

# TOP PRIORITIES



1. Get the team together
2. Decide on criteria
3. Roll it out
4. Get a process in place
5. Right-size the scoring profile

Whitepaper

# The Savvy PMO's Guide to Prioritization

## Getting Started with Scoring

### Introduction

The Project Management Office (PMO) often struggles to prioritize projects that are being requested or assigned to them from stakeholders. Priority is often requested by an influential person within the organization or is simply approved on a first-in, first-out basis regardless of whether the work is urgent, important, or both. Every savvy PMO knows prioritizing work requests on a reactive basis isn't good for overall health of the PMO or the company.

In fact, often IT and product development teams get stuck in an incessant "hamster wheel" of work, with no way to tie the completed work to overall business objectives – creating a lack of perceived contributed value. Without processes to prioritize the right IT projects (at the right time) and tie

technology initiatives to specific business outcomes, much of the work being done by PMOs is often viewed as misaligned with core business initiatives and therefore a waste of time, effort, and dollars. The result is precious resources end up working on projects that are not well aligned with the business' overall objectives – creating a lack of perceived contributed value.

#### What is Scoring?

Scoring is a structured, repeatable process for evaluating projects with the goal of prioritizing your investments and focusing your resources on the work that will make the largest business impact.

To facilitate a better workflow, reduce costs, and better identify high-value projects, it is critical for every enterprise to prioritize work requests, projects, new product ideas, and technology initiatives utilizing a standardized scoring system – typically implemented through a robust project portfolio management (PPM) and resource management system. This whitepaper will discuss the importance of an effective scoring model, cover common use cases, analyze pros and cons of different scoring models, and provide a step-by-step process to getting started.

### Quick Tip

Scoring should take place periodically and organizations must maintain a continuous process to ensure priorities accurately reflect current business needs.

## The Importance of Scoring

We prioritize virtually every facet our lives, and almost every organization would agree that their PMO must also prioritize where time and resources are allocated. Yet, we consistently are trying to convince our organization and stakeholders that some formalized method for prioritizing is important. Many times, this results in no action or poorly executed strategies that never stick for longer than a few weeks or months. While every organization might believe they understand why scoring is necessary, it is important to break down the reasons into three simple contexts that will help crystalize the internal argument for implementing a scoring and prioritization method.

### Your Organization is Resource Constrained

Very few organizations have resources sitting around, waiting to be assigned work. In fact, **over 73% of organizations report that they do not have enough resources to support incoming project demand**<sup>1</sup>. Your resources are typically your organization's most important asset and they should be treated as such. Furthermore, we have all experienced proposed work requests that do not warrant investment.

### Demand is Increasing

PMOs are constantly being asked to do more with the same – and often less – resources and budget. This is particularly more common when markets start to soften and the business outlook is uncertain due to greater

economic or political forces, such as elections, public market performance, or industry-specific regulatory mandates. Regardless of the current market environment, the only certainty is the amount of incoming work for the PMO will increase. With social, mobile, digital, and cloud technologies impacting our businesses, there is no shortage of work demand. This is further being compounded with the introduction and adoption of lean and agile development.

## PMO Value is Continually Questioned

Whether focused on compliance and governance, delivering products to market, or client engagements, your goal remains the same – deliver results to propel the business forward. The challenge is the business environment is constantly changing as competitive, market, and internal forces create moving targets for your PMO – always making it difficult to prioritize work.

### Analyst Opinion

According to a Gartner survey<sup>2</sup>, only 48% of organizations say their PMO is an “integral part for getting things done.” This is both positive and negative. On one side, the PMO is valued for its execution capabilities, but the downside is that there is no mention of adding value or moving the business forward. In fact, 31% of the respondents said the PMO provides “a useful administrative function” and only 19% of organizations say their PMO “adds value but is bureaucratic.” In general, most would agree that these results are subpar. These perceptions are directly related to why the PMO is continually being questioned and often disbanded within 2-3 years.

