

# What Makes an Effective Portfolio Manager? <sup>1</sup>

**Jeff Oltmann**

## If projects were a fleet of ships

Here's one of my favorite analogies for how portfolio management, project management, and strategy development fit together.



### If projects were a fleet of ships ...

1. Each ship must be in good working order (project management)
2. All ships must coordinate with each other (portfolio management)
3. All ships must follow the flagship (strategic alignment)

## Portfolio managers put people first

Effective portfolio management puts people front and center. It's ultimately about helping people make good decisions about projects across organizational silos. Here are some ideas to stay focused on people.

1. Build very strong support for the portfolio management process from executives and internal customers. This is



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especially important when it comes to saying “no” to projects. Strong buy-in will help you reduce end runs for pet projects.

2. Enable frequent discussions and communications about the portfolio at all levels of the organization. Help people use the portfolio to make smart decisions by being clear about what projects are in it and open about how decisions are made.
3. Use good organizational change management techniques, because portfolio management is as much about shared decision-making and behavior change as it is about analytics.
4. Continuously seek feedback from your internal customers so you can improve your portfolio management process to meet their needs even better.

What would you add about the people side of portfolio management?

## All together now

Managing projects as a portfolio helps ensure alignment, just as flying in formation helps birds stay on course, avoid collisions, and conserve energy. You’ve seen an alignment problem when expensive projects don’t support strategy, run at cross purposes to each other, or are starving for critical skills. Here’s how you can make alignment happen.



1. Align projects with the organization’s strategic objectives *and* with each other.
2. Design a clear intake process for potential new projects. Use agreed-on selection or prioritization criteria that clarify how and why projects get into the portfolio.
3. Understand organizational capacity (which includes staffing levels, skills, availability of tools, and risk). Match the projects in the portfolio to the organization’s capacity so that projects will have the resources they need to succeed.
4. Keep at it. Portfolio management will not survive unless it is cared for.

There’s more to alignment, but you get the idea. How do you keep projects aligned?

## Portfolio managers are like air traffic control

“Project Aspen, you are on a collision course with project Monarch. Change your heading to two-seven-zero.”



You probably don't talk about your projects like that, but an effective portfolio manager is like an air traffic controller, ensuring that all projects in the portfolio are monitored and managed together. Here are a few traffic controller responsibilities.

**Radar:** be the unbiased, unified source of truth about the portfolio's status, risks, and issues. This is the radar screen in the control tower, tracking everything in flight. Deliver clear reporting about the portfolio to the right people using the right channels.

**Communicator:** build strong communication channels. Stay in close contact with the people piloting each project.

**Director:** manage the air traffic. Facilitate decisions, help people escalate and resolve issues, and guide mid-cycle changes.

**Evaluator:** track the performance of the entire portfolio. This includes the status of active projects and the benefits that are (or are not) realized after the projects have been completed.

Wouldn't you rather be able to say, “Project Aspen, perfect landing!” How do you keep your airspace safe and get projects to their destinations on time?

## Separate the best from the rest

I think peanut butter and jelly sandwiches are best when the peanut butter is spread thickly. Portfolio management is the same way. Spreading your organization's precious resources thinly over too many active projects is a recipe for disappointment. It's better to concentrate effort and resources, even if that means fewer projects.

Here is how experienced portfolio managers keep the peanut butter from getting spread too thin.



1. **Say no.** Teach your organization how to say “no” or “later” to projects that are good, but not as good as the best. This requires a combination of good interpersonal skills and hard-nosed analysis.
2. **Maximize and balance.** Analyze the portfolio using methods that maximize its value and balance it across important characteristics. For example, you can create a portfolio map plotting risk vs. reward for each project, or you can show the distribution of projects that will “keep the lights on”, make incremental improvements to an existing capability, or cause transformation.
3. **Just right.** Aim for the “Goldilocks” spot for project selection criteria (not too many and not too few). Ensure that these criteria reflect the true value of projects to the business, thus allowing them to be compared in a useful and fair way.
4. **Innovate.** Protect some portfolio resources for projects that are innovative but may take extra time to pay off, for example by creating an innovation sandbox.

How do you keep your organization’s portfolio of work (whether projects or something else) tightly focused instead of spread too thin? I’d love to hear your thoughts.

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## About the Author



**Jeff Oltmann**

Oregon, USA



**Jeff Oltmann** is a seasoned leader with over 30 years of experience advising clients, managing successful technology programs, and developing new products. His specialties include strategy deployment, operational and project excellence, and project portfolio management. As principal consultant at Synergy Professional Services, Jeff advises leaders and teams in diverse sectors including healthcare, research, bioscience, and technology product development.

Jeff is the founder of the Portfolio and Project Leaders Forum. He is also on the graduate faculty of the Division of Management at Oregon Health and Science University and was previously on executive staff at IBM. He teaches portfolio, program, and project management and is a certified Project Management Professional (PMP®).

Jeff welcomes your questions and ideas. You can contact him at [jeff@spspro.com](mailto:jeff@spspro.com).