PPM: The Pragmatist's Guide to Project Portfolio Management

Discover how a pragmatic approach to PPM can save you time and unlock maximum value from your projects.

Contents

Your portfolio is your biggest asset

Project portfolio management (PPM) provides a strategic framework to align your projects with your business goals and power innovation. In this guide, you'll learn more about the project portfolio management process and discover how a pragmatic approach helps you:

- Prioritise the right projects
- Streamline internal processes
- Enhance collaboration
- Improve data collection and analysis
- Manage organisational risk
- Get maximum value from your projects

35%
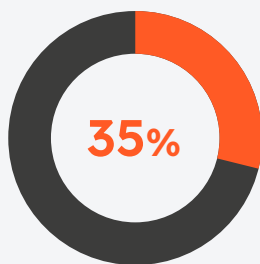
Organisations with mature PPM have a 35% higher project success rate than organisations that don't.

The Project Management Institute

What is project portfolio management?

Project portfolio management ensures every project in your portfolio **aligns with your strategic business goals and strategy** to help you get the most out of your projects. It provides a strategic framework for selecting and prioritising projects, enabling you to strike the right balance between long and short-term projects. Unlike a project program, projects in a portfolio aren't necessarily related and may support several business objectives.

From a practical standpoint, PPM is about standardising and centralising your [portfolio management tools](#) so you can deliver projects on time and within budget. PPM gives you visibility across your portfolio, helping teams understand how their projects contribute to business success.

PPM answers critical questions like:

- Are we prioritising the right projects?
- Do they support our business goals?
- Is our portfolio performing as well as it could?
- What's the potential ROI on our projects?

> **Effective project portfolio management ensures your portfolio aligns with and supports your strategic business goals.**

What's the difference between project portfolio management and project management?

There might be a certain amount of crossover between the two disciplines, but project management and project portfolio management are two very different things.

Project management is…

The organisation and management of individual projects from inception to completion. This entails:

- Creating and maintaining the project roadmap
- Calculating budgets
- Scheduling tasks and allocating resources
- Monitoring progress and performance
- Communicating with stakeholders
- Managing project risks

Project portfolio management is...

A strategic framework for selecting, validating, and prioritising projects in your pipeline. This entails:

- Aligning your project portfolio with strategic business goals
- Prioritising and validating projects
- Evaluating potential ROI
- Managing costs and resources
- Identifying and mitigating portfolio risks
- Implementing PMO governance

> "
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> **Project management is about doing projects right. Project portfolio management is about doing the right projects.**
>
> **Bob Buttrick**

PPM roles in an organisation

Pragmatic project portfolio management is a group effort. Most organisations have a team of people to plan, manage, execute, and optimise your project portfolio.

The composition of those teams differs from organisation to organisation. But most PPM teams include:

Decision makers

These are typically members of the C-suite. Decision makers are responsible for setting your organisation's strategic objectives and have the final say on the projects that make up your portfolio.

Portfolio managers

Portfolio managers oversee the successful execution of your project portfolio, ensuring they support your strategic objectives. A portfolio manager may sit within or outside of the project management office (PMO).

Portfolio managers wear many hats. They're responsible for everything from evaluating project requests and data analysis to performance monitoring, standardising PPM processes, and communicating with stakeholders. Unlike a project manager, portfolio managers have a bird's-eye view of your entire portfolio.
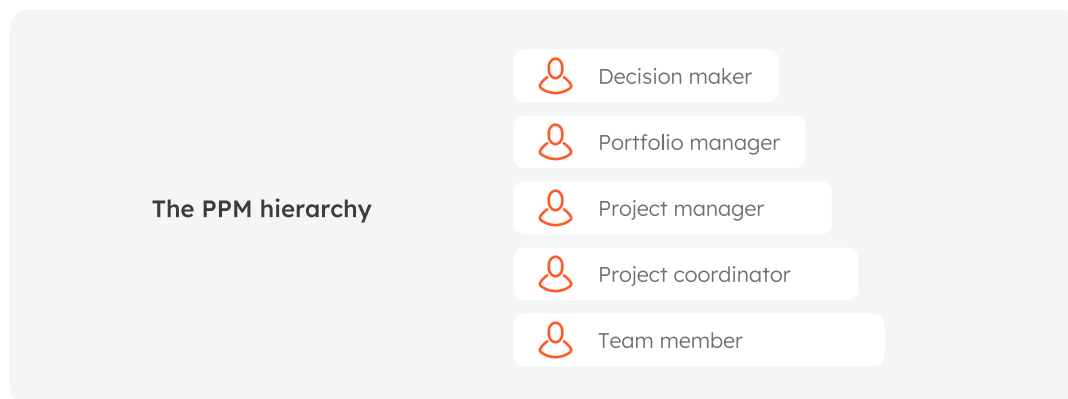
Project manager

The project manager is responsible for planning, monitoring, managing, allocating resources, and reporting on the progress of individual projects in your portfolio. They coordinate the efforts of the project team to ensure timely execution and delivery.

