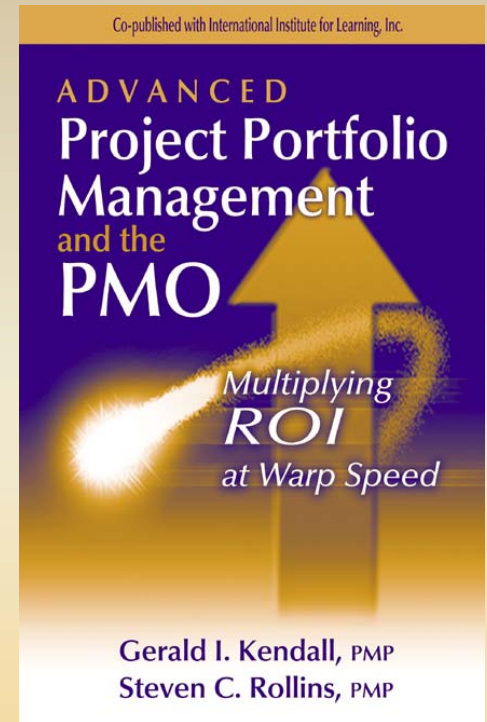


ADVANCED PROJECT PORTFOLIO MANAGEMENT AND THE PMO

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Growing Your Business Through The Project Management Office

Increasing throughput rate

Strengthening the weakest link

Reducing the program delivery interval



Achieving higher customer satisfaction

Identifying the bottlenecks

Becoming the service provider of choice

Complex Decisions at Multiple Levels

Is our project portfolio aligned with the business needs?

Are we meeting our commitments?

What will be the impact if we miss our next milestone?

What program do we do first?

Are we at risk of not achieving our fiscal year strategic initiatives?

Can we take on this project?
How long will it take?
What will it cost?

Is there an opportunity to finish early? Does the business unit know this?

What is the #1 project in the department?

What if Sally moves to another project?

If only we had more budget and resources to do the work!



Who is this guy?

Typical Value Points of the Project Management Office

- Enabling Project Managers to apply PM skills to recognized project delivery acceleration opportunities and potential delivery threats with applicable tools and processes
- Improved down-range delivery vision of projects for accountable project managers inter/intra project
- Project Portfolio Stakeholder info-center
- Project tactical mentoring of Project Managers
- Assisting with improving Resource Utilization
- Operations Planning and Forecasting
- Portfolio Governance Board Administration

Typical Roles of the Project Management Office

- Portfolio Management Support
- Information Repository – Ensure Data Integrity
- Project Rescues
- Project Management Mentoring
- Project Prioritization Management
- Resource Management/Portability
- Operations Planning and Forecasting

Typical Roles of the Project Management Office

- e-Commerce Project Information Management
- Project Management Processes and Methodology
- Training in Program/Project Management
- Project Accounting and Financial Analysis
- Project Document Library/Knowledge Management
- PMI/PMP or Company-Specific PM Certification
- Project Assessments

Typical PMO Deliverables

- Monthly Progress Reporting – Operations Forecasting and Planning
- Project Management Tools and their consistent availability
- PM Framework support
- Project Management Help Desk support
- Project Management Concept Training
- Project data delivery integrity
- Troubled Project “Rescues”
- Prioritization Processes
- Portfolio Management
- Communication on delivery status to key stakeholders

