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**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF COMMERCE  
MA PROGRAM IN PROJECT MANAGEMENT**

**Challenges of Implementing a Program Management Office: The case of  
Commercial Bank of Ethiopia**

By  
Ethiopia Tamene

A Research Project Work Submitted to Addis Ababa University School of Commerce in  
Partial Fulfillment of the Requirement for the Master of Arts Degree in Project  
Management

2017  
Addis Ababa

Addis Ababa University  
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June, 2017  
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**Declaration**

I hereby declare that the study presented in this thesis entitled “Challenges of Implementing a Program Management Office: The case of Commercial Bank of Ethiopia” is my original work. It had not been presented for a partial fulfillment for any educational qualification at this or any other university and all the resources used for this thesis had been accordingly acknowledged.

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Ethiopia Tamene

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Date

### **Statement of Certification**

I hereby declare that the study which is being presented in this thesis entitled “Challenges of Implementing a Program Management Office: The case of Commercial Bank of Ethiopia”. It is conducted by Ethiopia Tamene for the partial fulfillment of the requirements for the award of master’s degree in Project Management. To the best of my knowledge it is original work carried by her, and it had not been presented for a partial fulfillment for any educational qualification at this university or any other and in any projects by any means.

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Dr. Abdurezak Mohammed

Advisor

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Date

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## Acronyms

AML	Anti Money Laundering
CBE	Commercial Bank of Ethiopia
CRM	Customer Relationship Management
ERP	Enterprise Resource Planning
HR	Human Resource
IFB	Interest Free Banking
IT	Information Technology
ITIL	Information Technology Infrastructure Library
LMS	Learning Management System
OSM	Office of Strategy Management
PMI	Project Management Institute
PMO	Project Management Office/ Program Management Office

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## ***Abstract***

*Nowadays organizations which conducted project are beginning to understand the importance of project management office (PMO) for project success. But for PMOs to be successful; various internal and external factors must be taken in to consideration. The purpose of this study is to identify the challenges of implementing the Project Management Office in Commercial Bank of Ethiopia. The research is conducted in order to address the shortage of research in PMO especially in financial institutions. Descriptive research approach is selected for this study. Data is collected for the study using semi-structured interview. The collected Data was analyzed and interpreted using descriptive analysis technique. The study identified 11 challenges to implementing PMO. The top three challenges were difficulty of staffing the PMO with necessary personnel, lack of systematic knowledge management and absence of standardized project management tools and templates. The research findings will be expected to assist the bank and the Program Management Office in addressing the challenges properly. Based on this finding, recommendations are made to overcome these challenges. Accordingly, the PMO need to hire permanent PMO staffs to conduct the basic PMO activities, rigorously work on developing a systematic knowledge management and document lessons learned. It should also work on developing standardized tools template, provide project management training to the project managers,*

*Key Words: Project Management Office/Program Management Office (PMO); Critical Success Factors, PMO implementation*

# Chapter One

## Introduction

### 1.1 Background of the Study

The Project Management Institute, (2013) defines Project Management Office (PMO) as a management structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques. PMO covers all issues that influence project performance including people (the stakeholders, the project team), process (the methodologies and practices) and tools. (Hill, 2008)

Organizations strive to run and complete projects on time, with the proper quality and without cost overrun. One mechanism for achieving this objective is using Project Management Office. The main goal of PMO is standardizing the way how projects are managed by applying the methods, policies and processes of project management and thereby reduce the risk of failure. PMO, through time, will become the foundation for documentation guidance to the management and implementation of projects within the implementing organization. (Taylor, 2011) and (Rad & Levin, 2002)

Many factors give rise to the need for PMO namely, existence of multiple projects [within a single organization] resulting in sharing of limited resource; uncertainty in the external environment and within the organization; unique nature of each projects; and disorder due to the lack of coordination among projects are some of these factors. (Tjahjana, Dwyer & Habib, 2009)

PMO therefore offers solution to many of the project management challenges by providing project oriented and business oriented benefits. According to Tjahjana *et al.*, (2009), the benefits include but not limited to reducing the time and cost in setting up a project, providing the ability to respond to change quickly, establishing a means for consistently measure project performance, acting as a bridge between the project personnel and business personnel, managing interdependencies among projects.

By realizing the benefits, project based organization and non-project based organizations (which carry out projects side by side with their traditional activities), have established PMO.

Commercial Bank of Ethiopia is one of the non-project based organization which set up a Project Management Office.

The Project Management Office of the Bank is known as **Program Management Office**. Various literatures use the name “Program Management Office” and “Program Management Office” interchangeably. While other literatures argue that the two names indicate two different organizational structures. Detail review of literatures is made in the second chapter regarding these two names of the office.

## **1.2 Background of the Organization**

Commercial Bank of Ethiopia was established in 1942. During its establishment, it was named as the State Bank of Ethiopia. The bank was legally established as a share company in 1963 and takes its current name Commercial Bank of Ethiopia (CBE). In 1974, CBE merged with the privately owned Addis Ababa Bank. (CBE Profile 2014/2015) and Commercial Bank of Ethiopia Company Profile Available at <http://www.combanketh.et/AboutUs/CompanyProfile.aspx> [Accessed 20 May, 2017].

The Bank has been playing a key role in the economic growth and development of the country through providing fund in the form of loan. It is pioneer in introducing various modern banking services like Automatic Teller Machine (ATM) and other electronic payment system. The bank is currently the only government owned commercial bank. Its capital position, number of employee and number of branch is the highest of all the commercial banks operating in the county. It has more than 1185 branches providing service across the country. It also established working relation with 50 internationally acclaimed banks. It has more than 12 million customers and over 23,000 employees. (Ibid)

As a financial institution, the Bank mainly engages in providing the traditional banking services including accepting deposits; providing short, medium and long term loans; buying and selling foreign exchanges; buying and selling negotiable instruments and securities issued by the government, private organizations or any other person. (Ibid)

The Bank’s operations are governed by various laws of the country as well as by the directives issued by the National Bank of Ethiopia. CBE is supervised by Board of Directors. It has a

process-oriented corporate structure where by each process headed by a process owner. The Process council which composed of the process owners of each processes (Core as well as Support Process) is the decision making organ of the Bank. All the decisions which are beyond the authority of the president are decided by the Process Council. The Board of Directors is the highest decision making organ of the bank and passes decisions on the major strategic issues. (CBE Profile 2014/2015) and Commercial Bank of Ethiopia Company Profile Available at <http://www.combanketh.et/AboutUs/CompanyProfile.aspx> [Accessed 20 May, 2017].

The banking sector by nature exhibits intense competition. Commercial Bank of Ethiopia (CBE) competes with 16 private commercial banks. The bank holds a vision of becoming a world-class commercial bank by the year 2025. To realize its vision and to stay competitive, CBE developed a strategy to provide quality service, diversified banking products, convenience (service accessibility) and competitive pricing. One of the tools that the bank opts to use for translating the strategy in to action is Information Technology (IT). The bank currently undertakes various IT projects through its Program Management Office. (Ibid)

The main focus of this research study (project work) is therefore assessing the PMO of the Commercial Bank of Ethiopia, identifying the challenges of implementing the PMOs personnel, and proposes a solution to the challenges.

### **1.3 Statement of the Problem**

Project Management Office is an establishment that helps organizations to understand and systematically apply project management principles and ultimately complete projects successfully. However for the PMO to achieve its purpose, its establishment should be carefully analyzed. Not only establishment, the successful implementation of PMO also depends on many factors.

According to Taylor, (2011), the best PMOs have certain characteristics. These characters are; consistent project management practice; experienced project managers; transparency regarding the project progress and cost, have a clear direction on resource use; openly share information to appropriate stakeholders; flexible in adapting to the strategic expectation of the organization and ability to function effectively within the organization's culture; educational by facilitating knowledge and experience sharing; establish methodologies that can assist the project manager

and the project team and committed in quality assurance. Therefore, implementing a PMO is a vital activity and requires commitment from the entire organization.

The implementation of a PMO is not easy; it involves many challenges. To start with the cost, establishing an office for managing projects entails additional cost for the organization. Organizations want to make sure that the benefit from PMO pays-off the money spent on to establish it. As a result the PMOs are under pressure to perform well. While implementing a PMO, organizations also have to deal with organizational change since they face personal and professional resistance establishing. Hence they need to work towards addressing the issue through change management. (Tjahjana *et al.*,2009).

Various studies (Kutsch *et al.*, 2009), (Singh *et al.*, 2009) and (Aubry *et al.*, 2009) identified list of internal and external factors that determine the existence of PMO. The factors mentioned frequently in these and similar studies are related with the support from senior management and key stakeholders, the issue of resource; the level of expertise and experience of the project manager and project team; the overall structure of the PMO and the strategic importance of PMO. Hence, lack of support from the senior management and stakeholders, absence of commitment from the functional departments, poor definition of PMO scope, role, authority and responsibility, failure to staff the PMO with experience personnel, poor communication channel between the PMO and the parent organization are few of the challenges (which could result in shutdown of PMO) identified by these studies.

