

New Foundation - Analytics Models for Project Portfolio Management (PPM) Certification¹

Dennis Wiggins

Today's job market is extremely competitive in technology as we continually evolve to seek the "Best of the Best" contractors and employees in corporations. Employers seek recruits that have various certifications that complement their respective disciplines to reduce the learning curve for corporate in-house software applications for Project Management Office (PMO) Governance.

The disposition of PMO Governance is astonishing as published in numerous articles that I have read; the current state of maturity is that 50% of PMOs are closing within the first three years of their existence. Also, that PMOs have the highest failure rate of any department in the business organization. Listed below are the two (2) articles that have demonstrated failures of PMO's:

- 1) **"40 reasons why PMOs Fail"**, and
- 2) **"45 Stats You Can't Ignore"**.

The above-mentioned articles count of inefficiencies is excessive and can only be classified as an Immature PMO Governance. But my question is what happens to future information technology projects, the corporation certainly must evolve with technology. Do the future projects get subcontracted to consulting firms with high bill rates? If so, I would wonder for the total projects in the portfolio if the trade-off were truly a value proposition, or merely a C-Level Executive anger management restructuring move to attempt to fix to the problem? This would be the apparent fix for cost overruns which can be negotiated in the type of contract (i.e., Fixed Price Contract) or the "Contract Terms and Conditions" binding the consulting firms to deliver the baseline scope. Failure to do so would result in liquidated damages to be paid by consulting corporation or business insurance policy.

But, in a lot of cases, corporate bureaucracy allows PMOs to survive. This is because the C-Level Executive understands that it is mandatory to achieve the corporate business objectives, but cannot acquire a holistic PPM solution (designed by PMO Practitioners) that does not require staffing augmentation to complete business critical tasks. Therefore, they roll dice because something must be done to consolidate and summarize in reports the large working capital investments to the CEO & Board of Directors. Although, this is not a blank check for deficient PMO Governance. Eventually, someone must pay the piper (i.e., Chief Information Officer (CIO) or PMO Governance). It appears that three (3) years is the maximum before the CIO makes the decision to dissolve PMO Governance. I wonder if the remaining 50% is the turnover rate for the Chief Information Officer (CIO) based on a decision by the CEO & Board of Directors? If so, there is a direct correlation between the success & failure of the Chief Information Officer (CIO) & PMO Governance for Project Portfolio Management (PPM) for the final answer of who gets terminated – CIO or PMO Governance.

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But the truth is that the projects are failing at an excessive rate of 60% as published by the media for the technology industry. If projects are only projected to succeed at a dismal rate of 40% the flow-through for the Program Managers, Portfolio Managers & PMO Governance is compounded by this deficiency at each level through the CIO Organization Hierarchy Level (refer to Appendix for hyperlinks to articles).

Part of the issue is that resources think that more certifications will keep you game fully employed and marketable to corporations and in some cases it may be true. In my opinion, you may become top-heavy and too expensive and the corporate requirement is going to be for more resources in the trenches to create ad hoc reports to meet C-Level reporting requirements at reduced rates.

This is when the downsizing starts because the benefits realization, return on investment (ROI), payback period (PB), etc. is not being achieved and restructuring begins to attempt to find the best C-Level Executive to align Strategic Execution with Tactical Execution.

As an Instructor for the following certifications: PMP, Lean Six Sigma Green & Black Belts what I see is a plethora of information (via textbooks) provided at a costly price with no resemblance to what the candidate can expect when applying their discipline in the real world for a corporation.

When I think about the technology industry and the vast number of certification programs (PMP, PgMP, PfMP, Scrum, Agile, etc.) that are available to technology candidates. It appears to me based on the dismal 40% success rate that textbook knowledge solely may be an exercise in futility. I think if you combined analytics so that students can visualize the following: Big Picture, going Full Circle, to the End Game. It will facilitate their critical thinking process regardless of in-house PPM Tool deployed in a business organization. It is apparent to me that If the project success rate is 40% that critical thinking is lagging in the corrective measures to ensure on time, within budget delivery of projects.

Critical thinking will facilitate resources in organizations to automate and integrate gaps for C-Level Executive reporting critical KPI metrics to the business organization. This would create a win, win scenario as opposed to dissolution of PMO Governance at a rate of 50%.

In my opinion, the bottleneck is critical thinking in the maturity for PMO Governance. Therefore, I want to share with you a definition from Wikipedia - "CIO Index: Project Portfolio Management (PPM) Definition". Please take a moment and digest the concept of a Project Portfolio Management (PPM) tool as described by Chief Information Officers (CIOs) the end users.

The red circle with numbers (#) on both sides of the CIO Index – Project Portfolio Management Definition support a chart which is later displayed in the article. But, for now just focus on definition recorded by Chief Information Officers (CIO) for a PPM Tool.

