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A Quick-Results Action Plan to Manage Your Portfolio

READ THE NEWS TODAY? Across all industries and sectors, the challenges are urgent. A stagnant credit market; organizations short of resources or deficient in key skills; fewer, and more demanding, customers. In times like these, for reasons of survival, even the most effective leaders can be consumed with the present at the expense of the future. This is understandable, but dangerous for long-term organizational health. The critical question is "How do I distinguish the vital few initiatives from the trivial many?" The answer can be found in project portfolio management (PPM).

Benefits of PPM Add Up Quickly

The benefits of using project portfolio management practices can be significant:

- Organizations are more focused, executing only strategically important initiatives.
- Key resources are optimized.
- Investments are decided using a repeatable, deliberate process less susceptible to politics and noise.
- Adaptability to changing business conditions is enhanced.
- Leadership time is spent wisely, monitoring and controlling only the most important initiatives.
- Increased predictability allows for better forecasting.[1]

Best of all, research shows that when organizations implement PPM, tangible value is created very rapidly. For example, one study showed that using PPM practices improved the bottom line of R&D organizations within a matter of months.[2] Another study indicated that using PPM practices resulted in an improvement of at least 25%, and up to as much as 300%, in the number of projects completed with the same resources.[3]

A Quick-Results PPM Action Plan

Four questions to answer; four actions to take to create value quickly:

Where Should PPM Reside? PPM can be performed at the enterprise level, the business unit level, or within a large program. At every level, portfolio management can help drive optimization. However, best-practice companies have a project/program management office (PMO) that owns the portfolio management process.[4,5]

- *Action:* Establish an organizational home for PPM today; appoint a process owner.

Who Owns PPM? What roles and responsibilities are required to support PPM? Organizational leaders play the key role, using portfolio management methods to enable strategic adaptivity. However, having a project portfolio manager as process owner within the PMO keeps data flowing to executives for optimum decision-making.

- *Action:* Project Portfolio Manager, PMO Director, or savvy project manager…it's your choice, but assigning the role of managing the tracking and reporting of PPM statistics is central to success.

Case Study: Norton Healthcare

Like most organizations, 2007 PMO of the Year Award winner Norton Healthcare has limited resources; both human and financial. Prior to 2002, in the absence of coherent project management and portfolio selection processes, new projects were often undertaken without regard to the human resource capacity. Today, Norton Healthcare's Enterprise Program Management Office (EPMO) is serious about making sure that all the projects they manage are completed on time, within budget, and with a high degree of quality. More than that, the EPMO has taken the lead in introducing portfolio management methodology as a companion to strategic planning, to make sure the right projects for the health of the nonprofit are being selected. In 2008, the EPMO moved to the next level of enterprise strategic planning using portfolio management to limit and prioritize programs and projects based on urgency, budget, and resource needs.

Which Tools? Where the portfolio is complex, PPM software may be helpful. But with projects of short duration or less uncertainty, less-complex tools may suffice. Many companies successfully perform PPM with Excel spreadsheets.

- *Action:* Don't get bogged down in tool selection. Identify the simplest possible data tracking process and get started with the high-value PPM tasks.

How? Most organizations benefit from the initial PPM processes of inventorying initiatives and resources. Quickly it becomes clear which initiatives are truly vital and where redundancies lie.

- *Action:* Perform a project inventory to identify immediate areas of cost savings: duplicate efforts, stalled projects, and the like. Perform a resource inventory to see who is available to work the high-value initiatives, and reassign them there.

The time for PPM is now. There's no time for trivial projects in your portfolio. Of the top performers in the study cited earlier, 70% had been doing PPM for less than two years.[6] The steps of inventorying and culling produce immediate value. By the time the economy turns around, PPM will have given your organization a head start in using your financial and human resources to the best advantage.

To learn more, contact PM Solutions for a complimentary PPM needs evaluation at 800-983-0388 or pmexperts@pmsolutions.com

[1]Pennypacker, J.S. (2003), *Project Portfolio Management: A Benchmark of Current Business Practices.* Havertown, PA: Center for Business Practices. [2]Cooper, R.G., Edgett, S.J., and Kleinschmidt, E.J. (1998). *Portfolio Management for New Products.* Reading, MA: Perseus Books. [3]Kendall, G.I. (2005), Project portfolio management: Principles and best practices. In *The AMA Handbook of Project Management, Second Edition.* New York: AMACOM Books. [4]Lynn, D. (Aug. 16, 2001). META Report: How to ensure IT projects boost profits. *Internet.com*. [5]Pennypacker, J.S. (2008). *The State of the PMO: 2007 – 2008*. Glen Mills, PA: Center for Business Practices. [6]Cooper, et al. ibid.