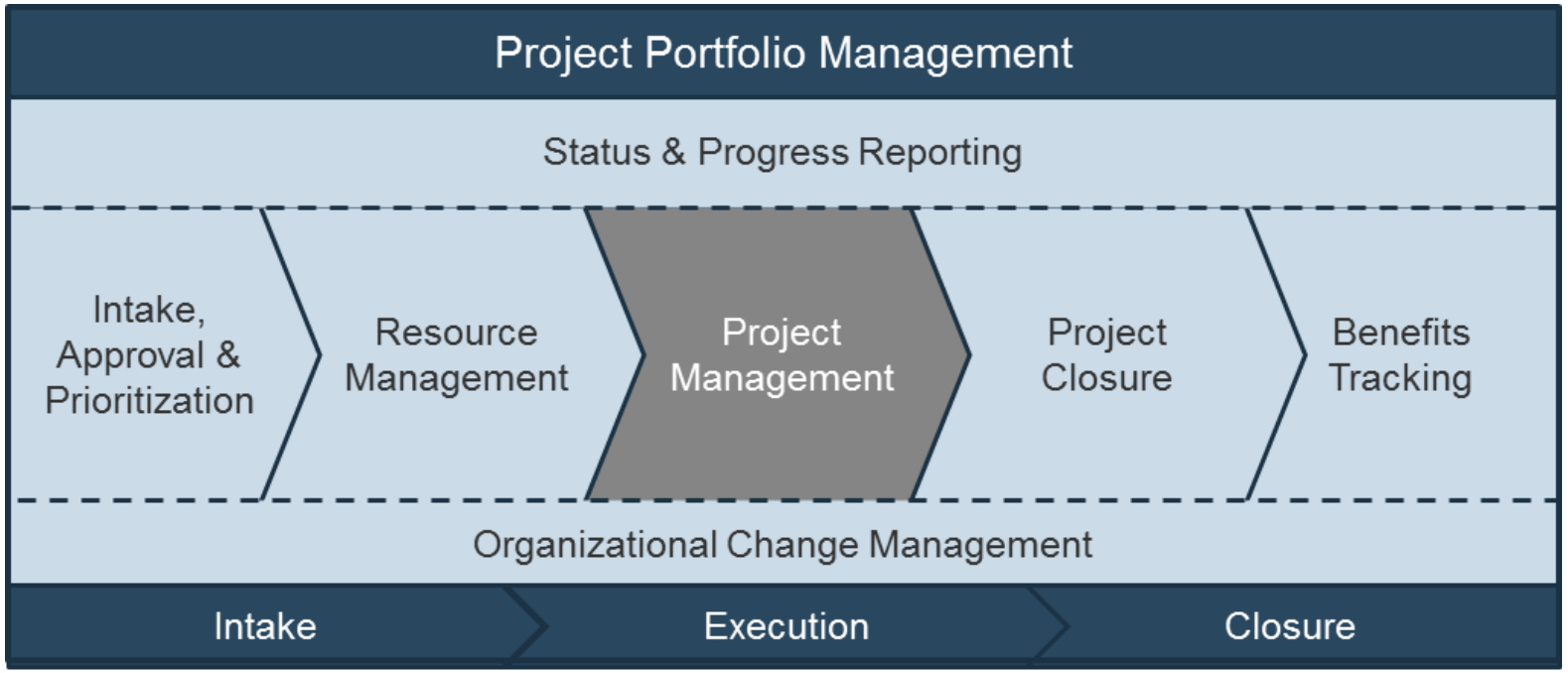
Project Portfolio Throughput Huddle

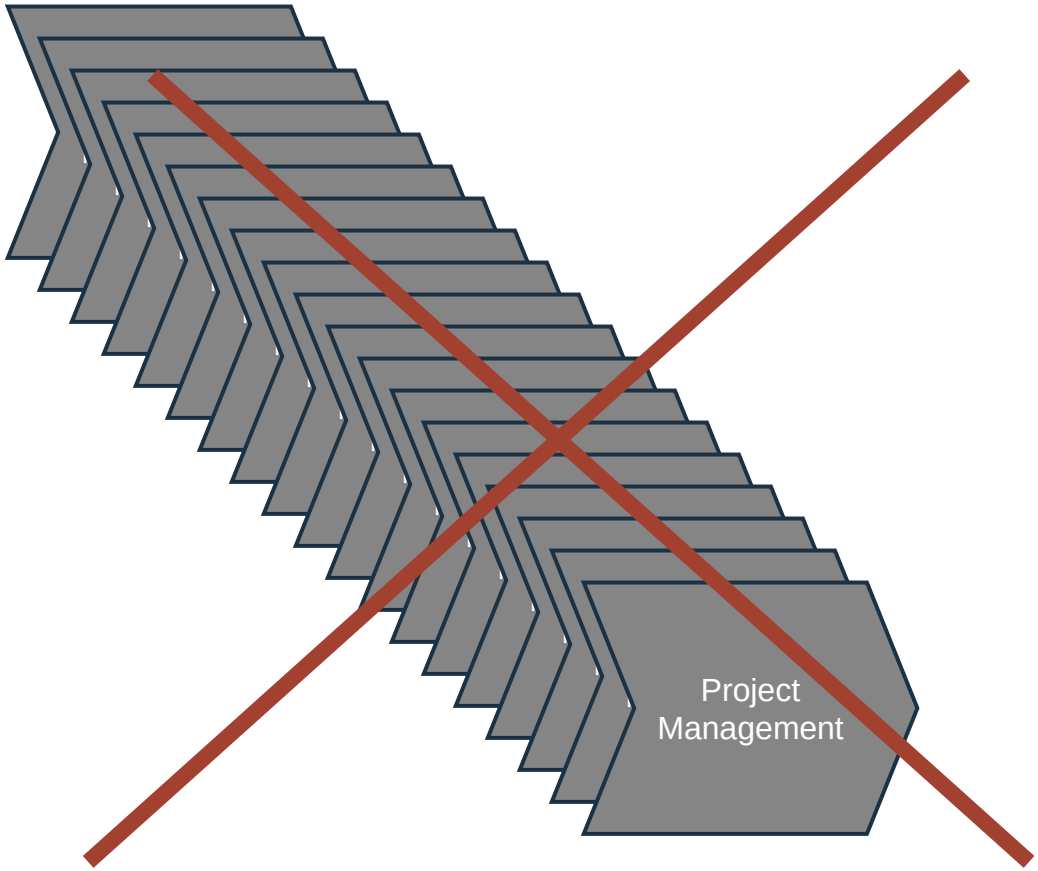
INFO~TECH
RESEARCH GROUP

Info-Tech's Project Portfolio