



Canberra 6 May 2014



**Governing project, programme, portfolio performance and ROI** 

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How much of the investments in IT projects are wasted?

A recent study conducted by The Standish Group found that only 39 percent of all IT projects succeeded while the remainder (61 percent) were either challenged or failed. *Source: 2013 CHAOS Manifesto, published by the Standish Group International.* 

According to a 2012 McKinsey/Oxford study Large IT Projects (Initiatives with budgets of over \$15 million dollars) run 45% over budget, are 7% behind schedule and deliver 56% less functionality than predicted.

## Causes of project failure include

Rough distribution by cause of the 45% of IT projects that experience cost overruns (for those with budgets >\$15 million in 2010 dollars), %

#### **Missing focus**

- Unclear objectives
- Lack of business focus

#### **Content issues**

- · Shifting requirements
- Technical complexity

### Skill issues

- Unaligned team
- Lack of skills

### Execution issues

- Unrealistic schedule
- Reactive planning

#### Unexplained causes



### IT projects with budgets >\$15 million

Cost overrun, 45% Schedule overrun, 7%

Benefits shortfall, –56%

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6

9

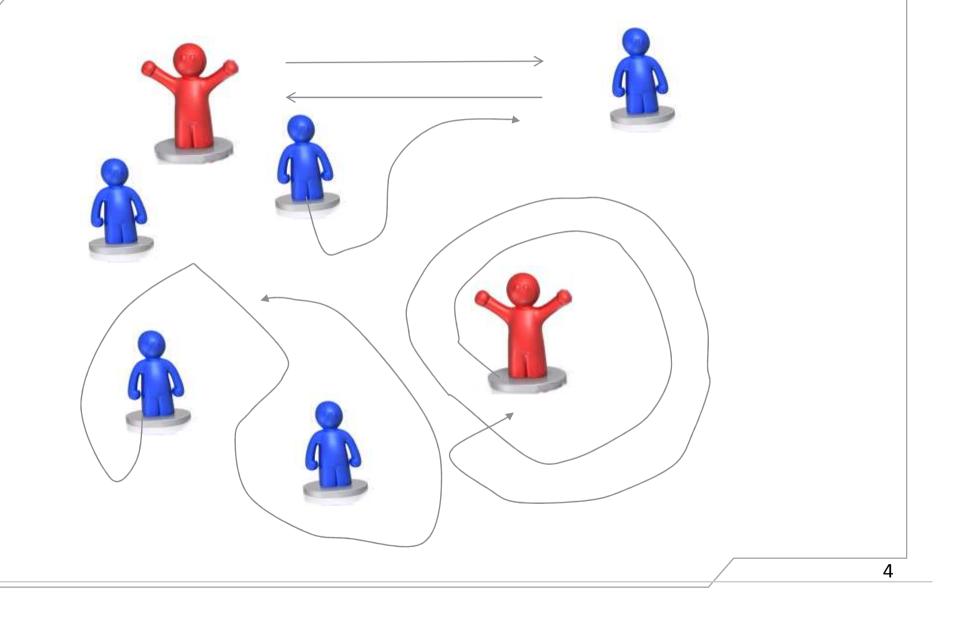
Source: McKinsey–Oxford study on reference-class forecasting for IT projects



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## Project Management and Project Governance Silos



Align, control and optimise your portfolio of initiatives, its resources, deliverables outcomes and benefits





What is a PMO and what is P3O? PMO implementation and governance Case study



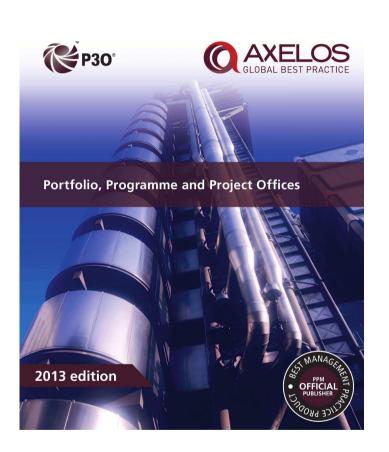
What is a PMO and what is P3O?

