PM CONSULTING

ProjExc Guidance Sheet: Using PORTFOLIO MANAGEMENT as an EARLY WARNING SYSTEM

Wishing you every success with your project(s).

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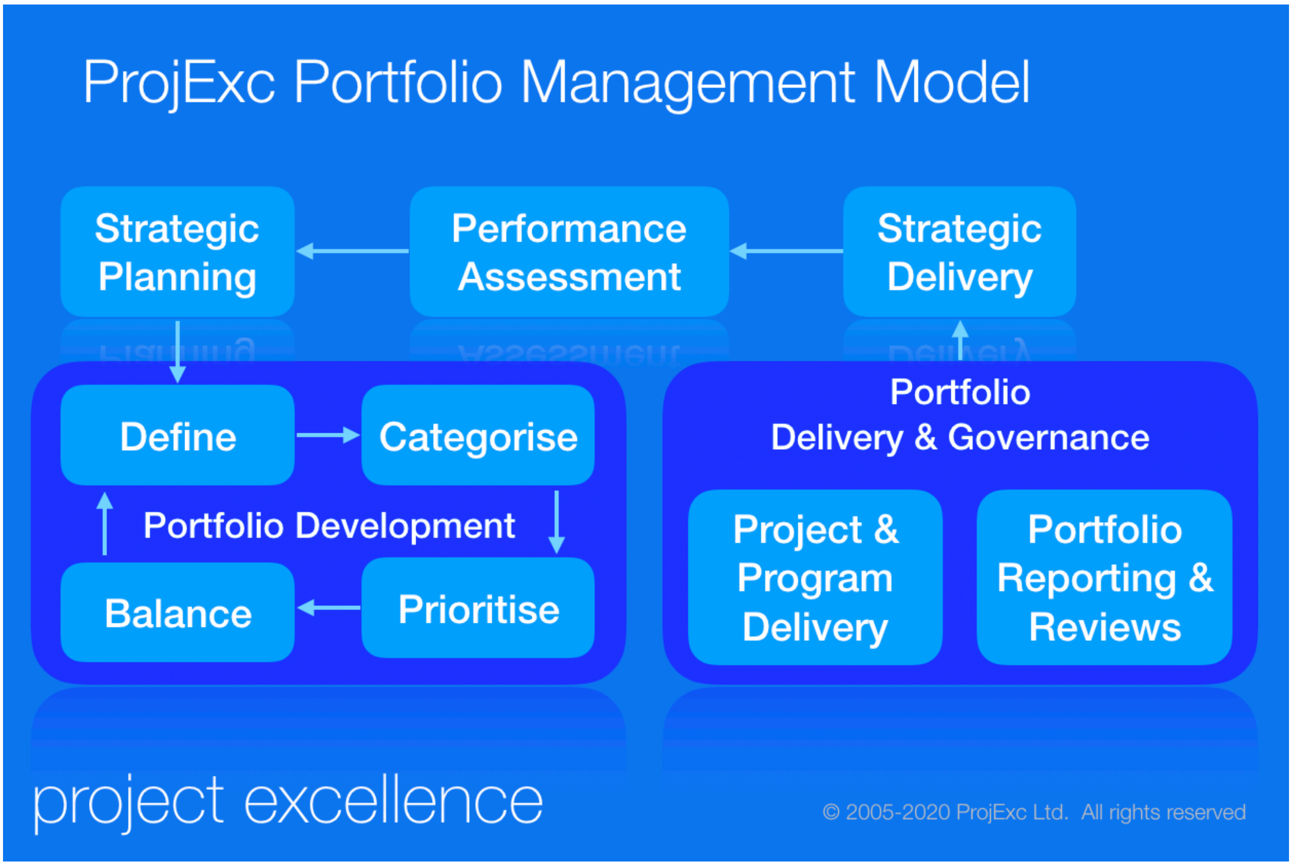
An important component of Portfolio Management, which is often either forgotten or not adequately considered, is regular independent snapshot reporting. Snapshot reporting can be an extremely effective early warning system for projects, programs and portfolios.

Portfolio Management

A portfolio is a group of projects and/or programs. Depending on the type of organisation, the portfolio may include any mix of internal change initiatives, new product development, and client delivery. Portfolio Management is a crucial mechanism in enabling an organisation to optimise the delivery of its strategic goals. It sees that the portfolio is managed in such a way as to select, prioritise and control delivery to meet strategic objectives while making the best use of organisational resources, maximising value, and doing so in the required timeframe.



Reporting Aggregation

Part of portfolio delivery control is reporting. An approach we recommend for this reporting is centred around portfolio snapshot reporting (PSR).

As well as consolidating and aggregating project status, the PSR will highlight performance. We advise clients to monitor leading (PM behaviours) and lagging (project outcome) KPIs as well as resource capacity and any business-specific metrics. When reporting on and monitoring KPIs, it is important to communicate measures used, targets, data source and frequency of data collection.

In addition, it is essential to capture in the PSR, at a headline level, various project status headlines including progress, short term targets, risks, issues, assumptions dependencies & interdependencies with other projects.

Frequency of PSR is important. Unless the average project length is 12 months or more, the recommended frequency would rarely be less than weekly, especially if the early warning is to be beneficial.

Portfolio Reviews

We all know that there is nothing more demoralising than producing reporting that isn't used. There are substantial developmental opportunities that come from regular project reviews. We therefore strongly recommend that the portfolio team hold regular snapshot reviews, and these are considered to be most potent and beneficial to PMs and sponsors when subject to self-challenge, peer reviews and an external perspective.

An Early Warning System

In utilising rhythmic portfolio snapshot reporting, organisations can benefit from timely identification of deviation from the plan. In turn, this allows timely intervention to either return to plan or agree on necessary change. For clarity, timely here can be read as "before it's too late".

In our experience, there is often a significant benefit for sponsors/executives in capturing and sharing exception highlight reports to sit alongside the PSR.

Top Tips

To maximise the return on investment from PSR, we recommend:

- Get into and stick to a regular (weekly) rhythm for reporting and reviews.
- Include all of the projects and programs in your portfolio in the PSR.
- Ensure senior executive or at the very least independent engagement with reviews, without exception. They should engage with the process, follow-up on the reviews and provide the necessary support for PMs. This will foster a culture of openness and visibility, and help create an environment where nasty surprises are not the norm