



P3O® Pre-Reading

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ACCREDITED TRAINING ORGANIZATION

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How to use this pre-course pack

The purpose of this guide is to sketch, in outline, the big picture of Portfolio, Programme and Project Office (P3O) guidance, to enable someone attending a P3O course to have their bearings right from its beginning.

P3O deals with organisations from the very top – Main Board, Chief Executive Officer – down to administration/shop-floor level (eg the accounts clerk or supermarket checkout operator). For many people when they first encounter P3O, parts of what it covers will be outside the realms of their own prior experience. For that reason, it can be quite difficult to grasp the overall shape of it - hence this guide.

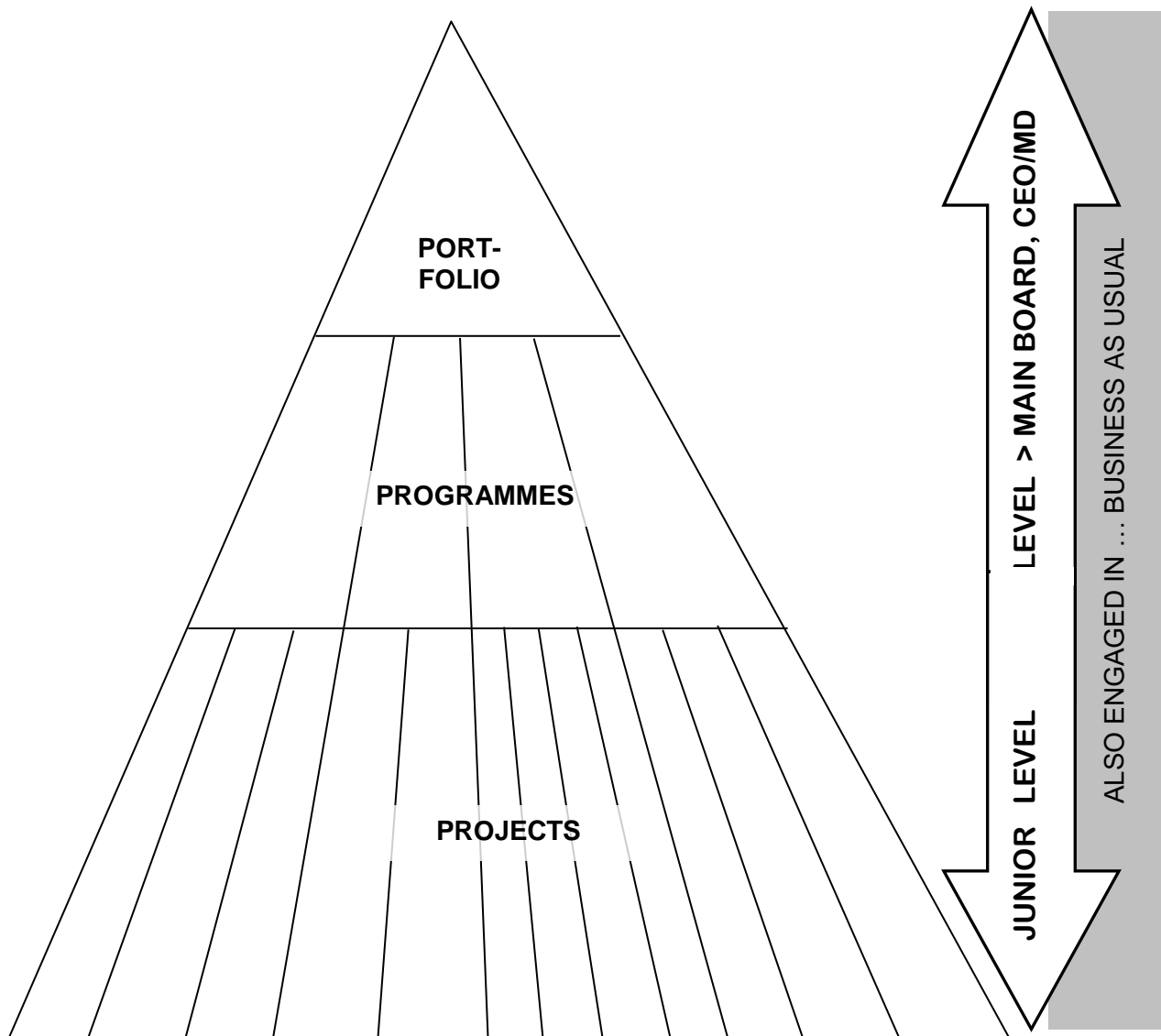
How long should you spend on this pre-course work?

