



*Enterprise Portfolio & Project  
Management Solutions . . .*



**Dekker, Ltd.**

*. . . for Government  
and Business*



# Program & Project Management: Where EVM Fits

- ◆ Trends In Portfolio, Program And Project Management
- ◆ Corporate Strategic Planning Influence On Programs And Projects
- ◆ Strategy Tools Used To Develop Corporate Plans
- ◆ Financial Implications Of Capital Planning On Projects
- ◆ Stakeholder Expectations
- ◆ How Programs And Projects Initiate
- ◆ Types Of Information Presented In Program Management
- ◆ Discussion On Where EVM Fits In Program Management
- ◆ Role Of The PMO In PPM

# Strategic Planning

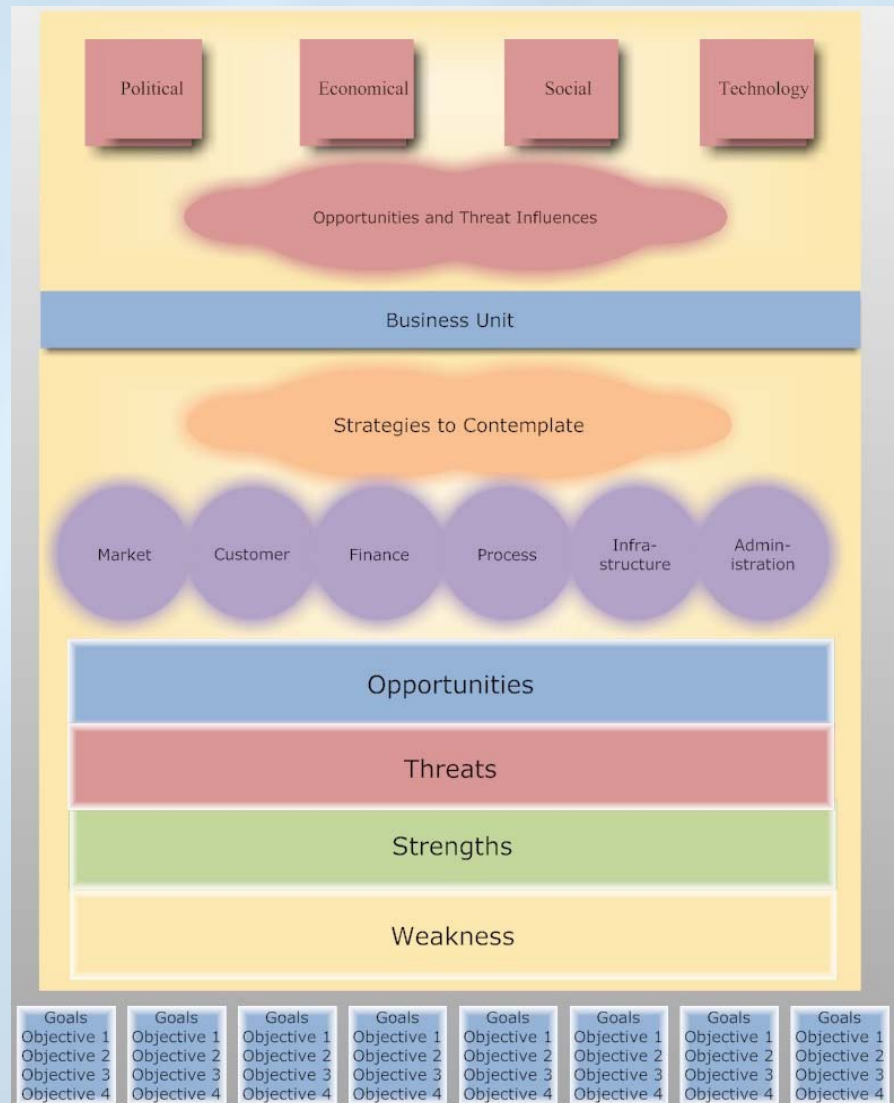
- ◆ Understand Business Environment
- ◆ Environmental Scan
- ◆ Research
- ◆ PEST And SWOT/TOWS Analysis
- ◆ Strategy Generation
- ◆ “Always Chase The Revenue™” Business Planning





# Researching Business Influences

- ◆ Research Is Required
  - ◆ Primary
  - ◆ Secondary
- ◆ View Of External Business Influences Impacting Organization
- ◆ Devise Strategies To Exploit Opportunities And Mitigate Weakness



# PEST Analysis

- ◆ Assumes That Business Units Are Influenced Externally By Politics, Economics, Social & Cultural, And Technology
- ◆ Items Listed In Each Section Should Focus On The Niche In Which Business Unit Operates
- ◆ It Is Common To List Items That Are Measurable In Terms Of Measurements Or Trends
- ◆ Requires Research
- ◆ Used To Identify Market Driven Indicators That Will Influence The Business

# PEST Analysis (Common Examples)

PEST Analysis (Micro or Macro Level)		
<b>Political Factors</b>	1. Agency Budgets	▼
	2. Regulatory Influences	▲
	3. Environmental Regulations	▲
	4. Trade Restrictions	▲
	5. Political Stability	▶
<b>Economic Factors</b>	1. Economic Growth Rate	▶
	2. Interest Rates	▲
	3. Exchange Rates	▲
	4. Inflation	▶
	5. Money Supply	▼
<b>Social-Cultural Factors</b>	1. Health Consciousness	▲
	2. Population Growth Rate	▲
	3. Age Distribution	▲
	4. Career Attitudes	▲
	5. Emphasis on Safety	▲
<b>Technological Factors</b>	1. R&D Activity and Funding	▶
	2. Areas of Automation	▶
	3. Telecommunications	▲
	4. Rate of Technology	▲
	5. Technology Trends	▶
<b>Legend</b>	Increasing	▲
	Flat or Very Slow Growth	▶
	Decreasing	▼

# PEST (Continued)



PAGSTA MotoScooter Pest Analysis for Marketing In Argentina		
<b>Political</b>	Stable Government for 10 Years	Go
	Government Seeking Foreign Capital Investment	Go
	Jobs for Argentina Federal Initiative	Go
	Culture Centered on European Values	Go
	Highly Educated with 97% Literacy Rate	Go
	Centrally Populated within Greater Buenos Aires Area	Go
	Labor Unions Strong	Warning
	Growing Investment in Infrastructure	Go
	Government Graft	Warning
	Economy is at \$561 Billion	Warning
<b>Economic</b>	Growing at a Healthy Pace of 8%	Go
	Per Capita GDP At \$13 K	OK
	Hyper Inflation Every 15 Years/Government Expects This Inflation to Be Under Control	OK
	United States is Second Highest Trading Partner After Brazil	Go
	Population is 37 million	Go
<b>Social</b>	Buenos Aires Greater Area Has 17 Million	Go
	Motorcycles Popular and supported by National Club	Go
	Harley Davidson Presence	Go
	Most people, 44% use public transport	Go
	Younger Generations Heavily Exposed to Choppers	Go
	Current Paved Road Infrastructure in Place for Motorcycles	Go
<b>Technology</b>	Motorcycles From Honda, Suzuki, Yamaha and Vespa Currently Sold Today in Substantial Quantities	Go
	Harley Davidson Has three Dealers In Argentina, one of which is in Buenos Aires	Go
	Gas Stations Plentiful	Go

