

## WHITEPAPER

# The Agile PMO: 5 Steps to Driving Agility at Scale

## Be the PMO for Today's Agile Enterprise

As the success of agile within single teams becomes more prevalent in business, executives are eager to apply that same speed and flexibility to larger, more strategic initiatives. Naturally, they are looking to the PMOs, known for leading change management and their ability to execute, to help drive this transition. Done correctly, implementing agile across an organization can yield major benefits, such as:

- More innovation relative to routine operations
- Reacting and adapting to change faster
- Improved responsiveness to customer needs
- Greater efficiency and productivity
- Measurable improvements in financial results
- Increased customer loyalty and employee engagement

Source: Harvard Business Review, "[Agile at Scale](#)"

Yet achieving agility at scale is difficult, especially when creating today's complex products, services, and customer experiences. Success often requires effective collaboration across multiple execution teams, business departments, work methodologies, and geographies. Fundamental change is needed not only across how teams deliver value but also within portfolio management and strategic planning practices.

The first step is for PMOs to become more agile themselves. In a world of decentralized decision-making, shorter delivery cycles, and rapidly shifting priorities, they must redefine their roles. However, becoming a more agile PMO conflicts with the traditional approach of centralized control, standardized process, and strict governance.

How do PMOs successfully make this transition and facilitate the greater benefits of agile execution at scale? Whether you have agile teams assigned to key projects or initiatives, have one or two business units that are pursuing agile, or are undergoing an organization-wide agile transformation, this eBook presents five ways to help your PMO become more adaptive to change and drive greater agility across your organization.

First, here's a look at what PMOs are up against when embracing agile.

**PMOs are in a prime position to scale agility effectively across organizations. After all, it's in their DNA to ensure the business is going in the right direction, spending money on the right things, and empowering people to accelerate value delivery. Portfolio management and strategic planning can ensure that agile work is tied to strategic initiatives.**

# The Challenges with Agile

Many issues plague PMOs as organizations transition to agile, such as demand for change, a high learning curve, and resistance to traditional PPM approaches.



1. **Agile is in high demand:** Executives are banking on Agile to make their organizations more innovative, dynamic, and deliver products and services faster. According to the Forbes Insights/PMI report, [“Achieving Greater Agility: The Essential Influence of the C-Suite,”](#) 84 percent of executives believe organizational agility is necessary to succeed in digital transformation. The number of organizations where most software development work is Agile more than doubled from 2013 to 2017 (Forrester’s Global Agile Software Application Development online surveys).



2. **Agile is nascent:** Despite the increasing popularity in Agile software development, Forrester’s [“The State Of Agile 2017: Agile At Scale”](#) report found that “agile at scale across teams, divisions, and enterprise is still relatively rare.” While a majority believe that agility is critical, only 27 percent of the executives surveyed for the Forbes Insights/ PMI report said that their organizations are highly agile (but the potential is there).



3. **Agile presents different ways of working:** A one-size-fits-all way of working is no longer sustainable. Becoming more agile requires PMOs to learn and incorporate different methodologies, frameworks, and terminologies. An increasing variety of work methodologies are being introduced into organizations. These include everything from traditional project management to Lean to Agile to stage-gate – with more materializing every day. Agile development has its own myriad agile-scaling frameworks such as SAFe, LeSS, and DaD, just to name a few.



4. **Agile is more about teams than individuals:** The unit of work is becoming the team, and the collective, coordinated work of many is powerful. However, agile development is organized around dedicated teams that are often self-governing. This has created new roles to facilitate faster, customer-focused delivery. At the same time, teams in general are becoming more virtual, global, and multi-disciplinary. A survey of 1,700 knowledge workers found that 79 percent reported working always or frequently in dispersed teams ([Harvard Business Review](#)), making collaboration more difficult.



5. **Agile often goes wrong:** In the Harvard Business Review article, [“Why Agile Goes Awry – and How to Fix It,”](#) the authors write: “Agile processes go awry, because as companies strive for high performance, they either become too tactical (focusing too much on process and micromanagement) or too adaptive (avoiding long-term goals, timelines, or cross-functional collaboration).”



