

Corporate consulting spin or the most important decisions you will ever make?

Paul Major, director, Program Framework

If sustainable success is based on the 'new things' we do, then surely choosing those 'new things' will be the most important business decisions made this year?

A new fashion?

It seems that every couple of months, a new catch phrase or buzz word arrives in the industry. Recent examples include 'Enterprise Project Management', 'Programme Management' and 'Benefits Realisation'.

'Portfolio Management' is the latest topic for debate, sparking discussion on the subjects of portfolio alignment, selection and delivery by some of the sharpest minds in the industry. The nagging question remains, however – does it deliver real business value or is it a 'corporate consulting' marketing exercise?

To answer this let's start by asking a slightly different question:

'What is your organisation doing to make sure it is still in business next year?'

If your answer is:

- I've got too much on my plate right now to worry about what happens in 12 months' time!
- We're a public service organisation so that question doesn't apply.
- I'm waiting for the board to decide what they want to do first.

then it is likely you are focusing on the 'now', not the future, choosing 'business as usual' over 'strategy' or, as Stephen R. Covey calls it, the 'urgent' rather than the 'important'.

In this rapidly evolving world, the reality is that our continued success is dictated far more by the 'new things' we will deliver tomorrow, rather than how good we are at doing the same 'old things' today. It is this paradigm shift, from a prime focus on **operational efficiency**, to delivering **critical business change**, which defines our need for portfolio management.

The solution

Previously the domain of corporate strategy teams, or large-scale IT departments, portfolio management tools and techniques are rapidly becoming available at a price acceptable to the mid-market. The question is – do you want them?

Portfolio management is all about **choice**. How to choose the 'right', 'most effective', 'best value for money', changes/projects/initiatives that will have the greatest impact upon your organisation.

It's about gaining an insight into where best to invest your time, effort and money to ensure tomorrow's success - a conversation, in theory at least, that is relevant to every business!

The approach to portfolio management is straightforward. It's based on:

1. Understanding what it is you want to achieve in your organisation
2. Being able to list the 'investment opportunities' available to you that could deliver these achievements
3. Defining a set of measures that allow you to assess impact, costs and benefits of these investment opportunities

Once you have done this you can rank the opportunities based on the impact they will have on your organisation and there is your portfolio. This exercise alone can add huge value to your business, as you will have a much more structured approach to investing in the future.

There is now a large range of technical solutions on offer to make the job of scenario planning significantly easier. One of the most affordable being the recently launched Microsoft Office 2007 Project Portfolio Server. Solutions such as these are well worth investigating, as, using robust data models and embedded processes, they simplify decision making.

What they can't replace, however, is the need for the real decision makers in your organisation to commit time to discussing 'What success looks like' and 'What are we willing to do to ensure this success?'

The real magic of portfolio management is in ensuring business decision makers sit down and agree what they want the business to achieve in the future, and then mapping out how they will achieve this.

This is more often than not a question of desire, facilitation and willingness to focus on what is important, rather than the function of a piece of software.

The question

So, how can portfolio management profit your company?

To use a common business quote *'the bottom line is the bottom line!'* Your success as an organisation is fundamentally dependent on the choices you make about which new capabilities, or changes, you deploy to differentiate you from your competitors – be that based on price, service or design.

How do you make that choice today? Is it based on gut feel, who shouts loudest, or on political expediency? If you need a more formal approach to making these decisions then portfolio management as a process may well be of benefit.

The real challenge in making it work, however, will be based on your organisation's ability to separate 'urgent' from 'important'. Can

you commit time to discussing and agreeing where you want to go and how you will invest for your future success? Or is your ambition based on being 'the best we can be' today?

So decide: urgent versus important . . . and the clock is ticking!

Paul Major has 20 years' experience in managing performance and strategic change, primarily in multinational corporations. In roles including chief accountant, operations manager and programme leader, he has gained a unique insight into the challenges of deploying change in complex organisations.

Before founding Program Framework and Management Framework, Paul led the manufacturing practice for the global programme management consultancy, Peubed. He was responsible for European business development and establishing the firm's sales and delivery capability for the Microsoft Office EPM.

