
Strategic Planning, Portfolio and Project Processes: Interactions and Interdependencies

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Agenda

- IT Challenges
- Issues/challenges and solutions associated with interactions and interdependencies related to:
 - Strategic Planning
 - Project Portfolio Management
 - Project Management Framework
- Communication and reporting
 - Project and Portfolio Dashboards
- Conclusion

Samples of IT Challenges

- Align IT with business objectives
- Business frustration with failed projects, rising IT cost and a perception of low business value
- Effectively manage new and existing IT investments i.e. projects
- Significant incidents related to IT risk
- Duplication or overlap between projects or wasting resources
- Insufficient IT resources, staff with inadequate skills or staff burnout / dissatisfaction
- Others

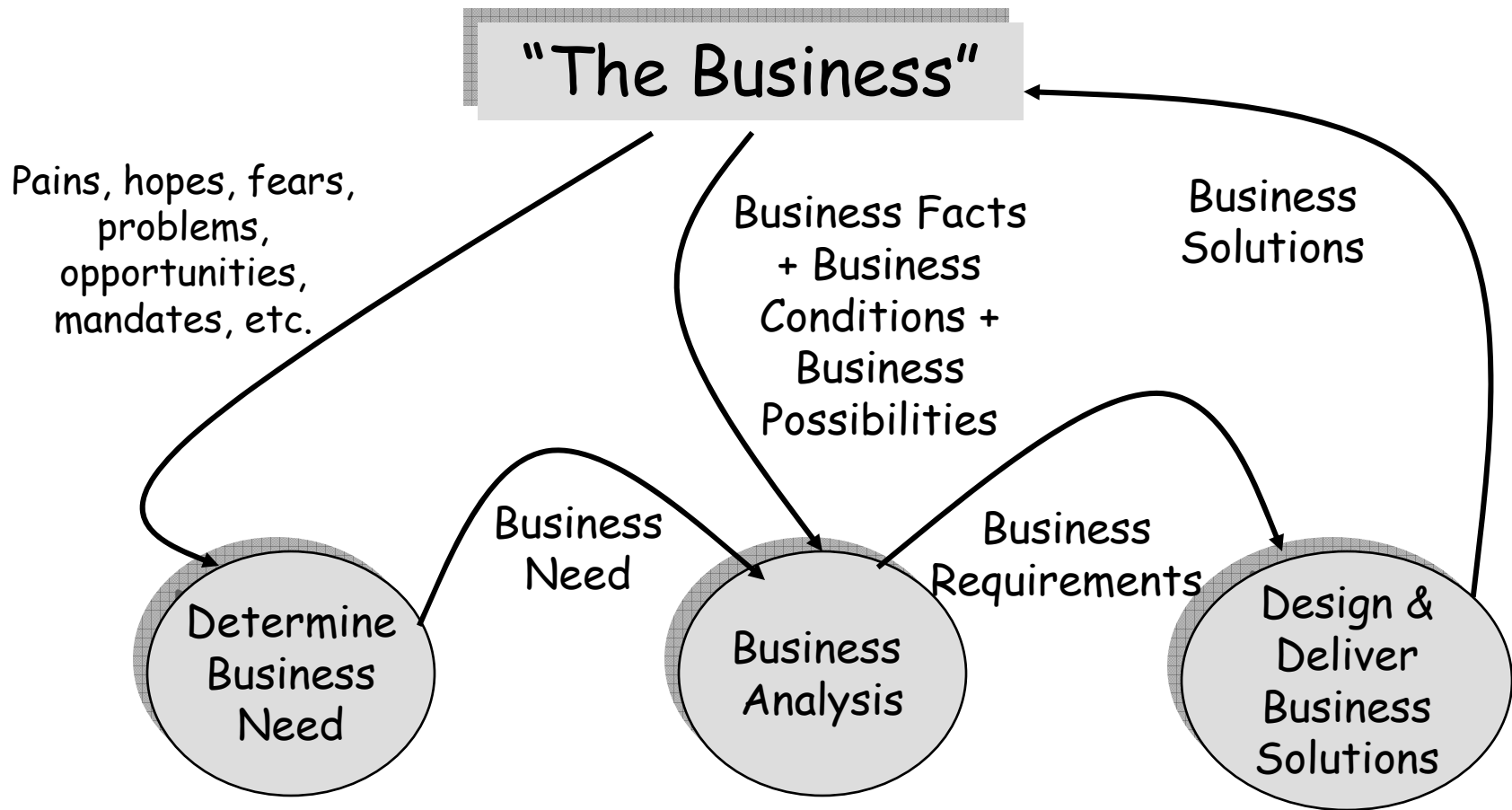
Symptoms of Defective Strategic Planning, Portfolio and Project Management

- Project and resource managers fight over resources
- Project priorities and resources assignments change frequently
- Managers have authority to unilaterally start projects
- Projects are started without regard to resource availability
- Completed projects do not produce expected results/benefits
- By the time change is implemented, it is obsolete
- No overall view of all projects
- No view of how projects relate to strategic goals
- Others

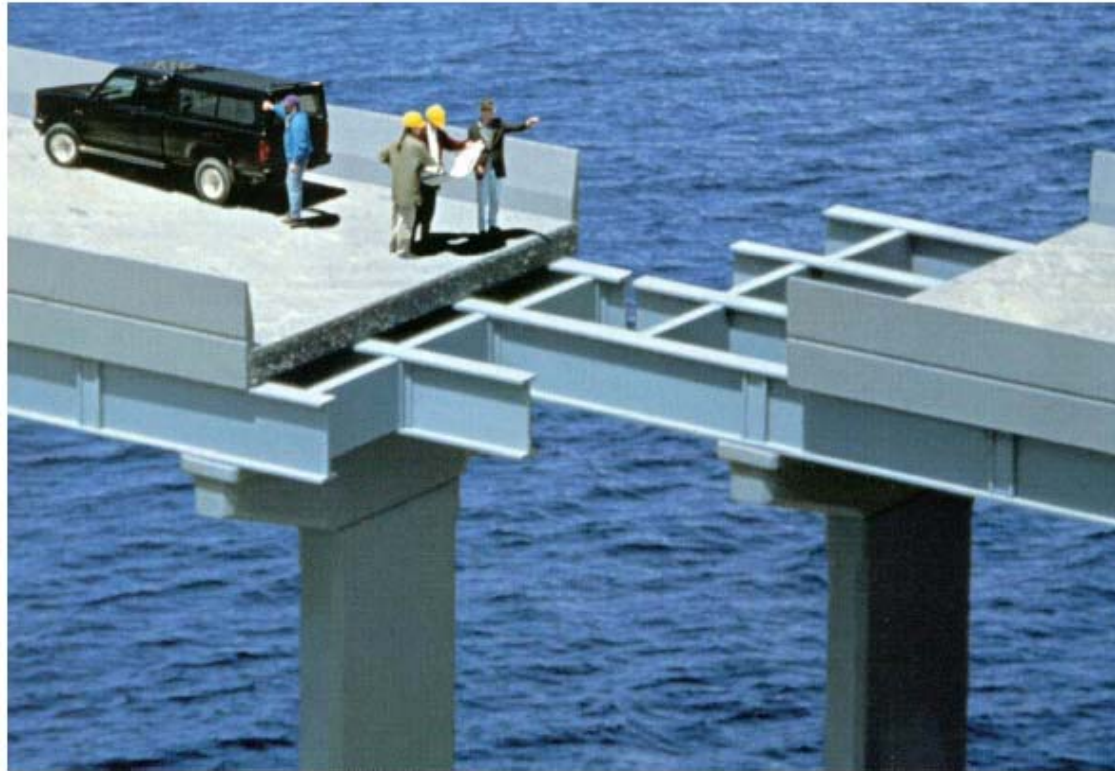
Challenges at Strategic and Portfolio Layers

- o Lack of Business Analysis and non-existing Business Analyst (BA) role
- o Weak or No Governance
- o No Demand Management
- o Weak or non-existing Business Case
- o No Balanced Scorecard
- o Weak or no Portfolio Dashboard
- o No clarity on project selection
- o No follow up on Benefits Realization

Business Analyst (BA) Role



Risk of Not Doing Business Analysis



The solution does not "fit" the business need → Significant financial impact

Breadth of BA Competencies

Analysis

- Business Analysis
- Requirements Elicitation & Validation
- Model & Specify Requirements & Solutions
- Solution Assessment & Validation
- Requirements Management
- Six Sigma BPR

- Conceptualization & Visioning
- Systems Thinking
- Feasibility Analysis
- Decision Analysis
- Cost/benefit Analysis
- Business Outcome Thinking

Domain Knowledge

- Products
- Process
- Markets
- Systems
- Supply Chain
- Competitive Analysis

Leadership

- Facilitation
- Team Management
- Negotiation & Decision Making
- Conflict Management
- Communication
- Organizational Change
- Cultural Change
- Management of Power & Politics

Implementation Skills

- IT Knowledge
- Process Change
- Quality Assurance
- Verification & Validation
- Customer Relationship Management

Managing & Consulting

- Strategic & Business Planning
- Planning & Executing
- Time & Cost Management
- Relationship Management
- Strategic Planning
- Coaching Skills
- Delegation & Management Skills
- Adaptive Methods
- Risk Assessment & Management
- Portfolio Management

