

PMGlobal Symposium

Canberra

6 May 2014



**Governing project, programme, portfolio
performance and ROI**

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How much of the investments in IT projects are wasted?



A recent study conducted by The Standish Group found that only 39 percent of all IT projects succeeded while the remainder (61 percent) were either challenged or failed.

Source: 2013 CHAOS Manifesto, published by the Standish Group International.

According to a 2012 McKinsey/Oxford study Large IT Projects (Initiatives with budgets of over \$15 million dollars) run 45% over budget, are 7% behind schedule and deliver 56% less functionality than predicted.

Causes of project failure include

Rough distribution by cause of the 45% of IT projects that experience cost overruns (for those with budgets >\$15 million in 2010 dollars), %

Missing focus

- Unclear objectives
- Lack of business focus



Content issues

- Shifting requirements
- Technical complexity



Skill issues

- Unaligned team
- Lack of skills



Execution issues

- Unrealistic schedule
- Reactive planning



Unexplained causes



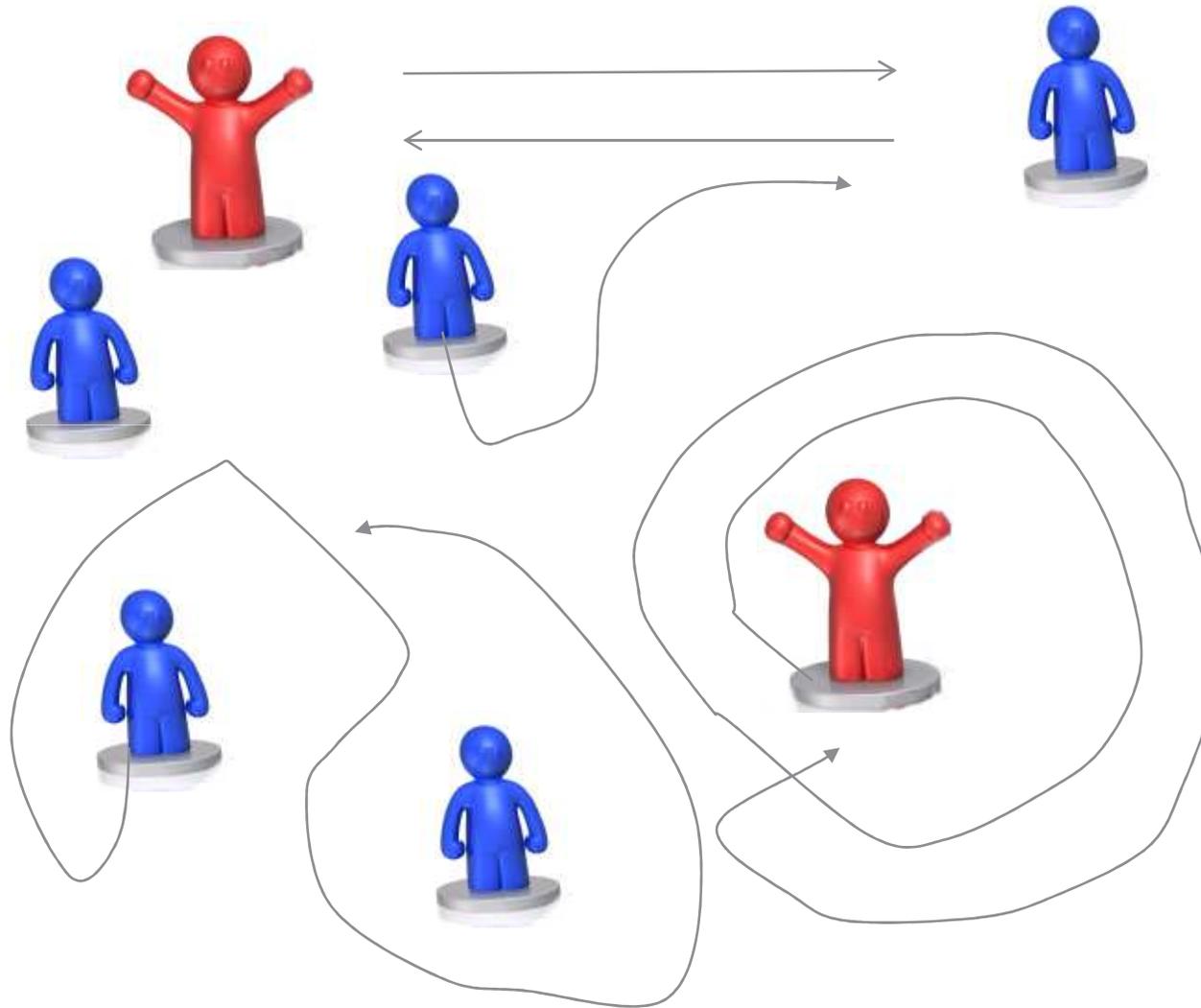
IT projects with budgets >\$15 million

Cost overrun, 45%

Schedule overrun, 7%

Benefits shortfall, -56%

Project Management and Project Governance Silos



Align, control and optimise your portfolio of initiatives,
its resources, deliverables outcomes and benefits



Agenda



What is a PMO and what is P3O?

PMO implementation and governance

Case study

Conclusion

Agenda

What is a PMO and what is P3O?

