LUCID
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THOUGHT

Project, programme or portfolio - what's in a word?

Project, Programme and Portfolio and the management thereof are the three words used to describe what we do in our profession.

Prior to the dawning of the so-called **"Age of Project Management"** (David Cleland Project Management Journal volume 12 in 1991) organisations used many different words to describe the things they did that brought about change. Some organisations had 'initiatives', some had 'working parties' or 'campaigns' while others didn't use any specific words; they just got on with it by talking to people and 'just doing it'. The word 'project' was generally reserved for things that involved the expenditure of a large amount of capital and the creation of a tangible asset; like an oil rig, space rocket or nuclear power station. So to many, including one of the authors of this article, it came as a surprise that the work they had been doing for years, managing initiatives, campaigns and working parties could be called a project and indeed their role was actually that of a 'Project Manager'.

Today rather than using project, initiatives, working parties or campaign as synonyms for the things we do to undertake change we have introduced a new set of words that includes the old word project but adds two new ones; programme and portfolio. Although the definition of these terms was fluid for many years, we thought that the profession was converging on some level of consensus on the differences. The table contains the 'official' definitions of project, programme and portfolio from APM, the OGC and PMI®.

Is the situation clear? You would think so at this level.
Our understanding of the terms in the table is that:
- Projects are designed to deliver a particular scope that is clear at the outset with a one to one relationship between the work and the results (benefits) sought.
- Programmes are designed to shape and guide all the work to achieve a particular future state and set of benefits in situations where the detailed scope would be expected to emerge over time.
- Portfolios exist to ensure that scarce resources (people, money, equipment) are used most efficiently and effectively to deliver business value - portfolios could be collections of projects with a common theme, or collections of programmes.

Although we know from our client organisations that there is still some confusion about titles when it comes to jobs, i.e. senior Project Managers being called programme managers; that apart, the profession was moving forward towards a common understanding.

We were surprised therefore that to meet with and talk to a well respected academic from the field of change management through programmes and projects at a conference who had some very particular, strongly held views to the contrary, i.e.
- Projects cannot deliver benefits only programmes can.
  Because projects 'should not' include the actions to embed the new capability in the organisation. Why not?
  If the implementation of a new IT based application directly increases productivity when it works and people are trained and motivated to use it, why was that endeavour a programme and not a project?
- Portfolios are only groups of programmes and not groups of projects.
  Because groups of projects that share common resources are just that - there is no benefits in managing them as a portfolio.
  Why not? If the manager responsible for delivering a collection of systems-based projects to a single client can do this more efficiently
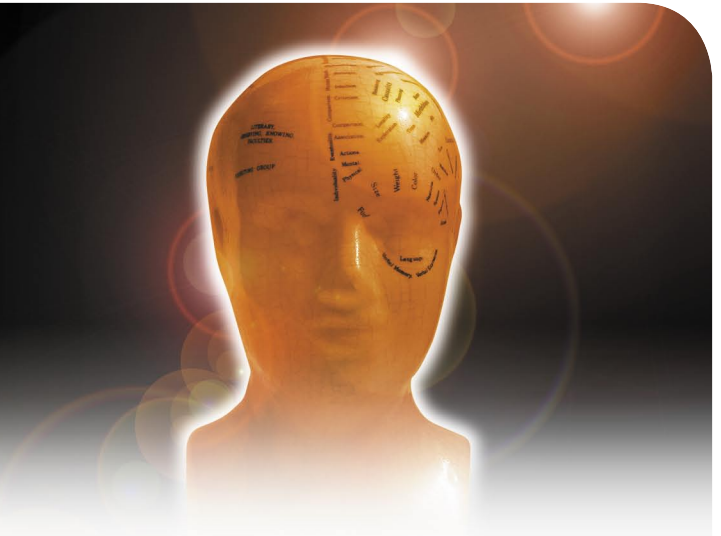
by managing them as a portfolio, or more effectively for the client by doing so, then surely additional value is created which is what portfolio management is all about?

Other thoughts are that:

- If a project has a business case (which is commonly accepted it must), then delivering that business case is much more that delivering a new 'thing' on time, to budget and to specification. The business case will surely assume it's used to deliver benefits; therefore benefits apply equally to projects, programmes and portfolios. (See also Lucid Thought 19 about benefit mapping).

- If Project Managers only deliver to time, cost and specification without any consideration of what happens next, then the role of the programme manager becomes 'super Project Manager' - just directing a bigger change, rather than a different role about facilitating transformation change in a complex and changing business context.

- If a portfolio is a group of programmes then this completely goes against the notion that portfolio management helps an organisation to prioritise its workload and manage its limited resources with maximum efficiency. It also completely redefines the terminology used by APM, OGC and PMI®.

So, you gather that we are disheartened that there remains a definitions debate in 2008, when there are more pressing issues at hand relating to making the managed change through projects, programmes and portfolio actually work.

Those of you reading this article who have experience of training people to pass one of the common project management examinations e.g. APMP, PRINCE2™ Practitioner or PMP® will understand that these definitions play a key part in the respective syllabi. There are already enough disagreements between other definitions surely it is time we had absolute agreement about these three fundamental terms?

As always though, we need to answer the 'so what' and 'what next' questions.

'So what?' Well while it's wasteful for people to keep on debating definitions, it is equally wasteful for people to fail to realise how their particular managed change will deliver tangible organisational value, and then do it.

'What next?' We urge everyone reading this to think again about their understanding of what makes a project different from a programme different from a portfolio. If you disagree with us then we would welcome sponsoring a wider debate and collaboration with key players in the profession. If not, perhaps we can all take up the challenge to confront spurious definitions and understanding so the profession moves forward as one, and moves forward with a focus on delivering value, not arguing semantics.

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Organisation/Publication	Project	Programme	Portfolio
The Association for Project Management (APM): Body of Knowledge 5th Edition - 2006	A unique, transient endeavour undertaken to achieve a desired objective.	A group of related projects, which may include related business-as-usual activities, that together achieve a beneficial change of a strategic nature for an organisation.	A grouping of an organisation's projects, programmes and related business as usual activities taking into account resource constraints. Portfolios can be managed at an organisational, programme or functional level.
Office of Government Commerce (OGC): PRINCE2™ - 2005	A temporary organisation that is created for the purpose of delivering one or more business outputs according to a specified Business Case.		
Office of Government Commerce (OGC): Managing Successful Programmes - 2007		A temporary flexible organisation structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to an organisation's strategic objectives; a programme is likely to have a life that spans several years.	All the programmes and stand-alone projects being undertaken by an organisation, a group of organisations or an organisational unit.
Project Management Institute (PMI®): The Guide to the Project Management Body of Knowledge - 2004	A temporary endeavour undertaken to create a unique product, service or result.		
Project Management Institute (PMI®): The Standard for Program Management - 2006		A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the discrete projects in a program.	
Project Management Institute (PMI®): The Standard for Portfolio Management - 2006			A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives. The projects or programs, and other related work, to achieve specific business objectives.

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