Aligning Strategy with Portfolio Leadership

Jen Skrabak, Strategy+PM

CCR: Strategic & Business Management

ORANGE COUNTY CHAPTER
2016 Building Leaders for Business

Today we will discuss...

- What is Strategy?
- Understand the three critical competencies:
    - Strategic Management
    - Portfolio Management
    - Leadership
- Learn a model to align strategy to your portfolio and successfully execute
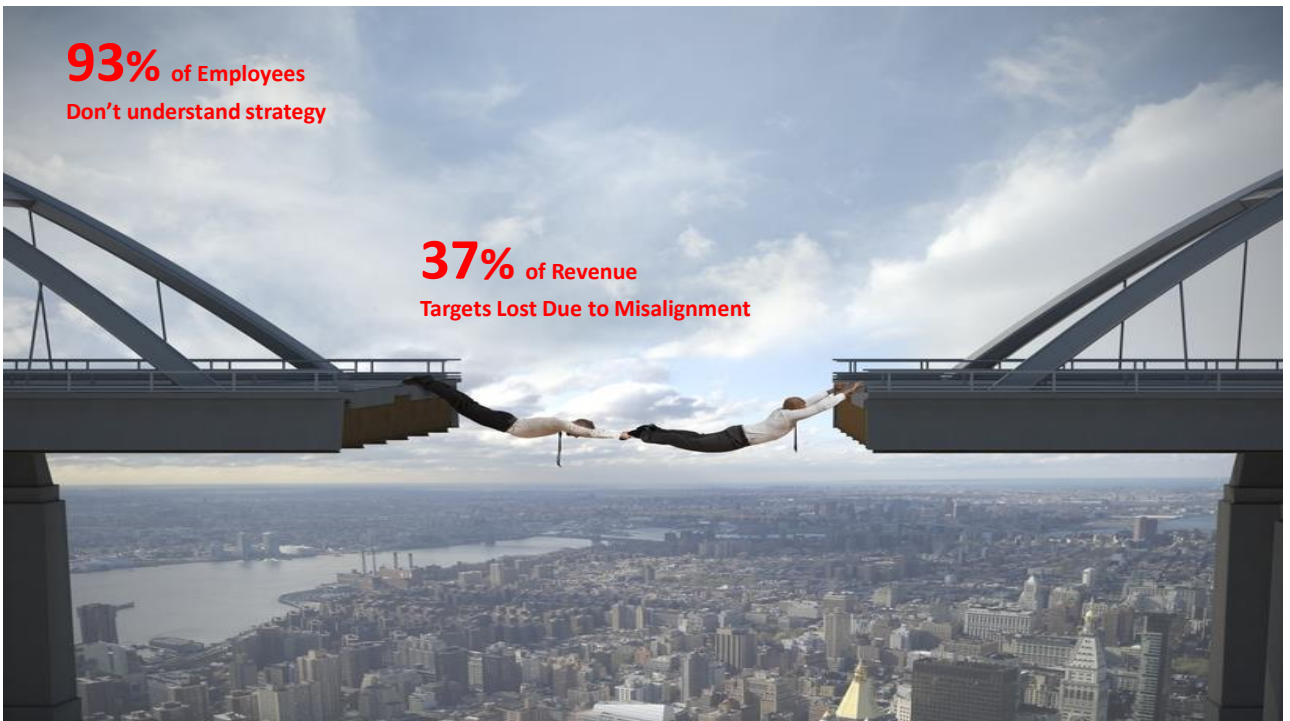- Learn 7 elements of strategic portfolio leadership

What is Strategy?

"Nobody really knows what Strategy is."

The Economist

93% of Employees
Don't understand strategy

37% of Revenue
Targets Lost Due to Misalignment

According to 2016 PMI's Pulse of the Profession

- More projects than ever before are failing

- 7 in 10 organizations have PMOs

- Organizations waste $122 million for every $1 billion invested

  - a 12% increase over 2015

- Only 10% aligning Portfolio management with Strategy implementation.

Strategy+PM   PMI ORANGE COUNTY CHAPTER

Strategy is…

- Integrated – how various business units come together
- Levels – organizational, business unit, team, PPM
- Collectively 3 steps, representing the deliberate choices of an organization at a point in time – "What is the business?"
- How to win
- **Strategy is how an organization defines its future course in order to win in the marketplace.**

"STRATEGY IS ABOUT MAKING CHOICES, TRADE-OFFS; IT'S ABOUT DELIBERATELY CHOOSING TO BE DIFFERENT."

MICHAEL PORTER

Strategy+PM   PMI ORANGE COUNTY CHAPTER

Strategic Management

1. **Define** –
   - What is "the business"
   - What it is not
2. **Plan** –
   - Strategic Plan
   - Roadmap
3. **Alignment** –
   - Stop
   - Start
   - Sustain

Articulation

Agility

Advocacy

Anticipate

Analyze

Strategy+PM

PMI
ORANGE COUNTY CHAPTER

Model for Achieving the Strategic Vision

Strategy
Vision, Mission, Objectives, Values

Strategic Mgmt

Portfolio Mgmt

Leadership

Agility	Governance	Risk	PPPM Maturity	Organization Structure
Culture	Change Management	Communi-cations	Stakeholder Engagement	Value

Strategic Management vs. PPPM

"Define" the Business

Strategy
Vision, Mission, Objectives, Values

"Transform" the Business

| "Functional" Portfolio | "Innovation" Portfolio | "Strategic Initiatives" Portfolio |

"Run" the Business

| Portfolio | Program | Project | Operations |

Leadership (and Stakeholder Engagement) is...

