Lean Portfolio Management De-mystified

Practical Patterns for Amplifying the Impact of SAFe
SAFe® Implementation Roadmap

What I do
A common refrain

“At the lower levels, **SAFe** addresses the **What**, **Why**, and **How** of being Lean/Agile.

At the Portfolio-level, I see the **Why** and **What**, but the **How** seems missing…”
First, what is a Portfolio?
SOLUTION PORTFOLIO

Value Stream

AGILE RELEASE TRAIN

Solution

Value Stream

AGILE RELEASE TRAIN

Solution

Value Stream

AGILE RELEASE TRAIN

Solution

Value Stream

AGILE RELEASE TRAIN

Solution
Why must the Portfolio be managed?
SAFe Principles

#1 - Take an economic view
#2 - Apply systems thinking
#3 - Assume variability; preserve options
#4 - Build incrementally with fast, integrated learning cycles
#5 - Base milestones on objective evaluation of working systems
#6 - Visualize and limit WIP, reduce batch sizes, and manage queue lengths
#7 - Apply cadence, synchronize with cross-domain planning
#8 - Unlock the intrinsic motivation of knowledge workers
#9 - Decentralize decision-making
1 + 1 > 2
What is Lean Portfolio Management?
Lean Portfolio Management empowers the portfolio

- Connect the portfolio to enterprise strategy
- Fund Value Streams
- Establish portfolio flow

- Forecast and budget dynamically
- Measure portfolio performance
- Coordinate continuous compliance

- Coordinate Value Streams
- Support program execution
- Drive operational excellence
**OODA Loop**

**Observe** – gather and review data

**Orient** – seek to understanding

**Decide** – choose a response

**Act** – execute on chosen response
And finally…. How to manage a lean portfolio!
2 Ceremonies

Portfolio Operations Sync

- Once per iteration
- Value stream coordination
- Enable portfolio flow
  - Epics in execution
  - Epics in analysis
- Collect and monitor key metrics
- Operational excellence
Strategic Portfolio Review

- Once per program increment
- Review metrics & strategic context
- Evaluate progress & learnings
- Collaboratively adjust:
  - Strategic themes
  - Portfolio canvas
  - Guardrails
Portfolio Operations Sync
Portfolio Operations Sync

Participants:

- Solution Portfolio Manager
- APMO Leader
- Enterprise Architect
- Epic Owners
- VS Leaders
- Lean Agile Center of Excellence (LACE)
- Compliance / Governance
Agile Portfolio Management Office

- Facilitates POS & SPR
- Coordinates portfolio governance
- Supports program execution
- Leads process excellence
- Enables Communities of Practice
- May be structural or virtual
Solution Portfolio Manager

- Content Authority for Portfolio Epics
- Holds portfolio strategy & guardrails
- Fiduciary responsibility
- Typically CIO, CTO, VP Product Dev (or designee / Chief of Staff)
Portfolio Operations Sync

**Agenda (1-2 hours):**

**ACT:**
- Portfolio Kanban coordination
  - MVP execution
  - Backlog refinement
  - Epics analysis

**OBSERVE:**
- Metrics collection & review:
  - KPIs & health metrics
  - Epic hypothesis leading indicators
  - Compliance & governance
- Forecast / Option analysis
- Process improvement opportunities
Portfolio Kanban

Funnel
All big ideas are welcome here!
- New business opportunities
- Cost savings
- Marketplace changes
- Mergers and acquisitions
- Problems with existing solutions

Review
- Epic Hypothesis Statement
- Refine understanding
- Calculate WSJF
- WIP limited

Analyzing
- Solution alternatives
- Refine WSJF
- Cost estimate
- Identify MVP
- Lean business case
- WIP limited
- Go/ no-go decision

Portfolio Backlog
Implementing
Done

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Approved Lean business case and hypothesis
Lean Startup Cycle
Implement additional Features
Stop work
Continue until WSJF determines otherwise

Stop work
Strategic Portfolio Review
Strategic Portfolio Review

Participants:

- Enterprise Stakeholders
- VS Business Owners (Business & Technology)
- Solution Portfolio Manager
- APMO Leader
- Enterprise Architect
- Epic Owners
- VS Leaders & Lean Agile Center of Excellence (LACE)
Strategic Portfolio Review

Agenda (2-4 hours):

**Orient:**
- Enterprise/Market Strategy
- Strategic Theme progress metrics
- Health & Performance Metrics
- Governance & Compliance
- Epic Progress & Leading Indicators
- Epic Business Cases

**Decide:**
- Strategic Themes
- Portfolio Canvas
- Lean Budgets
- Budget Guardrails
- Epic review/approval
Strategic Portfolio Review
# Portfolio Canvas

The Portfolio Canvas is adapted from The Business Model Canvas (http://www.businessmodelgeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.

## Value Propositions

<table>
<thead>
<tr>
<th>Value Streams</th>
<th>Solutions</th>
<th>Customer Segments</th>
<th>Channels</th>
<th>Customer Relationships</th>
<th>Budget</th>
<th>KPIs / Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the value streams in this portfolio? (Note: Create a row for each value stream)</td>
<td>What solutions does each provide?</td>
<td>What customers does each value stream serve?</td>
<td>What channels does each value stream use to reach its customers?</td>
<td>What type of customer relationship does each value stream maintain?</td>
<td>What is the budget for each value stream?</td>
<td>What measures are used to evaluate the performance of each value stream?</td>
</tr>
</tbody>
</table>

## Key Partners

- Who are our key partners?
- Who are our key suppliers?
- Which key resources are we acquiring from partners?
- Which key activities do partners perform?

## Key Activities

What key activities do our value propositions require?

- Strategic Themes and Lean Budgets
- Market Rhythms
- Portfolio Sync
- PI Planning (PrePost)
- System/Sol. Demo
- Inspect & Adapt

## Key Resources

What key resources do our value propositions require?

- Epic Owners
- Enterprise Architects
- LPM authorities
- APMQ, LACE
- Shared Services

## Cost Structure

- What is the total portfolio budget?
- What are the most important costs inherent in the portfolio?
- Which key resources are the most expensive?
- Which key activities are the most expensive?

## Revenue Streams

- What is the revenue for value streams that are monetized?
  - For what value are customers really willing to pay?
  - For what do they currently pay?
  - How are they currently paying?
  - How much does each revenue stream contribute to overall revenue
- What is the value provided by non-monetized (pure development) value streams?
Portfolio Canvas

Current Portfolio Canvas

Explore possibilities

Evaluate options

Make decisions

Future Portfolio Canvas

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Budget Guardrails

- Investment by horizon
- Capacity allocation
- Significant initiatives
- Business owner engagement