

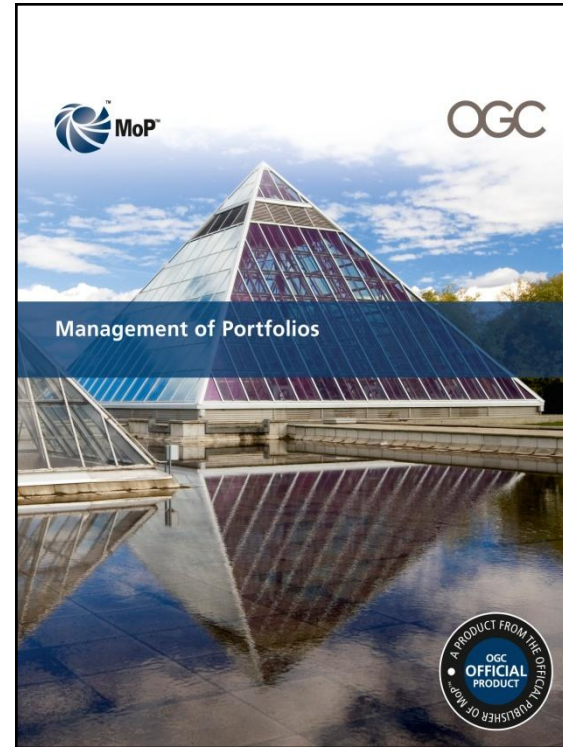
# Portfolio Management - Influencing the Weather?

APM Portfolio Management SIG, 2<sup>ND</sup> October

**Steve Jenner**

# Why do it? The evidence in favour

- Public Sector Case studies
- Private sector practitioners/case studies
- IT Industry research
- New Product Development
- Academic research
- General Portfolio Management literature
- Practitioner groups



## But realizing the benefits is not automatic

- Jeffery and Leliveld's survey of leading CIOs - only 17% appeared to be realizing the potential value in practice.
- P3O notes that around half P3O's are restructured or closed within 2 years.
- One APM report notes that, "*of fifty portfolio management implementations...fewer than 25% were still in operation 12 months later.*"
- A US survey reports, "*only 30% of portfolio management functions had been in place for more than two years.*"
- And the IJPM 2012 notes, "*solid empirical evidence for the positive impact of multi-project PMOs on performance is still lacking.*"

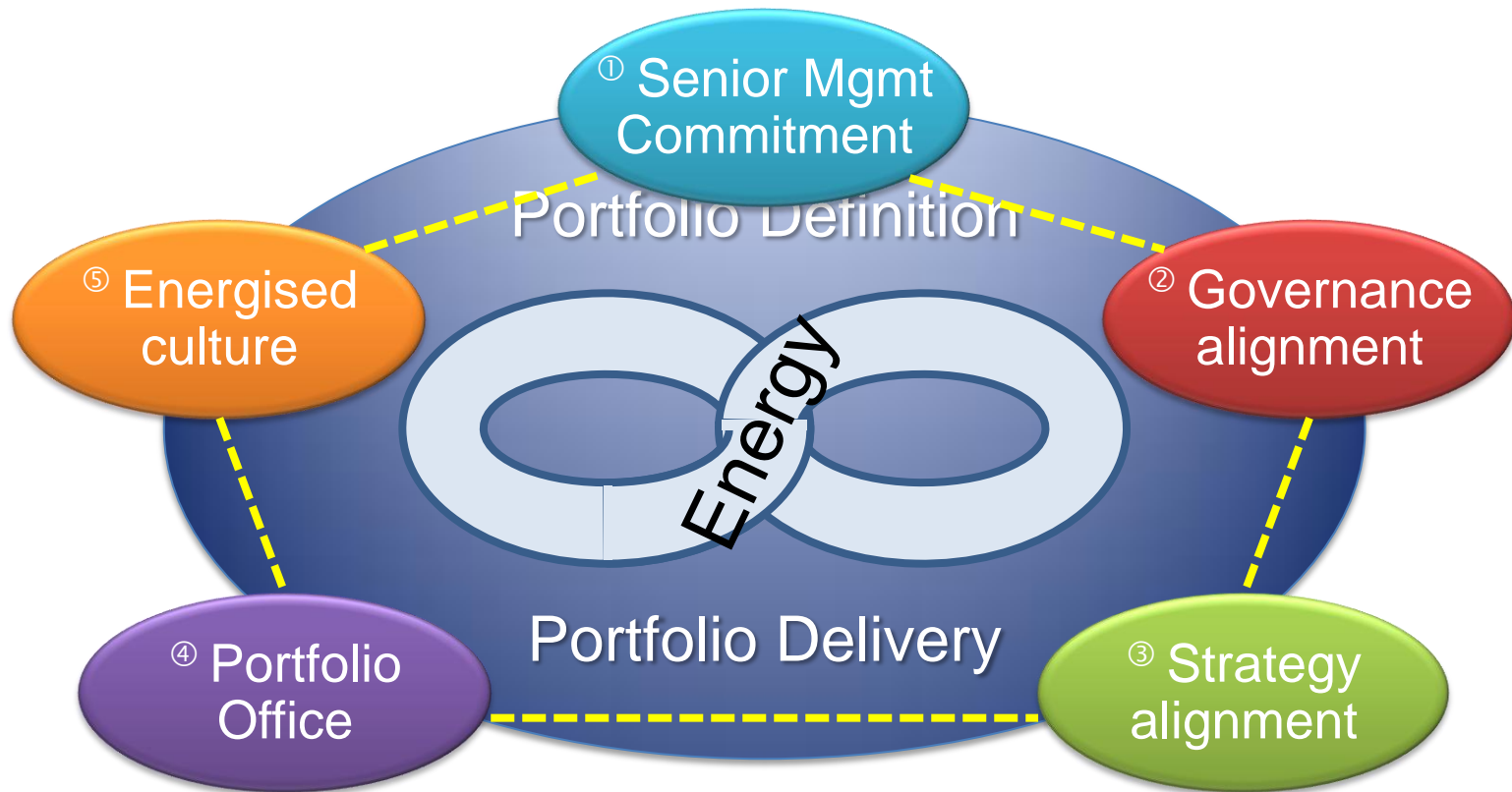
We need to go beyond the ‘illusion of control’