A “Likely” PMO Fiscal Year Mission

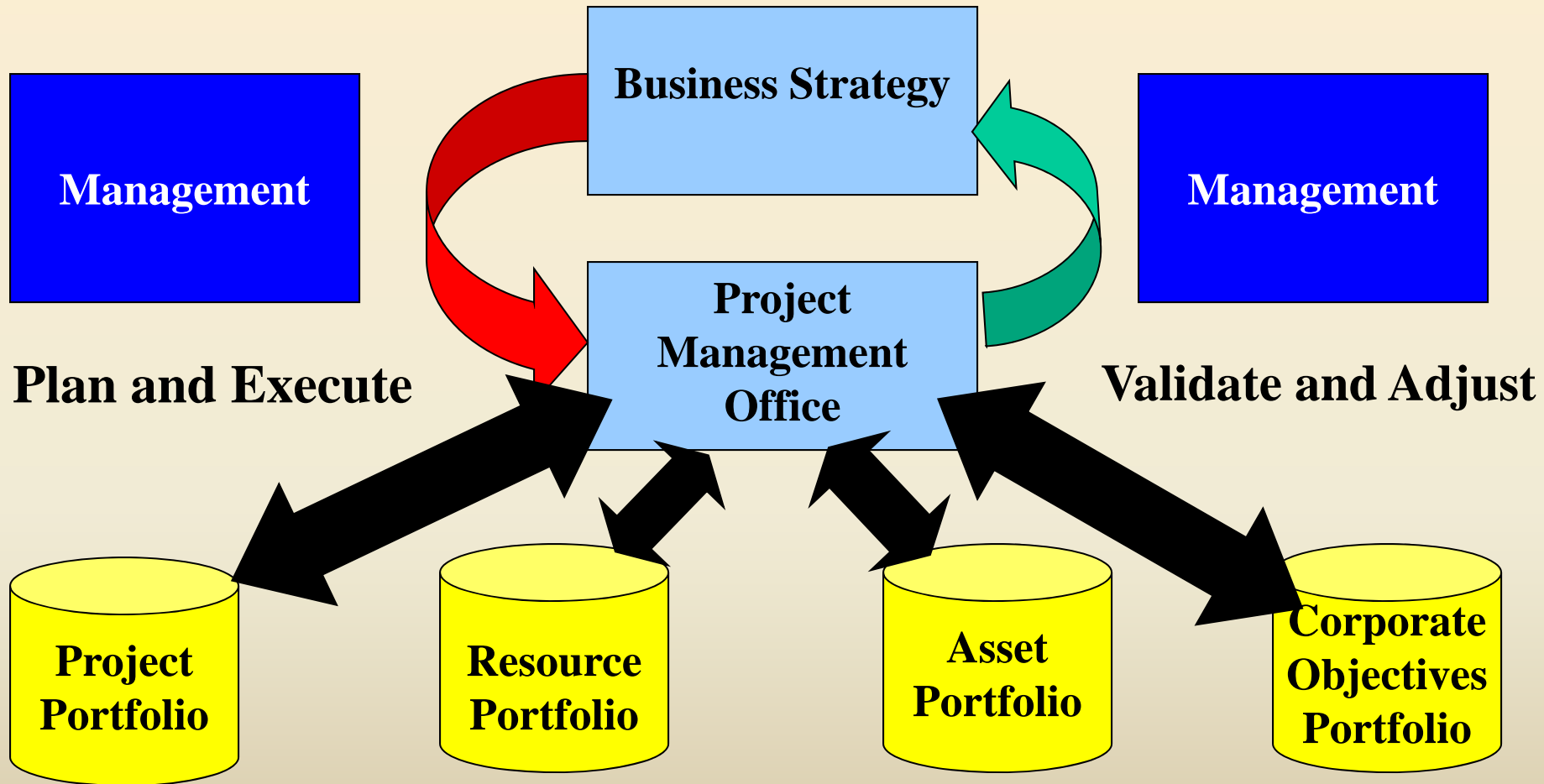
- Support the tactical mission of the business each fiscal year through the application of project management rigor and discipline to all funded strategic and/or tactical projects
- Report and reflect on progress of the fiscal year work plan of projects regarding delivery acceleration opportunities and/or delivery threats for projects, resources, assets and corporate objectives
- Provide tactical mentoring support to project teams in the application of project management rigor and discipline

A “Likely” PMO Fiscal Year Mission

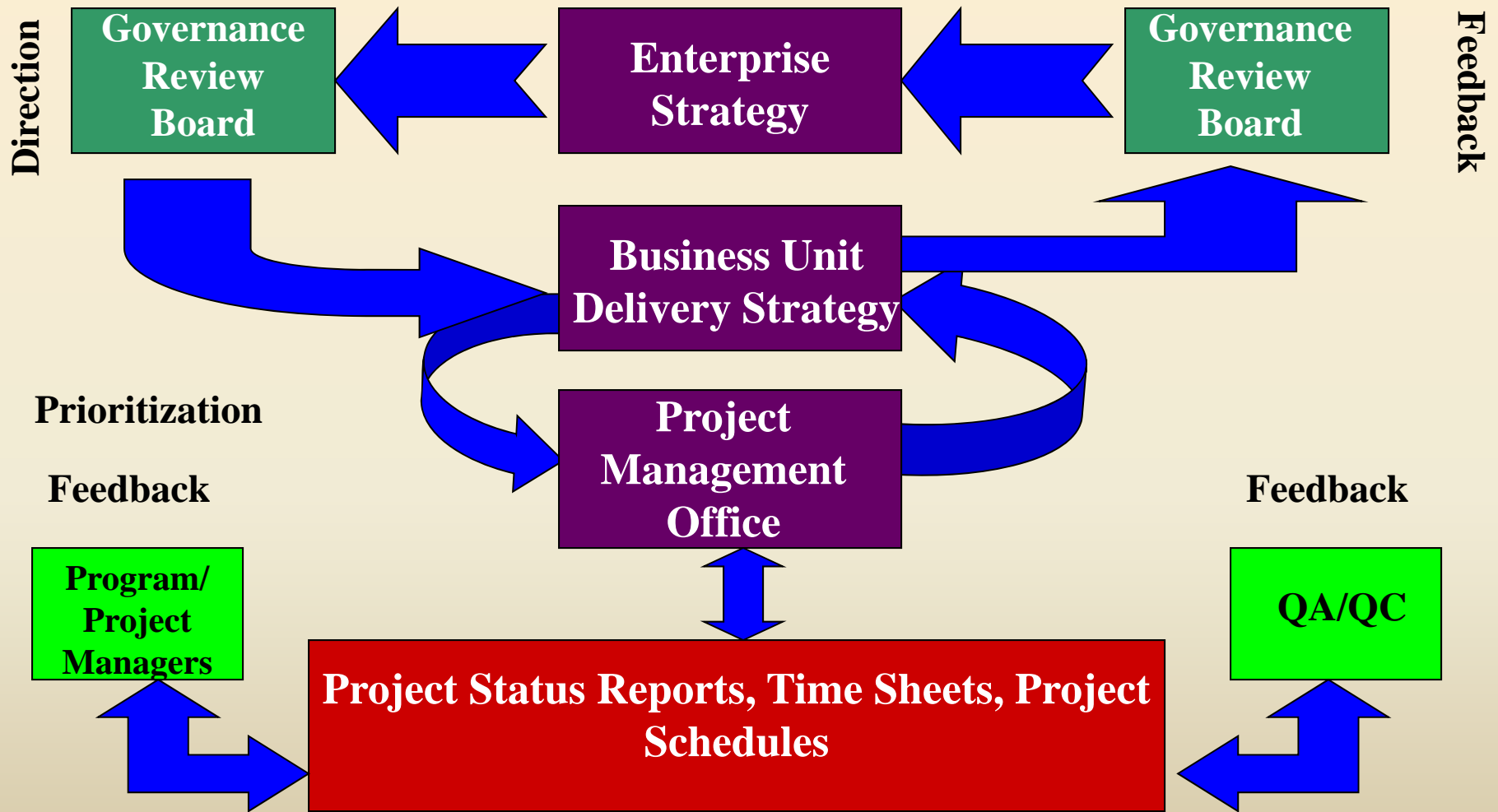
- Identify additional fiscal monies to do more project work without necessarily adding more fiscal year budget
- Provide sufficient standards in project management methodology rigor and discipline to the business community
- Provide sufficient project management tools and training to the business community
- Become a center of project management excellence for business support particularly in “troubled projects”

