

Priority and Business Case

Extracts from the diary of Johnny Blogg, Project Manager:

- 1st Sep 10 *Dear diary, I'm so happy. Trent Slick, my boss, just came up to me and gave me a new project to manage called Project Zebra. Apparently it's a Priority 1 Transformation project so I shouldn't have any problems getting resources. I was told to drop everything so that means I'll have to cancel the PIR on Project Lament, which is just as well as that project really didn't go too well.*
- 6th Sep 10 *Dear diary, its proving difficult to get the SMEs together for the first scoping workshop. Despite my Email invite telling them this is priority 1, they replied saying so are the six other projects they are working on. SME's are involved with testing which is "critical", so they don't want to get distracted. Problem is they are the only ones who know the system.*
- 7th Sep 10 *Dear diary, I'm so frustrated. I met with the SME's boss David Dread. He said that he understands Project Zebra is priority 1 but his group can only work on funded projects so we need to complete a Business Case so he can get Capex funding. He would then be happy to support the workshops. Apparently Capex funded projects are a higher priority for him than Opex funded projects, something to do with headcount.*
- 10th Sep 10 *Dear diary, I met with the PMO today and they have given me the URL to where all the templates live, gee there were a lot of templates. I eventually found the Business Case template and a scary looking financial spreadsheet. The template has this really funky Visio schedule diagram though, it's really cool.*
- 14th Sep 10 *Dear diary, I started filling out the Business Case template but got a bit stuck. It had a whole lot of headings around governance, scope, options, costs, risks etc. I had no idea, neither did Trent so I asked the PMO for help. They gave me an excellent flow chart which they use, it shows step 1 as a scoping workshop with the SMEs!!*
- 17th Sep 10 *Dear diary, woo hoo!! I had a frustrating start to the week but then a huge re-org was announced. I now report to Colin Cashin, head of Finance. He told me to drop everything, Project Zebra is no longer a priority. He wants me to manage a new initiative called Project Costcut, it's Priority 1 and must be finished by June 30. Colin said we won't need a Business case, we don't have time.*

High priority, important or just urgent?

Prioritisation is an interesting topic. In business, how often do you see a list of tasks or initiatives, yet only the high priority ones are worked on? Lower priority initiatives are then delayed until they are forgotten or until they become high priority. Worse still is when lower priority initiatives are halted before completion, so higher priority initiatives can commence. Where do the less glamorous house keeping activities fit? In these circumstances, business becomes reactive with lots of initiatives starting but very few finished, those that do, are often semi finished and de scoped.

Priority involves a decision. While it is true one could create a mathematical model from a number of pre-set weightings and criteria, the reality is that priorities are usually set and then interpreted by people. People use subjective judgement and emotion, no matter how much they try to remain objective. Most people can only effectively work on one task at a time, which task they work on comes down to their own perspective of priority. "This task is priority 1 but I'll just check my Email first", "I'm flat out today but I just need to grab a coffee before we get started", "I'll be right with you, I just need to finish my timesheet", "I know this is priority 1 but my boss insisted I get this report to him".

What does priority 1 mean anyway, especially when three or more initiatives can all be "priority 1" or "high priority". The most effective priority systems we have seen in Portfolio Management are ladder based systems. They involve only one priority 1 initiative, one priority 2 and so forth. The beauty with them is the simplicity, you don't need to explain the system. Any new project gets assigned a priority, the others adjust priority accordingly. In one large organisation we worked with, people knew that if your project wasn't priority 150 or higher then forget it, you won't get resources.

Decision making involves input, for prioritisation that means information such as strategic fit, costs, benefits, risk etc. This information comes from scoping and analysis, however these require funding and resources, that means prioritisation, a classic catch 22. An effective approach we saw which worked in the IT side of a large organisation was considering each project as comprising three main stages. Based on a very brief analysis, projects could be initiated and prioritised through to the end of Feasibility. After Business Case approval, projects were held until a subsequent build priority was set. Projects could then proceed through to the end of build & test where once again they were held until a subsequent deployment priority was set. It was recognised that projects, once given the green light at each gate, would proceed uninterrupted until the next gate, with priorities used to resolve resource conflict. Those setting priority needed to be mindful of the resource capacity of the organisation.

Inherent in these priority models is to conceptually separate the Business Case and Funding approval process from the relative prioritisation. Business Case and Funding approval is focused on “should we”, it is a key decision point which should be revisited throughout the project life cycle. Relative priority is a different decision, it focuses on the “who” and “when”. While it is sometimes the case that a business will involve similar people in these decisions, the relative priority is a specific decision, typically made by a group of senior managers. This group, called a “Steering Committee”, “Project Review Committee” or other impressive acronym will typically include key representatives from both the supplier and customer sides of the business. Relative priority requires consensus of opinion, a challenge.

Relative priority will be painful. For it to work, some projects will need to be placed on hold, others will need to be cancelled. “The boss says” projects will need to be formally prioritised, tricky politically. “Business as Usual” activity will need to be added to the mix. Try telling IT that responding to a systems outage or major bug is less important than your project. Project plans and Business cases will need to be altered to suit, inter project dependencies and impacts assessed, especially where projects are delayed.

Through simple concepts such as a funnel diagram for reporting (e.g. only so much fits through the spout of the funnel, the rest bank up), the parking lot (for those initiatives on hold), simple decision gates and open communication with and support from senior management, relative priority is an achievable objective. In summary the four pillars of prioritisation we believe are:

- A simple relative priority model such as a priority ladder
- Priority specific to Stages, separated by formal decision gates – e.g. Feasibility vs Build/Test vs Deploy
- A formal decision making forum for prioritisation, made up of supplier and customer representatives
- Communication

About the author

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