

ENTERPRISE-WIDE PORTFOLIO MANAGEMENT –

ONE FRAMEWORK, SOME THEORY, AND LOTS OF PRACTICE FOR THE PMO

Holger Heuss, PENDRAIG Consulting Ltd.

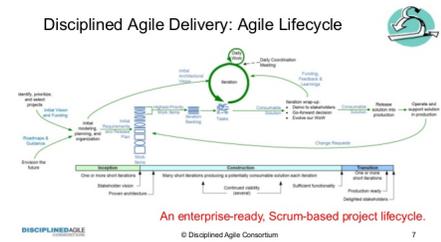
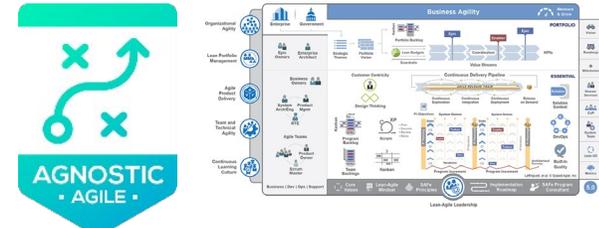
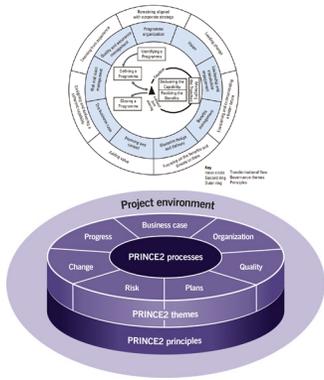
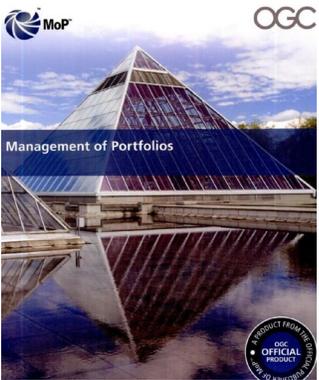
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HOLGER HEUSS – PENDRAIG CONSULTING

Independent Interim Manager and Management Consultant, specialised in all aspects of Project, Programme and Portfolio Management

<p>Accenture Strategy Global Lead Governance & Portfolio Management</p> 	<p>PwC Consulting</p> 	<p>PENDRAIG Consulting Ltd</p> 
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<p>IBM Rational</p> 	<p>Mercury, HP Software</p> 	<p>youperience</p>  <p>FINANCIALFORCE</p> 
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+ PMO
+ PPM/PSA
Software

WHAT ARE WE GOING TO COVER

- Introduction to an Enterprise-wide Portfolio Management Framework
- Snapshot of the Portfolio Management capability maturity across the audience
- Identification of hotspots for future sessions

MY VIEW ON ENTERPRISE-WIDE PORTFOLIO MANAGEMENT 1/3

Enterprise-wide Portfolio Management stretches from strategy definition to strategy execution, with an emphasis on choosing the right investments

Enterprise-wide Portfolio Management is

“An integrated set of strategic processes and arrangements, that together enable the most effective balance of investments in change and other activities”

What it is not

- Extension to MSP/PRINCE 2, PMI
- IT focused
- Tool driven



MY VIEW ON ENTERPRISE-WIDE PORTFOLIO MANAGEMENT 2/3

It is still a developing management and leadership discipline. Below are my indicators for mature Enterprise-wide Portfolio Management

- #1** Central direction and target setting by the Board
- #2** Clear decision-making rights, set from a top-down perspective
- #3** Corporate Portfolio Office, supporting analysis and decision-making
- #4** Planning at the core of every activity
- #5** End-to-end standardised change lifecycle from ideation to demand management to delivery management to benefits realisation
- #6** “Corporate” culture supported by performance measures and individual targets
- #7** Quarterly reassessment of investment portfolio and funding release
- #8** Management by exception

