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Project management offices: A case of knowledge-based archetypes

Kevin C. Desouza[a,*], J. Roberto Evaristo[b]

[a]*The Information School, University of Washington, Mary Gates Hall, Suite 370, UW Box 352840, Seattle, WA 98195-2840, USA*
[b]*Information and Decision Sciences Department, University of Illinois, Chicago, 601 S. Morgan St, MC 294, Chicago, IL 60607, USA*

Abstract

While Project Management Offices (PMOs) have become a mainstay in organizations, systematic research has not yet been undertaken to study their intricacies. In this paper, we conduct an exploratory and descriptive case study of PMOs, based on our interviews with senior managers and directors of PMOs in 32 IT organizations. The objectives are to: (1) outline the nature and characteristics of PMOs; (2) classify and derive archetypes of PMOs; and (3) enumerate critical success factors of PMOs. To the best of our knowledge, this is the first paper to systematically investigate PMOs from a knowledge archetype perspective. A novel and significant contribution of this paper is the case description of four PMO archetypes, which clearly delineate PMOs based on their knowledge management functions and capabilities.

Keywords: Knowledge management; Project management; Project Management Offices; Governance

0. Introduction

Much of the work conducted in organizations occurs as projects (Keil, Mixon, Saarinen, & Tuunainen, 1995). Project-based work is especially popular in the information technology domain. Statistics indicate that between 50% and 80% of IT projects are unsuccessful—they either fail to deliver on time, overstep budgeted estimates of resources and time, do not meet customer requirements, or fall short of customer expectations (Keil & Robey, 2001; Keil et al., 2000). This alarming scenario is hardly surprising—too many organizations tend to repeat the same mistakes too often, particularly in terms of knowledge transfer and reuse of the information derived from past projects (Collier, De Marco, & Fearey, 1996; Desouza, Dingsøyr, & Awazu, 2005). Some of the primary reasons for project failures are a result of poor knowledge management: lack of effective project estimation and budgeting, poor communication and information sharing practices, inadequate reuse of past experiences and lessons learned, and insufficient understanding of the technology, particularly its limitations. Other typical reasons are lack of consistency in management, lack of formal tracking, and lack of functional user involvement. The end result is overruns in cost and time through restarts or projects routinely abandoned before completion.

*Corresponding author. Tel.: +1 206 616 0880.
E-mail addresses: kev.desouza@gmail.com (K.C. Desouza), evaristo@uic.edu (J.R. Evaristo).

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Establishing a Project Management Office (PMO) is one strategy that can be used to resolve these persistent problems—it is a source of centralized integration and a repository of knowledge which can be used to inform more effective and efficient IT project management. A well-implemented PMO can resolve the most challenging project management issues by capturing and transferring knowledge, maximizing the power of cross-functional teams, regulating the demand of integrated technologies, and providing ownership and accountability for key efforts. Moreover, it can fully assess the impact and risk of change and provide projects with guidance on best practices and standards.

PMOs have been common in the telecom, aerospace, and defense industries for decades now. Much of this can be attributed to the fact that in the life-blood of work in such organizations occurs in the form of multi-million (or billion) dollar projects. IT organizations began to develop PMOs in the pre-2000 era to oversee projects involved with Y2K transitions. PMOs were originally conceived as a means of capturing and disseminating good project management practices and project knowledge throughout the organization. Due to the success rate of Y2K transitions, many organizations continued with PMOs and extended their scope of activity to include analysis, communication, and decision support. The newer objectives were to improve Project Management (PM) skills and communication, follow a standardized and consistent methodology, and monitor projects for progress within time and budget.

In recent years, many organizations have implemented PMOs to help lower the typical risks facing projects. Whether implementing a one-time project with a defined start and end, or running an ongoing program with several projects, experienced project and program management are essential for successful, on-time, within-budget delivery. A PMO is seen to combine the deliverable and focused discipline of project management with the conceptual and analytical strengths of business consultancy. CIO Magazine and the Project Management Institute (PMI) surveyed 450 managers and found that 67% of their organizations had a PMO in place. The same survey concluded that the longer a PMO was operative, the higher was its impact on improving project success. The findings conclusively indicate that PMOs can instill project management discipline and align project management processes with an organization's overall strategic objectives.

The objective of this paper is to describe PMOs and outline the major knowledge-based archetypes. To the best of our knowledge, this is the first paper to systematically investigate PMOs from a knowledge archetype perspective. We conducted semi-structured interviews with PMO managers or directors in 32 IT organizations.

1. Research methodology

We conducted semi-structured interviews with PMO managers or directors in 32 IT organizations. This research methodology is an interview protocol where the researcher has pre-set questions to ensure that the same information is elicited from respondents, but will occasionally ask some spontaneous ones. However, since the order of the questions is not pre-determined, the researcher is free to pursue certain questions at greater length. The advantage of this approach is that it makes interviewing a number of different persons more systematic and comprehensive by delimiting the issues to be taken up in the interview. Logical gaps in the data collected can be anticipated and closed, while the interviews remain contextual yet fairly informal. Our objective was to get a representative sample of executives so as to collect information on the wide-ranging functions of PMOs. Consequently, we chose organizations from a wide assortment of industries, from manufacturing, government, academia, to biotechnology. Our choice of organizations was restricted to PMOs that oversaw IT projects. Upon synthesis and documentation of our findings, we shared copies of our report with the respondents and sought further comments. The comments and extensive feedback helped to refine the findings and were incorporated into this paper. This paper can be looked at a collection of exploratory insights from conducting mini-case studies of PMOs in 32 organizations.

2. Definition of a PMO

A universal definition of a PMO is not possible, because developing a PMO that works for an organization is an exercise in both customization and sustained effort. PMOs can vary widely in terms of size, structure, and accountability. There are no blueprints to establish a PMO. The only criterion for success is that the PMO