

Taming the Tsunami: Governance Strategies for Project Portfolio Management^{1 2, 3}

Susan Hostetter and Sherri Norris

United States Census Bureau, Washington, DC USA



Executive Summary

The U.S. Census Bureau has made project portfolio management a priority for its programs over the past five years. The best known program at the Census Bureau is the population census that is conducted every ten years, but there are other large program areas at Census, such as IT investment, survey methods research, and economic and demographic survey areas, that manage hundreds of projects within their portfolios. Each area has a unique set of programs, projects, investments, stakeholder and oversight obligations and each faces a tsunami of project

¹ This paper is released to inform interested parties of ongoing operations and to encourage discussion of work in progress. Any views expressed on operational issues are those of the authors and not necessarily those of the U.S. Census Bureau.

² Second Editions are previously published papers that have continued relevance in today's project management world, or which were originally published in conference proceedings or in a language other than English. Original publication acknowledged; authors retain copyright. This paper was originally presented at the 12th [Annual University of Texas at Dallas Project Management Symposium](#) in May 2018. It is republished here with permission of the author and conference organizers.

³ How to cite this paper: Hostetter, S. and Norris, S. (2018). Taming the Tsunami: Governance Strategies for Project Portfolio Management; presented at the 12th Annual UT Dallas Project Management Symposium, Richardson, Texas, USA in May 2018; published in the *PM World Journal*, Vol. VII, Issue IX – September.

information produced by its portfolio of projects. For example, the 10-year Census is a \$15 billion program with a high volume of technical projects and investments that face extensive internal and external oversight, the IT area has the responsibility of managing IT investments without direct funding for IT purchases, and the economic and demographic areas have hundreds of small survey programs with a multitude of funding sources and customers.

To manage these different portfolio situations, each area has developed governance strategies to handle the management demands of their project portfolios. This paper and presentation will profile project portfolio management challenges common to all organizations and provide governance strategies from the Census Bureau that will help other organizations to tame their tsunami of project information and ensure that their leaders have the right information for decision making. We will cover governance strategies that successfully gain and maintain traction and discuss why they work.

Introduction

What do we mean by “Taming the Tsunami?” Every organization has a mission and a vision either stated explicitly or implicitly and the projects and activities within the organization that are for the mission and vision, intentionally or unintentionally. These projects and activities are the moving parts of the organization and each requires attention and maintenance to run smoothly. Leadership’s job is to guide, direct and manage those parts through information, a constant flow of information, a literal tsunami of information.

A leader can be overwhelmed by the information or a leader can implement governance structures and strategies to “tame the tsunami” of information. Project portfolio management is a collection of processes and methods to select, direct and manage the tsunami of project information that competes daily for leadership attention. It is a governance structure that will collect, channel and control all project information within a portfolio so that leadership can make data-driven decisions about the organization’s activities to achieve mission goals and outcomes and strategic goals for future vision. This is what we mean by “Taming the Tsunami,” it is a deliberate leadership process to drive decision making for strategic mission and vision outcomes through the use of project information.

Why Project Portfolio Management?

Why would an organization invest time and resources into portfolio management? We talked to program managers involved in portfolio management at the Census Bureau and our conversations uncovered the challenges and business impact that would lead them to implement portfolio management. We have characterized them into the following statements:

Challenges

- The organization is overwhelmed by the growing demand for innovations while also performing ongoing production tasks.
- The organization is treading water because it does not have a process in place for systematically working toward strategic initiatives and goals.

Business Impacts

- The organization may fall behind in market innovations and possibly lose market share.
- The organization runs the risk of not being able to meet current and future commitments.
- The organization cannot quickly initiate innovations with an assessment of impact on current work priorities.
- Personnel within the organization are failing to achieve strategic initiatives because of existing work commitments.

What is Project Portfolio Management?

Portfolio Management is the processes and activities necessary to manage, prioritize, and optimize a portfolio of programs and projects within an organization. It provides clearly defined steps that ensure investments are strategically selected, cost-effective, well planned and managed, and supports the missions and business goals of the organization. Portfolio management is put in place to help leadership make informed investment decisions that align with strategic priorities and gather and analyze information on investment initiatives and their potential contributions to accomplishing strategic goals. While portfolio management is very narrowly defined to encompass the decisions to add or subtract investments from the portfolio, it is also part of a larger strategic management effort as seen in Figure 1. It needs strategic planning, project management, performance management and a governance structure in place to be successful. The portfolio management process receives and utilizes input from each of the areas so that leadership may make informed decisions about the composition of the portfolio.

