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PRODUCT DEVELOPMENT**

**RESPONDING TO ENTERPRISE PMO
IMPLEMENTATION NEEDS WITH CHANGE
MANAGEMENT METHODOLOGY**

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Abstract

As organizations grow in size and scope, the complexity of projects is continuously increasing. This can lead to increasing project failure rate and organizations have responded by implementing a PMO. PMO implementation is common to face the human resistance to change. The common thoughts are “if it works the way we do it then why change it” or “I have always done it like this”. A successful PMO implementation requires a change in mindset and the use of a change management methodology is essential. This master thesis will examine how people react on a PMO implementation within the organization as well as how change management methodologies could mitigate and manage such reactions.

Περίληψη

Καθώς οι επιχειρήσεις διαρκώς μεγαλώνουν και αναπτύσσονται, αυξάνονται και η πολυπλοκότητα και το μέγεθος των έργων. Αυτό μπορεί να οδηγήσει τις επιχειρήσεις σε αύξηση των αποτυχημένων έργων. Για αυτό τον λόγο ολοένα και περισσότερες επιχειρήσεις δημιουργούν ένα γραφείο διοίκησης έργων (PMO). Η δημιουργία αυτού του γραφείου διοίκησης έργου συχνά αντιμετωπίζεται με επιφύλαξη από τους εργαζόμενους ή σε κάποιες περιπτώσεις δεν γίνεται αποδεκτό. Αυτά τα εμπόδια μπορούν να ξεπεραστούν υιοθετώντας το σωστό μοντέλο διοίκησης αλλαγών (Change Management Model). Αυτή η διπλωματική εργασία έχει ως στόχο να εξετάσει τον τρόπο με τον οποίο οι εργαζόμενοι αντιδρούν στη δημιουργία ενός γραφείου διοίκησης έργων, καθώς και να παρουσιάσει πως τα μοντέλα διοίκησης αλλαγών μπορούν να βοηθήσουν στη διαχείριση τέτοιων αντιδράσεων.

1 Introduction

1.1 Purpose and aim

The main purpose of this master thesis is to explore and get to know project management office in organizations. The project management office will be explored from the beginning of the creation within organizations and to the very end. Questions about why it is opened and why change management methodologies should be adopted will be answered as well as looking at how it can survive in a long term perspective.

1.2 Expected results of the thesis

The first step is to analyse the PMO theory and summarize why and how PMO should be implemented within organizations. This is done by performing a literature research on related articles, books and websites that provide the author with information and more understanding about the subject.

The second part is to record the most popular change management methodologies as well as to present the most common PMO implementation problems. Finally, three possible scenarios about PMO implementation will be examined in order to provide clear recommendations for mitigating tackling resistive behaviours using change management methodologies.

The main goal of this three scenarios examination is to get insight in how people react on a PMO implementation within the organization as well as how change management methodologies could mitigate and manage such reactions.

Additional goal of this thesis is to provide useful information to companies that are planning on opening a PMO within their premises. It will save companies work and time if they don't have to go through all the literature, books, articles and from that analyse this information in order to understand what is most suiting for that particular company.

2 Theoretical Framework

2.1 Project Management

Project management is the discipline of planning, organizing, securing, managing and controlling resources to achieve certain goals of a project (Project Management Institute, 2012). Furthermore, it is the application of knowledge, skills, tools and techniques to execute projects effectively and efficiently. This field is as well responsible for overseeing change and manage ever changing set of tasks. One of the main tasks of project management is resolution of conflict. The line of authority is often fuzzy since resources are coming from other functions within the organization and this usually leads to conflicts (Maylor, 2010). Due to this, the work of project manager has not been easy. In order to provide a support for project managers a new department has been established in many organizations the Project Management Office (PMO).

2.1.1 What is PMO

During the investigations of this phenomenon it became apparent that there are various different definitions of what PMO is. This can be traced to the fact that it can serve different meaning in different organizations. PMO stands for Project Management Office and in a business or professional enterprise it is a department or group, within the organization, that defines and maintains the standards of processes that are related to project management (Singh et al, 2009). PMO strives to standardize project work and introduce new ways of working. It assists project managers (PMs) and project teams throughout the organisations to adapt professional practices of project management (Project Smart, 2012). Singh et al. (2009) described PMO as a recent organizational phenomenon within an organization that defines, implements and maintains project management principles, standards, processes, methodologies, tools and techniques.

A PMO is a formal, centralized control that is usually located between senior management and project management within the organization (Singh et al., 2009). It is either a single or multiple entities, depending on the organization. Defining a PMO can be a difficult task since each organization is different and there is no “one size fits all” on how PMO should function. Nearly 75 unique functions have been identified, some traditional and others innovative. Multiple studies have been performed but fail to find systematic patterns (Aubry et al., 2007). Each PMO is unique and specific as well as the corporate culture it supports (Nee, 2012). Despite for that there exist various definitions about PMO and here below are two definitions that manage to define PMO in an apparent way. According to do Valle et al. (2008) PMO is a centre of intelligence and coordination which bridges the gap between the strategic business objectives and the related practical results through organisational portfolio, program and project management.

The Project Management Institute’s presents, A Guide of PM Body of Knowledge that defines PMO accordingly (Hobbs, 2010): An organisational body or entity assigned various responsibilities related to the centralized and coordinated management of projects under its domain. The responsibilities of

the PMO can range from providing project management support functions to actually being responsible for the direct management of a project. The Project Management Office has had several names through the years depending on the host organizations. Hobbs and Aubry (2010) did a survey where 500 PMOs participated.

The survey listed up different names of PMO entities and here below some of the names can be seen:

- Project Office
- Project Support Office
- Project Management Office
- Central Project Office
- Program Office
- Project Management Oversight
- Project Management Centre Of Excellence

In this thesis the name Project Management Office is used as it is the most common used label for this entity (Singh et al., 2009).

2.1.2 PMO History

The beginnings of the PMO (Project Management Office) are connected to the implementation of the scientific management method, first presented by Frederick Taylor about a century ago, and the expansion in the number and complexity of projects managed by single associations.

The structures underlying the conventional PMO can be gone back to the U.S. military's advancement of complex missile systems in the 1950s. Every weapon framework was made out of several sub-projects gathered together in system program offices (SPOs). They supervised not just whole project frameworks, but also its warhead, support equipment, launcher, training and logistics support. The key advantages of this project office were to unify financing into work packages rather than separate components, enhance spending predictions, encourage a standard staged arranging approach, and identify non-strategic initiatives before fund allocation.

During the 1980s, the project office idea gained reputation and exported to construction, IT, and other sectors, thanks in part to the boost of computer technology.

Project management gained a lot of momentum in the 1990s, with professional associations and project management certifications becoming recognized industry standards; the UK's Office of Government Commerce Projects In Controlled Environment 2 (PRINCE2) diffusing outside the IT sector, and associations such as the Project Management Institute (PMI), and the International Project Management Association (IPMA) gaining prominence with associates and practitioners.

Organizations began to look for more efficient approaches to deal with their expanded number of projects and resulting decreased performance (e.g., delays, exceeding costs, and failing to meet the expected quality and specifications), and to address if their projects ought to be keep running in separation, or overseen co-ordinately to enhance resource usage and to maintain a strategic distance from cross-projects' conflicts.

This need for coordination and establishment of a new standardized approach to manage projects within the organization has been a key factor for

the diffusion of modern PMOs.

2.2 PMO Characteristics

2.2.1 PMO Evolution

According to PMBOK Guide (5th edition), a project management office (PMO) is a management structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques. The responsibilities of a PMO can range from providing project management support functions to actually being responsible for the direct management of one or more projects.

A primary function of a PMO is to support project managers in several ways which may include mentoring, coaching training and oversight, managing shared resources across all projects directed by the PMO, developing project management methodology, best practices and standards, developing and providing project policies, procedures, templates, and other shared documentation and coordinating communication across projects.

Due to the variety of the organizational structures, different types of PMO has been developed. It is considered that the organization and its culture have the most impact on what type of PMO is implemented. One PMO can have a minimal staff and no direct control over the management of individual projects while another has a large complement of full time Project Managers and direct control over individual projects (Hobbs & Aubry, 2010). The PMO type and evolution conforms with the organizational project management maturity (OPMM). Organizational Project Management is the systematic management of projects, programs, and portfolios in alignment with the achievement of strategic goals. The concept of organizational project management is based on the idea that there is a correlation between an organization's capabilities in project management, program management, and portfolio management, and the organization's effectiveness in implementing strategy (PMI 2013).

