**TOP 10 REASONS**

**WHY YOUR COMPANY NEEDS PROJECT PORTFOLIO MANAGEMENT**

Every profitable company must be built, not just on a sound business plan, but also on the company’s ability to make sound decisions, year after year, financial quarter after financial quarter.

How adept is your company at making wise decisions, decisions that will boost your organization’s overall ROI, decisions made both at the project level as well as at the multi-project level?

This, in a nutshell, is the purpose of having project portfolio management.

But what exactly is project portfolio management, and how can it help your company make better decisions and become more profitable over time? And what exactly is the difference between project portfolio management and [project management](https://www.leankor.com/overview/)?

Let’s get that question out of the way first, and then we will consider ten outstanding reasons why your company should have project portfolio management in place before the end of the current financial quarter.

**Portfolio Management vs Project Management**

It would be a challenge to find a single enterprise-level company that doesn’t have extensive project management systems and personnel in place, and for good reason. Project management is essential to keeping the many projects and endeavors of your company running on time and within budget.

Your company probably has project managers in place across a variety of departments and teams, all working simultaneously to keep their individual projects on the rails. This is a vital work that cannot be ignored. And you will be happy to hear that portfolio management does not replace project management in any way.

So what exactly is the difference between the two?

The difference, in a word, is scale.

Project management focuses on either a single project or a couple of projects within the same department or team. Professional project managers, along with excellent [project management software](https://www.leankor.com/), are a vital part of any large organization because they make sure that all the moving parts within a single project are kept in a harmonious sync.

Only when every component within a team or project is working together in absolute harmony can you expect the project to be done on time and on budget. Without a project manager, many projects could be forgotten altogether, or the lack of organization could cause various members of the team to step on each other’s toes, work out of harmony, wasting both precious time and money.

Project portfolio management does not try to replace the much-needed work of project management. Instead, the objective of portfolio management is to make sure all the projects of a single company or organization work in the same kind of harmony as the individual members of any one team.

To put it another way, project management organizes all the individual trees in a forest, while project portfolio management organizes the entire forest as a whole, making sure every aspect of that forest is working as harmoniously and efficiently as possible.

However, efficiency is only one of the many benefits of having portfolio management as part of your overall company resources. It’s time now to consider ten concrete benefits to having project portfolio management in your company today.

**Reason #1: Avoid Bad Projects**

Whenever Corporate hands down a specific project to a particular team within the company, and when that project falls into the lap of a particular project manager, in most organizations, it is simply not the job of the project manager or the team working the project to stop in question whether that project is worth pursuing in the first place.

But we all know the truth: Some projects are either doomed to failure from the start, or they simply do not present very profitable prospects, no matter how quickly and efficiently they can be carried out.

If you want your company to be more profitable overall, someone has to stop and asked the question if a certain project is a good idea, or if it is really a bad egg that should be thrown out before it is even begun.

This is a huge benefit of portfolio management. A project portfolio manager, or a project portfolio management team, will be able to analyze a project before it’s started. They will be able to tell you if a certain endeavor is worth embarking on or not.

Portfolio management will be able to show you the probable ROI of a particular project, how much effort and company resources are likely to be used before the project is completed, as well as the longevity of the benefits of that project. In other words, will that completed project be profitable this year and next year? Or will it quickly stop being profitable and need to be replaced quickly?

Project portfolio management will also be able to compare prospective projects to similar [past projects](http://www.pmi.org/learning/library/project-management-failures-in-tech-10247), both within your company and in other organizations. Taking this “big picture” approach, portfolio management will be able to help your company understand if a certain project is a bad idea, helping you not repeat your own mistakes or the mistakes of others.

Often times, companies and organizations do not have someone asking these important questions and running the necessary calculations. As a result, they start many projects that frankly should never have left the drawing board.

**Reason #2: Embrace Better Projects**

When project portfolio management is able to help you identify bad projects before they ever leave the starting gate, that will free up large amounts of your company’s resources to search for even better, more profitable, projects.

It just so happens that this is a second fantastic reason why your company needs portfolio management right away.

