

Executive Brief: Develop Your Project Portfolio Management Strategy

Time is money; spend it wisely.

ANALYST PERSPECTIVE

“Tactics without strategy is the noise before defeat.” – Sun Tzū

“ Organizations typically come to project portfolio management (PPM) with at least one of two misconceptions: (1) that PPM is synonymous with project management and (2) that a collection of PPM processes constitute a PPM strategy.

Both foundations are faulty: project management and PPM are separate disciplines with distinct goals and processes, and a set of processes do not comprise a strategy – they should flow from a strategy, not precede one. When built upon these foundations, the benefits of PPM go unrealized, as the means (i.e. project and portfolio processes) commonly eclipse the ends of a PPM strategy – e.g. a portfolio better aligned with business goals, improved project throughput, increased stakeholder satisfaction, and so on.

Start with the end in mind: articulate a PPM strategy that is truly project portfolio in nature, i.e. focused on the whole portfolio and not just the individual parts. Then, let your PPM strategy guide your process goals and help to drive successful outcomes, project after project. ”

Barry Cousins

Senior Director of Research, PMO Practice
Info-Tech Research Group

Our understanding of the problem

This Research Is Designed For:

- ✓ **CIOs** who want to maximize IT's fulfillment of both business strategic goals and operational needs.
- ✓ **CIOs** who want to better manage the business and project sponsors' expectations and satisfaction.
- ✓ **CIOs, PMO directors, and portfolio managers** who want a strategy to set the best projects for the highest chance of success.

This Research Will Also Assist:

- ✓ **Steering committee and C-suite management** who want to maximize IT's value to business.
- ✓ **Project sponsors** who seek clarity and fairness on pushing their projects through a myriad of priorities and objectives.
- ✓ **CIOs, PMO directors, and portfolio managers** who want to enable data-driven decisions from the portfolio owners.

This Research Will Help You:

- ✓ Get C-level buy-in on a strategy for managing the project portfolio and clarify their expectations on how it should be managed.
- ✓ Draft strategy-aligned, high-level project portfolio management process description.
- ✓ Put together a strategic plan for improving PPM processes to reclaim wasted project capacity and increase business satisfaction of IT.

This Research Will Help Them:

- ✓ Optimize IT's added value to the business through project delivery.
- ✓ Provide clarity on how IT's project portfolio should be managed and the expectations for its management.
- ✓ Improve project portfolio visibility by making trustworthy project portfolio data available, with which to steer the portfolio.

Executive summary

Situation



- As CIO, there are too many projects and not enough resource capacity to deliver projects on time, on budget, and in scope with high quality.
- Prioritizing projects against one another is difficult in the face of conflicting priorities and agenda; therefore, projects with dubious value/benefits consume resource capacity.

Complication



- Not all **IT** projects carry a direct value to business; **IT** is accountable for keeping the lights on and it consumes a significant amount of resources.
- Business and project sponsors approve projects without considering the scarcity of resource capacity and are frustrated when the projects fail to deliver or linger in the backlog.

Resolution



- Create a coherent strategy to maximize the *total value* that projects deliver as a whole *portfolio*, rather than a collection of individual projects.
- Ensure that the steering committee or senior executive layer buys into the strategy by helping them understand why the said strategy is necessary, and more importantly, why the strategy is valuable to them.
- Translate the strategic expectations to specific, tangible goals, which are realized through a suite of project portfolio management processes tailored to your organization and its culture.
- Putting into place people, processes, and tools that are sustainable and manageable, plus a communication strategy to maintain the stakeholder buy-in.