Total Portfolio Management

Links Tactical Progress with Corporate Objectives



Continuous Loop of Direction, Validation and Adjustments



Typical PMO Project Portfolio Value-Based Measures

- Total baseline project portfolio budget of the fiscal year
- Total year-to-date project portfolio actuals of the fiscal year
- The order of project work in the project portfolio for the fiscal year, year-to-date
- Net-Net of total year-to-date project portfolio budget to actuals that answers the question – “do we have any under utilized project budget monies that we can reallocate to other project work”?
- Average project budget and duration, baseline/actual year-to-date

Typical PMO Resource Portfolio Value-Based Measures

- Fiscal year resources aggregated by business, business unit, etc., baselined utilization rate
- Fiscal year resources aggregated by business, business unit, etc., actual utilization rate
- Costs of resources at project level per job/skill level

Typical PMO Asset Portfolio Value-Base Measures

- Order of importance of key strategic assets
- Risk management of development project work associated to strategic assets (opportunity and threat)
- Baseline/Actuals FY project value to strategic assets in the asset portfolio.
- Delivery management of development projects associated to assets (time and cost)

Typical PMO Corporate Objectives

Portfolio Value-Based Measures

- Baselined FY project budget/actuals per corporate objective
- Strategic order of importance of corporate objectives
- Global project prioritization assessments at the project level that link project value to a primary corporate objective

Typical PMO Customers

- Project Managers
- Team Members
- Strategic Planning
- Finance
- Human Resources
- Executive Steering Committees
- Business Unit Management
- Operational Departments

Linking Organizational Strategic Objectives with Reported Tactical Project Progress

Prioritization Management Process

- Links corporate objectives
- Quantifies each objective into summarized costs derived from project investments assigned in the FY
- Assigns weights to each corporate objective based on relative importance of each corporate objective to one another
- Initially applies prioritization process to each project
- Governance Review Team (outside of IT) meets regularly to caucus on true force ranking of projects relative to each other

Typical Strategic Objectives of Organizations

- Improve Profitability
- Improve Market Share
- Reduce Cost of Business
- Reduce Risk of Business
- Improve Infrastructure
- Mandated

Project Name: _____

Business Project Manager: _____

Organization Project Manager: _____

As Of Date: _____

Strategic Priority: _____

Logo

Profitability	
Initiative creates profitability to organization	
Does not improve service	0
Less than \$1M in first year	1
Greater than \$2M in first year	2
Less than \$5M in first year	3
New industry product	4
Industry leader	5

____ x .4 =

Market Share	
Initiative increase product or service market share	
Does not improve Market Share	0
Strong potential to increase Market Share somewhat over next 2 years	1
Strong potential to increase Market Share somewhat over first year	2
New industry product	3
Significant market right away	4
Market Owner	5

____ x .3 =

Infrastructure	
Initiative improves organization infrastructure	
Does not improve Infrastructure	0
Reduces cost somewhat of existing infrastructure	1
Reduces cost moderately of existing infrastructure	2
Reduces cost significantly of existing infrastructure	3
Provides competitive advantage	4
Industry Leader	5

____ x .15 =

Reduce Costs	
Initiative enables organization to compete	
Does not improve competition ability	0
Improves somewhat ability to compete	1
Improves moderately ability to compete	2
Improves significantly ability to compete	3
Moderately reduces cost to compete	4
Significantly reduces cost to compete	5

____ x .1 =

Mandated	
Initiative is required	
Initiative is not mandated	0
State mandated within fiscal year	1
Federally mandated within Fiscal Year	
High risk of State penalty if not implemented in fiscal year	3
High risk of Federal penalty if not implemented in fiscal year	4
Large penalty to Business if not implemented in Fiscal Year	5

____ x .05 =

For further help contact the Organization Project Management Office

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Operations Forecasting & Planning

- Assimilation of project data performed cyclically. Report on what you predicted would occur and forecast what is expected to occur next period
- Interpretation of the aggregated project data to understand overall tactical performance in order to predict future expectations
- Identification of projects over budget, under budget, late, early, in-trouble, etc.
- Bottleneck identification
- Identification of improving and degrading trendlines in portfolio management

The “PMO” Challenge

- What would you do as a CIO, if Senior Management came to your department and questioned the value of Project Management within your department to the Organization?
- Your department was instructed to deliver “3” times the department expense budget for the next twelve months in documented \$\$\$ value or your Project Management jobs would be eliminated?
- How would you accomplish this?

