

THE AXA

"Delivering Strategy Through Successful Projects"

PLAN.

**Enterprise Project Management –delivering the organisational
promise**

AIPM National Conference
Canberra, October 2008

Rob Loader



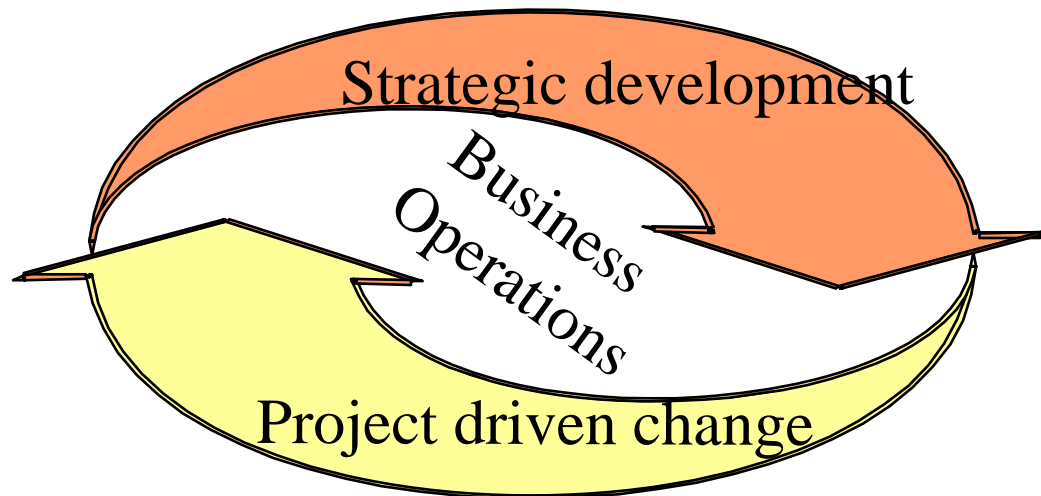
redefining / financial services

Key Messages

- Execution of strategy is the critical measure of organisation success
- Enterprise Project Management (EPM) is essential to deliver consistent organisation wide project delivery success – which directly supports realisation of business benefits and strategic goals
- Enterprise Project Management (EPM) requires deliberate and structured development of project management infrastructure and support

Integrating strategy and execution

The essential organisational criticality is to directly align strategy intent and design with successful execution to realise business benefits that feed long term goals



Increased focus on this criticality is driving

- More emphasis on quality of project delivery across the enterprise
- Increased investment and attention to developing delivery competency
- Greater integration of the strategic development and project execution processes

Increasing emphasis on enterprise wide execution

The increased importance of tighter strategy alignment and benefit realisation is increasing the focus on achieving consistently effective change delivery across the enterprise

Key drivers for this development include

- Arresting persistent project delivery under-performance/failure
- Increasing role of projects in delivering strategic change
- Desire for improved 'bang for the buck' of project investments
- Desire to optimise project investment choices and priorities
- Increasing amount of enterprise wide, cross-functional change
- Increasing role of multi-period, strategic change programs
- Execution capability emerging as a source of strategic advantage

Failure to improve change delivery at the enterprise level is a significant brake on realisation of strategic goals and their business value

What is Enterprise Project Management?

Enterprise Project Management (EPM) is characterised by

- A robust process linking strategy formulation to its successful execution
- Clear views of current and target operating and enterprise architecture models to ensure alignment of investment decisions with long term strategic goals
- Portfolio management decisions that align desired business benefits with the organisation strategy and goals by selecting the right projects at the right time
- An organisation wide consistent approach to project delivery through optimised processes, tools, methods, behaviours and capabilities

EPM aims to establish infrastructure, behaviours, and capabilities which support successful delivery of the right things, at the right time and in the right way

