

MoP Portfolio management organization

To implement and maintain portfolio management in your organization you need to have senior managers who are committed to portfolio management. The first step will be the institutionalization of a portfolio board. In line with the P3O and MoP theory we see the following portfolio bodies and teams (see Figure 1: Portfolio management organization):

- Portfolio Direction Group or Investment Committee
- Portfolio Progress Group or Change Delivery Committee
- Portfolio Office (permanent)
- Centre of Excellence

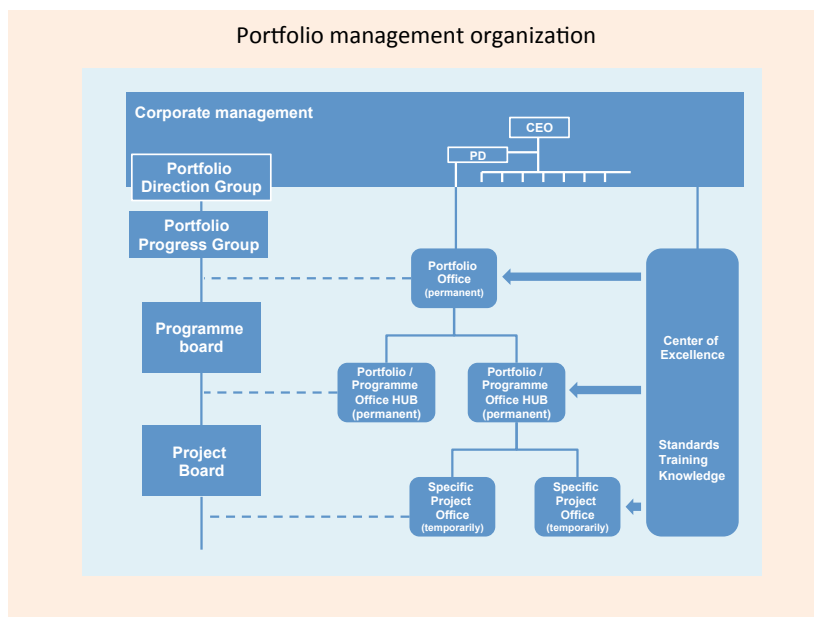


Figure 1: Portfolio management organization

Purpose and responsibilities

Portfolio Direction Group / Investment Committee (PDG/IC)

This is the governance body where decisions about inclusion of initiatives in the portfolio are made.

No initiative should be included within the portfolio or funded without the PDG/IC's approval.

Responsibilities:

- Agree the portfolio management framework
- Approve the portfolio strategy and delivery plan
- Decide on the scope and content of the portfolio
- Ensure that the portfolio is suitably balanced
- Ensure that resources are allocated appropriately
- Ensure that the portfolio development pipeline is adequately balanced
- Ensure that initiatives progress through the pipeline at an adequate speed
- Undertake regular portfolio-level reviews to assess progress
- Review recommendations from the PPG/CDC and make decisions accordingly

- Resolve conflicts between portfolio delivery and BAU which cannot resolved within PPG/CDC
- Promote collaborative working across the organization
- Undertake periodic reviews of the effectiveness of portfolio management

Portfolio Progress Group / Change Delivery Committee (PPG/CDC)

This is the governance body responsible for monitoring portfolio progress and resolving issues that may compromise delivery and benefits realization.

Responsibilities:

- Agree the processes within the portfolio delivery cycle and ensure that they work effectively
- Ensure that all initiatives comply with agreed delivery standards
- Monitor delivery of the portfolio delivery plan including:
 - Ensure effective action is taken to address overspends.
 - Take prompt action to consider reallocating the funds to other initiatives.
 - Review and resolve key portfolio-level issues.
 - Ensure that risks and dependencies are effectively managed.
 - Ensure that limited resources are managed effectively and efficiently.
 - Monitor and approve changes to the benefits forecast.
 - Approve communications on portfolio progress
- Make recommendations to the PDG/IC for the termination of initiatives
- Escalate issues that can't be adequately resolved to the PDG/IC
- Undertake periodic reviews of the effectiveness of portfolio delivery

In figure 2 you can find an example of the set up of these boards. In the Portfolio Direction Group or Investment Committee the Director of Change is the Chairman. Other functions that will mostly be part of this board are: CEO, commercial director and other Directors.

