Project vs. Program vs. Portfolio Management

TechTarget

Project vs. Program vs. Portfolio Management

MARY PRATT, CONTRIBUTOR

Project management, program management and portfolio management are three strategies organizations use to oversee projects and achieve business objectives. Although the three disciplines are interrelated, they each play a unique role in overseeing projects and have different objectives.

Here's a high-level look at what each discipline entails, the chief responsibilities associated with each and their differences.

What is a project?

Before delving into project, program and portfolio management, it's worth first examining how the term *project* is understood by project management professionals.

The professional concept of *project* draws on how the term is commonly used, but it also highlights some specific characteristics, defining the term as a collection of steps that must be completed to achieve a specific outcome.

The Project Management Institute (PMI), a nonprofit professional association dedicated to the project management discipline, stated that a project is a "temporary

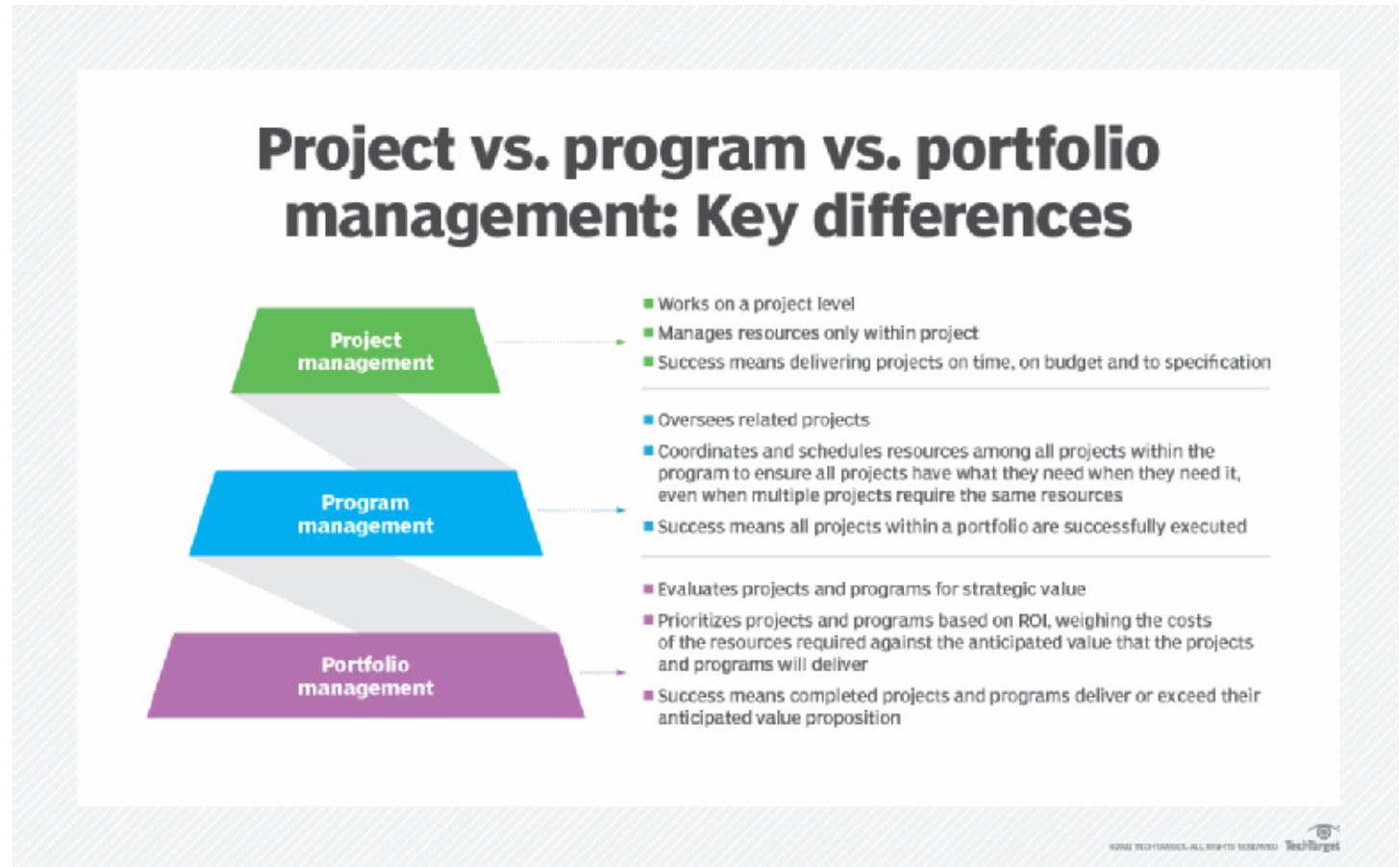effort to create value through unique products, services, and processes." Timelines vary. Some projects are launched to quickly resolve an issue, while others extend over long durations. No matter the scope, "projects are amalgamations of tasks, activities, and deliverables that must be structured and executed carefully to achieve a desired outcome," explained PMI.

