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IN THIS ISSUE

March, 2015

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[Agile and Open Source Presentation by Scott Gould, GovernmentCIO](#)

Friday, August, 1, 2014

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Monday, December, 1, 2014

Guiding the Enterprise

 Tags: [Project Management](#)

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Posted By [Karen Coker](#), Subject Matter Expert

Who isn't looking for the next hot productivity tool these days? In an age where innumerable, multiplatform productivity applications are designed to streamline, improve, and optimize your life, your business, or your processes, finding the magic do-it-all bullet is difficult if not downright impossible.

Smart executives know that killer business apps are usually overhyped and expensive to customize. These savvy leaders instead rely on a minimal, electronic toolset coupled with sound management tactics, performance management processes, and ongoing financial assessments to keep them on track and on goal.

Decision support tools and processes have never been so important in an age of unbelievable software capabilities, electronic mobility, and overwhelming data. The fundamental definition of decision support qualifies many applications, but only those integrated with successful organizational business processes can be truly effective. This is why Project Portfolio Management (PPM) processes are worth considering for inclusion in the minimalist, senior leadership toolset. PPM is a system of processes, tools, data, and decisions designed to work together to meet organizational business objectives.

PPM is the not-so-distant cousin of investment portfolio management, a financial management technique implemented and practiced by investment managers for nearly 70 years. Although the evaluation subjects in project and investment portfolios differ greatly in form and function, these related management approaches ultimately share the same objectives: make the best decisions about investing funds, and be aware of the potential risk in the mix. The federal government differs from private industry in financial objectives but is similarly challenged to stretch and optimize dollars in an increasingly strained economic climate. Under these conditions, PPM excels as a comprehensive framework for performance management and for enhancing performance, especially in enterprise IT.

During the internet "gold rush" of the late 1990s, PPM evolved from an investment management model into a corporate capital project selection and oversight model used by leadership teams eager to differentiate their businesses but not break the bank. Large, global companies in a variety of industries were adopting enterprise IT management and the expensive tools designed to enable them. IT skeptics had been vocal in questioning the strategic rationale and expected outcomes for large investments in projects designed to connect, automate, and web-enable existing processes. Couldn't that money be better spent on, say, developing new products?

The standard response to such fundamental strategic questions was to conduct post-mortem analyses of multimillion dollar projects and determine whether or not the spending had been effective. In the age of quarterly Wall Street expectations, C-level leaders could no longer "wait and see" if the investment of hundreds of millions of dollars into enterprise IT systems, teams, and processes paid off years later; they had to know going in that decisions were sound.

Investment portfolio management principles were applied: risk was assessed, strategic alignment determined, performance tracked, and go/no-go decisions made. Implementing a management process to oversee projects throughout the life cycle (planning to maintenance) enabled leaders to assess and evaluate the full complement of related projects in real time and to select the best and most promising for the enterprise. PPM also enabled continuous improvement, process streamlining, and organizational enhancements.

Since the early 2000s, PPM has been applied to other product types owing to its integrated framework of strategic management, operations management, and program/project management level activities. The Project Management Institute developed a portfolio management credential (PfMP) and the practice is growing in and around private and public organizations. U.S. Air Force and Army science, technology, and research organizations have used PPM to enhance and optimize the "investment" of research development funds in projects with the greatest alignment to strategic objectives and highest priority requirement. Air Force leaders applied PPM framework and processes to medical IT and medical research and development projects to select the most promising projects aligned with the highest strategic priority and urgent priority from the end users in the field. The Medical IT directorate maintained a Portfolio Management branch that oversaw all projects and supported leadership decisions about investment and sustaining medical IT programs and systems used by all Air Force medical treatment facilities, hospitals, and clinics worldwide.

PPM practice is growing and being refined and customized to organizations' needs for such a system. PPM can be as robust or simplified as necessary but must be embraced and supported by senior leadership in order to yield the best information for decision making. Organizations can adapt PPM activities to existing organizational governance structures or can modify governance to conform to the PPM framework.

To begin implementing beneficial PPM practices, senior government IT and organizational leaders should start by assessing currently funded projects and programs for strategic alignment (map and gap to the strategic plan), risk of failure to deliver expected outcomes, and overall cost and schedule variance. This basic data, when analyzed at the portfolio level, delivers insightful information about the health of the organization's projects and investments. With this information, leaders have an enhanced context in which to make decisions about where to allocate scarce taxpayers dollars.