

WHITEPAPER

Back to School: Seven Lessons for Strategic Portfolio Management

Earn A's in digital transformation for
strategic business impact

Introduction

Digital business requirements are transforming how we measure success in the high-performance portfolio. Where we once were only customer-aware, we have now become customer-led. This means that we use customer requirements as the center of everything our portfolio is trying to accomplish. Once we become diligent students of what our customers need, we can gain the insight to structure and execute our portfolios for the highest possible strategic impact.

Whether you are an enterprise IT PMO with internal stakeholders to empower; an external consumer business; or a professional services organization juggling new and existing client projects, your customer-focused curriculum will engender true portfolio success on every level.

Old School vs. New School

To build a strategic PMO, our data must include insights about the customer of today and tomorrow. These data-driven decisions used to have to be perfect to be useful—now they have to be fast to respond to stakeholder expectations and customer-driven innovation in the marketplace. All functions and departments that are customer-facing (from sales to procurement and from finance to customer service) must collaborate and connect—silos signal the death knell for a customer-focused PMO.

Finally, technology enablement that feeds all of these data points for customer needs (cloud-based databases, IOT, AI, data sources from automated, external CRM systems, market research) all contribute to business intelligence that tells us two things: What our customers or stakeholders want now and how predicting their future needs and wants ensures our company's future revenue.

Predicting these needs and wants among our internal stakeholders requires building a relationship based on the trust and technological enablement that lets them know you've got their risks handled, investments protected and their most strategic projects off the back burner and on the fast-track for on-time delivery.

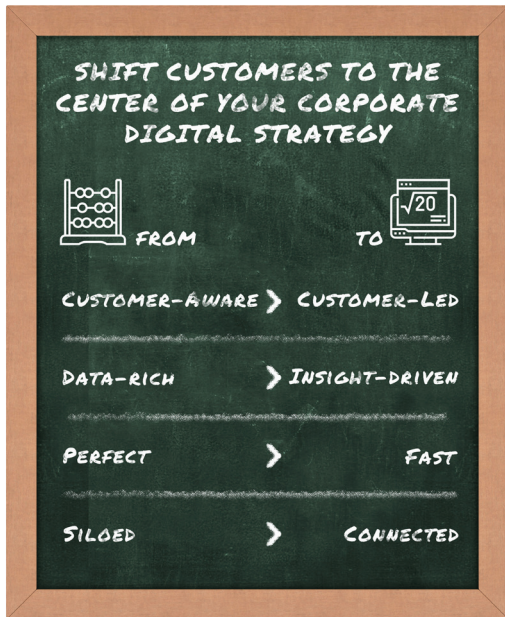
CHALLENGES:

1. Strategic portfolio management – how working on only the right things, not the “next” things creates a value-driven PMO
2. Customer-facing silos are hazardous to PMO success
3. Using risk vs. cost analysis via portfolio transparency that locks in resource capacity and utilization

TAKEAWAYS:

1. Learn new requirements for the stakeholder-driven PMO structure that imparts strategic value, speed-to-market and lines up business impact
2. Discover technological enablement that empowers the customer (or stakeholder) obsessed business
3. Use these seven lessons to prepare you for strategic PMO success

The Stakeholder-Centric PMO



In order to institute a continually value-driven PMO in which you are doing the right things at the right time for the right (strategic) reasons, flexibility is key. There are pitfalls inherent in the traditional, top-down waterfall planning process in which annual plans are made only once, or at the most, every quarter or two. “When 54% of organizations never achieve their strategic objectives because things change and budget gets tied up and resources get allocated and they are unable to respond to change. That shouldn’t happen,” Visitacion recently said.

Portfolio management should be the key enabler in the race for better products and services, whether that means technological enablement for your internal enterprise IT clients or the short-term professional services contract with potential millions in market impact, speed is the goal. The strategic PMO partner slows down long enough to place checks and balances in place in the form of solid governance based on PPM best practices.

These ground rules are based on measuring the strategic heft of each project in the pipeline; currently mid-flight; or on the near-to-long-term horizon. Transparency and collaboration with stakeholders when discussing project plans can be empowered by:



Demand Planning Excellence

Continuous demand management that moves with strategic opportunities and protects investments. These assessments must “explicitly identify the potential business value of the initiatives(s)”ⁱ



Resource Control

Accurate, consistent and repeatable resource capacity planning that allows you to experience “the greatest power of portfolio management” and (use) the process and data to anticipate change and pivot to a different direction, all while minimizing organizational chaos.”ⁱⁱ



Consistent, Repeatable Execution and Delivery

Execution must be consistent above almost everything else. PMOs achieve this by correctly identifying threats to delivery; to investments; or the ever-present pressure to be side-tracked into working on the next things instead of the right things. Forrester says the only way to do so is to “get smart about tools, data and collaboration” to “enable both collaborative planning and decentralized decision making supported by continuous feedback.”ⁱⁱⁱ



“54% of organizations never achieve their strategic objectives because things change and budget gets tied up and resources get allocated and are unable to respond to change. That shouldn’t happen. Portfolio management should be able to help you do that.”

