

A photograph of a wooden spiral staircase, viewed from above, creating a strong sense of depth and circular geometry. The image is partially overlaid by large, abstract green shapes.

Introduction to P3M3[®]

Version 3

AXELOS.com

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2 Introduction

As the rate of change accelerates, organizations continually strive to identify and leverage competitive and performance advantage from improved efficiency and delivery. Best Practice continues to evolve as the understanding of what makes organizations perform well grows.

In many sectors, management models have grown in importance to become the foundation for assessing organizational capability and identifying opportunities for improvement. P3M3® (Portfolio, Programme and Project Management Maturity Model) was one of the earliest maturity models in the portfolio, programme and project management (P3M) sector. It was first released in 2005 and P3M3 Version 3 (V3) has now been published.

Management maturity models tend to focus on process maturity and compliance. P3M3 is unique in that it looks at the whole system and not just at the processes. It analyzes the balance between the process, the competencies of the people who operate it, the tools that are deployed to support it, and the management information used to manage delivery and improvements.

P3M3 is not built around a particular body of knowledge or discipline, but has been specifically designed to be independent. Regardless of whether you are committed to an approach, (such as PMBOK® or PRINCE2) or a national professional body (such as the Project Management Institute, the International Project Management Institute, the UK Association of Project Management or the Australian Institute of Project Management) P3M3 will be of value to you.

Since the release of Version 2 in 2008, P3M3 has spread globally from its roots in the UK. It is used extensively in the Middle East, China, Australia, Europe, New Zealand, Africa and South America. As better practices in the domain of P3M evolve, so P3M3 will continue to be refined and expanded on. This evolution may lead to new or amended key practices at specific levels within P3M3.

It is important to emphasize that P3M3 is designed to assess the organizations overall capability for each of the models. It is not designed to review the effectiveness of a single instance as a health check or assurance model, in principle the core elements are the same, but the model will need interpretation for this purpose.

2.1 AUDIENCE

The audience for this introduction to P3M3 includes:

- Directors responsible for delivering organizational change
- Heads of portfolios, programmes or projects
- Heads of practice or heads of profession wanting evidence of effectiveness
- Portfolio, programme or project office managers
- Heads of centres of excellence
- Bid managers wishing to assess their organizations
- Procurement leads assessing suppliers
- Capability/performance improvement teams
- Auditing and assurance professionals.

2.2 P3M3 COMPONENTS

P3M3 is made up of a number of packages. This hierarchy, (shown in figure 1.1), illustrates the products that are available as part of P3M3 V3. Depending on your needs, you may not need to use or even be familiar with all the components.

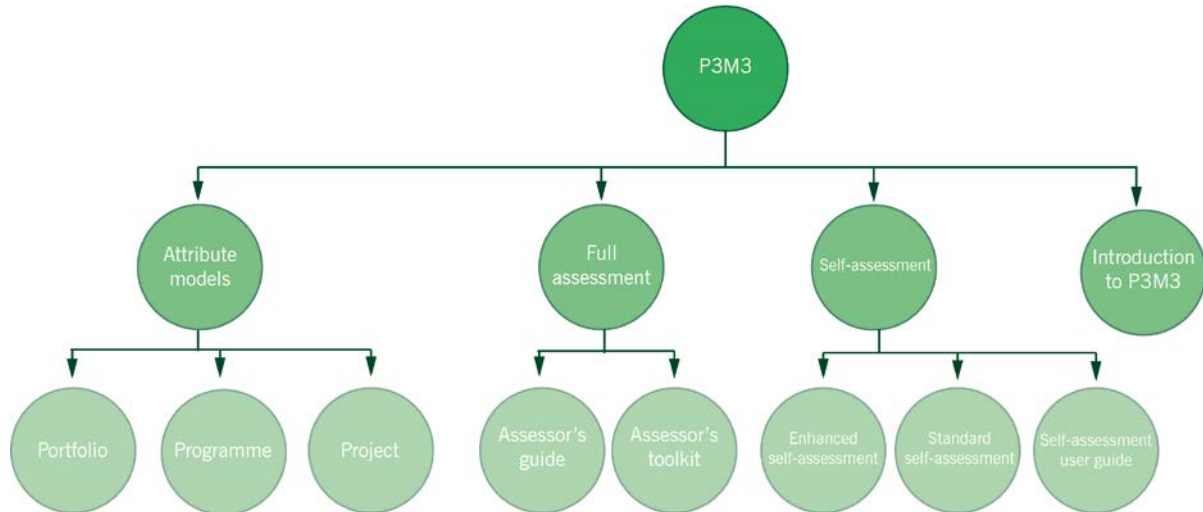


Figure 1.1 Components of P3M3 V3

Table 1.1 provides a breakdown of these components, and where to find more details:

Components	Description
Introduction to P3M3 (this document)	Overview of the concepts and background to the model and how it can be used.
P3M3 self-assessment user guide	This user guide supports the online self-assessment service (standard and enhanced). It shows you how to undertake the self-assessment, analyze the results and interpret your maturity level (see www.AXELOS.com).
P3M3 standard self-assessment	This is a free online service that can be used to obtain a high level indication of process maturity.
P3M3 enhanced self-assessment	This is an online subscription service that includes the functionality of the standard service with the addition of a maturity tracker, detailed results pages and a benchmarking tool. Subscribers to the enhanced service will receive more detailed information about their results, allowing users to fully assess and understand their maturity level.
Maturity models (Pfm3, Pgm3, Pjm3)	There are three models that underpin the guidance and assessments. These are for portfolio management (Pfm3), programme management (Pgm3) and project management (Pjm3). See section 7 (this document) for descriptions of the maturity levels, section 8 for the P3M3 perspectives and section 9 for the perspective level descriptions for the five maturity levels of each model.
Full assessment: assessor's toolkit and guide	This is the assessor's toolkit and guide that is used by P3M3 consultants who have been trained and authorized by AXELOS to conduct full assessments. It can be used for either of two purposes: <ul style="list-style-type: none"> ● Certification assessment: used to award an organization a certificate for the level of maturity attained ● Further diagnostic assessment: used to delve deeper into understanding the organizational practices than the level required for certification. Typically used to formulate robust improvement plans.

Table 1.1 Description of P3M3 V3 components

2.3 BENEFITS OF USING P3M3

As with any investment in an improvement initiative, increasing the maturity rating should not be seen as a justification in itself. It is about improved capability to deliver to strategic objectives, reduce costs and increase success rates. Every investment requires a justifiable return on investment (ROI).

The P3M3 approach benefits the organization by providing a common, integrated vision of improvement. This integrated approach leads to decreased costs and improvements in on-time delivery, productivity, and quality and customer satisfaction.

A key benefit of using P3M3 is that it provides a publicly available set of independent benchmarks. These are not proprietary or exclusive and may be used by all organizations, irrespective of their methodology.

The general benefits that can be gained from using P3M3 include:

- Helping organizations to decide what maturity level they need to achieve to meet their business needs
- Creating a reliable P3M (portfolio, programme and project management) capability baseline against which improvements in P3M capability performance can be objectively measured
- Key element of an integrated assurance strategy as it assesses the organizations capability
- Recognizing achievements from previous investment in capability improvement
- Comparing the organization against accepted maturity levels that can be certified
- Enabling comparison of capabilities between organizations
- Assuring quality through the use of AXELOS consulting partners (ACPs)
- Providing plans for continual progression
- Focusing on the organization's maturity, not specific initiatives (you can run good programmes and projects without having high levels of maturity, but not consistently)
- Providing an objective assessment of strengths and weaknesses
- Justifying investment in P3M infrastructure
- Providing validation of an organization's maturity
- Demonstrating service quality to support proposals to prospective clients
- Reducing costs and increasing benefits delivery in P3M.

3 Background to P3M3

This is Version 3 (V3) of the Portfolio, Programme and Project Management Maturity Model (P3M3). Each version is backwards-compatible with the others, but as the industry and Best Practices move on, so P3M3 is updated to maintain its currency.

It is anticipated that P3M3 will continue to be refined and expanded as better practices in the domain of portfolio, programme and project management (P3M) evolve. This evolution may lead to new or amended key concepts being included in the different perspectives and/or levels within P3M3. The P3M3 described in this document is based on the process maturity framework that evolved from the Software Engineering Institute's (SEI) Capability Maturity Model (CMM®), now known as the Capability Maturity Model Integration (CMMI®).

Version 1 of P3M3 was released in 2005, and was designed on the premise that organizations increase effectiveness in each of the P3M domains incrementally. So you had to be good at project management before you could try your hand at programme management, and you had to be good at both before you could succeed in portfolio management.

The lesson from the increasing adoption of programme management in particular, was that some organizations could comfortably grasp programme management without being especially good at projects, and vice versa.

Version 2 was released in 2008 and was designed as three separate models, so that organizations could assess a model independently of the other two. For example, a programme management assessment could be performed independently from, or even completely in the absence of, a project management assessment. It reflected the maturing understanding of programme management, and the evolving recognition and definition of portfolio management as it became more formalized.

Version 2 sought to provide organizations with a toolkit to assess their current capability and to put in place improvement plans based on industry Best Practices that had measurable outcomes. To assist with this, it also provided a self-assessment tool. The Version 2 model introduced the concept of process 'perspectives' that identified seven core areas which covered the main management activities in the three models. It enabled organizations to see clearly their strengths and weaknesses through the introduction of 'attributes', which reflected the key practices you would expect to see in an organization at a certain level of maturity. These attributes extended beyond process into competencies, tools and information, as they focused on a broad range of elements that contributed to capability.

The seven perspectives have been a key enabler of comparisons between organizations and have helped to develop trends and understanding of what good organizations do, including what holds organizations back, and what characteristics bring success.

Version 3 builds on the knowledge gained from the significant number of assessments of a wide range of organizations that have been undertaken since 2008. As adoption has spread, the need to understand the model and to be able to deploy it more effectively has grown.

The major changes in Version 3 are to the style of the statements in each of the models. Version 2 introduced attributes that were a mixture of additive and reflective statements. Additive attributes are incremental in that the attribute descriptions for higher levels of maturity build on the lower level descriptions. For example, the full capability for a perspective at level 3 would be the descriptions at levels 1 and 2, plus those at level 3. Reflective attributes describe the effects in organizations that can be seen from capabilities being present at particular levels. For this reason, reflective statements at levels 1 and 2 can be negative.

Reflective statements have been key to the adoption of P3M3 as they are relatively easy to judge. However, the nature of the statements has made it difficult for assessors to produce a definitive rating. Version 3 now uses the reflective statements in the self-assessment toolkit for general public use, and the additive statements in the full assessment toolkit to increase the consistency of assessor ratings.

Other areas that have changed with Version 3 are:

- Provision of a new self-assessment toolkit and guidance
- Inclusion of behaviours and greater recognition of techniques
- References to asset management and commercial management in the models
- Increased alignment with industry bodies of knowledge, notably the Project Management Institute, the International Project Management Association, ISO 21500 and the Association of Project Management
- Introduction of 'threads' to allow the integration of separated 'generic' attributes from Version 2 into the main body of the seven perspectives
- Closer integration between the three models (e.g. the effect of programme management on projects).

During the creation of Version 3, the following Best Practice bodies of knowledge and models have been referenced to enable alignment with the P3M3 attribute models:

- PMI's Project Management Body of Knowledge (PMBOK)
- APM's Body of Knowledge (APMBOK)
- AXELOS' Best Practice product set
- UK National Audit Office's financial maturity model
- UK Cabinet Office's Procurement Capability Review
- Institute of Asset Management's *Asset Management - An Anatomy* (2011).

Results from P3M3 assessments undertaken using Version 2 were also referenced. Consequently Version 3 models appear larger than in Version 2.

4 P3M3 overview

It is important for any organization to understand the maturity level that is optimal for it to maximize value for money from its investments. Very few organizations are required to achieve the highest level and for many the middle levels may well be more appropriate to meet the needs of their business and its aspirations.

To gain the maximum benefit from using P3M3, performance improvement should be seen as part of a long term plan. However, it is also possible to obtain short term performance gains by using P3M3 to identify weaknesses in capability. Figure 3.1 illustrates that journey up the maturity levels and shows the degree of commitment required to achieve it.

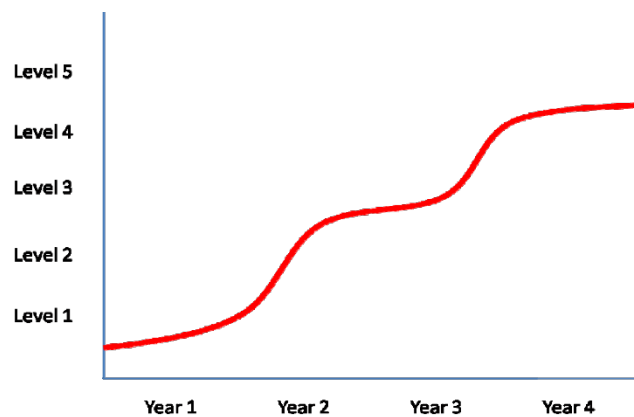


Figure 3.1 P3M3 improvements

The experience from Version 2 has been that it generally takes between 12 and 18 months to move up a maturity level and establish the organization's capability at that new level. The improvement journey will sometimes look like that shown in figure 3.1. There are no shortcuts up the maturity levels, though there are techniques that can be used to accelerate the movement through the lower levels. Ultimately the whole organization and system may need to change, and this takes time.

