

Strategic project management: benchmarking between Project Management Institute and Axelos

Gestión estratégica de proyectos: evaluación comparativa entre Project Management Institute y Axelos

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Abstract

This article shows a benchmarking of strategic project management approaches, from the perspective of the Project Management Institute (PMI) and Axelos. The objective is to present how the concepts of Project Management, Programs and Portfolios could diverge or converge from these two perspectives of these institutions, who present us with a body of Knowledge (BoK) or methodologies for project management. Finally, the conclusions and bibliographic references consulted are presented.

Keywords: projects, strategy, management

Resumen

Este artículo muestra una evaluación comparativa de los enfoques de la Gestión Estratégica de Proyectos, desde la perspectiva del Instituto de Gestión de Proyectos (PMI) y Axelos. El objetivo es presentar cómo los conceptos de gestión de proyectos, programas y carteras podrían divergir o converger de estas dos perspectivas de estas instituciones, que nos presentan un cuerpo de conocimiento (BoK) o metodologías de gestión de proyectos. Finalmente, se presentan las conclusiones y referencias bibliográficas consultadas.

Palabras clave: proyectos, estrategia, gestión

1. Introduction

Strategic Project Management is a fundamental concept within this article.

Harry Markowitz (1952), an American economist, developed the Modern Portfolio Theory (MPT), on which investment analysis is currently based. She explains the benefits of diversifying investments to reduce risk. For his part, Warren McFarlan (1981) describes how to create a portfolio of projects and how to manage such projects together, while Harry Markowitz and Merton Miller (1990) received the Nobel Prize in Economics by proposing diversification models on the subject discussed here.

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these concepts form the contemporary framework for Strategic Project Management, which is based mainly on the methodological proposals of two major organizations in the Western world that are the Project Management Institute-PMI and Axelos, which are presented in synthetic form immediately.

2. Methodology

To develop this research a documentary inquiry is presented here, whose fundamental objective is the analysis of different phenomena of reality through exhaustive, systematic and rigorous inquiry, using very precise techniques; from the existing documentation that directly, provides the information related to the phenomenon being studied, which in this case is developing a comparative analysis of the PMI and Axelos models. .

This information was sorted into tables in such a way that they serve to know how this infrastructure is composed, what its fundamental similarities and differences are.

3. Results.

French (2006) defines strategy as the combination of means to be used to achieve the objectives, in the presence of uncertainty. You can also visualize strategy the definition of the objectives, actions and resources that guide the development of an organization, so strategy allows to guide all the actions of a company and / or corporation to achieve a competitive advantage.

In correspondence with the above, the strategic planning is a process by which the guidelines or master lines of the organization are defined in a systematic way and developed in detailed lines for action, allocate resources and are reflected in documents called plans. The Management and strategy of proyectos is a concept developed by the authors of this article that consider it a tool to manage the strategic groupings of projects of an organization and the adoption of strategic thinking in projects, as a fundamental instrument of excellence in organizational management

Below is a benchmarking of the different components presented by the Project Management Institute and Axelos that is considered the body of knowledge consulted by the authors and that allows to understand this concept.