Chief Information Officer (CIO) Index - Project Portfolio Management (PPM) Definition

“Takeaways” Highlighted by Author

- 1 Project Portfolio Management (PPM) is the centralized management of the processes, methods, and technologies used by project managers and [project management offices \(PMOs\)](#) to analyze and collectively manage current or proposed projects based on numerous key characteristics. The objectives of PPM are to determine the optimal resource mix for delivery and to schedule activities to best achieve an organization’s operational and financial goals — while honoring constraints imposed by customers, strategic objectives, or external real-world factors. [1] Portfolio management ensures that an organization can leverage its project selection and execution success. It refers to the centralized management of one or more project portfolios to achieve strategic objectives. Research has shown that portfolio management is a way to bridge the gap between [strategy](#) and implementation. [2] Project Portfolio Management is about more than running multiple projects. Each portfolio of projects needs to be assessed on its business value and adherence to business strategy. The portfolio should be designed to achieve a defined business objective or benefit. Project management authority Bob Buttrick summarized it when he said, "Directing the individual project correctly will ensure it is done right. Directing all the projects' successfully will ensure we are doing the right projects." [3]
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- 8 Project Portfolio Management (PPM) as a Business Process [4] Organizations have a hard time planning and executing the right initiatives because project portfolio management (PPM) is not deployed as a business process. With an increasing need and desire to innovate and change the ways we are doing things; one would expect that organizations are keen on project portfolio management (PPM). In an ideal state, PPM is managed as a business process, equivalent to the more traditional process like finance, marketing and sales, procurement, and human resources management. The following steps may be taken to deploy PPM a business process:
Align leadership: Implementing PPM as a business process is a game-changer and requires adequate change leadership. Part of that is executive alignment. A key element of the alignment process is visualization. Senior leaders must be able to envision what the future-state looks like and how that improves their business area and the organization. An introduction to the high-level process design, a demonstration of the PPM application, and a walkthrough of a few use cases are instruments to get them all on the same page. Once the alignment is there, a change leadership committee should be established, tasked with delivering the PPM solution.
Implement and deploy: PPM is an enterprise application, which means that the implementation and deployment must be managed as such. The project team is a balanced representation of the organization with functional and technical resources. If these two principles are violated, the probability that the end-users do not adopt the PPM solution as intended is high. The focus of the implementation must be on business process, analytics, application, and governance. These four components make up the integrated PPM solution, and all need to come into play at the same time. PPM projects tend to fail when the focus is primarily on the application. Organizations rush through the software product capabilities, make design decisions on-the-go and forget the importance of the business process, governance, and analytical requirements.
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- RIS
- 11 Mobilize a team with internal and external resources. It is imperative that the vendor can provide the expertise in all four areas of the PPM solution, and can assist the change leadership

committee with manifesting the future-state **Execute, learn and adjust**: When the PPM solution goes live, it's the start of a new beginning. The primary focus of the project team and business must be on user adoption and tying the experience back to the original business case. It is a good idea to have super user representation in all of the business areas. **The super user is a functional expert in the PPM solution and an evangelist pur sang. It is the first line of support for all the end-users. The PPM business process has a natural cadence where at set times and gates, certain activities must be completed. It is not uncommon that this is a one-year cycle.** As a consequence, the learn and adjust cycle is at least equal to that period. The organization must go through all the hoops and loops, complete lessons-learned sessions and optimization steps before the project can be declared a success and closed.

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Project portfolio management (PPM) must be perceived as a business-critical process for organizations that have the intention to grow, accelerate and improve. Those organizations who want to be an outlier and exception in their marketplace put serious effort into implementing and deploying a robust PPM solution. It is part of innovation and getting better than your competition. (refer to Appendix for hyperlink)

Hedge the “Chief Information Officer (CIO) Index - Project Portfolio Management (PPM) Definition” as denoted above and compare to Gartner Magic Quadrant for PPM Tools which are categorized as follows: Leaders, Challengers, Visionaries, and Niche Players. I think you will discover that the majority of the requested functionality has not been achieved for such a large working capital investment requiring staffing augmentation to complete critical business tasks for the Chief Information Officer (CIO) for reports distributed to the CEO & Board of Directors.

Trifecta PPM Methodology

“Where you start is the finish line, and anything short of it is tunnel vision requiring staffing augmentation to perform critical business metrics to score, scale and sustain business performance to create Shareholder Value through Quality Improvement Productivity (QIP).” Dennis Wiggins, Chief Portfolio Officer (CPO).

BIG PICTURE



The starting point for the Trifecta PPM methodology is the Strategic Governance, this occurs when C-Level Executives are determining which Strategic Initiatives will yield the best performance for the organization commonly referred to as the “Big Picture”. A business case is prepared demonstrating the value proposition to the corporation as the above-mentioned accounting and finance key performance indicators (i.e. return on investment, payback period,

etc.) are used to justify the business working capital investment for the Initiative. If selected by the C-Level Executives, it becomes part of the Strategic Roadmap and working capital funds are allocated to the approved Strategic Initiative at Rough Order of Magnitude (ROM) level. Now, that the Strategic Roadmap is being executed for Strategic Governance this ends the “Top Down” half of the “Full Circle”.

The “Bottom Up” approach is the starting point for “Tactical Governance” which is the bottom half will complete the “Full Circle” when aligned with “Strategic Governance (Top Down)” for the “Big Picture from the “Top Down” perspective.

