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PROJECTS

# ORGANISING THE BUSINESS FOR PROJECT PORTFOLIO MANAGEMENT

Understanding the role of the Project Portfolio Management Team and PMO in PPM deployment

PPM Master Class Part 3

# Organising the Business for Project Portfolio Management

**KEY FACTS:**

- EDUCATION IS KEY TO ACHIEVING EXECUTIVE BUY-IN IN PPM. IT IS CRITICAL TO SELL THE BENEFITS OF PPM TO THE BUSINESS ALONG WITH THE POTENTIAL RETURN ON INVESTMENT.

- THE PROJECT PORTFOLIO MANAGEMENT TEAM (PPMT) IS ESSENTIAL FOR TRANSLATING STRATEGIC DECISIONS INTO A PRACTICAL WORKABLE PORTFOLIO OF PROJECTS AND COMMUNICATING THIS TO THE PMO AND EXECUTIVE TEAM.

- THE ROLE OF THE PROGRAMME MANAGEMENT OFFICE (PMO) WITHIN BUSINESS IS NOT ONLY TO ACT AS A KNOWLEDGE CENTRE, THEY ALSO NEED TO PLAY A CRITICAL ROLE IN MARRYING THE PROJECT MANAGEMENT PROCESS WITH THE EXECUTIVE STREAM THROUGH CLOSE WORK WITH THE PPMT.

**Understanding the role of the Project Portfolio Management Team and the Programme Management Office in PPM Deployment**

In Part 3 of the PPM Master Class we turn our attention to the practical application of Project Portfolio Management, by exploring how the business can start to organise itself in preparation for its deployment. Throughout this paper we will focus on the role of the Project Portfolio Management Team (PPMT) and the Programme Management Office (PMO) in the adoption and deployment of PPM.

We begin by looking at the importance of understanding your resource capability and how real time resource visibility, effective project governance and effective deliverables management are vital to implementing a successful PPM process.

In addition we discuss why gaining 'Real Time Information' is essential for providing the business with speed and accuracy in its decision making, and explore the different information demands that different roles in the organisation place on the PPM process.
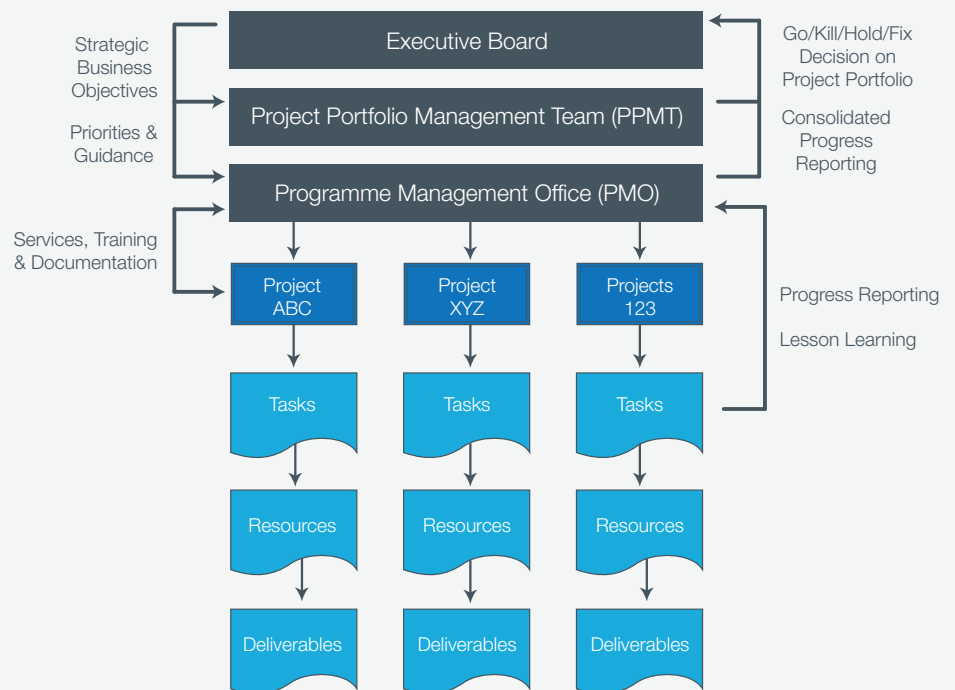
**Understanding the hierarchy of project relationships**

The Project Portfolio Management decision structure involves the Executive Board, the Project Portfolio Management Team (PPMT) and the Programme Management Office (PMO). This is not an organisational structure but a map of how each area supports one another in reaching project, programme and portfolio decisions.

