The Color-coded Portfolio – Where is the Balance?
By Gareth Byatt, Gary Hamilton, Jeff Hodgkinson

Regardless of whether you are a seasoned project manager or you are embarking on your first project, the use of "color indicators" or "symbols" to indicate the health or status of a project (or a program or portfolio) is most likely something you will relate to. We have touched upon it in a previous article titled "What Makes a Good KPI Framework". The use of colors and symbols for project dashboards, project health, and project portfolio reporting is commonplace today in project and portfolio management. Whether or not you use traffic signal lights (i.e. Green, Amber, and Red) or other colors, the symbolism is the same. As an example, in the Green, Amber, and Red scenario, Green indicates "all is well", Amber indicates corrective action is warranted, and Red indicates an important risk, issue or several of either need to be addressed and resolved. We support and encourage the use of this type of practice.

When you look into your organization's portfolio, what do you see? Do you see a high portion of the same color (if colors are being used for metrics tracking) or a virtual rainbow spanning the reporting status spectrum? We contend that the key to using such status indicators is that they need to represent an accurate picture of health that can in turn provide a mechanism to enable "the right people to ask the right questions and get the right support", to ensure work is appropriately managed. Having a large percentage in the "all is good status", while it may appear good, could be a symptom of other issues. Let us elaborate.

To begin, let's consider the purpose of project status indicators and why they are used. It is important that the agreed status (be it a Red light or something else) that signals "alarm bells" is not seen as an indication of poor project management or as poor performance by the project manager.

Status indicators are akin to warning bells on a ship. If you were traveling on an ocean liner, and a bell sounded indicating the ship was veering off course, would you rather know early, or wake to find the ship was in the Arctic when you were bound for the Caribbean (OK, this is a rather far-fetched scenario, but you see what we mean)? Project status reporting is similar in principle. If used properly, a project status report should provide early signals about the need for any corrective action and allow recovery back to the planned course (or an accepted re-baseline) with the least amount of variance.

A project manager who is reporting that a project is outside of the "all is well" boundaries of performance is raising the flag or sounding the alarm that the project is not progressing as planned, and corrective actions are warranted. The reasons why the project is "off course" may be outside the span of control of the project manager, or they may be within their control. The project manager is doing their job by sounding the alarm and aiming to ensure that sensible discussions can be held at the appropriate time to resolve the matter. Early detection of veering off course and quick action to head off impending problems is vital to minimizing the likelihood of problems that, if left alone, will negatively impact success. The Code of Ethics of institutions such as the Project Management Institute (PMI) supports accurate and timely reporting on projects.

At any given time, even the most seasoned project manager operating in an organization that has mature PMO and project management processes will have a project that sails into choppy waters. By definition, projects achieve something new, and there is no formula for guaranteeing the success of new initiatives (although it is of course important to learn lessons from previous initiatives). How your organization recognizes and re-

sponds to such challenges speaks volumes about the processes you operate. As a "thinking framework", we have provided a matrix and project status indicator format as an example at the end of this article.

There is no one magic ratio to indicate a healthy portfolio, program or project. Do you have standard rules (or metrics) to determine the indicator for each aspect of your project, or is it at the Reporter's discretion to decide? This can be an important factor in how consistent your project status indicators are when you are reviewing a program or portfolio. Assessing against common standards is important. It is also important to understand the nature of the projects (their size, complexity, and risk). For example, you may have a high percentage of projects in the "all is well" category, yet these could all be low risk projects.

Maybe one of your projects is an "outlier", but it is much larger or riskier than the rest and could have a much bigger impact to your organization if it goes wrong. And size isn't the only determinant of risk. Maybe one of your projects is small yet its success determines the success of many others, thereby being disproportionately important relative to its size. The concentration of summary status within a portfolio offers as much information about the organization assets as it provides about an individual project and the abilities of your project managers to manage their projects.

In conclusion, a portfolio at any given time will have a mix of projects, each with their particularities and status against metrics. The way that you use status indicators for reporting project performance and to anticipate future outcomes is an important mechanism to managing a portfolio. Instead of measuring a percentage of projects that are in the "not all is well" status, consider measurements such as how long projects stay in all types of status during their life, perhaps tracking it graphically. The duration of time that projects stay outside of an "all is good" (or whatever term you use) status may be a more telling measurement of project health than solely measuring the status of individual projects as a snapshot. If projects linger in "below par" status, it could be a signal of how your organization is responding or not to key actions required, or the project(s) not receiving needed resources or assistance. This may need calling out.

