



CREATING BUSINESS PRIORITIZATION FOR PROJECTS AND PORTFOLIOS

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INTRODUCTIONS



Chris Introduction

- ❑ Founder of HMS Software; publishers of TimeControl, a project-based timesheet system
- ❑ Over 28 years experience in project and timesheet systems
- ❑ Author of the EPMGuidance.com blog
- ❑ Teaches Advanced Project Management at McGill University
- ❑ Writing has appeared in:
 - ❑ Fortune Magazine, American Management Association's Project Management handbook, PMI's PMNetwork, Microsoft's TechNet, Computing Canada, and PM Times magazines.

HMS Introduction

- 1984** HMS Software founded. First project: automating the project office at Philips Information Systems and creating a project timesheet
- 1994** HMS releases TimeControl 1.0
- 1995** TimeControl published with links to Microsoft Project
- 1997** HMS becomes a Primavera Technology Alliance Partner
- 1997** HMS releases TimeControl 3.0 as a client/server product
- 1999** HMS releases first web timesheet interface for TimeControl
- 2001** HMS releases TimeControl 4.0, a full web-based version
- 2005** HMS becomes a Microsoft Gold Certified Partner
- 2007** HMS releases TimeControl Industrial 4.7
- 2010** HMS becomes Oracle Gold Partner
- 2010** HMS releases TimeControl 6.0
- 2011** HMS releases TimeControl Mobile
- 2012** HMS releases TimeControlOnline – Hosted TimeControl in the Cloud

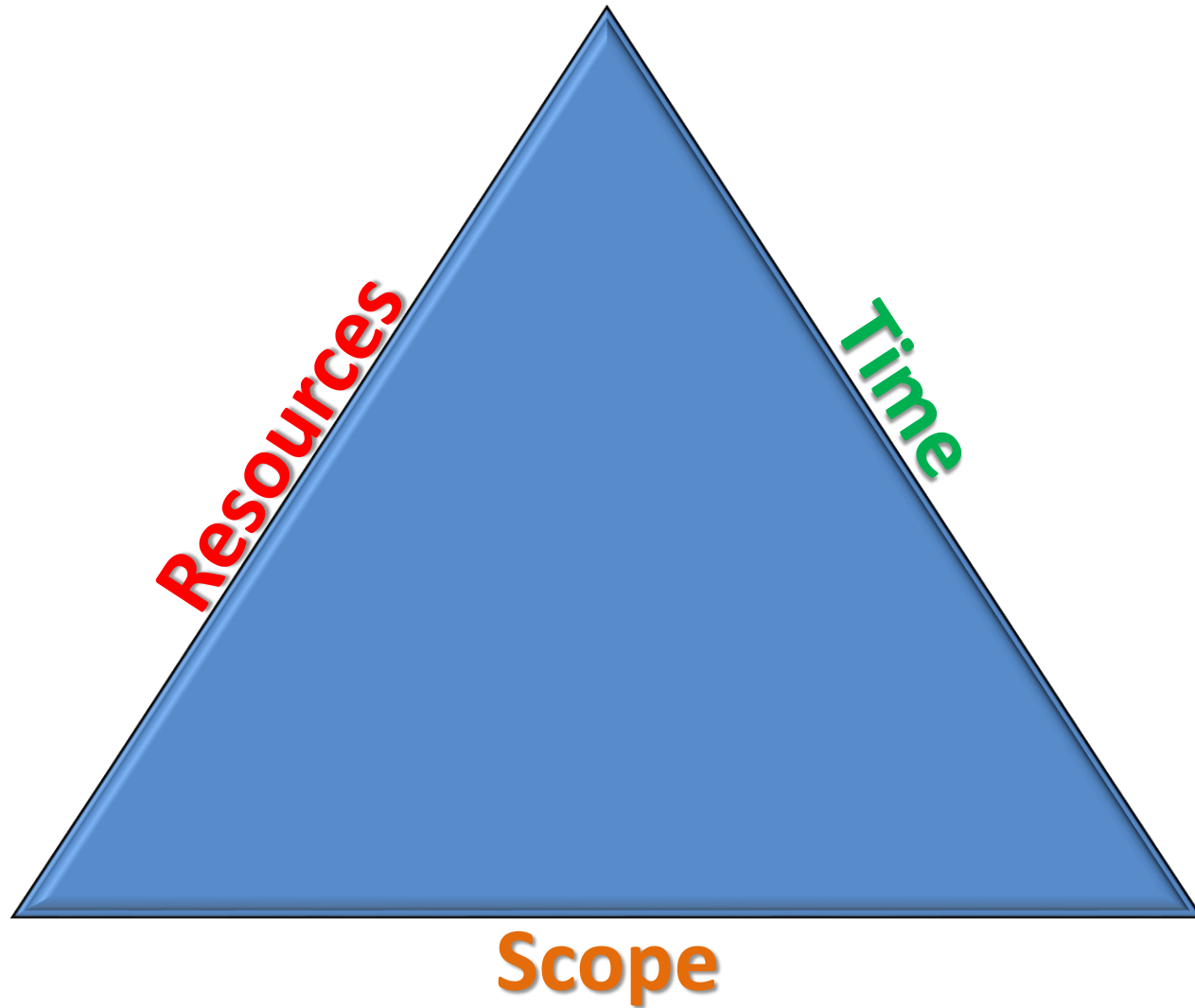
Agenda

- ❑ What is prioritization?
- ❑ Designing your project prioritization environment
- ❑ Stage Gating
- ❑ Barriers
- ❑ Wrapping up



WHAT IS PRIORITIZATION?

Project Constraints



No prioritization? Then why have PM?

No one has an abundance of resources

...nor should they

Ken Mattingly



PRIME CREW OF TENTH MANNED APOLLO MISSION

Thomas K. Mattingly, II

John W. Young

Charles M. Duke, Jr.