3.1. The Management Institute-PMI Project Portfolio Management Standard

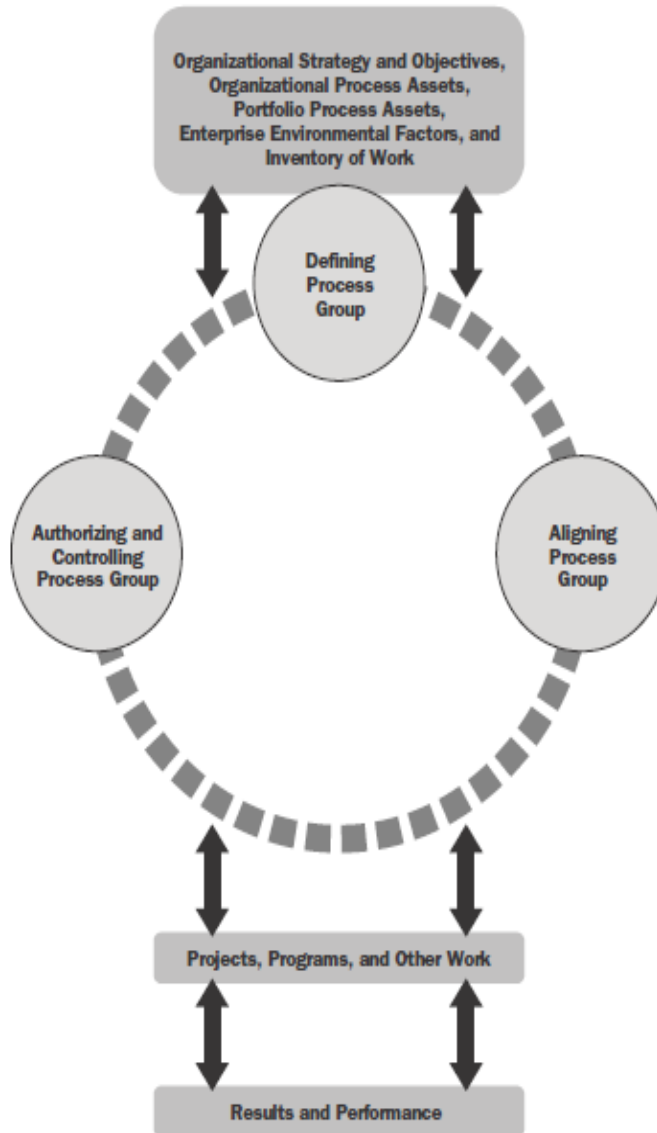
From the perspective of the Project Management Institute (PMI(2017) a portfolio is a collection of program components, projects or operations managed as a group that seeks to achieve strategic objectives. Portfolio management is understood as the coordinated management of one or more portfolios to develop the strategy and achieve the objectives of the organization. The strategic portfolio of the organization describes how the key strengths and competencies of the organization will be used, in order to:

1. Managing resources effectively.
2. Managing the value of stakeholders.
3. Capitalize opportunities.
4. Minimize the impact of threats.
5. Respond to market changes, in legal and environmental regulations.
6. Strengthen the focus of critical operational activities.

The standard for portfolio management of the PMI (2013) presents a collection of fifteen processes to manage an organized portfolio, in turn, in three large groups. These groups are: definition process group, alignment process group, and authorization and control process group. These processes are divided into five areas of knowledge: strategic management, governance management, performance management, communication management and risk management.

The interactions of these processes are shown in Figure 1.

Figure 1
Portfolio Management Process Group Interactions



Taken from The standard for portfolio management by PMI, 2013, p. 45. ®

3.2. The Office of Program Management and Portfolio

A Project Management Office-PMO according to the PMI (2017) is the organizational body or entity that is assigned responsibilities related to the coordinated and centralized management of projects under its control. Its functions are:

1. Managing shared resources.
2. Identify and develop methodologies, good practices and standards of coaching, mentoring, training and custody of the specialty.
3. Monitor compliance with standards, policies, procedures and templates through project auditing.
4. Develop and manage project policies, procedures, templates and any other organizational documentation (process assets).
5. Coordinate the communication between projects and the Project Management Office-PMO, as it is an important structure to support Program Management.

The responsibilities of the Office of Program Management are:

1. Define the processes and procedures of the Program Management.
2. Define quality standards for the programs and components of each program.
3. Provide documentation and manage the configuration (knowledge management).
4. Provide centralized support to manage changes, monitor risks and key aspects of the program.

The Portfolio Management Office combines the functions of the Office of Program Management and the Office of Project Management, and adds functionalities of the management of own projects required for the excellence of the portfolio management practice.

Provide benefits and capabilities to sustain, improve and achieve strategic goals.

The impact of the Portfolio Plan on the organization's strategy is in the following six areas:

- Maintenance of portfolio alignment.
- Distribution of financial resources.
- Distribution of human resources.
- Distribution of material and equipment resources.
- Measurement of the performance of portfolio components.
- Risk management.

3.3. The value of the business

This concept will depend on the perspective of each organization, for this reason, it is considered a unique concept for each of them.

Its features are:

- Total value of tangible elements (monetary assets, facilities, property, utilities, etc.) and intangibles (reputation, brand recognition, public benefits, and trademarks).
- It can be created through effective operations management.
- Depending on the organization, its scope may be short, medium or long term.
- Effective management of projects, portfolios and programs, through reliable processes, allows not only to achieve strategic objectives but also to increase the value of the business through projects.

