



# PROJECT Prioritisation + BUSINESS CASES. [15th July]



Kicking off the evening

www.housetopmo.com

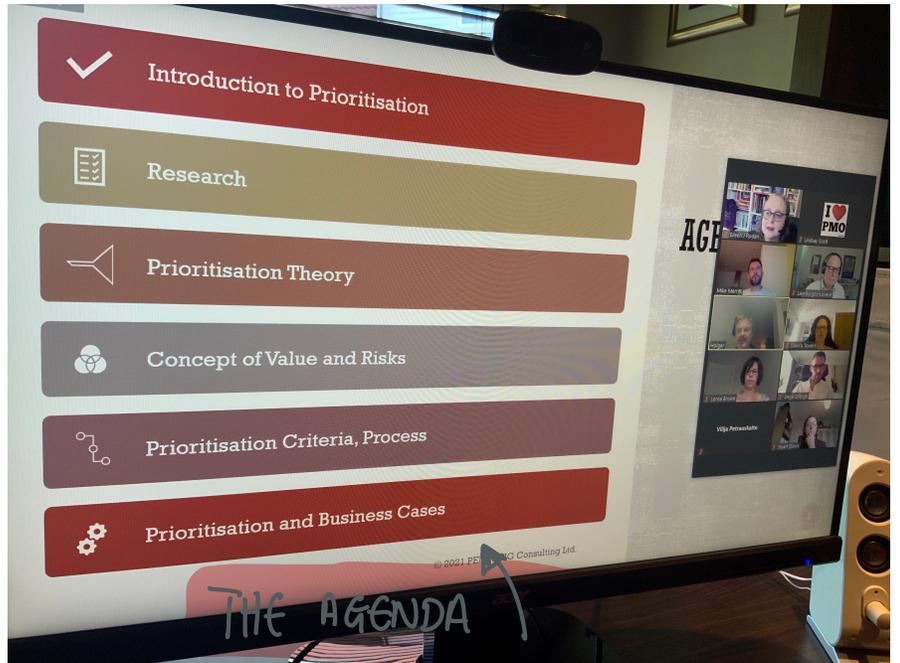
weekly insights



Tonight's version's HOLGER HEUSS

Some do a combination of these

Global Lead Governance + Portfolio Management



## INTRODUCTION

"Most businesses don't have a problem with a lack of innovative ideas .... just picking + nurturing the best ones and delivering them quickly enough"

