

Operations Forecasting And Planning Process

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&Company Project Management Office Processes Operations Forecasting and Planning Process

Operations Forecasting and Planning Process Document History

Document Location

Revision History

Date of this release: 12/1/02	Date of next release: TBD
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Revision Number	Revision Date	Summary of Changes	Changes Marked
1.0	12/1/02	Initial Version 1.0	Not Applicable

Related Documents:



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1.0 Introduction

This is the initial publication of the “Operations Forecasting and Planning Process” of the Project Management Office (PMO) for &Company.

1.1 Purpose

This publication is provided to ensure the general understanding of the “Operations Forecasting and Planning Reporting” processes of &Company. This document is provided to facilitate that understanding.

The purpose of the “Operations Forecasting and Planning Process” is to effectively manage project data from an enterprise level within the &Company organization. These processes have been developed as replicable to other organizations within &Company. The ultimate goal of the “Operations Forecasting and Planning Reporting” processes are to raise delivery visibility sufficiently to cause the continuous improvement of project delivery speed that results in shorter delivery intervals without increasing organizational budget to do so. As this is achieved across the organization development portfolio of projects, then this should result in higher customer satisfaction, increased trust with &COMPANY internal customers, and more positive impact to the &COMPANY bottom line.

1.2 Scope

This procedure applies to all projects. A project is defined as “a temporary endeavor undertaken to create a unique product or service” by the Project Management Institute (PMI).

The Portfolio Management Processes begin with the publication of the “Project Portfolio” where all progress for projects in a portfolio of projects is reported for a period of measured time.

The procedure monitors ongoing project progress where all projects have been force-ranked into order of importance. The Project Portfolio always reflects recent throughput (progress of project delivery). Projects that are force-ranked within the Portfolio are assessed with project prioritization that measures the expected benefit of the delivered project against strategic initiatives of the funding organization. These processes are typically repeated monthly, however, frequency is dependent upon the need of the internal &COMPANY customer and assessed by the &COMPANY PMO.



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Objective

The objectives of the Portfolio Management Processes are:

- Measure throughput progress.
- Identify projects with bottlenecks in development delivery so that management can be planned and applied.
- Ensure projects that are most important to the funding customer are prioritized correctly and worked in order of importance.
- Ensure resources are assigned to the most important projects awaiting resources.
- Increase customer satisfaction by delivering more completed projects in a fiscal year than was expected.
- Enable the Project Management Methodology to be monitored for continued improvement within &COMPANY.

Description

1.3 Overall Procedure

1. All labor and project plan data posted to the EPM Tool Project Repository prior to commencing the Project Portfolio Report generation.
2. Project Repository view is enabled to reflect projects that are known to be within the fiscal year boundaries of the report. This report view will list all projects with same data fields per project row.
3. Repository view is validated as meeting completeness criteria before beginning the creation of a flat file.
4. Build a flat file to use as input into Microsoft Project Portfolio Template.
5. Open a new file in Microsoft Project Template and label this as Portmdd.mpp. This naming convention will ensure that the Project Portfolio will remain sequenced within the read-only directory access on server site for &COMPANY PMO customers.
6. Map Project Repository flat file into the Microsoft Project template file that has been created.
7. Validate data mapping for completeness. Review for gaps.
8. Validate data field headings for correctness.
9. Align Portfolio Report indentation to reflect correct Program/Project versus Open/Closed/Pended project relationships.
10. Validate actual dollar rollups for Program, Group, and Aggregate data levels for correctness.



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11. Review report headings to ensure title and dates are correct for this version and modify as required.
12. Submit to Portfolio Manager in &COMPANY PMO for approval to distribute to server.
13. Upon receipt of approval to distribute, place report file on server location and mark it read-only for usage.
14. Send email to Project Portfolio Report customer community that report has been stored on server for their review.
15. Report is produced monthly at the beginning of the first week of the subsequent month.

