



*OPM3*TM

Organizational Project Management Maturity Model

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**Translate strategy into success...
Drive Business Improvement...
Gain a Competitive Advantage!**

Disclaimer



The interpretation and viewpoints on OPM3 expressed in this document come from the author.

Project Management Institute (PMI)



- Established in 1969, headquartered in USA
- World's leading not-for-profit project management professional association
 - More than 154,000 members in over 140 countries and representing different industries (Jan 2005)
 - Over 280 chartered and potential chapters
 - Over 30 Specific Interest Groups (SIG)
- PMI Hong Kong Chapter established in 1998
 - More than 750 members and 600 PMP

Industries Deploying Project Management



- Information technology
- Telecommunications
- Construction & engineering
- Healthcare
- Financial services
- Education and training
- Automobile
- Space & aircraft
- Manufacturing
- Pharmaceutical
- And many more...

Agenda



1. Overview of Portfolio, Program, and Project Management
2. OPM3 Concepts
3. OPM3 Cycle
4. A Self-Assessment Example
5. How Do Hong Kong MNC Perform?



Overview of Portfolio, Program and Project Management

IT Projects: Common Concerns



- Is there visibility regarding IT investment and projects among different business units such that:
 - There is no redundant investment;
 - Projects for different BU can be managed in such a way that benefit the entire organization;
 - Projects are prioritized according to business objectives?

IT Projects: Common Concerns



- Are projects managed effectively so that they can be delivered on time, within budget, and according to specifications?
- Is the business deriving the maximum value from its investments in IT projects?

Key Objectives of IT Projects



- Maximize value of IT investments while minimizing risk
- Achieve the company's business strategic objectives through IT projects
- Improve communication and alignment between IT and business leaders
- Encourage business leaders to think about the entire company, not their own business units, and to take responsibility for projects
- Allow planners to schedule resources more efficiently
- Reduce the number of redundant projects

Organization Project Management and Maturity



- Organization Project Management
 - The application of knowledge, skills, tools, and techniques to organizational and project activities to achieve the aims of an organization through projects
- The degree to which an organization practices this type of project management is referred to as organization project management *maturity*
- In OPM3, *maturity* is reflected by the combination of Best Practices achieved within the Project, Program, and Portfolio domains

The Value of Project Management



- PMI commissioned Professor William Ibbs and Justin Reginato from the University of California at Berkeley to research 52 US corporations on the value of project management
- The research started in 1997 and the results were published in 2002

Finding 1: Companies with more mature project management practices have better project performance



- Companies with more mature practices deliver projects on time and on budget
- Less mature companies may miss their schedule targets by 40 percent and their cost targets by 20 percent

Finding 2: Project management maturity is strongly correlated with more predictable project schedule and cost performance



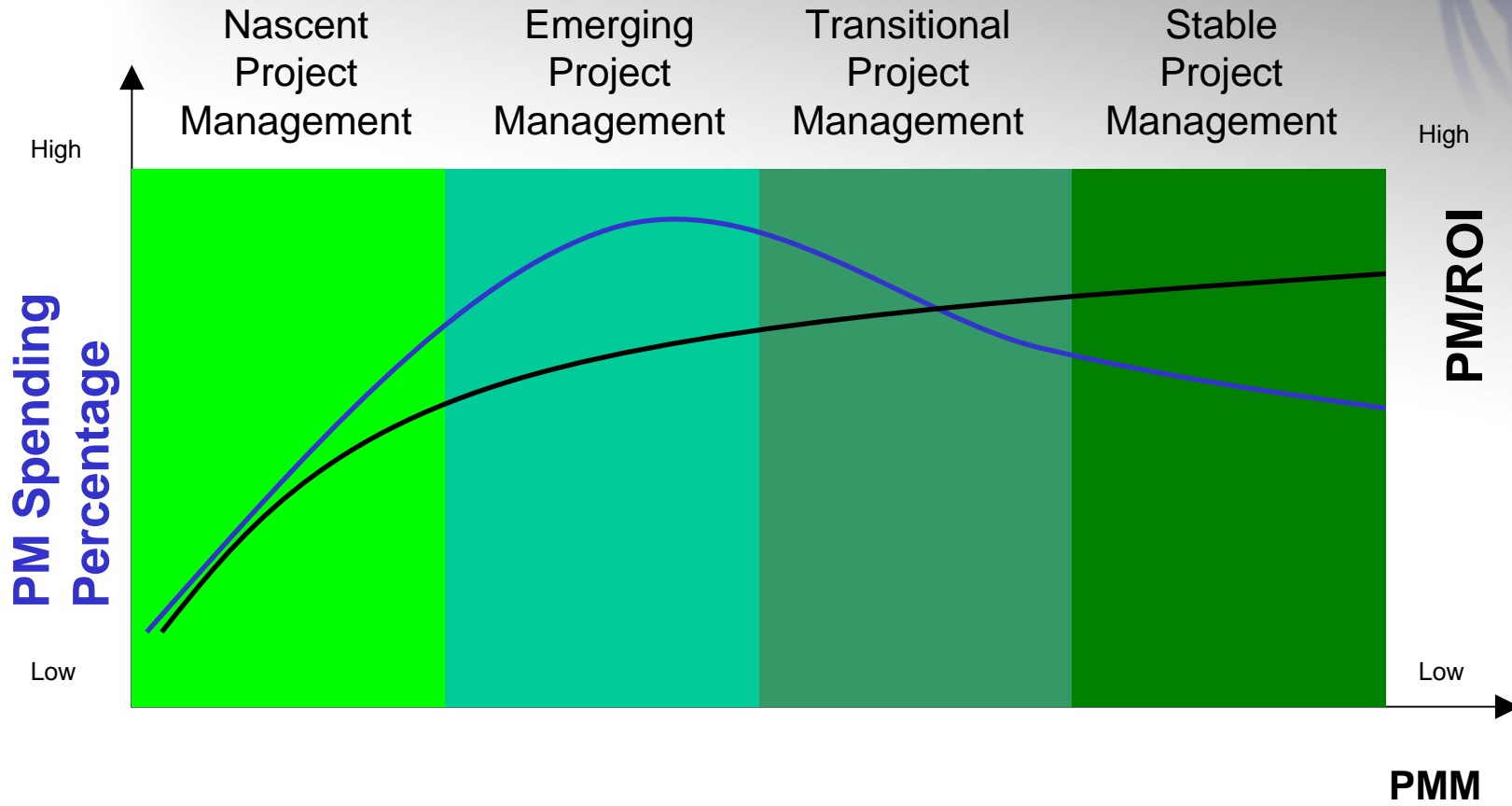
- More mature companies have a Schedule Performance Index (SPI) variation of 0.08 and Cost Performance Index (CPI) variation of 0.11
- Less mature companies can have corresponding values of 0.16 for both indices
- For a US\$10m project, we are talking about US\$1.6m cost variation

