

Winning through Project Portfolio Management

The Practitioner's Perspective

BENEFITS DECISION MAKING KNOWLEDGE TRANSFER
High-maturity performers LINK TO STRATEGY
IMPROVEMENT Portfolio Manager
Organizational CHANGE Enabling Culture
PERSPECTIVE PRIORITIZE PROJECTS
RIGHT SUPPORT BENEFITS Organizational agility
Competitive Advantage Portfolio Manager
ABILITY LEADERSHIP SUPPORT
STRONG PROCESSES PERSPECTIVE
Competitive Advantage OPPORTUNITY
TOOL opportunity DECISION MAKING
SUCCESS effective sponsorship CLEAR PATH

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FOREWORD: THE COMPELLING BENEFITS OF OPTIMIZING PORTFOLIO MANAGEMENT

By Perry Keenan, Senior Partner and Managing Director, BCG

In Lewis Carroll's classic, *Through the Looking Glass*, the Red Queen neatly describes the situation many organizations face. "Now, here, you see, it takes all the running you can do, to keep in the same place," the Queen tells Alice. "If you want to get somewhere else, you must run at least twice as fast as that!" It comes as no surprise that organizations today operate in a highly complex and dynamic environment in which the pace of change is faster than ever before. A range of factors, including new technology, globalization, and evolving customer behavior, is forcing organizations to run fast merely to keep up.

In this environment, project portfolio management—in which leaders take an organization-wide view to properly allocate resources and time, make effective course corrections across their portfolio of projects, and therefore, maximize value delivery—is an increasingly critical component of success. It is the ongoing means by which organizations prioritize their projects, confirm overall objectives, and stage the timing of their execution. It's also a way to identify the resources needed and make trade-offs when capacity constraints arise, so that talent is appropriately aligned and team resources are allocated to their highest and best uses on behalf of the organization as a whole. In short, project portfolio management helps leaders avoid "missing the forest for the trees."

Many senior leaders recognize that excellent project portfolio management—sometimes referred to as simply portfolio management—is an increasing source of competitive advantage, yet they also acknowledge that there is significant room for improvement. This is not an academic challenge. Given the dynamic environment and the pace of change, organizations need to frequently update and adapt their strategy and the projects that support their strategy need to evolve in tandem—agility is crucial. They must also balance their need to "run the business" versus "change the business," which requires active portfolio management to ensure that both needs are adequately addressed and neither is shortchanged.

To gauge the impact of superior portfolio management capabilities, we partnered with PMI on this report to give the often neglected, but very important view from portfolio managers. The objective of the study was to assess the current level of project portfolio management maturity among organizations; track correlations between maturity and operational and financial performance; and explore more tactical measures, such as how decisions get made to support, prioritize, adapt and, potentially, shut down projects that are no longer on the right track. (The related report, *Implementing the Project Portfolio: A Vital C-Suite Focus*, looks at project portfolio management from the perspective of C-suite leaders.)

Respondents were asked to assess their organization's level of portfolio management maturity in one of five categories: optimized for continuous improvement; established; structured and improving; getting started; and ad hoc (see definitions in the report).

In order to highlight the differences between top and bottom performers, we grouped the top two categories—optimized for continuous improvement and established—together as high-maturity portfolio management performers. Similarly, we grouped the bottom two categories—getting started and ad hoc—as low-maturity portfolio management performers. This report does not show data from the middle group (structured and improving).

We see from this analysis that high-maturity performers invest in capabilities and senior executives recognize the value of that capability. The combination of the right people with the right support leads to success. These high-maturity organizations, as you will see highlighted throughout this report, report superior returns and greater agility to respond to opportunities and changing competitive needs.

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ABOUT THIS REPORT

PMI conducted an online survey of 466 project portfolio management practitioners in July 2015. Respondents were screened to ensure they played an active role in portfolio management, and that they were familiar with the relationship between project portfolio management and organizational strategy.

