

# november ag

## Prioritization of Projects in Times of limited Resources

**november's Standpoint**

Summer 2009

# Cost reduction through efficient Project Portfolio Management

**Prioritize now and without taboos and establish the basis to reap the rewards in a coming fall – be it 2010 or 2011!**

- In times of limited resources the bypassing of prioritization, i.e. taking decisions, is not an option. Projects and the accompanying portfolios receive hereby a special focus.
- There is a vast number of methods that support the decision taking – all are based on a variety of dimensions of different or similar weight. Implicitly and with the generous support of management schools and consulting companies we have agreed that a large number of criteria will lead us to a better decision.
- We from **november** challenge this ‘natural’ equation fundamentally. We have learned that the consideration of too many attributes rather dilutes than enables a target oriented and adequately prioritized portfolio.
- Courage for the gap – the risk to take a wrong decision never disappears magically – clarity and speed are the promising virtues for any realignment of your project portfolio.
- The ideas on the next two slides might guide you to some further insight.

# „Keep it simple“ and „Taboos are taboo“



- Sort the wheat from the chaff. Three to five dimensions, aligned with the strategy and company culture, are sufficient for the prioritization. A small number of generally understood criteria allows to easily involve the entire organization into the decision taking process. The evaluation of the portfolio benefits of more honesty and the resulting decisions are broadly supported.
- Stop running projects – provide space for new ventures. Keep only projects alive that either deliver a positive Return on Investment (ROI) in the running business year or are legally required. When stopping a project you must take care that the stop is not directly or indirectly linked to the project leader.
- Group projects that have strong interdependencies before starting with the prioritization and treat the group as one entity. This helps preventing endless discussions on the necessity of individual projects during the prioritization process. If a meaningful grouping is not feasible then stop the related projects. The complexity of these projects will be too high for the organization.

# Speed and the involvement of all stakeholders are essential!

- Assess enabling projects in a favorable manner, i.e. initiatives that are fundamental for the long-term strategy implementation but do not deliver a direct and tangible measurable benefit should be continued despite the times of limited resources. Exceptions can be managed by applying a relaxed capitalization rule as such projects can be depreciated easily over an extended period. If this is not doable you must either verify your company strategy or be prepared that your organization will not be fit for the next economic upturn – yes it will come!
- Bury the idea to deliver projects cheaper than originally planned. It just does not work! However, a significant reduction of the number of projects might clear the way to replace external by internal resources for the remaining projects as long as the expertise and the knowledge is available within the company.

**november ag** offers services in the area of “Project Portfolio Management” and the formation of a „Project friendly Environment“. With „Goal Directed Project Management“ we apply a proven concept that provides the foundation for a sound assessment of your projects.

For further information please contact us.

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## **We support you in the essential things.**

november ag  
Garnmarkt 1  
P.O. Box 2160  
8401 Winterthur  
Switzerland

november ag  
St. Alban-Vorstadt 108  
4052 Basel  
Switzerland

[www.november-ag.ch](http://www.november-ag.ch)

Your contact:

info@november-ag.ch

Christoph Emmenegger

+41 79 251 95 93