6. **Agile is redefining portfolio management approaches:** Agile – especially Agile software development – is motivating employees to rethink what made PMOs effective: top-down structures and processes. However, agile execution needs to fit in to the greater context of critical, established enterprise-wide strategic delivery processes.



7. **Lack of agility is blamed for ineffective execution:** “The first deadly sin is failure to be agile and deliver value,” according to the Gartner report, [“How to Avoid the ‘Seven Deadly Sins’ of a Level 2 PMO.”](#) In the Harvard Business Review article, [“Why Strategy Execution Unravels,”](#) the researchers found lack of agility to be “a major obstacle to effective execution”

If your organization has decided to scale agile, you can overcome these challenges by evolving how you plan and govern as well as support delivery teams.

**“The shift to enterprise agile and continuous delivery models appears inevitable for organizations to thrive or even survive in the digital business era. PPM leaders must embrace this shift, exchanging top-down control for collaborative enablement.”**

**– Gartner, [Evolving PMOs in an Enterprise Agile World](#)**

# 5 Ways to Become a More Agile PMO

While the fundamentals remain, coupling agile execution with portfolio management does require changing how you approach your role. Here are five ways to facilitate agility.

## 1. Provide Just Enough Governance

According to the Harvard Business Review article [“Agile at Scale,”](#) leaders are often tempted to treat Agile transformation just like any other initiative or project: with top-down plans, processes, and control. This approach is anathema to agile teams who want the independence to figure things out as they go and deliver value incrementally and quickly. The belief is that bureaucratic management methods would hold them back.

Indeed, the nature of Agile renders top-down controls ineffective, at least during execution. For instance, Agile software development teams are often shifting course every two or three weeks based on customer feedback. Trying to control this with top-down efforts stifles the creativity, spitfire, and “fail-fast” mentality that characterizes Agile teams.

However, agility doesn’t happen without adequate strategy, planning, and alignment to business goals. Problems arise when multiple teams, across a greater team structure and dynamic, don’t work together effectively based on the strategic objectives of the organization.

This is where PMO governance can make a real difference. But how do you strike a balance between top-down control and team sovereignty?

### Move from a Control Mentality to Collaborative Enablement

In [“Evolving PMOs in an Enterprise Agile World,”](#) Gartner advises PPM leaders to: “Enable continuous business outcome delivery and rapid response to bottom-up feedback by replacing top-down practices and controls with collaborative leadership.”

In this new world order, the PMO becomes a “servant leader organization,” supporting agile teams rather than controlling them (CIO’s [“The Agile PMO”](#)). This doesn’t mean being subservient. It entails elevating the PMO role to a more collaborative, strategic effort.

PMOs are uniquely qualified to connect strategy, planning, and delivery for everyone in the organization as well as help them adapt based on real-time information. In a fast-moving, agile environment where continuous feedback loops are critical, they must have a collaborative mentality and good relationships with everyone involved. PMOs must understand the work being done on the ground and how it is tracking towards strategic objectives.

This doesn’t mean micromanaging, because day-to-day execution is now the job of the product owner or the scrum master. Success requires the PMO to collaborate with these execution experts to gain visibility into the work being done. As organizations scale agility, PMOs should realize that business is a hybrid world, and find solutions to bring it all together.

**To facilitate Agile, PMOs must grant autonomy for the local/team decision-making that drives innovation and promotes experimentation.**



To best serve teams – their customers – in an agile environment, PMOs should focus on:

## Prioritizing Strategy and Planning

**Connecting strategy to the investments and outcomes** that drive transformation and delivery of innovative products and services

**Translating strategy** into measurable goals and actionable roadmaps enterprise-wide

**Planning and managing complex programs** that encompass people, teams, departments, and ways of working to support strategic outcomes

**Optimizing funding and resource allocation** to cross-functional initiatives

**Maximizing the ROI** from strategic initiatives

## Facilitating Agility

**Granting teams the autonomy** to define their own tasks and work priorities that support the greater enterprise-wide strategic objectives

**Establishing new global/enterprise-wide sets of processes, roles, best practices, and responsibilities** to become an agile PMO

**Integrating data sources from mixed work execution and applications** into the PMO's centralized hub of information and management

**Providing real-time visibility and reporting** into financials, performance, and investments from across the enterprise

**Analyzing performance** to ensure improvement and quality

**The PMO's new world order: Adapt and embrace agility, and prioritize strategy and planning with a collaborative approach**



## 2. Rethink How You Define Work

Part of being more collaborative and effective is supporting the way people really work to drive customer value and speed time-to-market. Agile PMOs must account for the different work methodologies being used in today's organizations, such as traditional projects, hybrid or iterative, Lean and Agile, scrum, and collaborative.

