



HOW TO PRIORITIZE PROJECTS WHEN EACH ONE IS CRITICAL



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ATTENDING HIMSS 2017?

HIMSS

Annual Conference
& Exhibition

February 19th - 23rd, 2017

Orange County Convention Center
Orlando, Florida

Booth # 5147

AGENDA

- + Introductions
- + About Upland
- + Webinar
- + Questions

WHAT WE DO

We provide Cloud Solutions across the enterprise enabling amazing customer outcomes in:

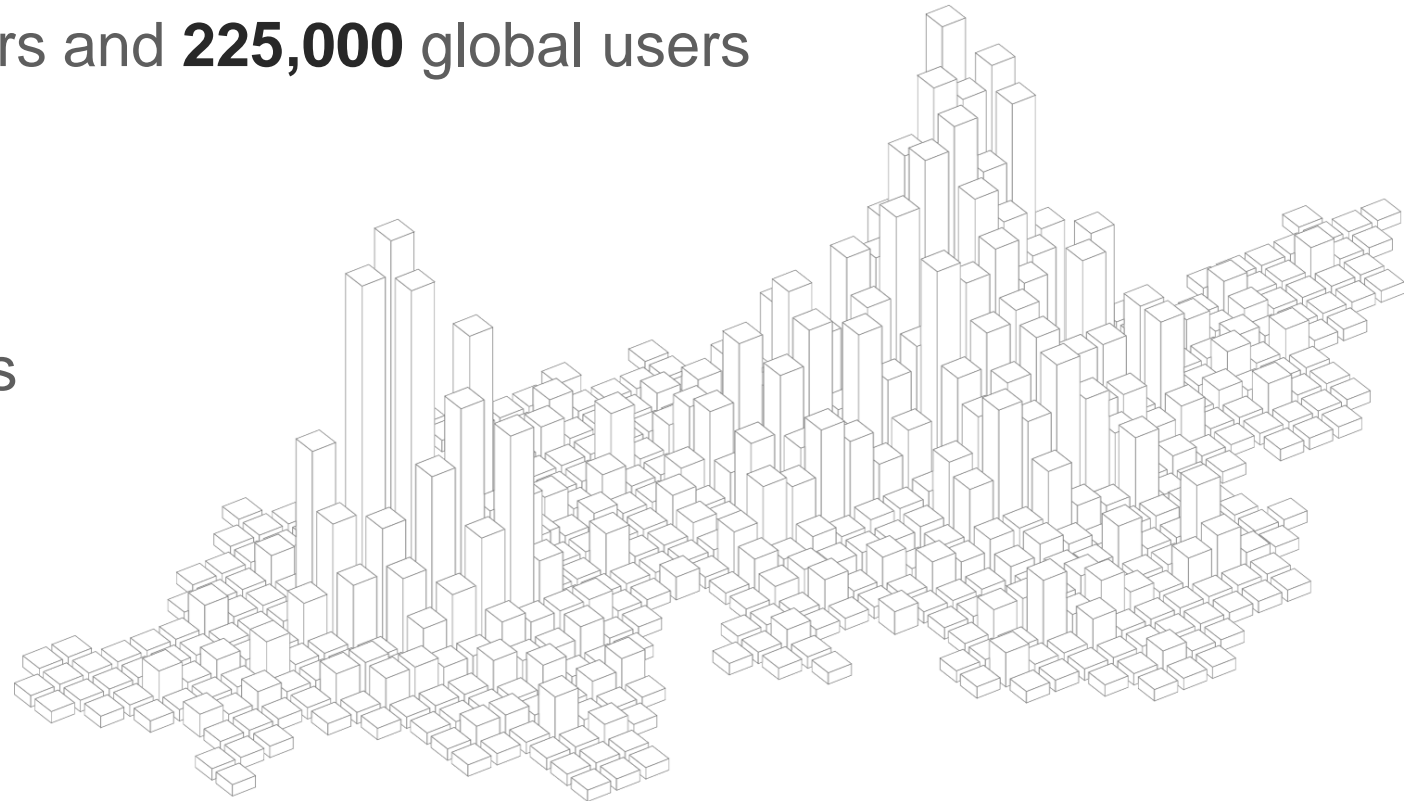
+ PROJECT & IT FINANCIAL
MANAGEMENT

+ WORKFLOW
AUTOMATION

+ DIGITAL
ENGAGEMENT

OVERVIEW

- + **Leading provider** of cloud-based Enterprise Work Management software
- + Supporting over **1,600** customers and **225,000** global users
- + **IPO** in 2014
- + Headquartered in **Austin, Texas**



UPLAND PRODUCT FAMILY

PROJECT & IT FINANCIAL MANAGEMENT

Manage your organization's projects, professional workforce and IT costs.