Respondents represented more than 20 industries, across a mix of:

- **Regions:** 35 percent Asia-Pacific; 27 percent North America; 23 percent Europe, Middle East, and Africa; and 16 percent Latin America
- **Company sizes:** 37 percent are from organizations with less than US\$100 million in sales; 31 percent are from organizations with US\$100 million to less than US\$1 billion; and 32 percent are from organizations with US\$1 billion or more
- **Job titles:** 20 percent program managers; 19 percent directors of project management/PMO; 19 percent project managers; 13 percent functional managers; and 6 percent portfolio managers
- **Number of projects in the portfolio:** 1–5 = 38 percent; 6–20 = 39 percent; 21 or more = 22 percent
- **Number of project portfolios in the organization:** 1–3 = 20 percent; 4–10 = 24 percent; 11 or more = 20 percent; and the remaining respondents did not know

EXECUTIVE SUMMARY

Winning through Project Portfolio Management is intended to give the portfolio manager's view, and discuss specific ways that senior leaders can better support portfolio management in their organizations. In the report, we identify those who are actively involved in portfolio management—program managers, directors of project management/project management office (PMO), project managers, functional managers, and portfolio managers—as practitioners. The key summary findings of the practitioners' perspectives include:

Portfolio management maturity correlates to organizational success. Good portfolio management practices do not happen as a result of chance. High-maturity organizations have developed core competencies around specific portfolio management practices and decision-making capabilities that help them to be successful. They treat portfolio management as an organizational asset, and they invest in it over time in order to continuously improve.

Three key success factors in portfolio management. Organizations that do portfolio management well differentiate themselves through:

- 1. Strong processes.** Organizations need to put processes in place to structure discussions and make sure that project, program, and portfolio decisions are based on objective, quantifiable facts, rather than gut instincts.
- 2. Leadership, sponsorship, and support.** Leaders at highly mature organizations recognize the benefit of strong portfolio management and become visible champions for it, which sustains performance improvements over time.
- 3. An enabling culture.** Cultural support for portfolio management is intellectual and emotional. High-maturity portfolio management addresses both dimensions, so that there is no stigma of failure in the organization when a project gets terminated.

Finding success through portfolio management. Capturing the benefits of superior portfolio management requires commitment from both practitioners and senior leaders. Those organizations that recognize this opportunity and invest in improving their portfolio management capabilities will likely be well positioned for the future. In an increasingly complex and dynamic business environment, optimizing the ability to view, allocate, and adjust resources and time across a portfolio of critical, strategic projects is a clear path to competitive advantage.

MATURITY CORRELATES TO ORGANIZATIONAL SUCCESS

When it comes to portfolio management, most organizations have significant room for improvement. Less than one in four practitioners in our research rated his or her company's portfolio management capabilities as highly mature (see Figure 1 and shaded box).

Portfolio Management Categories

Optimized for continuous improvement: Portfolio management is a core competency of the organization, resulting in a competitive advantage through strategy execution and agility.

Established: Tools are used to track overall portfolio value as well as any interdependencies between projects in the portfolio. The portfolio is optimized on a routine basis. Leaders and the overall culture are aligned with organization-wide standards and methods that are broadly implemented for strategy management.

Structured and improving: Projects and programs are evaluated collectively for value contribution and the balance of risk versus reward. There are more formal connections and processes in place to comprehensively and proactively align with strategic planning and management.

Getting started: Projects and programs are collected in a portfolio where they are selected and prioritized and then given appropriate resources accordingly. Some elements of portfolio management are aligned to strategic performance management, but in an inconsistent fashion.

Ad hoc: Project and program decisions are made on a case-by-case basis. No formalized portfolios are established in any structured manner.

The size of the prize that comes with portfolio management maturity touches both the success rate of individual projects and also the overall success of the organization:

- 94 percent of the high-maturity organizations said that portfolio management has a positive tangible impact on their organization's success, compared to 64 percent of the low-maturity organizations.
- 88 percent of the high-maturity organizations indicated that portfolio management is a competitive advantage for the organization, compared to 56 percent of the low-maturity organizations.
- 83 percent of the high-maturity organizations said that portfolio management allows their organization to be more agile when unforeseen market conditions and competitive situations arise, compared to 59 percent of the low-maturity organizations.

