

# **ENTERPRISE-WIDE PORTFOLIO MANAGEMENT —**

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

**Holger Heuss, PENDRAIG Consulting Ltd.**

**1**

# HOLGER HEUSS – PENDRAIG CONSULTING

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

<b>Accenture Strategy</b> Global Lead Governance & Portfolio Management 	<b>PwC Consulting</b> 	<b>PENDRAIG Consulting Ltd</b> 
<b>IBM Rational</b> 	<b>Mercury, HP Software</b> 	<b>youperience</b>  











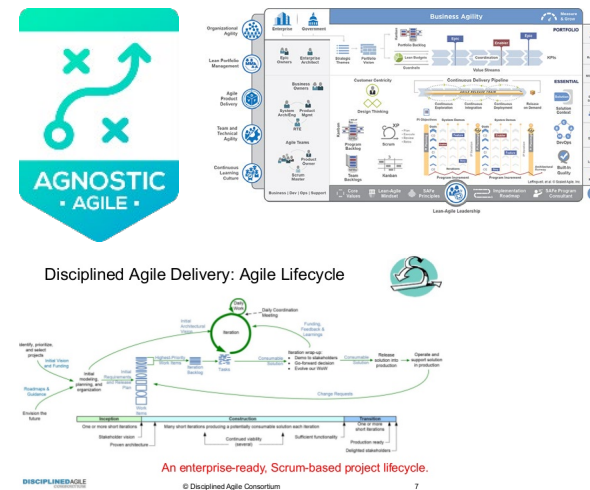
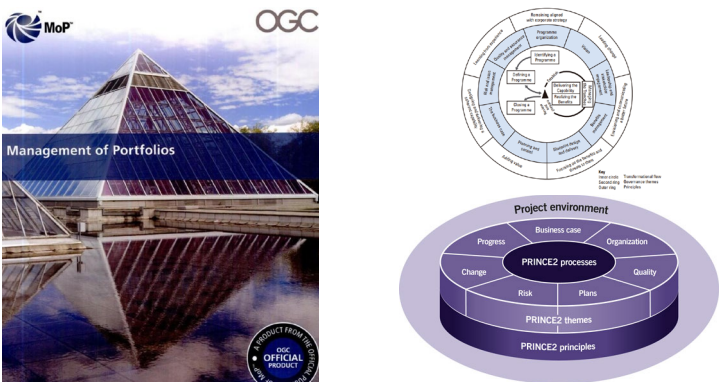












+ PMO  
+ PPM/PSA  
Software

# 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

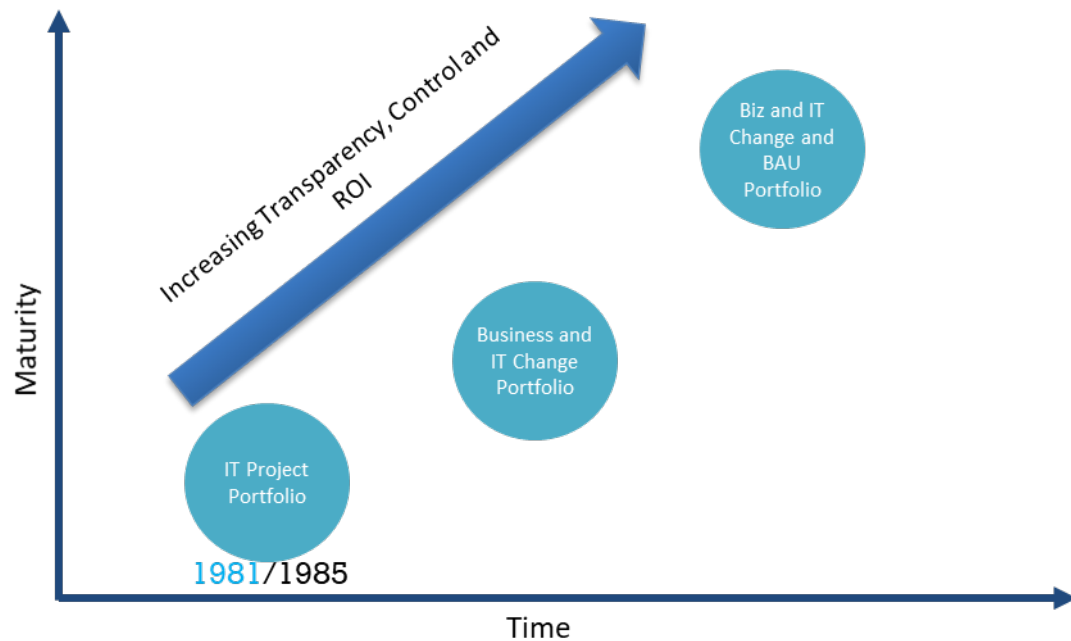
Ultimately, Enterprise-wide Portfolio Management works only with commitment and engagement from the senior executives

- 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?

