

The Standard for Portfolio Management

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- Business Strategy and Leadership
- Executive Mentoring and Coaching
- Program and Project Management Office
- Organizational Building
- PMP Training and Mentoring (100% Success Rate)
- Custom Training
- Managing Client-specific Projects
- Business Information Technology Strategy and Planning
- Business Analysis/Systems Analysis
- Technical Management and Development



Purpose of this Presentation

To provide information about
The Standard for Portfolio Management



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Agenda

- Background
- Portfolio Management defined
- Cross-Company linkages with Portfolio Management
- Portfolio Management Processes
- Summary
- Questions



PMI Standards Background

- Professional Need
- Develop Standard(s) for Program Management and Portfolio Management
 - Processes/process groups, terminology, basic structures
 - Consistent with *PMBOK® Guide*
 - Knowledge areas to be developed in future editions
- Determine need for one or two standards
 - Research/Industry Consensus
 - Differences/Similarities
- Exposure Drafts posted Summer 2005
- Publish Both May 2006



History of Events

- Chartered Program and Portfolio Management Project (2003)
- Determined 2 standards needed (2003)
- Developed Both Standards (2004 - 05)
- Exposure Drafts Posted (Summer 2005)
- Publish Both (Spring 2006)

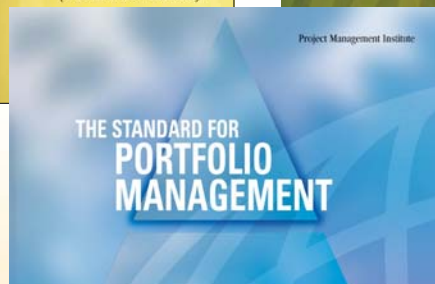
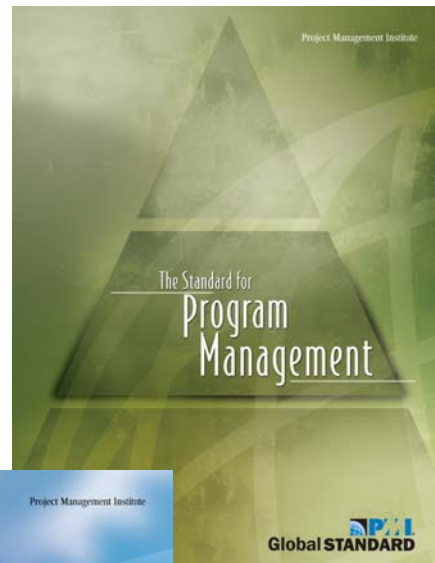
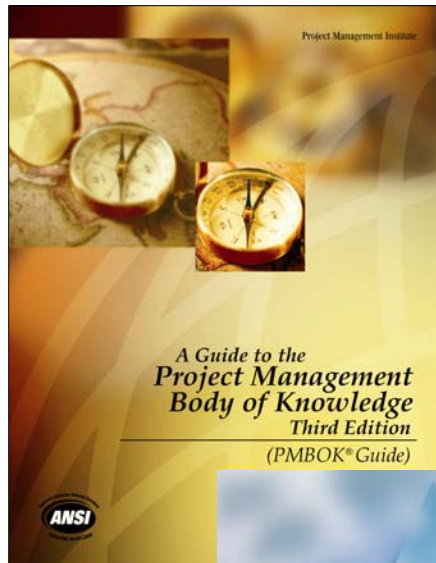


Quick Facts

- 416 PMI volunteers from 36 countries
- 12 Core Team members led both projects
- Used internal ‘mini-Exposure Draft’ process
- Public Exposure Drafts –
 - 442 recommendations received
 - Accepted/accepted with modifications 50%
- Consensus Body Approval
- Madrid – official announcement

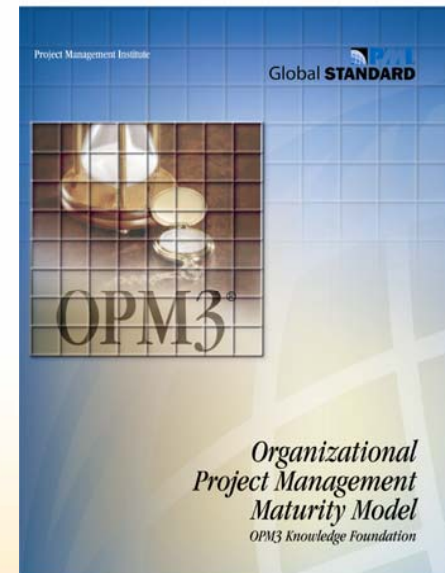


Key PMI Standards as of May 2006



Good Practices in use today

Organizational Best Practices



What is a Portfolio?

