



OpenPM² 2018
CONFERENCE

Brussels, Charlemagne | February 1 & 2

PM²-PPM

Project Portfolio Management



<https://www.linkedin.com/in/bertkips/>

What?

Why?

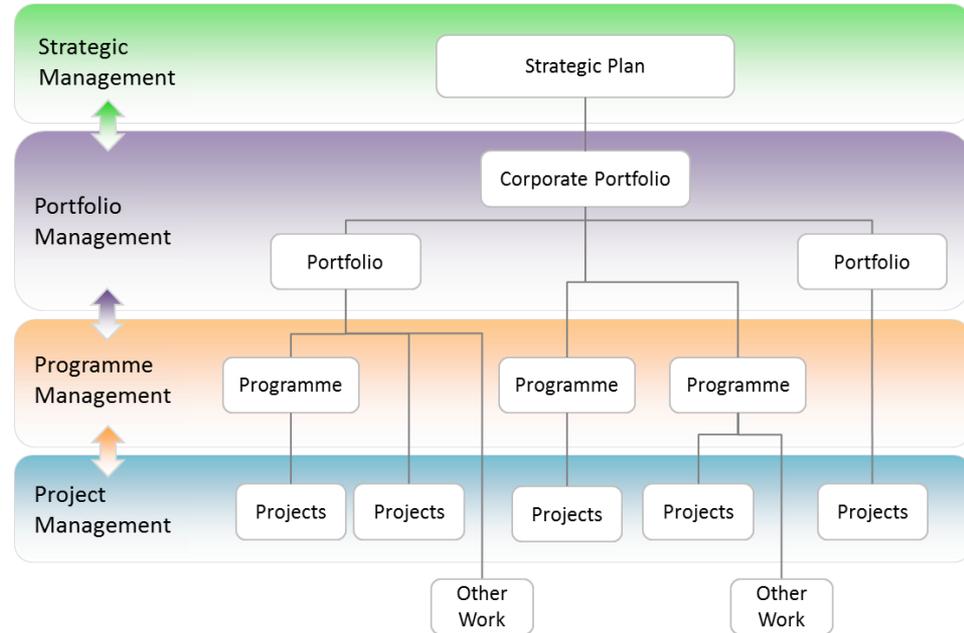
Who?

How?

What is a Portfolio?

A collection of projects, programmes and other work to

- achieve **better control** over financial and other resources
- facilitate **effective management** to meet **strategic objectives**

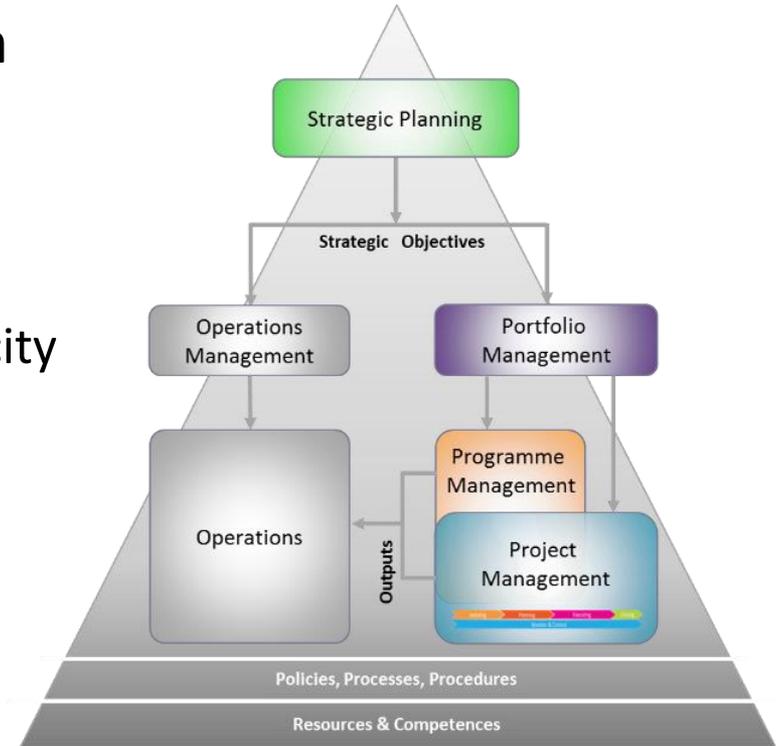


What is Portfolio Management?

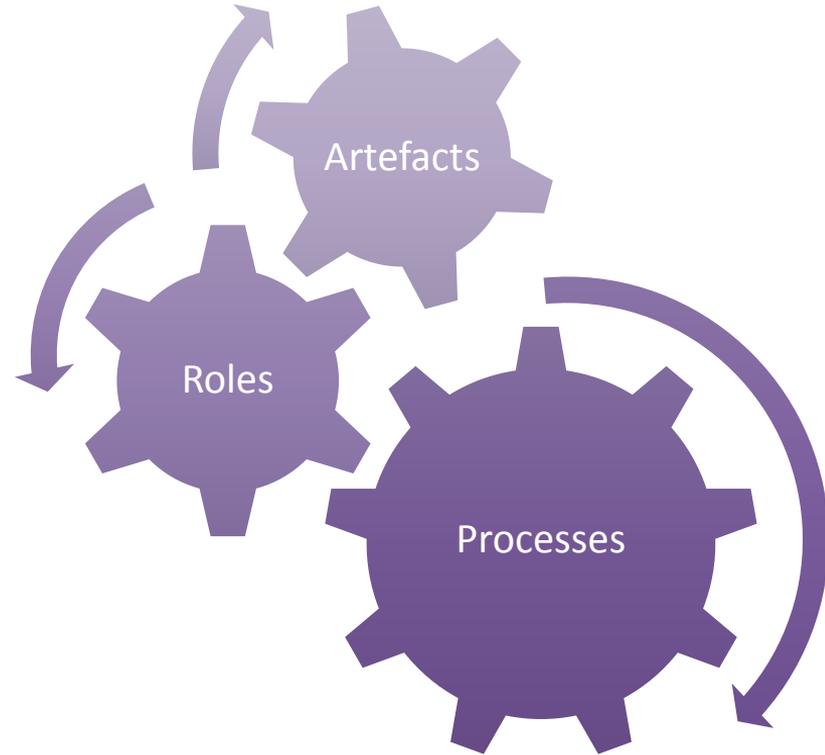
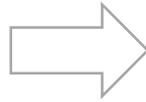
Connect strategy to implementation

through:

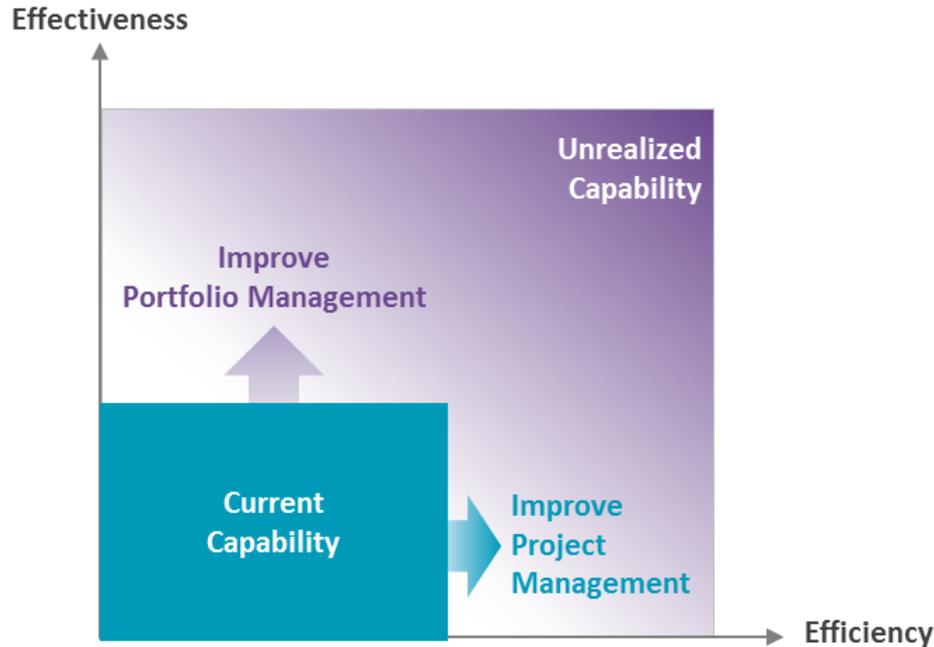
- Selecting the right investments
- Ensuring adequate organisational capacity
- Support decision-making and optimisation



What is PM²-PPM?



