INFLUENCES ON PROJECT PORTFOLIO MANAGEMENT ADOPTION

Master thesis project

Author Name: H. Haasnoot
E-mail Address: h.haasnoot@student.tudelft.nl
Student Number: 4098854

University: Delft University of Technology (TU Delft)
Faculty: Technology, Policy & Management (TPM)
Section: Technology, Strategy & Entrepreneurship (TSE)

Programme: Management of Technology (MOT)
Degree: Master of Science (MSc)

External Organisation: KPMG Advisory, The Netherlands
Department: IT Project Advisory

Report word count: 20,248

Thesis Committee

Chair Professor: Prof. Dr. C.P. van Beers (TSE) C.P.vanBeers@tudelft.nl
First Supervisor: Dr. Ir. H.G. Mooi (TSE) H.G.Mooi@tudelft.nl
Co-First Supervisor: Dr. S. Filippov (TSE) S.Filippov@tudelft.nl
Second Supervisor: Dr. Ir. G.A. de Reuver (ICT) G.A.deReuver@tudelft.nl
External Supervisor: R. Boer MScBA MScMC (ICT) Boer.Robert@kpmg.nl

1 DISCLAIMER: This research project has been facilitated by KPMG Advisory N.V.. However, KPMG Advisory N.V. does not hold any responsibility for the correctness of the data, reviews, conclusions and recommendations, which are the sole responsibility of the author.”
## Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Final</td>
<td>19-8-2012</td>
<td>H. Haasnoot</td>
<td>First version of the Final Thesis Report. Based for a large part on the Greenlight Thesis Report version 1.1</td>
</tr>
</tbody>
</table>
Keywords
Project Portfolio Management, PPM, PPM Adoption, Organisational Innovation, Innovation Adoption

Management Summary
Project Portfolio Management (PPM) has the potential to bring considerable benefits to organisations. Although PPM should improve project success, not all project management based working organisations have fully adopted PPM as part of their way of working. The question that arises here is ‘why?’

The concept of PPM Adoption has not received much academic attention so far. A positive link between PPM Adoption and portfolio success has been found by a few authors, but the circumstances under which PPM should be adopted is yet considered a research gap. This research aims to address this research gap by determining how PPM Adoption is influenced.

This study aims to answer the research question - How is the adoption by organisational bodies of Project Portfolio Management influenced? - This question is split into three sub-questions focussing respectively on a deeper study into the process of PPM Adoption, the identification and validation of factors that influence PPM Adoption, and how and under which circumstances each of these factors influences PPM Adoption.

This research project is divided into (1) an explorative phase, comprising literature study and 8 expert interviews, enabling the construction of a conceptual model, and (2) a validation phase following a multiple-case holistic design case study approach with 15 relatively small case studies with a 1,5 hour interview per case at their core, in various organisations in The Netherlands. The studied organisations can roughly be divided into one third (semi-) governmental, one third financial services and one third industry, technology and/or professional services.

PPM is an ambiguous term. The definition used in this report stresses the aim of PPM for selecting and prioritising projects in the portfolio. Through literature study and explorative expert interviews it has been determined that PPM Adoption is not a choice between taking up and not taking up PPM. It rather is the movement along a spectrum between the extremes of intuitive and highly formalised project selection and prioritisation.

Through study of literature on adoption of innovations and on PPM and its benefits, complemented by the explorative expert interviews, nine factors have been identified that influence PPM Adoption. These factors are categorised as conditions for and drivers of PPM Adoption. The conditions are Portfolio complexity; Organisational culture; PPM Gap size (inverse); and Relative resource scarcity. The drivers are Alternative organisational priorities (inverse); Desire for better information transparency; Need for better predictability of company results; Desire for project success rate improvement; and Desire for portfolio rationalisation.
Based on mainly cross-case synthesis, considering multiple aspects of the collected data about these nine factors (conditions and drivers), conclusions have been derived about the influence of these nine factors on PPM Adoption. Besides the frequencies of these factors, also the phase of the interview in which the factor was mentioned and the additional comments by the interviewees have been included in the determination of an overall interviewee- and factor-specific judgement of the overall influence of this factor on each case’s PPM Adoption. Quantification of these judgements provides overall per-factor indications of their average influence on PPM Adoption and its standard deviation. Bringing all these components together, the following conclusions have been drawn about the individual factors.

Of the four conditional factors, only ‘relative resource scarcity’ has been found to form an important condition for PPM Adoption. Of the driving factors, ‘desire for information transparency’ is an important driver for PPM Adoption, regardless of circumstances. Also ‘desire for portfolio rationalisation’ is frequently a driver, but often tacitly. This means that organisations are not aware of this desire, until they discover that this desire is fulfilled by PPM Adoption, which is then obviously driven by other factors. The influence of ‘need for better predictability of company results’ can be influential, but this is strongly dependent on circumstances, like how the organisational body hierarchically reports to another entity. The ‘desire for project success rate improvement’ can be a reason for adopting PPM, but conversely PPM is not always adopted to answer this desire.

This study contributes to the extant body of literature by contributing to the bridging of the research gap in influences on PPM Adoption. Among its principal contributions are a conceptual model for researching the influences on PPM Adoption, a consideration of influencing factors that potentially provide wider application in the research on adoption of other organisational innovations, and - more generally - the contribution of empirical evidence to the extant body of literature on PPM through 15 case studies in organisational bodies that practice PPM. The managerial implications of this research comprise the perspective on PPM Adoption as movement along a continuum, rather than a one-shot action, and the understanding that PPM is often adopted reactively, in response to an emerging issue like a growing scarcity of resources, while proactive adoption of PPM allows enjoyment of many more benefits than solely the reduction of organisational pain.
Contents

Version control ........................................................................................................................................ 4
Keywords ................................................................................................................................................ 5
Management Summary .......................................................................................................................... 5
List of Tables ........................................................................................................................................... 10
List of Figures ......................................................................................................................................... 10
Abbreviations .......................................................................................................................................... 11
Preface & Acknowledgements .................................................................................................................. 13

1. Introduction ........................................................................................................................................... 15
   1.1. Background ........................................................................................................................................ 15
   1.2. Research Objective & Research Questions .................................................................................. 16
   1.3. Research Approach ....................................................................................................................... 17
   1.4. Report Structure ........................................................................................................................... 18

2. Theoretical Background & Conceptual Model ...................................................................................... 19
   2.1. Terms & Definitions ........................................................................................................................ 19
       2.1.1. Project & Programme .............................................................................................................. 19
       2.1.2. Project Portfolio ..................................................................................................................... 19
       2.1.3. Project Portfolio Management (PPM) .................................................................................... 24
       2.1.4. PPM Adoption ....................................................................................................................... 24
       2.1.5. Overview of Definitions ........................................................................................................ 26
   2.2. PPM Research ................................................................................................................................ 26
       2.2.1. Historical Perspective ............................................................................................................. 26
       2.2.2. Project Selection Process ...................................................................................................... 27
       2.2.3. Range & Scope of PPM .......................................................................................................... 28
       2.2.4. PPM Maturity Models .......................................................................................................... 29
       2.2.5. PPM Success ........................................................................................................................ 30
       2.2.6. Challenges of PPM Research ............................................................................................... 30
   2.3. Adoption Research .......................................................................................................................... 30
       2.3.1. Adoption & Diffusion Research ............................................................................................. 31
       2.3.2. Different Perspectives on Innovation Adoption Factors ................................................... 31
   2.4. PPM Adoption ................................................................................................................................. 32
       2.4.1. Measuring PPM Adoption .................................................................................................... 32
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.9.</td>
<td>D5 – Desire for Portfolio Rationalisation</td>
<td>58</td>
</tr>
<tr>
<td>5.1.10.</td>
<td>Other Factors</td>
<td>58</td>
</tr>
<tr>
<td>5.2.</td>
<td>Overview of the Found Influences</td>
<td>59</td>
</tr>
<tr>
<td>6.</td>
<td>Conclusion</td>
<td>61</td>
</tr>
<tr>
<td>6.1.</td>
<td>Conclusions</td>
<td>61</td>
</tr>
<tr>
<td>6.2.</td>
<td>Limitations</td>
<td>62</td>
</tr>
<tr>
<td>6.3.</td>
<td>Academic Implications &amp; Recommendations for Future Research</td>
<td>62</td>
</tr>
<tr>
<td>6.4.</td>
<td>Managerial Implications</td>
<td>63</td>
</tr>
<tr>
<td>References</td>
<td></td>
<td>65</td>
</tr>
<tr>
<td>Appendix A – Explorative Interviews</td>
<td></td>
<td>71</td>
</tr>
<tr>
<td>Part 1</td>
<td>Explorative Interviews Approach</td>
<td>71</td>
</tr>
<tr>
<td>Part 2</td>
<td>Explorative Interview Reports</td>
<td>77</td>
</tr>
<tr>
<td>Part 3</td>
<td>Overview of explorative interview answers, organised by topic</td>
<td>103</td>
</tr>
<tr>
<td>Appendix B – Case Studies</td>
<td></td>
<td>117</td>
</tr>
<tr>
<td>Part 1</td>
<td>Case Study Material</td>
<td>117</td>
</tr>
<tr>
<td>Part 2</td>
<td>Case Study Reports</td>
<td>131</td>
</tr>
<tr>
<td>Part 3</td>
<td>Per-factor Answers</td>
<td>279</td>
</tr>
<tr>
<td>Part 4</td>
<td>Quantification of factor results</td>
<td>307</td>
</tr>
</tbody>
</table>
List of Tables

Table 1 - Overview of research objective and research questions .......................................................... 17
Table 2 - Comparison of Project Portfolio definitions from literature .................................................... 21
Table 3 – Comparison of Project Portfolio Management definitions from literature ............................ 22
Table 4 - Overview of key terms' definitions .......................................................................................... 26
Table 5 - 9 variables for measuring PPM Adoption, based on Reyck et al. (2005) ............................... 33
Table 6 - Five common research methods .............................................................................................. 39
Table 7 - Overview of studied cases .................................................................................................... 48
Table 8 - Overall PPM Adoption scores ................................................................................................. 49
Table 9 - Overview of the influence on PPM Adoption of each of the factors in the conceptual model ................................................................................................................................................ 59

List of Figures

Figure 1 - Approach of the thesis project ............................................................................................... 17
Figure 2 - Conceptual Model ................................................................................................................. 37
Figure 3 - Plot of the Overall PPM Adoption step made by each case, ordered by Overall PPM Adoption step size ........................................................................................................................................... 50
Figure 4 - Plot of the Overall PPM Adoption step size, ordered by magnitude ................................. 50
Figure 5 - Box plot of the frequency of occurrence of each factor, separated by whether the factor was explicitly asked about or not .............................................................................................. 51
Figure 6 - Plot of the average overall influence estimation of each factor and an indication of their standard deviations ................................................................................................................................................ 51
Abbreviations

ICT: Information and Communication Technologies
KM: Knowledge Management
MPT: Modern Portfolio Theory
NPD: New Product Development
OGC: Office of Government Commerce
PM: Project Management
PMBoK: Project Management Body of Knowledge
PMI: Project Management Institute
PPM: Project Portfolio Management
Preface & Acknowledgements

Some half year ago, it was apparent that the final major activity of my time as a student was coming up: writing my master thesis for TU Delft. Having only a general idea of where I would want this thesis to lead, I started orienting on my possibilities. A few things were clear to myself: (1) Project Portfolio Management (PPM) would be my field of choice; (2) I wanted to combine my thesis with a challenging internship in an interesting and pleasant company; and (3), the thesis needed to be finished in time, being before the new academic year would start (1 September 2012).

With the first objective in mind, I contacted my former teacher of the course Advanced Project Manager, Sergey Filippov, who is now my de facto first thesis supervisor. Sergey was at least as enthusiastic as I was about the topic of PPM, and hence our cooperation started. Herman Mooi and Mark de Reuver joined the team as de facto chairman (representing Prof. Van Beers) and second supervisor respectively.

At about the same time I was working on my second objective, discussing options for a thesis internship at various companies. KPMG had already left a good impression at earlier recruitment-related activities, and the internship-interview made me even more excited to do my internship at KPMG. The enthusiasm turned out reciprocal and hence with my new KPMG-supervisor, Robert Boer, I started exploring the more specific topic of my thesis. Together with Robert, Sergey, and after consulting many others, I decided that PPM Adoption would be the thesis topic: an interesting and young field with much ambiguity and uncertainty, but at the same time with interesting challenges screaming to be explored.

The third and final challenge has proven itself to be a difficult one, with many uncertainties and unexpected events on the path that a graduate student needs to walk towards graduation. However, thanks to the great involvement in coaching of my supervisors, and the commendable flexibility of the graduation committee, I can now – a few days before my defence, having passed my Greenlight already – establish that also this third objective has been achieved.

These results would not have been possible, without the commitment of the following people. First of all my supervisors Sergey Filippov, Robert Boer, Herman Mooi and Mark de Reuver, who have provided me with excellent support, feedback and guidance and who have shown great flexibility that goes beyond their job. And also the many interviewees that have saved some of their valuable time for me to help me and contribute to my data collection.

Furthermore, my thanks go out to all my KPMG colleagues in the IT Project Advisory service line: Dione, Alex, Bart, Joost, Christian, Robert, Dennis, Thomas, Jeroen, Kees Jan, Martijn, Jan Willem, Eliza, Paul, Mareije, Jonathan, Bjorn, Linda, Kelly and Anouk. And to the many other colleagues and fellow interns in KPMG. Thank you for welcoming me so warmly in KPMG and making my graduate internship an instructive, interesting and pleasant one.

Last but not least, I thank my family and friends, who over the last half year may not have seen me as frequently as they would expect from me, and who have fully supported me in this adventure. In particular my girlfriend Judith, for your patience and initiative regarding the decoration of our new house, and for all your love and support.
1. Introduction

Project Portfolio Management (PPM) is considered an important research subject within the Project Management field. It is a fairly young research subject too, with a general need for more empirical evidence. Section 1.1 describes that the influences on PPM Adoption are considered a research gap, which is addressed by this very research. In section 1.2 the research objective and research questions are described and the general approach which is applied for answering these questions is described in section 1.3. Section 1.4 describes the structure of the remainder of this report.

1.1. Background

Kwak and Anbari (2009) distinguish Strategy & PPM (Project Portfolio Management) to be “the most important project management research subject (...) in the top management and business journals” (Kwak, et al., 2009) within the Project Management field. A limitation of the PPM field that is commonly written about is that there is still much research required. In particular there is a need for more empirical evidence (Filippov, et al., 2010) (Blichfeldt, et al., 2008) (Martinsuo, et al., 2007). Among the topics within the PPM field that require more research is the topic of PPM Adoption.

PPM has the potential to bring considerable benefits to organisations. This becomes apparent from various works of literature. For example, discussing the power of PPM, Pennypacker & Retna (2009) write: “The potential benefits for the business can be immense”. More specifically, Cooper et al. (2000) mention various benefits of PPM, some of which are financial reasons (return maximisation), maintaining competitive position and “to forge the link between project selection and business strategy”. Reyck et al. (2005), conclude that the level of PPM Adoption positively impacts project return and negatively impacts the number of project-related problems reported. Also, some authors approach this from the opposite perspective, describing that PPM protects firms from disbenefits. For example, Filippov, Mooi, and Van der Weg (2010) indicate that PPM helps to effectively eliminate the wrong projects wrongly executed from a project portfolio. However, organisations struggle with successfully adopting PPM (Filippov, et al., 2010) (Blichfeldt, et al., 2008), leading to lower PPM success (Reyck, et al., 2005) and eventually to financial consequences. Although PPM should improve project success, not all project management (PM) based working organisations have fully adopted PPM as part of their way of working. The question that arises here is ‘why?’.

The concept of PPM Adoption has not received much academic attention so far. The few reports that do discuss PPM Adoption generally take PPM Adoption as an input and relate it to project and/or portfolio success as an output (Teller, et al., -in press 2012-) (Reyck, et al., 2005). Filippov et al. (2010) have presented the PPM Saturation Model, relating the need for PPM to Organisational Project Complexity, as a “first attempt to determine the optimal period for introduction of PPM” (Filippov, et al., 2010). Also, they remark:

“The question of when, under which circumstances and how PPM should be introduced is largely under-researched in the extant body of literature. PPM is usually treated as given or presented from a normative perspective – as ‘how PPM should look like’” (Filippov, et al., 2010).
This quote, together with the apparent absence of academic literature, is a strong indication of a research gap in the topic of reasons for PPM Adoption. This research aims to address this research gap determining how PPM Adoption is influenced, as is further explained in section 1.2.

1.2. Research Objective & Research Questions
Addressing the research gap identified in section 1.1 this research project intends to provide insight in why organisations do or do not adopt PPM. Put in other words, the objective of this research can be stated as:

To contribute to Project Portfolio Management theory by determining how PPM Adoption by organisational bodies is influenced.

Hence, the ultimate goal of this research is to contribute to PPM theory. This is done by finding out what influences PPM Adoption and verifying these influences. Derived from the research objective, the research question is formulated as:

Research Question – How is the adoption by organisational bodies of Project Portfolio Management influenced?

Before the influence on PPM Adoption can be determined, first a deeper look into the mechanism of PPM Adoption is required. What is PPM Adoption? Is it merely a decision to do or do not do PPM, or is it possibly more extended? This brings us to the first sub-question:

Sub-question 1 – What does PPM Adoption comprise?

When the concept of PPM Adoption is clear, the influences on PPM Adoption can be investigated. This starts with determining which important factors influence PPM Adoption. Hence the second sub-question is:

Sub-question 2 – Which factors influence PPM Adoption?

With the factors known, nothing can yet be said about HOW each factor influences PPM Adoption. Does it positively or negatively influence PPM Adoption? How strong is this influence? How do circumstances affect this influence? Hence the third sub-question is:

Sub-question 3 – How does each factor influence PPM Adoption?
Summarizing, the research objective, the research question and the three research questions are displayed in Table 1.

<table>
<thead>
<tr>
<th>Research objective</th>
<th>To contribute to Project Portfolio Management theory by determining how PPM Adoption by organisational bodies is influenced.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research question</td>
<td>How is the adoption by organisational bodies of Project Portfolio Management influenced?</td>
</tr>
<tr>
<td>Sub-question 1</td>
<td>What does PPM Adoption comprise?</td>
</tr>
<tr>
<td>Sub-question 2</td>
<td>Which factors influence PPM Adoption?</td>
</tr>
<tr>
<td>Sub-question 3</td>
<td>How does each factor influence PPM Adoption?</td>
</tr>
</tbody>
</table>

1.3. Research Approach
The approach of the research is displayed in Figure 1. The research project is divided into an explorative phase and a validation phase. The explorative phase was aimed at the construction of a conceptual model, which has subsequently been validated in the validation phase.

The key activities of the explorative phase have been literature research and explorative expert interviews. The literature research was aimed at obtaining a better understanding of PPM Adoption, hence answering sub-question 1 of this research and laying the foundation for the conceptual model, as well as identifying the factors that influence PPM Adoption and the direction and intensity of their influence, yielding a preliminary answer to sub-questions 2 and 3 and providing the content of the conceptual model. Additionally, 8 expert interviews have been performed, running roughly in parallel with the theoretical work of the thesis project. These interviews have helped arriving at the final conceptual model. The eventual list of factors that the interviews have generated, provided guidance and confirmation in the literature search on which the conceptual model for this research project is eventually based.

Due to the highly interactive and iterative nature of the expert interviews and the literature review, presenting these activities and their results to the reader in a manner that is complete, correct, and comprehensible poses a challenge. Since the explorative expert interviews can be considered a
supporting side-activity, rather than the core of this research project, the description of their design, execution and results has been taken out of the main text of this report and placed into appendix A. The results however return in a condensed form in chapter 2, where findings from literature are confronted with the results from the interviews.

In the validation phase, the conceptual model has been validated in a qualitative manner through 15 case studies at various organisations, empirically confirming and/or improving the two answers to sub-questions 2 and 3. Due to the qualitative nature of Case Studies, additional clues have been identified regarding the adoption of PPM. These clues are out of scope of this research project, but they do provide ground for further research, the recommendations for which are discussed in chapter 5.

1.4. Report Structure

This report is organised as follows. In chapter 2 the theoretical background of the research is presented, including the definitions of key terms and an overview of relevant literature regarding PPM, Adoption and the combined field of PPM Adoption. Also, the conceptual model for this research is presented and explained. The rationale for the research methodology and the design of the research are discussed in chapter 3. The main results of the data collection are presented in chapter 4 and discussed in chapter 5. Finally, chapter 6 concludes this report with the overall conclusions, a discussion of the limitations of this research, the academic implications and recommendations for future research and the managerial implications.

With this report come two appendices. Appendix A covers the ‘explorative expert interview’-element of this research project, from objective, procedure and execution to data collection, to overview of the results. Appendix B contains the material regarding the case studies of the explorative phase of this research, comprising the documents that have been sent to the interviewees (invitation letter, preparatory document and questionnaire), the interview reports and an overview of the factor-related answers of every interviewee, tabulated by the phase of the interview in which these factors were mentioned.
2. Theoretical Background & Conceptual Model

This chapter works towards the construction of the conceptual model for this research project. First (section 2.1) the key terms of this research and their definitions are presented, ending with the definition of PPM Adoption and a discussion about why for this research project PPM Adoption should be considered as a movement along a spectrum rather than as a dichotomous decision. The relevant literature about PPM and about adoption are respectively discussed in sections 2.2 and 2.3 and brought together in section 2.4 in which the elements of the conceptual model are derived, most notably (1) De Reyck et al.’s (2005) method for measuring PPM Adoption for determining the position of an organisational body on the PPM Adoption spectrum and (2) the derivation of the factors that influence PPM Adoption from PPM and Adoption literature, complemented by expert interviews. Finally in section 2.5 the results of the first four sections are brought together in the conceptual model for this research project and the model is presented and explained.

2.1. Terms & Definitions

The key terms that are used in this report are defined in this section. Building towards the definition of Project Portfolio Management (PPM), the key concepts ‘Project’, ‘Programme’ and ‘Project Portfolio’ are defined first, and after bringing them together into the definition of PPM, also some attention is spent on the ambiguous acronym ‘PPM’. After the definition of PPM, a first attempt is provided for the definition of PPM Adoption, which could not be derived from academic literature.

2.1.1. Project & Programme

For the definitions of ‘Project’ and ‘Programme’, the commonly recognised definitions by the Project Management Institute (PMI) are used since they can be considered an industry standard and because these terms are an input for rather than the focus point of this report.

Projects:  “Temporary endeavours undertaken to create a unique product, service or result” (Project Management Institute, 2006)

Programme:  “A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually” (Project Management Institute, 2006)

2.1.2. Project Portfolio

For defining the term ‘Project Portfolio’, various definitions from literature have been compared. The comparison is displayed in Table 2. Combining the various (non-conflicting) concepts that most definitions comprise, and dropping the term ‘management of’, since that deals with Project Portfolio Management rather than the Project Portfolio itself, a slight modification of the definition of Martinsuo and Lehtonen (2007), partly merged with PMI’s (2006) definition of PPM, delivers the following definition for a Project Portfolio.

Project Portfolio:  A project portfolio is a group of projects, programmes and other work that share and compete for the same resources and are carried out under the sponsorship of an organisational body. (Modified from Martinsuo & Lehtonen, 2007)
<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Definition Project Portfolio</th>
<th>Collection/group/set</th>
<th>Sponsorship of an organisation</th>
<th>Resource competition/Allocation</th>
<th>Management of an organisation</th>
<th>More than projects only Strategic objectives/decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archer &amp; Ghasemzadeh</td>
<td>(1999)</td>
<td>A project portfolio is a group of projects that are carried out under the sponsorship and/or management of a particular organization.</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Jonas</td>
<td>(2010)</td>
<td>A project portfolio is seen as a group of projects that compete for scarce resources and are conducted under the sponsorship or management of a particular organization.</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Martinsuo Lehtonen</td>
<td>(2007)</td>
<td>Project portfolio is a group of projects that share and compete for the same resources and are carried out under the sponsorship or management of an organization.</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Meskendahl</td>
<td>(2010)</td>
<td>A set of projects that share and compete for scarce resources and are carried out under the sponsorship and management of a particular organisation.</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Project Management Institute</td>
<td>(2006)</td>
<td>a collection of projects and/or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Unger et al.</td>
<td>(2012)</td>
<td>Project portfolios are defined as collections of concurring and competing single projects, where managerial involvement of senior management occurs mainly via resource allocation as a result of senior management's strategic decisions</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Author</td>
<td>Year</td>
<td>Definition PPM</td>
<td>Iterative / continuous</td>
<td>Strategy / objectives alignment</td>
<td>Resource balancing / allocation</td>
<td>Screening / selection / making choices</td>
<td>Prioritisation</td>
</tr>
<tr>
<td>----------------------</td>
<td>----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>----------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Archer &amp; Ghasemzadeh</td>
<td>(1999)</td>
<td>Project portfolio selection is the periodic activity involved in selecting a portfolio, from available project proposals and projects currently underway, that meets the organization’s stated objectives in a desirable manner without exceeding available resources or violating other constraints.</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Blichfeldt &amp; Eskerod</td>
<td>(2008)</td>
<td>The managerial activities that relate to (1) the initial screening, selection and prioritization of project proposals, (2) the concurrent reprioritization of projects in the portfolio, and (3) the allocation and reallocation of resources to projects according to priority.</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Cooper et al.</td>
<td>(2000)</td>
<td>“Portfolio management is about resource allocation – how your business spends its capital and people resources, and which development projects it invests in. Portfolio management is also about project selection – ensuring that you have a steady stream of big new product winners! And portfolio management is about strategy: it is one method by which you operationalize your business’s strategy”</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Kwak &amp; Anbari</td>
<td>(2009)</td>
<td>Strategy/Integration/Portfolio Management/Value of Project Management/Marketing: The concepts of organizing and managing resources to maximize profit, minimize cost, and support the overall strategy of the organization</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Author(s)</td>
<td>Year</td>
<td>Statement</td>
<td>Relevant?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martinsuo &amp; Lehtonen</td>
<td>2007</td>
<td>Project portfolio management can be considered a dynamic decision process, where a list of active projects is constantly updated and revised</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maylor</td>
<td>2010</td>
<td>&quot;It is not possible to be good at everything', 'it is not possible to do everything'. In practice, organisations and individuals have to make choices about what they do, not just how well they are going to do it. This is part of the strategy process known as portfolio management. Ideally, an organisation will choose the activities it undertakes such that it will gain maximum benefit from its investment in those activities</td>
<td>x x x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meskendahl</td>
<td>2010</td>
<td>Project portfolio management the simultaneous management of the whole collection of projects as one large entity</td>
<td>(x)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mors et al.</td>
<td>2010</td>
<td>“an iterative process that must continually keep track of the project portfolio to ensure fit with business objectives”</td>
<td>x x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nolan, Norton &amp; Co.</td>
<td>2010</td>
<td>Project Portfolio Management is het gecentraliseerd managen van het project portfolio om te komen tot een optimaal project portfolio in lijn met strategische doelen van de organisatie.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PMI</td>
<td>2006</td>
<td>The centralized management (of) one or more portfolios, which includes identifying, prioritizing, authorizing, managing and controlling projects, programs, and other related work to achieve specific strategic business objectives.</td>
<td>x x x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unger et al.</td>
<td>2012</td>
<td>Project portfolio management is the vehicle to implement strategy in that investments are only provided to fitting projects in order to enforce the link of these projects to the business purpose whilst aligning the portfolio to corporate strategy.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please note that with ‘resources’, more than only human resources are meant. The term also comprises money and assets. The term ‘organisational body’ is chosen over the more frequently used ‘organisation’, since a Project Portfolio can also belong to an organisational department rather than the whole organisation.

2.1.3. Project Portfolio Management (PPM)
Now that the essential concepts of PPM have been defined, the definition of PPM itself can be discussed. Analogous to the definition of Project Portfolio, various definitions from literature have been compared. The comparison is displayed in Table 3. Again combining the various (non-conflicting) concepts that most definitions comprise, PPM is defined as follows.

PPM: The process of selecting and prioritising projects in the project portfolio in order to align the portfolio with strategy, to balance resources and to optimise benefits, by means of centralisation and standardisation, as well as screening and monitoring of the projects in the portfolio.

Hence what distinguishes PPM (in particular from Programme Management with which it is frequently confused since both concepts deal with managing a set of projects) is the aim for selecting and prioritising the projects in the portfolio. The selection of projects is aimed at strategy alignment, resource balancing and benefit optimisation. In order to be able to make these selection and prioritisation decisions, good information is required, which is achieved through centralisation, standardisation, screening and monitoring.

As a final note regarding the definition of PPM, the acronym ‘PPM’ itself requires some attention. There is a multitude of terms available for which the abbreviation PPM is used. Some of these are obviously different from ‘Project Portfolio Management’, like ‘parts per million’ and ‘Permutation Parity Machine’ (Reyes, et al., 2010). However, some applications of the acronym PPM can be more confusing, like when discussing ‘Product Portfolio Management’. Such management of products involves development of new products, which is typically done in a project setting. Hence situations may occur, when both Project and Product Portfolio Management are applied, leading to ambiguity for the term PPM. In various firms, PPM is also commonly used to refer to Project & Programme Management, which can as well be confusing. Thus, for the sake of being explicitly clear, in this report the acronym ‘PPM’ always refers to ‘Project Portfolio Management’ unless explicitly stated otherwise.

2.1.4. PPM Adoption
There is no clear-cut definition of PPM Adoption available from academic literature. As has been discussed in chapter 1 there is not much academic literature available on PPM Adoption. Those articles that do discuss PPM Adoption, the most notable of which are Teller et al. (-in press 2012-) and Reyck et al. (2005), take PPM Adoption as a given and do not provide elaborate definitions or in-depth discussions about the topic. The references that these articles cite on this topic originate from business rather than academic literature, like Berinato (2001) in CIO Magazine and Ibbs et al.’s book (2002), published by PMI.

Since a good definition for PPM Adoption is key in this research, and since academic literature appears to provide insufficient information on this issue, it is necessary to do a first attempt for
defining PPM Adoption in this report. The first step for this is to take a closer look at the word ‘adoption’. The Oxford Dictionary (2010) defines the noun ‘adoption’ as:

“the action or fact of adopting or being adopted”

And the verb ‘to adopt’ in the context of this study as:

“choose to take up or follow (an idea, method, or course of action)”

The word ‘choose’ implies that adoption concentrates on the decision for taking up a method, rather than its actual implementation. This means that the expression ‘to decide to adopt PPM’ would be a tautology. Hence, in this report the statements about ‘adopting’ by themselves refer to the decision to take up or follow something (PPM), rather than its execution.

The definition by the Oxford Dictionary (2010) suggests that adoption is a binary event. One chooses to either take up an idea, or not to take it up. However, adoption of PPM is not that binary. As shown by Reyck et al. (2005), PPM Adoption can be measured in multiple variables, some of these variables being further developed than others2 in a particular organisation. This can also be explained intuitively. Under the assumption of finite resources, organisations always require and apply some mechanism for selecting what to do and what to drop. Levels of advancement of this selection mechanism may however differ. In the extreme forms, it could be the intuition of the CEO that determines the selection decision or there is a highly formalised system of methods and procedures for the selection of projects. Between these two extremes, many forms may exist. Furthermore, from a more general perspective on innovation as a whole, also Damanpour and Schneider (2006) argue that adoption is not dichotomous. Hence the suggestion is to consider PPM Adoption as following a spectrum of advancement rather than being binary. Regarding the definition of PPM Adoption this means that ‘choosing to take up’ would need to be reformulated into ‘choosing to advance in’.

All mentioned above logically leads to the following definition for PPM Adoption:

PPM Adoption: The action or fact of choosing to advance in PPM

---

2 The measurement of PPM Adoption is discussed in further detail in section 2.4.1
2.1.5. Overview of Definitions

Now all key terms of this report have been defined. As a summary, Table 4 provides an overview of these definitions.

Table 4 - Overview of key terms' definitions

<table>
<thead>
<tr>
<th>Key Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>Temporary endeavours undertaken to create a unique product, service or result</td>
</tr>
<tr>
<td>Programme</td>
<td>A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually</td>
</tr>
<tr>
<td>Project Portfolio</td>
<td>A project portfolio is a group of projects, programmes and other work that share and compete for the same resources and are carried out under the sponsorship of an organisational body</td>
</tr>
<tr>
<td>PPM</td>
<td>The process of selecting and prioritising projects in the project portfolio in order to align the portfolio with strategy, to balance resources and to optimise benefits, by means of centralisation and standardisation, as well as screening and monitoring of the projects in the portfolio</td>
</tr>
<tr>
<td>PPM Adoption</td>
<td>The action or fact of choosing to advance in PPM</td>
</tr>
</tbody>
</table>

2.2. PPM Research

In this section a selection of research about PPM is discussed. The section starts with a historical perspective on PPM, discussing the roots in Modern Portfolio Theory, and the contribution of Cooper’s research on New Product Development, as well as the rapidly increasing attention for PPM over the last decades from academics as well as from professional associations like PMI and OGC (2.2.1). Next, the fundamental PPM element of project selection and its ideally repetitive nature is discussed in section 2.2.2, followed by a discussion on the location, range and scope of PPM in the organisation (2.2.3) and a discussion on the differences and similarities of PPM and PPM Maturity Models (2.2.4). In section 2.2.5 research on the link between PPM Adoption and PPM Success is discussed and this section on PPM research closes with the challenges of PPM research, including the challenge regarding influences on PPM Adoption (2.2.6).

2.2.1. Historical Perspective

As Kwak and Anbari (2009) write, the popularity of, and interest in Project Management (PM) research has considerably increased over the last decades. Filippov, Mooi and Van der Weg (2010) state that organisations are moving from functional management towards Project Management as a way to organise work. They also state that this ‘projectification’ brings about ‘project overload’, leading to lower project efficiency as the human resources have too much to concentrate on, leading in lower task focus, lower adherence to time schedules and other similar issues.

Project Portfolio Management (PPM) has its roots in Modern Portfolio Theory (MPT), which was initially developed for financial investments allowing balancing of returns and risks (Reyck, et al., 2005). Later, MPT found another application area in Project Management. From the 1980’s onward, academics started paying attention in PPM (Filippov, et al., 2010). Also the article by Rotheli and
Pesenti (1986) describing the application of MPT in a Swiss pharmaceutical firm shows that in the 1980’s MPT was already being applied to multi-project environments for balancing the various aspects of an organisation’s set of projects, including risk, duration and turnover. Meanwhile in the 1980’s and 1990’s, Robert G. Cooper and his colleagues applied portfolio theory to new product development projects, introducing the stage-gate system (Cooper, 1990). Cooper’s work is considered as influential on PPM (Petit, -in press- 2011).

As evidenced by the amount of papers published in the in the International Journal of Project Management with the keyword “portfolio management” retrieved by Scopus and Web of Science, the attention for PPM is increasing. From the 1980’s, only 1 article, by Roetheli and Pesenti (1986), was found. From the 1990’s 5 articles were found, from the 2000’s 16 articles were found and from the 2010’s, including the articles in press, 18 articles could be found already in the spring of 2012, a trend indicating that in the remaining of the 2010’s increasingly more attention may be paid to PPM research.

Over roughly the last decade, also the professional associations for project management have shown activity regarding PPM, as can be observed from their publications of PPM standards and methods. The Project Management Institute (PMI), known for its Project Management Body of Knowledge (PMBoK) published the first edition of ‘The Standard for Portfolio Management’ in 2006 (Project Management Institute, 2006), meanwhile succeeded by a second and a third edition. Also the British Office of Government Commerce (OGC), known best for the PRINCE2 best practice, has published the guide ‘Management of Portfolios’ (MOP) in 2011 (OGC, 2011).

2.2.2. Project Selection Process

As explained in section 2.1.3 PPM revolves around the selection of projects. For this selection process, a variety of (non-)numeric models can be applied. Meredith and Mantel (2010) describe various nonnumeric models in which there appears to be no choice, as the project ‘just needs to be done’. Among these models are the boss his ‘sacred cow’, operating necessity and competitive necessity. Also, more belief or intuition based models are distinguished, in which not much of a rational decision is made. “Decision makers can act on their beliefs about what will be the likely impact on the total system performance” (Meredith, et al., 2010). They also mention the somewhat more structured ‘comparative benefit model’, in which senior management or a selection committee chooses project by intuitively ordering all potential projects, for example by using a Q- Sort method. As opposed to nonnumeric models, there are also numeric models for project selection, comprising profitability models like payback period, net present value (NPV) and Real Options, as well as numeric non-weighted and weighted scoring models in which potential projects are evaluated by a pre-established list of criteria. Meredith and Mantel (2010) argue strongly in favour of weighted scoring models because they allow reflection of the multiple organisational objectives, their flexibility regarding changes in managerial philosophy or environment and their relatively low bias toward the short run, as compared to profitability models. However, one could argue that using a weighted factor model does not necessarily exclude the use of profitability models, as profitability measures can, and most probably should, be included in the selection criteria.
Important criteria that ideally should be included in the selection process comprise strategy alignment (Pennypacker, et al., 2009), resource availability (Pennypacker, et al., 2009), cost savings or profitability (Meredith, et al., 2010) (Pennypacker, et al., 2009), boundary conditions set by the organisation or externally imposed (like legal boundary conditions) (Meredith, et al., 2010) and risk balance (Reyck, et al., 2005).

The selection of projects is not necessarily a one-shot exercise performed at some starting point. On the contrary, various authors plea for considering PPM as a continuous activity, also considering projects that are already on the way. The world is continually changing, meaning that business cases change relative to their environment. As Mors and colleagues (2010) put it:

“The assumptions that were made when the project was started may lose their validity over time, whether expected or not, which may require reprioritizing of projects in the portfolio. Thus, projects need to be periodically assessed in terms of their status and performance. Companies that do not reassess their portfolio of projects on a regular basis disregard possibilities that they may have to reprioritize. That is, they forgo possibilities to abandon unpromising projects and to expand investments in successful projects.” (Mors, et al., 2010)

Archer and Ghasemzadeh (1999) also mention this issue: “Project portfolio selection is the periodic activity involved in selecting a portfolio” (underline added), as well as Blichfeldt and Eskerod (2008), who include the words “the concurrent reprioritisation of projects in the portfolio” in their definition of PPM, and Martinsuo and Lethonen (2007), who define PPM as “a dynamic decision process, where a list of active projects is constantly updated and revised”.

Filippov and colleagues (2010) add that “the frequency of portfolio assessment is not rigidly fixed, as it depends on the organisational context”. They also cite research by Deloitte Consulting (McIntyre, 2006) saying that such a portfolio review is not needed every week, but recommends to do this quarterly.

A method that enables reduction of this one-shot issue is the widely applied stage gate principle in which a project is divided in multiple smaller stages (e.g. initiation, execution, closure) at the end of which it has a ‘gate’ at which the progress of the project is reviewed. Re-evaluating the position of the project in the portfolio at each stage-gate would reduce the one-shot issue. Robert G. Cooper and his colleagues have played a large role in diffusing this stage gate methodology (Cooper, 1990) into PPM practices. Also, the PRINCE2 best practice for project management by OGC (OGC, 2009) applies a stage gate method.

2.2.3. Range & Scope of PPM
The position of practice of PPM in terms of the organisational chart is not the same in every organisation. Besides the individual project managers and a project steering committee per single project, typical functions and/or bodies that exist around PPM are one or multiple Project Management Offices (PMO’s), responsible for providing project information and a committee that makes the project selection and prioritisations decisions (Pennypacker, et al., 2009).
Filippov et al. (2010) describe variations in the share of PPM in all business operations. PPM may cover only a part of business operations, with for example routine operations considered line activities. It can also occur that “PPM covers only a specific business sector/area (e.g. IT)” (Filippov, et al., 2010). Finally, also a complete overlap is also possible, in which “all activities are done in projects; and functional work virtually does not exist” (Filippov, et al., 2010). These same authors also describe that PPM can be practiced within a programme only. Although they also mention that it occurs that the PPM emerging within the programme is later also used throughout the other elements of the organisation, this does imply that at some moment in time, for some organisation, most if not all PPM activity is concentrated around one or multiple programmes and is hardly practiced as a continuous activity outside these programmes.

Blichfeldt and Eskerod (2008) have found the issue that in practice PPM does not necessarily cover all projects within an organisation or organisational body. Smaller so called ‘under-the-radar’ projects are frequently not part of the organisation’s PPM system. “PPM often only covers a subset of on-going projects, while projects that are not subject to PPM tie up resources that initially were dedicated to PPM projects.” (Blichfeldt, et al., 2008). This poses a dilemma of on the one hand not wanting to lose track of the smaller projects which are initially not covered by PPM for the sake of good resource management, and on the other hand over-bureaucratisation leading to overhead work and dissatisfaction of employees for losing a part of their freedom of self controlling their activities. The authors advise to decide first whether or not to include all projects in PPM, and in the not-case to have top-management decide the boundaries for which projects should be in and out of PPM and decide on the amount of resources that are dedicated to the out-of-PPM projects. They also plea for more normative research into this issue, following up on their explorative work.

2.2.4. PPM Maturity Models

Various frameworks exist for assessing the maturity of Project Management and PPM in organisations, with maturity being “the state where the organisation is in a perfect condition to achieve its business objectives” (Filippov, et al., 2010). These same authors also describe maturity as the sum of action, attitude and knowledge. Pennypacker and Retna (2009) explain the goal of a maturity model as “to help an organization assess its level in absolute terms and then develop a roadmap to rise to higher levels”. Common frameworks include (Filippov, et al., 2010), (Haar, 2008):

- P3M3 (Portfolio, Programme and Project Management Maturity Model), by OGC
- OPM3 (Organisational Project Management Maturity Model), by PMI
- CMM/CMMI (Capability Maturity Model /-Integration), by Carnegie Mellon University’s Software Engineering Institute
- PPMMM (Project Portfolio Management Maturity Model) by PM Solutions

Using this kind of frameworks, the maturity of Project Management and/or PPM in an organisation is assessed for a number of variables on typically a 5 point scale, ranging between the first awareness of the process and the optimised level. In this scale, the maturity PPM is measured from various perspectives. P3M3 uses seven perspectives, being Management Control, Benefits Management, Financial Management, Stakeholder Engagement, Risk Management, Organisational Governance and Resource Management (OGC, 2010).
Although close, the maturity of PPM is different from PPM Adoption. First of all, PPM Maturity considers implementation, whereas in PPM Adoption the decision is central. Also, PPM Maturity models are used to highlight the relative development of the various perspectives, while measurement of PPM Adoption considers the aggregate, absolute advancement of PPM.

### 2.2.5. PPM Success

The link between PPM Success and PPM Adoption has been researched by Bert de Reyck and colleagues (2005), with the return of projects and (inversely) the number of project-related problems as indicators of PPM success. Their conclusion is that “an increased PPM adoption level has a significant positive impact on the return on the projects in the portfolio and a significant negative impact on the number of project-related problems reported.” (Reyck, et al., 2005). They also found that adopting only a few PPM elements can already deliver benefits and that some elements (for example PPM software) are more effective when the organisation in its totality is already considerably advanced in PPM.

In a similar fashion, Juliane Teller and colleagues (in press 2012) study the effect of both single project formalisation and PPM formalisation on success, mediated by PPM quality. They find that both single project and portfolio formalisation are positively related to PPM quality, which gets even stronger when these two forms of formalisation increase both as well as when project complexity is higher. And they find that “PPM quality is significantly related to project portfolio success” (Teller, et al., in press 2012). Altogether this means that increasing formalisation implies higher PPM success. Formalisation is comparable to PPM Adoption since PPM Adoption, as measured by De Reyck (2005), comprises formalisation of PPM.

### 2.2.6. Challenges of PPM Research

Altogether, various aspects of PPM have already had quite some attention in literature and practice. Cooper’s stage-gate system (Cooper, 1990); the MPT philosophy applied to PPM; various PPM standards and methods; PPM Maturity Models; and numerous project selection models are readily available for (potential) PPM practitioners. Also, the link between PPM Adoption and PPM Success can be considered proven sufficiently for maintaining interest in the field of PPM. However, challenges remain, like the dilemma pointed out by Blichfeldt et al. (2008) between keeping sufficient track of all projects and over-bureaucratisation. Also the there still is a general need for more empirical research, as has been pointed out in section 1.1 already. Another challenge is the search for good, complete and unambiguous definitions for PPM and PPM Adoption, as has been discussed in section 2.1. Although the link between PPM Adoption and PPM Success has been shown, the cited authors fall short in providing a strong definition for PPM Adoption. Finally, as also discussed in chapter 1, although the link between PPM Adoption and PPM Success exists, it is as of yet under-researched how the Adoption of PPM is influenced.

### 2.3. Adoption Research

In this section a deeper look is taken into research on adoption of innovations, the roots of which lay in diffusion research, of which Everett M. Rogers is an influential author (2.3.1). Whereas Rogers mostly takes the macro perspective on adoption and diffusion of innovations, the perspective of the change agent, other authors have focussed on the micro perspective, the perspective of the adopter. In section 2.3.2 a selection of the work of these authors is discussed. Although they don’t study the
innovation of PPM, they do focus on other (process) innovations. In a number of these works, factors are mentioned that are believed to have influence on the adoption of the respective.

2.3.1. Adoption & Diffusion Research
An influential, if not the most influential author in the field of diffusion research is Everett M. Rogers. His book ‘Diffusion of Innovations’ (2003), the first edition of which was published in 1962, has been cited an impressive 41644 times on Google Scholar (2012) and 13713 times on Web of Knowledge (2012). Rogers himself states that “research on the diffusion of innovation started (...) during the 1940s and 1950s.” (Rogers, 2003). Various researchers have independently found that the diffusion of an innovation followed an S-shaped curve over time. Well known contributions of Rogers comprise the adopter categories (innovators, early adopters, early majority, late majority and laggards) and the innovation-decision process (from knowledge through persuasion, decision and implementation to confirmation). The decision step in the innovation-decision process forms the link to adoption, since the decision can either be rejection or adoption (Rogers, 2003). This forms another confirmation of the link between adoption and decision, as discussed in section 2.1.4.

Although Rogers’ work is influential and definitely touches the topic of adoption, the usability of the important contributions mentioned before are limited. This is because diffusion research takes primarily a macro perspective, the perspective of the, as Rogers calls it, ‘change agent’, being the person or organisation that ‘brings’ rather than ‘receives’ the innovation and hence mainly studying aggregate diffusion effects of the innovation. Studying factors that influence PPM Adoption rather requires a micro perspective, being that of the individual adopter, in this case the adopter being an organisational body.

2.3.2. Different Perspectives on Innovation Adoption Factors
Other publications study innovation adoption from this micro perspective (adopter perspective). The findings of the following authors are used for establishing the factors that influence PPM Adoption.

Damanpour and Schneider (2006) studied the influence of various factors on adoption of innovations by approximately 1200 public organisations in the United States, categorising the factors into environmental, organisational and top-manager’s characteristics and conclude that “each dimension accounts for unique variance in the adoption of innovation” (Damanpour, et al., 2006) and “organizational characteristics and top managers’ attitudes toward innovation have a stronger influence than environmental and top managers’ demographic characteristics” (Damanpour, et al., 2006). The influential factors that Damanpour and Schneider (2006) mention, comprise ‘complexity and size’ of the organisation and ‘top management’s attitude to innovation’, to which they also refer as ‘change-oriented behaviour’.

Wong and Aspinwall (2005) have investigated the critical success factors for adopting one particular innovation, being Knowledge Management (KM). They found ‘Management and leadership support’ and ‘Culture’ as the most important factors for KM adoption success. Čudanov and Jaško (2012) have studied the influence of dominant management orientation on ICT Adoption and found that “organisations where dominant management orientation was towards results had much better ICT adoption” (Čudanov, et al., 2012)
Tolbert and colleagues (1983) actually studied diffusion of change, but they also looked at the characteristics of individual adopters and found the size or the adopting organisation to positively influence innovation adoption. Teller and colleagues (in press 2012-) have studied the influence of formalisation on PPM success, finding that complexity is an important moderating factor.

2.4. PPM Adoption

Having considered the PPM and Adoption theory in respectively sections 2.2 and 2.3, this section brings these concepts together into PPM Adoption. This section serves as the final step towards the conceptual model for the research. First, the measurement of PPM Adoption indicating the place on the adoption spectrum is explained through an explanation of De Reyck et al.’s (2005) method for measuring PPM Adoption in nine variables (2.4.1). Section 2.4.2 explains why PPM can be considered an innovation and lays the foundation for comparison of PPM Adoption to adoption of other innovations. Finally in section 2.4.3 the factors that influence PPM Adoption are identified and explained. The factors are presented in two categories, being conditions and drivers for PPM Adoption. Since literature on these particular factors appears to be largely inexistent, they have been derived from various publications about factors influencing the adoption of other innovations (mostly applicable to the conditional factors) and from potential benefits of PPM as described by PPM literature (mostly applicable to the driving factors). In many cases the explorative interviews of this research project have provided supporting clues for the various factors. These supporting clues are also explained.

2.4.1. Measuring PPM Adoption

Bert de Reyck and colleagues (2005) have studied the link between PPM Adoption and PPM Success. For this, they measure PPM in 9 variables. These variables are displayed in Table 5. They express PPM Adoption in the variable called ‘Overall adoption level’, which is the average response level with a 1-4 scale (survey answers were equivalent to the set [0:4], but they afterwards combined the 0 and 1 equivalent answers into 1).

The 9 variables of Reyck et al. present a method for measuring PPM Adoption, hence to find an indication of the location of an organisational body on the PPM Adoption spectrum mentioned in section 2.1.4. One may debate whether this the simple average of scores on each of these variables exactly matches the same location on the adoption spectrum, but as not the exact state of PPM Adoption, but rather the factors influencing this adoption is key to this research, the use of this method provides sufficient utility for the purposes of this research in providing a rough indication of this location.

2.4.2. PPM as an Innovation

The noun ‘innovation’ may possibly bring out associations with new gadgets and machines. However, innovation is much broader. As Rogers (2003) defines it: “an innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption”. This means that not only technological devices (Rogers: ‘object’) qualify for being innovations, but among other things also management practices (Rogers: ‘practice’) do. PPM is such a management practice, which is by definition new to the organisation by which it is adopted, even when considering PPM Adoption as advancement on a spectrum, since although PPM as such already exists for a part, the elements that contribute to this advancement are still new. Altogether, PPM can most definitely be considered as an innovation.
Table 5 - 9 variables for measuring PPM Adoption, based on Reyck et al. (2005)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>To have an inventory of current and proposed significant projects</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>Determining the value of projects using various financial techniques for project selection, like Return on Investment (ROI) and Net Present Value (NPV)</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>Management of overall risk analysis of the project portfolio, regarding various types of risks (e.g. technology, cash flow, market)</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>Management of interdependencies between projects. Interdependencies comprise overlap in project outcomes, implementation bottlenecks and resource competition.</td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>Consideration on portfolio level of constraints in budget, human resource, infrastructure and staff capability</td>
</tr>
<tr>
<td>Overall analysis</td>
<td>Management of overall measures of the project portfolio including diversification and risk vs. reward analysis</td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>Strategy alignment, top management involvement, accountability and governance</td>
</tr>
<tr>
<td>Optimisation</td>
<td>Central benefit tracking, target-outcome comparisons, regular revisions of the overall project portfolio</td>
</tr>
<tr>
<td>Specialized software</td>
<td>The use of specialised software to manage the portfolio of projects</td>
</tr>
</tbody>
</table>

2.4.3. Factors Influencing PPM Adoption

The topic of factors influencing PPM Adoption is as of yet under-researched in the extant body of literature. Hence, factors that are expected to influence PPM Adoption have been derived from publications about adoption of other innovations, most of which are mentioned in section 2.3.2; from the potential benefits of PPM described in PPM-related literature; and from the explorative interviews performed for this research project (Appendix A) provide supporting clues for that these factors influence PPM Adoption. In identifying and describing the factors that are of influence on PPM Adoption, a differentiation has been made between conditions (descriptive factors, factors that describe the circumstances and/or characteristics of the organisational body) and drivers (normative factors, factors that describe what an organisational body desires or needs), due to their different nature. The majority of factors that have been come across in the literature study and explorative interview have been included in some form. Sometimes literally (e.g. complexity), sometimes integrated within an overarching factor (e.g. management culture within organisational culture). However, in line with Damanpour et al. (2006)’s findings described in 2.3.2, environmental factors and demographic characteristics of specific individuals within the organisation have not been included, as they are expected to have too little influence on PPM Adoption.
Conditions

C1 - Relative resource scarcity
Relative resource scarcity is the relative lack of resources (human, financial, infrastructural and other) that an organisation has in comparison to the total amount of resources required for performing all the potential projects. The selection of this factor follows from logic rather than particularly from literature: if there would be zero resource scarcity, there would be no necessity for selecting and prioritising projects, as they could all be executed because sufficient resources would be available. It is therefore expected that increasing relative resource scarcity will have a positive effect on PPM Adoption. In addition, this factor was mentioned in one of the explorative interviews (interviewee DJ).

C2 - Portfolio complexity
Portfolio complexity brings the challenge for maintaining oversight over the portfolio. Complexity consists of multiple components. First of all, there is project volume. Lower numbers of projects are easier to keep track of than high numbers of projects and a higher aggregate project budget increases the need to manage the portfolio. Projects interdependencies increase the need for oversight and complicate the oversight over the portfolio. The single project complexity and single project impact mean the average complexity and impact of single projects in the portfolio. Impact is considered as the range of organisational functions that a single project affects. Finally, single project uncertainty describes the average extent to which the course and results of a single project are predictable. For example innovative projects generally face a relatively high uncertainty in comparison to a repeated rollout of a small software application. Altogether, Portfolio Complexity is expected to have a positive effect on PPM Adoption. This factor is mentioned by various authors including Tolbert et al. (1983), Damanpour et al. (2006) and Teller et al. (in press 2012-) as well as in all of the explorative interviews. Also Filippov et al. (2010) have found that “The main problem leading to PPM (...) was the growing amount and complexity of projects.”

C3 - Organisational culture
The culture of the organisational body under study is divided into two elements, the first of which is management culture. Management culture describes to what extent top management desires to be in control, to what extent top management prefers bureaucratic management over a looser management style. Čudanov (2012) uses the wording ‘result oriented vs. people oriented’ for this. The ‘change readiness & innovation attitude’ describes the extent the organisation is open to the introduction of PPM itself. Introducing an innovation like PPM comes with shifts in power balance and the perception of change in working style, which potentially evokes resistance within the organisation. Filippov et al. (2010) citing Jeffery and Leliveld (2004) state that “managers may resist implementation of PPM (...) a critical hurdle to PPM, undermining its success” (2010). Resistance lays in the potential decrease of managers’ power, which comprises their control over the project budget and resources. Elements of the Organisational Culture factor were also mentioned in the explorative interviews with AB (“organisational culture”, “leadership culture”, “change readiness”), RW (“personal commitment” → change readiness), JC (“Leadership culture”) and SS (“resistance to shifts in power balance” → change readiness). The managerial aspect of this factor is mentioned by (Damanpour, et al., 2006) and (Čudanov, et al., 2012). Wong (2005) mentions leadership, and adds culture in the wider sense. A more control/result oriented management culture is expected to
positively influence PPM Adoption Advancement. ‘Change readiness & innovation attitude’ is also expected to show a positive relation to PPM Adoption.

C4 - PPM Gap size
The ‘PPM Gap Size’ factor describes the relative effort it would take to adopt and consecutively implement PPM. First of all, this lies in the access to knowledge about PPM. Organisations that have high exposure to PPM, for example because they know that other similar organisations apply it, or because top management has experience with PPM from previous employers, may consider adopting PPM sooner than those organisations that are not exposed to it so much. Also, the relative ease with which knowledge about PPM is accessible is a component of the ‘access to knowledge of PPM’-element. If an organisation has relatively affordable access to consultancy, it can promptly hire people with PPM knowledge and experience or has other means for getting access to PPM knowledge, it would contribute to the ease for this organisation to adopt PPM and hence decrease the gap. The other part of the ‘PPM Gap Size’ factor is the state of the current organisation. If the organisation already has much in place for what is required for PPM (for example, a formalised Project Management methodology), it would be easier for the organisation to further adopt PPM. It would make the decision to take up PPM less hard because of its lower impact. Altogether, the PPM Gap size is expected to have an inverse (i.e. negative) relation to PPM Adoption. The elements of this factor are mentioned by (Damanpour, et al., 2006), discussing the available information about an innovation, and by (Young, et al., 2001), discussing the influence of prior exposure of top management to an innovation on its adoption and discussing the influence of access to information.

Drivers

D1 - Alternative organisational priorities
Alternative organisational priorities mean that management perceives other things to be more important to care about than PPM Adoption. The adoption of PPM for example requires a budget. Such a budget may not be available. The alternative organisational priorities factor is expected to have a negative relation to PPM Adoption. This factor follows from logic rather than from literature. Additionally it has been derived from the explorative interview with SS.

D2 - Desire for better information transparency
Top management may desire to have better information about the project portfolio, in order to be better able to steer the portfolio. This factor is expected to have a positive relation to PPM Adoption. This factor is derived from the potential benefit of PPM to bring better oversight, better transparent information about the projects of the portfolio, as is mentioned by authors like Levine (2005) and Pennypacker & Retna (2009). Also, Filippov et al. (2010) mention that lack of overview leads to frustration on various levels, implying that this lack of overview, alternatively expressed as desire for better information transparency drives PPM Adoption. Additionally, this factor was mentioned in the explorative interviews with CM, RW and DJ.

D3 - Need for better predictability of company results
Organisations may experience the need for better predictability of, or more certainty about, future results. For example, a stock-listed company has the need to predict future profits. Better
information about portfolio costs and benefits contributes to this predictability. Hence the need for better predictability of company results is expected to have a positive relation to PPM Adoption. Thiry and Deguire (2007) mention that predictability is one of the key drivers for implementing a PMO, which can be considered a substantial element of PPM Adoption. Next to that, this factor has been discussed in the explorative interview with AB.

D4 - Desire for project success rate improvement
Euphemistically speaking, not all projects stay within their budget and finish within time, implying higher project costs than intended. Organisations may experience a strong need or desire for improving their project success rates. Reyck et al. (2005) conclude that advancement in PPM Adoption is inversely related to the number of project related problems. Also, Filippov et al. (2010) mention that PPM comprises an important element of ‘doing projects right’. Furthermore Thiry and Deguire mention that besides predictability also higher project success is one of the key drivers for implementing a PMO, which can be considered a substantial element in PPM Adoption. Additionally this factor has been mentioned in the explorative interview with SS. Hence the desire to reduce these problems, alternatively formulated the desire to improve project success rates, is expected to positively influence PPM Adoption.

D5 - Desire for portfolio rationalisation
The desire for portfolio rationalisation is the desire for having fixed criteria for starting and killing projects and to consistently and continuously executing a project selection mechanism. Pennypacker & Retna (2009) mention the enablement of a business to “base portfolio decisions on logic, reasoning, and objectivity” (Pennypacker, et al., 2009) as one of the most important benefits that PPM can bring. Additionally, this factor has been derived from the explorative interview with DJ. This desire is expected to have a positive relation to PPM Adoption.

2.5. Conceptual Model
Bringing together the findings of the preceding sections of this chapter, the conceptual model for this research project is presented in Figure 2. Roughly going from bottom to top, what is displayed in the figure is:

- The PPM Adoption spectrum, as described in section 2.1.4

- The 9 variables of De Reyck et al. (2005), (Centralised view ... Specialised software) used for obtaining an indication of the position on the spectrum, as discussed in section 2.4.1

- The Advancement arrow, indicating the advancement direction of PPM Adoption. Here, the assumption is made that organisations do not move in the opposite direction, to a lower state of PPM Adoption. This is not necessarily impossible. For example imagine an organisation deciding not to renew its licence for its PPM software or an organisation selling or closing its department where a substantial share of its PPM knowledge and experience is located. However this de-adoption is considered outside of the scope of this research project.
- The nine factors potentially influencing PPM Adoption as identified in section 2.4.3 grouped as conditions and drivers, as well as their expected influence on PPM Adoption indicated by a plus or minus sign. Please note that the places on which their influence arrows touch the Advancement arrow are arbitrary in that sense that with this nothing is yet said about the particular difference in influence, going over the spectrum. E.g., it is not necessarily the case that Relative Resource Scarcity influences PPM Adoption most in the lower region of PPM Adoption, and neither that Alternative Organisational Priorities have most influence in the higher region of PPM Adoption.

![Figure 2 - Conceptual Model](image-url)
3. Research Methodology & Design: Case Studies

As described in section 1.3, the approach of this research consists of explorative literature study and expert interviews, and on case study based validation. The results of the explorative parts have already been addressed in chapter 2 and Appendix A, hence this chapter focuses on the validating case study part only, using the conceptual model from chapter 2 as an input.

The chapter is organised as follows. In section 3.1 the application of the case study research methodology is motivated, in comparison to four other commonly used methods. Also the general design choices within the case study methodology field are explained. In section 3.2 the more specific case study design is explained on the basis of Yin’s (2009) five important components of overall case study design, and the selection criteria for the cases are presented and explained. The chapter concludes with section 3.3, in which the steps taken in the actual data collection phase of this research project are explained.

3.1. Research Methodology Selection: Case Study Research

In Table 6, five commonly used research methods as distinguished by Verschuren and Doorewaard (2005) are displayed, as well as their advantages and disadvantages from the perspective of this particular research project. Yin (2009) also distinguishes the experiment, survey and case study methods and in addition mentions the more specific desk research methods ‘archival analysis’ and ‘history’.