Acquiring Value Through the Project Management Office

Growing Your Business Through the Project Management Office

- By improving standard project management processes that enable the project to always be delivered on time or ahead of schedule. ***This is how it should be! - Improving Customer Satisfaction!***
- The difference in time between when the customer requested project completion and when the Project Manager delivered can be translated into real \$\$\$ and improved opportunity to secure more follow-on project work with remaining budget - ***More work, same planned budget resources, time is money!***
- As your projects in a fiscal year development portfolio are delivered on schedule or early, credibility limits expand within your organization, much like your own credit card - ***Improved Trust!***

Helping the Organization

- By enabling the Management Team with tactical program/project progress information linked to strategic initiatives
- By identifying the “Bottlenecks” so immediate corrective action can be enabled for projects and resources
- By identifying excess project capital budget and for review by the Governance Board for re-application to other mission critical projects

Adding Value through the PMO

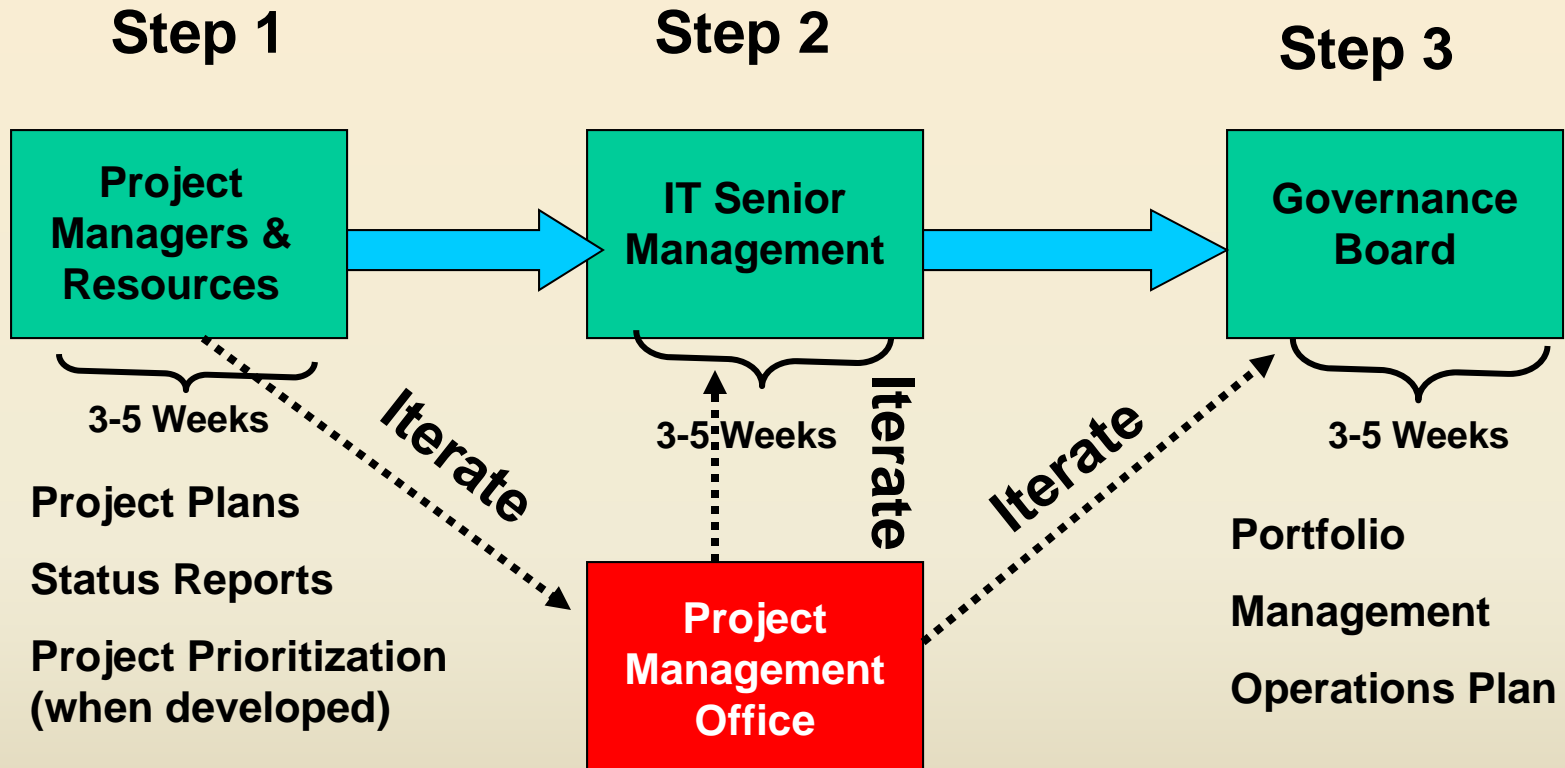
- If FY02 IT Budget is \$100M for development projects that are expected to produce \$400M in business revenue and:
 - 100 projects are planned to be delivered in FY02
 - IT actually delivers 125 projects in FY02 that result in an additional \$100M in business revenue
 - IT has exceeded business unit expectations because they assisted the business units in making money much earlier than expected!
- Planned Budget \$100M = Planned Revenue \$400M
- Actual Cost \$100M = Actual Revenue \$500M
- **Increased productivity = Increased profitability**

