2. PROJECT ORIGINATION

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Project management 101 *by Zavanak*

2.1 Managing the portfolio

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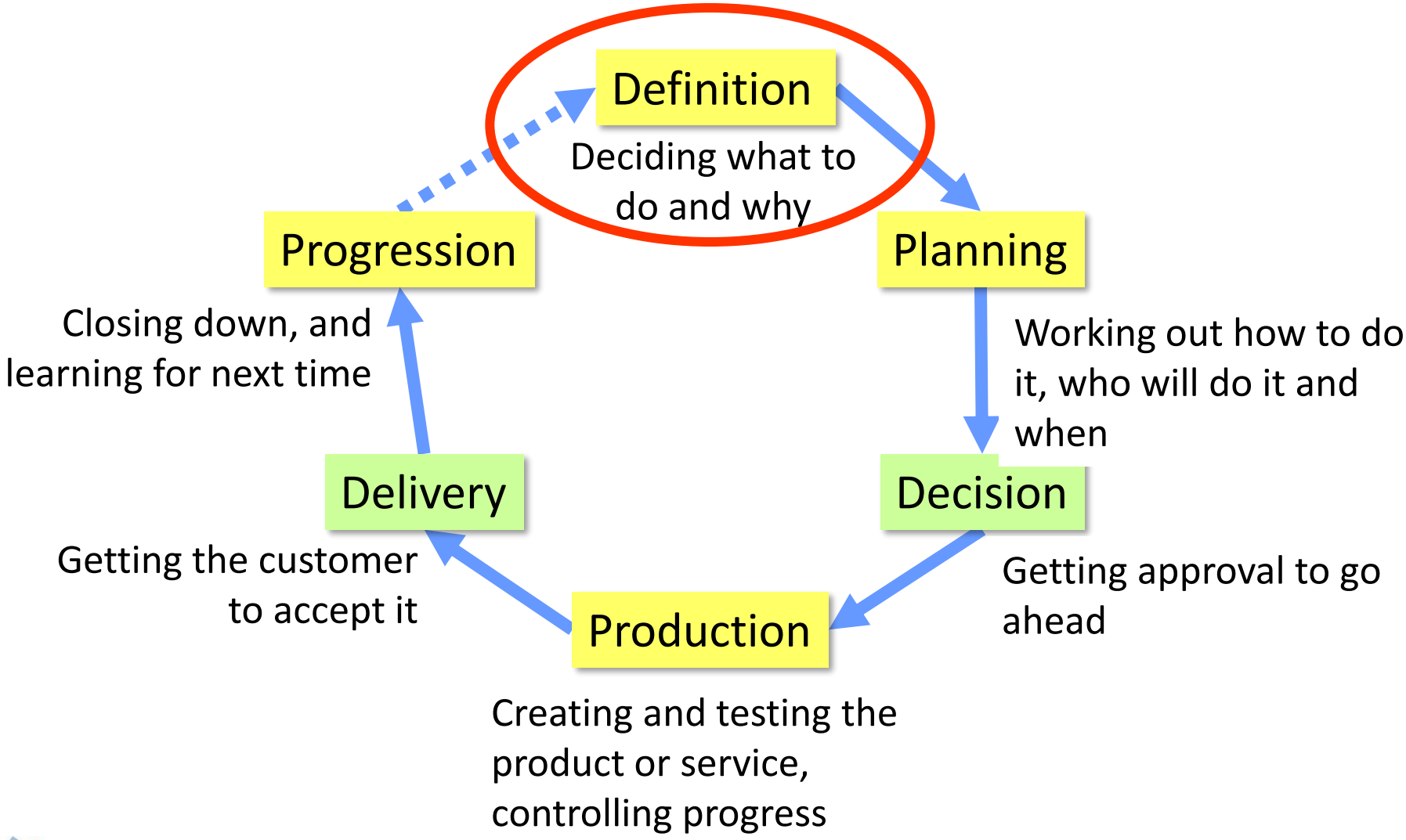
Defining what the project will be



