

# INSIGHTS INTO PROJECT MANAGEMENT OFFICE – THE CZECH REPUBLIC PERSPECTIVE

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## Abstract

Organisations use increasingly Project Management to meet their goals. Some organisations deliver projects with help or by the Project Management Office (PMO). This paper concerns the Project Management Office in the local environment of the Czech Republic, which of course also includes global trends in project management. The paper presents the research with a key focus especially on competencies, functions, and benefits of PMOs. The research has been conducted in collaboration with the University and a headhunting agency, which holds a significant share in the market of Project Managers. Data were collected through individual interviews. The interviews were conducted in the spring of 2016 with selected experts in the field of project management. The survey comprises 58 questions of different types. Due to the type of collection method, qualitative analysis is used. The research maps out a significant portion of Project Management Offices in the Czech Republic. The result of the research is to update the previous surveys on Project Management Offices within the country, and shows how PMOs are currently being developed. We registered development that is either positive in some aspects or to-be-improved in other aspects. The findings are valuable for education, research and business.

**Key words:** project, project management office, project success factors, Czech Republic

**JEL Code:** O22, M19, L22

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## Introduction

Project organisation structure belongs (Hyväri, 2006) besides top management support and clear organisation description among three most important project success factors related to the organisation. Success of projects is not however general and given automatically. Common that entity fails in project delivery; they are either late in time, over budget and/or miss the project scope.

Project Management Office is becoming more important both as a vital topic of the project management and as an organizational concept helping to improve the project governance and to finish more projects and programs with a success.

There is a general understanding in what the term Project Management Office (PMO) means, however, its roles, functions, positions, mandates, competences etc. differ substantially. Although variance may exist, managing project with support of the Project Management Office (PMO) results in many (suitable projects and) organisations in better business benefits (PwC, 2012).

## 1 Current Level of Knowledge

A Project Management Office (PMO) is an organizational unit within an organization that institutionalizes project management in some extent. The Project Management Institute (PMI, 2013, p. 11) defines the PMO as “a management structure that standardizes the project-related governance processes and facilitates sharing of the resources, methodologies, tools and techniques.“. These governance and sharing processes however vary. The differences are given not only simply by the name of such an office or by a historical development of project management itself. Unger et al. (2012) mention – citing the original authors – e.g. differences in characteristics and description, relationships to context, a part in organizational change.

Monteiro et al. (2016) analysed PMO models published within 2003 – 2015. They discovered even 47 PMO models and commented that (2016, p. 1091) “...structures, roles, functions, and descriptions of PMOs vary considerably from one source to another”. They ranked PMO models by frequency in typologies and identified Enterprise PMO, PM Centre of Excellence, Project Office, and Project Support Office the most common in the typologies.

PMO research is very intensively pursued by the authors (in the alphabetical order) Aubry, Gemüdsen, Glückner, Hobbs, Müller, Thuillier, Unger (esp. Aubry et al. 2007; Unger et al. 2012; Müller et al. 2013). Their research results are widely acknowledged. Aubry et al. (2007, p. 328) form a theoretical framework underlining links of project management to innovation, sociology and organisational theory as an innovative understanding of PMO.

Unger et al. (2012, p. 609) complain that in general, „the understanding of PMOs' roles and the impact of these roles on value contribution and creation remains unclear.“. They move research to multi-project management.

Müller et al. (2013, p. 60) look at PMO typology from stakeholder (“intraorganizational environment”) perspective and formulate three PMO roles: Serving, Controlling, and

Partnering. For these PMO roles, they constructed (p. 70) “PMO role triangle”: Superordinate PMO role, Balanced PMO role, Subordinate PMO role, and Coequal PMO role. Their “typology aims at identifying real types rather than ideal types in order to support management practice.”.

Despite of these differences, existence of PMOs in companies is justifiable. PWC found out that (2012, p. 26) established PMOs „result in projects with higher quality and business benefits“ while if (2012, p. 8) „organisational alignment [of PM] is underestimated or ignored by management, it can lead to lower project performance”.

## **2 Research Methodology**

The research has been conducted in collaboration with the University and a headhunting agency, which holds a significant share in the market of Project Managers.

