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Optimize Programs and Fulfill Mandate Expectations with Project and Portfolio Governance

Executive Overview

Each year, program and project managers within the public sector are asked to be smarter and smarter about spending budget dollars by choosing investments that will result in the most value to their constituents. In theory, it sounds like a pretty simple concept, right? But in practice, it can be a challenging and tedious process that can easily end in failure to the tune of millions of dollars. This paper addresses the challenges and benefits of implementing a strategic governance solution to assist in better portfolio management and, ultimately, improved delivery of high value capabilities and citizen services from all projects and programs.

Introduction

For years, a great deal of emphasis has been placed on project and program management practices as a means of instituting project governance. Improving execution, and hence, predictability, is a valuable capability for any organization. Unfortunately, perfect project execution does not ensure that the project delivers real value. In a world where program managers are constantly asked to “do more with less” agencies must insist upon demonstrable value for every project and balance generating this value against portfolios or programs of projects competing for finite resources. As a result, strategic governance has to answer three critical questions:

- 1) What are we funding now?
- 2) What value are our investments returning?
- 3) What other alternative investments could generate higher value?

Most agencies cannot answer these questions, even with optimal project execution. Strategic governance establishes the value management framework and defines the process for applying it. Using a defined process that is transparent to all stakeholders ensures buy-in and strengthens accountability.

Using Portfolio Management to Institute Governance

Over the years, portfolio management has gained acceptance as an approach in managing projects, and by extension, the programs they support as investments. During this same time period, various approaches have been used in the quest to determine what constitutes “good” portfolio management. Agencies have spent millions of taxpayer dollars and countless hours on tools only to find their best intentions stymied by cultural realities and roadblocks. Portfolio management employs a consistent process to propose, select, and manage investments and the projects that support them – not just to completion, but through to benefits realization. To be effective, it must incorporate objective criteria to evaluate both existing projects and new project proposals, and it must apply these criteria in a consistent way so that everyone in the organization trusts the process as fair and objective. The best way to gain buy-in for such a process is to make it collaborative – that is, give each stakeholder the appropriate portfolio visibility that enables them to take an active role in the decision-making.

Top-down or Bottom-up?

Portfolio management actively manages proposed investments as well as existing ones, driving towards demonstrating the maximum value or capability returned to citizens for the money being spent. Using objective criteria, top-down portfolio management ensures that:

- Projects are aligned with the agency’s mission (a key senior management concern);
- Spending is balanced across the mission and supporting objectives;
- Risk and value are balanced appropriately; and
- Projects underway remain healthy

Filtering and approving project proposals (either as standalone efforts or to support programs) using these criteria ensures that bad ideas do not get funded, and comparing new proposals against existing projects using the same objective criteria provides ready access to project alternatives.

In contrast, the bottom-up approach aggregates key management criteria for projects and activities already underway. It is an operational view of project execution that is necessary for tracking the success of project implementation. The summarized information from this bottom-up approach offers valuable insight into the currently funded efforts but is not a requirement for instituting a governance process.

Starting from a top-down approach can reveal key insights and obvious opportunities to improve the portfolio. This approach may be a preferable way to govern, but it must incorporate the reality of what is already under way. Project governance is a process that actively selects what will be funded and what will not be funded, and then tracks execution through to benefits realization. As proficiency with the governance process grows, the ultimate goal should be to leverage a combination of the top-down and bottom-up approaches.

With a top-down approach to project governance, Oracle's Primavera Portfolio Management solution provides the necessary infrastructure for proposing, selecting and managing projects throughout the enterprise. It accomplishes this by focusing on the value of each active project or project proposal, and by using consistent criteria and a consistent process to determine on an on-going basis whether a project is the best alternative for the organization. It also recognizes the reality that the constituent programs and projects are typically implemented at disparate locations, using discrete installations of a project management tool, a variety of project management tools, or even no project management tool at all.

Regardless of the underlying execution environment, the centralized governance in Primavera's Portfolio Management heightens portfolio visibility, enabling stakeholders to gain a greater understanding of what projects and programs are over or under budget so proactive action can be taken. The success of these actions is correlated to the consistent use of project criteria that ensures project execution is measured in a fair and balanced way. All along the way, the value of each project is assessed against many criteria, including agency objectives, which can change on short notice.

Primavera's Portfolio Management enterprise approach to governance easily integrates the various program and/or project sites into an overarching framework so that agencies can ensure the value of all programs regardless of where and how they are implemented. Its high degree of configurability means that the process is easily tailored to support the entire range of users and uses, from a very basic process to an elaborate and rigorous one, depending on an organization's needs. An agency will often see initial results in 90 days or less, since realizing the value of programs and projects does not depend on uniform adoption of a specific project management tool or project implementation process.

Suggestions for Success in Implementing a Governance Process

Adopting a framework for governance can be daunting if an organization tries to do too much at once. Here are some best practice suggestions:

- Focus on the value to be derived from the projects, and programs they support, first. There is no point in doing an excellent job of implementing the wrong thing. Establish your evaluation criteria so that value can be measured. Don't try to be exhaustive; just

pick a few concrete criteria to which your organization can truly commit. Make sure that strategic fit and value figure prominently.

