

PMOGuru

Project Portfolio & Agile PMO Consultants
(<http://www.pmoguru.com/>)

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PMO KPI examples for measuring success



In 2010, Gartner presented a PMO study at the 'Symposium ITXPO'. It showed that over the last 7 years 50% of all PMO's failed. That means that every second PMO was not successful. That sounds scary, doesn't it?

One major factor for their failure was, that the Business perceived their PMO would not provide sufficient value to its organisation.

Interesting enough, at the same time Gartner's research showed that world class organisations have a 'three times' higher project success rate than the Industry Standard. Those project success rates can be directly linked back to good project management practices and to highly successful PMO's.

So, where is the discrepancy? Often PMO's do provide value to the Business, but they are not measuring and advertising it. This often lead to the above perception, where the PMO is not adding value.

An important step to overcome this perception is to define a set of metrics, so called: PMO KPI's to show how the PMO can increase project performance, actively drive change and support organisational goals and targets.

Definition: PMO KPI

A key performance indicator (KPI) (<http://www.investopedia.com/terms/k/kpi.asp>) is a type of performance measure (e.g. metrics), which an organisation uses to evaluate the success of a particular activity. The PMO needs to define and agree on a certain set of metrics (with its stakeholders) to demonstrate that it provides value to the Business. Only than, the PMO can be successful. Otherwise the PMO will struggle with its existence.

Possible PMO Metrics

Below you will find some possible metrics. You still need to tweak them to make them fit to your project portfolio and to your organisation. But it is a good starting point and it will give you an idea on what to measure:

Topic	Area	Possible Metric
Strategic Contribution	Strategic Project Delivery	Increase the success rate of % of strategic projects delivered / the total number of strategic projects
Strategic Contribution	Improve Time to Market	Improve Time to Market Delivery = Elapsed Time from Idea Conception to Project Start (How long do we need to start a project)

Topic	Area	Possible Metric
Strategic Contribution	Improve Time to Market	Improve Time to Market Delivery = Elapsed Time from Idea Conception to Project Delivery (How long do we need to deliver a project)
Strategic Contribution	Improved Time to Market	The improvement of estimated time versus actual time of project delivery = (comparison between the estimated and the actual time of projects delivered) (How good are we in estimating our project delivery)
Governance Process	Improved Governance Process	Methodology compliance (required deliverables vs. actual deliverables)
Portfolio Management	Overall Project Portfolio successful delivered	% of projects in portfolio delivered / the total number of projects in portfolio
Portfolio Management	Dealing with Change	% of projects remain at same status for x reporting periods
Project Management	Improved Project Management Process	Increase the success rates of the projects = (within a certain time period, the number of success projects/the total of projects)
Project Management	Improved Project Management Process	Improve training rate of project staff members
Project Management	Improved Project Forecasting & Costing	The improvement of estimated cost versus actual cost for the projects = (comparison between the estimated and the actual cost of the projects)

Topic	Area	Possible Metric
Resource Management	Increased Resource Utilization on Projects	Increased productive resource utilization on project time (ie: Business Analyst >31.5 hrs p/week = Exceeds)
Resource Management	Increased Resource Utilization on Projects	Increased resource utilization on projects = Billable Hours/Total Hours
Stakeholder Management	Improved Customer or User Satisfaction	Customer or user satisfaction survey averages (aim for a % above previous quarter or year average)
Stakeholder Management	Improved Customer Satisfaction	Over-delivered items within budget
ROI	Business Benefits achieved	Post-project ROI review to determine if project ROI is being realised
ROI	Business Benefits achieved	Benefits realised against Benefit forecast for year
ROI	ROI for the year	Simple Return on Investment (ROI) for all of the projects the PMO has oversight for
Staff Members	Improve Staff Retention	Improve project member satisfaction survey averages (aim for a % above previous quarter or year average)
Staff Members	Improve Staff Retention	Improve career path for project members

Setting up your PMO for success: Your PMO KPI's

Review the above metrics and work out which metric(s) might be meaningful for your PMO. The next steps would be to discuss and to agree with your stakeholders (typically this would be your manager and the Business) on the selected metrics. This should also include how often you would report on them. This step is important as it will help clarify the purpose of your PMO.

Once you've agreed on these metrics, document the 'as it is' state, which will act as your baseline. You would need to have a baseline, in order to demonstrate your improvements later on. Historical data might be able to help you to get a baseline.

The next step will be to design a report or a dashboard, where you can track and report your success on a regular basis.

Collect, validate and assess the data you need in order to compile your report. Monitor your performance. If the performance drops in comparison to your previous reporting time-frame, take corrective action early onwards to get back on track.

Finally, make sure you promote your success. You can use your Intranet, your companies newsletter, or you can compile a case study to promote Project, Program and PMO success. All these activities will help you to promote the value and the success of your PMO.

I hope the above PMO KPI's are useful for your PMO. If you have any additional metrics or questions, please let me know.



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