The business world is seeing a fast change which led to a growing attention to Information Technology. The banking sector is no exception to this. By understanding the need for automating service delivery and banking operation, Commercial Bank of Ethiopia has engaged in IT investment. The PMO of Commercial Bank of Ethiopia currently runs a range of Information Technology (IT) projects. Some of the projects are under pilot testing phase while some are under execution phase. Projects that are a pilot testing phase include NG|Screener System Project, Team Mate Audit Software Project and Contact Center Establishment Project. Those projects that are in execution phase include Enterprise Resource Planning (ERP) Project, Customer Relationship Management (CRM) System Project, Interest Free Banking System Implementation Project, Core Banking System Upgrade Project, and Electronic Document Management Project. (CBE Informer, 2016) These projects have certain degree of complexity

and each project has its own unique characters. The PMO should therefore make itself ready to handle these unique features and complexity.

Studies showed that, many PMOs close in few years of their establishment (Aubry *et al.*, 2009). Various reasons can give rise to the failure of a PMO. Understanding the challenges that are affecting the implementation of a PMO can help to seek solution and eventually improve the performance of the office.

The issue of establishing a Project Management Office is a recent issue in Ethiopia. As a result there is very little knowledge about the challenges that represent the most serious threats to the successful implementation of a PMO. Without such knowledge, organizations lack direction in overcoming the challenges they come across. There is lack of research on the issue of Project Management Office especially on PMOs established by financial institutions. Therefore, further research is required to address this issue.

The aim of this study is to identify the challenges involved in implementing a PMO in commercial Bank of Ethiopia and find ways to address the problems.

#### **1.4 Research Question**

To address this issue, this study attempted to find answer for the following research questions:

##### **1.4.1 Main Research Question**

- What are the challenges in implementing a PMO in Commercial Bank of Ethiopia?
- What is the relative importance of these challenges?
- How can the Bank overcome the top challenges?

#### **1.5 Research Objective**

- To identify the challenges of implementing a PMO in Commercial Bank of Ethiopia;
- To rank the top challenges;
- To find ways to address the problems.

#### **1.6 Scope of the Study**

The focus of this study is investigating the operations of PMO in Commercial Bank of Ethiopia. The bank is selected due to its huge financial position and in its engagement in various IT projects. The 16 private commercial banks operating in Ethiopia may have established a PMO to manage their different projects. However, the PMO of private commercial banks is out of the

scope of this study. In addition, this study restricted its scope only on IT projects of CBE. It therefore has not discussed other projects like construction projects to make the study manageable.

### **1.7 Significance of the Study**

The study has a practical significance. It provides valuable information to the Commercial Bank of Ethiopia by identifying the challenges implementing a PMO and by proposing solutions. It will also have significance to other organizations by providing insights on the issue of PMO. The research is also helpful academically by providing information for further study on the topic.

### **1.8 Limitations of the Study**

This study is intended to be carried out by examining the relevant project documents and by conducting semi structured interview with PMO personnel. Hence, this study is dependent on the capacity of the respondents' ability to memorize important issues. There is also a possibility that some questions may remain unanswered and respondents may be biased to provide correct answers.

### **1.9 Organization of the Study**

The study is structured in five chapters. The first chapter discussed the research proposal. It discussed the statement of the problem, objectives of the study, significance of conducting the study, the scope and limitation of the study. The second chapter reviews the relevant literatures on the issue. In the third chapter, research methodology, data collection tools and the method of analysis discussed. Data analysis, the finding of the study and interpretation of the result was discussed in the fourth chapter. In the fifth and last chapter, conclusion, recommendations are provided.

## **Chapter Two**

### **Literature Review**

#### **Introduction**

The main issue in project management is project success. Project success is defined as achieving the project objectives in terms of completing the project within the allocated time period, within the budgeted cost, at the desired performance/technology or specification level, utilizing the assigned resources effectively and efficiently and acceptance by the customer, with minimum or mutually agreed upon scope changes, without disturbing the main work flow of the organization and without changing the corporate culture. (Kerzner, 2009)

All these measurements of project success indicate that running a project requires conducting various interrelated activities successfully; which seems a challenge given the complexity and unique nature of projects. This challenge can result in project failure unless organizations find a way to manage projects in systematic way. Project Management Office (PMO) is one of such mechanism.

The concept of PMO gains recognition in 1990s following the increased understanding by organizations of the notion of project management. Due to the financial loss many companies sustained as a result of the economic recession in the early 1990s, companies (non-project driven) began to apply project management which was once a management practice in few industries like construction, aerospace and defense. (Ibid)

By the late 1990s, as more of the benefits of project management became noticeable, companies began to recognize project management as a profession and this led companies to recognize the concept of PMO and how PMO be used to supervise all critical project management activities. (Ibid)

This chapter discusses the important concepts in PMO such as the meaning of PMO, the type and functions of PMO, the benefits of using PMO and successes factors in implementing PMO. It also discusses empirical literatures done on the issue of PMO particularly on critical success factors and challenges of implementing a PMO.

## **I. Theoretical Overview**

### **2.1 The Meaning of PMO**

Many literatures use the meaning provided by Project Management Institute (PMI) to define PMO. PMI is a nonprofit organization for project management founded in 1969. It is a leading organization in delivering globally recognized standards, certification programs, extensive academic and research programs, publications etc; to further mature the Project management profession. (Available at <https://www.pmi.org/about/learn-about-pmi> [Accessed 01 April, 2017])

According to PMI, Project Management Office is defined as a management structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques. Other literatures also provide similar definition to the word PMO it as an organizational entity with full-time personnel to provide a focal point for the discipline of project management (Rad & Ginger, 2002).

PMO is referred to by various names such as Project Office, Project Support Office, Project Management Office, Program Management Office, Project Management Group, Project Management Center of Excellence, or Directorate of Project Management (Rad & Ginger, 2002), (Young, 2007).

Other authors like Tjahjana, Dwyer, & Habib, (2009) choose to define PMO as Program Management Office. According to them, Program Management Office (PMO) is an operation center that not only governs and supports projects from initiation to completion, but also plays an important role in improving an organization's project management capabilities. This authors' definition of PMO initiated from differentiating the meaning of "Project" and "Program" They define the word "Project" as a structured process established to deliver specific outputs within the applicable constraints (time, cost, and quality) while taking into consideration elements such as risks and resources. On the other hand, the word "Program" is defined as a structured process of managing multiple ongoing projects within an organization whose focus is the alignment of ongoing projects with the goals of the organization; thus the aim of a program is to group related projects that warrant optimum coordination of resources at the most beneficial allocation for the organization.

For Tjahjana, Dwyer, & Habib, (2009), Project Office means an administrative function of a project that not only provides key support to the project manager but also liaises with the Program Management Office (PMO) to ensure that its project adopts the most current project management standards implemented by the Program Management Office.

As can be seen from the above definitions, the word Program Management Office and Project Management Office have similar definition. Therefore, for the purpose of this research paper the two words are treated as same.

All of the above definitions of Project Management Office indicate that PMO is a management structure within an organization that is entrusted to manage projects and make sure their successful completion.

## **2.2 Types of PMOs**

There are many different types of PMOs. According to PMI (2013), PMOs can also be classified in to three according to the degree of control and influence they have in projects. These three types of PMOs are:

1. **Supportive PMOs:** They provide a consultative role to projects by supplying templates, best practices, training, access to information and lessons learned from other projects. Supportive PMOs have low degree of control and serve as project repository.
2. **Controlling PMOs:** They have a moderate degree of control. In addition to the support they give, they check whether there is compliance regarding the use of project management methodologies, use of templates, tools and forms.
3. **Directive PMOs:** They have high degree of control. They take control of the projects by directly managing the projects.

A PMO can be established by combining the supportive, controlling and directive type PMOs. This type of PMO is described as a “blended” approach.

PMOs can also be classified in to different types using other perspectives also. According to Taylor (2011), PMOs can be classified in to 6 from organization perspective as:

1. **Departmental PMO:** It is a small group that manages very specific projects within its own landscape and resources.

2. Special–Purpose PMO: This is PMO established for special purpose or need. It can be created for a single project or set of projects, something that was critical to the business as it underwent a step change in its technology platform as one example. The special-purpose PMO may be departmental or enterprise focused and may be IT and/or business focused. It will, however, be created only for a special purpose and will, most likely, cease to exist once that purpose has been completed.
3. Outreaching (Supplier) PMO: This is a PMO which oversee project methodology & practice and standards for a community of project managers dealing with projects inside customer organizations – deploying solutions developed by their own company as a supplier to these external customers.
4. Customer (External) PMO: In addition to providing the service provided by PMOs, External (Customer) PMO also offer guidance and governance to these external customers on setting up and running their own PMOs.
5. Internal Enterprise PMO: This is a PMO established at corporate level to ensure that projects proceed based on their strategic alignment to the key business objectives of that organization.
6. External Enterprise PMO: It is the extension of outreaching PMO. It is a PMO which gain a strategic position within its organization and offers to external customers a consistent project delivery and service model across the world.