Ken Mattingly

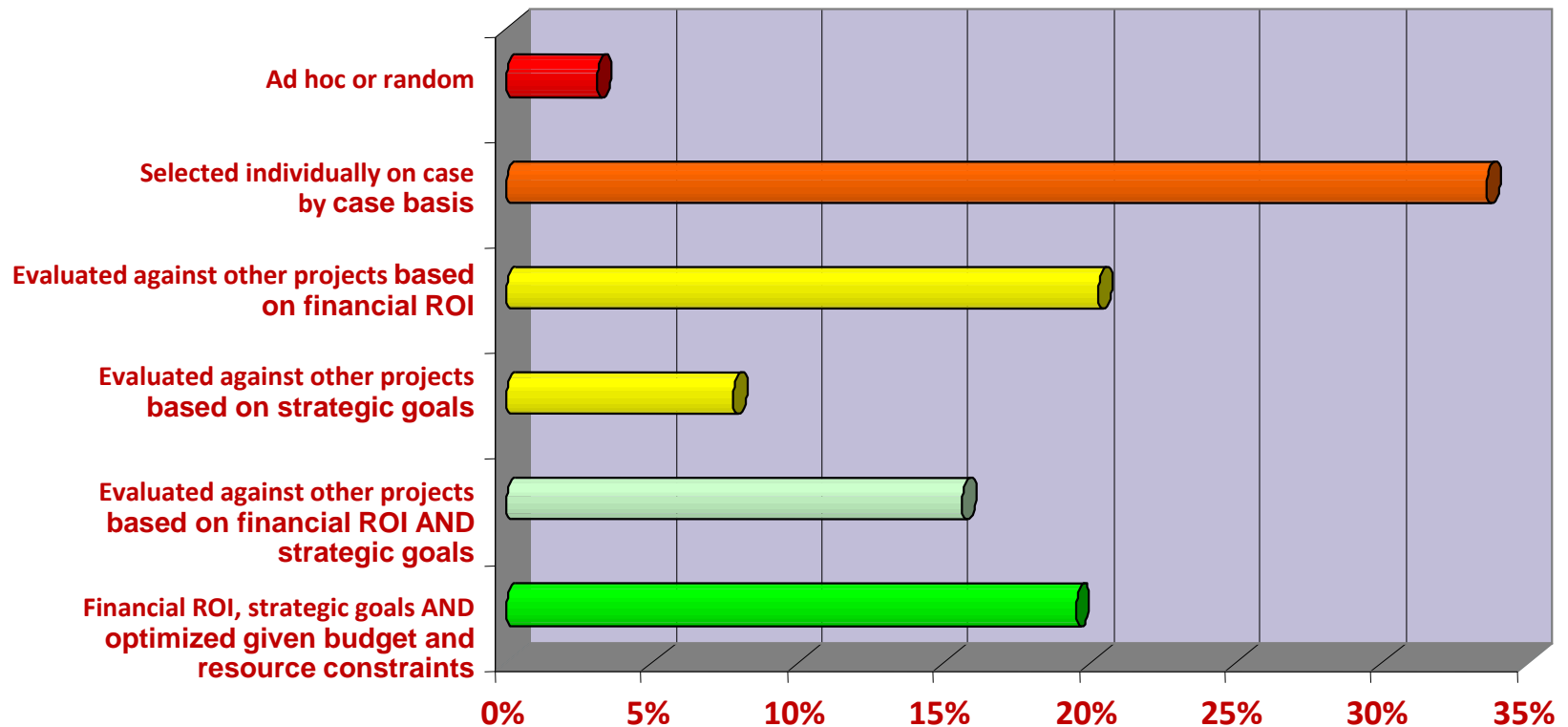
“What is a project? It is an exercise of producing a defined result with insufficient resources.”




*Rear Admiral, Ken Mattingly
Apollo 13 Astronaut, VP Lockheed*

PPM Selection Today

How are Projects Currently Selected in Your Organization?



Source: UMT Poll Responses from 128 Webcast Attendees, February 7th, 2006



Between 1999 & 2001 American
companies spent \$130 billion on
technologies never used

Mastering the Three Worlds of Information Technology
(Harvard Business Review, A. McAfee
Nov. 2006, pp. 141 -149)