Challenges at Strategic and Portfolio Layers

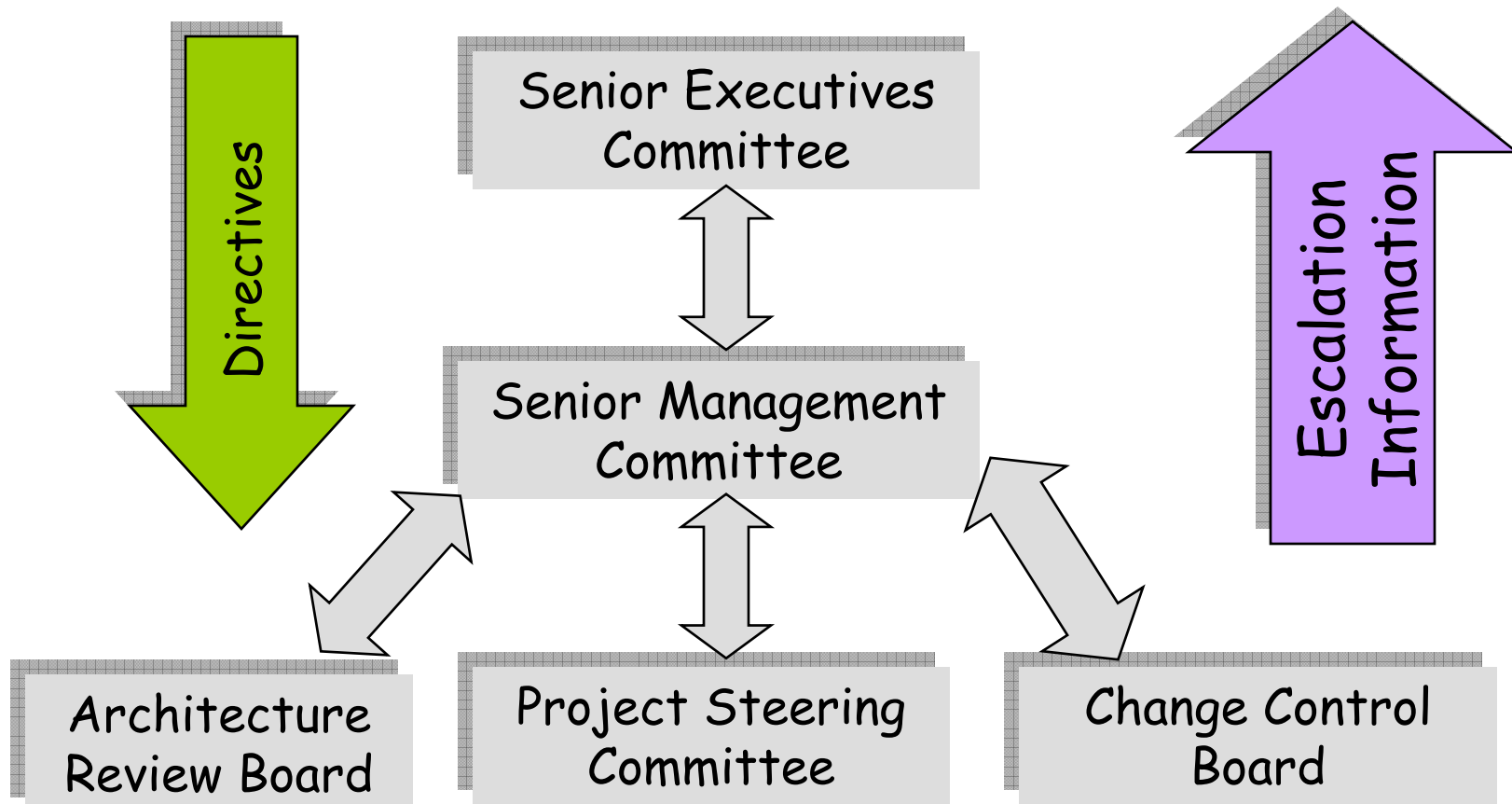
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What is IT Governance?

Leadership, process and structure to ensure that the enterprise's IT enables and supports the enterprise's strategies and objectives by defining:

- ❑ WHAT key decisions need to be made
- ❑ WHO is responsible for making them
- ❑ HOW they are made
- ❑ The process and supporting structures for making them, including monitoring adherence to the process and the effectiveness of decisions

Sample of Project Governance

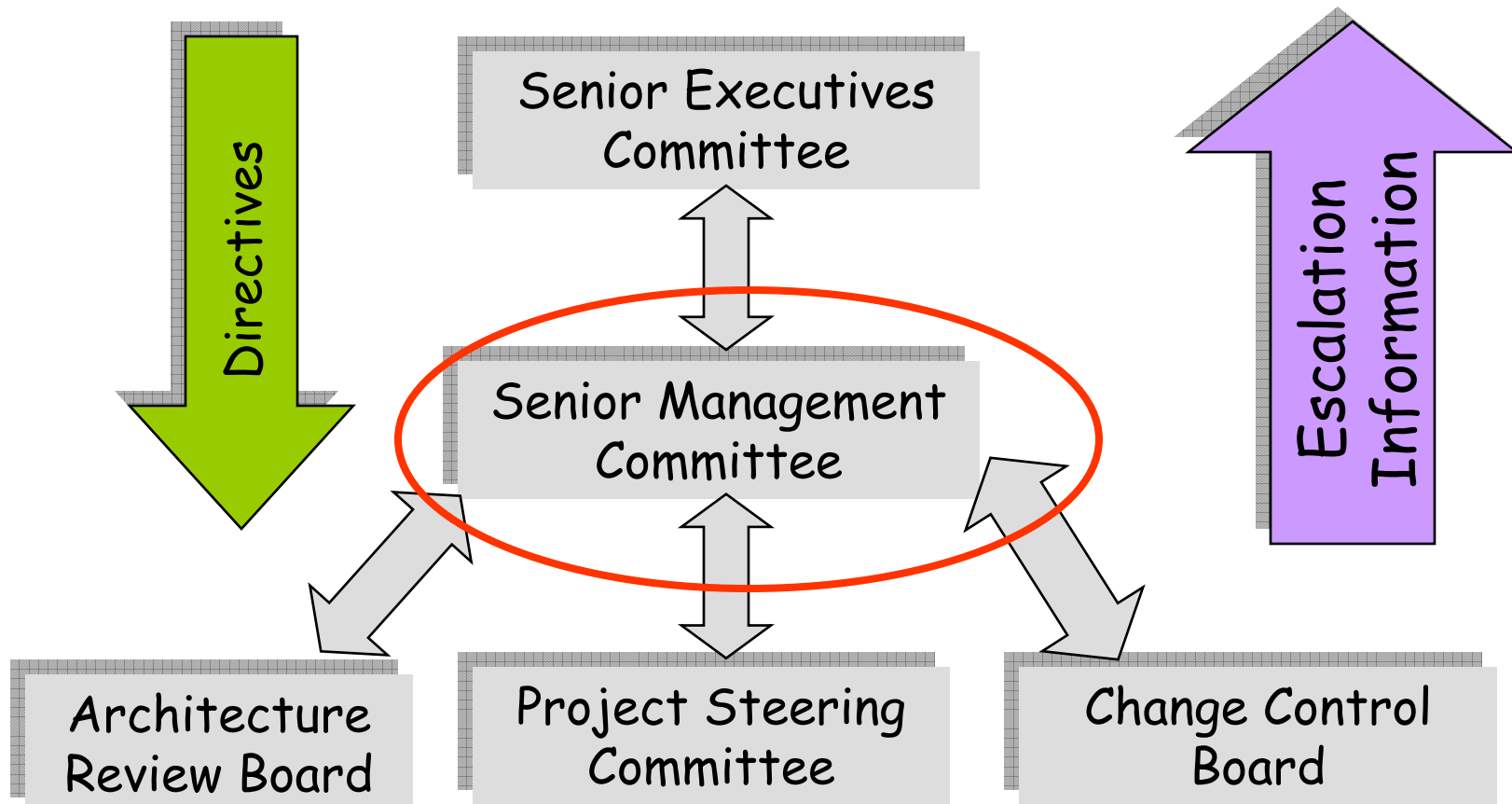


What is the Focus of IT Governance?

- Strategic Alignment
- Benefits Realization or Value Delivery
- Risk Management
- Resource Management
- Performance Management