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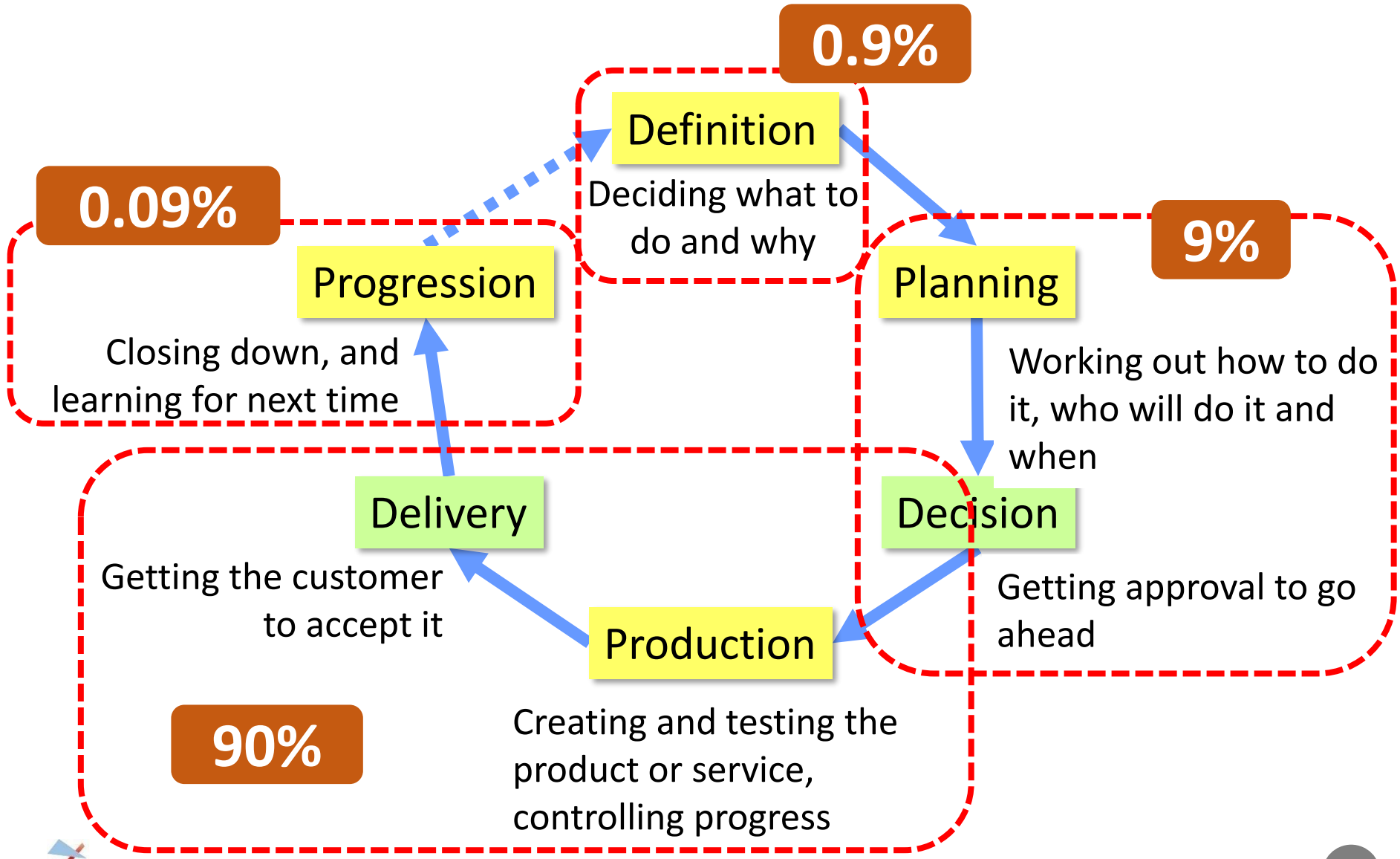
Where the money goes



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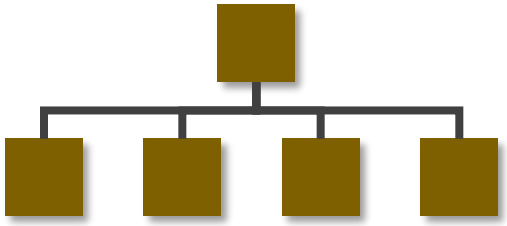
What is a programme?

