

2021 Strategic Roadmap for the PMO

By Daniel Stang, Lorri Callahan, Sarah Davies,
Robert Handler, Anthony Henderson,
Lars Mieritz, Elise Olding, Mbula Schoen

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By Analysts [Daniel Stang](#), [Lorri Callahan](#), [Sarah Davies](#), [Robert Handler](#), [Anthony Henderson](#), [Lars Mieritz](#), [Elise Olding](#), [Mbula Schoen](#)

Initiatives: [PMO Evolution for Digital](#)

PMO leaders are challenged with stagnating PMOs that rely too heavily on their original premise and purpose. PMO leaders must evolve the PMO to be a proactive, strategic organization that enables value contributions through aligned investments and adaptive, continuous delivery.

Overview

Key Findings

- PMO leaders manage PMOs that are facing increased demand, and yet they are not adapting to the pace necessary to keep up with the needs of an evolving enterprise.
- PMO leaders and the PMOs they manage are constrained in their ability to evolve because they do not transcend legacy organizational styles and operating models.
- PMO leaders must evolve their PMOs to be more dynamic. The ability to do so hinges on the PMO leader's ability to drive effective, continuous adaptation and change matching the needs of an evolving enterprise.

Recommendations

Project management office (PMO) leaders evolving their domain PMO away from a directive role and toward a dynamic role must:

- Update the demand intake criteria by establishing active strategic business and technology partnerships to optimize value delivery.
- Redefine their value proposition by updating their services, roles and engagement models to reflect the enterprise transformational changes occurring in the domain they serve.
- Modernize their use of enabling technology by introducing new technologies for portfolio management and execution — ones that promote strategic portfolio decision making and enable adaptive project and work execution.

Strategic Planning Assumptions

By 2025, 75% of all PMOs will dynamically evolve, with each step in evolution being based on guidance by business leaders responsible for pursuing strategic enterprise objectives.

By 2025, 75% of all PMO value measures will be based on strategic business value, rather than on project execution efficiency.

By 2025, 60% of large enterprises will create supplementary, built-for-purpose PMOs, especially in areas such as cybersecurity or to scale agile approaches.

By 2025, dynamic PMOs will use predictive analytics, enabled by their own citizen data scientists, to deliver improved insights and results for digital business.

Analysis

The PMO is not a new concept (see Note 1). Business leaders have created (and sometimes disbanded) and restructured PMOs for decades. The PMOs in today's enterprises have a new opportunity — to help the domains they support adapt to the needs of the enterprises they serve. These enterprises are heavily engaged in digital transformation, harvesting the benefits of digital business investments, and scaling their ability to respond to external market demands.

But PMO leaders and their PMOs are in a state of flux. Enterprises want flexible models that enable safer engagement in risky business investments, while business leaders want continuous delivery, value creation and proactive insights from contributing domains.

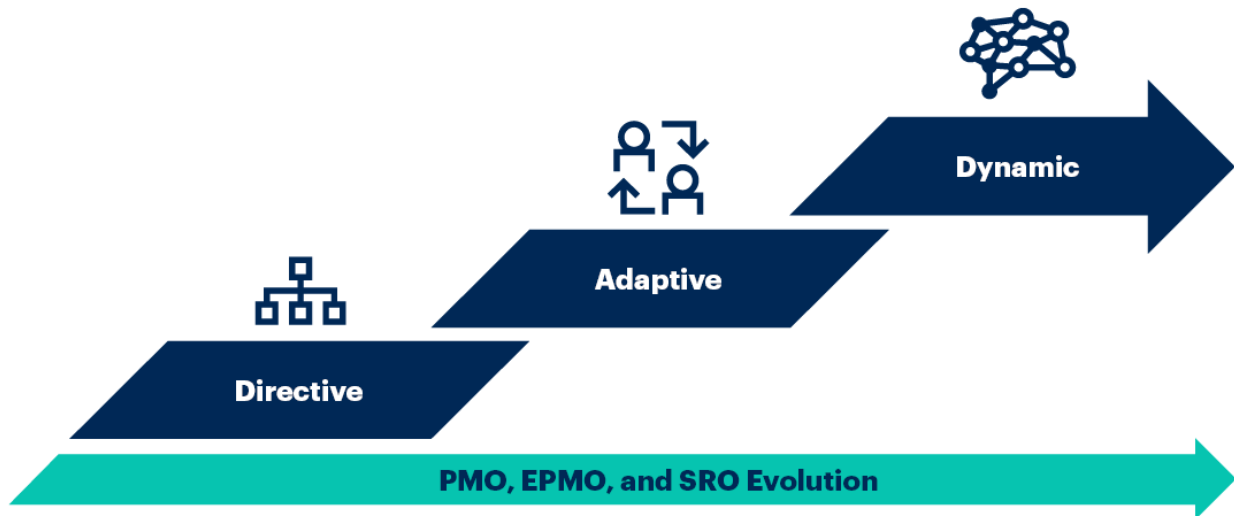
The PMO must evolve, and even reinvent itself. It must do so to address both of these types of enterprise needs, and to fully support the evolving business it serves.