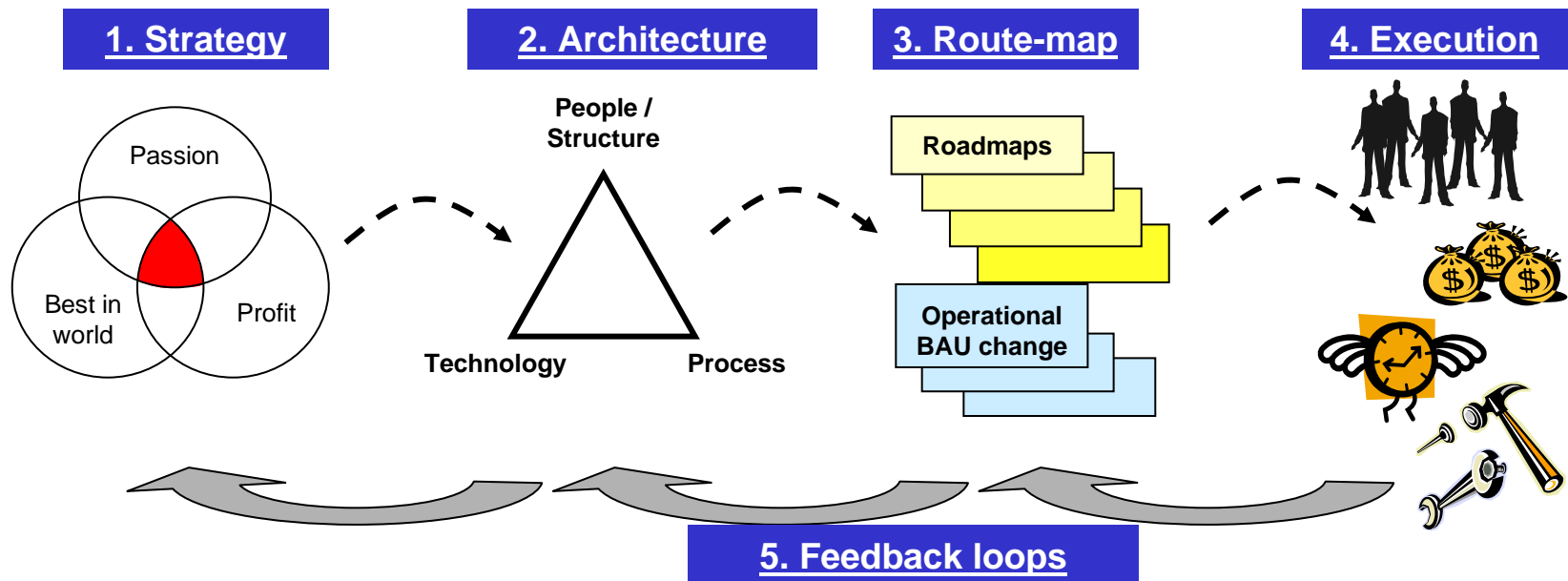
Why is EPM important?

- Is the organisation selecting the best *portfolio mix* of investments across the organisation?
 - Only 53% of organisations use portfolio management, 23% have no method to select and prioritise projects at all
- Are all projects *delivering* optimal business benefits?
 - Less than 50% of organisations measure delivery performance and benefit capture
- Is project delivery success *consistently* promoted and supported across the organisation?
 - 80% of organisations have a PMO yet only 20% of these have ‘front office’ functions/roles; average PMO life is less than 3years

If the answer is ‘NO’ to one or more of these questions – improving organisational project capabilities will support an uplift in enterprise wide delivery success and realisation of strategic ambitions

