WHITE PAPER

KEYEDIN™ PROJECTS

BEST PRACTICES FOR IMPROVING PPM AND PMO PERFORMANCE

How to improve the efficiency, productivity and return on investment in your PPM and PMO investments

Topics included in this paper

- The high cost of project failure
- Best practices in resource management – how to optimize the team
- Best practices in operations and metrics – how to create efficient processes
- Best practices in automation – how to deploy effective technology

Introduction

CHALLENGES:

- THERE IS A HIGH COST OF PROJECT FAILURE FACED BY ORGANIZATIONS OF ALL SIZES
- LACK OF ACTIONABLE DATA INHIBITS PPM AND PMO SUCCESS
- PROJECT CATEGORIZATION AND RESOURCE MANAGEMENT ARE DIFFICULT WITHOUT THE RIGHT TOOLS

TAKEAWAYS:

- THE THREE MOST IMPORTANT BEST PRACTICES AREAS IN PPM/PMO ARE RESOURCE MANAGEMENT, OPERATIONS AND METRICS, AND AUTOMATION
- STRATEGIC PROJECT CATEGORIZATION AND SELECTION IS A HALLMARK OF AN EFFECTIVE PPM STRATEGY
- THE RIGHT TECHNOLOGY SOLUTION CAN MAKE A LARGE DIFFERENCE IN YOUR ABILITY TO ACHIEVE SOLID ROI AND MEET YOUR PPM AND PMO OBJECTIVES

There is a high cost associated with not getting project strategy and execution right. The 2013 publication, *Why Projects Fail* presented a number of shocking examples about costly project management implementations:

- J.C. Penny – $1B
- New Zealand – Ministry of Education – $30M
- State of California – $254M
- Marin County – $33M
- Boeing Commercial – up to $18B
- Northern Rock Asset Management – $400M
- U.S. Air Force – $1B
- Knight Capital – $400M

Another unfortunate statistic: about half of all PMOs either close within 3 years or are considered to be implementation failures. Hopefully, you are not one of them. One of the keys to make sure that your organization doesn't face such financial perils is to make sure your PPM and PMO strategies are all in alignment and that you consistently follow the best practices outlined in this paper.

While there are a myriad of smaller challenges faced by PPM and PMO initiatives, here are five of the major issues we often see:

1. Maintaining Visibility at all Levels – from the individual project to the entire portfolio.
2. Ensuring Governance – with consistent and predictable methods, processes, and reporting.
3. Effective Resource Management – some organizations have issues with who is the right person(s) for particular projects/tasks as well as how the total personnel capacity and utilization is balanced across the enterprise.
4. Real Time Status – of projects deliverables.
5. Reasonable Time to "Go Live" – companies that are in dynamic markets don't have the luxury of long PMO implementation schedules.

Best practices in resource management – how to optimize the team

We will begin our discussion on best practices with what is perhaps the most important element of the PPM and PMO strategy – the correct utilization of your human assets. Unless you get this aspect right, even the best processes and technology won't be effective.

ROLE	CHALLENGES
CFO/CIO/CTO	• Cope with reduced budgets and increased expectations • Meet productivity goals consistently • Align business goals and projects • Use reliable measures to determine whether teams are really working on the 'right' projects • Put out fires and cut costs that prevent proactive planning
Portfolio/Program Manager	• Prioritize initiatives, resources, and assets across the project portfolio • Assess and communicate portfolio, program and project status • Identify and manage inter-project dependencies • Ensure consistent processes across projects • Optimize key resources across projects
Project/Resource Manager	• Manage the project delivery process • Manage project outcomes and assess project status • Manage scope, planning, verification and change • Manage resource demand and supply • Maximize resource utilization and minimize bench time
Team Member	• Understand day-to-day project workloads • Input project timesheets and expenses • Access project documentation

The Project Portfolio Management team must focus on the right objectives, have a clear set of responsibilities, and be accountable for the management of the entire project portfolio process. Specific activities of the PPM team include:

- Portfolio definition and strategy alignment
- Resource and business capability analysis
- Portfolio selection, prioritization, and authorization
- Portfolio execution and monitoring

The PPM team is also responsible for translating strategic decisions into a practical workable portfolio of projects as well as communicating the status both up the executive stream and down to the PMO. The PPM Team also supports core programs and project management by making sure the business is focused on the right projects. The team also brings together the organization's full complement of projects and their related resource needs and allocations, risks, benefits, schedules, issues, and scope. The relationship of the PPM and PMO team is crucial for bridging the strategic and operational divide.

