

## Project / Program / Portfolio Management – What Does it Really Mean?

Businesses use various terms to represent a range of project management services. Unfortunately these terms are often used interchangeably and inconsistently. This article attempts to clear the confusion and establish a common definition.

### Project Management

Hopefully we all know what a project is. PMBOK defines a project as “a temporary endeavor undertaken to create a unique product, service or result”. In my terms, a project has a specific start and end date with a clearly defined deliverable produced. Project management is the application of knowledge, skill, tools, techniques and processes to effectively manage a team towards this final deliverable.

In real life this means the management of a specific project (e.g. implementing a new accounting system). This project will start on a specific date and end according to our project plan with the delivery of your new accounting system.

Pretty simple ... something we can all understand.

### Program Management

This is where the confusion seems to start. A program is a group of related projects managed together to obtain specific benefits and controls that would likely not occur if these projects were managed individually. While project management focuses on delivering the specific objectives of the project – program management is focused on achieving the strategic objectives and benefits of the integrated program.

The implementation of an Enterprise Resource Planning (ERP) system is often performed as a program. The ERP system will include several specific individual projects (i.e. Finance, Purchasing, Materials Management, etc.). Each of these specific projects should be run by a project manager using a formal project management approach. The overall grouping of these related projects will be run by a Program Manager.

The Program Manager will be responsible for the rolling up of information from each of the projects and ensuring the overall program is driving towards achieving the business objectives. This requires each of the project managers to manage their individual projects in a fashion that easily integrates into the overall program plan (easily said – more challenging in actual practice).

The Program Manager is also responsible for tracking and analyzing across the entire program. This involves considering risk management strategies not only for each individual project but also analyzing the ‘collective’ risk across the program. The same goes for quality management, schedule management, cost management, communications, etc.

### Portfolio Management

A portfolio is a collection of projects or programs grouped together to facilitate effective management of efforts to meet strategic business objectives. These projects or programs are not necessarily interdependent or directly related. Portfolio management is the centralized management of multiple projects, programs and possibly portfolios. This typically includes identifying, prioritizing and authorizing projects and programs to achieve specific strategic business objectives.

The group of projects and programs within a specific business division could be an example of a portfolio. This might include the implementation of a Customer Relationship Management (CRM) program; Sales Data Warehouse program;

Commission Tracking project; and a project to launch a new product within the Sales & Marketing Division. In this case the Portfolio Manager is managing this broad range of somewhat unrelated programs and projects towards a specific set of strategic divisional business objectives.

The Portfolio Manager will become very involved in the front-end activities of identifying, prioritizing and initiating projects and programs. All of these activities will be within the context of achieving the strategic business objectives. The Portfolio Manager will also track these projects/programs to ensure they continue to deliver towards the expected strategic outcome in terms of quality, cost, schedule and scope. They will also be responsible for analyzing and tracking project management elements across the entire portfolio – looking for ways to leverage economies of scale, reduce risk and improve the probability of successfully delivering expected business results.

## **Different Roles / Different Skill Sets**

As you can see in the above descriptions, the roles of a Project Manager, Program Manager and Portfolio Manager have similarities but are fundamentally different. Many organizations blend these roles together and treat them all as basic project management. While this might seem like a way to reduce some overhead and bureaucracy, in reality it's a recipe for failure.

An excellent project manager may not necessarily be the best program manager or be capable of running your overall portfolio. Organizations successfully delivering projects and programs that produce strategic business results are those that tend to formalize these three distinct roles. They use the methodologies, processes, tools and resources most appropriate for the function being performed.

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## **Need more information?**

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