



The Project Portfolio

A quick hit guide to understanding the purpose, structure, and value of maintaining a project portfolio within your organization

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The Project Portfolio (PP)

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Introduction

- To start, when I was writing this deck I had to laugh at the use of the acronym “PP”. I get it and you get it, so I kept it for convenience and brevity, but also for levity and good humor. (😄 M Lenzi)
- The Project Portfolio is the heart of of organizational project management, and the heart of your PMO.
- It allows us to bring new projects to life, and ice or kill projects that are no longer a priority.
- It's a tool that drives various other processes that allow for your organization to: prioritise, budget, communicate, collaborate, and ultimately become a world-class organization.
- Let's proceed

Definition of a Project Portfolio

A project portfolio is a strategic tool that helps organizations manage projects in a coordinated and efficient manner to achieve their vision, strategic goals, and objectives.

1. **A collection of projects:** A project portfolio is a collection of projects or programs managed as a group to achieve specific organizational objectives.
2. **A strategic tool:** A PP is a strategic tool that helps organizations prioritize, select, and manage projects in a coordinated and efficient manner to achieve their strategic goals and objectives.
3. **A way to manage risk:** A PP enables organizations to manage risk by identifying and mitigating project risks across multiple projects, reducing the overall risk to the organization.
4. **A way to optimize resources:** A PP helps organizations to optimize the use of resources by identifying areas where resources can be shared or re-allocated across projects.
5. **A decision-making tool:** A PP provides decision-makers with a comprehensive view of all projects, enabling them to make informed decisions about resource allocation and prioritization.
6. **A means to align projects with organizational goals:** A PP enables organizations to align projects with their vision, strategic goals, and objectives, ensuring that resources are focused on projects that deliver the greatest value to the organization.

In the end it's about becoming a world-class organization, and a solid project portfolio is generally a mandatory tool for getting there.

The Costs of Not Maintaining a PP

Not to be negative, but we need to have strong reasons for doing something that will require time, money, resources, and ultimately a sustainable commitment. So, here are some of the primary costs of not creating and maintaining a formal project portfolio:

1. **Missed strategic opportunities:** Without a formal PP, the organization may miss strategic opportunities that could have a significant impact on the business.
2. **Inefficient resource allocation:** Without a portfolio approach, resources may be allocated inefficiently, leading to a waste of time, money, and effort.
3. **Increased risk of project failure:** Without a formal PP, there is a higher risk of project failure due to inadequate planning, lack of resources, and/or insufficient oversight.
4. **Lack of visibility into project progress:** Without a portfolio approach, it can be challenging to get a clear picture of how individual projects are progressing and whether they are meeting their goals.
5. **Difficulty in prioritizing projects:** Without a formal PP, it can be difficult to prioritize projects based on their strategic importance, potentially leading to lower-value projects taking precedence over more critical ones.
6. **Inadequate communication:** Without a formal PP, there may be inadequate communication and collaboration between different teams and departments, leading to misunderstandings and missed opportunities.
7. **Increased costs and delays:** Without a portfolio approach, there is a higher risk of cost overruns and delays, as resources may be allocated haphazardly, and projects may lack the necessary oversight and planning.
8. **Reduced agility:** Without a portfolio approach, the organization may be less agile and responsive to changing market conditions or internal priorities, leading to missed opportunities and decreased competitiveness.

The Benefits of a PP

Now we get into the good stuff. Managing and maintaining a Project Portfolio is simply a good business practice. It improves all of the following things, but most importantly it's a mandatory part of being a responsible organization that is seeking a world-class existence. Let's review the top seven (7) benefits:

1. **Better alignment with organizational goals:** By creating a portfolio of projects, you can ensure that each project is aligned with the organization's vision, strategic goals, and objectives.
2. **Resource optimization:** A PP helps ensure that resources are allocated effectively, with high-priority projects receiving the necessary resources to succeed.
3. **Risk management:** A portfolio approach allows you to spread risk across multiple projects, reducing the risk of failure for any one project.
4. **Improved decision making:** A portfolio approach provides a holistic view of all projects, allowing executives to make better decisions about which projects to pursue and how to prioritize appropriately.
5. **Improved communication:** A portfolio approach facilitates communication and collaboration across departments, helping to ensure that everyone is working toward the same goals.
6. **Improved accountability:** A portfolio approach helps to ensure that each project has clear goals, timelines, and performance metrics, making it easier to hold team members accountable for their work.
7. **Increased agility:** Regular portfolio reviews and adjustments allow the organization to be more agile and responsive to changing market conditions and internal priorities.

