

TEASER



# Strategic Portfolio Management (SPM)

Dirk Loop, November 2015

## Our Aim

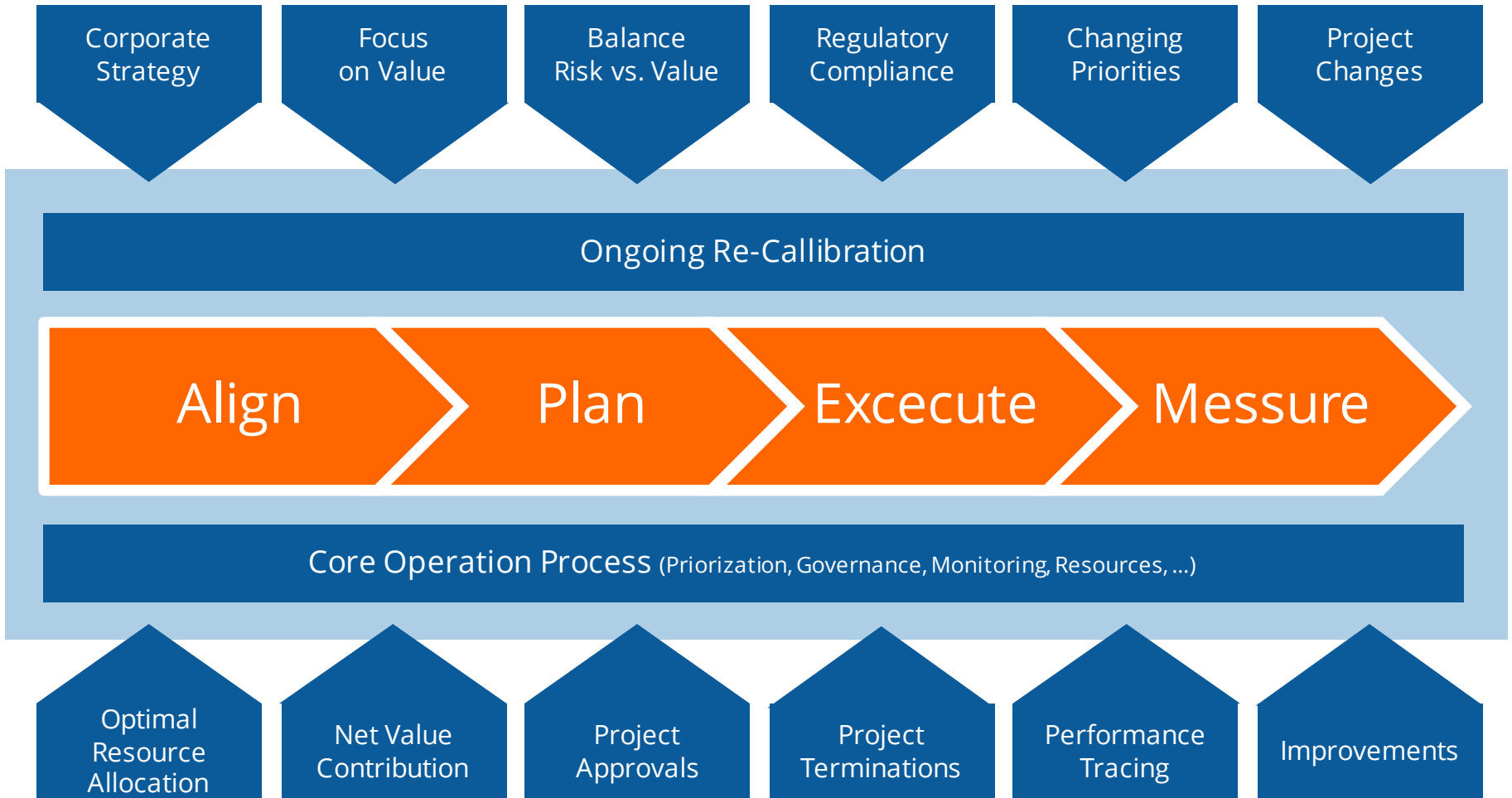
You will learn why project portfolios have to be managed strategically