Management Framework



Portfolio management is not project management

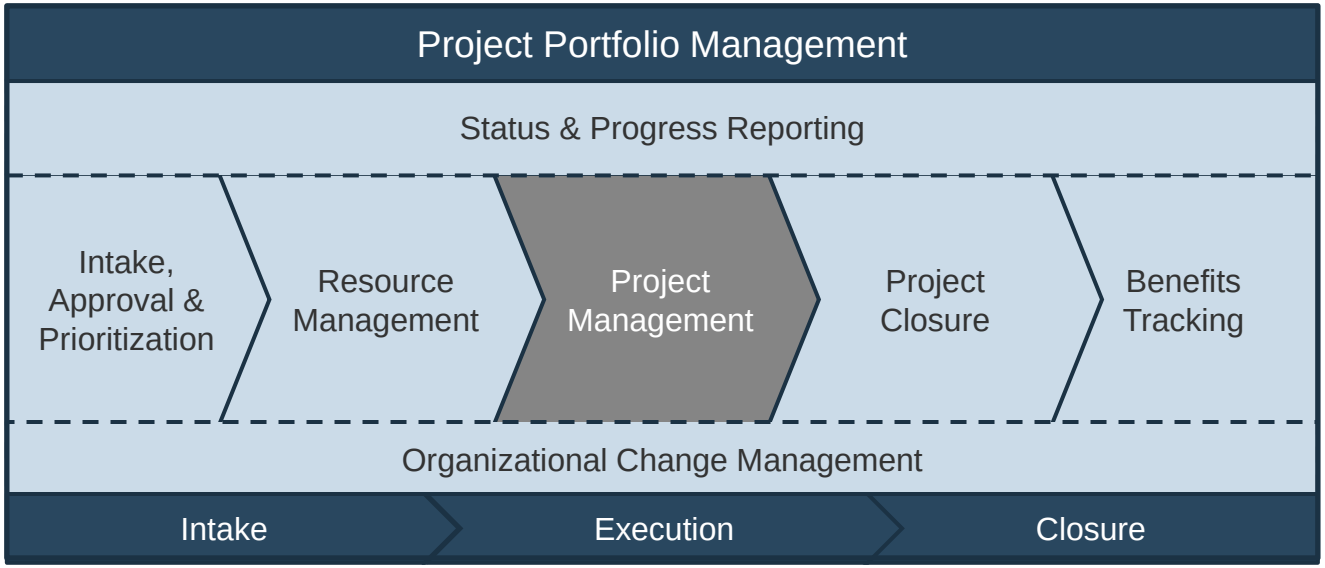
PPM is **not** simply about managing lots of projects