IT Governance Institute

Sample of Project Governance

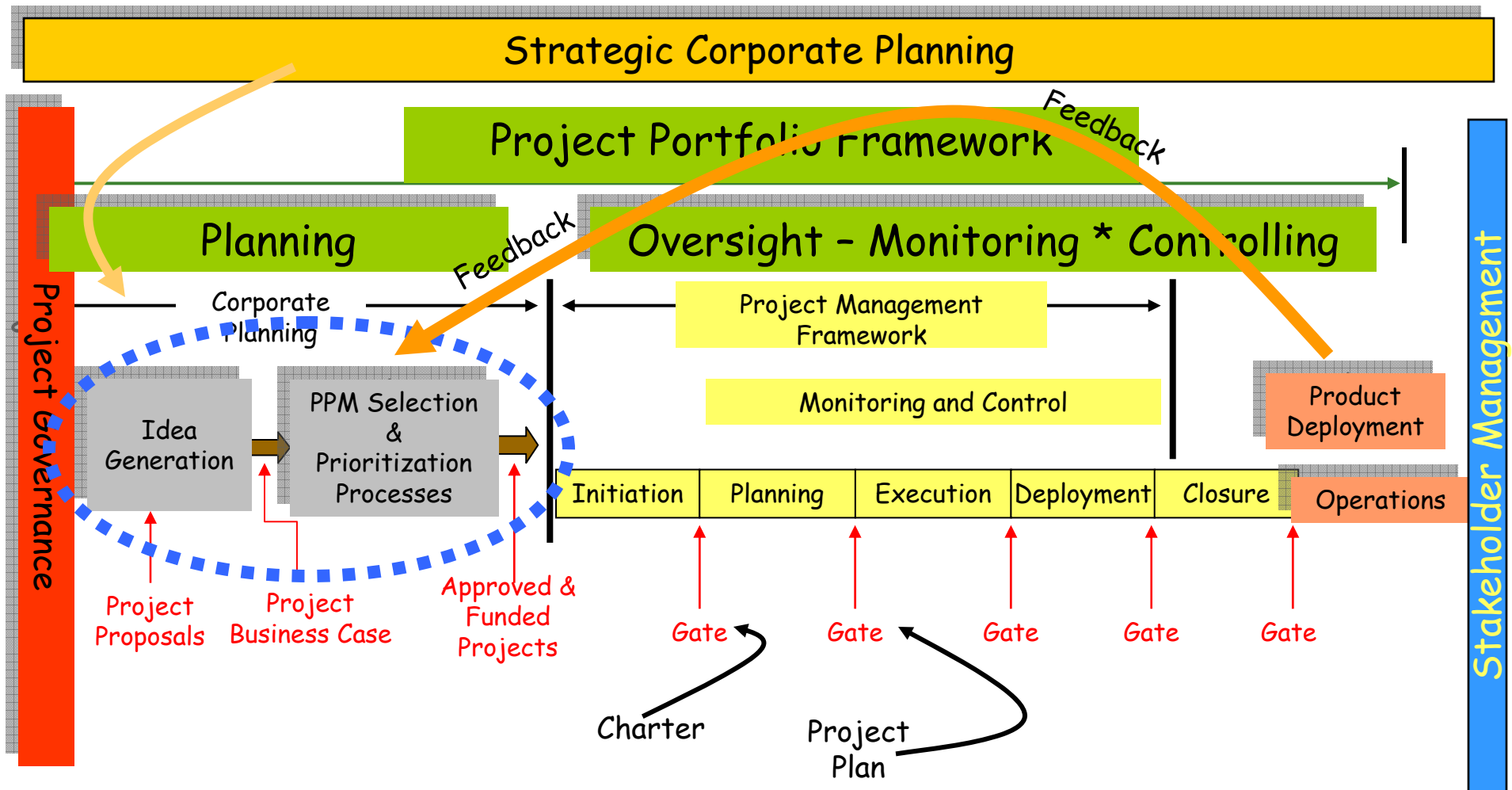


PPM Senior Management Committee

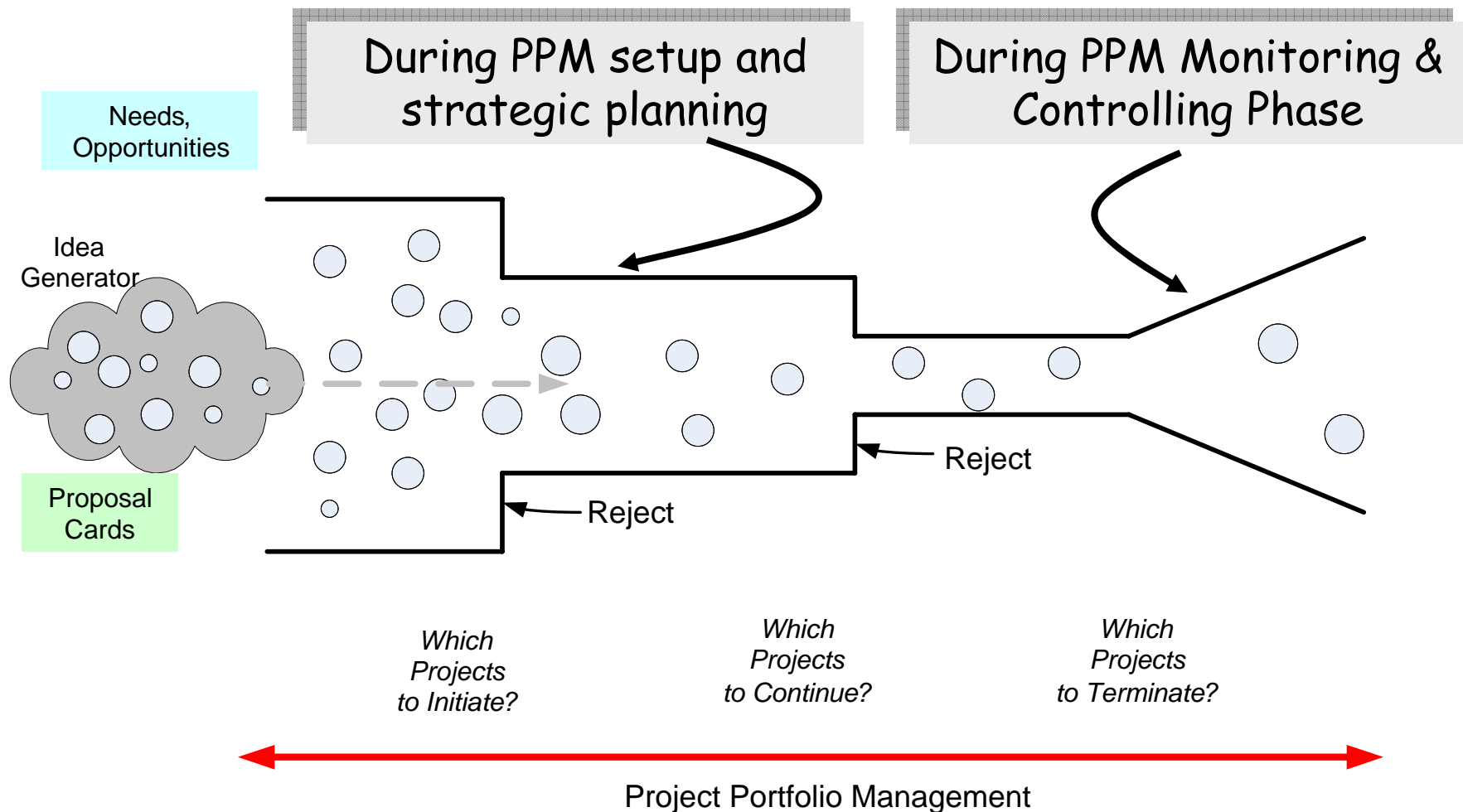
- Deals with project proposals
- Is responsible for the selection decisions
- Approves or denies change requests
- Allocates or re-allocates budgets and resources to the projects' portfolio
- Re-allocates the portfolio and the resources when strategy changes
- Analyzes the strategic feedback from the portfolio and relate it to the strategy
- Reviews and probes project performance data and makes recommendations

Continue, Add, Delay, Hold,
Terminate or Cancel

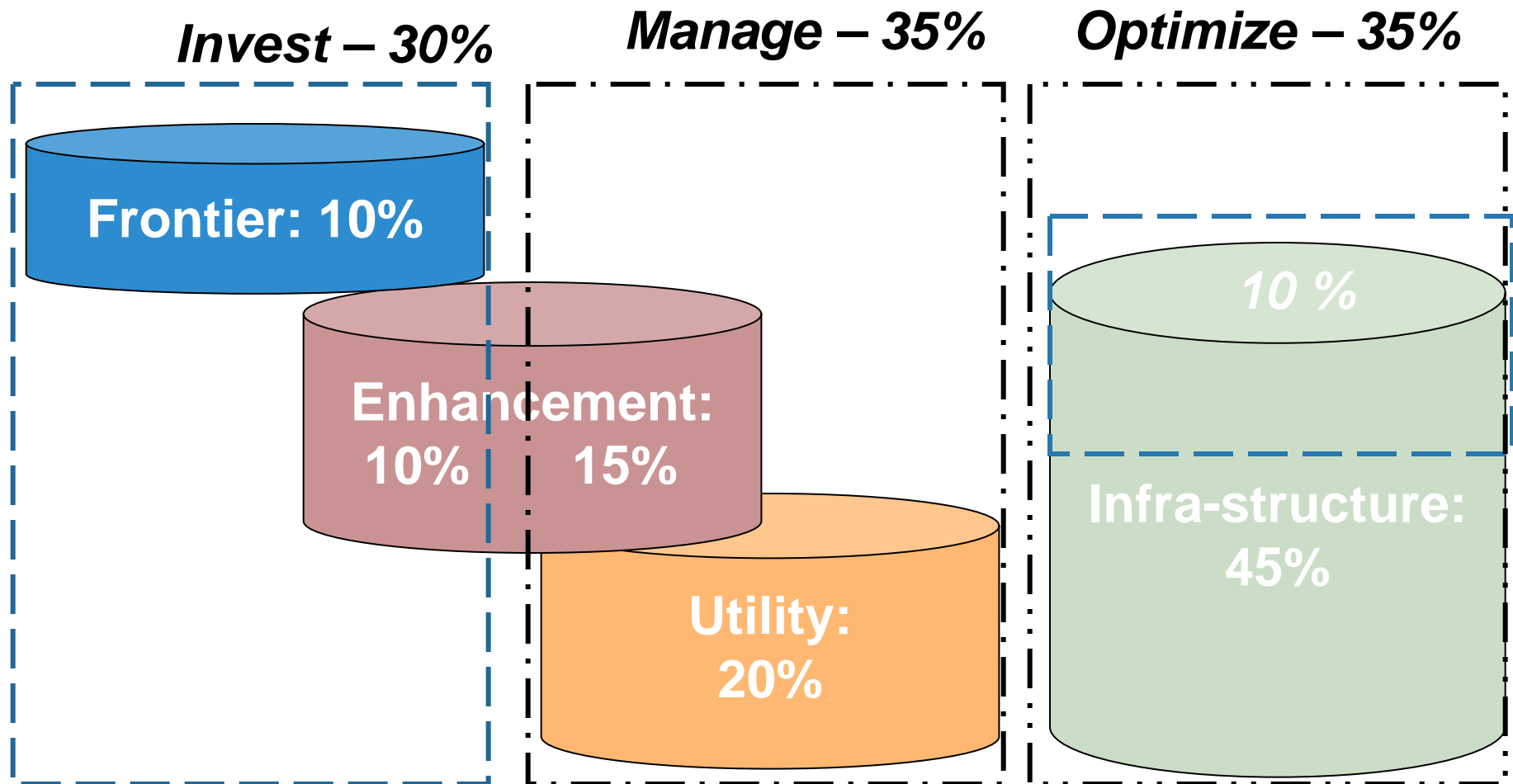
Corporate Planning, Portfolio and Project Management