MY VIEW ON ENTERPRISE-WIDE PORTFOLIO MANAGEMENT 3/3

Enterprise-wide Portfolio Management maturity can be associated with 6 themes



1. STRATEGY AND LEADERSHIP

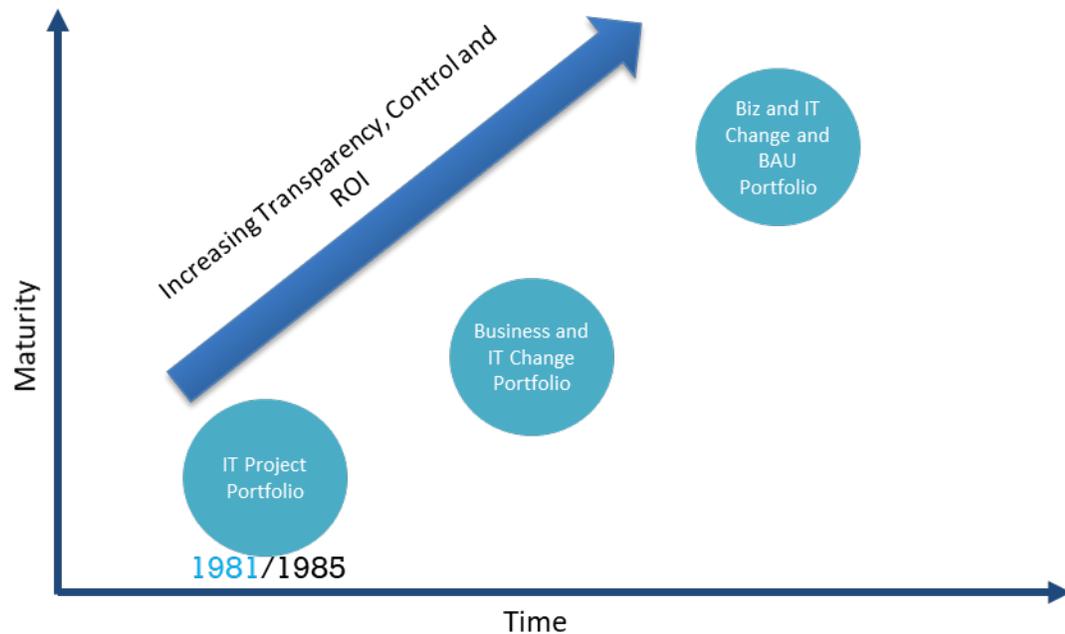
Ultimately, Enterprise-wide Portfolio Management works only with commitment and engagement from the senior executives

- Scope of Portfolio Management
- Strategic Alignment
- Investment Mix
- Target Setting

1. STRATEGY AND LEADERSHIP

Ultimately, Enterprise-wide Portfolio Management works only with commitment and engagement from the senior executives

▪ Scope of Portfolio Management



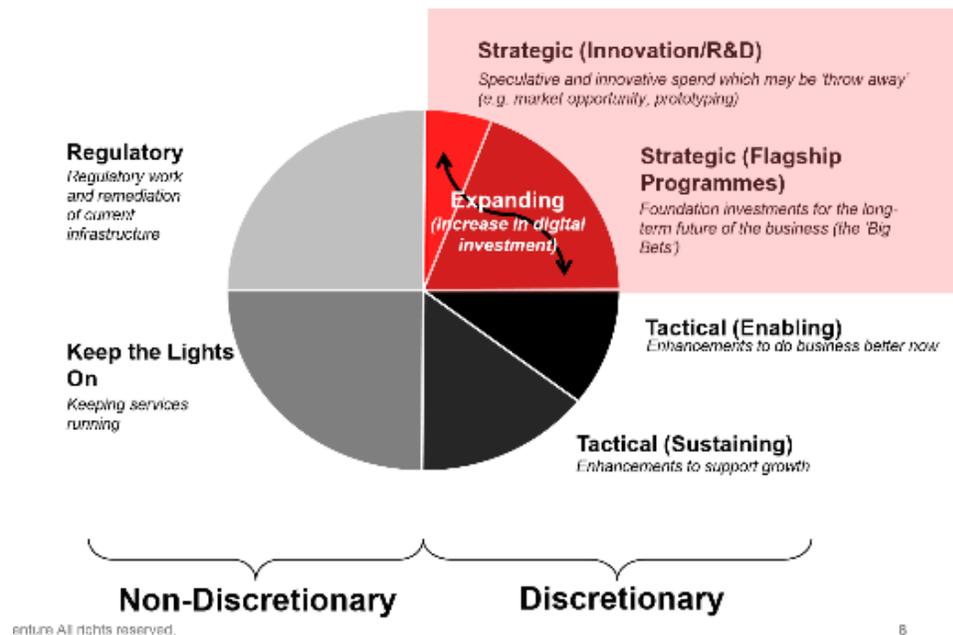
Q1a - What is the scope of portfolio management within your organisation?