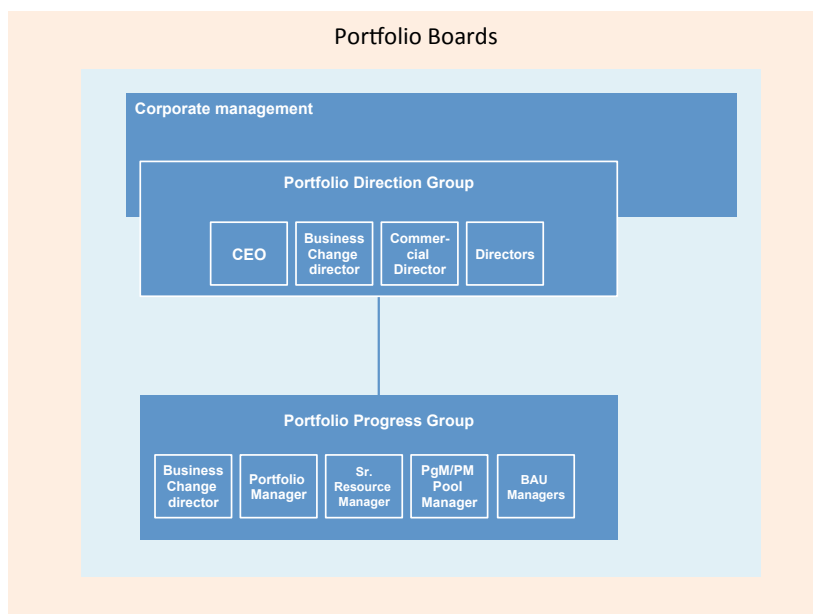


Figure 2: Portfolio Boards

The Director of Change will be the chairman of the Portfolio Progress Group or Change Delivery Committee too. In this group you see in most cases direct reports of the ones sitting in the Portfolio Direction Group (BAU managers). The Director of Change is in most cases the Head of the Portfolio Office. The Portfolio Manager who facilitates this Portfolio Progress Group reports hierarchically to this Director of Change. In some organization this Portfolio Office will have an own pool of project and/or programme managers. If this is not the case it's advisable to invite the head of the pool too.

Depending on the size of your organizations it's possible and advisable to combine both bodies into one Portfolio Board.

Business change director or portfolio director

The business change director or portfolio director is the management board member who is responsible for the portfolio strategy and provides clear leadership and direction through its life. He/she reports to the Chief Executive Officer.

Responsibilities:

- Champions the implementation of portfolio management
- Secures the investment to implement portfolio management
- Provides overall direction and leadership for the implementation and delivery of the portfolio
- Gains relevant management board approval for the portfolio strategy and delivery plan
- Promotes an energized culture that is focused on collaborative working in the interests of the organization as a whole
- Ensures that the portfolio evolves to reflect changed strategic objectives and business priorities and that resources are reallocated where necessary.
- Ensures that the portfolio management practices are documented in a portfolio management framework and that they are amended in the light of lessons learned.

Portfolio manager

The portfolio manager coordinates the effective and efficient operation of the portfolio management practices and provides support to the business change director/portfolio director, PDG/IC and PPG/CDC – including ensuring that they receive the information they require to enable them to discharge their responsibilities.

The portfolio manager reports to the PDG/IC and in particular to the Business change director or Portfolio director.

Responsibilities:

- Drafts the portfolio strategy and delivery plan
- Keeps the portfolio management framework up to date
- Challenge the project and programme managers on their progress reports
- Prepares the regular portfolio dashboard
- Ensures business cases are prepared on a consistent and reliable basis
- Undertakes investment appraisals and reports
- Coordinates portfolio prioritization exercises
- Ensures that dependencies are effectively managed
- Leads on the portfolio communications plan

- Identifies constraints within the portfolio and works to overcome them
- Identifies improvements to the portfolio management practices

Portfolio benefits manager

The portfolio benefits manager ensures that a consistent 'fit for purpose' approach to benefits management is applied across the portfolio and that benefits realization is optimized from the organization's investment in change.

The portfolio benefits manager reports to the Business change director or Portfolio director.

Responsibilities:

- Develops and maintains the portfolio benefits management framework
- Provides training and awareness-sessions on the application of the portfolio benefits management framework
- Ensures that benefits forecasts are consistent with the organization's benefits eligibility rules.
- Promotes effective benefits management practices
- Facilitates benefits-mapping workshops
- Provides advice and support colleagues on benefits forecasts and benefits management strategies
- Provides assurance on the effectiveness of benefits management practices at programme and project level
- Maintains the portfolio-level benefits forecast and ensures that double counting is minimized
- Coordinates the production of the annual portfolio-level benefits realization plan
- Consolidates progress reports for the portfolio dashboard and for periodic portfolio-level reviews
- Escalates any benefits-related issues via the portfolio manager to either the PDG/IC or PPG/CDC
- Sets and maintains standards for benefits forecast and identify lessons learned

Centre of Excellence (CoE)

Functions of the Centre of Excellence are:

- Develop and maintains in-house methods and standards (best practices, processes and tools)
- Internal consultancy / advice
- Leads forums to share best practices
 - Learning organization
 - Knowledge management
 - Lessons learned
- Conducts training classes and workshops at all levels in the organization
- Coaches, mentors and motivates people (PPM competences and skills)

Portfolio Office

Functions of the Portfolio Office are:

- Develop and maintain the portfolio management framework
- Portfolio definition
 - Understand
 - Categorize

- Prioritize
- Balance
- Plan
- Portfolio delivery
 - Management control
 - Benefits management
 - Financial management
 - Risk management
 - Stakeholder management
 - Organizational governance
 - Resource management
- Starting up projects and programmes
- Closing projects and programmes



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