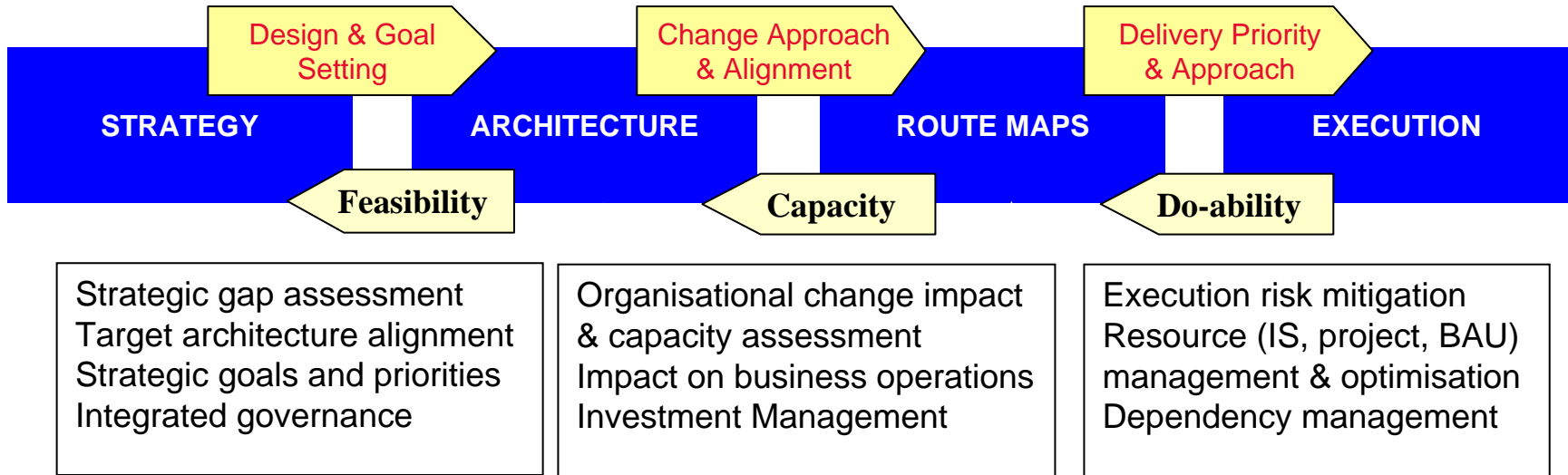
EPM – an organisation-wide view

EPM promotes an organisational view of execution capability that translates and integrates strategy to execution comprising 5 core components.



Critically, the feedback loops connect strategy intent and goals to execution. Feeding back progress and outcomes through route-map performance and architecture alignment closes the loop to inform further/corrective strategy development

