Critical success factors for implementing Project Portfolio Management

A healthcare perspective

January 28, 2009
Today’s discussion

• Case for change
• Project portfolio management framework
• Portfolio management process
• Critical success factors
• Governance example
• Getting started
All levels of government are facing increased pressures to ‘do more with less’ while demonstrating accountability and cost-efficiency

Without proper governance, most organisations initiate more opportunities than they have the capacity to deliver. As the inevitable result, they always have too much to do and not enough time or resources to do it.

Accelerating pace of change and transformational nature of projects

- Greater number of projects
- Greater spend on projects
- Greater complexity
- More interdependencies
- Stretched capacity to deliver
- Difficulties managing the impact of change
- Unmet expectations and unrealized benefits
Adoption of portfolio management techniques allows organizations to improve decision making and maximize use of available resources.

*Project Portfolio Management* is a structured approach to achieving strategic goals and objectives by choosing the right investments for the organization, and ensuring the realization of their combined benefits while optimizing the use of available resources.

What are the ‘right’ things to do?

Are we doing the ‘right’ things? Are we doing enough?

Are we doing the ‘right’ things ‘right’?
A disciplined approach enables continuous alignment of projects to strategic objectives and on-going management of change.

Translate Strategy
- Gather project data using a standard project template in order to identify, categorize and consolidate portfolio components.
- Periodically establish the portfolio strategy into specific objectives and in quantifiable targets for the portfolio.

Design Portfolio
- Develop Prioritization Model
- Develop and weight value and risk criteria used in the prioritization process. Establish objectives, constraints and thresholds.

Portfolio Management
- Projects and programs are monitored against their intended objectives. Performance information is then used for the projects review and prioritization cycle to confirm that the whole portfolio is balance on a regular basis.
- Collect Project Information
- Collect Portfolio Information
- Evaluate the contents of the portfolio and select components to be prioritized.
- Create a prioritized list of components in compliance with objectives, constraints and thresholds.

Project Execution
- Programs and projects are reviewed by individuals accountable for the delivery of the benefits and either authorized, rejected or postponed.
- Authorize & Allocate Budget
- Optimize Portfolio & Report
- Review portfolio level reports to determine whether changes need to be made. The objective being to optimize the portfolio to maximize the achievement of strategic objectives based on the desired risk profile.
- Deploy & Execute Portfolio
- Execute your portfolio based on the prioritized plan.
Critical factors for establishing a sustainable environment for Project Portfolio Management to succeed and deliver the desired benefits:

- Empowered accountability with effective and informed decision making
- Transparency and outcomes reporting
- Disciplined adoption of a repeatable process and set of guiding principles
- Enabling tools, templates and automated solutions
- Capacity to deliver and capability to manage the change

Results

Governance

Process

Technology

Culture

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Effective governance is required to establish a transparent and appropriately cascaded accountability framework

- Governance brings the *right* individuals to the table to have the *right* conversation under the *right* process to make the *best* decisions given the available information.

- The main purpose of governance is to clarify *accountabilities*, specify decision *rights*, establish defined decision-making *processes* and encourage desirable *behaviour*.

- A governance framework depicts the structure and processes by which decisions are made and defines a set of principles and practices for managing:
  - *what* decisions need to be made
  - *who* has the decision making authority, and with *whose* input, and
  - *how* decisions get implemented, monitored, measured and controlled.
Each function of the governance framework needs to be empowered with the required decision making authority

**Executive Oversight**
- Provide strategic direction based on goals and priorities
- Provide guidance, advice and change leadership
- Approve project investments
- Remove identified roadblocks

**Business Steering**
- Determine need or opportunity
- Establish the case for change
- Provide process leadership and implementation support
- Track outcomes and measure realization of expected benefits

**Portfolio Management**
- Facilitate project submission, prioritization and approval
- Monitor capacity and capability
- Facilitate gating and checkpoints to review progress and report on the realization of outcomes

**Solution Direction**
- Review need or opportunity and recommend appropriate solution
- Provide direction with regard to privacy, security, architecture, finance, legal, procurement, HR, labour relations, etc.

**Program/Project Delivery**
- Day-to-day management of programs/projects including management of budget, scope, schedule, resources, stakeholders and quality
- Management and/or escalation of issues, risks and change requests
- Adoption of established standards and compliance with set guidelines
- Regular communications, including status and progress reporting
Example of a project portfolio governance structure implemented for a healthcare industry client
Asking the right questions helps to ensure that important governance decisions are being made

<table>
<thead>
<tr>
<th>Focus areas*</th>
<th>Key governance questions</th>
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<tbody>
<tr>
<td><strong>Strategic alignment</strong>: does the project support strategic goals and objectives?</td>
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<td><strong>Value delivery</strong>: are the desired outcomes and results being realized?</td>
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<td><strong>Risk management</strong>: are there mitigation strategies in place for key risks?</td>
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<td><strong>Resource management</strong>: is use of available skill sets and capacity optimized?</td>
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<td><strong>Performance management</strong>: what progress is made and is quality delivered?</td>
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* Source: COBIT® IT Governance Framework
Consider your maturity, determine your goals, adapt your implementation approach accordingly and manage the change

- Know where you are
- Determine where you want to go
- Assess your current capabilities
- Set realistic goals
- Gather support
- Build momentum
- Balance the portfolio
- Focus on results
- Stay the course!

Organizational project management maturity model

Source: Project Management Institute’s (PMI®) Organizational Project Management Maturity Model (OPM3)
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