THE PRACTITIONER'S GUIDE TO

PROGRAM MANAGEMENT

SECOND EDITION

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EXECUTIVE SUMMARY

Imagine you are leading a massive initiative that could define the future of your organization. The stakes are high, and every decision matters. Yet, despite the weight of this responsibility, there is no clear roadmap. This scenario is all too common in program management, where success hinges on more than just good intentions—it requires a strategic, well-defined approach that is built upon mature program management practice.

Programs are essential to executing corporate strategies; however, their success depends on several critical factors: effective stakeholder engagement, robust program governance, skilled team management, a solid program management infrastructure, and adherence to a well-defined program management life cycle. When these elements are missing or inconsistently applied, program execution often fails. Knowledge gaps, inconsistencies in how program management is defined across industries, and the absence of a standardized approach are common pitfalls.

Despite the high stakes, comprehensive resources on program management are surprisingly scarce. That is where *The Practitioner's Guide to Program Management* by Irene Didinsky steps in to fill the gap. This first-of-its-kind book provides a systematic approach to program management, addressing the critical need for clear definitions and practical guidance.

In her comprehensive book, Irene breaks down the complexities of program management with detailed, real-world examples. Historically, program management has often relied on the experience and judgment of individual managers, with little formal structure or documentation. *The Practitioner's Guide to Program Management* changes that, offering a clear framework for program success.

As organizations pursue ambitious programs to achieve strategic goals, maximize benefits, and drive change, many questions arise: What distinguishes a program from a project? How can organizations effectively implement a program to ensure success? The book answers these questions and many more, covering all the essential components of program management, from aligning programs with corporate strategy to building the right program infrastructure.

In today's post-pandemic world, where agility and resilience are more critical than ever, program management is taking center stage. Organizations are navigating new challenges and opportunities, and the need for an adaptable, structured approach to strategy execution has

never been greater. The book addresses these modern realities, integrating the latest trends to help program managers stay ahead of the curve.

The Practitioner's Guide to Program Management is a robust, academic-style resource that offers actionable insights, tools, and techniques. Divided into two parts—strategic and tactical— the book covers everything from executing corporate strategy through programs to delivering them on time and within budget. With easy-to-follow chapters and helpful visuals, this guide empowers program managers to standardize practices and reduce inconsistencies, ensuring successful outcomes time and time again. This innovative approach is presented across eleven chapters:

Chapter One—*What Is Program Management?*—constructs a timeline depicting key milestones in the evolution of the program and project management industries. It analyzes the current state of the program management industry, identifying gaps that, if addressed, will ensure future industry growth. The chapter defines a program and compares it to a project and a portfolio, illustrating the roles each plays in executing organizational strategy. It also explains why organizations deploy and execute programs, emphasizing their importance in achieving strategic goals.

Chapter Two—*What Makes a Successful Program Manager?*—spotlights the program manager as a key driver of successful program execution. By setting up the program structure, leading project managers, and delivering program benefits, the program manager plays a crucial role. Therefore, it is essential to clearly define the program manager's role and identify the factors that contribute to their success. This chapter describes how organizational structure influences the role of a program manager. It introduces the concept of the program management continuum, which outlines four phases within project-oriented and program-oriented organizational structures. The chapter defines the program manager's role in each phase and illustrates how program infrastructure enables a program manager to lead effectively. Additionally, it introduces a proficiency framework that examines the skills and competencies required for a successful program manager. The chapter concludes with a comparative table outlining the roles of program, project, and portfolio managers.

Chapter Three—*Program Strategy Alignment*—provides an in-depth analysis of aligning program strategy with organizational strategy. It highlights the critical importance of this alignment and describes the elements that program managers and program sponsors create to ensure it throughout the program life cycle. These elements include the program business case, roadmap, environmental analysis, and phase gate reviews. During the definition phase, to ensure initial alignment with the organizational strategy, the program manager creates a business case and a roadmap. The program manager also conducts an environmental analysis, the results of which inform the business case and roadmap. During the benefits delivery phase, the program manager conducts phase gate reviews to ensure the program's continued alignment with the organizational strategy. This chapter provides a comprehensive understanding of the fundamental aspects of program management, the pivotal role of program managers, and the

importance of strategic alignment. By addressing these elements, organizations can enhance their ability to execute programs effectively and achieve their strategic objectives.

Chapter Four—*Program Benefits Realization and Management*—showcases benefits realization as one of the primary reasons organizations employ programs. This chapter provides an in-depth analysis of the program benefits realization domain. It defines a benefit and describes various types of benefits that programs can achieve. It clarifies the concepts of business value and business results, guiding readers to understand the distinction between the two through relevant, practical examples. By analyzing the program management continuum, the chapter demonstrates how benefits delivery increases as organizations shift toward a program-oriented approach. Additionally, it outlines a benefits management strategy that includes five phases: identification, analysis and planning, delivery, transition, and sustainment.

