

The Savvy PMO's Guide to Prioritization

Do the right work



Prioritizing work can be hard to do when your PMO and teams are in high demand. Do you find yourself asking questions like:

- Are we saying yes to any and all work? How do we figure out what to do first?
- Or, do we just start from the top and work our way down the list, hoping that list gets smaller? Does it ever?
- How do you know if you are working on the most valuable work for the business?
- Are you starting projects but not finishing them?

According to [PMI's 2018 Pulse of the Profession](#) report, only 12 percent of PMO directors state being "excellent" at prioritizing appropriate initiatives, despite 87 percent characterizing this process as "very important" or "essential."

No matter how you score and prioritize work, you should be able to look at each project or initiative and answer this question: "What is the real value or benefit of this work and how important is it relative to other projects and initiatives?"

Even if your current prioritization process seems to be effective, there's always an opportunity to improve the speed at which your organization can respond to change. As a Savvy PMO, follow these steps to continuously improve and move with agility to deliver business outcomes that matter most.



Check out the interactive checklist at the end of this guide. Use it to evaluate your prioritization processes to become a Savvy PMO.

Now let's get savvy with prioritization!



1 GET CONFIDENT: Prepare to Prioritize

Effective scoring and prioritization requires an established process and just enough governance involving the right people, criteria, timing, and methods. As a Savvy PMO, consider setting up and using a checklist to assemble the right group of people for an effective prioritization process. Customers tend to have a mix of prioritization criteria and categories, assigning relative weights per their business needs:

Prioritization Checklist Elements

<p>Who:</p>	<p>Identify who will have a say in prioritizing.</p>	<p>Involve those who have the expertise to properly evaluate prioritization drivers. Be sure to include knowledgeable stakeholders from other teams and departments. Savvy PMOs are confident and they effectively evaluate the prioritization drivers to make objective decisions.</p>
<p>What:</p>	<p>Specify your prioritization drivers based on the company's business goals. Leadership buy-in is essential.</p>	<p>Consider criteria such as:</p> <ul style="list-style-type: none"> • Financials: Expected Cost, Return on Investment (ROI), Net Present Value (NPV), Payback Period, Revenue Growth, and other financial metrics • Business Objectives: Strategic Alignment, Customer Focus, Service Improvement, Risk Reduction, Innovation, Market Growth, and Digital Transformation • Driving Factors: Complexity, Technical Risk or Debt, Efficiencies, Legal Compliance, SOX, and Regulatory Compliance
<p>When:</p>	<p>Determine the best timing for prioritization. The nature of the work and stakeholder involvement will drive this. Establish a prioritization schedule from the start.</p>	<p>The need for speed is crucial as change occurs and priorities shift. The "once-a-year" prioritization exercise isn't realistic anymore. Savvy PMOs help their organizations become more adaptable, constantly re-evaluating and making adjustments to their priorities to suit the shifting needs of the business.</p>




"Getting the requisite business

and technology stakeholders together to view planned portfolios provides immediate cross-functional feedback, gains buy-in, and identifies dependencies and constraints before you begin to execute. This provides a forum to clarify key success factors, value-based metrics, and risks – and creates alignment quickly."

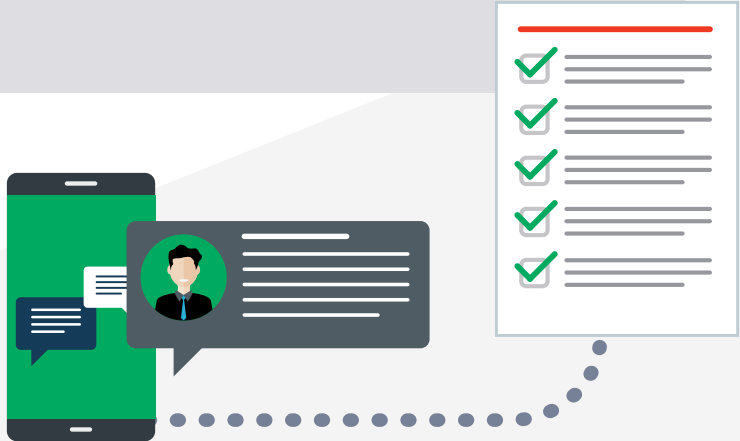
– Forrester: Eight Steps To Optimize Strategic Portfolio Management