Momentum appears to be building for more effective portfolio management, albeit from an often low base. Nearly two-thirds of the respondents report that their organizations are either getting started or structuring and improving their portfolio management capability. Drilling down into some of the key organizational success metrics, the findings show a clear correlation between portfolio management maturity and success. In terms of financial performance, organizational agility, strategy implementation, and other organizational metrics, high-maturity organizations are far more likely to report above-average performance (see Figure 2).

FIGURE 1
OVERALL LEVEL OF PORTFOLIO MANAGEMENT MATURITY

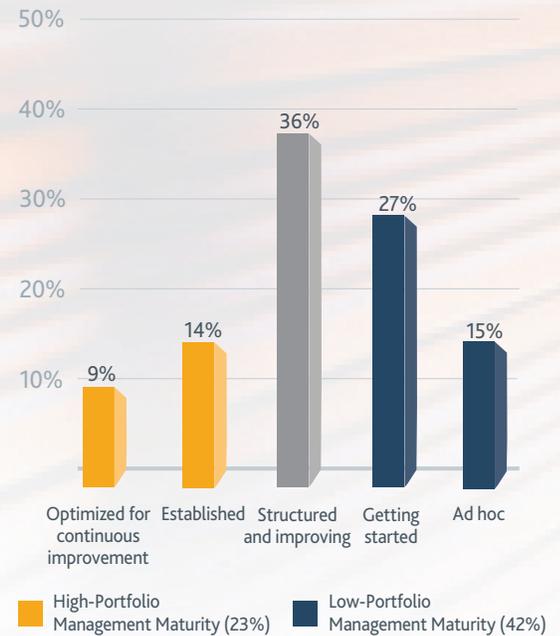
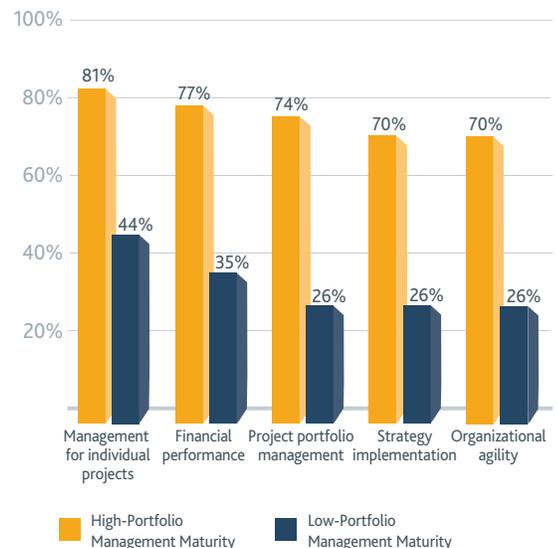


FIGURE 2
PORTFOLIO MATURITY AND SUCCESS METRICS



Furthermore, 85 percent of high-maturity organizations said that portfolio management is a greater source of competitive advantage for their organization now than five years ago, compared to 59 percent of low-maturity organizations. In BCG's experience, this finding reflects the power of focus, prioritization, and effective information. Given the broadly accelerated pace of change, organizations are responding by adding projects and programs. Since resources—including time, money, and management focus—are limited (often painfully so), the ability to allocate these resources to the most important projects and see them through successfully is critical.

The ties between portfolio management and strategy implementation are worth underscoring: the ability to implement critical projects on time, on budget, and, most importantly, fully delivering the expected outcome—repeatedly over time within a broader change portfolio—helps organizations execute their strategy more effectively. That, in turn, builds a competitive edge to take on even more ambitious change.¹

These findings support the thinking that success is “learned and earned.” Superior portfolio management does not happen as a result of chance. High-maturity organizations have developed core competencies around specific portfolio management practices and decision-making capabilities that help them to be successful. They treat portfolio management as an organizational asset, and they sponsor, govern, and invest in it over time in order to continuously improve.

