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Embracing Change and Efficiency Using Enterprise Portfolio and Project Management in the Public Sector

Introduction

Public sector organisations around the world are struggling to cope with unprecedented mandates to slash spending and become more efficient, while delivering expected tax payer services and governmental capabilities. This dire situation was recently echoed by the UK's new chancellor calling for significant public sector budget cuts even as organisations work to generate savings using the efficiency agenda guidelines. Even more cuts are to be expected over the coming years. These spending cut decrees only add to the frustration of many policy makers and strategists working in the public sector as their organisations struggle to:

- deliver effective change

- demonstrate the effectiveness of change

- show that investment of funds and resources have been effectively used

- prove that governance techniques have been applied

- deliver more and better services for less

Delivering strategic change is especially challenging in the public sector, partly due to the unusual diversity of stakeholders but also due to the complex range of targeted financial and non-financial benefits. The UK public sector is under duress as the fiscal drivers for change have never been more demanding. For these reasons a wide range of public bodies face the daunting task of trying to align existing projects and programmes with their strategy while adhering to sever austerity measures often with little decision support information.

Senior managers and executives in the public sector also face significant challenges in demonstrating the use of best practice governance techniques in the identification, selection, authorisation, prioritisation and delivery of strategically important programmes of change. However, the discipline of Enterprise Portfolio and Project Management (EPPM) is a proven governance technique that can provide decision support data to senior executives directing investments in change. EPPM is vital to enabling large, complex, modern organisations to achieve efficiencies. It offers a key set of techniques for those responsible for the delivery of an organisation's strategic aims. Delivering any significant change to an organisation is rarely a simple task and whilst introducing and maintaining EPPM requires commitment, it can quickly deliver early benefits as well as long term improvements.

This whitepaper provides an overview of the discipline, summarises the issues to be addressed, and proposes a practical roadmap showing how an organisation can achieve an effective and sustained implementation whilst delivering and demonstrating the benefits of this change. It is suitable for those responsible for the delivery of strategic change within a public sector organisation.

Defining Enterprise Portfolio and Project Management

Enterprise Portfolio and Project Management (EPPM) gives organisations the techniques to successfully manage change and meet their strategies and objectives, but what exactly is EPPM?

The Association for Project Management's Body of Knowledge (PMBoK5) [1]defines Portfolio management as:

> "The selection and management of an organisation's projects, programmes and related business-as-usual activities, taking into account resource constraints … carried out under the sponsorship of the organisation".

As this definition makes clear, portfolio management is concerned both with selecting the most appropriate programmes and projects for the organisation to undertake as well as ensuring their effective management. It also stresses that portfolio management is concerned with the relationship between these initiatives and the business-as-usual activities with which they interface. In addition, this definition stresses the sponsorship by the organisation's senior management.

For comparison, programme management is primarily concerned with the delivery of one capability (a new function, product or improved service) and its associated benefits. While project management is concerned with the delivery of one product (e.g. an IT system). Only rarely does a single product deliver a benefit on its own.

Figure 1 below graphically illustrates how organisational strategy and change create the need for portfolios, programmes and projects to deliver the outcomes of change.   A detailed description of the elements in Figure 1, can also be found in the Appendix.

