

## 4 Essential Organizational Groups Needed to Make Project Portfolio Management Successful in Your Company

If you're a CIO or an IT executive pursuing business/IT alignment by deploying a Project Portfolio Management practice in your company, then this article is a must read for you. Achieving alignment is the first challenge, but maintaining it is another. My experience with big and small companies alike has shown me that the saying, "form follows function" is most true with portfolio management. Organizing to maintain alignment, produce transparent decision-making and providing exceptional communication is a requirement for long-term success of any portfolio management practice. Whether you have realized it by now or not, portfolio management is mainly about changing the attitude, process and behaviors by which a company selects and prioritizes its IT-related projects. Once you have accomplished introducing a portfolio management process to your company, it quickly becomes apparent that the new process and its activities require dedicated support resources with specific skill sets.

To maximize long-term success and build efficiencies quickly there are four organizational groups that you must put into place.

### 1. Group #1: The "Strategic Priorities Council"

Whether you call this group a steering committee, an investment board or a priorities council, the exact name of this group isn't nearly as important as the members that make it up, the discipline and oversight that they provide, and the frequency of which it meets. Assemble your company's senior executives and business unit heads into an IT steering committee. Because the landscape of technology needs changes rapidly in today's business environment, scheduling committee meetings monthly to get your company's executives together is a must.

The primary purpose of the group is the review of new project requests and current project progress. They ensure that all proposals are thoroughly analyzed and that the projects with the best return potential and strongest support of the business objectives are prioritized highest. At its first meeting or two, use this executive council to gain the required perspective on company priorities and value, as well as to set the ground rules on spending. Whether its increased revenue, customer retention, or cost control, it should be your business leaders that tell you what is most important. It is against this backdrop that proposed project ideas must be evaluated and selected.

### 2. Group #2: Relationship Managers

Relationship managers (RMs) are responsible for providing the interface between the IT organization and the business units. This dedicated team has the imperative of working directly with business leaders and providing day-to-day planning, portfolio analysis of new applications and

communications. They act as the primary liaisons with key internal clients defining strategies and tactics, and planning the IT road map that best supports the business goals. In essence, the RMs extend the eyes and ears of the CIO throughout the organization. In doing so, they have a critical role in planning the deployment of new technology, and in the communications of both limitations and capabilities of the IT organization.

With RMs performing this function, IT can be involved in business decisions that will affect IT before positions on projects and selected technologies become entrenched. They can ensure that business leaders are making informed decisions about the total costs and risks of business initiatives. They also provide the essential mechanism for managing communications.

### **3. Group #3: Executive Communications Team**

This function has become more important as companies have increased the pressure for CIOs to run IT departments like a business. This function has the responsibility of ensuring consistent, confident, precise, and clear messaging that appropriately represents the IT organization to business executives across the company. Regardless of whether this is a separate function or one that is added to other groups, managing communications within the IT organization, between IT and the business, and between IT and external groups is one of the primary ingredients in providing consistency in messages, increasing responsiveness, avoiding frustration, providing transparency and ensuring that the value of IT accomplishments are known. Furthermore, the actions and messages of IT are often misunderstood. The communication function decreases the chance of misunderstandings.

This group doesn't need to be exceptionally large, but it needs people with a unique mix of skills. As the team name implies these folks, first and foremost, must understand corporate communications. They must be able to boil down complex technical topics into easily understandable concepts and represented in business terms. Likewise, they must be able to organize and represent business metrics into valuable nuggets and snapshots that can be digested in a few moments by company executives. A secondary, but important, skill set that communications resources need is expertise in desktop productivity, reporting and publishing tools. These tools include business graphics software, Microsoft Access, spreadsheet software, and word processor applications.

### **4. Group #4: Financial IT Project Analyst**

What nails most portfolio management implementations is the lack of credibility of financial estimates and projections when it comes to the

cost/benefit ratios for a proposed IT project. When the IT group attempts to produce all of the business case analysis for a project it alienates its business clients and the CFO because the most trusted sources of financial benefits information has been removed from the process. The single best approach to avoiding this pitfall is to approach the CFO and ask that he appoint a key person to help business executives define and estimate the potential benefits of a proposed project idea. Likewise, this key financial analyst will review and validate cost estimates produced by IT personnel for the project as well. Having an independent finance person reporting on IT projects gives the portfolio management process credibility.

Even if you are deploying the perfect portfolio management practice for your company, having accurate and suitable organizations in place to manage and maintain the process is essential. Once your process is introduced you will quickly identify that the new method and its unique tasks require dedicated support resources with specific skill sets. The four organizations discussed here are fundamental to sustaining an effective and efficient portfolio management practice. This structure assures participation from the company's top executives, provides for financial analysis that is supported by the business, and positions the IT organization as a trusted advisor to the business. If you're going to use portfolio management as a strategic weapon for the IT department, then use it right. Restructure for success.