PPM "Pipeline" - Demand Management

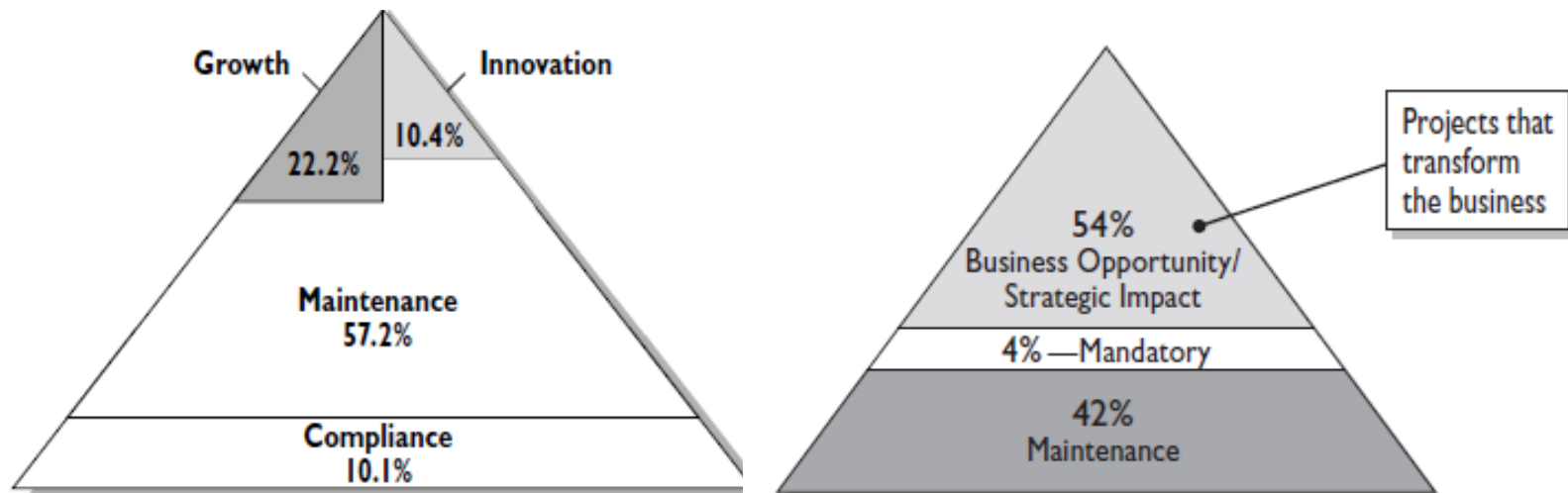


Sample of PPM Investment



Sample of PPM Investment

...there is an ever-greater business contention for the limited IT resources available for growth and innovation...



...but IT cannot make the prioritization pr work without business partner commitment

Challenges at Strategic and Portfolio Layers

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Business Case - Foundation Tool

- A vehicle for strategy execution
- Treated as an annoyance as opposed to a critical component
- Used to secure funding and disregarded later
- No business case, bad or poor business case contributes to poor execution of the organization strategy

Challenges at Strategic and Portfolio Layers

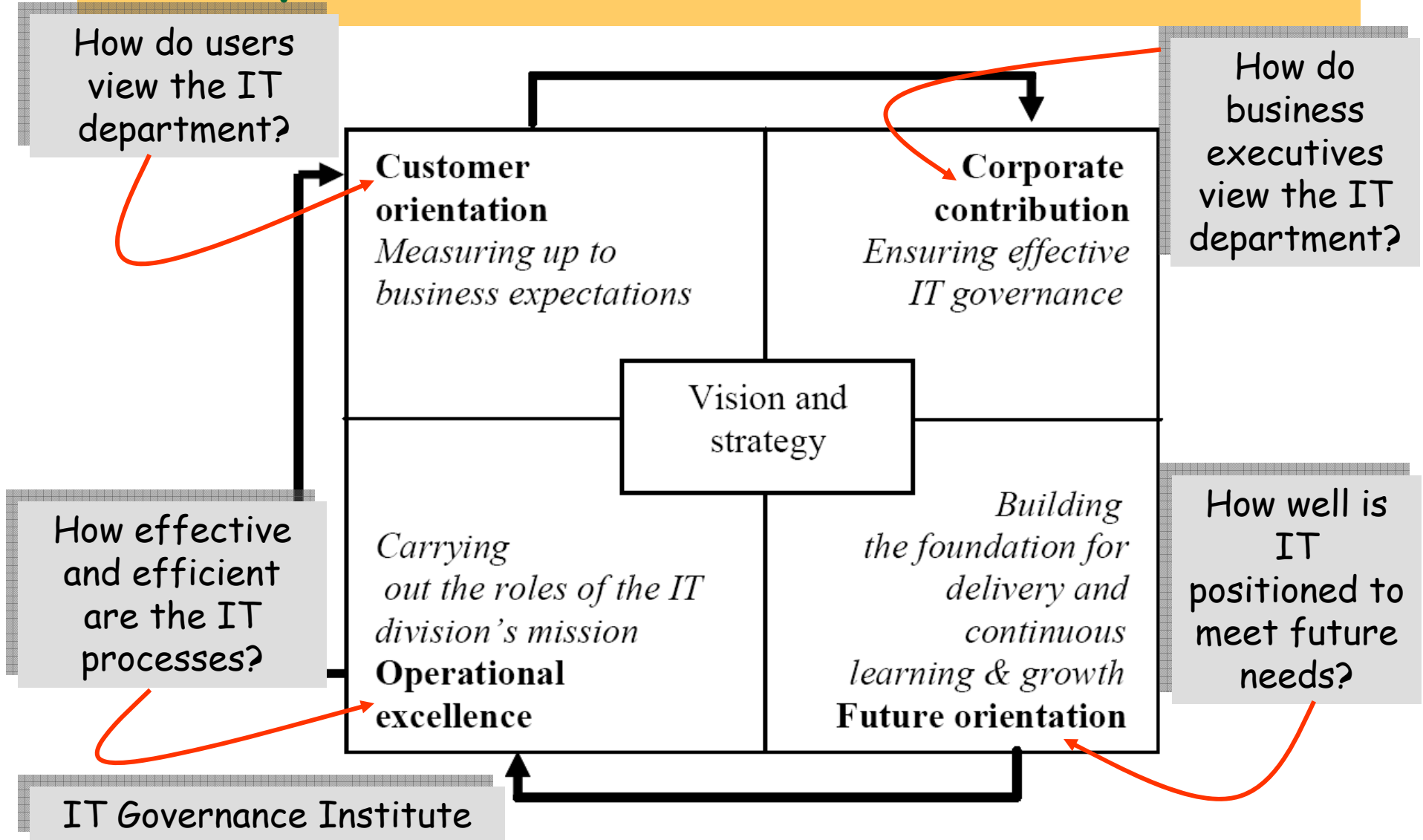
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What is a Balanced Scorecard?

