VPI PARTNERS LLP

Portfolio Decisions - base them upon Prioritisation or Balanced Optimisation?

Prioritisation is the default technique assumed for planning portfolios of projects: indeed it is often used as a synonym for optimising a portfolio. Yet it is a tecnique that is limited in important aspects…and there are alternatives.

Organisations that today apply Portfolio Management techniques for planning their investment in projects frequently rely on Portfolio Prioritisation to select between projects that compete for finite funds, resources or time. However, although prioritisation, as a technique, clearly has benefits, it also has serious limitations.

Portfolio Prioritisation

Benefits

- Easy to understand
- Plenty of scope for application of personal judgements
- Perceived as flexible and consistent with the quality of the estimates for costs, resources and benefits that are available

Problems

- The approach is **one dimensional** so cannot reflect multiple objectives discretely or thoroughly
- **Multiple constraints** are difficult to handle. What do you do after the first constraint is reached?
- No help is provided when considering ***project scheduling*** - when to do a project within the programme timeframe
- It is difficult to incorporate ***relationships*** between projects or options for individual projects
- is difficult to convey the basis for decisions by comparing the priority of one project to another and achieve ***agreement and acceptability***
- Prioritisation score is perceived to be subjective and often challenged or not respected. Achieving ***agreement can be contentious and lengthy*** involving re-doing scoring on changed basis and eventually never reaching firm clear decisions
- ***Changes are hard to handle***. New business directions or balance require a major re-calculation of all priorities.

Balanced Optimisation using Promantic™

Balanced Optimisation, as applied by VPI Partners, is delivered through our Promantic™ application and approach. Promantic™ provides a sophisticated and powerful form of analysis that uses the concept of **Balanced Optimisation**. The positive benefits are:-

- It can relieve **contention** or **disputes** about priorities
- It enables an **optimal** programme to be calculated, so genuinely increasing value
- It can handle complexities fast: allowing **scheduling** as well as **choice**, **multiple** resource constraints, **project relationships**

- It gives **total** portfolio view.
- It can drive decisions to be derived from scenarios **related to strategy**.
- It gives a better answer, in terms of estimated **total benefits**

...And if you want to adjust the results directly then the additional capability is provided with **immediate** indication of the impact on constraints and benefits.