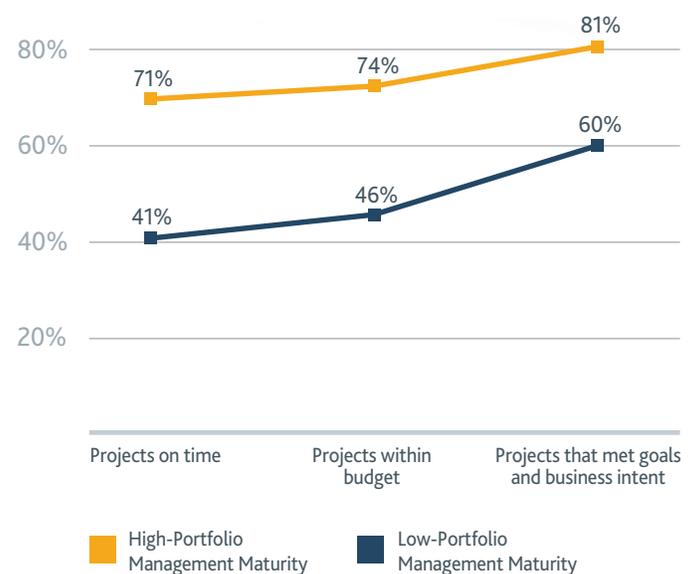
Senior leaders at these organizations can make faster and more informed decisions about how to allocate financial and human capital. They also have a better line of sight in terms of how well the project is delivering the planned financial or operational outcomes. As a result, the organizations are better able to execute projects.

Overall, high-maturity organizations have better project outcomes. Of this group, 81 percent said that projects met their original business goals and business intent (compared to 60 percent for low-maturity organizations); 71 percent complete projects on time (versus 41 percent); and 74 percent of the projects were on budget (versus 46 percent) (see Figure 3).

Still, one would think the differences between high- and low-maturity organizations would be more consistent across all three metrics. However, in our experience there are a variety of possible explanations. One might be that from the perspective of those actively involved in portfolio management (the respondents of this survey), hitting time and budget criteria is paramount, and the outcomes of the project may not be as directly manageable. They also may not have sufficiently defined or consistently measured goals and business intent, which are harder to gauge than timelines and budgets.

In addition, high-maturity organizations may be more ambitious in how they set goals for projects. They have stronger processes in place, the ability to link projects to strategy and the confidence to aim high. By contrast, low-maturity organizations may lack the confidence that they can deliver bold objectives, so they are more conservative in setting targets that they can confidently hit.

FIGURE 3
PROJECT OUTCOMES BY OVERALL PORTFOLIO MANAGEMENT MATURITY LEVEL



Yet, another possible explanation is that this data reflects the dynamic nature of business today. The goals and impact may shift during the project timeline, and high-maturity organizations have developed the ability to adapt and continue to ratchet their objectives upward in order to deliver against revised strategic objectives.

Regardless, these findings point to a potential area of improvement, even for high-maturity organizations: If they are able to build a stronger link between project portfolios and the company's overall strategy, they will be able to further differentiate themselves from competitors in terms of meeting the goals and business impact of their projects. Instead of trying to become good at one particular thing—and winning in a steady-state market—companies today must adapt to dynamic market conditions by becoming good at learning how to do new things.²

KEY SUCCESS FACTORS

We find that organizations that do portfolio management well differentiate themselves through specific success factors:

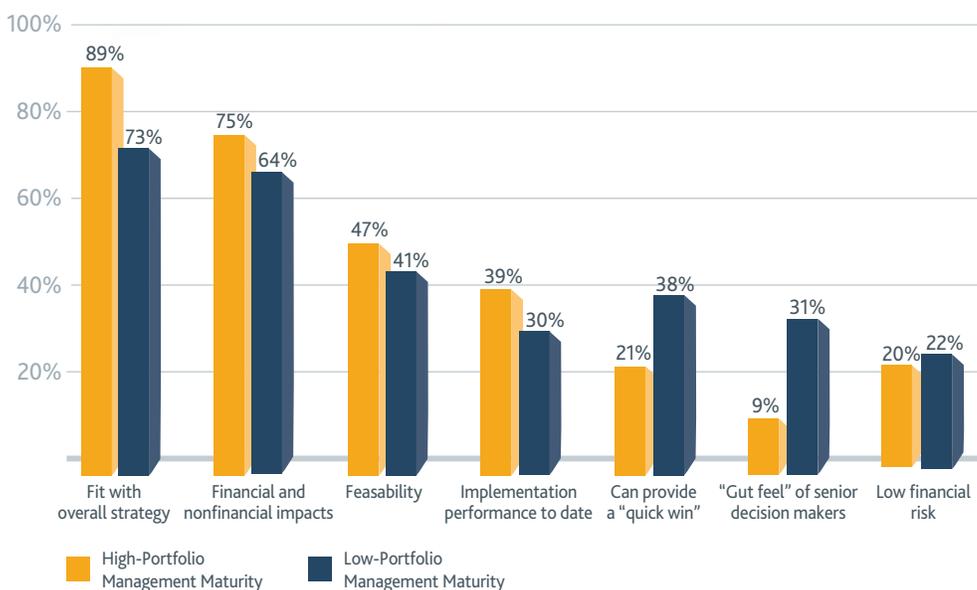
1. Strong processes
2. Leadership, sponsorship, and support
3. An enabling culture

Strong Processes

Instituting a clear means for effective decision making is critical. Organizations need to put processes in place to structure discussions and make sure that project, program, and portfolio decisions are based on objective, quantifiable facts, rather than just pattern recognition and gut instincts. These decisions include the inevitable changes and adjustments during implementation, as well as the difficult decision to kill projects when necessary.

Companies with high-maturity portfolio management are far more likely to indicate that their processes help them link projects in the portfolio to strategic initiatives and assess the financial and nonfinancial impacts. Conversely, they are far less likely to make decisions based on “gut feel” or the need to mitigate financial risk (see Figure 4).

FIGURE 4
TOP CRITERIA USED IN MAKING DECISIONS FOR THE PORTFOLIO



Additionally, respondents who report high levels of project and organizational success (regardless of maturity) are far more likely to have strong processes in place. For example, 92 percent of high performers in terms of project success, and 91 percent in terms of organizational success, align projects in the portfolio to strategic initiatives. Similarly, 85 percent of those with high project success said they do a good job ranking and prioritizing projects (see Figure 5).

FIGURE 5
PROJECT AND ORGANIZATIONAL SUCCESS

	Project Performance		Organizational Success	
	High	Low	Most	Least
Projects in our portfolio are aligned to strategic initiatives	92%	74%	91%	75%
Our process assigns sponsors to high-priority projects	86%	74%	85%	68%
We do a good job ranking and prioritizing projects	85%	58%	86%	59%
Our process is integrated with strategic planning	84%	60%	89%	59%
Our process helps us make good portfolio decisions	84%	60%	89%	59%
Our process enables us to change course and adjust	83%	55%	86%	57%
Projects in our portfolio have clearly defined financial and nonfinancial benefits	83%	55%	90%	58%
We effectively reallocate resources across projects in our portfolios	82%	55%	87%	55%

Several tools, which collectively fall under the rubric of “rigorous program management,” can help organizations develop strong portfolio management processes. For example, a change management tool called the DICE assessment helps organizations gauge the probability of project success before implementation, using a standard scoring mechanism. A DICE assessment looks at four elements of a change initiative: duration, integrity of team performance, commitment among senior leaders and the employees most impacted by the change, and effort additionally required from those employees (see case study on the next page). By objectively scoring programs in advance, organizations can identify problem areas and turn challenges into conversations.³

CASE STUDY**Manufacturer Uses the DICE Tool to Prioritize Critical Projects and Maximize Portfolio Success**

DICE proved its value for a new CEO who recently took over at a large Asia-Pacific paper manufacturing company. The CEO found that 35 improvement projects were underway to increase output and reduce costs. He recognized that the company likely did not have the resources to accomplish all the objectives, and knew he needed to establish, pragmatically, a project portfolio lens. So he met with team leaders to calculate the DICE score for each of the projects.

