KEYEDIN®
PROJECTS

HARNESS THE 5 CRUCIAL AREAS OF PPM FOR RESOURCE DEMAND PLANNING SUCCESS

A real-world, practical guide to resource demand planning
in the Digital Age

Topics Included in This Guide:

- Common problems Project Portfolio Managers face and how to solve them with resource demand best practices

- How to prioritize projects for maximum capacity utilization and strategic value

- A one-stop way to evaluate your progress in these areas as well as suggestions for improvements

Is your PMO functioning as it should?

Is your PMO and are your Project Portfolio Managers (PPMs) capable of managing changes in resource demand across your portfolio in the digital age? The advent of digitalization across a spectrum of complex industries coupled with the transition to bi-modal IT (a mix of traditional and "agile" IT practices) have caused unprecedented disruption to traditional resource demand planning models.

In our last white paper, *6 Predictors for Resource Demand Planning Success*, we learned that the iterative nature of today's agile projects requires enhanced collaborative capabilities; a command of change management dynamics; and the willingness to place solid (and possibly unpopular) processes in place.

Now we will learn how mastering the five key areas of PPM functionality will help you ensure that you can leverage enhanced visibility into your resources across the enterprise. We will help you to see where your resource planning capability is impacted by new adaptive and agile project management techniques. You can then institute processes based on best practices we will show you.

By embedding the right habits into your PMO and all of the project teams it supports, you can tackle common issues in these five crucial categories and manage resource demand better in each of them:

FIVE CRUCIAL AREAS OF PPM FUNCTIONALITY:

- PROJECT SELECTION AND PRIORITIZATION
- SCENARIO MODELING
- RESOURCE CAPABILITY PLANNING
- PROJECT FINANCIAL MANAGEMENT
- PROJECT GOVERNANCE AND STATUS REPORTING

Project Selection and Prioritization

If there are major skills gaps at when you are trying to select and/or prioritize projects, these will often be related to resource demand planning shortcomings among your PPM leaders. Let's face it—a lot of the time, the "cart" of resource demand across an enterprise is driving the "horse"—the prioritization decisions across the portfolio. Sometimes it's because there wasn't enough visibility at the beginning of certain projects or groups of projects to really be sure you'd be able to

manage resource demand across the lifecycle of these projects. Perhaps it's because a project shouldn't have been approved in the first place.

Whether you are in the project selection process or prioritizing your current slate of projects, our advice is to use facts to make the argument—provided that your PMO can prove the necessity of its reprioritization with solid numbers.

Perhaps you own technology that allows you to show what it will cost when certain projects lose momentum. This type of system also tracks this loss in short-term and long-term ways (show the impact of resources per project as well as the impact of resource demand changes across the portfolio).

If your PMO is good at managing demand across projects, prioritization doesn't have to feel chaotic. You can plot your resources because you know your demand—based on where each project falls along the value spectrum. You can only work this way if you're enabled with not only visibility - but also vision.

Review the chart below, and examine the problems that your organization faces when selecting and prioritizing projects:

FURTHER READING

EBOOK: WHY PPM AND PMOS FAIL

Scenario Modeling

The most common way to conduct scenario modeling for project portfolios, often only monitors risks to the bottom line. This works fine some of the time, but when your budget and cost factors are the only scenarios you're modeling, you lose the chance to increase responsiveness and to gain a much richer understanding of the potential global consequences of every change in individual project scope.

What analytics should an effective PMO use to obtain not only financial confidence, but embed the change management processes for every resource demand lever in the portfolio? Here are three areas to evaluate to ensure that you are truly being strategic when scenario modeling:

Check your pipeline projects

Analyze all capacity requirements, not just financials

Keep a "cushion" for those inevitable, unexpected business-critical projects

Too many of us in this discipline are forced to create project-specific scenarios that do not take into account portfolio-related demands. When running scenarios across your portfolio, effective PPMs always compare existing project resource demand

among projects as well as against pipeline projects. Measuring capacity in the real world always requires analytic power to measure against current demand as well as those new, mandatory projects that always seem to arise at the last moment.

Only when you can analyze variances that include not only expenses, but other capacity categories such as role requirements, will you be able to effectively measure the impact of your decisions. The appropriate scenario modeling techniques ensure that you have a broad view of your resources and your upcoming resource demand, in order to fully utilize the business benefits of your portfolio and prioritize the best-fit projects at the right-time.

Scenario modeling can only accomplish this if it is strategy-driven, not tactically-driven. Even worse, if processes for the entire portfolio are not standardized to ensure smooth transitions among existing, new and pipeline products; if change management, communication and collaboration capabilities are not fully developed, PPMs might find themselves engaged in a prioritization fight with each project owner as they shift focus. Avoid this by providing substantial ROI when measuring project value. Use comprehensive scenario modeling tools to measure the impact of each action before you take it.

Resource Capability Planning

Let's say you've mastered the art of scenario modeling and you've got a good grasp on project selection and prioritization. You might then have a great start on aligning resource demand with resource capability.