Portfolio- *A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives. The projects or programs of the portfolio may not necessarily be interdependent or directly related.*



What is Portfolio Management?

Portfolio Management- *the centralized management of one or more portfolios, which includes identifying, prioritizing, authorizing, managing and controlling projects, programs, and other related work, to achieve specific strategic business objectives.*



What is a Program?

Program - *a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the discrete projects in the program.*



What is Program Management?

Program Management – *the centralized coordinated management of a program to achieve the program's strategic objectives and benefits.*

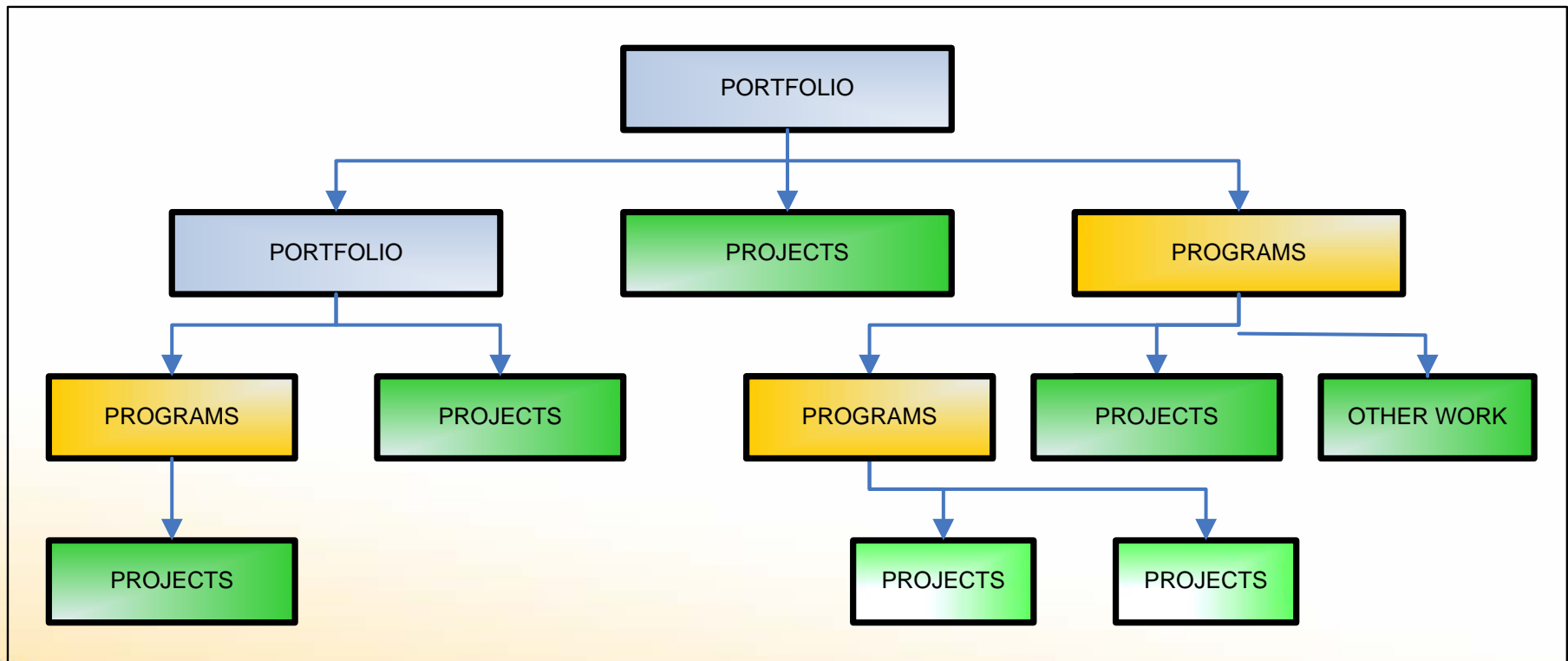


Major Distinctions

- Program Management
 - Includes non-project work
 - Bounded context
 - Audience defined by program goal(s)
 - Major Themes
 - Benefits Mgmt
 - Stakeholder Mgmt
 - Governance
- Portfolio Management
 - Not a project; more an ongoing business process
 - Broad strategic focus
 - Audience is Senior Executive Level
 - Major Focus
 - Alignment
 - Decision making
 - Doing the ‘right’ things



