

Performing a Strategic Portfolio Management Software Needs Assessment



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Overview

What is Strategic Portfolio Management (SPM)

Strategic Portfolio Management (SPM) is a systematic top-down approach to managing an organization's projects, programs, investments, business capabilities, digital and physical products, and applications to align them with strategic goals and understand their impact across portfolios. It involves overseeing portfolio analysis and optimization to select, prioritize, initiate, continue, or terminate a mix of initiatives and investments to maximize value and achieve short and long-term strategic objectives.

Who should read this guide?

This guide is for anyone playing the early "champion" role in the investigation phase of your SPM initiative. Typically, this will be an EPMO director or leader or other key stakeholder from IT, business strategy, or digital transformation office.



Why we are here

You have concluded that you need to improve your business and IT strategy planning and execution process and that the practice of Strategic Portfolio Management (SPM) may provide a path forward. Before going any further (and certainly before investigating any SPM software solutions), you need to perform a problem or pain point self-assessment.

This guide is designed to help you with this key initial stage of your buying process. There are **three big mistakes** solution champions and sponsors make when making this assessment:

- 1 Not clearly articulating the problem(s) that needs to be solved
- 2 Not understanding the root causes that need to be addressed to solve the problems
- 3 Not establishing a clear line of sight between problems / pain points, their root causes, and top-down strategic objectives

Once you have clearly identified the strategy development and execution problems/pain points you need to address using this guide, you will be ready to measure/quantify the value of addressing them. ([See Part 2 of 3 in this buyer's guide series: Making the Business Case for Strategic Portfolio Management \(SPM\) to learn more.](#)) Only then you will be ready to consider vendor options. ([See Part 3 of 3 in this buyer's guide series: Selecting the Right SPM Software Vendor.](#))

Why is this important?

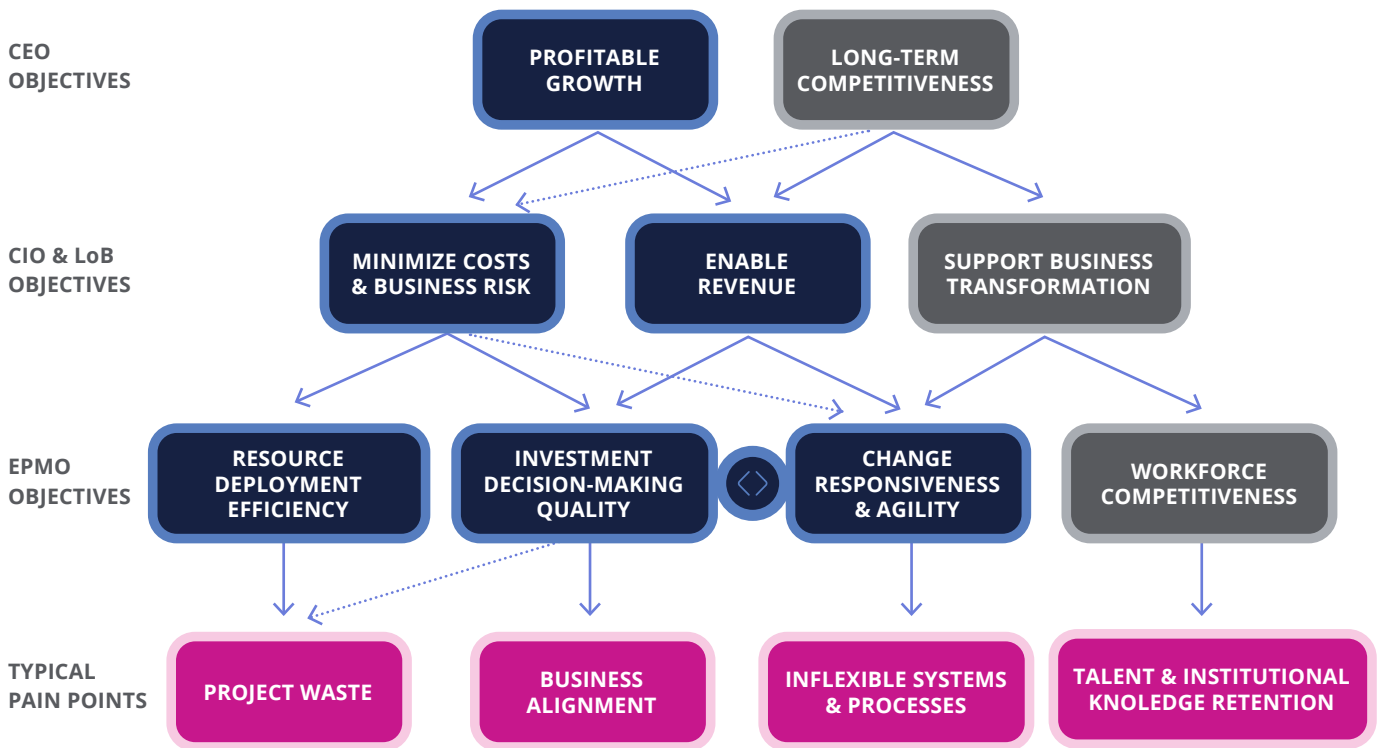
Given the breadth of possible strategy challenges and problem root causes, it's critical to first identify the relevant root causes of sub-optimal performance and establish a direct line of sight between problems and their impact on business results. Failure to do this can result in solving the wrong problems or addressing valid problems for the wrong reasons. Either can lead to mis-setting stakeholder expectations and suboptimal SPM initiative outcomes.