Lia et al, (2009) classify the PMOs from the capability perspective as Level 1, 2 and 3.

**Level 1:** The PMO acts as a liaison between the Project Offices and the executive board for administrative purposes only (e.g., providing a summary report of the progress of all projects in the organization to the executive board, assisting with project issues escalation, and so on). Level 1 PMO adopts a reactive approach.

**Level 2:** The PMO goes beyond providing support and has the authority to implement actions that improve the organization’s project management capacity and capability (e.g., standardizing the organization’s project management process, providing project management training, and so on).

**Level 3:** The PMO does not act only as an independent body with authority to lead the project environment, but also as a center of excellence. Thus, it directly contributes to the organization’s

discussions on strategy, and it takes actions to implement those strategies through projects to create competitive advantages for the organization.

According to (Crawford, 2011) a PMO may exist in any one of the three types.

**Type 1: The Project Control Office:** It handles large, complex single project which requires multiple schedules, resource requirements and associated costs that are integrated into an overall program schedule. It may have multiple project managers who are each independently responsible for an individual project schedule and one program manager or a master project manager who is responsible for integrating all of the schedules, the resource requirements, and the costs.

**Type 2: Business Unit PMO:** It is established at division or business unit level. It integrates resources at an organizational level to ensure efficient use of resource across projects. It identifies the relative priority of projects, such that the higher priority projects receive the resources they need and lower priority projects are either delayed or canceled. It allows an organization to determine when resource shortages exist and to have enough information at hand to make decisions.

**Type 3: Strategic PMO:** It prioritizes projects from the corporate perspective by providing the coordination and broad perspective needed to select, prioritize, and monitor projects and programs that contribute to attainment of corporate strategy and that will best support strategic corporate objectives. It ensures the project management methodology is tailored to the needs of the entire organization, not just one department or business unit.

PMOs can also be classified in to 5 levels in similar way as a project management maturity model (Rad and Levin, 2002). Level-one PMO might support just one project; level-two PMO would support several projects under the same program; level-three PMO would support a division or department in the organization with all of its projects; level-four PMO would support the organization in its projects, and level-five PMO would be placed strategically at an executive level and would support business strategy decisions and resource allocations at the enterprise level.

Organizations need to understand the specific nature of each type of PMOs before establishing one. The right type of project management office depends among other things on the size and complexity of the company, the interdependence of projects among business units and functions,

the availability of resources, and the competence of project managers and project team (Crawford, 2011). But regardless of the type, all PMOs perform same function and have one basic objective which is improving the level of project success.

### **2.3 Functions of PMOs**

Rad and Levin (2002) categorize PMO's functions in to two as project oriented functions and enterprise oriented functions. The project oriented functions are short term and remedial functions arising due to shortage of competent personnel, and/or lack of organization policy with respect to the projects. They are expected to bring immediate impact on the performance of the project. The enterprise oriented functions on the other hand are long term, visionary and will prevent the need for the project oriented functions. They promote for improved application of project management processes.

#### **Project Oriented Functions**

There are three functions under the category of project oriented functions namely augment, mentor and consult.

**1. Augment:** is the process by which the PMO provides personnel of various skills to the project in order to fill any shortfalls that might exist in the project staff. It provides resource management capabilities across the organization. The PMO can serve as a resource pool for project professionals.

**2. Mentor:** is the process by which PMO personnel work together with project personnel to ensure proper execution of certain tasks when the project team members lack the appropriate competency to carry out their respective project duties. In such a circumstance, the PMO assigns a seasoned professional to assist and work with those project team members.

**3. Consult:** is the process by which the PMO provides occasional problem-solving ideas. The PMO assist the project team in validating the correctness of analysis, and the viability of assumptions, with a seasoned professional.

Assistance provided by the PMO under project-oriented functions includes but not limited to the following areas:

- Establish Standards for Managing Projects; Standardize Report Forms
- Select, Operate, and Support Project Management Software that are used to support project management.

- Provide Project Start-Up Assistance
- Prepare Project Charters and Scope Statements
- Facilitate Project Kickoff Meetings
- Conduct Project Risk Assessment
- Maintain Project Visibility Room so that all project teams (a collocated team or a geographically dispersed) need to be able to share ideas, actions, and data and also to maintain artifacts, records, and documentation. The PMO staff can assist the project team in establishing and maintaining this site and in keeping up-to-date information along with provide training to new team members on how to use the site and on how to update information that is maintained at this site.
- Track and Record Changes Made to Project Requirements
- Maintain Project Workbook or Library
- Improve Accuracy and Timeliness of Timesheets
- Administrative Assistance through monitoring and tracking performance, review objectives against the plan and suggest needed changes early.
- Standardize Project Reviews
- Project reviews are meetings held to assess and report the status and progress of the project in order to determine whether or not projects should continue to receive resources. The PMO staff can assist the project teams by preparing the review agendas with standard format and facilitate the reviews to ensure that they are conducted in a neutral and objective way.
- Promote and manage Resolutions of issues (questions, problems, concerns, or conditions)
- Support Project Closeout by providing staff that can assist the closing process. The PMO can even assign a closeout manager to assume all of the duties of the project manager in closing if the project manager has a new assignment.

### **Enterprise-oriented functions**

Under these functions, the PMO focuses on standardizing project management methodologies and development of lessons learned. Rad and Levin (2002) list 4 functions under enterprise-oriented function category which are Promote, Archive, Practice and Train. Each will be discussed as follows.

**1. Promote:** the PMO personnel set objectives for project management improvements and continually check the progress against the plans. It routinely brief upper management on project management principles and new developments in the profession, in order to integrate project management into the broader business context.

**2. Archive:** PMO develop, record, compile, and disseminate the best practices in project management and make sure this repository of information will be continuously evolving. The PMO will collect, refine and maintain project archives containing data on project life-cycle performance and project scope, cost, schedule, risks, lists of issues and problems of previous projects so that successive projects are able to build upon the lessons learned about previous projects.

**3. Practice:** The PMO facilitate knowledge sharing through lessons learned. It focuses on integrating positive project practices, promoting the use of recommended tools and templates, and providing guidance and support these organizational experiences will form the basis of excellence for the parent organization, and will be passed along to the project managers on a continually as part of the ongoing training programs, the enterprise project management policies and procedures.

**4. Train:** the PMO is responsible for development and presentation of training modules on all aspects of project management. The following are non exhaustive list of enterprise related tasks:

- Estimating the cost and schedule of the project by developing estimation models and by maintaining a portfolio of customized estimating models available for developing estimates at different points in the project lifecycle.
- Providing a standardized process and common criteria for project selection. It also reviews all projects that are under way to ensure they are still contributing to organizational goals.
- Data Integration: standardizing project performance reports so that uniform data are collected for every project. Data integration contributes efficient project resource utilization.
- Evaluates the reward and recognition system of the organization and modify it to support team based system.
- Conducting regular and frequent project audits and providing an impartial and objective appraisal of project performance.
- Facilitate communication and representing the organization on project related issues.

- Measure and track customer satisfaction on projects to measure the level of value of the product or service to the customer and to assess how well the collective organization is performing.

Crawford, (2011), identified various functions of PMO namely Project Support, Documentation, Change Control, Project Repository, Tracking and Reporting, Risk Management, Resource Repository, Cost Tracking and Software Support. As the MPO's strategic responsibility grows, capability and complexity of these functions also grow. These functions are somehow similar to the project oriented and enterprise oriented functions raised by Rad and Levin (2009).

- **Project Support:** The PMO provide technical support for project managers on issues of leadership, negotiation, motivation, teambuilding, facilitation, analysis, project chartering, cost estimation and the like.
- **Documentation and Project Repository:** The PMO ensure project data are kept properly and updated in accordance with changes made to the project. It also involves keeping project documents either in simple way or as a knowledge management system.
- **Change Control:** The PMO manage the change control process by supporting the project team in analyzing the impact of changes on cost, schedule and technical baseline. This function also contains maintaining a change log of all approved and disapproved changes, assembling change meetings and handles the resulting documentation and ensuring that approved changes are reflected in specifications and contract documents.
- **Tracking and Reporting:** It involves tracking issues and action items and reporting project progress to executive management and functional areas.
- **Risk Management:** This function involves supporting the project manager and the project team in risk management issues.
- **Resource Repository:** The resource repository is an inventory of all available resources throughout the organization. The PMO ensures the right resources are working on the right projects at the right time.
- **Cost Tracking:** The PMO provide the project managers current, accurate and complete cost information used to assess current and projected cost variance. The PMO make every effort to get the needed information like ask questions, visit concerned departments e.t.c.

- **Software Support:** It is a function of handling all issues surrounding the project management software.

