



# PfM<sup>2</sup> PORTFOLIO MANAGEMENT

## GUIDE OVERVIEW



PM<sup>2</sup>  
FOUNDATION



# PfM<sup>2</sup> Portfolio Management

## GUIDE OVERVIEW

November 2021



The PM<sup>2</sup> Foundation Methodologies & Publications

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Acknowledgement of Contributors and Reviewers  
is found in the Appendix A of the PfM<sup>2</sup> Portfolio Management Guide  
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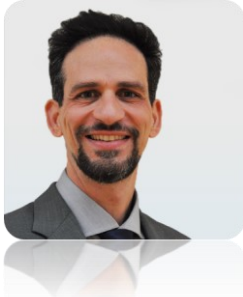
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## About the Author



Nicos Kourounakis is a Management Consultant, Trainer and Author. Over the past 10 years, he has been leading consulting projects at major EU Institutions such as the European Commission, the European Parliament, the European Council, the European Central Bank, the European Investment Bank, several EU Agencies.

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He is the Author of the PfM<sup>2</sup> Guide for Portfolio Management (December 2021) and the PgM<sup>2</sup> Guide for Programme Management (March 2022).

He is also the Co-Author of several European Commission Publications such as the PM<sup>2</sup> Project Management Methodology Guide (2012, 2016, 2018), the Agile PM<sup>2</sup> Guide (2014), the PM<sup>2</sup>-PPM Portfolio Management Guide (2017), and the ITSRM Guide on IT Security Risk Management (2020).

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# 1 Introduction

As the number of programmes, projects and services within an organisation increases, it becomes necessary to streamline the identification, selection, monitoring, control, and reporting of the results of these initiatives in a standardised and efficient way.

By applying Portfolio Management, an organisation is in a better position to optimise its investments by composing portfolios that will contribute the most to the implementation of its Strategy, given its resource capacity, capability and budgetary or other constraints. The resulting set of portfolios provides an aggregated and holistic view of all of an organisation's initiatives, both planned and ongoing, which will facilitate the effective achievement of its strategic objectives.

The application of the PfM<sup>2</sup> Methodology within an organisation formalises its Portfolio Orientation. It helps to define the governance, processes, documentation, and techniques required to:

- maintain a link between the organisation's strategy implementation and resource allocation.
- select and follow up on the portfolio components effectively.
- realign the portfolio to address changes in its environment.
- escalate portfolio issues for resolution.
- support the implementation of the organisation's Strategic Plans and resulting Work Programmes.

## 1.1 About this Publication

The PfM<sup>2</sup> Portfolio Management Guide presents an effective standalone portfolio management methodology. The PfM<sup>2</sup> Guide encapsulates globally accepted best practices from other methods and standards from PMI, AXELOS, IPMA, and the European Commission, as well as the contributions of a large number of experts, practitioners, and the broader open community over many years. The strategy chosen is to provide portfolio management guidelines that are lean, user-centric and that effectively communicate the PfM<sup>2</sup> Model to a broad and varied audience. Download the full PfM<sup>2</sup> Guide from <https://www.pfm2.website>.

### This publication provides:

- A presentation of the PfM<sup>2</sup> Model for Portfolio Management.
- Implementation guidelines which are simple and realistic in their application.
- A common vocabulary (glossary) shared across squared methodologies.
- A basis organisation can use to build their own tailored portfolio approach.

### Intended Audience:

The PfM<sup>2</sup> Guide provides guidelines on portfolio governance, processes, and artefacts. These guidelines are relevant to anyone involved in the management of portfolios and members of Portfolio Support Offices (PfSOs), but also to Programme Managers (PgMs), Project Managers (PMs), Service Managers (SMs), Product Managers (PdMs), and staff who wish to learn more about portfolio management. This Guide is for:

- Senior Managers and staff who want to learn more about Portfolio Management.
- Senior and Middle Managers who want to implement portfolio management within their organisation.
- Portfolio Managers (PfMs) who want to follow an effective methodology.
- Component Managers (and their teams) who want to know how their work fits into a Portfolio, and how their management layers interact (i.e., interaction of the governance structures, lifecycle, processes, artefacts, etc.).
- Members of a Portfolio Support Office (PfSO) who support portfolio management.
- Management Consultants who help their clients implement portfolio management in their organisations.
- Trainers who offer training in portfolio management.
- Candidates for the PfM<sup>2</sup> Certification.

## 1.2 Other Publications

The PgM<sup>2</sup> Guide for Programme Management presents an effective standalone methodology which aims to enable Organisations to deliver solutions and benefits to their stakeholders through the effective management of strategic initiatives which have been initiated as programmes. It provides a management approach which is compatible with any type of organisation, including Matrix and Functional Organisations.

<https://www.pgm2.website>



## 2 Overview of the PfM<sup>2</sup> Model

PfM<sup>2</sup> portfolio management is open, effective, and lean. It incorporates elements from a wide range of globally accepted portfolio management best practices, operational experience from EU Institutions and other organisations, as well as contributions from the open community.

The purpose of the PfM<sup>2</sup> is to help organisations implement Portfolio Management by providing them with a concise and complete framework within which effective portfolio management can take place.

PfM<sup>2</sup> promotes portfolio management as an enabler, not just as another layer of control and bureaucracy. It seeks to achieve organisational effectiveness without increasing complexity. Its model advocates the implementation of portfolio management with a fractal model addressing the global and local levels and aims to make portfolios useful at every level of the organisation.

The PfM<sup>2</sup> management approach is compatible with Projectized, Matrix and Functional Organisations.

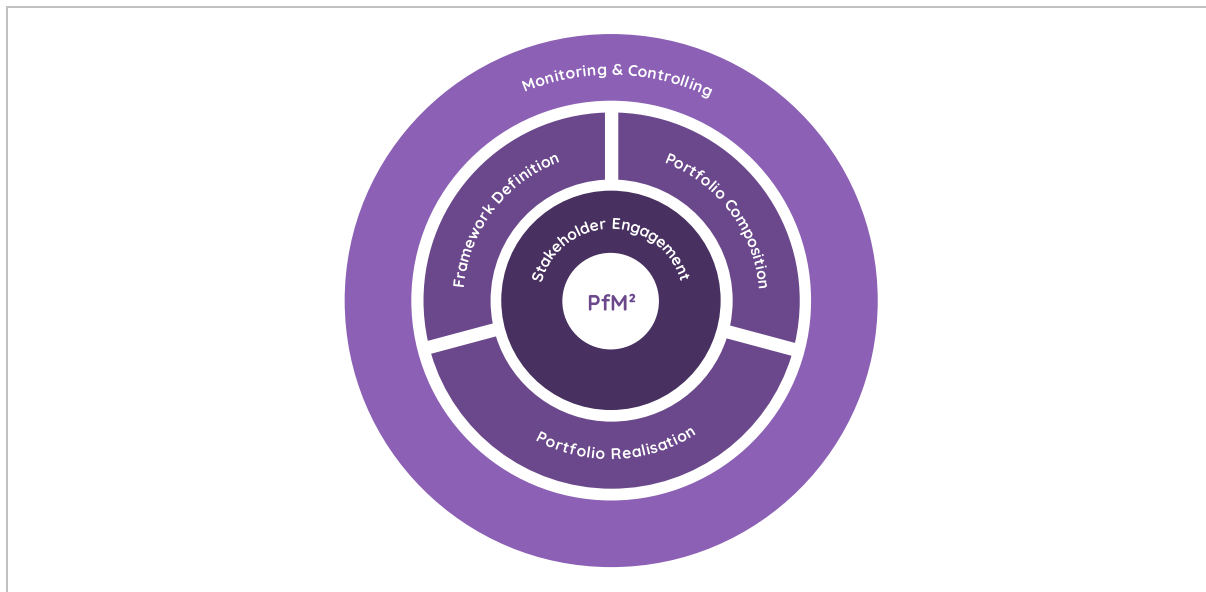
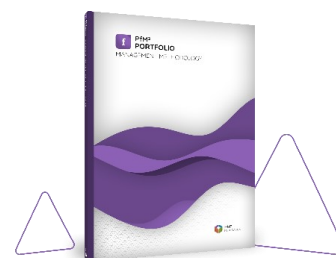


Fig. 2.1: The PfM<sup>2</sup> Processes Model

The PfM<sup>2</sup> Methodology provides:

- a portfolio governance structure,
- a portfolio process model,
- portfolio management activities and execution guidelines,
- portfolio artefact and use guidelines,
- a set of effective portfolio mindsets.