Prioritization Checklist Elements (Continued)

<p>How Often:</p>	<p>Assess which scoring frequency best aligns with your organization's pace of change:</p>	<p>1. Annually / Quarterly:</p> <p>The focus here is on key organizational initiatives or large projects. By using scoring in the portfolio planning process, your organization will better understand and document the relative importance of strategic projects and initiatives. The benefit is better prioritization decisions and instituting a baseline for evaluating new demand for work.</p> <p>2. Monthly or More Frequently:</p> <p>In the face of constant change, Savvy PMOs continuously iterate, revisit assumptions, and adjust as needed. They collect work requests and prioritize regularly (bimonthly, monthly, or more). This enables the organization to adapt more quickly to new information and demand as well as exploit emerging opportunities.</p> <p>3. Ad Hoc or Ongoing:</p> <p>For ad hoc requests, scoring enables your PMO to determine if a project has enough merit to replace projects in flight. Ongoing is relevant to organizations that have a steady work intake and include prioritization as part of the request workflow process. They pull projects in as the capacity and schedule allows based on the assigned work priority.</p>
<p>How:</p>	<p>Recognize how best to aggregate work for evaluation and prioritization by determining your work intake process</p>	<p>Working from a centralized intake process enables you to prioritize and plan a portfolio you can deliver based on capacity. Route requests through the system and re-prioritize frequently. When new demand arrives, Savvy PMOs re-evaluate and manage the plan on an ongoing basis.</p>



Exercise: Think about and write out the factors from the chart that impact how you want to do prioritization. Ask your stakeholders what matters most to them, and fold that into your checklist.



2 GAIN KNOWLEDGE: What Prioritization Scoring Method Best Suits Your Organization?

Once you've identified the factors that you feel are important to weigh in on your prioritization process, as a Savvy PMO, you will continue to make minor adjustments and explore different scoring approaches. Imagine how much more valuable your PMO will become when you champion ways to become more effective and efficient! When requested work is scored based on an accepted scoring framework, you can confidently prioritize the highest value work, in-line with your business goals.

Experiment to find the approach that best suit the needs and culture of your PMO and organization. Start with a simple approach to kick things off – over time, plan on iterating or adding to the process. You don't need to take on too much at once, especially if your organization is not ready. So, take smaller steps, involve others, ask for feedback, and plan your path to get there.

To help get you started, here are three prioritization method options to consider:

Rank Order or Sequential Prioritization

This simple approach to prioritize uses a range or buckets for prioritizing work. It involves using course categories such as High, Medium, Low or a range from 1 to 10.

Pros

- Simple – easy to see above and below the line
- Provides high-level agreement on priorities

Cons

- Falls short on objectivity: Often, there is loose or no set criteria for putting work into a bucket or giving it a score. This leads to subjectivity and inconsistency across the organization.
- Can be hard to do when comparing large amounts of work.
- Can be difficult to determine the cutoff point. For example, which of the "Mediums" will be done when you can't do them all?

Rank	Description	MRP	Problem Net Value	Alpha Factor	Program	Budget	Expense	Labor	ROI	Problem Net Value	ROI
1	Mobile App Software Dev	\$1,000,000	500	1.5	Enterprise Software Suite Tools	\$500,000	\$200,000	\$400,000	50%	\$1,000,000	50%
2	Mobile App Software Dev	\$1,000,000	450	1.4	Enterprise Software Suite Tools	\$500,000	\$180,000	\$320,000	45%	\$900,000	45%
3	Mobile App Software Dev	\$1,000,000	400	1.3	Enterprise Software Suite Tools	\$500,000	\$160,000	\$340,000	40%	\$840,000	40%
4	Mobile App Software Dev	\$1,000,000	350	1.2	Enterprise Software Suite Tools	\$500,000	\$140,000	\$360,000	35%	\$860,000	35%
5	Mobile App Software Dev	\$1,000,000	300	1.1	Enterprise Software Suite Tools	\$500,000	\$120,000	\$380,000	30%	\$880,000	30%
6	Mobile App Software Dev	\$1,000,000	250	1.0	Enterprise Software Suite Tools	\$500,000	\$100,000	\$400,000	25%	\$900,000	25%
7	Mobile App Software Dev	\$1,000,000	200	0.9	Enterprise Software Suite Tools	\$500,000	\$80,000	\$420,000	20%	\$920,000	20%
8	Mobile App Software Dev	\$1,000,000	150	0.8	Enterprise Software Suite Tools	\$500,000	\$60,000	\$440,000	15%	\$940,000	15%
9	Mobile App Software Dev	\$1,000,000	100	0.7	Enterprise Software Suite Tools	\$500,000	\$40,000	\$460,000	10%	\$960,000	10%
10	Mobile App Software Dev	\$1,000,000	50	0.6	Enterprise Software Suite Tools	\$500,000	\$20,000	\$480,000	5%	\$980,000	5%

