

The Chaucer Way[©]



Project Portfolio Management (PPM)

Chaucer – Project Portfolio Management

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

- PPM successfully delivers strategic vision
- PPM provides maximum return on investment (ROI) and careful resource management
- PPM helps to save costs and supports performance improvement
- PPM facilitates best practice

Organisations need Project Portfolio Management so that they can:

- 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 Consulting has excellent capabilities to help strengthen your business and innovative ways to increase profitability

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The Chaucer Way[®]



The Chaucer Way[®] is...

- 1 | Structured
- 2 | Tried, tested and proven to be successful
- 3 | Progressive and pragmatic
- 4 | Comprehensive
- 5 | Auditable

Portfolio Management – Definition

Portfolio Management is about selecting projects, adjusting the speed 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 Portfolio Management should provide visibility of all projects to make informed decisions and reduce risks in order to increase the likelihood of business success

Project:

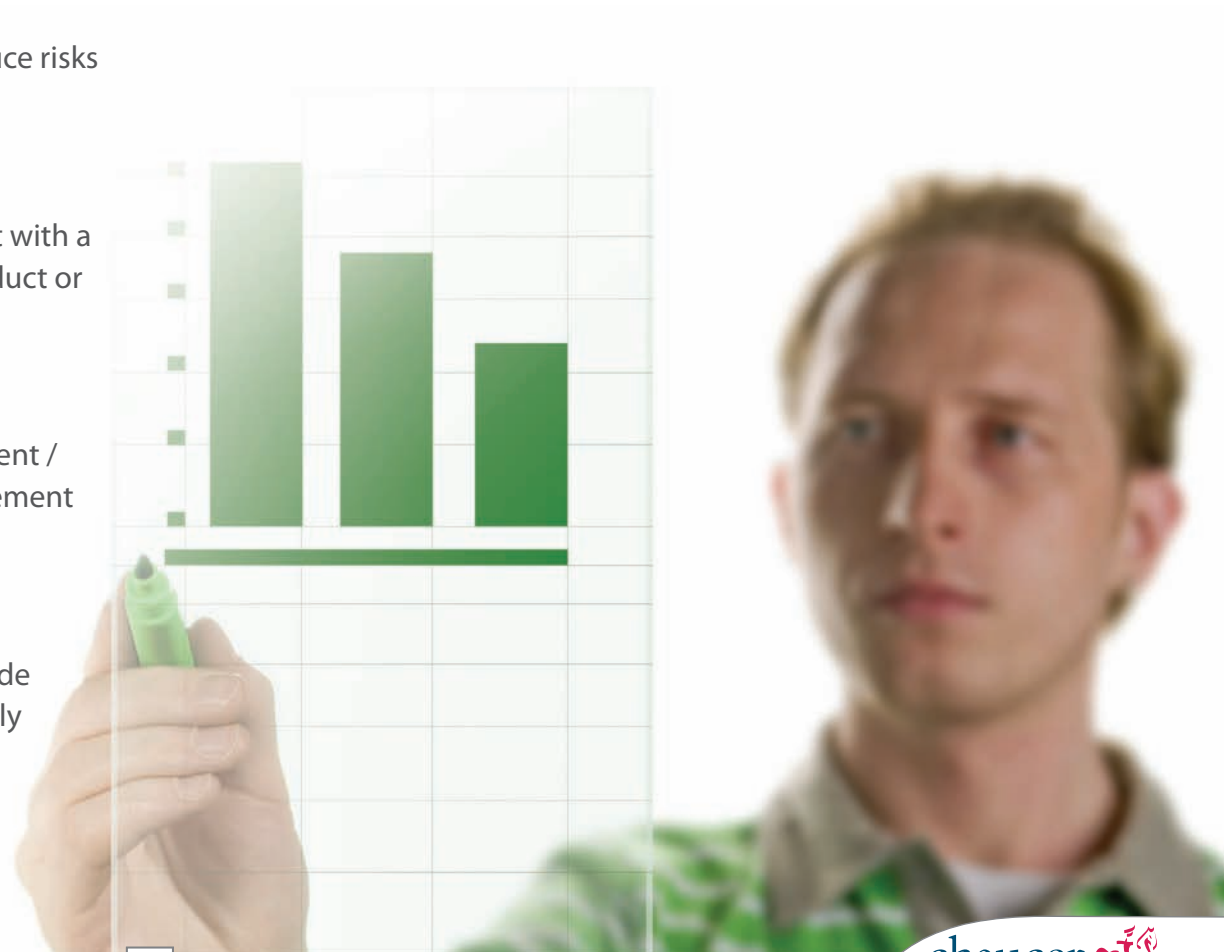
A temporary unique endeavour comprising organised effort with a defined beginning and end that creates a measureable product or outcome with a specific benefit; it is not business as usual

