

PROJECT PORTFOLIO MANAGEMENT

DOING THE RIGHT THINGS ...
DOING THINGS RIGHT

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WHAT IS PORTFOLIO MANAGEMENT (PFM)?

A Portfolio represents the totality of an organization's investment (or segment thereof) in the changes required to achieve its strategic objectives.

Portfolio Management is a coordinated collection of strategic processes and decisions that together enable a more effective balance of organizational change and business as usual.

- Which new initiatives should we invest in?
- Do we continue to invest in ongoing initiatives?
- How can we ensure effective and efficient delivery?
- How can we maximize return on investment?

Source: Office of Government Commerce (OGC)

WHY IS IT IMPORTANT?

- **63% of strategies are never implemented**

- Project and project portfolios are central building block in implementing an organization's intended strategy (Dietrich and Lehtonen, 2005)

5 Dimensions

Analytical

Defensive

Futuristic

Proactive

Risk Management



KEY DRIVERS



- **Only 29% of all IT projects are successful** (on time, on budget, with required features), 32 % cancelled before finished and 54% cost more than 189% their original estimate. Cancelled projects cost \$55 Billion Annually – Standish report, 2009
- **61% of IT projects were deemed failures** by the respondents (75% blew schedule by more than 30%, over 50% blew budget significantly)- KPMG
- **Approximately 46% of organization’s resources spent on development** go to unsuccessful ventures – BAH
- **71% of GofC IT projects failed to meet criteria for ‘well-managed’** (Auditor General’s Report, 2007)

WHY PORTFOLIO MANAGEMENT?

New policy direction from **Treasury Board**

Policy on Investment Planning, Assets, and Acquired Services, and Management of Projects

Need improved financial results: we are not optimizing our spending ; squeaky-wheel getting funding and not always the highest priority.

Need to work on making sound choices on front-end investment activity to yield returns which could ultimately fund larger transformation efforts

Achieving transparency by managing at the enterprise level

Achieving excellence requires rigorous project planning and excellent project execution. It is part of the new culture and expected of leadership

PORTFOLIO MANAGEMENT & ORGANIZATIONAL GOVERNANCE

Governance frameworks guide the execution of organizational activities.

Portfolio management intends to use these controls and frameworks to maximize the delivery of value, whilst minimizing risk.