Table 6 - Five common research methods

<table>
<thead>
<tr>
<th>Research Method</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>Requires control of behavioural events, which is not plausible for this particular research project</td>
</tr>
<tr>
<td>Survey</td>
<td>Potential option, but risky, time and resource intensive and less feasible due to requirement of large numbers of research units for success opposed to low numbers of accessible potential research units. Also lacks flexibility and depth.</td>
</tr>
<tr>
<td>Desk research</td>
<td>Based on secondary data, without direct contact with the research object. Applicable for the explorative phase of this research project, but not for the validation phase as existence of secondary data in this field can be expected to be low to zero.</td>
</tr>
<tr>
<td>Case study</td>
<td>Flexible, strong in providing depth and feasible to match the time and resource constraints for this project as the number of research units required is relatively low. Particularly suitable for answering the ‘how’ formed research question.</td>
</tr>
<tr>
<td>Grounded theory</td>
<td>Intended for areas in which no theory yet exists at all, which is not the case for this research project.</td>
</tr>
</tbody>
</table>

For this particular research project, the experimental method can be eliminated as potential option. Experimental research would require control of behavioural events (Yin, 2009), which is not plausible in studying the adoption of PPM in organisations. Grounded theory is neither to be considered, as this is an approach used for areas in which no theory yet exists. Although this particular research project addresses new issues, it is based on existing theory from the same and
from related fields, rendering grounded theory an unsuitable research method in this case. Desk research requires the use of existing material and is characterised by “the absence of direct contact with the research object” (Verschuren, et al., 2005). This approach has been used in the explorative phase of this research project, in which mostly scientific papers have been used as the existing material. However the method is less suitable for the validation phase. In this phase, data would be required about the actual application of PPM in organisations and their reasons for adopting PPM. Given the relatively recent application of portfolio theory for the selection of projects in organisations and the absence of much PPM Adoption research it is unlikely that such extensive overviews are publicly available.

Survey based research could be an option for researching the factors that influence PPM Adoption, but it is a less feasible option within the time and resource constraints of this particular research project. The potential respondents for such a survey would be people that are involved with PPM within organisations that have recently further Adopted PPM. It would take considerable time and resources, and it would require (the establishment of) good connections with these people and organisations for obtaining a statistically relevant number of responses. Also, survey based research typically lacks depth, which does not perfectly match the complex nature of the PPM research field.

Case study based research requires considerably lower numbers of research units and hence is more feasible within the time and resource constraints of this particular research project. It is a suitable method for obtaining more depth, for obtaining a good overall picture of the research object(s) (Verschuren, et al., 2005) and it is a flexible method (Verschuren, et al., 2005), meaning that improvements to the research method can be made while the research is going on. As opposed to, for example, survey research based on questionnaires, where no changes can be made to the questionnaire sent out, unless the whole questionnaire is distributed again after its modification. This research project requires considerable depth for answering the research questions. The research question and sub-questions require in-depth exploration and investigation of operational links rather than mere frequencies (Yin, 2009), which requires an approach based on document and interview based study, rather than the quantitative analysis of a survey. In addition, Filippov et al. (2010) argue in favour of a qualitative approach for researching PPM. “A substantial share of PPM studies are of qualitative nature. And in fact, qualitative approach seems to be appropriate in order to examine the complex nature of PPM” (Filippov, et al., 2010). Altogether, case study research has been selected as the method of choice for this research for its flexibility, its potential for dealing with complex matter in depth and because it best matches the time and resource constraints for this research project.

3.1.1. Case Study Design
The research follows the multiple-case, holistic design. Compared to single-case studies, multiple-case studies are generally considered to provide stronger evidence, following replication logic analogous to a multi-experiment setting (Yin, 2009). The cases follow both literal replication and theoretical replication logic focussing on the differences and similarities between the cases and their link to the data collected from the case studies. In this particular situation, some organisations may have further adopted certain elements of PPM, the differences between which can provide the basis for conclusions about which factors are of influence in which situation, and which are not. If situations are similar, similarities between the influences of factors will strengthen the ground for conclusions.
3.2. Research Design

In this section the design of the research is discussed, first along five important components of case study research design as described by Yin (2009) in section 3.2.1. The criteria and procedure for selecting the cases is discussed in section 3.2.2.

3.2.1. Five Important Components of the Overall Case Study Design

As Yin (2009) mentions - as opposed to many of the other research methods mentioned in Table 6 - there is not much literature available on the design of a case study based research, neither exist standard, commonly accepted designs for case studies. However, the book does offer elements to consider for getting towards a good case study design. Five important components are (Yin, 2009):

1. “a study’s questions;
2. its propositions, if any;
3. its unit(s) of analysis;
4. the logic linking the data to the propositions: and
5. the criteria for interpreting the findings.” (Yin, 2009)

The case study questions relevant for this particular research can be derived from the research questions (section 1.2). Ultimately, the answer sought is the answer to the research question (How is the adoption by organisational bodies of Project Portfolio Management influenced?). This answer is found by answering the sub-questions. Sub-question 1 (What does PPM Adoption comprise?) has already been answered in chapter 2. The factors and their influence on PPM Adoption, sought through sub-question 2 and 3 (“Which factors influence adoption? How does each factor influence PPM Adoption?”) have partly been answered through the propositions put forward in chapter 2. The case study research has been applied in order to verify the answers to these questions. Please note that here with ‘questions’ the research questions are meant. The questions of the interview are discussed in section 3.3.

The propositions of this study have been derived in sections 2.4 and brought together in the conceptual model in section 2.5. What is being looked for with the case studies is empirical evidence for the four conditional factors (‘Portfolio complexity’, ‘organisational culture’, ‘PPM gap size’ and ‘relative resource scarcity’) and the five driving factors (‘alternative organisational priorities’, desire for better information transparency’, ‘need for better predictability of company results’, ‘desire for project success rate improvement’ and ‘desire for portfolio rationalisation’) influencing PPM Adoption.

The unit of analysis deals with the question of “what the ‘case’ is” (Yin, 2009). In this particular research project, the cases are defined as the ‘adoption of PPM in organisational bodies’. More specifically, the unit of analysis is a function of an organisation in which PPM is practiced. This could for example be the IT department of an organisation, in which selection decisions are made about the (potential) projects running and to be started, and in the case of multiple portfolio’s, typically in large organisations, also the particular business unit or programme that the interviewee is very familiar with can serve as the unit of analysis. In some cases this is actually better than to study the
whole organisation. Imagine a globally operating organisation, having national branches with their own management teams. It can be assumed that an interviewee possibly knows better about the PPM situation and history of the national branch, than about what happens and has happened at global level. Particular PPM practices, lessons and knowledge may be provided on global level, but the decision making about PPM Adoption for the national unit takes place on national level, which renders the global knowledge a black-boxed input rather than a unit of analysis.

As the logic linking the data to the propositions, in the first place cross-case synthesis has been used. The various results of each topic in each case have been summarised and displayed in figures or tables. Some of the most notable elements of this synthesis are the presentation of PPM Adoption levels for each case in Figure 3 and Figure 4 in chapter 4, and the tables in appendix B.3. In this appendix, for each factor of the conceptual model a table is displayed, presenting in brief the data collected from each case regarding the factor under consideration and in which phase of the interview these data have been discussed. Also, the author’s judgement about the influence of the particular factor for the particular case is displayed in the last column of the table. When this judgement is not overly obvious from the data of the interview, argumentation is provided about why that particular judgement is given. The information in the tables in appendix B.3 has been abstracted again to a higher level in appendix B.4. Here, the frequencies of occurrence for each factor in each of the interview phases is shown, as well as a quantification of the overall judgements in appendix B.3 (no data/no influence: 0 – low influence: 1 – moderate influence: 2 – high influence: 3 – very high influence: 4) per case and the average and standard deviation for these scores for each variable.

As Yin (2009) indicates, the criteria for interpreting the findings for case study research are not as straightforward as in statistics where for example the well known, conventional $p < 0.05$ can form the pre-established boundary of significance. The nature of qualitative research does not allow for such straightforward criteria. In more general terms, what can be done is to try as hard as possible to find (and reject) rival explanations. For this particular research project, an important line of reasoning follows the enumeration principle, together with the relative subjective intensities of the data. For example, if a factor is mentioned in an early stage of the interview, in strong wording, for a substantial number of cases that have considerably adopted PPM over time, the factor qualifies for acceptance. If a few cases show opposing results, their differences with the former cases are explored, potentially arriving at rival explanations for the contra-evidence.

### 3.2.2. Selection of the Cases

As described in section 3.2.1, the unit of analysis is the function of an organisation in which PPM is practiced. The selection criteria for the cases are:

1. The organisational body runs multiple projects
2. The organisational body practices some form of PPM (i.e. it has some mechanism for selecting projects)
3. The organisational body must recently have advanced over the PPM Adoption spectrum

Criteria 1 and 2 can be considered as practical filters. In order to study PPM Adoption, at least some form of PPM must be practiced. This is addressed explicitly by criterion 2. Criterion 1 can be
expected to always be true when criterion 2 is true, so is actually not necessary. However, it provides a double (convenience) check. Criterion 3 requires most explanation. PPM Adoption is central in this research. As explained in chapter 2, the advancement on the PPM Adoption spectrum is key. In order to study the factors influencing this advancement, there must have been an advancement transition in the past that can be recalled from the data collected, or it should be predictable in the future. Since future events are intrinsically uncertain, and past transitions are factual, in this study only transitions in the past are considered. The drawback of this choice is that the longer ago the transition, the harder it is to retrieve accurate data. Mitigating this drawback, the word ‘recently’ is used. With ‘recently’, no specific time frame is defined. Rather, the transition is considered ‘recent’ enough, when currently an employee of the organisation can be found that was involved with PPM in the same organisation at the time the transition was made and he himself is sufficiently confident that he can recall the factors that influenced this transition.

The cases have been selected fairly randomly, although attention has been paid that sufficient diversity is in the set of cases, in terms of sector, size, estimated state of PPM Adoption, types of projects in the portfolio (internal vs. external, new product development vs. organisational change, etcetera) and position of PPM in the organisation (centralised, IT-specific, hybrid, programme, etcetera).

The interviewee has been found through intra-organisational self-selection. In contacting the cases, to each potential case an invitation letter has been sent describing the background and aim of the study, the person looked for and practical matters. Both a Dutch and an English version of this letter has been made and usually both were sent to the organisation approached. The English version of this letter has been included with this report in appendix B.1. As said, in the letter it was explained what kind of person was looked for, and based on self-selection eventually these people could be found and contacted.

3.3 Data Collection
The data were collected in June and July 2012. The core element of the data collection for each case was a semi-structured interview, which was supplemented by a small questionnaire and a request for additional documentation, which were typically handled by mail after the interview, after agreeing to do so during the interview already. All interviews have been conducted face-to-face, typically at the site of the studied organisation in either Dutch (13 cases) or English (2 cases) depending on which language the interviewee masters best and the interviews have all been recorded with permission of the interviewee. The interviews lasted 1.5 hour on average. The choice for making 1.5 hour appointments is a trade off between on the one hand reserving sufficient time to discuss all elements of the interview in sufficient depth, and on the other hand keeping the investment of time asked from the interviewee at an acceptable level, lowering the barrier for participation. In 2 cases, the time reserved for the interview turned out not to be sufficient and the interviews have been finished at a later moment by phone. The interviewees had been self-selected by the organisation and were typically portfolio managers, sometimes combined with another (senior managerial) role, or had another similar role of involvement with PPM, like head of the PMO, or programme director of the programme in which PPM is practiced and served as the unit of
analysis. The interviewees typically have a long working experience in PPM and/or project management, at the organisation under study, or both.

Before the interview
Several days in advance of the interview, the interviewee was e-mailed a preparatory document explaining the background of the research project, the core terms used, the proposed agenda for the interview, and the main practical matters. This document consists of a one page management summary and three pages of background information. The interviewee was strongly requested to at least read the management summary in advance of the interview. This preparatory document consists both in Dutch and in English and depending on the language mastered best by the interviewee the respective version was sent. The English version of this preparatory document has been included with this report in appendix C.

During the interview
The steps of the interview were as follows:

1. Personal introductions
2. Introduction of the research project
3. Setting the stage: PPM in the organisation under study. Selecting a timeframe of advancement.
4. PPM Adoption before and after the timeframe of advancement (short questionnaire, later moved to the end of the interview and frequently dealt with after the interview by e-mail)
5. The factors that influenced this PPM Adoption
6. Administrative matters

After personal introductions, intended brief but in some cases turning out to last over 20 minutes, and an introduction to the research project, the interviewee was asked to describe PPM in his organisation, starting from an open question like ‘could you describe how PPM is organised in your organisation?’ and gradually moving to more closed questions in case particular relevant elements had not yet been discussed. The intention of this interview element was to get a better understanding of how PPM is organised in the organisation under study and enabled to together further specify the unit of analysis, which has been done in a few cases that otherwise showed the risk of ambiguity. (Are we talking about corporate PPM or PPM in a particular business unit?). After this, it was explained that a particular timeframe needed to be selected in which an interesting advancement in PPM Adoption had been made, and of which the interviewee himself was sufficiently confident to remember the circumstances, followed by the selection of this timeframe and a description of the interviewee of the circumstances and changes at the time. Originally the next step would be to together measure the PPM Adoption level before and after the selected timeframe by together filling out a short questionnaire based on De Reyck’s (2005) variables, preceded and followed respectively by two baseline measurements in which the question ‘without/after considering the variables in the questionnaire, how would you judge the advancement of PPM within the organisational body under study in general?’. After the PPM Adoption measurement, the factors influencing the adoption were discussed. First through asking which factors the interviewee considers to have influenced PPM Adoption most in the timeframe under study, followed by showing the conceptual model to the interviewee and discussing every
factor one at a time. The interview was concluded with the discussion of a few practical matters, including a request for documentation regarding the way PPM is organised within the organisation and records of decisions about changes in the PPM process, intended to strengthen the data obtained from the interview.

**Changes in the interview procedure**

Over time the interview procedure as mentioned above has been slightly modified. The major modification is the swop on the interview agenda of the PPM Advancement measurement and the discussion of the factors. The discussion of the factors is a key element of the research and can best be done in the interview setting. In addition, the PPM Advancement measurement is questionnaire based and it is most effective and efficient for both parties if the interviewee himself would fill out this questionnaire outside the interview setting. It turned out from the first two interviews that the PPM Advancement measurement was sometimes considered confusing and distracting by the interviewee, wondering where the interview was going. Also the time of 1.5 hours turned out to be fairly short to also properly address the 9 factors. Hence the two elements have been swopped on the agenda, allowing the PPM Advancement Measurement to be ‘dropped’ from the face-to-face interview and moved to e-mail based processing for saving time. Consequentially, also the baseline measurements have been sacrificed. This did not cause any noteworthy problems as they were additional nice-to-haves anyway. Finally also it turned out that some interviewees could spend a long time on the personal introduction, eager to explain all about PPM within their organisation, with a confusing, unstructured course of a part of the interview as a consequence and putting the available time under pressure. Hence at later interviews, it was stressed that the personal introductions were required to be short and that many elements regarding the organisation’s PPM would also be dealt with over the course of the interview.

**After the interview**

Shortly after the interview an email with the follow-up was sent, usually including the questionnaire and a reminder of the request for additional documentation.

Based on interview notes and the recording, a report was made of each interview. These interview reports are included with this report in appendix D. The reports are not pure transcripts, but rather a topic wise account of what has been discussed, containing large cited fragments. Also, if documentation was provided, a description of the provided documents has been included at the end of each report. All reports are in English, hence for the interviews done in Dutch the citations have been translated to English as literally as possible. The reports have been anonimised, which was promised to the interviewees in advance, in order to keep the barrier to participating as low as possible. The anonimisation and confidentiality element implies that initials rather than names have been used to refer to the interviewee, a case identifier (A, B, ..., O) has been used to refer to the organisation and explicit examples from which the identity of the interviewee or organisation could easily be reconstructed have been removed. Such removals are indicated by chevrons and the word ‘removed’ (e.g. <removed: example>). The draft reports have been e-mailed to the respective interviewee for review of factual correctness and sufficiency of anonimisation.
4. Data

In this section the results from the case studies are presented. The section starts with an overview of the characteristics of the studied cases (4.1). The results of the questionnaire-based measurement of PPM Adoption Advancement are presented in section 4.2. In section 4.3 the results regarding the factors (conditions and drivers) in the conceptual model are presented, both collectively and individually per factor. Also the factors that were not part of the conceptual model, but have additionally been found in the case studies, are presented.

4.1. Cases description

For this research project, 15 cases have been studied. An overview of these cases is displayed in Table 7. The second column of the table displays the industrial sector in which the organisation operates, although for some cases it is chosen to display the type of organisation (e.g. hospital) for ease of understanding. The sector of Case N (as well as the interview report) cannot be disclosed due to requested confidentiality by the organisation. During the interview, the unit of analysis has been determined, which is displayed in the third column. The selected timeframe under study and the reason for selecting this timeframe are displayed in column 4 and 5. Please note that if only one year is indicated, the full year is meant and if a period of several years is indicated, the period between the start of the first named year until the end of the last named year is meant. In the case of organisation J, multiple timeframes have been studied because during the interview these three timeframes were mentioned as clearly distinguishable periods of changes in PPM. In column 6 the type of projects in the portfolio are described, with NPD meaning New Product Development. Finally, in column 7 the position of the interviewee that is related to PPM is described. The entries in this column are somewhat simplified, since in reality in particular the people indicated as ‘portfolio manager’ often use a different name for their function. However, from their function description it can be derived that they do the work that a portfolio manager would do (head of PMO, design of PPM process, providing Sr. Management/Project Review Boards with information and advice about the status of projects and their prioritisation, managing project resources, etcetera).

Roughly one third of these 15 cases consist of (semi-)governmental organisations, one third of banks and insurance companies and one third of organisations that are active in Industry, Technology and/or Professional services. For 8 cases, the whole organisation served as the unit of analysis, in 4 cases a programme and in 3 cases a division of the whole organisation. This differentiation of unit of analysis is fairly equally spread over the aforementioned three industrial categories.
Table 7 - Overview of studied cases

<table>
<thead>
<tr>
<th>Case</th>
<th>Industrial sector/organisation type</th>
<th>Unit of analysis</th>
<th>Timeframe under study</th>
<th>Reason for timeframe selection</th>
<th>Type of projects within PPM</th>
<th>Interviewee relation to PPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Manufacturing</td>
<td>Organisation</td>
<td>2008</td>
<td>Reorganisation of organisational structure</td>
<td>External, design &amp; build or similar</td>
<td>Portfolio Manager (Corporate)</td>
</tr>
<tr>
<td>B</td>
<td>Hospital</td>
<td>Organisation</td>
<td>Jan-Mar 2011</td>
<td>Centralisation of project selection process</td>
<td>Change &amp; IT</td>
<td>Portfolio Manager (Corporate)</td>
</tr>
<tr>
<td>C</td>
<td>Banking</td>
<td>Division</td>
<td>2006-2007</td>
<td>Several changes in PPM; interviewee involvement</td>
<td>Change</td>
<td>Portfolio Manager (Division)</td>
</tr>
<tr>
<td>D</td>
<td>Banking</td>
<td>Programme</td>
<td>2005-present</td>
<td>Several changes in PPM</td>
<td>Change (often IT-related)</td>
<td>Portfolio Manager (Programme)</td>
</tr>
<tr>
<td>E</td>
<td>Professional services</td>
<td>Organisation³</td>
<td>Oct-Dec 2010</td>
<td>CEO role change, significant changes in PPM, mainly reporting</td>
<td>Change (often IT-related)</td>
<td>Portfolio Manager (Organisation)</td>
</tr>
<tr>
<td>F</td>
<td>Consumer electronics</td>
<td>Programme</td>
<td>Jun 2010-Jul 2012</td>
<td>Decrease in PPM Adoption</td>
<td>Change (often IT-related)</td>
<td>Programme Director</td>
</tr>
<tr>
<td>G</td>
<td>Insurance</td>
<td>Organisation</td>
<td>2011-present</td>
<td>PPM Tool introduction</td>
<td>IT</td>
<td>Portfolio Manager (Corporate IT)</td>
</tr>
<tr>
<td>H</td>
<td>Public utility</td>
<td>Organisation</td>
<td>2008-present</td>
<td>Formation of the project department</td>
<td>IT</td>
<td>Portfolio Manager (Corporate IT)</td>
</tr>
<tr>
<td>I</td>
<td>City municipality</td>
<td>Programme</td>
<td>2010</td>
<td>Introduction of new approach to PPM</td>
<td>Change</td>
<td>Programme manager</td>
</tr>
<tr>
<td>J</td>
<td>Semi-governmental service office</td>
<td>Organisation</td>
<td>2000; 2006 &amp; 2009</td>
<td>Centralisation of PPM; Major PPM changes &amp; Tool introduction</td>
<td>IT (change and NPD)</td>
<td>Portfolio Manager (Corporate IT)</td>
</tr>
<tr>
<td>K</td>
<td>Software</td>
<td>Division</td>
<td>2011-present</td>
<td>Major PPM change following a reorganisation</td>
<td>NPD</td>
<td>Division manager</td>
</tr>
<tr>
<td>L</td>
<td>Professional services</td>
<td>Programme</td>
<td>2010-present</td>
<td>Start of programme</td>
<td>Change</td>
<td>Executive (Corporate) &amp; Sponsor (Programme); Portfolio Manager (Programme)</td>
</tr>
<tr>
<td>M</td>
<td>Insurance</td>
<td>Organisation</td>
<td>2008</td>
<td>Major change in PPM process following a financial reduction</td>
<td>Change</td>
<td>Portfolio Manager (Corporate)</td>
</tr>
<tr>
<td>N</td>
<td>&lt;confidential&gt;</td>
<td>Organisation</td>
<td>Jan-July 2012</td>
<td>Large PPM transformation</td>
<td>Change</td>
<td>Portfolio Manager (Corporate)</td>
</tr>
<tr>
<td>O</td>
<td>Food processing</td>
<td>Division</td>
<td>Year 2010</td>
<td>Large PPM related changes</td>
<td>NPD</td>
<td>Portfolio Manager (Division)</td>
</tr>
</tbody>
</table>

³ The fairly autonomous Dutch national branch
4.2. Results: PPM Adoption

The results of the questionnaire used for measuring the cases’ PPM Adoption are displayed in Table 8. The ‘overall adoption level (before)’ indicates the simple average over the ‘before’ scores for each of the variables (the 9 variables of Reyck et al. (2005). Analogously the ‘overall adoption level (after)’ indicates this average of the ‘after’ scores. By ‘Adoption step size’ the magnitude of the step along the PPM Adoption spectrum is meant. This variable is the difference between the before and after scores of the overall adoption level. Since in case J three time periods were studied, this case has been split in three parts, with J1 indicating the first time period (2000), J2 the second (2006) and J3 the third (2009).

Table 8 - Overall PPM Adoption scores

<table>
<thead>
<tr>
<th>Case</th>
<th>Overall adoption level (before)</th>
<th>Overall adoption level (after)</th>
<th>Adoption step size</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2.6</td>
<td>3.9</td>
<td>1.3</td>
</tr>
<tr>
<td>B</td>
<td>1.6</td>
<td>3.3</td>
<td>1.7</td>
</tr>
<tr>
<td>C</td>
<td>1.9</td>
<td>3.4</td>
<td>1.5</td>
</tr>
<tr>
<td>D</td>
<td>2.2</td>
<td>3.8</td>
<td>1.6</td>
</tr>
<tr>
<td>E</td>
<td>3.6</td>
<td>4.0</td>
<td>0.4</td>
</tr>
<tr>
<td>F</td>
<td>2.0</td>
<td>4.4</td>
<td>2.4</td>
</tr>
<tr>
<td>G</td>
<td>2.4</td>
<td>3.6</td>
<td>1.2</td>
</tr>
<tr>
<td>H</td>
<td>1.6</td>
<td>3.7</td>
<td>2.1</td>
</tr>
<tr>
<td>I</td>
<td>2.2</td>
<td>3.5</td>
<td>1.3</td>
</tr>
<tr>
<td>J1</td>
<td>1.5</td>
<td>3.1</td>
<td>1.6</td>
</tr>
<tr>
<td>J2</td>
<td>3.1</td>
<td>3.4</td>
<td>0.3</td>
</tr>
<tr>
<td>J3</td>
<td>3.4</td>
<td>4.3</td>
<td>0.9</td>
</tr>
<tr>
<td>K</td>
<td>2.9</td>
<td>3.6</td>
<td>0.7</td>
</tr>
<tr>
<td>L</td>
<td>3.0</td>
<td>4.4</td>
<td>1.4</td>
</tr>
<tr>
<td>M</td>
<td>2.8</td>
<td>3.6</td>
<td>0.8</td>
</tr>
<tr>
<td>N</td>
<td>1.4</td>
<td>3.5</td>
<td>2.1</td>
</tr>
<tr>
<td>O</td>
<td>2.2</td>
<td>2.7</td>
<td>0.5</td>
</tr>
</tbody>
</table>

The scores in Table 8 are visualised in Figure 3 and Figure 4. Figure 3 indicates the step made in Overall PPM Adoption, from the ‘before’ overall score to the ‘after’ overall score. Figure 4 indicates the magnitude of the step in Overall PPM Adoption.
4.3. Results: Factors Influencing PPM Adoption

An overview of the core findings for each factor in each case can be found in appendix B.3. The per-factor tables list the important findings regarding the respective factor for each case, ordered by the interview phase from which they were obtained. The ‘setting the stage’ column contains remarks and elements of answers about the particular factor which were discussed during the interview before the agenda point ‘Factors influencing PPM Adoption’ was considered. The ‘self-named’ column contains the core of the answers about the factor given early in the interview phase of discussing the factors, where the interviewee was asked to mention ‘out of the blue’, without having yet seen the conceptual model factors, which factors had influenced the PPM Adoption. In the ‘Answer to factor-specific question’ column, the highlights from the interviewee’s answer are discussed on the question about that particular factor. The ‘documentation’ column contains the clues that have been found about the respective factor in the case-documentation. The results in these three columns are summarised in the ‘overall judgement’ column. If the rationale for this overall judgement is not overly obvious from the data of the interview, in the table field the argumentation is provided about why that particular judgement is chosen.

Appendix B.4 takes the factor-results to a higher abstraction level by quantifying these answers. The results of these quantifications are displayed in Figure 5 and Figure 6. Figure 5 displays the frequencies of occurrence for each factor ordered by not asked (setting the stage, self-named and documentation) and asked (factor-specific questions). Figure 6 shows an estimated quantification of the influence of the factor on PPM Adoption, based upon the overall judgements from appendix B.3 (no data/no influence: 0 – low influence : 1 – moderate influence: 2 – high influence: 3 – very high influence: 4). The blue boxes display the average scores, the whiskers show one standard deviation on top of the average.
In this section the factors are discussed one-by-one, summarising the findings listed in appendix E. Finally in sub-section 4.3.10 the findings are described regarding factors that were mentioned in the interviews, but that are not in the conceptual model.

4.3.1. C1 – Relative Resource Scarcity
An increase of relative scarcity in financial or human resources has frequently been mentioned in the interviews already before the interview stage about the factors had been reached. At least four interviewees (C,D,G,I) explicitly indicated that originally resources were abundant, like illustrated in interview G: “5 years ago the money was ‘splashing through the hallways’”, but that a reduction of this abundance increased the need for PPM Adoption. “Scarcity is created and then you need to start making choices. (…) money was not coming from the walls anymore (…) and then you start making choices” (case D). “It was quite easy here. The fried chicken just came flying in through the windows (…) and that is over now (…). The urge for a balancing method was only increasing” (case I). Among
over half of the cases, this factor also came up self-named in the factor stage of the interview, before the interviewee had seen the model. Being asked for an indication of what percentage of potential projects could not be performed, interviewees answered with ranges between 20% and 200%. The exceptions to this are case A, where one had shortage of work rather than of resources; case F, as a programme having sufficient contingency budget available and access to human resource from the market; and case O, where management of (human) resources is not practiced at portfolio level, due to its complex, unpredictable, time consuming nature with uncertain benefit. For over half of the cases, an increase in relative resource scarcity had a moderate to very high influence on PPM Adoption.

In addition to this, four interviewees (E,J,L,M) pointed out a side-effect of this. Due to lower resource availability and stricter procedures, people that in the former situation would have come up with project initiatives, start self-selecting. This phenomenon was referred to as “conditioning” by interviewee J. Another interviewee referred to this phenomenon as “we don’t ask nice-to-have anymore. We only ask need-to-have.” (Case E).

4.3.2. C2 – Portfolio Complexity

The elements of portfolio complexity vary much over the cases, with volumes between low numbers of projects to portfolios with thousands of projects per year, low to high project interdependencies and budgets ranging between several to several hundreds of million Euros.

For the cases J, K and N, an increase of complexity was mentioned as a co-driver for PPM Adoption, but not so much as the primary reason. “Increasing complexity is (...) also one of the reasons” (case K).

Case F goes against the trends of the other cases, in which complexity either remains stable or increases. For this case, actually a decrease in complexity was mentioned. This is related to the programme (unit of analysis for case F) progressing towards its closure, which implies decreasing average project uncertainties and hence decreasing overall complexity.

4.3.3. C3 – Organisational Culture

The factor of Organisational culture in fact consists of two sub-factors, being ‘management culture’ and ‘change readiness & innovation attitude’, which are discussed separately.

Management culture

The sole mentioning of factors related to management culture before the factor was specifically discussed is from organisation E, where the CEO was assigned a new responsibility for which he required to have better insight in the portfolio.

For the cases A, E, F, G, H, I and O, the management culture can be considered as more ‘control-oriented’ and for the cases B, C, K, L and M it can be considered more laissez-faire. For case D and J management culture has changed over time from laissez-faire to more control-oriented. Case N rendered insufficient conclusive information to make a statement about its management culture. Besides a small indication from case E, no clues could directly be derived for the relation between changes in management culture and PPM Adoption.
**Change readiness & innovation attitude**
The change readiness and potentially accompanying innovation attitude have never been mentioned before the interviewee had seen the conceptual model. Cases C, F, G, H, I and M, mention this sub-factor to be relatively low, and cases A, B, D, E, K, L, and O as relatively high. Case J started with low change readiness regarding PPM, changing into higher change readiness as PPM Adoption advanced. Case N rendered insufficient conclusive information to make a statement about its Change readiness & innovation attitude. The cases with low change readiness and innovation attitude typically mention averseness of transparency or power balance changes due to PPM as sources of resistance. Some cases mention low change readiness as a challenge for PPM Adoption (C, N) and top-management commitment is indicated as an aide for overcoming change resistance (D, E).

**4.3.4. C4 – PPM Gap Size**
For six cases the interviewee indicated the PPM Gap size to be large. These large gap sizes are mostly due to absence of knowledge within the organisation. For example in case I the PPM knowledge is limited to a few individuals. Hiring consultants is no feasible option, since this is a local government organisation eventually financed by taxpayers and therefore restricted in hiring consultants. Another reason for the interviewee to consider the gap size as large was the PPM incompatibility of the organisational structure.

**4.3.5. D1 – Alternative Organisational Priorities**
The factor of ‘alternative organisational priorities’ was not considered of influence for almost all cases. Either the answer was that there were no alternative priorities next to PPM at all, or that there were other priorities, but that they did not influence PPM Adoption. For case B, the interviewee even indicated that other developments have helped rather than inhibited PPM Adoption. Case I delivered some conflicting results, with the interviewee first telling “A city council (...) has a versatile, many-headed goal” as part of the self-named factors, which inhibits PPM Adoption, but later when asked about the factor particularly, indicated that there were no alternative priorities. In the 2006 situation of case J, a reorganisation temporarily consumed that much attention from the organisation, that PPM Adoption did not advance much for a while. Also for case A, the factor had been of very high influence on PPM Adoption, with critical operational issues drawing away the attention from PPM Adoption.

**4.3.6. D2 – Desire for Better Information Transparency**
In the setting the stage phase, already in 6 cases the factor of desire for better information transparency has been mentioned. Additionally for 3 more cases the factor was self-named 9 times. Lack of overview is frequently named as a problem, sometimes in its opposite form as desire for better overview, logically driving the need for better information transparency. Motivations underlying this need are the ability to control or manage the portfolio better (e.g. case B, E), having virtually instantly accessible information about the status of projects. (E.g. case G), or comparing projects better (case O). Case A adds the need not only for portfolio status information, but also for transparency about responsibilities. Cases that do not mention this factor as a main driver for PPM Adoption, do generally acknowledge that better information transparency is a nice-to-have outcome of PPM Adoption anyway. Case D does in addition point out that not everybody within the organisation would welcome this information transparency.
4.3.7. **D3 – Need for Better Predictability of Company Results**

This factor was not frequently self-mentioned before the factors of the model were discussed. Actually only case O explicitly mentioned predictability and reliability in the setting the stage phase. Nevertheless, in over half of the cases this factor was confirmed as an at least moderately influential factor on PPM Adoption. The main reasons presented for the influence of this factor are the firm being listed, required for internal (next-layer⁴) politics, or rating agencies and cost reduction & control. The interviews for the cases for which the factor is not considered influential reveal that typically the portfolio is too small to significantly impact company results or that the obtaining rather than the prediction of the result is considered more important.

4.3.8. **D4 – Desire for Project Success Rate Improvement**

The factor of ‘desire for project success rate improvement’ has been of substantial influence for 9 cases, for all but one of which this factor was mentioned already before discussing the factors of the conceptual model individually. Formulations tend to be quite strong (A: “important”, B: “sure”, C: “firmly”, D: “really”, H: “horror projects”, N: “absolutely”). Most of these cases refer to budget and time related success, but also better (predictability of) project outcome (Case A) and better realisation of the project’s requirements (Case O) are considered as project success factors.

The cases for which this factor is of lower to no influence either consider not having much of a problem with project failures, or they acknowledge that project success rates need to be improved indeed. However they either deal with that by other means or they indicate that it was not particularly the moment of intervention under study that this factor played a role.

4.3.9. **D5 – Desire for Portfolio Rationalisation**

The driving factor of ‘desire for portfolio rationalisation’ has been indicated as a highly influential driver for PPM Adoption in six case studies. Almost all other interviewees acknowledge the importance of rationalisation, but indicate that it had been present since before the timeframe under study already, has emerged after the timeframe, or ‘discovered’ after the PPM Adoption (done for another reason) as a convenient ‘side effect’ (e.g. case B). Reasons underlying the desire for portfolio rationalisation comprise fact based / market driven decision making (e.g. case K), fairness (e.g. case B). Case I adds another perspective to this factor, stating that in municipality I, in the heart one does want rational decision making, but this is incompatible with political decision making and hence cannot fully be achieved in organisation I.

4.3.10. **Other Factors**

In addition to the factors in the model, other factors have been named throughout the interviews which potentially influence PPM Adoption. A frequently mentioned factor is the desire for alignment and realisation of strategy, which was discussed in interviews B, C, H, I and L. Case D and J mentioned the control over the IT environment, respectively through the controlled launching of new applications and the enforcement of the use of standards (architectures). Interviewee O mentioned the realisation of higher aggregate portfolio profits. Interviewees K and L mentioned PPM being adopted as a consequence of other events, being respectively a strategic reorganisation and the start of the programme that is the unit of analysis for case L.

---

⁴ The organisational body or person that is hierarchically above the unit of analysis
5. Discussion

In this section, the results for the factors of the conceptual model are discussed. An overview of the per-factor conclusions is presented in section 5.2.

5.1. Discussion: Factors Influencing PPM Adoption

In this section, each of the factors (conditions and drivers) of the conceptual model is discussed individually. In the end of this section (5.1.10) the factors are discussed that were originally not part of the conceptual model, but that have come up from the case studies as potential candidates for inclusion in the model in future research.

5.1.1. C1 – Relative Resource Scarcity

Scarcity can be considered a boundary condition for PPM. If resources would be unlimited, there would be no necessity to make choices about what to do and what not to do, since all could be accommodated for. With increasing relative scarcity of these resources however, the need for PPM increases. In particular the financial services organisations (C, D, G, and to a lesser extent M) as well as various (semi-)governmental organisations (H, I, J) show this principle. Originally these organisations had abundance of resource availability, but over the first decade of the 21st century, due to the various crises or other reasons, these resources declined, increasing scarcity and with that the need to make choices. Often with the combined influence of other factors, these organisations reacted by adopting PPM. The empirics prove to follow this line of reasoning, leading to the conclusion that Relative Resource Scarcity forms an important condition for PPM Adoption. Formulated differently, an increase in Relative Resource Scarcity positively affects PPM Adoption.

5.1.2. C2 – Portfolio Complexity

Although complexity is mentioned frequently in literature and in the explorative interviews performed for this research project, no strong link between complexity and PPM Adoption appears from the data. Neither a particular link shows between the overall complexity and the ‘before’ and ‘after’ scores of the cases on Overall PPM Adoption. At most, there is some relation in increasing complexity forming a co-driver for PPM Adoption. These findings can be explained by the fact that no particular look has been taken into the complexity of the PPM practice itself. Increasing portfolio complexity may well ask for a more complex PPM practice, of course with the PPM practice being less complex than the portfolio. This would imply that for some lower complexity boundary of the portfolio, the required PPM practice has zero complexity and is hence inexistent. In other words, only for very low-complex portfolio’s PPM Adoption is low. For already somewhat more complex portfolios’, PPM Adoption is required. There is however no link in that sense that if the complexity of the portfolio would increase, the level of Overall PPM Adoption would increase likewise.

5.1.3. C3 – Organisational Culture

Similar to section 4.3.3, the sub-factors of organisational culture are discussed separately.

Management culture

From the data, no apparent link between management culture and PPM Adoption has been found. Potentially, management culture could influence the driving factors for PPM Adoption, in particular
the factor of ‘desire for better information transparency’, but also between these two factors no link can be observed. Based on the collected data, management culture shows no link to PPM Adoption.

**Change readiness & innovation attitude**

A link between PPM Adoption and change readiness & innovation attitude has been found. Organisations with high change readiness & innovation attitude tend to show higher overall PPM Adoption levels, both before and after, than organisations scoring low on this factor. The causal link probably works the other way around and can be explained by the visibility of PPM benefits, which are lower at lower adoption levels, but improve with rising PPM Adoption. As discussed in case study N, in the beginning “PPM is considered rather as an inconvenient thing, because it demands so many other things instead of that it is considered as something that ‘brings us the advantage that we have it all in order and manageable.(...) it will absolutely bring benefits to them, but not in the beginning. Because things must run first before you have this effect.” In case study O, a bit of these benefits are described: “if eventually the penny drops they consider it clearer than how it was.” Hence at higher PPM Adoption levels, people like project managers and project team members start experiencing the benefits of PPM rather than the disadvantages only and will hence be more open to further PPM Adoption. This principle works self-reinforcing, since at low PPM Adoption levels high resistance is potentially met, which inhibits advancement. Once some point in PPM Adoption has been crossed, resistance decreases and further advancement becomes easier. Altogether, ‘change readiness & innovation attitude’ is a factor that inhibits PPM Adoption in the lower adoption levels and drives adoption in the higher adoption levels.

**5.1.4. C4 – PPM Gap Size**

From the data, no apparent link between PPM Gap size and PPM Adoption has been found. This is against expectations, as a larger gap size would imply lower PPM Adoption. The cases with large gap size indications are however fairly scattered over the plot of Overall PPM Adoption step. Apparently, organisations either find their ways around the gap, or the gap size forms an insignificant barrier to PPM Adoption. Altogether, based on the data PPM Gap size is not substantially related to PPM Adoption.

**5.1.5. D1 – Alternative Organisational Priorities**

The factor of alternative organisational priorities has shown not to be a frequently occurring factor for the cases studied, playing only a role in cases A, I and J2. Influence of this factor would imply a small step over the adoption spectrum, but surprisingly this is only the case for case J2. The larger step by case I can be explained by misinterpretation of the - conflicting - data, implying that the interviewee was correct after all in his answer to the factor-specific question and that the “versatile, many headed goal” should be interpreted otherwise than an alternative organisational priority. In the interview report, in the part about Political inertia (self-named factor 3), the interviewee explains that a technical approach like PPM is hard to introduce in a political arena, where much more than profit only plays a role. He possibly explains that political decision making is no pure rational calculation, but needs to deal with compromising all kinds of political issues at the same time.

With cases I and J2 explained, case a still requires attention. Although the interviewee clearly indicates that other matters than PPM Adoption receive attention, implying that PPM Adoption should not have advanced, the questionnaire results show quite an average advancement. The
differences in scores leading to this advancement are also fairly equally distributed (see radar plot in interview report A), so the advancement is not caused by particular scores on one or two variables. Looking at the present-tense formulation of the answer, the explanation probably is that the answer is not about the situation in 2008, before the advancement, but it is about the current situation and hence alternative organisational priorities have not influenced PPM Adoption in 2008 but rather influence it today.

With only case J2 leaving room for plausible validation of this factor, but lacking even a second source of evidence to rule out alternative explanations for the small advancement step, no reliable conclusion can be drawn about the validity of this factor on the basis of the collected data.

5.1.6. D2 – Desire for Better Information Transparency
The factor of ‘desire for better information transparency’ has been indicated many times as an important factor influencing PPM Adoption and if it was not indicated as a driver, its importance was still generally acknowledged. The factor lays at the basis of many other benefits pursued by PPM, like better management and control, better up-to-date, instant information and comparison of projects. There seems to be no connection between the importance of the driver and the state of Overall PPM Adoption, as the cases indicating no to low influence (D, K, M, N) are found all over the Overall PPM Adoption spectrum, which consequentially is also the case for the complementing set of cases. The same goes for variety of industry type.

The overall conclusion for this factor is that ‘desire for better information transparency’ is an important driver for PPM Adoption, regardless of circumstances. It serves as the underlying driver for many other needs and desires. As interviewee G puts it “this is what it starts with”.

5.1.7. D3 – Need for Better Predictability of Company Results
The need for predictability of company results plays an important role in PPM Adoption for organisations that somehow are accountable to some person, group or organisation that is hierarchically above them. Cases C (indirectly) and N are listed, Case M accounts to rating agencies, for which it needs to be predictable, and organisation F, being a programme, needs predictability of programme results for internal politics towards the mother organisation. The other cases are private equity owned, account to civilians through elections, etcetera. When the effect of portfolio results is fairly small relative to the organisation’s results, the influence of this factor on PPM Adoption decreases. The cases for which this factor is considered of influence are distributed all over the Overall PPM Adoption spectrum. Overall, this factor can be influential on PPM Adoption, but this depends largely on the relative impact of PPM on company results and on directness of how the organisation is hierarchically accountable to another entity

5.1.8. D4 – Desire for Project Success Rate Improvement
The issue of project failures, in terms of budget and time, but often too in delivered results receives much attention from all cases, besides the single case (F, programme) that said not to experience project failure issues. For many cases the desire to deal with this issue, hence the desire to improve project success rates served as one of the main reasons to further adopt PPM. The other cases generally acknowledge the importance of this issue, but deal with it in another way rather than further adopting PPM. Which kinds of ways have not been investigated, but the most obvious guess would be efforts in project management. If this factor is of influence on PPM Adoption, it
immediately is one of the key factors. The cases for which this factor is of high influence on PPM Adoption tend to depart from the lower regions of the PPM Adoption spectrum, but since there are some outliers the data provide insufficient ground for drawing conclusions on this. Overall, the desire for project success rate improvement can be a key reason for adopting PPM. However the opposite is not always true. PPM is not always adopted as an answer to a desire for project success rate improvement.

5.1.9. D5 – Desire for Portfolio Rationalisation
The desire for portfolio rationalisation is frequently a driver for PPM Adoption, driven by the desire to improve the decision process, reduce ambiguity and base fair decisions on facts. However it is not always apparent on the surface. For many of the studied cases, this has been more of a tacit driver, discovered as a convenient side-effect of a PPM Adoption triggered by other drivers. This tacitness also becomes apparent from the low number of occurrences of mentioning this factor before the model was shown to the interviewee.

5.1.10. Other Factors
A variety of factors that were not, but probably should be in the conceptual model have been mentioned during the case study interviews. Debating their validity would be out of the scope of this research project, but they do deserve a discussion about whether they are recommendable for inclusion in future research.

Strategy alignment and realisation
Alignment with strategy is considered one of the three key elements of the ‘right’ project portfolio by Pennypacker & Retna (2009), together with balance and ROI maximisation. Surprisingly balance has not been mentioned in any interview, but ROI maximisation is discussed later in this section under the ‘higher aggregate portfolio profits’ heading. The independent mentioning by 5 out of 15 interviewees cannot be ignored and additionally due to the important position of strategy alignment in the field of PPM, these factors are strongly recommended for consideration of inclusion in future research. Perhaps these factors could be combined in some form with portfolio rationalisation.

Higher aggregate portfolio profits / ROI maximisation
Improvement of aggregate portfolio profits, or similarly ROI maximisation is one of the other key elements of the ‘right’ project portfolio. This could indeed be a factor that (co-) influences the adoption of PPM.

Control over the IT environment / coordination of change
Suggested from an IT perspective, but possibly applicable in a wider sense. The control over the IT environment, over its application landscape and/or standard usage, can potentially be a reason for Adopting PPM. Perhaps in a wider sense the desire for coordination of change can be used, taking the factor out of the IT domain.

Consequence of other events
Unexpectedly straightforward, but of course PPM Adoption could flow out of other events. The two examples from the case studies are (1) a strategic reorganisation, which included the adoption of PPM, and (2) the start of a large programme, adopting PPM right from the start. Although these events can serve as the trigger, they are probably not the sole reason for the adoption of PPM, so
bear in mind that these variables may overlap with others. Nevertheless they are worth consideration.

5.2. Overview of the Found Influences

In this section an overview of the results from section 5.1 is presented. Table 9 displays the 9 factors (conditions and drivers) of the conceptual model and their found influence on PPM Adoption.

Furthermore, a number of factors that were not in the conceptual model have been identified, which potentially influence PPM Adoption too. The following factors are recommended for consideration of inclusion in future research, as has been motivated in section 5.1.10:

- Strategy alignment and realisation
- ROI Maximisation
- Coordination of change
- Consequences of other events

<table>
<thead>
<tr>
<th>ID</th>
<th>Factor</th>
<th>Influence on PPM Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Relative Resource Scarcity</td>
<td>forms an important condition for PPM Adoption. An increase in this variable positively affects PPM Adoption</td>
</tr>
<tr>
<td>C2</td>
<td>Portfolio Complexity</td>
<td>shows no strong link to PPM Adoption</td>
</tr>
<tr>
<td>C3.1</td>
<td>Organisational Culture – Management Culture</td>
<td>shows no link to PPM Adoption</td>
</tr>
<tr>
<td>C3.2</td>
<td>Organisational Culture – Change Readiness &amp; Innovation Attitude</td>
<td>inhibits PPM Adoption at lower adoption levels and drives adoption at higher adoption levels</td>
</tr>
<tr>
<td>C4</td>
<td>PPM Gap Size</td>
<td>is not substantially related to PPM Adoption</td>
</tr>
<tr>
<td>D1</td>
<td>Alternative Organisational Priorities</td>
<td>no reliable conclusion can be drawn</td>
</tr>
<tr>
<td>D2</td>
<td>Desire for Better Information Transparency</td>
<td>is an important driver for PPM Adoption, regardless of circumstances. It serves as the underlying driver for many other needs and desires</td>
</tr>
<tr>
<td>D3</td>
<td>Need for Better Predictability of Company Results</td>
<td>can be influential on PPM Adoption, but this depends largely on the relative impact of PPM on company results and on the organisation’s hierarchical accountability to another entity</td>
</tr>
<tr>
<td>D4</td>
<td>Desire for Project Success Rate Improvement</td>
<td>can be a key reason for adopting PPM. However, PPM is not always adopted as an answer to a desire for project success rate improvement</td>
</tr>
<tr>
<td>D5</td>
<td>Desire for Portfolio Rationalisation</td>
<td>is virtually always a driver for PPM Adoption, but it is not always visible on the surface. It is often a tacit driver, discovered as a convenient side-effect of PPM Adoption triggered by other drivers</td>
</tr>
</tbody>
</table>
6. Conclusion

In this chapter the concluding elements of this report are presented. First, the general conclusions of the research are presented and the research question is answered in section 6.1. The limitations of this research are discussed in section 6.2. Based on these limitations and on other findings of this report, recommendations for future research are presented in section 6.3 and also the academic contribution of this research is highlighted. The chapter, and with that the main text of this report, closes with the managerial implications of this research in section 6.4.

6.1. Conclusions

This research has investigated the influences on PPM Adoption by organisational bodies. The four condition-factors Portfolio complexity; Organisational culture; PPM Gap size (inverse); and Relative resource scarcity, as well as the five driving factors Alternative organisational priorities (inverse); Desire for better information transparency; Need for better predictability of company results; Desire for project success rate improvement; and Desire for portfolio rationalisation, have been tested for validation by means of 15 case studies in a large variety of PPM practicing organisational bodies.

Answering the research question of this research project - How is the adoption by organisational bodies of Project Portfolio Management influenced? – it can be concluded that:

- With selection and prioritisation of projects as the core of PPM, PPM Adoption is considered the movement along a spectrum between the extremes of intuitive and highly formalised project selection and prioritisation.

- Of the conditional factors, only ‘relative resource scarcity’ has been found to form an important condition for PPM Adoption. Portfolio complexity, organisational culture – management culture and PPM Gap size show none to hardly any link with PPM Adoption. Organisational culture – change readiness & innovation attitude inhibits PPM Adoption at lower adoption levels, but drives PPM Adoption at higher adoption levels.

- Of the driving factors, about ‘alternative organisational priorities’ no reliable conclusion could be drawn about its inhibiting behaviour, as only one case (J2) showed signs of PPM Adoption being inhibited as a whole, providing too little ground for a reliable conclusion. However ‘desire for information transparency’ is an important driver for PPM Adoption, regardless of circumstances. Also ‘desire for portfolio rationalisation’ is virtually always a driver, but often tacitly. Organisations do not consider this factor as the driver of PPM Adoption, but once its effects on rationalisation show, organisations experience it as a convenient side-effect. The influence of ‘need for better predictability of company results’ can be influential, but this is strongly dependent on circumstances, e.g. on how the organisation hierarchically reports to another entity. The ‘desire for project success rate improvement’ can be a reason for adopting PPM, but conversely PPM is not always adopted to answer this desire.

This research has taken further steps into the largely unexplored field of PPM Adoption. A field with many interesting secrets that is calling for researchers to explore it further.
6.2. Limitations
The methodology used in this research - case studies - brings about its intrinsic limitations. Generalisations should be made with great care. In addition, the choice has been made to study PPM Adoption timeslots from (recent) history (see section 3.2.2) rather than PPM Adoption at present of towards the future only, which implies that data may be affected by memory bias. Furthermore the technique used for measuring PPM Adoption is a simple self-assessment and should be considered an indication rather than an absolute truth.

The influences on PPM Adoption posed a research gap. This research is an attempt to bridge this gap. However, being one of the first explorers of this topic, no extensive knowledge on the topic of influences on PPM Adoption exists. This means that with so little direct reference material available, there is low certainty about the extent of exhaustiveness of the conceptual model presented in this report. The 'other factors' that have been described in sections 4.3.10 and 5.1.10 indicate that besides the 9 factors in the conceptual model, potentially more factors exist that can substantially influence PPM Adoption.

The cases studied in this research have all shown advancement over the PPM Adoption spectrum. The timeframes studied all differ in length and in the absolute periods covered. These two reasons complicate making comparisons between cases based on their PPM Adoption and hence determining the influence of the various factors studied. The absence of cases that completely stalled in their PPM Adoption in the period under study particularly complicates the study of inhibiting factors.

6.3. Academic Implications & Recommendations for Future Research
This research contributes to bridging the research gap of influences on PPM Adoption, contributing a conceptual model for researching the influences on PPM Adoption and adding empirical evidence to the extant body of literature on PPM through 15 case studies in organisational bodies that practice PPM.

The use of this research may go beyond the adoption of PPM only, into the adoption of innovations in general, likewise to how research on adoption of other innovations has contributed to this research. The conceptual framework and the identified factors may prove to show wider applicability than in PPM Adoption only.

In the case similar research would be performed in the future, the researcher is warmheartedly advised the following things to further improve the research:

- The consideration of other research methodologies is advised. A longitudinal approach provides opportunities for dealing with the issue of comparability because comparable timeframes can be studied. This approach also provides opportunities for identifying cases that - not necessarily always, but at least for a while - do not advance over the PPM Adoption spectrum, hence do not adopt PPM at that time. This enables the study of no-adoption cases, the absence of which is
Furthermore, the following research into related topics to the influences on PPM Adoption is advised:

- The study of the impact of the position on the adoption spectrum on the influences of the factors on PPM Adoption. Possibly some factors have a higher influence on PPM Adoption in organisations that are low on the PPM Adoption spectrum, and others may have a higher influence in organisations that are higher on the PPM Adoption spectrum already.
- The differences in PPM Adoption between on the one hand ‘continuous’ organisational bodies like organisational departments or whole organisations and on the other hand ‘temporary’ organisational bodies, like transformation programmes. In the latter case, PPM Adoption may not follow an evolutionary process, but can rather be adopted in a ‘big-bang’ fashion, setting the PPM Adoption level at a particular point at the start and remaining there. As has been discussed in case F, but not yet supported by the corresponding PPM Adoption self-assessment, a programme or comparable ‘temporary’ organisational body may even de-adopt PPM over the lifetime of this organisational body.

### 6.4. Managerial Implications

Managerial implications include that PPM Adoption should be considered as movement along a continuum, rather than a one-shot action, implying that one should be aware that having adopted PPM does not imply that one is finished. Improvements to PPM can continuously be made.

Furthermore it has been found that organisations may not always be aware of their (tacit) need for PPM Adoption. As has been shown through the Relative Resource Scarcity factor, many organisations adopt PPM reactively, in the case of this example because resources become a bottleneck and there simply is ‘no other choice’ than to adopt PPM in order to survive. A higher consciousness of the yet tacit drivers of an organisation would enable the organisation to act proactively, and to enjoy the benefits of PPM in lower project failures and less money wasted already before an acute need arises. Consideration of the factors in the model may already provide more insight in what tacit drivers may be present to adopt PPM. How would we be benefited by
higher transparency of information? How would further rationalisation of our portfolio selection and prioritisation be advantageous? What would an improvement of our project success rates imply? With answering these questions, organisations may already be more aware of their actual (so far hidden) need for PPM Adoption.
References


Haar René ter Project, program, and portfolio management in large Dutch organizations [Report] : Master Thesis / Industrial Engineering and Management ; University of Twente. - Enschede : University of Twente, 2008.


APPENDICES WITH MASTER THESIS REPORT

AUGUST 2012

INFLUENCES ON PROJECT PORTFOLIO MANAGEMENT ADOPTION

H. Haasnoot - 4098854
Appendix A – Explorative Interviews

Part 1 – Explorative Interviews Approach
A.1. Explorative interview approach

This section of appendix A contains the approach description and of the explorative expert interviews that have been performed for this research. In total, 8 interviews have taken place. An overview of these interviews is displayed in Table 10. The reports of these interviews are included in Appendix A.2.

Table 10 - Overview of explorative interviews

<table>
<thead>
<tr>
<th>Date</th>
<th>Initials</th>
<th>Medium</th>
<th>Interviewee firm</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 March 2012</td>
<td>CM</td>
<td>Phone connection</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>30 March 2012</td>
<td>AB</td>
<td>Face-to-face</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>2 April 2012</td>
<td>ED</td>
<td>Phone connection</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>Australia</td>
</tr>
<tr>
<td>3 April 2012</td>
<td>SS</td>
<td>Phone connection</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>Germany</td>
</tr>
<tr>
<td>3 April 2012</td>
<td>DJ</td>
<td>Phone connection</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>5 April 2012</td>
<td>RW</td>
<td>Phone connection</td>
<td>Firm XB</td>
<td>Management Consulting</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>5 April 2012</td>
<td>JC</td>
<td>Phone connection</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>USA</td>
</tr>
<tr>
<td>23 April 2012</td>
<td>CB</td>
<td>Phone connection</td>
<td>Firm XA</td>
<td>Management Consulting</td>
<td>China</td>
</tr>
</tbody>
</table>

Interview objectives

The objective of the interview was to gain insight in PPM Adoption from practice. Ultimately, the aim was to identify the factors that influence PPM Adoption. The interviews ran roughly in parallel with the theoretical work of the thesis project. They helped arriving at the final conceptual model. For example, the discussions about PPM Adoption have contributed to the understanding that PPM Adoption is not binary by far, but rather follows a spectrum.

Interviewee selection

The interviewees have been selected both on accessibility and on seniority in PPM. Interviewees CM, AB, ED, SS, DJ, JC and CB have been contacted through the author’s and his supervisors’ network in Firm A. Of these, the interviewees from The Netherlands (DJ and AB) are the two people that take the highest positions in Firm A’s IT Project Advisory department (respectively Partner and Director). AB is currently leading the team of PPM specialists in Firm A. DJ is indirectly related to this team and she has years of practical experience with PPM. In Firm A, CM, ED, SS, JC and CB are either entitled as the PPM specialist of choice for their respective country branches, or they were directly recommended by the particular PPM specialist of their country branch.

Interviewee RW has been contacted through the network of the supervisors of this thesis project. RW is co-author of one of the key works of literature used for this report and he is currently a self-employed PPM consultant. He has worked in other management consultancy firms and he is leading the PPM interest group of the Dutch branch of one of the large project management associations (e.g. PMI, OGC, IPMA).

Interview procedure – preparation

Before the first interview, a general preparatory documents for the interviewees was prepared, covering background information of the interviewer, the thesis project (objective, scope, approach and time schedule) and the interview (objectives, proposed agenda) as well as announcing that the
interview would be recorded and providing the interviewee with key definitions. Several days before each individual interview, this document was personalised (e.g. Firm XA interviewees can be expected to be more interested in the interviewer’s relation to Firm XA, whereas interviewees contacted through the network of the university, would be more interested in the interviewer’s relation to the university), updated to the current state of the interviewer’s knowledge (e.g. the spectrum model for PPM Adoption was identified after a few interviews had already taken place) and subsequently e-mailed to the interviewee several days before the appointment for the interview.

**Interview procedure – interview itself**

The interview was performed mostly to the prepared agenda. Although the agenda has slightly evolved throughout the interviews, below gives a fair representation of this agenda.

**Introduction**
1. Brief personal introductions
2. Topic introduction by interviewer
3. Checking shared understanding of key concepts (definitions)

**Discussion topics**
4. Features that constitute PPM
5. Brainstorm – factors that influence spectrum movement
6. Practitioner relevance of this research

**Follow up**
7. Interview report review
8. Final report delivery

After some time of introducing each other, and an explicit request for approval of recording the interview, the background and objectives of the interview were recapped by the interviewer. After that, the definitions of key concepts were discussed in order to arrive at a shared understanding of the topic being discussed. Next, the elements that constitute PPM were discussed, followed by a brainstorm about what the factors influencing PPM Adoption could be. If time permitted, the interviewee was also asked how the outcomes of this research could benefit him and/or his organisation. Finally, the administrative issues were discussed, like whether the interviewee could save some time to have another look at the interview report.

All interviews have been recorded, with the interviewee’s explicit consent. The option of face-to-face interviews was preferred since this improves the reception of non-verbal language, but frequently this option was not feasible due to geographical constraints. As second preferred option, phone connections have been used in these situations.

**Interview procedure – follow up**

After each interview a report has been made, using the recording. Skipping detailed discussions and particular examples, the high-level findings of each interview have been written down. The resulting report was sent to the interviewee with the question whether this report represented his words during the interview. Most reports were approved without further comments. In a few cases, the
Interviewee emailed something to add afterwards, which has subsequently been included in the report. The reports of the explorative interviews are included with this report in appendix A.2.

In particular the factors mentioned in the interviews were brought together (see appendix A.3), categorised by similarities (some terms may be called differently by different people, but essentially mean the same) and in hierarchy. The eventual list of factors provided guidance and confirmation in the literature search on which the conceptual model for this research project is eventually based.
Appendix A – Explorative Interviews

Part 2 – Explorative Interview Reports
Interview Report – Thesis H. Haasnoot

Location: Phone connection
Date & Time: Thursday 29 March 2012, 10:00h-11:00h (NL time)
Interviewee: CM
Firm & Position: FIRM XA UK, Senior Manager
Interviewer: Henk-Jan Haasnoot (HH)
Filename recording: “Interview <name removed> 20120329.wav”

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>1-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Complete</td>
<td>3-4-2012</td>
<td>H. Haasnoot</td>
<td>Feedback by CM processed</td>
</tr>
</tbody>
</table>

Disclaimer
CM: “I must emphasise that my input to your research was provided in my personal capacity only. As such, the views I expressed are my own and do not represent FIRM XA.”

PPM Definition

PPM: The centralised, continuous process of screening, selecting and prioritizing of projects in the project portfolio as well as balancing resources among these projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

- CM suggests to add “monitoring” or “reviewing performance” to the definition.
- The term “centralised” brings about some ambiguity, as particular firms (mostly multinationals) are decentralised to a particular extent. Managing project portfolios on global level doesn’t always make sense.
- Alignment with strategy and the benefits are important concepts to keep in the definition.

PPM Adoption

PPM Adoption: “The transition in an organisational body from absence of a formal PPM practice into the presence of a PPM practice”

- CM confirms that a few years ago, when he studied literature on PPM, not much academic literature on PPM was available.
- In HH’s definition, the word “formal” is key. In practice, many firms either apply PPM without being aware of that, or they claim to use PPM although actually they do not (fully) do so.
- “The formal adoption is an interesting point to explore.”
- “Some organisations will be doing it (=PPM), maybe without knowing it and some organisations will say they are doing it, but if you look more closely you’ll find out that they aren’t really doing what you and I would consider to be PPM”
- A major challenge in this research project is the definition of when (and when not) a firm has adopted PPM. Following HH’s definition, in which situation “a formal PPM practice” is not as straightforward as it may seem at first glance.
• As a least requirement, an organisation-wide awareness should exist of the difference between PPM on the one hand and both Project Management and Programme Management (Pj&PrM) on the other hand. Pj&PrM focuses on successful delivery of projects (time, budget, scope). PPM is about strategic decision making.
• Additionally, a person or department in the firm should be present, with the ongoing, continuous responsibility for PPM.

