs has an important role to achieve organizational goals.

3.1. PMO’s strategic roles

In this study, it is assumed that there are two types of roles of PMO (strategic and operational roles), and both should be implemented collectively. Strategic roles are the components of strategic alignment process of PMOs. In general, alignment to strategic goals is bound to how the PMO is structured [25]. Even though different types of organizational structures are described, in real life, many organizations implement a mix structure model; and this model determines the level of collaboration with upper management [25]. In an unstructured organizational environment, there is a great possibility for PMOs not to be effective [25].

Implementing a PMO without the support of the executives is not a good idea, according to the previous research studies. As we mentioned previously, one of the most important roles of PMOs is to collaborate with upper management to integrate overall business’ strategies into project management efforts. Organizations need to establish a strategic framework for significant success, that consists of a vision, a mission, values, strategies for success, goals and action plans for daily, weekly, and monthly actions. In this manner, PMOs support this strategic framework, which is constructed by upper level management of the organization. Therefore one of the important roles of PMO is to provide project management efforts, which fit in with strategic plans. For this reason,
PMOs integrate business strategies and goals into project management efforts to be consistent. For supporting current projects, PMOs are often assigned as the bridge between upper management and project members. By positioning PMO as a bridge, business strategies can be implemented easily; while collaborating with project members. Collaboration with upper management simplifies the process to select sets of projects that achieve an organization’s common goals or strategies. It is stated in the literature that while selecting projects, it is required that projects align with the goals and strategies of the organization. This is actually the most important step to choose and to realize the successful projects. The PMO also ensures the formalized and consistent selection and prioritization in multiple-project environment to achieve consistency among projects. PMO can provide operational support to a selection of projects according to the strategic planning. It is also mentioned that “PMO run projects in a more consistent manner” in the selection phase [9]. He emphasizes the consistency among projects, since building beneficial projects provides increasing value, reducing resource demand and assuring alignment with strategies.

3.2. PMO’s operational roles

The most common role of PMO in recent studies appears to be the standardization of project management practices and tools in the organizations. This ensures consistency and continuity of project documentation. Providing software, standardizing policies and procedures are the functions of PMOs. It also includes the development of methodology, reporting, tools, techniques, templates, and forms. Even if reporting is counted as the part of collaboration with upper management, the templates and standardization can be involved in operational role of PMOs. Another role of PMO is to provide training services to the organization about the appropriate project management methods and tools. As organizations become more concerned with projects and project management practices, the need for training of human resources, and assistance in employing PM methodologies grow. Particularly, in project-based organizations, continuous training is a significant player in improving themselves and to survive in such a competitive environment. PMOs are also provide mentoring and consulting services to existing project teams in the organization. This is to say, PMOs can also provide control functions. The role of collecting historical archives for further projects may help PMOs in the course of consulting, mentoring and training. The use of PMO is seen as a way to enable the transfer of knowledge from earlier success or failure. In addition, orientation, guidelines, and support in the application of the best practices of project management or PMO are the main operational roles of PMOs [18]. To reduce problems rising from the uncertainties and lack of standardization, the PMO provides guidance in suitable tools, and technique. Ultimately, all projects use the same resources owned by the organization. In this sense, effective sharing of resources is required among projects, and this is another significant function of PMOs. As more organizations carry out their activities by these projects, they need skilled project managers and team members that work on the individual projects. Resource assistance can be provided by identifying proper skilled human resources for the projects and allocating them to projects, or by recruiting resources for projects outside the organization. As a matter of fact, The State of the PMO (2007-2008) report underlines that forecasting the need for resources and resolving resource conflicts are the two important issues that PMO struggles with.

Briefly, strategic roles, which are directly related to business strategies and are necessary for strategic alignment of PMOs, and operational roles, which are necessary for successful execution of projects in a multi project environment, should be implemented collectively. Different from strategic roles, operational roles are not related to business strategies of organizations, and focus only on the successful execution of projects. Successful implementation requires an effort to balance between these two roles. We draw the following conceptual framework (Figure 1) to promote this effort for a successful PMO system in which strategic and operational roles are balanced.

