

How Strategic Portfolio Leaders Can Take Advantage of Digital Capabilities

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Initiatives: Program and Portfolio Management Leaders

Increasing digitalization is driving the demand for different skill sets. Strategic portfolio leaders must master new skills to improve efficiency and effectiveness, expanding their capabilities to lead, govern and report performance in a digital business.

Overview

Key Findings

- Portfolio and program management processes have not matured in line with current technical capabilities.
- Workforce development approaches that focus too narrowly on skills do not help organizations, workers and leaders build the resilience required to navigate perpetual change.
- The narrative of a “crunch” for technology talent in many regions is now a reality and has become a significant risk factor.

Recommendations

Strategic portfolio leaders responsible for portfolio strategy must:

- Determine the feasibility of increasing the PMO’s digital capabilities by conducting a threat workshop.
- Define and agree on scenarios in which digital capabilities must be supplemented with manual intervention.
- Build and action an adaptive talent strategy for the PMO to respond to the changing demands of the organization.

Strategic Planning Assumption

By 2026, 70% of project management skills will be automated, making the project manager role obsolete.

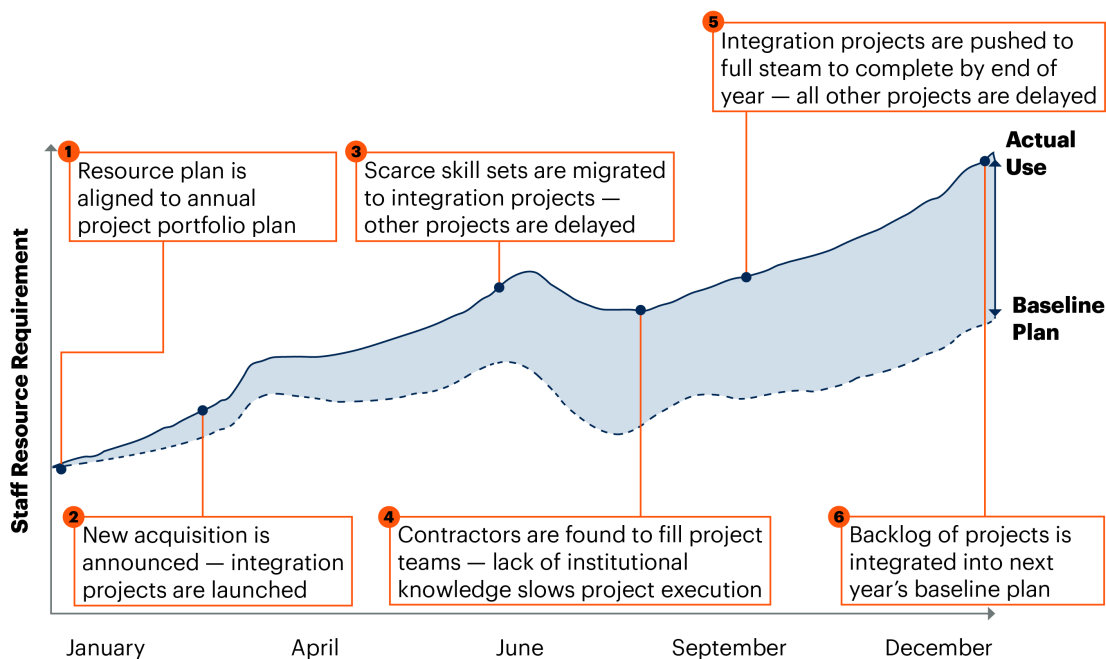
Introduction

A Gartner survey found that the number of organizations that have already deployed artificial intelligence (AI)/machine learning (ML) for digital commerce rose from 19% in 2019 to 31% in 2021. ¹ A constant theme in the Gartner Digital Workplace Survey during this period was that workers consider digital technology and skills vital to their career. ² The growing demand for digital skills is impacting projects, programs and portfolios. It is challenging the traditional methods of management that are not designed for creative or complex work.