A holistic vision and evolution for program and portfolio management (PPM) offers a solution (see Figure 1). The evolution applies to two different types of PPM organizational models: the domain PMO and the enterprise portfolio management office (see [The EPMO Leader's First 100 Days](#)).

Although these models are different, they are bound to the same stages of PPM evolution. This research provides a strategic roadmap and timeline for the PMO.

Figure 1. PMO Evolution

Program and Portfolio Management Evolution



Source: Gartner
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Gartner

The strategic evolution of a PMO typically begins with a recognition that the PMO relies too heavily on an established command-and-control approach (the Directive stage of maturity). This directive approach creates an overly bureaucratic model for managing programs and projects. This model does not match the time-to-value expectations of the business.

When business leaders need continuous delivery and faster responses from the PMO, their view of the directive approach sours. The PMO then attempts to adapt this directive approach to support continuous delivery (the Adaptive stage of maturity). To evolve to a more adaptive state, PMOs adopt agile-like principles and approaches to work execution, and encourage higher levels of engagement and collaboration.

A successful, mature PMO will progress through the adaptive stage, taking further steps to shed its directive approach. It will evolve into a value organization that partners, innovates, adapts and executes strategy (the Dynamic stage of maturity).

A dynamic PMO supports the definition, tracking and realization of value in measurable terms. The PMO achieves recognition as a dynamic, value organization only when the business views it as a trusted partner that creates value directly tied to key business objectives and outcomes.

PMO leaders must guide their current PMO toward a pervasive domain-to-business partnership by evolving from directive and adaptive states to an effective, dynamic state using the PMO strategic roadmap and timeline. This research provides the guidance for this journey (see Figure 2).

Figure 2. 2021 Strategic Roadmap Overview for the Project Management Office

2021 Strategic Roadmap Overview for the Project Management Office

Future State	Current State	
<ul style="list-style-type: none"> • Is a recognized value organization. • Has a strategic partnership with business leaders. • Collaborates with business leaders for strategic portfolio management. • Utilizes adaptive and efficient planning and execution. • Extends its sphere of influence beyond the domain in which it resides. • Adopts and uses a repeatable and scalable organizational change methodology. • Uses modern technologies required to support effective planning and multiple methods of delivery. 	<ul style="list-style-type: none"> • Lacks clear identity, value proposition and purpose. • Has no partnership with key business leaders. • Is in a reactive state and overwhelmed with demand and severely constrained supply. • Is constrained by the enterprise's organizational style. • Cannot adapt easily to changing priorities. • Cannot change its sphere of influence, which remains in the domain. • Is missing a repeatable and scalable organizational change methodology. • Uses stagnating portfolio and work management technologies. 	<div style="background-color: #0070C0; color: white; padding: 5px;">Gap</div> <ul style="list-style-type: none"> • Strategic partnership with business leaders. • Understanding of key business strategies and goals. • A collaborative portfolio management process. • Inconsistent communication with business leaders. • Competencies in strategic portfolio alignment and continuous delivery. • Recognition of PMO value contributions by business leaders. • Strategy and tactics for communication and organizational change. • Modern technologies supporting strategic portfolio management and adaptive, continuous execution. <div style="background-color: #00B09B; color: white; padding: 5px;">Migration Plan</div> <ul style="list-style-type: none"> • Establish partnership with key business leaders. • Redefine the PMO with business leaders. • Create a collaborative portfolio management process between the PMO and business leaders. • Enhance competencies matching the PMO's new role and purpose. • Adopt a comprehensive organizational change methodology. • Create, with business leaders, all value based metrics. • Measure value creation with business leaders. • Adopt technologies supporting adaptive portfolio management and continuous delivery.