Figure 1 summarizes the conceptual analysis of strategic and operational roles of PMOs to generate a successful PMO system. We define a successful PMO system is as a system that balances strategic PMO roles and operational PMO roles while contributing project success and consulting about the project management standards and methodologies, that is aligned with organizational strategies. PMO is responsible for integrating organizational strategies that are identified by upper management – decision makers – to the project management practices. The PMO can implement this responsibility easily by selected consistent projects according to strategies to achieve the strategic alignment process. According to our framework, if the innermost domain consists of strategic roles of well-established and successful practices in PMOs, the system reaches up to a more balanced status in which it is aligned with strategic process. Consequently, the framework helps to settle in successfully operated PMO system. Relevant PMO literature states that operational roles are aligned as: standardization of project management practices, training of project members about project management tools and practices, consulting and mentoring to project members, collecting historical archives, and the effective share of common resources owned by the organization. Effective sharing of common resources of organizations concerns the upper management’s strategic decisions indirectly, thus we can not count it as a strategic role, yet it has an intervening role to the strategic alignment process of the project management.
As a result in order to establish a successful PMO system, it is essential that strategic and operational roles are implemented with a balance. If the roles of PMO are not well practiced, the system will not reach up to a balanced status, and failures and problems may be observed in projects in aligning with strategies. We expect that the framework is to be implemented in the business environment, where we can analyze the process. It would certainly help to compare the model of PMO’s of participating organizations whether the framework is promising.

![Successful PMO System](image)

**Figure 1. Successful PMO System**

4. Case Analysis

The framework presented above provides a starting point of this research. This framework is examined with an in-depth case study of implementation of building a successful PMO in business world. The appropriateness of using a case study based approach is valid in the early development of a field of research; for instance in research on PMO implementation in Turkey. In Turkey, professional and formally established PMOs exist mostly in banking, software and telecommunication sectors, and three cases are selected from these sectors. These leading sectors are highly utilizing project management methodologies in Turkey. Our initial conversations with leading project managers and directors or managers of PMOs directed us to these three organizations that have already established their PMOs. These managers also confirmed that our targeted organizations have implemented PMO successfully.

To obtain information concerning PMO roles and strategic alignment process in order to build a successful PMO system, the researchers conduct interviews with personnel with several hierarchical levels of the PMOs including project managers or managers of PMOs. This led the researcher to obtain information from different perspectives. These interviews averaged 60 minutes and ranged from 40 to 90 minutes. Interviews with the managers of PMOs also expand the scope of the research, and it gives an opportunity to examine the impact of the age (maturity) of PMOs on this framework. By this way, the in-depth investigation of these sectors will not only helps us to evaluate framework, will also help to collect the participant’s opinions on PMOs and strategic alignment process.

Interview questions were designed based on previous studies and questionnaires from the literature. PMO’s descriptive characteristics, such as structure and size of PMO, number of projects within PMO, decision-making authority of PMO, age of PMO [26]; criteria of successful projects [19]; and PMO roles are combined. Interview questions were designed to provide guidance, to encourage consistency, and to allow respondents more freedom of expression to learn more about PMO implementation in business environment. Expert opinion for these questions is provided by the head of a PMO in the defense industry, and the Vice President for Finance and Administration of a non-profit organization that advocates project management. Interviews also consist of close-ended question to extract more data. To learn the most practiced roles of PMOs, all interviews started with these questions: what roles are the most important for managers and what roles are implemented by PMOs mostly? Further organizations’ and PMOs’ structure, the reason to establish PMO, and the age of the PMO were also examined by the interviews. To compare the pre-post PMO existence in the company, the researchers questioned the number of projects are managed by PMO before and after its foundation. The strategic alignment process of PMOs was also examined by exploring the following issues: top management commitment and support, fit for organizations strategies and goals, being a part of strategic plan of the organization, the process of selecting and prioritization of projects, and the decisions of assigning resources. At the end, the utility of this framework is discussed with participants and similarities with their own PMO systems.

As mentioned before, a great deal of organizations have recognized the importance of implementing PMO’s to achieve project control and support at the organizational level, and, to incorporate with upper management to fit business strategies regarding organizational performance in project management practices. Despite the growing importance of PMOs in Turkey, there is not clear evidence in the literature that companies would like to align their global strategies with PMO operations. Many of the organizations still have some difficulties in establishing a formal PMO. We believe applying this framework into the practice will help to overcome some of the difficulties. As a result, a successful PMO system educates organizations about its purpose, and to ensure the strategic alignment of PMOs to achieve strategic roles.