- Whether it's a government agency or a nonprofit organization, organizations focus on getting the most value for their activities

3.4. Portfolio Management of Axelos

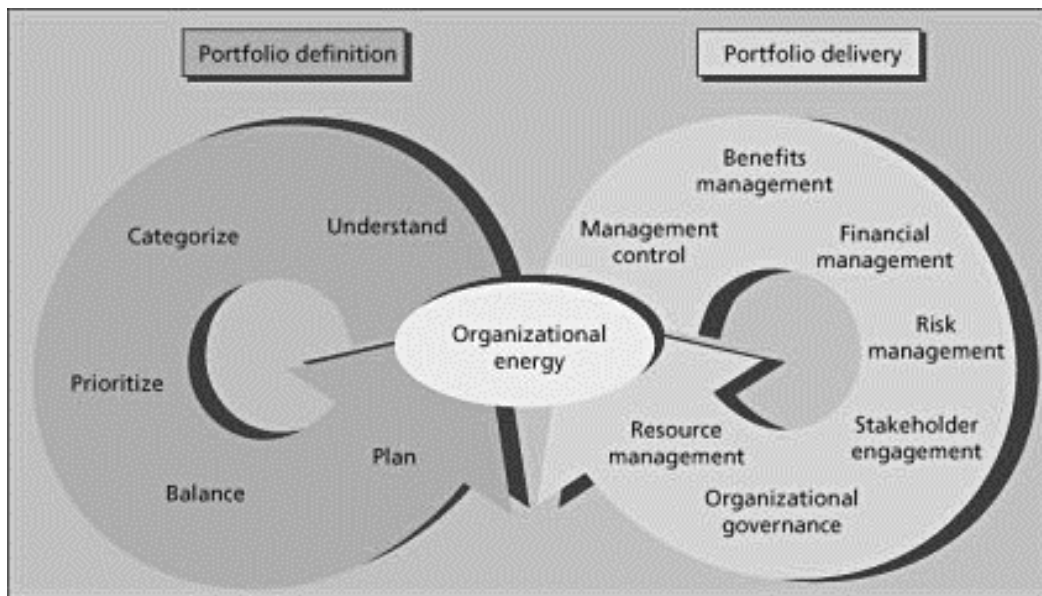
Axelos, in its 2011 release, Manage of Portfolios (MoP), provides:

A framework for understanding, prioritizing and planning a portfolio of business change initiatives; it is a coordinated collection of strategic processes and decisions that together allow for a more effective balance of organizational change.

Portfolio management, in this context, aims to answer the following fundamental questions: Is the right thing being done? Are those things being done right? The most important thing is, are the changes being implemented generating benefits related to more effective services?

The mechanisms are used in the MoP to answer these three questions and are incorporated into what is called the MoP framework, as shown in Figure 2.

Figure 2
Marco MoP



Taken from Manage of Portfolios-MoP by Axelos, 2011, para. 7.®

As can be seen, the MoP framework consists of two management cycles that are definition and delivery, and five fundamental principles. These principles are:

- Management commitment.
- Alignment with the government.
- Alignment with strategic management.
- Portfolio management office.
- Encouraging the culture of change in portfolio management, which in this context aims to answer the following fundamental questions: Are we sure that this investment is right for us? and how will it contribute to our strategic objectives?

In the Office of Programs, Projects and Portfolios (P3O) Axelos (2013):

Provides a support structure for decision making/delivery for all changes within an organization. This can be provided through a single permanent office that can exist under several different names, for example, Portfolio Office, Center of Excellence, Corporate or Business Program Office.

The benefits of P3O described on the Axelos institutional page (2013) are as follows:

- Senior management's informed decision-making on factors including strategy, prioritization, risk management, and resource optimization to successfully meet your business objectives (portfolio management)
- Identification and realization of results and commercial benefits through programs.
- Successful delivery of project results that enable benefits within time, cost and quality restrictions.

3.5. Programs, projects and portfolios

Achieving goals and goals is what provides solid foundations for an organization, which is achieved through the use of project management processes, tools and techniques.

According to the PMI (2107):

A project can be addressed in three separate scenarios: as a separate project (outside a portfolio or program), within a program, or within a portfolio. When a project is within a program or portfolio, project managers interact with portfolio and program managers. For example, multiple projects may be needed to achieve a set of goals and objectives for an organization. (p. 2)

In such situations projects can be grouped together in a programme in accordance with the PMI (2017): "A programme is defined as a group of related projects, subsidiary programmes and programme activities, the management of which is carried out in a coordinated manner to obtain benefits that would not be obtained if managed individually" (p. 11). Programs are not large projects. A very large project is known as a megaproject.