### **2.1 Research Objective and Questions**

Also in the Czech Republic, projects are seen everywhere – in business, public sector, non-profit organisations; projects are provided in any entity by various sectors, industries, and sizes from a small entrepreneur to multinational companies. There are therefore many options where project management offices can be established. Despite of this, proper attention is not given either in research or in practice to issues of PMO.

Company PM Consulting with Project Management Association as a national project managers’ association conducted a survey on project management in the Czech Republic in 2015 and discovered (Krátký & Lokaj, 2016) that a total of 19% of respondents pointed out problems related to project organisational issues and 58% out of 141 surveyed organisations have a PMO.

EY (formelly Ernst & Young) with the support of the PMI Czech Chapter and Slovak PMI Chapter run a survey (EY 2015) on project management in the Czech Republic and Slovakia. The survey shows that PMO exists - with different positions and functions - in 44% out of 123 participated companies. PMO services are considered (EY 2015, p. 3) “to be beneficial in particular in relation to sharing good practice and standards, project coordination, project approval and planning, and project portfolio management” ... but “the main trend is the worsening of PMO quality”. As the most common PMO functions are indicated (EY 2015, p. 3): Selection and development of methodology, information on best practice and standards, Coordination of project approval and project portfolio planning, Coordination of cross-project links, Collecting and sorting information related to project management and processing of

related internal policies and procedures, and Central monitoring of the timetable and budget for all projects.

Based on the previous knowledge, data and problems, our research objective is concentrated on mapping the situation of PMOs in the Czech Republic with the following key research questions:

1. What is the focus of the PMOs?
2. What do organizations consider as the benefits of established PMOs?  
project office?

## **2.2 Respondents, Collection Method and Research Data**

Research needed to take into account that there is a relatively small number of existing PMOs in real business within the country (meaning about 50 potential respondents on the LinkedIn network). For this research, 61 organisations were selected for interviewing with an expectation they operate the PMO.

The interviews were conducted in the spring of 2016 with selected experts in the fields of project management. The individual responses were obtained in the form of a structured personal interviews based on a questionnaire with 58 questions, mostly multiple choice plus additional open questions. Interviews were conducted by phone or face-to-face for about two months.

All data from the research were anonymized, cleaned and recoded to uniform scales and gamut.

## **3 Research Results**

The first research question „What is the focus of the PMOs?“ is studied from the three points of view: the competence of the PMO, roles and staffing, and in terms of services provided by the PMO.

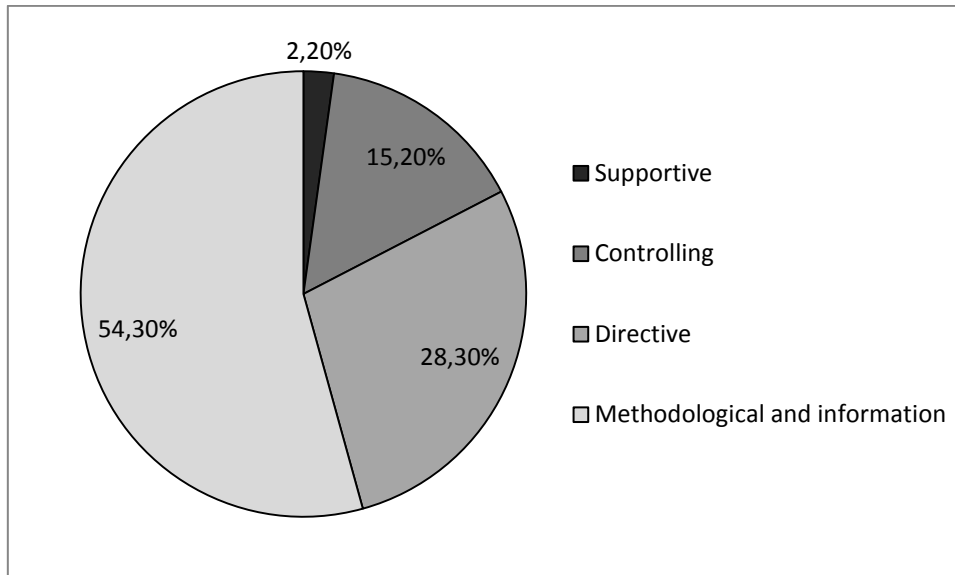
### **3.1 What the Competences of the PMO are**

The deliberate sample consists of 48 respondents who gave an interview, 38 of which directly managed the PMO.