*“A good deal of corporate planning ..... is like a ritual rain dance. It has no effect on the weather that follows, but those who engage in it think it does. ...*

*Moreover, much of the advice related to corporate planning is directed at improving the dancing, not the weather.”*

**Brian Quinn**

# Effective Portfolio Management is built on...



## But beware

- the '*closer*' - argues for his/her projects based on charisma, past success and personal relationships.
- 
- the '*screamer*' who's advocacy is based on the 'decibels' rather than the data.
- the '*end-arounder*' who goes straight to the top, bypassing the portfolio management process.
- the '*strategist*' whose sole justification is some unarticulated and unquantified strategic contribution.
- the '*doomsdayer*' who's advocacy of a project is premised on fear of what would happen if the investment is not made.
- the '*optimist*' who ignores sunk costs and past history believing it will all turn out right in the end.

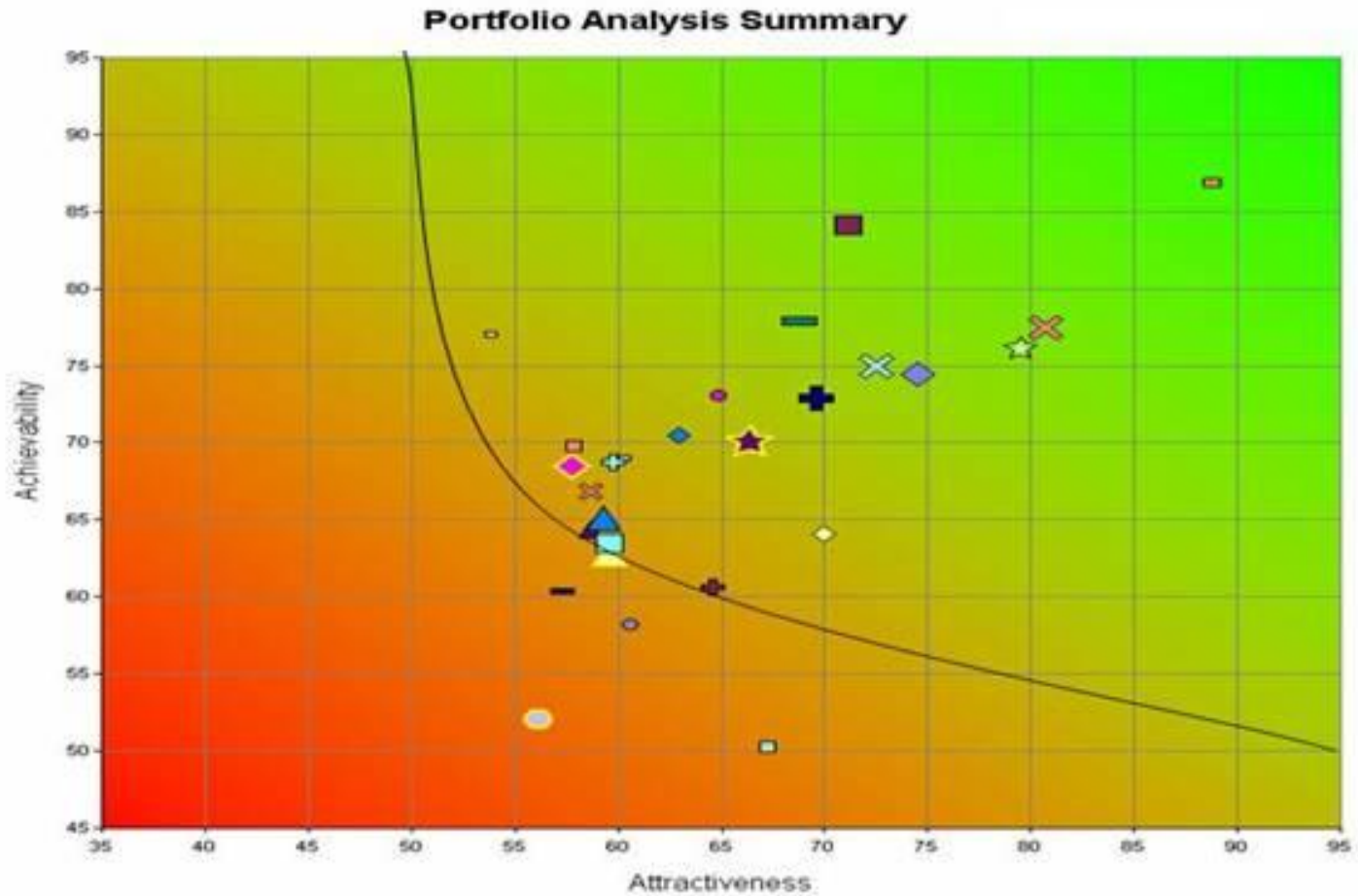
## Making it real - 4 themes

- An Active process
- An Evidence-based process
- A Fast & Frugal process
- A Value-led process



The challenge – influence  
'the weather'