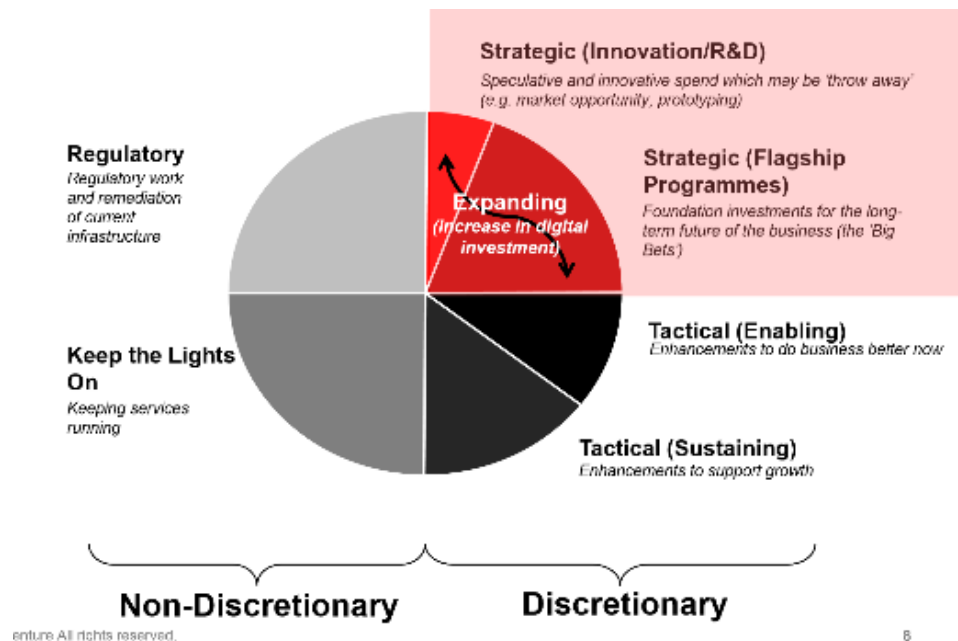
- ☐ IT projects only
- ☐ All organisation change projects
- ☐ All organisation change projects and BAU



# 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



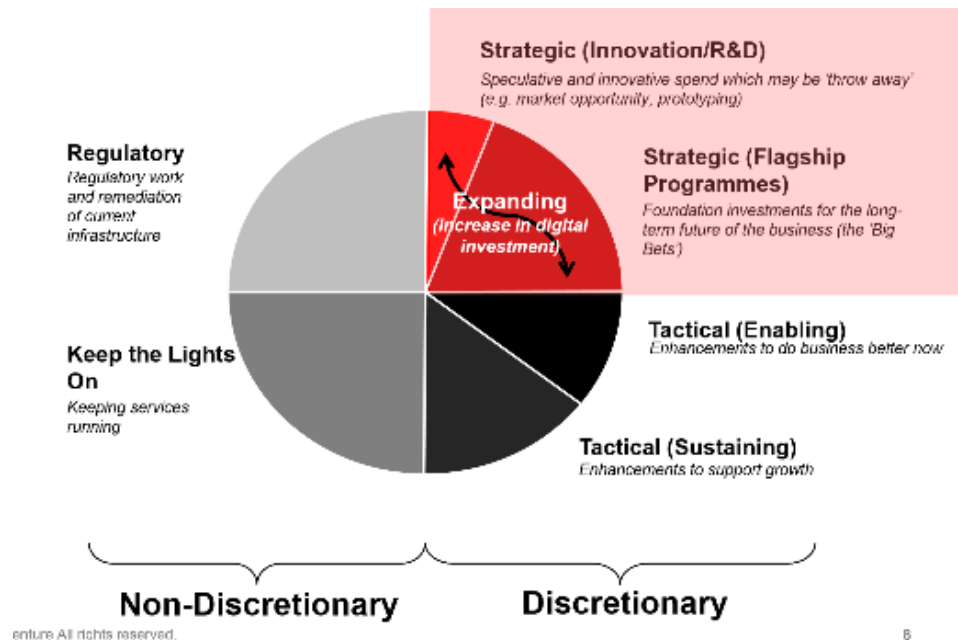
Q1b - To what degree are your investments aligned to organisation strategy?