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 & programs that fall under an enterprise wide management / governance framework and which collectively deliver an agreed business strategy



The Portfolio Management Challenge

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 Portfolio Management approach will support businesses as they deal with these challenges

Project Portfolio Management (PPM)

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

The benefits of PPM are to:

- 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

Project Portfolio Management: Getting Started

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**
 - typically Group driven, often to meet statutory or regulatory compliance; these projects tend to be mandatory and time bounded
- **Formal corporate strategy development processes**
 - typically Group driven and generally for the common good, but with a need to recognise that individual locations can be impacted in different ways
- **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

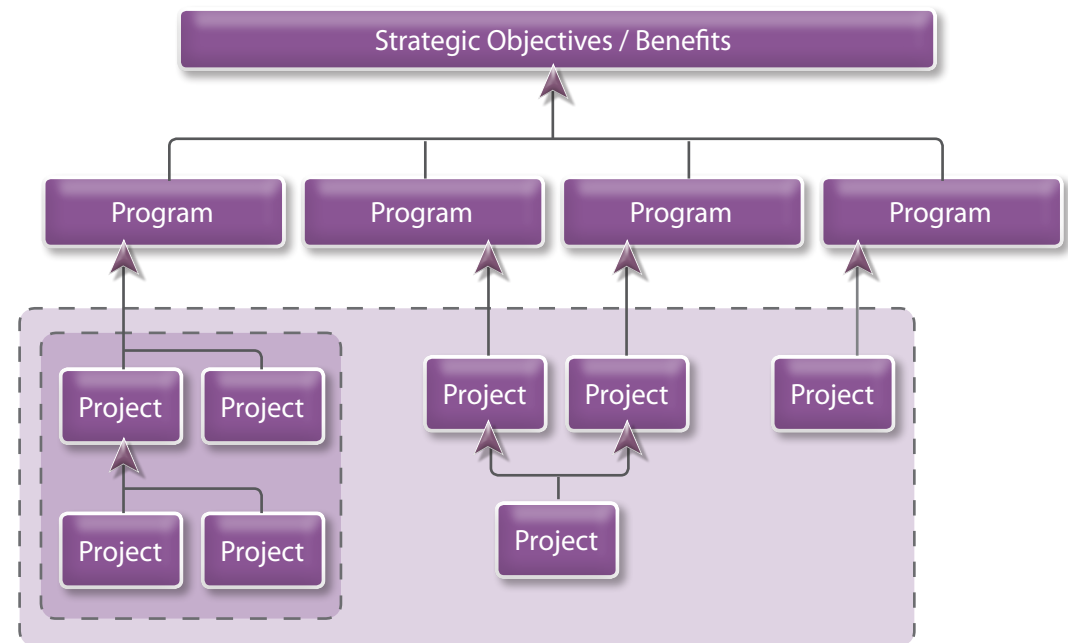


Understanding the Portfolio

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 SMART decision making

Project Type