Despite this, strategic portfolio leaders are still tasked with delivering change with a focus on operational efficiency and increased productivity from the teams involved. Their efforts, using manual and outdated processes, often result in ambiguity, and the impact of change can no longer be predicted with confidence in convoluted digital domains. This results in large gaps between expected performance and realized performance in both portfolios and programs (see Figure 1).

Figure 1: Portfolio Impact of Staff Resource Requirements and Business Volatility

Portfolio Impact of Staff Resource Requirements and Business Volatility



Source: Gartner
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Strategic portfolio leaders must work through the challenges affecting their ability to deliver portfolios and programs effectively. They must take advantage of this increased demand for digitalization and adapt their portfolio and program management processes accordingly.

Analysis

Conduct a Threat Workshop

In a Gartner Voice of the CIO Survey in 2021, many respondents agreed that the fight for technology talent in many regions is now a reality.³ As Machiavelli said, we must “never waste the opportunity offered by a good crisis.”

IT leaders routinely carry out strength, weakness, opportunity and threat (SWOT) analyses or premortems to identify risks that could derail their efforts to deliver the outcomes proposed by the business case hypothesis. These sessions involve everyone, focus on the areas of potential failure, and are limited to the desired outcome of the business case. But the desired future state of the PMO's digital capabilities is not yet known, so a threat workshop is a better approach that:

- Improves the system through early and frequent analysis
- Aligns with an organization's developing practices that are each scoped to manageable portions
- Focuses on outcomes that are meaningful when they are of value to stakeholders
- Recognizes that dialogue is key to establishing the common understandings that lead to value ⁴

Threat workshops are associated with system design and software development, so their values and principles are designed with a complex digital ecosystem in mind. This makes them well-suited as an analysis tool for Strategic Portfolio leaders facing the complexity of digital capabilities within their organization.

To run a successful threat workshop, adopt the practices of adaptive strategic planning:

- Involve everyone
- Embrace and explore uncertainty
- Execute early
- Respond to changes as they happen

Crowdsourcing and real-time insights are key elements to the threat workshop. Ensure no process, interaction or artifact is "untouchable," and allow all stakeholders, peers or members of change teams to provide feedback. Without collective agreement, the objectives behind the workshop will have limited impact.

“We must, in other words, acknowledge the futility of trying to tame our frenzied work lives all on our own, and instead ask, collectively, whether there’s a better way to get things done.”

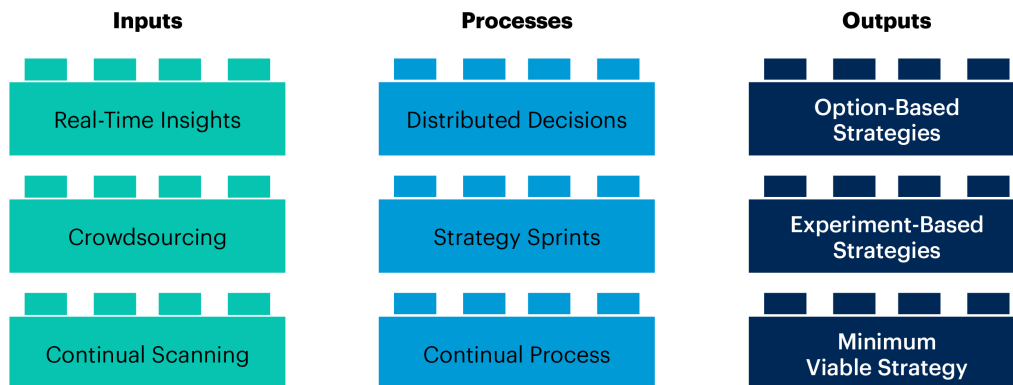
— Cal Newport, Associate Professor of Computer Science at Georgetown University⁵

Divide the workshop into three parts (see Figure 2):

- Review of the inputs
- Agreement of the approaches or processes
- Estimation of the outputs

Figure 2: The Three Parts of the Threat Workshop

The Three Parts of the Threat Workshop



Source: Gartner
753589_C

Gartner.

