

BEYOND THE RECOVERY

Portfolio Rationalisation After the Recovery — Why Organisations Refilled the Pipeline with the Same Mistakes

A Practitioner's Perspective on the Failure to Sustain Crisis-Driven Portfolio Discipline



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1. The Discipline That Did Not Survive

Between late 2008 and mid-2009, most large organisations did something they had never managed before: they rationalised their portfolios. Not gently, not diplomatically, but with the blunt force that only genuine crisis can provide. Projects were stopped mid-flight. Programmes were consolidated or killed outright. Discretionary spend was frozen. For a brief, painful period, portfolio management functioned as it was always meant to – as a mechanism for directing finite resources toward the work that mattered most.

The crisis made this possible because it removed the political barriers that normally prevent rationalisation. When the alternative is insolvency, no executive director has the standing to protect a pet project. When budgets are cut by thirty percent, the investment committee cannot fund everything and must therefore choose. When survival is at stake, the portfolio conversation shifts from "how do we fit everything in?" to "what must we do and what must we stop?" – which is the only question that portfolio management should ever be asking.

Three years later, the discipline has evaporated. The portfolios I review across financial services, telecoms, and the public sector have returned to their pre-crisis condition: overstuffed, under-resourced, and full of initiatives that no one can explain in terms of measurable business value. The crisis forced a cull. The recovery funded a refill. And the refill has been conducted with precisely the same lack of rigour that created the bloated portfolios the crisis exposed.

2. How the Pipeline Refilled

The mechanics of portfolio re-inflation are depressingly predictable. They follow a pattern that repeats across sectors and geographies, varying only in the speed at which organisations forget what the crisis taught them.

2.1 The Return of the Paused Initiative

During the crisis, many organisations did not kill underperforming programmes – they paused them. The language was careful: "deferred," "descoped," "reprioritised for the next planning cycle." This language preserved the option to restart without requiring a new business case, a new investment decision, or a new assessment of whether the initiative still made sense in a changed world.

As budgets recovered, these paused initiatives returned — not because anyone had re-examined their strategic rationale, but because they had never been formally closed. The business case was still on file. The programme manager was still allocated. The steering committee still existed. Restarting required less effort than justifying closure, and so they restarted.

The problem, of course, is that the world had changed. Market conditions, customer expectations, regulatory requirements, and competitive dynamics had shifted during the pause. An initiative that made sense in early 2008 did not necessarily make sense in 2010. But no one was asking that question. The question being asked was: "we paused this — can we unpause it now?" And the answer was always yes, because the portfolio governance process treated resumption as a scheduling decision rather than an investment decision.

2.2 The Pet Project Renaissance

Every senior leader has initiatives they care about — projects they sponsored, capabilities they championed, strategic bets they placed before the crisis. The crisis forced these off the table. The recovery put them back.

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The pattern is consistent. A divisional director secures budget for "a strategic initiative" whose scope is defined loosely enough to accommodate whatever they want to build. The initiative bypasses normal prioritisation because it is framed as "already approved" — a continuation of pre-crisis work rather than a new request. The portfolio team, which during the crisis had the authority to challenge such requests, has been reduced back to a reporting function. It records the initiative in the portfolio tracker but has neither the mandate nor the information to assess whether it should be there.

Within twelve months of the recovery, the portfolio contains a familiar mix: a handful of genuinely strategic programmes surrounded by a constellation of departmental initiatives, tactical fixes, and exploratory projects that collectively consume more budget than the strategic programmes and deliver less measurable value.

2.3 The Unfunded Mandate

Perhaps the most damaging pattern is the initiative that enters the portfolio without dedicated funding. Regulatory changes, compliance requirements, and "must-do" operational fixes are added to the portfolio with the instruction to "absorb the cost within existing budgets." This means that funded programmes are expected to accommodate unfunded work — which they do by stretching timelines, sharing resources, and degrading quality across the board.

The unfunded mandate is portfolio management's dirty secret. It allows senior leaders to claim they are managing costs (no new budget has been approved) while actually inflating the portfolio's demands on delivery capacity. The result is a portfolio that looks affordable on paper but is impossible to deliver in practice — because the sum of funded and unfunded demands exceeds the organisation's capacity by a margin that no one has calculated because no one wants to know the answer.

3. Why Portfolio Discipline Does Not Survive the Recovery

The failure to sustain crisis discipline is not random. It is structural. Three features of how organisations manage portfolios make relapse almost inevitable.

3.1 The Absence of Ongoing Triage

Crisis-driven rationalisation is a one-time event. Organisations form a task force, review the portfolio, make cuts, and disband. There is no mechanism for ongoing triage — no regular process for asking whether every initiative in the portfolio still deserves to be there.

