



# Are traditional measures of success hindering the PMO?

**Why your PMO still gets rated three out of five stars.**



As organizations weather the disruption created by COVID-19, there has never been a more critical time for Program and Project Management Offices to demonstrate their value. But this is easier said than done. Many project managers struggle with senior leadership teams that see them as ‘overhead’, while others feel that when their PMO is mentioned at the boardroom table, it’s only when things have gone wrong. As PwC’s research has shown, a PMO staffed with high-performing project managers, or [Project Influencers](#), can realize value and influence positive outcomes, a key asset in any organization. So, why the 3-star reviews?

Our latest research suggests that the problem lies in the way that **PMOs measure success and demonstrate value**. PMOs still typically measure project performance in terms of the ‘Iron Triangle’, assessing whether the work was delivered on time, within scope and on budget.

The problem with using these metrics to demonstrate success is that it’s table stakes. Project sponsors take delivery to time, scope and budget as a given, or worse, believe that they could manage projects that hit these metrics without the need for a designated PMO function.

A high performing PMO is an **insurance policy on value realization**. The best PMOs understand both the impact of a program on the business, and the value added. But because this isn’t measured, it’s rarely spoken of, and time, scope and budget doesn’t tell a story powerful enough to support the value conversation. If your PMOs want to hit that five-star score, you need to reimagine your measures of success and start telling the story about your value-add differently.

## The status quo

PMOs are grounded by and employ the measurements afforded by the 'Iron Triangle' because our ways of measuring time, scope and budget are established and proven. However, our research with senior project management professionals shows that PMOs are increasingly looking to expand and include other variables, that aren't measured formally, to measure performance or demonstrate value to leadership during the project lifecycle. PMOs influence a number of **business outcomes and deliver a range of benefits** that could be measured, but are rarely tracked or formally reviewed. Key areas cited where more formalized measurement could support included **employee engagement, customer and stakeholder satisfaction, culture change, time to value**, competency and project manager performance.

Without a formal framework for measuring these, many PMOs fall back on informal indicators to measure and demonstrate success. Our research uncovered several examples of this, including using changes in team size to demonstrate PMO efficiency, monitoring the number of project managers requested internally to gauge project manager performance, and looking at the number of employees who stayed with the company to assess whether management had been effective during a major transformation.

These informal indicators worked as a 'coping mechanism' for demonstrating value, but there was agreement that specific, formalized measures would tell a much more powerful story.

Another piece of this puzzle is the qualitative conversations that, our research shows, are essential for PMOs when it comes to making decisions about which initiatives are priority. These qualitative conversations form the basis of many key decisions but are hard to formalize. With so much going on within PMOs, it can be a challenge to capture these conversations and relay them consistently to senior levels.

Qualitative discussions are also frequently used to critically appraise projects. Formal qualitative evaluations of project success tend to be conducted from a **governance point of view, to record what went well, less well, what can be improved**, and are rarely used to showcase the value of the PMO.

However, our research uncovered examples of organizations increasingly taking more formalized approaches to qualitative assessment, using storytelling to demonstrate the links between costs and outcomes. Debasis Bhamik, Vice President, Information Technology at Nutrien explains: "There will be some projects where it is hard to track down the quantitative benefits compared to the costs particularly if they are too far apart, time-wise. We try and do this through storytelling focusing on the impact. That is where art complements science."

At Nutrien, they run sessions called 'level up' to spark curiosity and the need for learning across projects. At the end of the session actions are taken forward. As Debasis concludes, **"talk should always be followed by action."**



The 'on budget, on time' measures don't always work. You need to know that you're progressing in the right direction and that you won't require additional funding at the end to meet the business objectives. Making sure the project is on track as it progresses is an ongoing challenge. It's important to have indicators along the way to measure and track this progress.

### Janice Wallace

Chair of Risk Committee and  
Chair of Corporate  
Transformation Committee,  
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## Why we should reimagine PMO measurement

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Measuring ongoing performance gives a clear view of what's working, and where further attention and investment is needed. It's impossible to fix issues without being able to spot them in the first place, and while organizations might believe they can hit scope, schedule and budget without a PMO, doing this at scale, via a large, complex project, or when balancing many interdependent initiatives, is much more difficult. It requires **a holistic view that ongoing measurement supports**.

