Project Portfolio Management – The Art of Saying "No"
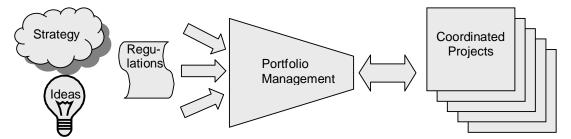
"We're spread too thin!"   How often do you hear that anguished cry at work? Nearly all organizations have more project work to do than they have people and money to do the work.   Frequently they try to fix this problem by cramming more work onto the calendars of already overworked project teams or by cutting corners during the project. These short-term fixes mask the underlying problem and don't work for long.

Often the root of the problem is that there are too many projects chasing too few resources.   Despite a heavy investment of people and money in projects, the organization is still getting poor results because people are working on the wrong projects or on too many projects.   Trying to do too much causes *all* projects to suffer from delays, cost overruns or poor quality.

The solution is difficult, but essential.   Effective project organizations must focus their limited resources on the best projects, learning to say "no" to projects that are good but not good enough.   Mature project organizations use a discipline called *project portfolio management (PPfM)* to make and implement these tough project selection decisions*.*

PPfM is all about selecting the right projects from among the many candidates and managing the resulting collection as a coordinated portfolio that achieves the goals of the organization.   Tradeoffs are made in a disciplined way, rather than allowing the loudest voice to win.   PPfM complements project management.   Project management is about "doing projects right" and portfolio management is about "doing the right projects." Project organizations must excel at both to have long-term success.

You can think of project portfolio management as a funnel that connects strategy to the execution of projects.

The mouth of the funnel takes in all of the ideas for projects that the organization might do.   These ideas may come from strategy, customer input, regulatory requirements, or ideas from the project team.   The purpose of the funnel is to select only those projects that meet certain criteria, saying "no" to the others.   The resulting collection of projects is called a *portfolio*. It is focused, coordinated and executable.

The decisions made in the portfolio management funnel must do three things:

1. *Align* execution with strategy.   Each selected project must play a role in carrying out the strategy of the organization. No more pet projects!
2. *Maximize* the value of the entire portfolio of projects to get the "most bang for the buck."   Taken together, the projects must have a high return on the organization's investment. This may be in terms of dollars or other measures that are important to the organization.
3. *Balance* the portfolio. Make sure that it is not lopsided, for example by being too risky or too focused on short term results.

Organizations that combine effective project portfolio management with good project management get these results:
- o Faster time to market
- o Higher productivity
- o Less chaos
- o Strategy that really gets implemented

Since portfolios are composed of projects, project managers are an important part of the portfolio management process.   Project managers provide vital information that goes into portfolio decisions. They also must steer their projects with an eye on the goals of the portfolio.   As a project manger, you should

1. Understand how your organization makes portfolio decisions
2. Understand your project's role in the portfolio and how you can steer your project to achieve portfolio objectives
3. Speak the language of business cases by creating a case for your project and justifying it in business terms

The next time you hear the complaint "We're spread too thin," look below the surface. Are your projects are unfocused and misaligned?   Do too many "good" projects compete for too few resources?   Combining project portfolio management with project management can help you "do the right projects and do them right."

About the Author
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