EPM – end to end deliverables and feedback loops



Initiative Prioritisation

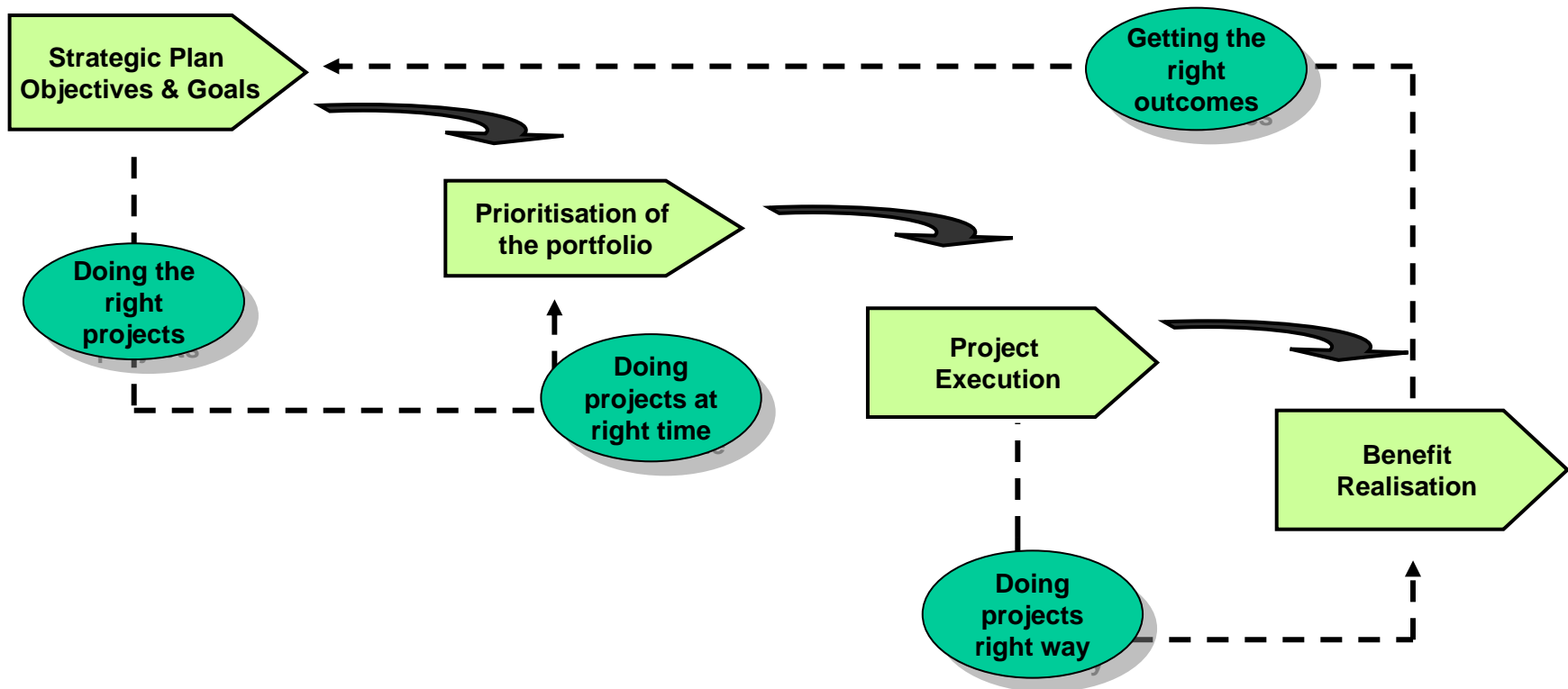
- Portfolio management - prioritised issues and initiatives; option analysis for alternative routemaps
- Reconciliation with strategic objectives and targets
- Learning & aligning continuously

Benefit Realisation

- Business benefits identification, quantification and realisation
- Project portfolio analysis and feedback (optimising returns)
- Strategy goal tracking against execution outcomes
- Inform predictive decision and performance management

Feedback Loops – pivotal role of portfolio management & benefit realisation

Strong integration between strategy definition, portfolio selection and program design ensures execution aligns with goals, is doable and will deliver the expected benefits



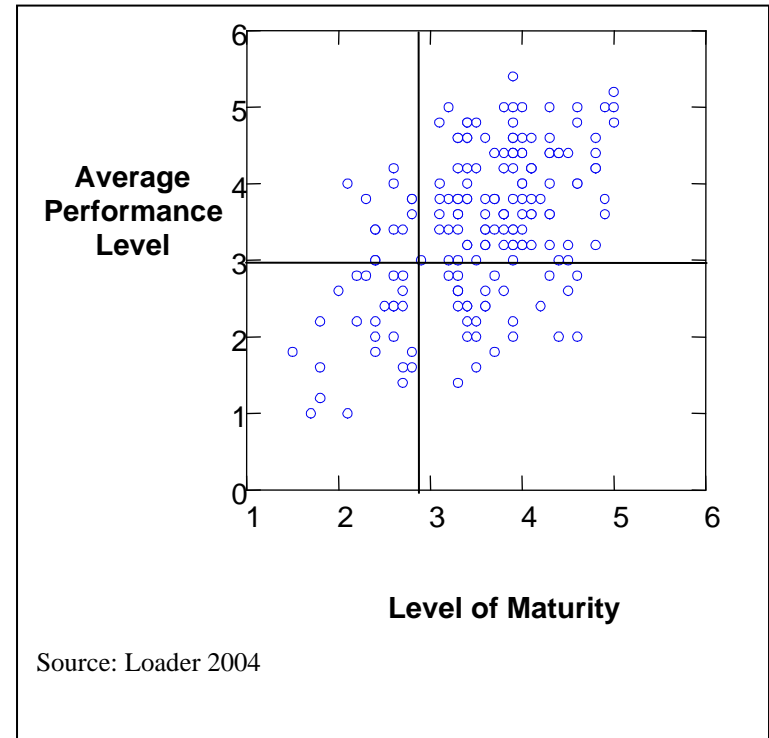
With performance feedback at each step portfolio management and benefit realisation inform progress towards strategic design and value objectives



