Lecture 3
3.Portfolio and Project Management Institute's Framework

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Outline

- Program Management
- Portfolio and Project Portfolio Management (PPM)
- Project Management Office
- Drivers of Project Success
- Inhibitors of Project Success

Program Management

- A group of Projects managed together in a coordinated way to obtain benefits not available from managing them individually.

- Program may include elements of related work outside of the scope of the discrete projects.

Program Management

Program Management involves:

- Schedule projects on master program plan

- Managing dependencies between the project

- Managing a high level program as a project itself, complete with all project management tasks of cost, risk, resource, communication, quality etc.

Program Management

In IT Projects:

- Managing large IT projects by broken into set of similar projects under a common program management scope.

- Managing enterprise IT architecture and ensuring its effective use in all projects.
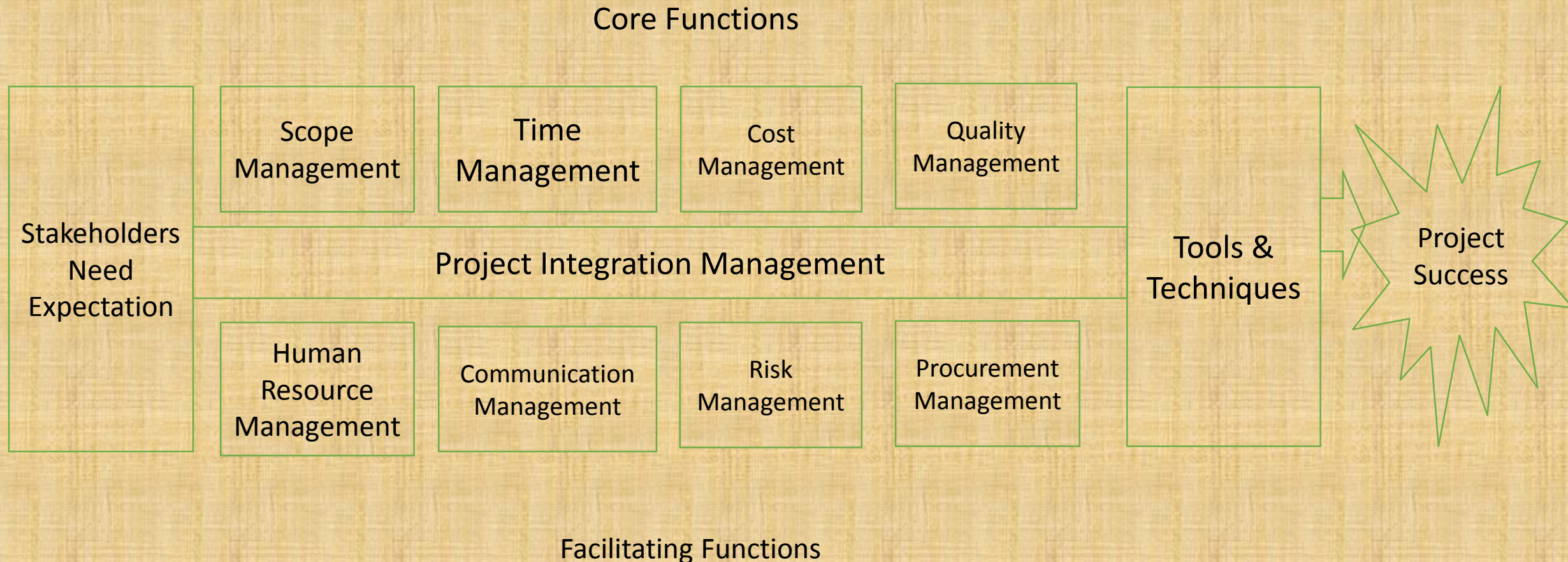
Portfolio

- Collection of Set of Alternatives
- A Collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet a strategic business requirement.

Portfolio

- PPM is a strategy that allows organizations to align their IT and application development projects, resources, and initiatives to corporate business objectives by developing and monitoring measures that treat IT assets as financial assets -- and to run as a project-oriented business.

- PPM enables integrated management of pipeline, scope, time, resource, skills, cost, procurement, communication, reporting and forecasting, and risk management functions.