Strategic Planning

Strategic Planning is the method by which an organization accomplishes its mission. It is important to portfolio management because the strategy guides both current operations and the definition, selection, and execution of investment projects.

Project Management

Project Management is the technical process for planning and guiding project activities from kickoff to close out. The portfolio management process would be useless if the projects, and the mission and strategic outcomes they represent, were not well executed.

Performance Management

Performance management helps an organization understand its operations over time and assess its progress toward strategic goals. This process is important to portfolio management as it provides important data to guide decisions on supporting or cancelling strategic initiatives.



Governance

Governance refers to the set of policies, regulations, functions, processes, procedures and responsibilities that define the establishment, management and control of projects, programs and portfolios. As shown in Figure 1, governance is the glue that holds all of the processes together. Good governance can be defined by the following characteristics:

- Governance roles, responsibilities and performance criteria are clearly defined.
- Management boards have an independent scrutiny of all projects, programs within their decision authority.
- Members of governing bodies have the capability and resources to make appropriate decisions.
- Stakeholders are engaged at a level that reflects their importance to the organization.
- Qualified and experienced people are a part of the decision making process.
- Decisions are recorded and communicated to the appropriate stakeholders.

Governance Strategies

The Census Bureau first began to implement portfolio management in 2012 and now has 6 years of experience making it work. In the sections below, you will find strategies that the different areas in the Census Bureau have implemented to successfully initiate and support portfolio management across the enterprise. The list below is a summary of the governance strategies covered:

- Leadership Engagement

- Delegation of Authority
- Portfolio Analysis
- Divide and Conquer
- Resource Control
- Quality Gates
- Investment Control Tools
- Dedicated Resources

Leadership Engagement

Strong engagement from leadership is not a new concept, and logically, it is essential to the functioning of the portfolio management governance board(s) and process. The portfolio management governance board chair sets the pace and expectations for the board members and support staff and drives staff engagement and funding decisions. When there is no leadership engagement, the whole portfolio management process will drift. Specifically, we have found that the board members will not participate in the process, the work of the board goes undone and staff will continue to make investment decisions outside of the portfolio management process without strong leadership.

Leadership must set the expectation for the success of the portfolio management process. If the leader expects board members to show up prepared, then the board is more likely to mature and function. If the leader does not approve funding and resource requests outside the process, then staff are motivated to use the process. Leadership engagement makes the difference between a process floundering and succeeding. Subsequently, leadership must respect and enforce the portfolio management process if it is to gain traction with staff and the organization.

Delegation of Authority

Staff will only follow a process that leads to funding and not surprisingly, staff will not participate in a process with no real control over funding and resources. Leadership must delegate control over funding and resources to the portfolio management governing board. If a board does not function as a gate to resources or have authority over resources, then the process will never get traction within the organization. Figure 2 show the basic governance structure implement at the Census Bureau. It utilizes the existing organizational structure and leadership groups and defines the investment categories so the boards are clear on which investments fall within their decision authority.

