

point**b**.



# Closing the Strategy to Execution Gap

May 2009

# Topics

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- Current Business Issues
- The Gap Between Strategy and Execution
- Project Portfolio Management (PPM)
- Conclusions

# Business Problem

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***Companies struggle with formulating realistic strategic goals and turning strategy into outcomes***

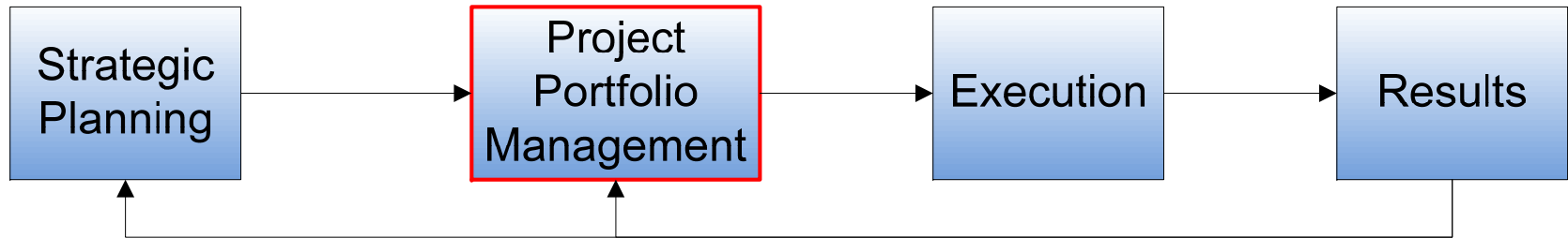


***“90% of Corporate Strategies Are Never Implemented” – Balanced Scorecard Collaborative, 2007***

# Business Underachievement



# Converting Business Goals into Action



*Project Portfolio Management connects strategy to execution*

## Why?

- *Because it encourages a discipline of strategic investing*
- *It provides transparency*
- *It addresses a commonly neglected issue – ‘is the strategic plan feasible?’*
- *It helps the organization focus on value delivery and execution*

# Turning Your Strategy into Reality

**Envision**

**Roadmap**

**Align**

**Manage**

**Implement**

*Strategic  
Planning*

- Vision
- Objectives
- Priorities
- How?

*Roadmap  
Development*

- Governance
- Projects
- Outcomes
- Resources
- Barriers

*Org.  
Alignment*

- Accountability
- Teams
- Direction

*Portfolio  
Oversight*

- Stewardship
- Risk Mgmt.
- Performance

*Project  
Execution*

- PM Skills
- Metrics
- Change
- Learning

*PPM*

# What is Project Portfolio Management?

*Applying the tools  
and discipline of  
financial  
management to  
project management*



# Project Portfolio Management Goals

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- Align projects to strategy
- Facilitate the transformation of strategy into results
- Eliminate marginal and poor project investments
- Provide a way to evaluate, prioritize, and sequence projects
- Optimize resource utilization



# PPM Benefits

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- Project investments discussed *strategically*
- Feasibility and risk issues mitigated before investing
- Transparency to stakeholders
- Resources deployed on only the highest-value projects
- Detailed trade-offs understood when new ideas are suggested

# Breaking PPM Down

## The Process of PPM



*Account For  
All Projects*

*Review  
Investment/  
Resource  
Allocations*

*Match Investments  
to Opportunities,  
Align with Business*

*Program/Project  
Management*

*Financial  
Retrospectives,  
Project Post  
Mortems*

# Constructing a Portfolio

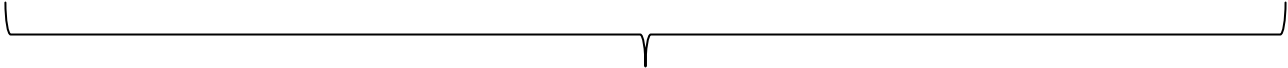
## Business Info

## Financial

Project	Line of Bus.	Business Initiative	Type	Financial			Segment		Investment (budget)	Investment as Percent of Total
				Contribution	Motive	Funded	Gross Margin	Segment Growth		
P14	Internal	Fulfillment Throughput	Maintenance	Operational	Discretionary	Y	63%	15%	\$ 11,233,456	27%
P18	LOB-A	Customer Support	Maintenance	Operational	Discretionary	N	71%	5%	\$ 8,607,643	21%
P4	LOB-A	Fulfillment Throughput	Enhancement	Operational	Discretionary	Y	71%	5%	\$ 7,000,000	17%
P3	Internal	Customer Support	Enhancement	Revenue	Discretionary	Y	71%	5%	\$ 3,569,540	9%
P7	LOB-B	Grow US Sales	New	Operational	Strategic	Y	43%	7%	\$ 2,000,000	5%
P16	LOB-D	Grow US Sales	Enhancement	Revenue	Discretionary	Y	60%	13%	\$ 965,432	2%
P19	LOB-C	SOX	Maintenance	Operational	Compliance	Y	63%	15%	\$ 890,755	2%