Project coordinator

Project coordinators work alongside project managers, typically taking charge of simple or repetitive tasks to free up the project manager's time. A project coordinator's duties include basic administrative tasks, such as scheduling meetings and data entry.

Team member

Team members possess specific skills or expertise essential to project success. For example, a typical construction project team would be comprised of architects, designers, engineers, and contractors.

The PPM hierarchy

- Decision maker
- Portfolio manager
- Project manager
- Project coordinator
- Team member

Deconstructing the project portfolio management process

There are five critical steps in the project portfolio management process.

1. Define your objectives
2. Review your project pipeline
3. Evaluate, select, and prioritise
4. Validate
5. Manage and monitor

1. Define your objectives

Project portfolio management begins with setting your organisation's strategic objectives. Do you want to increase customer satisfaction? Streamline critical internal processes? Launch a new product? Defining your goals helps you focus your efforts and identify the most valuable projects.

2. Review your project pipeline

You've defined and agreed on your key strategic objectives. Now it's time to fill your portfolio. Review your pipeline to identify existing and future projects, then select the ones that best align with your business objectives. Don't worry about creating a comprehensive plan and business case for every project proposal. At this stage, the important thing is to create a list of viable projects.

3. Evaluate, select, and prioritise

Once you have a list of projects, you need to score them based on strategic alignment and potential business value. There are numerous qualitative and quantitative factors you can include in your scoring model. These will differ from project to project. For example, increasing NPR scores will carry more weight in a project to improve customer satisfaction than one to reduce unnecessary admin. A robust scoring system helps you prioritise and invest in the right projects.

4. Validate

This stage ensures the projects you've selected are viable. You'll build a comprehensive business case based on capacity, resources, dependencies, and potential risks to demonstrate the value of your selected projects. This is the document the leadership team uses to approve or reject project requests.

5. Manage and monitor

The final step is to manage and monitor your portfolio as it unfolds. You might need to reallocate budget and resources, rescope, update priorities, manage risks, or introduce new projects. Project management is unpredictable. Review your portfolio regularly to account for unforeseen changes and issues.

Make room for unexpected projects

The best-laid plans of mice and men often go awry. Always make room in your portfolio for **mandatory or urgent projects**.

For example, regulators may ask financial institutions to complete ad hoc projects for compliance reasons. If you don't have a mechanism in your project portfolio management process to facilitate these projects, you'll experience issues further down the line.

Project portfolio management: key focus areas

A pragmatic approach to PPM accelerates innovation. By quickly establishing basic resource requirements, budgets, and priorities, you can build a complete picture of your portfolio and make more informed decisions.

To become more pragmatic in your approach to PPM, you need to:

Take a top-down approach

Traditional project portfolio management takes a bottom-up approach. Portfolio managers create detailed plans for every project up front, working out who's responsible for what and when **before** they consider viability or strategic alignment. The problem with this approach is that you can expend time and effort on projects that might never get off the ground.

The opposite of this is a pragmatic, top-down approach. Instead of planning every detail of the project in advance, you simply identify the projects that best support your strategic objectives and put together a basic cost and resource profile. You don't have to create a comprehensive project plan right off the bat or worry about resource management for every task. This accelerates innovation and minimises wasted effort and resources.

Simplify and standardise

Few organisations have a clear structure to capture and act on demand. Things get lost in the shuffle and, even if a request does find its way to the appropriate people, it can take months before it becomes a formal project.

Pragmatic portfolio managers use PPM tools to overcome this problem. For example, a simple Microsoft Forms integration makes it easy for anyone in your organisation to submit ideas and requests, ensuring decision-makers always have visibility over new and pending requests.

When you ask people to use a uniform form or portal, you can design it to capture all key information up-front. This will avoid time-consuming follow-up. The form should invite the requestor to identify the business benefits of their request. Consider what questions you can ask to make people think deeper about the impact of their idea.

## Score against business objectives to prioritise projects

Good PPM prevents you from spending time and resources on the wrong projects. And that means you need a simple and reliable scoring model to evaluate project requests.

