

## editorial

**Monitor your project, you will always get something out of it !**

In business, anything can be a project! Overwhelmed with too many projects, often quite different in nature, or simply lacking efficiency and tangible results, both corporate managers and operational managers have a hard time avoiding conflicts of resources and creating long-lasting efficient ties between project teams and the general management, and those between the project goals and long-term corporate strategies. Moreover, they often have difficulty in keeping them on an even keel and settling conflicts calmly and confidently.

In spite of all, accepting without doubt that living in project mode has long since been a source of vision and a key to managing risks.

Furthermore, it is essential to advance the principle, and having it shared by operational management and functional management, that we must optimize time and resources if we were to fuel continuous adaptations of organizations, which are indispensable to meet performance objectives.

Take decisions and manage conflicts calmly and confidently - Insist on the importance of sharing resources in corporate communications - Do not hesitate to "cross out" or postpone a project at any time (after carefully weighing up its consequences) - Be ready to integrate a new project to an existing portfolio - Give each project a chance to succeed and have a life on its own - Know to limit the number of projects if necessary.

All this is what operating in project mode and steering a portfolio really means.

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## Managing a project portfolio: winning practices

### Always keep the size of your portfolio under control

#### Project Mode is a reality

We no longer need to prove the efficiency of managing in Project Mode. Most companies have clarified procedures, roles, responsibilities, and methods in order to manage their projects. They have put in place shared management tools and provided the necessary trainings to develop the competences of the people involved.

#### But too many projects can kill the project

In the absence of clearly established rules shared by operational management and functional management, developing a project organization with too many projects that have to be managed simultaneously can intensify competitions between the concurrent projects and provoke confrontations between the mindsets of those who are directly involved in the project and those who are not. This can lead to unofficial conflict-avoiding arrangements, independent of the will of the general management, thus beyond their control, which can go against the very objectives set out in the project organization itself in the first place.

#### Constantly adjusting the size of the portfolio

The efficiency of an organization operating in Project Mode depends on its overall capacity to choose projects, coordinate and manage conflicts and set priorities regarding which actions to be taken by which entities, i.e., temporary entities (project teams) and/or permanent entities (operational/functional managements), according to the environmental changes of the organization and its financial and human resources.

The companies that obtain the best results are those who have already put in place a workable management process of their project portfolios, and who respect the following three key principles:

Do less  
to do better...  
to do more !

#### Prioritization

Choosing exclusively the projects that contribute best to strategic objectives

#### Focusing

Concentrating available means on a limited number of projects to avoid dispersing resources unnecessarily

#### "De-saturating" overloaded resources

Keep sufficient reserves to cover unforeseen project-generated expenditures (around 10%)

# The three most currently used modes of project-portfolio structuring

Structuring your project portfolio is necessary to make it visible and understandable and to make its monitoring easier. The choice of a structure depends on the environment and priorities of the company, and must:

- deliver meaningful messages and clearly translate the objectives of the company,
- help select projects, make decisions and manage conflicts,
- make it possible to measure returns on investments.

## Structure the portfolio according to the strategic objectives

This structure allows the projects-portfolio to be brought in line with corporate strategies. The investment volumes are allocated according to strategic objectives. Candidate projects are put into a “strategic sieve”, which evaluates the nature and the importance of the contribution they would make.

OBJECTIVES	PROJECTS
Market development	Deliver new products • new services
Implementation	Provide additional services or products Improve their quality
Growth	Increase the capacity of the information system and equipment
Productivity	Reduce process time and cycles Automate manual works

## Structuring the portfolio according to the range of products/services

This structure allows the projects portfolio to be linked with the marketing and sales strategies. Investment volumes are allocated according to products/services family. The company is free to tailor the objectives to the needs of each family group, as they can differ widely from one family to another. Projects for each family of products or services are then selected according to their contributions to the objectives within the global budget of allocated means.

RANGE	PROJECTS
Range 1	Innovative product development • Range adaptation Productivity, cost reduction
Range 2	Innovative product development • Range adaptation Productivity, cost reduction
Range X	Innovative product development • Range adaptation Productivity, cost reduction

## Feedback Experience

### Starting point

A rapidly expanding company, confronted by an increasing number of projects with three major objectives in view: launching new products, improving industrial productivity, and developing its technological base.