Knowledge Areas of PMI Framework

Core Functions

Stakeholders Need Expectation

Scope Management

Time Management

Cost Management

Quality Management

Project Integration Management

Human Resource Management

Communication Management

Risk Management

Procurement Management

Tools & Techniques

Project Success

Facilitating Functions

Knowledge Areas of PMI Framework

- In essence, PPM allows you to manage a portfolio of projects much as you would manage a portfolio of diverse investments, such as stocks, bonds, real estate, and so forth.

- By maintaining a balanced portfolio, you can reduce the risks of individual projects and produce an overall higher rate of return.

- PPM allows executives and managers to proactively monitor their project portfolios for alignment with business objectives and planned costs and schedules. It also allows them to identify project risks and quickly address them.

Why Project Portfolio Management?

- *Lack of understanding among business managers about how IT can help achieve corporate goals; many regard IT as a necessary evil.*

- *In some organizations that recognize the importance of investing in IT to achieve corporate goals, IT projects often do not deliver enough value because they fail to align themselves with business objectives.*

- *Some IT organizations launch more projects than they can handle effectively; and they neglect to set project priorities based on business objectives.*

Why Project Portfolio Management?

- *IT decision makers in many organizations do not know how to analyze needs and focus resources on projects that would lead to better efficiency and cost savings.*

- *Some IT organizations launch more projects than they can handle effectively; and they neglect to set project priorities based on business objectives.*

- *IT decision makers in many organizations do not know how to analyze needs and focus resources on projects that would lead to better efficiency and cost savings.*

Key benefits of PPM

As with any new strategy, introducing PPM into an organization requires an investment of time and effort. However, this investment yields proven benefits:

- **Closer alignment of IT with business**: With an easily digestible, holistic view of their entire project portfolio, executives and managers can more readily understand where IT dollars are being spent and which projects continue to be worthwhile.

- **Better IT governance**: PPM helps managers monitor project progress in real time and provides detailed data to help satisfy Sarbanes Oxley Act compliance specifications.

Key benefits of PPM

- **Cost reductions and productivity increases**: PPM helps managers identify redundancies and allocate resources appropriately; it enables them to make better IT staffing and outsourcing decisions, and to spot opportunities for asset reuse.

- **Business-based decision making**: By viewing projects as they would view components of an investment portfolio, managers can make decisions based not only on projected costs, but also on anticipated risks and returns in relation to other projects/initiatives. This leads to improvements in customer service and greater client loyalty.

- **More predictable project outcomes**: A PPM strategy bridges the gap between business managers and the practitioners who deliver the projects; it ensures consistent processes across projects and helps managers assess project status in real-time, predict project outcomes, and identify inter-project dependencies.

Types of PPM Users

PPM is relevant for organizations with multiple projects and resources that require a formalized framework for tracking, allocating, and managing them effectively. When deployed, these capabilities can be utilized to fit two distinct audience sub-segments:

· **Execution-focused PPM users:** Manage the tactical details of project execution, with the reporting tools to communicate progress and expenditures back to business sponsors and executive management.

· **Project portfolio-level PPM users:** Create project-related decision frameworks, selecting specific projects based on those frameworks, planning the delivery of those projects or investments, tracking those investments at a high level, and reporting on those activities.

IT management role, specific challenges that PPM addresses

Role	Challenges
CFO/CIO/CTO	• Cope with reduced budgets and increased expectations. • Meet productivity goals consistently. • Align business goals and IT projects. • Use reliable measures to determine whether teams are really working on the "right" projects. • Put out fires and cut costs that prevent proactive planning.
Portfolio/ Program Manager	• Prioritize initiatives, resources, and assets across the project portfolio. • Assess and communicate portfolio status. • Ensure consistent processes across projects. • Enable reuse of assets and optimize key resources across projects.
Project Manager	• Align project management and application development processes. • Match up business team and technical team perspectives. • Predict project outcomes, assess project status, and identify inter-project dependencies. • Manage scope, planning, verification, and change management.
Team Members	• Understand project scope: priorities, requirements, dependencies, and traceability. • Monitor and report progress without sacrificing coding activities.