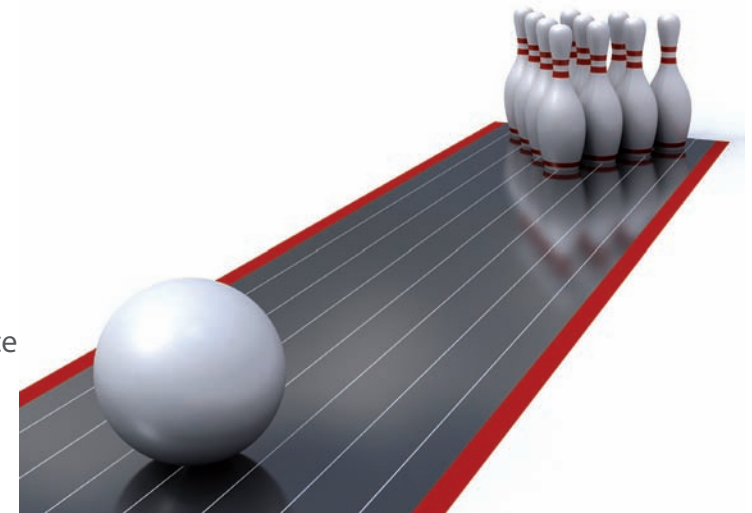
- **Standalone**
A project outcome delivers specific business benefits in it's own right
- **Synergistic**
A project has to be delivered simultaneously with one or more others in order to deliver specific business benefits
- **Enabler**
A project has to be delivered before a subsequent standalone or synergistic project can commence; it can impact the lead time to business benefit realisation



Project Generation & Selection

Creating a formal process for the generation and selection of projects within a portfolio is paramount. It will provide transparency and accurate information for leaders who seek to ensure resource allocation is appropriately managed

- 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
 - ▶ Ability to deliver, e.g. resource capacity / capability, organisational experience
 - ▶ Market place impact (customers, competitors, partners, suppliers, etc.)
 - ▶ Dependencies and impact on other initiatives (planned or ongoing)

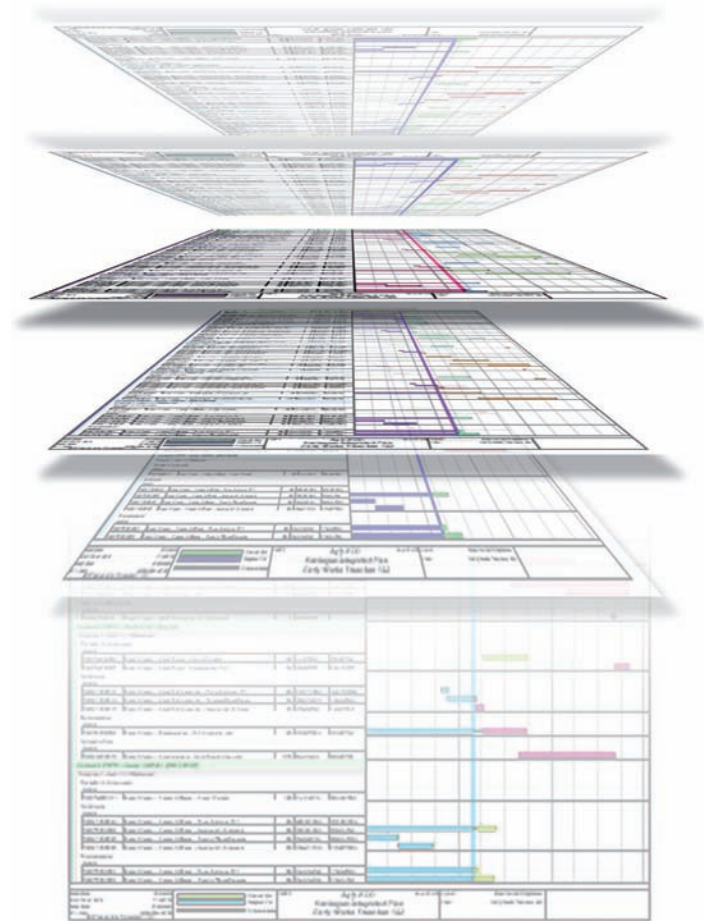


- At the time of approval, projects should have a clear set of kill / review criteria agreed upfront so that the organisation knows when the project is no longer valid and can be suspended or stopped

