Successful Healthcare Programs and Projects: Organization Portfolio Management Essentials

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ABSTRACT

Many healthcare organization projects take more time and resources than planned and fail to deliver desired business outcomes. Healthcare IT is a major component of many projects and often undeservedly receives the blame for failure. Poor results are often not a result of faulty healthcare IT or poor project management or poor project execution alone. Many projects fail because of poor portfolio management—poor planning and management of the portfolio of initiatives designed to meet an organization’s strategic goals.1,4,5 Because resources are limited, portfolio management enables organizations to more strategically allocate and manage their resources so care delivery, service delivery, and initiatives that advance organizations toward their strategic goals, including healthcare IT initiatives, can be accomplished at the levels of quality and service desired by an organization. Proper portfolio management is the essential foundation for program and project success and supports overall organization success. Without portfolio management, even programs and projects that execute flawlessly may not meet desired objectives.2

This article discusses the essential requirements for portfolio management. These include opportunity identification, return on investment (ROI) forecast, project prioritization, capacity planning (inclusive of human, financial, capital, and facilities resources), work scheduling, program and project management and execution, and project performance and value assessment.1,2,3,4 Portfolio management is essential to successful healthcare project execution. Theories are drawn from the Organizational Project Management Maturity Model (OPM3) work of the Project Management Institute and other leading strategy, planning, and organization change management research institutes.

KEYWORDS

- Portfolio management
- Strategic goals
- Opportunity identification
- ROI forecast
- Value definition
- Project prioritization
- Capacity planning
- Work scheduling
- Program and project management and execution
- Project performance and value assessment

A project is the process through which an enterprise applies resources to execute a set of activities designed to accomplish some objective, usually the implementation or enhancement of a business process, to achieve a defined business goal.1 A program is a set of projects related in some way so that they should ideally be executed as a group, either concurrently or in a specific sequence.3 A portfolio is the collection of projects and programs to be planned, given sufficient resources and managed for an organization.1,4,5 Most healthcare organizations suffer from the same basic set of challenges in executing projects and programs.
• The resources available—resource capacity—are almost always less than the amount required to accomplish all possible projects that have a benefit exceeding their cost. This simply means that not everything can or should be done at once. Some project opportunities will have higher value than others. Regulatory requirements create projects that consume resources needed for other projects that can advance the organization, such as new product or service initiatives, facilities expansion or renovation projects, process and quality improvement initiatives, healthcare IT projects, or others. Priorities need to be established.

• Business managers have incentives to champion and financially support projects designed primarily to support their own area of accountability rather than those that support overall enterprise strategic objectives. This can lead to a lack of focus on overall organization needs in favor of the more parochial needs of individual managers.3,4

• Business managers who direct resources required to execute projects usually have incentives to focus their resources on their own area of accountability. There usually are not any incentives to provide resources to other areas or functions to support the objectives of other managers, and they have care and service delivery demands that usually take priority. Yet they may require at least some resources from other areas to be successful. IT resources are the prime example of required resources not usually managed directly by the business manager.

• Business managers who champion and sponsor projects are often not held strictly accountable for achieving specific business objectives for the project. This enables them to more comfortably inflate the potential benefits of a proposed project (inaccurately compute ROI) to successfully compete for the resources required to do it, at the expense of other projects that may be more deserving and may return a higher value. In any event, resources required to develop accurate estimates of cost and benefit may not be available early enough to support good estimates.

In many organizations, the total impact of these four basic challenges is that too many managers are competing for limited resources for their own parochial needs without sufficient regard for the strategic needs of the overall enterprise. They compete for these resources based on unrealistic projected outcomes.

Often, the result is that too many projects of questionable value are authorized for concurrent work. There are not enough of the right resources to do everything at once and, as a result, some specialized and critical-path resources are double- and triple-booked in an attempt to get all the work done. Resource allocation is inefficient, and some projects cannot proceed unless specific resources are available. Quality suffers. Morale typically suffers because it is difficult to be successful in this type of environment. And in the end, little of value is accomplished.

This is the situation that portfolio management is designed to address.

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What is Portfolio Management?
Portfolio management is the set of related processes that focus available capacity on the projects with the highest value opportunities for the enterprise.