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P30



# <u>P3</u>

Portfolio Management

Programme Management

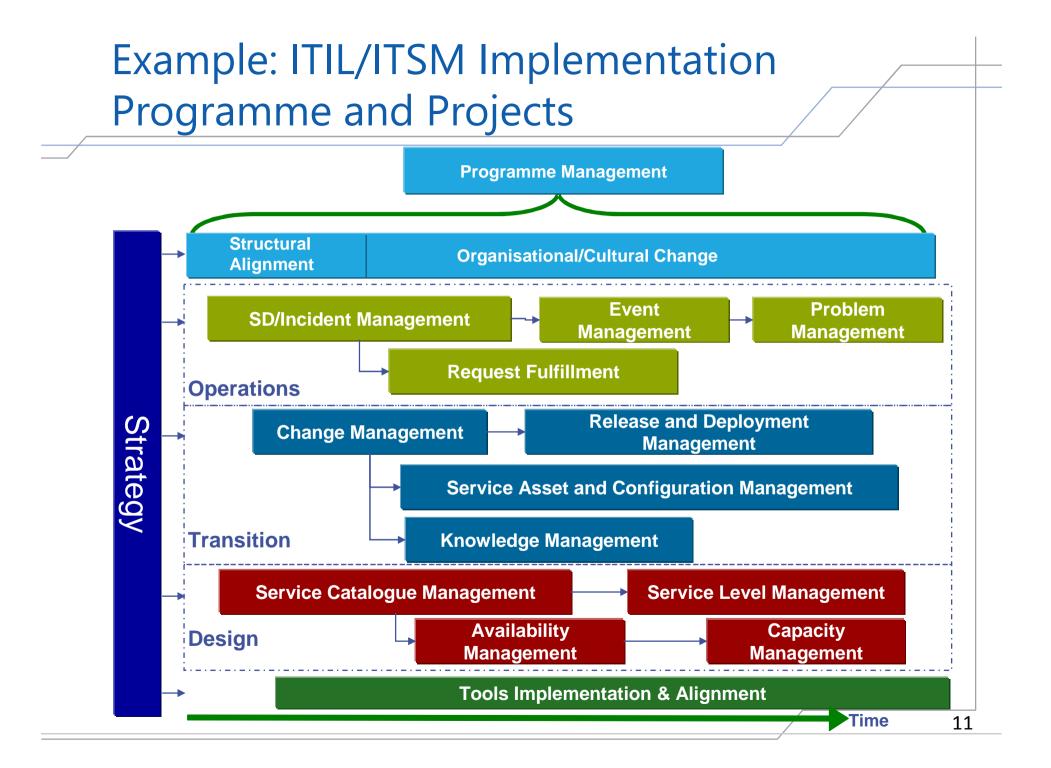
Project Management

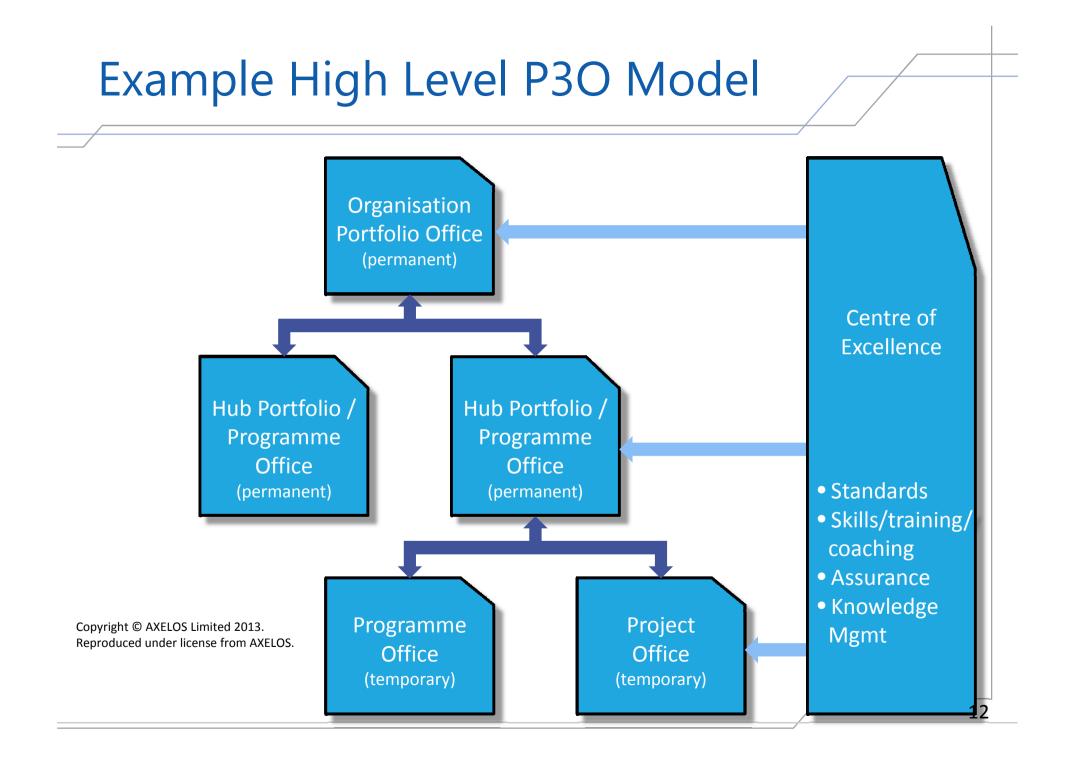


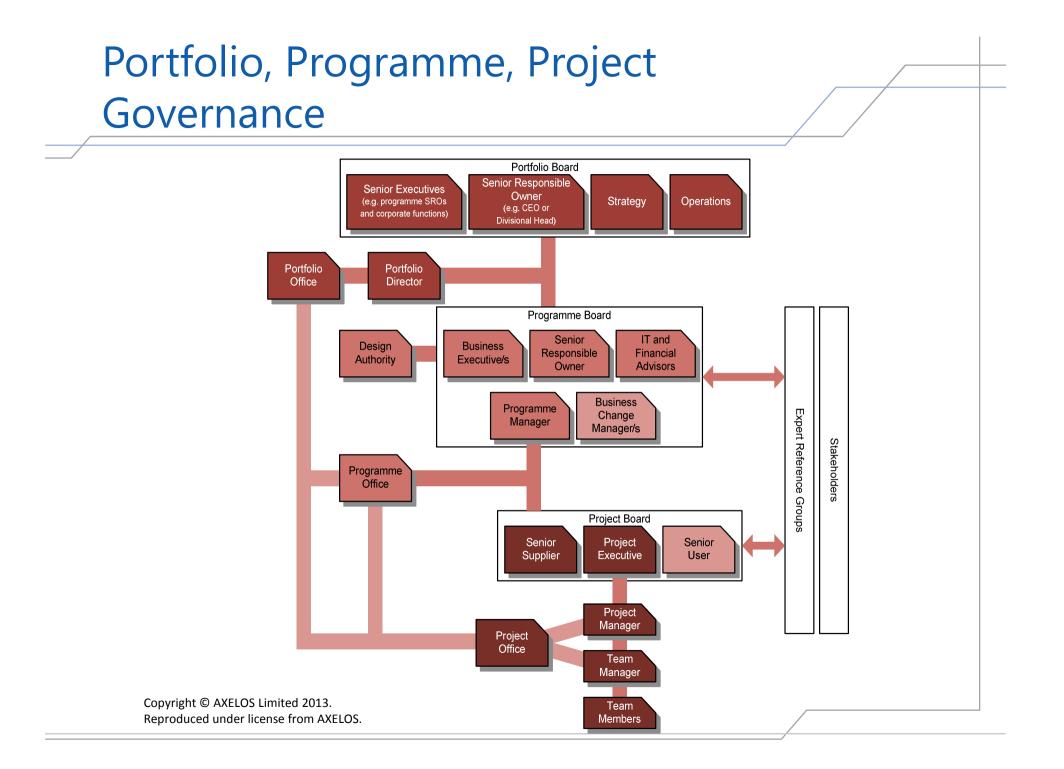
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## Example portfolio

Business Unit	Client	Project	Project Type	Financia I Status	Proj Status	Risk Status	Customer	Sold Project Revenue	Sold Project Gross Margin	Sold Gross Margin %	Forecast to Complete Revenue	Forecast to Complete Gross Margin
A	F	P1	Fixed	•	0	0	0	\$5,000	\$1,000	20%	\$6,000	\$500
В	G	P2	Fixed	•				\$6,000	\$1,000	17%	\$9,000	\$1,000
С	н	P3	Fixed	•				\$7,000	\$1,000	14%	\$9,000	\$2,000
D	I	P4	Fixed	•	0	0	•	\$8,000	\$1,000	13%	\$9,000	\$1,000
E	J	P5	T&M	•				\$9,000	\$1,000	11%	\$9,000	\$1,000







