



EMPOWERING THE BUSINESS THROUGH PROJECT PORTFOLIO MANAGEMENT

Understanding the key challenges, barriers and best practice considerations to adopting Project Portfolio Management



PMO Strategies:

Empowering the Business through Project Portfolio Management

KEY FACTS:

- PPM IS NOT ONLY ABOUT DOING PROJECTS RIGHT IT IS ABOUT DOING THE RIGHT PROJECTS. PPM IS ABOUT MAXIMISING THE CONTRIBUTION OF PROJECTS TO THE OVERALL WELFARE AND SUCCESS OF THE BUSINESS.
- PPM ENSURES YOU HAVE A BALANCED MIX OF PROJECTS ACROSS THE ENTIRE PORTFOLIO INCLUDING LONG, SHORT AND MEDIUM TERM PROJECTS, AS WELL AS HIGH AND LOW RISK PROJECTS.
- PPM WILL PROVIDE MUCH NEEDED VISIBILITY INTO FAILING OR ILL PERFORMING PROJECTS ENABLING THE BUSINESS TO MAKE SUBJECTIVE AND INFORMED DECISIONS.
- IN THIS WHITEPAPER YOU WILL LEARN HOW PPM IS NOT JUST SIMPLY THE MANAGEMENT OF MULTIPLE PROJECTS BUT IT IS AN ESSENTIAL FRAMEWORK TO EMPOWER THE MANAGEMENT OF THE PROJECTS AND PROGRAMMES IN WHICH A COMPANY INVESTS TO IMPLEMENT ITS STRATEGY.

Understanding the key challenges, barriers and best practice considerations to adopting Project Portfolio Management

In Part 2 of the PPM Master Class we look at improving your understanding of Project Portfolio Management and how it empowers the business. To begin with we focus on what's new about Project Portfolio Management, and how we can define it. Finally we will explore how Project Portfolio Management empowers the business, both supporting and enhancing the project delivery process.

What's new about Project Portfolio Management

Project Portfolio Management is a shift in thinking from traditional project delivery, and challenges the narrow project-by-project orientated focus to planning. Its successful implementation is driven from the top down, spearheaded by executive and senior management sponsorship and responsibility. Its drive is to bring the strategic and operational plans together to provide a single view of the organisation, helping the business to achieve its business strategy whilst optimising operational efficiency.

Project Portfolio Management straddles the gap between the projects themselves, the management process and their accountability to the business. From a strategic viewpoint, the business can see which projects are delivering the organisations strategy.

Simply put, PPM looks to empower the business, not just the project process. It helps the business establish a clear line of sight from the top right down to the individual project layer.

What is Project Portfolio Management

PPM is not only about 'doing projects right'; it is about 'doing the right projects'. Project Portfolio Management is about maximising the contribution of projects to the overall welfare and success of the business.

PPM is more than individual project selection, it's about balancing the entire mix of the business's portfolio of projects with long term, short and medium term projects, as well as low risk and high risk projects. In addition, Project Portfolio Management will provide much needed visibility into failing or ill performing projects before it is too late to react, enabling the business to make subjective and informed 'go, kill, hold, fix' decisions.

A typical mistake that many companies make is that they think that PPM is fundamentally the management of multiple projects – this is not so.

KEY FACTS:

- PROJECT PORTFOLIO MANAGEMENT IS THE MANAGEMENT OF A COLLECTION OF PROJECTS AND PROGRAMMES IN WHICH A COMPANY INVESTS TO IMPLEMENT ITS STRATEGY.

Defining Project Portfolio Management

So how do we define Project Portfolio Management, at KeyedIn™ Solutions we like to summarise Project Portfolio Management as:

Project Portfolio Management is the management of a collection of projects and programmes in which a company invests to implement its strategy.

Effectively, these project investments seek to directly contribute to realising the business corporate goals.

Supporting the Project Delivery Process

The business cannot manage the project mix without the management of the projects themselves. There is a fine balance between the detailed management of the projects themselves and the portfolio visibility required to inform the business of their impact.

It is simply not enough for the business to manage the project mix without the management of the projects themselves.

Project Portfolio Management is designed to integrate itself into the project delivery process by ensuring your company's business objectives are being supported by the right set of projects. In addition, Project Management is critical to ensure that budgets, resource allocation, activity and work are accurate and delivered on time. So in summary, both PPM and Project Management are required to ensure the right set of projects are selected and that they are delivered on time, within budget and scope.

