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A Productive Start to Project Portfolio Management

... And How It Can Go Wrong

You have achieved a lot in the last few days.

You held discussions, convinced colleagues, collected data, designed processes and configured and loaded the software. Everything is set up for the first productive run. And this first run should show that the recipe is good. Not everything has to be one hundred percent perfect - there's always a little room for improvement - but a total failure would at least be embarrassing, if not the end of the whole project.

In the past few years, I have helped over a hundred companies establish project portfolio management. It has not worked sustainably for all of them, and there are reasons for that. In this article, I'd like to share with you the most important reasons why the introduction of project portfolio management fails.

Mistake 1: You're making portfolio management a one-man show.

You alone collect project applications and status reports and optimize the portfolio in your office - for fear that others could destroy your laboriously collected and optimized data.

My tip:

Decentralize the entire portfolio management process. Let your project managers update the projects directly in the software and use sub-portfolio coordinators who maintain new topics at the department level to optimize the existing planning. Above all, you yourself take care of the overarching conflicts. This not only saves you time and nerves, but also creates company-wide acceptance for the subject of portfolio management. A prerequisite for this, however, is that you involve your colleagues in the topic from the start - see the next error.

Mistake 2: You're making the PPM implementation an "undercover project".

Process definition and software evaluation take place behind closed doors - for fear that too many cooks will spoil the broth. The first meetings are announced with very short notice, and the integration into the overall process is not explained transparently.

My tip:

Take change management very seriously. Carry out a conscientious analysis of all those affected and involved in advance and prepare a communication plan for each target group. Then at least involve specific colleagues from each stakeholder group - so-called "beacons" with a high level of social and professional competence - in the design of the portfolio management topic from the start.

Mistake 3: You're waiting for all possible colleagues involved to return from vacation or illness so that you can schedule the "big kick-off".

In most companies that means waiting forever. The problem is that the time lost each week means a loss of credibility for your project. And at some point, those involved: "Yes, that project was started, but then we never heard of it again."

My tip:

Kick-offs are essential, but do them in small groups. This enables you to focus better on the needs of each individual target group. Continue to set up the necessary PPM meetings at the scheduled time. If someone can't be there the first time, they will be there the next time.

Mistake 4: You combine the introduction of PPM with the introduction of a project management method.

This means that you will most likely exceed your company's ability to process new topics - and above all, create frustration among colleagues.

My tip:

In fact, many companies I got to know had neither methodical project management nor portfolio management. The good news is that portfolio management requires very little information from ongoing projects and new topics. Portfolio management is therefore a good starting point that you can use to derive exactly the right and important project management components from it at a later point in time. This can also be helpful for the implementation of the corporate strategy. You do not need 80% of the content of the current project management methods for a functioning portfolio management. A project overview and a monthly status report are sufficient.

Mistake 5: You immediately roll out PPM across the entire organization.

Depending on how big your company is, that may make sense. However, from a portfolio management perspective, it will be hard to manage the complexity of the introductory phase that results in different requirements from different areas of the organization. And then you end up only concentrating on the exceptions or special cases, instead of the actual core of the topic.

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My tip:

First roll out portfolio management in one area of your organization - ideally a department with a strongly encapsulated area of responsibility and few resource dependencies beyond your own departmental boundaries. The IT department is often a good example. Introduce portfolio management here and inform the rest of the organization of the activities and progress. Learn from your mistakes and successes and then roll out PPM to other areas of the business step by step. This approach will also help you implement company-wide portfolio management through simple pilot model. Because big doesn't always have to be complex.

Mistake 6: It has to be perfect the first time.

That's why you spend many months designing the perfect processes and finding the perfect software. And when you are done with it, either the initial situation has changed, and you have to start all over again, or there is some procrastinator, as always, who does not share your view of beauty and efficiency.

My tip:

Start with an 80% solution and allow your processes and software to be continuously improved right from the start. Plan regular "Lessons Learned" meetings and build on the feedback from your colleagues. After all, continuous improvement is what the whole subject of portfolio management is ultimately intended for. Focus on a specific pain in your organization - for example, an existing resource conflict on an important project or the lack of clear communication of portfolio decisions - and heal it. Communicate your success, then move on to the next problem.

Mistake 7: You keep the portfolio decision in a small circle.

Because upper management makes the decisions on the company portfolio. You may fear that the decisions made could be questioned or criticized by the employees.