Finding 3: Good project management companies have lower direct costs than poor project management companies

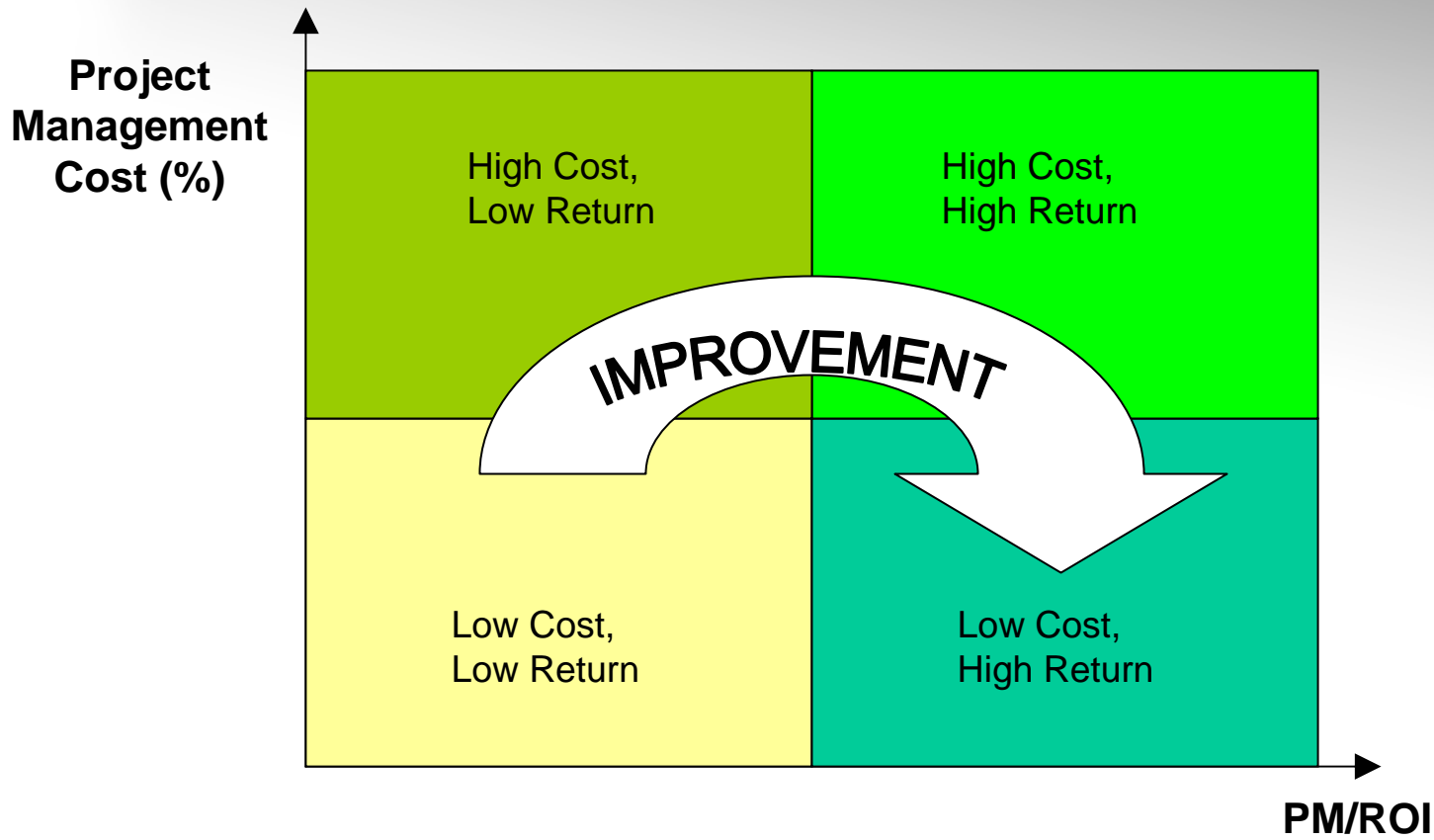


- High maturity companies have project management costs in the 6-7 percent range
- Low maturity companies have average 11 percent
- Organizations with low project management maturity also jeopardize the likelihood of project success, leading to increased indirect costs (e.g. late delivery, missed market opportunities, and dissatisfied customers)

Spending and PM/ROI versus PMM



The Virtuous Cycle of Project Management



PMI Standards



- PMBOK – Managing individual projects
- Project management competency development (PMCD) framework – for the project manager
- OPM3
 - Standard for applying project management principles at the organizational level
 - Covering project, program and portfolio management

Popular Project Management Maturity Model



Maturity Model	Source
Project FRAMEWORK™	ESI
Project Maturity Model (PM2)	Interthink, Canada
PRINCE2 Maturity Model (P2MM)	CCTA, UK
Project Management Maturity Model (PMMM)	PM Solutions, USA
Project Management Maturity Model (PMMM)	The Program Management Group, Wetherby, UK
Project Management Maturity Model (PMMM)	APMG, UK
SW-CMM, SE-CMM, P-CMM, CMMI	SEI, US
Unified Project Management® Methodology (UPMM)	IIL, US

Do We Need Another Maturity Model?



OPM3 ...

- Allows an organization to achieve strategic goals through project management principles and practices
- Provides the most comprehensive Body of Knowledge regarding what constitutes Best Practices in organizational project management
- Enables an organization to perform an assessment of its current state of organizational project management maturity
- Helps organizations identify a path for improvement, and provide guidance on prioritizing and planning