The General Components of a PP

We explore the concept of “Right-Sizing Your PP” on the next slide, but note that the following components are generally an exhaustive list. Most organizations do not need this much rigor, so it’s a take what you need process of elimination, but don’t just skip things because they look hard. If an element can clearly benefit you - use it!

1. **Project Name:** The name of the project should be clear, concise, and descriptive to facilitate easy identification.
2. **Project Description:** A brief description of the project that provides context for stakeholders and clarifies the project’s purpose, scope, and objectives.
3. **Project Owner:** The individual or department responsible for the project’s overall success, including managing the project team and overseeing project execution.
4. **Project Status:** The current status of the project, including whether it is in planning, execution, monitoring, or completion phase.
5. **Project Timeline:** A detailed timeline that includes the project start and end dates, milestones, and key deliverables.
6. **Project Budget:** The project budget should include estimates of all costs associated with the project, including labor, materials, and any other expenses.
7. **Project Resources:** The resources needed to complete the project, including staff, equipment, and materials.
8. **Project Risks:** A list of potential risks and issues that could impact the project’s success, along with mitigation strategies and contingency plans.
9. **Project Benefits:** A clear statement of the expected benefits of the project, including both financial and non-financial benefits.
10. **Project Success Criteria:** The criteria that will be used to measure the project’s success, including both qualitative and quantitative measures.
11. **Project Dependencies:** A list of other projects, stakeholders, or activities that are dependent on or impact the current project.
12. **Project Governance:** The processes and procedures used to govern the project, including decision-making processes, communication protocols, and reporting structures.
13. **Project Metrics:** The key performance indicators (KPIs) used to measure the project’s progress and success, including metrics such as cost, quality, schedule, and scope.
14. **Project Deliverables:** The specific outputs or outcomes that the project will produce, along with their expected quality standards.
15. **Project Approval:** A record of the project’s approval, including who approved it and when, along with any conditions or contingencies associated with the approval.

Right-Sizing your PP

Right-sizing your project portfolio's complexity, and the efforts that go into creating and managing it, is critical to ensuring that your organization is able to effectively manage its projects and achieve its vision, strategic goals, and objectives. Here are some important concepts on how to right-size your PP's complexity, and the efforts that go into creating and managing it:

1. **Start with your organizational size and complexity:** The size and complexity of your organization should be the starting point for determining the level of complexity required for your PP. Smaller organizations with fewer projects may only require a simple spreadsheet to manage their projects, while larger organizations with a greater number of projects may require a more complex project portfolio management system.
2. **Determine the scope of your project portfolio:** The scope of your PP should be determined based on the types of projects you undertake and the strategic goals you aim to achieve. It's important to focus on projects that align with your organization's overall vision, strategy, and objectives.
3. **Identify the appropriate level of detail:** The level of detail required for your PP will depend on the complexity of your projects, the level of risk involved, and the reporting needs of your stakeholders. A simple PP may only require high-level information, while a more complex portfolio may require detailed project plans, financial information, and risk management data.
4. **Right-size your creation and maintenance efforts:** The creation and maintenance efforts for your PP should be right-sized to match the size and complexity of your organization. For smaller organizations, a PP can be created and maintained with relatively low effort, using simple spreadsheets or basic project management software. Larger organizations may require dedicated project portfolio management personnel, specialized software tools, and a formalized governance structures.
5. **Continuously review and adapt:** It's important to continuously review and adapt your PP to ensure it remains aligned with your organization's goals and objectives. Regular portfolio reviews should be conducted to ensure that your portfolio is optimized and that your resources are being allocated in the most efficient and effective manner possible.