The scope of portfolio management needs to match the structure of the organization. Most often, portfolio management is established within a corporate-level program management office (PMO) or project support office (PSO).5,6

Portfolio management is a business function that is designed to support the successful planning and execution of the strategic objectives of the business. Regardless of its name, effective and comprehensive portfolio management is implemented at an organizational level and across an organizational scope where decisions about the best use of resources—human, financial, facilities, and others—are made.

As examples, in national hospital systems; national, integrated delivery systems; and national health plans, the PMO function typically resides at the corporate level under a strategic planning function and operates as a national entity supporting the rollout of national programs to regions or divisions. Portfolios of the regional or local initiatives are managed independently by the regional vice presidents or local chief operating officers and general managers. Managing a portfolio of corporate initiatives separate from a portfolio of regional or local initiatives can cause resource contention. Therefore, these activities need to be coordinated.

In mid-size hospitals, integrated delivery systems and health plans, the PMO function typically reports to the chief operating officer or vice president of strategic planning and supports all lines of business and all business initiative types; in smaller entities, this function is typically found as a PSO in IT or operations or reporting to a general manager. Most organizations have an advantage if this function is independent of IT, because the business owners are responsible for achieving growth, expanding facilities, meeting regulatory requirements, improving processes, performing research, and other functions. The business owners rely on IT and many other types of resources for successful completion of their initiatives.

There is no significant difference on placing a PMO
function based on whether an organization is publicly traded, privately owned, not-for-profit, or government funded. What matters most is that these offices match the organization structure and resource allocation decision-making process.

When implementing portfolio management, organizations must also examine how budgets and other resources are allocated, how projects get resources and funding, and often change the manner in which large organization-wide initiatives are funded and managed. The best approach to providing resources for large organization-wide initiatives using portfolio management is to set aside a pool of resources (human, financial, or other) that is allocated and managed by the PMO or PSO on behalf of the organization.

Even in organizations that are decentralized, organization-wide initiatives are best managed through a centralized PMO or PSO. This way, resources needed to plan and execute projects can be managed alongside resources needed to fulfill front-line service and care delivery demands, so both the care and service delivery activities and the project initiatives can succeed.

Critical to success is defining exactly which initiatives and resources are managed by the PMO or PSO and which initiatives are not. This is one of the most difficult challenges for all organizations when defining and implementing portfolio management.

In the case of a mid-size healthcare delivery organization trying to implement an EMR at multiple facilities, greater success is achieved when a PPO implementation team works with the leadership and critical resource managers at each facility to plan and execute that facility's rollout. In these cases, EMR standards are implemented consistently across all facilities, while the benefits for front-line service and care delivery at each facility are optimized. Regardless of the organization size or initiative type, clear and concise definition and communication regarding the roles, responsibilities, and accountabilities of the PMO or PSO and each liaising counterpart are required to ensure that portfolio management practices can be effectively implemented and maintained as organizations change.

When implementing portfolio management, a governance structure needs to be put in place to define how decisions are made and ensure appropriate checks and balances exist within the portfolio management function. Healthcare IT departments should not be accountable for this organization function or the governance and decision-making associated with it. Healthcare IT leverages the strength of this function in the organization to ensure that business ownership is clearly defined and that projects, which support business initiatives, are successfully prioritized, resourced, planned for, and executed upon within the context of the entire organization. The best approach aligns healthcare IT leaders with business owners to champion the highest-value projects for the organization through the portfolio management process.

The scope of portfolio management should cover all areas of the organization where strategic objectives are defined and resources to meet them are managed. The PMO or PSO should ultimately report to the CEO or COO of the organization. Healthcare IT supports the business owner, as well as the PMO or PSO, by providing analysis and IT project management expertise, in addition to technical support on projects.

**Portfolio Management Essentials**

The objective of portfolio management is to support optimizing the operational performance of the organization in meeting its strategic goals and objectives. Effective portfolio management focuses the organization’s resources on the highest-value work at all times, as unconstrained as possible by political and artificial organizational structure boundaries. Essential portfolio management activities include:

- Opportunity identification.
- ROI forecasting and value definition.
- Project prioritization.
- Capacity planning.
- Work scheduling.
- Program and project management and execution.
- Project performance and value assessment.