Gaining executive sponsorship early is key to protecting and maintaining the level of success you have already achieved. Consistent education is needed in order to accomplish this. It is important for the executives in your organization to understand that the PPM initiatives and PMO organization are there to support (but never hinder) executive decision making. PPM/PMO is a strategic approach, driven from the top to establish accountability and credibility early.

Because executive sponsorship and buy-in are critical, never delegate this responsibility downstream. Executive sponsors need to understand the ROI that can be delivered from PPM and they should have profit and loss (P&L) responsibility and/or Board influence – hopefully both. If possible, one or more executive sponsors should sit on the PPM Team and represent their interests. Long term support is only viable if the executive sponsor has visibility and remains engaged.

Best practices in operations and metrics – how to create efficient processes

The second critical facet of a successful PPM/PMO strategy is to create processes that streamline operations and lead to solid return on investment (ROI). When we talk about best practices in PPM and PMO, it is worthwhile to start with a set of design criteria. Here are six of the most important:

1. Repeatable – Consistency is the key.
2. Flexible – Processes can be customized as necessary.
3. Accountable – Identified owners with clearly defined responsibilities.
4. Sustainable – Built for today and for the future.
5. Measureable – Metrics are established and monitored with clearly defined KPIs.
6. Scalable – Able to absorb large increases in projects and portfolios without breaking the system.

One of the barriers to designing effective processes is the absence of quality data. Sometimes this is about the headache of getting the data, but it can also be about the problems of trying to make sense of too much data that has no effective use. Poor data can be as bad as no data, or as the old saying goes: garbage in = garbage out (GIGO). Here are three questions to help you avoid the GIGO phenomenon and guide you in determining if data management is a serious problem:

- Do you really have a complete picture of the demands being made on the business, your team, and yourself as you try to support the organization?
- Do projects come at you from multiple directions without regard to whether or not you have the capability to deliver on them?
- Do you have enough data to allow you to quickly and smartly reprioritize the use of resources?

To avoid these headaches, real-time information is critical to anyone who manages complex, multi-project environments requiring quick decisions. Poor access to real-time information is a key factor in why many projects fail; real-time is about the speed and accuracy of decision making. To be effective, you need to be able to make the following decisions quickly.

- What mitigation can we take if we go over budget?
- What action do we take if the project is behind schedule?
- How much new business can we take on?
- How fast can we modify the product roadmap, if necessary?

The best criteria for the data that drives these decisions are speed, reliability, and visibility of information. But what stops us from collecting the right data and inhibits the flow of real-time information?

- Single-user-centric tools – spreadsheets and project planning tools that are divorced from the business.
- Silos and isolated departments – including a territorial interpretation of information.
- Poor communication – due to different interpretation from different data sources, disparate technical data infrastructures, isolated knowledge centers, and ring fencing/black boxing knowledge.

Fortunately, there are four steps that you can take to overcome these barriers and data inhibitors:

1. Institute a single centralized data source.
2. Use a web-based management application.
3. Implement centralized milestone tracking capability.
4. Use role-based dashboards to break through management layers.