You will understand the value of a strategic approach to portfolio management

We will show you how to ensure a balanced mix of strategic and tactical topics

We will provide you with the information required to start

# How it works

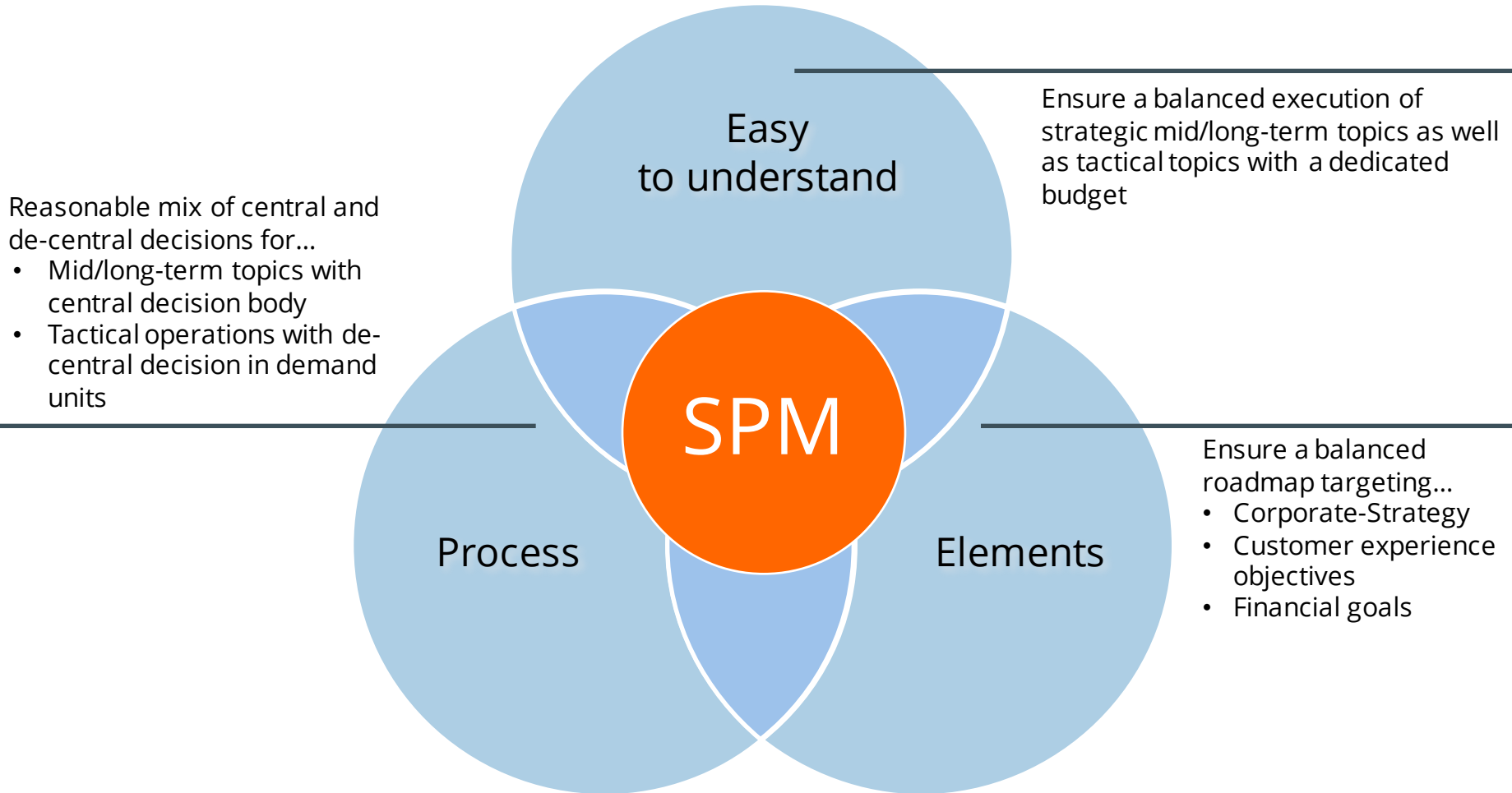


# Why do SPM

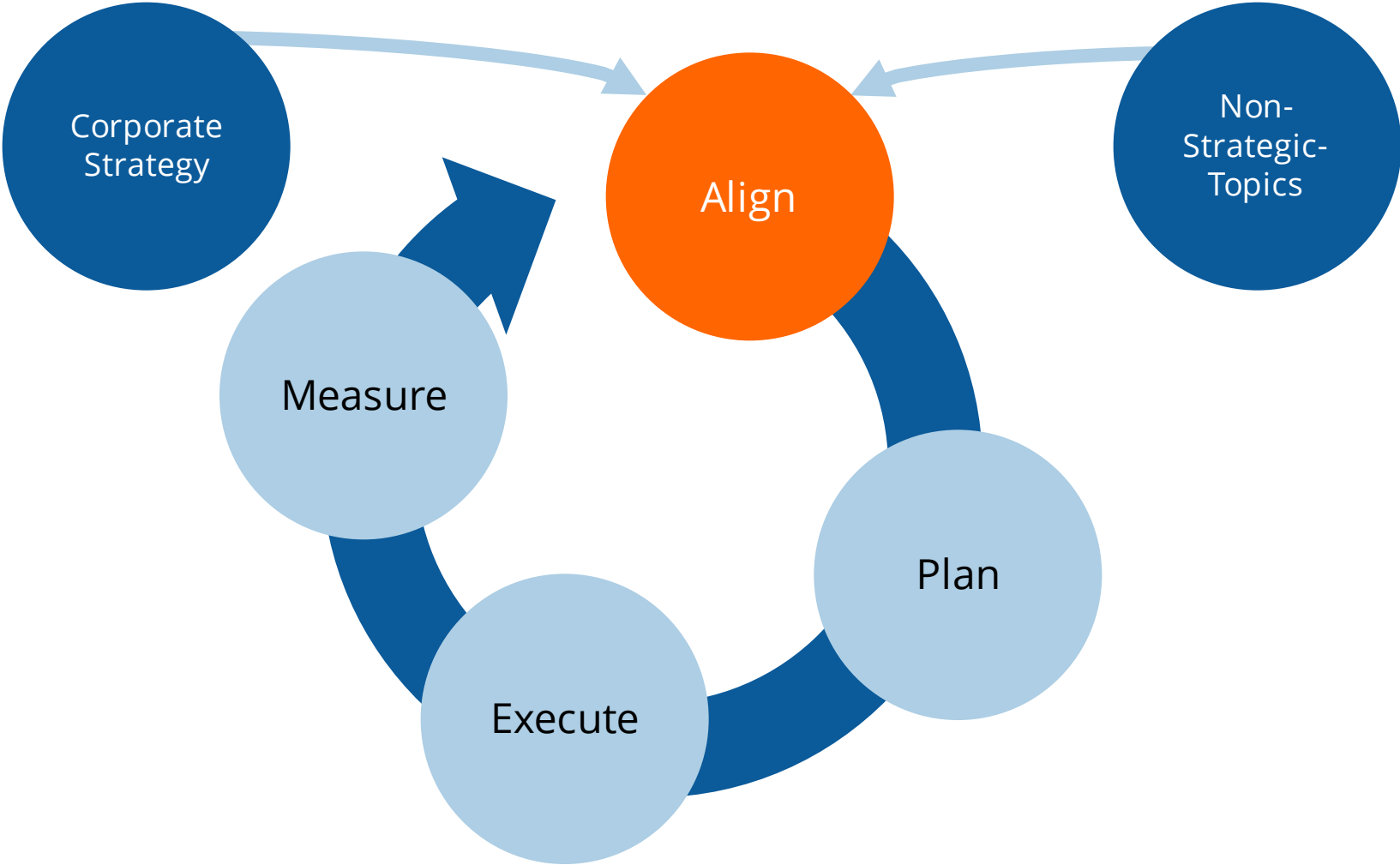


# Objectives of SPM

Facilitating a Strategic Portfolio Management by designing a sustainable budget split and clear steering and controlling processes



# How it works



Wall  
Street

Imagine – all your  
projects would be  
companies.

# Why divide Company Objectives – Interlude (1/4) Corporate Finance – How to...



There is no „One way fits all“ when it comes to financing a company.

