Part I: Introduction

Introductions

- Take 5 Minutes

- Turn to a Person Near You

- Introduce Yourself

- Business Cards

Open Mic

- Anyone here working in a SAFe environment?
  - o Have you implemented SAFe?
  - o Are you inspired by, or using aspects of, SAFe?

- Do you have Lean practices in your organization?

Agenda

- Introduce Lean Portfolio Management (LPM)

- Map out first steps to building a foundation for LPM

- Identify future improvement steps for implementing LPM in your strategic processes

What is Lean Portfolio Management?

What is LPM?

Lean Portfolio Management (LPM) provides alignment and governance models for portfolio organizations, enabling development streams to effectively plan and deliver enterprise business outcomes.

Modernizing portfolio management is critical to supporting a Lean-Agile way of working and competing in today's fast-paced digital world.

What makes LPM different?

| Traditional Portfolio Management	Lean Portfolio Management
Visibility into specific portfolios work	Visibility into all enterprise work taking place in the Portfolio
Status for the specific portfolio	Transparency of the status of all work, from User Stories to Epics across all Portfolios
Coordination of dependencies within a portfolio	Coordination of dependencies across the organization
Prioritization within the specific portfolio	Constant economic prioritization of all work
Review of status and re-prioritization is annual or bi-annual	Regular review and reprioritization of strategic work eliminates waste and improves enterprise agility
Work intake is typically planned by who yells the loudest	Work intake is prioritized based on ROI/Value and matched to capacity, thus increasing focus and speeding the delivery of Value
Annual planning and funding	Rolling wave/continuous planning and funding

The Portfolio Level of SAFe
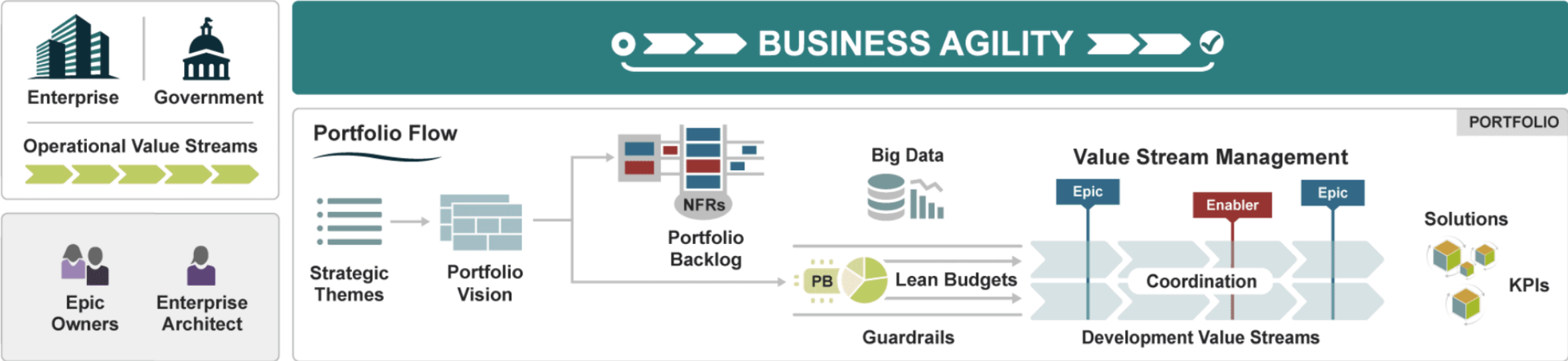
Shifting to Lean-Agile

Traditional Approach	Lean-Agile Approach
People organized in functional silos and temporary project teams	People organized in value streams and ARTs; continuous value flow
Fund projects and project-cost accounting	Fund value streams, Lean budgets and guardrails
Big up-front, top-down, annual planning and budgeting	Value stream budgets adjusted dynamically; participatory budgeting
Centralized, unlimited work intake; project overload	Strategic demand managed by portfolio Kanban; decentralized intake by value Streams and ARTs
Overly detailed business cases based on speculative ROI	Lean business cases with MVP, business outcome hypothesis, agile forecasting and estimating
Projects governed by phase gates; waterfall milestones, progress measured by task completion	Products and services governed by self-managing ARTS; objective measures and milestones based on working solutions