Why Project Portfolio Management?



Enabler for strategy implementation and good project management

- Link projects to strategic objectives
- Build discipline into the project evaluation and selection process
- Minimise risks and optimise resources across programmes and projects
- Report portfolio performance and benefits based on accurate, comparable data.

PM²-PPM Mindsets

Connect implementation challenges with strategy formulation

See PPM as an enabler and not just as another layer of control and bureaucracy.

Use PPM to minimize the "implementation gap", ensuring strategies are translated into projects which produce the desired results.

Don't confuse functional roles and authority with portfolio management responsibility and goals.



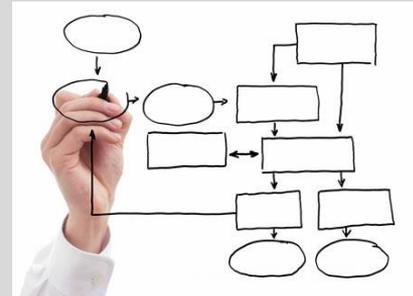
Promote a project orientation.

Provide strategic direction and support to the programme and project layers.

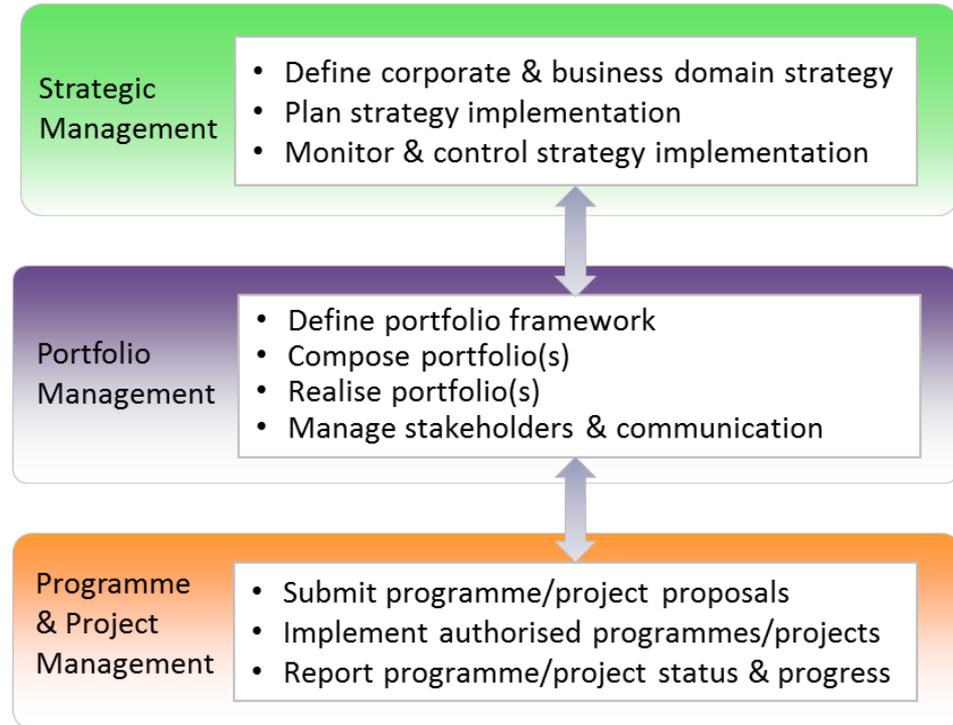
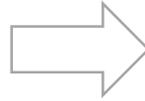
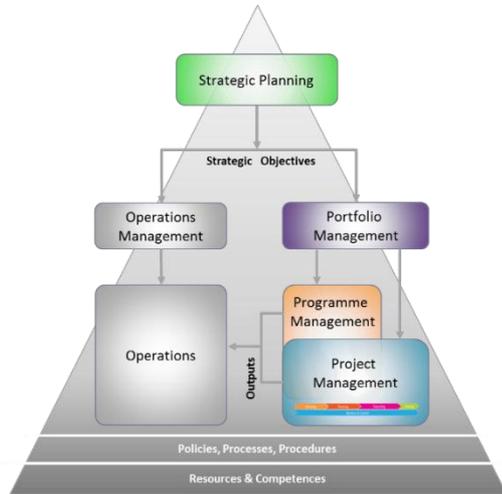
Provide accurate and comparable information for decision making

Comprise portfolios and authorise projects only after considering capacity constraints, capability and skills

