

PMO vs. RMO: Which is the best way to get more business value from your IT investments?



Should you stick with a traditional PMO or look for something more?

Program Management Offices (PMOs) have long been the central front in the battle to improve how IT programs are managed. But as IT organizations are charged with delivering more top-line business value, some say the PMO is beginning to show its limits. Is the traditional PMO sturdy enough to shoulder the burden of delivering strategic and operational alignment across increasingly complex projects, or is something more needed?

Here's the debate:

	Point	Counterpoint
Stick with a traditional PMO. <i>It's all about execution.</i>	An effective strategic planning process that charters the right programs is the best path forward.	Chartering programs is just the beginning. You also have to keep them aligned with business objectives and other programs – even as business objectives change. The PMO isn't empowered to take on that job.
	Define the scope of each project clearly and stick to it. The right processes combined with a can-do culture will do the job without creating a new bureaucracy.	If your organization has bulletproof governance, well-defined processes and a get-it-done culture that can turn on a dime, congratulations. You're home free.
	PMOs have all the structure needed to drive results and accountability.	Then why do so many investments fall short in delivering the intended business value? Most PMOs don't have the authority to make cross-program decisions and drive overall strategic alignment. That's a fatal flaw.

	Point	Counterpoint
<p>A PMO isn't enough.</p> <p><i>More is required to get the value you need.</i></p>	<p>PMOs have a limited reach – by design. They can get you there on budget and on time – but “there” may not be the place you really want to end up.</p>	<p>If your PMO isn't driving projects in a way that's aligned with the overall business strategy, the problem isn't the PMO – it's the people running it. Put the right talent in place and get out of the way.</p>
	<p>Tracking, monitoring and reporting are important for making sure programs are meeting strategic goals. But they're not sufficient. What happens when a project needs to shift direction to meet evolving business goals? That's where a PMO comes up short.</p>	<p>What gets measured gets done. If a PMO can properly track, monitor and report, projects will get delivered exactly as originally planned. There's no need to make things more complicated than that.</p>
	<p>Traditional PMOs reflect a highly structured program management model that wasn't designed for dynamic environments. Today everything is interconnected – and PMOs haven't evolved to reflect this new reality.</p>	<p>Nonsense. Everything has always been interconnected. There may be more moving parts today, but the essential mission remains the same: Make a plan and stick to it.</p>
	<p>It's one thing to execute a series of processes and handoffs. But managing multiple, interrelated programs while riding a roller-coaster is a different kind of challenge. A traditional PMO isn't built for this kind of dynamic environment.</p>	<p>A disciplined delivery process in the hands of smart people – that's all you need. Isn't that their job?</p>



My take

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Everybody knows that it's not enough to bring a big technology project in on time and on budget these days. If it doesn't contribute to the overall business strategy and deliver results, it's considered a failure. That's why many of the technology leaders we talk to regularly are understandably nervous. They've seen their share of big technology investments that look good on paper, but by the time they're implemented, the business environment and goals have shifted and the investment doesn't pay-off. Facing the likelihood of a protracted period of uncertainty and change in business conditions, the PMO model that has served so well over the last decade is beginning to show its limits.



We believe a higher-value approach to PMOs is necessary; one that focuses on delivering strategic outcomes, directly linking IT program investments to broader organizational goals. This simple shift can help remedy problems of strategic alignment in most PMOs – a Results Management Office (RMO) – a reinvention of the PMO that goes well beyond a name change. To effectively link smart business choices and rigorous technology implementations – often with hundreds of millions of dollars on the line – requires working from the highest level business drivers all the way down to the most granular details of project implementation. That takes discipline above all else – with a relentless focus on creating business value through an orderly process.

Whether you're creating a formal structured RMO or adopting some hybrid model, the odds of delivering the expected results depend on keeping a few key principles in mind:

Start with a map. Work directly with the business stakeholders to map each program's objectives into alignment with the broader business context. Make sure everyone involved in making decisions for any program has access to the map.

Focus on the handoffs. Effective results management requires a system for delivering relevant, specific knowledge to people who need it to make decisions – without delay. No one should be waiting around for information.

Don't let the program metrics tail wag the business performance dog. Program execution metrics are valuable for identifying potential problems. But an RMO must go a step further to define business benefits and track them along with execution metrics. If the RMO discovers that an otherwise well-executed project is actually getting off-track when it comes to meeting business goals, the domain authority – a team of business and IT specialists charged with driving strategic alignment across IT and the business – must intervene.

Stay loose. Be prepared to redesign processes to fit changing program requirements. Discipline is important, but it shouldn't be all-consuming.

PMOs can deliver execution value, but they're not always effective at driving business results. Even the most effective PMOs have a limited reach – by design. One way or another, you're going to have to marry the owners of business strategy and domain experience and knowledge with tactical program management. That's where RMOs can help.

A view from the federal perspective

John Dalrymple, Director, Deloitte Services LP

As a former executive at the Internal Revenue Service, I was always bothered by the results we were getting from our large IT and transformational projects. Even though we had very good governance structures in place (i.e., strong PMO activities), we weren't satisfied with the outcomes. As I looked into our approach to execution and governance, I found that our Program Management Offices did a good job of managing deliverables, milestones, budget execution and time lines. In fact, they were great at that. Unfortunately, they weren't chartered with responsibility to monitor whether the work being done was going to produce the results everyone was expecting. Our PMOs were basically monitoring compliance with items on a checklist. They had no skin in the game, and no way to ensure that our investments were meeting the business needs of the organization. Specifically, they didn't have what we call "domain authority." An RMO model can help organizations address that shortcoming head on. It's a smart way to go.

A view from the banking industry perspective

Brian Johnston, Principal, National Banking Leader, Deloitte Consulting LLP

If you work in the banking industry, you've probably already encountered the limits of a PMO by now. If you haven't, look out – a perfect storm may be brewing. Because in the wake of a major economic reality check, many banks are embarking on large-scale integration and infrastructure projects, whether as part of M&A activity or government intervention. And along the way, they're having to deal with all the technology systems and platforms they've accumulated over years of mergers and acquisitions. Hundreds of millions of dollars may be on the line as bank technology organizations struggle to rationalize legacy systems and implement new cross-enterprise solutions in a rapidly shifting environment. All of which is a very tall order for traditional PMOs.

For banks that are taking on such major structural changes to their technology infrastructure, a Results Management Office can be one of their most powerful tools for keeping new projects on course to deliver real business value, even as priorities change and the business environment evolves. For the clients I work with, the RMO approach really comes into play for their largest programs – of which there are many these days.

If you're looking to adopt an RMO approach, there are a few fundamentals you should keep in mind. First, an RMO needs teeth to be successful – and that requires top-level executive support, either at the business unit level or from company leadership. Second, remember that the RMO isn't just a reshuffle of a PMO, so it shouldn't be staffed that way. Look for seasoned leaders with the right strategic skill set. And finally, don't look at this as an opportunity to replace the PMO. Even with an RMO in place, the PMO has a vital role to play for certain programs.

For further information, please visit: www.deloitte.com/us/debates/rmo.

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