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Benefits of LPM

- Visibility into all work taking place in the Portfolio

- Transparency of status for all work, from User Stories to Epics

- Coordination of dependencies across the organization

- Key stakeholders verify that planned work meets with company strategic direction

- Constant economic prioritization of work ensures that priority issues always move to the top

- Regular review and reprioritization of strategic work eliminates waste and improves enterprise agility

- Work intake is matched to capacity, thus increasing focus and speeding delivery of value

- Rolling wave planning enables the company to shift direction nimbly in an ever-shifting market

Three Dimensions of LPM
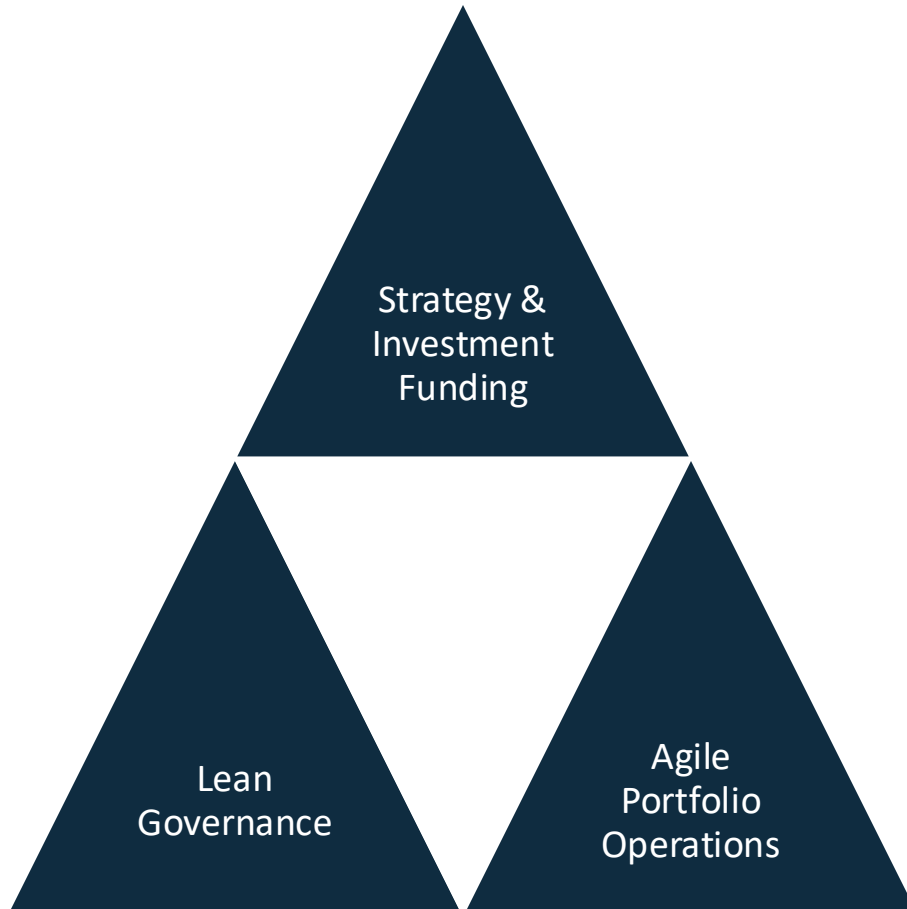
Strategy & Investment Funding ensures the entire Portfolio is aligned and funded to create and maintain the solutions needed to meet business targets.

Agile Portfolio Operations coordinates and supports decentralized ART execution and fosters operational excellence.

Lean Governance supports oversight of spending, audit, compliance, expenditure, measurement, and reporting.