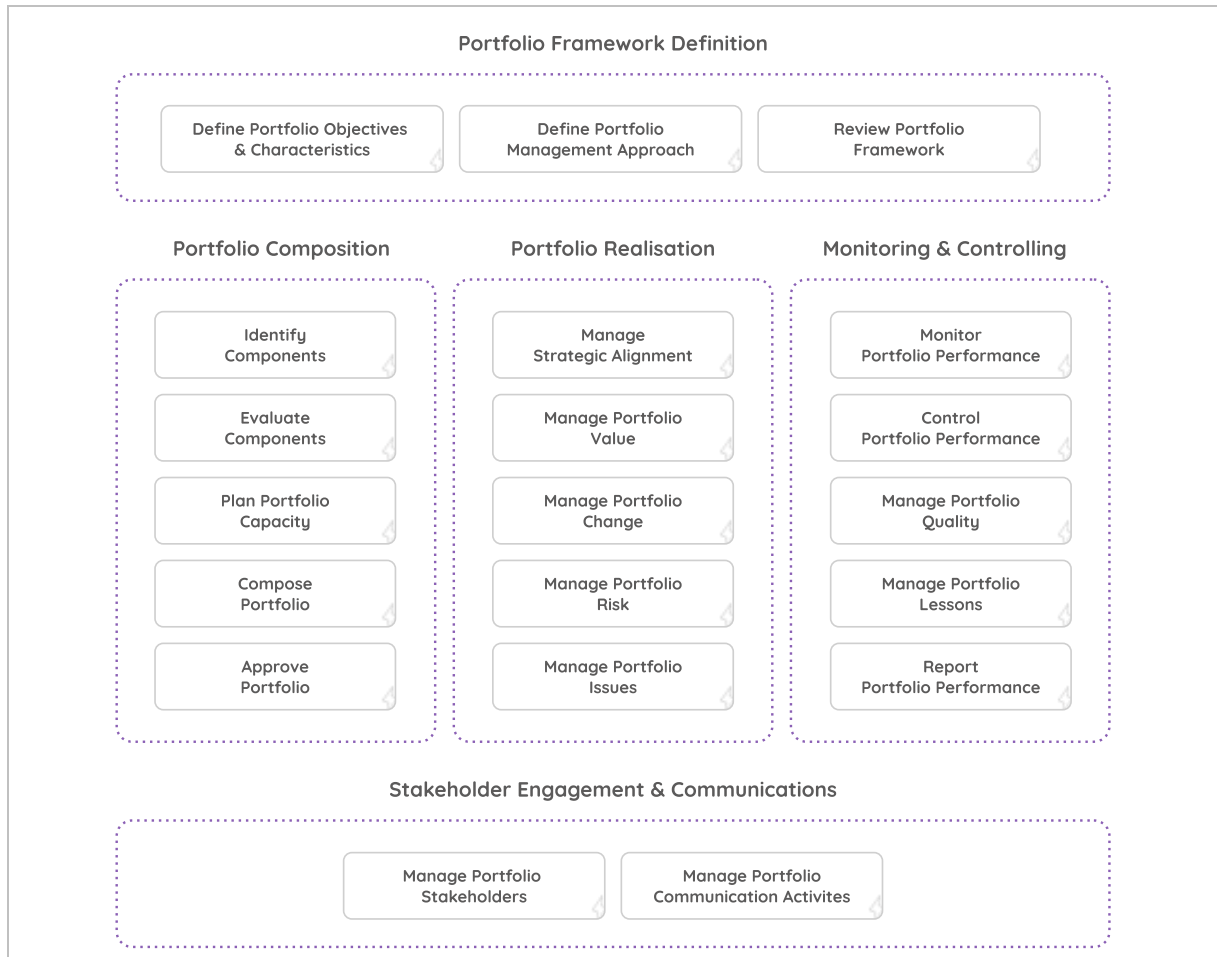




## 2.1 PfM<sup>2</sup> Processes

The PfM<sup>2</sup> Portfolio Management model describes the different portfolio management activities and organises them into five processes:

1. Portfolio Framework Definition,
2. Portfolio Composition,
3. Portfolio Realisation,
4. Portfolio Monitoring & Controlling, and
5. Portfolio Stakeholder Engagement & Communication.



**Fig. 2.2:** Overview of the PfM<sup>2</sup> processes and their activities

Note that portfolio management is an iterative process, so all PfM<sup>2</sup> processes interact with one another.

### Portfolio Framework Definition

This process includes the activities related to the definition of the portfolio objectives, characteristics, and management approach, including the definition of the governance bodies (roles) and their responsibilities, the management competences required, the management processes, and the portfolio artefacts. The Portfolio Framework Definition defines all portfolio processes. The framework is initially developed with the implementation of portfolio management in the organisation; it can then be tailored further, if necessary, for each new portfolio. The framework should be periodically reviewed and can be adjusted in response to changes in the portfolio environment or because improvement is needed.

### Portfolio Composition

This process includes the activities related to identifying and evaluating portfolio candidates with a view to making investment decisions and allocating organisational resources. These are recurring activities based on the periodic needs of the portfolio and the organisation. Portfolio Composition is usually aligned with an organisation's budgeting and multi-annual planning cycle but can also be triggered by other portfolio processes (e.g. Monitoring & Controlling). New portfolio component candidates are evaluated based on their contribution to the portfolio objectives, but also their impact on the existing portfolio components.

The Portfolio Composition process requires as input information and artefacts created during the initiation of the components.

### **Portfolio Realisation**

This process includes the activities related to ensuring that the portfolio realises its objectives. It achieves this through activities that are concerned with the continual alignment of the portfolio to the organisation's strategic objectives, the managing of the portfolio value, and the managing of change, risk, and issues. Although portfolio components such as programmes and projects are temporary and thus will exit the portfolio at some point, Portfolio Realisation activities are performed throughout the entire life of the portfolio until the portfolio is closed.

### **Portfolio Monitoring & Controlling**

This process runs throughout the portfolio's lifecycle and in parallel with all other portfolio processes. It includes the periodic collection and analysis of information that helps establish the portfolio's performance based on pre-defined targets or indicators. It also includes identifying and implementing corrective actions to address deviations from defined target performances.