Margo Visitation
FORRESTER

Forrester analysts also assert that “portfolio managers must support their business partners to build fast-paced, integrated and continuous planning and delivery cycles. Agile portfolio management is now becoming part of the mainstream.”^{iv} The only way to do so is to possess a technological solution that includes these three elements of project and portfolio management and “clearly links product outcomes to business strategy.”^v

Seven Lessons for a Strategic PMO

When structures, processes and priorities are agile on the portfolio level—responsive, flexible and continuous—then market- and stakeholder-driven action is possible. You don’t need a crib sheet to understand how to align PMO intake with only the best opportunities. Here are our “Cliff’s Notes” to help ensure strategic empowerment:

1. Color Within the Lines

Identify objectives, results and measurements. Establish KPIs that make sense for your organization and underscore with all stakeholders that only disciplined practices will allow you to continuously deliver on these goals.

2. Hit the Books

Utilize an intake process using change management best practices. This means everything stays within the portfolio, even the ideas that aren’t projects yet. “This would include new product ideas, business capability enhancements and initiatives that support goals set to deliver on strategic themes.”^{vi} Consolidating on the portfolio level allows you to be audit-ready, as well, because everything can be reviewed in one place.

3. Never Stop Learning

Assess project value in a continuous feedback loop to ensure maximum value. Stakeholders can clearly see how the portfolio scores for strategy and aligns behind only the most worthy goals.

4. Danger Signs - Detention

Practice trade-off analysis that goes beyond cost vs. risk vs. capacity and folds in value and benefit assessments along with the potential impact on competing projects. Solutions that include scenario planning and robust forecasting tools in formats that stakeholders understand (using widgets and dashboards) support these assessments effectively.



WHAT DIFFERENTIATES A GOOD AND BAD IMPLEMENTATION

THE GOOD

It is our experience that the best implementations are driven by experienced management teams that are empowered to quickly address a series of known issues in their organization.

THE BAD

On the other hand, poor implementations tend to be those where a large team have been given a general remit to “improve things” over a long period of time.

5. Past Perfect

Manage your backlog and never let something fall off the plate for no reason. Use PMO governance rules that allow strategy to cascade effortlessly into impactful, change and actions. Go, no-go and not-now decisions are solidly backed up by watertight risk management forecasting.

6. Eyes on the KPIs

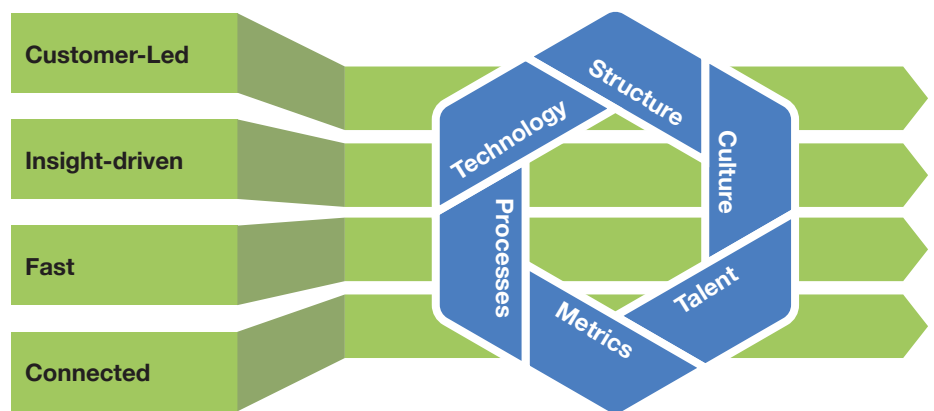
Monitor performance to ensure built-in velocity and value. By velocity and value, we mean a quick response to stakeholders that makes good business sense. Forrester says “rolled-up performance and status information (should) provide(s) insight into dependencies”^{vii} as well. These can be delivery times, time-to-market and strategic benefit measurements. You can follow up with a strategic theme such as “improve market presence through new products” with KPIs such as “% net new customers in existing markets.”^{viii}

7. Gone but not Forgotten

Performing after-action reporting on a regular basis helps PMO leaders refine prioritization, gain accountability, and deliver more data for decisions on new and existing projects.

The Customer-Obsessed Operating Model

Use the Customer-Obsessed Operating Model to drive Strategic Portfolio Optimization



Source: Forrester Research Inc. Unauthorized reproduction, citation or distribution prohibited

ⁱ Visitacion, Cullen, Flug, Bartlett, “Strategic Portfolio Management is Agile: Vision: The Strategic Portfolio Management Playbook,” Forrester Research, July 12, 2018. page 3.

ⁱⁱ Ibid, page 3

ⁱⁱⁱ Ibid, page 3

^{iv} Ibid, page 4

^v Ibid, page 4

^{vi} Ibid Page 4

^{vii} Ibid page 5

^{viii} Ibid page 5

These seven lessons will put you ahead of your own requirements and the competition. For a detailed discussion, be sure to [download our webinar](#), Strategic Portfolio Management 101 or discuss with us how Keyedin Projects can enable you to fulfil each of these key requirements to becoming a truly strategic, stakeholder-centric PMO.



About KeyedIn™ Projects

KeyedIn Projects is a supremely flexible solution for managing projects, programs and entire portfolios – from a single platform that provides a comprehensive view of the status of every project. Used by project managers, boardroom decision-makers, and frontline users, KeyedIn Projects increases success rates and profit margins, enables better decisions about project selection, planning, and prioritization and optimizes resource usage across the entire business. Headquartered in Minneapolis, KeyedIn has hundreds of customers worldwide, including Walgreens Boots Alliance, LexisNexis and OfficeDepot.

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