No set rules exist for running the workshop. Just ensure that all participants feel included in the process and that the workshop is diverse. Diversity helps overcome unconscious bias, increases creativity and produces better problem-solving solutions. The biggest threats to strategic portfolio management (SPM) efficiency are the continued adherence to current methods, the skills of those tasked with ownership, and the technology blind spots of those involved in change.

Define and Agree on Scenarios in Which Manual Intervention Is Necessary

The case for digitalization of processes within portfolio and program management is strong. But while the digital processes and functions available are seemingly endless, some scenarios are best-supplemented with manual intervention.

View the threat workshop as a mechanism for transparency, and address the critical functions within the organization that require human intervention. For instance, many program and portfolio management tools include algorithms to support project selection and prioritization, but final portfolio selection is manual. Several decisions must be made outside of the SPM tool, such as political and regulatory decisions. The final decision is made outside of the tool, so the portfolio is created manually and the results put into the tool. Strategic portfolio management requires manual intervention, not just clever AI selection algorithms.

Digital skills can be put in place to support or augment current processes at several phases in the portfolio and program life cycle, from ideation through to benefit realization. For example, automate the initial stages of ideation and proposal as much as possible. Having a chatbot that categorizes the type, size and complexity of an idea is rapidly becoming vital for large digital organizations.

Answering some simple questions can “sort out” and direct a small proof of concept (POC) about new technologies from a change request in an existing system. This can ensure that the initial work of demand and investment categorization is complete by the time humans are involved. Multiple choice selections such as the following are popular with some of our leading digital clients:

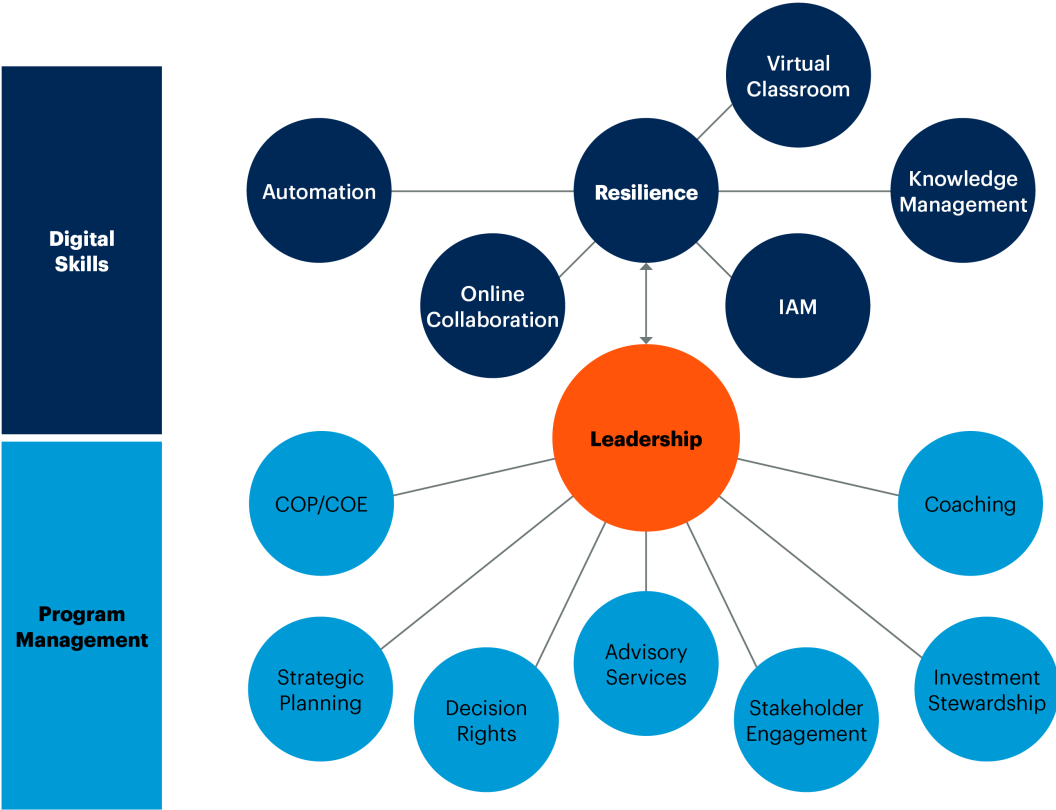
- Question: Please estimate the effort size of your request. Answer: Small
- Question: Is this new or existing technology? Answer: New (risk execution high)
- Question: Is the impact at an individual, team, department or organization level? Answer: Team level
- Question: Please select the strategic objective this supports. Answer: Growth
- Question: How important is this to your organization? Answer: Very
- Question: Who is sponsoring this request? Answer: Chief marketing officer

