



Challenges in Portfolio Management

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What is Portfolio Management?

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- ❖ **Portfolio Management (PfM) is a structured process that sets the direction and goals for managing capital investments and procurement or disposal of those investments.**
- ❖ **A successful PfM Practice views projects and assets as *long-term investments* that support the enterprise strategies and goals.**

PfM Goals

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❖ PfM helps ensure:

- The *right* investments are undertaken for the enterprise
- The investments are monitored on a regular basis
- Investments are integrated, for achieving the enterprise strategy
- Precious investment dollars are spent in the most effective manner.

PfM Challenges

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❖ Imbalanced or Lackluster Governance

- Authority is not equally distributed across the enterprise, i.e., balance of IT and Business oversight
- Governance decisions are not consistent or timely
- Strategic Planning is not iterated

❖ Nonexistent Investment Principles/Goals

- Fails to create a common focus
- No basis for investment selection or disposal
- Little guidance as to how to meet or comply with the set goals

❖ Lack of Standardization

- No framework for reporting investments
- “Apples to Oranges” comparison
- Difficulty controlling and measuring investments

PfM Road-Map

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1. Authority & Governance

- ❖ Establish oversight committees to approve investments from a strategic, budgetary, and technical perspective

2. Investment Thresholds

- ❖ Not all investments are the same; the level of authority, oversight, and reporting requirements should be dependant on investment risk

3. Investment Standards

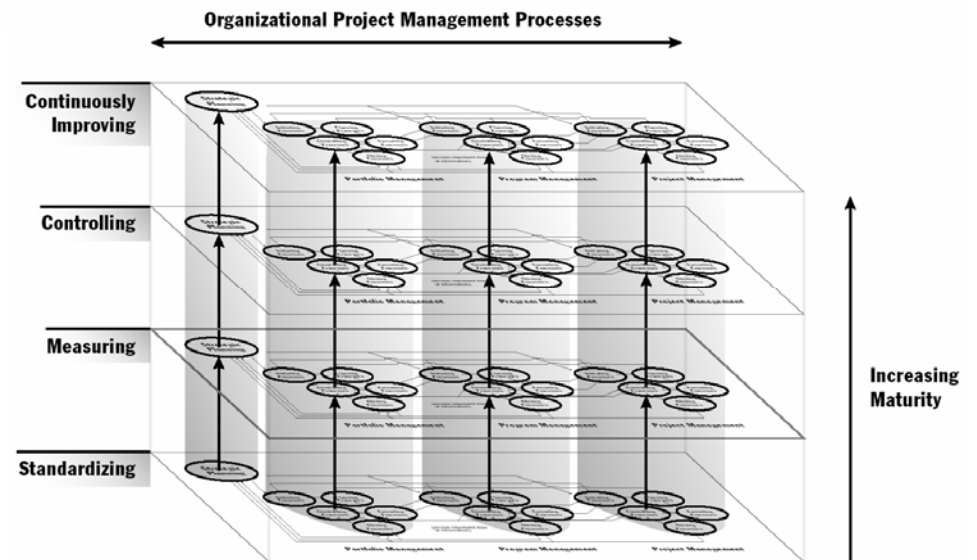
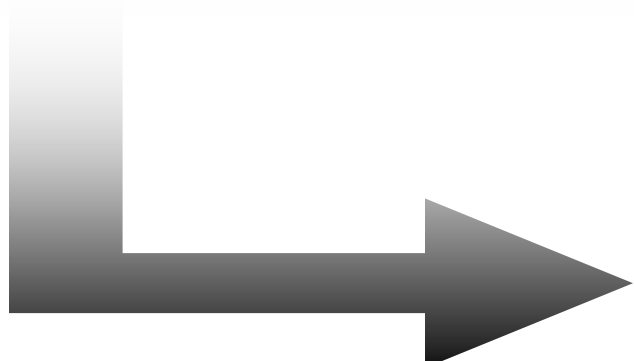
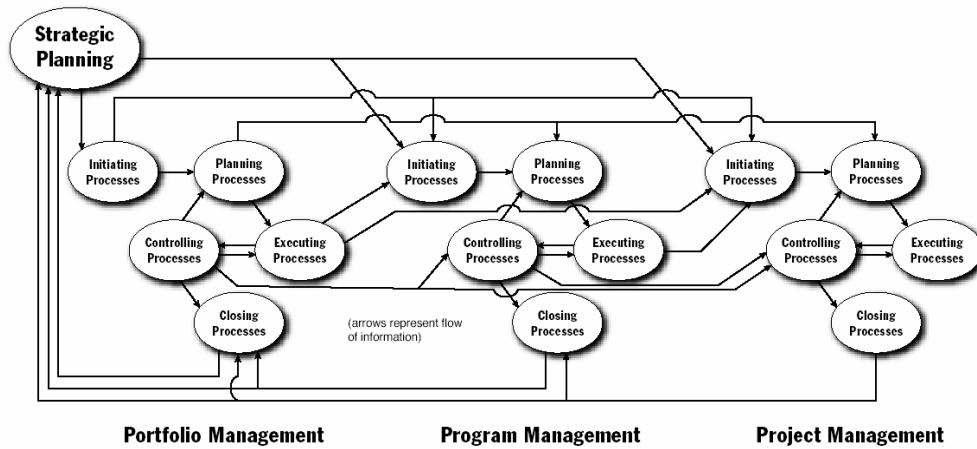
- ❖ Create standard requirements, reporting, and metrics for which all investments should comply

4. PfM Process Stand-up

- ❖ Generate PfM Guidance and Policy

PfM and OPM³ Influence

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PfM Benefits

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- ❖ **Gain control over spending and the intelligence to determine *how* to spend your investment dollars by:**
 - **Selecting the investments that best match your enterprise strategy**
 - **Creating enterprise collaboration with equal emphasis**
 - **Increasing accountability for investment risk and performance**
 - **Controlling and measuring investment management and success factors**
 - **Objectively evaluating the best fit for the enterprise.**

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Q & A

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About Chevo...

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- ❖ **Chevo Consulting (*Chevo*) is a management and information technology consulting organization based in Rockville, Maryland. *Chevo* helps our clients “*Change*” and “*evolve*” to meet the challenge of achieving operational excellence, and transform their organizations through the development and implementation of strategies, processes, and technologies that meet their objectives, fulfill their agency mission, and support government-wide initiatives and objectives.**
- ❖ **One of *Chevo*’s focus areas is Capital Planning and Investment Control (CPIC) and IT Investment Portfolio Management. We provide consulting services to our clients ranging from preparing OMB Exhibit 300 business cases, to the development, implementation, and ongoing support of agency-wide PfM and Project Management processes.**
- ❖ **Our CPIC/portfolio management clients include Internal Revenue Service, National Archives and Records Administration, Securities and Exchange Commission, and Department of Labor.**

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