Building a Business Case

An organization’s culture, risk tolerance, assessment of its bottom line, and need for future revenue may drive the company’s leadership to consider taking on virtual projects or striving to understand virtual projects better by creating a virtual project management office (VPMO). Some organizations jump straight into implementing a VPMO without establishing a business case for it, but developing a business case is the most practical way to determine whether a VPMO is needed. The PMO leader, the business unit leaders, and the PMO sponsor should all partner to develop the business case, which helps ensure that all parties within the organization understand the pros and cons of establishing a VPMO.

The business case analyzes why to create a VPMO. Assuming the company has or will have a virtual project community, how would a virtual PMO help the virtual teams and the company’s leadership—the PMO’s two masters? Keep in mind that any PMO must not only benefit project teams and company leaders; it must also help the organization/corporation in general.

The first step in building a business case should be a requirements analysis. This should be a gap analysis—in other words, a study of where the organization is and where it needs to be. The PMO leader and staff members collect requirements from the leadership, sponsor, project managers, end users, stakeholders, and any other pertinent sources. From this list, the PMO leaders can start to develop a business case.

The business case should address the topics listed below. In addition to these, the team writing the business case should consider in its standard business case template other factors that are important to the company or organization or in the industry.

- Determine success factors
  - What will determine the VPMO’s success in the organization?
  - Ensure the success factors are measurable (often, accounting systems cannot measure project metrics).
  - Ensure that the success factors are important to leadership.
  - When will these success factors be measured?
  - Remember, the VPMO’s disappearance—its becoming an integrated part of the organization—may be the best success factor of all!

- Analyze requirements
  - Will the VPMO be responsible for project management hardware and software?
  - If not, will the VPMO have any influence?
  - Will the VPMO have any influence on accounting software?
  - Will the VPMO be responsible for group/collaboration software?
  - If not, will the VPMO have any influence on group/collaboration software?

- Organization (corporate/business)
  - Where will the VPMO be organizationally?
Remember that a corporate VPMO and a business VPMO may function very differently. A corporate VPMO may have business VPMOs reporting to it or may work independently. It reviews projects/programs at a strategic level while business VPMOs normally review projects/programs at a tactical level.

What influence will the VPMO have on project managers and decision-making within projects?

Will portfolio management be one of the VPMO’s functions?

- **Implementation**
  - How will the VPMO be implemented: will there be a big bang, slow rollout, or something in between? Take into account the company’s culture.
  - What is the company’s appetite for organizational change? How much change has the company gone through recently?
  - Make sure the project managers are involved in the implementation.

- **Training**
  - With major organizational changes, training must be a part of the implementation.
  - Will project management training be the responsibility of the VPMO?
  - Will training be conducted in conjunction with the training department? Who will maintain the budget? Who will have the overriding authority?
  - Determine if current training is adequate for virtual projects.
  - Determine if one-off training for virtual projects will be a responsibility of the VPMO.

- **Reporting/metrics**
  - Consider the project maturity of the organization.
  - Consider the accounting tools and what metrics can be automated.
  - Consider the metrics that are important to leadership.
  - Consider what data can be given back to the project managers in the field.

- **Policies/procedures/processes**
  - Determine which policies/procedures/processes will be under the ownership of the VPMO.
  - Determine which corporate and organizational policies/procedures/processes need to be adapted for virtual projects.
  - Determine ownership of the project management methodology. Will the VPMO ensure the project management methodology is adapted for virtual aspects of projects?
  - Will the VPMO update the project teams on new laws, lessons learned, and other virtual aspects (e.g., technology, updated processes and procedures, groupware)?

- **Analyze gaps**
  - Consolidate reporting and metrics
Once decisions are made regarding reporting, metrics, and tools, plans must be made to close the gaps between the current state and the future state.

- More effective reporting and metrics
  - Determine the tool set to be used in the future.

- Technology
  - Establish a budget that will meet the needs of the new VPMO.
  - Does the VPMO determine its own technology needs?
  - Does the VPMO rely on the IT budget for project management technology?

Ensure that subject matter experts—in other words, project managers—are asked their opinion about the business case. The best way to get project managers’ buy-in to the new VPMO is to involve them in the process.