The PMO is an ideal organizational entity to lead the establishment of a project portfolio management capability. Its dual ability to view the status of all current projects and to offer assistance in initiating and planning future

projects positions it well for the job at hand. In structuring a “project portfolio management” function, its primary responsibilities will be to facilitate the involvement of senior management, to create processes envisioned by senior management, and to manage process implementation (Taylor & Francis 2008). Hill (2004) described a five stage model for the PMO. The PMO shows detailed change in roles and responsibility as the project maturity of the organizations becomes greater (Hill, 2008).

Stage 1: The Project Office

The Project Office is the elementary form of PMO and its purpose in the organization is to oversight the project management environment. It is created as a domain of the project manager, who is responsible for the successful performance of one or more projects. It provides the capability to ensure professionalism and excellence in applying widely accepted principles and preferred project management practices to each project effort (Hill, Gerard M. 2004). The Project Office has no program level authority or direct strategic business relevance and it does not fulfill the traditional role of a PMO. However, the Project Office implements and monitors the "rules of project performance" at the project team level.

The main Project Office activities are:

- Conducts project management using authority conveyed by a project charter
- Apply project management methodologies and techniques
- Produce deliverables associated with project objectives
- Manages cost, schedule and resource utilization of each project
- Introduces the project management methods to the technical project teams
- Prepares and manages project plans, reports and documents by using established project knowledge management tools.
 - Serves as the first level of project supervision

Stage 2: The Basic PMO

As reported by Hill, Gerard M. (2004), the basic PMO is the first PMO level that deals with multiple project oversight and control. It introduces essential business authority and policy guidance for use in project management, and it furnishes the capability to provide aggregate oversight and control of multiple projects relative to the performance of multiple project managers.

The basic PMO handles activities such as:

- Project management reporting and collaboration procedures development.
- Providing tools for managing information
- Creating methods for gathering and using feedback and lessons learned information.
- Providing a standard and repeatable Project Management methodology for use across all projects
- Establish the PMO charter
- Developing policy guidance needed in the project management environment
- Identifies project manager's scope of authority
- Specifies project classification

Stage 3: The Standard PMO

The standard PMO apply a coordinated and extensive project management capability to accomplish business goals and ensured that business and technical guidance is properly conveyed to the project environment. It performs comprehensive, centralized project management supervision, control, and support activities, together with an extended functionality that represents the maturity of business oriented project management. It also introduces automated tools and practices for project knowledge management. Installs project management methodology tool.

Stage 3 PMO functionality is the solution for organizations seeking to

implement project management as a core business competency or otherwise looking to improve project management capability or increase project management maturity. The standard PMO performs complete centralized project management oversight and control activities, with an added emphasis on introducing process and practice support in the project management environment (Hill, Gerard M. 2004).

The Standard PMO performs activities such as:

- Establish capability and infrastructure to support and govern a cohesive project environment
- Monitoring project management environment for use of business and technical guidance
- Offering project management support in the organization
- Functioning as the interface between the business environment and the project management environment.
- Establishing an executive control board
- Operating as the recognized organizational entity that directly or indirectly influences resource participation on projects, to include addressing such matters as qualification, training, assignment, and evaluation.

Stage 4: Advanced PMO

The advanced PMO is an expanded version of the standard PMO, it manages authority for direct interfaces with organizational business managers, and it is focused on integrating business interests and objectives into the project management environment. It performs comprehensive, centralized project management oversight, control, and support activities, which helps to create a “projectized” business environment.

The standard PMO must be adapted by the business, before an advanced PMO capability can be implemented. This should not limit PMO

developers from incorporating advanced PMO considerations in their PMO implementation plans.

The staffing needs of the advanced PMO are increased. In particular, the PMO staff is enhanced to include the professional and administrative resources needed to develop, implement, and manage expanded processes, programs, and functionality. The PMO director will have expanded authority to address business interests in the project management environment (Hill, Gerard M. 2004).

The Advanced PMO performs activities such as:

- Collaborating on preparation of policy, practices, and guidance used by project managers
- Establish requirements for cross-functional business support
- Identify project sponsors' scope of authority
- Apply an integrated and comprehensive project management capability to achieve business objectives
- Prepares and manages its own budget as a means of pursuing development and implementation of advanced project management practices and business integration activities.
- Providing distinct expertise project management practices and procedures.
- Providing individuals, who mentor, offer recovery services, monitor and manage project results in terms of business performance

Stage 5: The Center of Excellence

The center of excellence is a unique project management entity, even if it appears to be at the top at the top of the PMO competency continuum. The center is a separate business within the relevant organization and has responsibility for enterprise wide project management operations. It has a focus on strategic business interests across the relevant organization and manages continuous improvement and cross-department collaboration to achieve strategic business goals. It does not necessarily perform all of the

lower level PMO functionalities, but it could. According to Hill, Gerard M. (2004), there are two perspectives on how a center of excellence can be established. First, it could be created as a result of the growth and expansion of a lower-stage PMO, which would normally be the case in a small- to medium-sized organization. Conversely, it could be established independent of any existing PMOs, with the objective of providing strategic business guidance and direction to those sub-ordinate PMOs. This would likely be the case in a large, global organization where the center of excellence provides some aspect of oversight, control, and support to PMOs serving regional business interests.

The Center of Excellence, handles activities such as:

- Recommending adaption of business processes
- Assessing practices of the executive control board
- Establish cross-functional task forces for major practice renovations
- Providing direction and influence for enterprise project management operations.
- Building both project management environment and project stake-holder awareness and representation across business units, customer relationships, as well as vendor and partner relationships.
- Representing the business interests of the relevant organization in the project management environment.
- Sponsoring and conducting studies and evaluations of project management functionality and business effectiveness.

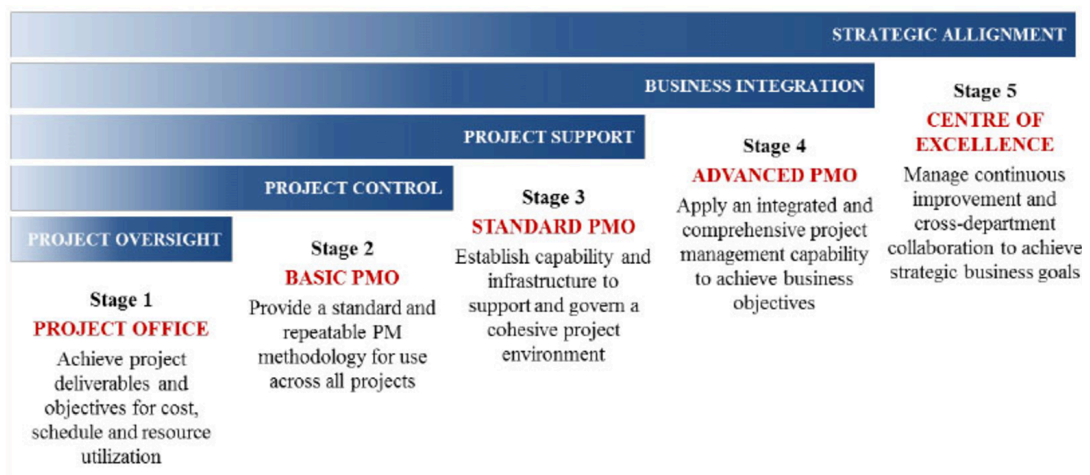


Figure 1 PMO competency continuum (Hill, 2004)

2.2.2 Types of PMOs

There are three major varieties of Project Management Office (PMO) in organisations, differing inside the degree of control and impact they have on projects within the organisation. These types are:

- **The Supportive**

This is where PMO usually begins. PMO acts as a consulting capacity providing Project Managers with training, guidance and best practices. Responsibilities are limited to the repository of information on methods and standards.

According to PMBOK 5th Edition, supportive PMOs provide a consultative role to projects by supplying templates, best practices, training, access to information and lessons learned from other projects. This type of PMO serves as a project repository. The degree of control provided by the PMO is low.

- **The Controlling**

The Controlling PMO coordinates communication, monitors and actively supports projects and people with consulting service or training.

