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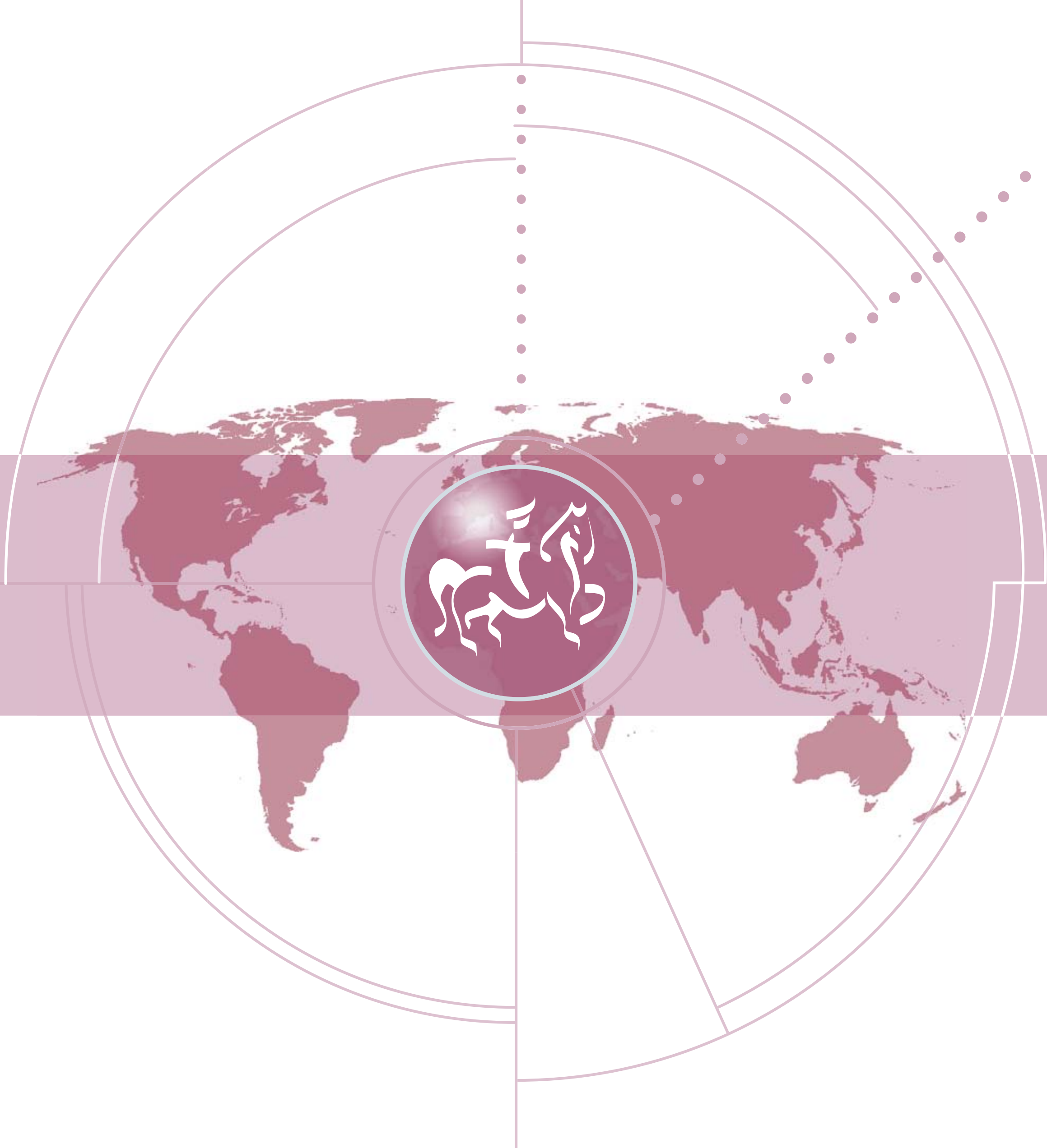

The Chaucer Way

Project Portfolio Management (PPM)

The Chaucer Way is Chaucer's unique approach to Project Portfolio Management (PPM)

- Ensuring the strategic compatibility of the portfolio
- Fostering oversight and ownership of the portfolio
- Identifying the people and the means to manage the portfolio
- Applying project management discipline

Organisations need Project Portfolio Management so that they can:

- Drive organisational focus on strategic imperatives
- Maximise business benefits realised from financial investment
- Maximise resource utilisation effectiveness
- Improve performance
- Identify and prioritise project and program activity
- Become more cost efficient
- Transfer beneficial knowledge and processes
- Verify and validate good practice

Chaucer has excellent capabilities to help strengthen your business and innovative ways to increase profitability.

