



COVID-19 Rebuilding & Recovery

Prioritising and Delivering the Right Projects in Uncertain Times

Many organisations will need to adapt dramatically if they are to thrive after Covid-19. Leaders will need to plan and deliver this change in a way that is both flexible and consistent. In this paper, we describe a proven method for doing this.



Introduction

There is no doubt that the post Covid-19 trading environment will be harsh for many businesses. The rapid and significant drop in customers' spending power will lead to many organisations operating on a decreased budget whilst simultaneously needing to invest time and resources on developing new services and new ways of working. While tight operational and financial management will be essential to surviving - **thriving will require leaders to seize the opportunities they identify in rapidly changing markets.**

A key attribute of such leaders will be flexibility. Businesses that recover and rebuild quickly from Covid-19 will be those that change rapidly and, in some cases, dramatically. Adaptability in **technology, operations, and leadership** style are already the hallmarks of organisations that have overcome the challenges of lockdown effectively. As we enter into the rebuilding stage of the economic recovery from the pandemic, executives will need to adopt a similar responsiveness in how they initiate and implement substantial changes in their organisation. They must, however, also guard against this flexibility morphing into inconsistency, and the adaptable leadership devolving into chaos.

This paper set out the 'Portfolio Management' methodology that supports the responsive but consistent delivery of organisational change that is required at this time. This proven and effective approach is commonly adopted by many organisations to ensure they are **identifying, prioritising and delivering** the right combination of initiatives or projects through periods of transformation.

As a specialist change and project management consultancy, CBO have worked with many organisations to introduce, adapt and apply this methodology. We believe that it will be an essential tool for organisations aiming to rebound from the impact of Covid-19, rather than simply weather the storm.

We provide an overview of what Portfolio Management is, and how it works. Should you wish to understand the potential of this approach in more detail, please do contact us for an informal discussion at coffee@cboprojects.com.

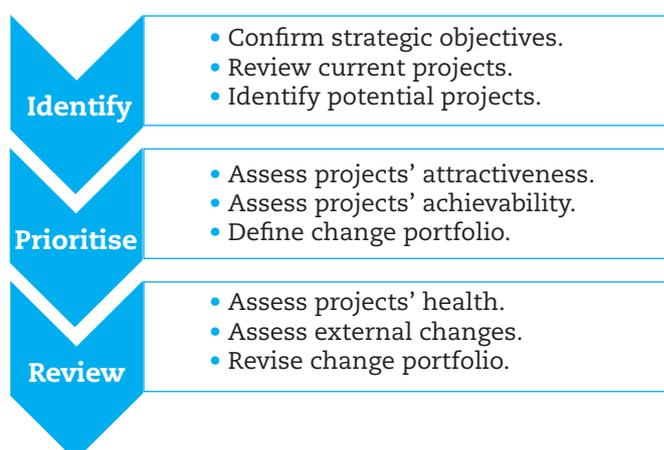
Portfolio Management: Overview

In the modern world, organisations operate in a constantly evolving environment. **Regulation, customer expectation and demand, technology and competition** are rarely static. This situation will be amplified as economies restructure and recover from the impact of Covid-19.

Successful organisations are, consequently, constantly planning and delivering projects to stay competitive and compliant. This brings risks: trying to deliver too much change at once can exhaust an organisation's budget and workforce. Delivering initiatives in an uncoordinated way can create operational inconsistency and confusion. Even where these negative outcomes are avoided, large amounts of time and money can be expended on projects of limited value: diverting resources from work that could make a genuine difference to an organisation's underlying strength and success. While this is never welcome, delivering the wrong projects could have a fundamental impact on how a company recovers from the impact of Covid-19.

Portfolio Management is a methodology that allows senior executives to **plan and deliver change in a way which avoids these risks.** It ensures and evidences that an organisation is, at any point in time, but especially in these extraordinary circumstances, delivering a suite (or 'Change Portfolio') of projects that is **coherent, proportionate** to the business' ability to adopt change, and will deliver clear and **compelling benefit.**

At its highest level, Portfolio Management does this using a 3-stage process. This is summarised in the diagram below, after which each stage is described in more detail.



