When failure to plan project portfolios is a good thing

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Winston Churchill once remarked: "He who fails to plan is planning to fail." There are number of other variations of this famous saying, and all of them imply that without proper planning success cannot be achieved. However, there are situations in the real world, especially in project portfolio management (PPM) where the exact opposite holds true.

Now you may be wondering why professional PPM practitioners would allow this to happen. After all, many of us recognise PPM as an indispensable practice that is essential to aligning the company's strategy to its performance. Or in other words, PPM practitioners help companies to answer and manage the question: Are we doing the right things? And this goes against the very moral fibre of portfolio managers to intentional plan for the failure of project portfolios.

There are compelling circumstances when PPM practitioners have to face the reality and actually plan for failure, before things can improve. This usually occurs in business environments that are predominantly shaped by a ubiquitous blend of inhibiting factors that include: shareholders and executives interested only in the top line, companies are cash rich and face very little competition, and markets are subsidized by governments.

Emerging markets neatly fit the forgoing description and portfolio managers often interact with executives who sense the need for PPM but have very little faith in the project portfolio methodology.

One may argue that enough has been done to convince the executive team about the benefits and importance of PPM. Others may contend that the language employed to communicate PPM is flawed and requires an executive parlance.

We would like to counter such assertions by stating that a strong PPM benefits argument underpinned by excellent statistics such as 'Implementing a PPM tool produces an expected overall return of 255%' (Forrester Research) or 'Projects hitting expected ROI are 52% more likely with a PPM tool' (Aberdeen Group) are likely to fall on deaf ears. The outcome is the same, even if top consultancies are employed to sell the case on the behalf PPM's proponents. The same set of arguments applies to using lexicons peppered with words and terms that executives can understand and digest. As long as the company is not feeling the financial pinch the executive appetite for PPM remains dormant.

So unless market conditions change there is very little that PPM practitioners can do to remedy the situation you may think. Wrong. PPM practitioners need to adapt and adopt a different role in accelerating the evolution of PPM in companies operating in such market conditions. This in no way suggests that PPM practitioners take a back seat and reduce their roles and responsibilities to a mere observer status. On the contrary, portfolio managers must be at the heart of building the PPM organically.

The first place to start is to understand the pain associated with managing project portfolios and then to magnify the pain and its impact on the business. This means that knowledge about strategic themes and the subsequent encapsulation of project work into project portfolios together with the alignment of projects between different departments becomes crucial to this exercise. Figure 1.0 represents a portfolio of projects driven by strategic themes as a synthesis of a workable PPM process. The projects are properly selected, aligned with strategy and managed.

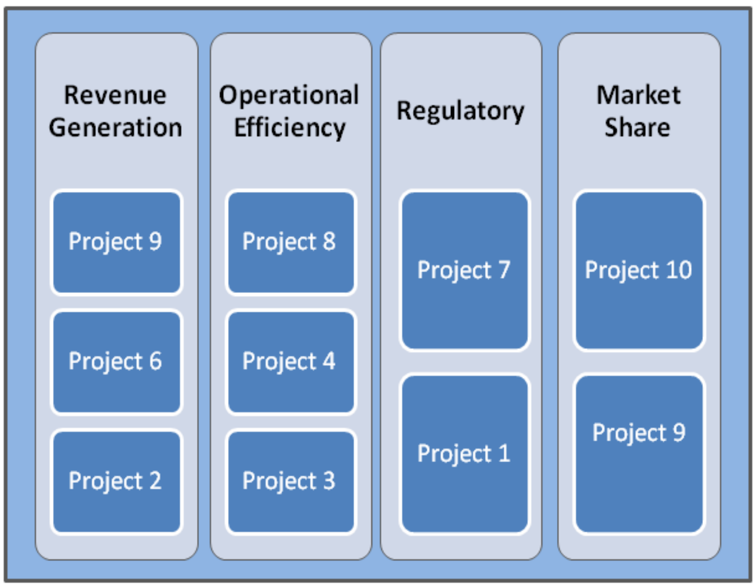

Figure 1.0 A well defined portfolio of projects

However, in our case figure 1.1 illustrates an attempt at organising project portfolio in the absence of structured approach. Strategic themes are either unknown or poorly defined, and projects keep on interchanging between themes, as different departments compete with each other to prioritise projects based on decibel management. The resultant picture is one of incoherent projects poorly aligned with the company's strategy.

