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Designing a Portfolio management maturity model (Elena)

Shima Nikkhou[a] *, K. Taghizadeh[b] , S. Hajiyakhchali[c]

[a,b,c]*Faculty of Fine Arts, University of Tehran, Tehran 1417614418, Iran*

Abstract

Various maturity models have been proposed to determine how well organizations are doing in order to improve their performance. Most of them are at the project management level and miss the other macro levels like portfolio management. Assessing maturity in organizations that have implemented portfolio management is a rather recent topic and has not been academically discussed in depth; therefore, there aren't ample maturity models in this level. The purpose of this study is to present a portfolio management maturity model called ELENA. Through literature review we tried to build up a model which keeps the advantages of previous models in addition to fixing their problems and improve them. This model assesses the maturity of portfolio management through three dimensions and offers four ways for assessment.

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Keywords: maturity, maturity model, portfolio management maturity model, triples dimensions of maturity

1. Introduction

The term maturity can be interpreted as a complete – or in perfect conditions – development; also, provides visibility of how success occurs and what approaches should be taken to correct or to prevent occurring problems (Berssanete, Carvalho, Lopes & Muscat, 2008). A maturity model is a framework describing the ideal progression toward desired improvement using several successive stages or levels (TJ Man, 2007). There is a need to look at an

* Corresponding author. Tel.: +0-000-000-0000 ; fax: +0-000-000-0000 .
E-mail address: sh.nikkhou@ut.ac.ir

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organization's "complete" picture of effectiveness; therefore, maturity models have become increasingly prevalent (Backlund, Chronéer & Sundqvist, 2014). A maturity model allows organizations to assess and compare its own practices against best practices with the intention to map out a structured path to improvement (Penny packer and Grant, 2003). Maturity models are seen as models that reflect certain aspects of reality, often called capabilities, and define qualitative attributes which are used to classify a competence object into one of several clearly defined areas. These classes are typically brought into a sequential order (Kohlegger, Maier & Thalmann, 2009). The adoption of a project management maturity model allows the company to evaluate its objective measurement criteria and its high degree of repeatability (Voivedich, 2001). The consideration of maturity models provides an approach to continuous improvement in many areas of business. Duffy (2001) specifically identifies the application to strategy development and formulating responses to change, suggesting "the value of a maturity model lies in its use as an analysis and positioning tool". Maturity models are proving to be useful because they allow individuals and organizations to assess the maturity of various aspects of their performance against benchmarks and prioritize improvement actions. A mature organization can be seen as one that is competent in meeting its needs by using standardized approaches (including continues reviewing of performance) while an immature organization lacks the implementation of these processes (OGC, 2010). Research indicates that organizations with higher maturity levels are expected to be successful in terms of effectiveness and efficiency; thus they have a competitive advantage in the marketplace (Backlund, Chronéer & Sundqvist, 2014). Research by the SEI has shown significant improvements in the return on investment rate in organizations adopting a maturity model approach. More mature organizations have experienced an 85% reduction in defects and a 75% reduction in cost (OGC, 2010).

Subject of success and its importance in organizations brings us to the discussion about the necessity of maturity models in macro level such as portfolio. Various maturity models have been proposed to determine how well organizations are doing in order to improve their performance. Most of these models are at project management level and miss the other levels such as portfolio management. Literature review on the existing maturity models shows the neglect of organizational context in the project success scrutiny .As a consequence, the objective of this research is to assess the project performance in a broader domain perceiving organizational considerations. In this case, providing an integrated maturity model in form of portfolio maturity model is increasingly important. Different maturity models were studied and investigated to present this portfolio management maturity model which keeps the advantages of previous models in addition to fixing their problems and improve them. This paper will establish a new kind of portfolio Maturity Model called ELENA which has main distinguishing attributes, Compared to the previous maturity models.

2. Literature review

During these last years, several researchers (Crawford, 2002 - Kerzner, 2004 - Ibbs & Kwak, 2000 - Cooke & Davies, 2004 and others) and institutions (PMI-OPM3, SEI-CMMI-PPMMM Gartner, OGC-P3M3 and others) addressed the topic of maturity in project management and have developed models for evaluating the maturity of project management based on best practices in order to structure the working methods and to promote the continuous improvement. In the first step, to know the advantages and disadvantages of the existing maturity models they were compared with each other through some criteria. In this comparison criteria are as shown in Table 1.

Table 1. Criteria for comparison the maturity models

Maturity models Comparison criteria	
Targeted field	Continuous assessment
Maturity levels	Difficulty of assessors education
Kind of output (discrete or continuous)	Flexibility
Citation to a standard and methodology	Operating
A proper definition of maturity	Commitment to sustainable improvement
Attention to organization strategy	Offering Solution for improvement
Collectivity of assessment	Solution prioritize