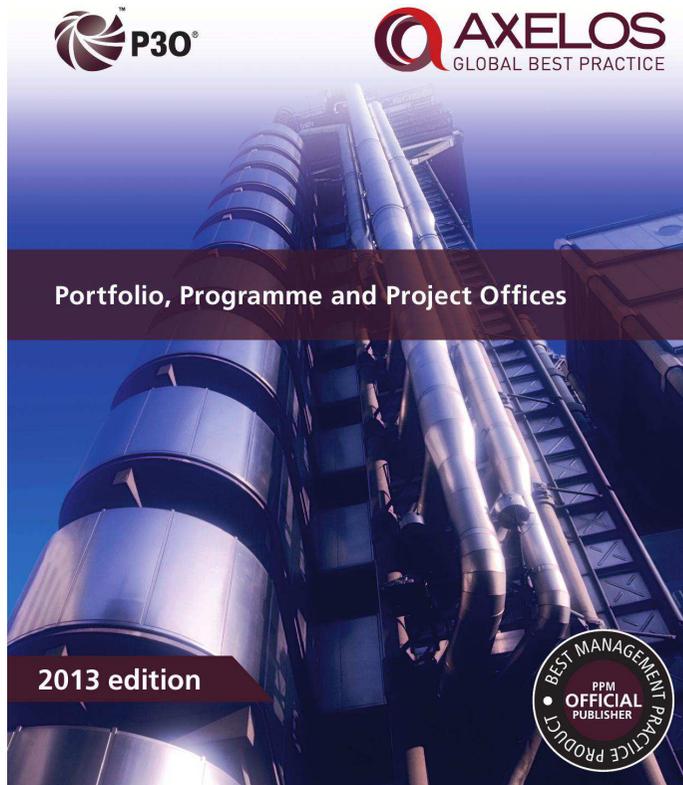
PMO implementation and governance

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What is a PMO?

