

August 2017

# *Achieving business objectives through successful transformation projects*



[www.pwc.com.au](http://www.pwc.com.au)

---

## ***Project portfolios, the heart and soul of maintaining market relevance***

Change is constant, competition is tough, working culture is critical and customer expectations of our products and services are higher than ever before. Remaining relevant in such a challenging, competitive market requires willingness to change, to try new ways of working and to demonstrate to customers, investors and staff that we can lead and manage change. This change is typically orchestrated through projects which collectively represent our response to corporate strategy and are therefore the life blood of sustained market relevance.

How well do we manage these portfolios of change, how well do our staff and investors understand our direction and how, at the executive leadership level, do we get and stay comfortable with the health and performance of our change portfolio?

### ***Engaging hearts and minds***

Successful realisation of project benefits means getting a myriad of things right, some often conflicting. It means selling the change drivers of transformation to stakeholders and staff and engaging their hearts and minds. Businesses that have been successful with change benefit from a “yes we can” attitude within their culture; a culture that typically also recognises the importance of collaboration between various project participants. Gone are the days of project management being purely an IT only responsibility. Project success occurs where collectively we know what we are doing, why we are doing it and for whom we are doing it. Achieving this at the project level can be challenging enough, so how can it be achieved at the portfolio level across multiple projects and programs?



## Where the rubber hits the road...

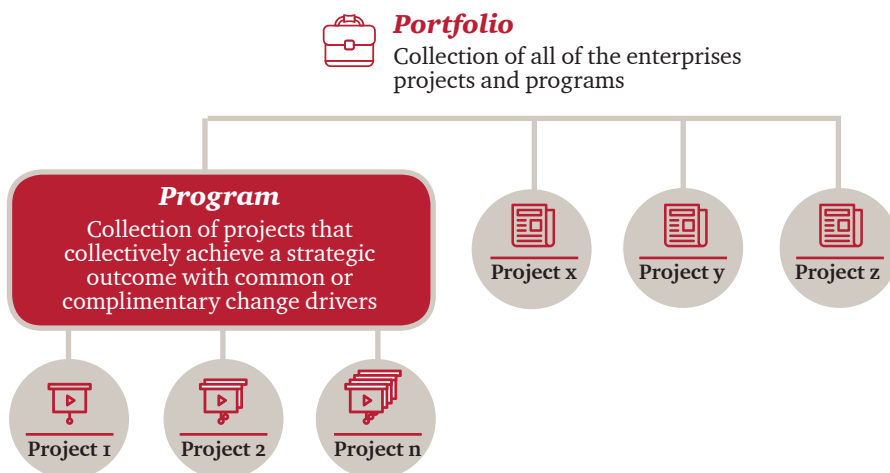
Measurement of the level of alignment between a portfolio of projects and the strategy of the organisation is at the heart of effective portfolio management. This is where the rubber hits the road and it's through effective portfolio level governance that resource prioritisation and delivery risk management is most critical. How do we ensure that we provide transparency of this to our staff, our customers and our investors? How do we ensure we learn from our mistakes and that we share experience, good and bad, across our portfolio of projects? Experience tells us that we do this by adhering to 4 simple portfolio management principles:

1. Create custodianship of the enterprise level target state at a capabilities level
2. Optimise information flow ensuring the right data arrives at the right forum at the right level of granularity

3. Logically group initiatives so they "tell the story" rather than just deliver "things"
4. Love the story, live the story and tell the story

Before discussing each of these points, let's first ensure we are all on the same wavelength in terms of our definitions. Conflation of terms is quite often the first obstacle we encounter when wading into the world of establishing portfolio management tools and processes.

With that common understanding of terms and definitions let's take a deeper dive into each of the portfolio management principles.



## **Create custodianship of the enterprise level target state at a capabilities level**

In most organisations, a committee of senior leaders comes together on a regular basis to discuss the portfolio of projects across their business. There may be several such committees depending on the size of the entity and its structure. Let's call this group the Project Investment Committee (PIC) for the sake of illustration. The agenda will include status updates per project, escalated decisions and project/program level financials. Alarmingly, many such PICs receive project level information at varying levels of granularity and in different formats; often masking or omitting critical data. PIC members tend to be invested in projects relevant to their own areas of the business and have little regard for the "whole of enterprise" view. Seen in isolation a project may make sense. Considered in the context of competing priorities across an entire portfolio, some projects stop making sense. Complicating this is the fact that our environments are in a state of constant flux and projects that made sense last month are not always as relevant next month.

Low maturity PIC conduct will involve table thumping statements around project prioritisation, frustration stemming from status ambiguity and head scratching in relation to alignment with committed strategic statements.

High maturity will see a group of well informed, change champions conducting healthy debate based on exceptions to expected delivery status while all the time referencing a set of tools that firmly wed portfolio deliverables to target state capabilities. Capabilities are derived from enterprise and business unit level strategy and describe what a business needs to be able to do in terms of production or service delivery. Importantly, capabilities do not describe solutions.

## **Business functional requirements must link to the transformation of one or many capabilities**

At the project level, business functional requirements must demonstrate a direct correlation to the transformation of one or many capabilities. In this way an inventory of requirements can be managed independently of the project or projects with which they are associated and duplication can be readily identified and managed at a portfolio level. A PIC which thinks and behaves in this way will see the portfolio as an inventory of scope items which have been logically grouped to optimise delivery efficiency. When the world inevitably changes and priorities change, scope items can be removed, deferred or transitioned to other projects with the impact to the portfolio, not just project, well understood. Whilst not all portfolio

decisions will appeal to PIC members, they will understand the relevance at the portfolio level and appreciate that certain decisions benefit the portfolio but not always the individual project.

