

CREATING BUSINESS PRIORITIZATION FOR PROJECTS AND PORTFOLIOS

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- ❑ President and founder of HMS Software based in Montreal, Canada. HMS is the publisher of the popular TimeControl timesheet system for project management environments
- ❑ An economics degree from Montreal's McGill University Over 35 years of experience in the automation of project management and timesheet systems.
- ❑ Member of the PMI since 1986
- ❑ Was on the Microsoft's Enterprise Project Management Partner Advisory Council for 5 years (2003-2008)
- ❑ Published in numerous publications including Fortune Magazine, the American Management Association's Project Management handbook, a columnist for Computing Canada, PMI's PMNetwork, Project Times magazine and Microsoft's TechNet
- ❑ Author of the popular blog EPMGuidance.com

Our objectives for today

1. How to identify and distinguish the project selection and prioritization process from the project scheduling and tracking process
2. Learn the basic building blocks of a business-oriented project selection/prioritization process
3. Insight into how to implement a project selection and prioritization process and the potential challenges

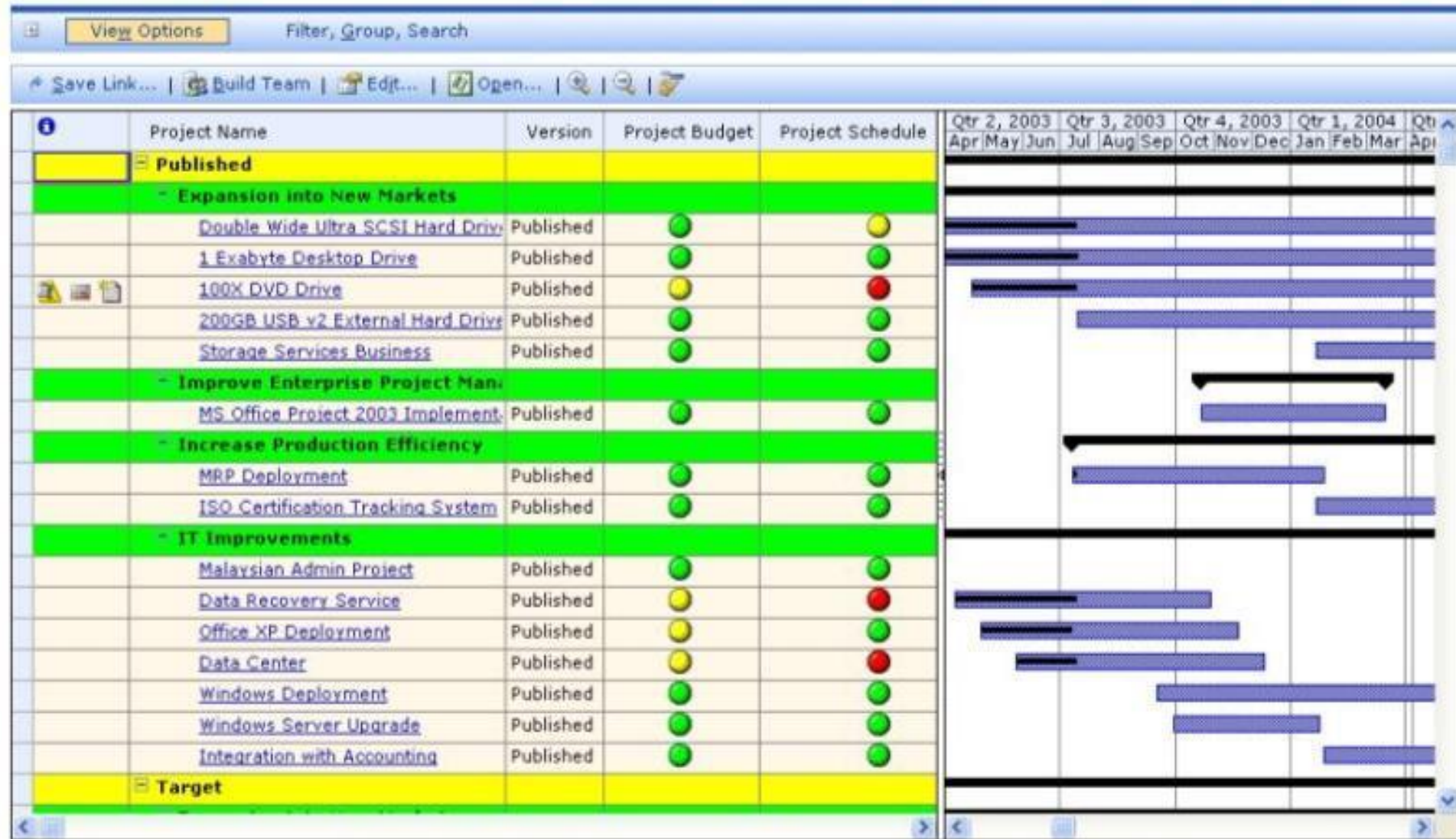


What is a Project Portfolio Management Process?