Factors that influence the decision to adopt PPM

1 Scale of change
   • The number of change initiatives (existing projects and potential projects [pipeline])
   • The length that such projects last
2 Complexity
   • Complexity of individual projects
     - Length of individual projects
     - Project size (the amount of functions a project affects)
     - Geographical impact (global? One country?)
   • Interdependencies between projects
3 The organisation’s capacity to manage change
   • The availability of resources, skills and knowledge in the organisation, relative to the demand for change
4 Information availability on executive level
   • Visibility at executive level, of what is happening in the organisation

Addtional remarks by CM after the interview
CM: “The document accurately reflects most of our discussion. I think that you could add the point about there being different maturity levels of portfolio management practice. This recognises that different organisations require different portfolio management capabilities, ranging from “basic” to “advanced”, with different levels of sophistication in between. Of course, not all organisations will require an “advanced” capability; rather, they should target the level that they need and make sure that they achieve and maintain their portfolio management capability accordingly.”
Interview Report – Thesis H. Haasnoot

Location: Firm XA
Date & Time: Friday 30 March 2012, 11:30h-12:30h (NL time)
Interviewee: AB
Firm & Position: KPMG NL, Director
Interviewer: H. Haasnoot (HH)
Filename recording: <removed>

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>1-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Complete</td>
<td>2-4-2012</td>
<td>AB</td>
<td>Version 0.1 approved without changes</td>
</tr>
<tr>
<td>0.3</td>
<td>Complete</td>
<td>6-8-2012</td>
<td>H. Haasnoot</td>
<td>Anonimised</td>
</tr>
</tbody>
</table>

PPM Definition

PPM: The centralised, continuous process of screening, selecting and prioritising of projects in the project portfolio as well as balancing resources among these projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

- AB suggests to add “monitoring” to the definition, although this touches upon the interface with programme management and may be too detailed for PPM.
- Formulation can be improved. It is (A+B)→C, but it can be read A, B→C (as if only balancing is aimed at strategy alignment and benefits, and not the screening, etc)
- Possibly less attention for balancing resources and more attention for control (screening, monitoring, prioritising, etc)

PPM Adoption

PPM Adoption: “The transition in an organisational body from absence of a formal PPM practice into the presence of a PPM practice”

- Formulation: Use ‘formal’ consistently (= twice)
- AB suggests to use ‘institutionalised’ instead of ‘formal’
  - Institutionalised PPM means that PPM is applied throughout all levels of the organisation. E.g. it is not only the Project Managers making reports, but also the higher-level management using these reports at the basis of decision making.
  - Whether PPM is institutionalised in an organisation, can be observed by the amount of attention by higher management and by the material quality.
  - Actually all organisations apply some form of PPM, although it may be in a rudimentary form. Practically all organisations have some form of annual budget cycle, in which the strategic considerations are taken into account.
• Some organisations do this at a too high level. In that case, Senior Management is not sufficiently involved with the real decisions that need to be made. For example, they allocate a change budget to IT, without specific description on what to do with it.
• Integrally dedicating much board-level attention to the change agenda is not present at many organisations.

Factors that influence the decision to adopt PPM

1 Complexity
2 Volume
  • The amount of projects/programs running in an organisation
3 The extent of organisational change (Reorganisation? Transformation?)
  • The number of parties (departments) that are affected by the change
  • The number of dependencies between projects (link to complexity)
4 Sector / Industry
5 Organisational culture
  • Leadership culture / leadership style
    - Structured leadership vs. laissez faire
    - “A project does not exist when it is not on the list” vs. “Here is a budget and I trust you for doing things with it that fit our strategy”
    - Determines the organisational desire (through the leader) for having a PPM practice
  • Change readiness
  • Risk orientation
6 Need for predictability of company results (e.g. a stock listed firm has a high need for predictability)

Other observations & remarks regarding the factors
- There may be mutual dependencies between the factors (e.g. change readiness and risk orientation may be influenced by the sector/industry of the organisation)
- There may also be a hierarchy between the factors
- It may be possible to rank the various factors
- AB considers the factors ‘complexity’ and ‘culture (leadership)’ as the most important factors.
Interview Report – Thesis H. Haasnoot

Location: Phone connection
Date & Time: Monday 2 April 2012, 9:30h-10:30h (NL time)
Interviewee initials: ED
Firm & Position: Firm XA, Director
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>2-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>14-7-2012</td>
<td>H. Haasnoot</td>
<td>Report anonymised</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>15-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor modifications based on ED’s feedback</td>
</tr>
</tbody>
</table>

Definitions:
• ED is absolutely fine with HH’s definitions of ‘Project’, ‘Program’, ‘Project portfolio’ and ‘PPM’
• The challenge is in the definition of PPM Adoption (see below)

PPM Adoption
• The word “practice” may require some more attention
• It may be wise to relate adoption to degrees of maturity
• ED’s interpretation of the presence of a PPM practice: the establishment of standards, methodologies, frameworks & governance.
• To say that a firm has a PPM practice, actually (at least) there should be a PPM function, like there are financial and HR functions
• Also, ‘unknown unknowns’ (Donald Rumsfeld) exist, meaning that firms may unconsciously be doing components of PPM, without knowing it or at least without calling it PPM.
  • For PPM to be considered present, this awareness in the organisation should be there. The people responsible for PPM should know exactly what PPM is.
  • “What are some of the drivers and factors that might push or pull an organisation into moving along that continuum” (continuum: the evolutionary spectrum between absence and presence of PPM)

Factors that influence the decision to adopt PPM

1 Regulatory/compliance factors
  • In highly regulated industries like energy, food, health, financial services
  • No direct requirement for PPM by law, but PPM may required as a consequence of the imposed large agenda of change

2 Desire of the organisation to improve
  • Improvement of the success rate of projects
3 The need to innovate in order to stay competitive
4 Cost pressure
   - the need to reduce costs
   - introducing PPM is not the sole answer, but it may contribute to cost reduction
   - Due to cost pressure, resources become scarcer and hence need to be managed better
   - PPM helps considering which projects will contribute best to realising cost reduction
5 Extent of need for IT change
   - In particular for smaller organisations, for which an IT transformation is a relatively large operation and/or has a relatively large impact
6 The capacity of an organisation to absorb change
   - The organisation’s need to regulate/throttle/limit the level of simultaneous change in an organisation

Other observations & remarks regarding the factors
- Distinguish between push drivers (forced by external factors) and pull drivers (internal driver) --- Factor 1, regulatory, is a typical push factor. Factor 2, desire to improve, is a pull factor
- Most organisations have at least some function for PPM. Those organisations that don’t, tend to be relatively small or highly siloed organisations (siloed: many small, quite autonomous business units within one organisation). They can accommodate a (low) number of different projects at any one time and they don’t need to formalise the way they manage the portfolio.

Relevance
What is particularly interesting to ED about this research are the trends about PPM Adoption. Implementing PPM at a truly enterprise level is a tremendous challenge. Part of this challenge is in which activities to consider as an ‘official’ project. Activities of a few working hours do in no way compare to multimillion projects. It would be odd to manage these in parallel in the same portfolio.

Is there a point at which it is suboptimal to try and create a PPM practice, because it just becomes too hard? On the one hand PPM is required at some moment when complexity grows beyond a certain level, however on the other hand if the complexity grows too large, PPM may still be needed, but it has become impossible to successfully implement it, or not worthwhile to implement.

Note by ED after reviewing the interview report: “The only point I would clarify is that it not impossible to implement PPM but it very difficult to get it optimised and running efficiently, especially in complex organisation.”
Interview Report – Thesis H. Haasnoot

Location: Phone connection
Date & Time: Tuesday 3 March 2012, 18:00h-19:00h (NL time)
Interviewee: SS
Firm & Position: FIRM XA GER, Senior Associate
Interviewer: H. Haasnoot (HH)
Filename recording: “Interview <name removed> 20120403.wav”

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>5-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>11-4-2012</td>
<td>SS</td>
<td>Feedback on first version</td>
</tr>
<tr>
<td>0.3</td>
<td>Complete</td>
<td>11-4-2012</td>
<td>H. Haasnoot</td>
<td>Comments SS processed</td>
</tr>
</tbody>
</table>

PPM Definition

Project Portfolio (HH): A project portfolio is a group of projects, programmes and other work that share and compete for the same resources and are carried out under the sponsorship of an organisational body. (Modified from Martinsuo & Lehtonen, 2007)

PPM (HH): The centralised, continuous process of screening, selecting and prioritizing of projects in the project portfolio as well as balancing resources among these projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

PPM (SS): A management process designed to help an organisation acquire and view information about all of its projects, after which each projects is sorted and prioritised according to certain criteria such as strategic value or impact on resources and costs.

- SS remarks, referring to “organisational body” in HH’s definition of Project Portfolio, that it is uncommon that PPM is only introduced on a department level and not also on a company-wide level. This goes beyond the type of industry (SS has observed this both in automotive and in the banking environment)
- “aligned with strategy and benefits are optimised.” – Distinguish by companywide strategy, and department-specific strategy. Department strategy should be considered when selecting and prioritising projects, but company strategy is most important.

PPM Adoption Definition

PPM Adoption (HH): The transition in an organisational body from absence of a formal PPM practice into the presence of a formal PPM practice”
SS agrees with HH’s definition.

- Actually, some form of PPM is always done at any given level. Always, some decision needs to be made about setting priorities. Firms always do some sort of PPM, although they may not call it that way.
  - “Even without an actual process that is called PPM, there has to be a kind of process which is, in some cases or in some parts, related to an original PPM process.”
  - “even if you have no actual PPM process implemented, a company has to choose for projects”
  - “there is always a kind of PPM implemented”
- There are always some mechanisms for selection of projects. For example a steering committee.
- The decision is under consideration of a company strategy. The project needs to be checked against something (KPI’s)
- There is not always a real decision process. The steering committee or management may decide on the basis of intuition, perceptions and/or personal preference.

- Formal PPM is different from ‘informal’ PPM in:
  - Real PPM is absolutely rational. The criteria for selecting and prioritising projects are ‘written’.
  - The presence of Real PPM can be observed by
    - The presence of criteria (Real figures, KPI’s and goals)
    - A prioritisation mechanism
    - Strategy alignment
  - Prioritisation and strategic alignment are required as a first step for having PPM

**Factors that influence the decision to adopt PPM**

The three high-level categories (drivers)

1. Desire to decrease project failure rates
   - Every PM has experienced project failure at least once.
2. Desire to improve strategic alignment
3. Desire for higher value from succeeded projects

Also negative factors can be observed (inhibitors)

1. Firm’s priorities - PPM may not be a firm’s high priority.
   - A budget is required for restructuring into formal PPM. Such a budget may not be available.
   - An argument presented by opponents in reaction that not implementing PPM may cost more money: “It has worked before, without PPM”. This argument does not necessarily refute the need for some (informal) PPM practice, but it does refute the adoption of formal PPM.
2. Resistance to shifts in power balance
   - In any change made, there is always somebody that looses power to some extent
     - Every decision in any company will affect the power balance
   - In the PPM case, without formal PPM, for some people it may be easier to get personally preferred projects running. Which will not be the case anymore when formal PPM is adopted.
   - Such a shift in power balance evokes resistance
• This factor is related to the change readiness within an organisation.

Furthermore, SS agrees that the level of complexity in a project environment, co-determines the need for PPM. Besides the number of projects and project interdependencies, another component that could make PPM complex is the structure for sponsoring projects. If projects are sponsored from various budgets (multi-sponsoring), starting projects is complex. If project funding would come from one (PPM) budget, and one budget only, starting and running a project would be easier.

**Practitioners’ relevance**

A big challenge for a (PPM) consultant, is to make people understand what is best for them. For example, it is a challenge to convince an organisation that thinks it has PPM of that actually it has not. The findings of this research could help with convincing clients.

Another contribution of the research may be that it identifies potential problems that may arise when formal PPM is implemented. With these potential problems identified, decisions made are better informed, and implementation gets a higher chance of success.
Interview Report – Thesis H. Haasnoot

Location: Telephone connection
Date & Time: Tuesday 3 April 2010, 16:15h-17:00h (NL time)
Interviewee: DJ
Firm & Position: FIRM XA NL, Partner
Interviewer: H. Haasnoot (HH)
Filename recording: “Interview <name removed> 20120403.wav”

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>3-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Complete</td>
<td>12-4-2012</td>
<td>D. de Jong</td>
<td>Version 0.1 approved without changes</td>
</tr>
</tbody>
</table>

Definition PPM

PPM: The centralised, continuous process of screening, selecting and prioritizing projects in the project portfolio as well as balancing resources among these projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

- HH’s definition assumes a PPM function to be a permanent function.
- PPM can also be applied in situations with a temporary character (example of a large change agenda)
  - There is a substantial difference between these two situations
  - When distinguishing between a BAU (permanent) and a change agenda (temporary) situation, only the portfolio for one of both is considered by the respective responsible person. However, there are interfaces between the two agenda’s.
  - There can be multiple portfolio’s in parallel.
  - In this research, the considered portfolio is considered to cover all projects within the organisational body considered. (Organisational body may comprise the whole organisation, or a particular department)

Definition PPM Adoption

PPM Adoption: The transition in an organisational body from absence of a formal PPM practice into the presence of a PPM practice

- Transition is about the process of moving from A to B. HH’s definition may be confused with the process of moving (PPM Implementation), rather than only deciding to move.
When does a firm have PPM?
- The first question to ask is whether there is a PPM body in the organisation (are there people that are responsible for PPM?).
- The second question is to ask how mature this body is. In other words, of what does such a body exist?
• Referring to the 9 point framework, PPM can be considered completely adopted when all components of PPM are fully implemented, but PPM can still be considered to exist when some components are not (yet) implemented.
• The trigger for PPM Adoption can differ per firm, since per firm another of the 9 points can be the reason why PPM is desired.

Factors that influence the decision to adopt PPM

1 Desire to steer effectively at top-level
   • Requirement for board-level information regarding projects
   • Comprises managing project interdependencies
   • Top does not always mean board-level. It may for example also mean the IT-management, when considering the set of projects in an IT-department
2 Annual budget cycle appears too limited
   • Once-a-year budgeting limits execution of newly emerging projects
   • Desire for a rolling-forecast, a continuous updating mechanism for updating budgets
3 Desire/need for cost reduction
   • Rationalisation of the project portfolio: drawing up criteria for starting/killing projects and consistently and continuously executing a project selection mechanism
4 Complexity
   • Amount of projects
   • Need for synchronisation between projects
   • Resource scarcity

PPM is always related to scarcity: if resources (human, monetary, knowledge, assets) were infinite, or at least more than required for all change initiatives, PPM is not required. Contrarily, if there is some scarcity, there is a need for some mechanism to make choices.
PPM History

PPM principles have been applied long before the name Project Portfolio Management was used to refer to the application of these principles. The word Portfolio did exist, but in other disciplines than Project Management, like marketing and arts.

PPM Definition

RW’s advice regarding the definitions of Project and Program: besides PMI (US), also other international Project Management associations (IPMA, Europe; OGC, UK) have their own definitions. RW advises to also take these in consideration.

Project Portfolio (HH):  A project portfolio is a group of projects, programmes and other work that share and compete for the same resources and are carried out under the sponsorship of an organisational body. (Modified from Martinsuo & Lehtonen, 2007)

- RW agrees with using “organisational body” rather than “organisation”. From his experience with several large organisations, he has observed that there is not one single portfolio. “I observe many portfolios within an organisation”
- There is no strict hierarchical relation between PPM and Programme Management. The two can be applied iteratively. A programme can contain a portfolio of projects and a portfolio can contain multiple programmes
- For example: the MSP approach (OGC) defines Portfolio Management as a component of Programme Management
- This iterative phenomenon can be compared with Matryoshka dolls
- “It is more important to understand this phenomenon than to have a good definition”

PPM: The centralised, continuous process of screening, selecting and prioritizing of projects in the project portfolio as well as balancing resources among these
projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

- In essence, this definition is correct according to RW. This definition mentions the elements that constitute portfolio management.
- However, RW’s personal preference would be to change the order of a few concepts in the definition.
  - “The centralised (…) project portfolio” – is indeed part of PPM, however, it is rather a ‘side effect’ than what PPM is really about. The same goes for “balancing resources”
  - After all, PPM is about aligning projects with strategy. It is about implementing strategy.
  - As a consequence of the goal of strategy alignment and implementation, the other processes (selection, prioritisation, balancing resources, etc.) are required. But not as a goal.
  - “This is what I miss in the PPM world. PPM becomes a goal by itself, as if PPM itself can be successful. To my opinion that is not possible”. “Surgery successful, patient deceased”
    - The essential difference between doing projects right and doing the right projects
  - Many great PPM tools (software) exist. Frequently this is (wrongly) already called PPM. “I don’t think so!”. “Ok, it is required, but it is not Portfolio Management, it is an ERP system on projects. That’s it. No more, no less.” “Firms invest much, up to millions (Euro’s) in such software and then they think it is Portfolio Management.”
    - In such a case, what is yet lacking, is that PPM is not necessarily on the management agenda.
    - With the presence of a tool only, the decision making is not yet taken care of.
    - Also, the dedication to PPM by the Management Team may yet be lacking.
  - The primary goal of PPM is decision making about projects. For this (secondary goal), information about projects is required. This information is provided through reporting, tooling, etc.

Scope of the research project

- It is indeed hard to determine adoption success. “that’s a difficult one”

PPM Adoption Definition

*PPM Adoption (HH):* “The transition in an organisational body from absence of a formal PPM practice into the presence of a formal PPM practice”

- Defining PPM Adoption is a challenge. “I wouldn’t be able to define it right now immediately”. “It is an important theme however, because at some point in time there will be a moment on which a firm decides to start investing in it (PPM)” “And I observe that some organisations are really willing to spend millions on this, so these are large decisions.”
- “I think that any organisation that works with projects, practices PPM to some extent, but they may not manage it formally and centrally. I think that an organisation that does not centrally manage PPM, still practices PPM.”
- *There is a project portfolio, but the problem is that it is not centralised/professionalised.*

RW agrees that it is hard to determine when a firm has PPM. Often it is somewhere in between. This can be compared to the debate about abortion: “*when is an unborn child a human being and when is
"it not yet?" This dilemma cannot be solved. The dilemma in the PPM Adoption case is comparable. The hard border between absence and presence of formal PPM does not exist. It is a continuum. Another analogy: sowing grass, when do we call it grass. And when at some places no grass is growing, can we still call the field a meadow?

- Some firms say not to apply PPM, but they do possess many characteristics of a PPM practicing firm (e.g. presence of a project portfolio, some selection mechanism, resource management.
- In practice, much attention goes towards PPM tooling.
  - "In very large organisations, I observe that PPM is almost synonymous to buying something"

The research question of this research is interesting. Also, the question that belongs to it, "and then (after the decision) what do they do?", would be an interesting topic for research (implementation).

Factors that influence the decision to adopt PPM
1. The organisation’s desire for project information, in order to make informed decisions (start/stop/hold/etc.) about projects
   - This follows from the desire to strategically decide about projects
2. Large, relatively sudden changes in a firm
   - Like a large shift in organisational strategy or a merger.
   - These are situations in which there is not sufficient overview over all running projects
   - PPM is required to provide and keep overview
3. Desire of management for maintaining control over the whole organisation
   - Requires good information at boardroom level
4. Company size
   - Small organisations have projects too. But they live in the people’s minds and also on the management agenda.
   - As an organisation grows, this “personal involvement” decreases. The larger the project environment, the more systems and procedures are required for good management. This implies bureaucratisation, which implies a change in the role of the project manager.
   - No matter the size of the organisation, some form of PPM happens, but the level of formalisation (bureaucratisation) increases with increasing company size.
   - The danger with this growth is that the personal commitment and intellectual challenge for PM’s changes into bureaucracy and documentation. “It is about filling out a form”. Overshoot in this is generally undesirable, and hence forms a challenge for large (growing) organisations.
Interview Report – Thesis H. Haasnoot

Location: Phone connection
Date & Time: Thursday 5 April 2012, 15:00h-16:00h (NL time)
Interviewee: JC
Firm & Position: FIRM XA USA, Director Advisory
Interviewer: H. Haasnoot (HH)
Filename recording: “Interview <name removed> 20120405.wav”

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>8-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>10-4-2012</td>
<td>H. Haasnoot</td>
<td>Modifications based on JC’s feedback on first version</td>
</tr>
</tbody>
</table>

PPM Definition
Project Portfolio (HH): A project portfolio is a group of projects, programmes and other work that share and compete for the same resources and are carried out under the sponsorship of an organisational body. (Modified from Martinsuo & Lehtonen, 2007)

- JC agrees with the use of ‘organisational body’ rather than ‘organisation’: “I would definitely agree”. JC has recent experience with a client, a large insurance company, in which PPM is applied on department level. In this case the accounting department.
- “These projects require to be much more specific. Whereas the company might be working down a larger project management initiative for large scale enterprise implementation, the accounting group has to work through their own projects in order to just keep the lights on and improve daily work performance. That’s not to say it’s not coordinated with the overall enterprise efforts, but they need to be more specific and tactical.”

PPM: The centralised, continuous process of screening, selecting and prioritizing of projects in the project portfolio as well as balancing resources among these projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

The definition for PPM makes sense to JC, also after HH had explained to possibly reformulate and to add the word ‘monitoring’.

PPM Adoption Definition
PPM Adoption (HH): “The transition in an organisational body from absence of a formal PPM practice into the presence of a formal PPM practice”
JC advises to consider including organisational culture aspects. Besides implementation, PPM Adoption is also about working with the various stakeholders that would be involved in the projects. In adopting PPM, a culture shift (to more of a project culture) may be required. In other words, also acceptance of PPM is required. “PPM Adoption has a lot to do with the culture of an organisation.” “Adoption is not just the implementation of the structure to support PPM”.

Going one level down, the governance structure could be included. This concept however already goes further down into the direction of implementation.

**What is PPM Adoption?**

Example: In the case of the client with which JC has been working over the last recent years, before JC started there was nothing close to PPM. In the meantime, various PPM elements have been constructed, including a structure to review projects (called a ‘change control board’), reviewing new project concepts or ideas and prioritising them.

Elements that constitute PPM Adoption:

1. A project reviewing structure
2. A dedicated team of business analysts, working on daily project management, managing projects through execution.
3. Some form of tooling (e.g. MS Project), used for managing stage gates, performed efforts analysis, tangible benefits, scoring/prioritizing, grouping/managing project interdependencies
4. Acceptance and commitment by end users

JC about HH’s idea for a PPM Adoption spectrum model: “I like that idea. I think you can have varying levels of it”. Some organisations will have adopted PPM more than others.

**Factors influencing PPM Adoption**

1. Volume and complexity of the projects
2. Extent of change that an organisation is (will be) going through [related to factor 1, volume & complexity]
   - This level of organisational change may be driven by
     - Regulatory changes
     - Financial conditions
     - Market changes
     - Leadership and/or business focus change
   - Much change implies many projects
   - More projects implies a need for more coordination of these projects (PPM)
   - “The more of those factors that a business group has, the more motivated they are going to be to move further ahead in PPM Adoption”
3. Leadership culture
   - Loose vs. more bureaucratic leadership styles
   - “It takes more of a strategically focused personality in a manager to push for the adoption of PPM.”

---

5 “If you have to complete 30 projects and you have no structure to achieve it, then you’re just trying to blindly work through whichever one come up first... for my client they realised very quickly that that wasn’t going to help them accomplish any real strategic goals.” The business need itself will drive PPM Adoption.
- “Some business leaders can get lost in the details or benefits of a single initiative losing sight of the ultimate business goal or strategic direction (example: Director of ABC company spends a majority of firm resources and time implementing financial reporting product XYZ instead of the strategic goal of improving financial reporting capabilities)”

Practical relevance of the research
The research could possibly help PPM consultants by contributing to the development of a methodology or approach for advising PPM about PPM Adoption. The spectrum model could help building up a tool for assessing the current state of an organisation and its needs regarding PPM. It could help to show what the next step needs to be.
Interview Report – Thesis H. Haasnoot

Location: Phone connection
Date & Time: Monday 23 April 2012, 9:00h-10:00h (NL time) and Thursday 26 April 2012, 9:00h-9:30h (NL time)
Interviewee: CB
   Firm & Position: KPMG Hong Kong (China), Partner
Interviewer: H. Haasnoot (HH)
Filename recording: <removed>

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>25-4-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report after first part of interview</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>9-5-2012</td>
<td>H. Haasnoot</td>
<td>Version 0.1 complemented with outcomes of second interview (elements that constitute PPM; Factors that influence PPM Adoption; Background 3 – PPM in financial services)</td>
</tr>
<tr>
<td>0.3</td>
<td>Draft</td>
<td>15-5-2012</td>
<td>CB</td>
<td>Review of version 0.2</td>
</tr>
<tr>
<td>0.4</td>
<td>Complete</td>
<td>16-5-2012</td>
<td>H. Haasnoot</td>
<td>Comments by CB incorporated and a few minor corrections (order of words, etc)</td>
</tr>
<tr>
<td>0.5</td>
<td>Complete</td>
<td>6-8-2012</td>
<td>H. Haasnoot</td>
<td>Anonimised</td>
</tr>
</tbody>
</table>

Definitions for project, programme and project portfolio

Definition for PPM
- CB agrees with HH that PPM is more of a philosophy than a method.
- Note the tasks of the PMO (section “the role of the PMO”)
- CB suggests to add an explanation of where PPM resides in the organisation. To describe the relation of PPM with projects within the organisation.

Defining PPM adoption
Alternative for adoption/formalisation/maturity: ‘user-takeup’

The model for PPM adoption
CB advises to include a description of the link with methodologies: various PM practices (PRINCE2, PMBoK, etc) contain PPM elements. CB advises to write about these practices and show where they use PPM, in order to provide readers with the link between these practices and PPM. This provides guidance into where PPM resides in PM and the organisation, into how in reality PPM is delivered. A
PPM methodology will serve at the basis of how PPM will be implemented (in this context, it is not necessarily for the process of implementing, but rather for specifying how the PPM practice being implemented should look like: the procedures that will be used within the portfolio etc)

The elements (features) that constitute PPM
1. Standardized methodology around process and procedures
2. Training and education
3. Roles & Responsibilities
4. Use of technology
5. Integration of tooling into corporate environment
6. Benefit tracking of PPM itself

1. Standardized methodology around process and procedures
From CB’s personal experience: “Normally there are elements of PPM taking place, but across the whole organisation I have not seen full take up of and adoption of PPM” Example, about a large bank: “4 PMO’s running projects, programs across their siloed business functions, all differently and all in isolation, so the first thing I did when I went in there was to merge everything into one and put in proper PPM, Program and Project governance and oversight.”

The fact that an organisation has a central PMO is not necessarily a sign of an organisation being very advanced in PPM. CB personally prefers a central point in which a “central database, central record, and central SharePoint site” are maintained. “to help ensure that people are meeting the appropriate standards and disciplines and there is oversight. My personal preference is ‘yes’ but basically when an organisation is very big, you might want to have two or three PMO’s depending on what region or what part of the business it is. But you’d still have to have some consolidation going on around these three elements (Front Office/Operations and IT) somewhere. There still has to be a central governance or PPM oversight.” There should be one ‘main’ PMO determining the standards for procedures, although this isn’t really a PMO. “It’s more of a governance, oversight, monitoring function.” They get the holistic view of the roadmap and do high-level reporting. “They are producing the dashboard and warning flags for somebody that is very senior or a sponsor” (like a COO or CEO).

HH, summarising: “The procedures being done in PM and everything around it should be centralised. Within the organisation everybody would be working in the same way, with the same report templates etcetera.” CB:“That’s it, that’s definitely true. For PPM to be a success you’d have to have that level of consistency and granularity”. This points to one of the features that together constitute PPM, ‘methodology around process and procedures’

2. Training and education
Another possible features is ‘education and training’, meaning that anybody who enters the organisation in a project role (something that touches what PPM is delivering) is being trained in this methodology and understand how it is applied. This could include an exam, like a PRINCE2 qualification.

3. Roles & Responsibilities
“Within this PPM framework, you do need to have clear roles and responsibilities of what people are doing. That makes you A successful and B its being monitored and updated or improved upon if required.” HH: “A person or function responsible for the PPM being executed” CB: “Yes, it is, that a person or department, I think a person is good, yeah but individually and collectively there is responsibility and accountability.”

4. Use of technology

“Some parts of it (PPM), you want to really automate. So if you’ve got a SharePoint site, you’ve got your dashboard with all. Try to automate as much as possible so information is being taken from, like the general RAG status, project timeline (critical path), dependencies and financial budget reporting, you want to try and make this as seamless as possible in maintenance and updating, because (...) a lot of organisations make the mistake of creating PowerPoint or Excel spreadsheets, they create a monster whereby people spend a day, a week if not longer updating Excel/PowerPoints and the executives don’t even look, nobody looks at this stuff.”, “Some kind of tool, use of technology, or creation of a tool (...) something that breaks... (from people doing repetitive work for a PM methodology).” “You might want to call it ‘toolkit’” CB about organisations buying PPM tooling and then say they have PPM: “People can buy something off the shelf and at the end of the day the tool is only as good as the people that use it. And at the end of the day the people that use it are only as good as the governance, the support, the help (...), the education to make sure they know how to use it properly.”

CB agrees that a tool is complementary rather than a sufficient condition for PPM. “The tool is definitely complementary and at the end of the day the tool needs to be adapted slightly to the culture of the organisation”. “The front-end of the tool in the way it looks, you want to make it look like a corporate part of the banks”. “It’s easier for adoption as well if people that use it see something that looks very similar” “There should be a lot of common sense in that tool and it should be very pragmatic (...). You don’t want to over-engineer a PPM or Project Delivery tool, because again it just adds confusion, creates more work, you know at the end of the day there’s certain indicators you need to know about PPM, is are things being done successfully.”

5. Integration of tooling into the corporate environment

“It probably fits under the tool but you might want to put in the interfaces with corporate systems. So, interfaces” The PPM tool should be linked to other corporate systems like the monthly or annual budget reporting. Also, it should possibly be linked to Outlook, so that PPM reporting can automatically be distributed to a mailing list. “Integration with corporate systems”. This is an indication of whether an organisation is advanced in PPM (A separate PPM tool vs. a tool fully integrated in the organisation’s environment)

6. Benefit tracking of PPM itself

“I don’t know whether it’s really a feature of PPM, but it’s benefit realisation”. “Somewhere where you’ve implemented, adopted PPM and everybody is saying ‘is it successful, have we improved?’ is still way of measuring the benefits and the success of the adoption. So somehow ‘tracking’, I mean ‘are projects being delivered more on time?’ ‘are projects being delivered more on budget?’ “Is there some way of measuring, looking back, or doing a lessons learned of the past year? Is there some way (...) the PPM and adoption made a difference to us.” Tangible observable: “Project post reviews and lessons learned” “Senior level might be looking at a different level. They might be
looking at ‘is stuff being delivered on time?’ ‘is stuff being adopted?’ Did they do a questionnaire to people to see what their feedback was? -> Measuring user satisfaction. “Measuring or tracking the tool, the methodology”

Factors that influence PPM adoption
- Senior management support
- In a large transformation programme, “the key thing is having the right sponsor, is having somebody with the vision and the overall strategy. It’s the only way that PPM Adoption can actually work. If you don’t have that, than your adoption doesn’t really happen.”
- Nature of projects/programmes being executed (tactical vs. strategic)
- CB distinguishes 2 types of programmes: tactical and strategic programmes. In the case of tactical programmes, these just need to be done, for example due to regulatory requirements. For strategic programmes, PPM comes in. Hence, PPM makes much more sense to be applied in the strategic rather than in the tactical case.
- Change readiness
- Related: awareness of the benefits sought in further adopting PPM \(\rightarrow\) “The questionmark is why” \(\rightarrow\) why PPM should be introduced
- Organisational change (Merger and acquisition)
- A change in company structure. E.g. merger, acquisition, sale of assets
- People (leadership) change
- A change in leadership (changing sponsors)
- Cost reduction [note! ‘reverse driver’!]
- Cost reduction may be a reason for de-adopting PPM
- People might consider PPM as an overhead and decide to remove it. “If a bank, you know over the last two years with the downturn in Europe, they’ve got to cut budget by 25% so basically they’re looking at how to reduce budget and they look at PPM and they think ‘we’ve got 5 people supporting it, we’re paying salaries for those people doing it and ‘we don’t know what the real benefit is, there is no tangible, measurable financial benefit, so let’s stop it’”
- HH: “Does it actually really reduce costs to remove the PPM function?” CB: “I’ve seen PMO functions being disbanded, because they were seen as cost overhead without knowing the benefits”
- Example: new leader calling in 9 Project Managers asking whether they could describe the benefits to the business of what they were doing. Only 3 of them could. So the leader regarded the PMO (which was a ‘light PMO’, doing dashboarding, roadmap, dependencies) as not functioning and disbanded it, as well as the department called the PSE (Project Support Engine), he got rid of most project managers and then he redesigned the whole project delivery model. A new vision was formulated for the 2 year change program and they created a new portfolio of projects that would need to be done in order to achieve the end stage (reviewed every 6 months). A group of people, together with a consultancy firm, created the program and they decided which projects were needed.
Background 1 --- The role of the PMO
In CB’s experience with work in PMO’s, it is generally the PMO’s responsibility to run the centralised, continuous processes of screening and monitoring project health. The selection and prioritisation of new projects is normally done by a management committee based on set criteria on a business case which needs to be submitted in advance. Project size codetermines how it is being treated. If it is large sized, it will need another level of approval. The information required for the selection and prioritisation comes from the PMO. The PMO is responsible for tracking the projects in the portfolio. PMO can refer to Project, Programme or Portfolio Management Office, that is firm-dependent, but at the end of the day, what they do is basically the same.
CB has experienced businesses having multiple PMO’s (for example, one in IT, one in business, one in finance, PMO’s for each change programme, etcetera). CB believes it is generally better for an organisation to merge all these PMO’s into one, bringing some common standards and transparency across IT, business, etcetera. “The biggest problems at clients at the moment are these multiple versions of everything”. “Ultimately, ideally each organisation should have one, they should have one central governance, PMO, PPM function and they should be using common standards, people should be trained and educated in them and people should be following the process.” “And there are not many organisations that have got that”
Advantage: “First of all that you’ve got a single view of the multiples “ a single, holistic view. “when decisions are being made in each of the business’ silos, they are being made for the good of the organisation from a single view point. That means you’ve got a better understanding of the dependencies between them, you can manage resources better, you can manage training and education better, and also generally it is easier to manage”
Observing clients with multiple versions of the PMO: “What they do, say then change how they are delivering and executing projects, depending on the business line or the IT function, so people are actually delivering things differently and there’s a huge risk, there is money being burned, wasted by doing this, and also the wrong decisions are being made.”
Example: one of the clients that CB has worked for (A large bank, operating globally) has three PMO’s, one in their investment bank, one in their wealth management function and one in their private bank. Each one operates differently, each one is building solutions for their business, in isolation of all the others so it means that nobody when it comes to the design of their IT blueprint architecture landscape, they are not looking at building common platforms (datacenters, backoffice operating platforms) across all three businesses, they are not looking at scaling the right structure to support three business lines. “And that creates huge risk, that creates regulatory risk, because you’re running three lots of risk at the same time. You’ve got three different elements of PPM that are probably out there. You’ve got lots of risk ..., you’ve got all the support infrastructure supporting all these 3 different elements and again what’s happening with the banks now, is basically everybody realises this now, so all the projects that are all out there is to basically shrink these IT, these departments into single functions. To support each of the business lines is one of the biggest things out there. Obviously there is a lot of regulatory pressure to get that done sooner rather than later. So having multiple PMO’s, multiple ways of different projects being run in the same organisation is not good.”

Possible advantages of having multiple PMO’s
“Each organisation (…) should be striving (…) if you’ve got processes, standard systems that are being repeated across the globe, it means you can have common platforms being deployed and used
and it means basically as an organisation you’ll be leaner and fitter and more cost efficient. So again, having multiple PMO’s and advantages for having different PMO’s, I think, again, you want a holistic view and you want to know exactly what’s going on in all aspects of that organisation in order to make it leaner. And I think by having multiple PMO’s, I think you can have different reporting, you can have different governance meetings being conducted, you can have decisions being made in isolation of other aspects of the business and I don’t think it’s healthy."

“I think people did originally, I think the only advantage of doing it, is that if an organisation has got a lot of political issues around ‘who is the sponsor? Who makes the decisions?’ then yes, there’s an advantage in doing it in order to deliver something quickly, if the organisation isn’t mature enough to make the right decisions and the right governance oversight isn’t in place, than I can imagine why organisations would do it.” It would be a temporary endeavour, set up for 1 or 2 years to deliver a certain piece of change.

The other time you’d do it is to do a piece of work that is confidential. (E.g. M&A programme) which you’d be doing in isolation, but still using the same standards and methodologies. The central PMO would be leading in the standards being used. They would help establish them. But the reporting would occur in isolation, using an ‘insider list’.

**Background 2 --- Change readiness**

* Before an organisation is willing to make a change (like in this case, adopting PPM), the benefits to be achieved by the change should be clear and convincing.

**The actual situation in many organisations**

Many organisations have a short-sighted process for selecting projects. (annual budget cycle, etc). In particular in the Asia-Pacific region, organisations are not following PPM procedures at all, because they have a 12-months view. All you have, really, is a set of projects and some programmes being formed.

**An example of a problem that an organisation may be facing**

“To actually articulate a vision and a strategy, a three year strategy, or a five year roadmap, whatever it is, a lot of organisations don’t pin their target on what is it exactly that we want to be” They don’t communicate that to their clients and worst of all, they don’t communicate what they want to be to their own staff. When staff are working on projects and whatever, nobody really knows why we are doing this. They don’t know what the bigger picture will look like when all the projects will be put together. “Nobody knows what you’re trying to strive towards, so it come up on towards your user takeup point (...) so all lot of the departments, parts of the organisation they don’t really know what is it we are trying to be or do to make A. Our jobs better and B. Address a lot of issues and problems we have” You need to have strong communications of the benefits of why you’re doing things. You need to have especially the end-user community playing a role early in the delivery of it and that’s how you’re successful on the adoption, because you get them involved in the solution.

Actually HH tacitly assumes that PPM advancement is always beneficial → CB advises to quote the scientific articles that claim that PPM advancement brings benefits. It is possible to find reasons why programmes and portfolios fail. “Because organisations are scared stiff of formal processes (...) they don’t see the benefit of ‘why would I want to do it’” (referring particularly to the Asia-Pacific region) “they don’t want to change how they are doing things, despite the fact that what they do is failing” Hence, there should be strong reasons for them to change the way they work. “They’re scared of change (...) even though times have changed”. Even when projects increase 10x size, they prefer to
stick to the same way they delivered them before. This comes back to the ‘change readiness’ of an organisation, being a factor influencing PPM Adoption advancement. Another factor could be the awareness of the advantages of PPM adoption advancement (or the avoidance of disbenefit).

**Background 3 – PPM in financial services**

Within financial services (it may not be applicable elsewhere): “Banking is notorious for trying to do the right thing with proper methodology, structuring, governance and oversight. And it will start programs, transformations. But normally one aspect of those things being delivered, things would stop and then restart again later and they may actually adopt a different standard.” “In A. delivering and B. governing the program.”

These changes are driven by a lot of factors, one of which is sponsors: new leaders have their own personal views. “The other one is costs, where the leadership has the perception that governance, oversight or PMO are mostly overhead costs and does not appreciate the true value.”
Appendix A – Explorative Interviews

Part 3 – Overview of explorative interview answers, organised by topic
1. Relevance

What is particularly interesting to ED about this research, are the trends about PPM adoption. Implementing PPM at a truly enterprise level is a tremendous challenge.

Part of this challenge is in which activities to consider as an ‘official’ project. Activities of a few working hours do in no way compare to multimillion projects. It would be odd to manage these in parallel in the same portfolio.

Is there a point at which it is suboptimal to try and create a PPM practice, because it just becomes too hard? On the one hand PPM is required at some moment when complexity grows beyond a certain level, however on the other hand if the complexity grows too large, PPM may still be needed, but it has become impossible to successfully implement it, or not worthwhile to implement.

A big challenge for a (PPM) consultant, is to make people understand what is best for them. For example, it is a challenge to convince an organisation that thinks it has PPM of that actually it has not. The findings of this research could help with convincing clients.

Another contribution of the research may be that it identifies potential problems that may arise when formal PPM is implemented. With these potential problems identified, decisions made are better informed, and implementation gets a higher chance of success.

The research could possibly help PPM consultants by contributing to the development of a methodology or approach for advising PPM about PPM adoption. The spectrum model could help building up a tool for assessing the current state of an organisation and its needs regarding PPM. It could help to show what the next step needs to be.

2. PPM History

PPM principles have been applied long before the name Project Portfolio Management was used to refer to the application of these principles. The word Portfolio did exist, but in other disciplines than Project Management, like marketing and arts.
3. Definitions

- ED is absolutely fine with HH’s definitions of ‘Project’, ‘Program’, ‘Project portfolio’ and ‘PPM’
- The challenge is in the definition of PPM Adoption (see below)

3.1. Project & Programme

RW’s advice regarding the definitions of Project and Programme: besides PMI (US), also other international Project Management associations (IPMA, Europe; OGC, UK) have their own definitions. RW advises to also take these in consideration.

3.2. Project Portfolio

- RW agrees with using “organisational body” rather than “organisation”. From his experience with several large organisations, he has observed that there is not one single portfolio. “I observe many portfolios within an organisation”
- There is no strict hierarchical relation between PPM and Programme Management. The two can be applied iteratively. A programme can contain a portfolio of projects and a portfolio can contain multiple programmes
  - For example: the MSP approach (OGC) defines Portfolio Management as a component of Programme Management
  - This iterative phenomenon can be compared with Matryoshka dolls
  - “It is more important to understand this phenomenon than to have a good definition”
- JC agrees with the use of ‘organisational body’ rather than ‘organisation’: “I would definitely agree”. JC has recent experience with a client, a large insurance company, in which PPM is applied on department level. In this case the accounting department.
- “These projects require to be much more specific. Whereas the company might be working down a larger project management initiative for large scale enterprise implementation, the accounting group has to work through their own projects in order to just keep the lights on and improve daily work performance. That’s not to say it’s not coordinated with the overall enterprise efforts, but they need to be more specific and tactical.”

3.3. PPM

**PPM:** The centralised, continuous process of screening, selecting and prioritizing of projects in the project portfolio as well as balancing resources among these projects in such a way that the portfolio is aligned with strategy and benefits are optimised.

**PPM (SS):** A management process designed to help an organisation acquire and view information about all of its projects, after which each projects is sorted and prioritised according to certain criteria such as strategic value or impact on resources and costs.

- CM suggests to add “monitoring” or “reviewing performance” to the definition.
- The term “centralised” brings about some ambiguity, as particular firms (mostly multinationals) are decentralised to a particular extent. Managing project portfolios on global level doesn’t always make sense.
• Alignment with strategy and the benefits are important concepts to keep in the definition.
• AB suggests to add “monitoring” to the definition, although this touches upon the interface with programme management and may be too detailed for PPM.
• Formulation can be improved. It is (A+B)→C, but it can be read A, B→C (as if only balancing is aimed at strategy alignment and benefits, and not the screening, etc)
• Possibly less attention for balancing resources and more attention for control (screening, monitoring, prioritising, etc)
• HH’s definition assumes a PPM function to be a permanent function.
• PPM can also be applied in situations with a temporary character (example of a large change agenda)
• There is a substantial difference between these two situations
• When distinguishing between a BAU (permanent) and a change agenda (temporary) situation, only the portfolio for one of both is considered by the respective responsible person. However, there are interfaces between the two agenda’s.
• There can be multiple portfolio’s in parallel.
• In this research, the considered portfolio is considered to cover all projects within the organisational body considered. (Organisational body may comprise the whole organisation, or a particular department)
• SS remarks, referring to “organisational body” in HH’s definition of Project Portfolio, that it is uncommon that PPM is introduced on a department level, but not on a company-wide level. This goes beyond the type of industry (SS has observed this both in automotive and in the banking environment)
• “aligned with strategy and benefits are optimised.” – Distinguish by companywide strategy, and department-specific strategy. Department strategy should be considered when selecting and prioritising projects, but company strategy is most important.
• In essence, this definition is correct according to RW. This definition mentions the elements that constitute portfolio management.
• However, RW’s personal preference would be to change the order of a few concepts in the definition.
• “The centralised (...) project portfolio” – is indeed part of PPM, however, it is rather a ‘side effect’ than what PPM is really about. The same goes for “balancing resources”
• After all, PPM is about aligning projects with strategy. It is about implementing strategy.
• As a consequence of the goal of strategy alignment and implementation, the other processes (selection, prioritisation, balancing resources, etc.) are required. But not as a goal.
• “This is what I miss in the PPM world. PPM becomes a goal by itself, as if PPM itself can be successful. To my opinion that is not possible”. “Surgery successful, patient deceased”
• The essential difference between doing projects right and doing the right projects
• Many great PPM tools (software) exist. Frequently this is (wrongly) already called PPM. “I don’t think so!”, “Ok, it is required, but it is not Portfolio Management, it is an ERP system on projects. That’s it. No more, no less.” “Firms invest much, up to millions (Euro’s) in such software and then they think it is Portfolio Management.”
• In such a case, what is yet lacking, is that PPM is not necessarily on the management agenda.
• With the presence of a tool only, the decision making is not yet taken care of.
• Also, the dedication to PPM by the Management Team may yet be lacking.
• The primary goal of PPM is decision making about projects. For this (secondary goal), information about projects is required. This information is provided through reporting, tooling, etc.

• The definition for PPM makes sense to JC, also after HH had explained to possibly reformulate and to add the word ‘monitoring’.
4. PPM Adoption

PPM Adoption:  “The transition in an organisational body from absence of a formal PPM practice into the presence of a PPM practice”

- CM confirms that a few years ago, when he studied literature on PPM, not much academic literature on PPM was available.
- In HH’s definition, the word “formal” is key. In practice, many firms either apply PPM without being aware of that, or they claim to use PPM although actually they do not (fully) do so.
- “The formal adoption is an interesting point to explore.”
- “Some organisations will be doing it (=PPM), maybe without knowing it and some organisations will say they are doing it, but if you look more closely you’ll find out that they aren’t really doing what you and I would consider to be PPM”
- A major challenge in this research project is the definition of when (and when not) a firm has adopted PPM. Following HH’s definition, in which situation “a formal PPM practice” is not as straightforward as it may seem at first glance.
- As a least requirement, an organisation-wide awareness should exist of the difference between PPM on the one hand and both Project Management and Programme Management (Pj&PrM) on the other hand. Pj&PrM focuses on successful delivery of projects (time, budget, scope). PPM is about strategic decision making.
- Additionally, a person or department in the firm should be present, with the ongoing, continuous responsibility for PPM.
- Formulation: Use ‘formal’ consistently (= twice)
- AB suggests to use ‘institutionalised’ instead of ‘formal’
  - Institutionalised PPM means that PPM is applied throughout all levels of the organisation. E.g. it is not only the Project Managers making reports, but also the higher-level management using these reports at the basis of decision making.
  - Whether PPM is institutionalised in an organisation, can be observed by the amount of attention by higher management and by the material quality.
- Actually all organisations apply some form of PPM, although it may be in a rudimentary form. Practically all organisations have some form of annual budget cycle, in which the strategic considerations are taken into account.
  - Some organisations do this at a too high level. In that case, Senior Management is not sufficiently involved with the real decisions that need to be made. For example, they allocate a change budget to IT, without specific description on what to do with it.
  - Integrally dedicating much board-level attention to the change agenda is not present at many organisations.
- The word “practice” may require some more attention
- It may be wise to relate adoption to degrees of maturity
- ED’s interpretation of the presence of a PPM practice: the establishment of standards, methodologies, frameworks & governance.
- To say that a firm has a PPM practice, actually (at least) there should be a PPM function, like there are financial and HR functions
• Also, ‘unknown unknowns’ (Donald Rumsfeld) exist, meaning that firms may unconsciously be doing components of PPM, without knowing it or at least without calling it PPM.
• For PPM to be considered present, this awareness in the organisation should be there. The people responsible for PPM should know exactly what PPM is.
• “What are some of the drivers and factors that might push or pull an organisation into moving along that continuum” (continuum: the evolutionary spectrum between absence and presence of PPM)
• Transition is about the process of moving from A to B. HH’s definition may be confused with the process of moving (PPM Implementation), rather than only deciding to move.
When does a firm have PPM?
• The first question to ask is whether there is a PPM body in the organisation (are there people that are responsible for PPM?).
• The second question is to ask how mature this body is. In other words, of what does such a body exist?
  • Referring to the 9 point framework, PPM can be considered completely adopted when all components of PPM are fully implemented, but PPM can still be considered to exist when some components are not (yet) implemented.
  • The trigger for PPM adoption can differ per firm, since per firm another of the 9 points can be the reason why PPM is desired.
• SS agrees with the HH’s definition.
• Actually, some form of PPM is always done at any given level. Always, some decision needs to be made about setting priorities. Firms always do some sort of PPM, although they may not call it that way.
  • “Even without an actual process that is called PPM, there has to be a kind of process which is, in some cases or in some parts, related to an original PPM process.”
  • “even if you have no actual PPM process implemented, a company has to choose for projects”
  • “there is always a kind of PPM implemented”
• There are always some mechanism for selection of projects. For example a steering committee.
• The decision is under consideration of a company strategy. The project needs to be checked against something (KPI's)
• There is not always a real decision process. The steering committee or management may decide on the basis of intuition, perceptions and/or personal preference.
• Formal PPM is different from ‘informal’ PPM in:
  • Real PPM is absolutely rational. The criteria for selecting and prioritising projects are ‘written’.
• The presence of Real PPM can be observed by
  • The presence of criteria (Real figures, KPI’s and goals)
  • A prioritisation mechanism
  • Strategy alignment
• Prioritisation and strategic alignment are required as a first step for having PPM
• Defining PPM Adoption is a challenge. “I wouldn’t be able to define it right now immediately”. “It is an important theme however, because at some point in time there will be a moment on which
a firm decides to start investing in it (PPM)” “And I observe that some organisations are really willing to spend millions on this, so these are large decisions.”

- “I think that any organisation that works with projects, practices PPM to some extent, but they may not manage it formally and centrally. I think that an organisation that does not centrally manage PPM, still practices PPM.”
- There is a project portfolio, but the problem is that it is not centralised/professionalised.

RW agrees that it is hard to determine when a firm has PPM. Often it is somewhere in between. This can be compared to the debate about abortion: “when is an unborn child a human being and when is it not yet?” This dilemma cannot be solved. The dilemma in the PPM adoption case is comparable. The hard border between absence and presence of formal PPM does not exist. It is a continuum.

Another analogy: sowing grass, when do we call it grass. And when at some places no grass is growing, can we still call the field a meadow?

- Some firms say not to apply PPM, but they do possess many characteristics of a PPM practicing firm (e.g. presence of a project portfolio, some selection mechanism, resource management.
- In practice, much attention goes towards PPM tooling.
  - “In very large organisations, I observe that PPM is almost synonymous to buying something”

The research question of this research is interesting. Also, the question that belongs to it, “and then (after the decision) what do they do?”, would be an interesting topic for research (implementation).

CM: “The document accurately reflects most of our discussion. I think that you could add the point about there being different maturity levels of portfolio management practice. This recognises that different organisations require different portfolio management capabilities, ranging from “basic” to “advanced”, with different levels of sophistication in between. Of course, not all organisations will require an “advanced” capability; rather, they should target the level that they need and make sure that they achieve and maintain their portfolio management capability accordingly.”

JC advises to consider including organisational culture aspects. Besides implementation, PPM Adoption is also about working with the various stakeholders that would be involved in the projects. In adopting PPM, a culture shift (to more of a project culture) may be required. In other words, also acceptance of PPM is required. “PPM Adoption has a lot to do with the culture of an organisation.”

“Adoption is not just the implementation of the structure to support PPM”.

Going one level down, the governance structure could be included. This concept however already goes further down into the direction of implementation.

**What is PPM adoption?**

Example: In the case of the client with which JC has been working over the last recent years, before JC started there was nothing close to PPM. In the meantime, various PPM elements have been constructed, including a structure to review projects (called a ‘change control board’), reviewing new project concepts or ideas and prioritising them.

Elements that constitute PPM Adoption:
1 A project reviewing structure
2 A dedicated team of business analysts, working on daily project management, managing projects through execution.
3 Some form of tooling (e.g. MS Project), used for managing stage gates, performed efforts analysis, tangible benefits, scoring/prioritizing, grouping/managing project interdependencies
4 Acceptance and commitment by end users

JC about HH’s idea for a PPM Adoption spectrum model: “I like that idea. I think you can have varying levels of it”. Some organisations will have adopted PPM more than others.
5. Factors influencing PPM Adoption

1 Scale of change
   - The number of change initiatives (existing projects and potential projects [pipeline])
   - The length that such projects last

2 Complexity
   - Complexity of individual projects
     - Length of individual projects
     - Project size (the amount of functions a project affects)
     - Geographical impact (global? One country?)
   - Interdependencies between projects

3 The organisation’s capacity to manage change
   - The availability of resources, skills and knowledge in the organisation, relative to the demand for change

4 Information availability on executive level
   - Visibility at executive level, of what is happening in the organisation

1 Complexity
2 Volume
   - The amount of projects/programs running in an organisation

3 The extent of organisational change (Reorganisation? Transformation?)
   - The number of parties (departments) that are affected by the change
   - The number of dependencies between projects (link to complexity)

4 Sector / Industry

5 Organisational culture
   - Leadership culture / leadership style
     - Structured leadership vs. laissez faire
     - “A project does not exist when it is not on the list” vs. “Here is a budget and I trust you for doing things with it that fit our strategy”
     - Determines the organisational desire (through the leader) for having a PPM practice
   - Change readiness
   - Risk orientation

6 Need for predictability of company results (e.g. a stock listed firm has a high need for predictability)

1 Regulatory/compliance factors
   - In highly regulated industries like energy, food, health, financial services
   - No direct requirement for PPM by law, but PPM may required as a consequence of the imposed large agenda of change

2 Desire of the organisation to improve
   - Improvement of the success rate of projects

3 The need to innovate in order to stay competitive

4 Cost pressure
• the need to reduce costs
• introducing PPM is not the sole answer, but it may contribute to cost reduction
• Due to cost pressure, resources become scarcer and hence need to be managed better
• PPM helps considering which projects will contribute best to realising cost reduction

5 Extent of need for IT change
• In particular for smaller organisations, for which an IT transformation is a relatively large operation and/or has a relatively large impact

6 The capacity of an organisation to absorb change
• The organisation’s need to regulate/throttle/limit the level of simultaneous change in an organisation

1 Desire to steer effectively at top-level
• Requirement for board-level information regarding projects
• Comprises managing project interdependencies
• Top does not always mean board-level. It may for example also mean the IT-management, when considering the set of projects in an IT-department

2 Annual budget cycle appears too limited
• Once-a-year budgeting limits execution of newly emerging projects
• Desire for a rolling-forecast, a continuous updating mechanism for updating budgets

3 Desire/need for cost reduction
• Rationalisation of the project portfolio: drawing up criteria for starting/killing projects and consistently and continuously executing a project selection mechanism

4 Complexity
• Amount of projects
• Need for synchronisation between projects
• Resource scarcity

The three high-level categories (drivers)
1 Desire to decrease project failure rates
• Every PM Has experienced project failure at least once.

2 Desire to improve strategic alignment

3 Desire for higher value from succeeded projects

Also negative factors can be observed (inhibitors)

1 Firm’s priorities - PPM may not be a firm’s high priority.
• A budget is required for restructuring into formal PPM. Such a budget may not be available.
• An argument presented by opponents in reaction that not implementing PPM may cost more money: “It has worked before, without PPM”. This argument does not necessarily refute the need for some (informal) PPM practice, but it does refute the adoption of formal PPM.

2 Resistance to shifts in power balance
• In any change made, there is always somebody that looses power to some extent
  - Every decision in any company will affect the power balance
• In the PPM case, without formal PPM, for some people it may be easier to get personally preferred projects running. Which will not be the case anymore when formal PPM is adopted.
• Such a shift in power balance evokes resistance
• This factor is related to the change readiness within an organisation.
Furthermore, SS agrees that the level of complexity in a project environment, co-determines the need for PPM. Besides the number of projects and project interdependencies, another component that could make PPM complex is the structure for sponsoring projects. If projects are sponsored from various budgets (multi-sponsoring), starting projects is complex. If project funding would come from one (PPM) budget, and one budget only, starting and running a project would be easier.

1 The organisation’s desire for project information, in order to make informed decisions (start/stop/hold/etc.) about projects
  • This follows from the desire to strategically decide about projects
2 Large, relatively sudden changes in a firm
  • Like a large shift in organisational strategy or a merger.
  • These are situations in which there is not sufficient overview over all running projects
  • PPM is required to provide and keep overview
3 Desire of management for maintaining control over the whole organisation
  • Requires good information at boardroom level
4 Company size
  • Small organisations have projects too. But they live in the people’s minds and also on the management agenda.
  • As an organisation grows, this “personal involvement” decreases. The larger the project environment, the more systems and procedures are required for good management. This implies bureaucratisation, which implies a change in the role of the project manager.
  • No matter the size of the organisation, some form of PPM happens, but the level of formalisation (bureaucratisation) increases with increasing company size.
  • The danger with this growth is that the personal commitment and intellectual challenge for PM’s changes into bureaucracy and documentation. “It is about filling out a form”. Overshoot in this is generally undesirable, and hence forms a challenge for large (growing) organisations.

1 Volume and complexity of the projects
2 Extent of change that an organisation is (/will be) going through [related to factor 1, volume & complexity]
  • This level of organisational change may be driven by
    - Regulatory changes
    - Financial conditions
    - Market changes
    - Leadership and/or business focus change
  • Much change implies many projects
  • More projects implies a need for more coordination of these projects (PPM)\(^6\)
  • “The more of those factors that a business group has, the more motivated they are going to be to move further ahead in PPM adoption”

\(^6\)“If you have to complete 30 projects and you have no structure to achieve it, then you’re just trying to blindly work through whichever one come up first… for my client they realised very quickly that that wasn’t going to help them accomplish any real strategic goals.” The business need itself will drive PPM adoption.
Leadership culture

- Loose vs. more bureaucratic leadership styles
- “It takes more of a strategically focused personality in a manager to push for the adoption of PPM.”
  - “Some business leaders can get lost in the details or benefits of a single initiative losing sight of the ultimate business goal or strategic direction (example: Director of ABC company spends a majority of firm resources and time implementing financial reporting product XYZ instead of the strategic goal of improving financial reporting capabilities)”

Other observations & remarks regarding the factors

- Distinguish between push drivers (forced by external factors) and pull drivers (internal driver) --- Factor 1, regulatory, is a typical push factor. Factor 2, desire to improve, is a pull factor
- Most organisations have at least some function for PPM. Those organisations that don’t, tend to be relatively small or highly siloed organisations (siloed: many small, quite autonomous business units within one organisation). They can accommodate a (low) number of different projects at any one time and they don’t need to formalise the way they manage the portfolio.
- There may be mutual dependencies between the factors (e.g. change readiness and risk orientation may be influenced by the sector/industry of the organisation)
- There may also be a hierarchy between the factors
- It may be possible to rank the various factors
- AB considers the factors ‘complexity’ and ‘culture (leadership)’ as the most important factors.

PPM is always related to scarcity: if resources (human, monetary, knowledge, assets) were infinite, or at least more than required for all change initiatives, PPM is not required. Contrarily, if there is some scarcity, there is a need for some mechanism to make choices.
Appendix B – Case Studies

Part 1 – Case Study Material

B1.1 – Invitation letter
B1.2 – Interviewee preparation document
B1.3 – PPM Adoption Questionnaire
Utrecht, 25 June 2012

Dear sir/madam,

Thank you for displaying your interest in my research. This is to invite you for joining in my thesis research for Delft University of Technology in cooperation with KPMG.

My research is aimed at gaining a better understanding of adoption of Project Portfolio Management (PPM). The research question is accordingly stated as: “What are the factors that influence the adoption of Project Portfolio Management by organisational bodies and what is the relation of these factors to PPM Adoption?” The research project involves approximately 20 case studies in organisational bodies that apply (some form of) PPM and that have advanced in their PPM Adoption recently enough to be remembered. These case studies are aimed at the function within the organisation in which the decisions are made about which (potential) projects will be started, paused or stopped.

From your organisation the cooperation is asked from one person who is willing and able to participate in an interview of a maximum duration of 1.5 hours, and to provide additional documentation that from the interview turns out to be relevant for the case study. This person should have been involved with the PPM decision making at the time the advancement in PPM Adoption was made. As an illustration, the contact looked for is typically a person that the PMO reports to, like the organisation’s portfolio manager.

The interviews are planned to take place between present and 13 July 2012. The default location is an office location of your organisation within The Netherlands. The interviewee will receive a document with background information on the project a few days in advance of the interview. After the interview he will receive the interview report for review. All reports will be anonymised. I.e. I will refer to your organisation by an identifier (e.g. ‘Case A’) and a general description. If I need to refer to you personally I will use your initials only.

After the research your organisation will receive a report of my full research. This report is scheduled for completion in August 2012.

I would appreciate to hear your confirmation to join in my research shortly and I would appreciate if you could provide me with the contact details of the interviewee.

Again, thank you very much for your interest in my research.

Sincerely,

Henk-Jan Haasnoot
Student MSc Management of Technology
Executive summary
Thank you for helping me with my thesis project. This document is intended to provide you with background information about myself, the project, and the case study interview. I perform this MSc thesis project for Delft University of Technology, in cooperation with KPMG.

Research project - The topic of my thesis project is about the factors that influence the decision of organisations to adopt Project Portfolio Management (PPM). Accordingly, my research question is formulated as: “What are the factors that influence the adoption of Project Portfolio Management by organisational bodies and what is the relation of these factors to PPM Adoption?”

Key terms - PPM is an ambiguous term. In this project, I consider PPM primarily to be aimed at deciding which projects to stop, start and pause in an organisational body. PPM advancement is not binary, but rather follows a spectrum. PPM Adoption deals with the decision to further advance in PPM, and hence PPM implementation is not central. Neither is the link between PPM Adoption and success, since that has already been investigated and confirmed by other researchers.

Case study - The primary objective of the case study is to validate the conceptual model that I have developed earlier, with factors influencing PPM adoption. The interview will primarily have a semi-structured form. The proposed agenda for the interview is as follows.