WORKFLOW AUTOMATION

Real time productivity optimization, collaboration, and functional automation across your organization's value chain.



DIGITAL ENGAGEMENT

Effectively engage with your customers, prospects and community via the web and mobile technologies.



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- + To Register for our other webinars visit:
 - + EclipsePPM.com/webinars
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What's in
it for me?



- + Learn why prioritizing is important
- + Discover issues & impacts with subjective prioritization
- + What are some common objective criteria?
- + A balanced objective approach
- + Common questions
- + See an alternative to a scoring approach

WHY PRIORITIZE?

- + Key PPM objective addressed: optimizing utilization of limited resources (human, material & financial)
- + Consistent, objective method to decide which project “takes the hit” when higher priority project loses a resource



SUBJECTIVE PRIORITIZATION – ISSUE

- + Traditional prioritization approaches use subjective rankings (low, medium, high, critical)



- + Challenge with this:

- + Every project is “critical” during intake process; others never get approved
- + When shared resource contention occurs, how to decide which “critical” project is most critical
- + Decisions made politically, emotionally, without consistency

SUBJECTIVE PRIORITIZATION – IMPACTS

+ Business impacts:

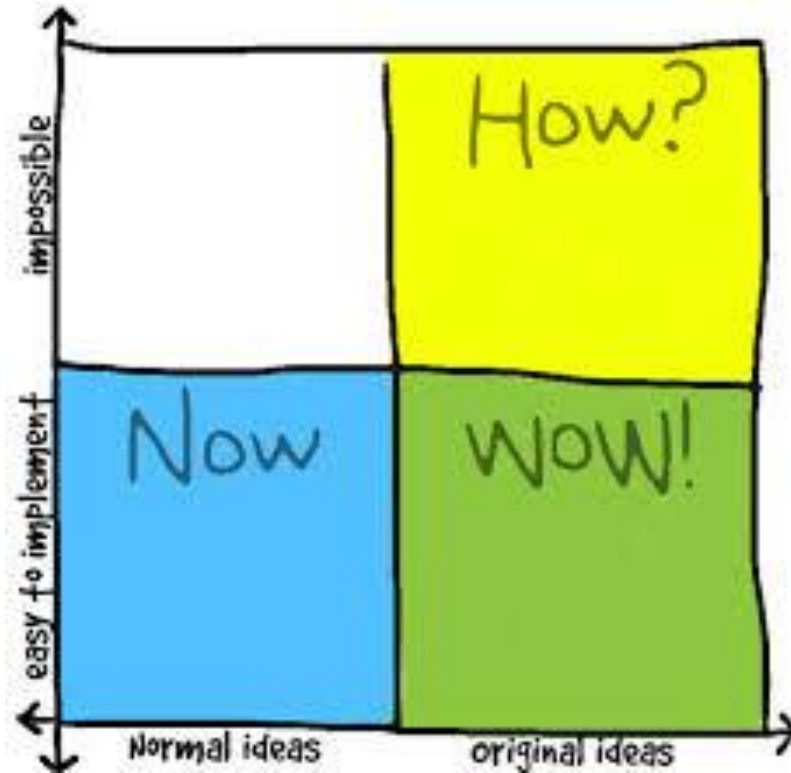
- + Poor resource utilization – reduced “bang for the buck”

+ Resource impacts:

- + Project resources: don’t understand why they were moved to another project = frustration
- + Project managers & sponsors: don’t understand why their project or business areas are impacted = frustration



COMMON OBJECTIVE APPROACHES



- + Financial
- + Strategic alignment
- + Critical resource utilization
- + Evaluation of risk
- + Miscellaneous

FINANCIAL

- + Most common approach to objective prioritization
- + Use during intake & to prioritize projects once selected
- + Common financial methods:
 - + Return on investment (ROI)
 - + Benefits – Costs (time normalized)
 - + Internal Rate of Return (IRR)
 - + Net Present Value (NPV)



FINANCIAL (CONTINUED)

- + Financial models usually optimistic; can fluctuate drastically over project lifecycle due to external & internal factors
- + Few project sponsors are held accountable for financial benefits
- + How do you handle projects that have no tangible financial benefits?
- + Which is better – doing 1 project that generates \$1M profit or doing 5 projects that generate \$200K each, when both options use same resources?



STRATEGIC ALIGNMENT

- + Calculate weighted score for projects using multiple strategic objectives
- + But...some organizations don't have current strategic objectives or this scoring gets done subjectively!