## Some measures of an effective P3O

- Overall programme and project success rates in relation to capital cost, duration, operating cost and benefits realisation for each portfolio
- Improved portfolio balance in terms of overall risk, programme and project lifecycles, strategic alignment and investment type
- Enhanced contribution to strategic objectives.
- Reduction in programmes and projects started for the wrong reasons number of projects stopped
- Predictability of delivery % increase in number of programmes and projects delivering to time and scope
- Predictability of cost % decrease in cost overruns on programmes and projects
- Reduction in overall resource costs to deliver portfolio
- Skill level assessments and job satisfaction scores

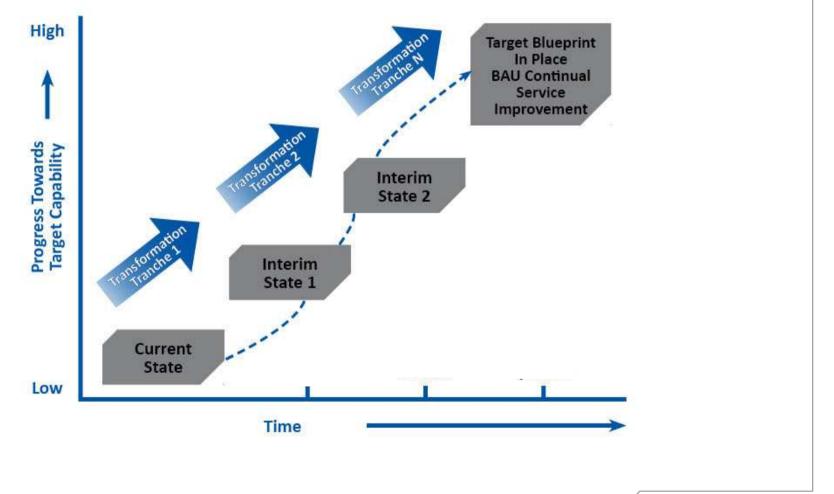


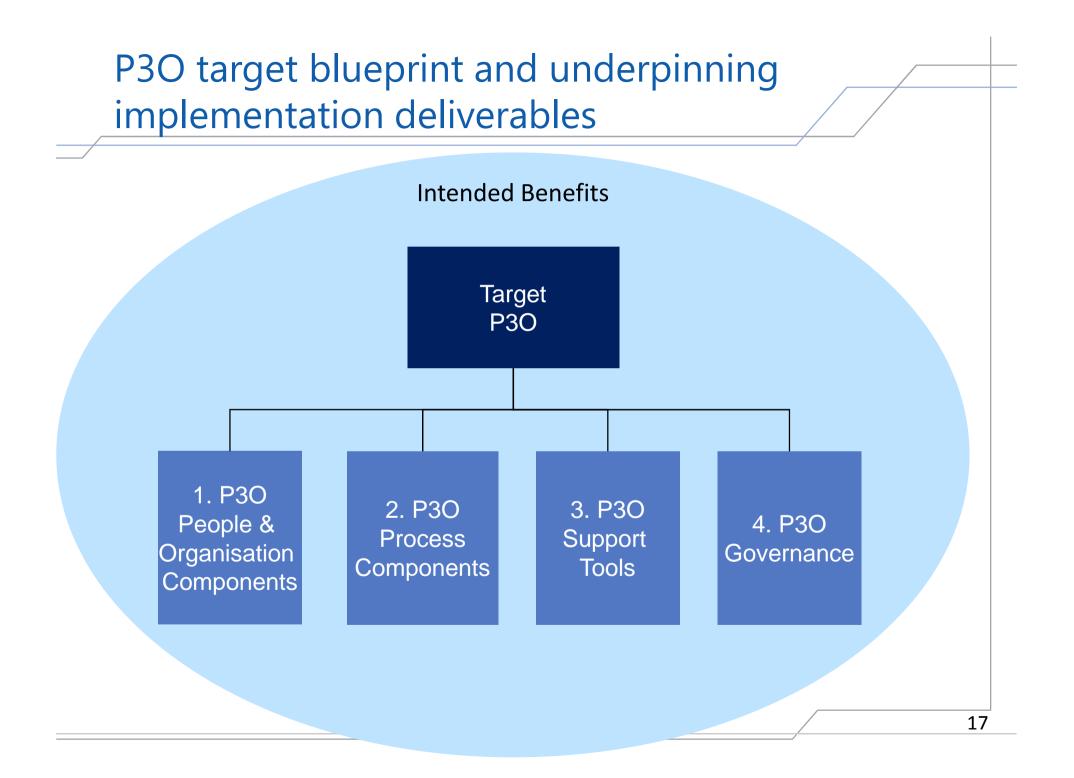
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## P30 Blueprint Design and Implementation







