NETWORKING EVENT: PROJECT PORTFOLIO MANAGEMENT EVALUATION
Introduction
THANKS

• Your are one of 23 organizations helping a research team to develop a project portfolio (PPM) evaluations framework
• All of you are anonymous, only Lars K, knows the identity of our organization but
• Only “green data” use in publications
TOWARD A PROJECT PORTFOLIO MANAGEMENT EVALUATION FRAMEWORK

The research team

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• Per Svejvig
• Lars-Kristian Hansen
Project portfolio management (PPM)
PROJECT PORTFOLIO MANAGEMENT IS KEY

• Projects constitute a major part of organizational budgets and strategic development, project portfolio management (PPM) becomes key
“The overall organizational ability to manage project portfolios strategically and holistically to support the success of the organization”

(Clegg et al., 2018)
HOWEVER, HOW DO WE KNOW THAT WE ARE DOING PPM IN A GOOD WAY?
The problem
THE DANGER OF NAVIGATING VIA INTUITION

• Research shows that peoples' confidence in their judgment based on intuition differs from reality
• Cognitive bias can by be mitigated by critical thinking and systematic evaluation (Mauboussin, 2012, Kahneman, 2011)
THE MONEYBALL MESSAGE: THEREFORE EVALUATION

Oakland Athletics (the A) used carefully chosen statistics to build a winning baseball team.

Before the team relied on the opinion of talent scouts, who assessed players primarily by looking at their ability to run, throw, field, hit, and hit with power.

Most scouts had been around the game nearly all their lives and had developed an intuitive sense of a player's potential.

But after doing a proper statistical analysis, the A's front office recognized that a player's ability to get on base was a much better predictor of how many runs he would score.

Moreover, onbase percentage was underpriced relative to other abilities in the market for talent.

So the A's looked for players with high on-base percentages, paid less attention to batting averages, and discounted their gut sense.

This allowed the team to recruit winning players without breaking the bank.

Moneyball (2011)
THE MONEYBALL MESSAGE: THEREFORE EVALUATION

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• Before the team relied on the opinion of talent scouts, who assessed players primarily by looking at their ability to run, throw, field, hit, and hit with power.
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• Moreover, onbase percentage was underpriced relative to other abilities in the market for talent.
• So the A’s looked for players with high on-base percentages, paid less attention to batting averages, and discounted their gut sense.
• This allowed the team to recruit winning players without breaking the bank.

Mauboussin, (2012)
THE PPM RELATED PROBLEM

1. Unaware of the potential of PPM evaluation
2. To busy to evaluate and improve PPM
3. Lack of useful evaluation frameworks

A relevant problem for research
Research on PPM evaluation
MATURITY MODELS – MAYBE THE BEST AVAILABLE OPTION

• Allows organizations to evaluate various aspects of their procedures against benchmarks (Nikkhou et al., 2016)
• P3M3 (OGC, 2006) (now Axelos), OPM3 (PMI, 2008) PPM maturity model (Gartner, 2014)
• Understanding maturity as a state where the organization is in a perfect condition to achieve its objectives (Andersen and Jessen 2003)
# MATURITY MODELS – GARTNER’S

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
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</thead>
<tbody>
<tr>
<td>Reactive</td>
<td>Emerging Discipline</td>
<td>Initial Integration</td>
<td>Effective Integration</td>
<td>Effective Innovation</td>
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- **Level 1: Reactive**
  - All internal processes are centered on the management of critical projects
  - Projects have budgetary estimates
  - No formal management tools

- **Level 2: Emerging Discipline**
  - Project processes are standardized
  - PMO(s) are established
  - Projects are aligned with strategy

- **Level 3: Initial Integration**
  - Cross-functional groups are easily formed, and collaboration is the norm
  - Programs increasingly are managed in-house
  - Career paths are defined

- **Level 4: Effective Integration**
  - Specialized PPM leader roles are formalized
  - Centers of competency improve workload management
  - The portfolio is modeled and appropriately optimized, factoring in risk

- **Level 5: Effective Innovation**
  - Change operations provide a constant stream of mini-projects
  - Rapid strategy execution is the focus of enterprise programs

**Score in five dimensions:**
- Relationship
- People
- Practices and process
- Value and financial management
- Technology

**Source:** Gartner (S)
HOWEVER...

1. No clear empirical evidence showing that using PPM maturity models provides better performance
2. It is dubious that one universal and static maturity model fits all organizational settings across time and space (Drazin and Van de Ven, 1985)
3. A research gap, an empirical validated PPM evaluation tool
Research process
BUILDING A PPM EVALUATION FRAMEWORK

