

Project Portfolio Throughput Service

Final Report

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Prepared by: Johnny John, Executive Counselor, Info-Tech Research Group

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Background

A ½ day onsite was held with Fake Name, Fake Title, from OrganizationX on June 15th, 1937

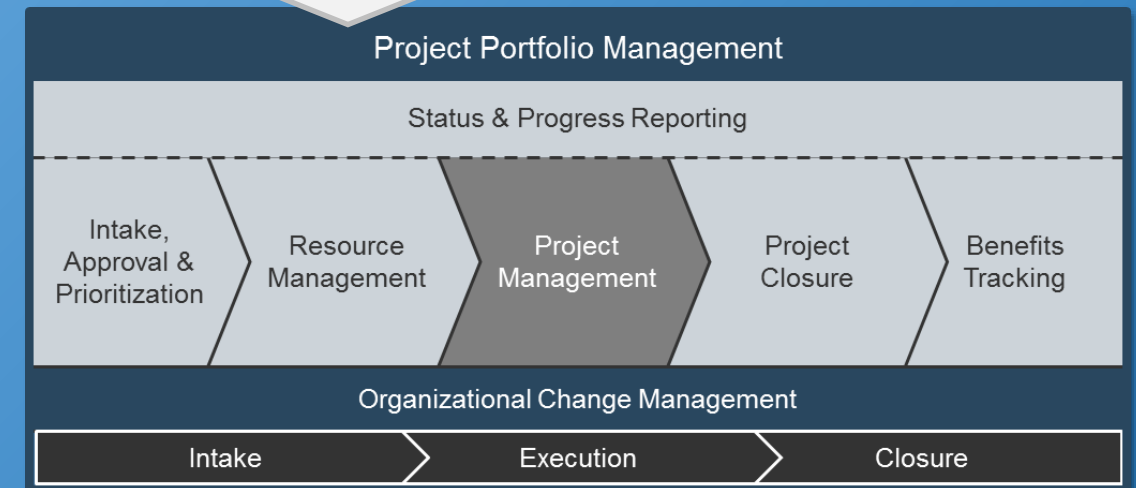
Huddle Context

- [If you've had previous huddles with those here, as well as other contextual considerations that precipitated this engagement, e.g., "This engagement was part OrganizationX's ongoing quarterly huddles with Info-Tech. Previous topics have included IT Strategy and Organizational Design."].*

Huddle Scope

- The focus of this huddle was resource capacity and demand management, both key capabilities within Info-Tech's PPM framework. This topic was chosen due to the *[provide PPM contextual considerations that precipitated this engagement, e.g., "because OrganizationX lacked sufficient visibility into it's project portfolio."].*

Info-Tech's Project Portfolio Management (PPM) framework is based on extensive research and practical application and complements industry standards such as those offered by PMI and ISACA.



Key project findings

Counselors: change this to reflect who you're working with (e.g., department name, organization name).

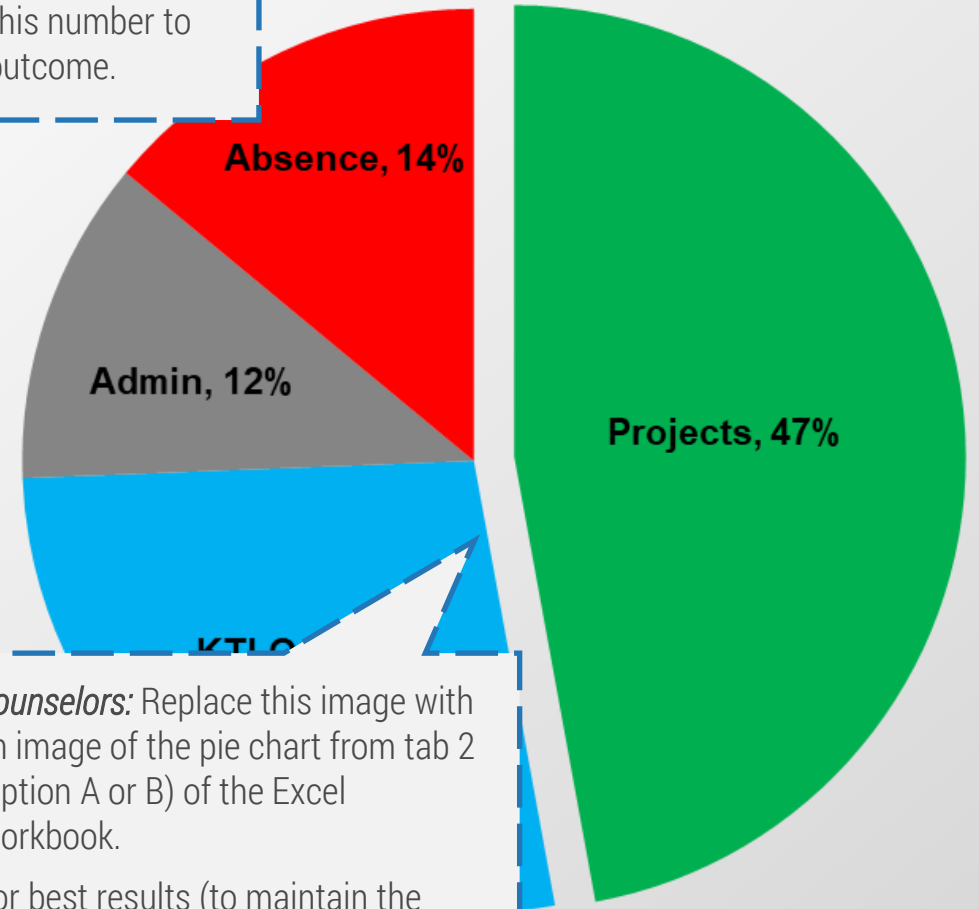
OrganizationX currently has a potential resource capacity of **(14,847)** person hours

- Currently, **47%** of this capacity is being utilized towards project work.
- **27%** is spent on support and maintenance work (e.g., service requests, break-fixes, and other operational duties).
- 12% goes towards administrative duties such as training, meetings, checking email, etc.
- The remaining **14%** is unavailable due to vacation time, sick time, and other absences.

