



Portfolio Establishment

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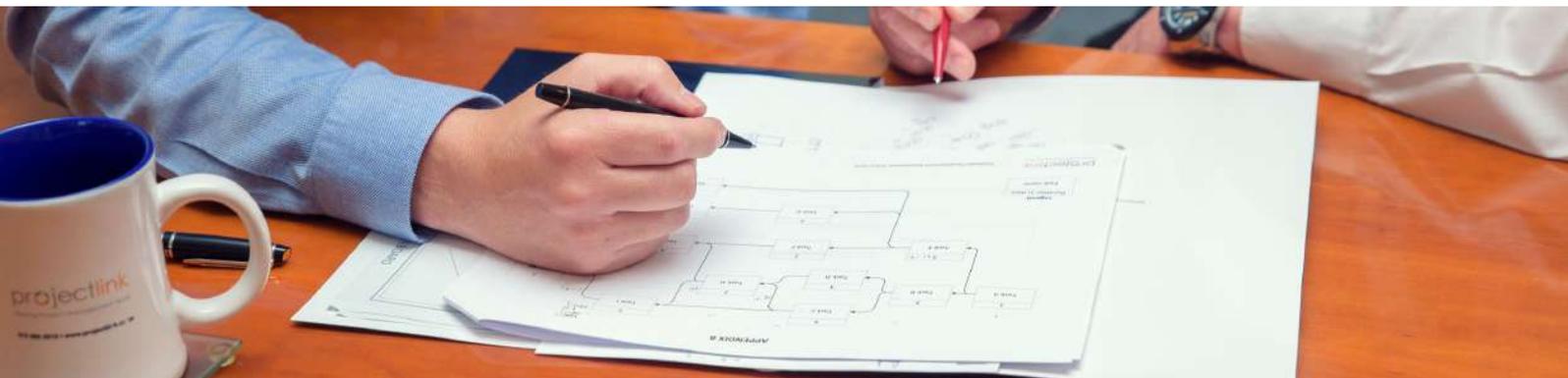
Overview:

A portfolio is a collection of projects, programs, sub-portfolios, and other work (communally referred to as portfolio components) in the organization, or part of the organization. Portfolio establishment is about setting-up, structuring, and/or optimising an organizations' ability to manage a portfolio. Portfolio management, then, is about the capability to identify and select new portfolio components, and balancing it with existing portfolio components within the confines of resource constraints, towards achieving the organization's strategy.

Need and Benefits:

The most effective method of implementing an organisation's strategy is through projects, but for organisations that select a suboptimal mix of projects, the consequences are often dire. All organizations that manage multiple projects and / or programs need to be able to perform portfolio management. This is simply because, by definition, a portfolio already exists in the organization. Being able, therefore, to manage it optimally is crucial to avoid ineffective use of company resources, including time, money, and human capital, and to reap maximum benefits in fulfilling the company's strategy.

Organizations with well set-up portfolios have the benefit of knowing that their portfolio components combine to realise benefits in the most optimal manner.



Implementation:

Portfolios are established in the following manner.

During the initiation stage, information about the organization is collected. This then informs the portfolio design stage, in which specific requirements are determined about how to establish the portfolio and what it strives to achieve.

The output of this stage not only informs the subsequent stage (i.e., the portfolio identification stage), but also other possible interventions for the client to consider, outside of the scope of portfolio establishment, such as the establishment of a PMO, organizational restructuring, training, etc.

1. During the portfolio identification stage, opportunities to be expressed as projects or programs, are identified. This might lead to the studying of such opportunities, if necessary.
2. Regardless, the portfolio selection stage follows, in which opportunities are evaluated, including existing initiatives, leading to the selection of an optimized, balanced, set of components, and ultimately, an activated (or re-activated) portfolio. Portfolio measurement and evaluation, through the collection and analysis of data from the various components, now becomes possible. Once this stage has been reached, the portfolio management cycle is in full swing, and the portfolio has, therefore, been established.