

## Executive View:

# The 7 Keys to Success for the Portfolio of Projects


by Paula K. Martin


There are seven keys to creating a successful portfolio of projects. These keys highlight what management needs to do to enable project teams across the organization to be effective and efficient. Project effectiveness drives the organization's ability to add new products and services, expand its capacity to deliver existing products/services, improve organizational functioning, meet regulatory, safety and environmental requirements, etc. Project efficiency allows the organization to reduce time to market, churn out more products/processes/services, faster, improve productivity and reduce costs.

The seven keys to portfolio success are:


1. Commit to improving the project system
2. Use project management on all projects
3. Sponsor individual projects
4. Create a project steering process
5. Align horizontally
6. Apply the new accountability
7. Optimize technical processes


Before we examine each of the keys, take a minute to assess how well your organization is doing by answering the following questions:


 1. Is the management team willing to commit time and resources to make the changes required to change the project system?


 2. Do you have a standard project management methodology that is used by all project teams across the organization?

 3. Do project sponsors write charters for each project that is initiated?

 4. Are the criteria used to prioritize projects well documented? Are all projects in the organization's portfolio prioritized? Do all ongoing projects have adequate funding to complete the job as planned?

 5. Are there cross-functional business process councils in place that oversee the effectiveness and efficiency of each business process?

 6. Are each of your functional managers held accountable for the overall success of the business processes and projects of which they are a part?

 7. Have the technical processes used by projects been mapped and are there templates available for project teams?



## Key 1:

### Commit to improving the project system

Before you can commit to improving the project system, you need to understand how the current project system - which creates, oversees, aligns, prioritizes, executes and improves projects - operates.

- ▶ Is someone accountable for the overall success of the portfolio of projects?
- ▶ How does the management team select the projects that are to be initiated?
- ▶ What project management method do project teams use to manage their projects?
- ▶ How are projects prioritized?
- ▶ How are resources allocated to projects?

After you have assessed the current state of your project system, set long-term and short-term for improvement.

Remember that the improvement of any system is a project. Therefore, you'll need to commission a project team to evaluate the current system and design ways to improve how projects are accomplished. The project team should use a standard project management methodology for working through the improvement project. (See Key 2.)

Every system in the organization needs an accountable owner and the project system is no different. The project system owner should be a high level executive who can drive the changes needed in the organization. The project system owner will lead the Project

Steering Council (PSC) and also oversee the Project Office, if one is required. Note: don't rush off and set up a project office before working through Key 1.



**Key 2:**

**Use project management on all projects**

The first order of business is to choose a project management methodology to roll out across the organization. Why do you need a common method? A company wide method:

- ▶ Increases the effectiveness and efficiency of projects.
- ▶ Eliminates the need for team members to relearn a new method for every project.
- ▶ Helps to ensure that best practices are used across the organization.
- ▶ Keeps the project team focused on solving technical issues and not reinventing project management.
- ▶ Increases the productivity of teams.
- ▶ Increases the productivity of the sponsor and the Project Steering Council (PSC) by having standard reporting formats across projects.

In order to pick a methodology, first define the criteria that will be used for selection. (See Figure 1.)

See the white paper, 7 Keys to Success of Individual Projects, for what should be included in a methodology.

The CORE Project Management® method is the most popular and most effective participative method.

CORE stands for:

- C** = Collaborative – can be used in a participatory mode with project teams, encourages team collaboration
- O** = Open architecture – can be used with any type of project, in any type of organization, is scalable
- R** = Results oriented – helps you to produce successful projects – ones that satisfy the customer, has clear accountability for results built into the method
- E** = Easy to use – it's step-by-step, basic, intermediate or advanced

There are four generic phases in most project management methodologies: initiation, planning, executive (monitoring and control) and close out. A phase system is shown on the next page. (See Figure 2.)