P3O



P3

Portfolio Management
Programme Management
Project Management

O

Offices

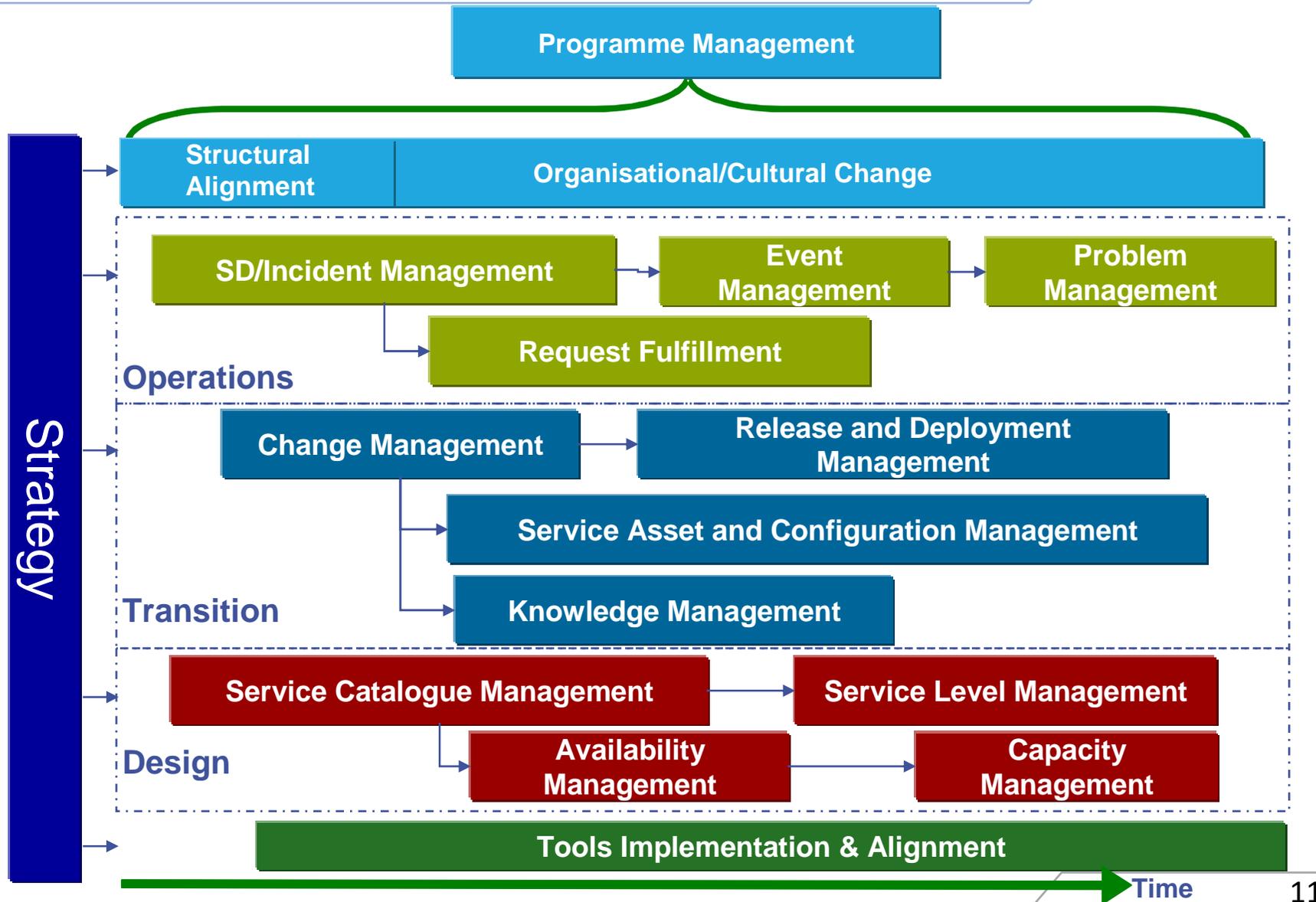


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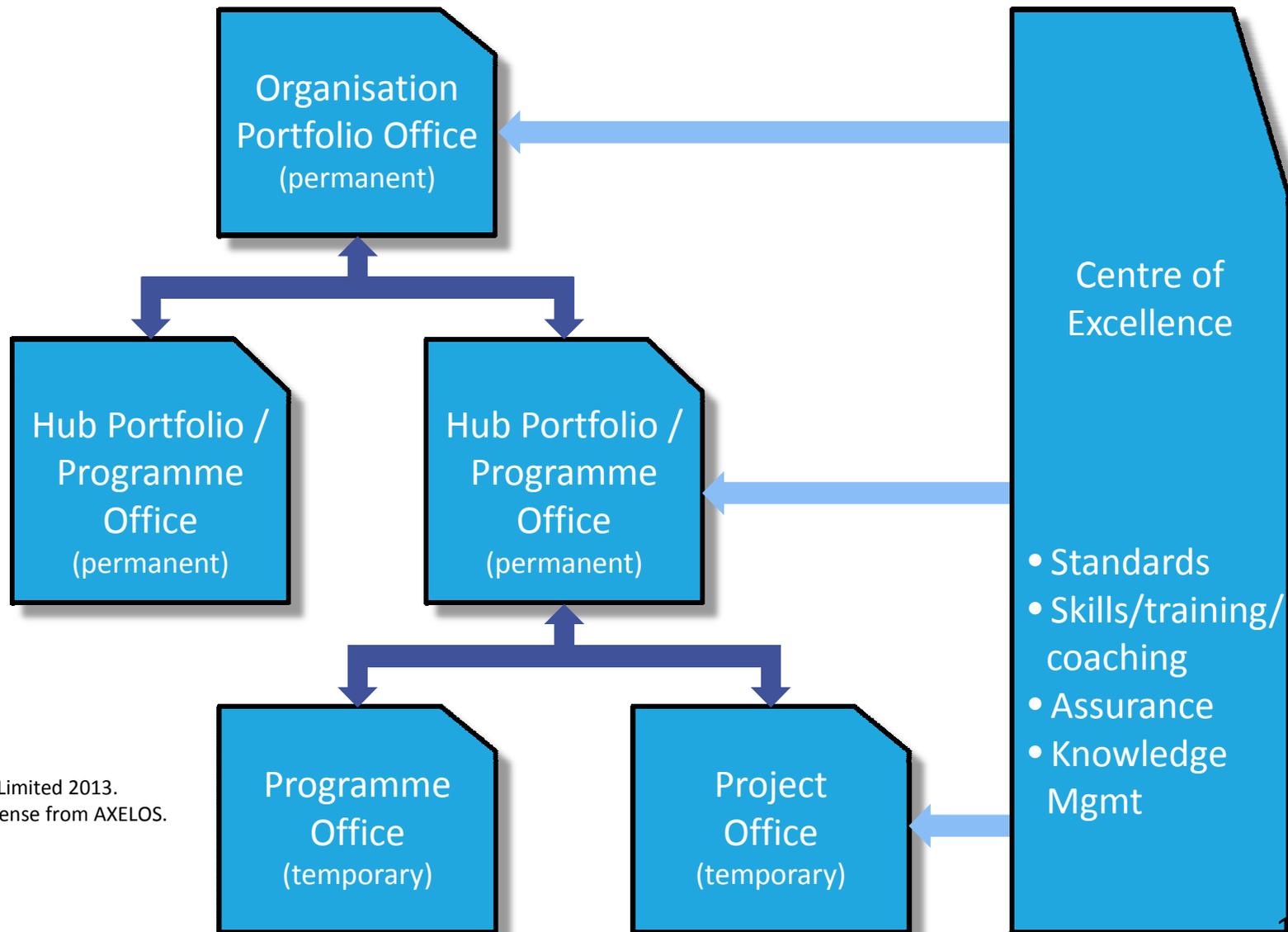
Example portfolio

Business Unit	Client	Project	Project Type	Financial Status	Proj Status	Risk Status	Customer	Sold Project Revenue	Sold Project Gross Margin	Sold Gross Margin %	Forecast to Complete Revenue	Forecast to Complete Gross Margin
A	F	P1	Fixed	●	●	●	●	\$5,000	\$1,000	20%	\$6,000	\$500
B	G	P2	Fixed	●	●	●	●	\$6,000	\$1,000	17%	\$9,000	\$1,000
C	H	P3	Fixed	●	●	●	●	\$7,000	\$1,000	14%	\$9,000	\$2,000
D	I	P4	Fixed	●	●	●	●	\$8,000	\$1,000	13%	\$9,000	\$1,000
E	J	P5	T&M	●	●	●	●	\$9,000	\$1,000	11%	\$9,000	\$1,000