The PMI (2013) also discussed some of the PMO functions in brief. These functions are similar to those discussed so far in this paper. The functions mentioned by PMI are, identifying and developing project management methodologies standards and best practices; coaching, mentoring, training, and oversight; developing and managing project policies, procedures and templates; monitoring compliance with project management policies and standards through project audit; managing shared resource and coordinating communication across projects.

#### **2.4 Successes Factors for PMO**

Establishing and operating a PMO entails a significant cost for the parent organization. For such reason and due to the expectation that the establishment of PMO can bring project success, PMOs are expected to bring tangible, repeatable and long term benefits. Various studies identified benefits of deploying a PMO. Liu & Yetton, (2007) found that establishing a PMO can increase project performance by contributing to improved capabilities to manage different projects especially in high-task-uncertainty environments like IT. Rad and Levin (2002) identified that PMOs can benefit the host organization to attain formalized and consistent project management through improved management of cost, schedule scope and resource.

Studies (Kutsch, 2015) showed that despite the rise in their establishment, PMOs tend to be unstable. Surveys showed that the average age of PMOs is approximately two years (Aubry, *et al*, (2011)).

For a PMO to function properly, some factors are considered crucial. The widely claimed work of (Pinto & Slevin, 1987) identified 10 key factors for PMO implementation.

- Clearly defined project mission, goals and general directions.
- Top management support in providing the necessary resource and authority/ power.
- A detailed project schedule plan of the individual actions.
- Active communication, consultation, and active listening to all impacted parties.
- Recruitment, selection, and training of the necessary personnel for the project team.
- Availability of the required technology and expertise to accomplish specific technical tasks.

- Client acceptance
- Timely provision of monitoring and feedback
- The provision of an appropriate network and necessary data to all key actors.
- Ability to handle unexpected crises and deviations from plan.

## II. Empirical Evidences

Singh *et al*, (2009) identified 13 PMO implementation challenges. The study first identified 34 PMO implementation challenges through a Delphi Techniques and narrows those in to 13 by selecting only the most important ones. The 13 PMO implementation challenges that the study identified were:

1. Rigid corporate culture and failure to manage organizational resistance to change
2. Lack of experienced project managers and PMO leadership
3. Lack of appropriate change management strategy
4. Failure to design a PMO around a company's specific needs
5. Lack of stakeholder commitment to common methodology and tools for the PMO
6. Poor definition and communication of PMO goals and purpose
7. Lack of full support of the senior management and various stakeholders to the PMO
8. Role, authority, and responsibility of the PMO is poorly defined or understood
9. Lack of defined scope and size of PMO implementation
10. Failure to align PMO implementation strategy to organizational strategy
11. Difficulty in evaluating the effectiveness of PMO in the organization
12. Lack of training and communication on PMO implementation to all stakeholders
13. Difficulty in staffing PMO with most experienced personnel

Top three of these challenges are rigid corporate culture and failure to manage organizational resistance to change; lack of experienced Project Managers and PMO leadership and lack of appropriate change management strategy.

Study conducted by Salamah & Alnaji (2014) identified various PMO challenges which include:

1. Lack of a defined project management methodology
2. Not tracking project's resources hours and utilization
3. Project managers not managing all aspects of projects

4. PMO is not empowered to make needed decisions
5. Resource contention
6. Project managers managing several projects simultaneously
7. Lack of executive and top management support
8. Ad-hoc projects prioritization and tasks assignments
9. PMO is only being a process controller and regulator
10. Rigid project management methodology

Based on this study, the top challenges crippling PMO performance were:

1. Lack of a defined project management methodology
2. PMO was not empowered to make needed decision
3. Conflicting projects prioritization
4. Ad hoc projects and tasks assigned to resources
5. PMO only being a process controller and regulator
6. Lack of executive and top management support

Many other studies discussed PMO from the success factor point of view. PMO critical success factors are those factors that contribute to the success of the Project Management Office. Absence or lack of these critical factors can result in the failure of the PMO.

(Ofori, 2013) discovered critical success factors of project management from developing countries perspective. The result of Ofori's study showed that; clarity of overall project mission and goals; top management support; well-laid out specifications; competency of project personnel; effective consultations with stakeholders; effective communications; adequacy of contingency plan; and client and Beneficiary satisfaction are critical factors in project implementation.

These are not the only literatures that describe critical success factors. Alias et al. (2014); developed a conceptual framework regarding the critical success factors that affect project performance. Accordingly, the study identified five variables of project performance namely, Project Management Action, Project Procedures, Human Factors, External Issues and Project Related Factors.

**Project Management Actions:** focus on the communication system, planning effort, developing an appropriate organization structure, implementing an effective safety program, implementing an effective quality assurance program, and managing and control of subcontractors' works

**Project Procedures:** include the procurement and tendering methods and strategies.

**Human Factors:** involve client's experience, nature of client, size of client's organization, client's emphasis on low construction cost/ high quality of construction/ quick construction, and client's ability to brief including to make decision; to define roles; contribution to design; contribution to construction.

**Project Related Factors:** focus on the project type, the nature and complexity of project and also the size of the project.

**External Issues:** include factors such as economic, social, political issues, physical, and technology advance.

According to Alias et al. (2014); identifying the variables of project performance will help in determining critical success factors for successful of project management practice.

Terlizzi, Meirelles & Cesar de Moraes, (2016); conducted study to identify the barriers to the use of an IT Project Management Methodology in a financial institution. The study put the definition of Project Management Methodology set by various literatures like PMI and Charvat as a set of guidelines and principles that can be tailored and applied to a specific situation Charvat (2003) or a system of practices, techniques, procedures, and rules used by those who work in a discipline PMI (2013). According to this study, the five main factors that make the use of Project Management Methodology difficult were: (1) Very tight project deadlines; (2) Working as both a developer and a project manager; (3) working simultaneously on several projects; (4) Difficulty using the Project Management Software; and (5) A lack of knowledge of the Project Management Methodology.

Andersen *et al.* (2007) conducted a research with the objective of establishing an insight into best practices in establishing and operating PMO. They choose large organizations (Organizations of at least 1000 employees) for the benchmarking study. Their research finding showed that the PMO success factors of the benchmarked companies were co-location of the project teams; inclusion of senior project management competence in the PMO to give it credibility; the flexibility and dynamic nature of the PMO and prioritizing the right projects.

### III. Conceptual Framework

The discussion made so far on Project Management Office showed that a PMO is a management structure that works towards bringing projects to successful completion. It performs various functions starting from the simple task of providing minor assistance to project manager and project team to the major task of directly managing and controlling the projects. PMO can be classified in to various types based on its capacity of handling the management of projects. But no matter what level it lays, or what functions it performs, a PMO itself should be successful before it becomes an instrument for success of projects. Since establishing a PMO is not a guarantee for project success, organizations need to make every effort to make the PMO success.

The success of PMO depends on many factors. These factors are so critical for the PMO in such a way that they have power to force the shutdown of the PMO.

Some studies discussed in this chapter tried to identify factors whose presence bring positive result in the success of the PMO. For example, top management support is a critical success factor in such a way that full and proper support from the top management contributes for the success of the PMO. On the other hand, the absence of this factor negatively affects the PMO.

As opposed to the studies which identify the critical success factors, other studies discussed in this chapter identified factors (challenges) whose presence may lead to the failure of PMO. Same example can be forwarded i.e. if the PMO fail to get the necessary support from the top management, its failure become apparent and certain.

Hence, discussing about PMO challenges and PMO critical success factors can be regarded as talking about two sides of a coin. I.e. identifying the variables that are critical for PMO success can enable to identify the challenges of implementing a PMO.

Different kinds of PMO critical success factors and challenges were identified from the empirical literatures discussed in this study. Table 2.1 summarizes the empirical literatures. From the lists of critical success factors and challenges mentioned in Table 2.1, one can see that some factors were mentioned more than once and the other factors were similar I context. Therefore the researcher narrowed down the list by combining the similar factors and eliminating the repetitions in order to come up with a list of variables which will be used to conduct the data collection. Accordingly, the two major variables extracted from Table 2.1 are **Internal Factors**

and **External Factors**. For the purpose of this study, Internal Factors are factors that are within the control of the PMO, and External Factors are those factors that the PMO does not have control. The researcher further classified the Internal Factors in to three as:

1. PMO related factors
2. Project Management related factors and
3. Project related factors

For the purpose of this study, these three Internal Factors are described as follows:

- 1. PMO related factors:** include clear definition of mission, goal, purpose and authority of the PMO, clearly defined scope and size of PMO implementation, flexibility and dynamic nature of the PMO and strategic importance of the PMO.
- 2. Project Management related factors:** include clearly defined and flexible project management methodology, standardized project management tools and techniques procedures, support of the top management and stakeholders, proper utilization of project resource, competency of project managers and project personnel, availability of expertise, suitable monitoring and evaluation mechanism, effective use of project team, appropriate change management strategy, effective communication, client and beneficiary satisfaction, availability of proper data management and repository.
- 3. Project related factors:** include project type, the nature and complexity of project and also the size of the project, managing several projects simultaneously, and availability of project selection mechanism.