Gartner analyst Robert Handler, research vice president at the consultancy who specializes in portfolio management, added this nuance to the term: "It's something that is instituting change, it's something different than standard operating practices, it has some degree of risk, and it is finite, with a beginning and an end."

In this handbook:

Project vs. Program vs. Portfolio Management

Project vs. program vs. portfolio management: Key differences

Project management
- Works on a project level
- Manages resources only within project
- Success means delivering projects on time, on budget and to specification

Program management
- Oversees related projects
- Coordinates and schedules resources among all projects within the program to ensure all projects have what they need when they need it, even when multiple projects require the same resources
- Success means all projects within a portfolio are successfully executed

Portfolio management
- Evaluates projects and programs for strategic value
- Prioritizes projects and programs based on ROI, weighing the costs of the resources required against the anticipated value that the projects and programs will deliver
- Success means completed projects and programs deliver or exceed their anticipated value proposition

What is project management?

Project management is the practice of using established principles, procedures, policies and tools to successfully bring a project from start to finish on time, on budget and to the desired specifications.

"It's trying to address task and execution management," explained Bob Pope, managing director at the management consulting firm Swingtide. "It's dealing with fixed timelines and defined requirements, with a managed cost expectation and with a very defined view of deliverables and what the criteria are for success."

According to PMI, project management has five processes:

1. initiating
2. planning
3. executing
4. monitoring and controlling
5. closing

Commonly abbreviated as PM, project management often starts with a project charter that outlines the project, its goals, objectives and its resource requirements as well as potential risks and anticipated challenges in successfully completing it. Project management uses various methodologies to guide the project from start to finish. One common methodology is the waterfall approach, which requires tasks to

TechTarget

be completed in a particular sequence with progress measured by meeting milestones established at the outset. Another common methodology is the Agile approach, which breaks work down into smaller elements that are delivered in shorter cycles in an iterative manner that enables ongoing improvements based on feedback.