- IT projects only
- All organisation change projects
- All organisation change projects and BAU

1. STRATEGY AND LEADERSHIP

Ultimately, Enterprise-wide Portfolio Management works only with commitment and engagement from the senior executives

- Scope of Portfolio Management
- Strategic Alignment



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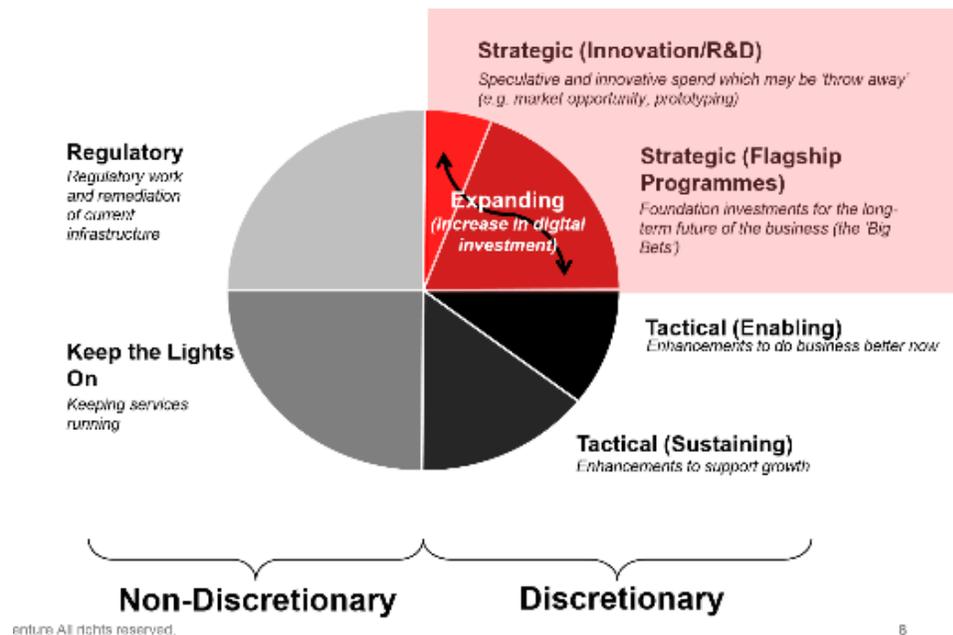
Q1b - To what degree are your investments aligned to organisation strategy?

- There is no/little alignment
- Some departments have some of the larger investments aligned to organisation strategy
- All departments align investments to organisation strategy

1. STRATEGY AND LEADERSHIP

Ultimately, Enterprise-wide Portfolio Management works only with commitment and engagement from the senior executives

- Scope of Portfolio Management
- Strategic Alignment
- Investment Mix



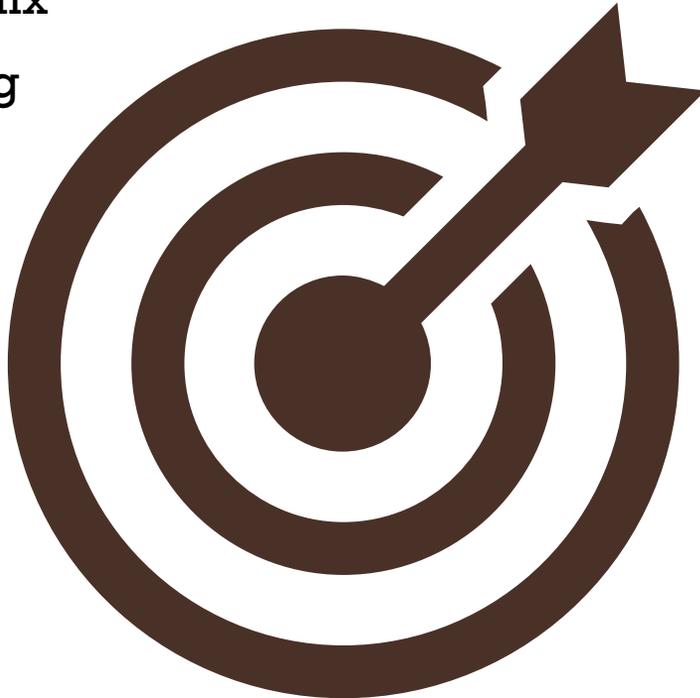
Q1c - To what degree is the investment mix considered within your organisation?

- The investment mix is not considered
- Some parts of the organisation consider the investment mix
- The investment mix is determined through top down and bottom up analysis

1. STRATEGY AND LEADERSHIP

Ultimately, Enterprise-wide Portfolio Management works only with commitment and engagement from the senior executives

- Scope of Portfolio Management
- Strategic Alignment
- Investment Mix
- Target Setting



Q1d - At what level in the organisation are portfolio targets set?