Counselors: change the text in the bullets above to reflect client outcomes.

Counselors: Update this number to reflect your client's outcome.

Annual Resource Capacity



Counselors: Replace this image with an image of the pie chart from tab 2 (option A or B) of the Excel Workbook.

For best results (to maintain the transparency of the background and slide aesthetic) copy and paste as a picture.

Capacity recommendations

Info-Tech offers the following near-term recommendations to OrganizationX based upon our capacity analysis

1. *Iterate and re-assess on a regular basis*

Capacity assumptions may be valid when published, but they are typically volatile in matrix management environments. Re-assess your assumptions and challenge the results to ensure that you're capturing emerging trends in your forecasts. For example, seasonal and fiscal year cycles can invoke shifts in the balance between administrative, operational, and project work.

2. *Revisit the skills granularity decisions*

A forecast built on broad skills definitions like "developer" and "technician" invites more granularity, such as .NET developer, UI developer, etc. Over time, these distinctions may lose their impact on the capacity calculations. It's beneficial to question the model over time to ensure it's worth the investment in granularity (e.g. groups of 4 may give higher resolution to the data, but groups of 50 require less work to maintain).

3. *Seek validation from the various roles*

The value in this exercise is partly driven by the interaction with the involved personnel: asking them to validate the assumptions based on their recent experience sends a signal from management that they want to reconcile the imbalance between supply (people's time) and demand (approved work). Even in a highly mature environment, take the time to re-validate the admin-operational-project assumptions with the personnel on a regular basis (i.e. more than annually).

Recommended Info-Tech Workshops/Blueprints to Help Support Next-Steps:

1. Balance Supply and Demand with Realistic Resource Management Practices
2. Develop a Project Portfolio Management Strategy
3. Refine Your Estimation Practices with Top-Down Allocations

Counselors: The recommendations are for **"The Good" clients** (e.g., those getting roughly 40% to 50%+ of their capacity towards projects and feeling relatively good with their capacity numbers). Customize base recommendations (including blueprints above) as needed.

Key Findings

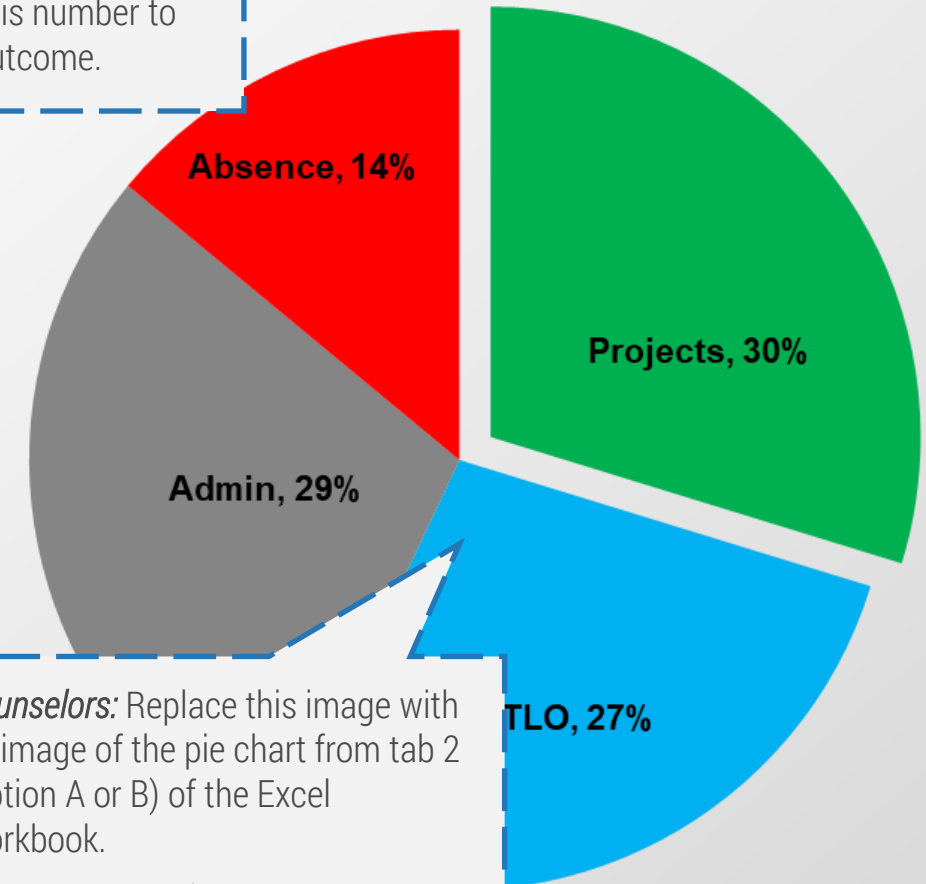
Counselors: change this to reflect who you're working with (e.g., department name, organization name).

(IT) currently has a potential resource capacity of **(14,847)** person hours

- Currently, only **30%** of this capacity is being utilized towards project work.
- **27%** is spent on support and maintenance work (e.g., service requests, break-fixes, and other operational duties).
- **29%** goes towards administrative duties such as training, meetings, checking email, etc.
- The remaining **14%** is unavailable due to vacation time, sick time, and other absences.

Counselors: change the text in the bullets above to reflect client outcomes.

Annual Resource Capacity



Counselors: Update this number to reflect your client's outcome.

Counselors: Replace this image with an image of the pie chart from tab 2 (option A or B) of the Excel Workbook.

For best results (to maintain the transparency of the background and slide aesthetic) copy and paste as a picture.