At the forefront of the process is the PMO, which is in effect an information repository, providing vital project management services, training, documentation, progress reporting and lessons learned data. However, this should not undervalue the vital role the PMO plays in connecting the organisations projects to the business's strategic decision making through consolidated progress reporting to the PPMT.

Between the PMO and the Executive Team lies the PPMT. The PPMT utilises data from the PMO to help executives make Go/Kill/Hold/Fix portfolio decisions. Likewise the PPMT utilises the Strategic Business Objectives provided by the Executive Team to prioritise projects and provide guidance to the PMO.

**The role of the Executive Board**

The key to achieving executive buy in is 'education, education, education'. It is critical to sell the benefits of Project Portfolio Management to the business along with the potential return on investment (ROI) and the potential return on opportunity (ROO) that PPM will provide.

PPM is there to support the executive decision making by providing the accountability, credibility and help required to manage PPM as a change project, therefore executive buy in and sponsorship is essential. The Executive sponsor also needs to sit on the PPMT to represent the interests of the business and to gain the on-going visibility in order to provide long-term sustained support for PPM.

**The role of the Project Portfolio Management Team (PPMT)**

The PPMT is a dynamic team with a very defined clear set of responsibilities and is accountable for the management of the entire project portfolio management process including:

- Portfolio definition and strategy
- Alignment of resource and business capability
- Analysis, portfolio selection, prioritisation and authorisation
- Portfolio execution and monitoring

The PPMT is responsible for translating strategic decisions into a practical workable portfolio of projects and communicating this downstream through the PMO, and up to the executive team.

The relationship of the PMO and PPMT is crucial for bridging the strategic and operational divide.

**The role of the Programme Management Office**

The role of the PMO can be a contentious question, because many businesses view the PMO in different ways.
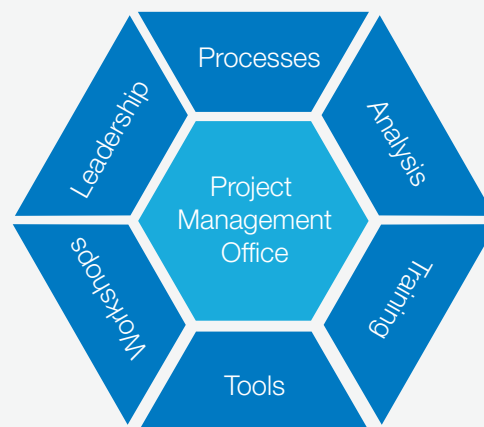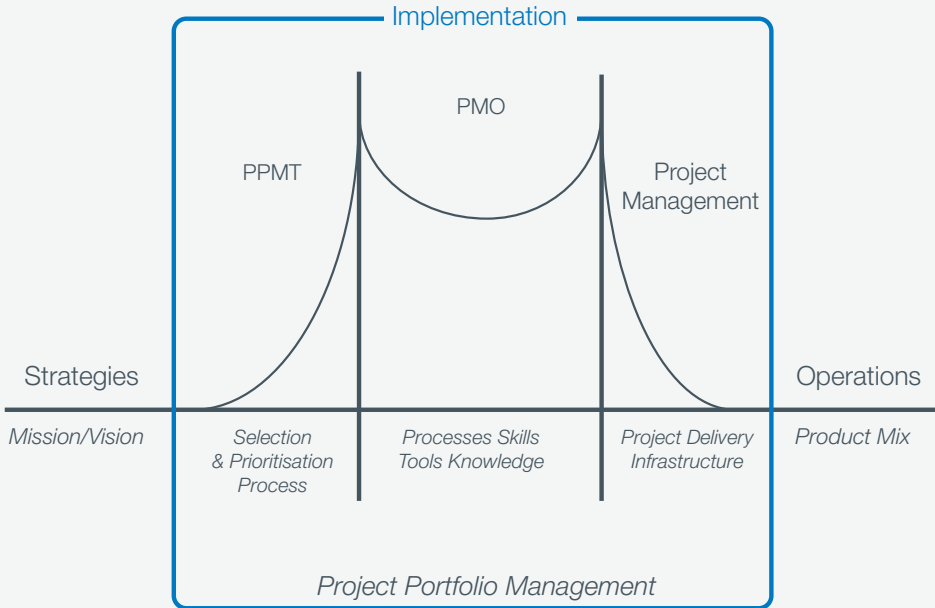
**KEY FACTS:**

- THE PMO MARRIES THE PROJECT PROCESS WITH THE EXECUTIVE STREAMS AND BUSINESS STRATEGIC GOALS.

