IT PROJECT PORTFOLIO MANAGEMENT AT MSU

The IT Resource Management Policy (IT RMP) was approved in December of 2010 by the University Council and called for procedures to align and prioritize shared IT resources according to university strategic directives. The supporting methodology was developed using the MSU Integration Initiative (MSUii) as a platform, thus forming part of the initiative's success criterion defined as:

> *Institute a university-wide methodology for ongoing coordinated analysis and improvement.*

The portfolio management methodology was developed following researched best practices and case-tested using the MSUii work and teams as a test bed. The resulting methodology supports the MSUii objective and the IT RMP objective.

PROJECT PORTFOLIO MANAGEMENT IN PRACTICE

Organizational (or project) portfolio management is the practice of managing organizational projects, initiatives, operational work and resources collectively, using similar principles and theories as those used in managing financial investment portfolios, for example balancing long-range and short-term objectives, managing the level of risk through selection and diversification, and establishing strategic growth objectives. The Educause Center for Applied Research[1] reports that:

> *Institutions that employ business cases, consistent evaluation criteria, empowered advisory groups, and structured decision processes to select IT investments report achieving greater value and competitive advantage from information technology investments.*

The ECAR study recommends focusing on projects that "*contain institutional costs, align with institutional priority, and provide institutional differentiation*."

Organizations such as EDUCAUSE, the Project Management Institute, Information Systems Audit and Control Association (ISACA), the US Government Accounting Office and the Office of Managing and Budgeting, and Gartner, Inc. advocate the use of organizational portfolio management, along with many leading universities.

PROJECT PORTFOLIO MANAGEMENT AT MSU

These are the elements of portfolio management that are being instituted at MSU:

- Structured business cases that collect cost/benefit/risk and strategic alignment information
- Consistent evaluation criteria that summarize findings
- A framework to support and structure decision processes
- Informed selection and prioritization of projects and investments of shared resources

To guide the MSU Integration Initiative a Program Management Office (PMO) structure was implemented following best practices according to the Project Management Institute. A permanent enterprise-level PMO and portfolio management structure is a recommended outcome of MSUii and is currently in practice on a de facto basis until formalized. The PMO assists units across the university in developing business cases and supporting the prioritization and portfolio management process.

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[1] Goldstein, Philip J. & Borreson Caruso, Judith. "Information Technology Funding in Higher Education". (Roadmap, December 2004). Boulder, CO: EDUCAUSE Center for Applied Research, 2004, available from www.educause.edu/ecar.

THE PMO CHARGE

Facilitate implementation of university strategic plans and directives through informed assessment, selection, prioritization, and management of the project and program portfolio to ensure the goals of:

- strategic alignment and allocation of resources,
- optimal mix of program and project investments,
- maximum throughput of strategic objectives, and
- efficient delivery of intended benefits

in support of the university mission of excellence.

THE PRIORITIZATION PROCESS

In the past, units needing work done by central IT resources approached the IT Center in an ad hoc fashion. Projects were selected based on influence, individual relationships, what looked feasible or beneficial to the individuals involved, or best guesses as to the highest organizational priorities.

In a structured portfolio management methodology, projects are selected based on:

- Strategic alignment with institutional priorities
- Benefits to the institution
- Cost to the institution
- Probability of success

The PMO supports the functional areas requesting work and facilitates the selection and prioritization process. A governing body of high-level representatives from all four campuses makes final decisions.

The implementation of portfolio management is a cultural sea change for MSU that will result in better alignment of limited resources with strategic priorities, a sound method of assessment, selection and prioritization, visibility of investments and results, transparency into the process, and open and collaborative decision making.

The process flow begins with a solution concept explained to the PMO, which facilitates development of a business case to present to the governing body for selection and prioritization.
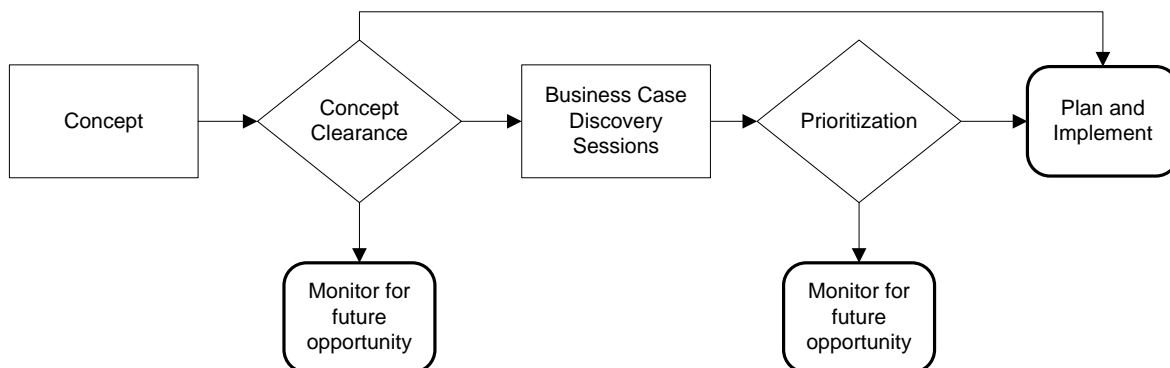
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