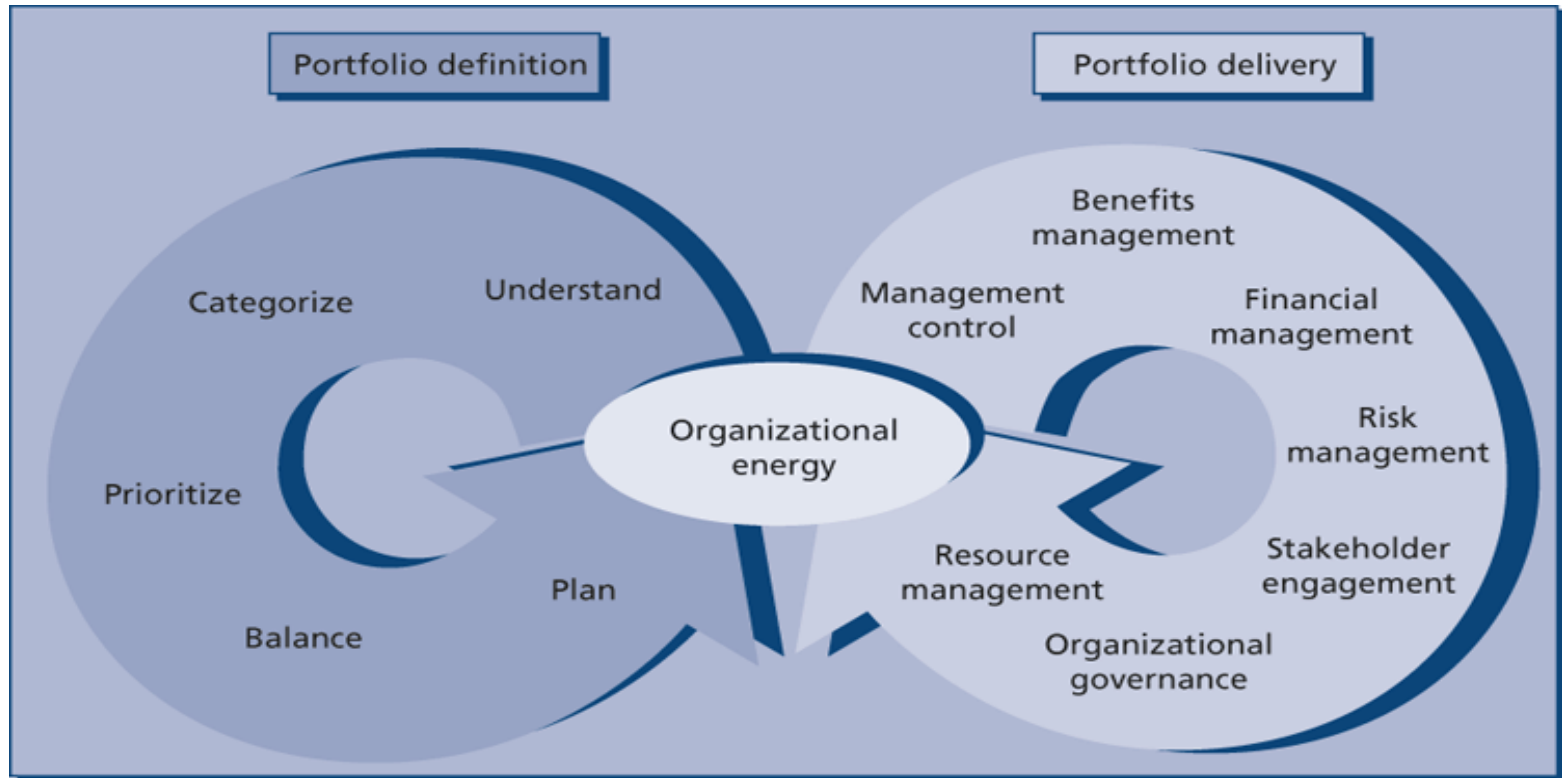


Source: OGC

ORGANIZATIONAL CONTEXT OF PFM

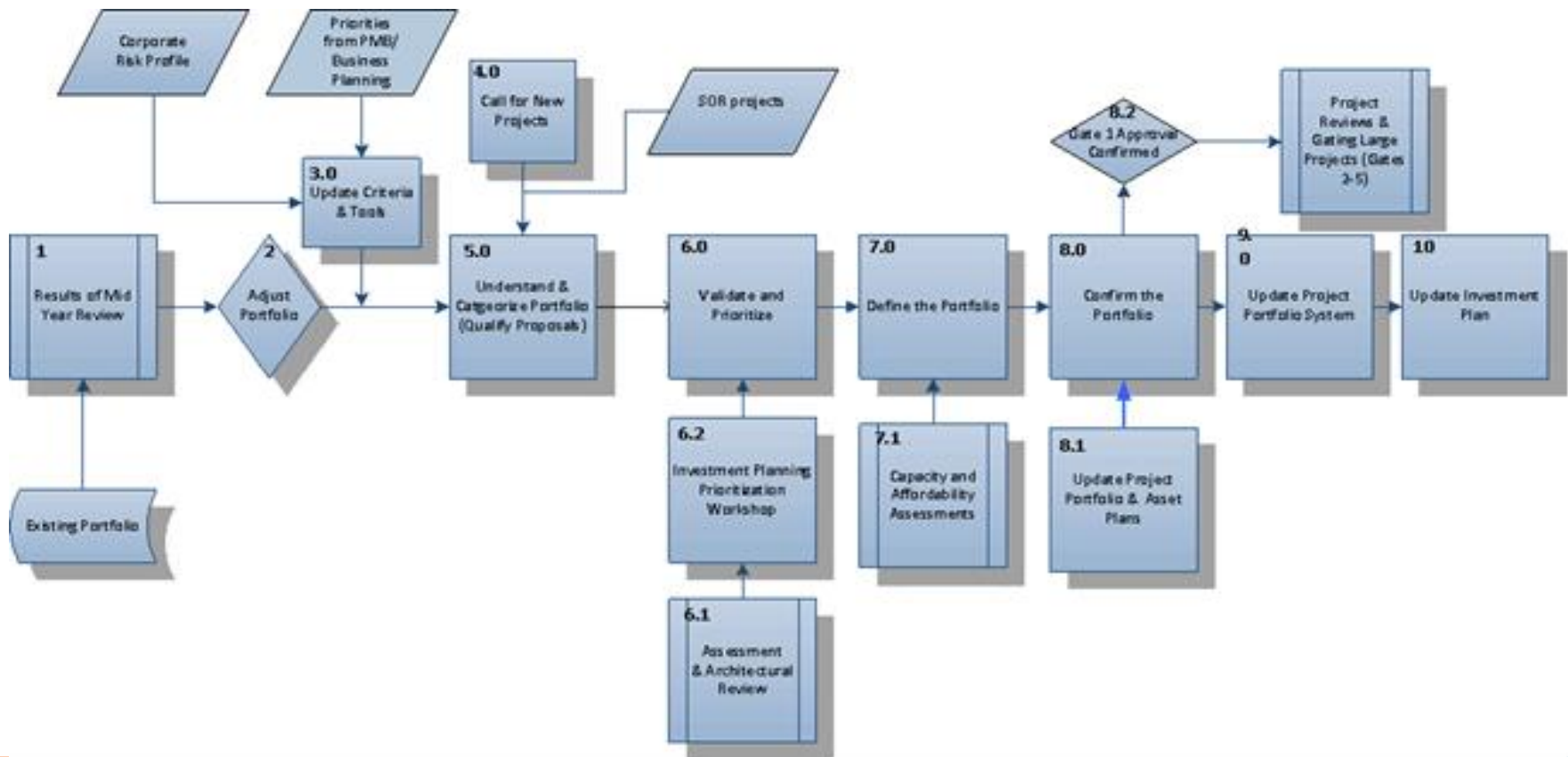


PORTFOLIO MANAGEMENT – THE PROCESS



Source: Office of Government Commerce

PORTFOLIO IDENTIFICATION AT HRSDC -



RESULTS OF MYR

Investment Category	No. of Projects	Total Cost	Distribution by No. of Projects	Contribution by Cost
Strategic Business Change & Transformation	37	278.0	41%	52%
Policy Agenda: Legislative & Mandatory Regulatory changes	26	162.6	29%	31%
Residual Risk Driven Investments	8	58.1	9%	11%
Business Improvements & Foundational Investments	19	33.1	21%	6%
	90	531.77	100%	100%

Cancelled or Removed Projects

Approved projects that were cancelled or removed by the branch

12-7498-012: Costing and Pricing Model

12-9100-001: Development of a database to support collection and sharing of F-P/T data on early childhood education and care (ECEC) in Canada

11-8200-003: Labour - Replacement of Mass E-Mailing

On HOLD projects that were cancelled or removed by the branch

11-8200-005: LABOUR Critical Upgrades 2009-10 - FJID EDI fixes and Data Exchange (LA 2000)

11-8200-001: Labour Modernization & Overhaul Project (MOP)

11-8038-001: Portfolio Governance Portal (new name)

Completed Projects - 10

ADJUST PORTFOLIO

- Identify potential carry over projects
- Remove cancelled and completed projects
- Update based on corporate priorities and current risk profile