As you know, the capabilities of any given organization are finite at any given point in time. Even if you get a "surprise cash infusion" to make sure a certain project meets its goals - that money has to come from somewhere. Learning how to be as predictive as possible in allocating resources against these finite limitations – or the surprise around the corner - is key to realizing portfolio goals.
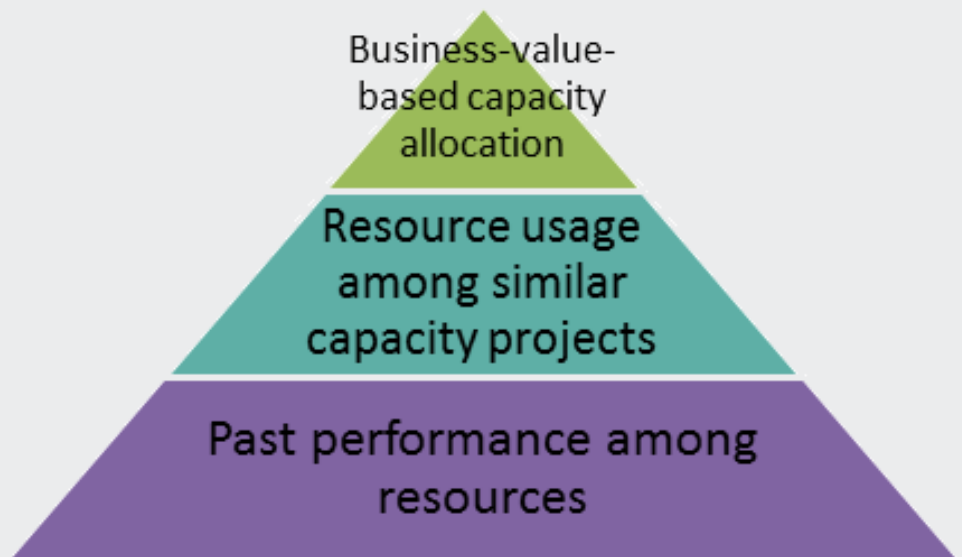
When you determine the resource allocations that are necessary for each project, you have a history of projects that you can use to allocate resources against your existing capacity. If you're working on a new project, you can use the amalgamation of the past experiences of your PMO and, if you've armed yourself with the proper technology, solid resource-usage data on past projects that are similar to the current project. If you have a technology-enabled capacity planning system, you have a continually growing pool of data to provide visibility into long-term resource requirements—the heart and soul of managing current and future resource demand.

If you have the right data and the appropriate technology to allocate capacity based on what has already happened; how your capacity measured up; and the final business value of your actions, you are already a high-performing PMO. If you have shortcomings in any of these key building blocks, you might have to adjust how you're managing resources.

Financial Management

How do the financial management processes and practices you use when managing portfolios cut into your ability to be a good resource demand planner?

A mature PMO will not measure the financial impact on a project-specific basis. Using budgetary estimates rather than scenario-driven data to manage money will fail if you're working with an enterprise-wide portfolio. Short-sighted resource demand planning often relies on budgetary estimates; or "robbing Peter to pay Paul" portfolio strategies that inevitably backfire because they don't represent a single version of the truth.

This version is based on your portfolio management system. It tracks the financial goals of all of your projects and the resources you've allocated against them; the in-flight actions you've taken to adjust for overages or the redeployment of extra resources; and a very clear storyline for where the money went and why. In our experience, if your PMO isn't using a centralized system to track these activities, this can put one or more individual's jobs on the line.

Is your Financial Management Process Working?

Give yourself 10 points for "always" 5 for "sometimes" and 0 for "never"

Do you use estimates on a project and portfolio-level that are based on actual, documented resource data on past projects with similar resources and financial usage?	Do you have enough portfolio-wide visibility to allow you to allocate budgets and oversee changes on an enterprise level ?	Do you have a way to measure the business value of the dollars spent on each project based on its strategic ROI?

Answer the questions, above, to see how often you are empowered based on your current financial management processes. The closer you get to "30" points, the more success you should be experiencing on a regular basis.

Project Governance and Status Reporting

Being able to successfully execute on a portfolio level requires an ability to follow best practices in governance and status reporting. Solid governance processes keep project leaders on track to meet regulatory, security and document retention rules—while minimizing risk.

The operational mandate of status reporting goes without saying—but we've seen siloed organizations that retain pen-and-paper status processes that are completely invisible to the PMO. Some functional areas even like it that way, and are content with communicating status via whiteboard or a weekly email. In this scenario, resource demand planning on an enterprise-wide scale becomes extremely difficult.

Organizations that are evolving toward a centralized project management system often enable their "heavy-use" departments first with portfolio management technology. That's the way to show solid ROI on their investment. Others "work around the edges" of their portfolio; they show quick, easy wins from installing these systems for smaller projects to build a business case toward getting the whole company on board.

Sometimes, all it takes is a missed deliverable within a highly-regulated project to get the green light for these systems. In the same vein, governance rules that are tracked across an enterprise's project portfolio are followed because they are built into the system. The rules in this type of "embedded" governance systems are rarely broken.

About KeyedIn™ Solutions

KeyedIn Solutions is focused on helping organizations 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 Projects, the company's project management suite, helps businesses and professional services organizations improve everything from project initiation to execution by managing programs based on top-line strategy and delivering profitable projects to the bottom line. 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. And when new solutions need to be developed quickly, KeyedIn clients turn to KeyedIn Konfigure, the company's rapid application development (RAD) platform for affordable applications designed just for them.

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