Project Portfolio Management



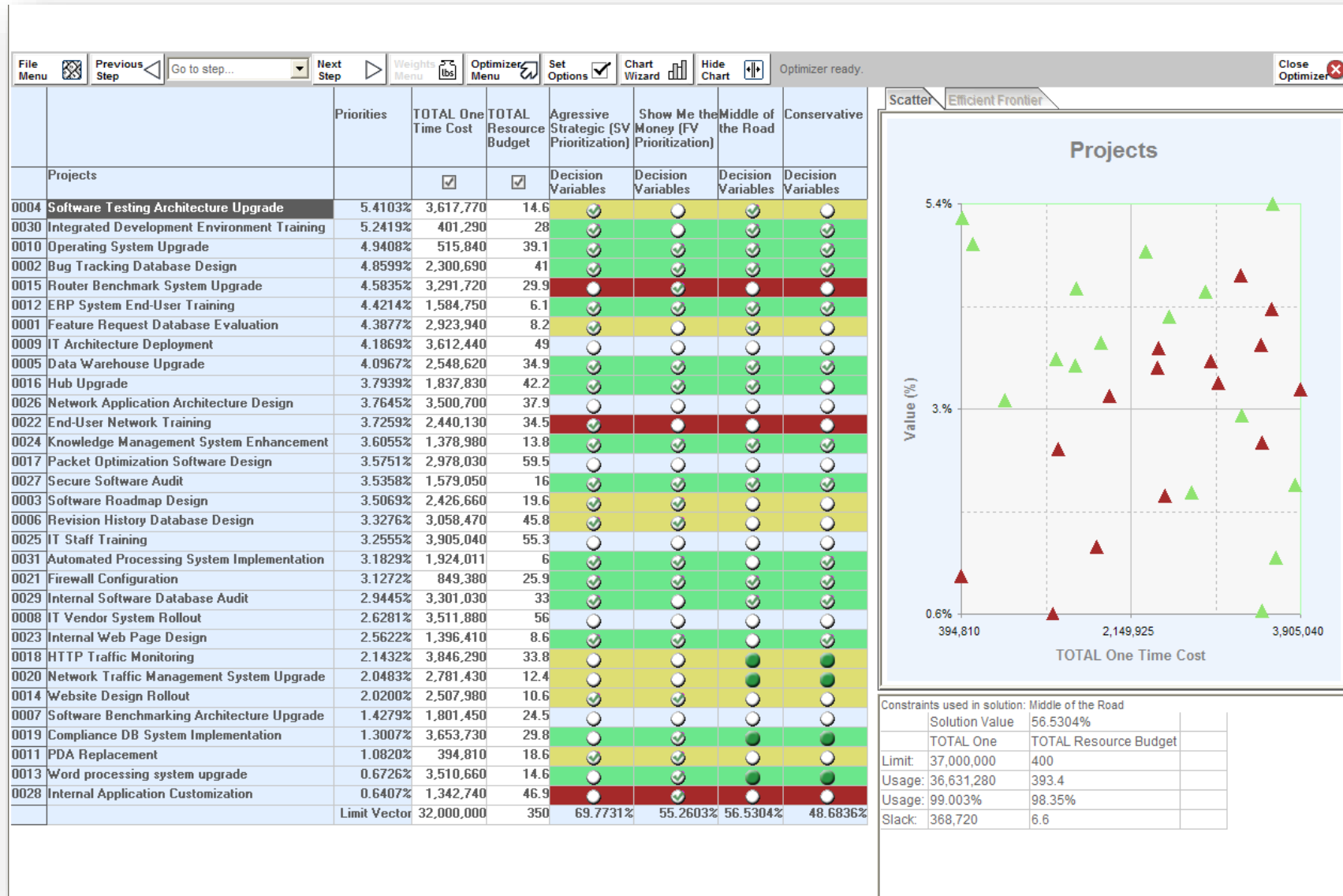
PPM: Project Grouping



PPM: Project Dashboards

	Name	Overall	Financial	Schedule	Risk	Scope
-	Corporate					
-	Finance					
-	Human Resources					
+	Information Technology					
+	International					
-	Marketing					
-	Product Development					
	Automated Hardware					
	Focus Group Product					
	Product Accessory Design					
	Product Vision Team Expansion					
	Value Chain Management					
-	Sales & Marketing					
	New Media Marketing Design					
-	Operations					
-	Maintenance					
-	Production					
+	Quality Assurance					

PPM: Project Selection



EPM vs. PPM

“If EPM is about doing projects right, PPM is about doing the right projects”