Managing Project Selection

A critical step in effective Project Portfolio Management is choosing which projects to initiate

- There are many project selection models – each sharing common features
- A typical approach is to create a project selection matrix
- The assessment methodology must be agreed for each selection criteria, such as:
 - ▶ Strategic alignment
 - ▶ Cost savings potential
 - ▶ Customer impact
 - ▶ Resource availability
 - ▶ Financial investment and returns
 - ▶ Probability of success
 - ▶ Regulatory or compliance requirement
 - ▶ Level of sponsorship required
- The relative importance / weighting of each selection criteria must be decided
- Weighting and assessment must be applied consistently across the organisation



Resourcing the Project Portfolio

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

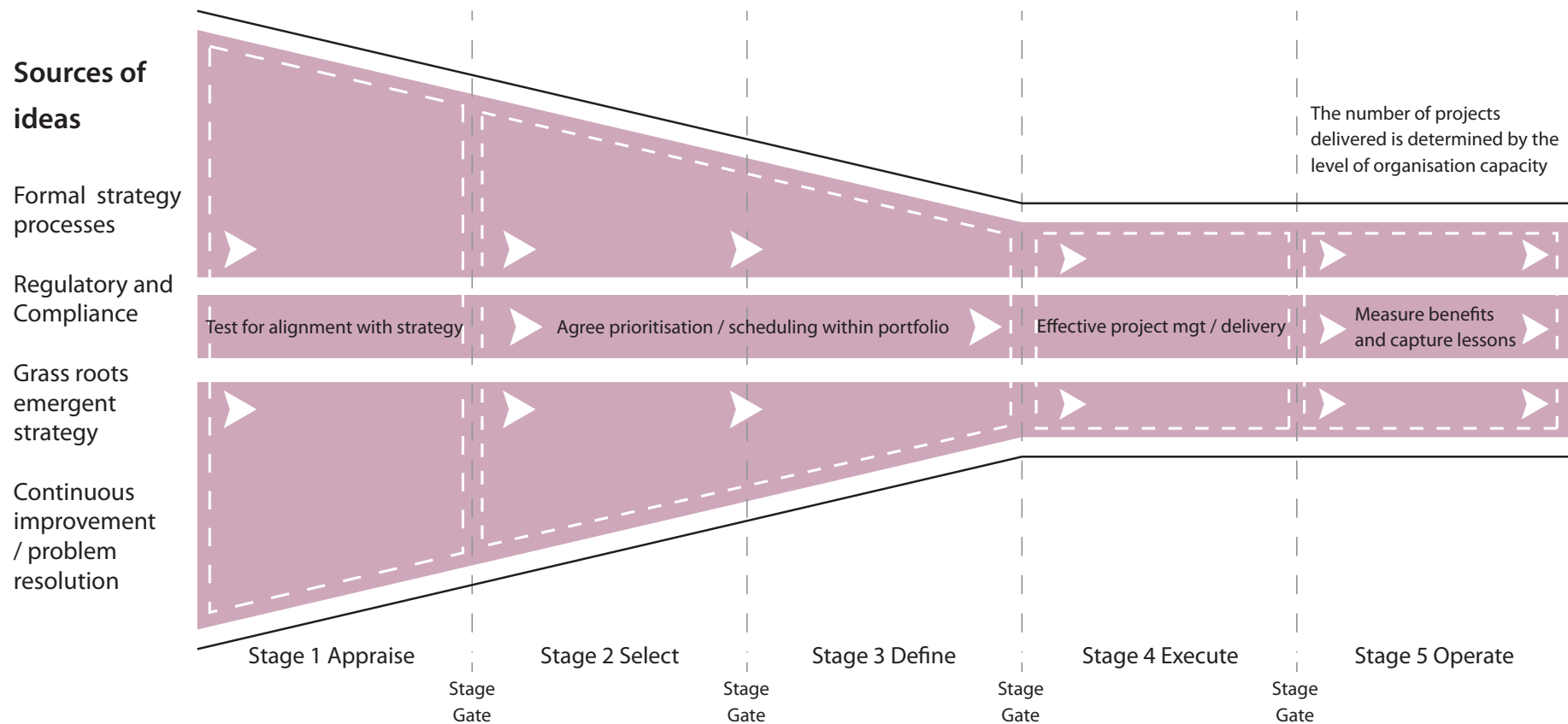
A constant challenge is ensuring that sufficient resource is available to successfully deliver the portfolio.