- Import all projects from the various project management tool installations into appropriately structured programs and portfolios. This step will allow you to apply your evaluation criteria and selection process consistently. Rationalize existing projects by applying these criteria as if you were approving new projects. Do these existing projects still make sense? Do they still support the project(s) or program(s) objectives? In a large organization, you almost certainly will find projects that are duplicates, counterproductive, or just don't make sense.
- Adjust programs or projects that don't make sense. Whether it's because they are not performing well or because they exhibit low value, determine whether corrective actions can improve the program or whether it is best to end it. At times, programs will be on time and under budget but if there's low value, it must be addressed. You must take action in order to realize the value of your portfolio assessments. While canceling wasteful projects and programs is challenging, in the end, no one wants to work on a project that isn't going to be successful, or work on an apparently successful project for a system that never sees the light of day. Also, by ensuring the value of all funded programs and projects, you ensure the value of each worker's output.
- Emphasize what will be realistically adopted and used consistently. Rather than focus on the elegance of the process, keep it simple until everyone is on board. A good tool will make it easy to "ratchet up" the process progressively as your organization is ready for it. If you start out with a process that is too rigorous your governance efforts will be likely to fail.
- Use a tool that easily accommodates changes to the process. Choose a tool that actively supports the deployment of a standardized process, yet is highly configurable. You need process consistency from the beginning, but you can always add rigor progressively.
- Make sure the process you adopt starts at the beginning. Start at the proposal point – how projects are proposed, evaluated, and approved. Early elimination of projects that are poorly conceived will provide immediate payback in the form of resources that are available to work on what really matters.
- Deploy the process across the organization regardless of the underlying tools for project management. The portfolio management tool used for overarching governance must easily integrate with the tools your organization is currently using to manage programs and projects. It must be easy to keep the portfolio management system synchronized with the project management tools in use.

Consolidating Project Governance across the Enterprise

As you get started with your governance processes, you'll want to take the easiest route to getting all of your projects into one system from the various project management tools you

are likely using. Primavera Portfolio Management has out-of-the-box integrations to Primavera P6 Enterprise Project Portfolio Management and Microsoft Project Server™ 2007. Primavera's Portfolio Management includes automated synchronization between its portfolio management framework and one or more of these commonly used tools. Primavera Portfolio Management also provides a rich set of integration tools to connect with other systems for data exchange as needed.

Connection to P6 or Microsoft Project Server 2007 is straightforward, and the solution comes preconfigured with common data fields mapped between each server and the central Primavera Portfolio Management server. Since consolidation across multiple servers is specifically supported, the system also maintains a map of which project is managed on which server. It is literally possible to install Primavera Portfolio Management and establish connections to multiple servers the same day. Having done so, it is equally straightforward to set up an appropriate portfolio or program hierarchy and import all the projects maintained on each server into corresponding portfolios or programs. The import process automatically establishes the mapping that will be used to maintain synchronization on an on-going basis.

Why is this so important? Within a very short period of time, the organization can consolidate all projects and programs agency-wide into a single governance framework. Once the link between day-to-day project execution and the governance framework is established, a consistent value assessment of programs and projects can take place. This assessment inevitably reveals duplicate, wasteful, or poorly performing projects and programs. It also provides an environment for new project proposals to be considered against the backdrop of everything that is already in motion, in a fair, open, and consistent way.

What if other project management tools are in use? While Primavera has out-of-the-box integrations to P6 and Microsoft Project Server, large agencies tend to have pockets of adoption for a variety of project management tools. Primavera Portfolio Management connects to a wide range of alternative systems as well. Consequently, you can standardize on an overarching governance tool and process in a relatively short period of time, as you migrate toward standards on the project management tool.

Governance of projects doesn't need to be held hostage to project management tool standardization and deployment. Deploying Primavera Portfolio Management as your governance tool can highlight unbalanced funding and enable you to shift resources to work on more strategic initiatives that generate value more quickly, while allowing you to continually improve your processes.

Realizing Benefits Right from the Start

Deploying Primavera Portfolio Management as a central governance system provides benefits over the short, medium, and long terms. Here are some specific examples:

Short-term Benefits (First 90 Days)

- Large distributed organizations gain visibility into all projects underway across the agency.
- Duplicate or redundant projects are readily apparent.
- Resources are freed up to work on more valuable efforts by eliminating even a few low-value or no value projects.
- Integration with existing project management tools is easy; for example, you can leverage current investments in Primavera P6 or Microsoft Project Server 2007.

Medium-term Benefits (3 months to 1 year)

- Uniform project proposal procedure in place – all proposals can be evaluated objectively based on organizational value and other key criteria.
- Consistent evaluation process and metrics – only programs and projects bringing the highest value to the agency get approved for funding.
- Consistent program and project execution metrics (regardless of the underlying project management tool) for all projects across the agency – “unhealthy” projects are immediately visible so you can take corrective action.

Long-term Benefits (> 1 year)

- Portfolios and programs transformed to high value projects that meet the needs of the organization.
- The process for proposing, selecting and governing projects is centrally deployed and in place.
- Changes to process can be centrally administered and deployed. In other words, as the organization matures, new process steps or additional evaluation criteria can be added.
- Consistent use of transparent processes and Primavera Portfolio Management for proposing, approving, and tracking projects fosters user commitment, accountability and compliance.

Implementing governance processes using Primavera Portfolio Management provides substantial benefits very early on. This top-down approach to governance produces results quickly; however, even more significantly, this happens in parallel with your on-going project management improvement initiatives. Strategic portfolio management for investments is a perfect complement to ever-improving project execution. The end result is that your agency does an excellent job of implementing the highest value programs and projects, with greater accountability and transparency while providing the best possible capabilities, citizen services and return on taxpayer funds.



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