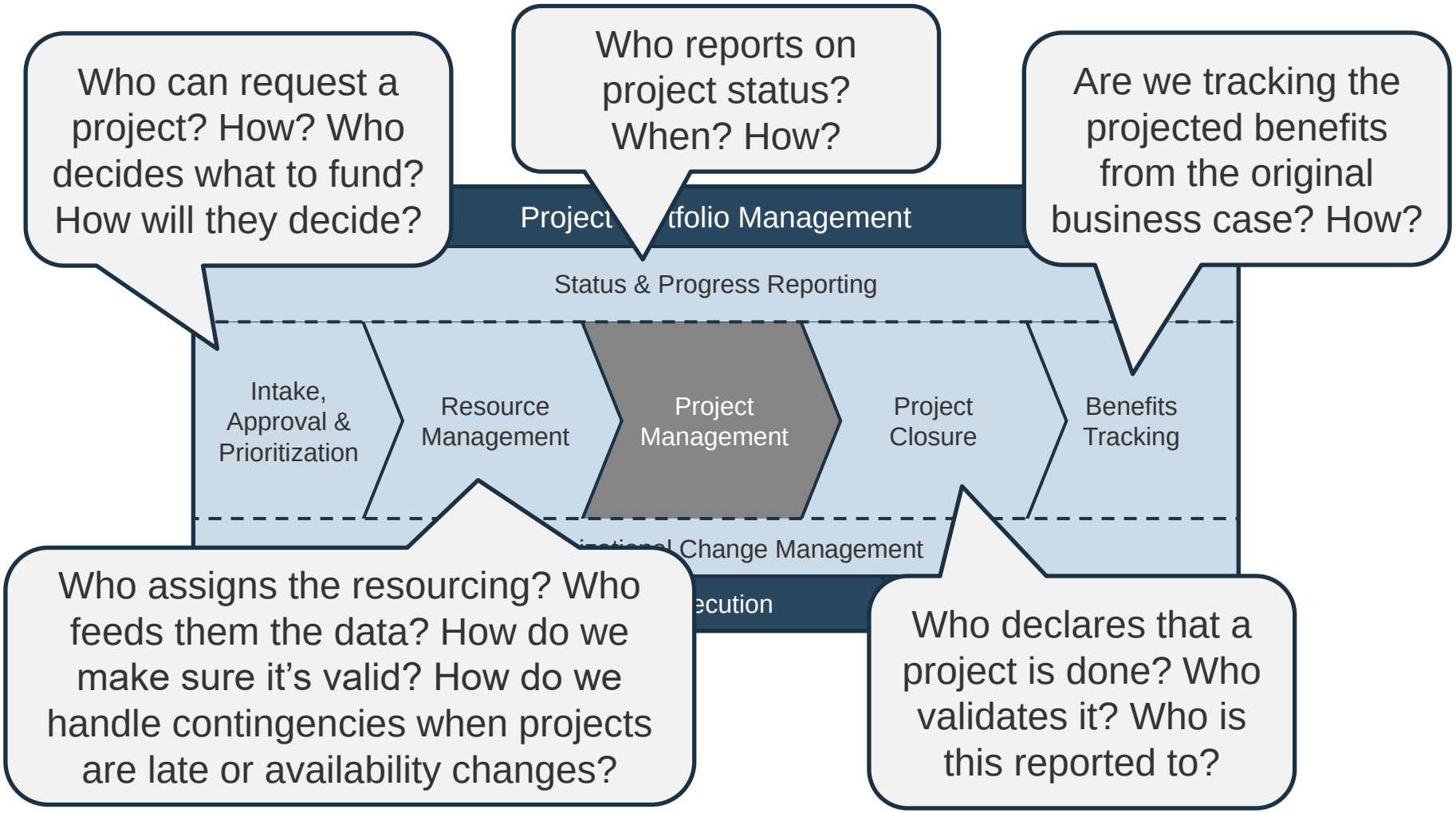
Project portfolio management drives projects

Project Portfolio Management

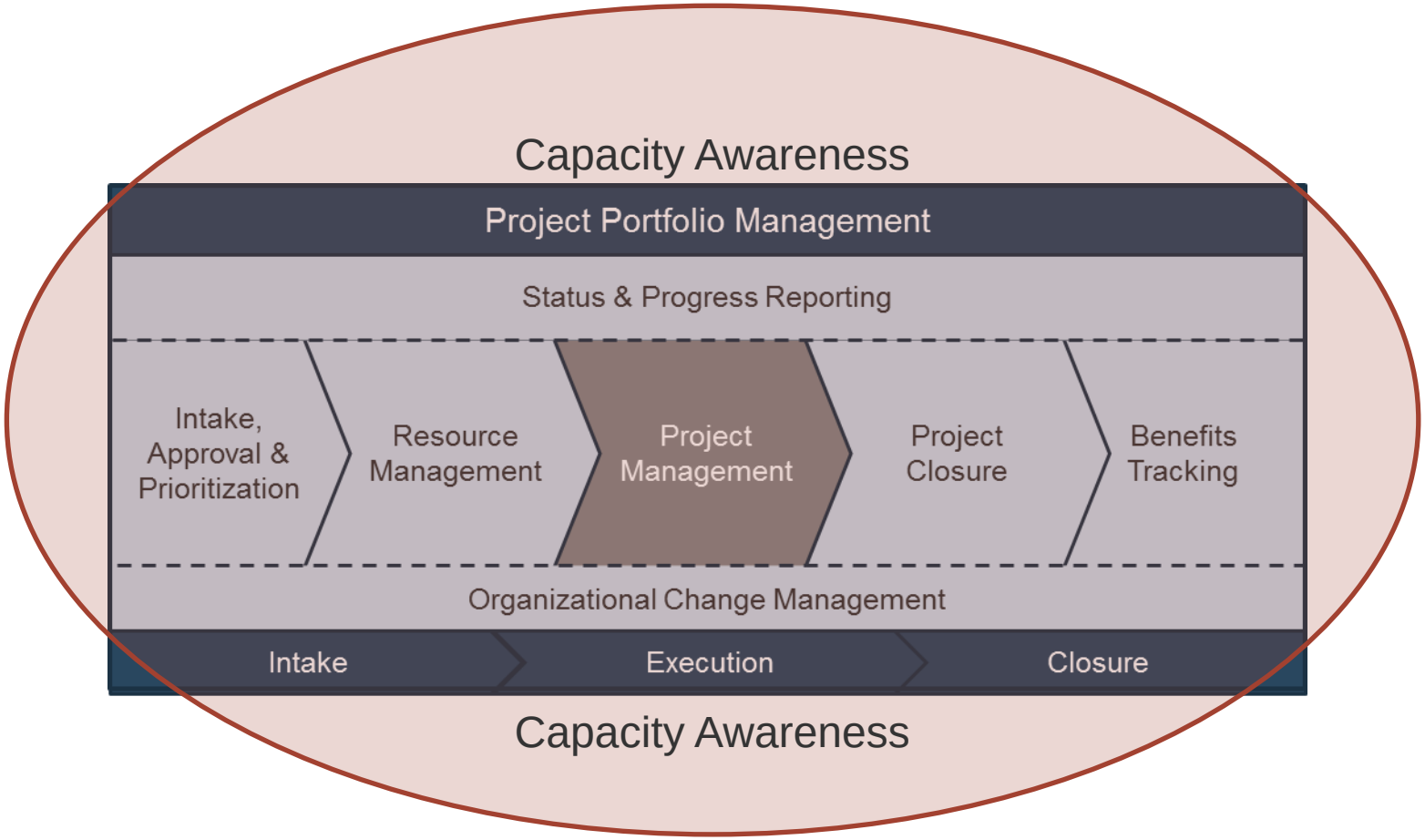
- Select the right projects
- Pick the right time and people to execute the projects
- Make sure the projects are OK and that they get done
- Make sure they were worth doing