# Revised Format For A PEST Analysis

Category	Item	Title	Fact	Unit	Low	High	Trend	Comments	Priority
Political	1								
	2								
	3								
	4								
	5								
Economic	1								
	2								
	3								
	4								
	5								
Social Cultural	1								
	2								
	3								
	4								
	5								
Technological	1								
	2								
	3								
	4								
	5								

Same Categories  
And Descriptions

Fact And  
Tolerance Band  
Measures

Comments And  
Priority Section  
For PEST Metric



# Business Strategies

- ◆ Strategies Represent High Level Summary Statements On Which A Business Unit Will Act
- ◆ Strategies Exploit PEST Conditions
  - ◆ Revenue Bearing Opportunities
  - ◆ “Chase The Money”
  - ◆ Measurement Of Environmental Conditions That Impact An Organization
- ◆ Strategies Are Based Upon The Internal And External Conditions In Which Business Operates
- ◆ Strategies Take Into Consideration Strengths And Weaknesses Of An Organization Are Contrasted Against External Opportunities And Threats (SWOT To TOWS)

# Commercial Strategies

Generic Commercial Strategy Categories			
Item	Strategy	Title	Description
1	Revenue	Increase Revenue	Any strategy to increase sales
2	Market	Increase Market Share	Any strategy to increase market share
3	Capacity	Infrastructure/Capacity Requirements	Assets required to facilitate Revenue and Market demands
4	Reduce Costs	Cost Reduction Strategy	Cost Reduction to reduce overhead
5	Admin	Administrative Requirement	Initiative to enhance corporate performance, control & awareness
6	Regulatory	Regulatory Requirement	An initiative invoked due to a legislation

- ◆ Note Item Order Is Also Priority
- ◆ Investments Should Go Into Any Effort Increasing Revenue Or Market Share
- ◆ Regulatory Is Based On Penalty Size And Impact On Bottom Line

# Government Strategies

Generic Government Strategy Categories			
Item	Strategy	Title	Description
1	Funding	Increase Funding	Any strategy to increase sales
2	Sources	Increase Funding Sources/Color of Money	Any strategy to increase market share
3	Capacity	Infrastructure/Capacity Requirements	Assets required to facilitate Revenue and Market demands
4	Reduce Costs	Cost Reduction Strategy	Cost Reduction to reduce overhead
5	Admin	Administrative Requirement	Initiative to enhance corporate performance, control & awareness
6	Regulatory	Regulatory Requirement	An initiative invoked due to a legislation

- ◆ Revenue Changes To Increased Funding
- ◆ Market Changes To Funding Sources Or Color Of Money
- ◆ The Rest Remains The Same....

# Developing Business Strategies

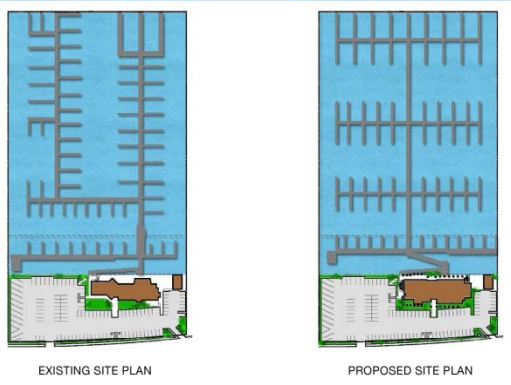
- ◆ Strategies Are Developed Through An Internal And External Scan
- ◆ Objectives Should Be Traceable And Support The Proof Of A Strategy
- ◆ Most Strategies Will Influence Financial Performance And Traceable Through **Financial Statements**
  - ◆ Income Statement
  - ◆ Balance Sheet
  - ◆ Sources And Uses Of Cash
  - ◆ Owners Equity



# Developing Business Strategies

- ◆ SWOT Analysis Used To Help Develop Strategies
  - ◆ Internal Strength And Weakness
  - ◆ External Opportunities And Threats
  - ◆ Generated From PEST Or STEP Analysis And Internal Scan
- ◆ TOWS Analysis
  - ◆ Contrasts Strengths & Weakness To Opportunities & Threats
  - ◆ Addresses What Strategies To Take: What Are You Going To Do About It?

# TOWS≠SWOT Analysis



SGYC TOWS Analysis	Strengths-S	Weakness-W
<b>Opportunities-O</b> <ol style="list-style-type: none"> <li>1. Port Of San Diego Wants SGYC To Remain On Shelter Island</li> <li>2. Renovation Of All Port Properties Required</li> <li>3. Public Grants Available</li> <li>4. SGYC Recognized By Port Commissioners As Community Service Driven</li> <li>5. Port BP 355 Favorable To Service Oriented Yacht Clubs</li> </ol>	<b>SO-Strategies</b> <ol style="list-style-type: none"> <li>1. Obtain A Lease For The Same Foot Print For An Additional 40 Years (S1, S2, S3, O1)</li> <li>2. Build In Time To Allow Membership To Save A Down Payment (Pre Lease Option) (Same As 1)</li> <li>3. Continue With Handicap Yachting Programs (S4 To O1,2, And 3)</li> <li>4. Market SGYC Programs To Port Commissions (O1)</li> <li>5. Organize Club Committee Structure To Support Negotiations And Construction Program (S5 To O1, 2,3, 4 And 5)</li> </ol>	<b>WO-Strategies</b> <ol style="list-style-type: none"> <li>1. Initiate Assessment To Raise Downpayment Of At Least 30% Of The Estimated Project (W1)</li> <li>2. So5 Covers W2</li> <li>3. Renovation Initiative Will Address W3 And W4.</li> <li>4. Hire Consultants In Terms Of Architect, Marine And Clubhouse Engineers That Port Recognizes W5</li> <li>5. Hire Lease Term Consultant That Port Recognizes To Work With Committees</li> </ol>
<b>Threats-T</b> <ol style="list-style-type: none"> <li>1. Port and Coastal Commission Requires \$6 million Minimal Investment to Obtain 40-Lease</li> <li>2. Environmental Approval Could Take Years</li> <li>3. LEEDS Compliance On Construction</li> <li>4. Lease Term Building Schedule</li> <li>5. Inflation Influences On Construction Project</li> <li>6. Port Requires Renovation Investment Of No Less Than \$6 Million For Lease</li> </ol>	<b>ST-Strategies</b> <ol style="list-style-type: none"> <li>1. WO5 With SO5</li> <li>2. WO4 With SO5</li> <li>3. WO1 With S5 And SO5</li> </ol>	<b>WT Strategies</b> <ol style="list-style-type: none"> <li>1. WO 4 And 5 – Find Costs And Determine How Long To Raise Down Payment; Delay Will Give Time To Club To Raise Money For Financing Project.</li> <li>2. Use Hired Consultants To Minimize Environmental Concerns And LEEDS</li> <li>3. Inflation Can Be Offset By Interest On Money Saved</li> <li>4. Finance Project Through Lending Institution That Focuses On Clubs And Small Organizations</li> </ol>

