

Program and Portfolio Management

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Dr. Anil Vaidya

Agenda

- Program management
- Case: Escalation in global outsourcing project
- Portfolio management

What is Project?

What is Program?

What is Portfolio?

Portfolio, Program and Project (PPP)

Project

- A temporary endeavor undertaken to create a unique product, service, or result.

Program

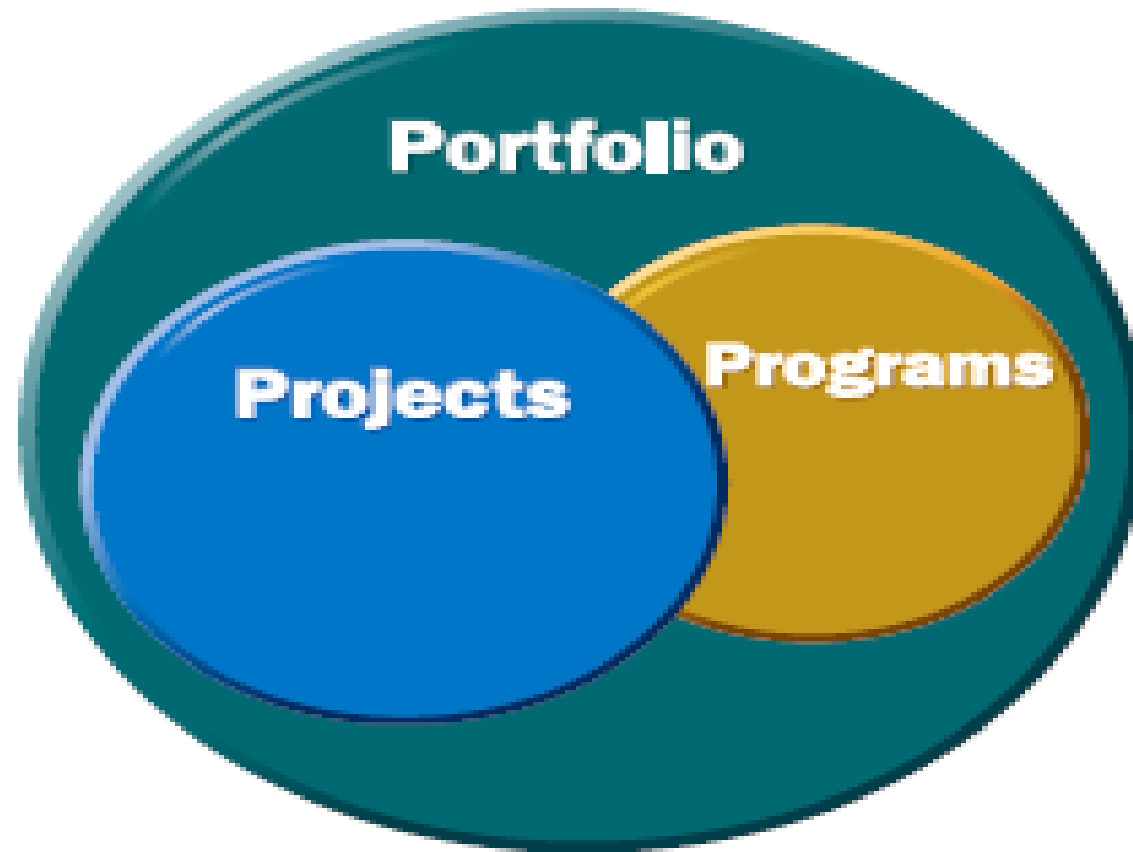
- A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.

