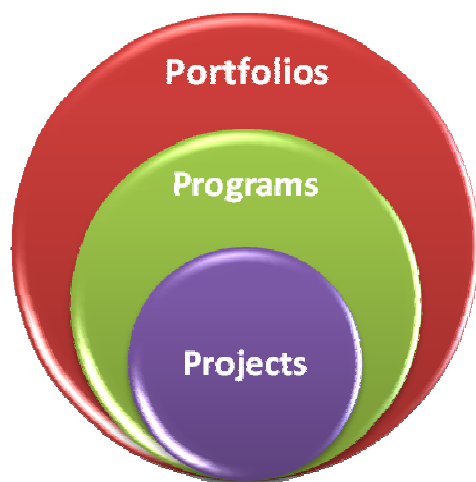


Portfolio Management

The Project Management Institute defines a *portfolio* as a collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives; *Portfolio management* as a technique for the centralized management of one or more portfolios, which includes identifying, prioritizing, authorizing, managing, and controlling projects, programs, and other related work to achieve specific strategic business objectives; A *program* as a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the discrete projects in the program; and a *project* as a temporary endeavor undertaken to create a unique product, service, or result.

An organization may have more than one portfolio, each specific to a unique area or objective. From this perspective, portfolio management also includes selecting, managing, and evaluating the inventory of proposed and current investments that utilize organizational resources. This is accomplished in such a manner that achieves maximum value from the limited availability and efficient utilization of such resources.



To succeed, portfolio management must support organizational alignment of strategy and operations. This then enables organizations to determine if initiatives are supporting strategic objectives and then to identify how to best utilize limited resources through the comprehensive integration of operational planning, opportunities, and tactical execution of project efforts across the enterprise. The objective being to optimize organizational and investment performance by aligning programs and projects with strategies, then managing them holistically through the diligent application of practices such as:

- Strategic planning
- Investment analysis
- Demand and change management
- Investment, program, and project management
- Resource management (HR, finance, capacity, etc)

Utilizing the above practices to effectively manage resources and efforts across the enterprise enables better, more consistent control of project portfolios and delivers greater visibility into organizational efforts. Transparency then enables organizations to make better investment decisions that effectively and efficiently:

- Drive investment results
- Manage product pipelines
- Capitalize on opportunities
- Manage and respond to change
- Effectively manage cost and risk
- Deliver consistent business outcomes
- Enable forecasting and what-if analysis
- Govern portfolio drivers (regulatory, legal, etc)
- Effectively Manage demand for limited resources
- Reinforce critical projects and operational activities
- Optimize the allocation and dynamic management of organizational resources
- Synchronize tactical project execution to support organization's strategic objectives

Some typical core components of an integrated portfolio management framework include:

1. Building a project inventory
2. Identifying strategic objectives
3. Aligning projects with strategic objectives
4. Identifying measures and defining metrics
5. Selecting, prioritizing, and categorizing the true portfolio inventory
6. Optimizing resource utilization and capabilities
7. Consistently measuring, managing, and reviewing the portfolio, measures, and metrics
8. Balancing demand and portfolio pipelines

Governing how investments are selected, controlled, and evaluated requires that the needs of different business units are prioritized for the purpose of allocating and distributing limited resources. This requires organizations to make trade-offs and difficult decisions that drive strategic priorities through execution of tactical project initiatives. Decisions should be based off information gained in-part from asking questions such as:

- Are promised benefits being realized?
- Are plans being executed as expected?
- Are capabilities and capacities optimized?
- Are opportunities being capitalized upon?
- Are resources invested in the right areas?
- Are we flexible enough to absorb all the changes?

Answers to such questions combined with additional qualitative and quantitative analysis, and what-if planning scenarios helps organization select and optimize the portfolio investment mix to best align with the organization's strategy, goals, and objectives. This may include analysis of:

- Risk level
- Cross plots
- Bubble charts
- Expected return
- Budget vs actuals
- Strategic alignment
- Return on investment
- Resource expenditures
- Rank tables and roll-ups

Ultimately what portfolio management attempts to rectify are situations where organizations are challenged by items such as:

- Redundant initiatives
- Inefficient resource utilization
- Late projects behind schedule and/or over budget
- Misalignments between tactical project initiatives and strategic business objectives

However, in order to achieve successful results the planning, implementation, and ongoing support for portfolio management requires:

- Executive sponsorship and support

- Effective and consistent communication
- Enterprise wide supporting infrastructure
- Centralized data repository, control, analysis, and reporting
- Effective and efficient governance framework
- Strong portfolio management
- Identification and understanding of resources and organizational capabilities

For more information on portfolio management or the CDC Unified Process please visit the CDC UP website at <http://www.cdc.gov/cdcup/>. ■

Project Management Community of Practice

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For more information on the Project Management Community of Practice visit the PMCoP website at <http://www2.cdc.gov/cdcup/librarv/dmcoP/> ■

CDC Unified Process Presentations

The CDC UP offers a short overview presentation to any CDC employee and/or contractor group, upon your request. Presentations are often performed at your facility, on a day of the week convenient for your group, and typically take place over lunch structured as 1-hour brown bag/lunch-and-learn style meeting.

Contact the CDC Unified Process at cdcup@cdc.gov or visit <http://www.cdc.gov/cdcup> to arrange a short overview presentation for your group. ■

Contact the CDC Unified Process

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