Capacity recommendations

Info-Tech offers the following near-term recommendations to OrganizationX based upon our capacity analysis

1. *Iterate and re-assess on a regular basis*

Capacity assumptions are never static and fluctuate over-time. Use the data gleaned from this one-time snapshot to help make the case for an ongoing capacity forecasting process to help inform intake and scheduling decisions. Without an ongoing view into project and non-project ratios, supply-demand pain points and staff over-allocations will continue to plague project delivery.

2. *Limit the granularity of time allocation to what's realistic for your people*

Greater granularity of data doesn't necessarily yield better data. As you build out next steps around capacity management and forecasting, ensure the data granularity is something your functional managers and resource managers can sustain. While allocations down to the hour in theory yield more precise data, in practice the requirement often results in false precision and unusable data. Easing up on the requirement (e.g., to full-day or half-day allocations), will often result in more accurate portfolio planning data.

3. *Seek validation from the various roles*

The value in this exercise is partly driven by the interaction with the involved personnel: asking them to validate the assumptions based on their recent experience sends a signal from management that they want to reconcile the imbalance between supply (people's time) and demand (approved work). Even if you don't move forward with a resource management optimization in the near-term, take the time to re-validate the admin-operational-project assumptions with the personnel on a regular basis (i.e. more than annually).

Recommended Info-Tech Blueprints to Help Support Next-Steps:

1. Balance Supply and Demand with Realistic Resource Management Practices
2. Develop a Project Portfolio Management Strategy
3. Grow Your Own PPM Solution

Counselors: The recommendations are for **"The Bad" Clients** (e.g., those getting roughly 25% to 40% of their capacity towards projects and feeling relatively good with their capacity numbers). Customize base recommendations (including blueprints above) as needed.

Key project findings

Counselors: change this to reflect who you're working with (e.g., department name, organization name).

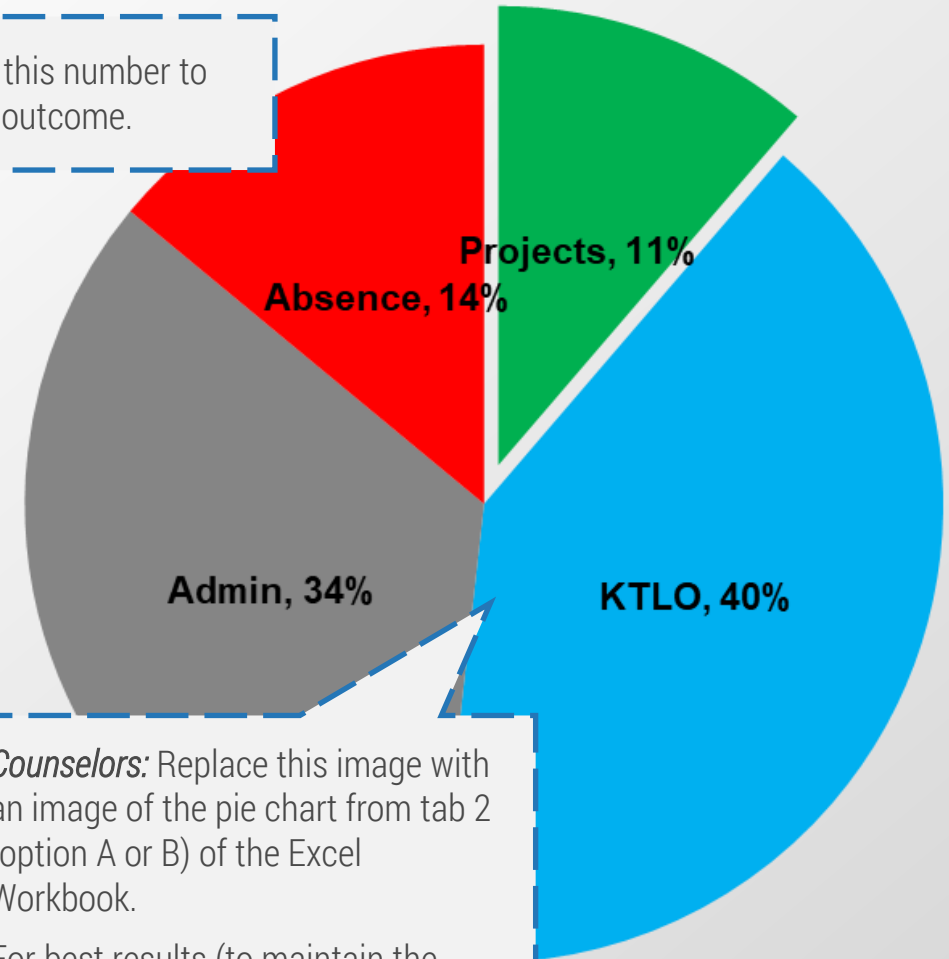
(IT) currently has a potential resource capacity of **(14,847)** person hours

- Currently, only **11%** of this capacity is being utilized towards project work.
- **40%** is spent on support and maintenance work (e.g., service requests, break-fixes, and other operational duties).
- **34%** goes towards administrative duties such as training, meetings, checking email, etc.
- The remaining **14%** is unavailable due to vacation time, sick time, and other absences.

Counselors: change the text in the bullets above to reflect client outcomes.

Counselors: Update this number to reflect your client's outcome.

Annual Resource Capacity



Counselors: Replace this image with an image of the pie chart from tab 2 (option A or B) of the Excel Workbook.

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Capacity recommendations

Info-Tech offers the following near-term recommendations to OrganizationX based upon our capacity analysis

1. *Apply the high-level approach taken in this analysis to help build out a sustainable process.*

You don't need high PPM maturity to inject enough resource management discipline to inform better decision making. Use the advice in Info-Tech's *Balance Supply and Demand with Realistic Resource Management Practices* to build out a process to help you periodically revisit your capacity data—at least four times a year—to help better inform intake and scheduling decisions.

