The State of the
Project Management Office (PMO)
2022

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Great News About PMOs

IN THE FIVE YEARS SINCE WE LAST RESEARCHED PMO STATUS, performance and capability, PMOs have solidified their organizational role, becoming strategic partners and a powerhouse of execution within their organizations. At one time – when we initiated this research program in 2007 – PMOs were rare and mostly confined to IT departments. Today, however:

» Most mid-size and large organizations have a PMO

» PMOs are strategic – most (82%) report to a VP or higher, half directly to the C-level

» PMO staffs are highly experienced (10 years) and almost half have PMPs

» PMOs in over 40% of organizations have an enterprise/strategic service span

» The PMO's value has not been seriously questioned in most organizations (only 18%)

Today's PMOs vary widely in terms of age, size, service span, and capabilities. While the oldest PMO in the study has been in place for 33 years, the median age of PMOs in the study was 5 years – likely because of the many small companies in the study with new or under-development PMOs. PMOs in finance/insurance organizations are older (7.5 years) than those in other industries, and those in education organizations are younger (4 years).

We compared PMOs in a number of ways: by size of organization, by industry, by service span of the PMO, and by whether the PMO functions as a cost center or a profit center.

» PMOs with an enterprise/strategic service span are far more likely to be in small (44%) and mid-size (56%) organizations than in large (22%) ones

» Business unit PMOs are more likely to be low performers than high performers (35% vs. 17%)

» PMOs with an enterprise service span are far more likely to report to the C-level (63%) than PMOs with other service spans; PMOs with functional service spans are much less likely (8%)

> **INDUSTRY TRENDS**
>
> Healthcare/social services organizations (95%) are more likely to have a PMO than those in other industries; education organizations (47%) are least likely

In general, PMOs are far more likely to be cost centers than profit centers (44% vs. 11%), although some PMOs buck the trend: PMOs in small organizations (16%) are more likely to be profit centers than those in mid-size (9%) or large (8%) organizations, as are those in professional/technical services organizations (35%), and those with a business unit service span (33%). This is good news for those organizations, because profit-center PMOs are more likely than cost-

center PMOs to engage in valuable practices such as implementing/managing a benefits realization framework (3.1 vs. 2.3), monitoring/controlling performance over time (3.9 vs. 3.2), and operating like a consulting business (3.6 vs. 2.9). The cumulative impact of these practices can be seen in the statistic that cost-center PMOs are far more likely to be low performers than profit-center PMOs (55% vs 16%).

FOLLOW THE MONEY

Next we looked at budgets, both for the PMO itself and for the projects managed by the PMO. A key finding is that the cost of operating the PMO has not changed over the years. The annual PMO budget is $500K on average (median), while the annual budget for the projects supported by the PMO is $15M on average (median), giving an average PMO operating cost of 3% of value of project portfolio – roughly the same as studies done a decade ago.

The size of the annual PMO budget correlates with the size of the organization: small ($250K), mid-size ($750K), large ($1M). Enterprise PMOs have the largest annual PMO budget ($1M) as well as the largest annual budget for the portfolio of projects supported by the PMO ($40M); this seems to indicate a possible benefit of centralization – the cost of operating the PMO is lower than average (2.5%).

The size of the annual budget for the projects supported by the PMO correlates with the size of the organization: small ($2.35M), mid-size ($40M), large ($45M). As might be expected due to the large capital projects they tend to manage, energy/utility organizations have the largest annual budget for the projects supported by the PMO ($350M).

> ### INDUSTRY TRENDS
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> PMOs with an IT service span are more likely to be in large organizations (27%) than in small (16%) or mid-size (13%) ones; they are also more likely to be cost centers than profit centers (27% vs. 11%)

PERCENTAGE OF ORGANIZATIONS WITH PMOs

By size of organization, based on revenue:
Large: Greater than $1 billion
Mid-size: $100 million to $1 billion
Small: Less than $100 million

