

: *What is portfolio management?*

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Portfolio management is a coordination and control process that selects, prioritizes, and staffs programs and projects to align them with organizational strategies. Programs focus on achieving goals and benefits aligned with the portfolio and organizational objectives. Programs are comprised of projects focused on achieving more specific goals and requirements related to a program. Many organizations have multiple internally and externally focused projects that require coordination. A project portfolio is an organized grouping of related projects.

If managers identify and define a program, e.g., a group of related projects, then there is a perceived need to coordinate the projects to realize benefits and maintain coordination and control. Programs include the specific projects and the management effort and infrastructure needed for the program. Programs often include tasks related to managing the program itself.

Internally-focused programs and projects deliver benefits to an organization by enhancing current capabilities or developing new capabilities. Some projects within a program can deliver useful incremental benefits to the organization before the program itself has been completed.

Program management is the centralized coordinated management of a program to achieve the program's benefits and objectives. It involves aligning multiple projects to achieve the program goals allows for optimized or integrated cost, schedule and effort. Projects within a program are related through a common outcome or a collective capability that is delivered. If the relationship among the projects is only that of a shared client, seller, technology, or resources, the effort should be managed as a portfolio of projects rather than as a program. In programs, it is important to identify, monitor and control the interdependencies among the components. Program management focuses on these project interdependencies and helps to determine the optimal approach for managing them.

A project is defined as a temporary endeavor undertaken to create a unique product, service or result. Project management is the application of knowledge, skills, tools and techniques to project activities to meet the project requirements.

A program is comprised of multiple related projects that are initiated during the program's life cycle and are managed in a coordinated fashion. The program manager coordinates efforts between projects but does not directly manage the individual projects. A portfolio is a collection of

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components (i.e., projects, programs, portfolios, and other work such as maintenance and related ongoing operations) that are grouped together to facilitate the effective management of that work in order to meet strategic business objectives. The projects or programs of the portfolio may not necessarily be interdependent or directly related.

During a program's life cycle, projects are initiated and the program manager oversees and provides direction and guidance to the project managers. Program managers coordinate efforts between projects but do not manage them. Essential program management responsibilities include the identification, monitoring and control of the interdependencies between projects; dealing with the escalated issues among the projects that comprise the program; and tracking the contribution of each project and the non-project work to the consolidated program benefits.

References

The Standard for Program Management, (Fourth Edition) | PMI

<https://www.pmi.org> › PMBOK® Guide and Standards › Foundational Standards

"the definitive guide for individuals and organizations seeking to mature their program management practices. It is principle-based, making it a powerful tool for a broad range of organizations, regardless of project delivery approach."

The Project Management Body of Knowledge is a set of standard terminology and guidelines for project management. The body of knowledge evolves over time and is presented in A Guide to the Project Management Body of Knowledge, (sixth edition), 2017.

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Last update: 2019-08-11 01:24