High-level View: Portfolio, Programs, Projects



Components of a Portfolio

- Represent investments made or planned by the organization
- Are aligned with the organization's strategic goals and objectives
- Typically have some distinguishing features that permit the organization to group them for more effective management
- Are quantifiable; that is, they can be measured, ranked and prioritized



Portfolio Management Link with Organizational Strategy



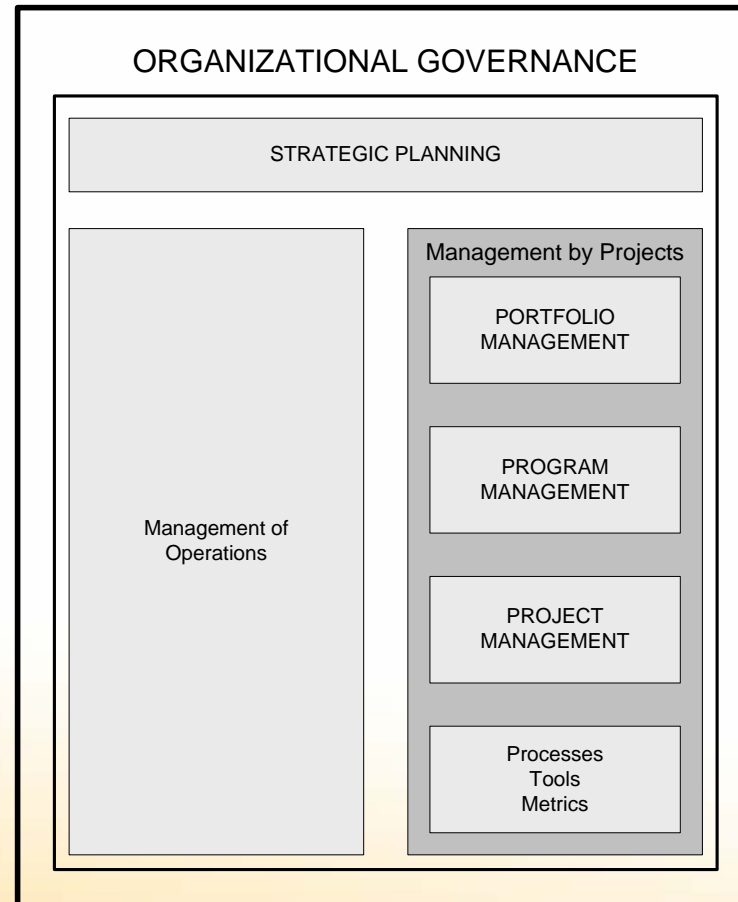
Portfolio Management Flow of Control

Organizations rely on projects and programs in order to achieve their strategic intent. The application of portfolio management allows this interconnection by the sharing of goals and the allocation of resources. The flow of control is as follows:

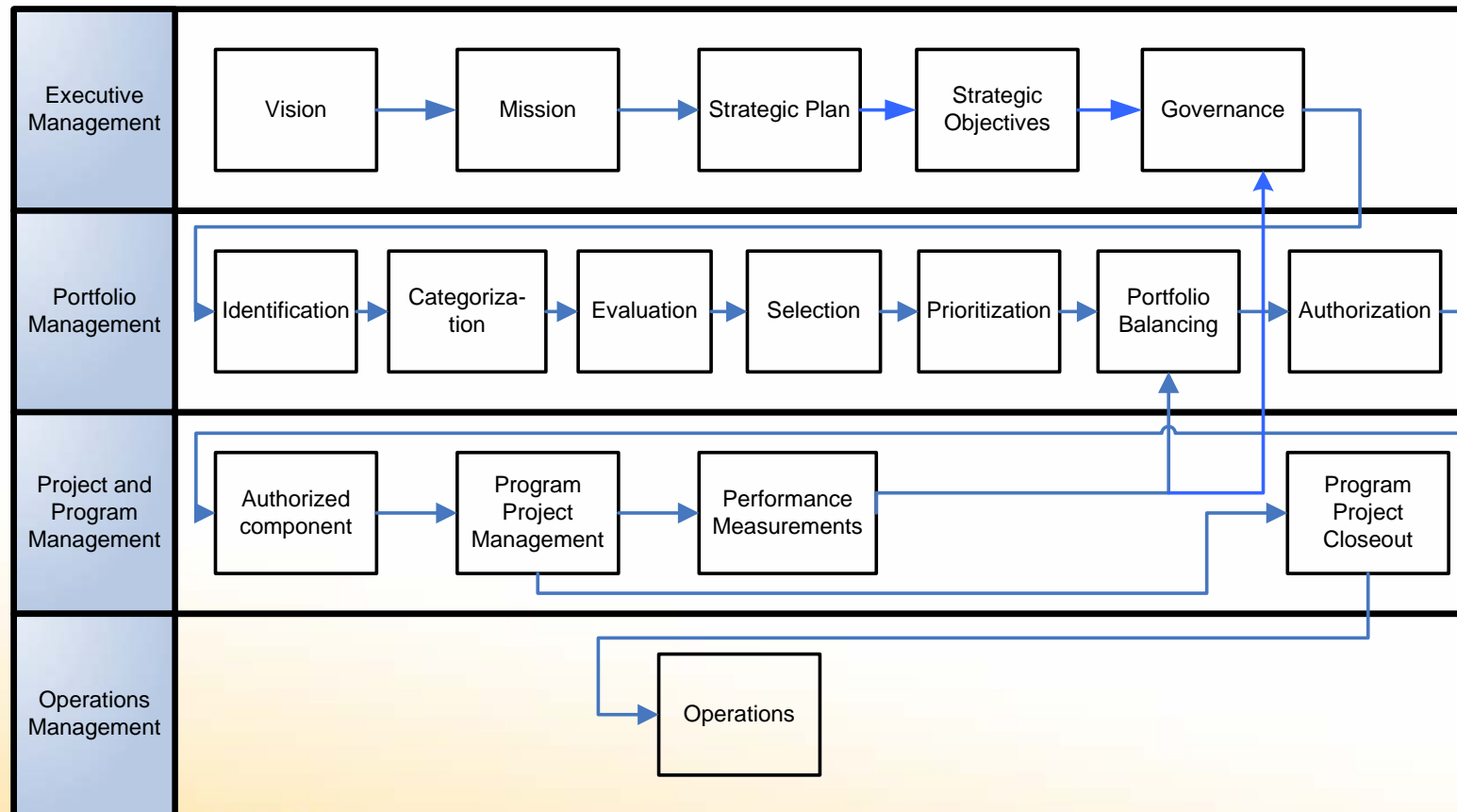
- Strategic intent and prioritization
- Strategic intent is mapped onto a set of portfolio components
- Each program corresponds to subset of the overall strategic intent
- Each project is defined by its contribution to the portfolio's strategic intent



Link between Portfolio Management and Organizational Governance



Cross-company linkages with Portfolio Management



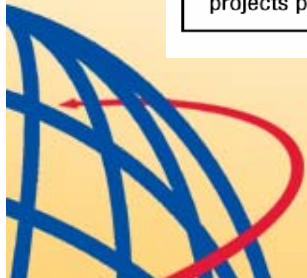
Link between Portfolio Management and Operations

- Operations describe day-to-day business activities, such as:
 - Finance
 - Marketing
 - Corporate Communications
 - Human Resource Management
- Involves processes that are not necessarily project specific – result in ongoing work



Links between Portfolio Management and Program and Project Management

PROJECT	PROGRAMS	PORTFOLIOS
Projects have a narrow scope with specific deliverables.	Programs have a wide scope that may have to change to meet the benefit expectations of the organization.	Portfolios have a business scope that changes with the strategic goals of the organization.
The project manager tries to keep change to a minimum.	Program managers have to expect change and even embrace it.	Portfolio managers continually monitor changes in the broad environment.
Success is measured by budget, on time, and products delivered to specification.	Success is measured in terms of Return On Investment (ROI), new capabilities, and benefit delivery.	Success is measured in terms of aggregate performance of portfolio components.
Leadership style focuses on task delivery and directive in order to meet the success criteria.	Leadership style focuses on managing relationships, and conflict resolution. Program manager's need to facilitate and manage the political aspects of the stakeholder management.	Leadership style focuses on adding value to portfolio decision-making.
Project managers manage technicians, specialists, etc.	Program managers manage project managers.	Portfolio managers may manage or coordinate portfolio management staff.
Project managers are team players who motivate using their knowledge and skills.	Program managers are leaders providing vision and leadership.	Portfolio managers are leaders providing insight and synthesis.
Project managers conduct detailed planning to manage the delivery of products of the project.	Program managers create high-level plans providing guidance to projects where detailed plans are created.	Portfolio managers create and maintain necessary process and communication relative to the aggregate portfolio.
Project managers monitor and controls tasks and the work of producing the projects products.	Program managers monitor projects and ongoing work through governance structures.	Portfolio managers monitor aggregate performance and value indicators.