The director’s comments: “When we start feeling the need to set priorities on projects, we are no longer on ‘neutral ground’; the people involved already had different viewpoints and diverging interests.

Then, how can we construct, or should we rather say readjust, in the minds of the people involved and more concretely in terms of management processes, a tool that had hitherto served to respond to emergencies and short-term compromises, to a tool based on a strategic thinking and a wilful course of action?”.

## Structuring the portfolio according to the time factor

This structure allows the general management to watch over the balance of investments in three time scales: short, medium, and long terms. Investments are divided into these three categories depending on their relevance to the following criteria:

- Supporting and developing current activities (short-term yield),
- Starting new activities (medium-term yield),
- Identifying future activities (long-term yield).

TIME-SCALE	PROJECTS
Short term	Productivity, Cost reduction • Rationalization of product range • Adaptation of existing products Creation of services for existing products
Medium term	Development of new products and services
Long term	Searching for ideas that can be transformed into projects

# from a company on project prioritization

## The approach adopted, based on prior analysis of risks

### 1 • Define prioritization criteria

Construct an analysis matrix to allow vertical assessment of the projects and associated decision-making processes.

### 2 • Ensure the support and involvement of everyone concerned

Individually meet all the people involved (marketing, R&D, production) to measure their levels of support for the approach, agree on

prioritization criteria, exchange opinions on the first attempt to prioritize the projects so as to identify constraints and expectations, thus better anticipate their forthcoming objections.

### 3 • Agree upon high-priority projects

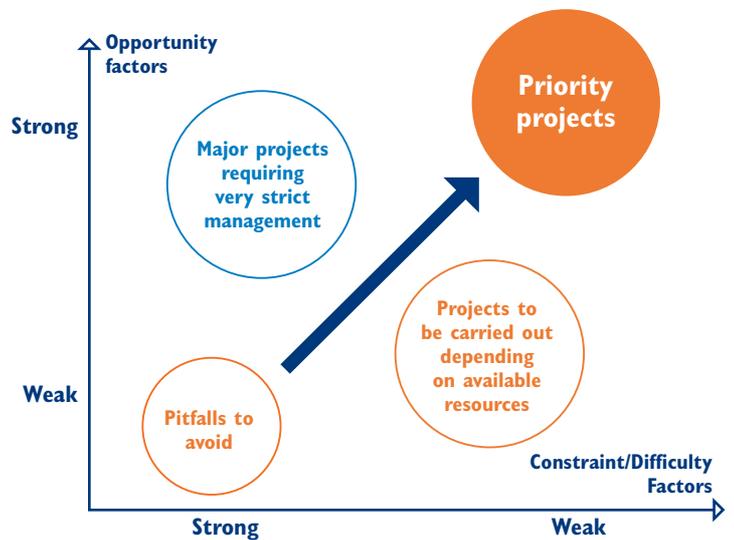
Organize a plenary meeting with all the people involved, in order to compare different ways of thinking and reach a shared view on high priority projects.

#### “OPPORTUNITY” CRITERIA

- **Strategic interest:** the essential need to guarantee the company’s future.
- **Financial gain:** ROI (return on investment).
- **Capacity to implement:** evaluation of technical and industrial assets of the company.

#### “DIFFICULTY/CONSTRAINT” CRITERIA

- **Complexity:** resulting from potential difficulties, whether technical, industrial, organizational, or related to the market or clients.
- **Overload:** caused by resource-consuming projects with high entry costs.
- **Critical deadline:** practically impossible to modify the timeline of the project.