- Focus is on individual constraints eg budget, resources etc
- Department Level
- Organisation Level

2. CORPORATE CULTURE

The Corporate Culture within an organisation might be counter-productive to the effectiveness of Enterprise-wide Portfolio Management

- Standardisation and Conformity
- Communication
- Individual Targets

2. CORPORATE CULTURE

The Corporate Culture within an organisation might be counter-productive to the effectiveness of Enterprise-wide Portfolio Management

- Standardisation and Conformity



Q2a - How is standardisation and conformity perceived within the organisation?

- Standardisation is not seen as adding any value
- Parts of the organisation see benefits in standardisation
- Standardisation is seen as enabler to further increase organisation efficiency

2. CORPORATE CULTURE

The Corporate Culture within an organisation might be counter-productive to the effectiveness of Enterprise-wide Portfolio Management

- Standardisation and Conformity
- Communication



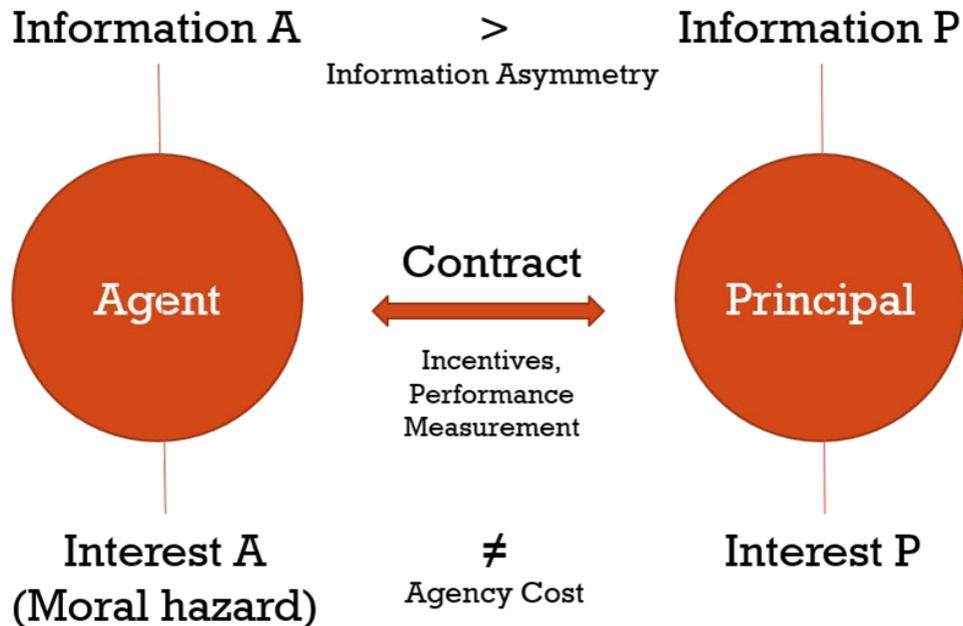
Q2b - How effective is communication within your organisation?

- Communication is mostly through informal channels
- Communication is mostly through formal channels but is ineffective
- Communication is mostly through formal channels and is effective

2. CORPORATE CULTURE

The Corporate Culture within an organisation might be counter-productive to the effectiveness of Enterprise-wide Portfolio Management

- Standardisation and Conformity
- Communication
- Individual Targets



Q2c - What is the level of alignment of individual targets to organisation objectives?

- There is no alignment
- Some individual targets are aligned
- Performance measures and individual targets are aligned

3. GOVERNANCE ARRANGEMENTS

Clearly documented and followed governance arrangements enable decentralised decision making and delegation

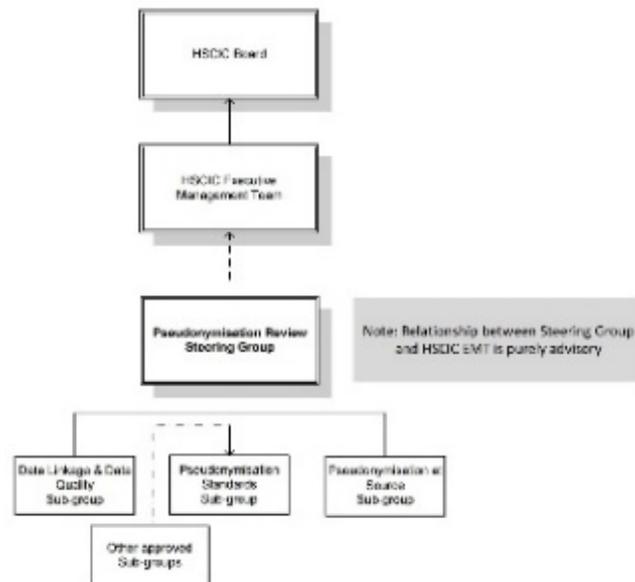
- Decision Making
- Delegation

3. GOVERNANCE ARRANGEMENTS

Clearly documented and followed governance arrangements enable decentralised decision making and delegation