Stage **1**

Identify

The first stage in utilising Portfolio Management is to ensure that you have a clear understanding of both what your business is seeking to achieve, and the various changes you might implement to attain your objectives. To do this, an organisation should look to undertake the three activities described below.



| Activity | Description |
|-------------------------------------|---|
| Confirm strategic objectives | <p>Unless a project is anchored to an organisation's strategic objectives, it is not possible to assess its true value.</p> <p>Projects delivered without reference to business plans are also likely to fail: projects deliver outputs (such as new assets or rationalised organisational structures), but ensuring that these are used in a way that benefits the organisation requires focussed and consistent management.</p> <p>Many organisations will need to revise their strategic objectives at this time, as the financial and economic impact of Covid-19 changes priorities, renders some old plans redundant, and also generates new opportunities.</p> |
| Review current projects | <p>Portfolio Management is rarely implemented in a 'green field site'. Organisations are usually delivering a myriad of projects prior to adopting the methodology.</p> <p>Understanding which of these are really contributing to the organisation's goals is essential to ensure that, in the future the business is focussing its resources effectively.</p> <p>The impact of Covid-19 on supply chains, workforce and regulation may have changed some projects from being vital and easy to deliver to being either inessential or unachievable.</p> |
| Identify potential projects | <p>While it is likely that many existing projects will support the organisation's strategic objectives, it should not be assumed that they will deliver them in full. This is especially true at this time if Covid-19 has triggered a revision of those objectives.</p> <p>If a business is to define and deliver the 'right' change portfolio, it is important to look beyond current work in progress and understand what else could be done to deliver strategic objectives.</p> |

“The result of doing these three activities is that an organisation has a clear understanding of what outcomes it is seeking from its investment in change, and comprehensive list of potential projects to invest in. This provides the foundations for the second stage in Portfolio Management: prioritisation.”

How can CBO help?

CBO helps organisations in the 'Identify' stage of Portfolio Management in two ways:

- Project Rapid Reviews: executives are often concerned, when implementing Portfolio Management, what they have a poorly defined and controlled set of projects underway. To address this, CBO have developed a 'rapid review' methodology which uses interviews and spend analysis to systematically identify current projects, and, in a matter of hours, determine the extent to which each project has value to the organisation, and can successfully be delivered given the way it is being resourced and run.
- Project Identification: CBO also provide a structured process to organisations to identify the full range of potential projects available to an organisation to deliver its strategic objectives. This process includes work with executives to articulate what projects are required to deliver the business' plan, and workshops with cross-sections of staff to develop a broad range of options for how those projects could be delivered.

Let's move on to stage 2

Stage 2

Prioritise

The second stage of Portfolio Management is to confirm what combination of projects the business will invest its resources into. Normally, the range of projects that an organisation could deliver (as defined in Stage 1) significantly exceeds the resources available. This is likely to be exacerbated for organisations managing Covid-19 generated budget reductions. To address this, the following process is followed



| Activity | Description |
|--|--|
| Assess projects' attractiveness | The first step in developing a prioritised change portfolio is to determine the comparative attractiveness of each project. This is done by assessing each project against a common set of measures of value, directly linked to the organisation's strategic objectives. |
| Assess projects' achievability | <p>Understanding which projects are most valuable to an organisation is only 50% of determining what should be included in the business' Change Portfolio. The other half of the effort is associated with understanding what draw each project would have on the finite resources available.</p> <p>This analysis of the demand that a project will have on an organisation should look beyond money and people. Other factors, such as the workforce's ability to absorb change effectively, are limited – and may have already been consumed by the immediate operational management of Covid-19.</p> |
| Define Change Portfolio | Once you know the relative attractiveness of each project, and what resources it would require to be delivered, it is possible to determine what combination of projects you would be best served to deliver with out overwhelming your organisation. This is your Change Portfolio. |

How can CBO help?