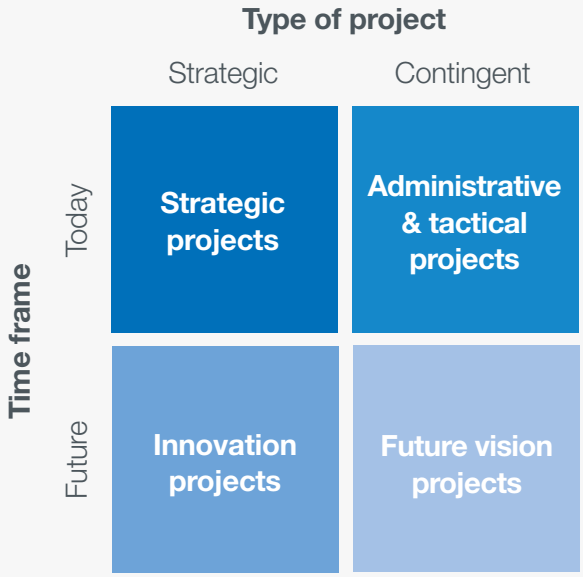
The idea behind effective project governance is to build a framework which enables the business to deliver on its commitment and objectives while at the same time instituting two-way accountability between the business and the project delivery process. Essentially, project governance is about building an accountability framework, practicing behavior in the delivery process, distributing various types and levels of responsibility, and bringing these items together into an organizational decision making framework.

As mentioned before, these practices should be embedded within the PPM via the speed, reliability, and visibility of information. Good project governance flows naturally from a formalized decision making infrastructure to milestone management and coordinating the entire portfolio of projects. Good project governance is not an isolated discipline, but rather a by-product of the best practices in PPM and PMO that we are discussing.

Milestone management is central to ensuring that decisions are made the same way up and down the organization and by the right people and identifying and monitoring accountability at all layers of management, including strategic management and operational management. You need to retain control over what the business has agreed to deliver, align the strategy with the project delivery process, drive delivery, and provide the ability to see whether projects are on time, why projects have been moved, who moved them, and the impact of these changes.

An essential part of portfolio selection and prioritization is the ability to categorize accurately. In order to do so, you must look at long-term strategic orientation as well as operational impact. Prioritization criteria focus on both tangible and intangible benefits and measure the values of the individual and aggregate projects. It is important to select the most value-producing projects for execution with a balance between low- and high-risk and long-, medium-, and short-term.

Tactical projects deliver competitive advantage today with low-risk. Administrative projects deliver on currently promised service levels and support strategic projects with low-risk. Strategic projects deliver competitive advantage in the future but they are often high-risk and require high skill levels to complete. Innovation projects are smaller and may deliver competitive advantage tomorrow. They are also high-risk and require highly skilled practitioners. Future vision projects are contingent upon strategic and innovation projects. They tend to be high-risk and require advanced skills.



After projects have been categorized, the approval process is where you determine the actual work to be funded, prioritized, allocated, and resourced. The primary objectives of the approval process are: deliver the highest overall value, build a project registry with a detailed inventory of projects, develop a value ranking, or score, for each project against tactical criteria and strategic objectives, identify risks vs. benefits, and optimize the portfolio mix by asking whether the project is worth doing, which aspects are achievable, whether there is enough capability and capacity to deliver, and what risks (strategic, operational, market, legal, etc.) are involved. The portfolio plan is then ready to be approved and published to the business.

Best practices in automation – how to deploy effective technology

The third critical element of PPM and PMO performance is the technology that supports your people and processes. If you tend to run your project operations via spreadsheets, whilst they can be a useful tool in limited situations, they tend to create silos of data which are unhealthy to the overall PPM and PMO mandate.

The same issues are true with using tools like MS Projects which tend to have good results on the micro level, but perhaps not so good in a top-down strategic-driven organization. Instead of digging through MS Project Plans or a bunch of spreadsheets, it is better to receive the appropriate amount of the data you need via a dashboard that is customized for your role in the organization.

For example, dashboards aimed at senior project managers should contain: a list of the individual's projects, timesheets by resume and project, demand by role, task reviews, current issues, and monthly utilization. By contrast, a dashboard aimed at executives would include categories like: overall portfolio performance, resource utilization overview, major milestones, and red-flag issues.

Your technology solution should support the following essential features:

- **Role-Based Dashboards** – drill down and up capabilities across all business levels; executive, portfolio, and program dashboards; project, resource, personal, and team dashboards; and out-of-the-box and configurable dashboards.