Questions	Criteria to Consider
1. Do you want project team members to be committed to the project?	<ul style="list-style-type: none"> <li>· Uses a participative management approach</li> <li>· Includes participative tools</li> </ul>
2. Do you want teams to satisfy the project customer?	<ul style="list-style-type: none"> <li>· Customer-focused</li> <li>· Includes quality planning and control as part of the method</li> <li>· Results oriented</li> </ul>
3. Do you want to be able to use the same method across all types of projects?	<ul style="list-style-type: none"> <li>· Scalable</li> <li>· Is not technology dependent</li> <li>· Has standard forms, reports</li> </ul>
4. Do you want to minimize training time?	<ul style="list-style-type: none"> <li>· Easy-to-learn</li> </ul>
5. Do you want clearly defined accountability?	<ul style="list-style-type: none"> <li>· Deliverables focused</li> <li>· Includes accountability assignments</li> </ul>
6. Have you already done process improvement, total quality management, Six Sigma, teams training, etc.?	<ul style="list-style-type: none"> <li>· Team-based</li> <li>· Empowers project team</li> </ul>
7. Do you want your professional project managers to become certified as project management professionals?	<ul style="list-style-type: none"> <li>· Compliant with PMBOK®</li> </ul>

Figure 1

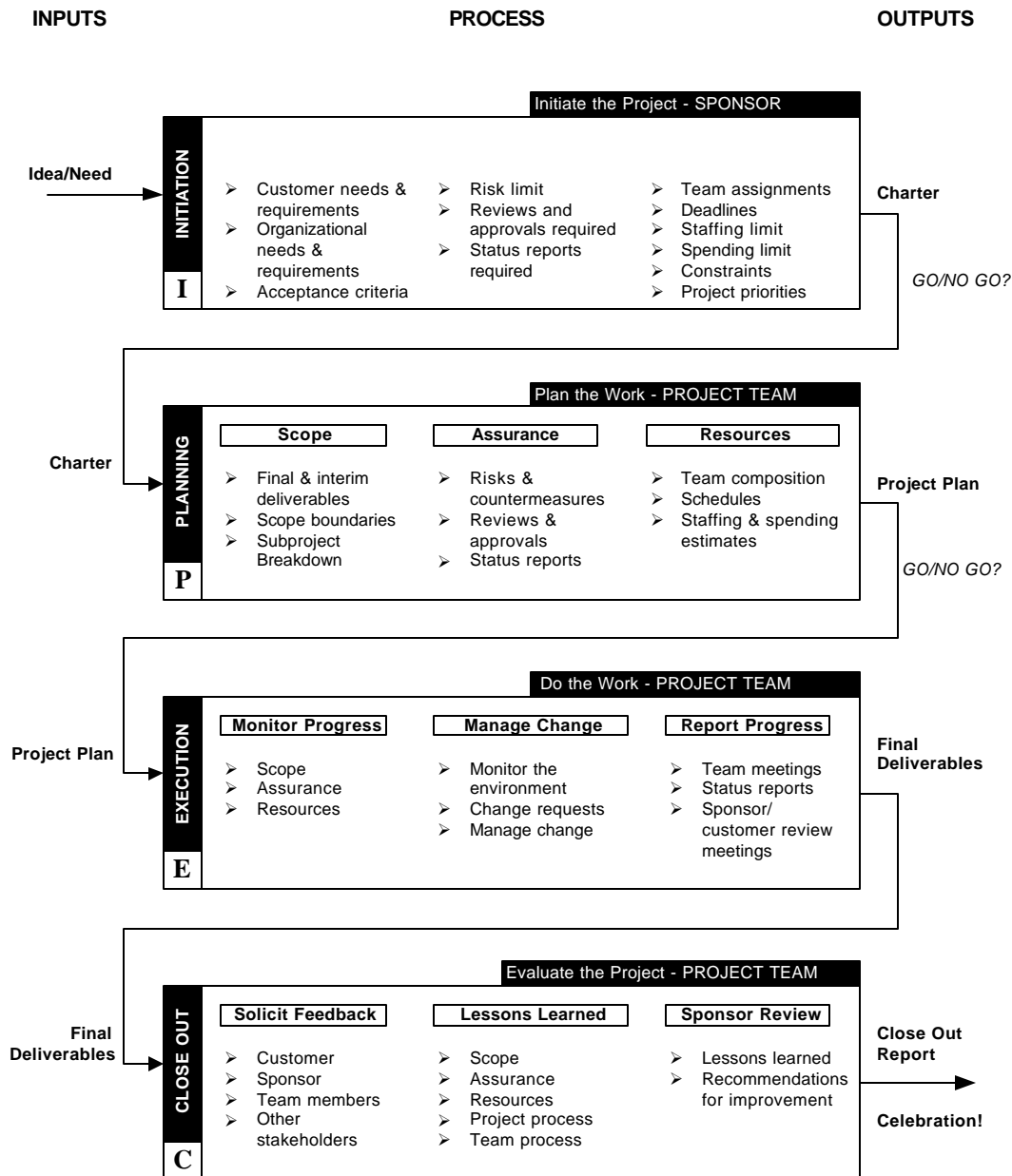


Figure 2

It's best if executives and managers receive training before the method is rolled out across the organization.