Some organizations may use a portfolio of projects to effectively manage multiple programs and projects that are underway at any given time. A portfolio is defined as projects, programs, subsidiary portfolios and operations managed as a group to achieve strategic objectives. (PMI, 2017, p.13)

Figure 3 shows an example of how portfolios, programs, projects, and operations are related in a specific situation.

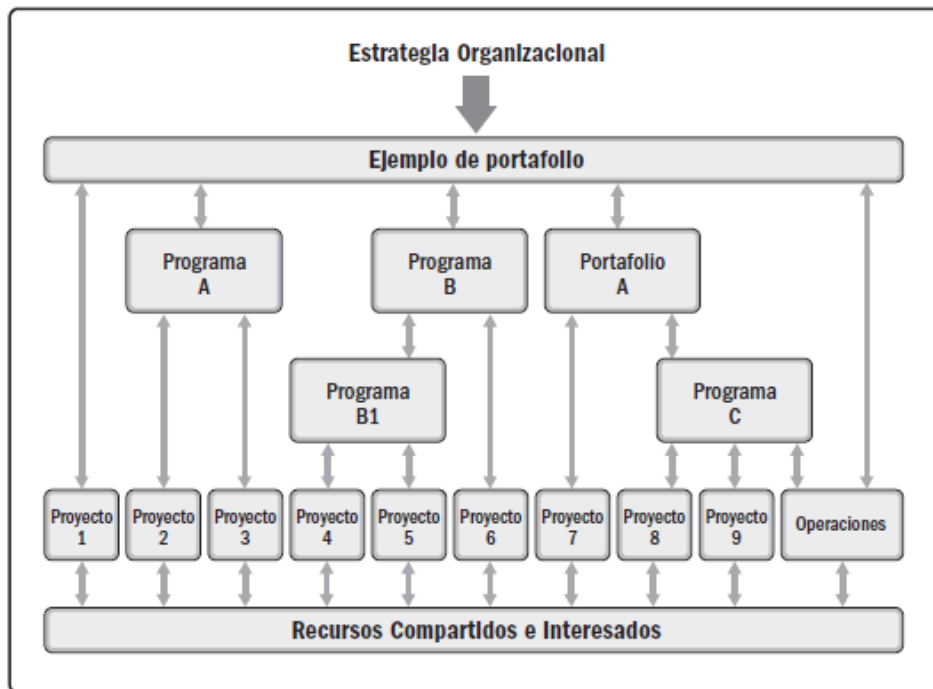
Program management and portfolio management differ from project management in their lifecycles, activities, goals, approaches, and benefits. However, portfolios, programs, projects, and operations often engage with the same stakeholders and may need to use the same resources (see Figure 3) which can lead to a conflict in the organization. This type of situation increases the need for coordination within the organization by using portfolio, program and project management to strike a viable balance in the organization. (PMI, 2017, p. 13)

Figure 3 illustrates an example of a portfolio structure that indicates the relationships between programs, projects, shares, and stakeholders. In addition, the PMI (2017) states that "portfolio components are grouped together to facilitate effective governance and management of work that helps achieve the organization's strategies and priorities" (p. 257).

Organization and portfolio planning affects components by prioritizing risk-based priorities, financing, and other considerations. Therefore, the portfolio perspective allows organizations to see how strategic objectives are reflected in the portfolio. "This perspective also makes it possible to implement and coordinate the proper governance of portfolios, programs and projects. This coordinated governance enables the authorized allocation

of human, financial and physical resources based on performance and expected benefits" (Project Management Institute-PMI, 2017, p. 20).

Figure 3
Portfolio, programs, projects and operations .



Taken from The standard for portfolio management by PMI, 2017, p. 39.

When examining project management, program management, and portfolio management from an organization's perspective, the following is highlighted:

- Program management and project management focus on executing programs and projects in the "right" way.
- Portfolio management focuses on running "correct" programs and projects (Project Management Institute-PMI, 2017).

Table 1 shows a comparative presentation of projects, programs and portfolios.

programs, subsidiary portfolios and operations managed as a group to achieve strategic objectives. (PMI, 2017, p.13).