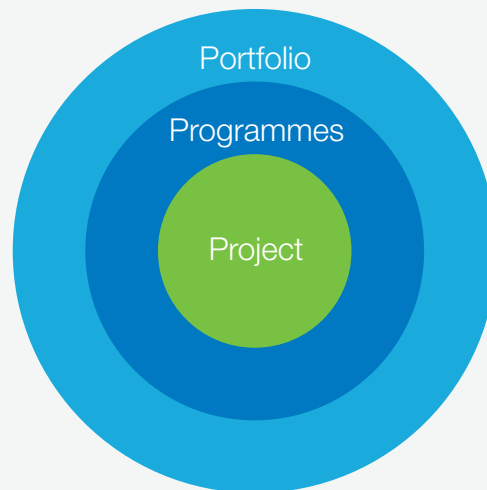
What is critical is that PPM is a repeatable on-going process of execution, analysis and course correction, and that PPM is an iterative process of communicating project delivery back and forth throughout the business.

KEY FACTS:

- IN ORDER TO IMPLEMENT AN EFFECTIVE PPM FRAMEWORK IT IS ESSENTIAL TO UNDERSTAND THE RELATIONSHIPS BETWEEN PORTFOLIO'S, PROGRAMMES AND PROJECTS.

The Relationship between Portfolio's, Programmes and Projects

In order to implement an effective PPM Framework it is essential to understand the relationships between portfolio's, programmes and projects.

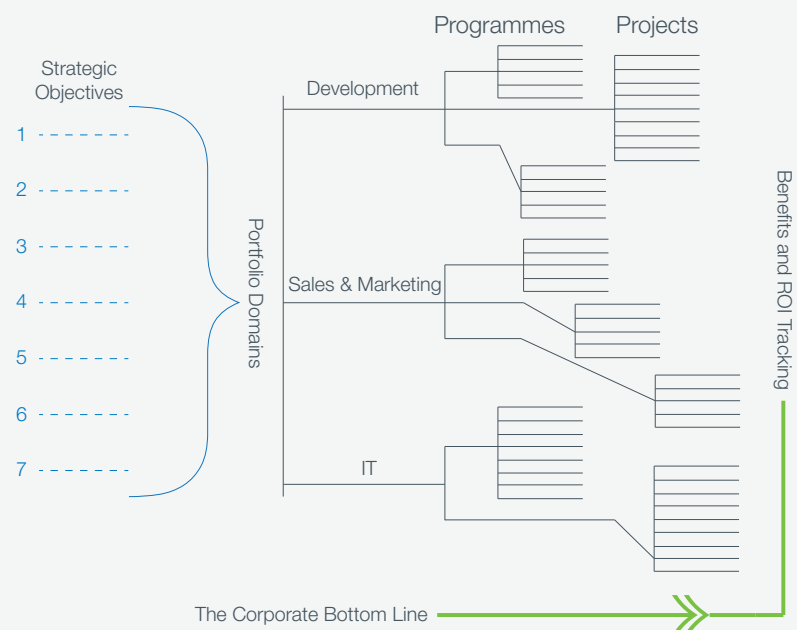


In summary:

- A Portfolio represents the collection of programmes and projects within the business. The process of PPM involves the strategic oversight, management and control of these components. Basically, Portfolio's provide a structured environment for deciding which projects to fund, to sustain or to eliminate.
- A Programme is the process of managing multiple, on-going, interdependent projects. PPM distils strategic goals into operational initiatives that enables the realisation of business value. Programmes are focused on business outcomes rather than outputs, they are about business management as well as technical management.
- Projects are a series of planned activities with clearly defined start, end points and clearly defined deliverables. Projects manage the estimated and actual start and complete dates for project tasks.

Putting it all together

The Project Portfolio Management process serves as a continuous mechanism to ensure projects remain aligned with their strategic intent and that assumptions defined in their original business case are adhered to and that decisions made during development are based on timely and accurate data.



There are many benefits to implementing PPM, these are:

- A standard methodology for starting, managing projects and making them accountable to the business
- Empowering the business with control over project GO/Kill/HOLD/FIX decision making
- Deliver a repeatable process for prioritising, selecting and executing projects
- Early warning of any potential problems in meeting programme and project milestones
- Easy for different stakeholders to access project information relevant to their interests
- A better understanding of resource utilisation in order to ensure that the right staff are deployed on the right projects
- Calculate the financial impact of cancelling a poor-performing project
- Switch priorities based on organisational needs and redeploy staff quickly based on accurate real-time information
- Reduce project reporting timescales at executive and board level, allowing faster reactions to market and competitive changes and more accurate decision making

KEY FACTS:

- WITH A SOLID PLAN, AND A DEFINED PROCESS FOR COMMUNICATION, GETTING YOUR MESSAGE OUT AND STAYING IN CONTROL IS NOT ROCKET SCIENCE.