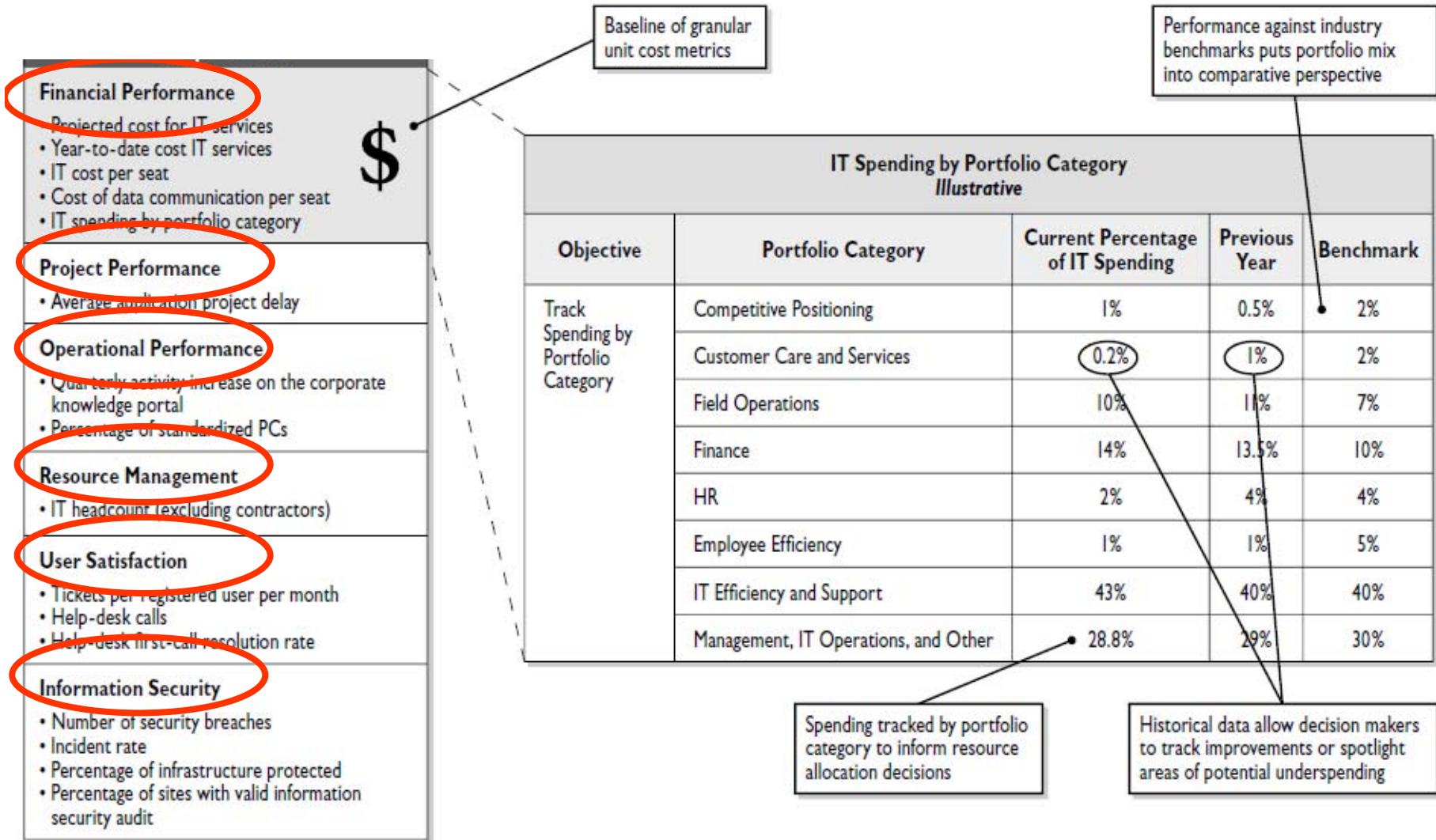
Is a holistic corporate performance management tool for translating company/organization/firm vision and business strategies into quantifiable goals

Balanced Scorecard Categories:
Financial, Customer, Internal Processes,
Learning & Growth

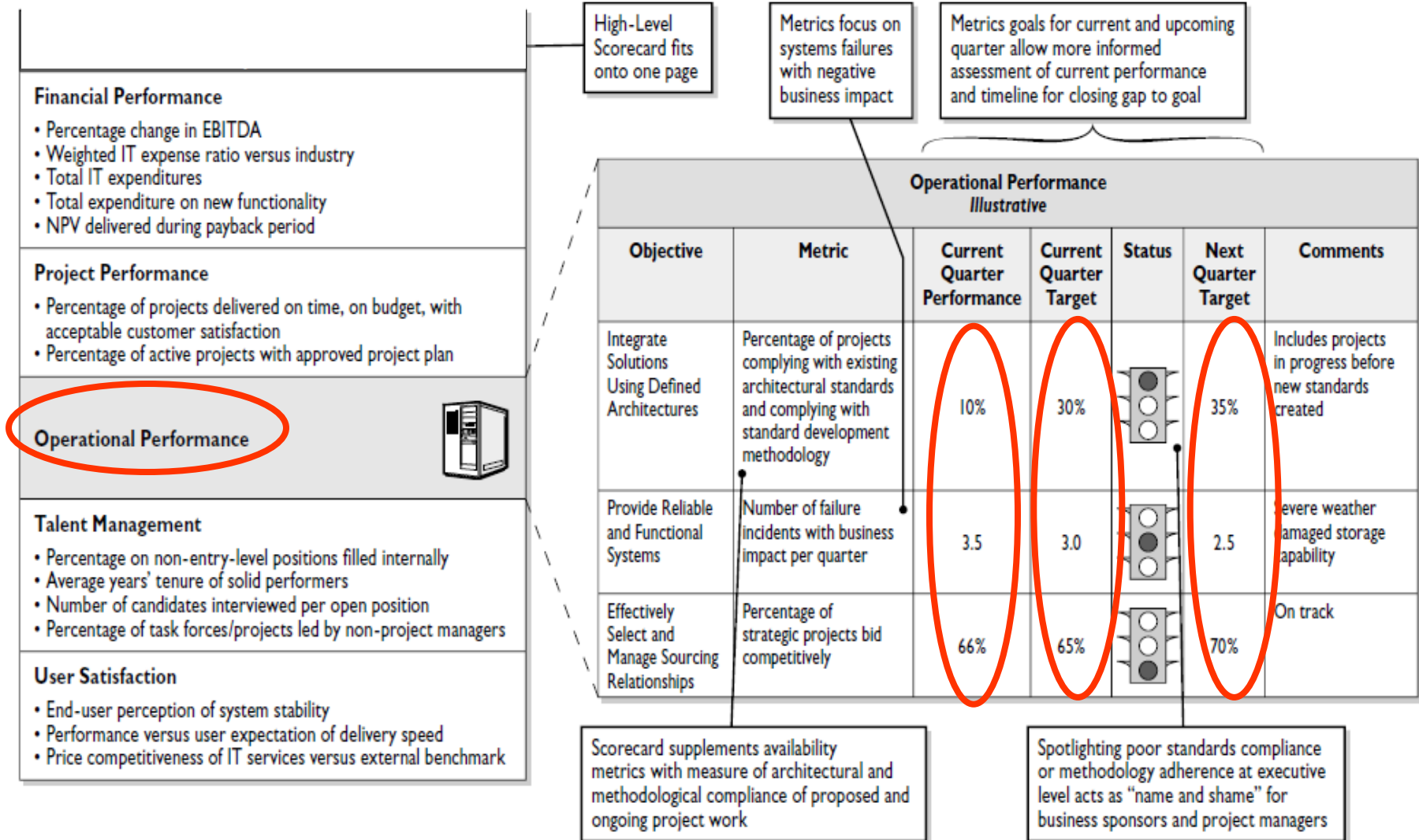
Sample of IT Balanced Scorecard



Examples of IT BSC 01



Examples of IT BSC 02



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Questions Answered by the Project Portfolio Management (PPM)

- Are we investing in the right things?
- Are we optimizing our capacity?
- How well are we executing?
- Can we absorb all the changes?
- Are we realizing the promised benefits?



Components of PPM Framework

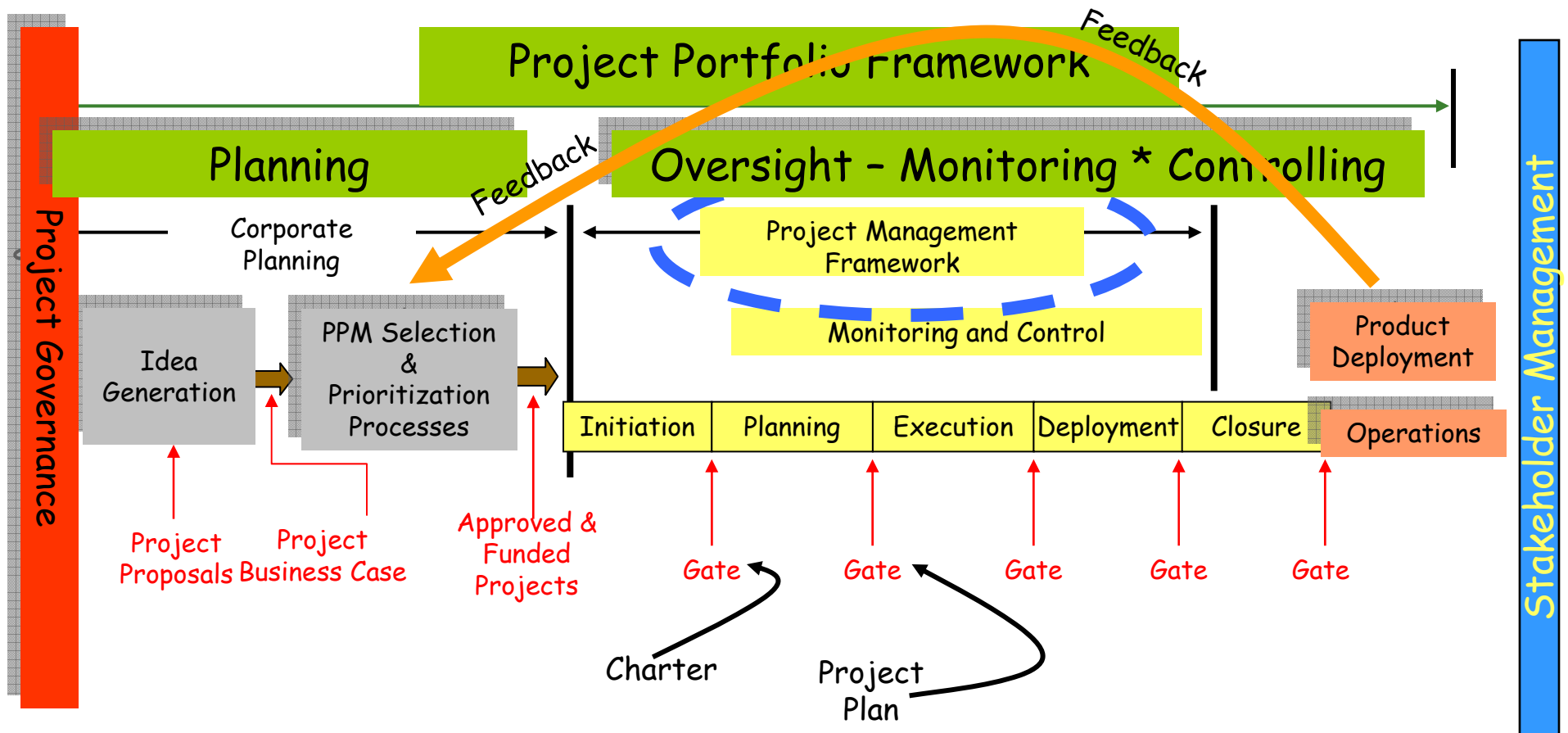
- PPM framework consists of:
 - **A need and opportunity capability** - with findings reported as a Business Case
 - **An evaluation capability** - to weed out inappropriate projects
 - **A selection capability** - to limit projects to available resources
 - **A prioritization and balancing capability** - to get them done in the right order and with the right spread
 - **A people resource planning capability** - to ensure the availability of the right skills
 - **A project management capability** - to ensure effective planning and efficient execution
 - **A product deployment capability** - to ensure benefit realization
 - **A benefit tracking and feedback capability** - for continuous portfolio improvement

