

Implementing Project Portfolio Management in Digestible Bites

by Keith Carlson,
President and CEO,
INNOTAS

WELCOME TO PPM, HAVE A SEAT

The promises of Project Portfolio Management (PPM) for an IT organization are so alluring that when sitting at the table of a PPM implementation, it's hard not to want to gorge on all the delicacies in front of us:

- Optimize resource utilization
- Complete projects on-time and on-budget
- Align IT with the business
- Redirect resources from keeping-the-lights-on activities to strategic initiatives
- Balance the IT portfolio so that it's in sync with corporate objectives
- Gain visibility into what IT is doing, why, and for whom
- Improve service and respond more quickly to demand

Who would not want all these benefits right away? Yet there is a lesson to be learned from the fact that so many PPM implementations take nine to 12 months, cost between \$250K (minimum) and several million dollars, or fail altogether. Biting off the whole PPM implementation at once can give you indigestion and delay the benefits of PPM. Trying to implement all aspects of PPM at once requires too much organizational and cultural change and affects too many users.

Example — A very large public school district jumped into a PPM implementation attempting to tackle everything at once: programs, projects, portfolios, resources, timesheets, demand, and financials. The initial attempt failed because the organizational changes required were just too big to handle all at once. In addition, the organization did not have resources to manage the on-premise infrastructure that the PPM technology required. But the school district's implementation succeeded when they went to an on-demand approach and narrowed the initial scope to just managing and prioritizing IT demand.

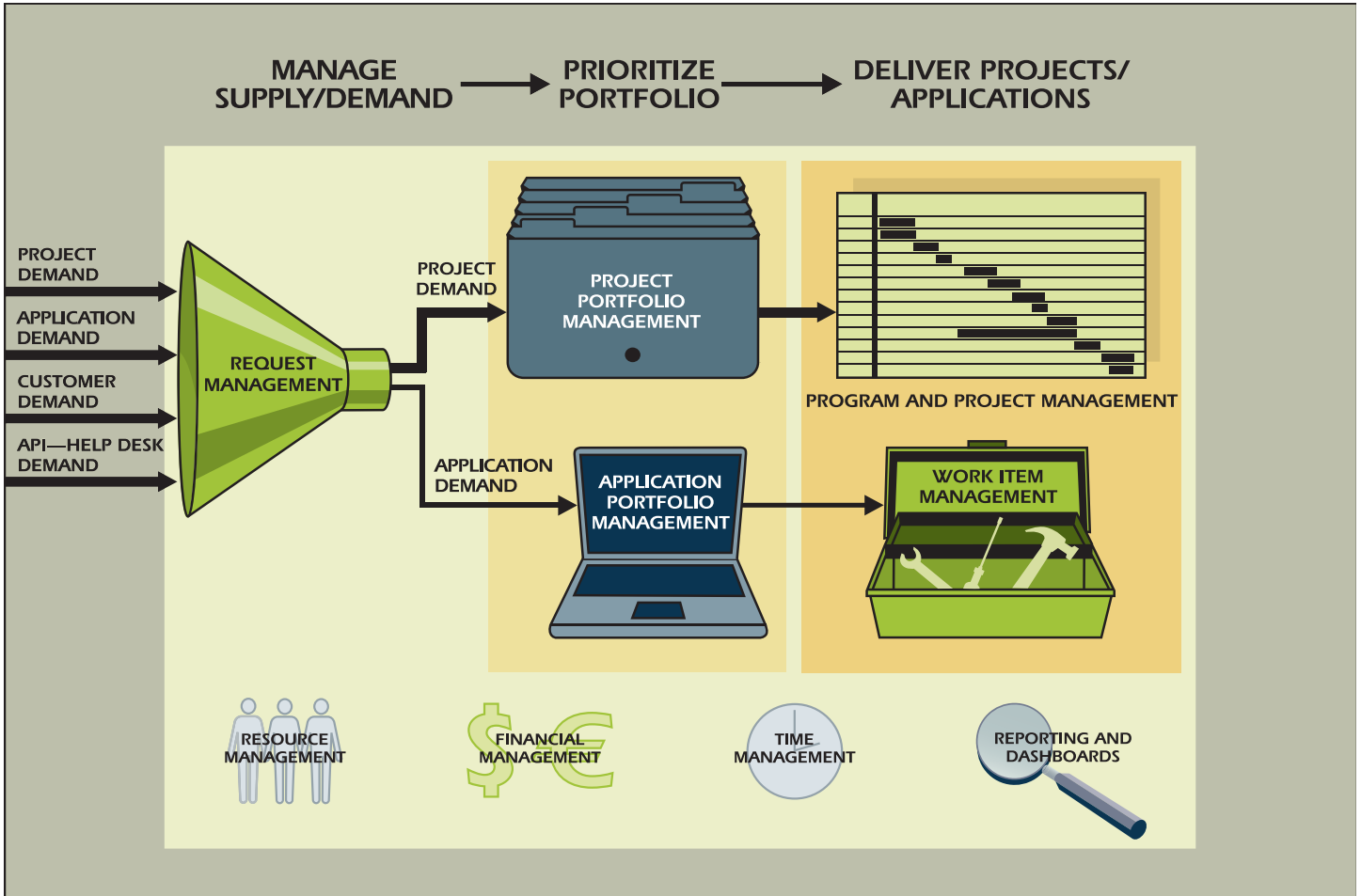
So, what's the right way to approach PPM?

