Maximize Resource and Investment: Project Portfolio Management (PPM)

Case Study: Design and Delivery of a Global PPM Solution

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Presenters:
Randy Somermeyer : Managing Partner, BLCN Consulting
Brian OReilly : Executive Consultant, Springbok Solutions Group
• Agenda

0:00  Business Theme - Project Portfolio Management (PPM)
  • What is it?
  • Why do it?

0:25  Case Study – Designing and Implementing a PPM Solution
  • Overview and Scope
  • Approach
  • Benefits
  • Lessons Learned

0:45  Open Questions
Project Portfolio Management

- Intake
  - Initial Idea Framing / Features and Functions
  - Business Vetting / Business Case
  - Weighting / Prioritization
  - Resource allocation and funding

- Project Management
  - Project Lifecycle / Execution
  - Business Case True-up
  - Change Management (CM)

- Portfolio Management
• Business Problem

  • People
    • Most PMO operations are tactical in nature, not strategic.
    • Most know project management, not portfolio management.
    • Poorly defined roles, accountability and ownership (common theme)

  • Process
    • Built up over time as CYA processes. No intake process defined
    • No measurement or metrics. No executive involvement
    • *Silo-ed* approach (throw over the wall). Reactive

  • Technology
    • Sophisticated tools, complex implementation (as complex as ERP)
    • PMOs tend to pick tools based on project capabilities,
      • not capacity management (do I have people to do the work)
      • or portfolio weighting as a priority (am I working on the most valuable stuff)
• Industry Insight

Typical PPM Solutions

- Most businesses implement PPM tool without understanding process or organizational impacts
- Vendor approach is usually a fast-tracked tool-based approach (C-level driven)
- PPM has a 70% failure rate (Gartner and Forrester) within the first year
- Day to day operations more complex with many manual workarounds
- Change not anticipated or managed
- Missed opportunities (integration, finance, procurement, business-value)
- Adoption is usually faster and less complex
- Gives PPM a bad name

2012 Survey of CIO's on PPM Adoption

- Not mature enough
- Past experience
- Don’t understand PPM value
- Don't know what PPM is
- Misc/Error

46% 34% 10% 9% 1%
### Business Value of a PPM Solution

Many of the PPM benefits can be defined as bringing business value to the process and implementation.

<table>
<thead>
<tr>
<th>PROCESS VALUE</th>
<th>IMPLEMENTATION VALUE</th>
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<tbody>
<tr>
<td>• Do the right projects</td>
<td>• Fund the right projects</td>
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<tr>
<td>• Organizational CM</td>
<td>• Maximize resources</td>
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<tr>
<td>• Organizational view</td>
<td>• Transparency</td>
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<tr>
<td>• Business workflow</td>
<td>• Business Case</td>
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<tr>
<td>• Cycle time metrics</td>
<td>• Project CM</td>
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<tr>
<td>• Accountability</td>
<td>• Proactive alerts</td>
</tr>
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<td></td>
<td>• Auditable</td>
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CM = Change Management
• Case Study – Global Operations - Challenges

  • Property-Focused, Property P&L
  • No clear understanding of country-specific accounting rules
  • 1 CIO and 4 location-IT VP’s, 400 IT staff in 3 countries
  • 4 different PM processes for 4 locations
  • Average time for Intake is 206 days, not including project time!
  • Some locations have partially separate IT teams
  • 250+ project documents, 100 that were mandatory
  • Duplication of effort by roles and locations
  • No “global view or standards”
  • One finance approval process, with local variation
  • No project change management process
  • Lack of job role ownership and accountability
  • Tool Focused
• **Project Portfolio Scope**

- Part of an overall IT Transformation Effort
- Originally focused on PPM system stand-up and the process work around Portfolio Management
- Program and Project Management, SDLC and Intake (BRM) were struggling to get off the ground – This was added to our scope
- We utilized LEAN for ERP techniques, facilitation and process documentation
- Defined Intake, Project Management and Portfolio Management as an end to end design
- Performed As-Is, To-Be, then Optimized workflow and decision points
- Reduced data entry to just what was needed to get through each decision step – no more, no less.
- Needed to integrate with other work efforts
• **Project Strategy**

  • Secured Leadership Commitment
    • Was not performed prior to effort, as was stated
    • CIO and CFO were key sponsors of the project
    • Work stream leaders committed to success
    • IT transformation Program Leader committed and Insistent

  • Model and Streamline the Process
    • As-Is, To-Be using Integrated Lean
    • Aligned the Process and PPM tool to make sure it worked
    • Planned multiple releases (Base operations, add finance, add Singapore, Add Macau)

  • Imbed the new Process with Training, Work Instructions, CBTs and automation of approvals
• Performed Intake and Project Lifecycle process analysis for all locations to understand process, issues and desires.