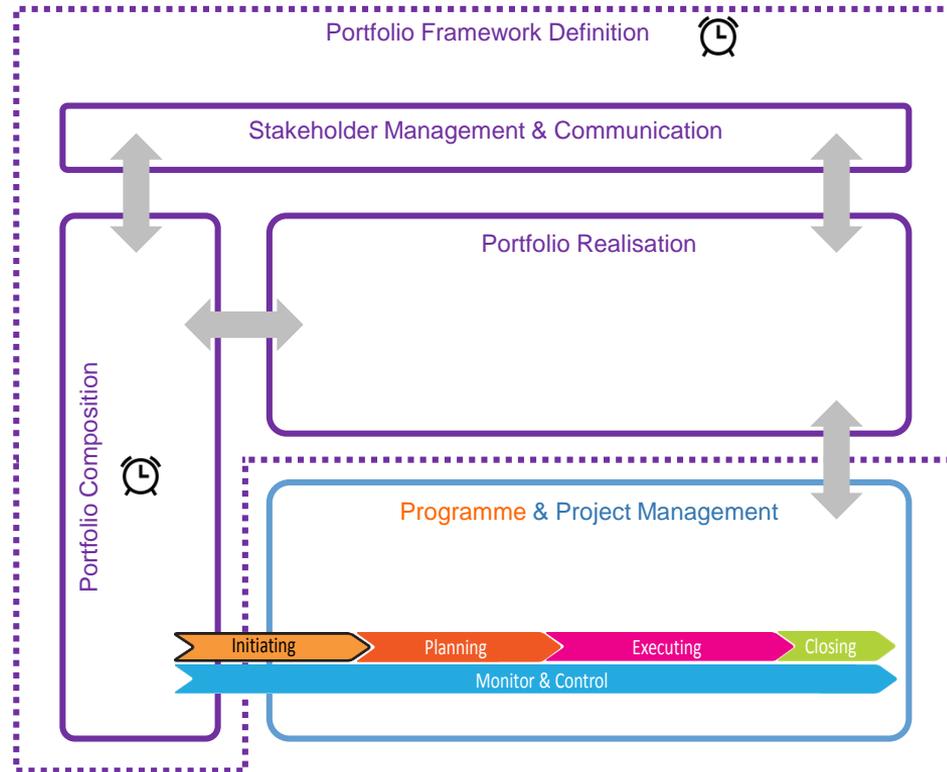
PM²-PPM Processes



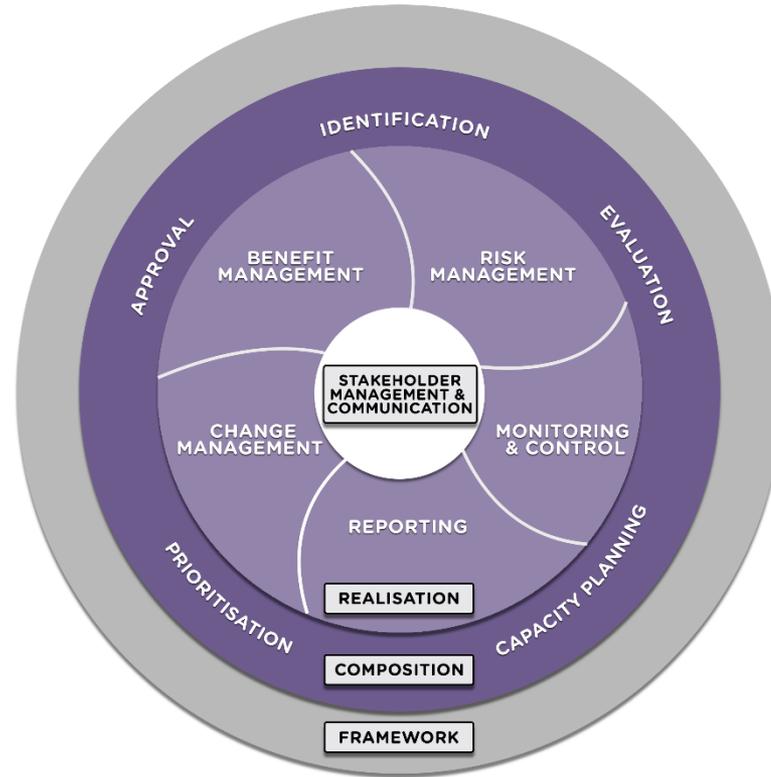
PM²-PPM Context

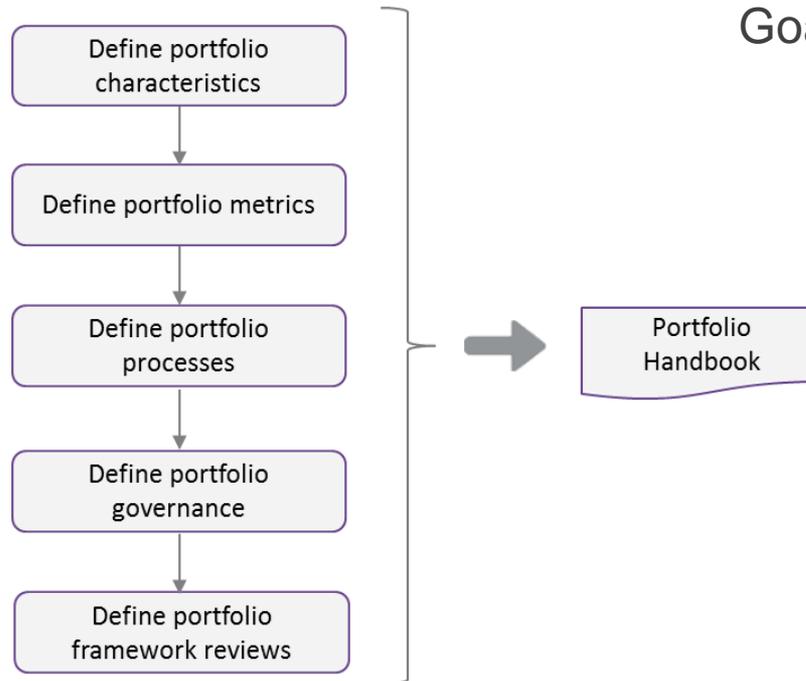
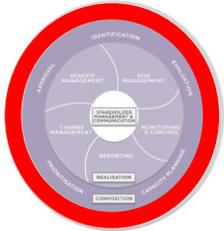


PM²-PPM Context



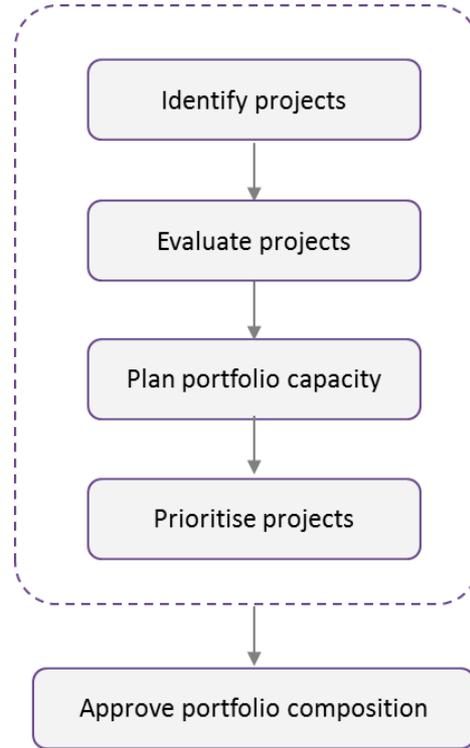
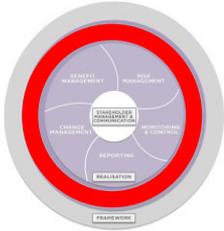
PM²-PPM Process Model





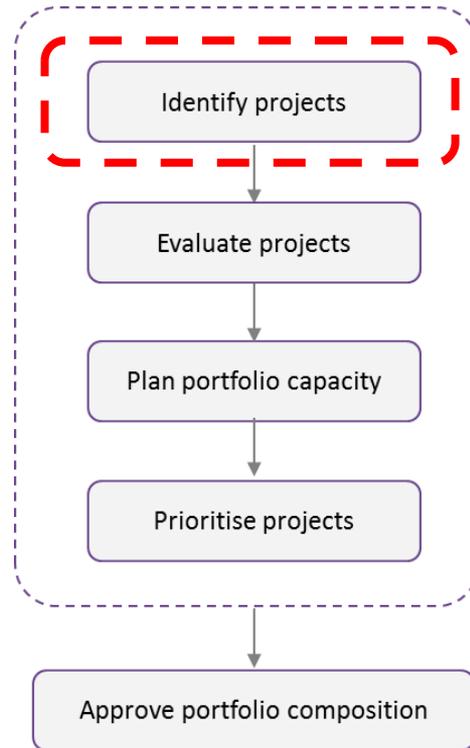
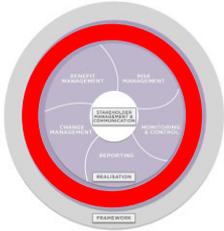
Goal : Define **how** portfolio management will be performed in the organisation

Process - Portfolio Composition



Goal : Evaluate project candidates,
take investment decisions
and allocate resources

Activity: Identify projects



Goal

- Identifying all existent and proposed programmes/projects that are candidates to a portfolio

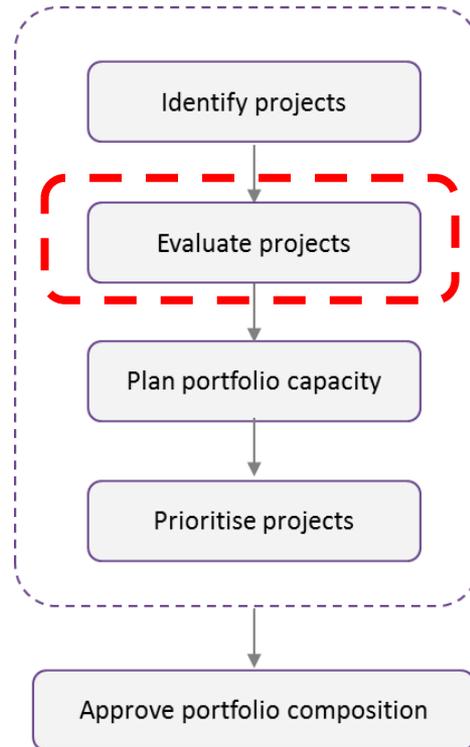
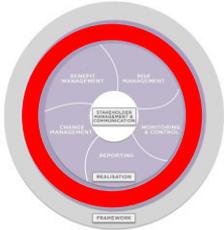
Guidelines

- Document all project candidates
- Compare using pre-defined criteria
- Identify relationships amongst candidates
- List all candidates that are fit to be considered

Tools & techniques

- Project Initiation Request (PM² Artefact)

Activity: Evaluate projects



Goal

- Evaluation of potential portfolio elements based on pre-defined scoring model allowing for comparison.

