Lean Portfolio Management

Strategic Intent & Outcome Alignment

Quarterly Capacity & Demand Management

Funding & Governance

# Lean Portfolio Management

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# Focus Workshop - The Multitasking Game!

We'll need a few volunteers to help illustrate what multi-tasking feels like!

We need 1 Team Member and 1 Customer to get started.

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# The Multitasking Name Game

No Customer Waits

'No Customer waits'

1. SARRAH 36 sec
2. KERRY 26 sec
3. JACK 17 sec
4. ALEX 30 sec

Each Customer Gets Their Turn

'Each Customer has a turn'

1. SARRAH 27 sec
2. KERRY 29 sec
3. JACK 25 sec
4. ALEX 26 sec

One Customer at a Time

'One Customer at a time'

1. SARAH 6 sec
2. KERRY 12 sec
3. JACK 17 sec
4. ALEX 22 sec

Ordered By Value



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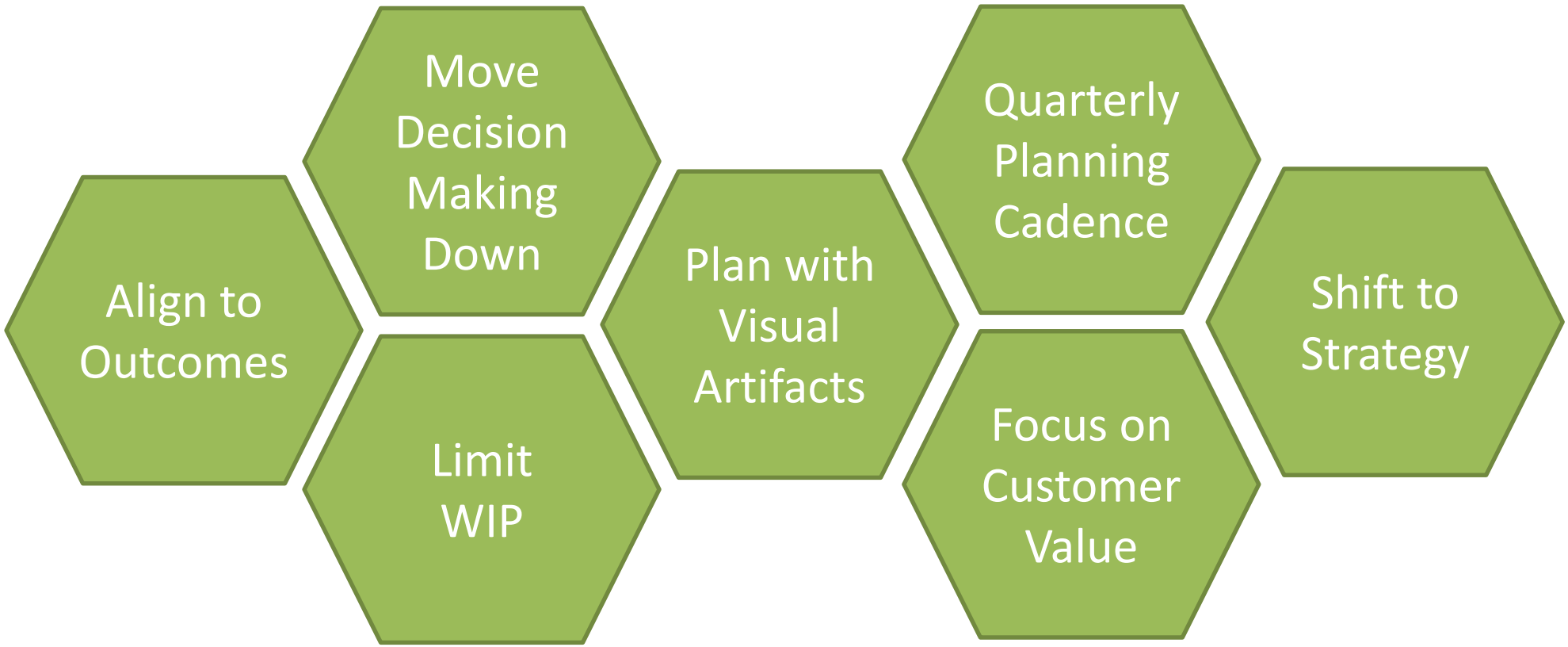
# Lean Portfolio Mgt. Principles

