WHITEPAPER

Building A Business Case For PPM

Constructing the solution for Project Portfolio Management from the ground up

Key Takeaways:

1 Architect your PPM needs and evaluate your organizational readiness.

2 Build a business case for PPM — creating goals, understanding process and constrains, addressing the right stakeholders and selling the ROI.

3 Inspection - create a PPM checklist of requirements that ensures your PPM aligns to your business goals and helps you avoid common pitfalls.

INTRODUCTION

Many organizations do not realize the level of involvement required for evaluating and adopting project portfolio management (PPM) software leading to wasted effort for everyone involved. This white paper addresses the challenges (and opportunities) of implementing PPM in three parts: assessing PPM needs, building a business case for PPM, and creating an evaluation checklist.

The objective of this paper is to equip you with the knowledge you need to be successful in your PPM journey – which begins long before implementation – by creating enthusiastic buy-in from all relevant stakeholders to its necessity.

PPM - Project Portfolio Management is software that helps centralize and manage all things related to projects, programs and portfolios. This often includes organizing the hierarchy of projects and programs within a portfolio, planning and assigning resources for projects and tasks, and measuring and reporting on outcomes for learning and improvement.

PART ONE: LAYING THE FOUNDATION
ASSESS YOUR PPM NEEDS

There are many reasons people buy software, but they can mostly be simplified into three reasons:

1. Increase revenue
2. Decrease costs
3. Mitigate risks

Before trying to sell your senior management on PPM, it is important to understand how PPM can support one of these key notions. For example, if you are seeking a software that will increase revenue, PPM might help you get there by improving productive utilization resulting in higher revenue or by improving project efficiency leading to quicker time to market. If your goal is to decrease costs, you might make the case that PPM will provide a single source of truth thus eliminating the need for manual effort, provide visibility to reduce redundancies or simply get more output out of existing resources.

PMO - Project Management Office is the organization typically responsible for the planning and delivery of projects to the business. Many PMOs are also responsible for coordinating and managing resource assignments, skills inventory and tracking, and utilization reporting.

CAUTION:

While this may sound straightforward, there are some factors that can complicate things:

1. **Complicated Processes.** Too much process required and no clear or easy way to get people to adhere to it.
2. **Lack of Governance.** A bit of the reversal – not enough processes in place so gathering data is manual and near impossible.
3. **Change is Hard.** Challenging the status quo isn't easy. Until you can prove the value and establish success, gaining support for an initiative like this might be received with reluctance.

KI Insights:

Benchmark your PMO in these 4 competencies. Take our 5-minute assessment to see where you stack up.

Access Assessment Here

Thirdly, if the objective is centered around mitigating risks, you might build your case around project prioritization ensuring the team will be working on projects that have a high chance of success and provide more value to the business. Ultimately, your goal is to understand the business needs and align that to your PPM requirements.

Another very important consideration is your PMO maturity. It might be quite true that you desperately need PPM while, at the same time, you are unprepared to implement one. Here are foundational elements that take you to the next step in procuring a PPM solution, and some considerations when building your business case.

PMO Maturity: Ensuring your PPM is structurally sound

According to Forrester Research in the report Assess Your Portfolio Management Maturity[1] report, there are four competencies for assessing PMO maturity: structure, measurement, process and governance.

- **Structural Engineering:** the structure of your strategic portfolio management should have an established system of portfolio tracking that aligns with your organization's strategic goals and overarching corporate vision.
- **Precise Measurements:** it should utilize the measurement of timely, plentiful and accurate internal and external data for a clear understanding of status and progress.
- **Architectural Design:** Your organization will need to understand your current and target processes. For example, key performance indicators, resource management and forecasting must be established and then tracked.
- **Contractor Oversight:** your organization needs solid governance in the form of top-down, bottom-up buy-in and a focus on continuous improvement.

Use these four competencies to assess which areas of your PMO are strong and which could benefit from improvement.

Here are a few additional factors to consider:

Intake and planning

Many projects are scheduled on a first in/first out basis. If you want to implement value-based prioritization, you'll need to ready the organization for this to truly realize the benefits of PPM.

Resource management:

How complex is your resourcing? How complex will it become? This escalates quickly when resourcing grows, so it is best to master the system in advance.
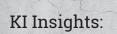
Reporting

Teams will get better at what their leadership measures them on, which is why it is a PMO maturity competency. Start with the end in mind and work backward.

