

Advanced Project Portfolio Management

Do you want to be a LEGEND?

Gerald I. Kendall, PMP
TOC International



A CPO's Life is Not Easy

- From USA Today, Feb. 11, 2005: ***Average CEO tenure has shrunk to five years, down from a decade. CEOs are given only 20 months to show that a major decision has paid off on the bottom line***
- How long does that give ***you*** to succeed?
- What must you do to help your organization succeed?

The IT Challenge

- From Canada's Globe and Mail, March 31, 2005: *Information technology groups can't seem to get IT right. 95% of information technology groups are not delivering some number of projects to the full satisfaction of the business executive*
- This article's answer: Blame it on the vendors. ***What is your answer?***

Today's Talk

- Five Characteristics of a CPO Legend
- Five Focusing Steps – The Road Map to becoming a legend

Legends Do Not.....

- Find their ideas by benchmarking
- Blindly copy best practices
- Obsess about the “competition”
- Focus mainly on process
- Build non-holistic, subset portfolios

Be wise, not smart

1. Actions that are Remembered



PPM Actions that are Remembered

- Examples:
 - TESSCO – Cut # of active projects by 75%
 - Japanese auto makers focus on quality
 - Schwarzenegger's Reforms

Legend Characteristics (Cont'd)

- 2: Have an outrageous goal
- 3: Be “Insanely” Persistent & Focused
- 4: Successful Beyond Belief
- 5: Always Look to Do Better

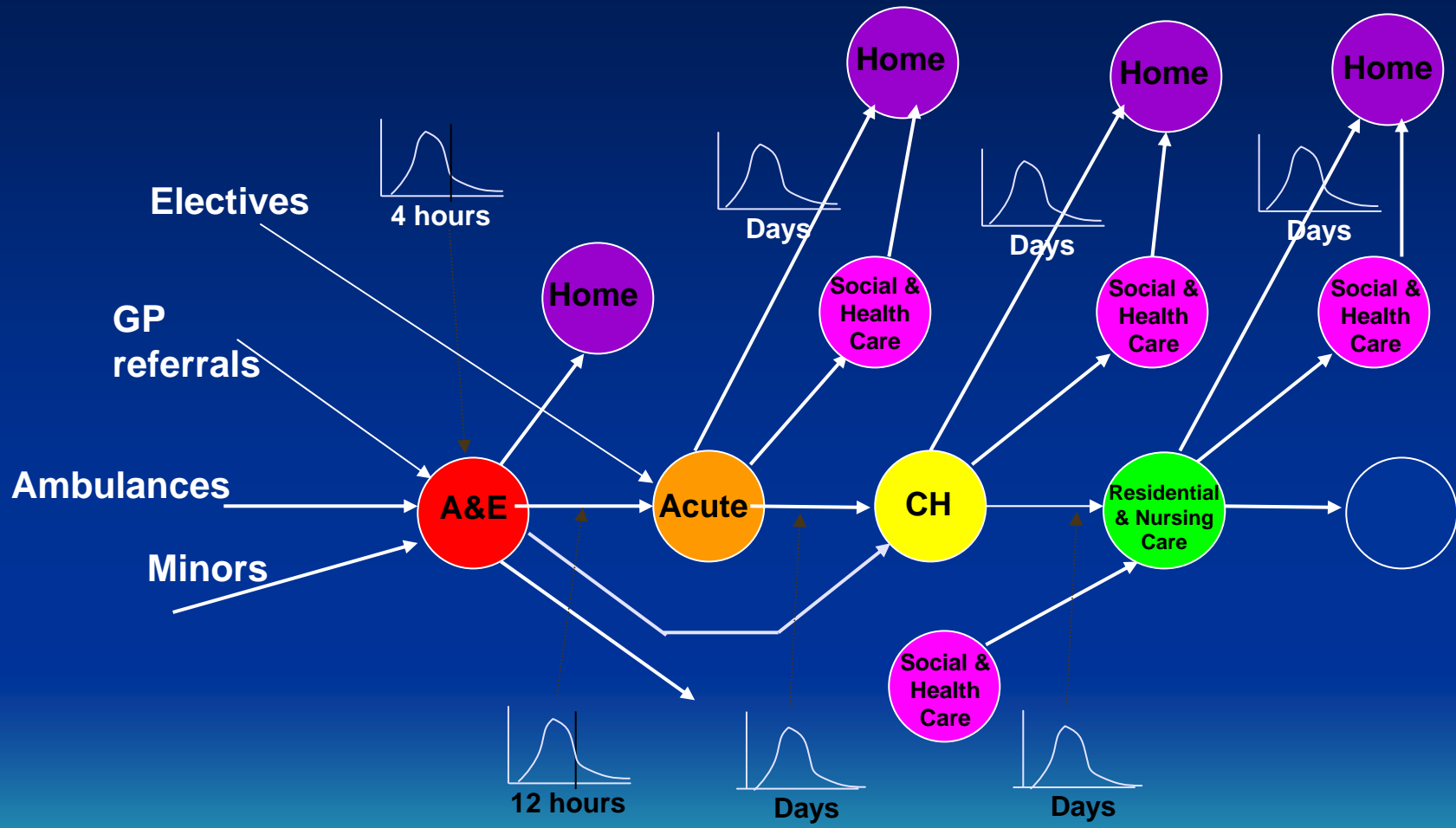


- The U.K. Health Care System
 - Slides and story courtesy of Goldratt Consulting (www.toc-goldratt.com)