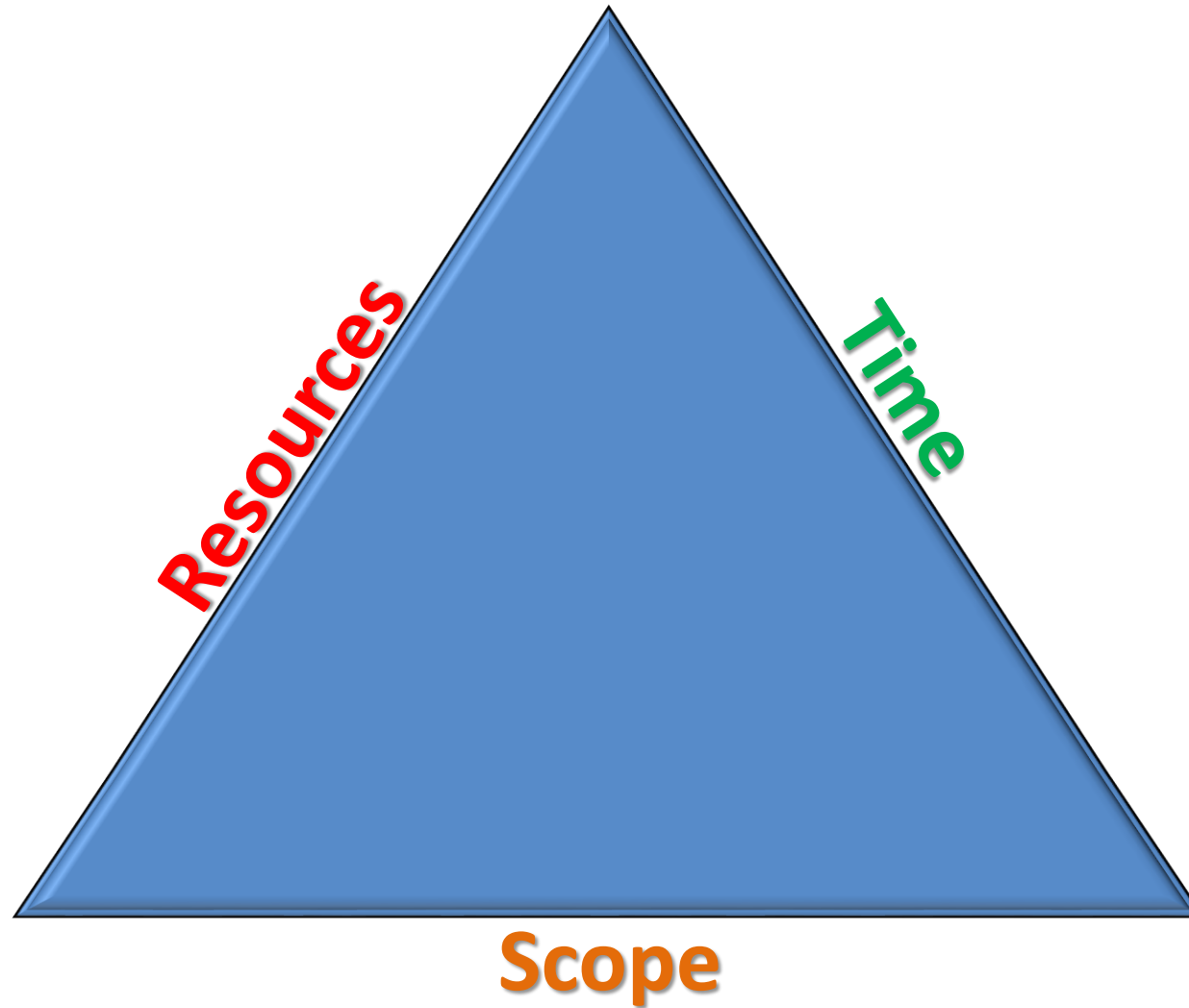


Ben Chamberlain
Microsoft Product Manager
Project Portfolio Server

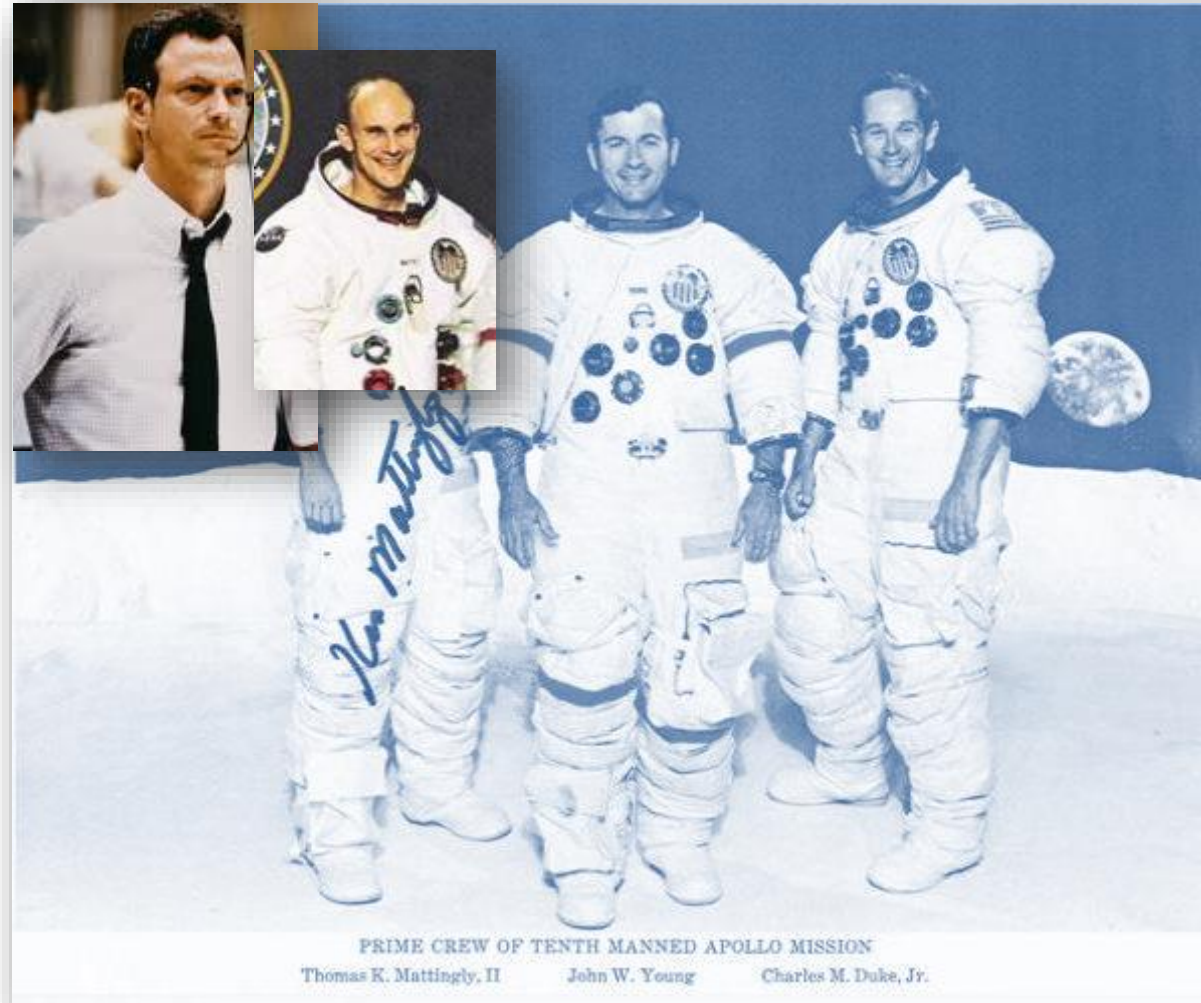
DEFINING A PROJECT PRIORITIZATION PROCESS



Project Constraints



Ken Mattingly



What is project management?

“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



No prioritization? Then why have PM?