Chapter Five—*Stakeholder Engagement*—discusses how crucial it is to the success of a program to effectively manage stakeholder expectations, considering their varying levels of interest and involvement in the program. This chapter explores the stakeholder engagement domain, detailing how to engage and manage stakeholders effectively. It introduces a stakeholder map, a tool for managing stakeholders, and examines strategies for handling conflicting stakeholder priorities.

Chapter Six—*Program Governance and Team Management*—uses the program management continuum to define the program governance domain and demonstrate how organizational structure impacts program governance. It outlines the roles within the program governance structure and shows how these roles collaborate in a program team. The chapter identifies main functional areas within a program team, detailing roles and responsibilities in each area. And it explains how a program manager builds, leads, and off-boards a program team.

Chapter Seven—*Program Life-Cycle Management*—defines the program life-cycle domain and outlines a detailed approach to program execution through the program life cycle. The program life cycle includes three phases: definition, benefits delivery, and closure. The definition phase aims to expand the business case and strategic plan objectives, fully defining expected program outcomes. The benefits delivery phase focuses on integrating and managing program components to deliver the intended benefits. The closure phase involves executing a controlled closure of the program.

Chapter Eight—*Program Management Infrastructure*—explores how a program manager leverages procurement to achieve program benefits. It covers essential infrastructure elements, including systems and tools necessary for effective program management. The chapter guides readers on building and maintaining a program management plan, a foundational document that ensures alignment with organizational strategy and supports the timely, on-budget delivery of program benefits. It discusses tools for monitoring and evaluating program progress, identifies potential risks, and examines risk management and escalation strategies. The chapter concludes with a detailed overview of the program change process, quality control, and

communication protocols. Designed as a practical resource, the chapter functions as a desktop manual, offering numerous templates and tools for program management.

Chapter Nine—*Effective Program Management*—emphasizes the program manager's responsibility for overseeing program execution across the entire life cycle to ensure timely, on-budget delivery of benefits and efficient resource management. It provides a detailed look at the activities and tools essential for delivering a program on schedule and within budget. Topics include program financial management, covering budgeting, forecasting, and cost tracking, with examples and step-by-step guidance on building financial management tables. The chapter concludes with a discussion on effective resource management, including forecasting, estimating, and tracking resources throughout each phase of the program. The chapter functions as a practical desktop manual, offering a range of financial and resource management tools and templates for program managers.

Chapter Ten—*Future of Program Management*—delves into the future of the program management industry, analyzing its current state, key challenges, and opportunities for growth and improvement. The program management industry is experiencing rapid growth, driven by technological advancements, project complexity, and demand for skilled professionals. Program management is now crucial for coordinating projects to achieve strategic goals. Despite this growth, challenges like skill gaps, limited technology adoption, and insufficient focus on benefits realization and stakeholder engagement remain. Key trends include a push for strategic alignment, adoption of agile methodologies, and enhanced risk management. Technologies like AI and digital tools are improving decision making, though adoption is still limited. As remote work and global collaboration grow, communication and cultural competence are increasingly vital. Bridging skill gaps, fostering innovation, and emphasizing sustainability will be essential for the industry's continued success.

Chapter Eleven—*Program Management Community of Practice*—emphasises that understanding the organizational environment is crucial for program managers, as it directly influences the program management framework and defines their role within it. To maximize effectiveness and business impact, program managers should actively shape and influence a program management structure that aligns with organizational goals. In the post-COVID-19 virtual landscape, building meaningful connections and fostering a collaborative, knowledge-sharing culture have become essential to the success of programs and projects. A key enabler of this is the Program Management Community of Practice (PgM CoP), which serves as a platform for assessing the current state, driving process improvements, and facilitating knowledge exchange. This chapter explores the substantial value that communities of practice bring to both organizations and program managers, detailing their foundation, structure, and operational dynamics.

This book serves as a much-needed practitioner's guide to program management and provides a foundation for program management training classes. Above all, it contributes to the

standardization of the program management industry, offering practical tools and insights for effective program execution. With its blend of theory, real-world examples, and actionable strategies, this guide empowers program managers to navigate complex challenges confidently, drive meaningful results, and elevate the impact of their work. Whether you are a seasoned professional or new to the field, this book is an essential resource for achieving excellence in program management.

ABOUT THE AUTHOR

Irene Didinsky, PMP, MBA, began her career in finance but quickly discovered a passion for project and program management. Over the years, she has excelled in roles of increasing complexity and responsibility across diverse industries. Irene has successfully managed projects with budgets ranging from $500,000 to $20 million and led global cross-functional teams of up to 50 members. Known for her exceptional problem-solving abilities, she leverages data analytics to identify opportunities, create value, and guide strategic decision making. Her expertise encompasses leadership, conflict resolution, strategic planning, change management, and effective communication.

