# Is There a Gorilla in Your Portfolio?
## *Turning Opportunity into Value*

Most discussions of the Project Portfolio describe several different types of projects for the makeup of portfolios. These are likely to include:

- Maintenance or Utility Projects
- Growth or Enhancement Projects
- Transformation Projects

These discussions further suggest that the typical portfolio consists of a balance of these types of projects. The nature of your business will dictate the proper makeup and balance of your portfolio. Balance does not mean that the portfolios are equal. For instance, the three examples stated here have a considerably different effect on the business, with the potential impact of the ***Transformation*** projects being higher than the other types.

**Maintenance or Utility Projects** generally support ongoing products and services. When we prioritize these they might not register as high on the benefits-value scale as some other type projects. Yet, we know that they can be important, even if they are not especially attractive or exciting. These types of projects are essential to maintaining current capabilities, even if they don't show a direct return on investment (ROI).

**Growth or Enhancement Projects** are likely to fall nicely into high benefit and high alignment segments of the ranking criteria. By design, these should be the projects that support strategic initiatives and represent increasing value. Such projects are needed to keep the firm in a solid competitive position. In today's technological environment, no business can succeed by maintaining the status quo.

Therefore, the typical business will have at least two project portfolios: one for Utility projects and another for Enhancement projects. Strategy buckets will be established with goals and budgets attached to each, as well as resources allocated to each.

A third bucket will often be established for **Transformation Projects**. These are the opportunities to move the firm to a new level or to introduce new products or services that will dominate the marketplace. Although the projects in this category might exhibit a higher risk profile, the potential benefits can be so great as to place the project off of the scale when we plot net present value (NPV) or ROI. However, these numbers are extremely sensitive to market timing and success, and they must be treated with some skepticism.

The Transformation projects require special handling. For these projects, when we compute a benefits number, we are assuming a particular return based on a specific market position. Whether or not this assumed market position is attained depends on several factors. And whether this assumed market position is attained will have a monumental effect on benefits. I refer to these as "gorilla" projects, based on research conducted and reported by Geoffrey Moore.

## What is a Gorilla?

According to Geoffrey Moore – [Crossing the Chasm (1991) & Inside the Tornado (1995)] – gorillas are products that dominate a market, placing the company in an extraordinarily powerful position. Companies with gorilla products (or gorilla services) can experience 30% to 40% growth, per quarter. Gorillas can be so strong so as to force any potential competitor to search for a niche market instead.

## Managing the Gorilla Project

The “gorilla” project, if it is to be successful, requires every possible advantage that can come from superior project management diligence. Here are some special characteristics to consider.

- **Planning –** Although it is quite possible that the plans will change, it is essential that you at least start with a plan. The planning process, however, must be very dynamic. The gorilla project will often be based on “leading edge” technology. As the research moves along, we find that we must deviate from the initially preferred path and be ready to select alternate strategies. The ability to have alternate plans and to perform “what-if” evaluations, quickly and frequently, is essential in this environment.

- **Timing –** For the gorilla project, speed is of the essence. The second firm to offer the new product or service does not become the gorilla. Only the first gets to claim that title and the spoils that go with it. The plan must consider every possible way to shorten the time-to-market cycle. Every exception to the defined plan, or any delay, must be evaluated for the effect on the opportunity to be first to market. Therefore, the plan must be carefully monitored and pressure must be maintained to prevent loss of critical time.

- **Decision Points –** The gorilla project has a finite time window. If the window of opportunity is missed, even the most successful and advanced technical accomplishment will lose out to a lesser product or service that makes it to the market first. This overall time window must be broken down into smaller units, marking key decision points along the way. The plan must identify these decision points. The team must be aware of upcoming decision points (or gates) and be prepared to make the decisions that are required to keep the project on track.

- **Risk –** Risk is a normal component of the gorilla project. However, risk can be managed. To do so, the potential risks must first be identified. Then they are quantified, as to probability of occurrence and consequence of occurrence. For all high-impact risks, a mitigation plan should be prepared. Now, with risk identification, quantification, and mitigation, we first evaluate whether the risk is acceptable (are there less risky approaches to the same objective?). Then we monitor all risk areas, being prepared to apply mitigation strategies where warranted.

- **Schedule Risk –** A special type of risk is schedule risk. This type of risk is especially sensitive for the gorilla project. Tools are available to evaluate critical path schedules for the probability of meeting calculated project completion dates. Traditional critical path scheduling techniques will deliver a plan having 50% or less probability of being executed by the dates calculated. If your project can't accept this low confidence factor, you can use the so-called Monte Carlo scheduling techniques to develop and evaluate schedules having a higher degree of safety.

- **Communication –** Last on the list, but greatest in importance. Communication, especially for the gorilla project, will have great impact on project success. Frequent communication, between all stakeholders, in formats that convey essential information, in ways that promote and facilitate the desired responses to action items, must be the foundation of any project management system for gorilla projects. Decisions can't be made in a vacuum. Nor can they be made if no one knows that the decision is required. A system of alarms and alerts that highlight items needing attention and that are distributed promptly to the proper parties is a part of such a system.

## Time-to-Market

You might read the paragraphs above and say; "well aren't these things that should be done for all projects?" Of course they are. However, on many projects, you might get away without being very diligent in applying these basic project management principles. When it comes to the gorilla project, there is no room for being casual about it.

Getting back to the significance of being the first to market, the aforementioned marketing consultant Geoffrey Moore has some interesting figures to offer on this.

He says that when a new product is created for a new market, the first one getting to market is most likely to garner at least 50% of the total market. The remaining 50% is all that will remain for all of the other players. No wonder that there is so much pressure on new developments (and, perhaps why some developers are willing to skimp on quality rather than chance delays).

Hey! There's more yet. If the first vendor to the market garners 50% of possible sales, while #2 picks up, say, 20%, that is not the probable ratio for income. That is because #1 sets the price, which, without competition allows maximizing profits and return on investment. By the time that the other vendors join the battle, profit margins will drop (but only after #1 has made its killing). Moore figures that #1 will garner at least 70% of the profits pie, in this model.

Is that enough motivation to drive schedule compression and management?

Every day that can be squeezed out of the schedule improves the developer's chances of grabbing the lion's share of the market. Every day of slippage that is avoided, due to diligent management of the project, can bring the spoils of "being the gorilla" closer to home. The new product developer must not only invest effort in creating fast-track schedules, but must also continually tweak the schedule looking for ways to optimize (shorten) the time cycles. The payoff for getting there first is monumental.

## Gorillas in the Portfolio

Recognizing the extreme sensitivity of time-to-market, we have to be very careful of the values that we declare for the potential benefits from transformation projects. If we assume that we will be first-to-market (the gorilla), the declared benefits will be exceedingly higher than not being the leader. If we do use the higher figures, we have to make sure that the project has enough visibility and priority to meet the window of opportunity. As long as the project remains on track to be a "gorilla", it should rate the highest priority for critical resources.

We have to continually monitor the position of the project against the window of opportunity. If it looks like the window will be missed, and corrective actions are not available, the benefit calculations will have to be revised. This may change the ranking of the project.

The gorilla portfolio should have continual executive attention. The success of its component projects represents the highest benefit-to-cost potential among all projects and portfolios. Time-to-market is a critical aspect of these projects. The one who scores first almost always wins.

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