Within P3M3, a portfolio, programme or project is seen as a single entity. Hence a project team is regarded as a single entity as well, so if they develop their own approach this is assessed as level 1. A number of project teams would need to adopt that same approach before it would be considered level 2 and the whole organization would have adopted the approach to be level 3.

Organizations may choose to use a management maturity model to assess their current capability for a number of reasons. These could include the need to:

- Justify investment in portfolio, programme or project management improvements
- Gain recognition of service quality to support proposals
- Gain a better understanding of their strengths and weaknesses to enable improvement
- Assist with rationalizing frameworks and methods after a merger or acquisition
- Reduce costs and increase benefits delivery in P3M.

Organizations that have focused only on training, specific methods, tools or a governance framework often wonder why they have not seen the promised improvements, this is often the result of the failure to manage the internal change to adopt the new capabilities. It is important to note that P3M3 endeavours to offer a more holistic view of the organization's performance, using a broad spread of attributes which contribute to capability.

P3M3 also provides diagnostics that help organizations to understand the constraining factors that are inhibiting better performance. It does this by looking at:

- Process and the procedures for their existence and suitability
- Organizational structures, competencies and the development of strategy
- Tools that are already in place and how effectively they are used
- Information that is being used to manage performance.

4.1 THE OVERARCHING STRUCTURE OF P3M3

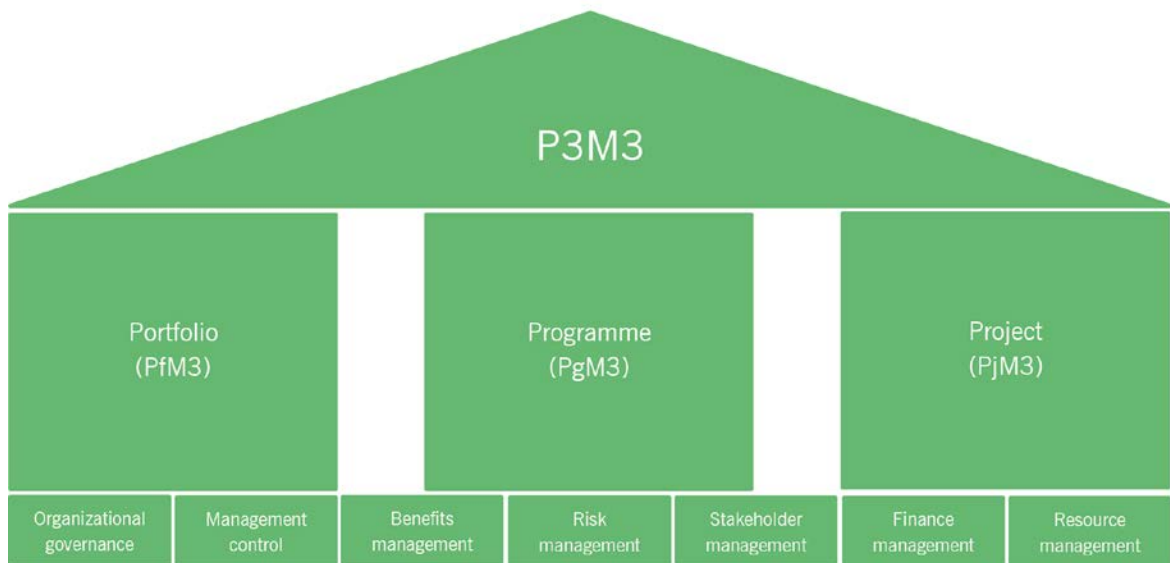


Figure 3.2 The structure of P3M3

Figure 3.2 shows the three models that make up P3M3 and their common perspectives. These three models are:

- Portfolio Management Maturity Model (PfM3)
- Programme Management Maturity Model (PgM3)
- Project Management Maturity Model (PjM3).

As with the SEI's Capability Maturity Model, P3M3 is described by a five level maturity framework. These levels constitute the structural components that comprise P3M3.

- Level 1: Awareness of process
- Level 2: Repeatable process
- Level 3: Defined process
- Level 4: Managed process
- Level 5: Optimized process.

These five levels can be characterized according to the questions in table 3.1:

Maturity	Portfolio	Programme	Project
Level 1: Awareness of process	Does the organization's board recognize programmes and projects and run an informal list of its investments in programmes and projects? (There may be no formal tracking and documenting process.)	Does the organization recognize programmes and run them differently from projects? (Programmes may be run informally with no standard process or tracking system.)	Does the organization recognize projects and run them differently from its ongoing business? (Projects may be run informally with no standard process or tracking system.)
Level 2: Repeatable process	Does the organization ensure that each programme and/or project in its various portfolios is run with its own processes and procedures to a minimum specified standard? (There may be limited consistency or coordination between portfolios.)	Does the organization ensure that each programme is run with its own processes and procedures to a minimum specified standard? (There may be limited consistency or coordination between programmes.)	Does the organization ensure that each project is run with its own processes and procedures to a minimum specified standard? (There may be limited consistency or coordination between projects.)
Level 3: Defined process	Does the organization have its own centrally controlled portfolio processes and can individual initiatives flex within these?	Does the organization have its own centrally controlled programme processes and can individual programmes flex within these processes to suit the particular programme?	Does the organization have its own centrally controlled project processes and can individual projects flex within these processes to suit the particular project?
Level 4: Managed process	Does the organization obtain and retain specific management metrics on its whole portfolio of programmes and projects as a means of predicting future performance? Does the organization assess its capacity to manage programmes and projects and prioritize them accordingly?	Does the organization obtain and retain specific measurements on its programme management performance and run a quality management organization to better predict future programme outcomes?	Does the organization obtain and retain specific measurements on its project management performance and run a quality management organization to better predict future performance?
Level 5: Optimized process	Does the organization run continual process improvement with proactive problem and technology management for the portfolio in order to improve its ability to predict performance over time and optimize processes?	Does the organization run continual process improvement with proactive problem and technology management for programmes in order to improve its ability to predict performance over time and optimize processes?	Does the organization run continual process improvement with proactive problem and technology management for projects in order to improve its ability to predict performance over time and optimize processes?

Table 3.1 Characteristics of P3M3 V3 maturity levels

The overall descriptions for each maturity level and for each model in table 3.1 are consistent with the earlier versions. In conjunction with the following perspectives, they are used to judge the overall maturity of an organization in P3M.

P3M3 focuses on seven perspectives that exist across the three models and are assessed at all five maturity levels. The perspectives group together one or more processes, and are as follows:

- Organizational governance
- Management control
- Benefits management
- Risk management
- Stakeholder management
- Finance management
- Resource management.

More details of what processes and topics are covered by each perspective appear later in this document.

For each of the perspectives there are a number of attributes defined at each level of maturity. They are used to illustrate what an organization does at that particular level of maturity. During an assessment these attributes are the basis on which organizations should assess their current maturity and make plans for improvement.

When using P3M3, an organization may choose to review only one of the perspectives if its interest is in a particular issue (for example, risk management). However, in order to gain a better understanding of the organization's overall effectiveness in a particular model, it is better to assess all the perspectives. An organization may also do this for any one of the three models if it so chooses.

During a P3M3 assessment a rating will be given against each of the perspectives, producing a result similar to that shown in figure 3.3. This helps show where the organization is most effective, and may highlight areas of weakness that could be of concern and require prioritized attention.



Figure 3.3 An example of a result from a P3M3 assessment

It is likely that organizations will have strengths in some areas and not in others. The P3M3 design is intended to acknowledge these strengths as well as areas of weakness. Figure 3.3 illustrates how an organization may be viewed from the P3M3 perspectives. In this example, it can be seen that the organization is strong in organizational governance, stakeholder management and finance management, but weak in benefits management, which helps to prioritize its required capabilities and identify quick wins.

Embedded within the perspectives, there are a number of threads that are common to all perspectives, for example planning or assurance (see section 5.3 on data structure for more information). So when using the model, don't be surprised if there appears to be duplication: it is intentional.

4.2 P3M3 AND DELIVERY SUCCESS

Using P3M3 helps organizations to improve the likelihood of high-quality delivery outcomes. It achieves this by guiding organizations from immaturity, where project/programme risk can be high and quality low, through to maturity, where risk is greatly reduced and quality increased.

Increasingly organizations are seeking to establish an integrated approach to assurance, P3M3 provides the foundation for this, as it provides an insight into the systemic strengths and weaknesses that will manifest themselves in the programme and project delivery.

4.3 IMMATURE ORGANIZATIONS

An organization that is immature, in management terms, may occasionally deliver individual initiatives that produce excellent results. However, managers are more likely to be working reactively, focusing on solving immediate issues, rather than proactively. Programme and project schedules and budgets are likely to be exceeded because of a lack of sound estimating techniques, but almost ironically, there will be a lack of management information to show this. P3M3 applies not only to individual programme and project activities, but also to those activities within organizations that provide focus and help sustain efforts to build a delivery culture of effective programme and project approaches, management practices and strengthened client engagement. In the absence of an organization-wide P3M infrastructure, repeatable processes and results depend entirely on the availability of specific individuals with a proven track record, which may not provide a basis for long term success and continual improvement throughout the organization.

The P3M3 maturity levels indicate how key capability areas can be structured hierarchically, to provide transition states for organizations wishing to set realistic and sensible goals for improvement. The levels facilitate the transition from immaturity to a mature and capable organization, with an objective basis for judging quality and solving programme and project issues.

If deadlines are imposed, programme and project deliverable quality is likely to be compromised to meet the new schedule. For example, verification and validation activities, including reviews, may be skimmed or dropped if the programme and projects fall behind schedule. Hence, level 1 organizations are sometimes referred to as 'ad hoc', 'chaotic' or 'heroic' (referring to the efforts of highly skilled, but usually isolated, project managers).

4.4 MATURE ORGANIZATIONS

A mature organization has an organization-wide ability to manage initiatives based on standardized, defined management processes. These processes can be tailored to meet specific organizational needs and are updated whenever necessary, with improvements developed and implemented in accordance with a sound business case and development plan.

The standardized approaches are communicated to team members and stakeholders, and activities are carried out in accordance with the plans and defined processes. Roles and responsibilities are well-defined and clearly understood throughout the organization. Managers will monitor the progress of initiatives against the appropriate plans, including the quality of deliverables and customer satisfaction. There will be an objective, measurable basis for judging the quality of deliverables and for analyzing any problems with deliverables, programme/project approach or other issues.

Mature organizations will have knowledge and information from previous programmes and projects against which to review performance and evaluate schedules and budgets, ensuring that these are realistic and achievable. Learning from previous initiatives, establishing and embedding management processes, and ensuring that the organization acquires and retains the skills and competencies to undertake the necessary activities, are of paramount importance. Together, these processes and planning techniques will enable organizations to gain confidence in their ability to deliver the desired outcomes, on budget and on time, and achieve the required quality in deliverables.

P3M3 has been built to highlight areas of risk that can cause delivery failure. There has been regular and extensive research into the causes of failure for programmes and projects in recent years. The Cabinet Office of the UK government also released the 'Causes of Confidence' document for management of projects and programmes. The causes of confidence can be summarized as:

- Initial assessment: 'getting off on the right foot'
- Programme leadership: having the right people
- Scope aims and benefits: defining the task properly
- Position within the organization: knowing your environment
- Managing the time, cost and quality (TCQ) triangle: keeping feet on the ground
- Assumptions, risks, issues: knowing what could go wrong
- Skills and expertise: having the right 'know-how'
- Stakeholder management: understanding who can help or harm you
- Managing suppliers and consultants: getting through to the end.

The attributes that highlight organizations with potential weaknesses in the causes of confidence document are embedded within P3M3, so a good P3M3 rating will illustrate that the P3M system is reducing your risk.

P3M3 describes the portfolio, programme and project-related activities within key process areas that contribute to achieving a successful outcome. P3M3 recognizes not only the management activities being carried out at the individual programme and project levels, but also those activities within an organization that provide focus and help sustain effort to build a delivery infrastructure of effective approaches and management practices. In the absence of an organization-wide infrastructure, repeatable results depend entirely on the availability of specific individuals with a proven track record. This does not provide a basis for long term success and continual improvement throughout the organization.

Things can still go wrong, even in a mature organization, but they are less likely to. They will be spotted earlier and the overall performance results will be more predictable. A mature organization will ensure that the defined processes are updated when necessary, and improvements are developed and implemented in accordance with a sound business case and development plan. Roles and responsibilities for carrying out all activities will also be defined and documented.