Census Bureau Portfolio Management Governance Structure

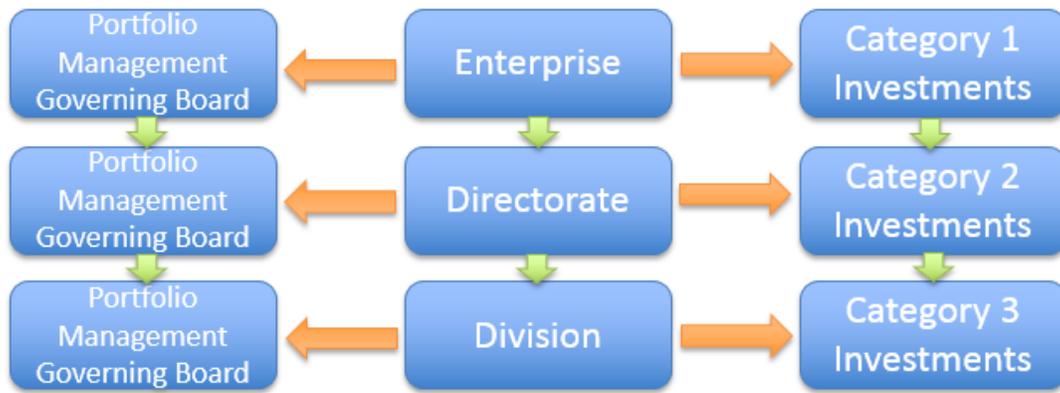


Figure 2 Governance Structure

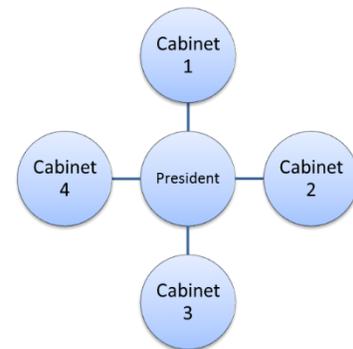
Additionally, the Census Bureau used RACI charts to define the specific decision authority. See table 1 below for an example of a RACI chart. In a more complex organization, it helps to be clear on the specific authority delegated to the different governing bodies.

Table 1 RACI Decision Chart

	Census Bureau Director	Operating Committee	Cross Directorate Investment Review Boards	Directorate Investment Review Boards	Division/Program Investment Review Boards	Architecture Review Board	Budget Division	Office of Risk Management and Program Evaluation	Advisory Boards	External Stakeholders
R = Responsible A = Accountable C = Consulted I = Informed										
Define and execute Census Bureau strategy	A	R	I	I	I	C	I	C	C	C
Establish investment priorities	A	R	R	R	R	C	I	C	C	C
Identify new investment opportunities	C	A	R	R	R	C	I	C	C	C
Approve new investment opportunities	A	R	R	R	R	C	I	I	I	I
Approve budget request for submittal to DOC	A	R	I	I	I	I	R	I	I	I
Review current portfolio performance	A	R	R	R	R	C		R		I

The portfolio management professionals also found that limiting board membership to key members helped the board to be efficient.

They also found that the president-cabinet decision format, as seen in figure 3 below, worked well for portfolio management. In that format, the board members cast their votes and the chair makes the final decision. The program manager typically serves as the chair of the portfolio management governing board and by providing the chair the final decision, it allows the chair to add their cross



department heads and other stakeholders.

Figure 3 President-Cabinet Decision Format

Portfolio Analysis

After the governance board structure is set up for the portfolio management process, the next important step is to learn about the investments within the portfolio. The governing boards should take the time to identify and catalog all production and non-production work within scope. It helps to use different sources to complete your inventory:

- Managers and Staff
- Budget office
- Project Management Office
- Schedule Staff

The first big lesson that programs at the Census Bureau learned is that not all investments are discretionary. It may seem like an obvious discovery, but the majority of funding and resources go to production activities. (See figure 4 for an illustration.) These activities produce products to fulfill mission. The remaining investments could be considered discretionary, but again they found that some resources and funding had to be directed to mandatory projects handed down from above. Additionally, there are those very small projects that would be overwhelmed by participating in the portfolio management process. What is left is the discretionary funding and resources that could be put to strategic



Figure 4 Portfolio Analysis

initiatives and the limitations of the discretionary resources makes the effective and strategic use of those resources even more important.

Once the board has a basic understanding of its portfolio it can go a step further and develop an investment framework. This framework not only organizes the investments for the portfolio management governing board but also creates summary levels for investment reporting and performance metrics. Figure 5 below shows an investment framework for a division within the Census Bureau. This area does a great deal of reimbursable (contract) work for sponsors outside of the Census Bureau so you can see that they divided the portfolio into one area for sponsor controlled work and another area for division controlled work. They then drill down to program level. This level is where they have separated production work from the projects so that they could get to their discretionary work. The next level summarizes the projects by type and then at the project level the investments are divided by project which is also by budget code (not shown on figure). Each level serves a purpose in the reporting and management of the investments.

1. DIVISION	DSMD									
2. PORTFOLIO	Sponsor Controlled (PartDiv) <i>ADDP is PGMB</i>					DSMD Controlled <i>DSMD is PGMB</i>				
3. PROGRAM	Production			Research	Redesign	Homeroom	Audit			
4. PROJECT-TYPE	Project-Type specific standard WBSs are employed below this level									
	Mailout	HH Surveys		Supplements	Small	Reimbursable Research	Operations	Statistical Methods	Homeroom	Audit
5. PROJECT	HH projects listed to provide an example						Operations	Statistical Methods	HR1...HRn	
	[= TBS]	CPS	AHS	NCVS	NHIS	SIPP	FHWAR	Cons.Exp.		