Background

What is *OPM3*? *Projects Linked to Strategy*



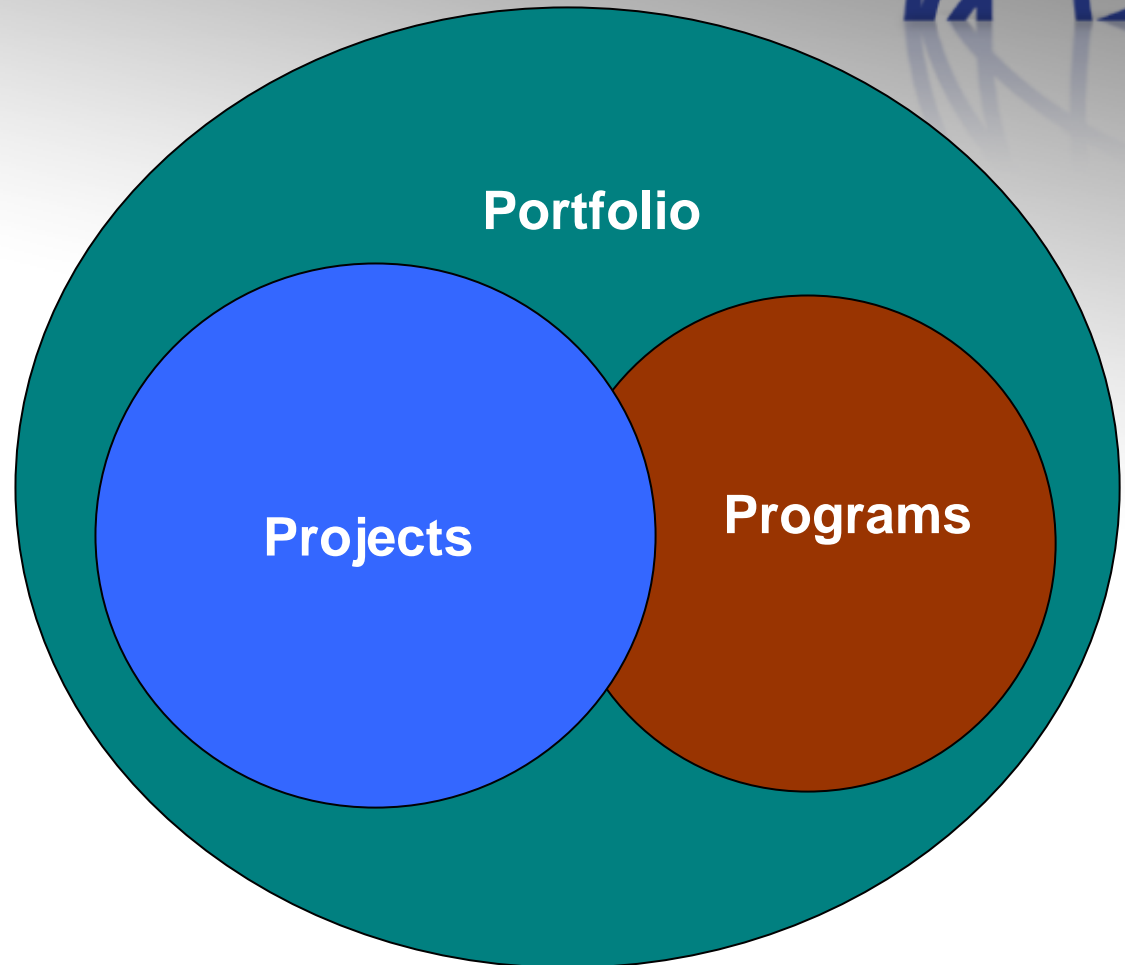
The challenge is to link organizational strategy to successful, consistent, predictable project completion.



OPM3 Concepts

OPM Domains

OPM3 will help organizations utilize **project management** to accomplish their goals on time, within budget, and most importantly, to **improve their overall effectiveness.**



Portfolio, Program and Project (PPP)



Project

- A temporary endeavor undertaken to create a unique product, service, or result.

Program

- A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.

Portfolio

- A collection of projects and/or programs and other work that are grouped together to facilitate effective management to meet strategic business objectives.

OPM3 Stages (SMCI)

Four sequential stages of process improvement:

Standardize

(Develop/buy/acquire common process & monitor compliance)



Measure

(Measure performance standards & critical characteristics of process)



Control

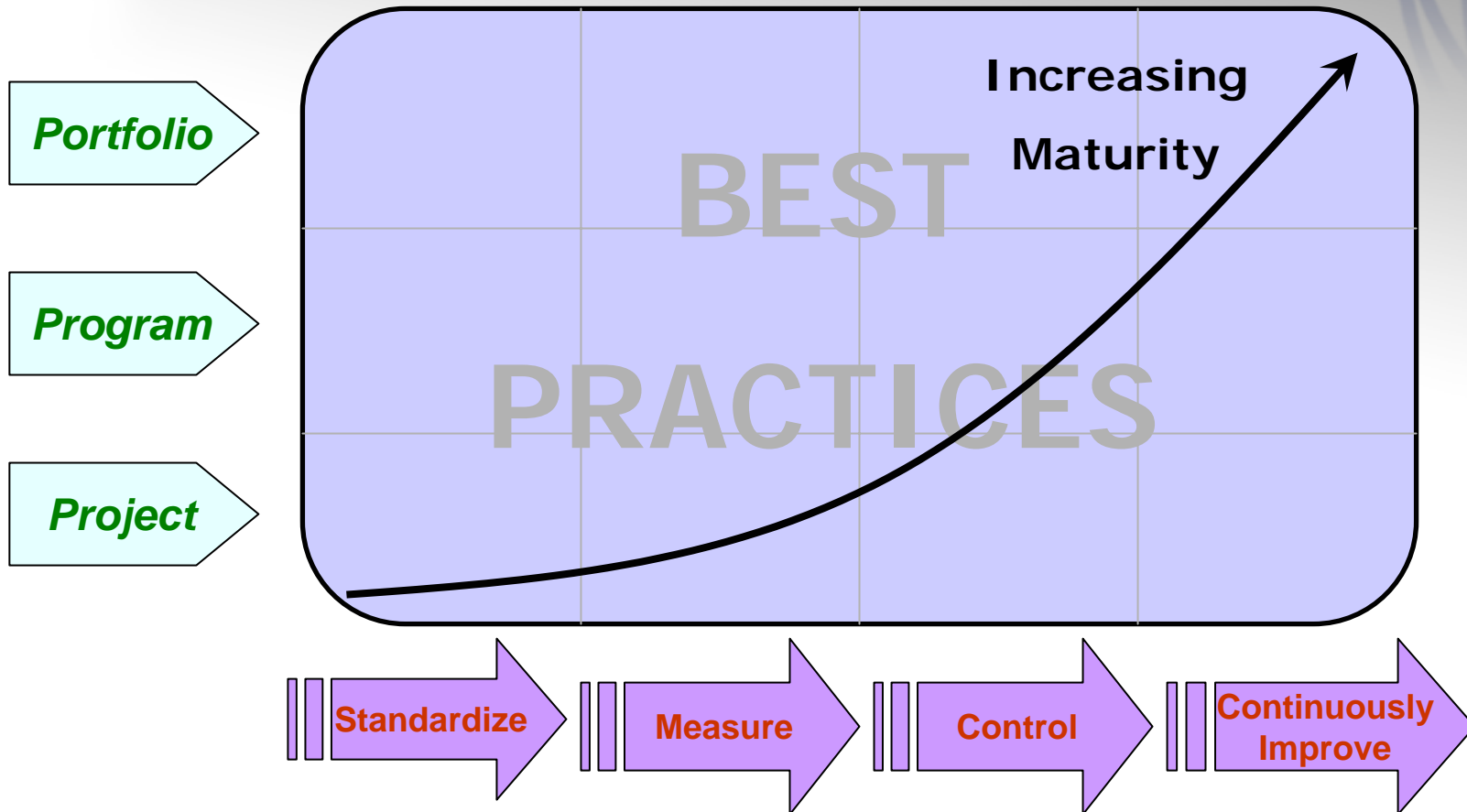
(Develop, implement & audit system to maintain stable process control)



continuously Improve

(Identify process problems & implement continuous improvements)