Through this process, the leadership team identified five of the 35 as must-win projects over the next two years. Based on the portfolio of DICE scores, the team leaders made several adjustments, deploying the strongest team members to those must-win projects and developing strong plans with intermediate milestones to track and adjust progress in order to strengthen their odds of success. Among the lower-priority projects with poor DICE scores (i.e., those that were not set up for success), the team decided to delay their implementation and reallocated their resources to more important projects.

The team continued to conduct DICE assessments of all projects in the portfolio every quarter. As a result, the company was able to execute most of the improvement projects on time, and all of them at or under budget. Most important, all 35 projects ultimately succeeded in meeting or beating their original business case objectives. **1**

The most important element to decision making is a pragmatic and foundational approach to effective portfolio management, including senior leadership commitment, quality content, infrastructure, and processes. Notably, portfolio management support technology isn't necessarily a key success factor in making these decisions. Support technology can help some leadership teams, yet it can also be a distraction. Our experience is that such technology, other than for particularly large and complex project portfolios, is often not necessary and never sufficient in the absence of addressing the considerations discussed in this report.

Exploring and quantifying this assertion further, in too many instances, data are not structured or translated into useful information to help senior leaders make effective decisions or correct the course of key projects. This is supported by the EIU research where 28 percent of senior leaders said that their organization translates these data into information on portfolio risk, and only 34 percent translate it into ROI metrics on portfolio profitability and the delivery of objectives.

Portfolio management processes create transparency during implementation and execution phases, leading to real operational insight on the progress of projects. This is critical, because things invariably go wrong with projects and programs. The challenge is ensuring that senior leaders receive a clear and early indication of problems, giving them sufficient time to course correct and reallocate resources. A rigorous roadmap is one way to make sure that the right information gets elevated to leaders in order to ensure their support.

A roadmap, as differentiated from the project plan, breaks a specific project down into a series of major milestones (typically 15–25) that tell the story of the project in terms of what needs to be achieved, the major steps along the way and, most importantly, the major known risks that need to be managed and the most critical interdependencies that have to be delivered. The roadmap identifies clear time frames, financial and operational metrics, and accountabilities. It's written for a senior leadership audience and is used to identify when and how project objectives will be delivered, while providing forward-looking visibility into progress and testing lead indicators of major known risks and critical interdependencies. This information and insight gives leaders the ability to make meaningful course corrections, typically much sooner and more effectively than would be the case in the absence of this reporting construct.⁴

When organizations create detailed roadmaps for the 20 to 40 most complex and high-value projects—out of the portfolio of 200 to 300 that constitute a larger strategic program—they can monitor and adjust progress more effectively, and consequently, ensure better capture and sustainment of planned outcomes (see case study on page 10).

Another important tool to create the transparency needed for senior leaders to make portfolio management decisions is rigor testing.⁵ By conducting a rigor test—in which companies establish a process to ensure that projects have clearly defined benefits and impacts and roadmap owners have considered potential risks, unknowns, and interdependencies associated with realizing project objectives—organizations can generate more robust roadmaps. The formal rigor test consists of a 30- to 60-minute discussion among key stakeholders—the program sponsor, roadmap owner, the program management office, and likely finance, HR, and, possibly, IT representatives.

The discussion consists of a set of seemingly obvious questions, clustered into three groups:

- Is the roadmap clearly defined, logically structured, and readily implementable?
- Have we clearly identified the target impacts, their sources, timing, and leading indicators?
- Have we clearly addressed all interdependencies and other risks and concerns?

Organizations that take the additional step of rigor testing their roadmaps capture more value from projects.

Organizations also require a process to ensure they are evaluating the portfolio at regular and frequent intervals. Among the findings, 40 percent of high-maturity organizations evaluate their portfolio continuously, compared to just 28 percent of low-maturity organizations. Continual evaluation allows organizations to make the tweaks and adjustments required in a fast-paced world, and ensure that key projects remain aligned to the overarching strategy. When compared to other high-maturity organizations, those who evaluated their portfolios continuously performed significantly better across multiple dimensions. In particular, and not surprisingly, the greatest difference was found in an organization's agility, with 37 percent reporting performance well above average versus 18 percent for those who did not evaluate continuously.