Portfolio management needs a strategy



Resource capacity awareness informs the totality of PPM



Project portfolio management = smart decisions

How will we best use our resources

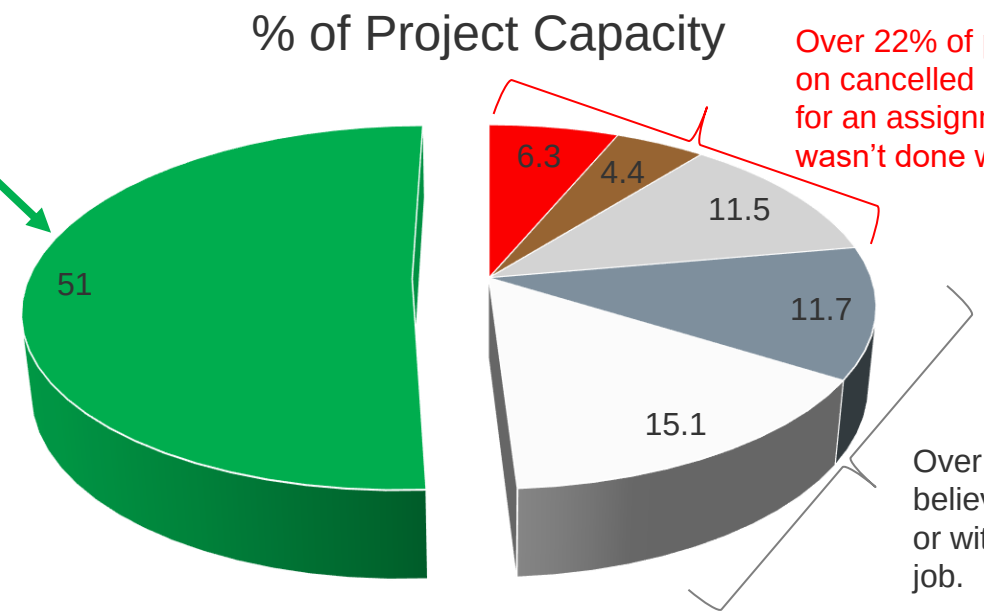
to satisfy

our operational and strategic needs?

Are we making the best use of our resources?

Organizations, on average, believe that only 51% of their project capacity is being productively used.

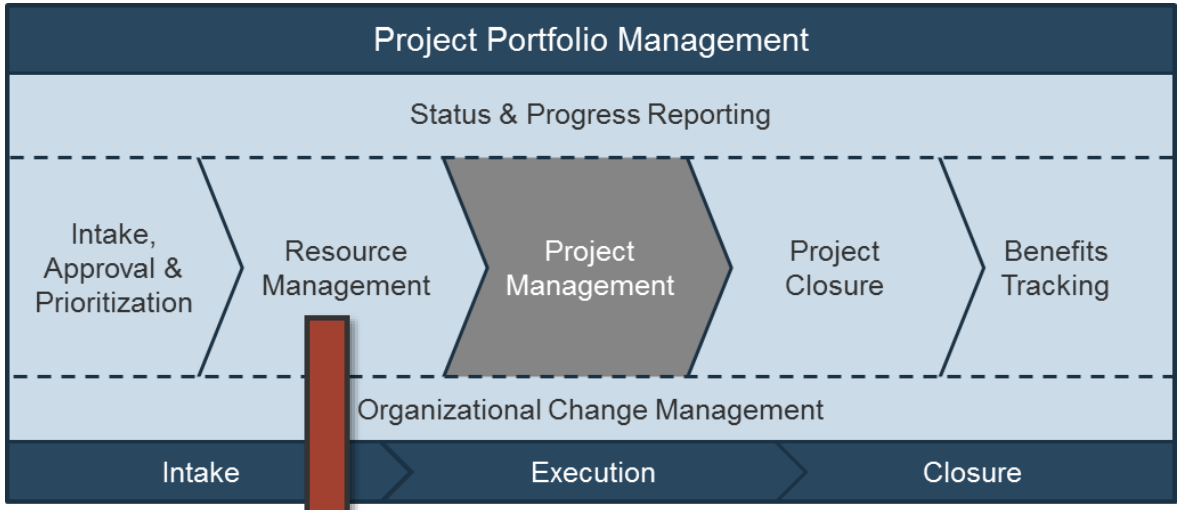
** Based on an Info-Tech survey of more than 500 organizations across all industries and geographies.*



Over 22% of project capacity is wasted on cancelled projects, resources waiting for an assignment, or fixing work that wasn't done well enough the first time

Over 26% of project capacity is believed to be spent inefficiently, or with the wrong skills for the job.