Example: ITIL/ITSM Implementation Programme and Projects

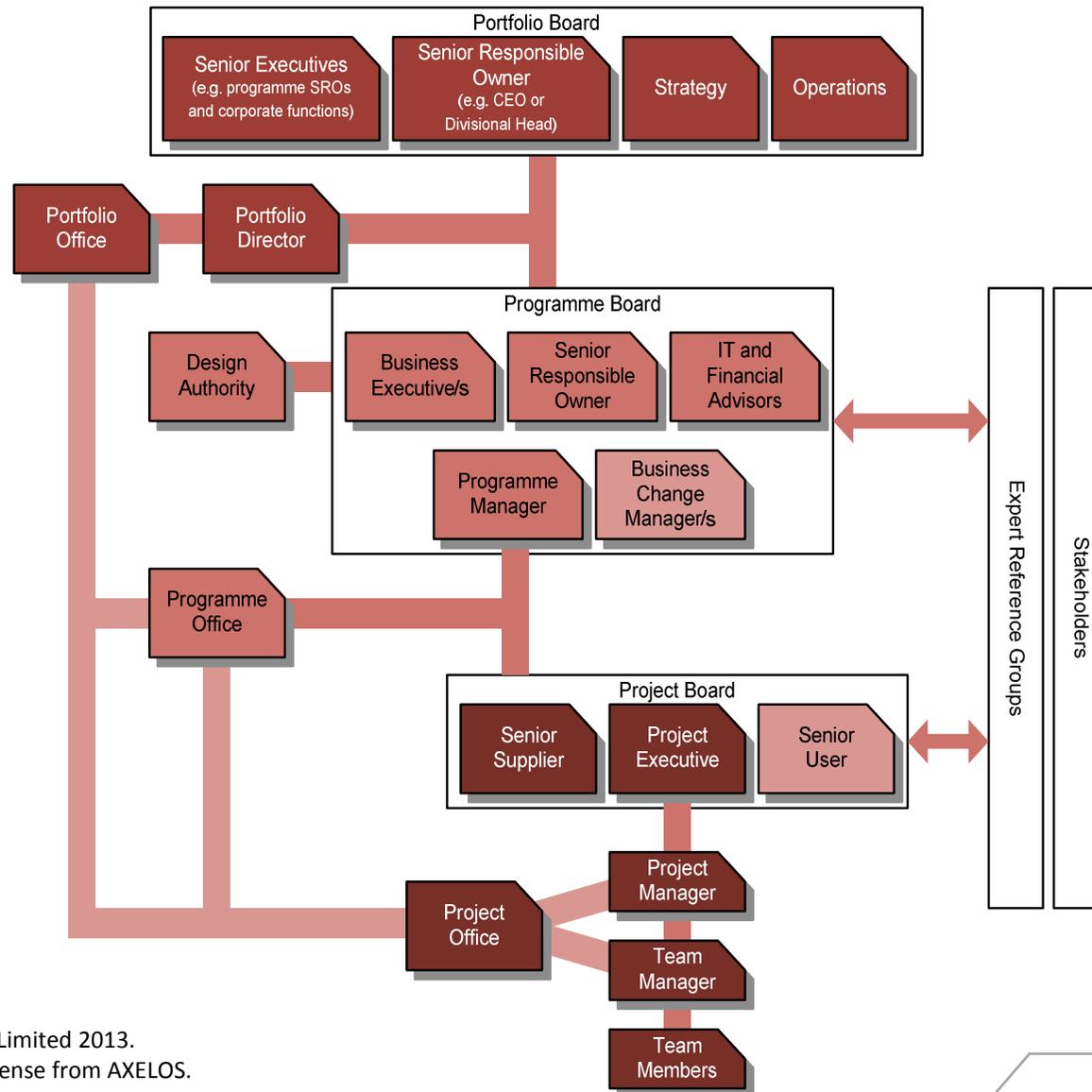


Example High Level P3O Model



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Portfolio, Programme, Project Governance



Some measures of an effective P3O

- Overall programme and project success rates in relation to capital cost, duration, operating cost and benefits realisation for each portfolio
- Improved portfolio balance – in terms of overall risk, programme and project lifecycles, strategic alignment and investment type
- Enhanced contribution to strategic objectives.
- Reduction in programmes and projects started for the wrong reasons – number of projects stopped
- Predictability of delivery – % increase in number of programmes and projects delivering to time and scope
- Predictability of cost – % decrease in cost overruns on programmes and projects
- Reduction in overall resource costs to deliver portfolio
- Skill level assessments and job satisfaction scores

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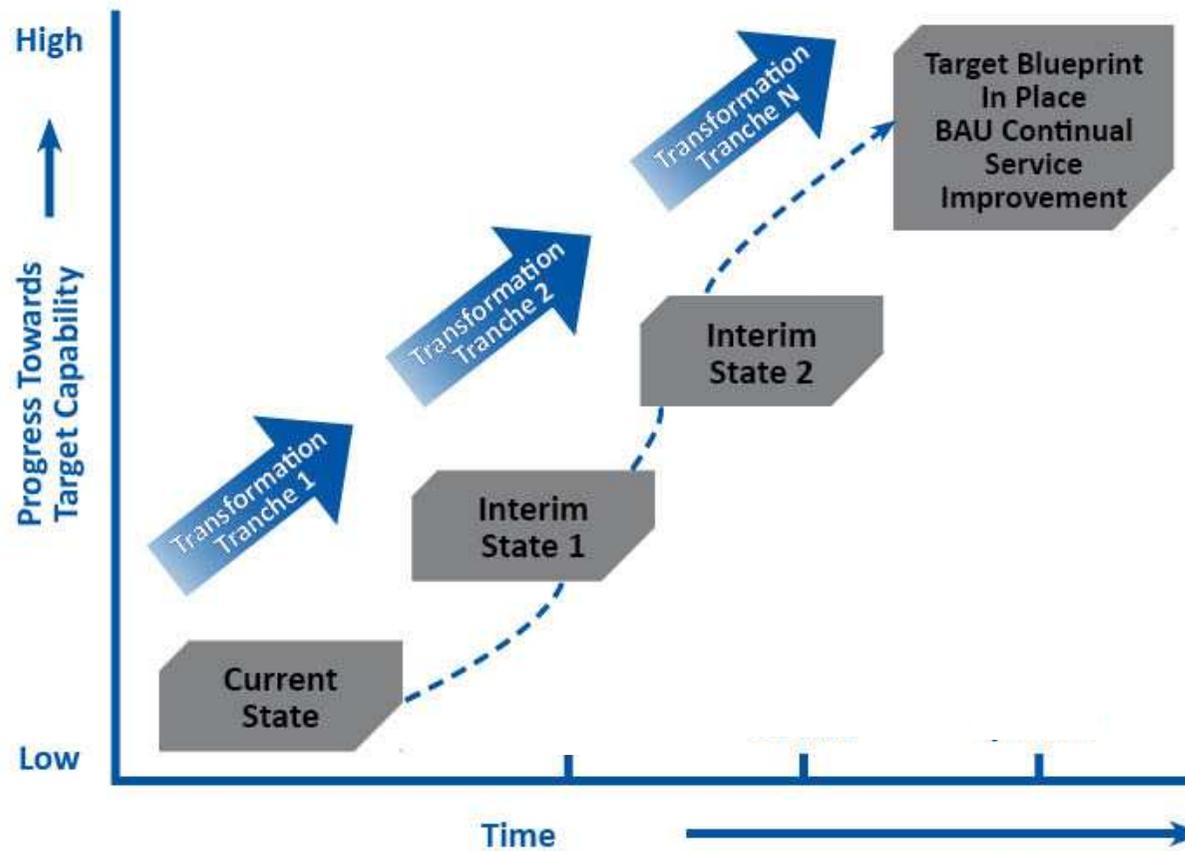
What is a PMO and what is P3O?