1.4 Entrance Criteria for Projects to be included into “Operations Forecasting and Planning Reporting” Report

1. Project specific labor into EPM Tool Repository.
2. Project specific updated work plan into EPM Tool Repository.
3. Knowledge that the project is to be included into report. This is determined by Project Administration Supervisor with as needed approval from the &COMPANY PMO Portfolio Manager.
4. Project Administration completed posting into EPM Tool Repository.
5. Microsoft Project 98 Project Portfolio Template.

1.5 Exit Criteria

1. Microsoft Project 98 **Operations Forecasting and Planning** Report for specific reporting period.
2. &COMPANY PMO Portfolio Manager approval.
3. Server storage for Operations Forecasting and Planning Report.

2.0 Roles and Responsibilities

The following summarizes the roles and responsibilities as defined within the context of executing this procedure.



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- 2.1 &COMPANY PMO EPM Tool Administrator:** Manages the collection of project data on behalf of the organization. These data are then organized into various reporting components that support the Portfolio Management reports.
- 2.2 Project Managers:** These are resources assigned to complete specific projects. They are responsible for reporting status and work progress in terms of budget utilized and work completed on a regular cyclical basis to the &COMPANY PMO.
- 2.3 &COMPANY Governance Board:** The purpose of the team is to review the project information from the most current "Operations Forecasting and Planning Reporting" Report. The primary objective of this body is to determine a position on current portfolio progress and the current order (force-rank) of project business.

3.0 Input Elements

EPM Tool Project Record:

- Project Code
- Project Name
- Duration
- Force Rank
- Plan Start
- Finish
- Actual Start
- Actual Finish
- Business Unit
- Strategic Objective
- I/T Project Manager
- Project Sponsor
- Budget Costs
- Actual Costs (amount to date)
- Project Status Report (most recent)
- Project Schedule (most recent)



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4.0 Work Products

■ Executive Summary:

The purpose of this document is to provide a synopsis of the reporting period relative to planned/unplanned project delivery acceleration opportunities and/or project delivery threats. In addition, an assessment of previous reporting forecasts is given identifying the net difference in previous forecasts as a measure of confidence and predictability of these same forecasts. Usually one or two pages are sufficient for this information. This is typically a Microsoft Word document.

■ Scorecard:

The purpose of this document is to report summary portfolio metrics that best reflect the current status of fiscal year work progress.

An Example:

Projects in Trouble	1
Projects at Caution	15
Projects on Schedule	104
Projects Closed	25
New Projects Last 30 Days	5
Resources Tracking Work	565
New Resources	15
Project Portfolio Budgeted \$\$\$	25.6
Project Portfolio Actual \$\$\$	20.1

■ Project Portfolio Report:

The purpose of this report is to review the tactical progress of the aggregate project inventory against tactical and strategic expectations of the organization so that further opportunities can be taken and/or project threats can be avoided before they become realized. The primary objective of this report is to measure the current throughput rate and understand project bottlenecks in fiscal and time-sensitive terms so that more work can be delivered within the fiscal year time period.

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The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period (weekly cutoff after each Friday, end of day). The document is provided: first to the I/T Project Management Community for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct order.

This report has two reporting components. The first reporting component reflects current project health for projects listed as “Red/In Trouble” or “Yellow/At Caution”. The source for this information is the EPM Tool Executive view of project summary status.

The second reporting component is the Microsoft Project report of projects. In this component, two reports are produced. The first report utilizes the “Task Sheet” view to list all the input elements for each project. In the “Task Sheet” view, project data are organized into “Active,” “Pending,” and “Closed/Completed” project categories as of the beginning of the fiscal year period. Each project category group is summarized at the fiscal level (if data is available) with final summation at the highest summary level in the report. The second report utilizes the “Gantt” view sorted ascending by “Finish Date” of each project. The resulting report will produce a Gantt Report is appears in a “Waterfall” fashion.

■ **Resource Portfolio Report:**

The purpose of this document is to review the tactical progress of the aggregate resource inventory against tactical and strategic expectations of the organization so that further opportunities can be taken and/or resource threats can be avoided before they become realized. The primary objective of this report is to measure the current resource utilization rate and understand resource bottlenecks.