Common resource management challenges



Key Questions

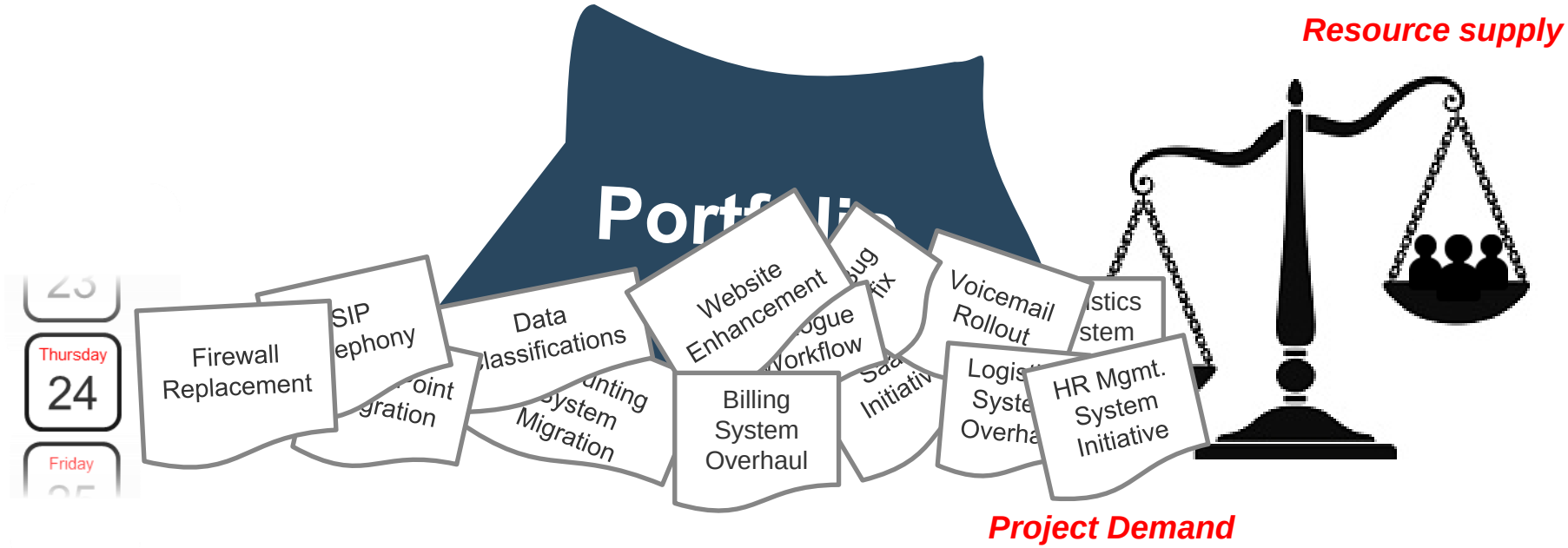
- **Who assigns the resources?**
- **Who feeds the data on resources?**
- **How do we make sure it's valid?**
- **How do we handle contingencies when projects are late or when availability changes?**

Challenges

- **Matrix organizations** require project workers to answer to many masters and balance project work with "keep the lights on" activities and other administrative work.
- **Interruptions, distractions, and divided attention** create consistent challenges for workplace productivity.

Efforts to get better at utilizing resources need to be rooted in an awareness of daily working realities in IT

Operational demand often trumps project work	**Limited Visibility**	**Staff don't have the luxury to focus on one thing at a time**	**Project management time has not been allocated**



Traditional models of resource management lead to systemic over-allocation of IT staff

When daily working realities are not taken into account, resources are over-allocated and over-worked, increasing stress and decreasing the quality of work.

When resources are working on too many projects at once, some projects inevitably get delayed, which can snowball into many more projects being delivered late and over budget.

Create a realistic estimate of your project capacity with Info-Tech's *Project Portfolio Throughput Huddle Tool*

Use tab 2 of Info-Tech's *Project Portfolio Throughput Huddle Tool* to analyze your overall resource capacity for projects

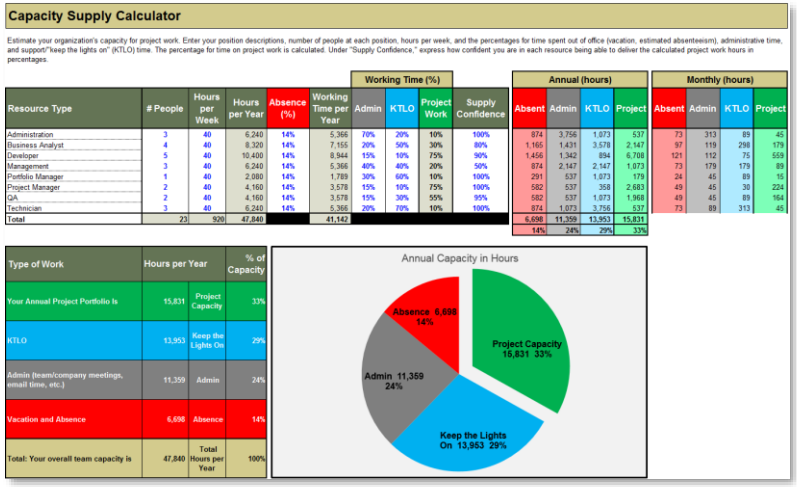
Info-Tech's research shows that the ability to provide a centralized view of IT's capacity for projects is one of the top PPM capabilities that contributes to overall project success.