- Decision Making

Appendix A – Governance arrangements



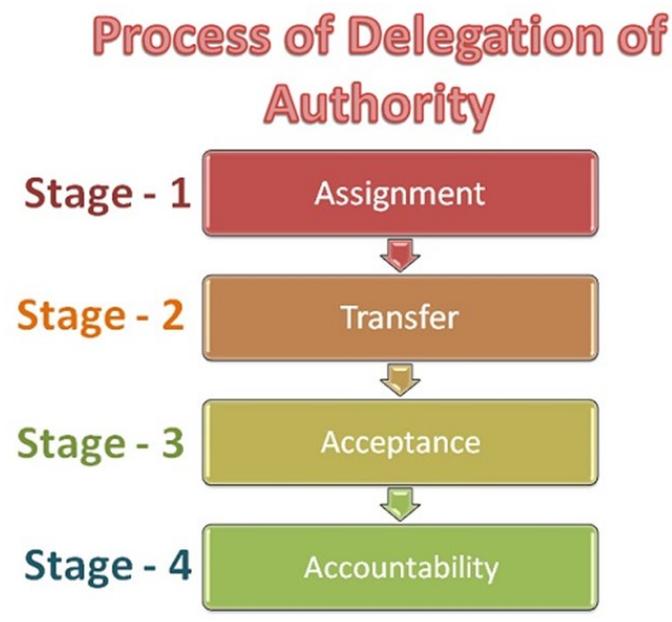
Q3a - How clear and consistent are the organisation governance arrangements?

- Governance arrangements are unclear
- Governance arrangements are often inconsistent
- Governance arrangements are clear and consistent, set out across the organisation top-down, starting with the senior executives

3. GOVERNANCE ARRANGEMENTS

Clearly documented and followed governance arrangements enable decentralised decision making and delegation

- Decision Making
- Delegation



<http://businessjargon.com/process-of-delegation-of-authority.html>

Q3b - What level of delegation exists within the organisation with respect to investment management?

- There is no delegated authority for investment management
- There is delegation but it is inconsistent
- There is delegation down to the most appropriate level with management by exception

4. REPORTING

Reporting reflects most of the other themes and serves therefore as an easy proxy to the overall maturity of an organisation

- Reporting Data
- Reporting Culture
- Reporting Value

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Reporting reflects most of the other themes and serves therefore as an easy proxy to the overall maturity of an organisation

- Reporting Data



Q4a - To what degree is reporting data being provided?

- There is no/ minimal reporting data provided
- Some departments provide reporting data
- All departments provide reporting data

4. REPORTING

Reporting reflects most of the other themes and serves therefore as an easy proxy to the overall maturity of an organisation

- Reporting Data
- Reporting Culture



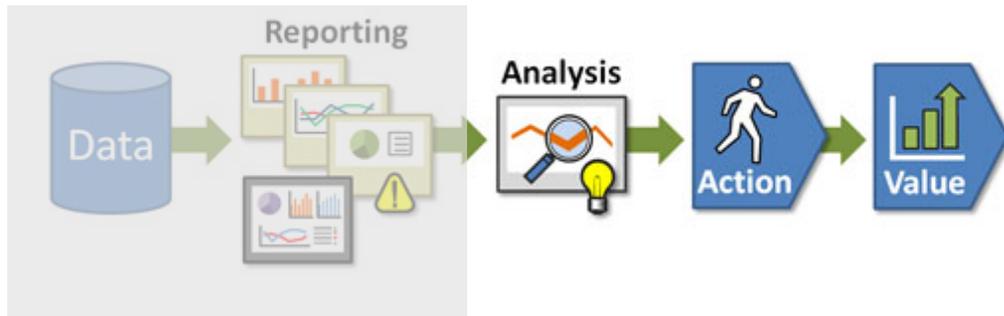
Q4b - How meaningful is the reporting?

- 'Red' RAGs are not reported / hidden
- Some 'Red' RAGs are reported when they are not avoidable
- 'Red' RAGs are used as a proactive management tool to resolve issues

4. REPORTING

Reporting reflects most of the other themes and serves therefore as an easy proxy to the overall maturity of an organisation

- Reporting Data
- Reporting Culture
- Reporting Value



Q4c - How much value does the reporting provide?