# Revised SWOTT And TOWS Analysis

TOWS Analysis			Revenue	Marketshare	Capacity	Cost Reduction	Administrative	Regulatory
SWOT	Internal	Strengths						
		Weakness						
	External	Opportunity						
		Threats						
TOWS Analysis	Strategies	SO						
		ST						
		WO						
		WT						

# Strategies/Goals With Objectives

Goals and Objectives											
Goal	Objective	Priority	Title	Description	Assigned	Due	To	For	From	Quantity	Units
1			DOE OECM Demonstration	SGYC Renovation Program	1/1/1999	9/1/2010	EDB	Membership	Board	\$10.00	Million
	1		Show Secretary Report with Working Data	Build Clubhouse Capable of Holding Separate Member Services and Catered Events	10/1/2002	6/30/2009	CHC	Membership	Board	15,000	SqFt
	2		Show How Filters Can be Made	Marina to Support Membership Services	10/1/2002	6/30/2008	DC	Membership	Board	147	Yachts
	3		Show Simple Data Entry through IPARS	Affordable Debt Service	10/1/2002	6/30/2010	FC	Membership	Board	\$210	Monthly Payments
	4		Show Drill Down on iPortfolio Dashboards	Suited to be Supported by Equivalent Flag Members (Limited)	10/1/2002	6/30/2010	FC	Membership	Board	225	Members
	5		Show Scope, Schedule, Capacity, Cost and EVM Dot Dashboard in iPortfolio with working reports	Meet or Exceed Port Investment Requirement for 40-Year Leaseholding	1/1/1999	9/1/2010	EDB	Membership	Board	\$6.00	Million
	6		Show Changes in IPARS to Changes in Secretary Report	LEEDS Environmental Compliance	4/15/2005	9/1/2010	CHC	Port	Board	Silver	Status
	7		Show iPursuit Analysis on Scope, Schedule, Capacity, Cost, and EVM.	Obtain 40-Year Lease	1/1/1999	10/15/2008	EDB	Membership	Port	1	Lease
	8		Assist with the Demonstration Preparation	Obtain Construction Financing	2/1/2004	12/25/2007	FC	Membership	Board	\$7.50	Million
	9		Assist with the Demonstration Preparation	Obtain Long Term Financing	2/1/2004	12/31/2008	FC	Membership	Board	\$7.50	Million

- ◆ Strategy Is A Long Term Goal (Many FYs)
- ◆ Strategy Is Supported By Objectives
  - ◆ Discrete And Measureable Objective
  - ◆ Unit Of Measure Can Be Financial And Non-Financial
- ◆ Strategy Supported By Portfolios And Programs
- ◆ Requires Investment And Consume Assets





## Hierarchy Of Programs And Portfolios

- ◆ Portfolio Relationship To Business Strategies
- ◆ Program Relationship To Portfolios
- ◆ Project Relationship To Programs
- ◆ Tying Programs And Projects To Business Strategies
- ◆ Financial Implications
- ◆ Informational Views Associated With Program Management



# Portfolios, Programs And Projects

	Business Environment						
Strategies	Revenue	Market	Capacity	Reduce Cost	Admin	Regulatory	Other
	Business Unit						
Assets	Labor	Facilities	Equipment	Materials	Supplies	Vendor	Capital
	Portfolios						
	1	Programs					
Execution	2	a	Projects				
	3	b					
	4	c					
	5	d					

- ◆ Portfolios “Typically” Have Self Contained Assets Assigned
- ◆ Programs Support Portfolios And Strategies
- ◆ Projects Are How Programs Accomplish Objectives Within Portfolios

# Programs, Initiatives And Products

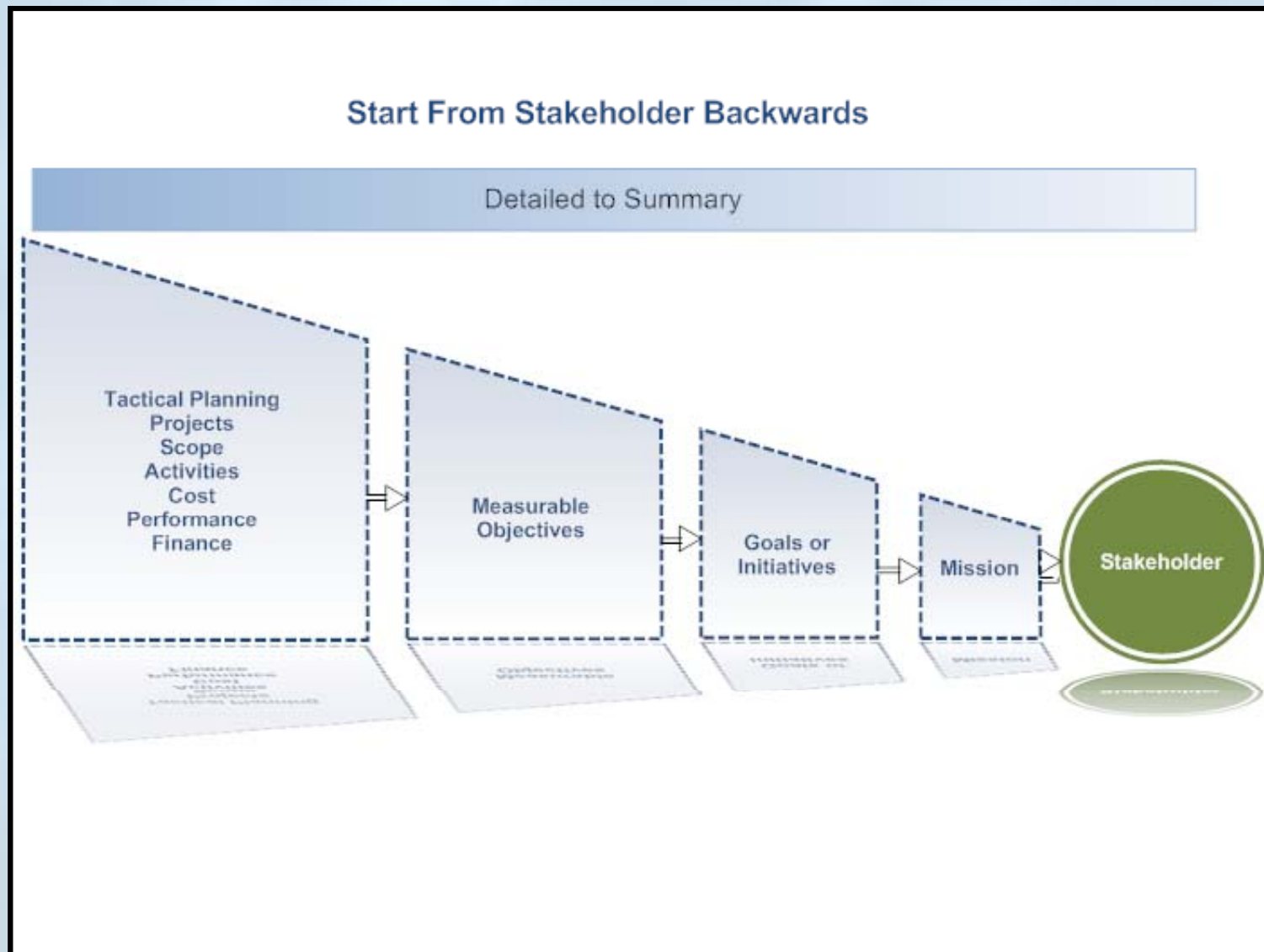
- ◆ A Program Is:
  - ◆ Composed Of Projects That Are Strategically Related To Each Other
  - ◆ Are Aligned To Certain Strategies
  - ◆ Will Cross Fiscal Years
- ◆ Programs Can Have Different Names
  - ◆ Initiative – Discrete Service Or Capability
  - ◆ Products – Produces A Product That Is Fielded To Stakeholders
- ◆ Project
  - ◆ Has A Start And End
  - ◆ Done Once
  - ◆ Consumes Resources
  - ◆ Has Tangible Goals, Objectives And Deliverables Supporting Strategic Objectives