Divide and Conquer

Portfolio management board members only have so much bandwidth to handle the tsunami of information needed to manage a portfolio. This constraint should be obvious but many times a new governance structure unknowingly puts too much work onto one group. This was a common finding when talking to portfolio management professionals. Most areas had to implement other boards or groups to handle the workload. The best method is to stand up groups to do the most time consuming tasks such as:

- Technical review
- Quality review
- Risk review
- Documentation review

Then use these groups as gate keepers to the portfolio management governing board. The areas did this by delegating the authority to decide whether a project will go to the PMGB for consideration. Thereby the groups can screen out projects that are not ready for PMGB consideration, thus preserving the PMGB member’s time for investment decisions. In Figure 5 below, the basic governance structure for the 2020 Census is illustrated. The 2020 Census program is a 10-year, multi-billion dollar program that manages multiple phases. The structure below has evolved over time and has transitioned from research phase, to development phase and recently to operations phase. The structure delegates investment reviews by type and magnitude (a combination of size and political sensitivity). Not shown are IT investment reviews which happen outside the program at the Enterprise level.

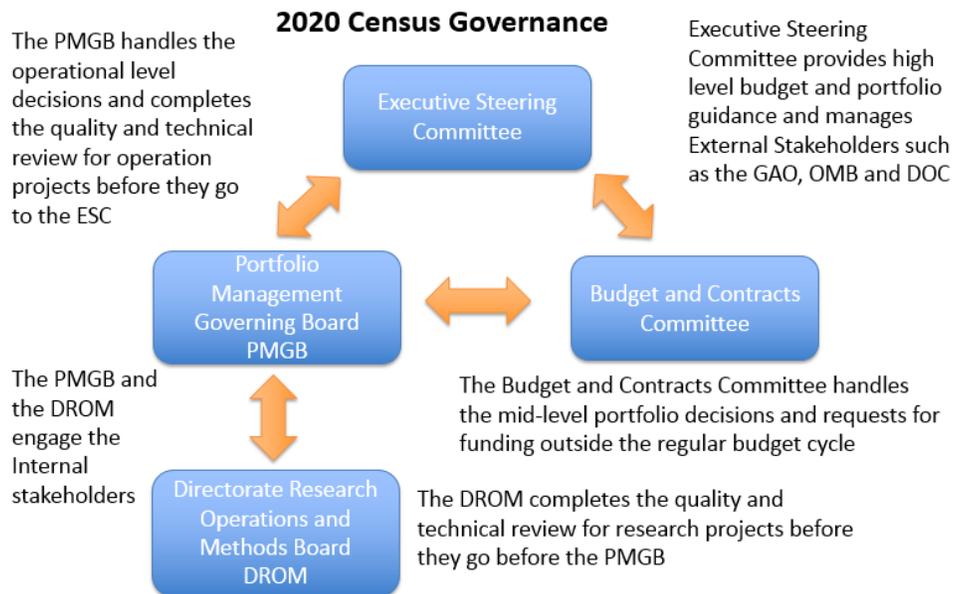


Figure 5 2020 Census Governance

Resource Control

Maintaining control of portfolio resources is essential to successfully implementing portfolio management. Portfolio management professionals were in agreement that both leaders and managers had to work together to ensure both that the process was utilized and the governing board was setting priorities and approving use of funding and resources.

Figure 6 shows how a lack of control of resources and funding decisions can steal from the portfolio management process. Across the top you can see that when leaders allow “end runs” around the board they undermine the process by funding projects that have not gone through a review to ensure the work aligns with strategic initiatives. Additionally, when managers do not communicate work priorities and balance staff workload, the staff then decide how they will spend their work time leading to “leaks” that drain discretionary resources from strategic initiatives.

