

Defining Project Portfolio Management A Bridge or a Hub?

Some four years ago, we posted a whitepaper entitled *Bridging The Gap Between Operations Management & Projects Management*. It was a time of the emergence of Project Portfolio Management (PPM) as a means of crossing a chasm that existed between the operations side of the business and the management of the projects within the enterprise. So it was only normal that I would see PPM as a bridge, connecting the world of projects with the world of business operations.

The basic elements of Project Portfolio Management are not new. Nor is the environment in which it is applied. However, before the emergence of Project Portfolio Management as a defined discipline, these elements were the responsibility of two distinct groups: Operations Management and Projects Management. Each group had its specific role, as noted in the table, below.

Operations Management

Strategies
Objectives/Goals
Business Performance
Stockholder Satisfaction
Project Selection & Mix
Resource Availability
Cash Flow/Income

Projects Management

Schedule/Time
Project Cost
Project Performance
Stakeholder Satisfaction
Scope/Change Control
Resource Utilization
Cash Usage

The gap between these two worlds was very apparent. The projects world was diligently pursuing excellence in project performance, virtually totally oblivious to the strategies of the enterprise and whether their projects were in line with these strategies. The operations side of the business was called upon to support these projects with funding and resources, not understanding how or whether these were really the projects that they wanted or needed. There was no way of knowing this.

In the absence of a repeatable structure, neither group could communicate with the other in a meaningful way to make the connection. Communication was further hampered by the lack of a common language. A bridge was needed.

Today, however, I see PPM not as a bridge, but as a **hub**. PPM is the nucleus of a system that brings projects and operations together. It is the core of an integrated collection of processes that represent both operations and projects functions. It is also the engine that drives the production of project deliverables to enhance the total health of the enterprise.

Building a bridge between these two functions will not do the job. A bridge acknowledges that a gap exists, and does nothing to eliminate the gap. A connection between these two entities is not enough. They must be brought together as a unity as distinct roles, working in harmony within a shared system for a common cause.

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PPM ties these distinct functions into an efficient business machine, one that increases the value and purpose of projects so as to contribute to the overall health and success of the enterprise. It does much more than bridge a gap. It eliminates the gap by bringing these diverse functions together.

