

## ***Boosting Organisational Value Through Smarter Portfolio Management<sup>1</sup>***

### **Portfolio Management Metrics and Reporting<sup>2</sup>**

By Iain Fraser

#### **Portfolio Management Metrics**

Portfolio metrics are typically fashioned from aggregated measures of key information from a variety of sources. Ideally, those should be shown in a balanced scorecard format. We have all seen organizations producing reports that have far too much information, and which provide little assistance to the report's recipients. Again, the secret to success is to be simple in design yet powerful in terms of content and shared understanding. A well-designed dashboard and/or report should offer data and executive commentary on some or all of these factors:

- Strategic goal and/or business objective progress with each separated and clearly labelled,
- Financial status and time to value together with projected savings and non-drawdown of reserves,
- Split of opex and capex status in a rolled-up consolidation,
- Risk profile, including consolidated view,
- Consolidated portfolio data,
- Opportunities for portfolio change.

Build your metrics that will cover those. You'll be surprised by how few you actually need.

#### **Portfolio Management Reporting**

Reporting on the progression of portfolios needs to be high-level and aligned to the organization's strategy and related objectives. Ideally, the content, performance, and balancing is tightly linked to other organizational reporting. Some examples of report types and content are:

- Balanced Scorecard across all portfolios,
- Portfolio performance metrics,
- Program of work reporting:
  - Benefit achievement
  - Asset maintenance and development status

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<sup>1</sup>This series of articles on smarter portfolio management are based on Iain's book "[The Business of Portfolio Management: Boosting Organizational Value Through Portfolio Management](#)", PMI, 2017.

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- Risk profile
- Resource capability and capacity.
- Project reporting in a summarized manner if not included as part of a program of work,
- Financial reporting:
  - Key indicators that determine balance and content of each portfolio
  - Consolidated views on forecast end costs of each portfolio including savings and non-drawdown of reserves
  - Benefits realization - actual and projected.

In general terms, it is best to have an integrated reporting model that focuses on the portfolio level and caters for an executive audience. Other forms of reporting, such as program of work and project reporting, can be developed and distributed at lower levels of the organization.

Executive reporting at the portfolio level needs to offer information on the critical aspects or critical success factors (CSFs) of the organization's business. Information needs to be collated in different ways, so that each reader group is provided with information that is relevant and pertinent to their level of decision making and stakeholder interest. Be warned that rolled-up project management data, whilst vital for program of work reporting, is not sufficient for portfolio reporting.

For portfolio reporting a balanced scorecard (BSC) approach is best. However, this needs to be a light version, not a full-blown theoretical model that will choke the organization due to its unwieldiness and its time and cost to deliver. It's time to re-consider the BSC in a more flexible manner, which has fewer objectives, targets and measures to give a light version. From a change perspective, a light version is more likely to successfully gain stakeholder buy-in and therefore be sustainable, leading to focused organizational performance and even a cultural lift.

The close compatibility between BSC and portfolio management lends itself well to organizations that seek more mature contributions from their existing portfolio or program management offices. These can provide a valuable contribution by working closely with finance, those involved in strategy planning, and others as required, to provide a central collation and analysis service to the entire organization. Ownership of the BSC can be within the EPMO, but only if its leadership and staff have the maturity, capability and vision required to operate effectively at an enterprise level thus the previous positioning within the Office of the CEO.

## References

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**Iain Fraser**, Dip PPC, PMP, MoP, P3M3, PMI Fellow, Fellow PMINZ has over 30 years of global business, portfolio, program of work, project, and EPMO leadership experience from a variety of sectors such as oil & gas, telecommunications, power, banking, defence, government and technology. He is globally known for his expertise and in-sights on leveraging benefits from project-based management for business advantage. A former CEO, he is now an independent consultant/director, speaker, and trainer. He is considered a thought-leader by his peers, has been featured on live radio, video and podcasts and has been quoted in *The Times* and *The Telegraph* of the UK. He is the author of the top-selling business book '[The Business of Portfolio Management— Boosting Organizational Value](#)' (PMI, 2017) and co-author of '[The Business of People: Leadership for the Changing World](#)' (Routledge, 2019) with Madeleine Taylor as well as other publications. More at [www.jacobite.co.nz](http://www.jacobite.co.nz)

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