# Capital Versus Production Projects

- ◆ Production Projects Are Those That Survive Based Upon Income Servicing Customers That Pay For Services And Products....
- ◆ Capital Projects (CAPX Projects) Are Those That...
  - ◆ Service Internal Stakeholders And Are Funded By The Organization
  - ◆ Internal R&D To Produce A Marketable Product Or Service As An Investment With An ROI
  - ◆ Create An Internal Capability



# Goal Oriented Planning



# Program Management

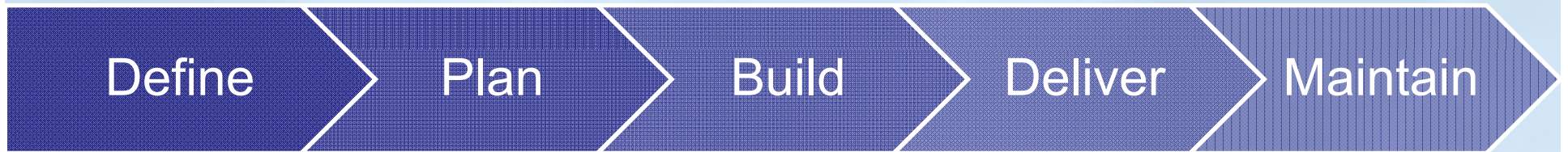
Program	Project	Scope	Schedule	Cost	Finance	Risk		M-Support	Revenue	Market	Capacity	Reduce Cost	Admin	Regulatory
						Internal	External							
PRG1									↑	↑				
	P1								↑	↑	↑			
	P2								↑	↑		↑	↑	
	P3									↑				
	Pn								↑	↑	↑	↑	↑	
PRG2										↑	↑			
	P1										↗	↓		
	P2								↗	↑	↑	↑		
	P3													
	Pn										↓	↓		
PRG3												↑	↑	
	P1											↑	↑	
	P2											↑	↑	
	P3											↑	↑	↑
	Pn													
PRG4													↑	↑
	P1												↑	↑
	P2												↑	↑
	P3												↑	↑
	Pn												↑	↑

- ◆ Align Programs And Their Projects To Strategies
- ◆ Measure Project Performance In Terms Of Scope, Schedule, Cost, Financial Performance, And Risk

# Scope

Scope List						
Scope	Description	Metric	Actual	Tolerance		Unit
A1	SGYC Renovation Program			Hi	Low	
<b>A11</b>	<b>Pre-Construction Project/Port Liaison</b>					
A111	Marina Construction Loan	\$3.50	\$2.76	\$3.50	\$2.20	Million
A112	Clubhouse Construction Loan	\$6.00				Million
A114	Permitting	12	7	12	12	Permits
A115	Coastal Commission Approval	1	1	1	1	LOA
A116	Port Concept Approval	1	1	1	1	LOA
A1161	Port Commissioners Approval	1	1	1	1	Vote
A1162	Port Option to Lease	1	1	1	1	Contract
A1163	Public Art Approval	1	1	1	1	LOA
A1164	Prenegotiated 40-Year Lease	1	1	1	1	Contract
<b>A12</b>	<b>Marina Project</b>					
A121	Slips	147	147	145	147	Slips
A122	Visiting Slips	2	2	2	0	Slips
A123	Pumpouts (Black and Grey Water)	2	2	2	1	Pumps
A124	Water Area	92,000	89,000	87,000	92,000	Sq Feet
A125	Shading Area	30,000	29,500	27,500	30,000	Sq Feet
A126	Dingy Storage	80	60	80	50	Dinghies
A127	Dredging	250,000	175,000	300,000	100,000	Cu Yds
A128	501 Pier	1	1	1	1	Pier
A129	Cement Docks and Fingers	74	74	74	74	Floats
A130	Pilings	52	52	52	52	Pilings
A130	Cable TV	147	149	147	147	Hookups
A131	Telephone	147	149	147	147	Terminals
<b>A13</b>	<b>Clubhouse Project</b>					
A131	Stories	2		2	2	Floors