The “End Game” is to automate and integrate cross-functional disciplines to generate KPI metrics closing the gap of the silo mentality and tunnel vision, while understanding the value proposition of thinking holistically to achieve corporate objectives in a real time manner.

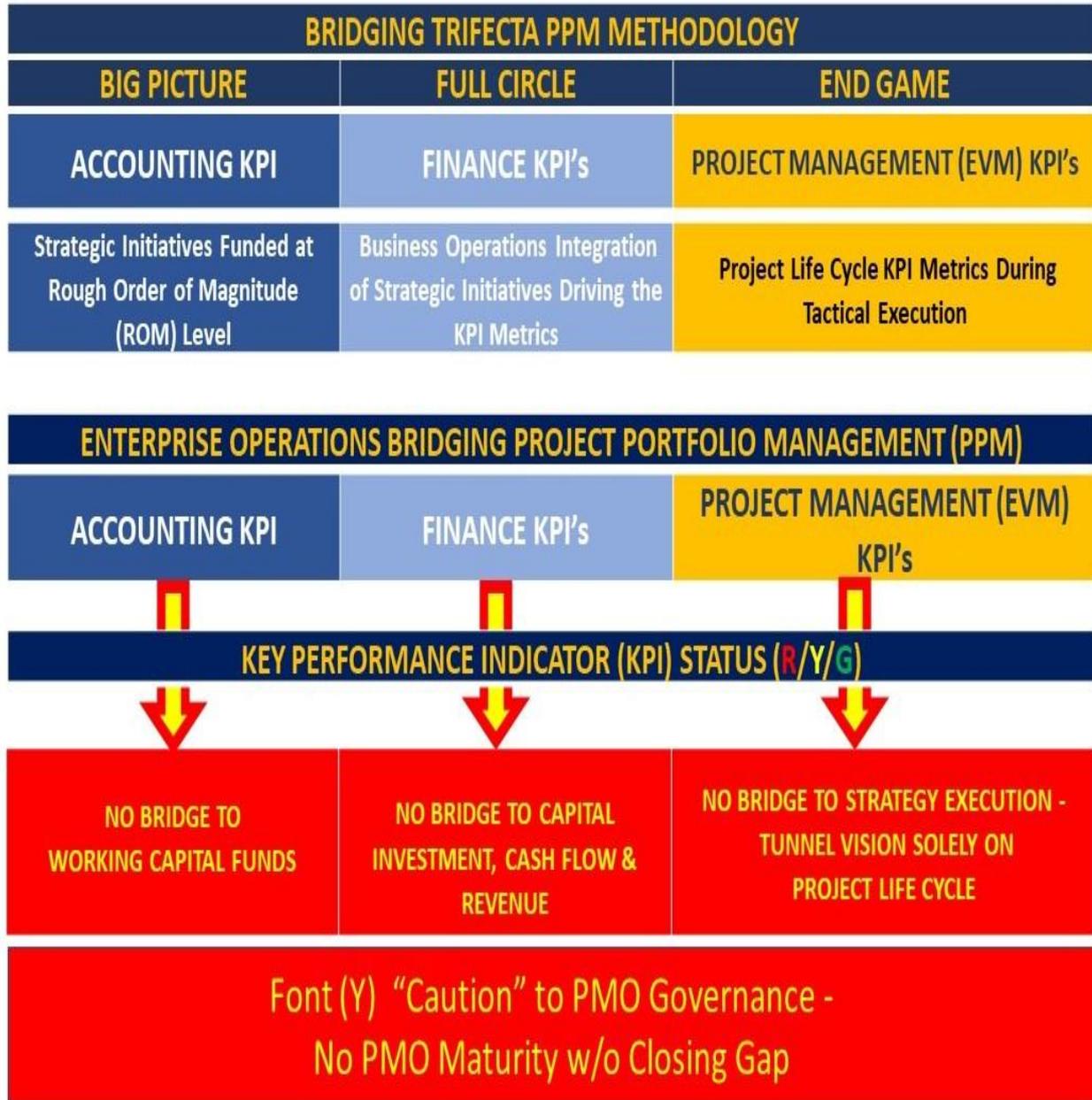
Strategic Governance Vs Tactical Governance GAPs Accounting, Finance & Project, Portfolio Management (PPM)

STRATEGIC EXECUTION		TACTICAL EXECUTION
ACCOUNTING KPI	FINANCE KPI's	PROJECT MANAGEMENT (EVM) KPI's
Basis Working Capital \$ Percent (%) Allocation of Balance Sheet Funds for Strategic Initiatives	Basis of KPI Computation Capital Investment, Cash Flow & Revenue	Basis of KPI Computations is Cost Accounting for Tactical Execution
Big “Gap” Between Accounting, Finance & Project Management – No Correlation Amongst Key Performance Indicators (KPI's)		