Portfolio

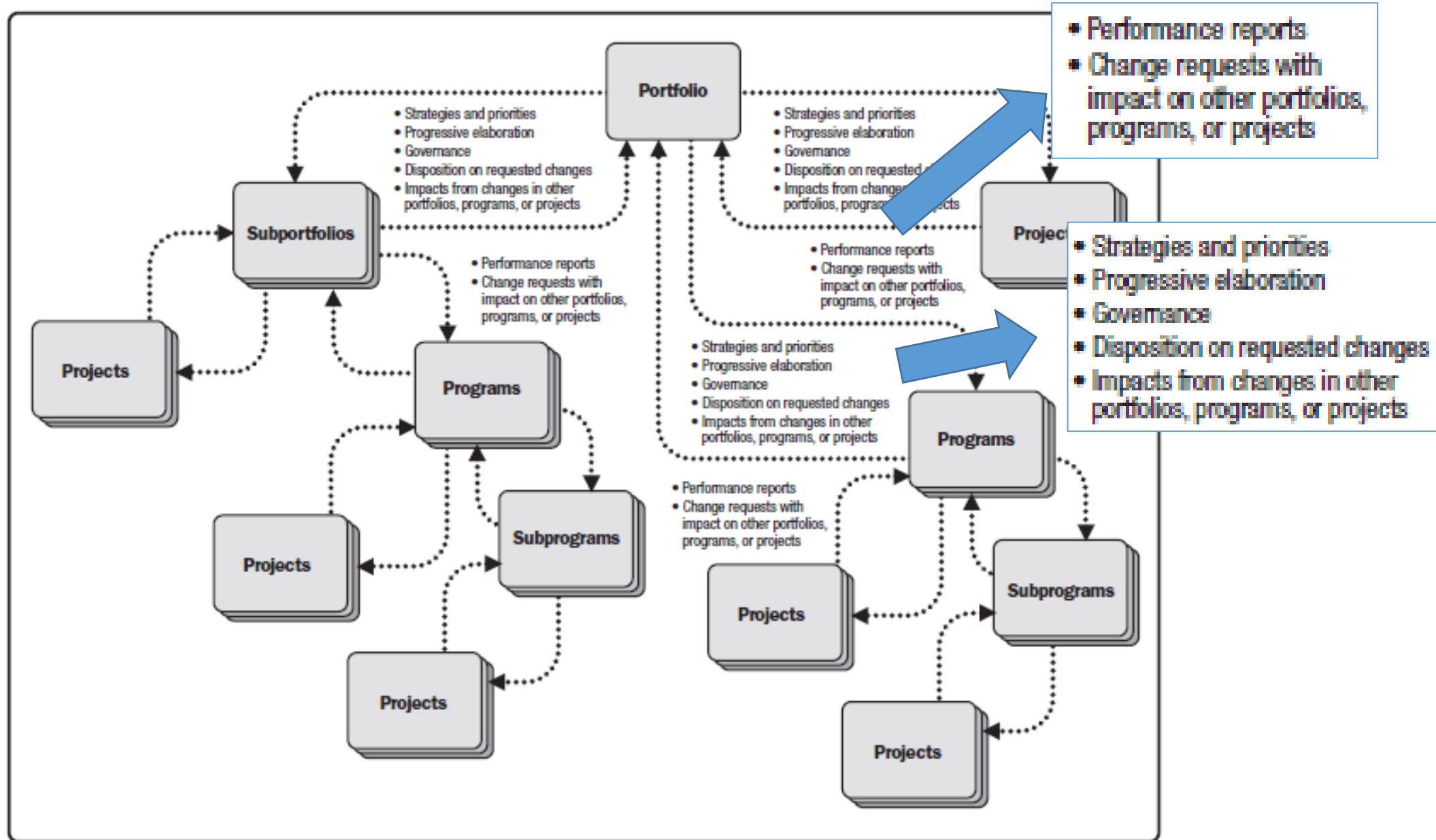
- A collection of projects and/or programs and other work that are grouped together to facilitate effective management to meet strategic business objectives.

Source: PMI, OPM3

Projects, Programs, Portfolios



PMBOK
representation
Of relationship
between
portfolio,
program and
project



Consider case of Boeing Dreamliner

Was it a PM failure?

- In between the years of 2003 and 2013, the project cost the company between 17 and 23 billion dollars (estimated cost-to-build was 5 billion USD).
- The project ran three years past its deadline, costing Boeing billions of dollars. In 2011, it finally entered commercial service, but its problems did not end there.
- Two years after officially hitting our skies, Boeing experienced a terrible few days. In a little over a week, two separate 787s experienced onboard emergencies.

Boeing Dreamliner – Opinion: Lessons Learned

- Firstly, the importance of simplicity and process. Project management is a process-oriented discipline. Having a series of steps to follow makes any project that bit simpler.
 - By out-sourcing the design and manufacture of the 787, **Boeing reduced its control on the project and its process.** This complicated matters and caused a litany of problems and errors which were difficult to overcome.
- Secondly, don't ignore the experts. Boeing received advice from technical experts warning of the dangers of out-sourcing.
 - They were also advised to keep the manufacture and design in-house. **This advice was ignored and billions of dollars lost as a result.**

In your opinion –
Is Program management very different from
Project management?

Is the distinction real or only semantic?

There are some who hold view that program is nothing but large project

What are competency requirements?

Competencies

- Project manager
- Program manager

Lets try some examples

What characteristics make Program?

| | |
|----|--|
| A1 | |
| A2 | |
| B1 | |

Project or Program?

A1, A2

- Moving 113,000 users from Lotus notes and exchange to Microsoft mail
 - In 45 countries around the world
 - Many countries had own implementation
 - In countries multiple implementation i.e. location-wise implementations
- Moving 120,000 users from in-house mail system to external Microsoft mail on HP
 - New service offered by HP
 - In-house exchange implemented on RS6000
 - Most countries had RS6000 locally installed
 - All RS6000 managed centrally with standard processes and procedures

Project or Program?