Adding Value! (Continued)

- Assume your Project Portfolio is currently at 100 projects in development and 20 awaiting startup
- Assume your average Project Budget is \$500K and the average duration is projected at 200 work days. Thus the Portfolio has a \$50M tactical value
- If the PMO could save you 10% on budget and time per project (average) per fiscal year, how important would this be for you?
- 10% improvement would mean your Project Portfolio would save \$5M over time and allow for 10 additional projects to be started earlier than was expected provided resources are available...in the same fiscal year

Near-Term Roadmap of a Value-Added PMO (Option 1)

Using workforce culture to influence delivery



...to accelerate “delivery” and to align the workforce expectations

ROI From Your PMO

“The Potential”

- FY Project Portfolio Development Budget
 - 10% ROI on \$95M portfolio > \$9.5 back to the organization within 12 months
 - 20% ROI on \$95M portfolio > \$19M back to the organization possible within 12 months
- 2-4% Gain in Resource Utilization for the 12-month period. \$3-4M within 12 months
- Reduce EPM Tool Costs – Purchase and ongoing support costs can be significantly higher than necessary. Consider EPM Tools that offer complete end-to-end, single repository products aligned with industry standard features.

PMO Development Recommendation

- Focus PMO value towards the most significant project investments and report cyclically through the appropriate governance board – Project Portfolio Management.
- Standardize all Project Management Methodologies to gain delivery consistency across the organization in alignment with PMI PMBOK Framework.
- Incremental improvements in PMO that emphasize standardization and compliance with on-time delivery, all the time.

PMO Development Recommendation (Continued)

- Establish a PMO Value Model that considers all the IT business opportunities and threats and can be translated into a PMO Roadmap.
- Purchase an EPM Tool that best fits the PMO Value Proposition.

Considerations for Selecting an EPM Tool

- Vendor financial status
- Single repository, web-enabled – Portal view of alerts and information at Signon
- Feature set is intuitive with optimal user workflow
- MS Project friendly – Easy to import/export (if required)
- Complete end-to-end feature functionality
- System connectivity
- PMBOK based
- Portfolio management full functionality with on-demand portfolio inquiry
- Cost of ongoing PMO support

Considerations for Selecting an EPM Tool (continued)

- Cost of training after installation
- Web-enabled
- Document library
- Security
- Earned value features
- Ease of conversion
- Ad hoc reporting tools
- Your business requirements for technical architecture compliance
- Current business PM maturity level – What will you need to enable the workforce with the EPM Tool?

“Why” Microsoft Project?

- Great tool for project teams
- Is limited as an EPM Tool for the PMO because of:
 - Lacks an integrated risk management component; MSP has to interface with another partner; Requires the PMO to manage two tool contracts
 - Hardware requirements are significantly greater than other EPM Tool Vendors who have complete “end-to-end” solutions

“Buying” MS Project

- Use a 4-6 year timeframe for the life of the EPM Tool you may purchase
- Consider that Microsoft releases new versions of MS Project every 2 years
- Calculate the MS Project costs as if the business will upgrade every 2 years. Consider indirect costs on impact to MSP workflow changes
- Consider the utilization scalability of MS Project as it would relate to the PMO to perform portfolio management

PMO Roadmap Options

- **Option 1** – Value now, budget constrained, resource constrained
- **Option 2** – Tactical focus on Project Management Community in IT, incremental PMO staffing
- **Option 3** – Full court press. Begin rollout to support tactical focus across the Enterprise

PMO Strategy - Option 1

First 6 Months

- Identify the “as is” baseline of the Current FY Project Portfolio Investment in IT. Establish a central repository of collected project delivery data associated to project work products and deliverables
- Orient project management community with “as is” project portfolio information to enable data quality improvement
- Publish a monthly operations forecasting and planning report that reflects portfolio actuals against FY plan
- Communicate strategic order of work in project portfolio so workforce understands

PMO Strategy - Option 1

First 6 Months (Continued)

- Support IT Portfolio Project Manager meetings so they can better navigate their project delivery responsibilities.
- Support IT Management Portfolio Review meetings so they can better support their business customers and partners with the improved delivery knowledge.
- Support Executive Steering Committee Portfolio Review meetings that initially calibrate force-rank order of portfolio project work.
- Use current tools.
- Cost of PMO up to \$500K for 12 months.

PMO Strategy - Option 2

First 6 Months

- Staff PMO, as soon as possible, with 1-2 project management delivery specialists (mentors) whose job is to become involved with the top 10-20 project initiatives
- Staff PMO, as soon as possible, with Project Administrative Assistants who help collect project delivery data and manage the logical data integrity of the portfolio central repository
- Roadmap a 2-year PMO development plan that segments into 6-month increments that enables value measurement of the PMO
- Cost of PMO for 12 months is up to \$1M

PMO Strategy - Option 3

First 6 Months

- Full Court Press
- Staff Portfolio Specialist, Methodology Specialist, PM Mentors and Administrative Assistants
- Establish “as is” Project Portfolio Management in first 2 months or less
- Upgrade PM Framework Methodology towards PMI PMBOK. Consider current COTS tools in market
- Begin producing PMO Operations Forecasting and Planning Reporting