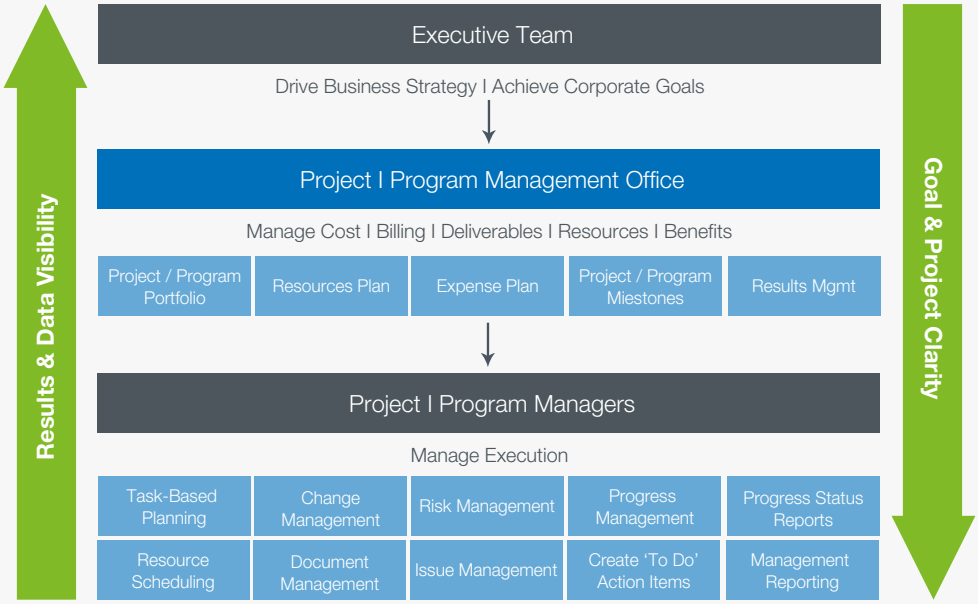
- **Portfolio Management** – governance, strategy alignment, and milestone tracking; portfolio inventory/registry and ideas management; portfolio selection, prioritization, and evaluation; red-yellow-green status and reporting; and “what if” scenario modeling.
- **Resource Management** – capacity planning; supply and demand management; resource scheduling; and team management.
- **Program/Project Management** – consolidate multi-project interdependencies, inventory information, project scheduling, planning, and life cycle management; deliverables, milestones, activities, work packages, and tasks; upstream and downstream reporting of consolidated project activity; and tracking budgets, revenue, and project costs.
- **Timesheet Management**
- **Budget and Financial Management**
- **Ideas and Scope Management**
- **Procurement & Contractor Management**
- **Risk Management**
- **Workflow Management and Process Control**
- **Document Management**

How KeyedIn Projects can help

If you are struggling with any of the above, it is probably time for you take a good look at how technology can help. To get every aspect of your PMO strategy right, including following the best practices outlined in this document, you not only need great information and proper resource allocation, but also a software solution that is designed to create business value. Preferably you want a system that enables project management, portfolio management, and program management. This is a far better concept than buying individual solutions for each discipline. Equally important is to use a system that enables both a top down strategic approach and a bottom up execution led approach.

At KeyedIn, we recommend adopting a business strategy led approach. By providing the PMO and executive team with a pragmatic, information focused solution, we are able to help you quickly deliver clarity and visibility and avoid the date headaches talked about earlier. By focusing attention on the precise data the team needs to make decisions, value is added in a very short timeframe.