Drive ranking and prioritization using an objective, above/below the line method to quantify investment value

Calculated or Weighted Scoring

Like ranking order, this method is a straightforward approach that uses weighted scoring to represent the relative value of a project against the organization's goals as a whole. It brings together a single set of multiple criteria to derive priority. It's basic. One person or a group of people can complete it with ease.

Projects are scored with a numerical value for different weighted categories, with each having a scoring criterion where more important categories receive a higher weight. For example, your organization may feel that strategic value is more important than risk. In that case, strategic value receives a higher weight.

This is similar to a grade point average (GPA) earned by students, where each class is weighted based on the credits or units it provides. While the grade (A through F) for each class counts toward the GPA, higher credit classes carries a greater weight on the overall GPA.

Pros

- Fairly simple
- Can use multiple sets of criteria to derive priority
- Can represent and weight your prioritization drivers in a single calculation

For example, for prioritization of work related to our customer enhancement requests, use a WSJF (Weighted Shortest Job First) calculation:

$$WSJF = \frac{(User\ Business\ Value + Time\ Criticality + Risk\ Reduction-Opportunity\ Enablement\ Value)}{Job\ Size}$$

- Can be further enhanced by allowing several stakeholders to score the categories for each project
- This provides an average weighted score that accurately represents the interests of different functional groups or stakeholders
- Works well as part of a work intake process

Cons

- Ignores resource constraints: The "right" projects may be ranked based on business needs, but that does not mean your organization has the capacity to take on all high-scoring projects
- The work required may not outweigh the benefits, especially if multiple stakeholders are involved

The screenshot shows a software interface for project scoring. At the top, a table lists project items with their WSJF scores. Below this, a 'Weighted Shortest Job First' window shows input fields for Job Size (3), User Biz Value (5), Time Crit (20), and Risk Red-Oppty (1), resulting in a WSJF score of 8.67. A second window, 'Add Score to Request Marketing - Rewards Programs', displays 'Basic Information' and a 'Score Values' table.

Category	+/-	Category Score	Criteria	Value
Risk	+	10	Work Complexity (NPD)	4.0 - Medium Complexity
			Work Risk (NPD)	6.0 - Medium Risk
Benefit/Revenue	+	16	Brand Alignment	3.0 - Low Impact on Brand
			Competitive Advantage	7.0 - Substantial Advantage
			Benefit (Revenue)	6.0 - Moderate Revenue Growth

Leverage scoring criteria to calculate based on strategic alignment, customer benefit, work complexity, and work risk



"Some organizations lack a logical, systematic way to periodically evaluate and prioritize their portfolios, which means they may continue to fund the wrong type of initiatives."

– Gartner: How PPM Leaders Can Use Zero-Based Prioritization to Refocus Their Portfolios on Strategic Business Initiatives

Scoring with Constraint Analysis

This method considers factors for scoring against people and resource constraints, so you can identify gaps, adjust schedules, plan appropriate actions, and onboard additional resources when possible. It uses an optimization parameter, proposed cost and date information, and resource availability to prioritize (and propose schedules for) work.

