

6 Ways to prioritise project PORTFOLIOS

PPM? P30? PMO?

The most important step in project portfolio management is making the right project choices, especially, choosing which projects to fund and which not to fund. Organizations face increasing internal and external pressures to cut costs while being more effective and agile. Customer expectation and business competition mean that making the wrong project choices can cut at the heart of any organisation.

FORCED RANKING

Forced ranking simply means that managers get together and "force" each project into a strict priority ordering. Projects are then added to the portfolio in rank order until the organization runs out of resources.

There can be no equally ranked projects...

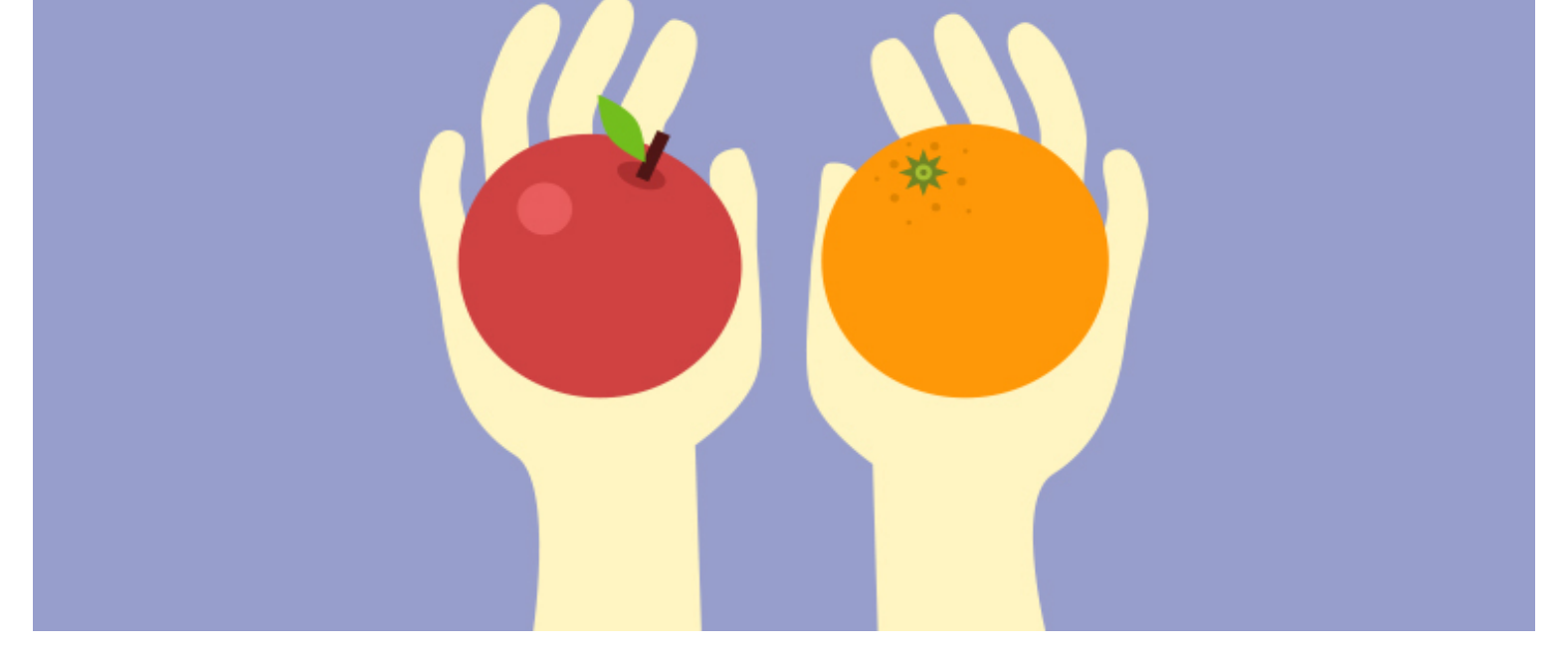


PAIRED COMPARISONS

The team are given two projects and asked, "Which of these two projects is higher priority?"

Once they have been compared, the higher priority project is put at the top of the list and the other below it. A third project is compared to the two previous projects to decide where it should be placed. The process is continued until the team has compared enough of the projects to agree the order.

The method allows easy decision making as there are only two choices, but paired comparison only works well so long as there aren't too many projects.



VALUE V. RISK

Prioritising projects is achieved by charting potential success and value scores across the horizontal and vertical axis of a matrix.



Bread and Butter

These are projects which have a high probability of succeeding, but a relatively low value if successful

Oysters

These are hard projects with a low probability of succeeding, but a high value if successful

Pearls

These are easy projects with large value – often Oysters that have come close to succeeding and may provide long-term benefits for the company.