Irene has contributed her talents to leading organizations, including Deloitte & Touche and Kaiser Permanente. She currently serves at Sodexo, where she plays a pivotal role in managing the NorAm Tech & Services (T&S) value creation infrastructure and project portfolio. Collaborating closely with T&S executive leaders, she works to align and enhance operational initiatives that drive profitable growth for regional segments. Recognizing the need to foster program management expertise, Irene has founded and led Program Management Communities of Practice in several organizations, providing a platform for knowledge sharing and professional development.

Irene's passion for advancing program management extends to her writing. She authored *The Practitioner's Guide to Program Management*, an international bestseller published by PMI in both English and Mandarin in 2017. The challenges posed by the COVID-19 pandemic inspired her to expand the book's scope to address globalization, virtual collaboration, emerging project management tools, and AI. This effort culminated in the successful publication of the second edition in collaboration with J. Ross Publishing, Inc.

Irene holds a Bachelor of Science in Engineering from the Ural State Polytechnic University in Russia and an MBA from the University of Chicago Booth School of Management. She is also a certified project management professional (PMP).

In her personal life, Irene applies her program management expertise to orchestrating her sons' school and sports activities and planning international family adventures. An avid outdoor enthusiast, she enjoys sailing, scuba diving, tennis, hiking, and mountain climbing. A passionate traveler, Irene has explored 45 countries across all seven continents, embracing diverse cultures and experiences along the way.

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Downloads for *The Practitioner's Guide to Program Management, Second Edition,* include Microsoft Project files and presentations on the future of project management.

1

WHAT IS PROGRAM MANAGEMENT?

This chapter constructs a timeline depicting key milestones in the evolution of the program and project management industries. It analyzes the current state of the program management industry, identifying gaps that, if addressed, will ensure future industry growth. This chapter defines a program and compares it to a project and a portfolio, illustrating the roles each plays in executing organizational strategy. It also explains why organizations deploy and execute programs, emphasizing their importance in achieving strategic goals.

This chapter includes the following sections:

- Program Management Industry History and Current State
- Program, Project, and Portfolio Definitions
- Why Organizations Deploy Programs
- Program Management Performance Domains
- Program Life Cycle

PROGRAM MANAGEMENT INDUSTRY HISTORY AND CURRENT STATE

To ensure the organization successfully and effectively employs program management, it is important to understand both the history and current state of the program management industry. Program management is closely intertwined with project management, influencing and being influenced by its developments. Therefore, to comprehend the evolution of the program management industry, we will construct a timeline highlighting key milestones in both the program and project management industries. Additionally, we will analyze the current state of the program management industry and identify gaps that, when addressed, will ensure future growth.

Program management concepts began to take shape in the 1940s within the U.S. military. The Manhattan Project, responsible for developing the atomic bomb, was one of the first to implement program management principles. However, it wasn't until the 1980s that some commercial companies began adopting these concepts and tools in their operations.

Project management as a formal discipline began to take shape in the 1950s and 1960s when organizations started applying formalized approaches, tools, and techniques. However, some forms of project management have been practiced for thousands of years, dating back to monumental constructions like the Egyptian pyramids and the Great Wall of China.

Figure 1.1 illustrates the timeline of key milestones in the evolution of the program and project management industries. To build this timeline, the author relied on a combination of well-established knowledge and resources commonly referenced in the field, including knowledge of historical construction projects such as the Egyptian pyramids and the Great Wall of China, widely recognized projects such as the Manhattan Project and the Apollo Program, and general trends and advances reported by consulting firms like McKinsey & Company and Gartner.

Figure 1.1 Key milestones in the evolution of program and project management.

- *1950s: Introduction of modern project management*

    1. Development of the program evaluation review technique (PERT) by the U.S. Navy for the Polaris missile project
    2. Introduction of the critical path method (CPM) by DuPont

- *1960s: Formation of professional bodies*

    3. Establishment of the Project Management Institute (PMI) in 1969

- *1970s: Formalization of project management techniques*

    4. Publication of PMI's *A Guide to the Project Management Body of Knowledge* (*PMBOK® Guide*)
    5. Introduction of earned value management (EVM) for performance measurement

- *1980s: Adoption of computer-based tools*

    6. Widespread use of project management software such as Microsoft Project
    7. Emergence of methodologies like PRINCE2 (PRojects IN Controlled Environments)

- *1990s: Expansion and globalization*

    8. ISO 10006: Guidelines for quality management in projects
    9. Introduction of agile methodologies, such as scrum and XP (extreme programming)

- *2000s: Integration and specialization*

    10. Recognition of program and portfolio management as distinct disciplines
    11. Establishment of certifications like PMI's PgMP (Program Management Professional) and PfMP (Portfolio Management Professional)

- *2010s: Digital transformation*

  12. Rise of cloud-based project management tools (e.g., Asana, Trello)
  13. Integration of AI (artificial intelligence) and machine learning in program and project management software
  14. Focus on hybrid methodologies combining agile and traditional approaches