Table 2.1 PMO critical Success Factors and Challenges from Previous Literatures

No.	Reference	Critical success factor/challenge
1	Pinto & Slevin, 1987	<ul style="list-style-type: none"> <li>• Clearly defined project mission, goals and general directions</li> <li>• Top management support</li> <li>• A detailed project schedule plan of the individual actions</li> <li>• Active communication, consultation, and active listening to all impacted parties</li> <li>• Recruitment, selection, and training of the necessary personnel for the project team</li> <li>• Availability of the required technology and expertise</li> <li>• Client acceptance</li> <li>• Timely provision of monitoring and feedback</li> <li>• The provision of an appropriate network and necessary data to all key actors</li> <li>• Ability to handle unexpected crises and deviations from plan</li> </ul>

No.	Reference	Critical success factor/challenge
2	Singh et al, 2009	<ul style="list-style-type: none"> <li>• Rigid corporate culture and failure to manage organizational resistance to change</li> <li>• Lack of experienced project managers and PMO leadership</li> <li>• Lack of appropriate change management strategy</li> <li>• Failure to design a PMO around a company's specific needs</li> <li>• Lack of stakeholder commitment to common methodology and tools for the PMO</li> <li>• Poor definition and communication of PMO goals and purpose</li> <li>• Lack of full support of the senior management and various stakeholders to the PMO</li> <li>• Role, authority, and responsibility of the PMO is poorly defined or understood</li> <li>• Lack of defined scope and size of PMO implementation</li> <li>• Failure to align PMO implementation strategy to organizational strategy</li> <li>• Difficulty in evaluating the effectiveness of PMO in the organization</li> <li>• Lack of training and communication on PMO implementation to all stakeholders</li> <li>• Difficulty in staffing PMO with most experienced personnel</li> </ul>
3	Salamah & Alnaji, 2014	<ul style="list-style-type: none"> <li>• Rigid or lack of a defined project management methodology</li> <li>• Not tracking project's resources hours and utilization</li> <li>• Project managers not managing all aspects of projects</li> <li>• PMO is not empowered to make needed decisions</li> <li>• Resource contention</li> <li>• Project managers managing several projects simultaneously</li> <li>• Lack of executive and top management support</li> <li>• Ad-hoc projects prioritization and tasks assignments</li> <li>• PMO is only being a process controller and regulator</li> </ul>
4	Terlizzi, Meirelles & Cesar de Moraes, 2016	<ul style="list-style-type: none"> <li>• Very tight project deadlines</li> <li>• Working as both a developer and a project manager</li> <li>• working simultaneously on several projects</li> <li>• Difficulty using the Project Management Software</li> <li>• A lack of knowledge of the Project Management Methodology</li> </ul>
5	Ofori, 2013	<ul style="list-style-type: none"> <li>• clarity of overall project mission and goals</li> <li>• top management support</li> <li>• well-laid out specifications</li> <li>• competency of project personnel</li> <li>• effective consultations with stakeholders</li> <li>• effective communications</li> <li>• adequacy of contingency plan</li> <li>• client and Beneficiary satisfaction</li> </ul>
6	Alias <i>et al.</i> , 2014	<ul style="list-style-type: none"> <li>• Project Management Action,</li> <li>• Project Procedures</li> <li>• Human Factors,</li> <li>• External Issues</li> <li>• Project Related Factors</li> </ul>
7	Andersen <i>et al.</i> , 2007	<ul style="list-style-type: none"> <li>• co-location of the project teams</li> <li>• inclusion of senior project management competence in the PMO</li> <li>• Flexibility and dynamic nature of the PMO</li> <li>• Prioritizing the right projects</li> </ul>

Based on the theoretical and empirical literatures discussed so far, a conceptual framework is developed for this study.

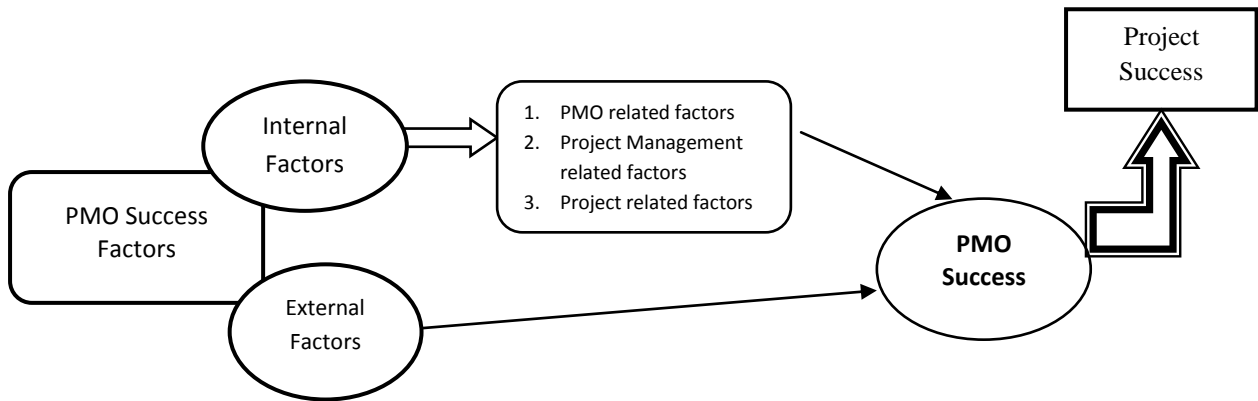


Figure 2.1 Conceptual Framework

### Literature Conclusion

In this chapter, attempt has been made to present the conceptual and empirical concepts of PMO presented by various literatures. The chapter addresses the meaning, type and functions of PMO. In addition, it discusses the success factors of PMO and specifically discusses how various literatures addressed the influence of project management skill on project management office.

## **Chapter Three**

### **Research Design and Methodology**

#### **3.1 Introduction**

This chapter deals with the research design and methodology used in this paper to conduct the research. It discusses the source of data, the data collection method, and data analysis technique used in this study.

#### **3.2 Research Design**

Research design is the general plan of how research question(s) will be answered. (Saunders, *et al* 2009). There is no single way of conducting a research. Research design depends on many factors such as research topic, audience of the research, time and resource availability and practical considerations like access to people and information. (Martelli (Dr) & Greener (Dr), 2015)

To conduct this project work, a qualitative research method is selected. Qualitative research method is concerned with a quality of information and attempt to gain an understanding of the underlying reasons and motivations for actions and establish how people interpret their experiences and the world around them. Qualitative methods provide insights into the setting of a problem, generating ideas and/or hypotheses. (MacDonald & Headlam, (n.d))

The research approach adopted for this study is descriptive research approach. By having a functionalist research paradigm, this study attempts to explore a solution for the research questions.

#### **Source of Data and Data Collection Method**

The source of data used for this study is both primary and secondary. Primary data was collected using semi structured interview. Semi-structured interview technique follows a framework in order to address key themes rather than specific questions. At the same time it allows a certain degree of flexibility for the researcher to respond to the answers of the interviewee and therefore develop the themes and issues as they arise. (Ibid)

The interview was made with the Director of the PMO, four project managers who are assigned on various IT projects in the PMO and two project team leaders who are currently working in different IT projects. In addition to the primary data, secondary data was collected through document review. Using these two different data collection methods helps to understand the factual picture from different directions.

### **3.3 Population of the Study and Data collection**

The Program Management Office of Commercial Bank of Ethiopia is managed and lead by one manager having a job title of Director-Project Management Office. Under the Director; there are 6 departments namely Interest Free Banking (IFB) Systems Implementation Project; Training and Rollout; Project Manager; Enterprise Resource Planning (ERP) Implementation Project; Overseas Branch Opening Project; Outsourcing Management; Construction Project and Ethics & Anti-Corruption Office. These departments have more than 100 personnel working in various technical, professional and administrative positions. IFB System Implementation project, Enterprise Resource Planning (ERP) Implementation Project, Customer Relationship Management System Project; Electronic Document Management System Project are some of the IT projects run in the PMO. Since the focus of these research paper is the on the IT projects supervised by the PMO, the data was collected from these branches of the PMO. The interview questions were forwarded to the Director of the PMO, four project managers and two project team leaders. The IT projects that the PMO oversee are located in different locations because the main office of the PMO could not accommodate all the staffs.

The semi structured interview has 6 parts. Part one provided questions regarding general information about the Program Office. Part two up to five of the interview questions were allotted to forward questions relating to the research questions, particularly about PMO, project management and project related factors as well as external factors. In part 6 questions which were focused on the ranking of the challenges of the Program Office were forwarded.

Regarding the secondary data, the organizational structures of the bank as well as the organizational structure of the Program Management Office were reviewed. In addition, documents which described each of the IT projects that are currently under way were reviewed.

### **3.4 Data Analysis**

The data collected from interview was analyzed and interpreted using descriptive analysis technique. Based on the conceptual framework, the internal and external factors and the challenges of the PMO in light of these two factors were examined. In addition, these issues were examined from the theoretical perspective and challenges of the Program Management Office were identified. Lastly the challenges were ranked based on the interviewees' response and top challenges of the PMO were identified.