PMO implementation and governance

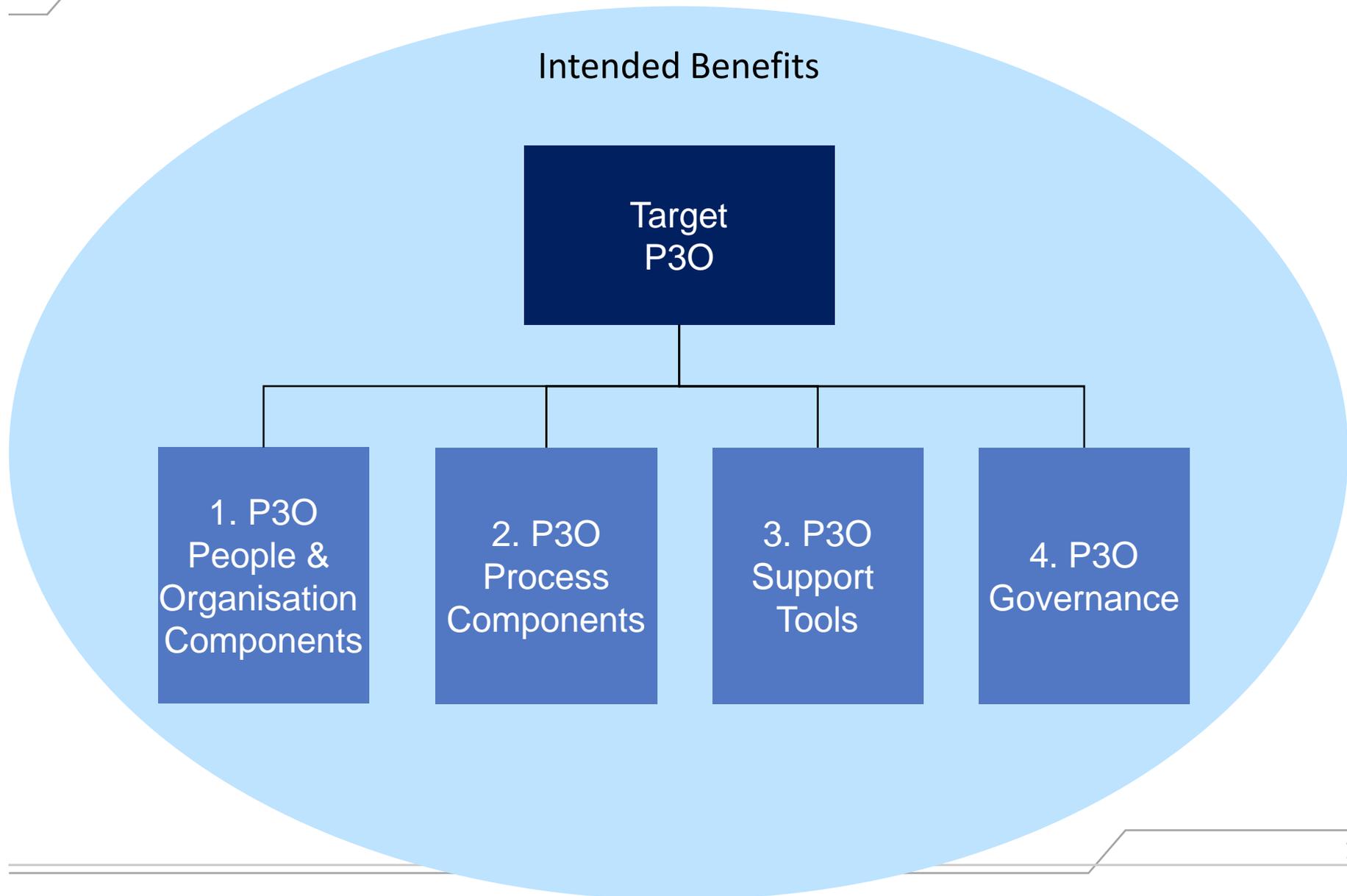
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P30 Blueprint Design and Implementation



P3O target blueprint and underpinning implementation deliverables



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Some quotes:

“Some really good Project Managers”

“We tried portfolio prioritisation and tossed it”

“Poor planning is at the core of the issues”

“I exceeded budget: no questions were asked”

“There’s a difference between what we thought we were buying and what we actually got”

“Real issues are usually not put on the table until late”

“Operations are under the hammer”

“There is no reliable data to feed portfolio controls”

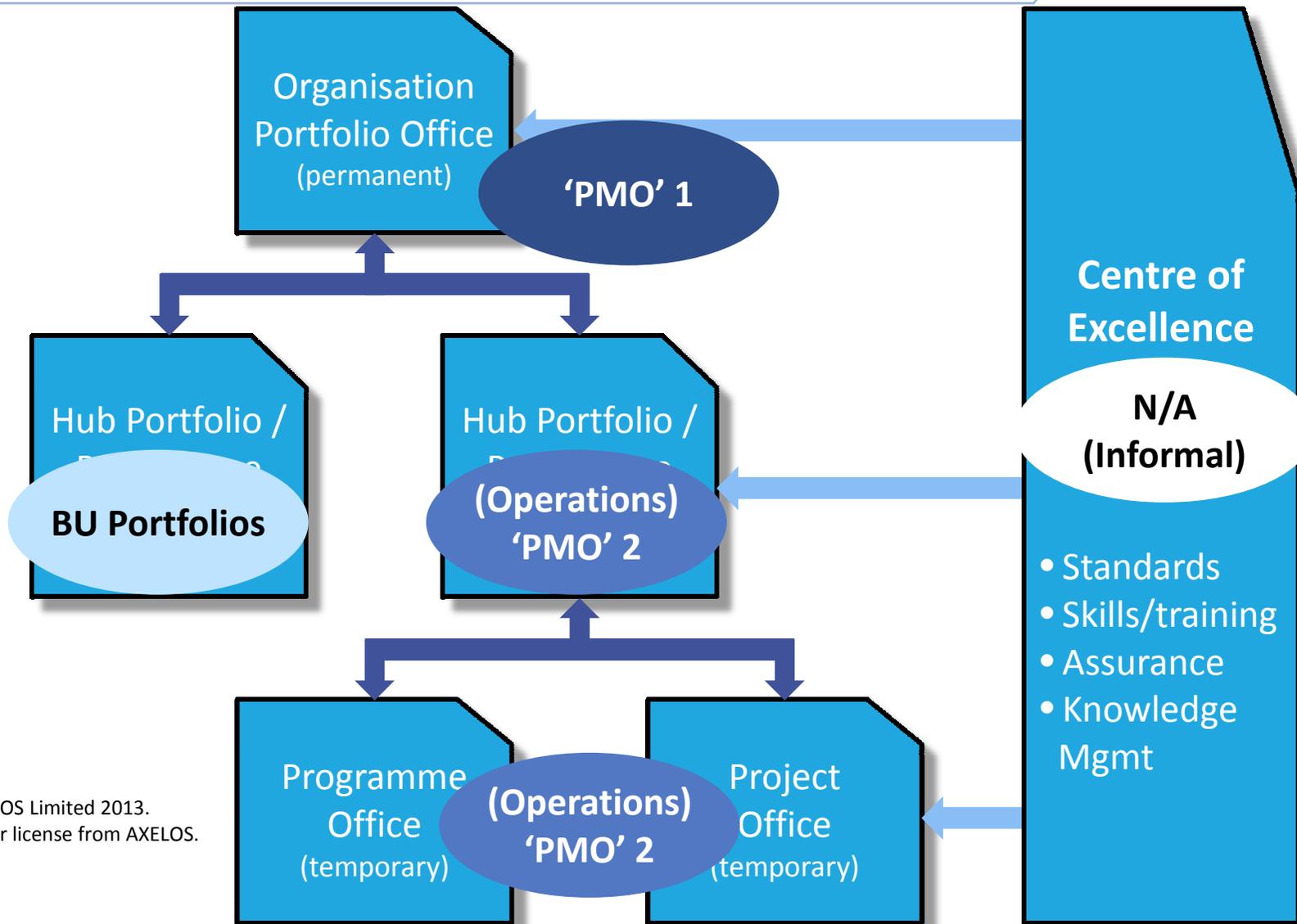
“Projects appear on our doorstep”