TechTarget
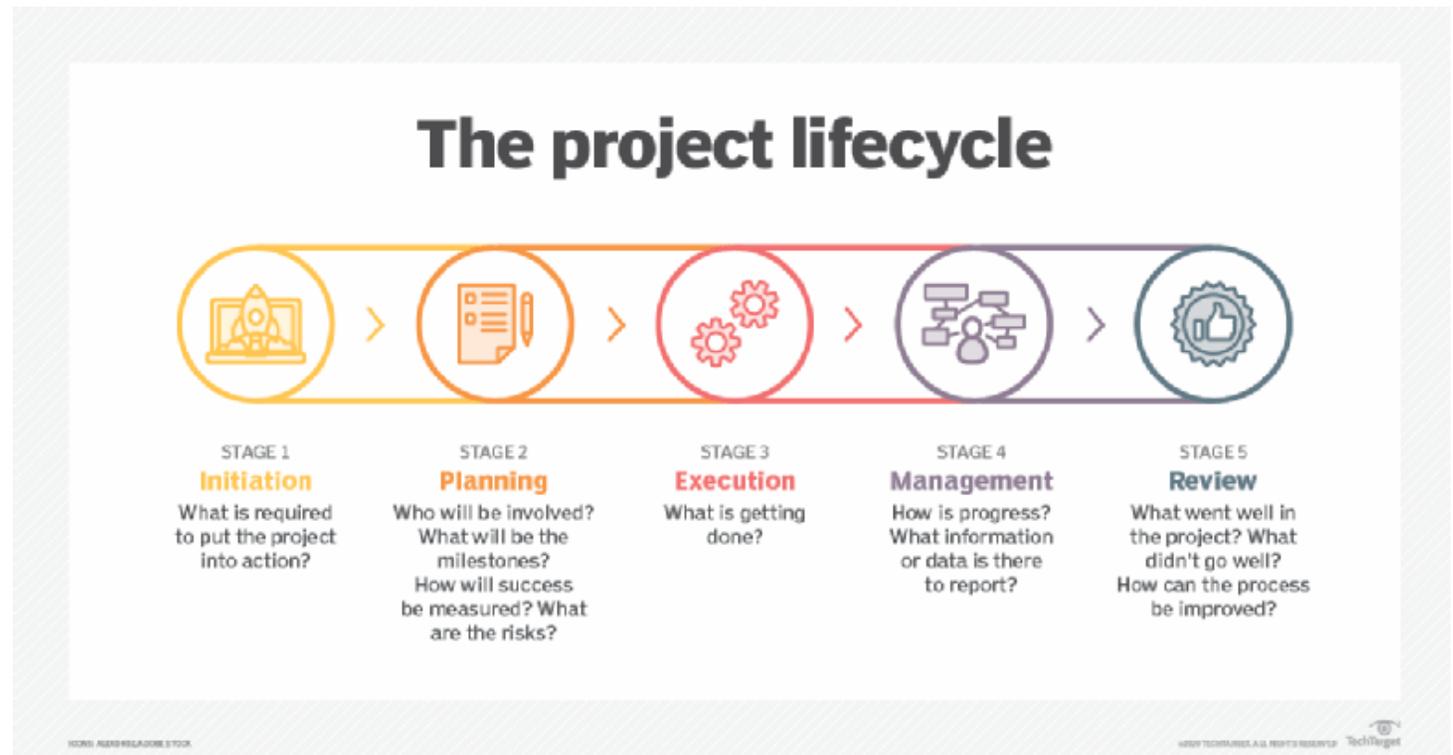
What is the role of a project manager?

Project managers are responsible for making sure projects are successfully completed.

To do that, they are expected to identify the tasks needed to complete the project, create a schedule for executing those tasks and procure the resources needed to finish the project on time, on budget and to the project's target outcome.

For most projects in a typical organization, project managers oversee teams from multiple functional areas that are expected to work together during the project to reach the desired goal. To do that, project managers must have strong leadership, interpersonal and communication skills.

Project managers are also expected to manage both risks and challenges by implementing appropriate controls and devising ways to overcome roadblocks as they arise.

TechTarget

George Westerman

George Westerman, senior lecturer at the MIT Sloan School of Management and co-chair of the MIT Sloan CIO Leadership Awards, said there are two kinds of project managers: The first one simply manages the schedule, whereas the second type takes charge of "the hard part of project management -- which is pushing to completion, doing tough prioritization and getting businesspeople to do their part when you don't control them."

The project managers in that second camp are more senior and typically have studied the project management discipline, with many completing specialized PM courses and meeting the experience requirements to earn the Project Management Professional (PMP) designation.

There's a healthy demand for project managers: The U.S. Bureau of Labor Statistics (BLS) predicted that employment for project management specialists will grow 7% from 2021 to 2031, on par with the average growth rate for all occupations. The BLS estimated an average of about 70,400 openings for project managers each year over the decade.

What is program management?

Although by definition a project is a finite undertaking with a beginning and an end, most organizations have multiple projects happening at any given time and may have hundreds or thousands going on during the course of a year. And those myriad individual projects rarely -- if ever -- have nothing to do with each other. In fact, organizations typically have multiple projects, each of whose successful execution is required to reach an enterprise objective. Those related projects make up a *program*.

PMI has defined *program* as "a group of related projects managed in a coordinated manner to obtain benefits not available from managing them individually."

Examples of a program include a product launch or a store opening, as multiple projects must be completed to make each of those events happen. A program in an IT department could be the integration of a newly acquired company's personnel, data and applications into the main organization's IT systems and network.