- *2020s: Remote work and advanced technologies*

  15. Increased emphasis on remote and distributed project teams due to the COVID-19 pandemic
  16. Increased reliance on collaboration platforms such as Zoom, Microsoft Teams, and Slack
  17. Growing importance of sustainability and social responsibility in project management
  18. Enhanced use of data analytics, blockchain, and other advanced technologies in managing programs and projects

- *2021: Emphasis on agile and hybrid methodologies*

  19. Continued integration of agile principles with traditional program and project management techniques
  20. Popularization of hybrid project management methodologies to adapt to varying program and project needs

- *2022: Advances in AI and automation*

  21. Enhanced use of AI for predictive analytics, along with program and project forecasting
  22. Automation of routine program and project management tasks, thereby improving efficiency and reducing manual errors

- *2023: Focus on sustainability and ESG (Environmental, Social, and Governance) issues*

  23. Growing importance of incorporating sustainability practices in program and project management
  24. Increased emphasis on programs and projects that align with ESG criteria, reflecting global trends toward environmental and social responsibility

- *2024: Integration of blockchain and advanced technologies*

  25. Exploration of blockchain technology for improving transparency and security in program and project management
  26. Utilization of advanced data analytics to drive decision making and optimize program and project outcomes

These recent milestones highlight the continued evolution of the program and project management industries, driven by technological advancements, shifts in work environments, and an increased emphasis on sustainability and social impact.

The key milestones in the timeline presented earlier introduced several important terms, which are defined here:

- *PMI* is an international organization that advances the professional field of project management. It does this by setting standards, providing certified education and development, and conducting research and professional conferencing.
- The *Project Management Professional* (*PMP*) is the most important industry-recognized certification for project managers.[1]
- The *Program Management Professional* (*PgMP*) is a visible sign of your advanced experience and skill and gives you a distinct advantage in employment and promotion.[2]
- *A Guide to the Project Management Body of Knowledge* (*PMBOK® Guide*) is a set of standard terminology and guidelines (a body of knowledge) for project management.
- *The Standards for Program Management* is the first document that provided a detailed understanding of program management, defined a standardized approach, and outlined methodologies to execute programs.

While both program and project management have evolved since their inception, the program management field has developed at a slower pace compared to project management. Consequently, there has been significantly more research focused on project management than on program management.

A program management industry expert stated that he had not seen much research on trends in program management industry. Also, even in the research on project management, he noted that there is confusion between *project* management and *program* management due to unclear and inconsistent definitions being used by many organizations.[3]

In the following section, we will examine the current state of the program management industry and compare it with the project management industry across key areas, including industry growth, strategic alignment, and standardization.

Program Management Industry Growth

While program management is practiced in the United States, it is not as widespread as project management, which enjoys broader recognition and global adoption. In 2023, there were approximately 973,600 project management specialists in the United States, with employment projected to grow by 7% from 2023 to 2033—faster than the average for all other occupations. This increase translates to about 77,000 openings per year due to growth and the need to replace workers.[4]

The program management industry is also expanding and creating demand for more jobs, but its growth has been slower compared to the project management industry. While specific data on program management job growth is limited, the project management industry has seen significant growth over the past decade. By 2027, global demand for project management roles is expected to reach nearly 88 million, highlighting the sector's rapid expansion.[5]

Investments in training and development also highlight this disparity. According to PMI, 41% of organizations emphasize training in project management, whereas only 18% focus on training for program management. This gap underscores the broader adoption of project management skills compared to program management skills.[6]

The adoption of project management software continues to grow rapidly, with the market expected to reach $15.08 billion by 2030, driven by a compound annual growth rate of 10.68% from 2022 to 2030. This growth is fueled by several factors, including the increasing adoption of cloud-based solutions, the need for enhanced collaboration and communication tools, and the rising demand for real-time project tracking and monitoring.

Thanks to their variety and availability, project management tools are widely used to boost efficiency and foster collaboration. However, the scarcity of specialized tools for program management has led many organizations to rely on project management tools as a substitute. This lack of dedicated program management tools contributes to their limited adoption, as program managers adapt existing project management solutions to meet broader, strategic needs.

While program management has seen some growth and recognition, it lags behind project management regarding adoption, training, and global visibility. This gap is reflected in the scarcity of detailed statistics and research focused on program management, further emphasizing the need for greater awareness and standardization within the field.

Program Strategy Alignment

Aligning program strategy with organizational goals is essential to ensure that programs directly support and advance organizational strategic objectives. When aligned with organizational strategy, programs act as powerful tools for translating high-level goals into actionable initiatives, ensuring resources are optimally utilized. This alignment helps organizations maintain focus, achieve intended business outcomes, and deliver anticipated benefits. Research shows that organizations with strong alignment between their programs and strategy are more successful in executing their goals, reducing wasted efforts, and improving efficiency.[7] Additionally, aligning programs with organizational strategy helps bridge the gap between strategy formulation and execution, ensuring that programs are continuously adjusted to meet evolving organizational priorities. Without proper alignment, programs risk delivering outputs that may not contribute to long-term objectives, undermining the strategic value they are designed to generate.