These activities are generally described in the literature and ongoing work being developed by the Project Management Institute, based on the Organizational Project Management Maturity Model; the Boston Consulting Group Model, which applies more to marketing-based initiatives; the Balanced Scorecard; Six Sigma; and classic Work Management models.

Making these activities operational in real-life settings often raises questions and reveals complexities that make effective portfolio management even more complex and challenging than one might predict. But the payoff for effectively addressing these challenges is enormous.

**Opportunity Identification**

Opportunity identification is the process by which organizations identify current business practices and opportunities for improving them, in support of the strategic goals of the organization.

Senior managers who are responsible for meeting an organization’s strategic objectives often initiate this process and articulate the target benefit to be achieved. Project managers and analysts typically are assigned to assist senior managers in defining the process and outcome measures affected by the proposed work and articulate the high-level business case or opportunity associated with it.

In the example of a computerized provider order entry
(CPOE) or EPOE initiative, typically an operations executive—the owner of the order entry business process—will initiate the discussions around this opportunity and enlist the assistance of business analysts, healthcare IT specialists, clinicians, and coders to define the high-level future state and articulate the benefit to the organization. The executive remains the business process owner and fulfills the role of project sponsor, while analysts, healthcare IT staff, clinicians, and coders support the executive’s efforts.

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The project manager is assigned to assist in any initial activity and resource planning that the analyst and healthcare IT specialists may identify. For an EMR initiative, the project sponsor is the business owner of the medical records management business process, who is typically the director of medical records. IT plays a supporting role in defining a high-level business case.

In opportunity identification, high-level business cases for a variety of opportunities are presented to the appropriate members of the portfolio management scoring team for their initial evaluation and screening. In the benefit section of this high-level business case, only a high-level description of the benefit can be identified at this point. The benefit may be described in terms of increased revenue, increased cost savings, quality improvement, service improvement, or risk mitigation.

The benefit should be estimated and quantified to the greatest extent possible, perhaps with a range of probability or with a best-case, expected-case, and worst-case estimate. Note that this is only a description of the benefit and not the value, as the cost or investment required to achieve the benefit has not yet been defined.

The other sections of the high-level business case should identify other justifications, such as the risks of not doing the initiative, the risks associated with the project implementation, the impact to internal and external stakeholders, and the relative political and cultural effects. Depending on the type of organization and the degree of affiliations the organization has with government and political entities (as may be the case for a Medicare or Medicaid Managed Care Organization), greater articulation of the political benefit or regulatory risk may need to be added to the justification of an initiative.

Opportunity identification can be done on an ongoing or periodic basis, for example once per year, quarter, or month. Most organizations find that an ongoing process, with weekly or monthly review, maintains a more stable workflow for the analysts and others involved in defining and reviewing business cases. If an opportunity meets the “greatest potential” criteria threshold defined by the organization to pursue beyond the “opportunity identification” phase, the portfolio management process typically flows to the next component, ROI forecast.

ROI Forecast

ROI forecast is the activity in which more of the details, particularly regarding resources, the project, or opportunity justification are defined. In ROI forecast, more time is spent by the initial project team defining the difference between current and future state, designing one or more possible high-level solutions, selecting a target high-level solution and state, and estimating the cost and therefore the value or ROI for initiatives identified in the opportunity identification activity as having the greatest potential.

ROIs should not only account for project costs, but should look ahead three to five years and identify costs associated with recurring maintenance, support staff, supplies, application usage and data storage needs, training and upgrades, and license and support fee changes.

Clinical and business executives who champion automation and healthcare IT initiatives, such as PACS implementations and CPOE and EPOE initiatives, benefit most by leveraging their partnership with IT and finance to properly compute ROI during the analysis phase. Many hidden costs are uncovered during this process. ROI is more accurately computed through close examination of vendor options and all associated costs.

Close examination of the capabilities of current staff to successfully execute the project as well as to operate the resulting enhanced business processes is needed in this phase to determine whether additional training or staff changes will be required. During this time, close coordination with the human resources leadership in the organization is critical to ensure that proper staffing changes, if and when required, are handled appropriately and do not adversely affect the morale of others and the security and stability of the staff, both during the project and on an ongoing basis.