B1, B2

B1. Building New Plant

- Investment - Euro 400 m over 3 years
- Currently asset heavy – 60% fixed cost
- 3 Plants currently – to be consolidated
- Transformative character – reducing cost, savings expected 30%

B2. Centralize Procurement Management, cost - \$ 5 m

- Large global corporation with 24 companies
- Each company with its own procurement team
- Change management, Training, Hand holding
- Current sourcing Buyers – 300

Project or Program?

C

Services Consolidation in global firm

- 3 Product Divisions – each with independent Finance & IT department
- Total expense of 3 divisions and Corp IT, Corp Fin - \$ 2.3 billion/annum
- Consolidation into a single Finance & IT organization likely to yield saving of \$ 650 million per annum
- What are likely issues?
- What competencies required to manage consolidation

A Program is NOT a large Project

- Examples of Program
 - *Global implementations involving diversified cultural communities*
 - *Business transformation programs*
 - *Large-scale Enterprise architecture upgrades*
 - *System Integration initiatives involving multiple vendors/partners*
- *Competency requirements of managers are different*
 - *High risk and reward initiatives*
 - *Communication and Collaboration competencies are prime important*
 - *Stakeholder management is key*

What characteristics make program?

- Multiple vendors?
- Cross geography?
- Heavy consequences in case of failure?
- Affecting large number of people?
- Dollar outlay?
- Or combinations of above?

Organizational Project Management

| | Projects | Programs | Portfolios |
|------------|---|--|---|
| Scope | Projects have defined objectives. Scope is progressively elaborated throughout the project life cycle. | Programs have a larger scope and provide more significant benefits. | Portfolios have an organizational scope that changes with the strategic objectives of the organization. |
| Change | Project managers expect change and implement processes to keep change managed and controlled. | Program managers expect change from both inside and outside the program and are prepared to manage it. | Portfolio managers continuously monitor changes in the broader internal and external environment. |
| Planning | Project managers progressively elaborate high-level information into detailed plans throughout the project life cycle. | Program managers develop the overall program plan and create high-level plans to guide detailed planning at the component level. | Portfolio managers create and maintain necessary processes and communication relative to the aggregate portfolio. |
| Management | Project managers manage the project team to meet the project objectives. | Program managers manage the program staff and the project managers; they provide vision and overall leadership. | Portfolio managers may manage or coordinate portfolio management staff, or program and project staff that may have reporting responsibilities into the aggregate portfolio. |
| Success | Success is measured by product and project quality, timeliness, budget compliance, and degree of customer satisfaction. | Success is measured by the degree to which the program satisfies the needs and benefits for which it was undertaken. | Success is measured in terms of the aggregate investment performance and benefit realization of the portfolio. |
| Monitoring | Project managers monitor and control the work of producing the products, services, or results that the project was undertaken to produce. | Program managers monitor the progress of program components to ensure the overall goals, schedules, budget, and benefits of the program will be met. | Portfolio managers monitor strategic changes and aggregate resource allocation, performance results, and risk of the portfolio. |

Source:

PMBOK

Program Process Groups

- Program Initiating Processes
- Program Planning Processes
- Program Executing Processes
- Program Controlling Processes
- Program Closing Processes

Key Activities of Program

- Managing stakeholder expectations at the program level
- Ensuring that program objectives support portfolio strategies (see below)
- Prioritizing projects within the program and the allocation of resources
- Coordinating the activities of multiple project managers and project teams
- Managing the scope that encompasses all of the projects within the program
- Managing conflicts among projects to achieve organizational goals
- Adhering to definitions of responsibility and authority for communication and action
- Managing the delivery of expected benefits.

Case Study: Global Outsourcing

Time
20 minutes

- Phase A - Time 4:50 to 5:10 PM
 - Group 1, 2, 3 – Project aim and initial ideas – Clean&Cure perspective
 - Group 4, 5, 6 – Project plan - XperTrans perspective
 - Group 7, 8 - Project implementation
 - Group 9, 10 – major events

Case Study: Global Outsourcing

Phase B - Review your findings

What went wrong?