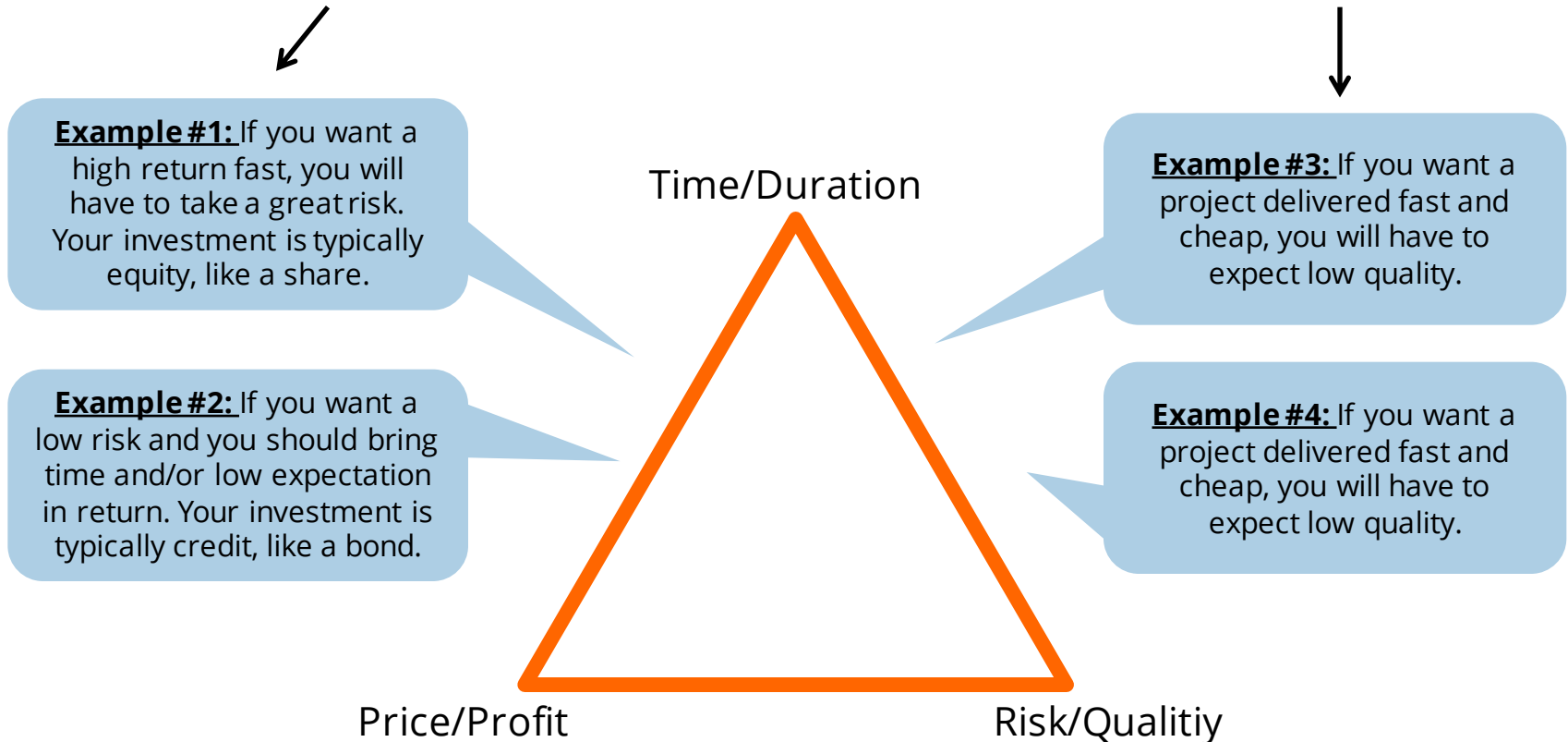
Corporate Finance					
External			Internal		
Equity	Hybrid	Credit	Subsidy	Cash-Flow	Discharge of Capital
Venture Capital	Leasing	Depth Finance	Subsidy	Free-Cash-Flow	Streamlining
Private Equity	Factoring	Loan	Guarantee		Selling Assets
Deposits	Mezzanine		Subordinated Claims		

Why is there only one way when it comes to allocating project budgets?



# Why divide Company Objectives – Interlude (2/4) Comparison of Baselines

Baselines in Corporate Finance are always a compromise – like in Project Management