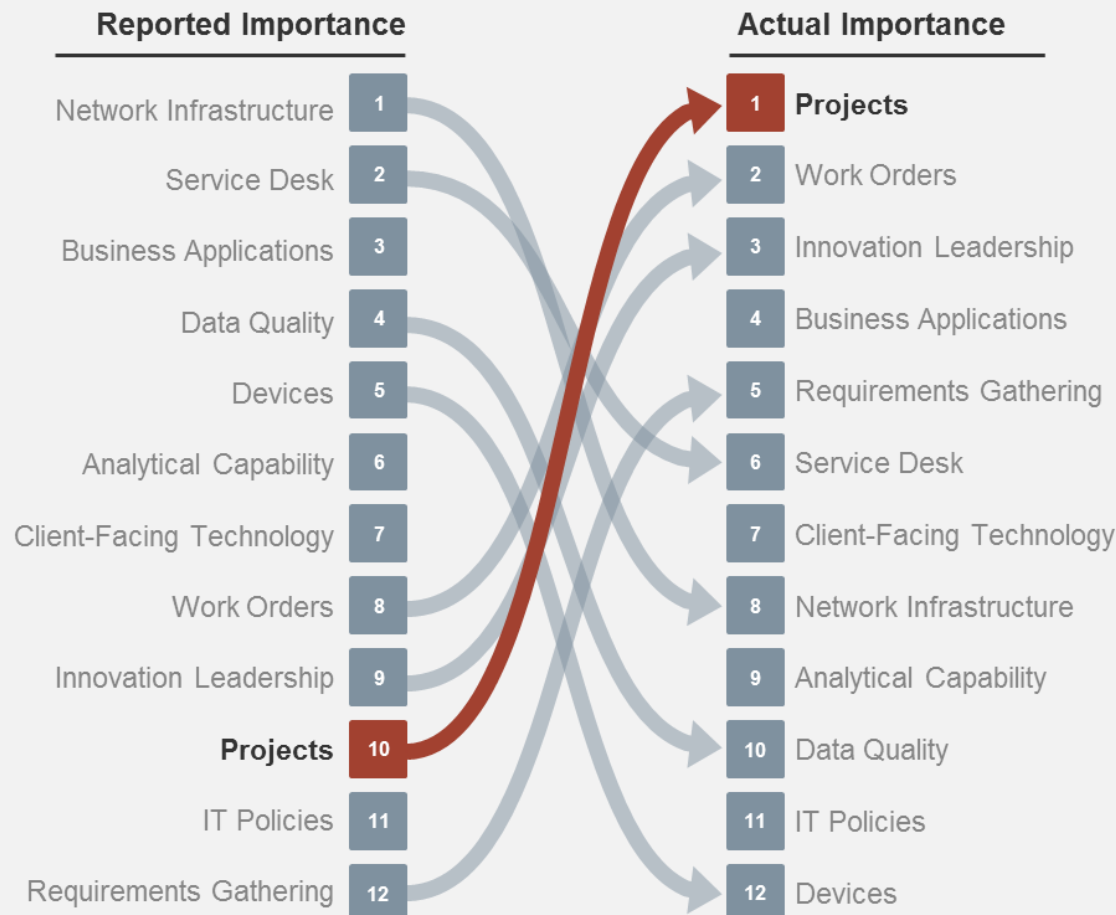
IAG Insight



1. **Time is money; therefore, the portfolio manager is an accountant of time.** It is the portfolio manager's responsibility to provide the project portfolio owners with reliable data and close the loop on portfolio decisions.
2. **Business satisfaction is driven by delivering projects that align to and maximize business value.** Use IAG's method for developing a PPM strategy and synchronize its definition of "best projects" with yours.

Projects that deliver on strategic goals *of the business* is the #1 driver of business satisfaction for IT

Info-Tech's CIO Business Vision Survey (N=21,367) has identified a direct correlation between IT project success and overall business satisfaction with IT.



Reported Importance: Initially, when CIOs were asked to rank the importance of IT services, respondents ranked “projects” low on the list – 10 out of a possible 12.

Actual Importance: Despite this low “reported importance,” of those organizations that were “satisfied” to “fully satisfied” with IT, **the service that had the strongest correlation to high business satisfaction was “projects,” i.e. IT’s ability to help plan, support, and execute projects and initiatives that help the business achieve its strategic goals.**

On average, executives perceive IT as being poorly aligned with business strategy

Info-Tech's CIO Business Vision Survey data highlights the importance of IT projects in supporting the business achieve its strategic goals. However, the CEO-CIO Alignment Survey (N=124) data indicates that CEOs perceive IT to be poorly aligned to business' strategic goals:

43%

of CEOs believe that **business goals are going unsupported** by IT.

60%

of CEOs believe that **improvement is required** around IT's understanding of business goals.

80%

of CIOs/CEOs are **misaligned on the target role for IT**.

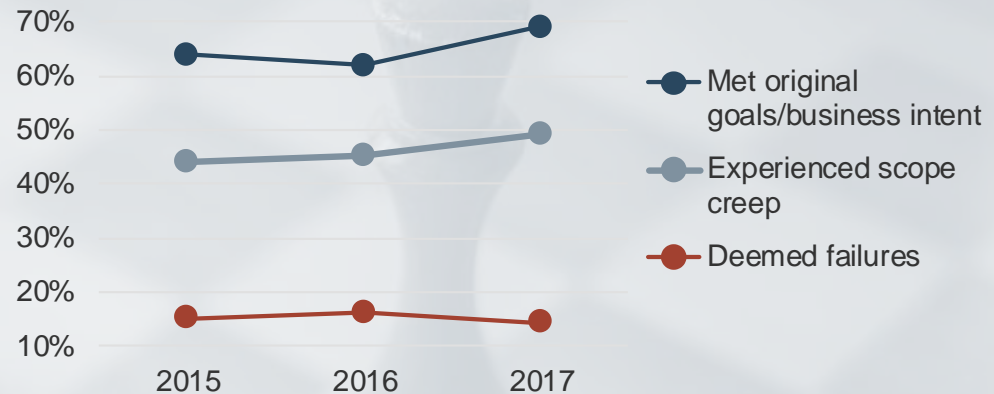
30%

of business stakeholders* are **supporters** of their IT departments.