2. *Establish a capacity book-off-record*

You don't need an expensive tool to get this kind of data on a regular basis. Use Info-Tech's evolved portfolio management spreadsheets to help facilitate ongoing resource visibility. These can be configured to your needs, and implemented over guided implementations or in a workshop setting.

3. *Make capacity management a holistic component within a larger PPM framework*

In order to effectively balance supply-and-demand on an ongoing basis you'll need to hone other capabilities within Info-Tech's PPM framework. Info-Tech's *Formalize Project Portfolio Management for Small Enterprise* will help you work through the PPM framework in small chunks and increments, taking on only as much change at one time as you think your team can absorb before adding additional layers of discipline. If you're looking to make incremental improvements without disrupting day-to-day operations, a guided implementation on this research would be a good option.

Recommended Info-Tech Blueprints to Help Support Next-Steps:

1. Balance Supply and Demand with Realistic Resource Management Practices
2. Grow Your Own PPM Solution
3. Formalize Project Portfolio Management for Small Enterprise

Counselors: The recommendations are for **"The Ugly" Clients** (e.g., those getting roughly 10% to 25% of their capacity towards projects). Customize base recommendations (including blueprints above) as needed.

Key project throughput findings

IT is facing challenges at the current pace of project delivery

Counselors: update numbers here to reflect outputs of the activity.

- After analyzing the current disposition of requests and projects across different dispositions in Info-Tech’s *Project Portfolio Throughput Analysis Tool*, we found that the project funnel OrganizationX faces some considerable throughput challenges.
 - The current backlog of approved, but waiting projects is 137, considerably disproportionate to the number of inflight projects and OrganizationX’s resource capacity to complete all this work in a reasonable timeframe.
 - A significant contributing factor to this large backlog, in the last year OrganizationX has
 - At 79, the number of client’s current pain points. higher than OrganizationX’s backlog. how many of these are actually “in-progress” should be investigated further.

Counselors: Update bullets to reflect client’s current pain points.

Project Throughput Overview

	Number of Requests/Projects
Requested	34
Declined	2
Approved, Waiting	137
Started, Cancelled	4
Started, Frozen	3
In-Progress	79
Completed	53

See the outputs of this analysis on the next slide.

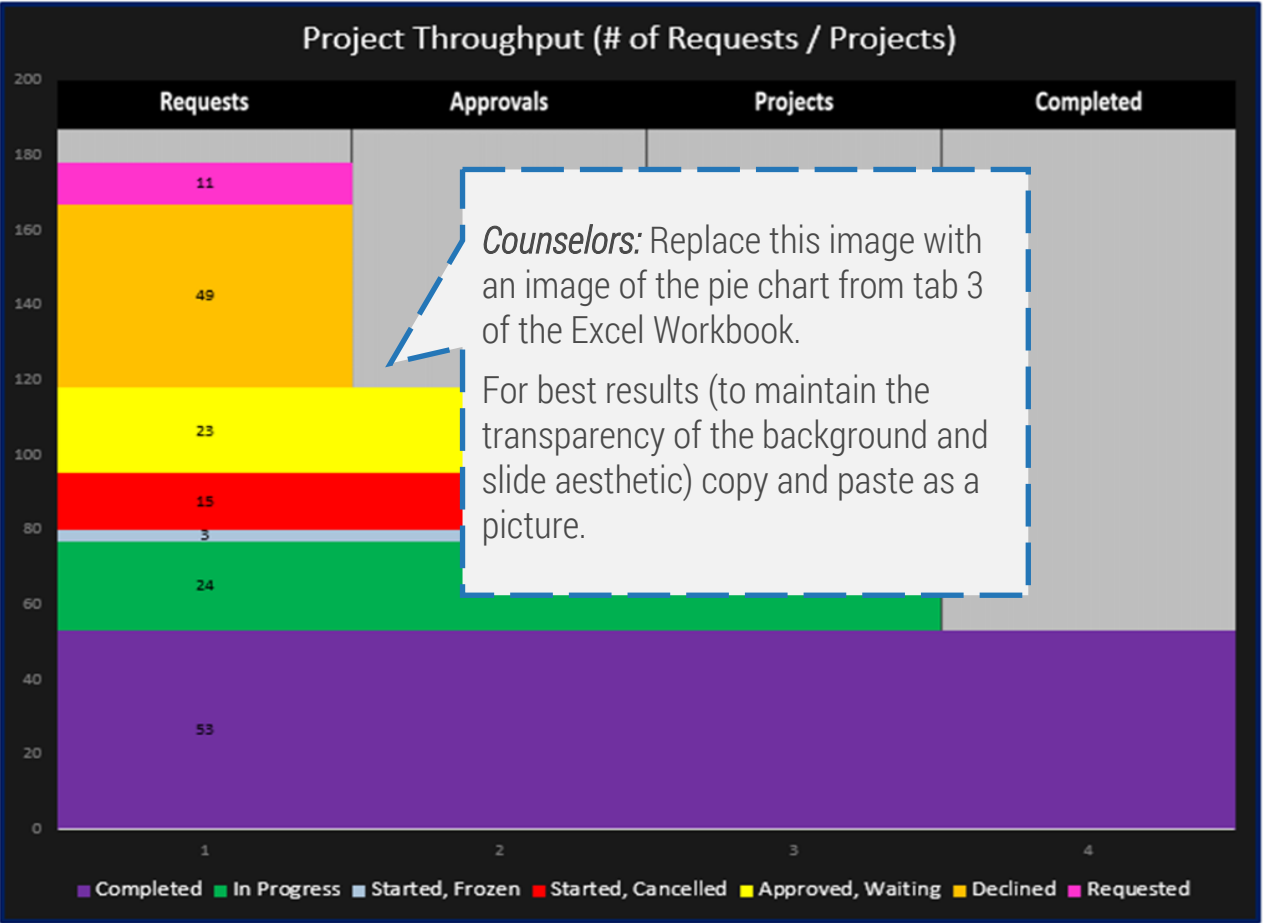
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Disposition	# of requests / projects	Average Effort to-Date (hours)
Requested	11	5
Declined	49	8
Approved, Waiting	23	10
Started, Cancelled	15	150
Started, Frozen	3	150
In Progress	24	200
Completed	53	1000

Enter your project / request numbers in column C.

