



Consolidation of PMOs:

Why Would You Do This?

What Are the Challenges?

Before we dive right into consolidating Program Management Offices (PMOs), let's take a moment to agree on what a [great] PMO should do for your organisation. Primarily, they bring organisation to your organisation through solid governance. They aggregate a vast array of inputs, schedules, dashboards and other data to bring order to the chaos that can be project delivery. They will create plans, set timelines, deadlines and milestones along the way. They will communicate – getting the right information to the right people at the right time. They will deep dive to uncover risks and issues along with innovative ways to mitigate them. Most importantly – especially if you work for Encompass – they have a passion for data and metrics, crunching numbers and generating meaningful insights. The PMO is often the unsung hero behind successful project delivery.

That said, not all PMOs are great. If poorly set up and supported, they are largely ineffective and seen as a 'pothole' for project managers to go around. At worst, they contribute to the chaos, don't communicate, amplify risks by ignoring or missing them and bamboozle everyone with complex data sets.

It is not uncommon to work in a [larger] organisation or division that has multiple PMOs.

There may be good reason for this:

- **Size matters** – Some projects are large enough to justify a dedicated PMO.
- **It's territorial** – Large departments or business units operate as fiefdoms, each demanding a unique PMO tailored to their needs.
- **Specialisation** – Some projects require specialist knowledge and resources to support delivery.
- **Diversity** – Sometimes different projects just need different approaches and methodologies to deliver them.



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Going Solo – When Two's Company and Three's a Crowd

There are several business strategies that trigger consolidation of PMO activity. Some are just necessities, such as mergers of departments or business units. There may be some organisational restructuring, or cost reduction and resource optimisation targets to be met. Operational imperatives may come into play, such as performance and delivery issues, or inconsistent project management practices. Or simply, a large project may be coming to an end and no longer requires a dedicated PMO.

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What are the Benefits to Consolidating PMOs?

It can take extensive planning and effective change management to successfully consolidate PMOs, whilst minimising impact to the inflight projects under their care. So, what is the benefit?



1. Streamlined Efficiency -

By consolidating PMOs, organisations eliminate duplication, reduce administrative overhead, and optimise resource utilisation.

2. Consistent Practices and Processes - Harmonisation of standardised project management practices and common processes. It ensures that everyone sings from the same song sheet, following consistent methodologies, tools and (ideally) consistent performance.

3. Enhanced Alignment -

When PMOs join forces, they align with the overall organisational goals and strategies. Everyone is pulling in the same direction, at the same time for the same reasons.

4. Improved Collaboration -

Consolidation creates a central hub where project teams can collaborate and share knowledge. It's a 'PMO marketplace' where ideas flow freely, fostering creativity, innovation, and cross-pollination of expertise.

5. Improved Governance and Control - Omnipotent oversight of all projects, ensuring adherence to common standards, managing risks, interdependencies and providing guidance to common challenges.

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What are the Challenges to PMO Consolidation?

Like all transformative work, such as PMO consolidation, it is important to remember that people need to be placed at the centre of what we do. That said, despite best intents, there are some common challenges that need to be considered and overcome:

1. Resistance to Change:

People are not robots. They can be attached to their existing PMO and ways of working.

2. Cultural Barriers:

Organisations with different departments or business units may have unique cultures and ways of working. Consolidation of teams may feel like a dilution of their own identity.

3. Resource Re-allocation:

When the music stops, there are not always the same number (or types) of seats. Managing this juggling act requires careful planning, open communication, a keen eye for balancing resources and their respective skillsets whilst minimising disruption.

4. Integration of Processes and Tools:

Each PMO may have its own set of processes, methodologies, and tools. Integrating them into a consolidated PMO can be complex requiring specialists in process management and a long transition timeframe.

5. Stakeholder Alignment:

Consolidation affects various stakeholders, including project sponsors, managers, team members, and executive leadership. Ensuring their alignment and support is critical to a successful transformation.



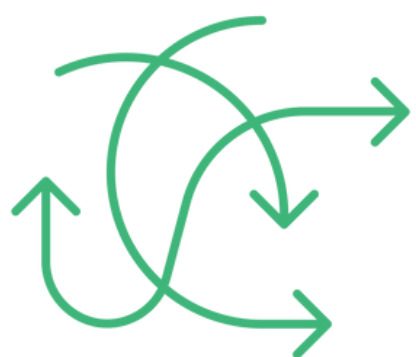
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Strategies for Successful PMO Consolidation

Encompass have been instrumental in the consolidation of multiple government PMOs in the past (see our case study below). In our experience, here are a few key steps to consider when embarking on this transformative work:

1. Conducting a thorough assessment of existing PMOs -

Starting with clarity of the 'As-Is' for processes, structures, and resources is key. This will identify overlaps, redundancies, and areas for improvement and inform the target 'To-be' outcome.