Benefits of PPM

- PPM enables senior executives to answer the following questions:
 - Which projects/products to include in the portfolio? - **mix**
 - Which one can be delayed, cancelled, or added to the portfolio? - **agility**
 - How many projects are in the portfolio? - **capacity**
 - In what order will they be executed? - **priority**
 - Are sufficient resources available? - **capability**
 - What is the portfolio performance? - **performance**
 - When each project will be launched? - **sequence**
 - Who will look after each? - **responsibility**

Corporate Planning, Portfolio and Project Management

Strategic Corporate Planning



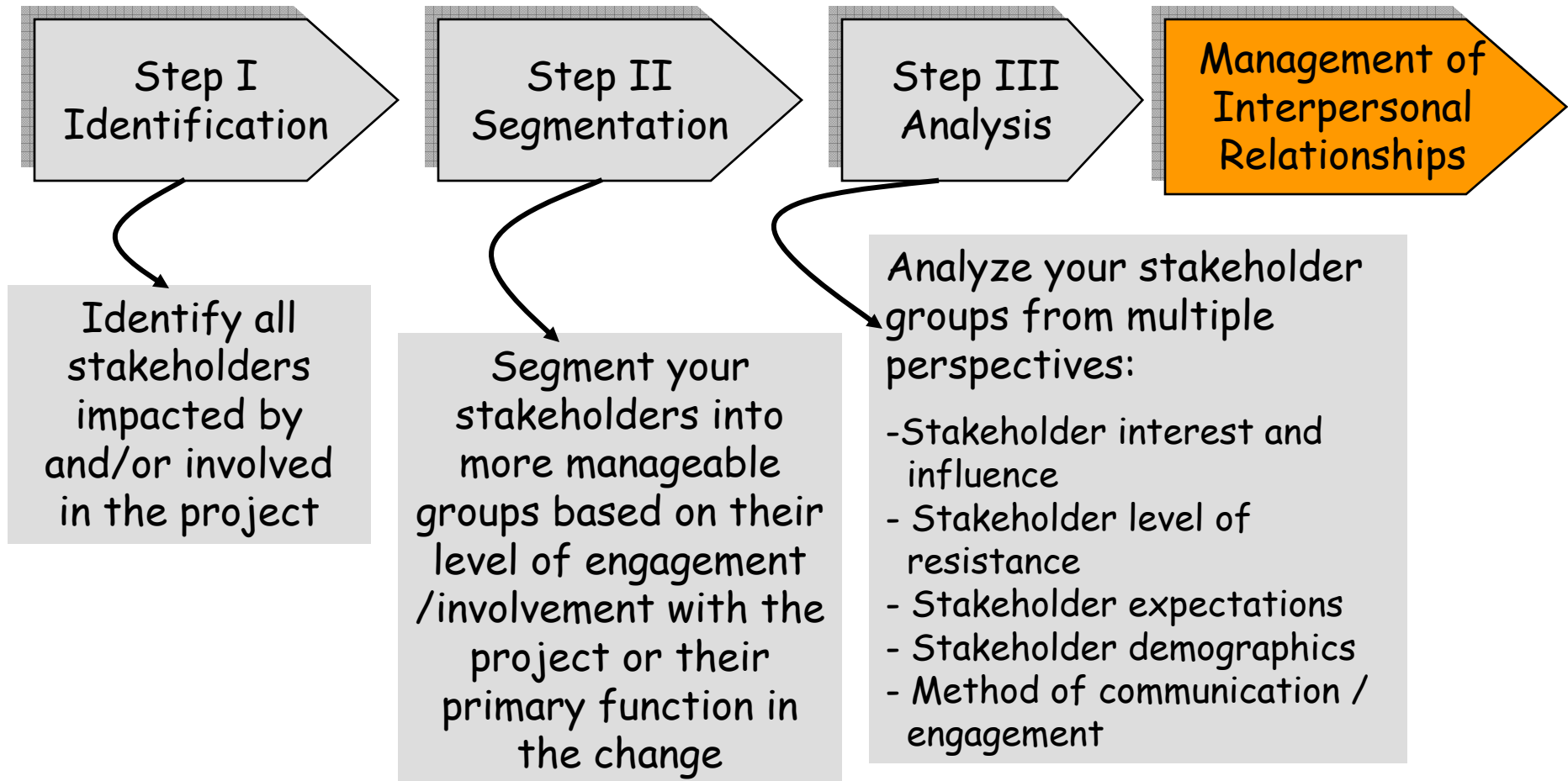
Project Performance Record

- \$80-145 billion per year spent on failed and cancelled projects (The Standish Group International, Inc.)
- 25%-40% of all spending on projects is wasted as a result of rework (Carnegie Mellon)
- 50% are rolled back out of production (Gartner)
- 40% of problems are found by end users (Gartner)
- 60%-80% of project failures can be attributed directly to poor requirements gathering, analysis, and management (Meta Group)

Samples of Project Challenges

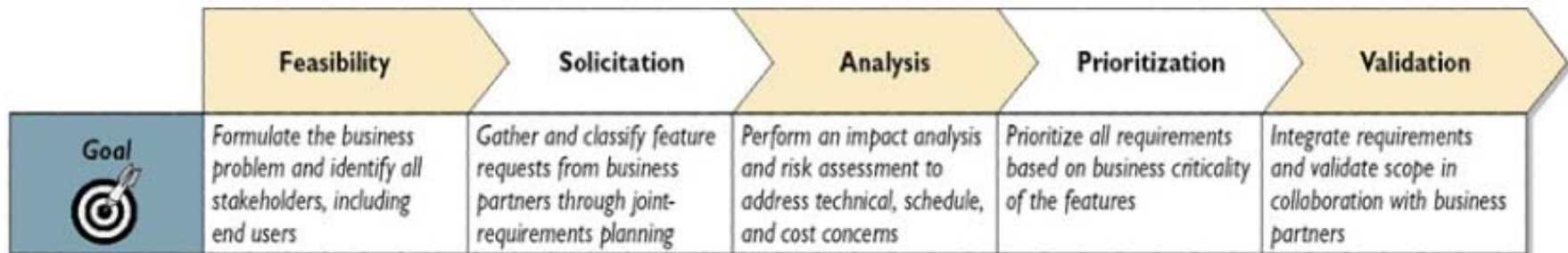
- Project Management Framework (PMF) maturity
- PMF artefacts
- Project Reviews and Gate Process
- Poor scope management tracking
- Poor stakeholder management
- Poor requirements management
- Poor risk management
- Lack of Project Manager accountability

Stakeholder Management



Requirements Management

- ❑ Collect Requirements - PMBOK®, 4th Edition
- ❑ Requirements traceability
- ❑ Role of the Business Analyst



Requirements Elicitation Process

Project Risk - Example

		Very High Risk 1	High Risk 2	Moderate Risk 3	Low Risk 4	Very Low Risk 5
S	Scope Management	Numerous scope changes (>30 percent) impact project (functionality, schedule, or cost)	Major increases in scope (10 percent–30 percent); major functionality changes	Scope changes with 5 percent–10 percent impact on costs	Consistent history of small changes to scope <5 percent of costs	Minimal scope changes
C	Clarity of Business Benefits	Business benefits unquantified and not verifiable	Major areas of benefits quantified but not verifiable	Most benefits quantified but little confidence in benefits capture	Most benefits quantified; medium confidence in benefits capture	Most benefits quantified; high degree of confidence in benefits capture
O	On-Time Delivery	Delays >40 percent of lead time for major deliverables	Delays 20 percent–40 percent of lead time for major deliverables	Delays 10 percent–20 percent of lead time for major deliverables	Delays <10 percent of lead time for major deliverables	On-time delivery
R	Remaining on Project Budget	Costs >20 percent higher than planned	Costs 15 percent–20 percent higher than planned	Costs 5 percent–15 percent higher than planned	Costs up to 5 percent higher than planned	On-budget delivery
E	Engagement of Business Leaders	Initiative not project owners' primary responsibility; sporadic business attendance at steering committee meetings (<50 percent)	Initiative not project owners' primary responsibility; leadership team attends majority of steering committee meetings (50 percent–75 percent)	Initiative not project owners' primary responsibility; steering committee meeting attendance high (75 percent–100 percent)	Initiative primary responsibility of operations, IT, and business owners; 75 percent–100 percent attendance at steering committee meetings	Full-time business operations and IT owners; 100 percent attendance at steering committee meetings

Beginning with the End in Mind PM Accountability

The business sponsor, project manager, and project stakeholders define success for each project up front...