- 1) Train executives in the requirements of a project management system and the horizontal approach to management. (*Executive Overview or Implementing Matrix Management Workshop*)
- 2) Train PSC's on steering multiple projects. (*Project Steering Workshop*)

- 3) Train sponsors in sponsoring projects. (*A Short Course for Sponsors*)
- 4) Train intact project teams in how to use methodology or train individual project leaders and if possible, project team members. (*Essential Skills for Managing Projects or Getting Started in Project Management Workshop*)



### Key 3: Sponsor individual projects

The role of the sponsor is to:

- ▶ Provide overall direction for the project (including writing a charter)
- ▶ Serve as the liaison between the project team and the project steering council (PSC)
- ▶ Ensure that the project is in line with organizational objectives
- ▶ Ensure that resource/functional managers are committed to the project

- ▶ Ensure that resources are provided to the project
- ▶ Review and approve the project plan
- ▶ Coach and counsel the project leader
- ▶ Remove obstacles for the project team that they cannot remove on their own
- ▶ Provide oversight on project progress
- ▶ Review and approve the close out report

The role of the sponsor in the four phases of the project management system is depicted below. (See Figure 3.)

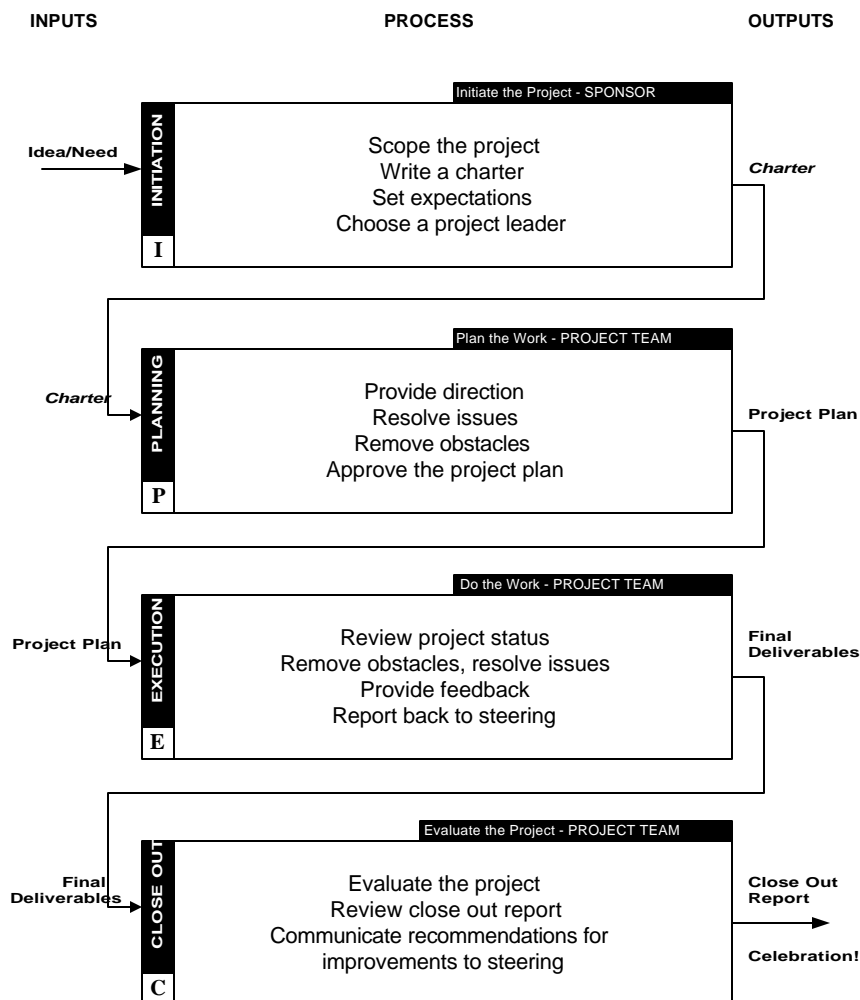
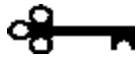


Figure 3



**Key 4:**

**Create a project steering process**

Management is accountable for ensuring that all projects are in alignment with the organization’s strategic direction and that the resources are being to most efficiently drive the organization towards its future. These primary management roles are fulfilled via the project steering process (PSP).