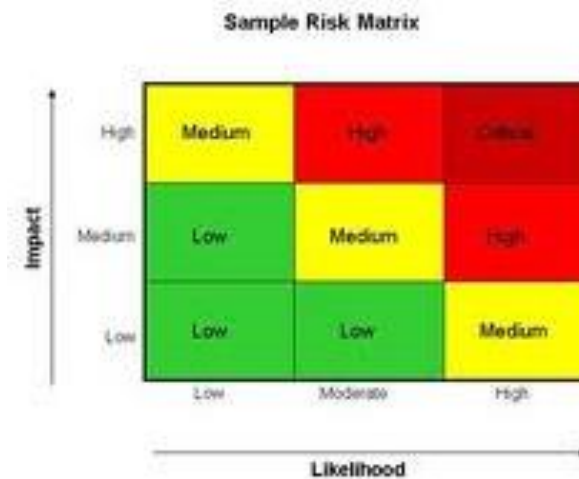
CRITICAL RESOURCE UTILIZATION

- + Projects that consume less critical resources (human, material or financial) score higher
- + Utilized if bottlenecks are identified
- + Common issues:
 - + Very strategic projects need bottleneck resources & given lower priority
 - + All your resources might be in short supply & high demand!



EVALUATION OF RISK

- + Evaluate projects at intake & regularly during execution
- + Higher risk projects get lower priority/score
- + Common issues:
 - + Low project risk assessment maturity
 - + Inconsistent / subjective methods to assess risk
 - + Without taking on some risk, organizations settle for mediocre results – would you only invest in money market funds?



MISCELLANEOUS

- + “Squeaky wheel”
 - + Projects get higher priority if championed by VIP or other influential person
- + “Small is beautiful”
 - + Give short duration projects a higher priority
- + “First in, first out”
 - + Projects are prioritized based on when they were requested



A BALANCED OBJECTIVE APPROACH



- + 200+ businesses surveyed - proven best prioritization approaches utilize multiple methods in balanced, consistent manner
- + Common sense. Would you use only one approach for financial investment?
- + Approaches:
 - + Numerical
 - + Graphical

BALANCED NUMERICAL PRIORITIZATION

- + Define a set of objective criteria & weightings for each
- + Impartial analyst scores each project against each criteria
- + Calculated weighted sum / weighted average
- + Use more than 2 and less than 10 criteria
- + Alter weights based on organization priorities



