

## **PPM Maturity assessment and enhancement – why it is critical for business excellence?**

This posting outlines what Project Portfolio Management (PPM) maturity is about, which are the various levels of PPM maturity and how can they contribute to better business performance.

How Project Portfolio Management (PPM) maturity assessment and enhancement can contribute to better business performance? At the outset, this linkage seems to be far-fetched. Rather it is not.

Consider the following facts:

- For organizations ( including those in not-for-profit sector ) , design and implementation of appropriate change initiatives (including portfolio, programs and projects) is the critical differentiator to translate strategy into sustainable business results
- Whereas PPM itself may not directly be addressing strategy formulation, it is the vehicle to enable implementation of the strategy. Many companies excel in strategy formulation, but struggle during its implementation. A well designed PPM, with reverse feedbacks from performance management to strategy, enables quick mid-course corrections to the direction in which the company moves in a competitive environment.
- It has been noted that a higher maturity in PPM leads to better organizational success (for instance, study findings from PwC survey results 2012) and from PMI 'Pulse of the profession' studies.
- PPM maturity does not only concern with redesign of PM processes. A holistic maturity model encompasses the people, process, technology and cultural dimensions in a harmonized fashion, as these are inter-connected. Thus the PPM model will also look into if the people competencies are aligned to what the organization wants and if the senior management is getting the right information on progress and financial performance of various initiatives to decide what to do next.
- Organizations with low PPM maturity typically struggle to complete their projects in time and cost- which is a pretty evident phenomenon. But more disconcerting is the fact that they would not be aware on the root causes of such overruns or what will be the outcome of next investment in terms of its performance
- Most of the PPM maturity models have five layered maturity levels - with various connotations. Many of them are patterned around CMMI or similar nomenclature, but interpreted in the PPM environment.

Typically the PPM maturity progression goes as under:

- a) Organizations at the lowest level of PPM maturity are 'aware' that the changes need to be implemented using formal processes. But the culture to adopt good practices and the senior management commitment for betterment will be weak or lacking.  
We have noted this spectacle in many companies, where implementation skills are more localized at a 'person' level and 'heroic or fire-fighting' attributes are commonplace to rescue troubled projects. People typically seemed to be constantly stressed to achieve the project deadlines. Quality control and assurance steps are given a 'short shrift' when deadlines approach and people seem to be 'constantly 'spinning' the wheels. Paradoxically, these are the companies which usually resist or delay investments in improvement, due to management apathy.
- b) At the next level of maturity - we have 'repeatable' layer, where local centers of excellence emerge. The success of the project is typically is dependent on which project manager is handling and who the team members are.

In many of the organizations we have worked with, Information Technology (IT) and New Product Development (NPD) departments typically tend to reach the second level of PPM maturity early, as they usually work within limited budgets to maximize return on investment. But there will be limited consistency or coordination across the projects.

c) When the adoption of good practices becomes more widespread, organizations reach the next level of PPM maturity- which we could term it as 'deployed'. Good practices and procedures get centralized and all the change initiatives need to consult these good practices, though tailoring of these practices specific to the project/program context is feasible. The PMO (which can include an ecosystem consisting of offices supporting portfolios, programs and projects) tend to get more visibility and lend support for successful PPM implementation. Centers of excellence get built up and the project and program managers get more guidance on how to start and run their initiatives more successfully. Uniform adoption of processes and nomenclature leads to better communication and it speeds of adoption of good practices. Governance processes (including those for project selection, business case preparation and updation, toll-gate reviews, staged release of funding and resourcing, robust supplier evaluation and selection) get strengthened.

d) When organizations run multiple change initiatives, they aggregate the data-points on their performance for further analysis. This leads to moving up to the next level of PPM maturity- which could be termed as 'managed'. Quantification is a key aspect here and the PMO (or similar entity) is able to give answers to the top management queries, such as:

- What is the typical cost and overrun of projects being executed in financial services sector ?
- What are the trends in improvement? Where we are expected to go - if similar trending continues?
- What is the likelihood of a particular project or program achieving its schedule and cost objectives? (based on data-points/lessons learnt from previous similar projects/ programs)
- How much of contingency reserves we need to build in, based on the risk profile of the project or the program?

Simulation techniques like Monte-Carlo analysis can be useful here- but would require past data to justify their inferences. More projects /programs are getting managed as per their set objectives during this maturity level and the organization is able to see significant reductions in cost overruns. The organization is also able to prioritize where to invest, based on analytical techniques.

e) At the highest level of 'Optimized or Continuous improvement', organizations are able to deploy proactive steps leading to better control of PPM ( and also gain an ability to predict their performance due to institution of such steps). This level enables preparation and justification of robust business cases for new initiatives, with due justifications. This maturity level concerns more of portfolio management on where to invest, how much and how to integrate the feedback from various change initiatives for delivering superior organizational performance.

Typically it could take multiple quarters for an organization to move up from one level of PPM maturity level to the next. The challenge from moving from 'repeatable' to 'deployed' maturity level requires considerable management commitment and organizational adoption. Typically in many organizations, some divisions/ LOBs adopt the good practices pretty early, where there are others who could be 'laggards'. This disparity tends to pull down the overall organizational performance. Considerable change management skills need to be in place to bring critical stakeholders on board. We have also noted that typically once the organization stabilizes at 'Deployed' level, the progress is generally self-sustained, assuming continued top management support is available.



In a way, lower four levels of maturity concern more of project and program management and the highest level is more linked with better portfolio management, though improvements in all the three models are feasible at all levels. Also at lower two levels, focus is usually on individual initiatives, where the top three levels are more concerned with the organization/ SBU.

It is imperative for an organization to reach up to the third level of PPM maturity for the business results to be consistently correlated back to higher competency.

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The author specializes in program and portfolio management and its integration to superior business performance. You can reach him at [ramani@grt-consulting.com](mailto:ramani@grt-consulting.com) for more details on how an organization can move up in PPM maturity towards better management.