



Project Portfolio Management Defined

Project portfolio management (PPM) refers to a [process used by project managers](#) and project management organizations (PMOs) to analyze the potential return on undertaking a project. By organizing and consolidating every piece of data regarding proposed and current projects, project portfolio managers provide forecasting and business analysis for companies looking to invest in new projects.

Project portfolio management gives organizations and managers the ability to see the big picture.

- Executives – know what project managers to reach
- Project Managers – easy access to team members
- Team Members – improved communication with leadership and other teammates
- Stakeholders – kept in the loop with reliable and consistent feedback

Take Informed Risks

Taking risks is an inherent part of business. However, when taking a risk, it is important to remember that bigger risks do not always equal bigger rewards. Risk vs. reward boils down to smart decision-making.

Name	Work Status	Internal Priority	Projected Total Costs	Actual / Forecast Cost	Cost Variance	Cost Variance (%)	Projected Revenue	Baseline
Enterprise ABC								
LOB: Information Technology								
Department: Web Services								
Division: E-Commerce			\$18,821,780.00	\$18,821,780.00	\$8,814,200.00	48.50 %	\$20,000,000.00	\$10.2
Work: Customer Web Portal Project	Open / Active	1 - High	\$450,000.00	\$450,000.00	(\$139,095.62)	-30.91 %	\$700,000.00	\$1
Work: Vendor e-Commerce	Open / Active	4 - Medium - Low	\$1,420,000.00	\$1,420,000.00	(\$291,200.00)	-20.51 %	\$2,500,000.00	\$1.3
Work: PIM/MS Implementation	Request	2 - Medium - High	\$3,868,800.00	\$3,868,800.00	\$1,844,800.00	47.71 %	\$4,000,000.00	\$2.5
Work: E-Commerce Maintenance Project	Open / Active	5 - Low	\$5,826,733.36	\$5,826,733.36	\$5,156,808.36	87.01 %	\$2,500,000.00	\$1
Work: E-Commerce Platform Enhance...	Request	1 - High	\$2,798,400.80	\$2,798,400.80	\$2,858,680.80	94.93 %	\$3,500,000.00	\$1
Work: Information Technology Collab...	Request	1 - High	\$111,320.00	\$111,320.00			\$500,000.00	\$1
Work: New Project Request	Request	1 - High	\$4,185,456.00	\$4,185,456.00	\$4,185,456.00	100.00 %	\$7,000,000.00	
Division: Systems Development			\$5,812,000.00	\$5,812,000.00			\$3,000,000.00	\$5.4
Work: Financial System Upgrade	Open / Active	5 - Low	\$579,721.60	\$579,721.60	\$56,641.60	9.77 %	\$300,000.00	\$1
Work: Systems Development Maint...	Open / Active	4 - Medium - Low	\$871,800.00	\$871,800.00	\$290,800.00	33.33 %	\$450,000.00	\$1
Work: New Point of Sale Redesign	Open / Active	5 - Low	\$434,791.20	\$434,791.20	(\$320,768.80)	-73.78 %	\$225,000.00	\$1
Work: Next Generation Device	Request	1 - High			(\$871,800.00)			\$1
Work: Stage Gate Project	Open / Active	1 - High						
Division: Business Applications			\$5,484,000.00	\$5,484,000.00	\$56,000.00	1.06 %	\$8,000,000.00	\$5.4
Work: Tax Accounting Upgrade	Request	2 - Medium - High	\$658,080.00	\$658,080.00	(\$216,080.00)	-31.92 %	\$1,080,000.00	\$1
Work: Legacy Accounting System Upg...	Open / Active	3 - Medium	\$216,422.40	\$216,422.40	(\$434,897.60)	-200.86 %	\$300,000.00	\$1
Work: Sales Collaboration	Open / Active	1 - High	\$581,114.40	\$581,114.40	(\$287,045.60)	-49.40 %	\$956,250.00	\$1
Work: Business Applications Stage Ge...	Request	3 - Medium			(\$750,640.00)			\$1

Project portfolio management involves managing costs against the budget and across the portfolio.

Understand risks; reap bigger rewards

The project portfolio management process helps companies predict outcomes and plan for projects that will offer the best results. It highlights questions such as:

- Do I have the resources/budgets available to take on this new project?



REPORT

2019 Gartner Magic Quadrant for Project and Portfolio Management

Gartner has named Planview a Leader in the May 2019 Gartner “Magic Quadrant for Project and Portfolio Management,” positioned highest for its ability to execute and furthest for completeness of vision for the second consecutive year.