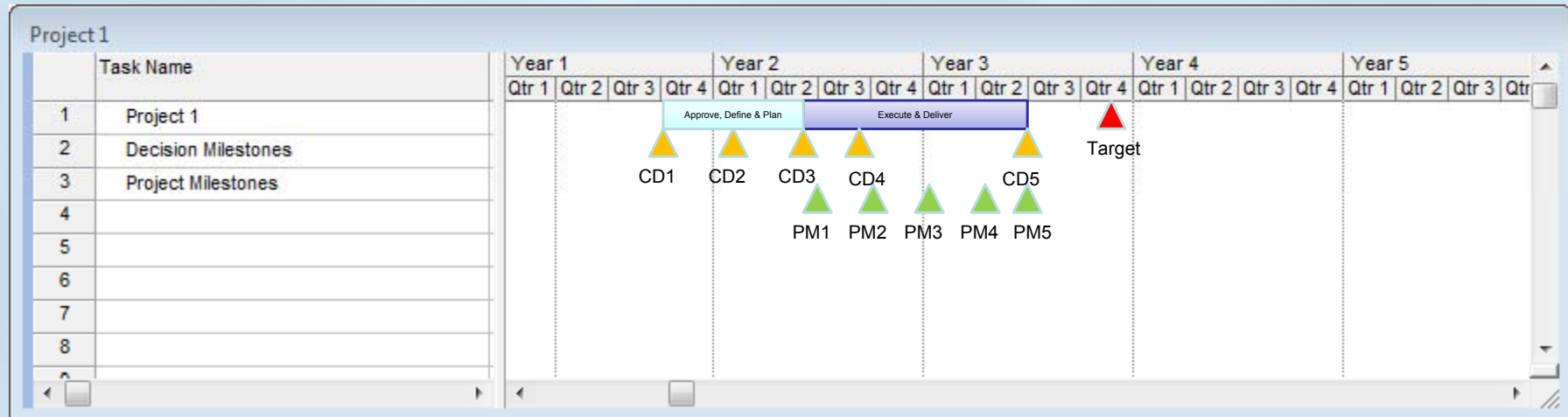
# Program Schedule



- ◆ Programs (i.e. SGYC Renovation - 09/01/2010)  
Can Have Target Dates To Finish
- ◆ Programs Can Go Indefinitely
  - ◆ Projects Are Revisions
  - ◆ Spiral Development
  - ◆ Example Would Be Chevy Corvette
- ◆ Maintenance Typically Gets Turned Over To Operations



# Project Summary Schedule

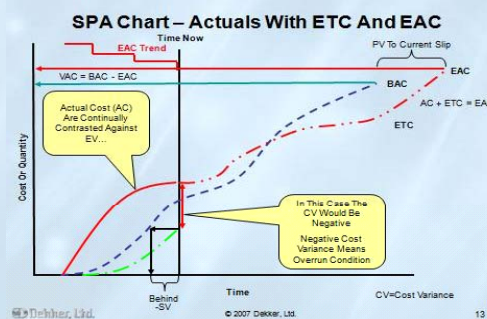
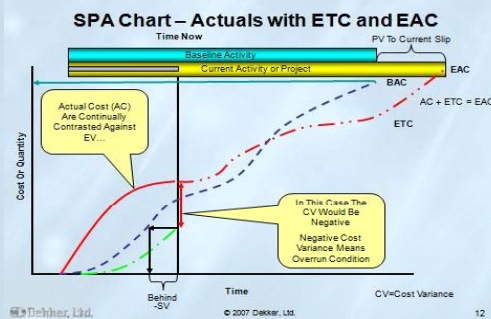


- ◆ Project Has...
  - ◆ Preliminary/Proposal Phase
  - ◆ Execution Phase
  - ◆ Baseline Dates For Start And Finish
  - ◆ Projected Dates For Start And Finish
  - ◆ Critical Decision Points Or Gateways – Management Milestones
  - ◆ Project Milestones – Project Manager And Customer Milestones
- ◆ Project Will Also Have Target Dates
  - ◆ Drop Dead Date Imposed By Management Or Program
  - ◆ Closer Project End Date Encroaches On Target Date The More Risk
- ◆ Drill Down Into Detailed Schedule If Problems Occur

# Cost – EVM Fits Here

Category (in Millions)	Incremental			Inc-Variance		Cumulative			Cum-Variance		At-Complete		Variance
	S	P	A	SV	CV	S	P	A	SV	CV	BAC	EAC	
Labor	1.10	0.90	1.20	-0.20	-0.30	13.75	17.14	17.14	3.39	0.00	34.32	34.32	0.00
Equipment	0.50	0.25	1.10	-0.25	-0.85	3.70	3.26	3.60	-0.44	-0.34	6.40	7.07	-0.67
ODC	0.66	0.63	0.64	-0.03	-0.01	4.45	4.46	4.21	0.01	0.25	7.60	7.17	0.43
<b>Total</b>	<b>2.26</b>	<b>1.78</b>	<b>2.94</b>	<b>-0.48</b>	<b>-1.16</b>	<b>21.90</b>	<b>24.86</b>	<b>24.95</b>	<b>2.96</b>	<b>-0.09</b>	<b>48.32</b>	<b>48.56</b>	<b>-0.24</b>

Contingency (MR)	Plan	Used
	Total Project	50.74



- ◆ This Is Where Earned Value Fits
- ◆ Time Phased Cost Performance
- ◆ Risk Assessment Based Upon Cost
- ◆ All The Parameters Associated To Earned Value Analysis Apply Here
- ◆ Drill Down

# Finance

- ◆ No Other Metric Influences Senior Management More Than Finance
- ◆ Return On Investment (ROI) Creates Wealth And Should Contribute To The Bottom-Line In The Commercial Sense
- ◆ Discount Rates (Expected Rate Of Return)
  - ◆ Non-Profit 5%
  - ◆ For-Profit Between 15% And 20%
  - ◆ Constantly Comparing Back To T-Bills
- ◆ Financial Statements The Key Measurement
- ◆ There Is A Push To Invoke Fiscal Responsibility To Portfolio And Program Managers (FSIO,2008)