## **Optimise information flow ensuring the right data arrives at the right forum at the right level of granularity**

Perhaps the most common complaint we hear from members of committees tasked with steering enterprise portfolios is that they struggle to wade through and comprehend the sea of data they are presented with each month. These complaints relate to level of detail, format and are most commonly issued following an unpleasant "green, green, green, oops we're red" surprise. The old "watermelon reporting" of green on the outside whilst all the time red





on the inside is normally the catalyst for a deeper review of portfolio health. Well-presented dashboards of information identifying status across various reporting aspects (e.g. budget, schedule, risks, quality, change readiness) and clearly articulating whether items are “for decision” or “for noting” are key to effective steering.

***Status changes from one reporting period to another is what is important***

The change from last reporting to current reporting period is what is really important and the portfolio level reporting should make this clear to the PIC members. PIC members should be comfortable that information arriving at the PIC has been quality assured by a PMO and that the data is accurate and reliable. Easing the burden for the

PMO, data collected from individual projects should be standardised in format with clear standards set in terms of how RAG status should be reported. There are a host of powerful and relatively inexpensive project and portfolio governance tools available these days. These tools are only as valuable as the data that goes into them, however, and consistency is critical. The direct correlation of scope to requirements and ultimately to benefits, and therefore benefit owners, is key to establishing and maintaining accountability. This happens through business unit sponsors at the project level and should roll up through reporting lines such that a true sense on benefits ownership exists at the portfolio level and through the lens of enterprise target state by PIC members. Regular contact between PIC members and the various sponsors and project managers of the underlying projects is important. The true status of a project

is often best elicited through a series of open questions and not always through what is available on paper.

***Logically group initiatives so they “tell the story” rather than just deliver “things”***

Project teams are most productive when team members understand the “why” behind what they are doing. Connecting teams to outcomes rather than just deliverables engenders a greater sense of ownership. When we look at projects as a mechanism for simply building and delivering “things” we often end up with what we want as it was designed by a few but we do not allow ourselves to invest the creative and innovative thinking of our teams. Agile delivery methods have been a great way for business users and delivery teams to come together to discuss desired outcomes and to openly challenge and debate solution design. This is also possible at the portfolio level. The PIC should regularly call upon its members to consider the objectives of the portfolio of projects while temporarily suspending consideration of the manner in which scope items have been allocated to specific projects. This will ensure that the PIC members see the portfolio as a collections of individual scope items rather than projects and will remove emotion driven decisions being made around how scope is assigned to projects. Considered through this lens and with enterprise level outcomes driving decision making, the current state allocation of scope to projects may not yield the best results. Scope items should be seen as transferable across projects ensuring that the best possible logical grouping of scope can be achieved. Align the portfolio to best match the desired outcome so that each project can “tell the story” in the context of the enterprise strategy. Connect people to this story in favour of simply allocating them to the “things” they are building.





## ***Love the story, live the story and tell the story***

PIC members are change champions. This means they should feel comfortable regularly attending team town halls, client forums and where necessary, media engagements to tell the enterprise transformation story. Gone are the days of executives making statements to clients, investors and analysts about revenue growth, cost management or business transformation without comfort and confidence in the organisation's capability to deliver it. The ease with which company performance data can be discovered and then shared across formal and informal channels is unprecedented. The ability for executives to clearly articulate the "how" the "when" and the "who" that supports the "what" is critical to building internal and external stakeholder confidence and trust. Change champions should seek every opportunity to tell the story and provide updates on progress. These executives, through accurate and current reporting of project status, through full comprehension of the project portfolio structure and health and through complete familiarity with the correlation of the portfolio to the organisation's strategy, are well equipped to tell the story and to generate transformation confidence.

## Further information

If you'd like to talk to us about how we can assist your organisation achieve it's strategic objectives through transformation programs please contact:



**Sascha Chandler**

Partner – Sydney  
P: 02 8266 3009  
M: 0400 899 131  
E: [sascha.chandler@pwc.com](mailto:sascha.chandler@pwc.com)



**Graham Pond**

Partner – Sydney  
P: 02 8266 2688  
M: 0402 905 593  
E: [graham.pond@pwc.com](mailto:graham.pond@pwc.com)



**Melina Sehr**

Partner – Melbourne  
P: 03 8603 2675  
M: 0411 402 345  
E: [melina.sehr@pwc.com](mailto:melina.sehr@pwc.com)



**Nicky Aldridge**

Partner – Brisbane  
P: 07 3257 8968  
M: 0421 448 864  
E: [nicky.aldridge@pwc.com](mailto:nicky.aldridge@pwc.com)



**Paul McDougall**

Partner – Canberra  
P: 02 6271 3387  
M: 0413 554 984  
E: [paul.mcdougall@pwc.com](mailto:paul.mcdougall@pwc.com)



**Justin Eve**

Partner – Perth  
P: 08 9238 3554  
M: 0422 002 354  
E: [justin.eve@pwc.com](mailto:justin.eve@pwc.com)



**Adrian King**

Partner – Canberra  
P: 02 6271 9247  
M: 0403 279 892  
E: [adrian.king@pwc.com](mailto:adrian.king@pwc.com)



**Marcus Catchpole**

Director – Adelaide  
P: 08 8218 7429  
M: +61 411 662 441  
E: [marcus.catchpole@pwc.com](mailto:marcus.catchpole@pwc.com)

[www.pwc.com.au](http://www.pwc.com.au)

© 2017 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

Liability limited by a scheme approved under Professional Standards Legislation.

At PwC Australia our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com.au](http://www.pwc.com.au).

12705XXXX