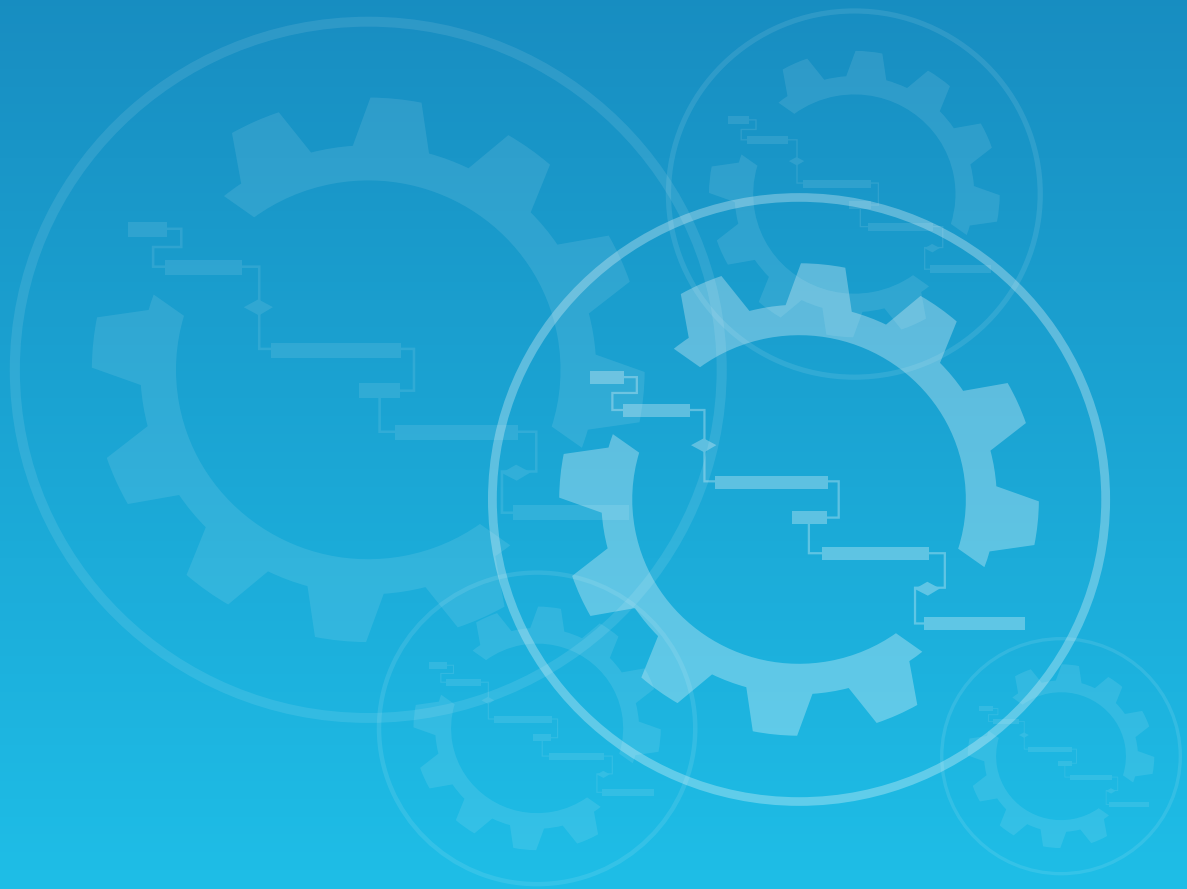




## Project Services

Prioritising the right projects and  
delivering complex change at scale



## Portfolio Management

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

Variable market conditions, with either depressed or buoyant economies, will cause a change in customers' spending power. This leads to organisations needing to operate on a significantly smaller or larger 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 these rapidly changing markets.**

### A key attribute of such leaders will be flexibility.

Businesses that react successfully to market conditions or key events will be those that change rapidly and, in some cases, dramatically. Adaptability in **technology, operations** and **leadership** style is already the hallmark of organisations that overcome challenges effectively. Executives 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 outs 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 has worked with many organisations to introduce, adapt and apply this methodology. We believe that it is a powerful tool for senior management. When effective it can drive forward change in an integrated, transparent manner, ensuring effective utilisation of scarce resources and minimising risk.

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](mailto: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.

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 performs.

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's ability to adopt change, and will deliver clear and **compelling benefit**.

At its highest level, Portfolio Management does this using a three-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 focused and consistent management.</p> <p>Organisations need to review and revise their strategic objectives as their environment changes around them, shifting priorities, rendering plans redundant and generating new opportunities.</p>
Review current projects	<p>Portfolio Management is rarely implemented in a 'greenfield 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 focusing its resources effectively.</p> <p>The impact of variable markets or key events on supply chains, workforce and regulation may change 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.</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>

## 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, that they have a poorly defined and controlled set of projects underway. To address this, CBO has 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 provides 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's plan, and workshops with cross sections of staff to develop a broad range of options for how those projects could be delivered.



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# 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 impacted by negative market conditions.

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's 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 responding to market events.</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 without 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 has 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 one 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 delivering five 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.



# 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.



# How we can help



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 team.**



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Supporting businesses with unparalleled value for money and quality of service.  
We would be delighted to discuss our experience and insights in more detail with you over a coffee.



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