5 The business case for improving maturity and performance

Since 2005, it is estimated that more than 300 organizations have undertaken in excess of 500 P3M3 assessments. As such, P3M3 is a well-proven model with a body of knowledge and experience to support it. Recent high profile global research has found that there are significant returns to be gained by organizations adopting portfolio, programme and project management (P3M) maturity improvement initiatives. This research includes:

- Global data collected by the Project Management Institute (PMI), published in its report *PMI's Pulse of the Profession™: The High Cost of Low Performance* (PMI, 2013), which led PMI to conclude:
 - “Organizations with mature project management report more project success and less money lost due to project failure, which translates to putting fewer dollars at risk per project. Advancing maturity has the potential to distinguish successful organizations in the marketplace.”
- PMI's *Pulse of the Profession* report also found that while high-performing organizations averaged time, budget and outcome losses of around just 2% of project costs, the project losses of lower maturity organizations averaged 14 times that amount, i.e. 28% (a major difference). As PMI concluded, that order of losses can make the difference between an organization succeeding or failing as a business
- In the research report *The Project Management Office (PMO): A Quest for Understanding* (Hobbs and Aubry, 2010), two project-specific organizational characteristics were shown to be good predictors of a project management office's performance. These were:
 - The organization's level of maturity in project management
 - The supportiveness of the organization's culture.
- A KPMG report referencing international research, commissioned by the New Zealand government in 2011, concluded that 3-6% of the capital investment costs of projects could be avoided by improving P3M maturity in government departments. The report further concluded that intangible losses (through failure to deliver specified outcomes) that might have been avoided in the same projects and programmes could be as high as 25-50% (KPMG, 2013)
- A PwC study in 2012 found that:
 - Organizational maturity is directly correlated with organizational success
 - Higher maturity yielded higher performance within the five key performance indicators (quality, scope, budget, time and business benefits).

The origins of P3M3 were from the Software Engineering Institute's (SEI) Capability Maturity Model (CMM), now called CMMI (Capability Maturity Model Integration) and managed by the CMMI Institute. A number of CMMI case studies have shown how improvements in maturity can lead to corresponding improvements in performance.

As the use of P3M3 has increased, a number of examples of organizations that have enjoyed benefits have emerged (see www.AXELOS.com for more details). These include:

- Transport for London (TfL) estimates it has enabled £1 billion of savings through increasing its maturity from level 1 (2007) to nearly level 4 (2012) – see box on Transport for London
- A UK public sector agency organization saved 40% of its training budget (more than £150,000) through increased targeting of training rather than using generic courses
- In a formal case study on the use of P3M3 in Manchester City Council's Capital Programme Group, significant efficiency improvements were reported. These included:
 - Improved re-allocation of funds from any project underspend
 - Access to the same data by finance and project teams
 - Integration into the finance system so that money is only released after projects have been duly authorized

- Improved project closure process.
- In a case study published in 2012, the NHS Department of Health, Informatics Policy and Planning reported that its P3M3 pilot had provided critical information needed to implement and sustain effective improvements in P3M capabilities.

5.1 CMMI-BASED IMPROVEMENTS

Organizations implementing the [CMMI](#) approach experience significant returns on investment. They report that the benefits of using CMMI repay the monetary and staff time investment many times over. As P3M3 has its origins in CMMI, it is expected to return similar benefits. CMMI information and case studies attribute the following benefits and improvements to use of the maturity model:

- Improved productivity:
 - IBM Australia Application Management Services improved account productivity by over 20%
 - Warner Robins reduced effort to deliver test programmes by 25%.
- Improved quality:
 - Tufts Associated Health Plans decreased software defects identified in testing by 25%
 - IBM Australia Application Management Services closed 95% of problems within the customer-specified time-frame.
- Improved customer satisfaction:
 - Lockheed Martin Management and Data Systems increased its award fees by 55%
 - Siemens Information Systems Ltd increased its customer satisfaction index by an average of 42% in three technical areas
 - Northrop Grumman IT received more than 98% of possible customer award fees.
- Impressive ROI:
 - Accenture experienced five to one ROI for quality improvement activities
 - Siemens Information Systems Ltd experienced two to one ROI over three years
 - Reuters experienced more than three to one ROI from reducing post-release defects.

5.2 IDENTIFYING YOUR POTENTIAL SAVINGS

A problem for organizations that are at levels 1 or 2 of maturity is that they often do not have the statistical data to know the cost of failure, or even evidence that there is a cost of failure. An inherent attribute of these low maturity levels is that cost and benefit data is not reliably estimated during project scoping or business case approval, nor reliably (if at all) assessed at project closure.

To help with the creation of the business case to support investment, one of the first priorities is to understand the true cost of immature organizational performance. A summary of the likely statistical information availability at each level is:

- Level 1: Organizations have little understanding or evidence of the costs of failure and may well be the most difficult organizations to persuade to invest in improvement
- Level 2: Organizations often have some evidence of the inefficiency and costs being incurred, but the lack of structure and consistency means that they are unable to control them as well as they would wish. However, they are investing in improvements
- Level 3: Organizations know the costs of failure and have invested in improvements that are now being realized
- Level 4: Organizations are in control of the costs, are able to identify opportunities for improvement, and can justify continued investment
- Level 5: Organizations have optimized performance and are continually monitoring for opportunities for improvement and exploiting them.

When considering the areas where benefits will be found, the following areas provide a good starting point:

- **Hidden internal costs** It is common for business cases to exclude the full costs of internal resources; they often only include external costs. This leads to organizational resources being stretched and supplemented by short term externals which can increase the costs beyond predictions. Because not all costs are included, the organizations are unable to know the real cost of their projects and programmes, increasing the risk of initiatives with low or even negative real ROI being initiated.
- **Cost of delay due to slow decision-making** It is worth calculating the daily cost of projects. This information is available to mature organizations so they understand costs and where to target improvements. This information also enables the illustration of slippage costs within highlight reports when internal and external resources are not being utilized fully.
- **Cost of completing a report** The cost of writing and reading reports should be calculated. There is widespread evidence of reports being completed and not read, representing ineffective and time-wasting reporting. Every hour spent on a report costs money, but the cost of writing and reading reports is rarely recorded or visible.
- **Cost of reading guidance** Organizations that have guidance full of generic references incur the cost of people creating it and reading it. Keeping guidance simple and to the point makes it more effective and cheaper.
- **Cost of poorly designed frameworks** It is often the case that the same information is repeated across documents when these are built from 'standardized' templates created at different times. Two consequences are that people copy data from other templates just to feed the system and get a tick in the box, even though the content is irrelevant, or they spend time duplicating effort by repeating information and answering the same questions. In addition, readers of documents re-read the same information in different places, thus wasting more time.
- **Cost of meetings** If meetings are not costed and included in project budgets then there is no constraint on attendance or numbers of meetings. This can be hugely wasteful. Project boards only exist to make decisions and give direction yet they appear full of stakeholders with no decision-making authority. Work out a cost per person for attending each meeting, including travel. Meeting attendance does not mean cost-effective communication.
- **Cost of poor performance or failure to follow the process** Investigate where failure to follow process is the source of failure, and estimate the cost of this. It is the P3M leader's role to ensure that staff follow specified processes, and also to manage the consequences of waste or decisions to not follow approved processes.
- **Cost of lost knowledge** In low maturity organizations you will find wheel re-invention, decision-making on wrong information, and time spent finding out information that should be easily available. This should be quantified and assessed alongside the 'per head' cost benefits of using a contractor rather than nurturing full time people, and it must include the costs of 'moving up the learning curve' in an organization, and the lost knowledge cost of someone leaving the organization without having their knowledge 'codified' or documented for sharing with others.
- **Cost of duplication** The lack of information on what each project is doing, and the management of its scope, leads to duplication costs as projects overlap or seek to solve similar problems.
- **Cost of poor requirements** Procuring the wrong or unsuitable assets or services due to a lack of control in the early stages can result in unnecessary costs. Poor decisions can lead to scope creep or failure to deliver the necessary functionality to achieve the performance changes that are needed to deliver the benefits.

Understanding of costs such as those listed above helps to inform the targeting of process improvement and people capability development. These are key to the performance improvements that organizations desire.

Case study: Transport for London (TfL)

TfL has driven maturity growth continually since 2007, providing savings of about £1 billion. As public-private partnerships came under greater scrutiny in 2007, Metronet, the then provider of infrastructure services representing 60% of TfL's capital spend, was increasingly frustrated with the performance of its capital programme. Projects were too often late and overspent; a myriad of delivery methods were being used; many processes were broken; and the quality of the delivered product was too often unacceptable.

Metronet (now TfL) recognized that by increasing organizational maturity, it could enable the delivery teams to perform more effectively and efficiently. After some research and consultation, it decided to adopt the government's P3M3 and to establish a structured programme of improvement initiatives.

Workstreams have included the establishment of a single methodology for project delivery embedded across TfL; tighter controls over requirements, scope, schedule, cost and risk; improved planning; better resource management; and access to improved personal development.

The initial investment focused on London Underground and was justified by assuming a 7.5% saving per maturity level, based on internationally accepted empirical data. TfL can now demonstrate that it is achieving about 12% savings per maturity level, spurring extension of the programme to include all areas of the business. As of April 2012, the programme had enabled the delivery teams to save approximately £1, 05 billion.

6 Planning your P3M3 assessment



Figure 5.1 The four step approach of P3M3

A P3M3 assessment in itself will provide interesting information and useful comparisons with peer organizations that are willing to share their results. However, the real value is gained from what you do with that information and how it is used to leverage improvement in performance. If your organization has a strategic approach to assurance, P3M3 should be fundamental to this as it assesses the core P3M capability of your organization and the opportunity to mitigate weaknesses before they manifest themselves in programmes and projects. Not only does P3M3 provide you with analytical results, it also provides a platform for improvement, allowing you to develop your improvement plan using a four step approach (see figure 5.1). These steps can be summarized as follows:

- Step one: What is the context?
 - Understanding the context is a key part of developing the vision and objectives for capability improvement. You may be looking at a P3M3 assessment for a number of reasons, including those listed earlier. Organizations normally set out on the improvement route to improve performance or identify opportunities for improvement. Having a P3M3 rating in its own right is of little value, unless it is being used as a quality mark for organizational purposes.
- Step two: Where are you today?
 - The P3M3 assessment will deliver this for you. It will not just identify where you are today; a good assessment will provide you with an analysis of the areas that are holding you back and where you can achieve quick wins when making investments. It is not the result of the assessment that is important, but the value and insights that it provides into why you are at that level. In the example provided in figure 5.2, there are incremental improvements in each perspective as the performance grows over the period.
- Step three: Where do you want to be?
 - Do you want to be seen as a high-performance organization? Can you afford to be a high-performance organization? Does the complexity of your stakeholder or technology environment require you to operate at a higher level? Which perspectives does your particular business (and environmental context) demand should be higher?
 - It is often possible to meet your vision and/or target by achieving level 3 maturity. There must be an understanding of the value to you of this status through asking the following questions:
 - Is it for efficiency?
 - Is it for credentials as an organization?
 - Is it for evidence of your effectiveness?
 - Seeking to increase your maturity level without a justification will most probably lead to failure and wasted investment
 - For a complex organization, level 3 would be an important achievement. You may decide that there are critical areas within the organization that should operate at level 3 or even level 4, and so these should be prioritized for improvement
 - P3M3 is totally flexible in how you use and apply it; it is there for your benefit and it provides a robust foundation for plans for improvement.
- Step four: Did you get there?
 - Either at the end of the journey or along the way, you will use P3M3 to confirm that you have achieved your goals and objectives, or to monitor progress to show that you are on the right course. The scale of assessments and reviews can vary. You may just want to measure the improvements to one perspective or one model - the approach is flexible, not hard and fast.

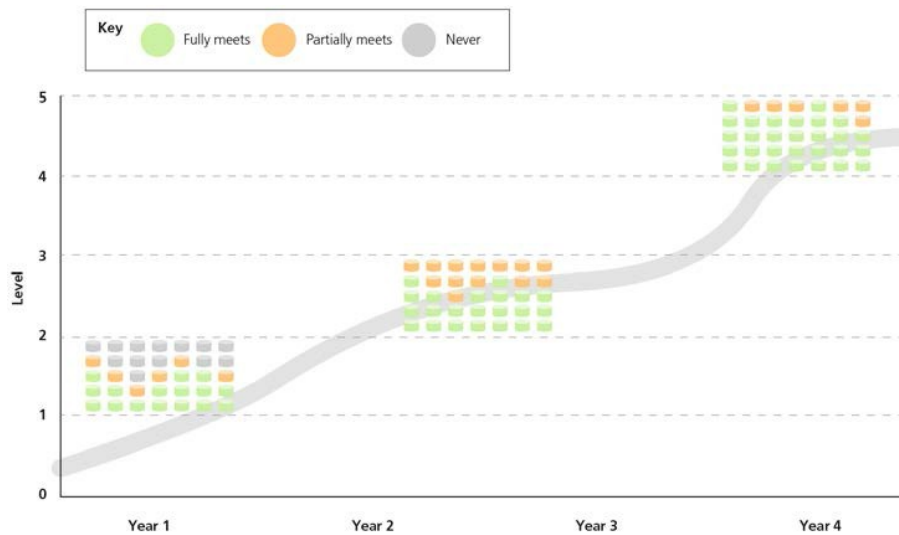


Figure 5.2 P3M3 improvement graph

6.1 SELECTING THE P3M3 MODEL TO USE

P3M3 is made up of three maturity models, so a P3M3 assessment may include all three:

- Pfm3: Portfolio Management Maturity Model
- Pgm3: Programme Management Maturity Model
- Pjm3: Project Management Maturity Model.