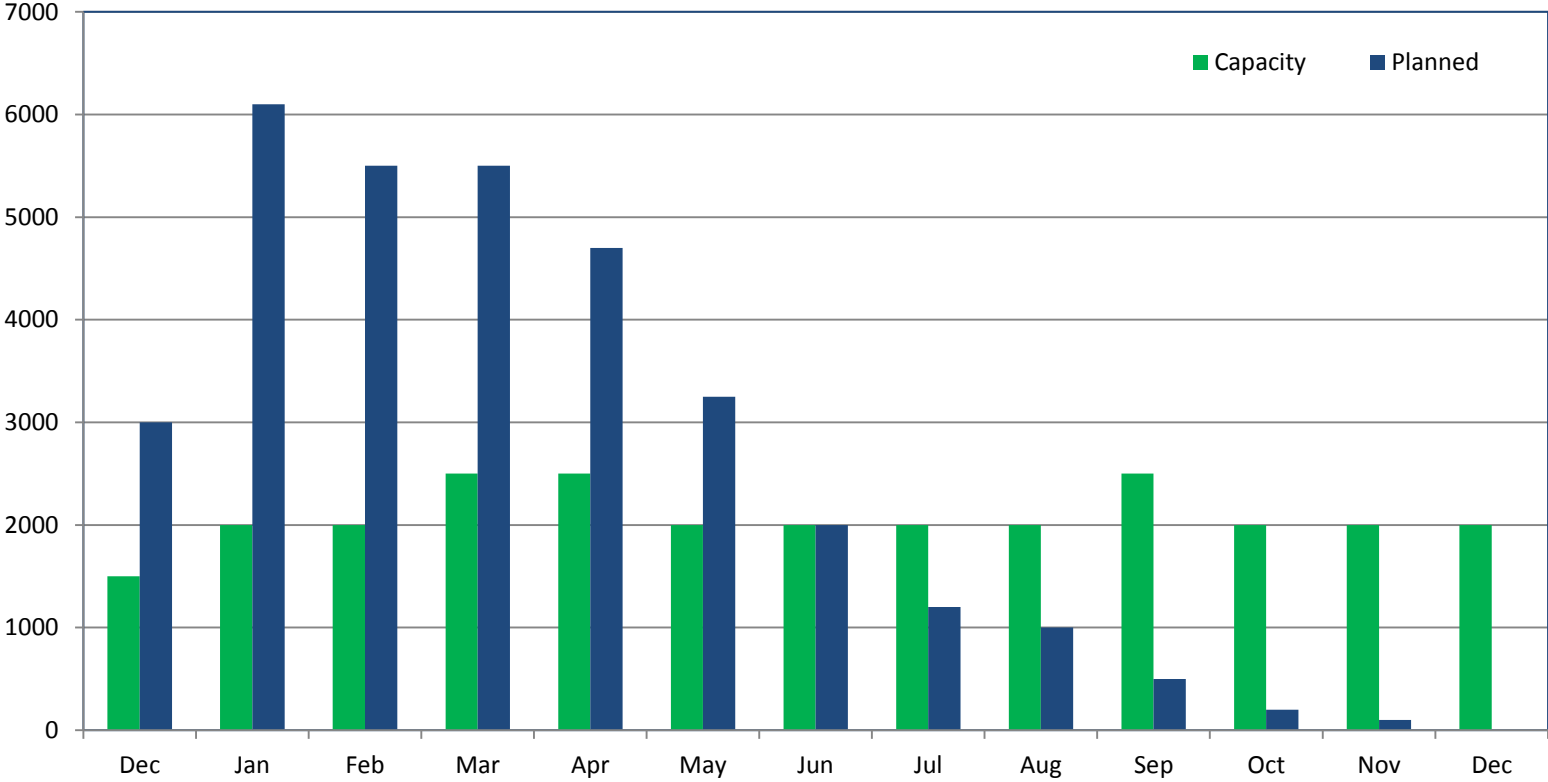
Project Prioritization

- ❑ “When project initiatives are assessed only as a narrative, prioritization becomes a battle of narratives”.

- ❑ The result is that:
 - ❑ All projects are listed as priority 1
 - ❑ All projects have, in theory started
 - ❑ Prioritization is done on an ad-hoc basis

- ❑ The goal: “Find a process that breaks ties”

Non-prioritized projects



As of Feb 1, 2010


What do Executives need?

A sip from the firehose



What do Executives need?

- ❑ The biggest challenge for Business Decision Makers is the deluge of data; data from all sorts of various sources and in myriad formats.
- ❑ There is no shortage of data but a profound lack of knowledge and, by extension, of decision making ability
- ❑ Business Decision Makers want data volume decreased and decision making increased.



According to a survey done of 385 IT and Finance VPs, 82% do not possess information which is of sufficient quality, trustworthiness or usefulness to manage their operations.

Computing Canada, April 7, 2006



DESIGNING YOUR PROJECT PRIORITIZATION ENVIRONMENT

The Portfolio Prioritization Process

- ❑ Identify Business Drivers
- ❑ Develop questionnaires for measurement in each category
- ❑ Determine the inter-driver impact through pairwise comparison
- ❑ Assess answers for the questionnaire for each project
- ❑ Calculate priorities based on the questionnaire answers
- ❑ Prioritize a summary schedule based on the priority listing and identify which projects would be done first based on the priority and which will not be accomplished based on limited resources
- ❑ Review the results and force projects into the priority list where required with the understanding that other projects would then not be completed.

Business Drivers vs KPI's

- ❑ **Business Drivers** are short sharp statements that express the shared focus of the organization in actionable terms.
- ❑ **Key Performance Indicators** are Measurements of past performance that empower management to action when results are not occurring as expected.
- ❑ **New Project initiatives** are based on Business Drivers

Rules for Business Drivers

- ❑ Choose 4 to 8 business drivers
- ❑ Have the drivers align to goals that are recognizable by all of management
- ❑ Include relevant managers in the selection and relevance of the business drivers (These are the same managers who are requesting projects)
- ❑ Look to your mission statement, strategic goals, current business challenges, global or regional initiatives to find business drivers

Business Driver Characteristics

- ❑ Business Drivers should be:
 - ❑ Measureable
 - ❑ Action oriented
 - ❑ Unique
 - ❑ Leveled
 - ❑ Attainable
 - ❑ Clear to all decision makers

Business Driver Examples

- Become the industry leader ← Actionable?
- Replace the mainframes ← Driver or Project?
- Enhance IT environment
- Grow number of new clients
- Increase clients ← Duplicate
- Reduce competition ← Not Attainable
- Increase employee retention and productivity ← 2 Drivers
- Grow change management capabilities
- Improve service delivery

Business Driver Matrix Pairwise

	Improve Market Share	Improves customer satisfaction	Project Risk	Alignment to Strategy
Improve Market Share		Market Share is strongly more important than Customer	Market Share is strongly more important than Project Risk	Market Share is moderately more important than Strategic
Improves customer satisfaction			Customer Satisfaction is equal to Project Risk	Customer Satisfaction is moderately less important
Project Risk				Project Risk is moderately less important than Strategic
Alignment to Strategy				

Improve Market Share Increase market share by 10%

Improve customer satisfaction Increase overall customer satisfaction by 10% as measured by the quarterly customer satisfaction survey

Project Risk Exposure to project risk as assessed in our project risk matrix scoreboard

Alignment to strategy Degree of alignment to one of the 4 key strategic goals as published by the board of directors for this year

Business Driver Matrix Pairwise scores

	Improve Market Share	Improves customer satisfaction	Project Risk	Alignment to Strategy	Alignment to Strategy
Improve Market Share		9	9	3	21
Improves customer satisfaction	0.111		1	0.111	1.222
Project Risk	0.111	0.33		0.33	0.771
Alignment to Strategy	0.33	9	3		12.33

Description	Score
Strongly more important than	9
Moderately more important than	3
Equal to	1
Moderately less important than	0.33
Strongly less important than	0.111

Driver Matrix Scores

Driver Matrix				
	Weighting			
	Total Score	In Percent	Project 1	Project 2
Improve Market Share	21	59	0	1
Improves Customer Satisfaction	1.22	3	0	1
Project Risk	0.771	2	4	3
Alignment to Strategy	12.33	35	0	1
Total:	35.321	100%	8.0	103.0

Project Questionnaire

- Create multiple choice answers for fundamental questions to determine the impact of each project on each project driver:
 - Extreme
 - Strong
 - Moderate
 - Low
 - None

