

Tech-Clarity

making the value of technology clear

Tech-Clarity Insight: Improving Portfolio Decision Making

***Marrying PPM Best Practice
Processes and Technology
to Drive ROI***



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***This summary is an abbreviated version of the report and does not contain the full content. A link to download the full report is available on the Tech-Clarity website, www.tech-clarity.com.**

If you have difficulty obtaining a copy of the report, please contact the author at jim.brown@tech-clarity.com.

Executive Overview

In today's unsure economy, nobody has resources to waste. Companies have to make the right decisions on where to invest their precious product development people and budgets. They have to focus on the right innovations and excel at new product development (NPD) to get the right products to market quickly to take advantage of market opportunities. The Manager of Quality Management, R&D, and Legal Applications for a large medical device company says, "*The consequences in R&D are huge – you have to get it right.*" Product Portfolio Management (PPM) is an important enabler. "*We need to know we are doing the right projects, that we have the right balance in our portfolio, and that we are executing to effectively commercialize innovations,*" the medical device manufacturer explains.

PPM is a discipline that helps companies optimize their product development investments and increase product profitability.

PPM is a discipline that helps companies optimize their product development investments and increase product profitability. PPM practices and tools deliver proven ROI, as explained in Tech-Clarity's [Issue in Focus: The ROI of Product Portfolio Management](#). PPM helps companies develop high-value, strategically aligned portfolios, ensure they are resourced properly, and then execute them effectively to drive profitable revenue. PPM tools also help improve efficiency. Ian McKenna, IT Business Partner for Infineum UK Ltd., explains, "*Our planning process is a lot easier with PPM.*" To enjoy these benefits, companies need to put in place the right PPM processes, metrics, and tools to improve portfolio decision-making and execution. Getting processes right is important in any systems implementation, but this is even more true in PPM where the goal is to make critical business decisions.

Familiarity with standard processes makes PPM adoption go faster.
Don Kingsberry, Enterprise PMO, Green Mountain Coffee Roasters

Fortunately, the new product development community has developed proven best practices for PPM. Companies can avoid bureaucratic, academic PPM implementation exercises by learning from others because the disciplines of PPM are very mature. Nobody has to start with a blank sheet of paper. "*Familiarity with standard processes makes PPM adoption go faster,*" Don Kingsberry, Enterprise PMO at Green Mountain Coffee Roasters and PPM veteran explains. "*Leveraging them makes extraordinary sense, it's hard to believe companies have time to reinvent them.*" Today, companies can quickly adopt best practice processes and tools to gain rapid value from PPM. As they learn more, they can fine tune criteria and metrics to gain higher levels of value to improve over time – as long as they have the right, integrated infrastructure in place.

Conclusion

PPM improves portfolio decision-making, leading to top-line growth and improved profit margins. Companies gain significant value from PPM by developing optimal portfolios, ensuring they are enabled with the right resources, and improving project execution. They are also extending to a more fully integrated innovation process including idea management, gaining higher levels of value.

***Merging the tool, process, and organization so they work together
we feel like we are making better decisions.***

Manager, Medical Device Company

Coupling processes, people, metrics, and PPM software provides real, strategic value - the kind that shows up in the annual report. *“Merging the tool, process, and organization so they work together we feel like we are making better decisions,”* explains the manager from the medical device company. *“It’s a lot easier to manipulate the data to show us what we are up against, see the capacity constraints, and identify the highest value projects. We get the information faster and it really helps us make better decisions to select better projects and the mix of projects.”*

***Companies can accelerate their time to achieve value from PPM by adopting
industry best practices, metrics, and tools, and then adapting over time
as they learn more about how to make the best product decisions.***

Companies can accelerate their time to achieve value from PPM by adopting industry best practices, metrics, and tools, and then adapting over time as they learn more about how to make the best product decisions. Green Mountain’s Kingsberry agrees, *“It’s better to try to phase it in and do a bit over time over several releases.”* PPM offers significant ROI without requiring companies to reinvent the wheel, providing a compelling business opportunity.

Recommendations

Based on industry experience and research for this report, Tech-Clarity offers the following recommendations:

- Take advantage of PPM to develop and execute optimal product portfolios – driving growth and profitability
- Integrate portfolio planning, resource management, execution, and innovation processes
- Take advantage of best practice processes - avoid reinventing the wheel
- Don't overcomplicate PPM, start with visibility to portfolios and clear metrics
- Leverage integrated PPM tools to help automate data collection, standardize processes, provide portfolio transparency, and enable better decision-making
- Improve over time by putting in place a lessons learned / continuous improvement program (and use it)

About the Author

Jim Brown is the President of Tech-Clarity, an independent research and consulting firm that specializes in analyzing the true business value of software technology and services. Jim has over 20 years of experience in software for the manufacturing industries, with a broad background including roles in industry, management consulting, the software industry, and research. His experience spans enterprise applications including PLM, ERP, quality management, service, manufacturing, and others. Jim is passionate about improving product innovation, product development, and engineering performance through the use of software technology and social computing techniques.

Jim is an experienced researcher, author, and public speaker and enjoys the opportunity to speak at conferences or anywhere that he can engage with people that are passionate about improving business performance through software technology.

Jim can be reached at jim.brown@tech-clarity.com. You can follow Jim on Twitter at [@jim_techclarity](https://twitter.com/jim_techclarity), you can read his blog at www.tech-clarity.com/clarityonplm, or you can find Tech-Clarity on Facebook.