The PSP and the PM (Project Management) Process are closely tied together. (See Figure 4.)

The PSP should be designed to manage the increasing demand for resources that projects require as they move from Initiation to Planning to Execution. In addition, it should be structured to weed out inappropriate projects early in the cycle, before large amounts of resources have been committed.

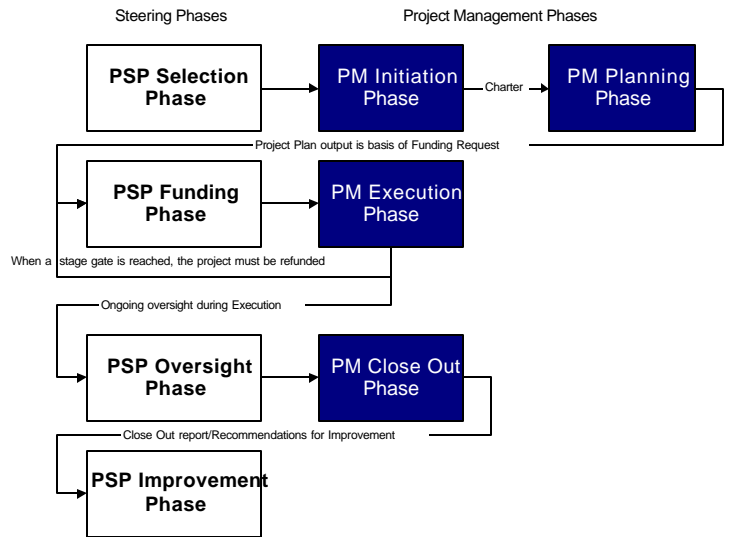


Figure 4

Another way to view the first two stages of the PSP is as a funnel. (See Figure 5.)