The PMO needs to increase their business mindset by thinking, communicating, and managing to value or business outcomes – this can be achieved through proper prioritization and scoring. If you are not looking at each project or initiative and able to answer the question “what is the real value or benefit of this work and how important is it relative to other projects?” then you have an opportunity to improve your prioritization processes. Your ability to answer this question is directly related to your PMO's perception. The key to becoming more integral in your organization correlates with your ability to tie efforts to delivered value, not just delivered projects. This means utilizing proper scoring and prioritization processes to understand what the stakeholders need, introduce agility

to account for change, and constantly strive towards alignment with business goals and objectives.

Implementing a scoring and prioritization model that fits your organization will result in several benefits, such as:

- Ensure work that directly drives towards business goals is the highest priority
- Alignment of projects with business objectives
- Optimized resource utilization by freeing resource capacity from less valuable work to strategic projects
- Eliminate prioritizing work requests based on politically driven agendas

Often the PMO already has a process in place for prioritizing work requests. By simply adding one more step to this process where the requested work is scored based on an accepted scoring framework, the organization can be confident the highest value work which is best aligned with business goals is prioritized for execution.

## Common Use Cases for Scoring

In some organizations, it is easy for the PMO to convince stakeholders to implement scoring for prioritizing work. The next logical question that comes up is, "When is scoring relevant?" The short answer is all the time. A common misconception is that scoring is done once, at the beginning of the project and never touched again. The problem with this approach is that it does not account for the external changes discussed above – market, competitive, strategic, and customer feedback. While scoring methodologies done in a "set it and forget it" mode is a great first step, they do not yield sustainable benefits for the organization. Below are common use cases for scoring.

### The Three Most Common Use Cases For Scoring

1. Portfolio planning
2. Ad-hoc project requests
3. Resource management

## 1. Portfolio Planning Process

Most organizations will participate in annual or quarterly planning cycles. Here you decide what to work on for the next agreed upon time frame. Typically, the bulk of the conversation is around key initiatives or large projects that are on the entire organization's radar. This may be part of strategic digital transformation programs; delivering innovative products to market; technology upgrade or infrastructure consolidation; or rolling out news systems. This is the ideal time to go through scoring and prioritizing work because your organization is the right mindset of making tradeoffs and discussing what is important to the organization. By using scoring in the portfolio planning process, you will help the organization understand and document relative importance of strategic projects and initiatives. The result should be better alignment across the organization through proper communication of the organization's priorities.

## 2. Ad-hoc Project Requests

Every organization goes through the following steps: you plan your portfolio, shuffle resources and budgets to allocate against the plan, teams start to execute the plan, and then a slew of ad-hoc requests come into the picture that were never on the horizon when the plan was originally developed and agreed upon. These ad-hoc project or work requests represents the constantly changing business world and your organization's attempt to adapt. These requests can come from customers, internal stakeholders, or executive management to help us respond to changing business environments. Often, organizations respond to these requests by dropping the original plan in favor of the new work, agree to take on the additional work without additional resources or budget, or simply do nothing and say "no" to the requesters. If the decision is made in a vacuum, without any rigor, then none of these options is the best path forward for a PMO who is trying to drive business value. By utilizing scoring, the PMO can have better, more informed conversations about how the request positively or negative impacts the organization. Your PMO can use scoring as a guide to make better decisions, such as whether or not a new request has enough merit to replace projects in flight. By utilizing scoring throughout the execution phase of your planned project portfolio, your PMO can ensure the most impactful work is always being prioritized within your organizational constraints – even if they were not part of the original plan.

### 3. Resource Management

The third most common use case for scoring is proactive management of your resources. Resource changes occur often – people move between functional groups, go out on leave or vacation, or the company re-organizes to improve business operations. Either way, if scoring is utilized throughout the project lifecycle (from initial request through delivery), then your PMO can make more efficient decisions about resources. Project scores can be used as a guide when re-allocating resources, optimizing resource pools to ensure adequate staffing, creating hiring plans, or forecasting the true demand of work. Scoring is a proven method for ensuring resources are aligned to the most impactful projects.