Enter the average hours invested in a project at this stage in column D.

Average FTE Cost Rate / Hour \$ 65



Demand management recommendations

Info-Tech offers the following near-term recommendations to OrganizationX based upon our throughput analysis

1. *Reduce the resource consumption of cancelled projects*

The number of projects started, but cancelled in the last year is somewhat high. While it's important to cancel low-value or technically unfeasible projects, if there is any opportunity to avoid starting these projects in the first place it should be leveraged. Lean on Info-Tech's *PPM Current State Scorecard Diagnostic* to help monitor the resource utilization lost to cancelled projects in the next 12 – 18 months.

3. *Reduce the costs of managing the backlog*

While manageable, the volume of projects in the backlog is on the high-side. In follow-up meetings we should review the project backlog management models in Info-Tech's *Tame the Project Backlog* research to help develop a more strategic approach to curating and maintaining the backlog.

3. *Build a benefits realization process around the completed projects*

With 53 completed projects in recent history, OrganizationX is in a good position to build out its post-project benefits tracking process. Make benefits legitimacy part of your portfolio management nomenclature. Establish the legitimacy of each project's benefits before approval decisions are made. A workshop on Info-Tech's methodology will help ensure benefit legitimacy is established and managed throughout the project and used to inform funding commitments.

Recommended Info-Tech Blueprints to Help Support Next-Steps:

1. PPM Current State Scorecard Diagnostic
2. Tame the Project Backlog
3. Deliver Project Vale With a Benefits Legitimacy Initiative.

Counselors: The recommendations are for **"The Good" Clients** (e.g., those showing a good completion rate, sufficiently declining requests as needed). Customize base recommendations (including blueprints above) as needed.

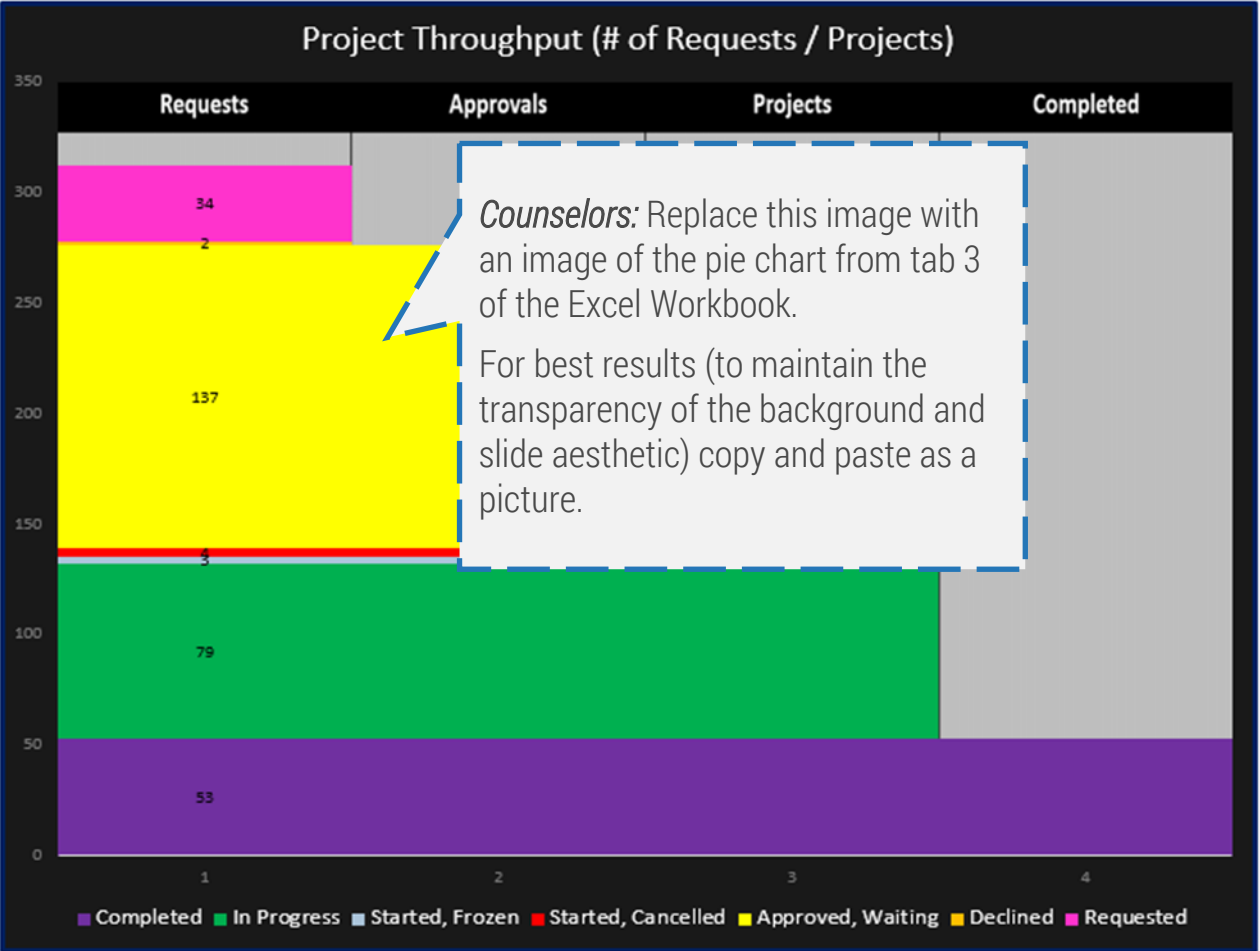
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Disposition	# of requests / projects	Average Effort to-Date (hours)
Requested	34	5
Declined	2	8
Approved, Waiting	137	10
Started, Cancelled	4	150
Started, Frozen	3	150
In Progress	79	200
Completed	53	1000

Enter your project / request numbers in column C.