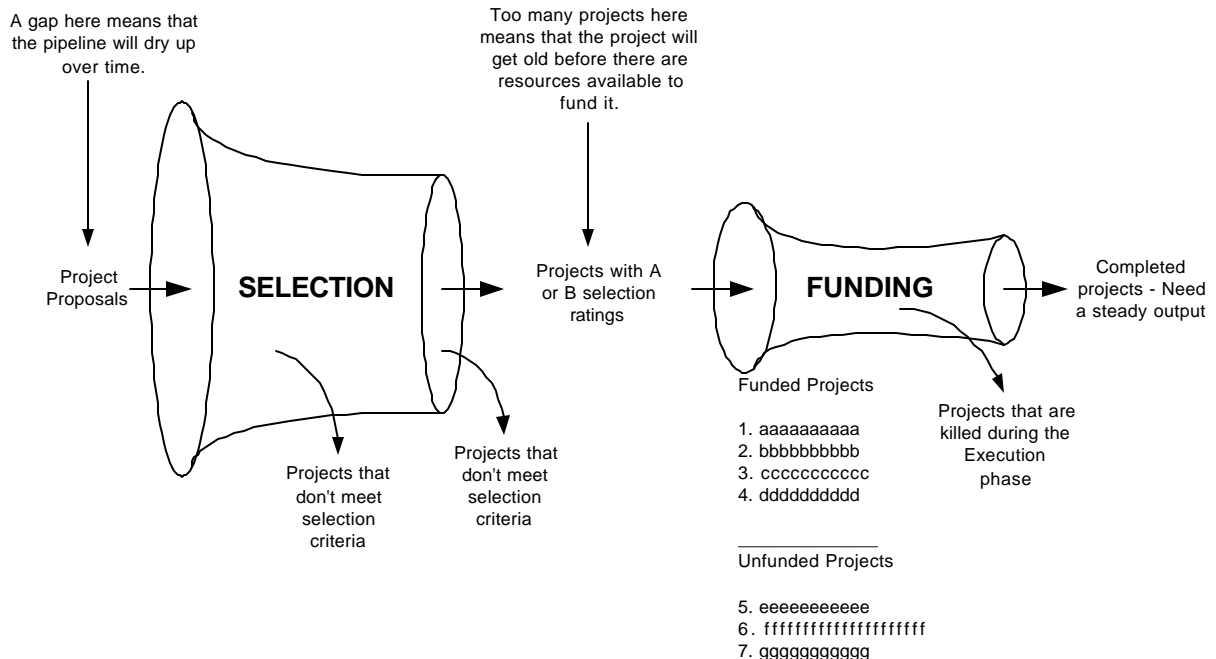


Figure 5

Initial selection weeds out projects that don't fit with the strategic plan and that don't meet basic criteria. Projects that survive initial selection may require additional studies to ascertain if they meet the criteria for moving to the initiation and planning phases of the project management process. After project planning is complete, the project is put through the Funding funnel: the project is rated and prioritized against other projects in the portfolio, resources are allocated, as available, to the top projects on the list. When resources available for projects have been fully

committed, projects that have not been funded go on an unfunded project list.

The key differences between the selection and funding phases of the PSP appear below. (See Figure 6.)

The project steering process exists to ensure that the portfolio is not only aligned with the strategic plan, but optimized as well. Organizations that do not use a steering process have a suboptimized portfolio of projects.

Selection Phase Questions	Funding Phase Questions
▶ Does the project help to fulfill an unfilled need in the strategic plan?	▶ How do the benefits of this project compare to the existing projects in the pipeline?
▶ What is a rough estimate of time, staff effort and money required to fund the project?	▶ What is the final estimate of time, staff effort and money required to fund the project? This estimate should include contingency based on the risk levels for the project.
▶ Is this project doable?	▶ How much risk is associated with the project? What are the major obstacles and how will they be overcome?

Figure 6



**Key 5:  
Align horizontally**

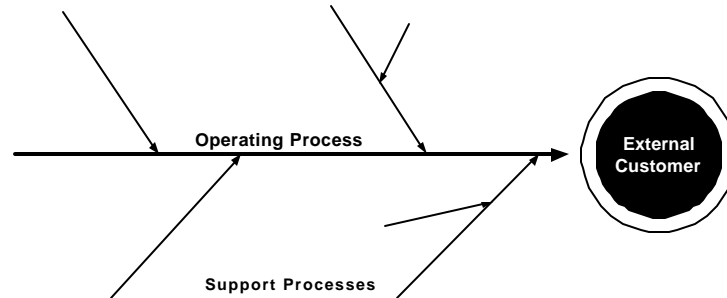
A successful portfolio of projects requires a matrix approach to management in order to support the cross-functional nature of most projects.

In order to align horizontally, there first needs to be maps or diagrams of the horizontal dimension. Start with a high level map of the operating business processes. These are the processes that deliver products and services to the 'paying' customer. For each major operating process define the output of the process and the customer that receives the output. (See Figure 7.)

Vertical Management	Matrix Management
▶ Vertical alignment is primary (functional silos).	▶ Horizontal alignment is primary (around cross-functional endeavors).
▶ The boss/subordinate relationship is primary.	▶ The customer/supplier relationship is primary. The boss relationship supports customer/supplier relationships.
▶ Optimization of functions, suboptimization of whole organization.	▶ Optimization of whole organization and then business processes and the portfolio of projects, suboptimization of functions.
▶ Empowered senior management.	▶ Empowerment throughout the organization.
▶ Management focused on improving the performance of individuals.	▶ Management focused on improving team and individual performance.

Figure 7

Next define each of the operations support processes and connect them to their operating process customers. The operations process is the customer and the operations support process is the supplier. The map will then look something like a fishbone diagram. (See *Figure 8*.)



*Figure 8*

Next define organizational support processes such as recruiting or tax compliance.

Each major operating and support business process should have a business process (BP) steering council that oversees its performance. The steering council should be led by the business process owner and composed of the managers whose functions participate in the process, and where possible, the customer of the BP. The difference in accountability between business process steering councils and the project steering council appears below. (See *Figure 9*.)

On the project side is the accountability for meeting specific project objectives. On the BP side, there is the accountability to meeting the goals of the BP, part of which may depend on having successful improvement or construction projects.