- Reports are not consistently analysed neither are actions/decisions agreed
- Reports are reviewed but do not lead to specific decisions and actions
- Reporting is used as a proactive management tool for decision making and to resolve risks and issues

5. SUPPORTING FUNCTIONS

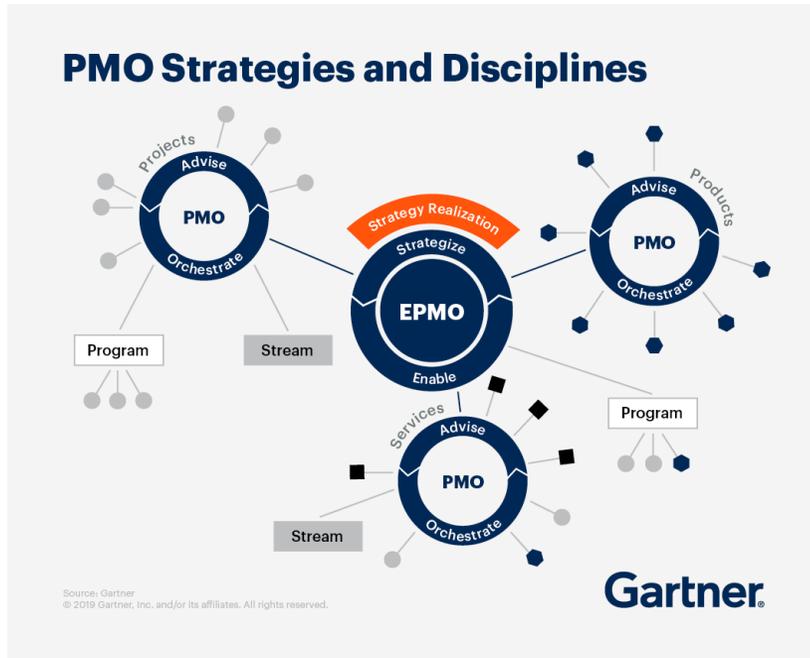
The implementation of an Enterprise-wide Portfolio Management capability has a similar impact to an ERP implementation as far as organisational reach is concerned

- Central PMO Function
- Other Functions such as Finance, EA, IT and HR

5. SUPPORTING FUNCTIONS

The implementation of an Enterprise-wide Portfolio Management capability has a similar impact to an ERP implementation as far as organisational reach is concerned

- Central PMO Function



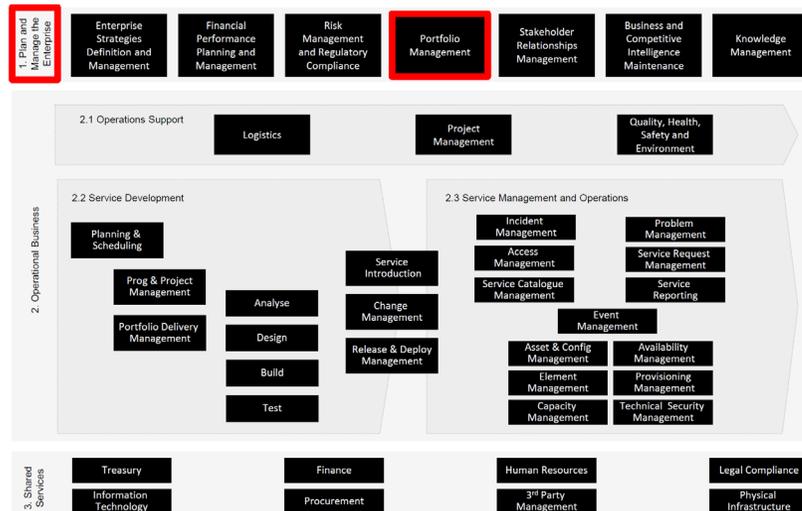
Q5a - Is there a central PMO function in place?

- There is no central PMO function
- A central PMO function is in place but it has limited value
- There is a central PMO function that provides support and analysis for decision-making and is driving efficiency

5. SUPPORTING FUNCTIONS

The implementation of an Enterprise-wide Portfolio Management capability has a similar impact to an ERP implementation as far as organisational reach is concerned

- Central PMO Function
- Other Functions such as Finance, EA, IT and HR



Q5b - How well is the central PMO function supported by other functions (eg Finance, Enterprise Architecture, IT, HR etc)?