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## Some quotes:

"Some really good Project Managers"

"Poor planning is at the core of the issues"

"I exceeded budget: no questions were asked"

> "Real issues are usually not put on the table until late"

"There is no reliable data to feed portfolio controls"

"Reluctance to manage expectations and challenge the boss" "We tried portfolio prioritisation and tossed it"

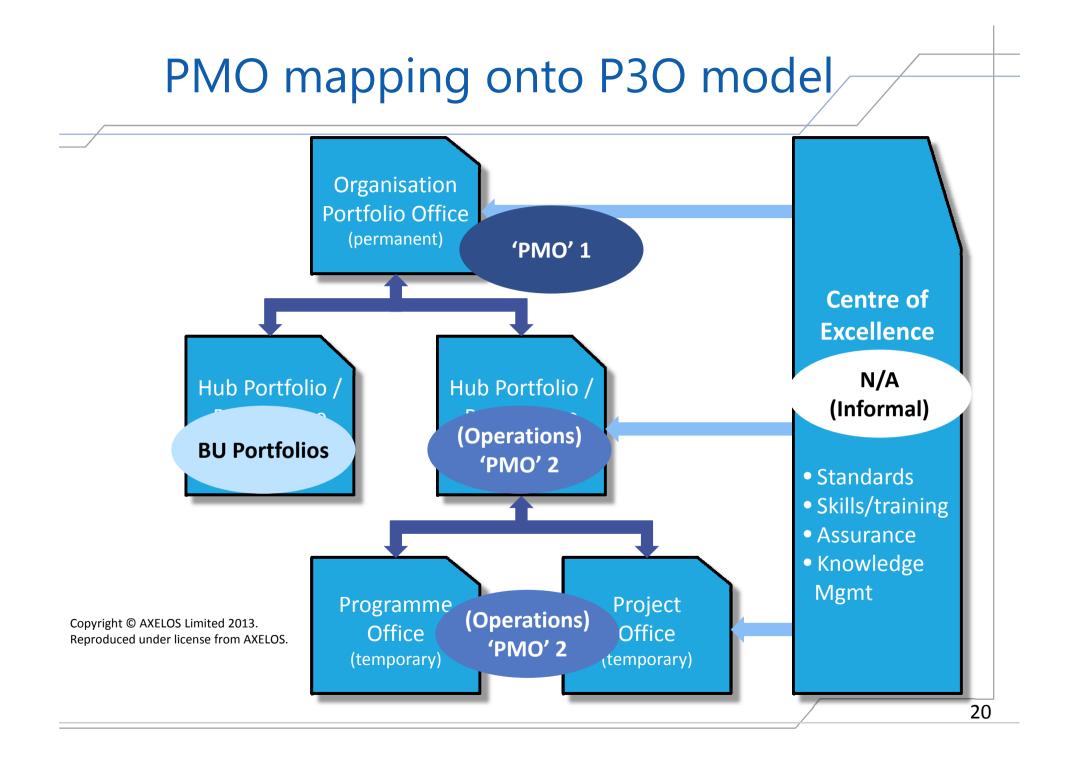
"There's a difference between what we thought we were buying and what we actually got"