OPM Maturity



Dimensions of OPM Maturity



First Dimension

Four progressive *Stages of Process Improvement* (SMCI)

- **Standardization**
- **Measurement**
- **Control**
- **continuous Improvement**

Second Dimension

Three *Domains* (PPP)

- **Project Management**
- **Program Management**
- **Portfolio Management**

Zeroth Dimension

Within the above two dimensions is the progression of incremental **Capabilities** leading to each **Best Practice**

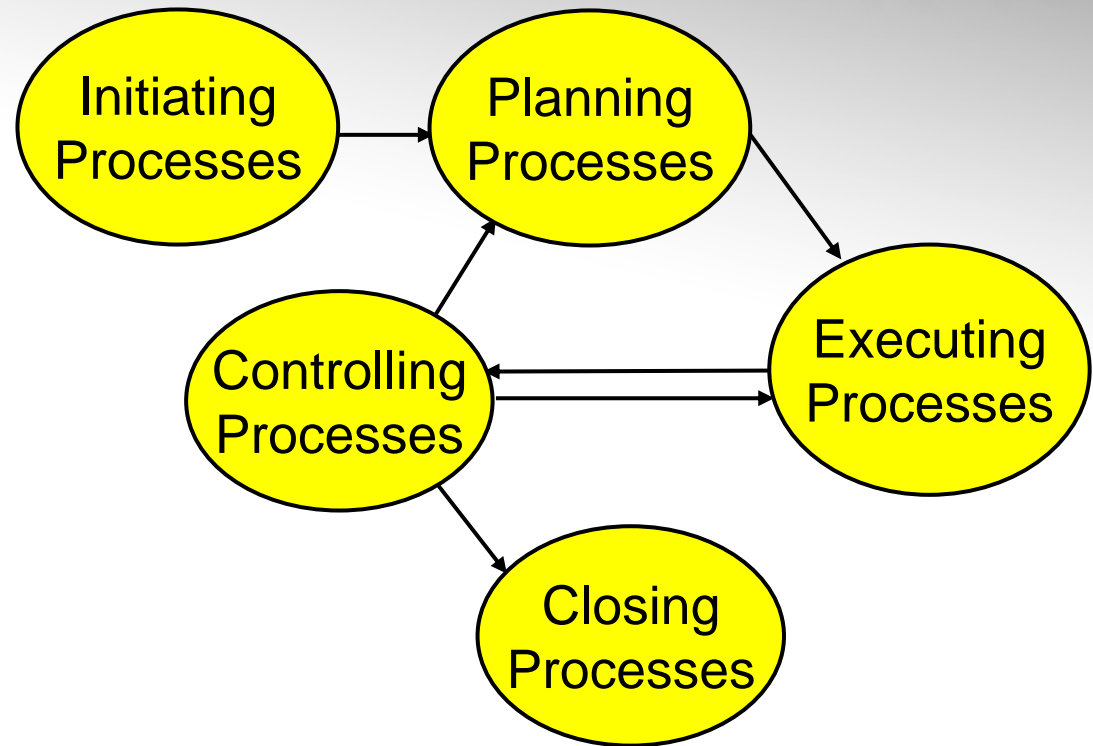
A Fourth Dimension – Project Management Process Groups (IPECC)



Fourth Dimension

Capabilities are also categorized into the five *project management process groups* (IPECC)

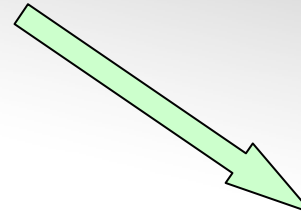
- **Initiating**
- **Planning**
- **Executing**
- **Controlling**
- **Closing**



Multi-dimensional Maturity



Note that there is no overall system of “levels” of maturity.



OPM3 is designed to be **easy to understand** and use. It is also scalable, flexible and customizable to accommodate the **wide range of needs and objectives** of organizations of varying types and sizes.