Typically a PMO addresses the problem of fragmented project information distributed across the business and acts as a means of centralising and standardising this information. However unlike the PPMT their role is much wider including the management of:

- Project interdependencies

- Project delivery processes

- Reporting and analysis on the status of project performance

- Resource base costs

- Distilling best practice and standards

- Supporting the project manager with training templates as well as the project delivery process

**The relationship between the PPMT and the PMO**

The PMO marries the project process with the executive streams and business strategic goals. The PMO's role within the business is not only to act as a knowledge centre, but also to help marry project management processes with executive streams by working closely with the PPMT.

Therefore the PMO assumes two key roles:

- Strategic: The PMO supports the PPM framework and supplies the necessary info to make decisions
- Tactical: Drills portfolio decisions down into the business. The PMO provides direct support to the project delivery process

**The PPMT, PMO and Project relationship model**

There are a number of relationships between the PPMT, PMO and projects with respect to focus, scope and communication.

|  | Project Portfolio Management (PPM) | Programme Management | Project Management |
|---|---|---|---|
| Focus | Deliverables linked to strategic objectives | Process to create deliverables | Deliverables |
| Scope | Selects, prioritises and optimises entire project portfolio | Multi-project and interdependencies | Single project |
| Communication | Across the business | Among projects | Within a project |
| Organisation | Project portfolio management team | Programme management office | Project team |

The focus of the PPMT is to create deliverables linked to the organisations strategic objectives. Their scope is to select, prioritise and optimise the entire portfolio of projects and communicate this to the entire business.

The PMO's main focus is to provide the business with programme management capabilities, this involves implementing a process for creating deliverables that the PPMT will link to the strategic objectives. The scope of the PMO is across multiple projects and needs to reflect the interdependencies between those projects.

Finally, project management is focused on delivering the individual projects.

**Understanding your businesses capability to deliver projects**

In order to implement a successful Project Portfolio Management process, having visibility of your resources is critical. Many organisations are often caught in a situation where project resource demands are coming at them from many different directions. Quite often organisations lack this information and do not even have a central repository of projects or a clear understanding of resource capability.

Here are three key questions to ask your business:

- Do you have a complete picture of the demands being made on the business?

- Do projects come from nowhere and do you have the capability to deliver them?

- Are you able to quickly re-prioritise resources?

Central to Project Portfolio Management is the control and visibility over resources in order to ensure that the business has the right people on the right projects at the right time.

**Understanding your Resource Capability**

Project Portfolio Management is about the ability to view resource allocation within the portfolio and also to reallocate these resources to more critical activities and to factor this into any forward planning.

Key to achieving this is:

- A single integrated resource and skills database – this is essential in order for the business to effectively handle resource allocation

- 'What if' scenario & capability analysis – the ability for the business to model multiple scenarios will help fine-tune assumptions. 'What if' scenarios give the portfolio process the ability to match supply and demand

- Drill-up and Drill-down Visibility of Resources – provides the business with drill-down/drill-up capability management data, giving the business an enterprise wide view of their ability to deliver

- Real Time Reporting/Analytics' – ensures you stay connected with how changes to the project portfolio and project delivery effect resource capability

**The Importance of Project Governance**

Another key element of organising your business for Project Portfolio Management is to have a clear understanding of how to achieve project governance and how this can be embedded into the PPM process. Essentially Project Governance is all about building a framework which will enable the business to deliver on its commitment and objectives, it instils best practice and builds a two way accountability between the business and the project delivery process. Project Governance ensures accountability is spread across all levels of the business, not just project managers – it ensures that the organisations projects are generating the required business value.

Project governance naturally follows from a formalised decision making infrastructure for managing the businesses portfolio of projects.

Embedding Project Governance within the Project Portfolio Management process is underpinned by three critical determinates:

- Formulation of a two-way governance and accountability contract between the business and the project delivery process

- The speed and reliability with which the business's project delivery information is accessed and reported to the business

- How the business fuses these together and tracks the project delivery process via milestone management

Real time information, centralised data and role based visibility are key to achieving this.