No one has an abundance of resources

...nor should they

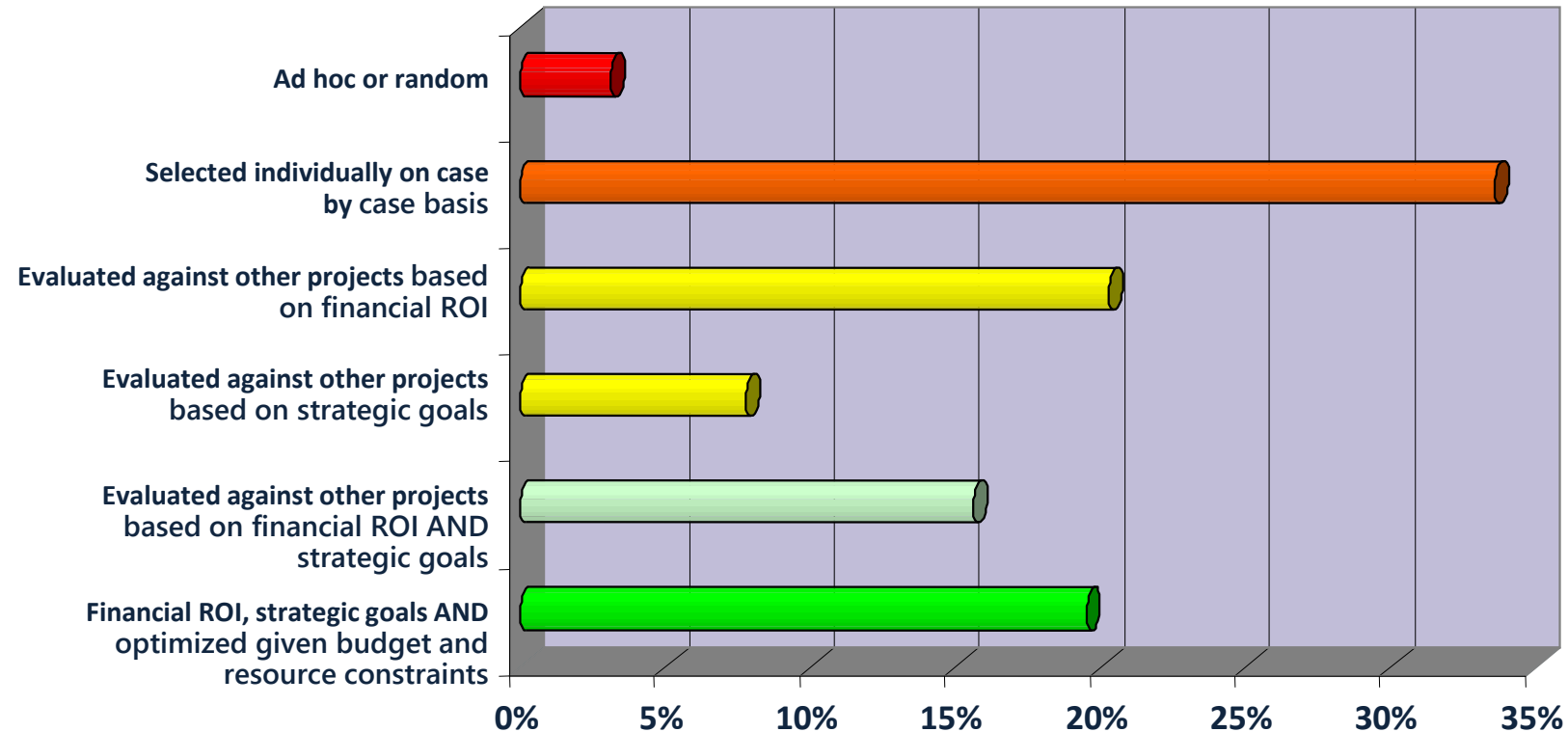


Between 1999 & 2001 American companies spent \$130 billion on technologies never used

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

PPM Selection survey

How are Projects Currently Selected in Your Organization?



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”


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.



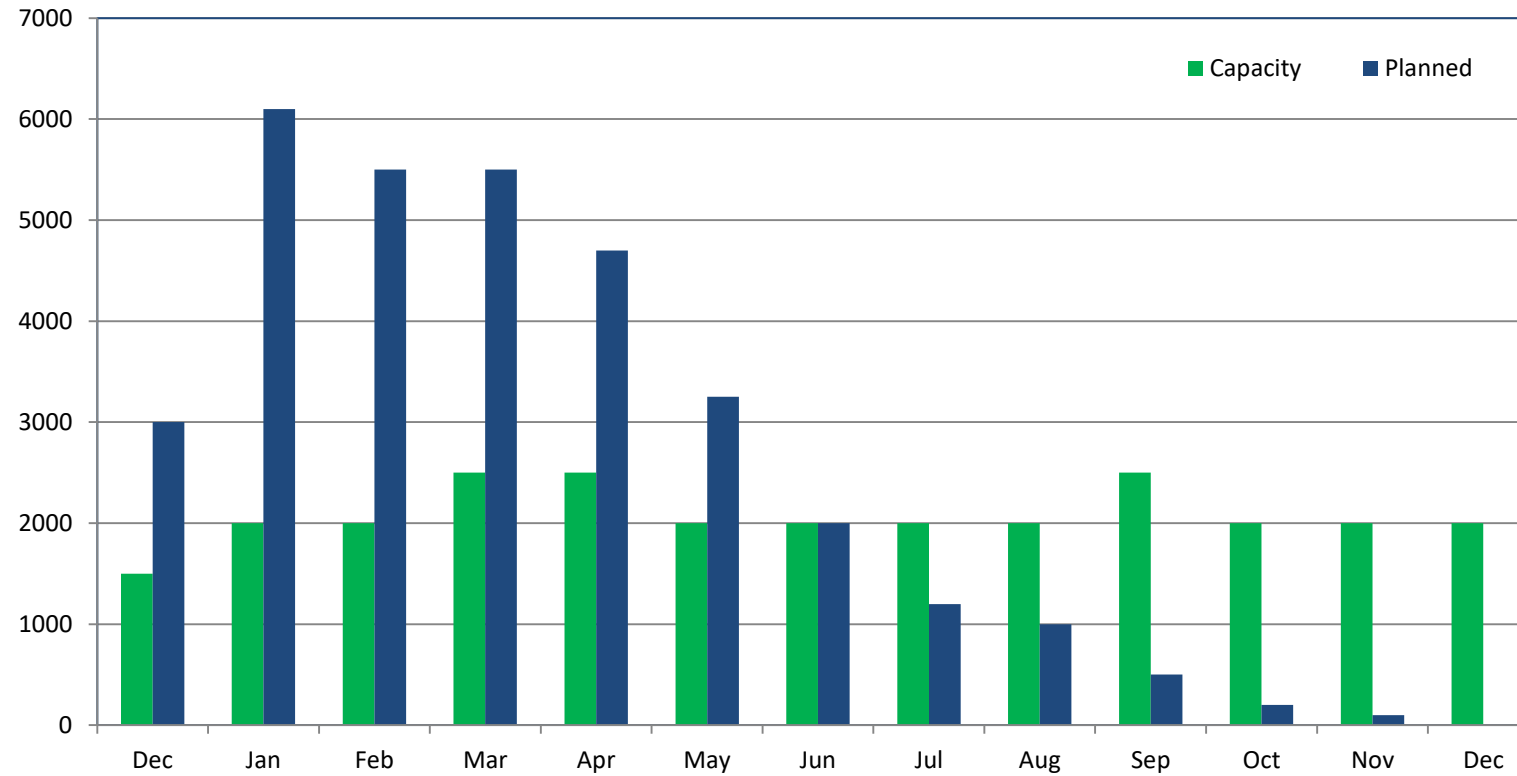
According to a survey done of 385 IT and Finance VPs, 82% do not possess information which is of sufficient quality, trustworthiness or usefulness to manage their operations.

Computing Canada, April 7, 2006



Creating a project prioritization process

Non-prioritized projects



The Portfolio Prioritization Process

1. Identify Business Drivers
2. Develop questionnaires for measurement in each category
3. Determine the inter-driver impact through pairwise comparison
4. Assess answers for the questionnaire for each project
5. Calculate priorities based on the questionnaire answers
6. 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
7. 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

