

# [W5hia-ranking evaluating the portfolio and making portfolio decisions](https://assignbuster.com/w5hia-rankingevaluating-the-portfolio-and-making-portfolio-decisions/)

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## W5HIA-Ranking/evaluating the portfolio and making portfolio decisions

Ranking Evaluating the Portfolio and Making Portfolio Decisions IBM and Deloitte Case Studies Markets dynamics and rapidly changing global business environment influences how businesses make decisions as it is becoming more difficult to secure capital and investment. For these very reasons, it is not possible for organizations to undertake each and every project. Further, compressed with tight schedules to complete budgets and seek quick returns on investments, organizations modify their management approaches to respond rapidly changing business environment. In the same context, IBM had to restructure their organization to respond to such market changes by adopting a projectized organization structure and establishing project management center of excellence (PM-COE) to lead IBM through transition period (Kerzner 2010). On the other hand, Deloitte developed an Enterprise Program Management approach to dominate the competitive marketplace and ensure success of enterprise business strategy.
IBM Case Study
IBM took conclusive steps to improve business and ensure maximum profits, and support their corporate system. The first step was establishment of project management center of excellence (PM-COE) to monitor and control all project management processes and to reach a competent level in project management. PM-COE focused on projects by concentrating on improving project management skills among the employees through sharing information, knowledge and experience rather than focusing on departmental functions. PM-COE considered technical, financial and schedule aspects in evaluating and ranking the projects. According to Kerzner (2010), “ PM disciplines have become systemic across IBM, resulting in successful projects and higher client value”. To continue with the new project management approach, it was not possible to implement routine business processes, thus business processes were revitalized and customized to support business strategy across the globe and maintain effectiveness of project management practices. One such techniques adopted by IBM is Earned Value Management Systems (EVMS). Project Management Center of Excellence developed best practices and standard method for project selection across the organization. According to Kerzner (2010), “ yet you will not find detailed process documentation for the practice”. IBM used both non-numeric (Scared Cow, Competitive Necessity, Operating Necessity and Comparative Benefit Model) and numeric (Net Present Value, Discounted Cash Flow, Internal Rate of Return, Return on Original Investment, Return on Average Investment, Payback Period and Expected Value) techniques for project selection (Neuhauser 2004).
Deloitte Case Study
Deloitte adopted an approach called Enterprise Program Management to seek balance between resource management and result management. Kerzner (2010) advocates that this model provides framework to select the best projects that are aligned with organizational strategy. Using this framework, Deloitte determined which project fall within or outside the scope of the portfolio based on key factors such as project independencies, resources availability, strategic priority, potential risks and project changes.
In order to make project selection a transparent and more meticulous process, Deloitte computed strategic and financial aspects of the project, prioritized and compared projects, identified potential risks and project changes while considering project interdependencies. Using this approach, Deloitte was able to determine project that were best aligned with business strategy at different project funding levels.
Similarities and Differences
Both organizations decided to adopt project management approach and introduce project management as a cultural changes across all levels of the organization with sole aim of maximizing the business profits and respond to competitive marketplace. Both the companies employed an organized and systematic approach for implementation of project management practices and through establishment of project or portfolio management offices (PMO).
IBM established Project Management Center of Excellence (PM-COE) while Deloitte established Enterprise Project Management (EPM) to manage their portfolios. IBM used best practices and standard approach for selection of best projects in portfolio while Deloitte used numeric and non-numeric project selection and ranking tools.
Conclusion
Project selection and prioritization is critical to success of organizational business goals. According to Morris and Pinto (2007), there is no conclusive way for ranking and evaluating the projects in a portfolio; therefore, organization must determine project characteristics that are aligned with the corporate business strategy. Thus both the organizations, IBM and Deloitte, used different approaches for implementing the project management across all levels of organization and to align projects with business strategic objectives.
References
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