A **programme** is a broad effort encompassing a number of projects and/or functional activities with a common purpose



The term is often applied to stand-alone very large projects, such as mega-projects.

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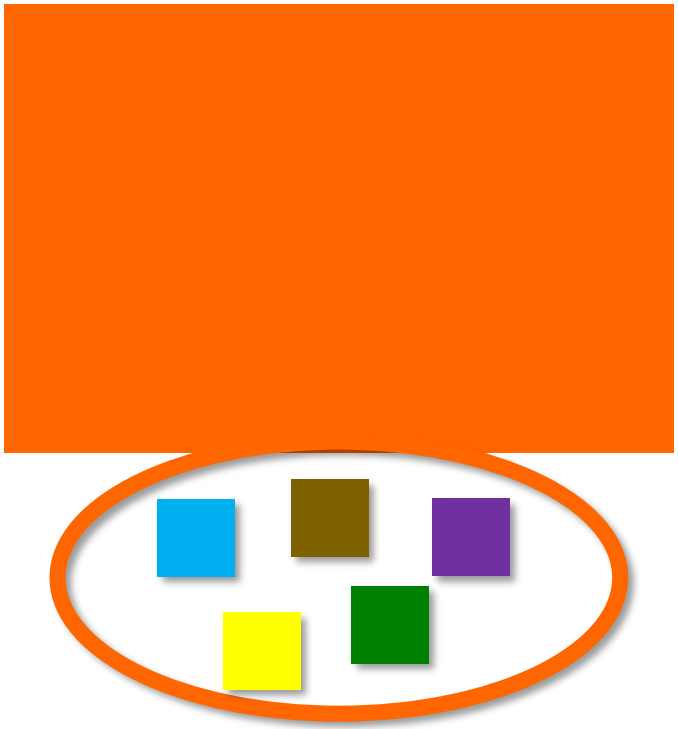
What is a portfolio?

The term **portfolio** is used to refer to an organisation's overall roster of projects at any time…



… and it can also mean…

A grouping or bundle of projects (or programmes), collected together for management convenience. They may or may not have a common objective, they are often related only by the use of common resources.

A number of research activities at a materials firm exploring the potential for graphene

