

Accelerating Organizational Project Management Maturity at Siemens

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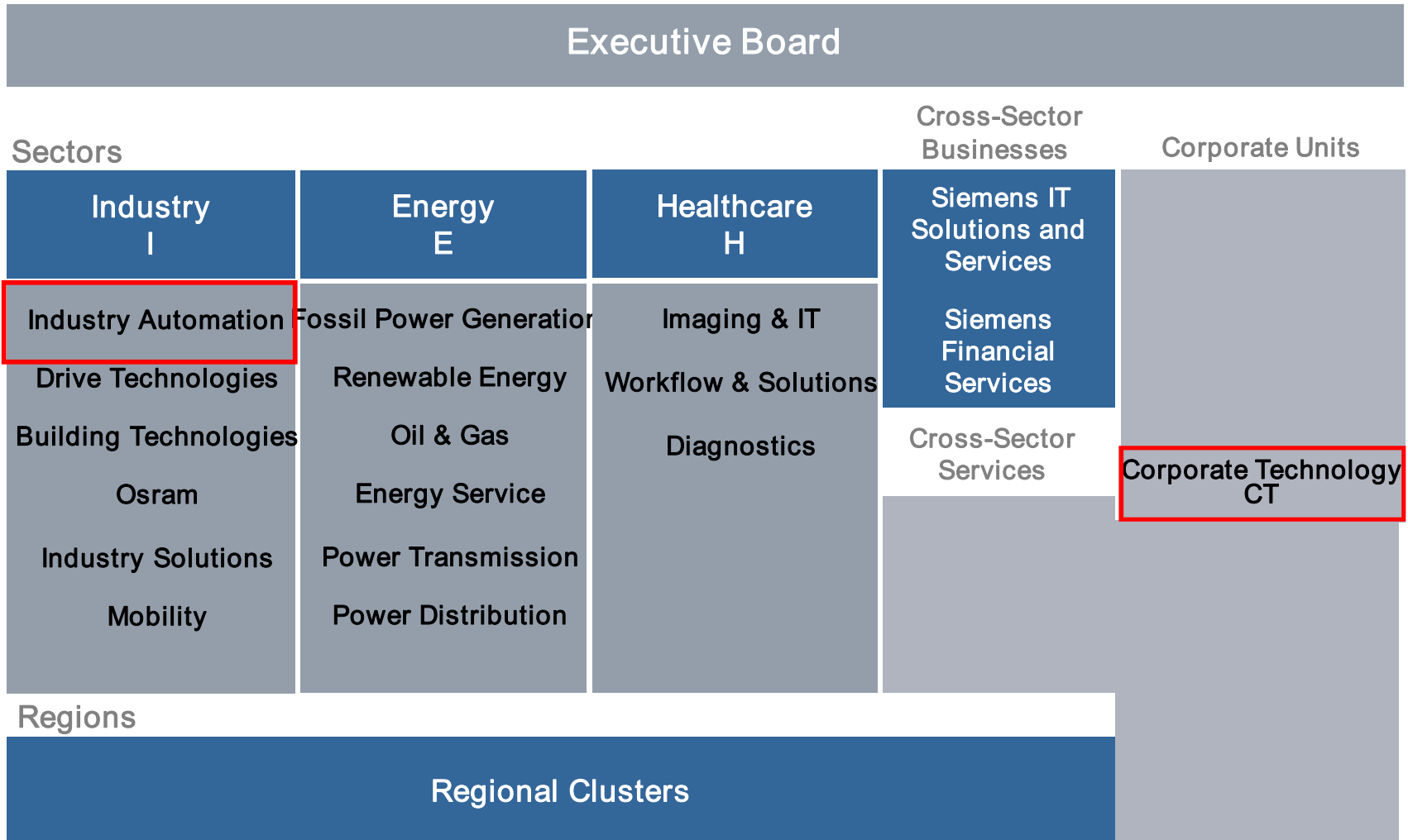
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Session #ADV03

Agenda

- **Introduction**
- PM@Siemens
- OPM Maturity Acceleration Initiative in Siemens US
- Case Study – Siemens Energy and Automation
- Summary

Siemens Organization

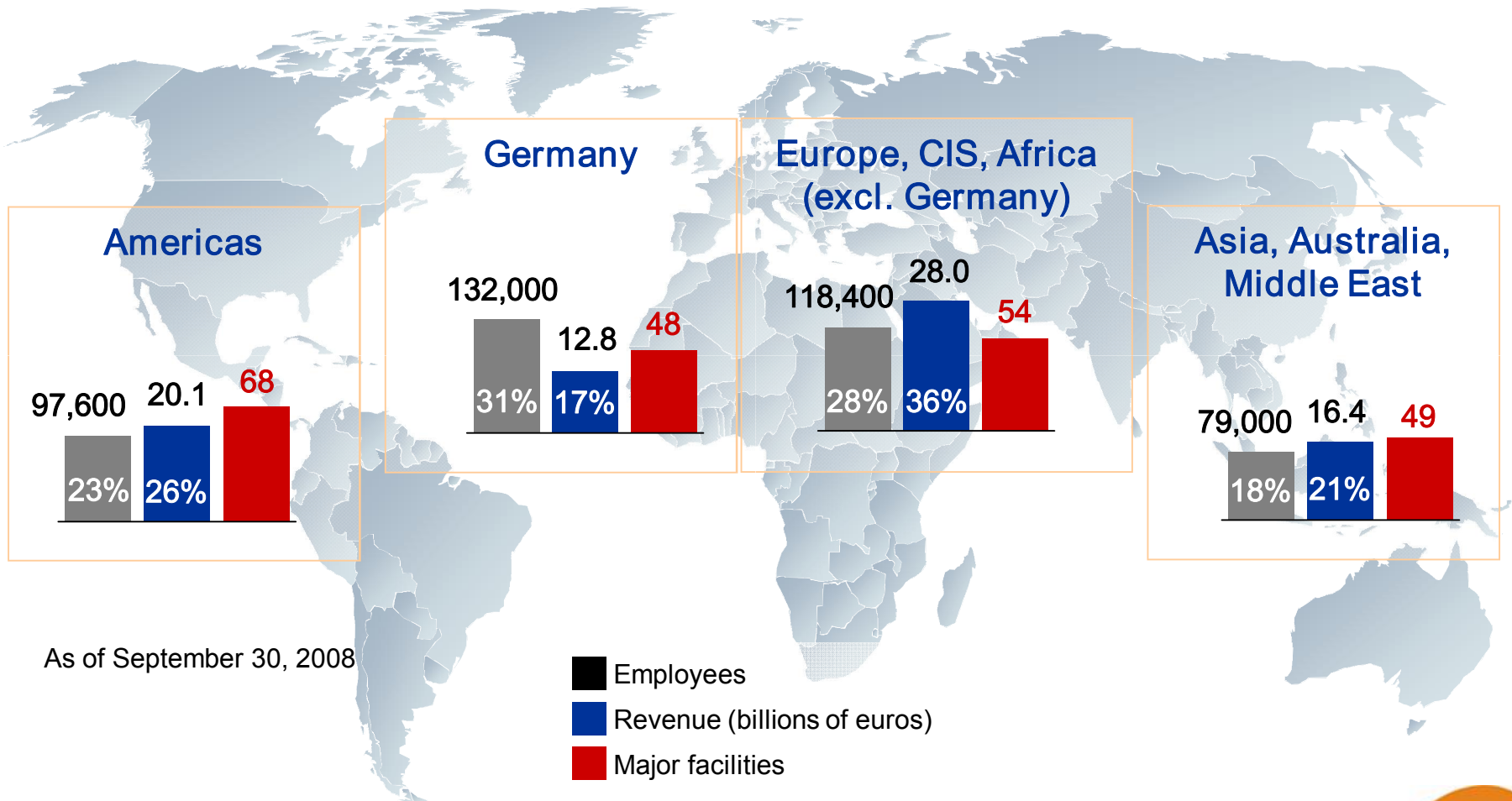


Siemens Corporate Technology



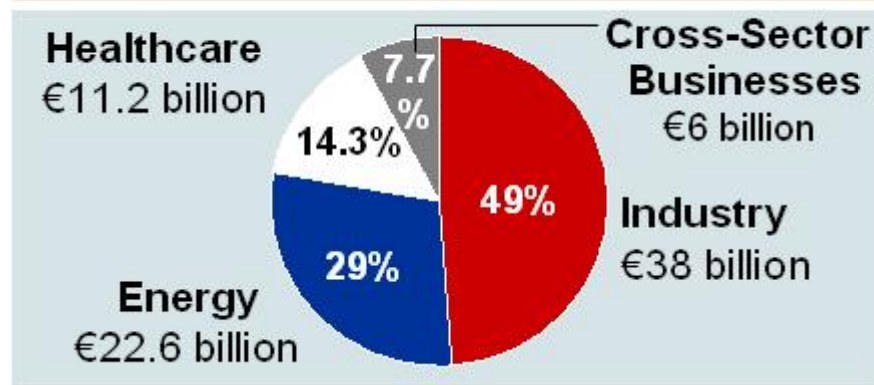
- Experts in Project, Program, and Portfolio Management
- PMO Development
- Six Sigma Implementations
- Business Consulting
- CMMI®
- *OPM3*®
- People Competency
- Innovation Management