1. If you only have two hours available, read this document thoroughly (several times) and satisfy yourself you have assimilated all the information in it.
2. If you have longer, supplement 1) above by following up the references into the manual to read in greater depth.
3. If you have longer than 20 hours available, do 1. and 2. above and then turn to section 1.3 of the manual 'How to use this guide' and take it from there.

Complete beginners start here . . .

In the first section (Introduction), you are going to read about the following:

1. Organisations conduct Business as Usual (BaU) as a matter of routine. Whilst doing so, they need to pursue strategic objectives in order to remain competitive or otherwise stay in business. This is summarised by P3O as 'run the business, change the business' and both are equally important and mutually dependent.
2. At the top of the organisation, portfolio management seeks to enable the most effective balance between running the business and changing it.
3. Programmes, consisting of projects and activities, are carried out to achieve outcomes and realise benefits of strategic importance (within a portfolio). MSP™ may be used for programme management.
4. Projects are temporary organisations that deliver outputs, in this case usually those required by the programmes. PRINCE2® may be used for project management. P3O provides both decision enabling and delivery support, with the former facilitated by governance and control (described below).
5. To assist with both decision-enabling and delivery support, P3O identifies three key functional areas - strategic planning/ portfolio support, delivery support and Centre of Excellence.



Introduction

	Reference in P3O Manual
Projects come into existence to deliver <i>things</i> . The AXELOS project management methodology is PRINCE2 and it defines a project as a temporary organisation created for the purpose of delivering one or more business products according to a specified Business Case.	1.5.3
‘Business Case’ is a recurring theme throughout this subject, and it describes the <i>justification</i> , the ‘why?’ something is being done.	PRINCE2 Glossary
PRINCE2 projects are almost always about delivering outputs concerned with <i>business change</i> , and a project may or may not be part of a <i>programme</i> .	1.5.3
A <i>programme</i> is defined as a temporary, flexible organisation created to co-ordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation’s strategic objectives. Paralleling PRINCE2, AXELOS’s guidance on programme management is called MSP – Managing Successful Programmes.	1.5.2
Even further up the organisation, very much in the realms of strategic objectives, is <i>portfolio management</i> , which is a coordinated collection of strategic processes and decisions that together enable the most effective balance of organisational change and business as usual/operations.	1.5.1
So we have two themes:	
<ul style="list-style-type: none"> Business as Usual, which is about the day-to-day activity of the organisation with the objective of maintaining a viable business (eg in a supermarket, the BaU is about all the aspects of serving customers – such as providing adequate car parking, stocked shelves, toilets and checkouts). 	1.5.4
<ul style="list-style-type: none"> Business change – which is about moving the organisation forward to what will be BaU to do tomorrow (eg the supermarket’s top management might have decided to increase the floor areas in their stores by adding a mezzanine floor and perhaps refurbishing at the same time). 	1.5.4

Referenc
e in P3O
Manual

The following figure (referred to as 'Run the Business, Change the Business') sums that up:



Figure 1.1

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Whilst change and BaU may be regarded as separate activities, they cannot survive without each other and the transition from one state to the other must be actively managed. Therefore, any decisions relating to either needs to be made collaboratively by the appropriate people at the correct decision-making level of the organisation.

1.3.4

Problems with decision-making are a major cause of poor performance at the three levels of portfolio, programme and project management. These problems can arise for a wide variety of reasons. The information on which to base the decisions may be inaccurate, or even unavailable; there may be poor accountability (often leading to a culture where decisions are avoided if at all possible), or those who should be making them may not even realise decisions are needed.

Not
explicitly
stated

The P3O guidance provides the mechanism to ensure decisions are made at the correct level in the context of the BaU and that the right mix of portfolio(s), programmes and projects are delivered.