The Goals of Project Portfolio Management

No business can afford to only invest in strategic, or ill performing projects. The main goal of Project Portfolio Management is to provide the executive team with the right information at the right time so effective and efficient decision making is carried out.



The Goal of Project Portfolio Management is to ensure that Projects must...

- Be aligned with the business's strategy and goals
- Be consistent with the business's values and culture
- Contribute to a positive cash flow for the enterprise
- Effectively utilise the business's resources
- Contribute to the business's current health
- Position the business for future success

The Consequences of not implementing Project Portfolio Management

The main consequence of not implementing PPM is essentially the executive team losing control of how projects are impacting the business, for example:

- Reluctance to kill projects
- Indecisive GO/Kill/Hold/Fix Decisions
- Poor project selection framework
- Wrong mix of projects
- Poor strategic alignment

The immediate impact of this is:

- There are too many projects
- Resources are thinly spread
- Project execution suffers
- There are too many low value, mediocre projects
- Good projects can become starved of resources
- The wrong projects are selected
- Projects lack strategic direction and alignment

Overall this can lead to poor business performance, including:

- Increased time to market
- Higher project failure rates
- Too few top product winners
- Chaotic launches
- Many project failures
- Diluted effort
- New products that don't support the strategy

The key challenges and barriers to adopting Project Portfolio Management

Project Portfolio Management by its very nature will demand change within the business, and with change comes resistance – from both above and below. Management commitment to and an understanding of the purpose and value of Project Portfolio Management is critical. PPM is not to be delegated to lower ranks, nor is it the sole responsibility of the PPM Vendor. You should look to educate as you implement. There will be many hurdles to face when implementing Project Portfolio Management, typical challenges include:

- Internal politics and culture are by far the biggest barriers to adoption
- You will need to become an 'evangelist' for Project Portfolio Management, with an 'executive sponsored guardian angel'
- Unwillingness of business managers to see their 'pet projects' shifted in priority

- Disagreement on the pace of adoption
- The willingness of the organisation to support the financial investment potentially needed for implementing a Project Portfolio Management software tool
- Organisational project capability and maturity – the more mature the organisation’s project management capability, the more ready will the business be to adopt PPM
- Resistance from programme and project teams to the adoption of a common approach to managing projects, reporting progress and constructing business cases
- It is simply human nature that people will blame the tools and processes to hide their own lack of knowledge and understanding of Project Portfolio Management
- PPM requires the adoption of time sheet technology as a method of collecting baseline and project progress data information – it is therefore essential to manage the ‘Big Brother Syndrome’

In Conclusion

There are many best practice issues that should be considered while deploying Project Portfolio Management these include:

Who: engaging the right people

- Senior management and executive buy-in is absolutely critical
- Create awareness, provide support, build consensus and motivate stakeholders at all levels

Why: identifying the pain and calculating the ROI

- Sell PPM's benefits
- Conducting a health check will help build a Return on Investment (ROI) model
- Give ownership to project stakeholders and executive sponsors

What: selecting the right tools

- Consider how the tools integrate with the rest of the business from both a cultural and technical view point
- Avoid a 'rip-and-replace' tool-set
- Opt for configuration instead of customisation

How: testing the tools and processes

- Sell PPM's benefits via a Health check and Proof of Benefit
- Make PPM a tactical sell and scale accordingly
- Be sure to communicate the Return on Investment and Return on Opportunity (ROO)

When: avoiding a 'big bang' deployment

Opt for a phased, incremental implementation where the business can solve problems on a domain-by-domain level, giving yourself time to understand the change management issues. Avoid the bottom up trap. Execution led PPM implementations are extremely complex and extremely prone to failure. By adopting a strategy led approach you can reduce complexity and deliver instant benefits.

About KeyedIn™ Solutions

KeyedIn Solutions is focused on helping organisations simplify processes, improve performance and drive results. The company's Cloud-based software systems not only offer greater flexibility, but effectively scale as business needs dictate and can be implemented quickly, delivering a measurable ROI months, or even years ahead of on-premise systems. And KeyedIn offers a true SaaS model, making its solutions affordable for every budget.

KeyedIn Manufacturing is an ERP system that helps custom manufacturers work smarter so they can increase productivity and bring new products to market quickly, for a distinct competitive advantage. KeyedIn Projects, the company's project management suite, helps businesses and professional services organisations improve everything from project initiation to execution by managing programmes based on top-line strategy and delivering profitable projects to the bottom line. And when new solutions need to be developed quickly, KeyedIn clients turn to KeyedIn Flex, the company's rapid application development (RAD) platform for affordable applications designed just for them.

When businesses need results fast, they look to the Cloud – and turn to KeyedIn Solutions. You should too. Keep up with us at www.keyedin.com



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