Global presence

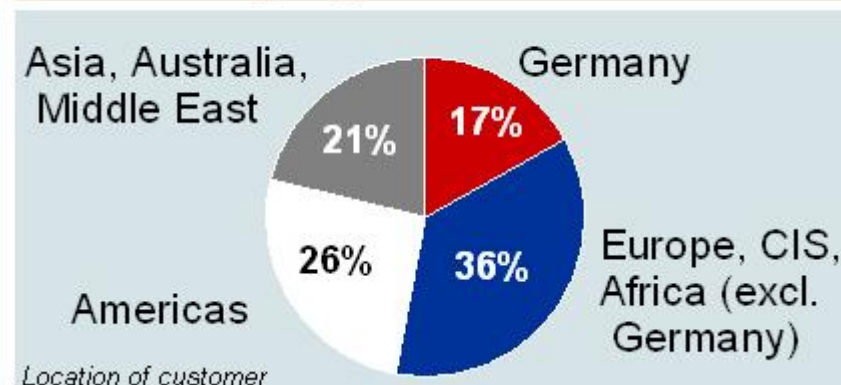


More than **60%** of turnover originates from project business

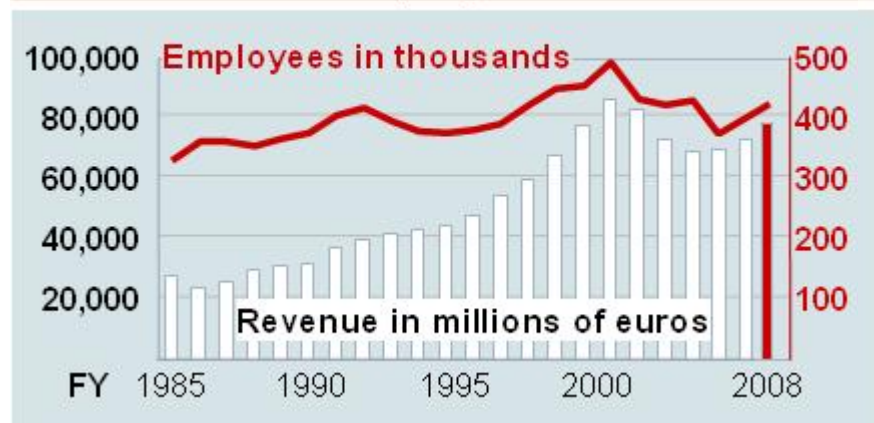
Active in three Sectors



Revenue by region



Revenue and employees



Key figures

Continuing operations (in millions of euros)	FY2008	FY2007
Revenue	77,327	72,448
New orders	93,495	83,916
Income	1,859	3,909
Free cash flow	5,739	6,755
Employees	427,000	398,000

Challenges of the project business



The project business for external customers has a significant importance for Siemens

Challenges of the project business

- Project business is relevant for nearly all divisions and regions
- Numerous projects deteriorate during implementation phase
- Too many crisis projects reduce EBIT significantly
- More than 60% of the problems in the projects are caused in the early phases
- PM capabilities are regarded crucial within Siemens

➔ PM @ Siemens Initiative

Agenda

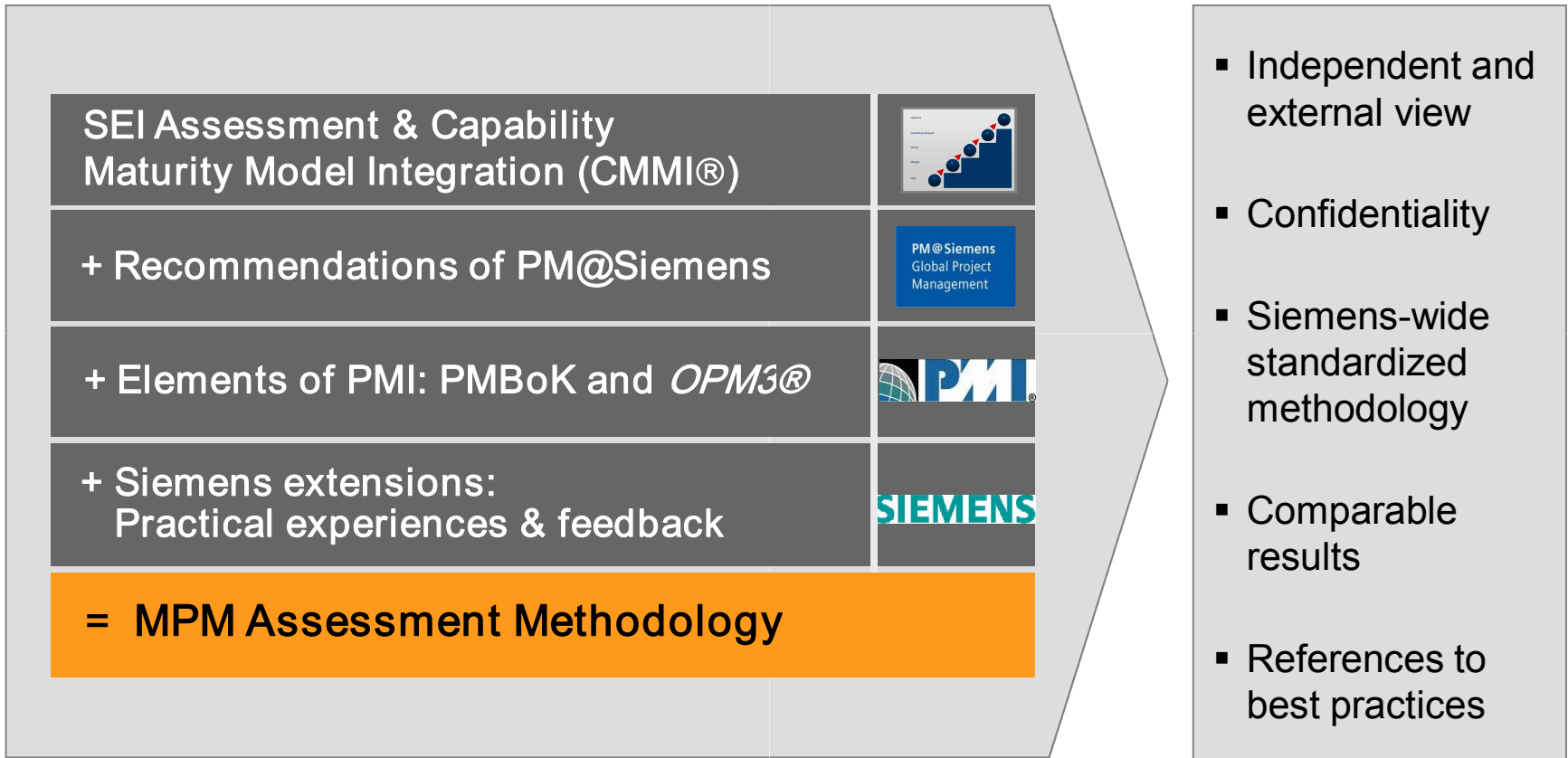
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A Siemens initiative improves operational excellence in PM