Controlling PMOs provide support and require compliance through various means. Compliance may involve adopting project management frameworks or methodologies, using specific templates, forms and tools, or conformance to governance. The degree of control provided by the PMO is moderate. (PMBOK 5th Edition)

- **The Directive**

The Directive PMO plays more proactive role and is responsible for the project outcome. In some cases, PMO may run projects directly. This model is said to be supportive of senior management due to involvement in portfolio management and strategy.

Directive PMOs take control of the projects by directly managing the projects. The degree of control provided by the PMO is high. (PMBOK 5th Edition)

There is not a one-size-fits-all PMO, the best type is very specific to the organisation, culture, and history of what works and what does not. But the major objectives are to implement a common methodology, standardise terminology, introduce effective project management processes, and finally to

improve levels of project success within the organisation.

2.2.3 Benefits of PMOs

As mentioned previously, as organizations grow in size and scope, the complexity of projects is continuously increasing. This can lead to increasing project failure rate and organizations have responded by implementing a PMO.

Many projects take place at the same time and it can be easy to lose control over the corporate strategy, project portfolio and the coordination of the projects. Therefore, it is important for organizations to be able to support the project managers with approved models, procedures and a defined way of working. The solution to these problems could be implementing a PMO and organizations will achieve project management oversight, control, support and alignment (Hill, 2004).

Michael Stanleigh (2006) asked 750 organizations in his research why they set up PMO. These are the answers:

- More successful projects (82%)
- Predictable, reusable Project Management tools, techniques and processes (74%)
- Organizational improvements (66%)
- Helps to build project management-oriented culture (64%)
- Increases staff professionalism in project management (48%)

Implementing a successful PMO can reduce the overall costs, improve project quality, as well as superior source management and more effective results for the organizations. PMO can be a unique and critical entity for the success of many organizations. It provides overview of the projects and programmes within the entire organization.

The PMO can reduce the project risks, by having a centralized repository for shared risks and a centralized proactive management initiative to mitigate project risks. It coordinates the overall resources and introduces an enterprise management of the budget resources that results projects being kept on budget. In addition, it keeps projects on time by setting overall policies

and procedures, providing universal templates and documentation and implementing enterprise management of project timelines. Furthermore, it ensures improved project quality, by operating and managing overall project tools, using centralized communication management, mentoring and developing skills, offering best practice information to the organization and finally assures the project's quality.

Consequently, PMO becomes the entity with the most knowledge of the projects in the organizations and will continuously be working towards improvement for the project managers. Furthermore, PMO enhances sharing of knowledge and learning which prevents the same mistakes happening repeatedly as well as enabling project managers to improve their skills and knowledge in managing projects (Mastering Project Management, 2009).

2.3 Change management

2.3.1 What is Change Management

Change management could be described as a structured approach for ensuring that changes are thoroughly and smoothly implemented, and that the lasting benefits of change are achieved. Change management could also be described as the combination of process, tools and techniques to manage the people-side of business change to achieve the required business outcome, and to realize that business change effectively within the social infrastructure of the workplace.

According to PMI's "Managing Change in Organizations: A practice guide" *change management is a comprehensive, cyclic, and structured approach for transitioning individuals, groups, and organizations from a current state to a future state with intended business benefits. It helps organizations to integrate and align people, processes, structures, culture, and strategy.*

Change management focuses on people, and is about ensuring change is thoroughly, smoothly and lastingly implemented.

In order to manage change successfully, it is important to consider the personal impact on those affected, and their effort to work and behave in new ways to support the change. Elisabeth Kubler-Ross developed a model, in the 1960's, to explain the grieving process, which has been the basis for the change curve model. Cameron and Green (2004) presented a psychodynamic approach to change, based on Elizabeth Kubler-Ross's model, in which they state that people going through change exhibit similar (maybe less dramatic) reactions to change within the organization.

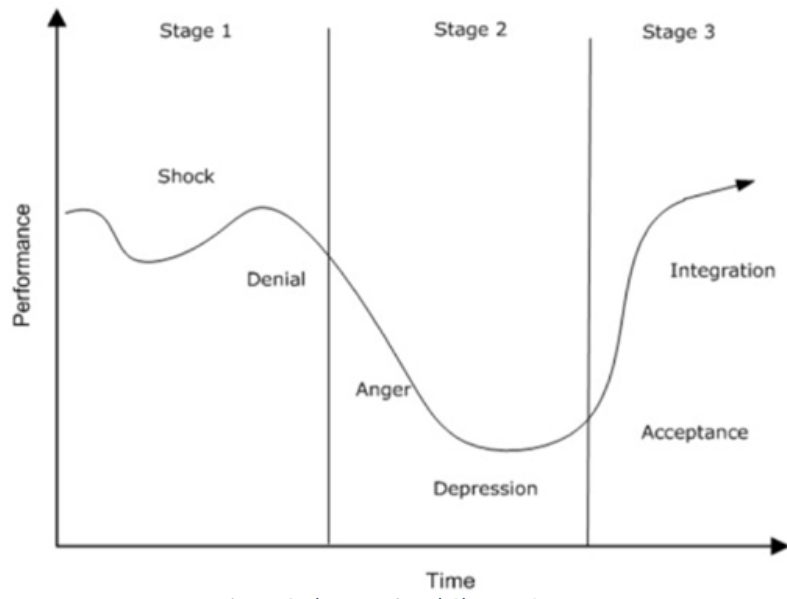


Figure 2 The Emotional Change Curve

2.3.2 Resistance to change and managing resistance

A substantial segment of the change management literature focuses on describing how managers and employees respond to change (PMI 2013). Individuals and groups tend to react when they perceive that a change that is occurring as a threat to them. One of the main reasons of resistance is the misunderstanding about the need for change. The reasons for the change are not well communicated and employees believe that change is unnecessary, and the current way of working does not have to change. Moreover, people fear to move forward to the unknown, especially if they are not convinced about the need for change. It also has to be considered that people who are connected to the old way of working, they will resist to move into a new way of working.

According to PMI (2013), change is implemented by and has consequences for people, and change can be made significantly less traumatic and more successful if these human aspects are anticipated and handled effectively.

Over the years, many change management models have been developed in order to mitigate the employees' resistance to change, and implement changes in organizations as effectively as possible.

2.3.3 Why Change Management for PMO

PMO implementation within organizations is a decision that has to be well grounded. It is a critical organizational change that is challenging for most organizations (Singh et al., 2009). Michael Stanleigh has made a survey, in which has stated that the failure rate of PMO implementations is very high, about 75%. One of the main reasons is that the organizational project management and specifically PMO evolve continuously and are adapting to changes in their external or internal environment. Furthermore, they are not stable structures and they need to be reconsidered every few years. According to Singh et al (2009), many organizations have rigid corporate culture, fail to manage organizational resistance to change and lack of appropriate change management strategy. Among these challenges, PMO tools are difficult to implement unless the project management culture has been established. Project management must be part of the company's culture and employees has to be open in new ways of working in order the PMO to succeed.

Singh et al. (2009) pointed that the main road block in implementing a PMO is the human resistance to change. It is difficult to change the way people think and are used to do things in organizations. The common thoughts are; "it works the way we do it then why change it?", "I have always done it like this". A successful PMO implementation requires a change in mindset and an orientation to a more project-oriented organization.

PMO implementation involves managing all aspects of change in the organizations, including people, process and structure issues. Therefore, one of the most difficult aspects of establishing a PMO is to evolve and implement a clear change management strategy that looks beyond the immediate needs of the PMO project (Singh et al., 2009). The change management strategy has to manage the change process while implementing a PMO but also make sure that the implementation process will be harvested in the daily work of a PMO.

2.4 Most prevalent Change Management Methodologies

2.4.1 Lewin's (1951) three-stage change management process model

The first, highly recognized, change model has been developed by Kurt Lewin, a German – American psychologist, recognized as the "founder of social psychology", in the 1940s. According to the model, the organization should pass through three stages of change in order to get the planned results: unfreezing, moving and freezing (or re-freezing). The main purpose of the first stage is to “unfreeze existing structures and processes”, analyse the current situation, describe the willing future state and identify the change drivers. By recognising these three distinct stages of change, you can plan to implement the change required. You start by creating the motivation to change (unfreeze) as it is necessary to change existing attitudes towards working practices and prepare the ground. Communication about the proposed change is vital at this stage if people are to understand and support it. The next stage is dedicated to introduce necessary change actions. You move through the change process by promoting effective communications and empowering people to embrace new ways of working and learn new values, attitudes and behaviours. Problems are identified and action plans developed to enable implementation. Maximum flexibility is needed in the planning and implementation of the change. The third stage purpose is to fix and stabilize the new state (Lewin, 1947). The organisation returns to a sense of stability (refreeze) and the benefits of the change are realised, which is necessary for creating the confidence from which to embark on the next inevitable change. Praise, rewards and other reinforcement by managers are required on an individual level and more effective performance at an organisational level. Not until the change has become incorporated into the culture can it be said to be frozen. It is necessary to highlight that despite the simplicity the model proposed has become a basic concept in questions of organizational changes and, in fact, it still has a great influence on the change perception (Garies, 2010).