1.3.4

	Referenc e in P3O Manual
<p>This aspect of P3O is termed 'decision support' and it includes:</p> <ul style="list-style-type: none"> • Maintaining a 'big picture' understanding of the business change portfolio • Providing decision support to ensure the right programmes and projects are launched • Providing one version of the truth reporting function with management dashboards to focus decisions and management interventions • Improving organisational accountability, decision-making, transparency and visibility • Identifying, understanding and managing multiple and cross-cutting risks and issues • Protecting revenue, spend and enhancing value for money • Protecting reputation and stakeholder confidence 	2.1
<p>P3O provides governance and control that runs through all change programmes and projects within an organisation and through the transition of change into business operations. Formal decision enablement rules – who makes what decisions, when and what information do they require – should be developed and the P3O model is responsible for ensuring information is escalated and cascaded appropriately through the different levels of the portfolio, programme and project management environment. This should drive appropriate decisions to main board level.</p>	1.6
<p>Overall the intention is to ensure the right decision is taken by the right person or group based on the right level of supporting information. There should be a single source for any piece of data which is then amalgamated appropriately through the layers of governance and decision making.</p>	1.6
<p>The same rigour should be applied to restraining decisions, ensuring control points are not passed through without the appropriate authority and sign off; ensuring management boards are equipped with progress reports, exception reports and options.</p>	1.6

	Referenc e in P3O Manual
At the higher levels (portfolio and programme), the emphasis is on “doing the right programmes and projects” and that is an important aspect of governance and control.	2.2
As we move down through the organisation, through programmes to projects, the emphasis changes to “doing programmes and projects right”. That’s another way of saying we need to deliver programmes and projects consistently and well.	2.2
To help do that, P3O provides a delivery support structure for all change within an organisation. P3O suggests this is more successful if it is “service orientated” rather than “support orientated”. Put simply, this means the support structure should have expertise and capability in the specific functions and services that are needed to ‘do programmes and projects right’, rather than just be a pool of resource standing ready to pitch in wherever help is needed.	Not explicitly stated
To cover both <i>decision-enabling and delivery support</i> effectively, P3O	3.1

	Referenc e in P3O Manual
<p>identified three key functional areas:</p> <ul style="list-style-type: none"> Strategic planning/ portfolio support These focus on supporting management decision-making and are key functions at the portfolio level that rely on supporting information from programmes and projects. Delivery support functions These focus on supporting the delivery of change and may be provided in several different ways, usually involving a central flexible resource pool. This may include any or all of: <ul style="list-style-type: none"> Programme or project support people deployed to work on specific programmes and projects as they are launched Internal programme or project specialists who are deployed at programme or project start-up to ensure a fast track and consistent start-up or deployed throughout a programme or project's lifecycle to provide inputs of expertise eg planning, workshop facilitation etc. A pool of professional programme and project managers, deployed temporarily to specific programmes and projects to manage their delivery 	
<ul style="list-style-type: none"> Centre of Excellence (COE) functions or services These focus on the development of standard methods and processes, developing consistent working practices and ensuring they are deployed appropriately and well. They may include any or all of: <ul style="list-style-type: none"> Capability support through training and coaching Internal consultancy (the creation of standards and help, advice and guidance on their tailoring) Knowledge management Tools support Independent assurance 	3.2

Summary of this Section

Organisations conduct BaU as a matter of routine. Whilst doing so, they need to pursue strategic objectives in order to remain competitive or otherwise stay in business. This is summarised by P3O as ‘run the business, change the business’ and both are equally important and mutually dependent.

At the top of the organisation, portfolio management seeks to enable the most effective balance between them.

Programmes, consisting of projects and transformational activities, are carried out to achieve outcomes and realise benefits of strategic importance (within a portfolio). MSP may be used for programme management.

Projects are temporary organisations that deliver outputs, often those required by the programmes. PRINCE2 may be used for project management.

P3O provides both decision enabling and delivery support, with the former facilitated by the establishment of governance and control. To assist with both decision-enabling and delivery support, P3O identifies three key functional areas of strategic planning/ portfolio support, delivery support and Centre of Excellence.