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The Chaucer Way is…

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2 Tried, tested and proven to be successful

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Project Portfolio Management is about selecting the right projects, adjusting the pace at which they run and adjusting their scope in order to maximise the value of the portfolio as a whole and as economic or other external conditions change.

Good Project Portfolio Management should provide visibility of all projects to enable informed decisions to be made and to mitigate risks in order to ensure successful delivery.

Project

A temporary unique endeavour comprising organised effort with a defined beginning and end, that creates a measurable product or outcome with a specific benefit; it is not business as usual.

Program

A set of linked projects that fall under a common management / governance framework and which contribute to the achievement of a specific business objective.

Portfolio

A set of projects and programs that fall under an enterprise-wide management / governance framework and which collectively deliver an agreed business strategy.

Organisations need to pursue their strategic goals in a structured and well-managed way. However, businesses are faced with daily challenges.

How to generate maximum business benefits from a finite set of resources, such as:

- People
- Financial Resources
- Physical Assets
- Time

Assuming that operating structures, systems, processes and workflows are already optimised, this then leads to questions, such as:

- Will these projects truly focus on our strategic vision?
- Are we choosing the right projects and delivering them effectively?
- Are we striking the right balance between risk and return?
- Are we allocating our resources to the best opportunities?
- Do we know when to stop projects that are no longer valid so that resources can be allocated elsewhere?

Adopting a tried, tested and rigorous Project Portfolio Management approach will support businesses as they deal with these challenges.

Chaucer recommends a consistent, structured approach, adopted universally across an organisation.

The benefits of PPM are:

- Ensure that the organisation selects and delivers those projects that deliver greatest value within acceptable levels of risk
- Ensure that there is a well balanced mix of projects underway to suit short, medium and long term business objectives, e.g. risk, return, innovation, etc.
- Provide assurance that interdependencies between projects are identified and managed
- Allow resources to be scheduled and prioritised so that they are focused on the activities that deliver greatest value
- Ensure that resource conflicts or gaps are identified and have formal agreement for action plans to overcome them, e.g. prioritisation, temporary skills acquisition / backfill, etc.
- Provide a 'big picture' overview of projects under way in the organisation and progress towards the delivery of specific business benefits
- Allow projects to be reviewed in the context of external market place changes, thus enabling improved responsiveness to them
- Create a common approach to selecting and delivering projects

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To begin the process of PPM it can be helpful to think about how projects typically emerge. By categorising or profiling programs and projects in this way it will be easier to consider where resources should be allocated to meet strategic objectives:

Externally imposed

Often to meet statutory or regulatory compliance; these projects tend to be mandatory and time bound.

Corporate strategy development processes

Typically corporate driven and generally for the common good, but with a need to recognise that individual locations can be affected in different ways.

Research and Development

Typically driven by market demand or emerging technologies.

Grass roots emerging strategy

Locally driven initiatives relating to local market conditions that are potential candidates for replication elsewhere.

Continuous improvement / problem resolution

Can be locally or centrally driven.

To fully appreciate the portfolio of projects and their individual contribution to the overall strategic objectives, projects can be categorised in greater detail as shown below. This type of activity will build an overall profile of the portfolio and enable efficient decision making.