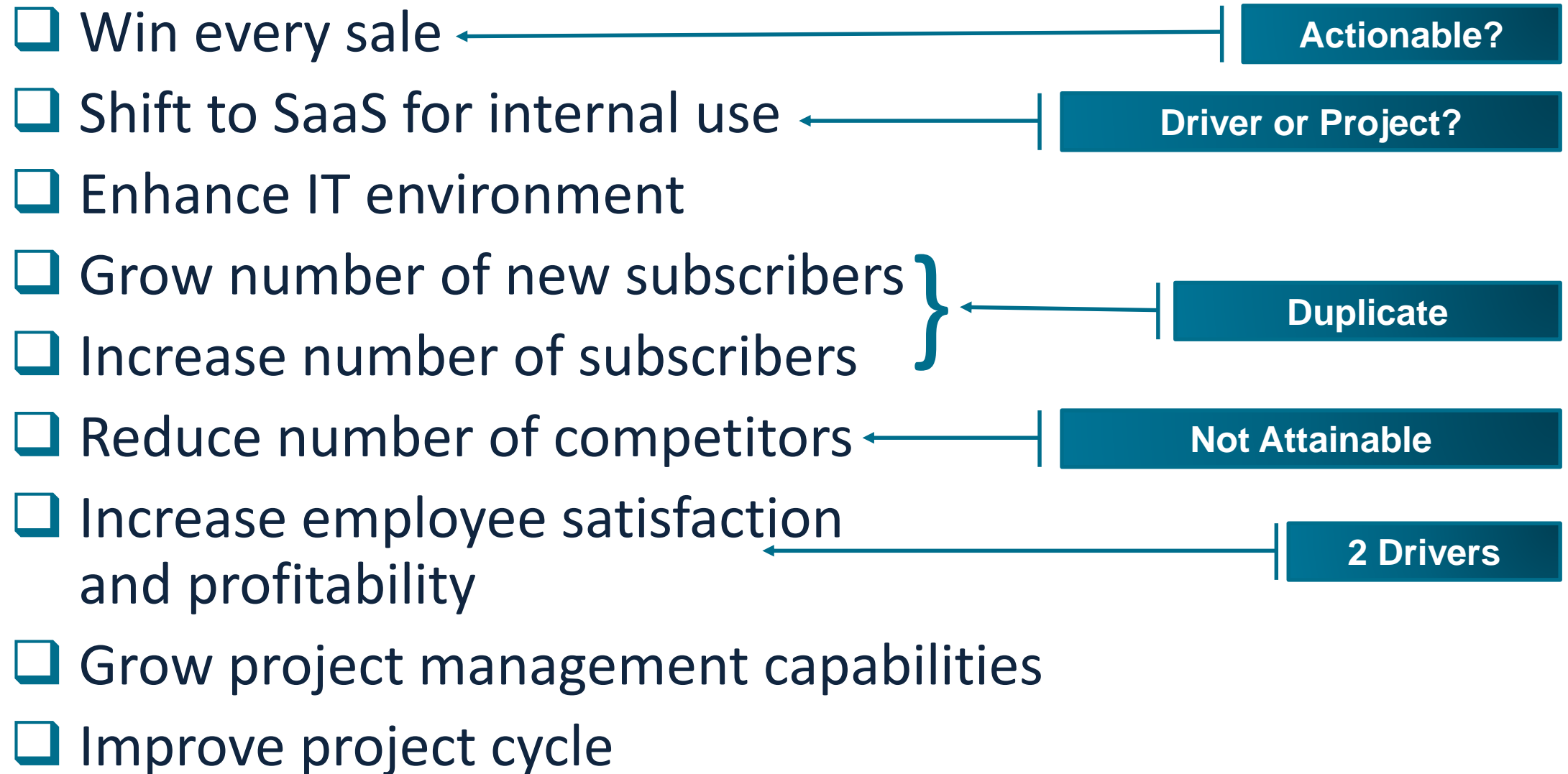
Rules for Business Drivers

- ☐ 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



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

Real World example of questionnaire

Compliance	Extreme threat	Threat to the institution's existence or major criminal or civil liability
	Strong threat	Threat to the institution's reputation
	Moderate threat	Threat to operational requirements
	Weak threat	Threat of minor sanctions
	No threat	Does not affect Compliance
Strategic Need	Extreme Benefit	Strategic objective cannot be performed without this project
	Strong Benefit	Strategic objective would be significantly advanced
	Moderate Benefit	Strategic objective would be advanced
	Weak Benefit	Strategic objective would be slightly advanced
	No Strategic Benefit	There is no strategic benefit
Operational Business Need		
Risk		
Number of Stakeholders		

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%

Business Driver Matrix

	Improve Market Share	Improves customer satisfaction	Project Risk	Alignment to Strategy
Improve Market Share		Market Share is strongly more important than Customer Satisfaction	Market Share is Strongly more important than Project Risk	Market Share is Moderately more important than Alignment to Strategy
Improves customer satisfaction			Customer Satisfaction is Equal to Project Risk	Customer Satisfaction is Strongly less important than Alignment to Strategy
Project Risk				Project Risk is Moderately less important than Alignment to Strategy
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

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

Business Driver Matrix Score

	Improve Market Share	Improves customer satisfaction	Project Risk	Alignment to Strategy
Improve Market Share		Market Share is strongly more important than Customer Satisfaction	Market Share is Strongly more important than Project Risk	Market Share is Moderately more important than Alignment to Strategy
Improves customer satisfaction			Customer Satisfaction is Equal to Project Risk	Customer Satisfaction is Strongly less important than Alignment to Strategy
Project Risk				Project Risk is Moderately less important than Alignment to Strategy
Alignment to Strategy				

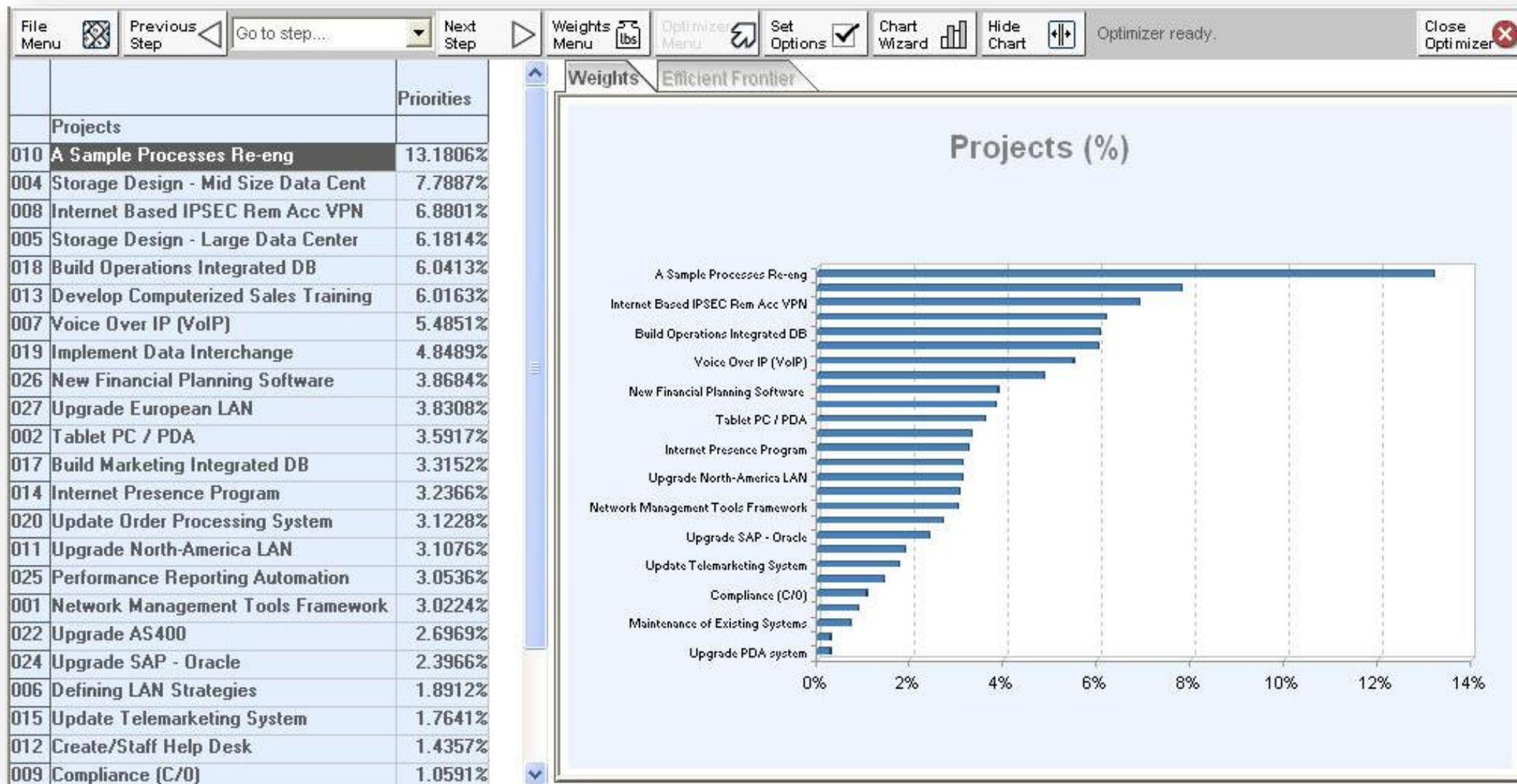
Description	Score
Strongly more important than	9
Moderately more important than	3
Equal to	1
Moderately less important than	0.33
Strongly less important than	0.111