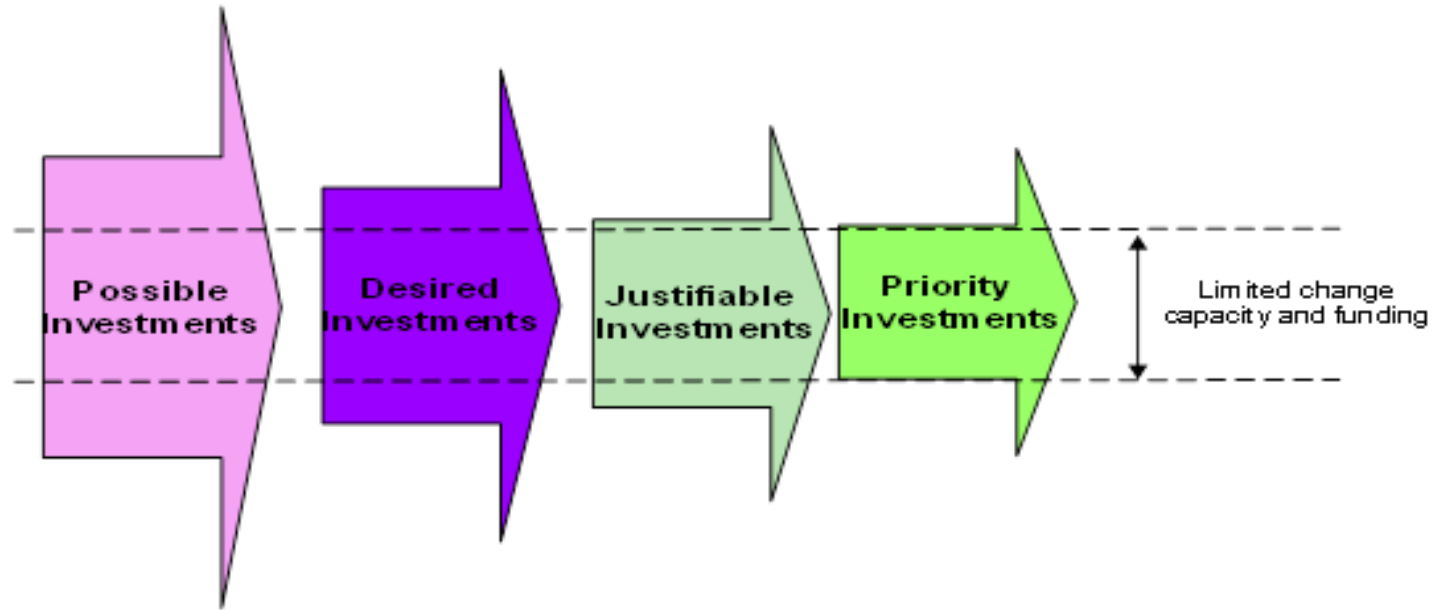


UPDATE CRITERIA & TOOLS

- Value Assessment Tool
- Executive Summary
- Guide to Project Planning
- Guide to Project Assessment
- Project Proposal
- Guide to Project Proposal