Project Name



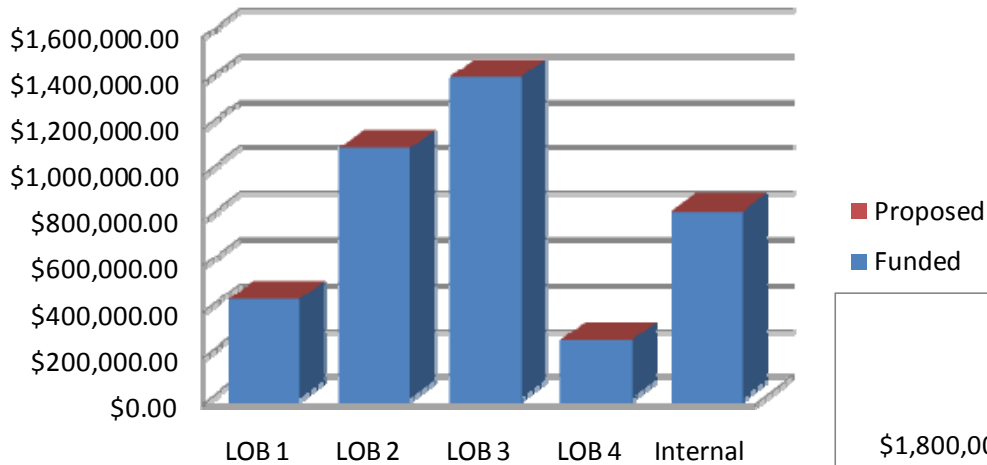
Metadata



Cost

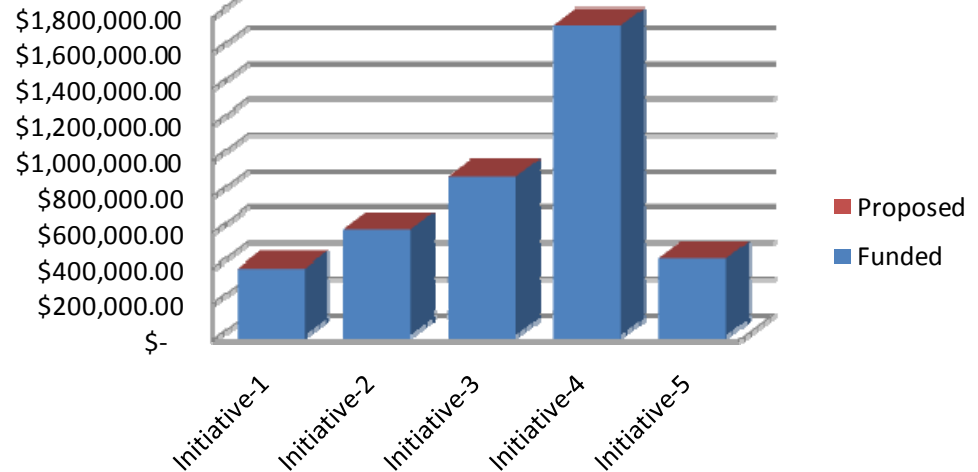
# The Portfolio is Your Strategy

## Investment By Line of Business



## Aligning Business and IT

## Investment