4.1. Organization 1

The senior Project/program manager in the PMO of Organization 1 suggested that the proposed framework by researchers is absolutely implemented in Organization 1.
Due to his opinion, the successful PMO system is constituted of 20 % strategic roles – in which the role of project selection and prioritization is involved - and 80 % operational roles. Regardless of the type of roles, he states that Organization 1 balances the strategic roles and operational roles to build successful PMO system as it was illustrated in our framework (Figure 1).

**Figure 2. Strategic alignment process of PMO of Organization 1**

### 4.2 Organization 2

The second company is an international vendor (which supplies or provide parts or services to another company, supplier) in the telecommunication sector in Turkey with a wide range of products. Their products and solutions have served 45 of the world’s top 50 telecom operators, as well as all leading telecommunication companies of Turkey. The Turkish office of the company was established in 2002 after recognizing the potential growth in Turkey.

In this organization, to adapt to multi-project environment, the PMO was established in 2009 and placed under a department in order to be able to execute large sized international projects within the organization professionally. The other reasons for establishing PMO is: 1)to build common standards and methodologies, 2)to maximize the quality of projects and customer satisfaction, 3)to reduce the complexity of a multiple project environment, and 4)to use resources effectively in this environment. The manager/director suggested that the establishment of the PMO is a part of strategic plan of the organization; and projects within the PMO fit in to these strategies. Namely, the projects within the organization have supported the goals and strategies of the whole organization.

The PMO in Organization 2 is structured of four directors/managers in the office, ten project managers and six project team members. While one of the directors of PMO has worked in the office actively, the others are the head of all the projects within the organization. Project managers are placed under the responsibility of these directors. In other words, these three directors are responsible for a specific business units directly, and PMO indirectly. The PMO of organization 2 executes all the projects within the organization, not only focuses on one specific business unit. After establishment of PMO, either the size or quantity of projects has not changed. The need for implementing PMOs was recognized while the organizations have some difficulties since the complexity of large budget projects. As mentioned before, the projects cost averagely more than $250 million.

The PMO manager/director states that, the most important roles of PMO are the standardization of the PM methodology, collaboration with upper management, the control of project performance, being a part of strategic planning and mentoring to project managers and members. The PMO in Organization 2 also implemented three of these roles; such as standardization of the PM methodology, collaboration with upper management, controlling the project performance. In addition to these roles, reporting the activities to upper management is also another important role of PMO in Organization 2. The manager also mentioned that there are some shortcomings of the PMO such as automation and training. First of all, reporting and planning is required for successful information systems; however the PMO is not strong in establishing the IT infrastructure that supports project management process. Additionally, the PMO does not invest in training and development of their members adequately. The PMO of Organization 2 tries to answer this challenge by providing both their own training process and training programs from professional trainers.

Being a vendor company, the sales department is responsible for the selection of projects within the company. Towards organizational strategies, the sales department has selected tendering organizations with upper management; and then the organization has signed a contract with them. The agreement process has resulted in individual projects being executed by PMO. Therefore, the sales cycle and project cycle need to align themselves with each other. While upper management is interested highly in projects, unfortunately, they do not take an interest in how organization practices project management and the methodologies. This results in conflicts with other departments.

Even though upper management and PMO decide upon the resource allocation jointly, the manager/director remarked that the PMO is the center of resource management. The PMO assign resources to projects according to obtained information about resource needs and gaps. If there is a need for skills or resources, the PMO develops the team or finds resources from both inside and outside of the company. Despite this, occasionally, matrix organization structure assists the PMO to agree with line managers about effective allocation of resources. Organization 2 measures the PMO success in line with the success of the projects. In other words, key performance indicators of projects –basically time, cost and scope - and its review also affects the success of the PMO.

The director of the PMO of Organization 2 evaluated the implementation of our framework as a real-like approach with some suggestions in terms. First of all, he suggested that collaboration with functional decision makers and stakeholders is more important in the strategic alignment process rather than collaboration with upper management. As it can be seen in Table 4, if CEO of
Organization 2 is at level n, PMO places at level (n-2). In such a case, PMO should be in cooperation with both Level (n-3) that consist of executives of departments, due to the lack of hierarchy in Organization 2. Additionally, in Organization 2, there are two cycles related to project management practices, named as sales cycle, which is responsible of project selection phase, and project cycle, which is responsible for the planning and executing of selected projects. These cycles should overlap with each other and align strategies. In other words, to align strategies with the PM practices, PMO needs to collaborate with the sales department. It is worth to note that consistency among projects does not play an active role in this PMO unlike the original framework. To share the common resources, projects are absolutely consistent; but resource allocation is assured based on the historical archives that are an important role of PMO. As a result, consistency in projects in this company may not be an important role of PMO. From this information, the strategic alignment process of PMO can be illustrated in Figure 3.

