The Project Management Institute’s Organizational Project Management Maturity Model or OPM3

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Agenda

• Context
• Benefits of OPM3
• Terms and Concepts
• Structure of the Standard
• Implementing the Standard
• Summary
• Question and Answer
“The corporation as we know it, which is now 120 years old, is not likely to survive the next 25 years. Legally and financially, yes, but not structurally and economically.”

Peter Drucker, Business 2.0 (08.00)
Old versus New

Traditional
• industrial-era
• rigid structure
• authoritarian reporting relationships
• monolithic

Process-based
• new-era
• fluidity and flexibility
• dynamic relationships between customers, suppliers, and staff
• highly complex and tightly-integrated components
Globalization and technology are sweeping away the market and industry structures that have historically defined the nature of competition throughout the world.
The 21st Century

- The fundamental transformations under way in the global economy have only just started!

- Only 20 percent of the world’s GDP’s comes from industries that can be called global.

- It will take 30 years or more before anything reasonably approaching a truly integrated global economy will be realized.

- What can you expect over the intervening period?
The world’s market and industry structures will be in continuous flux.

The pace of change will continue to increase, and techniques for managing and delivering change will become the primary means for doing business. Project management is here to stay.
The 21st Century

Are you managing change or is change managing you?

Consider your own projects.
1 out of 2 projects will cost nearly twice their original estimates.

3 out of 4 professionals believe their organizations are not balancing the portfolio of projects to achieve the strategic goals of their organizations.
You know things are bad when your organization does not even do the *right* projects badly.

Especially when so many projects fail.
• Successful organizations must adapt to today’s environment.

  – achieve the *strategic* intent of your business through multiple, inter-related projects

  – manage change

  – cultivate organizational and individual project management capabilities

  – deliver projects successfully, consistently, and predictably
The 21\textsuperscript{st} Century

PMI’s OPM3 Standard is designed to help your organization adapt to today’s business environment.
Benefits of OPM3

• Help organizations understand current project management, program management, and portfolio management capabilities.

• Enable executives to assess their own organization’s or partner’s ability to achieve strategic priorities through projects.

• Identify areas for improvement and ways to make coordinated improvements incrementally.

• Help all levels of management understand how to create an environment for successful projects.
Benefits of OPM3

• Help those responsible for project management (e.g. PMO’s) identify drivers of project results and set standards for excellence.

• Enable organizations to achieve consistent implementation of project management work methods through standardization.

• Demonstrate relationships between executive functions and project management functions.

• Explain how to make project management measurable within an organization.
Benefits of OPM3

• Rally an organization or its partners to focus on project management improvements.

• Facilitate organizational change associated with developing project, program, or portfolio management functions.

• Develop consistency and predictability in project delivery.

• Distinguish one’s own organization from competitors.
Benefits of OPM3

• OPM3 may be applied to organizations of diverse
  – industries
  – sizes
  – geographical locations
Benefits of OPM3

• Helps organizations develop the capabilities necessary to deliver projects successfully, consistently, and predictably.
Terms & Concepts

• Organizational Project Management
• Maturity Model
• Best Practice
• Capability
• Outcome
• Key Performance Indicator
Organizational Project Management

- **Organizational Project Management (OPM)** is the application of knowledge, skills, tools, and techniques to organizational activities and project activities to achieve the aims of an organization through projects.

- Project Management (PM) is the application of knowledge, skills, tools, and techniques to project activities to meet project requirements. (PMBOK Guide)

The OPM process combines project management, program management, and portfolio management to enact organizational strategies through projects.
The PMBOK Guide’s Process Groups

(arrows represent flow of information)

Initiating Processes → Planning Processes → Executing Processes → Controlling Processes → Closing Processes

The OPM3’s Organizational Project Management Process
Maturity Model

• Capabilities are developed over time.

• "Maturity implies a state of being fully developed. Maturity also connotes understanding or visibility as to why success occurs, and as to ways to prevent common problems." - John Schlichter, “Surveying Project Management Capabilities,” PM Network, 13(4), 39, April 1999.

• A model outlines the steps for achieving maturity.
Process Maturity

Organizational Project Management Processes

Continuous Improving
Controlling
Measuring
Standardizing

Portfolio Management  Program Management  Project Management

Increasing Maturity
Best Practice

• A **Best Practice** is a technique or methodology that, through experience and research, has proven to lead reliably to a desired result.

• In the OPM3, **maturity** is represented in terms of **Best Practices**. One uses OPM3 to achieve maturity, that is, to enact Best Practices.