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The First Steps to Implement LPM

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Steps to Implement LPM

The first steps we need to accomplish are:

- Establish the Lean-Agile Center of Excellence (LACE)
- Identify other leaders for the Portfolio
- Start communicating early and often
- Train the Portfolio leadership

Setting up the LACE

The role of the LACE is to identify and create alignment for realigning the organization to LPM. Without the members of the LACE working together to identify the most important areas for improvement and guiding the change, the Portfolio implementation will become disorganized and incoherent.

A critical component to the LACE is having an Enterprise Agile Coach who has been through the process before.

LACE Membership

The LACE should consist of:

- Enterprise Agile Coaches

- Senior Leaders

- Champions of the change process

LACE Member Traits:

- Invested in making the change happen

- Motivated to help

- Have a positive reputation in the organization

- Have a foundational understanding of SAFe

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Identify Other LPM Leaders

Organizational change of this magnitude requires that many leaders work in concert to bring the Portfolio implementation to fruition. The LACE should work with senior executives to identify the critical roles that need filled:

- **Enterprise Architect** – responsible for overall technical guidance across the Portfolio
- **Business Owners** – the chief stakeholders for the Value Streams in the Portfolio
- **Senior Leaders** – any senior executives who have a strategic understanding of the Portfolio's operations
- **Solution Portfolio Manager** – the senior executive responsible for overseeing the Portfolio and acting as a guide for the LACE

Start Communication Early

People will be apprehensive about a change of this magnitude. The key to helping minimize angst is communicating early and often. Be transparent in the process, let people know the plans well in advance, and repeat these communications frequently.

Reassure people that the process is transparent and that communications will be sent as things change. We want no surprises.

Training Leaders

In order to understand the vision and scope of the work that will be undertaken, the newly identified leaders should take SAFe training classes geared toward their role in the organization.

- **Enterprise Architect** – Leading SAFe and SAFe for Architects

- **Business Owners** – Leading SAFe

- **Senior Leaders** – Leading SAFe and/or Lean Portfolio Management

- **Solution Portfolio Manager** – Leading SAFe and Lean Portfolio Management

Next Steps

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Now that the Foundations are in Place…

To start the transformation process, identify the immediate and long-term needs of your organization and start writing these up as Epics and Features.

Create a Kanban for the LACE and start implementing the work.

The LACE should operate as an Agile team and use the same ceremonies as you would expect any Agile team to operate.

As part of the transformation, we need to move away from independently operating silos and move to portfolios of Value Streams.