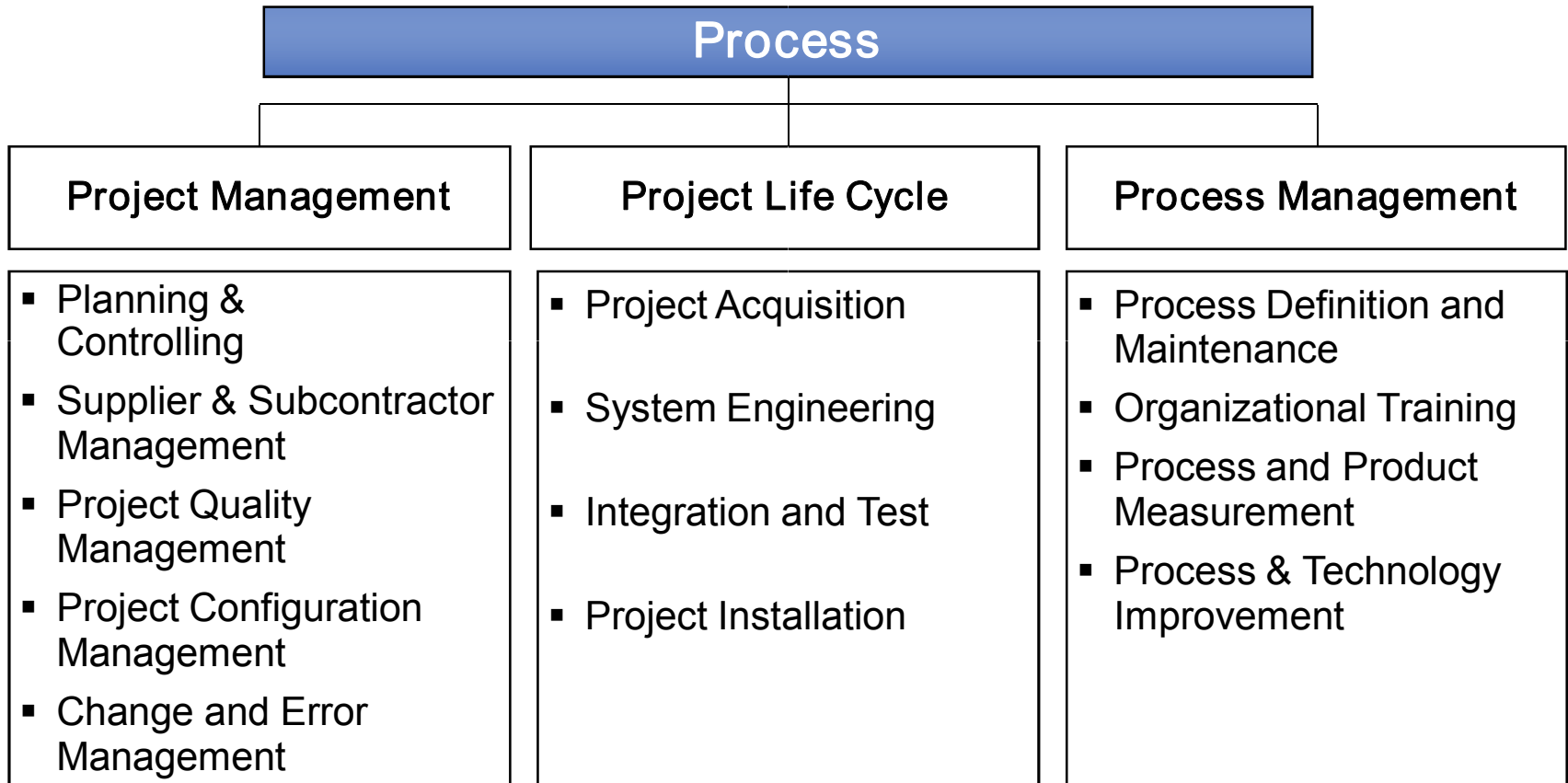


- 1 Processes and Roles
- 2 Contract Management
- 3 Project Controlling
- 4 Quality Management in Projects
- 5 Project Procurement
- 6 Project Management Career Path
- 7 Training and Development
- 8 Collaboration in Projects
- 9 IT Applications
- 10 Continuous Improvement
- 11 PM@Siemens Implementation
- 12 Internal Projects

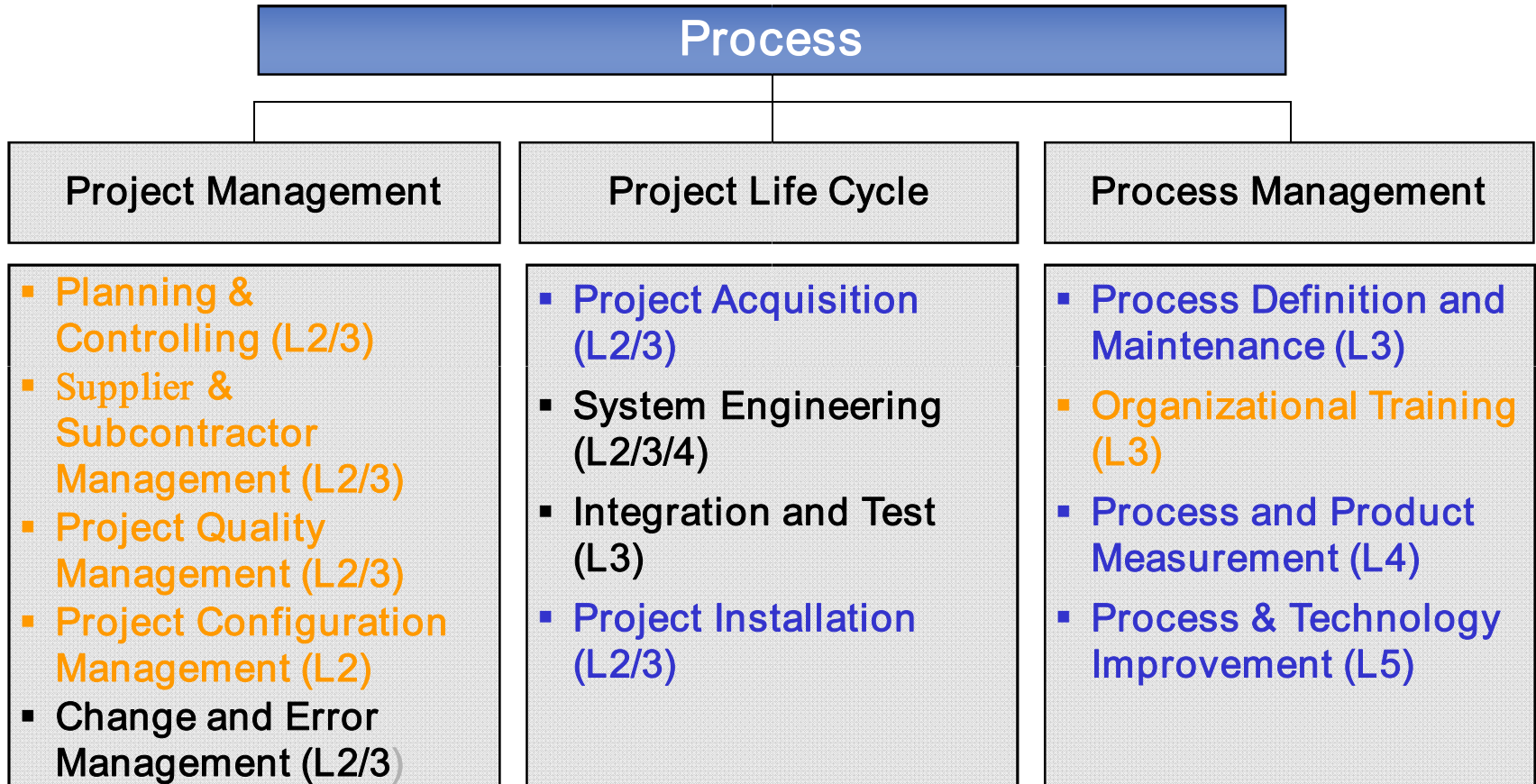
MPM assessment benefits from multiple models