The opposite is true for PMOs that rarely or never consider or use these approaches.

In fact, PMI's [2018 Pulse of the Profession](#) report found that not enough PMOs are advocating for the right work type to achieve the right outcome. Instead, they stick to a specific, rigid methodology and risk being marginalized by other, more agile groups.

Better supporting agile teams requires not merely being familiar with these methodologies, but also learning their terminologies, processes, and frameworks. For example, with Agile software development, work is being done at the team

level in smaller, more consumable chunks (think MVP – 'minimal viable product' mindset). What used to be a project is now an epic or feature and takes only a couple of months versus several quarters.

Understanding how these teams work helps PMOs coordinate the use of frameworks to scale Agile such as SAFe, LeSS, and DaD. These frameworks give organizations guidelines toward a common language and processes for organizing and delivering work on a larger scale. It's common to draw best practices from several frameworks within an organization. An agile PMO assists with choosing and setting up frameworks (or a hybrid of frameworks), process, and structure, based on the needs of the organization.

**PMOs that consistently support the use of applying the best-suited approaches to the work and projects being done are more likely to meet business goals, stay on track, and successfully deliver originally intended outcomes.**

## 3. Connect Delivery to Strategy with an Integrated Portfolio Approach

Employing a portfolio management approach – vs. a project focus – enables you to facilitate agile at scale, translating strategy into delivery on an ongoing, cross-functional basis. Otherwise, it becomes extremely challenging to coordinate today's digital transformation initiatives and deliver market-leading, complex and interconnected products, services, and customer experiences.

In *Planning Deconstructed: 5 Types of Planning Crucial to Delivering on Strategy with a Dynamic and Continuous Approach* it states that by using an integrated portfolio management approach, PMOs can bring together the different planning activities done across the enterprise with the relevant stakeholders, at the right time. This entails strategic planning, capacity planning, financial and investment planning, project/work planning, technology planning, and more. By coordinating all this, PMOs can create an

overarching planning process that allows the organization to shift and re-plan as needed.

This planning approach can then support evolving business initiatives and enables the PMO to make informed recommendations. An agile PMO is able to evaluate growth and innovation investments, generate what-if scenarios, and compare trade-offs

between proposed decisions, as well as prioritize initiatives around the company-wide plan.

PMOs also need to adjust how they plan capacity, since agile is built around teams and day-to-day execution is managed by the product owner or scrum master. They are in a good position to recalibrate their capacity planning practices and tools to the team level. This enables PMOs to ensure that the right teams are dedicated to the right work and redeploy teams as necessary to help resolve bottlenecks and keep work flowing.

### Shift Toward Continuous Planning

A portfolio management approach informed by the right data is also conducive to continuous planning. PMOs must be able to continually reassess and pivot quickly as priorities shift, conditions change, and new opportunities surface. Continuous planning enables them to do this, ensuring that the organization is constantly delivering value to the business while considering capacity constraints.

Strategic roadmapping creates the framework for hybrid end-to-end delivery (taking mixed types of planning activities into account) by defining top-down direction and translating strategy into actionable plans. Consolidated, visual roadmaps should link strategy to the investments, products, services, and outcomes that drive digital transformation. With an enterprise roadmap, you can lead organizational change, measure progress, understand impacts from decisions, and adjust dynamically.

**"Becoming more agile requires PMOs to move from annual project-based funding to continuous portfolio planning. They must continually iterate based on the needs of the business and information derived from across the enterprise."**

**– [Your PMO @ Hyper-speed](#)**

## 4. Move from Project- to Product-Centric Portfolios

One reason executives are pushing agile is the need to incorporate technology into every aspect of business. Much of the work being done is focused on delivering interconnected, digital products and services to end customers. Speed and flexibility are critical when trying to satisfy new and evolving customer demands, and agile methodologies facilitate all this with product-based delivery models.

