Chapter 5
Preparing the Organization for Portfolio Management: Overcoming Resistance and Obstacles

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ABSTRACT
This chapter will discuss how to more effectively implement the enterprise portfolio management system (EPMS). In order to be successful in delivering an EPMS that will benefit the organization, the implementation team must understand that they going to make a significant change to how the organization operates, and that any significant change such as this can expect to encounter resistance. Effective implementation requires an understanding of the organization’s current problems and priorities, the creation and implementation of the system that will resolve those problems, and preparations to overcome resistance through effective Organizational Change Management (OCM). The implementers must truly be convinced that this effort is going to make a difference to the larger organization and that their dedication and change leadership will make it successful. This chapter will help the implementing team see the benefits of enterprise portfolio management, help them convince others of those benefits, and become the leader in implementing the EPMS.

INTRODUCTION
There are many benefits to an effective portfolio management process as have been shown in the literature. However, the lifespan of a portfolio management process is short. They are either bureaucratic, they do not satisfy management’s expectations, or employees and managers won’t accept the new processes. Understanding of these typical problems allows the project team to overcome them with proper implementation.

Companies that handle numerous projects simultaneously require a more formal and structured management approach for project portfolios. Enterprise-level project portfolio management has become a
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key competence to implement strategies and remain competitive (Diedrich & Lehtonen, 2005; Killen et al, 2008; Martinsuo & Lehtonen, 2007).

To be successful in delivering a solution that will benefit the overall organization, the implementing team must understand that they are going to make a significant change to how the organization operates, and any change can expect to encounter resistance. Effective implementation requires an understanding of the organization’s current problems and priorities, how to create and implement the system that will resolve those problems, and be prepared to overcome resistance.

The implementation of an Enterprise Portfolio Management System (EPMS) is a complex endeavor comparable to implementing an Enterprise Resource Planning (ERP) system or a Client Relationship Management (CRM) system. All of these projects have high failure rates due to the complexities of making changes to how the organization operates. The primary difficulties lie not in the software or the data itself, but in the fact that the process of implementation changes how management and employees do their work on a day by day basis. Process changes are being imposed on people who generally see no need to change.

The specific details of the implementation depend on the organization to a large extent (Petro & Gardiner 2015). The organization’s structure, its culture, the internal political environment, whether it is national-level or trans-national all play a part in how and effective EPMS will be implemented (see Patankul 2015).

This chapter will examine the primary causes of failure and how to overcome them. The chapter looks at the decision-making process and environment that upper management faces, challenges to organizations in today’s environment that lead management to implement EPMS, understanding management’s goals and expectations, overcoming resistance through effective organizational change management (OCM), and convincing both management and employees of the benefits of an effective EPMS.

For the sake of clarity, let us define some terminology because it is not consistent across industries. Both programs and portfolios include multiple projects. Often when we talk about a program we call it a project. What are the distinctions? Using the definitions published by the Project Management Institute we can define each exactly as:

- **Project**: A project consists of a unique set of processes consisting of coordinated and controlled activities with start and end dates, performed to achieve project objectives.
- **Program**: A group of related projects managed in a coordinated way so as to obtain benefits not available by managing them individually. Programs may include related work outside of the scope of the discrete projects within the program.
- **Portfolio**: A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to achieve strategic business objectives. The projects or programs of the portfolio may not be independent and not directly related to each other.

A project is a specific effort to produce a deliverable, whether a new product, a service, a business process, or any other beneficial output. A program is so large and complex that it includes multiple projects to produce the outcome, such as a construction program, an engineering program, new aircraft development, and so on.

A portfolio is a collection of both projects and programs. A large portfolio, such as an enterprise-wide portfolio, may include lower-level portfolios within it.