PART TWO: BUILDING THE BUSINESS CASE FOR PPM

Similar to managing a project, evaluating software vendors will require steps in the process with key milestones and success metrics. When building a business case for PPM it is important to have an in-depth understanding about why it matters and how it will impact the business. While the PMO may understand the need, other decision-makers need more reasons to buy-in to the challenges that such changes might create. It is important to incorporate all stakeholders in the process (yes, even the nay-sayers) and provide evidence of its necessity to address concerns. This will help create solid support for PPM implementation from both the top-down and bottom-up.

KI Insights:

Is your PMO primarily Top-Down (strategy-driven with executive vision/support) or Bottom-Up (execution focused with emphasis on collaboration)?

Knowing this will help form the foundation of your business case.

PPM ARCHITECTURE: EVALUATE WITH THE END IN MIND

Understanding your goals helps you build a solid foundation for your PPM business case. A PPM evaluation is a journey that includes surveying the market, interviewing vendors, pitching senior management with your recommendations, securing funding and building a timeline for implementation.

This is simple, right? Maybe not. Here are some common missteps when going about a PPM evaluation that can create challenges in an organization's successful procurement of PPM.

⚠ **UNDER CONSTRUCTION** 🚧 **UNDER CONSTRUCTION**

Right Steps, Wrong Order: In typical scenarios, an evaluation begins with market research, then interviews with vendors, comparing notes, then creating a shortlist, securing funding, and finally building a timeline and go-live targets. The steps for selecting a vendor are helpful but the order is faulty. Here's why: If you set out to purchase a PPM solution without a thorough understanding of the reasons your organization needs it, you are not garnering buy-in. You will not be able to find a PPM provider that truly addresses your needs if you do not understand exactly what they are.

Case in Point

If an organization needs the PPM solution immediately but did little or no preliminary work to prepare for its implementation, the chances of success drop significantly.

By contrast, when an organization creates a timeline before seeking vendors, it provides a clear picture of its needs and milestones to ensure that its business goals are achieved in a productive and timely manner.

In turn, the solution provider can ensure the deliverables are met and the PPM truly meets the organization's needs.

Additionally, setting a timeline for implementation after you've selected a PPM and a vendor sets the wrong expectations and can quickly lead to failure.

Get Buy-In Early and Often: Building a business case requires support from multiple teams, afterall, it's not just the PMO that will be utilizing and benefitting from the system. Failure to enlist the right people and get buy-in before investing time and effort in securing a product and a vendor will help in the long run success of implementation and roll out. Senior management may have a completely different vision for PPM utilization that renders all the groundwork useless.

KI Insights: 70% of software evaluations that do not have early executive sponsorship result in no decision meaning they don't purchase software at all.

Eliminate Emotional Influence: It is tough to not let emotions dictate decisions, but having data and documentation goes a lot further. Deciding on a specific vendor because you have used them before might not be the best decision for the business.

Separate the "Need to Have" vs. the "Nice to Have": Getting caught up in excessive functionality can be a slippery slope – often times what sounds good in theory is not practical for your team. Create a realistic requirements list and don't get distracted by features you never knew you needed.

Part of building the business case for PPM is knowing where you are and making a plan for how to get to where you want to be. A better approach might look more like this:

Building Your Business Case

Identify the Stakeholders
Develop Your Strategy
Understand Constraints
Hit Key Milestones
Build Your Business Case

ENABLING EVERY LEVEL OF THE ORGANIZATION

Architect

Foreman

Engineers

Leadership   **PMO Leader**   **End Users / PMs**

In most organizations, there are 3 key people that need to be supportive of the PPM initiative: Leadership (CIO, VP or executive), PMO Leader, and Project Managers. Each level will have different needs and requirements and much different benefits from the solution so it is important to build the case for each one.

PPM for the CIO

According to a 2019 executive summary by IDG Communications, 88% of CIOs say that they are more involved in leading digital transformation initiatives compared to their business counterparts. The report, which surveyed 683 IT leaders, also noted that 62% of respondents claimed that revenue-generating initiatives, including customer service and business innovation, are now part of their evolving job descriptions.[1] In short, the CIO wants solutions that deliver business value internally and externally. As such, there are multiple reasons to invest in PPM that will appeal to the CIO:

Increase revenue: Improves resource utilization and time to market resulting in better customer service.

Decrease costs: Eliminates redundancies and siloed data allowing PMOs to make informed decisions.

Mitigate risk: Provides real-time visibility and enhanced project prioritization.