# By Project - Finance

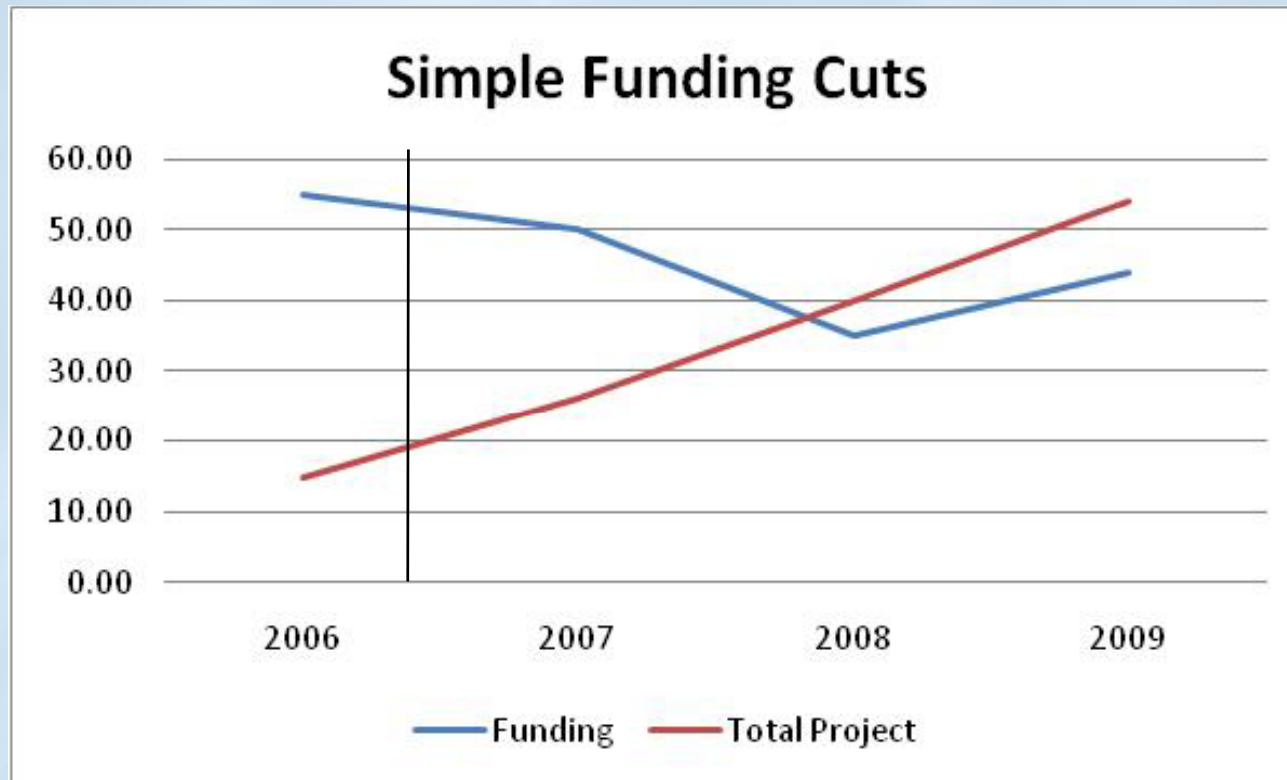
Income	Incremental			Inc-Variance		Cumulative			Cum-Variance		At-Complete		Variance
	S	P	A	SV	CV	S	P	A	SV	CV	BAC	EAC	
Labor	1.50	1.22	1.43	-0.27	-0.20	18.70	23.31	21.43	4.61	1.89	46.68	42.90	3.78
Equipment	0.68	0.34	1.33	-0.34	-0.99	5.03	4.43	4.90	-0.60	-0.46	8.70	9.61	-0.91
ODC	0.90	0.86	0.87	-0.04	-0.01	6.05	6.07	5.73	0.01	0.34	10.34	9.76	0.58
<b>Total</b>	<b>3.07</b>	<b>2.42</b>	<b>3.63</b>	<b>-0.65</b>	<b>-1.21</b>	<b>29.78</b>	<b>33.81</b>	<b>32.05</b>	<b>4.03</b>	<b>1.76</b>	<b>65.72</b>	<b>62.27</b>	<b>3.45</b>
Expenses	Incremental			Inc-Variance		Cumulative			Cum-Variance		At-Complete		Variance
	S	P	A	SV	CV	S	P	A	SV	CV	BAC	EAC	
Labor	1.10	0.90	1.20	-0.20	-0.30	13.75	17.14	17.14	3.39	0.00	34.32	34.32	0.00
Equipment	0.50	0.25	1.10	-0.25	-0.85	3.70	3.26	3.60	-0.44	-0.34	6.40	7.07	-0.67
ODC	0.66	0.63	0.64	-0.03	-0.01	4.45	4.46	4.21	0.01	0.25	7.60	7.17	0.43
<b>Total</b>	<b>2.26</b>	<b>1.78</b>	<b>2.94</b>	<b>-0.48</b>	<b>-1.16</b>	<b>21.90</b>	<b>24.86</b>	<b>24.95</b>	<b>2.96</b>	<b>-0.09</b>	<b>48.32</b>	<b>48.56</b>	<b>-0.24</b>
											Contingency (MR)	Plan	Used
												2.42	
											Total Project	50.74	48.56

Net Profit (Loss)	0.81	0.64	0.69		7.88	8.95	7.10
Discount (20%)	26.47%	26.47%	18.99%		26.47%	26.47%	22.14%

	The Usual Investment to Income					Discount	
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	20%	15%
Expenses	-23.6	-23.6	-12.2	-5.6		(\$6.55)	\$2.66
Revenue		15.2	32.2	41.6	46.3	NPV	

- ◆ Income Statement Look
- ◆ Investment Look
- ◆ Funding Look
- ◆ Discount Rates

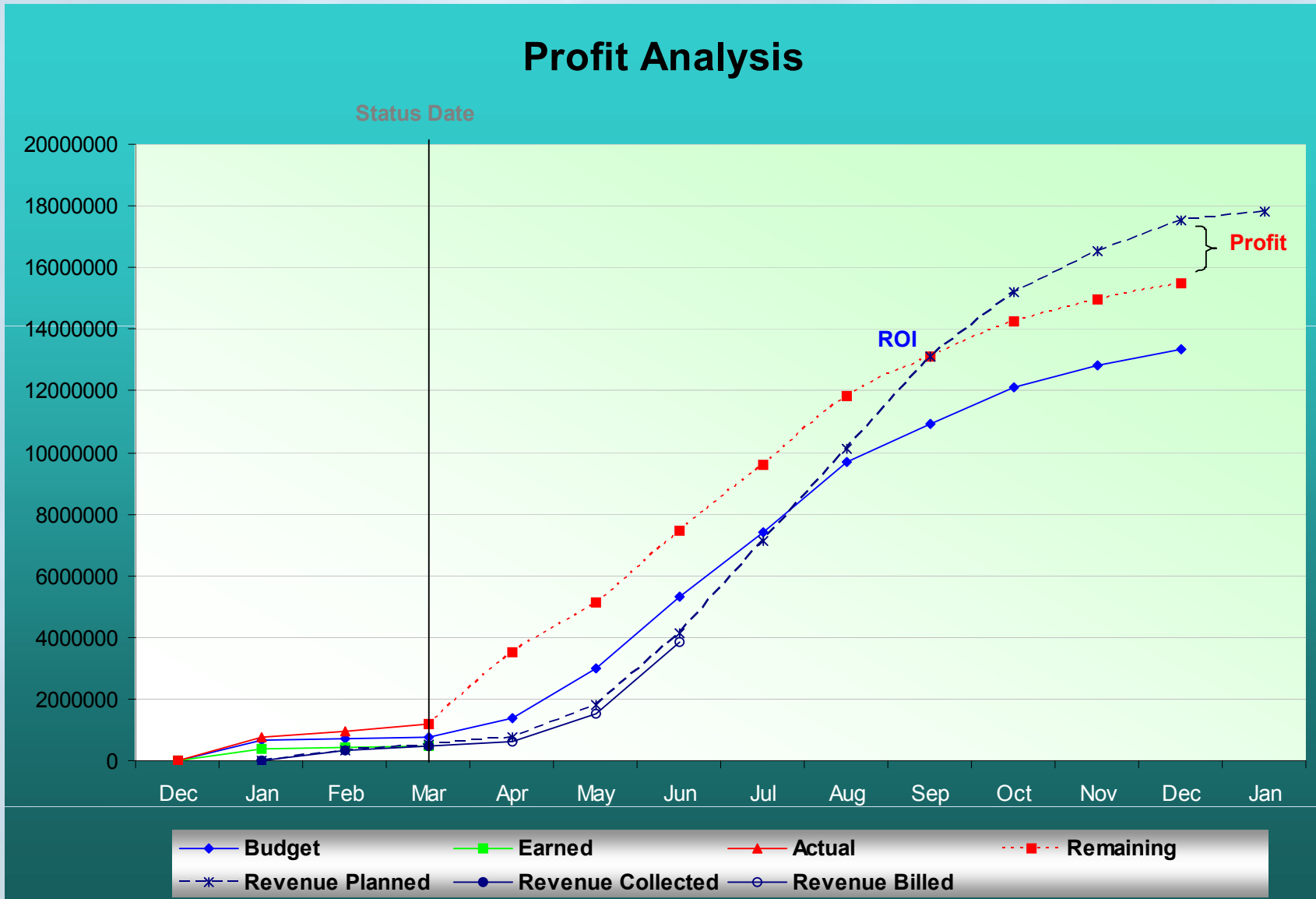
# Financing - Funding Profiles



Description	2006	2007	2008	2009
Funding	55.00	50.00	35.00	44.00
Total Project	14.83	26.10	39.90	54.20
MR	2.63	2.50	2.00	1.60
Project	12.20	23.60	37.90	52.60