Identified process deltas, naming differences, metrics, skills, etc.
Interactions were via paper, voice or email; many times requests are dropped, lost and / or require multiple follow-ups
There were no metrics or progress status on proposed work
Group interaction was not consistent and at times “thrown over the wall”
Projects were queued up and assumed by the business that projects are going to be worked on shortly – which they were not
Projects could acquire funding, but not be worked on for some time - tying up capital due to pending IT resource capacity
Team members were performing detailed analysis for capital requests, vs. estimates. A project “Capital True Up Analysis” was not performed.
No global standard approach, terminology or tracking tools
Project portfolio visibility or awareness to impacts were not known
Project to project dependencies unknown until “crisis discovery”
A Single Conceptual To-Be Process was created iteratively with the Software Systems Integrator until the Final To-Be was completed.

- Resolve issues – root cause - solution
- Address open items
- New design points and metrics
- Identify additional system opportunities
- Identify system risks / issues – address business issues
- Identify process changes to reduce customization

As - Is
Consolidated Process flows

Conceptual To Final To - Be
Using the As-Is and To-Be processes, training requirements and job role impacts were defined to mitigate human risk.
• Success depends on an aligned collaboration between Business Analysis, Systems Integration, Project Management, Leadership and Business Representatives.

Managed through Daily Stand-Ups
Benefits of Integrated LEAN

- Reduction in process redesign over traditional approaches
  - 2.5 weeks versus 12 weeks per work stream
  - 8 weeks versus 6 months for end to end redesign
- Validation of process with chosen tools
  - Validate new process to tool and tweaked
  - Reduced overall configuration time by 50%
  - 100% of complex application deployed in 3 months
- Lean proved to be successful in a couple of key areas
  - Faster to detail (devil is in the details) which means less gotchas in the configuration where it is more expensive to change
  - LEAN is complimentary to an agile approach – light appropriate documentation and timely to a typical iteration cycle.

Benefits to PPM Project
- 90% Reduction in Intake
- 20% Reduction in execution
- 12 times payback on investment
- 50% faster PPM deployment for same scope

General Benefits
- 1:4 productivity gain over traditional process techniques
- Finds benefits outside of business case

Other Applications
- Accelerates agile design
- Light documentation
• Benefits of a PPM Solution (Tool and Process)

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<tr>
<th>Benefit</th>
<th>Then</th>
<th>Now</th>
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<tr>
<td>Documentation</td>
<td>250, 100 mandatory</td>
<td>30, 11 mandatory plus automation</td>
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<tr>
<td>Documentation</td>
<td>Constantly failed audit</td>
<td>Centralized, consistent and auditable</td>
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<tr>
<td>Intake</td>
<td>206 days average</td>
<td>65 days on average</td>
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<tr>
<td>Global projects</td>
<td>3 processes</td>
<td>1 process plus reusable templates</td>
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<tr>
<td>Software capitalization</td>
<td>Inconsistent</td>
<td>Based on clear business rules</td>
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<tr>
<td>Information availability</td>
<td>Seek and Find</td>
<td>Centralized, Reuse and Push</td>
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<td>Funding model</td>
<td>Full analysis</td>
<td>Partial funding with change control</td>
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<tr>
<td></td>
<td></td>
<td>(enabled discovery and R&amp;D)</td>
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<tr>
<td>Gaming, SOX, PCI</td>
<td>Redundant processes</td>
<td>Integrated &amp; Automated</td>
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<tr>
<td>Leadership visibility</td>
<td>No detail, non-actionable</td>
<td>Transparent, Real time and actionable</td>
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<tr>
<td>Payback</td>
<td>N/A</td>
<td>12.5 x Investment, 2 month payback</td>
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• Lessons Learned
  • Clearly define the problem, objective and strategy
  • Clearly define stakeholders and their roles
  • Lead with process – As Is and To Be
  • Perform faster, shorter and iterative process sessions
  • Perform technology and process alignment
  • Define business requirements where needed
  • Maintain cultural awareness – build into plan
  • Manage the project plan and project scope
  • Perform short daily standups with project team
  • Develop a real communication plan, not just email
  • Ensure end user success with training and work instructions

HAVE FUN
• About your presenters
  Randy J Somermeyer
  - 20+ years process consulting and training
  - For Profit, Non-Profit and Government
  - Transformation, process for system implementation and smaller scoped efforts
  - Single location, multi-location, and global engagements
  - Training: Integrated Lean, Facilitation, Business Analysis and communication
  - IIBA Member
  - LinkedIn
  - Email: rjs@blcn.net

Brian E.M. O’Reilly
- 20+ year consulting in Banking, Finance, Space, DoD, Construction, Manufacturing, Oil & Gas, O&G Exploration, Healthcare, Gaming, Games, Telecommunications, Hospitality, Distribution to name a few...
- Currently certified in 8 industry-leading PPM tools
- Certified PMP, Scrum master, XP Coach and Facilitator
- 150+ PPM successful deployments
- Lived and worked in 19 countries
- Follow me on Twitter: @ThePracticalPM
- Follow me on LinkedIn: http://www.linkedin.com/in/thepracticalpm
- Email: Brian O'Reilly boreilly@sboksolutions.com
Questions

Open to questions on approach, case study and content
• References


Slide 15: Payback percentage, Process cycle time reduction, LEAN vs. traditional PDD, PPD, – Case Study results March 2012, Accel Solutions Group and BLCN Inc. Payback ratio – client confidential

Slide 16: Case Study results, March 2012 – client confidential