Flexibility in applying the model to the unique needs of an organization



OPM3 Cycle

The Three Interlocking Elements of OPM3

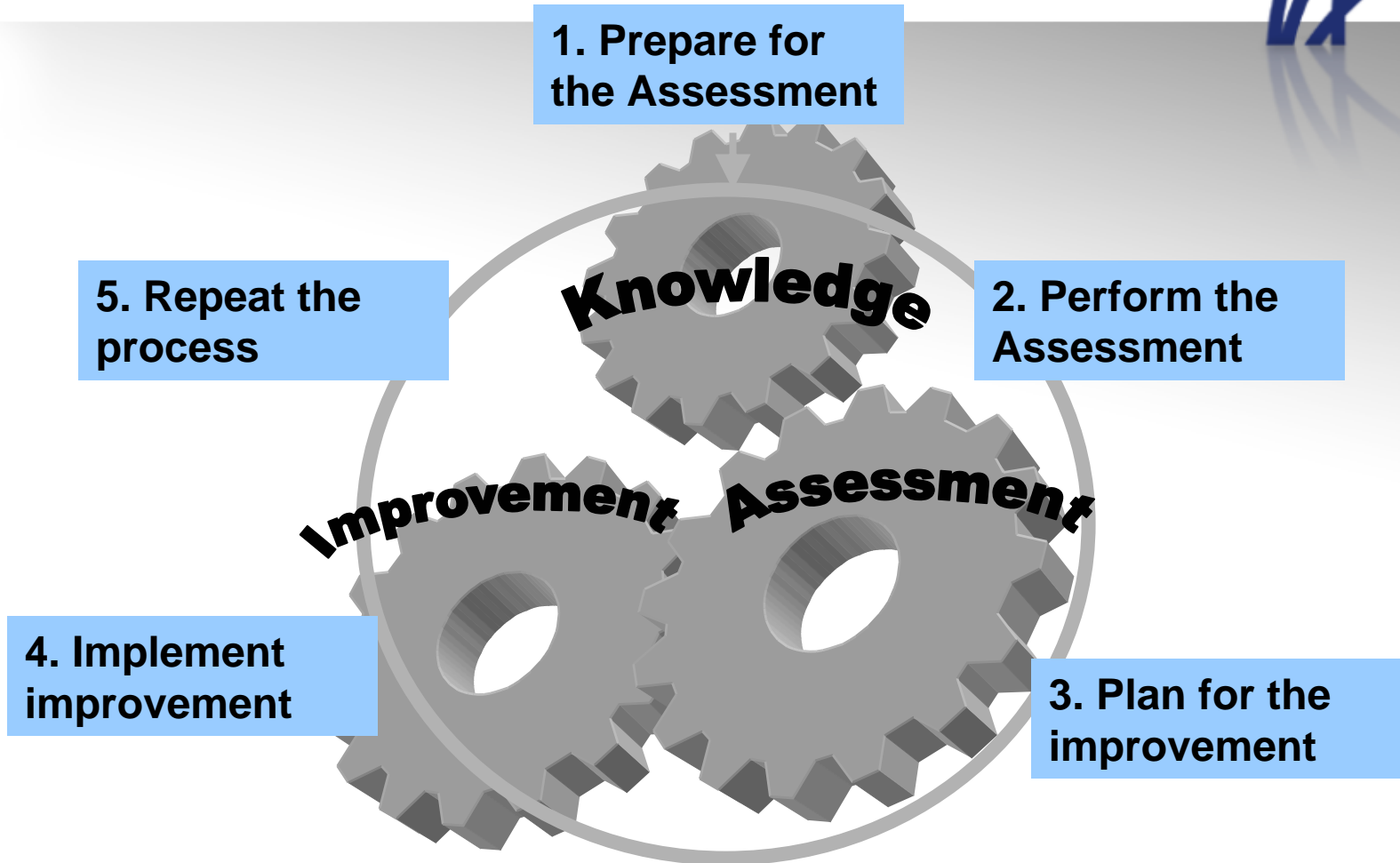


Knowledge – OPM3 foundational concepts

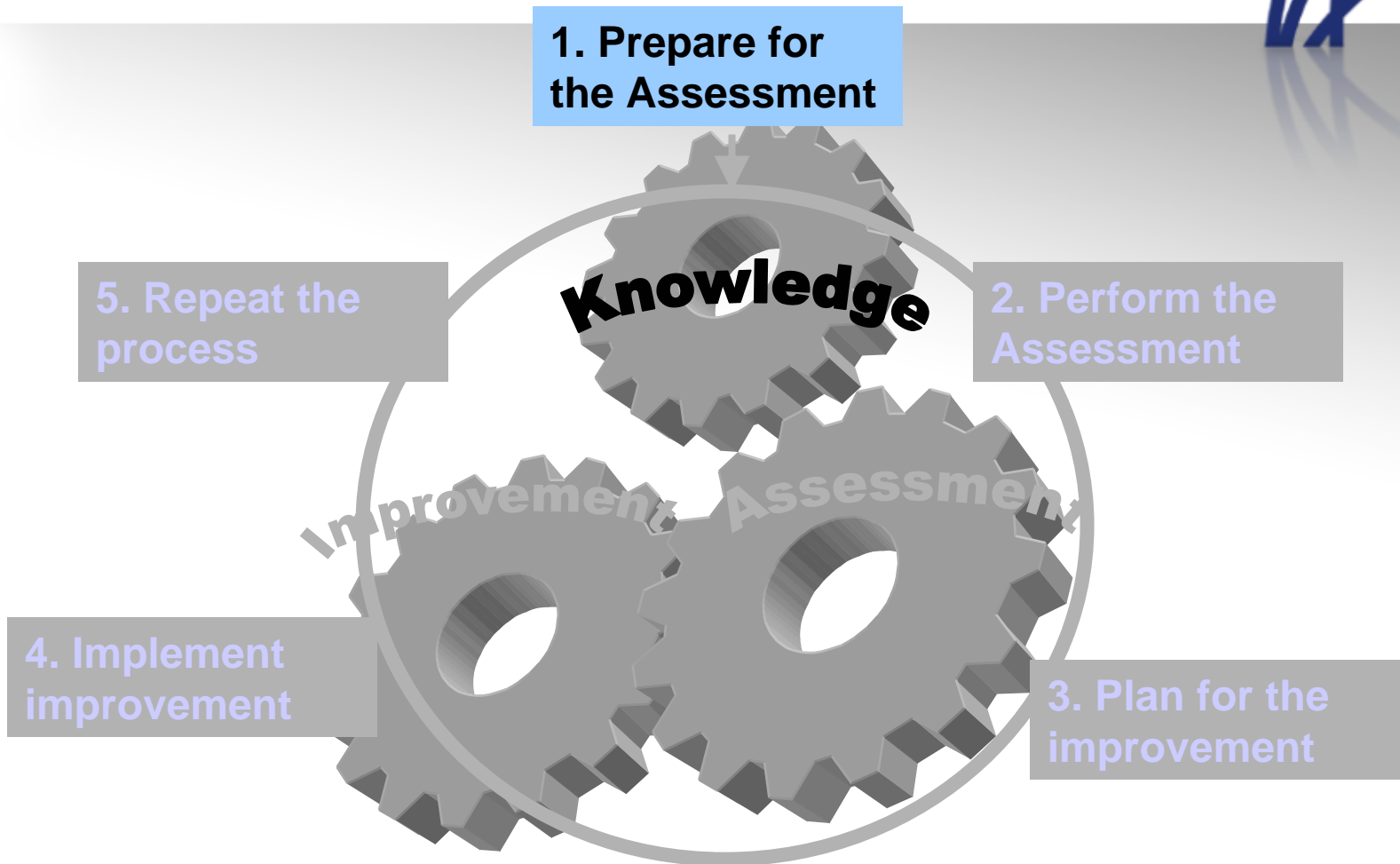
Assessment – Self assessment tool kit

Improvement – 600 organizational project management best practices and their constituent capabilities