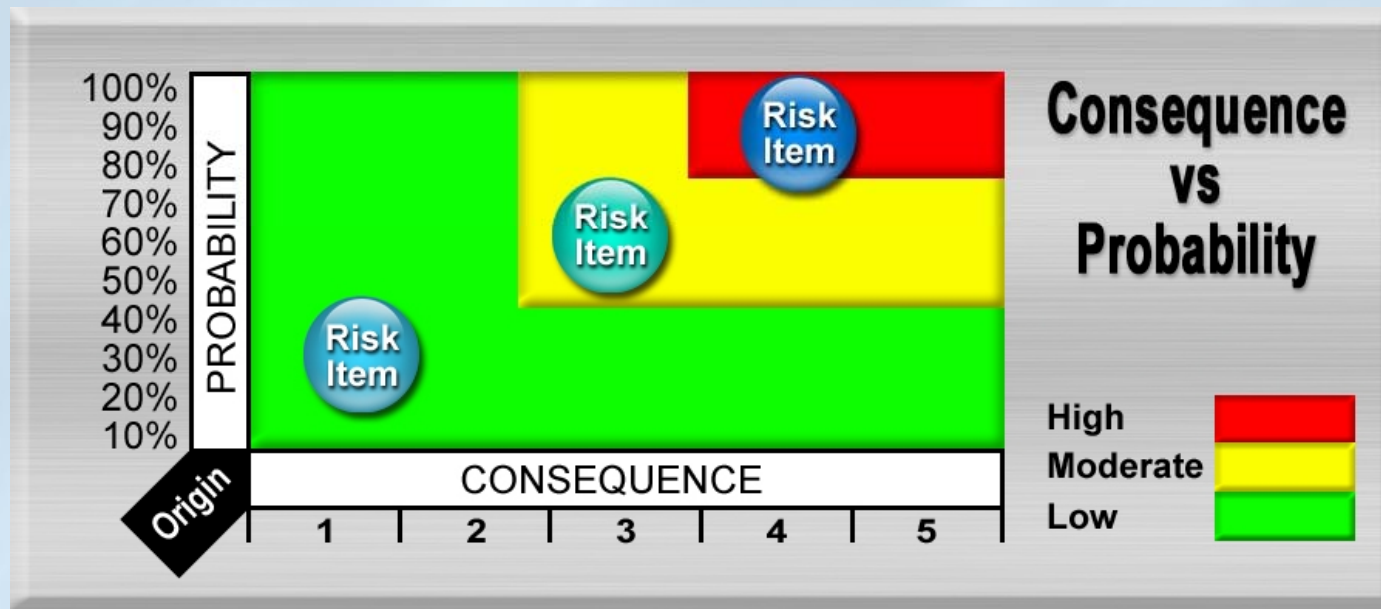
# Project Or Program ROI



# Risk Items

- ◆ Risks Represent Anything That Prevents A Project From Meeting Its Goals And Objectives
- ◆ Types Of Risks Include:
  - ◆ Administrative
  - ◆ Scope
  - ◆ Schedule (Not Making Target Date)
  - ◆ Cost/Investment
  - ◆ Funding
  - ◆ Capacity
- ◆ Risks Can Be External And Internal
- ◆ Risk Management Should Be Assigned

