



TenStep Supplemental Paper

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Learn How Development Projects Get Approved

Every development shop wants to be seen as a strategic partner with their business clients. You know that you want the development resources allocated in a way that provides the most value to the business. You also know that your development resources are not limitless. So, how does your company determine what projects get funding and which ones do not? Do you initiate development projects based on who screams the loudest or do you have a process to prioritize and rationalize the work that gets done?

A project approval process is part of an overall business process called portfolio management. Other parts of portfolio management include the planning and scheduling of projects during the budget year, keeping track of progress on the approved projects throughout the year and measuring the effectiveness of the projects as they complete. In most mature (non-startup) companies, the project approval process occurs when the budgets are set for the following fiscal year. (This contrasts with the planning horizon for a new start-up company. The planning horizon for them might be tomorrow or maybe the next quarter.)

An Example of a Project Approval Process

1. **Current State Analysis:** Evaluate where the organization is today? What are the strengths and weaknesses? What is the primary mission and strategy? Are you winning or losing in the marketplace?
2. **Future State Analysis:** Define what you think the future state of the organization should be. What is the vision for the organization in the next three (or five) years? What will the marketplace be like? If your company is doing this for the first time, this can be the most painful step.
3. **Gap Analysis:** What has to happen to move the organization from where it is today to where it needs to be in the future? What capabilities need to be in place?
4. **Break the work into projects:** What projects must be initiated to get the organization from where it is at to where it needs to be? This ends up being a wish list of work, including both IT and business initiatives. For each initiative identified, sketch out the high-level costs and benefits.
5. **Prioritize the projects:** Prioritize the projects based on urgency, value proposition and expected payback. Some projects may be rejected initially, but all others will end up on a prioritized list.
6. **Determine which projects will be funded:** The projects with the highest priority to the organization are put forward for funding. For instance, the organization may have twenty prioritized projects, but may have funding and people capacity for only eight.
7. **Execute the projects:** The projects that make it through the prioritization and funding process are those that are executed. The other projects are put on an



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organizational backlog and are reviewed next year when the project approval process begins again.

Many Times it's not that Formal

Although the high-level process shown above seems to make some logical sense, most companies probably don't go through anything so structured and formal. However, even if your company doesn't, you are still probably mentally going through many of the steps. If you think about it, most IT projects are established to meet some underlying business needs. The business need is usually identified because the business wants to have some capability in the future (future state) that they do not have today (current state). They think that a project will help them achieve this capability (gap analysis, and breaking the work into projects). Unless your shop has unlimited budget and resources, the business is probably going through some type of prioritization process and then funding the highest priority projects.

Even if you prioritize the major projects on a yearly basis, you still have unplanned business needs that surface during the year. You may not go through the formal process to prioritize these projects, but a similar, informal and streamlined process is undoubtedly taking place.

What About IT Projects?

This is all well and good for the business projects. But what about the IT projects? First of all, all projects that are IT related are usually also put forward to meet business needs. Think about the reason you are performing projects to upgrade database releases, or even to upgrade servers and telephone switches. None of this work should be done for technology sake. All of it should be justified based on the ability to better meet business needs. IT projects should be approved through the same general process – again, whether it is formal or more informal.

Summary

Many developers work on projects that seem to appear out of nowhere. Sometimes all you see is that when one project completes, another one seems to be ready to take its place. You might also look at the results of the project and wonder why it is that you are working on this at all. In fact, project funding might be based on politics and who is screaming the loudest. However, in today's business environment, this seems to be getting rarer. What you need to understand is that there is some process in place to surface ideas for increasing business capability and that some formal/informal process exists for ultimately determining what work to fund as a project. Even though this might all seem like it is behind the scenes to you, it probably has a lot of visibility within the business management ranks.

Resources and time are valuable commodities. Your company needs, and probably has, a process to prioritize the project work that gets funded, and ensure that the most important work gets done.