Not all organizations will find it appropriate to assess all three models as they may not be using all the techniques. So if your organization is principally focused on improving project management, you may find a Pjm3 assessment will give you all the information you need to baseline or measure improvements.

While it is tempting to assess against just one model, you may miss some key information that is valuable, as taking a single model may not give you the full picture. For example:

- An organization that has an objective to improve project delivery could well have set that objective because it is beginning to take a portfolio or programme level view of delivering change
- An organization may be developing its programme capability and wish for only that to be reviewed, but a fundamental weakness at project or portfolio level could be providing a significant constraining factor
- Top-down investments take time to reach the project delivery, and this may be recognized in one of the other models before the evidence is in place for project delivery.

Bearing this in mind, you may choose to use two or three of the models, but invest more effort in one of the models as that is a priority for your organization.

Case study: Northamptonshire County Council (Local Government Shared Services)

Northamptonshire County Council used P3M3 to baseline its maturity prior to a strategic commitment to improving programme and project delivery in 2010. In 2012 it undertook a P3M3 review to provide evidence of its return on investment (ROI) in project delivery. By using all three models, the result illustrated that its incremental improvement in project management had been achieved but it also highlighted that the Council had actually achieved a major step change to level 3 in a number of portfolio management perspectives. A Pjm3 assessment would not have picked this up.

The following sections describe the concepts on which each of the three models has been developed.

6.1.1 Definition of portfolio management

The definition of portfolio management in Management of Portfolios is the totality of an organization's investment (or a segment of it) in the changes required to achieve its strategic objectives.

Portfolio management describes the management of an organization's portfolio of investments. It is a coordinated collection of strategic processes and decisions that together produce the most effective balance of organizational change and 'business as usual' activities. P3M3 views portfolio management as an important and active discipline, critical to the success of achieving organizational objectives. Effective portfolio management leads to processes and behaviours that enable successful delivery across an organization's entire change investment, and ensures that:

- Initiatives address and achieve strategic objectives
- Maximum business value is realized and at an early stage
- Risks are managed at an organizational level
- The total change investment is coherent, prioritized and scrutinized
- The broad allocation of skilled change resources is optimized
- New initiatives can be evaluated against strategic objectives, business value and current commitments
- Demands from change initiatives on the operational business can be managed and coordinated at an organizational level.

When deciding whether to use the PFM3 model, it is important to consider how the programmes and projects are organized to ensure that this model is relevant. To be able to use the maturity model properly, there will need to be a structure of multiple portfolios (sub-portfolios) below it. This would still achieve a Best Practice view of a single organization-wide view of portfolio management, but it does need to have a structure of that groups programmes and projects into categories to enable effective management, possibly regional or discipline (IT or construction for example). If this is not the case then the PFM3 may need some interpretation to get the most out of it.

6.1.2 Characteristics of portfolio management

Good portfolio management will be expected to have the following characteristics:

- Focus will be on leadership and alignment with organizational strategy
- Changes will cover the entire, defined organization
- Portfolios are continual
- Risk will be viewed from a strategic perspective and in a business continuity context
- Integrity of the entire business transformation will be managed through programmes and projects and business as usual
- Benefits orientation will be towards the organizational benefits that affect all areas and will be linked to strategic organizational goals
- Stakeholder management will have a strategic and external focus
- Governance will require the setting of policies and standards
- Quality will be viewed from the perspective of portfolio alignment and effectiveness
- Planning will be viewed in the context of outcome dependency and conflict resolution
- A combination of programmes and projects and other business change activity will be likely.

The management of the internal elements of programmes or projects is not considered part of portfolio management. The interfaces between projects/programmes and the portfolio are considered to be part of portfolio management.

6.1.3 Definition of programme management

Programmes exist to manage the complexities involved in delivering beneficial change. Programme management is focused on the areas of tension between strategic direction, project delivery and operational effectiveness. Mature organizations recognize and manage these effectively.

For the purposes of P3M3 a programme is defined as a temporary, flexible organization created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organization's strategic objectives.

A programme is likely to have a lifespan of several years. During a programme's lifecycle, projects are initiated, executed and closed. Programmes provide an umbrella under which projects can be coordinated, and the programme integrates the projects so that it can deliver an outcome greater than the sum of its parts.

There can often be some confusion as the term programme is often used to describe a portfolio, if in doubt, if it is continual it is a portfolio, if there is an end date it is a programme.

6.1.4 Characteristics of programme management

Good programme management will be expected to have the following characteristics:

- Focus will be on direction and delivery of organizational strategy
- The delivery of a coherent capability will underpin programme activities
- Blueprints and target operating models will be used to define outcomes
- Timescales may be loosely defined but there will be a definite end point
- Risk will be viewed in terms of aggregation and operational transition
- Issue orientation will be towards resolving inter-project escalations and benefits delivery
- Benefits realization will be dominant, with significant focus on the rigour of benefit descriptions and realization delivery
- Stakeholder management will be focused at all levels within the organization and on key external influencers
- Governance will be achieved through consistent programme approaches and the application of organizational or portfolio standards, where they exist
- Planning will be orientated towards delivering outcomes through step changes (tranches) and managing project interdependencies
- Business cases will focus on beneficial change balanced against the cost of delivery.

6.1.5 Definition of project management

PRINCE2 defines a project as a unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or team to meet specific objectives within defined time, cost and performance parameters as specified in the business case.

Project management guides a project through a visible set of activities, from controlled start-up, through delivery, to controlled closure, and review. There will be visible milestones and well-managed resources, stakeholders and interdependencies, with all parties involved being clear about their goals and individual responsibilities.

6.1.6 Characteristics of project management

Good project management will be expected to have the following characteristics:

- There will be a finite and defined lifespan
- Defined and measurable business deliverables will contribute towards the achievement of business objectives
- The amount of resources will be defined
- Capabilities from which business benefits and performance improvements can be leveraged will be delivered
- An organizational structure will exist, with defined roles and responsibilities
- Focus will be on management and coordination
- Outputs will be delivered within time and cost constraints
- Quality management will focus on fit for purpose outputs based on requirements
- Business cases will contain an accurate budget for output delivery
- Risk management will focus on costs, quality and timescales for delivery
- Issue management will focus on ensuring that the product(s) are fit for purpose
- Project plans will be both product- and activity-orientated
- There will be effective engagement with the stakeholder environment, focusing on achieving stakeholder requirements.

Projects should contribute to business objectives. Typically, their funding is identified as part of overall business-planning. They may be part of a wider programme of business change.

6.2 SCOPING THE ASSESSMENT

Defining the scope of the organization being assessed is a key decision in how to apply P3M3. A P3M3 assessment is an assessment of an organization's capability. The organization could be a group of companies, a single company, a division within a company or a unit within a division. For project management assessments, the organization could even be the programme that the projects belong to. The critical factor is that the organization being assessed is autonomous or semi-autonomous in its ability to define and implement its management capability.

If you review the whole of a large multi-functional organization, the chances are the result will be level 1 or 2. This is because of differing levels of priority in different parts of the organization. For example, high levels of project management performance may be more important in capital-intensive departments (e.g. property or IT) than they would be in general operational or policy areas.

It is also likely that capital-intensive areas will be more mature as they will have established processes and procedures, so will tend to be rated more highly. However, if they are assessed alongside areas of lower maturity, then the final score will be pulled down. Organizations that have achieved level 3 tend to be those that have tightly scoped their assessment to focus on certain areas. Often these areas are high-spending and so high performance is important.

This often only tells part of the story though, as many organizations have now adopted P3M across the whole organization, so it is important to know which areas are performing well and which areas are lagging behind and to understand the reasons for the differences.

When trying to roll out a common approach, there are often a variety of hurdles, including:

- Cultural differences between departments
- Differing business priorities
- Different leadership strengths and weaknesses
- Different terminologies
- Different team dynamics
- The 'dumbing down' of an approach, which may be resisted in some areas.

It is not uncommon in pan-organizational assessments to find some departments which would come out at level 3 or higher if they had been assessed independently. These different levels of maturity can also lead to organizational tensions when one area is more process-driven than another.

6.3 P3M3 DATA STRUCTURE

It is important to understand the data structure within P3M3, as shown in figure 5.3. Within P3M3 there are three sub-models (portfolio, programme and project), and within each sub-model there are seven perspectives. These can be viewed vertically, enabling you to look at each perspective (e.g. risk management) within all three models, or independently within each model. This is the level at which self-assessment operates.

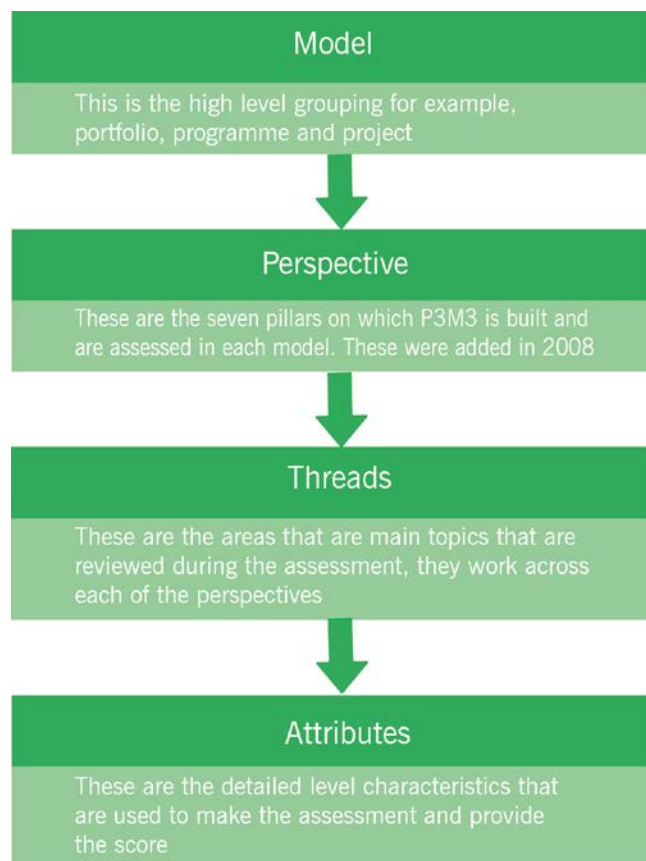


Figure 5.3 The data structure of P3M3

Threads are a way of grouping the attributes. These are new in P3M3 Version 3 and replace the generic attributes in Version 2. Threads are the horizontal rows that exist within each perspective, and are relevant to all seven perspectives. For example, 'process' is one of the threads that are common to all the perspectives. The certification assessment operates at this level.

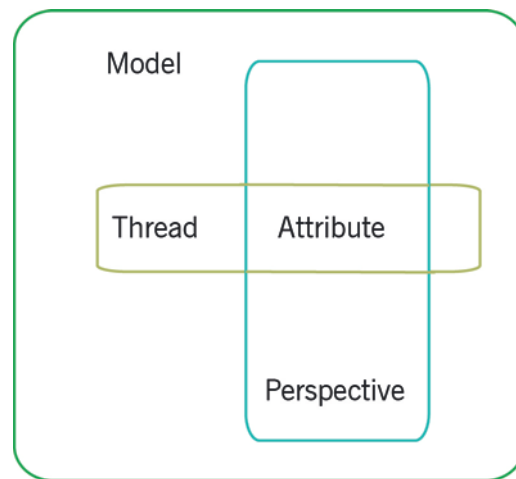


Figure 5.4 Diagrammatic representation of the structure of each model

Attribute statements are the detailed characteristics that are used as criteria in the full assessments.

Figure 5.4 illustrates how the data is constructed. For example, taking project management (PjM3) as the maturity model, it contains seven perspectives. Each of the perspectives contains up to 13 threads, and each thread has a number of attribute statements.

In the case of the risk perspective there is a techniques thread which has a number of attribute statements that refer to risk techniques such as risk estimation.

A certification assessment would only look at the summary level and you would check for the existence of risk techniques, whereas a further diagnostic full assessment would look at all the attribute statements within, in this example, the project risk management techniques thread.

6.4 SELECTING THE APPROACH

There are two options for undertaking an assessment. They are self-assessment (two levels) or a full (independent) assessment conducted by a P3M3 consultant. Table 5.1 provides a summary of the criteria for selecting your preferred approach for the assessment.