This translates to **mapping the flow of value** within the organization.
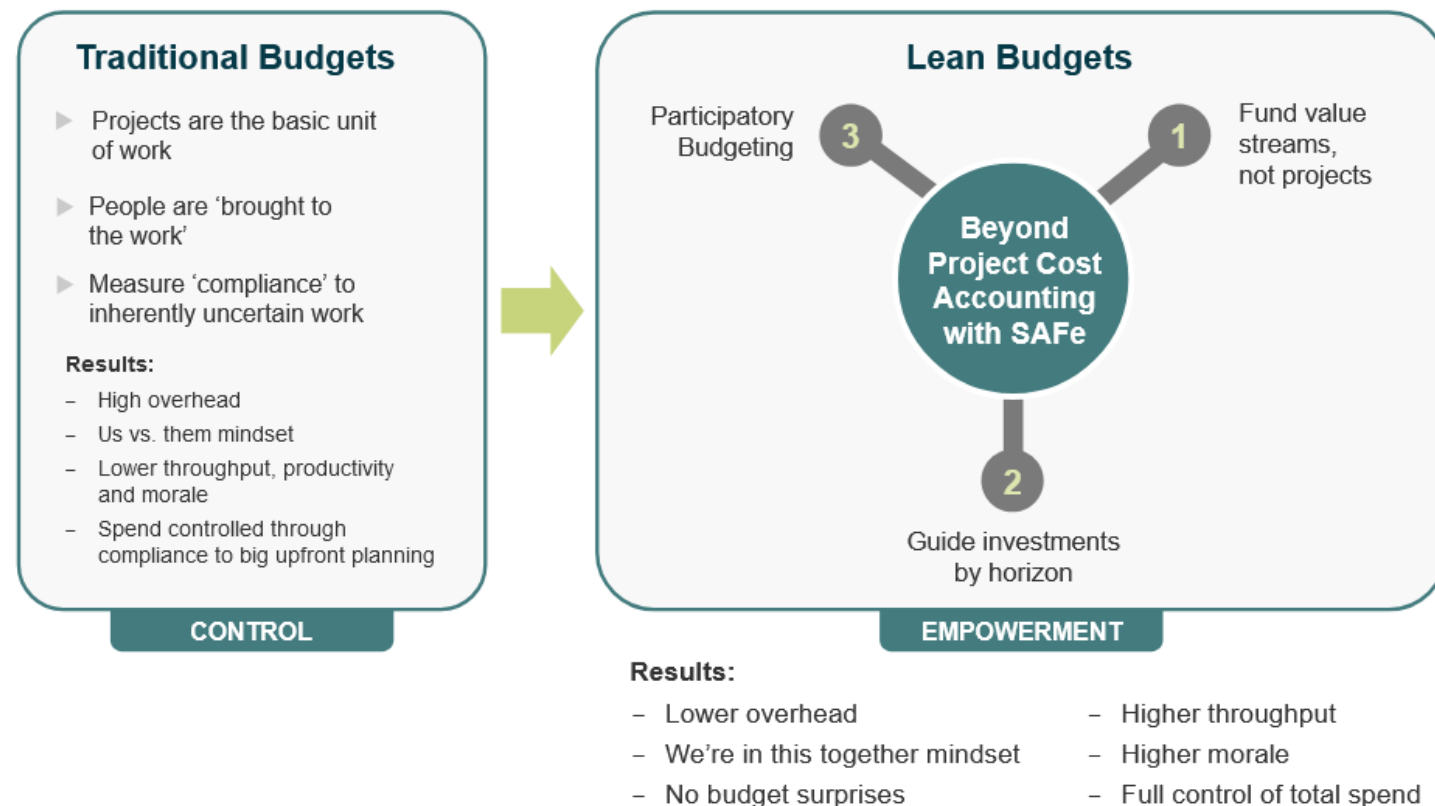
Create a Portfolio Kanban Board

To visualize the work being completed, we need to create a Portfolio Kanban Board. Then, start reviewing the work we are doing currently and map it back to Epics, which should be added to the Portfolio Kanban. Furthermore, meetings should be held with the stakeholders to review Epics and discuss status and whether or not to close them out.