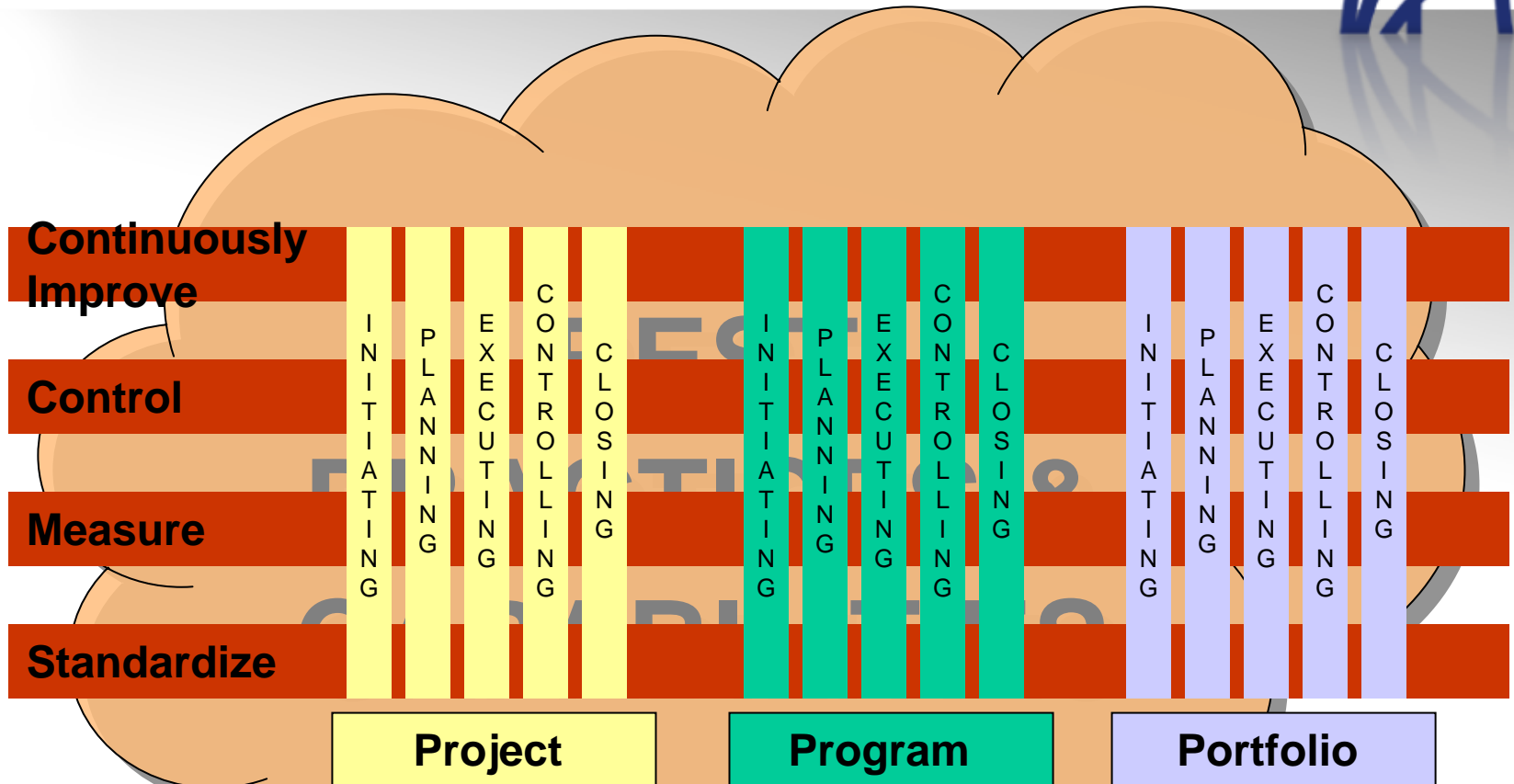
The OPM3 Cycle



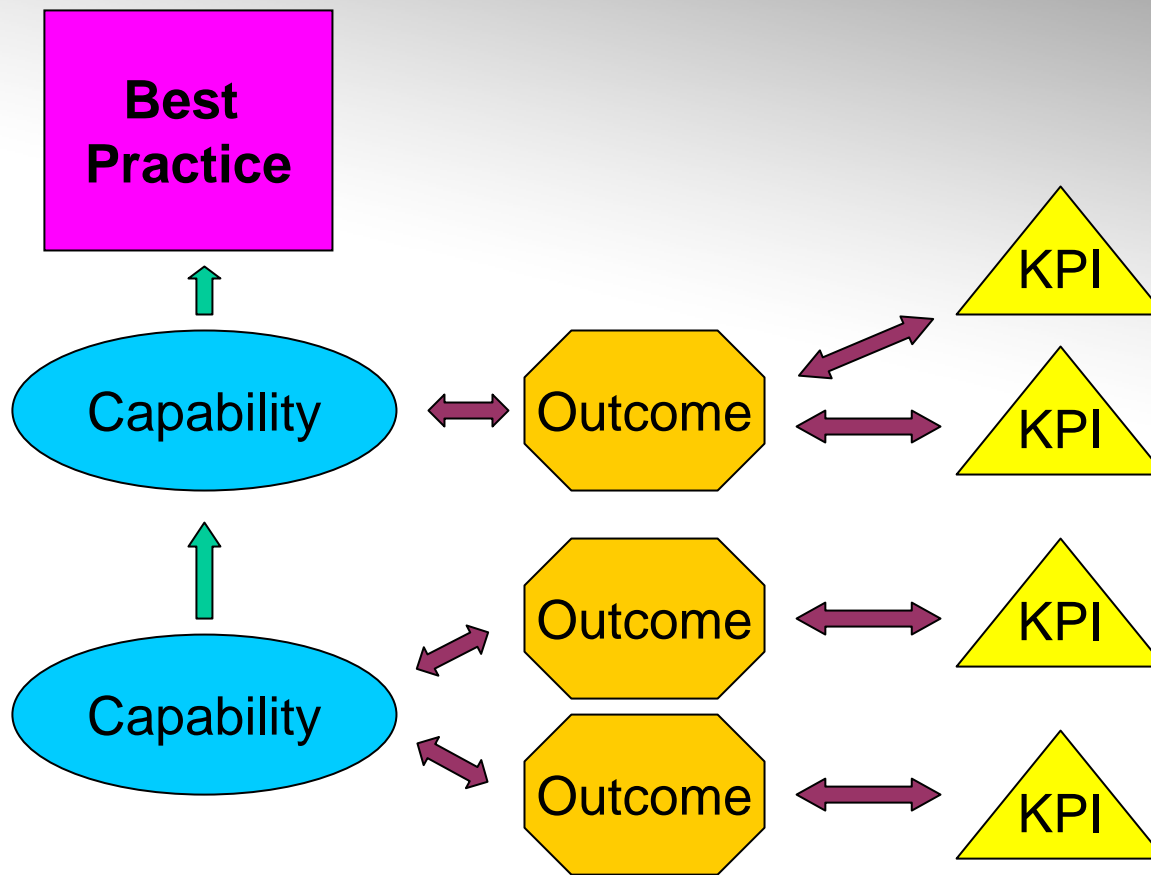
The OPM3 Cycle



OPM3 Construct



Best Practice Basics



Best Practice, Capabilities, Outcomes and KPIs



Best Practice

- An optimal way currently recognized by industry to achieve a stated goal or objective.

Capability

- An incremental step on a way to one or more best practices.

Outcome

- Tangible or intangible result of applying a capability.

Key Performance Indicator (KPI)

- A metric by which an organization can determine, if an outcome and to what degree on outcome exists.

OPM3 Capabilities Directory

Selected Best Practice with Capabilities

All - Filter - ()

BP ID 3570 **BP Name** Manage Related Projects

BP Description Processes, structures and practices allow interactions between projects to be coordinated.