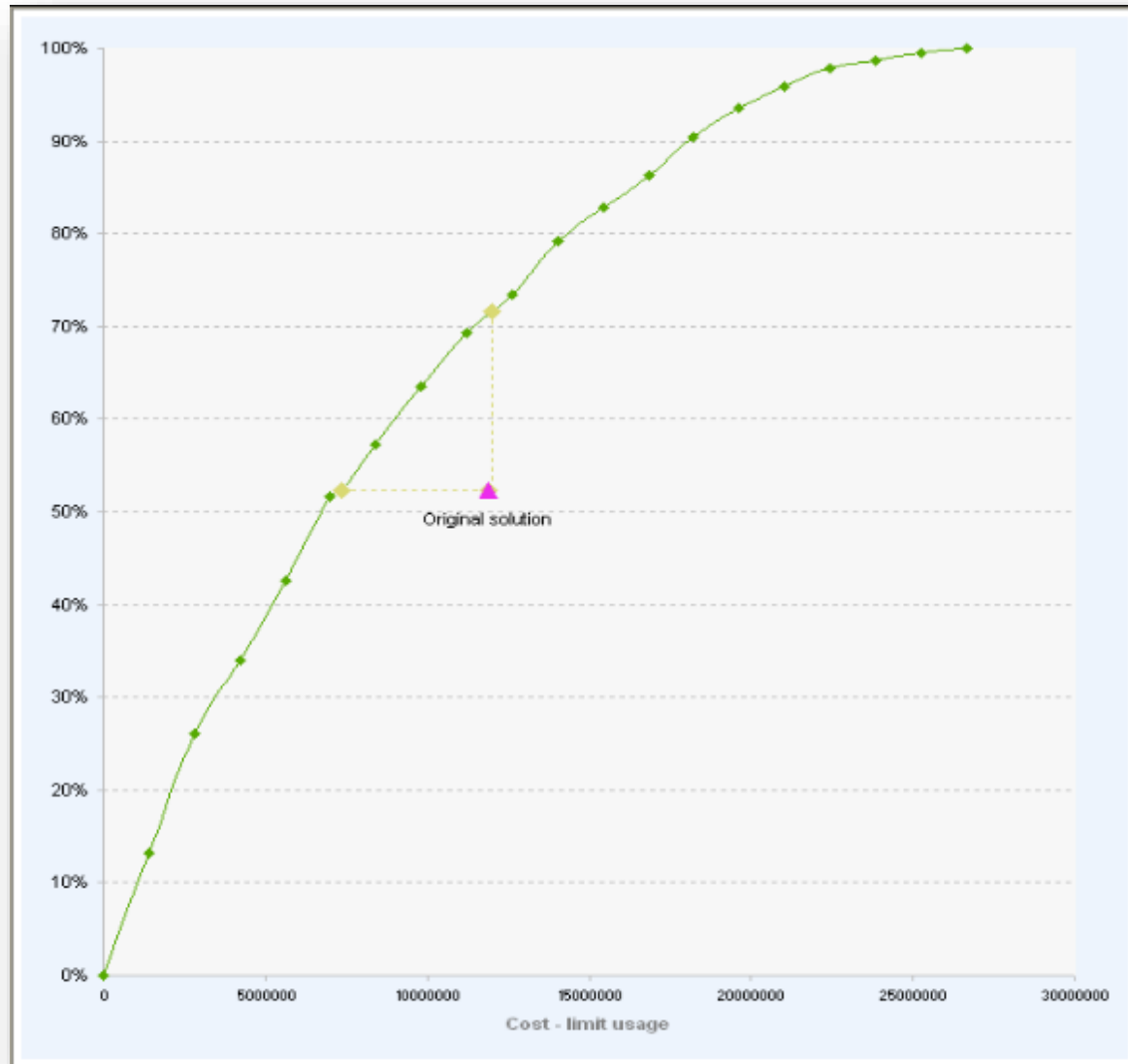
Driver Questionnaire Examples

Business Drivers	An initiative's impact on this driver is:
Enhance Quality of Products and Services	<p>Extreme – if it increases business partner satisfaction by $\geq 3\%$</p> <p>Strong – if it increases business partner satisfaction by $\geq 2\%$</p> <p>Moderate – if it increases business partner satisfaction by $\geq 1\%$</p> <p>Low - if it increases business partner satisfaction by $< 1\%$</p>
Improve Accuracy of Core Processes	<p>Extreme – if it improves FCI and DPMO by 33% on one process or 8% across all processes</p> <p>Strong – if it improves FCI or DPMO by 33% on one process or 8% across all processes</p> <p>Moderate – if it improves FCI or DPMO by 16% on one process or 4% across all processes</p> <p>Low - if it contributes to improve FCI or DPMO on one or more processes</p>
Reduce Cycle Time for Key Processes	<p>Extreme – if it improves cycle time by 25% in one process or avg. of 7% across multiple processes</p> <p>Strong – if it improves cycle time by 13% in one process or avg. of 4% across multiple processes</p> <p>Moderate – if it improves cycle time by 7% in one process or avg. of 2% across multiple processes</p> <p>Low - if it contributes to improve cycle time in one or more processes</p>
Effectively Manage Operational Risk	<p>Extreme – if it improves operational risk stability by $\geq 2\%$</p> <p>Strong – if it improves operational risk stability by $\geq 1\%$</p> <p>Moderate – if it improves operational risk stability by $\geq .5\%$</p> <p>Low - if it improves operational risk stability by $< .5\%$</p>
Enhance Transparency of Products and Services	<p>Extreme – if it increases transparency score in business partner satisfaction by $\geq 3\%$ -</p> <p>Strong – if it increases transparency score in business partner satisfaction by $\geq 2\%$</p> <p>Moderate – if it increases transparency score in business partner satisfaction by $\geq 1\%$</p> <p>Low - if it increases transparency score in business partner satisfaction by $< 1\%$</p>
Reduce Cost of Operations	<p>Extreme – if it reduces ongoing expense by $\geq \\$10\text{MM}$</p> <p>Strong – if it reduces ongoing expense by $\geq \\$5\text{MM}$</p> <p>Moderate – if it reduces ongoing expense by $\geq \\$3\text{MM}$</p> <p>Low - if it reduces ongoing expense by $< \\$3\text{MM}$</p>
Create Opportunities for New Revenue	<p>Extreme – if it provides revenue growth opportunities for 4 or more bus. partners</p> <p>Strong – if it provides revenue growth opportunities for 3 or more bus. partners</p> <p>Moderate – if it provides revenue growth opportunities for 2 or more bus. Partners</p> <p>Low - if it provides revenue growth opportunities for 1 or more bus. Partners</p>
Improve Associate Satisfaction	<p>Extreme – if it reduces turnover by $\geq 1.35\%$ and increases associate satisfaction by $\geq 1\%$</p> <p>Strong – if it reduces turnover by $\geq 1.35\%$ or increases associate satisfaction by $\geq 1\%$</p> <p>Moderate – if it reduces turnover by $\geq .7\%$ or increases associate satisfaction by $\geq .5\%$</p> <p>Low - if it contributes to reducing turnover or increasing associate satisfaction</p>