Basis of Key Performance Indicator (KPI's) by Discipline

STRATEGIC EXECUTION		TACTICAL EXECUTION
Basis Working Capital KPI - \$ Percent (%) Allocation of Balance Sheet Funds for Strategic Initiatives	Basis of KPI Computation Capital Investment, Cash Flow & Revenue	Basis of KPI Computation Cost Accounting for Tactical Execution
ACCOUNTING KPI	FINANCE KPI's	PROJECT MANAGEMENT (EVM) KPI's
Working Capital Funds	Business Case	Earned Value Management (EVM)
1. Strategic Initiative Funding	1. Return on Investment (ROI)	1. Planned Value (PV)
	2. Internal Rate of Return (IRR)	2. Earned Value (EV)
	3. Payback Period (PB)	3. Actual Cost (AC)
	4. Net Present Value (NPV)	4. Budget at Completion (BAC)
	5. Benefit-Cost Ratio (BCR)	5. Cost Variance (CV)
	6. Present Value (PV)	6. Schedule Variance (SV)
		7. Variance at Completion (VAC)
		8. Cost Performance Index (CPI)
		9. Schedule Performance Index (SPI)
		10. Estimate At Completion (EAC)
		11. Estimate to Complete (ETC)
		12. To Complete Performance Index (TCPI)
Strategic Initiatives Funded at Rough Order of Magnitude (ROM) Level	Enterprise Operations Integration of Strategic Initiatives Driving the Finance KPI Metrics	Project Life Cycle KPI Metrics Driven by Tactical Execution
Cross-functional Key Performance Indicators (KPI's) Incapable of Matching to Determine Favorable of Unfavorable KPI Performance		

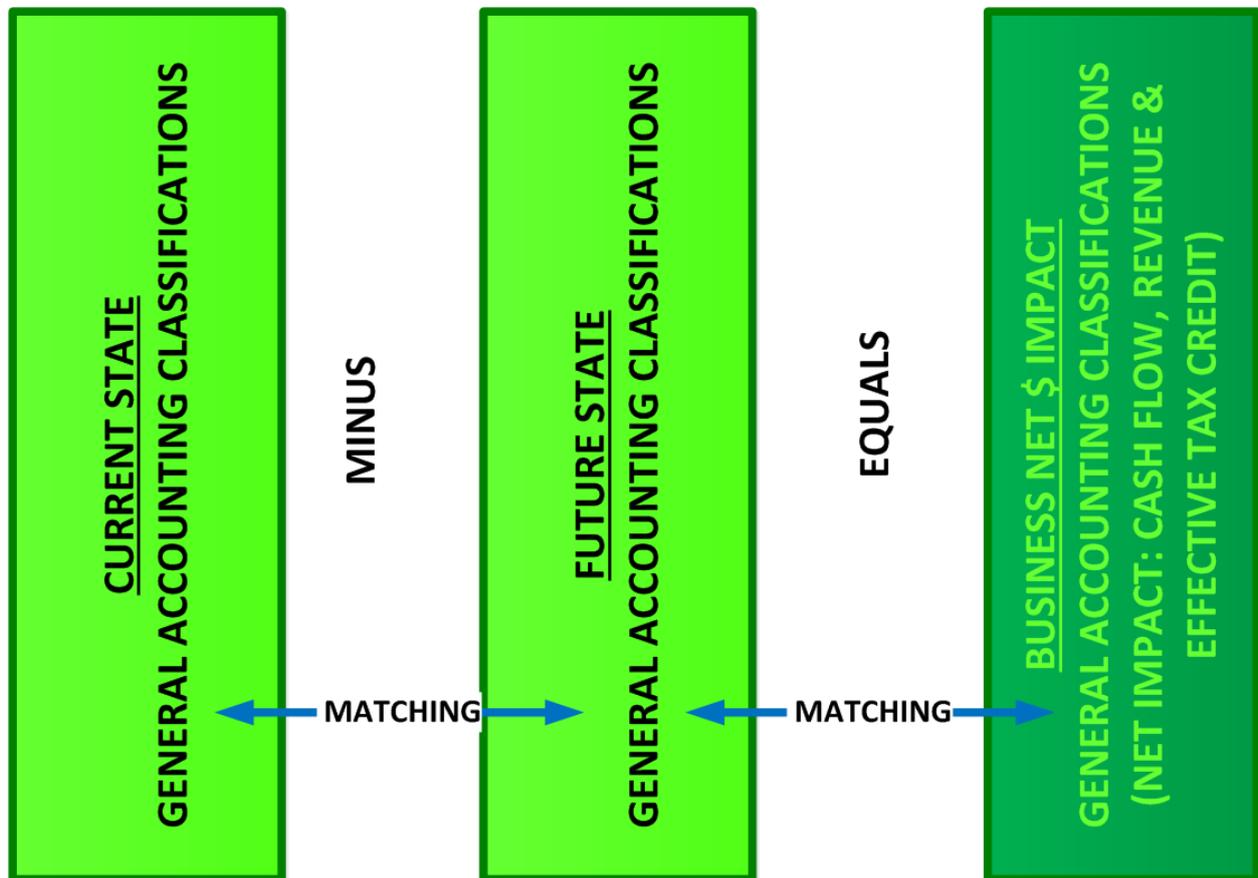
Strategic Governance Vs Tactical Governance “Full Circle” Status Report Color Coding Rating (Red /Yellow/Green)