By Initiative



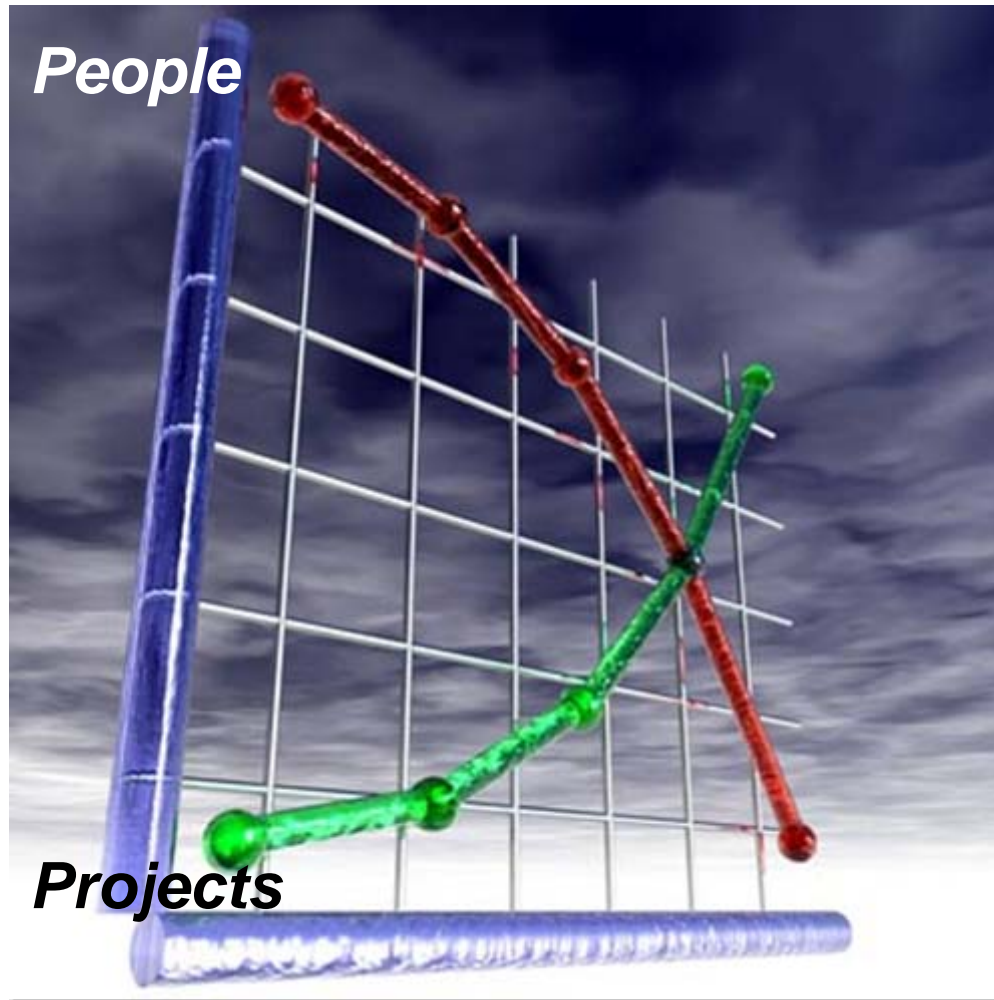
# Using PPM To Increase Strategic Results



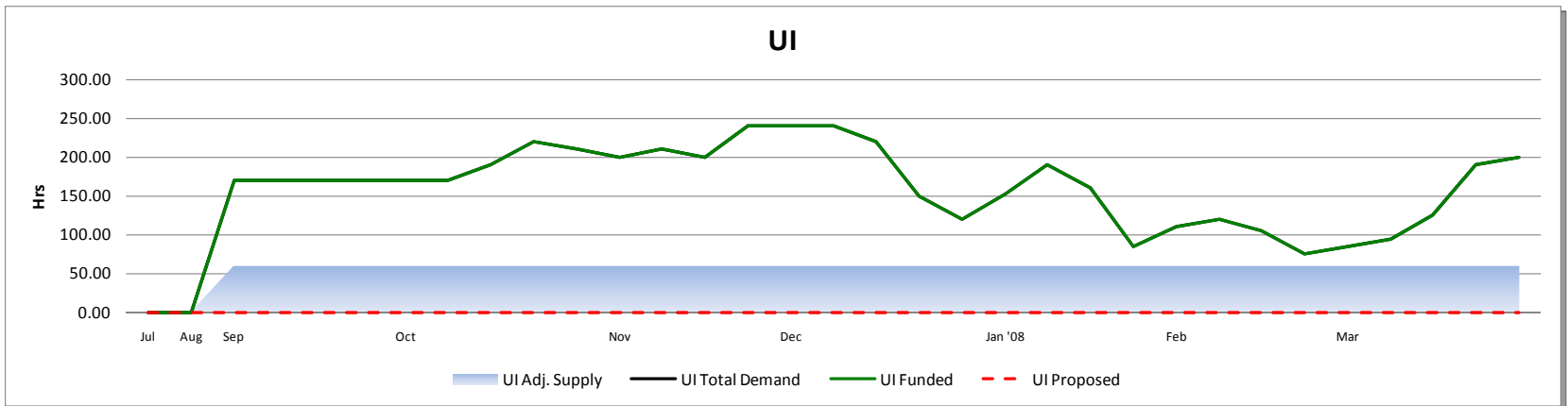
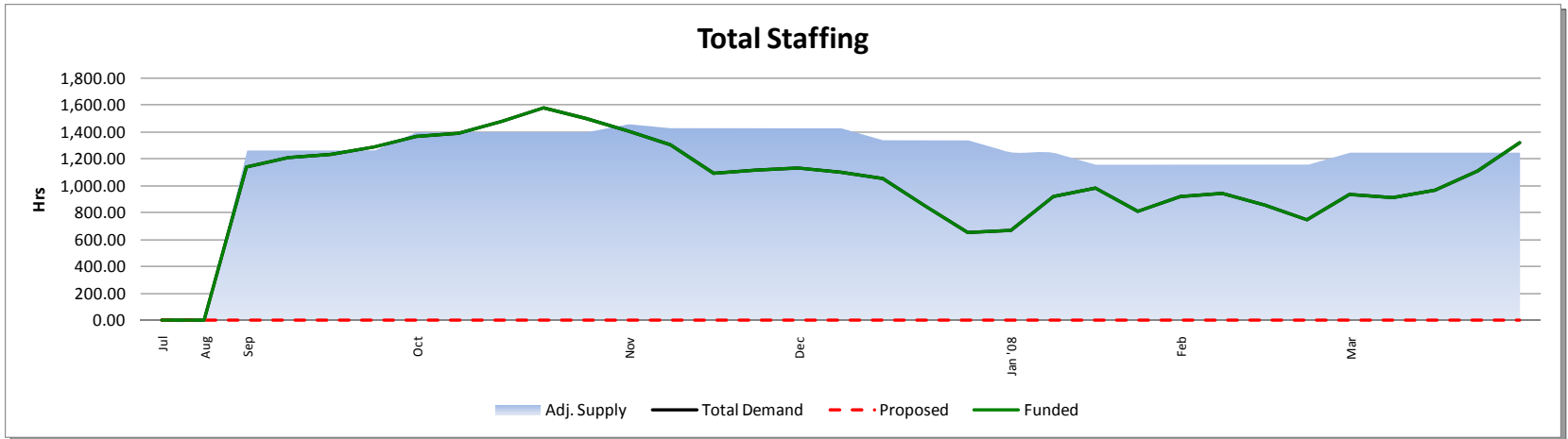
## Two Key Pitfalls PPM Can address:

- Inadequate Resource Management
- Inadequate Risk Management

# Supply and Demand

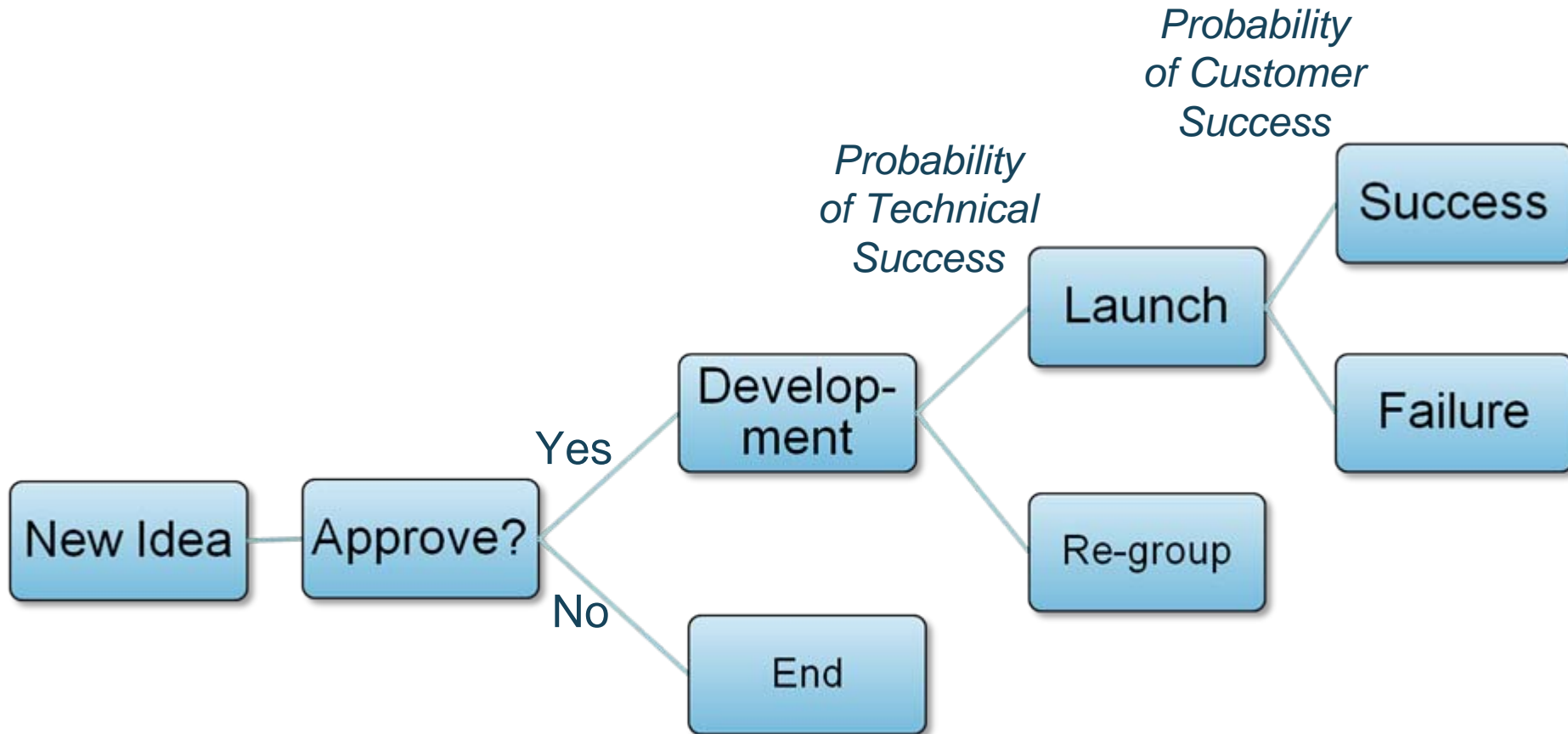


# Capacity Planning



Do you have enough of the *right* resources?