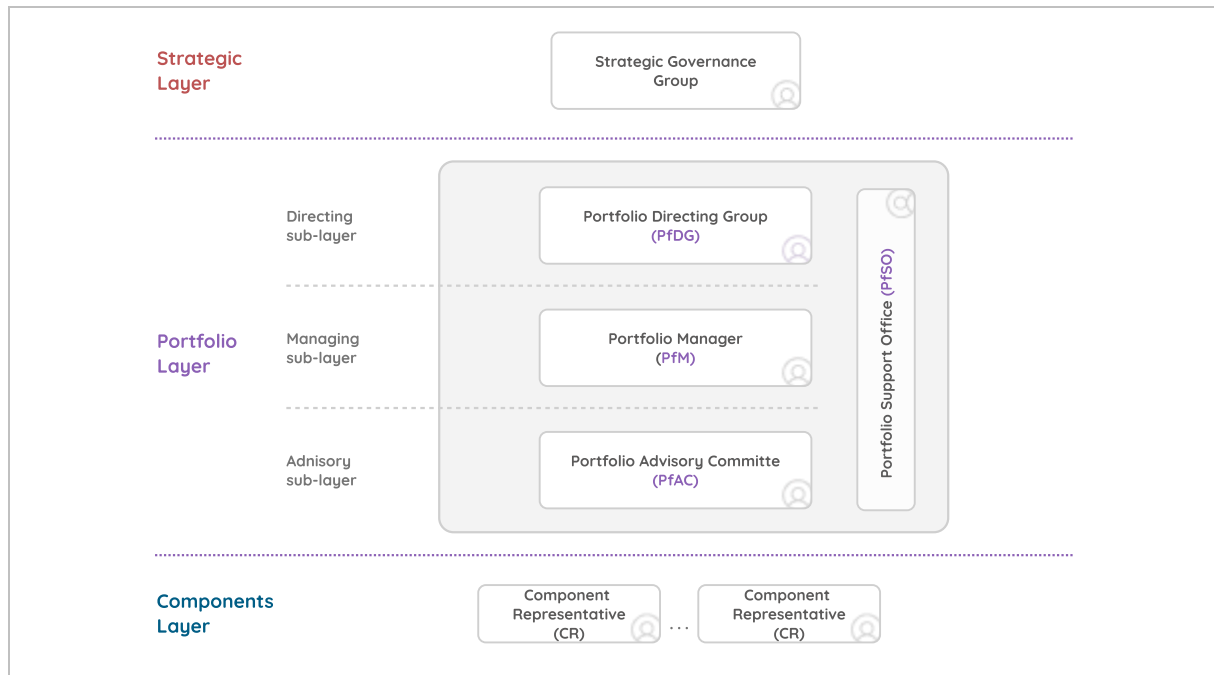
### **Stakeholder Engagement & Communication**

This process includes the activities related to effectively engaging stakeholders throughout the entire portfolio management process. It involves analysing and interacting with the different stakeholders to assess how portfolio decisions will affect them or be affected by them, and to ensure the stakeholders' effective involvement in the composition and realisation of the portfolio. Stakeholder Engagement & Communication process runs throughout the portfolio's lifecycle and in parallel with all other portfolio processes.

The **PfM<sup>2</sup> Guide for Portfolio Management** provides detail guidelines on the activities of the five PfM<sup>2</sup> processes.

## 2.2 PfM<sup>2</sup> Portfolio Governance

Portfolio governance is the framework within which portfolio management decisions are made. It defines all portfolio roles and their associated responsibilities. The portfolio management Roles are essentially defined by the management responsibilities assigned to them, whereas responsibilities describe what each role needs to be concerned with, their domain of (management) work and level of authority.



**Fig. 2.3:** PfM<sup>2</sup> Portfolio Management Governance: Layers & Roles

The table below provides a description of the main PfM<sup>2</sup> Roles:

Roles and brief Descriptions	
<b>Portfolio Directing Group (PfDG)</b>	Is the ultimate decision-making body for a portfolio and is accountable for the effective implementation of portfolio management. It maintains a high-level view of all portfolio and sub-portfolios and provides strategic direction and leadership.
<b>Portfolio Manager (PfM)</b>	Is responsible for the portfolio management activities and focuses on achieving the portfolio objectives and portfolio management goals. Portfolio Managers (PfMs) are advised by the Portfolio Advisory Committee (PfAC) and report to the Portfolio Directing Group (PfDG).
<b>Portfolio Advisory Committee (PfAC)</b>	Provides information and insights from the perspective of the portfolio components. It advises the Portfolio Manager (PfM) on the management of portfolio. It comprises representatives of the components layer, technical and business domain experts, and others
<b>Portfolio Support Office (PfSO)</b>	Provides administrative, communication and process support to the Portfolio Manager (PfM). Also maintains the portfolio artefacts, produces the portfolio reports, and interfaces with other Local Support Offices (LSOs).
<b>Component Representative (CR)</b>	Represents a portfolio component (programme, project, product, service, or other).

**Table 2-1:** Description of key PfM<sup>2</sup> Roles.

## 2.3 PfM<sup>2</sup> Artefacts

Portfolio management is supported by documentation throughout its lifecycle. Portfolio documentation is produced from the initiation of a portfolio through to its completion. Portfolio documentation should be standardised within an organisation (i.e., PfM<sup>2</sup> Artefacts), but above all it should serve the information and communication needs of the portfolio and its stakeholders.

Artefacts play an important role in the management of a portfolio, since they:

- provide portfolio stakeholders with a clear picture of the portfolio's objectives and achievements.
- facilitate communication with internal and external groups.
- provide a baseline for monitoring and controlling a portfolio's progress.
- provide a record of important decisions.
- support transparency and traceability while providing the records required by audits.
- support organisational memory and act as an historical reference.
- are essential for the improvement of the portfolio management process and future portfolios.

Portfolio documentation should adhere to the quality standards of the organisation; above all else, the documentation should be clear, easy to understand, and add value as it performs its purpose.

There are four types of PfM<sup>2</sup> Artefacts which:

- define the portfolio **objectives** and **management** approach (i.e., the Portfolio Handbook).
- capture the **composition** and **performance** of the portfolio (i.e., Portfolio Composition & Analysis Report, Benefits Matrix).
- facilitate **monitoring & controlling** (i.e., Portfolio Logs) and **stakeholder engagement** (i.e., Communications Plan and Stakeholders Log).
- provide input to the portfolio layer from the **Strategic** Layer (i.e., Strategic Plans) and the **Components** Layer (i.e., Component Descriptions and Status Reports).