Interview agenda
1. Personal introductions
2. Introduction of the research project
3. Determining the timeframe of intervention that is discussed
4. The factors that influenced this decision
5. Adoption advancement before and after the intervention
6. Administrative matters

Multiple sources of information - Besides the interview, academic standards require me to use multiple sources of evidence whenever possible. I will therefore ask you to provide me with additional documentation (minutes, presentations, etc.) when possible.

Confidentiality & review opportunity - Before the interview I will ask your permission for recording the interview. These recordings will only be used as reference material when writing the interview report. I may share them with my supervisors, but not with any other people unless after your explicit permission. The interview report will be anonymised and you will receive the draft of the interview report for review.
Introduction
Thank you for helping me with my thesis project. This document is intended to provide you with background information about myself, the project, and the case study interview that we have meanwhile scheduled.

The people involved
This thesis project is performed for the faculty of Technology, Policy and Management of Delft University of Technology (TU Delft), in cooperation with the IT Project Advisory department of KPMG. The thesis committee consists of TU Delft staff members Prof. dr. C.P. van Beers, Dr. ir. H.G. Mooi, Dr. S. Filippov, and Dr. ir. G.A. de Reuver, and of KPMG manager R. Boer MScBA MScMC.

About me
This summer I hope to graduate for the MSc programme Management of Technology at Delft University of Technology. Besides TU Delft, I have also studied in China for half a semester, at Harbin Institute of Technology, as part of my MSc programme. I have obtained my BSc degree in Electrical Engineering at Eindhoven University. During my years as student, I have had various summer job positions, including PMO assistant at Philips Lighting IT and Pre-sales consultancy assistant at Specialist Computer Centres (SCC).

The research project
Objective
The topic of my thesis project is about the factors that influence the decision of organisations to adopt Project Portfolio Management (PPM). Accordingly, my research question is formulated as:

“What are the factors that influence the adoption of Project Portfolio Management by organisational bodies and what is the relation of these factors to PPM Adoption?”

In the earlier stages of my research project, I have developed a conceptual model based on literature and explorative interviews. I aim to validate model by means of approximately 20 small case studies in various organisations that have advanced in their PPM adoption recently enough to be remembered.

Table 11 - Definitions of key terms

<table>
<thead>
<tr>
<th>Key term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>Temporary endeavours undertaken to create a unique product, service or result</td>
</tr>
<tr>
<td>Programme</td>
<td>A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually</td>
</tr>
<tr>
<td>Project Portfolio</td>
<td>A project portfolio is a group of projects, programmes and other work that share and compete for the same resources and are carried out under the sponsorship of an organisational body</td>
</tr>
<tr>
<td>PPM</td>
<td>The process of selecting and prioritising projects in the project portfolio in order to align the portfolio with strategy, to balance resources and to optimise benefits, by means of centralisation and standardisation, as well as screening and monitoring of the projects in the portfolio</td>
</tr>
<tr>
<td>PPM Adoption</td>
<td>The action or fact of choosing to advance in PPM</td>
</tr>
</tbody>
</table>
Key terms
The research field of PPM is fairly young and various key terms have shown to be still quite ambiguous. The definitions that I use are displayed in Table 11. In my view, what distinguishes PPM (in particular from Program Management with which it is frequently confused since both concepts deal with managing a set of projects) is primarily the aim for selecting and prioritising the projects in the portfolio. By adoption I mean ‘to decide to take up or follow and idea or practice,’ so the decision to adopt PPM rather than its implementation is central. Furthermore, PPM adoption has shown to be far from a binary event. Organisations always have some mechanism for selecting what to do and what to drop, although levels of advancement may differ. Therefore, the adoption of PPM is considered as movement along a spectrum of advancement, rather than being dichotomous.

Scope
The link between PPM adoption and portfolio success has already been investigated and confirmed by various researchers\(^7\). Hence this is not the scope of my research. I rather focus on the step before. I focus on the factors that influence PPM Adoption. This means that I want to find out what drives organisations to decide take up (more) PPM principles.

Measuring PPM adoption
During the interview, we will discuss the state of adoption before and after an earlier selected timeframe. I aim to measure this state of PPM adoption in nine variables used in the research on PPM by Bert de Reyck and colleagues (2005). These nine variables are listed in Table 12.

Table 12 - 9 variables for measuring PPM Adoption, based on Reyck et al. (2005)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>To have an inventory of current and proposed significant projects</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>Determining the value of projects using various financial techniques for project selection, like Return on Investment (ROI) and Net Present Value (NPV)</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>Management of overall risk analysis of the project portfolio, regarding various types of risks (e.g. technology, cash flow, market)</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>Management of interdependencies between projects. Interdependencies comprise overlap in project outcomes, implementation bottlenecks and resource competition.</td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>Consideration on portfolio level of constraints in budget, human resource, infrastructure and staff capability</td>
</tr>
<tr>
<td>Overall analysis</td>
<td>Management of overall measures of the project portfolio including diversification and risk vs. reward analysis</td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>Strategy alignment, top management involvement, accountability and governance</td>
</tr>
<tr>
<td>Optimisation</td>
<td>Central benefit tracking, target-outcome comparisons, regular revisions of the overall project portfolio</td>
</tr>
<tr>
<td>Specialized software</td>
<td>The use of specialised software to manage the portfolio of projects</td>
</tr>
</tbody>
</table>

\(^7\) among which De Reyck et al. (2005) Teller et al. (in press 2012)
Case study approach

Agenda

The agenda of the interview is as displayed below. The interview will primarily have a semi-structured form. After our personal introductions, I will briefly recap my research project. After that, we will establish the time period under study, hence the period in time in which an interesting progress in PPM Adoption has been made in your organisation. With this time frame in mind, we will discuss the factors that have been influencing this PPM Adoption advancement, partly as an open interview, and partly by following an already established ‘default’ list of factors. Next we will together fill out a small question list, in order to establish the state of PPM Adoption before and after this time frame. Finally, I have reserved some time to together discuss the administrative matters regarding reporting, reviewing, etcetera.

Interview agenda
1. Personal introductions
2. Introduction of the research project
3. Determining the timeframe of intervention that is discussed
4. The factors that influenced this decision
5. Adoption advancement before and after the intervention
6. Administrative matters

Multiple sources of evidence

The case studies that I perform are mainly interview-based. However, academic standards require me to triangulate my evidence, i.e. to use multiple sources of evidence, whenever possible in order to enhance the quality of my empirical data. I may therefore ask you whether it is possible for you to provide me with additional documentation. In practice, this could comprise meeting minutes, PowerPoint presentations and more. The documentation is something that we will typically discuss during the agenda point ‘administrative matters’.

Confidentiality & review opportunity

In my thesis report, I will anonymise the data collected. Each case study report will be included as an appendix to the thesis report. I will refer to your organisation with a description (e.g. ‘a Dutch-based shipping company’) and an identifier (e.g. ‘case A’). If I need to refer to you personally, I will do so by your initials only.

Before we start, I will ask your permission to record the interview. These recordings will only be used as reference material when writing the interview report. I may share them with my TU Delft and/or KPMG supervisors, but not with any other people unless after your explicit permission. After the interview I will write a report, which I will include in my final thesis report as an appendix. I will share the draft of this interview report with you for review.

Bibliography


PPM Adoption Questionnaire

1 Centralised view
Centralised view means that the organisational body has an inventory of current and proposed projects. Typically, there is a central function responsible for collecting, analysing and distributing project information in a common format.

- Statement 1 There is an advanced centralised inventory of the project portfolio.

<table>
<thead>
<tr>
<th>Situation before the PPM advancement</th>
<th>Situation after the PPM advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Explanation: ..............................................................................................................................................

2 Financial analysis
Financial analysis deals with determining the value of projects. This information is used for the selection and prioritisation of projects. Typically, valuation methodologies are used, like ROI, IRR, NPV or EVA.

- Statement 2.1 Financial analysis methodologies are used consistently in the selection and prioritisation of projects.

<table>
<thead>
<tr>
<th>Situation before the PPM advancement</th>
<th>Situation after the PPM advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Explanation: ..............................................................................................................................................

- Question 2.2 If any, which valuation methodologies are used?

Situation before the PPM advancement: ................................................................................................

Situation after the PPM advancement: ................................................................................................
3 Risk analysis

PPM Risk analysis deals not only with the risk of single projects, but more importantly with the overall portfolio risk. Risk types comprise technology risks, cash flow and market risks.

<table>
<thead>
<tr>
<th>Statement 3</th>
<th>Portfolio risk analysis is performed frequently, considering many different kinds of risks.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situation before the PPM advancement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Situation after the PPM advancement</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>Explanation: ...........................................................................................................................................</td>
<td></td>
</tr>
</tbody>
</table>

4 Interdependencies

Projects in a portfolio may compete for the same resources. Furthermore, project outcomes can overlap, and implementation bottlenecks may occur. The interdependencies variable deals with the management of these interdependencies.

<table>
<thead>
<tr>
<th>Statement 4</th>
<th>All types of portfolio interdependencies are frequently managed.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situation before the PPM advancement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Situation after the PPM advancement</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>Explanation: ...........................................................................................................................................</td>
<td></td>
</tr>
</tbody>
</table>
5 Constraints at portfolio level
A project portfolio is constrained in terms of budget, human resources, infrastructure and staff capabilities.

Statement 5  portfolio level constraints of all types are always taken into account in the selection and prioritisation of projects.

<table>
<thead>
<tr>
<th>Situation before the PPM advancement</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Don't agree/ don't disagree</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
</tbody>
</table>

Explanation: .................................................................

6 Overall analysis
Overall analysis deals with the management of project diversification, risk vs. reward analysis and financial analysis of the project portfolio. For this, the required information is available.

Statement 6  The overall risk, diversity and financial value of the portfolio are frequently and consistently considered and managed.

<table>
<thead>
<tr>
<th>Situation before the PPM advancement</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Don't agree/ don't disagree</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
</tbody>
</table>

Explanation: .................................................................

127
7 Categorisation, selection, accountability and governance
This variable deals with the alignment of the portfolio with strategy, the involvement of top management and the presence of an accountability and governance structure.

- Statement 7.1    The project portfolio is perfectly aligned with the organisational body’s strategy.

<table>
<thead>
<tr>
<th>Statement before the PPM advancement</th>
<th>Situation after the PPM advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>1</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Don’t agree/ don’t disagree</td>
<td>3</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
</tr>
</tbody>
</table>

- Statement 7.2    Top management is always closely involved with the project selection process.

<table>
<thead>
<tr>
<th>Statement before the PPM advancement</th>
<th>Situation after the PPM advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>1</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Don’t agree/ don’t disagree</td>
<td>3</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
</tr>
</tbody>
</table>

- Statement 7.3    A completely defined structure for accountability and governance is in place and always acted to accordingly.

<table>
<thead>
<tr>
<th>Statement before the PPM advancement</th>
<th>Situation after the PPM advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>1</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Don’t agree/ don’t disagree</td>
<td>3</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
</tr>
</tbody>
</table>

Explanation: .............................................................................................................................................
8 Optimisation
The optimisation variable deals with the central tracking of project information (benefits, comparison of outcomes and original targets). This information is used for frequent reviews and (priority) revisions of the overall project portfolio.

<table>
<thead>
<tr>
<th>Statement 8</th>
<th>Information about performance and benefit realisation of the projects in the PPM is consistently used as an input for frequent portfolio revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation before the PPM advancement</td>
<td>□ □ □ □ □</td>
</tr>
<tr>
<td>Situation after the PPM advancement</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Strongly disagree  Disagree  Don’t agree/ Don’t disagree  Agree  Strongly agree</td>
</tr>
</tbody>
</table>

Explanation: ...............................................................................................................................................

9 Specialised software
This variable deals with the use of dedicated PPM software. This typically means the use of advanced PPM software packages available from the market.

<table>
<thead>
<tr>
<th>Statement 9.1</th>
<th>A substantial amount of the functionality of a dedicated PPM software is consistently used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation before the PPM advancement</td>
<td>□ □ □ □ □</td>
</tr>
<tr>
<td>Situation after the PPM advancement</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Strongly disagree  Disagree  Don’t agree/ Don’t disagree  Agree  Strongly agree</td>
</tr>
</tbody>
</table>

Explanation: ...............................................................................................................................................

<table>
<thead>
<tr>
<th>Question 9.2</th>
<th>If any, which PPM software package is used?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation before the PPM advancement:</td>
<td>..........................................................................................................................</td>
</tr>
<tr>
<td>Situation after the PPM advancement:</td>
<td>..........................................................................................................................</td>
</tr>
</tbody>
</table>
Appendix B – Case Studies

Part 2 – Case Study Reports
Interview Report – Thesis H. Haasnoot

Case Identifier: Case A
Date & Time: Tuesday 19 June 2012, 13:30h-15:00h (NL time) in person and Tuesday 26 June 2012, 14:30h-15:30h (NL time) by phone
Interviewee initials: Not used upon request of the interviewee. Instead ‘INTA’ is used to refer to the interviewee
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>10-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>13-7-2012</td>
<td>INTA</td>
<td>INTA’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>1-8-2012</td>
<td>H. Haasnoot</td>
<td>Minor modifications based on INTA’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.4</td>
<td>Final</td>
<td>3-8-2012</td>
<td>H. Haasnoot</td>
<td>Anonimised interviewee identifier from initials into ‘INTA’ upon request of interviewee.</td>
</tr>
</tbody>
</table>

Case description

Table 13 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Manufacturing firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>2008-present</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Vice President Programme Management</td>
</tr>
<tr>
<td>Type of projects</td>
<td>External (for clients), ‘design and build’ projects or similar. Project times can amount to decades.</td>
</tr>
</tbody>
</table>

Interviewee description – INTA has worked at organisation A for just more than 1 year now in the position of VP Programme Management. His responsibility and accountability revolves around three key things. (1) Project management process, comprising improvement of the project lifecycle and the project management processes used (risk management, planning, scope and requirements, change, tools, etcetera). (2) People & capabilities, through training and development. (3) Promoting and enforcing the processes and standards used through all levels of the organisation. Before his current position in organisation A, INTA has worked in another, similar organisation operating in roughly the same industry as organisation A. INTA has completed the Master of Science programme ‘programme management’.
**Project Portfolio Management in organisation A**

**Timeframe under study: 5 years ago**
Around 2008, organisation A has reorganised her organisational structure into two types of divisions by market characteristics. In the meantime, around 2010, a new standard for the, as INTA calls it, ‘proposal management process’ was implemented. Before that, high-level processes from the mother company were being used. At the time, organisation A was part of a larger holding. INTA considers the changes in 2008 as considerable changes that affected the PPM process in organisation A, so HH and INTA have agreed that that period (2008) will be taken as the reference point for this case study.

**Position of PPM in the organisation**
Figure 8 displays a simplified organisational chart of organisation A. The business activities are divided over multiple client-dedicated business lines, which are spread over two divisions to market characteristics. Within the various business lines, product-specific programmes are run. These programmes can have lifetimes of multiple decades and capture the whole process from design to delivery of the total batch of product units. Besides the two divisions, there are multiple staff functions, comprising HR, finance and operations. One of these staff functions is programme management, of which INTA is in charge. The staff functions and business lines interact in a strong-matrix manner in which, in PPM related matters, the business line is leading.

Although boundaries are not written in stone, INTA considers the portfolio management to be focussed roughly on the highest level, the level of divisions, staff functions and management team, and the programme management more on the business line level. Bid-no-bid decisions are made by the management team, in which all staff functions and divisions are represented.

![Figure 8 – Simplified organisational chart of organisation A](image)

**Tasks & responsibilities of the Programme Management function**
The programme management function can be considered as a corporate PMO. Its responsibilities are categorised in the areas of ‘people’, ‘process’, ‘proposal’ and ‘risk management’. The people responsibility comprises the obtaining and training of people and capabilities, the process responsibility comprises the design and enforcement of overall PPM processes as well as tooling, and the proposal responsibility comprises the decision making in tendering, including the drawing up
of RFP’s. The risk responsibility is strongly related to the proposal responsibility comprises the governance design for feeding day-to-day risk management into the higher levels of the organisation and reviewing risks at the project stage gate transitions, as well as health checks of the project management risk management procedures.

PPM Adoption

**Baselines - General judgement of the interviewee**

*Baseline measurement 1* – “I think the advancement has primarily allowed us to be more focussed on the demands of the different sectors we are operating in. (...) [58:30-1:00:00] so I think it allowed us to have a better view and be more focussed on the needs of the sectors and therefore the different customers and then to start having more specialism in teams to deliver what those customers need. To really focus on the developments of those two business streams.” - About the situation before 2008: “I don’t know, is the honest answer. I would think it was more generic, general approaches. In terms of really being able to calculate ‘what’s going to win us this contract?’ and having people who know the market and react to that we would have had weaknesses in that area (...) it was focussed on getting the customer what he wanted and maybe exceeding his expectations whereas now we have those focuses. We have much stronger relationships with the customers. We know them. They know us. We understand each other’s strengths and weaknesses so that is what the portfolio and the business lines focus gives us, that I don’t think were there before. I am talking in a position of not full knowledge.”

*Baseline measurement 2* – “I think, if we look at basic portfolio management, we are reasonably good. In terms of the full-scope PPM as you are defining it as a I now understand it I think we are quite immature. I think we have good building blocks in place that we could integrate into a more comprehensive PPM-type approach, but it would take quite a lot of effort. Because of the organisational structure, the organisational behaviours, the cultural, all of the things we have talked about. So, if you are saying the building blocks are there but they are not integrated, we would be probably a level 2 on a 5 level maturity assessment if you like.”

**PPM Adoption in 9 variables**

INTA’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 14. The average results for each of the 9 variables is displayed in a radar plot in Figure 9.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>'Before' rating</th>
<th>Average before</th>
<th>'After' rating</th>
<th>Average after</th>
<th>Explanation/remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>“It was there as a general view. I’m not sure whether we would...”</td>
</tr>
</tbody>
</table>
have that forward view of proposed projects that might be coming through, but certainly for what we have around us, that would have been there.” It was possibly a heritage from the industry in which the organisation was before. “Only because we are now implementing this spreadsheet that gives us a forward view (...) it’s coming up. In a few months we will have a very clear current view and a reasonably good future view”

| Financial analysis | 2.1 2 2 5 5 | “We have always had it. (...) The thing I think pulls it down (...) is the fact that it wasn’t consistently applied in a standard way. You couldn’t look at two business cases and see a common structure. We can now. (...) It’s so rigorous the financial structure and financial control”

| Risk analysis | 3 2.5 2.5 4 4 | “If we look at before I think we did some risk analysis. It was... maybe ad hoc is too strong a word but it certainly wasn’t done in a consistent, structured way. (...) We now have a system through the proposal process of standard ways of doing risk management for proposals and carrying that through into the execution phase of the project”

| Interdependencies | 4 2 2 3 3 | “I don’t think that we’ve made a huge difference in that respect. Because the way we have been structured up till now and because we didn’t have that integrity PMO in place, it tended to be driven down into the business lines (...) silo-type of approach. And it’s changing slowly but it’s still within <removed: the two divisions>. (...) We are not really looking into the interdependencies (...) we’re still very immature. (...) It hasn’t made a huge difference.”

| Constraints at portfolio level | 5 4 4 4 4 | “I think we were always relatively good at that. (...) just to make it in the <removed: industry>business, those kind of things are always there”

| Overall analysis | 6 3 3 4,5 4,5 | “It was not too rigorous. It is now, for certain elements in terms of the financial side of things and the overall value of projects, potential outcomes, etcetera, etcetera, absolutely that would be a ‘5’ for me. That’s clear. We have a consolidated document programme database that gives us all of that data in a single format, regularly updated. I think risk analysis is probably a weak point, in terms of overall project risk.”

| Categorisation, selection, accountability and governance | 7.1 2 2,7 4 4,3 | “Before we made the change I think it was more driven by that we need to bring in value. So it was not particularly aligned to a specific strategy other than will it be focussed on specific customers. (...) But now it’s much more focussed in terms of ‘does it maintain growth ambitions and global footprint ambitions?’ It’s much more linked in.” About accountability and governance, at project level: “It still needs some maturing. (...) at portfolio level it’s absolutely clear. There is no question.”

| Optimisation | 8 3 3 4 4 | “Financially we are a ‘5’, in other area’s we would probably be a ‘4’.”

| Specialised software | 9.1 2 2 2 2 | “I don’t think we have that, either then or now. (...) we are bringing in Primavera as a planning tool, which has portfolio capabilities. It’s on our vision that we want to get there. But we are not at that maturity point at this point in time.” It’s not a priority.

| Overall average | 2.6 3.9 |

2.2 Applied financial analysis techniques (before) – <no answer>

2.2 Applied financial analysis techniques (after) – Cash flow, max cash out, ROI, NPV. “It’s mandatory, and we have an ‘army of financial controllers’, one on every project”
9.2 PPM Software use (before) – <no answer>
9.2 PPM Software use (after) – <no answer>

Figure 9 - Radar plot of PPM Adoption

Influencing factors

Self named factors (in this case discussed after the deterministic variables and before the normative factors, without INTA having had a look at the normative factors in the model yet)

1 Better predictability of project outcomes
2 Project information transparency

“I think the main driver for me would be ‘better predictability of project outcome’ tied into better overall performance of our projects and less uncertainty if you like. (...) And the other one that I think is quite a strong factor that we struggle with is in (...) transparency in terms of where our projects are, where they sit in terms of the overall business performance, the business line performance, how they are affecting the portfolio, that transparency of hierarchical role-up of information would for me probably be the two key factors that would crank people up to looking at implementing PPM properly. HH: “And do you think that has been the case over the past few years as well?” INTA: Yes, yes I think so, I mean the predictability and reliability and improvement of project performance is one of the big drivers of bringing me so that’s one, but the transparency-side of things, we tend to drive that through having very, very rigorous and structured financial processes, and high levels of financial control as our resource running around, keeping a very tight reign on what we do with the money, though that (...) doesn’t guarantee transparency, it just means we have a tight reign on reporting what’s happened. The bit that’s missing for me is the transparency in visibility of the forward view of ‘where are we?’, ‘what’s happening on the project now?’ and how that might impact future performance.” HH: “And where does PPM come in with
that?” INTA: “I think PPM for me would come in with that in terms of helping with clear ownership and accountability flowing down within the organisation in terms of responsibility for outcomes and performance. At the moment we tend to have quite a strong… if we look at the matrix, the programmes tend to have to conform within what the functions request and need, rather than the functions recognising that they are supportive and fundamentally structured to support the programmes and support effective programme delivery, so for me it’s an organisational transparency issue rather than the financial transparency. (…) ‘Who is responsible for what?’ and ‘who really has decision making authority?’ Those things can be a little bit grey. And I think some of that is a cultural issue, as I’m seeing it, as a non-Dutch national. Dutch culture seems to be ‘everybody is entitled to have a say, whether it has anything to do with them or not, they can voice an opinion. (…) So that culture is a challenge.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – “I can see the linkage to that. I don’t think we are any more or less challenged than other similar business of our type, size, operating in the industries that we do. But yes it is definitely a factor for us in terms of ‘can we resource the work that we have’ and ‘how much more can we take on’ and for me that’s not just necessarily a human resource question it can also fit into the physical capacity constraints that we have within the factory, financial constraints that we might be subject to, so it’s definitely something that’s high on our list and has a lot of management focus.” HH: “Do you have any measure for how many resources you would actually need to do it all? Maybe, do you have any data about projects are rejected. How much is rejected compared to what is taken on?” INTA: “I think, again in line with many businesses (…), because the field we operate in and the fact that we have some core customers, (…) we will know in advance about the projects that they are launching and we’ll have positioned ourselves almost informally as to which ones we want to go after at an early stage. So we probably wouldn’t even bother bidding and getting to the point where we think we need to go through a bid-no-bid. (…) ‘is it something we are going to take forward or not from a portfolio perspective? Although we do answer all the questions. However, I think it’s fair to say we are now moving into an era where things are tighter and it is. We are making some much more harsher calls as to whether we will do projects. And that is driven more by the ability to resource or properly to do an effective job rather than whether it fits into the strategic areas of the business. Everything we do has strategic fit. It’s really a tiny issue, resources. So, up until this moment in time, I would have to say I haven’t specifically seen any project rejected at either the bid-no-bid or proposal stage. However, if you were to ask me that question in six months time, I think I would be saying ‘yes we have made a conscious decision not to go after some work for whatever reason’. So it’s difficult to give you anything concrete in terms of evidence where we’ve rejected stuff, particularly over the past twelve months, but I think that is something we are likely to be getting into in the very near future.” HH: “So that would be a reason to hold on to PPM?” INTA: “Yes, yes” HH: “Is there anything you could say about the situation five years ago? Was there also this resource scarcity issue?” INTA: “I think the situation five years ago, if you recognise the challenges that the business had seen from the transition from <removed: previous company name> to a smaller organisation, there wasn’t a huge amount of portfolio management. Because the focus was actually to get work in. We were focussed on a few key markets, but the reality was (…) that
anything that came in by large, would be taken through into a live project assuming we would be successful because we won our bid of course. But that again is something that is changing (…) we are driving to much more maturity in this portfolio management and really looking at the reasons why we want to take on work. How strategically important it is to us. But certainly five years ago I would say it was nonexistent in the context that you are talking portfolio management and PPM.” HH: “So a portfolio management practice was inexistent five years ago?” INTA: “Yes, absolutely” HH: “If we look at resource scarcity, if I understand correctly, some five years ago (…) the amount of request for projects was fairly low compared to now if I compare, so projects would be taken on. Do I conclude that correctly?” INTA: “Was the number of projects lower? Yes I think they probably were. The projects five years ago were maybe smaller, less complex, less cutting edge technology shall we say, whereas the projects that we are looking at now are, in many areas, much more complex in terms of the customer, the interface, the lack of clear requirements, the whole global structure that we are now working in, so it’s a very different world now. It’s a much more complex world for us which again has a drain and impact on resources. The management efforts and the systems that you need in place to manage that kind of projects, are more demanding. So we need to be much more critical of the things we bring into the business.” HH: “So on the way from five years ago to now, there is more need for, let’s say specific resources, but also the aggregate number of resources, so (...) resources have become more scarce?” INTA: “Yes, and it’s not just quantity, it’s quality as well. Having the right skills. Previously (…) just having people that we could maybe train, now it’s much more of a challenge to get the right skills at the right time. Not just getting the right number of heads if you like.”

**Complexity – In general**, “I don’t think the portfolio is particularly complex. It’s reasonably straightforward in terms of, we have <removed: enumeration of organisation A’s divisions and business lines> customers within those sectors well known, clearly defined, well understood. There are high barriers to entry so, we have opportunities with the far east and such alike coming on stream. But the portfolio we currently have isn’t overly complex.” Project interdependencies are there on some level, in particular in that sense that the same customer (“bad performance on one project can automatically impact business relationships on other projects”) or otherwise the same network of customers is being served by multiple projects. “In that respect there is quite a lot of interdependency between our projects and equally the business is quite infestuous (…). Word gets out if you are not performing well on certain projects and it gets around to other people, other customers maybe.” **Implementation bottlenecks** are less of an issue: “No, we don’t necessarily have that kind of interdependency, other than when we go back into the resource view of things. Then, the critical chain will drive some of those decision making processes in terms of freeing up resource from one project to another. Yes, absolutely.” Besides the resource interdependency, “projects tend to be fairly isolated. I’m trying to think if we have anything that is follow-on one from another, not really, they tend to be fairly stand-alone. Regarding the aggregate amount of projects and the aggregate amount of money going around in these projects, INTA says: “Oh yes, absolutely, that’s a strong consideration for us, from the point of view that typically we would shy away from having very high numbers of small projects, as an example, because that brings with it complexities, ways of working, a need for flexibility, response and agility within the organisation that typically we don’t have experience of. I won’t say we can’t do, but we’re certainly not experienced. We tend to be more about the big programmes and operate on the big programmes <removed: examples of client’s products>, so it tends to be smaller numbers of resource-hungry programmes.”
“Single project complexity... in reality, I think the complexity and the challenge comes from the fact that we are bringing new technologies into the market. (...) There isn’t a huge amount of complexity in our projects. They are just big.” And regarding single project impact, “almost without exception, the way we are structured operationally with the key functions of technology, operations, finance, production, quality, means that to deliver any one programme, all of those functions and departments need to line up behind it and do the right things at the right time to guarantee programme success. So, if you take the two together, although single project complexity is standard, the high single project impact you’d see on almost everything. (...) And if you look at it in fact from a... in fact because we have relatively low numbers of big projects if you like, then any one project from a business perspective can have a significant impact on us. Any one project going wrong can really make a big hole in the performance of the business.” About single project uncertainty, INTA says: “I think, again, that we tend to sit quite strongly in that arena, because again the technologies that we... what <organisation A> is known for is pushing new technology to market, early. So, there is a high amount of uncertainty and associated risk on a lot of our projects. Now we could argue that that is not necessarily justified. But (...) the type of materials we use, it’s not like you take a block of metal and a machine and you know that as long as the cutter moves in the right path you’ll end up with a product. There are a lot of different factors that could come in to play. So you design a product, but then the reality is we go through a huge development curve to bring it to something that we can make on volume at the right quality level and so on, so forth. And that can take a lot of time. I think the overall outcome of the project over the ten, twenty, thirty year lifespan is probably relatively stable, but during the early phases, the nonrecurring and development phases, we can see some very wild swings of performance that can be incredibly painful at the business level, so the year-on-year basis.” Discussing the average per-project uncertainty, INTA says: “The average uncertainty of a single project, if we look at the nonrecurring element which is the front-end of any project that we do, can be ± 30%, well, no, hardly ever ‘plus’, ‘minus’30% bandwidth. [30% schedule overrun] As wide as that. Some do better, some do worse and it is driving us to think about ‘are we doing the right thing in pushing all of this new technology to market so early? Should we be playing it a bit safer and be a bit more predictable in our business performance given the current economic environment?’ So those are scenarios that we are thinking about and we need to position ourselves appropriately with the customer to help them realise, see and understand the benefits of our approach.”

Upon being asked how he considers portfolio complexity as a whole in organisation A, INTA says: “to be honest, no I don’t think it is hugely complex. I think we make it, if I’m being open, more complex than it needs to be. We perceive complexity. It’s just the fact that we are working with unpredictable materials and so on, but the actual projects themselves, the ways of working, the type of products we use, we make, aren’t hugely complex. And of course there will be an element where we will be pushing into new markets where that can change, but overall I think we are medium to low complexity.”

Organisational culture – INTA about Management culture: “The very senior people are hugely involved down in the detail of what’s going on. From a performance perspective but also hands-on into what’s going on within any given project. There is not a huge amount of what I would call true delegation and allocation of responsibility. The usual reaction typically is that they will be hugely
involved from top to bottom in all aspects.” And about change readiness innovation attitude: “I think the organisation, on a readiness level, is quite high. It’s very open, it’s willing to listen and consider new ideas, new ways of working, new requirements that we need to look at to keep the business positioned where it needs to be, to be providing the right interfaces with our customers and so on and so forth. So in terms of structural change and readiness and power balance, I think we are quite flexible in that respect. But the reality is (...) that doesn’t balance with the fact that we have a management culture where we hugely dive into the details, so on the face of it ‘yes’ there is a readiness, but the confidence to make the change I think is something that’s a challenge.” HH: So if I understand correctly that has to do with a general atmosphere of wanting to be in control and not wanting too much change at the same time” INTA: “Yes, yes that’s fair.” HH: Is the organisation willing to take risks, in terms of PPM organisation?” INTA: “I don’t think so. From that respect. I thought you were going to say ‘willing to take risk in terms of what we get involved in, new customers, entrepreneurial attitude’, I would say ‘yes, yes, yes, very strongly’. In terms of willing to take the risk of making a full implementation of something like PPM and let it run for a while and see what happens, I would say ‘probably not’. ” HH: “So why is there this difference?” INTA: “I think it’s down to the individuals to be very honest. Their backgrounds, their behaviours, they are all very, very operational people. They were brought in a number of years ago to get the business back on its feet. So by definition they are the kind of people that are way, way, way down into the detail. And that’s where they are comfortable. I think it’s a growth thing to the organisation and for the management team to mature to a point where they are willing to take that risk. That’s an open and honest view from me as the way I see it.” HH: “How does that align with the entrepreneurial attitude that is very much there as you said?” INTA: “The willing to do that ultimately they want to keep a tight hand on the reigns and be very, very, very involved in driving it and bringing it home. Which is a strange balance for me personally. I don’t know whether it is a Dutch cultural issue (...) but it’s certainly something that challenges me from a cultural perspective [INTA is British] to have a management team that is so, so down into the detail.”

PPM Gap size – “Difficult one. I think there’s quite a large gap. (...) In terms of knowledge about what real PPM is. And even for me, you know, I consider myself reasonably well educated, the way you have now explained to me what PPM is all about, it’s a bigger picture, it’s a completely different scenario, so even I’m learning something on this one. So I think there is a big gap in the knowledge of what it’s about, what are benefits it can bring, and so on. And the current organisation probably isn’t... (...) I think the organisation is not structured properly to move across the full, proper PPM implementation. In terms of having the two areas of the business [the two divisions], which is where the portfolio management happens, yes. But the whole... back to the organisational culture, that’s missing. So that’s where I would see a big gap in... the PPM gap size as well. So lack of knowledge, and organisational structure, and culture, for me would point to having a big gap size there.” HH: “Anything you would like to add to that?” INTA: “No, nothing specific.”

Normative variables

Alternative organisational priorities – “I don’t know if I can answer that question properly. I would see PPM as more of a strategic, bigger picture strategic issue. And at the moment we have some very high profile operational issues that we need to focus on. So I think that’s probably a fair point, that would be stopping us in the near term looking at this and saying ‘right, we want to move the
business across to a properly structured PPM implementation’. We have some very critical operational issues within the business that we just have to address, because they will ultimately hit the paymaster who is our customer, so that’s where the priority is.” 

HH:  So if I understand correctly then at the moment operational issues are given a higher priority than the introduction or advancement in PPM?”

INTA: “Yes” HH: “Could you be more specific about these operational issues? I can imagine you have some NDA err...” INTA: “We have delivery challenges, there’s the obvious things where we have to deliver products on time to the customer and we have some challenges there. Which could, in an extreme situation, result in a line-stop and be in a position of significant financial penalties. We have those kind of things that really tend to focus the mind in the organisation. Particularly when it’s for American customers who are somewhat uncompromising in their approach. So we have those kind of issues, but that’s nothing new for most companies. And of course the general economic climate and the environment and the more difficult to manage factors that are having an impact and an influence on the business as a whole from outside. We need to be very, very focussed on how we manage ourselves to deal with those things that are... there’s a huge amount of uncertainty in the external environment that we need to be paying very, very close attention to. Particularly when you think that we are not a company that is listed on the stock-market. We are private equity-financed so it drives a different behaviour. It’s all about the numbers. It’s less focussed on the bigger strategic picture at this point in time.” 

HH: “And over the past few years, is that comparable? (...) We are looking at organisational priorities. You have explained a few issues, priorities that are on right now. I wonder how that has been in the past five years.” INTA: “I think maybe we have some (...) for reasons that I really can’t go into, there are external factors that are driving much, much more focus onto this at the moment. (...) They are related to the financing of the business and so on, that are driving a huge amount of focus on the operational issues. And equally, over the past few years <removed: organisation A’s name> has done well. We have grown significantly. 25, 30 percent year-on-year growth turning in profit, so the business has moved from real estate to recovering. And we need to maintain that performance and we need to maintain the confidence of our stakeholders.”

HH: “So, altogether, the past few years organisational priority has been in growing, operational, issues that come with it, etcetera, and not so much strategic, which includes PPM?” INTA: “Yes, I think that’s fair to say.”

Need for better information transparency – Is factor was already mentioned ‘blindly’ by INTA as one of the top-two factors driving PPM Adoption in organisation A. Upon being asked, INTA had nothing to add to this.

Need for better predictability of company results – “I can see why you’ve made the link, but I would differentiate it in terms of... if you look at the past few years our results have been by and large predictable, we have done what we set out to do, however if I look at how we get there and did we do all of the things that we said we would in the way we said we would, no. So that’s why I was more focussed on the project success rate rather than it would define the way of getting company results where they need to be. That’s by playing tunes and we have some projects that over perform and that can over perform, but we have ones that underperform. If we can get all of the projects to perform well, and predictably, then we could be even better than we are.” 

HH: “So the company results were predictable in the aggregate, but the specific components that contribute to that were less predictable?” INTA: Yes, there can be some heavy upsides and some heavy downsides, but as an aggregate we do what we set out to do.” HH: “So, related to PPM, do I understand correctly that this
specific factor is not so much the case for <removed: organisation A>?” INTA: “Errr, yes... I think that’s fair. The point where I would say ‘yes, it’s a factor’ might be more related to the level of stress involved in achieving predictable company results. It’s very, very high because of the differences in performance we see at the lower levels, so for me there is a linkage in terms of project success rate improvement and the predictable lowering the overall stress in the overall organisation, but it’s not a major driver in terms of being predictable in the overall aggregate.”

Desire for project success rate improvement – HH: “I think it’s exactly what you just said, right?” INTA: “Yes” HH: “Would you like to add something to that, or can I conclude that this is just a very important reason for <removed: organisation A> to want to advance in PPM.” INTA: “Yes, it’s an important reason, I’d leave it with that.”

Desire for portfolio rationalisation – “I don’t see desire for portfolio rationalisation as a major driver for us, because it already is quite heavily rationalised. The products we make, the markets we operate in, don’t provide too much flexibility in what we do. So typically customers will come to us to manufacture, provide, develop more of the same kind of things that we do. Clearly there are technology advances that we push in and that we can see, but in terms of our core business it’s already quite heavily rationalised. There are growth areas with the far eastern markets opening up and new applications of existing technologies but that lies more in the real technology development arena rather than in the core business at this point in time. We almost have a sort of standard product range and the customer know us for delivering those kind of things and those are the things that they come and talk to us about. If anything, it’s maybe more of a challenge to be thinking outside the box of what can we apply our technology to that isn’t within their thinking that could bring higher value-add to a customer. Which is where the sort of entrepreneurial side comes back in. So, no I don’t see the portfolio rationalisation as a major driver. I think that’s already there to a large degree.”

Other factors – “No I can’t think of anything additional”

Other

Challenges in selecting and prioritising external projects
Yes/no decisions in starting new projects - INTA reacting to HH’s introduction about organisations struggling with correctly adopting PPM: “I think my question would be: ‘what, by your definition is you correctly then?’ That’s the challenge. People probably do what they think is correct and what they think the business needs, but that’s not necessarily proper implementation of project portfolio management. And I think I see that here to some extent. And not just here. In <removed: INTA mentions his previous employer here. Also a manufacturing firm>, in the role I had there, again a corporate role. The challenge I think, and it takes a brave company to do it, is to be very hard over on what we will and won’t launch. (...) If you’re asked to quote on something, then to say no potentially sends the wrong message. For instance if <removed: client name> comes to us and says we want you to give us a price for this <removed: examples of products> the person who would say ‘no’, he’s going to be a brave person. And that is where I feel that portfolio management should add the value, that it shouldn’t just be ‘does it fit strategically?’ ‘is it the kind of work we do?’, ‘do we
have the right technologies mature now or coming mature in due time?” It should be more the holistic view of ‘is the organisation capable in all of its guises to deliver a management project?’ So that would be resources from an availability perspective, from a capability and competence perspective, just the basic size of the project, ‘can we fund it?’ the financial resources that will be needed to support that, a real recognition of potential project outturns, that we’re learning lessons from other projects - the corporate memory is a very short memory ‘yeah we’ll do this and magically we will do it 200% better then the last project.’ (…) And that’s the challenge that I’m personally trying to put in, saying ‘what are we going to do differently?’ (…) And being honest there, for me ‘is that portfolio management process properly embedded?’ It should be forcing to answer those questions honestly. And if you go forward, then you go forward with a known level of risk, that you can manage at a suitable level.”

“People will answer the questions of ‘does it fit strategically?’, ‘is it the right kind of project?’, ‘do we want to develop this customer?’ Those kind of questions. The real rigorous ‘can we in all reality take on a project this big’ potentially gets rushed over. And again, in my experience, the basic business case in the applied commercial side was if 2 examples of large customers tell us they’re going to launch a new product, we will give them. We will try funding, we will develop them. "HH: Would that mean that other activities are being sacrificed for that maybe? INTA: Potentially, I think ‘sacrificed’ maybe not (…) ‘does it take resource away from being able to do some of those activities as well as we should?’ Absolutely! That’s where the honesty factor ‘how we’re going to resource this? Really how are we going to resource this?’ at all levels. I think if we win another major programme, we will have to go outside to recruit. Not because we have the capability internally, but it’s all locked-in to all the big programmes that I know we can’t pull them away from without causing pain. All I can do is make that visible (…) ‘if we’re going to pull them out, then there is a risk there.”’

Stopping projects that are already on the way - “The other challenge is (…) what projects we should start, but also what projects we should stop (…) that for me is the really challenging one. Because once you’re pregnant with a contract, stopping a project is very, very, very difficult. In smaller companies you will tend to see certain behaviours. They will either price themselves out of the market or they will come back for ridiculous price increases and hold it to ransom because the reality is they don’t want to do it. And if you want them to do it, they’re going to make you pay for it. That, I agree, is what PPM should be about. I don’t know any organisation that really looks at it in that way. It may well be within IT organisations that that happens, when you’ve got multiple streams (…) that come together to deliver an ultimate project, but certainly in the <removed: organisation A’s industry> industry, it’s almost impossible to stop a project. Almost impossible. So for two reasons. One, the financial penalties would be just phenomenal and reputationally it would kill you, in the market. If we stepped out of a programme, or <previous employer> did, it would cause a delay to a major <removed: client’s product> programme, so (…) it just would be commercial suicide, absolutely. Even that when you can see that we have issues, it tends to be more ok to batten down the hatches and try and fix and get back rather than, in a very dispassionate way if you looked at all the figures in isolation you would say ‘we shouldn’t be doing this’, ‘that’s not really smart’. “HH: “So it is almost impossible to stop a project or programme going on. On the other hand, is it feasible to not take on a particular project?” INTA: “I think it is. I think there’s a huge driver there from the internal corporate culture. We’ve chosen that we were going to play in this market and we are going to work with these customers and for certain customers there is a desire to do pretty much what
they want us to do. So, I think it is possible, but it is difficult I would say.” HH: “But in comparison to stopping it is way more feasible?” INTA: “Oh yeah, and I think when times get though, when the economic environment is as though as it is now, then it’s easier to say ‘we shouldn’t do this’ but that will typically be done on the basis of the ability to finance it. Again, <removed: industry> programmes is multi-hundreds of millions. (...) You need to plan for some ... to cash flow. At times like this, companies will say ‘we want to, but we just cannot finance this.’ HH: “So the access to financial resources would be the bottleneck?” INTA: “That will be the bottleneck. (...) In our marketplace we’re working with <removed: description of applied technology>. Even if we think it’s a major, major, major challenge, to actually move from our current technical capability to where we need to be, we would maybe through rose tinted spectacles convince ourselves we can do that. And on that same time do we recognise the risk and put the right risk interventions in place to do it effectively so that we are mature at the right point in time. I think it tends to be more the hard financially driven metrics that will drive a no-decision rather than a capability and of course there will be... if it’s a black and white, if it’s not a strategic fit, then one of the business lines wants to branch out and start something new, will have a real uphill battle to convince the rest of the organisation (...) to bring everybody else online if it’s outside of standard issues of core activities and core market we are operating in.”

**Provided documentation**
No additional documentation could be provided due to both disclosure restrictions and limited time available for INTA to retrieve this documentation.
Interview Report – Thesis H. Haasnoot

Case Identifier: Case B
Date & Time: Tuesday 19 June 2012, 16:00h-17:30h (NL time)
Interviewee initials: HD
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>24-6-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>30-6-2012</td>
<td>HD</td>
<td>HD’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>27-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor modifications based on HD’s feedback</td>
</tr>
</tbody>
</table>

Case description

Organisation B large hospital with multiple locations in various cities/towns, concentrated around one Dutch city.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM</td>
<td>End of 2010/beginning of 2011 (1.5 years ago)</td>
</tr>
<tr>
<td>Interviewee</td>
<td>Programme manager, de facto portfolio manager (since 3 years) and lead of the PMO. Involved with project management in organisation B for the last 7 years.</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Internal, mostly concerned with organisational change and IT</td>
</tr>
</tbody>
</table>

Interviewee description - Among other things, HD has a years long background in project management. First as consultant, later (last 7 years) employed by organisation B. One of the programmes and projects she has been project/programme manager of, was one of last year’s largest programmes of organisation B. Besides her role as project/programme manager, since approximately 3 years ago she also has the de facto role of portfolio manager (“a sort of ‘primus inter pares’”) of organisation B, which comprises the running of the ‘Project Office’ (hereafter referred to as PMO). HD has been employed by the PMO for 7 years now.

Project Portfolio Management in organisation B

Timeframe under study: 1.5 years ago
The Project Review Board (hereafter referred to as PRB) was established 1.5 years ago by the Board of Directors. Before this, there was no formal central system for selecting projects. Long before that, there was a ‘direction board’, which was IT-driven and focussed on IT projects and IT resource capacity, which was disbanded at some point in time. HD considers the establishment of the PRB as
an important moment in time to study. This was a moment when a lot was improved regarding PPM and there were direct reasons for establishing this board.

**Position of PPM in the organisation**

In Figure 10, the organisational chart and the positions of the PMO and PRB are displayed. Below the board of directors (2 people) are 30 different units, grouped as healthcare units ordered by medical speciality (internal medicine; ENT; etcetera), and supporting staff units (administration, information & control; quality, safety & innovation; internal training & education centre; facility management, etcetera). The PMO nowadays (since a few months) reports to the staff unit ‘Quality, Safety & Innovation’ (QS&I). Before, the PMO reported to the IT department, but this was undesirable from the perspective of the PMO because they were considered IT Project Managers although they do much more than IT only. They focus on change, for which IT can be an aide, but is not always the focus point. HD considers the current situation “a nice positioning”.

![Organisational chart of organisation B, with the position of the PMO and PRB](image)

The PRB reports directly to the Board of Directors. At the start, 1.5 years ago, one of the two directors was chairman of the PRB. Since approximately 6 months ago, the chairman position has been taken over by the unit manager of QS&I. The reasons for this transfer were that the director had a too large span of control (i.e. was too busy), and because the PRB wanted to focus more on their original role as in advising the Board of Directors, rather than taking decisions.

Ultimately, the Board of Directors decides about project selection. Although “in practice it still means that basically every advice is passed one-to-one”, but there is an official difference. Having one of the directors in the PRB blurred the line between advice and decision too much. “It is very bureaucratic to first advise and then decide yourself”, so now the PRB is chaired by the QS&I unit manager. The other PRB members are:

- a medical staff board member (the managing committee of medical specialists, hierarchically on the same level as the Board of Directors)
- a unit manager of one of the healthcare units
• HD herself, as (de facto) portfolio manager
• the person that it ultimately responsible for the financial affairs of the hospital
• the IT department manager

Having the IT department manager in the PRB is “very important, because many projects have some IT component. PPM includes allocation of resources, and one of the important resources in many projects is IT. That’s why we have decided to include the IT department manager in this group.” “It is a group of the right level. There are people in it that can make decisions. (...) Because of this, advices are formulated in such a way that the Board can immediately adopt them.” “bringing demand and supply together.”

The power and responsibilities regarding changes in the PPM process itself are as follows. The Board of Directors decides about the way the PPM process itself is run, and also about changes to this process. The PMO advises the Board about (changes in) the arrangement and organisation of the PPM process. The PMO also took initiative regarding the changes made 1.5 years ago.

**Tasks & responsibilities of the PMO**

The PMO has overviews of all projects that run in organisation B, guards their interdependencies, advises about project selection (taking into account legal requirements and strategic goals). The PMO is responsible for these portfolio management activities. The PMO advises to the PRB which eventually decides about the project selection.

**PMO tasks:**
1. Provide the in-house project managers for the larger, organisation wide projects (smaller projects are more often run within the unit to which they apply, with the unit manager also acting as project manager)
2. Disseminate the organisation’s project management methodology, including the coaching of line- and department managers, who act as project managers for smaller, one-unit projects.
3. Project Portfolio Management

The PMO focuses on the larger, organisation wide projects. A key characteristic of all projects considered in the PMO is that they are organisation wide. Meaning that the project benefits are wider than directed to one specific unit. All projects have a project owner and the owner is always either one of the unit managers, or one of the members of the Board of Directors (for the concern-wide projects). The project owner delegates the execution of the project to a project manager. Sometimes however the project benefits go further than his own unit only. In that case the project is called organisation wide and hence considered in the PMO, which means the project is monitored by the PMO and it needs to be approved by the PRB, including its resource allocation. Occasionally also large one-unit projects are considered in the PMO. “Next to that, there is also a variety of smaller projects within a unit, that actually are all financed from the own operations budgets. We do not consider these in the PPM process.” These projects are typically small, short time, and low risk. There is no hard border in terms of project budget for which project is included in the PPM project and which is not. Impact, risk and similar features are more important for this consideration.
PPM Adoption

General judgement of interviewee
Before the change HD would grade the adoption of PPM with 3 (scale 1-10)
After the change “I’d grade it a 7 (scale 1-10), although I think we do better than many others” (hospitals) “I’m always critical, because things can always be done better”.

This is a considerable difference “but we have made large steps in the past 1.5 years”

Based on the interaction with colleagues from other hospitals, HD considers her hospital to be quite advanced regarding PPM. This can be observed from the overview of projects, the effective composition of the PRB, the considerably clear criteria for the selection of projects, the presence of a stage-gate process in the initial phases of the projects (similar to PRINCE2’s ‘project brief’ and ‘PID’).

In the ‘before’ situation, there was no central body for project selection at all. Neither there was much attention from the Board. HD also considers the fact that the PMO was organised within IT as an indication of the underestimated importance of PPM. HD’s observations from the ‘before’ situations include that projects were started without much consideration, projects were frequently not finished and projects lacked mutual coordination meaning that various projects were doing basically the same thing. Regarding one example project (of which she herself was the manager), HD describes that much money was available for this project, but the direction and the underlying motivations for the project were unclear. This lack of strategy alignment resulted in an inefficient spend of budget. Also, there was another, related project. At one moment in time, the two projects were coupled, at other moments they were not. There was no clear line in this.

PPM Adoption in 9 variables
HD’s answers to the questionnaire as well as her answers and additional explanations and remarks are depicted in Table 16. The average results for each of the 9 variables is displayed in a radar plot in Figure 11.

Table 16 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>“We do not consider the financial part of the story much. Well, except for the costs but I think we should consider the benefits much more”</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>“We now consider how much budget we have available and how much capacity we have available from the various staff departments that we need for project support (...) and we also”</td>
</tr>
</tbody>
</table>
consider the (...) change absorption capacity of the organisation [...], so I think we consider this well and we also consider this in the (project selection process)."

### Overall analysis

<table>
<thead>
<tr>
<th>Overall analysis</th>
<th>6</th>
<th>1</th>
<th>1</th>
<th>3</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&quot;This one is hard to answer. I need to consider how to apply it”. Regarding diversification: &quot;We do consider that consciously. We have a defined number of themes on which we want to focus. (...) We do consider whether the portfolio is distributed appropriately over these themes. I do not really consider this as risk spreading, but rather as a distribution of the available resources over the themes that the organisation considers important and the goals that are pursued.” Altogether, “we do consider diversification, but it does not cover the whole story”. The themes did not exist before (1.5 years ago).&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Categorisation, selection, accountability and governance

<table>
<thead>
<tr>
<th>Categorisation, selection, accountability and governance</th>
<th>7.1</th>
<th>1</th>
<th>1,3</th>
<th>3,5</th>
<th>4,2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.2</td>
<td>2</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;We do consider strategy, but sometimes we are obstructed by all kinds of legal obligations that we need to adhere to”. “Top management involvement can currently not be improved further” (as it already is at its maximum obtainable value) Accountability &amp; governance before was not present. Money for projects was arranged through lobby-like practices. &quot;Now we have a fixed project and we are very transparent about how we divide this” “why I don’t rate it a 5? What happens sometimes (…), there are sometimes smart unit managers that think ‘well, this PRB thinks I shouldn’t do this, but I simply contact the Board of Directors immediately’ (…), and the Board of Directors sometimes does allow this to happen. So we currently are streamlining this better.” So this is an element that is really improving.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Optimisation

<table>
<thead>
<tr>
<th>Optimisation</th>
<th>8</th>
<th>1</th>
<th>1</th>
<th>3,5</th>
<th>3,5</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;We are working on this very much. This is improving.”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Specialised software

<table>
<thead>
<tr>
<th>Specialised software</th>
<th>9.1</th>
<th>1</th>
<th>1</th>
<th>1</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;It is Excel and that is not very convenient. However, it gets you far, but…”. “I wouldn’t call this ‘PPM software’” “Having this software is on the wish list however. “It would make life a bit easier”. “One can start with this. We have decided that you can achieve a lot on the process side. So we have chosen to set up the process well and eventually you can always add software to this.”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Overall average

| Overall average | 1,6 | 3,3 |
Influencing factors

Self named factors (without having seen the factors in the model)
Two important reasons (“in random order”) for further adopting PPM:
1  Financial driver: “there is a given amount of money available for projects and we want to make use of this as effectively and efficiently as possible”
2  Alignment / strategy implementation need: “to take care that more clout in the organisation is organised, in that sense that particular strategic goals need to be better fleshed out, so that one considers more ‘how much does a project contribute to the strategic goals?’”

Consideration of the model’s factors

Conditions

Relative resource scarcity – Approximately 60% of the (potential) projects can proceed. The others are not started because of lack of budget, capacity or similar reasons. Before, more projects could proceed. “Before this was somewhat easier, in that sense if you consider our IT capacity – we now have a full reorganisation of the IT department that is disadvantageous for the projects because before we could just quite easily free people from the IT organisation for projects at the cost of administering, and now (...) they say (...) ‘we don’t have capacity for new things’, so now it is struggling for IT resources. So, before, more projects proceeded. This was maybe 80% or so”. This resource scarcity played a role in the desire to advance in PPM.

Complexity – The number of projects has been reduced from ± 150 projects to 60. Originally there was no central project budget, now it is 3.2 M€ ‘project money’, which is spent mostly on (external) human resources. Also, there is an investment budget available for buying medical equipment,
s. HD thinks the money spent on projects before was comparable, although she is not certain. Regarding interrelated projects, approximately 50% of the projects are independent in terms of implementation dependency. The other 50% does have content-wise relations with other projects. The current project impact is quite high, since projects are typically included in the portfolio for the reason that they do touch multiple functions. This was already the case in the before situation. “The complexity was there already anyway. I don’t think that has changed. But, now it is better manageable, because things are organised better.” Regarding single project uncertainty “I think for about 75% percent of the projects the end goal can be defined with reasonable certainty. I think for about a quarter this is less clear, that this are real innovative projects.”

Organisational culture – “The organisation is quite innovative. This is also encouraged by the Board of Directors”. The units are however not (yet) held responsible for their results. “This has been blocked for a long time. One does want the authorisations, but not the responsibility for results. This is a little characterising for the organisation.” Hence when it comes to shifts in power balance, the change readiness is not very high. “however, considering the innovation attitude, (...) I think we are more on the side of that we want too much, too many new things, than that we are very reserved like ‘guys, this all cannot be done’. So, we need to slow things down rather than that we need to stimulate in that sense. So this change readiness is present. Of course dependent on which level is considered because if you consider the work floor, the nurse at the bedside and this kind of people, they (...) sometimes get a little tired of all changes that pass by.” Regarding people that could easily start a project and get a budget informally before and now cannot; “we do notice indeed that sometimes they consider this as frustrating and sometimes they call it ‘bureaucratic’ because before they had their own steering committee and now they also need to report to another body. We are now explaining that this way has advantages, also for them, because in this way we use our resources more efficiently and hence we can do more, which benefits them too. In this way we offer transparency which benefits them too, because they can see exactly what is coming up, what will be effecting their unit, so they can make better forecasts for themselves. But this still needs to grow.” HD has not met this resistance at the time the idea for the project committee emerged. “No, at the time people were in favour. If one introduces such a new thing, people often only see the advantages. Until you start knocking their door (because you need something from them...) and then you see a little dip ‘how does this help me?’ and we are now pulling this up again. --- Fear of risk has not played any role in the adoption of PPM.

PPM Gap size – No new people have been hired for access to knowledge about PPM. “We just did it ourselves (...) so we did have the knowledge in-house.” “But there was a gap for sure”

Drivers

Organisational priorities – “What was striking at the time was that one considered it (PPM) as important, but it has been positioned as ‘this is new and we will first try this out for a year and then we will consider whether we continue’ (...) in particular, I think, (...) to consider ‘if it does not work, if it has no added value, we will not do it because we have plenty of other things to do being an organisation. It should bring benefits somehow and it should not only cost effort and money.” Other developments going on in the hospital at the same time were the change of organisational structure
(introduction of units), there was a new Board of Directors, “but I think this has helped. There were quite some things that needed to be arranged and this is of course one of the things that needed to be arranged” So these other developments have rather helped in the adoption of PPM than inhibited it (PPM Introductions).

Need for better information transparency – “For effectively dealing with the money, one indeed needs to be transparent in their information. How is this project doing? What will you deliver? Do you deviate from the original arrangements that have been made at the start? (...) It used to be very opaque, because of which it was hard to steer, because of which it was hard to see ‘which project does contribute or not to the strategic goals and how are things with the exhaustion of our valuable project money?’ “This is a very important factor”

Need for better predictability of company results – “It was not about the predictability as such, but rather that one wants that something is being started and also finished and that it indeed delivered yield” It is more about the wise spending of money “yes exactly, and not so much that it needs to be predictable or something, but that you steer more towards the result that you want to achieve.”

Desire for project success rate improvement – “Yes, that too. We had projects that were started and then stopped halfway, and did not achieve the result (...), that changed their scope halfway and then at the end said ‘the project is ready’. (...) so that played a role indeed” “I do consider that as success rate: ‘do you deliver what you have appointed?’” HD about the projects that are over time and budget: “yes, that too, but that is totally related to the efficient utilisation of the amount of money you have. (...) By keeping a finger on the pulse one can steer that better.” “So, yes, that sure is a factor”.

Desire for portfolio rationalisation – “This also plays a part indeed. The feeling of randomness which was there sometimes, for sure because there were all sorts of intransparent budgets and the people that were most dexterous in walking the roads did get money and others did not. And this leads to envy. One must make it transparent and one must clearly indicate why one does and does not give money and resources to particular projects.” “That has not been the very first reason for starting it (PPM), but it is an additional advantage that we notice clearly now.”

Upon being asked, HD indicates the factors ‘need for better predictability of company results’ and ‘desire for success rate improvement’ as the most important factors that have influenced the adoption of PPM. “Because I consider these two to be linked most to what I’ve indicated before as inducement: the effective and efficient use of our resources. And with this also the (process of) taking care that projects do achieve the results that have been agreed upon in advance.” “It is not necessarily about predictability, but about achievement of results.”

Other
Defining PPM
HD accepts HH’s definition for PPM. She agrees that programme’s and portfolio’s are frequently confused. Also she highlights ‘that share and compete for the same resources’ as an important element of PPM “that’s what it is about. Choices need to be made and if you make a smart choice
than they are in line with your strategic goals (...) and you need to organise that centrally, otherwise it will of course not work.”

Provided documentation

**Item B1 – Excerpt from the decision list of the Board of Directors, in which the decision to install the PRB is recorded. (Relevant points taken out and paraphrased below)**

Reasons for installing the PRB:
- Desire to coordinate projects more closely, in order to complete more projects in time and in budget
- Desire for overview and checking of project goals with strategic goals and year plans
- Necessity to increase the effectiveness of projects

Goals of the PRB (amongst others):
- Optimising the spending of available project money and prioritisation of submitted project proposals
- Maximising synergy between the various projects and good facilitation of the start and execution of projects for project owners

Tasks of the PRB:
- Advising about projects of the multiple-year plan and monitoring the running projects
- Reviewing project proposals
- Advising the Board of Directors and Daily Staff Board about the allocation of project money for newly starting projects

Composition of the PRB: HD and 6 others, including a member of the Board of Directors (chairing the PRB), various unit managers, a medical staff member and a controller.

Decision:
- PRB established as a one-year pilot, after which the PRB will be evaluated and further decided about.
**Item B2 – Document in which the way of working for the PRB is described, dated 28 April 2012 (reasons for installation of the PRB taken out and described)**

Reasons for installation of the PRB:

- Desire to coordinate projects more closely, in order to complete more projects in time and in budget
- Necessity to increase the effectiveness of projects
- Permanent pressure for working more efficiently (realising cost savings)
- Desire for overview and checking of project goals with strategic goals and year plans
**Interview Report – Thesis H. Haasnoot**

Case Identifier: Case C  
Date & Time: Wednesday 20 June 2012, 12:00h-13:00h (NL time)  
Interviewee initials: PG  
Interviewer: H. Haasnoot (HH)

---

### Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>16-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>24-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor changes based on PG’s feedback on version 0.1. Results of questionnaire entered in the PPM Adoption section</td>
</tr>
</tbody>
</table>

### Case description

Organisation C is a small, relatively autonomous division within a large international bank and can be considered a separate company by itself. The department called Organisation C here, focuses on private banking. Only the Dutch branch of the organisation is considered. An overview of the key characteristics of this case is provided in Table 17. The Dutch private banking division has approximately 700 employees, about 20 offices and own staff functions, IT excluded. IT is mostly facilitated from the mother company, except for a few private banking specific systems. Also some other things are shared with the mother firm, like payment transactions, but this comes with internal billing. The division has its own strategy and clients. “In fact you have your own little bank with 700 people”. It also has its own project department, own CEO, CFO, etcetera.

