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# Tailoring an EPM Capability

## How to Find the Right Fit

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### What is an EPM?

An enterprise project management (EPM) capability consists of how a portfolio, projects, and studies are planned, controlled, executed, and delivered. Delivery is accomplished by managing timelines, costs, and resources. EPM capability consists of some or all of these parts, and many variations of these items exist. For example, resource management could use algorithms to calculate resource demand projections or it could utilize named resource allocation to understand who is assigned to what work and who is available and when. An EPM could also consist of other modules such as operational metrics and what-if analysis. The extent to which the different components of an EPM should be used really depends on the size of the company, the size of the portfolio, the needs of the company, and the company culture.

For the last five years, EPM has been a hot initiative in the pharmaceutical industry. Most “big pharma” companies have implemented EPM tools, yet doubts and questions persist: Are companies realizing the full potential of their EPM tools? Does an investment in EPM make sense for every size company? And, how can companies—particularly those that are small to mid-size—ensure they’re designing and deploying the right EPM capabilities?

While technology solutions can be invaluable in executing an EPM strategy, these tools alone do not constitute an EPM capability. To date, many companies have focused far too much energy on debating and determining which tool is the “best.” That energy would be better spent focusing on all of the elements that contribute to an effective EPM capability. Those elements—technologies, as well as people and processes—must come together to determine how a company plans, controls, and executes its portfolio, projects, and studies. How are budgets and timelines managed? How are resources allocated?

Despite investments in EPM tools, many large companies still face fundamental challenges around effective management of their portfolios, projects, and studies.

## The Case for EPM

It isn't difficult to justify the need for EPM. Ask five executives from one company what studies and projects are in their portfolio, and chances are you'll get five different answers. Often, executives are shocked to discover resources allocated to a study they thought was on hold or cancelled. Given the high cost of studies and projects, a mismanaged portfolio is an expensive proposition — and that's particularly true in light of the looming "revenue cliff" from expired patents expected in 2012.

As you consider the need to implement or enhance an EPM capability, first, perform an honest assessment of how your organization could improve in any or all of the following areas:

- ◆ **Processes:** Standard project and study processes are a critical foundation for portfolio management. Does your organization lack processes, are your processes poorly understood, or are your processes not integrated? Is a lack of standardization impeding your ability to report on and understand your current position?

- ◆ **Tools:** Implementing standard tools for projects and studies is imperative. Does your organization lack standard tools? If you have standard tools, are they adding value for project teams, or are they cumbersome and complex? Are the tools fully integrated with your processes?

- ◆ **People:** Standard team and role definitions create clear structure and expectations for working together effectively. Are your people clear about project teams and study teams? Do you have well defined governance and approval processes? Is your organizational structure well suited to centralized project and portfolio management?

- ◆ **Data:** Common data points are crucial to developing and maintaining an effective R&D metrics capability. How does your organization use metrics? Do you have a set of common reports and metrics for managing the portfolio, project, and studies and for assessing risk? Is metrics reporting automated or manual?

Working toward standard, well defined, and well integrated processes, tools,

organizational structures, and data sets puts your organization — whatever its size — on track to developing an effective EPM capability.

## Finding the Right Fit

With EPM, your company can enhance the way you perform strategic planning, including how you evaluate potential acquisitions and alliance targets. Just as important, you can decrease costs and cycle times through greater insight into timelines, costs, and resources.

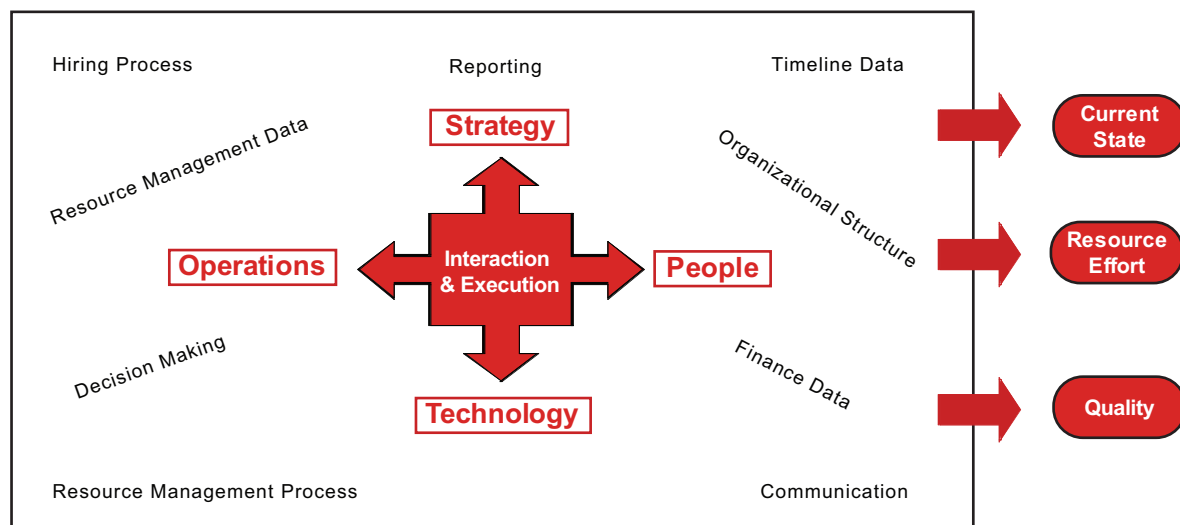
But how can you determine the right EPM approach for your organization? Every company is different, and a one-size-fits-all strategy or solution isn't likely to yield the results you seek.