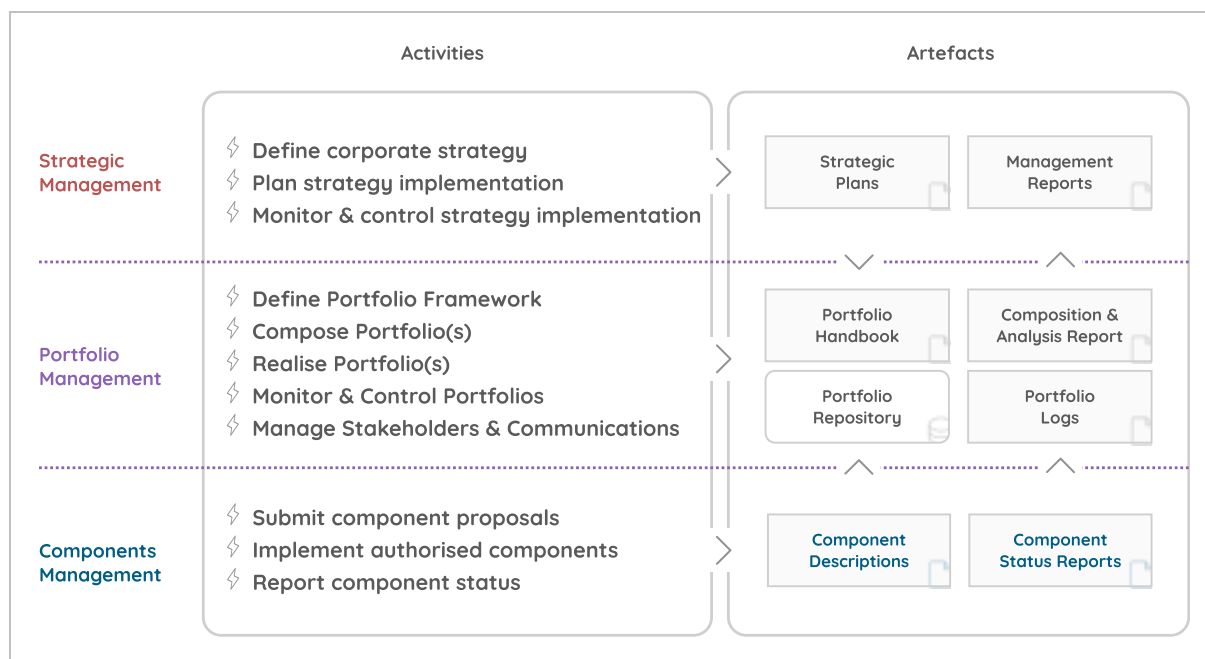


Fig. 2.4: High-level representation of the various Management domains and key Activities and Artefacts

## 2.4 PfM<sup>2</sup> Mindsets

While plans and processes help us with what we could refer to as the structured side of portfolio management, the right Mindsets help us navigate the complex reality of portfolio management.

Portfolio Mindsets are an essential part of any portfolio methodology: just as we establish processes to help us manage a portfolio better, so we define portfolio mindsets to help us develop the attitudes and behaviours that will allow us to contribute to the portfolio's success. They provide us with a common set of beliefs and values that become the glue which holds management processes and practices together across the organisation's portfolios.

To start developing the right Mindsets, we should ask ourselves the following **Infrequently Asked Questions (IAQs)**:

- **Do we know what we are doing?** Tip: Develop a clear portfolio vision and define portfolio objectives that clearly connect to organisational strategy. Establish success criteria by defining upfront the benefits we expect the portfolio to bring to the organisation.
- **Do we know how we are doing it?** Tip: Establish a portfolio management approach that acts as a performance enabler rather than another layer of control and bureaucracy. Implement portfolio management at all levels as a fractal organisation and ensure that the management methods used at the portfolio components level are standardised and aligned with the portfolio methods.
- **Do we know how much we can do?** Tip: Be realistic about portfolio investment requirements and acknowledge organisational capacity and capability constraints. Ensure adequate resources, capabilities and skills are allocated to our portfolio components to provide the effort, skills and support infrastructure needed for the management of the portfolio.
- **Does anyone care?** Tip: Establish and maintain strong senior management sponsorship and organisation-wide buy-in. Make sure your portfolio's performance matters, and that your portfolio reporting serves a range of informational needs.
- **Are the right people involved?** Tip: The primary criterion for assigning portfolio management roles should be to serve the needs and objectives of the portfolio, not other criteria such as organisational politics, the career needs of the functional hierarchy, etc.
- **Do we know who is doing what?** Tip: Clearly define portfolio governance and understand portfolio roles, responsibilities, and accountabilities. Know what you should be doing and make sure others know what they should be doing, too.
- **Deliver at any cost or risk?** Tip: Show respect for people's efforts and organisational funds. Always remember that it is not just about the end-result; how you get there matters, too. Pursue the interests of the portfolio and the organisation by embracing positive values and principles.
- **Is this important?** Tip: Everything is NOT equally important. Identify your portfolio's Critical Success Factors (CSFs) and allocate your attention and effort accordingly.
- **Is this a task for them or for us?** Tip: Understand and respect the difference between functional roles and authority on the one hand, and portfolio management roles, responsibility and goals on the other. Make the performance of portfolio components visible but focus on overall portfolio performance.
- **Should I be involved?** Tip: Contribute from any position. Be proud of the skills, value and positive attitude you bring to the portfolio. Help everyone who needs to be involved to get involved. Foster clear, effective and frequent communication and facilitate the engagement of all portfolio stakeholders.
- **Have we improved?** Tip: Commit to ongoing professional and organisational improvement by sharing knowledge and lessons learned. Follow portfolio procedures but challenge wasteful practices and update the portfolio management framework when/if needed. Become more effective by adjusting methods and behaviours accordingly.

Portfolio teams that practice PfM<sup>2</sup> Portfolio Management:

1. **Apply** PfM<sup>2</sup> portfolio best practices to manage their portfolios.
2. **Remain mindful** that portfolio management processes are there to serve the portfolio and organisational objectives, not the other way around.
3. Maintain an **outcomes orientation** towards all portfolio management activities.
4. Commit to delivering portfolio results with **maximum value**, rather than simply following procedures and plans. Manage the portfolio **holistically** by **optimising** the whole portfolio, not just parts of it.

5. **Provide strategic direction** and support to the component levels to ensure their continued alignment with the objectives. However, so this **without interfering** in their daily management or asking them for additional reporting.
6. **Foster** a culture of cross-organisational **collaboration**, clear communication, and **accountability**.
7. Encourage the delegation and management of issues and decisions at **the lowest possible governance level**, while providing clear escalation channels and procedures.
8. Assign portfolio roles to the **most appropriate people** for the long-term **benefit** of the portfolio and the organisation.
9. **Balance** in the most **productive way** the often conflicting management Ps of Process, People, Pleasure/Pain, Progress, Participation, Perception, Power, Politics and Peace.
10. **Invest** in developing technical and behavioural **competences** to become better portfolio contributors.
11. **Engage** portfolio stakeholders and involve them in the organisational change needed to maximise portfolio **outcomes and benefits**.
12. **Share knowledge**, actively manage Lessons Learned, and contribute to the **improvement** of portfolio management within organisations.
13. **Draw inspiration** from the PfM<sup>2</sup> Guidelines on **Ethics** and Professional **Virtues**.

Working with these Mindsets enhances the effectiveness of portfolio management and thus increases the likelihood of a portfolio achieving its goals. Beyond that, applying the Mindsets consistently across sub-portfolios helps to build capacity within the organisation over time; management maturity is achieved as the methodology and mindsets are embedded in an organisation's working practices.

Mindsets help us discern the value and impact of every attitude, decision, and action on both the portfolios and the organisation's strategic objectives. They offer the lenses through which we can see the true colours of the different elements that together compose the picture of the portfolio and the organisation as a whole. This allows us to tell whether an element fits into the picture we envision, or not. Mindsets not only make for a more colourful everyday reality; they also enable us to all see the same colours. When everyone across our entire organisation acquires a common clear view of reality, there are efficiency and effectiveness gains beyond the portfolios themselves.

When the same portfolio management mindset is applied across the entire organisation, the consistency and critical mass of change enablement will bring efficiency and effectiveness gains that go beyond the portfolios themselves.

## 2.5 Tailoring PfM<sup>2</sup>

The PfM<sup>2</sup> Methodology has been created to address the portfolio management needs of any organisation. However, as with any methodology, PfM<sup>2</sup> should be tailored so it can be used in the most effective and efficient way, given specific organisational conditions and constraints.

Tailoring is not about deciding which processes or activities will be included and which will be left out. Rather, it is about defining the appropriate level of prescriptive rigour in the application of the methodology, while ensuring that the intended outcome of every element of the methodology is still achieved.

Tailoring should consider organisational environmental factors and constraints, existing governance bodies and management processes, policies, and organisational culture. All tailoring decisions should be documented in the Portfolio Handbook.