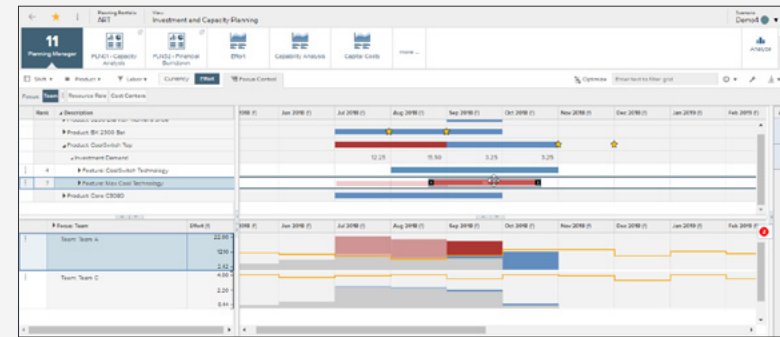
This approach is what the Savvy PMO strives to incorporate as a best practice because scoring balances both financial and people resources. If, for example, you are only prioritizing on financial resources, you may find gaps in the availability of team members to execute the work. This approach helps identify and close the gaps – bringing both resource types into consideration so that all basic work and resource information is represented in the system.

Pros

- You are able to ensure that financial, date, and resource constraints are considered
- Helps your PMO maximize the value of project portfolio by selecting projects for execution based on value and what your organization can get done

Cons

- For optimal results, requires continually updated data
- Requires effective resource planning
- Involves diligent capacity planning



Filter and score based on capacity and demand by category (including labor, capital, expense, or benefit)



Did you know? You don't have to choose one scoring method for all of your projects. It's not a one-size-fits-all scenario.

Savvy PMOs use different scoring profiles, or a combination of scoring methods, to prioritize for different teams, departments, or types of projects and programs. Each prioritization plan should account for the variables that are best suited for a type of portfolio (such as growth, keep-the-lights-on, regulatory/compliance, or innovation, etc.).



3 BE PERSISTENT: Continuously Act, Evaluate, Revise, and Evolve

For PMOs Not Using Constraint Analysis Scoring

Your leaders may believe that all work included on the prioritized list will be completed. With that said, try to only include those priorities that can be actually achieved. Savvy PMOs set expectations based on schedules and resource availability and communicate what can be realistically delivered. While lower priority work may have to wait in the current cycle, it can be considered for prioritization in future cycles.

Monitor Progress and Verify That You Are on the Right Track


After work starts, you may discover that projects are of lower value than originally classified. Savvy PMOs stay on top of actual progress against the plan.

When is the Retrospective?

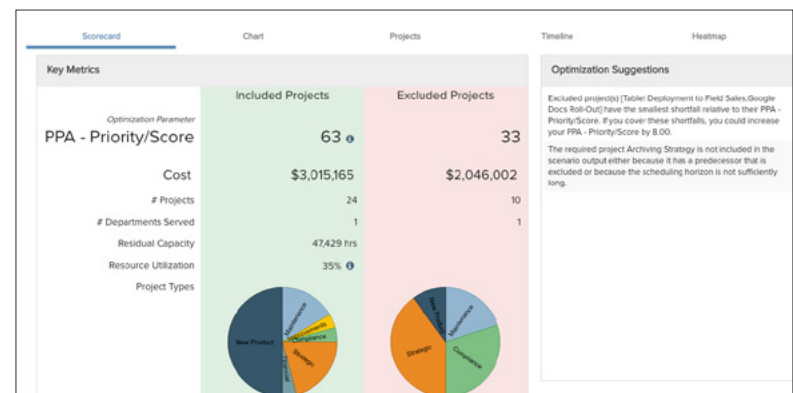
Once projects are completed, ask: “Does the outcome reflect initial prioritization?” If not, you may need to adjust the prioritization method and/or criteria. Aim for progress and iterate – go back to the previous steps and modify to see what might work better the next time.

Be Adaptable: Follow up as Business Drivers Shift Your Prioritization Plans

As business drivers change, what and how you prioritize should also evolve. Your process and prioritization drivers should reflect changes in business objectives and goals, market conditions and customer demands, and other external and internal developments. This approach means that you don’t have to have everything figured out. It allows you to adapt as you learn, taking advantage of lean and iterative practices promoting continuous improvement.

 **Note and document where work stalls or is no longer aligned to the strategy and gain the buy-in to stop wasted time and efforts; then fill out an action plan to make room for the higher value work.**

What’s your action plan?