**Table 17 - Case overview**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Dutch private banking division within a large international bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>2006-2007</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Manager of the project management department</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Internal projects dealing with organisational change. Includes IT, legal requirements and product development.</td>
</tr>
</tbody>
</table>

**Interviewee description** – PG has been project manager in organisation C. Together with 3 or 4 others direct colleagues and 2 or 3 external project managers (fluctuated over time). Originally another person was manager of this project department, but over time PG has obtained this position. PG has worked on setting up PPM in organisation C. PG has been in this position (PMO manager) for 2.5 years around 2006 and 2007. Before this position PG has worked at the mother firm of organisation C for several years in other positions. Shortly after this position PG has switched jobs to a consultancy organisation. In this new job he has also worked on assignments that had a PPM component.
Project Portfolio Management in organisation C

Timeframe under study: 2006-2007
In this period, PG was manager of the project management department of organisation C. When he was in this position, he has introduced several changes in the PPM process.

Position of PPM in the organisation
In Figure 10 the organisational chart of organisation C is displayed. The Management Team (MT) consists of a CEO, a person having both the role of COO and CFO, four sales directors (organised by region) and a director products, business development & marketing. The sales director, COO and CFO roles imply the direct responsibility over the corresponding departments (Sales, Operations, Finance). Within Operations, there are four departments, being Implementation Management, Process Management, Project Management and General Business support. Implementation management takes care of rollouts and small changes (not considered projects). General Business Support comprises accommodation management and similar support activities. PG led the Project Management Department and reported directly to the COO. PG had biweekly meetings of an hour with the director products, business development & marketing and the CFO to discuss the status of the portfolio.

The advice about the way PPM is organised in organisation C comes from the project management department (i.e. PG himself) and the MT formally approves these plans. “I have proposed this to the MT, and they said ‘yes we will do this’.” PG could decide himself about smaller changes in the PPM process.

![Organisational chart of organisation C](image)

Changes in the PPM process
PG about the starting situation: “At the time, he (PG’s manager at the time) has attempted to introduce PPM for private banking The Netherlands. (...) After a year that had more or less failed and then I have taken over. And then I’ve done a new attempt to set up PPM.”

“When I started I have composed a list of ‘what do I think is currently running?’ That were 80 projects and that was large and small all mixed. We have considerably cleaned this up and then we ended up with roughly (...) 35 projects. But what you see then is that there are 2 or 3 large programmes in there, and very many relatively small projects. Some of which are simply done by
one person from a staff function. But then you have a set of 25 to 30 projects about which you report to the management team.”

“What they did here was... yes they had projects, and there was a project department. But what they noticed, also the management team itself, was that they actually didn’t control it. Of many costs there was no view of what it does and what it delivers and whether it’s doing well. ‘In fact actually a few projects are not doing well.’ And that is where they were. One actually had no insight in how things were doing. So there was a portfolio management something. The person before me was the first one that was installed in that position. He had been working with on the one side professionalising project management in order to have projects run normally. And he was also particularly working on having more people understand how working by means of projects works.”

HH: “So that is the project management methodology that we have discussed?” PG: “Yes. So he was working mostly on project level because everybody needed to learn about working by means of projects. (...) Projects took longer, there was not much control regarding projects so you sometimes got something that was actually not expected of it, we actually had no overview of what was going on and one had no overview about the costs, the total budget. And that has been my starting situation. And I particularly said ‘I will, besides making sure that everybody knows what working by means of projects is and can do it, also focus on that layer above it, that we, in particular on what we spend our money, because if we spend 20 to 25MC that we together decide about on which projects we spend that and that we decide about what we do and what we don’t, choose about where we deploy our resources and that you can also monitor what is running, how it is running and that you at some moment can also say about a project ‘we consider you to be complete’. And that is what I have introduced.”

Stage gates and the new project selection process
“I have designed a process in which we have a sort of quickscan. Then we actually make a PID (...) we did not really do PRINCE2, then you have a realisation or build phase and then a real implementation phase (rollout). (...) and then discharge. What I have done is actually say ‘this are the gates’ and I will report monthly to the management team of the bank, approximately 6 people, the status of all my projects. On the one hand I show ‘I have a project’, organised in two ways. One is ‘to which strategic column does the project contribute?’. (...) I told something about the status, about what had happened in the past few months, project managers deliver this to me, we had something about time and budget. ‘Is that just green and OK or less ok?’ Then (in the latter case) you need to explain something. That is what I reported and I reported one slide with this line so that everybody could see ‘where is our whole portfolio?’ ‘what is in which phase?’ And every phase was closed with a choice-element. So a PID arrived from the sponsor or project into the portfolio meeting and then it was said ‘I want to do this and I want to spend so many 100k€ and work on this for so long. Do you all approve of this?’ And also in the meantime there were a few of these moments. Here (quickscan and PID) it was usually easy because there was no real decision making, here (realisation) was one, at the implementation we did always have one, as well as at the discharge in the sense of ‘do we consider this project finished’. (...) The quickscan was more in the line of ‘will we do some sort of feasibility study?’ or ‘will we draft a PID?’, this was also quite important. (...) So what I used to have was an information set in which I showed the full portfolio. We didn’t discuss this one, only ‘are there questions about this?’ furthermore we had a few documents that were always discussed and that were the decision documents. And I had a list of decisions to be made and that was what we really substantively discussed.”

HH: “And who made the eventual decision about, for example,
proceeding to the next stage?” PG: “That was the MT (Management Team). There is of course the director, the highest director, but it was the MT. (...) the CEO private banking.”

Types of projects in the portfolio
The projects considered in the portfolio comprise IT Projects (building new IT systems or functionality), introducing new legal requirements and product development. “This was all change. We have explicitly distinguished between run and change. We only consider change and the run budget is approved once a year, and then it is finished. So it was explicitly change only, with as a border... I had an amount for out-of-pocket expenses and I had a number of FTE’s with which I was working and that also means that I had explicitly designed it broader than only the IT portfolio, so at the moment that we were developing a product then it was also included (in the portfolio) as long as it... either because it was important for the income-stream, or because so many people were working on it. But even when it didn’t include IT-modifications and it was a large project, it was included (in the portfolio).” HH: “Can I conclude that actually everything that was labelled as ‘project’ within <removed: Organisation C>, was included in the portfolio or at least passed by?” PG: “No, because I also had a label ‘project, but too small for the portfolio’” HH: “Ok, so because it was too small. But for the rest, everything that was large and a project was discussed?” PG: “Yes (...) I do however think that you should explicitly consider ‘what is a project and what is a line-activity?’ That has every now and then been an exciting one, always, but we reasonably managed to figure that out because if you apply this than the annual employee satisfaction survey is also a project, for people this is called a project, but because it is annual we didn’t consider it in the portfolio, but for all the remaining we did. I have always explicitly chosen to include business projects and not only IT projects.”

PPM Adoption

PPM Adoption in 9 variables
PG’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 18. The average results for each of the 9 variables is displayed in a radar plot in Figure 13.

Table 18 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation/remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2,5</td>
<td>2,5</td>
<td>4,5</td>
<td>4,5</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>2,5</td>
<td>2,5</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
Influencing factors

Self named factors (without having seen the factors in the model)
“...”
need to manage our portfolio of projects and how can we do that? And then not only at the start, but over the whole lifecycle. How do you do that?” And at the moment you implement that (PPM) and match it with the problems that they have (...) that they think ‘oh yes, that’s something else I was facing but I didn’t even consider that I have that’ then you have a fertile ground for PPM.”

The factors, derived from the major problems occurring:
1 Desire for insight and control – Management has no insight in / control over the projects – “what is being done? When is something finished?” – Sometimes projects say they are done and consider themselves to be ready (...) (example:) directors (...) all of a sudden discover that a project is finished while they consider them not to be finished. (...) ‘where has our money gone over the last years? Because I have not seen anything?” --- Summarising: “Lack of insight and lack of possibilities for controlling” --- A desire for insight and control
2 Desire to realise strategy better – “As an organisation, you have plans every year about what you want to do, and you have ambitions that you want to achieve, or because there are legal requirements that you need to fulfil. And in order to realise that, everybody knows ‘we now need to do things differently’ or ‘we need solve things by working by means of projects.’ That is something that everybody did know, but some people became impatient because ‘we have agreed to do several things as projects, but is it there now?’ so ‘are you able to realise a plan?”’
   HH: “Actually this is the desire to realise strategy better” PG: “Yes, correct”
3 Resource scarcity – “Well, what really was of influence is that... and I have seen that later at clients too, that one suddenly realises ‘hey, we can’t do everything, we need to make choices because we simply have a bottleneck in either money or resources’ (...) availability of resources. (...) Yes that is a matter of scarcity. (...) You are confronted with scarcity and hence you need to start making choices. At <removed: Organisation C>, but I have also seen that later at other clients, whether you spend 10, 15 or 20M€ didn’t matter at all, because profits were high enough. All of a sudden profits became less and then you start choosing and considering ‘what am I spending?’ (...) And then you get scarcity in terms of how much you spend on a project. Then you need to start making choices.” HH: “So this scarcity mostly regarded costs I understand” PG: “In this case yes (...) that is what they felt, but if you zoom in further than you see that there is also scarcity in people and that projects actually take six months longer than what was actually required. But, one had no insight in this.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – This factor was already mentioned by PG before he had seen the model. “Regarding people, one was really not aware of the scarcity. Regarding money, when I made the inventory of budget, (...) initially we had for 35M€ of requests and eventually we have reduced that to 20M€ (...) Now this 35M€ was a bit like ‘I already apply for this budget, because then I maybe get 80% or something’, but it does approximately indicate the range” HH: “So roughly somewhat more than half more was applied for” PG: “Yes, well it was not applied for, but one simply asked for that. This was the first time that we did this way of applying. Before that the money simply flowed. So from that perspective one was not, during the year, thinking about ‘how much money can I spend and can I actually add this project?’ because the money simply flowed away.” HH: “So this money
was available too at that moment?" PG: “Well, what happened was that in September somebody came by that said ‘we need to introduce <removed: example of a change> and this costs approximately so much money.’ ‘Ok, let’s do it’ and two months later somebody came and said ‘we have a new idea for a product and now to take it further we need to spend so much’ ‘let’s do it’” HH: “And this money could actually be spent?” PG: “Yes, well it was just approved. And there was no additional control and what happened was that the project manager discovered ‘if we introduce this product, we also require IT changes, oh dear that costs 1M€ more. Well, we simply continue. We won’t even apply for this 1M€, we just continue.’ And what you could see at the end of the year is that this project budget turned out much higher than what one initially thought. And that was the moment at which we said ‘and now we will do this differently’ (...) ‘we want to get control over these project costs and we do think that this is getting out of hand.’ (...) and then we started with the inventory of ‘what is actually all running?’ and we started the new budget cycle and we have said (...) ‘and now you need to start planning which projects you want to do this year and we will say this is the money that we will spend on it’.” HH: “Do you know how high the project costs were before this was started?” PG: “It was some 25, 27M€. It was not 35M€, but somewhat lower. But higher than these 20M€.

Complexity – “We had some 25 projects in the portfolio, with small and large together. The largest was, I believe, 4 or 5M€ and the smallest was a few 100k€. Many somewhat smaller projects, a few larger. (...) We have tried to manage dependency for a part already by working with only a number of sponsors that each directed all projects that were closely related. That is actually a sort of programme structure. We have later actually introduced this officially as a programme structure too, but that was a step later. (...) Actually there are only three or four large, dominant projects that actually influence the others. The others were relatively small and isolated.” HH: “So these were also considered as inferior” PG: “Yes, frequently they were. There are a few dominant projects that really need to succeed, that are watched closely by everybody” HH: “And are these related much?” PG: “Not so much (...) if you are related, then it’s frequently about people or IT. For the remaining, we try to design projects in that manner (...) that it is simply one project. So you’re designing soon in lines of objectives, so ‘what is the goal of a project?’, or for reducing dependencies with other, loose projects together. (...) That is how we were managing complexity away.” HH: “Was this already there before the portfolio method was implemented?” PG: “It happened much less. (...) It is hard to compare because it happened very implicitly anyway.” HH: “If I may summarise your words, it’s the case that it was not hugely complex” PG: “No it was not hugely complex, no.”

Organisational culture – Management culture “was more laissez-faire. There was a clear desire for change and growth of the organisation, so that was what one was working on, one did had the tendency to be a bit in the forefront (...) and one ones sometimes surprised that things could take half a year to realise (...) so fidgety. Risk orientation was not very large. In particular not with project risks (...)” HH: “But they did dare to take risks?” PG: “Well, risks... the project portfolio did not contain very large risks in terms of investments or something, although you shouldn’t consider it as a decision for building a factory of 60M€, this kind of choices are not in there. It are all relatively small-scale projects.” HH: “But if there is one in there of which there is a chance that it goes wrong, are the breaks hit immediately then?” PG: “No, no, one wasn’t really dealing with the idea that things could go wrong.” HH: “Was this the case? Was it right?” PG: “No, of course not. No, of course not. But because it was all limited in scale and materiality, that was not of much value. Imagine, we’re talking
about a few years ago. Then themes like reputation management and the amounts were not that important, legal requirements were a little less strict, the regulatory authority was a little less strict, so it all was a bit less thrilling. Now it must be different.”

Regarding change readiness “that was variable. One was happy anyway with the insights it (PPM) would deliver. Project managers, the ones that had their own little kingdoms, did consider it very annoying that all of a sudden something needed to be reported.” HH: “Why?” PG: “Because insight does also uncover failure. Or the fact that you things too late or whatever is all uncovered...” HH: “Did you also observe that people were resisting against it (PPM)?” PG: “What you see is that things are not filled out, reports are not filled out, are pretended not to be understood, projects all of a sudden turn out not to be a project anymore, these kinds of things are what you meet a lot. (...) And later it also happened that if something new was started and I thought ‘this should be on the project calendar’ then somebody found that that was particularly not a project, but it was a line-activity. These sort of things is what you saw happening. And that you saw after all that one attempted to organise choices ‘about can we do this or not’ around the project portfolio process. So one tried to present a proposal for a project-alike something without making a PID for it, a business case, and that one did try to get approval for it.” HH: “Did that work out?” PG: “Except for one time, this has always been blocked” HH: “Was this the first one?” PG: “No, it was not the first one, it was a theme for which the business case was not elaborated properly, but of which everybody more or less agreed that it should happen. So ‘we just start and we do the rest later’. But for the remaining it has always been blocked.” HH: “Summarizing, <removed: organisation C>, is that an organisation that is open to change and innovation?” PG: “Yes, if it is not about transparency and adopting... but that is one of the elements if you discuss adoption, of what do people have difficulty with (...) one rapidly says it is a bureaucratic circus. And one was averse of that too. So that was the most difficult step that we needed to take, to introduce something with procedures and also bureaucratic, without it being perceived as bureaucratic.”

PPM Gap size – “What does make a difference is that the rest of the <removed: mother firm> for a part already worked like this. So if you had IT-changes than you already needed to pass such a portfolio group. One walked into this every now and then because one considered this procedural rubbish. So that made a bit of a difference, but furthermore there was not so much. Well, my predecessor had of course already started with working by means of projects to some extent. So that was there already a bit. And also within <removed: mother firm> this was quite a hot theme that you needed to be able to do this and that there were all kinds of trainings for working by means of projects. That’s it. That’s what was there.” HH: “And the stage-gate process, was that there already?” PG: “No” HH: “What was the largest step that you needed to take? What was the largest that did still need to be introduced?” PG: “Actually the largest step that we have made is that we altogether made sure that everything came there and was there for real, so the insight in all projects. There was no insight in the total list of projects. There was simply no insight in... one had actually never considered that you could also express that in phases etcetera. There was really nothing of that all.” HH: “So it is about recording information of projects, that there is a central overview of that. And the stage-gate process that is related to that?” PG: “yes, yes, so with which you all of a sudden create choice moments.”
“The fact that this mother organisation (...) did have a few things, that may be the reason why they (the department referred to as organisation C) is because a share of the IT changes were outside the organisation. One just was a purchaser of IT packages from another department and this other department was already much further professionalised in project management and portfolio management. (...) There was simply one large IT club within <removed: mother firm> and they worked with project management and portfolio management and budgets and name it all, for years long already. Specifically because it happened outside of the department there was no large need, no drive from the IT-world to do this within organisation C too. So that is actually quite characteristic for the organisation, that one actually didn’t have an IT organisation that could have been a sort of driving force behind it (PPM Adoption).” HH: “So what you state is that such a change (PPM Adoption) can start well in an IT environment and then spread towards the rest of the organisation, if you would have it.” PG: “I think that 9 out of 10 PPM introductions start on the IT side. Project management, in particular in that time, and then I’m talking about 2007, 2008, then project management was an IT-something. It was driven more by IT then by the business, at least for the banking world. So the absence of IT has definitely made a difference here, that it (PPM Adoption) came later. (...) I see that with other clients too, where I walk around now, relatively small banks that have PPM, it frequently only deals with the IT portfolio. (...) IT is from where this kind of thinking has emerged. So the fact that this organisation did not have an IT department internally, did cause that they later started with it.” HH: “This is related to the other element of PPM Gap size, the lack of access to knowledge of PPM. (...) Did you have many people around you that also knew about PPM? Did you know much about PPM yourself?” PG: “Yes I did know about it myself because I came from <removed: another business unit of the mother firm>, so I had seen some things there, so I knew. More people had been transferred, so they knew roughly that it existed and that they wanted it, but there was nobody in this organisation that had done it before, including me.” HH: “So you learned it from books?” PG: “Yes, a bit from books and a bit based on previous experience. I have worked there <previous function> as a project manager, so I have sometimes been in the same cycle myself. But I had never managed the cycle. This was the first time for me too.”

Normative variables

Organisational priorities – About other situations that consumed much of the attention and time of the Management Team: “That didn’t play a role” HH: “So PPM was one of the priorities?” PG: “Well, not really, it was more a sort of ‘basics organised’ feeling that one tried to create. One had priorities that one wanted to realise and PPM was creating a sort of ‘basics organised’ in order to steer better, and that is actually more related to ‘success rate improvement’.”

Need for better information transparency – “That was an important one” This is already discussed in further detail in the section about ‘organisational culture-change readiness’.

Need for better predictability of company results – “Not over the full P&L (...) so they (MT) didn’t necessarily care about determining how many extra revenues projects would generate (...) but what it was definitely about the question ‘how much money do we spend on change?’ That is something that one did want to predict better and stick to better.” HH: “So this is related to how much one spends on all projects together?” PG: “Yes, so that you don’t conclude at the end of the year ‘we have spent 27M€, did we actually want that?’ No, one has finally said now ‘this is the maximum that
we want to spend on it, because we want to realise this profit, but if we want to make this, then we have 20M€ left for change. And that is what we will spend. Period.” HH: “To what extent is it important to be able to do this prediction of profit?” PG: “There are several elements to that. One is <removed: mother firm> is a listed company, so one tells in advance how much profit we want to make. Two is that you’re in an organisational department and this department is judged upon how much profit is made, as organisation, but also as directors, MT members themselves. So a part of their bonus depends on the profit, so there are all kinds of reasons for doing this above all. You’re a profit organisation, let’s not forget that.” HH: “But then more profits are always better isn’t it?” PG: “Well, there is always a stake between short term profit and long term profit. So you do take these in account. Some things you of course do for the long term. For example you do IT investments in a number of cases for the long term. You do product development for the long term. Sometimes you could better not do it for the results of this year, but if you still want to be in business in two years, you should do it. (...) In the end you aim for continuity.”

Desire for project success rate improvement – “Yes that did firmly play a role. One was not satisfied about that one had not finished a number of projects and that one could actually hardly control that. So this was definitely the case, yes. Or, on the other side, what I’ve mentioned before, a project sometimes said ‘we have finished’ and that one said ‘you didn’t finish at all, because we think it has not been completed well yet.’”

Desire for portfolio rationalisation – “There was no necessity for this, we have actually only introduced this with the budget process. So when at a given moment we said ‘we will for example spend 20M€ on this’, then the necessity emerged to find a way for determining which things to do and which not. And we have been using this necessity in the years after. But it is rather enforced because you start discussing a ceiling. That is why it has been enforced. The necessity wasn’t there in advance.” HH: “So this is rather a consequence of other business that has been introduced?” PG: “Yes”

Other – HH: “Is there something missing on this list that you consider very important?” PG, after a long thought: “It may be hidden in a few of these parts. What one had done at a given moment in time, was to make an analysis for oneself of ‘hey, we now don’t achieve our results and we are neither fully satisfied about how we as organisation accomplish our changes. So, are we on the right track, are we on the right speed to change adequately?’ These discussions emerged about ‘we start projects, but we don’t finish them etcetera.’ So there was some sort of feeling of ‘we are not sufficiently able to implement the strategy that we want’ (...) That feeling, and sometimes this is a feeling that is hard to make reality, but this was what one dealt with.”

Provided documentation
No additional documentation could be provided for this case.
Interview Report – Thesis H. Haasnoot

Case Identifier: Case D
Date & Time: Friday 22 June 2012, 9:30h-11:00h (NL time) in person and Friday 6 July 2012, 10:00h-10:30h (NL time) by phone
Interviewee initials: SV
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>17-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>24-7-2012</td>
<td>SV</td>
<td>SV’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>24-7-2012</td>
<td>HH</td>
<td>Minor modifications based on SV’s feedback.</td>
</tr>
</tbody>
</table>

Case description

Organisation D is a large international bank. An overview of the key characteristics of this case is provided in Table 19

<table>
<thead>
<tr>
<th>Table 19 - Case overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation</td>
</tr>
<tr>
<td>PPM Advancement period under study</td>
</tr>
<tr>
<td>Interviewee position</td>
</tr>
<tr>
<td>Type of projects</td>
</tr>
</tbody>
</table>

*Interviewee description* – SV is currently head of PPM in a department that has responsibility for project portfolio management among its tasks. This department is an ‘office of the CIO’ and focuses both on ‘run’ and on ‘change’. His line of reporting goes in two steps to the CIO. There is one director in between. As explained in further detail in the section about PPM in organisation D, the organisation has many CIO’s. The CIO that SV reports to is the CIO of a large change programme called iChange. This person is also Chief Administer Office, this is the role that SV formally reports to. This is also explained in further detail in the aforementioned section.

SV has been in his current position since February 2012. Before that, SV has worked in other positions in organisation D for several years, in which he gradually got more involved with PPM. He has been involved with iChange since January 2010 in the department that is also involved with projects. His positions have always been more related to coordination (e.g. Business-IT alignment) than to execution (e.g. project management) of projects.
Before 2008 SV has worked at various other companies, mostly in project management related consulting positions that for example dealt with stage-gate-like methods. In these positions, he has also worked at organisation D as a consultant.

**Project Portfolio Management in organisation D**

**Position of PPM in the organisation**

In Figure 14, the management structure of organisation D is displayed. Figure 15 displays the functions that report to organisation D’s CIO. SV: “The main blocks are Commercial Banking (global), retail Benelux, Retail International (including <removed: organisation D’s internet bank>), group functions and Operations & IT. Operations & IT is managed by the CIO, below you have CIOs for Domestic BE, Domestic NL, Retail Banking International, Commercial Banking, Director Change, Chief Administrative Office, finance. I (SV) report officially to the CAO which is currently the same person as Director iChange.”

The specific departments within the domestic banks (Retail banking Benelux/International) are not displayed. iChange is a long running change programme for Retail Banking Benelux. This programme has its own CIO (CIO-Change) and its own Portfolio Management Office.
The official decision making about how PPM is practiced within the organisation is officially done by the Management Team (MT) of the holding. In practice these kinds of decisions are more consensus based and the MT decisions can be considered “no-brainers” which are passed without much discussion in the MT. Such kind of process innovations emerge from the different parts in the organisation, for example the request from the business to the MT for introducing a particular standard. SV: “In fact in every line (CIO, Benelux, etcetera) it can be decided what we will do about PPM. It is however recommended to go for ‘replicated’ or ‘shared’. We’re pressing hard for this as bank.

**Type of projects**

The projects considered by the Portfolio Management Office considered deal with business change and are frequently IT-related. As explained by SV, the changes deal with People, Process and Technology. An example of a people-related challenge is the strategic workforce consideration. ‘Which people are required in 2018?’, ‘What will we and what won’t we do at that time?’. This also comprises outsourcing challenges. An example of a process-related challenge is the introduction or modification of a project methodology like PRINCE2. An example of a technology-related challenge is the implementation of a datacenter-cosourcing strategy. Also within scope are consequences of business change. E.g. changes that are required for implementing new products.

**Timeframe under study: 2005**

In 2005, SV was involved with organisation D as an external consultant. Among the challenges that the organisation was facing, was the low rate of project success. Large projects failed. “If it was too big, it was actually doomed to fail.” The organisation asked itself ‘what is required to prevent these failures?’ “The success of large projects was virtually zero. One deeply analysed this and said ‘what do we need?’ and then you need a portfolio-approach. Stronger rules about ‘if you start this, than there are phases’, these are no ‘gut-feeling projects’. You need to approach it from a larger perspective.” Also the sense of money that was wasted was growing. “If you can’t show where your money is going and IT is a bottomless pit in which you’re throwing money. At the time one was becoming aware of this. Budgets of 700 or 800M€ per year, that is a substantial number. There are many companies that have much lower annual turnovers. One started asking ‘where is our money going?’ What was funny that at the supply-side scarcity came up. (...) Scarcity is created and then you need to start making choices.” One of the changes made in 2005 comprised the introduction of AMS software for managing the project portfolio. This was introduced rather strictly “thou shall use this method”.

“What we have changed is that we have started to more central PPM. That has been a process of years in which we still are. The goals was to have one method. We have installed AMS as a central repository with standards (...) We have installed PMO’s for large change tracks like change programmes. (...) With people that guard the processes, that did the review process, the approval process, but also CMMI assessments (...) That has indeed led to that programmes eventually became more successful. (...) I think that has been the largest change, the more centralised steering. And we are still in this development.”
Other PPM-related challenges that organisation D has faced over the past decades

“For two decades, we have been very good at just simply starting-up projects, but what it delivers is, put black-and-white, very obscure. Business cases are made, placed in a cabinet, the cabinet is locked and the key thrown away, so everybody forgets about that. (...) Also, we didn’t do anything about benefit realisation. (...) Thank goodness we’ve had a banking crisis and that made that the money was not coming from the walls anymore, so than you are forced to think about ‘how do I spend my Euro’s?’ and ‘if I put a Euro in a project, I must re-earn this Euro and preferably somewhat more.’ (...) And then you start making choices. And our choice for a PPM approach is driven by obtaining a certain level of maturity (...) based on this we have made a choice. (...) Somebody had a wild idea, dropped a business-case like something, and it was built. Without considering ‘what do you really want to have?’ or ‘does it actually match standards’ so it was quite... plenty of money was made here so it could all just be done. There was a time that we made billions (of Euro’s) per half-year, and then, if you’re so well off, than you don’t need to be particular about a penny. (...) If a project became larger, overarching multiple departments, it was doomed to fail. It didn’t deliver anything” HH: “So you knew in advance?” SV “We could have known in advance but sometimes the drive to do something is stronger than common-sense. That is over now. At the time already (...) it was already considered much more like ‘this needs to be done differently’ (...) “I can remember at the end of the 90’s, we did a CMMI assessment at <removed: department>, for a level 2, we didn’t make it. This has taken us 15 years. The fact that we made it now is due to that we are more serious with this now.”

Example of a ‘failed’ project, a project that in hindsight should possibly not have been started. “One of a few years ago. We had a Business Continuity and Disaster Recovery (BCDR), an important project for a bank (...) people were flown in from outside. After a few months it could be observed that it came up to speed. Due to this speed the complexity of the challenge became apparent. A part of my team was already working on it and a team of 30 or 40 expensive external people, that is quite a burn-rate, and after a few months we said ‘it is now getting very complex. Let’s stop this now.’ And then it was gradually stopped.” HH: “So this didn’t yield anything?” SV: “Well, no, at the time it has yielded nothing. What it did deliver was that at some point in time we knew about the complexity of it all. We could have figured it out with less money, if you’d work properly with requirement management (...) it would have cost roughly 200k€ (...). Now these situations are over. (...) requirement management is key here.” SV could not exactly recall how much it has actually cost at the time. However, “It is important that we do not do it like this anymore. At least it has yielded the basics for a healthy BCDR project with the appropriate requirements. Sometimes a learning experience is expensive...”

Another problem was the uncontrolled launching of new applications, that need to be maintained all the time. “I know many banks. All financial institutions, all institutions that have had too much money, that sounds hard but it is in fact the case, have this same problem”

PPM Adoption

PPM Adoption in 9 variables
SV's answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 20. The average results for each of the 9 variables is displayed in a radar plot in Figure 16.

### Table 20 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>Before rating</th>
<th>Average before</th>
<th>After rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>Risk per project has always been part of the standards</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>Impossible without PPM</td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Categorisation, selection, accountability and</td>
<td>7.1</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>governance</td>
<td>7.2</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall average</td>
<td></td>
<td>2.2</td>
<td>3.8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The wording does not help here: Completely and Always presume 100%. Of course there is always a level of accountability and governance. PPM makes it a bit easier but is not the prerequisite, culture is

![Figure 16 - Radar plot of PPM Adoption](image)
Influencing factors

Self named factors (without having seen the factors in the model)
1 “Money, budgets. It takes more than it yields”
2 “Another driver is scarcity in (human) resource. (...) The weird thing is, with banks in general because I have seen it at more banks, that they try to reduce costs by modifying the supply side. Despite that you many plans, of millions (Euro’s), you say at some point in time ‘now I will reduce the supply side, the people and sometimes means’ and then at some point in time you have created scarcity and then you must, with these limited resources, this limited amount of people that you have available, start working very effectively with your projects. I can’t do any trashy project anymore because of which an important project won’t run anymore. So that is one of the reasons for having a (...) centrally organised prioritisation process, and that you with that also make sure that what you will do stays within the budgets and that it also adds value.” --- SV adds that human resource is the most important driver. “Money has only become a problem in 2009, 2008, because it wasn’t there anymore all of a sudden, but before that money was not the largest problem. The (people) supply was.” Obtaining people from the market wasn’t always possible, due to infrastructure constraints (amounts of desks) and other reasons. For example, “you can’t have 300 people work on one application.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – “Like I said, this is always a problem. It is still a problem.” Limited to IT: “If you want something, in your own environment you can usually manage it, but soon there is a link to shared services (...) and they have limited resources. So if you come up with your little project, than you’re standing last in line.” This example is related most to people. (...) About a measure for how much cannot be executed due to resource constraints “I don’t think there are many projects that can’t proceed at all. Maybe 10 or 15%. But I think that the delays are over 50%. It is getting better (...) I think approximately half is affected, and the outcome of that is delay, because of limited resources.” HH: “So a project takes longer than planned?” SV: “Yes”

Complexity – “That is mega large of course. If we’re talking about ‘run’ only, I believe we have 5000 or 6000 projects per year (an estimate or exact amount for the total annual project budget could not be provided due to disclosure restrictions) and that is just a rough estimate (...) there are dependencies in there. (...) very important one. Projects are also dependent on the running business. The largest complexity is actually in doing things that influence the installed base. The upper two (volume, dependencies) are most important. Project interdependencies are mega. We do see that a lot is waited for each other. (...) Sometimes that is a deadlock. (...) The interdependencies
with the installed base contains the biggest factor.” HH: “What kind of problems does that give, for example?” SV: “We are moving more and more towards large applications. ERP-like business for parts of the bank. If you for example purchase something that has a different kind of middleware, and middleware is really a shared service here, then you’d have very much impact on other parties. Just to name an example. Before you can implement something at all, (...) it takes very long to get something started at all. These kind of dependencies, if you don’t manage that well and you don’t take it into account, then you meet it halfway and then it goes wrong.” HH: “And this adds to complexity?” SV: “Yes, and with banks and governmental organisations, at the tax administration you also meet this, so where one has automated for a long time already, this interrelation is huge. And then if you go back, we are working for a while already on landscape rationalisation, that means that also there you require a PPM function for making sure that all changes that you will do, do not increase complexity, but is in line with the strategy for changing the landscape. (...) That is one of the reason to manage things more centrally.”

Organisational culture – Management culture. SV about to what extent top management prefers a management style of close control vs. laissez faire: “I think this is going towards close control more and more. On a 1-5 scale, I think we are now going towards 4. (...) There is actually no other option (...) What I mean is that you want to steer overall. You want to see transparently what we are doing all together as <removed: organisation D>. Before, there may have been people that did strongly control their own area, but that was no integral control.”

Change readiness, about commitment of top-management to PPM “That is related to the previous point. Because we are heading in this direction, you enforce each other. It goes hand-in-hand a little (...) the one cannot exist without the other. If we did in 2005 what we do now, we would have moved out of orbit, but now it does fairly work.”

PPM Gap size – “That goes hand in hand. How difficult it is depends on the point of reference. These are organisational change things. (...) We are in between. (...) We have many ingredients. AMS is a mean that has been accepted for 80 or 90%. There are still dissidents.

SV about the extent to which knowledge about PPM is accessible: “Mega, I think we are meanwhile giving data back to these research bureaus. We simply learn quite much and here and there we are simply implementing a standard.”

Normative variables

Organisational priorities – SV reacting to an example of an organisation choosing to first solve major problems with an important clients, before spending much attention on PPM: “I can imagine this. Until the moment you arrive at a point where you would get more of this kind of clients. It is of course a trade-off of on what do you spend your money. But, this is of course such a huge company... you start these kind of things in a community where there is some faith and then it spreads.” HH: “Does this mean that PPM Adoption was negatively influenced by other priorities? To what extent” SV: “Of course, all change has resistance, at some moment somebody will call out ‘I can take care of my own business’ that is resistance and he comes up with things that turn out to be very
valid reasons. Of course. That is almost as normal as breathing. No, with this I wouldn’t... for a large company as <removed: organisation D> I don’t think this is very important.”

Need for better information transparency – “Yes, at this moment that is mega. And that is also what I mean, we have grown into this. Five years ago one didn’t permit this in, transparency, or ten years ago maybe. (...) And now there is a different management culture that does want to. Go towards one bank, you do particularly need this transparent information. (...) Also this is a bit of a chicken-and-egg story. We show very much transparency and at some moment in time this is fact-based so cannot be refuted. If a senior manager doesn’t like that, at some moment in time he cannot properly say anymore that he doesn’t like it because then he will be rejected. And at some moment in time he will also realise that it does bring him benefits.” HH: “To what extent has this influenced the advancement of PPM?” SV: “Yes, much, (...) the club that was setting this up did have a vision for it. This vision was not always shared by the rest of the company. So it is more of an incubator-thing.” HH: “So this played a role for this group of people ‘this must be improved’ and it has now evolved into what is there now?” SV: “Yes, and at some point in time this roots than you have it, so you can say in hindsight ‘we did indeed need this badly’ but it could just as well, with the same people, the same vision (...) fail and then the reaction will be ‘apparently we didn’t need this’”

Need for better predictability of company results – “This has become large (...) I also think here that after 2008, 2009 this has been a very important factor. But we have started earlier with PPM of course (...) but to be honest I can imagine for a small company that this is quite strongly linked to the company result. That is there at <removed: organisation D> too, but there are many more factors. So I do not assume that we (...) can say (...) because we have done this properly, you can now better predict results. That goes a little too far for me. (...) I would score this one very low. (...) It helps, but it is no direct driver.”

Desire for project success rate improvement – “This one is way more important (compared to ‘need for predictability of company results’). That was really a driver to start it (PPM).” --- This factor has been discussed in detail already in the ‘timeframe under study’-section in ‘Project Portfolio Management in organisation D’ --- Also, it is mentioned during the discussion about the ‘desire for portfolio rationalisation’ factor.

Desire for portfolio rationalisation – “Yes, absolutely, (...) in order to be able to manage complexity at some point in time you do or don’t need to do a number of things and you need to be able to steer. (...) Large. It was not the initial driver, but because we have it, don’t forget that there is a development here, you start something and if you put it very black and white than you start with this to do project success rate improvement. I think this will come up from this research as the number one reason for starting (PPM) but if you’re on the way than you do manage that at some point in time and then other issues that are important come up. Thank goodness we have started to implement this a few years ago and because of that we can now also practice portfolio rationalisation. Why? Because we now have insight, we have the right influence in all layers of management, so we can now also say ‘you will not do this, because it does not fit within your total portfolio’ the fact that you can say this, does have its history, there is a growth factor there. And again, if you would focus on ‘why would you introduce it (PPM)’ then the desire for project success rate improvement, it cannot be different from that everybody considers that as the starting point.”
Other factors – HH: “Do you have anything to add to this list of factors?” SV: “No”

Provided documentation
No additional documentation could be provided. According to SV 2005 is too long ago for documentation too be easily retrievable, if it is still in existence anyway. Also, at the time, decisions were not recorded very well. The currently available documentation cannot be shared due to disclosure restrictions because of its strategic nature.
Case Identifier: Case E
Date & Time: Thursday 5 July 2012, 11:00h-12:30h (NL time)
Interviewee initials: MD
Interviewer: H. Haasnoot (HH)

---

**Version control**

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>21-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>25-7-2012</td>
<td>MD</td>
<td>MD’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>26-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor modifications based on MD’s feedback</td>
</tr>
</tbody>
</table>

**Case description**

Organisation E is a large, international organisation that provides professional services. An overview of the key characteristics of this case is provided in Table 21.

**Table 21 - Case overview**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Professional services</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>End of 2010 (1.5~2 years ago)</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Member of the Strategy and Planning unit of the Board of Directors. The person responsible for PPM.</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Internal; organisational change</td>
</tr>
</tbody>
</table>

*Interviewee description* – MD has worked for 11 years at organisation E and its affiliated organisations. For three years now she works in a unit called ‘Strategy & Planning’, reporting directly to organisation E’s Management Team (in particular, regarding projects, the CEO and CFO).

**Project Portfolio Management in organisation E**

**Position of PPM in the organisation**

In Figure 10, a simplified organisational chart organisation E is displayed. The Board of Directors consists of the Chairman, CEO, Head of Quality and Risk, one Business Line Director and a Member. The latter person focuses on international cooperation. The Management Team (MT) consists of the same people as the Board of Directors, supplemented by the directors of the other divisions and the CFO. MD works for the Strategy and Planning unit. This unit supports the MT, in particular the Chairman, CEO and CFO and its work comprises the overall coordination of most internal projects and in that sense functions also as a corporate PMO. They manage project initiatives, the composition of business cases, consolidate project reporting, etcetera. Regarding this responsibility,
the Strategy and Planning unit reports to either the CFO or the CEO, dependent on the nature of the projects (respectively division or staff function related). The CEO and CFO are the people that ultimately decide about most internal projects. Depending on the size and nature of the projects the whole Board of Directors is involved in decision making. They also determine the project budgets together with the Board of Directors. The execution typically lays with a division or staff function.

**Figure 17 – Simplified organisational chart of organisation E**

**The PPM process in organisation E**

There is no explicit process for going from potential project to completion. “No, not at all, actually we should do this of course” Sometimes an official proposal is composed, but in other situations a verbal request for starting a project is sufficient (for minor projects). “What happens is that always the investment budget is asked. There are however no specific templates that need to be submitted. But, it is of course a bit in the nature of our organisation (...) ‘what does it yield?’ ‘what does it cost?’” People in fact do this spontaneously already “And if they would not do that, their question is returned and they still do it after all” “We have not developed an explicit process for this with prescribed templates. There are no standard documents to be filled out. What is there is that (...) up until particular amounts <removed: example of a business line director> can approve that, if it is higher, the CEO can, and if it is even higher, the Board of Directors, and if it is even higher, even <removed: international body above the Dutch branch of the organisation> needs to approve. These are things to which one does stick. People are always asked to make a proposal, but we have no standard, it can be a memo, or a PowerPoint for the Board of Directors. What also happens in general, but of course not for very small things, (...) also the Board of Directors is informed (...) that depends on the scale of things.” For this, boundaries in terms of budget have been established. Decisions about projects are in fact made ad hoc. “It doesn’t work like every month ‘come on with your idea and fill this out and then we’ll do it’” The project selection, progress and issues are discussed at Board of Director meetings and in the bimonthly Management Team meetings. There is no particular project review board, nor a fixed frequency of project selection meetings.

**Tasks & responsibilities of the Strategy and Planning unit**

The role of the Strategy and Planning unit in this process “can differ very much. One time it may be a pushing role”, coming up with change initiatives for the business, another time it can comprise that a
member of the Strategy and Planning unit writes the business case him-/herself and have the business execute the project, or it can be project monitoring & control. Besides the business case related responsibilities named above, the other PPM-related responsibilities of the unit comprise reporting and control. Monthly, the unit consolidates the project performance report for the Board. Quarterly, business reviews are done for the CEO about operational activities, and annually the business planning is made. Also, the unit is responsible for realising strategic objectives by initiating new projects. (e.g. reorganisation, innovation, outsourcing).

All projects within the scope of the Strategy and Planning unit are internal projects that mostly deal with organisational change. Frequently this is related to strategy development and implementation. Other projects, like legally required projects, end-of-life replacements and product development, are managed by the respective divisions and/or staff functions. Project sizes can differ very much. They can be large outsourcing projects, as well as a relatively much smaller business review. This latter is actually an operational activity, which recurs quarterly, but it is approached as being a project.

**Timeframe under study: end of 2010**

By the end of 2010, significant changes have been made in the performance monitoring and reporting, in particular of the largest, most important projects. Before this time, reporting was mostly financial but now it is broader. Also, to the knowledge of the interviewee, specific monitoring and reporting of the largest, most important projects did not happen in particular and on a frequent basis. The circumstances were that the role of the CEO changed. He got more responsibility for operational affairs. “He got more tasks and responsibilities, wider over the business. So he wanted (...) to have more overview. It is very much related to the person. And this person finds it very important to have insight in this (portfolio)” HH: “Was there something else going on?” MD: “No, not that I know of”

**PPM Adoption**

**PPM Adoption in 9 variables**

MD’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 22. The average results for each of the 9 variables is displayed in a radar plot in Figure 18.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
Interdependencies 4 4 4 5 5
Constraints at portfolio level 5 4 4 4 4
Overall analysis 6 3 3 4 4
Categorisation, selection, accountability and governance 7.1 3 4,0 4 4,3
7.2 5 5
7.3 4 4
Optimisation 8 4 4 5 5
Specialised software 9.1 1 1 1 1
Overall average 3.6 4.0

Figure 18 - Radar plot of PPM Adoption

2.2 Applied financial analysis techniques (before) – Business case including investments, costs, results, etcetera
2.2 Applied financial analysis techniques (after) – Business case including investments, costs, results, etcetera
9.2 PPM Software use (before) – N/A
9.2 PPM Software use (after) – N/A

Influencing factors

Self named factors (without having seen the factors in the model)
1 “The change in the role was actually the most important (factor) to take this step, because the CEO then indicated (...) I want to have this overview and I want to share it monthly with my Management Team, so that we can steer monthly, have insight in that and be able to monitor
progress. Actually they simply wanted to make good progress, and for that we need to be able to monitor well and have a good overview.” HH: “So a desire for good information and overview?” MD: “Yes, but that emerges from the desire for making progress.” HH: “How is this linked?” MD: “Because with this insight he could also see whether progress was made, so that he could also intervene if this did not happen.” HH: “So to be able to intervene when that is required and for that you need information?” MD: “You need information, otherwise you don’t know whether it’s going well or not.”

HH: “Was there another factor that played a role” MD: “No, I believe not.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – “This one has not changed, but is there.” HH: “How many project can you execute with respect to how many should actually happen?” MD: “That is a hard estimation.” From the perspective of the Strategy and Planning unit “If we would have all time of the world, we (...) now maybe don’t do maybe 25% (...) but in the whole organisation, and then I focus on what I have overview of, (...) maybe we do 70%.” HH: “What I heard earlier was that, if it is really required, money can be obtained somewhere.” MD: “Yes, yes but not for everything (...) you do notice that the budget is getting smaller, overall. So people are more critical before proposing a project. (...) ‘We don’t ask nice-to-have anymore. We only ask need-to-have.’” HH: “Did this happen a few years ago?” MD: “Well, when I was there (since 2009) this was already starting, but of before that I don’t know. Then, (company) results were very much better than now, so I can imagine, but I don’t know that, I can imagine that one was dealing with this in a more relaxed manner.”

Complexity – Within the scope of the Strategy and Planning unit, approximately 10 to 15 projects are running. MD could not mention a particular total project budget since it is about (working) hours. Project costs are hence translated to the general staff expenses P&L item of the particular division. A quick estimation resulted in 1 project costing approximately 100k€, meaning that the total project budget of projects in the scope of the Strategy and Planning unit is roughly 1 to 1.5M€ staff expenses, not counting investment expenses. HH: “So altogether, considering staff expenses and other business, several millions to several tens of millions go around in these 10 to 15 projects?” MD: “Yes..., but I wouldn’t dare to rely on this.” HH: “It is a rough estimation” MD: “A very rough one”

Projects are not very dependent. “Not so much, some are, (...) some projects are completely separate and some projects are related to everything.” Being asked for an example, MD mentioned a large reorganisation project. This is not only related to all the departments, but also to projects, like the implementation of an IT platform. HH: “So altogether, there are dependencies, but they do not dominate?” MD: “No (confirming) exactly, let’s leave it with that indeed.” About single projects “I think in general it is not so much, because you mention ‘average project’, although indeed there are exceptions like <removed: reorganisation>, but also exceptions in the other direction, that are very simple again, so on average I think it is not so much.” HH: “For all three? Complexity, impact and uncertainty?” MD: “Yes, but again, (...) the average project is not that bad, but there are the exceptions that are very difficult and there are exceptions that are very easy.”

181
About the portfolio complexity as a whole, MD says: “What I consider complex is that it is very variable (...) one time you’re talking about <removed: IT platform> implementation that is very complex, also content-wise, and the other time you’re talking about a lean project that has very high impact (...) so the complexity is in that it is so variable.” HH: “So that has to do more with the width of disciplines of the projects?” MD: “Yes”

Organisational culture – Regarding change readiness, organisation E “has a culture of ‘if it concerns your unit, you may co-decide’ and that has, I believe, not changed over the last years” HH: “If you make a change in the PPM process, to what extent is that warmly received?” MD: “Actually I have no clue, I think... if it is considered well... (...) What I think is very good within <removed: organisation E>, I think, is that these decisions are made on the level of the Board of Directors. (...) Always a member of the Board of Directors knows about it, and I think it should also stay like that in the future. (...) So there is always a highly placed person involved. (...) I think it is a good thing. Then proliferation can be prevented.”

Regarding the management style of the Board of Directors. “They are tightly steering, without being directive. They consider very much what should happen (...) before they take a decision, they know very well how their followers support it. When such a decision is being made, they already know whether something is supported or not. That also makes this decision making different. (...) After the decision, they don’t give it completely out of hands, but they do monitor and control it.” HH: “So, very generalised, this is actually consensus based management?” MD: “Yes, I do think so, it is not like what you frequently see in Anglo-Saxon companies, directive ‘I want you to do it and I don’t care what you think about, just do it, because I say so’, that does not happen here.” HH: “To what extent is there a desire to be completely informed about what happens in the organisation?” MD: “Yes, that is there, pretty much. Not every detail, but to quite a deep level.” HH: “Can you name an example?” MD: “I think they, for example, the Board of Directors does also know when a small office does not extend its lease, and that it involves about 11 people or something, the Board of Directors does know.”

PPM Gap size – PPM knowledge availability “is very much available within <removed: organisation E> of course, but you know how it works, ‘the children of the shoemaker always go barefooted’, the knowledge is always very available (...) the access to knowledge is there.” HH: “So if you want to change PPM, it is very easy to obtain this knowledge?” MD: “Yes”

About the current organisation, regarding a project management methodology in particular, MD: We don’t use <removed: organisation E wide> one specific project management methodology.” MD names a few examples of a particular department (e.g. IT) using its own methodology. “So we use very many different types”

Normative variables

Organisational priorities – “Then (2010) it (PPM) was actually getting important.” HH: “So there was no other ‘fire that needed to be extinguished’? MD: “No”
Need for better information transparency – “That is related (to the CEO getting more PPM related responsibility). All of a sudden you got all. You can’t keep on calling people all day how things are going. You need something structured, an overview.” HH: “To what extent did this play a role?” MD: “A large role”

Need for better predictability of company results – “No, did not play a role I think”

Desire for project success rate improvement – “Yes, this one did. I’m not saying that it was going so bad, but it is related to the person (CEO) that wants to see quick results. I’m not saying that it didn’t go well before, but it was just ‘this is my new role and I want this’. HH: “So from the CEO role, projects just needed to go well. It was not because they were going bad.” MD: “No, it was just ‘it is now my responsibility, I just want it to go well.”’ HH: “What do you mean with ‘going well’?” MD: “Quickly deliver results. So in particular result, and also not too long. (...) That is the most important, what was achieved, then in time and then within budget.” HH: “So in that order: quality, time, budget” MD: “Yes, exactly”

Desire for portfolio rationalisation – “This has played a role for sure.”

Provided documentation

Item E1 – Performance report [2010]

Status report of the performance of the projects within scope of the Board of Directors, as mentioned in the section ‘Timeframe under study: end of 2010’

The report provides an overview of the projects and their progress status (red-amber-green), and a one-A4 monthly flash report about their status, as well as a bulleted summary of major achievements, plans and/or activities

Furthermore the report contains one-A4 overviews of each project, with the basic project information (sponsor, manager, etc), project goal statement, KPI’s, deliverables, recent progress, next priorities, and current issues
Interview Report – Thesis H. Haasnoot

Case Identifier: Case F
Date & Time: Monday 2 July 2012, 9:00h-10:30h (NL time)
Interviewee initials: Not used upon request of the interviewee. Instead ‘INTF’ is used to refer to the interviewee
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>22-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>17-8-2012</td>
<td>H. Haasnoot</td>
<td>Completion of the report, after a short call between INTF and HH, discussing a few small elements that were yet missing (most notably a few questionnaire answers). Also the interviewee’s initials are anonimised.</td>
</tr>
</tbody>
</table>

Case description

Organisation F is an international consumer electronics company. An overview of the key characteristics of this case is provided in Table 23.

Table 23 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Consumer electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>June 2010-August 2012</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>(co-)Director of the by far largest change programme within organisation F</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Internal, organisational change, often related to IT</td>
</tr>
</tbody>
</table>

Interviewee description - INTF is currently one of the two programme directors of a major change programme in organisation F. She focuses on the business side, whereas her colleague-director focuses on the technology side. INTF has been in this position since the start of the programme, some 3.5 years ago. Before this she has worked at the strategy department of organisation F for another 2 years. Before organisation F, INTF has worked in various companies, including another large organisation similar to organisation F, a consultancy organisation and her self-owned training firm. Roles she has had, vary from helpdesk agent through software engineer and project manager to sales. “I’ve worked my way through the ranks”. In her position as programme director, she is responsible for the project portfolio management within her programme.

Project Portfolio Management in organisation F

Position of PPM in organisation F
INTF co-leads a large organisational change programme, which is hereafter referred to as ‘OS programme’. Together with the other, smaller organisational change programmes this programme is organised within one overarching corporate level change programme, which is positioned directly below the board of directors. Figure 10 displays the positioning of these programmes as well as the related functions. The business-as-usual elements of the organisation have not been displayed in the figure.

![Organisational Chart]

The OS programme has two directors, one of which is INTF herself. She reports directly to the person in the Board of Directors that is head of Business Service & Support, who is also responsible for finance. Her co-director reports to the board member that is head of IT. “One of the thing that I find most important in any programme is your sponsorship. So actually sponsorship at senior level, at executive board level.”

The OS programme is by far the largest programme within the Corporate change programme. Expenditures amount over 20M€ average per year, and the benefits that the programme should deliver amount to almost 150M€ per year, for a period of 5 years. The programme is “absolutely driven by benefits and the benefits come from various areas. First of all cost reduction (…), then we have got efficiencies and effectiveness. Efficiencies is (...) making the processes more efficient etcetera (...). And increasing revenues.”

Supporting the Corporate change programme, there are a Programme Design Authority (PDA) and a PMO. The PDA focuses on for example interdependency management, planning of release weekends and advices about project prioritisation (PPM). The PMO acts more as an administrative body, managing milestones, deliverables, etcetera.
Within the Corporate change programme, each programme has its own PMO. Except for the OS programme, programmes do not have their own PDA. These programmes work with the corporate PDA directly. The OS programme does have its own PDA since it is a much larger programme. About the smaller programmes, INTF says: “Basically they are running just one project in their programme. So it’s one project with various pieces”. The other programmes have one project that they are rolling out in these 14 countries. The OS programme has 6 project that they are rolling out in 14 countries and 100 go-live moments in this year alone.

The PPM process in organisation F
“We’ve actually got a strict governance process in place. What we actually do is, we’ve got gate reviews and milestones on all the projects. At each gate review we determine what the issues are, what the problems are, what the scope is and whether we should proceed or not. The gate review is always attended by the project manager, the stream lead, the quality partner (QA) (...) and the gate reviews are shared by us and the quality partners and then the sponsors always attend that gate review. And we have gate reviews after every phase of a project, but we also put in special moments what we call deepdives, what means we go in and see (...) ‘Where are you on your project?’ ‘What are you doing?’ ‘How are you going?’’ This could happen at any time, also between two stage gates. “but at the end, at the gate, that is where most of the decisions are made. We actually have the decisions made by ‘who do we stop?’, ‘who are the resources?’ ‘do we stop this project because that one needs it?’ ‘do we actually move these resources over into those projects?’ etcetera.”

This stage gate system was put in place in cooperation with a management consultancy firm at the start of the programme. It was “a standard market practice that we use, but we have adapted it to our culture and to our organisation” HH: “...eventually someone needed to decide ‘we are going to adopt this’, who took this decision?” INTF: “I took that decision. I basically said, especially because I was responsible.” INTF tells about the changes that the programme has gone through, starting with a less intense first wave, later followed by a heavy increase in technology consideration. “When we started the programme, I was the programme director for everything (...) when we started the programme right at the beginning, it was much smaller, we put in a ‘light form’ of, as you call it, programme portfolio management. That was a very light form of it. When the technology part came in, we put in a stronger form” HH: “What makes it light?” INTF: “It was lighter in that we didn’t have these formalised gate reviews. The gate reviews were there but they weren’t as formal, so you didn’t have the quality partners etcetera, it was just me and the business person, so it was only <removed: business sponsor> involved. Only he and I would make a decision and we would move forward. (...) Now we of course have the quality partners, we’ve got the PDA...” HH: “So the difference is that more people are involved to have a say in the gate review” INTF: “Exactly, to have a say in the matter because it also has to fit in into the whole <removed: corporate change programme> as well. I mean, then we were quite insular, we just did what we thought was right and now we have to consider the whole big landscape as well.”

Regarding the prioritisation and (de)scoping of projects, the ultimate decision lies with the senior sponsors of the programme. “Based on that we get the finances or we don’t get the finances”. “Programme changes are managed by the PDA but the final approval comes from our chief sponsors So we make the decisions as to what should be done and they make the decisions as to whether it is
done” “They generally take the advice”. INTF and her co-director can use a certain budget freely. “As soon as we need more than that, than we go to them. But we manage the budget”

The PDA determines how PPM is being done. HH: “I can imagine this one (corporate programme PDA) is steering” INTF: “That is what should be, but it is not. We have, unfortunately, a bottom-up PDA instead of a top-down PDA. It should be here, but actually what happened was we installed this PDA before they installed this one. And so they are taking a lot of the lessons learned from there. So you’re absolutely right, it should be here, they should actually be steering and say ‘look, this is the way we go, this is how we are going to do it, this is what we need’ (...) but because we started first, we drive it very quickly, we got extremely aggressive timelines. We have to change the organisation, the processes and the people, for 3500 people. That’s a big impact. Canon Europe has 11000 people. So it’s almost half the population that we’re doing it for. So we actually had to drive it first and that’s why most of it is handles by our PDA. And that PDA actually now feeds in and we also have put some of our PDA people into this PDA”

Changes in PPM process are advised by programme PDA (OS programme). The 2 programme directors take the decisions about these PPM process changes, if it is within their scope. Otherwise they escalate it to the senior sponsors.

Timeframe under study: June 2010-August 2012
The PPM process has been in place since the beginning of the programme. However, the intensity of its use has varied over time, peaking in June 2010. “It has been there all the time. And initially in a more informal way and then eventually it became more organised as the programme moved along.” On being asked about whether a considerable change has occurred in the PPM Adoption, INTF says: “probably when we were doing the analysis and design phase, we had a different strategy than when we got into the rollout phase. (...) with analysis and design, on the business and technology side, we had things changing quite a lot, so there we had to have quite a strong focus on architecture, a strong focus on resourcing, a focus on ‘how do you actually determine what goes ahead and what doesn’t go ahead?’ etcetera. Once that happened, then it actually became less formalised in that area, but more formalised in ‘how do we engage the countries?’ ‘how do we actually implement the change?’”. HH: “That doesn’t necessarily mean that there has been a further formalisation” INTF: “No” HH: “So maybe that would even be a step back in that sense” INTF: “It was, it was actually a step back. (...) The formal gate reviews are not there anymore, but what we do have now is the formal go-live moments and then what we do is we engage very closely with the countries in that period.” This step back in PPM advancement is unusual in comparison to the other cases. Hence this period (June 2010-August 2012) is intentionally chosen as reference period. In June 2010 the first project was getting looser in PPM. Gradually the other projects followed, and at the time this research was being performed (August 2012) this process was still going on.

PPM Adoption

General judgement of interviewee
Baseline 1 - INTF draws a (roughly triangular shaped) graph starting in 2009 at 0% adoption, rising almost linear to 100% in July 2010 and then almost linearly falling to 0% by the end of 2012. She
explains that 1.5 years ago PPM was most advanced. “at that level (100%) it was the highest and then it has actually being wrapping down and by the end of this year our programme should be finished.”

**PPM Adoption in 9 variables**

INTF’s answers to the questionnaire as well as her answers and additional explanations and remarks are depicted in Table 24. The average results for each of the 9 variables is displayed in a radar plot in Figure 20.

**Table 24 - PPM Adoption Questionnaire Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>7.1</td>
<td>4</td>
<td>3.0</td>
<td>5</td>
<td>5,0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>3</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>2</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall average</td>
<td></td>
<td></td>
<td>2.0</td>
<td>4.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.2 Applied financial analysis techniques (before) – none
2.2 Applied financial analysis techniques (after) – ROI
9.2 PPM Software use (before) – none
9.2 PPM Software use (after) – none

Influencing factors

Self named factors (without having seen the normative factors in the model)
3 “Control. Control and visibility (...) visibility of finances, of return on investment (...) on an aggregate level. Absolutely.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – “If you look at resources as people, one of the things we have is that we’ve got lots of business people, but these guys don’t know how to run projects. So that is why we need to go outside and go to a party like <removed: management consultancy firm> (...) So we started it all with project managers who were <removed: organisation F>. Within two months we realised this is going to be disastrous because they are so used to just running the operation things and not used to going on milestones and deadlines and things like that, so that is really difficult. (...) If you look at others, financial, we’ve had quite a lot of ups and downs financially. <removed: organisation F> has not done well. We’ve done better than most companies in this very difficult period. <removed: organisation F> is actually quite financially strong. But because of that we also take very strong cost reduction measures to keep our profit quite high.” HH: “So for the programme
level that may mean that you don’t have so much money available?” INTF: “Exactly, as soon as we have cost control methods implemented, the projects are normally pushed down to the bottom and the first thing they ask us is ‘get rid of your external people’, but if we get rid of our external people the project comes to an end because we don’t have those skills internally.” HH: “Do you possibly have a measure for how many projects are not started for these reasons (shortage of resources)” INTF: “We’ve had an optimised project. What we’ve decided, because our strategy was so important and it was going to give us such a big return, we tried not to stop too many of the projects. What we have done is we’ve taken all unfeasible functionality out of it but there were two projects that we did stop and one was <removed: description of the project contents> we’ve stopped that one, but that was a dependency on the technology, that we had to stop it for. (...) So it wasn’t resource based. The other one we stopped was <removed: description of the project contents> <removed: an element of this project> because of the complexity of our current business processes, it would have taken far too long. And it was too complex. (...) that was one of the projects we’ve decided to stop over the time.” HH: “So as I understand, usually projects are not stopped but they are rather descoped.” INTF: “They are rather descoped, but these two were stopped. So the one was stopped based on the portfolio complexity, the other one was based on the fact that the technology was not available.” HH: “Does resource scarcity play a role in the selection of projects?” INTF: “No, no, basically resource scarcity basically just means we go out and get the resources and pay for it.” HH: “But there needs to be money for that of course” INTF: “Exactly, but that’s why it was good that we’ve designed the full strategy upfront. So we knew upfront, we had a very strong business case, how much we were going to spend. And of course a lot came on top of that, so we had a business case and a sort of contingency for what we would need based on the fact that we have resource scarcity. So one of the things, the most important cost on the programme is of course the technology, but also the resources.”

Complexity – “The uncertainty is not an issue. We know definitely what we are going to do and how it is going to impact. If you look at (single project) complexity and impact, I would say high complexity, high impact for almost all the projects on average. Some projects are more complex than others, but I would probably say on average high complexity, high impact and less on project uncertainty. (...) It is very high volume. So high volume, high complexity, high impact.” HH: “And interdependencies are...” INTF: “enormous, enormous, exactly.” HH: “So overall, portfolio complexity, how would you consider that?” INTF: “really high. That’s really, really high.”

Organisational culture – Management culture “<removed: country of origin, demonym> culture is generally top down. Country culture is generally consensus. So we have a programme that we have to implement in the countries, we come there with our ideas and then we start the negotiation. So you can imagine what it’s like. It’s not really easy. Managing culture is quite risk aversive, so they don’t take the risk. You have to influence and convince them that this is the right way. So we have had quite a lot of PR involved here. But this is where our chief sponsor has really played a big role. He has been an amazing ambassador (...) And sometimes you think you’ve made a decision <removed: example of a decision> and right at the last moment, so we got the funding and everything for it, when the final funding, because even though we’ve got the funding, if it is over a certain amount our CEO has to sign for it, it went up there and it was still challenged. So even though you think all the decisions have been made it can still be challenged and you start right at the beginning and go again. So it has been quite a though one.”
About change readiness: “On the programme itself it hasn’t been an issue, because we haven’t had so many people involved from <removed: organisation F>’s side as you can imagine. I think the adoption of what we are changing, that has been more of an issue. HH: “So the results of the programme?” INTF: “Exactly. (...) So basically adoption here has been top down. We enforce it, people have to follow.”