When tailoring the PfM<sup>2</sup> Methodology, the following best practices should be followed:

- First and foremost, understand the purpose and value of the methodological element to be tailored before proceeding with its tailoring.
- Remember that the methodology works as an integrated whole, so avoid simplifying it by eliminating whole parts; instead, scale the scope of that part up (or down).
- Consider the effort, cost, and complexity of maintaining a significantly tailored version over the benefits achieved.
- Balance the level of rigour of application of the methodology expected with the resources required and the complexity such rigour results.
- Maintain a lean approach but remain aligned with the PfM<sup>2</sup> management best practices and mindsets.

## 2.6 PfM<sup>2</sup> Quick Start Tips

The purpose of this section is to help you get started with using PfM<sup>2</sup> for your portfolio management. Naturally, you will want to learn more about the PfM<sup>2</sup> Methodology but remember you do not need to become an expert before you initiate your first portfolios.

Below, you will find a number of PfM<sup>2</sup> Quick Start Tips, which aim to help kick-start you and your organisation in starting a portfolio with the PfM<sup>2</sup> Methodology:

### 1. Discover the available PfM<sup>2</sup> resources:

- Review the PfM<sup>2</sup> Guide.
- Consult the PM<sup>2</sup> Foundation resources available online (PfM<sup>2</sup> articles, templates, discussions, etc.).
- Follow a training course.
- Share these resources within your organisation, teams, and stakeholders.

### 2. Develop a higher degree of portfolio orientation:

- Understand the benefits of grouping work as portfolios.
- Understand the distinct focus of portfolios (compared with programmes and projects).
- Take the PfM<sup>2</sup> Mindsets on board.
- Get your organisation, teams, and stakeholders on board.

### 3. Organise a kick-off meeting:

- Formally kick off the process of using PfM<sup>2</sup> for a new (or existing) portfolio.
- Ensure the right people are involved.
- Ensure that the basics of PfM<sup>2</sup> and Portfolio Management are clear to all the parties involved.

### 4. Clearly define the Portfolio's Governance:

- Discuss the portfolio Governance and assign the Portfolio Management Roles.
- Review the Portfolio Management Responsibilities and achieve clarity.
- Clearly distinguish the Portfolio Roles and Responsibilities from the Programme and Project Roles and Responsibilities, while also relating the two groups to each other.

### 5. Document the Portfolio's objectives, management approach, and documentation needs:

- Tailor PfM<sup>2</sup> to your specific organisational needs.
- Capture the portfolio's objectives.
- Define the portfolio management framework.
- Define what documentation is required (i.e. portfolio artefacts and reports).

### 6. Produce the Key Portfolio Artefacts:

- Set up the Portfolio Logs (Change, Issues, Risk, Decisions, Stakeholders and Lessons Logs).
- Define the structure of the Portfolio Composition & Analysis Report.
- Create the Portfolio Handbook and document the objective, approach, and tailoring decisions in the appropriate sections.

### 7. Plan the Portfolio's Monitor & Control activities.

- Understand the portfolio's monitoring and controlling needs.
- Align portfolio monitoring and controlling activities with programme and project reporting cycles.
- Put in place the information-gathering infrastructure required for portfolio reporting.

### 8. Select appropriate PfMIS tools.

- Automate critical portfolio management processes.
- Use a central document and knowledge-management repository.
- Connect with corporate systems and component management tools.

### 9. Develop a plan on how to keep the Portfolio Stakeholders engaged and informed.

- Identify the key Portfolio Stakeholders.
- Prepare a communications and stakeholders engagement plan.
- Involve Stakeholders and keep them informed from the beginning.





### 3 Portfolio Management Processes

#### 3.1 Portfolio Framework Definition

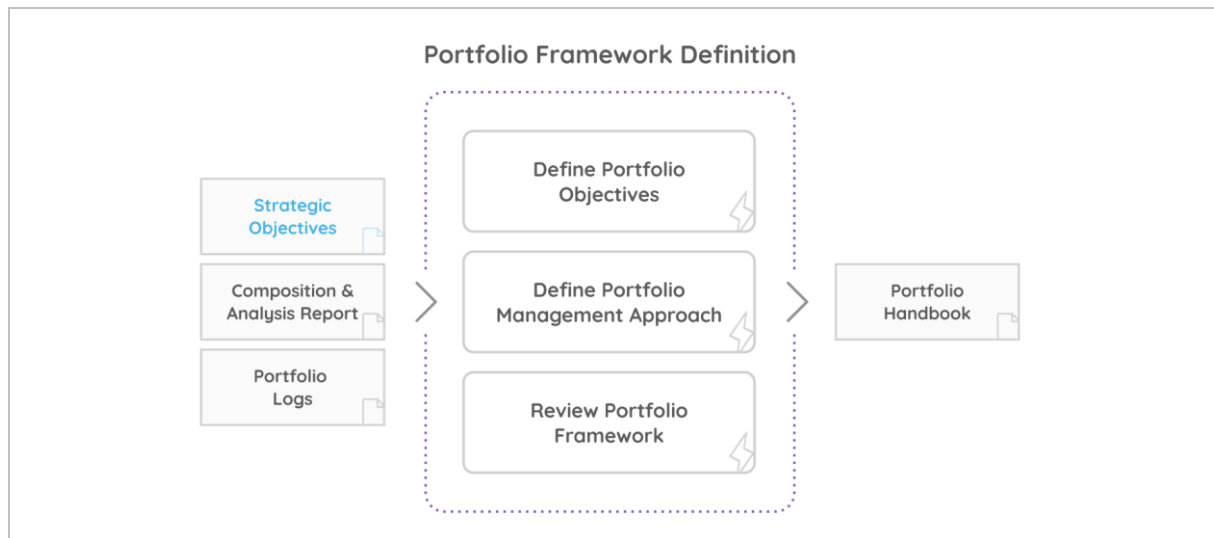
For a new portfolio to be created, its characteristics, structure (e.g. sub-portfolios) and management approach need to be defined. The portfolio characteristics, metrics, processes, and governance bodies are established through the process of Portfolio Framework Definition.

The portfolio framework should be tailored to reflect the organisation's specific portfolio and portfolio management needs, but also the culture and maturity of the organisation. At the same time, it must also remain aligned with the spirit and key elements of the PfM<sup>2</sup> Portfolio Management Methodology.

In time, the effectiveness of the framework should also be reviewed in the light of the experience of managing the portfolio and of any lessons learned that have been captured. If required, the framework can be updated to address evolving portfolio management needs.

It is also important to estimate the cost and effort of managing the portfolio, and to reserve the resources and budget needed to cover them. This cost will depend on the size of the portfolio, the frequency of the portfolio activities, and the number of people involved in governance and support roles (e.g. Portfolio Support Office (PFSO) staff).

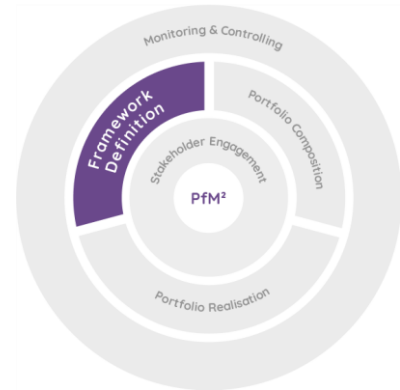
The main activities of Portfolio Framework Definition are shown in the figure below:



**Fig. 3.1:** Portfolio Framework Definition activities and key input/output artefacts

The Responsibilities of the Roles involved in the Portfolio Framework Definition activities are shown in the RAM/ARSCI table below.