DECIDE WHERE TO START

I have observed hundreds of organizations that have implemented PPM solutions. When looking at what drives companies to evaluate PPM and what companies that have successfully implemented PPM have done, all faced issues and challenges with managing three key areas, or domains, of IT. Companies with successful PPM implementations have used PPM to solve their biggest challenge first, and then they moved on to the next challenge. These three areas provide a clear framework to focus the scope of PPM implementations and decide where to start.

Key Challenge	PPM implementation focus	PPM Domain
IT is overwhelmed by demand but cannot document how much demand there is, what resources are working on, and who is available.	Consolidate all IT requests, prioritization, and assignment. Manage resources. Track fulfillment process.	Manage Supply and Demand
IT takes a squeaky wheel approach to funding projects. Active projects are not aligned with current business priorities.	Formalize process for submitting project proposals and prioritizing them. Take inventory of existing projects.	Prioritize the Project Portfolio
Projects have high failure rate, are over budget, and late. Resource latency waiting for tasks to complete. Poor utilization.	Project scheduling, resource assignment, health metrics, issue and risk mgmt.	Deliver Projects and Applications

Successful PPM implementations start from one of these three domains, build success, and then expand to the other domains. There is no ideal sequence; the order of implementation is strictly driven by priorities.



Let's take a closer look at the three domains and explore their primary benefits, scope of implementation, drivers that an IT organization may have for starting with a particular domain, and the roles each domain most directly affects.

MANAGE SUPPLY AND DEMAND

Typical scenario: growth is causing a lot of demand to flow into IT, and IT doesn't have enough resources to fulfill all the demand. As a result, three key needs come to the surface:

- Focus on the most important demands. But because demand is not formally captured, the organization doesn't even know what to prioritize and doesn't know if a project falls into the bucket of keep-the-lights-on or discretionary spend
- Understand how much the organization can accomplish, what its resources are working on, and the availability of those resources
- Improve service quality and efficiency. Lots of time is wasted reinventing the wheel for even the simplest tasks; there is little consistency

Organizations with these primary challenges and objectives are perfect candidates for starting a PPM implementation with the Manage Supply and Demand domain.

The focus of implementation for Manage Supply and Demand is:

- Work Request Management — Implement workflows, forms, categorization, assignments/approvals, changes, alerts and escalations, reports and dashboards for all types of IT demand
 - * Project proposals, enhancements, bug fixes, service requests, change requests
- Time Management
- Resource Allocation and Utilization
- Budgeting of costs, resources, and effort

The specific title of the people involved in this domain depends on the size of the organization, but the roles are:

- Manager of IT demand and IT/business relationship — In larger organizations this is a separate function; in smaller teams it might be performed by the program management office (PMO) or by somebody in the CIO office
- Resource managers — Responsible for the allocation of resources to work items and projects; this may be a centralized function or it may be a role within each IT team
- Change control board — The team responsible for prioritizing maintenance, enhancements, and fixes.

PRIORITIZE THE PROJECT PORTFOLIO

Typical scenario: accomplishing and completing IT initiatives is necessary to bring to the organization new services that are critical to meeting company growth plans. IT is already overcommitted, but short of getting all the project managers in one room, there is no easy way to conduct a business discussion about priorities and trade-offs. The company wants to:

- Ensure that IT's limited resources are working on the initiatives that are most critical to the business
- Accelerate time to market of new technology-enabled offerings and business processes
- Identify software assets that are candidates for end of life in order to eliminate unnecessary spending

Organizations with these primary challenges are perfect candidates for starting a PPM implementation with the Prioritize Project Portfolio domain.