Source: Info-Tech CIO/CEO Alignment Diagnostics
* N=32,536

Efforts to deliver on projects are largely hampered by causes of project failure outside a project manager's control

The most recent data from the Project Management Institute (PMI) shows that more projects are meeting their original goals and business intent and less projects are being deemed failures. However, at the same time, more projects are experiencing scope creep. **Scope creeps result in schedule and cost overrun**, which result in dissatisfied project sponsors, stakeholders, and project workers.



Primary cause of project failure	Relative rank			Trend
	2015	2016	2017	
Change in organization's priorities	1 st	1 st	1 st	Stable
Inaccurate requirements gathering	2 nd	3 rd	2 nd	Stable
Change in project objectives	3 rd	2 nd	3 rd	Stable
Inadequate vision/goal for project	6 th	5 th	4 th	Rising
Inadequate/poor communication	5 th	7 th	5 th	Stable
Poor change management	11 th	9 th	6 th	Rising

Meanwhile, the primary causes of project failures remain **largely unchanged**. Interestingly, most of these primary causes can be traced to **sources outside of a project manager's control**, either entirely or in part. As a result, project management tactics and processes are limited in adequately addressing them.

(Source: Project Management Institute, Pulse of the Profession, 2015-2017)

Project portfolio management (PPM) can improve business alignment of projects and reduce chance of project failure



PPM is about “doing the right things.”

The PMI describes PPM as:

Interrelated organizational processes by which an organization evaluates, selects, prioritizes, and allocates its limited internal resources to best accomplish organizational strategies consistent with its vision, mission, and values.

(PMI, Standard for Portfolio Management, 3rd ed.)

Selecting and prioritizing projects with the strongest alignment to business strategy goals and ensuring that resources are properly allocated to deliver them, enable IT to:

1

Improve business satisfaction and their perception of IT's alignment with the business.

2

Better engage the business and the project customers.

3

Minimize the risk of project failure due to changing organizational/ project vision, goals, and objectives.

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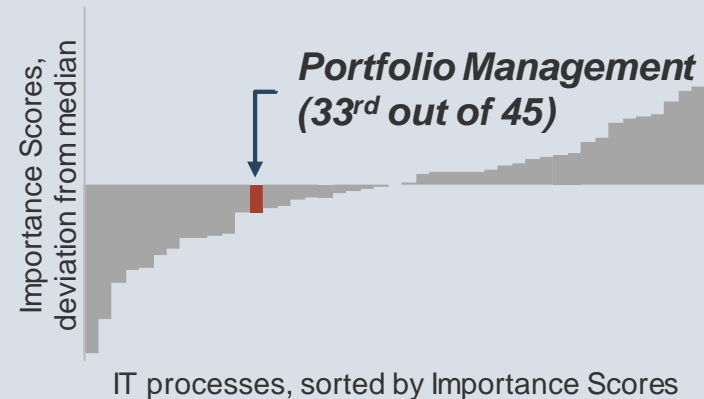
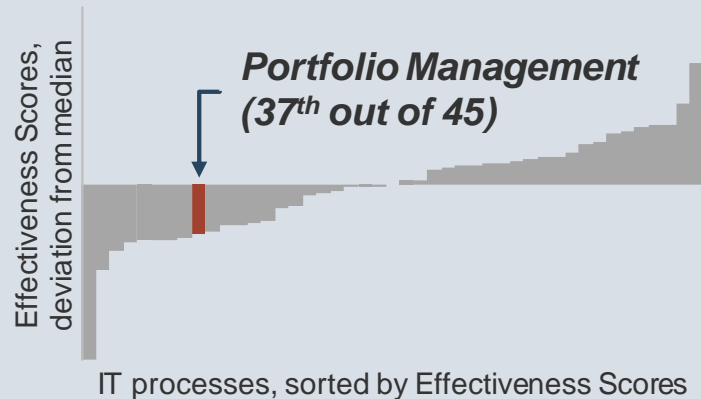
In today's competitive business environment, a portfolio management process improves the linkage between corporate strategy and the selection of the 'right' projects for investment. It also provides focus, helping to ensure the most efficient and effective use of available resources.

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– Lou Pack, PMP, Senior VP, ICF International (PMI, 2015)

PPM is a common area of shortcomings for IT, with much room for improvement

Info-Tech's IT Management & Governance Survey (N=879) shows that PPM tends to be regarded as neither an effective nor an important process amongst IT organizations.



55%

... of IT organizations believe that their PPM processes are *neither* effective nor important.