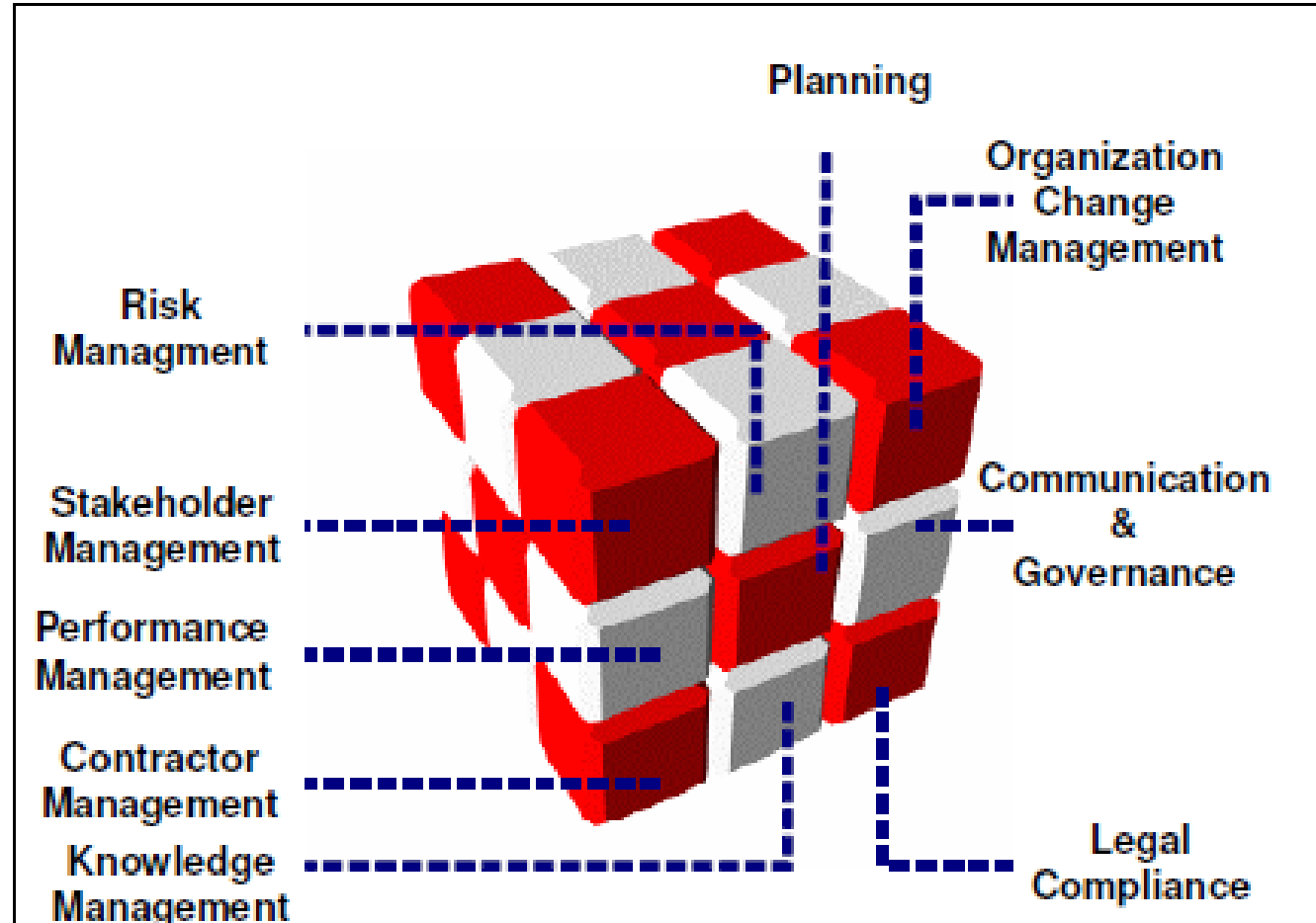
Was it a program or project?

What is better way of structuring Program Management?

Case Study: Global Outsourcing

Phase C – As Program Manager what would be your action plan?
Consider 2-in-box structure