	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

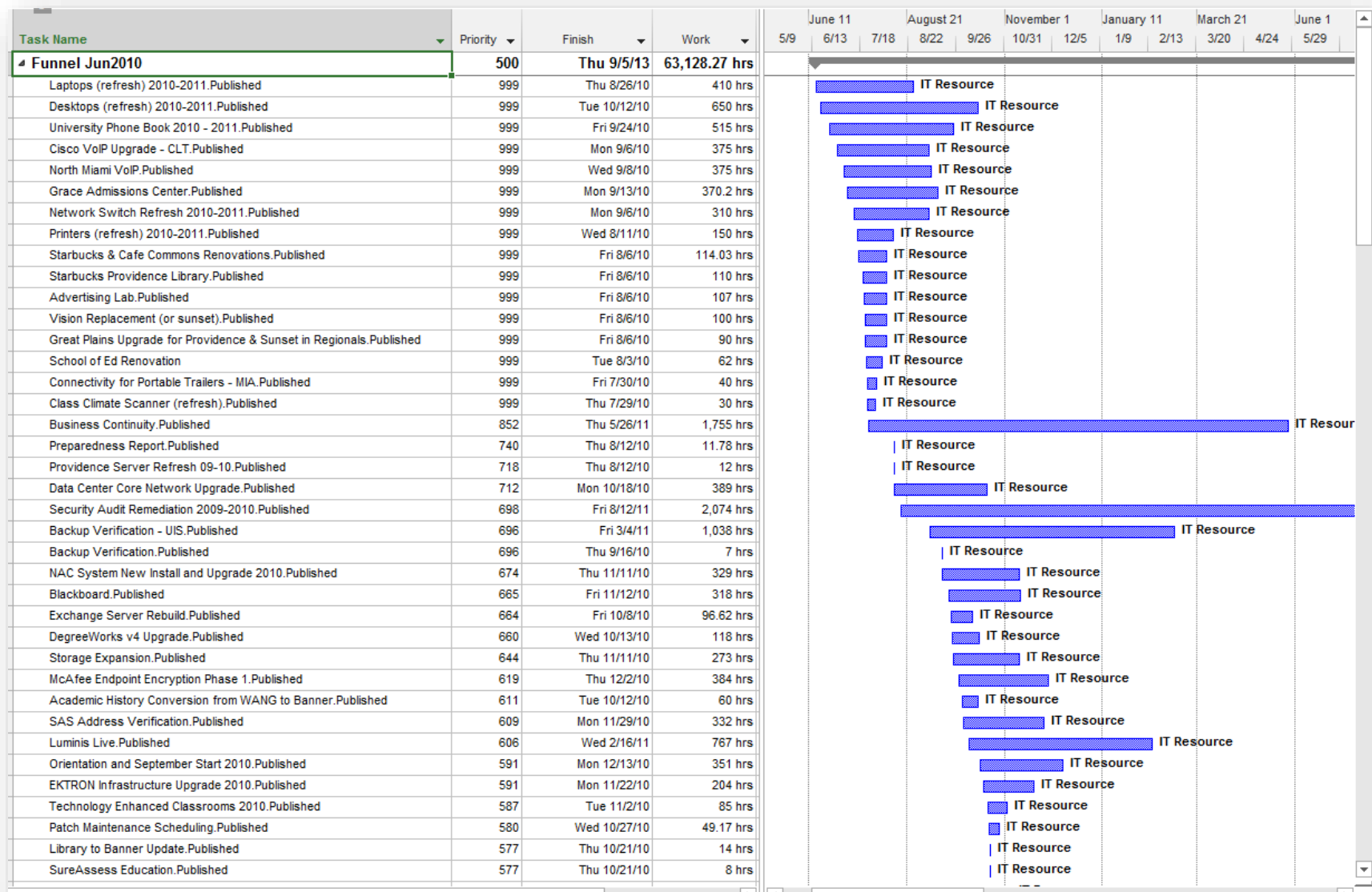
Driver Matrix Scores

Driver Matrix							
	Weighting		Scores				
			Project 1	Project 2	Project 3	Project 4	Project 5
Improve Market Share	21	59	0	1	2	3	4
Improves Customer Satisfaction	1.22	3	0	1	2	3	4
Project Risk	.771	2	4	3	2	1	0
Alignment to Strategy	12.33	35	0	1	2	3	4
Total:	35.321	100	8	103	198	293	388

Ranking projects



Prioritized Schedule



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

Stage Gating



Stage 1

Initial Idea

An original idea is pitched. Gateway – Initial approval to move to Design

Stage 2

Design

During Design, basic design is completed along with commercial viability. Gateway – Go engineer or create the idea.

Stage 3

Engineer

Build the idea.
Continue to review commercial viability and market acceptance. Gateway – Move into testing and documentation.

Stage 4

Quality Assurance

Document and test the created product.
Review Commercial viability and prepare materials for marketing and shipping. Gateway – Marketing acceptance.

Stage 5

Deployment

Marketing takes the idea and prepares to sell and distribute it.
Stage ends when product is released to market.



Can you cancel a project?