MPM Process Model



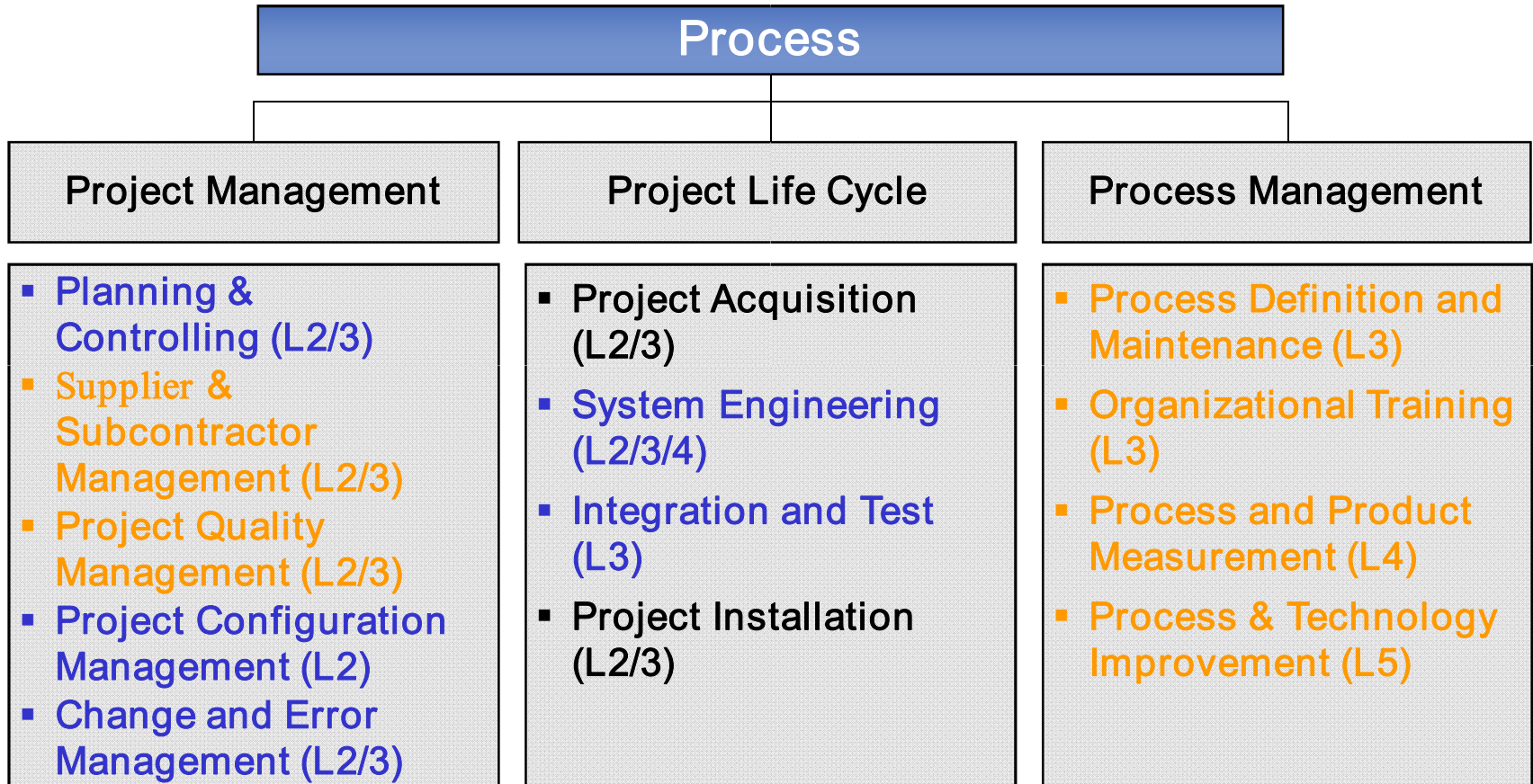
MPM assessment process area alignment with *OPM3*®



* Sub-areas that have significant alignment with *OPM3*®

* Sub-areas that have partial alignment with *OPM3*®

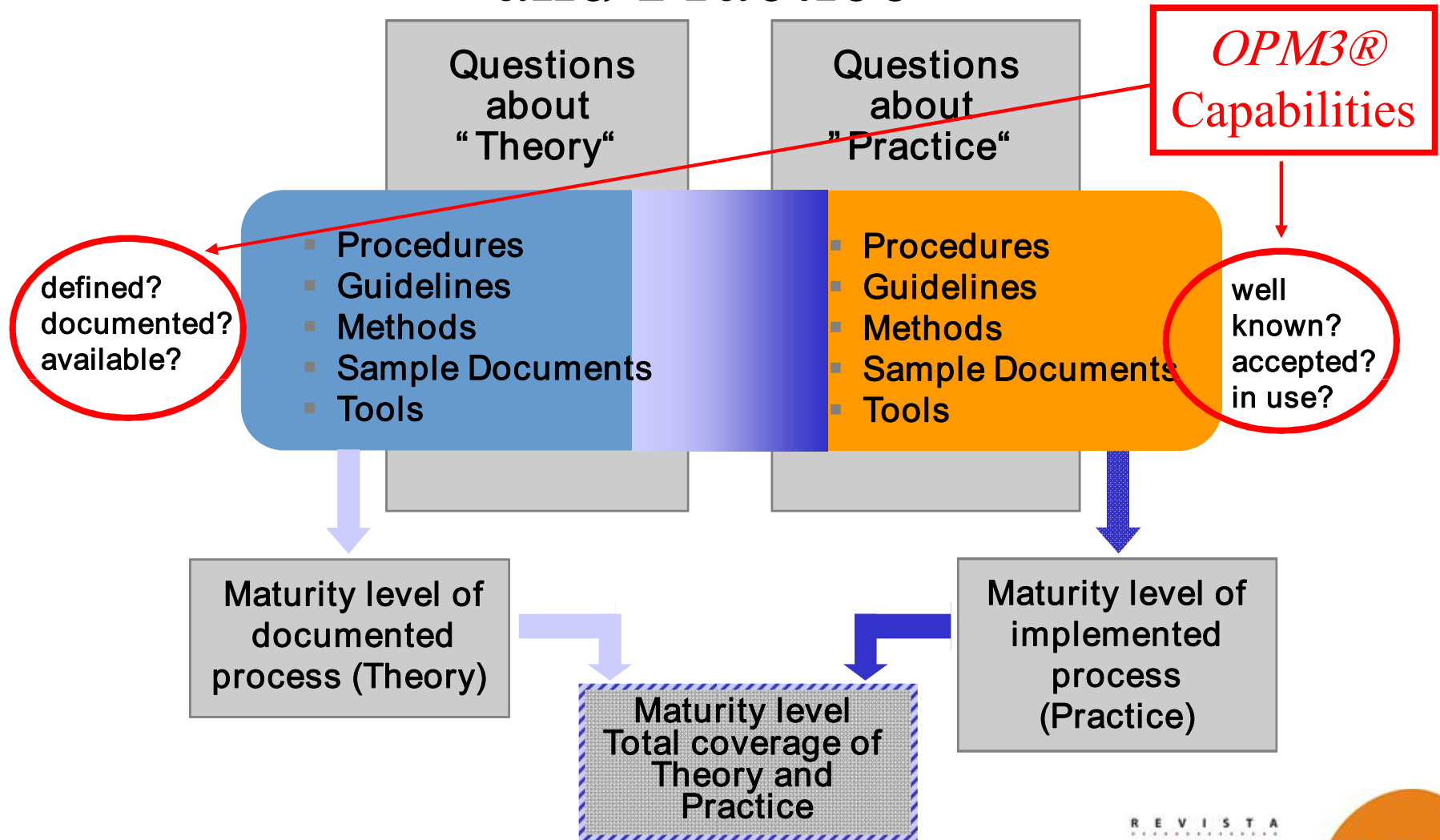
MPM assessment process area alignment with CMMI®