Prioritized project list

	Projects	
0004	Software Testing Architecture Upgrade	5.4103%
0030	Integrated Development Environment Training	5.2419%
0010	Operating System Upgrade	4.9408%
0002	Bug Tracking Database Design	4.8599%
0015	Router Benchmark System Upgrade	4.5835%
0012	ERP System End-User Training	4.4214%
0001	Feature Request Database Evaluation	4.3877%
0009	IT Architecture Deployment	4.1869%
0005	Data Warehouse Upgrade	4.0967%
0016	Hub Upgrade	3.7939%
0026	Network Application Architecture Design	3.7645%
0022	End-User Network Training	3.7259%
0024	Knowledge Management System Enhancement	3.6055%
0017	Packet Optimization Software Design	3.5751%
0027	Secure Software Audit	3.5358%
0003	Software Roadmap Design	3.5069%
0006	Revision History Database Design	3.3276%
0025	IT Staff Training	3.2555%
0031	Automated Processing System Implementation	3.1829%
0021	Firewall Configuration	3.1272%
0029	Internal Software Database Audit	2.9445%
0008	IT Vendor System Rollout	2.6281%
0023	Internal Web Page Design	2.5622%
0018	HTTP Traffic Monitoring	2.1432%
0020	Network Traffic Management System Upgrade	2.0483%
0014	Website Design Rollout	2.0200%
0007	Software Benchmarking Architecture Upgrade	1.4279%
0019	Compliance DB System Implementation	1.3007%
0011	PDA Replacement	1.0820%
0013	Word processing system upgrade	0.6726%
0028	Internal Application Customization	0.6407%

Projects within your capacity





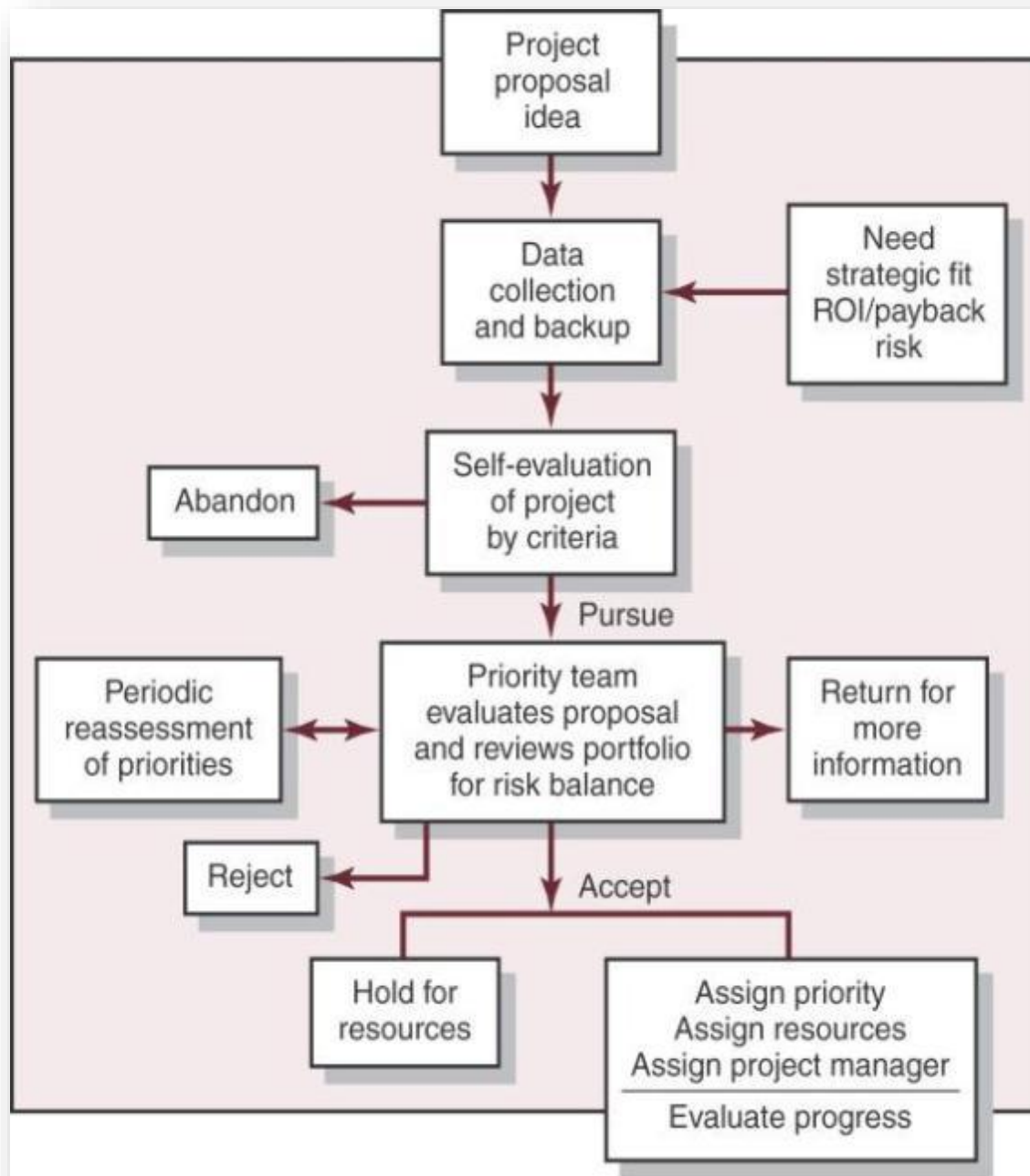
STAGE GATING

Ongoing prioritization

- We've just covered project selection and initiation so far, but if we go any further, it's worth talking about stage-gating.

Stage-gating

- ❑ The term Stage Gate was coined in Montreal at McGill University
- ❑ The concept was the result of the study of the effective practices of a large number of organizations by Dr. Robert Cooper



Can you cancel a project?