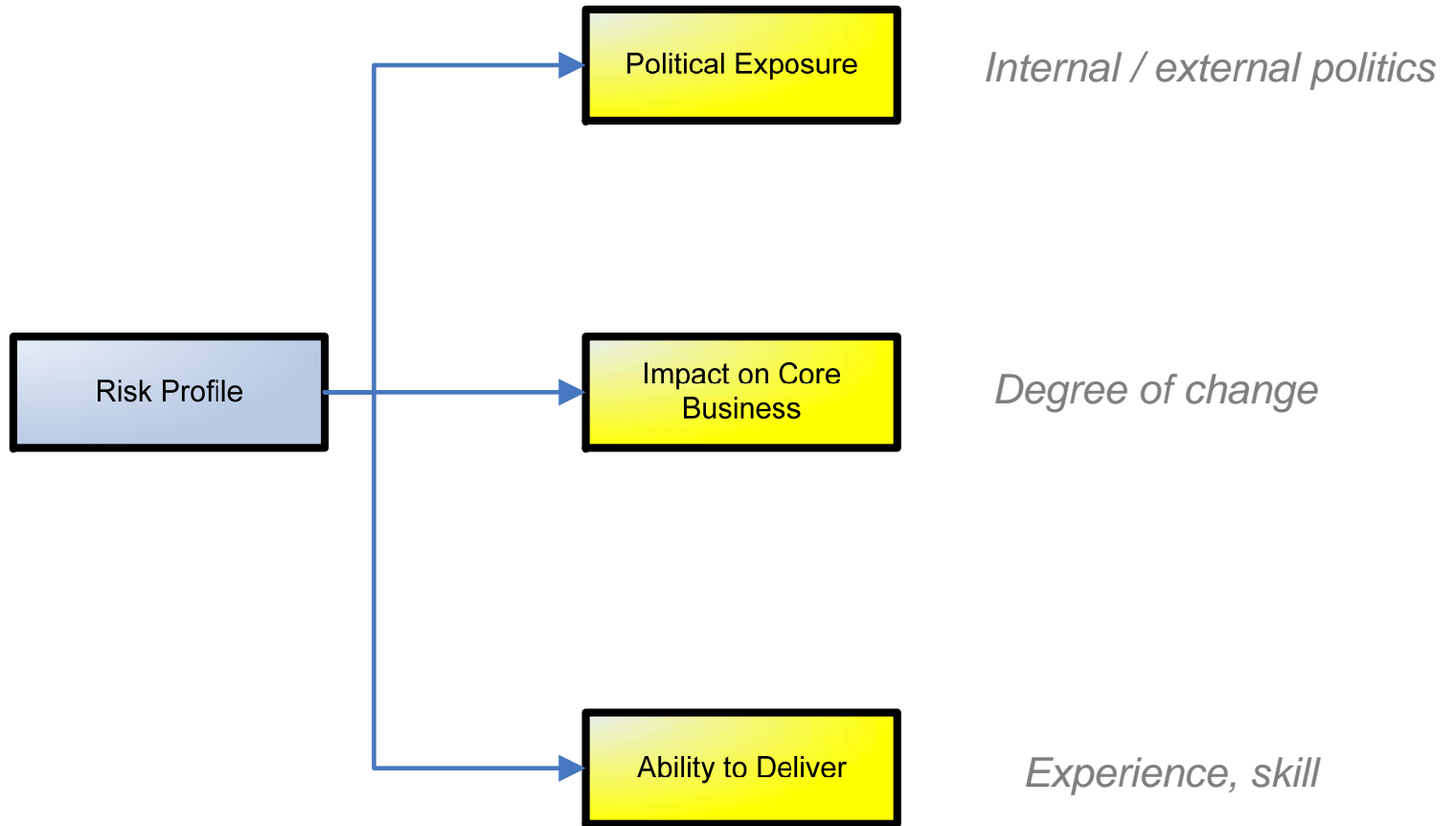
# The Project Investors Gamble



Adapted from Cooper, Product Development Institute Inc., 2001-2007

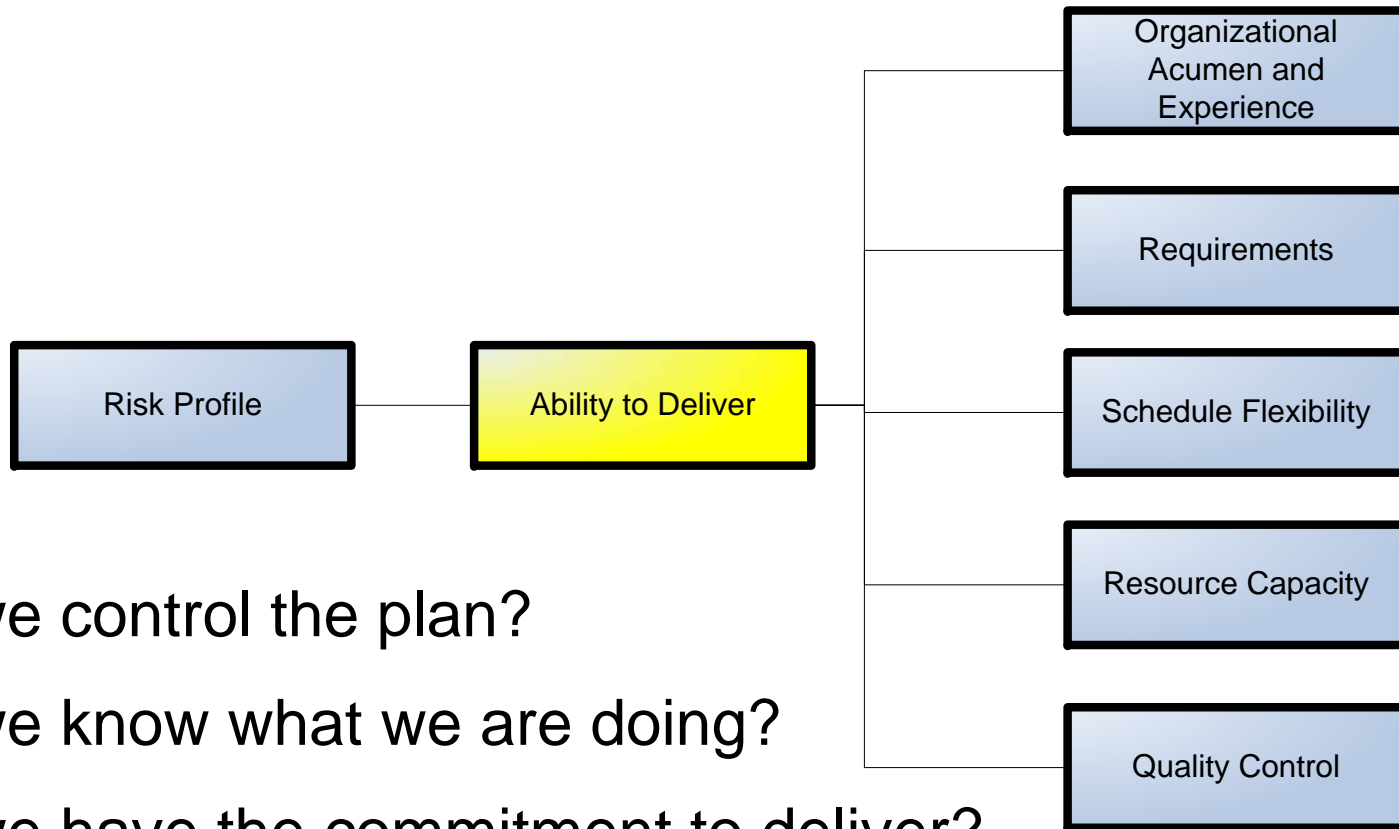


# Portfolio Risk Management



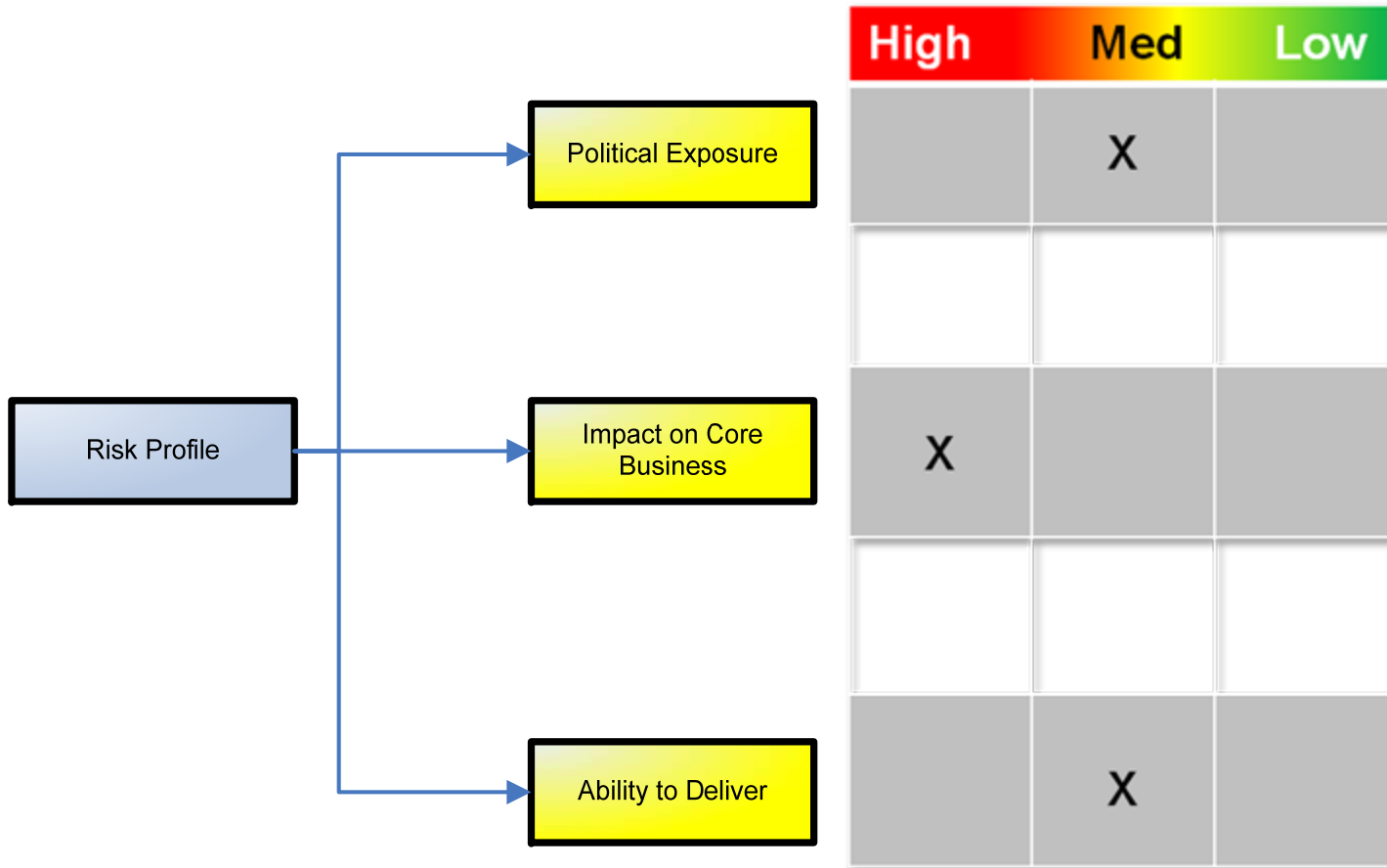
## Key Factors Contributing to Risk

# Risk DNA – Contributing Factors

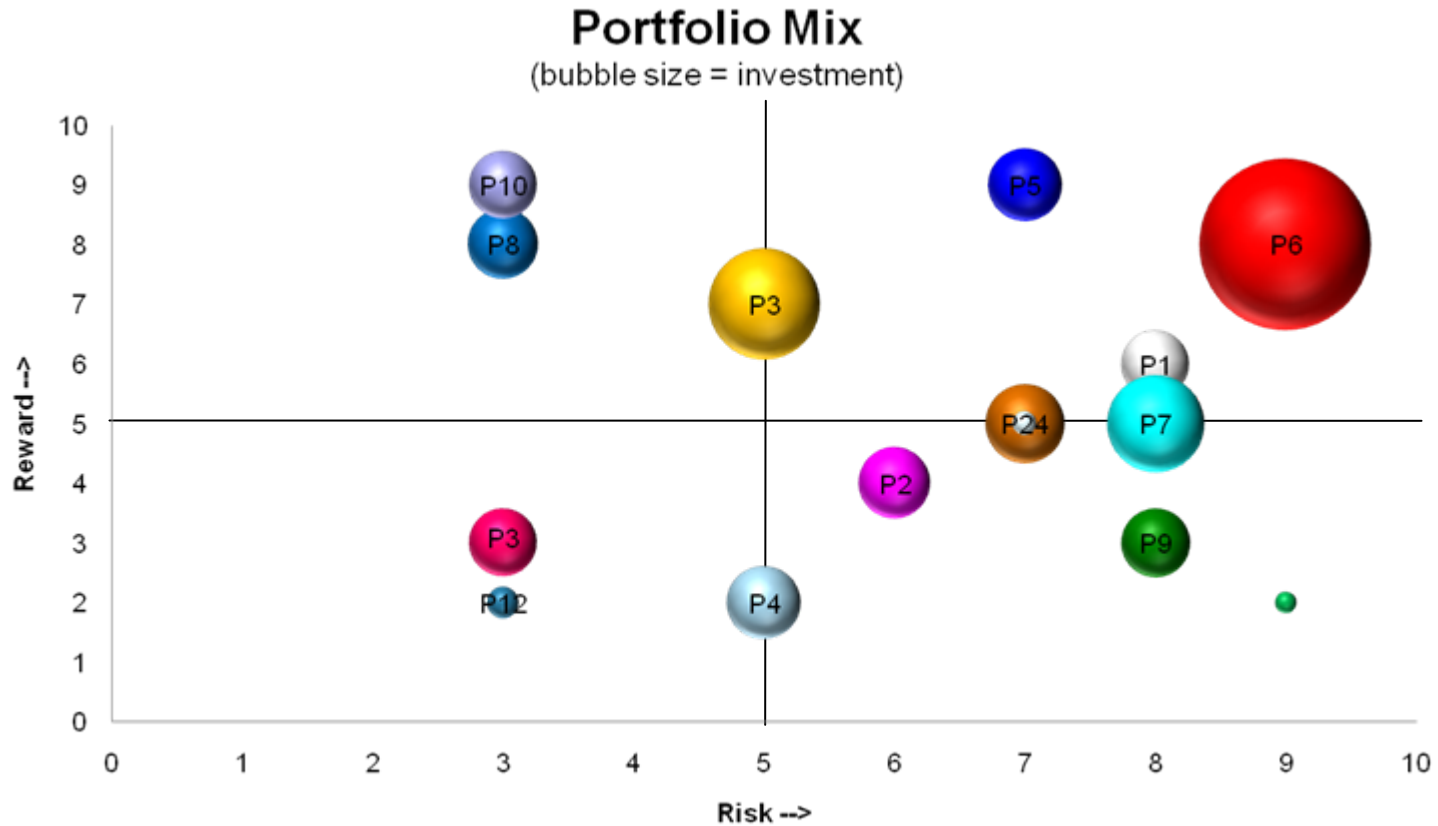


- Do we control the plan?
- Do we know what we are doing?
- Do we have the commitment to deliver?

# Assessing Risk



# Visualizing Risk Using PPM



Balance?

# PPM Summary

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- Project Portfolio Management involves applying the tools and discipline of financial management to project management
- PPM requires competencies in strategic planning, financial and project management
- Overall objective of PPM: Manage projects, people, processes, and information assets for maximum business benefit

# Call to Action

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- Are your business strategies advancing your company?
- Is your project portfolio producing significant value?
- Can you count on your current project portfolio to align business and IT?

*If not, then consider applying project portfolio management to bridge the gap between strategy and execution.*

# Contact Information

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- For a copy of these slides or other questions, contact:
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# About Point B

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Point B is the first professional services firm focused on project leadership and execution. Founded in 1995, the firm provides a diverse and experienced team of locally-based project leaders to companies in Seattle, Denver, Portland, Phoenix, San Francisco, Los Angeles and Chicago. Organizations ranging in size from startups to Fortune 100 corporations turn to Point B for its ability to step into any segment or role of a mission-critical project and help lead it to success. And, unlike many professional services firms, Point B works exclusively for its clients and does not enter into alliances, reseller agreements, or other relationships that might compromise the firm's objectivity. Point B has attracted top project leaders from various industries by offering a culture that promotes flexible work schedules and well-rounded lifestyles for its more than 300 professionals. Additional information on the firm and its offerings can be viewed online at <http://www.pointb.com>.