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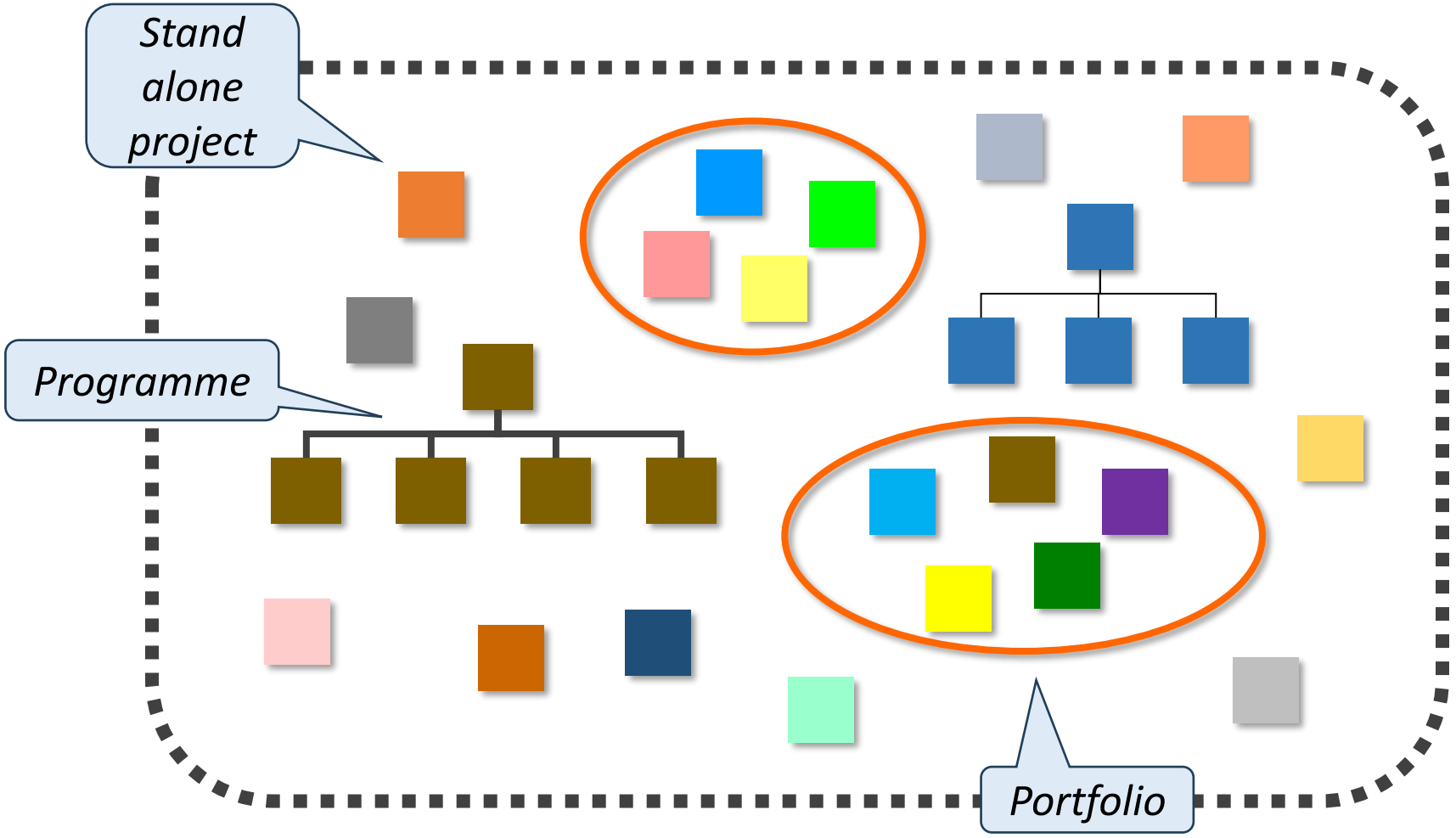
A big organisation's overall project portfolio