21%

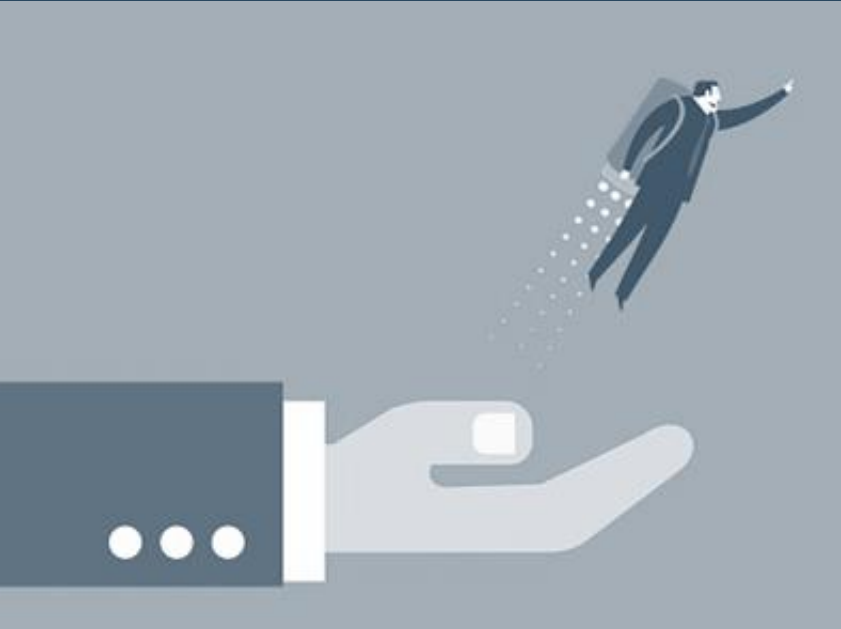
... of IT organizations reported having *no one* responsible or accountable for PPM.

62%

... of projects in organizations effective in PPM met/exceeded the expected ROI (PMI, 2015).

In addition to PPM's benefits, improving PPM processes presents an opportunity for getting ahead of the curve in the industry.

IAG's methodology for developing a PPM strategy delivers extraordinary value, fast



Our methodology is designed to **tackle your hardest challenge first** to deliver the highest-value part of the deliverable. For developing a PPM strategy, the biggest challenge is to **get the buy-in of the executive layer**.

“ Without senior management participation, PPM doesn't work, and the organization is likely to end up with, or return to, a squeaky-wheel-gets-the-grease mindset for all those involved. ”

– Mark Price Perry, Business Driven Project Portfolio Management

In the first step of the blueprint, you will be guided through the following steps:

1

Choose the **right PPM strategy**: *driven by the executives, supported by management.*

2

Objectively assess your current project portfolio with minimal effort to **build a case for the PPM strategy**.

3

Engage the executive layer to get the critical prerequisite of a PPM strategy: their buy-in.

Use this blueprint to develop, or refine, a PPM strategy that works for your organization

Get buy-in for PPM strategy from decision makers.

Buy-in from the owners of project portfolio (Steering Committee, C-suite management, etc.) is a critical prerequisite for any PPM strategy. This blueprint will give you the tools and templates to help you **make your case and win the buy-in of portfolio owners.**

Connect strategic expectations to PPM process goals.

This blueprint offers a methodology to **translate the broad aim of PPM to practical, tactical goals of the five core PPM processes**, as well as how to measure the results. Our methodology is supported with industry-leading frameworks, best practices, and our insider research.

Develop your PPM processes.

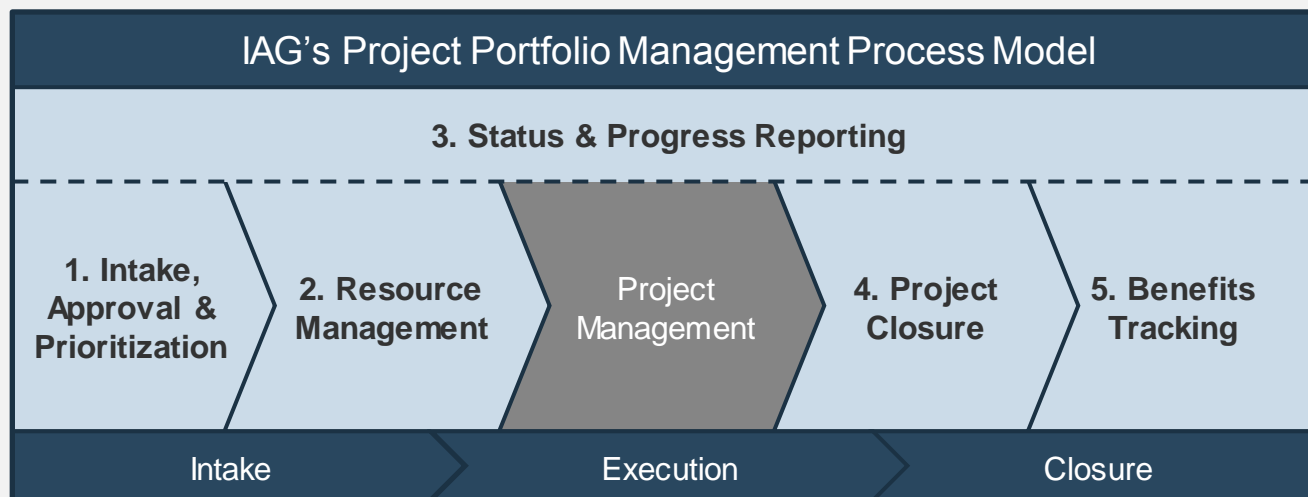
This blueprint takes you through a series of steps to translate the process goals into a high-level process description, as well as a **business case and a roadmap for implementing the new PPM processes.**