Balance aesthetic/functional: Keep a healthy mix of projects that are maintenance and those that are innovative or strategic.

Speed of delivery: Improved execution of projects to plan increases success.

Alignment to the business: Better selection of projects yields results that translate to business benefits.

PPM for the Head of the PMO

Enlist the PMO leader to protect project investments and drive organizational performance. According to a recent Forbes Report,[2] PMO Leaders are seen as the Transformation Agent with 90% of executives believing the PMO will play an increasingly critical part in digitally transforming their organization. And PMO Leaders agree; 47% of PMO leaders say their PMO is the "sole driver" or "very involved" with change management to leverage disruptive technologies.[3] This is no simple undertaking for PMOs and requires skillful, methodical management to ensure successful execution.

While a transformation agent and change leader are opportunities for the PMO to make an impact in their organization, they can't negate their primary roles and the importance of their projects. Equally important to PMO Leaders is increasing efficiency and yielding tangible benefits. PPM can help there too – by math alone, a 5% increase in resource efficiency across a 100-person resource pool can yield over $1m in annual savings. Furthermore, 25% of transformation projects yielded tangible benefits according to a study conducted by Capgemini.[4]

It is important to build the case for PMO Leaders that supports these initiatives through portfolio visibility, data integrity, and performance improvements that PPM can provide.

Enlist Project Managers to Become PPM Champions

PPM can be a tough sell for PMs because it can be viewed as more work and too much oversight. But it is important to note industry-wide project success hovers around 64%[5] and only 58% of organizations fully understand the value of project management.[5] These might seem like project managers get the brunt of mis-managed work, but it might also mean expectations were too high from the start and while they know what the outcome will be, they are unequipped to communicate or prove what they already know – there are too many projects in flight, there are not enough resources and the risks are too high to justify the investment. PPM can help bridge the communication gap and draw the line between expectations and reality.

Here are some ways to address concerns with project managers and garner support for a PPM solution they may not have asked for.

TOO MANY PROJECTS	Taking on too many projects can severely impact the quality of every one of them.	Effective PPM helps to ensure you have the capacity to meet incoming demand and gives you the tools you need to make those critical tradeoff decisions.
CAN'T GET THE RIGHT RESOURCES	Not having the right resources in place can derail projects and throw off the entire portfolio.	Ensure you have the skills needed for projects before you invest in them.
DON'T HAVE THE RIGHT TOOLS	Without the right scoping requirements, adequate skills tracking or proper reporting, projects won't be completed to expectations.	Equip project managers with the right tools to get the job done.
PROCESS DELAYS AND COMPLICATIONS	Too much or too little will hinder their ability to get projects done. PPM helps instill and evaluate processes.	The right amount of processes will empower project managers and allow them to maximize efficiency.

Process or Solution?

A bit of a "chicken or egg" conundrum, instilling processes without a tool to support it might result in duplicate effort when you are ready for a formalized tool. Likewise, getting a tool without sufficient processes in place might result in wasted money for a system that you can't use.

Why not both!

Portfolio management software can help manage updating process and change can be easier if it happens at once so you don't get settled and need to update everything again. Developing both simultaneously will ensure they work together for a complete solution.

Beyond ROI
PMO Credibility

PPM results in more accurate forecasts – decrease forecast variance by 12%[8]

Reduce Project Waste

Cut the annual cost of PM tools by 50%[8]

Business Alignment

Tools can begin the automation journey to get PPM leaders out of tactical and into value or strategic thinking during delivery.[9]
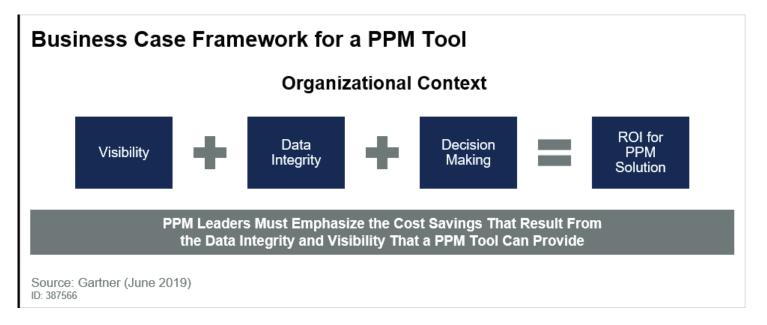
Time to Value

Software usually pays for itself in 6 months in efficiency gains alone through improved execution and overall success rates

BRINGING IT ALL TOGETHER

Just as a construction crew enlists help from different teams with specialties for any given project, addressing concerns and gaining support from your respective teams will go a long way in your quest to securing and ultimately utilizing your software. But it is important to distinguish that PPM is more than just software – when executed correctly it is a solution consisting of instilling or adjusting processes, partnering with a provider on services and implementation, and improving overall project management practices for real value to be realized. Your solution should consist of an implementation plan, a change management plan and growth strategy that is aligned with what the software can provide, and a level of governance for formalized practices to ensure your PMO is built to last.