- If you are incapable of pausing or cancelling a project, is stage gating effective?

When the Horse Dies: Dismount!



Beating a Dead Horse

Tribal wisdom says that when you discover you are riding a dead horse, the best strategy is to dismount. However, project managers sometimes try some of the following ideas they:

- Change riders
- Buy a bigger whip
- Rename the horse
- Stay very quiet while on the dead horse and hope no one notices
- Send the rider for additional training
- Outsource the riding of horses
- Harness two or more dead horses together to see if the cart will go any faster
- Automate the dead horse to see if software can make it ride faster
- Add funding to increase riding performance
- Reclassify the horse as “living impaired”

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BARRIERS

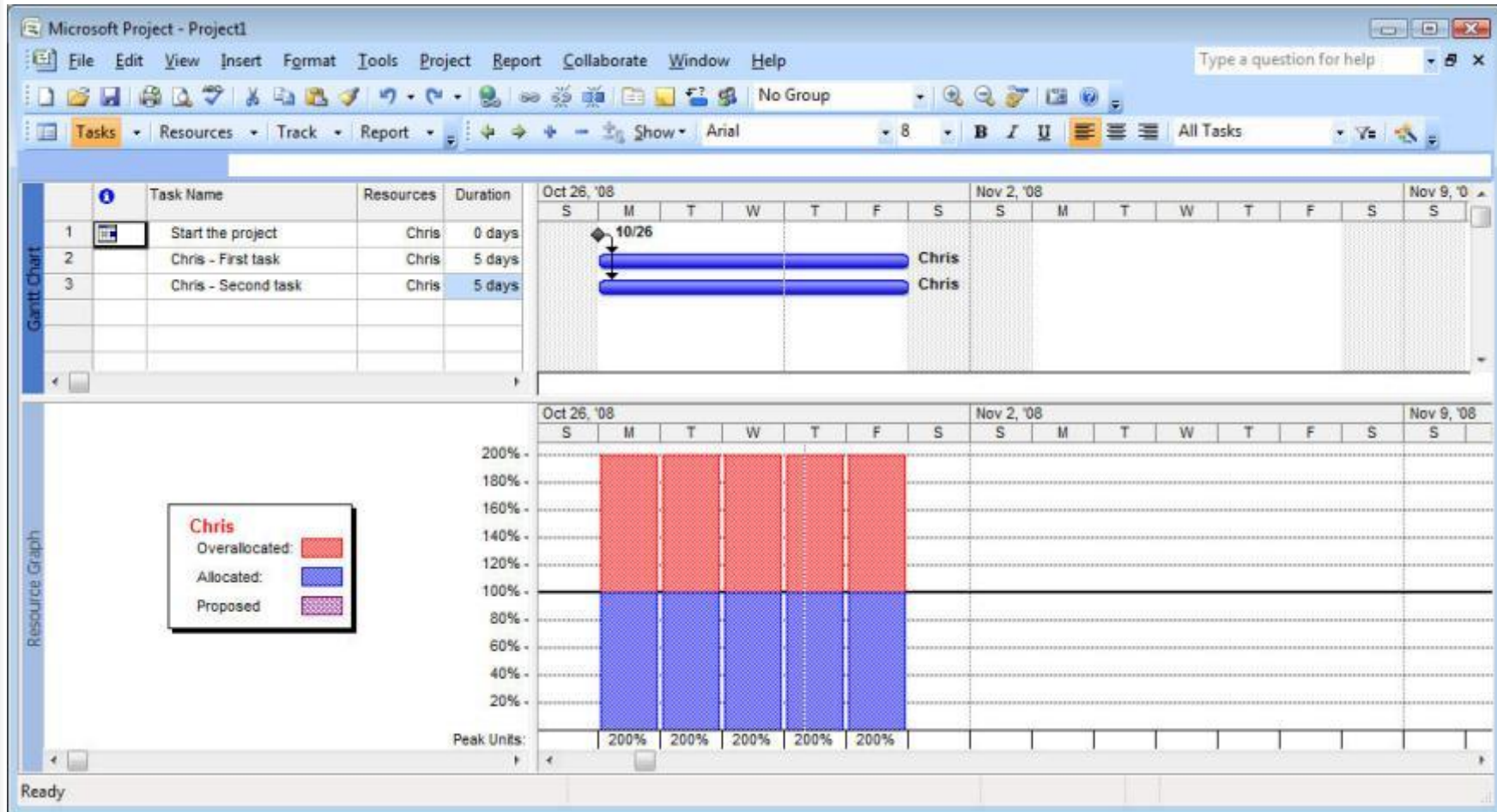
So... we're done... right?

- Sorry, no.
- Just because you know how to create a project prioritization process doesn't mean it will be adopted with open arms by everyone
- There are still barriers to overcome