A robust project portfolio prioritisation model enables you to review and prioritise project requests against defined business goals. Organisations use a mix of quantitative and qualitative criteria to calculate project value. These criteria usually fall into three categories:

- Strategic
- Risk
- Financial

A project scoring model provides a value-based approach to prioritisation. Resources and budgets are finite. Value-led prioritisation supports rational and consistent decision-making, which leads to higher success rates because you invest in the right projects.

Remember to review your scores regularly. This lets you adapt to priority shifts, resource constraints, risks, and other changes that may impact your portfolio.

40%
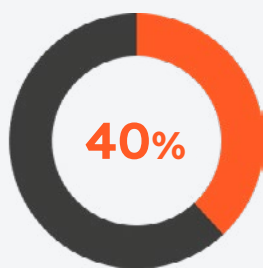
Organisations that invest in strategic prioritisation deliver 40% more value.

McKinsey

Establish a single source of truth

When project data lives in multiple platforms, it's difficult to maintain the consistency and visibility you need to make informed decisions.

A pragmatic approach centralises data management to provide a single source of truth for portfolio managers and project teams. That means saying goodbye to spreadsheets as data stores and implementing project portfolio management software that delivers an enterprise database for project information instead.

Good PPM tools make life easier for everyone. It reduces data entry times, makes reports available instantly without manual intervention, and gives teams access to deeper, fresher data that delivers better insights.

Consider using a modelling tool

The bigger the portfolio the greater the challenge of optimising it. Teams need to schedule projects to make the most of available resources and smooth out demand spikes and troughs. A modelling tool – typically available as modules in PPM applications – can help with this.

A portfolio manager can use a modelling tool to simulate "what-if" scenarios, such as delaying a project, putting it on hold, cancelling it, or delivering it quicker ahead of schedule and the impact on resource demand.

Creating a variety of scenarios and comparing the results can deliver clarity to help schedule the actual roadmap for your portfolio.

8 features to look for in your PPM software

To establish a "single source of truth", you need to replace disconnected spreadsheets with a PPM database application.

Quality PPM software lets you standardise portfolio management processes and improve visibility across your organisation. It functions as a central repository for project portfolio data, making it easier to:

- Plan and prioritise projects
- Analyse and share project insights
- Monitor progress
- Understand and mitigate risk
- Drive compliance and process maturity

The best PPM software covers the entire project lifecycle. So, before investing in a solution, look for these essential features:

Demand capture & management

Collect, evaluate, and manage project requests across your organisation.

Planning & prioritisation

Score projects based on strategic drivers to establish priorities in your project pipeline.

Scenario modelling

Create and evaluate the impact of different scenarios on your portfolio.

Resorce management

Allocate resources, manage capacity, and eliminate overspending.

Governance

Ensure project requests align with business strategy to make more informed decisions and drive accountability.

Dynamic reporting

Access accurate, real-time data to create engaging reports to measure performance and keep stakeholders informed.

Forecasting

Accurately forecast costs and potential ROI for every project in your portfolio.

Risk management

Map relationships and dependencies to measure, manage, and mitigate portfolio risks.

Why choose Power Framework for project portfolio management?