- ☐ 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



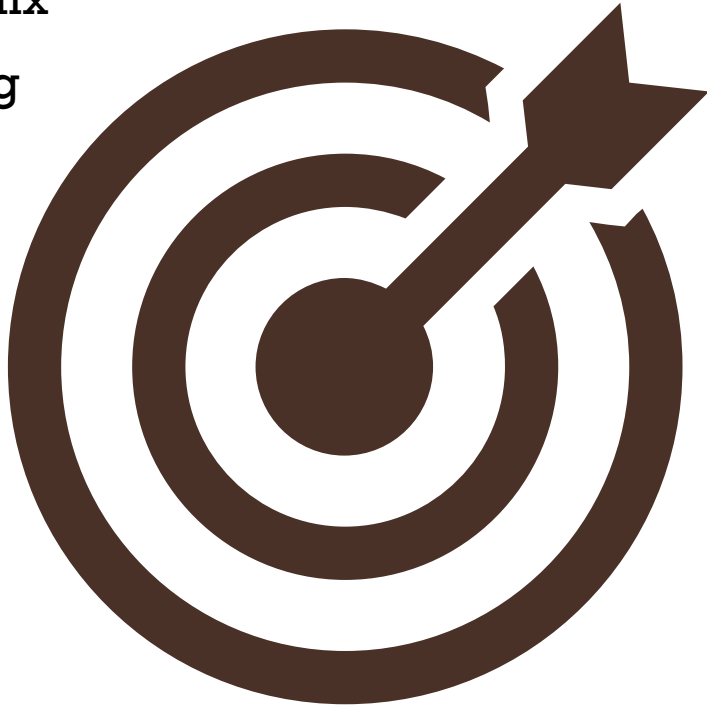
Q1c - To what degree is the investment mix considered within your organisation?

- ☐ 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



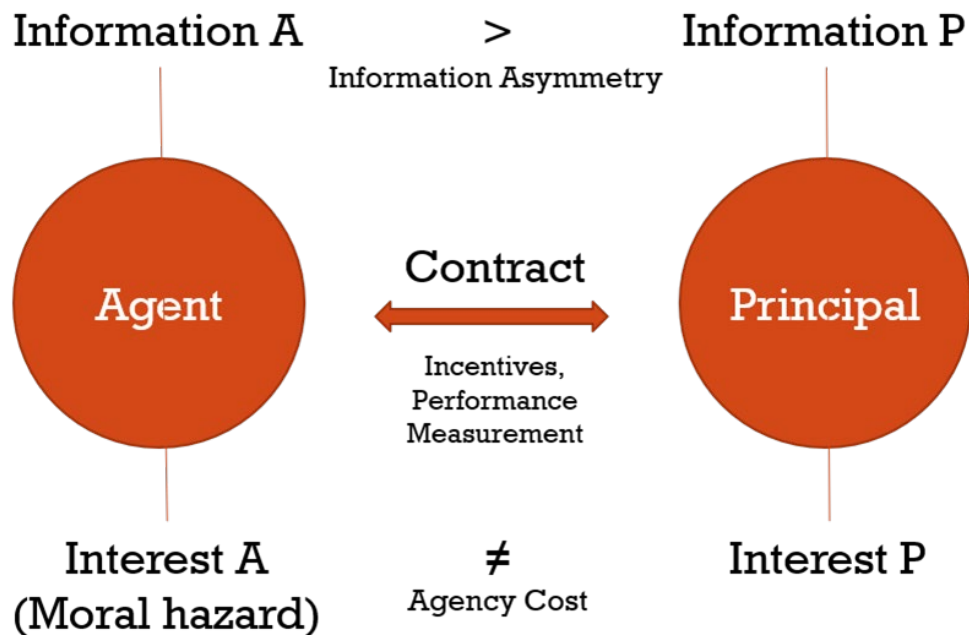
Q2b - How effective is communication within your organisation?