Organizations that apply a program-wide view of change projects frequently find that 10 to 20 percent of projects compromise 80 to 90 percent of the total project portfolio value. By holistically reviewing the business cases and pressure-testing the targets, organizations can identify the small subset of efforts that will drive this value. They can then focus on the most important measures—and, in a capacity- and resource-constrained world, scale back resources, time, and effort on those that are less important.

CASE STUDY

A Pharma Company Rigorously Thins its Project Portfolio

The production facility for a pharmaceutical company did not routinely evaluate its portfolio and was struggling to manage an overwhelming set of more than 300 projects. The site rarely stopped projects—instead keeping them on “life support,” even as they were overtaken by more critical projects. As a result, the management team had no clear means to allocate scarce resources.

In response, the management team developed an internal tracking database that rigorously scored each project based on its linkage to key strategic site objectives and its targeted financial contribution. Each project was also assigned a direct manager who was explicitly accountable for progress. Finally, the company created a process by which project managers could track and communicate progress on all projects. Through these changes, the site was able to screen out roughly half of the projects in the portfolio and gave clear visibility to senior leaders who were able to allocate resources in line with their strategic goals. 

Leadership, Sponsorship, and Support

It is all too easy to put portfolio management processes in place, but without the support and sponsorship of senior leaders, such processes will not be sufficient or likely sustained. Top-performing organizations have supportive, visible sponsorship for project portfolio management through senior champions. Among respondents, 90 percent of high-maturity organizations said that their CEO and C-level executives were strong advocates of portfolio management (compared to 47 percent for low-maturity organizations).

Consistently strong leadership, sponsorship, and support are essential for both portfolio management and critical projects and programs. Like so many of the practices discussed in this report, senior leadership sponsorship is as critical as it is limited. Engaged executive sponsors are the top drivers of success, yet they are assigned to less than two-thirds of projects and programs.⁶ The quality of outcomes is secured by both the quality of sponsorship and resourcing at the project level and, synergistically, by the support of portfolio management, particularly across the most important projects.

Leaders at these organizations make full use of tools such as DICE, roadmaps, and rigor testing to ensure that they're engaged and have clear insight regarding the status of key projects in the portfolio. In addition, strong leaders recognize that projects are not simply going to spontaneously succeed. Rather, even the most challenging projects succeed because there's clear sponsorship and a sustained and deliberate effort to make them happen, starting at the top of the organization. Senior leaders understand the value of providing strong support, and they're often the direct beneficiaries of superior portfolio management capabilities. They gain greater operational visibility and insight into emerging issues, and, in turn, are able to take action when necessary to ensure critical projects stay on track. In addition, these leaders understand that the ability to effectively manage a portfolio of projects has become a competitive differentiator—a powerful tool in helping the organization execute against its strategy.

In many organizations, projects are still evaluated too independently from one another. This raises the stakes for each individual project to succeed and obscures a big-picture view of progress. As mentioned earlier, leaders can end up "missing the forest for the trees."

Rigorous program management helps underpin a portfolio management approach to viewing projects, so that the focus constantly remains on the total program (the "forest") and its overall health. Projects are viewed as parts of a whole. When a critical project goes off track, rather than arbitrarily throwing resources at it, leaders are able to make a portfolio-based decision and course correct early. Based on the health of the overall portfolio, they can decide if it's time to pull the plug and fill the gap with other projects, or whether they have the resources to restructure the project and move forward. Not all projects will succeed, so the cornerstone of a successful program is knowing how to handle those off-track projects and course correct before real damage is done.

Because leaders at these organizations recognize the benefit of strong portfolio management, and become visible champions for it, project managers and other employees gain the support they need, creating a virtuous cycle that leads to sustained improvements in performance over time.

Leaders at high-performing organizations also set the right tone for discussions about shifting, reprioritizing, or stopping projects. In today's dynamic environment—in which critical projects often need to adapt to shifts in strategy—success requires managing and reducing the emotional attachment that some employees have for individual projects. The best leaders are able to reframe discussions around the organization's larger strategic objectives, and on how individual teams and projects contribute to that goal. Leaders and portfolio managers need to emphasize agility and responsiveness as a competitive edge, and quickly redirect project teams to their next (or revised) mission.