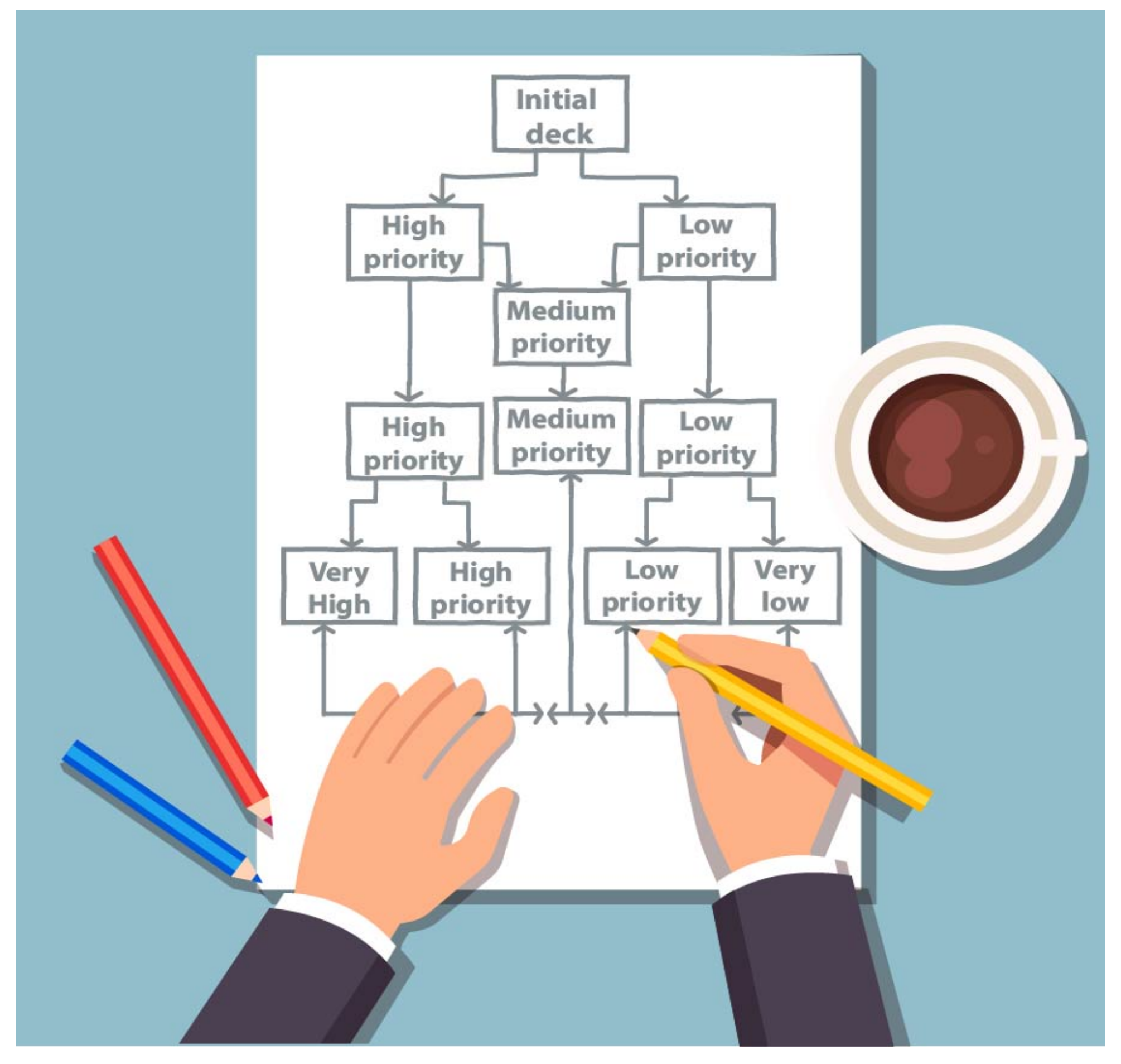
White Elephants:

These are projects that are unlikely to succeed, and would not be worth much if they do succeed

Q-SORT

With Q-sort, prioritization is conducted as a series of project sorts conducted individually by each participant.

The Q-sort works best with a small number of participants but gets less efficient if there are more than about five people involved. The individual priority assignments may be carried out anonymously, before the meeting, or in real time at the meeting.



Like pairwise comparison, the q-sort depends on the participants having a complete and impartial understanding of each project and its effectiveness.

Likewise, if the team do not have an equally good understanding of all projects it may not produce the best project portfolio.

VIRTUAL MARKETS

A virtual market provides a mechanism for recording decision based on comparative preference. In this approach, team members participants bid for projects, and the bids are used to create priorities. The process works best when there are no more than about 20 projects.



PRIORITISATION MATRIX



01

Determine the projects that are possible, and list them on one side of an empty matrix

02

Brainstorm important factors to evaluate the options, list them at the top of the matrix, add weight multiplier for each

03

Fill in the matrix by ranking each project in each of the factor areas

04

Sum the totals of each factor to complete the prioritisation matrix and produce a project ranking

FOUR REASONS ORGANISATIONS SHOULD PRIORITISE

1. Analysis of projects leads to learning and improvement. The process of asking the right questions and trying to answer them can often bring more value than the answers.
2. The gathering of higher quality prioritisation data is a skill that is learnt and improves with each prioritisation cycle.
3. Prioritisation allows organisations to do more work with less effort.
4. Recording project performance is necessary for organisations to identify successes and failures. This provides the basis for learning.