Role of the Portfolio Manager

- Portfolio Manager is responsible for monitoring and managing assigned portfolios
- Plays key role in
 - Project Prioritization
 - Providing key stakeholders with performance assessments
 - Measuring value to the organization
 - Ensuring timely & consistent communication



Role of the Portfolio Manager (cont.)

- Benefits Realization
- Program and Project Management Methods and Techniques
- Process Development and Continuous Improvement
- General Management Skills



Portfolio Management Metrics

- Aggregate measures that describe availability and type of resources needed to support the portfolio components
- May include financial and milestone measures



Portfolio Management Process and Organization

Key components of Portfolio Management:

- Portfolio Management Process
- Portfolio Stakeholder Roles and Responsibilities
- Organizational Influences



Portfolio Management Process Overview

- Links with Strategy- During a typical business cycle, components will be reviewed and validated in relation to the following:
 - Alignment of the components with corporate strategy
 - Viability of the components as part of the portfolio, based on key indicators
 - Value and relationship to other portfolio components
 - Available resources and portfolio priorities
 - Additions and deletions of portfolio components
- Portfolio Management Process Cycle



Portfolio Stakeholders Roles and Responsibilities

- Executive Managers
- Portfolio Review Board
- Portfolio Managers
- Sponsors
- Program Managers
- Project Managers
- Program/Project Management Office
- Project Team
- Operations Management
- Functional Managers
- Finance Managers
- Customers
- Vendors/Business Partners



Organizational Influences

Forces influencing Portfolio Management:

- Organizational Culture
- Economic Impact
- Organizational Impacts



Portfolio Management Processes

Portfolio management is accomplished through processes, using relevant knowledge, skills, tools, and techniques that receive inputs and generate outputs. In order to be successful, the portfolio management team must:

- Understand the organization's strategic plan
- Establish determining factors for managing the portfolio based on the strategic plan
- Consider all of the organization's projects, programs, and other portfolio components
- Follow agreed-upon processes