Enter the average hours invested in a project at this stage in column D.

Average FTE Cost Rate / Hour \$ 65



Demand management recommendations

Info-Tech offers the following near-term recommendations to OrganizationX based upon our throughput analysis

1. *Set the intake cadence deliberately*

Avoid the concept of real-time project intake, which often leads to an excessive backlog of approved projects waiting to start. Use the shape of your throughput funnel to inform the timing and frequency of your intake decisions. A workshop on project intake and approval should be an essential next step for OrganizationX's PPM optimization.

2. *Focus on the validity of the "In-Progress" project count*

Don't let the in-progress project count become artificially inflated as a result of allowing projects to start too early and by allowing stalled projects to linger. If a project isn't getting resources, then freeze it or close it and clearly communicate this disposition to the sponsor / project team. If a project is near completion, encourage the closure process to drive genuine throughput (i.e. get it Completed).

3. *Embrace the "Declined" project count*

*A significant contributing factor to OrganizationX's large backlog is the fact that in the last year only 2 project requests have been declined. IT needs to have and exercise the authority to decline requests, or at least to defer them—putting them back in the requestor's court to resubmit at a more suitable time. In follow-up meetings we should review the project backlog management models in Info-Tech's *Tame the Project Backlog* research to help develop a more strategic approach to curating and maintaining the backlog.*

Recommended Info-Tech Blueprints to Help Support Next-Steps:

1. Optimize Project Approval, Intake, and Prioritization
2. Tailor Project Management Processes to Fit Your Projects
3. Tame the Project Backlog

Counselors: The recommendations are for **"The Bad" Clients** (e.g., those showing a good completion rate, sufficiently declining requests as needed). Customize base recommendations (including blueprints above) as needed.

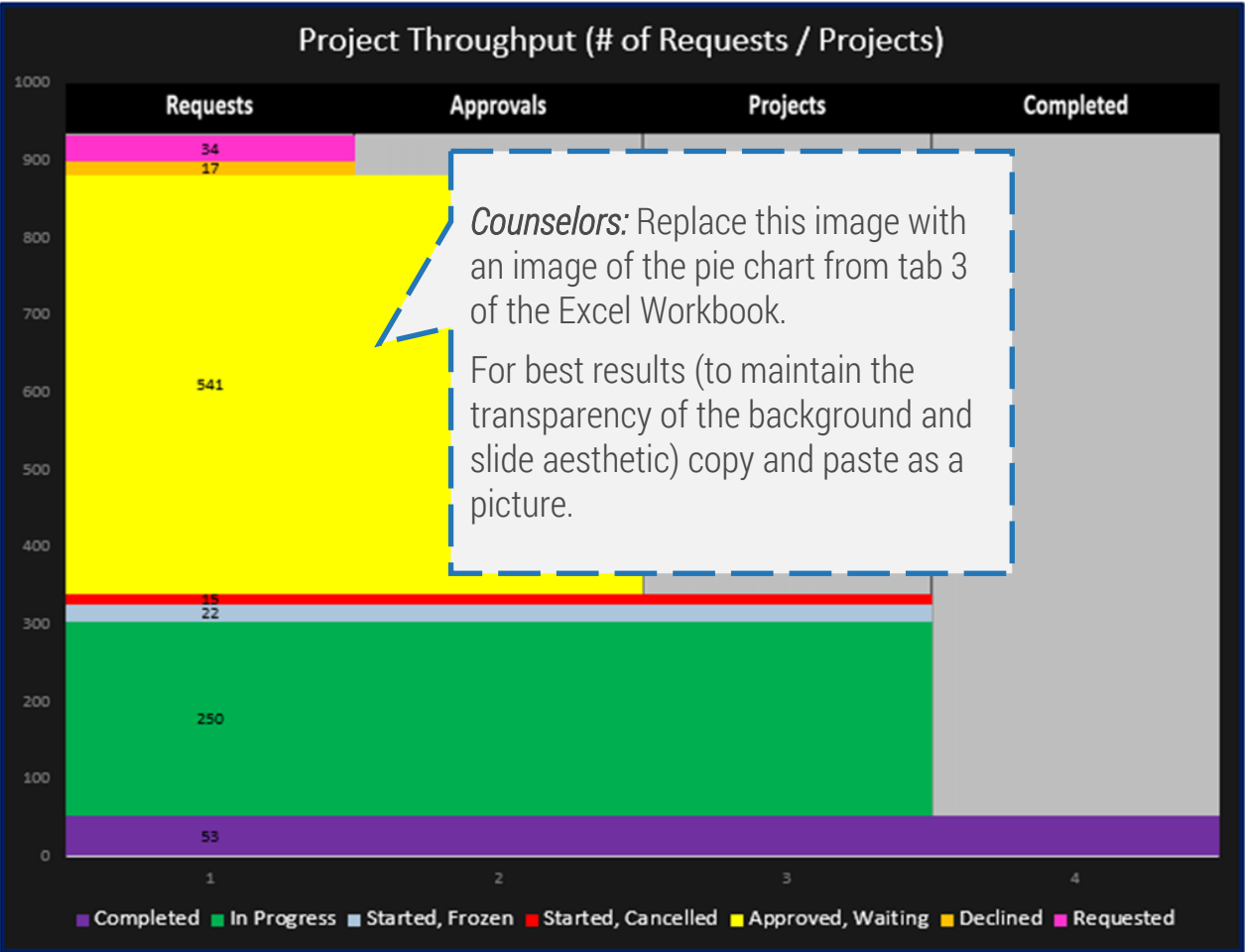
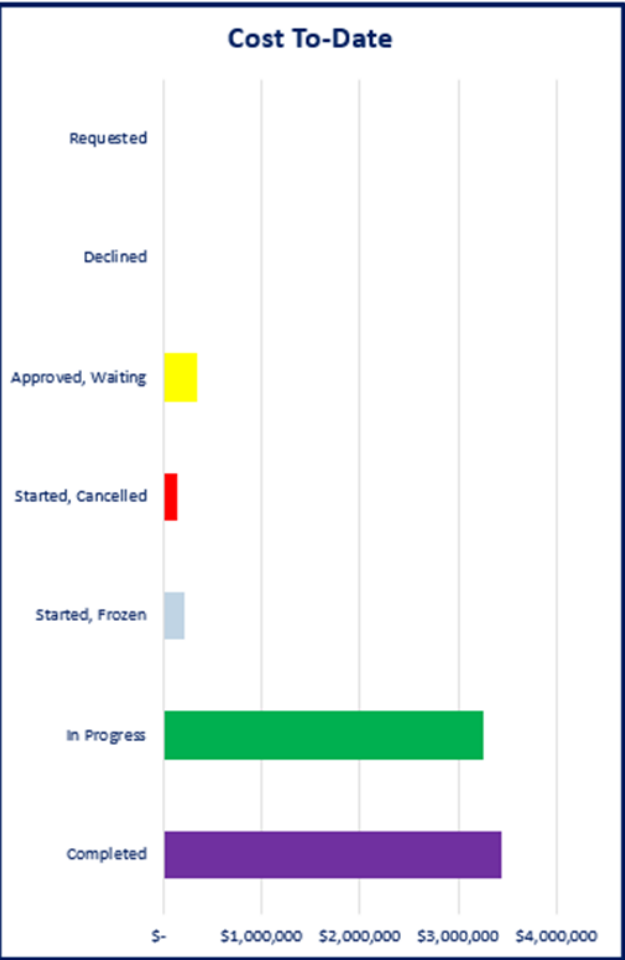
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Disposition	# of requests / projects	Average Effort to-Date (hours)
Requested	34	5
Declined	17	8
Approved, Waiting	541	10
Started, Cancelled	15	150
Started, Frozen	22	150
In Progress	250	200
Completed	53	1000