However, only a limited number of organizations report high alignment between programs, projects, and organizational strategy. According to PMI, only 43% of organizations report high alignment of projects with their organizational strategy, while 47% report medium alignment and 10% report low alignment.[8]

Currently, there is no comprehensive statistical data available on the percentage of organizations that report alignment of programs with organizational strategy. While various reports, such as PMI's *Pulse of the Profession*, provide detailed insights on project alignment with organizational strategy, the same level of research and data collection has not been consistently applied to program management. This lack of specific statistics makes it difficult to quantify how successful organizations are at aligning their programs with their strategic goals. However, it can be inferred that similar challenges exist, given the complexity of managing larger, multi-project initiatives. The absence of such data highlights a gap in the understanding of program management practices and their strategic effectiveness.

Program Management Industry Standardization

The program management industry has not yet reached the same level of standardization as the project management industry, leading to significant variations in definitions, methodologies, and tools across organizations and industries. Many organizations create their own approaches to program management, often adapting project management practices due to the limited availability of dedicated frameworks and resources specifically designed for program management. This contributes to the broad discrepancies in standards and practices within the field.

PMI has been instrumental in advancing standardization efforts for both project and program management. However, program management standardization began later. PMI released *The Standard for Program Management* in 2007, nearly a decade after publishing the *PMBOK® Guide*, a key reference in project management. PMI also introduced the PgMP certification in 2007, 23 years after the launch of the PMP certification in 1984.[9] As of June 2024, approximately 6,000 professionals held the PgMP certification, compared to over 1.5 million PMP-certified professionals globally. This gap highlights the slower recognition and adoption of program management standards.[10]

PMI's efforts in building local chapters and communities of practice have historically focused on project management, offering project managers a more extensive support network. In contrast, program management professionals have less access to formalized platforms for knowledge sharing and professional development. This disparity highlights the need for further standardization in program management to support its growth and consistency across industries.

While program management continues to expand, there is a pressing need for greater standardization of definitions, methodologies, and tools. Such standardization would promote wider adoption and enhance the effectiveness of program management across diverse sectors.

PROGRAM, PROJECT, AND PORTFOLIO DEFINITIONS

Many organizations still struggle to distinguish program management from project management. Research confirms that program management definitions vary significantly among companies and industries. Often, program management is defined as the management of multiple projects that have common funding and stakeholders. As program management definitions vary, so do program management approaches, methodologies, and tools. In this section, we will define a program, a project, and a portfolio using trusted resources.

A *program* is a group of related projects, subprojects, and operational management activities being managed in a coordinated way to obtain benefits not available by managing them individually.[11] Examples of programs include developing a new product, implementing a process improvement effort, modernizing business, and ensuring regulatory compliance. Some well-known global programs across different sectors include the NASA Artemis Program, the Microsoft Azure Cloud Migration Program, and the United Nations Sustainable Development Goals Program.

Programs include individual projects and subprograms. A *subprogram* is a program that includes individual projects and is managed as part of another program. Programs also include elements of related work outside the scope of the discrete projects in the program, called *Program Operational Management*. Any part of the program described earlier, including subprograms, projects, and program operational management activities, can be referred to as a program *component*.

A *project* is a temporary endeavor undertaken to create a unique product, service, or result. The temporary nature of the project indicates that a project has a definite beginning and end.[12] Examples of projects include improving a specific process, developing a product or a process, implementing a change, and implementing a new industry standard or regulatory requirement. Amid multiple examples of well-known projects are the Panama Canal expansion, the Burj Khalifa skyscraper construction, and the Sydney Opera House construction.

A key difference between a program and a project is that programs have a strategic focus. Programs are designed to align with organizational strategy and ensure organizational benefits are recognized.[13] We will discuss program strategy alignment in detail in Chapter 3.

Using the program and project definitions previously provided, we can depict the program structure as seen in Figure 1.2.

We can illustrate the structure of a program using a process improvement initiative called the *Call Centers Excellence Initiative*. This program aims to achieve the highest quality in call response and the fastest response time.

The program includes the *Service Optimization Subprogram*, which consists of two primary projects:

1. *Project Quality Enhance:* Focuses on improving call response quality.
2. *Project Rapid Response:* Aims at reducing call response time.

Additionally, the program encompasses *operational management activities* such as:

- Setting up the program infrastructure
- Managing program costs and risks
- Overseeing the integration and links between program components
- Coordinating resources across the program

By managing related projects within a program, the organization gains the synergy needed for coordinated efforts, enabling more impactful results than if the projects were managed separately. Specific to the Call Centers Excellence Initiative, the program delivers several strategic benefits that directly improve the call centers' overall performance. These include enhancing customer satisfaction through improved response times, increasing operational efficiency by streamlining processes, and reducing costs by optimizing resource allocation.

