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How to “Greenlight” Projects Based on Corporate Strategy

By Vijay Desai

As companies are asked to do more with less these days, project management can sometimes be compared to a downtown intersection at rush hour without a traffic light. Which projects should move forward? Which can wait? How do you jumpstart projects stuck in the intersection because they’ve run out of resources?

When your projects create a bottleneck for corporate growth and success, you’ve got to develop a method to sort through and prioritize each and every initiative—steering projects to align with clearly defined goals and objectives.

All projects in an organization should contribute to the overall corporate strategy. But, how can you connect the dots to ensure that projects are integrated within the business strategy of your company? One way to get the tires rolling is through project portfolio management (PPM). This article will illustrate how PPM can help you define and build a framework for “greenlighting” your projects going forward.

Subscribe to the Six Steps of Project Portfolio Management

PPM allows an organization’s executive leadership to identify business goals and then use objective criteria to prioritize and manage projects to achieve maximum corporate value. While it may sound simple on paper, successful PPM actually requires a rigorous, proven and end-to-end process. With many companies juggling hundreds of operational and technical projects at any one time, it’s often difficult to ensure each initiative is clearly defined or in alignment with corporate vision.

Simply put, the ability to plan, fund and measure *all* projects systematically should be consistent and a part of everyday business practices. Without a systematic PPM process in place, resource and capacity planning across business units can be very challenging, and gaps between budgeted initiatives and overall corporate strategy will inevitably grow.

Organizations can address these business challenges by embarking on a project portfolio management overhaul. Once a firm commitment to change the process is secured from top leadership, companies can follow these six steps to gain buy-in for the new portfolio:

1. Develop simple, objective criteria to prioritize projects;

2. Prioritize all eligible projects (both strategic and tactical) using these criteria;
3. Construct a baseline project portfolio and gain consensus across the organization;
4. Establish an ongoing, rigorous PPM framework, including required business cases for all projects over a particular threshold;
5. Articulate a set of concrete actions and owners to implement and govern the framework;
6. Train all levels of management on how to prepare and submit business cases for future projects.

A Strong Governance Program Keeps Corporate Vision in Perspective

Once the new portfolio is well-defined and communicated, you need to design and implement a governance program that is launched across the entire organization. This governance program is the management structure for all future projects and guarantees that approved and funded initiatives will be strategically aligned with corporate objectives. As part of this, each and every business case presented for funding should be carefully evaluated in light of the organization's core strategies, which could involve improving service levels, adding customers, increasing profitability, driving efficiency, developing talent, or improving information management. In addition, the program should include benchmarks and metrics to ensure that projects are not only funded according to these objectives, but are also meeting and exceeding forecasted benefits.

In summary, key elements for a robust PPM program might include:

- Business case models and project evaluation tools (including supporting documentation);
- Guiding principles for successful PPM, including specific roles and responsibilities of key PPM stakeholders;
- A rigorous governance process (including decision-making and an “appeal” process);
- Formal “portfolio rebalancing calendar” with associated measurements and toll gates;
- Processes for review, prioritization and execution of projects above and below defined thresholds; and
- Project portfolio management dashboards and reporting templates.

Large Credit Union Redirects Valuable Resources with PPM Strategy

Credit unions have always maintained a strong commitment to the members they serve. With that commitment comes the ongoing challenge to maintain service excellence, a competitive portfolio of products, and the most current customer and financial systems.

A large credit union with a multi-billion dollar portfolio was faced with this challenge. It had embarked on nearly 100 functional and technical projects; however, approved corporate initiatives were not always in line with the company's business strategy, and there was not a consistent way to prioritize and fund those initiatives with the highest return.

In the spring of 2008, the credit union worked with North Highland, a global management and technology consulting firm, to implement a rigorous PPM program that included:

- Rationalization of all current projects;
- Governance and management structure for future initiatives; and
- Development of business case tools and training for all project initiatives.

As a result of this engagement, ***the company was able to either defer or eliminate 40 percent of projects from its portfolio***—literally redirecting thousands of man-hours that would have been expended on non-value add initiatives to only those projects that were objectively determined to be more strategic and of much higher value to the organization. The prioritized portfolio that remained, and all future initiatives, are now objectively evaluated against predefined criteria for funding authority. This new, disciplined portfolio management process has provided the credit union with an increased level of confidence to meet its long-term strategic goals and ensures that it is well positioned for the future.

Remember: Organizations have their own unique strategic directions, values and business priorities, so a customized approach to PPM—offered through a client-centric consulting partner—will help give the green light to the right projects, at the right time.

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