• In the OPM3, Best Practices are comprised of constituent Capabilities.
Achieving Maturity in OPM

Organizational Project Management Processes

Continuously Improving

12
11
10

Controlling

9
8
7

Measuring

6
5
4

Standardizing

3
2
1

Portfolio Management

Program Management

Project Management

Increasing Maturity

1 – Best Practices associated with Standardizing Project Management

2 - Best Practices associated with Standardizing Program Management

3 - Best Practices associated with Standardizing Portfolio Management

4 – Best Practices associated with Measuring Project Management

5 – Best Practices associated with Measuring Program Management

6 – Best Practices associated with Measuring Portfolio Management

7 – Best Practices associated with Controlling Project Management

8 – Best Practices associated with Controlling Program Management

9 – Best Practices associated with Controlling Portfolio Management

10 – Best Practices associated with Continuously Improving Project Management

11 – Best Practices associated with Continuously Improving Program Management

12 – Best Practices associated with Continuously Improving Portfolio Management
A Capability is a specific ability to perform, resulting in measurable outcomes.

A Capability may depend on pre-requisite Capabilities.

A Best Practice is comprised of constituent Capabilities.

To achieve a Best Practice, one must develop the constituent Capabilities of the Best Practice.
Dependencies

Best Practice A

Capability A1
Capability A2
Capability A3

Best Practice B

Capability B1
Capability B2
Capability B3

Best Practice C

Capability C1
Capability C2
Capability C3
Dependencies

Best Practice A

Capability A1
Capability A2
Capability A3

Best Practice B

Capability B1
Capability B2
Capability B3

Best Practice C

Capability C1
Capability C2
Capability C3
Dependencies

- Best Practice A
  - Capability A1
  - Capability A2
  - Capability A3

- Best Practice B
  - Capability B1
  - Capability B2
  - Capability B3

- Best Practice C
  - Capability C1
  - Capability C2
  - Capability C3
Outcome and KPI

- An **Outcome** is an observable result produced by using or having a Capability.

- Outcomes have **Key Performance Indicators** that demonstrate either quantitatively or qualitatively that an Outcome exists.
OPM3 Architecture

Best Practice

Capability

Capability

Capability

Maturity

Outcome

Outcome

Outcome

KPI

KPI

KPI
Best Practice:
The value of the portfolio is managed.

- Ability to determine present value of assets of each project proposed for investment.
- Ability to determine expenditure required to acquire assets of each project.
- Ability to determine the riskiness of each project, i.e. the variance per period in project returns for each project.
- Ability to determine length of time the decision to invest in each project may be deferred.
- Ability to compare the present value of assets of proposed projects to the discounted present value of the capital expenditure.
- Ability to determine the time value of money, i.e. the risk free rate of return.
- Ability to select projects and make project continuation/termination decisions to manage the value of the portfolio.
Best Practice: Portfolio managers and program managers assess confidence in project plans.

- Ability of portfolio managers and program managers to assess confidence in project plans.
- Ability to confirm the availability of resources throughout critical paths necessary to achieve Work within allotted Duration for each project.
- Ability to identify dependencies among all projects.
- Ability to analyze the critical paths of all projects and to measure variance in the critical paths of all projects.
- Ability to measure variation in activity duration values for all projects.
- Ability to develop best, worst, and most likely estimates for durations all tasks of each project.
- Ability to estimate duration and work for each project.
- Ability to develop a WBS dictionary for each project.
- Ability to confirm the scope of work for each project with the project sponsors and project customers.
- Ability to understand the business drivers, constraints, and assumptions for each project.
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OM3 Steps


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• Business drivers, critical success factors
• Assumptions, constraints
• Roles and responsibilities
• Stakeholders
• Scope of implementation
• Accountability
• Timing, personnel, internal costs
• Measuring progress
• Communicating throughout the process
• Managing risks
• Getting the expertise you need
Schedule & Pricing

- PMI will release the standard to the public in December 2003, with workshops available immediately after.

- PMI will offer OPM3 at a discounted price of $295 through March 2004.
Summary

- OPM3 helps organizations to assess and improve their project management capabilities as well as the capabilities necessary to achieve organizational strategies through projects.

- OPM3 sets the standard for excellence in project, program, and portfolio management best practices.

- OPM3 explains the capabilities necessary to achieve those best practices and to deliver projects successfully, consistently, and predictably.
You know things are bad when your organization does not even do the right projects badly.

Especially when so many projects fail.
Develop the capabilities to do the right projects the right way!
Q & A

http://www.opmexperts.com