Unfreeze	Change	Re-freeze
Determine what needs to change	Effective communication	Anchor the change into the culture
Ensure there is strong support from upper management	Dispel rumours	Develop ways to sustain the change
Create the need for change	Empower action	Provide support and training
Manage and understand the doubts and concerns	Involve people in the process	
Ensure that employees are ready for change		

Figure 3 Kurt Lewin's Change Model

2.4.2 John Kotter's 8-Step Process for Leading Change

While developing this model John Kotter has investigated more than one hundred cases of change implementation and has defined eight major causes of change failures. Subsequently, these mistakes have been transformed into eight change steps which are: establish a sense of urgency, create a powerful guiding coalition, develop a vision and a strategy, communicate the vision, empower others to act on the vision, plan for and create short-term wins, consolidate improvement and produce more change, institutionalize new approaches.

This first step of Kotter's 8 Step Change Model is the most important step according to John Kotter. The change process should be establishing a sense of urgency. The key factor of success is a strong leader who clearly sees the need for a change and who is able to transfer this idea to other employees with the high degree of urgency. By making employees aware of the need and urgency for change, support will be created. This requires an open, honest and convincing dialogue that will convince employees of the importance of taking action. This could be accomplished by talking with them about potential threats or by discussing possible solutions.

The second step consists in creating a guiding coalition; its size could vary depending on the size of organization, however it should possess a high reputation and enough power that means and strong support from top management. It is a good idea to establish a project team that can occupy itself with the changes the organization wants to implement. This group manages all efforts and encourages the employees to cooperate and take a constructive approach. Preferably, this coalition is made up from employees working in different jobs and positions so that all employees can rely on the group and identify themselves with the team members. Because of the open character, the groups can also function as a sounding board, which enables an open communication.

The most important tasks of this team are developing a vision and strategy of its implementation. Creating of the vision is a crucial point for the whole change initiative. Formulating a clear vision can help everyone

understand what the organization is trying to achieve within the agreed time frame. Create a vision of change makes changes more concrete and creates support to implement them. The ideas of employees can be incorporated in the vision, so that they will accept the vision faster. The link between the adopted vision and the strategies will help employees to achieve their goals.

An important step according to Kotter's model is to communicate the vision. It is not enough to have a vision if it is not adopted. Many employees and managers will be suspicious of change and will need to be convinced that this new future is better than their present circumstances. The new vision must be fully adopted across the entire organization. This can only be achieved by talking about the new vision with the employees at every chance you get, by communicating the reasons behind the change and by taking their opinions, concerns and anxieties seriously. The change vision communication needs to be two-way. It is not top down only, it is also bottom up. Employees and managers are not captives of the change effort. Rather, they are active contributors to the change effort and shape its implementation through open communication and ongoing feedback.

Before change is accepted at all levels, it is crucial to change or, if necessary, remove obstacles that could undermine the vision. Senior leadership and the guiding coalition need an accurate understanding of the organizational barriers that hinder the change implementation. With the work of the guiding coalition and with continuing communication with other organizational stakeholders, barriers that hinder the change effort can be identified and eliminated. With this effort, organizational processes, structures, procedures, and reward systems will need to be aligned with the new change vision as necessary. An efficient way to understand who is resisting the change is to enter into dialogue with all employees. The vision acceptance by the employees can be achieved by encouraging incorporate their ideas and implement them in the change process.

Talking about motivation it is necessary to highlight the importance of planning short-term wins. Nothing motivates an employee or a team member more than success and short wins encourage and motivate them to move on. When the objectives have been met, the employees will be motivated to adjust

and expand the change. By acknowledging and rewarding employees who are closely involved in the change process, it will be clear across the board that the company is changing course. Short term wins could be achieved by setting multiple achievable targets at regular intervals so as to keep the team members motivated, communicating with the team member's specific pros and cons of not meeting the deadlines. It is also important to recognize and reward the members who are able to meet the goals set by the team leaders while implementing a project. Quick wins are only the beginning of long-term change. However, change is a slow-going process and it must be driven into the overall corporate culture. According to John Kotter many change courses fail because success is declared too early.

Monitoring the change implementation indicates what change worked and what did not. Kotter pointed that the success achieved by creating multiple short term wins helps in executing more complicated projects. In order to consolidate improvements, it is critical to analyse the best practices after every short term win and repeat them. Identifying the changes which did not work, by brainstorming with the team members, could point the areas which need improvement.

The final step in Kotter's change model is anchoring changes. After the identification of the changes which work, it is essential to anchor those changes. The changes have to be documented in order best practices guideline could be prepared. All the new employees need to train on the best practices and be encouraged to modify existing changes with new ones.

The key changes responsible for bringing corporate success have to be identified and shared with the stake holders.

2.4.3 ADKAR

The ADKAR model has been developed in 1998 by Prosci, after research with more than 300 companies undergoing major change projects, and presented in the book “Change Management The People Side of Change” by Jeff Hiatt, CEO of Prosci, in 2003. ADKAR is a goal-oriented change management model that allows change management teams to focus their activities on specific business results. The model was initially used as a tool for determining if change management activities like communications and training were having the desired results during organizational change. It focuses on five actions and outcomes necessary for successful individual change, and therefore successful organisational change. ADKAR is the acronym for Awareness, Desire, Knowledge, Ability and Reinforcement, the five key factors for successful individual change, and therefore successful organisational change. Hiatt (2006) states that the ADKAR model provides a primary framework to bring together new and traditional methods for managing change and is instrumental in diagnosing failing changes. The ADKAR model is also defined as a framework for understanding change at an individual level and is extended in order to show how businesses, government agencies and communities can increase the likelihood that their changes are implemented successfully (Hiatt, 2006).

The first step in a successful change management program is awareness of the need to change. The success of any change effort depends on the support of the members involved in and affected by the change. The drivers of the change have the responsibility to spread awareness on why the change is needed, how change will affect the individuals, and the potential benefits to each stakeholders resulting from the change. The best way to spread awareness is through planned or structured communication.

The second step in the ADKAR model is a desire to support the change and contribute in the change process. Individuals should be able to make a personal decision to support the change and participate in the change. This desire or willingness to support and be part of the change can only happen after full awareness of the need for change is established.

The third essential step of the model is providing knowledge about the change, which can be achieved through standard training and education methods. Hiatt (2006) claims that knowledge represents how to implement a change and includes training and education on the skills and behaviours needed to change, comprehensive information on how to use processes, systems and tools and understanding of the new procedures and responsibilities associated with the change.

The fourth step in this model is the ability to implement the required skills and behaviours. Hiatt stated that employees who have knowledge about changes in processes, systems and job roles do not demonstrate immediate proficiency in these areas. Some employees, depending on the change, may never develop the required abilities. Ability for a person or organization to implement change and achieve desired performance levels associated with the change are impacted by factors like psychological blocks, physical abilities and intellectual capabilities. Additionally, the time available to develop the needed skills and the availability of resources to support the development of new abilities, are key factors of this step.

The fifth and final step of the model is the reinforcement to sustain the change. Hiatt states that reinforcement includes any action or event that strengthens and reinforces the change with an individual or an organization, and examples include private or public recognition, rewards, group celebrations or even something as simple as a personal acknowledgment of progress. Without reinforcement, the person or group may perceive that the effort expended during the transition was not valued. They may seek out ways to avoid the change, and their desired change will diminish (Hiatt 2006). Ensuring that changes stay in place and that individuals do not revert to old ways can be accomplished through positive feedback, rewards, recognition, measuring performance and taking corrective actions.

