

Executive Summary

A balanced investment strategy is the most successful approach for maximizing return while reducing risk in an investment portfolio—maximizing return while minimizing risk. The same approach applies to the successful management of an organization's project portfolio—an understanding of the company's risk tolerance and an execution that aligns with overall strategic and financial goals.

A Balanced Portfolio Investment Strategy

An experienced financial advisor will tell you that a balanced investment strategy is the most successful approach for maximizing return while reducing risk in your investment portfolio. The investor works to balance return and risk by diversifying investments in both high risk/high return and low risk/low return opportunities. Understanding each investor's overall risk tolerance is crucial to crafting a meaningful investment strategy.

Successfully managing an organization's project portfolio to maximize return while reducing risk requires the same approach—an understanding of the organization's risk tolerance, an investment strategy that takes that tolerance into account, and an execution that aligns with the organization's strategic and financial goals.

Your PPM Investment - Better Safe than Sorry?

Maybe not.

"Actually, it's not always 'better to be safe than sorry.' Value-driven risk management acknowledges that some risks are positive opportunities to be pursued, while others aren't worth worrying too much about, given their likelihood of occurring," says David Hilson, PMP, in a recent article for Projects@Work.

The first step to evaluating the viability of any project is to determine its potential value, based upon pre-determined metrics that reflect:

- The project goals
- The project costs
- The project's alignment to the mission and vision of the organization
- The associated risks and mitigation plans

Pre-determined metrics for evaluating project objectives, risks, business value, and alignment to organizational strategic and financial goals enable project decision-makers to manage technology and implement systems in a disciplined way that balances the need for positive return from investments with the

costs associated with maintaining an innovative and productive line of business.

Maximizing Project Investments From the Ground Up

Any company can keep people busy—however, focusing on the initiatives that best align with company strategic and financial goals allows business leaders to focus on those initiatives that provide the greatest value to their organizations. Choosing the right projects to work on can make the difference between a successful business and one that struggles.

"Poor decisions lead to bad investments, or an abundance of activity in one area at the expense of missed opportunities in another," suggests project management expert Patrick Gray.

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A project evaluation process that utilizes pre-determined metrics for evaluating potential projects enables organizations to validate the initiatives they are working on from the ground up. The best time to determine the viability of any project is before its begun. Keenan Wagner, Director of IT for Washington State Employees Credit Union (WSECU), suggests, "When potential projects are evaluated against a pre-determined standard, it makes project selection easier. Standardizing the project selection process enables us [WSECU] to make decisions based upon accurate and reliable information. Reviewing the data makes decisions concerning which initiatives should be pursued and which projects should be abandoned obvious."

Align Project Selection with Organizational Goals

A strategic approach to project investment enables organizations to innovate and still focus on initiatives that will help differentiate them from their competitors—increasing market share and profitability. Focusing on innovation and increased market share requires that companies are able to align initiatives taken at the project level to corporate strategy. The challenge

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becomes establishing a process for evaluating potential initiatives, prioritizing approved projects based on sound objectives, and executing the project in a way that aligns with overall corporate strategy.

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@task gives project decision makers the ability to increase productivity and reduce costs by linking the strategic vision and objectives of their portfolios with project execution. Organizations are able to validate

every initiative, evaluate potential projects based on sound strategic and financial objectives, and promote and execute on only the ones that provide the greatest value—allowing optimized project investment.

Evaluate the Merits of Every Project

Develop a business case for every proposed project that includes all the information needed to guarantee potential and current projects align with corporate strategic and financial goals. This enables decision makers to evaluate projects based upon:

- Risk
- Alignment
- Benefit and Value
- Resource Estimates
- Cost and Potential Reward

“Senior management is taking a lot more time looking at every project, not just the high-profile initiatives,” says Wagner of WSECU. “Too many companies have failed because they didn’t have visibility into every project. @task provides the executive visibility we need to validate every initiative we undertake.”

Managing Demand is Critical to Maximize Resources

@task allows decision makers to do a first pass evaluation of a potential project’s resource requirements and determine if the estimated value, costs, and risks of the project justify the allocation of resources, enabling project teams to deliver maximum value despite shrinking budgets.

@task’s smart-seeding of potential projects lets decision makers automatically prioritize potential initiatives based on alignment to the criteria deemed most important by their organization,

formalizing the initiative submission process and allowing executives to make decisions based upon reliable and accurate information.

Data-Driven Decisions Protect Project Investment

The best way to make intelligent decisions in any economic climate is to give decision makers access to the most reliable and current information available.

“@task is a godsend,” says Wagner. “It allows us to look at everything side-by-side and prepare reports we can hand off to senior management so they can tell us where they want us to go.”

“Organizations around the world turn to @task to validate every initiative and understand the impact of every potential project to maximize their resources,” says Scott Johnson, CEO of AtTask. “@task provides the project and portfolio transparency and accountability needed to focus on those projects that will provide the greatest benefit to their business.”

@task’s PPM solution helps organizations better manage their project portfolios and resources to achieve business objectives with a formalized process, demand management, project prioritization and selection—helping bridge the strategic goals of the organization and the implementation and execution deliverables of project teams; reducing risk and safeguarding project investments.

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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