Program benefits are realized incrementally, allowing for continuous improvement as each call center completes its enhancements. For example, as each call center reaches its quality and response-time targets, the program generates measurable benefits in customer satisfaction and
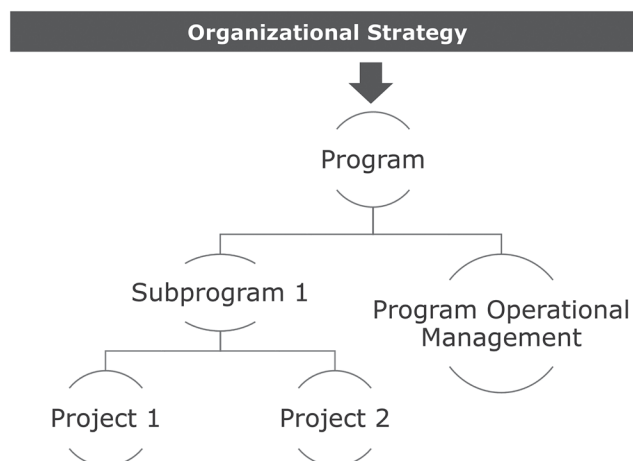

Figure 1.2   Program structure.

operational performance. This phased approach allows for ongoing optimization, ensuring the program consistently adds value throughout its life cycle.

A *portfolio* is a collection of projects, programs, sub-portfolios, and portfolio operational management activities grouped together to facilitate the effective management of work to meet strategic business objectives.[14] It is important to note that the projects and programs within the portfolio are not always directly related; however, they are linked to the organizational strategic plan using the organizational portfolio. Examples of portfolios include process improvement, strategic initiatives, government programs, and market strategy portfolios. Among many examples of famous portfolios are Microsoft's Portfolio of Products and Services, Tesla's Sustainable Energy Portfolio, and Apple's Product Innovation Portfolio.

Organizational strategy is the critical force that drives portfolio, program, and project management. And the organizational strategy is the key element that links all three together. However, each of the three—portfolio, program, and project—contributes to the organizational strategy execution in a unique way:

- Portfolio selects the right programs and projects, prioritizing the work and providing resources
- Program controls interdependencies between subprograms and projects
- Project executes specific scope

Using previously mentioned definitions, we can depict portfolio structure as shown in Figure 1.3.

To successfully manage a program, it is important to clearly understand the difference between portfolio, program, and project management. Table 1.1 compares a portfolio, a program, and a project across key dimensions.
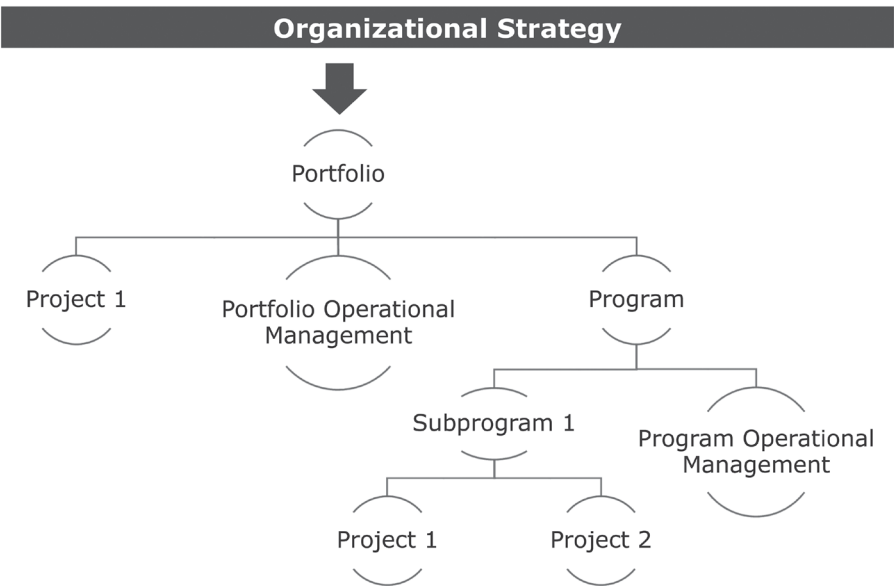

Figure 1.3 Portfolio structure.

Table 1.1 Portfolio, program, and project management comparison across key dimensions within the organization.