...setting realistic expectations for project success in the project charter

Project Stakeholder Priorities

- Updating customer operations protocols
- Establishing monitoring and controls
- Standardizing infrastructure
- Adhering to architectural standards

Project Manager Priorities

- Setting and facilitating realistic success measures
- Providing a voice of experience
- Facilitating trade-off negotiations
- Ensuring alignment to strategic objectives
- Surfacing program-level interdependencies (with assistance from program managers)

Project Sponsor Priorities

- Driving value realization
- Improving service-level agreements
- Ensuring customer satisfaction
- Boosting revenue
- Approving final sign-off on success measures

PM
Accountability should be documented in the Project Charter

2

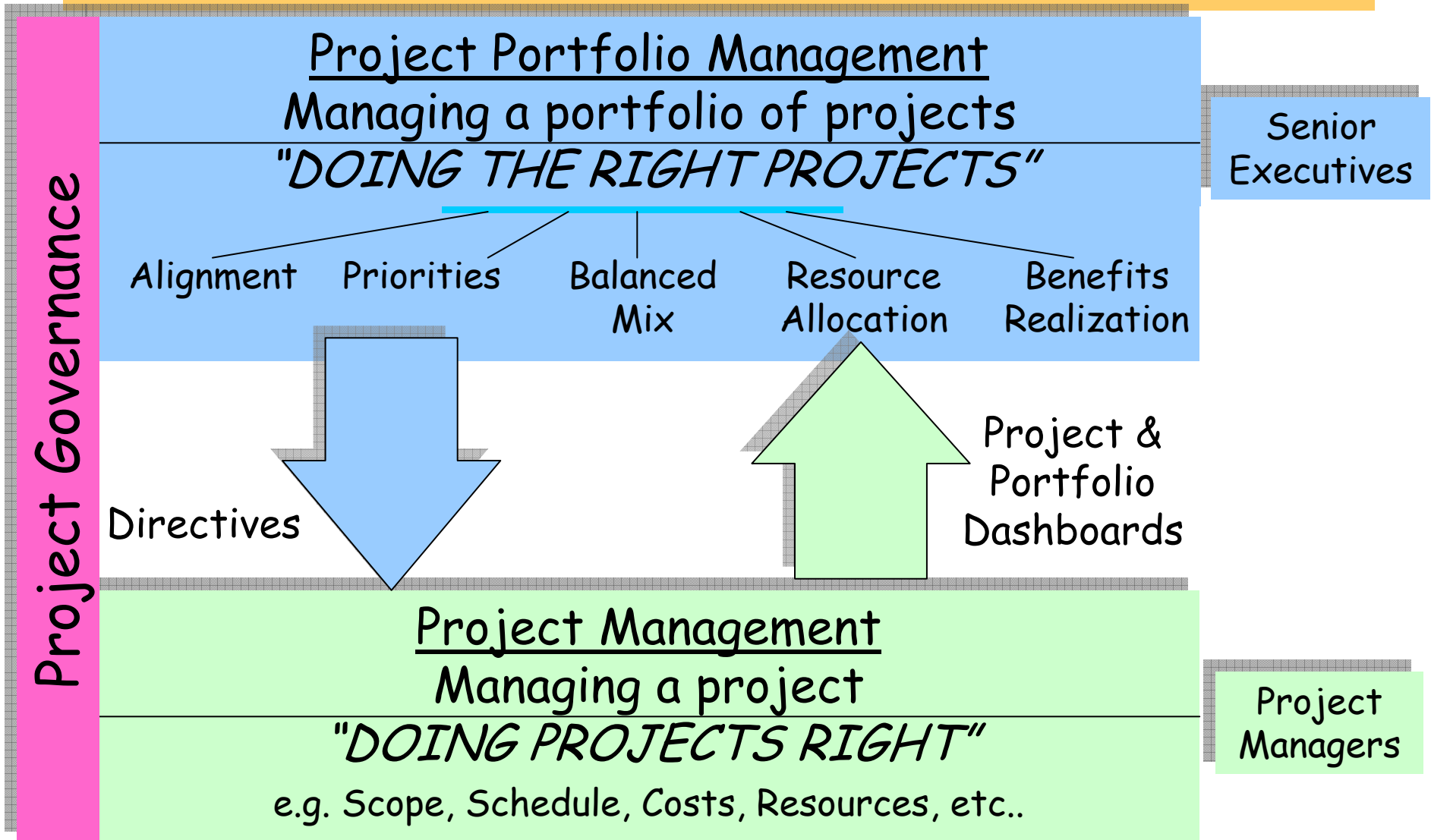
Priority levels indicate relative importance of success dimensions.

			Priority	Acceptable Variance
Application Response Time	Average user response time for North America	2 Milliseconds	4	+/- 10%
Customer Support	Reduction in level 1 technical support calls	10%	6	+/- 20%
Service-Level Agreements	Web site uptime goal	99%	7	+/- .30%

3

Clearly defined variances serve as guardrails for in-flight decisions.

PPM and Project Management



Portfolio and Project Dashboards

Robert Raby, PMP

Elections Canada

Project Health Dashboard

- Definitions
- Samples [Reports](#)
- Design considerations
- Dashboard Components
- Sample Dashboard **EC**
- Portfolio Dashboard - Sample

Definition - Dashboard Report

Dashboard reports allow managers to step back from the details and see the key trends and relationships that drive key performance indicators in a project.

Definition: Project Health Dashboard

- In management information systems, a dashboard is an executive information system user interface that is designed to be easy to read, or view, and to understand.
- It facilitates and supports the information and decision-making needs of senior executives by providing easy access to both internal and external information relevant to meeting the strategic / Operational goals of the organization.

Definition: Executive Information

- Financial
 - Budget
 - Costs + (Hard Commitments)
 - Variances
- Risks – High Impact / High Probability
- Issues – Strategic level
- Schedule performance
 - Overall / baseline change / [milestone achievement performance](#)
- Changes – [Tactical and strategic](#)
- Major Project Interdependencies

Definition: Decision Making Info

- Strategic / project interdependent issues that need to be resolved
- Strategic risks that need to be responded to
- Significant interdependent milestones delays
- High impact change that needs to be approved
- Decision requests that need to be ruled on.

Sample "Dashboard Reports"

- The following are sample "dashboard reports" that I have received when asking PMs / organizations to show their current dashboard reports...

Sample # 1

IT Renewal Executive Dashboard Roll Up Report																								
DashBoard Worksheet for Period Ending: 25-Jul-08																								
Work Streams	Outcome Indicator (✓, ? , x)	Baseline Planned (Don't Change unless Approved by Manager)	Effort								Trend (▲▶▼)	Projected Effort Days Over / Under (Calculated)	Projected Over / Under Effort Days Indicator (Calculated)	Current Estimate of remaining effort days	% Planned Effort Days Remaining After this Period (Calculated)	Planned Effort Days Remaining After this Period (Calculated)	Effort Days Consumed During This Period	Historical Effort Days Consumed Until this Period (Sum of C & D from Previous Dashboard)	Baseline Planned (Don't Change unless Approved by Manager)	Baseline Start Date	Baseline Planned End Date	Baseline Planned Duration Days (7 Days/Week)		
			A	B	C	D	E	F	G	H													I	J
Integrated Program Management Office	✓											07-Apr-08	31-Jul-08											
ITR Project Management Services	✓											07-Apr-08	31-Jul-08											
Procurement (RFSA & IPO resourcing)	?												15-Sep-08											
Data Centre	?											07-Jul-08	23-Jul-08											
Field Applications	?											07-Jul-08	05-Sep-08											
Portal	✓											02-May-08	08-Aug-08											
IT Service Management	✓											09-Jun-08	22-Aug-08											

Colour Legend		
Yellow	- Change only with Manager Approval	
Green	- Carry Forwarded from Previous Sheet	
Blue	- Complete	
Red	- Don't Touch - Calculated Field	

Upcoming Work		
Activity-Milestone-Deliverable	Data center	Date
Resourcing (cs03 & TA)		Completed
Virtualization planning & operational planning consultant resourcing completed		Completed
Data Center Analysis completed (80% complete, waiting for end of vacation)		14-Jul-08
Resourcing (SOW writer - Delayed from Jul 14)		07-Aug-08

Activity-Milestone-Deliverable	IPO	Date
Intgrated Schedule Phase 1A Completed		Completed
WBS Phase 1A version 1 Completed		31-Jul-08
Risk Management Plan		31-Jul-08