THE HEALTH CONTEXT

- The largest employer in Europe with a workforce of over 1.3million people (doctors and nurses)
- In a typical teaching hospital there are more than 400,000 visits to outpatient clinics per year; 60,000 inpatients; 25,000 operations and 75,000 attendances to the Accident and Emergency Department
- The Number One pledge of the UK Government at the last election was to deliver a breakthrough in performance in health care
- In the last three years, the national budget has been increased by over 30% and number of patients treated has increased by 3.7%
- There are backlogs of between 9 and 18 months for operations
- Many Chief Executive/Senior management posts remain unfilled.

HEALTH AND SOCIAL CARE SYSTEM - The chain of activities



CRITERIA FOR THE EMERGENCY DEPARTMENT BUFFER MANAGEMENT SYSTEM

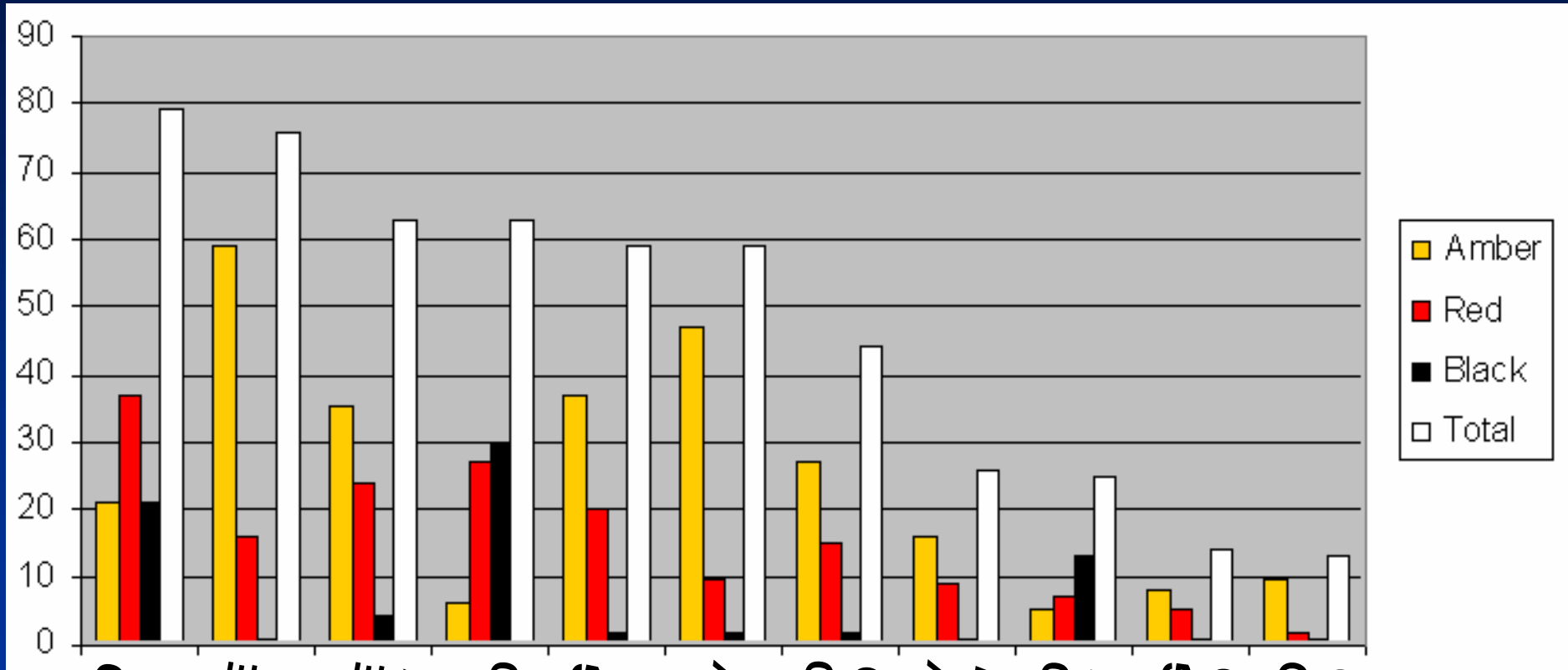
- WHAT DOES “FOCUSED” MEAN:
 - Simple, practical and quickly understood by all
 - Minimal disruption, but with quick tangible results
 - Concept to everyday use in 4 weeks
- ACTIONS THAT DROVE THE RESULTS:
 - Visible, easy to understand, real time buffers
 - Capture reasons for buffer penetration
 - Buffer analysis report to support decision making