“Reluctance to manage expectations and challenge the boss”

“Over ambitious or under resourced”

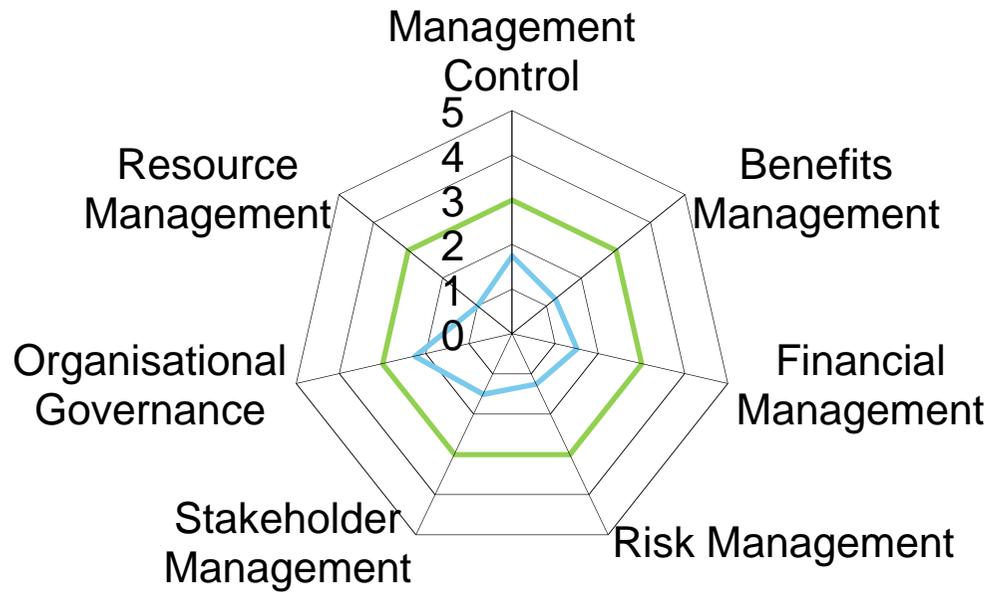
“The PMO is important to us”

