



TenStep Supplemental Paper

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Projects, Programs and Portfolios Defined

Many people hear the terms projects, programs and portfolio, but are not sure what they all mean and how they fit together. Project managers probably have a good sense for what a project is, but the other two terms might be a little fuzzy.

In general, you can divide all the work of a corporation into projects (large and small) and support (ongoing operations). Administration may be considered separately, or as a part of support. At a high level,

- Projects are where all the new work gets done, including new enhancements. They have a beginning and an end, have specific objectives and deliverables, and are unique.
- Programs are a way to divide huge work efforts into a smaller set of related projects, some of which are executed sequentially and some of which are executed in parallel.
- Portfolios are a collection of related and unrelated programs and projects, as well as related support. The person who manages a portfolio might be called a Director or a Vice President, since the job typically involves the overall management of the work, people, budget, vendors, etc., many times on behalf of a department or division.

This is all complicated because the terms and roles might mean different things at your company. Take the project manager role. The Project Management Institute actually defines five major types of project managers, based on the type of organization and the type of project being executed. Each has a different level of authority and responsibility in the organization. Each also relates differently with a different set of functional, or administrative, managers. At your company (and others), the project manager may, in fact, be seen as more of a coordinator and have few real responsibilities other than administrative. You may use the program manager role as the one with real authority and project management responsibility. You may also use the term program management to define the level where you actually control budgets and staff. In other companies, those could all be the responsibility of a strong project manager.

In general, then, these definitions may not be universally accepted, but they are consistent with how many companies view the terms and what the literature describes.

Projects

The literature is filled with information on project management and the role of a project manager. Projects, by their definition, have a defined start and end date. There is a point in time when the work did not exist (before the project), when it does exist (the project), and when it does not exist again (after the project). This is the key determinant of whether a piece of work is a project. However, other characteristics of a project include a defined scope, finite budget, specific end result (or deliverables) and assigned resources. Another characteristic of a project is that the work is unique. Even if a project is similar



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to another one, it is not exactly the same because circumstances change and because things are always different when you are dealing with people.

Programs

There is not nearly as much information on program management because typically a program is defined as an umbrella organization over a group of related projects. Let's take an example of a program to send a man to the moon. The Moon Landing Program is made up of dozens (or hundreds) of projects dealing with all the specific work required to take a man to the moon over a seven-year timeframe. No work gets delivered at the program level. All the work is done in the underlying projects. The program is there to help set overall direction, help start new projects, make sure the projects are progressing as they should, etc. But all the action (hence all the literature) is still focused on the project.

Portfolios

Portfolios are similar to programs in that they encompass a set of projects, but they are also much broader. A portfolio will typically be the umbrella structure over a group of related and unrelated projects. The portfolio may also contain support groups. Usually a portfolio encompasses all the work associated with a specific company business unit or a specific technology. The person in charge of the portfolio is usually a functional manager, reporting upward in the company's management hierarchy. However, again, work is not done at the portfolio level. Instead the work is done on the projects that are within the portfolio.

Summary

In summary, you will find a lot of information on projects, but not as much on programs and portfolios. Both of them are typically thought of as the umbrella structures to coordinate lower level projects. The actual work is done at the project level and managed by a qualified project manager with the right level of authority and responsibility.