	Portfolio	Program	Project
Definition	A portfolio is a collection of projects, programs, sub-portfolios, and portfolio operational management activities grouped together to facilitate the effective management of work to meet strategic business objectives.	A program is a group of related projects, subprojects, and program operational management activities that are coordinated in a way to obtain benefits not available by managing them individually.	A project is a temporary endeavor undertaken to create a unique product, service, or result.
Scope	The portfolio scope reflects the organizational scope and adapts as the organization's strategic objectives evolve.	The program scope is broad and may evolve with the organization's expected benefits.	The project scope is specific and may be progressively refined throughout the project life cycle. The project is guided by clearly defined objectives.
Benefits	The portfolio realizes strategic business objectives.	The program delivers significant benefits.	The project delivers specific benefits.
Focus	The portfolio focuses on grouping work to enable effective management and alignment with strategic business objectives.	The program emphasizes achieving business objectives, delivering value, and managing benefits.	The project concentrates on executing a series of tasks aimed at delivering specific outcomes and defined deliverables.
Change	The portfolio manager continually monitors changes in the broad environment.	The program manager anticipates, embraces, and implements changes.	The project manager keeps changes to a minimum.
Planning	The portfolio manager establishes and maintains essential processes and communication regarding the entire portfolio.	The program manager develops the overarching program plan and creates high-level plans to guide detailed planning at the components level.	The project manager progressively refines high-level information into detailed plans throughout the project life cycle.
Management	The portfolio manager oversees the portfolio management team, as well as program and project management staff, who may have reporting responsibilities within the overall portfolio.	The program manager oversees the program team and leads project managers.	The project manager oversees the project team, ensuring the delivery of project objectives.

Continued

Table 1.1 *Continued*

	Portfolio	**Program**	**Project**
Monitoring	The portfolio manager monitors strategic shifts, resource allocation, performance outcomes, and portfolio risks.	The program manager tracks the progress of program components, ensuring timely delivery, adherence to budget, and realization of program benefits.	The project manager oversees the work that produces the specific products, services, or results the project is designed to deliver.
Success	Portfolio success is measured by the overall investment performance and the realization of portfolio-wide benefits.	Program success is evaluated based on how well it meets the intended needs and delivers the expected benefits. It is also assessed by return on investment (ROI), the creation of new capabilities, and effective benefits delivery.	Project success is determined by the delivery of products that meet specifications, project quality, customer satisfaction, and the ability to deliver on time and within budget.

Table 1.1 introduces the term *return on investment* (ROI), which is a benefit to an investor resulting from an investment of resources.[15] ROI is usually expressed in percentage and is calculated using the following formula:

$$ROI = \left(\frac{Net\ Profit}{Cost\ of\ Investment} \right) * 100\%$$

WHY ORGANIZATIONS DEPLOY PROGRAMS

Organizations implement programs to execute their strategy and realize benefits. Programs serve as a bridge between strategy and execution, enabling organizations to achieve their strategic objectives. In this section, we will explore how to align programs with organizational strategy and define program benefits management.

Program Strategy Alignment

Many organizations underestimate the value that program management brings. Every strategic initiative is, at its core, a project or a program, and all strategic changes are executed through these vehicles. Therefore, aligning programs with organizational strategy is essential for success. According to PMI's *Pulse of the Profession 2023*, organizations that invest in project management waste 28 times less money because their strategic initiatives are completed more successfully.[16]

Organizations achieve alignment by establishing program management offices (PgMOs), engaging executive sponsors, and aligning talent management with strategic goals. However,

many programs and projects still suffer from a lack of alignment with organizational strategy. In fact, fewer than half of organizations report strong alignment between projects and strategy.[17] While specific data on program alignment is limited, similar challenges are likely to exist in this domain.

Program Benefits Realization

Benefits realization is a cornerstone of program management, focusing on delivering the expected business outcomes. Organizations that recognize the value of program management foster a culture of change and strategic goal achievement. When programs and projects fail, profits suffer because strategic goals are not met. Program management integrates efforts across diverse business functions—such as marketing, engineering, manufacturing, and finance—providing a framework for collaboration toward common business outcomes, despite differences in focus and terminology. When effectively implemented, program management facilitates the execution of business strategies through coordinated efforts, increasing the likelihood of achieving intended business results.[18] Program benefits realization will be discussed in more detail in Chapter 4.

PROGRAM MANAGEMENT PERFORMANCE DOMAINS

In the previous section, we defined program, project, and portfolio management and examined their interrelationships within an organization. We also compared these management approaches across key organizational dimensions. In this section, we will explore program management in a broader organizational context and explain how to effectively execute a program by defining and applying program management performance domains.