Enter your project / request numbers in column C.

Enter the average hours invested in a project at this stage in column D.

Average FTE Cost Rate / Hour \$ 65



Demand management recommendations

Info-Tech offers the following near-term recommendations to OrganizationX based upon our throughput analysis

1. *Set the intake cadence deliberately*

Avoid the concept of real-time project intake, which often leads to an excessive backlog of approved projects waiting to start. Set a deliberate cadence for intake, approval, and prioritization decisions (e.g., monthly or quarterly). A workshop on project intake and approval should be an essential next step for OrganizationX's PPM optimization.

2. *Finish what you start*

The number of projects that have been started, but frozen or started, but cancelled is quite high. While it's inevitable that sometimes projects will need to be frozen or cancelled, better intake practices will help to minimize the resource utilization wasted and project value lost on cancelled or on-hold projects. In future engagements, Info-Tech can work with OrganizationX to ensure that "readiness to start" is part of your prioritization considerations before projects are scheduled and greenlighted.

3. *Focus on the validity of the "In-Progress" project count*

Don't let the in-progress project count become artificially inflated as a result of allowing projects to start too early and by allowing stalled projects to linger. If a project isn't getting resources, then freeze it or close it and clearly communicate this disposition to the sponsor / project team.) In following up engagements we should focus on project tracking and reporting optimization.

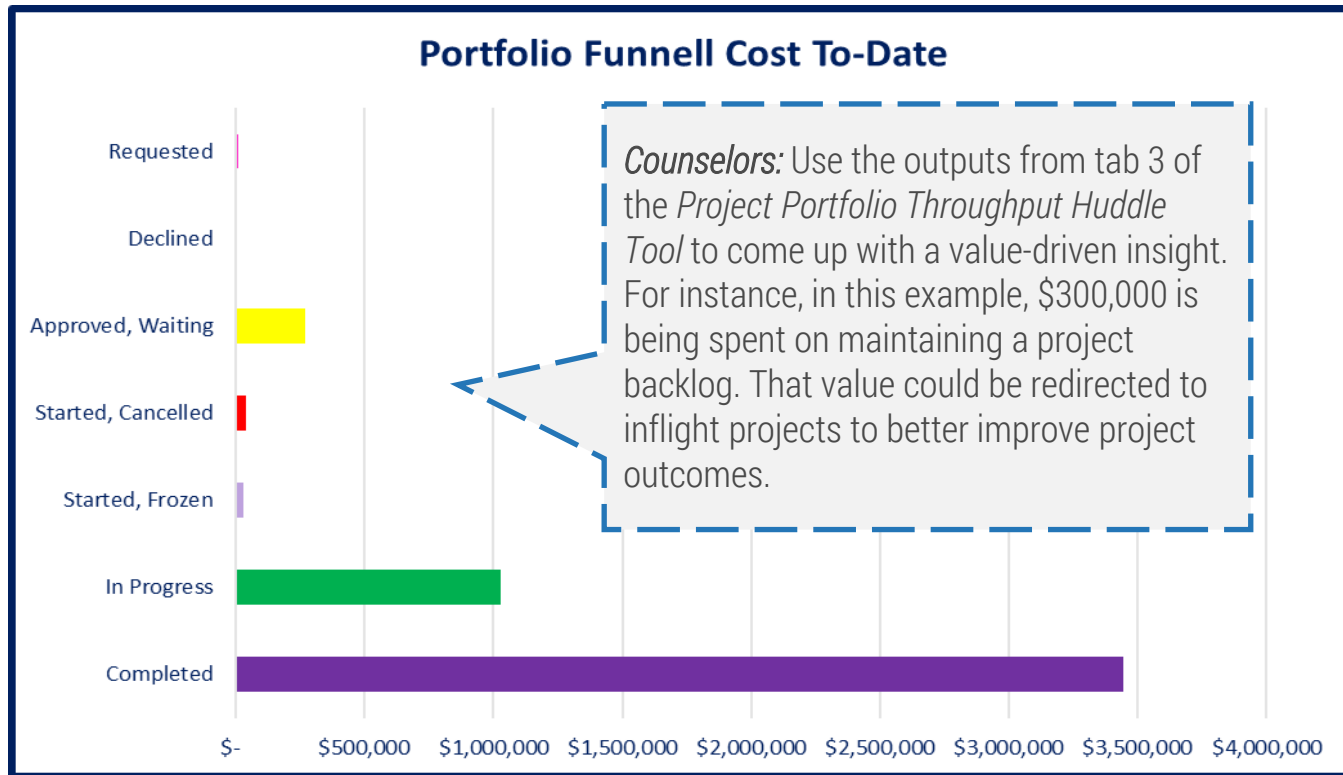
Recommended Info-Tech Blueprints to Help Support Next-Steps:

1. Optimize Project Approval, Intake, and Prioritization
2. Tailor Project Management Processes to Fit Your Projects
3. Manage a Minimum-Viable PMO

Counselors: The recommendations are for **"The Ugly" Clients** (e.g., those showing a good completion rate, sufficiently declining requests as needed). Customize base recommendations (including blueprints above) as needed.

Value estimate

In the near-term, OrganizationX should focus on improving capacity awareness and backlog management to get the most value from project portfolio management



The current spending on completed projects is under 50%, meaning that the “Throughput Overhead” is high.

The funnel of “Approved, Waiting” is quite large, relative to the rest of the portfolio. This suggest there is room to proactively decline more requests, through better project intake discipline.

The spending on “Approved, Waiting” is approximately \$300,000.

- Through Project Intake Optimization, CompanyX would be able to defer those costs, reclaiming that capacity for getting projects completed.

Key next step

If OrganizationX only does one thing coming out this huddle, its demand manager

Counselors: Come up with one clear next step for the client coming out of the huddle (e.g., book a GI on a specific blueprint, do a specific diagnostic).

- As an immediate next step coming out of the huddle, OrganizationX should book a guided implementation with an analyst from Info-Tech's Project Portfolio Management Team.
- This guided implementation should be booked to go through Info-Tech's blueprint *Optimize Project Intake, Approval, and Prioritization* research.
- This PPM analysts can further scope OrganizationX's next steps to ensure that in a future state project approvals are better aligned to the available capacity to deliver projects.



Optimize Project Intake, Approval, and Prioritization

Deliver more projects by giving yourself the voice to say "no" or "not yet" to new projects

Counselors: use the photo-library of related blueprints on slides 19 – 21 to replace this recommended blueprint with another recommended blueprint.



Balance Supply and Demand with Realistic Resource Management Practices

Create capacity forecasts that you can stand behind.



Develop a Project Portfolio Management Strategy

Time is money; spend it wisely.



Grow Your Own PPM Solution

Organizations use a homegrown PPM solution. Here's a better way to do it.



Tame the Project Backlog

Take charge of your backlog of unstarted projects.

Counselors: use this photo-library of related blueprints to replace the recommended research on the righthand side of slide 18.

Delete this slide before sending to client.



**Deliver Project Value
With a Benefits
Legitimacy Initiative**

Deliver Project Value with a Benefits Legitimacy Initiative

Ground project benefits in realistic metrics and standards for accountability.



**Establish an Effective IT
Steering Committee**

Establish an Effective IT Steering Committee

Have the right people making the right decisions to drive IT success.

Counselors: use this photo-library of related blueprints to replace the recommended research on the righthand side of slide 18.

Delete this slide before sending to client.



**Tailor Project
Management Processes
to Fit Your Projects**

Project Management Processes to Fit Your Projects

Save less time managing processes and more time delivering results.



**Refine Your Estimation
Practices With Top-Down
Allocations**

Refine Your Estimation Practices with Top-Down Allocations

Don't let bad estimates ruin good work.



Define the Right Kind of PMO for Your Organization

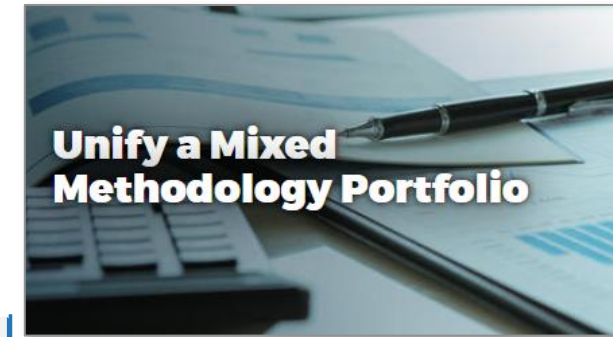
Define the Right Kind of PMO Organization

Focus on your organization's needs to get value from your PMO.



IT Staffing Assessment

Make IT a corporate powerhouse by improving your ability to grow, deploy, and manage your team.



Unify a Mixed Methodology Portfolio

Unify a Mixed Methodology Portfolio portfolio oversight and agility without going old school command and control.



PPM Current State Scorecard

Take stock of your Project Portfolio Management practices and chart a strategy for success.

Counselors: use this photo-library of related blueprints to replace the recommended research on the righthand side of slide 18.

Delete this slide before sending to client.

The background is a dark blue gradient with several glowing red hexagons of varying sizes and opacities. Some hexagons have smaller red dots inside them. There are also small, faint blue and white particles scattered throughout the scene, giving it a cosmic or digital feel. The overall lighting is soft, with a slight glow from the top left corner.

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