The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY PMO; and secondly to the &COMPANY CIO and direct reports so that they are informed as to current resource progress status.

Currently, the report is produced utilizing Microsoft Project.



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■ **Strategic Objectives Portfolio Report:**

The purpose of this document is to review the tactical progress of the aggregate project inventory against tactical and strategic objective expectations of the organization so that further opportunities can be taken and/or project threats can be avoided before they impact the achievement of a specific strategic objective. The primary objective of this report is to measure the current project throughput rate against plan as it relates to a specific strategic objective and so as to understand potential strategic objective bottlenecks.

The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY PMO for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board through the Strategic Planning Group to revalidate the force-ranking of projects to ensure project work is working in the correct order.

■ **Portfolio Metrics:**

The purpose of this section is to measure current &COMPANY project delivery progress against the initial Fiscal Year Work Plan of strategic project investments. The following metrics are recalculated each reporting cycle to reflect this progress.

1. **Net Portfolio Value** – Total Budgeted Portfolio dollars to date – Total Actual Portfolio Dollars to date. If the difference is > 20% of Total Budgeted Portfolio dollars to date, then opportunity is likely to exist to reallocate some initiative monies to other project work now to improve throughput.

Assuming \$25.6M budgeted to date (from project portfolio) and \$20.1M reported actuals reported by the PMO yields a positive difference of \$5.5M. Thus $5.5 / 25.6$ yields 21.48%. Using the 20% safety factor, and given that 20% of 25.6 is 5.12, the Net Portfolio Value at this reporting period is \$380,000. ($5.5 - 5.12$).

2. **Aggregate Portfolio Budgeted Value** – Total Budgeted Portfolio dollars expected at completion of fiscal year.

If more or less project funding is expected by fiscal year end, for project work in the current fiscal year, then that amount of estimated monies (+/-) is included in the final fiscal year forecast of the project portfolio. Thus, if \$5M more is expected in the fiscal year, then the Aggregate Portfolio Budgeted Value would be \$30.6M.



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3. **Aggregate Portfolio Actual Value** – Total Actual Portfolio dollars expected at completion of fiscal year.

Using best available delivery information, this is a forecast of what monies are expected to be spent to deliver projects listed in the project portfolio for the current fiscal year. Thus, if \$3M additional project labor and expenses are forecasted in the fiscal year, the Aggregate Portfolio Value would be \$23.1M.

4. **Current Portfolio Threat** – The amount of unplanned budget expected to be spent. Normally from projects that are off schedule.

Using best available project delivery information, this is an aggregated forecast of required monies to complete project deliveries where these monies were not part of the fiscal year expenditure plan. Thus if \$3M was required to complete work on 5 projects, then the Current Portfolio Threat would be \$3M to the current fiscal year work plan.

5. **Portfolio Confidence** – In accordance with the definitions for Red, Yellow, and Green as an indicator of project status, this is the summation of all initiatives in the Portfolio compared to the Aggregate Portfolio Budget Value.

In a \$25.6M project portfolio fiscal year budget, if 80% or more of the portfolio budgeted value is stated in a “Green” status then the Portfolio Confidence is “Green” overall. If 60%-79% is “Green,” then the Portfolio Confidence is “Yellow”. Less than 60% or more than 100% is “Red” Status. As project delivery capabilities improve among project teams, the baselines can be adjusted to reflect tighter controls resulting in improved Portfolio Confidence.

6. **Most Critical Portfolio Initiative** – The initiative that most influences the opportunity to do more unplanned work, in fiscal year if accelerated.

In review of the project portfolio inter-project dependencies, the project that has the most successor-dependent projects associated with it and measured by the greatest sum of project money from the successor projects at risk is identified as the most critical portfolio initiative. Thus it becomes critically important to the business that this initiative be achieved, cancelled, or placed on hold in a manner that enables continued project delivery progress of the successor projects. In this report, the initiative that appears to be the most critical is the Compass Billing project.