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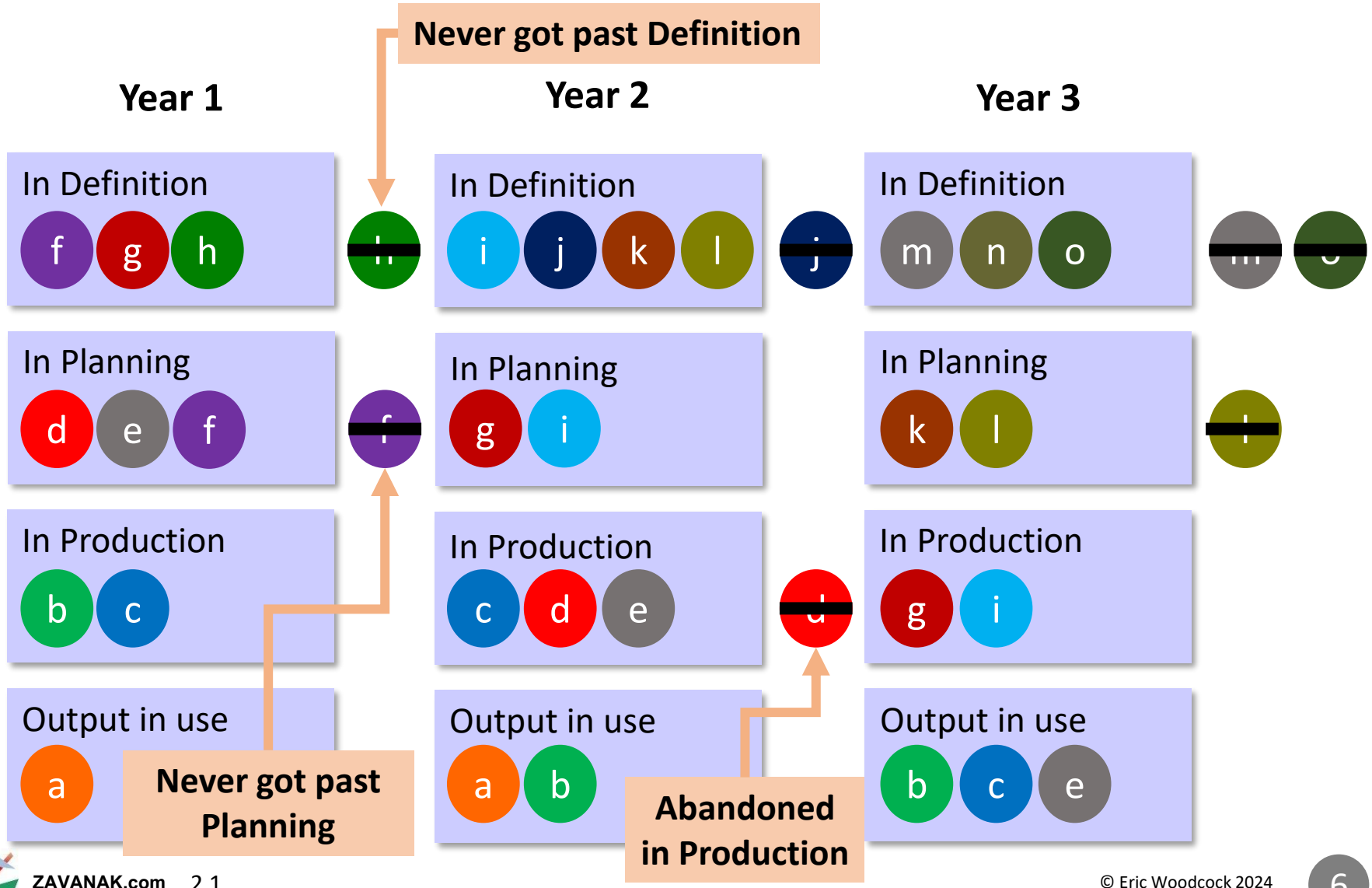
The evolving portfolio