Criteria	Self-assessment (available at two levels)	Full certification assessment	Full assessment - further diagnostic
Approach	Completed by an individual (or group) from within the organization using the online self-assessment toolkit	Completed by a P3M3 registered consultant external to the organization using the full certification assessment toolkit and overseen by an AXELOS consulting partner	Completed by a P3M3 consultant external to the organization using the full assessment toolkit and overseen by an AXELOS consulting partner
Depth analysis	Three attribute statements per perspective per level	Thread level assessment, 10-13 per level, depending on scope	25-50 attribute statements per perspective per level, depending on scope
Cost	Low to high depending on scope and approach. Generally has a lower cost than a full independent assessment	Medium as approach is pre-defined	Low to high depending on scope and approach
Objectivity	Low	High	High
Credibility	Low	High	High
Timescale	Shorter	Medium	Longer
Enables robust improvement plan	No	Limited (unless undertaken at the same time as a diagnostic assessment)	Yes
Comparison with other organizations, or with earlier baseline	No (yes at the enhanced level)	Yes	Yes

Table 5.1 Summary of criteria for P3M3 assessment

There is no reason why you cannot mix and match and use an AXELOS consulting partner to support a self-assessment and to provide guidance and interpretation.

6.4.1 Self-assessment

The following are important factors in the consideration of a self-assessment as the preferred assessment option:

- The main purpose of a self-assessment is to create awareness of the importance of maturity within the organization, and to identify or confirm general P3M capability weaknesses
- Self-assessments are cheaper (as you are doing it yourself), however the internal costs of an assessment can be much higher than expected
- Self-assessments are limited in their ability to provide reliable information
- The experience level of the person undertaking a self-assessment can often result in an error margin of plus or minus one score level. Sometimes this error margin can be greater
- Self-assessments are also limited in their ability to inform P3M capability improvement planning. The relationships and interplay between P3M processes, tools, talent and culture are complex, and damage can easily occur to an organization's P3M capabilities if balance is not maintained, or priorities for improvement are not correctly assessed
- Self-assessments can often create high expectations through the use of internal formal assessment surveys, which can then lead to disappointment. The reasons for this unreliability include:
 - The inclination to be over-optimistic in the assessment
 - Not gathering the full information and evidence on which to base the assessment
 - Lack of experience in the way maturity models operate
 - Not scoping the assessment correctly
 - Making assumptions.

6.4.2 Assessments by independent P3M3 consultants

The following factors are relevant to the consideration of a full assessment as the preferred assessment option:

- Certification assessments provide you with the results on which to benchmark yourself, but they do not include the diagnostic information for a detailed improvement plan
- Further diagnostic assessments provide reliable scoring data that can be used in building and tracking the improvement road map
- The same reliability of scoring enables P3M capabilities within the organization to be benchmark-compared with different organizations, or with other divisions within the same organization.
- Full assessments are undertaken by independent qualified assessors (P3M3 consultants) who have the significant experience, knowledge and methodologies that are required to effectively reduce the costs and risks of P3M capability improvement programmes.

Certification and full assessments (for certification or further diagnostic purposes) should always be performed by an AXELOS consulting partner, licensed to use P3M3. This organization will have a full set of tools to make the assessment, its assessors will be experienced and will have been trained in how to use them, and its standards will be monitored.

6.5 PLANNING CHECKLIST

When planning your assessment there are a number of important considerations which are outlined below.

6.5.1 Have you defined the organization that you are assessing?

This is a very important consideration as it will ultimately affect your result. If you go for a review of the whole organization then it will take longer and may produce information that is of little value to large chunks of the organization which are not particularly involved with programmes and projects. The term 'organization' is a very important concept in P3M3, as for level 3 it is looking for a 'guiding mind' that defines your approach. If your organization has a number of units delivering in different ways, it will be worthwhile assessing them independently on their own merits, as this will also provide more useful local diagnostic information.

Furthermore, the nature of the organization needs to be considered as that will change the way the perspectives are applied (see section 8 for details regarding adapting P3M3 to organization type).

6.5.2 What information is required?

A P3M3 assessment triangulates three sources of information (see figure 5.5):

- **Defined approach** The assessment of the defined approach, which is the way P3M work is supposed to be carried out. This can be a mix of processes, procedures and templates that make up the organization's framework or methodology.
- **Desk study** The desk review will involve spot checks of individual initiatives to see if the defined approach is being used and, if it is not, to try to identify why this might be the case.
- **Interviews** The final source is the interviews with key people, leaders, managers and practitioners, to establish the levels of compliance with the defined approach and how things can be improved. Interviews will need to be planned; you will need to interview the people who designed the approach as well as those who use it (for example, portfolio office staff, project and programme managers, customers, team members, sponsors and senior managers).

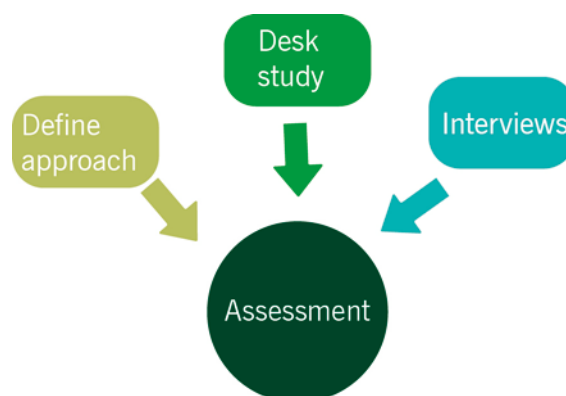


Figure 5.5 The three sources of information used in a P3M3 assessment

The main areas that the assessor will require information on are the threads, namely:

- Asset management (if applicable)
- Assurance arrangements
- Behaviours
- Commercial management arrangements
- Information and knowledge management
- Infrastructure and tools
- Model integration
- Organizational roles and responsibilities ('Organization')
- Planning
- Processes and procedures ('Process')
- Standards
- Techniques.

6.5.3 What additional support is required?

Even if you are doing a self-assessment, you may wish to consider using someone who can challenge your conclusions independently, positively and negatively, to check the validity of your conclusions. If you decide to use a specialist consultancy, you should consider:

- Are they authorized to use P3M3? If not, they will not have access to the full toolkit
- What is their track record in your sector and with similar assessments?
- What is the track record of the individual consultants being offered?
- What is their access to other organizations' assessments for comparison?
- What proportion of their business is in maturity and performance improvement?
- What relevant references can they provide?

Figure 5.6 outlines the key process steps that should be included in either self- or full (independent) assessments.

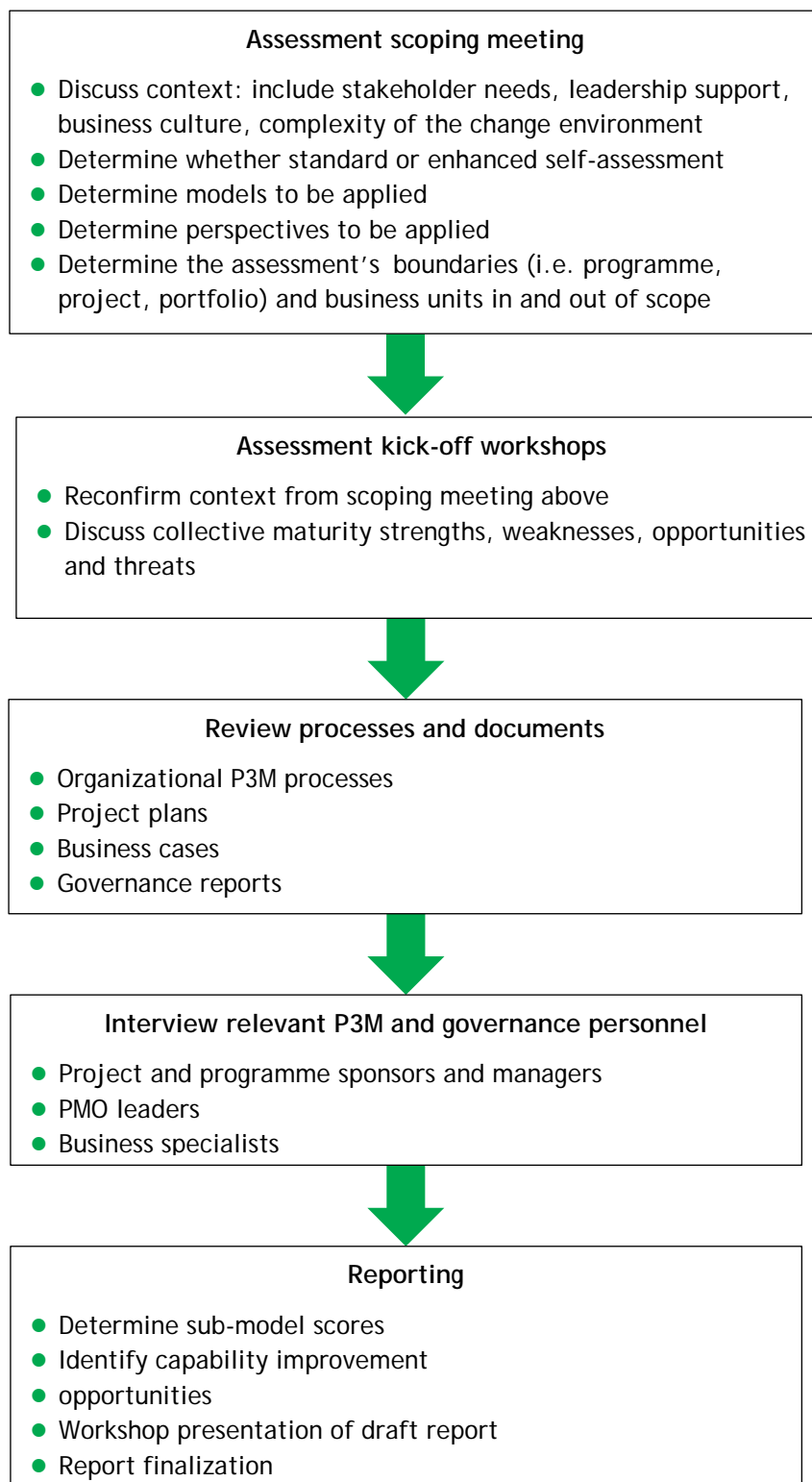


Figure 5.6 Typical P3M3 assessment process

6.6 UNDERSTANDING THE RESULTS

The first P3M3 assessment can often be disappointing for organizations as there is often an optimistic bias if they have previously undertaken a self-assessment, or have not fully come to terms with the complexity of the model.

In Version 2 there were two sets of attributes: the generic attributes which applied to all perspectives, and the specific attributes which were tailored for each perspective separately. This sometimes led to a misunderstanding in how to use the generic attributes and resulted in assessments being higher than they should have been.

In Version 3, both sets of attributes are integrated, which has made the model much more specific and accurate, providing the users with a much better understanding of where their weaknesses are. When reviewing your results, it is important to consider the following:

- **Level 0 or 1 is not necessarily bad** It all depends on what your organization's priorities are and what their potential is. Organizations that are culturally averse to process and structure will always struggle to gain a high rating. Similarly, organizations that are culturally strong in the process rigour will struggle to change and improve.
- **What is your target level?** There is an advantage in having a lower score initially, as this will give you the basis for improvement in the future. An organization gaining a higher rating may struggle to show improvements. The experience of organizations that have used P3M3 in the last seven years has been that it takes time to move up a level (normally around 12 to 18 months per level). Levels 1 to 2 can be achieved more quickly; levels 2 to 3 will normally take longer.
- **It is where you are now that counts** The assessment shows where you are today. There may have been investments in improvement that are not yet fully deployed but will have an effect in the months or years ahead. There will also be legacy issues that may have been addressed by improvements, but some longer term initiatives may still be suffering from the effects (e.g. scope control). These should be seen as lead and lag indicators. Lead indicators show that improvements are on the way, while lag indicators show that historical problems have not yet been fully resolved, but that new initiatives may not suffer from this problem.
- **Be wary of level 2** A level 2 score on the first assessment may be seen as positive, and it is, because it means there are some hot spots of good practice. However, it can sometimes be difficult to move up to level 3, as you need a consistent approach across all areas of the organization in order for this to occur. It may be acceptable for some areas to remain operating at level 2, but those that have large budgets or deliver complex initiatives should be focusing on a higher level.

6.7 IMPROVEMENT PLANNING

Once you have the information from your first assessment about your current level, then you will know the gap between where you are and where you aspire to be. Decisions you need to make are:

- What level you want to reach and why. What are the important drivers to you and how much will improvement be worth, either as savings or increased revenue?
- How quickly do you want to improve and what is the budget for investment?
- What areas represent the biggest risk to you? These are the areas that should be prioritized when creating your plan.
- What opportunities are there for quick wins that will provide visible improvements quickly? These are essential to maintain senior management support.