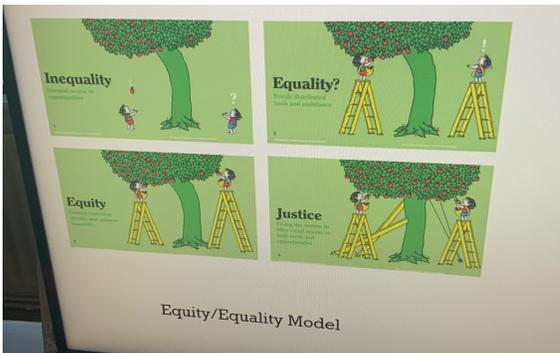
SOME PRIORITISATION APPROACHES ... ->

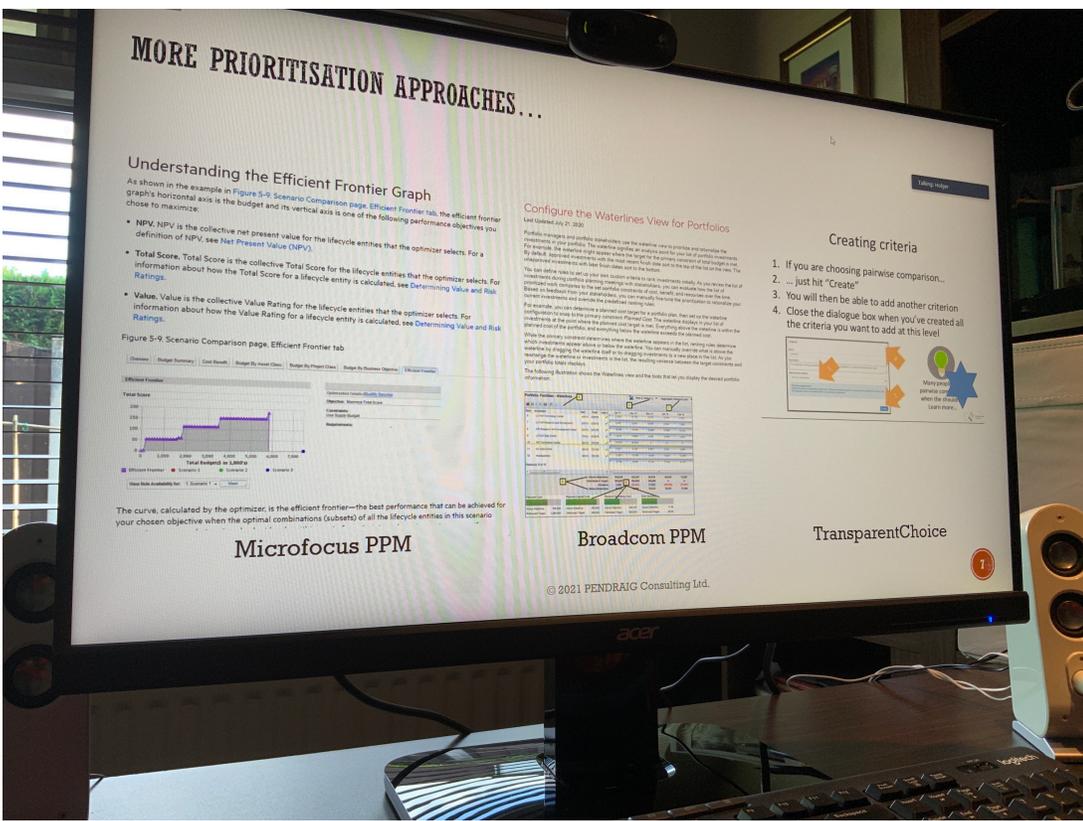
MoSCoW - Must, should, could, won't (would)  
 Functioion - tactical voting!

Equity / equality Model

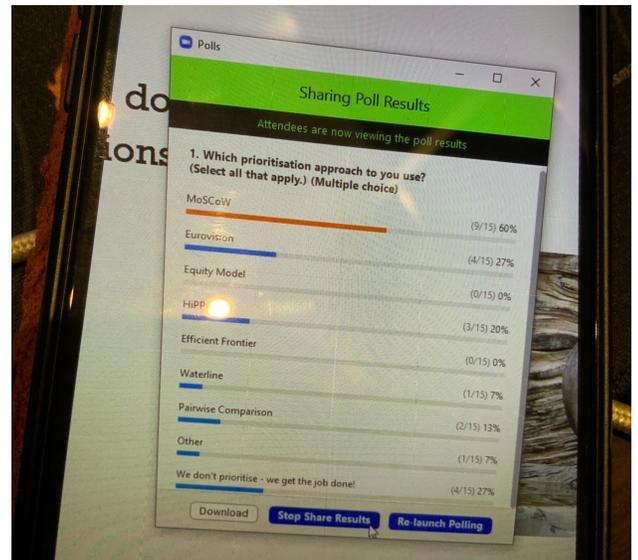
HiPPO - Highest Paid Person's Opinion

and more.....





POLL -  
what do people  
use?

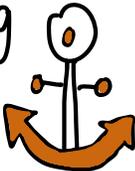


## Prioritisation RESEARCH

- \* some investment patterns every year - planning annual etc
- \* some capital allocation

WHY?

Cognitive Bias :

Anchoring 

"tendency to use any number as a anchor for future reference (eg: last year's budget)



hockey stick effect.