- ☐ 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

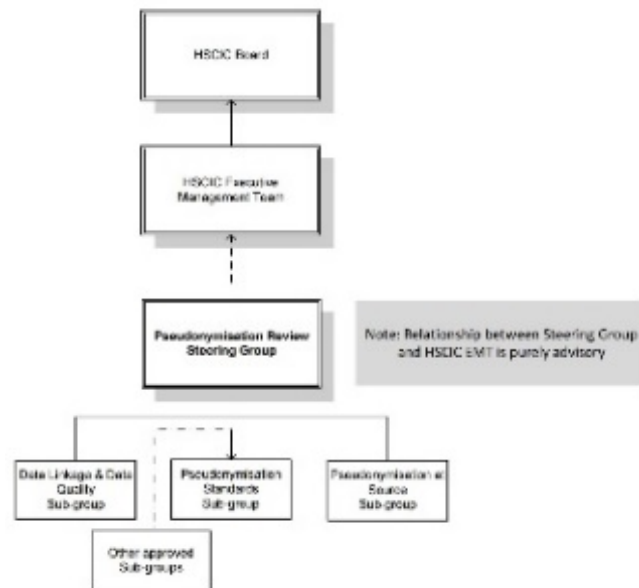


# 3. GOVERNANCE ARRANGEMENTS

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

## ■ Decision Making

Appendix A – Governance arrangements



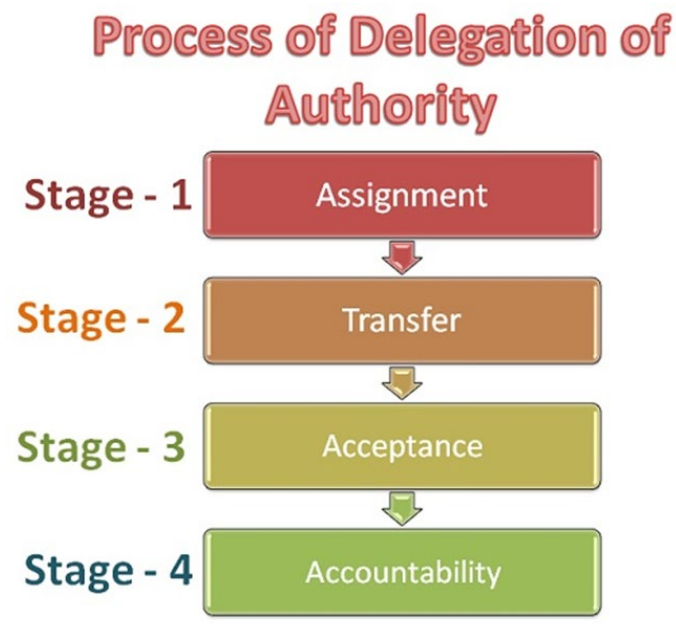
Q3a - How clear and consistent are the organisation governance arrangements?

- ☐ 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://businessjargons.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

# 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



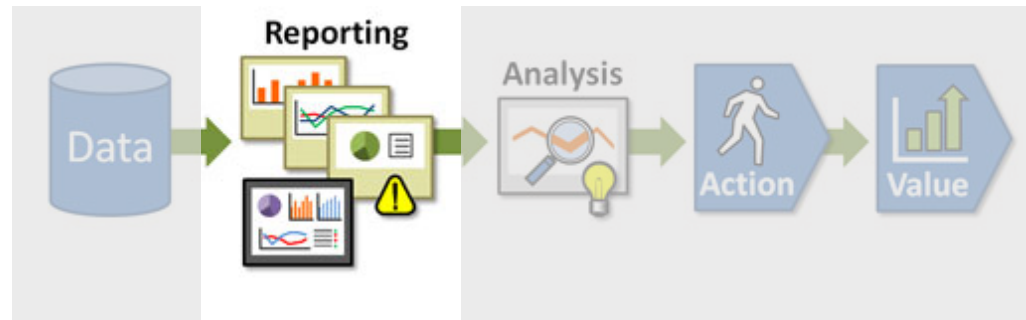
Q4a - To what degree is reporting data being provided?