Robert Handler

Program management is the discipline of using established policies, processes, procedures and tools to manage the collection of projects that make up a program. It ensures an organization achieves the target outcome of all that work as well as realizes the maximum value of all those projects.

As Handler explained: "A program is [a set of] interconnected projects that share some commonality -- like an objective. Program management is the overlay of management on top of it, on top of those interdependent projects, so you have some element of coordination."

Program management also helps decide and allocate resources, he added.

Handler said program management, like project management, ensures that teams have the resources they need when they need them through coordination, prioritization and scheduling so that all project teams can complete their work, deliver their projects and meet the ultimate objective on time and on budget.

What is the role of a program manager?

Given that definition of program management, Pope said program managers are tasked with keeping those multiple interconnected projects aligned; making sure they're sequenced in the appropriate order so that foundational projects are finished first so later ones dependent on their completion can be done; and scheduling them so that one is not hindering or delaying another due to competing needs for the same resources.

"Program managers have more business management responsibilities [than project managers], with oversight of multiple projects and dealing with personnel as well as internal and external sources," Pope said.

Program and project management hierarchy

Program management is the overarching means to oversee individual ERP projects, such as selecting the system and rolling out change management.

PROGRAM MANAGEMENT	ERP program management
PROJECT MANAGEMENT	ERP project 1
	ERP project 2

SOURCE: JAWAD AKHTAR

TechTarget

It's
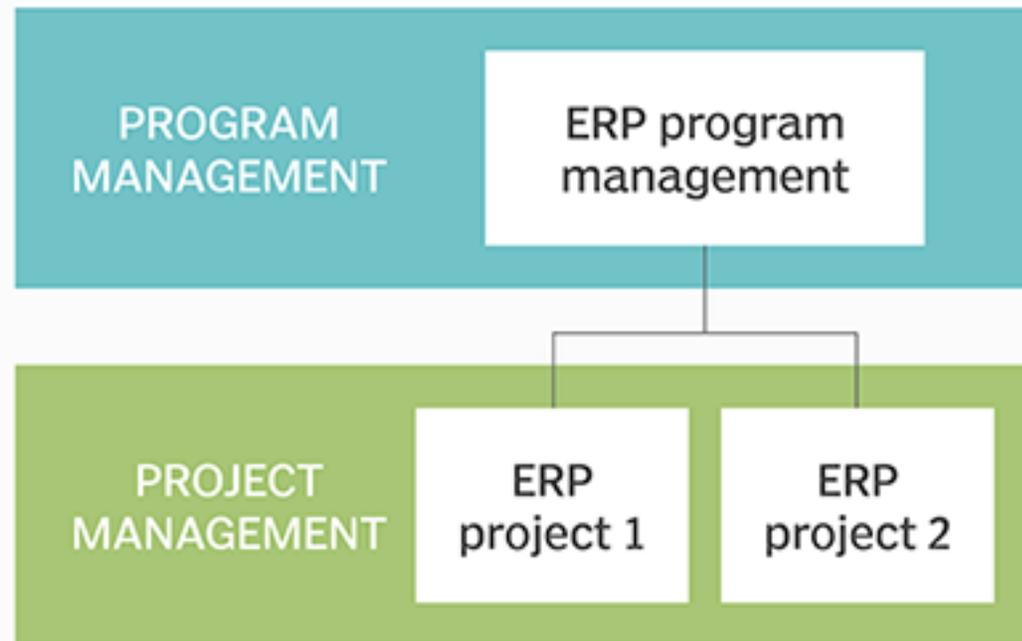
important to note that program managers are not managing any of the projects in their programs day to day, but they are tasked with supporting the project managers' work and ensuring the project managers have what they need to succeed. And they're responsible for coordinating the projects and their interdependencies so that all the projects are executed as planned and pave the way for the successful completion of the program itself.

As part of that, program managers are also expected to identify risks and challenges that could delay or derail their programs and implement the appropriate risk management and governance policies and controls to minimize or mitigate those risks and challenges.