Refine your PPM processes.

Our methodology is also **equally as applicable for making your existing PPM processes better**, and help you draft a roadmap for improvement with well-defined goals, roles, and responsibilities.

IAG's PPM model consists of five core processes

There are five core processes in IAG's thought model for PPM.



These processes **create an infrastructure around projects**, which aims to enable:

- 1** **Initiation** of the “best” projects with the right resources and project information.
- 2** Timely and trustworthy **reporting** to facilitate the flow of information for better decision making.
- 3** Proper **closure** of projects, releasing resources, and managing benefits realization.

PPM has many moving pieces. To ensure that all of these processes work in harmony, you need a PPM strategy.

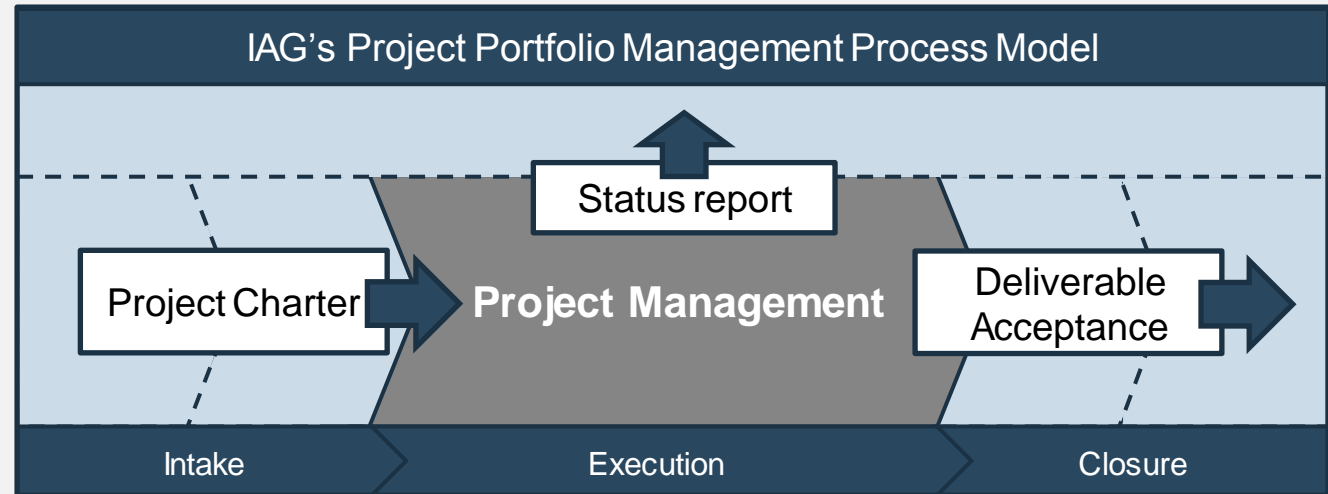
De-couple project management from PPM to break down complexity and create flexibility

Tailor project management (PM) processes to fit your projects.

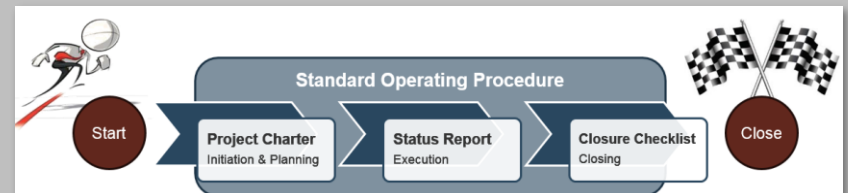
IAG's PPM thought model enables you to manage your project portfolio *independent of your PM methodology or capability*. Projects interact with PPM via:

- A **project charter** that authorizes the use of resources and defines project benefits.
- **Status reports** that feed up-to-date, trustworthy data to your project portfolio.
- **Acceptance of deliverables** that enable proper project closure and benefits reporting.

IAG's PPM strategy is applicable whether you use Traditional, Agile, waterfall, or anything in between for PM.



Ask us about the *project management approach for small projects* in the **Tailor PM Processes to Fit Your Projects** blueprint.