PPM Pitfalls

- ☐ “We have stage gating, it’s just that all the gates are open”
- ☐ “We have project cancelling criteria, we’re just not allowed to cancel the project”
- ☐ My compensation is tied to the success of this project, not its cancellation

When the Horse Dies:Dismount!



Beating a Dead Horse

Dakota 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
- ☐ Appointing a committee to study the horse.
- ☐ Send the rider for additional training
- ☐ Outsource the riding of horses
- ☐ Do a study of dead horses
- ☐ Harness two or more dead horses together to see if the cart will go any faster
- ☐ Add funding to increase riding performance
- ☐ Say things like, "This is the way we have always ridden this horse."
- ☐ Automate the dead horse to see if software can make it ride faster
- ☐ Rewrite the description of horses to ensure yours can't be defined as either dead or even a horse
- ☐ Reclassify the horse as "living impaired"

AUTOMATING THE PROJECT PORTFOLIO PROCESS



PPM Software (Wikipedia)

**And that's just
Wikipedia...**

https://en.wikipedia.org/wiki/Comparison_of_project_management_software

Successful automation tips

- ☐ Don't automate until you know what you're automating (And don't let the tail wag the dog!)
- ☐ Process, process, process will always be more important than the look and feel of a screen
- ☐ Make sure you budget expertise (internal or external)
- ☐ ... and training
- ☐ ... and time.

DEPLOYING BUSINESS PRIORITIZATION PROCESS





Deploying a Business Prioritization Process

A common request...

“We just bought this PPM Software product... Can you come make it work?”

Our most common response:

“What would you like it to do?”

Most common reply

“Don’t you know?”

Deploying Business Prioritization

- ☐ Common expectations
 - ☐ Technology will solve everything
 - ☐ It can be done by Friday... this Friday
 - ☐ All employees will adopt without objection
- ☐ It's not a technology project, it's change management
- ☐ Instituting organizational culture change

Common expectations

- ☐ It will be ready instantly
- ☐ It is all about the technology
- ☐ It's just like we do now but on the Web
- ☐ No one will require training
- ☐ It will never affect my projects

Establish deployment team

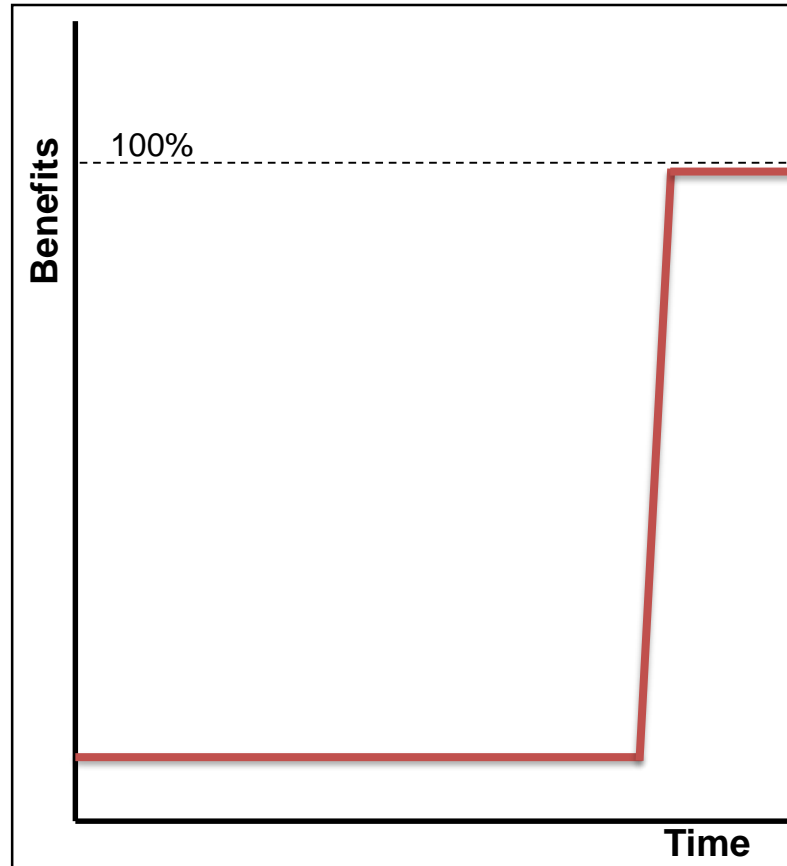
- ☐ Identify Key Stakeholders
- ☐ Identify internal expertise resources
- ☐ Engage external expertise (if required)

Identify Business Objectives

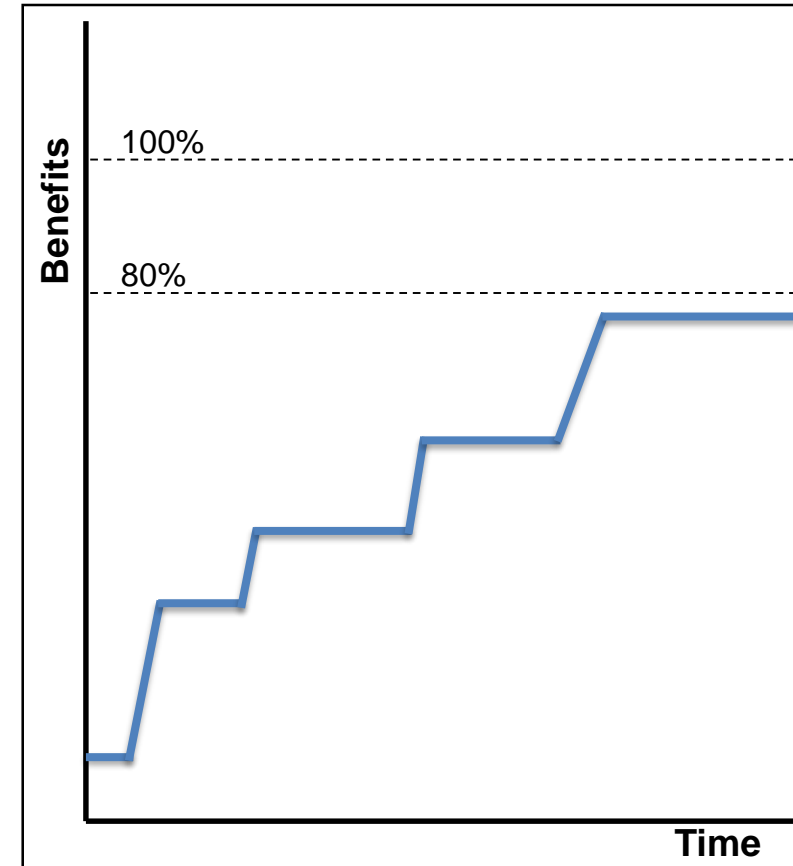
- ☐ Executive and Stakeholder workshops
- ☐ Identify management role impact
- ☐ Prioritize business objectives and create a Master Deployment Plan
- ☐ Establish milestones and metrics

Big bang or phased deployment?