An Enabling Culture

The third key success factor we see among high-maturity organizations is a culture that explicitly supports portfolio management. Among high-maturity organizations, 88 percent of respondents said that their company culture believes that portfolio management is important to the business, compared to just 44 percent for low-maturity organizations.

Critically, this culture does not punish the people who raise concerns or make the difficult decision to terminate projects when necessary. In fact, these organizations encourage such behavior and are very deliberate in “not shooting the messenger.”

Part of the evaluation process described above is the need to stop projects from time to time, particularly if the organization’s strategy has changed or if projects aren’t on track to achieve the desired results (despite course corrections from senior leaders). These projects should not be treated as failures. Instead, they’re an inevitable part of the portfolio management process—and the right culture celebrates them as a kind of victory or disaster aversion, rather than a cause for punishment.

Organizations with a supportive culture understand that resources, in terms of capital, talent, and management attention, are limited. As such, they implement measures to make sure they devote resources to the right projects—those that clearly link to the overarching strategy—and don’t waste resources on less impactful and sometimes meaningless efforts.

High-maturity organizations cancel fewer projects—an average of 12 percent—compared to low-maturity organizations (19 percent). At first pass, this finding might seem surprising: The conventional wisdom holds that high-maturity organizations would have the discipline to make tough decisions and shut down projects when appropriate, and that lower performers would allow problematic projects to limp along. But based on BCG experience, the explanation is in two parts. First, high-maturity organizations create the transparency and insight needed to fix projects before they get to the point of no return, where shutting them down is the only option. Second, high-maturity organizations are evaluating the portfolio continuously and using tools such as milestones and lead indicators to generate operational insight. Such clarity helps overcome the resistance to adapt or re-scope projects—and reduces the likelihood that they might need to be terminated later on.

Cultural support for portfolio management is built on two dimensions. One is the intellectual, through the objective decision-making processes described above. The second is emotional—employees and project managers want to succeed and achieve, and having to shift or shut down projects risks the stigma of failure. High-maturity portfolio management organizations address both dimensions, so that there is no stigma of failure when a project is terminated. Leadership support is required to set that tone and reinforce the culture.

CONCLUSION: FINDING SUCCESS THROUGH PORTFOLIO MANAGEMENT

It is both timely and exciting that senior executives share very similar views on portfolio management. Certainly, it is BCG's and PMI's experience that senior executives very commonly view the implementation of strategic initiatives as a critical consideration for their organizations. And, tied to this, the significant majority of senior executives rate the improvement of the delivery of those projects as part of a well-integrated portfolio of activities as being both key and having real opportunities for improvement.

While the opportunities may be clear, capturing them will require resolve and resources beyond those actively involved in portfolio management—strong leadership, sponsorship, and support, and an organizational culture that explicitly supports portfolio management are critical.

It's clear that practitioners, senior leaders, and the C-suite have significant roles in optimizing portfolio management. Collectively, they can use the following checklist to assess and improve portfolio management.

- Do we have the right level of support from senior leaders to build up our portfolio management capabilities?
- Are we delivering effective sponsorship and portfolio management to our most critical projects?
- Do our program and portfolio managers have the abilities, tools, and resources they need to excel?
- Do we invest, as necessary, to develop smart and simple processes to build the link between strategy and projects/programs?
- Do we have early indication mechanisms for problems in specific projects or portfolios—particularly those with the strongest link to our strategy—so that leaders are able to make proactive and timely course corrections?
- Do we have strong processes in place to support objective decision making, to create transparency and enable engagement by senior leaders?
- Do we have a process in place for prioritizing and/or terminating projects, and does the culture support this as a natural part of portfolio management?
- Does our culture support portfolio management by rewarding individuals who raise potential problems early?
- Finally, do we broadly recognize and support the value of portfolio management? Read more about this in *Delivering on Strategy: The Power of Project Portfolio Management*, the capstone report in this series.

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