### **3.5 Ethical Issues**

Before answering the questions, the interviewees were informed and assured that the research is conducted purely for educational purpose and the confidentiality and anonymity will be maintained. Prior permission was obtained for reviewing the document available at the PMO. And assurance has been given that the research data will not be used for new purpose other than for this research.

## **Chapter Four**

### **Results and Discussion**

This section of the chapter presents the findings from the data collected through interview and secondary source. The chapter starts with presenting the major findings obtained from the interview regarding the Program Office. It specifically discussed about the establishment, overall structure and major functions of the PMO.

The qualitative data that was collected through interview was analyzed to answer the research questions and to meet the research objectives set in chapter one of this study. The general and specific objectives of the research were to identify the challenges of implementing a PMO in Commercial Bank of Ethiopia; to rank the top challenges and to find ways to address the problems. Accordingly; this chapter begins by discussing the findings about the type, functions and work process of the PMO and continue the discussion on the findings about rest of the research objectives.

#### **4.1 General Information about the Program Management Office**

According to the interviewees, the Program Management Office of Commercial Bank of Ethiopia was established in 2010 following the Bank's top management decision to introduce various types of modern banking services. During the time, the Bank set a 5 year strategic objective of increase the level of customer satisfaction through initiatives such as increasing branch accessibility; improving service delivery time and introducing new and improving existing banking service technologies. The Core Banking System project (connecting all the branched of the Bank through network) was one of the projects initiated to achieve the objective and the Program Management Office was established for the better handling and managing of the Core Banking and other similar projects.

The PMO currently oversee various IT Projects. Some of the projects are Enterprise Resource Planning (ERP); Customer Relationship Management System (CRM); Anti Money Laundering (AML) Project; Learning Management System (LMS) Project; Electronic Document Management System; Information Technology Infrastructure Library (ITIL) Framework; Upgrading Core and Card Banking systems; IFB System, Implementation Project.

The personnel working in the IT projects were assembled from various functional departments of the bank depending on the nature of the projects. For example for IFB (Interest Free Banking) Implementation System Project, the personnel assigned to the Program Office came from the Information Systems Department, Interest Free Banking Department; Human Resource Department and other departments of the bank. The personnel are assigned to the projects on temporary basis from the planning until the closing stage of the particular project.

#### **4.1.1 Organizational Structure of the PMO and PMO Personnel**

The Bank's top decision making organ is the Board of Director. The president run the overall activities of the Bank and has authority to give decision on issues that do not require the involvement of the Board. The Bank uses corporate decision making structure. The process council is the organ of the Bank that passes decisions on the overall operations of the Bank. The process council composed all the process owners of the Bank's Core and Support processes as a member. (The Organization Structure of Commercial Bank of Ethiopia is annexed in the appendix section of this paper.)

The Program Management Office is structured based on the number of underway projects. The PMO is accountable to the President. The Office submits report about the status of ongoing projects to the president bi-monthly and PMO-Director make presentation to the process council every 15 days regarding all issues involved around the projects. The Director of the PMO gives decision on all project issues and present issues that are beyond his capacity to the bank's president. Figure 4.1 depicted below shows the organizational structure of the PMO. This structure can change as new projects are introduced and as currently run projects come to an end.

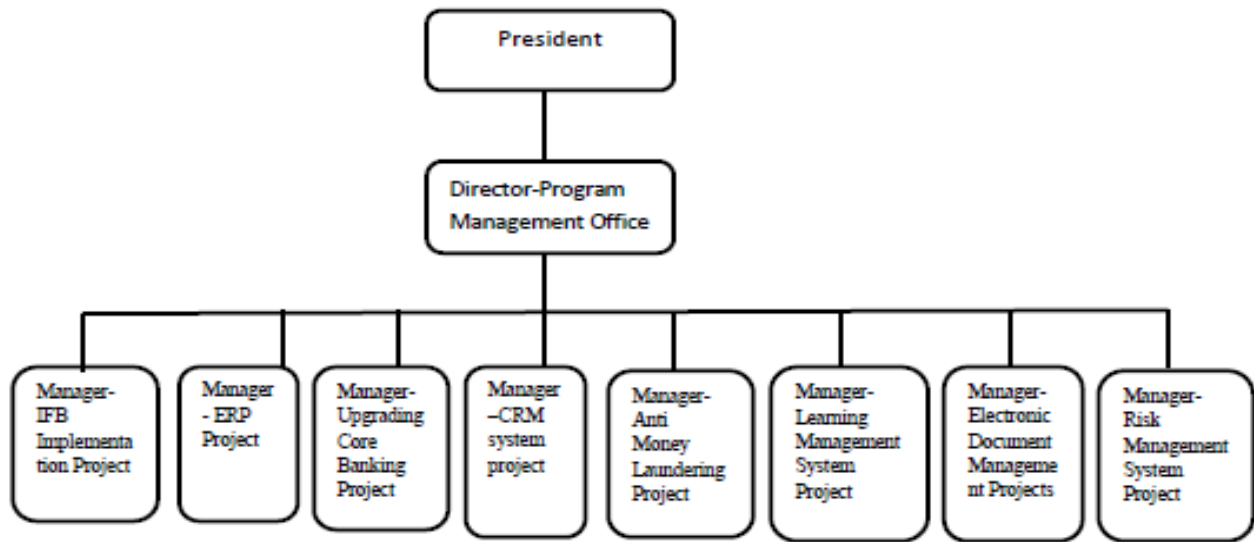


Figure 4.1 Program Management Office- Commercial Bank of Ethiopia

Due to the temporary nature projects and due to the fact that each PMO personnel, except the administrative staffs are assigned to the project office from the beginning to the end of a project. The PMO personnel are selected to a particular project based on recommendation. When a new IT project is initiated, the department of the bank that will be the end user of the project will make deliberation with other departments that will assign staff to the project on who should involve in the project and the number of personnel. Up on the discussion, each department will select and notify the staff that will be assigned to the project.

#### 4.1.2 Customers of the PMO

Each departments of the bank are the customers of the Program Management Office. On the other hand, the PMO require the service from the following internal and external parties.

##### **Internal:**

- ❖ **Human Resource Department-** Facilitating the transfer of staff from the functional departments to the project and from the project back to the functional departments.

- ❖ **Legal Service-** Preparing or reviewing contracts to be signed between the PMO and the software company.

**External:**

- ❖ **Ethio-Telecom-** Providing network.
- ❖ **Ministry of Labor and Social Affairs** – Preparing a work permit to expatriates coming to the country for consultancy by representing the software company.

## **4.2 PMO Related Factors**

### **4.2.1 Functions of the PMO**

According to the interviewees, the major function of the Program Management Office of CBE is controlling and overseeing CBE projects from the start to the end. By looking the functions of the PMO, it can be concluded that it is Directive type of PMO as it takes control of the projects by directly managing them. The functions of the Program Management Office include:

- Ensuring delivery of projects on time and within budget.
- Communicating the activities of the PMO and the progress of projects to the banks management
- Performing the traditional management functions of planning the activities of the Office, staffing the PMO with appropriate personnel, control and monitor the overall activities done in each projects
- Solving problems encountered by the project managers and the project team
- Negotiating with software companies
- Making communications among projects efficient
- Accepting and reviewing status reports send form each projects

According to the Director of the PMO; the office has significant role in the strategic objective of the bank. One of the 5 years (2016-2020) strategic objectives of the bank is finalizing and institutionalizing various IT projects. The Office of Strategy Management of the bank actively follows up the operations of the PMO and the progress of each IT projects.

#### **4.2.2 The PMO work Process**

The PMO's work process begins by accepting software purchase or software development request from various departments of the bank. Whenever the bank's departments (Processes) make such request, they present their software need to the president of the bank. The request will be analyzed by the president's office and if it passes the preliminary analysis, the request will be presented to the Process Council for deliberation.

If decision is made by the Council to purchase the software, formal letter of communication will be sent to the Program Management Office (PMO). The PMO shall then begin the Projects Life Cycle.

The first step the PMO do is gather sufficient information by contacting the departments that will involve in the project. These departments include the Office of Strategy Management, Finance, Human Resource and the department to which will be the end user of the software to be purchased. These departments together with the PMO will decide on various issues about the project including the following:

- Who should be the project manager
- The number and qualification of the project team
- The duration of the project
- The project budget
- The specific features and functions the software is expected to have.

The decisions will be put to effect after the approval of the process council.

After the initiation and planning stages completed, the PMO starts the staffing process by sending formal request to the bank's HR department to facilitate the staff transfer from the functional units to the project. The PMO also requests the functional departments to temporarily release those staffs that are selected to the project.

After the completion of project team establishment, the procurement process starts. At this stage request for proposal is issued to potential vendors; the proposal of the vendors will be accepted, each offer will be evaluated; the best offer will be selected; contract will be awarded to the winner. Based on the contract, the software company sends a consultant who will provide

professional assistance in the software installation, initiation, testing until the implementation of the system.