PMO Strategy - Option 3

First 6 Months (Continued)

- Initiate Regular Project Portfolio Review Meetings within Portfolio Project Managers, Business Unit Senior Management and Enterprise Governance Board
- Purchase EPM Tool and Implement
- Begin research on converting time entry processes to new EPM Tool
- Cost to operate PMO in first 12 months will exceed \$1M and may approach \$3M dependent upon selected tools and staffing

Option 1 Roadmap

ID	Task Name	Duration	Start	1st Quarter					2nd Quarter	
				Nov	Dec	Jan	Feb	Mar	Apr	May
1	PMO Option 1 RoadMap	141 days?	11/21/02	[Gantt bar]						
2	First 6 Months	141 days?	11/21/02	[Gantt bar]						
3	December 2002	30 days?	11/21/02	[Gantt bar]						
4	Build "As Is" Project Portfolio	20 days	11/21/02	[Gantt bar]						
5	Collect FY 03 Corp Objs	1 day?	11/21/02	[Gantt bar]						
6	Produce initial PMO Ops Plan	20 days	12/5/02	[Gantt bar]						
7	Set up Central Repository	5 days	12/19/02	[Gantt bar]						
8	Add all Portfolio Project Status Reports	5 days	12/19/02	[Gantt bar]						
9	Add all Portfolio Project Schedules	5 days	12/19/02	[Gantt bar]						
10	January	16 days	1/10/03	[Gantt bar]						
11	Operational	16 days	1/10/03	[Gantt bar]						
12	Produce Ops Plan	5 days	1/10/03	[Gantt bar]						
13	Conduct Step 1 Portfolio Review Meeting	1 day	1/10/03	[Gantt bar]						
14	Update Data Gaps in Central Repository	5 days	1/13/03	[Gantt bar]						
15	All Projects Costed by Budget and Actuals	5 days	1/20/03	[Gantt bar]						
16	Baseline of IT Portfolio identified	0 days	1/24/03	[Gantt bar]						
17	All Project Status Reports add to Central Repository	5 days	1/27/03	[Gantt bar]						
18	All Project Schedules added to Central Repository	5 days	1/27/03	[Gantt bar]						
19	February	20 days?	2/3/03	[Gantt bar]						
20	Operations	20 days	2/3/03	[Gantt bar]						
21	Conduct Step 2 Portfolio Review Mtg w/Sr IT Mgt	1 day?	2/7/03	[Gantt bar]						
22	March	20 days?	3/7/03	[Gantt bar]						
23	Operations	20 days	3/7/03	[Gantt bar]						
24	Conduct Step 3 Portfolio Review Mtg with Operating Committee	1 day?	3/7/03	[Gantt bar]						
25	April	20 days	4/4/03	[Gantt bar]						
27	May	20 days?	5/9/03	[Gantt bar]						
28	Operations	20 days	5/9/03	[Gantt bar]						
29		1 day?	5/9/03	[Gantt bar]						



Option 2 Roadmap

ID	Task Name	Duration	er						
			Nov	Dec	1st Quarter			2nd Quarter	
					Jan	Feb	Mar	Apr	May
1	PMO Option 2 RoadMap	141 days?	[Gantt bar spanning Nov to May]						
2	First 6 Months	141 days?	[Gantt bar spanning Nov to May]						
3	December 2002	40 days?	[Gantt bar spanning Nov to Dec]						
4	Build "As Is" Project Portfolio	20 days	[Task bar in Nov]						
5	Collect FY 03 Corp Objs	1 day?	[Task bar in Nov]						
6	Produce initial PMO Ops Plan	20 days	[Task bar in Nov]						
7	Set up Central Repository	5 days	[Task bar in Nov]						
8	Add all Portfolio Project Status Reports	5 days	[Task bar in Nov]						
9	Add all Portfolio Project Schedules	5 days	[Task bar in Nov]						
10	Staff PMO with 2 Mentors	20 days	[Task bar in Dec]						
11	Staff Admin Assistant	1 day?	[Task bar in Dec]						
12	January	52 days?	[Gantt bar spanning Dec to Jan]						
13	Operations	52 days?	[Gantt bar spanning Dec to Jan]						
14	Admin Assistant Trained on Ops Plan	1 day?	[Task bar in Dec]						
15	Produce Ops Plan	5 days	[Task bar in Dec]						
16	Conduct Step 1 Portfolio Review Meeting	1 day	[Task bar in Dec]						
17	Update Data Gaps in Central Repository	5 days	[Task bar in Dec]						
18	All Projects Costed by Budget and Actuals	5 days	[Task bar in Dec]						
19	Baseline of IT Portfolio identified	0 days	[Task bar in Dec]						
20	All Project Status Reports add to Central Repository	5 days	[Task bar in Dec]						
21	Mentors commence working top projects	10 days	[Task bar in Dec]						
22	All Project Schedules added to Central Repository	5 days	[Task bar in Dec]						
23	February	20 days?	[Gantt bar spanning Jan to Feb]						
24	Operations	20 days	[Task bar in Jan]						
25	Conduct Step 2 Portfolio Review Mtg w/Sr IT Mgt	1 day?	[Task bar in Jan]						
26	March	20 days?	[Gantt bar spanning Feb to Mar]						
27	Operations	20 days	[Task bar in Feb]						
28	Conduct Step 3 Portfolio Review Mtg with Operating Committee	1 day?	[Task bar in Feb]						
29	April	20 days	[Gantt bar spanning Mar to Apr]						
31	May	20 days?	[Gantt bar spanning Apr to May]						
32	Operations	20 days	[Task bar in Apr]						
33	Operations	1 day?	[Task bar in May]						