Capability ID 3570.010	Cap. Name Manage Inter-Project Practices	PPP Program	SMCI Standardize	IPECC
Capability Description The organization controls changes across projects.				
Outcome ID 3570.010.10	Outcome Name Strategic Considerations	Outcome Description Each project considers the impact of changes across all projects.	KPI Name Cross-Project Meetings	Metrics Name Exists
Capability ID 3570.020	Cap. Name Establish Program Management	PPP Program	SMCI Standardize	IPECC Executing
Capability Description The organization plans and manages related projects as a program.				
Outcome ID 3570.020.10	Outcome Name Stakeholder Requirements	Outcome Description The organization considers stakeholder requirements across the program when assessing project results or changes.	KPI Name Program-Level Change Management	Metrics Name Exists
Capability ID 3570.030	Cap. Name Establish Program Measurement	PPP Program	SMCI Standardize	IPECC
Capability Description Programs are monitored and evaluated.				
Outcome ID 3570.030.10	Outcome Name Program Performance	Outcome Description The organization uses program performance results to continuously align projects to program objectives.	KPI Name Program Performance Review	Metrics Name Exists
Capability ID 3570.040	Cap. Name Use Knowledge Captured From Projects	PPP Program	SMCI Standardize	IPECC
Capability Description The organization uses the knowledge captured while managing projects to improve program management.				
Outcome ID 3570.040.10	Outcome Name Improved Project Management	Outcome Description Using the knowledge captured from other projects, the organization improves their program management.	KPI Name Successful Programs	Metrics Name Qualitative

BP 3570 Manage Related Projects



Best Practice: Processes, structures and practices allow interactions between projects to be coordinated

Capability (3570.020): Establish Program Management

The organization plans and manages related projects as a program.

PPP Program

SMCI Standardize

IPECC Executing

Outcome (3570.020.10): Stakeholder Requirements

The organization considers stakeholder requirements across the program when assessing project results or changes.

KPI: Program-Level Change Management

OPM3 Capabilities Directory

Selected Best Practice with Capabilities

No Results - Filter - (ALL)

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BP ID 4970 **BP Name** Portfolio Risk Response Planning Process Standardization

BP Description Portfolio Risk Response Planning Process standards are established.

Capability ID	Cap. Name	PPP	SMCI	IPECC
4970.010	Process Management Governing Body	Portfolio	Standardize	Planning
Capability Description The organization enables Portfolio Risk Response Planning process improvements by authorizing the appropriate governing bodies to make critical decisions on process improvement goals and plans.				
Outcome ID	Outcome Name	Outcome Description	KPI Name	Metrics Name
4970.010.10	Active Process Governing Body	Process-oriented governing bodies have been established, and the appropriate people have been assigned to them. They meet on a regular schedule to discuss process management issues and suggestions for improvements.	Process Governing Body	Exists
4970.020	Portfolio Risk Response Planning Process Development	Portfolio	Standardize	Planning
Capability Description The organization assembles, develops, purchases, or otherwise acquires a Portfolio Risk Response Planning process.				
Outcome ID	Outcome Name	Outcome Description	KPI Name	Metrics Name
4970.020.10	Documented Portfolio Risk Response Planning Process	A Portfolio Risk Response Planning Process is documented and communicated to all necessary stakeholders.	A Documented Portfolio Risk Response Planning Process Exists	Exists
4970.030	Standardize Portfolio Risk Response Planning Processes	Portfolio	Standardize	Planning
Capability Description The organization standardizes the Portfolio Risk Response Planning process.				
Outcome ID	Outcome Name	Outcome Description	KPI Name	Metrics Name
4970.030.10	Standardized Portfolio Risk Response Planning Process	Work methods for the Portfolio Risk Response Planning Process are implemented consistently, producing Risk Response plans and contractual agreements.	Evidence of Consistent Implementation	Exists

OPM3 Directories



- **Best practices directory**
 - Lists nearly 600 best practices
- **Capabilities directory**
 - Provides data on all the capabilities , organized based on the best practices
 - Each capability is associated with
 - Domain
 - Process improvement stage
 - Process group (PMBOK)
 - Key performance indicator (KPI)
- **Improvement planning directory**
 - Shows the dependencies between capabilities

OPM3 Capabilities Directory

Selected Best Practice with Capabilities

All - Filter - ()

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OPM3 Improvement Planning Directory

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Selected Best Practice with Paths

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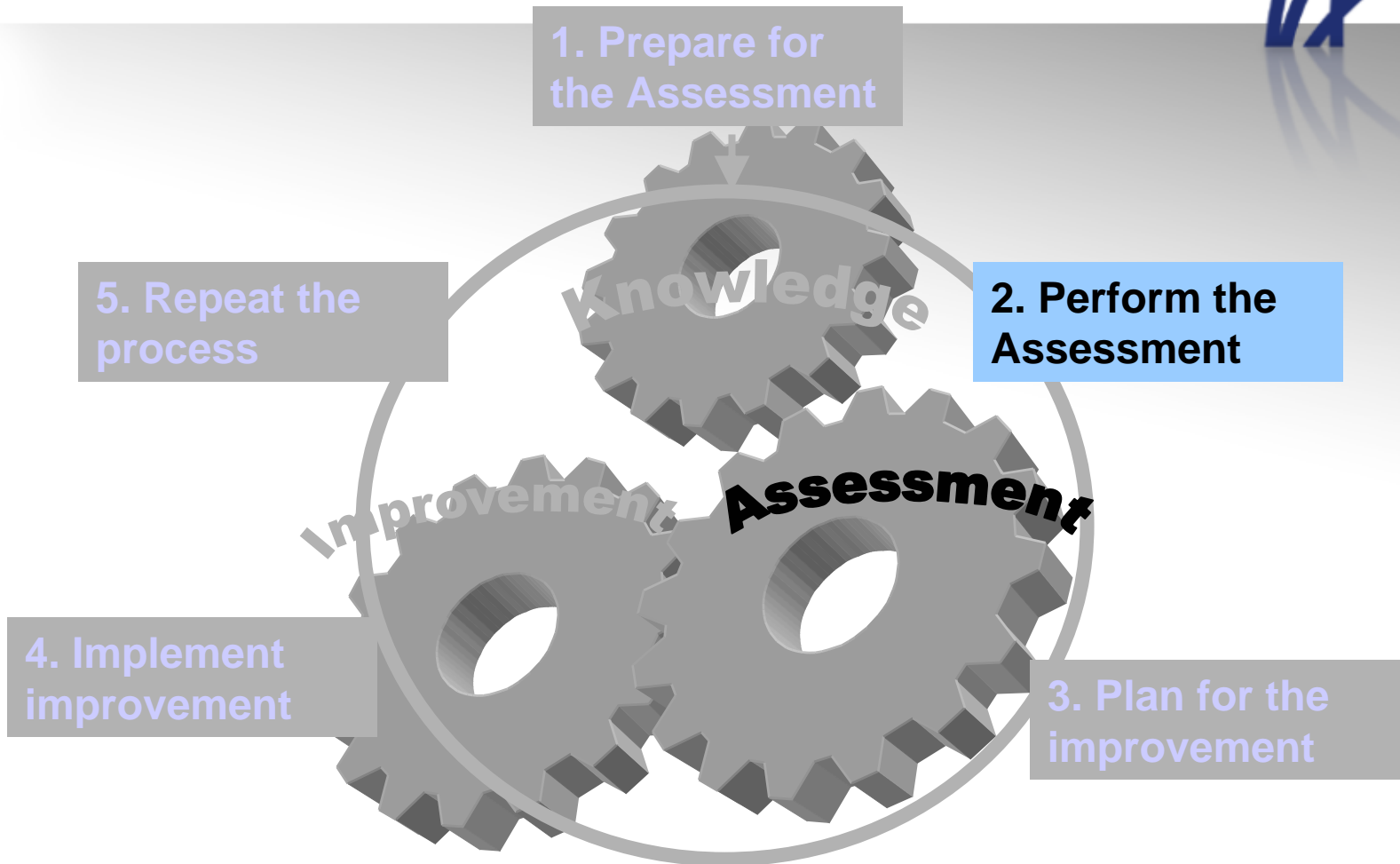
Best Practice 3570 **Name** Manage Related Projects
Description Processes, structures and practices allow interactions between projects to be coordinated.