THE WEEKLY BUFFER MEETINGS



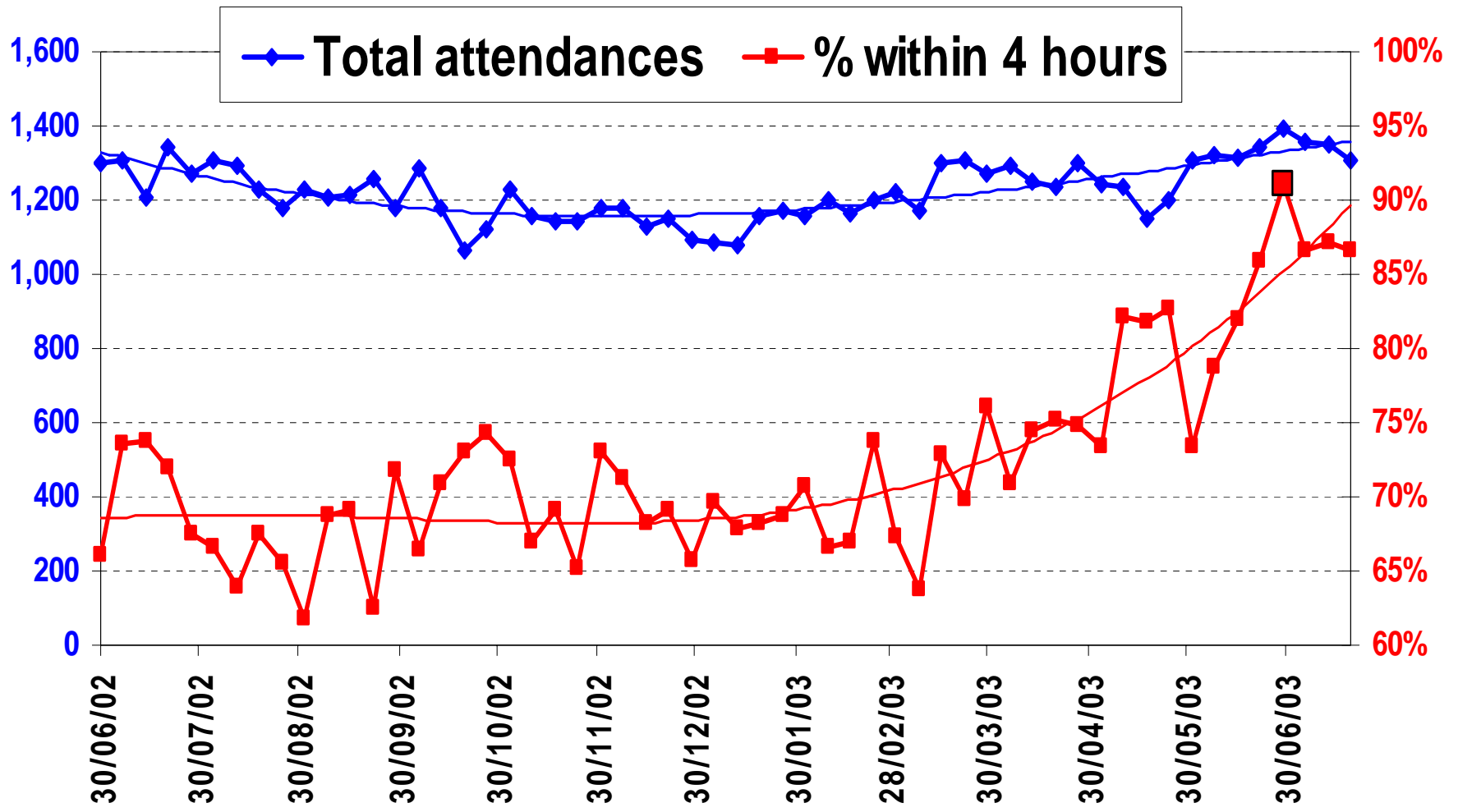
- Multidisciplinary team
- Maximum 1 hour
- Identifying top causes of delay
- Development of implementation plan to eradicate causes within a week
- Escalation of system-wide policy issues