Source: Gartner
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Future State

The future-state PMO is a dynamic enabler of business value creation. A dynamic PMO focuses primarily on nurturing a critical, continuous domain-to-business partnership. This partnership ensures a solid connection and understanding between business strategy and the contributions the PMO's domain will make to help achieve the business's desired outcomes.

A dynamic PMO ensures links to business strategy and optimal use of the domain's limited resources to achieve the desired business outcomes. With a thorough understanding of what the business wants to achieve strategically, the dynamic PMO can prioritize, plan and deliver contributions supporting the execution of business strategy. A dynamic PMO also uses PPM capabilities to ensure timely delivery and apply effective financial governance.

But what if the business strategy changes? The areas of an enterprise responsible for efficient execution can become confused and distracted, and do not know how to refocus on what is important. This is one of the root causes of why strategies fail to execute. A dynamic PMO can play a role by shifting its priorities, focus and resources when business strategy changes due to business disruptions, new or changing customer needs, or other factors. A PMO can achieve this adaptability to business strategy changes only when it has an established, trusted partnership with business leaders.

As a dynamic PMO ensures the domain delivers contributions that are aligned with business strategy, business leaders can more easily identify and recognize the domain's contributions as valuable. Achieving this level of value recognition from key business leaders demonstrates the criticality of the PMO's capabilities, completing the strategy-to-execution cycle. The dynamic PMO's proficiency in following this cycle consistently enables it to reaffirm, through continuous value creation, its role as a strategic contributor to achieving the business's goals.

Current State

Many PMOs are stagnating and relying too heavily on their original premise and purpose. Other PMOs have stalled in a stage of adaptation as they struggle to meet the needs of enterprises in the midst of transformation.

Executives responsible for executing business strategy rarely view PMOs in this current state as strategic partners. Strategic portfolio management is nonexistent. As enterprises continue to adapt and evolve to harvest and scale digital business, PMOs are reeling from the amount of demand and change funneling down to them. Most PMOs are in a reactive state, trying to keep up with business demands while also managing their own domain's needs. They are struggling to establish reliable disciplines that are very different from the processes and behaviors they once relied on for success.

The directive PMO role and function are often perpetuated by the original and narrow intent dictated by the business, stifling the opportunity for more strategic PMO contributions. Directive PMO engagement is, therefore, often limited to the partnership with the domain in which it resides, and not with the business leaders responsible for achieving strategic objectives.

Directive PMOs recognize this disconnection, but also struggle to gain the attention of business leaders outside of their domain and strike a more productive, strategic partnership. Additionally, some CIOs may impede how PMOs contribute value by mandating PMO roles and responsibilities, rather than engaging in a strategic partnership with the PMO to mold it in ways that will yield business value. PMOs can view these mandates as too rigid, applying too much governance and restricting their ability to be dynamic.

Without a strong business partnership, the directive PMO often struggles to quantify and qualify the business value of its contributions. It is left to try to do so on its own. Too often, directive PMOs rely on efficient project delivery as their main value. But no matter how effective a current-state PMO is at managing a project portfolio, such success does not change the sphere of PMO influence, which remains in the domain.

Gap Analysis and Interdependencies

A PMO can become a dynamic PMO that drives the business value of the domain it supports only if the PMO leader can enable effective, continuous adaptation and change matching the needs of the evolving enterprise (see [Survey Analysis: PPM Leaders Must Enable Constant Change](#)). PMO leaders must, therefore, close the gaps between a current-state and outdated directive PMO and a dynamic PMO to position the PMO as a strategic contributor of business value.

The gaps between a directive PMO and a dynamic PMO include:

- An incomplete or missing strategic partnership with business leaders
- A lack of understanding of key business strategies and desired business outcomes
- No collaborative portfolio prioritization process between business leaders and the PMO
- Inconsistent or missing communication between business leaders and the PMO
- Missing PMO competencies supporting strategic portfolio alignment and continuous delivery
- No strategy and tactics for communication and organizational change
- An inability of business leaders to affirm business value creation from PMO contributions
- A lack of modern technologies supporting strategic portfolio management and adaptive, continuous execution

Directive PMOs typically rely on an engagement focus that is purely execution-based and limited to partnership between the PMO and the domain of which it is a part. Directive PMOs often prioritize and select their portfolio of programs, projects and products without regard for strategic context and the enterprise's overall desired outcomes.

Directive PMOs often base planned use of limited time, people and money on the ability to source and execute the work, without scrutinizing the strategic value of the work. Likewise, directive PMOs build their teams as unique project teams rather than dedicated (product) delivery teams. Overreliance on these traditional delivery methods does not leave enough room to apply more iterative or agile methods that support continuous and flexible delivery options.