- Accountability
- Advocate
- Amplify
- Altitude
- Attitude

Power & Influence

| Doubters Keep Satisfied | Champion Manage Closely |
| Detractors Monitor | Supporter Keep Informed |

Trust

Strategy+PM

PMI
ORANGE COUNTY CHAPTER

6
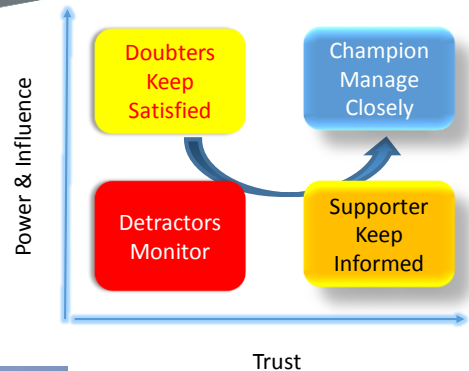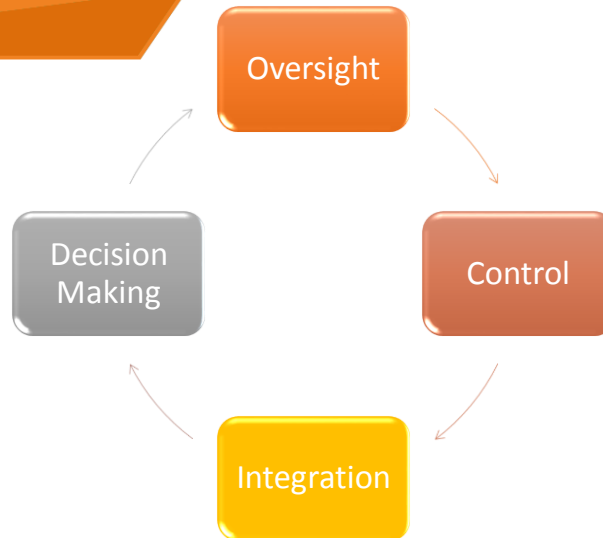
Governance

Governance of Portfolios, Programs, Projects: A Practice Guide

Portfolio, Program, and Project Management (PPPM) Maturity

	Highly effective at portfolio management	Minimally effective at portfolio management	% Increase
AVERAGE PERCENTAGE OF PROJECTS:			
Completed on time	68%	50%	36%
Completed on budget	64%	54%	19%
Met original goals and business intent	77%	65%	18%
Met/Exceeded forecasted ROI	62%	48%	29%

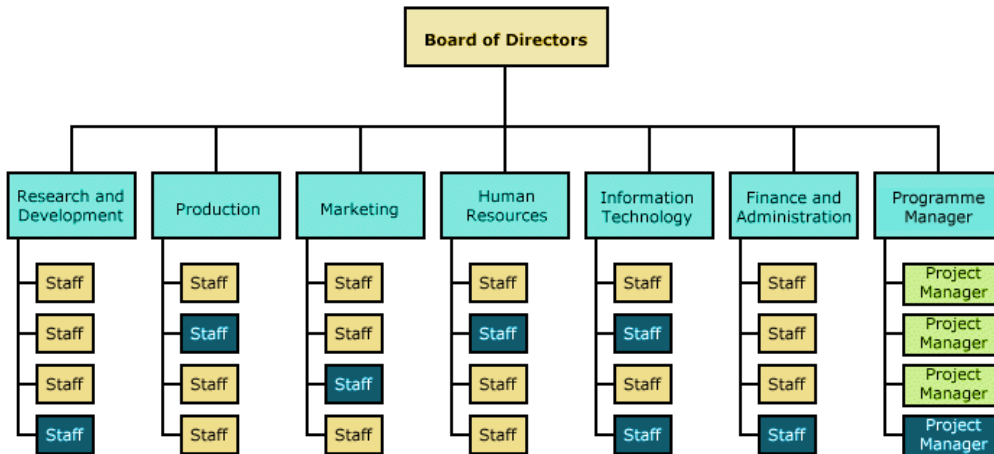| Senior management receptivity	Competent portfolio governance	Standardized metrics and criteria	Consistency and logic of organizational strategic objectives	Mature project management office
78%	**66%**	**62%**	**59%**	**58%**

Organizational Structure

- Roles & Responsibilities
- Hierarchy and relationships — Functional vs PPM

3 C's – Culture, Communications, and Change Management

- Acknowledge it is never done
- Use stories & customer testimonials to demonstrate how organizational strategy connects to individual actions
- Create themes - make work into a cause
- Connect embodiment of culture / alignment to strategy / reward / recognition to reinforce behavior
- Create Culture Ambassadors at all levels who are those who can embrace strategy & translate to others
- Empower people

Portfolio Management as a Service (PfMaaS)

- Elevate portfolio management to a strategic level
  - Portfolio Strategic Plan
  - Focus on value long term
  - Optimize – mix of high/low risk
  - Alignment - organization's strategic goals vs dept goals
  - Agility – anticipate and react to change continuously, change as opportunity
- Create a portfolio-minded culture
  - Reposition portfolio management as strategic, not admin
  - Dedicated resources to portfolio management and strategic goals
  - Org leaders should have understanding of what portfolio management is and how it helps achieve strategy, and why it works
- Implement appropriate tools and processes
  - Formal prioritization tools and portfolio management tools
  - Standardize portfolio management processes

7 Elements of Strategic Portfolio Leadership

1. Agility
2. 3 C's
3. Governance
4. Performance
5. PPPM Maturity
6. Risk (+/-)
7. Organizational Structure

Aligning Strategy with Portfolio Leadership

Jen Skrabak, Strategy+PM

CCR: Strategic & Business Management