



WHAT EXECUTIVES WANT FROM THEIR PORTFOLIO DIRECTORS...

At our Portfolio Directors forum, two guest executives (Rhys Jones, CE Fire and Emergency NZ and Nigel Bickle, Head of Regional Economic Development) generously gave their time to discuss what executives want from their Portfolio Directors. The discussion was lively and highly valuable – so we thought we'd share some of the highlights...



LESS ON THE NEWS, MORE ON THE WEATHER FORECAST

It's easy for portfolio managers to report on what's happened across the portfolio. But a backward view of the portfolio provides only limited value. Executives prefer to spend more time on the forecast – looking forward is where they are able to make decisions or take actions to improve an outcome.



WHAT'S THE 'SO WHAT' AND THE 'NOW WHAT'

Portfolio managers provide varying levels of information about the investment pipeline and the inflight portfolio – the 'what'. However, there is much more value for executives when they also provide an analysis of the 'so what'... what does the information *mean*? And even better – what's the 'now what?' – do executives need to make a decision or take an action?





MORE ABOUT THE BUSINESS, LESS ABOUT THE PROCESS

Portfolio managers need to be all about the business... and if processes aren't serving the business, they need to be changed. At a recent investment board, the contrast of process over value was stark...

Project One had just spent 12 weeks testing a new idea to help solve a business problem. The test results were promising so a brief plan to take it further had been developed. They were asking for \$400,000 and a few months to build and test it properly in a business unit and if that proved successful, it would be able to be replicated across the business. Relatively low investment risk, relatively good promise of real business value. Tick.

Project Two had spent the last 12 months developing a detailed PID to develop a business case. They were asking for about \$1M and another year to deliver a business case for an expected \$5M project. Relatively high investment risk for essentially unknown business value. No.

The board were struck by the difference in approaches and the very different risk and business value profiles of each investment they were being asked to make. In project two, process had not only overtaken common sense, it seemed to have served no valuable business purpose.



CREATE SPACE FOR INNOVATION

Portfolio offices are in a unique position to help their organisation create the space to innovate.

"It's a bit like stacking the dishwasher – stacking it in an orderly fashion is how you manage to find room for weirdly-shaped pots and awkward pans."

Optimisation of scarce resources, smarter sequencing of projects, tight alignment to strategy can help create the 'head room' to think and innovate amongst the busyness of constant change and the pressures of business as usual.



HELPING THE ORGANISATION TO FOCUS ON THE FUTURE

Organisations need their portfolio managers to help keep its project and programme activity fully focused on the organisation's vision and goals. This requires a tight collaboration with the strategy and planning function, operational performance monitoring functions and the finance function.

Bringing this thinking together to help the executive team better understand the trade-offs and choices they have and the impacts of potential project and programme investments on the agreed future strategy is a real value-add.

AND FINALLY...

As useful as many of the available portfolio tools and methodologies are, none of these replace:

- A deep understanding of the business
- A fundamental sense of purpose that the portfolio function *only* exists to help the business be successful
- The pragmatic application of sound judgment

About the author...



Karen is a Director and Managing Partner of Tregaskis Brown, which she was instrumental in establishing in 2002. Karen is a sought after advisor to executive teams on the governance and effective control of major programmes of change. She is valued by her clients for her ability to challenge their thinking and encourage fresh ways of looking at strategic issues. Key clients have relied on Karen's expertise to re-design corporate and change governance models, improve the quality of investment governance and management, develop effective strategic and business plans and review underperforming areas of business. Karen is one of New Zealand's most experienced accredited ILM (Investment Logic Mapping) facilitators. She is known for her pragmatism and commitment to finding solutions that are right for the client.

If you would like to speak to one of our Consultants about how we could help you, don't hesitate to get in touch.



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