Even though, the head of PMO in Organization 2 mentioned that a successful PMO system should balance the strategic and operational roles; the PMO in Organization 2 focuses on 40 % strategic roles and 60 % operational roles. And this is good for two years old and growing PMO to align strategies into its activities. However, according to our original framework, to build successful PMO system, the PMO should pay more attention to strategic roles.

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4.3 Organization 3

Organization 3 is a leading bank in Turkey that is established in 1987. PMO has become active under IT subsidiary of the bank, which was established in 2005 to establish and support the IT infrastructure of the bank. The head of the subsidiary is also the Executive Vice President of the IT department; consequently it has become part of the organization.

The first practices of project management started in the 2000's when new Board took the decision of establishing a new database. After first two years in duration, they followed a project management methodology to work on small maintenance projects that were managed under the administration of five or six project leaders. In 2006, leaders entitled as project managers, and PMO was established; 1) to reduce the rate of unsuccessful projects to improve project management by increasing the customer satisfaction, 2) to enforce the common standards in project management methodologies, 3) to allocate resources effectively in multi-project environment, and 4) to integrate strategies into project management practices. In 2010, an enterprise PMO- that barely exists in Turkish companies at that time- was established to execute growing number of projects in company-wide (about 80 projects including non-IT projects). With 7 and 10 team members in average, the budget of these projects could range from $12000 to $1.5 million in 2011.

The PMO operates under a director, and consists of four portfolio managers who are responsible for supervising twenty-four project managers. In addition, there is a project support office tasked as planning and analyzing department that consists of two employees dealing on demand project and project methodology.

A semi structured interview were held with the head of project support office. He suggested that the most important roles of PMO focusing on sustainability are in this company as follows: standardization of methodology; establishment of project information systems; collaboration with upper management; controlling the project performance and selection or prioritization of the projects. Besides implementing these roles, the PMO strives to improve itself continuously. One such attempt was to establish “lessons learned library” to gather data from best practices; and “frequently asked questions library” to provide information about organizational culture and project management methodologies towards OPM3 level. (The OPM3 certification was initiated in 2006 to recognize an individual's demonstrated understanding of the knowledge and skills to lead organizational assessments and improvements using the PMI organization tools).

The head of the office mentioned that upper management highly interested in strategic projects and support them financially. Yet, there is no obvious effect of the PMO on strategic decisions and consistency between projects and strategies are observed. On the other hand, the manager finds the PMO successful, and believes PMO has significant impact on project success. Manager believes strategic projects should be a top priority for sustainability, and can be demonstrated in the following figure (Figure 4).

In this organization PMO focuses more on operational roles rather than strategic roles, especially in the standardization of PM practices. The PMO in the organizational structure does not interfere strongly with strategic alignment process, yet is a promising initiative to support the notion of sustainability in projects.

The head of Project Support Office of Organization 3 evaluated the implementation of our framework as a real-like approach in both Organization 3 and a foreign company whose implementations were benchmarked by Organization 3. However, unlike the balance in our framework, Organization 3 also focuses on 40 % strategic roles and 60 % operational roles, especially in the
standardization of PM practices. Since the PMO in the organizational structure does not interfere strongly with strategic alignment process, it can not implement the strategic roles properly.

All participating organizations agree there is common ground in the importance of the strategic alignment of PMOs to attain successful PMO systems. However, the alignment process can be different in each organization. As mentioned before, Organization 2 asserts that alignment with the sales cycle and project cycle is important for successful projects, while collaboration with functional decision makers and stakeholders is required for strategic alignment. In other words, Organization 2 aligns strategies in PM activities leaving the hierarchical level out, whereas the other organizations have completed strategic alignment process by collaboration with upper management.

