
*The Connected Future Business Culture:
The Great Project Management Accelerator*

The Experience Focused Portfolio Decision-Making¹

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Introduction

Modern day project management has existed for almost 60 years. There have been several changes that have taken place during this time, but perhaps none as important as the acceptance and use of Portfolio Project Management (PPM) practices.

PPM practices are based upon the type of portfolio. For simplicity's sake, portfolios can be defined as operational or strategic. With an operational PMO, the PPM team are actively involved with the individual projects, perhaps on a daily basis, and utilize the Earned Value Management System (EVMS) as do the project teams. On strategic projects, the PPM team interface mostly with stakeholders, customers, and senior management, and may require other information systems.

The type of portfolio determines the size of the portfolio and the decisions to be made. This then determines the actors that are involved in the collaboration process. The most critical business decisions reside within the strategic portfolio, and the intent of this paper is to address these strategic decisions while keeping in mind the ways of working and the experience of affected key stakeholders.

Experience Focused PPM

Some people seem confused as to what PPM means. PPM is NOT the same as the management of individual projects and programs. Rather, the focus is on managing the RIGHT set of projects necessary to support strategic goals and objectives as well as the expected business benefits and business value. There are generally three critical tasks for PPM:

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1. To make sure that we are managing the right projects and the right number of projects in the portfolio
2. To make sure that the portfolio is composed of the right types and mix of projects
3. To make sure that all the projects are aligned to strategic goals and objectives

Most strategic portfolios do not contain all of the projects. There usually exists a prioritization process which limits the size of the portfolio. To perform these three critical tasks, the personnel assigned with the PPM responsibility must rely heavily upon their collaboration and decision-making skills.

PPM teams do not make decisions in isolation. The strategic importance of the projects within the portfolio and the decisions to be made require that the PPM team have access to all levels of the organization as well as stakeholders. The decision-making process is challenging and complex because each of the actors have their own special interests that may conflict with company interests. The ability to make meaningful and timely decisions is difficult because most companies do not have the correct decision-making tools necessary. The EVMS does not provide the critical information that most PPM teams need for strategic decisions.

Impact of Innovation on Decision-Making

Strategic PPM is often regarded as the collaborative process by which organizations manage innovation. Innovation drives the decisions necessary to manage the three critical PPM activities mentioned previously. All of the actors and stakeholders understand the need for innovation and as expected, may have hidden agendas where they believe that their innovation needs should be given the highest priority. The need for innovation can result in removing some projects from the portfolio and inserting new ones. This forces the PPM team to live with constantly changing information.

The PPM team must manage information from the top of the organization down to the bottom, and back up again. This also requires providing stakeholders the necessary information regarding how innovation can impact the decisions they must make now and possibly in the future.

The PPM team acts as the guardian of the critical information necessary for composition or redesign of the portfolio. The PPM team may not participate in selection of new projects or the prioritization process. The PPM team serves as the collaborative link providing the necessary information to all key actors.

One of the biggest mistakes executives make is forming a PPM team and setting high expectations without recognizing the tools that the PPM team needs to support effective decision-making. The traditional EVMS does not provide the necessary information to support decisions for idea selection and prioritization. New digitally-enabled tools are needed that allow the organization to convert ideas into reality based upon some evidence and facts.

The decision-making tools must support knowledge transfer across all organizational levels that must participate in the decisions regarding portfolio content. Fortunately, developments in digital technologies are making this achievable. The digitalization tools must make sure that the organization's strategic objectives are supported by the right mix of projects. However, companies are just beginning to understand how digitalization can impact the interactions amongst the actors during decision-making given that the actors are at different levels of management and may have specialized interests.

Customer Focused Decision-Making Metrics

Strategic PMM teams require different metrics than do operational PPM teams. The metrics needed are based upon the questions that the PMM team must ask themselves to provide the necessary information for the decisions the actors must make. A typical list of questions that illustrate the metrics that should be part of PMM tools include:

- Do we have any weak investments that should be cancelled or replaced?
- Must any of the projects or programs be consolidated?
- Must any of the projects or programs be accelerated or decelerated?
- How well is the portfolio aligned to strategic business objectives and customers?
- Does the portfolio have to be rebalanced?
- What impact will innovation have on the composure of the portfolio?

The answer to these questions will provide information that the actors need for the decisions that they must make. Decision-making questions that actors may have include:

- Can we verify that business benefits and business value is being created, and that it meets our and customers' expectations?
- What information is available to predict future performance?
- What are the strategic risks with meeting expectations and are the risks being mitigated?

- Are there any indications as to which projects may require our immediate intervention?
- How do we confirm that the portfolio is correctly aligned to our strategic goals and objectives?
- Do we need to perform resources re-optimization efforts and do we have any capacity planning restrictions impacting the size of the portfolio?

THE PATH FORWARD

The reflections on PPM in this paper build on the previous experience culture articles. The PPM teams of the future will be equipped with digital solutions and are expected to develop a closer understanding of the business and key customers' strategies in order to ask and address the critical set of portfolio questions.