For research purposes, we look at the PMO from their type point of view. Supportive PMO typically provides assistance in technical matters, access to information and provides practical experience. Controlling PMOs intervene more to projects in organizations. They provide assistance and advice in technical matters as Supportive PMOs do but also require that it is acted according to the office's recommendations. For example, controlling PMOs require

compliance with specific methodologies. Contrary to the previous two types, Directive PMOs manage (govern) projects in organisations by themselves.

**Fig. 1: Types of PMOs**



Source: the authors

Without any surprise, the Directive PMOs have the most while Supportive PMOs the least competencies. In Directive PMOs, the allocation of people on the projects is significantly more performed. Compared to Controlling and Supportive PMOs, Directive PMOs are also characterised by a strong tendency to monitor the status of the projects and to report to higher management. Controlling PMOs are more devoted in determining methodologies and then monitoring compliance with the established methodology than other types of PMOs. On the other hand, they are less dedicated to portfolio management than the other two types. Supportive offices concentrate significantly more than the other PMO types on consulting, coaching and mentoring of project managers. More than a half of the PMOs operate as a Directive PM office. Controlling PMOs are the second most common type. Supportive and Methodological and information PMOs are in minority.

Interesting insight is also given by the number of PMOs in organizations. In the Czech business environment, 79% of respondents have only one PMO, but 18% of them have decided to operate a PMO for each major department which uses project management.

### 3.2 What the PMO Roles and their Staffing are

It is quite unusual that more than two people hold the position of the Director of PM/PMO at the same time. Fifteen percent of the responding organisations indicate partial holding of that position while 31% do not establish such position at all.

The representation of Senior and Junior Project Manager positions is quite colorful. A broad representation is common for Senior Project Managers: PMOs reported most frequently (28%) from three to five Senior Project Managers followed by even eleven or more people (less than 25%). Most common number in the junior positions is also inbetween three to five, but that position does surprisingly not exist in less than 30% of the PMOs.

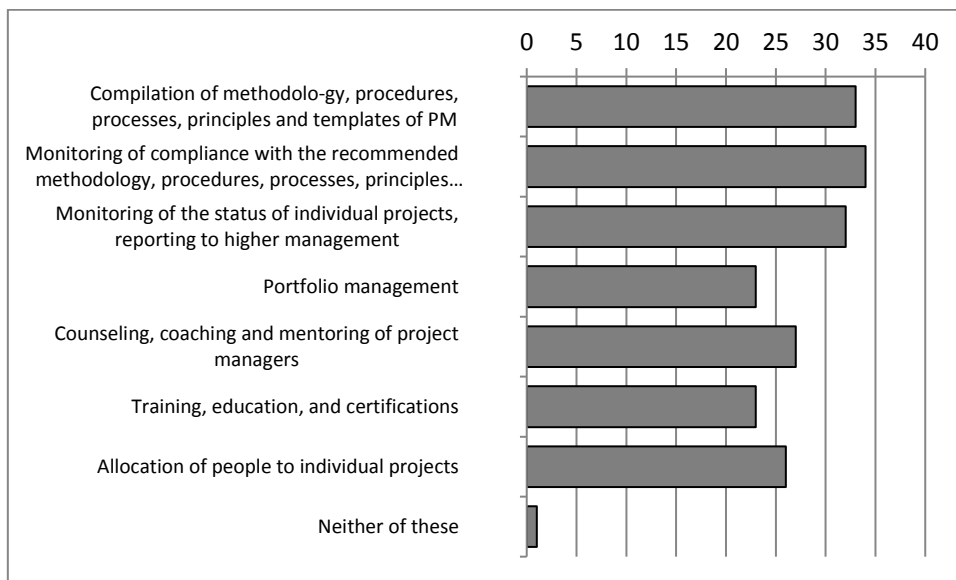
Project Manager Assistant is the least common position – almost 70% of the PMOs do not have such position. On the contrary, three PMOs indicated 11 or more people in this position. Penultimate, the position of the Program Manager is reported by 50% PMOs, from which 20% have 3-5 people on the given position.