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PPM AS A BRIDGE

OPERATIONS

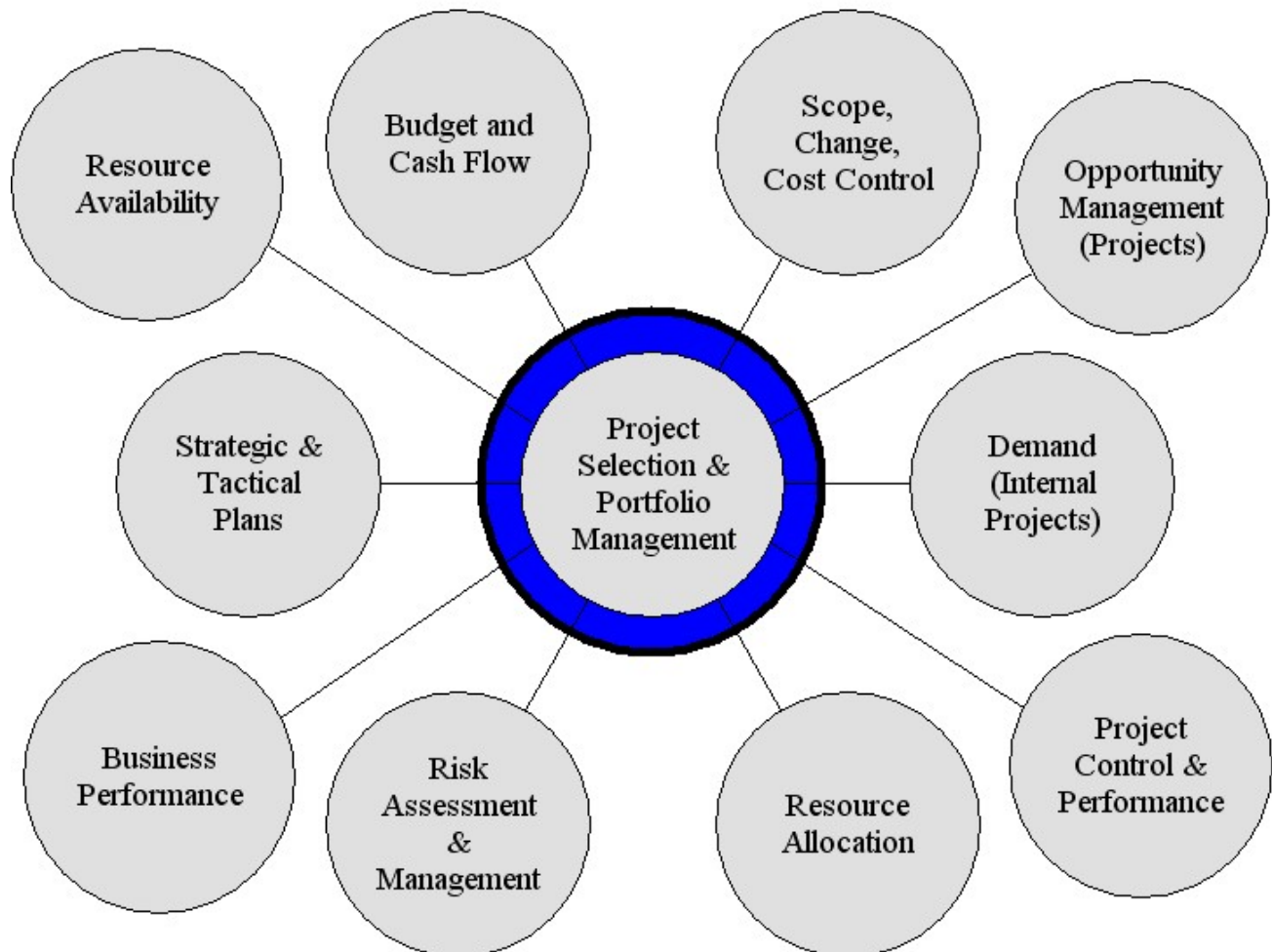
Strategies
Objectives/Goals
Business Performance
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PROJECTS

Schedule/Time
Project Cost
Project Performance
Stakeholder Satisfaction
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PPM AS A HUB



The basis for PPM is a rational decision system. The components of a rational decision system include:

- Having all of the information
- Having analytical processes for effective use of the information
- Having means of communicating with all stakeholders, in their language
- Aligning opportunities with objectives
- Conditioning opportunities by assessing and controlling risk
- Eliminating or minimizing office politics and personal favoritism
- Getting all of the disciplines of the enterprise on the same page
- Promoting the use of common sense

PPM provides the motivation and the vehicle for all of this. If embraced and supported by senior management, PPM becomes the core of a set of combined business and projects processes, leading to much improved effectiveness in the use of limited cash and human resources. With PPM as the hub for these linked processes, better project portfolios are developed, affording greater opportunities for increased benefits. Feeding the results of project status and performance back into the portfolio management system provides for a loop that assures that the project selection process encompasses both proposed and active projects.

All of these processes have to be connected. The PPM hub is a means to accomplish this. The PPM hub serves as a placeholder for proposed and active projects. It serves as a database for PPM data and a link to other associated data. It serves as a reporting and communication system for information regarding projects and business items. It contains the engines to support rational analysis and decision-making.

Clearly, PPM is not just a new piece of the PM picture (a common misconception). PPM encompasses several project and operations management processes. PPM is not an extension of PM. It is an entirely new discipline that includes PM as an important component.

PPM is the hub of a system that makes all of this happen and it is the glue that holds it all together.

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Mr. Levine is a leading consultant to the project management software industry and is recognized as the leading expert in tools for project management. He has been Adjunct Professor of Project Management at Rensselaer Polytechnic Institute and Boston University. He has conducted project management public seminars for ASCE, AMA, IBM, and PMI.

Mr. Levine is the author of books, articles, and videos on Project Management. His latest book, "Practical Project Management: Tips, Tactics, and Tools", has recently been published by John Wiley & Sons. Mr. Levine is past president of the Project Management Institute, a recipient of PMI's 1989 Distinguished Contribution to Project Management award, and has been elected a Fellow of PMI.

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