Not all projects are created equal. Not every client should be taken on. Not every branch location should be built.

On the other hand, there are some projects, some new clients, some construction plans, that show such incredible promise that your company would be amiss to not mobilize as many resources as possible to get that project started and completed.

Project portfolio management won’t just help you identify the “bad eggs” in your company’s plans. It will also be able to help you identify those “golden eggs” that are sure to turn a strong and long-lasting profit.

Because portfolio management focuses on the big picture, they will be able to see how a prospective project measures up to past projects. They will be able to take into account various factors such as changing technology, adjustments and salary, real estate hills and valleys, as well as the ever-changing geopolitical landscape.

Only after a deep comparison of so many variables will your project portfolio management team be able to help you see which projects are most likely to deliver a strong ROI.

**Reason #3: More Focus on Company Goals**

Imagine you are walking through a thick patch of woods, surrounded by interesting (and sometimes scary) sounds and sights and smells. Being in such an environment is almost constantly overwhelming.

However, you must constantly remind yourself that your hike through these woods is not a leisurely walk of exploration. Instead, you are walking with a clear objective in mind, a destination you must reach.

Would it not be hard to keep on track, so to speak, and not get distracted by everything around you? Wouldn’t it be easy to lose your sense of direction in such a place, since there is no clear trail to follow?

How easy it would be to get lost and never reach your destination!

Running a major company in this complex and often hectic world can feel very much the same way. You have a clear objective in mind, as expressed in your company’s mission statement and vision, as clearly spelled out in your company’s business plan.

However, with so many different things happening both within your company and outside it, it can be very easy to get distracted and lose your way, so to speak.

In fact, this is a common danger of running a business with project management, but with no one looking at things from the project portfolio management level.

Individual teams and departments within your company can very easily get excited about new projects and ideas. Your marketing team, for example, may present ideas for new blog post series and video series, new podcast episodes and web design notes. All of them may sound like exciting new ideas, but there is still one question that must be raised:

Is this new project or idea in harmony with our company’s overall objective?

Setting companywide goals for each financial quarter and each year is vital. And it is equally as vital to make sure that all the individual projects and endeavors of each individual team and department within your company are working in harmony with those goals.

And this is another excellent reason why your company must have project portfolio management today. Looking at things from such a “big picture” level will allow you to make better decisions about individual projects, decisions that will not only turn a profit, but will also keep all aspects of the company working harmoniously toward your company’s goals.

**Reason #4: Foster Happy Stakeholders**

You can define a stakeholder in your company in two very different ways.

First, a stakeholder can, obviously, be someone who holds stake in the company, such as an investor.

How can project portfolio management keep your company’s investors happy? Well, consider some of the benefits we’ve already covered.

Portfolio management can identify those projects that are bad ideas and prevent your company from going down the wrong road that is unlikely to turn a strong profit. On top of that, project portfolio management can help identify what projects are most likely to be profitable over time, helping your company choose better projects to pursue for each of his individual teams and departments. How would those things not keep stakeholders happy?

In addition to that, we already learned that project portfolio management can help keep your entire company on point, so to speak, when it comes to overall company goals and objectives. Most likely, your company’s investors will be enthusiastic about the various financial goals your company has for any specific quarter or year. If you are able to show them how all the individual projects the company is currently pursuing harmonize with your company’s current goals, your stakeholders will feel very confident about the future of their investment.

In a broader sense, a stakeholder in your company can be anyone invested in the success of your company or organization. That could include everyone that works within the company or that benefits from the company in some way. Project portfolio management can also keep all of these individuals happy, as well.

Think about this: If all the members of each individual team with in your business or organization are happy and supportive about the overall decisions made within the company, won’t they be more willing to work together toward that common goal?

Employees and contract workers are not mindless drones. They get more enjoyment out of their work when they see that their job has a positive effect on the overall company. A portfolio management team can easily communicate the overall progress of even the largest of companies or organizations to all of its individual members, causing everyone within the organization to work in a happier and more united fashion.

As anyone knows, a happy and united team will be more efficient, less troublesome, and more profitable over time.