The post of the Portfolio Manager does not exist in a substantial amount of the project offices, if it does exist, a tendency is to have two people at most. It is not customary in almost any PMO to have anyone in a non-project position.

### 3.3 What Services the PMOs provide

PMOs provide a comprehensive portfolio of services (Fig. 2). The most common services include monitoring and reporting of the status of individual projects or preparation and follow-up checking of methods, procedures and processes.

**Fig. 2: Services provided by PMO**



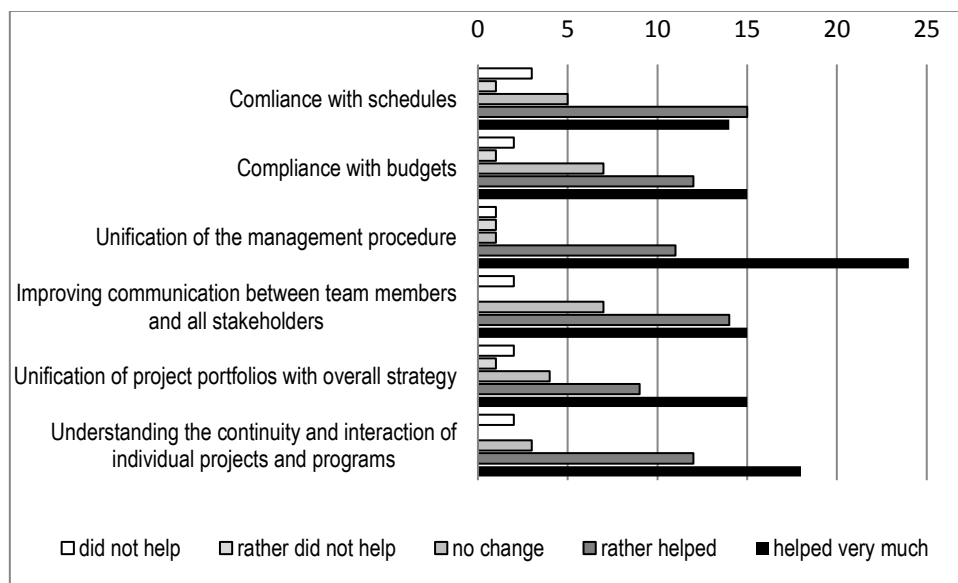
Source: the authors

A least part - even they are the responsibility of more than 60% of PMOs - belong to Portfolio Management (PfM) and Personnel Training. Other PMO's services, identified by respondents, include Project Management; Change Management; Business Management; Administrative, analytical and IT support services.

### 3.4 What Introduction of the PMO brought about

This is the second research question. The Likert response rate with the 5-point rating scale was used for measuring opinions on benefits of PMO (Fig. 3).

**Fig. 3: Benefits of PMOs**



Source: the authors

Benefits of establishing a PMO (Fig. 3) are usually in the unification of process control and in understanding the relation and interactions between individual projects and programs. Improvement of communication between team members and all stakeholders is evaluated as very beneficiary. Benefits in compliance of schedules and budgets, in unification of project portfolios with overall corporate strategies are considered good but not as significant. It should be noted that all respondents see the introduction of PMO generally as an unambiguously positive contribution.

## 4 Findings

The research shows how PMOs are currently being developed. In general, we can argue that directive PMOs have the most competences, while supportive PMOs the least. The biggest difference among PMOs with respect to their function can be observed in human resources allocation to

the projects where Directive PMOs dominate. The directive PMOs lead clearly. For these, it is typical to strongly monitor the status of the projects. Another interesting finding is that it is not very common for controlling PMOs to offer portfolio management services.

Different positions were found from the Director to Project Manager Assistant. Approximately 3-60 people work at these positions in the PMOs. Surprisingly, the respondent organizations do not have the position of the Director in 30%, the Program Manager in 50%, the Junior PM in 30%, and the Assistant even in 70%, respectively.

The most common services include monitoring and reporting of the status of individual projects or preparation and follow-up checking of methods, procedures and processes. In addition, several PMOs provide some other services, especially IT, HR, administration, and client support.

As the biggest benefit of the established PMOs was unambiguously marked unification of the management procedures.

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