2. Establishing a clear consolidation strategy and roadmap -

Establishing a clear and well-defined master plan. This will detail the objectives, scope, and desired outcomes of the consolidation effort, including measurable goals and milestones.

3. Gaining buy-in and support from key stakeholders -

Transformation needs to happen top down. It is imperative to engage and involve leadership and key stakeholders from the start. Clearly – and regularly – communicating the benefits and rationale behind PMO consolidation is essential, allowing space to address concerns and highlight the value it brings to the organisation. It develops trust and enthusiasm for the change.



4. Developing a comprehensive communications and change management plan -

Crafting a robust communications plan to keep everyone informed and engaged throughout the consolidation process will reap rewards. By delivering tailored messages to different stakeholder groups and highlighting the impact of consolidation whilst addressing their specific needs will address potential resistance and supports the transition. Encompass leverages our change diagnostic tool to establish a data led approach to tailor change activities.

5. Implementing a phased approach to mitigate risks and manage transitions -

Break down the consolidation process into manageable phases. By identifying potential risks and challenges, (and developing strategies to mitigate them) it is possible to handle any unexpected surprises.



6. Investing in training and development programs for PMO staff -

Finally, back to putting people at the centre of transformative work. It is wise to recognise the importance of investing in the development of PMO staff by offering training programs that align with the consolidated PMOs' new processes and methodologies. It is also valuable to provide ongoing support and mentorship to help PMO staff navigate the changes and adapt to their new roles.

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Case Studies: Encompass Success in Government Business Enterprise PMO Consolidation

The Government Business Enterprise is responsible for designing, building and operating the largest infrastructure project in Australia's history. Early on, it was falling behind customer targets. It was struggling to achieve consistent performance across each State. Multiple PMOs had been established. Executives were conscious of the significant scale required over the next two years and wanted to ensure their department was set up for maximum efficiencies with consistent processes and effective, aggregated reporting to proactively manage risks.

Encompass team members were engaged to support the client in establishing an aggregated PMO, requiring 3+ regionally dispersed PMOs to be consolidated into a single 'command and control centre'. A major challenge of this engagement was managing a complex, organisational transformation whilst continuing to deliver at scale with multiple stakeholders including construction partners, retail service providers, federal government, and Australian citizens.

Scope included analysing the current state of all PMOs' processes, tools and governance, identifying challenges in current ways of working and existing, best practices to be adopted ubiquitously. An improved 'to be' strategy, vision and operating model was designed with a clear delivery plan to transition all processes, reporting, governance, program disciplines and risk management to a common way of working over a set period. This was all underpinned by a robust and tailored change management approach by leveraging Encompass' change diagnostic tool.

Encompass team members were able to successfully establish one, aggregated PMO with a single set of processes and governance for managing delivery, and a cascading set of plans, metrics, reports and risks to proactively manage delivery performance. The team members were able to establish consistent ways of working across the states, allowing for repeatable processes and ultimately, exceeding customer targets, increasing the delivery scale by +260%.



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Conclusion

Successfully consolidating Project Management Offices or Special Program Offices requires a systematic approach. Begin by assessing existing PMOs to identify areas for improvement. Develop a clear consolidation strategy and gain buy-in from key stakeholders – transformation really works when it’s top-down driven. Implement a comprehensive communication plan to address concerns and support the transition. Take a phased approach to mitigate risks and manage transitions effectively.

Lastly, invest in training and development programs for PMO staff to ensure they are equipped to adapt to the changes. By following these steps, organisations can streamline processes, improve efficiency, and foster a culture of effective project management.



Are you ready for transformation?

Encompass Consulting Services partners with state government, federal government and corporates to influence and embed behavioural change with a customised approach grounded in data and analysis. We help create the behavioural shifts in leadership and delivery teams you need to make for sustainable successful change.

Our change management consultancy services take a data-led approach combined with a human lens, to help embed these shifts. Working side-by-side with your team, we co-design and implement a practical, tangible, and relevant change methodology for your organisation.

Looking for support?

Reach out to our Lead Client Partner, James Alderson
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