GRT CONSULTING

Common myths in program and portfolio management

While providing advisory solutions to our clients on the best practices regarding project portfolio management (PPM), we come across few misconceptions. Many of these fallacies arise due to lack of consistency in usage of terminology or understanding of concepts, especially at different layers of corporate management or due to plain biases. Herein, we highlight some of these myths and suggest ways on how to address them.

a)' A large project can be termed as a program'

This fallacy is noted in many companies, who are mainly into product development. Just because a project is 'large' (the definition of which can vary across the companies), it does not qualify as a program, unless the change initiative has got a direct bearing on the benefits realization. To give an illustration, if a consulting company develops a new product , deploys it and also manages the service with agreed Service level agreements (SLAs), this can qualify as a program, as the benefits to be realized by the client can be factored in the SLAs. However, if a company develops a new product for deployment (however complex it is) and is not responsible for outcome management, then this endeavour cannot truly be called a program.

The program business case is not an aggregation of constituent business cases. The program business case encompasses benefits realization related costs, as compared to project business case, which looks more into production of deliverables within the objectives of project 'triple triangle'. Project success is not synonymous to program success. The skill-sets required for project and program managers are quite different.

Thus the role of the program manager being the facilitator for outcomes and benefits management is to be highlighted in the roles and responsibilities to senior management, as against one who oversees the delivery of products as in a project context, to overcome this myth.

b) 'A collection of projects can be treated as a portfolio'

We come across this situation in companies at their initial levels of portfolio management maturity. A qualified list of existing projects (along-with summary information on their status and progress etc) is prepared in a dashboard and portrayed as a portfolio to senior management.

Whereas preparation and tracking of discrete projects is an initial step towards better portfolio management, as the companies move up in the maturity level, they will need to group and manage related projects under the program umbrella for better tracking and resource management. Also, the linkage between the programs to the strategic objectives of the organization needs to be clearly brought out, by application of tools like results chain/ benefits map. The program governance model also needs have a better alignment over the organizational governance framework.

An Enterprise Project Management Office (EPMO) would play a key role in transforming this collection of discrete projects into a qualified set of programs (and very few stand-alone projects) under the portfolio to achieve the strategic objectives of the organization. Without Senior Management commitment, the journey for better portfolio management will not be smooth.

c) ' Initiatives which are 'pushed from the top always have a better chance of success'

Whereas this could be true in certain type of organizations (where the 'command and control' or 'machine' type of culture prevails), no large scale transformation is possible , unless the change is imbibed by the end-users. The fear of unknown and the learning anxiety keep many users glued to their existing 'comfort zones' (or relapse back to the prior states when the rigor of management control becomes lesser).

This is a reason that many companies address enterprise-wide transformations from multiple angles. Apart from creating detailed delivery plans and monitoring their implementation, they also have the role of 'change agents', who mingle with the impacted end-users to 'sell the change'. These agents could be early adopters of change and propagate the importance why change is needed, more in a 'non-authoritative 'way. Such people are good in networking, have empathy for the grievances of the people affected by change and become the catalysts for change. They also play the useful role of providing feedbacks to senior management of the 'hidden' apprehensions of the impacted stakeholders, enable them to be addressed.

This is a reason large scale transformations cutting technology and processes (like Systems Integration programs) have a separate change management track for better chances of success.

d) 'An EPMO will require expensive IT tools for its success'

As the companies ascend up in their PPM maturity, a robust Enterprise Project Management Office (EPMO) needs to be set up or reconfigured. However, investment in sophisticated EPMO tools is not always warranted, unless the people and process dimensions are aligned to the range of capabilities provided by the EPMO tool. Most of the companies commence with simplistic tools (we have noted Excel based reports management in smaller companies) and move onto more complex tools. Investing in a higher end tool, when the people and the process are not ready, creates a disconnect between the capabilities of the tool and what information actually gets into and in many cases, actually increases the transaction costs of the organization.

e) 'A few bunch of star performers can enable better project/ program management'

It is indeed true that at 'level 2' of PPM maturity model, such 'star performers' emerge. However, as the companies move up in maturity level, they need to think of designing centralized processes and systems based on global best practices and adopt them. Unless each project (or the program) refers to such 'defined' processes during their commencement and flex the processes to the scale and complexity, the alignment and homogeneity would not be achieved at 'level 3' of PPM maturity. In our consulting engagements, we have noted that the journey from level 2 to level 3 is indeed the most arduous. But once this gets done and the people get harmonized to uniform systems and processes, further movements up in maturity levels become smoother for proactive management and benefits realization.

f) 'Agile is a silver bullet for many of our development woes'

Agile as a 'philosophy' noted in the original manifesto indeed works for many situations, where the customer requirements are dynamic and progressive usable releases can be deployed in operations. Of late, the ambit of agile has expanded into provision of diverse types of services.

However, agile in its truest sense will require deployment of multi-skilled, cross-functional teams with sufficient empowerment for optimal delivery. When any of these ingredients is missing, the original concept of 'agile' as noted in the manifesto would have become diluted.

There have been quite a few precursors to agile , such as Rapid Application Development (RAD), Joint Application Development (JAD) etc, which were touted as a panacea to the problems faced in waterfall development model and subsequently faded away or absorbed into other jargons.
Agile indeed is useful in few contexts when the application development and deployment needs to be fast, such as in mobile applications. But this approach cannot be scaled up easily at the enterprise levels and new variants of Agile such as 'Scaled Agile Framework' are gaining traction.
And in many companies when 'bits and pieces' of agile are selectively used, they do not reap the full benefits, leading to discrediting of the entire approach by the management.

g) 'We have invested so much in this project, so it should be allowed to run its course'

Many companies start 'pet projects' without due diligence or at the 'whims and fancies' of senior management. When robust business-case related tollgate reviews get instituted (as a part of better PPM), such projects come under radar, especially when the companies run short of resources, as many do. A usual reason which gets proffered to justify the continuance of such pet projects goes something like this – 'we have invested so much money and energies – so they should be allowed to continue until they get completed'.
In a dynamic project selection and updation process, 'sunk costs' are not taken into consideration. A comparison of the future expected costs versus the likely benefits is likely to lead to sharper decisions on inclusion or exclusion of change initiatives in the portfolio, thus conserving the critical organizational bandwidth. Needless to say, this change in approach would call for bold support from senior management, as the concerned stakeholders advocating such superfluous projects can 'stonewall' their discontinuance.

There are many more myths, such as the need for technical proficiency for program managers, certifications over real skills and project/ program managers becoming a single point of responsibility for all the risks and issues concerning their initiatives. As organizations become more mature, many of these myths get debunked (and maybe newer ones also emerge!).