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[1] "APM Body of Knowledge", 5th Edition, Published in 2006 by Association for Project Management, Princes Risborough, UK.
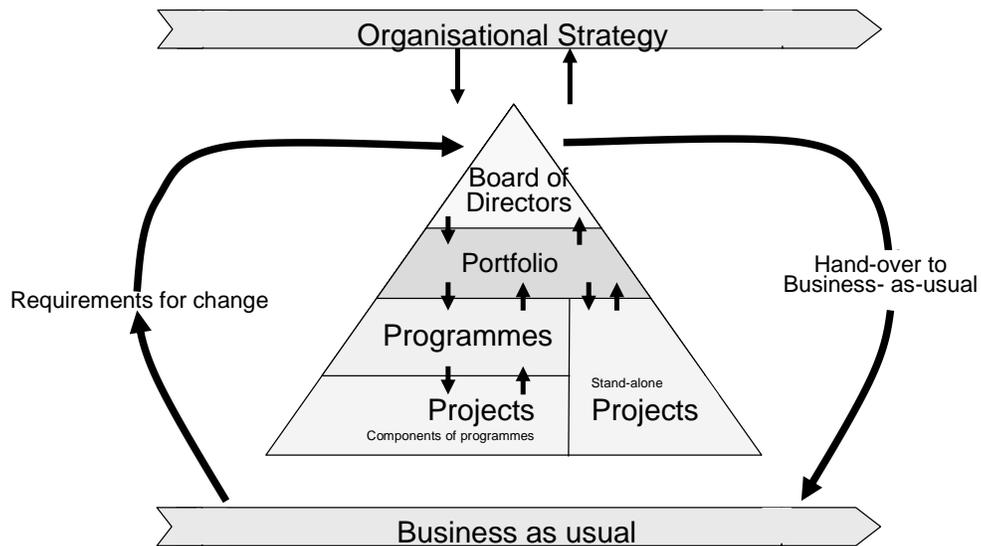 http://www.apm.org.uk/page.asp?categoryID=5&subCategoryID=169&pageID=0

Figure 1. Taken from the Association for Project Management's Introduction to Portfolio Management.[2]

Enterprise Portfolio and Project Management offers public sector bodies the opportunity to deliver:

- A step-wise solution with both early and long term benefits

- Efficiencies, reduced waste and better utilisation of resources

- Much improved alignment with strategy

- Better visibility across the landscape of portfolios, programmes and projects

- Demonstrable governance

- More services with greater efficiency and lower expense

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[2] "APM Introduction to Portfolio Management", published in 2010 by Association for Project Management, Princes Risborough, UK.

The result is that EPPM connects the strategy and those responsible for that strategy to the programmes and projects undertaken by the organisation. The Office of Government Commerce offers many publications and tools especially pertinent to the UK public sector organisations. They are referred to in the reference section of this white paper. Especially relevant are:

- The Starting Gate initiative and the Gateway Review Process [3]
- The Project, Programme and Portfolio Management Maturity Model (P3M3)[4]
- Prince2[5]
- Managing Successful Programmes[6]
- The Project, Programme and Portfolio Management Office Standard (P³0)[7]

A number of initiatives within the UK government stress the need for public sector organisations to deliver their strategies efficiently. For example, most UK public sector organisations have an overall strategy defining a future vision or growth path for the organisation. To deliver this strategy and 'vision for the future' the organisation must identify a portfolio of programmes and projects designed to balance conflicting demands especially:

- The strategic imperatives

- The limited funds and resources available to deliver change

- The capability of the organisation to accept change

- The benefits that the programmes are designed to deliver

- The risks associated with programmes of change

- The conflicting desires of the diverse functions within the organisation

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[3] OGC Gateway Overview
http://www.ogc.gov.uk/what_is_ogc_gateway_review.asp

[4] The Project, Programme and Portfolio Management Maturity Model (P3M3) www.ogc.gov.uk/documents/p3m3.pdf
[5] Prince2 www.prince2.com

[6] www.managing-successful-programmes.com

[7] "P3O Online Repository", available from Office of Government Commerce, London, UK
http://www.p3o-officialsite.com/home/Home.asp

Public sector programmes can be of various durations. The longer the timescale the greater the possibility that there will be an additional requirement to respond to changes in strategy as and when they occur. Organisations need tools that can support EPPM techniques and also meet and grow with their organisation's level of governance process maturity. Some Project Management tools, like Oracle Primavera, have developed from a relatively simple focus on 'doing projects right' to include 'doing the right projects' and thence to 'doing the right projects, right'. They have grown from project management to EPPM with an understanding that organisations do not always start at the same level of governance maturity.