IAG's approach to PPM is informed by industry best practices and rooted in practical insider research

IAG uses **Info-Tech**, **SAFe**, **PMI** and **COBIT** frameworks for areas of this research.



PMI's Standard for Portfolio Management is the leading industry framework, proving project portfolio management best practices and process guidelines.



COBIT 5 is the leading framework for the governance and management of enterprise IT.



Info-Tech Research Group is the world's fastest growing information technology research and advisory company.



SAFe provides a framework for Lean Enterprises with guidance for Lean Portfolio Management.

Re-position IT as the “*facilitator* of business projects” for PPM success



CASE STUDY

Industry Construction

Chaos in the project portfolio

At first, there were no less than 14 teams of developers, each with their own methodologies and processes. Changes to projects were not managed. Only 35% of the projects were completed on time.

Business drives, IT facilitates

Anyone had the right to ask for something; however, converting ideas to a formal project demand required senior leadership within a business division getting on board with the idea.

The CIO and senior leadership decided that projects, previously assigned to IT, were to be owned and driven by the business, as the projects are undertaken to serve its needs and rarely IT's own. The rest of the organization understood that the business, not IT, was accountable for prioritizing project work: IT was re-positioned as a facilitator of business projects. While it was a long process, the result speaks for itself: 75% of projects were now being completed on time.

Balancing the target mix of the project portfolio

What about maintaining and feeding the IT infrastructure? The CIO reserved 40% of IT project capacity for “keeping the lights on,” and 20% for reactive, unplanned activities, with an aim to lower this percentage. With the rest of the time, IT facilitated business projects.

Three key drivers of project priority

1. **Does the project meet the overall company goals and objectives?**

“If they don't, we must ask why we are bothering with it.”

2. **Does the project address a regulatory or compliance need?**

“Half of our business is heavily regulated. We must focus on it.”

3. **Are there significant savings to be had?**

“Not soft; hard savings. Can we demonstrate that, after implementing this, can we see good hard results? And, can we measure it?”




“ Projects are dumped on IT, and the business abdicates responsibility. Flip that over, and say ‘that's your project’ and ‘how can we help you?’ ”

IAG offers various levels of support to best suit your needs



Diagnostics and consistent frameworks used throughout all four options

Develop a PPM strategy – engagement overview

	1. Get executive buy-in for your PPM strategy	2. Align PPM processes to your strategic goals	3. Complete your PPM strategic plan
 <p>Best-Practice Toolkit</p>	<p>1.1 Choose the right PPM strategy for your organization</p> <p>1.2 Translate PPM strategy expectations to specific process goals</p>	<p>2.1 Develop and refine project intake, prioritization, and resource management processes</p> <p>2.2 Develop and refine portfolio reporting, project closure, and benefits realization processes</p>	<p>3.1 Select a right-sized PPM solution for supporting your new processes</p> <p>3.2 Finalize customizing your PPM Strategic Plan Template</p>
 <p>Guided Implementations</p>	<p>☎ Scoping call: discuss current state of PPM and review strategy options.</p> <p>☎ How to wireframe realistic process goals, rooted in your PPM strategic expectations, that will be sustained by the organization.</p>	<p>☎ Examine your current-state PPM process and create a high-level description of the target-state process for each of the five PPM processes (1-2 calls per each process).</p>	<p>☎ Assess your PPM tool requirements to help support your processes.</p> <p>☎ Determine the costs and potential benefits of your PPM practice.</p>
 <p>Onsite Workshop</p>	<p>Module 1: Set strategic expectations and realistic goals for the PPM strategy</p>	<p>Module 2: Develop and refine strategy-aligned PPM processes</p>	<p>Module 3: Compose your PPM strategic plan</p>
	<p>Phase 1 Outcome:</p> <ul style="list-style-type: none"> • Analysis of the current state of PPM • Strategy-aligned goals and metrics for PPM processes 	<p>Phase 2 Outcome:</p> <ul style="list-style-type: none"> • PPM capability levels • High-level descriptions of near- and long-term target state 	<p>Phase 3 Outcome:</p> <ul style="list-style-type: none"> • PPM tool recommendations • Cost-benefit analysis • Customized PPM strategic plan

A PPM strategic plan elevates PMO's status to a business strategic partner



CASE STUDY

Industry Public Administration

Source IAG Client



Challenge

The PMO operated in a way that is, in their self-assessment, *reactive*; project requests and capacity were not effectively managed. Perhaps due to this, the leadership team was not always visible, or regularly available, to PM leaders. This, in turn, complicated efforts to effectively manage their projects.



Solution

Establishing a simple prioritization methodology enabled the senior leadership to engage and effectively steer the project portfolio by strategic importance. The criteria and tool also gave the business units a clear understanding to promote the strategic value of each of their project requests.



Results

PM leaders now have the support and confidence of the senior leadership team to both proactively manage and deliver on strategic projects. This new prioritization model brought the PM Leader and senior leadership team in direct access with each other.