## Scoring and Prioritization Models

Several models exist for PMOs who are ready for a scoring and prioritization model. Figure 1 summarizes the different models, along with some behavioral characteristics and expected results of each model.

### 1. First-In, First-Out

Many organizations will be starting with no formal scoring, where the PMO is expected to take on everything. The prioritization, while not sophisticated, may be on a “first-in, first-out” basis or based on stakeholders selecting projects from a long backlog when resources become available. While many organizations may utilize this approach, the projects that receive resources or are approved for execution are driven by politics or the loudest voice in the room.

#### Quick Tip

50% of organizations score projects based on business objectives as their method for prioritizing and aligning projects.<sup>2</sup>

### 2. High, Medium, Low

A slightly more impactful method is to use a range or buckets for prioritizing work. This would involve using course categories such as high, medium, low or a range from 1 to 10. While this approach would provide high-level agreement on priorities, it falls short in objectivity. Often, there is loose or no set criteria for putting work into a bucket or giving it a score, which leads to subjectivity and inconsistency across the organization.

### 3. Weighted Scoring

The most common scoring method is using weighted scoring based on business objectives. In fact, in the recent [Project and Portfolio Management Landscape Report](#), 44% of respondents used this method of scoring to align and prioritize their projects. Weighted scoring is similar to a grade point average (GPA) that you may have experienced as a student. Projects are scored with a numerical value for different weighted categories. This approach is similar to when you received a grade (A through F) for each of your classes, but the impact on your overall GPA of each class is weighted based on the number of credits or units that class provided. Higher credit classes played a greater weight on your overall GPA.

Similarly, projects are scored for different weighted categories, with each having a scoring criteria; more important categories receive a higher weight. For example, your organization may feel that strategic value is more important than risk, leading to strategic value receiving a higher weight. Common scoring categories include:

- **Business alignment:** How well does the project support the goals of the organization?
- **Impact/Disruption:** Would the initiative require significant impact to existing workflows?
- **Technical support:** Does the business have the technical resources to support the initiative and how much long-term benefit would there be from investing in this initiative?
- **Risk:** What is the margin of risk in this project failing to meet expectations or being abandoned before completion?
- **ROI:** What is the overall financial return of the project or initiative?

A weighted score holistically represents the relative value of that project against the organization's goals. This method can be further enhanced by allowing several stakeholders to score the categories for each project. This provides an average weighted score that accurately represents the interests of different functional groups or stakeholders.

Although this approach is the most popular amongst those surveyed, the down side of this approach is that it ignores your resource constraints. The "right" projects may be ranked based on business needs, but that does not mean your organization has the capacity to take on all high scoring projects.

**Quick Tip**

Ensure your project portfolio management (PPM) solution has the ability to implement the scoring model that is the best for your organization. As your organization matures and scoring processes need to evolve, your PPM solution should be able to scale with you.

**4. Weighted Scoring Combined with Resource Capacity Planning**

A prioritization model that combines weighted scoring with resource capacity planning enables value maximization. Here a project portfolio is prioritized based on value scores and availability of resources. Your organization not only takes on the "right" projects, but the "right projects at the right time," based on organizational resource constraints. This method effectively helps PMOs maximize the value of their project portfolio by selecting projects for execution based on value and what the organization can actually get done. Solutions typically leverage predictive analytics or algorithms to determine organizational resource constraints and provide a prioritized project roadmap.

Organizations can begin with any method, however models that incorporate weighted scores and resource optimization generate more business value and impact. While choosing one of these methods is important, PMOs should also consider corresponding software that enables accurate tracking and communication of project scores and priorities. Leading project portfolio management (PPM) solutions will typically support one or more of these models and it is best-practice to choose a solution that will scale with your organizational needs.