They're also charged with the following duties:

- assigning and coordinating resources across projects;
- aligning project deliverables, or outputs, to the program's outcome or objective;
- managing the program's budget;
- managing the program documentations;
- monitoring the progress of each project and the overall program;
- managing communication between project teams and program stakeholders; and
- resolving issues, challenges and roadblocks that arise, as well as realigning deliverables if necessary.

Successful program managers typically have experience as project managers and often come from managing large, complex projects -- experiences that give them the skills needed to manage the complexities that exist at the program level. Additionally, program managers usually have advanced training in project management, program management and business management. They also often hold advanced degrees and/or credentials, such as PMI's Program Management Certification, and are skilled in budgeting, communication, scheduling, resource allocation and problem-solving.

What is portfolio management?

If program management pulls together related projects, project portfolio management, or PPM, pulls together all projects and programs -- whether they're related or not -- to gain a strategic view of those undertakings and to ensure such work is supporting the organization's overall objectives.

Many describe portfolio management, which is sometimes called *project portfolio management*, as the bridge between the organization's strategic goals and the projects and programs that must be completed to reach those goals.

Bob Pope

That distinction is what sets portfolio management apart from and elevates it above project management and program management, Pope said.

"Portfolio is the next layer up. Program managers execute the game plan, but it's portfolio management that defines the game plan," he added.

PMI described portfolio management as the discipline that "ensures an organization can leverage its project selection and execution success," explaining that "it refers to the centralized management of one or more project portfolios to achieve strategic objectives."

Gartner has identified three key components to effective portfolio management: portfolio alignment, ongoing portfolio flexibility and value-driven decision-making.

Handler, the Gartner analyst, further noted that organizations with a mature portfolio management practice in place perform better; in fact, he said Gartner research has found that "enterprises with mature strategic portfolio management practices are twice as likely as their competitors to achieve their business outcomes."

What is the role of portfolio managers?

Portfolio managers are thus charged with evaluating all projects and programs from a strategic perspective. They have authority to prioritize projects based on those that are most critical to the organization, deliver the most value and/or best enable the organization to meet its goals.

A portfolio manager's job includes the following responsibilities:

- creating a pipeline of projects and programs;
- aligning that pipeline to enterprise goals;
- ensuring that those projects and programs are effectively and efficiently managed through their lifecycles;
- managing risks;
- realigning and reprioritizing when enterprise objectives shift;
- communicating to enterprise leadership the expected ROI for planned projects and programs; and
- ensuring that completed projects and programs deliver or exceed their projected ROIs.

The U.S. Bureau of Labor Statistics predicted that employment for project management specialists will grow 7% from 2021 to 2031, on par with the average growth rate for all occupations.

Although portfolio management generally entails taking a strategic approach to achieving business goals, MIT's Westerman said neither enterprise executives nor even senior managers typically take on the portfolio manager role. However, portfolio managers generally report to senior leaders or executives within the organization.

TechTarget

Project vs. program vs. portfolio management: What are the differences?

Project management, program management and portfolio management are indeed interconnected disciplines, but each one occupies a unique place in the enterprise and calls for different skills.

Here's a breakdown of how their respective disciplines differ:

PROJECT MANAGEMENT

- Project managers works on a project level.
- The focus is on managing the resources only within the project.
- Success means delivering projects on time, on budget and to specification.

PROGRAM MANAGEMENT

- Program managers oversee interrelated projects.
- Resources are coordinated and scheduled among all projects within the program to ensure all projects have what they need when they need it, even when multiple projects require the same resources.
- Success means all projects within a portfolio are successfully executed.

TechTarget

PORTFOLIO MANAGEMENT

- Projects and programs are evaluated for strategic value.
- Portfolio managers prioritize projects and programs based on ROI, weighing the costs of the resources required against the anticipated value that the projects and programs will deliver.
- Success means completed projects and programs deliver or exceed their anticipated value proposition.

How do they work together?

Project management, program management and portfolio management comprise tiers of oversight to make sure the project work happening within the organization gets done on time, on budget, to specification and in support of the organization's overarching objectives.

Handler said it helps to visualize project management as a small circle inside the larger circle that is program management, which itself is within the larger circle of portfolio management.

TechTarget