* Sub-areas that have significant alignment with CMMI®

* Sub-areas that have partial alignment with CMMI®

MPM Evaluation of Process Theory and Practice

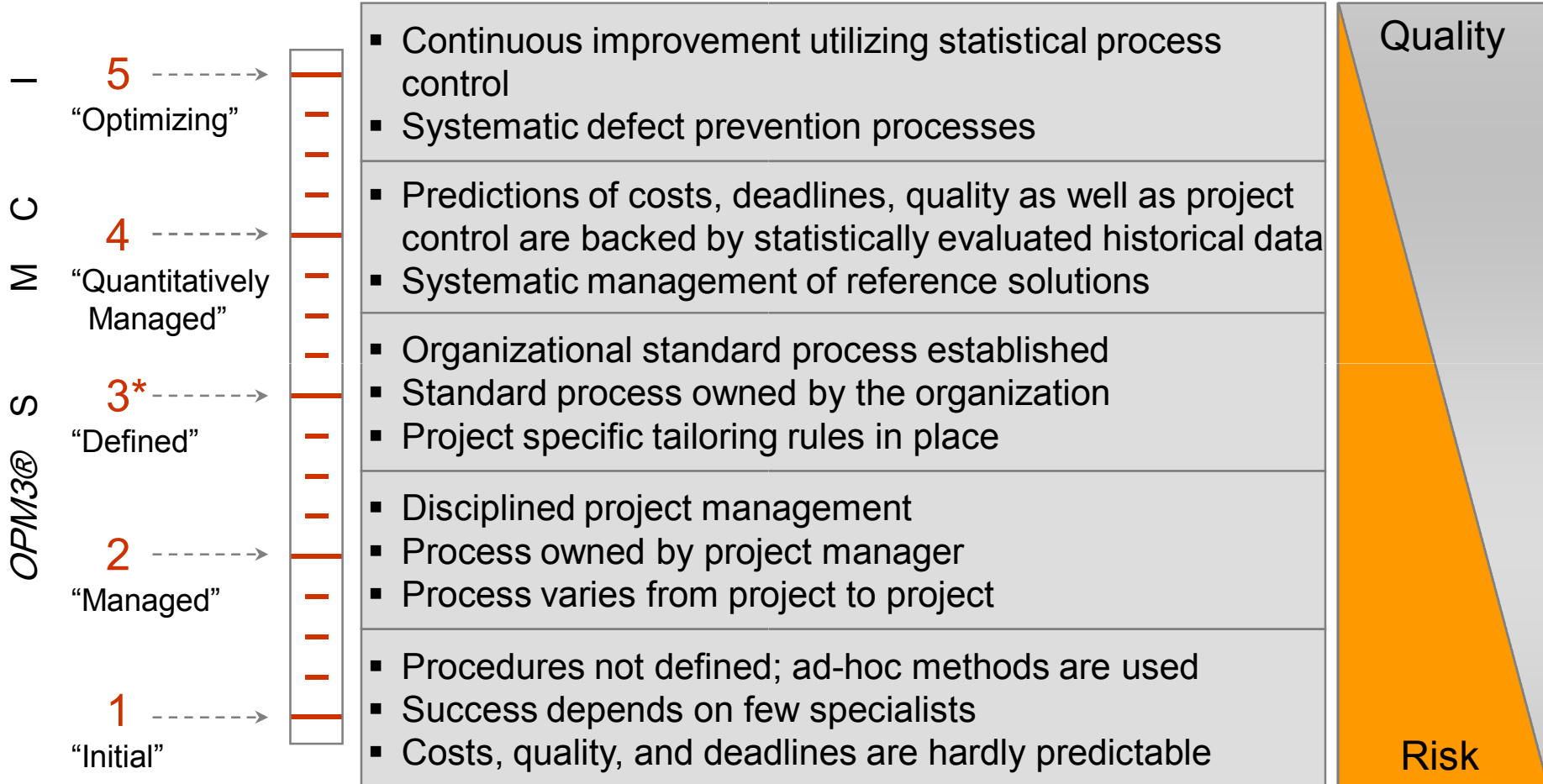


MPM Maturity Scale

Level:

Characteristics:

Benefits:



According to Capability Maturity Model Integration (CMMI) of the SEI

* MPM Level 3.0 is PM@Siemens Goal

Siemens CT has conducted more than 150 assessments globally



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Organizational Project Management (OPM)

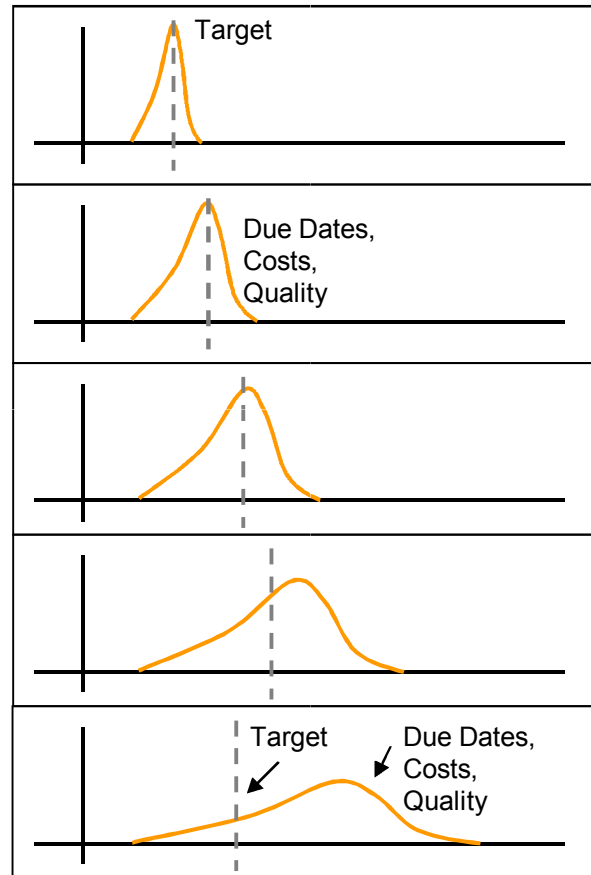
“The application of knowledge, skills, tools, and techniques to organizational activities and project, program, and portfolio activities to achieve the aims of an organization through projects”

PMI Organizational Project Management Maturity Model (OPM3)
– Second Edition (2008)

Project Delivery vs. Maturity

Level:

- 5 "Optimizing"
- 4 "Quantitatively Managed"
- 3 "Defined"
- 2 "Managed"
- 1 "Initial"



Benefits:
Quality

Risk

Value of Increasing OPM Maturity

- Lower Non-Conformance Costs, Better Quality, Better Bottom Lines
- Business Scalability
 - Top Line Growth/Bottom Line Improvement – Improved/sustained margins
 - Employee/Project Management Effectiveness – Ramp-up
 - Reliable Project Performance Predictability – Less **RED** projects
- Improved and Measurable Project Performance Capability (SPI, CPI)
- Improved Employee Satisfaction, Ramp-up, and Retention
- Superior Customer Satisfaction => Competitive Edge
 - Predictable delivery, costs and quality
 - Less risk exposure
 - Better Referrals
- Embed change and achieve benefits through Program Management

Where we were...

- PM@Siemens Initiative (2000)
- MPM Assessment Model (2002)
- OPM improvements managed as projects
 - MPM assessment conducted
 - Recommendations used to create improvement projects
 - Re-assessments to update measures and next steps
- Benefits are implied

Barriers to progress

- Resource limitations (financial and human)
- Lack of PMO structure and business relevance
- Lack of understanding of OPM maturity concept
- OPM not formally aligned with or measured against business objectives (e.g. maturity level focused)
- Improvement programs were multiple projects without formal program management governance
- Business excellence programs often overlapped with OPM improvement efforts

What we learned

- Critical success enablers were not universally present
- Cultural differences clouded assessment and implementation execution
- Gap analyses and desk assessments may be better alternatives in early stages
- Project processes => Process management maturity => Business benefits

What we learned

- Improvement by comprehensive assessment alone may not be the best alternative:
 - OPM Training needed – What does “good” look like?
 - Understanding the role of maturity models
 - Focus on business objectives (benefits) to be achieved
 - Increase focus on business change management
- Assessments must be conducted at the proper organizational level

OPM Maturity Key Enablers

- To achieve maturity beyond MPM Level 2 (e.g. *OPM3*® Standardized):
 - Executive Support
 - Program Management Best Practices
 - Organizational Project Management Office (PMO)
 - Process Management Infrastructure
- Support the Business Units in establishing these success factors and accelerating organizational project management maturity.

OPM3® Organizational Enablers

- **Organizational Project Management Policy and Vision**
- **Strategic Alignment**
- Resource Allocation
- Management Systems
- **Sponsorship**
- **Organizational Structures**
- Competency Management
- Individual Performance Appraisals
- Project Management Training
- Organizational Project Management Communities
- Organizational Project Management Practices
- Organizational Project Management Methodology
- Organizational Project Management Techniques
- **Project Management Metrics**
- Project Success Criteria
- **Benchmarking**
- PMIS and Knowledge Management

PMI Organizational Project Management Maturity Model (*OPM3*®)

Why use a program approach?

- Executive support - encouraged by link to business benefits
- Formal program management organization and best practice methodology
- Commitment to and management of business change
- MPM maturity assessment tool identifies gaps
- Maturity improvement initiatives are business change programs and should employ formal program management to deliver expected benefits.