	ADKAR elements	Factors influencing success
A	Awareness of the need for change	<ul style="list-style-type: none"> • a person's view of the current state • how a person perceives problems

		<ul style="list-style-type: none"> • credibility of the sender of awareness messages • circulation of misinformation or rumours • contestability of the reasons for change
D	Desire to support and participate in the change	<ul style="list-style-type: none"> • the nature of the change (what the change is and how it will impact each person) • the organizational or environmental context for the change (his or her perception of the organization or environment that is subject to change) • each individual's personal situation • what motivates a person (those intrinsic motivators that are unique to an individual)
K	Knowledge of how to change	<ul style="list-style-type: none"> • the current knowledge base of an individual • the capability of this person to gain additional knowledge • resources available for education and training • access to or existence of the required knowledge
A	Ability to implement required skills and behaviours	<ul style="list-style-type: none"> • psychological blocks • physical abilities • intellectual capability • the time available to develop the needed skills • the availability of resources to support the development of new abilities
R	Reinforcement to sustain the change	<ul style="list-style-type: none"> • the degree to which the reinforcement is meaningful and specific to the person impacted by the change • the association of the reinforcement with actual

		<p>demonstrated progress or accomplishment</p> <ul style="list-style-type: none"> • the absence of negative consequences • an accountability system that creates an ongoing mechanism to reinforce the change
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Figure 4 ADKAR Elements and Change Success Factors (Hiatt 2006)

2.4.4 Steven Covey's 7 Habits Model

Steven Covey's 7 Habits (7H) model is a philosophy that is applicable to our personal, social as well as our working life. However, the 7 Habits framework is highly applicable for leaders and managers.

According to Covey, the first habit is to *be proactive* and achieve extraordinary results by consistently executing their resourcefulness and initiative to break through barriers. This is the ability to control one's environment, rather than have it control you, as is so often the case. Managers need to control their own environment, using self-determination and the power to respond to various circumstances.

The second habit is to *begin with the end in mind*, develop an outcome-oriented mindset in every activity they engage in-projects, meetings, presentations, contributions, etc. This means that the manager needs to be able to see the desired outcome and concentrate on activities which help in achieving that end.

The third step in Covey's 7 Habits Model is to put first things first. Eliminate energy and time-wasting tendencies by focusing and executing on the team's wildly important goals with a weekly planning cadence. Managers need to personally manage themselves and implement activities which aim to achieve the second habit – looking to the desired outcome. In its simplest form, Habit Three is the implementation of the plan developed from Habit Two. Covey points out that tasks and activities can be separated into four quadrants: *important urgent, important not urgent, not important urgent* and finally *not important not urgent*.

The fourth habit according to Covey is to think win-win. Create an atmosphere of helpful give-and-take by taking the time to fully understand issues, and give candid and accurate feedback. This is the most important aspect of interpersonal leadership because most achievements are based on cooperative effort, therefore the aim needs to be win-win solutions for all. However, win-win is not always the most productive or appropriate conflict resolution technique for all situations. Some employees are not motivated by team activities and actions that demand their involvement.

The fifth habit is to *seek first to understand and then to be understood*. By developing and maintaining positive relationships through good communications, the manager can be understood, and can understand the subordinates.

The sixth habit is to *synergize*. Demonstrate innovative problem-solving skills by seeking out differences and new and better alternatives. This is the habit of creative cooperation – the principle that collaboration often achieves more than could be achieved by individuals working independently towards attaining a purpose.

The seventh and final step according to Covey's 7 Habit model, is the habit to *sharpen the saw*. Tap into the highest and best contribution of everyone on a team by unlocking the total strength, passion, capability, and spirit of each individual. Learning from previous experience and encouraging others to do the same. Covey sees development as one of the most important aspects in being able to cope with challenges and aspire to higher levels of ability.

2.4.5 Bridges' Transition Model

The Transition Model was developed by change consultant, William Bridges, and published in his 1991 book "Managing Transition". This model emphasizes on the, minor but important, differences between change and transition. The author points that change is something that happens to people, even if they do not agree with it, while transition on the other hand is what happens inside people's minds when they are encountered with change or while they go through change. Change may happen very quickly, while transition on the other hand occurred slowly with the passage of the time. This transition model can be used by the organization in order to understand how its employees feel as they go through change.

This model focuses in three distinct stages of transition:

- Ending, Losing and Letting Go
- The neutral zone
- The New Beginning

In the first stage "Ending, Losing, and Letting Go" employees are dealing with the presented change. This stage is often marked with resistance and emotional upheaval, because employees are being forced to let go of something that they are comfortable with. At this stage, employees may experience emotions such as fear, denial, anger, frustration, uncertainty and disorientation. Individuals have to accept that something is ending before they begin to accept the new idea. If management do not acknowledge the emotions that employees are going through, management will likely face resistance throughout the entire change process. It is important for management to accept employees or team resistance, and understand their emotions. Management should allow them sufficient amount of time to accept the change and let go, and try to arrange conversation and group talks among employees to know what they are feeling. Employees usually fear what they do not understand, so the more management should educate them about a positive future, and also communicate about how their knowledge and skills are an

essential part of handling change and transition. This will motivate and inspire company's employees to move on the next stage.

In the second stage of "The Neutral Zone" employees affected by the change are often uncertain, confused, and impatient. They may experience a higher workload as they get used to new systems and new ways of working. This stage could be considered as the link between the old system and the new one. According to Bridges, employees might experience disliking towards the change initiative, low morale and productivity, anxiety about their role, and doubts about the change initiative. At this stage management's guidance is incredibly important and it should provide employees with a solid sense of direction by reminding them the new goals, and also encourage and motivate them to talk about what they are feeling. By setting short-term goals during this stage, employees can experience some quick achievements. This will help to improve motivation as well as giving everyone a positive perception of the change effort.

The last stage in Bridges' Transition Model, "The New Beginning", is a time of acceptance and energy. At this stage, employees start to learn and taking interest in building the required skills for working successfully in the new way, and they are also starting to see early achievements from their work and efforts. Employees may experience high energy, openness to develop the required skills and improved commitment to the group or their role. As employees begin to adopt the change, it is essential that management help them to sustain it, by linking employees' personal goals to the long term objectives of the company, and also regularly reward them for their success stories linked to the change.

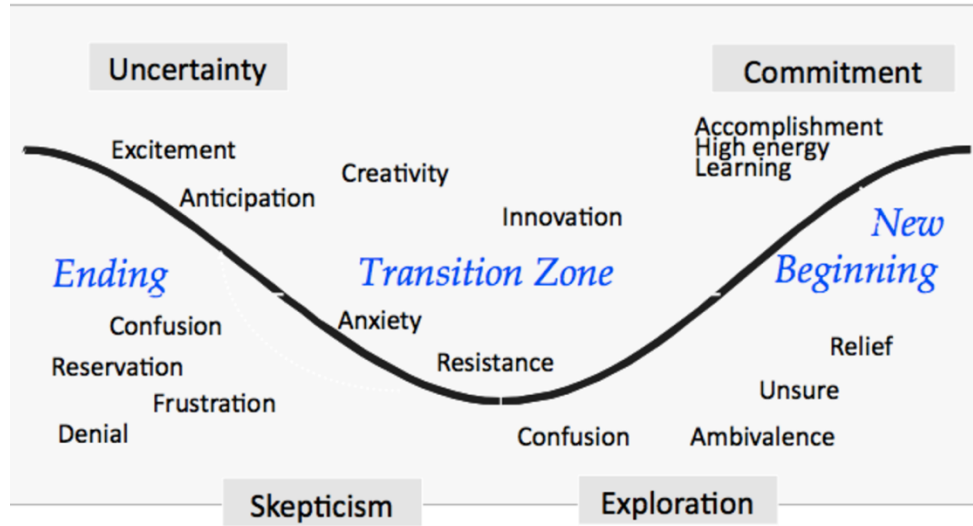


Figure 5 Bridges' Transition Model Curve

2.4.6 Kubler-Ross Model (1969) – The Change Curve

As mentioned before, Elizabeth Kubler-Ross studied the way people come to terms with the news that they have a terminal illness, and developed a model called the Transition or Change Curve. Later studies showed that people react in similar ways to grief and also to changes at work. The model shows that people start in a state of denial, with quite high levels of energy and confidence, but that confidence and energy then dip as they feel the need for support, and then become angry, asking questions like 'Why me?'. Then, they start to move towards exploration of their condition and new options, and finally, into acceptance. The Kubler-Ross Model also applies to business and it has been widely used since then. According to Kubler-Ross the five stages of grief are denial, anger, bargaining, depression, and acceptance.

