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**Project, programme and portfolio  
management — Guidance on  
portfolio management**

*Management de projets, programmes et portefeuilles —  
Recommandations sur le management de portefeuilles*

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## Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see [www.iso.org/directives](http://www.iso.org/directives)).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see [www.iso.org/patents](http://www.iso.org/patents)).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see [www.iso.org/iso/foreword.html](http://www.iso.org/iso/foreword.html).

This document was prepared by Technical Committee ISO/TC 258, *Project, programme and portfolio management*.

This second edition cancels and replaces the first edition (ISO 21504:2015), which has been technically revised. The main changes are as follows:

- terms and definitions, figures and the text have been aligned with ISO 21500:2021 and ISO 21502:2020.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at [www.iso.org/members.html](http://www.iso.org/members.html).

## Introduction

This document provides guidance on the principles of project and programme portfolio management. Typically, management of a project and programme portfolio supports the organizational strategies to deliver value.

This document is intended to be used by:

- a) executives and senior managers responsible for setting and implementing organizational strategy and business planning;
- b) decision-makers responsible for selecting, authorizing and governing projects, programmes and portfolios;
- c) teams and individuals responsible for implementing and managing the project and programme portfolios;
- d) project and programme managers and other stakeholders.

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# Project, programme and portfolio management — Guidance on portfolio management

## 1 Scope

This document gives guidance on the principles of project and programme portfolio management. This document is relevant to any type of organization including public or private and any size organization or sector.

The guidance presented in this document is intended to be adapted to suit the specific environment of each project and programme portfolio.

This document does not provide guidance on project management, programme management, or other specific types of portfolio management (such as financial portfolio management).

## 2 Normative references

There are no normative references in this document.

## 3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

### 3.1

#### **baseline**

reference basis for comparison against which performance is monitored and controlled

[SOURCE: ISO/TR 21506:2018, 3.5]

### 3.2

#### **benefit**

created advantage, value or other positive effect

[SOURCE: ISO/TR 21506:2018, 3.6]

### 3.3

#### **governance**

principles, policies and framework by which an organization is directed and controlled

[SOURCE: ISO/TR 21506:2018, 3.25]

### 3.4

#### **governing body**

person, group or entity accountable for the *governance* (3.3) of an organization, organizations or a part of an organization

[SOURCE: ISO/TR 21506:2018, 3.26]

3.5

**outcome**

change resulting from the use of the output from a *project* (3.12) or *programme* (3.10)

[SOURCE: ISO 21502:2020, 3.13, modified — “or programme” have been added.]

3.6

**portfolio**

collection of *portfolio components* (3.7) grouped together to facilitate their management to meet strategic objectives

[SOURCE: ISO/TR 21506:2018, 3.42]

3.7

**portfolio component**

*project* (3.12), *programme* (3.10), *portfolio* (3.6), or other related work

[SOURCE: ISO/TR 21506:2018, 3.43]

3.8

**portfolio manager**

person appointed with the accountability and responsibility for a *portfolio* (3.6) to meet strategic objectives

[SOURCE: ISO/TR 21506:2018, 3.46]

3.9

**portfolio management**

coordinated activities to direct and control the accomplishment of strategic objectives

[SOURCE: ISO/TR 21506:2018, 3.45]

3.10

**programme**

group of programme components managed in a coordinated way to realize *benefits* (3.2)

[SOURCE: ISO/TR 21506:2018, 3.50]

3.11

**programme management**

coordinated activities to direct and control the realisation of identified *benefits* (3.2) and deliverables

[SOURCE: ISO/TR 21506:2018, 3.54]

3.12

**project**

temporary endeavour to achieve one or more defined objectives

[SOURCE: ISO 21502:2020, 3.20]

3.13

**project management**

coordinated activities to direct and control the accomplishment of agreed objectives

[SOURCE: ISO 21502:2020, 3.24]

3.14

**stakeholder**

person, group or organization that has interests in, or can affect, be affected by, or perceive itself to be affected by, any aspect of a *project* (3.12), *programme* (3.13) or *portfolio* (3.6)

[SOURCE: ISO/TR 21506:2018, 3.79]



**3.15****strategic alignment**

result of selecting and adjusting *portfolio components* (3.7) to contribute to accomplishing the strategic objectives of an organization

**4 Principles of portfolio management****4.1 Context and need for portfolio management**

The strategic objectives of the organization, as well as other organizational considerations such as market or financial circumstances, guide the decision to implement portfolio management. The decision by the organization to adopt portfolio management depends on its context and on considerations, such as:

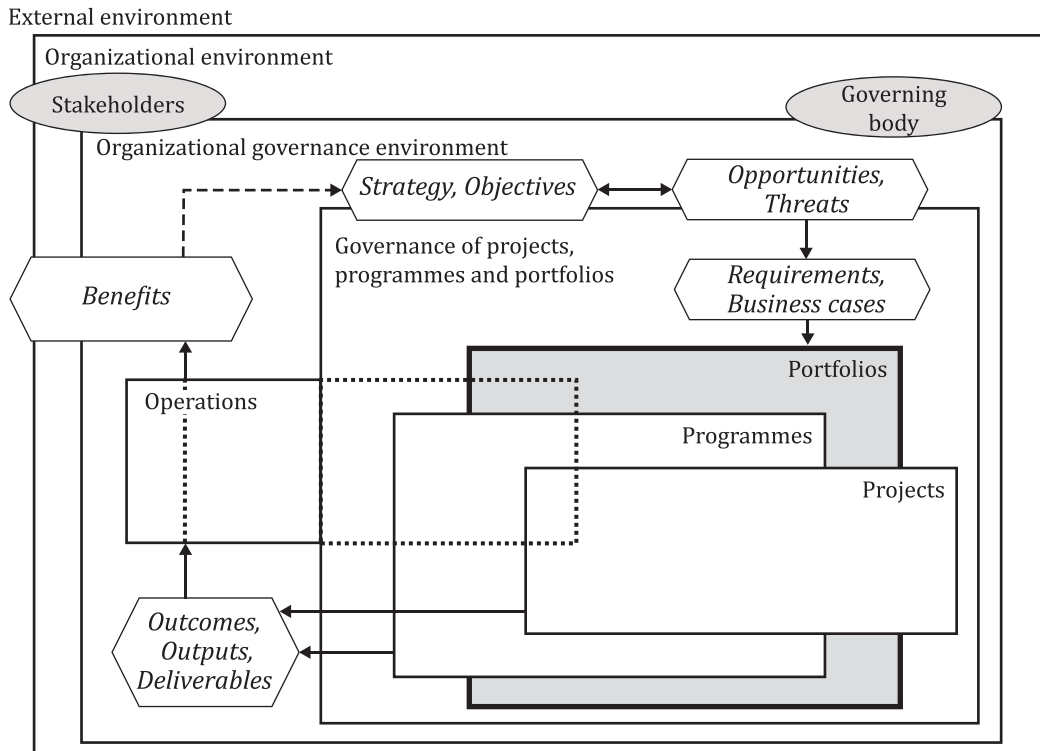
- a) the impact of introducing portfolio management into the organization, including the capability of the organization to absorb changes in terms of structure, responsibilities and culture;
- b) the threats and opportunities associated with the implementation of portfolio management.

[Figure 1](#) illustrates the context and environment within which portfolio management can operate. The organizational strategy should be used to identify, document and evaluate opportunities, threats, weaknesses and strengths, which can help inform future action. Selected opportunities and threats can be further examined and justified in business cases, which can result in one or more portfolio components being initiated. The outcomes, outputs and deliverables from the portfolio components are expected to realize benefits for the sponsoring organization, as well as for external stakeholders.

Portfolio management enables a consistent approach for managing the components of the portfolio, in order to:

- enable investment in portfolio components aligned with the organizational strategy;
- optimize organizational capability and capacity;
- maximize benefits from investment;
- identify and manage stakeholders' expectations;
- provide visibility of portfolio component activity and status.

The guidance in this document can be applied in any organizational environment. In addition, for portfolio management to maximize benefits aligned to the strategy of the organization, there are prerequisites that should be in place to support portfolio management (see [Clause 5](#)).



NOTE The dashed lines of the operations box indicate that operations can stretch into projects, programmes and portfolios (the dashed lines can be referred to as “other related work”).