Risk orientation regarding PPM “Even there it is low risk. People don’t take risk. So even here it has to be thoroughly analysed. You’ve got to have very, very solid, robust reasons why you’re going to do things”

PPM Gap size – HH: “The access to knowledge to PPM, I think we have addressed that by saying we took <removed: management consulting firm> consultants in here” INTF: “Exactly, so we’ve got it.” About the current organisation: “We don’t have formal project management within <removed: organisation F> (...) each programme actually puts in their own programme management etcetera. So when you look at the PPM gap, I don’t think we have PPM gaps because basically we took it from <removed: management consulting firm>, we’ve implemented it, we have enhanced it, we have changed it, so it has been accessible, so that’s not an issue.

Normative variables

Organisational priorities – “No, not an issue there. I think, because the programme is really standalone, we’ve been able to implement it (PPM) and just do it.

Need for better information transparency – “Absolutely, that’s really important” Also the self named factor.

Need for better predictability of company results – “The company results we can’t see just yet, so it’s actually programme results. Yes absolutely, we want to see programme results. Everybody says ‘we’re spending so much money, show us what you’re going to do with it’, (...) for internal politics exactly.

Desire for project success rate improvement – “I don’t think... it hasn’t been... our projects were not allowed to fail. It’s as simple as that. It could happen. We haven’t really had project failure. What we have had is project halting or project stops, but not because the project went wrong because of governance or issue like that. So we’ve really been driving that very strongly and monitoring that quite closely on a day-to-day level.”

Desire for portfolio rationalisation – “Yes we have. Over the time we have actually done that. W basically said ‘this is the way project are being run’, ‘this is how we do it’, ‘this is how we monitor it’, etcetera, and we have adapted that to suit the situation. (...)” HH: “But was it a driver for adopting PPM?” INTF: “No, not really, it’s just been a more pragmatic approach to making sure it happens.

HH: “Is there anything you would like to add, to this normative list or to the factors there (descriptive) as well?” INTF: “As to why we adopted PPM?” HH: “Yes” INTF: “I think it was probably just to
manage such a big programme. You have to have the control and visibility, otherwise you just lose sight of it and it’s just so big and so complex.” HH: “So on the other part it is the portfolio complexity?” INTF: “Exactly, that really is a driver, so the driver is the complexity and the driver is the visibility.”

HH: “You said the (PPM) adoption has decreased. Where would that be? One of the variables must have changed then. Was there less need for control and visibility? Or was there...?” INTF: “I would probably say there’s less complexity. When you think of where we are now it’s not as... it’s more certainty. We know we are rolling out the project.”

**Provided documentation**

No additional documentation could be provided due to both disclosure restrictions and limited time available for INTF to retrieve this documentation.
Case Identifier: Case G
Date & Time: Tuesday 3 July 2012, 10:00h-11:30h (NL time)
Interviewee initials: IM
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>5-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>6-7-2012</td>
<td>IM</td>
<td>IM’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>27-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor modifications based on IM’s feedback</td>
</tr>
<tr>
<td>0.4</td>
<td>Final</td>
<td>15-8-2012</td>
<td>H. Haasnoot</td>
<td>Minor modification (questionnaire answer 9.2) after e-mail contact with IM.</td>
</tr>
</tbody>
</table>

Case description

Table 25 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Insurance provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>1.5 years ago</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Manager of the Information Management department (de facto: manager of corporate PMO)</td>
</tr>
<tr>
<td>Type of projects</td>
<td>IT-related projects, internal</td>
</tr>
</tbody>
</table>

*Interviewee description* – Manager of the Information Management department, on the organisation-wide level (strategy and governance), so in fact he is the manager of the corporate PMO. IM has designed organisation G’s current PPM (governance) process together with his team, starting in 2010. IM has worked for organisation G since 2006. First as information manager (architect) and gradually doing more work for the PMO. IM has been team manager of the Information Manager and Project Controller team (planning & control) since somewhat longer than a year ago. Before organisation G, IM has worked for 11 years as IT consultant (information architect) at other organisations.

Project Portfolio Management in organisation G

*Timeframe under study: 1.5 years ago*

On 1 January 2011, the currently used tool (software) for PPM was introduced. There was “Not enough overview of which projects were running within the divisions. (...) It was often a surprise for
us when an investment proposal came up, and it was not predictable at the end of the year how much money was spent." It was not predictable what was expected of IM&IT. “We do need to facilitate, need to run these IT projects”. “Frequently we only knew 3 weeks in advance what the competence centres required.” “We could not steer proactively. We were stopping up the holes afterwards. We did have some overview on a very high level, the level of the board of directors and division chairs, but when it came down to project level, we worked with Excel, PowerPoint.” It took much effort for consolidating and comparing these documents from the various divisions. “Fortunately we had a senior manager that, content wise, knew about most projects. That’s the good news, but we were very dependent on him.” If he was ill “we had a problem”. This moved organisation G into using the tool. “Not with the goal to just use the tool, but for starting to work in the same way and with that create an unambiguous view. And from that, to be able to steer from corporate level and to make choices about which projects we would do at all.”

**Position of PPM in the organisation**

In Figure 10, the organisational chart and the positions of the central, corporate PMO, the per-divisions PMO’s and the project committee in organisation G are displayed. The organisation consists of various divisions, complemented with staff functions like Finance and HR and shared service centres. One of these shared service centres is ‘Information Management & Information Technology’
(IM&IT). The function responsible for corporate level PMO-like activities is called the ‘Information Management’ department. The Project Committee consists of four members. One of which is a member of the Board of Directors member (the person responsible for IM&IT). Also, the chairman of IM&IT is a committee member, as well as the Director Strategy & Governance and a Sr. Manager Finance. The Project Committee has been founded because in the past projects were just started by the divisions and required more budget at the end of the budget cycle. Or the divisions required less budget, which raised doubt about whether sufficient results had been achieved.

Each division has a small PMO, that focuses on all the division’s projects. These projects comprise IT-unrelated projects (e.g. a marketing campaign) as well as IT-related projects. The Information Management function acts as a corporate PMO, that brings together these IT-related projects from all divisions and watches the project interdependencies (with the other divisions). The corporate PMO has in its scope the large projects with an IT component. “There is a heavy IT component in the project committee. That is correct” this is because the divisions can spend the total divided budget on IT projects. There are other projects too, but this is out of scope of the discussed PMO.

The role of the Information Management department as corporate PMO

The Information Management department focuses on creating overview over the IT-related projects within the organisation. This comprises monitoring and controlling current projects, as well as consolidating the year plans that the divisionary PMO’s compile, advising about the prioritisation of this list and communicating the budgets, demanded projects and boundary conditions (for example related to the architecture used) for the projects to the divisions. About the functional location where projects are selected “We turn it around. In the past the divisions submitted a project portfolio. For example last year, the concept version summed to <removed: exact amount. A little less than 500M€>, although we announced that <removed: exact amount. It is approximately 350M€> was available. Then we started to adjust and eventually the final submission summed to <removed: exact amount. A little more than 500M€>” Divisions submit their projects and say that these projects just need to happen.

The portfolio is reviewed as follows:

- Quarterly, the divisions submit quarterly portfolio plans. The committee comes together and decides which projects will be executed in the upcoming quarter. (approves division plans) Also, the division chairs are present at this meeting.
- [4h] Monthly, the committee comes together for deciding about stage-gate reviews and the committee reviews the actual progress in comparison to the original plans.

The Information Management function (lead by IM himself) designs the PPM governance structure. Eventually the Project Committee decides about this structure.

“In the past it was like... 5 years ago the money was ‘splashing through the hallways’”

197
PPM Adoption

PPM Adoption in 9 variables
IM’s answers to the questionnaire as well as her answers and additional explanations and remarks are depicted in Table 26. The average results for each of the 9 variables is displayed in a radar plot in Figure 22.

Table 26 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>7.1</td>
<td>2</td>
<td>2,7</td>
<td>2</td>
<td>3,0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall average</td>
<td></td>
<td></td>
<td>2,4</td>
<td>3,6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 22 - Radar plot of PPM Adoption
Influencing factors

Self named factors (without having seen the factors in the model)

1. Lack of overview, lack of unambiguous, correct information
   - Not capable to actively steer
   - Not capable of quickly displaying the current situation at a given moment (e.g. budget spending prediction)

2. Less money became available (500M€ → 300M€) “so for less money, more needs to happen, but the most important thing is that the right things happen.” Organisation G could originally not realise this selection because information was lacking.

3. Required ability for quick, efficient response on environmental (e.g. market, legal) conditions.

Consideration of the model’s factors

Conditions

Relative resource scarcity – 1.5 years ago, money was less of a problem as compared to (IT) human resource availability. Obtaining human resources from the market has its limits, because these people all need to be managed too. “The bottleneck is on human resource”. Last year, a total of €501M of new projects have been requested, and eventually approximately € 320M has been spent on projects, and “this is what we can handle” so approximately 60% of what is desired to be realised, can actually be realised. “There is a large gap between what we want and what we can do.”

Complexity – “Regarding the volume, very complex of course. We have 900 projects, € 360M, large programs that consist of 20, 30 sub-projects that are very hard to link to the program. So tremendously complex.” Regarding dependencies, product-development projects are moderately-complex (various departments have to align for this). However, there is oversight for this on project level. IM considers this moderately complex because it the interdependencies are indeed complex, but manageable. This also touches on single project impact. “Not all projects are interdependent on all projects”. Altogether, IM considers organisation G’s project portfolio as very complex. Mainly because of its volume.

Organisational culture – “Organisation G’s culture is to steer tightly, also in the divisions.” But division directors are, from the past, used to being in control of their own division, without being overruled from above. “‘Why, board of directors, do you interfere with my projects? I take care of that myself!’ This sometimes leads to discussions on Project Committee meetings. Division directors sometimes need to be reminded that they themselves cannot decide about their project budgets, but that this is decided from the level of the Board of Directors. The divisions have done their portfolio management themselves for years, but that now needs to come together on corporate
level. The guidance from corporate level is “very tight”. Alltogether, management culture is directed towards tight management and lack of change readiness can be observed in high levels of organisation G.

**PPM Gap size** – “This gap size is large. It is large.” “It has become smaller compared to what we had 1,5 years ago.” As an indication of how much the gap has been bridged, IM grades (0-10 scale) the gap closure as ‘2’ for 1.5 years ago and as ‘3.5’ for present. The organisation has introduced a PPM tool, but failed to incorporate this with a methodology. Due to the various requirements from the different departments, the tool became so complicated that it was not being used anymore. The lack of the methodology implies the large gap size.

**Drivers**

**Organisational priorities** – No particular alternative organisational priorities inhibiting PPM adoption have played a role.

**Need for better information transparency** – This factor was mentioned ‘blindly’ already and is the key driving factor for organisation G’s PPM Adoption. Upon being asked which of the 5 drivers was most important to organisation G, IM answered this particular factor. “This is what it starts with”

**Need for better predictability of company results** – “No”, the organisational result is not strongly dependent on the project portfolio spend. E.g. sales have much more influence. Cost reductions from PPM Adoption will only have their influence on the long term.

**Desire for project success rate improvement** – This is something that needs to be improved in organisation G, in particular in the ‘build’ phase of projects. If requirements are not clear, halfway the project may need more budget and hence is less successful. However, although this factor is a desire from the Information Management side, it did not play a role on corporate level in the PPM Adoption

**Desire for portfolio rationalisation** – “Yes, absolutely”

**Provided documentation**

No additional documentation could be provided due to disclosure restrictions.
Interview Report – Thesis H. Haasnoot

Case Identifier: Case H
Date & Time: Tuesday 3 July 2012, 13:00h-14:30h (NL time)
Interviewee initials: Not used upon request of the interviewee. Instead ‘INTH’ is used to refer to the interviewee
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>14-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>18-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor changes made following INTH’s feedback</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>3-8-2012</td>
<td>H. Haasnoot</td>
<td>Interviewee identifier changed from INT into INTH to distinguish from anonimised interviewee identifiers in other cases</td>
</tr>
</tbody>
</table>

Case description
Organisation H is a public utility organisation. An overview of the key characteristics of this case is provided in Table 27.

Table 27 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Public utility organisation, semi-governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>2008</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Project and programme manager; Manager of the project department (temporarily).</td>
</tr>
<tr>
<td>Type of projects</td>
<td>IT, mostly related to organisational change; internal</td>
</tr>
</tbody>
</table>

Interviewee description – INTH is project and programme manager at organisation H. Next to that, since November 2011 he also temporarily manages the projects department, the department that works mostly with IT and business IT projects. He has worked at organisation H since 2008 and before that he has worked at a consultancy firm. INTH was invited into organisation H by the then CIO of organisation H for contributing to setting up a then not yet existing project department.

Project Portfolio Management in organisation H

Timeframe under study: 2008
“When I got into the organisation in 2008 there was basically nothing regarding PPM. It was just like for who screamed the hardest to the IT manager, a project was started. Sometimes not even a project plan, budget, approval and everything did exist. (...) It was very ad-hoc and informal”
In 2008 organisation H has started setting up a yet nonexistent project department. “There was just nothing. We have basically set up a full project department from scratch, gradually more shaping and formalising all processes, making sure that the decision making bodies would start to exist and would work. Now after four years you can see that in fact the foundations are there to some extent, but that matters like very formalised portfolio management are really only in their infancy. It is more ad-hoc based and based on individuals than that it is really locked into the organisation.”

Roughly 3 years ago organisation H has been supported by a consultancy organisation in again setting up the IT function.

**Scope of this case study: IT-related PPM**

This case study focuses on PPM related to IT. Organisation H also does other projects, but these are not in the scope of the IT department. Since INTH is involved with projects that are related to IT only, the other projects are considered out of scope.

Remark by INTH about IT as an organisational body, that is quite isolated from the rest of the organisation “we try not to, because the most important dependency that you see in projects is the commitment of the business for which you perform the project. At some point in time you just see that they also, or actually in particular, due to non-IT activity, cannot always deliver the promised or required resources and that that severely influences the throughput time of your project and eventually also the quality of projects. So actually this year we have started to consider, together with our asset management department (...) that plans and estimates actually all investments, that looks 20 years into the future for how the <removed: product delivery> of the future will look like ‘will we deliver more or less <removed: product>?’ This year we try to consider ‘which projects do you have in your roadmap, in your portfolio?’ ‘which projects do we have?’ ‘do you have the projects that we have on our planning in your portfolio too?’ because that should be the case anyway, in particular the large ones, because behind this asset management department is also quite some organisation with an investment committee, a supervisory board, for investments above given amounts. That applies for us too, if we for example have investments above, I believe, 1M€, we need to report about that again to the supervisory board. These lines were not as strict before, and we are actually now putting these together. But also to make sure that in particular these dependencies of large business projects are also linked with IT projects and we will be planning things in a crafty manner, or that we have the used software plan that, based on these dependencies.”

*HH: “You said something about an investment portfolio and a project portfolio, if I understood correctly” INTH: “Yes, but actually the project portfolio is also some kind of investment portfolio. Actually, the most projects that we do are investment projects. Very occasionally we say ‘as the maintenance department we also do replacement projects’ and these then are no investment projects (...) then you still have a large project, with an execution needs to be managed, then sometimes we are involved, but imagine <removed: example of a small project> then they just do it themselves.” (...) These are actually all different kinds of... portfolio’s almost (...) replacements are actually more like normal maintenance and that is something that we actually do continuously. Above that are the, that’s how I see it visually, the IT projects and these do have dependencies with the replacement that takes place with maintenance, and towards above to the business projects
they also have dependencies.” HH: “So it varies from operations to change?” INTH: “Yes, that’s how you could consider it. And in particular the business projects, as IT we deliver the tools, but it does require almost a change in behaviour.”

“In we have Asset Management. They basically take care of everything regarding the planning of investments, and that is actually the high-level portfolio management. However, although they do consider IT, they focus more on non-IT. Considering IT is actually more of a formality. For now, the scope would be the IT department only.”

“We don’t work with real IT project budgets. It’s just that the Investment Committee came up with a given budget per year, and a given part for IT and for IT projects, but if it is, let’s say, now 5M€ and it should be 6M€, than it just becomes 6M€ (...) than it is just added from the other (non-IT) budget.”

Position of PPM in the organisation

In Figure 23, a simplified organisational chart, from PPM perspective, of organisation H is displayed. Below the Board of Directors are various business and staff units, two of which (Service & Maintenance and Information Management) together form the IT departments of organisation H, of which the former focuses more on supply and the latter on demand.

The PPM within the scope of this interview is the IT-related PPM. IT-related PPM happens primarily at the Information Management and the Projects layers. The initiatives come from the business and are offered to the Information Manager. The Information Management department maintains a list of projects and initiatives. The Information Management department manager reports directly to the Board of Directors. Also, there is a monthly ‘IT domain meeting’ with one member of the Board of Directors and the two department managers. INTH delivers the reporting about all projects primarily to this level. And from this, the very large projects go to the Investment Committee and then to the Supervisory Board.
The Investment Committee consists of the two members of the Board of Directors and the managers of all business units and the managers of the staff functions finance and control, asset management and information management. The Investment Committee meets quarterly and decides about the prioritisation and the planning in time of all the large projects (budget roughly > 50k€).

About the organisation, INTH says:
“In the IT function of <removed: organisation H> we nowadays have 2 columns. One is called Information Management and the other is called IT maintenance, of which one pays attention to renewal and improvement and the other takes care of maintaining what is already there. (...) In Information Management we have three groups, we have architects, information analysts and project managers. Of which I temporarily manage one, of which I am also a part. (...) We do so in my own department (Information Management) with 7 own project managers and a same number of externals. Roughly 15 people. And like that we do some 20 to 25 projects at the same time.”

The PPM process in organisation H
“It actually starts with what we call a sort of ‘roadmap’ that we try to keep on making based on initiatives that are there within the business. With the help of the architects these are developed a little further and if at a given moment they are somewhat more concrete than we make a business case of it and if the business case is good we make a project of it, the project leaves our department and we transfer it to IT maintenance.”

“Somebody wants something, let’s call it an initiatives, then we log it somewhere (...) in a simple call-log system. Then what happens is that a functional manager (somebody who manages the IT system from a business perspective), that is how the most initiatives enter, considers the demand that is there. If he at some point in time things ‘well, this is actually very large’, this is not something that I can simply solve’ (...) ‘this is not something that requires a small modification to a given system, but a real change or a real renewal, than it goes to these people, the Information Architects and IT Architects. They meet every quarter with all first line managers (the managers of the business and staff units) and they discussed what they have heard here (from the functional managers), what else is going on, what the initiatives are, what they are planning to write in their next year’s departmental year plan, and from that emerges, if it seems like a project, an Excel-list. If it is something small we simply consider it the ‘change category’. Also financially we approximately have a boundary. This (change category) is roughly below 25k€, and this can theoretically be from 25k€ but in practice it usually is from 50k€.” About the in-betweens: “Sometimes it ends up on the one side, the other time on the other side. That is more of an accounting issue.” HH: “So continuously initiatives are being logged and these are assessed every half year? ‘What will we do with this? Do we want to continue with it?’” INTH: “Yes, exactly, and sometimes of course there are things that pass by in the meantime <removed: example about legal changes> and that needed to be in place last 1 July. Then you can’t wait for half a year for prioritising it first. (...) Then it is simply put in between and then what you see, this list, and I believe we have done that a few times now (recently for the 3rd time), we (Information Mgt and project managers) make some sort of project planning of it. (...) Based upon what they deliver, also the prioritisation is frequently already proposed. And then it enters the Investment Committee and then at some point they decide about it. And then there the discussion emerges about ‘what should maybe be done earlier, what should be done later?’ So it does come back another time. (...) And then at some point in time the output of that comes back.
Then we (Information Management) recalculate it and then we say ‘for now, the upcoming quarter, this is the plan’ (a prioritised list, that is also scheduled over time).” Projects go through a 3-stage stage-gate process. However, the stage-gate approvals do not yet work exactly as planned. “The intention has now been pronounced, but the process is not so much formalised and has neither worked that way yet. It’s really in its infancy because what you can see, also with the drawing up of the planning, we have done that now for a few times, the first time that it was there, our manager returned and I asked ‘so has a decision been made? Is it yes or no?’ and he replied ‘well, not everybody really agreed’ (...) You can observe that, while we are working on it, us from the IT function, but also sometimes from the business (...) cannot deliver sufficient capacity for us to do our projects. From our side they could easily be staffed, but at some point in time you lack resources (...) For example a department (...) has 3 or 4 large projects going on and they had deployed their own people three times to all the projects. (...) This has happened a few times and now you see them (business & staff functions) becoming very sensible for how capacity should be managed. Because if you have a project running, and you notice halfway that it starts to pinch, frequently the counter of external hires keeps on running and such a project becomes much more expensive and so the gains become lower. Many projects (...) are chosen based on the amount of money that they bring in. Operational excellence, the lowering of costs, is one of the main objectives within <removed: organisation H> and next to that the quality for the consumer. (...) So now you see that at least the prioritisation criteria are established in the last Investment Committee meeting. That gives us (Information Management) something to hold on to for making the planning.” “What you see, and that may be related to culture, is that choosing is very difficult for people. In particular not doing something is considered very difficult. ‘Maybe that disappoints somebody’ (...) in the management what you see is that frequently first some sort of consensus is required, and then they say ‘we will do this’. And as long as that consensus is not there (...) and if one keeps showing a sad face, then they don’t say ‘It’s OK like this’ and that sometimes makes it difficult.”

HH, summarising: “The overview of the project, and the ideas about that come from the project team below Information Management and these are offered every half year to the Investment Committee...” INTH: “Even quarterly. The Investment Committee meets every quarter and the alignment with the business and the Information Management people (the drawing up of the list) happens every half year” HH: “and the prioritisation of that list...” INTH: “Happens every quarter. So every quarter we consider ‘the projects have progressed so far’, than it can happen that some projects are finished earlier or later and of course this results in immediate effects for the follow-up planning.”

PPM Adoption

General judgement of interviewee

Baseline measurement 1 - “Here (2008) it won’t be far from 0, well maybe 3 or 5 (percent). (...) Now we may be halfway, maybe 40 or 50%. (...) In particular if you consider formalisation, there is still a lot to be done. (...) The greatest advancement made now is the observation that there are very many dependencies within the organisation so you should align broadly and you should broadly supported make project selection choices.”
Baseline measurement 2 – HH: “After this story, how do you think about it now regarding how PPM was and how it is now?” INTH: “The first point (‘was’) shall not be very different. The second point, I still don’t have a clue how you will weigh these things, but I don’t expect us to obtain a score above 50%.”

PPM Adoption in 9 variables

INTH’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 28. The average results for each of the 9 variables is displayed in a radar plot in Figure 24.

Table 28 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>7.1</td>
<td>2</td>
<td>1,3</td>
<td>3</td>
<td>3,3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Overall average</td>
<td>1,6</td>
<td>3,7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.2 Applied financial analysis techniques (before) – none / ROI
2.2 Applied financial analysis techniques (after) – ROI / NPV
9.2 PPM Software use (before) – none
9.2 PPM Software use (after) – MS project

Influencing factors

Self named factors (without having seen the factors in the model)
1 “The most important reason that I saw at the time (2008) was that projects were just running and they were for example taken up completely by an external party and they started working on it and then at some moment they just said ‘it’s finished, here you go’ and then they were three times over budget in time, three times over budget in money and you may know stories about ‘horror projects’, and then at some moment we said ‘we need to professionalise this a bit more’” HH: “So one of the reasons was, in fact, the disappointing project success rate?” INTH: “Yes”
2 “As a firm, but that is actually included in this success rate, you want to be able to steer on the quality that such a project delivers. It is actually just in time, quality and budget. Actually all these factors didn’t go as we wanted them to go. If a suppler simply decides himself in which direction to go (...) the only thing that he still does is sending the bill, that we then neatly pay, that is not a healthy situation. And being a public company, that cannot be sold (explained).

HH: “Is there another important factor?” INTH: “I think it all just has started here.” HH: “So the project success rate and the desire to be able to steer better?” INTH: “Yes”

Consideration of the model’s factors

Deterministic variables
Relative resource scarcity – “Here we certainly deal with scarcity. (...) Also at the time (2008).” HH: “In what area?” INTH: “Actually, at the time, in all. Maybe in particular not in the business area, because relatively not so many projects got off the ground and started...” HH: “What does that mean? ‘no shortages at business’?” INTH: “That (...) our clients, if I can call them that way, realised relatively few projects. So the pain was not in what we see now at departments, that they want to do so much at the same time that they cannot provide the people anymore.” HH: “The relative shortage wasn’t as large because demand was low?” INTH: “Yes, because not so many projects were running anyway for which these people were deployed. At the time that certainly was not where the pain was.” HH: “So actually the number of projects was low and the resources available for that were sufficient” INTH: “Yes, at some moment maybe 7 or 8 projects were running” HH: “And that could be staffed and paid for?” INTH: “Yes, also at the time an investment request was required of course, but based on relatively simple foundation on half an A4 that was simply rewarded, an investment project of several 100.000k€ was deployed. And if you had approval one time, one almost never looked back whether it stayed with that. By the time it was there and the costs were twice as high, then ‘fine’” HH: “So, concluding, this was not so much of an issue. It dealt mostly with the demand side. There was not so much demand for projects.” INTH: “No (confirming), at the time not yet.”

Complexity – INTH about volume: “That was coming up for us, because <removed: organisation H> had just merged in the middle of 2007 (...) the organisation was getting larger, plus that since January 2008, when the new organisation started work, and the year plans of course contained all kinds of things that one wanted to have realised. So volume was something that was coming up.” HH: “I can imagine that a merger brings about many change projects too, in order to make the merger itself succeed” INTH: “Yes, at that time that was also in the pipeline.” “and dependencies, that increase together with the volume”

“in this area (impact & single project uncertainty) we did have a few, because at the same time we were also starting a cooperation with <removed: another firm in the same industry>, and consequentially in our SAP-system we first have migrated the systems of <removed: one of the founding firms of organisation H> and after that the systems of <removed: again the firm in the same industry> (...) at some point in time there were six migration projects (...) so the impact is large, but at some point in time you can do the trick so then you can quite accurately determine the outcomes.” The impact is large, “because it deals with very many customers (...) and the smallest set was 250.000 customers I believe, so it immediately deals with considerable numbers.” On average “I think also the single impact of projects was increasing and that is a little bit in that (uncertainty), that they started working with new technology and support for problems. So out bound collection employees got new applications on a tablet or at that time a PDA, that was new.” HH: “And if we bring this all together, how complex was <removed: organisation H>’s portfolio in 2008?” INTH: “Then it could just be overseen, but you saw that what was in the pipeline, that what came into the portfolio for being put into the production process, like a funnel which you just pour it into, the funnel was getting filled rapidly on the top side.” HH: “So in 2008 it could still be overseen, but one saw coming up that it would get more complex?” INTH: “What was running at the time was easily manageable with a few people on the backside of a beer coaster and what we saw coming up was surely a lot more”
Organisational culture – About management culture: “What you can see is that organisation H’s management is very yellow and green. Yellow in the sense of creative and green aimed for cooperation, social. And what they lack regarding colours is red and orange, so competitive and making choices. And also blue is lacking quite much, so structure and organisation. (...) I must say that that is what I notice too regarding the portfolio because what you can see is with this list we’ve drawn up, actually very much dies a silent death there at some moment in time.” HH: “No clear decisions are taken and it is simply no longer discussed anymore” INTH: “No, and then at some moment in time the architect says ‘this is outdated already, never mind’ and then it is taken from the list. In that sense not so much has changed.” HH: “To what extent does the management want to steer themselves” INTH: “They prefer, of course, that you take on everything and ...” HH: “And to what extend do they convert that in deeds?” INTH: “No, and moreover I appreciate that the Board of Directors blocks this, because one of our directors, in charge of our supporting functions and staff, has a finance and control background himself, steers very much based on the principles costs down and improvement of the quality for the customer, like ‘what do all these little plans yield in these areas?’ HH: “And if we consider this of board of directors level then there is this desire for steering?” INTH: “Yes, yes, yes” HH: “And was this the case four years ago?” INTH: “Well, the director that is currently there, he was manager finance and control at the time, and it at some point in time was organised under that, so you saw that from that angle he started tightening the strings, also for the rest of the business to start this discussion ‘nice project, but why do we actually do that?’” HH: “But if we consider top-management, the directors?” INTH: “At the director level this is and was OK. At the time it was a board of directors and they blindly relied on the manager finance and control. If he said ‘yes, we should do this’, then it happened and if he said ‘no’ then it would not be done.”

About change readiness, the resistance against shifts in power balance due to PPM: “I think that is quite strong, and then all these people would say this is not the case, but because of this green (personality description) people look at each other very much. If everybody agrees, than we will do it, and otherwise we won’t. So setting up a system in which three or four people decide is something that I do not expect to happen soon.” HH: “one is not really waiting for that, I understand” INTH: “No (confirming), at the time this was already not the case and now still not and I think that is also one of the reasons why the formal side of practicing PPM very gradually takes steps. Because they consider this a bit scary because then ‘something is recorded and somebody decides and then I may have lost some of my power” HH: “So one is a bit reserved in that?” INTH: “Yes”

PPM Gap size – About the gap size “that is very large. I think that in an organisation as organisation H) it may take another four years to get this right.” HH: “Why is that?” INTH: “I think particularly in the management culture”. Organisation H does have a project management methodology in place already. “We use PRINCE and organisation H) has its own variant of that (...) All these kinds of things actually are there” Another gap, according to INTH, can be attributed to a change-readiness related element: “I think most people do accept and understand the principle of planning, but actually doing it like that in practice will be the bottleneck” About access to PPM knowledge: “that may be a point too. You can see increasingly that for many governmental and semi-governmental organisations not the cheapest employees for this job are available from the market and that sometimes that is very hard to fit with CEA’s and reward systems. So I think that that plays a role here too.” HH: “So this access is hard because the people with
knowledge that are required are consultants, for example, that cost very much” INTH: “For example, yes and if you would employ these people directly that could for example perform such a PPM function, it is quite hard to find them. (...) There is scarcity in the market and that simply means a higher price.” HH: “So overall, the gap size at <removed: organisation H>...” INTH: “Well... basically it is there, if you would consider the total, yes it does play a role but it is not that we couldn’t realise it. (...) it can be bridged. In the firm you see many people anyway with a more technical background and more often that are more blue people that can very well perform these kinds of PPM analyses”

Normative variables

Organisational priorities – HH: “Did this play a role at <removed: organisation H> in 2008?” INTH: “No”

Need for better information transparency – “Better information (...) ‘if, as the business, I have an idea now, when can I expect that you will do the project?’ and also ‘but if we will do it (predictability), do we also have sufficient people, do we have a project manager, do we have budget?’

Need for better predictability of company results – “In particular this one, the costs of a project, how long it takes... imagine that the business (...) has a project, that frequently includes testing-work, we have people from the business that test that. If we don’t have these people available, than in fact the project is on hold or it is on half speed, because we staff much with external people the costs for these external people simply keep running. That means that the costs of a project (...) and with that also what you depreciate for the project does influence the results of the firm. In addition, many of these projects, and that is from the other side, a sort of lever, should also sometimes realise a cost reduction. And then you doubly get it.”

Desire for project success rate improvement – According to INTH, this was the original reason for organisation H to advance in PPM Adoption. See general remarks below.

Desire for portfolio rationalisation – “At the start this was definitely not an issue (...) not a reason for which we wanted it (PPM). It is now starting, in particular because the discussion is emerging of ‘why me and then not you?’. And then it’s ‘some things are simply in line of the goals of the organisation and yours is not, so currently not yours”’ HH: “So if I understand correctly this was not one of the first drivers, but it has come up recently” INTH: “No (confirming), it is only a discussion that is coming up now. Now that we present the planning this openly, this discussion is emerging.”

General remarks about the normative factors - “It started with this one (desire for project success rate improvement) (...) after that came I think the organisational priority, the discussion ‘where is the organisation heading?’ and ‘to what extent do the projects that we do contribute or not to objectives” This is actually the desire for organisational strategy realisation, which is not in the model. (...) The next important one was, at least for <removed: organisation H> the resourcing. “That really was a co-cause, that we saw that so many projects were coming up that we realised that that was one of the most important things that we needed to start managing.”
Provided documentation

**Item H1 – Investment Committee decision list, dated April 2012**
Overview of the decisions made by the Investment Committee in their meeting of April 2012. Includes the decision to change the way PPM is managed and the reasons for that.
Reasons: ‘better budget control’ and ‘due to the new way the organisation is set up’
Major changes:
- ‘stage gate decision making process’, includes drawing up a business case and a project contract before the budget is made available
- Reliability requirements for the business case and project contract

Furthermore the document contains decisions about large projects and processes, including approvals of modified project plans.

**Item H2 – Presentation about the IT project portfolio process, dated June 2012**
Contains reasons objectives for why the portfolio process has been modified; the contents and boundary conditions of the portfolio; the mechanism for prioritising projects; an overview of the current planning over time of the projects in the portfolio; and suggestions for changes to the PPM process.
Reasons for modifying the portfolio process:
- Many requests (large & small; often ‘urgent’; short-term solutions ignoring long-term view)
- Pressure on the organisation, which has an inhibiting effect
- Doubts about whether the right things are done
Interview Report – Thesis H. Haasnoot

Case Identifier: Case I
Date & Time: Wednesday 4 July 2012, 9:30h-11:30h (NL time)
Interviewee initials: PV
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>24-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>1-8-2012</td>
<td>H. Haasnoot</td>
<td>Minor changes based upon PV’s feedback on version 0.1</td>
</tr>
</tbody>
</table>

Case description
Organisation I is a municipality, being of the 25 largest Dutch cities and with a population over 125,000 people. An overview of the key characteristics of this case is provided in Table 29.

Table 29 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>City municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>2010</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Among other tasks responsible for the development and implementation of the city’s investment agenda for 2030</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Organisational change (improvements for the city)</td>
</tr>
</tbody>
</table>

Interviewee description – PV has worked for organisation I since 1980 in various roles. He has done much research in the field of housing and spatial planning. He has been involved with the vision 2030 project which is the vision of the city for the year 2030 and its accompanying investment agenda. PV has, among other roles, been project leader of this vision and investment project. “Consecutively it has become a sort of regular activity and my task has been taken over by the financial disciplines that we have in house. They just need to apply it in a regular manner.” Currently PV is staff member of the municipality’s CEO and he is working on regional governmental cooperation in the region (neighbouring municipalities, metropolitan region).

Project Portfolio Management in organisation I

PPM in organisation I
The process under study is the selection of investments for the future of the city. In 2010, the most recent version of the city vision has been constructed, this time aimed at 2030. Based on this vision, an investment agenda has been made, an agenda for the (change) investments to be made over the coming years. This agenda comes with decisions about which investments will and which will not be made, as well as the organisation the underlying information required for these decisions. The
investments decided to make, are executed in project form. Hence, although the name project portfolio is not used by the municipality, the process is about what PPM is about and can hence be considered PPM.

The investment decisions are ultimately made by the city council, based on the information provided by PV and colleagues, as well as on political tradeoffs.

**Evolution of PPM in organisation** I
A future vision for city I has been made before too (approximately 6 times) and is re-done roughly every decade. The vision before the one of 2010 was composed in 2000. With the composition of this vision in 2000, a first attempt was made to complement the city vision with an investment agenda (so not only goal-setting, but also planning how to accomplish those goals, in fact strategy implementation). At the time, this has not worked out. Now in 2010 this has been attempted again, and it is still very difficult to make that work.

In the years before, municipality I was “quite spoiled”. The city was appointed as a new town and with that came much money from the central government. “It was quite easy here. The fried chicken just came flying in through the windows (…) and that is over now. We are at the borders of our growth. Because we were building, we created an enormous (…) piggy bank. We had quite a prosperous development company (…) we have made enormous profits on these (new) districts and of that we could consequentially do very nice things. To build a theatre (for example). Anyway, this money stream is now drying out. We cannot build anymore in large numbers and so the incomes of the development company are decreasing. And this has been leveraged by the crisis.” Consequentially a resolution was adopted stating ‘we should reserve more money for the future’. “This scarcity for money is really becoming visible. It now comes down to deploying this little bit that we still have as efficiently as possible.”

**Position of PPM in the organisation**
In Figure 25 – Simplified organisational chart of organisation I(Figure 25Figure 10Figure 10 - Organisational chart of organisation B, with the position of the PMO and PRB

a simplified organisational chart of organisation I is displayed. At the top is the city council, the members of which are elected by the citizens of city I (by default every 4 years). The city executive board is appointed by the city council and, together with the Mayor, takes care of the daily management of the city. The city’s CEO reports to the executive board. Below the CEO are various functional divisions (comparable to ministries in the national case), and staff functions for supporting the city government. The city council ultimately decides about the selection and prioritisation of projects in the investment agenda.
The need for making investments
The need for investment in the future can be explained by rankings relative to other Dutch cities, in terms of quality of life. “If we don’t invest enough (...) the consequence will be that we will become weaker and weaker in social economical terms. If this goes on for too long than also this line (quality of life, decreasing) will continue and then eventually (...) we will become the drain of the Randstad (the western region of The Netherlands) and (...) well-off people won’t come to live here anymore. The inflow will become increasingly weaker and then that becomes a spiral. So what we do, this quality of life needs to go like this (upwards) and that is why one needs to invest so much.” The picture in Figure 26 gives an indication of one of the indices in which the social economical quality of municipalities measured. Besides the Residential Attractiveness Index, there are also other measures, one of which is the social-economical index.
The need for a project selection mechanism

Furthermore, there are “mega large cost cuts” for municipalities. Annually organisation I needs to cut costs by roughly 5%. 15M€ is “very much on a 300M€ total budget.” These cost cuts are exactly opposite to the need for investment. “The urge for a balancing method was only increasing, so we rapidly needed to come up with such a balanced list (of projects). To make such a trade-off is mainly, as we say it, making transparent which steps you make. Already then you make quite a progress.” “This overview only was already experienced as a relief.”

8 ‘Residential Attractiveness Index’ translated part-by-part from the Dutch word ‘woonaantrekkelijkheidsindex’
Two attempts
It started at the end of the 90’s. At that time the second most recent future vision was to be developed. At that time “the awareness came that the money stream would dry out.” Then, it has also been attempted to make an execution programme, an investment methodology. But the financial situation deteriorated. “There is no more money to spend’, so it didn’t work out.” “So then a first attempt has been done. For the future vision of 2010 the council has said ‘now it must work out’, but also now it is threatened to fail (the money stream is drying out and there are strict cost cuts).” What does however not happen now is the consideration of stopping projects that are already in execution. Politically this does not work. “In business one can much more easily <removed: example from business practise in which projects were killed easily>, also due to the governance structure, the hierarchy. That is not possible here. This echoes much longer.”

The steps taken to get to a project selection mechanism
“So we have taken these steps. ‘Which projects are going on at all?’ It is unimaginable that in a municipality as this one did not even have a total overview of everything that was going on. And if one had an overview, then that was a fragment. For example, of all spatial planning projects (...) that is well taken care of.” Per department, per management there frequently is an overview of projects. “But a total overview that also include projects about inhabitants and for example the replacement of computer systems (...) such an overview was not even there!” The second step is ‘first just sorting these projects too’. ‘In which stage are they actually?’ ‘Have they been approved by the council already or are they still in the phase of ideas?’” --- Organisation I does have a stage gate system. “First you make a business case... (...) that is how it works indeed.” --- So we said ‘we first need to know what we are up to’, ordering (the projects) because we had not even done that. Then we should try to determine the added value of these projects. That is of course the hardest. Then we should look ‘what is our pile of money that we can employ?’ and then on the basis of this added value we can trade off ‘which can we serve?’ ‘Which investment projects can we realise best?’ And then you also need to take a look at ‘this is what we think as government, but most money must come from third parties, so what is their stance?’ Third we have said ‘we have such a large quantity of projects’, the portfolio contains much more than 100 projects, and ‘we should apply more focus because otherwise we cannot communicate it anymore.’ So we should also designate key projects.”

The project selection mechanism
The city vision 2030 consists of 9 strategic goals, 8 of which are fairly mutually exclusive (e.g. ‘offering a future for every neighbourhood’ and ‘focus on public transport’) and one (‘realising sustainable development’) is interwoven with the other 8. A panel consisting of 10 key members of the city’s civil service staff individually scored all potential projects for their contribution to each of the goals on a 9-point scale (ranging from -4 to +4). The average score results in a performance profile. Combined with the cost/benefit profile this delivers a measure for the fit of each project. The prioritisation decision was made based on the performance profile, cost/benefit profile and the balance of the total portfolio over the 9 goals. The order of priority was determined as: first all projects already in execution; then government promises (political priorities); then legally mandatory projects; and after that the best performing projects in terms of performance profile, cost/benefit profile and portfolio balance. After this selection, projects were bundled into ‘key projects’ (similar to programmes) to create synergy.
Important moments in time regarding the PPM adoption

In 2010, the investment agenda has been included into the municipal annual budget publication. This came with the decision that ‘PPM should be practiced’ “We will make sure that this methodology will be applied annually (...) the council has taken that decision (in 2010) (...) so it has not stayed at the level of nice words only” In 2011 and 2012 this agenda has also been included. For 2013 this should also happen, but due to the large cost cuts this is currently a low priority. “There is not much to choose from (...) the politicians say ‘it would already be nice if we can still continue what has been started already’ (...) so the luxury to still deploy a pile of money and for that determine ‘how can we deploy this money best to further develop the city?’ has already disappeared. That is our big problem. I personally disagree with that, because that is hiding one’s head in the sand. Now you should, as municipality, make sure that this pile of money is there. So you should in fact cut so much costs that you can fill this pile of money for development investments. (...) that is the problem of politics. That has a planning horizon of 4 years (the default term of a Dutch local government) (...) A company does do so. A city government is, almost per definition, short term politics.” This need for making an investment agenda is in no way obligatory on the authority of higher (provincial, national) governments. “In fact the situation is now ‘this method is not required’, because there is not much money to spend.”

Timeframe under study: 2010-2012

In 2010, the new approach to PPM was introduced as a consequence of the new future vision for 2030 and its accompanying investment agenda. In 2010 the city council formally decided to apply this selection system.

PPM Adoption

PPM Adoption in 9 variables

PV’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 30. The average result for each of the 9 variables is displayed in a radar plot in Figure 27.

Table 30 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>‘Before’ rating</th>
<th>Average before</th>
<th>‘After’ rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>Because of severe lack of investment budget our method isn’t used at the moment, but next year we will introduce an upgrade which will be manageable.</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>We use a method, which we developed ourselves</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>Our main risk is the willingness of institutions and firms to invest in &lt;removed: city I&gt;. At the moment a very great risk! The method is considering this risk.</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>The method we developed takes into account a lot of</td>
</tr>
</tbody>
</table>
As I told you especially the budget is a constraint. There was always a selection of projects, but not based on our ambitions for the future. Our method is especially interesting because we succeeded in measuring the effect of investments on our goals for the future.

Because of severe lack of investment budget our method isn’t used at the moment, but next year we will introduce an upgrade which will be manageable.

As I told you there is a paradox in the way our community council acts; on the one side they want transparency but on the other side they want to have the freedom to make choices because of political reasons. So the method is accepted, but the results are no more than an advice for our council.

Check & balances are part of our method. For instance we verify that there is a balanced remuneration of our objectives.

Our model is designed with Excel.

Our named factors (without having seen the normative factors in the model)
1 Scarcity of resources – “we come from a very luxurious period, but that is turning in a
tremendous way. Already now, but in 2017 the development company will not yield anything
anymore. (...) we need to consider even more ‘where do we deploy our money”

2 Improving the decision process – “it is also related to these endless discussions in the city council
of ‘do we really need this?’, ‘should this happen at all?’ every party has its opinion about this and
if you could unambiguously visualise the effects of a project, that discussion becomes less
confusing.”

Inhibitors (mentioned already earlier on in the interview):

3 Political inertia – “Political inertia explains for an important share why this technical approach
(PPM) is hard to introduce after all. And this can actually be only introduced if a municipality has
the luxury of an enormous pile of money” and: “A city council does not have one purpose: to
make profit. One has a versatile, many-headed goal. That makes why it is quite hard (...) a lot
more plays a role (...) What is also is going on (for example), is that a citizen from <removed:
particular district of city I> is complaining about whatever. That should also be served. The daily
politics. (...) To capture this all, that is very hard.”

4 Lack of familiarity – “In the government landscape, one is not used to thinking in this manner”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – “The resources to maintain what we have developed are secured well,
but resources for upgrading things (...) that is dramatic.” Less than half of the potential projects can
actually be executed. “Not even half of it”

Complexity – “The portfolio complexity is very high” The volume of the portfolio is about 100
investment projects, counting only the projects for developing new things (change), not
maintenance of what is already there (operations). The project budget amounts approximately 20 to
30M€ annually. Projects are “very strongly dependent on each other. Implementation bottlenecks
are not necessarily the problem, but the interactive outcome is. E.g. project A and project B would,
by themselves, without the other, deliver little value. Only when both are completed they would
yield. <removed: example by PV about two interactive projects>. Technology dependencies are less
applicable. Single project complexity varies from “relatively simple to super-complex and on average
I think they are complex and they are becoming increasingly more complex because our projects are
increasingly playing in the already existing neighbourhoods.” This is a new way of working for
organisation I. “Of course I can’t compare to projects done by companies or the national authorities.
But I think they are complex and getting increasingly more complex”

Organisational culture – Change readiness: “Initially one is enthusiastic, but the enthusiasm
decreases because the financial situation in the municipality has deteriorated to that extent that one
starts experiencing it (PPM) as inconvenient. (...) If you want to keep on applying this (Organisation
I’s PPM system) then you should actually create investment money. (...) That readiness is currently
very marginal. (...) Two years ago one was enthusiastic about this and also something could still be
shared. In 2 years time (...) the political agenda has changed enormously after all. So now expenses should be adapted to incomes anyway. And so now the commitment is very low. Although everybody in their heart does say ‘this (PPM) should actually happen’. The political commitment is present in words, but not in deeds.” With ‘one’, management, city government and city council are meant.

Top management culture: In business terms, the city government can be considered the equivalent of a board of directors or executive team. The city council can be considered the representatives of shareholders. Here, the city government is to be considered as ‘top management’. About the extent to which top management wants to keep control over the business, PV says “very large here, I think that the city government is slightly too much playing the roles of the ‘real management’ (operational directors) (...) the attitude here is quite strongly directive.”

PPM Gap size – HH: “To what extent is knowledge (of PPM) present?” PV: “Very little, this is in the heads of a few people. And with that it is very vulnerable, because if these people have an accident tomorrow then we can start again” HH: “And to what extent is it easy to hire consultants for this?” PV: “Not, no, that’s not allowed anymore. That is almost... the hiring of third parties is allowed only very restrained. (...) I have tried to improve this methodology together with companies, with consultants, but for that at this moment there is no budget available for this.”

Current organisation: “We have invested much in project management, so that project managers manage their project well (...). That does pay off, but what’s not going well yet is that the results of these projects are not related much yet to the ambitions of the city’s vision. It is written down in words, but expressing this added value in comparable units, this step forward has not been made yet. (...) Actually you should express these projects in a Gross Local Product (...) and that is of course very difficult, for example to make effect of the construction of a school comparable to the construction of a road.”

Normative variables

Organisational priorities – This factor has not played a significant role in organisation I’s PPM adoption. “No (...) I can’t say many sensible things about this”

Need for better information transparency – “The second (need for ...transparency) was the case. That is very obvious of course (...) a city council wants to see ‘what is the effect of this project’, so it needs transparency. That consecutively, in the decision making they throw in all their political motives that is something one should accept, that is democracy after all, but that is hence a very important drive. We should, as civil service, show ‘objectively determined this is a sensible project’ and that one in the council for her motivating reasons deals with that differently, that is of the council’s business (...) but this need for transparency is very large. (...) The ordering of this list, to stage and in which period they will cost money (...) that alone helps enormously already.”

Need for better predictability of company results – “This plays quite a role. The financial risks... A municipality - a government - may not take financial risks, because it is not a for-profit organisation. (...) One actually wants to know too much about what it will all yield. A nice example is <removed:}
example of a bid for an international event>. Very much discussion is only about financial risks. Market parties are involved in this, roughly in the ratio 20/80, imagine that the market parties don’t do this 80% that will be required later, how will it work with the 20% that we invest in advance? For a city government, the fact that is this certainty, this leverage, will also have effect, is quite large (the certainty that there will be a positive effect is strongly required).”

**Desire for project success rate improvement** – “This does also play a very important role. That is of course inherent to governmental organisations, the sluggishness, that is just the way it is because so many stakes need to be traded off, things do not go as fast as in a company. <removed: example of quick changes in business> That can of course not work in the government landscape, so there is a demand for speeding up. For projects over time… to not let it get out of hand. The desire to limit that is quite strong. Also, all kinds of national legislation is aimed for, in particular in spatial planning, that they will less be affected by all kinds of procedures of people having complaints etcetera. So there is a clear need for obtaining quicker gains.” HH: “To what extent was this direct driver for the investment programme?” PV: “No, that has not really been named as driver, but what did happen was the realisation that we were dealing with too much at the same time. In that sense it does have a function. That is why we have introduced these key projects. We can’t do all at the same time. A city council has two faces. On the one hand they want more transparency, but on the other hand they also want all kinds of things. They just shout ‘we want this’, ‘we want that’, they are not held back by ‘can this all be done?’ (...) That is related to this short-term…”

**Desire for portfolio rationalisation** – “That is a... in word and in the heart one wants this. But there is still some sort of ambivalence. In practice this is hard for members of the city government and city council. It is a political game after all, that is being played. And that disrupts it. And maybe you should say ‘we should then accept this as given.’ That is being played, this political game, that is one aspect, and this desire for transparency, and what you then need to do is to make sure this matches as well as possible. And if you manage to achieve that, then you have achieved your goal. You can’t get any further, it will always be there” HH: “So rationalisation is a goal, but it is unlikely to be fully achieved?” PV: “On the other side you will always have this political reality where impulses play a role. To harmonise that as well as possible, that is your goal. (...) In the world of government you won’t achieve 100% rationalisation.”

HH: “Do you have anything to add to the drivers? Something that is possibly not in this list?” PV: “No, I believe I have now said everything.”
Provided documentation

Item I1 – City budget publication [2012]

Booklet of the financial plans of city I for the years 2012-2015. As mentioned in the section about ‘important moments in time’, one of the chapters is indeed dedicated to the investment agenda. In this chapter, the need for an investment programme is explained: “municipal expenditures should not only be aligned with what the municipality wants to achieve in the coming 4 years (...) but also with what the municipality wants to achieve in the long term.” Also, the cost-cutting inhibitor is mentioned: “the financial-economical crisis and our huge task for cutting costs have made the composition of the investment agenda more difficult” It cites 6 decisions made by the city council in 2010 about the investment agenda. The first two of which are: (1) “The investment agenda will be composed annually as a component of the city budget” (2) “The evaluation of expenditures for the long term challenges is executed in an integral, transparent manner. The criteria that are used for that will be evaluated annually” The amounts for the investment programme are mentioned. This adds up to over 80M€. Furthermore, the 9 strategic goals, the method used for project selection and the projected balances for the various key projects are mentioned. The strategic goals and the project selection method correspondent with the explanation in this very report based on the interview.

Item I2 – PowerPoint presentation, used by PW to inform the municipality staff about the investment programme [2009]

In the introduction of the presentation, the rationale for having a PPM practice (the investment agenda) is explained: “The method for trading off which projects will be placed from the gross list onto the investment agenda, because our financial capabilities are not sufficient to do everything and also not everything is as sensible. So priorities need to be set”. Also, the 9 strategic goals are mentioned and the use of the investment agenda for balancing projects to meet all these goals in a balanced manner, as well as the need for investing, in order to maintain high quality of life statistics. Furthermore, the upcoming decrease of resources as a consequence of decreasing profits from the development company and decrease of funding from the national government. Another section of the presentation explains the PPM procedure, conform explained in this very report, and again another section shows the results of the project selection so far, for example mentioning 5 key projects.
**Interview Report – Thesis H. Haasnoot**

Case Identifier: Case J  
Date & Time: Wednesday 5 July 2012, 14:00h-15:30h (NL time)  
Interviewee initials: PL  
Interviewer: H. Haasnoot (HH)

### Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>5-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial, incomplete version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>6-7-2012</td>
<td>PL</td>
<td>PL’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>1-8-2012</td>
<td>H. Haasnoot</td>
<td>Modifications based on PL’s feedback and completion of the report</td>
</tr>
</tbody>
</table>

### Case description

Organisation J is a semi-governmental service office, working independently of, but directly in relation with the national government. The responsible minister cannot interfere with the daily business of the organisation, but via detours (e.g. firing the supervisory board) influence is technically possible. A specific description of the organisation’s services is not possible in this anonymous report.  

Table 31 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Semi-governmental service office</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>Multiple: 2000, 2006 and 2009</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Head of Project Management Services</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Strategic projects and service development projects with an IT-component</td>
</tr>
</tbody>
</table>

*Interviewee description* – PL has been Head of Project Management Services for approximately 10 years now at organisation J. His current role is to lead the project and programme managers that do projects with an IT-component. “No cultural change projects, no housing projects, because there must be an IT-component in them”. His team is not part of the IT department, and neither part of a business department, but it is a separate unit. PL is responsible for (1) project management methods, well trained project and programme managers, etcetera, and (2) advises the board regarding the portfolio (risks). This role description has been current for the last 4 to 5 years, but in the years before that, he was also already involved in Project Management at organisation J. Since 1.5 years, PL is also responsible for the whole architecture management, considering how this influences the project portfolio management at organisation J.

### Project Portfolio Management in organisation J

**Position of PPM in the organisation**
In Figure 28, a simplified organisational chart of organisation J is displayed. Organisation J has three main divisions, each of which, besides the division’s director, also has a director ‘matter policy’⁹, to whom the Project Portfolio Manager of the same division reports. Besides the Board, two functions are involved with Project Portfolio Management on corporate level, being the IT Governance Board (IT-GB) and the Project Portfolio Board (PPB).

The IT Governance Board (IT-GB) is chaired by the Board of Directors member who is responsible for IT in organisation J, and furthermore consists of the 3 division directors, the 3 directors ‘matter policy’ (one from each of the 3 divisions) and the head of IT. The IT-GB does officially not decide about the project planning, but advices the Board of Directors. Ultimately, the Board of Directors formally decides about this planning, but in practice they always follow the IT-GB’s advice.

The Project Portfolio Board (PPB) has been established last year (2011) as a PPM function that is overarching the three divisions, with no particular interests regarding the realisation of functionality or strategy. PL himself is the chairman of this PPB. The other members are the individual Portfolio Managers from the three divisions. Together they solve problems regarding the overall portfolio management. In the future, the PPB will also be focussing on prioritisation of projects, but currently not sufficient information is available for properly doing this: “what we should look at more is ‘how are things with prioritisation overarching the projects’, etcetera, but then information should also better come to us.” The regarded projects “are always projects with an IT-component”, and are frequently related to new products and services. Due to the nature of the organisation, new products are always related to data and hence to IT.

The PPM process in the organisation

⁹ ‘matter policy’ is a part-by-part translation from the Dutch ‘materiebeleid’. Consulted dictionaries and websites did not provide a translation for the full word itself.
“Annually a multiple-year policy plan (MPP) is drafted. This is often mostly a review of last year’s MPP. This takes place first. After that, the planning for the year after that needs to be determined. The MT provides a particular boundary conditions for this. For example ‘we think that in total we should spend this amount on IT this year and in the next year.’ So for this already a ceiling is provided. (...) We actually work with three portfolio’s, that is a portfolio per executive board. (...) Then, per executive board, considering the MPP and also last year’s portfolio ‘what are the currently executing projects and how much will these consume in a given year’, it is considered what projects need to be done to realise the MPP. (...) 99% of the projects contain an IT component, so actually the MPP is one-to-one also the project portfolio.” “So these make a specification, indicating how many IT (human) resources are required for a particular project, how much project management capacity, etcetera, etcetera. This happens per executive board in a portfolio. Then this is consolidated (...) then on the right side below the line an amount rolls out, which is by default much too high. And then this goes to the IT Governance Board” The IT Governance Board gives an indication of where the total budget should end, based on last-year results, market circumstances, etcetera. “Then I, being chair of the Project Portfolio Board, am assigned to come up with a proposal in the Project Portfolio Board towards the IT Governance Board, consulting the business-portfolio managers regarding their respective portfolio. So actually I perform the direction of it all. If the proposal passes the IT Governance Board, it is brought towards the Board of Directors and then we have the planning for next year.”

**Timeframe under study: 2000, 2006, 2009**

This case study is different from others in that sense that not one moment of intervention is studied, but three. PL has been involved in Organisation J’s project management and PPM for that long, that he recalls multiple turning points in the way PPM was organised, the first being approximately in 2000, the second around 2006 and the third around 2009.

2000 – Around this period, the first movements toward centralised PPM took place, comprising the first corporate-level project overviews and governance structures. “We came from a period, approximately 12, 13 years ago, that IT-expenditures were rocketing. It was the situation that particularly IT was directed completely from the matter directions (...) projects were just started. Apparently there was abundance of money, so there was not a single break on IT expenditures. Then we have calculated that if it would proceed this way, we would shoot over 160M guilders (≈75M€) (...) maintenance costs are steeply rising, so the level on which we can later do renewal versus maintenance, that window is continuously getting smaller.” For example because the application landscape is getting larger. “There was nobody that paid attention to this. And then it has been decided, also for other reasons, (...) to recalibrate the corporate staff. Because at that time organisation J was a decentralised company, in which every province had its own Board of Directors, and operations were executed (...) IT was a sort of shared service centre. And then it has been decided to (...) remove a large share of the IT responsibilities from the Matter Directions. (...) Then a direction IBP was founded (...) for IT policy, architecture and Project Management. This worked as follows. A matter direction said ‘I want something’, then a Business Case was drafted by IBP people. Next, the Business Case was offered to the Board of Directors. At the moment this was approved by them, (...) ‘this is the budget’, that budget went to IBP and they became responsible for the execution. A very weird situation, but this was related to that the business had tremendously let it run out of control. And then what happened? The director IBP was also busy with other things, so he
said ‘hey, I have a lot of projects here’ and by definition at that moment I (PL) was sponsor of all kinds of projects. And then you develop a need for some overview. (…)” So PL made an overview of which projects were running, the available budget, etcetera. “So because this was all centralised, the need increased for overview regarding ‘what project do we start’ and ‘how do we do that’. This was actually the start for bringing it all together (…) this has actually, I think, been the start of that we somewhat more felt the need for arranging this. Before this, it was just very much spread out.”

2006 – “A very important development in the organisation itself. A completely new Board of Directors was installed. They considered, rightly, that (…) IBP had become terribly dominant. (…) They considered IT as too dominant and that things should be moved back to the business much more.” The business didn’t feel sufficiently involved, leading to lower business cooperation. They didn’t consider IBP as much helpful. However, moving the project ownership back to the business poses a new challenge for how to divide the project budget. This lead to the formation of the division-portfolios ... “we want to do scarcity-based management (…) we manage money-based. In principle we start with an IT-ceiling, ‘so much’, and that is divided into two parts. A renewal portfolio, that is that IT capacity that is intended for business renewal. (…) and the rest on concern level” this rest comprises maintenance and end-of-life replacements. “in order to prevent that concern problems lead to problems with renewal (…) and the other way around. “up until now the ceiling of what we wanted to spend and the demand usually, now it’s decreasing a bit, had a factor 2 in it. And that leads to (…) a natural movement that the business will only do those things of which they know that it is in the MPP.” The board selected projects based on categorisation, in order of priority: [1] running projects, [2] inevitable projects [3] hard fixed agreements with customers, and then increasingly less strict. This leads to the ‘nice to have’ projects not even to make the final list of evaluation. A challenge here is how to divide the budget over the divisions. “We start with ‘what have you spent last year’ (…) and then we have a look to what is really overturned (…) than you see a little development, but (…) these are just very small fluctuations. (…) Up until now this mechanism works well.”

2009 – “I have decided to introduce a PPM tool for entering the project administration in” for standardising reporting and administrations, and for opening doors to PPM maturity since there is better, quicker portfolio information.

PPM Adoption

PPM Adoption in 9 variables
PL’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 32. The average result for each of the 9 variables is displayed in a radar plot in Figure 29. The difference of these data with those collected at the other case studies is that in this case the opportunity presented itself that multiple time spans could be measured, being 2000, 2006 and 2009. Hence the questionnaire has been filled out twice. Once regarding the before/after situation for 2000 and once regarding the before/after situation of 2009. 2006’s before/after indirectly follow from respectively 2000 after and 2009 before.
Table 32 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>7.1</td>
<td>2</td>
<td>1,7</td>
<td>4</td>
<td>3,7</td>
<td>4</td>
<td>4,0</td>
<td>5</td>
<td>4,3</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Overall average</td>
<td>1,5</td>
<td>3,1</td>
<td>3,4</td>
<td></td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 29 - Radar plot of PPM Adoption

2.2 Applied financial analysis techniques (before 2000) – <no answer>
2.2 Applied financial analysis techniques (2000-2006) – ROI
2.2 Applied financial analysis techniques (2006-2009) – ROI
2.2 Applied financial analysis techniques (after 2009) – ROI
9.2 PPM Software use (before 2000) – <no answer>
9.2 PPM Software use (2000-2006) – <no answer>
9.2 PPM Software use (2006-2009) – Principal toolbox (but only in use on PM level)
9.2 PPM Software use (after 2009) – Principal toolbox

Influencing factors

Self named factors (without having seen the factors in the model)

2000:
1 Desire for controlling and decreasing costs “IT costs were getting out of hand”
2 To enforce the use of standards (architectures) “although this is less related to PPM, but it was a reason to organise things the way they were”.

