OPM3™
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

- Low Cost, Low Return
- High Cost, Low Return
- High Cost, High Return
- Low Cost, High Return

PM/ROI

Project Management Cost (%)
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

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

BEST PRACTICES

Increasing Maturity

Portfolio

Program

Project

Standardize  Measure  Control  Continuously Improve
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

1. Prepare for the Assessment
2. Perform the Assessment
3. Plan for the improvement
4. Implement improvement
5. Repeat the process
The OPM3 Cycle

1. Prepare for the Assessment
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OPM3 Construct

- Continuously Improve
- Control
- Measure
- Standardize

Project
Program
Portfolio
Best Practice Basics

Best Practice

Capability

Outcome

KPI

Capability

Outcome

KPI

Outcome

KPI
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 - ()**

<table>
<thead>
<tr>
<th>BP ID</th>
<th>BP Name</th>
<th>BP Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3570</td>
<td>Manage Related Projects</td>
<td>Processes, structures and practices allow interactions between projects to be coordinated.</td>
</tr>
</tbody>
</table>

#### Capability 3570.010: Manage Inter-Project Practices

**Capability Description:** The organization controls changes across projects.

<table>
<thead>
<tr>
<th>Outcome ID</th>
<th>Outcome Name</th>
<th>Outcome Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3570.010.10</td>
<td>Strategic Considerations</td>
<td>Each project considers the impact of changes across all projects.</td>
</tr>
</tbody>
</table>

#### Capability 3570.020: Establish Program Management

**Capability Description:** The organization plans and manages related projects as a program.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>3570.020.10</td>
<td>Stakeholder Requirements</td>
<td>The organization considers stakeholder requirements across the program when assessing project results or changes.</td>
</tr>
</tbody>
</table>

#### Capability 3570.030: Establish Program Measurement

**Capability Description:** Programs are monitored and evaluated.

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<thead>
<tr>
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<th>Outcome Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3570.030.10</td>
<td>Program Performance</td>
<td>The organization uses program performance results to continuously align projects to program objectives.</td>
</tr>
</tbody>
</table>

#### Capability 3570.040: Use Knowledge Captured From Projects

**Capability Description:** The organization uses the knowledge captured while managing projects to improve program management.

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</tr>
</thead>
<tbody>
<tr>
<td>3570.040.10</td>
<td>Improved Project Management</td>
<td>Using the knowledge captured from other projects, the organization improves their program management.</td>
</tr>
</tbody>
</table>

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Organizational Project Management Maturity Model (OPM3™)
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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.

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)

<table>
<thead>
<tr>
<th>Capability ID</th>
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<th>BP Description</th>
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</table>

### 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.

<table>
<thead>
<tr>
<th>Outcome ID</th>
<th>Outcome Name</th>
<th>Outcome Description</th>
<th>KPI Name</th>
<th>Metrics Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>4970.010.10</td>
<td>Active Process Governing Body</td>
<td>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.</td>
<td>Process Governing Body</td>
<td>Exists</td>
</tr>
</tbody>
</table>

### Capability ID 4970.020

**Cap. Name**

Portfolio Risk Response Planning Process Development

**Capability Description**

The organization assembles, develops, purchases, or otherwise acquires a Portfolio Risk Response Planning process.

<table>
<thead>
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<th>Outcome Description</th>
<th>KPI Name</th>
<th>Metrics Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>4970.020.10</td>
<td>Documented Portfolio Risk Response Planning Process</td>
<td>A Portfolio Risk Response Planning Process is documented and communicated to all necessary stakeholders.</td>
<td>Documented Portfolio Risk Response Planning Process</td>
<td>Exists</td>
</tr>
</tbody>
</table>

### Capability ID 4970.030

**Cap. Name**

Standardize Portfolio Risk Response Planning Processes

**Capability Description**

The organization standardizes the Portfolio Risk Response Planning process.

<table>
<thead>
<tr>
<th>Outcome ID</th>
<th>Outcome Name</th>
<th>Outcome Description</th>
<th>KPI Name</th>
<th>Metrics Name</th>
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</thead>
</table>
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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</tbody>
</table>

### Capability 3570.010

**Cap. Name**: Manage Inter-Project Practices  
**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 3570.020

**Cap. Name**: Establish Program Management  
**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 3570.030

**Cap. Name**: Establish Program Measurement  
**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 3570.040

**Cap. Name**: Use Knowledge Captured From Projects  
**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

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OPM3 Improvement Planning Directory

Selected Best Practice with Paths

**Best Practice** 3570  **Name** Manage Related Projects

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

<table>
<thead>
<tr>
<th>Capability</th>
<th>Name</th>
<th>Project</th>
<th>Program</th>
<th>Portfolio</th>
<th>Standardize</th>
<th>Measure</th>
<th>Control</th>
<th>Improve</th>
</tr>
</thead>
<tbody>
<tr>
<td>3570.010</td>
<td>Manage Inter-Project Practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>3570.020</td>
<td>Establish Program Management</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Establish Program Measurement</td>
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</tr>
<tr>
<td>5340.040</td>
<td>Influence Business Drivers Beyond the Organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7000.040</td>
<td>Identify Knowledge</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3570.040</td>
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</tbody>
</table>

Best Practice 3570 has 4 capabilities, 2 prerequisites, and 7 outcomes.
The OPM3 Cycle

1. Prepare for the Assessment
2. Perform the Assessment
3. Plan for the improvement
4. Implement improvement
5. Repeat the process
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

Portfolio
Program
Project

Increasing Maturity

A
B
C

Standardize
Measure
Control
Continuously Improve

BEST PRACTICES
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/