Characteristics of Programs vs. Projects

Program Management

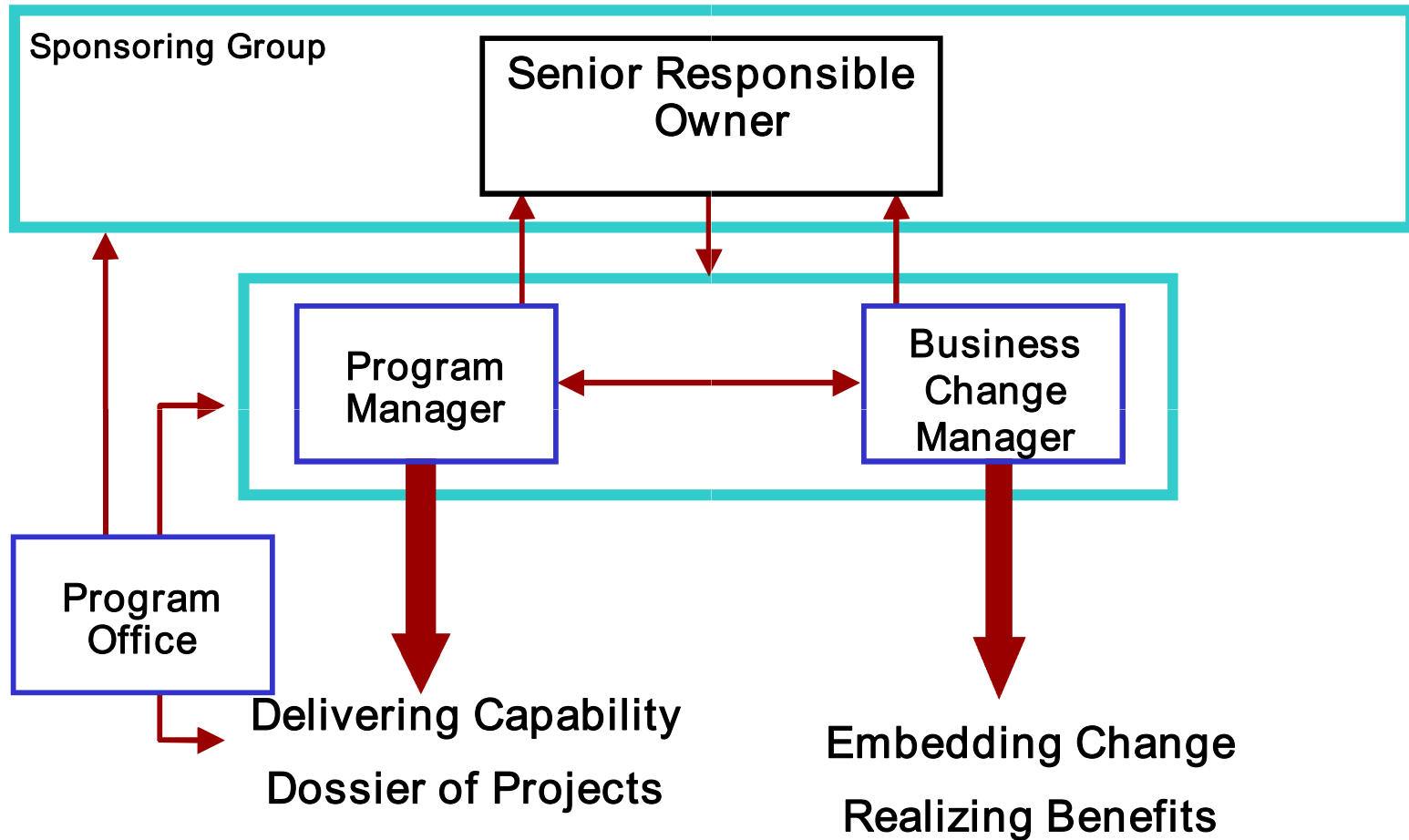
- Achieves benefits
- Broad scope
- Broadly defined objectives
- Specifics not clear at the start
- Complex threads of work
- Often 3 – 5 years long
- Usually major investments
- Uses senior staff
- Project Board members

Project Management

- Creates a capability
- Tightly focused
- Clear objectives
- Clear deliverables
- Often single threaded
- Often 3 months – 2 years
- Can be small, cheap, fast
- Uses less senior staff
- Project Manager & teams

Programs are not just large projects. They deliver enabling capabilities, embed business change, and achieve benefits

Program Management Model



Source: *Managing Successful Programmes* Standard, UK OGC, 2007

Why we need PMOs

- Organizational Project Management maturity is difficult to achieve without organizational-level support, ownership, and governance
- Lead and manage the OPM improvement program
- PM Center of Excellence - lessons learned and best practice models (e.g. *OPM3®*, CMMI)
- Business performance measurement and benefits realization
- Process management and optimization (e.g. *OPM3®*, CMMI, Lean Six Sigma) => ROI

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Successfully “Defined” Program

- Conducted SEP 07 – NOV 08
- Sponsored and led by Siemens Corporation US
- Business change program - embed best practices to accelerate OPM maturity goal achievement (above MPM Maturity Level 3)
- Work with all three Siemens sectors in Industry, Energy, and Healthcare (over 20 Business Units from \$10 Million to \$4 Billion)

Successfully “Defined” Program

- An iterative approach - Provide gap analyses, coaching, and training regarding organizational maturity
- Introduce and support formal Program Management best practices
- Leverage lessons learned from maturity assessment experience => key success enablers

Successfully “Defined” Program

- Benefits –
 - Centralized funding model removes financial barriers
 - Utilization of OPMM subject matter experts increased by 3-4 times – revitalized PM community in Siemens US
 - Focus on business benefits realization was a positive factor for executive engagement
 - Business change approach involved the “business as usual” parts of the organizations => embed improvements and process ownership by business stakeholders
- Siemens Industry Automation was the early adopter

Siemens Energy & Automation Automation and Motion Division (SEA AMD) - Preliminary Case Study Data

Sectors and Divisions: Industry

Sectors

Industry

Divisions

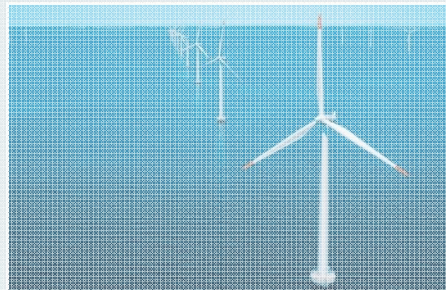
- Drive Technologies
- Industry Automation
- Building Technologies
- Mobility
- Lighting (OSRAM)
- Industry Solutions



Energy

Divisions

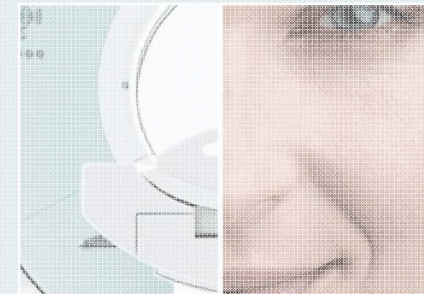
- Fossil Power Generation
- Renewable Energy
- Oil & Gas
- Energy Service
- Power Transmission
- Power Distribution



