

Project portfolio management - what, why & how

Stephen Jenner

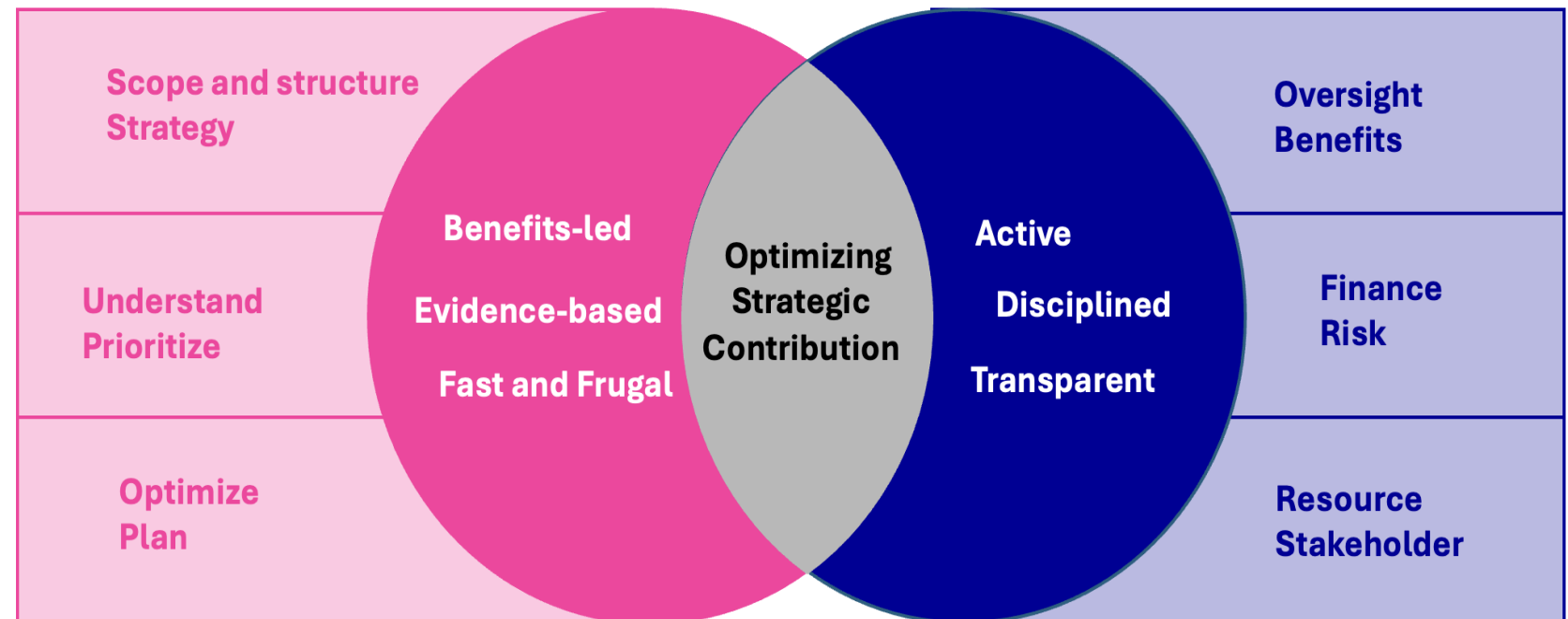


What is project portfolio management?

*“The primary purpose of managing portfolios is to **choose** the appropriate set of programs and projects and **execute** them to realise the planned benefits and optimise organisational value.”*

PMI

Portfolio design



Doing the 'right' things → At the 'right' time ← Doing things 'right'

Source: Managing Portfolios

Why project portfolio management?