Common Problems Faced by Organisations using Project Management

Many organisations have made the mistake of equating project management with EPPM and, as has been discussed, they are not the same thing. It is common to observe certain characteristics of organisations that have achieved only a low level of maturity in EPPM by focusing solely on project management. Some of these are outlined below:

- Uncontrolled portfolio of projects

  - Projects and programmes are permitted to develop from 'the bottom up' within the various functions of the organisation. This tends to result in an uncontrolled portfolio of work.

  - Without the ability of the organisation to maintain an overview of the work, there is little ability to control the work

- No single version of the truth

  - Multiple systems, many of which are ad-hoc and informal, will be used to manage and report on projects. There will be many subjective status reports. For example, financial data will not conform with project data.

- 'Pet' projects from senior managers and department heads

  - Projects involving significant investment will result from individual initiatives distributed around the organisation. These may be well intended but will rarely align with an overall organisation-wide strategy

- Inefficiency and waste

  - Resource effort and time will be wasted on projects that do not support objectives are not prioritised and often do not complete or fail to deliver benefits.

- Over-demand for resources

  - Lack of understanding of resource capacity and availability coupled with staffing duplicative, low-value projects often cause unplanned demands for the precious resources of the organisation resulting in project failures and delays.

- Conflicting projects

  - Projects will be initiated that, due to a lack of understanding and knowledge of important inter-dependencies, conflict and overlap.

- Poor levels of governance

  - The organisation will not be able to demonstrate the use of good governance practices and tools.

- Inconsistency

  - The organisation will be unable to demonstrate the use of consistent standards to programme and project management across the workload.

- Weak change control

  - Changes to projects will be both common and uncontrolled causing costs to rise and timescales to expand but these will be not be matched by improvements in benefit delivery.

- Misaligned project and organisational risk appetite

  - Due to a lack of understanding, either knowingly or unknowingly, some projects will accept risks that are beyond the organisation's normal appetite for risk.

Adopting Enterprise Portfolio and Project Management

To avoid these pitfalls and achieve high levels of maturity in EPPM an organisation should thoughtfully consider how they should best approach implementing EPPM. The adoption of EPPM will normally be a project itself and clearly must reflect the state of the organisation's ability to manage its portfolio of projects at the outset.

The following seven steps propose a sequence through which EPPM can be adopted. The early benefits each step may be expected to deliver are referenced. Each organisation should consider its own specific start point on this maturity scale.

Visibility across the current range of projects

A first step in improving maturity is to implement a process for collating status reports on all current projects. This may be initially a simple project register but often this is expanded to include the project's name; project manager's name; start and end date; budget; current status (e.g., due to start, on hold, in progress, overdue, completed); a short outline of its purpose and a traffic light representation of its status. Key data describing the expected benefits and alignment with overall strategy are often added as a second part of this growth.

Benefits of this step: Providing an overview of the current workload will enable the senior management to better understand each project's alignment with strategy. It is not uncommon to end this stage with the cancellation and redefinition of the less valuable projects.

Interactions between projects

It is important to understand the often complex relationships between projects so that the impacts of a deviation or out-of-tolerance development may be understood. These relationships may be logical, resource related and/or benefit related.

Benefits of this step: Visibility of conflicts and interactions between projects gives the EPPM team and the senior management an ability to understand how certain projects depend on each other, how certain benefits depend on the successful delivery of multiple projects and how some projects demand the same resources.

This stage may lead to delays in projects scheduled unrealistically when considered in relation to other projects on which they depended.

Resource management

All organisations have limited resources and, especially in the public sector, many of the resources will have multiple roles on projects as well as a business-as-usual responsibilities. Unpredicted overloads are contrary to efficiency and it is exceptionally challenging to balance availability and demand.

Benefits of this step: A clear understanding of the resource demands of the total project workload and the business as usual workload over time allows this to be matched with resource availability.

Predictions often enable the team to pre-empt and therefore avoid over-demands that would have led to project failures and take advantage of under-demands that allow faster deliveries.