[Get the Report →](#)

- Is there a similar project in my portfolio I can use to model after this one?
- What current projects might act as a barrier to completing this project?
- Are the stakeholder's expectations realistic? Where can we compromise?
- Does this project help reach our overall objectives as an organization?

Mitigating risks

Using PPM, project managers and PMOs have a global view of each project. When every element of a project is presented, problems can be predicted before they ever occur.

The portfolio management process gives organizations the foresight to identify potential risks and put the necessary measures in place. This helps a company proactively manage risks, allowing teams to realistically estimate potential delays and put into place measures to prevent or mitigate those risks, should they prove to be unavoidable. Risk mitigation can entail:

- Aligning each proposed project with overall organizational goals
- Providing measurable data used to weigh risks against rewards
- Determining potential bottlenecks and design flaws at more than one level
- Reconciling team bandwidth with the amount of work to be done

Project Portfolio Management vs. Project Management

At the most basic level, [PPM and project management differ](#) by number of projects. Project management focuses on an individual project's road to completion, whereas project portfolio management takes into consideration every project or potential project and its viability to meeting overall business goals.

But what is a portfolio management system? One approach views project portfolio management as the process which lays the foundation for more efficient project management.



The portfolio management process supports the fundamentals of project management by offering a clear path to prioritization that allows project managers to create flexible timetables.

Here are a few ways in which the portfolio management process helps support the fundamentals of project management:

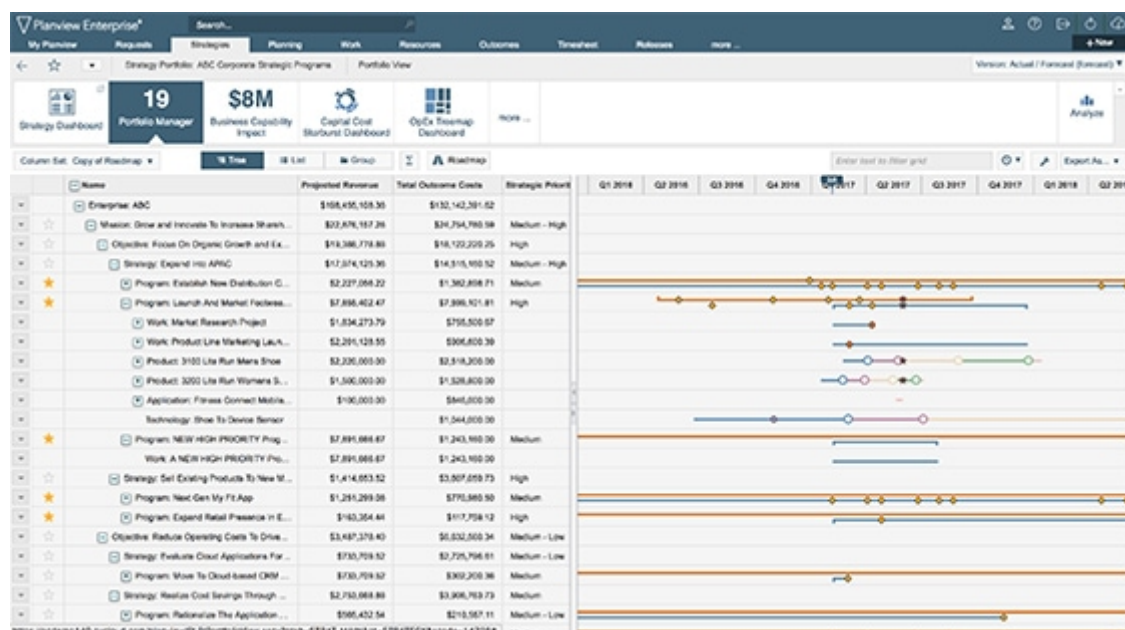
- Avoids project management disasters by pointing out good projects versus bad projects, the ROI and the projected value the project might have to the organization
- Offers a clear path to prioritization that allows project managers to create flexible timetables
- Lists what team members and project managers are available

- Helps assign monetary value to a project, making project budgets firm

Effective PPM helps project management become an easier road to travel. When used in tandem, they are invaluable to an organization.

Project portfolio management sets out a methodology used to predict potential problems, review progress towards operational goals, manage budgets, and address stakeholder concerns, allowing project managers to then follow up with precision execution.

See the Big Picture



Project portfolio management allows organizations to drive a strategic plan while balancing against day-to-day realities.

Project portfolio management gives companies a bird's eye view of upcoming, current and past projects. By seeing the big picture of how a proposed project will fit into the goals and objectives of the organization, companies can make better decisions on what projects to choose and what initiatives will create the most return.