Strategic Governance Vs Tactical Governance Current State Vs Future State Costs

GAP Closure

The major contributor to the dissolution of PMOs within the first three (3) years is the lack of identifying benefits realization from information technology projects. This is attributed to lack of understanding the financial impact that will result from the sunset of legacy applications and the current costs. Also, the soft and hard dollar savings resulting from implementing new applications. PMO Governance should close the gap by tracking categoric “current state” minus “future state” costs the resulting benefits realization. By performing a detailed review of each general accounting category that is impacted (+/-) such as the following: saas, software procurement, licensing, training, hardware & software capitalization, hardware & software expense, break fix maintenance, help desk support, etc.



**STRATEGY EXECUTION BRIDGED
TO TACTICAL EXECUTION**

Cost (\$'s) Creating Shareholder Value

To understand the value proposition to shareholder value; consideration must be given to the following: organizational transformation, benefits realization, resource optimization, risk mitigation, transparency, automation & integration, and real time collaboration.

The diagram below demonstrates key performance metrics for **Quality Improvement Productivity (QIP)**.



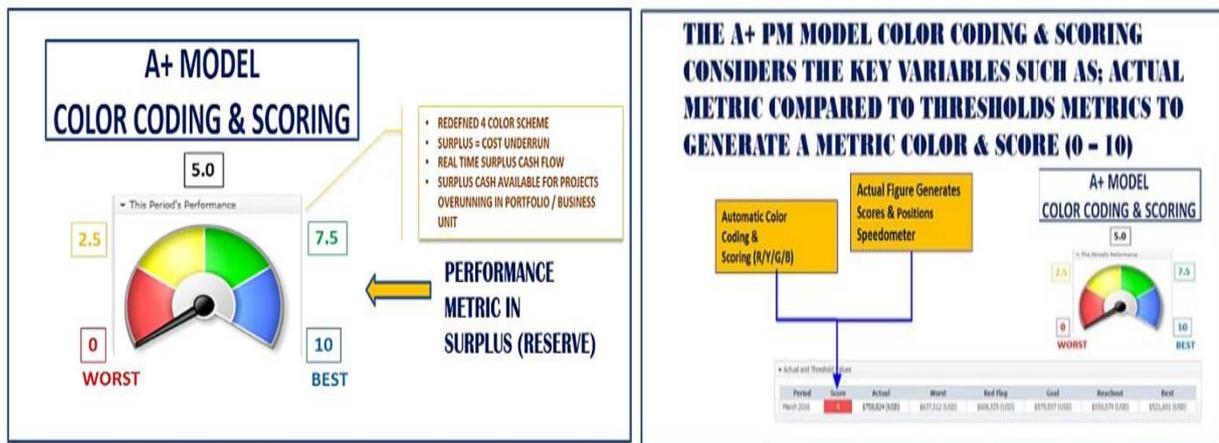
Wall Street's primary concern is to increase shareholder value. There are two (2) ways to achieve this result; increase sales or cost reduction. Therefore, our focus is on cost reduction driven by Quality Improvement Productivity (QIP) resulting in Continuous Improvement (CI) which require monitoring and tracking for a PPM Health Check supported by a Pseudo Information Technology Profit Center to demonstrate the value proposition of PMO Governance to Corporate Shareholder Value as demonstrated by the Chief Information Officer (CIO) in reports to the CEO & Board of Directors.

It is my opinion, because Project Portfolio Management (PPM) is cost accounting a modified perception must be deployed throughout business organizations to demonstrate the value proposition as organizations change their technology infrastructure from legacy applications to new applications for "Quality Improvement Productivity (QIP)". Again, this is the value proposition which requires monitoring and tracking for the PMO Governance Health Check.

