

Mid-Year Portfolio Reports

When we embark on training in Portfolio Management, we always start with renowned wisdom to encourage our trainees to think and embrace the training objectives. Dealing with data is at the core of our portfolio management, which means reporting the true history. As we present the first slide, we often include powerful quotes like Theodore Roosevelt's insightful words: "The more we know about the past, the better prepared we are for the future." Alongside it, we remember James A. Garfield's reminder that "The truth will set you free, but first, it will make you miserable." Finally, Winston Churchill's words resonate, reminding us that "A lie gets halfway around the world before the truth has a chance to get its pants on."

Regrettably, in our journey through project management, we often encounter the tendency to hide painful truths. Some project leaders, contrary to best practices such as reporting by exception, fall into the trap of optimism bias or, worse, resort to various disguises to conceal the truth. Weekly and monthly reports can sometimes reflect this unfortunate reality. However, two significant milestones eventually bring the truth to light: the mid-year report and the end-year report.

As we approach the end of the financial year in Australia on June 30th, and simultaneously mark the mid-year in the Middle East, we find ourselves at a critical juncture. The mid-year report, a month and a half away, is currently under preparation. We may be tempted to present a report suffused with hundred of pages (to make it more difficult to understand the situation) with the sweet flavour of icy watermelon in the executive report to gain acceptance. However, we must remember that the truth will prevail, just as the Holy Quran reminds us: "Let them eat and enjoy; and let their hopes deceive them; soon they shall know." It serves as a reminder that without changing what it drove us to this point, negative outcomes will inevitably surface.

These milestones reports for mid-year reports, annual plans, budget spending, delivery progress, and a comparison against baselines and commitments, whether periodic or final, demand a thorough real review for it. However, it is crucial to acknowledge that it is not all doom and gloom. We must take the time to congratulate the project teams that have successfully delivered their plans and budgets, achieving variations of less than 10%. Equally important, we should commend those who prioritize transparency in their reporting, regardless of the outcomes.

Unfortunately, we are willing to bet a million dollar that if we were to read all the reports as decision-makers, they would avoid admitting failure to deliver the planned budget or progress. Instead, we would find justifications for delays, cost overruns, and pleas for additional funds and extra budgets.

At the same time, we must be fair in recognizing the struggles faced by project teams in different organizations. According to the PwC 2022 Survey Report, these challenges fall into three main categories: people, technology, and structure/processes. The survey highlights the difficulties in recruiting and retaining highly skilled employees, accurately estimating costs, and establishing effective governance and risk management. These are among the obstacles we encounter in developing efficient project portfolio management.

One critical aspect of effective governance is the establishment of a robust business case, showcasing changes from the project's conceptual stage to the present. This business case provides the quantitative analysis required to justify any budget overruns resulting from modifications made to cover unexpected circumstances or, in some cases, a budget blow-up that jeopardizes project benefits and outcomes.

Of course, there is always another side to the story. Qualitative key performance indicators (KPIs) come into play, particularly when assessing the project's broader economic impact. Measuring this impact can be challenging until the project is operational, generating profits or employment opportunities. It has been argued that allocating budgets directly to employees would yield greater benefits. Balancing quantitative and qualitative factors allows for a comprehensive understanding of project performance which also should be published in the reports.

Having said the above, to promote transparency and prevent the concealment of project challenges, it is imperative to discuss more the findings from the PwC 2022 Survey Report. The report highlights the struggles faced by project teams in various organizations, shedding light on the key obstacles within people, technology, and structure/processes.

Within the people category, one of the prominent challenges identified is the difficulty in recruiting and retaining highly skilled employees. This issue directly impacts project success, as the expertise and capabilities of the team play a crucial role in delivering projects on time and within budget. Additionally, accurately estimating costs emerges as another significant hurdle. Developing precise cost estimates requires a deep understanding of project requirements and a comprehensive analysis of potential expenses. Lastly, creating suitable governance and risk management processes proves to be a challenge for many organizations. Establishing effective frameworks to mitigate risks and ensure proper project governance is vital for project success. Acknowledging and admitting these points, is the way to fix the future.

These findings call for a reevaluation of project management practices and the need to emphasize transparency and accurate reporting. By implementing best practices and encouraging open and honest communication, organizations can address these challenges head-on. A culture of transparency fosters an environment where the truth is valued and encourages project teams to report issues promptly, enabling timely interventions and corrective actions.

In light of these insights, it becomes evident that effective governance demands the presence of a comprehensive business case that traces the project's evolution from its conceptual stage to the present. This business case serves as a quantitative analysis tool, enabling decision-makers to assess the validity of budget overruns against the project's adjusted parameters. It helps distinguish between necessary adjustments to cover unforeseen circumstances and budgetary deviations that may compromise the project's intended outcomes.

Moreover, it is crucial to consider qualitative key performance indicators (KPIs) alongside the quantitative analysis. Qualitative KPIs allow for a broader assessment of the project's economic impact, which may extend beyond direct financial returns. Evaluating factors such as job creation, community development, and social benefits provides a more comprehensive understanding of the project's overall value even with difficulties to give a final determined judgment.

By integrating these insights into our project management practices, we can foster an environment where transparency, accountability, and learning from history are prioritized. Projects will be better equipped to deliver on time and within budget, ultimately benefiting all stakeholders involved. Let us embrace this culture by getting the professional who are committing to transparency towards a future where project success is built on a foundation of openness and informed decision-making.

Best wishes for you all.

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