My tip:

Without the involvement of all stakeholders, you will not get portfolio management up and running, nor will you be able to take advantage of the possible potential. The transparent communication of the processes and decisions in the portfolio board enables the project teams to understand the necessary adjustments in the detailed planning of ongoing projects. It also gives an indication of which topics the company is working on and why.

Mistake 8: You underestimate the fear of transparency.

You trust the unrestricted cooperation of your colleagues with a clear conscience and expect reliable and punctual communication of projects and capacity data. However, it is precisely on these issues that mistrust quickly emerges. Will I be measured against these numbers later? Is this a check on how well or badly I'm doing my job? Will unused capacities be taken away from me at the next opportunity? The consequence of this mistrust is a lack of willingness to cooperate - which is expressed by withholding data, missing deadlines or openly arguing against the subject of portfolio management.

My tip:

You should communicate the advantages, but also the obligations for the individual stakeholders, as early and as openly as possible. Only when the advantages clearly outweigh the disadvantages will your stakeholders develop an interest in portfolio management and support your project. Make it particularly clear that portfolio management is not about control and monitoring, it is about improving planning. The necessary "backing" from executive management is also particularly important. A control issue such as portfolio management must be driven “from above”, otherwise it will not be taken seriously.

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Mistake 9: You are confusing portfolio management with project controlling.

After all, you want to be able to provide information to management. And a high level of planning accuracy at the work management level results in a more reliable the portfolio decision in the end. Unfortunately, regular data maintenance becomes a constant effort for you and your colleagues. A large number of necessary adjustments, large amounts of data and the many explainable and inexplicable errors and differences in the data then spoil the fun of strategic planning.

My tip:

Don't shoot sparrows with cannons. Refrain from meticulously planning at the task level and recording individual days of absences. This data is far too short-lived for the strategic alignment and capacity planning of your company. Leave the detailed planning and controlling of the projects to your project managers and use the time saved to realistically prioritize your portfolio.

Mistake 10: You create redundancies.

Because you want to make your portfolio decisions based on relevant information, you import all fields of your project status report to your portfolio management tool. The problem: You have a lot of data maintenance work and there are always discrepancies between the various documents and databases. Your project managers have also lost interest in constantly entering the same information into several software tools.

My tip:

Consciously set up your portfolio management as simply as possible from the beginning. What data you really need to prioritize projects should be the result of a learning and improvement process, because every piece of information that you use in the PPM process makes it more complex. It is easy to add missing data fields, but it is not as easy to remove superfluous data fields.

Mistake 11: You are using portfolio management to prevent flexibility...

... instead of enabling it. Thanks to your PPM process, you now have a standardized and formalized way of prioritizing projects and making decisions that endure. And this path must be adhered to, otherwise the whole introduction of PPM was in vain!

My tip:

The strength of good portfolio management is that prioritization can also be changed at short notice, but with full transparency about dependencies and the resulting consequences. This enables flexibility and upper management can react to new requirements. So, give yourself permission to be flexible, because that's what portfolio management is for! The best way to achieve this flexibility is through short PPM cycles (monthly instead of quarterly), which force a constant reassessment of current and planned projects, as well as sufficient justification of the portfolio changes to the project teams in order to create the necessary understanding.

Mistake 12: You don't trust the data...

... and therefore, you abort your PPM implementation project after a short time. Without a reliable "foundation" in project management, portfolio planning decisions are made on the basis of incorrect assumptions and only lead to confusion. "Garbage in - garbage out", as people say.

My tip:

Almost every company suffers from the pain of missing, incomplete or outdated data. The introduction of portfolio management can be the trigger to clean it up, starting with the most important projects and dates. Simply load your data into your portfolio management software and then evaluate the situation. The aggregation of project data in portfolio management makes unrealistic and missing data visible much more quickly than in the depths of the project management tools. In this way, you can see very clearly the most important areas where you need to refine the data quality first.

I hope that this overview of possible mistakes will help you avoid them as much as possible. If you need support or would like to share other typical challenges when introducing portfolio management, please contact us at cs@meisterplan.com!

Management Summary (TLDR):

Get started - small and easy. Be aware of the purpose of portfolio management and don't water it down. Leave room for improvement and involve all those affected from the start. And just ask us how others do it!

Best regards and good luck,
Thomas Quandt

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