CALL FOR NEW PROJECTS



UNDERSTAND & CATEGORIZE THE PORTFOLIO

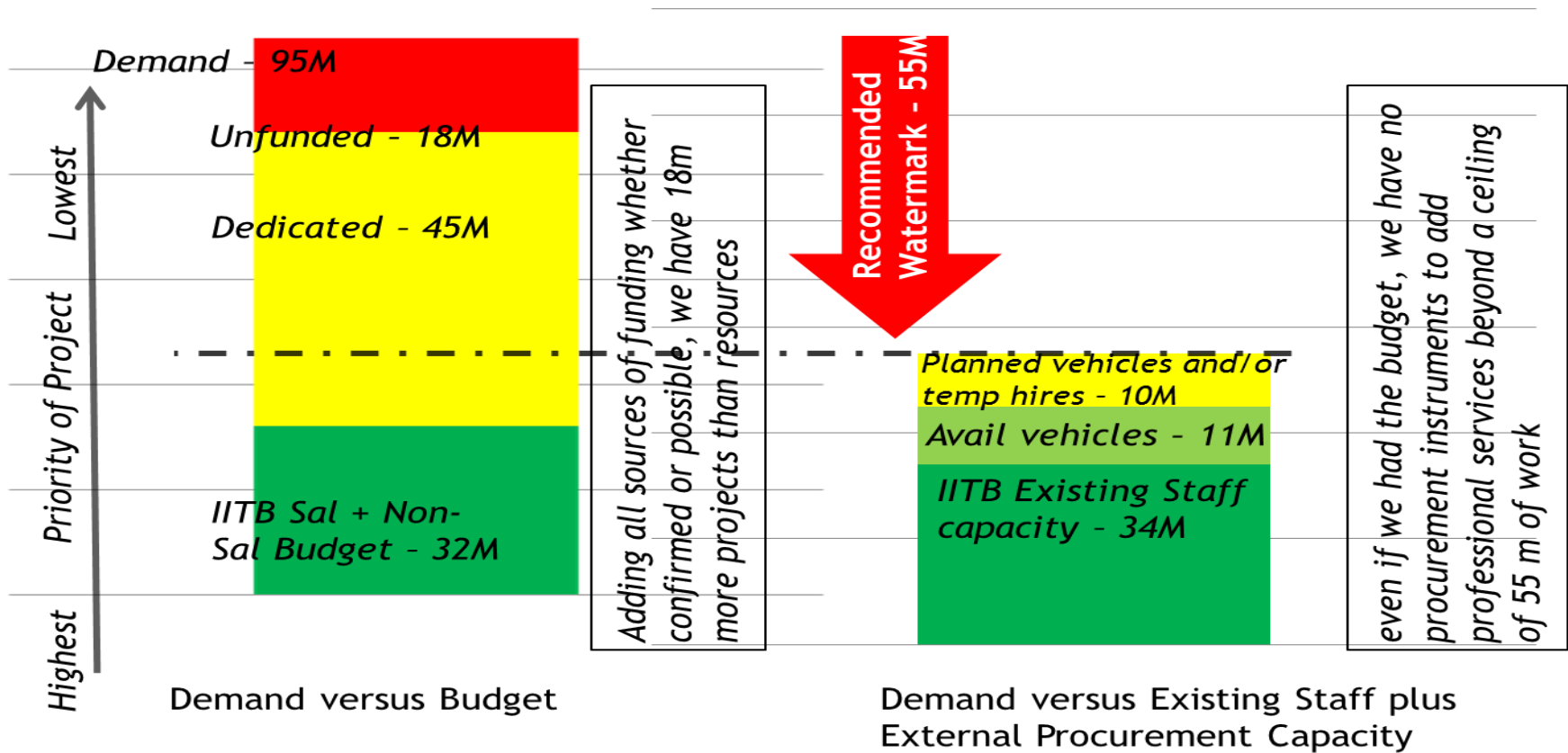


VALIDATE & PRIORITIZE - BALANCE

Based on various criteria:

- **Client Impact:**
 - Internal clients, external clients, Canadians, - a subset of these
- **Benefits**
 - Harvestable, efficiencies, payback period
- **Risk/ Risk of Inaction**
- **Strategic Alignment**
- **IT Architectural Alignment**

CAPACITY & AFFORDABILITY SCENARIOS



CONFIRM THE PORTFOLIO



UPDATE PROJECT PORTFOLIO SYSTEM

- Update to reflect changes to the portfolio resulting from the annual investment planning process.
- Projects updated and managed through the system to facilitate reporting and tracking