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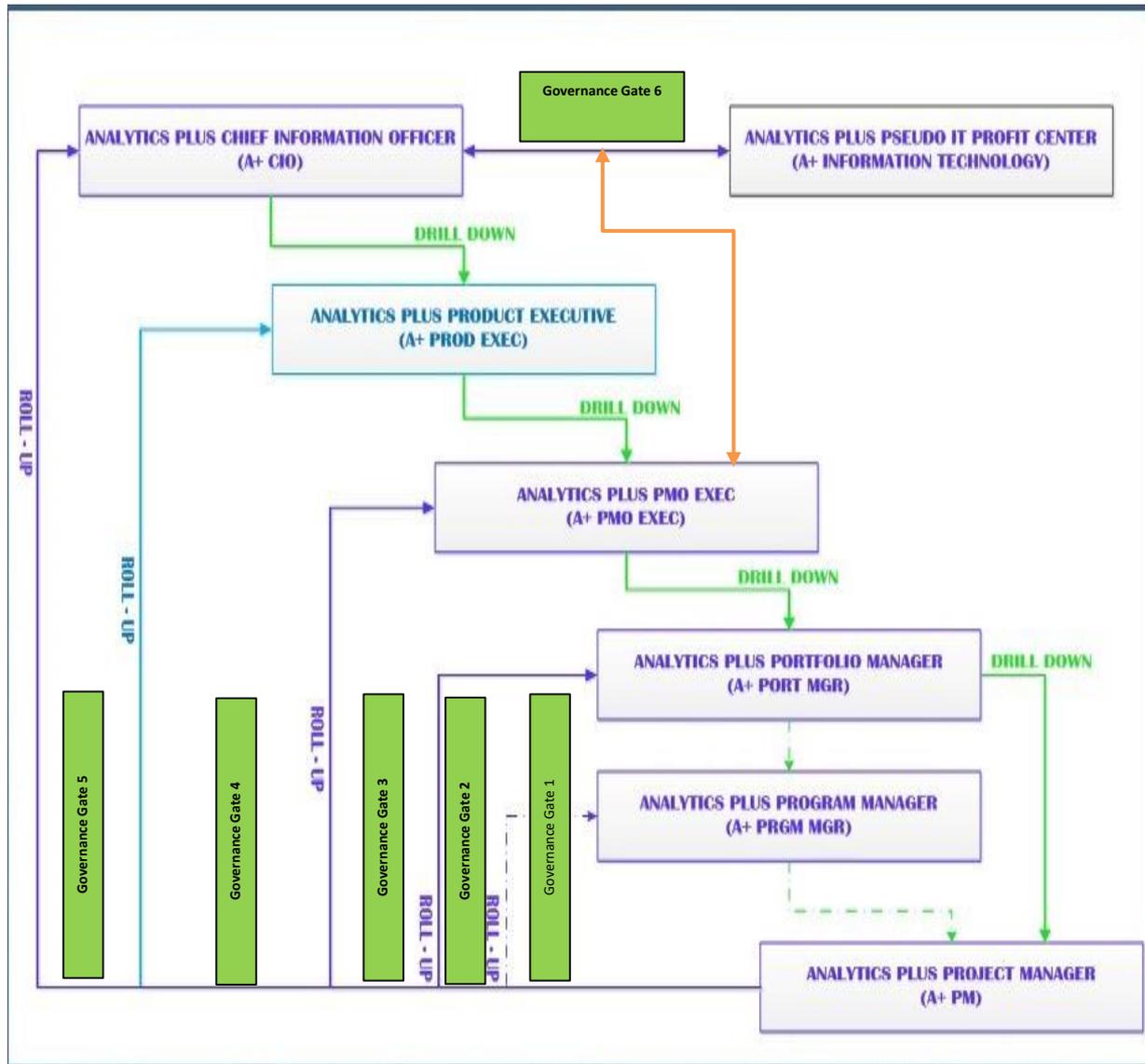


Scoring & Scaling - Key Performance Indicator (KPI's)



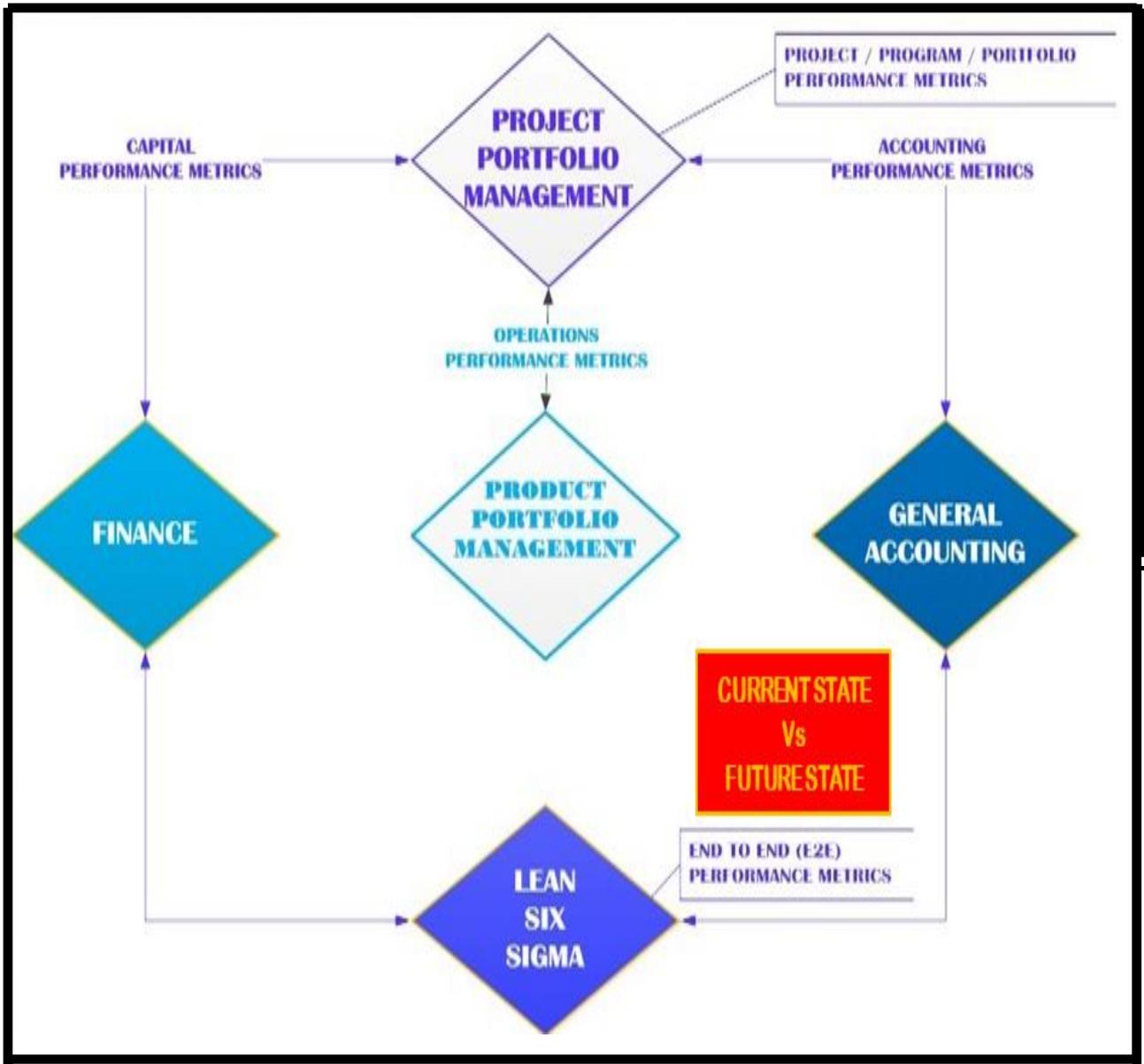
“Driving a business by the Chief Information Officer (CIO) should be like driving a race car while monitoring the dashboard gauges except the dashboard are a suite of cross-functional performance metrics consolidating the following disciplines: accounting, finance, project management, and lean six sigma!” Dennis Wiggins, Chief Portfolio Officer (CPO)

