

Enterprise Portfolio Management Enhances Decision-Making



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Problem to Solve

What worked in the past for a health care organization when it was less complicated could not be expected to work well into the future – particularly regarding significant capital decisions.

A leading health system could no longer manage large-scale projects as if it were its older, smaller self. The system lacked an overarching view of the type, size, duration and risk of its biggest investments. Downstream, this lack of transparency led to unexpected and unplanned financial and operational impacts. Decisions were not consistently well-communicated, resulting in costly additional work and staff frustration.

The health system’s leaders knew they needed a better way of evaluating and managing high-priority projects across the organization in order to prioritize their resource allocations, timing and capacity. The system turned to Freed Associates (Freed) for help designing and developing an enterprise portfolio management (EPM) program to ultimately guide the system’s project investment decisions. Freed was chosen for its familiarity with this organization and for its prior experience designing EPM programs.

Strategy and Tactics

Fundamentally, EPM is a set of interrelated information-gathering activities and processes systematically applied

to an organization's investment decisions. Rather than making major project decisions ad hoc or without enterprise-level context, decisions within EPM are viewed as part of one overarching portfolio. The goal of EPM is to maximize the strategic business value and impact of all major projects across the enterprise.

The health system wished to leverage a preexisting Lean problem-solving methodology to evaluate the operational, financial and organizational impacts of its investment decisions. Freed's task was to find ways to improve these decision-making processes.

In conjunction with the client, Freed began pursuing three primary objectives:

1. Increasing cross-functional stakeholder engagement in identifying project impacts and costs
2. Enhancing and standardizing information and processes used to evaluate project opportunities
3. Improving internal visibility into in-flight work across the organization and enabling portfolio-level decision-making

Multiple barriers stood in Freed's way of quickly achieving these objectives. These barriers included gaining support from many different types and levels of executive leaders across the organization, including some who were not aligned with the system's decision-making problems or proposed EPM solution. There were also inherent change management issues, as adopting an EPM approach would entail changing past practices in staff decision-making and communications.

Freed designed and facilitated three separate brainstorming workshops with the system's senior executives and vice presidents to define the scope, scale and desired outcomes of this project. Based on this input, next was designing and developing a multi-phase rollout strategy for EPM within the system. This would include a revised project intake and vetting process, more standardized project proposal documentation and a system-specific project inventory listing key criteria for evaluation.

In conducting this work, Freed identified the following key improvement opportunities within the system's project decision-making and executing processes:

1. **Executive-level decision-making** – Improve the efficiency and effectiveness of proposing and making decisions on major investments
2. **Communications** – Deliver clearer, broader and more efficient communications regarding the underlying organizational strategy and rationale around key decisions
3. **Resource management** – Consider more purposefully the resources needed to execute on major decisions and the operational impacts of such decisions
4. **Leadership** – Enhance the engagement and empowerment of managers affected by major decisions, in order to improve these leaders' effectiveness

To support these efforts and begin the task of EPM rollout and implementation, Freed created a library of resources for the client's use. This included an EPM charter, program communication plan, a project approval matrix and map of EPM process flows (from intake through approval), and an EPM master calendar and portfolio reports. To support project intake, Freed created specific templates for proposals, proposal-scoring, proposal vetting and project scoping/kick-off. Additionally, Freed developed a detailed roadmap to expand the client's EPM capabilities and improve its management of portfolio risk, tracking of project results, and linking of project investment activities to strategy.

Results and Conclusion

Freed delivered to the health system the EPM structure, processes and resources it needed to gain foundational portfolio management capabilities for its large-scale projects and initiatives. This effort yielded several auxiliary benefits to the system, including providing leadership below executive level with a greater voice and earlier engagement in the decision-making process. It standardizes the decision-making information presented to the health system's review and approval authorities. It also improves visibility into inflight work and capacity constraints in the system.

The EPM program will give health system employees increased transparency into the processes and criteria driving major investment decisions. Ultimately, this will translate into better project outcomes with an improved impact on the organization's business strategy and return on investment.