

Management of Portfolios (MoP®)

Quick Reference Card

Introduction

- Are you certain that all projects and programmes currently in your organisation’s portfolio are necessary to achieve your strategic objectives?
- Are you certain that with the current portfolio—together with Business as Usual (BAU) —all strategic objectives of your organisation will be achieved?
- Is the aggregated risk of all projects and programmes together still acceptable
- Is the portfolio in its entirety achievable and affordable?

If you are unsure about any of these questions then MoP® will help you.

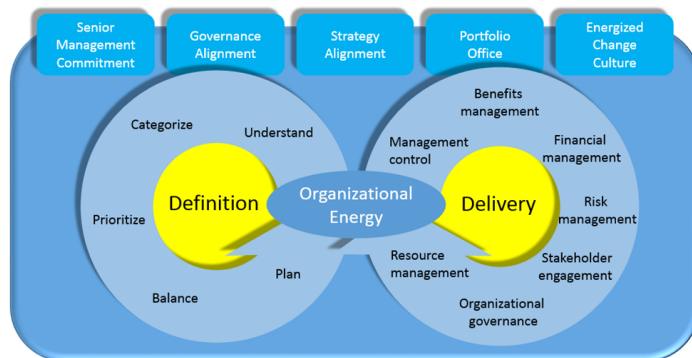
MoP® provides a set of principles and practices that improve the balance between change and BAU and ensure an optimized used of critical resources (financial, human, and other resources). Moreover MoP® is an established portfolio management framework that can be used in any organizational context (the entire organisation, a department, a specific region, etc.).

This quick reference card provides an outline of the basic components of the MoP® framework.

The MoP® framework

MoP® is structured around

- **5 principles**
- **12 portfolio management practices**, grouped within **2 cycles**, which are linked by **organizational energy**



The 5 MoP® Principles

The principles are the foundation for effective portfolio management; they provide the environment in which the definition and delivery practices can operate effectively.

Senior Management Commitment

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- Senior managers should—amongst others—publicly champion and positively communicate about the value of portfolio management, participate in decision-making about the composition of the portfolio, explaining the rationale for decisions, and take a portfolio-wide rather than a departmental or individual perspective.

Governance Alignment

Governance Alignment

- Effective portfolio governance reflects and is consistent with the wider organizational governance model.

Strategy Alignment

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- The ultimate objective of portfolio management is to facilitate the achievement of strategic objectives.

Portfolio Office

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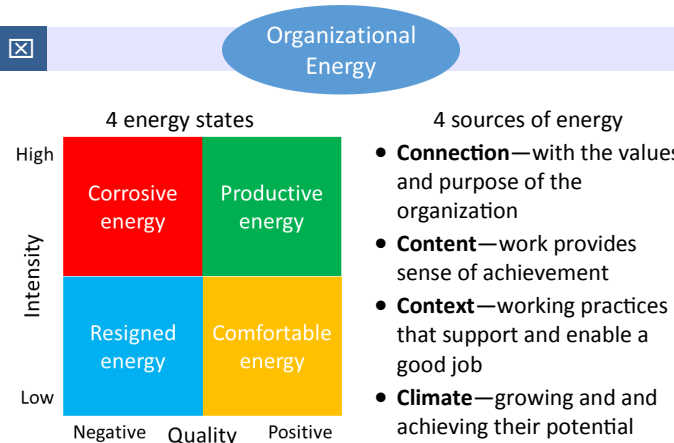
- A function is required to provide timely and accurate information to facilitate the decision-making process by the relevant portfolio governance bodies.

Energized Change Culture

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- Success is only possible if people are engaged, focused on the appropriate goals and feel a sense of working together as one team.

Organizational Energy



The Strategic and Organizational Context for MoP®

Portfolio management must effectively coordinate with 6 KEY functions/activities:

Business as Usual (BAU)

- Portfolio management and BAU combine to realize strategic objectives. Portfolio management controls the major changes to BAU. Successfully implemented changes allow benefits to be realized and operational performance improves.

Strategic/Business Planning

- Strategic planning sets the context within which portfolio management operates while portfolio management provides crucial information for strategic decision making.

Budgeting and Resource Allocation

- Portfolio management provides the means by which the link between strategy and (financial) resource allocation can be maintained.

Programme and Project Management

- Portfolio management delivery capability organization-wide (standards, processes, staff development), and manages the change initiatives at a collective level (limited resources, overall risk management, dependency management, ...).

Performance Management

- Portfolio management should align with the organization’s performance management system (e.g. Align reporting, engaging performance management early on in the development of business cases, etc.). And portfolio management can imply changes to the performance management system (e.g. the way individual performance targets are framed on organizational objectives).