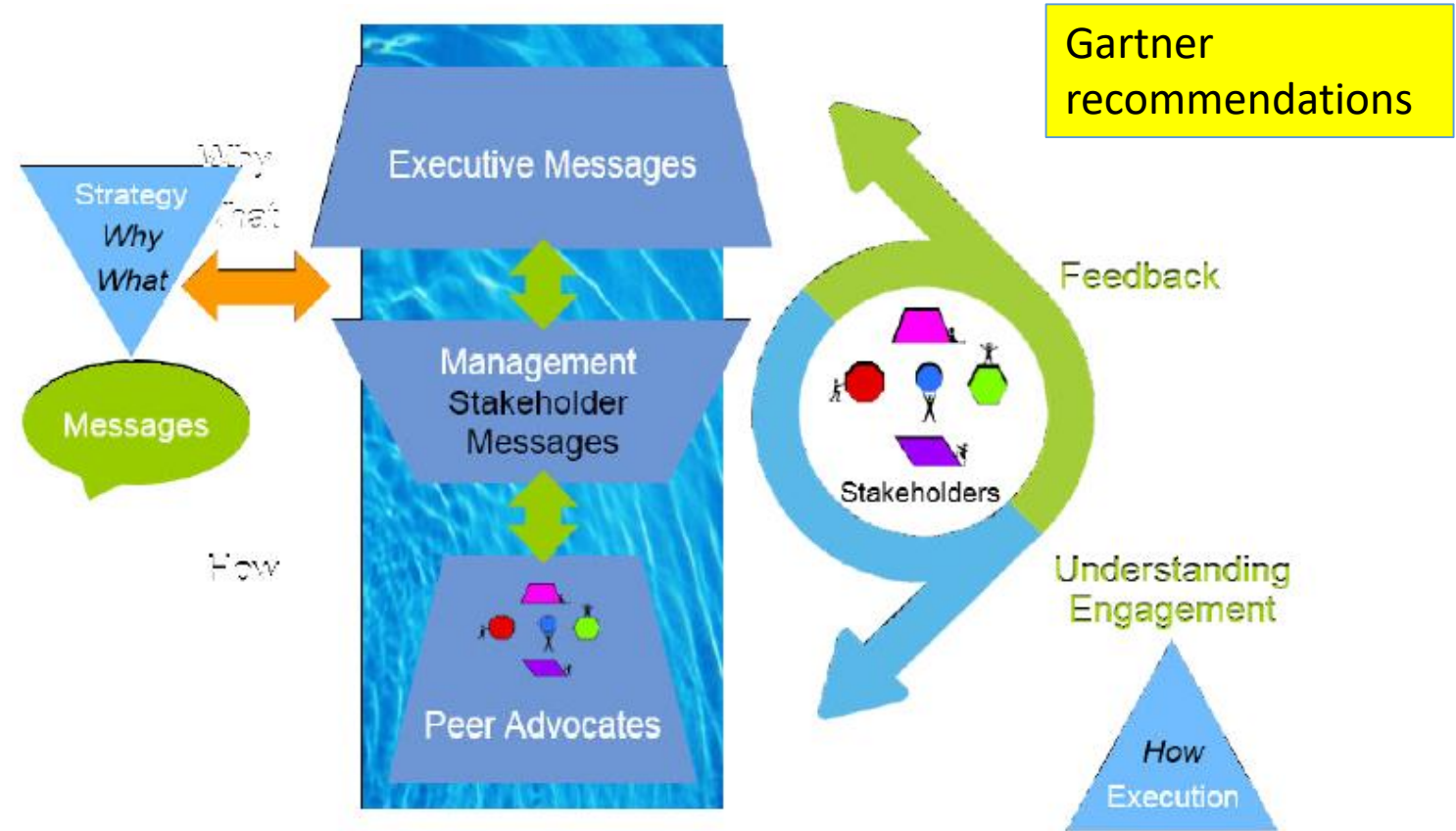
Focus Areas of Program Management



Source: Savla S.
(2008)
Effective Program
Management
Practices

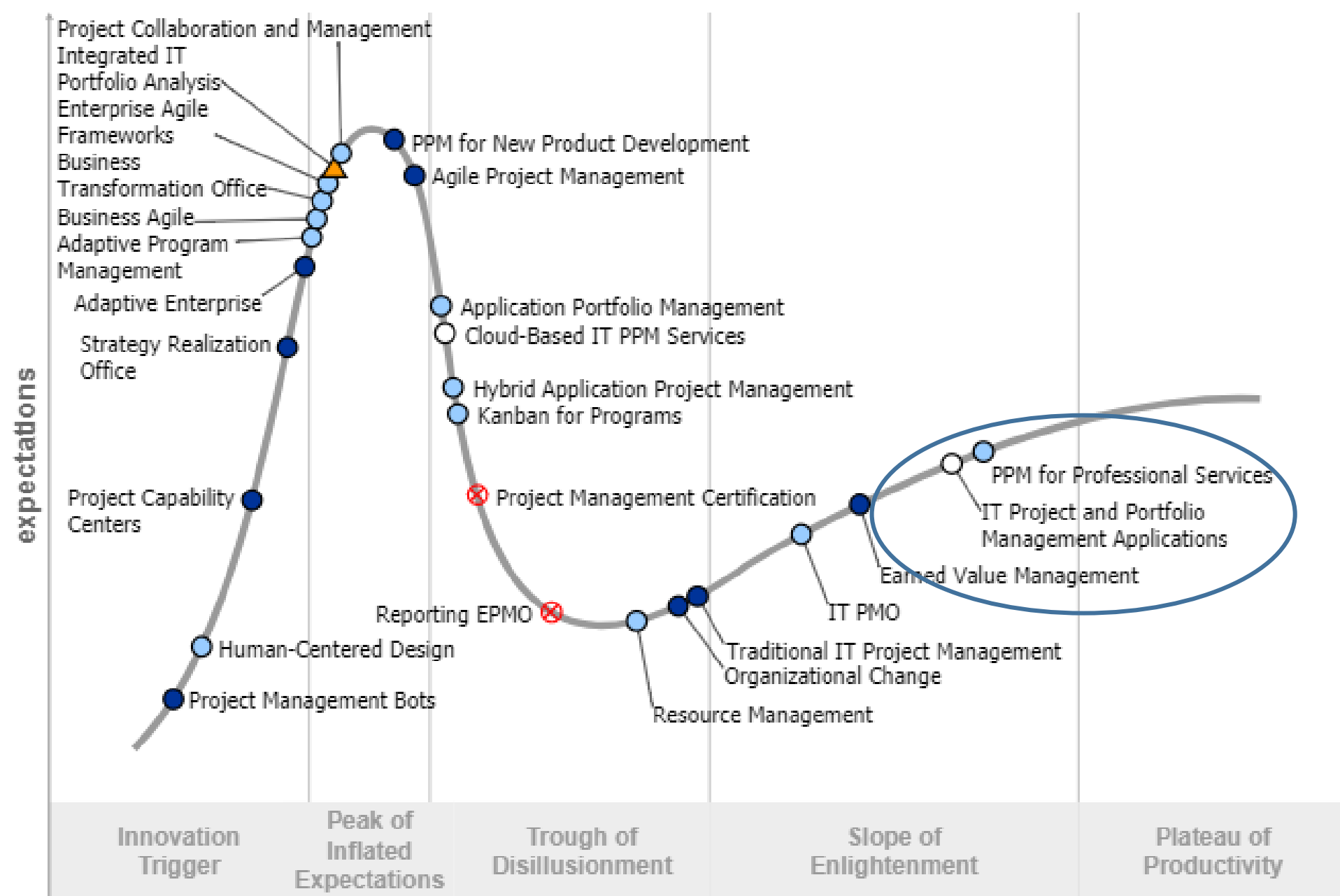
Communication is **THE KEY**

- **Program managers and business transformation leaders** must use multidirectional communications to engage employees and encourage feedback or risk program failure.
- **A communications cascade** is an effective approach that enables this.



Source: Gartner (June 2015)

Hype Cycle Program & Portfolio Mgmt Gartner



Program Manager of 2030: The Strategic Change Leader

- Will address the key activities
 - driven by the strategic realization in alignment with the business
- Will partner with the CIO and the IT organization
 - to develop predictive analysis scenarios on potential plans for existing systems, or proposed innovation,
- Will plan and communicate with a variety of internal and potentially external product, service and project managers —
 - to address current strategic change delivery and execution plans, risks and outcomes

Source: Gartner, Program Mgmt in 2030,

Portfolio Management

OPM defines Portfolio Management processes similar to Projects

- Portfolio Initiating Processes
 - Portfolio Planning Processes
 - Portfolio Executing Processes
 - Portfolio Controlling Processes
 - Portfolio Closing Processes
-
- All these process groups include multiple processes as we experience for projects
 - The portfolio management carries **strong connect** with the overall **organizational objective**

Portfolio, Program and Project

- Project **Portfolio** Management is a process that is clearly characterized by business leadership alignment.
 - Priorities are set through an appropriate value optimization process for the organisation.
- Because **programs**, naturally consisting of related **projects**, span functions within an organization, they have all elements of a business system, and hence are general management oriented.



Business Leadership



Functional leadership

OPM (Organizational Project Management) Description of Portfolio

- A **portfolio** is a collection of **projects and/or programs** and other work grouped together to facilitate effective management of that work to meet **strategic objectives**.
- The projects or programs of the portfolio may not necessarily be interdependent or directly related

Program and Portfolio

Projects within a program are related through the common outcome or collective capability. If the relationship between projects is only that of a shared client, seller, technology, or resource, the effort should be managed as a portfolio of projects rather than as a program.

Program management focuses on the project interdependencies and helps to determine the optimal approach for managing them. Actions related to these interdependencies may include:

- Resolving resource constraints and/or conflicts that affect multiple projects within the program,
- Aligning organizational/strategic direction that affects project and program goals and objectives, and
- Resolving issues and change management within a shared governance structure.