Annual planning cycles do not serve this purpose. By the time an initiative reaches the annual plan, it has already been informally approved, politically committed, and practically impossible to stop. The annual plan ratifies decisions that have already been made rather than making new decisions. It is a portfolio census, not a portfolio challenge.

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Effective portfolio management requires continuous triage — a standing mechanism that reviews the portfolio quarterly (at minimum) and asks three questions of every initiative: Is this still strategically relevant? Is this delivering measurable progress? If we were not already doing this, would we start it today? Any initiative that cannot answer all three affirmatively should be challenged, and the default response to a weak answer should be stop — not “continue with enhanced monitoring,” which is the governance euphemism for doing nothing.

3.2 The Asymmetry Between Starting and Stopping

In every organisation I work with, starting an initiative is easier than stopping one. Starting requires a business case, an investment decision, and a programme manager. Stopping requires a formal closure process, a write-off of sunk costs, reallocation of resources, and — most importantly — a public admission that the investment decision was wrong.

This asymmetry creates a one-way ratchet. Initiatives enter the portfolio through a moderately rigorous process and then remain there indefinitely because the cost of stopping (political, financial, reputational) always seems higher than the cost of continuing. The result is a portfolio that grows monotonically until the next crisis forces another cull.

The asymmetry is reinforced by how organisations account for failure. Sunk costs are treated as losses. A programme that has spent £5 million and is stopped represents a £5 million write-off. The same programme, if continued to completion at a total cost of £15 million and delivering marginal value, represents a £15 million investment. The accounting treatment makes stopping look worse than continuing, even when stopping is the economically rational choice.

3.3 The Capacity Illusion

Portfolio governance in most organisations does not include a realistic assessment of delivery capacity. Investment committees approve initiatives based on available budget, not available capacity. A portfolio can be fully funded yet impossible to deliver because the organisation does not have enough architects, developers, test analysts, or programme managers to staff everything simultaneously.

The result is resource contention at every level. Key people are allocated across three or four programmes. Dependencies between programmes create queuing delays. Programme managers spend more time negotiating for resources than managing delivery. And the portfolio as a whole delivers less than any individual programme would have delivered if it had been properly staffed — because the cost of context-switching, partial allocation, and dependency management is never accounted for in the portfolio plan.

4. What Sustainable Portfolio Discipline Would Look Like

The crisis proved that organisations can rationalise effectively when forced to. The challenge is creating the conditions for rationalisation without requiring a crisis. This means building portfolio governance mechanisms that are designed for ongoing discipline rather than periodic intervention.

- Standing portfolio triage, not annual planning. A quarterly review that applies the three-question test (strategically relevant, measurably progressing, would we start this today?) to every initiative. The review must have the authority to stop initiatives, not merely recommend further review. Without that authority, it becomes another reporting exercise.
- Capacity-based portfolio sizing. Before approving new initiatives, assess available delivery capacity realistically — accounting for partial allocation, context-switching costs, and dependency overhead. Fund only what can be delivered with dedicated resources. Everything else goes on a prioritised backlog, not into the active portfolio with a hope that capacity will materialise.
- Symmetrical exit mechanisms. Make stopping an initiative as procedurally simple as starting one. Remove the stigma of sunk cost write-offs by reframing them as investment decisions: stopping a failing programme early is not a loss — it is a recovery of the resources and budget that would have been consumed if it continued.
- Transparency on unfunded mandates. Every demand on delivery capacity must be visible in the portfolio, whether or not it has dedicated funding. If regulatory changes require 20 percent of development capacity, that capacity is not available for discretionary work. Pretending otherwise creates the capacity illusion that undermines every other portfolio governance mechanism.

5. The Question That Should Haunt Every Portfolio Board

The crisis gave portfolio boards a gift: clarity. For a brief period, the noise cleared and the signal was unmistakable. Only the work that genuinely mattered survived, and organisations discovered that the work that mattered was a fraction of what they had been funding.

That clarity has faded. The noise has returned. The portfolios are full again, and the question that the crisis answered so brutally — what would we stop if we had to? — has been quietly retired.

But the question has not gone away. It has merely been deferred. Whether through another crisis, a budget correction, a strategic pivot, or simply the accumulating weight of underdelivery, every overstuffed portfolio will eventually face the same reckoning. The only variable is whether the organisation chooses the reckoning on its own terms — through disciplined, ongoing triage — or has it imposed from outside.

The evidence from the last three years suggests that most organisations will wait to have it imposed. The question for every portfolio board is whether they are willing to be the exception — and whether they have the courage to ask today the question that the next crisis will ask for them: if we were starting from zero, which of these initiatives would we actually fund?