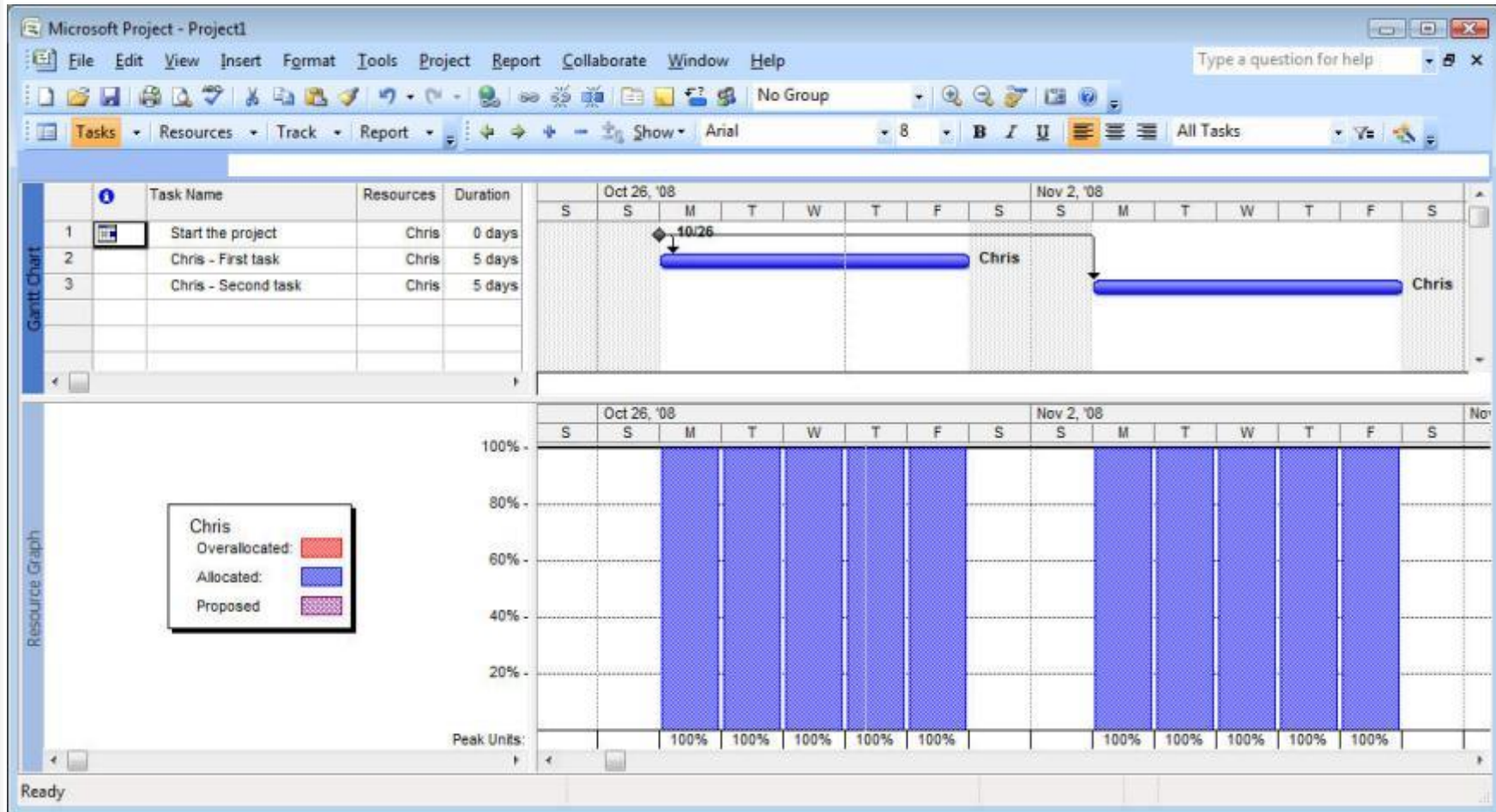
Resource Capacity Challenge

- ❑ Our end goals are to:
- ❑ Determine what projects can be accomplished
- ❑ Determine that we are doing the projects which will give the best return on investment to our organization
- ❑ Ensure that the most important projects get priority access to our resources
- ❑ So, shouldn't we resource level down to the individual?