The directive PMO's financial focus is on annual budgets, quarterly business reviews and modifications based on business cases that create long PMO planning horizons. This is not conducive to evolving plans and more frequent portfolio reviews.

A directive PMO's performance metrics do not account for varied options for categorizing portfolios. Directive PMOs often use only run, grow, transform as value markers. Because the domain-to-business partnership is weak or nonexistent, business leaders cannot recognize the business value of PMO contributions.

The directive PMO's technology focus is on technologies that support the business unit or domain in which the PMO resides, and these technologies are stagnating.

Migration Plan

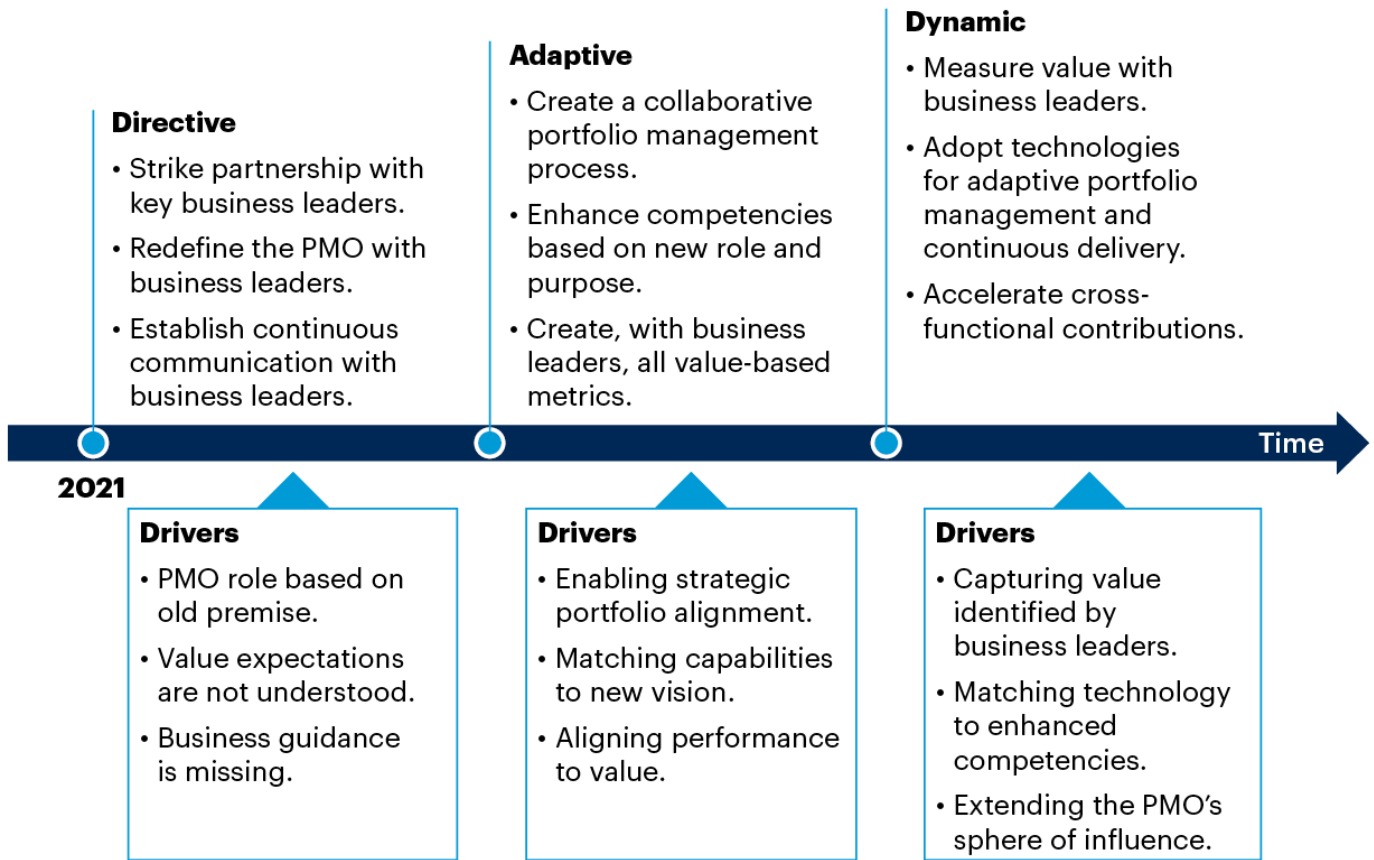
To evolve the PMO from directive to dynamic, PMO leaders must first acknowledge that the PMO needs to evolve and that failure to evolve may cause the PMO function to stagnate and become irrelevant. Then, PMO leaders must dramatically change the identity and purpose of the PMO. But PMO leaders must not redefine the identity and purpose of the PMO alone – they must do it in conjunction with the business (see Figure 3).