we've got money that needs spending

anchoring reinforced by loss aversion

Book recommendation

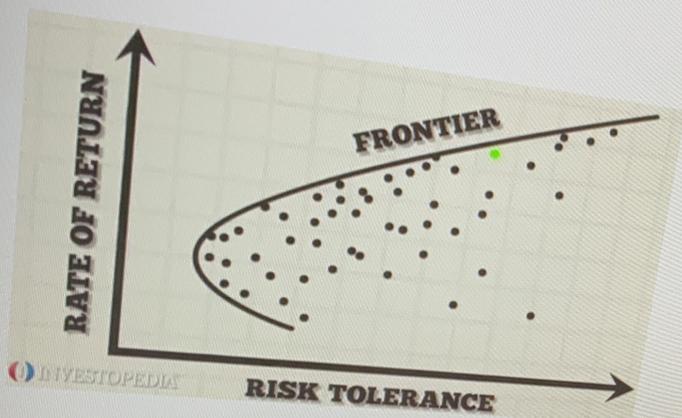
NOISE



Daniel Kahneman

# PRIORITISATION THEORY

Harry Markowitz

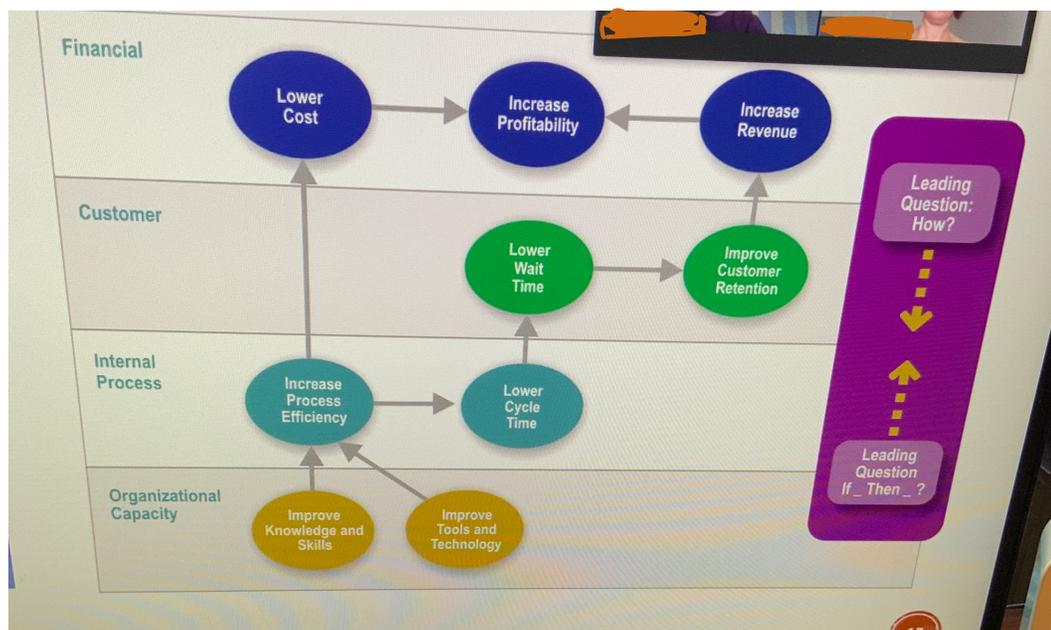


Modern Portfolio Theory (MPT)  
"is an investment theory based on the idea that risk-averse investors can construct portfolios to optimise or maximise expected return based on a given level of market risk, emphasising that risk is an inherent part of higher reward"

## Concepts of Value + Risks

> 7 Balanced scorecards - projects under 4 different headings and are treated differently

- ① financial
- ② Customer
- ③ Internal Process
- ④ organisational capacity



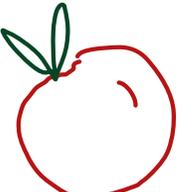
Question: 'none of this seems to be PPM specific - does that matter?'

Answer: 'Are projects not investments?'

We can learn from the financial investment world BUT...

work is being done on PPM specific project prioritisation approaches.

Vast majority of project prioritisation approaches are based on the financials - BIGGEST BANG FOR YOUR BUCK.

 ISAAC NEWTON  
and risk?

**CONCEPT OF RISK**

Isaac Newton, discovering gravity in the year 1687:



*Some of these overlap some the same* →

Risk Types	
Executive Support	Feasibility
Scope	Procurement
Change Management	Quality
Stakeholders	Authority
Resources & Team	Approvals & Red Tape
Design	Organisational
Technical	External
Integration	Project Management
Communication	Secondary Risks
Requirements	User Acceptance
Decision Quality	Commercial

*RISK SCORING: keep it simple*

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<https://management.simplicable.com/management/new/22-types-of-project-risk>

16

# The Process: Selection Criteria



## PRIORITISATION CRITERIA / PROCESS 1/3

Recording...