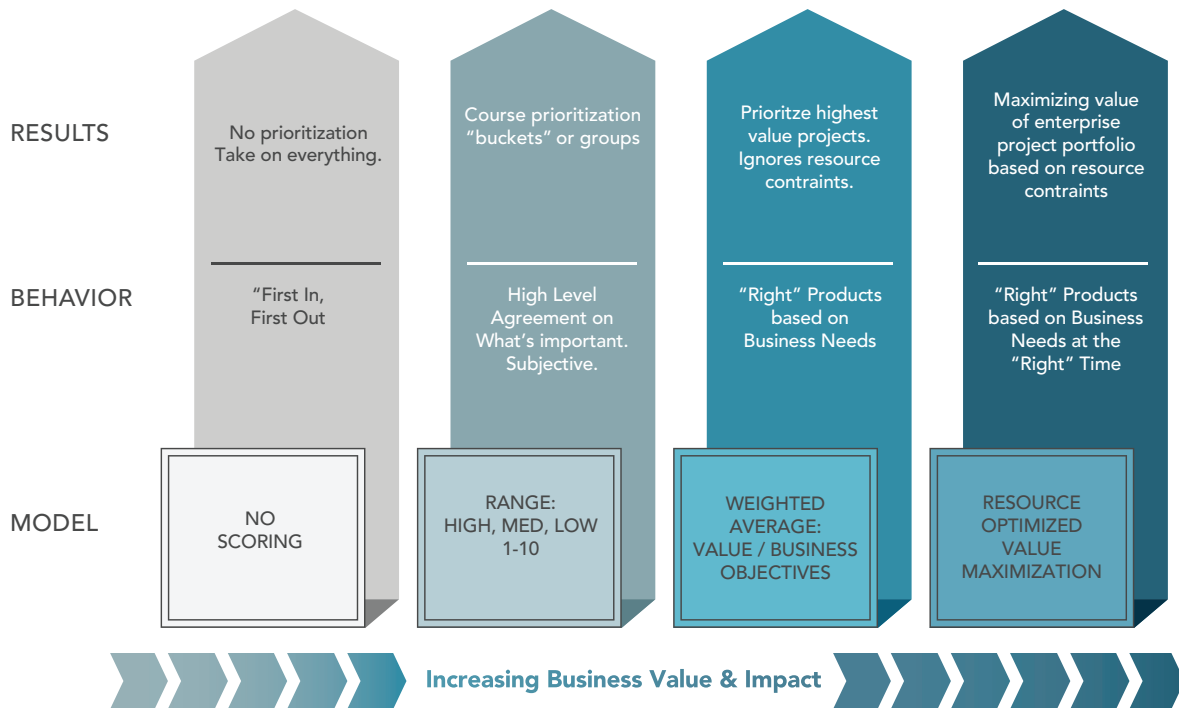


Figure 1: Several models exist for prioritizing work from simple priority groups to more robust weighted scoring that maximizes value.

## Five Steps to Getting Started with Scoring

1. Get the team together – Decide on the model and whose inputs matter.
2. Decide on criteria – What's important to the group and get agreement on the criteria.
3. Roll it out – Share the scoring methodology with all team members submitting requests. Create a communication plan and timeline for rollout.
4. Get a process in place to support scoring – A team meets regularly to review all requests giving it one score, or the approval flow can be automated.
5. Right-size the scoring profile – May need different scoring profiles for different teams and departments and different work (small projects, large projects, maintenance, change request, etc.).

## Conclusion

Every organization does some level of project prioritization, even if it is informal or inconsistent. The PMO needs to push their organizations to adopt more formal methods to ensure value contribution and business impact of their work. It begins with understanding the value of scoring and then working internally to come to an agreement on the approach. Furthermore, organizations who practice continuous scoring and prioritization increase their chances of having projects that are most aligned with business or organizational goals through changing business environments.

## The Planview Solution for Portfolio and Resource Management

The Planview® solution for portfolio and resource management integrates strategy, planning, and delivery to help organizations drive innovation and transformation programs in the midst of change, available people, and financial resources. With this comprehensive approach, business stakeholders can visualize and understand portfolio performance against plans, empowering them to make better and faster decisions that ensure resources deliver high-value projects while you optimize portfolios; balance capacity against demand; link plans and resources to projects; and manage the underlying financials.

To learn how Planview can help your PMO, visit [Planview.info/ITPMM](https://planview.info/ITPMM)