This is why PMOs must transition to managing their portfolios as products – not projects - and that the focus is no longer about executing on-time and on-budget, but instead about the delivery of value as the outcome. To assist agile teams, PMOs must think, plan, and manage in terms of the end-products and services: They need to understand and account for everything needed to create them, such as applications, technologies, services, solutions, products, locations, and other essentials, all the way through the delivery.

No longer bound to managing execution, PMOs must instead work with the new product-centric roles agile has created to deliver value. These roles include the product manager and product owner.

Product managers are responsible for the entire product lifecycle from idea to sunset, and they have the authority to make decisions. They engage with customers and key

**About 40 percent of organizations use a product-centric model for software delivery, and that number will double to 80 percent by 2022.**

– Gartner, [“Survey Analysis: IT Is Moving Quickly From Projects to Products”](#)

stakeholders to convey a product vision and roadmap. They also work with product teams to deliver and sustain the end-to-end customer experience.

Product owners are responsible for maximizing the value of the product resulting from the development team’s work. They ensure the product backlog is aligned with the desired business outcomes and customer value. They engage with business analysts, the product manager, the delivery team, and of course the PMO.

It’s essential for the PMO to work with product managers and owners to create forward-looking plans and roadmaps – not just project schedules. These roles will depend on the PMO to help make decisions in line with company strategy as well as measure outcomes and business value. Operating as a collaborative team will help increase agility, deliver more value, and drive innovation for digital experiences faster.

## 5. Fund Iteratively, Measure Consistently to Optimize the Portfolio

Product-based portfolios and delivery models require funding models to evolve from projects to products, initiatives, and value streams. The rapid pace of agile requires dynamic funding, enabling reallocation as products die, priorities shift, and new, promising ideas arise.

**Here’s a little secret: PMOs should start partnering with finance to define this approach as agile budgeting and iterative funding becomes more mainstream.**

The agile PMO is able to associate outcomes, program, and work to promote a product and value stream-centric approach. Organizations transitioning to an iterative funding approach are doing so by platform, product line, and product level, according to the [Gartner survey](#). PMOs must also ensure that these agile funding models fit in with other

established corporate financial processes and reporting.

Traditional budgeting approaches conflict with this, which can compromise productivity, speed, morale, and flexibility. There are three steps to moving beyond project-based funding (leveraging [Scaled Agile, Inc.’s](#) SAFe framework perspective):

1. **Fund value streams, not projects:** Value streams are the series of steps required to deliver value to the customer in the form of outcomes, products, services, applications, experiences, etc. Each value stream should have its own budget as well as parameters for spending. This way, teams have more autonomy to accomplish their work and PMOs can still ensure that budgets are on track. They are freed from monitoring the budget at the project level.
2. **Guide investments by horizon:** This is familiar territory for most PMOs, with the word “horizon” equating to the different stages of investment in an idea, product, project, service, etc. As things change, managers must be able to plan, analyze, and prioritize investments in context with the entire portfolio. A mix of programs, not just traditional and not just agile, should be considered as part of the prioritization process. As new demands hit, the portfolio priorities must be continually assessed against capacity to determine which combination best meets the organization’s goals. With agile, PMOs should evaluate spending in terms of the solutions that teams are trying to create (comprised of the different value streams).

3. **Apply participatory budgeting:** In keeping with the collaborative nature of agile, PMOs should consult with product managers, line-of-business managers, and executives to determine the best investments for the business. Many organizations waste too much time and money on manual portfolio analysis and end up saying yes to every new idea. PMOs must streamline

this process with the right tools to incorporate feedback and intelligently analyze ideas in context with the entire portfolio. This also includes working with executives to gain approvals for iterative funding. Examples of metrics to keep in mind and share with executives include ROI, Net Present Value (NPV), Internal Rate of Return (IRR), and Free Cash Flow.