The ROI of PPM for PMs, PMOs and Their Organizations

No business case is complete without the backing of ROI numbers. While ROI for PPM can be tricky because much of it is soft ROI, there are tangible benefits from investing in PPM and results are typically seen within the first six months of implementation, according to related customer surveys. First, let's look at ROI from each side:

Soft ROI

- *Visibility of Project Data* — Resource availability and project performance.
- *Data Integrity* — Single source of truth with accurate, up-to-date information.
- *Improved Decision Making* — Get better forecasting and understand which projects will be and should be completed.
- *Accuracy* — Better forecasts and consistency of hitting targets.
- *Credibility* — More accurate forecasts — decrease revenue forecast variance.
- *Reduce Project Waste* — Cut the annual cost of PM tools.
- *Business Alignment* — Tools can begin the automation journey to get PPM leaders out of a tactics-only mindset and into value and strategic thinking during delivery.
- *Time to Value* — The right solution should pay for itself in 6 months in efficiency gains alone through improved execution and overall success rates.

Hard ROI

- *Resource Management* – a typical PPM software system can result in a mere 5% improvement in resource efficiency which can yield $1m in annual savings (based on a 100-person resource pool)
- *Eliminate Redundancies* – A Forrester survey of PPM users found that an average of 10% of projects were either low-value or redundant[6]
- *Efficiency Gains* – Forrester also cites most users found project duration decreased by 10% and cost overruns also decreased by 10%[6]
- *Reduce Administrative Work* – PPM tools capture data and easily generate reports reducing time spent on administrative tasks by about 25%[6]

The graph below (courtesy of Gartner[7]) illustrates the framework that builds the ROI case for all stakeholders.

Business Case Framework for a PPM Tool

Organizational Context

Visibility **+** Data Integrity **+** Decision Making **=** ROI for PPM Solution

PPM Leaders Must Emphasize the Cost Savings That Result From the Data Integrity and Visibility That a PPM Tool Can Provide

Source: Gartner (June 2019)
ID: 387566

PART THREE: YOUR PPM PUNCHLIST

Once every stakeholder has invested in the PPM concept it is finally time to develop a PPM checklist. This is not as simple as selecting features, although that is a very important part of the selection process. Part of the constant emphasis on preparation is that it helps avoid common pitfalls that result in inadequate software or wasted searches. It also ensures that the PPM aligns to business needs.

Where to begin? How about the organizational "why?" Why are you seeking out PPM? Are you overloaded with spreadsheets that do nothing to create reliable KPIs? Are you constantly over budget or underdelivering? Do you waste time on inconsequential projects because of first-in, first-out methodologies that don't actually benefit your overarching goals? The answers to these questions will help you begin your search.

STEPS FOR DEVELOPING A CHECKLIST

1

Consider all users. While you may not need to create a business case for casual users, you will still need to ensure you are addressing the needs of every user. These can include finance, business analysts, resource managers, contractors, or developers.

2

Align the PPM with business goals. Do you need more operational efficiency for less waste? Better resource management? Business agility? Customer success? Look for features that support the goals of the organization.

3

Create a list of all your functional requirements.
- Portfolio management
- Project planning
- Project management and execution
- Resource management
- Work management
- Financial management

4

Consider the importance of supportive features.
- Reporting and analytics
- Role-based access
- Usability
- Security
- Analytics

PPM PITFALLS TO AVOID

No matter how hard you work to select the perfect PPM solution, you may still encounter some problems. Here are some common pitfalls to avoid:

- Do not use methodology as criteria. Agile, waterfall or any other methodology should not force you into a software solution that does not work on a broader scale.
- Do not let software dictate your business. Keep what works and never throw away good processes to accommodate your PPM solution.
- Do not take the Big Bang approach. Never dump your team into a system all at once. Take it one step at a time. Patience will be rewarded.
- Do not trade governance for agility (or vice versa). You need agility and governance. Work on striking a balance, not eliminating one or the other.
- Do not just use what is on the table. Free products or the seemingly easy solution are tempting but rarely deliver the value for the effort.