- The central PMO function is not supported by other functions
- The central PMO function is partially supported by other functions
- The central PMO is fully supported by other functions

6. PROCESSES & TOOLING

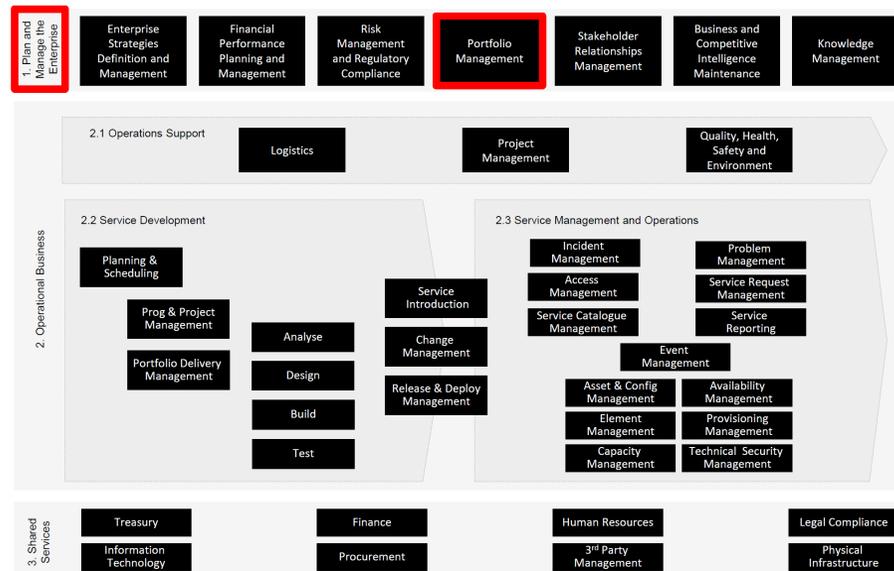
Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

- Process Framework
- Portfolio Management Framework
- Planning as Core
- Planning Cycle
- Tooling

6. PROCESSES & TOOLING

Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

■ Process Framework



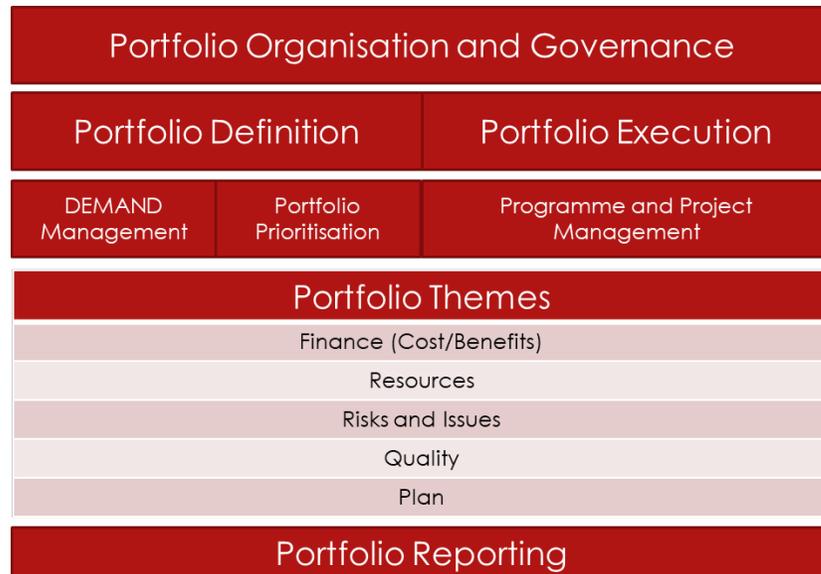
Q6a - How well are the portfolio management processes integrated with other organisation processes?

- Portfolio management processes are standalone
- Portfolio management processes are integrated in one or two key areas
- Portfolio management processes are fully integrated with other organisation processes

6. PROCESSES & TOOLING

Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

- Process Framework
- Portfolio Management Framework



Q6b - To what degree do you have a standardised portfolio management framework in place?

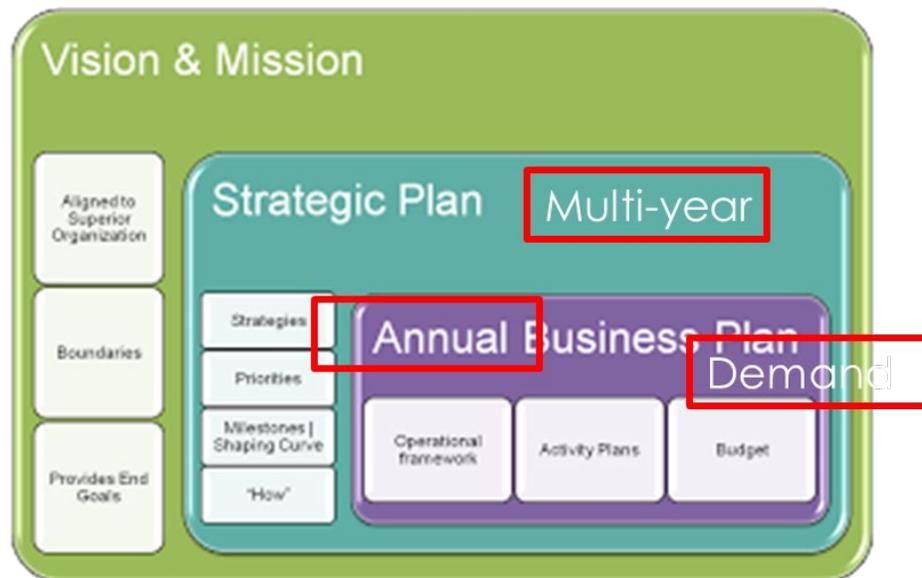
- There are no common definitions/ processes/ templates in place
- There are some definitions/ processes / templates in place but they are not used consistently
- There is an end-to-end standard framework embedded in the organisation