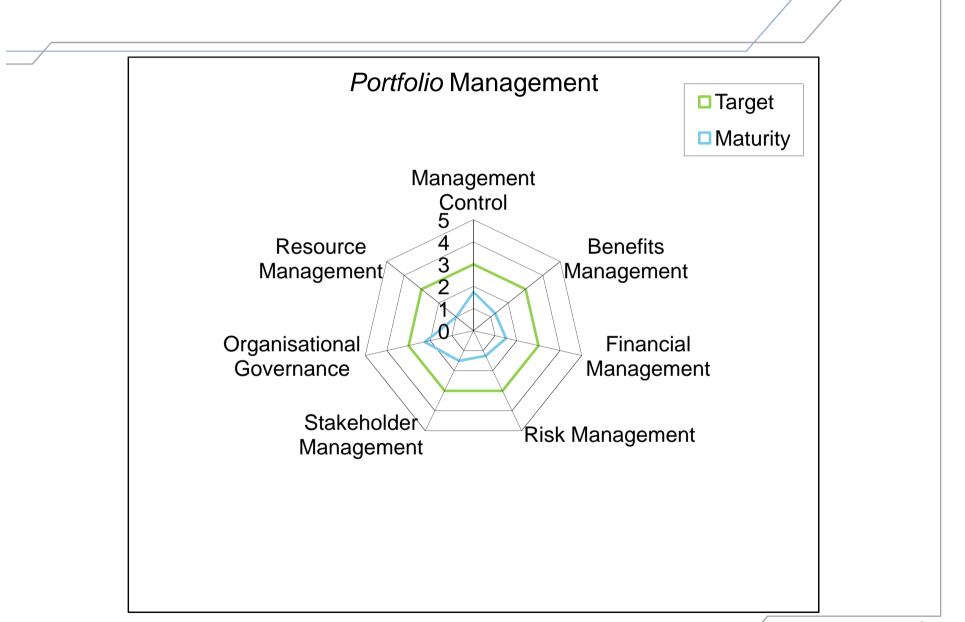
"Operations are under the hammer"

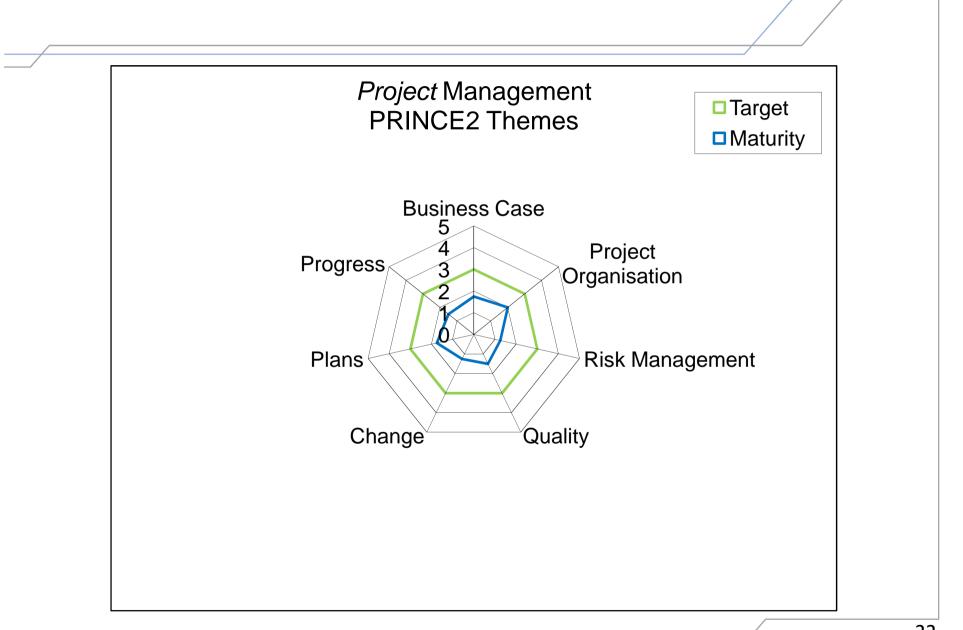
"Projects appear on our doorstep"