While it is good to compute ROI for most opportunities, it is not a significant issue for some initiatives. These typically occur in cases where not doing the initiative will prevent the organization from continuing in business or cause it to incur severe regulatory penalties or political risks that would adversely affect the business, possibly even to a point that it could not recover. The most recent example of this within healthcare is HIPAA, and most organizations focused on meeting the HIPAA requirements with the best solution at the lowest cost possible, regardless of
the ROI. HIPAA was (and is) not optional for healthcare organizations.

ROI forecasting follows the same timetable as opportunity identification. It may be done periodically or on an ongoing basis, which is usually easier to manage.

**Project Prioritization**

In project prioritization, a portfolio management scoring team reviews and scores quantitative and qualitative factors from the opportunity identification and ROI forecast efforts of each project sponsor team; the team then produces a rank-ordered list of initiatives for the organization. Depending on the governance structure, this rank-ordered list typically requires executive approval because the list will govern how critical resources are used for maximum benefit to the organization.1

The factors typically evaluated by the scoring team include strategic alignment; non-financial benefits; financial benefits; costs; risks to the business if the project is not addressed; and barriers, constraints, and risks related to project implementation. Each factor is given a score and a weighting, and then the initiatives are ordered based on weighted scores. This is a time-consuming, effortful, and sometimes difficult process.

Some challenges surround project prioritization. Project sponsors whose initiatives do not rank high can easily become disenchanted, especially in cases where their overall accountability and performance incentives are not adjusted to reflect the fact that initiatives they had anticipated will not get done. Other project sponsors can easily become overwhelmed because all their projects made the top of the list. It is incumbent on the portfolio management team to communicate the rank ordered list to the organization executives for review and approval. In turn, the executives are responsible for adjusting the accountabilities and incentives of the project sponsors to align with the overall corporate goals, priorities, and actual resource allocations.

Project prioritization can be an insightful learning opportunity for an organization. For example, one mid-size health plan prioritized several projects it wanted to do, but at the same time had a set of strategic goals that the prioritized list did not match. It could not work on its own strategic goals because all the projects at the top of the list were healthcare IT projects that met regulatory concerns or were required under customer contracts. Because the regulatory agencies and customer organizations provided no additional funding to do the prescribed projects, there were numerous management discussions about how to turn the organization in a direction where there was a better balance between resources and regulatory, process enhancement, and new business programs and projects.

Other common pitfalls in the project prioritization activity include difficulties involving the accuracy of the ROI information and the consistency of the information provided to the portfolio management scoring team in the opportunity identification and ROI deliverables from different project sponsor teams. Having a set of standard project proposal tools with objective components that can be readily scored, subjective components that offer more insight, submission guidelines and samples, along with providing training for the project sponsor teams, helps ensure greater accuracy and consistency of the information provided to the scoring team.

Another common pitfall is a timing mismatch between the organization’s strategic planning processes and project prioritization. It is important that an organization's strategic goals be defined and articulated in a timely basis to the portfolio management scoring team.2 In cases where an organization’s strategic goals change—which may occur as a result of a board meeting, an executive retreat, or emergency directive—it is important that the portfolio management team be appropriately informed to assist with the communication, reallocation, and redirection of resources at any given point in time.

Finally, new project opportunities can arise at any time. Mergers and acquisitions are common in healthcare today. It is shortsighted for an organization to attempt to shoehorn the production of a rank-ordered list into an annual time box. This approach provides some level of stability for the duration of the period, but also means a high-value initiative may be artificially delayed for as long as a year before it even receives consideration.

A better approach is to allow new ideas to be considered on an ongoing basis and seek their appropriate level on an evolving rank-ordered list. It is not optimal to change priorities too often, starting and stopping projects, and continually moving people around between projects. Morale can suffer. When new ideas are presented or modifications to existing initiatives are made and communicated to the PMO on a continual basis, the organization can proactively consider all the pros and cons of reallocating resources from in-process lower-value work to new higher-value work and recommend transitions as needed to benefit and optimize the organization.

**Capacity Planning**

Capacity planning and work scheduling are the component activities of portfolio management that give life to a prioritized list of project opportunities. They are also the most difficult and complex processes to execute effectively for most organizations.

