

MANAGING THE PORTFOLIO SERIES

Making sense of change and gaining visibility: six signals of success



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“Effective management information is the cornerstone of potent decision-making, driving successful change across organisations”

Foreword

It gives me great pleasure to introduce the second in a series of four thought-leadership reports from APM's Portfolio Management Specific Interest Group that will provide practical insight into the role of portfolio management.

I am always highly encouraged by your feedback on the success of portfolio management, and I recognise just how much progress has been achieved across all sectors in recent years. We now face new political and economic challenges with the advent of Brexit, and the case for robust portfolio management is greater than ever. Effective management information is the cornerstone of potent decision-making, driving successful change across organisations. Gaining full visibility of change across the portfolio is not for the faint-hearted, and there will be many successes and many challenges on the journey. There is no one answer to every context, and each organisation must carefully plan and manage its own journey to success.

Meaningful insight

This series of reports will step through four key stages of thinking, providing meaningful insight into the practical issues facing leaders of change across all industry sectors. The reports challenge existing thinking and provide a fresh perspective on what makes portfolio management successful in delivering corporate strategy.

The four reports are:

- *Recognising the need to change: six telling signs* – published May 2017
- *Making sense of change and gaining visibility: six signals of success*
- *Prioritising and compromising: shaping the pathway*
- *Leading and optimising the change: delivering the overall prize*

This second report, *Making sense of change and gaining visibility: six signals of success*, provides insight into the signals of success that drive effective management information across the change portfolio. I am sure that you will find it useful, and I look forward to hearing your thoughts and views.

Stephen Parrett

Co-chair, APM Portfolio Management Specific Interest Group



“We must challenge a one-size-fits-all, process-led approach to managing the portfolio if it is proving too simplistic and context light”

A perfect storm on the horizon

The current economic and political landscape is driving considerable uncertainty, and organisations must respond. Investment cycles are subject to volatility, and unpredictability is the order of the day. Brexit, along with increasing insecurity in global politics, is impacting markets and investment decision-making, creating a perfect storm. Other factors are at play. The volume, pace and complexity of change is certain to increase with Brexit. A new wave of change is also on the horizon. Robotics and process automation will be revolutionary drivers of change over the coming years. In addition, infrastructure investment continues to be a major priority for government and its partners. Two factors are clear for every organisation: change is a constant and uncertainty is a given. Overall, are organisations prepared, or is there too much uncertainty to clear the fog?

Change is becoming ever more complex and interdependent; yet we must challenge a one-size-fits-all, process-led approach to managing the portfolio if it is proving too simplistic and context light. Sectoral change influences are also at play. The private sector is driven by shareholder value (profit), along with the impact of Brexit – both the challenges and the opportunities. The public sector is driven by collective good and intense media scrutiny, along with the enormity of structural and legislative change resulting from Brexit. In addition, political signs indicate that austerity may be easing. The third sector is driven by social value and protecting income in an ever more competitive space with, again, intense media scrutiny. Gaining visibility of the portfolio is a priority across each sector, yet the contextual factors are quite different.

Effective management information is a critical part of managing any change portfolio. The age old cliché 'information is king' can be decisive but overly simplistic. Maturity of information is rapidly increasing, yet the case for increased scale and pace is evident across most organisations – a journey on the road less travelled. Business intelligence plays a key role in supporting decision-making across organisations, particularly in challenging times. Yet organisations are too often challenged to get accurate, timely and accessible information on their change portfolio – many for reasons of raw availability, others for political navigation and expediency.

Peter Glynn

Author, PwC and APM Portfolio Management Specific Interest Group

Gaining visibility of change

Organisations are making steady progress in embedding portfolio management. However, it is complex and subjective; maturity does not come easily. The portfolio in many organisations has a legacy of being built from the bottom upwards – 'the collation of what we have' – and not necessarily reaching the maturity of being fully aligned or planned from the top down. This is changing, however; high levels of maturity do not happen overnight. Change is complex, emotive and full of vested interest. It will require several iterations to get it right. Organisational culture plays a big part, with multi-organisation portfolios having their own complex challenges aligned to different and sometimes competing cultures. Resistance, malicious compliance and prevarication are almost certain challenges. Repeatedly, misplaced expectation reaches ahead of the reality of what can be achieved in the near term. Success in gaining early, full visibility of the portfolio should be assumed at the consequence of peril.