# Active: Are things getting better?





## Active: Staged Release of Funding

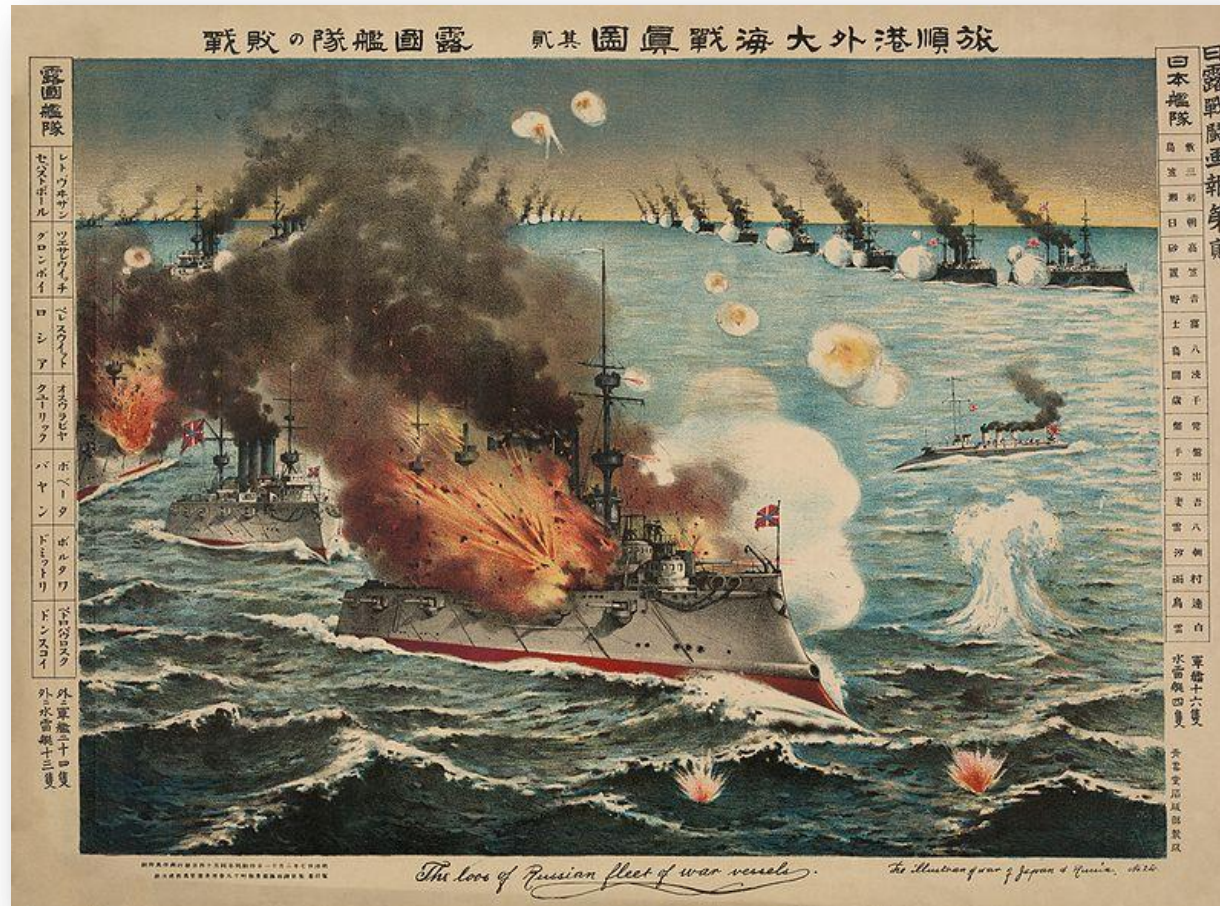


You got to know when  
to hold 'em, know when to  
fold 'em

Know when to walk  
away, know when to  
run.

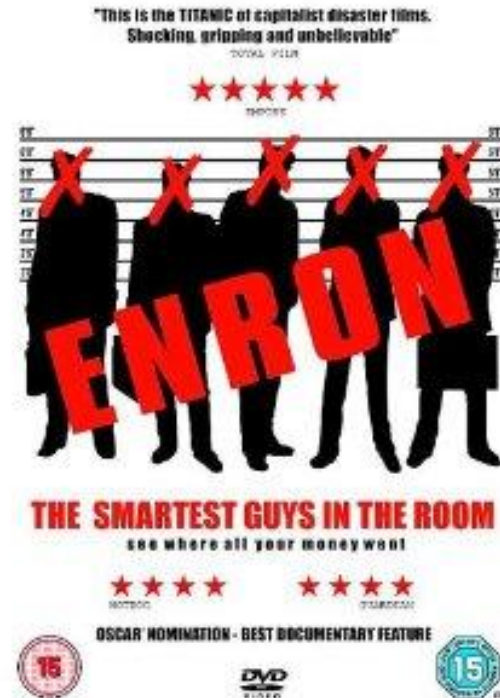
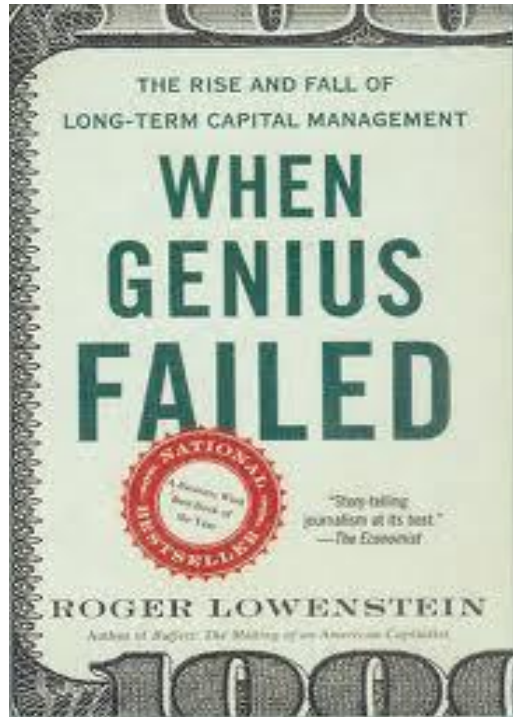
**Kenny Rogers,  
The Gambler**