“

By implementing this new project intake and prioritization framework, we drastically improved our ability to predict, meet, and manage project requests and unit workload. We adopted a client-focused and client-centric approach that enabled all project participants to see their role and value in successful project delivery. We created methodologies that were easy to follow from the client participation perspective, but also as PM leaders, provided us with the metrics, planning, and proactive tools to meet and anticipate client project demand. The response from our clients was extremely positive, encouraging, and appreciative.

”

Getting Started Immediately: Build Your PPM Strategic Plan

The first step of your PPM strategy is to prepare your Strategic Plan and use it to get executive buy-in.

Where traditional models of consulting can take considerable time before delivering any benefit or results, IAG's methodology for developing a PPM strategy gets you value fast.

In the first step, you will define your PPM strategy and prepare an executive presentation to get buy-in for the strategy.

We've done the legwork for you. The presentation can be prepared in just a few hours.

- Contact us to receive the template and guidelines for customizing and creating an effective plan.
- You can continue on your own or work with one of our PPM advisors to take the next steps to:
 - Develop realistic process goals based in your PPM strategic expectations.
 - Set metrics and preliminary targets for your high-priority PPM process goals.
 - And communicate:
 - Your processes and process goals.
 - Your near-term and long-term action items for implementing the strategy.
 - Your PPM tool requirements.
 - The costs and benefits of your PPM strategy.



Use the *PPM Strategic Plan Template*



Contact IAG to receive a complementary *PPM Strategic Plan Template* to get started.

📞 Contact **Garry McGouldrick** at **1-800-209-3616 x239** or email gm@iag.biz for more information.

If you want additional support, have our analysts guide you through this phase as part of an IAG workshop



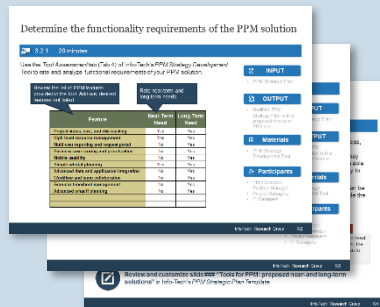
Book a workshop with our specialists:



- To accelerate this project, engage your IT team in an IAG workshop with an IAG PPM Consultant.
- IAG PPM Consultant will join you and your team onsite at your location or welcome you to IAG's office to participate in an innovative onsite workshop.
- Contact Garry McGouldrick at 1-800-209-3616 x239 or email gm@iag.biz for more information.

The following are sample activities that will be conducted by IAG with your team:

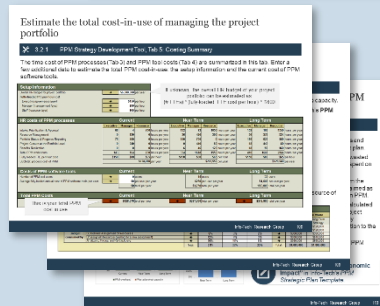
3.1



Scope the right-sized PPM solution for your PPM strategy

Use the *PPM Strategy Development Tool* to quickly determine our near- and long-term recommendation for your PPM solution.

3.2



Conduct a cost-benefit analysis of your PPM strategic plan

Using the time cost estimates of each process and the requirement for a PPM tool, IAG helps you quantify the overhead costs of PPM and estimate the monetary benefits of reclaimed project capacity for your project portfolio.

Workshop overview

📞 Contact **Garry McGouldrick** at **1-800-209-3616 x239** or email gm@iag.biz for more information.

	Workshop Day 1	Workshop Day 2	Workshop Day 3	Workshop Day 4	Workshop Day 5
Activities	Get leadership buy-in for PPM strategy <ol style="list-style-type: none"> 1.1 Assess leadership mandate. 1.2 Determine potential resource capacity. 1.3 Create a project inventory. 1.4 Communicate your PPM strategy to key stakeholders. 	Set PPM process goals and metrics with strategic expectations <ol style="list-style-type: none"> 2.1 Translate each strategic goal into process goals. 2.2 Set metrics and preliminary targets for PPM process goals. 	Develop and Refine PPM processes <ol style="list-style-type: none"> 3.1 Develop and refine the project intake, prioritization, and approval process. 3.2 Develop and refine the resource management process. 	Develop and Refine PPM processes <ol style="list-style-type: none"> 4.1 Develop and refine the portfolio reporting process. 4.2 Develop and refine the project closure process. 4.3 Develop and refine the benefits realization process. 	Complete the PPM strategic plan <ol style="list-style-type: none"> 5.1 Right-size the PPM tools for your processes. 5.2 Conduct a cost-benefit analysis of implementing the new PPM strategy. 5.3 Define roles and responsibilities for the new processes.
Deliverables	<ol style="list-style-type: none"> 1. Choice of PPM strategy and the leadership mandate 2. Analysis of current project capacity 3. Analysis of current project demand 4. PPM Strategic Plan – Executive Brief 	<ol style="list-style-type: none"> 1. PPM strategy-aligned process goals 2. Metrics and long-term targets for PPM process goals 	<i>For each of the five PPM processes:</i> <ol style="list-style-type: none"> 1. Process capability level 2. Current-state PPM process description 3. Retrospective examination of the current-state PPM process 4. Action items to achieve the target states 5. Time cost of the process at current and target states 		<ol style="list-style-type: none"> 1. Recommendation for a PPM tool 2. Cost-benefit analysis 3. Roles and responsibilities matrix for each PPM process