When developing the plan, the following strands of work will normally be required:

- **Framework** This comprises the standards, guidance and lifecycle within which initiatives will need to be delivered. Level 1 organizations are unlikely to have anything in place so they will be starting with a blank sheet of paper, which in some cases is easier. Level 2 organizations may have a framework that isn't used. This can be more difficult to deal with and root-cause investigations into why it isn't used will be required.
- **Competency and training** A skills and competency baseline will be required to establish the current status. In most organizations there will be a mix of qualifications and courses, which means that people will be at different levels of knowledge. For a level 1 organization a series of introductory events to a wide group can be very effective. Generic qualifications have their role to play as well, but to gain maximum benefit the training should relate to your framework and standards. If it is too generic there will be little performance change.
- **Management information** Organizations at levels 1 and 2 are often weak in this area, and their information and reporting are inconsistent. This should be a priority and senior managers should recognize and appreciate good-quality reporting. The quality of the content of the reports will depend on the quality of the framework and the people using it, but it is a key place to start in order to measure performance.
- **Tools** At levels 1 and 2, templates and a variety of methods may be used by different teams. Tools can range from software applications that perform calculations to systems for recording and tracking progress. As an organization moves from level 2 to 3, a consolidated set of tools will enable the consistency that is expected at level 3.

6.8 TIMESCALES

It normally takes around 12 to 18 months to move up a level of maturity, and this is because there are a number of business change issues that will slow progress. These include:

- Staff being embedded in a local way of working and not wishing to change
- Lack of leadership or senior manager commitment
- Poor communications on the reasons for the change
- Existing workloads being too high to learn the new skills and improve
- No incentives to change.

7 Adapting P3M3

The perspectives section (section 8) provides you with a detailed explanation of the scope of each of the P3M3 perspectives. You will then need to decide whether you are going to use one, two or all three of the models.

Your organization is likely to be one of the following:

- **Commissioner of projects** One that uses procurement and the supply chain to undertake the delivery elements of the project. Your focus is likely to be on supply chain management in this situation.
- **Deliverer of projects** You supply project management and associated deliverables to a customer or to other parts of your organization. Your focus is likely to be on maintaining good management controls and effective stakeholder communications.
- **Commissioner-deliverer of projects** You deliver projects yourselves and may use external deliverers when needed, so all aspects of P3M3 would be applicable to you.

The following section is designed to help you consider how you can make the most of the model and customize it for your own use.

7.1 SPECIFIC SECTOR COMPETENCIES

P3M3 is by nature generic, as it looks at a holistic range of measures, but there may be areas that need to be prioritized during an assessment. For example, if you are in construction, your organization may put specific value on health and safety. This is covered under organizational governance, where there is reference to organizational standards, their appropriateness, and the organization's compliance with them.

Case study: Gatwick Airport

Gatwick Airport Ltd undertook a P3M3 assessment in 2012, with a significant organizational commitment to health and safety. As part of the maturity assessment, specific information relating to health and safety in project management was collected to provide assurance that safety had been embedded in the processes.

However, in an assessment you may need to test compliance with standards additional to those you have deployed. These can all be included by specific reference within the scope of an assessment during the planning stage.

If you are assessing suppliers or supplier departments (for example, ICT), it is unlikely that they will be mature in benefits management, as this tends to sit with their business customers.

In some cases it may be worth considering other specialist maturity models to supplement P3M3 to ensure your capability is fully recognized. These may come from other project maturity models or from other sectors, and include disciplines such as environment, finance or procurement.

Within P3M3 there are specific attributes relating to topics such as asset management and these will be valuable to capital-intensive sectors. The full assessment also includes sections that cover the maturity of such topics that may or may not be appropriate to your organization.

7.2 SUPPLY CHAIN MANAGEMENT

P3M3 is ideal for use as a quality standard when conducting procurement or performance reviews of your supply chain partners. Everyone has heard stories of vendor organizations that field their A team during a procurement tendering process, but once delivery begins the C team turns up.

The lack of consistency in the quality of P3M staff being provided as part of a contract is a continual problem for commissioning in many organizations. P3M3 provides assurance that there are defined approaches in place and the maturity model can be used for both primary and secondary suppliers in the chain.

Within the full model, there is a maturity analysis of the commercial management of an organization.

The P3M3 perspectives provide a valuable tool for measuring quality. A high-quality supplier should be able to gain high levels of certification in some perspectives, but not all. For example, high levels would be expected in:

- Organizational governance, which shows the top tier of management in the supplier organization is committed and is actively investing in organizational improvements
- Management control, which shows they can competently control an assignment for you
- Resource management, which shows they have the structures for resource development and acquisition, assuring you of the quality they will provide.

The other perspectives would also be important, but these three would be the priority for the commissioning organization.

8 P3M3 maturity levels

The descriptions and characteristics of the five maturity levels apply equally to each of the three models: Pfm3, PgM3 and PjM3. P3M3 recognizes that organizations may excel at project management without having embraced programme management, or indeed vice versa. Similarly, an organization may be accomplished in portfolio management but immature in programme management. P3M3 therefore enables an organization to assess its effectiveness against any one or more of the models independently, although an overall P3M3 maturity rating obviously cannot be given until an assessment has been carried out for all three models.

The maturity levels enable organizations to identify an improvement pathway along which they may choose to travel. This journey should be seen as a long term strategic commitment rather than a quick-fix for immediate tactical problems. Although rapid short term improvements can be targeted to achieve specific goals, the real benefits of P3M3 come through continual process improvement.

The five level hierarchy of P3M3 does not imply that every organization should aim for, or need to achieve, level 5 in all three models. Each organization should decide which maturity level would be optimal for its particular business needs at a given time.

The following sections summarize the characteristics of each of the five maturity levels; these have been used to develop the assessment model. Achievements at a given level must be maintained and improved upon in order to move up to the next level.

8.1 LEVEL 1: AWARENESS OF PROCESS

Processes are not usually documented. There are no, or only a few, process descriptions. They will generally be acknowledged, in that managers may have some recognition of the necessary activities, but their actual practice is determined by events or individual preferences, and is highly subjective and variable. Processes are therefore undeveloped, although there may be a general commitment to process development in the future.

Undeveloped or incomplete processes mean that the necessary activities for better practice are either not performed at all or are only partially performed. There will be little, if any, guidance or supporting documentation and even terminology may not be standardized across the organization (e.g. business case, risk, issues etc. may not be interpreted in the same way by all managers and team members).

Top management should be aware of the need to use a process-based approach to P3M and have committed to improving it, but may lack sufficient engagement.

Level 1 organizations may have achieved a number of successful initiatives, but these are often based on key individuals' competencies rather than organization-wide knowledge and capability. In addition, such 'successes' are often achieved with budget and/or schedule over-runs and, due to the lack of formality, level 1 organizations often over-commit themselves, abandon processes during a crisis, and are unable to repeat past successes consistently. There is very little planning and executive buy-in, and process acceptance is limited.

8.2 LEVEL 2: REPEATABLE PROCESS

Top management will be taking the lead on a number of the initiatives but there may be inconsistency in the levels of engagement and performance.

The organization will be able to demonstrate, by reference to particular programmes or projects, that basic management practices have been established (e.g. tracking expenditure and scheduling resources) and that processes are developing. There are key individuals who can demonstrate a successful track record and, through them, the organization is capable of repeating earlier successes on similar programmes and projects in the future.

Process discipline is unlikely to be rigorous, but where it does exist, programmes and projects are performed and managed according to their documented plans. Project status and delivery will be visible to management at defined points, such as on reaching major milestones.

Level 2 is also achieved if the organization has defined the approach but it hasn't yet been universally deployed or adopted, so it is on the way to level 3.

There is still a significant risk of exceeding cost and time estimates. Key factors that may have preconditioned the organization to experience difficulties or failure include:

- Inadequate measures of success
- Unclear responsibilities for achievement
- Ambiguity and inconsistency in business objectives
- Lack of a fully integrated risk management process
- Limited experience in change management
- Inadequacies in communications strategy.

8.3 LEVEL 3: DEFINED PROCESS

The management and technical processes necessary to achieve the organizational purpose will be documented, standardized and integrated to some extent with other business processes. There is likely to be process ownership and an established process group with responsibility for maintaining consistency and process improvements across the organization. Such improvements will be planned and controlled, perhaps based on assessments, with planned development and suitable resources being committed to ensure that they are coordinated across the organization.

Top management are engaged consistently and provide active and informed support.

A key distinction between levels 2 and 3 is the scope of standards, process descriptions and procedures (i.e. stated purposes, inputs, activities, roles, verification steps, outputs and acceptance criteria). These standard processes can be tailored within programmes and projects to suit specific circumstances, but these will be in accordance with tailoring guidelines.

There will be a universally adopted common approach in place.

There is likely to be an established training and development programme to develop the skills and knowledge of individuals so they can more readily perform their designated roles. A key aspect of quality management will be the widespread use of peer reviews of identified products, to better understand how processes can be improved and thereby eliminate possible weaknesses.

8.4 LEVEL 4: MANAGED PROCESS

Level 4 is characterized by behaviour and processes that are quantitatively managed (i.e. controlled using metrics and quantitative techniques). There will be evidence of quantitative objectives for quality and process performance, and these will be used as criteria in managing processes. The measurement data collected will contribute towards the organization's overall performance measurement framework and will be imperative in analyzing the portfolio and ascertaining the current capacity and capability constraints.

Top management will be committed, engaged and proactively seeking innovative ways to achieve goals.

Using process metrics, management can effectively control processes and identify ways to adjust and adapt them to particular projects without loss of quality. Organizations will also benefit through improved predictability of process performance.

8.5 LEVEL 5: OPTIMIZED PROCESS

The organization will focus on optimization of its quantitatively managed processes to take into account predicted business needs and external factors. It will anticipate future capacity demands and capability requirements to meet delivery challenges (e.g. through portfolio analysis).

Top managers are seen as exemplars, reinforcing the need and potential for capability and performance improvement.

It will be a learning organization, propagating into other programmes and projects the lessons learned from past reviews. The organization's ability to rapidly respond to changes and opportunities will be enhanced by identifying ways to accelerate and share learning.

The organization will be able to show that continual process improvement is being enabled by quantitative feedback from its embedded processes and from validating innovative ideas and technologies.

There will be a robust framework addressing issues of performance management. The organization will be able to demonstrate strong alignment of organizational objectives with business plans, and this will be cascaded down through scoping, sponsorship, commitment, planning, resource allocation, risk management and benefits realization.

9 P3M3 perspectives

The perspectives are groups of related processes and concepts that are bundled together under seven headings. The perspectives are portable and are used in each of the three models (portfolio, programme and project), enabling consistency to be achieved. However, in each model the perspective may have a subtly different focus in the way it is applied.

An organization can choose to have an assessment of a model or of a perspective as a 'stand-alone' exercise. For example, the risk management perspective could be used to enable detailed diagnostics of a specific problem.

The following sections provide a summary of the coverage of each of the seven perspectives, with specific reference to what is in scope.

Within each perspective there are a number of processes. For each of these processes the scope tests for the existence of general process steps, which are now common across AXELOS' Best Practice guidance. These general process steps are:

- Identifying
- Analyzing
- Managing
- Reviewing.

These are particularly relevant to five of the perspectives: benefits management, risk management, finance management, stakeholder management and resource management.

9.1 ORGANIZATIONAL GOVERNANCE

This perspective looks at how the delivery of initiatives is aligned with the strategic direction of the organization. It considers how the start-up and closure controls are applied to initiatives and how alignment is maintained during the initiative's lifecycle.

There are similarities between the characteristics required for good management control and organizational governance, but their interpretation is different. Organizational governance is about having the right initiatives running, while management control is about running them the right way. This perspective is focused on organizational controls rather than the internal controls for initiatives.

Gated reviews are essential to maintain organizational control, by using start-up gates, maintaining alignment with the business or organizational plan, and conducting reviews at key points in the lifecycle. Because the organizational plan may change, even well-managed projects may need to be stopped for reasons outside of their control.

This perspective also looks at how a range of other organizational controls help maintain ownership and direction (e.g. through legislative or regulatory frameworks). Each organization will have different standards and these should be defined at the outset when the assessment is scoped.

9.2 SCOPE TOPICS

The characteristics covered under organizational governance are:

- Alignment between organizational objectives and initiatives
- Gated lifecycle control points for checking and maintaining strategic alignment
- Organizational professional development strategies for P3M, within existing competency frameworks
- Decision-making structures (e.g. approvals)
- Legal compliance
- Common governance model that links initiatives to strategic plans
- Audit and assurance is used to maintain organizational control
- Communities of practice enable cross-organizational development
- Organizational progress-reporting procedures
- Individual accountability for the success of initiatives
- Leadership behaviours
- Organizational standards are applied to initiatives (e.g. health and safety, sustainability)
- System for scaling the control arrangement for initiatives
- External dependencies
- Ethics framework
- Business cases demonstrate strategic alignment.

9.3 MANAGEMENT CONTROL

This perspective covers the internal controls used by initiatives and how the direction of travel is maintained throughout the lifecycle, with appropriate breakpoints that enable initiatives to be stopped or redirected by a controlling body. These controls are characterized by the clear evidence of a guiding control group, effective decision-making, the existence of stages/tranches, and regular review processes during the course of the initiative. The focus of control will be on achieving the objectives within the tolerance and boundaries set by the controlling body and based on the broader organization's requirements. Issues will be identified and evaluated, and decisions to deal with them will be undertaken using a structured process with appropriate impact assessments.