Equally, if a PMO is only focused on delivering on time, scope and budget, they may compromise the opportunity to deliver in other key areas **considered politically necessary** that are not measured and therefore less visible. Relationship building is an example, gone are the days in which project managers worked in silos, and for many PMOs, leveraging relationships is essential to spark the buy-in needed to create change. Even furthering a key goal can be a dubious victory if, in the long term, it comes at the expense of relationships.

Knowing which priorities and benefits are most important, and measuring progress towards them, has become even more important since the COVID-19 pandemic. PMOs are balancing numerous initiatives in a cost-crunch environment, and need to be careful about which projects they green-light. However, without metrics in place for measuring progress towards key objectives, many find it challenging to further less tangible objectives at the expense of 'hard' metrics like cost.

Importantly, **setting up frameworks for ongoing measurement** at the beginning of projects supports a continued value conversation. The PMO no longer needs to wait until the project has been delivered before defining and demonstrating that it has been a success, if there is a range of metrics in place indicating that a project is performing well, the conversation can be had throughout the project lifecycle.



On time and on budget, that used to be how we measured project success. But in the last 10 years, we've seen the evolution of benefits realization. Did we complete the desired transformation? Did the project enable the organization to improve productivity. Did we ultimately gain the expected value we anticipated?

These are not new concepts, but simply the right way to measure project success. Organizations have competing priorities and projects must be carefully weighed against other initiatives that may provide a competitive advantage or improved market position.

This has always been the right way to measure project success. The focus needs to include the anticipated value and benefits to the organization and not the the costs. It's about how the project is going to make a difference within the organization. That's what is driving the trend.

**Chris Mercer**

Director, Project Management Services,  
Moran Technology Consulting

## How to reimagine your approach to PMO measurement

Across our interviews, there was agreement that formalizing measurement is desired, but that there is **no single view on how to measure success**. Businesses, PMOs and projects are unique, and part of the challenge is that there is **no 'one size fits all' approach** to measurement. Today's high performing PMOs need to speak the language of their organization when articulating their value, this itself is a benefit to any organization. Developing metrics and data that 'hit home' with senior leadership is a key part of this piece.

At the outset of each project or transformation, PMOs should define the best measures that will allow them to monitor and demonstrate project performance.

What's more, it is important that project teams **continue measuring** these once the project or transformation is live, both to monitor performance and to assess whether measures originally identified are the best way to determine success.

By telling a story about what defines a value-driving, outcome influencing PMO, you can improve your overall star rating and **focus on where you need to improve and invest**. Start by thinking back to your own most successful transformations, what was the key value delivered that made it a success? 'It was on time, and on budget' can no longer be the only answer. If your PMO wants to get that five-star review, this is the story that needs to be told.

Once you determine which benefits and outcomes you want to achieve, development of a benefits realization plan is prudent and should contain:

- 1 Anticipated outcomes/benefits, key assumptions, and necessary changes and tasks to achieve the intended outcomes/benefits
- 2 Key performance indicators (KPIs) and metrics to measure progress
- 3 Roles and responsibilities required to realized expected outcomes/benefits
- 4 Continuous evaluation of desired outcomes
- 5 Overview of what data will be used, whether that data is available and how it will be processed
- 6 A uniform reporting model
- 7 Benefits ownership and accountability
- 8 Articulation of benefits to the business decision makers



When measuring benefits, it's about how we choose the right measures, and then how do we capture that information? That is one of our big challenges, trying to isolate the effects a project has had on the business versus all of the other factors that come into play that could potentially impact the business. It's about identifying those leading indicators that you can draw back directly to the project.

**Susan Ingram**  
Director General, ESDC

## Does our research resonate?

1

Have you ever had challenges communicating the value of the PMO?

2

Is your organization leveraging KPIs and metrics linked to stated goals such as time to value?

3

What do you consider a measure of success in a high performing PMO?

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