Summary of outcomes from engaging IAG advisors for your PPM strategy development

Knowledge Gained



- IAG's thought model on PPM processes that create an infrastructure around projects
- Your current state of project portfolio: project capacity vs. project demand
- Importance of gaining executive buy-in for installing the PPM practice

Processes Optimized



- Project intake, prioritization, and approval process
- Resource management process
- Portfolio reporting process
- Project closure process
- Benefits realization process

Deliverables Completed



- Choice of PPM strategy and the leadership mandate
- Analysis of current project capacity and demand
- PPM process goals and metrics, aligned to meet PPM strategic expectations
- PPM process capability levels
- Retrospective examination of current state, near/long-term action items for improvement, and high-level descriptions of the five PPM processes
- Recommendation of PPM tools to support the processes
- Estimate of PPM overhead costs
- Cost-benefit analysis of PPM practice
- PPM strategic plan

Contact IAG to get started: 1.800.209.3616 or email gm@iag.biz

Research contributors and experts



Kiron D. Bondale PMP, PMI-RMP, CDAP, CDAI
Senior Project Portfolio Management Professional

Kiron has worked in the project management domain for more than fifteen years managing multiple projects, leading Project Management Offices (PMO) and providing project portfolio management consulting services to over a hundred clients across multiple industries. He has been an active member of the Project Management Institute (PMI) since 1999 and served as a volunteer director on the Board of the PMI Lakeshore Chapter for six years. Kiron has published articles on project and project portfolio management in multiple journals and has delivered over a hundred webinar presentations on a variety of PPM and PM topics and has presented at multiple industry conferences. Since 2009, Kiron has been blogging on a weekly basis on project management topics and responds to questions daily in the LinkedIn PMI Project, Program and Portfolio Management discussion group.



Shaun Cahill, Project Manager &
Jim Carse, Director of the Project Portfolio Office
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Research contributors and experts



Terry Lee Ricci PgMP, PfMP, PMP PPM Practice Lead IAG Consulting

Terry is passionate and highly skilled at PMO transformation, developing high-performing teams that sustain long-term business results. Terry has a reputation built upon integrity, resourcefulness, and respect. She has the vision to implement long and short-term strategies, meeting both current and evolving business needs.

Change Management/Business transformation: Terry has extensive background in PMO strategy development aligned to corporate goals. Many years in the PMO organization integration/transformation building or overhauling programs and processes.

Governance: Terry loves to monitor and measure performance and outcomes and uses her collaborative style to successfully bring simplicity to complexity (technology – people – process). Performance optimization results are easy to use and clearly define who is doing what across functions. End results consistently align to business strategy while mitigating risks effectively.

Comprehensive: A “through the ranks” executive with a comprehensive understanding of PMO operations, high-performance teams, and the respective business units they support.

Research contributors and experts



**Amy Fowler Stadler, Managing Partner
Lewis Fowler**

Amy has more than 20 years of experience in business and technology, most recently owning her own management consulting firm since 2002, focused on business transformation, technology enablement, and operational improvement. Prior to that, she was at CenturyLink (formerly Qwest) as an IT Director, Perot Systems in various roles, and Information Handling Services, Inc. as a Software Development Product Manager.

Amy holds a bachelor's degree in Computer Science with a minor in Business Communications and is also a 2015 Hall of Fame inductee to Illinois State University College of Applied Science and Technology.



**Rick Morris, President
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Rick A. Morris, PMP, is a certified Scrum Agile Master, Human Behavior Consultant, best-selling author, mentor, and evangelist for project management. Rick is an accomplished project manager and public speaker. His appetite for knowledge and passion for the profession makes him an internationally sought after speaker delivering keynote presentations for large conferences and PMI events around the world. He holds the PMP (Project Management Professional), MPM (Masters of Project Management), Scrum Agile Master, OPM3, Six Sigma Green Belt, MCITP, MCTS, MCSE, TQM, ATM-S, ITIL, and ISO certifications, and is a John Maxwell Certified Speaker, Mentor, and Coach. Rick is the Owner of R2 Consulting, LLC and has worked for organizations such as GE, Xerox, and CA, and has consulted with numerous clients in a wide variety of industries including financial services, entertainment, construction, non-profit, hospitality, pharmaceutical, retail, and manufacturing.

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