ALL PATIENTS BUFFER ANALYSIS

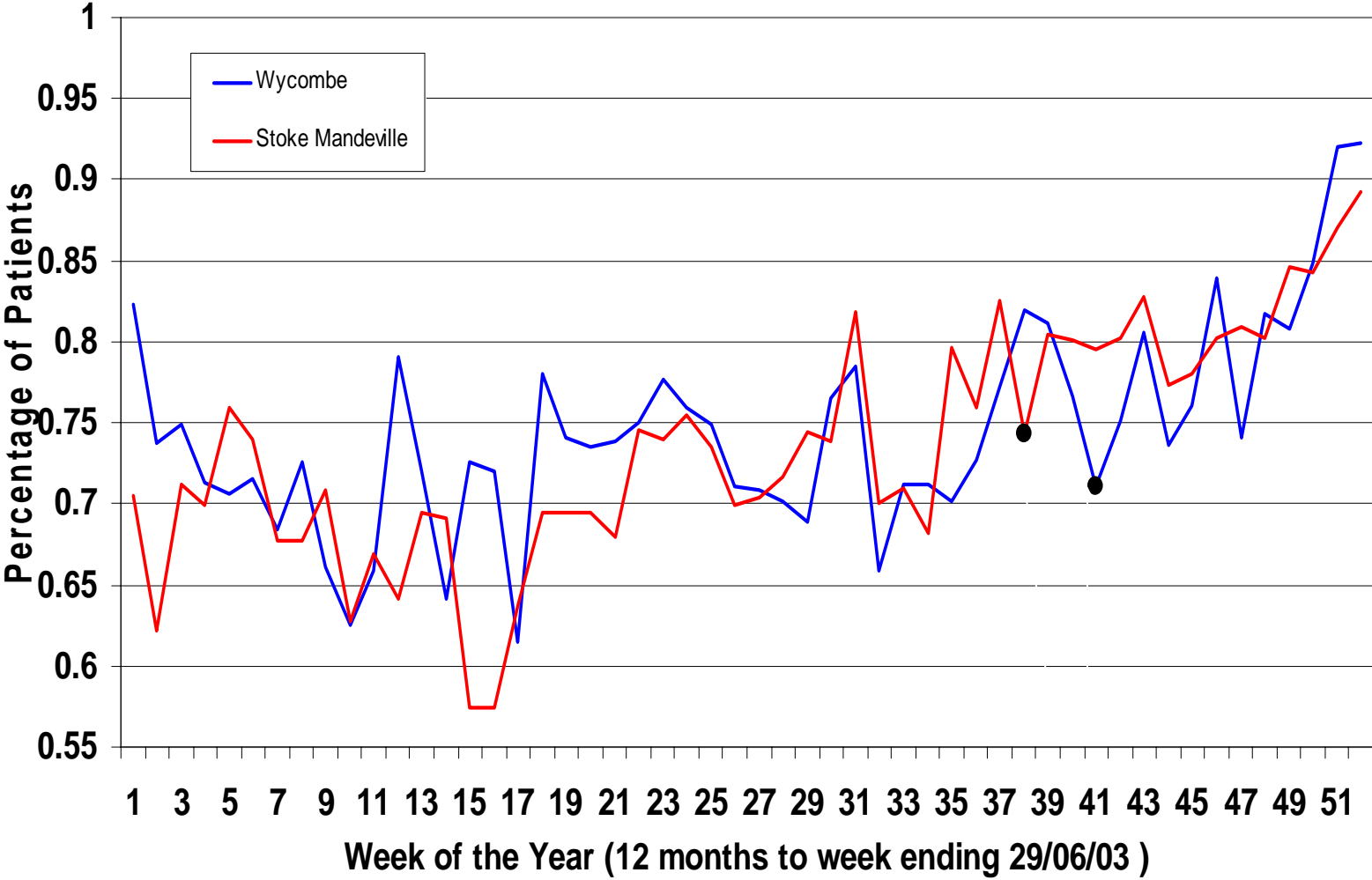


RESULTS ACHIEVED FROM IMPLEMENTING

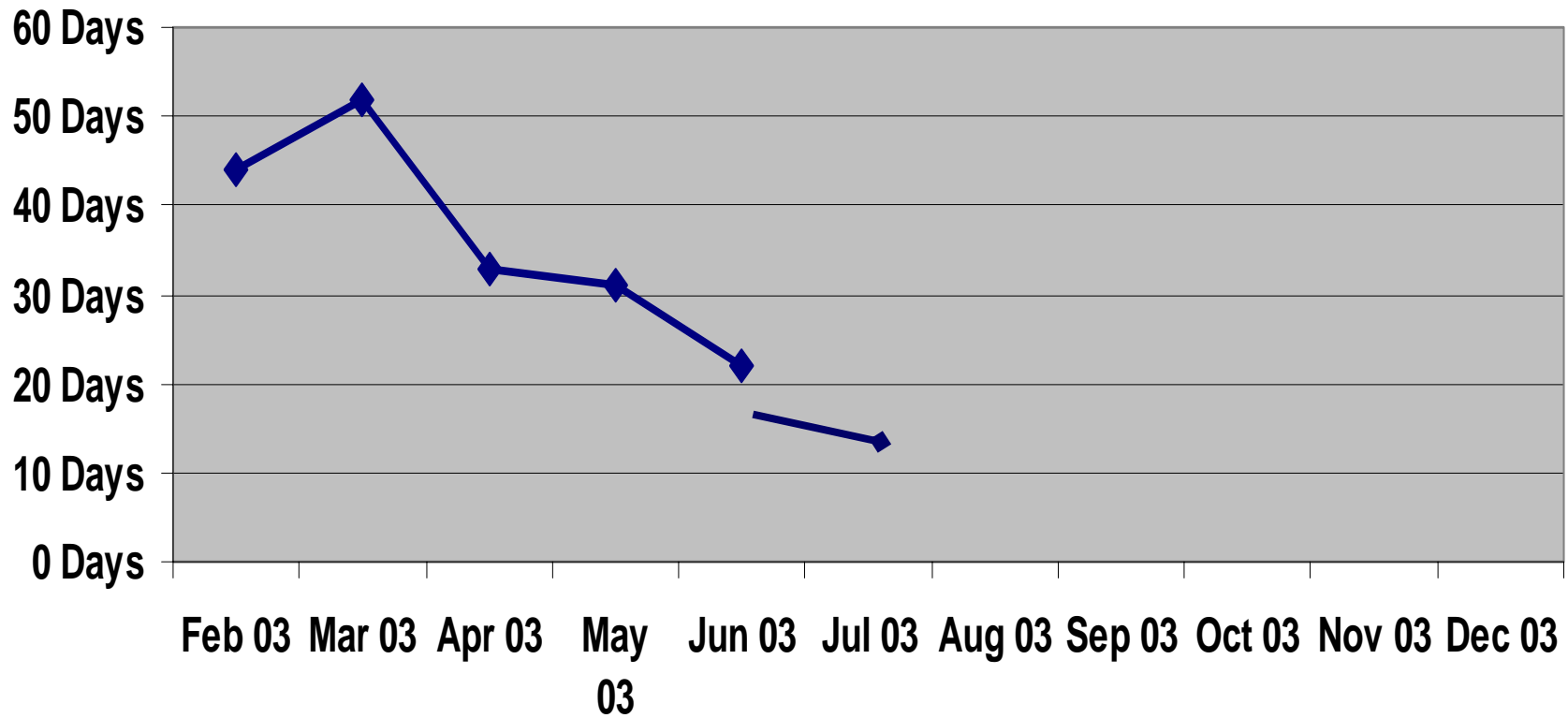
A & E ATTENDANCES as per weekly SitRep



A&E Patients Waiting <4Hours as a Percentage of Attendances



Hospital - Average Length Stay All Patients



◆ Average Length Stay

Creating Legendary CPO Performance

- You must recognize the scarcity of resources
- You must recognize that there is one major leverage point for improvement – the constraint of your organization
- You must focus all your energy on the constraint

How To Create Legendary Performance

- **Five Focusing Steps:**
 - 1. Identify the system's constraint(s)
 - 2. Decide how to exploit the constraint
 - 3. Subordinate everything else to the above decisions
 - 4. Elevate the constraint
 - 5. Go back to step 1. Don't let inertia stop you.

Five Focusing Steps

*Sounds simple?
Kind of like common sense?*

COMMON SENSE IS NOT VERY COMMON

Mark Twain

because:

COMMON SENSE IS NOT OBVIOUS

Eli Goldratt

A and B Example

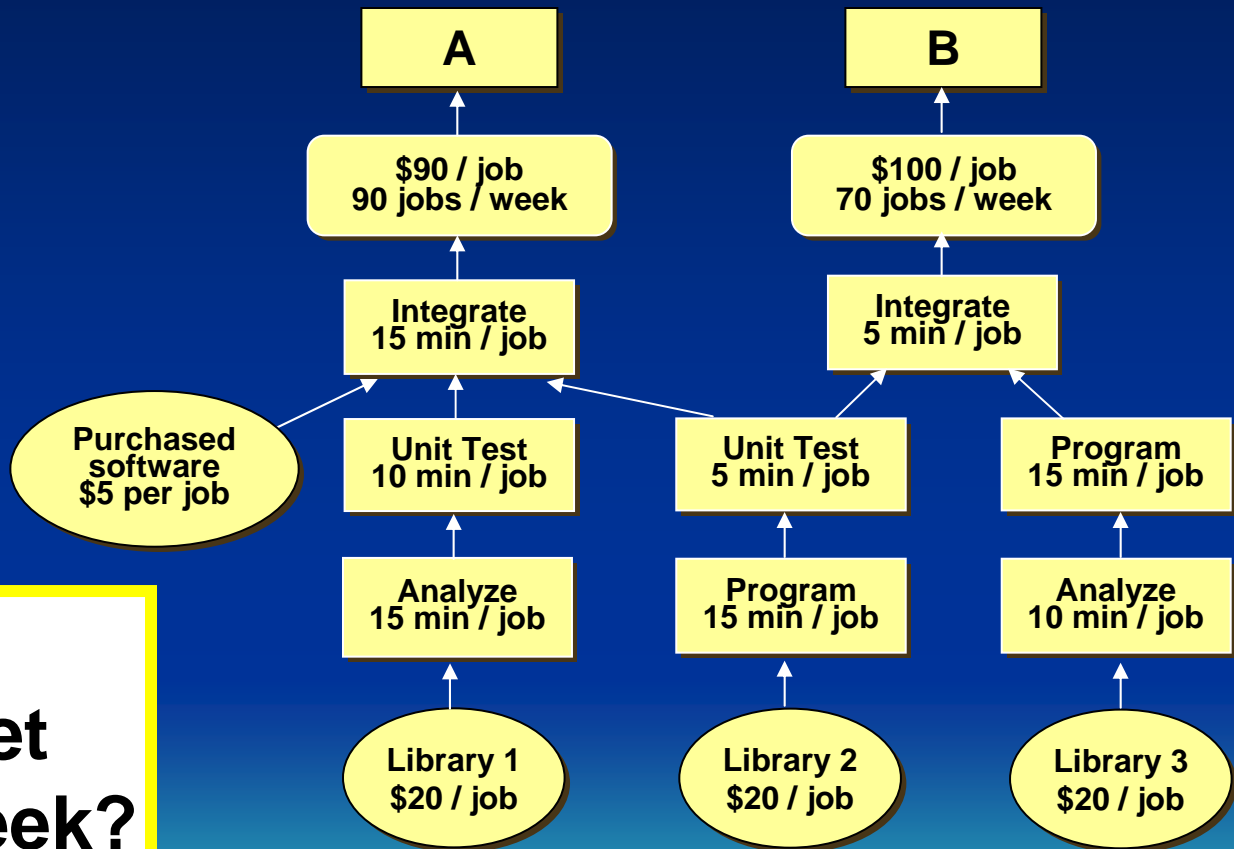
Available Resources:
Analyst – 1 Unit Tester – 1
Programmer – 1 Integrator – 1

Each resource can only work 5 days a week, 8 hours a day.

No one is cross-trained

Operating expenses: \$6,000 per week.

What is the maximum net profit in one week?



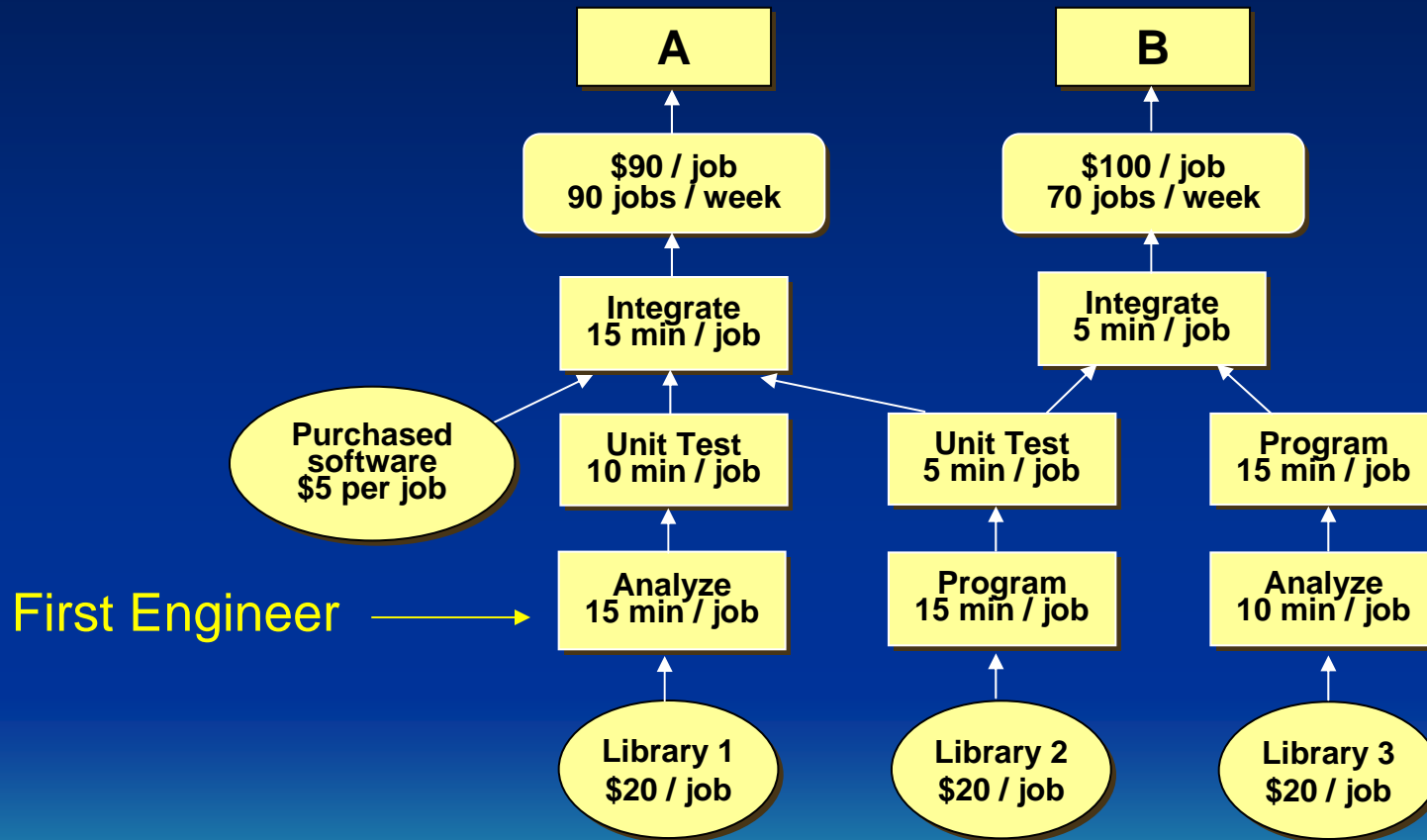
Adapted from the book *The Haystack Syndrome* by Dr. Eli Goldratt