Use prioritization capabilities to build scenarios, do what-if analyses, including your most critical factors and scoring

4 MAKE THE CASE: Realize the Payoff of Maximizing Business Value

Organizations that practice continuous scoring and prioritization increase their chances of completing valuable projects that align with business or organizational goals through changing business environments. An effective process can:

1. **Improve decision-making.** With a systematic prioritization process, decision making is:
 - Objective and ideally unbiased
 - Repeatable and consistent
 - Transparent
2. **Ensure focus on the highest value work.** The ability to score and prioritize from the initial request through delivery enables you to align, prioritize, and re-prioritize.
3. **Lowens risk.** Savvy PMOs who score and prioritize continuously, are constantly evaluating the work – allowing teams to focus on the valuable work which most contributes to achieving the established objectives and goals while also diminishing harmful risk factors.
4. **Assign the right people, teams, and other resources to the right project work.** Combining prioritization with resource management enables the highest value work and the opportunities to identify dependencies.
5. **Highlight the value of your PMO.** Rather than not delivering because of over-commitment, Savvy PMOs deliver value based on business outcomes (i.e. growth, profitability, and customer loyalty) rather than just project outputs (i.e. on time, on budget, lines of code, number of new products). This connects strategy with delivery to meet strategic business goals.



Bring to light the great things that you and your PMO have achieved by driving efficiency, effectiveness, and more with improved prioritization!



“Prioritizing increases the success rates of strategic projects, increases the alignment and focus of senior management teams around strategic goals, clears all doubts for the operational teams when faced with decisions, and, most important, builds an execution mindset and culture.”

– HBR, *How to Prioritize Your Company's Projects*



Prioritization Checklist for the Savvy PMO

Fill out this checklist to evaluate and improve on your own prioritization processes.

1. GET CONFIDENT

Prepare to Prioritize.

Identify:

Who:

What:

When:

How Often:

How:

2. GAIN KNOWLEDGE

What Prioritization Scoring Method Best Suits Your Organization?

Choose one:

Rank Order or Sequential

Calculated or Weighted Scoring

Scoring with Constraint Analysis

Combination:

3. BE PERSISTENT

Continuously Act, Evaluate, Revise, and Evolve:

Monitor Progress

How Often:

Conduct a Retrospective

4. MAKE THE CASE

Realize the Payoff of Maximizing Business Value

By improving prioritization for my PMO, we will be able to:

1)

2)

3)

Partner with Planview and Be Savvy with Prioritization

Here's the good news – you can get started right away and take these steps to create incremental improvements in your prioritization process! That's right – you don't have to wait! The reality is, however, that process will only get things so far. At some point spreadsheets and point-project management tools no longer suffice.

A Savvy PMO is able to uncover the right data and leverage it to build impactful and valuable analysis, which is as critical as delivering the work itself as the needs of the business change. This requires continually evaluating initiatives based on criteria such as technical viability, financial impact, resource capacity, complexity, risk, and commercialization success and bringing these factors into the greater picture. Start with the steps to prioritization outlined in the guide, and work from there.

Expect more of your PMO's portfolio management solutions – you will want to be able to create various scenarios and compare them frequently to achieve the greatest value. Envision having the mechanics to look forward as you continually improve and plan – and not looking backwards for the sake of simply “tick the boxes” and doing “good enough” prioritization. It's so much more than that – be empowered to

identify promising opportunities and predict any potential roadblocks or risks. Then, use this knowledge and pivot quickly to exploit these high-value opportunities.

Now that you've learned about Prioritization, read the next two Savvy PMO Guides in this series:

- [Savvy PMO's Guide to Demand Management](#)
- [Savvy PMO's Guide to Resource Planning](#)
- [Savvy PMO's Guide to Visibility and Reporting](#)

One more thing... with over 30+ years in the market, Planview has gained the knowledge and experience from working with thousands of PMOs who have been in your shoes. These Savvy PMOs integrate planning and delivery and confidently deliver high-value work that matters to their business. Get Savvy – Partner with Planview® and take advantage of best practices, guidance, frameworks, and support for your constantly improving organization and connect strategy to delivery across the business.

Want to learn more about how you can become a Savvy PMO?
Visit [Planview.info/savvy-pmo](https://planview.info/savvy-pmo).