EXAMPLE: BALANCED NUMERICAL PRIORITIZATION

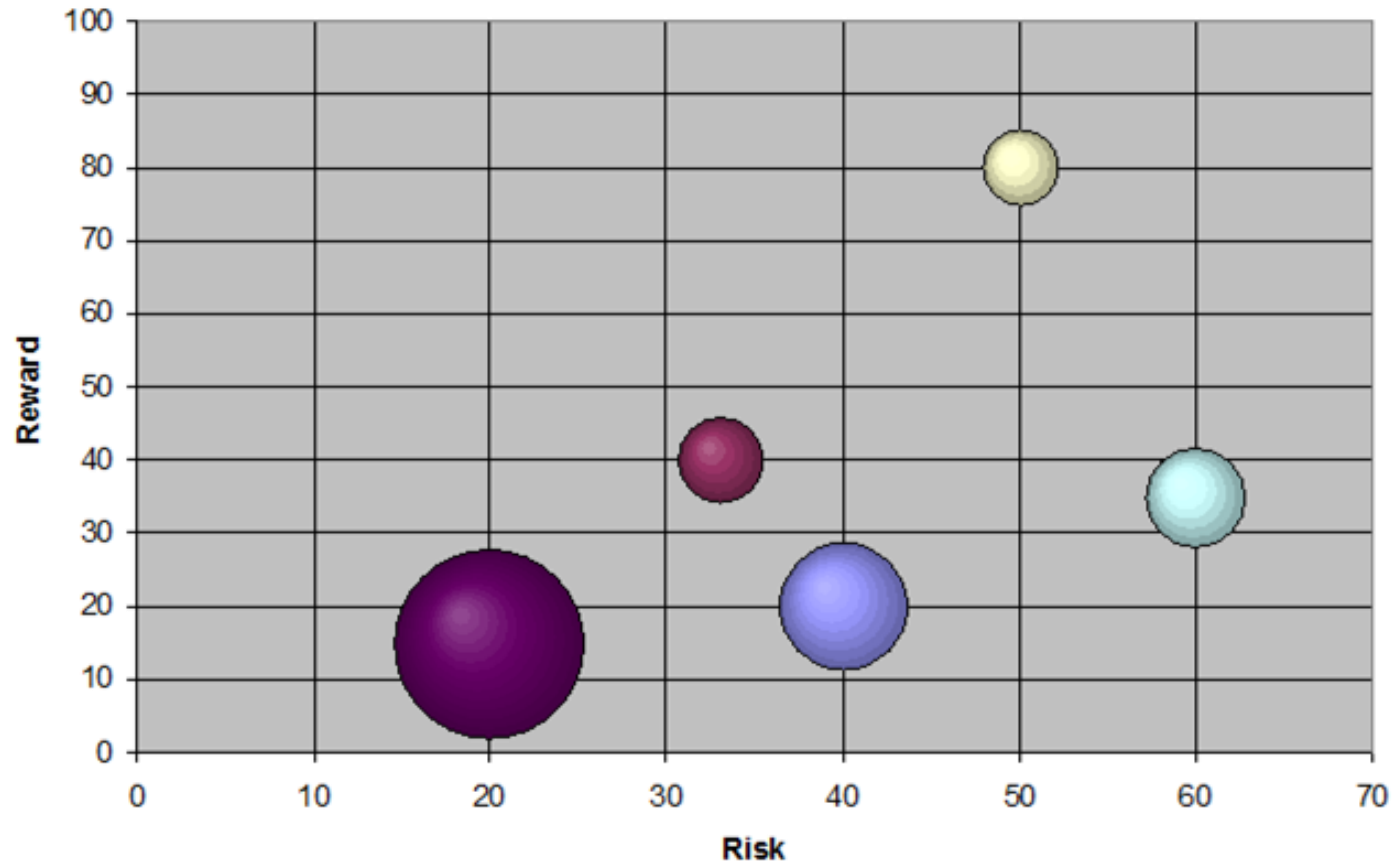
Prioritization criteria	Weighting	Weighted Score (project A)	Weighted Score (project B)
Financials (0 = ROI < 1, 1 = ROI < 1.5, 2 = ROI > 1.5)	5	5	10
Critical resource utilization (0 = uses more than 1 critical resource, 1 = uses only one critical resource, 2 = uses no critical resources)	3	6	0
Strategic alignment (0 = supports no current objectives, 1 = supports one objective, 2 = supports more than one objective)	3	6	3
Weighted sum of criteria		17	13

BALANCED GRAPHICAL PRIORITIZATION

- + Enables evaluation of the portfolio's "balance"
- + Bubble diagrams:
 - + Evaluate overall risk score for all projects
 - + Evaluate overall reward score for all projects
 - + Plot project scores on an X-Y graph with risk on one axis & reward on the other
 - + Prioritize projects based on which quadrant they lie in

EXAMPLE: BALANCED GRAPHICAL PRIORITIZATION

Risk vs. Reward



PRIORITIZING PROJECTS AT MULTIPLE LEVELS

+ Challenge:

- + Method of prioritizing projects within a department and across organization??

+ One approach:

- + Use one set of department-specific objective criteria – prioritize projects within department
- + Use another set including above criteria plus some global criteria – prioritize across organization using those



NON-DISCRETIONARY PROJECTS

+ Challenge:

- + How do you deal with prioritization when some projects are non-discretionary?

+ One approach:

- + Treat them as two separate portfolios
- + Plan, track & optimize resource consumption on non-discretionary projects – don't "gold-plate"!
- + Optimize resource consumption on discretionary projects using balanced objective method

IMPORTANT CAVEAT: OBJECTIVE PRIORITIZATION



- + Objective prioritization seems like a really good approach to remove “human” element
- + But...should be used to guide decision-making, not replace it
- + Most organizations using objective prioritization successfully still meet to prioritize project portfolios

ALTERNATIVE TO SCORING

+ Analytic Hierarchy Process

- + Enables governance committee to first define & prioritize criteria for ranking projects using pair-wise comparisons & then to rank projects
- + Pros: Extremely accurate with reasonable sized evaluation sample
- + Cons: Effort intensive, especially with large project portfolio



KEY MESSAGES

- + Avoid subjective prioritization beyond initial project request submission
- + Use multiple objective criteria; score impartially
- + Use more than 2, less than 10 criteria
- + Use objective prioritization to help guide decision making but don't replace discussion process



THANK YOU!

For more information visit

- www.eclipseppm.com
 - Future Webinars
 - Product Demos
 - White Papers

For Questions or Comments:

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QUESTIONS?

EclipsePPM
by upland