**Enterprise wide milestone management**

Enterprise-wide milestone management is key to embedding Project Governance into the Project Portfolio Management process. Milestones provide an effective method of maintaining the two way contract between the business and project stakeholders and controlling what the business has agreed to deliver. In fact it ensures that decisions are made in the same way throughout the organisation and by the correct people.

Milestone Management is central to driving organisational accountability and project performance and provides an effective framework for holding strategic management and operational management to account. This is key for distilling accountability through all layers of management, whilst retaining the ability to clearly identify where the accountability for those decisions lies.

Top-down, bottom-up milestone management in turn helps to drive product delivery, by clearly aligning the project delivery process with the business strategy. This gives the business the ability to see:

- Whether projects are on time

- Why have they been moved

- Who moved them

- What is the impact of moving them

**Gaining a single version of the truth**

In order to deliver an effective Project Portfolio Management process it is critical to gain a single version of the truth. This will drive out improved decision making and better project governance.



In our experience there are 3 key factors which influence this:

- Real time information

- Role based visibility

- A centralised, integrated system as a single point of entry

We will examine each of these in more detail.

**KEY FACTS:**

- HAVING SPEEDY, ACCURATE AND RELIABLE INFORMATION IS ESSENTIAL IN ORDER FOR THE BUSINESS TO REACT TO UNFORESEEN EVENTS.
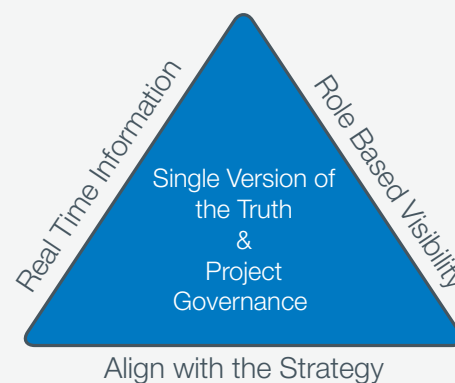
**Real time information**

Real-time information is critical to anyone who manages complex, enterprise-wide, multi-project environments requiring quick decisions throughout all levels of the business.

Poor access to "Real Time Information" is a key factor in why many projects fail.

Having real time information greatly improves the accuracy and speed in which you can make decisions. For example, ask yourself, how quickly is your business able to make the following key decisions…..

- What mitigating action do we take if we go over budget?

- What action do we take when a vendor is late with a delivery?

- What happens if a new government regulation impacts new product development?

- Do we have the capability to take on this new business?

- How fast can we modify the product road map to anticipate new market competition?

**Speed, Reliability and Accuracy of Data**

Having speedy, accurate and reliable information is essential in order for the business to react to unforeseen events.

**KEY FACTS:**

- REAL-TIME INFORMATION IS CRITICAL TO ANYONE WHO MANAGES COMPLEX, ENTERPRISE-WIDE, MULTI-PROJECT ENVIRONMENTS REQUIRING QUICK DECISIONS THROUGHOUT ALL LEVELS OF THE BUSINESS.
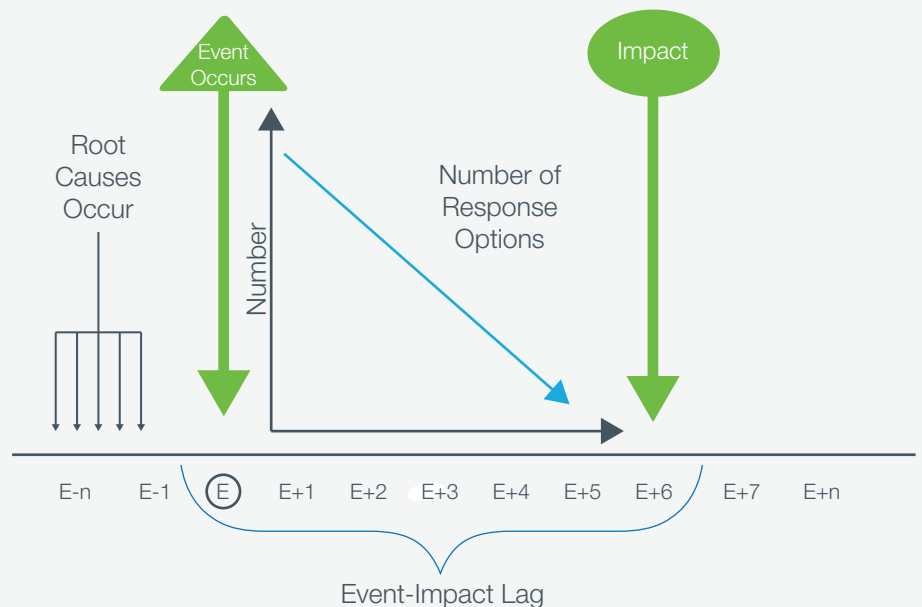
Real-time information helps drive improved decision making by increasing the number of response options available. As the event-impact lag increases the number of response options decrease. This obviously results in poor decision making and the inability to react to unforeseen events.