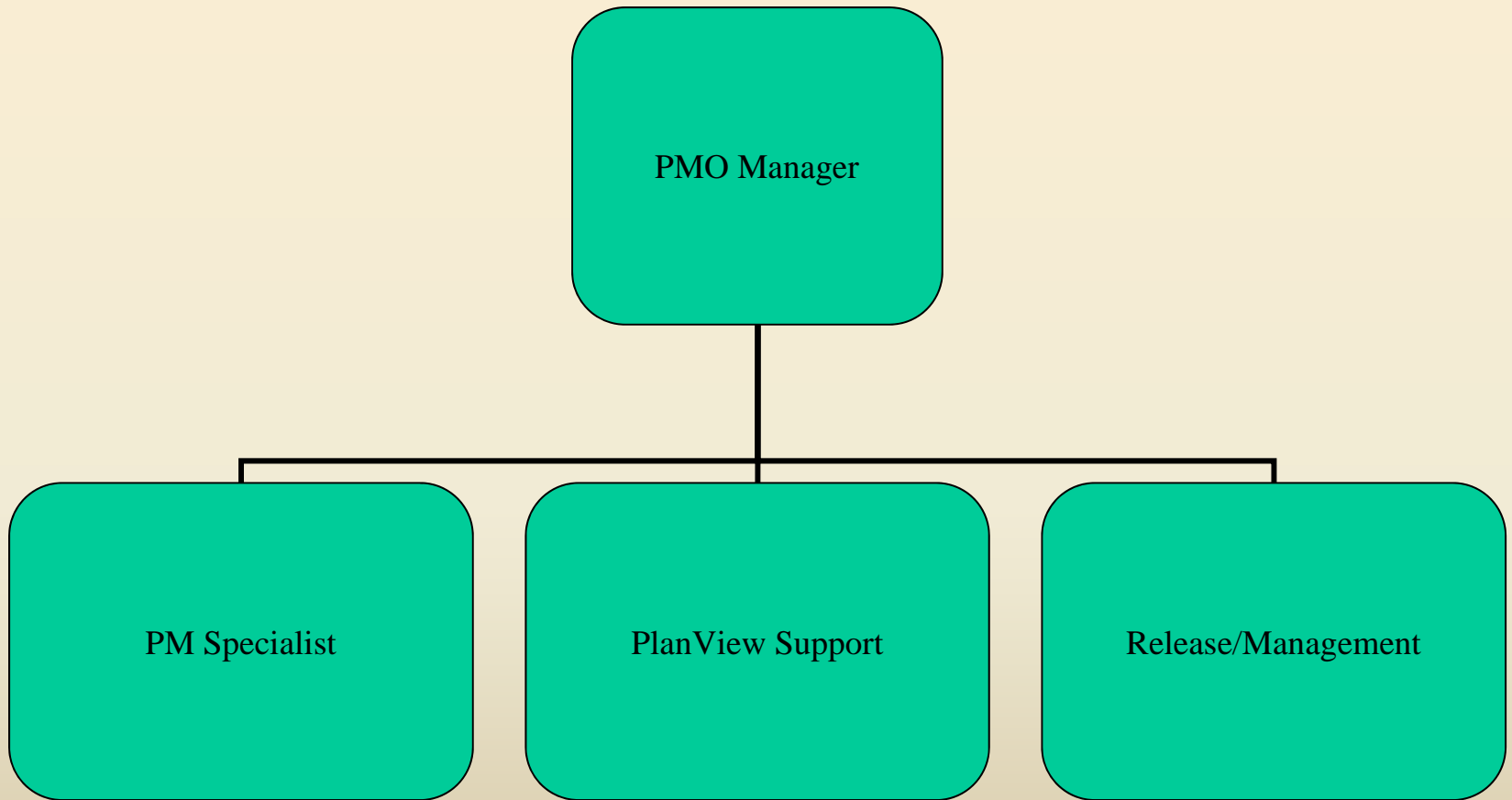


Option 3 Roadmap

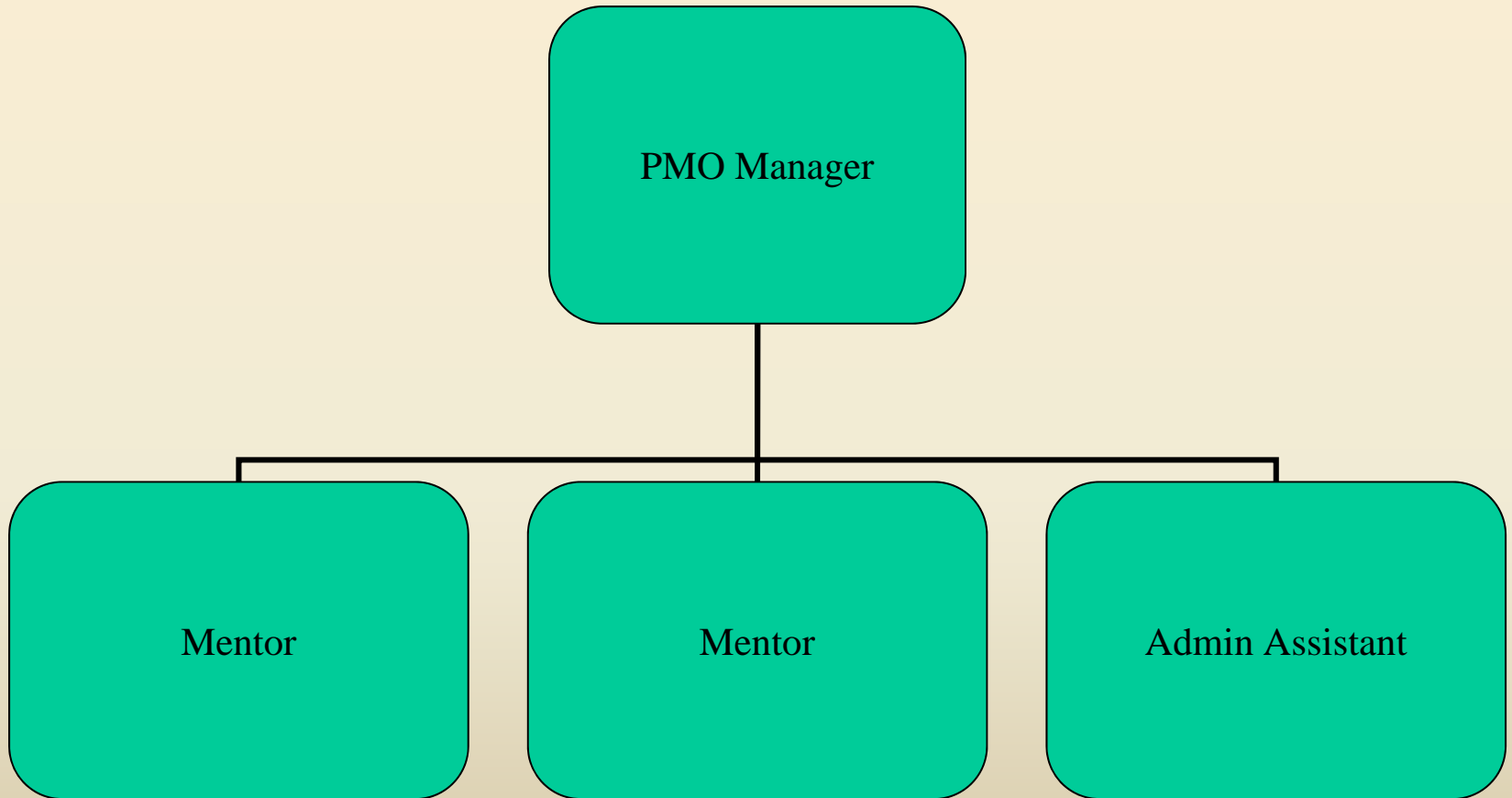
ID	Task Name	Duration	ter						
			Nov	Dec	1st Quarter			2nd Quarter	
			Jan	Feb	Mar	Apr	May		
1	PMO Option 3 RoadMap	141 days?	[Gantt bar spanning Nov to May]						
2	First 6 Months	141 days?	[Gantt bar spanning Nov to May]						
3	December 2002	40 days?	[Gantt bar in Dec]						
13	January	22 days?	[Gantt bar in Jan]						
14	Operations	22 days?	[Gantt bar in Jan]						
15	Admin Assistant Trained on Ops Plan	1 day?	[Task bar in Jan]						
16	Produce Ops Plan	5 days	[Task bar in Jan]						
17	Conduct Step 1 Portfolio Review Meeting	1 day	[Task bar in Jan]						
18	Update Data Gaps in Central Repository	5 days	[Task bar in Jan]						
19	All Projects Costed by Budget and Actuals	5 days	[Task bar in Jan]						
20	Baseline of IT Portfolio identified	0 days	[Task bar in Jan]						
21	All Project Status Reports add to Central Repository	5 days	[Task bar in Jan]						
22	Mentors commence working top projects	10 days	[Task bar in Jan]						
23	All Project Schedules added to Central Repository	5 days	[Task bar in Jan]						
24	Staff Methodology Specialist	1 day?	[Task bar in Jan]						
25	Select EPM Tool	1 day?	[Task bar in Jan]						
26	February	20 days?	[Gantt bar in Feb]						
27	Operations	20 days	[Task bar in Feb]						
28	Conduct Step 2 Portfolio Review Mtg w/Sr IT Mgt	1 day?	[Task bar in Feb]						
29	Replace PM Framework with PMOBOK Framework	20 days	[Task bar in Feb]						
30	Staff EPM Tool Specialist	10 days	[Task bar in Feb]						
31	March	20 days?	[Gantt bar in Mar]						
32	Operations	20 days	[Task bar in Mar]						
33	Conduct Step 3 Portfolio Review Mtg with Operating Committee	1 day?	[Task bar in Mar]						
34	Implement EPM Tool	10 days	[Task bar in Mar]						
35	April	20 days	[Gantt bar in Apr]						
36	Operations	20 days	[Task bar in Apr]						
37	May	20 days	[Gantt bar in May]						
38	Operations	20 days	[Task bar in May]						



Option 1 – PMO Organization Model



Option 2 – PMO Organization Model



Option 3 – PMO Organization Model