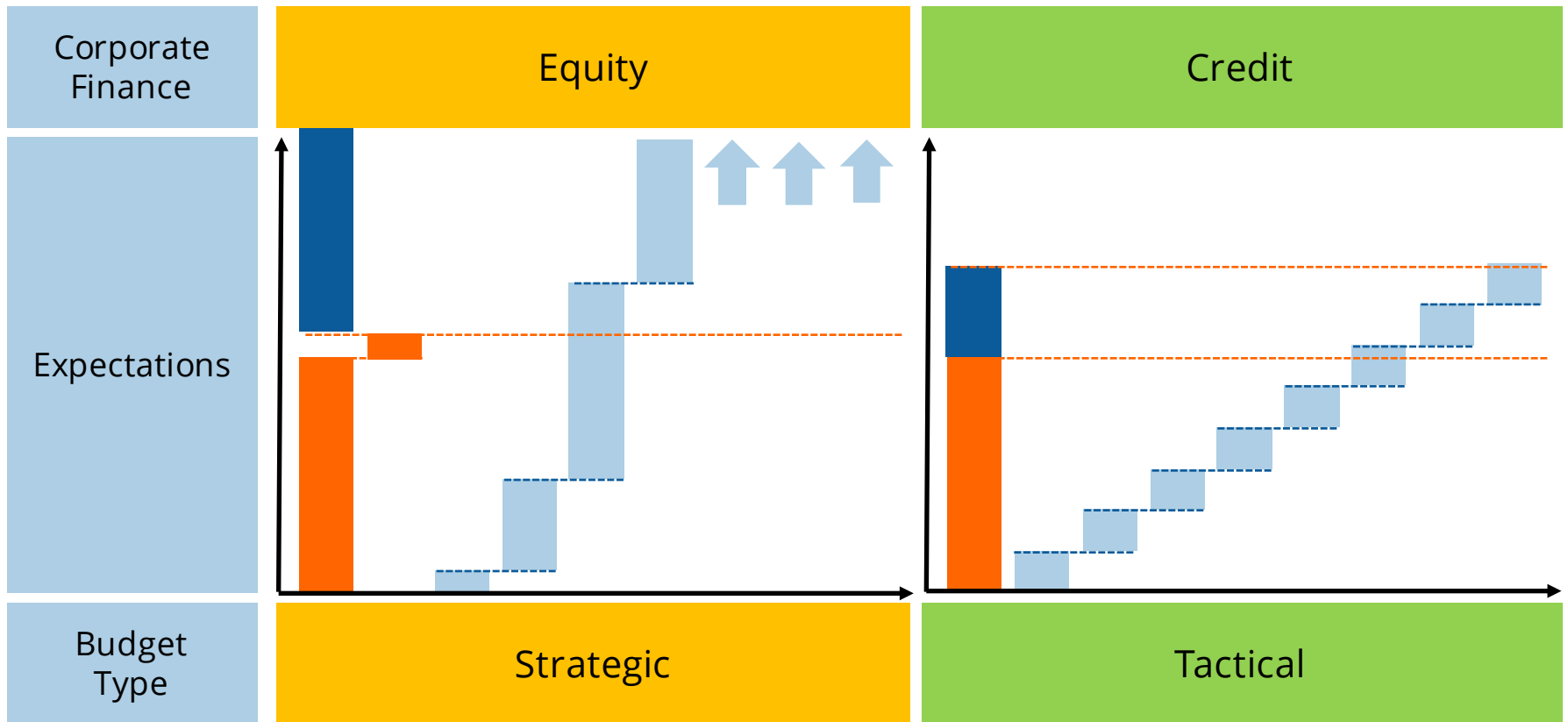


# Why divide Company Objectives – Interlude (3/4)

## Treat projects like companies



If you do not provide a balanced mix between tactical and strategic projects you cannot compensate failures – both strategic and tactical alike.

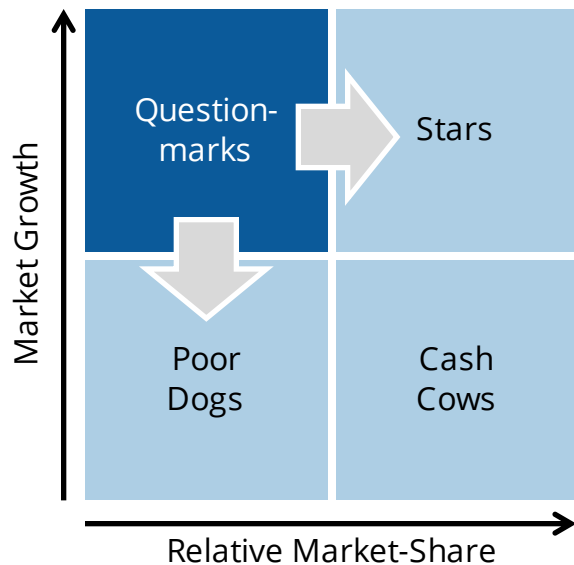


# Why divide Company Objectives – Interlude (4/4)

## “Cash Cows never become Stars”

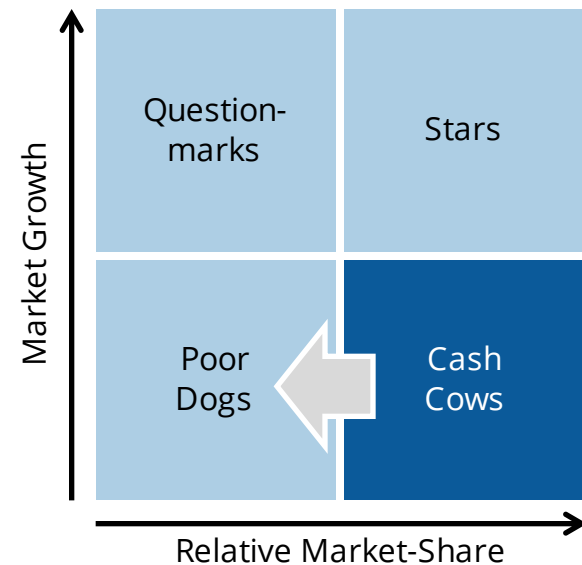
An efficient Project Portfolio Manager invests hybrid...  
... like a Bank when investing in core assets to maintain operations.  
... like a VC company when investing in future opportunities.

### Chance-oriented Company



Strategic Investments

### Interest-oriented Company



Tactical Investments

# Step 1: Divide Company Objectives



## Company Objectives

### Tactical Targets

- Operational Requirements
- Replacements (“End of Life”)
- Legal / Regulatory Affairs
- “Quick Wins”