In the denial stage, employees may be in a position of shock or denial, resisting to change or adapting a new way of working. They may need time to adjust to the changes and for a long time, they may deny that they need any. At this point, management should help employees to understand why the change is happening and explain them how it can be helpful. This stage demands communication so that employees can have full knowledge and can have their questions answered.

The second stage, employees may show fear for the change, and this may also turn into anger and resentment. They have been in a comfort zone for a long time period and knowing that they need to learn, change and adapt may make them angry. This stage has to be managed very sensibly by the management, focusing on clear communication, support, and guidance to the employees.

At stage three, employees finally understand the change and realize how they must adapt to new situations and circumstances, they may try to find the best possible way for them to fit in and adapt to. Employees at this stage may tend to learn only what they think is important, but management should ensure that everyone gets the best possible training so that the change can implement successfully.

In the fourth stage, of depression, the training stage may result

employees to experience low energy at the workplace due to low morale and excitement. It is important for the management to understand that this phase is not easy for the workforce as well. Hence, the more exciting the training can be made, the better would it be for the employees to move ahead and adapt to the change.

At the fifth, and final stage of acceptance, people finally begin to embrace the change, realize the importance of the change and resign towards it. Employees show improvement, and the overall productivity begins to improve.

2.4.7 PMI's Change Life Cycle Framework

The Change Life Cycle Framework was introduced in PMI's book "Managing Change in Organizations: A Practice Guide" and is an iterative model where adaptive change occurs on a continual basis in response to evolving circumstances. It is a summary of the most prevalent change management models and it focuses in Formulating the Change, Planning the Change, Implementing the Change, Managing the Change Transition and Sustaining the Change.

In the Formulating Change stage, organization's strategic plan should be translated into tangible objectives that are aligned with stakeholders' needs and expectations. This can be achieved by identifying the need for change, assess readiness for the change and define the scope of change.

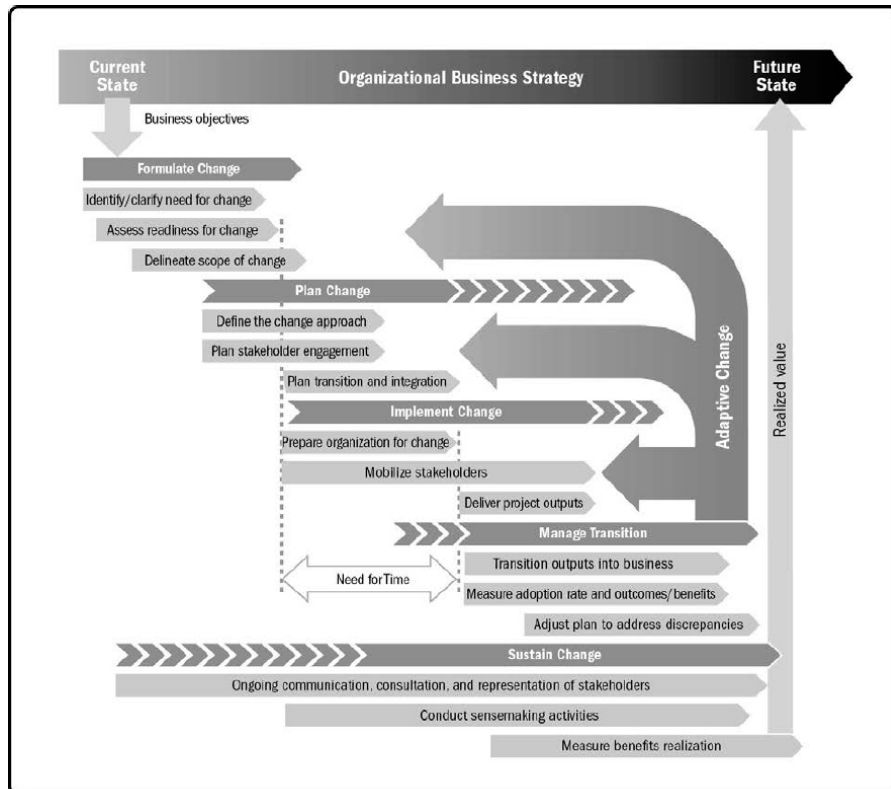
In the Planning Change stage, it has to be determined "what" and "how" to change so that people, process, technology, structure, and cultural issues are all integrated into the overall portfolio, program, or project plan. The most important steps to accomplish this is to define the change approach, plan the stakeholder engagement, and plan the transition and the integration of the change.

According to PMI's practice guide, planning, implementation, and transition processes are overlapping, which reinforces the concept that change implementation is an iterative process. Implementation more specifically concerns the process of successfully delivering project outputs to the business. It is suggested that, in this stage, the vital steps are to prepare organization for change, mobilize stakeholders, and deliver project outputs.

The next stage, of managing transition, links the change initiative with the operations side of the business. Its incorporates the measures to enable the organization to sustain the change. The steps for managing the transition is to deliver the transition outputs into the business, measure the adoption rate and the outcomes of the change, and adjust the plan to address possible discrepancies.

The last, but vital, stage is sustaining the change. According to the practice guide The success of any change initiative lies in the benefit value for

the organization and its stakeholders, therefore it is important to sustain the change through a number of ongoing activities that exceed the traditional scope of projects and programs. The success of the change has to be communicated to the stakeholders, sense making activities has to be conducted, and the success of the change has to be measured.



Source: *Managing Change in Organizations: A Practice Guide*. ©2013 Project Management Institute. All rights reserved.
 Figure 6 The change lifecycle framework (PMI 2013)

2.5 PMO implementation

2.5.1 How to Implement a Successful PMO

As mentioned in previous chapters implementing a PMO within organizations is a decision that has to be carefully considered and well grounded. The failure rate of PMO's implementation has been figured that is extremely high, mainly because the PMO fails to demonstrate any added value to the organizations. They are perceived as too costly and are contributing diminutive to project and program performance. According to Aubry, Hobbs and Thuillier (2008), there are two points that should be considered when implementing a PMO. First, PMO should not be isolated in the organizations, but be part of the overall organization, defined as the organizational project management. Second point is that the organizational project management and specifically PMO evolve continuously and are adapting to changes in their external or internal environment. Furthermore, they are unstable structures that need to be reconfigured every few years.

It is important to mention that a PMO needs to be customized to current overall conditions and the company's project management maturity. Moreover, there is not an "one right approach" to implement a PMO, but guidance can be provided by setting a generic framework. PMO implementation could be considered as a new project and as a result it could be handled with the new project initiation methods. Setting up a PMO can be divided in four phases, the PMO initiation, the PMO planning, the PMO execution, and the PMO improvement.

PMO Initiation

To initiate PMO, roles have to be defined and sponsorship obtained. At this initial phase PMO's responsibilities over the organization's projects has to be established. Then the forming team secures funding and a steering committee is appointed which has the role to ensure a complete support of the PMO across the organizations. Organizational goals are defined, physical location of the PMO is established, roles within the team are defined and employees are

appointed to these roles.

PMO Planning

The next step in PMO Life Cycle is to list the service that the PMO will offer in an execution plan, and to define the PMO's areas of responsibility, hierarchical position and competencies. Once the execution plan is organized, the PMO selects the methods, standards, processes and tools that the organization will adopt.

In this phase the following activities should be completed:

- Adopt methodology
- Adopt standards
- Adopt processes and tools
- Adopt software
- Adopt knowledge base

PMO Execution

The execution phase is an ongoing operational phase of the PMO. Four types of services are offered during this phase:

- General services are offered by all PMOs
- Supportive services provide support to managers and teams
- Controlling services assess, review and audit project status
- Directive services are used to directly manage projects

PMO Improvements

After execution phase has been operating for reasonable period, it is time to expand and improve working methods. This is done by:

- Improving PMO operation by measuring the effectiveness, implementing changes to existing services and adding new services.
- The PMO has access to the overall capability of the organization to deliver acceptable project results on time and within budget. By viewing these factors, the PMO can develop and implement a long-term plan to improve project management maturity in the organizations.