93% LARGE

81% MID-SIZE

61% SMALL
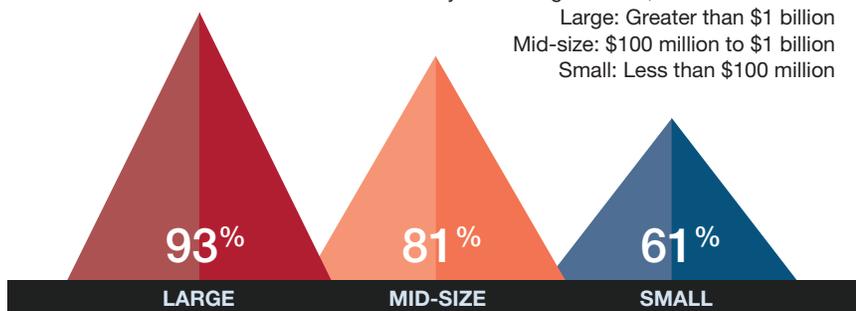
PMO AT A GLANCE

» Percentage of organizations with a PMO: 71%

» Number of PMOs in an organization: 1

» PMO age: 5 years

» PMO budget: US$500K/yr

» Budget for projects supported by the PMO: US$15M/yr

» PMO staff size: 9

» Percentage of PMs/scrum masters who report to the PMO: 54%

» Percentage of PMOs using contracted resources to manage projects/programs: 57%

» Percentage of PMOs using contracted resources to manage the PMO: 24%

» Percentage of PMO staff with PMPs: 49%

» PM experience of PMO staff: 10 years

» PMO staff training: 5 days/yr

» Percentage of PMOs with a PM/scrum master career path established: 47%

» Percentage of PMOs offering PM-related training: 88%

» Percentage of PMOs using the *PMBOK® Guide*: 80%

All responses are median averages

WHAT PMOS DO … AND HOW THEY DO IT

First, the "how": PMOs, in general, follow PMI's project management principles and to a great extent act responsibly to carry out activities with integrity, care, and trustworthiness (4.0). Most organizations (more than 80%) focus on using the *PMBOK® Guide* – no surprise there, but the prevalence of agile may be higher than you expect:

» More than 65% of organizations use agile, and over 62% use waterfall methodologies

» PMOs in finance/insurance organizations focus on using the latest version of the *PMBOK® Guide* Seventh Edition (78%); they also focus on agile (72%) and waterfall (72%) methodologies

» Information (80%) and public administration (81%) organizations focus on using agile methodologies

» Functional PMOs are far more likely than others to focus on critical path methodologies (58% vs. 4% overall) and less likely to focus on scrum methodologies (17%)

We asked PMOs to identify a variety of functions and score themselves on how much they engaged in them. Among the findings:

» PMOs engage in standardizing project-related governance processes more than any other activity (3.8) and in implementing/managing a benefits realization framework less than any other activity (2.7)

» Enterprise PMOs engage in aligning work with strategic goals to a great to very great extent (4.3), far more than other PMO types

Of primary interest are the activities of organizations who scored as high performers in this study.

TOP ACTIVITIES OF HIGH-PERFORMING PMOS

1	Facilitating the sharing of resources, tools, methodologies, techniques
2	Enabling the consistent use of policies, procedures, templates
3	Communicating strategic work/progress (escalations, risks, benefits)
4	Standardizing project-related governance processes
5	Aligning work with strategic goals
6	Implementing/managing dashboards/scorecards
7	Establishing just-enough process and practice discipline
8	Interfacing with functional units (finance, HR, IT)
9	Advising/supporting senior management

The Performance Management Office

Our focus on performance in this study was a little different from previous years. Though we did ask questions about overall organizational performance (see full survey results), we also asked PMOs to rate their own performance (see below). In contrast to previous years, in which we offered a picture of "PMOs within high-performing organizations," the 2022 results show us "high-performing PMOs."

First, a look at organizational performance: Overall, organizations with PMOs realized moderate to great results in all measures of organizational performance, the best being financial success and stakeholder satisfaction. In terms of the improvement PMOs contributed to the organization in the past 24 months, the greatest improvement was seen in aligning projects with business objectives (64% improvement).

» Stakeholder satisfaction improved by 72% in healthcare/social services organizations

» Projects delivered on budget improved by 74% in manufacturing organizations

When it comes to PMO performance, overall PMOs realized moderate to great results in all measures of PMO performance, the best being improving the organization's project management capability. Enterprise PMOs' overall performance was great (3.8), better than all other PMO types; they were especially good at contributing to strategic work efforts of the organization.

A SNAPSHOT OF THE HIGH-PERFORMING PMO

The characteristics of high performers offer a roadmap to organizational improvement. From structure and activities of the PMO, to practices and results, the statistics for high-performing PMOs show us a snapshot of success.