Failures in strategy execution - *“high rates of failure - by any measure - are a constant.”* **The Economist Intelligence Unit**

Failures in project delivery - *“depending on complexity, 50-75% of major change efforts fail to realize intended results.”* **BCG**

And the root cause often lies at the collective level - *“unacknowledged dependencies remain the number one cause of project slippage.”* **John Doerr**

Four generic problems are associated with the absence of effective project portfolio management:

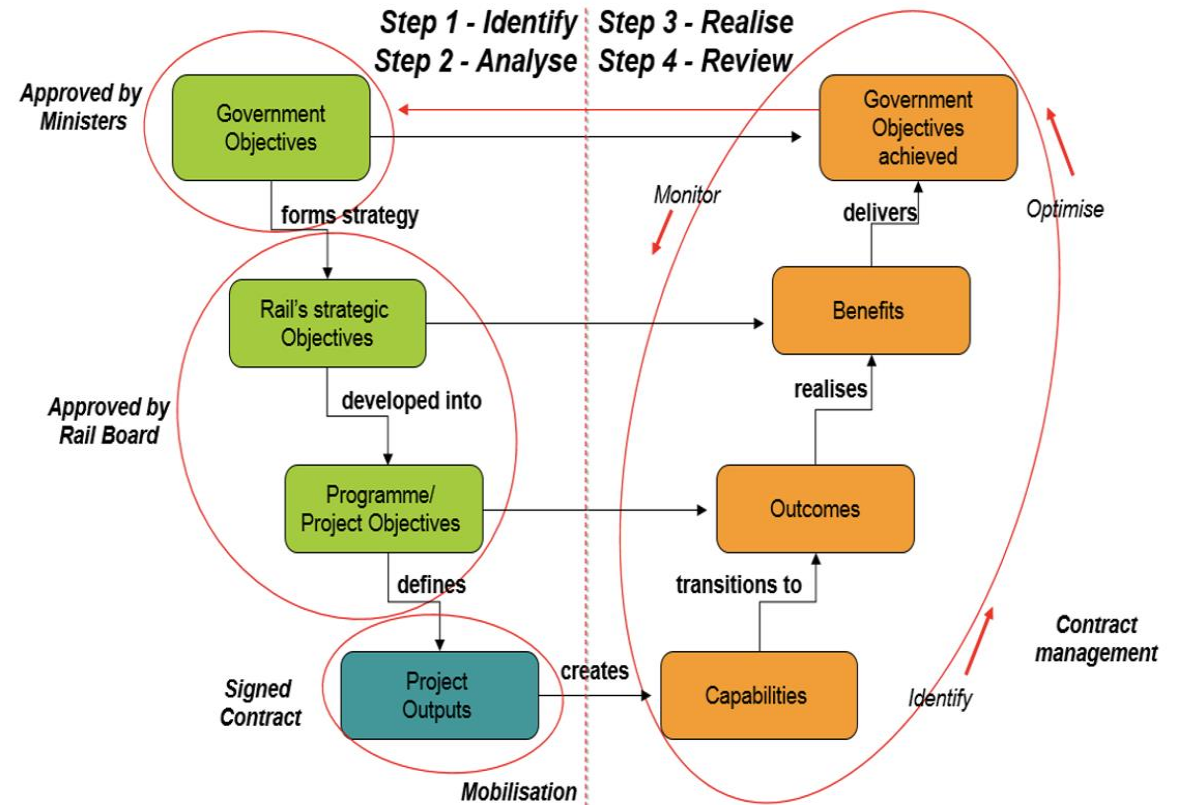
1. Too many projects
2. Projects that do not add value
3. Projects that are not linked to strategic goals
4. An unbalanced portfolio.

Kendall & Rollins

How 1. Aligning projects with strategy via benefits

“There is no standard categorisation scheme for benefits. Each organisation needs to define and agree on the categories of benefits that are important for successful realisation.”