Real Time Reporting to Chief Information Officer (CIO) with Pseudo IT Profit Center



**Functional Hierarchy Integrated into
Product / Project Portfolio Models**

Merging Cross-functional Disciplines to Measure Business Objectives for Strategic Road-map



Functional Disciplines Integrated into Product / Project Portfolio Models

CIOIndex – Project Portfolio Management (PPM) Definition (RISK)

“Organizations rush through the software product capabilities, make design decisions on-the-go and forget the importance of the business process, governance, and analytical requirements.”

It appears that in hindsight a PPM Tool should be designed and developed by PMO Practitioners; not designed by developers being instructed to build a tunnel vision band-aid for a pain point the PMO Governance may be experiencing at the current time. A PPM Tool should achieve at minimum 85% to 90% of PMO Governance business requirements and PPM should be taught in Universities, Colleges and Training Companies using Analytics. If this were the case the critical thinking process would be fully developed, and projects would not be failing at a rate of 60%. Also, do not forget the dissolution of PMOs at a failure rate of 50%. Finally, PMOs having the highest rate of dissolution in comparison to any other discipline (e.g. Finance, Accounting, Human Resources, etc.) in corporations.

Common Goals - CIO Index - PPM Definition to A+ PPM Models

CIO Index – Project Portfolio Management (PPM) Definition	A+ CPO Model
1. Project Portfolio Management (PPM) Centralization of Processes, Methods, and Technologies	<input checked="" type="checkbox"/>
2. Best Achieve an Organization’s Operational and Financial Goals	<input checked="" type="checkbox"/>
3. Honoring Strategic Objectives	<input checked="" type="checkbox"/>
4. Centralized Management of One or More Project Portfolios	<input checked="" type="checkbox"/>
5. Portfolio Management Bridging Gap Between <u>Strategy</u> & Implementation. [2]	<input checked="" type="checkbox"/>
6. Each Portfolio of Projects Assessed on Business Value & Adherence to Business Strategy	<input checked="" type="checkbox"/>
7. Portfolio Should be Designed to Achieve a Defined to Business Objective or Benefit	<input checked="" type="checkbox"/>
8. PPM Managed as a Business Process	<input checked="" type="checkbox"/>
9. Senior Leaders Must Envision Future State & Improvements to Business Organization	<input checked="" type="checkbox"/>
10. The Four (4) Components for an Automated & Integrated PPM Solution = Business Process, Analytics, Application, and Governance	<input checked="" type="checkbox"/>
11. Vendor Expertise in all Four (#10) Components of PPM Solution & Assist in Change Leadership	<input checked="" type="checkbox"/>
12. Set Time Gates - Completion of Activities	<input checked="" type="checkbox"/>
13. Project Portfolio Management (PPM) a Business-Critical Process for Organizations	<input checked="" type="checkbox"/>

Conclusion

You have just received a high-level overview of the requirements for Project Portfolio Management (PPM) Tool in compliance to the “CIO Index – Project Portfolio Management (PPM)” in Wikipedia. How can you go wrong when implementing a PPM Tool in compliance the CIO published requirements versus marketing surveys from various levels within corporations focused on pain points at their respective levels published in technology articles?