BP Steering Council Accountability	PSC Accountability
<ul style="list-style-type: none"> <li>▶ Accountable to achieve the strategic goals for the business process. These goals will be achieved through running the existing process efficiently and effectively, or through a program, a series of projects or a single project.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Accountable to achieve the objectives of the projects in the portfolio. These can include BP improvement or reengineering projects.</li> </ul>

*Figure 9*



**Key 6:**

**Apply the new accountability**

Most organizations still use the old system of accountability. This old system supports vertical or silo management. It's aimed at creating functional optimization, as opposed to portfolio or business process optimization. The new accountability supports horizontal/matrix management and reinforces optimization of the entire organization. It also creates proactive, preventive behavior on the part of managers, instead of fire-fighting and reactive behavior. (See Figure 10.)

Old Accountability	New Accountability
▶ Accountability based on conditions, such as authority or being the primary decision maker.	▶ Unconditional.
▶ A manager is accountable for the area over which he has 'control'.	▶ Managers are accountable for cross-functional systems first and an area second, neither of which the manager is able to control.
▶ Area accountability only.	▶ Organizational accountability (the accountability for cross-functional system) comes first and area accountability is secondary.
▶ Vertically aligned.	▶ Aligned with horizontal as the primary dimension, the vertical is secondary.
▶ Does not support cross-functional endeavors, such as projects or business processes.	▶ Supports cross-functional endeavors.
▶ Is primarily reactive.	▶ Is primarily proactive.
▶ Promotes fear and finger pointing.	▶ Promotes organizational learning.

Figure 10

In the next diagram, functional manager B's primary accountability is for the success of the project. Secondly manager B has an area (functional) accountability for function B. (See Figure 11.) This new system of accountability ties all of the functional managers to the success of the overall project. If the project is a success, they will be successful. If the project fails, they also fail, even if their function was successful. This not only forces the functional managers to cooperate with each other, but with the project manager and sponsor as well.

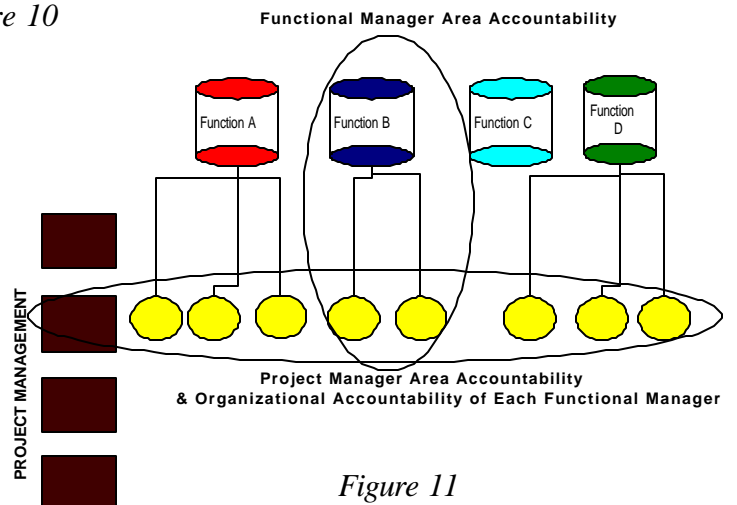


Figure 11



## Key 7: Optimize technical processes

A technical process is a business process that is utilized to create a final deliverable for a project. This should not be confused with the project management process which is the set of steps that are used to manage an individual project. (See Figure 12.)

Technical Processes	Project Management Process
<ul style="list-style-type: none"> <li>▶ Relates specifically to producing the technical deliverables of the project.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Relates to the activities required to manage the technical process.</li> <li>▶ Produces project management outputs: charter, project plan, status reports, close out report, etc.</li> </ul>
<ul style="list-style-type: none"> <li>▶ The steps of the technical process are used to produce the final deliverable for the project. The steps are executed during the PM execution phase.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The project management process is used to plan and manage the execution of the technical process.</li> </ul>
<ul style="list-style-type: none"> <li>▶ There is a specific technical process for each type of product that the organization produces, i.e., software development, product launch, process improvement, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▶ There is a generic method for managing projects that can be applied to any type of project, regardless of the technical process being deployed.</li> </ul>

Figure 12

Projects can be divided into three levels, depending on the degree of technical process optimization that has been done. (Processes are optimized when they are effective and they minimize waste.) (See Figure 13.)

- ▶ Level 1 projects are projects that have never been done before and therefore no technical process template exists. Level 1 projects are highly risky since the steps to create the deliverables are unknown. They are also highly inefficient since working out the steps inevitably creates extensive rework.
- ▶ Level 2 projects are ones that have a basic technical process template (map or flowchart), built on past project experience and historical data.
- ▶ Level 3 projects have an optimized technical process template to use as a starting point for each project. This minimizes the risk for the project because the steps for creating the deliverable are known.