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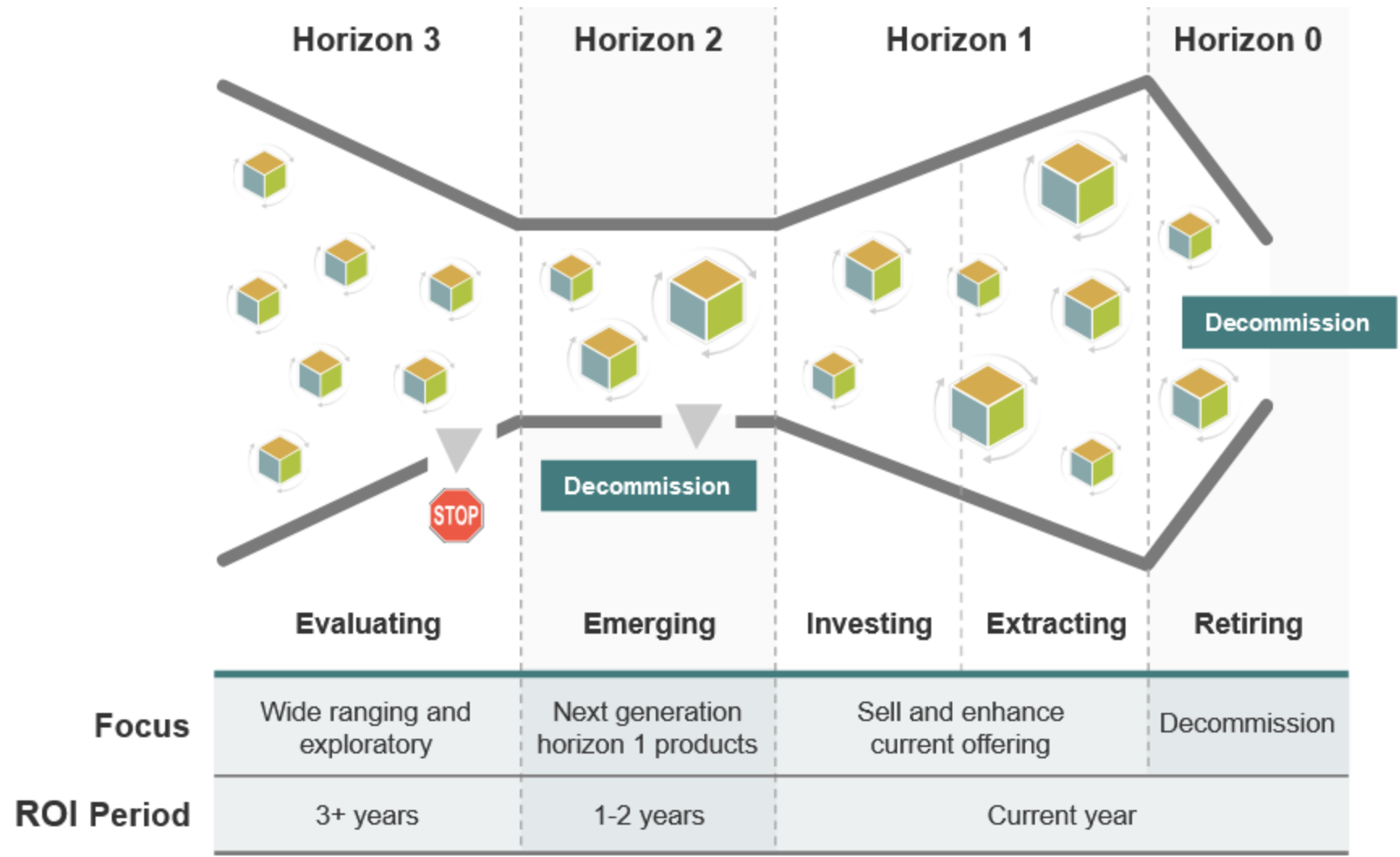
Implementing Lean Budget Guardrails

To ensure we are getting the right balance of work in the Portfolio, we verify that we are performing exploratory work to examine ways to stay ahead of our competition, identify new market trends, and create better customer experiences.

We also balance the Portfolio work to validate that we are taking the time to build the infrastructure and conduct the research necessary to provide the best value to our customers.
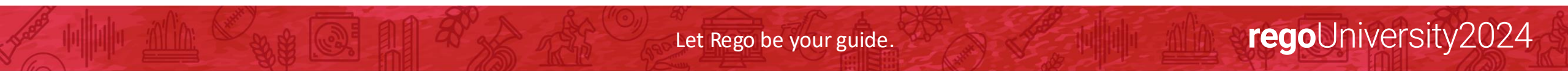
To perform these actions, we balance our work to include required support work, encourage innovation and risk taking, and plan for the future.

Traditional Budgets

▶ Projects are the basic unit of work

▶ People are 'brought to the work'

▶ Measure 'compliance' to inherently uncertain work

Results:
- High overhead
- Us vs. them mindset
- Lower throughput, productivity and morale
- Spend controlled through compliance to big upfront planning

CONTROL

Lean Budgets

Participatory Budgeting — 3

Fund value streams, not projects — 1

Beyond Project Cost Accounting with SAFe

Guide investments by horizon — 2

EMPOWERMENT

Results:
- Lower overhead
- We're in this together mindset
- No budget surprises
- Higher throughput
- Higher morale
- Full control of total spend

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Investments by Horizon

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Moving to Rolling Wave Planning

To create agility across your organization, we need to encourage realignment as the market shifts.