CBO supports organisations through this multi-faceted element of Portfolio Management with a proven and structured Portfolio Prioritisation approach. In this, we:

- Work with executives to develop a set of measures, that allow for the consistent articulation of the extent to which a project contributes to their strategic objectives. The complexity and quantification of this framework of measures is determined by the culture of the organisation in question: CBO have developed variants ranging from lightweight 'traffic light' measures through to formally scored and weighted ranking tools.
- Work with managers to build a rounded articulation of how much change an organisation can deliver at any time. This considers funding available, staff capacity to work on projects, the need to spread the impact of projects across a business to avoid 'change fatigue', and the level of project-generated risk the organisation is willing to take at any one time.
- Ascertaining what the highest 'value' combination of projects that can be delivered within the capacity constraints of the organisation. From our experience, there is rarely one 'right' answer to this: for example, an organisation may have the choice of investing all of its resources into one major project or deliver 5 smaller ones. Consequently, CBO delivers a small number of alternative portfolios, which can be evidenced to provide a large amount of value for the organisation, and be delivered within its capacity constraints. We then work with executives to identify any amendments required to these (it is common for specific initiatives to be deemed as 'non-negotiable', for example, and thus need to be included in all potential portfolios), and agree the Change Portfolio to be delivered.

“Once a Change Portfolio has been defined and approved, it is necessary to ensure it is effectively delivered, and kept under an appropriate level of scrutiny. This is delivered through the third stage of Portfolio Management: review.”

Let's move on to stage 3



Stage 3

Review

This purpose of this final stage of the Portfolio Management process is to monitor the agreed Change Portfolio as it is delivered, to ensure that it evolves to reflect changes within and outside the organisation. This is achieved through the combination of the three activities described below.



| Activity | Description |
|--------------------------------|---|
| Assess projects' health | The best portfolio is of little value if it is not being delivered effectively. It is, therefore, an essential element of portfolio management to keep the health of the agreed projects under review. |
| Assess external changes | Even if all projects in a portfolio are being delivered well, there is a risk that it ceases to be the most beneficial set of investments for the company. This can be because new projects are proposed, which are significantly more attractive than those in train. It can also be because of changes external to the company, which alter the fundamental value of some projects. |
| Revise change portfolio | If it is clear that some projects will never deliver their anticipated benefit, or that they have lost attractiveness due to external changes, it is best to suspend or stop them. Freed resource can then be applied to other projects, and the revised change portfolio delivered. |

How can CBO help?

CBO supports organisations to maintain and review Change Portfolios in a number of ways. Common tools that we deploy include:

- CBO supports organisations to monitor the health of projects by creating simple project progress reports, and consolidated portfolio dashboards. These are deliberately very visual, to avoid executives drowning in detail.
- Where a project is shown through these techniques to be performing badly, CBO can use the Rapid Review technique described above to rapidly understand why it is struggling, and recommend remedial actions.
- CBO also supports organisations to review and revise their Change Portfolios, using a light-touch version of the approach described in the section on Prioritisation (above) to ensure that the organisation continues to deliver the right combination of changes over time.

Interested in learning more about how portfolio management can help your organisation?

We have been supporting many organisations with delivery of their most complex, critical and legacy-replacing projects and programmes. Our team is one of highly-experienced and skilled project professionals who work on behalf of our clients to shape, manage or assure such projects and programmes. As a result, we have developed a breadth of experience and knowledge in assessing projects across a variety of industry sectors, and providing pragmatic advice on how to best take them forward.

If you are interested in learning more about any of the topics raised in this paper, please contact one of our Directors.

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“It is this review process that is essential in the post Covid-19 context. As aftershocks of the initial disruption ripple through the economy, and with the potential of second and third waves of the pandemic, Change Portfolios will need to be monitored, and managed with agility. Setting a clear but inflexible Change Portfolio would be counter-productive in this uncertain and rapidly changing environment. By contrast, knowing that you are making the right investment decisions at any point in time, but retain the ability to respond to change, provides the balance of consistency and flexibility required at this time.”