Best practice techniques and tools

A portfolio of projects will benefit from a consistent set of best practice tools and techniques and this will also ease the efficient collation of status data across the portfolio.

Benefits of this step: The use of consistent tools and techniques across the workload will demonstrate good practice and allow interaction and interchange between project teams at a level previously impossible. With modern tools, geographical distance need present no barriers.

Governance

The use of repeatable, consistent and appropriate governance processes will help to deliver and demonstrate professionalism in the management of the portfolio. Appropriate governance will also ease the efficient collation of status data across the portfolio.

Benefits of this step: The organisations can easily demonstrate that projects are following a set of appropriate procedures and become aware of those where these procedures are not being followed. Again this will allow interaction and interchange between project teams and clearly demonstrate adherence to government best practice guide lines.

Select the most beneficial programmes of change

The use of best practice governance techniques in the identification, selection, authorisation, prioritisation and delivery of strategically important programmes of change implies a programme board empowered to make decisions about programmes and projects. To enable this board to make rational decisions it must have:

- An understanding of the organisation's strategy and any changes to it.

- A clear view across the landscape of current projects including their status.

- An understanding of the interactions between those projects.

- The ability to plan work within the capacity of the organisation to deliver change through resource predictions.

- The confidence that project will be managed with best practice tools.

- The knowledge that governance processes will be followed.

The process for initiating authorised programmes of change is not complex but relies on good judgment. Historically decision makers have found it hard to support their decisions with hard data describing the current state of the existing workload and valuable models of potential new initiatives. Programme Boards using EPPM can view the current workload as well as projects contending to join

the workload. On the basis of this information they can make rational decisions and authorise, amend, delay or cancel individual projects and programmes.

Some Practical Issues

Adopting EPPM is often thought to be difficult and complex and while there are some practical issues that any organisation must address, adoption can be approached in a step-wise approach. This approach may focus first on a specific area of the organisation and establish a repeatable governance process and employ a small, select set of metrics to get an understanding of the priority, value and health of portfolio of programmes or projects. Even with this level of analysis the organisation should be able to make decisions on the 'low-hanging' fruit. As success is achieved this effort can be expanded to other parts of the organisation and additional governance processes and metrics can be deployed. The point is to get started and grow.

However, no matter what approach is taken, the importance of EPPM and its impact across an organisation cannot be stressed strongly enough. Overtime, EPPM will likely involve a set of tools geared to support the discipline. This will take time to implement and manage. It is normal practice for a Portfolio, Programme and Project Office (P3O) to play a central role in administering an EPPM system (see the OGC's P3O guidance notes)8. Whilst this need not be an onerous task, it does require some administration to be undertaken by a group that is ideally independent of the project workload and that reports to the programme board.

It must be underscored that the techniques of EPPM do not lend themselves well to being deployed using a 'desk-top' application. As its name implies, it is enterprise nature and requires an enterprise application that will require the co-operation of project, programme and portfolio managers in the organisation. It should however deliver benefits to those managers by significantly improving their ability to manage their work, deliver on expected outcomes while easing their reporting requirements.

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8 "Benchmarking Reliable Delivery – Assessing the impact of, and metrics for, portfolio management control and governance", available upon request from the Cabinet Office, London, UK.

Conclusion

Enterprise Portfolio and Project Management (EPPM) offers a transformational route to public sector organisations wishing to deliver their strategy, aims, objectives and improvement targets through better control over their projects and programmes. At this critical juncture with the vise grip of fiscal discipline already tightened, governmental bodies must amend their approach to delivering change programmes and business as usual efforts. The discipline of EPPM will ensure that portfolios and programmes are composed of the right projects and the right resources are available to manage them.

Implementing EPPM will enable organisations to make wise prioritisation decisions to meet fiscal constraints while reaping the rewards from actively pursuing savings and delivering against the efficiency agenda.   Oracle's Primavera can support organisations wherever they're at on the EPPM maturity curve and help them realise these benefits. The government funding coffers are low and the stakes in demonstrating public sector accountability and transparency are high – making the decision to embark on the EPPM journey the easiest and most obvious of all the difficult decisions ahead.