HOW WE MEASURE PMO PERFORMANCE

High-performing PMOs are defined by the extent they realize their PMO goals. Respondents rated their PMOs on a score from 1 to 5, where 1 = to no extent and 5 = to a very great extent on how well they met eight measures of PMO performance: improving the organization's project management capability; satisfying stakeholders; providing stakeholders accurate insights into project/portfolio performance, threats, and opportunities; contributing to strategic work efforts of the organization; focusing on right-sizing processes and governance; ensuring projects/portfolios are aligned to the organization's strategy; enabling a culture of change; developing and nurturing talent and capabilities. High performers rank in the top 25% in overall PMO performance. Low performers rank in the bottom 25%.

PMO VALUE DELIVERED
65% Improvement in meeting agreed-upon quality of delivery

PMO VALUE DELIVERED
64% Improvement in aligning projects with business objectives

PMO VALUE DELIVERED
62% Improvement in the number of successful projects

PMO VALUE DELIVERED
61% Improvement in the number of projects delivered on budget

PMO VALUE DELIVERED
59% Improvement in customer satisfaction

PMO VALUE DELIVERED
59% Improvement in the number of projects delivered on time

Enterprise PMOs are far more likely to be high performers than low performers (48% vs. 6%), another statistic that supports this organizational structure's value. High-performing PMOs have a much larger annual budget than low performers ($1.4M vs. $400K), and they deliver significantly greater value in improving the delivery of projects on budget (77% vs. 36%).

The biggest area of improvement for high-performing PMOs was in meeting agreed-upon quality of delivery (78% improvement). They are also more forward in embracing new methodologies: High-performing PMOs are far more likely than low performers to use the *PMBOK® Guide* Seventh Edition (62% vs. 32%), agile (79% vs. 35%), and hybrid (76% vs. 23%). In terms of the practices and activities of high-performing PMOs:

» High-performing PMOs are far more likely than low performers to engage in ensuring that best practices are integrated into project approaches (4.3 vs. 2.1), developing and nurturing skills of team members (4.0 vs. 1.8), and contributing to benefits realization and value creation (4.1 vs. 2.0)

» High-performing PMOs are great to very great at facilitating the sharing of resources, tools, methodologies, and techniques (4.5), enabling consistent use of policies, procedures, and templates (4.5), and communicating strategic work/progress (4.5)

» High-performing PMOs are far more likely than low performers to engage in ensuring that best practices are integrated into project approaches (4.3 vs. 2.1), developing and nurturing skills of team members (4.0 vs. 1.8), and contributing to benefits realization and value creation (4.1 vs. 2.0)

INDUSTRY TRENDS

Although healthcare organizations were a relatively late adopter of PMOs, they are one of the top industries: 24% of healthcare PMOs are high performers (tied with finance/insurance PMOs).