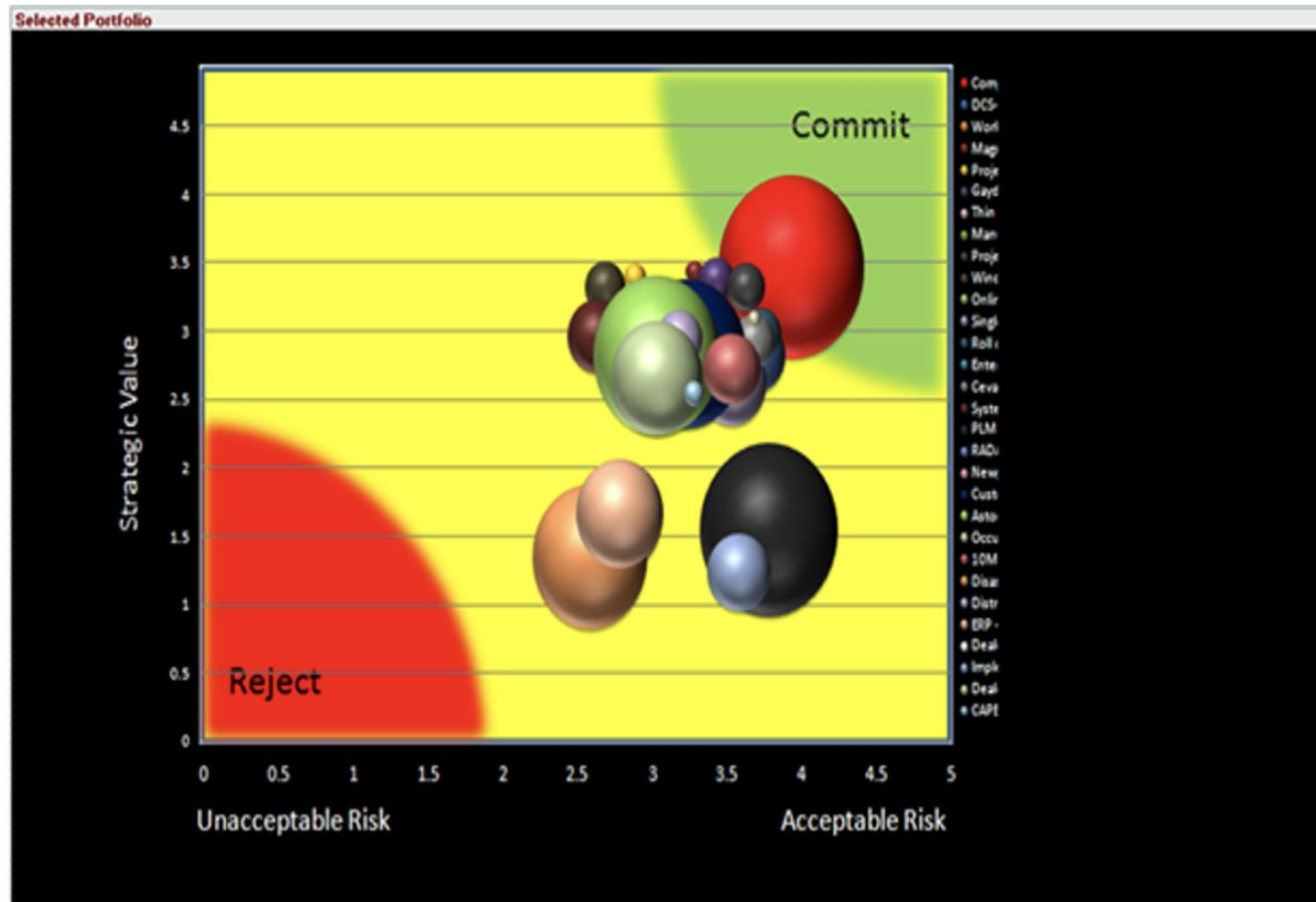
PMI



Source: Managing Benefits

“Project benefits can be considered synonymous with positive strategic impacts.” PMI