PPM litterateur

Theory on evaluation

Prototype

23 organizations

<table>
<thead>
<tr>
<th>Approaches</th>
<th>Publications</th>
<th>Questions</th>
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</thead>
<tbody>
<tr>
<td>Process</td>
<td>Six PPM publications on process</td>
<td>Q1. Use of (traditional) PPM processes and techniques</td>
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<td></td>
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<td>Q2. How integrated are PPM processes?</td>
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<td>Q3. How formalized are PPM processes and practices?</td>
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<td>Q4. How tailored is the PPM design?</td>
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<td>Q5. PMO roles of coordinating, controlling, and supporting</td>
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<td>Q6. Management quality, allocation quality, and cooperation quality in PPM</td>
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<td>Bench-marking</td>
<td>Four PPM publications on benchmarking</td>
<td>Q7. Use of maturity assessment</td>
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<td>Q8. Assessment of PPM governance</td>
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<td>Q9. Assessment of PPM portfolios and portfolio balance</td>
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<td>Q10. Do PPM processes support the goals of the strategy and business strategy?</td>
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<td>Outcome</td>
<td>Five PPM publications on outcome</td>
<td>Q11. Effectiveness of strategic objectives</td>
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<td>Q12. Effectiveness of operational attributes</td>
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<td>Q13. Measure value creation at portfolio level</td>
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<td>Q14. Sustainability included in PPM</td>
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<td>Q15. To what extent is the logic of effectuation used in PPM?</td>
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<td>Learning</td>
<td>Five PPM publications on learning</td>
<td>Q16. Use of learning loops</td>
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<td>Q17. Responsiveness and flexibility in PPM</td>
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<td>Q18. Frequency of face-to-face interaction in PPM</td>
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<td>Q19. Formative role of projects</td>
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<td>Q20. Use scaling learning from project level to portfolio level</td>
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We use to type of theory:

• Theory on PPM (one or more publication for each question)....lets talk about when its relevant during the presentations

• Theory on evaluation (four areas), I will return to this in the wrap up session.
THEORY ON EVALUATION

The process approach

• Focuses on efficiency and answers the question: are we doing things right?
• This approach pertains to the short run and assesses input and intermediate constructs like time, cost, and scope in the form of concrete deliveries and output
THEORY ON EVALUATION

The outcome approach

• Focuses on effectiveness and answers the relevant question: are we doing the right thing?
• This approach pertains to the longer run and assesses organizational and/or societal changes, also referred to as impact and value creation
THEORY ON EVALUATION

The benchmarking approach

- Adds to outcome and process approaches. Instead of looking only at one isolated activity, evaluators can elicit useful knowledge by comparing different activities.
- For instance, positive or negative outliers to improve the portfolios.
- Benchmarking can be done over a longer period of time to elicit trends.
THEORY ON EVALUATION

The learning approach

• Focusing on lessons learned and how they can be applied to improve related areas

• Emphasizes the constructive element of evaluation as it moves from a black/white success/failure judgement after an activity is finished to an ongoing and nuanced evaluation

• This approach moves the discussion from reviews and audits done to reach transparency and establish accountability to for opportunities and potentials for further improvement
# THEORY ON PPM

## Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Headline</th>
<th>Real state</th>
<th>Ideal state</th>
<th>Delta</th>
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<tbody>
<tr>
<td>Q1a. To what degree do your organization use (traditional) PPM processes and techniques (Reyck et al., 2005, Jeffery and Leliveld, 2004)? For example, NPV, ROI, Bubble charts, traffic lights, Stage-Gate models, etc.</td>
<td>Q1. Use of (traditional) PPM processes and techniques</td>
<td>4</td>
<td>5</td>
<td>1</td>
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<td>Q1b. How important is the use of traditional processes and techniques for the success of PPM?</td>
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<td>Q2a. How integrated are your PPM processes? We understand “integrated” as the seamless coordination and control across functions, units, and hierarchical levels (Hansen et al., 2017, Hansen and Kæmmergaard, 2013). This is covering the process from projects entering the pipeline to follow-up on their completion (Ghasemzadeh et al., 1999, Archer and Ghasemzadeh, 2007).</td>
<td>Q2. How integrated are PPM processes?</td>
<td>3,5</td>
<td>5</td>
<td>1,5</td>
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<tr>
<td>Q2b. How important is the aforementioned “integration” to the success of PPM?</td>
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QUESTION AND COMMENTS
Next...
The presentation and feedback session
APPROACHES

Approach to the plan:
• (A) Keeping the time schedule
• (B) Emergent plan (start/finish earlier if possible)

Approach to the session
• Participants interact (talk) as much as possible (regarding the topic of today's meeting)
ROLES AND RESPONSIBILITIES

• Presenting organization use 20 minutes max!
• Opponents gives comment or ask question approx. five minutes
• Plenum or Lars give comment or ask question approx. five minutes
• Please use the “raise hand” functions in MS teams, alternatively use the chat.
• We will go to the next session when the 30 minutes are used.
THE QUESTIONS

- Questions 15 + Questions 19 (about learning) can be different as these were changes between the interviews.
- In large, a common foundation to get some good discussions (between organizations) going.
THE END