This means moving away from a fixed annual budgeting process and shifting to Rolling Wave Planning. By focusing on funding products instead of projects, we speed the engagement of critical new work by no longer needing to get money to back it.

Instead, we fund the entire product and then identify the most valuable work and push that to the top of the list.

To do this, we meet at least twice a year to review and prioritize the Epics and realign our people based on what we identified as the immediate need for the next planning cycle.

Lean Governance

Lean Governance is the oversight of spending, capacity, compliance, expenditures, audit, measurement, and reporting. It mediates between Product Management, Business Owners, Enterprise Architecture, and others to ensure collaborative planning and execution.

What's Next

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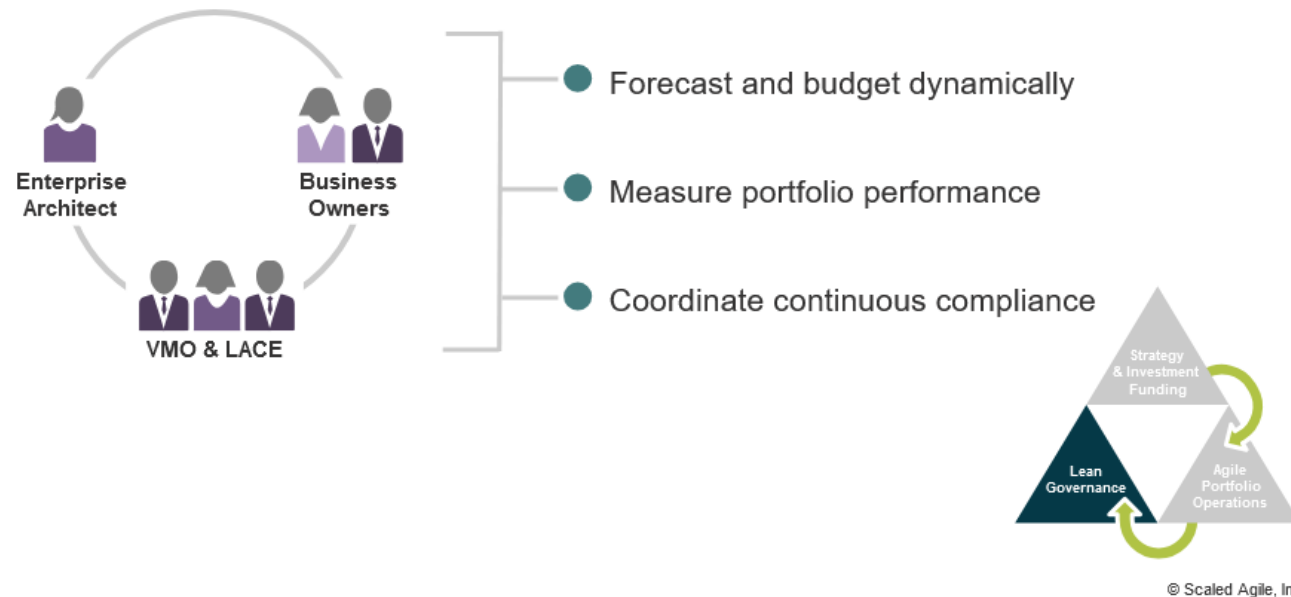
Start small, but just start something

- Establishing an LPM office is not for everyone, but there are beneficial practices that can be established independently and will improve the overall Business Agility of your organization

- How do I start?
  - Pilot within a Business Unit or around a Product or Product Group
  - Take something that you think adds value and start with a team, test, learn, and adapt; then show others and see if they can adopt
  - Get guidance and help to rollout and establishing LPM

- LPM is about:
  - Making work visible to all
  - Coordinating in an open manner
  - It takes time to change, have patience

Questions?

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- Click on **Course or Training**
- Class Provider = **Rego Consulting**
- Class Name = **regoUniversity**
- Course **Description**
- Date Started = **Today's Date**
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