Capacity planning is essentially the documentation and understanding of the types of resources the organization has available to apply to the prioritized work list and when that capacity is available. This is a necessary precursor activity to work scheduling. More advanced organizations have processes to adjust their capacity to do specific types of work in specific timeframes to optimally match the
projected workload. Tools such as Team Play (with Team Player), Pacific Edge, and PeopleSoft coupled with Microsoft Project have been used at only a few healthcare organizations to help record time as well as manage capacity and resource allocations.

Most organizations still find it challenging simply to understand and document their existing resource capacity. It is difficult because both capacity and work come in multiple types, and most types of work require multiple types of resources to be accomplished. Adding to the complexity is the fact that those accountable for executing the work in an organization are usually not the direct managers or owners of the resources required.

Within portfolio management, there are two important types of ownership: business ownership and resource ownership. Business owners are those executives or groups accountable for the successful operation of a business process, such as medical records management, radiology, cardiology, claims payment, and appeal management. Business owners are usually those with the biggest investment in accomplishing projects designed to improve the performance of their processes.

But projects require resources to work on them, and business owners often do not manage or “own” the entire set of resources needed to successfully execute a project. This is particularly true of projects utilizing information technology services from the organization’s IT department. The IT department manager is a resource owner that several business owners throughout the organization have to deal with to get resources allocated to their projects. IT resources may be simultaneously allocated to a PACS implementation as well as a clinical systems upgrade and also have a “day job” of application maintenance to perform. Similarly, nurses may be required to provide care as well as implement new operating room procedures and medical monitoring devices at the same time.

Resource types include human resources or staff (of a wide variety of specialty and competence), expense dollars, capital dollars, equipment, supplies, and facilities. At any given time, every organization has a finite set of these resources in place and available for work of some type. Some tend to be more fluid and interchangeable than others. For example, if a new business process requires a new wing of the building to be in place, there will be relatively fixed relationships between project timing, capital availability, and construction progress. Staffing, by contrast, can be more fluid through the use of expense dollars for contract staff in exactly the required specialties at exactly the right time.

At its simplest, resource capacity planning identifies which types of resources exist in the organization in what timeframes. But to be useful, organizations must consider what these resources are currently doing and what they might be reallocated to do instead.

Work in organizations typically falls into three major groups—administration, operations, and project. Projects, in turn, are of three general types—maintenance, departmental, and cross-departmental.

Administration is the work done in organizations that usually cannot be allocated to specific types of work. Examples include generalized staff meetings, time spent coaching subordinates, filling out timesheets, and so on. Most organizations also include time off in this category to have a mechanism for accounting for all staff time being paid with salaries or wages. In most organizations, administrative work consumes 10 to 15 percent of total staff capacity.

Operations involve work that is typically routine, repetitive, transaction-driven, and predictable. It is sometimes referred to as “day job” activity, although some people’s real day job is project work instead of routine operations, by definition. Examples of operational work include scheduling, patient monitoring, lab procedures, billing, claims processing, call center work, data center operations, and even recurring but predictable events such as periodic rate and contracting negotiations. Operations work consumes resources depending on the type of department or function being analyzed. A call center or customer service center would allocate a high percentage of its resources to operations, while an IT department typically will have fewer resources dedicated to operations and more available for project work.

Projects are discrete work efforts with a defined set of objectives and a start and an end. Programs are collections of related projects. Programs and projects are the means by which organizations transition from the current state of a business process to a future state.

Maintenance projects are those that maintain or restore existing functionality. For this reason, maintenance projects in most organizations tend to get first call on resources. For instance, when lights go out in an operating room, a maintenance technician is contacted immediately to repair the light. When water leaks occur, a plumber is dispatched to fix the leak and maintain the existing “non-leak” functionality; when a critical software application has a bug, an application developer fixes it to ensure the existing application maintains its current functionality. Many organizations find it useful to set a time constraint on the “existing functionality” aspect. For example, a project is considered to be a maintenance project if it restores

[FOCUS: Organizational Improvement/Project Management]
functionality that existed within the past 30 days. Without this type of constraint, aggressive business process owners will tend to classify as much work as possible as maintenance work to assure resource availability.

All other programs and projects can be viewed as efforts to meet the strategic objectives of an organization. A useful distinction between projects is whether the resources required to execute them are contained totally within the management scope of the business owner of the project. If so, then the business owner is the same person or group as the resource owner, and the projects can be classified as departmental. By contrast, projects that require resources from across the organization can be classified as cross-departmental.