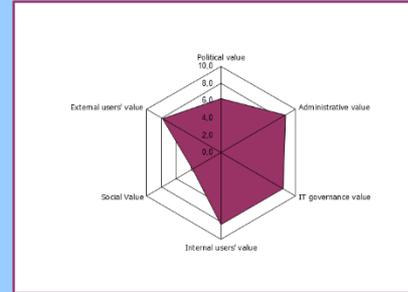
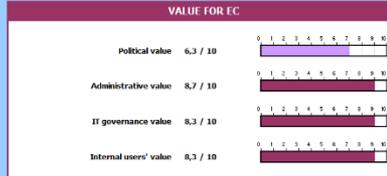
Guidelines

- Evaluate each candidate versus portfolio selection criteria
- Score each candidate
- Evaluate each business case
- Create overall portfolio view
- Summarise and capture evaluation results

Tools & techniques

- Value ASsessment Tool (VAST)
- SWOT Analysis
- Cost Benefit Analysis

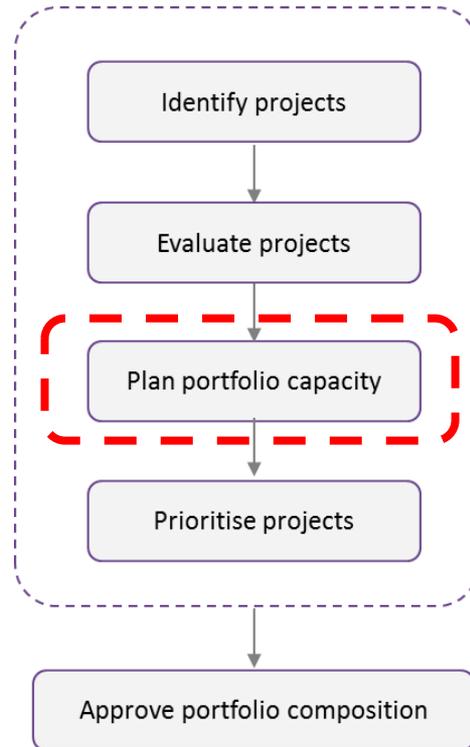
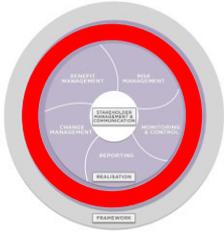
QUALITATIVE SYNTHESIS



RISKS & NECESSITY



Activity: Plan portfolio capacity



Goal

- Determine the organisation's capacity in terms of funding, resources and other assets.

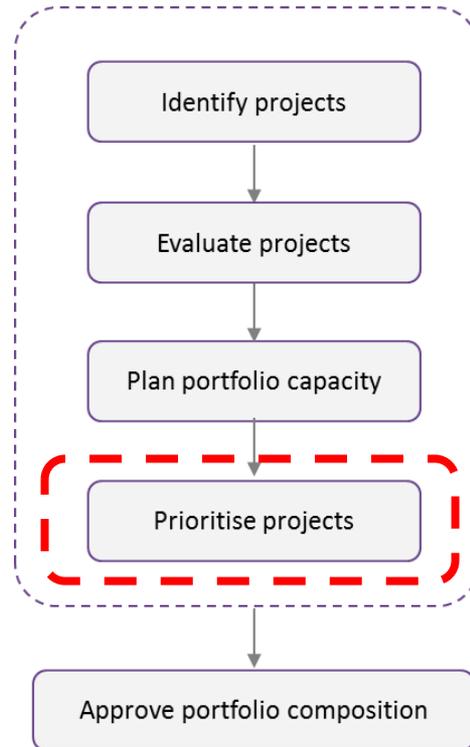
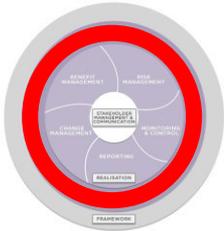
Guidelines

- Evaluate availability of funds
- Analyse workload and competencies
- Estimate current and upcoming demand of project assets
- Develop Portfolio Resources Capacity Plan

Tools & techniques

- Portfolio Repository
- What-if Scenario Analysis
- Human Resource Capacity Analysis

Activity: Prioritise projects



Goal

- Obtain a prioritised list of initiatives as a proposal for authorisation

Guidelines

- Rank initiatives based on evaluation scoring
- Refine prioritization based on deadlines, dependencies, risk, etc.
- Propose portfolio funding & allocation based on prioritization

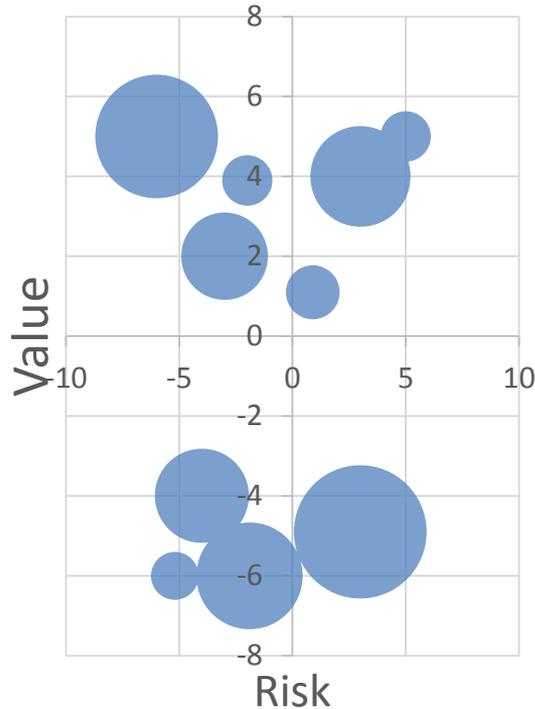
Tools & techniques

- Project Prioritisation Matrix
- Value versus Complexity Matrix
- Scenario Analysis
- Bubble diagram

Prioritisation Matrix

Evaluation Criteria	Weight	Project 1	Project 2	Project 3	Project 4	Project 5
<Criterion 1>						
<Criterion 2>						
<Criterion 3>						
<Criterion 4>						
Score	100%					
Ranking			2	1		3

Bubble Diagram



Step 1: Gather the data

identify the data points that you want to display (e.g. projects)

Select the 3 values per data point (e.g. value, risk, cost)

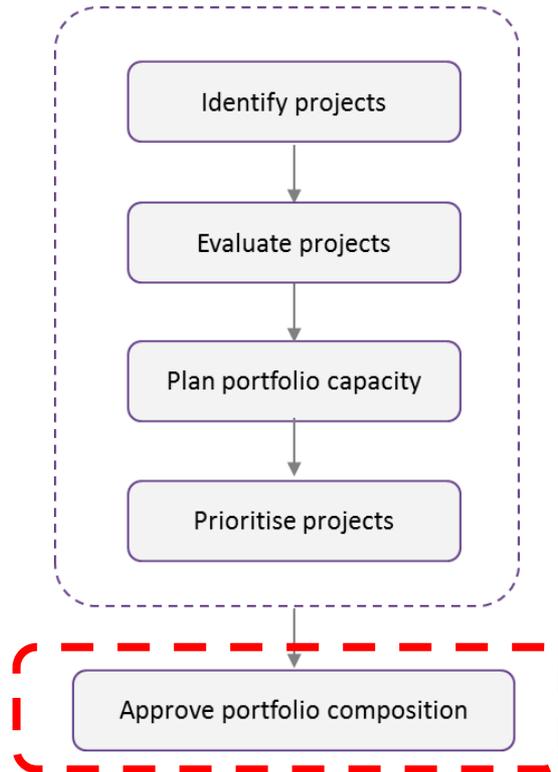
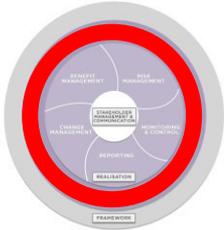


Step 2: Create the chart

Identify which two data values will be the main indicators, determining the bubble location.