One-size-fits-all PPM will also not exist in the future. The ingredients and building blocks around portfolio excellence will require leading with a laser focus on the experiences of the key actors in prioritizing and associated decisions. This will be affected by the type of executive sponsorship, the kind of innovation culture, and the leadership excellence that has been built in the organization. Data analytics will enhance the objectivity used by the executives and future leaders, yet they are expected to develop their strategic sensing muscles and skills.

The path forward requires a strong commitment to understanding the context of how we make our most critical strategic and investment decisions. The necessary information, the strong business acumen, and understanding of the prevailing culture in the organization and its actors directly support the quality of the future portfolio decisions.

We believe the future will see continuation of managing our strategic portfolios by projects. Therefore, project managers are expected to grow their business acumen and to insist on access to high-quality portfolio linkages and business information. A digitally-enabled and learning hungry next gen leaders will be able to mature our PPM practices and their true alignment to the experiences of key initiatives' stakeholders.

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Dr. Harold Kerzner is Senior Executive Director for Project Management for the International Institute for Learning (IIL). He has an MS and Ph.D. in Aeronautical and Astronautical Engineering from the University of Illinois and an MBA from Utah State University. He is a prior Air Force Officer and spent several years at Morton-Thiokol in project management. He taught engineering at the University of Illinois and business administration at Utah State University, and for 38 years taught project management at Baldwin-Wallace University. He has published or presented numerous engineering and business papers and has had published more than 60 college textbooks/workbooks on project management, including later editions. Some of his books are (1) Project Management: A Systems Approach to Planning, Scheduling and Controlling; (2) Project Management Metrics, KPIs and Dashboards, (3) Project Management Case Studies, (4) Project Management Best Practices: Achieving Global Excellence, (5) PM 2.0: The Future of Project Management, (6) Using the Project Management Maturity Model, and (7) Innovation Project Management.

He is a charter member of the Northeast Ohio PMI Chapter.

Dr. Kerzner has traveled around the world conducting project management lectures for PMI Chapters and companies in Japan, China, Russia, Brazil, Singapore, Korea, South Africa, Canada, Ireland, Germany, Spain, Belgium, Poland, Croatia, Mexico, Trinidad, Barbados, The Netherlands, Sweden, Finland, Venezuela, Columbia, United Arab Emirates, France, Italy, England, and Switzerland. He delivered a keynote speech at a PMI Global Congress on the future of project management.

His recognitions include:

- The University of Illinois granted Dr. Kerzner a Distinguished Recent Alumni Award in 1981 for his contributions to the field of project management.

- Utah State University provided Dr. Kerzner with the 1998 Distinguished Service Award for his contributions to the field of project management.
- The Northeast Ohio Chapter of the Project Management Institute gives out the Kerzner Award once a year to one project manager in Northeast Ohio that has demonstrated excellence in project management. They also give out a second Kerzner Award for project of the year in Northeast Ohio.
- The Project Management Institute (National Organization) in cooperation with IIL has initiated the Kerzner International Project Manager of the Year Award given to one project manager yearly anywhere in the world that demonstrated excellence in project management.
- The Project Management Institute also gives out four scholarships each year in Dr. Kerzner's name for graduate studies in project management.
- Baldwin-Wallace University has instituted the Kerzner Distinguished Lecturer Series in project management.
- The Italian Institute of Project Management presented Dr. Kerzner with the 2019 International ISIPM Award for his contributions to the field of project management.

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Dr. Al Zeitoun is a Future of Work, business optimization, and operational performance excellence thought leader with global experiences in strategy execution. His experiences encompass leading organizations; delivering their Enterprise Digital and Business Transformation; guiding fitting frameworks implementations; and using his

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In his current role with Siemens, he is a Senior Director of Strategy responsible for driving the global program management practices, Master Plan governance, and enabling the Strategy Transformation processes and priorities.

In his position, as the Executive Director for Emirates Nuclear Energy Corporation, Abu Dhabi, UAE, he was responsible for creating the strategy execution framework, achieving transformation benefits, governance excellence, and creating the data analytics discipline necessary for delivering on the \$40B complex country energy mission roadmap.

At the McLean, USA HQ of Booz Allen Hamilton, Dr. Zeitoun strategically envisioned and customized digitally enabled EPMO advisory, mapped playbooks, and capability development for clients' Billions of Dollars strategic initiatives. Furthermore, he led the firm's Middle East North Africa Portfolio Management and Agile Governance Solutions.

With the International Institute of Learning, Dr. Zeitoun played a senior leader and global trainer and coach. He was instrumental in driving its global expansions, thought leadership, and operational excellence methodology to sense and shape dynamic ways of working across organizations worldwide. He speaks English, Arabic, and German and enjoys good food, travel, and volunteering. Dr. Al Zeitoun can be contacted at zeitounstrategy@gmail.com