PMO mapping onto P3O model



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Portfolio Management



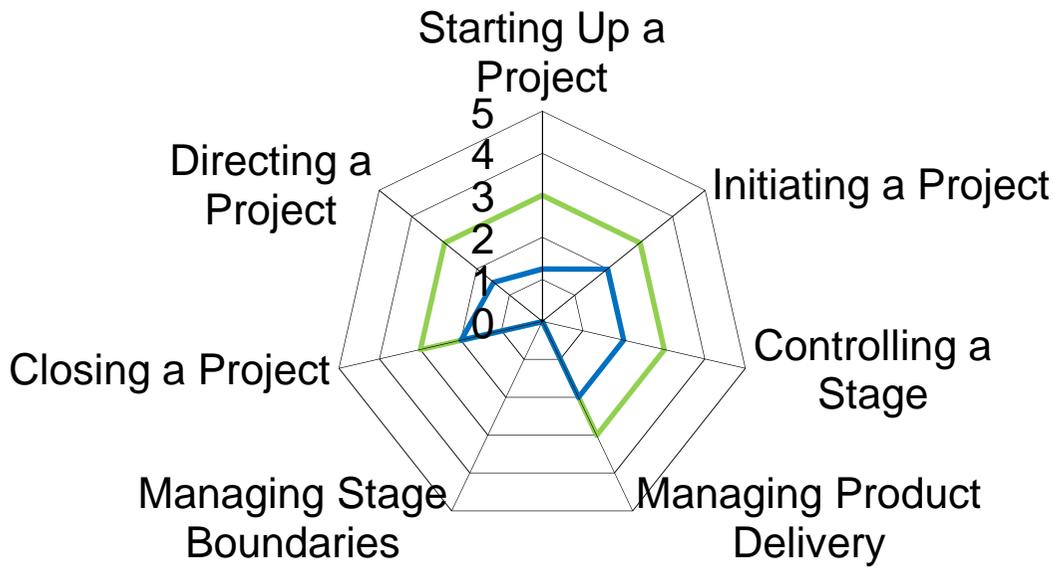
Project Management PRINCE2 Themes

□ Target
□ Maturity

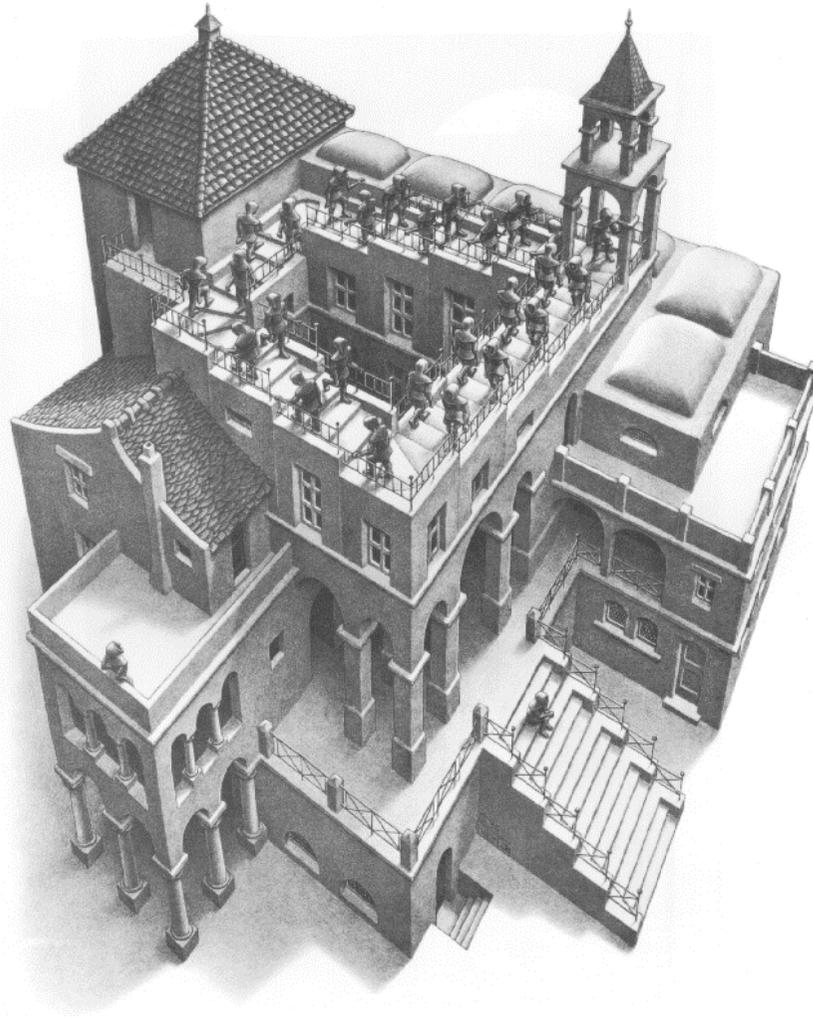


Project Management PRINCE2 Processes

□ Target
□ Maturity



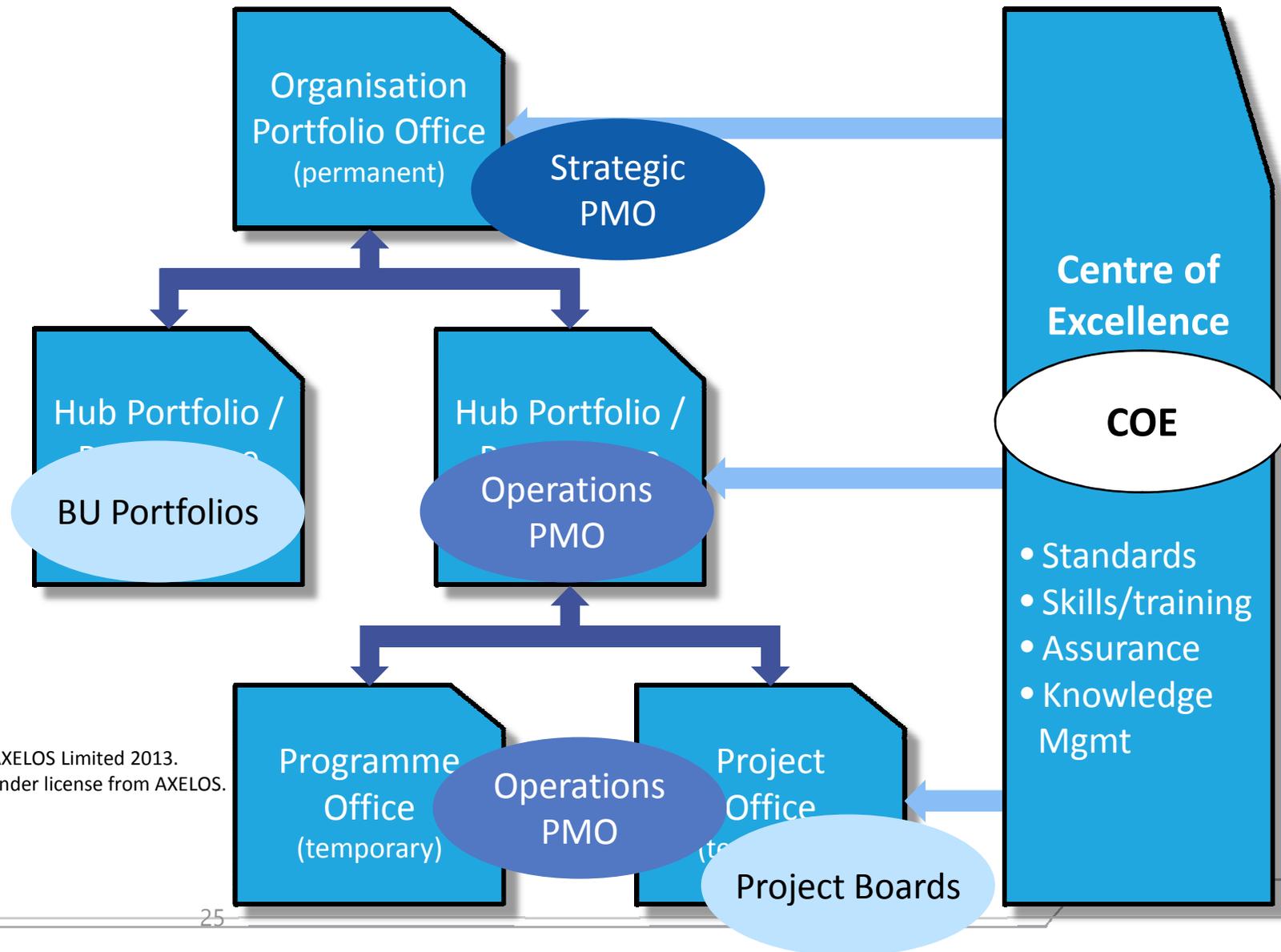
Pivotal Question



- A sense of *'running to stand still'*
 - P30 issues recognised
 - Ambition, workload and resource challenges get priority
- How to break that cycle?



P3O - Target Model



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PMO Governance Report Q4 / 2013

1. Financial	KPI target	Q4	Q1	Q2	Q3
a. Projects/programs completed on time and budget	100%	80%			
b. Projects/programs commenced/initiated within agreed timeframes	90%	100%			
c. PMO run within budget	100%	99%			
2. Customer					
a. Project closed with products in line with acceptance criteria and all products signed off	100%	80%			
b. Stakeholder Satisfaction Rating (phase 2)	10 out of 10	9.2 out of 10			
3. Internal Business Process					