Portfolio Framework Definition	PfDG	PfM	PfAC	PfSO	CRs	LSO
Define Portfolio Management Approach	A	R	C	S	I	I
Define Portfolio Objectives & Characteristics	A	R	C	S	I	I
Review Portfolio Framework	A	R	C	S	C	C



### 3.2 Portfolio Composition

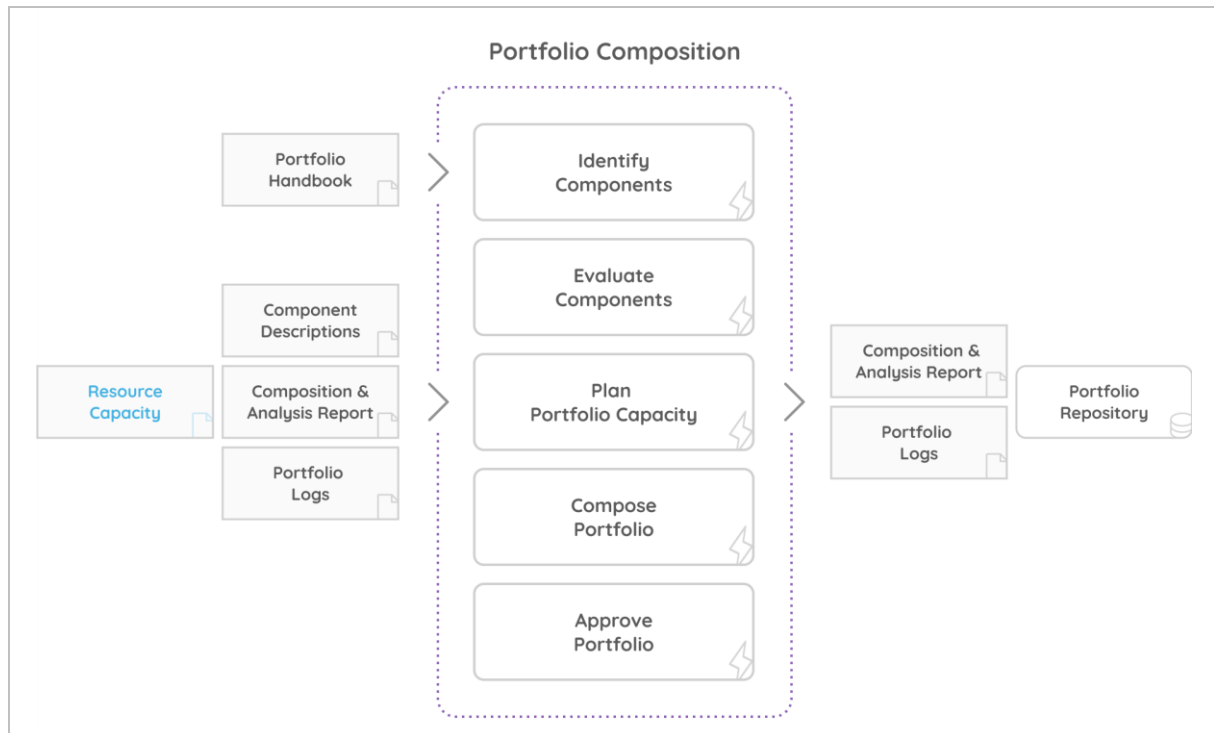
The purpose of the Portfolio Composition process is to facilitate the composition of an optimal portfolio by following pre-defined processes and component selection criteria.

The process contains the activities necessary to evaluate candidate portfolio components, take investment decisions, and commit the necessary organisational resources.

Portfolio Composition need not be a singular annual event (although this is often the case when it is aligned with other annual planning activities). PfM<sup>2</sup> allows added granularity in portfolio sub-structures, meaning a portfolio of more dynamic needs can be defined depending on the needs and agility of the organisation with a more frequent review cycle, closer monitoring and perhaps additional controls for managing risk.

If a portfolio is mainly optimised to use its maximum available capacity and capability, changes will usually have an impact. To facilitate Agile portfolio management, frequent portfolio decompositions are allowed, but discipline should aim to make this an efficient process. Re-planning a balanced portfolio is time consuming and will likely trigger debates and friction.

The main activities of Portfolio Composition are shown in the figure below:



**Fig. 3.2:** Portfolio Composition activities and key input/output artefacts

The consolidated Responsibilities of the Roles involved in Portfolio Composition are shown in the table below.

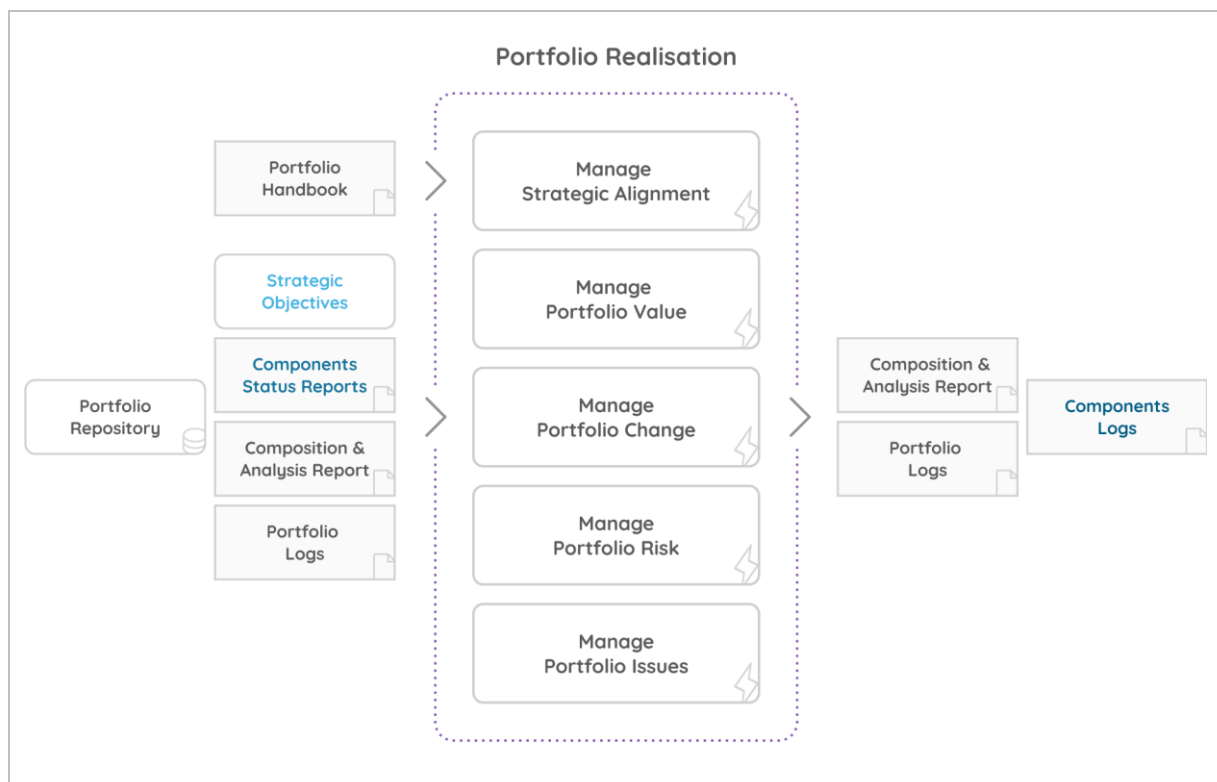
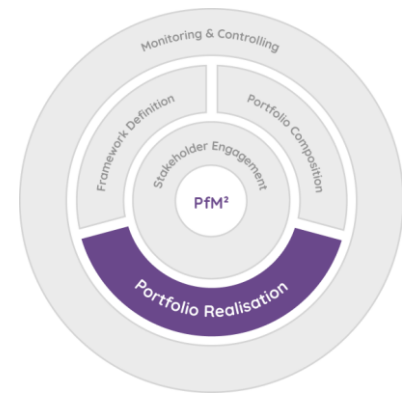
Portfolio Composition	PfDG	PfM	PfAC	PfSO	CRs	LSO
Identify Components	A	R	C	S	C	C
Evaluate Components	A	R	C	S	C	C
Plan Portfolio Capacity	A	R	C	S	C	C
Compose Portfolio	A	R	C	S	I	I
Approve Portfolio	A	R	I	S	I	I