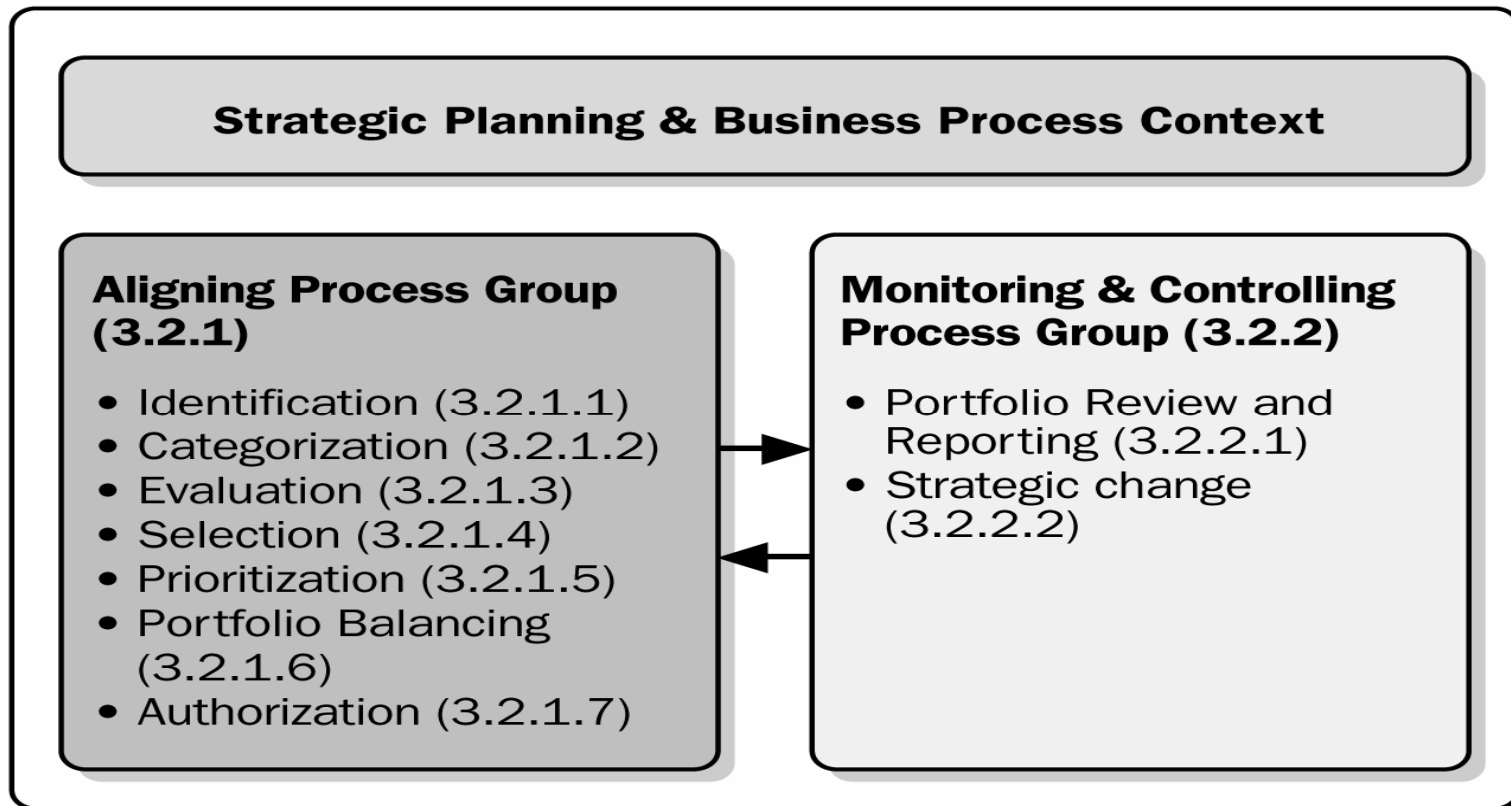


Portfolio Management Process Groups

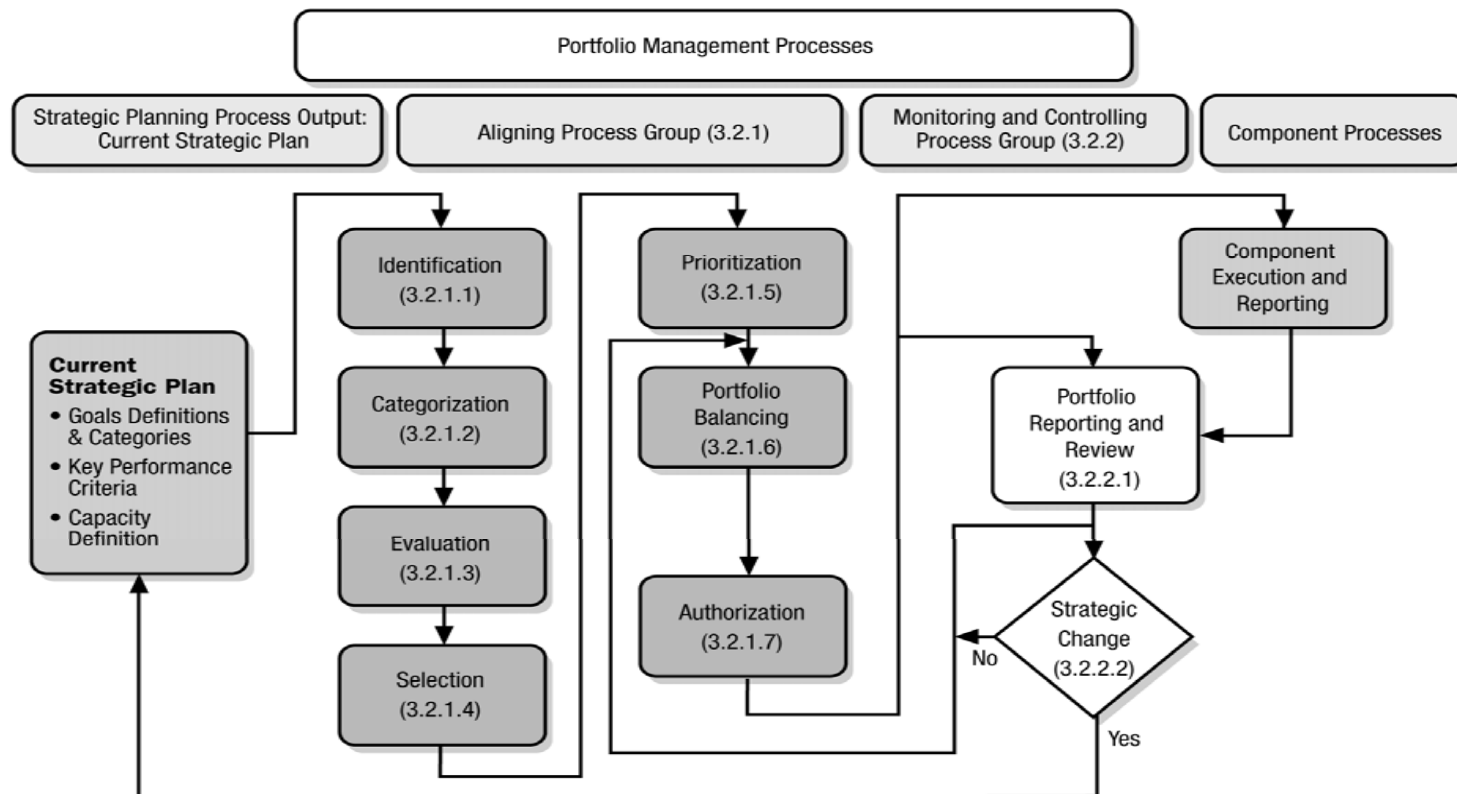
- *Aligning Process Group (7 processes)* – Includes how components will be categorized, evaluated and selected for inclusion, and managed in the portfolio.
- *Monitoring and Controlling Process Group (2 processes)* – Consists of reviewing performance indicators periodically for alignment with strategic objectives.



Portfolio Management Process Groups



Portfolio Management Process Interactions



Aligning Process Group

- Identification
- Categorization
- Evaluation



Aligning Process Group (cont.)

- Selection
- Prioritization
- Portfolio Balancing
- Authorization



Monitoring and Controlling Process Group