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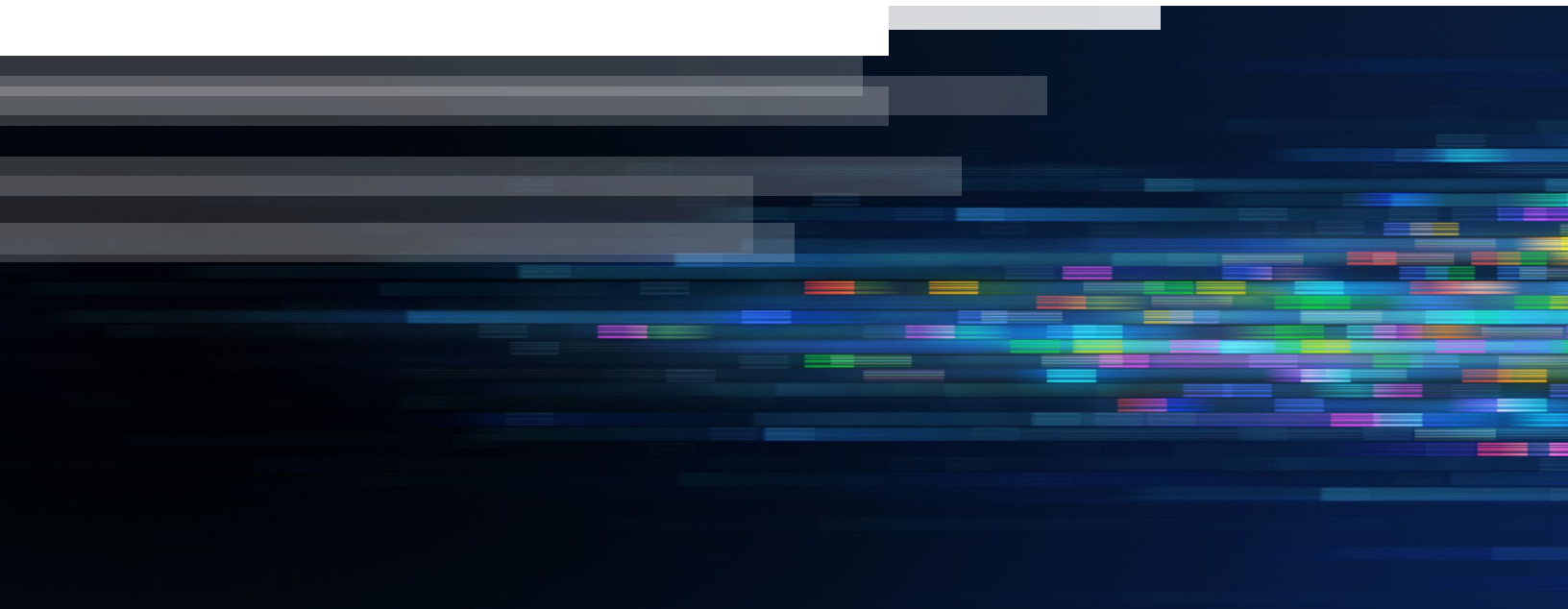
## Evolve and Become an Agile PMO to Deliver Faster

By embracing agile, PMOs can accelerate strategy delivery and facilitate transformational change. Traditional portfolio management principles still apply, and agile needs to accommodate certain established company-wide processes for portfolio management and strategic planning. For example, agile must contribute to financial reporting, executive level dashboarding, and performance monitoring, among others.

Evolving to agile also requires a change in mindset. PMOs must learn about agile principles and practices, embrace the collaborative nature of agile, and lose the instinct to focus on execution. It's about empowering teams to innovate and deliver value in line with strategy.

The PMO may be the only entity in the organization able to bring all this together, but it must first make these fundamental portfolio management and strategic planning changes:

- ✓ **Integrate Strategic and Portfolio Planning** for communicating high-level priorities, managing cross-team dependencies, and providing executive-level visibility to progress
- ✓ **Move to Continuous Planning** for focusing on strategy across demand management, capacity planning, and work delivery
- ✓ **Adapt the Portfolio Management Configuration** for driving more flexible ways of working while continuing to support traditional work modes
- ✓ **Support Delivery of Any Type of Work** be it traditional, iterative, lean-agile, or collaborative work
- ✓ **Collect the Right Analytics and Generate Customized Reports** to track progress, measure performance, and empower users to make informed, data-driven decisions