Our High-Level Capacity Calculator in the *Huddle Tool* can help you achieve an initial understanding of IT's project capacity.

- The calculator tool requires minimal upfront staff participation; you can obtain meaningful results with participation from even a single person, with insight on the distribution of your resources and their average work week or month.
- As the number of participants increases, the quality of analysis will improve.

The slides ahead guide you through how to use the calculator.

Download Info-Tech's *Project Portfolio Throughput Huddle Tool*



Capacity Supply Calculator

Estimate your organization's capacity for project work. Enter your position descriptions, number of people at each position, hours per week, and the percentages for time spent out of office (vacation, estimated absenteeism), administrative time, and support/"keep the lights on" (KTLO) time. The percentage for time on project work is calculated. Under "Supply Confidence," express how confident you are in each resource being able to deliver the calculated project work hours in percentages.

Resource Type	# People	Hours per Week	Hours per Year	Absence (%)	Working Time per Year	Working Time (%) Admin	KTLO	Project Work	Supply Confidence	Annual (hours) Absent	Admin	KTLO	Project	Monthly (hours) Absent	Admin	KTLO	Project
Administration	3	40	6,240	14%	5,366	70%	20%	10%	100%	874	3,756	1,073	537	73	313	89	45
Business Analyst	4	40	8,320	14%	7,155	20%	50%	30%	80%	1,165	1,431	3,578	2,147	97	119	298	179
Developer	5	40	10,400	14%	8,944	15%	10%	75%	90%	1,456	1,342	894	6,708	121	112	75	559
Management	3	40	6,240	14%	5,366	40%	40%	20%	50%	874	2,147	2,147	1,073	73	179	179	89
Portfolio Manager	1	40	2,080	14%	1,789	30%	60%	10%	100%	291	537	1,073	179	24	45	89	15
Project Manager	2	40	4,160	14%	3,578	15%	10%	75%	100%	582	537	358	2,683	49	45	30	224
QA	2	40	4,160	14%	3,578	15%	30%	55%	95%	582	537	1,073	1,968	49	45	89	164
Technician	3	40	6,240	14%	5,366	20%	70%	10%	100%	874	1,073	3,756	537	73	89	313	45
Total	23	920	47,840		41,142					6,698	11,359	13,953	15,831				
										14%	24%	29%	33%				

Type of Work	Hours per Year	% of Capacity
Your Annual Project Portfolio Is	15,831 Project Capacity	33%
KTLO	13,953 Keep the Lights On	29%
Admin (team/company meetings, email time, etc.)	11,359 Admin	24%
Vacation and Absence	6,698 Absence	14%
Total: Your overall team capacity is	47,840 Total Hours per Year	100%

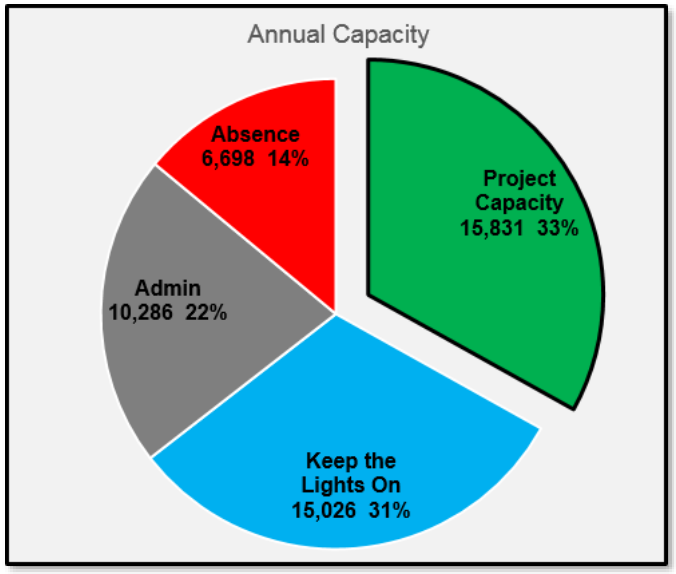
Info-Tech Insight

What's first, process or tools? Remember that process determines the quality of your data while data quality limits the tool's utility. Without quality data, you cannot evaluate the success of the tool, so nail down your collection process first.

Break down your resource capacity into high-level buckets of time for each role

We define four high-level buckets of resource time:

- **Absence:** on average, a resource spends 14% of the year on vacation, statutory holidays, business holidays and other forms of absenteeism.
- **Administrative:** time spent on meetings, recordkeeping, etc.
- **Operational:** keeping the lights on; reactive work.
- **Projects:** time to work on projects; typically, this bucket of time is whatever's left from the above.



INPUT

- Staff resource types
- Average work week
- Estimated allocations

OUTPUT

- A realistic estimate of project capacity

Materials

- Tab 2 of the Project *Portfolio Throughput Huddle Tool*.

Break down your resource capacity into high-level buckets of time for each role, team, or individual

Discover how many work-hours are at your disposal by first accounting for absences.

1. Compile a list of each of the roles within your department.

2. Enter the number of staff currently performing each role.

3. Enter the number of hours in a typical work week for each role.

4. Enter the foreseeable out-of-office time (vacation, sick time, etc.) Typically, this value is 12-16% depending on the region.