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

Project Portfolio Management Framework

The following framework illustrates in five stages how a meaningful and pinpointed pipeline of activity can be achieved:



PPM Framework Stages: Key Requirements

Stage	Key requirements	Key Question(s) to be answered
Stage 1 Appraise	<ul style="list-style-type: none"> ■ 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 	<ul style="list-style-type: none"> ■ Does this idea / proposal help us take a significant step forward in reaching our strategic objectives?
Stage 2 Select	<ul style="list-style-type: none"> ■ 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 	<ul style="list-style-type: none"> ■ What options are there for achieving the desired outcome and which provides the best mix of risk vs. reward?
Stage 3 Define	<ul style="list-style-type: none"> ■ Robust project planning process ■ Strong communication with project stakeholders ■ An agreed delegation of authority hierarchy for approving / rejecting progression to Stage 4 	<ul style="list-style-type: none"> ■ When are resources available to deliver the project? What impact does this project have on the existing project portfolio?
Stage 4 Execute	<ul style="list-style-type: none"> ■ Effective project management ■ Access to resources at agreed time ■ Regular progress reporting to relevant governance body 	<ul style="list-style-type: none"> ■ How is the project performing? Are we still on track to deliver the agreed benefits?
Stage 5 Operate	<ul style="list-style-type: none"> ■ Common project review process ■ Lessons learned sessions, including post implementation 	<ul style="list-style-type: none"> ■ Did we deliver the agreed benefits? How can we improve project performance going forward?

Following this stage framework for PPM will require a structure and flexible tools and techniques which can be adapted to meet the unique needs of your organisation

Portfolio Management Office

A Portfolio Management Office can be an ideal way to kick start, set up and follow a structured approach to managing the program and project portfolio