9.4 SCOPE TOPICS

The characteristics covered under management control are:

- Internal control mechanisms
- Clear definitions of scope
- Control of change
- Issue management
- Specifications
- Delivery behaviours
- Product quality planning and testing
- Validation and verification
- Existence of a controlling body
- Transition-planning
- Lifecycles with control stage reviews that enable stop/go decisions
- Performance management information about progress
- Documentation information controls (version, filing and release)
- Defined sets of responsibilities for each role
- Internal dependencies
- Business cases demonstrate management controls
- Differentiation between the direction, management and delivery of initiatives
- Configuration management
- Information security
- Competency of individuals involved in applying controls
- Documentation that sets out the objectives of initiatives.

9.5 BENEFITS MANAGEMENT

The benefits management perspective is focused on ensuring that the organization defines and manages the value that it anticipates gaining from the investment.

The achievement of benefits will invariably involve some sort of change; this may take many different forms, from incremental improvement to structural change.

The benefits management perspective covers the initial definition of requirements through to the release of benefits or value. The perspective is active from the start and plans may continue past the closure date of initiatives.

Different organizations tend to have their own views on benefits which makes it difficult to generalize. The benefits of a public sector central body are quite different from those of a utility or a small private sector organization. To be effective, an organization will need to have a clear definition of what a benefit means to them.

9.6 SCOPE TOPICS

The characteristics covered under benefits management are:

- Benefits identification and analysis
- Requirements management
- Benefits estimation
- Defined sets of responsibilities
- Benefits management competencies
- Benefits categorization
- Benefits-planning
- Value management
- Operational performance management and achievement of outcomes
- Business change management
- Risk-rating of benefits
- Evaluation and review of benefits effectiveness
- Benefits-accounting
- Business case benefit assessments.

9.7 RISK MANAGEMENT

The risk management perspective reviews the way the organization manages threats to, and opportunities enabled by, the initiative.

Risk management will maintain a balanced focus on threats and opportunities, with appropriate management actions to mitigate the likelihood of any identified risk occurring. Risk management will look at a variety of types of risk that affect the initiatives from internal and external sources. Risk management will focus on the tracking of the triggers that create the risk.

Mitigation will be innovative and use a number of options to reduce likelihood and impact. The management of risks will be embedded within the lifecycle and have a supporting process and structures in place to ensure that the appropriate levels of rigour are being applied, with evidence of interventions and changes being made to manage risks.

9.8 SCOPE TOPICS

The characteristics covered under risk management are:

- Risk analysis: qualitative and quantitative
- Risk checklists
- Risk identification
- Opportunities and threats
- Risk management competencies
- Risk-planning
- Risk-budgeting
- Risk context and culture
- Roles and responsibilities
- Business case includes risk assessments
- Systems approach to risk
- Early warning indicators
- Defined sets of responsibilities for each role
- Evaluation and review of effectiveness of risk management

9.9 STAKEHOLDER MANAGEMENT

Stakeholders are key to the success of any initiative. Stakeholders at different levels inside, and outside, the organization are analyzed and communicated with effectively to achieve objectives in terms of support and engagement.

Stakeholder management includes stakeholder analysis and communications-planning; the effective identification and use of different communications channels; and techniques to enable the achievement of objectives.

Stakeholders and their relationship with the initiative will change as the initiative progresses through its lifecycle. There should be evidence that sufficient reviews are taking place to understand these changes. A stakeholder management strategy and communications plan will be defined and refined to accommodate the stakeholder changes, and for use in lessons learned that can lead to better stakeholder engagement.

9.10 SCOPE TOPICS

The characteristics covered under stakeholder management are:

- Stakeholder checklists
- Stakeholder categorization
- Stakeholder identification and analysis
- Communications-planning
- Evaluation and review of effectiveness of communications management
- Communications channels
- Stakeholder feedback management
- Communications-budgeting
- Early warning indicators to monitor stakeholder attitudes
- Business case includes stakeholder impact assessments
- Stakeholder management competencies
- Defined sets of stakeholder management responsibilities for each role

9.11 FINANCE MANAGEMENT

Finance is an essential resource that should be a key focus for initiating and controlling initiatives. Finance management ensures that the likely costs of the initiative are captured and evaluated within a formal business case and that costs are categorized and managed over the investment lifecycle.

There should be evidence of the appropriate involvement of the organization's financial functions, with approvals being embedded in the broader organizational hierarchy. The business case, or equivalent, should define the value of the initiative to the business and contain a financial appraisal of the possible options.

The business case will be at the core of decision-making during the initiative's lifecycle, and may be linked to formal review stages and evaluation of the costs and benefits associated with alternative actions. Finance management includes ensuring the availability and scheduling of funds to support investment decisions.

9.12 SCOPE TOPICS

The characteristics covered under finance management are:

- Common approaches to and understanding of budgeting and cost calculation
- Business cases include costs
- Cash flow management
- Management of funding sources
- Financial management expertise is available
- Accounting practices
- Calculations to monetize the value of investments
- Defined sets of responsibilities for each role
- Evaluation and review of the effectiveness of financial management
- Financial management competencies
- Expenditure-forecasting is aligned to organizational-spending plans
- Reporting of financial performance

9.13 RESOURCE MANAGEMENT

Resource management covers the management of all types of resource required for delivery of the initiative. These include human resources, deployment of building infrastructures, information technology, and access to key assets and tools.

A key element of resource management is the process for acquiring resources and how supplier sources are utilized to maximize effective use of resources.

There will be evidence of capacity planning and prioritization to enable effective resource management. This will include performance management and exploitation of opportunities for greater utilization. Resource capacity considerations will be extended to include assessment of the capacity of the operational groups to resource the implications of change.

9.14 SCOPE TOPICS

The characteristics covered under resource management are:

- Resource identification and analysis
- Resource-planning
- Recruitment
- Resource management competencies
- Resource management expertise is available to support project teams
- HR development strategies
- Capacity and demand management
- Resource-profiling
- Resource frameworks
- Defined sets of responsibilities for each role
- Evaluation and review of the effectiveness of resource management
- Training and development
- Resource utilization and performance reporting
- Performance and productivity are monitored from internal and external resources
- Team and individual performance improvements.

10 P3M3 maturity levels for each perspective

The following tables provide an overview of the maturity levels for each perspective in each model (PfM3, PgM3 and PjM3). These are useful for summarizing the results of a maturity assessment, by explaining what it means to be at a certain level for a particular perspective within a model.

10.1 PORTFOLIO MANAGEMENT

Table 9.1 provides an overview of the high level descriptors for each perspective in the portfolio management model.

Table 9.1 PfM3 perspective descriptors

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Organizational governance	The organization attempts to align individual initiatives with organizational objectives, but there is an ad hoc, inconsistent and ineffective oversight of initiatives.	The portfolio is recognized by the organization, but there is still little overall leadership and direction for the process. Initiatives may be initiated and run without full regard to the organizational goals, priorities and targets.	The principles of portfolio management are widely understood, practiced to a consistent standard, and underpin the governance framework.	The initiatives within the portfolios are prioritized in terms of their contribution to the organization's strategic objectives and overall level of risk.	The portfolio of change initiatives is collectively sufficient to achieve the desired contribution to strategic objectives.
Management control	The organization recognizes the portfolio(s) but has little or nothing in terms of documented processes or standards for managing the portfolio(s).	There are some pockets of portfolio management discipline within individual departments, but this is based on key individuals rather than as part of a comprehensive and consistent organization-wide approach.	Portfolio management processes are centrally defined, documented and understood, as are roles and responsibilities for controlling portfolios.	Portfolio management processes exist and are proven. Portfolio management has established metrics against which success can be measured.	Portfolios are managed consistently to ensure efficient and effective delivery.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Benefits management	There is a recognition that initiatives may exist within the organizational and divisional portfolio to enable the achievement of benefits for the organization.	The development of the investment cycle is increasing the awareness and importance of identifying benefits and subsequently tracking their achievement.	There is a centrally managed framework used for defining and tracking the delivery of portfolio-level benefits across the business operations.	The benefits realization and management process is well established, measurable and is integrated into how the organization manages itself.	Benefits realization is maximized to provide the greatest return (in terms of strategic contribution and efficiency) from the investment made.
Risk management	There may be a growing recognition that risks need to be managed and that they can threaten the successful delivery of the portfolio.	There is a top-down approach to risk identification, focusing on organizational initiatives, but some initiatives are carrying out bottom-up risk identification. These approaches are inconsistent, not interrelated and often fail to address risk management as a whole.	Portfolio risks are identified and quantified, and mitigation plans are developed and funded. Risk management across the portfolio is based on a common, centrally managed process.	The organization's appetite for risk and the balance of risk and benefit across the portfolio are continually reviewed and managed.	The process of portfolio risk management is continually improved, based on the analysis of evidence from within the organization and comparison with other organizations.
Stakeholder management	Stakeholder engagement and communication are rarely used by portfolios as elements of the delivery toolkit.	Some portfolios are communicating effectively, but this is linked more to the personal initiative of portfolio managers than to a structured approach deployed by the organization.	There is a centrally managed and consistent approach to stakeholder engagement and communications, used by all portfolios.	Sophisticated techniques are used to analyse and engage the stakeholder community, and quantitative information is used to underpin the assessment of effectiveness.	Communications are being optimized from extensive knowledge of the stakeholder environment, to enable the portfolios to achieve their strategic objectives.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Finance management	Portfolio oversight of the financial aspects of initiatives may be recognized but there is little or no organizational investment control.	There are some pockets of good business case production and some, usually departmental, structures to oversee investment decisions.	There are established standards for the investment management process and the preparation of business cases.	The organization has robust financial control of its investment decisions and the approval and monitoring of initiatives. There is proactive, evidence-based portfolio management.	Funding and other resources are re-allocated to ensure that the initiatives are contributing to, and will continue to contribute to, the strategic objectives.
Resource management	Portfolio resource requirements are recognized but not systematically managed. Resource allocation is ad hoc, with little profiling of resources to meet specific initiative requirements.	The organization has started to develop portfolio resource management processes and improve the identification and allocation of resources to specific initiatives.	Portfolio resource management is centrally defined. Initiative resource needs are evaluated, enabling the organization to target and increase the development of resources to meet strategic objectives and priorities.	The organization has effective capacity and capability strategies and processes for obtaining, allocating and adjusting resources in line with medium- and long-term investment plans.	Portfolio management drives the planning, development and allocation of initiatives to optimize the use of resources in achieving the strategic objectives and priorities.

10.2 PROGRAMME MANAGEMENT

Table 9.2 provides an overview of the high level descriptors for each perspective in the programme management model.

Table 9.2 PgM3 perspective descriptors

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Organizational governance	Informal governance of programmes exists but links to broader organizational controls are minimal.	There are localized arrangements in place to apply governance for programmes.	Programmes consistently deploy their governance to align with centrally defined organizational governance arrangements.	Programme and organizational governance are integrated with measurement and feedback used to refine programme governance as appropriate to make it more effective.	The governance arrangements for programmes are embedded in organizational controls, with demonstrable continual improvement across the organization.
Management control	Where management control approaches exist, they have been developed in isolation by individual programmes.	Management control is recognized as a key component for programme success, with localized approaches in place.	Programmes consistently deploy management control to achieve objectives within the defined scope and aligned with a centrally defined approach.	The programme's management control approach is integrated with the organization's control mechanisms, and uses measurement and analysis of performance to verify and refine the programme's effectiveness across the organization.	The programme's management control is embedded within the organization's control mechanisms, focusing on delivering outcomes that enable the organization to achieve its strategic aims and objectives with continual improvement across the organization.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Benefits management	Where benefits management approaches exist, they have been developed in isolation by individual programmes.	Benefits management is recognized as a key component for programme success, with localized approaches in place.	Programmes consistently deploy benefits management to define and track their realization from the delivery of operational capability to align with a centrally defined approach.	The programme's benefits management approach is integrated with the organization's performance management and uses the measurement and analysis of performance to verify and refine the programme's effectiveness across the organization.	The programme's benefits management is embedded within the organizational change and performance management approach, focusing on outcomes to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.
Risk management	Where risk management approaches exist, they have been developed in isolation by individual programmes.	Risk management is recognized as a key component for programme success, with localized approaches in place.	Programmes consistently deploy risk management to mitigate threats and maximize opportunities, aligned with a centrally defined approach.	The programme's risk management is integrated with the organization's risk	The programme's risk management is embedded within the organization's risk management approach, focusing on mitigating threats and maximizing opportunities for achieving the strategic aims and objectives of the organization, with continual improvement across the organization.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Stakeholder management	Where stakeholder management approaches exist, they have been developed in isolation by individual programmes.	Stakeholder management is recognized as a key component for programme success, with localized approaches in place.	Programmes consistently deploy stakeholder management to engage and communicate, aligned with a centrally defined approach.	The programme's stakeholder management is integrated with the organization's stakeholder management approach and uses measurement and analysis of performance to verify and refine the programme's effectiveness across the organization.	The programme's stakeholder management is embedded within the organization's stakeholder management approach, focusing on engaging and communicating to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.
Finance management	Where finance management approaches exist, they have been developed in isolation by individual programmes.	Finance management is recognized as a key component for programme success, with localized approaches in place.	Programmes consistently deploy finance management to track funding and control expenditure, aligned with a centrally defined approach.	The programme's finance management is integrated with the organization's finance management approach and uses measurement and analysis of performance to verify and refine the programme's effectiveness across the organization.	The programme's finance management is embedded within the organization's finance management approach, focusing on investment to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Resource management	Where resource management approaches exist, they have been developed in isolation by individual programmes.	Resource management is recognized as a key component for programme success, with localized approaches in place.	Programmes consistently deploy resource management to meet their capacity and capability requirements, aligned with a centrally defined approach.	The programme's resource management approach is integrated with the organization's capacity and capability management and uses measurement and analysis of performance to verify and refine programme effectiveness across the organization.	The programme's resource management is embedded within the organization's resource management approach, focusing on maximizing the exploitation of the organization's capacity and capability to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.