Resource Type	# People	Hours per Week	Hours per Year	Absence (%)	Working Time per Year	Adr
Administration	3	40	6,240	14%	5,366	
Business Analyst	4	40	8,320	14%	7,155	
Developer	5	40	10,400	14%	8,944	15
Management	3	40	6,240	14%	5,366	40%
Portfolio Manager	1	40	2,080	14%	1,789	30%
Project Manager	2	40	4,160	14%	3,578	15
QA	2	40	4,160	14%	3,578	1
Technician	3	40	6,240	14%	5,366	2
Total	23	920	47,840		41,142	

Info-Tech **Insight**

Absence calculator for a five-day work week:

- 2 weeks (10 days) of statutory holidays
- 3 weeks of vacation
- 1.4 weeks (7 days) of sick days on average
- 1 week (5 days) for company holidays

Result: 7.4/52 weeks' absence = **14.2%**

Hours per Year represents your total resource capacity for each role, as well as the entire department. This column is automatically calculated.

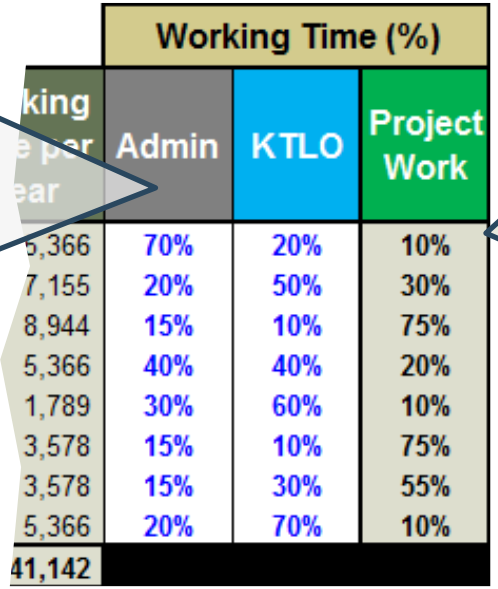
Working Time per Year represents your total resource capacity minus time employees are expected to spend out of office. This column is automatically calculated.

Break down your resource capacity into high-level buckets of time (continued)

Determine the current distribution of your resources' time and your confidence in whether the resources indeed supply those times.

5. Enter the percentage of working time across each role that, on an annual basis, goes toward administrative duties (non-project meetings, training, time spent checking email, etc.) and keep-the-lights-on work (e.g. support and maintenance work).

While these percentages will vary by individual, a high-level estimate across each role will suffice for the purposes of this activity.



	Working Time (%)		
king ear	Admin	KTLO	Project Work
5,366	70%	20%	10%
7,155	20%	50%	30%
8,944	15%	10%	75%
5,366	40%	40%	20%
1,789	30%	60%	10%
3,578	15%	10%	75%
3,578	15%	30%	55%
5,366	20%	70%	10%
41,142			

Percentage of your working time that goes toward project work is calculated based upon what's left after your non-project working time allocations have been subtracted.

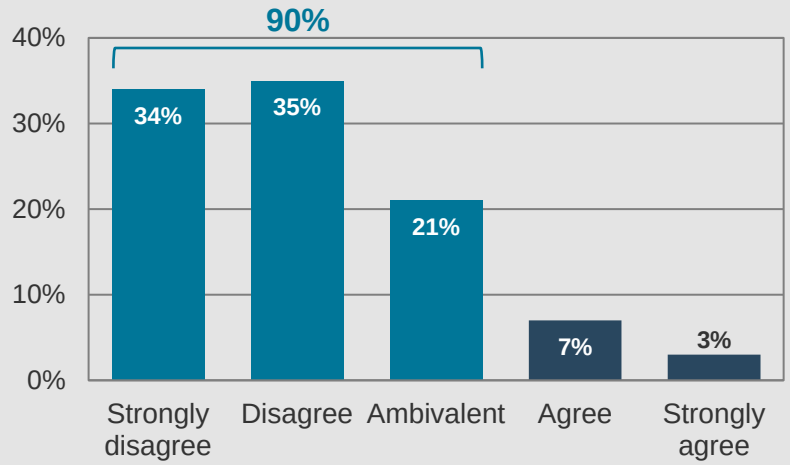
Most organizations are good at approving projects, but bad at starting them – and even worse at finishing them

Most organizations approve more projects than they can finish. In fact, many approve more than they can even start, leading to an **ever-growing backlog** where project ideas – often good ones – are never heard from again.

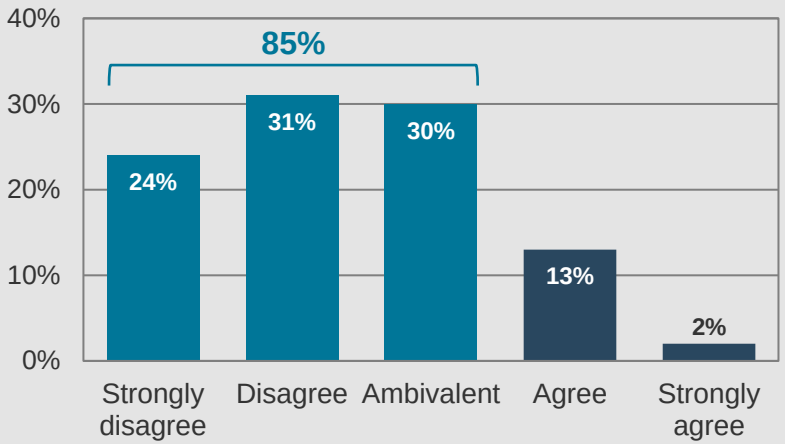
The **appetite to approve more** runs directly counter to the **shortage of resources** that plagues most IT departments. This tension of wanting more from less suggests that IT departments need to be **more disciplined in choosing what to take on.**

Info-Tech's data shows that most IT organizations struggle with their project backlog.