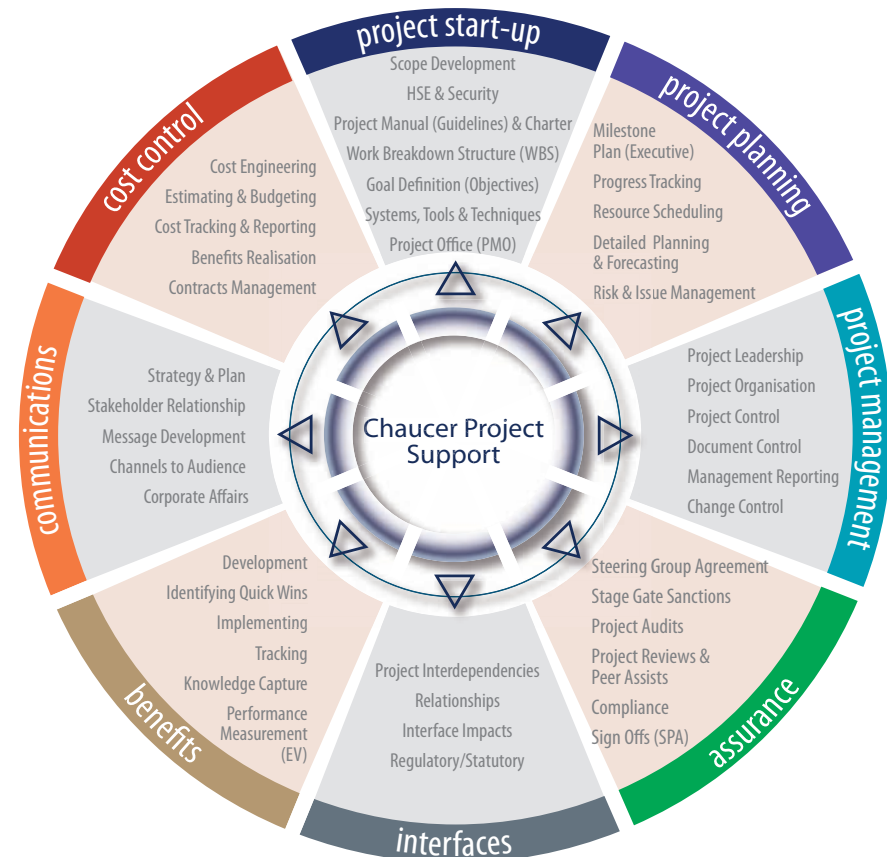
- A Portfolio Management Office can be helpful to collate, track, analyse and interpret key data about all projects
- A role of the Portfolio Management Office is to ensure that the organisation does not initiate more projects than it has the capacity to deliver and to optimise project scheduling and delivery
- A Portfolio Management Office 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 underperforming
- The Portfolio Management Office 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 Portfolio Management Office structure with a common system for tracking project information



PPM Success Factor – Management Capability

Consistent application of a common and robust project management process is a key factor to the success of 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. Prince2, 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 & Program Management Process – 'The Chaucer Way'.

PPM Success Factor – Resource Planning & Scheduling

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 (Define), 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 (BAU) resourcing decisions and budget for temporary resources



PPM Success Factor – Portfolio Tool

The 'Chaucer Portfolio Manager' decision support tool

Chaucer has developed an executive support tool to both simplify and significantly enhance a client's business decision making process.

The support tool structures a client's business change and business performance projects in a way that:

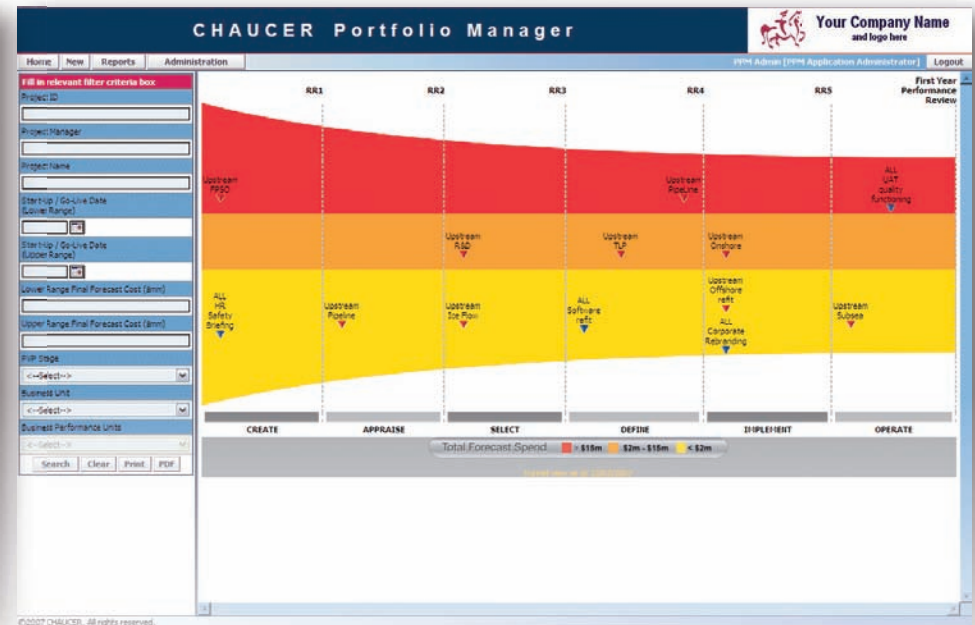
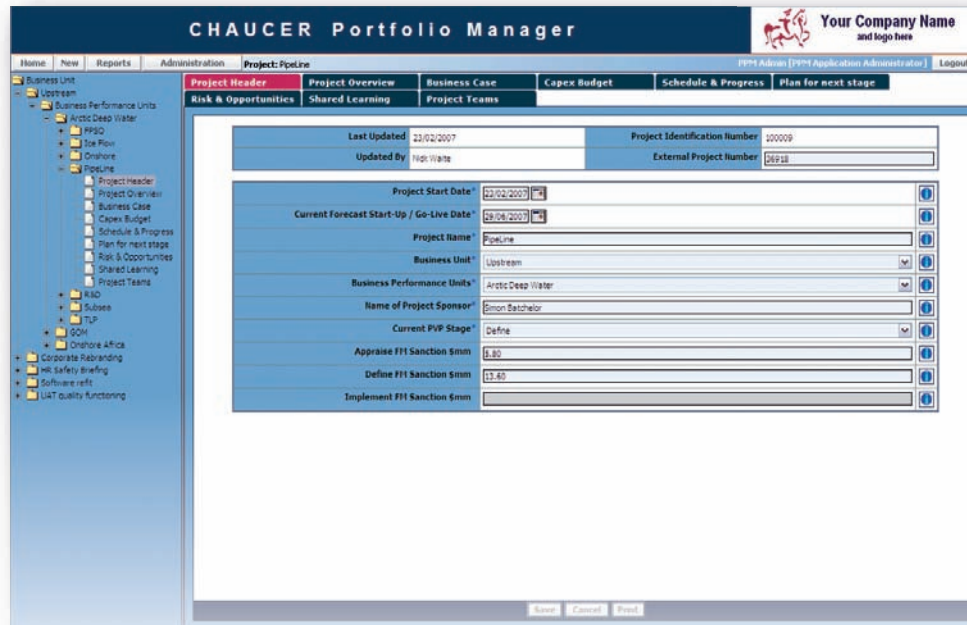
- Enables informed budget decision making
- Simplifies access to key risks and opportunities
- Allows effective project prioritisation
- Facilitates resource allocation
- Provides clear and concise visual progress tracking

The tool supports the practical application of PPM by:

- Including a suite of detailed project data screens for use by individual project managers / members
- Consolidating data automatically and making it accessible through a suite of user defined interactive 'big picture' views of the overall portfolio and various other management reports



Portfolio Management – The Chaucer Portfolio Manager



- Helps the Project prioritisation process
- Simplifies Budget Allocation
- Facilitates Early Intervention
- Improves Forecasting
- Provides Assurance and Supports Governance
- Significantly Improves Risk Mitigation

- Provides complete project identification
- Provides excellent project visibility 'Big Picture'
 - Defines scope
 - Plan details
 - Cost information
 - Opportunity clarification
 - Encourages common terminology

Additional Benefits of using the Chaucer Portfolio Manager tool

Using a tool tailor-made to support PPM will encourage the embedding of an organisation-wide approach. It will also deliver the following benefits:

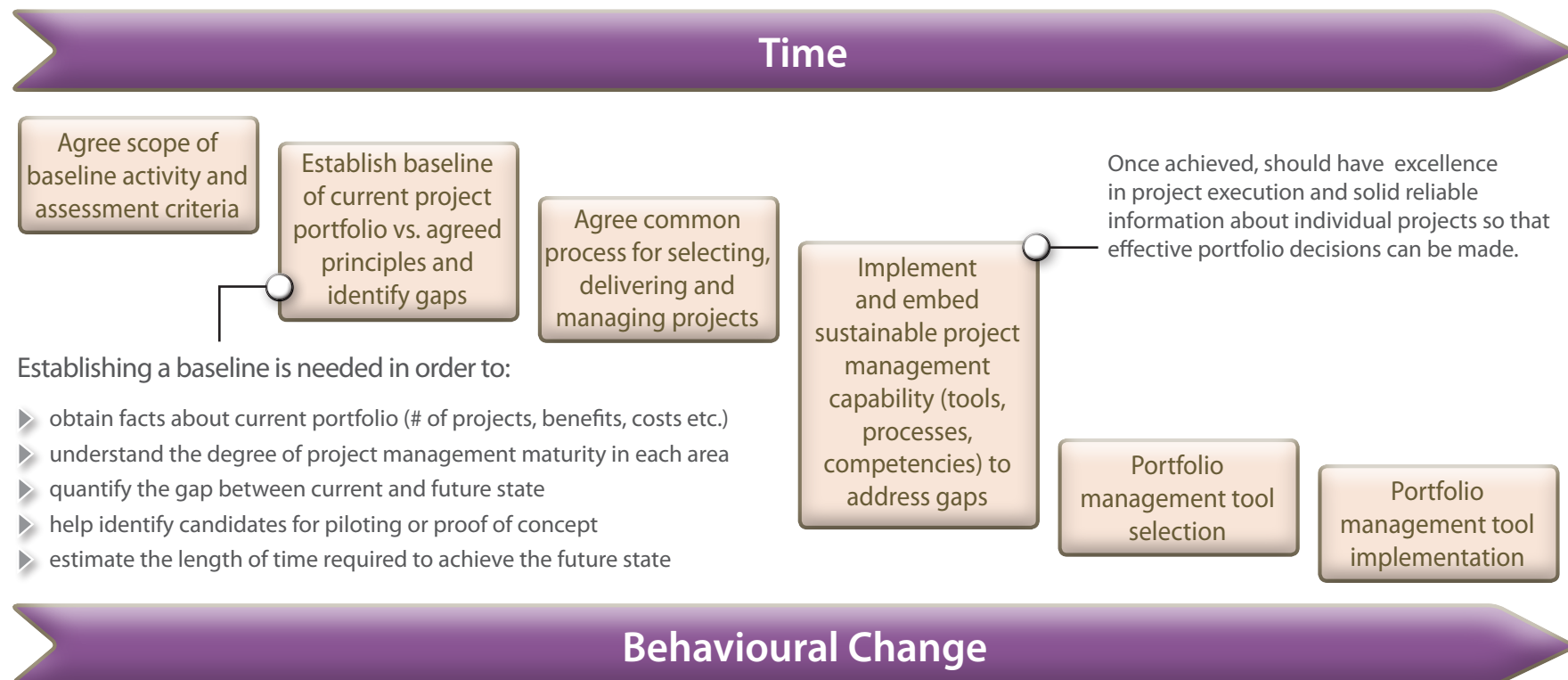
- The organisation remains focused on delivering those projects that create / maintain greatest value
- Greater transparency allows early intervention for underperforming projects
- Gathering regular forecast information on project spend enhances financial planning
- Collecting data once and using it multiple times supports effectiveness and efficiency
- A common and robust approach is sustained for selecting and delivering projects, e.g. language, tools, processes
- Central tracking of proposals and ideas helps the organisation identify local initiatives that may benefit other locations / businesses, e.g. an emerging strategy can lead to adoption as a central strategy
- Project team members gain visibility on how project delivery fits into the bigger strategic picture
- Clear communication of process requirements and individual roles and responsibilities within the process
- Enhanced senior stakeholder communication and engagement through improved portfolio reporting

Why Chaucer?

Chaucer has in depth experience of delivering Project Portfolio Management across all key stages of activity from inception to implementation and handover to the business

Building and improving Project Portfolio Management with Chaucer will support an organisation's competitive capability.

Chaucer's proven techniques, tailored and implemented pragmatically to recognise that one size does not fit all, will enable business strength and will support a firm foundation for future continuous improvement and any behavioural change required.



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