# Evidence-based: Have they never heard of Port Arthur?



Mitsuo Fuchida

# Evidence-based: reference class forecasting

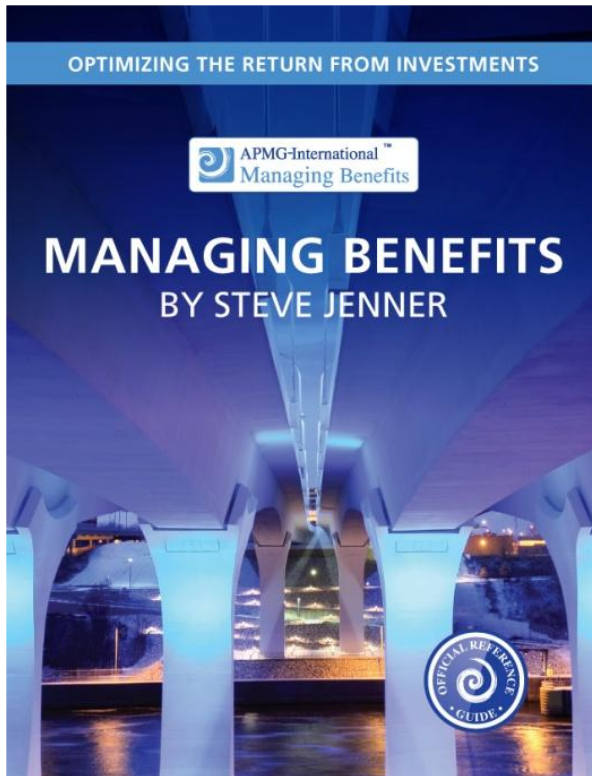


Delusion or deception?

