



January 2006

PMO Local Interest Group Meeting - Summary

Topic: Portfolio Management

Summary

1. What it is: Of all projects requested, which are the most important?
2. Why is this important?
 - a. \$, Strategic alignment, Coordination of resources, Kill inappropriate projects
 - b. Projects have a life of their own and have a deep sense of self-preservation
3. Roles – Usually the executives drive, but Project Managers can be involved with support and administration roles
4. Portfolio Management – Selection Process is often in the Executive purview
 - a. Analyze the performance, compliance and benefits of all projects
 - b. Report on project and portfolio performance, risk and organizational benefits
 - c. Recommend projects to approve, fund, staff, terminate or delay
 - d. Project Selection AND Management
5. Techniques
 - a. ROI, EVA, TCO (Total Cost of Ownership), Balanced Scorecard are standard techniques
 - b. Prioritization and Weighting techniques may include a matrix of choices and selection criteria with weightings and evaluations for each alternative
 - c. Other Priorities can include:
 - i. Experimentation and learning
 - ii. Regulations
 - iii. Executive priorities
 - d. Iterative evaluations are needed, periodically or at gateposts, to make sure that prioritized remain current
 - e. Many projects are selected by executive management and not by PMs
 - f. Political issues can override ROI and other techniques
 - i. The project manager will still be held responsible
 - ii. Executive may have more global view of organization which the Project Manager is not privy to
 - iii. Documentation of prioritization and executive fiat may be needed
 - iv. Organizations may have conflicts between long/high-rate of capitalization utilization and short/quick-success projects
 - v. Project Managers need to leverage subject matter experts to help with evaluations of financial and other measures for prioritization or selection
 - vi. It is key to build relationships and sell solutions
 - g. Project cancellation can be a challenge due to politics and executive sponsorship
 - i. Do not hide bad news – present solutions as well as problems
 - ii. Identify problems as increased risks and factors
 - iii. Identify impact of schedule changes on project risks
6. Tools and Resources
 - a. Vendors can be helpful with delegation – can provide additional resources
 - b. Other Resources – tools can also be of help
 - c. Care must be taken in allocating resources
 - d. Brooks' law: "Adding manpower to a late software project makes it later." - from "The Mythical Man-Month"
7. Challenges
 - a. It is still tough to kill a project
 - b. Challenges of consensus and getting information
 - c. Executive approval



Future Topics – Target Dates

1. Marketing the PMO – February
2. Metrics - March
3. Note that I am working with our site managers to set up an area on the PMIW site for the PMOSIG Local Interest Group
4. Please send additional topics to DaveMorgen@aol.com

Resources

- Article: *PORTFOLIO MANAGEMENT How to Do It Right*, by Todd Datz, CIO Magazine, May 2003, <http://www.cio.com/archive/050103/portfolio.html>
- Articles about Project Management, including Project Portfolio Management at Projects@work <http://www.projectsatwork.com/>
- Articles about PMOs from Chief Project Officer Magazine : http://www.chiefprojectofficer.com/article_index.php
- Gartner Magic Quadrant for PPM: http://www3.ca.com/Files/IndustryAnalystReports/magic_quadrant_ppm.pdf
- "The Balanced Scorecard and IT Governance" by Wim Van Grembergen, Ph.D. http://www.itgi.org/template_ITGI.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=5550