



# Mastering Project Prioritization

## A Guide for PMOs & IT PMOs



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# Overview

In today's fast-paced business environment, agility is crucial for seizing new market opportunities and responding to challenges with quick reprioritization. That's why a robust project evaluation and selection process is a must.

Project selection involves evaluating potential projects and prioritizing those that are most likely to meet and deliver on strategic goals while factoring in cost, risk, and other considerations.

Getting prioritization right is one of the most impactful practices any organization can undertake. In fact, it's often more beneficial to execute the right project poorly than the wrong project perfectly. After all, the right project, even if mismanaged, can often be salvaged. But projects that shouldn't have been started in the first place waste resources and drain returns. It only takes one catastrophic project choice to tank your annual project ROI.

Project management professionals instinctively understand how critical selection and prioritization are. However, many organizations still don't invest enough in optimizing these processes. This eBook encourages you to rethink your approach, reinvigorate efforts to improve it, and offers practical guidance on how to do so.

## What will you learn?

This guide will strengthen your understanding of—and alignment with stakeholders on—project prioritization by making the business case for investing in improvements.

You'll also gain best practices for designing, developing, and continuously improving the prioritization process, including tips on using state-of-the-art tools.

## Who should read this guide?

This guide is for decision-makers who want to maximize the return on financial- and human resources-focused on -structured work, specifically:



### Business Leaders

Depending on your use cases this may include C-suite and line-of-business managers focused on strategy execution, return on investment (ROI), and operational transformation.



### Project & Program Leaders

This includes Enterprise PMO leaders, portfolio managers, and senior product and program managers ensuring strategic alignment and optimizing cross-functional resources.



### IT Leaders

This includes CIOs, CTOs, IT portfolio managers, and R&D directors aiming to enhance stakeholder satisfaction and resource efficiency.



# Business Case

## Why Master Project Prioritization



Building a strong business case for project prioritization means quantifying both hard and soft benefits. These benefits form the foundation of any project selection improvement initiative.

Benefits	Overall Business Impact	Revenue Impact	Productivity & Cost Impact	Risk Impact
<b>Higher-quality decision-making</b> Implementing a structured, repeatable project selection process leads to faster, higher quality decisions.	\$\$\$	✓	✓✓	✓
<b>Better strategic alignment</b> Prioritizing projects that align with strategic goals minimizes resources waste and missed opportunities.	\$\$\$	✓✓✓	✓	✓
<b>Improved success rates via better risk management</b> Thoroughly understanding risks—including feasibility, ability to execute, potential for scope creep, and cost overruns—increases project success rates.	\$\$\$	✓	✓	✓✓✓
<b>Better resource and capacity allocation</b> Entrusting the right projects to the right, available resources minimizes opportunity costs.	\$\$	✓	✓	✓
<b>Measurable financial outcomes</b> Tracking development and operational costs and revenue generation drives a focus on higher-ROI projects.	\$\$	✓	✓	✓
<b>Better portfolio visibility and synergy</b> Assessing projects within a program or portfolio context better accounts for value and risks in the case of complementary and interdependent projects.	\$\$			✓✓
<b>Improved productivity and time-to-delivery</b> Automating the approval process, including integrating upstream demand capture and downstream project planning, reduces project lifecycles.	\$	✓		
<b>Enhanced productivity and morale</b> Working consistently on meaningful and successful projects strengthens team morale and productivity.	\$		✓	



*A project well selected is half completed.”*

— Anonymous



# Business Alignment

## | The Primary Critical Success Factor



### A brief introduction to business alignment

Business alignment ensures that projects support the company's strategy, whether this alignment is top-down (strategy-driven project selection) or bottom-up (project-driven strategy alignment). High-maturity organizations focus more on strategy execution, aligning projects with specific objectives.



Business alignment is the most important criteria for project selection and yet surveys indicate that up to 75% of projects are deemed misaligned. This means most project investments under-deliver on business value or are a waste of resources

### 3 reasons projects get misaligned

The primary root causes of business alignment challenges for most companies derive from a history of:

1

#### Unclear business strategy

It's hard to achieve alignment with strategic objectives that are not fully documented or clearly communicated, conflicting with other priorities, and shifting frequently due to changing financial, market, and competitive conditions. The inability to keep up with changing priorities is often cited as the number one cause of project failure.