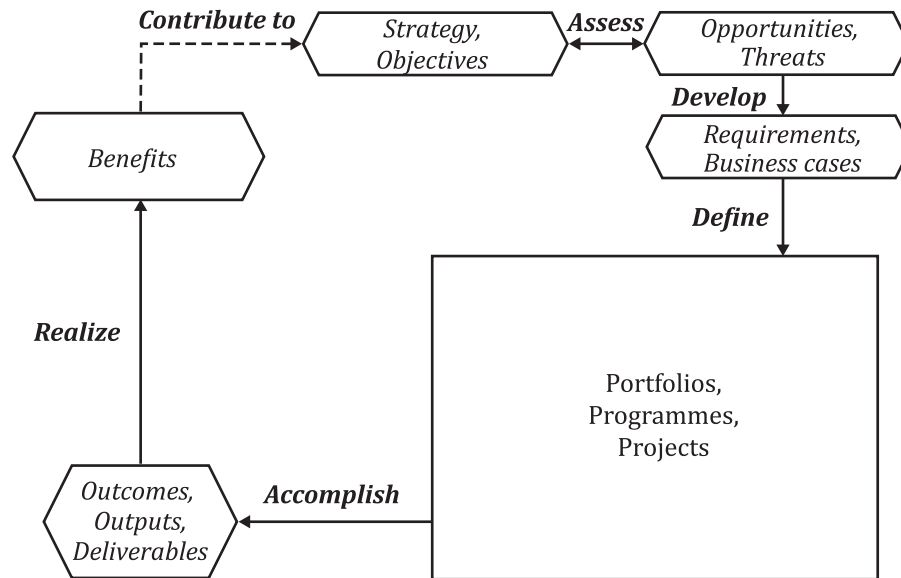
**Figure 1 — An example of portfolio management within the context of the governance and management of projects and programmes**

## 4.2 Overview of portfolio management

### 4.2.1 Portfolio management

Portfolio management should include a set of interrelated organizational processes and methods by which an organization allocates resources to achieve its strategic objectives.

Portfolio management aligns the portfolio component objectives with the strategic objectives of the organization, stakeholder priorities, and values such as sustainable practices and ethical principles. As shown in [Figure 2](#), portfolio management can be described as a continuous decision-making process, whereby the list of portfolio components of an organization is subject to periodic review for alignment with the strategy of the organization. In this approach, new opportunities or threats are evaluated, selected, prioritized and authorized. Portfolio components may be modified, accelerated, postponed or terminated.



NOTE Opportunities and threats are seen from a strategic perspective.

Figure 2 — An example of strategy implementation

#### 4.2.2 Portfolio structure

A portfolio should be structured as a hierarchy in which higher-level portfolio components are made up of lower-level portfolio components, as illustrated in Figure 3. There are other relationships not illustrated in Figure 3, such as resources, technology and communication. The structure of the portfolio represents a “snapshot” of portfolio components and is reflective of the strategic objectives of the organization to which it is aligned.

The structure within the portfolio should include a minimum of two portfolio components.

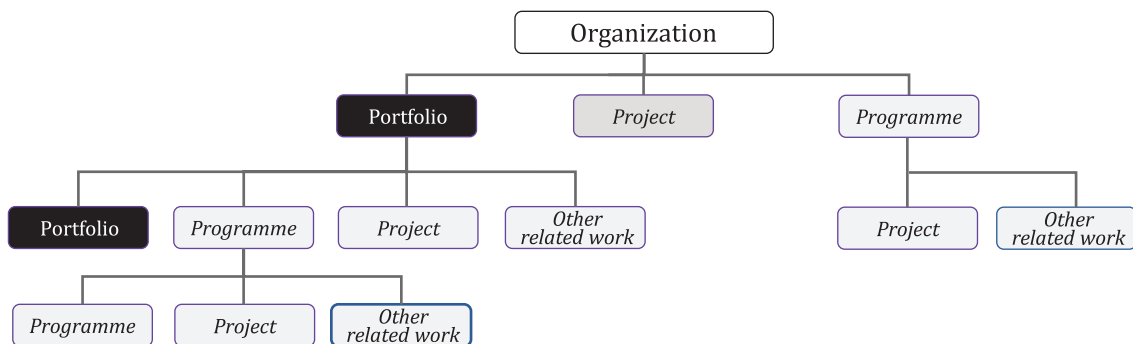


Figure 3 — An example of the relationship between projects, programmes and portfolios

#### 4.2.3 Capabilities and constraints

Portfolio capability is the ability of the organization to apply resources to achieve strategic objectives.

Decision-makers should determine whether the work within the portfolio can be accomplished. An organization should provide and maintain the capabilities it needs to run the organization in its current state and to implement the necessary changes to move it towards its strategic objectives.

A portfolio constraint can prevent the portfolio from achieving the envisioned strategic objectives or cause the strategic objective to be modified or reprioritized. Constraints can originate from internal or external sources. The organization should have direct control over internal constraints, however, it