

Portfolio/ Program/ Project Management – an integrative approach

There are well known frameworks for portfolio/ program and project management (P3M) from PMI/ AXELOS etc. Each of these frameworks have relative strengths.

Whereas we do not advocate one framework to be superior to others, a 'best of breed ' approach is preferable, also blending in industry and Client specific requirements, depending on the context.

What we give here is a holistic set of features which need to be addressed during P3M implementation. The extent of implementation can also depend on the capacity/ capability/ resource bandwidth and the existing/ targeted P3M maturity of the organizations. We consider all the three perspectives in P3M, as these are inter-related and integrative.

Portfolio Management:

Portfolio Management pre-supposes that the Organisational vision, mission, strategic goals and the value systems to be in place. It is the prerogative and the responsibility of top management to formulate these, using tools like external and internal environmental analysis, positioning of the firm relative to its competitors/ industry etc., preferred approach for gaining market share etc.

Benefits Management plays a key role in linking portfolio management with program management. The tools which can facilitate this linkage include Benefits logic map (or variants of it) - which links strategic drivers to the investment objectives and to the end benefits - which can then be addressed by programs/ projects. Indeed the primary goal of portfolio management is to select the right mix of programs and projects to address strategic objectives, within the capacity constraints, funding availabilities and the organizational risk appetite.

Thus a good portfolio management system would be addressing the following aspects:

- Link the strategic objectives with the benefits to be obtained at the portfolio level
- Define/ Refine the Key Performance Indicators (KPIs) - which measure the success of the portfolio.
- Develop a ranking and scoring methodology to apprise/evaluate multiple change initiatives in the portfolio context, using a multi-criteria analysis approach
- Create an inventory of existing change initiatives linking them to the strategic objectives. This linkage should be able to reveal gaps and overlaps across existing initiatives in addressing strategic objectives
- Iteratively create a portfolio - using tools like 'what-if analysis', resource balancing, stakeholder engagement, risk assessment, scenario analysis etc
- Optimize the portfolio, in terms of delivery timelines, resource commitments, funding availabilities, risk-return assessments and the need to meet regulatory requirements
- Communicate the portfolio to enable linkages with program and project initiatives and to gain stakeholder commitment
- Develop a portfolio implementation plan and governance roles to oversee the execution of the portfolio and re-tune it based on reverse feed-backs

Most of the larger organizations will require a Portfolio office (or a similar entity) to support the portfolio manager. This office can also put in place knowledge



management systems, best practices and processes etc.

The success of portfolio management in an organization is linked with its maturity in program and project management, organizational culture, past track record of handling changes, strength of governance systems and most importantly, sustained top management commitment.

A well implemented portfolio management system enables avoiding frittering away of scarce resources on initiatives which are not adequately aligned to corporate objectives. It also builds up accountability and congruence across diverse change initiatives taken up by the organisation. Cross-collaboration of shared goals facilitates better stakeholder commitment. Many companies categorize the change initiatives across multiple 'buckets' and adopt varying investment criteria for enabling a sharper analysis.

Poorly implemented portfolio leads to unbalanced use of resources across various change initiatives and the operations, poorly scheduled change initiatives, resource bottlenecks, poor assessments of risks and dependencies etc.

For successful implementation of the portfolio management, techniques like component business case creation and validation for various change initiatives, phase-gate approvals, staggered release of funding and resource commitment, rigorous program/project closure processes, including obtaining reverse feedbacks/ lessons learned systems etc are essential.

From the HR side, implementation of performance based reward systems through objective setting and review processes has generally seen to be effective. Studies consistently indicate organizations following robust portfolio management systems are able to meet the goals and shareholder expectations more consistently.

Program Management

Program management involves management of interdependent projects and also the work relating to transition management, benefits management etc. Benefits management and governance are the two key aspects of program management.

Programs are 'spawned' by the portfolio as a part of portfolio implementation life-cycle, providing the linkage. A good program management system needs to address the following aspects.

- Extending the Benefits logic map to include projects/ capabilities which need to be taken up, outcomes and other external initiatives to be addressed to achieve the stated benefits
- Putting in place a benefits realization plan and assigning accountability for achieving benefits to concerned benefit owners, who could be functional departments or the Clients etc
- Defining the target operating model - including the 'to-be' processes, systems, organisational structure, and technology infrastructure
- Program governance structure definition (with linkage to portfolio governance) and also guidance on how programs will launch projects, what is the interface between the project managers during launching of the constituent projects, which initial information will be passed on to them, what guidelines the projects need to adapt from program standards, how the escalation will happen and how



the project managers will close the projects and report back to the program manager etc.

- Development of the business case for the programs can be challenging, as it involves estimating the likely costs and benefits across the benefit life-cycle - which typically can run into years for large programs. The business case would need validation during the phase-gate boundaries. Business case/ financial reporting systems can also use the framework regarding the funding of the program , tracking spendings against the budget allocations , workflow management systems for giving approvals for financial requests etc.

-Creation and updation of the program plan will involve interfacing with project plans and updating it based on progress reports from the projects/ managing their inter-dependencies / allocating resources and providing guidance etc. An important feature of program progress reporting involves synthesizing the project performance reports and providing forecasts to functional and senior management on benefits delivery.

- Since programs also span operations, transition/outcome//benefits management is also a part of program management. Change management is a critical aspect of program management - as programs are at the highest level of administrative control overseeing the sub-programs and the projects.This change management aspect is not given adequate attention in many programs, leading to resistance and dilution of resultant benefits

Project Management

Projects produce deliverables - which could relate to creation of new products, services or results. In this perspective, scope, schedule, effort/cost, quality and team management take utmost precedence.

Understanding of the business requirements, converting them into project scope, creating consistent schedule and cost performance baselines and executing the project are the key challenges facing the project manager. Most of the cases, the project deliverables would require deep domain knowledge, which can be addressed through acquisition of resources with required skillsets or through contract management.

When the project is part of the program, the project manager needs to understand the linkage and interdependencies across other projects in the program, as a part of risk management. The production of technical (and management) deliverables would call for effective configuration and change control procedures. Large projects can benefit by use of automated tools for project planning, execution and control. Project Management Office can assist the project manager in setting up the processes, configuring the tools and monitoring the project progress and resource utilization/ skill-set management etc.



Most of the companies excel in strategy formulation- where they fail is in poor implementation. Adopting an integrated approach to portfolio/program / project management and interfacing to operations management, can go a long way in superior strategy execution.

GRT Consulting LLP specialises in portfolio/program/project management consulting and trainings. We also assist the companies to set up PMOs, performing healthcheck assessments etc.

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