**Real-time inhibitors**

There are a number of factors which inhibit the flow of real-time information, these include:

**Single-user-centric tools:** Many businesses are hindered from achieving real time information because tools like spread sheets or client based project planning tools are divorced from the business, are used in isolation and are difficult to integrate.

**Silos and isolated data:** Diffused data sources scattered across domains mean individual departments or business units may have their own interpretation of information, resulting in a lack of visibility into the value the department/business unit provides to the business.

**Poor communication:** These disparate technical data infrastructures create isolated knowledge centres, in some cases little empires ring fencing knowledge. This results in poor communication which acts as a roadblock between layers of management preventing the business from detecting early warnings and opportunities.

The key to gaining real time information is speed, reliability and visibility, this is achieved through:

- Having a single, centralised data source

- Single web based software application

- Single intergrated milestone tracking capability

- Role based dashboards to break through the management layers

**Delivering Role based visibility**

Role Based visibility is all about distilling project information throughout the business, in a format relevant to the viewing audience, for example executives, project sponsors, the PPMT, the PMO or even individual project managers. This ensures all stakeholders are informed as quickly as possible of events that are relevant to them. This is vital for achieving a successful PPM process. However, many organisations suffer from the same problems when trying to achieve this, such as:

- Inconsistent views of the business throughout

- Difficultly obtaining information relevant to your role

- Gaining this information in real-time

- No means of implementing Project Governance and Accountability

Providing real-time information to Project Stakeholders can be achieved through:

- Role based dashboards including : Executive, portfolio, programme, project and resource views

- A single data-source from a centralised database

In addition, Role Based visibility is important as it provides:

- Instant bird's-eye view of the business

- Effective means of distributing rich and complex project data

- Effective means of driving accountability

- Better position in order to spot redundancies and problems

- Effective means of integrating the strategic with the operational

The provision of real-time information provides many benefits to project stakeholders. Here we examine some of the challenges faced by different project stakeholders where real-time information can prove advantageous.

### CFO/CIO/CTO

- Ability to cope with reduced budgets and increased expectations

- Meeting productivity goals consistently

- Aligning business goals and projects

### Portfolio/ Programme Manager

- Prioritise initiatives, resources and assets across the project portfolio

- Assess and communicate portfolio, programme and project status

- Identify and manage inter-project dependencies

- Ensure consistent processes across the business

- Optimise key resources across projects

**KEY FACTS:**

**Project/Resource Manager**

- Manage the project delivery process
- Manage project outcomes and assess project status
- Manage scope, planning, verification and change
- Manage resource demand and supply

**Team Members**

- Understand day to day workloads
- Inputting of project timesheets and expenses
- Access project documentation

**Centralised data source**

The final factor essential to real-time information is having a central data-source with information delivered back to the user via web technologies.

Key advantages of a centralised data source include:

- Centralised planning enables the business to overcome project conflict and interpretation
- Accurate project data eliminates guesswork and any grey areas
- Accessing reports from one single source is in real-time

**Key advantages of a Web Based Environment:**

- Browser based
- Accessible from any type of computer without installing special software
- Ease of access control both local to and remote from the business
- A single software installation/version to maintain
- Low cost of ownership
- Easier to upgrade than desktop applications

**In Conclusion**

In order to deploy a successful Project Portfolio Management process into any organisation there needs to be structure and an open route of communication from the Executive Team, down through the Project Portfolio Management Team to the PMO – then up again. To achieve this structure executive buy in and strong project governance is key, as well as creating an environment where each project stakeholder receives real time information on the status of resources, deliverables, cost and project priorities.

Key to gaining this visibility and providing a structured framework to manage the communication between the executive board, project portfolio management team and the PMO is Project Portfolio Management software. Through the adoption of PPM Software organisations benefit from a controlled and predictable method of planning, managing and executing projects and programmes, as well as providing a consistent method for reporting status and managing change.

# About KeyedIn™ Solutions

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

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