### Selection criteria

Project's "Strategic Fit"	Human and Physical Resource Requirements	Project's "Strategic Fit"
Environmental Impact	Impact on Organisation's Employees and their Motivation & Performance	Estimated Cost and Time
Ethical Considerations	Size and Composition of Existing Program & Project Portfolio	Complexity and Risk
Impact on Organisation's Image	Organisation's Experience With Similar Projects	Organisation's Competencies
Strategic Partnership Building	Expected Benefits (Quantitative & Qualitative)	Temporal Distribution of Quantitative Returns

<https://www.slideshare.net/anandubramanian/project-portfolio-management>

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### Ranking Process

Financial – Economic Cost and Benefit	Sample Weight
Business Impact – Contribution to Business Performance	0.25
Risk – Likelihood of Success/Failure	0.35
Architectural fit – Compatibility with Guidelines	0.25
	0.15
	1.00

#### Ranking Process

3. Simple Scoring – everyone votes, one to seven (favorable)
4. Case for score is presented – open to debate
5. Use the information at hand

<https://www.slideshare.net/anandubramanian/project-portfolio-management>

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Architectural fit

= do we want it in the business – will it clash with existing systems

eg: wanting SAP - but using Oracle.

>> can ranking be made more objective – rather than subjective?

Ranking process - is Multi-Criteria Analysis (MCA)

↳ from Mgmt of Portfolios (MoP)



Good practice is risk is monetised and used in the MCA analysis

⚠ Ranking numbers could be seen to be the decision rather than allowing C-suite to make final decision - even if they choose to go against objective ranking

💭 Multi-Criteria Analysis supported by decision conferencing?

💭 The scoring has to be the same across the whole organisation

# EXERCISE: Who manages prioritisation criteria within your organisation?

- 1 Define the criteria
- 2 We play it back to C-suite
- 3 Work with/support during the exercise (ranking)
- 4 Referee - on the scoring with business stakeholders.

1 Done at a strategy level (CEO) - managers responsibility - PMO needs protect to strategy

1 Finance dept 'gave' it to the PMO [POT] - created before the PMO existed.

- C-suite not really doing the ranking

1 facilitate discussions for project prioritisation

1 not being done - or at least not recently

regulatory projects  
review requirements to see how much is regulatory vs bus. dev  
if controlled, project could go ahead with smaller scope.

2 "which criteria are being applied?"

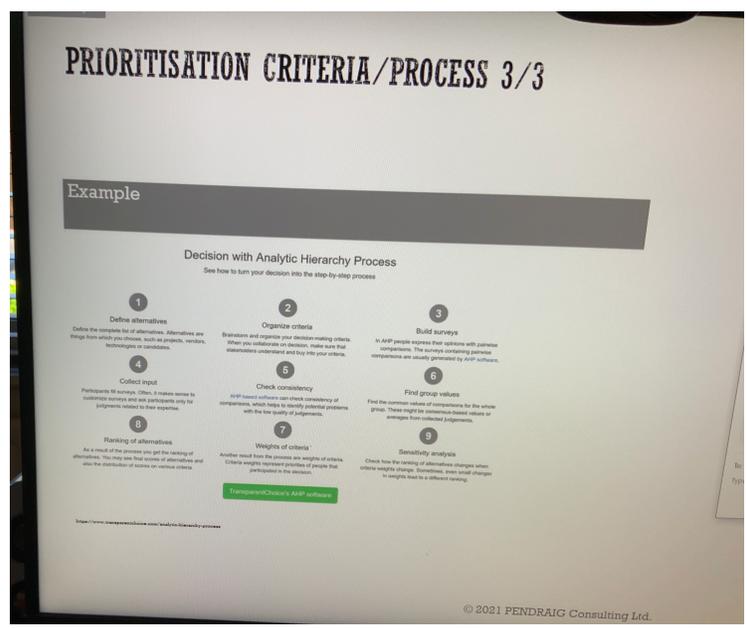
3 "what role does your PMO play?"

? Questions brings insights:

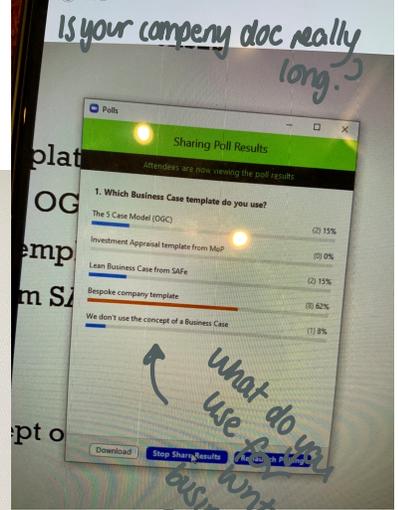
1 Depend on types of projects will drive the type of criteria/process.