10.3 PROJECT MANAGEMENT

Table 9.3 provides an overview of the high level descriptors for each perspective in the project management model.

Table 9.3 PjM3 perspective descriptors

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Organizational governance	Informal governance of projects exists but links to broader organizational controls are minimal.	There are localized governance arrangements for groups of projects.	Projects consistently establish their governance to align with centrally defined organizational governance arrangements.	Project and organizational governance are integrated with measurement and feedback is used to refine project governance as appropriate to make it more effective.	The governance arrangements for projects are embedded in organizational controls, with demonstrable continual improvement across the organization.
Management control	Where management control approaches exist, they have been developed in isolation by individual projects.	Management control is recognized as a key component for project success, with localized approaches in place for groups of projects.	Projects consistently establish management control to achieve objectives within the defined scope using a centrally defined approach.	The project's management control approach is integrated with the organization's controls and uses measurement and analysis of performance to verify and refine project effectiveness across the organization.	The project's management control is embedded within the organization's control mechanisms, focusing on delivering outcomes that enable the organization to achieve its strategic aims and objectives, with continual improvement across the organization.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Benefits management	Where benefits management approaches exist, they have been developed in isolation by individual projects.	Benefits management is recognized as a key component for project success, with localized approaches in place for groups of projects.	Projects consistently establish benefits management to define and track their realization from the delivery of operational capability to a centrally defined approach.	The project's benefits management approach is integrated with the organization's performance management and uses measurement and analysis of performance to verify and refine project effectiveness across the organization.	The project's benefits management is embedded within the organizational change and performance management approach, focusing on outcomes to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.
Risk management	Where risk management approaches exist, they have been developed in isolation by individual projects.	Risk management is recognized as a key component for success, with localized approaches in place for groups of projects.	Projects consistently establish risk management to mitigate threats and maximize opportunities aligned with a centrally defined approach.	The project's risk management approach is integrated with the organization's risk management and uses measurement and analysis of performance to verify and refine project effectiveness across the organization.	The project's risk management is embedded within the organization's risk management approach to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Stakeholder management	Where stakeholder management approaches exist, they have been developed in isolation by individual projects.	Stakeholder management is recognized as a key component for project success, with localized approaches in place for groups of projects.	The organization's projects consistently engage and communicate with stakeholders using a centrally established approach.	The project's stakeholder management is integrated with the organization's stakeholder management approach, and uses measurement and analysis of performance to verify and refine project effectiveness across the organization.	The project's stakeholder management is embedded within the organization's stakeholder management approach, focusing on engaging and communicating to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.
Finance management	Where finance management approaches exist, they have been developed in isolation by individual projects.	Finance management is recognized as a key component for project success, with localized approaches in place for groups of projects.	Projects consistently establish finance management to track funding and control expenditure, aligned with a centrally defined approach.	The project's finance management is integrated with the organization's finance management approach, and uses measurement and analysis of performance to verify and refine project effectiveness across the organization.	The project's finance management is embedded within the organization's finance management approach, focusing on investment to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.

	Level 1: Awareness	Level 2: Repeatable	Level 3: Defined	Level 4: Managed	Level 5: Optimized
Resource management	Where resource management approaches exist, they have been developed in isolation by individual projects.	Resource management is recognized as a key component for project success, with localized approaches in place for groups of projects.	Projects consistently establish resource management to meet their capacity and capability requirements, aligned with a centrally defined approach.	The project's resource management approach is integrated with the organization's capacity and capability management and uses measurement and analysis of performance to verify and refine project effectiveness across the organization.	The project's resource management is embedded within the organization's resource management approach, focusing on maximizing the exploitation of the capacity and capability to achieve the strategic aims and objectives of the organization, with continual improvement across the organization.

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12 Glossary

12.1 STRUCTURAL TERMS

The following terms are significant in the design and use of P3M3. The use of any other terms is as per the AXELOS common glossary (e.g. project, programme etc.).

assessment

Inspection and analysis to check whether a standard or set of guidelines is being followed, that records are accurate, or that efficiency and effectiveness targets are being met.

In the P3M3 context this is understood to be the evaluation of an organization's capability against one or more of the P3M3 models. An assessment can be a full independent assessment (for certification or further diagnostic purposes) or a self-assessment. Assessors may use the online assessment tool or the full assessment tool.

assessor

Someone knowledgeable in P3M3 and carrying out the assessment; this is likely to be a person working for the organization being assessed perhaps based in their COE or P3O.

attribute

An attribute is a description of the expected capability at a particular level for a particular perspective within a particular model (e.g. a statement of capability at level 2 for the risk management perspective within the project management model). There are two types of attributes: reflective attributes and additive attributes.

AXELOS consulting partner (ACP)

An organization licensed to deliver independent assessments and associated services using P3M3. An ACP must have at least one P3M3 consultant. The P3M3 consultant must lead certification assessments.

central

Central to the organization being assessed

central group

The group that sets the standards, processes, competencies etc. for an organization. It could be a PMO, a centre of excellence or a quality function.

certification

The award of a certificate based on an independent assessment that shows an organization has achieved a specific maturity level (e.g. level 3) for a specific model (e.g. project management).

commissioner

A client who specifies work and commissions others to deliver it.

commissioner-deliverer

An organization that commissions and delivers its own work.

competence/competency

The ability of an individual to do something well. In the P3M3 context, competency is understood to be an individual's skill level and ability to fulfil their role. It is not simply training.

consistent

Something that is applied in the same way each time and across the organization being assessed.

context

Context refers to the organizational context of an assessment and affects the inclusion or interpretation of attributes. The primary contexts are commissioner (e.g. client who specifies work and commissions others to deliver it), deliverer (e.g. supplier delivering work for a client) and commissioner- deliverer (e.g. an organization that commissions and delivers its own work).

continual

A deliberately recurring activity (not a one-off activity). A process that is subject to continual review would be evidenced by a plan showing the reviews.

corporate

Relating to the organization.

defined

Something that is specified by the central group (e.g. a specified standard, framework, process, template, tool, metrics etc.) and should be documented and issued.

deliverer

A supplier delivering work for a client.

documented

A record or evidence of something - this could be in the form of a document, an intranet page or an entry in tool etc. Something that is documented should be accessible by those who need it.

embedded

Embedding is the act of making something an integral part of a bigger whole.

In the P3M3 context embedded describes a capability that is inherent in an organization's structure, culture, policies, processes, techniques and tools. It is not something that is 'bolted on' to existing structures or processes.

established

A capability that is defined, implemented and used throughout the organization.

Related term: deployed.

flexed

The permissible adaptation of a framework, process, technique or tool to suit the context in which it is being used. The flexing of something should be documented and approved.

Related term: tailored.

framework

A guiding approach that is less prescriptive than a process.

full assessment tool

A tool, based on additive attributes, used by registered consultants to conduct a full independent assessment for certification or further diagnostic purposes.

further diagnostic assessment

An assessment of an organization by an external registered consultant, using the full assessment tool, that delves deeper into understanding the organizational practices than the level required for certification. It is typically used to formulate robust improvement plans.

independent assessment

An assessment of an organization by a P3M3 consultant, typically using the full assessment tool.

isolated

Used in attribute statements to describe emerging capability at level 1. It is something to build upon to move to level 2, where the isolated practice becomes repeatedly used.

lead assessor

Someone experienced and qualified to lead a team of P3M3 assessors. A lead assessor would normally work for an AXELOS consulting partner.

level

Level refers to the maturity level of an organization and can be applied to an individual perspective or a model. There are five levels of maturity in P3M3.

local/localized

Local to a business unit or team within the organization. Typically used to describe locally defined approaches.

model

A representation of a system, process, IT service, configuration item etc. that is used to help understand or predict future behaviour.

In the P3M3 context, model refers to the maturity model for a particular management discipline. There are three sub-models within P3M3 - one for project management, one for programme management and one for portfolio management.

online self-assessment tool

An online tool used to predict the most likely maturity level for an organization based on a set of reflective attributes.

optimal/optimized

Optimize means review, plan and request changes, in order to obtain the maximum efficiency and effectiveness from a process, configuration item, application etc.

In the P3M3 context optimal or optimized is describes the best case or most favourable outcome given a specific context.

organization

A company, legal entity or other institution. The term is sometimes used to refer to any entity that has people, resources and budgets - for example, a project or business unit.

A P3M3 assessment is an assessment of an organization's capability. The organization could be a group of companies, an entire company, a division within a company or a unit within a division. For PjM3 assessments the organization could even be the programme that hosts the projects. The critical factor is that the organization being assessed is autonomous or semi- autonomous in its ability to define how it defines and implements its management capability. Defining the scope of the organization being assessed is a key decision in how to apply P3M3.

organization-wide

Something that spans the organization being assessed.

P3M3 consultant

Someone qualified to undertake independent P3M3 assessments and in particular to recommend certification for a level of maturity.

perspective

Perspectives are process areas analysed by P3M3. These are organizational governance, management control, benefits management, risk management, finance management, stakeholder management and resource management.

portfolio

The totality of an organization's investment (or segment thereof) in the changes required to achieve its strategic objectives.

P3M3 considers that an organization will have only one overarching portfolio. That portfolio may be broken down into sub-portfolios, perhaps matching the organizational breakdown structure (e.g. business unit 1, business unit 2 etc.) or by function (e.g. finance, IT, estates etc.), territory (e.g. Europe, Asia etc.) or investment breakdown (e.g. R&D, plant etc.)

portfolio direction group

Also referred to as the corporate portfolio board.

One name for the body within the organization that has authority to make decisions about the composition and prioritization of the organization's portfolio of programmes and projects. This may be the corporate board, and in MoP (Management of Portfolios) it is also referred to as the 'portfolio direction group' or 'investment committee'. Alternatively the MoP definition of portfolio direction group (PDG) or investment committee (IC) is the governance body where decisions about inclusion of initiatives in the portfolio are made. No initiative should be included within the portfolio or funded without the PDG/IC's approval.

portfolio office

An office which is established centrally to manage the investment process, strategic alignment, prioritization and selection, progress tracking and monitoring, optimization and benefits achieved by an organization's projects and programmes on behalf of its senior management.

portfolio progress group

This is the governance body responsible for monitoring portfolio progress and resolving issues that may compromise delivery and benefits realization.

pro-active

To plan to take action prior to when it is needed.

Related term: pre-emptive.

proven

Something is proven if there is documented evidence for it.

Related term: evidenced.

recognition/recognized

The acceptance that a capability needs to be defined and implemented.

Related term: commitment.

sophisticated

An activity that is generally recognized as being advanced, requiring specialist techniques, tools or competence (e.g. Monte Carlo analysis for risk management).

thread

The full assessment tool groups attributes (e.g. attributes relating to competence development) to enable further diagnosis of common strengths and weaknesses. These groups are called threads.

type

How organizations categorize their projects (e.g. IT enablement, HR, process improvement etc.).

13 About AXELOS

AXELOS is a joint venture company, created in 2013 by the Cabinet Office on behalf of Her Majesty's Government (HMG) in the United Kingdom and Capita plc, to manage, develop and grow the Global Best Practice portfolio. AXELOS boasts an already enviable track record and an unmatched portfolio of globally-recognized best practice qualifications

AXELOS is responsible for developing, enhancing and promoting a number of best practice frameworks and methodologies used globally by professionals working primarily in IT service management, project, programme and portfolio management and cyber resilience.

These methods, including ITIL®, PRINCE2®, MSP® and our collection of cyber resilience best practice products, RESILIA®, are adopted by private, public and voluntary sectors in more than 150 countries to improve employees' skills, knowledge and competence in order to make both individuals and organizations work more effectively.

AXELOS is committed to nurturing best practice communities on a global scale. In addition to our globally-recognized certifications, AXELOS equips professionals with a wide range of content, templates and toolkits through our CPD-aligned My AXELOS subscription service and online community of practitioners and experts.

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