The responses result in this request being marked as a POC. The algorithm knows that this generates a service ticket for the architecture team to review the submission form. Building this type of chatbot is a typical low-code/no-code capability available in many productivity suites. This is just one functional area in which IT leaders must use digital skills to automate some of the traditional SPM functions.

An initial review of three core functions – leadership, governance and analytics – provides a snapshot of the digital capabilities widely available in organizations. Figures 3, 4 and 5 show them as they relate to the three core functions in SPM.

Figure 3: Common Digital Leadership Capabilities Available to SPM Leaders in Organizations

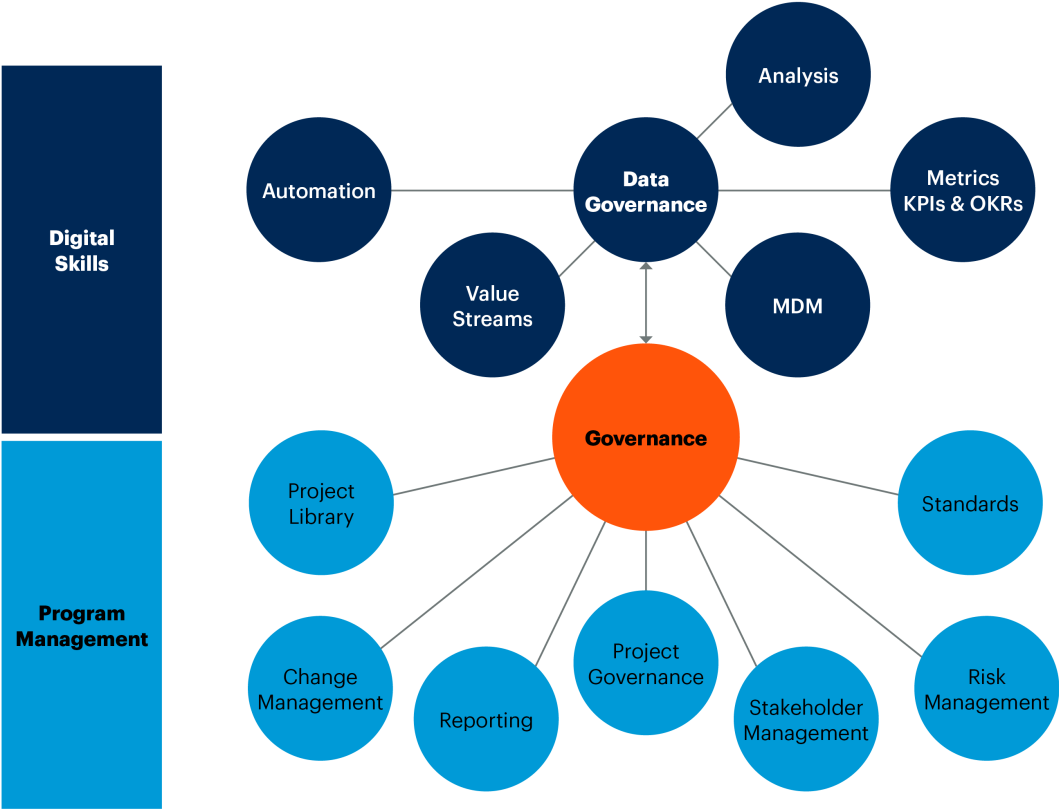
Common Digital Leadership Capabilities Available to SPM Leaders in Organizations



