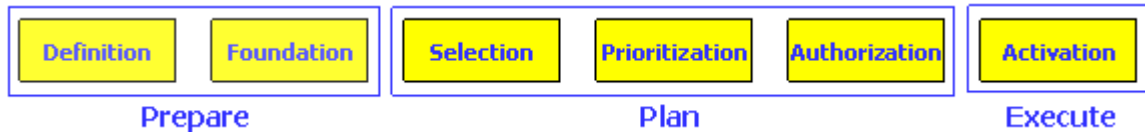


## PortfolioStep Portfolio Management Framework™ Overview



PortfolioStep is a repeatable process for planning, prioritizing, approving and executing work as a business portfolio. You cannot start the planning and executing portions of the process, however, without first understanding two fundamental areas. First, you need to define the nature and scope of the work that you want to manage as a portfolio. Second, you must gain agreement on the things that are important to your organization so that you have the context to make work prioritization and balancing decisions.

PortfolioStep takes all of this into account and does not assume that you have any of the pre-requisite information ahead of time. The main sections of the portfolio management process are as follows.

### Definition

The definition step is done first. This is where you define the terms, scope and definition of your portfolios, and gain agreement on your basic portfolio model. For instance, you need to define information like the following:

- The organizations covered. For instance, will you include the entire company or just certain organizations?
- The type of work included. For instance, does your portfolio include projects, support, operations, etc.?
- The categorization scheme. This helps you balance your portfolio in areas that are important to you so that you can optimize the overall allocation of resources. For instance, categories could include work that supports the business, grows the business and leads the business.
- The balance points. For each categorization you define, you would also set some guidelines as to how you think the work should be balanced.
- The financial models. It is impossible to compare apples to apples if each project has different financial justification based on different models. You need to understand the financial models that your organization wants to utilize and make sure all projects are justified using those models.

### Foundation

You cannot make decisions on prioritizing work without knowing what the company or organization feels is important. The Foundation step results in establishing the context within which work priorities and approvals are made. Foundation starts with first



evaluating your environment through a Current State Assessment and then contrasting the current state with a Future State Vision that describes where you want your organization to be in the future. The process results in the validation (or creation) of your mission, vision, strategy, goals and objectives. In particular, your strategy and goals will provide the high-level direction that will help align and prioritize all the work for the coming business cycle.

### **Selection**

The Selection Step is where all of the potential work is surfaced for the coming year. At this point, each request only needs to complete a simple Value Proposition document that describes the work and the value that it will provide to the organization. The Value Proposition will also show alignment with the overall organization strategy and goals. If you are including all work, the Value Propositions will include projects, support, discretionary and leadership work.

### **Prioritization**

One of the key assumptions of PortfolioStep is that there is much more work requested than the organization can execute in one year. (If, in fact, you could do everything requested, you might not need a process like PortfolioStep.) After all the work has been selected, a prioritization process begins. First, work is prioritized **within** each business unit and a more detailed Business Case is created for all projects that survive an initial internal cut. The Business Cases for all the remaining projects are then prioritized **between** all business units to come up with the final list of prioritized work. This process is easily described, but hard to accomplish because of the need for collaboration and consensus among senior managers.

### **Authorization**

After the Prioritization step, the most valuable and aligned work is authorized for the coming year. This process sets aside approved budget and resources to complete the work. This is not a guarantee that the work will be funded. Changes in business conditions or newly surfaced work in the coming could bump some authorized work off the approved list. However, all things being equal, authorized work will, in fact, be scheduled and executed in the coming year.

### **Activation**

Activation is the process of actually scheduling and executing the work throughout the year. The Activation step contains a mini-Business Plan Process to account for new work that surfaces during the year. This work needs to be selected, prioritized and authorized. If new work is authorized, it may mean that some work that was previously authorized will need to be canceled or delayed.

Activation also includes keeping track of old projects to track value metrics and life-cycle costs, as well as future work to ensure that all the authorized work is scheduled appropriately based on business priorities and available staff.



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