# Risk

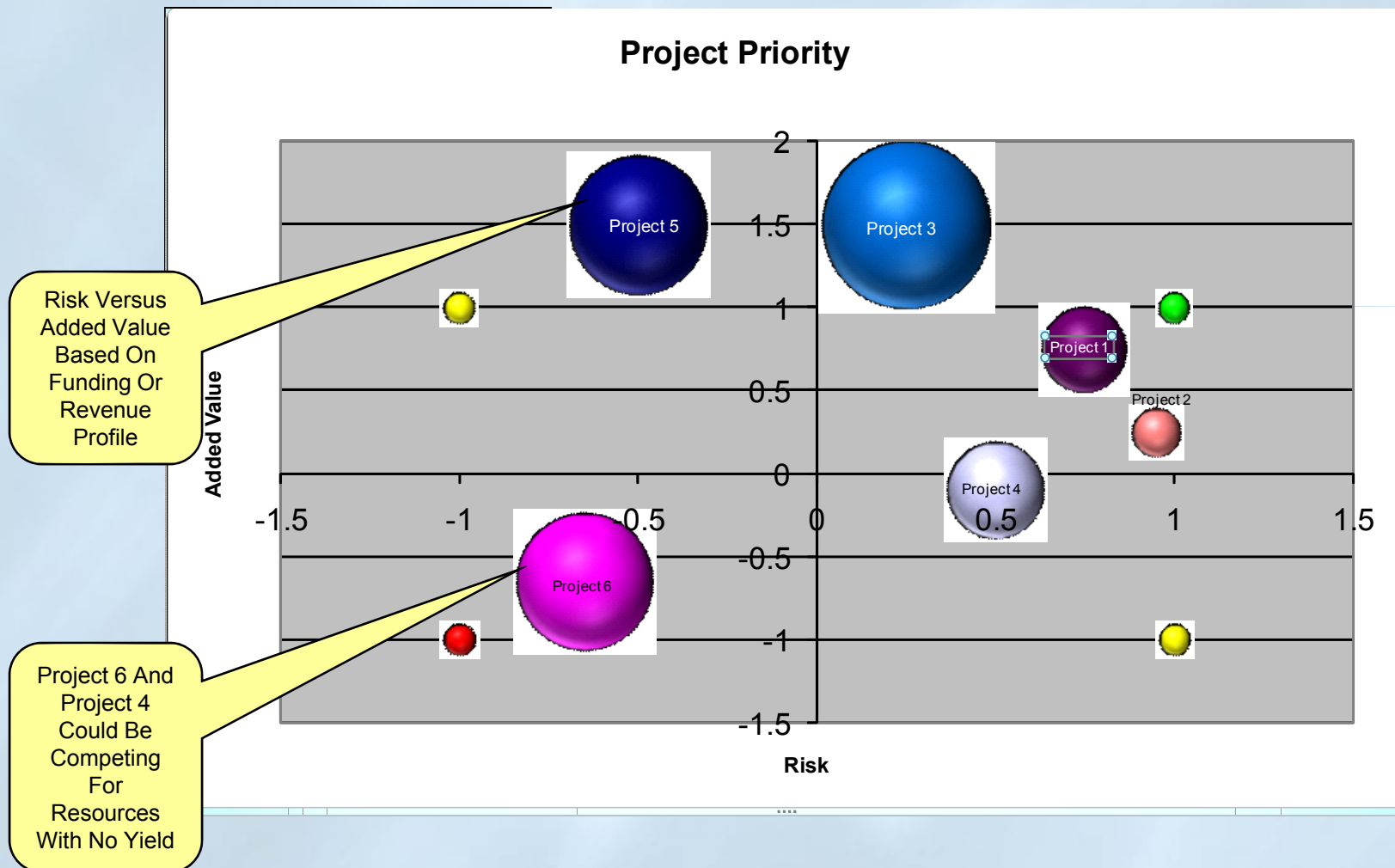


Item	AR	Response	Contingency Plan	Trigger	Responsible
1	Problem Report	Reduce	Work Around	Resolved ≤ 24 Hrs	Niles Rubicon
2	System Crash	Reduce	Use Backup Servers	Resolved ≤ 10 Min	Emmylou Button
3	User Support Complaints	Reduce	Increase Support Staff	Wait Time > 5 Min	Eddie Van Callerup
4	Equipment Failure	Transfer	Use Redundant Equipment	Down > 4 Hrs	Equipment Vendor
5	Communications Failure	Transfer	Wireless Communications	Down > 30 Min	Telecom. Vendor

# Management Support

- ◆ Responsible For Ensuring That Assets Are Used Effectively To Produce Highest Yield
  - ◆ Greatest Revenue Potential
  - ◆ Greatest Market Potential
  - ◆ Focus On Increasing Wealth Or Creating Benefit
- ◆ Very Financed Based
- ◆ When Support Erodes – Project Is In Jeopardy
- ◆ Limited Resources
- ◆ Focus On Projects That Truly Add Value

# Project Prioritization





# Sample Project Priority Format

Date:	25-May-04	Comments:
Project Code:	IMPL050525	
Project Title:	Implementation Project	
Project Manager:	Jaap Van Wachstein	
As of Date:	30-Apr-04	

Continually Graded – Usually By Quarter...

Last Score:	1.1
Budget	\$ 1,342,545.00
Actuals	\$ 805,527.00
EAC	\$ 1,611,054.00
Projected Date	31-Jul-04
Target Date	15-Mar-04

Profitability	
Creates Profitability	
Not Improve	0
< \$1M in 1 Yr.	1
> \$1M in 1 Yr.	2
> \$5M in 1 Yr.	3
New Industry	4
Industry Leader	5
Value	Multiplier
1	0.4
0.4	

Market Share	
Initiative Increases Market Share	
Not Improve	0
Strong Over 2 Yr.	1
Strong Over 1 Yr.	2
New Industry	3
Impact Now	4
Market Owner	5
Value	Multiplier
0	0.3
0	

Infrastructure	
Initiative Improves Organization	
Not Improve	0
Slight \$ Red.	1
Moderate \$ Red.	2
High \$ Red.	3
Competitive Adv.	4
Industry Leader	5
Value	Multiplier
1	0.15
0.15	

Reduces Cost	
Initiative Enables Org. To Compete	
Not Improve	0
Slightly Improves	1
Moderately Imp.	2
High Improvement	3
Major Reduction	4
Breakthrough	5
Value	Multiplier
0	0.1
0	

Mandated	
Required Initiative	
No Requirement	0
State Mandated	1
Federal Mandate	2
Hi State Penalty	3
Hi Fed Penalty	4
Large Penalty	5
Value	Multiplier
2	0.05
0.1	

Score
0.65

Highest Priority Is What Will Make Money

Market Share Means Opportunity On Investment

Projects That Score Greater Than 1 Are Worth Considering; Score Is Priority...

Cost Reduction Not Weighted High...

Anything Mandated Is Typically Weighted Low

Projects That Provide Greater Capacity To Improve Organization

(Kendall & Rollins, 2003, pp. 155-339)

# Government Sample Project Priority

Date:	25-May-04	Comments:
Project Code:	IMPL050525	
Project Title:	Implementation Project	
Project Manager:	Jaap Van Wachstein	
As of Date:	30-Apr-04	

Last Score:	1.1
Budget	\$ 1,342,545.00
Actuals	\$ 805,527.00
EAC	\$ 1,611,054.00
Projected Date	31-Jul-04
Target Date	15-Mar-04

Funding	
Generates More Revenue	
Not Improve	0
< \$1M in 1 Yr.	1
> \$1M in 1 Yr.	2
> \$5M in 1 Yr.	3
New Industry	4
Industry Leader	5
<b>Value</b>	<b>Multiplier</b>
1	0.4
0.4	

Sponsors	
Initiative Increases Sponsors	
Not Improve	0
Strong Over 2 Yr.	1
Strong Over 1 Yr.	2
New Industry	3
Impact Now	4
Market Owner	5
<b>Value</b>	<b>Multiplier</b>
0	0.3
0	

Infrastructure	
Initiative Improves Organization	
Not Improve	0
Slight \$ Red.	1
Moderate \$ Red.	2
High \$ Red.	3
Competitive Adv.	4
Industry Leader	5
<b>Value</b>	<b>Multiplier</b>
1	0.15
0.15	

Reduces Cost	
Initiative Enables Org. To Compete	
Not Improve	0
Slightly Improves	1
Moderately Imp.	2
High Improvement	3
Major Reduction	4
Breakthrough	5
<b>Value</b>	<b>Multiplier</b>
0	0.1
0	

Mandated	
Required Initiative	
No Requirement	0
State Mandated	1
Federal Mandate	2
Hi State Penalty	3
Hi Fed Penalty	4
Large Penalty	5
<b>Value</b>	<b>Multiplier</b>
2	0.05
0.1	

<b>Score</b>
0.65

Will Generate More Funding Opportunity. By How Much And When...

Get More Sources Of Funding And Own Sponsors

## PMO Role

- ◆ Ensure That Projects Are Reviewed Consistently And Objectively
- ◆ Assist Management In In Prioritization Of Projects For Proper Use Of Limited Resources
- ◆ Ensure That Programs And Projects Are Aligned To Strategic Initiatives And Objectives
- ◆ Promote A Fair And Equitable Process Supported By Procedures
- ◆ Increase Profits And Reduce Unnecessary Costs

# References

Kendall, R. (2003) *Project Portfolio Management and the PMO*. (2nd Edition) Orlando, FL: Rollins Publishing

Pearce, J. A. & Robinson, R. B. (2005) *Strategic Management: Formulation, Implementation, and Control*. (9th Edition) New York: McGraw-Hill Irwin Publishing