Benefits of EPM

EPM benefits centre on uplifting quality and consistency of project delivery outcomes

- Improving maturity results from improvement in enterprise wide project capability (project infrastructure) and culture.
- Higher maturity influences improved project performance – resulting in less failures, better schedule and costs performance and improve benefit realisation.



Integrating project infrastructure (through EPM) enterprise-wide improves individual project performance and delivery

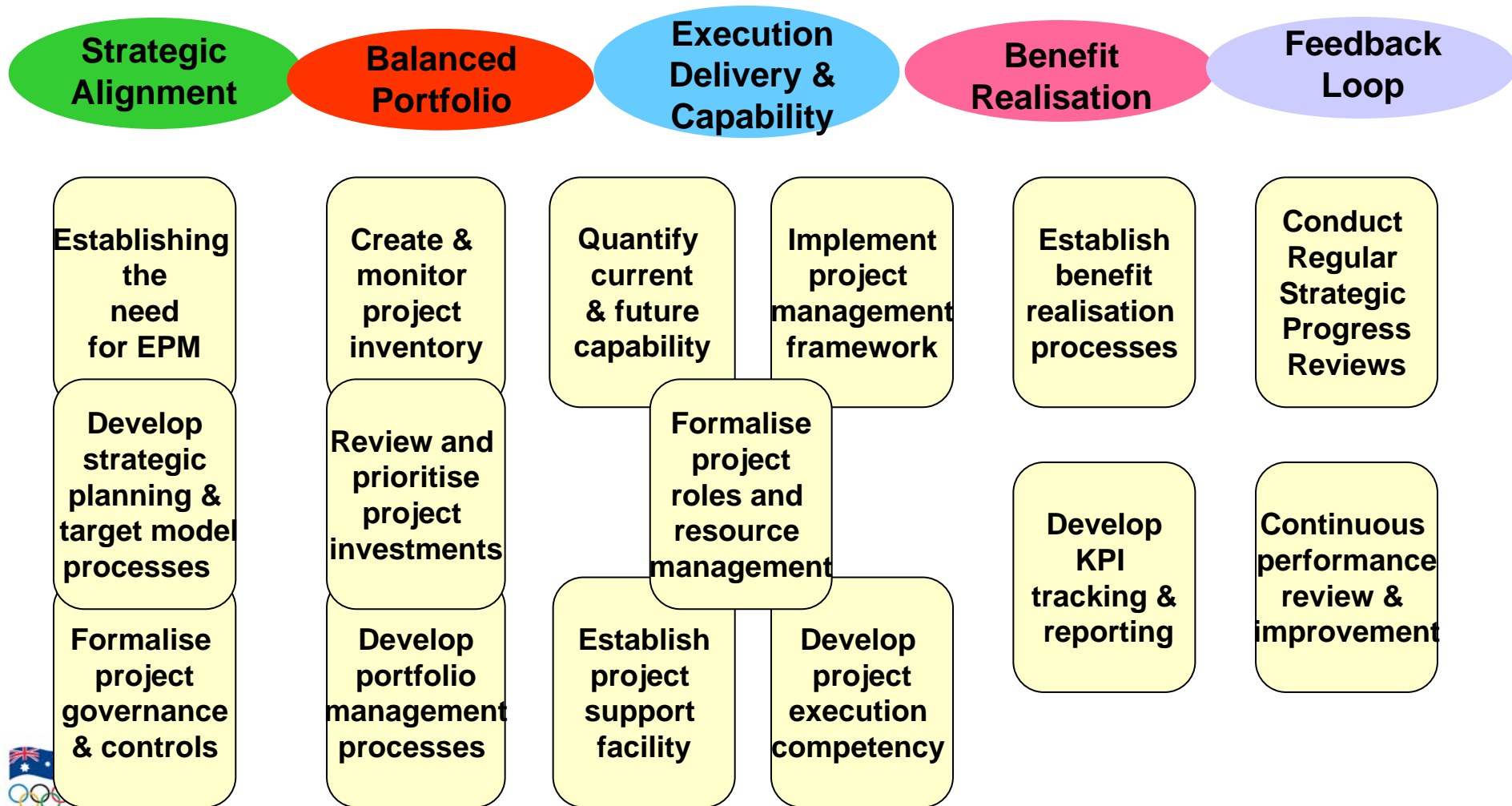
Source: Carnegie Mellon University 2003,
Kwak & Ibbs 2000, Centre for Business Practices 2003