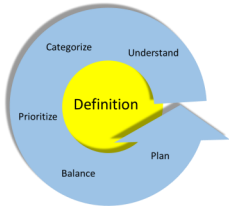
Corporate Governance

- Portfolio management supports effective governance by—amongst others—linking delivery of the organization’s strategic objectives with investment in change, by providing a framework of rules and practices for managing the delivery of the portfolio, and by clarifying responsibility and accountability for decision making on which projects will be funded and on what basis.

9 ‘lite’ techniques for portfolio management

Driver-based strategic contribution assessment | three-point estimating and reference class forecasting | multi-criteria analysis | decision-conferencing | staged release of funding | ‘one version of the truth’ reporting | champion-challenger model | ‘clear line of sight’ planning and reporting | management by exception

The Portfolio Definition Cycle



Purpose is to collate key information providing clarity to decision takers on the collection of change initiatives which will deliver the greatest contribution to the strategic objectives.

Understand

- To obtain a clear and transparent view of what is in the current portfolio and the project development pipeline, performance to date, and the forecast costs, benefits, and risks to delivery and benefits realization.

Categorize

- To organize the portfolio into groups or segments to make it easier for decision makers to understand the makeup of the portfolio and to make decisions on balance and on the optimum use of available funding and other resources.

Prioritize

- To help senior management answering which initiatives the organization should invest in, what the most important initiatives are, and what initiatives must be resources above all others.

Balance

- To ensure the portfolio is balanced in terms of factors such as timing, coverage of strategic objectives, impact across the business, stage of initiative development, overall risk: return profile, and available resources.

Plan

- To collate information from the definition cycle and create a portfolio strategy and portfolio delivery plan which will be approved by the Portfolio Direction Group.

First 7 steps in an evolutionary implementation

1. Obtain an outline of the current portfolio in a single place
2. Complete a portfolio delivery plan and monitor progress against it on a regular basis
3. Start tracking completed project performance compared to forecast
4. Review the current portfolio and identify dependencies
5. Establish clear governance structures
6. Define a standard set of investment criteria to be used to appraise and prioritize initiatives
7. Apply staged release of funding

The Portfolio Delivery Cycle



Purpose is to ensure the successful implementation of the planned change initiatives as agreed, AND ensuring the portfolio adapts to changes in the strategic objectives, project and programme delivery and lessons learned.

Management Control

- To ensure that progress, at an individual and portfolio level, is regularly monitored against its baseline. This helps ensure delivery stays on track and that the portfolio remains aligned with the strategy.

Benefits Management

- To clearly identify and manage the benefits being realized from the portfolio, so to ensure the best use of available resources and that the contribution to operational performance and strategic objectives is maximized.

Financial Management

- To ensure that portfolio management processes and decisions are aligned to the financial management cycle and that financial considerations form a key element in all decisions regarding the commencement and ongoing viability of change initiatives, both at individual and collective level.

Risk Management

- To ensure a consistent and effective management of risks at both individual and collective level>

Stakeholder Engagement

- To provide a coordinated approach to stakeholder engagement and communication, so that the needs of the portfolio customers are identified and managed, and that stakeholder support is gained by effective consultation and involvement in both portfolio cycles.

Organizational Governance

- To ensure clarity about what decisions are made by whom, where and when, and what criteria are used.

Resource Management

- To put in place mechanisms to understand and manage the amount of resources available and required.

Portfolio-level Documentation (continued on the right ->)

Portfolio Management Framework

- A single source of info on the portfolio management practices adopted by the organization and its governance arrangements

The MoP® Roles

As part of effective governance it is important to clearly identify the responsibilities of the key bodies within portfolio management

Portfolio Direction Group / Investment Committee

- Makes decisions about inclusion of initiatives in the portfolio and as such approves the portfolio strategy and delivery plan

Portfolio Progress Group / Change Delivery Committee

- Is responsible for monitoring portfolio progress and resolving issues that may compromise delivery and benefits realization

Portfolio Director / Business Change Director

- A board member responsible for the portfolio strategy and providing clear leadership and direction through its life

Portfolio Manager

- Coordinates the effective and efficient operation of the portfolio management practices and provides support to the above mentioned roles

Portfolio Benefits Manager

- Ensures a consistent fit for purpose approach to benefits management is applied across the portfolio and that benefits realization is optimized from the investment in change

Portfolio-level Documentation

Portfolio Strategy

- A brief description of the vision and objectives for the portfolio

Portfolio Delivery Plan

- A baseline to monitor progress against of the planned initiatives and associated resource requirements

Portfolio Benefits Management Framework

- A framework to ensure a consistent approach to benefits management across the portfolio

Portfolio Benefits Realization Plan

- To summarize benefits forecasts, and a baseline to assess benefits actually realized

Portfolio Financial Plan

- To summarize financial commitments, and a baseline to track and compare actual spend

Portfolio Resource Plan

- A baseline to manage demand/supply for constrained resources

Portfolio Stakeholder Engagement and Communication Plan

- A framework to ensure consistent communications across the portfolio

Portfolio Dashboard

- To provide an overview of progress against plan