Source: Gartner
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Figure 4: Common Digital Governance Capabilities Available to Strategic Portfolio Leaders

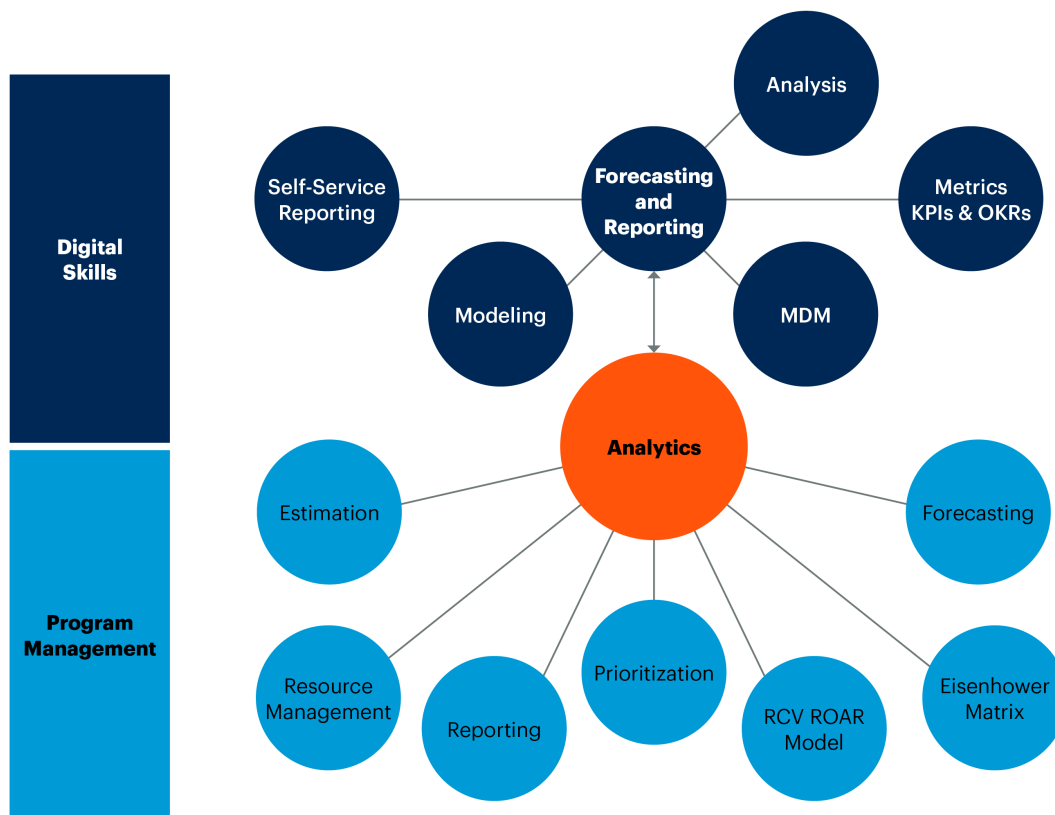
Common Digital Governance Capabilities Available to Strategic Portfolio Leaders



Source: Gartner
OKRs: objectives and key results
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Figure 5: Common Digital Analytics Capabilities Available to Strategic Portfolio Leaders

Common Digital Analytics Capabilities Available to Strategic Portfolio Leaders



Source: Gartner
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Build an Adaptive Talent Strategy for the PMO

In an increasingly volatile and uncertain world, manual processes can rapidly become out of date. To address this challenge, make strategic planning adaptive and responsive to trigger events. ⁶ Resolving an issue is no longer acceptable. IT leaders must be proactive to address any shortcomings in their own digital talents, as well as those of their organization, before these potential risks become barriers to success.