The third, less important value determines the bubble's size.

Activity: Approve portfolio composition



Goal

- To approve the allocation of funds and resources based on recommendations of the Portfolio Management.

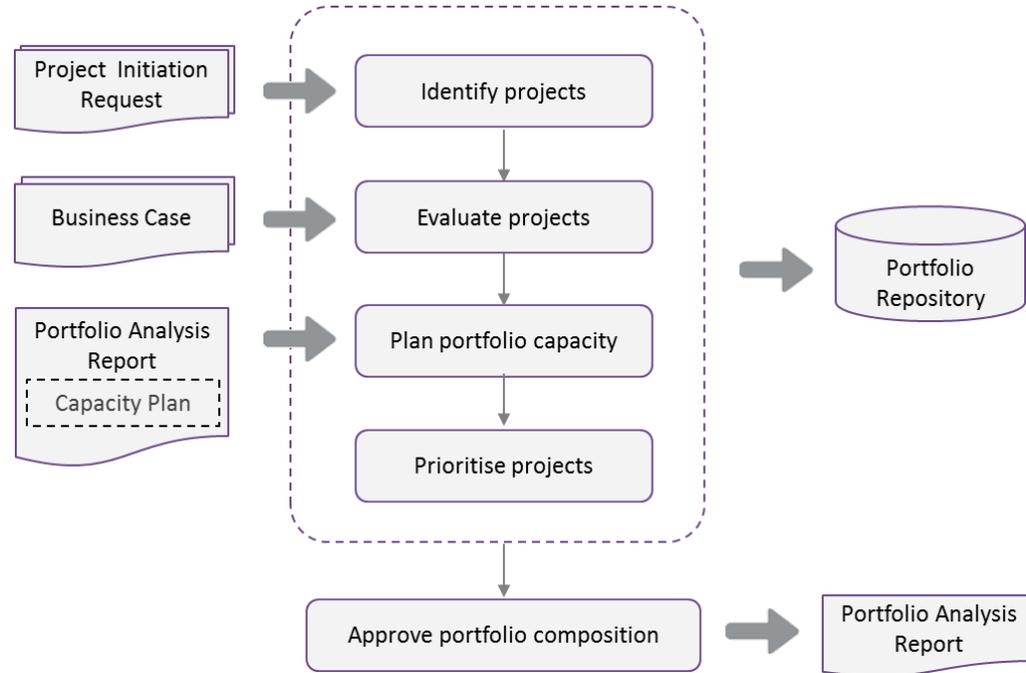
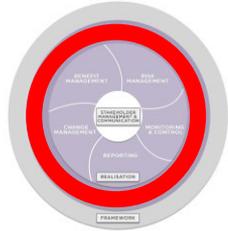
Guidelines

- Request programmes/projects approval and funding allocation
- Decide about programmes/projects
- Update Portfolio Repository considering decisions
- Communicate decisions to portfolio stakeholders
- Communicate expected results, stage-gates reviews and metrics for each active portfolio:

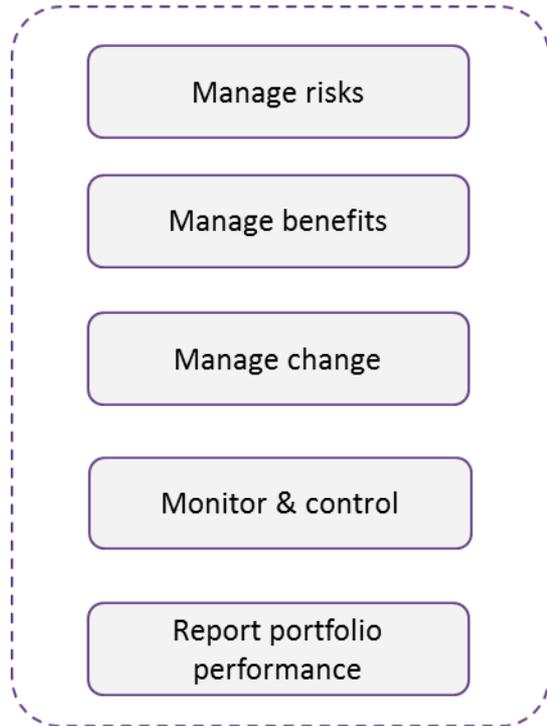
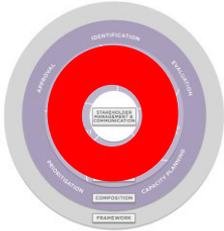
Tools & techniques

- -

Process - Portfolio Composition

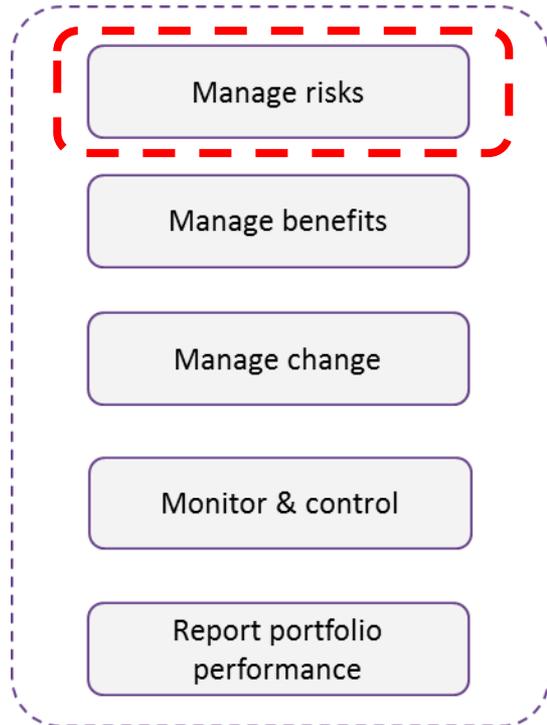
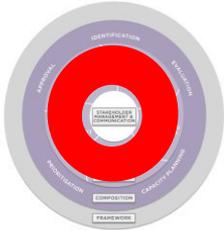


Process - Portfolio Realisation



Goal : **Realise** strategic **objectives** through effective management

Activity: Manage risks



Goal

- Systematic assessment and management of risks, to provide assurance with regard to the achievement of the portfolio objectives.

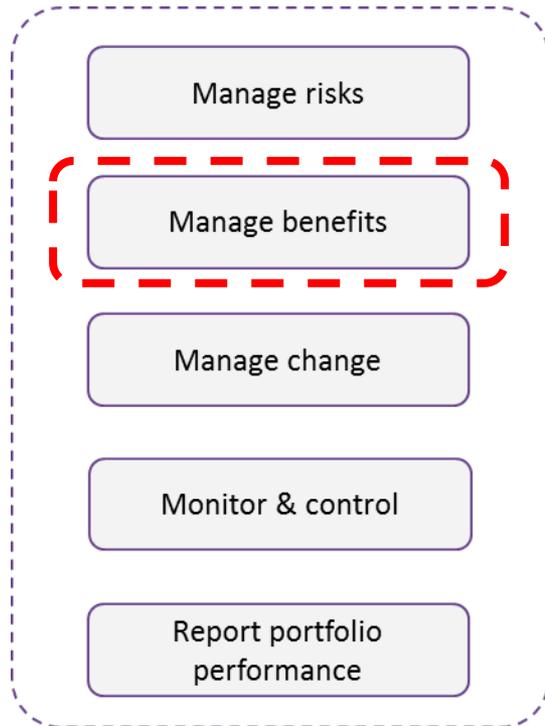
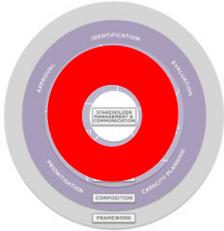
Guidelines

- Identify portfolio risk
- Assess portfolio risk
- Develop portfolio risk response
- Monitor and evaluate portfolio risks
- Communicate