Tools for Project Portfolio Management

Though there are many types of project portfolio management tools, the best ones:

- Accommodate project portfolio management at the enterprise level
- Offer user-friendly interfaces and functionality
- Deliver enhanced online features for remote collaboration and communication
- Provide robust reporting and analytics

Easy-to-use enterprise project portfolio management software

Enterprise PPM tools allow you to use one resource with multiple functionalities across the entire business. Enterprise portfolio tools decrease the reliance on multiple applications that can increase overhead and confuse workflows. Because project portfolio management is inherently complex due to how much is being managed at once, it's important to select an enterprise project management tool that is simple and easy to use for everyone in the organization – not just the early adopters.

This might be easier said than done: Be sure to look for tools that minimize overhead, manual effort, and excessive documentation, opting instead for a tool that features intuitive design, simple functionality, and a mobile application that allows everyone in your organization to access the tool, wherever they are.

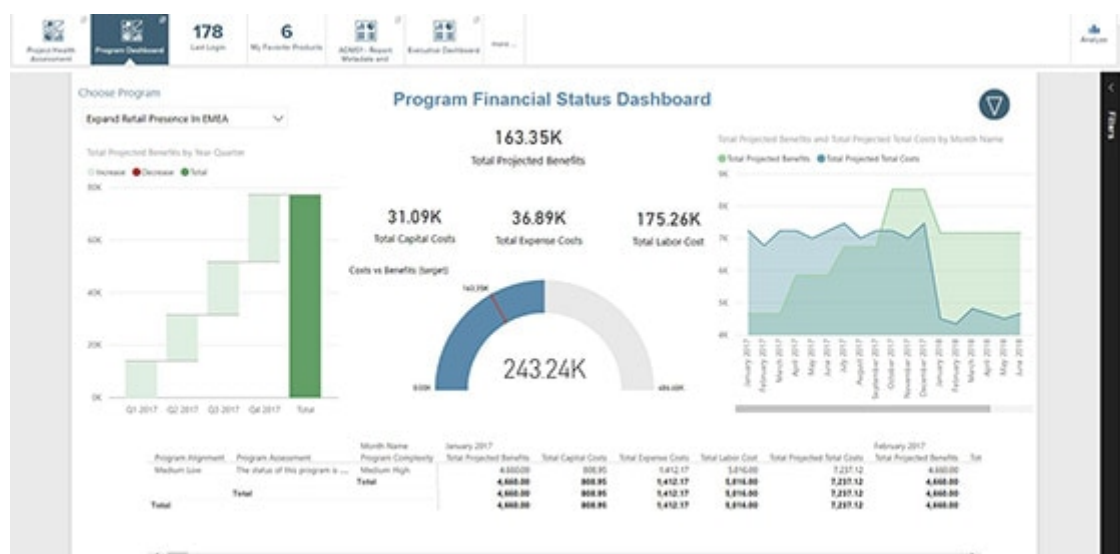
Centralized communication hub

Often businesses and organizations who take on multiple projects have employees and team members working remotely. When you have various team members working from multiple locations, effective communication can be difficult.

The best project portfolio management tools are accessible online, eliminating communication barriers. When communication is streamlined through one central hub, you can:

- Connect and coordinate with all team members and provide real-time status updates
- Track, share and store data, files and feedback
- Answer questions and solve problems faster
- Quickly and easily mine data that can be shared with stakeholders

A step ahead with better reporting



Robust reporting in a PPM tool increases efficiency and ensures results.

A good enterprise portfolio management tool should offer robust reporting options. Report data provides executives and managers perspective that allows them to predict what projects may require excessive resources by highlighting active projects or circumstances that may act as impediments to organizational goals.

PPM reporting tools also allow companies to actively monitor every facet of the organization's current and potential projects, including budgeting, forecasting and risk / reward analysis.

When individual project budgets are exceeded, but effective use of PPM tools may help a company see the potential impacts to other projects and determine whether going forward with a project that is already over budget will pose a problem in terms of multiplied financial overages in other areas. When projects fall behind, leadership can stifle the potential ripple effect using project portfolio management techniques.

Reporting makes for factual and informed project portfolio management that in turn helps set expectations within the company regarding what projects should, and should not, go forward.

Meet our author



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Rachaelle Lynn, a Certified SAFe 4 Agilist, is a marketing manager and subject matter expert at Planview, a market-leading provider of project portfolio management, lean and agile delivery, project management, and innovation management software. Her experience in diverse B2B and B2C industries continue to drive her interest in the SaaS customer journey. Rachaelle holds a BA in Communication Studies from the University of Florida.

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