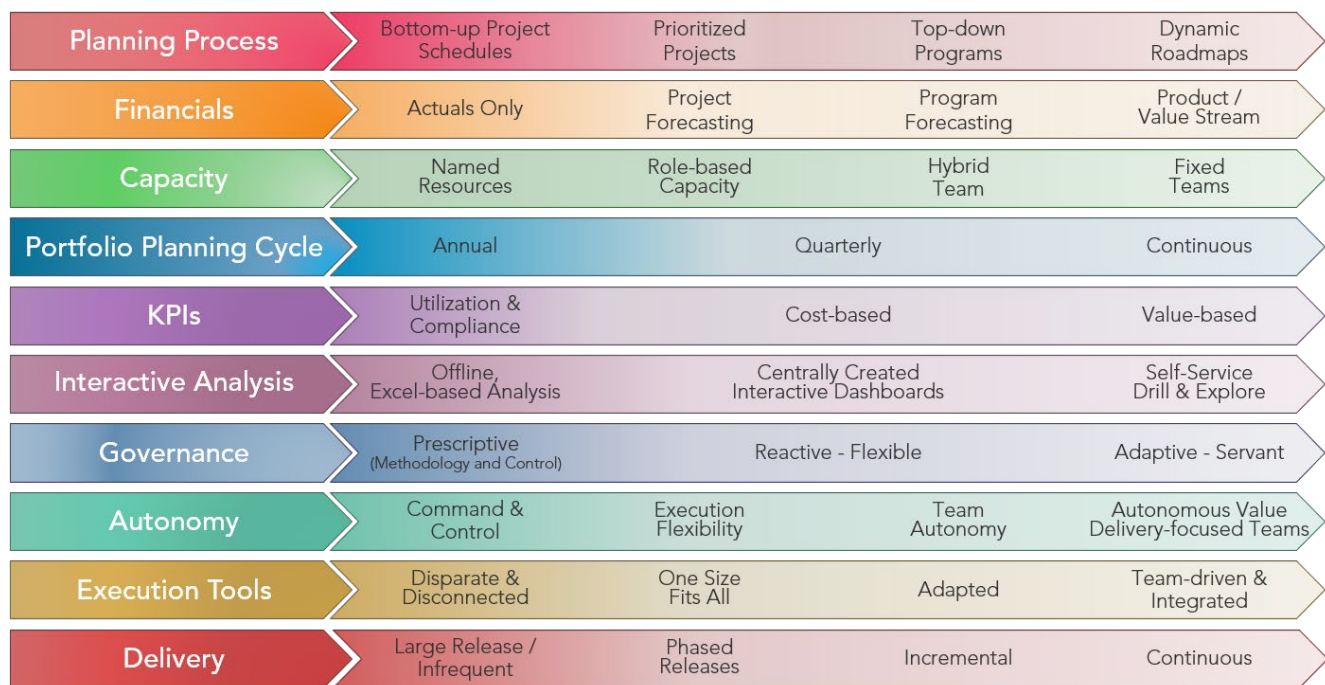
# Planview – Your Partner to Achieving Agility

Clearly, the transformation to agile requires an extraordinary amount of planning, coordination, and collaboration. Synthesizing the right data from across the organization requires the right technology investments, which includes a central place to set direction and deliver on the strategy. This should be a single source for everyone involved to collaborate, track strategic performance, analyze progress, identify trends, consider different scenarios, resolve bottlenecks, and deliver on strategy.

Planview has a long history of partnering with customers to coordinate large, complex, cross-organizational change endeavors. Our portfolio and resource management

solution combined with Lean and Agile Delivery applies well to agile environments and can support the transition to product-based team business and funding models. These solutions provide the centralized hub PMOs need to connect strategic planning and portfolio management within a hybrid work environment and make scaling agile a reality.

Let us help you with your journey to become the PMO for today's agile enterprise. No matter how far along you are in the evolution and what agility aspects your organization will embrace, Planview is your partner to successfully achieving the state of an agile PMO.



## Evolve across planning and delivery: Variables to consider in the journey toward achieving agility

Learn more about the how to become an Agile PMO visit [Planview.info/AgilePMO](https://planview.info/AgilePMO) or email us at [agility@planview.com](mailto:agility@planview.com) to develop your PMO roadmap for achieving agility.