The distinction is useful because organizations struggle with how to allocate limited resources between these two types of projects. Cross-departmental projects are usually larger, more difficult, and have greater value to the organization. On the other hand, organizations tend to be squeamish about telling their department heads that they cannot do their “own” work but instead have to surrender resources to “outside” project managers to work on projects that may largely benefit other departments. The reality is that, because of the integrated nature of healthcare and healthcare delivery, most initiatives are cross-departmental and have upstream and downstream effects when planned and implemented.

Armed with an understanding of ownership, resource, and work types, organizations can start identifying their current capacity. Ideally, a capacity planning effort will take place across all parts of the organization that contain resources that might be allocated for a project in a portfolio covering the same scope of organization.

Many managers resist capacity planning because it tends to highlight to senior management exactly what everyone is doing, thus inviting strict accountability. While most would agree conceptually that this is a good thing, it is often difficult to get buy-in from lower level managers who have turf to protect. Consequently, capacity planning usually requires strong senior management support and a functional entity such as a program management office to manage the capacity planning process and support any tools needed to capture and maintain the capacity information.

The basic process itself is not complex. Each department must identify for each type of resource (which, for staff, means by specialty and expertise) by week how many hours (or dollars or equipment-supply utilization) are spent on each type of work. Obviously, part of the calculation is how much total capacity exists of each type to be sure the totals match.

This process alone is usually highly enlightening to senior management. Nearly every organization is shocked to learn how much time and money is devoted to maintaining existing functionality rather than on project work to enhance functionality. These types of resource allocations might be appropriate in limited situations, where the major business objective is survival in a critically bad business environment. But for most organizations, mid-level resource managers are simply directing resources to work on local problems to maintain the status quo. That work is of a much lower value than the more complex and politically difficult work of large enhancement projects.

**Resources for higher-value work**

In terms of capacity management, an effective approach is to provide allocation guidelines across the organization depending on the type of business function in each department and the goals of the overall business, such as growth or reduction.3

For example, some large managed care organizations direct their IT department to allocate 10 to 15 percent of capacity to administration, 15 percent to operations, 30 percent to maintenance, 10 to 15 percent to departmental improvement projects, and 25 percent to larger cross-departmental improvement projects. It is then incumbent on IT management to staff the right skill sets in the right roles to meet this corporate mandated resource allocation.

A well-known national integrated delivery network tells its regional vice presidents to work with both the national and regional product development leads to set their regional product development staff allocations annually, based on the corporate priorities and regional objectives for the upcoming year. Other departments would have allocations appropriate to their function in any given time period.

Because an understanding of current capacity is essential to the work scheduling process, it must be kept current. While a major capacity planning effort typically takes place annually as part of the corporate budgeting and planning process, it is a good idea to review the situation quarterly so significant over-allocations to any one type of work can be recognized and addressed.

Some advanced organizations have implemented processes to adjust capacity ahead of work scheduling to have an optimal mix of resource types available to match upcoming work. This is possible only with a strong prioritization process, timekeeping and capacity planning, and project management tools that are fully supported by management.

It is possible to discover that an organization simply has the wrong mix of people and skill sets for the type of work that needs to be done. Different organizations use different approaches to deal with this, including retraining, generous outplacement, or other types of initiatives, but most organizations tend to wait too long to change their staff mix.

Another effective approach to manage this issue is the planned use of contract staff. For example, a good IT shop should probably have 30 to 35 percent of its project staff...
capacity provided by contractors, resulting in total flexibility on skill set and experiences level for changing work types and workloads.

**Work Scheduling**

After there is a prioritized list of projects and a comprehensive understanding of the resources available to do the work, organizations must match capacity to the priorities and lay out which projects will get done when. There are usually sufficient resources to work on multiple projects concurrently, especially when the scope and deliverables are clearly specified and project “checkpoints” are built into project-execution processes.

The most effective approach is to focus all resources that can be productively used on the highest-priority project before allocating any resources to the project with the second-highest priority. This will result in far greater throughput of total work because of the focus and minimal lost time resulting from starting and stopping.