In fact, it will probably lead to wasted time and money. Based on experience, companies are well advised to carefully assess the following factors when determining how to design and deploy their EPM capability:

- ◆ **Business need:** The first step in your design and deployment must be a careful understanding of why your organization needs an EPM capability. What processes will be affected? What questions do you need to answer, and how will you

Figure 1. An Example of an EPM Model

9 Resource Management Components Are Measured on 3 Dimensions across Strategy, Operations, People, and Technology to Determine Needs Assessment



**Figure 2: A Sample EPM Assessment Template**

Maturity Model Component	Dimension	Low Maturity			High Maturity	
		1	2	3	4	5
Resource Management Data	State	Fragmented, Not Consolidated	Fragmented, Not Consolidated	Consolidated	Consolidated	Consolidated
	Effort	High	Low	High	Mediu	Low
	Quality	Low	High	Low	Mediu	High
Timeline Data	State	Not Consolidated, Some Project Milestones Known	Not Consolidated, Some Project Milestones Known	Consolidated, No Standard Milestones	Consolidated, Ad-Hoc Project Plans	Consolidated, Standard Project Plans
	Effort	High	High	High	High	Low
	Quality	Low	Mediu	Low	Mediu	High
Finance Data	State	Not Tied to Resources, No Scenario Planning	Not Tied to Resources, No Scenario Planning	Tied to Resources, No Scenario Planning	Tied to Resources, No Scenario Planning	Tied to Resources, Scenario Planning
	Effort	N/A	High	Mediu	Low	Low
	Quality	N/A	Low	Mediu	High	High
Reporting	State	Project	Project	Portfolio	Portfolio	Portfolio
	Effort	High	Low	High	Mediu	Low
	Quality	Low	High	Low	Mediu	High
Decision Making	State	Issues & Risks Not Fully Understood	Issues & Risks Not Fully Understood- Many Decisions	Known Issues & Risks- Few Decisions	Known Issues & Risks- Many Decisions	Known Issues & Risks- Many Decisions
	Effort	High	High	Mediu	Mediu	Low
	Quality	Low	Low	High	Mediu	High
Communication	State	None	Ad-Hoc	Ad-Hoc	Consistent	Consistent
	Effort	N/A	High	Mediu	Mediu	Low
	Quality	N/A	Low	High	Mediu	High
Organizational Structure	State	Does Not Fit Business Needs & Process	Does Not Fit Business Needs & Process	Fits Business Needs & Process	Fits Business Needs & Process	Fits Business Needs & Process
	Effort	Many FTEs	Few FTEs	Many FTEs	Moderate FTEs	Few FTEs
	Skill Quality	Low	Low	Low	Mediu	High
Resource Management Process (also Annual Budget and Strat Planning)	State	None	Many Stakeholders	Many Stakeholders	Key Stakeholders	Key Stakeholders
	Effort	N/A	High	High	High	Low
	Quality	N/A	Low	Moderate	Low	High
Hiring Process	State	Ad-Hoc	Ad-Hoc	Proactive	Proactive	Proactive
	Effort	High	Mediu	High	Mediu	Low
	Quality	Low	Low	Low	Mediu	High

use EPM to address them? How will the EPM capability support your teams? How will it be used, if at all, for the annual budgeting process?

- Company size:** Typically, any company with more than one project in development and more than 50 employees can benefit from EPM. But what that company requires will be quite different from what a mid-size or large organization needs. Small and mid-sized companies can often use off-the-shelf products; larger companies often need to build a custom EPM application. Fundamentally, you should build your EPM capability around not only the size of your organization, but also your business model. If you outsource most of your R&D, focus your EPM on outsourcing processes, data integration, and reporting.

- Company culture:** Pay close attention while building

your EPM capability to your organization’s level of governance and the complexity of your processes and tools. For example, how much emphasis does your culture place on data and metrics? If you’re small and leery of bureaucracy, you may want to take a minimal approach to your EPM capability.

### Model for Success

Whatever aspect of EPM you plan to tackle first — whether it’s resource management or timeline management – start by modeling it. Identify the components, map their interdependencies, and assess each component against three dimensions: current state, resource effort, and quality (see Figure 1). Modeling provides a structured way of thinking, communicating and planning. Without it, the process can become overwhelming, and overly complex.

Once the modeling framework is complete, your organization

can develop a more detailed assessment, which will define where you are in a maturity model. The assessment need can vary from one company to the next, but Figure 2 provides a template to use for the assessment. Perhaps most importantly, creating a model and performing an in-depth assessment helps you develop a solution that is truly “fit for purpose.” Ultimately, your EPM capability empowers your organization to develop and bring products to market in a more timely, efficient, and cost-effective manner, so you can achieve your mission of saving lives or improving quality of life. ■

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