Tools & techniques

- Risk Log (PM² Artefact)

Activity: Manage benefits



Goal

- To determine if the optimal value is obtained from the current mix of investments and to proactively act upon any decrease of portfolio performance or deviation from the objectives

Guidelines

- Gather necessary data
- Evaluate & track the realisation of the benefits
- Remediate significant deviations
- Inform stakeholders

Tools & techniques

- Benefit Tracking Table

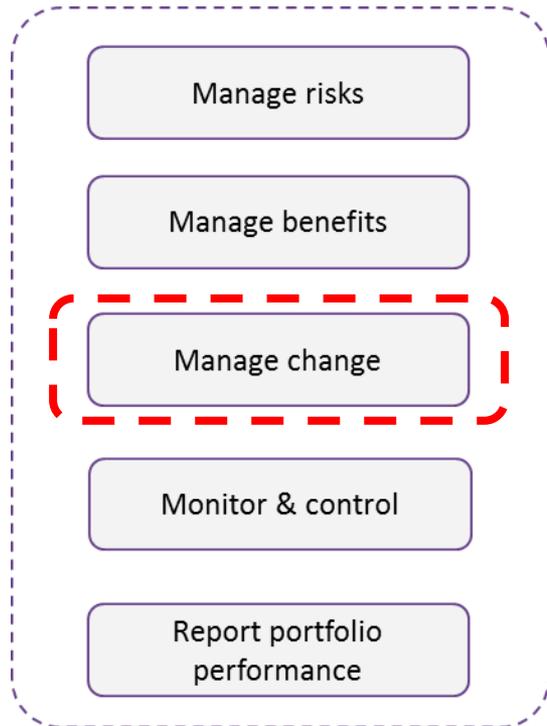
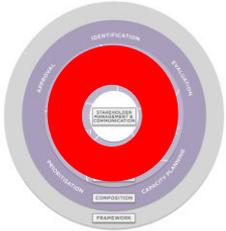
Benefit tracking table

Benefit

the measurable improvement from change, which is perceived as positive by one or more stakeholders, and which contributes to organisational objectives.

Benefit	Benefit Owner	KPI	Baseline	Target	Target Date	Actual
<Benefit 1>						
<Benefit 2>						
<Benefit 3>						

Activity: Manage change



Goal

- Deal with escalated changes and changes in the portfolio external environment

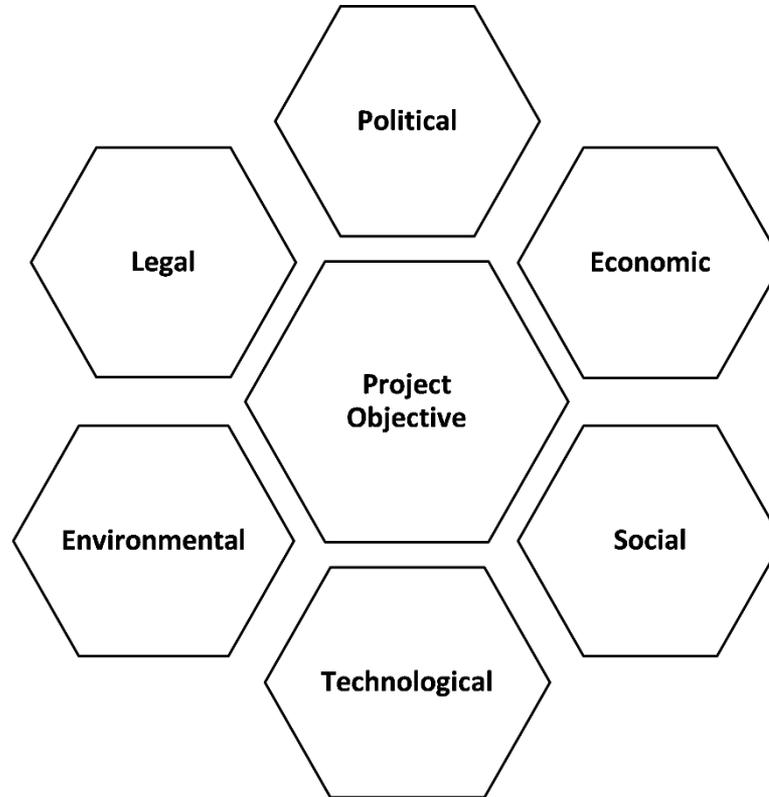
Guidelines

- Scan for changes in the portfolio environment
- Identify escalated changes
- Recommend changes and coordinate implementation
- Use Portfolio Change Log
- Inform management of the portfolio changes
- Monitor portfolio change implementation

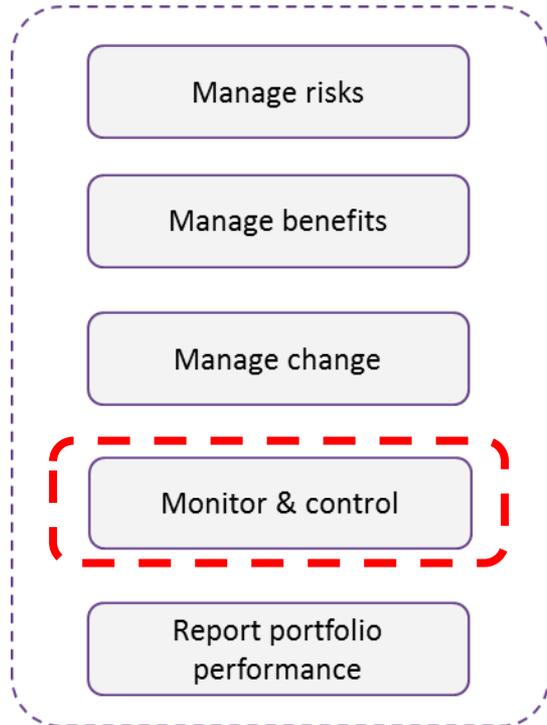
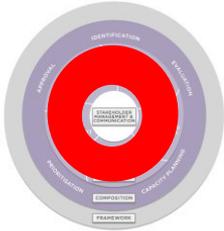
Tools & techniques

- PESTEL analysis
- Change Log (PM² Artefact)

PESTEL analysis



Activity: Monitor & Control



Goal

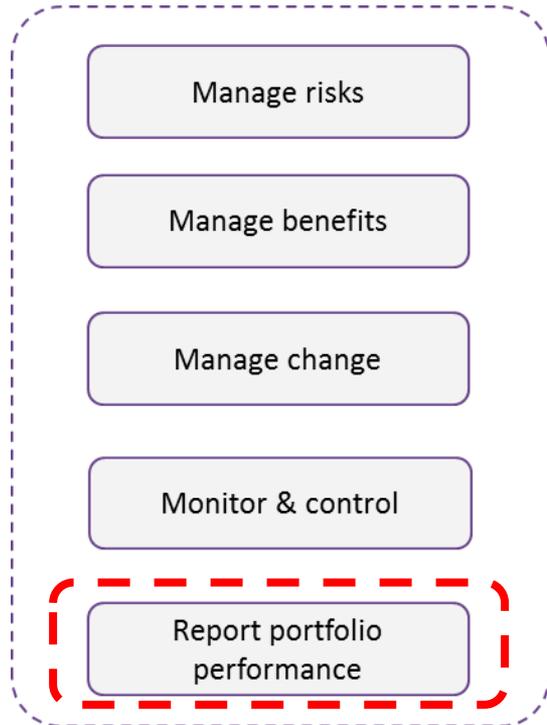
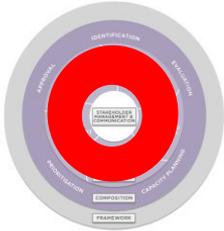
- Review portfolio performance and deviation from objectives. Propose adjustments to re-align with the strategy.