EXTENT THE PMO REALIZES THE FOLLOWING RESULTS

(average rating from 1 to 5, where 1=no extent, 5=very great extent

■ HIGH PERFORMERS   ■ ALL ORGANIZATIONS   ■ LOW PERFORMERS

	ALIGNS PROJECTS TO ORG STRATEGY	DEVELOPS/NUTURES STAFF CAPABILITIES	CONTRIBUTES TO STRATEGIC WORK	ENABLES CULTURE OF CHANGE	FOCUSES ON RIGHT-SIZING PROCESSES
HIGH PERFORMERS	4.6	4.3	4.5	4.3	4.4
ALL ORGANIZATIONS	3.4	3.2	3.5	3.2	3.4
LOW PERFORMERS	2.0	1.9	2.2	2.0	2.3
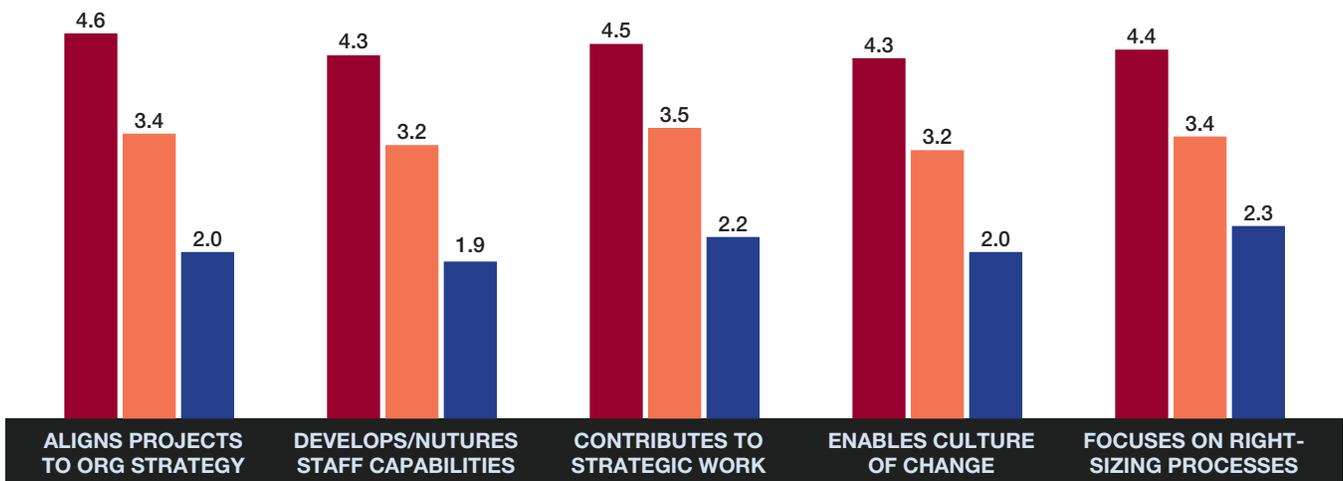
The People Management Office

Finally, our research delved into the people management practices of the PMO, an area that has grown exponentially since we first began to study PMO functions. One important finding was that, today, over half of project managers/scrum masters report to the PMO (54%). In fact, in 31% of organizations, 100% of PMs/scrum masters report to the PMO. Only 13% of organizations have not adopted this human resource structure.

» Small organizations are more likely to have PMs/scrum masters report to the PMO (71%) than large (41%) or mid-size (49%) organizations

» More business unit PMOs staff project managers (85%) than other PMO types

» Education organizations (74%) are more likely to have their PMs/scrum masters report to the PMO than those in other industries; energy/utility organizations are least likely (31%)

» High-performing PMOs have a significantly higher percentage of PMs/scrum masters who report to the PMO (67%) than low performers (38%). They are also far more likely than low performers to have a manager of project managers on staff (52% vs 17%)

High-performing PMOs also have significantly more staff (12.5) than low performers (6). The median average staff size of PMOs is 9, some with as many as 175.

» PMOs in healthcare/social services organizations have the largest staff size (14) while those in education organizations have the smallest (6)

» Most PMOs (83%) have a PMO Director or PMO Manager

» Very few PMOs have HR-related positions (4%), relationship managers (4%), or vendor integration managers (3)

» Very few healthcare/social services organizations (5%) and education organizations (0%) have mentors/coaches, and far fewer education organizations (14%) than those in other industries have managers of project managers

» Significantly more profit-center PMOs than cost-center PMOs have mentors/coaches (39% vs. 19%) and organization development analysts (17% vs. 1%) on their staff

PMO staffs have considerable experience – 12 years on average; almost half (49%) have PMPs. As you might expect, staff in high-performing PMOs have more experience than those in low performers (10 years vs. 6.5 years) and far more have PMPs (58% vs. 39%). PMO staffs in public administration organizations have the most experience (12 years on average) and those in energy/utility organizations the least (6 years).

Almost half (47%) of organizations with PMOs have an established career path for their PMs/scrum masters, with high performers far more

Over half of project managers/scrum masters report to the PMO.

High-performing PMOs have significantly more staff who have more experience than those in low-performing PMOs.

likely to use this strategy for building engagement and commitment: 72% vs. 20% of low performers.

» Shared services PMOs are less likely to have an established career path for PMs/scrum masters (32%) than other PMO types

» Significantly more profit-center PMOs (56%) have established career paths for PMs/scrum masters than cost-center PMOs (36%)

One area in which high performers have stood out in some of our previous studies is the use of contracted resources to manage projects, programs, or the PMO itself. More than half of PMOs (57%) use contracted resources to manage project/programs, and 24% use contracted resources to manage their PMO functions.

High-performing PMOs are far more likely than low performers to use contracted resources to help manage projects (72% vs. 43%). Combined with their lavish approach to training, this nimble employment of outside experts probably helps to explain their high-performance status.