Reading Material

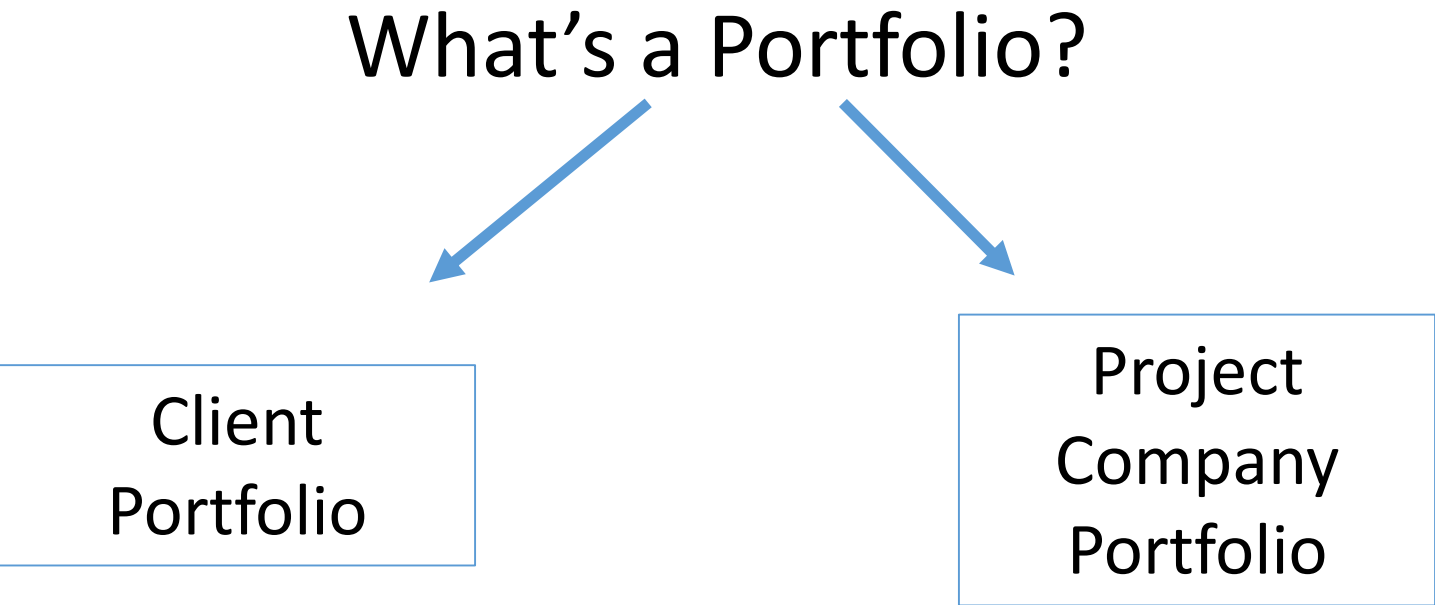
Strategy implementation needs great Portfolio Management

Aligning most of the projects and programmes to the organisation's strategies is one of the most important benefits of implementing organisational portfolio management.

Portfolio management also involves ensuring that **all the strategic objectives have the required means and resources allocated** if they are to be successful. This refers to both the short and long-term, including the day-to-day activities as well as the projects and programmes.

Project Portfolio Management

What's a Portfolio?



```
graph TD; A[What's a Portfolio?] --> B[Client Portfolio]; A --> C[Project Company Portfolio];
```

Client
Portfolio

Project
Company
Portfolio

Consider a Projects Company A

1. Company A is delivering following currently in the client's premises
 1. Laying new asphalt road of 3 km. inside client's premises
 2. Providing appropriate lighting for the road
 3. Installing necessary safety measures on the road
2. Company A is also doing following road works:
 1. Laying asphalt road for a village 10 km away from above client
 2. Repairing road for another village 15 km away in opposite direction
 3. Laying concrete road of 5 km. in nearby city

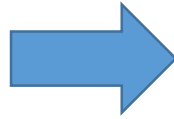
Are these

Projects?
Programs?
Portfolios?

What's the need to manage the Project Portfolio?

Goal

Objectives



- Lower redundancy
- Increased consistency
- Higher integrity
- Improved control
- Cost reduction

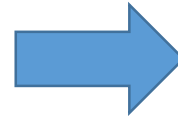
PPM Approach

Conventional and Transformational

Conventional

- Find duplication, redundancy
- Integrate as much as possible
- Standardization
-etc