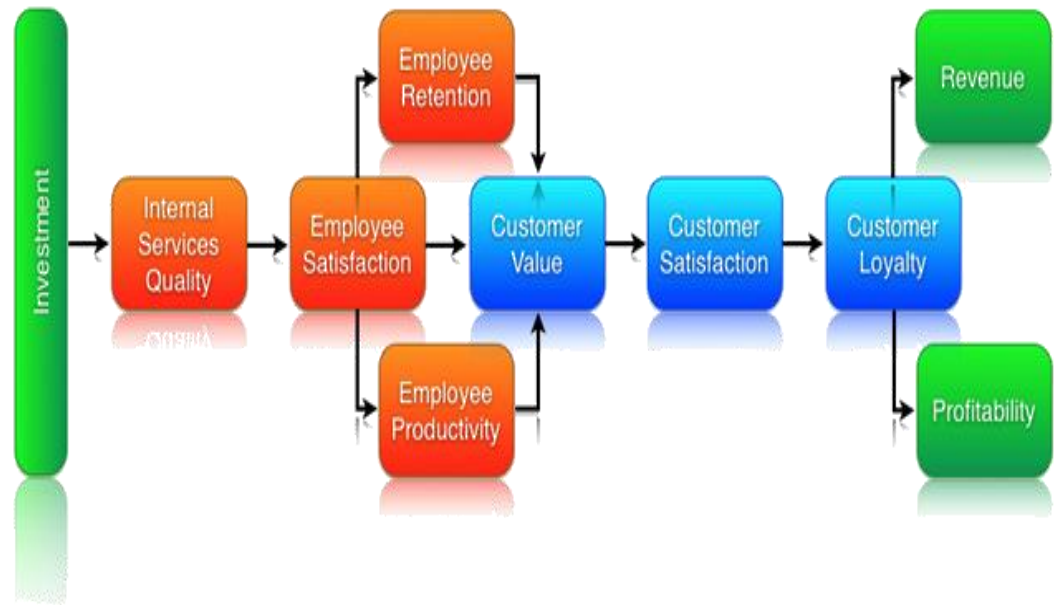
# Fast & frugal Decision Making



# Value-led: Understand the benefits you are buying



## The Service Profit Chain Model



# Value-led: A clear line of sight about the benefits to be realized

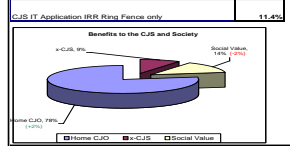
Maturity Assessment

Strategic Alignment

Recipient Benefits

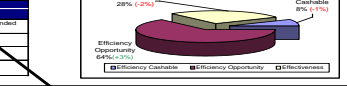
Project Benefits

CJS IT Projects	Financial Benefit Values (€m)			Benefits Maturity Self Assessment		Strategic Contribution*										Police Benefits Realisation Plan				
	SF2004	CIS97	10 Year Total	Variance 04-01	Quality of Benefits Forecast	Quality of Benefits Forecast	Level of Assurance	Confidence	Visible and Measurable	CBT?	Government	Non-Government	Public Protection	01/03/04 - 01/03/07	01/03/07 - 01/03/10	01/03/10 - 01/03/13	01/03/13 - 01/03/16	01/03/16 - 01/03/19		
NEASIS Authority & Case Prep	12.00	249.50	0.00	14.00	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
COMPASS CIMS (50%)	0.50	0.00	0.00	0.00	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
NOVAU IT (incl WIMS)	0.20	19.50	20.00	0.30	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
SCCA	0.60	1.60	3.40	1.20	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
Libra application (incl Exchange 3e)	10.50	92.60	144.00	31.90	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
GOALY	20.00	104.50	208.00	87.50	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
NOVMS (FDS)	3.70	57.00	104.00	47.30	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
NOVMS	0.70	7.00	14.00	7.30	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
CTSE Release 1a (NSPIS-CIMS)	1.50	11.00	17.00	6.50	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
CTSE Release 1b (NSPIS-CIMS)	3.70	8.00	16.00	8.30	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
XHSMT (CJSIS Release 2a/b (Pilot))	13.44	17.10	34.00	20.56	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
EPICMS ES	1.30	13.20	26.40	15.10	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
Secure Emailing Security	1.40	2.50	4.90	3.50	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
CTSE Release 2a (LIR/NOVA)	0.50	0.00	0.00	0.00	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
CTSE Release 2b (LIR/NOVA)	1.10	2.00	4.00	2.90	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
COMPASS Infrastructure (50%)	65.50	125.50	251.00	185.50	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