The Process of Creating a PP From Scratch

Depending on the size and complexity of your organization, creating a project portfolio can vary in terms of complexity and effort, and the process requires careful planning and coordination among stakeholders. By following these steps, your organization can establish a robust PP that supports your strategic objectives and improves project management outcomes overall:

1. **Define the purpose and scope of the project portfolio:** Determine why the organization needs a project portfolio and what types of projects will be included. Identify key stakeholders who will be involved in the creation and ongoing management of the portfolio.
2. **Identify potential projects:** Gather information about existing and proposed projects, including their goals, timelines, budgets, resources, risks, and benefits. This information can be obtained through discussions with project teams, reviews of project documentation, and assessments of the organization's overall strategic goals and priorities.
3. **Assess project alignment:** Evaluate each potential project against the organization's strategic goals and priorities to determine its alignment with the overall business strategy. This will help prioritize projects and ensure that the portfolio supports the organization's strategic objectives.
4. **Establish project selection criteria:** Define the criteria that will be used to select projects for inclusion in the portfolio. These may include factors such as strategic alignment, resource availability, risk level, and potential benefits.
5. **Develop a project prioritization process:** Create a process for prioritizing projects based on the selection criteria. This may include establishing a project scoring system, holding review meetings with stakeholders, or conducting cost-benefit analyses.
6. **Create a project portfolio management plan:** Define the processes, procedures, and tools that will be used to manage the project portfolio, including project tracking, reporting, and communication.
7. **Assign portfolio management roles and responsibilities:** Identify the individuals or teams who will be responsible for managing the portfolio, including the portfolio manager, project managers, and other stakeholders.
8. **Implement the project portfolio management plan:** Put the plan into action, including tracking project progress, monitoring resource utilization, and reviewing project status and performance against established criteria.

The PP Review Meeting

The meeting could last for an hour or up to four hours, depending on the number of projects in the portfolio and the level of detail required for each project update (times below are for perspective purposes, and should be modified as needed). Attendees may include the Portfolio Manager, Project Managers, Project Sponsors, Executive Sponsors, and other relevant stakeholders. Here's an example of a standard Project Portfolio review meeting agenda:

Ground rules for the review may include:

- Attendees should come prepared with any necessary materials or information to facilitate a productive discussion.
- All feedback and comments should be constructive and respectful.
- Attendees should actively participate in the review and provide input and feedback on each project update.
- The meeting should remain focused on the portfolio review agenda and avoid tangents or unrelated discussions

Welcome and introductions (5 minutes)

- The Meeting Facilitator (usually the Portfolio Manager) welcomes attendees and provides a brief overview of the agenda.

Review of the portfolio status report (15-20 minutes)

- The Portfolio Manager presents the portfolio status report, which includes updates on the status of each project in the portfolio, as well as any changes to project timelines, budgets, resources, risks, and benefits.
- Attendees should be encouraged to ask questions and provide feedback on the portfolio status report.

Review of individual projects (45-60 minutes)

- The Project Managers present updates on their individual projects, including progress against milestones, risks and issues, and any changes to project timelines, budgets, resources, or benefits.
- Attendees should be encouraged to ask questions and provide feedback on each project update.

Review of portfolio metrics and KPIs (15-20 minutes)

- The Portfolio Manager presents updates on portfolio metrics and KPIs, including progress against targets, trends, and areas of concern.
- Attendees should be encouraged to ask questions and provide feedback on the portfolio metrics and KPIs.

Discussion of cross-functional dependencies (10-15 minutes)

- The meeting facilitator leads a discussion on any cross-functional dependencies or issues that may impact multiple projects in the portfolio.
- Attendees should be encouraged to share updates on any related projects or initiatives that may impact the portfolio.

Review of upcoming projects (10-15 minutes)

- The portfolio manager provides updates on any upcoming projects that are under consideration for inclusion in the portfolio.
- Attendees should be encouraged to provide feedback on the proposed projects and their potential impact on the portfolio.

Action items and next steps (10-15 minutes)

- The meeting facilitator reviews any action items or next steps that were identified during the meeting and assigns responsibilities and deadlines for follow-up.
- Attendees should be encouraged to provide input on any outstanding action items or next steps.

Conclusion

- The Project Portfolio is the heart of a functional PMO.
- Creating, managing, and maintaining a PP not as daunting as it may look, but it does take effort and commitment to the process.
- By creating and maintaining a PP your organization can:
 - Improve its ability to achieve its vision of becoming world-class
 - Reach its strategic goals and objectives
 - Optimize resource allocation
 - Mitigate risk across multiple projects
- The benefits of a PP include improved project selection, better resource utilization, enhanced risk management, increased transparency and accountability, and improved decision making.
- It's important to right-size your project portfolio efforts by balancing the number of projects with available resources, project complexity, project risk, and strategic objectives.