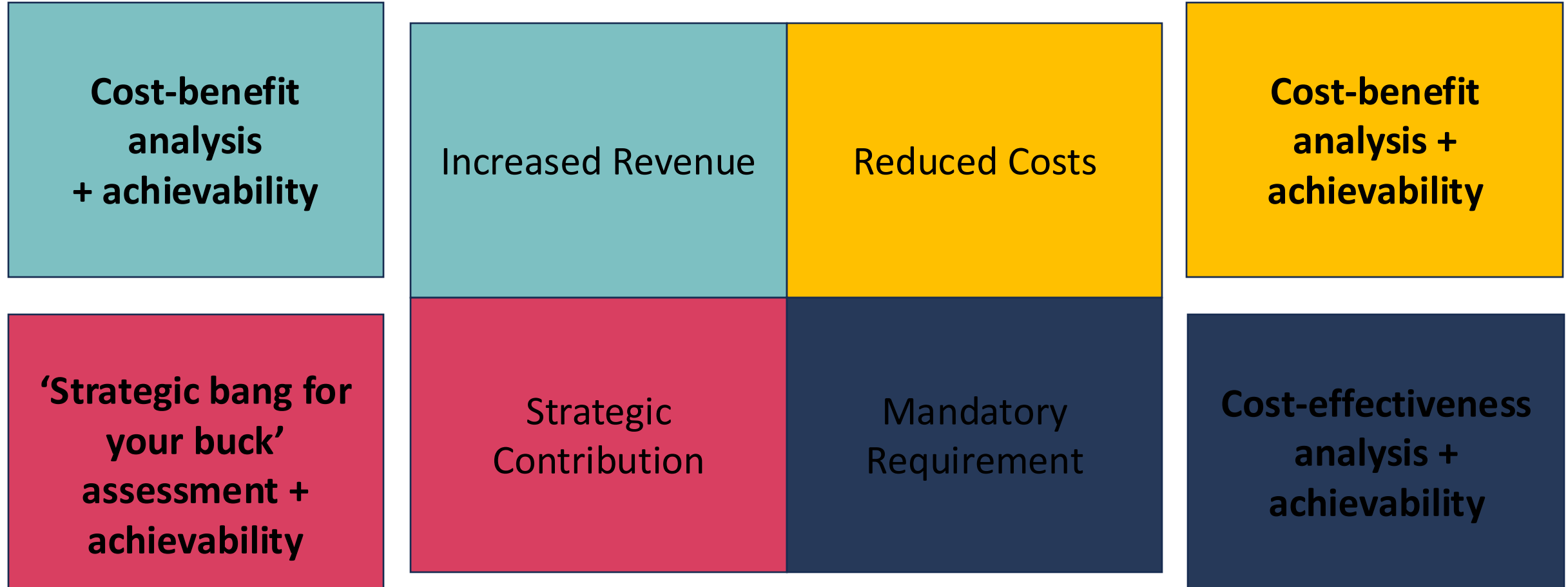
How 2. Balancing risk & return



***“We can do anything,
we just can’t do
everything.”***

Mark Cyphert

How 3. Portfolio categorisation (with tailored investment criteria)



How 4. Ensuring disciplined decision-making

- The **‘closer’** argues for his/her projects based on charisma, past success and personal relationships.
- The **‘screamer’** who’s advocacy is based on the ‘decibels’ rather than the data.
- The **‘end-arounder’** who goes straight to the top, bypassing the portfolio management process.
- The **‘strategist’** whose sole justification is some unarticulated and unquantified strategic contribution.
- The **‘doomsdayer’** who’s advocacy of a project is premised on fear of what would happen if the investment is not made.
- The **‘optimist’** who ignores sunk costs and past history believing it will all turn out right in the end.