Standalone

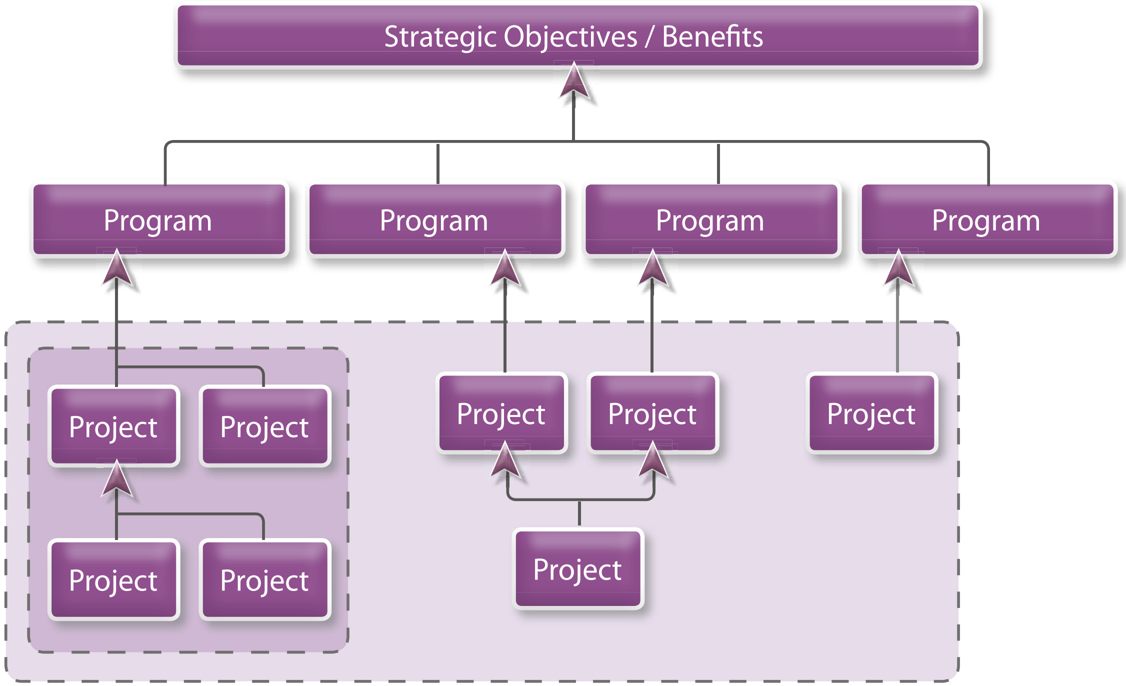
A project outcome delivers specific business benefits in its own right.

Synergistic

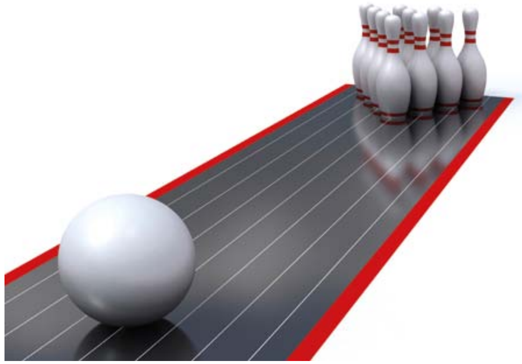
A project has to be delivered simultaneously with one or more others in order to deliver specific business benefits.

Enabler

A project has to be delivered before a subsequent standalone or synergistic project can commence; it can impact the lead time to business benefit realisation.



Creating a formal process for the generation and selection of projects within a portfolio provides transparency and accurate information for leaders.



- Regulatory and Compliance related projects are typically mandatory; the only element of flexibility is usually timing
- All other proposals should initially be assessed for degree of alignment with the agreed business strategy
- Those that are aligned with the business strategy should then be prioritised / selected based on agreed criteria, such as:
  - Quantitative benefits
  - Qualitative benefits
  - Degree of risk
  - Level of business urgency / shelf-life of idea vs. delivery lead time
  - Cost savings potential
  - Ability to deliver, e.g. resource capacity / capability, organisational experience
  - Financial investment and returns
  - Probability of success
  - Level of sponsorship required
  - Dependencies and impact on other initiatives (planned or ongoing)
  - Market place impact (customers, competitors, partners, suppliers, etc.)
- The relative importance / weighting of each selection criteria must be decided. Weighting and assessment must be applied consistently across the organisation
- At the time of approval, projects should have a clear set of kill / review criteria agreed up front so that the organisation knows when the project is no longer valid and can be suspended or stopped