6. PROCESSES & TOOLING

Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

- Process Framework
- Portfolio Management Framework
- Planning as Core

Q6c - What value is given to planning in your organisation?



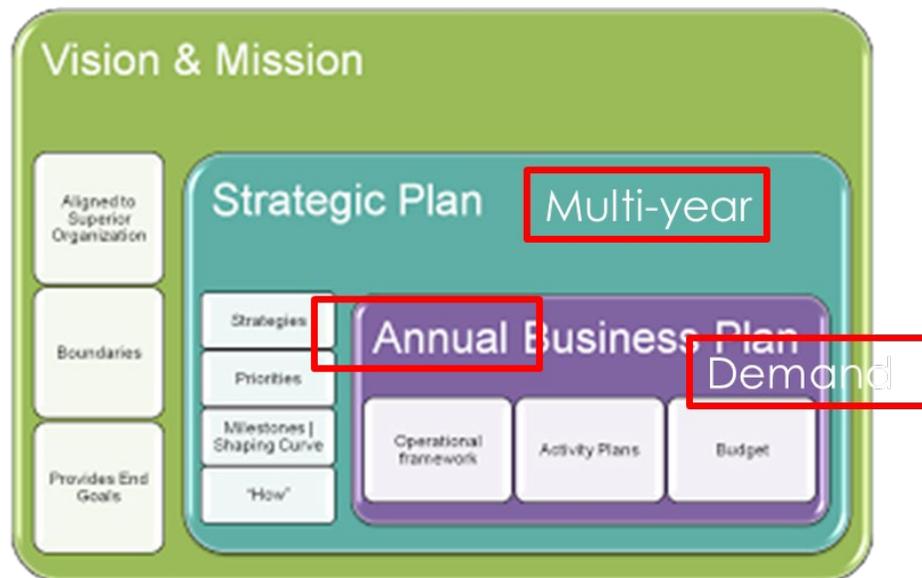
- Planning is undertaken only when mandated
- Planning is a necessary evil
- Planning at the core of every activity

6. PROCESSES & TOOLING

Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

- Process Framework
- Portfolio Management Framework
- Planning as Core
- Planning Cycle

Q6d - What is the planning cycle for your investment portfolio?



- Annual plan done once a year in line with budgeting
- Annual plan, updated only in response to significant events
- 18 month plan, evaluated and updated quarterly

6. PROCESSES & TOOLING

Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

- Process Framework
- Portfolio Management Framework
- Planning as core
- Planning Cycle
- Tooling



Q6e - To what level does tooling support portfolio management?

- There is no tooling to support portfolio management
- There are a variety of tools to support portfolio management but they are not integrated (IT4e)
- There is a fully integrated system architecture to support portfolio management (IT4e)

SUMMARY 1/2

Enterprise-wide Portfolio Management is a discipline requiring a diverse set of capabilities



- We have shown you a practical framework
- We have captured a snapshot of the capability for the enterprises present
- Which theme has been the most interesting?

SUMMARY 2/2

Enterprise-wide Portfolio Management is a discipline requiring a diverse set of capabilities



NEXT STEPS

We have passed through in a stop whistle tour, providing you with some of the latest thinking and hopefully some ideas where your enterprise-wide Portfolio Management can be improved

- This session provided you with the outline of a framework – within a limited time frame
- Due to time constraints, we have not talked about underlying theory, individual best practices for the 17 factors or what the PMO specifically can do to improve the capability
- Practical real life examples and exercises were also not part of today...

Enterprise-wide Portfolio Management

– One Framework, some Theory and Lots of Practice for the PMO

Book now





Portfolio **PMO**
Management

The course takes place in PMO Learning's virtual classroom:

Course timings:

Mon 27 July – 9.00 am to 3.15 pm

Tue 28 July – 9.00 am to 3.15 pm

Wed 29 July – 9.00 am to 12.30 pm

Code: PMOF

£650

tinyurl.com/pmof2020