- ☐ 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



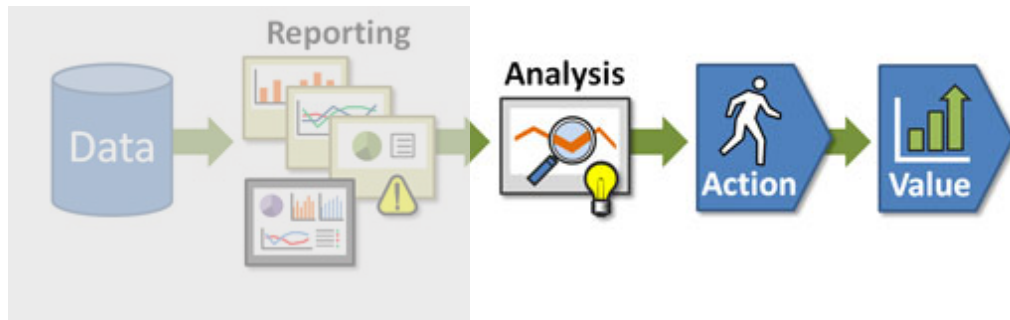
Q4b - How meaningful is the reporting?

- ☐ '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

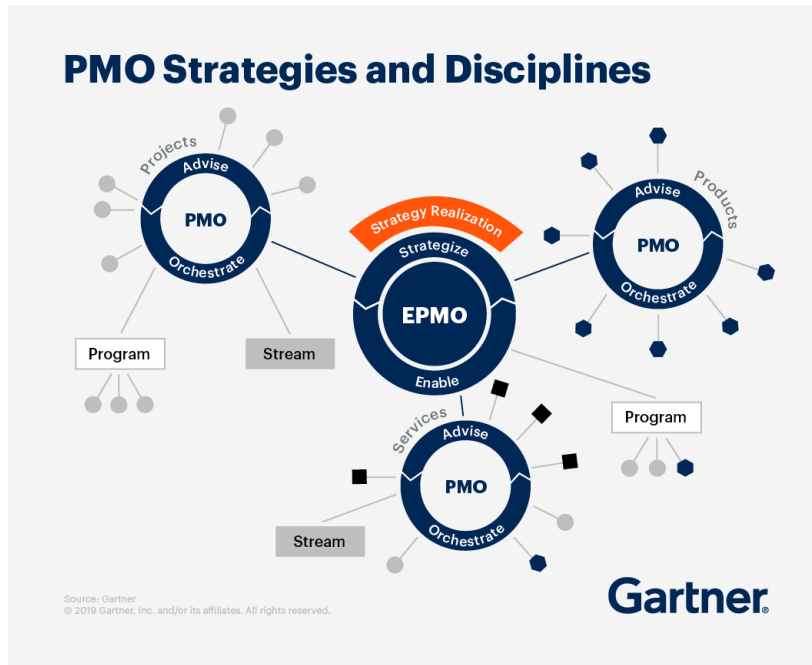
The implementation of an Enterprise-wide Portfolio Management capability has a similar impact to an ERP implementation as far as organisational reach is concerned

- 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?

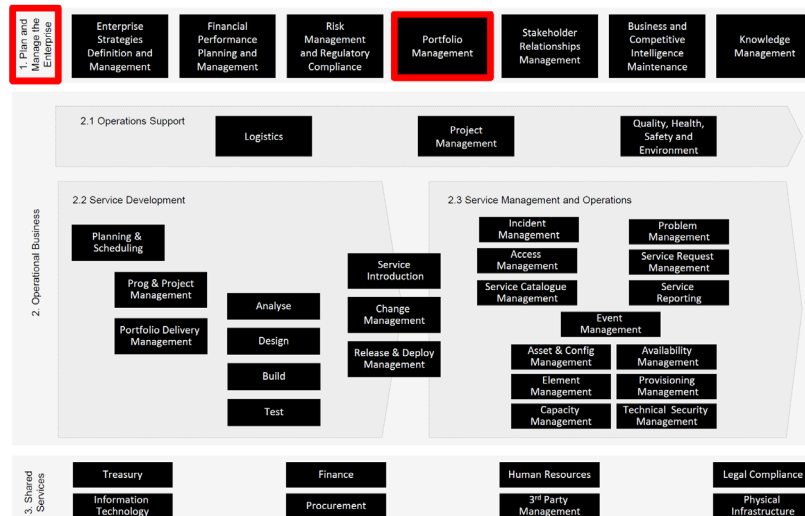
- ☐ There is no central PMO function
- ☐ A central PMO function is in place but it has limited value
- ☐ There is a central PMO function that provides support and analysis for decision-making and is driving efficiency