Project Management Office

- A Project Management Office (PMO) is a group or department within a business, agency or enterprise that defines and maintains standards for project management within the organization. The PMO strives to standardize and introduce economies of repetition in the execution of projects.

- PMO is established to create and maintain procedures and standards for project management methodologies to be used throughout the performing organization.

Project Management Office

- The PMO is the source of documentation, guidance and metrics on the practice of project management and execution. In some organizations this is known as the Program Management Office (sometimes abbreviated to PgMO to differentiate); the subtle difference is that program management relates to governing the management of several related projects.

- Standish CHAOS Report (2009), 68% of projects do not meet time/cost/scope targets. Only 32% of projects were completed on time, within budget and delivered measurable business and stakeholder benefits.

Project Management Office

- There are many reasons for such failures. As per a KPMG survey of 252 organizations, technology is not the most critical factor. Inadequate project management implementation constitutes 32% of project failures, lack of communication constitutes 20% and unfamiliarity with scope and complexity constitutes 17%. Accordingly 69% of project failures are due to lack and/or improper implementation of project management methodologies.

Types of PMO

- A PMO can be one of three types from an organizational exposure perspective:
  - Enterprise PMO,
  - Organizational (departmental) PMO,
  - Special–purpose PMO.

Some other types

- *Functional PO:*
  This type of PO is utilized in one functional area or division of an organization, such as information systems. The major responsibility of this type of PO is to manage a critical resource pool, that is, resource management. The PMO may or may not actually manage projects.

- *Corporate (or Strategic) PO:*
  This type of PO services the entire company and focuses on corporate and strategic issues rather than functional issues. If this type of PMO does management projects, it is for cost reduction efforts.

Some other types

- *Customer Group PO:*
  This type of PO is for better customer management and customer communications. Common customers or projects are clustered together for better management and customer relations. Multiple customer group POs can exist at the same time and may end up functioning as a temporary organization. In effect, this acts like a company within a company. This type of PMO will have a permanent project manager assigned and managing projects.

PMI

- The Project Management Institute (PMI) Program Management Office Community of Practice (CoP), views the PMO as a strategic driver for organizational excellence and seeks to enhance the practices of execution management, organizational governance, and strategic change leadership.

- As the largest community devoted to the PMO, with over 4,000 members globally, the PMO CoP is the central forum to collaborate, expand the knowledge base, and mature the PMO practice within their own organizations and the business community at large.

Functions of PMO

- Standardization in estimating
- Standardization in planning
- Standardization in scheduling
- Standardization in control
- Standardization in reporting
- Clarification of project management roles and responsibilities
- Preparation of archive data on lessons learned
- Continuous project management benchmarking

Functions of PMO

- Developing project management templates
- Developing a project management methodology
- Recommending and implementing changes and improvements to the existing   project management methodology
- Identifying project management standards
- Identifying best practices in project management
- Performing strategic planning for project management
- Establishing a project management problem-solving hotline

Functions of PMO

- Coordinating and/or conducting project management training programs
- Transferring knowledge through coaching and mentorship
- Developing a corporate resource capacity/utilization plan
- Assessing risks in projects
- Planning for disaster recovery in projects
- Performing or participating in the portfolio management of projects
- Acting as the guardian for project management intellectual property

Drivers of Project Success

Principal Success Drivers

- Top Management Support
  - Very Strong and Visual Commitment from top Management
  - CIO is always ready to help
- Clear Goals and Objectives
- Client Support
- Realistic Plan
- Appropriate Resources (4M; Man, Machine, Material, Money)
- Ownership

Drivers of Project Success

- Formal methodology
- Hard working, focused staff
- Standard and structured ICT support Infrastructure
- Effective Communication
- Experienced PM

Inhibitors of Project Success

Principal Inhibitors

- Poor Communication
- Lack of Leadership
- Unclear Expectations
- Poor Upfront Planning
- Inbuilt Negative Attitude Towards IT
- Changing Business Strategies

- Poor Top Management Support
- Conflicts of Objectives
- Inadequate Resource
- Financial Limitations
- Lack of Historical Data

References

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- http://en.wikipedia.org/wiki/Project_portfolio_management

- http://en.wikipedia.org/wiki/Project_management_office

Thank You

Isn't that simple?