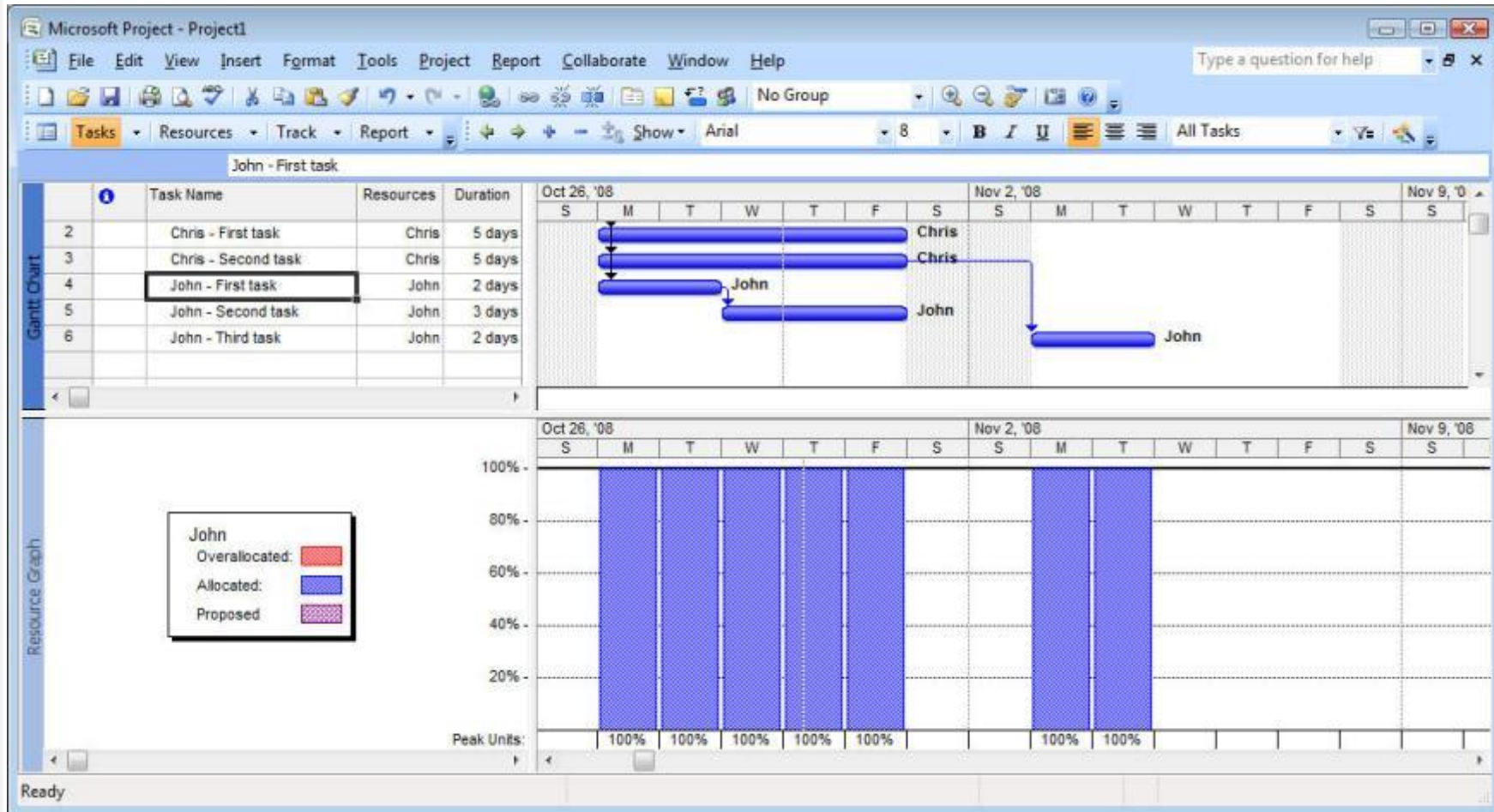
Individual Res Leveling challenge



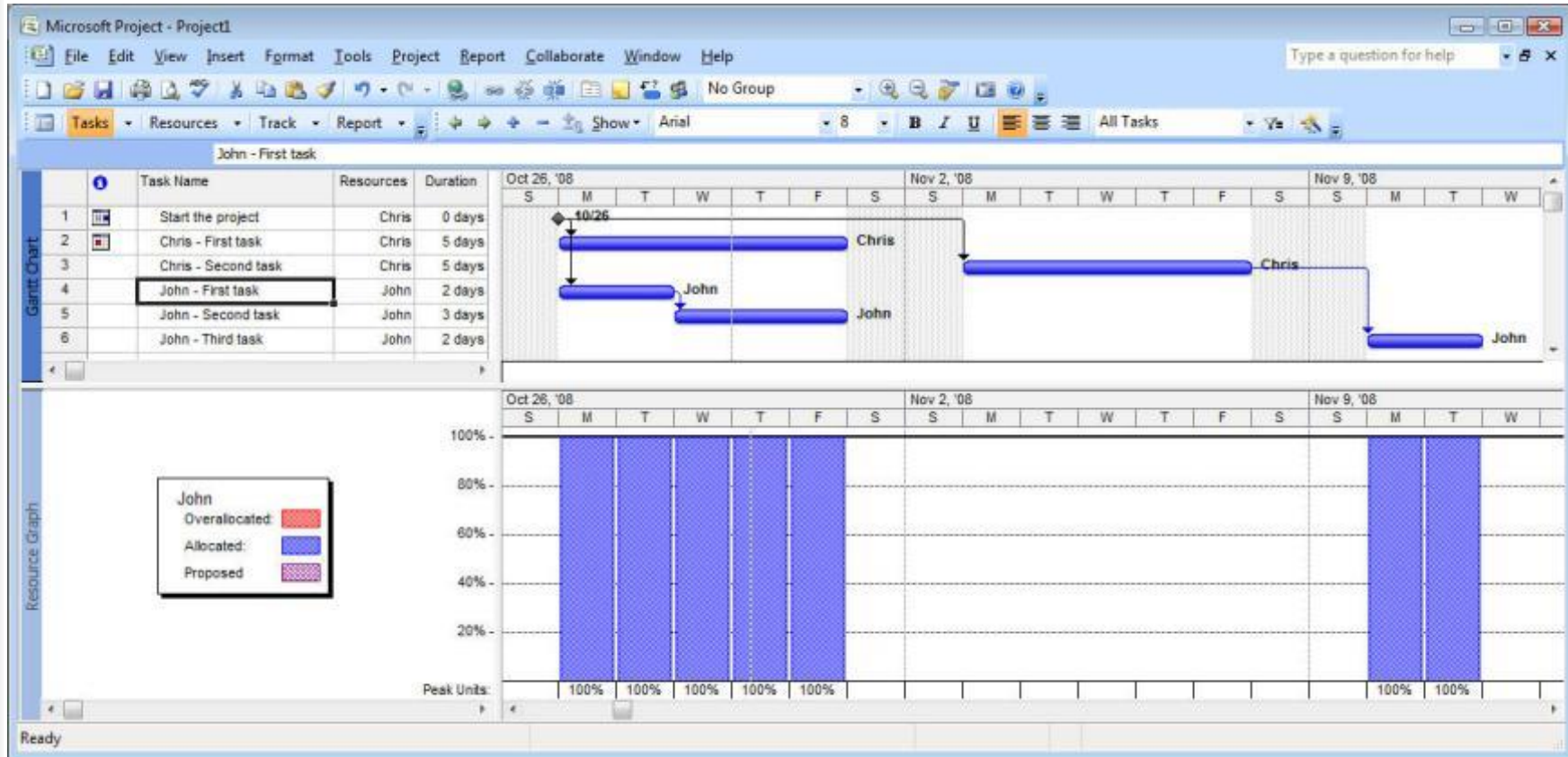
Individual Res Leveling challenge



Individual Res Leveling challenge



Individual Res Leveling challenge



Resource level from the top down

- ❑ Do your resource capacity planning from 30,000 feet
- ❑ Resource level first at the total manpower level
- ❑ Then, if successful, go to a skill/category level with a small number of skills/categories.

Nature's barriers to sharing

- ❑ Project managers have gotten used to controlling their own data. The advent of low-cost, easy-to-use pm tools means that virtually anyone can produce 1st class project reporting. Project managers like having the ability to do their own analysis before anyone in management sees it.
- ❑ As hard as it is to believe management in some organizations may actually punish those who deliver bad news.

Nature's barriers to prioritizing

- ❑ Even if they are not punished management in some organizations may inundate a project manager with questions and concerns if they could see project data in real time.
- ❑ No manager wishes to make their project a second priority. Everyone thinks their work is the most important possible.

Set the rules before the game starts

- ❑ Getting buy-in for a new procedure or the way data will come together is much easier if we are talking theoretically.
- ❑ Try to avoid establishing these rules on the fly with live production data.
- ❑ The problem with live data is that the impact of usage changes is instant and has a real and immediate effect on the very employees trying to establish an organizational standard.

Set Management's rules before they play

- ❑ Same goes for management. If we talk about general rules for prioritizing projects then there is a chance of getting them accepted.
- ❑ If we just try to prioritize existing projects, the emotional attachment to moving a project to anything other than top priority makes the exercise almost impossible.

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WRAPPING UP

Hot tips to encourage prioritizing

- ❑ Set up the rules long before you try prioritizing live projects
- ❑ Create a metric for determining what makes a high vs. low project – not a subjective opinion
- ❑ Define a referee for any desired exceptions before the process is implemented. Get agreement that the referee's word is final (“we don't argue balls and strikes”)
- ❑ Get senior management support early on. There are bound to be concerns as the process is implemented. Make sure you've got the backing you need before they arise.

For more information

EPMGuidance Blog: www.epmguidance.com

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