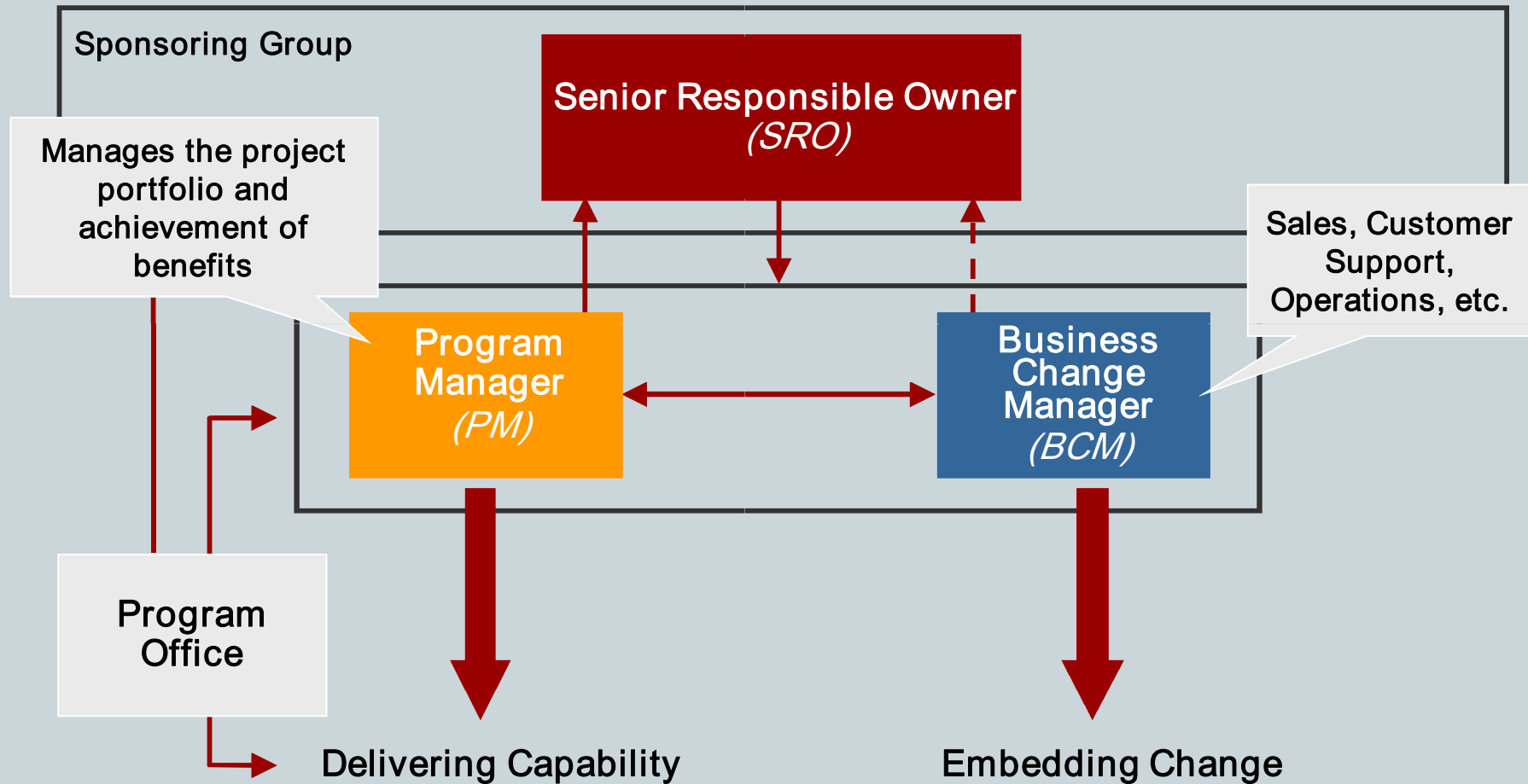
Healthcare

Divisions

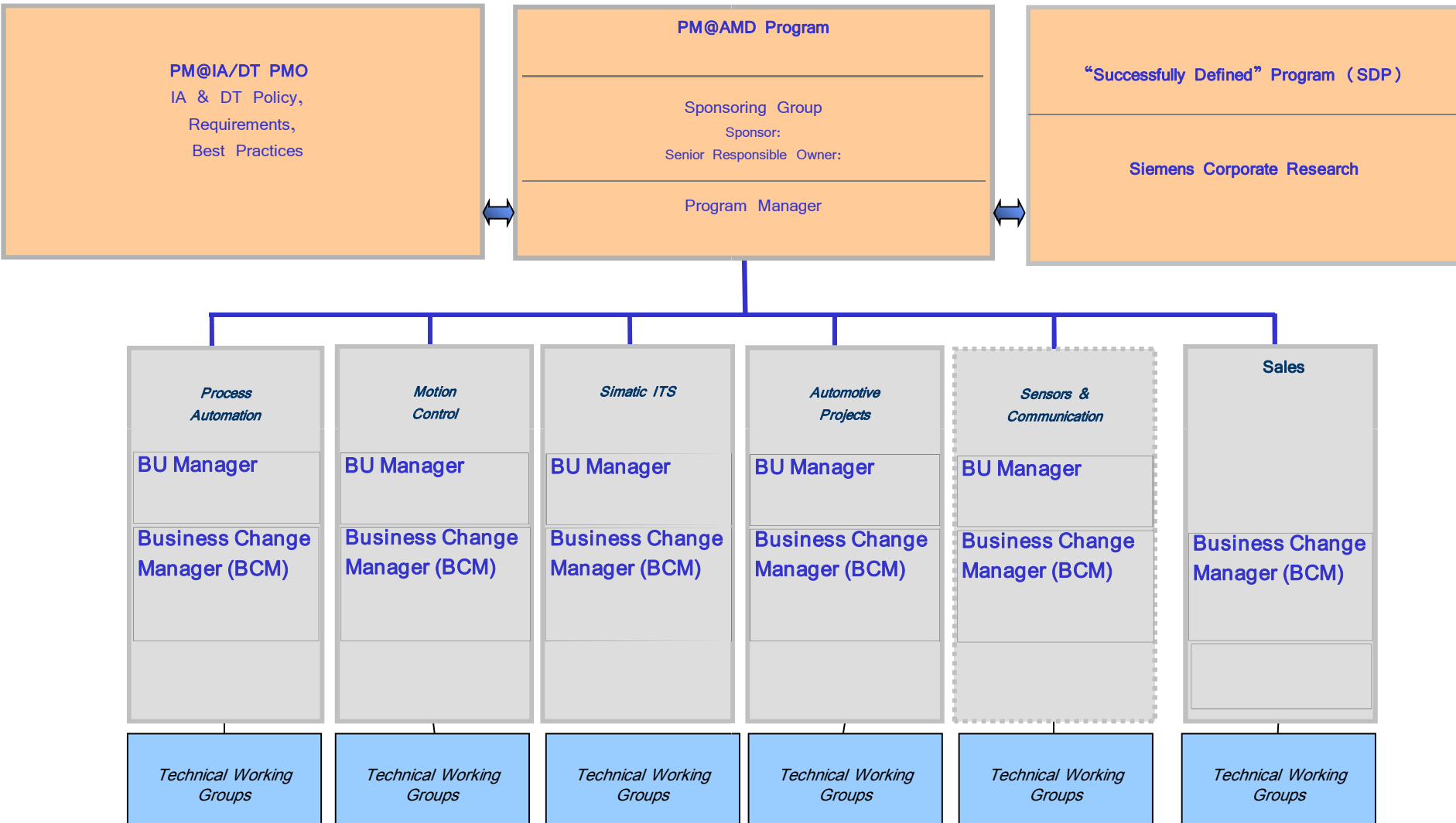
- Imaging & IT
- Workflow & Solutions
- Diagnostics



PM@AMD Program Management Model



PM@AMD Program Organizational Chart



PM@AMD – Program Mandates

Vision

Implement appropriate PM@Siemens methodologies which achieves Maturity Project Management Level 3 in order to **exceed customer expectation** and **manage AMD projects profitably** with transparent results.

Goals

Increased customer and employee satisfaction, managed profitable growth, and standard processes.