Short-Term

### Hybrid Targets

- Reduce Costs
- Increase Efficiency
- Simplicity

Mid-Term

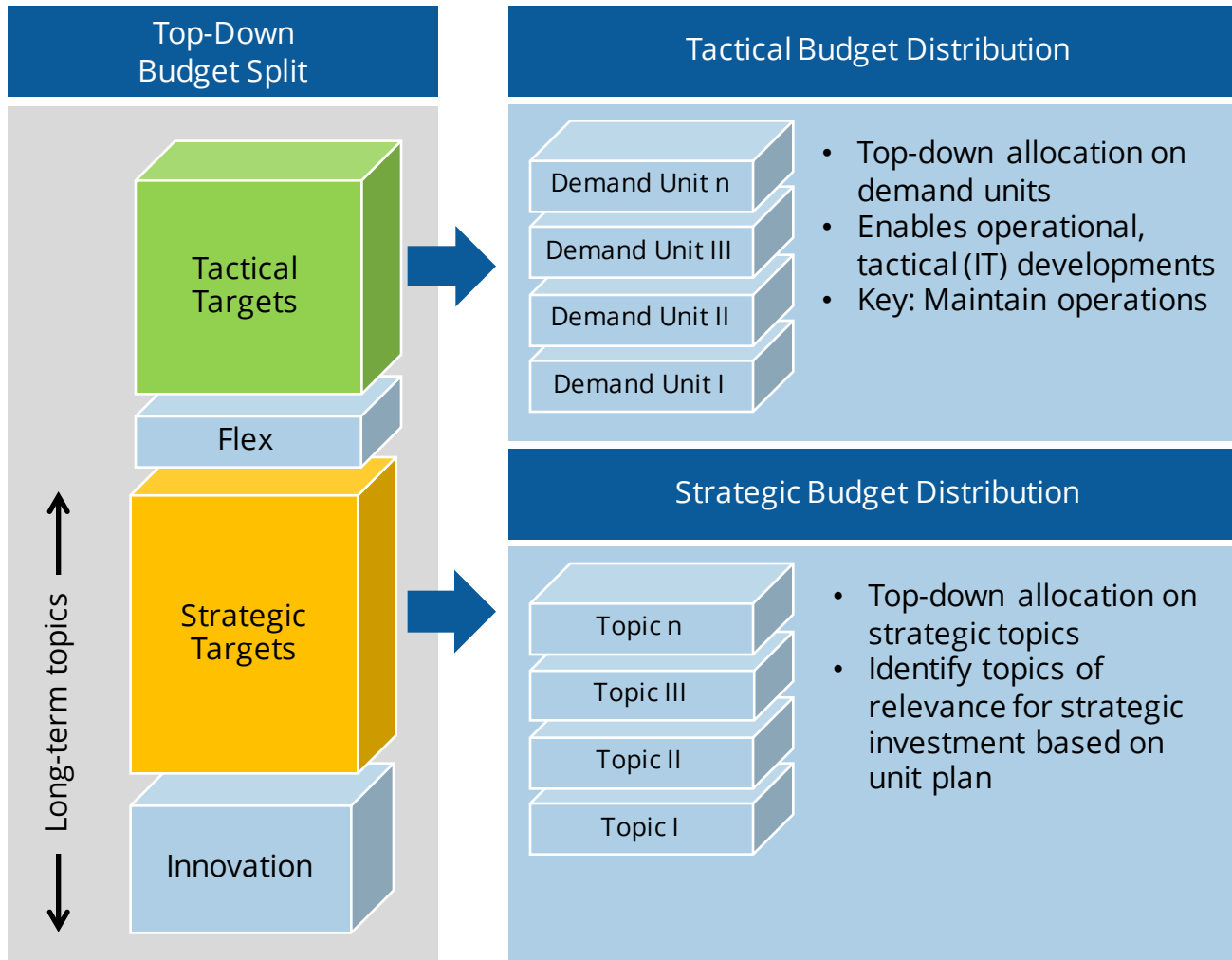
### Strategic Targets

- Transformation
- Consolidation
- Integration, esp. Post-Merger
- Business Model Innovation
- Other Strategic Goals