“Repeatedly, misplaced expectation reaches ahead of the reality of what can be achieved in the near term”

This report, the second in the 'Managing the Portfolio' series, presents six signals of success important to any organisation that wants to make sense of all of their change and gain visibility of their portfolio. They are:

1. Executive commitment to 'one view'
2. Navigating the 'hands off my patch' leadership factor
3. Working without walls and building bridges
4. Establishing the right picture: seeing what needs to be seen
5. The elusive single version of the truth
6. The right fit: standardisation based on commonality or enforced compliance.

The remainder of this report discusses the above in more detail.

“Why do so many organisations falter when there is a clear vision and intent to succeed? The answer lies in effectiveness of relationships and in the sequencing of priorities”

The six signals of success

1. Executive commitment to 'one view'

It is important to embed portfolio governance as quickly as possible so that it becomes a steady state in a shared 'one view' of the portfolio. Very few would disagree with this objective, yet so often it can be complex, emotive and difficult to achieve. Vision is important, timing is significant and commitment is critical. In most organisations, what the executive owns collectively gets delivered. Yet why do so many organisations falter when there is a clear vision and intent to succeed? The answer lies in effectiveness of relationships and in the sequencing of priorities. Engagement drives effective governance, not the other way around. Engage, engage and engage with the executive to understand the strengths, weaknesses, opportunities and threats; find the win-win for key individuals. Secure the influential board-level champion, ideally the CEO or similar. CEO commitment has the biggest impact on success. The emotion behind the shared 'one view' of the portfolio should not be underestimated. Typically, there is a six-month window from concept to delivery before credibility in the vision rapidly diminishes.

2. Navigating the 'hands off my patch' leadership factor

Every leader operates to a set of values and priorities. They will promote and defend these with passion and drive; this is reality. The level of uncertainty within the project environment and the perception of peer-level judgement will drive leadership behaviours, mostly positive, but on occasions more defensive. The perception of collating portfolio-level information and sharing it widely with colleagues can initially incite fear, particularly where the leader is not in direct control of ongoing information once handed over. It is important to recognise the resulting behaviours, including avoidance, prevarication and malicious compliance. Overall, this behavioural factor cannot be avoided. However, it can be navigated with strong sponsorship, skilled political diplomacy and emotional intelligence – not for the faint-hearted.

3. Working without walls and building bridges

Organisations are responding to new models, structures and ways of working that were unimaginable 15 years ago. The digital economy is changing the workplace, with greater expectations around globalisation, market disruption, ease of communication and mobile information. These factors are creating greater opportunity for gaining visibility of portfolio-level information, enabling working without walls and breaking down the silos that drive resistance and negative behaviours. New ways of working do not happen overnight, and the breaking down of barriers requires listening, understanding and patience. There will always be resistance to any perceived interference, particularly in a highly competitive workplace with competing cultures. The response is clear: keep leadership of gaining visibility of the portfolio at a senior sponsorship level until in a steady state; delegate downwards too early at your peril.

4. Establishing the right picture: seeing what needs to be seen

Getting information on the portfolio is one challenge; getting accurate and timely information is another. The factor of 'what people want to tell you' versus 'what they should tell you' will always be a consideration. Accuracy of information is not always a priority for stakeholders first time around, and experience has proven that 'above the table' reporting and 'under the table' reporting happen in parallel, depending on the size of the organisation, the emotive nature of the content and the seniority of the intended audience. These behaviours are unavoidable. However, the reality of any organisation is always set for compromise. The critical outcome is setting and managing expectations appropriately against the backdrop of establishing trust and building a rhythm that provides visibility and value – a task for a highly skilled diplomat. The other factor is the use of an appropriate software application to collate, store and share information on the portfolio. There are many considerations, including available investment, maturity of the organisation to maximise value and the expected time window for implementation. Software is rarely the best starting point for gaining visibility. The reality is that the software will only mirror the quality of the information and the rhythm of the organisation which produces it. Introducing portfolio-level software to an immature environment and creating high expectations will only result in one outcome: career-limiting.

