Problem Statement

Resources are insufficient to do everything at once. A well-designed project priority system identifies which projects to fund now, which to postpone, and which to scale back or eliminate.

As you review available project portfolio management (PPM) tools, be aware that project prioritization is, from a technical perspective (as well as from a practical standpoint), a difficult and complex decision problem. Providing accurate recommendations requires a tool grounded in real decision science, not simplistic heuristics. In addition to being logically sound, the prioritization tool must be practical, easy to use, and as objective as possible.

Philosophy

- Maximizing the value of the project portfolio is the end goal of PPM. The value-maximizing portfolio may be found by ranking independent projects based on the ratio of value to cost.
- The value of candidate projects depends on the estimated impact the project will have on the achievement of organizational objectives. Projects estimated to produce large, positive impacts to objectives create the most value.
- In addition to impacting short- and medium term financial objectives, objectives that may be impacted by projects include corporate image, customer relations, and the organization’s specific strategic objectives, to name just a few.
- Project value also depends on risk, urgency, and the time required before the project begins to generate benefits.
- Estimating value requires incorporating the best professional judgement of individuals who are knowledgeable about candidate projects and the needs they will address.
- The successful implementation of PPM may require building understanding of project valuation methodology and establishing effective processes for obtaining unbiased technical judgments as well as choosing weights and making other necessary value judgments.

Experience

For more than a quarter century I have been creating tools and designing processes for project portfolio management. I was a cofounder of Folio Technology, a provider of web-based, portfolio optimization software used by government agencies to manage billion-dollar project portfolios. For the past five years, however, I’ve refocused my efforts on providing prioritization tools to commercial organizations unwilling, or unable, to purchase PPM tools with five-figure price tags.

MODA - Multi-Objective Decision Analysis

MODA is the best practice methodology for quantifying project value. Until now, due to the analytic complexity of MODA and the need to heavily customize MODA models, only very few PPM tools based on MODA have been available.

Advancement in Priority System Design

Within the past year, working with S. Chapel Associates, we have devised a significantly different tool design that greatly simplifies and largely automates the requirement to customize a MODA value model to fit the client organization and types of projects in the project portfolio. Our PPM tool is fully consistent with MODA requirements and simplifies and automates necessary MODA-model customization.
Easily accommodates up to 200 projects

Features
Built on the familiar Excel platform

Project productivity estimates grounded in data

Easily accommodates up to 200 projects

Allows up to 15 organization-specific objectives structured per MODA requirements

Computes optimal allocations across up to 5 user identified sub-portfolios.

Computes placement of any user-specified project portfolio relative to the efficient frontier

Identifies component values for each project


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