2

#### Insufficient stakeholder involvement

When business leadership is uninvolved in portfolio governance or fails to collaborate cross-functionally with IT and other leaders who may have different priorities, project pipelines tend to veer from strategic goals.

Further, when stakeholders that represent customer and market needs (e.g. sales, marketing, and LoB leaders) are not fully represented, projects tend to initiate based on internal assumptions rather than market-driven data and insights.

**3**

### **Weak performance measurement & governance**

A failure to define proper success criteria including measurable metrics of value can result in misalignment. Other key elements of effective strategic alignment governance include portfolio views of project candidates, ongoing reviews, and a change management process specifically designed for project realignment. Finally, an objective, transparent, and repeatable decision-making process is critical. There is still too much individual preferences, organizational politics, “gut feel,” and gamesmanship involved (e.g. justifying projects based on bogus claims of strategic alignment).

## **What can be done about it?**



### **Communicate strategy through a variety of channels**

Ensure the company’s vision, goals, and course corrections are regularly shared through accessible platforms, both online and in-person, with room for feedback and clarification.



### **Require stakeholder Involvement and buy-in**

Involve key stakeholders—such as senior management, finance teams, operational leaders, and customer advocates—in the prioritization process to drive cross- functional alignment and a broader commitment to success.



### **Implement portfolio management tools**

PPM tool functionality is based on industry best practices for defining, tracking, and reporting on success metrics, presenting portfolio views, and automating various processes associating with project ideation, evaluation, scenario analysis and selection.



***The essence of strategy is choosing what not to do.”***

**— Michael Porter**



## Best practices for effective project selection

Here are key success factors and recommended best practices for an effective project selection process:

**1**

### **Integrate selection process integration PPM lifecycle processes**

Automate the workflow from the upstream idea capture and request management processes and downstream project planning and delivery. An end-to-end approval and governance process ensures a chain of custody for projects and accountability for outcomes from initiation to deployment.

**2**

### **Use the most appropriate selection framework**

There are many ways organizations measure expected benefits for project selection purposes. Popular methods include scoring models, cost/benefit analysis, payback period, NPV, IRR, and discounted cash flow. The most popular are scoring models.

Scoring is an advanced project selection method that involves assigning scores to projects based on predetermined project selection criteria. This approach incorporates both quantitative and qualitative metrics so all relevant considerations, including risk, benefit, and feasibility, can be included in the project selection process.

**3**

### **Define the most salient selection criteria**

While there are countless ways to score project benefits, the key is to balance thoroughness with simplicity, ensuring the value is clear without overwhelming complexity. Commonly, these criteria include strategic alignment, benefit analysis, feasibility, risk assessment, competitive necessity, operating necessity, product line extension, resource allocation, sustainability, stakeholder engagement, and regulatory/compliance alignment.

**4**

### **Continuously improve your process**

It's important to track your process performance using feedback loops and adjust accordingly. Begin by reviewing project outcomes and failure rates, then work backwards to pinpoint the causes of failure.