2 The flexibility of criteria based on unknown/unknowns eg. pandemic. and revisiting/adapting

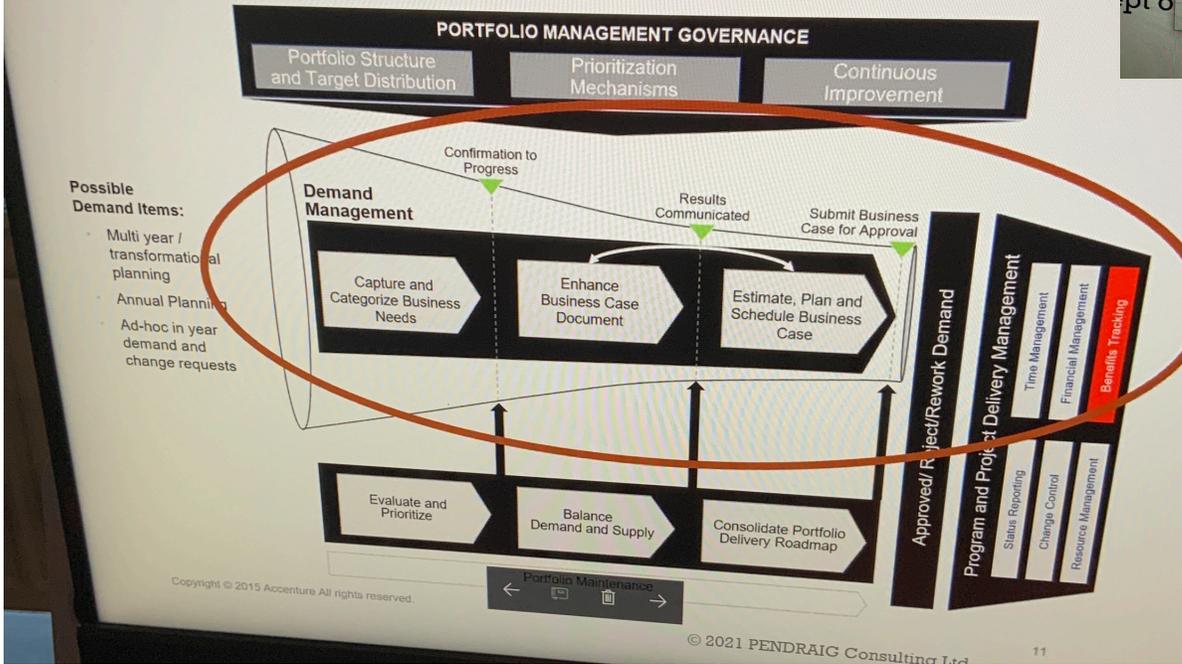
Priorityisation does help with SPOD problems with resources  
[SPOD - Single Point of Dependency]



# Project Prioritisation and Business Cases.



## PRIORITISATION PROCESS AND BUSINESS CASES



- multi-level process
- individual cases for analysis
- then multiple companies like-to-like
- across the entire org

**CLOSING REMARKS 1/2**

Prioritisation is:

- A multi-level management process
- Top-down and bottom-up
- Requires a certain level of standardisation
- Subject to all possible cultural and political influences
- not Optimisation
- Leading to indefinite numbers of portfolios

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**CLOSING REMARKS 2/2**

PMO and Prioritisation: 5 Steps

1. Make sure that all initiatives belong to one portfolio only for the purpose of prioritisation
2. Ensure initiatives are only addressing the strategic objectives associated with their portfolio
3. Apply MCA (Multi-Criteria Analysis, MoP) such as Value vs. Risk
4. Do the rounds starting with Finance, Head of Strategic Planning, CIO for other criteria
5. Create and agree organisation-wide template for the Business Case (MVP)

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- multi-level multi-stages alignment across the business.

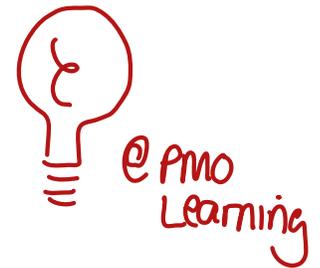
This session provided you with the some basic ideas around prioritisation - within a limited time frame

- Due to time constraints, we have not talked more about underlying theory, individual best practices or what the PMO specifically can do
- Practical real life examples and exercises such as looking at the various templates in detail were also not part of today...

www.pmolearning.co.uk  
Portfolio Management and the PMO  
12 - 14 October  
Portfolio Prioritisation and the Business Case  
TBD September

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one-day course coming soon which gets into the details of project prioritisation and business case









## NEXT STEPS

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[www.pmolearning.co.uk](http://www.pmolearning.co.uk)  
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