

PMO Re-engineering

A working guide. Value Engineering and Theory of Constraints, applied to the PMO you actually run.

This is not a reading document

It is six pieces of work, in an order that only makes sense forwards. Each one takes between twenty minutes and an afternoon, and each needs information you may have to go and find. Print it, keep it on your desk, and expect to come back to it several times.

Work it at your own pace

The sensible rhythm is **one step per sitting, over two or three weeks**. Doing all six in one afternoon produces a tidy document and no change, because the useful part of steps 3 and 4 is the checking you do in between: asking someone whether a control is really required, finding out what a report actually costs to produce.

Nobody sees this but you

There is no submission, no assessment and nothing to send back. The only test that matters is the one on the last page: whether your portfolio is easier to deliver in ninety days.

BEFORE YOU START

The argument, in five moves

Each step depends on the one before it. This is not a preference about sequence. Step 4 is arithmetic you cannot do without step 3, and step 3 is a list you cannot write without step 1. If you skip forward, the later steps will produce answers that look reasonable and are not load-bearing.

STEP	WHAT IT PRODUCES
1	State the problem One sentence your PMO exists to answer.
2	Select functions Which of the five you are actually in business to run.
3	Break into components A named, costable list of what you actually do.
4	Apply value A keep, optimise, rebuild and sunset verdict on each.
5	Find the constraint Where your remaining effort should point.
6	Build the mechanism What stops this decaying again.

THE PREMISE EVERYTHING RESTS ON

Setting up a PMO is not a copy-and-paste process. A PMO is a response to a stated problem, and a PMO that cannot state its problem has no basis for deciding what to do or what to stop. The same holds for one that has been running for years: functions and components need revisiting on a cycle, and some of them need to be sunset and rebuilt rather than improved.

What you will need

- A list of everything your PMO produces in a normal month: reports, forums, templates, approvals.
- Rough effort figures. Days per month per activity is precise enough; do not go looking for a time-tracking system.
- One project in your portfolio that is running late, with enough history that you can reconstruct where the time went.
- Access to two or three people who will tell you the truth about what they work around.

THE MOST COMMON WAY THIS GETS WASTED

Filling it in about the PMO you wish you ran. Every page here is only worth the honesty you put into it, and the person most able to detect a flattering answer is you, three weeks from now, wondering why nothing changed.

STEP 1

State the problem

Write the problem your PMO exists to solve, in one sentence. It has to carry three things, or it is a slogan: **whose problem it is** (a named role that feels it, not "the organisation"), **what it costs today** (something you could measure if challenged), and **what solved looks like** (an observable difference). If nothing observable changes when the problem is solved, there was no problem.

WORKED EXAMPLE

Too vague: "To provide governance and oversight for the project portfolio."

Usable: "Delivery directors cannot tell which of their forty projects are genuinely at risk until a milestone is already missed, so recovery decisions are made four to six weeks late. Solved means risk is visible early enough to move money or people while it still changes the outcome."

The second one can be argued with, costed, and tested. That is what makes it usable.

Your problem statement

Who feels this problem, by name or role?

What does it cost today?

What would be observably different if it were solved?

BEFORE YOU MOVE ON

Show the sentence to one person who does not work in your PMO. If they cannot tell you what would be different when it is solved, it is not finished. Do not proceed to step 2 with a problem statement you are still embarrassed to show anyone.

STEP 2 · REFERENCE

The five functions

A PMO is built out of five functions, each of which breaks down into components. Treat this as a **menu, not a mandate**. Running all five because the model has five is how you end up with a PMO nobody asked for. Your problem statement selects.

Definition of Process, Methods & Tools	Continuous Improvement, Governance and Metrics	Mindset Provision	Services Provision	Practices, Ceremonies, Deliverables and Artifacts
Process definition and modelling Process guidelines and handbooks Tooling and templates	Communication Values Metrics The review cycle itself	Principles Thinking patterns Culture	Enterprise level services Project and product support Supplier management Peer support and knowledge transfer	Traditional Hybrid People driven agile Lean and flow driven agile

FOUR COMPONENTS CUT ACROSS SEVERAL FUNCTIONS

Metrics; Roles, responsibilities, staffing, onboarding and team organisation; Continuous improvement; and Communication do not sit under one function. They serve several. This is where cost hides: they get funded once per function and built two or three times, and they are the hardest things to retire because several people each believe they own them. When you reach step 4, look here first.

Which functions does your problem statement actually select?

FUNCTION	IN OR OUT	WHY (TIE IT TO YOUR PROBLEM STATEMENT)
Process, Methods & Tools		
Continuous Improvement, Governance and Metrics		
Mindset Provision		
Services Provision		
Practices and Ceremonies		

STEP 3

Break functions into components

Functions are too coarse to cost and far too coarse to cut. Nobody ever removed "governance". Components are the level at which decisions are possible.