2006:
1 To move the responsibility for IT renewal back to the business

2009:
1 Need for portfolio information transparency

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – This was very important in 2000. Approximately 2 times as many potential projects were available as opposed to what could be executed. “A factor 2 demand and a factor 1 money” Also, too much money and effort was spent on maintenance, at the cost of business renewal. In 2006 this was more in the direction of 1 to 1.5.”If you know how it works, then you will also not anymore do this (accompanied by a gesture, indicating that people now reconsider their own ideas more before starting a project initiative) (...) you’ll get a bit of conditioning. People will consider in advance ‘I could ask for what I want, but that will go ‘bam bam’ anyway (it will be denied)’. ‘I consider what we’ve done last year, I add a little to that (...) so they do include this in the consideration already.” HH: “So if this process would not have been there anymore, the demand would increase again?” PL: “Absolutely, absolutely.”

Complexity –The portfolio contains some 30 to 40 projects “we also call this portfolio items”. Roughly 50% of these projects are very large, multimillion (€) programmes, of the remaining, 25% are large projects and some 25% smaller projects. The total portfolio budget is approximately 35M€. Because of the programme-bundling, the portfolio items are not very much dependent regarding contents (inter project dependencies). There are some resource dependencies, to which is responded by project time shifts in the portfolio planning. The single projects are however “quite
complex”, and “of a large part of the portfolio, the uncertainty is high. <removed: example of a very uncertain project> so one does know roughly were we should be going, how to get there exactly one does thus not know, many stakeholders, complicated governance, so yes the uncertainty is very large in such a programme and also what the costs will be, we frequently don’t know this at all. (…) And of this kind of programmes some 5 or 6 are currently running.”

HH: “If we take this all together, what is your judgement of the complexity of the portfolio?” PL: “Because we put the complexity into the programmes, the portfolio complexity is... (…) If you consider what’s behind it, it is a complex portfolio” HH: “And if we consider twelve years ago” PL: “Then now it is more complex, it has become much more complex, because at the time we did projects for organisation J internally, we also were the only ones deciding about ‘stopping, starting, high, low’ and now we do very much based on external sponsorships. <removed: examples of external sponsors>.

“Since 2009, then this <removed: example of a legally required service> came around and that does make, if it is about ‘such a portfolio, are these own resources? does it include external financing yes or no? can we than expand the project yes or no?, that does make it more complex. And hence this overview in order to steer much tighter, that was required. But then it is much more about managing expectations outside the organisation, like ‘that programme yields so much in that year for so much money’, yes that has increased dramatically, in particularly there, and with that also the steering of the portfolio and ‘how did we get this idea?’ and ‘how is financing arranged?’.” HH: “So in 2009 to now, complexity increased much and with that an extra demand emerged to properly take care of portfolio management.” PL: “Yes, absolutely” HH: “Do you have anything to add about complexity?” PL: “No”

Organisational culture – Management culture: “Also with that, in particular because the managerial risk (...) has increased, also in 2009. That was one of the drivers to again do PPM better.” HH: “How were things before that (2009)?” PL: “That was more like ‘guys, make sure that you stay within budget in particular’ and (...) you should every now and then explain to the director why we had actually expected that something would be finished, but it will be only next year, but... (...) that was more laissez-faire, yes.” HH: “Over these 12 years, have they (top management) been the same people?” PL: “No, because that has changed in 2006. The current Board of Directors did really make progress regarding interest (in PPM), and that is commonsensical too, it is not a value judgement, because it is logical taking into account the management risks that they now carry. Because if you promise something to a client and you can’t realise this, you as board member need to explain it. And before, we did it mainly by our internal operations” HH: “So you needed to explain it only there (in the business unit)” PL: “Yes (confirming), and not to the outside world. This accountability changes.”

Change readiness & Innovation Attitude “This is a complicated question with respect to PPM. What you indicate now (power balance issues) were very much the case in 2000, because then we have said ‘There be a business case, period’. So if you consider this PPM, than it was the case in 2000, since then we worked like ‘Why? Starting projects out of the blue? No no no.’ (…) Not before that, one just started. And then it was ‘hang on, stop, starting what? We start only after there is a business case which is approved by the board, period.’” HH: “Did this result in resistance?” PL:
“Absolutely” HH: “Can you describe that? What could be observed about this resistance? (...) Remarks during meetings?” PL: “Yes yes, and sometimes (...) trying anyway (to start projects).” HH: “This is resistance in words. Was there also resistance in deeds?” PL: “Yes there was, trying not to do it (sticking to PPM procedures), but if there is a project in which you must do it anyway, than you must, so to what extend in deed? I can’t really... It was not like people all of a sudden started their own IT firms. (...) ‘If we have money, then we will do it ourselves, our IT.’ We didn’t have that and that is actually not possible. That could be done for a few sub-things but for the large systems... that is located at IT, so that wouldn’t work at all.” HH: “Altogether the resistance was not so large, that it exceeded the governance?” PL: “No” HH: “In general, to what extent would you describe the change readiness and innovativeness of the people at organisation J? To what extent does organisation J breathe innovativeness from the people?” PL: “That is a hard question, since innovativeness is a bulk-term.” “The will to change” PL: “If you consider ‘what do we want to mean’, if you consider chain automation and doing <removed: service description> for third parties, then I consider <removed: organisation J> very innovative. If you consider ‘are we very innovative with the use of technology?’ then I would say, ‘no actually not’ because technology needs to have proven itself before we use it. <removed: description of core service> and that is very risky, so we don’t want to carry risks there.”

HH: “That is technology. And regarding the process?” PL: “Processwise I think currently the advantages are clear. (...) In that sense I experience little resistance. People consider this as (...) ‘If this is a way to do things better, we simply start using it’ so in that sense I consider us not not-innovative (nb. double negation).

HH: “Do you have anything to add regarding the factor organisational culture? PL: “No”

PPM Gap size – “I think in 2000 it (PPM Gap size) was quite large. Formally we had not recorded much. (...) Uniform data collection for projects themselves, standardised templates for the portfolio (...examples of what did not exist yet...) But in the end it is about what you feel. ‘Is this gap so large because I miss something?’ I think that is more related to that we have taken a very evolutionary road in which we said ‘hey we can do increasingly more, so let’s just do that then.’ (...) So every time we progressed a little because we could and because we considered it useful to do it in that way. So that is how it emerged I think. I don’t see large leaps in there.” HH: “So if you consider the past 12 years, a large gap has been bridged” PL: “Yes, I do agree to that” HH: “But it has been in small chunks” PL: “And that is also a bit related to the fact that I am in that position already for 12 years, as pivot (...) every time you think ‘I want to go that way, but small steps at the time’ because the organisation needs to move with it. So then that happens in that manner. I do see that many things can be done better, but you need to have the people and resources and want to free them. So if you mean that as a gap (...) and are we willing to spend many resources to that, then the answer is ‘no’. It needs to be done in small steps. So, no, I don’t consider this as a clear step (driver).

Normative variables

Organisational priorities – “No, it was actually the other way around (PPM was a priority). In 2009, specifically to stay in touch with these operational business, to not mess it up there, they have implemented PPM more tightly. So it is actually the other way around. (...) More proactive then reactive. So if you’d say ‘do we have a relapse?’, no I don’t think so. I don’t think we have that. I
wouldn’t be able to indicate that.” HH: “So in that sense PPM gets sufficient attention?” PL: “Well, at most, that was one time, in 2006 we had a reorganisation going on and then it was important for a while that everybody was really thinking about something else. (...) That was with the new board of directors (...) we were working on very different things (than PPM) (...) then also we have hardly developed it (PPM) for a while. So there is a clear other thing on one’s mind. Setting up the organisation, everybody needed to have a place (job) again, etcetera, etcetera.”

Need for better information transparency – “That is just 2009 (...) and 2000 too, a bit. 2009 (here PL says ‘2009’, but from the context and what’s been discussed at ‘timeframe under study – 2000’, it must be that he means 2000) regarding the control of costs and 2009 regarding the management of managerial risks. (...) These are two very clear (...) necessities when I saw ‘now we really need to do that much better’.”

Need for better predictability of company results – “That is a bit in, also in 2009, the predictability with which we can indicate we say in the MPP (multiple-year policy plan) what we will have achieved at the end of the year, that we also have done that. That is clearly 2009 because then, also the link has been made about ‘which programme or project covers that line in the MPP?’ and now, since 2009, there is also an overview available with which in a colour is indicated if this MPP goal will be achieved yes or no.” HH: “So that is mostly from an internal desire I understand. ‘We want to see whether we are doing well’” PL: “Yes, but also because of course you have aroused expectations towards the outer world. You have indicated ‘next year we want to be there and there and there’” HH: “Who accounts <removed: organisation > for this?” PL: “The MPP goes to the minister” HH: “So the minister would start asking difficult questions if the MPP goals have not been achieved?” PL: “Yes (...) so that was 2009” HH: “So in that sense it (PPM) is important to manage expectations towards the minister?” PL: “Yes, yes”

Desire for project success rate improvement – “For us, I cannot point out that we apply PPM for that, but we are of course working on improving that. It is getting increasingly more important. (...) I consider it more like (...) if you need better control, it means that your projects should also be organised better. So it does influence each other, but I cannot indicate well that it is totally because of that.” HH: “So it did not explicitly play a role when these choices (about PPM) were made I understand” PL: “No, no, it was more about overview.” HH: “This has never been the case I understand?” PL: “No, not to that extent that I think it has helped to (adopt PPM)”

Desire for portfolio rationalisation – “Yes, sure. Yes, this one was there for sure. But that has been particularly in 2000, to really label projects with ‘what are we actually doing this for?’ (...) Before that time that was not been done, and then it was really like ‘we want to ... inevitable projects, appointments with the client...’, that has played a role particularly in this time slot (2000-2006).” HH: “What are we actually doing...” PL: “Yes, ‘and why’” HH: “How did this play a role in 2006, 2009...?” PL: “Then (2000) the need was there very much and we kept it that way, so this need has not increased. (...) Then we have done it like that and it has actually stayed that way.”

HH: “Do you have anything to add?” – PL: “No, I believe by looking at all these things we have also covered everything.”
Provided documentation

Item J1 – Internal note about PPM and PMO, sent to the members of the IT Governance Board [2008]

This document contains an overview of the recommendations provided by a management consulting organisation to organisation J regarding PPM. The recommendations comprise:

- a decision by the IT-GB to introduce all aspects of PPM in the whole organisation (which has been made correspondingly)
- the construction of a list of all projects in 2008 and an accompanying feasibility evaluation
- communication of roles, responsibilities, authorisations etcetera for the various parties involved
- inventory of PPM tooling

Item J2 – Research report about PPM quality at organisation J, by an external management consulting organisation [2008]

This report contains, among other things:

- Roughly the same recommendations as described for Item J1
- PPM Maturity measurement, indicating the level of PPM maturity in various PPM capabilities as assessed by the consultancy firm, as self assessed by employees of organisation J and as the ambition set by organisation J. The average scores, on a 1-5 scale are:
  - Consultant judgement: ~1.7
  - Self-assesement: ~2.8
  - Ambition: 4
- The conclusion that organisation J is still at the start of the introduction of PPM
- The conclusion that the establishment of the IT-GB has been an important step in good project selection and prioritisation
- The finding that complexity is increasing and that PPM is required to manage that.

Item J3 – Internal note by PL about IT Governance, sent to the members of the IT Governance Board [2008]

This document contains an explanation of how responsibilities and accountabilities are organised in organisation J in the IT development process. Some of the most notable points mentioned are:

- The procedure of PPM information provision (monthly overviews)
- The decision making about projects (outside of the project itself), including an overview of every project phase, the required decision-base deliverables and the decision to be made.
- A related decision by the Board of Directors that PRINCE2 will in principle be used in organisation J [End of 2007]. A citation of this decision says “project control is a spearhead for 2008 (...) It is important to periodically set up project reporting
Interview Report – Thesis H. Haasnoot

Case Identifier: Case K
Date & Time: Friday 29 June 2012, 11:00h-12:30h (NL time)
Interviewee initials: BS
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>12-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>16-7-2012</td>
<td>BS</td>
<td>BS’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>19-7-2012</td>
<td>HH</td>
<td>Minor modifications based on BS’s feedback in v0.2</td>
</tr>
</tbody>
</table>

Case description

Table 33 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Software company</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM</td>
<td>Advancement</td>
</tr>
<tr>
<td></td>
<td>period under study</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Product manager</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Product development &amp; implementation, scrum-based</td>
</tr>
</tbody>
</table>

Interviewee description – At organisation K, BS is product manager of 2 of the 3 product lines. A large share of his key tasks comprises the running of multiple projects. He has been in this position for approximately 2.5 years. In the past, BS has been project manager at organisation K for another 3 years. Before organisation K, BS has worked at various other software companies for over 10 years.

Project Portfolio Management in organisation K

Timeframe under study: 1.5 years ago
1.5 years ago, organisation K has made a substantial organisational change, from a product driven towards a market driven organisation. As part of this organisational change, a framework has been introduced for organising the product development process as well as facilitating the market drive. “It combines project management, process structures, and it better guarantees the market drive.”

Before this change, project selection was based on business cases. On executive committee, or on lower levels, it was decided which projects were selected. This was rather intuitive. “To make a business case that makes ends meet is not very hard of course. (...) Later it was not considered whether it actually was correct. It was a sort of vehicle, a sort of false sense of security. ‘If it requires more than so many days, then it does require a business case’ and then somebody makes a story, we
consider it and, exaggerated, 9 of the 10 times we would say ‘yes, fine, have fun with it’. ‘Did it yield anything?’ ‘Yes, well... actually we don’t know.’ HH: “Can you name an example in which a business case turned out to be a bit more promising than turned out in reality?” BS: “Per definition” HH: “An extreme case?” BS: “Yes, we have developed things for which we now have a very limited number of clients. Imagine, globally we have <removed, total number of clients. Amounts over 10.000>. “ HH: “10 is very small I understand.” BS: “Yes, that is ridiculously small, because you are locked into it. They are using it and so they expect things of you. For standard software, a wide adoption is key for maintaining support in an efficient manner for a number of years. The pitfall is that you roll out things that are adopted insufficiently. That is the most expensive... you can even better kill a project than to distribute it over a small amount of clients. (...) Zero clients is cheaper than having 10.” HH: “If I understand correctly, there was such an example of a project of which one thought there were hundreds of potential clients, and it turned out not to be the case?” BS: “Exactly”

The introduction of the current way of working regarding PPM is mostly a consequence of the strategic reorganisation into a market driven way of working. According to BS, there were no other large factors that played a role.

The way PPM is practiced in organisation K

“For me it is internal, in that sense that it are software development projects. If you would talk to other people of the delivery department they would say, ‘no they are implementation projects. We do it at a customer’, but from my discipline, it is about software development projects, and actually in a wider sense it are actually solution development projects, of which the product is a component.”

HH: “You said something about that others say they are external, because it deals with implementation at clients?” BS: “That is about another type of projects. We do have people walking around here that implement our software at clients. Consultants and project managers. If you would ask them about their reality, then they would name that type of projects, that we execute as <removed: organisation K>. That is further away from my responsibilities and tasks within <removed: organisation K>, so I think we could best focus on these solution development projects”

HH: “If I could describe this a bit more in general, it is in fact new product development, innovation?”

BS: “Yes, (...) we actually follow a new product development process, also for components of a product.”

“We don’t have a full framework for running multiple projects. There is not really a theoretical framework in which we do that, but in practice we do have a practical framework in which we do that.” “Because of an increase in complexity, more projects, more complex projects, the need is increasing for supervising this better. In particular over the past two years one can see this increasing strongly.” HH: “What do you exactly mean with complexity?” BS: “Projects do not run in parallel, there are mutual dependencies, one is conditional for the other on a small part that somewhere in the one should be realised and is conditional somewhere within another project part. (...) That is what you see a lot. And next to that all the resources that are involved in a project. Developers, product managers, architects, user-experience people, all stakeholders now that we have one of spearheads in market expansion in that we don’t make products anymore, but solutions. (...) One makes it more complex, but better, with the goal to get it better. You can also say ‘I do not listen to a lot of people, but I will build in based on my own conclusions.’ In fact this is clearer, but the chance that this will be successful is small.”
Figure 30 - Organisational chart of organisation K

**Position of PPM in the organisation**

A simplified organisational chart of organisation K is displayed in Figure 10. Organisation K has three geographical divisions and a corporate layer. The geographical divisions each have their own staff functions comprising sales, consulting, tailor made, marketing, etcetera. The divisions are each lead by their own Managing Director (MD) and his Management Team. The corporate layer consists of the product development department, the product management department, the various business lines each focussing on a particular industry, and other functions like legal. The Board of Directors currently consists of a CEO and a CFO. The CFO also has legal issues within his responsibility. The Executive Committee (EC) is composed of the CEO, the CFO, the three MD’s of the divisions, and three other EC members, one of which represents marketing, one HR and one the business lines and technology operations (Product Devt. And Product Mgt.). Interviewee BS reports directly to the last named person.

Decisions about the selection and prioritisation of projects are made by the Solution Board. This board consists of the same people as in the EC and the MD’s of the divisions, the business line director and product management. The Solution Board meets regularly for deciding about project selection at their respective tollgates. This is as often as required and may sometimes be twice a month and sometimes bimonthly.

**Tasks & responsibilities of the PMO**

In organisation K, there is no such thing as a PMO. Within BS’s department, there is neither a pool of project managers. Product managers report directly to BS. Regarding an overview of current projects, within BS’s scope, there is a ‘publically’ (within the organisation) available dashboard. This dashboard is generated automatically from the development landscape. All projects are filed in TFS. This is a software package with which all developers work. “Because by them (developers) this is divided again into smaller parts, we can see exactly where we are in which project. And this dashboard is then used by me and by the business lines.”

**The current project selection process in organisation K**
“We have market research and from this market research the business lines can come up with ideas. We have a body that is called the ‘Solution Board’. The Solution Board is partly the Executive Committee. A mix of the business lines, divisions and product management. This Solution Board gathers to take this type of decisions. And these decisions are in a total cycle that goes from market research to taking solutions from the market. Or from market research to the introduction of solutions.” HH: “This looks much like a stage gate system” BS: “Yes” HH: “This is always the same body that decides about the individual projects?” BS: “Yes” “Basically what does not happen is to decide during the project ‘should we continue this?’” HH: “This does happen due to the stages, doesn’t it”. BS: “Yes, in that sense it does. If you would define a project like that, for sure, yes. If you say ‘we are now doing it. We will spend our money on this’, however within this stage of course we manage the project ‘does it go according to plan?’ but within that there is no formalised step of go-no-go. If it gets out of hand, you will know. Of course we manage budgets continuously”. HH: “How long does such a phase last?” BS: “Several months, sometimes up to two years.” HH: “This has been introduced a few years ago. Do you see anything already... It may be a nasty question maybe, but could it happen that at a given moment a decision is made ‘we will develop this’ and that a year later it turns out ‘hey, the world has changed, we are not completely on track with this’. Does that occur? Have you experienced that?” BS: “I would have to dig deep for that... Not specifically, no. Because also our development method, that is ‘scrum’, is maximally designed for this. We always try to do the most important things first, step by step. And constantly we determine ‘what’s next?’, but we also validate what has been finished. And our stakeholders are involved with that directly. So that is actually also a part of this market drive that we have a good insight, step by step, in order to if we are halfway, we can steer during the process.” HH: “The scope can change during the project?” BS: “This can happen, yes. Or the ‘how’ question. ‘How are we doing this?’ Frequently the market-demand is definitely there, but it does make a difference whether you make it in an app, or in another way.”

PPM Adoption

PPM Adoption in 9 variables

BS’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 34. The average results for each of the 9 variables is displayed in a radar plot in Figure 31.

Table 34 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>Before rating</th>
<th>Average before</th>
<th>After rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
Interdependencies | 4 | 3 | 3 | 4 | 4
Constraints at portfolio level | 5 | 3 | 3 | 3 | 3
Overall analysis | 6 | 3 | 3 | 4 | 4
Categorisation, selection, accountability and governance | 7.1 | 3 | 3.3 | 4 | 4
| 7.2 | 4 | 5 | 7.3 | 3 | 3
Optimisation | 8 | 3 | 3 | 3 | 3
Specialised software | 9.1 | 4 | 4 | 4 | 4
Overall average | 2.9 | 3.6

2.2 Applied financial analysis techniques (before) – ROI
2.2 Applied financial analysis techniques (after) – ROI
9.2 PPM Software use (before) – Synergy Enterprise
9.2 PPM Software use (after) – Synergy Enterprise & Team Foundation Server

Influencing factors

Self named factors (without having seen the factors in the model)

“In order to better validated decide where you will deploy your costly euro’s. This has actually been the main reason. (...) As much as possible based on facts. To incorporate facts into your decision process, to incorporate research well validated, to consider the options for projects as part of a portfolio, to consider the strategic fit at the start, to obtain buy-in from all stakeholders, ‘does this fit with us, with the markets that we serve, with the knowledge that we have?’ If ‘no’, we can still say ‘yes’, but then we need to incorporate other things in the scope of the project. If you’re starting a
project for a market you don’t know, with a product that you don’t know, that is fine, that can be a strategic decision, but then of course you do need to take into account that your organisation is probably not focussed on that.” HH: “So this needs to feedback into the strategy that should change” BS: “Yes, that is actually what should happen indeed” “I think that is key, to do that better structured. To be able to make better decisions, more based on facts, more market driven.”

HH: “Could you name another factor, that was also important, that played a role?” BS: “It is the need for taking the right decisions on the one hand, but on the other hand it is a controlled process that pays off in a multitude of ways. You can plan your own (human) resources better both by quantity and type of knowledge over time. (...) That is actually key. Increased complexity is also part of it, it is also one of the reasons. So the magnitude of projects, the number of projects, the project time, money, resources, market drive. That were the most important reasons.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – The resource that forms the bottleneck in organisation K is frequently the budget. “It is not the people, but the budget ” Approximately 1 in 3 projects cannot continue due to scarcity in resources.

Complexity – This year, organisation K is running some 85 large projects in the scope of the Solution Board, of which 25 to 30 are running in parallel in their execution phases. Furthermore there are some 25 to 50 smaller projects, taking 1 to 10 days, but these are not in the scope of the Solution Board. Formally the projects are not bundled in programmes, but projects of the same nature are the responsibility of the same product manager, so in that sense they are clustered. Within these clusters, dependencies tend to be fairly high in terms of overlapping components and timing and planning. Changes in one project may frequently affect other projects. Single project uncertainty and impact are both very strongly the case. There are many stakeholders involved with each projects. Uncertainty is the case, but not for all. Not everything is very innovative. “For example, when making an app, we are working with a completely new functionality, with a completely new technology, on a new device, that we have never done before. That is something else than developing a setting in <removed: product name> that we are developing for 15 years already (...), so to change a small thing in a mature product.” It is very hard to give an average, “but I think the uncertainty is quite large. That won’t help you much of course, but it is much larger than building a house, it is larger than an advisory track or an implementation track, because software projects are well known for running over time. That almost always happens indeed. There is so much... that is why ‘scrum’ is so nice, the only thing that scrum does, is making sure that in the process you are as soon as possible confronted with things that are not correct.” BS about the overall portfolio complexity: “It is hard to judge this. There is a relation between magnitude and complexity. In that sense we are a little above average (comparing Organisation K to other software companies) (...) if we compare software development projects of course.”

Organisational culture – HH: “To what extent does <removed: organisation K>’s culture ask for PPM?” BS: “Considerably, because relatively, we are very entrepreneurial. And that is fun, you can
get a lot of things done, you can quickly react to matters, but that does also mean (...) we can switch quickly. And if you switch quickly you sometimes also make mistakes, you do things double, it is somewhat less controlled (...) that is a strength but at the same time also a weakness. If we would do all according to these methodologies, it would all be perfectly correct, but we wouldn’t rank very high as a figure of speech. We have acknowledged by ourselves that there is more demand for structure in this area. In principle we are almost structure-averse. HH: “So if I understand this correctly, this is more of an artificial break on the entrepreneurial culture that is here. It is just necessary to slow down things to some extent?” BS: “Well, break..., yes but then it is set up in that manner that is does not... (...) what I said, some form of control. That things are going a bit more controlled and a little more fact based. And that is indeed a counterpart of entrepreneurship.”

Top management culture is “more of a mix. What is done more authoritarian, top-down is ‘this is where we are heading and these are the boundaries’ and within these there is much freedom. We are after all dealing with many highly-educated professionals so as much as possible one acts in a coaching manner. Trying to get to optimal results within the boundaries.” HH: “Does that mean that on Board of Director level one wants to know what is going on in the organisation? A Board of Directors always wants this, but there is an extent of difference in detail. What is your estimate of that?” BS: “I think it is hard to quantify that. I consider the extent to what they want that as normal, acceptable, conform my expectations. (...) Quite an open culture for as far that is concerned. There is not really hierarchical leadership that you are summoned by the board to explain all details. So in that sense it is a rather flat organisation. (...) Despite that, they do know much about the workplace after all. That is because we are located closely to each other. In a natural manner. HH: “And that is less related to a certain way of reporting etcetera?” BS: “Exactly”

About change resistance “Yes, for sure, in particular in my team. That is correct.” HH: more generally, how would you describe the change readiness?” BS: “Always... I think our change readiness is very large, and also our change capability is large. I think that is one of the strengths, just like this entrepreneurship. The change... this is of course a particular type of change. This is a formalisation. It is a structuring change. And to that you can see, maybe in particular because of that culture, relatively much resistance. So we are very good at changing, but it does a bit depend on the type of change. (...) It is a bureaucratisation change in the eyes of some people.” HH: “How do you observe this resistance?” BS: “More in words and gesture than in behaviour (...) remarks and resistance against in implementation. Questions that indicate insecurity that people may have below the surface.” HH: “Do people cooperate at the moment that they need to do something new for this?” BS: “Yes, I think that is the case after all. It is no blocking behaviour (...) in general. I have seen worse (joking).”

PPM Gap size – BS about knowledge of PPM in organisation K: “There are plenty of people that really know what that means. But because of pragmatism you see that we pick those aspects of which we say ‘these can work for us immediately, that’s what we get to work with’ (...) it is all organised pretty OK, but you don’t need to follow it literally. We use it in a way that works best for us.” HH: “How do those people obtain this knowledge?” BS: “They bring it in.” HH: “From previous employment experience?” BS: “Yes, I think so for a large share. We have had quite many changes in our workforce, so I think many people bring many things with them.” Organisation K also provides project management courses in PRINCE, which may add up to the PPM-related knowledge.
BS about the current organisation element of PPM Gap size – “I think there is a good foundation, the outlines, the structure, on departmental level we have the sub-processes clear” HH: “1.5 years ago too?” BS: “No, but now we do” HH: “What was lacking at the time for example?” BS: “A description of how we work, and consequentially also the arrangements about ‘do we think we should work this way?’ (...) if you would consider this within a certain bandwidth, this has meanwhile been answered. And now it is there for sure. I think that in practice we do practice quite a big share of PPM. (...) We have this workshop with which we try to get the interdependencies well to the surface, we have reporting tools on all projects at the same time. (...) we work with templates, we have described the processes. Yes, we actually have quite a bit in place.

Normative variables
• Organisational priorities
• Need for better information transparency
• Need for better predictability of company results
• Desire for project success rate improvement
• Desire for portfolio rationalisation

“The lower 2 (success rate, rationalisation) are most important. The upper one is not (alternative priorities) because we have done it (adopting PPM). Desire for information transparency... I think this is a derivative of PPM. So it was not a primary driver for us” HH: “So a nice-to-have?” BS: “Yes, if you implement PPM well, than per definition you also have much better information. But it was not the case that the information steered us in that way that we would design the process the way it is. It was the other way around. ‘Need for predictability...’ No, not at all. ‘Desire for project success...’ for sure. In particular the lower 2. (...) What I said, the facts on the table, a better structured process, so that the success rate improves, literally. That we know better that we do the right things and that we focus on that thing that will deliver the most success for a multitude of reasons.” HH: “Has the project success rate improved meanwhile?” BS: “Yes, for now yes, for sure.”

Provided documentation
Item K1 – Project selection process presentation, dated 2010
This presentation was made at the launch of this process for informing the employees of among others, product management and the business lines. Description of the project selection process in organisation K, describing the composition and responsibilities of the Solution Board and Solution Teams (multi disciplinary project teams), the responsibilities of the various functions within the organisation regarding the PPM process and the status of the organisational functions in terms of whether they are responsible, consulted or informed. Furthermore, the full project lifetime stage-gate process is displayed, as well as the required deliverables and the corresponding owners and approvers.
Interview Report – Thesis H. Haasnoot

Case Identifier: Case L
Date & Time: Thursday 5 June 2012, 14:00h-15:30h (NL time)
Interviewee initials: JS and SA
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>26-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>15-8-2012</td>
<td>H. Haasnoot</td>
<td>Modifications based on feedback by SA</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>16-8-2012</td>
<td>H. Haasnoot</td>
<td>Updated answer to questionnaire question 9.1, after clarification by SA.</td>
</tr>
</tbody>
</table>

Case description

Organisation L is a company that provides professional services. Currently, it is owned by a private equity organisation. An overview of the key characteristics of this case is provided in Table 35. Currently organisation L is in a large transformation. The change efforts of this transformation are bundled in a large, multiple year programme, which in this report is referred to as ‘FFTF’.

Table 35 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Professional services provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>2010-present</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>JS: Member of the organisation L’s Executive Team. Member of FFTF’s Steering Committee. Sponsor of one of FFTF’s work streams. SA: Leading FFTF’s PMO</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Internal, organisational change</td>
</tr>
</tbody>
</table>

Interviewee description - This interview was attended by 2 people on behalf of organisation L.

- JS is member of the Executive Team of organisation L, he has been in this position since the end of 2010. Regarding FFTF, he acts as programme sponsor and has a seat in the Steering Committee of the programme. Before organisation L, JS has worked in various executive and management positions in organisations comparable to organisation L.
- SA is currently in charge of FFTF’s PMO. SA is employed by a management consulting firm and he has been hired by organisation L for a longer period to manage FFTF. SA has worked for the management consultancy firm for over 5 years. Prior to his position at the management consultancy, he held various commercial management positions in the professional services industry.

Project Portfolio Management in organisation L
Under study: change programme FFTF

Organisation L is currently going through a large transformation. The change efforts of this transformation are bundled in FFTF, a large, multiple year change programme with a company-wide scope. JS: “FFTF is an explicitly large project, linked to strategy and the transformation that the firm is going through, in fact also for getting the firm into that direction (...) so that is really a defined programme. It is positioned directly under the board (...) It is a programme in various areas [...]” SA: “Simply company-wide, anything you can imagine, top-line to bottom-line, organisation, governance, anything.” JS: “FFTF is a programme, explicitly with a management of ‘which actions are included, which actions are not included?’.”

Since both interviewees are involved with this programme, and this programme represents a large share of the project selection in organisation L, FFTF is chosen as the object under study of this interview.

PPM scope of FFTF

FFTF overarches all projects that are related to the transformation and impacts multiple parts of the organisation. Also, from FFTF, initiatives can be pushed into the organisation for the realisation of the strategy. Not all projects in organisation L however are part of FFTF. Initiatives that are small and/or of an operational rather than of a change nature are not part of FFTF, but these are organised within the respective business unit. JS: “Besides that, in such a large organisation, there are other projects running too of course” This comprises internal as well as external projects. JS: “In any company it happens that somebody can start a project somewhere, and then that is a separate project. Or there is a formal programme.” HH: “I assume that, also at [...] organisation L, there is an sort of collection of projects somewhere.” JS: “No (...), but there is one for FFTF, of what is formally running in that programme. But besides that there can be other projects (...). There is a central organisation here, but also a very strong decentralised structure. And specifically in the decentralise structure there are also all kinds of initiatives. In the end it is a matrix organisation, so in the functional disciplines we also have all kinds of initiatives. I wouldn’t even want to consider that all these initiatives, of which we do of course know much about what is happening, because eventually we see that coming back in the formal reporting lines (...)” SA: “What you wouldn’t want for sure is that all these things are submitted to governance or pressure in a formal PPM or whatever structure. Contrarily, you’d probably want to not at all manage particular things (...) one could debate whether loosely coupled or very formal is related to PPM. I postulate that here (...) in the business, that many things are standing loose is not for saying that they are uncoordinated or unfocussed. (...) That is related to the people knowing ‘what does this firm stand for?’ and ‘where are we going?’ and after that you can, in a portfolio but possibly without concrete walls, practice PPM.”

JS: “Projects are assessed ‘is that required or not?’ and eventually also in the execution of these projects there is a bit of monitoring, but this does also happen in the regular organisation. FFTF is an explicit programme of which is said ‘this is required for preparing the organisation and the firm [...] for the future and that is the route that we want to take. [...] example of a unit being asked whether proposed projects fit in the programme’” If a project does not fit, JS: “Then we don’t include it in this FFTF programme, so that is a certain assessment of ‘what
fits into the programme and what not?’. With that we don’t say that they should not do it, but we don’t manage it (in the programme)” SA: “It simply does not match the criteria for getting in scope (of FFTF)"

SA: “There are many requests. Many people think ‘I want to change something, so I must be part of FFTF’, but no, if you’re someone from finance and you want to simply change something within finance, why would you want to do that with us? Isn’t that just part of your income? On the other hand, also things happen that should... there are also people that think ‘we need to deploy a new system for something and we will change this on a large scale’ and they then forget that there is the option of that it could possibly be useful to use this facility (FFTF). And that is, like in every organisation, also here, they are people that need to talk to people after all”

Organisation L runs both internal and external projects (the latter being projects sold to other parties). The internal projects can be change projects and operational projects. FFTF contains only the internal change projects, not the external, and not the operational projects.

The position of PPM in organisation L’s FFTF programme
In Figure 10

the organisational chart of FFTF is displayed. Formally, FFTF is organised directly below organisation L’s Executive Team. The top of FFTF’s organisation is formed by the Steering Committee. This committee consists of 2 members of organisation L’s Executive Team. Interviewee JS is one of these people. Within the programme there are various work streams, each of which has a sponsor who is a member of organisation L’s Executive Team. JS also acts as sponsor of one of the work streams. Within the work streams various projects take place. Furthermore there are the PMO and the Finance function of the programme, who are responsible for the daily management of the programme. Interviewee SA is in charge of the PMO.

![Organisational chart of FFTF within organisation L](image)

**Background of FFTF**
In the late 2000’s, organisation L has been acquired by a private equity organisation. Consequentially, the ambition of organisation L has been established and various business units have been sold and others have been acquired to get to a better match with this ambition. Organisation L came from a partnership of various subsidiaries with their own profit & loss accounts. There was a thin overall strategy, but this was very loose. The subsidiaries were working in a variety of fields. This now needs to become more centralised. For realising this centralisation, a precursor of FFTF has
been started in 2009 and in 2010 FFTF has made its ‘real start’. The goal of FFTF is to get to one central organisation, with one operating model, one sales model and one structure. JS: “This is of course a mega transformation (...) to be ready for the future”

The PPM process in FFTF
The project selection in FFTF happens in the first place in the work streams. The steering committee can however give advice to and if necessary enforce changes to the project selection of each work stream. Also, for the projects within FFTF, there is a clear, standard procedure (with Toll Gates) for the project lifecycle. SA: “Within that there is a clear strictness of ‘if you want something, than this are the steps that you need to take to get to a plan.’”, but also within FFT not all projects are treated as strictly. “There are clear measurements at the start and at the end and dependent on how complex such a programme (project) is, there is less or more structure in the programme (...) What we want in this firm is to drive up entrepreneurship, drive and speed and not to put concrete roofs on everything.”

If a project is included in FFTF, than the projects needs to be very formalised. Various paper deliverables, like a start-up document are required and the projects are monitored in a strict reporting structure. The consolidated reporting is send monthly to the Executive Team and the Private Equity organisation. JS “So if you are included in this structure then many people are not immediately happy, because that means that you also are held quite accountable, for example in monthly meetings with us (Steering Committee, this is the case for every work stream)”. Reporting also includes progress and realised added value, as well as status flagging (green, amber, red). For example, one project did not realise the required change, the value was not realised and the timing was getting out of hand. First, the Steering Committee tries to correct the course of such a project and if that does not work, at some point the project is taken out of the programme and a new project is defined. A project in red does not always directly imply elimination, but frequently it does mean that the project is changed based on new insights.

JS: “How do projects enter that (FFTF)? They need to generate some value, but they should also contribute a bit to FFTF, about ‘we are heading towards that future.’” An example: the integration into one building of various units that are already working from the same geographical site. The core of these projects is change.

SA: “How do you prioritise the initiatives? The current initiatives in this programme have all been selected based on the analysis of profit and loss and balance, or (...) the things that are very obvious (...) A number of things is so obvious, that you need to them first to get to more elaborate qualification criteria and mechanisms.”

Project selection in FFTF
Work stream project selection basically happens within the work streams, but the Steering Committee does monitor this. JS: “The drive should come from the organisation”. The most important projects are discussed and assessed anyway by the Steering Committee. Every work stream’s sponsor is also in the Executive Team. JS: “One can expect of an Executive Team member that he also monitors the alignment with strategy etcetera and also actively discusses what is and what is not in (the portfolio).
HH: “Concluding, project selection happens in the first place on work stream level and in special cases this can be overruled in specific cases.” JS: “Yes, that is correct.” SA: “Or being inspired. About things that are not yet happening (steering committee:) ‘shouldn’t you consider these things too?’” JS: “And some are less non-binding” HH: “And the work streams have the freedom to determine for themselves how they approach the project selection? The one uses another system than the other?” JS: “The mechanism? Yes. We have not introduced a strict mechanism for ‘you should always determine it in this way, you should use these criteria’ no, we actually don’t apply that at all.” SA: “No, in that sense that we say ‘this is just part of your job’, so we don’t have to do a project for that. So we do guard that there will not be an inflated scope of all kinds of things…” JS: “Yes, ok, that may be a good one. If there is an enthusiastic work stream that wants to start with everything at the same time, then we do challenge the programme and the planning. ‘Can you actually start with everything, or shouldn’t you start with this and with that first?’ You already expect a sponsor to do this for his own work stream” JS describes an example of one work stream (the one he himself is sponsor of) with 20 large planned projects, of which 6 are currently running (the other 14 are on hold) and none has yet been finished within one year. JS: “Within your own work stream you look at availability of resources, ‘I can’t do everything at the same time’, there are criteria about feasibility, ‘what is the effect?’ ‘how much does it yield?’ One challenges all these elements within such a work stream of course.” This also happens within other work streams.

Timeframe under study: 2 years ago until present
Roughly 2 years ago, FFTF has been started. The PPM methodology for FFTF has been introduced at the start and has continuously evolved ever since. Because FFTF is the focus point of this interview, these 2 most recent years are selected as the timeframe under study.

PPM Adoption

PPM Adoption in 9 variables
SA’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 36. The average results for each of the 9 variables is displayed in a radar plot in Figure 33.

Table 36 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>'Before' rating</th>
<th>Average 'Before'</th>
<th>'After' rating</th>
<th>Average 'After'</th>
<th>Explanation/remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>FTF has a pmo responsible for collecting analysing and distributing information</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>Project impacts are measured against a baseline and against current year impact in terms of qualitative benefits and P&amp;L and/or balance sheet movement.</td>
</tr>
</tbody>
</table>
2.2 Applied financial analysis techniques (before) – <no answer>
2.2 Applied financial analysis techniques (after) – Qualitative assessment of relevance to strategy and IRR, NPV method for larger initiatives.

9.2 PPM Software use (before) – <no answer>
9.2 PPM Software use (after) – <no answer>
9.2. explanation: organisation L does use various software tools for reporting and analysis, including interlinked Excel templates. However within FFTF no particular programme planning software is being used.

Influencing factors

Self named factors (without having seen the factors in the model)
1. Desire to properly realise the strategy of the programme — JS: “If you run projects that are not aligned with strategy (...) you’re simply lost. Maybe there are organisations that run projects that are not fully aligned with strategy, so assessing this seems very relevant to me.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity — JS: “This one is eventually always large, because you always want to do much more” SA: “There is definitely a resource scarcity” JS: “Yes, of course (...) talking about <removed: organisation L>, we have to deliver results in the end, then the resources are not unlimited indeed.” It is hard to give a measure for the ratio of projects that cannot be started or need to be started later due to resource scarcity. JS: “I don’t know, but that is quite significant. If you consider resources, there are numbers of projects that you would want to do.” SA: “It is not as if we have an explicit list of projects ‘this is what we have not done’, everybody just knows (...) people know already ‘there is no cheese, so I don’t come nagging about whether I can have a cheese sandwich’ ‘it’s apple spread, that is what we’re having’ as a figure of speech. (...) But there is a high ambition level and there is a project list for an abundant period thinking ahead.”

Complexity — SA: “The answer is yes. Full scope, top-down, everything in it, without (PPM) it wouldn’t work.” Within FFTF, 8 streams with together 48 projects are running (...) actually it’s more, if you would include <removed: description of a set of smaller projects> you will end up above 100.” The 48 projects are however really within the scope of the programme. JS: “These are very large projects.” Multiples of 10M€ are spent on the projects, the savings potential is over 30M€ for one of the work streams only. JS: “We are talking about very much money. (...) So the portfolio complexity is large here. (...) The complexity is enormous.”

Organisational culture — SA: “This depends a bit on the work stream considered. Some work stream without any problem. They say ‘nice, this helps me, I take care of this myself’, and for others it takes somewhat longer to realise this. Because it is a structure that is not theirs (...) but in general terms, I can’t find any work stream in which there is sustainable resistance against it (PPM), but every work stream shortly experiences ‘hey, what exactly do you mean, why is that required?’ Of course, I would ask that too.” JS: “Maybe what we have too is the gap eventually with the field, that can be quite large, if you would ask <removed: example of somebody working in practice> about FFTF, he would react that that is far away, that is something that happens in <removed: location of organisation I’s HQ> . (...) It is hard for this organisation, because it simply is a very large organisation, to in particular turn the alignment with the field, that also there people realise ‘we are working on FFTF too’, so one of the things we are now focussing on is that these people will also realise that they are also working within this FFTF programme. So that means that the direct work streams and the project streams that report, they are aligned and that is running, but is the whole organisation moving towards it already? That is the next chapter. It does mean that actions are performed, but <example of a change that impacts people in the field>, they (people in the field) are not aware that that is linked to FFTF.”
JS: “We want to know ‘what projects are you working on?’, ‘what are you doing?’ , ‘how are things going?’ we also want to know a little about the contents ‘what is happening here?’, but not in detail. So there are actions of which I say ‘I don’t need to know that exactly’ because in the end that is also the responsibility of that sponsor, so my colleague. Of course I go on the spot every now and then and have explained to me ‘what are you doing?’, I walk around the <removed: site> and I have it explained to me. (...) But I don’t want to know in detail. To some extent you give people (...) responsibilities, delegate, and I cannot imagine that I would have to know that all in detail.”

**PPM Gap size** – SA “Within this organisation there is a tremendous pile of knowledge about ‘how do you do projects?’ The big challenge is to have the various people that know something about this talk about this at the same wavelength. (...) We don’t need to develop tools here about how it should be done. It is about ‘shall we just start using them?’” JS: “That is correct, but if I consider PPM in the scope of FFTF, as actively as we are involved with that, if FFTF would stop, with the way we have designed it the way it is, then in other parts of the organisation (...) it will again become less organised. The PPM, and also the reporting structure, that we have now designed tightly in FFTF is not yet embedded in the regular organisation. (...) If FFTF stops, do you (asked to SA) expect that if they would do PPM very effectively and in a structured manner.” SA: “It depends on the work stream.” JS: “In the aggregate it is not structurally embedded.” SA: “But even then, we mean the same, (...) it is not because we don’t know how to do it or because within <removed: organisation L> this competence is definitely absent. (...) We can offer and execute projects of over 100M€, so what is required in tooling and thinking power is available. But for using this, we now need the engine of FFTF.” JS: “Yes” Another element of access to PPM knowledge from external sources is the presence of SA himself, bringing PPM knowledge from a consultancy organisation.

**Normative variables**

**Organisational priorities** – Alternative organisational priorities have not played a driving or inhibiting role in organisation L’s PPM Adoption. There were other priorities, but according to the interviewees they did not influence the PPM adoption.

**Need for better information transparency** – SA: “This has played a role for sure and this has also lead to the currently running reporting structure. And with that always the balance is sought between ‘what is needed?’ and ‘what is too much?’, this is ongoing. So that is one of the important drivers, for sure.”

**Need for better predictability of company results** – SA: “I believe this is one of the reasons why we do it (PPM).” JS: “That plays a role for sure. (...) We do have quite a financial driver so you also want to see that at a certain moment in time, achieve certain results in a year, so that also means that in the projects you define, you take into account that they contribute to the predictability of the result.”

**Desire for project success rate improvement** – HH: “To what extent does this play a role here?” JS: “Yes, too, because at some moment in time you eliminate projects that do not contribute to success.” HH: “To what extent was this really a reason, 2 years ago, to say ‘that is why we need to put this (PPM) in place like that?’” JS: “Is did not go this way. (...) At some moment you say ‘we want a very tight programme because we want this as a company.” SA: “If you would ask ‘to what extent
do they play a role now? Instead of 2 years ago, than that is an easier question and then it is one of the things that we try to improve. So than it plays, ongoing” JS: “Yes, it plays a role for sure” SA: “And so it also played a role 2 years ago for sure, only I don’t have detailed information about that” JS: “No, I wouldn’t know either” SA: “In general terms (...) we need to be able to put a better proposition in place towards our intended markets, with a higher reliability of success. In the general sense, so also for the way in which we do it.”

Desire for portfolio rationalisation – JS: “No, it is more that (...) several work streams have played around with this and this is then considered, explicitly with methodologies, implicitly by remembering, but to do this in a fixed manner, via a number of variables entered into a computer programme, that....” HH: “There does not need to be a computational model behind it of course, but it can be that you’d say ‘every time that we consider whether we want to do this project, then we at least consider what we thing about this element, this element and that element’” JS: “Yes, we do have things like value etcetera of course” HH: “And to what extent was it considered important to introduce this (PPM) the way it is?” JS: “Very important” SA: “In some work streams it has been arranged well from the start, and in other work streams it is somewhat more dynamic and is it required to steer that more actively. But it is an ongoing need to, specifically the project...” JS: “They all write a startup document, a one pager and in that there are of course a number of elements that we want to see. ‘have you considered this?’ ‘how are you approaching that and with which resources are you doing that?’ ‘what will it yield?’ (...) ‘do you need money for investment?’ So for a number of criteria you test the project, the sub-project, before including it into the programme. So there is a rationalisation in there for sure.”

Other - What is missing here is the desire for implementing strategy well. JS: “When the stake of the realisation of strategy is increasing, (...) <removed: examples of what a private equity organisation desires from its owned organisations> when the criteria become tighter (...) a tighter portfolio is demanded. So if the stakeholders are more heavily formalised, (...) and have a larger distance from the firm, then they frequently want to see much tighter programmes. Imagine you (owner) would be very closely involved, than you see that these programmes are managed somewhat less tightly. Here we really have to explain continuously, in fact every month, about the how programme is running, what has been included, why things don’t run, and that is eventually for this strategy. So I think that this PPM Adoption, in particular when more independent stakeholders come in, like private equity, than you notice that you would go to the right side much more (of the PPM Adoption spectrum)” HH: “I think, based on this story, this mainly also brings about the need for information transparency and rationalisation.” JS: “Yes, yes, but don’t forget, that middle one (predictability of company results), that is the most important one for them (owner, private equity party).” Summarizing: additional factors comprise (1) strategy alignment and (2) stakeholder distance & culture.

Provided documentation
No additional documentation could be provided due to disclosure restrictions.
Interview Report – Thesis H. Haasnoot

Case Identifier: Case M
Date & Time: Friday 6 July, 15:30h-17:30h (NL time)
Interviewee initials: LR
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>18-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Draft</td>
<td>25-7-2012</td>
<td>LR</td>
<td>LR’s feedback on version 0.1</td>
</tr>
<tr>
<td>0.3</td>
<td>Final</td>
<td>26-7-2012</td>
<td>H. Haasnoot</td>
<td>Minor modifications based on LR’s comments</td>
</tr>
</tbody>
</table>

Case description

Organisation M is a large Dutch insurance company. An overview of the key characteristics of this case is provided in Table 37.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Insurance company</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement</td>
<td>2008</td>
</tr>
<tr>
<td>period under study</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interviewee position</th>
<th>Head of corporate portfolio management</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Type of projects</th>
<th>Internal; Organisational change projects; Often, but not necessarily, with an IT-component</th>
</tr>
</thead>
</table>

Interviewee description – LR has worked at organisation M for 11 years now, which is also his first employer. From the start he has been involved in project management and consultancy and for the last 4 to 5 years he has worked in portfolio management. Of these, the first 3 years he was portfolio manager, mostly on corporate level. Since January 2011 LR has become the responsible person for central (corporate) portfolio management. In the summer of 2011 a large reorganisation has taken place, resulting in LR to lead the corporate portfolio management team of 12 people. 3 of whom focus on portfolio management on corporate level and 9 of whom is each responsible for a specific business line. However, hierarchically they now all report to LR.

Project Portfolio Management in organisation M

Position of PPM in the organisation

In Figure 10, a simplified organisational chart of organisation M is displayed. The Board of Directors consists of a CEO, CFO and a COO (operations). Only the domain of the COO is displayed in the figure. Below the COO are various business lines (e.g. pensions, life), the IT department and the Information and Project Management (I&P) department. Within the latter, there are three functions,
being PPM, a group of enterprise architects and a pool of project and programme managers. This department is roughly 100 FTE large. The IT department is much larger, with multiple hundreds of FTE’s. The IT department is divided into 6 domains (not displayed in the figure), which are each managed by delivery managers. From these divisions, a chain from information management (determining business need) towards development exist. 4 of the domains are coupled 1-to-1 to a particular business line, 1 focuses on IT itself and 1 is called ‘specials’ and basically focuses on everything that is not within the other 5. Eventually, the domains use a shared pool of resources, containing many developers with various specialisations. Since last year, the delivery managers are both MT-IT member and MT member of their respective business line. This has been done to better synchronise the demand and supply side.

The PPM department within I&P consists of 12 people, 4 of whom work on corporate level PPM and the other 8 of whom each work on PPM for a particular business line. The PPM department actively follows the top 25 largest programmes on corporate level. The PPM department does have the change budget (a.k.a. project budget) in scope, which comprises projects and maintenance. IT licences etcetera are not in the scope of PPM. The change budget amounts to approximately 70M€. The project portfolio currently contains approximately 120 projects. In 2008 this number was much higher.

Decisions about project selection are made by the IT Steering Committee. This committee is chaired by the director of the IT department. The other members are the I&P director and approximately 6 directors of the largest Business Lines. This last number varies a bit over time. The IT Steering committee advises the Board of Directors about project selection.

![Simplified organisational chart of organisation M](image)

**Type of projects in the portfolio**

The projects in the portfolio deal with organisational change. This may include, among others, the introduction of a new platform as well as business improvement projects. The projects are not necessarily IT-related, but in practice many projects do have an IT-component. According to LR this is inherent to a financial services provider.

**The PPM Process in organisation M**
Continuously, the PPM department delivers project mandates. Monthly a steering report is made for every Business Line MT. Every half year the project plan for the upcoming period of a year is updated. Portfolio forecasts are updated quarterly. Every half year, also the multiple year plan is updated. This is in fact the project pipeline for the upcoming years. An important trade-off made in these plans is whether new large, multiple year programmes can be started, based on the available and obtainable resources.

The way the PPM process itself is organised is decided upon by LR himself. About this, there are no particular decisions made by the Board of Directors. LR does however frequently align with the director I&P. Not because this is demanded, but for obtaining support and commitment. This is required for realising change.

**Timeframe under study: 2008**

“Before this time we did not consider chains (...) We focussed on making plans, making choices and eventually, bluntly spoken, we threw this over the wall to IT and we started monitoring these projects. What happened in that year (2008) was that all of a sudden a large financial reduction had to take place. Roughly 100 to 150 IT people had to leave (of approximately 600 people in total) (...) and for that a little taskforce had been established. This taskforce consisted out of IT (management) and we from PPM became part of this taskforce (...) and if we would not have been at that table, IT had probably said ‘of these people (mostly developers from the resource pool), the contract will expire first, we will not extend this, and then eventually we have 100, 150..’ (...) so actually over there it was very supply driven (...) we were at that table saying ‘listen, we have a project plan, maybe you should extent Peter’s contract and terminate John’s contract because for him we don’t have work’” HH: “That is related to which specialisations, which knowledge somebody has?” LR: “Yes, but also about considering not only demand but also supply. This was actually the first time, 3, 4 years ago, that we took a deeper look into IT about ‘how does it work with this occupation’ and ‘how does it actually work with the ratio between internal and external people, billing possibilities and what does the full resource planning look like’. From that moment on we have never let loose of that in the sense of... from that moment on the dimension ‘available resources’ has increasingly got more weight in the choices, with the goal to get to a portfolio that we can actually realise. Then you can say ‘project A is more important than project B’, that can be the case, and we do definitely consider that, but if the resources are not there it can turn out to become project B and not project A. While before we would probably have done project A, but IT could not supply and would report that monthly. The traffic light would go red and orange and eventually you didn’t know the philosophy behind it (...) so from 3, 4 years ago we have actually started thinking in chains for the first time and the discussion about realisability has become increasingly more dominant. And in the years following (...) we have learned increasingly more about what that game looks like. (...) Our driver was to get more output than before.”

**PPM Adoption**

**General judgement of interviewee**

*Baseline measurement 1 – “At this moment (PPM is organised) very well. That is related to us just being in the lead. We are now really managing. 4, 5 years ago we were facilitating (...) at this*
moment we are leading in choices, plannings, prioritisations. 4 years ago we wrote down what a
director said. Nowadays we write down what we think he should say. 4 years ago was no fun. We
were constantly overtaken by events. We also had little knowledge of programmes. We new roughly
what they did, but we didn’t know exactly what was behind it. (...) There are so many dependencies
between programmes that are not stored in the management of that programme. (...) We (PPM) are
a very important connecting factor there. That is, we try to get everybody moving in the same
direction and we try to maximise output. Before we only had very ambitious plans and a year later
we considered what of that had been realised and that simply was not good. Nowadays that is much
better.” The largest challenge for the future is “benefit management. During or after a project this is
hardly managed for. This (business case) is a justification for making particular choices, yes or no,
and after that choice has been made a business case is let loose fairly easily.”

**PPM Adoption in 9 variables**

LR’s answers to the questionnaire as well as his answers and additional explanations and remarks
are depicted in Table 38. The average results for each of the 9 variables are displayed in a radar plot
in Figure 35.

The period considered is the intervention in 2008. LR indicated to have scored the ‘after’ scores as
right after the intervention. Hence these do not necessarily represent the status of PPM as it
currently is. “If I would fill out the scores here for today’s situation, these would almost all be 4-5
scores”

**Table 38 - PPM Adoption Questionnaire Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>'Before' rating</th>
<th>Average before</th>
<th>After rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>The insight in the portfolio was there already, however the list was way too large and too little of this was realised. After the intervention, there was better insight in realisability</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>Not used continuously in the same manner; intervention has not influenced this very much</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>At the time yet little attention for risks; as a consequence of the intervention the first insights did emerge</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>None</td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>Since the intervention more attention for availability of resources and realisability of the project plan</td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>There was sufficient information for control (however less proactive towards the future)</td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>7.1</td>
<td>3</td>
<td>3,0</td>
<td>3</td>
<td>3,3</td>
<td>7.1: not perfect, therefore a 3; 7.2: after intervention more insight in resources / involvement MT’s of the business lines; 7.3: none</td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>More insight / control on realisability</td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>Started using functionality better</td>
</tr>
</tbody>
</table>
### Figure 35 - Radar plot of PPM Adoption

#### 2.2 Applied financial analysis techniques (before) – not used continuously in the same manner

#### 2.2 Applied financial analysis techniques (after) – (same) intervention did not influence this much

#### 9.2 PPM Software use (before) – Principle toolbox and Clarity. Clarity was available, but was used mostly for recording hours

#### 9.2 PPM Software use (after) – Clarity

### Influencing factors

#### Self named factors (without having seen the factors in the model)

1. Better information about resources required / Need for insight in resources
2. Resource scarcity (human & financial) --- Cost savings: a large cost reduction was required. These reductions needed to be implemented in such a way that still a large share of the plans could be realised. – Resources became more scarce
3. Desire for project success rate improvement --- Too many projects planned. Low project success rate

   - “We did way too much (...) at the end of the year.... we had planned 250 projects, 150 of those had never been started, we had come up with 50 new projects (...) this were new tracks that had not been foreseen. (...) and approximately 20 projects had become 4 times as expensive.” Organisation M realised that the administration was too complex and not successful enough. From this, long term planning etcetera emerged.
   - Why are 250 projects too many? “Because you can’t have them run all together at the same time (...) if a project staff member is working on 6 projects at the same time (it doesn’t
work). (...) It’s not only resources that cannot or can hardly be managed, regarding dependencies it can’t be managed by a project client.”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – “There were two dynamics. You saw the change budgets decrease and you saw the fixed costs rise. So the space for doing nice things was increasingly becoming smaller with the risk that these fixed costs would rise further. So the demand for value based decision making has become increasingly larger, but this was not yet the case in 2008, 2009. That is more of nowadays. Because 2008, 2009 was actually the turning point of, we then had a change budget of 100M€ and from that moment on the battle begun about ‘it needs to be done with much less’ and the crisis started. From that moment budgets have decreased.” HH: “Did you see that coming already?” LR: “In 2008, no, not to this extent.”

About natural selection of projects as a consequence of more formal PPM, preventing a number of potential projects from officially becoming potential, because people don’t even offer it anymore, LR: “That is true, that is true. That is also a yield of the process if that happens. It does make a difference for a lot of excess luggage.”

“In the context of then (2008), we simply had a plan for 250 projects. And the balance did properly add up to 100M€. So yes, actually we all together were like ‘this is something that we want to realise’. If you would have asked any random manager about ‘do you think we will actually make this?’ everybody would have said no, but accounting wise it was all correct. (...) The quality of estimations was also very important.” HH, calculating how many projects were planned, started and completed: “So roughly half of what was planned was actually realised?” LR: “Well, you know, that is difficult. What is completed? Completed does not only mean that they run. Completed is also that they have delivered the planned deliverables. (...) That is very hard to express. But then you must be below a 100.” HH: “So that comes down to a factor 2 or 3 shortage of resources in fact. If you would want to do everything, you would have required 3 times as many resources.” LR: “Yes, while in advance you had considered ‘with these resources, it can be done’ (...) but projects become more expensive, take longer, scopes change...”

Complexity – “At the time (2008), the project portfolio was much more complex than today. That starts with volume. The change budget was around 100M€, today that is around 70M€. So that was much larger. The dependencies were there too, but not insightful. If I consider this with the knowledge of today, between the projects and programmes that were running at the time, there were simply very many dependencies, but we didn’t know that, we didn’t act upon that.” HH: “But they are still there, but they are managed better?” LR: “Yes they are still there. They are managed better and the volume is lower, so overview has become better. Single project complexity and single project impact were both large. Then it already was complex, today, if I consider this on an individual level, actually little has changed.” Altogether, the overall portfolio was “enormously complex” HH: “And why is that particularly?” LR: “Volume, the number of planned tracks, uncertainty about what tracks will yield, both in deliverables and benefits. (...) Regarding this we have really progressed
enormously.” Regarding volume, approximately 120 projects are currently running simultaneously. This covers 100k€ projects and 10M€ projects. 20 to 30 projects consume roughly 80% of the total budget.

Organisational culture – Management culture: “At the time in 2008 I have experienced a huge distance from the Board of Directors. (...) I thought ‘what is going on?’ ‘Don’t you worry at all about the portfolio and where your money is going?’ I may have viewed things a little black-and-white, but nowadays...” HH: “From what did you observe this distance?” LR: “The not being as involved as today (...) there is a change budget of 100M€, 130M€ was applied for by the business lines. Then you would expect the Board of Directors to cancel a few things (...) what happened at the time is that they pushed this 130M€ back into the organisation ‘make sure that it is in balance, take care of it’. And today (...) this is not a gap anymore (...) the Board of Directors is willing to help.” – About whether the Board of Directors demanded detailed information and wanted to be tightly in control, LR: “2008? No desire for this, well, little desire for this. Reporting was being done, but...” HH: “So that means that this (PPM) change didn’t come from the Board of Directors?” LR: “No, we have really started that up ourselves”.

Change readiness “used to be quite low at the time. (...) Processes were quite tradition-oriented.”

HH: “Can you name a concrete example of which you can say ‘there I was really counteracted towards’”” LR: “I think at the time we could also speak less freely about... (...) I did not feel the freedom at all to write down what I thought and at that moment we also had too little knowledge about strategy. Every period and comma was highlighted by (business line) directors and if it was not on paper in the way a director at the time expected it to be (...). So at the time was one waiting for changes in the process? No, I don’t think so. Directors wanted to be very much in control of what was being reported and as a figure of speech they would counteract red traffic lights because then they would be disciplined by their boss. Nowadays it is much more open. Even stronger, if you now report a red traffic light, you will get help and it is being respected.” HH: “So this was related to the transparency that would in fact emerge?” LR: “Yes, it absolutely was not transparent.”

PPM Gap size – “The funny thing is that this all has emerged quite naturally. Annually a strategic plan was made, a sort of team plan (...) and this was held on to as a sort of staircase. Everything that had been done in the past was held onto and every year something new was added. But I have never experienced any pressure from my boss or from outside for this. It was very intrinsic. And with that the appreciation from outside actually came by itself.” HH: “Was knowledge about PPM available in the organisation?” LR: “Not at the time” HH: “What was lacking?” LR: “I think in 2008 it was very unclear what PPM actually meant. (...) There were no expectations or knowledge about ‘this is a club that helps looking forward, prioritise, steer benefit-driven...”