What perturbs me is when I read that PMOs are dissolved at a faster rate than any other discipline in corporations, then I think it’s time for corrective measures because “Textbook Training” is just a foundation to pass a certification exam (i.e. PMP, PgMP, PfMP, Agile, Lean Six Sigma, etc.). In reading the “CIO Index - Project Portfolio Management (PPM)” there was no mention of required certifications. What I read in the article - “Centralized Process” is the requirement in lieu of Certifications.

The fact the Universities, Colleges and Training Companies are still training from textbooks (in some cases with costly fees) in the digital transformation era has prompted me to bridge analytics training with textbook training beginning with the base model the Analytics Plus Project Manager (A+ PM) Model.

It will demonstrate the real-world application for project portfolio management (PPM), the courseware will be the following: PMBOK 6TH Edition, simulation business flow charts, PMP Exam Questions, analytical model questions, and comparison manual vs analytical computations for validation.

In fact, an earlier release of the Analytics Plus Model received “Project of the Year” from the PMI Atlanta Chapter (2nd largest in US, 3rd largest worldwide) and was recommended for academics training by PHD’s at the Institute of Industrial Engineering (IIE) Business Conference & Expo.

Our goal is to launch this training offering as a PPM Technical Certification Program through Partnerships, Joint Ventures & Co-branding with domestic and international Universities, Colleges, Training Companies as a part of their academic training curriculum.

In conclusion, the acceptance of these dismal metrics pertinent to the PPM discipline is embarrassing, and status quo should not be accepted. We truly need to bring value to corporations so that they promote us as being PMO Governance Experts because we can create shareholder value from the utilization of a PPM Tool taught in Universities, Colleges and Training Companies that develops critical thinking that can be applied from Strategic Governance through Tactical Governance without any Gaps.

About the Author



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Dennis Wiggins has over 25 years of experience and an expert in the Product / Project Portfolio Management (PPM2) discipline. He is a domestic & international Instructor for the following: Project Management, Lean Six Sigma Green Belt & Black Belt Courses.

In addition, he is a domestic and international speaker for Product / Project Portfolio Management discipline.

Mr. Wiggins is a PMO Governance Leader contracted through Accenture (Big 4) Consulting for BellSouth Network Services; a \$250 million-dollar portfolio with approximately 120 to 140 projects in flight and 70 to 90 Project / Program Managers. He has reduced Project Portfolio Management (PPM) cycle time reporting in a matrix structure for Executives from 1 month to 1 week. This resulted in a significant reduction in costs resulting from timely escalation and delivery of projects.

He is founder of Analytics Plus PPM2, LLC which automates and integrates the Chief Portfolio Officer (CPO) Organizational Hierarchy from the Project Manager, Program Manager, Portfolio Manager, PMO Governance, Product Owner, up to the Chief Portfolio Officer (CPO).

Dennis is a graduate from the State University at Old Westbury College with a Bachelor of Science in Business Management with a concentration in Finance. He is also a graduate of a world-renowned Financial Management Program (FMP) with General Electric with the following certifications: Project Management Professional (PMP), and Lean Six Sigma Black Belt (LSSBB).

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Facebook: <https://www.facebook.com/TEAMEXEC.PPM/>

Twitter: https://twitter.com/PM_Dashboard

APPENDIX

1. 45 STATS YOU CAN'T IGNORE
<https://www.workamajig.com/blog/project-management-statistics>
2. 40 REASONS WHY PMOs FAIL
<https://projectriskcoach.com/40-reasons-pmos-fail/>
3. HBR – WHY YOUR IT PROJECT MAY BE RISKIER THAN YOU THINK
<https://hbr.org/2011/09/why-your-it-project-may-be-riskier-than-you-think>
4. HBR – HOW TO DEMONSTRATE YOUR STRATEGIC THINKING SKILLS
<https://hbr.org/2019/09/how-to-demonstrate-your-strategic-thinking-skills>
5. CIO – TOP PROJECT MANAGER CERTIFICATIONS:
<https://www.cio.com/article/3210765/top-project-management-certifications.html>
6. GARTNER MAGIC QUADRANT:
https://en.wikipedia.org/wiki/Magic_Quadrant#Criticism
7. CIOIndex: PROJECT PORTFOLIO MANAGEMENT (PPM) DEFINITION:
[https://cio-wiki.org/wiki/Project_Portfolio_Management_\(PPM\)](https://cio-wiki.org/wiki/Project_Portfolio_Management_(PPM))
8. KEY PERFORMANCE INDICATORS (KPI's) DEFINITION:
https://en.wikipedia.org/wiki/Performance_indicator
9. BALANCE SCORECARD DEFINITION:
https://en.wikipedia.org/wiki/Balanced_scorecard
10. ANALYTICS DEFINITION:
<https://en.wikipedia.org/wiki/Analytics#:~:text=Analytics%20is%20the%20systematic%20computational,patterns%20towards%20effective%20decision%20making.>
11. ENTERPRISE MODELLING:
https://en.wikipedia.org/wiki/Enterprise_modelling