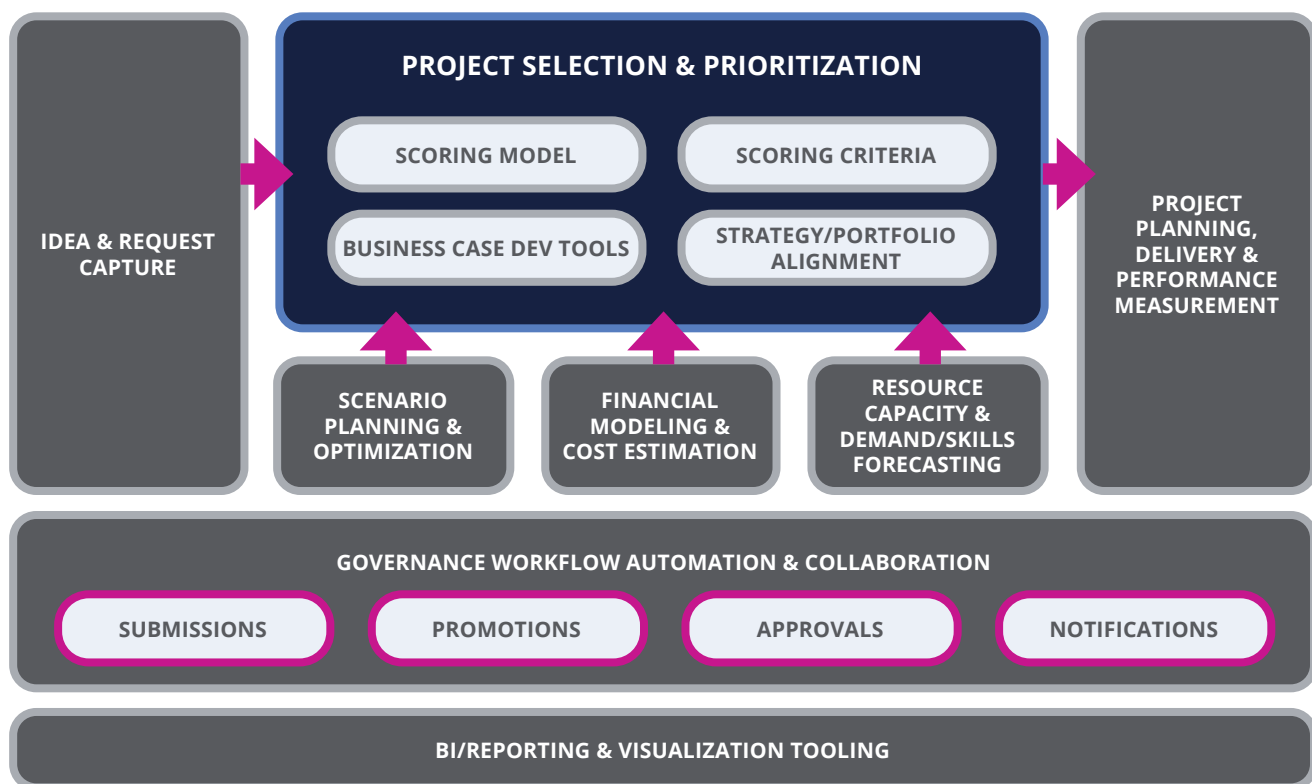
# Technologies & AI

## | Digitalizing Project Prioritization

### What does a modern project selection and prioritization solution look like?

Project selection and prioritization are at the heart of the project lifecycle, so they must be approached as part of an integrated end-to-end process. As a result, solutions must be comprehensive, managing everything from ideation and request to delivery and operations.

Here is a reference model for a modern project selection solution, highlighting its necessary basic functionalities and integrations:



Solution vendors with strong offerings for Strategic Portfolio Management (SPM), Enterprise Portfolio Management (EPPM), and Adaptive Project Management & Reporting (APMR), like Planisware, tend to have excellent solutions for project selection and prioritization because they (a) take an end-to-end platform approach, (b) provide a maturity growth path to highly-sophisticated (AI-driven) solutions, and (c) have a track record of successful deployments.





## What is the role of AI in project selection and prioritization?

Here are some key applications and benefits of AI in the project selection and prioritization process:



### Data-enriched decision/scoring models

AI leverages advanced algorithms and machine learning to analyze large datasets, uncover patterns, and provide actionable insights for project selection decision-making.



### Advanced risk assessment and mitigation

AI excels at proactively identifying project risks and proposing mitigation strategies. By evaluating historical project data and external factors, AI algorithms can predict risks that are not immediately apparent to humans.



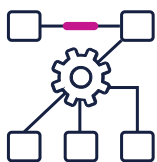
### Predictive analytics

AI's predictive capabilities extend to forecasting project outcomes, including completion times and costs, by analyzing historical project performance and various project parameters. This allows organizations to allocate resources more effectively and prioritize projects with a higher probability of success.



### Resource allocation and capacity management analytics

Optimal project selection must consider the efficient use of available resources, skill sets, and capacity constraints since these factors impact the probability of success, particularly when on-time delivery is a key success factor. AI can recommend optimal resource allocation strategies that ensure projects have the necessary personnel, equipment, and budgetary support. AI can also improve resource overallocation detection and bottlenecks that can impact project outcomes.



### Dynamic adaptation of project pipeline

AI's real-time continuous monitoring capabilities ensures that decisions are based on the most current and updated information, improving the accuracy of project pipeline management.



### Next-level project and program synergy and dependency management



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### Smart workflow and collaboration



AI can extend workflow automation beyond routine tasks, unburdening project managers from performing relatively lower-value-add activities and freeing more time to focus on critical and complex project selection and prioritization decisions and related problem-solving.