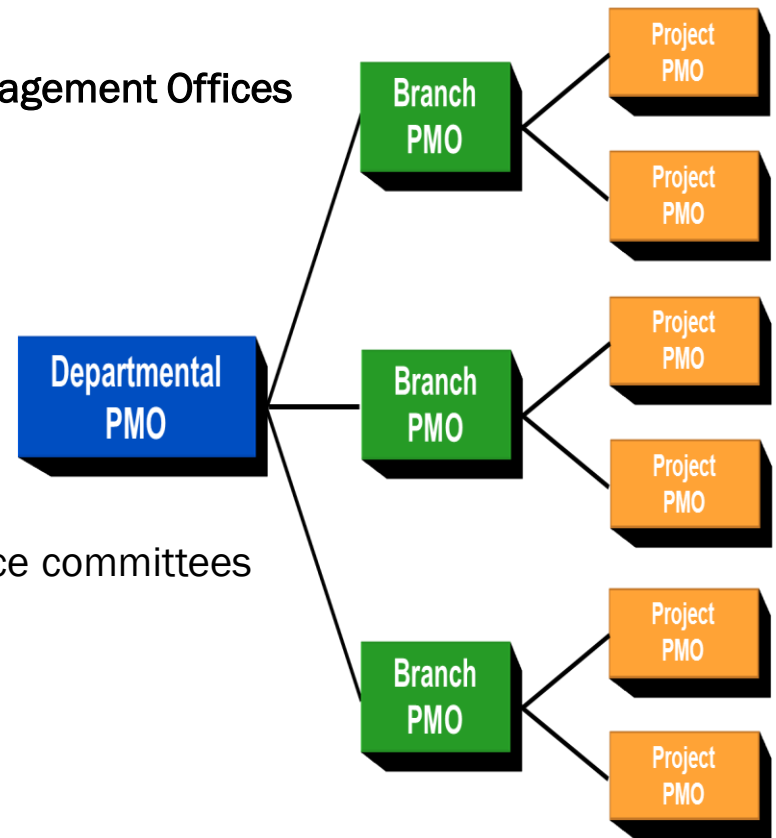
UPDATE INVESTMENT PLAN

Update investment plan to reflect change to portfolio and asset plans as a result of the annual investment planning process



KEYS TO SUCCESS

- **P3Os – Project, Programme and Portfolio Management Offices**
 - Increasing the reach into the organization
 - Communication at multiple levels
 - Quality assurance / challenge
 - Prioritization
 - Internal Governance
- **Cross Functional Teams**
 - Corporate Planning, Information Technology, Legal, Finance, ATIP, Branch leads, governance committees
- **Change Management**
- **Continuous improvement**



THE VALUE OF THE PMO

“The project management office is now an integral part of corporate operations”.

(Kent Crawford CEO, CM Solutions)

- 72% : Implement or manage the governance process
- 64%: Advise executives
- 62%: Participate in strategic planning
- 75%: Portfolio Management



ENHANCING PROJECT SUCCESS – VALUE OF PMO CONT'D

- Failed projects decreased by 31%
- 30% of projects delivered under budget
- Demonstrated a 21% improvement in productivity
- 19% of projects delivered ahead of schedule
- Average project savings \$567,000 per project

Based on a study of 297 organizations



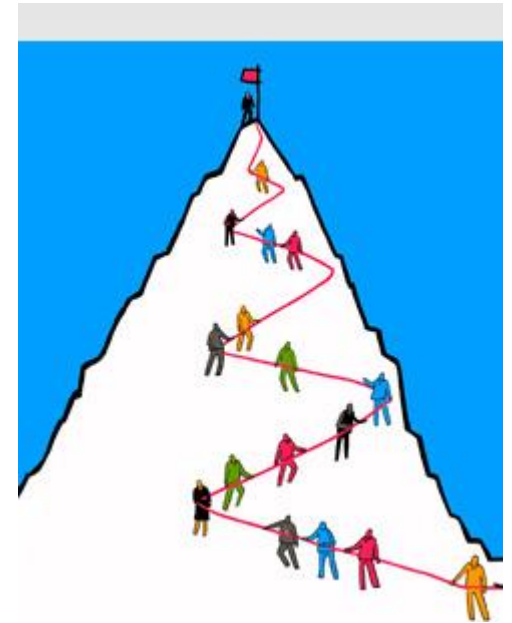
BENEFITS OF PFM

- More of the right projects being undertaken in terms of value
- Removal of redundant or duplicate projects
- More efficient resource utilization
- Greater benefits realization
- Enhanced transparency, accountability and corporate governance
- Improved engagement and communication between stakeholders and senior managers
- Improved risk awareness
- Greater collaboration on shared goals



CHALLENGES

- Standards
- Change Management – training
- Managing Expectations
- Capacity Assessment
- Timing
- Efficiency



BALANCE



PORTFOLIO DELIVERY – FEBRUARY 07, 2013