» More than 90% of PMOs in energy/utility organizations use contracted resources to manage project/programs, but only 14% of those in education organizations do so

» More than 40% of PMOs in energy/utility organizations use contracted resources to manage their PMO functions, but 0% of those in education organizations do so

» PMOs with a business unit service span (68%) are more likely to use contracted resources to manage projects/programs

MORE TRAINING, HIGHER PERFORMANCE

This is a finding that has repeated itself in every study we have done for decades: high-performance organizations offer more kinds of training, for more days, and in more advanced topics. This year, we saw that, while nearly all (88%) offer PM-related training, and a majority of them (69%) offer PM basics training, staff in high-performing PMOs are more likely to receive PM-related training than those in low performers (97% vs. 77%). High-performing PMOs are far more likely than low performers to offer advanced PM skill development training (48% vs. 7%), business alignment training (48% vs. 3%), and leadership training (55% vs. 13%). Staff in high-performing PMOs receive more training annually (9 days) than those in low performers (5 days).

» Large organizations (23%) are far more likely to offer no project management-related training than small (5%) or mid-size (9%) ones

» Manufacturing (27%) and healthcare/social services (25%) organizations are far more likely to offer no project management-related training than those in other industries

» PMO staff in finance/insurance organizations are more likely to receive training in PM basics (83%) and less likely to receive advanced skill development training (17%) than those in other industries

High-performing PMOs are far more likely than low performers to use contracted resources to help manage projects.

- » PMO staff in energy/utility organizations are far more likely to receive PM software tool training (70%) than those in other industries

- » PMOs with an enterprise service span (37%) are more likely to offer business alignment training than others, while those with an IT service span (37%) are more likely to offer agile project management training than others

- » Profit-center PMOs are far more likely than cost-center PMOs to offer PM-related training in advanced PM skill development (56% vs. 21%), agile project management (44% vs. 24%) and change management (44% vs. 21%)

When it comes to training delivery methods, most organizations (85%) now use online PM-related training; the majority offer on-demand, online PM-related training (68%) or instructor-led online PM-related training (57%). Large organizations (73%) are more likely to use instructor-led online PM-related training than those in small (50%) or mid-size (55%) ones.

- » Education (100%) and information (80%) organizations are more likely to offer on-demand, online PM-related training than those in other industries

- » PMO staff in education organizations (86%) are far more likely to take public PM-related courses offered by external providers than those in other industries

- » Profit-center PMOs are more likely than cost-center PMOs to offer onsite, classroom-based training using in-house trainers (50% vs. 30%); this is also far more than the average (40%).

> High-performing organizations offer more kinds of training, for more days, and in more advanced topics.

HIGH-PERFORMING PMOS OFFER A VARIETY OF PM-RELATED TRAINING

76%	Project Management Basics
55%	Leadership Training
48%	Advanced PM Skill Development
48%	Business Alignment Training
45%	Agile Project Management
41%	PMP Preparation
38%	Change Management
38%	PM Software Tool Training

97% of high-performing PMOs offer project management-related training. This chart shows the percentage of PMOs responsible for each type of training course.

Looking Ahead: Problems and Priorities

ONE OF THE MAIN CHALLENGES that PMOs faced in the past was having their very existence or value questioned. That problem has faded away. In more than half of organizations, the PMO's value has not been seriously questioned – 57% of organizations questioned its value either not at all or only a little; only 18% of organizations questioned its value to a great or very great extent. These figures were even stronger for high-performing PMOs, with 67% of organizations questioning its value either not at all or only a little. By contrast, in organizations with low-performing PMOs, 33% of organizations questioned its value to a great or very great extent. Not surprisingly, PMO processes are seen as overhead in far more organizations with low-performing PMOs than those with high performers (52% vs. 17%).

The challenges seen by the largest number of organizations are: Inadequate resource management capability (53%), having enough time/resources to devote to strategic activities (48%), organizational resistance to change (47%), prioritization (47%), and not enough project managers (42%). Naturally, challenges differ by size of organization, industry, and organizational structure:

» Small organizations (28%) are less likely than mid-size (43%) and large (42%) ones to be challenged by PMO processes seen as overhead

» Large organizations (33%) are less likely than small (48%) or mid-size (57%) ones to be challenged by organizational resistance to change

» Education organizations have significant challenges related to cost – cost savings per project (100%) and projects delivered on budget (86%)

» PMOs with an enterprise service span are more likely than others to cite inadequate resource management capability as a top challenge (62%)

> The value of the PMO is no longer being questioned by most organizations.