*Don’t depend solely on “Intranet tools” to communicate and make decisions.*

## INTRANET TOOLS AND PROJECT PORTFOLIO

BENEFITS	RISKS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• Make it possible to organize, select and share information between company management, project leaders and team members.</li> <li>• Make it easier to see in real time what stage a project has reached and help decision-making and conflict-solving.</li> <li>• Facilitate collaboration between multi-site teams.</li> <li>• Promote uploading and processing of information and warnings in real time.</li> <li>• Allow the information to be traced and used effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• To rely on these tools alone to process and interpret the incoming information generated by the projects without taking enough time to ensure the coherence of the gathered data in order to identify the “real” problems of the portfolio to be solved and have them confirmed by those involved.</li> <li>• To limit or even eliminate some of the meetings for coordination and conflict management in the case of heavy workload, international projects (different time zones), or syndrome of “meeting-itis” and meeting addiction.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Provide occasions for confrontation</b> (meetings, video conferences, conference calls, depending on the situation) to allow those involved to express their opinions and visions on a problematic situation, in order to tackle the “real” problems of the project portfolio and achieve collective decision-making.</li> <li>• <b>Optimize coordination and conflict-management meetings</b> so that they do not take more than 90 minutes: Come prepared to the meetings with the 10 major current problems identified, and moderate them with an emphasis on decision-making.</li> </ul>

# Create an overall strategic committee to guide the portfolio, but not an additional project steering committee at a higher level!

## Common scenario

Faced with an increasing number of projects to handle, more and more companies choose to set up a strategic committee to help the Board of Directors manage their portfolio.

The strategic committee is expected to:

- make decisions on the start-up of new projects,
- validate the organization for each project,
- control and manage conflicts, if any, between project leaders and departmental heads.

Although the idea seems very attractive, making it work can turn out to be a long and difficult process. The results often fail to match the initial expectations: how many of these committees overrun the allotted time, get lost in project details, and come to an end without producing any real strategic decisions, leaving both decision-makers and project leaders with a shared sense of frustration.

## Recommendations

- 1 - Define precisely the roles and responsibilities of the strategic committee and its interactions with other project steering committees. Do not hesitate to devote time to ensuring that each member of these committees understands and assimilates their complementary roles.
- 2 - Use a single chart in A3 format (see the table below), which clearly indicates the current stages of each project, problem areas and risks to the portfolio as a whole, as well as alternative solutions to these problems.
- 3 - Nominate a 'Program Director' who prepares these committees for discussions and acts as moderator during the meetings, somebody in the organization with a capacity to stand back and take stock from the projects, and who is trusted by the Board members and project leaders alike for his ability to lead those involved to confront each other, negotiate and to make shared decisions.

PROJECTS	Progress in 2005				RISK	PHASE	DECISIONS / ACTIONS
	may	end of may	june	july			
PROJECT-1	Draft Project Start-up OK					Draft project not yet launched, pending validation of the composition of marketing and technical teams	Negotiate and validate the composition of the draft-project team for a start-up meeting at the beginning of June. Determine the scope of the draft project and make sure that the draft project meets its time goal of starting up in October/November
PROJET 2		Security Prototype EFT105 available				Availability of Prototypes EFT105 & EFT20P confirmed at the end of June and in mid-July respectively for the development of their applications prior to licensing. Implementation of 50 pre-production runs at the beginning of August	
PROJET 3	Draft project specifications validated Start-up OK	Software specifications validated				Marketing/technical specifications completed Project not yet launched pending calculation/analysis of feasibility, cost, and timeline needed to validate overall Terms of Reference (ToR) of the project.	Adjust the course of action to follow, taking into account the delay in start-up. Make sure the product is available at the beginning of 2005. Define an action plan and conditions which guarantee that the project start-up meeting will take place at the beginning of June.

## Causes

From experience, the principal causes of these difficulties are as follows:

- The people involved have not sufficiently assimilated the role of this strategic committee and how it is positioned in relation to the Board of Directors and to the Steering Committee of the project itself.
- There is a 'natural' tendency to focus on the stage of development that each project has reached, instead of global and consolidated vision of the entire project portfolio, thus heightening the sense of confusion between its role and that of the other project steering committees in place.
- The insufficient pre-selection and preparation of the subjects to be covered beforehand often "nips in the bud" any attempt at constructive confrontation between the project leaders and functional managers, with the result that too much time is spent discussing projects of lesser importance.



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