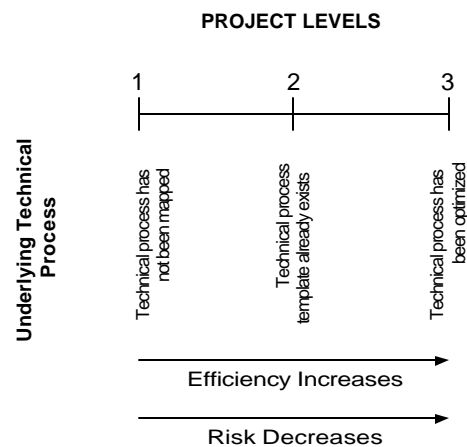


Figure 13

Most projects operate at Level 1, even if they are done over and over again, because the technical process has not been mapped or archived for use by subsequent project teams.

The easiest way to map a technical process is to begin with the deliverables schedule that is created in the planning phase of the project. A deliverables schedule charts the flow of deliverables that must be created in order to create a final deliverable. The sequence of deliverables, and their customer/supplier relationships are mapped over the timeline of the project. This serves as a high-level technical process flowchart for the project.

Continually improving the technical process creates incremental improvements in performance. In order to get significant improvements, the basic assumptions of the process must be rethought and a new process designed. This reengineering effort is a project and one that is usually significant in scope and resource requirements. The output of the reengineering project is a new process template that is then used by future project teams working on that product type.

## Project Effectiveness Maturity Model (PEMM)

The seven keys will not only improve the results of your project portfolio, but this will help your organization manage its business processes more effectively. They will create a more proactive, collaborative culture. They will strengthen organizational and personal accountability. They will help you move to higher levels of overall performance.

One way to assess where you are and where you need to go is through the project effectiveness maturity model (PEMM).

The Project Effectiveness Maturity Model looks at the organization's capability to produce successful projects across all functions. The 7 Keys to Success are designed to help you move through the PEMM levels. Most organizations find themselves at Level 1 – no formal project systems. Moving up through the levels requires the employment of all seven keys. (See Figure 14.)



### Introducing the 7 Keys

These seven keys to creating a successful portfolio of projects can be introduced into your management team through our Executive Overview (one-day) or Implementing Matrix Management (three day) workshops. Martin Training Associates also offers training programs for sponsors (A Short Course for Sponsors), steering (Project Steering Workshop) and project management methodology (Essential Skills for Managing Projects). Consulting is also available on each of the topics discussed.

PEMM Level	Description
<b>1. Ad Hoc</b>	<ul style="list-style-type: none"> <li>▶ Organizations manage projects in an ad hoc manner.</li> <li>▶ No standard project management methodology.</li> <li>▶ No formal project steering.</li> <li>▶ No commitment from senior management to improve the overall system.</li> </ul>
<b>2. Standardization</b>	<ul style="list-style-type: none"> <li>▶ A standard project management method has been chosen and a project for implementation is in place.</li> <li>▶ Project leaders have been trained.</li> <li>▶ Sponsors write charters for projects.</li> <li>▶ Project Steering Councils have been established.</li> <li>▶ Basic selection/prioritization criteria have been defined.</li> </ul>
<b>3. Core Competency</b>	<ul style="list-style-type: none"> <li>▶ Project leaders and team members have core skills.</li> <li>▶ Resource allocation matches resource availability.</li> <li>▶ Standard PM templates are used by all project teams.</li> <li>▶ Project metrics are in place.</li> <li>▶ Key technical processes have been mapped.</li> <li>▶ Historical data are captured and translated into checklists and templates.</li> </ul>
<b>4. Alignment</b>	<ul style="list-style-type: none"> <li>▶ Goal setting is aligned horizontally.</li> <li>▶ The accountability system is aligned horizontally.</li> <li>▶ Reward and recognition systems support both teams and individuals and are horizontally aligned.</li> </ul>
<b>5. Continuous Improvement</b>	<ul style="list-style-type: none"> <li>▶ Technical processes are continuously improved.</li> <li>▶ Knowledge management is continuously improved.</li> <li>▶ Project management and steering are continuously improved.</li> <li>▶ Project system is part of how the organization does business.</li> </ul>

Figure 14