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7. **Business Unit Summary Investment Value** – This is the fiscal summation of initiative investments for the fiscal year for all projects tracked in the project portfolio by business unit.

As reported by the PMO, this is a summarized tactical reporting of project budgets and actuals by business unit.

Business Unit	# of Projects	Budget	Actuals
Business Unit #1	5	\$5M	\$4.5M
Business Unit #2	4	\$4M	\$3.2M
Enterprise	4	\$8M	\$7.8M
Business Unit #3	3	\$2M	\$1.8M
Human Resources	1	\$.5M	\$.4M
Sales and Marketing	3	\$2.5M	\$2.3M
I/T	75	\$16M	\$15.5M
Legal	4	\$1.5M	\$1.2M

8. **Aggregate Strategic Objective Portfolio Budgeted Value \$\$\$** – Total Budgeted Strategic Objectives Portfolio dollars planned to be spent at completion of fiscal year.

Improve Profitability	\$9.5M
Improve Market Share	\$8M
Improve Customer Service	\$7M
Infrastructure	\$6.1M
Total	\$30.6M

9. **Aggregate Strategic Objectives Portfolio Actual Value \$\$\$** – Total Actual Strategic Objectives Portfolio dollars expected spent to date by end of fiscal year based on project tactical estimates.

Improve Profitability	\$8.5M
Improve Market Share	\$7M
Improve Customer Service	\$6M
Infrastructure	\$5.1M
Total	\$26.6M



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10. **Net Strategic Objectives Portfolio Value \$\$\$** – Aggregate Strategic Objectives Portfolio Budgeted Value \$\$\$ – Aggregate Strategic Objectives Portfolio Actual Value \$\$\$. This metric indicates how much money is at risk (positive or negative) in the remaining fiscal year by Strategic Objectives.

Improve Profitability	\$1M
Improve Market Share	\$1M
Improve Customer Service	\$1M
Infrastructure	\$1M
Total	\$5M

\$30.6M - \$26.6M = \$5M available

11. **Current Strategic Objectives Portfolio Opportunity** – Assumes a 20% margin of safety. The difference between the Net Strategic Objectives Portfolio Value (+/-) and the 20% of the Aggregate Strategic Objectives Portfolio Actual Value \$\$\$ or Aggregate Strategic Objectives Portfolio Budgeted Value \$\$\$, whichever is the highest.

20% of \$30.6M is \$6.12M. Current projected monies are \$5M. \$5M is less than \$6.12M, thus no opportunity exists at this time to safely reallocate project monies from a Strategic Objective to another.

12. **Current Strategic Objectives Portfolio Threat** – The amount of unplanned project budget expected to be spent. Normally from projects that are off schedule.

If \$5M is added to the available project portfolio budget to cover unplanned project delivery costs for the remaining portion of the fiscal year, then \$5M is the measure of the fiscal year spending plan threat.

13. **Strategic Objectives Portfolio Confidence** – In accordance with the definitions for Red, Yellow, and Green of project delivery related to Strategic Objectives development, the summation of costs for all initiatives in the Strategic Objectives Portfolio compared to the Aggregate Strategic Objectives Portfolio Budget Value \$\$\$. If the result is less than or equal to the Aggregate Strategic Objectives Portfolio Actual Value, then the confidence is “Green.” If the result is greater than the Aggregate Strategic Objectives Portfolio Actual Value but less than 110% of the Aggregate Strategic Objectives Portfolio Actual Value then the confidence is “Yellow.” If the result is greater than 110% of the Aggregate Strategic Objectives Portfolio Actual Value or less than 90% of Aggregate Strategic Objectives Portfolio Actual Value, then the confidence is “Red.”



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In this metric that is based on current tactical information from project schedules and project status reports, the question that is asked is “How confident is the business that it will achieve all the expected project goals of the strategic objectives for the fiscal year?”