“The critical outcome is setting and managing expectations appropriately against the backdrop of establishing trust and building a rhythm that provides visibility and value”

5. The elusive single version of the truth

All organisations strive for the single version of the truth across their change portfolio, to varying degrees of success. There will always be multiple versions of the truth in play; this is unavoidable. Regular board-level visibility of information will help drive the right behaviours – namely accuracy and timeliness. However, such visibility can also cause caution and defensiveness among competing peers. This is particularly the case where widely visible reporting on change is not an established way of working across the organisation. There are two important factors which, over time, help embed the single version of the truth: establishing a drumbeat rhythm for portfolio reporting cycles; and alignment with operational performance reporting and benefits realisation. Change is ultimately about improving the performance of the organisation. Yet, too often, this link is broken without establishing visibility of the portfolio and tracing through causality to the end outcome.

6. The right fit: standardisation based on commonality or enforced compliance

Portfolio management is a great success story for many organisations. However, the journey to success is rarely straightforward and is always full of lessons learned. The approach to managing change within an organisation emerges over time in multiple ways and to different standards, depending on the journey, organic growth, acquisitions or mergers. One of the critical decisions is to adopt a 'commonality' or 'compliance' based approach to collating and assuring management information across the portfolio. In other words, insist on a single standardised approach rather than applying common standards across multiple approaches. The decision can be emotive and complex, with the answer inextricably linked to organisational culture, expectations, resourcing levels and available time. The level of maturity in project and programme management is also a deciding factor. The reality is that the available level of resourcing behind portfolio management will shape the debate between commonality and enforcement of standards. Enforcement is more resource-intensive and costly; it primarily comes down to an 'investment versus value' debate. Organisations will rarely invest in swathes of teams necessary for such a resource-intensive approach. Enforcement can heighten resistance and incentivise negative behaviours among stakeholders. The reality is that many organisations will start off with commonality and, over time, move towards a more compliance-based approach. The portfolio office or similar function has a key role to play. However, the right reporting lines are critical to success; what the executive owns collectively gets delivered.

“The approach to managing change within an organisation emerges over time in multiple ways and to different standards, depending on the journey, organic growth, acquisitions or mergers”

“A standard approach to portfolio management, applied uniformly, is too blunt a response to the challenges faced by organisations in the current political and economic landscape”

Clearing the fog and securing line of sight

Gaining visibility of change is only the starting point after agreeing the case for portfolio management. It is the next milestone on the journey towards organisational maturity. A standard approach to portfolio management, applied uniformly, is too blunt a response to the challenges faced by organisations in the current political and economic landscape. The case for gaining visibility of the change across the portfolio needs to be compelling, engaging and inspiring. New ways of working are required and do not happen overnight; they require patience and understanding, in addition to skilled political diplomacy. A cadre of visionary leaders is required to inspire action fast and get everyone pulling in the same direction. Successful organisations have a clear view of what they want to deliver, and remain flexible and adjust delivery as they go. Clear line of sight drives effective decision-making on change, particularly during challenging times. Can organisations continue to face the perfect storm without visibility of all their change?

Association for Project Management

Ibis House, Regent Park,
Summerleys Road,
Princes Risborough,
Buckinghamshire HP27 9LE

Tel (UK) 0845 458 1944
Tel (Int) +44 1844 271 640
Email info@apm.org.uk
Web apm.org.uk



For further information, please visit: [apm.org.uk/
community/portfolio-management-sig](http://apm.org.uk/community/portfolio-management-sig)

Please contact us with your views and suggestions:
portfoliosig@apm.org.uk