"There is a minimal list of pending projects"



"Last year we delivered the number of projects we anticipated at the start of the year"



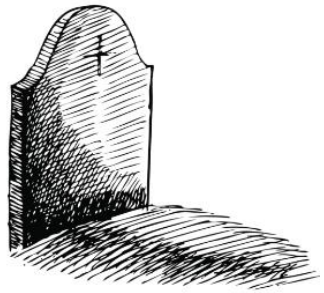
N=397 organizations, Info-Tech Research Group PPM Current State Scorecard, 2017

A sub-optimally managed demand funnel poses legitimate threats to IT

Unregulated demand can lead to a portfolio of zombie projects.

Lack of intake discipline can eat away at IT's reputation. Poor intake can damage IT's reputation within the organization. When the request process becomes known as a "black hole," stakeholders may forgo formal intake channels altogether.

Good ideas often expire in unmanaged project backlogs. Stakeholder demand for shiny new objects can frequently eclipse requests that will better facilitate long-term business growth. Without a strategic approach to backlog management, IT may invest more of its efforts in passing trends than in ideas that will advance strategic goals.



Poor intake can end up costing organizations an arm and/or a leg. Perhaps most damagingly, poor demand management practices have a cost that can be measured in terms of time and money. Without a strategic approach to demand, organizations can fall deeper and deeper into a supply-demand "debt," with demand growing year-over-year and supply levels remaining static.

Use Info-Tech's *Project Portfolio Throughput Huddle Tool* to help gauge costs of your demand funnel

Use tab 3 of Info-Tech's *Project Portfolio Throughput Huddle Tool* to analyze your overall resource capacity for projects

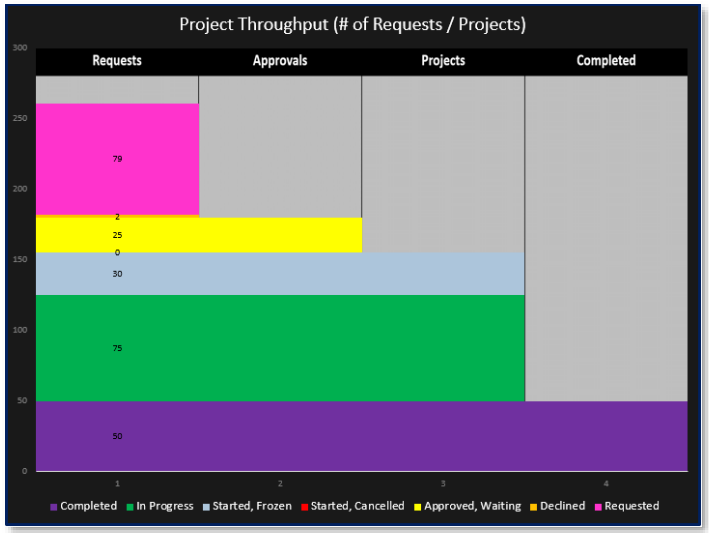
Info-Tech's research shows that most organizations struggle with the manageability of their demand funnel. Further, most lack the ability to effectively report on the funnel and visualize throughout levels for their stakeholders.

Our Project Throughput Analysis in the *Huddle Tool* can help you achieve an initial report of IT's demand funnel with just a few inputs. .

- The Analysis requires minimal upfront staff participation; with some basic data around the size of your funnel, and the disposition of projects at varies stages in the funnel, you can begin to improve the conversation around IT's project workload.

The slides ahead guide you through how to use tab 3 in the *Huddle Tool*.

Download Info-Tech's *Project Portfolio Throughput Huddle Tool*



Info-Tech Insight

Counterbalance stakeholder needs with strategic objectives of the business *and* that of IT, in order to maintain the value of your project portfolio at a high level.

Analyze your demand funnel by current disposition of projects and requests

Follow the instructions below to configure tab 3 of the *Project Portfolio Throughput Huddle Tool*.

1. In the table from column B5:D12 categorize your demand funnel across the options provided. Put your responses in column C.

    - *Requested*: number of new requests that have yet to be declined or approved.
    - *Declined*: number of new requests that have been decline in last 12 months.
    - *Approved*, Waiting: requests that have been approved, but which have not been formally started as projects
    - *Started, Cancelled*: projects that were started, but cancelled once started (last 12 months).
    - *Started, Frozen*: projects that have been started, but which have been put on-hold or which are not progressing for whatever reason (lack of resources, vendor problems, etc.).
    - *In-Progress*: the number of projects showing as currently active and in-flight.
    - *Completed*: the number of projects that have been completed in the last 12 months.
    - If you wish to added or takeaway from any of these dispositions, add to the table as required.

2. In column D enter the average number of hours invested into a single project for each stage or disposition in column B – high-level approximations are sufficient.
3. In cell C16, enter the average FTE rate per hour for resources. If unknown, the industry average is currently trending toward $60 - $65 USD.

With all of these inputs complete, the graphs on this tab will reflect the organization's throughput rate

INPUT

- Project lists
- Status reports
- New requests

OUTPUT

- Report on demand funnel

Materials

- Tab 3 of the Project *Portfolio Throughput Huddle Tool*.