Realized benefits from achieving goals:

- **Standard processes and tools** for creating project phase artifacts (outputs)
- **Financial accountability** through measurable results which keep a project on a positive course
- **Greater value to our customers**



PM @ Siemens
Global Project
Management

PM@IA&DT

Measure Business Benefits (KPIs):

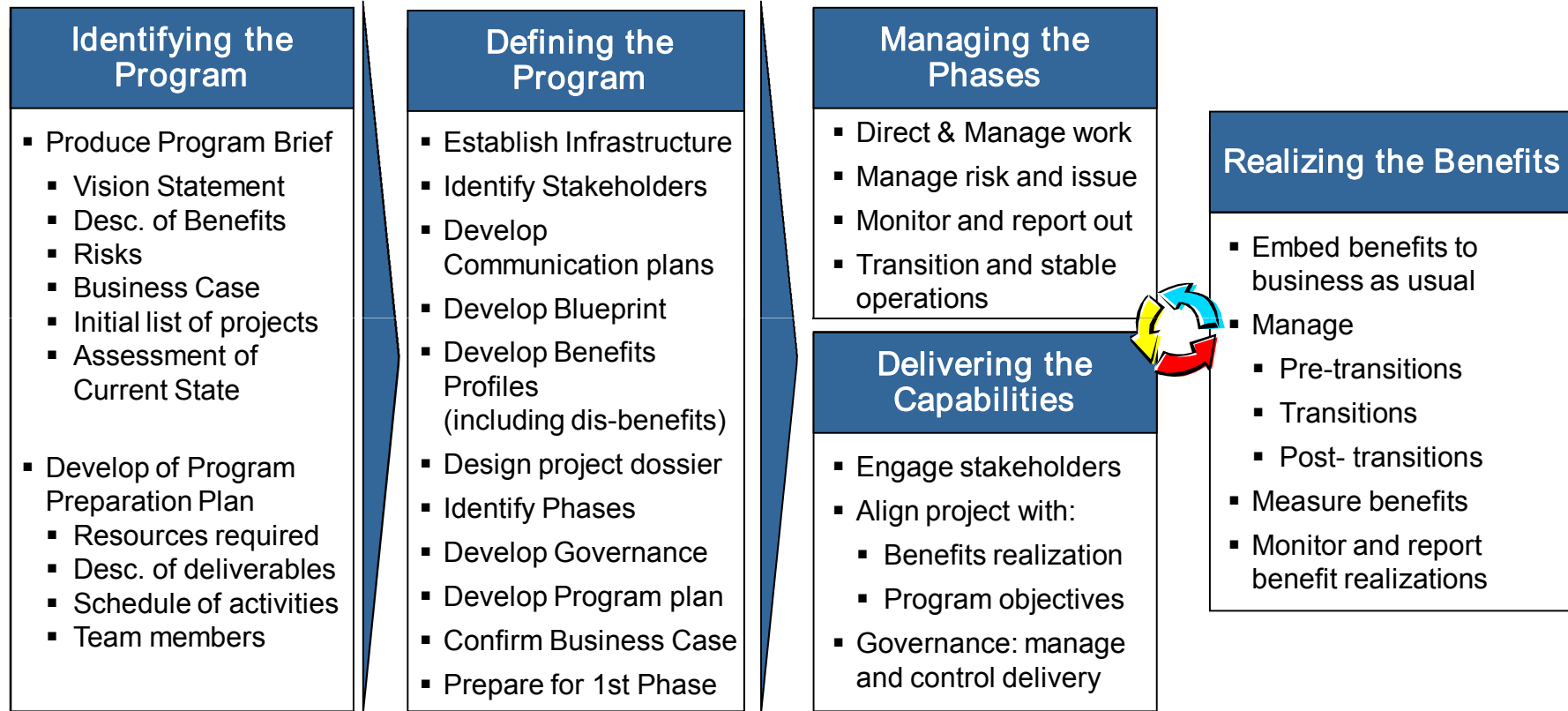
- Improve Customer Satisfaction
- Improve Project Margin
- Improve Delivery Reliability

AMD Project Management Office:

- Project process support
- Analytical tools and services



PM@AMD Program Flow



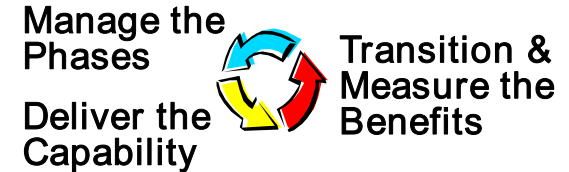
PM@AMD:

Identifying and Defining Phases

- Successfully Defined Program (SDP) Kickoff Meeting
- Maturity in Project Management (MPM) Gap Analysis
- Program Acceleration through Coaching and Teamwork (PACT) Workshop
- Program Management Training for Team
- Strategic Alignment with organization

PM@AMD:

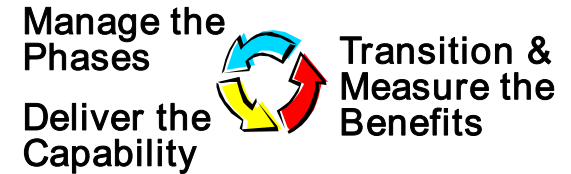
Phase 1: Project Sales



- Compliance Controls
- PM@Siemens Global LoA Tool Training,
- Integration of PM@IA/DT global Work Breakdown Structure
- Project Calculations standardized on EBIT
- Develop & Deliver training for LoA, Project Acquisition, & Compliance

PM@AMD:

Phase 2: Organizational Enablers



- Design project KPIs across BUs
- Adopt Customer Satisfaction Surveys Process
- Create Change Management Tool
- Create PM@AMD Sharepoint Project Portal with TDPs
- Charter AMD Project Management office
- Adopt PM Profiles, Training, & Competency Mgmt
- MPM Theory (Desk) Assessment

PM@AMD:

Phase 3: Project Execution

Manage the
Phases

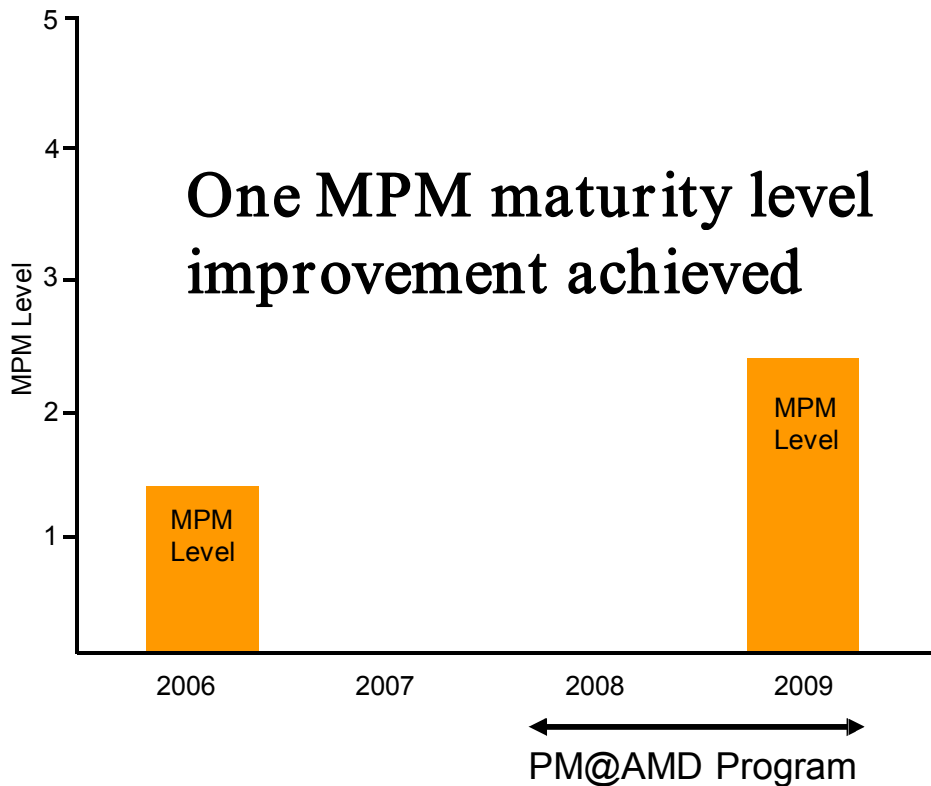
Deliver the
Capability



Transition &
Measure the
Benefits

- Standardize Process Asset Libraries
 - PM and Engineering processes
- Process Definition & Maintenance Process
- Create Process Asset Library Viewer with Tailoring for Project Categories
- Process Tailoring Definition
- MPM Comprehensive Assessment

PM@AMD Improvement Results



Program Benefits Achieved:

- ✓ Customer satisfaction improved 5%
- ✓ Project Margins (delivered vs. booked) improved by 6% of Sales
- ✓ Project delivery reliability improved by 3%
- ☺ High commitment within the organization towards a continuous process improvement

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Summary

- Formal program management and *OPM3*® OEs are essential for OPM maturity improvement, relevance, and success:
 - Executive support
 - PMO business relevance
 - Delivering benefits and business change
- Programs and related organizations (e.g. PMO) that are not business relevant do not survive.

Summary

- Establish the PMO at the correct organizational level with:
 - PMO Charter with periodic review for relevance
 - Program leadership best practices
 - Link PMO goals to business strategy
- Conduct the OPM improvement program at the right organizational level
- Multiple maturity models (MPM, OPM3® , CMMI®, ITIL) are beneficial for system solution businesses

Summary

OPM maturity improves business performance!

References

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Thank You!

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