

**Project Portfolio Management (PPM)**

**IT Project and Portfolio Management**

**State: New York**

**Department of Taxation and Finance**

## **Section B - Executive Summary**

In the spring of 2003, formal Project Portfolio Management (PPM) was barely a “plan on paper” for the Office of Information Technology Services (OITS) in the New York State Department of Taxation and Finance (DTF). By 2005, the process had become so successful that PPM was expanded to all Divisions in the Department, while still maintaining the focus on projects with significant technology components. Today, PPM is engrained in the culture of DTF to the point that staff cannot remember a time when PPM was not in existence.

Project Portfolio Management has ensured that Department Executives from all DTF Divisions have a forum for the active participation in the establishment of project priorities and oversight of project performance. Within the governance structure of the Executive Portfolio Review Board (EPRB), Department and Division Executives ensure that the projects undertaken support and advance the Department’s strategic goals, instead of Division specific goals.

Prior to the implementation of PPM, there was little or no collaboration between DTF Divisions regarding the assignment of IT resources to critical projects. Projects were initiated in stovepipes, without a clear understanding of the other projects already underway, and without an understanding of the relative priority among projects. PPM has shifted the responsibility of initiating projects out of the realm of IT and into a collaborative forum of DTF Executives.

The hands-down reason for our success in project portfolio management has been top level Executive support. DTF’s Executive Leadership Team understood that instituting a formal, yet flexible structure for managing scarce IT resources was essential to achieving multiple departmental goals. The Executive Team accepted the ownership of the portfolio of projects and embraced responsibility for accepting or rejecting new projects, discontinuing existing projects, and adjusting priorities among competing projects on a continuous basis. Our portfolio management process ensures that our scarce IT resources are applied to our most critical projects. The IT Department now has an active and involved partner in the Executive Team for making project decisions.

## **Section C – Description of Business Problem and Solution**

A number of business problems were addressed with Project Portfolio Management (PPM). Prior to Project Portfolio Management (PPM), there was poor coordination of staff and resources applied to projects spanning Divisions within DTF. Each Division worked their separate piece of the project with no overall coordination or management of the final outcome and deliverables. Communication within the Department about the projects was limited. DTF Divisions were “siloesd” in their vision concerning which software and which business process applications were the most critical to the organization. With such isolation between Divisions, the quest to achieve the Department’s strategic goals was stifled. Many projects were being worked which had little or no positive impact toward the Department’s Strategic Plan.

Moreover, there was no master list of the projects that were being executed within DTF. IT customers had no knowledge of whether their request was being actively worked or when it would be completed. Hence, there was ineffective use of the scarce IT resources that are required to launch critical applications and projects for DTF. Additionally, significant misallocation of resources was taking place when projects encountered problems or when more projects were present in the system than could be worked with the resources available.

The solution was to establish a formal and visible process for Project Portfolio Management. The methodologies and processes developed enable the DTF business Divisions to align their major projects, applications and initiatives with the goals of the DTF Strategic Plan. The following key deliverables were developed as part of the project:

- Created an Executive Portfolio Review Board (EPRB) and an IT Division Portfolio Review Board (IT PRB) for the governance and oversight of projects.
- Established a project acceptance/rejection process for the PRBs. The process requires the presentation of a Project Charter that describes the what, why, when, who, how, and estimated cost of the project.
- Established a project prioritization process for the EPRB. All active projects are prioritized from 1 to 50 so that DTF staff members understand to which projects they should apply their effort.
- Created a Portfolio Dashboard for quick Executive review of monthly project status. The Dashboard also serves as an early warning system for project problems.
- Established project management standards and deliverables for DTF Project Managers.

- Established an intranet site as a repository for portfolio and project documents, as well as project decisions rendered by the PRBs.
- Established a Project Management Office (PMO) to oversee the portfolio.

PPM began as a pilot project within the IT Division in 2003. In 2005, the process had become so successful that PPM was expanded to all Divisions in the Department. PPM has been operational in DTF for four years.

## **Section D – Significance of the Project to the Improvement of the Operation of Government**

Project Portfolio Management replaced a work system where requests for IT services were assigned based on perceived importance (as determined by the IT Department), as time allowed, or to silence the loudest “squeaky wheel”. Requestors of IT services did not know when their request would be completed. There were even instances when the work was completed but the requestor was never informed of the completion. Before PPM was implemented, there were over 10,000 requests for IT services, some dating back over ten years. Within six months of implementing PPM, a decision was made to delete the backlog in its entirety and replace the old list with 200 “projects”. Now four years later, the portfolio of projects is strictly managed, and averages 30 projects a year.

Project Portfolio Management contributes to the mission of DTF by ensuring that we stay focused on advancing the goals of the Department’s Strategic Plan. Our overall strategic goal is simply “That all taxpayers pay the correct tax timely”. The better we do to meet this goal, the more revenue will be generated, and the more efficiently we can operate as an organization. All projects are evaluated and undertaken in light of this goal. Project Portfolio Management ensures that we have a clear understanding of the distribution of funding and resources in light of our strategic plan.

The EPRB is composed of the top echelon of DTF leaders. Project approvals are made in consideration of resource availability, budget constraints, and in light of projects that are already underway. A decision to approve the project means that the resources and funding necessary for the project will be made available. Approved projects are also given a priority and placed within the list of already approved projects. All Department staff have access to the project priority list via an intranet web site and therefore are aware of the Department’s priorities and the various projects underway.