LINK enabled (ETMP xCJS model)	0.60	10.50	21.00	10.50	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
Shared Access	0.20	10.40	20.80	20.60	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
LINK enabled	0.20	2.00	4.00	3.80	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
LINK enabled (Priority)	0.20	17.00	34.00	33.80	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
Continued Effectiveness Impact	10.17	11.11	22.22	12.05	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
Police Value Benefits	15.70	107.10	214.20	198.50	High	High	High	High	High	High	High	High	High	High	High	High	High	High		
<b>TOTAL BENEFITS</b>	<b>418.66</b>	<b>1,164.93</b>	<b>2,212.87</b>	<b>1,794.17</b>																



Cost Benefits Analysis	2003-04	2003-05	2003-06	2003-07	2003-08	Costs as % of Benefits
Total Project Costs	57.00	90.37	143.00	184.00	200.70	
Direct Benefits	0.53	1.03	5.21	30.71	84.74	
Indirect Benefits	0.83	1.03	6.21	32.51	84.84	
Total Costs/Total Benefits	119.21	104.71	270.50	409.09	511.21	43%
Total Project Benefits	5.00	15.30	36.94	70.36	135.34	
Efficiency Benefits	0.50	0.50	10.12	19.20	49.06	
Total Project Benefits	5.00	25.00	49.06	58.67	130.36	34%
Total CJS IT Costs/Benefits	25.00	58.67	97.87	132.70	170.63	
Other & External Benefits	0.00	0.00	31.53	59.09	110.40	
Total CJS IT Benefits	134.25	203.61	406.90	614.81	889.49	65%
Total Project Costs/Benefits	0.30	0.30	12.10	27.12	51.26	
Efficiency Benefits	3.10	0.30	10.04	21.92	40.24	
Total Project Costs/Benefits	3.10	0.60	17.97	33.00	66.50	11%

Risk Description	Impact	Probability	Severity	Summary of Key Mitigating Actions
1. Lack of CJS IT benefits realization in line with approved CJS IT programme	High	High	High	1. Statement Letter Condition/Terms raise; 2. Risk Case Note; 3. Scope Value Research; 4. Analysis of benefits enabled by CJS IT funded programmes
2. Quality of CJS IT benefits forecast is poor (based on 2003 estimates)	High	High	High	1. Quarterly Benefits Integrity Check; 2. Benefits Eligibility Frameworks
3. CJS IT benefits realization falls below forecast	High	High	High	1. Process Monitor; 2. CJS IT Benefits Realisation Plans approved by CB and BWG; 3. Project Benefits Realisation Plans approved by BWG
4. CJS IT programme does not adjust to changes in strategic and political priorities	High	High	High	1. Bi-monthly portfolio prioritisation; 2. Stand board BRPs signed off by standboard leads; 3. 6 monthly ministerial approved delivery plan