In sum, artificial intelligence is transforming project selection by providing project managers with highly-advanced data-driven insights, risk assessment, resource and capacity analytics, predictive capabilities, and more. Leveraging AI can result in more strategic, efficient, and successful project portfolios, ultimately driving organizational growth and innovation.



# Case Study

## | PepsiCo Drives Innovation with Planisware

### Strategic objective

Drive the modernization of Pepsi's "innovation agenda" to provide full pipeline transparency to business leaders around the world.



*When our CEO or any senior leader asks, 'Show me the fifty biggest ideas we're going to drive around the world,' we could do it in theory, but we really didn't have quality data in a common repository with standard data metrics that people could trust."*

— **Chris Mayson**, Senior Director of Global Commercialization, PepsiCo

### Solution requirements

- Integrate core project selection/evaluation criteria (desirability, viability, and feasibility) into a new stage gate process.
- Track project selection outcomes/KPIs—including net revenue, consumer sentiment, alignment with growth opportunities, and innovation "stickiness" (i.e. the ability to deliver sustainable value to the marketplace)—against the approved business case.
- Support three key cross-functional teams—commercialization, R&D, and marketing—in a shared digital space that leverages an integrated idea capture, evaluation, and delivery workflow and single version of truth for data.

### Results and next steps

- Planisware Enterprise is viewed as a trusted partner in the "digitalization of the innovation agenda," managing several thousand innovation projects each year across 100+ countries and ~5,000 users.
- Planisware Enterprise is used to pre-circulate business case documents to senior stakeholders who can approve, reject, or add comments directly into the system, freeing up cross-functional executive meeting time for addressing critical issues and project risks.
- A key next step is further integrating Planisware Enterprise with external systems (e.g. linking approved business case metrics for target net revenue with systems that track actual marketplace performance).



# Key Takeaways & Next Steps



## I Key Takeaways

- Depending on your existing project and portfolio management process maturity level, upleveling your project selection and prioritization process can be the most consequential initiative you can undertake to improve project investment outcomes.
- Business, project management/PMO, and IT leaders are all key stakeholders, and their active participation and support in designing and operationalizing process improvement is critical to initiative success.
- A primary and critical success factor for choosing the right projects is to improve business alignment. There are some systemic reasons projects frequently get misaligned, but there are specific ways to fix this.
- Solution platforms that take an end-to-end approach to portfolio project management and leverage AI to improve decision quality, manage risks, and optimize resource allocation, are highly recommended.



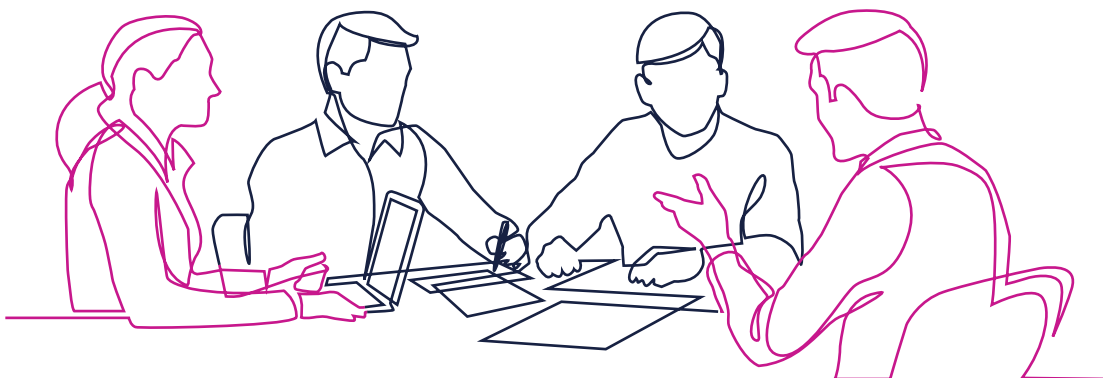
***Choosing the right project is more important than doing the project right.”***

**— Joseph M. Juran**



## I Next Steps

- 1 Assess the maturity of your project selection and prioritization process. Start by determining if you are achieving the relevant benefits listed in the Business Case section on p.4 and where there may be gaps versus high-performing PPM processes.
- 2 Review best practices from the Business Alignment section on p.5 and identify areas for improvement in your process.
- 3 **Contact Planisware** if you need help performing a process assessment, building a business case, or developing a specific plan of action.
- 4 Schedule a **Planisware demo** to explore an advanced project selection solution that leverages modern technologies like AI and machine learning.





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