Long-Term

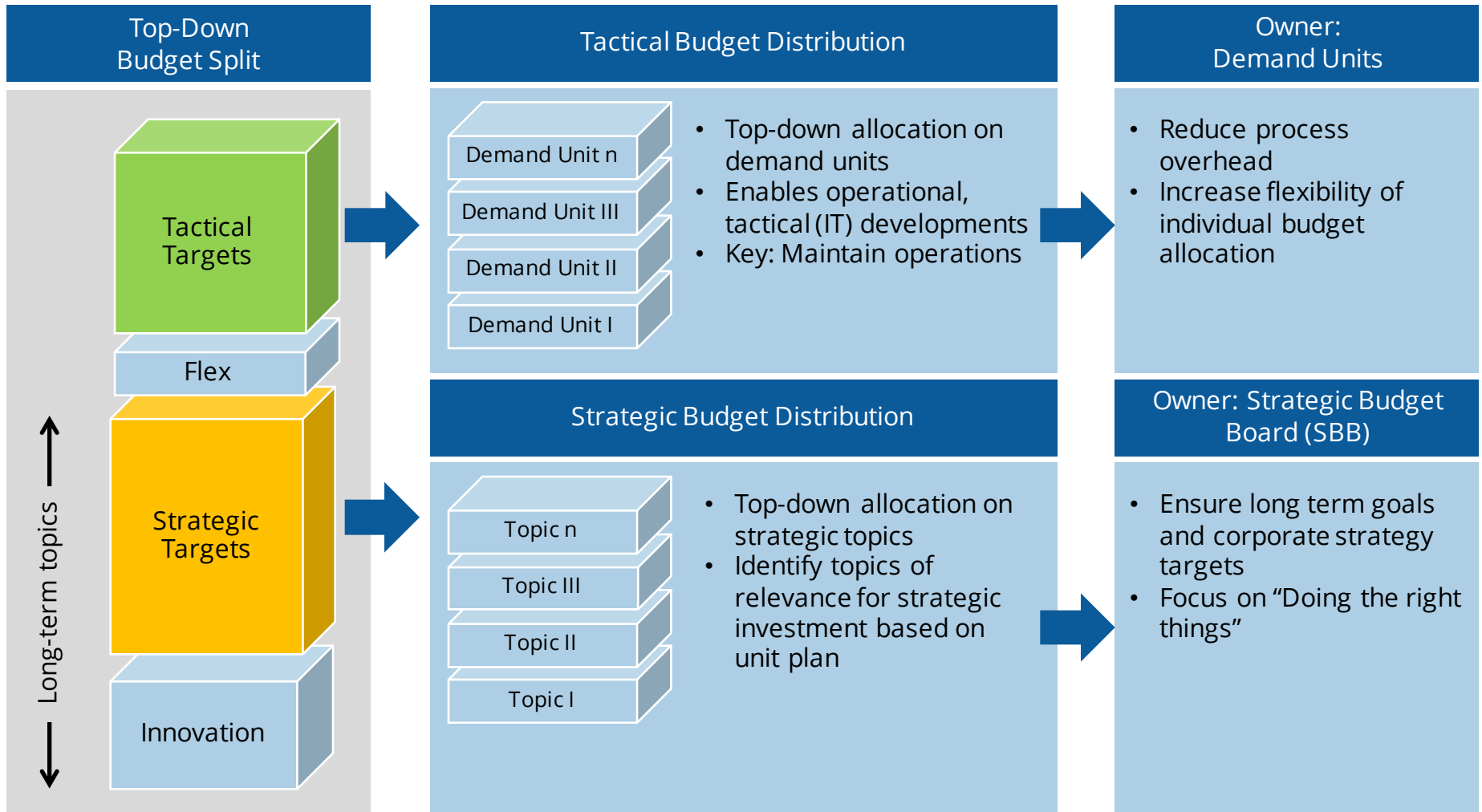
# Step 2: Top-Down-Budget-Split

Budget separation for strategic long-term and tactical topics



# Step 3: Top-Down-Budget-Split

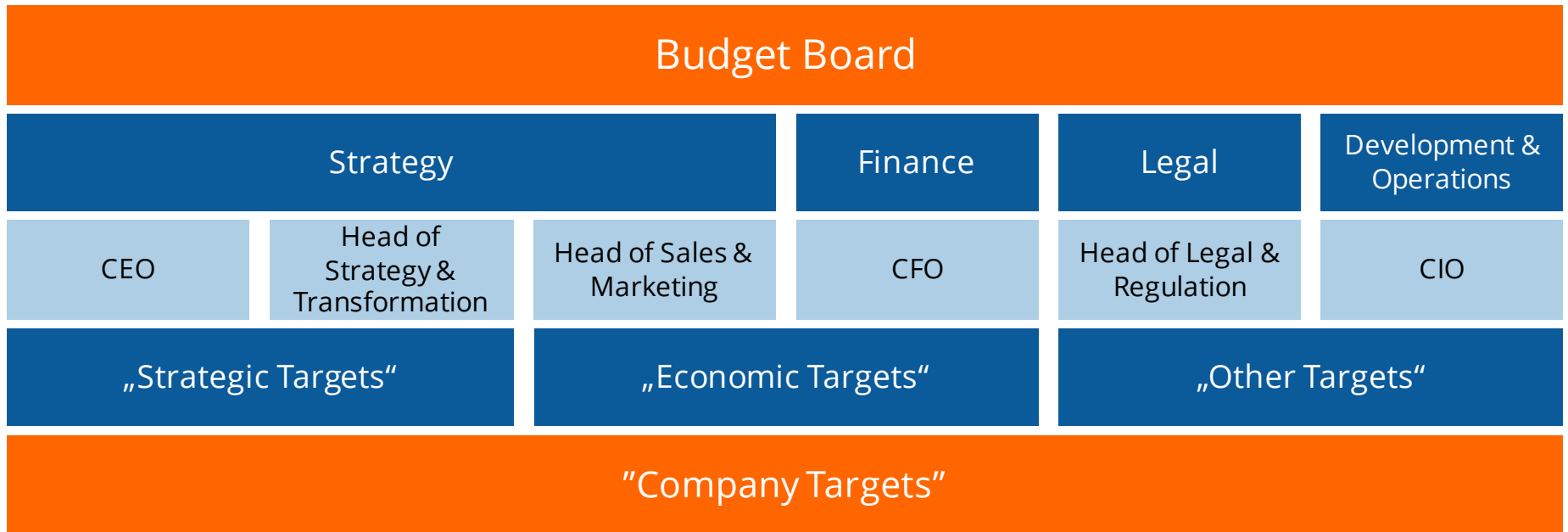
Budget separation for strategic long-term and tactical topics **with clear ownership**



# Budget Board Meeting

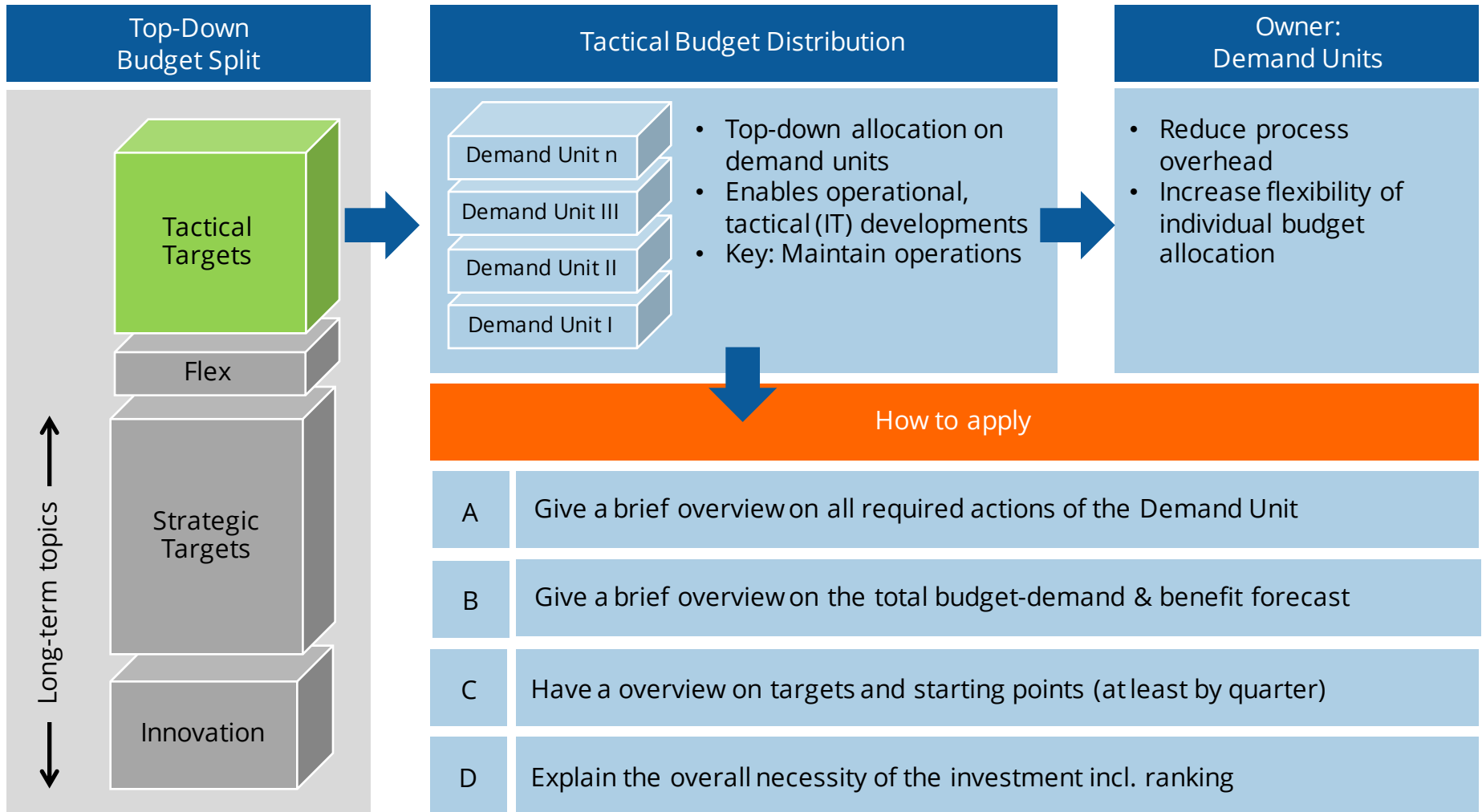


Quarterly Board Meetings to get comprehensible decisions on which topics are strategic and which are not. Planned, facilitated & moderated by SPM to ensure neutrality.