A and B Example

WHERE IS THE LEVERAGE FOR IMPROVEMENT?

- One engineer asks for \$7,000 for PMBOK™ training for the department. You will cut the effort per job in one department (on a large # of jobs) from 15 minutes, down to 7 minutes per job.
- Another engineer asks for \$10,000 for an old software tool. When questioned, it turns out that it will increase the time to process each job from 20 minutes to 22 minutes.

A and B Example

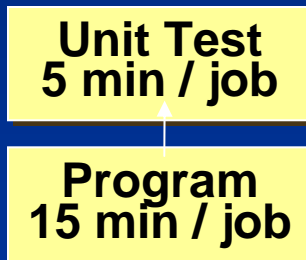


2nd Engineer

Middle Process Change

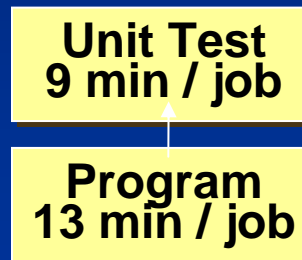
Impact

Before



TOTAL 20 Minutes/job

After



TOTAL 22 Minutes/job

**Saving of
Constraint
time:**

**2 minutes
* 125 jobs
250 min.**

**Additional
revenue:**

**9 jobs *
\$60 =
\$540/week**

ROI < 6 months

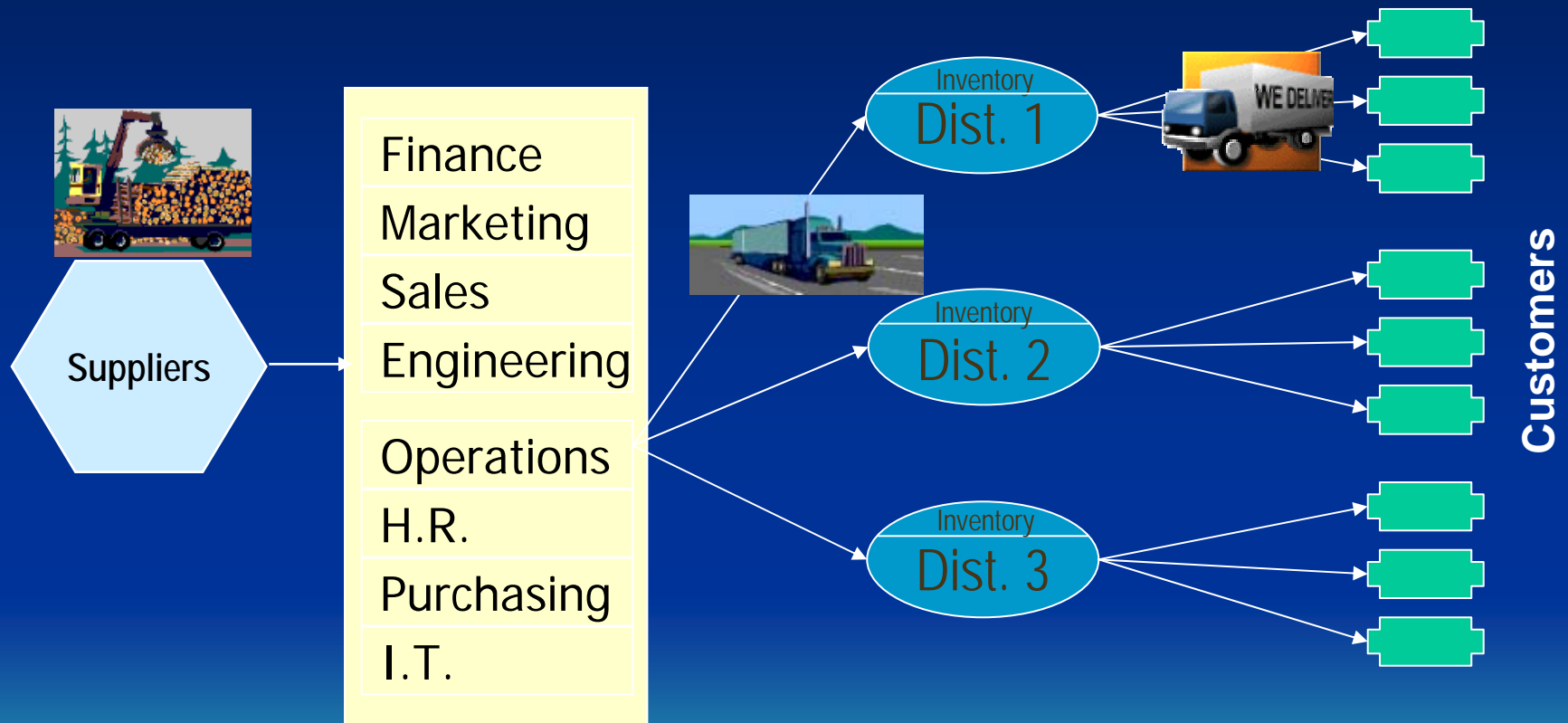
When Elevation Fails

- You do two more improvements in software and hardware tools
- From each improvement, you get more Throughput
- From the last improvement, you get no more Throughput. Why?

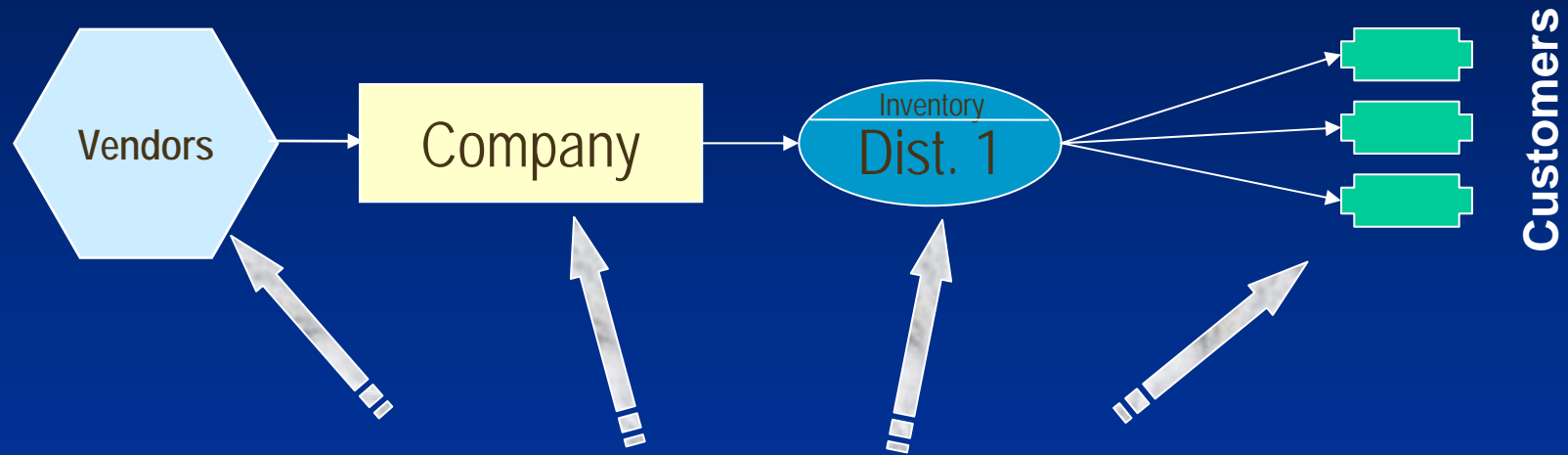
Inertia

- When you had an internal constraint, you turned down an order to service A type clients in China for \$75 each. The policy was “DO NOT ACCEPT ANY ORDERS FOR SERVICE A AT LESS THAN \$90”
- Does this policy make sense when you have extra capacity (i.e., your constraint is in the market)?

Example – Australian Supply Chain



PPM Strategy



What projects does it make sense to do, if the constraint is....

When All Else Fails....

- The Blinding Focus
- The success opportunity
- The POOGI



Five Focusing Steps in Government

Fictional Example – CIA, Goal: Security Units

- Identify the Constraint – Shortage of raw materials - We do not have accurate information about planned attacks on US soil
- Decide how to Exploit – Don't waste what we have. Coordinate between agencies, countries. Analyze holistically
- Subordination to the above Decisions – Recruiting efforts concentrated, executive branch provides funding, IT focuses support and infrastructure on this activity as #1 priority, etc.
- Elevate – Better infiltration

Conclusion

- To become a legend, a CPO:
 - Set your goal according to executive needs and set it very, very high
 - Become insanely persistent and focused
 - Always seek to do better (POOGI)
- And you will:
 - Have incredible success, especially at the personal level
 - Be remembered