- Portfolio Periodic Reporting and Review
- Strategic Change



Summary

- *The Standard for Portfolio Management* addresses a gap in the management-by-projects field across all types of organizations (i.e., profit, nonprofit, and government) —that is, the need for a documented set of processes that represent generally recognized good practices in the discipline of portfolio management.

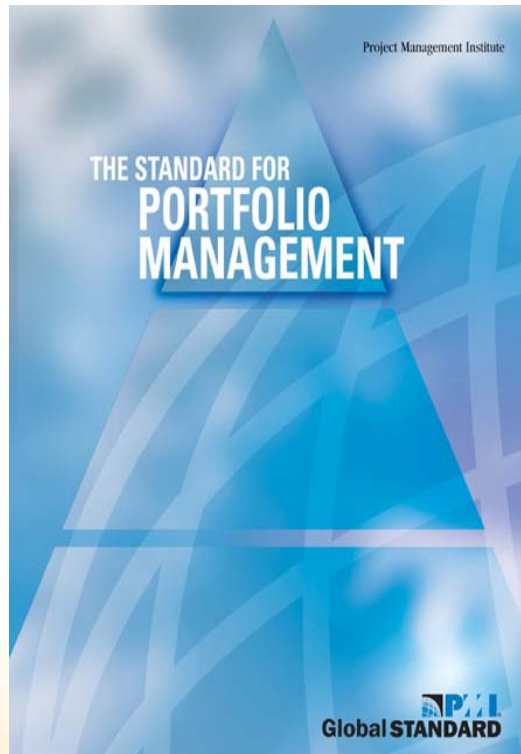


Portfolio and Program Management Standards Team Members

- PMI would like to thank all team members for their contribution. Team members are listed in *The Standard for Portfolio Management* Appendix C.



Questions



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Contact Information

- Name/Company
- Phone Contact
- Email
- Session #