Thus if the approved “Aggregate Strategic Objectives Portfolio Budget Value” is \$30.6M for the fiscal year and the “Aggregated Strategic Objectives Portfolio Actual Value” is \$25.6M, then the Strategic Objectives Portfolio Confidence is “Green.” Therefore, $\$25.6M / 30.6M = 83.7\%$ of expected expenditures for the fiscal year.

14. **Most Critical Strategic Objectives Portfolio Project** – The project that most influences the Strategic Objectives Portfolio to do more unplanned work, in fiscal year if project work is accelerated. Identifies best acceleration opportunity.

The objective of this metric is to identify the strategic objective that is at the greatest risk (positive or negative) for the current fiscal year and the based on those project(s) that are creating the risk.

In this example, let’s assume the project most influencing this risk would be Compass Billing because of its inter-relationship to other projects in the Compass Program. The Compass Program is primarily supporting the “Improve Market Share” Strategic Objective. Failure to complete the Compass Billing project in the expected timeframe may lead to delays in achieving the expected business benefit for the following fiscal year, resulting in loss revenue opportunity to collect customer monies as was planned.

The &COMPANY PMO produces the revised calculations after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY PMO for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct order.

■ **At-A-Glance Report:**

The purpose of this document is to provide a one-page perspective of all “Active” project work relative to their strategic order of importance (force-rank) with respect to the current project health status (Red, Yellow, Green).

This particular report is very useful for the Executive Steering Committees whenever a project force-ranking is required to realign strategic project order with shifting Enterprise Strategic Objectives.



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The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY Project Management community for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct strategic order.

This report is produced with Microsoft Excel.

■ **Forecast Plan for 30/60/90 Days:**

The purpose of this document is to forecast the tactical project delivery risk for all initiatives listed in the project portfolio report. This information is culled from the project level of data in the EPM Tool Repository based on best available project schedule information at reporting time.

Projects scheduled for delivery completion for the next 30/60/90 days are listed and if known project delivery acceleration opportunities or project delivery threats are present, these are listed with a synopsis of plausible actions and expected outcomes.

This particular report places a strong emphasis on projects listing all known inter-project dependencies.

The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY Project Management community for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct order.

■ **Project Manager Report:**

The purpose of this document is to review project delivery assignments by project manager relative to project status (Red, Yellow, Green).

Projects are listed alphabetically by Project Manager to facilitate the analysis perspective. Projects that listed as Red or Yellow may require supporting variance explanations.



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■ **Issue Management Report:**

The purpose of this document is to state the top 10 portfolio project issues as listed within the EPM Tool Repository.

The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY Project Management community for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct order.

■ **Risk Management Report:**

The purpose of this document is to state the top 10 portfolio project risks as listed within the EPM Tool Repository.

The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY Project Management community for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct order.

■ **Initiatives by Business Units Report:**

The purpose of this document is to review the tactical project progress of the project portfolio by business unit sponsor. The primary objective of this report is to measure the current project delivery throughput rate and understand project bottlenecks that may present project portfolio delivery opportunities or threats to specific business units.



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The &COMPANY PMO produces this document after posting of all project data has been completed for the selected reporting period. The document is provided: first to the &COMPANY Project Management community for their review and updating purposes for the next reporting; secondly to the &COMPANY CIO and direct reports so that they are informed as to current progress status; and thirdly to the GOVERNANCE Board to revalidate the force-ranking of projects to ensure project work is working in the correct order.

5.0 Tool Utilization

■ **Portfolio Management Reports:**

These reports are produced for various organization review boards to understand current project progress (throughput rate). The &COMPANY PMO produces this report.

■ **External Tool Interfaces:**

The Portfolio Management Reports will be produced utilizing the following external tools:

1. EPM Tool
2. Microsoft Project
3. Microsoft Excel
4. Microsoft Word

Wherever possible, external tools that collect project data into a single repository are preferred choices. The tool that currently best fits this requirement is the EPM Tool.