### 3.3 Portfolio Realisation

The Portfolio Realisation process encompasses all the management activities which seek to maximise the likelihood of the portfolio achieving its goals while minimising the risk of failure. Although portfolio management is not about managing the components themselves, it is through the successful completion of the approved portfolio components that the portfolio will realise its objectives. Therefore, the performance of portfolio components in line with their timelines, budgets and benefit objectives is of primary concern to the Portfolio Manager (PfM).

Portfolio Realisation comprises the activities involved in managing portfolio performance and analysing performance indicators to determine overall portfolio health. All portfolio components are monitored as part of Portfolio Realisation to ensure they realise their objectives. Although each of the portfolio components is temporary in nature, the portfolio realisation activities are performed throughout the entire life of the portfolio.

The main activities involved in Portfolio Realisation are shown in the figure below and described in the sections that follow.



**Fig. 3.3:** Portfolio Realisation activities and key input/output artefacts

The consolidated responsibilities of the Roles involved in Portfolio Realisation are shown in the table below.

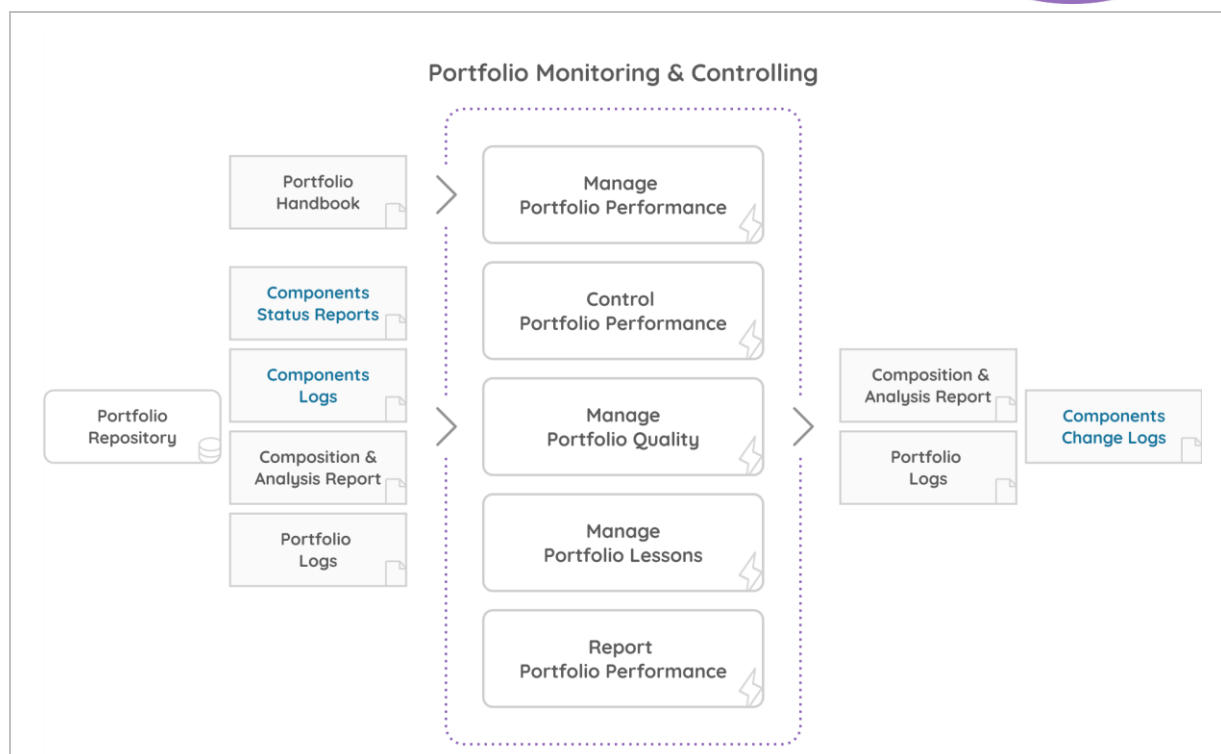
Portfolio Realisation	PfDG	PfM	PfAC	PfSO	CR	LSO
Manage Strategic Alignment	A	R	C/S	S	I	I
Manage Portfolio Value	A	R	C/S	S	C	I
Manage Portfolio Change	A	R	C/S	S	C	I
Manage Portfolio Risk	A	R	C/S	S	C	I
Manage Portfolio Issues	A	R	C/S	S	C	I

### 3.4 Portfolio Monitoring & Controlling

Monitoring & Controlling activities run throughout the portfolio's lifecycle and in parallel with all other Portfolio Processes. They include the periodic collection and analysis of information that helps establish the portfolio's performance based on defined targets or indicators. They also include identifying and implementing corrective actions to address deviations from defined target performances.

These activities may run at predetermined intervals (triggered periodically) or as required (triggered by circumstances).

The PfM<sup>2</sup> Monitoring & Controlling process groups the recurrent management activities presented in the figure below.



**Fig. 3.4:** Portfolio Monitoring & Controlling activities and key input/output artefacts

The outputs of the Monitoring & Controlling activities are documented in the Portfolio Logs and the Portfolio Analysis Report, while controlling decisions can trigger other portfolio activities which can result in changes to the portfolio's objectives, its composition, components, or management framework (i.e. management approach).

The consolidated responsibilities of the Roles involved in Monitoring & Controlling are shown in the table below.

Portfolio Monitoring & Controlling	PfDG	PfM	PfAC	PfSO	CR	LSO
Monitor Portfolio Performance	A	R	C	S	C	S
Control Portfolio Performance	A	R	C	S	C	C
Manage Portfolio Quality	A	R	C	S	C	C
Manage Portfolio Lessons	A	R	C	S	C	S
Report Portfolio Performance	A	R	C	S	C	I

### 3.5 Stakeholder Engagement & Communication

The Portfolio Stakeholder Engagement & Communication process is concerned with planning and implementing the activities needed to achieve the required level of engagement with portfolio stakeholders.

Portfolio management decisions and activities can have a significantly impact on all levels of the organisation, from the strategic management level all the way down to project management and the day-to-day operation of services. The active engagement of stakeholders in portfolio management is a critical success factor without which portfolio management may end up as just another unproductive layer of bureaucracy and reporting.

Keeping the objectives of portfolio management aligned with the needs and interests of the various stakeholder groups is therefore a management priority, which needs to be planned and executed throughout the life of the portfolio.

The main activities involved in Stakeholder Engagement & Communication are shown in the figure below and described in the upcoming sections.