The project will be closed after the PMO completed the testing process; conducted user acceptance test; prepare user training manual; conduct end user training and submit the system to the requesting department. The end user of the system is the department that made the request for the software purchase. But the authority of administering the system will be given to the Information Systems Department of the Bank.

The Project Life Cycle of an IT project of CBE is depicted in the following diagram.



Figure 4.2: Project Life Cycle of IT Project-Commercial Bank of Ethiopia

Source: Researcher's own survey

### **4.3 Project Management Related Factors**

#### **4.3.1 Project Management Methodology, Procedures and Tools**

One of the interview questions was aimed to find out the type of methodology used by the PMO and the existence of standard project management procedure and tools in the Program Office. According to the interviewees, the management of each project is undertaken by using a step by step process from the commencement to the end.

On the issue of standardization, the interviewees responded that the Office does not have standard project management tools and each project is handled based on its nature, duration and complexity.

#### **4.3.2 Top Management Support**

According to the respondents, the PMO get the necessary support from the top management. The top management of the bank actively follows up projects managed by the PMO. Consequently, the PMO provide bi-monthly report to the president of the bank on the progress of each project.

The interviewees added that since increasing IT services is one of the key strategic issues of the bank, the top management provides the necessary support to the PMO.

#### **4.3.3 Project Management Competency**

The project managers are selected from the functional departments of the bank. According to the interviewees, the project managers are selected based on recommendation made by a panel consisted of the Director of the PMO, the Human Resource Department, the department of the bank which will be the end user of the software and other departments based on the nature of the project. The project managers are usually selected based on their work experience and educational background. But having project management experience and competency is not a mandatory criterion for selection. The interviewees believe that the PMO can greatly benefit if the project managers gain more project management competency through training.

On the other hand, according to the respondents, the PMO currently have temporary staffs. The project managers and the project team return back to their respective line departments once a project they involved in completed. The permanent employees of the Program Management Office are the administrative staffs the Director of the Office.

#### **4.3.4 Knowledge Management**

As indicated by the respondents, there is attempt in the PMO to keep the project data appropriately so as to ensure future reference but such attempt is not systematic. Also there is no practice of keeping/ documenting lessons learned.

#### **4.3.5 Change Management**

According to the interviewees, since the project manager and the project team are assigned to the PMO from their respective functional departments, the first days or sometimes weeks in the PMO are difficult until they adjust themselves with the environment. In order to reduce the challenges the project manager and project team face in adjusting the PMO and the project environment, training provided to familiarize them with the project and the Program Management Office.

## **4.4 Project Related Factors**

### **4.4.1 Project Selection Mechanism**

The projects that the Bank's PMO oversee are selected by the decision of the top management of the bank. According to the respondents, IT projects are selected based on strategic importance, the cost of the projects and based on their importance. The PMO does not participate in the project selection process. The Office begins its operation when the bank's top management communicates the decision to purchase software.

### **4.4.2 The Nature and Complexity of Projects**

Commercial Bank of Ethiopia is a leading financial institution in various aspects. It is attempting to provide quality service through the use of information technology. However, it does not reach at innovative stage. The bank instead opts to use already developed technologies by purchasing software and systems from innovative companies. Due to this, the PMO is not much affected by the complex nature of projects.

However, according to the interviewees, when the software purchased is complex in nature, the installation and testing process requires more effort than less complex software. The interviewees added that, some of the projects require a large team size. In such case, the team management, resource sharing and overall project management require more effort than other projects.

## **4.5 Challenges of the Program Management Office**

According to the interviewees, the primary challenge the PMO is facing is delivering projects within the agreed time. The failure of meeting deadlines is the contribution of many factors. Some of these factors are:

- Team development takes more time than estimated because the line managers fail to release the selected individuals on time.
- Frequent Network failure slows the project

The other challenges mentioned by the interviewees are:

- The PMO is growing in size and some projects are reallocated to other places to accommodate the team size and working space.
- Setting up the project office for a particular project takes long time due to the slow process of fulfilling the necessary logistics.
- Some of the expatriates assigned by the software company for consulting the PMO and the Project team lack capacity to provide the consultancy service effectively due to lack of experience.

In general, by analyzing the responses of each interviewee and by taking the direct response of the interviewees, the researcher identified the following challenges which the Program Management Office of CBE faces. These lists of challenges are not ranked in any way and the ranking is done in the next part of this chapter.

1. Absence of standardized project management tools and templates
2. Difficulty of staffing the PMO with necessary personnel
3. Lack of experienced project managers
4. Lack of project management training
5. Lack of systematic knowledge management
6. Inefficient communication due to remoteness of office location
7. Failure to capture the knowledge and experience of external consultants
8. Frequent network failure
9. Lack of cooperation form functional departments
10. Delay in providing the necessary materials to newly initiated projects
11. Absence of documenting lessons learned and best practices

As per the conceptual framework set in chapter two of this study, the critical success factors of a PMO are grouped in to two as Internal Factors and External Factors. In view of that, the 11 challenged identified are grouped as follows at Table 4.1.

As can be seen form Table 4.1, only one challenge fall under the category of external factor and the rest are categorized as internal factors.

Table 4.1 Category of the Identified Challenges

Internal Factors	External Factor
Absence of standardized project management tools and templates	Frequent network failure
Difficulty of staffing the PMO with necessary personnel	
Lack of experienced project managers	
Lack of project management training	
Lack of systematic knowledge management	
Inefficient communication due to remoteness of office location	
Failure to capture the knowledge and experience of external consultants	
Lack of cooperation form functional departments	
Delay in providing the necessary materials to newly initiated projects	
Absence of documenting lessons learned and best practices	

#### 4.6 Identifying the Top Challenges the PMO

After mentioning the challenges that are affecting the implementation of the PMO of Commercial Bank of Ethiopia, the interviewees were asked to identify the three most important challenges i.e. those challenges that are negatively affecting the PMO

Out of the 7 respondents participated in the interview; all of them include the frequent network failure as one of the most important challenge. Failure to capture the knowledge and experience of external consultants is the other challenge which is mentioned by five of the seven respondents. The third mostly mentioned challenge is absence of training management training. Four of the seven respondents mentioned it as the most important challenge.

#### 4.7 Discussion

Each project is managed by using a serious of consecutive stages (linear process). Hence the PMO follow a traditional project management methodology. In addition to traditional methodology for managing projects, some literatures identified various project management methodologies that can be use like Adaptive Project Framework, Agile Software Development, Crystal Methods, Dynamic Systems Development Model and others. (Available at [http://www.tutorialspoint.com/management\\_concepts/project\\_management\\_methodologies.htm](http://www.tutorialspoint.com/management_concepts/project_management_methodologies.htm))

[Accessed 22 June, 2017]). Therefore, the bank's PMO can use these methodologies for more efficient project management.

As stated in second chapter of this study, many literatures pointed out that one of the benefits of establishing a PMO is to standardize the project management activities. Standardization can help to create steady work flow. Project manager and project team can easily capture the project activities if standard tools and templates are put in place. It can also help to continuously improve project management process.

Some project activities are repetitive. The PMO currently engaged in repetitive project activity. I.e. it purchases software from software companies. Thus, in order to make its operation effective, it needs to use various templates like Work Breakdown Structure, Risk Mitigation Plan, vendor solicitation strategy and other tools and templates. If the templates are kept and documented properly, they will have great benefit for future projects.

A PMO is expected to increase the chance of successful completion of a project. In this regard, it is expected to assist the project manager and the project team in the management of projects and in conducting the project activities respectively. In order to provide such support, a PMO should be staffed with experienced and competent staffs. These personnel can be hired on temporary or permanently but are expected to be available to assist the project manager and the project team. Based on the functions of the Program Management Office of CBE, it can be concluded that this PMO is a Directive type of PMO. Hence the office is expected to among other things provide consultation service, adopt templates, identify project risks and employee risk management mechanism, set standards, preparing training modules and provide training to project managers and if necessary to the project team and making sure that all the necessary project documents are kept properly and accessible. With its current human resource, the Bank's PMO is not in a position to provide all the activities mentioned here. Therefore hiring experienced personnel should be given due attention.

All project data needs to be collected, stored and shared. All the critical project management experiences, issues, skills of the project personnel and documents (like contracts, reports templates e.t.c.) should be analyzed and kept properly. A properly stored project data can later be used to train new PMO staffs and to assist in decision making. The information storage can be

automated to make the retrieval and sharing easier. Therefore CBE's Program Management Office must make sure:

- i. The project data is kept systematically
- ii. The availability of project knowledge repository
- iii. Availability of effective knowledge sharing
- iv. The practice of documenting lessons learned from completed practices

This research study was conducted with the objective of identifying the challenges of PMO of Commercial Bank of Ethiopia and to rank the identified challenges. From the interview, 11 PMO implementation challenges were identified. The interviewees were asked to put the three most important challenges. The ranking made by the interviews is done based on the perception of the interviewees.