# 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

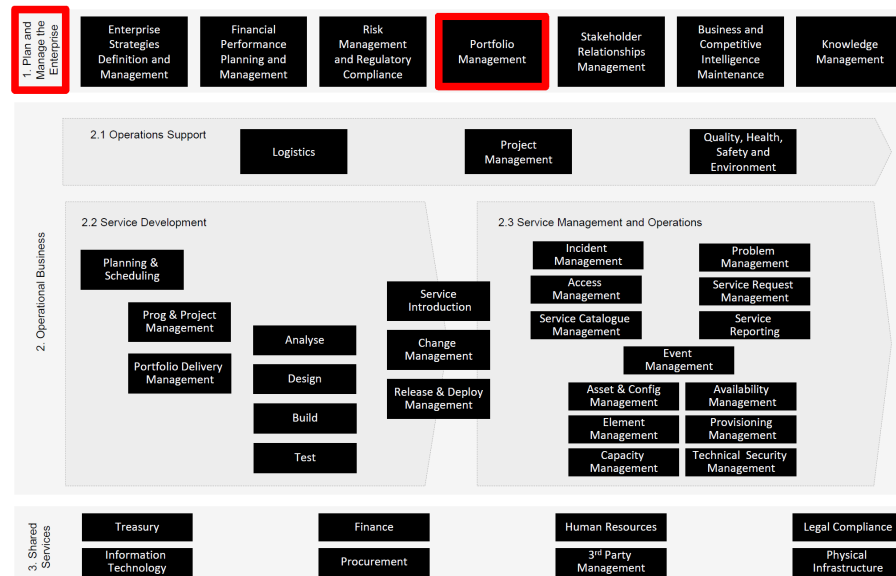
Processes and tooling are typically the focus areas when starting the journey towards Enterprise-wide Portfolio Management

- 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



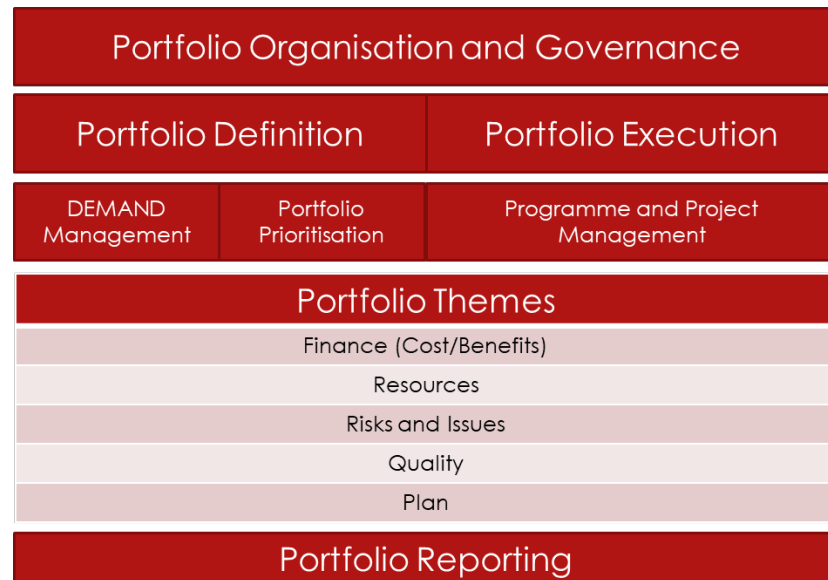
Q6a - How well are the portfolio management processes integrated with other organisation processes?

