

PortfolioStep Portfolio Management Framework™ Overview

Portfolio management is a business process that requires a set of detailed processes to be conducted in an interrelated continuous sequence. It facilitates decision making, through evaluation, selection, prioritizing, balancing, execution of the work, harvesting of benefits and feedback of results for process improvement. Hence, PortfolioStep™ is a repeatable process of preparing for, planning, executing and harvesting the value of work as a business portfolio.



However, you cannot start the planning and executing portions of the process without understanding two fundamental areas. You must grasp the nature and scope of the work that you want to manage. Second, you must reach agreement on the things that are important to your organization so that you have the context to make work prioritization and balancing decisions.

PortfolioStep takes all of this into account and does not assume that you have any of the pre-requisite information ahead of time. The main sections of the portfolio management process are as follows.

- **Categorization** – The categorization step is completed first. This is where you define the terms, scope and definition of your portfolios, and gain agreement on your basic portfolio model.
- **Identification** - You cannot make decisions on prioritizing work without knowing what the company or organization feels is important. The Foundation step results in establishing the context within which work priorities and approvals are made.
- **Evaluation** – All of the potential work is surfaced for the coming year. At this point, each request only needs to complete a simple Value Proposition document that describes the work and the value that it will provide to the organization.
- **Selection** - The Selection process is usually completed at the beginning of the annual Business Planning Process and is the time to bring all work forward for review and scrutiny. Work that does not appear in this Selection process has no chance of making it into the final list of authorized work.
- **Prioritization** - One of the key assumptions of PortfolioStep is that there is much more work requested than the organization can execute in one year. After all the work has been selected, a prioritization process begins.
- **Balancing** - Organize the prioritized components into a component mix that, when implemented, is best aligned with, and best supports the organization's strategic plan, including the various business units such as Operations, Projects, Other Work, etc.



- **Authorization** - The most valuable and aligned work is authorized for the coming year. This process sets aside approved budget and resources to complete the work. This is not a guarantee that the work will be funded.
- **Activation** - Activation is the process of actually scheduling and executing the work throughout the year. In this Activation step, managers build schedules to start and complete as much of the approved work as possible.
- **Reporting and Review** - Portfolio reporting and review deals largely with measuring results, integrating changes, and reviewing / re-forecasting the work.
- **Strategic Change** - Over the longer term, the results of the PortfolioStep process can be collected and fed back to the Executive to the portfolio management group. These results should enable you to assess the effectiveness of the PortfolioStep process and propose changes to improve the whole cycle.

PortfolioStep Flexibility

We must emphasize that all the steps described above do not necessarily have to be strictly sequential. Management is often an iterative exercise and, as with our other TenStep products, you must exercise judgment how far you go with each step, and in what order, to make the whole work together.