

PROJECT PORTFOLIO MANAGEMENT IN THE PUBLIC SECTOR:

Benefits, Challenges, Best Practices and Gotchas

The growing scope and complexity of federally funded projects are making the need for PPM more important than ever. Here is a roadmap to help you avoid problems and successfully manage multiple projects.

While project portfolio management has been around for decades, in recent years it has become an increasingly important tool and process framework for managing public-sector projects. As federal government programs have increased dramatically in number and complexity, more agencies have turned to PPM to help manage costs, meet stringent timelines and deliver positive outcomes. But implementing and optimizing a PPM solution is challenging in itself, especially in a huge, multi-dimensional market segment such as the federal government.

After all, there are countless thousands of projects undertaken by the federal government each year, from building antiterrorism surveillance systems to building tennis courts at Air Force bases. Take just one piece of one slice of the federal government: Department of Education projects funded under the American Recovery and Reinvestment Act of 2009. Four years into the program, the Education Department has funded—and needs to track the progress on—more than 3,000 different projects. Now imagine the scope of projects that need to be managed under the Recovery Act for the entire federal government, and it's easy to see how managing a full portfolio of projects is becoming more challenging each year.

With PPM, federal agencies can prioritize and track the progress of multiple ongoing projects, and determine where and when to invest the resources necessary to complete all of them. At a time when federal spending is under more scrutiny than ever, there is increased pressure for agencies to make sure they are making the smartest investments, and PPM is a critical tool to help them do that.

Here are a few key things federal agency officials need to understand about what PPM can help them achieve and how to avoid potential land mines.

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THE BENEFITS OF PPM

There are three important benefits of PPM in the public sector: operational excellence, risk mitigation and financial discipline.

By **operational excellence** we mean the ability to get projects done according to specifications in order to accomplish the desired outcome. A key part of that is the ability to execute projects in a prioritized manner, according to rules and policies laid out by agency governance requirements. **Risk mitigation** is another essential benefit, since government agencies—and their contractors—are subject to more regulations than ever. The impact of government projects under such far-reaching legislation as the Recovery Act, the Affordable Care Act and the Dodd-Frank financial reform act, to name a few, is undeniable. Finally, proper implementation of PPM—from initial planning to ongoing project monitoring and measurement—can go a long way toward introducing **financial discipline** into the process of job costing, procurement and project fulfillment. Doing so can help eliminate the possibility of unwanted publicity and political fallout from projects that go off the rails due to cost overruns and unbudgeted expenditures.

THE CHALLENGES OF PPM

One of the biggest issues federal agencies must acknowledge when it comes to project management is the inexorable trend toward the creation of project silos, usually defined by such issues as scope of expertise or funding source. For instance, in the federal government, projects have come to be classified as “weapons projects” or “surveillance projects” or even “staff morale projects.” This stovepiping of projects has led to inefficiencies and turf building, compromising agencies’ ability to properly allocate the right resources at the right time.

PPM is designed to help break down those silos, but doing so hasn’t always been easy for agencies. Old habits die hard, especially among project managers who have created legacies for specialized expertise. For PPM to be successful, implementations must be accompanied by an awareness and acceptance of the need for behavior change on the part of project managers and their superiors. At the same time, implementing PPM requires a good mix of technical skills, subject matter expertise and process understanding. Deploying a PPM solution can be an exacting task, requiring strong pre-deployment planning and increased communication among project managers and their stakeholders to ensure that everyone is pulling in the same direction. But don’t be dissuaded by the need to pay attention to detail. When properly planned and executed, PPM can be a godsend for federal agencies that have been asked to do more with less.

BEST PRACTICES

First, keep in mind that the best thing federal IT organizations can do when it comes to PPM is to think and act like their business stakeholders: the agency personnel who are supposed to deliver tangible value from their projects. This requires honest and frequent communication between IT and non-IT personnel to establish the proper priorities for the agency and build the PPM model that best aligns with overall agency strategy.

Second, agencies should use PPM to improve operational efficiencies in dealing with an increasing number of suppliers and subcontractors, all of which are expected to share in financial accountability and meet regulatory requirements.

Third, PPM should be seen as a way to provide more precise, real-time metrics on project status and key performance indicators, such as budgets, timelines and the milestones of deliverables.

Finally, PPM should be a valuable tool in promoting interagency collaboration and efficiency, by creating a full inventory of projects and surfacing the specifics of their deliverables. This cannot be overstated. For instance, the General Accountability Office recently issued a report highlighting 12 duplicative IT programs across three different agencies, including four different Department of Defense systems to track service members' healthcare and dental care.

AVOIDING GOTCHAS

One of the best ways to avoid glitches before they surface is to do your homework when it comes to selecting a PPM partner. For one thing, you should be looking to do business with a supplier that is well versed in the federal sector. While there are a number of PPM providers, some of them specialize in the private sector or try to adapt their private enterprise solutions to the public sector. Be sure to focus on PPM tool providers that have deep and broad experience with federal agencies across a wide variety of project types.

Also be sure to carefully evaluate the PPM tool's ease of use and deployment processes. Both are essential elements in the success of a PPM tool. After all, most PPM users in the federal sector aren't going to be IT personnel, and a long, complex implementation and rollout process will add cost and complexity rather than reduce them.

You'll also want to be sure you're getting a solution based on a single platform that can handle projects of any size or complexity. Some solutions have been built primarily for specialized projects such as application development or construction and not necessarily for managing a full portfolio of different project types and scopes.

Finally, you need to avoid the huge problem of being locked into a specific platform. Since the whole point of PPM is to manage a full range of projects—either within a single agency or across multiple agencies—you'll need a solution that supports a broad range of hardware and software platforms, as well as new architectural options such as virtualization and cloud computing. Your PPM solution needs to be based on open standards so it can be easily integrated with other enterprise software, such as financial management or human capital management applications.

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