There is scientific evidence on portfolio management of business projects, but in reality very few organizations understand the complexity of their implementation in any company. The Portfolio Management standard of the Project Management Institute-PMI (2018) is a good guide, although like any other standard it is just a "must be" reference framework, but its organizational implementation is not simple.

In the first instance, it is important here to differentiate what a portfolio of projects is and what is the management of a portfolio of projects. By definition and according to the PMI itself, a portfolio is the collection of a group of projects and/or programs and other efforts that come together to facilitate the effective management of the necessary work, in order to achieve the strategic objectives of the business.

Table 1
Comparative presentation of projects, programs and portfolios

Dirección Técnica de Proyectos			
	Proyectos	Programas	Portafolios
Definición	Un proyecto es un esfuerzo temporal que se lleva a cabo para crear un producto, servicio o resultado único.	Un programa es un grupo de proyectos relacionados, programas subsidiarios y actividades de programas, cuya gestión se realiza de manera coordinada para obtener beneficios que no se obtendrían si se gestionaran de forma individual.	Un portafolio es una colección de proyectos, programas, portafolios subsidiarios y operaciones gestionados como un grupo para alcanzar objetivos estratégicos.
Alcance	Los proyectos tienen objetivos definidos. El alcance se elabora progresivamente a lo largo del ciclo de vida del proyecto.	Los programas tienen un alcance que abarca los alcances de sus componentes de programa. Los programas producen beneficios para una organización, al garantizar que los productos y resultados de los componentes del programa sean entregados en forma coordinada y complementaria.	Los portafolios tienen un alcance organizativo que cambia con los objetivos estratégicos de la organización.
Cambio	Los directores de proyecto esperan cambios e implementan procesos para mantener los cambios gestionados y controlados.	Los programas son administrados de una manera que acepta y se adapta al cambio según resulte necesario para optimizar la entrega de beneficios a medida que los componentes del programa entregan resultados y/o salidas.	Los directores de portafolios monitorean continuamente cambios en los entornos internos y externos más amplios.
Planificación	Los directores de proyecto elaboran progresivamente información a alto nivel en planes detallados a lo largo del ciclo de vida del proyecto.	Los programas son administrados mediante planes de alto nivel que realizan el seguimiento de las interdependencias y los avances de los componentes del programa. Los planes del programa también se utilizan para guiar la planificación al nivel de componente.	Los directores de portafolios crean y mantienen los procesos y la comunicación necesarios con relación al portafolio en conjunto.
Gestión	Los directores de proyecto gestionan al equipo del proyecto a fin de cumplir con los objetivos del proyecto.	Los programas son gestionados por directores de programas quienes aseguran que los beneficios del programa sean entregados de acuerdo con lo esperado, al coordinar las actividades de los componentes del programa.	Los gerentes de portafolios pueden manejar o coordinar al personal dirección de portafolios, o al personal de programas y proyectos que puedan tener responsabilidades en materia de presentación de informes en el portafolio en conjunto.
Monitorear	Los directores de proyecto supervisan y controlan el trabajo para la producción de los productos, servicios o resultados para los que se emprendió el proyecto.	Los directores de programas monitorean el progreso de los componentes del programa para garantizar que se logren los objetivos, cronogramas, presupuesto y beneficios del mismo.	Los directores de portafolios supervisan los cambios estratégicos y la asignación de recursos totales, los resultados del desempeño y el riesgo del portafolio.
Éxito	El éxito es medido según la calidad del producto y del proyecto, la puntualidad, el cumplimiento del presupuesto y el grado de satisfacción del cliente.	El éxito de un programa se mide por la capacidad del mismo para entregar sus beneficios previstos a una organización, y por la eficiencia y la efectividad del programa en la obtención de esos beneficios.	El éxito se mide en términos del desempeño de la inversión en conjunto y la realización de beneficios del portafolio.

The standard for portfolio *management* by PMI, 2017, p. 32.

With regard to Molina programs, projects and portfolios, President of the PMI (2017) says:

Projects and/or programs that are part of the portfolio are not necessarily independent. The portfolio represents a scenario of selected projects that reflect and affect the strategic objectives of the organization at a time of time, but usually with long-term projection. The discussion of the sync that must exist between the portfolio planning cycle and the organization's financial planning cycle is a complex discussion. (p. 5)

On the other hand, portfolio management produces valuable information to support or alter organizational strategies and investment decisions. All this activity integrates project management, program management and portfolio management of an organization.