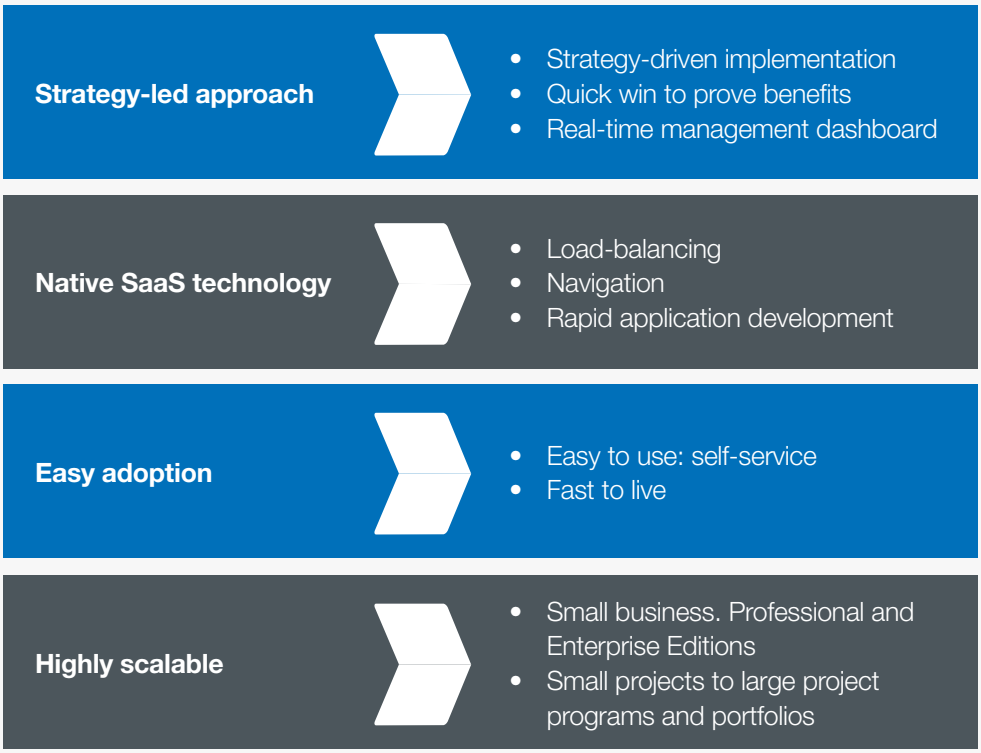
Planning is based around breaking down the project into elements – defining milestones that are deliverable and ensuring that all planning, measurement, and control is focused on delivering measureable results. We still have the tools, time and expense systems, planning boards, and resource allocation available – but we always encourage our clients to use these as needed rather than making them the central point.



The KeyedIn™ comprehensive PMO model

KeyedIn software provides an executive view (oversight) into the organization's project or program portfolio – typing projects and programs to overall corporate objectives and strategies, but also giving leaders a way to monitor and measure accountabilities. While many competitive offerings have adjusted their existing applications for the web, we re-wrote our project management solutions for cloud deployment. They are true native and multi-tenant SaaS-based applications. We took out decades of project management domain experience and combined it with the unique technical requirements of SaaS to ensure performance, usability, and scalability.

We built a product for you that is easy to use and fast to implement – all at a fraction of the cost of on-premise systems. We've done so for organizations ranging from small businesses with a handful of projects to global enterprises with thousands. More importantly, we have done so by delivering functionality that makes it efficient and fast for everyone.



Benefits of the KeyedIn™ PMO/PPM solution

About KeyedIn™ Solutions

KeyedIn Solutions is focused on helping organizations simplify processes, improve performance and drive results. The company's Cloud-based software systems not only offer greater flexibility, but effectively scale as business needs dictate and can be implemented quickly, delivering a measurable ROI months, or even years ahead of on-premise systems. And KeyedIn offers a true SaaS model, making its solutions affordable for every budget.

KeyedIn Manufacturing is an ERP system that helps custom manufacturers work smarter so they can increase productivity and bring new products to market quickly, for a distinct competitive advantage. KeyedIn Projects, the company's project management suite, helps businesses and professional services organizations improve everything from project initiation to execution by managing programs based on top-line strategy and delivering profitable projects to the bottom line. And when new solutions need to be developed quickly, KeyedIn clients turn to KeyedIn Flex, the company's rapid application development (RAD) platform for affordable applications designed just for them.

When businesses need results fast, they look to the Cloud – and turn to KeyedIn Solutions. You should too. Keep up with us at **www.keyedin.com**

KEYEDIN™ PROJECTS

Driving Business Performance with Cloud Solutions

Part of the KeyedIn Solutions Business Portfolio

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