# Step 4: Apply for Tactical Budget

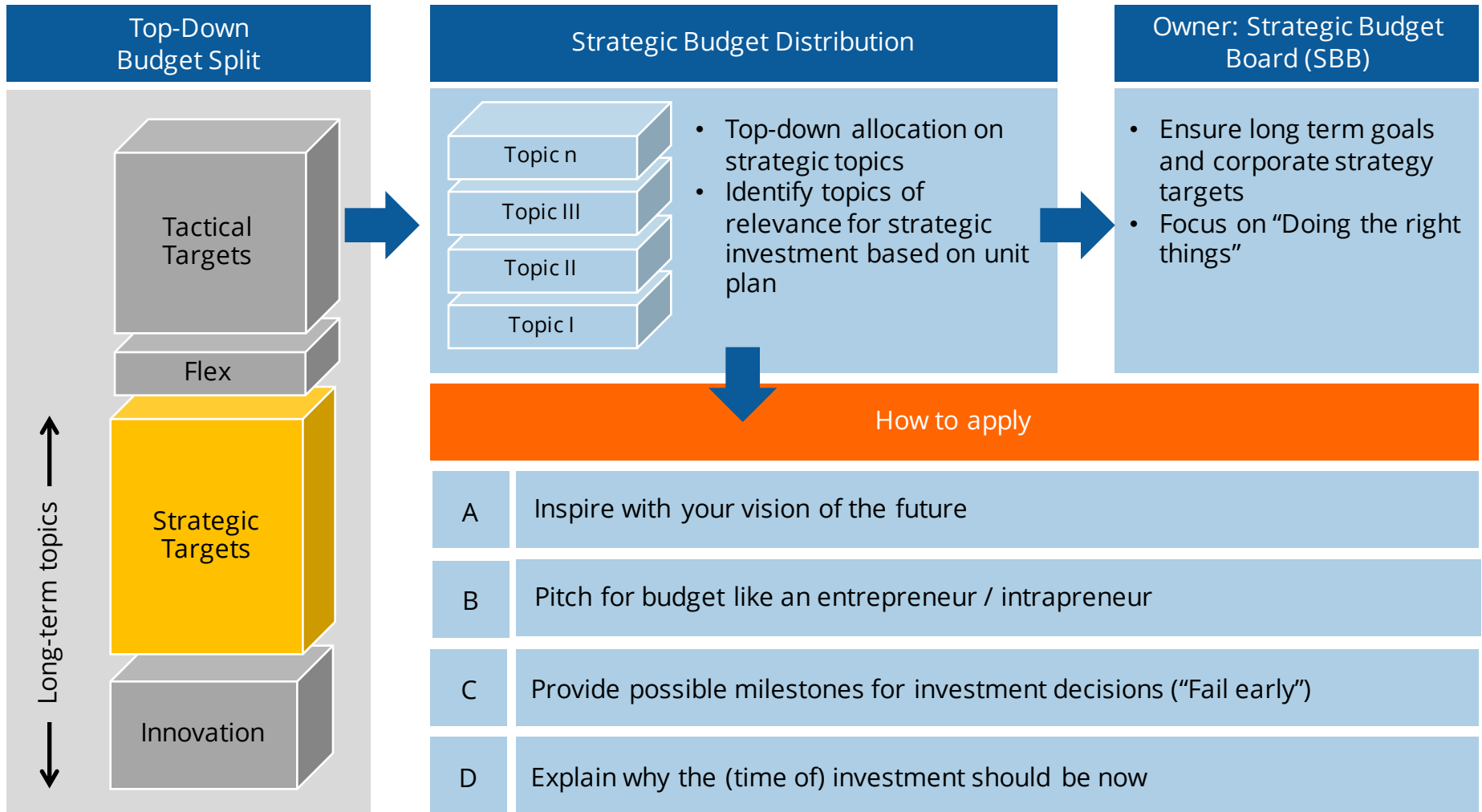
How to apply for Tactical Budget autonomously managed by a Demand Unit