Source: Anand Sanwal

“as one executive observed, his company’s biggest failures occurred when senior managers overrode established processes and methodologies.” **McKinsey**

How 5. Portfolio staggering - doing more by doing less

“resources are still vastly over-allocated and excessively multi-tasked.” **Bondale**

“postponing or stopping projects that were judged less attractive had led to the projects that were undertaken tending to run more smoothly, with less crises and delays due to clashes with other projects and disputes over access to limited resources.” **CIMA**

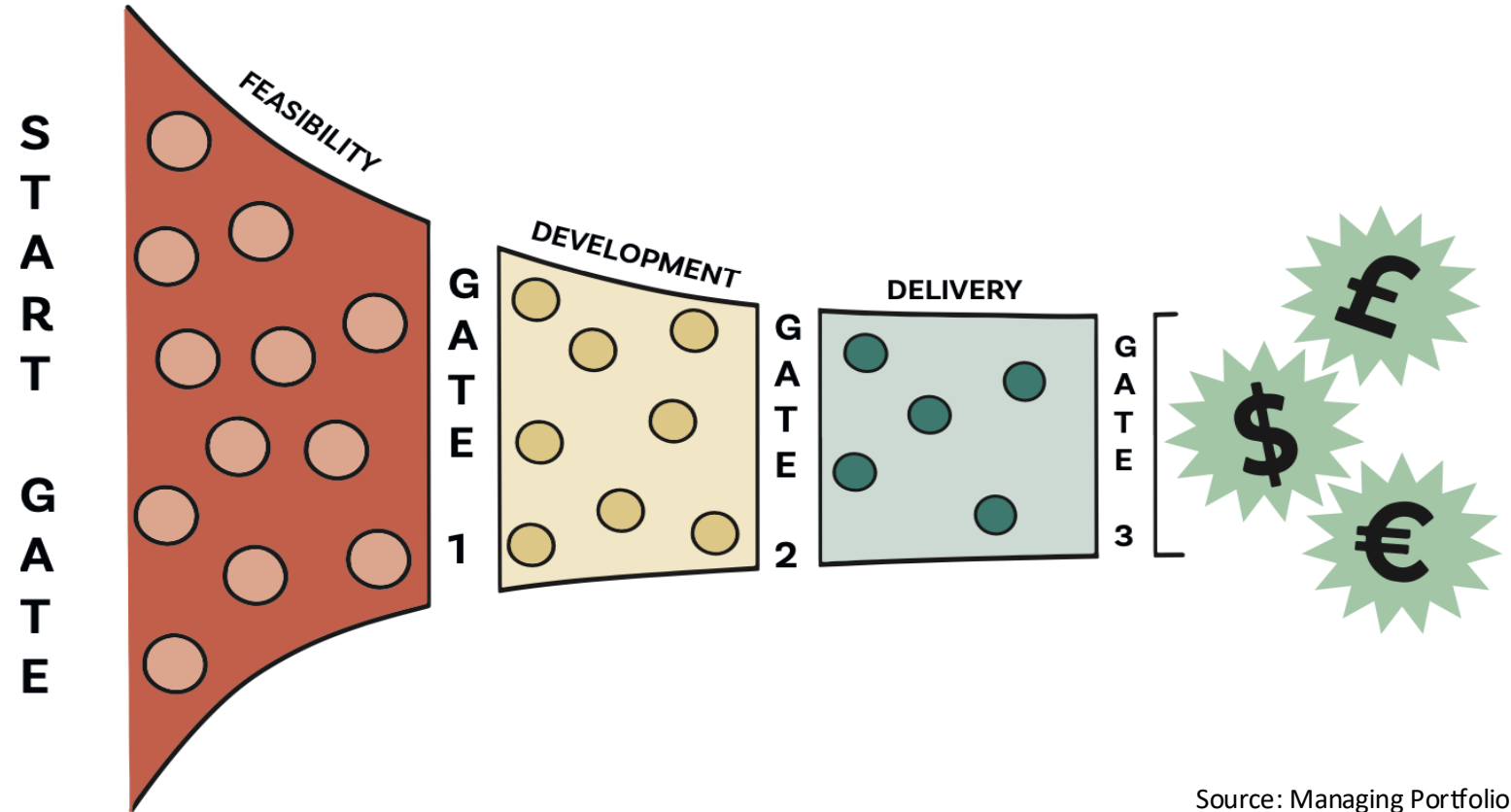


US Navy Seals mantra *“Slow is smooth and smooth is fast”*

How 6. Revisiting the investment decision across the project lifecycle



<https://kotaillustration.wordpress.com>

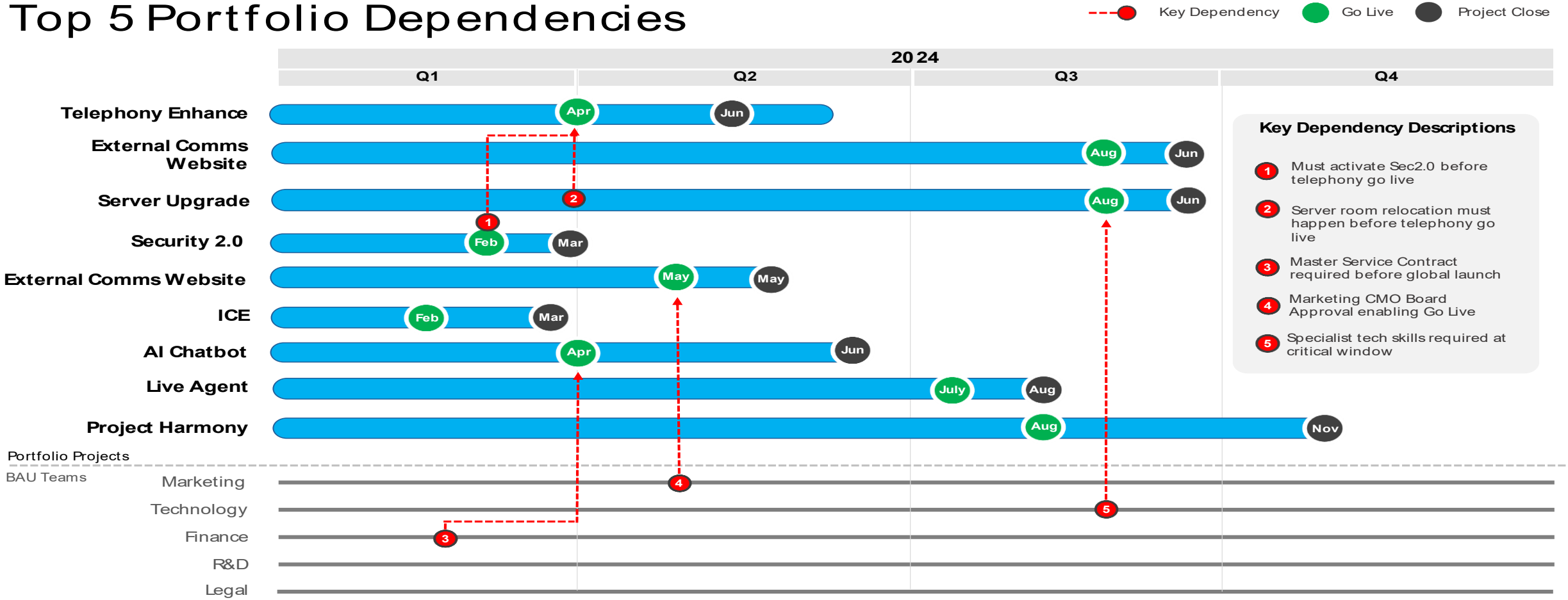


Source: Managing Portfolios

With staged release of funding - so there are no 'orphan' benefits

How 7. Managing dependencies both logical & logistical

Top 5 Portfolio Dependencies



Source: Managing Portfolios

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Any questions?