Create a health card focusing on primary and secondary skills. Review this regularly as part of the portfolio health check. Multiple formats could be suitable for the health card, but the data is the most important element. Focus on the skill sets within the organization that could take advantage of available digital capabilities. Also focus on skill sets outside the organization that it would be easy to learn and apply effectively.

The supporting ecosystem must also be adaptive so that it can act on trigger events. If the supporting ecosystem is not adaptive, the data will be looked at and admired; it may even be discussed, but it will not be actioned. Ecosystems usually lack the diversity and flexibility needed for rapid learning and change if they are oriented toward managing scale and efficiency, and support hierarchical structures fixated on routines. Such ecosystems take a long time to change, especially when they have historically been the basis for success. Create and maintain a health report on digital skills but, more importantly, act on the data.

“Instead of being really good at doing some particular thing, companies must be really good at learning how to do new things.”

— Martin Reeves and Mike Deimler⁷

Evidence

¹ Gartner conducted the Digital Commerce State of the Union Survey online from 31 May through 14 June 2021. We conducted it to:

- Learn firsthand the state of digital commerce across multiple verticals and business models
- Identify correlations between various research components
- Understand how organizations are deploying innovations and new touchpoints

In total, 103 IT and business leaders participated. Forty were from Gartner’s IT & Business Leaders Research Circle (a Gartner-managed panel) and 63 were from an external sample.

Participants came from North America (39%), EMEA (42%), Asia/Pacific (10%) and Latin America (10%).

² Gartner conducted the 2019 Gartner Digital Workplace Study to:

- Understand digital workers, as well as shifts and directions in their sentiments and expectations
- Explore worker engagement

- Examine satisfaction with organization-provided applications

Gartner conducted the research online from March through April 2019 among 7,261 respondents in the U.S., Europe and Asia/Pacific. Participants were employed full-time in organizations with 100 or more employees and were required to use digital technology for work purposes. Participants ranged in age from 18 to 74. We applied quotas and weighting for age, gender, region and income, so that results are representative of working country populations.

The results of this study do not represent “global” findings or the market as a whole, but are a simple average of results for the targeted countries covered in the survey.

³ Voice of the CIO August 2021. CIO advisers cover the full spectrum of CIO Key Initiatives, and as such, support CIO inquiries on those topics, resulting in hundreds of client interactions each month.

⁴ Threat Modeling Manifesto.

⁵ The Rise and Fall of Getting Things Done, The New Yorker. (Paid subscription required.)

⁶ Gartner Effective Strategic Portfolio Management Survey, 2021. This research is based on an online survey conducted from October through December 2020. The 310 respondents came from North America, EMEA and Asia/Pacific, and worked across industries and functions in organizations with annual revenue of \$500 million or more. Respondents were responsible for managing (that is, they were involved in resource allocation, funding and prioritization decisions) a portfolio of IT and/or digital initiatives or external customer-facing information technology or data products or services in their organizations.

Disclaimer: The results of this study do not represent global findings or the market as a whole, but reflect the sentiment of the respondents and companies surveyed.

⁷ Adaptability: The New Competitive Advantage, Harvard Business Review.

Document Revision History

How PPM Leaders Can Harness Digital Workplace Capabilities to Improve Key Project Processes - 10 September 2019

Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

Effective Strategic Portfolio Management Drives Better Business Outcomes

Case Study: Responsive Portfolio Management Decisions for Business Leaders (ElevenShift*)

Building Inclusive Leadership Behaviors: Beyond Bias Training

Leadership Vision for 2022: Program and Portfolio Management

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