Normative variables

Organisational priorities – “The PPM process already existed. We did have a crisis at the time (banking crisis) this has of course turned things upside down (...) I believe it was more 2009 then 2008, so a bit after (the intervention). (...) We have experienced very much <removed: examples of high-impact organisational changes and external influences> but none of these events, they have influenced the project portfolio itself, but not the professionalisation or the process itself. That
improvement has not emerged from that, or in this case negatively, I have not experienced that...
We have experienced it a bit in this time span. We had two tools (…), I believe that was the same period, we had a project running for merging these two, and halfway we have killed this project. (…)
There was crisis at <removed: one of organisation M’s divisions> this has led to mega cost savings, and that has led to us having to say goodbye to one of the two tools. That was playing a part in the same period.” HH: “And saying goodbye to one of these two tools, does that say something about how advanced PPM is?” SV: “In hindsight I think it wouldn’t have worked anyway (to stick to the both of them). (…) It did place a small hold on the professionalisation at the time, but, not very shockingly.”

Need for better information transparency – “This always plays a role. (…) The most important task of PPM is overview and structuring, and you need to collect so much data for that and translate to also having an opinion about it (…) for higher management and governance meetings. If you don’t do it, it will really become a mess. You won’t see that at the short term, but on a medium to long term you really don’t know anymore which projects are running at all. (…) Eventual everything is data.” HH: “Did this play a role in 2008?” SV: “Then, for the first time the transformation has been made of ‘if you need to dismiss 100 to 150 people, let’s do this based on data of which capacity is required by the projects, instead of data from IT about when do people’s contracts expire?’”

Need for better predictability of company results – “That is also very important, because the 20, 25 largest programmes, in which millions (of Euro’s) are turned over, are crucial for the survival of the company and we also need to periodically report to rating agencies about this, Moody’s, S&P, Fitch, and they also simply ask for the status of programmes. And these programmes were not doing very well at the time too. (…) For rating agencies it is about one thing only. It is not about how well you do it, it is about (…) ‘do you live up to what you have promised earlier?’ Well, that is predictability.”

Desire for project success rate improvement – “Too much at the same time, because of which you need to share your resources too much. An exception here immediately leads to an exception there and eventually… for exceptions everybody immediately thinks ‘then a project runs over time and it will cost more’, yes, that’s correct, but eventually if it runs over time you longer need resources, if you need money, nice, but that money eventually also represents resources, so eventually it’s resources (…) PPM is always about ‘which projects do I do and which do I do not?’ and value-based decision making and strategy contribution and business cases is all nice, but if it does not map with the capacity that is available, the total output is simply too low.” LR about improving the project success rate: “Less is more” HH: “So doing less projects eventually leads to better performance of these projects?” LR: “Yes” HH: “To what extent did this really play a role in 2008 for improving PPM?” LR: “Very much, very much (…) I see where we come from with these 250 projects, never doing 150 and 50 new and a few with high cost overruns, that indicates that you’re making plans with very many people, but that very little of those plans is realised. That is such a huge waste. Nowadays it doesn’t happen like that anymore. (…) Then too (2008) there was a change budget of maybe even 100M€. It is funny, we needed to go down (in costs) due to this reduction and credit rating, but eventually it has led to more output. (…) But ‘less is more’ also means that you’re forced to make choices and the prioritisation becomes much clearer, also for the rest of the organisation. (…) There is also less distortion between higher management and the remaining of the organisation.”
Desire for portfolio rationalisation – “This desire for structure has always been there. That is mostly related to (...) a business case resulting from legislative changes may not be compared to the business case of a new or innovative product. That is comparing apples and pears, or in this case apples with streetlights, you can’t compare them. So there is a more coarse structure above that. When you would let go off that, then we throw everything on one pile and... (...) Then (2008) this desire for structure was there too, but it was much more planning wise and bureaucratic than today. Then, you did have an administration of 250 projects and at the time there was also a demand for that to have this insight (...) today we say ‘20 programmes consume 80% of the money and the resources and the rest we freewheel through that, but eventually the most important thing is to keep these 20 up and running’. That is totally different.” HH: “So in fact the formal had to be decreased again?” LR: “Yes, but that was already much later than 2008. In 2008 there was a huge need for structure and spreadsheets. Nowadays that is a little less.” HH: “So this portfolio rationalisation was already there, but it was not optimally implemented yet. So in that sense it has in fact not triggered a change in 2008, but it is more something that was present continuously.” LR: “It has always been a topic, yes.”

HH: “Which of these drivers do you think is most important? Which one has been the most important in 2008?” LR: “Success rate improvement” HH: “And after that?” LR: “Rationalisation, and after that company results.”
### Item M1 – Selection (by LR) of presentation slides about the organisation of PPM in organisation M and about its evolution over time.

#### Evolution over time (highlights):
- 2008: reporting for Board of Directors and Business Lines
- 2009: top 25 reporting, stage gate funding, business case policy
- 2010: Clarity, project selection by IT Steering Committee
- 2011: Multiple-years-plan steering

#### Overview of PPM reporting deliverable-cycle and frequencies, as well as a description of their purposes

#### Description of the project selection and execution process

The 8 main responsibilities of the PPM department:
1. Strategy alignment / benefit management
2. Overview of the organisation and categorisation of the portfolio
3. Progress monitoring
4. Financial management
5. Pipeline management / Resource management
6. Insight in and management of dependencies
7. Multiple years plan
8. Coordination and advice.
Case Identifier: Case N

<<This case study report has not been included with this public version of the thesis report, as organisation N’s disclosure policy does not permit disclosure of this case study report>>
Interview Report – Thesis H. Haasnoot

Case Identifier: Case O
Date & Time: Tuesday 24 July 2012, 14:00h-15:30h (NL time)
Interviewee initials: MD
Interviewer: H. Haasnoot (HH)

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Status</th>
<th>Date</th>
<th>Review by</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>Draft</td>
<td>30-7-2012</td>
<td>H. Haasnoot</td>
<td>Initial version of the report</td>
</tr>
<tr>
<td>0.2</td>
<td>Final</td>
<td>1-8-2012</td>
<td>MD</td>
<td>MD’s feedback on version 0.1 – No changes required – Report considered complete</td>
</tr>
</tbody>
</table>

Case description

Organisation O is a multinational company that processes food. An overview of the key characteristics of this case is provided in Table 39. Organisation O is the result of a recent (± 5 years ago) merger between two food processing companies, which in this report are referred to as organisation O.A and O.B respectively.

Table 39 - Case overview

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Food processing company (one Business Unit under study, being the BU that MD works for)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Advancement period under study</td>
<td>The year 2010 (Jan-Dec)</td>
</tr>
<tr>
<td>Interviewee position</td>
<td>Business Unit PPM Manager</td>
</tr>
<tr>
<td>Type of projects</td>
<td>Internal. Mostly new product development, but also IT and organisational change</td>
</tr>
</tbody>
</table>

Interviewee description – MD is PPM Manager at one of organisation O’s business units. He is responsible for the professionalisation of Project Management and PPM within his unit. He has been in this position for 5 years now. His position as PPM Manager is part-time. Per week MD spends 2 days on this position and 3 days on other work, comprising project management, project team work, etcetera. Before the merger, MD worked at organisation O.A. At the time his jobs were mostly management functions in production. Including this period of employment at organisation O.A, MD has worked for organisation O for roughly 12.5 years now.

Project Portfolio Management in organisation O

Position of PPM in the organisation

In Figure 10 - Organisational chart of organisation B, with the position of the PMO and PRB
a simplified organisational chart of organisation O is displayed. Organisation O consists of various business units and there are company-wide staff functions, like HR and IT. The Strategy department is one of these staff functions. Each Business Unit and each Staff Function has its own management team. Each business unit (including staff functions) and also the executive board is supposed to have exactly one project portfolio, one person that is responsible for PPM within that unit and a portfolio sponsor from the unit’s management team.

PPM is formally located within the ‘Strategy’ staff function, which is displayed separately in Figure 10. Once could consider this function as the corporate PPM practice. Next to that, each business unit and each staff function has its own PPM function as well. Hierarchically, these functions are not connected to corporate PPM, but they of course cooperate. “That is a matter of cooperation, and setting up a community of practice, etcetera, but eventually when strategic decisions need to be made regarding PPM, then these are made at Strategy. (...) That is where the decision authority is.” HH: “What kind of decisions could this be?” MD: “Imagine that, for whatever reason, we need to go from a 4 stage to a 5 stage model, that is an essential modification, that decision can only be made by PPM at Strategy” HH: “So that is about the way in which PPM is practiced?” MD: “Yes”

Figure 36 - Organisational chart of organisation O

Per-unit PPM
The volume of the project portfolio and the job intensity of the PPM manager differs per unit. There are units that have many projects and a team of several people for PPM management, but at the other extreme there are also units that only formally have a portfolio, which in fact is empty. Then still there is somebody formally responsible for the portfolio, but he does hardly or not spend any hours on PPM. “with this we aim to make sure that in every part of the firm project and portfolio management is practiced in a structured and as much as possible professionalised manner. (...) there is a number of organisations (units) that fill in the PPM manager (job) with somebody that spends 4 hours per week on it because they don’t require more and there are also organisations (units) that dedicate 2, 3, 4 people to it (PPM). For example at <removed: example of business unit> it is at least 1 person (...) working with it (PPM) full time, because they run many projects, large projects,
etcetera. And in my organisation (unit) I work 40% of the time with it.” Sometimes, in particular in units where PPM is relatively small, the role of PPM manager at various units is filled in by the same person.

This replicated PPM model does not occur at the levels below Business Unit / Staff Function level. “It is limited to Business Units, Operational Companies, and the corporate departments. So in total we know roughly 55 portfolio’s. So that is one business unit, one portfolio. Not 2, not 0. 1 to 1. And if it (portfolio) is empty, with zero projects, that doesn’t matter. (...) Then it is formally still there.” HH: “Then somebody is still formally responsible, but doesn’t spend time on it?” MD: “Yes, but we hence do not have 2 portfolio’s within one business unit.”

HH: “These people that are PPM manager within the units, what kind of other role do these people have in general?” MD: “That can vary much. Some are simply employee at a department and do this additionally. It is traditionally more on the marketing side however. Because in this organisation PPM is frequently linked to New Product Development (NPD). This is not always the case of course, but it (PPM) does play a very prominent role there. And we still need to get a bit out of this corner. And at IT there is a project management office (PMO).” In other departments the PPM manager himself takes the role of the PMO.

The PPM Process
The PPM decision/selection/prioritisation model. “We know a level of project sponsors. ‘who may initiate projects’?: That must be linked to strategic objectives. That level may decide that independently and we advise to have the first project plan (...) accepted by the Management Team (of the particular Business Unit)”

Organisation O uses a 4 stage [Orientation, Creation, Preparation, Implementation (incl. Project closure)] model for projects with gates in between. The gates are the ‘assignment’, the ‘feasibility check’ and a ‘launch check’. The latter meaning a check that a product may be introduced into the market, or rolled out in the organisation. “If you pass the launch gate really a disaster needs to happen, something unforeseen (...) would the ‘go live’ of the project (...) eventually not take place.”

“What we do is that all projects, whether that includes external consultants or external organisations, basically we say ‘we do all projects in our own way, period.’ To external consultants or external firms we say ‘fine, but you work with our system’. That is how we approach it.”

PPM meetings
“We consider PPM quite a cold check whether the portfolio sufficiently contributes to the realisation of strategy. That means that for us a portfolio meeting is not a meeting in which we talk about strategy. Not. We advise not to do that. (...) Strategy is considered a given. Purely a check whether the project portfolio contributes sufficiently and is on track with the realisation of strategic objective. [Later in the interview MD said: “PPM is not related to strategy formulation, but it is looking at aggregated data to check whether you’re strategically on track. It’s not a tool, but a decision and a human decision.”] The advice is to that (PPM checks) frequently, say every quarter, of which at least 2 times (per year) more extended. And actually that’s it.” HH: “And at these meetings it is considered for the whole set of projects (MD: yes), per project ‘to what extent is this project in
line with strategy?’” MD: “No, not per project, we consider the whole, we aggregate data and we compare them to scales. Such a scale, a sort of prioritisation list, you could have 2 for a portfolio, but you could so to speak also have 20 of them, that doesn’t matter. (...) These are criteria. (...) If you’d aim for sustainability, then we would consider projects based on a sustainability-criterion. And then if 18 projects do not contribute to sustainability, there is a problem. And like that, you can consider all those axes.” HH: “it’s a checklist of ‘to what extent is it aligned with this strategic point in the whole portfolio and to this point’” MD: “Yes, you need to translate your strategy into a number of scales, and you do that together with the Management Team. ‘Which scales will we apply?’ In order to give a good overview of how the portfolio is composed and contributes to strategy. At the moment that these scales are determined, we make sure that projects can at least be ranked for that scale, and all other scales that have been determined, and then we present it. And if everything is balanced, such a meeting would take 10 minutes and then it is finished so to speak. That is hardly ever the case, so then there is imbalance, and then you start the game ‘this line is not balanced, this one not balanced, and the others are. Then what does that mean? Should we do something, and if we need to do something, what will we do?’”

Resource considerations
HH: “Is also something else considered?” MD: “Like?” HH: “Resources, for example” MD: “If resources are a limiting factor that the MT wants to consider, then also resources are involved. I don’t know how this is with other companies, well actually I do a bit, but managing resource pools very well is quite a complex, time consuming thing of which you should really wonder whether you would want to do that. We don’t do much about that yet.” HH: “And then we are talking about human resource in particular?” MD: “Then we’re talking about human resource.” HH: “That is so complex that one should maybe not do it, do I understand that correctly?” MD: “Well, it has at least turned out complex, in organisations where there are 200 or 300 people in research, to actually measure ‘what is available?’, ‘what can you deploy?’, ‘how do you want to divide that?’, the making of choices about dividing resources over particular strategic directions is often already difficult to do. If this choice is not made, then you neither need to measure. Then anything goes, so then we don’t do it.” HH: “Then it does not add value to consider that?” MD: “Then it does not add value. On the other hand we do consider, in research, hours are always recorded. If only it were for subsidies, so about what happens, you can say something. Then you know on what kind of projects hours have been recorded. That is considered. If from that it turns out that, for example, 75% of the resources are used for that of which you had expected that it would require the least resources, and vice versa, then that could lead to the portfolio decision to have people accommodate their projects differently, maybe even to stop projects and start them in another direction. It could lead to that kind of decisions, but to manage research management towards the future is really a step too far in this organisation.”

HH: “This is about human resource. What I mean with resource are also all other means that are required. Money is an obvious one. What I can imagine is that an organisation also considers ‘how much money do we have available, what can we do? We have less money than that we would like to do, so on the basis of that we also need to choose.’” MD: “Here project costs are frequently borne by budgets that sponsors have at their disposal themselves. In that they hence manage their own project. If there is no budget, they don’t start new projects. Or, they present a problem to the management team for having budgets reshuffled.” HH: “So they ask for extra budget?” MD: “Yes”
HH: “You indicated that ideally there are four meetings per year. What does that mean in practice?”
MD: “That can mean in practice that there are units that do it every month (...) and other organisations have not done this for 1.5 years already. It can really vary between these two.” HH: “What kind of people are present at these meetings?” MD: “That are mostly the management teams. They are eventually responsible for the realisation of strategy and they have these meetings and these are prepared by somebody like me (the unit’s PPM manager).” HH: “So that is the management team of the business unit and they eventually decide about what the list of priorities regarding projects will be.” MD: “Yes”. HH: “That can emerge from an advice of PPM” MD: “Yes” HH: “I can imagine that in some cases this advice is just copied” MD: “Yes, definitely”

Project types
Many projects in organisation O comprise NPD’s. Also change projects (including IT and investments) occur frequently, as well as operational projects (global end-of-life replacements etcetera).

Evolution of PPM over time in organisation O
Following the merger some 5 years ago, a new way of working for PPM was implemented. The original organisation did have their systems. Organisation O.A had a system which was mainly aimed at Project Management and PPM was mostly ad-hoc organised. Organisation O.B had more experience in Portfolio Management, which comprised “to attempt to decide, based on aggregated data, which projects contributed to strategy to see whether decisions needed to be made”. This system was however yet quite immature.

From halfway 2009 to the end of 2011, a team has been working on setting up the new way of working for PPM. Much has changed “and formalised and communicated”. The team focussed on describing what PPM is and how it works, on creating trainings for PPM and on setting up standard gate documents (the paper deliverables based upon which a gate decision can be made).

The actual implementation of PPM has evolved over the business units. Even at present not all BU’s have yet started the first step in the implementation of PPM.

“There are however also units that take a step back (in PPM Adoption) from 50% to 40%. (referring to the 0-100% PPM adoption spectrum) (...) The continuation of this process also has its own dynamics. Because sometimes Management Teams change drastically within very short time. So to speak 80% can change all of a sudden, and that could also mean that you fall back from 60% to 30% along this (PPM Adoption) scale. So do not consider it as a scale that, once a step has been made, it is fixed. No way. (...) For example my own business unit in 2009, 2010, 2011, during a period of 2 year, has had roughly three times a year a portfolio meeting. Now we have not had it for 1.5 years already.” HH: “Is there a particular reason for which it has not taken place for so long?” MD: “Crisis, panic in the market, thinking we don’t have time for it.” HH: “So more focus the daily job than the more strategic considerations?” MD: “Yes, that’s correct. If you don’t pay attention, a portfolio meeting is a meeting that falls first in the case of time pressure. (...) Long term management is still difficult.”
Focus points of this interview

Unit of analysis
MD can’t guarantee that his knowledge about all 55 portfolio’s is fully accurate, so his own business unit is considered as the unit of analysis. “We are a food supplier in The Netherlands” To this portfolio is hereafter referred as the ‘Unit portfolio’

Time period under study
The full year of 2010 is considered the best period by MD as timeframe under consideration. Big PPM related changes comprise “The realisation of the Management Team that both proper project management as project portfolio can bring added value to the organisation, although it is very hard to quantify that.” HH: “Do you also know why they considered this an added value?” MD: “No, I can actually not... except that that it was becoming more and more apparent that if you would not do it, actually much could go wrong. (...) Projects that got out of hand completely, that eventually not yield what they were supposed to yield, because of which market successes didn’t work out. Or that products were brought into the market that needed to be taken off (the market) after three months again, because apparently it was different in reality then what one had imagined in the project team. (...) Benefit management is quite an issue for us, but in our methodology from the perspective of Project Management we don’t do anything about that. Because (...) it is out of the scope of project management. We consider benefits the responsibility of the project sponsor, not of the project. And regarding portfolio management we have hardly any knowledge about how successful we are. That is also related to the system that large companies use in the making of budgets, forecasts, modifications, etcetera in order to deliver an as realistic as possible number and if you don’t pay attention your original project budget cannot be retrieved after one or two forecast rounds, because so to speak it is noted ‘this project is doing much better than we expected, so we increase the budgets’, overwriting the original budgets and then the good overview is lost, because these numbers are only somewhere in documents and if that is not all computerised, it is very hard to find this all back ‘so let’s just not do that, and done’ (...) if at the launch gate decision a product appeared more successful than it was supposed to be, then the original budgeted sales numbers, for example, were increased in the systems in order to get the budget, or the forecast, realistic. And then the original numbers were lost immediately.” HH: “So then you can’t say that a project has over performed, for example by five times, because in fact the baseline has been changed” MD: “Correct. And what is also playing a strong role here, what I’m saying for years already, is that a project that for example performs five times more than expected is also a failure (...) although we are very successful in the market, all systems are designed for another volume. Of course if you can choose, you’d prefer an over performing product over an underperforming product, but it is still the case that the organisation has not been prepared for it. (...) It has not been predicted correctly.”

HH: “What do you mean by the failure of a project itself?” MD: “What happened quite much in our organisation is that projects, what I call, broke adrift. So to say you start with ‘this project should deliver a red Ugly Duckling’ but what is delivered is a red Ferrari. That is both a red car, but it is not what you wanted originally. We also saw that much, both movements, also that we started with a red Ferrari, but then it turned out too expensive or whatever and eventually we came up with an Ugly Duckling and eventually we wondered ‘why doesn’t this work like we expected’, obviously, and the other way around, what you see much at investments tracks ‘just make sure that it can also do
this’, ‘make sure it can do that’, for which you eventually need a car to drive from A to B…” HH: “So by breaking adrift you mean that eventually the scope of the project changed?” MD: “Scope, yes, or that the requirements turn out not to be feasible and then we say ‘ok, then we do it for less’ (…) scope and requirement is a different board game for us.”

HH: “Often, projects (project failures) are also measured in budget and time overrun. Is that also a measure that can be used?” MD: “We do consider that, but it is really dependent on how you determine that. If a project that you do <removed: example of small incremental product innovation> goes far over timing and budget, that is really wrong (…) but if we really do a large project in an unknown field, than you make a best effort and estimate. I wouldn’t call that a failure if you would run over budget. I would call it a failure if you run over budget without having formally ensured that you have received extra budget.” HH: “A contingency budget?” MD: “Yes, it should eventually not be that you deliver something and say ‘by the way, it didn’t cost 2M€, but it has costed 4M€ (...) that is what I do call a failure, but if you meanwhile clearly motivate your gate documents and get assigned more, then you didn’t make a good estimation. These things happen (so it’s no failure).”

HH: “So if we go back to what was going on in 2010, was that the MT realised that project failures should be decreased, and that mainly includes good prediction of project outcome and also the scope is achieved. But matters like time and money are less important there.” MD: “They are less important there, yes, that is correct.”

HH: “Was there another reason for the MT?” MD: “No overview. No clue about what innovations were supposed to contribute to result. No idea about how many projects were going on. That were for sure considerations to have a closer look at the portfolio.”

HH: “What has changed in 2010?” MD: “(project manager) trainings, formal portfolio meetings with a full overview in a number of aggregated overviews ‘this is what we are currently doing’”. HH: “So then it was the case that these quarterly meetings were held?” MD: “Yes” HH: “Was there another large change?” MD: “The training of (project) sponsors.” HH: “Has there also been another change in the (PPM) approach, except for these formal PPM meetings?” MD: “No, no”

### PPM Adoption

#### PPM Adoption in 9 variables

MD’s answers to the questionnaire as well as his answers and additional explanations and remarks are depicted in Table 40. The average result for each of the 9 variables is displayed in a radar plot in Figure 37.
### Table 40 - PPM Adoption Questionnaire Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question/Statement ID</th>
<th>'Before' rating</th>
<th>Average before</th>
<th>'After' rating</th>
<th>Average after</th>
<th>Explanation / remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised view</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Financial analysis</td>
<td>2.1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Risk analysis</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Interdependencies</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Constraints at portfolio level</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Overall analysis</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Categorisation, selection, accountability and governance</td>
<td>7.1</td>
<td>2</td>
<td>3.0</td>
<td>3</td>
<td>3.3</td>
<td>It (governance &amp; accountability structure) is in place, but not always followed</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimisation</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Specialised software</td>
<td>9.1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Overall average</td>
<td></td>
<td>2,2</td>
<td>2,7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Radar plot of PPM Adoption](image)

**Figure 37 - Radar plot of PPM Adoption**

2.2 *Applied financial analysis techniques (before)* – <no answer>
2.2 *Applied financial analysis techniques (after)* – <no answer>
9.2 *PPM Software use (before)* – Innoforce
9.2 *PPM Software use (after)* – Principal Toolbox
Influencing factors

Self named factors (without having seen the factors in the model)
1 The desire for better overview
2 Contribution to the result. The realisation of profit. HH: “So the making sure that all projects together yield more?” MD: “Yes”
3 Reduction of project failures in the sense of that something totally different is delivered compared to what was expected.
4 Desire for better decision making. Projects did just go their way, and with the introduction of the new methodology there were simply 3 very clear decision moments. That helped tremendously.
   HH: “These were the moments in which was said ‘now we stop a project’ for example, or ‘we place it on hold until this is fixed’? MD: “Yes” HH: “And this was not the case before?” MD: “No”

HH: “Do you have something to add to this?” MD: “No”

Consideration of the model’s factors

Deterministic variables

Relative resource scarcity – HH (explaining): “If you would have infinite resources, you could do any project you’d want and then it is less required to make choices for projects.” MD: “Yes, theoretically that is correct, but in practice I have never felt it like that. In practice resource scarcity is hardly dealt with. That is something of which one knows in the back of their heads ‘there does exist something like resource scarcity’, but one actually doesn’t want to have to do anything with that. ‘Solve it yourself’.” HH: “You have indeed indicated before that that is not considered much. How many people are available though?” MD: “No” (confirming), in 2009, 2010 that was no motivation for starting PPM”, HH: “I can imagine that some projects are not done and that eventually maybe indirectly at the basis of this is ‘we simply don’t have the resources for this, we think something else is more important to spend our resources on.” MD: “Yes, that happened, but that didn’t happen on PPM level.” HH: “On which level did this happen?” MD: “Simply a line manager that said ‘I don’t have time for this project’ and then it is possible that decisions are made on the wrong ground. And I always try to say that line managers need to try to prevent this. They should set their priorities.” HH: “So that would be more intuitive decision making” MD: “Yes” According to MD it is hard, if not impossible, to determine how many projects can relatively not be performed due to resource scarcity.

Complexity – “This did not play a role, since one started than with looking only at NPD’s. We then didn’t consider the whole portfolio, hardly any, business unit does so. I think none at all within this firm consider the portfolio entirely. It is generally a part that one considers (...) the New Product Development. HH: “So because of that it would be less complex you mean?” MD: “Yes”
At the time, in MD’s business unit 50 to 60 projects were running at the same time. These were all NPD’s. MD’s estimate of the total amount of the portfolio budget is “somewhere between 1 M€ and 5 M€” for his particular business unit. Project dependencies were hardly there,

Single projects were mostly not complex, the impact of most projects was not extremely large and uncertainty was low. “They were fairly certain.” HH: “How can it be that an NPD projects is not uncertain?” MD explains that incremental development is fairly certain, since very similar things have already been done before. The more radical development is less certain. HH: “So within your business unit it were more of these less uncertain projects?” MD: “Yes”

Portfolio complexity as a whole. MD: “Not so very complex, just extensive.” HH: “Large, but not complex?” MD: “Yes”

Organisational culture – MD describes the management culture as “wanting to be updated in detail”. The change readiness and innovation attitude is, MD: “still an issue.” HH: “Can you give an example?” MD: “Interference of the MT with project decisions for example. That is regularly the case.” MD about the change readiness regarding PPM for project managers: “if eventually the penny drops they consider it clearer than how it was. (...) The change readiness of team members and project managers is larger than of the MT members, because they are directly involved with it of course, with the misery emerging from interferences of the MT or whatever.”

PPM Gap size – “Knowledge was limited. A number of project members and team leaders had been trained but that was all. And the organisation was at the time, and maybe still, very much organised into groups that were responsible for something. And the project management system as we favour it works against the formation of groups. We want to have one sponsor, one decision maker.” HH: “The organisation as one group?” MD: “Yes” MD about the ‘current organisation’ element: “The only thing that I think was there, was a PPM manager. And my opinion about this is that if an organisation wants to do PPM, it needs to make one person responsible, whether part-time or not, dedicated. If you don’t do that, in my view it is doomed to fail.”

Normative variables

Organisational priorities – This factor has not played a role in the PPM Adoption of organisation O.

Need for better information transparency – “This was there, strongly. (...) We could so to say hardly compare two projects with each other, but there was a need for this.” HH: “So not necessarily to have the information consolidated, but also in a way that it can be compared?” MD: “Yes”

Need for better predictability of company results (here: of the business unit under study) – “Although you saw that we didn’t have a clue of what the contribution (of a project) would be, this hardly played a role, because we did always deliver these company results by shifting or cutting budgets here and there, in order to be able to deliver the agreed result” HH: “The business unit had a certain profit target I assume?” MD: “Yes”, HH: “And this could be achieved. So one project delivered some less, the other some more and together the same was achieved?” MD: “Well, not that, if it turned out that we would be short of money for the final profit, we cut costs. Done. And that were simply
all costs. The marketing budget, or the advertising budget, or whatever. It was just cut so that we did make the result. So for that reason there was not really a focus on PPM, no.” HH: “That need wasn’t really there?” MD: “No”

Desire for project success rate improvement – “This one was (...) because if we sometimes did a very difficult analysis, looking back (...), handwork, then we always discovered that we didn’t score very well (...) on achieving project success. We did in general have 80%, three quarters of the projects underperforming.” HH: “There was a certain objective that was not achieved?” MD: “That was not achieved.” HH: “And these were objectives regarding scope or what should be delivered?” MD: “No, it was about market success rate. One wanted to have more certainty, more success in that. And that was a reason to do PPM, or at least to adopt it.”

Desire for portfolio rationalisation – “No, did not play a role (...) zero.”

Provided documentation

Item O1 – NPD Project, Governance Process Flow
Detailed flow diagram (drawn up in Excel) with the steps from a (NPD) project initiative to project closure, with the task owner for each step in the flow (e.g. PPM manager, Project Manager, Marketing Manager, Management Team). The three gates are highlighted. Also the rules and guidelines are indicated at the steps to which they are applicable (e.g. the maximum response time of a department that needs to approve a step). The process flow includes decisions to be taken, documents to be created, the possible categories that a project can be assigned to, etcetera.
Appendix B – Case Studies

Part 3 – Per-factor Answers
## Relative resource scarcity

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>Not an issue before the intervention. Relative resource scarcity was low since the amount of projects was low. “the focus was actually to get work in”.</td>
<td></td>
<td>Low relative scarcity.</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>“there is a given amount of money available for projects and we want to make use of this as effectively and efficiently as possible”</td>
<td>Availability of resources has decreased. Before, some 80% of the potential projects could be done, now that’s about 60%</td>
<td>Items B2(PR work description): Permanent pressure for working more efficiently (realising cost savings)</td>
<td>Fairly moderate relative resource scarcity, but an important factor influencing PPM Adoption</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>“one suddenly realises ‘hey, we can’t do everything, we need to make choices because we have a bottleneck in either money or resources” With high profits, project money is not much of an issue, when profits decrease it becomes an issue and PPM becomes more important</td>
<td>Originally “the money simply flowed”, later the organisation realised that projects were costing much more than originally intended and then the desire grew to get more control. “‘we want to get control over these project costs and we do think that this is getting out of hand.'”</td>
<td></td>
<td>Increasing scarcity did considerably influence PPM Adoption</td>
</tr>
<tr>
<td>D</td>
<td>Scarcity was coming up. “Scarcity is created and then you need to start making choices. (...) money was not coming from the walls anymore</td>
<td>“Money, budgets. It takes more than it yields”, and “the scarcity in (human) resource”</td>
<td>“this is always a problem. It is still a problem”. Not many projects can’t proceed at all (maybe 10 to 15%), but delays are estimated at over</td>
<td></td>
<td>Resource scarcity had quickly increased. Less money was available and human resource availability was difficult already.</td>
</tr>
</tbody>
</table>
(...) and then you start making choices” 50% Overall, organisation D seems to have a moderate relative resource scarcity, but due to the quick change it has had large influence on PPM Adoption

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Unchanged but present. Now an estimate of 70% of all initiatives can be done.</td>
<td>Not extremely large. Probably not a driver due to little change over time.</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Projects are sometimes descoped and hardly ever cancelled due to resource scarcity. If scarcity comes up, human resources are hired from the market and sufficient money is available from a contingency budget</td>
<td>Low relative resource scarcity</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>“In the past it was like... 5 years ago the money was ‘splashing through the hallways’” Less money became available (500M€ → 300M€) for more required result “There is a large gap between what we want and what we can do.” More due to human than financial resource availability. Roughly 60% of the desired projects can be realised. “There is a large gap between what we want and what we can do.”</td>
<td>Fairly large relative resource scarcity. Also a substantial change, nominating the change of this factor for potentially high influence on PPM Adoption.</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>If more budget is required it can be obtained fairly easily</td>
<td>Resources are quite available, but demand has increased much in short time. “Really a co‐cause”</td>
<td>Item H2 (presentation): “pressure on the organisation” Relative resource scarcity was low, but increased rapidly. This change had moderate to high impact on PPM Adoption</td>
</tr>
<tr>
<td>I</td>
<td>“It was quite easy here. The fried chicken just came flying in “we come from a very luxurious period, but that is</td>
<td>The availability of resources is “dramatic”. Less than half</td>
<td>Item I1 (city budget): scarcity of resources Used to be low, but scarcity tremendously increased,</td>
</tr>
</tbody>
</table>

282
through the windows (...) and that is over now. (...) This scarcity for money is really becoming visible.” “mega large cost cuts” “The urge for a balancing method was only increasing, so we rapidly needed to come up with such a balanced list (of projects)”

| J | 2000: Expenditures had gotten out of control and one realised this needed to be stopped 2006: “scarcity-based management”, twice as many resources required as available. | “IT costs were getting out of hand” | Very important in 2000. | Important driver in 2000, due to emerging awareness of this scarcity Also relevant in 2006, when scarcity was fairly high. No data for 2009 |
| K | The budget rather than the people form the bottleneck. Approximately 1 in 3 projects cannot continue due to scarcity in resources | | Fairly moderate relative resource scarcity, compared with the other cases. No changes mentioned. No reason to consider as a driver for PPM Adoption. |
| L | “always large, because you always want to do much more”, “resources are not unlimited indeed”. Numbers of projects that could not be started due to resource scarcity are not available, “but that is quite significant” | | Moderate to high resource scarcity |
| M | Large financial reduction triggered PPM changes | Large cost reduction required, while plans to realise didn’t decrease | Decrease in resources coming up around 2008, and after that further reduction | High relative resource scarcity in comparison with the other cases. Increase in |
much, with relatively more scarce resources as a consequence, while amount of work remained stable. Resources are short to that extent, that roughly 1 out of 2 or 3 potential projects is done.

| N | Budget was exceeded for the first time. The number of people required varied strongly over time, implying the need to hire people externally (consultants) | Shortage of money, relative to what needs to be done. Relative shortage of critical (human) resources “like architects and designers” | “our ambition is higher than the pile of money” and critical (human) resources are less available than required, causing that ± 20% of the planned projects cannot be executed | Moderately high relative resource scarcity. An increase in scarcity had a fairly high influence on the PPM Adoption. |

| O | Management of (Human) resources is not practiced, due to its complex, unpredictable, time consuming nature with uncertain benefit | “In practice resource scarcity is hardly dealt with” – This element was basically ignored at PPM level. Project selection based on resources happens more intuitively at line management level | No data about magnitude. No influence on PPM Adoption. |
## Portfolio complexity

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>“we have relatively low numbers of big projects (...) I don’t think it is hugely complex”</td>
<td></td>
<td>Low complexity</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>Numbers have decreased from ± 150 to ± 60 projects, budget is roughly 3 M€. Project interdependencies are moderate, impact is high and uncertainty is fairly low</td>
<td></td>
<td>Compared to the other cases, this portfolio is not very complex.</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td>Some 25 projects, and a budget around 20 M€, dependencies were low and managed. “No it was not hugely complex”</td>
<td></td>
<td>Low complexity</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>“mega large” --- some 5000 projects per year, with high interdependencies</td>
<td></td>
<td>Very high complexity, no explicit data about its influence.</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>10-15 projects, roughly 1M€ project budget, not counting investment expenses. Low average interdependencies, impact and uncertainty. Complexity lies in the variability of the portfolio</td>
<td></td>
<td>Though not explicitly said so by the interviewee, this case’s portfolio is not very complex in comparison with the other cases. Project numbers and budget are low, as are the single project variables.</td>
</tr>
<tr>
<td>F</td>
<td>Decrease in complexity towards the end of the programme</td>
<td></td>
<td>Overall complexity is “really high. That’s really, really high”, mostly due to “high volume, high (single project) complexity, high impact” and “enormous” dependencies. – “the driver is the complexity” and with the programme nearing its end, complexity</td>
<td></td>
<td>Very high complexity, but decreasing towards the end of the programme.</td>
</tr>
</tbody>
</table>
decreases with increasing certainty.

<table>
<thead>
<tr>
<th>G</th>
<th>“very complex” due to high volume: 900 projects, over 300 M€, and complex single projects</th>
<th>Very high complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>Increase in volume, interdependencies, single project impact and complexity, due to merger. Increasing complexity was foreseen.</td>
<td>Data insufficient for expressing absolute complexity, but increased much for sure.</td>
</tr>
<tr>
<td>I</td>
<td>More than 100 projects</td>
<td>High complexity</td>
</tr>
<tr>
<td>J</td>
<td>30 to 40 projects, ±35M€, low interdependencies, but “quite high” single project complexity, and high uncertainty. Complexity increased much between 2009 and present</td>
<td>Moderately complex portfolio relative to the other cases. Increase in complexity in 2009 an important driver for PPM Adoption</td>
</tr>
<tr>
<td>K</td>
<td>Increasing complexity (volumes, dependencies, single project complexity) requires better supervision</td>
<td>Moderately to highly complex portfolio, mainly due to high dependencies and uncertainties and fairly high volume. Increasing complexity moderately influenced PPM Adoption.</td>
</tr>
<tr>
<td>L</td>
<td>“yes (...) without (PPM) it would not work.” Hence complexity is a driver. The programme has ± 50 projects in scope and the total budget amounts to multiples of 10M€. Complexity is “extremely large”, “enormous”</td>
<td>High, but not enormous portfolio complexity in comparison with other cases (moderate number of projects, moderate budget, high average single project impact expected, given the full organisational change nature</td>
</tr>
<tr>
<td>M</td>
<td>High volume (~200 projects), many dependencies, large single project complexity, uncertainty and impact. Altogether “enormously complex”</td>
<td>High complexity</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>N</td>
<td>(implied) technology becomes more complex, interdependencies increase. Problems become more complex Over 6000 projects, almost 300M€ project budget in total, “extremely large” dependencies. The interviewee ‘grades’ overall complexity an 8 or 9 (on 1-10 scale)</td>
<td>Very high portfolio complexity. Increasing complexity had a low to moderately high influence on PPM Adoption.</td>
</tr>
<tr>
<td>O</td>
<td>±50 projects, budget “somewhere between 1 M€ and 5 M€”. Low single project complexity, impact and uncertainty. Overall the portfolio is large, but not complex</td>
<td>Low portfolio complexity</td>
</tr>
</tbody>
</table>
## Organisational culture

### Management culture

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>“The very senior people are hugely involved down in the detail (...) hugely involved from top to bottom in all aspects.”</td>
<td>Control-oriented management culture</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>“The organisation is quite innovative. This is also encouraged by the Board of Directors”</td>
<td>Hard to judge from data, but seems quite laissez-faire</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>“more laissez-faire”</td>
<td></td>
<td>Laissez-faire management culture</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>“going towards close control more and more”</td>
<td></td>
<td>Originally a more laissez-faire oriented management culture, but changing over time.</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>“this person (CEO) finds it very important to have insight in this (portfolio)”</td>
<td>“Tightly steering, without being directive”. Board wants to be informed “to quite a deep level”</td>
<td></td>
<td>Control-oriented management culture</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>Top down, risk averse, high authority for organisational board level</td>
<td></td>
<td>Corporate management culture is hard to judge from the data. The programme management culture seems to be more control-oriented, due to the answers about the information transparency factor</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td></td>
<td>Control-oriented top management. “very tight”</td>
<td></td>
<td>Control-oriented</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td></td>
<td>Increasingly more control oriented</td>
<td></td>
<td>Control-oriented</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td></td>
<td>“strongly directive”, “very large” desire for control</td>
<td></td>
<td>Control-oriented</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td></td>
<td>Before 2009 quite laissez-faire, but since then increasingly more control oriented due to (legally triggered) increased</td>
<td></td>
<td>2000 and 2006 laissez faire, 2009 control-oriented</td>
<td></td>
</tr>
</tbody>
</table>
managerial risk / accountability

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td></td>
<td></td>
<td>In the middle, leaning slightly to laissez-faire</td>
<td>Middle to Laissez-faire</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td></td>
<td></td>
<td>Top management does want to know about the contents and status projects “but not in detail”. Altogether quite laissez-faire</td>
<td>Middle to laissez-faire</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>(2008) distant and laissez-faire</td>
<td></td>
<td>Varying per individual, both at board level and the layer below. Translates into the adoption of PPM that “on the one side it goes easier than on the other side”</td>
<td>Mixed</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td></td>
<td>“wanting to be updated in detail”</td>
<td>Control-oriented</td>
<td></td>
</tr>
</tbody>
</table>

**Change readiness and innovation attitude**

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>Quite high change readiness and flexible regarding power balance, but risk-averse management culture inhibits change</td>
<td>Change ready and flexible, however inhibited by risk-aversity → moderate</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>Very innovative and open to change. Minor power balance issues occur, but only after the intervention</td>
<td>High change readiness and innovation attitude</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td>“variable”, various project managers displayed uncooperative behaviour regarding PPM, considering it bureaucratic. “the most difficult step (...) to introduce something (...) bureaucratic, without it being perceived as bureaucratic.”</td>
<td>Low to moderate change readiness</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>Top-management commitment helps to overcome change resistance</td>
<td>Unclear data, seems not to be much of an issue.</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>Quite high due to top management attention and decision making involvement of the affected people.</td>
<td>Moderate to high change readiness and innovation attitude</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Change Readiness and Innovation Attitude</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>“Hasn’t been an issue”, relatively few people from the own organisation are involved.</td>
<td>High change readiness and innovation attitude</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Low change readiness due to originally high, though decreasing autonomy of division directors</td>
<td>Low change readiness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Quite reserved to changes in power balance. Fairly low change readiness</td>
<td>Low change readiness and innovation attitude</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>“The political commitment is present in words, but not in deeds”</td>
<td>Low to moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Very innovative, entrepreneurial, large change readiness. Requiring some control.</td>
<td>High change readiness and innovation attitude</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Though some people do ask critical questions, others consider PPM Adoption as an advancement from the start. Change readiness in acts is fairly high.</td>
<td>Moderate to high change readiness and innovation attitude</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Change readiness was “quite low”, mostly related to adversity of transparency. Meanwhile change readiness has increased.</td>
<td>Low change readiness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>As Management Culture, very mixed. “A number (of people is waiting for PPM) very much and a number totally not”. Overall this makes PPM Adoption difficult. In particular the ‘bureaucracy’ and transparency brought by PPM is not appreciated by all.</td>
<td>Mixed, though the presence of people with low change readiness does complicate PPM Adoption.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Fairly high change readiness at project team/manager level, since they see the advantages of PPM</td>
<td>High change readiness</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### PPM Gap size

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>The PPM gap is large - “lack of knowledge, and organisational structure, and culture, for me would point to having a big gap size there”</td>
<td></td>
<td>Very large gap</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>“there was a gap for sure” but it could be bridged fairly easily. No externals were hired, but “we just did it ourselves”</td>
<td></td>
<td>Small gap</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td>The mother firm had already adopted PPM quite far, making PPM adoption somewhat easier. However, oversight of projects was completely lacking “there was really nothing of that all” The organisation had no experience with PPM, but some employees had from previous experience.</td>
<td>Access to PPM knowledge from mother firm and employee experience, but lacking basic elements required for PPM. Moderate gap size</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>Knowledge is fairly accessible. We simply learn quite much and here and there we are simply implementing a standard.”</td>
<td></td>
<td>Fairly small PPM Gap size</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>PPM knowledge is highly available in the organisation, so very accessible, but not always used. Current organisation had no particular elements reducing the gap.</td>
<td></td>
<td>Moderate to low gap size, due to high knowledge access.</td>
</tr>
<tr>
<td>F</td>
<td>Management consultancy firm hired at the start of the programme</td>
<td></td>
<td>High knowledge access, since a management consultancy firm is closely involved. Gap is small if not inexistent.</td>
<td></td>
<td>Small PPM gap size.</td>
</tr>
<tr>
<td>G</td>
<td></td>
<td></td>
<td>“This gap size is large”, A PPM methodology was virtually absent</td>
<td></td>
<td>Large gap size</td>
</tr>
<tr>
<td>H</td>
<td>“in 2008 there was basically nothing regarding PPM”</td>
<td></td>
<td>“that is very large”, mainly since it is hard to bring in PPM knowledge. “yes it does play a role but (...) it can be bridged”</td>
<td></td>
<td>Moderate to high PPM gap size.</td>
</tr>
<tr>
<td>I</td>
<td>Lack of familiarity - “In</td>
<td></td>
<td>Knowledge is limited to a few individuals.</td>
<td></td>
<td>Large gap size</td>
</tr>
<tr>
<td>the government landscape, one is not used to thinking in this manner”</td>
<td>Consultancy is no feasible option. Project Management is quite well developed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Large gap bridged over 12 years, but not perceived as large due to small steps at the time. Although a large gap has been bridged, the per-timeframe gaps were perceived as small</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>High knowledge of PPM within the organisation, from employees’ previous employment experience and PRINCE knowledge. Required elements for PPM were not all in place, but here were no very large gaps. Small PPM gap size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Much project management knowledge and tools available, but still quite scattered over the organisation. PPM knowledge also enters the organisation through consultants. Low PPM size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Knowledge and expectations of PPM were fairly low in 2008 Moderate to large PPM gap size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>High access to PPM knowledge, but not yet widely available. Insight in resources is still a problem. The Portfolio Board was the single already present element that made the PPM Gap somewhat smaller Moderate to low PPM Gap size, between high knowledge access and low readiness of the current organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Limited PPM knowledge. Traditional organisational structure incompatible with PPM Large PPM Gap</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Alternative organisational priorities

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>“We have some very critical operational issues (...) that we just have to address (...) so that’s where the priority is.”</td>
<td></td>
<td>Very high influence</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>other developments have rather helped in the adoption of PPM than inhibited it</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td>“That didn’t play a role”</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>“I don’t think this is very important.”</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>“No”</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td>“No, not an issue here”, due to relative autonomy of the programme.</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>G</td>
<td></td>
<td></td>
<td>Nothing particular</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
<td>“No”</td>
<td></td>
<td>No impact</td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
<td>“A city council (...) has a versatile, many-headed goal”</td>
<td></td>
<td>Conflicting data. The versatile, many-headed goal does imply other priorities: moderate influence</td>
</tr>
<tr>
<td>J</td>
<td></td>
<td></td>
<td>2009: “No, it was actually the other way around (PPM was a priority)” 2006: Reorganisation consumed attention. PPM hardly developed for a while.</td>
<td></td>
<td>2000: no data 2006: moderate to high (inhibiting) influence 2009: no influence</td>
</tr>
<tr>
<td>K</td>
<td></td>
<td></td>
<td>Not important according to interviewee</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>L</td>
<td></td>
<td></td>
<td>Have not played a role. There were other priorities, but these didn’t influence PPM adoption</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>M</td>
<td></td>
<td></td>
<td>There were other priorities, but they have not influenced PPM adoption</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td></td>
<td>No significant influence</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>O</td>
<td></td>
<td></td>
<td>No influence</td>
<td></td>
<td>No influence</td>
</tr>
</tbody>
</table>
### Desire for better information transparency

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>“Transparency in terms of where our projects are” – INTA has been hired (among other reasons) to improve transparency about who is responsible for what.</td>
<td>Nothing to add to self-named answer</td>
<td></td>
<td>Moderate to high influence</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>“This is a very important factor” – the information is required for balancing resources and better strategy alignment</td>
<td>Item B1(board decision): Desire for overview</td>
<td></td>
<td>Very high influence</td>
</tr>
<tr>
<td>C</td>
<td>There was no overview over the projects in the portfolio “we actually had no overview of what was going on and one had no overview about the costs”</td>
<td>Desire for insight and control “lack of insight and lack of possibilities for controlling”</td>
<td>“That was an important one”</td>
<td></td>
<td>High influence</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>Information transparency was originally not always welcomed by the organisation, but it has emerged from a small group envisioning transparency and is getting increasingly more appreciated.</td>
<td></td>
<td></td>
<td>Low influence</td>
</tr>
<tr>
<td>E</td>
<td>Due to change in CEO’s</td>
<td>Confirmation that better</td>
<td>“A large role”</td>
<td></td>
<td>High influence</td>
</tr>
<tr>
<td>tasks, “he wanted (...) to have more overview”</td>
<td>overview was desired after CEO role change. The information was required for better control</td>
<td>“Absolutely, that’s really important” --- “The driver is visibility”</td>
<td>Very high influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>“Control and visibility (...) visibility of finances, of return on investment (...) on an aggregate level. Absolutely.”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>“not enough overview of which projects were running” If an overview was created, this was a slow, demanding process</td>
<td>Lack of overview, lack of unambiguous, correct information Not capable of quickly displaying the current situation at a given moment</td>
<td>Key driver. “this is what it starts with”</td>
<td>Very high influence</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Examples mentioned of challenges that require better information transparency</td>
<td>Item H1 (IC Decision List): “better budget control”</td>
<td>Cannot be determined.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>“It is unimaginable that in a municipality as this one did not even have a total overview of everything that was going on”</td>
<td>Better unambiguous information about potential projects would improve the decision process</td>
<td>Transparent information was required by the city council. (normatively stated). The overview of projects “helps enormously already”</td>
<td>No explicit need, although positive effects are acknowledged. Impact cannot be determined since the statements are mainly normative opinions of the interviewee.</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>J2 &amp; J3</td>
<td>2000 and 2006 efforts.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-----------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>‘Nice-to-have’, but not a driver for PPM Adoption</td>
<td>No influence, though ‘nice-to-have’</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>“has played a role (...) one of the important drivers for sure”</td>
<td>High influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Need for insight in resources</td>
<td>“This always plays a role”. For the transformation, insight information was required to base dismissal decisions on.</td>
<td>Low to moderate influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>No strong driver, though nice-to-have for some</td>
<td>No influence, though nice-to-have</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Difficultly retrievable project performance information. Furthermore “No overview (...) no idea about how many projects were going on. That were for sure considerations to have a closer look at the portfolio”</td>
<td>Desire for better overview “This was there, strongly need for possibility of comparing different projects.”</td>
<td>High influence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Need for better predictability of company results

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>‘better predictability of project outcome’</td>
<td>“not a major driver in terms of being predictable in the overall aggregate.”</td>
<td>Project predictability needs improvement, but aggregate result predictability is not a major driver. No influence</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>Not the predictability, but the obtaining of the planned result is important.</td>
<td></td>
<td>No influence</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>Considered fairly important, since the organisation’s mother firm is listed, and departments and individuals are judged upon partly based on the profits and on the realisations for continuity.</td>
<td></td>
<td>Moderate influence</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>“I would score this one very low. (...) It helps, but it is no direct driver.” In this case, PPM is a too small element to significantly impact result predictability</td>
<td></td>
<td>No influence</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>“No, did not play a role I think”</td>
<td></td>
<td>No influence</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>Here : programme results. “Yes absolutely”, required for internal politics.</td>
<td></td>
<td>High influence</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>“it was not predictable (...) how much money was spent.”</td>
<td>“no”, low influence of portfolio spend on organisational result</td>
<td></td>
<td>No influence</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td></td>
<td>“In particular this one”, working from both ways: control of project costs and leveraging of cost reduction</td>
<td></td>
<td>Moderate impact</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td></td>
<td>“quite a role”, in particular related to avoidance of financial risk</td>
<td></td>
<td>Moderate impact</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td></td>
<td>2009: predictability required towards the ‘outer world’ (i.e. minister)</td>
<td>2000, 2006: no data 2009 moderate to high influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>“No, not at all”</td>
<td>No influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>------------------</td>
<td>--------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>“one of the reasons why we do it (PPM)”, “plays a role for sure”. The organisation has quite a financial driver, which translate into desire for predictability of projects</td>
<td>Very high influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>“Very important”, required by rating agencies. (e.g. Moody’s) – Noted as third most important driver</td>
<td>High influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>“in particular since we are listed, it is convenient that you can predictably and reliably deliver” Reliability of the budget forecast That one did, absolutely. In particular due to the organisation’s IPO. Most important driver.</td>
<td>Very high influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>No influence on portfolio level.</td>
<td>No influence</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Desire for project success rate improvement

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>“‘better predictability of project outcome’ tied into better overall performance of our projects (...) one of the big drivers of bringing (hiring) me”</td>
<td>“project success rate improvement and the predictable lowering the overall stress in the overall organisation (...) it’s an important reason”</td>
<td></td>
<td>Moderate to high influence</td>
</tr>
<tr>
<td>B</td>
<td>In the ‘before’ situation, projects were frequently not finished</td>
<td>“Yes, that to (...) that played a role indeed (...) yes, that sure is a factor” – both in terms of budget and time, and achieving the intended results</td>
<td>Items B1(board decision)&amp;B2(PR work description): Desire to coordinate projects more closely in order to complete more projects in time and in budget</td>
<td></td>
<td>Very high influence</td>
</tr>
<tr>
<td>C</td>
<td>A few projects were not doing well</td>
<td>“Yes that did firmly play a role,” project success rates were below satisfaction and intended results were frequently not fully achieved.</td>
<td></td>
<td></td>
<td>High influence</td>
</tr>
<tr>
<td>D</td>
<td>“The success of large projects was virtually zero”, PPM was adopted in order to answer this issue.</td>
<td>“That was really a driver to start it (PPM).”</td>
<td></td>
<td></td>
<td>Very high influence</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>“Yes, this one did”. Projects were not going particularly bad, but the CEO in his new role wanted them to go well anyway, particularly regarding</td>
<td></td>
<td></td>
<td>Moderate influence. Mentioned as having influence when asked, but not mentioned at all</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F</strong></td>
<td>“we haven’t really had project failure”</td>
<td>No influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G</strong></td>
<td>Needs improvement, but did not play a role in PPM Adoption.</td>
<td>No influence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H</strong></td>
<td>“’horror projects’, tripling budget and time. This, as well as the desire to steer on project results, triggered the PPM Adoption”</td>
<td>Original reason for further adopting PPM.</td>
<td>Very high impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I</strong></td>
<td>“This does also play a very important role (…) has not really been named as a driver, but (…) realisation that we were dealing with too much at the same time”</td>
<td>‘Not really a driver’, low impact</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>J</strong></td>
<td>“For us, I cannot point out that we apply PPM for that, but we are of course working on improving that.” This factor has not influenced PPM adoption in any of the timeframes.</td>
<td>2000, 2006, 2009: no influence on PPM adoption, however considered important and apparently addressed through other means</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>K</strong></td>
<td>Most important, together with rationalisation. Rationalisation… “so that the success rate improves”. Project success rates have indeed improved since the</td>
<td></td>
<td>High influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intervention “yes, for sure”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>L</strong></td>
<td>Always plays a role, so also before the intervention, but not particularly then</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>M</strong></td>
<td>“We did way too much” over half of the planned projects were not started, 30% new projects had meanwhile been started and ± 20 projects quadrupled in expenses. “less is more”: doing less projects eventually leads to better performance of the projects that do continue. – Noted as most important driver</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>Projects ran far over budget. This was a reason for PPM Adoption</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>O</strong></td>
<td>Some projects had gotten out of hand, they did not yield what they were supposed to yield, failed on the market. Realisation of scopes and requirements differed significantly from what was intended. In this case, time and budget issues are less important</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Low influence**

**Very high influence**

**High influence**

**80% of the project underperforming, mostly in terms of market success rates. A desire for more certainty and success in this “was a reason to (…) adopt it (PPM).”**
## Desire for portfolio rationalisation

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>“no I don’t see the portfolio rationalisation as a major driver. I think that’s already there to a large degree.”</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>“That has not been the very first reason for starting it (PPM), but it is an additional advantage that we notice clearly now.” – fair decision making about projects</td>
<td></td>
<td>Experienced as an advantage after the intervention, but not the reason for adopting PPM - Low influence</td>
</tr>
<tr>
<td>C</td>
<td>“together decide about on which projects we spend (...) and (...) decide about what we do and what we don’t”</td>
<td></td>
<td>“There was no necessity for this (...) the necessity wasn’t there in advance.” It did become important later</td>
<td></td>
<td>When discussed explicitly, this factor was not considered important as driving PPM Adoption, however earlier in the interview the need for cooperative decision making is mentioned. Low influence</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>“Yes, absolutely (...) it was not the initial driver” considered as an advantage of PPM, but requires information transparency first.</td>
<td></td>
<td>Moderate influence</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>“This has played a role for sure”</td>
<td></td>
<td>High influence. Low data availability, but formulated strongly.</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td>“No, not really” a driver for PPM adoption. More of a “pragmatic approach to making sure it (PPM) happens.”</td>
<td></td>
<td>No influence</td>
</tr>
<tr>
<td>G</td>
<td></td>
<td></td>
<td>“Yes, absolutely”</td>
<td></td>
<td>Little data available, but strongly formulated. High influence</td>
</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
<td>Not an issue at the start, but currently emerging</td>
<td></td>
<td>Low impact</td>
</tr>
<tr>
<td></td>
<td>Better unambiguous information about potential projects would improve the decision process</td>
<td>“in word and in the heart one wants this” however in practice rational decision making is disrupted by the political game. “In the world of government you won’t achieve 100% rationalisation.”</td>
<td>No explicit need, but rather stressing the need for information transparency. No influence.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>“Yes, sure. Yes, this one was there for sure.” – particularly in 2000, asking “what are we actually doing this for?”’. This need has been addressed since 2000 and consequently has not driven further PPM Adoption in 2006 and 2009</td>
<td>2000: high influence 2006, 2009, no influence, since the 2000 intervention has sufficiently addressed this desire.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>“decide where you will deploy your costly euro’s (…) As much as possible based on facts (…) To be able to make better decisions, more based on facts, more market driven.”</td>
<td>Most important, together with project success rate improvement. “the facts on the table, a better structured process”</td>
<td>Very high influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td></td>
<td>“Very important”.</td>
<td>High influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Need for also considering available resources and include this in selection criteria</td>
<td>Always been there. Required for comparing business cases of different natures. “in 2008 there was a huge need for structure and spreadsheets” . – Noted as second most important driver</td>
<td>High influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>Some influence, but less than predictability and success rate. Need for more uniformity in PPM throughout the organisation</td>
<td>Low influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Desire for better decision making (stage gates)</td>
<td>“No, did not play a role (…) zero”</td>
<td>No influence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Other factors

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>“No I can’t think of anything additional”</td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>B</td>
<td>Need for better strategy alignment &amp; realisation</td>
<td></td>
<td></td>
<td>Items B1(board decision) &amp; B2(PR work description): Desire for checking of project goals with strategic goals and year plans</td>
<td>Desire for strategy alignment &amp; realisation</td>
</tr>
<tr>
<td>C</td>
<td>Desire to realise strategy better. “‘are you able to realise a plan?’”</td>
<td>One was not “fully satisfied about how we as organisation accomplish our changes (...) ‘we are not sufficiently able to implement the strategy that we want’”</td>
<td></td>
<td></td>
<td>Desire to realise strategy better</td>
</tr>
<tr>
<td>D</td>
<td>Controlled launching of new applications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Required ability for quick, efficient response on environmental (e.g. market, legal) conditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
<td>Desire for organisational strategy realisation</td>
<td>Item H2 (presentation): Doubts about whether the right things are done</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
<td></td>
<td>Item I1 (city budget): Need for ‘PPM’: Alignment with goals</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>2000: enforce the use of standards (architectures)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Consequence of strategic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>PPM put in place at the start of the programme, and evolved ever since</td>
<td>Desire to realise strategy of the programme</td>
<td>Desire for implementing strategy / Stakeholder (shareholder) distance &amp; culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Lack of benefit realisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Realisation of profit. Higher aggregate portfolio profits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Remarks**

<table>
<thead>
<tr>
<th>Case</th>
<th>Setting the stage</th>
<th>Self-named</th>
<th>Answer to factor-specific question</th>
<th>Documentation</th>
<th>Overall judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td></td>
<td>Some ‘drivers’ appear only after the intervention. After an advancement has been made in PPM Adoption, people discover that it solves other problems that they had, for which they had not yet considered PPM as a solution</td>
<td>An IT organisation could form a “driving force behind it (PPM Adoption). (...) I think that 9 out of 10 PPM introductions start on the IT side”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Financial institutions have had too much money available for any necessity of managing the portfolio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>When “the budget is getting smaller, overall, people are more critical before proposing a project (...) ‘We don’t ask nice-to-have anymore. We only ask need-to-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Striking dilemma of increasing scarcity increasing the need for PPM, and at the same time decreasing the (perceived) need since “there is not much to choose from”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>2006: Project demands decreased due to “conditioning”, initiators of project ideas reconsidered more before starting a project initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Resource scarcity – People know that resources are scarce and hence ‘preselect’ projects already</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Natural selection of projects. People self-select before initiating a project. “also a yield of the process”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix B – Case Studies

Part 4 – Quantification of factor results
<table>
<thead>
<tr>
<th>Factor identifier</th>
<th>Factor name</th>
<th># setting the stage</th>
<th># self-named</th>
<th># specific question documentation</th>
<th># sum (stage self doc)</th>
<th># specific question (repeated)</th>
<th>Overall influence estimation</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Relative Resource Scarcity</td>
<td>7</td>
<td>8</td>
<td>11</td>
<td>3</td>
<td>18</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>C2</td>
<td>Portfolio Complexity</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>7</td>
<td>3</td>
<td>0,4</td>
</tr>
<tr>
<td>C3.1</td>
<td>Management Culture</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0,0</td>
</tr>
<tr>
<td>C3.2</td>
<td>Change Readiness &amp; Innovation Attitude</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0,0</td>
</tr>
<tr>
<td>C4</td>
<td>PPM Gap Size</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0,0</td>
</tr>
<tr>
<td>D1</td>
<td>Alternative Organisational Priorities</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0,4</td>
<td>1,1</td>
</tr>
<tr>
<td>D2</td>
<td>Desire for Better Information Transparency</td>
<td>6</td>
<td>9</td>
<td>13</td>
<td>13</td>
<td>2,1</td>
<td>1,6</td>
<td>2,5</td>
</tr>
<tr>
<td>D3</td>
<td>Need for Better Predictability of Company Results</td>
<td>2</td>
<td>2</td>
<td>8</td>
<td>4</td>
<td>8</td>
<td>1,3</td>
<td>1,6</td>
</tr>
<tr>
<td>D4</td>
<td>Desire for Project Success Rate Improvement</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>1</td>
<td>11</td>
<td>2,0</td>
<td>1,6</td>
</tr>
<tr>
<td>D5</td>
<td>Desire for Portfolio Rationalisation</td>
<td>2</td>
<td>3</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td>1,5</td>
<td>1,4</td>
</tr>
</tbody>
</table>