The steps in the PMO migration plan are:

1. Form and use key strategic partnerships
2. Enable strategic portfolio management and execution
3. Affirm business value and extend the PMO's sphere of influence

Figure 3. 2021 Strategic Roadmap Timeline for the PMO

Strategic Roadmap Timeline for PMOs



Timeline indicates when to begin.

Source: Gartner
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PMO leaders can transform the PMO into a valuable business asset by:

- Making incremental PMO investments and enhancements in the short term (moving from the Directive state)
- Adapting to enterprise changes in the medium term (shifting to an increasingly Adaptive state)
- Evolving the PMO as a value organization that can innovate, transform and execute strategy (reaching a Dynamic state)

The transformation to a dynamic state will be successful only if the PMO maintains a strategic partnership and continuous dialogue with key business leaders. Likewise, key business leaders must guide and influence the PMO's progression through each stage of evolution, using continuous dialogue to do so.

Short-Term Priority (Moving Out of the Directive State)

Form and Use Key Strategic Partnerships

A directive PMO must evolve through a collaborative exercise involving business leaders and the PMO leader. The PMO leader must identify the key business leaders required to redesign the PMO in ways that will support strategic execution. A strong partnership between the PMO and business leaders will enable the PMO leader to evolve the PMO into a recognized value organization.

The PMO leader must complete the following key steps in the short term before redesigning the PMO:

- Form strategic partnerships with key business leaders
- Redefine the PMO with business leaders
- Establish continuous communication with business leaders

Once PMO leaders have identified key stakeholders and business leaders, they must form strong strategic partnerships with these individuals. PMO leaders must also work with key business leaders to mold and fashion the PMO's new role and responsibilities. The objective is to create a blueprint for a redesigned PMO; one that is heavily influenced by what business leaders need from the PMO to achieve strategic business goals and outcomes.

This collaborative effort will enable PMO leaders to redesign the PMO based on a clear understanding of the enterprise's need to use it to exploit any opportunities to add business value.

But a point-in-time collaborative effort must not be the basis for, or limit, the level of communication between the PMO and business leaders. PMO leaders and business leaders must also establish and maintain a continuous level of communication beyond PMO redesign and high-level strategy discussions. Both parties must resist the urge to step away from each other once they have created the blueprint for a redesigned PMO.

The PMO leader must maintain and nurture the PMO's strategic partnerships — a directive PMO cannot evolve to the desired, dynamic state without the strong influence and guidance of business leaders. Fluid communication is also critical to enable solid strategic alignment and a more continuous, adaptive portfolio decision-making process.

Medium-Term Priority (Replacing Direction With Adaptation)

Enable Strategic Portfolio Management and Execution

Once PMO leaders and key business leaders have jointly created the blueprint for a redesigned PMO, both parties must continue to work together.

The goal at this stage is for this collaborative group to enable the PMO's strategic portfolio management and execution capabilities by completing the following steps:

- Creating a collaborative portfolio prioritization process
- Enhancing competencies based on the PMO's new role and purpose
- Defining all business-value-based metrics

The top guiding principles for a PMO should always be based on maintaining a strong partnership with business leaders and the strategic alignment and execution of PMO contributions supporting business objectives. Therefore, PMO and business leaders must hold regular strategic discussions on defining business strategy, business goals and desired business outcomes. This continuous exercise provides PMO leaders with a solid understanding of what the PMO should focus on to support business strategy. PMO leaders can then develop the enhanced PPM competencies that will enable the PMO to fulfill its role and responsibilities, as defined by business leaders.

Together, PMO leaders and business leaders must build a collaborative and strategic portfolio management process. This process includes documenting specific strategies, goals and outcomes, and determining what investments the PMO should make to support those strategies, goals and outcomes.

As active partners with the PMO, and following a strategic portfolio management process, business leaders can help the PMO prioritize investments, programs and projects from the perspective of business need and value. This ensures strategic alignment and enables the assessment of PMO performance based on business value, rather than project execution metrics. Maintaining fluid communication about the portfolio also enables the PMO leader to adapt the portfolio if business demands and priorities shift or if an emergent disruption occurs.

