

## Executive Summary

The biggest challenge for business leaders today is making sure initiatives that are undertaken at the project level are aligned with the strategic and financial goals of their organizations. Unfortunately, business leaders who recognize the need to use tools to validate the business case of every initiative are finding relatively few truly viable options. Organizations looking to implement a project and portfolio management (PPM) solution to help ensure they pursue only those projects that provide the greatest business value are faced with a confusing array of solution options—many of which will only advance them part way toward their goal.

### Making Data-Driven Decisions

Business leaders need reliable and up-to-date information. When markets are down and budgets are tight, the need for trustworthy information becomes critical. The challenge for executives is not obtaining more information, but obtaining the right information. Many are surprised to find the solution requires a systemic approach that addresses the tactical needs of project teams, in concert with the strategic and business intelligence needs of executive decision-makers.

Creating a formalized process for evaluating potential and current projects based on alignment to corporate strategic and financial goals is the first step. Regrettably, in most organizations it's the squeaky wheel that gets the grease. In other words, if a powerful stakeholder has a project he or she supports it is more likely to be approved, regardless of whether or not the project provides the greatest business value. Establishing a process that requires every potential project to meet pre-determined criteria for acceptance gives executives confidence that they are making data-driven decisions and not just appeasing an influential stakeholder.

Depending on the size of the project in question, decisions based on a proponent's influence can get expensive. In fact, because 70-80% of projects fail to meet objectives, making decisions without a formalized process for evaluating the business value of potential projects can be very costly. History has taught us there are some common questions that should be asked about every potential project:

- *What are the high-level objectives of the project?* It's not uncommon for a project to morph into something very different from what was originally intended. Specifically identifying the desired outcome of every project helps project teams, sponsors, and stakeholders remain focused
- *What are the estimated costs of the project; what are the anticipated rewards?* Without the answers to these questions, it is difficult to determine if the proposed project will provide any business value, let alone the greatest business value

- *Does the proposed project align with the mission, vision, and values of the organization?* Individual projects must represent the execution of strategic direction and financial goals if the desired result is to maximize ROI
- *What risks are associated with pursuing the project under consideration?* If risks can be identified and evaluated while the project is still in the consideration process, actions can be taken to mitigate risk and increase a project's probability of success

Establishing a formalized evaluation process for potential projects makes it possible for business leaders to prioritize and weight initiatives to determine if they are worth pursuing. You can characterize the process of compiling evaluation information into a potential project proposal as 'building a business case.' Once a business case has been created, the next step involves evaluating the proposed demands on the organization and determining if adequate resources are available to pursue the initiative, given other potential and previously approved initiatives.

### Managing and Allocating Resources

After the goals, costs, alignment, and risks of a proposed project have been assessed, management can objectively evaluate whether or not sufficient resources are available to execute on the project. In a perfect world, every project that could provide business value would be initiated. However, the limits of available resources force executives to make the hard decisions regarding which projects to take on and which to postpone or abandon.

Best-fit capacity planning is critical as resource pools become constrained. Creating "what if" scenarios that can be pushed around a timeline to determine which projects are feasible allows decision-makers to consider the resource implications of every project objectively. Understanding the value of potential initiatives measured against available resources makes it possible to prioritize projects and optimize the value of an organization's portfolio of projects.

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## Prioritizing and Optimizing

This is where the rubber hits the road. By weighting proposed projects, organizations can take a strategic approach to project implementation. Executives must consider risk tolerance, the importance of return, total costs, and each project's alignment to the mission, vision, and values of their organization, and make a comparison to the data provided in the business case. Giving each potential project a comparative ranking based upon those metrics is the final step when evaluating one project against another, and ultimately determining which projects are worth pursuing.

## Project Execution and the “Disconnect”

Corporations struggle when portfolio initiatives fail to align with overall strategic vision. Executives need visibility into what's happening at the project level in order to make informed decisions about an individual project's contribution to the overall objectives of the organization. For project-level information to be meaningful, it must reflect what's happening right now, not yesterday, last week, or last month.

Executive reports or dashboards that reflect out-of-date information are only valuable to retrospectively evaluate what happened—they are of no use when making proactive decisions that depend upon knowledge of what's happening right now. In markets that demand quick and decisive action to maintain corporate viability, those that have access to up-to-date and accurate information are in a better position to succeed in any market—even a market in turmoil.

Doing this requires more than a dedicated project manager who diligently updates project status reports daily or weekly; it requires that the information decision-makers see is updated immediately every time a task is completed by the project team. Unfortunately, this is one area where most PPM solutions fall short.

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## Building Bridges—It Takes a Team

The dirty little secret of project and portfolio management is that much of the available software is so difficult to use that few people do. Any solution that doesn't address this will never be able to

provide all the up-to-date information required by corporate decision-makers.

With information generated by project teams on the front line being so critical to the success or failure of an organization's objectives, it doesn't make sense to force them to learn a new set of complicated procedures in order to participate in the PPM process. Individual project team members should not be required to become project management experts, nor should collecting the data crucial to corporate viability create an intrusive impact on their particular job role. A solution that makes it possible for team members to update task status with minimal impact on their workday makes it possible for business leaders to have immediate access to the information they need to make informed decisions. This is because individual team members can do what they do best without getting distracted by project management methodology.

Taking a systemic approach that ensures project execution aligns with corporate strategy requires a solution that addresses reporting and business intelligence needs, along with requisite collaboration and project management needs. As organizations seek to implement project and portfolio management methodologies to increase productivity and reduce costs, any solution that does not meet these criteria will ultimately fail.

## About the Author

Ty Kiisel writes about project and portfolio management for @task, a leading provider of project and portfolio management solutions.

## About AtTask Inc.

The @task (<http://www.attask.com>) project and portfolio management (PPM) solution focuses all knowledge workers on those activities that make them and their company more effective, innovative, and competitive. This platform-independent and multilingual solution increases efficiency for small- to medium-sized businesses and Fortune 500 companies across the globe. @task's clients include Cisco Systems, GE Healthcare, Google, Hawaiian Airlines, HBO, Interpol, Johnson & Johnson, Merck, Rawlings, Toyota, and Whirlpool.

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