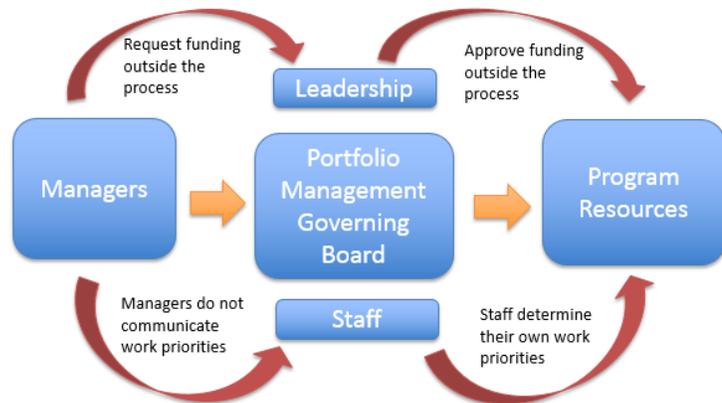


Figure 6 Resource Control

Quality Gates

The divide and conquer section covered the structure of creating gatekeepers and one great purpose for a gatekeeper is to ensure the quality of work products. Typically, project documentation can fall to the side but at the Census Bureau, professionals running the portfolio management process have found that tying project documentation to access to funding has had a good effect on getting project staff to complete their business plans and risk registers. Figure 7 illustrates how the Project Management Office and its documentation requirements can stand between the portfolio management board and projects seeking funding and resources.



Figure 7 Quality Gates

Investment Control Tools

The portfolio management process requires documentation and good access to that documentation. Good tools can help the governing boards stay in control of the investments. The Census Bureau uses two platforms for managing information on its portfolio. The first is

Microsoft SharePoint. This platform is accessible by everyone on the system, has standard tools that can be customized without the use of programming resources and permissions that are easily controlled. It also interacts well with other Microsoft products. SharePoint's out of the box tools can be customized to support the portfolio management process and many of the program areas at the Census Bureau have set up SharePoint pages, Lists and Documents Libraries to support their processes.

The second platform is Microsoft Project Server. This product organizes Microsoft Project schedules. It can be programmed to summarize Project Data across the enterprise from a data warehouse of schedule and timesheet data collected in the system. The Census Bureau has added MasterLink functionality to link portions or whole schedules together and just recently added MS PowerBI to allow users to generate custom reports from a copy of the Project Server data warehouse. The Census Bureau also built a risk management tool in Project Server to provide a platform for managing risk across the Enterprise.

Dedicated Resources

All processes require support to be successful. Running a portfolio management process can be labor intensive and the level of support needed should be relative to the size of the portfolio being managed. Typically, a small program should have at least one resource with dedicated time to support the process and a large program should have multiple dedicated resources to support staff and run the processes. We found that the programs furthest along on maturity got there by investing resources in the process. These programs had staff dedicated to the process whereas the less mature programs typically had little to no staff dedicated solely to portfolio management. Figure 8 below shows how one program area dedicated resources to help staff complete business plans, risk registers and projects schedules as well as run the portfolio management process and support tools.



Figure 8 Supporting Resources

Conclusion

Portfolio management processes can help an organization achieve its strategic priorities but most organizations are going to need good strategies to be successful. Strategies such as leadership engagement, delegation of decision authority and portfolio analysis are good strategies for starting whereas, divide and conquer, resource control, quality gates, investment tools and dedicated resources are strategies that keep the process running. All are ways that contribute to a well-functioning portfolio management process and all will help an organization tame the tsunami of project information flowing in every day.

About the Authors



Susan Hostetter

Texas and Washington, DC, USA



Susan Hostetter, PMP, is a Project Manager at the U.S. Census Bureau in Washington, DC, USA. As a data analyst and project management professional, she has been instrumental in standing up and improving PMO processes for risk management, project management, portfolio management, schedule management, cost management, performance management and strategic planning. Her papers have been published in the PM World Journal and she has presented project management topics at PMI chapter events and at the University of Maryland's and University of Texas at Dallas' PM Symposiums. She has a Master's Certificate in Project Management from George Washington University, a Master's Degree in Management with Project Management emphasis from University of Maryland's University College and a Bachelor's Degree in Business Administration, with a minor in Economics, from Mary Baldwin College. Susan can be contacted at susan.lynn.hostetter@census.gov



Sherri Norris

Washington, DC, USA



Sherri Norris is a project management and statistical professional with over twenty years of public policy, project management and operations experience. Ms. Norris has coordinated and implemented schedule, requirements, performance management, and governance processes for survey and Census Programs. She has a Public Policy Master's Degree in Justice: Law and Society from American University, a Master's Certificate in Program Management from George Washington University and a Bachelor's Degree in Criminal Justice from University of Delaware. Sherri can be reached at sherri.i.norris@census.gov