TOP FIVE CHALLENGES

1	Inadequate resource management capability – 53%
2	Having enough time/resources to devote to strategic activities – 48%
3	Organizational resistance to change – 47%
4	Prioritization – 47%
5	Not enough project managers – 42%
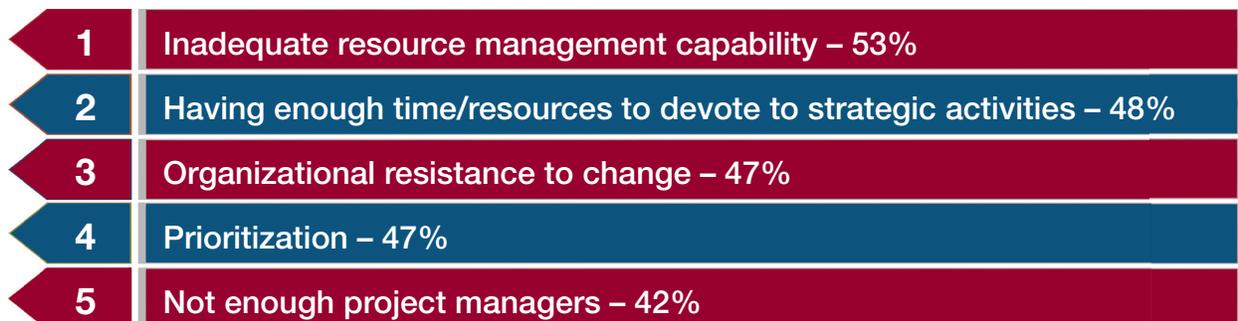
» Profit-center PMOs are more likely than cost-center PMOs to be challenged by organizational resistance to change (65% vs. 48%)

Having identified their primary challenges, you would expect organizations to try to address them in their top priorities over the next two years, but there is some disconnect between these two. In the next 24 months, organizations with PMOs are more likely to focus on: Improving reporting, analytics, dashboard tools (64%); improving resource management processes (58%); improving portfolio management processes (54%); and improving core project management processes (51%). This is probably an overreliance on tools and processes that is unlikely to impact the challenges of resistance to change, prioritization, and a lack of time and talent! One clue that the tools' focus may be a mistake is that it is the top priority of both high-performing PMOs (69%) – and low performers (61%).

» The top priority of finance/insurance organizations is improving resource management processes (78%), of education organizations is improving resource management processes (86%) and improving portfolio management processes (86%), and of energy/utility organizations is improving core project management processes (90%)

» Cost-center PMOs are far more likely than profit-center PMOs to cite improving resource management processes as a priority over the next 24 months (65% vs. 28%)

While the overall outlook for the PMO is promising, as we see this structure gaining in strategic clout and improving performance both within the PMO and for the organization as a whole, we can never rest on our laurels. In particular, PMOs should make good on that priority to improve resource management processes over the next two years, since poor resource management has been flagged as a top challenge in nearly every study we have conducted in the last 20 years! Resource management is one area that impacts all other project performance, from schedules to benefits. A top-flight PMO ought to be able to resolve this persistent problem, but even high performers list it as their top challenge.

> Poor resource management has been flagged as a top challenge in nearly every study we've conducted in the last 20 years.

