: What is project portfolio management?

Daniel J. Power

Editor, DSSResources.com

Project portfolio management (PPM) 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.

Project portfolio management is the centralized management of one or more project portfolios. PPM is a means to achieve strategic objectives, coordinate implementation, and improve project selection. PPM can promote agility and help create value. There is some evidence that PPM minimizes project risks, maximizes resource utilization, helps routinize agile processes, and leads to more coordinated decision-making (Bridges, 2018). Internal decision support projects, business analytics projects, and customer-facing applications may be appropriately clustered into one or more programs, and then coordinated using PPM. External projects of a consulting firm may also benefit from a PPM structure.

When managers identify a group of related projects, then define them as a program there is a perceived need to coordinate the projects to realize synergistic benefits. Programs include the specification of the specific projects and the management effort and infrastructure needed for the program. Defining a program often includes 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. Project portfolio management is useful for managing both analytics and decision support projects.

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 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.

The Agile Project Management (APM) Framework is a modern agile framework that covers the entire lifecycle of a project. The Agile Project Management Framework was proposed by Jim Highsmith (2010) in his book, **Agile project management – creating innovative products**.

Highsmith defines the APM framework as a series of steps that take a project from an initial vision of a product to the final delivery of the product. There are five different steps in the Agile Project Management framework that occur in project development. Below are the ordered phases of the APM framework: 1. Envision, 2. Speculate, 3. Explore, 4. Adapt, and 5. Close.

Envision Phase:

The envision phase is the initial phase of project management within an APM framework. In general, after approval of a business case, the agile key members are involved in the envision phase where they collaborate to create the compelling vision for a project.

Speculate Phase:

In the Speculate phase, the product vision is translated into a backlog of requirements.

Explore Phase:

In this phase agile team members explore various alternatives to implement and fulfill the requirements of a project.This phase occurs iteratively during sprints.

Adapt Phase:

In the adapt or retrospective phase, an agile team reviews the results of execution, the current situation, performance of the team against the plan and adapts as per the requirements.

Close Phase:
This phase occurs following the last sprint and concludes the project in an ordered manner capturing the project’s key lessons.

The APM framework defines the Agile organization structure explicitly. Thus, the approach satisfies one of the major deficiencies of Agile models: the lack of correspondence between organizational practices and structures and organizational governance.

An organization's strategy should be linked with the tactical project and program execution to enhance performance and maximize returns. Aligning projects with strategy is important. Managers should measure changes and improvements across the entire organization in terms of efficiency, predictability, and control that results from managing project portfolios. You can only manage what you measure, but measuring alone is not enough (Peppers, 2018). Peter Drucker is often quoted as saying that “you can't manage what you can't measure.” He means that you can not know if you are successful unless success is defined and tracked. Identify project goals and then define how to measure and evaluate project success.

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.

Bridges, J., "5 Benefits in Adopting Project Portfolio Management," Project Manager, February 5, 2018 at URL
https://www.projectmanager.com/training/5-benefits-adopting-project-portfolio-management.

Highsmith, J., Agile Project Management: Creating Innovative Products, 2nd Edition, Addison-Wesley Professional, 2010.

McGannon, R., "Agile Certification Training: Agile Project Management Framework," LinkedIn Learning, Agile Project Management Foundations.

Peppers, D., "Why 'You Can't Manage What You Can't Measure' is Bad Advice," LinkedIn, August 31, 2018 at URL
https://www.linkedin.com/pulse/why-you-cant-manage-what-measure-bad-advice-don-peppers/ .

Author: Daniel Power
Last update: 2020-01-20 05:58