Guidelines

- Collect information from current programmes/projects
- Provide accurate view of portfolio performance
- Analyse deviations and recommend adjustments
- Communicate decisions taken
- Review portfolio metric and targets regularly

Tools & techniques

- Portfolio Dashboard
- Portfolio Decision Log (PM² Artefact)



Goal

- Provide adequate information to Senior Management to support strategic decision-making

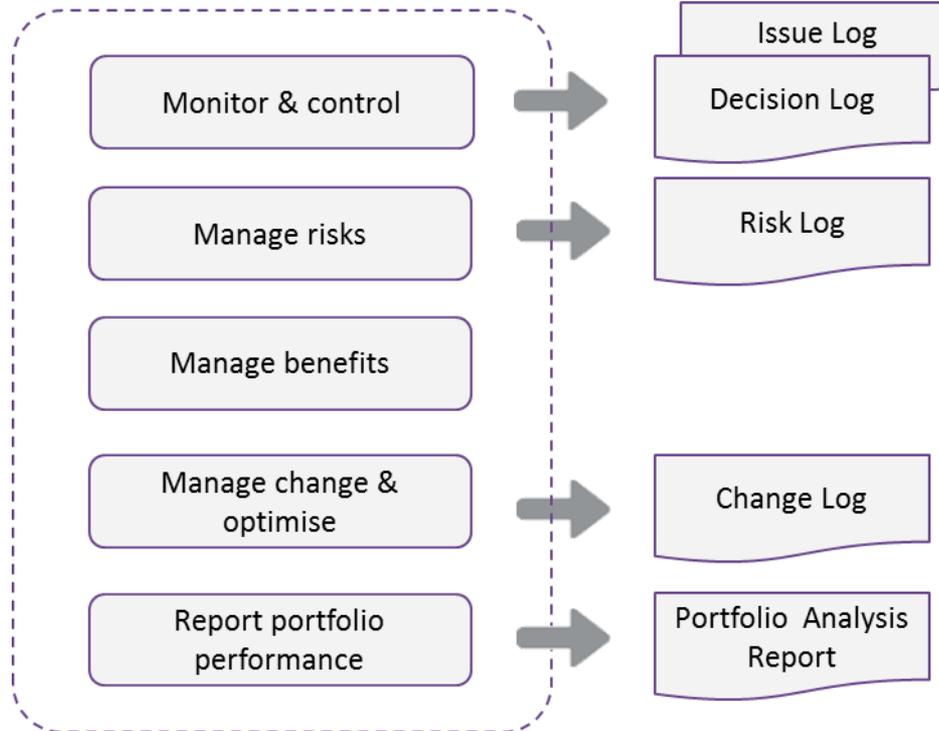
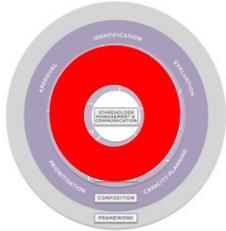
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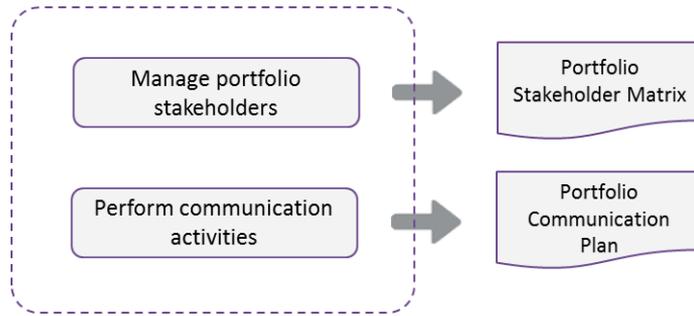
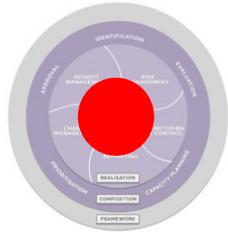
- Identify portfolio information to be reported
- Agree on the frequency, content, format and granularity of the reports
- Produce and send out the portfolio reports

Tools & techniques

- Portfolio Analysis Report
- Communication Plan (PM² Artefact)

Process - Portfolio Realisation



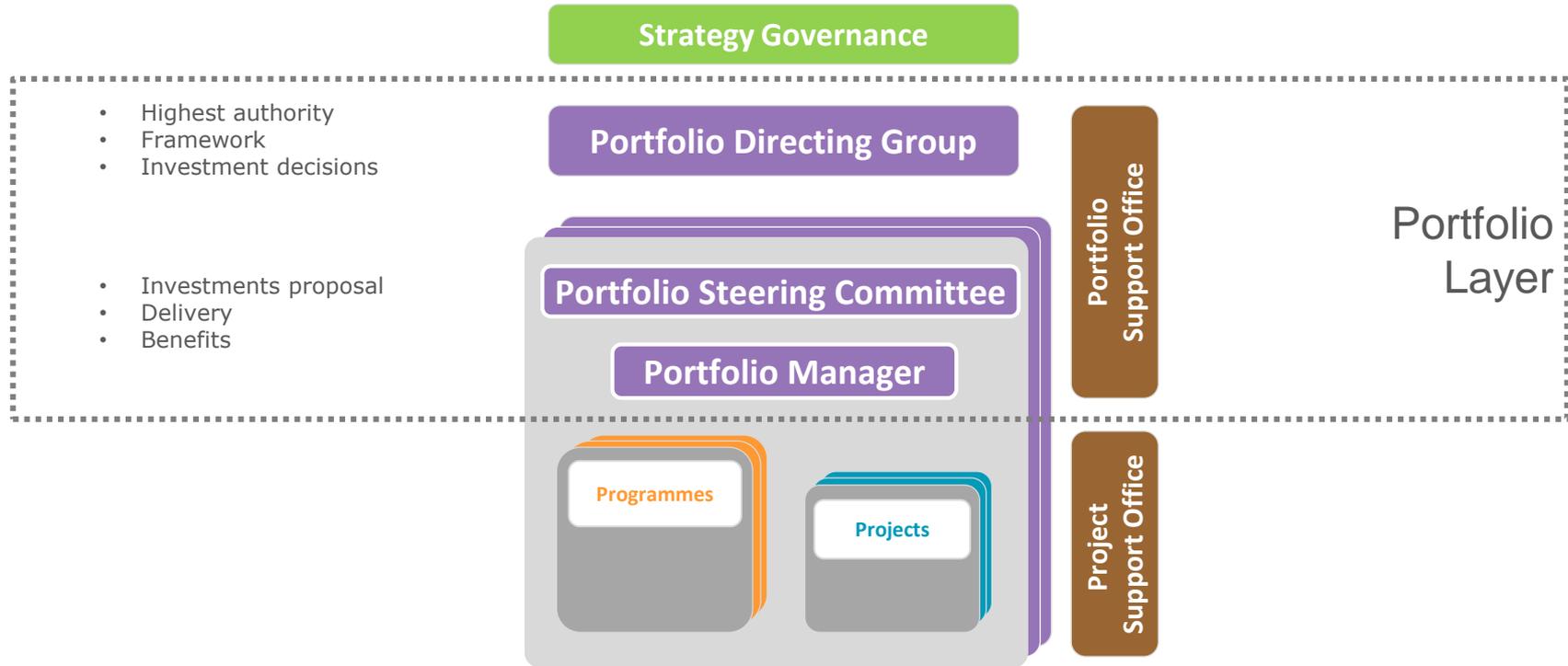


Goal : Managing **stakeholders expectations** and develop a consistent way of **communication**



PM²-PPM Roles





Portfolio Manager

- Coordinates activities
- Project request appraisals
- Optimise resources
- Reporting