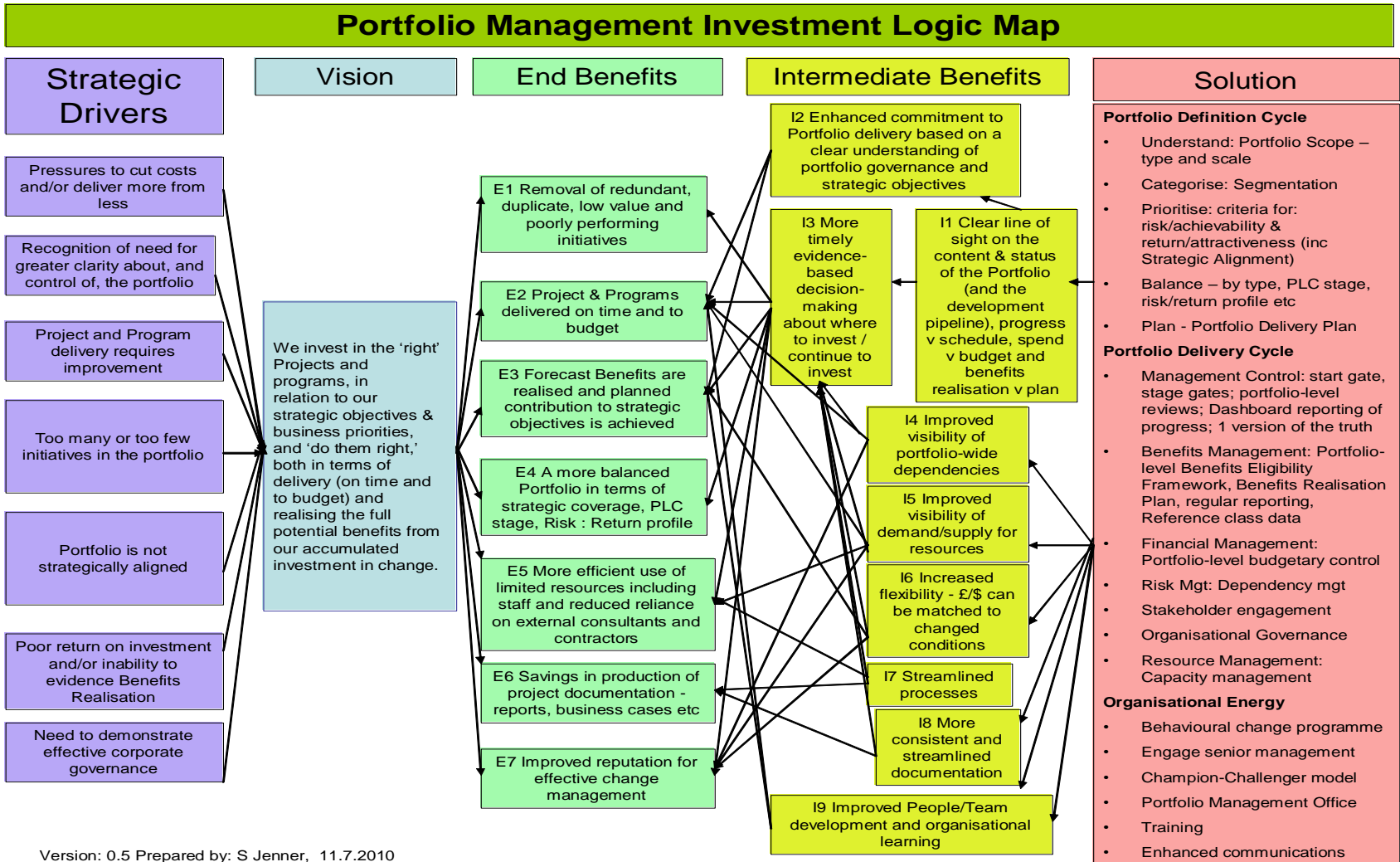


Risk Assessment

Cost/Benefit Analysis

Asking - Is that the best we can do from our accumulated investment in change?

# Portfolio management – a benefits-led change program



# Q&A

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