2.5.2 Main Challenges of Implementing a PMO

When implementing a PMO even though when following the procedures, listed above in Chapter 4.1, there will always be some challenges to overcome. Managers often lack the guidance of overcoming the challenges they are likely to encounter and the challenges that are likely to come up vary between organizations as well as between PMO structures. Regarding PMO structure in implementation it has been stated that PMO-light implementations are significantly easier to manage than PMO-heavy. PMO light implementations face lower resistance as they involve lesser degree of change in comparison to PMO-heavy.

Singh et al. (2009) present the top challenges and some series of action that can be taken to consideration before and while implementing a PMO:

- Rigid corporate culture and failure to manage organizational resistance to change
 - Have a strong PMO defender who evangelizes the value of PMO
 - Start small and demonstrate the value of the PMO with some early success
 - Identify and seek support from opinion leaders within the organization who favour the PMO implementation

- Lack of experienced project managers and PMO leadership
 - Hire an experienced program manager who understands the culture and power relationships within the client organization
 - Bring the most talented project managers into the PMO implementation team

- Lack of appropriate change management strategy
 - Adopt a flexible change management strategy that fits the organizational needs
 - Employ process standardization prior to PMO implementation

Among these challenges above there are many aspects that have to be taken into consideration. PMO tools are difficult to implement unless the project management culture has been established. Project management must be a part of the company's culture and the culture has to be open for new way of working in order for the PMO to become successful.

A clear mission from the beginning and a goal that everyone is following is crucial in order to succeed. In some organizations, low position of PMO in management structure is inhibiting the PMO to become as successful as it could. Therefore, it is important for everyone to agree upon structure and scope of governance in the PMO. In the literature the PMO has been seen as too authoritative and trying to micromanage projects.

Among these points here below are four pitfalls that PMO implementations attend to fall in:

- Not defining PMO value proposition
- Lack of perceived impact of PMO on project delivery abilities
- No buy-in from senior functional managers
- PMO creating unnecessary overhead

2.5.3 PMO Lifetime

Empirical evidence shows that PMO life expectancy is approximately two years. PMOs are dynamic entities created to solve problems within organizations and by that they need to enforce some kind of a change. That implies short life expectancy for PMOs. The major reason why PMOs are short term entities or fail is because they do not fit in the organization's context. They are too ambitious, enforce changes that not all employees agree with and the last but not least they often lack management support.

Corporations are spending millions of dollars on project cost overruns and despite the money being spent; the project outcome does not reach customer expectations. Along with this the wrong internal resources are often being applied to projects, further decreasing their chance of success. Therefore, organizations are losing billions in wasted project spending. This waste is more often hidden from management and investors. One of the main reasons why projects fail is that metrics and best practises for project management are few and far between each other in order to work. Furthermore, projects are not aligned with the goals of the organization. Organizations have set up PMO as a tool to improve the situation but without much success. Evidence show that PMOs fail more often than they succeed, over 75% of organizations that set up PMO shut it down within three years because it didn't demonstrate any added value to the organization.

2.5.4 Factors that Weaken a PMO

The reason why most PMOs fail is possibly because they don't have good strategy in place. According to Stanleigh (2006) there are four key factors that will immediately make a difference for PMO and organizations.

- Ensure that all projects are strategically aligned
 - Review "Lessons Learned" from previous projects
 - Develop criteria against which all projects can be prioritized
 - Align projects with corporate and departmental strategic plans
- Create a culture that supports a project management environment
 - Implement strategic project management best practices
 - PMO must hold "Project Close-out Meeting" as soon as possible after project completion
 - Outcome of meeting is document of "Lessons Learned"
 - Create a strategic project measurement system

When projects are in alignment with corporate goals, they are more likely to be able to meet profitability targets and generate necessary return on investment. It is important that the organization is working as a whole to reach the corporate goals and this includes the PMO.

2.6 Change Management through PMO Implementation

PMO implementation involves managing all aspects of change in the organizations, including people, process and structure issues. Therefore, one of the most difficult aspects of establishing a PMO is to evolve and implement a clear change management strategy that looks beyond the immediate needs of the PMO project (Singh et al., 2009). The change management strategy has to manage the change process while implementing a PMO but also make sure that the implementation process will be harvested in the daily work of a PMO.

Across all PMO implementation phases, described in chapter 4.1, change management and other supportive activities must happen side by side, from the current state analysis through to the transition to regular operations. The new PMO has to convince all stakeholders of the benefits it brings. This should ensue as soon as possible in order to raise its acceptance.

As presented in chapter 3.4, the most of the change management models suggest to show quick wins in the initial phases of the change. In the first two phases, of PMO initiation and planning, the PMO should manage to show quick wins early, so the stakeholders feel confident of this change.

The PMO execution phase is the phase of disenchantment, once new structures and competencies have been introduced. People tend to become sceptical, asking themselves what effect the new PMO and its goals could have to them. At this point, effective communication and empowering people to change could help stakeholders to get through the uncertainty stage. It is also important to involve people to the change processes and provide them guidance during this phase.

If the introduction is successful, the staff will eventually recognize the PMO's advantages. The initial scepticism gives way to constructive collaboration. As a result, the PMO can begin to establish a new project management culture and breathe life into it.

Through all the phases above the organization should make sure that the right person is appointed to promote the PMO. A long-term PMO can be established only with the backing from management, clearly defined areas of responsibility and clearly defined competencies. Finally, PMO implementation

needs to establish transparency within the organization, which has to be desired and pursued by all parties involved.

2.6.1 How to Measure PMO's Effectiveness

In 2010, Gartner presented a comprehensive PMO study at the 'Symposium ITXPO' which showed that over the previous seven years, nearly 50% of all PMOs had failed or been otherwise disbanded or dissolved. They cited the main cause of failure as, "sponsors and/or executive leaders perceived that their PMO did not provide sufficient value to the organization".

Setting up correctly a PMO aims to add value in organizations and make project handling more efficient and successful. However, it becomes more complicated when the organization's profitability and PMO's success has to be proved. Even if the value of a PMO cannot be determined with a single method, introducing PMO success metrics, such as KPIs (Key Performance Indicators), could demonstrate that the PMO has achieved its purpose. There are many metrics that can be used, some will be unique to each organization. Below are some ideas of more generic metrics that are very powerful to show success.

Time to Mobilise

A common reason for project failure is slow mobilization. Measuring the time from project initiation to mobilization complete, will demonstrate that the PMO has improved the projects completion time. This can be achieved by measuring the time between a project being formally started to sign-off of the business case.

Percentage of Projects Delivered

This metric will measure how many projects launched each year (or appropriate time frame) actually are delivered and achieve the benefits in the business case. In order to track this, it is needed to compare the project's performance over the previous years so as to demonstrate how this has improved.

Benefit Realization

With the exception of regulatory or mandatory upgrades, most projects are started in order to achieve some form of benefit for an organization. Tracking the realization of benefits against business case will provide focus to ensure that the benefits are achieved. Again the percentage realized should be measured against previous years.

Return on Investment

Tracking the overall project costs and benefits will allow the calculation of return on investment (ROI) for the portfolio of projects. This is a good metric for senior management as it will provide them with insight on the return from investing in change.

According to the PMI Pulse of the Profession survey (2013), the majority of PMO organizations are being measured by:

- Project delivery vs. schedule evaluation
- Customer feedback evaluations
- Performance against financial goals
- Project cost vs. budget evaluations
- Formal evaluations of project managers and PMO staff
- Stakeholders feedback evaluations
- Project owner feedback evaluations; in case of project specific

PMO type

3 PMO implementation scenarios and suggestions

3.1 Employees fail to adopt project management methodologies

Employees fail to adopt project management methodologies, provided by the PMO due to their concerns about management's decision for change. People usually fear to move forward to the unknown, especially if they are not convinced about the need for change. It also has to be considered that people who are connected to the old way of working, they will resist to move into a new way of working.

In this case it is recommended to create an atmosphere of helpful give-and-take by taking the time to fully understand issues, and give candid and accurate feedback. This is the most important aspect of interpersonal leadership because most achievements are based on cooperative effort, therefore the aim needs to be win-win solutions for all. In the first phases, of PMO initiation and planning, the PMO should manage to show quick wins early, so the stakeholders feel confident of this change. However, win-win is not always the most productive or appropriate conflict resolution technique for all situations. Quick wins are only the beginning of long-term change and change is a slow-going process and it must be driven into the overall corporate culture.