Level of Office

P3O is about Portfolio, Programme and Project Offices. This section deals with some of the main characteristics of, and differences between each of them.

In order to provide the decision support behind successful portfolio management, the key role of a portfolio office is to answer the questions – “Are the right things being done?” If not, “what should be added, removed or changed?”, “Can the time-to-decision cycle be speeded up?” In some organisations the key question to ask may be “How can we stop doing so many of the wrong things?”

1.5.1

That means being responsible for advising senior management on the composition of the portfolio, its progress against plans and any conflicting priorities (including impacts on business operations), risks and issues. The senior management board may have to make hard choices about programmes, projects and resources in the light of changing priorities. It will therefore require the portfolio office to provide the challenge and scrutiny of portfolio information and recommend options/ decisions to support those choices. A portfolio office can add real value by focussing decisions on the things that matter most to the organisation or departmental board.

It is important that the portfolio office reports directly into a main board director or it will have insufficient influence over investment decisions. If there is no buy-in or ongoing consistent support from senior management then the portfolio office will not be effective.

Whereas the key role of a portfolio office is identified as ensuring the “right” things are delivered, there is also a requirement to ensure that change is delivered consistently and well, through standard processes and trained competent staff. This is often provided by a COE (see above) which may be a team or function within the organisation portfolio office or may be set up as a separate office. When a new programme or project is set up, the COE is the first place to go to get methods, tools, training, and advice and to seek guidance on any lessons learned on previous similar changes. Throughout and at the end of the programme or project, it is also the team that receives back lessons learned which can be used for future programmes/projects. In this way, the organisation benefits from rather than loses sight of the lessons it has learned.

A portfolio office is not simply a bigger and/or more prestigious programme or project office. The portfolio office will be a permanent organisation structure.

	Referenc e in P3O Manual
<p>When a specific change initiative is launched as a programme or project, it may require its own temporary programme or project office to provide the project or programme manager and relevant board with some or all of:</p> <ul style="list-style-type: none"> • Planning • Risk management • Issue resolution and change management • Act as information librarian. <p>On small projects or in small organisations the support may simply be provided by a multi- tasking project support officer.</p>	
<p>Structures of Portfolio, Programme and Project Offices</p> <p>There is no ‘one size fits all’ way of structuring portfolio, programme and project offices. P3O uses the term ‘model’ to describe the way, in both structure and nature (such as temporary or permanent) that the offices and their functions can be organised.</p>	3.1
<p>P3O describes different models as below, whilst recognising there are many other potential options, for example, aligned to local organisation culture and business decision and delivery structures.</p>	3.2

Model Number	Model Name	Features
1	Organisation Portfolio Office Model	A single permanent organisation level portfolio office, focussed on strategic portfolio support, planning, delivery support and COE functions, with temporary programme and project offices set up to support new initiatives as they are launched.
2	Hub and Spoke Model	Large organisation model with multiple de-centralised permanent hub portfolio offices designed to serve specific divisions, geographical regions, business units, departments or functions.
3	Virtual Office Model	No physical central office, P3O functions are carried out by business or functional units across the organisation.

	Reference in P3O Manual
P3M3® and its Impact on P3O Implementation P3M3 is AXELOS' Portfolio, Programme and Project Management Maturity Model.	P3O Glossary
The P3M3 maturity model has been created to enable organizations to measure themselves against a set of standard processes and to create performance improvement plans to enable focused continuous improvement. Where an organization scores against the P3M3 model can be a good indicator of its ability to adopt advanced P3O functions.	2.4.2.2 and Appendix E
In turn, a P3O helps improve maturity within an organization through its standardization of processes, consistency of approach and knowledge management approach.	
The P3M3 maturity model is made up of: <ul style="list-style-type: none"> • Overview • PjM3 – Project Management Maturity Model • PgM3 – Programme Management Maturity Model • PfM3 – Portfolio Management Maturity Model P2MM is a project management maturity model, focused on PRINCE2 processes and language. It is fully embedded within P3M3.	
Any P3O model must take into account the maturity level of the organisation it serves.	4.2.2.4
As the organisation (or individual divisions/ departments within it) moves up the Maturity Model, so its P3O model will need to evolve to ensure it continues to add value.	