Big Bang



Phased



Big Bang or Phased implementation?

☐ Big Bang

- ☐ Better chance of reaching 100% of originally perceived benefits
- ☐ Better chance of reaching 0% of benefits because:
 - ☐ Project is cancelled
 - ☐ Team changes
 - ☐ Priorities change
 - ☐ Organization changes

☐ Phased

- ☐ Better chance of not getting to 100%
- ☐ Chances of getting some benefits are close to 100%
- ☐ Secret is targeting the biggest initial benefit for the lowest risk



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Pitfalls And Sinkholes

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 and pitfalls and sinkholes to avoid

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.

Common pitfalls

- ☐ No project planning for the project portfolio system
- ☐ No requirements or scope established
- ☐ It's all about technology – once it's installed, the problem is solved!
- ☐ No budget allocated
- ☐ No executive sponsor support or too short term

User Resistance

In completed EPM deployments, what challenges were experienced as an “extremely” or “somewhat challenging” aspect of deployment?

Challenge	Percent experienced
Culture change (user resistance)	100%
Lack of knowledge on EPM system and requirements	100%
Executive sponsorship	80%
Importance of PM to the Organization	60%
Long-term funding	60%
Current state of PM processes and practices	40%
Technological capabilities	40%
Competing initiatives	40%

*Preliminary Results of EPM System Implementation Benchmark Survey, Center of Business Practices, 2004

PITFALL AVOIDANCE



Avoiding the pitfalls

- ☐ What we see most often:
- ☐ No charter
- ☐ No schedule
- ☐ No executive sponsor
- ☐ No budget except for software
- ☐ No dedicated team
- ☐ No success metrics
- ☐ No expectation of changes in culture

Change Management is key

- ❑ Some of the challenges you'll face include:
- ❑ Acceptance of centralized standards and who gets to make them
- ❑ Creating a common coding structure so data comes together
- ❑ Convincing everyone to participate
- ❑ Convincing management to support the project long-term

Overcoming change resistance

- ☐ Tools in your arsenal?
 - ☐ You control the display
- ☐ Have a plan and manage like a project
- ☐ Have management sponsorship
- ☐ Return on investment for each type of user
 - ☐ People will need to invest time and effort – what will they get back?

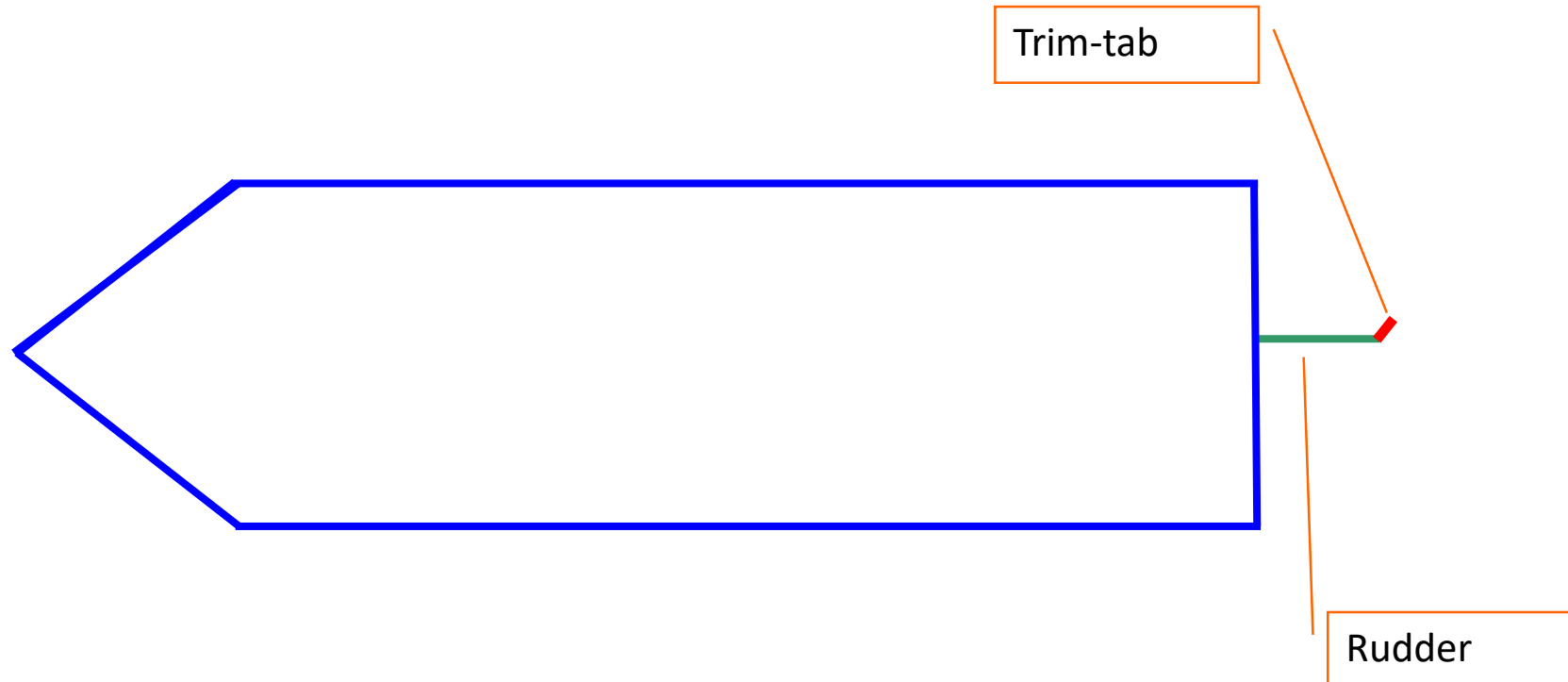
Overcoming change resistance

- ☐ Become the path of least resistance
 - ☐ Templates
 - ☐ Do it manually or on a white board so everyone can follow the process and not blame the software
 - ☐ Easy to follow process
- ☐ Consider objections and ways you can overcome them.
 - ☐ e.g.:
 - ☐ Consider a temporary amnesty
 - ☐ Consider establishing rules for project prioritization
- ☐ Communicate, communicate, communicate
 - ☐ Seminars, lectures, white papers, presentations

Overcoming Change Resistance

- ☐ Get sufficient authority and then impose the change
 - ☐ How can employees thwart this method?
- ☐ Be democratic, take a majority vote
 - ☐ What are the negative implications of this?
- ☐ Trim-tab

Buckminster Fuller's Trim Tabs





WRAPPING UP



Find your own path



A battle plan lasts, until
contact with the
enemy.

Napoleon Bonaparte



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Thank you