- ☐ 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

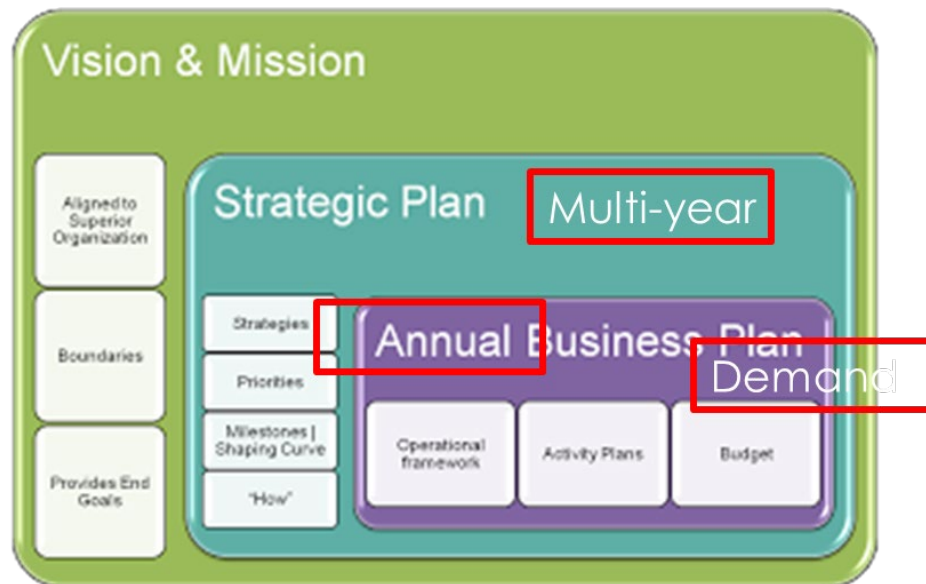
## 6. PROCESSES & TOOLING

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

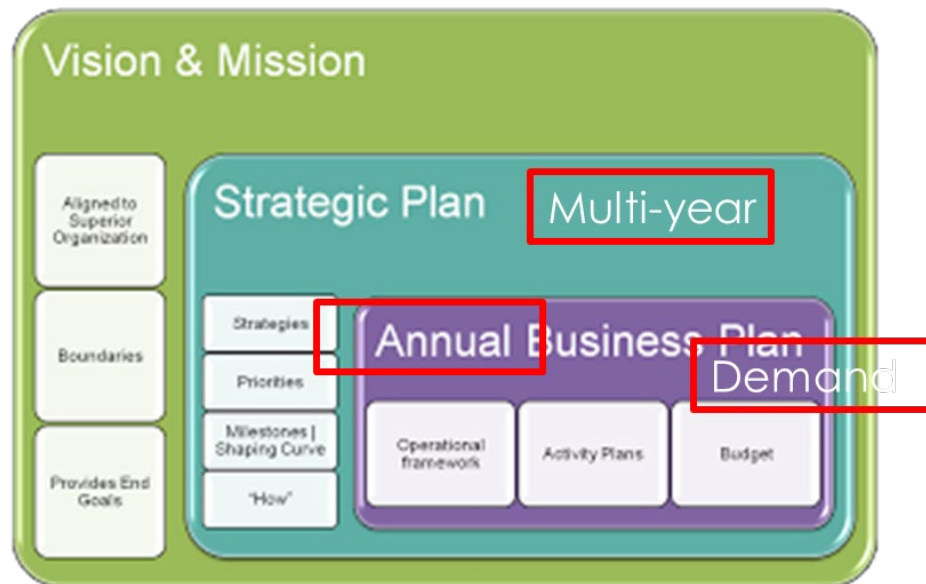


## 6. PROCESSES & TOOLING

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?

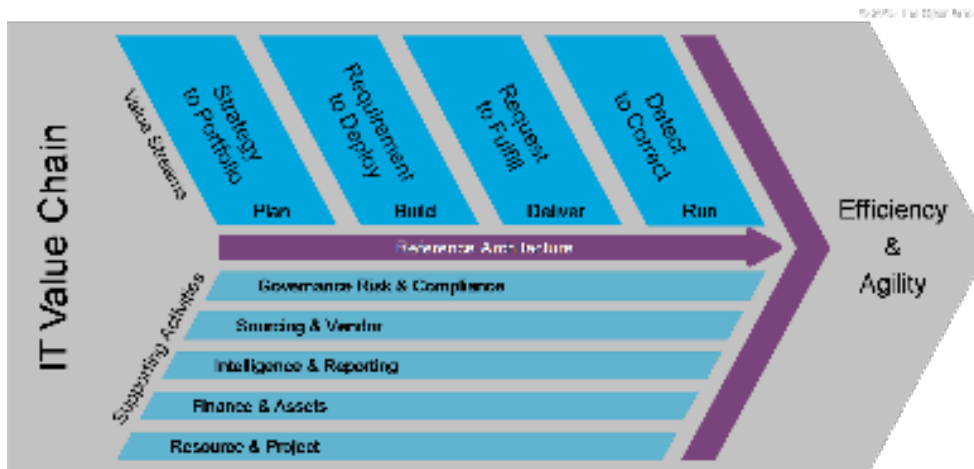


- ☐ Annual plan done once a year in line with budgeting
- ☐ Annual plan, updated only in response to significant events
- ☐ 18 month plan, evaluated and updated quarterly

# 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

[tinyurl.com/pmof2020](https://tinyurl.com/pmof2020)

Code: PMOF

**£650**

