

Eight Subprinciples of Project and Portfolio Management

Figure 4.1 sequences and summarizes eight subprinciples of project and portfolio management.

Subprinciple 1. Generate Ideas

Idea generation is an obvious place to begin, and there are some simple rules IT leaders can follow to ensure that the best ideas bubble up.

First, consider some common mistakes. For one, often companies allow ideas to be generated and submitted only by senior members of the team. I have never understood the rationale for this. Is there a reason why bright ideas can't occur to a junior member of the staff? In many organizations, strategic planning is a process that is only understood by a select few senior members of the team, which makes it all the more difficult for junior members of the team to contribute ideas that align well to those plans. If

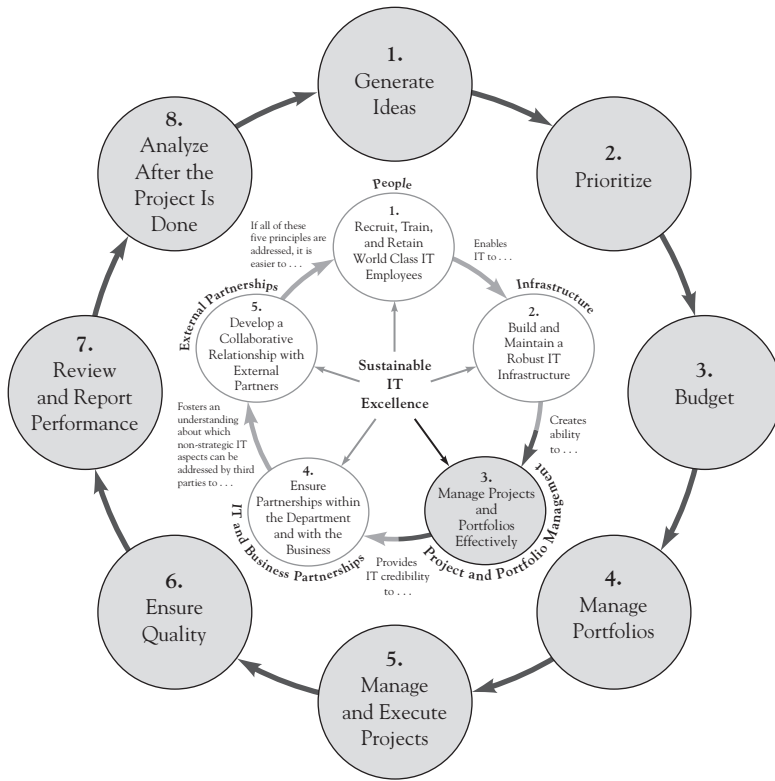


Figure 4.1. Eight Subprinciples of Project and Portfolio Management.

the junior members of the team do not understand which way the ship is pointing, then naturally they may not be positioned well to make suggestions about projects that would best support that vision for the future. Ironically, the junior members of the team are sometimes closest to the issues that need to be resolved. There is tremendous value lost in not asking all members of the team to contribute ideas.

Another common mistake is asking that ideas be submitted only a couple of days per month. A couple of years ago, I worked for a major bank, and the company asked for all new ideas to be submitted one time per year, just prior to budgeting. In some ways, this would appear to make sense: the company knew of all proposed

investments, and could calculate how much they would cost, and that would provide a solid, bottom-up view of the budget necessary for the year ahead. The critique of this makes even more sense, however: it is illogical to think that the best ideas occur to people during one period per year. What then if someone has the next blockbuster idea several weeks after the deadline for submitting ideas? The better tactic is to have a rolling idea-submission process.

If the strategic plans of the corporation and business units are made available to a wider swath of people, then the person who originates the idea should first consult the plan to see whether the new idea links well to the plan. Poor linkage should be the first step in filtering out unusable ideas. If it links well, more assessments should be done by a broader range of relevant players in the company. (If it is a technology to be applied to Marketing, then constituents from the IT and Marketing Departments should be engaged.) Ideas should then be submitted upward through a series of higher-authority committees who can assess validity, worthiness of funding, and whether the new ideas should be pursued in the near or long term.

I am suggesting that several committees be established to review new idea submissions on a regular basis. These committees should have a stair-step mechanism whereby ideas are advanced from one to the next based on dollar and time hurdles as a start. More junior people should be empowered to make decisions at the lower committee levels for initiatives that are smaller in terms of finances and duration. Larger initiatives should be passed up to committees with more senior-level participants.

McKesson is the largest health care company in the United States. It has several business units that could each be *Fortune* 500 companies were they independent. As a result the IT department has a great number of initiatives to monitor. In addition, each business unit has its own CIO managing the unique technology needs.

When Randy Spratt, executive vice president, chief information officer, and chief technology officer, became the head of Corporate Information Technology (the centralized IT function), there were two issues that he realized needed to be solved:

- Opaqueness of finances
 - The businesses felt that they had no input or insight into the costs that were being incurred by IT. Therefore, they did not have a way to evaluate it, and therefore there was a natural suspicion that money was not being spent on things that mattered.
- Difficulty aligning the behaviors of IT with the behaviors of business because there was no forum to do it other than through “shuttle diplomacy.”
 - People would go from one business to the next and have a series of less-structured conversations, and by the time the last of the eight business units was engaged, the conversations with the first were less relevant.
 - This created a glacial slowness of being able to accomplish change or drive new initiatives that might be supported by IT through the business. That in turn added to the suspicion that corporate IT was unresponsive and slow. The relationship was spiraling down.

Spratt turned Corporate IT into a formal shared service. As he investigated Corporate IT’s portfolio of applications and technologies, he identified some that were relevant for only a single business. He pushed responsibility for those to the business as a