



PROJECT PORTFOLIO MANAGEMENT

YOU CANNOT DO IT ALL. DO WHAT COUNTS MOST.

Businesses of all kinds are facing unprecedented challenges and change in the next decade.



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More than ever, organizations must maximize the return on investments, focus human resources to the highest value-generating activities, appropriating time to diminish waste and address time-sensitive objectives, and attest that all activities contribute to the organization's deliverables and competitive position. Although many organizations focus on improving the efficiency of their day-to-day operations, there are also opportunities to improve the approach to identifying, prioritizing, planning, and executing key initiatives that satisfy the organization's strategic initiatives and associated cascading projects.

It is no secret that most organizations have a plethora of programs and projects that represent investments in a strategy to improve competitive positioning, reduce costs, improve outcomes, or address other opportunities and threats. These activities represent an incremental workload for an already stretched workforce. Executive management must understand the impact of what is being required of the organization and ensure the focus is on the highest priority projects. The adage that "everything is a priority" simply is not true. Some undertakings are more vital than others; without criteria to determine importance, everything becomes a priority and consequently nothing is a priority. It takes an efficient process, executive discipline, and organizational follow-through to identify, plan, and execute those initiatives that deliver the highest value at the appropriate time. And yes, timing can and should be a critical criterion in establishing priorities.

Diluting even the most competent staff with “too many priorities” and an unreasonable workload can erode performance and quality. Progressive, high-performing organizations recognize they cannot do everything they want. They also recognize that wants and needs are substantially different. Needs are essential and, once served, produce measurable outcomes and benefits critical to sustaining or generating a business advantage. Because the positive impact of satisfying a need is proportionately greater than that of a “want,” needs that are defined and ignored result in measurable negative consequences. Determining the consequences associated with not pursuing a project is critical in determining whether the project is a need or a want; this evaluation also assists in assessing the project’s priority. To address the need to focus the organization to the greatest value-generating projects, leaders across a variety of industries have increasingly relied upon what is referred to as project portfolio management (PPM).

Is portfolio management a critical core competency?

More than ever, growth-focused companies have more project candidates than they can manage. This requires companies to be extraordinarily diligent in determining which projects best serve the direction and strategic plan of the enterprise, and address other priority needs that may include safety, quality, regulatory, and other non-discretionary business requirements.

When the project demands and volume exceed the organization’s capacity and capabilities, few options exist. The most likely scenario is that resources get spread across a multitude of project assignments, and associated risks overlooked or discounted. This “level-loading” of resources extends project timelines, diminishes efficiencies, and causes frustration. Additionally, opportunities and associated benefits are delayed (opportunity cost). The other options are to increase direct and/or variable headcount to support workload demands. Increasing direct headcount for a non-standard, intermittent capacity (peak load periods) is neither desirable nor prudent. Utiliz-

ing external resources and increasing variable spending may make sense, if the project business case and justification are well-established.



WHAT IS MOST IMPORTANT IS THAT ORGANIZATIONS DEVELOP A CAPABILITY TO DO THE RIGHT PROJECTS RIGHT

However, what is most important is that organizations develop a capability to do the right projects right; that is, effectively evaluate the benefits of potential projects and develop a disciplined, robust approach to prioritizing them. Effective portfolio management enables an organization to apply the proper level of scrutiny to potential projects. The process enables a thorough definition of justification, strategic alignment, resource requirements, potential risks, budget requirements, timeframe, and other essential information required for informed executive decision making. While there are processes to drive

portfolio management, it requires discipline of application and adherence to prioritization criteria that executives develop and endorse. While it is important for executive decision makers to apply discretion to project prioritization, doing so routinely will ultimately undermine the value and application of the portfolio management process. Today’s

competitive landscape requires organizations to apply time, dollars, and precious resources optimally to generate the greatest benefits to the enterprise. Portfolio management is a proven methodology to focus resources to projects that executive management deems to be most valuable. The more aggressive the organization is in driving growth and value, the greater the need and benefits of a disciplined portfolio management system.

Project portfolio management is an essential component of the hierarchy of business planning. The portfolio should directly align with the strategic intentions and plan of the organization. The diagram on the following page describes this integral relationship.



DEFINITIONS

» Portfolio

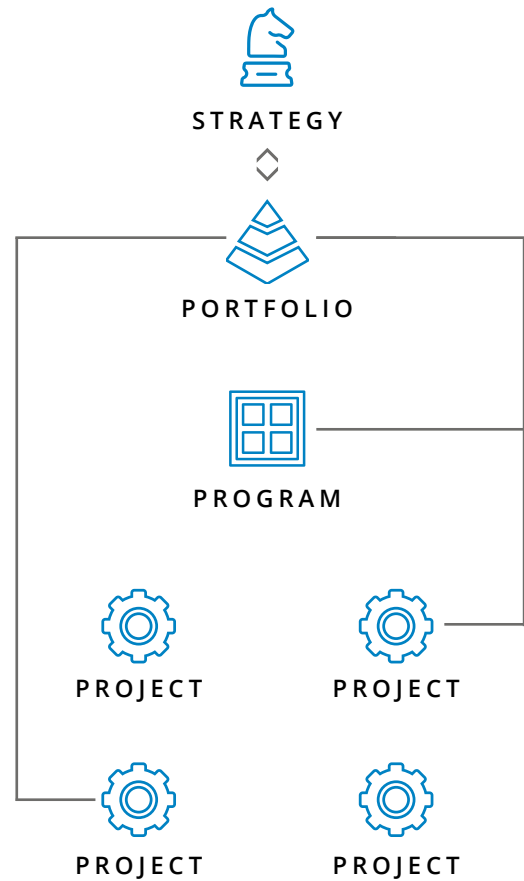
A collection of projects and programs that all work together to meet strategic business objectives. Projects and programs may or may not be interrelated. The goal is to maximize the value, impact, and efficiency of a portfolio. Efficient resource allocation and utilization is critical.

» Program

A group of related or interdependent projects. By grouping the projects, programs experience increased control and efficiency. The goal is to actively manage project interdependencies in order to maximize program synergy.

» Project

Have a definite start and finish, specific purpose or unique result, and are progressively elaborated. The goal is to apply the discipline of project management to define project requirements, plan project activities, and ensure successful project execution.



The value of PPM has become increasingly evident as more organizations have applied the process to assure organizational alignment and focus. Employing or improving PPM and project management capabilities are essential to doing the right projects right. Can you afford anything less?

Integrated Project Management Company, Inc.

Integrated Project Management Company, Inc. (IPM) is a leading project management consulting firm focused on planning and implementing strategically critical projects in the life sciences, healthcare, consumer products, and industrial sectors. IPM tackles complex projects through dedicated on-site leadership, combining clients' internal capabilities and legacy knowledge with IPM's proven ability to inspire stakeholder engagement and buy-in to achieve project objectives. Since its inception in 1988, IPM has served over 300 clients and completed over 3,600

projects. Headquartered in Chicago, IPM has regional offices in Boston, St. Louis, Los Angeles, San Francisco, Minneapolis, and New Jersey. In 2016, IPM was recognized on Forbes' list of 25 Best Small Companies in America. In addition, IPM has been named to Inc.'s list of 5,000 fastest-growing private companies for seven consecutive years and named a "Best Small Workplace" for six consecutive years (2010-2015) by the Great Place to Work Institute. To learn more about IPM and its services, visit www.ipmcinc.com/services or call 630-789-8600.