Power Framework is built on the Microsoft Power Platform – the world-leading platform for digital innovation.
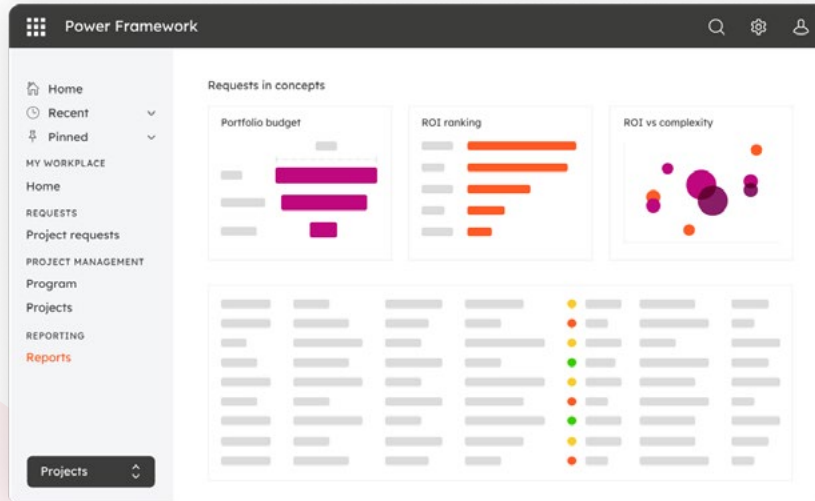
As part of your Microsoft cloud environment, Power Framework harnesses the tools your teams already use – including Teams, Project, and Planner – to provide pragmatic, out-of-the-box PPM solutions. With Power Framework, you can stay on top of project requests, align your portfolio to strategic goals, and manage risk with confidence.
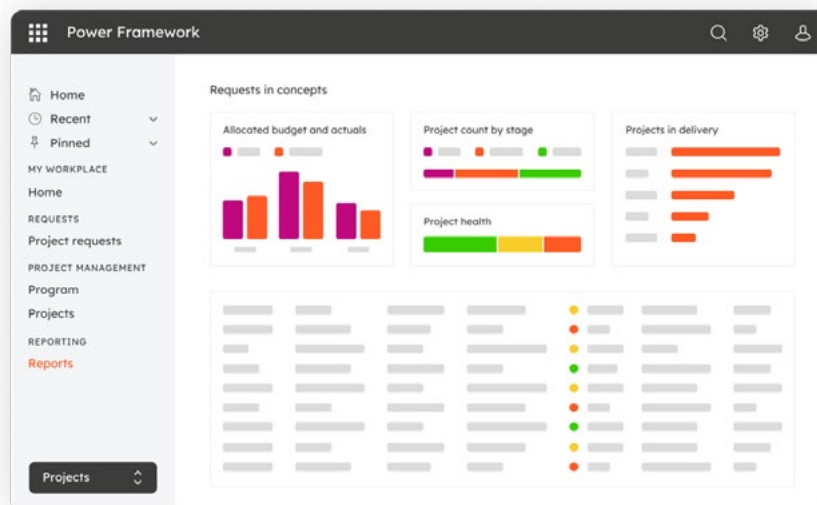

Strategic prioritisation

Capture project requests from multiple channels with ease. Assess and score requests against your organisation's strategic drivers, forecast potential benefits, and calculate ROI.

Demand intake

Automate project request intake to reduce manual admin. Report instantly on document compliance and identify missing or unapproved documents.
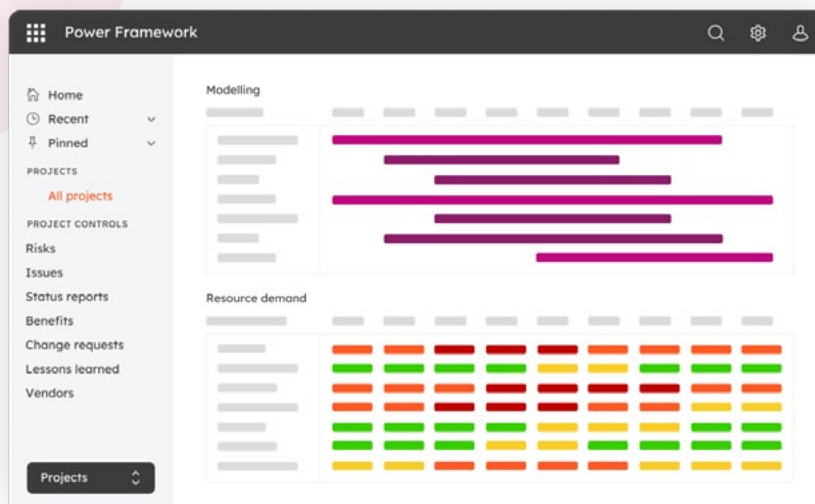
Scenario modelling

Model scenarios for proposed and active projects. Simulate scheduling decisions, assess resource challenges, and compare models to identify the most deliverable scenarios.

Pragmatic PPM is a long-term investment

A pragmatic approach to portfolio management may be an alien concept to many organisations. Historically, senior execs were responsible for forcing through projects, often based on assumptions and subjective views rather than data.

Implementing a mature PPM approach is likely to require significant investment in terms of process design, governance, cultural change, and tools. But the long-term benefits speak for themselves.

Pragmatic PPM ensures you prioritise the right projects at the right time and that they align with your business goals. It standardises and centralises your processes and tools, giving teams the best possible start to deliver projects on time and within budget.

POWER FRAMEWORK

About Power Framework

Get visibility and control for consistent success in Project and Portfolio Management, with market-leading capabilities in Microsoft's Power Platform. Power Framework applies the limitless capabilities of Microsoft's Power Platform to manage demand, strategic execution, project status, resources, milestones, risks, project documents, and much more.

Learn more