a. Compliance with handbook processes	90%	98%			
b. Projects prioritised and classified within portfolio according to PMO classification procedures	90%	100%			
c. Average process maturity – 6 to 12 monthly (estimate)	3.5	3			
d. PMO process review meetings and continuous improvement actions progressed every month	100%	100%			
4. Learning and Growth					
a. Project Manager satisfaction with process/es, training in the processes and Involvement in the improvement process – 6 monthly	60%				
b. % of staff achieving agreed formal certifications or completing specified training in line with annual training plan	100%				
c. Relevant use of documented lessons learnt and templates in new projects	60%	75%			



Project Health Check

<Project>

<customer>

Version X, date
<author>

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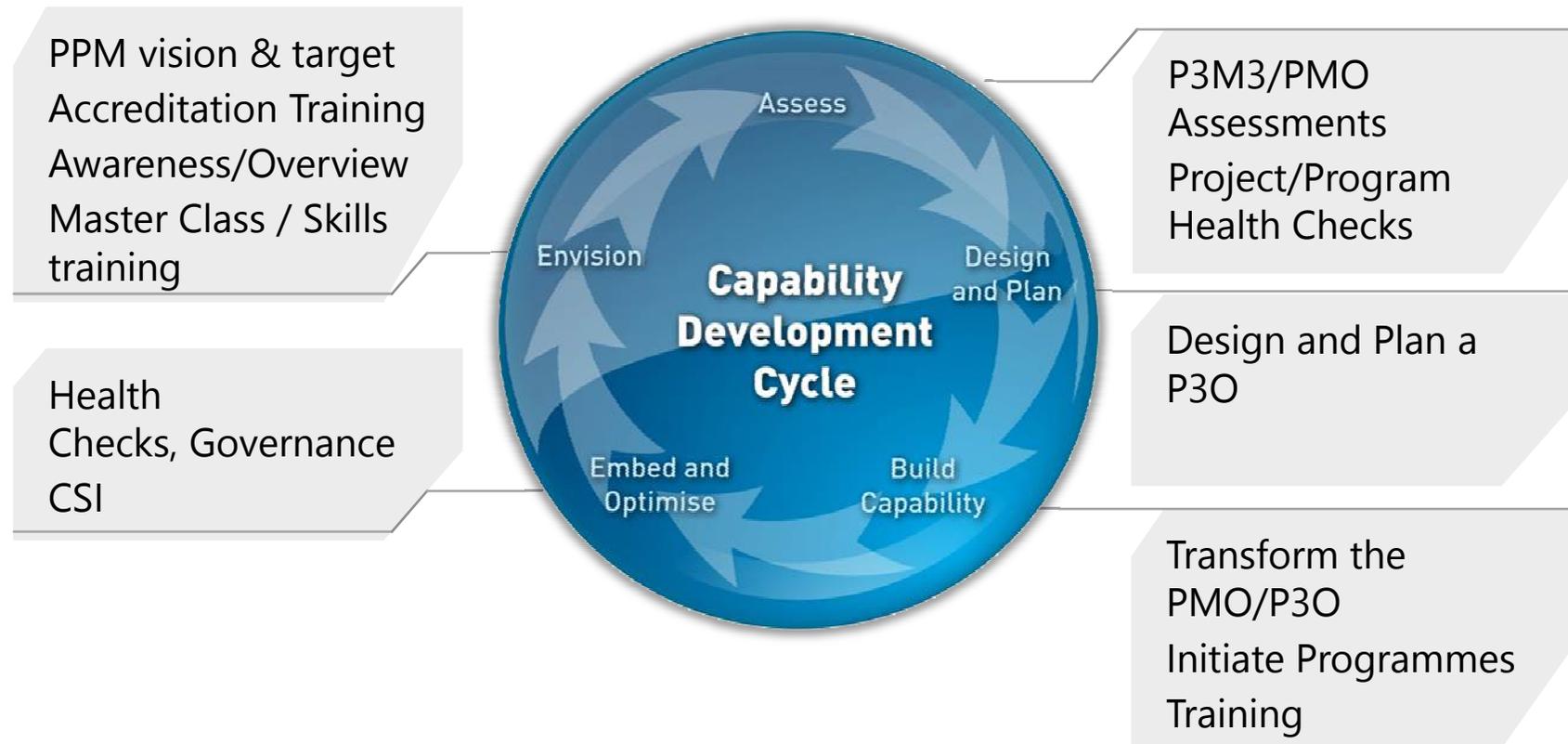
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Govern and continually improve People, Process and tool aspects of P3O best practices



Thank You !



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