

BEYOND THE SPREADSHEET

The Value Framework Nobody Can Agree On

A Practitioner's Perspective on Value Definition in Portfolio Management



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1. The Perennial Argument

Every organisation I have worked with has, at some point, attempted to build a value framework for its portfolio. And every one of those attempts has, sooner or later, run into the same wall: nobody can agree on what value actually means.

This is not a failure of intellect. The people around the table are rarely stupid. They are, however, operating from fundamentally different assumptions about what the portfolio exists to achieve — and those assumptions are so deeply embedded in their respective functions that they are rarely surfaced, let alone challenged. The finance director sees value as return on investment, discounted over a sensible horizon. The strategy director sees value as competitive positioning, measured in market share or capability acquisition. The operations director sees value as efficiency, measured in cost reduction and headcount optimisation. The technology director sees value as architectural modernisation, measured in platform currency and technical debt reduction.

Each of these is a legitimate way of thinking about value. The problem is that they are not commensurable. You cannot add strategic positioning to cost reduction and arrive at a meaningful number. Yet this is precisely what most portfolio value frameworks attempt to do.

2. The Weighted Scoring Illusion

The most common response to this incommensurability is the weighted scoring model. Assign each dimension a weight, score each initiative against each dimension, multiply and sum. The result is a single number that purports to represent the total value of each initiative, allowing neat comparison and prioritisation.

The appeal is obvious. The weakness is equally obvious, though less commonly admitted: the weights are themselves the product of a political negotiation, and the scores are subjective judgements dressed up as quantitative assessments. A weighted scoring model does not resolve the disagreement about value — it merely launders it through a layer of arithmetic.

In my experience, this laundering has a particularly corrosive effect. Because the output looks numerical and objective, it becomes difficult to challenge. The conversation shifts from what do we actually value? to what score did you give this initiative on dimension three? — a far less useful question, but one that feels more tractable. The strategic argument is replaced by a calibration exercise, and the underlying tension is buried rather

than resolved.

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3. Why Reconciliation Fails

The deeper problem is not that organisations lack a value framework – it is that they have several, each serving a different political constituency, and nobody has the authority or the appetite to force a reconciliation.

This is structural, not personal. In most large organisations, the portfolio governance function sits in one of three places: within finance, within strategy, or within a central programme office. Wherever it sits, it inherits the value assumptions of its host function. A finance-hosted portfolio office will naturally gravitate towards NPV and IRR as the primary value metrics. A strategy-hosted office will lean towards alignment scores and capability maps. A programme-office-hosted function will default to delivery metrics – milestones hit, budgets held, resources utilised – which are not value metrics at all, but are often treated as proxies for value in the absence of anything better.

The result is that the value framework reflects the institutional power of its owner, not a genuine consensus about what the portfolio should optimise for. And because the other functions know this – even if they cannot always articulate it – they resist. They game the scores, challenge the weights, escalate the contentious cases, or simply ignore the framework and pursue their own priorities through informal channels.

4. The Missing Conversation

What is actually needed is not a better framework but a more honest conversation. Specifically, the senior leadership team needs to confront three questions that most portfolio value exercises carefully avoid:

1. What are we willing to sacrifice? Value is meaningless without trade-offs. If the portfolio cannot do everything – and it never can – then choosing to invest in strategic positioning means choosing not to invest in operational efficiency, or at least investing less. Most value frameworks are designed to avoid this confrontation by suggesting that all dimensions can be optimised simultaneously. They cannot.
2. Over what time horizon are we measuring? A cost-reduction programme delivers measurable value within months. A capability-building programme may not deliver measurable value for years. A framework that treats both on the same time horizon will systematically favour the former – which may be exactly the wrong strategic choice, but it is the choice that the framework's structure makes invisible.
3. Who decides, and on what basis? The governance question is inseparable from the value question. A value framework that produces recommendations but leaves the decision to a committee that operates by consensus will produce different outcomes from one that gives a single accountable executive the authority to decide. The framework itself is inert without a decision architecture that can act on its outputs.

5. The Pattern I Have Observed

Across sectors — financial services, telecommunications, utilities, government — the pattern is remarkably consistent. An organisation recognises that its portfolio prioritisation is ad hoc and politically driven. It commissions a value framework, often with external consultancy support. The framework is built, debated, refined, and eventually approved. It is applied to the first round of portfolio decisions. The results are uncomfortable — initiatives sponsored by powerful executives score poorly; initiatives that nobody cares about score well. The framework is adjusted. Then adjusted again. Within two or three cycles, it has been calibrated to produce results that broadly match the decisions the leadership team would have made anyway, at which point it serves no purpose other than to provide a retrospective justification for choices that were made on other grounds entirely.

This is not cynicism. It is the predictable consequence of trying to impose a rational framework on a fundamentally political process without first doing the political work of building genuine alignment on what the organisation values.

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6. What Actually Works

The organisations that do this well — and they are a minority — share a common characteristic: they separate the value conversation from the scoring exercise.

Rather than building a comprehensive framework that attempts to capture every dimension of value in a single model, they invest time in building a shared understanding of the portfolio's strategic intent. What is this portfolio for? What would success look like in three years? What are the two or three things that matter most, and why? This conversation is difficult, politically charged, and time-consuming. It is also the only conversation that actually matters.

Once that strategic intent is clear — genuinely clear, not captured in a vision statement that nobody reads — the value framework becomes a much simpler instrument. It does not need to reconcile incommensurable dimensions because the leadership team has already made the hard choices about which dimensions to prioritise. The framework becomes a tool for checking alignment rather than a machine for generating rankings.

7. The Uncomfortable Truth

The reason the value framework nobody can agree on persists as a problem is that it is a symptom, not a cause. It is a symptom of an organisation that has not done the harder work of building strategic alignment at the top. No amount of methodological

sophistication will compensate for that absence. The framework cannot create consensus; it can only reflect it. And where there is no consensus to reflect, the framework will inevitably become either a political battleground or an irrelevance.

This is not a comfortable conclusion for those of us who work in portfolio management. We would prefer to believe that the right methodology, rigorously applied, can cut through the politics and produce objectively correct decisions. But portfolio value is not an engineering problem with an engineering solution. It is a leadership problem with a leadership solution — and the organisations that recognise this are the ones that spend less time arguing about frameworks and more time arguing about what actually matters.