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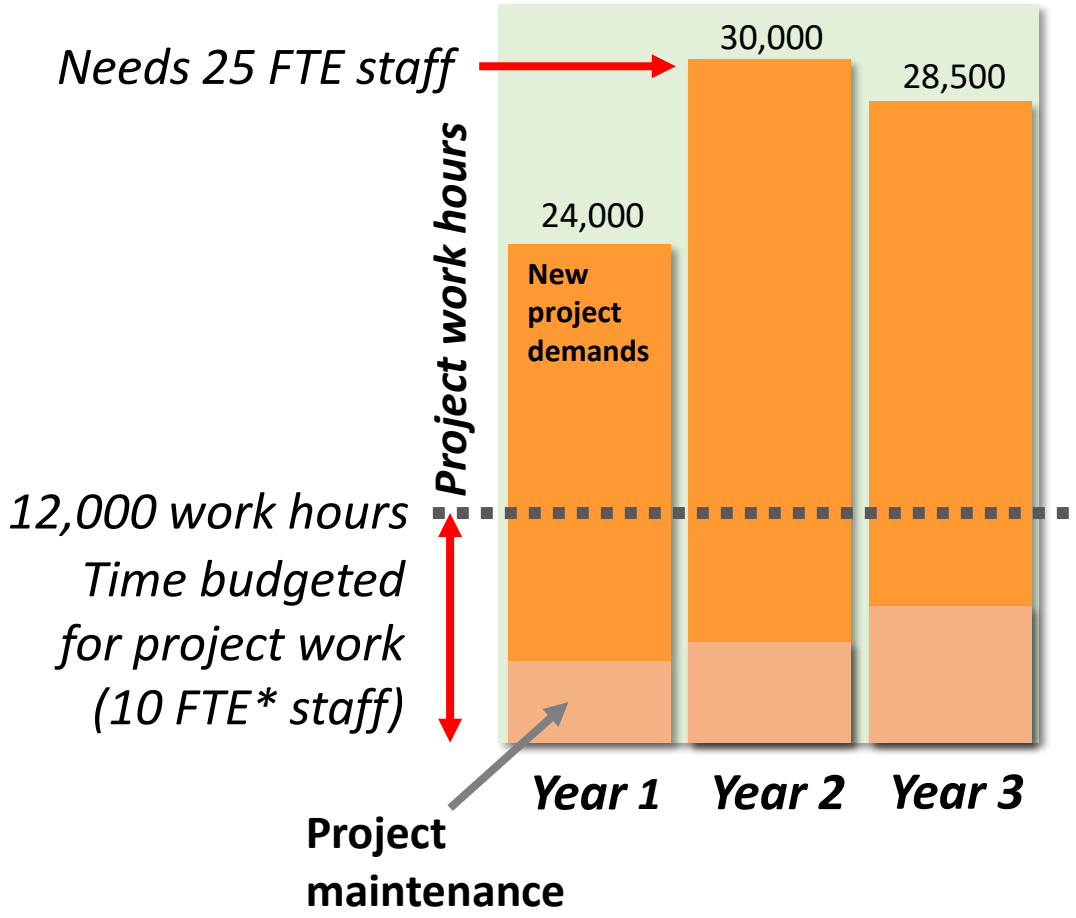
Project portfolios can be badly managed



- Project activity is unfocused
- **No link with overall strategy**
- No prioritisation of work
- **Executives' pet projects**
- Chasing after competitors
- **Overstretched resources**
- Spending lots on contractors
- **Loads of day to day jobs**
- Projects over-run on time and budget

After Wheelwright, S. and Clark, K. (1992) 'Creating project plans to focus product development', *Harvard Business Review*, March-April 1992. * Full Time Equivalent

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Balancing the portfolio

Project type	Breakthrough	Platform	Derivative
Characteristics	**Invention**. Brand new concepts and ideas. Research and development. Entirely novel product or service.	**Innovation**. Significant change to product or service. Major advance. Basis for different versions.	**Improvement**. Updates with additional features. Refreshed design. Adaptations for different markets.
	Revolutionary	**Radical**	**Routine**
Example: car maker	*Next generation model. Self-driving car. All of assembly by robots.*	*Electric version of current SUV model. Installing new assembly track.*	*Estate car version of current saloon model. Facelift with revised*
	Stranger	**Repeater**	**Runner**
Share of project effort	**10%**	**25%**	**65%**

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Managing the portfolio

Project type	Breakthrough	Platform	Derivative
Characteristics	Likely to cross many function boundaries. Requires specialist project management.	Likely to cross at least one function boundary. Has lead function. Needs expert project management.	Often contained within one function. Function manager needs to be effective project manager.
Prospects	**High risk of failure - could have huge positive impact and payback**	**Moderate risk of failure - but good chance of substantial returns**	**Low risk of failure - and modest but dependable effect or profits**
Share of project effort	**10%**	**25%**	**65%**

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Not all projects are voluntary

We choose to do this:

- Introduce a new product or service
- Improve our productivity
- Enter a new field of activity
- Reorganise

PROJECT: *Build a technically advanced Millennium Bridge across the River Thames in London*

We <u>have</u> to do this:

- Implement new rules and regulations
- Act on a legally enforced instruction
- Resolve significant problems
- Deal with a crisis

PROJECT: *Fix uncomfortable swaying due to unforeseen behaviour of the bridge under pedestrians*

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