Programme Representatives

- Programme Owner / Manager

Project Representatives

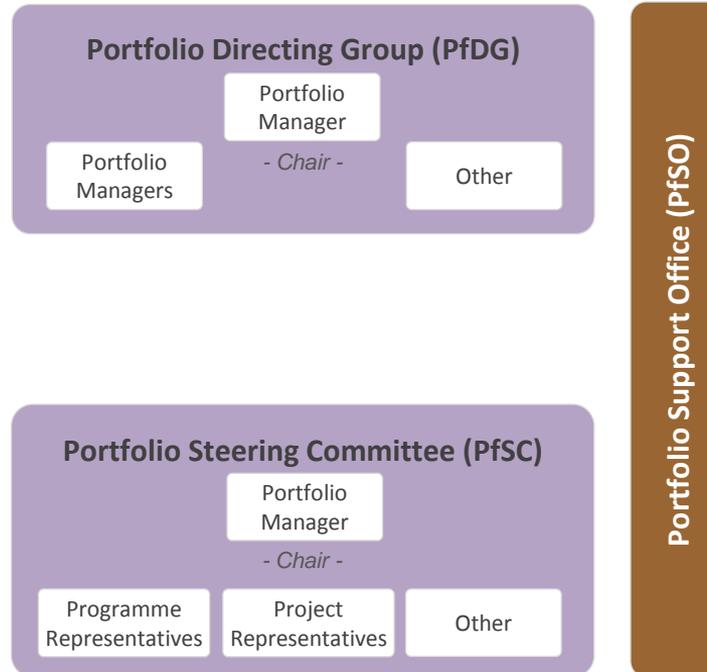
- Project Owner / Manager

Other

- advisors from finance, HR, architecture, ...

PfSO

- Centralised, consolidated view
- Facilitate decision making



Pf. Directing Group

- Ultimate authority regarding PPM in the organisation
- Accountable for effective implementation of portfolio management
- Provide leadership & direction to composition and delivery of portfolios
- Address dependencies and conflicts between portfolios

Pf. Steering Committee

- Responsible for efficient portfolio delivery
- Propose portfolio composition for approval
- Monitor and optimise use of portfolio resources
- Monitor benefits realisation

Pf. Support Office

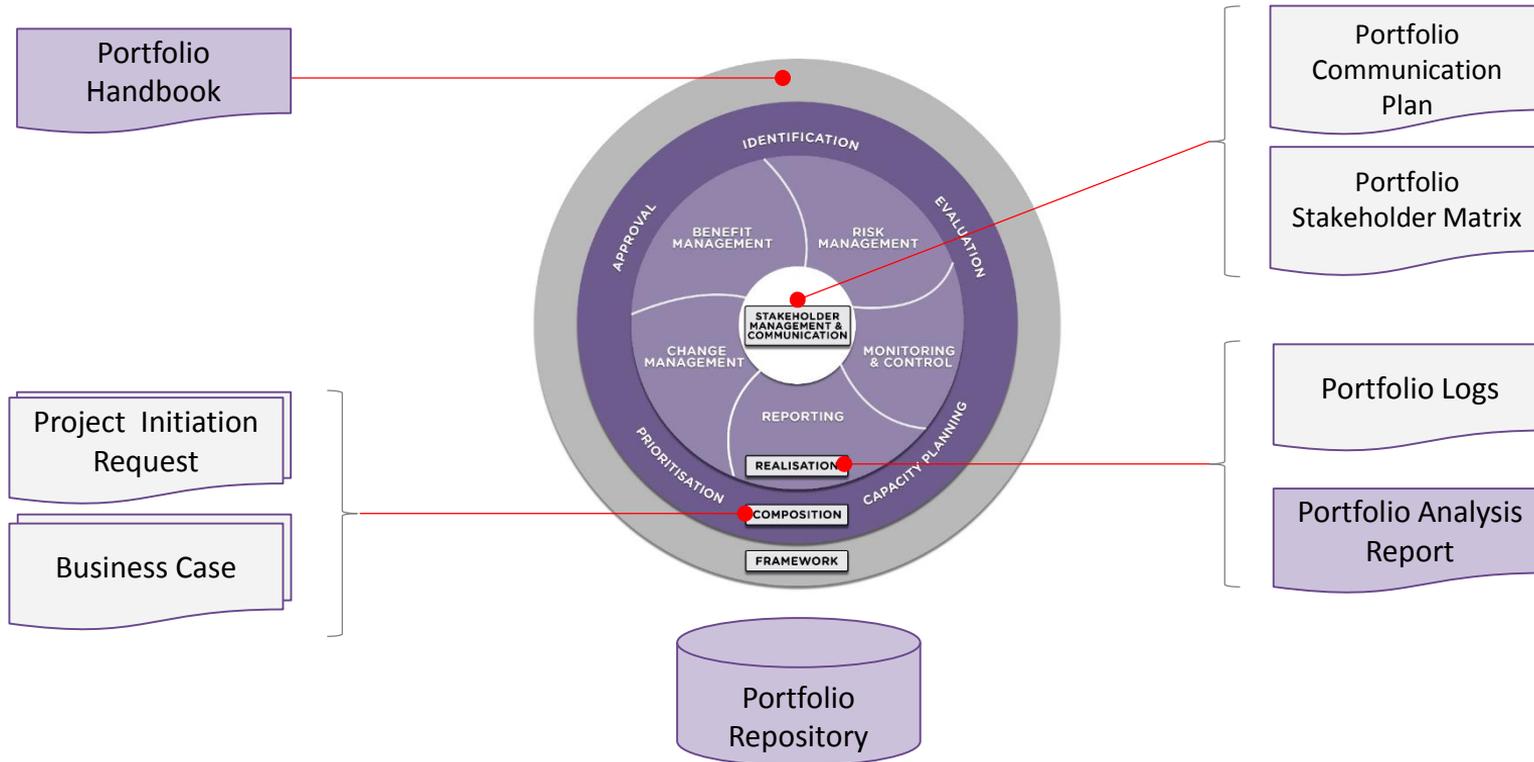
- Support all portfolio management activities
- Provide a centralised and consolidated view to facilitate decision-making



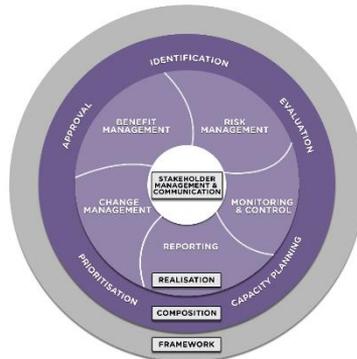
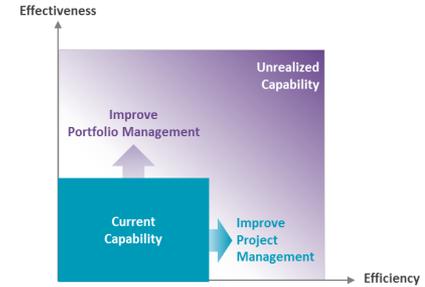
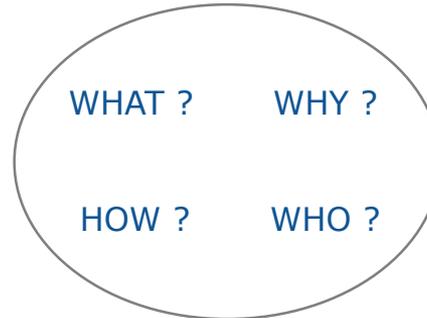
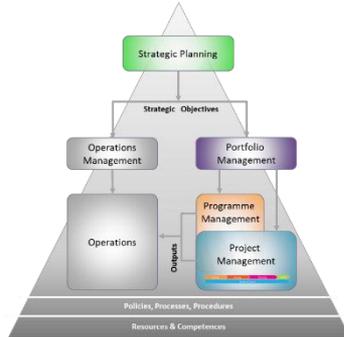
PM²-PPM Artefacts

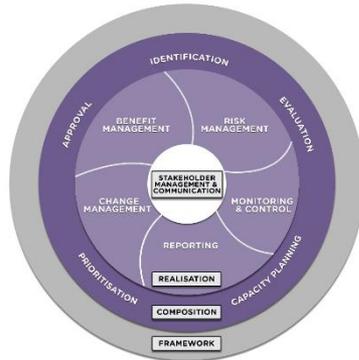


PM²-PPM Artefacts



Summary







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