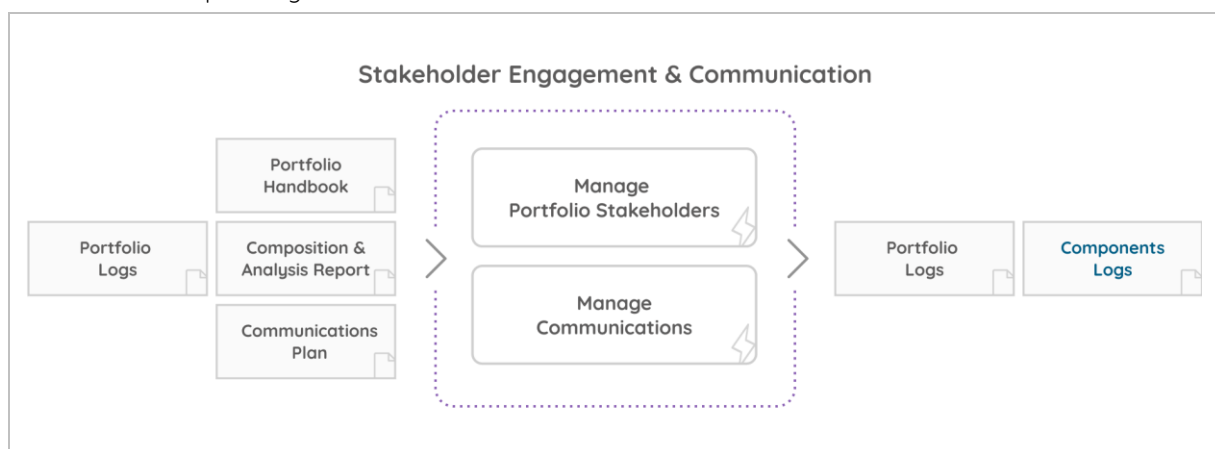
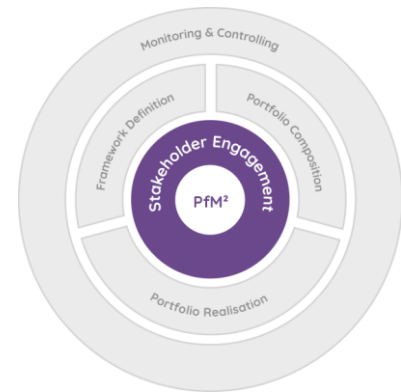


Fig. 3.5: Stakeholder Engagement & Communication activities, inputs and outputs

Stakeholder Engagement & Communication	PfDG	PfM	PfAC	PfSO	CR	LSO
Manage Portfolio Stakeholders	A	R	C	S	I	I
Manage Portfolio Communications	A	R	C	S	I	I

#### Stakeholder Engagement & Communication Objectives

Running the indicated management activities and producing the recommended Artefacts are best practices that should be followed. However, Stakeholder Engagement & Communication achieves its purpose when it:

- results in the necessary level of **engagement and commitment** from the stakeholders.
- enables the **exchange of ideas** between stakeholders with varied perspectives.
- promotes the **alignment of Mindset** between all stakeholders.
- helps to **provide clarity** regarding the purpose and performance of the portfolio.
- makes it clear **who is supposed to do what** in relation to portfolio management.
- prevents the whole process from being hijacked by **organisational politics or bureaucracy**.
- keeps **stakeholders informed** about the portfolio and **reinforces their confidence** about the value of the management approach followed and the organisational investments pursued.

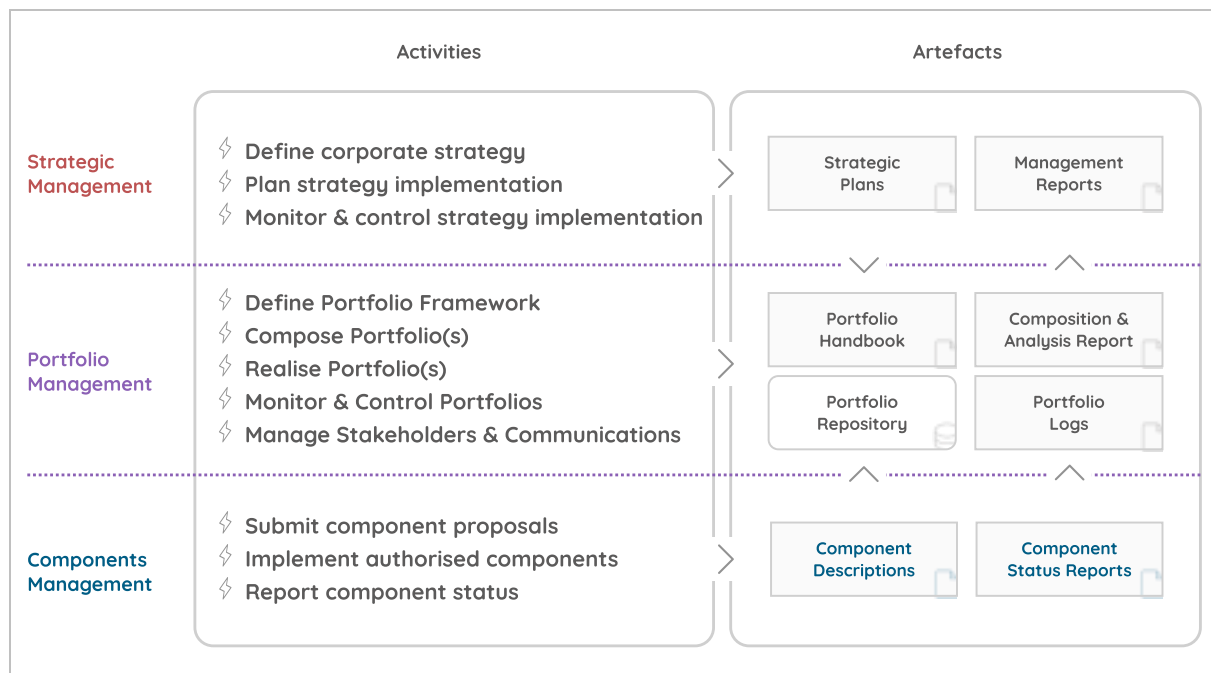
## 4 Portfolio Artefacts

Portfolio documentation is an important activity for planning, reporting and communication during the management of the portfolio. The purpose of portfolio documentation is to:

- capture the portfolio's objectives.
- describe the management processes and governance responsibilities.
- facilitate communication with stakeholders.
- provide a baseline for controlling the realisation of the portfolio.
- capture important portfolio management decisions.
- capture snapshots of the portfolio performance in reports.
- provide a baseline for the assessment of the portfolio management effectiveness and efficiency.
- support organisational memory and act as an historical reference which can be used to increase the portfolio management maturity of the organisation.

Note that portfolio documentation should adhere to the quality standards of the organisation and the portfolio with regard to quality of information, format, style, etc. Above all, it must be lean and user-friendly if it is to fulfil its purpose.

Determining what documentation is required is therefore an important decision that should be made during the Portfolio Framework Definition. The decision to add, remove or modify PfM<sup>2</sup> artefact templates as per the needs of the portfolio should be determined by its complexity and size, the formality required, and the input of the Portfolio Advisory Committee (PfAC).



**Fig 9.1** Portfolio Management Artefacts

The PfM<sup>2</sup> portfolio artefacts are shown in the table below:

Portfolio Artefacts	PfDG	PfM	PfAC	PfSO	CRs	LSO
Portfolio (Management) Handbook	A	R	C	S	I	I
Portfolio Communications Plan	A	R	C	S	I	I
Portfolio Composition & Analysis Report	A	R	C	S	I	I
Benefits Matrix	A	R	S	S	C	C
Portfolio Logs	A	R	C	S	C	C





**PfM<sup>2</sup>  
PORTFOLIO**

MANAGEMENT GUIDELINES



**PM<sup>2</sup>  
FOUNDATION**



<https://www.pfm2.website>