The researcher argued that when the identified challenges are seen from different perspective, the rank given by the respondents can change. Some of these perspectives are findings of the study, the theoretical overview and the long term implication of the challenges on the PMO. Accordingly, from the stand point of the researcher, the top challenges of the PMO are:

1. Difficulty of staffing the PMO with necessary personnel
2. Lack of systematic knowledge management
3. Absence of standardized project management tools and templates
4. Absence of documenting lessons learned and best practices
5. Frequent network failure

## **Chapter Five**

### **Conclusion and Recommendation**

In this research paper, the researcher sets the objective of identifying the challenges of implementing a PMO in Commercial Bank of Ethiopia and forwarding recommendation based on the findings. This chapter provides the conclusion to the study and forwards recommendations.

#### **5.1 Conclusion**

Knowing the challenges that are hindering the implementation of the PMO can enable it to address them properly. From the findings identified in the previous chapter, the study concludes that both internal and external factors are affecting the implementation of the PMO of Commercial Bank of Ethiopia. In the attempt to identify the implementation challenges of PMO, this study slightly contributed by identifying PMO implementation challenges in projects undertaken by financial institutions.

This study identified a list of 11 PMO implementation challenges. Some of the challenges have a short term effect while majority of the challenges have long term effect on the success of the PMO.

The top five challenges identified were (1) difficulty of staffing the PMO with necessary personnel (2) lack of systematic knowledge management (3) absence of standardized project management tools and templates (4) absence of documenting lessons learned and best practice and (5) frequent network failure.

#### **5.2 Recommendations**

Based on the study findings, the following recommendations are forwarded.

- The PMO need to hire permanent PMO staffs to conduct the basic PMO activities.
- Organizational knowledge adds long term benefit. Therefore, the PMO should take the necessary steps for knowledge management to make sure the necessary project documents and data are kept. There should also be a system to make information sharing and data retrieval effective.

- Even though projects vary in terms nature, cost and timeline, lessons learned from one project can be incorporated to other project to make decision making easier and to avoid similar error. Therefore, the PMO should work on regularly documenting lessons learned.
- Project management training should be provided to the project managers before being assigned to work on projects to build core project management skill. Hence the PMO must make sure to incorporate training as part of the plan.
- The PMO should also work on developing standardized tools templates to create a consistent project management experience and a common language understood by the project team.
- The PMO need to communicate the line managers in the earliest possible time and create regular communication with the line departments to keep the informed about the nature of the project and the timeline allocated to complete the project.

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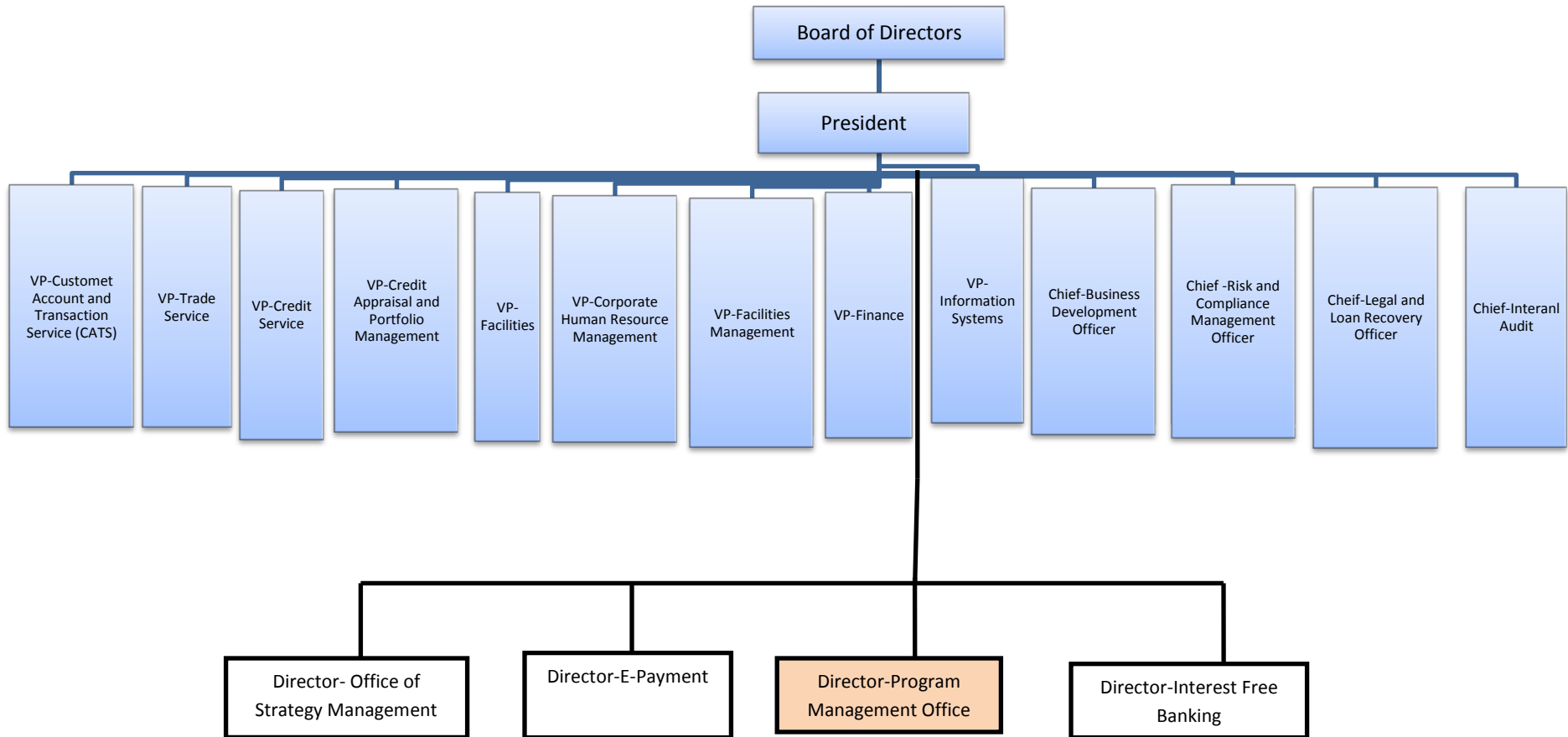
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## Appendices



Organizational Structure- Commercial Bank of Ethiopia

**Addis Ababa University**  
**School of Commerce Graduate Studies Program**  
**Department of Project Management**

**Interview Guideline**

I am a post graduate student at Addis Ababa University School of Commerce at the department of Project Management. I am currently doing a research about the challenges of implementing a Project Management Office. The objective of this interview is to collect data regarding the challenges the PMO of Commercial Bank of Ethiopia face and to rank the most important challenges. You are here by kindly requested to answer the questions listed below sincerely. The data collected from the interview and the result of the survey will be used strictly for an academic purpose and will be kept confidential. Thank you in advance for taking your time to answer the questions.

Ethiopia Tamene

Job Position in the PMO.....

**Part One: General Information about the Project Office**

1. Year of establishment of the PMO
2. To Whom the PMO reports to?
3. The overall structure of the PMO?
4. Total number of staff working in the PMO/project
  - Full Time..... Part Time.....
5. Level of education and area of expertise of the staffs?
6. Are there outsourced job positions? And why are the jobs outsourced?
7. Who are internal and external clients of the PMO? And from which departments of the bank does the PMO get services? Like HR; Information Systems, Legal Service e.t.c.
8. What are the current IT projects Oversee by the PMO? And the current status/progress?

Part 2: Questions on PMO related factors

1. What are the functions of the PMO, its level of authority, goal and decision making power?
2. What is the work process of the PMO?
3. How important is the PMO to the Bank strategically?
4. What are the challenges of the PMO on its operation especially related to its mission, goal and purpose, on decision making?

Part 3: Questions on Project Management related factors

1. Are there standard project management methodology, procedures and tools to manage projects?
2. How do you describe the relation between the PMO and top management of the bank? How about with the various functional departments of the Bank?
3. What are the project management areas that the project managers need to develop their competency level? Do you believe that the PMO has the necessary expertise? What mechanisms do you utilize to use the project team effectively?
4. What is the current communication system of the PMO? What about the data management and repository practice? Is there proper documentation of lessons learned?
5. What is the change management strategy of the PMO?
6. What is the major challenge you think exist for POM in terms of project management?

Part 4: Questions on Project related factors:

1. Is there project selection mechanism put in place?
2. How do you describe the nature and complexity of projects that are currently managed by the PMO?
3. What challenges does the PMO encounter due to managing several projects simultaneously?

Part 5: Questions on External factors:

Are there challenges the PMO face that are external to the Bank?

Part 6: concluding questions

1. Of the various challenges mentioned above, which are the three most serious ones?
2. What actions does the PMO take to overcome or reduce the impact of the various types of challenges it is facing?

**Thank You for Your Cooperation**