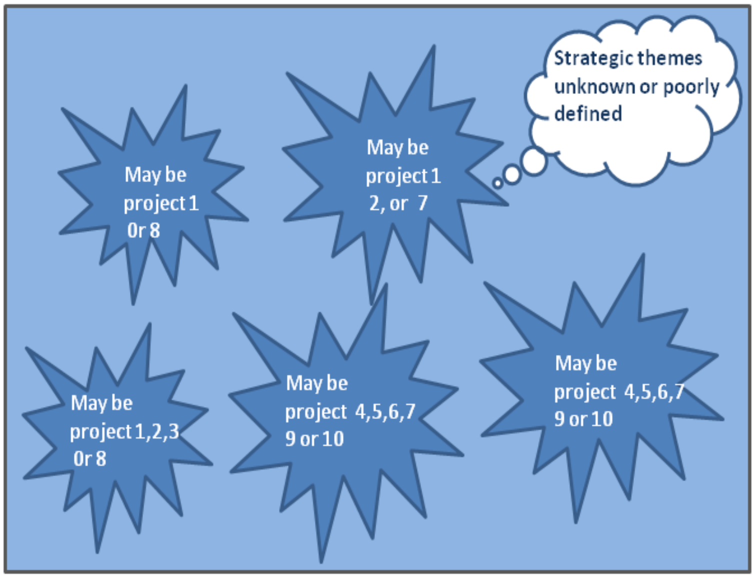

Figure 1.1 An unstructured approach to project portfolios

During the stage of incoherency no PPM remedy is proposed only the basic artefacts of the PPM process are allowed to exist and are accompanied by sound bites related to PPM terminology. No conceptual explanation is provided and the focus is exclusively on understanding and accentuating the pain. That's right! The pain has to increase until it no longer becomes bearable for the executive team. This requires meticulously self restraint on behalf of the portfolio manager to curb his/her urge to plan the project portfolio. In summary the failure to plan the portfolio is the norm.

The role of the PPM practitioner is to ensure that those involved in project portfolio work are allowed to stew in the quagmire of confusion until a sufficient amount of interest is generated amongst executives and they begin to realise that unlimited cash does not deliver more projects. But rather it is a portfolio of projects aligned with the company's strategy that delivers more not less.

At this juncture the portfolio manager intervenes to provide the portfolio management solution in small doses and is careful not to give too much away, so that the executive interest is maintained. Connection is lucidly made between the sound bites and the elements of the proposed solutions. This is done to ensure that executives are able to relive their painful experiences during the period of confusion and are able to recall their associations with the PPM terms. By doing so, the PPM terms do not appear alien to the executive audience and minimum time is spent in explaining and administering the solution incrementally.

The whole cycle is repeated until the complete approach to PPM is unveiled and adopted by the executive team. See figure 1.2.

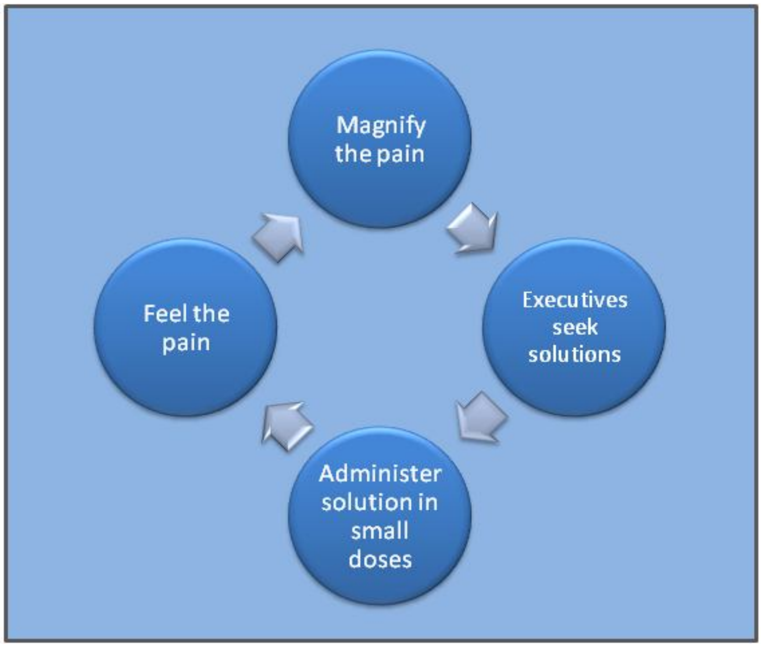

Figure 2.2 Typical representation of the learning cycle based on pain

This is an arduous process that can take a very long time to implement. Additionally, it requires the PPM practitioners to adopt a completely different mindset and approach towards building portfolio solutions in companies that operate in such uncompetitive environments.

We hope that the above discussion stimulates PPM practitioners working in emerging markets to rethink their approach to convincing executives about adopting PPM. By intentionally planning failure, the PPM practitioner could go along way towards building an environment that organically incubates PPM solutions which are easily accepted by the executive audience and reduces organsiational resistance.

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