Program management performance domains are complementary groupings of related activities, concerns, or functions that define and distinguish each domain from others within the scope of program management. Program managers work across multiple performance domains throughout all phases of program management (see Figure 1.4). The five key program management performance domains are:

- Program strategy alignment
- Program benefits realization
- Program stakeholder engagement
- Program governance
- Program life-cycle management

The following definitions describe each of the performance domains:

- *Program strategy alignment* identifies opportunities and benefits to achieve the organization's strategic objectives through program implementation.
- *Program benefits realization* defines, creates, maximizes, delivers, and sustains the benefits provided by the program.
- *Program stakeholder engagement* captures and understands stakeholder needs, desires, and expectations; analyzes the impact of the program on stakeholders; gains and maintains stakeholder support; manages stakeholder communications; and mitigates stakeholder resistance.
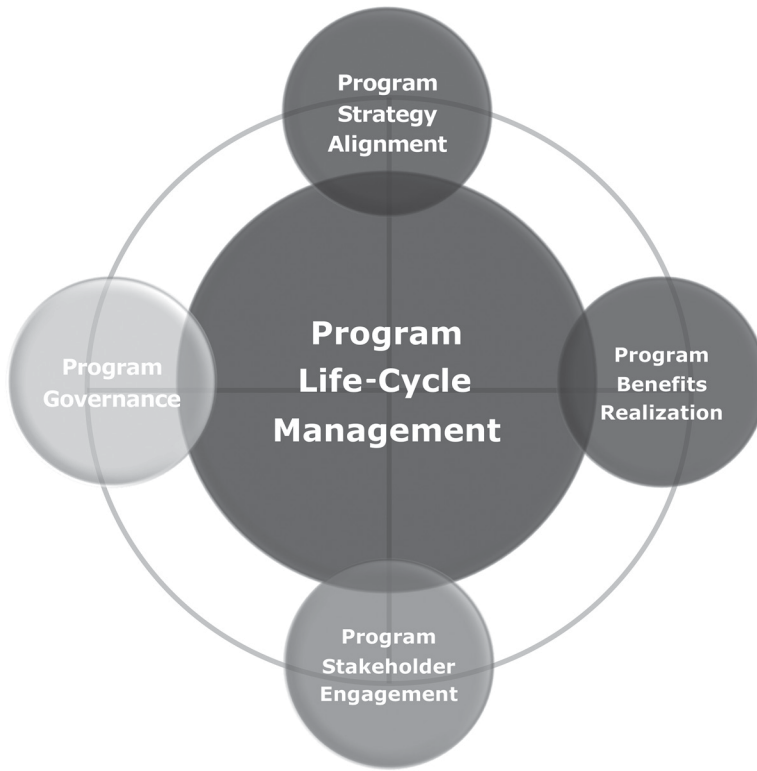
Figure 1.4 Program management performance domains.

- *Program governance* establishes processes and procedures for maintaining program management oversight and decision-making support for applicable policies and practices throughout the course of the program.
- *Program life-cycle management* oversees all program activities related to program definition, program benefit delivery, and program closure.[19]

These performance domains function concurrently throughout the entire program life cycle. Every program requires engagement in all five domains, though the level of activity within each domain is influenced by the program's nature and complexity. The work within each domain is iterative, with tasks revisited and refined as needed. Program managers and their teams actively operate across all five domains, and their efforts in these areas are essential for effective and efficient program execution.

PROGRAM LIFE CYCLE

Programs are initiated to deliver benefits that create business value and achieve expected outcomes. A program is led by a sponsor who authorizes funding and designates a program manager to oversee its execution. The program manager integrates and manages subprograms, projects, and operational activities to ensure cohesive progress toward the program's goals. To

deliver program benefits effectively, the program manager follows three key phases: definition, benefits delivery, and closure—collectively known as the *program life cycle*:

- The *program definition phase* is the initial stage of the life cycle. In this phase, the sponsor approves funding and appoints a program manager, who then expands on the business case, strategic objectives, and expected outcomes of the program.
- The *program benefits delivery phase* is the second iterative stage. Here, the program manager plans, coordinates, and manages program components to ensure that the anticipated benefits are delivered on time.
- *The program closure phase* is the final stage, where the program manager ensures the controlled and orderly closure of the program, confirming that all objectives are met and benefits are realized.

Figure 1.5 illustrates the phases of the program life cycle, which are discussed in further detail in Chapter 7.

Figure 1.5   Program life cycle.

Throughout the program life cycle, the program manager plays a crucial role, coordinating resources, managing interdependencies, and overseeing costs and risks. Their responsibilities and focus evolve across each phase, requiring varied oversight and actions to meet the specific objectives of each stage.

NOTES

1. Project Management Institute at https://www.pmi.org/certifications/project-management-pmp.
2. Project Management Institute at https://www.pmi.org/certifications/program-management-pgmp.
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7. PMI's *Pulse of the Profession*, "Success Rates Rise Transforming the High Cost of Low Performance," 9th Global Project Management Survey, Project Management Institute, 2017.

8. PMI's *Pulse of the Profession*, "Success in Disruptive Times, Expanding the Value Delivery Landscape to Address the High Cost of Low Performance," 10th Global Project Management Survey, Project Management Institute, 2018.

9. PMI's *Pulse of the Profession 2023*, "Power Skills, Redefining Project Success," 14th Edition, Project Management Institute, 2023.

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11. *The Standard for Program Management,* Fifth Edition, Project Management Institute, 2024.

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