However, there is typically enormous political pressure in organizations for a large number of executives and managers to have project work going on in their areas so they can meet their objectives. This drives many organizations to attempt to do too much at once, with the result that little is accomplished, projects take longer than necessary, and they consume more resources than they should. A good rule of thumb is to have no more than a half dozen medium to large projects under way concurrently in a mid-sized organization.

Another aspect of work scheduling relates to where the required resources are situated in the organization. The objective of work scheduling is to have each resource allocated to only one use in a given timeframe; no resource should be double-counted or double-booked.

There are two general approaches that resources owners can use to ensure that their resources are allocated to only one work item at a time. In the first, a central corporate organization such as a PMO schedules resources against the prioritized list of projects, and resource owners are expected to support this schedule. Alternatively, resource owners are aware of the overall priority list and then allocate resources to individual project managers, who should be representing the business owners.

Usually, the first approach is cleaner and protects resource owners from political pressure to circumvent the corporate-approved schedule. Political challenges typically involve who gets scarce specific resources for different types of work. For example, a specialized database programmer may be required to work on a PACS implementation and a clinical data repository implementation—two projects classified as high priorities by the PMO—as well as a maintenance project. There may be no alternative resources available.

The fact that the IT management may have been told to allocate 30 percent of IT resources to maintenance and 25 percent to enhancement project work does not help keep this specific resource from being torn in multiple directions. If the IT manager makes the call, he will anger someone. The best solution is to have the PMO try to work out a schedule that can accommodate as many requirements as possible and adjust the rest, although most mission-driven healthcare organizations deploy resources to front-line care and service delivery first and typically do not want the PMO to mediate problems in resource distribution.

To ensure success no matter what approach is taken, senior executives who communicate their organization’s priorities regularly to management teams often are assured that their project and resource managers make decisions supporting the strategic direction of the organization. And regardless of the work scheduling approach chosen, it is important that the accountability of individual project managers be adjusted to react to the realities of resource availability in specific timeframes.

The mechanics of work scheduling involve applying the resources required by week to the prioritized work list in rank order. The appropriate project managers then take over as projects are initiated to create detailed daily task schedules. Appropriate portfolio and project management software applications provide significant help in accomplishing this task.

**Final Components**

As programs and projects scheduled in the work scheduling activity of portfolio management come up for execution, the set of activities known as program and project management come into play. Program and project management is a part of overall portfolio management, but the topic not be covered here because it is adequately covered in other literature.

Project performance and value assessment, as the final component activity of portfolio management, examines the completed program or project from two perspectives. First, the program or project itself is regularly assessed to see if it is meeting its deliverable targets on time and on budget. Program and project status reports are issued weekly or biweekly to business owners and other key stakeholders and at least quarterly to the senior management of the organization for further review. At the end of the initiative, the overall program or project is assessed against its planned targets.
Second, the resulting business process is examined to see if it is meeting its process and outcome objectives. Typically, these criteria cannot be measured until several months after the new process is running, staff is up to speed, kinks have been worked out, and so on. Part of each program and project must include measurement mechanisms to enable process and outcome objectives to be monitored.

This level of value assessment is the real test of whether portfolio management is operating effectively. A project can meet all of its deliverables on time and on budget and therefore be a success in a strict project management sense. But if the wrong projects were selected and resources were applied haphazardly, the true business objectives will likely not be met. Disciplined portfolio management includes this essential activity and aggregates it over time, using it to continually improve both the planning and execution processes for all projects in portfolios.

Because some of these concepts are fairly new to healthcare organizations, the value of many healthcare initiatives has not been actually computed and aggregated over time. Now is the time to start aggregating this information; as more healthcare initiatives emerge, including healthcare IT projects, more business owners and decision-makers will be able to understand the true value of their investments, especially large investments in healthcare IT.

Armed with this information, every healthcare organization can use portfolio management to meet the challenges that occur when too many managers compete for limited resources for their own parochial needs, without sufficient regard for the strategic needs of the overall enterprise. Effectively implemented and managed, portfolio management can ensure that the right programs and projects are executed, using the most appropriate resources most efficiently, resulting in optimized outcomes for healthcare organizations. As a major source of corporate project resources, healthcare IT will benefit from clearer corporate direction and can better support the strategic goals of the organization.

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