Name each one **verb-noun**, the way function analysis requires: "produce monthly portfolio report", not "reporting". This is not a style preference. **You cannot cost a noun**, and a noun lets you avoid saying who does the work. The moment you write the verb, the effort becomes visible and so does the owner.

WORKED EXAMPLE

Noun: "Risk management". Uncostable, unownable, impossible to argue about.

Verb-noun: "chair fortnightly risk review" · "maintain portfolio risk register" · "produce risk section of the board pack" · "chase risk owners for updates"

One noun became four components. Three of them may be worth keeping. The fourth is four days a month of chasing, and now you can see it.

Your components

Expect between eight and twenty. If you have fewer than eight you are still writing nouns. Effort is days per month, estimated.

[illegible]

STEP 3 • CONTINUED

Components, continued

TWO QUESTIONS TO ASK BEFORE STEP 4

For each component: **which decision does it inform, and who makes that decision?** A component that informs no named decision is reporting rather than governance. You do not have to act on that yet, but mark those rows, because they are where step 4 tends to land.

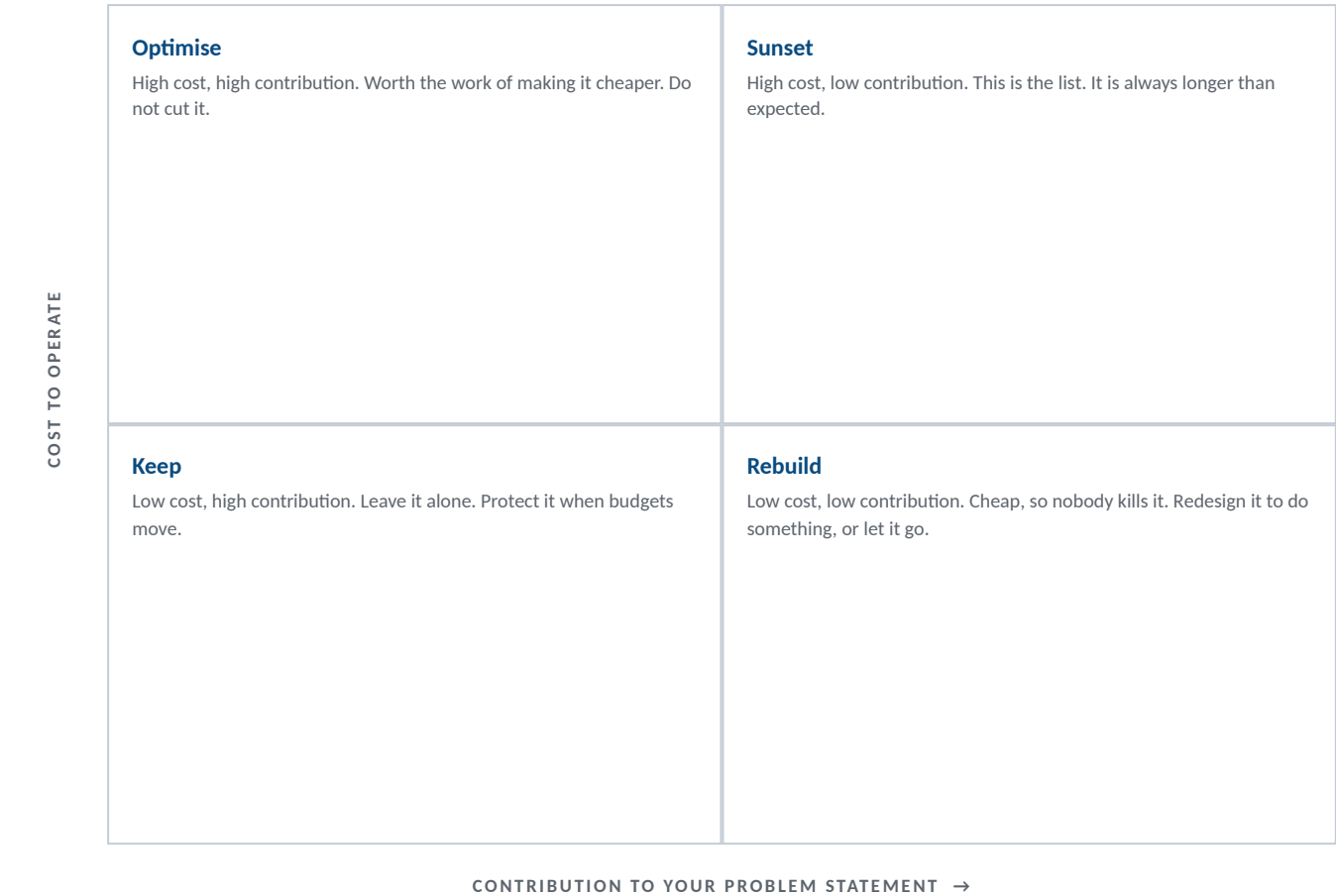
STEP 4

Apply value engineering

Value Engineering asks one question of anything: **what function does this perform, and at what cost?** Written as **Value = Function ÷ Cost**. The point is not to cut cost. It is to find the places where you are paying a great deal for very little function, which is almost never where people assume.

