

# PROJECT PORTFOLIO MANAGEMENT

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## Introduction

When there are many projects run by an organization, it is vital for the organization to manage their project portfolio. This helps the organization to categorize the projects and align the projects with their organizational goals.

Project Portfolio Management *PPM* is a management process with the help of methods aimed at helping the organization to acquire information and sort out projects according to a set of criteria.

## Objectives of Project Portfolio Management

Same as with financial portfolio management, the project portfolio management also has its own set of objectives. These objectives are designed to bring about expected results through coherent team players.

When it comes to the objectives, the following factors need to be outlined.

- The need to create a descriptive document, which contains vital information such as name of project, estimated timeframe, cost and business objectives.
- The project needs to be evaluated on a regular basis to ensure that the project is meeting its target and stays in its course.
- Selection of the team players, who will work towards achieving the project's objectives.

## Benefits of Project Portfolio Management

Project portfolio management ensures that projects have a set of objectives, which when followed brings about the expected results. Furthermore, PPM can be used to bring out changes to the organization which will create a flexible structure within the organization in terms of project execution. In this manner, the change will not be a threat for the organization.

The following benefits can be gained through efficient project portfolio management:

- Greater adaptability towards change.
- Constant review and close monitoring brings about a higher return.
- Management's perspectives with regards to project portfolio management is seen as an 'initiative towards higher return'. Therefore, this will not be considered to be a detrimental factor to work.
- Identification of dependencies is easier to identify. This will eliminate some inefficiency from occurring.
- Advantage over other competitors *competitive advantage*.
- Helps to concentrate on the strategies, which will help to achieve the targets rather than focusing on the project itself.
- The responsibilities of IT is focused on part of the business rather than scattering across several.
- The mix of both IT and business projects are seen as contributors to achieving the organizational objectives.

## Project Portfolio Management Tools

There are many tools that can be used for project portfolio management. Following are the essential features of those tools:

- A systematic method of evaluation of projects.
- Resources need to be planned.
- Costs and the benefits need to be kept on track.
- Undertaking cost benefit analysis.
- Progress reports from time to time.
- Access to information as and when its required.
- Communication mechanism, which will take through the information necessary.

## Techniques Used to Measure PPM

There are various techniques, which are used to measure or support PPM process from time to time. However, there are three types of techniques, which are widely used:

- Heuristic model.
- Scoring technique.
- Visual or Mapping techniques.

The use of such techniques should be done in consideration of the project and organizational objectives, resource skills and the infrastructure for project management.

## Why Project Managers to Focus on PPM?

PPM is crucial for a project to be successful as well as to identify any back lags if it were to occur. Project Managers often face a difficult situation arising from lack of planning and sometimes this may lead to a project withdrawal.

It's the primary responsibility of project managers to ensure that there are enough available resources for the projects that an organization undertakes. Proper resources will ensure that the project is completed within the set timeline and delivered without a compromise on quality.

Project managers also may wish to work on projects, which are given its utmost priority and value to an organization. This will enable project managers to deliver and receive support for quality projects that they have undertaken. PPM ensures that these objectives of the project management will be met.

## The Five Question Model



The five question model of project portfolio management illustrates that the project manager is required to answer five essential questions before the inception as well as during the project execution.

The answers to these questions will determine the success of the implementation of the project.

## Conclusion

Project portfolio management is aimed at reducing inefficiencies that occur when undertaking a project and eliminating potential risks, which can occur due to lack of information or systems available.

It helps the organization to align its project work to meet the projects whilst utilizing its resources to the maximum.

Therefore, all the project managers of the organization need to have an awareness of the organizational project portfolio management in order to contribute to the organizational goals when executing respective projects.

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