Project Portfolio Management has significantly improved the operation of the Department of Taxation and Finance, by simply making portfolio information available to all staff levels in the Department.

## **Section E – Benefits of the Project**

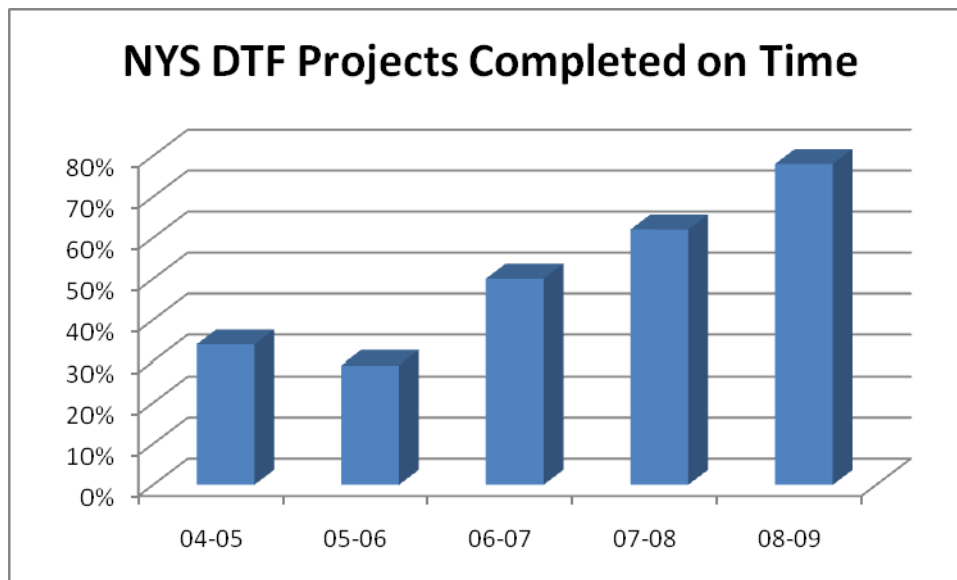
Improved collaboration among DTF Divisions. The responsibility for establishing project priorities has shifted from IT alone to a partnership of DTF Executives, Division Leaders and IT Managers. Project Managers have been empowered and granted the authority to manage project staff across Divisional lines. DTF Executives and the DTF organization can view the entire portfolio of prioritized projects via the PMO intranet site, including Project Charters, Project Schedules and monthly Project Status reports. Project information is no longer hidden. It is easily accessible, frequently updated, and available to all DTF employees. If a project encounters a problem, the Status Report and Portfolio Dashboard process provides an early warning system about the condition, thus enabling DTF Executives to respond quickly to resolve the problem. Project Managers can readily and quickly download templates and forms from the web site, which streamlines all the associated project management processes.

Improved communication within the Department about projects. At the monthly EPRB meetings, all Projects Status reports are reviewed. Each Division Director is apprised of the implementation schedule and problems that impact across all Divisions. When each Project Charter is discussed, the resource impact across all Divisions, not just IT, is estimated. This results in improved workforce planning across the entire Agency.

Streamlined, realistic portfolio. As a result of the Project Acceptance/Rejection Process, the number of new projects presented to the EPRB has decreased significantly. During FY 2004-2005, 33 new projects were approved, and the total number of projects on the portfolio was 55. In FY 2007-2008, only 21 new projects were approved, and the total number of projects on the portfolio was 28. The reduction in the number of new projects has allowed staff to concentrate on the Department's priorities and has reduced inefficiencies associated with bad multi-tasking across too many projects.

Improved accountability for project performance and results. Projects must prove their benefits and their alignment with the goals of the DTF Strategic Plan prior to being accepted into the portfolio. Line level managers and project personnel understand the Department priorities, understand they must work on the higher priority projects, and know to switch work when necessary to support higher priority initiatives. Projects are monitored regularly and consistently for progress toward successful completion. One

component of project success measured at DTF is the number of projects that finish within 10% of the estimated project end date. The chart below illustrates the outstanding improvements in project completions since the inception of Project Portfolio Management.



Transferability to other state agencies. The Department of Taxation and Finance is viewed as the leader in PPM in New York State government. This has fostered extensive collaboration with other New York state agencies. Many of these agencies are in the infancy phase of implementing not only Project Management, but also Portfolio Management. The DTF PMO staff has met with PMO staff from other state agencies to offer advice and guidance with implementing Project and Portfolio Management. Several agency executives have attended a DTF EPRB meeting. Visitors have included Executive staff from the Banking Department, Division of Criminal Justice Services, Office of Real Property Services, Office of Children and Family Services, State Police, Office for Technology, and the Department of Labor.

Advancement of the DTF Strategic Goal. The main beneficiaries of Project Portfolio Management are the DTF business areas. Our business areas are more efficient, and the systems the taxpayers utilize are faster and easier to navigate. PPM has brought greater operational efficiencies, notable cost savings and increased automation in our tax processing systems. The end result is that individuals pay their taxes with improved accuracy and timeliness. Project Portfolio Management has greatly contributed to the achievement of our strategic goal, "That all taxpayers pay the correct tax timely".