Example Matrix and Indicator Framework

Summary Arrow Options	Arrow Meaning Trend	Period -to- Period	PM Confidence	SPI (Schedule)	CPI (Cost)	TPT (Weeks)
↑	Good-Up	Better	On Track: No impact	>.90	>.90	<26
→	Good-Steady	Same				
↓	Good-Down	Worse				
↑	At Risk-Up	Better	Warning: Possible impact	>.75 <.90	>.75 <.90	>26 <28
→	At Risk-Steady	Same				
↓	At Risk-Down	Worse				
↑	Trouble-Up	Better	Problem: Will be impact	<.75	<.75	> 28
→	Trouble-Steady	Same				
↓	Trouble-Down	Worse				
—	On Hold	On Hold	No status	N/A	N/A	N/A

Explanation:

There are several parameters that can be used for inclusion by the program/project manager to determine the proper 'classification' of their project at any given reporting interval for the regular status report. The up or down arrows indicate if there is an improvement or decline from the prior report given all the indicators for

the project. It is an 'informed' judgment call by the program/project manager but any/all predictive information should also be included.

Example Parameters:

Of course, you can have your own but our suggestions here are:

Metric	Explanation	Boundaries
PM Confidence	Current overall health of the project	Green state: the project is healthy Yellow state: the project is in trouble but recoverable Red state: indicates the project is failing
SPI	Schedule Performance Index	As shown in the matrix
CPI	Cost Performance Index	As shown in the matrix
TPT	Throughput Time	Based from the estimated completion date and SPI for the schedule delay

Clarifications:

As a rule, a project or program status should <u>not</u> change by one level week to week unless a significant change has occurred, either beneficial or detrimental to the overall project 'health' (one level meaning ➡ to ⬇ or ⬇ to ⬆). Any declining status should include the reasons as to why in your status reporting.

1) A sudden change from ⬇ to ⬆ (as an example) could be a 'flag' to hold a management meeting to understand the cause and agree on a mitigate remedy.

2) Any status of ⬇ or less could be highlighted in a weekly critical issues/exception report and a mitigation strategy will be discussed with management.

3) A confirmed schedule slip or unplanned loss of resource occurring in the week that remains unresolved in the same week is a definite yellow or red condition depending on the impact and severity to the project overall.

4) Any stakeholder can make a recommendation, but the program/project manager owns final determination of the arrow condition of their project and is accountable for communicating the reason(s) why and any mitigation actions to resolve problems.

5) Any yellow or red condition remaining for "X" consecutive weeks, regardless of the improvement trend, may justify management intervention to determine why and to outline clearly what steps are needed to get into the green ➡ or ⬆ condition.

6) Project managers need to be accurate in their assessment of the project condition. To that point, a yellow or red flag should not be a perception of their performance, since in any project unanticipated issues and factors outside the direct control of the project manager can and do occur. Any performance judgment will focus solely on their accurate assessment of the reasons or cause and their progress in working the mitigation items to resolve.

7) Finally, all updates should be done on a regular basis (for example, by Monday noon each week) and actively reviewed by an appropriate person/team.

Article Author Bios as of March 2011

About The Article Authors, Their Roles Their Plans, And Their Goals	Gareth Byatt, Gary Hamilton, and Jeff Hodgkinson are experienced PMO, program, and project managers who developed a mutual friendship by realizing they shared a common passion to help others and share knowledge about PMO, portfolio, program and project management (collectively termed PM below). In February 2010 they decided to collaborate on a five (5) year goal to write 100 PM subject articles (pro bono) for publication in any/all PM subject websites, newsletters, and professional magazines / journals.

They have been translated into Arabic, Czechoslovakian, French, German, Italian, Spanish, Portuguese, and Russian and published on websites in Australia, Brazil, Canada, Czech Republic, France, Germany, Hong Kong, Italy, India, New Zealand, Poland, Russia, Turkey, UK, and the USA.

Their mission is to help expand good program and project management practices by promoting the PM profession; to be a positive influence to the PM Community; be known as eminent influencers of PM practices; and in earnest hope readers can gain benefit from the advice of their 60+ years of combined experience and expertise (and the expertise of co-authors who write with them on certain articles and subjects).