PMO and business leaders must also create performance metrics that measure all PMO contributions based on how well the contributions deliver business value. They must do this by associating the contributions with business strategy, goals and outcomes. The markers should represent value in a business context, rather than the context of project execution.

PMO competency enhancements should focus on maintaining strategic alignment, continuous value creation, delivery methods catering to the business's perception of time to value, effective change management, and the use of modern technologies to drive PMO dynamism.

Long-Term Priority (Using Adaptation to Become Dynamic)

Affirm Business Value and Extend the PMO's Sphere of Influence

A strong partnership between PMO and business leaders can produce a solid strategy-to-execution connection. With this connection and the guidance of business leaders, a PMO can ensure that:

- Its contributions align with business strategy
- The business will recognize its contributions as valuable
- Its use of resources is based on the most important work it will do to support business goals

In this stage of PMO evolution, PMO leaders must:

- Measure value creation with business leaders
- Adopt technologies that support adaptive portfolio management and continuous delivery
- Accelerate cross-functional contributions

By working as a team, PMO and business leaders can apply the business value metrics they defined to assess the success of the contributions the PMO makes to support business strategy. If PMO leaders maintain solid alignment and communication throughout the strategy-to-execution life cycle, business leaders will recognize as valuable any PMO contributions that align with business goals and outcomes. The business will also recognize the PMO as a value organization.

PMO leaders should also assess the state of any software technologies the PMO uses to support strategic portfolio management and adaptive continuous delivery. PMO leaders should identify any technologies that inhibit the evolution of the PMO to the dynamic state at a strategic planning or an adaptive delivery level. They should replace these with suitable technologies that will further advance the PMO's ability to excel in both of these critical areas (see [How to Select PPM Technologies Suited for Digital Business in a Confusing Market With Porous Boundaries](#)).

Achieving recognition from key business leaders of the value of PMO contributions completes the strategy-to-execution cycle. The dynamic PMO's proficiency in following this cycle consistently enables it to reaffirm, through continuous value creation, its role as a strategic contributor to achieving the goals of the business.

A dynamic PMO should gain further opportunities when the PMO leader maintains a strategic and engaging partnership with key business leaders who acknowledge the business value of PMO contributions. PMOs that consistently complete the strategy-to-execution life cycle will be in a better position to engage and more actively participate in cross-functional contributions. By exploiting a strong business partnership, a dynamic PMO will be able to extend its sphere of influence beyond the domain of which it is a part.

Note 1. What Is a Project Management Office?

A PMO primarily manages plans and services for a specific function, business unit or goal, and concentrates on discrete programs, projects and functions. PMOs exist in specific parts of the organization (domains) to manage demand, capacity and delivery for a specific function, product or business capability.

Project portfolios may start in a domain (for example, IT, HR, supply chain, R&D, product development), with a clear focus on prioritization, and change and resource management at the same levels. Product management practices may be piloted and introduced as part of a domain's adaptive stage of evolution toward continuous delivery. Optimizing operational performance and value, measured at the domain level and often providing a contributing portion to the domain leadership, is the key success driver.

In some organizations, multiple PMOs may exist, such as in the IT department and in one or more other business units. In each case, a PMO within a domain will focus on a specific set of functional goals to ensure the function's success (for example, business unit projects or infrastructure planning services).

Gartner expects the PMO's role will evolve to enable valuable contributions of a domain to business strategies; but the PMO, nonetheless, continues to mainly support the domain in which it exists. A PMO often supports aspects of digital business, but its support relates specifically to the domain's evolution and adaptation to digital business.

PMOs tend to hold typical IT and business unit responsibilities such as:

- Facilitating domain project- and product-level portfolio prioritization
- Project execution
- Resource management
- Process compliance
- Status reporting
- Leading and enabling product- or project-level change
- Promoting and enabling the organizational change required by delivering products and projects to realize benefits

Recommended by the Authors

[How PMO and PPM Disciplines Will Change in the Digital Business](#)

[How PPM Leaders Can Modernize the Ways They Measure the Value of the PPM Function for Digital Business](#)

[Toolkit: Confirm the PMO Function With a PMO Charter](#)

[Hype Cycle for Project and Portfolio Management, 2020](#)

[6 Practices for Effective Portfolio Management](#)

[How PPM Leaders Can Best Staff Initiatives in a Matrixed Environment](#)

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