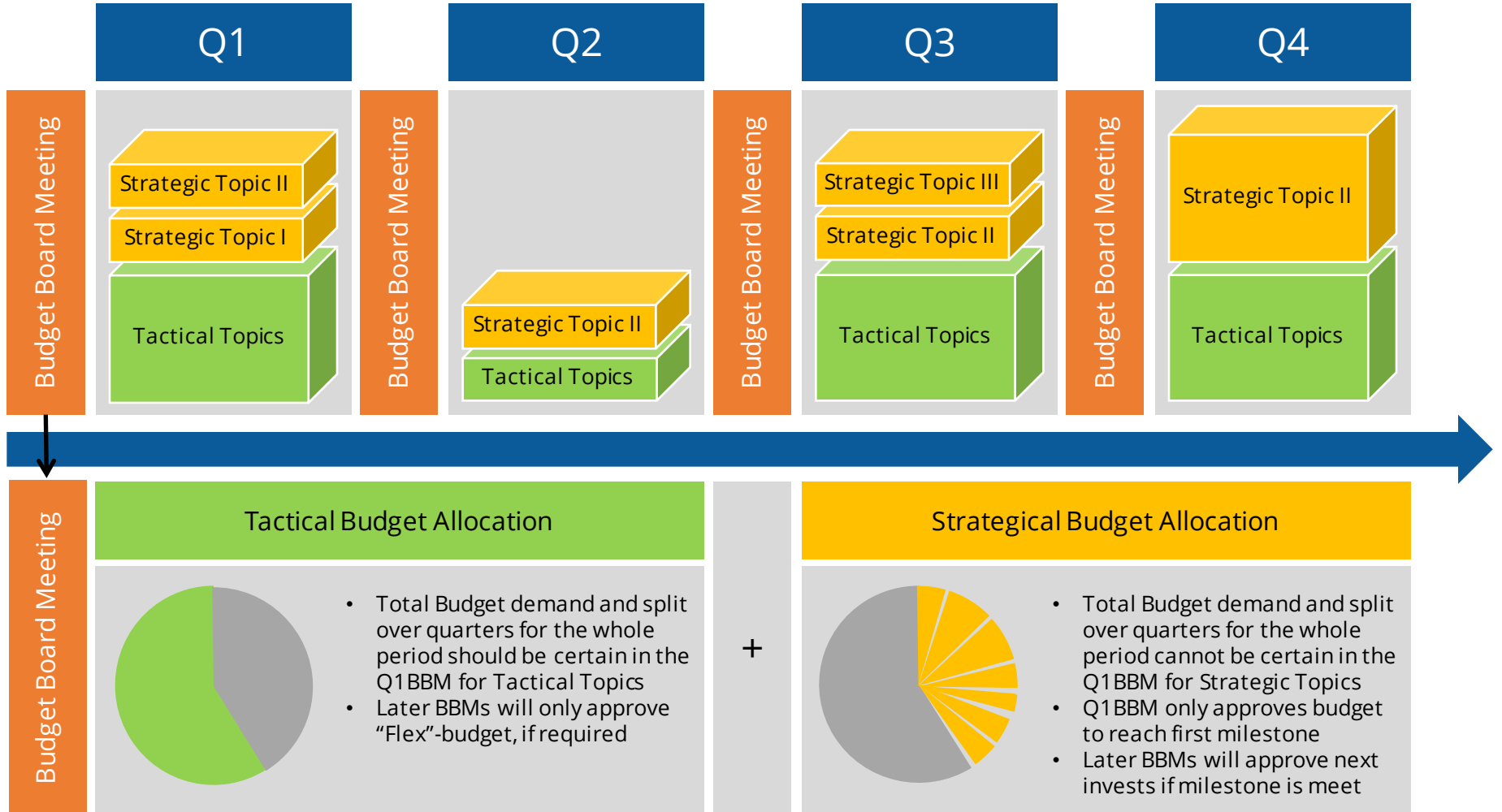
# Step 5: Apply for Strategic Budget

How to apply for Strategic Budget partially managed by a Demand Unit



# How Budget is allocated

Budget Board works like a VC company investing on results – if Budgets not required to maintain operations



# SPM Alignment Process Implementation



## Components of SPM Alignment Process Implementation

Assessment on current approach to Portfolio Management

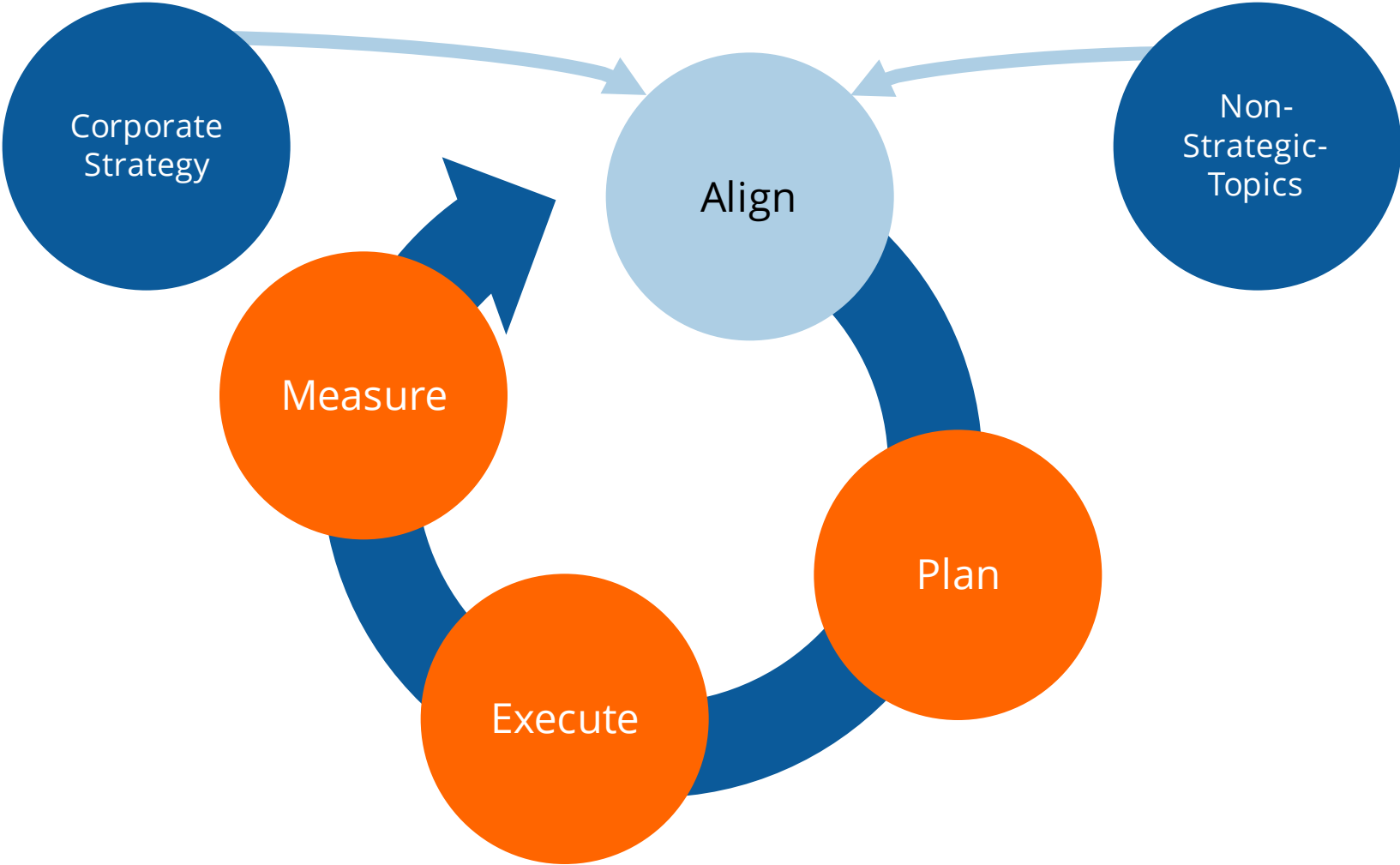
Guide to enhance the entrepreneurial spirit

Road to ensure a balanced mix of strategic and tactical topics

Tools & Instruments to maintain sustainability with the approach

Process Implementation incl. training & documentation

# How it works



# Following Phases



Up Next

Budget & Resources Alignment

Approvals & Execution Processes

Tracking & Milestones (Project/Process KPI-Management)

Incremental Ongoing Re-Calibration

others

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