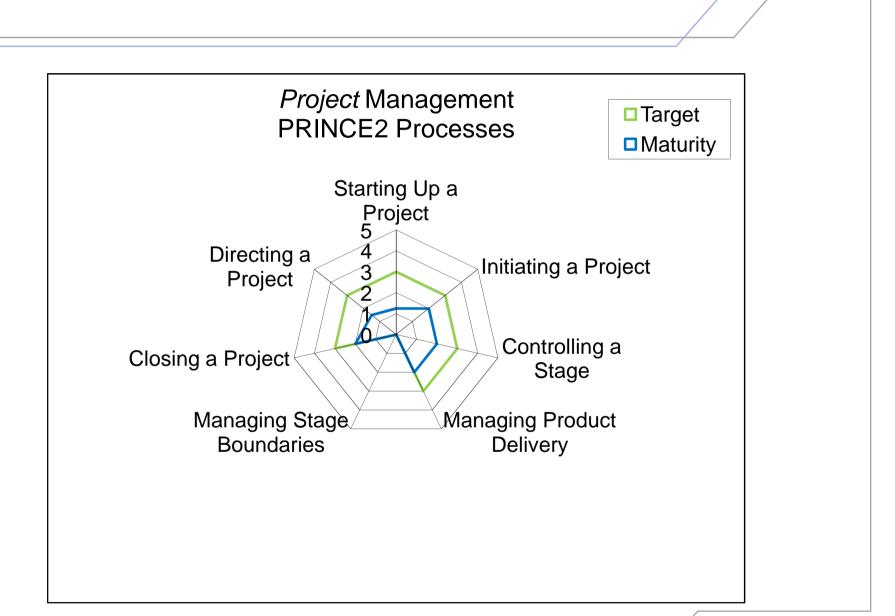
"Over ambitious or under resourced"

"The PMO is important to us"