Although all three are well credentialed, together they have the distinction in particular of being 3 of only 25 worldwide that hold the Project Management Institute's PMP®, PgMP®, and PMI-RMP® Credentials. Gary and Jeff have all five (5) of the PMI 'Family of Credentials'. As of December 31st, 2010, PMI confirmed we were the only two individuals with that achievement.

Along with writing articles, each also champions a role in the overall writing program collaboration process:
→ Gareth manages all requests for additional guest author collaborations
→ Gary manages the article development tracking and readership metrics
→ Jeff manages the article distribution and new readership demographics

Each can be contacted for advice, coaching, collaboration, and speaking individually as noted in their bios or as a team at: Contactus@pmoracles.com |
| | Gareth Byatt is Head of the Group IT Portfolio Management Office for Lend Lease Corporation. Gareth has worked in several countries and lives in Sydney, Australia. Gareth has 14+ years of project, program, and portfolio management experience in IT and construction. He can be contacted through LinkedIn.

Gareth holds numerous degrees, certifications, and credentials in program and project management as follows: an MBA from one of the world's leading education establishments, a 1st-class undergraduate management degree, and the PMP®, PgMP®, PMI-RMP®, & PRINCE2 professional certifications. Gareth is also the APAC Region Director for the PMI's PMO Community of Practice and chairs several peer networking groups.

He is a Director of the PMI Sydney Chapter for 2011.

He has presented on PMOs and program and project management at international conferences in the UK, Australia, & Asia including PMI APAC in 2010. Email Gareth: gareth.byatt@gmail.com |

Gary Hamilton is a Sr. Change Manager, within HR with Bank of America's Learning and Leadership Development organization. Gary lives in Bristol, Tennessee, USA and works out of Charlotte, North Carolina. He has 15+ years of project and program management experience in IT, finance, and human resources. Gary volunteers as the VP of Professional Development for the PMI East Tennessee chapter.

Gary is a 2009 & 2010 Presidents' Volunteer Award recipient for his charitable work with local fire services and professional groups. He has won several internal awards for results achieved from projects and programs he managed as well as being named one of the Business Journal's Top 40 Professionals in 2007. Gary holds numerous degrees and certifications in IT, management, and project management and they include: an advanced MBA degree in finance, and has the PgMP®, PMP®, PMI-RMP®, PMI-SP®, CAPM®, Project+, PRINCE2, ITIL-F, MCTS, MCITP, and SSGB professional certifications. Email Gary: Gary@PMOracles.com or contact him through LinkedIn.

Jeff Hodgkinson is a 31 year veteran of Intel Corporation, where he continues on a progressive career as a program/project manager. Jeff is an IT@Intel Expert and blogs on Intel's Community for IT Professionals for Program/Project Management subjects and interests. He is the most experienced Intel MAPP (Make A Project Plan) Day Facilitator at Intel with over 150 facilitation events to his credit. Jeff received the 2010 PMI (Project Management Institute) Distinguished Contribution Award for his support of the Project Management profession from the Project Management Institute.

Jeff was also the 2nd place finalist for the 2009 Kerzner International Project Manager of the Year Award ™. He lives in Mesa, Arizona, USA and volunteers as the Associate Vice President for Credentials & Certifications and the Agile CER (Chapter Engagement Representative) for the Phoenix PMI Chapter. Because of his contributions to helping people achieve their goals, he is the third (3rd) most recommended person on LinkedIn with 530+ recommendations, and is ranked in the Top 60 (currently 51st) most networked LinkedIn person.

He gladly accepts all connection invite requests from PM practitioners at: www.linkedin.com/in/jeffhodgkinson. Jeff holds numerous certifications and credentials in program and project management, which are as follows: CCS, CDT, CPC™, CIPM™, CPPM–Level 10, CDRP, CSQE, IPMA-B®, ITIL-F, MPM™, PME™, PMOC, PMP®, PgMP®, PMI-RMP®, PMI-SP®, CAPM®, PMW, and SSGB (Six Sigma Green Belt). Jeff is an expert at program and project management principles and best practices. He enjoys sharing his experiences with audiences around the globe as a keynote speaker at various PM events. Email Jeff: jghmesa@gmail.com or at: phxpmicredentials@yahoo.com

PMI, PMP, PgMP are registered trademarks of Project Management Institute in the USA and other countries.