Effective communication and empowering people to embrace new ways of working and learn new values, attitudes and behaviours, is also important at this stage, helping stakeholders to get through the uncertainty stage. By developing and maintaining positive relationships through good communications, the manager can be understood, and can understand the subordinates.

Moreover, managers can tap into the highest and best contribution of everyone on a team by unlocking the total strength, passion, capability, and spirit of each individual. Learning from previous experience and encouraging others to do the same.

3.2 Rigid corporate culture and failure to manage organizational resistance to change

It is common many organizations to have rigid corporate culture and the new project management culture establishment could fail to be adopted. Each PMO is unique and specific as well as the corporate culture it supports. PMO tools and techniques are difficult to implement unless the project management culture has been established. Due to the variety of the organizational structures, different types of PMO has been developed. It is considered that the organization and its culture have the most impact on what type of PMO is implemented. One PMO can have a minimal staff and no direct control over the management of individual projects while another has a large complement of full time Project Managers and direct control over individual projects.

Three methods are available for promoting organizational change: interpersonal, team, and organizational. The interpersonal method focuses on changing employees' behaviours so that they can become more effective performers. This method usually involves some use of survey feedback. As the name suggests, the team method focuses on ways to improve the performance of entire teams, and team-building activities are its foundation. The organizational method is aimed at changing the organization's structure, reward system, level at which decisions are made, and the like.

In this case it is important to have a strong PMO defender who evangelizes the value of PMO and its benefits and communicates the need for change. The new PMO has to convince all stakeholders, including top management, of the benefits it brings. This should ensue as soon as possible in order to raise its acceptance.

3.3 General resistance to change

Resistance is a normal response to change. Managers' attitude towards resistance is the key to successful change. Overcoming resistance, personal or organizational, depends on understanding why people resist change, and how to manage opposition to change.

While there are many reasons people resist change, most of these reasons have fear as the common source. Many of the reasons for people's reluctance or refusal to change are related to the fear of change.

There are a number of behaviours that are signs and symptoms of an adverse reaction to change. These include:

- Aggression and anger
- Unusual flare-ups of emotion
- Employees encouraging and mobilizing resistance
- Staff portraying themselves as innocent victims of unreasonable expectations
- Insensitive and disagreeable behaviour
- Not meeting key performance areas (missing meetings and not responding to emails, for example)
- Increased absenteeism, late arrival
- Not responding, not listening, seems disinterested
- Active attempts to disrupt or undermine work / projects

Of course, each of these do not necessarily mean that people are opposing change. They might be indicators, but could just as easily be indicators of other issues in the person's life. Real resistance usually occurs after people's uncertainties and questions regarding change have not been adequately answered. It's also worth remembering that staff can 'test' leaders in the organization to assess boundaries and to check that leaders fulfil promises and act in accordance with their proclaimed values.

The best laid plans and systems fail if the people side of change management is ignored.

Resistance to change is a normal response, so plan for it, expect it and accept

it. Resistance does not mean that the change is bad, or that the change process has failed. Nor does it mean that those resisting change are bad people who are getting in the way of change.

Rather anticipate resistance and direct your energy to facilitating what Kurt Lewin would refer to as the Unfreezing and Change/Transition stages. Kurt Lewin's Force Field Analysis is a powerful strategic tool to help you analyse aspects of the change that may lead to resistance.

The idea behind Force Field Analysis is that situations are maintained by an equilibrium between forces that drive change and others that resist change. For change to happen, the driving forces must be strengthened or the resisting forces weakened.

The following steps could be used as a guide to use the force field analysis:

- Define the change you want to see. Write down the goal or vision of a future desired state. Or you might prefer to understand the present status quo or equilibrium.
- Brainstorm or Mind Map the Driving Forces - those that are favourable to change. Record these on a force field diagram.
- Brainstorm or Mind Map the Restraining Forces - those that are unfavourable to, or oppose change. Record these on the force field diagram.
- Evaluate the Driving and Restraining forces. You can do this by rating each force, from 1 (weak) to 5 (strong), and total each side. Or you can leave the numbers out completely and focus holistically on the impact each has.
- Review the forces. Decide which of the forces have some flexibility for change or which can be influenced.
- Strategize! Create a strategy to strengthen the driving forces or weaken the restraining forces, or both. If you've rated each force how can you raise the scores of the Driving Forces or lower the scores of the Restraining Forces, or both.
- Prioritize action steps. What action steps can you take that will achieve the greatest impact? Identify the resources you will need and

decide how to implement the action steps. Hint: Sometimes it's easier to reduce the impact of restraining forces than it is to strengthen driving forces.

The force field analysis is backed by the Lewin change management model and has, over time, developed credibility as a professional change management tool.

Assessing resistance to change is an important part of a change impact assessment that should be conducted very early in the process. Even if you're introducing small changes don't assume that that these will be easier for people to accept - especially if they already feel threatened or have low trust in the process.

The clue to overcoming resistance is understanding that you cannot avoid resistance, but you can manage it. People experience change in personal ways and addressing people's needs and values when you encounter resistance to change can reduce any negative impact of resistance. Anticipating resistance to change is part of a successful change management strategy and will help to keep staff motivated and positive about change.

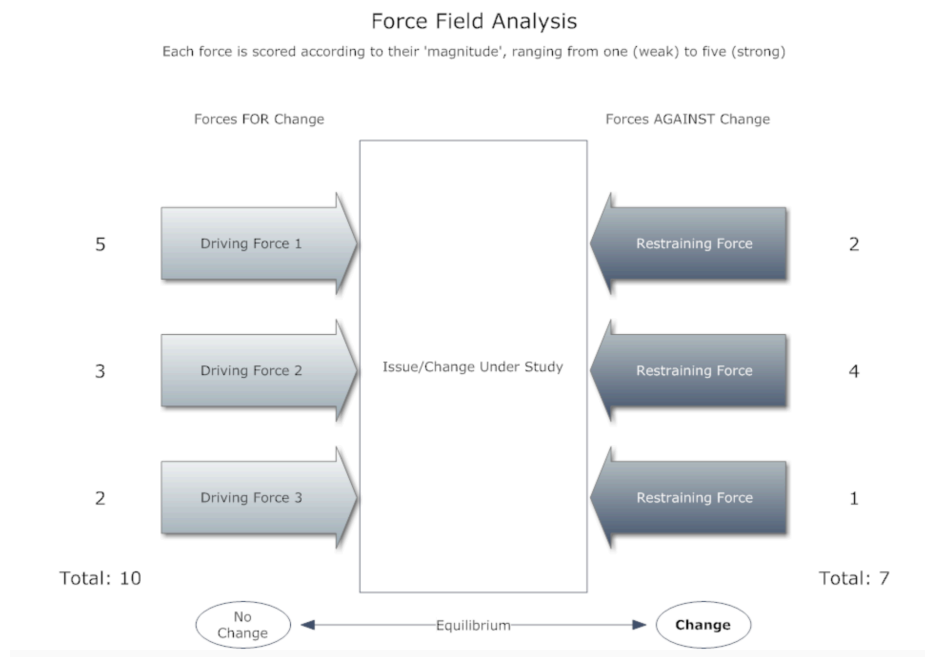


Figure 7 Kurt Lewin's Force Field Analysis

4 Conclusion

4.1 Summary and main conclusion

It is clear that there is no one answer to the questions that were asked in the beginning of this thesis. Project Management Office is heavily depended upon the organization that it is in and organizations are as diverse as they are many.

PMO can be a vulnerable and unpopular department since it brings drastic changes and does not show easily value for its work. In some cases, it interferes with other departments like taking resources or interlope with the projects and at last it calls for changes in the organization. The main challenge for PMO is to get employees and the culture to become more approachable and implement change in their mind set and by that they will become more open to the changes that PMO brings.

There is no manual for how to implement PMO into organizations. Each organization is different from the next and the implementation has to take that into consideration. There has to be a bit of instinct when implementing and running a PMO. If the culture of the organization does not accept the entity, then that is a problem that needs to be solved. PMO becomes a long term entity when it is showing better project results, when employees understand the value of it and when it gets support from top down.

Change management methodologies applied to resistive behaviours, while implementing a PMO, have to be carefully chosen and adaptable. There is no "one size fits all" on how to implement a change management methodology. It's not possible to be aware of all sources of resistance you might face.

Expecting that there will be resistance to change and being prepared to manage it is a proactive step. Recognizing behaviours that indicate possible

resistance will raise awareness of the need to address the concerns.

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