

# Up the Value of Project Portfolio Management Systems

## A 5-point plan for driving smart strategic decisions

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### Today's Environment

Project portfolio management (PPM) helps organizations make decisions that move the needle toward achieving their strategic objectives. In order to make those decisions, senior leadership needs the right information at the right time. This is where PPM systems come in, providing the quality data helping to inform sound decision making.

Unfortunately, many companies assume that merely implementing a PPM system will improve their ability to execute strategy. There's more to it.

### Point B's Perspective

In order for PPM systems to add value, organizations need to consider five important factors: business drivers, reporting, data, processes and people.

rate of project failures, or overutilization of key resources. In some cases, organizations may also want to leverage opportunities that are made possible by the functionality of the new system, such as better workflow management, process automation or reporting. Since most PPM systems come with rich functionality, knowing your key business drivers will help focus on the most important functionality and avoid getting lost in the thickets of implementing secondary features and functionality.

### 2. Develop reports tied to business drivers.

The purpose of a PPM system is to store and transform data into useful decision-making information. Having the right reports and analytics at the right time is critical to successful portfolio management. Developing reports, analytics and metrics that connect with your



### 1. Focus on your primary business drivers.

Before implementing a PPM system, it's essential to understand your primary business drivers (e.g., better project visibility, project and portfolio financial tracking, prioritization, resource management, project performance tracking, etc.). In many organizations, key business drivers often focus on solving current problems, such as too many low-value projects, a high

business drivers will simplify the decision-making process.

Point B's project leadership experts conduct many capability assessments, and we often find that leaders lack the information needed to make strategic decisions. Organizations implementing a PPM system should understand the types of reports and analytics required to make their portfolio process successful.

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Senior leaders should provide input on the types of reports needed and how they will drive decision making. Clear requirements can help software vendors automate the reporting process.

### 3. Know what data to collect.

Next, it's critical to enter the right data into the system, and to maintain it once you have. Data collection is not free; any data that is collected but not actively used is a waste of organizational resources. Knowing what information is needed to drive better decision making will help ensure that only important data is collected.

In one capability assessment we conducted, there was no agreement among senior leaders on the most important information required for strategic decision making. Such disparity leads organizations to collect insignificant and unprofitable data. If leadership can't explain how portfolio reports and analytics will be used to make better strategic decisions, the implementation is in trouble. Success is measured not only by user adoption, but even more by leadership's ability to make better and timelier decisions from the information coming out of the system.

### 4. Establish clear data collection processes.

It takes clear, efficient data collection processes to ensure that accurate data is entered into the system at the right time. Poorly defined or inadequate processes promote garbage in/garbage out.

Users must know when data needs to be entered as well as its level of detail (granularity). For instance, in a Stage-Gate<sup>®</sup> process, users must be trained on what data is needed and when, how to collect the right level of detail, and how to enter it into the system. Without this preparation, gate review meetings lack the information to be productive.

### 5. Hone the skills to leverage the system.

PPM system users need the skills to get the most from the system. Tool training alone is not enough. It only covers how to use the system; it does not provide the fundamental skills needed to gather the right data.

For example, in order for a governance team to manage resource capacity, the system must have good resource data. To facilitate this work, project managers need the skills and ability to build proper project schedules, estimate effort and duration, and make resource assignments so that data can be aggregated and reported on. If project managers are unable to collect good data at the project level, the governance team won't be able to manage resource capacity at the portfolio level.

Companies that leverage the greatest value from their PPM systems know that organizational change management will be required. Borrowing from Dr. John Kotter's change model, senior leaders need to establish a sense of urgency around process and system implementation. There must be a powerful guiding coalition to create a shared vision and communicate it across the organization. Leaders must empower employees to act on the vision and rally around demonstrative, short-term wins. Done properly, new portfolio processes and systems are successfully institutionalized. Without this foundational work, a PPM system is doomed to a slow death.

Once your PPM system is up and running, the five factors noted above need to be considered in reverse order: Employees follow the established processes in order to collect the data, which informs reports and analytics that drive better decisions to fulfill the original business drivers. In other words, "gold in/gold out."

## The Bottom Line

PPM systems have tremendous potential to improve portfolio management effectiveness—but only when organizations plan and implement these systems in view of their business drivers, reporting, data, processes and people.

With strong leadership, process discipline and solid competencies in project and portfolio management, your organization will be well prepared for PPM success.