Benefits of EPM

WHAT	HOW
Better strategic execution focus & alignment	<ul style="list-style-type: none"> ▪ Alignment of strategy, architecture & execution ▪ Improved end to end decision making ▪ Integrated analysis & feedback of strategy performance
Doing the right things @ right time	<ul style="list-style-type: none"> ▪ Improved portfolio investment decisions and mix selection ▪ Improved prioritisation to strategy priorities and architecture gaps
Increased benefit realisation	<ul style="list-style-type: none"> ▪ Improved specification of benefits with tighter link to strategic goals ▪ Increased accountability/visibility for benefit realisation
Reduced delivery risk/less failures	<ul style="list-style-type: none"> ▪ Enhanced governance, reporting and control ▪ Do-ability assessments inform prioritisation ▪ Improved change responsiveness
Reduced delivery cost	<ul style="list-style-type: none"> ▪ Improved delivery cycles ▪ Reduced defects, less rework and improved quality ▪ Increased change capacity/more bang for buck
Improved support from stakeholders	<ul style="list-style-type: none"> ▪ Improved stakeholder understanding and commitment to projects ▪ Greater project staff satisfaction, productivity and retention

Establishing EPM – high level ‘roadmap’ elements

Developing EPM capability requires focused and deliberate effort



Establishing EPM – learnings and success factors

Strategic Alignment

- A clear strategy and target architecture development process exists
- Projects align with strategy & close gaps in target architecture
- Work all your stakeholders to build understanding and support for EPM
- Strong sponsorship, clear goals and success expectations for EPM

Balanced Portfolio

- Strategic goals & targets guide portfolio selection and benefit baseline
- Portfolios reflect risk-reward appetite & balance delivery-benefit risk
- Projects are approved and sequenced consistent with strategy priorities

Execution Delivery & Capability

- Methods, procedures & tools instil project disciplines and support flexibility
- Specialist staff with strong change execution competencies
- Methods and governance align with execution risk and value

Benefit Realisation

- Project delivery & benefit measurement inform strategic investment decisions & target under-performance
- Reward mechanisms to promote delivery & benefit accountability
- Metrics inform critical decision making and performance management

Feedback Loop

- Closed feedback loop ensuring outcomes from each element are examined, lessons learned & adjustments made.
- Intelligence enabling identification to change strategic initiative mix, and/or priorities to optimise organisational success.



Summary

- Execution of strategy is the critical measure of organisation success – and strategic goal delivery and project execution success are mutually dependant
- EPM provides an organisation wide view of execution capability that effectively translates and integrates strategy to execution
- EPM provides the infrastructure to promote capabilities and behaviours critical to improving organisational project execution performance
- EPM infrastructure is focused on strategic alignment, target business model and architecture definition, organisation route-map development, consistent execution delivery performance and benefit management
- The benefits of EPM include recognition & imbedding of PM as a core competency, reduction in project failure and enhanced benefit capture, leading to delivery of organisation strategy and financial performance
- Developing EPM capabilities only works when undertaken as a deliberate effort that is well planned, supported and managed

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