Goal is to reduce effort and costs, make it more efficient

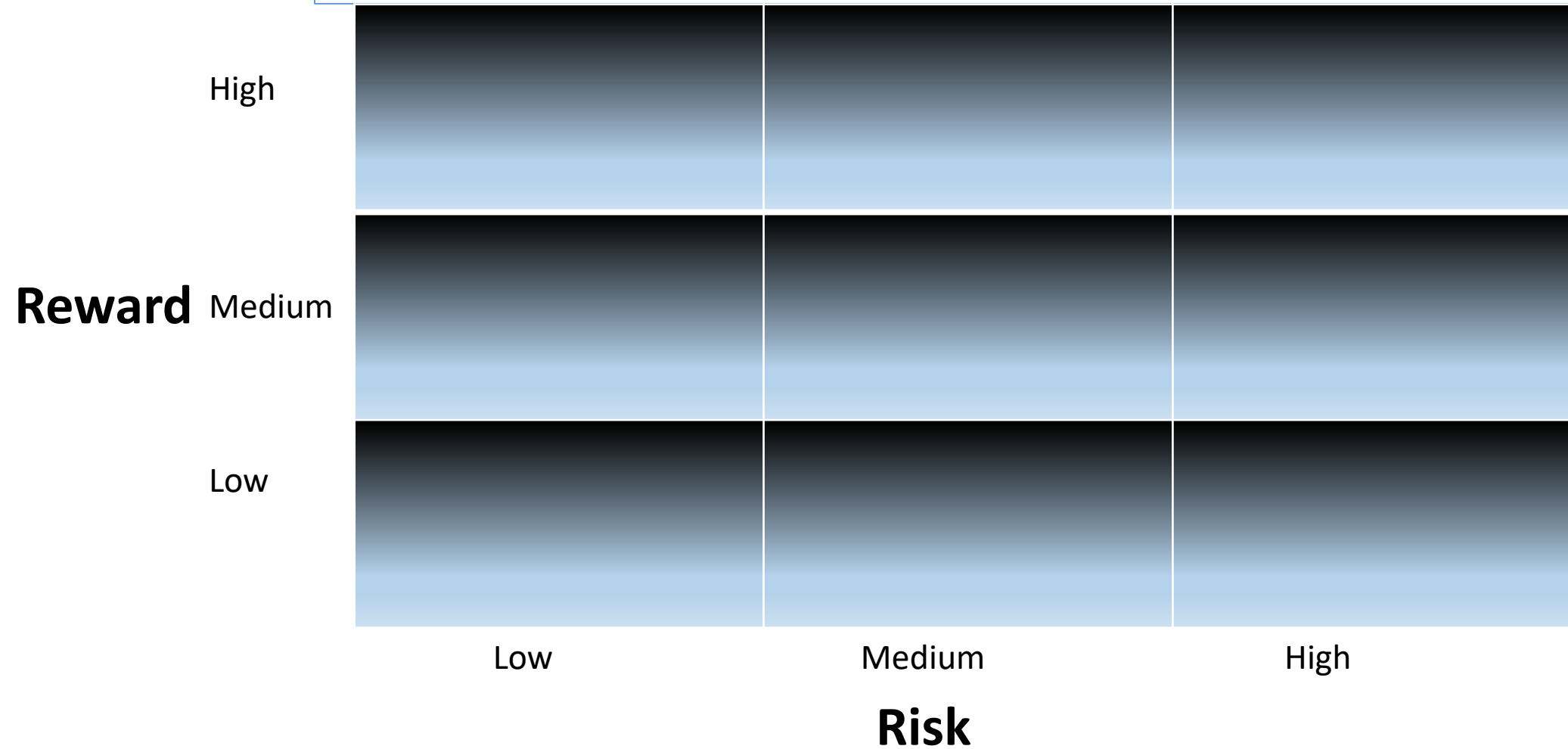


Transformational

- Identify Business Capability that Business wants to improve
- Find the projects that support required capability
- Rationalize keeping in view the business requirement

Goal is to focus on Value creation for Business

Project Portfolio - Risk Vs. Reward



Client Example - Service Portfolio Consider Management Perspective

- A service portfolio is a **strategic articulation** of an IT Department's purpose and value within the broader enterprise.
- It **itemizes and describes** IT's services and value propositions and provides the construct for any service-level agreements or chargeback.
- As such, it is targeted to the senior business leaders who ultimately fund the organization and are asking the questions, "**Am I getting good value for my money?**" and "**Can I do better elsewhere?**"

Source: Gartner, ITSM Fundamentals by Collen Young

Imp aspect of Portfolio Management requires review of all IT Projects

Goal and Objectives

- Reduce maintenance costs
 - Standardize – hardware, software
 - Minimize applications
 - Improve spending on transformational activities
 - Manage (effectively) IT resources
-
- As-Is -> To-Be state

The Portfolio Management characterizes itself as a process

- Portfolio mgmt is a continuous process
- It is NOT a one time event
- Needs to be regularly assessed and adjusted
- Portfolio mgmt is deployed in areas such as:
 - M&A situations
 - Cost management
 - Business process updations

M&A Scenario – An Overview

Stakeholders Roles

1. **Governing Body** (Executive Council) - Program/Project evaluation process formalization and monitoring/control
2. **Programs/Projects managers** – offer info that sells projects, emphasize importance
3. **Program managers & Divisional Management** - Evaluation criteria – basis to arrive at acceptance/rejection
4. **Divisional Management** - Decisions - approve, cancel, postpone projects

Assessment, Evaluation criteria and Decisions on Projects

- **Strategic fit** – determine how the portfolio meets strategic goals of organization
- **Risk** – assess risks, balance the high & low risk projects
- **Prioritization** – based on pre-determined criteria - examples
 - Business needs
 - Funding availability
 - Resource constraints
- **Run & Transform** - Decisions on programs and projects within programs
- **Method to reduce overall costs**
 - Consolidation of applications
 - Reuse of application available elsewhere
 - Reduction in resources
 - Standardization

Thanks