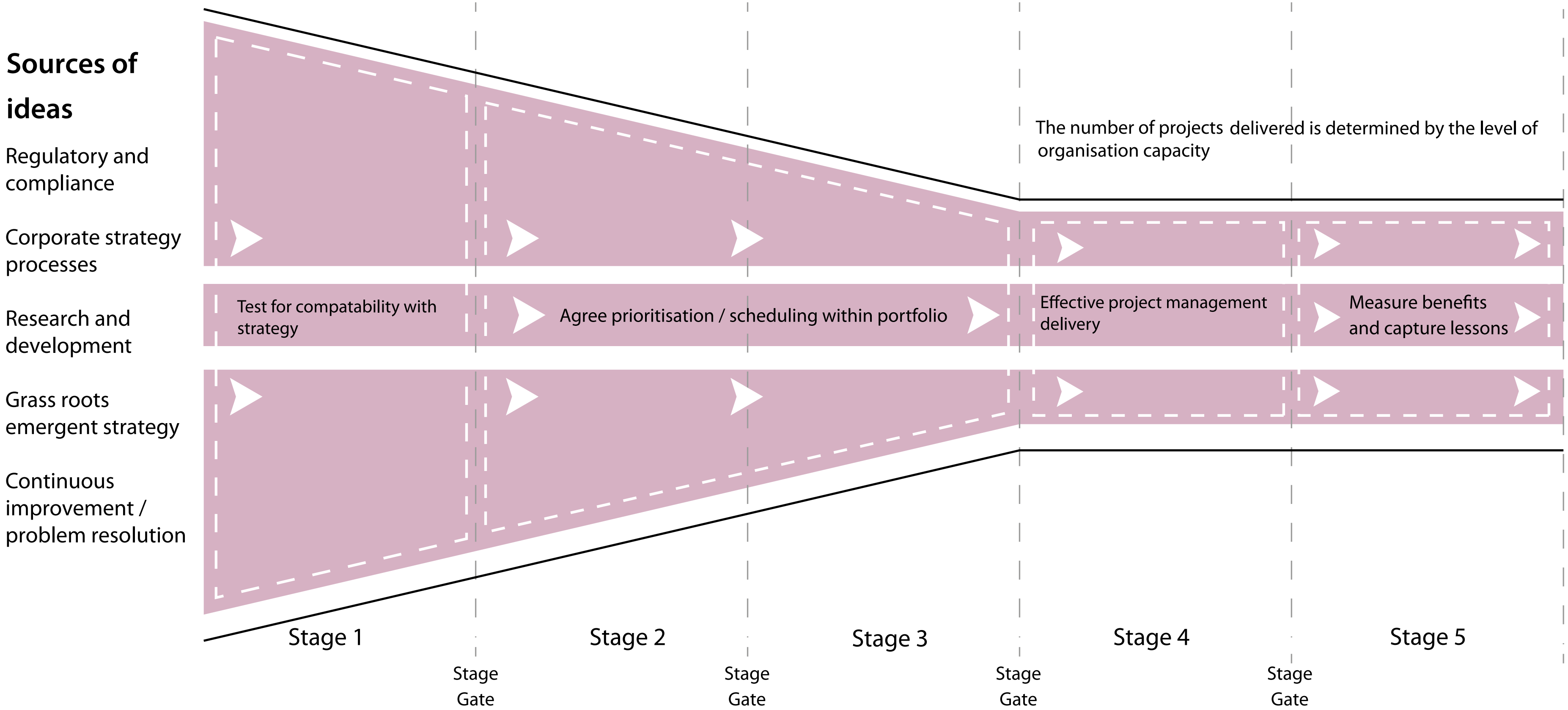
Once a full and thorough review of the project portfolio has taken place, an organisation then needs to bring focus on its resources and how to deliver the projects.
A constant challenge is ensuring that sufficient resource is available to successfully deliver the portfolio.

Resource constraints (people, time and finance) may have an impact on the decision making process regarding the portfolio, but need not block progress:

- Resource constraints can be easily overcome by utilising experienced partner organisations, such as Chaucer, to provide people with the relevant skills to either lead or support the in-house delivery team. This option can provide a focused and full time project team
- Time constraints can be managed by running projects in parallel where possible. This may require additional resources to pick up the pace of delivery
- Financial constraints may be easier to manage once the portfolio has been assessed and prioritised as it will be able to demonstrate a clear business case profiling growth, cost cutting and benefits

Application of best practice project management process can also help organisations manage resource constraints.

This framework illustrates in five stages how a meaningful pipeline of activity can be achieved:



PPM Framework Stages: Key Requirements

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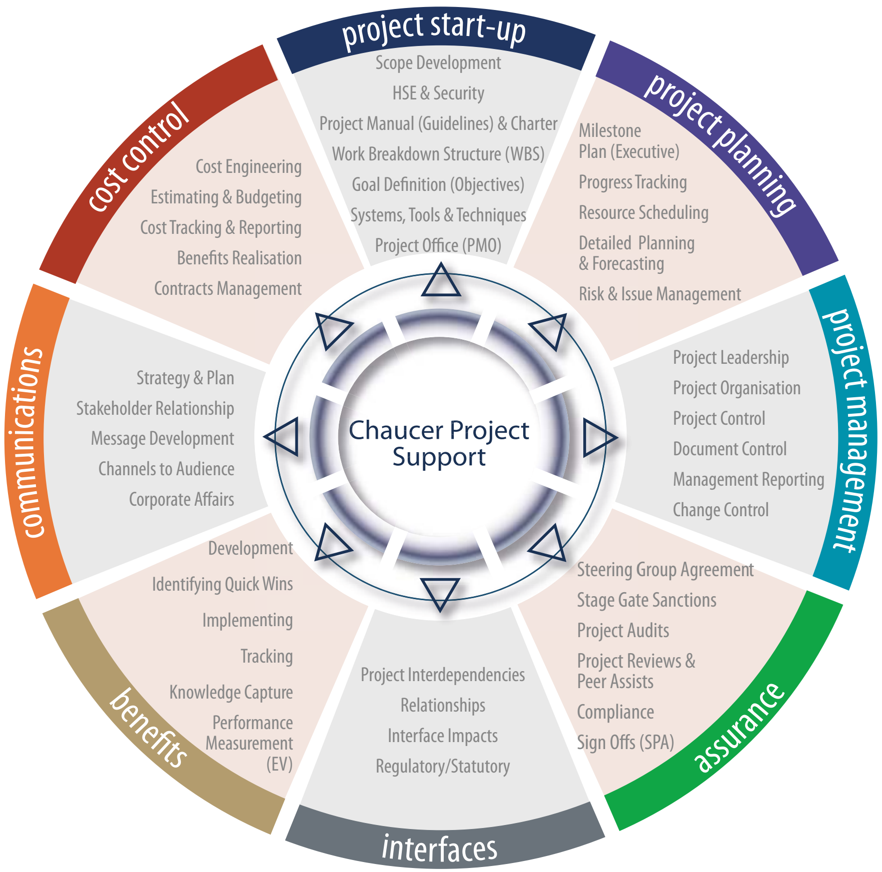
Stage	Key requirements	Key Question(s) to be answered
Stage 1	A common template for capturing project ideas / proposals A single enterprise-wide process / system for collating ideas and assessing for fit against strategy An agreed delegation of authority hierarchy for approving / rejecting progression to Stage 2	Does this idea / proposal help us take a significant step forward in reaching our strategic objectives?
Stage 2	A common method for calculating quantitative benefits A common process for assessing levels of risk An agreed delegation of authority hierarchy for approving / rejecting progression to Stage 3	What options are there for achieving the desired outcome and which provides the best mix of risk vs. reward?
Stage 3	Robust project planning process Strong communication with project stakeholders An agreed delegation of authority hierarchy for approving / rejecting progression to Stage 4	When are resources available to deliver the project? What impact does this project have on existing project portfolio?
Stage 4	Effective project management Access to resources at agreed time Regular progress reporting to relevant governance body	How is the project performing? Are we still on track to deliver the agreed benefits?
Stage 5	Common project review process Measurement of benefits and success metrics Lessons learned sessions, including post implementation	Have we delivered the intended outcome? Can we repeat this success?

A Project Portfolio Office can be an ideal way to accelerate a structured approach to managing the program and project portfolio.

- Project Portfolio Office (PPO) can collate, track, analyse and interpret key data about all projects
- A role of the PPO is to ensure that the organisation does not initiate more projects than it has the capacity to deliver and to optimise project scheduling and delivery
- A PPO provides excellent visibility of the portfolio of projects as they move through the Stage Gate process, and this can facilitate early interventions for projects that are under-performing
- The PPO is typically the guardian of the project management standards required to support effective delivery of sanctioned projects. It can also be a centre of project management expertise and an advisory service
- Some organisations have adopted a regional PPO structure with a common system for tracking project information

Consistent application of a common and robust project management process is a key factor to the success of project portfolio management because:

- Any effective project portfolio management framework ultimately relies on the provision of high quality project data
- The quality of scheduling and prioritisation decisions are significantly improved if the information used is recognised as being relevant and appropriate
- There are many project management methodologies, e.g. Prince 2, Critical Path, Goal Directed, etc. which can be used to support successful delivery; all share common elements
- Extra rigour and discipline brings an improved chance of project success through transparency, standardisation, audit trails, reduced duplication and an environment for continuous improvement



Chaucer's World Class Project and Program Management Process – 'The Chaucer Way'.

Sound project planning is the foundation of effective resource scheduling

- Some organisations have adopted tracking of day-to-day and project activities for all employees, but this can be costly and onerous to maintain accurately
- Chaucer's advice is to keep tracking as simple as possible to encourage process compliance and to improve accuracy
- Once a project has reached the end of Stage Gate 3, it should have a well understood view of resources needed, for how long and where conflicts occur
- Capturing information regionally or centrally allows for effective decision making for allocation of conflicting resources or to identify remedial actions required
- In order to facilitate the process of capturing project resourcing information, a common format is required; tools such as MS Project allow multiple project plans to share a common resource database
- A robust view on longer term project resource scheduling also helps business managers make more informed business as usual resourcing decisions and budget for temporary resources

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