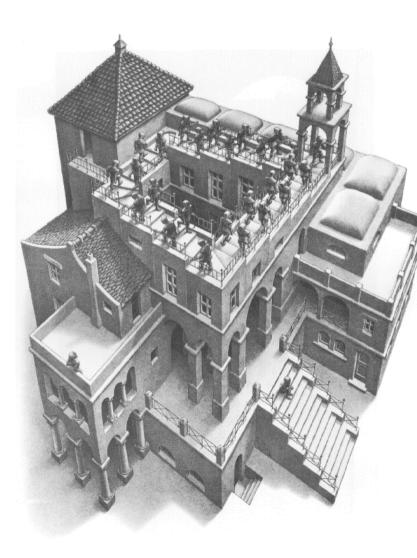






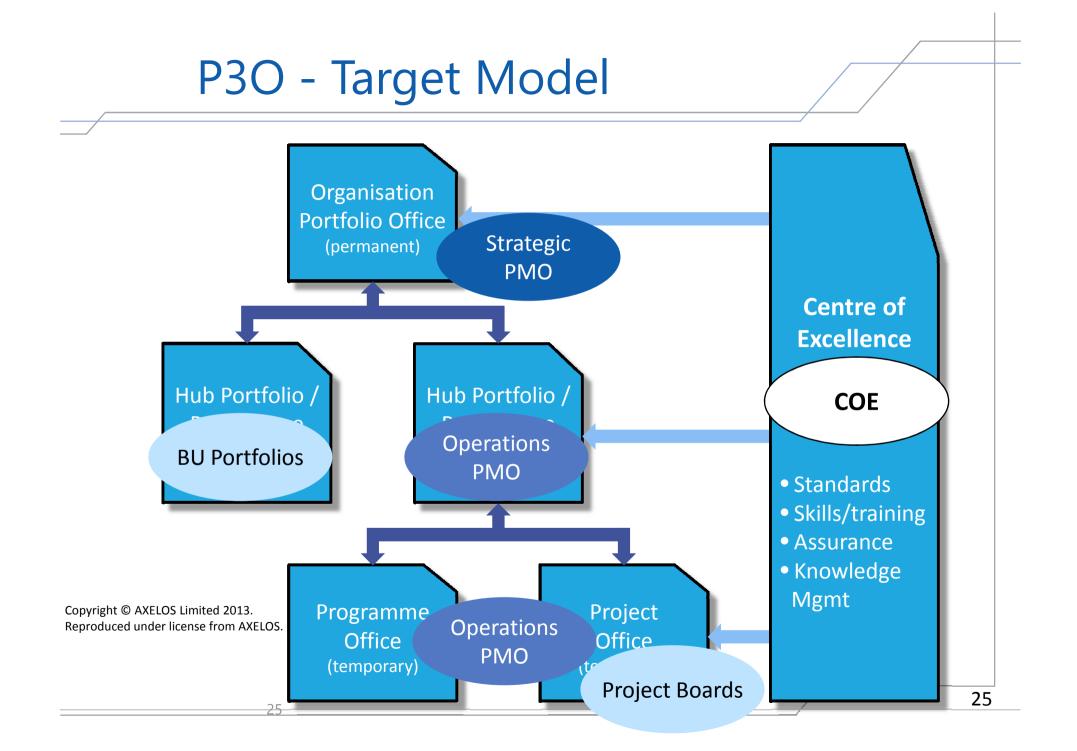


## **Pivotal Question**



- A sense of 'running to stand still'
  - P3O issues recognised
  - Ambition, workload and resource challenges get priority
- How to break that cycle?





Align, control and optimise your portfolio of initiatives, its resources, deliverables outcomes and benefits



### PMO Governance Report Q4 / 2013

1. Financial	KPI target	Q4	Q1	Q2	Q3
a. Projects/programs completed on time and budget	100%	80%			
<ul> <li>b. Projects/programs commenced/initiated within agreed timeframes</li> </ul>	90%	100%			
c. PMO run within budget	100%	99%			
2. Customer					
a. Project closed with products in line with acceptance criteria and all products signed off	100%	80%			
b. Stakeholder Satisfaction Rating (phase 2)	10 out of 10	9.2 out of 10			
3. Internal Business Process					
a. Compliance with handbook processes	90%	98%			
<ul> <li>b. Projects prioritised and classified within portfolio according to PMO classification procedures</li> </ul>	90%	100%			
c. Average process maturity - 6 to 12 monthly (estimate)	3.5	3			
<ul> <li>PMO process review meetings and continuous improvement actions progressed every month</li> </ul>	100%	100%			
4. Learning and Growth					
<ul> <li>a. Project Manager satisfaction with process/es, training in the processes and Involvement in the improvement process – 6</li> <li>monthly</li> </ul>	60%				
<ul> <li>b. % of staff achieving agreed formal certifications or completing specified training in line with annual training plan</li> </ul>	100%				
c. Relevant use of documented lessons learnt and templates in new projects	60%	75%			

Portfolio Manageme	ent Dashboard													C	UXC						g abili	ty
<pre># Projects at each stage:</pre>	Not Started		Gate 1		Gate 2	2	Gate 3	1	Gate 4	2	Gate 5											
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### **Project Health Check** <*Project>* <*customer>*

Version X, date <author>

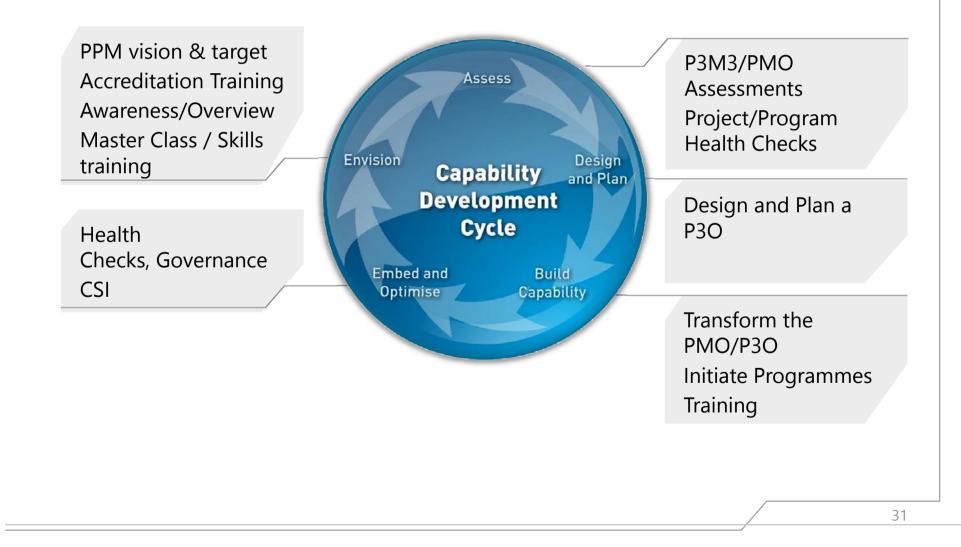


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Govern and continually improve People, Process and tool aspects of P3O best practices





### Thank You !



### **Governing project**, programme, portfolio performance and ROI

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