Project	Program	Portfolio	Standardize	Measure	Control	Improve
	X		X			

Capability	Name	Outcome Checklist
3570.010	Manage Inter-Project Practices	<input type="checkbox"/>
3570.020	Establish Program Management	<input type="checkbox"/>
3570.030	Establish Program Measurement	<input type="checkbox"/>
5340.040	Influence Business Drivers Beyond the Organization	<input type="checkbox"/> <input type="checkbox"/>
7000.040	Identify Knowledge	<input type="checkbox"/>
3570.040	Use Knowledge Captured From Projects	<input type="checkbox"/>

Best Practice 3570 has 4 capabilities, 2 prerequisites, and 7 outcomes.

The OPM3 Cycle





A Self-Assessment Example



How Do Hong Kong MNC Perform?

Background



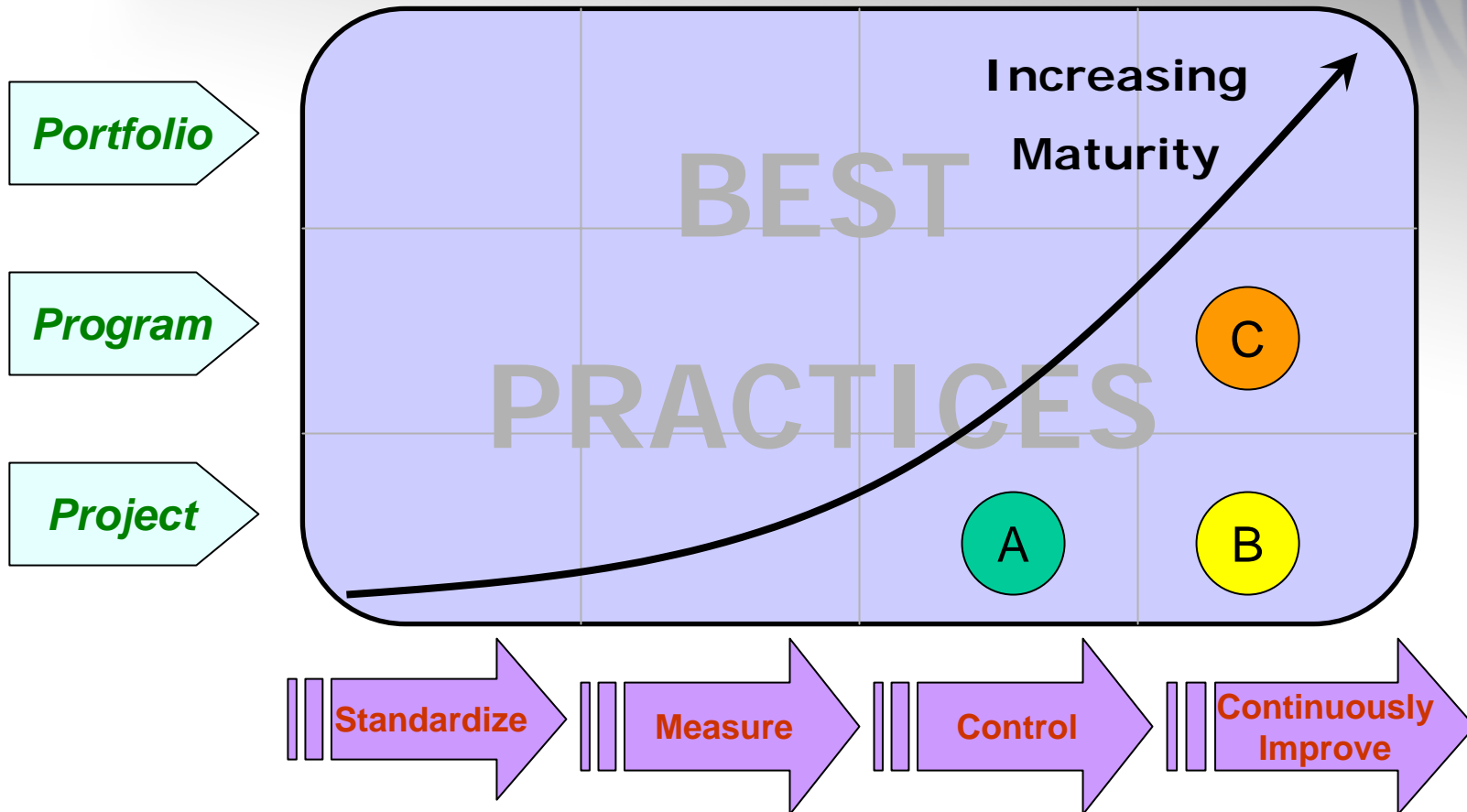
- From Oct 2004 to Jan 2005, PMI HK has performed assessment for three Hong Kong MNCs based on the OPM3 self assessment
- Methodology
 - Our consultant team walked through the self-assessment questionnaire with the participating organization's management team, comprising program manager, project managers, and other senior executives.
 - A final presentation was arranged regarding the findings, existing states, target profile, and a roadmap to attain the target profile.

Result Summary



- Organization A performs well in Project Management (up to Control level)
- Organization B performs very well in Project Management (up to Improve level)
- Organization C performs quite good in Project Management but lacking processes in Closing and Risk Management
- Organization C also performs well in Program Management (up to Improve level)
- All three organizations, however, lack processes in Portfolio Management

How They Stand in OPM Maturity



A Few Observations



- Project Management is a well practiced discipline in our sample organizations.
- Organizations consciously apply different methodology for managing projects of different size.
- The concept of Program Management is well understood but not practiced. In our study, some organizations manage complex projects as programs.
- The concept of Portfolio Management is not well understood and seldom practiced.

Thank You



- More information is available at:

<http://opm3.pmi.org/>