According to Molina (2017), President of the Colombia chapter PMI, managing a portfolio of projects as such implies a conviction of the organization that it is necessary to optimize its resources to focus them only on those initiatives that add value to its strategy. Likewise, Molina (2017) says that "that unfortunately happens when times of crisis occur; in times of abundance you rarely come to that need. Now, some organizations that have matured in projects also arrive by natural conviction; however, there are few" (p. 6).

On the other hand, it concludes that "those organizations that decide to implement processes or methodologies in Portfolio Management are "starring" with the reality of not knowing where to start. There, the experience of people who have performed similar exercises is essential" (para. 8).

Some lessons learned in portfolio management are part of Jaime Molina's opening remand at the VIII International Project Management Congress held in Bogota in 2019.

The second lesson learned is that organizational strategy is the fundamental basis of Project Portfolio Management. The lack of a strategy leads to the loss of visibility of strategic goals and objectives and therefore of projects that would allow them to materialize. No strategy no project portfolio management... it's that simple. It's amazing, but you'll find a lot of organizations with confusion about the strategy they need to follow and if this isn't clear any effort around implementing portfolio management methodologies it won't be fruitful. The entire life cycle is born in the strategy and ends with the realization of benefits in it through the projects. It is no longer enough to do the projects well; Now, it is necessary to choose well the projects that allow, through their benefits, to achieve the goals set from the senior management.

The third lesson is that the implementation of a Portfolio Management methodology is born from senior management and not from the operational base. Unlike project management methodologies, and even program management methodologies, which can originate from the field of project management offices (PMO) portfolios must arrive from the upper part of the organization's government.

Decision-making in the selection of one or other investments or initiatives will never come from below; always from above and therefore the relevance of having a Strategic Project Portfolio Management Office (EPMO) and of course a governance model that supports those decisions. The model and type of EPMO is not minor and its possible relationship with organizational PMO should be left perfectly outlined in the governance model that is implemented. There will be an initial resistance to understanding of why these two units of work (PMO and EPMO) must exist, but in the end it will be understood that they can be one or as an evolution of the PMO. Statistics indicate that THOSE POPs that do not evolve to EPMO do not last beyond three years and those that do do only achieve their highest maturity level after the fifth year.

The fourth recommendation is that the importance of good portfolio governance should be understood. It is not a replica of the existing organizational governance model, but it relies entirely on it. A lot of time is consumed in this important step because different instances of the organization must agree on how decisions will be made. Here, egos and cravings for power normally emerge and reconcile those situations is very complex and can even lead to fruitless effort. It is actually a great challenge to achieve it, but if handled with some cunning it can be achieved. The more vertical the organization in its corporate governance model, the more complex complexity there will be in implementing the portfolio governance model.

A fifth piece of advice is that it should be understood that the project portfolio planning and execution cycle does not necessarily have to be tied to the corporate planning cycle. I explain myself about it; usually in organizations

corporate planning cycles are tied to budget cycles that in turn are heavily influenced by annual tax cycles. While companies can review their portfolios annually or when the strategy changes or is affected by externalities, portfolio planning needs to go much further and transcend those cycles so that their applicability is unaffected. If this is done, the strategy will somehow be much more shielded and portfolio management guaranteed. Understanding it and making the organization understand and assume is how difficult and this will require adjustments during some planning periods. Therefore, the implementation of portfolio models, unlike that of projects - measured in months - is measured in years. A normal cycle of adjustments in a portfolio can be three or four years at least. (paras. 9-13) .

4. Conclusions

The contributions presented by the PMI, Axelos and other authors have advantages individually. In its publications the PMI focuses all its standards on processes, while Axelos focuses them on products, however embargo the organization, is the one who selects the model to adapt to Manage its Projects, Programs and Portfolios.

Regardless of the model selected by the organization, the effective management of Projects, Portfolios and Programs, through reliable processes, will allow not only to achieve the strategic objectives but also to increase the value of the business, through the projects.

So, here's a new concept "strategic project management". This involves fundamental concepts of strategies, programs, portfolios, projects and business value. This combination provides a body of knowledge to strategic actors in order to efficiently manage their portfolio of projects focused on competitive advantage and increasing the value of the business.

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