These steps should help you develop a thorough checklist that will help you find the most effective and most valuable PPM solution for your organization.

DETERMINE THE FUNCTIONALITY YOU NEED

Every organization has a unique list of required features and functions. Identify what's most important to your operation. Here is a list of PPM functional areas to consider based off of Gartner's Critical Capabilities list.[10]

- **Portfolio Management –** Optimize your project portfolio through visibility into projects and programs with relevant visibility and reporting for every level. Prioritize initiatives based on value and alignment. Evaluate risk, anticipate delays and make decisions based on accurate, up-to-date information.

- **Resource Capacity Planning –** View portfolio level resource demand and requirements. Schedule, assign and execute against project goals. Easily view resource skills, deployments, dependencies, deadlines and key deliverables for all project work.

- **Project and Time Management –** Manage the full lifecycle of projects from ideation and request through execution and measurement. Never lose sight of tasks and project details – monitor projects every step of the way.

- **Resource Management –** Ensure resource and project managers are on the same page about resource assignments. Accomplish role-based planning, resource assignment/reassignment, what-if scenarios and time/expense tracking.

- **Work Management & Collaboration –** Keep current on project work and status. Manage tasks and deliverables across the organization. Collaborate on projects with team members and keep documents centralized.

- **Financial Management –** Capture project costs and centralize information, tracking forecast versus actuals. Improve financial forecasts and integrate with financial systems.

- **Reporting & Analytics –** Provide insights for all project stakeholders, from executives to end users. Generate reports that support your unique business processes, metrics and KPI's. Get on-demand visibility into performance, resources, risks, issues and financials.

- **Usability –** Configure to meet your business processes and user needs. Support self-service administration that doesn't require external technical expertise to customize.

- **Security –** Have the confidence and peace of mind that your environment and proprietary information is encrypted, protected and secure.

- **User Management –** Set permissions, access and visibility by role, such as executive, management and user. Provide visibility at the portfolio, program, project or task level.

- **Integration –** Ensure data is accessible among systems that require sharing and custom fields can be mapped easily and appropriately. Common PPM integrations include Agile development software tools such as Jira, IT service desk systems such as FreshDesk, financial systems such as Intacct, and CRMs such as Salesforce.

Conclusion

PPM can be incredibly valuable and deliver an ROI that surpasses expectations. However, getting from PPM dreams to PPM reality require that you build a strong business case for implementation. Assess your capabilities, develop a plan and target your most valuable stakeholders. Build a strong vision backed by strategic planning. It will not only ensure you achieve broad buy-in to using PPM, it will also ensure a smoother, more successful launch and implementation. `

About KeyedIn Projects

KeyedIn Projects is a supremely flexible solution for managing projects, programs and entire portfolios – from a single platform that provides a comprehensive view of the status of every project. Used by project managers, boardroom decision-makers, and frontline users, KeyedIn Projects increases success rates and profit margins, enables better decisions about project selection, planning, and prioritization and optimizes resource usage across the entire business. Headquartered in Minneapolis, KeyedIn has hundreds of customers worldwide, including Walgreens Boots Alliance, LexisNexis and Office Depot.

Visit www.KeyedIn.com or contact 866-662-6820 to learn more.

[1] CIO

[2] Forbes Insights (2018). The C-Suite Outlook: How Disruptive Technologies are Redefining the Role of Project Management

[3] Accenture (2018). Forging the Future : Evolving With Disruptive Technologies.

[4] Capgemini (2018). The Next Generation PMO.

[5] https://www.pmi.org/-/media/pmi/documents/public/pdf/learning/thought-leadership/pulse/pulse-of-the-profession-2018.pdf

[6] https://www.forrester.com/report/The+ROI+Of+Project+Portfolio+Management+Tools/-/E-RES47982#dialog-1579761685697-dialog

[7] https://www.gartner.com/en/documents/3939791/secure-funding-for-ppm-tools-with-a-persuasive-business-

[8] https://go.keyedin.com/projects/case-study/medhost

[9] https://www.cio.com/article/3174516/it-project-success-rates-finally-improving.html

[10] https://www.gartner.com/document/3956091to the next step in procuring a PPM solution, and some considerations when building your business case.

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