

Complimentary to Attendees of the IIR “IT Project Portfolio Management Conference”

PPM - PROJECT AND PORTFOLIO MANAGEMENT

- A summary of the discussion group on effective management of enterprise wide projects and portfolios circulated to **CIO Network** members.

1. BUSINESS VALUE PROPOSITION

A. Get the business involved early and sustain executive sponsorship. Use the portfolio management approach to demonstrate an understanding of business value across all projects. The governance processes are linked with the portfolio management approach – especially when it comes to steering and other decision making processes.

Continually measure the business's commitment to the business case – Steering Committee attendance, benefit realisation, etc – score the projects regularly and communicate this to senior mgt.

B. Use proven estimation techniques and continually enhance this process and model. Have this endorsed by senior mgt so value reporting is consistent. Measure performance by value creation (benefits realisation) and project delivery accuracy (\$, effort, schedule). Being transparent and reporting performance will deliver a culture of verifying benefits.

C. Develop a business case with a standard process and reporting. This makes each project easily comparable and understood by senior mgt. Work with Finance to agree on the business case parameters – but make sure they are not too complex. Ensure the business case building process can be audited by the PMO for consistency, but the case must be built by the relevant business unit – who must be involved early.

D. Manage expectations through an open communications process. Portfolio mgt is at least partly an expectation mgt exercise – priorities will change and must be addressed. Keep risk and changing priorities in front of senior mgt.

E. Manage the retrofit of this “new” process into the existing governance and priority mgt process. Keep the process simple enough to be managed alongside the day-to-day pressures of project mgt.

2. PRIORITISATION

A. Classify projects.

- Business impact
 - **Run** the business – Operational – Business as Usual (BAU)
 - Compliance
 - **Grow** the business – improve business capability
 - **Transform** the business – higher risk, higher payoff projects
- Discretionary or Non-discretionary

Use a portfolio analysis toolset if possible – this can be as simple as MS Excel, or more sophisticated, depending on the complexity and value of the portfolio. Projects on the programme of works should be classified into quadrants showing High-Low on Strategic Value versus Economic Value, and whether they are Run, Grow, or Transform.

B. Link projects and portfolios to business strategy and have the business case, benefits realisation, and benefit milestones in place. Track benefits realisation (eg earned value) over time for the whole portfolio, including planned projects. Show how the business and IT strategies are also linked, and the portfolio supports business plans. Ensure business buy-in to the aligned strategy and therefore the priorities. Have only appropriate decision makers are on decision making bodies (as opposed to stakeholder involvement) – keep the process agile.

C. Identify benefits (tangible vs intangible). In cost-benefit analyses, consider the cost of not doing it. Tangible benefits are more useful in the decision-making process. Identify risk in the project profile, and report risks to senior management frequently and accurately. Check benefits (assign a benefits owner from business) at stages through the project – be careful that IT is not left with the benefits realisation responsibility – this should be with an independent unit – the sponsor, the business, or finance.

D. Use consistent metrics as part of the prioritisation plan to keep urgent and important projects in perspective, and fun vs hard projects in their correct order of implementation.

E. Build trusted relationships with the business units and their key managers. Without a degree of trust, agreement on the priorities will be difficult to reach, let alone sustain.

F. Establish a PMO as a centralised repository of project and portfolio management skill. Skill and resource accordingly (1 to n people) and ensure they have appropriate tools. Governance should apply to projects at an appropriate level, but try to find some kind of governance for all projects, regardless of how small – tools can help here.

G. Accept reality and understand the pragmatism required to classify projects – and accept that the planning for a year or two out has its limitations.

H. Identify the critical group who is directly impacted by any projects and ensure they have the correct controls. Ensure the SME resources are managed as well as IT, etc.

3. MANAGING RESOURCES

A. Find an experienced person either internal or third party – this person attached to the PMO. Importantly the resource mgt process is integrated with the project mgt process, so resource mgt is not a separate function per se, but it is a skill that is needed. Resource mgt tools exist, but are very hard to find – people mostly using MS Excel or MS Access.

B. Build estimation into the process. This is part of the business case and the ongoing project planning. Re-estimation is fundamental to progress tracking and earned value. Use the business case to lock in the resources. Manage contingency so that it is risk-related – as the risk reduces (through time or experience) reduce the contingency.

C. Plan resources into the future using tools that allow resources planned by skill or group. Projects should be added to the portfolio in “planned” mode for this activity. This should be part of the project framework or methodology. Ensure SMEs are managed as part of the resource plan as well (see point 2.H above).

D. Develop resources according to the portfolio plan. Recruit or train according to the strategic profile of the portfolio. Use the portfolio plan to illustrate the impact of new projects or requirements. Encourage professional development to strengthen loyalty for key resources, but also plan for resource shortages. (Development can help overcome pay scale constraints.)

E. Manage a responsibility matrix showing internal, external, and business resources across the portfolio – enables better forward planning and the engagement of third parties.

4. MANAGING PARTNERS

A. Ensure partner performance is measured using the contract parameters. Using dashboards and benchmarks is very useful – so tools and reporting need to manage this. Establish quantifiable expectations at the beginning, and measure against them. People have used SMS, Paragon, BSI – but don't let the whole project go – maintain control.

B. Use partners for extra skills that are not easily acquired internally, or to raise the general skill level of the internal team. Train internal people in parallel to third party.

C. Establish a pragmatic escalation process so that issues are raised easily and managed quickly. (Again – tools can assist in this process.) Senior mgt engagement is crucial to the relationship's success. Engage the partner in your project mgt environment so all resources are visible in the same way.

D. Make sure they don't reinvent the wheel. If they bring tools, make them sustainable for the business. Use them for skills transfer – don't lose the IP or skills.

E. Manage a responsibility matrix showing high-level internal, external, and business resources across the portfolio – enables better forward planning and the engagement of third parties. This is a filter of the detailed project plan – shows high-level tasks and who is responsible.

5. PROJECT MANAGEMENT

A. Review the toolsets available – widely. The list below is not exhaustive, but all are worth finding someone who has used them in an environment similar to yours.

B. Tools discussed.

- MS Project
- MS Enterprise Project Server
- MS PowerPoint
- Clarity (Niku)
- Prima Vera
- TeamFrame
- Mercury
- SharePoint
- Cognos
- SAP

C. Engage the whole business in Project Mgt. The users – infrastructure teams, senior mgt, PMO, etc – should all be involved in improving project mgt at large. Methodologies and tools should apply to the whole business.

D. Tools are difficult to justify in that business managers don't easily understand how the economic benefits derive from improved project control. Projects just run over, so why would we spend money on something that can't be fixed? It seems as though the concept has to be bought before the tools can be justified – even though appropriate tools can significantly improve project success.

E. Manage key parameters. Schedule mgt, milestone mgt, estimations, status reporting. Showing progress against ALL targets including benefits accrued – this provides a check point for go or no-go on continuing the project.

F. Choose an appropriate methodology. PMBOK, Prince 2, Agile. Need good PMs to use Agile because of its low level of governance – highly communication based.

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