According to the findings obtained from the case analysis, the place of the PMO in organizational structure affects the strategic alignment process of the PMO. All the PMOs in participating organizations are located at n-2 level, if general manager or CEO is at level n, and executives of departments are at level (n-1). Due to the lack of direct communication with decision makers, the PMOs do not involve themselves with strategic decisions, and as a result, they have difficulty in the strategic alignment process. This can be a reason why PMOs mostly focus on the operational roles rather than balancing strategic and operational roles. Separately, it must be noted that if the PMO exists in the higher level in the hierarchy, it can be more familiar with strategic decisions because of being as decision makers. For instance, the Enterprise PMO of Organization 3 is located at n-1 level, which can be considered as upper management or management board involved in the decision making process. Stated in other words, because of the direct relationship with the strategic decision makers, collaboration with upper management can be more uncomplicated than with other PMOs.

As a result, strategic roles and strategic alignment process in the framework is implemented differently; but our framework and concept is verified by all participating PMOs. Especially, if the project selection and prioritization steps in the strategic alignment process are directly related with organization’s overall strategies, all participating PMOs integrate business strategies into PM efforts.

6. Findings

In this paper, three case studies are analyzed within two different industries, telecommunication and banking. The analysis of the case studies provides evidence to suggest that all participating organizations have adopted different, but successful, operational approaches to PM methodologies and PMO implementation. In other words, different internal context together with different organizational structure and different reasons necessitated alternative approaches in PM practices. Accordingly, the present research focused on the details of how these PMOs align organizations’ strategies in the business environment with these different approaches.

The analyzed PMOs execute the projects engaged to one business unit, and these projects are generally concerning technology and IT, even if the sectors are different. In Organization 3 the enterprise PMO, which is responsible from all IT and some non-IT projects within the organization, is established under the IT department.

While Organization 1 established PMO as a result of executing large numbers of projects successfully, the large budgets of the projects encourage the establishment of PMO in Organization 2. On the other hand, in Organization 3 uses both of these reasons- large numbers of projects in size and in budget-to establish PMO. It is observed that followings are similar reasons for establishing PMO in three cases: to standardize project management methodology, to utilize resources effectively in multi-project environment, and to increase customer satisfaction by improving the quality of the projects. Based on the interview data, one common role of the three PMOs is identified as the standardization of methodology and controlling project performance. This is categorized under project operational roles in our framework. It is also important both as a reason of establishing the PMO and for roles of the PMO. The head of the PMO of Organization 2 also mentioned that the most important operational role of the PMO should be the standardization of PM practices. So, it can be stated that the operational roles are more important than strategic roles in the implementation of PMOs.

7. Conclusion & Further Research

This paper contributes towards a guide for establishing PMOs’ strategic alignment process and its roles. At micro level, the analysis of the implementation of the framework concerning the strategic alignment process is carried out in the business environment. Although our framework is supported as a real-like approach, the strategic and operational roles do not balance in a business environment as opposed to the original framework we proposed. In other words, interviewed organizations focused on the operational roles more than strategic roles; thus, the PMO system becomes unbalanced.
The framework represents the PMO system of interviewed organizations shows that some of the strategic roles of PMOs defined as in our framework have not been implemented. Especially, the project selection and prioritization step in the strategic alignment process directly related to organization’s overall strategies; so in the project selection step, all participating PMOs integrate business strategies into PM efforts. Through the selected projects, portfolios are generated in many organizations. Due to the nature of portfolios, the projects are dependent upon each other to be consistent; so in some cases, creating consistency among projects is not seen as a role of the PMO. If the strategic roles of PMO are implemented successfully, strategic alignment process to create a successful PMO system can be established.

While establishing a successful PMO system, the operational roles of PMO, especially standardization of project management methodology and practices, are considered important. For the sake of sustainability of PMO, it is then necessary to create the balance between strategic and operational roles.

As we found out that the organizational structure, sectors, quantity and size of the projects affect the reason for the establishment and role of PMOs. In addition, the strategic alignment process of PMOs can be differentiated regarding to 1) the place of the PMO in the organizational structure, 2) the way of business implemented, 3) upper management’s perspective on project management practices, 4) the process of project selection and prioritization.

As a summary, PMOs are established to advanced in project management, yet they face different challenges. From our investigation, we have seen three successful implementations yet strategic alignment is still not considered as one of the top priorities behind it. However, interviews revealed that if PMO system incorporates strategic planning efforts, the benefits of PMO might increase accordingly. Based on this premise, we suggest that this research needs further investigation on the structure of PMOs. Further research also can look at more opportunities in the field of PMO and organizational project management. In a follow-up research, both internal and external factors affecting PMOs must also be studied. In that way, the results of this study could be generalized for different sectors.

8. References