The scope of implementation for Prioritize Project Portfolio includes:

- Inventory and classify projects and applications
- Match business objectives to projects and applications
- Enforce a stage-gate process for assessing projects and applications

- Develop an approval processes for incoming demand for application maintenance and projects
- Standardize business cases including cost, resource, and effort estimates
- Prioritize the portfolio
- Activate portfolio reports and dashboard

The primary team players involved in portfolio prioritization are:

- CIO – For the CIO, an active portfolio management system gives a reliable single version of the truth about what IT is doing; in turn this enables business discussions at the executive level about tradeoffs and strategies
- Program management office (PMO) — Many PMOs have evolved beyond providing project best practices to managing the alignment between IT and the business and controlling the allocation of spending in IT
- Business analyst — Usually part of IT, this role is involved in building the requirements and business cases for project proposals
- Business manager — Works closely with the business analyst

Example — A retailer with stores and outlets in malls nationwide. Driving growth with innovative initiatives to respond to rapidly changing market. Manual approach was not sustainable and new PMO Director established project portfolio analysis and prioritization in order to ensure alignment with the business, give visibility on status of initiatives, and be able to quickly react to projects in trouble in order to assess if they should be fixed or pulled.

DELIVER PROJECTS AND APPLICATIONS

Typical scenarios:

- The organization is about to embark on a strategic “bet the company” project, and failure is not an option

- Projects are chronically late and over budget, there is little accountability, and nobody can tell what the status of a project really is or who is doing what

In both cases the organization aims to:

- Establish discipline and best practices for running projects to ensure their success, mitigate risks, and provide objective visibility on their status
- Establish go/no-go stage gates to assess the health of projects at critical milestones based on standard metrics and decide if funding the next phase is viable or the project should be killed
- Eliminate latency caused by delayed tasks and the overhead of manual status reporting

These types of objectives put Deliver Projects and Applications at the top of the list as the domain in which to start your PPM implementation.

The scope of implementation for Deliver Projects and Applications includes:

- Activate project dashboards and reports for summary, dates, owners, objectives, etc
- Perform project team assignments by roles, skills, and individuals
- Define project schedule (work breakdown structures — WBS), baselines, and stage gates
- Implement schedule and cost health metrics
- Assign resources to tasks
- Manage issues and risks
- Manage time tracking
- Implement project cost estimations and accounting
- Establish alerts
- Implement document management

The primary roles responsible for delivering projects and applications are:

- Program management office (PMO) — Establish and enforce best practices and templates for program and project management; provide visibility

into status and health of projects and of the work being done in support of existing applications

- Project manager — Define a project work breakdown structure, track the status of tasks, and manage changes and risk
- Application manager — Track and prioritize on-going service requests and upgrade projects against existing applications
- Resource manager — Assign resources to tasks and manage capacity and utilization
- Team member — Know what work is assigned to that team member, easily update the status of what he or she is doing

Example — A financial services company with new management and a multi-year restructuring plan aimed at becoming a publicly traded company. Technology was a key component of the restructuring but the IT department had not been able to successfully complete projects for several years. The new CIO instituted and enforced project execution standards that resulted in over 50 projects completed in the first year using fewer resources and capital expenses than anticipated.

CHOOSE THE RIGHT PPM SOLUTION

Let's not forget the importance of choosing a PPM product that supports a phased implementation and the rapid realization of PPM benefits. Today there is a very viable alternative to overly complex, on-premise PPM tools. A new breed of vendors is offering on-demand PPM solutions that are much easier to implement, adopt, and use.

It's important to distinguish between true on-demand and hosted. Just about any vendor can provide a hosted version of its application, but even if the software is not installed on your premises, you are still subject to long waits between releases and major upgrade efforts for every new release. By contrast,

a pure on-demand solution is truly software as a service (SaaS): a single, multi-tenancy version of the application that is constantly updated without any upgrade effort on the part of the users. The benefits of the SaaS approach are:

- Reduced cost (no infrastructure, administration, and maintenance)
- Easy to stop/unplug if not satisfied, as SaaS is typically offered on a "subscription" basis
- Ease of use anywhere (Web 2.0 application)
- Rapid adoption (up and running in days).

A FINAL TOAST

The moral of the story is: keep it simple!

Order one course at a time — start with one PPM domain at a time. Digest your success, and move on to the next. Focus on what your most important priorities are. Stay away from approaches that force major process re-engineering and that require such an investment that you would feel trapped and unable to pull out if things went sour.

Most important, make sure the solution is easy enough to use that the people who do the work adopt it. All the fancy reports and dashboards in the world are useless if the data to feed them is not there or is unreliable.

ABOUT INNOTAS

Innotas develops and provides the only on-demand Project Portfolio Management solution for IT organizations. With Innotas, IT organizations can:

- Capture all the demands facing IT
- Select the right mix of projects
- Manage resources, projects and applications more efficiently