TOP FIVE PMO PRIORITIES OVER THE NEXT 24 MONTHS

1	Improving reporting, analytics, dashboard tools – 64%
2	Improving resource management processes – 58%
3	Improving portfolio management processes – 54%
4	improving core project management processes – 51%
5	Encouraging and enabling a culture of change – 36%
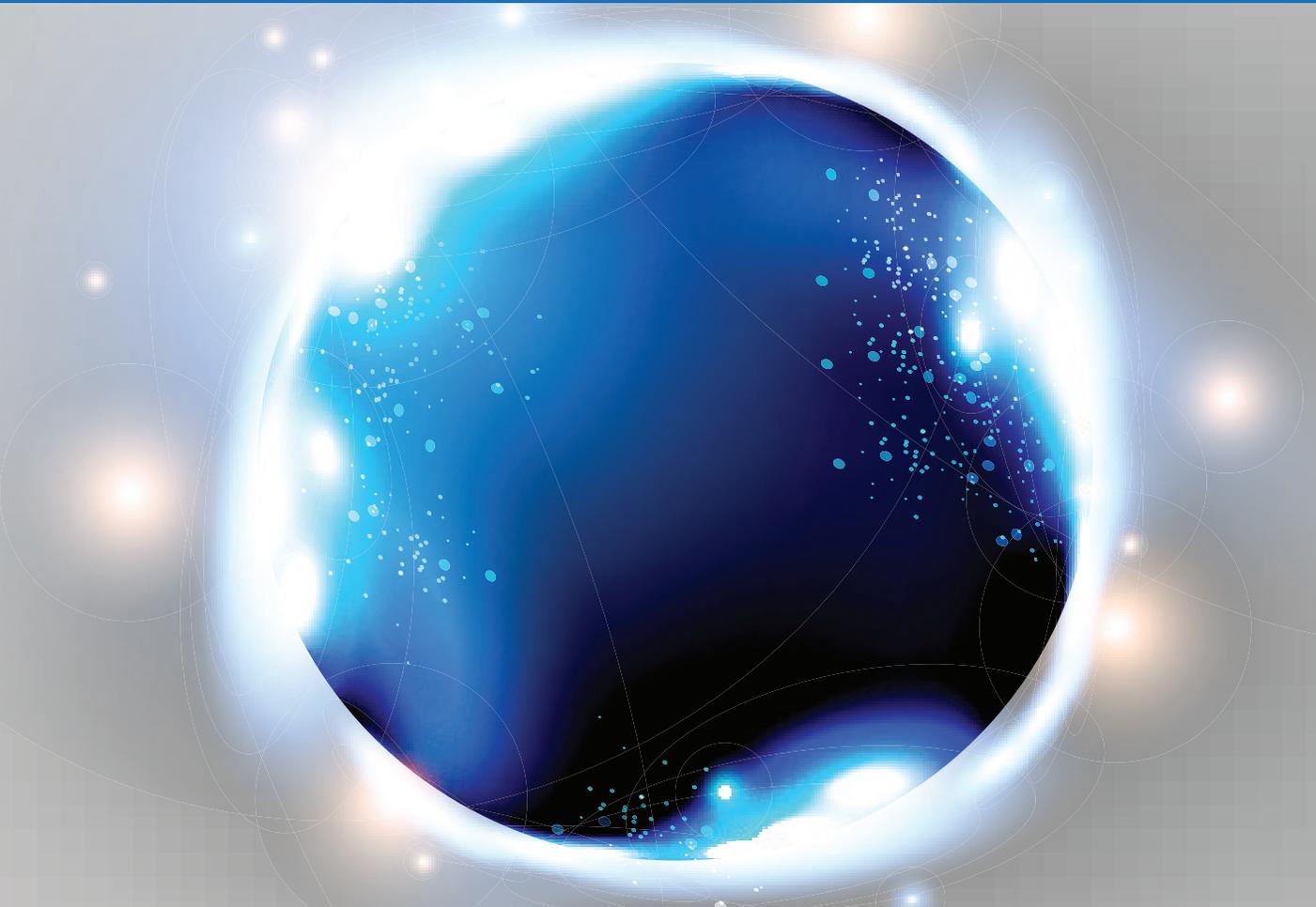
About PM Solutions

PM Solutions is a project management services firm helping organizations apply project management and PMO practices to improve business performance. We are the leader in applying project and portfolio management processes and practices to drive operational efficiency for our clients.

Founded in 1996 by J. Kent Crawford, PMP, the former president and chair of the Project Management Institute (PMI®), PM Solutions delivers expert project management solutions and services to help organizations and their people perform to maximum potential. Comprehensive offerings include:

» PMO transformation

» Project portfolio management process improvement

» Program and project management resources

» Corporate project management, agile, and leadership training through our training division, PM College®

About PM College

PM College provides corporate project management training and competency development programs for clients around the world. We partner with you to identify your organizational learning objectives, deliver relevant training content, and achieve measurable behavior changes that lead to improved performance. Course offerings cover all learning needs – from basic to advanced – including both technical project management skills and relationship-driven soft skills. PM College's unparalleled customer service, top-rated instructors, modular course content, and robust learning management system (LMS) make us the provider of choice for many global companies in the finance and insurance, manufacturing, consumer goods, technology services, and government sectors.

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