Connecting Pain Points with Key Business Drivers



Without a clear line of sight between technology solution investments and C-level drivers (profitable growth and long-term competitiveness), it is unlikely your initiative will gain executive traction. Here is an important graphic showing the link between these drivers and key EPMD objectives. A major pain point associated with the pursuit of each EPMD objective for a typical enterprise is mapped next.



Project workforce competitiveness (see gray ellipses in above graphic) requires a broader strategy which is out of the scope of technology solutions that are the subject of this buyer's guide series. However, workforce-related and culture issues could impact your assessment of overall readiness for an SPM initiative investment. We will return to this point later in this guide.



Exploring Possible Pain Point Root Causes

The table below briefly expands upon the potential root causes of typical major pain points aligned with key EPMO objectives.

| Objectives | Pain Point | Possible root causes |
|--|---------------------------------------|--|
| Optimize resource deployment efficiency | Resource deployment waste | <ul style="list-style-type: none"> • Inadequate process for clearly aligning investments with the business strategy or a specific strategic objective resulting investments with dubious business value • Investment failures due to an inadequate risk assessment process • Ineffective resourcing (e.g. poor skills associated with specifying required project skills, estimating resource requirements, or determining scope) • Lack of a consistent and mature investment prioritization process leading to overinvestment in low priority projects • Lack of business and IT portfolio visibility that can result in redundant investments |
| Maximize decision making quality | Competing cross-functional priorities | <ul style="list-style-type: none"> • No consistent process for evaluating and comparing different investment themes (e.g., IT projects, R&D product programs, strategic initiatives, etc.) • Lack of a transparent cross-functional governance process to ensure accountability for results useful in informing future investment decisions • Immature centralized systems and processes to provide basic cross-functional investment pipelines, in-flight projects, etc. • Lack of closed-loop investment/project performance tracking • No common ROI-based model for cross-functional investment comparisons • Insufficiently mature product functionality for modeling and optimizing cross-functional investment plans • Inability to understand the impact of investments cross-functionally and identify dependencies • No modern way to allocate and manage shared capacity cross-functionally |
| Be agile and responsive to business change | Inflexible systems and processes | <ul style="list-style-type: none"> • Lack of a centralized system for SPM-related process (too many manual processes and non-seamless integrations) • Roadmaps, funding/budgeting, and BI/analytics that cannot adapt dynamically to new business scenarios and data inputs • Slow decision-making due to insufficient and/or non-intuitive BI/analytic insight delivery and reporting • Insufficient visibility to and process for linking individual investment impacts and dependencies across investments, across themes and across business functions • No reliable way to mobilize and re-shape shared capacity in response to a near- or long-term shift in market dynamics or company priorities. |

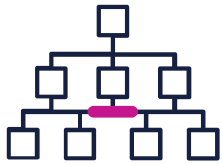


Objectives, pain points, and root causes will vary in your business context, and there is no right way to create a logical hierarchy. For example, business alignment may be viewed as an objective, pain point, or pain point root cause. The key is to do the exercise of constructing your own hierarchy that articulates all three elements, so you can determine the business value of addressing them and ultimately drive your list of solution requirements.



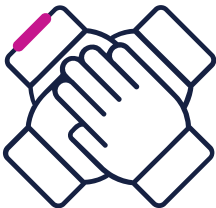
Other Needs Assessment Considerations

Understanding your needs is one very important prerequisite for launching a business case development exercise. There are other important dimensions to your self-assessment that should also be explored before moving to the next step. They include:



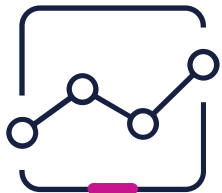
Organizational Model

SPM is, by definition, a top-down executive decision-making improvement initiative. Organizations with strong top-down hierarchical decision-making processes are well suited for SPM. Organizations with a highly-decentralized decision-making model will have to adapt to a more blended model that preserves their autonomy at a certain level of decision making or for a modified scope of decision, while pursuing a more explicit alignment with C-level strategic goals.



Corporate Culture

Company culture is intertwined with the organizational model. But both highly-centralized organizations and highly-decentralized organizations will struggle to succeed with SPM if there isn't a general culture of transparency and cross-functional accountability, and a strong shared sense of vision and mission.



Position on the Technology Adoption Lifecycle

According to Gartner's 2024 Magic Quadrant for Strategic Portfolio Management, by 2026, 30% of organizations will embrace effective strategic portfolio management, and invest in talent and enabling technology to become industry leaders. Consequently, to date, SPM is being pursued mostly by companies that would consider themselves to be visionaries, innovators, or early adopters of strategic software technologies.



Conclusion

At this point, you should have a good idea of the problems or pain points you want to address and their root causes.

Each root cause addressed can be considered an SPM process performance gap defined by the difference between your current competency level and your target performance level. That can be based on industry standards for best-in-class performance if you want to use external benchmarks, or internal aspirational goals if you want to improve performance using internal success metrics.



Take the Next Step

In part 2 of this buyer's guide series, make the compelling business case for SPM software by identifying its hard and soft benefits for your business.

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