APPENDIX

APPENDIX: TABLE CONTRASTING ENTERPRISE PROJECT PORTFOLIO MANAGEMENT

EPPM EMBRACES PROJECT, PROGRAMME AND PORTFOLIO MANAGEMENT

ELEMENTS

ASPECT	PROJECT MANAGEMENT	PROGRAMME MANAGEMENT	PORTFOLIO MANAGEMENT
Scope	A narrow scope focused on delivery of defined products	A wide scope, focussed on delivery of a capability (or set of capabilities) that will make possible the realisation of expected business benefits.	All the initiatives (programmes and projects) for the organisation as a whole, or for a particular domain within the organisation.
Success Criteria	On time, on-budget, on-specification creation of the defined products.	The realisation of the expected business benefits.	The overall contribution to the organisation's strategy of its complete portfolio of programmes and projects
Approach to Change	Change should be strictly controlled to minimise impact on time, cost and scope	Change is inevitable and should be embraced, but the impact should be reviewed against the business case.	Objective is to structure the portfolio to optimise the organisation's benefits against the total investment being made.
Timescale	The time needed to create and deliver the defined products - typically expressed in months.	The time needed to create the new capability and transition appropriate activities to it - typically several years.	An ongoing, business-as-usual activity with no anticipated end date
Typical Planning	Detailed planning to manage delivery of defined products.	High-level plans provide guidance and oversight of component projects, allowing identification and resolution of conflicts and inter-dependencies between projects.	Overall processes and communications to establish contributions and costs of the whole portfolio.
Typical Controls	Monitor and control tasks to ensure on-budget, on-time, and on-specification delivery of defined products.	Monitor component projects and ongoing work through governance structures.	Monitor aggregate performance of whole portfolio, in terms of overall benefits realised and contribution to organisational objectives.

Taken from the Association for Project Management Introduction to Portfolio Management.

Other Publications and Related References

Regional Centres of Excellence – Improvements through efficiency
http://www.rcoe.gov.uk/rce/core/page.do?pageId=10106

O'Brien, John, New UK government presents unique challenge for UK S/ITS market
http://co118w.col118.mail.live.com/mail/RteFrame_15.1.3059.0405.html?pf=pf#1

OGC's MSP 2007 publication and qualification
http://www.ogc.gov.uk/delivery_lifecycle_overview_of_managing_successful_programmes_msp_.asp

OGC/Cabinet Office Portfolio management Consultation Document
http://www.ogc.gov.uk/delivery_lifecycle_portfolio_management.asp

PMI Standard in program management.
http://www.pmi.org/Resources/Pages/Library-of-PMI-Global-Standards-Programs.aspx

PMI, "The Standard for Portfolio Management", published in 2006 by Programme Management Institute Inc, Newtown Square, PA, USA.
http://www.pmi.org/Resources/Pages/Library-of-PMI-Global-Standards-Organizations.aspx

The Efficiency Agenda: Gershon Review of Public Sector Efficiency.
www.supply2.gov.uk/pdfs/gershon_review.pdf

 "APM Introduction to Programme Management", published in 2006 by Association for Project Management, Princes Risborough, UK.
http://www.apm.org.uk/IntroductiontoProgrammeMangement.asp

"Gower Handbook of Programme Management", published in 2006 by Gower Publishing Ltd, Aldershot, UK.
http://www.gowerpublishing.com/isbn/9780566086038

"Portfolio Management Guide" available from Office of Government Commerce, London, UK and at
http://www.ogc.gov.uk/delivery_lifecycle_portfolio_management.asp

"Project Portfolio Management Framework" available from Cambridgeshire County Council, Cambridge, UK, and at : http://www.idea.gov.uk/idk/core/page.do?pageId=582974

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