Cost is not only money. It is the days per month, the meetings it creates for other people, the attention it takes from you, and the political capital you spend defending it. A component that costs two days a month but requires you to argue with a director every quarter is an expensive component.

Place every component from step 3 on this grid



IF YOUR SUNSET QUADRANT IS EMPTY

The exercise has not been done honestly. Every PMO that has been running for more than two years has components in that quadrant. They accumulate through reorganisations, one-off requests that became permanent, and reports built for someone who has since left.

STEP 4 · CONTINUED

Your sunset list

Everything in the top-right quadrant. For each one, the useful distinction is **why it is hard to remove**: because something genuinely depends on it, or because someone would object. Those are different problems. The first needs a replacement; the second needs a conversation, and often the conversation is easier than expected once you can show the cost.

COMPONENT	LOAD-BEARING OR POLITICAL?	WHAT HAS TO BE TRUE BEFORE IT CAN GO

HOW THIS IS ACTUALLY DONE

You will not get a mandate to redesign a PMO. You will get one quarter of tolerance for visible improvement, which is enough.

Do not announce a "PMO transformation". Announcing it creates defenders of everything you planned to retire. Stop things quietly and see who asks. Most of the time, nobody does, and that silence is your evidence.

For anything you cut, write down how you would reverse it. You will almost never need the plan; having it is what gets you permission.

STEP 5

Find the constraint

Theory of Constraints says a system's throughput is set by one bottleneck, and improving anything else changes nothing. For a PMO this has an uncomfortable consequence: most of what a PMO does to "improve delivery" improves parts of the system that were never the limit.

- 1. **Identify.** Find the constraint, honestly.
- 2. **Exploit.** Get everything you can from it before spending anything.
- 3. **Subordinate.** Run everything else at its pace. This is the hard one, because it means deliberately leaving other capacity idle.
- 4. **Elevate.** Only now, add capacity.
- 5. **Repeat.** The constraint has moved. Start again.

Reconstruct one late project

Take a project in your portfolio that is running late and work out where the time actually went. Most delay is waiting, not working. Sort each delay into one of three causes, because each has a different fix and PMOs routinely apply the wrong one.

WHERE TIME WAS LOST	HOW LONG	PROCESS / CAPACITY / DECISION	WHO COULD REMOVE IT

Which cause dominates, and what has your PMO been doing instead?

THE MOST EXPENSIVE ERROR IN PMO DESIGN

Adding process to a decision-latency problem. If work is waiting for someone to decide, a new template, a new gate and a better report all make the wait longer. **And if work waits on your own approval steps more than on anything else, the PMO is the constraint.**

STEP 6

Build the mechanism

Everything above decays. Components accumulate again, reorganisations add functions nobody chose, and in three years you are back here. The difference between a PMO that stays useful and one that silts up is not the quality of its design. It is whether anything forces the design to be revisited.

So the last step is a mechanism, and it needs four things. **Write a named person in the owner box.** "The steering group" is not a person and will not do it.

Cadence: how often functions and components get revisited

Put it in a calendar, not in a policy document. Twice a year is enough for most portfolios.

Owner: the named person who runs the review

Trigger: what forces an off-cycle review

A new sponsor, a reorganisation, a missed target, a portfolio growing past a threshold.

Sunset test: the evidence that retires a component

Agree this in advance, while nobody is defending anything in particular. It is far harder to write in the moment.

PULLING IT TOGETHER

One page, one change

Not a programme. One change, small enough to start next week and large enough that somebody notices it happened.

THE PROBLEM MY PMO EXISTS TO SOLVE

THE ONE THING I AM CHANGING

WHAT I AM STOPPING, AND WHEN

WHO HAS TO AGREE, AND WHAT I WILL SAY TO THEM

THE CONSTRAINT THIS IS POINTED AT

HOW I WILL KNOW IN 90 DAYS WHETHER IT WORKED

THE ONLY TEST THAT MATTERS

Ninety days from now

Put a date in your calendar ninety days from the day you finish this guide, and answer four questions. Write the date here so it is harder to avoid.

DATE

1. Did the thing I said I would stop actually stop, or did it come back under a different name?
2. Did anyone ask for it? If not, what else is on the sunset list that I was too cautious about?
3. Is the constraint still in the same place? If it moved, the work moved with it.
4. Did the review cadence happen, or did the quarter fill up?

WHAT GOOD LOOKS LIKE

Not a better PMO on paper. A portfolio that is measurably easier to deliver, run by a team doing fewer things on purpose. If your answer to question 4 is that the cadence did not happen, that is the finding. Start again at step 6 rather than at step 1.

If you want a second pair of eyes

Send us the one-page plan from page 11 and we will read it and reply. There is no charge and no follow-up unless you ask for one. We do this because the plans people send us are how we learn what actually happens in PMOs, which is worth more to us than it costs.

contact@pmogarage.com · starttostart.com