Sample # 2

Executive Dashboard - ITR Initiative - Phase 1 A																									
Executive Summary		Report Date: #####		Project Complexity & Risk Rating		Overall Project Health																			
Key Points		Project Budget for 08/09				Budget	☺																		
		Not to exceed three bullets				Schedule	☺																		
						Scope	☺																		
						Risks	☺																		
						Issues	☺																		
						Change	☺																		
Business Outcomes		Project Schedule (Time)		Planned Finish	Revised Finish	Variance																			
		Key Milestones and gates																							
		Milestone 1					0																		
		Milestone 2					0																		
		Milestone 3					0																		
		Milestone 4					0																		
		Milestone 5					0																		
		Milestone 6					0																		
Financial Summary (Cost)		Project Scope Change																							
<p>Financial Summary (Budget)</p> <table border="1"> <caption>Financial Summary (Budget) Data</caption> <thead> <tr> <th>Period</th> <th>Approved Allocation (Thousands)</th> <th>Forecast (Thousands)</th> </tr> </thead> <tbody> <tr> <td>08/09 - Q1</td> <td>~2,800</td> <td>~2,500</td> </tr> <tr> <td>08/09 - Q2</td> <td>~2,800</td> <td>~2,500</td> </tr> <tr> <td>08/09 - Q3</td> <td>~1,800</td> <td>~2,500</td> </tr> <tr> <td>08/09 - Q4</td> <td>~3,500</td> <td>~2,500</td> </tr> </tbody> </table>		Period	Approved Allocation (Thousands)	Forecast (Thousands)	08/09 - Q1	~2,800	~2,500	08/09 - Q2	~2,800	~2,500	08/09 - Q3	~1,800	~2,500	08/09 - Q4	~3,500	~2,500	Key points								
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08/09 - Q3	~1,800	~2,500																							
08/09 - Q4	~3,500	~2,500																							
		Summary of RFCs		Approved RFC's	Estimated Effort (days/ weeks)	Estimate Cost	Impact on project																		
		This report																							
		To date																							
Project Risks		Project Issues																							
<table border="1"> <thead> <tr> <th rowspan="2">Probability (Likelihood)</th> <th colspan="3">Impact (Consequences)</th> <th rowspan="2">Summary of major risks</th> </tr> <tr> <th>Low</th> <th>Medium</th> <th>High</th> </tr> </thead> <tbody> <tr> <td>High</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Medium</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Probability (Likelihood)	Impact (Consequences)			Summary of major risks	Low	Medium	High	High					Medium					Key points					
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High																									
Medium																									
		Summary of Issues		New		Open	Resolved																		
		This report																							
		To date																							
		Status of Open Issues																							

Sample # 3

Risks Summary						Issues Summary						
	# Risks	Accepted	Avoided	Mitigated	Closed		# Issues	Closed	Opened	On Hold	Withdrawn	Approved
Applications Adaptation	0	0	0	0	0	Applications Adaptation	8		5	3		
Architecture & Standards	6				4	Architecture & Standards	0					
Infrastructure (Data Centre)	4				3	Infrastructure (Data Centre)	0					
ITSM	9				8	ITSM	5	5				
Service Delivery Environment	10				3	Service Delivery Environment	4		4			
Program/Project Office	26				17	Program/Project Office	15		15			
External Stakeholders						External Stakeholders						
Total	55	0	0	0	35	Total	32	5	24	3	0	0
Urgency						Urgency						
Low	0					Low	0					
Medium	0					Medium	0					
High	0					High	0					
						Showstopper	0					
Top Risks Summary						Top Issues Summary						
Applications Adaptation						Applications Adaptation						
Architecture & Standards						Architecture & Standards						
Infrastructure (Data Centre)						Infrastructure (Data Centre)						
ITSM						ITSM						
Service Delivery Environment						Service Delivery Environment						
Program/Project Office						Program/Project Office						

Design Considerations

- Balanced
- Simple color scheme
- Limited to one page
- Format
 - Letter
 - Legal
 - Portrait
 - Landscape

Dashboard Components

- Standardized template for all projects
- Structured and consistent information source
 - Multi-tab Excel Workbook
- Balance between:
 - Graphics, pictures, diagrams and charts
 - Text
 - White space
 - Header and footer information
 - Need to pass the "1 minute" review rule
- Comparative in nature
 - Current and previous periods

Topical and relevant data

- Needs to report on key elements of the topic e.g. Project Management of IT projects:
 - Scope changes
 - Risks / Issues
 - Financial performance
 - Schedule performance
 - Accomplished and planned for next period
 - Project interdependencies

Dashboard Quality Aspects

- Brings
 - The right information
 - At the right time
 - To the right people
 - In the right format
- Predicated on:
 - Registering the right data correctly
 - Pooling data from multiple sources
 - Transforming the data
 - Combining data where needed
 - Storing in a data common and accessible data base.

Reporting Guidance

- Progress should be substantiated
- Significant variance should be explained
- There should be a plan for next period
- Achievements should speak to the achievement of milestones
- Overall health indicator should be consistent with constituent indicators
 - Consistent with the Financial Performance Indicator
 - Schedule performance Indicator
 - As well as significant risks and issues

Reporting Guidance

- Impending changes should be documented
- Number of milestones tracked should be consistent with the size/scope/complexity of the project.
- Commonly used acronyms are ok, however the audience may not understand technical acronyms - particularly business stakeholders
- Wording of risks (potential problem should use cause-effect-risk format) and issues (existing problem)

Dashboard Reporting Tools

- Enterprise solutions
 - Crystal Report
 - COGNOS tools
 - SAP
 - Dundas
- Off the shelf solutions
 - Xcelsius
 - Tableau
- Office tools such as spreadsheet
 - Excel

Sample Project Dashboard

Project Health Dashboard Project XYZ

Overall Health



Black = current period
Blue = last period

Decision Requests Pending

0

Project Description

Planning, strategy and implementation of the migratory/relocation of infrastructure and services from to a new managed services data centre

Major Accomplishments this period

Planning and procurement of hardware and services required to migrate. Planning, testing and scheduling of activities to implement new security perimeter and DNS hardware.

Plans for next period

Migrate BES, mail-exchange, and legacy production services. Install infrastructure/hardware, coordinate/schedule activities to migrate to new facility. Order all telecom links.

Pending Changes

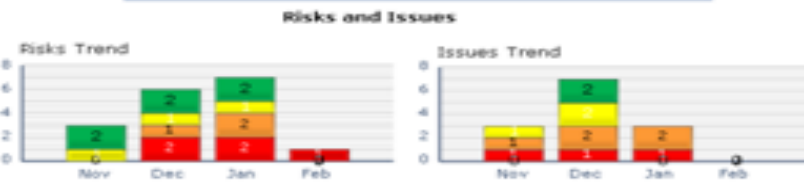
No changes pending this period

Major Issues (top 5)

Lack of office space is hindering development effort
delays in telecom hardware will delay deployment by 30 days

Major Risks (top 5)

Possible election may limit access to business resources



Project Mgr: John Smith
Report for Period: February 28, 2010

Report Date: February 10, 2010
Report Version: 0.01 (Draft)

ITS Project Dashboard Template Version 1.0
ITS Project Workbook: Template Version 1.7

Portfolio Dashboard

- Follows the same general guidelines as the project dashboard, except :
 - There are even less words
 - More graphs - all types
 - More trending graphs
 - And, aggregate financial information

Portfolio Dashboard Components

- Overall Project Portfolio Performance
- Investment allocation by service delivery:
 - Run
 - Enhance
 - Transform
- Budget allocation by Sector
 - Originating Business Sectors, including IT
- Overall financial performance
 - Budget
 - Actuals (including commitments)
 - Variances

Portfolio Dashboard Components

- Attainment of Strategic Objectives
- Interdependent milestone performance
 - Total milestones
 - Completed milestones
 - Late milestones
 - Average days late of late milestones
- Strategic Risks / Issues
- Trending indicators
- Significant critical path interdependencies

Sample Portfolio Dashboard

ITS Portfolio Dashboard

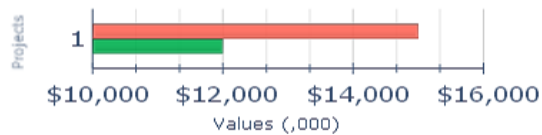
Overall Portfolio Health



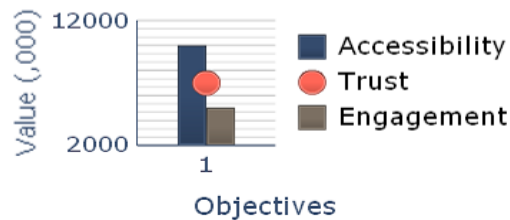
Portfolio Trends



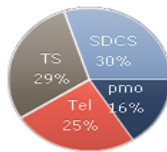
Mandatory / Non Mandatory Projects



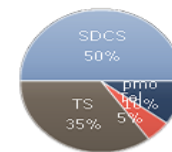
Strategic Objectives



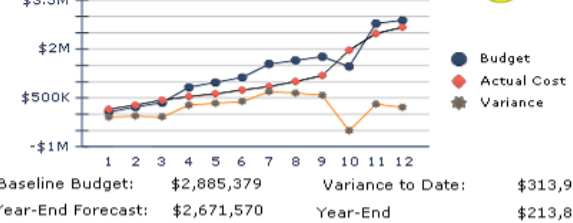
Budget Allocation



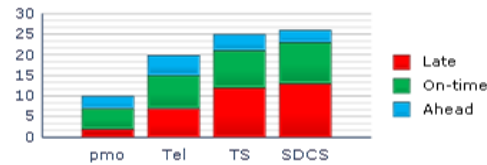
Variance by Sector



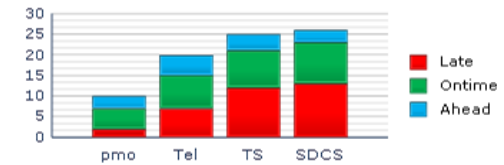
Portfolio Cost Performance: Current Fiscal Year



Milestone Performance (by dept)



Milestone performance



Risks and Issues

Risks Trend



Issues Trend



Wrap up

What do Executives Need to Manage the IT Challenges?

- Connect IT budgets and resources to strategic business objectives
- Communicate and demonstrate the value of IT
- Manage line-of-business and executive expectations
- Create strong project management discipline
- Mitigate risks efficiently
- Drive and execute IT strategy, while delivering measurable value on time and on budget

Conclusion: What is the Roadmap for success?

- A well defined strategic planning process
- A business-centric governance
- A portfolio discipline for all portfolio-related processes
- A sound project management discipline
- An integrated approach for IT operational dashboard (portfolio and project) and strategic balanced scorecard

Questions??