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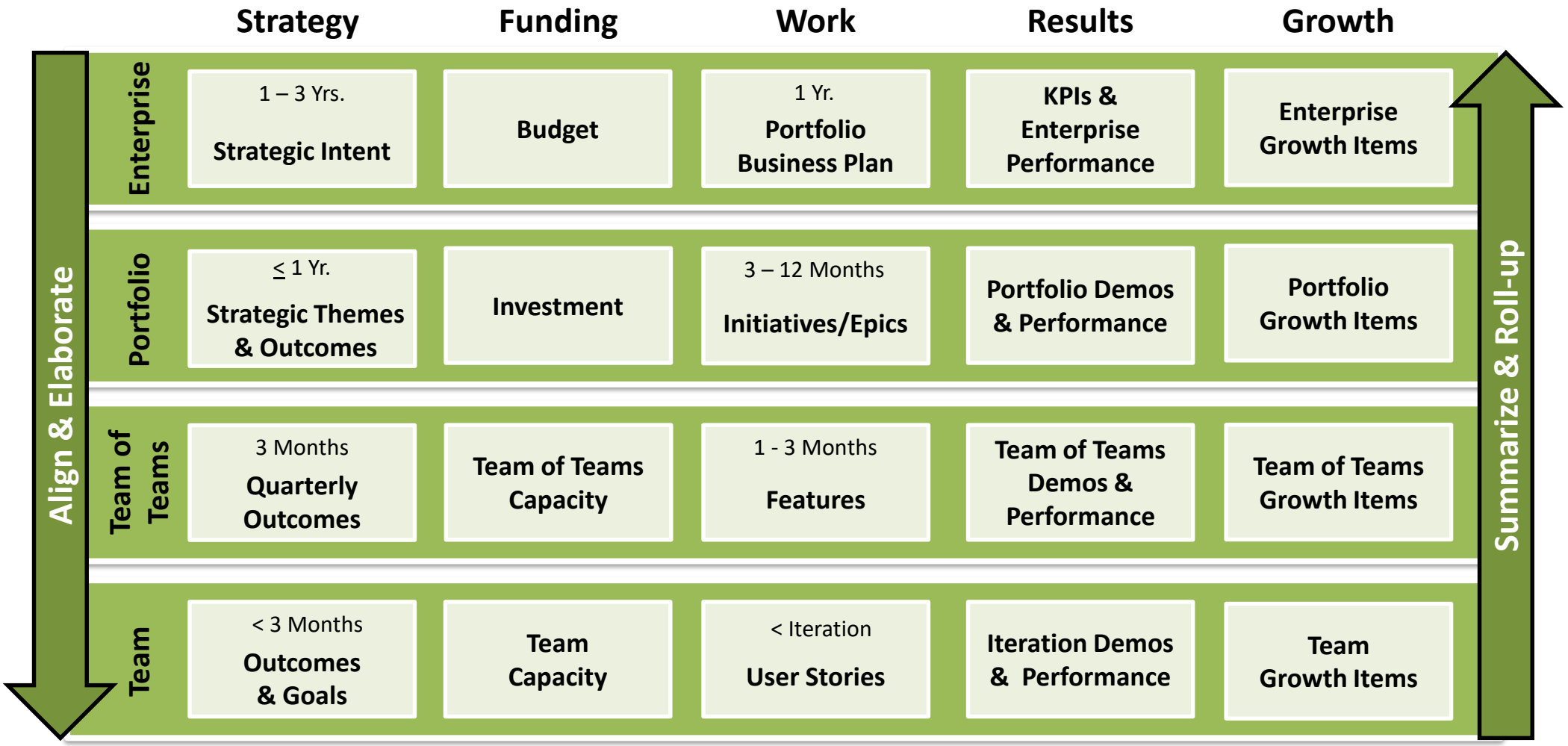
# Align Through the Levels

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# Objectives and Key Results (OKRs)

## Objective & Key Results

**OKRs is a goal setting and management model that brings in the discipline to achieve results in execution aligned with organization and CEO's priorities.**

**Limit to 3-5 per quarter**

Created by Intel's Andy Grove, made popular by 'John Doerr at Google

OKRs consist of:

**Objectives**

A statement of a broad goal, usually qualitative in nature.

**Key Results**

A statement that measures achievement of a given objective.

**Example:**

Mature our Sales Processes & Scale Sales Team

**Example:**

1. Hire 3 sales managers by end of June
2. All sales reps trained and using new sales process in CRM with 8+ confidence score

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# Strategic Intent

- 3 to 5 high-level statements of what the enterprise wants to accomplish
- True North for the Organization//

**Objective**

- **Key Result**
- **Key Result**
- **Key Result**

Example

Refresh and innovate our consumer insurance products to increase market share at higher returns.

- Increase market share from 9% to 15% in 3 years (“15% by 3”)
- All products are at or above 8% ROE in 3 years (“Success over 8”)

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# Strategic Themes

- Business goals that connect a portfolio to the Strategic Intent
- These are the 3 to 5 most important differentiators

Example

More competitive, streamlined and innovative non-medical group benefits products

**Objective**

- **Key Result**
- **Key Result**
- **Key Result**

Example

We believe that providing a refreshed suite of insurance offerings to employers will improve access and ease benefit administration.

We are successful when:

- Increase sales from $21M to $25M
- Improve customer NPS score from 48 to 55

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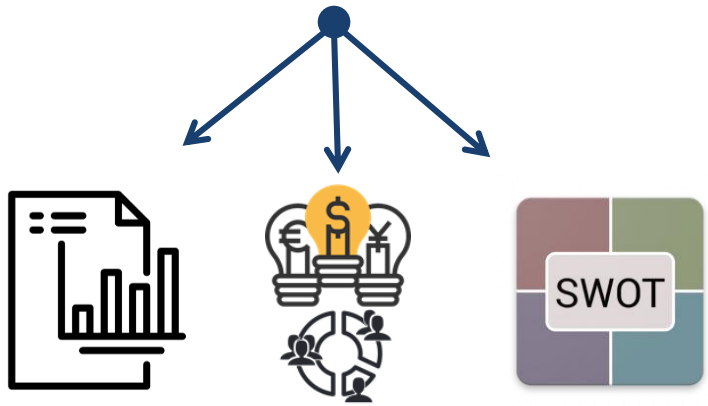
# Lean Business Plan

## 1. Lean Canvas

| Problem | Solution | Unique value proposition | Unfair advantage | Customer segments |
|---|---|---|---|---|
| Sharing photos/videos is time-consuming<br>Parents have no free time<br>There's lots of external demand on this content<br>*Existing alternatives:* Flickr Pro, SmugMug, Apple MobileMe, Facebook | Hardware/ software design<br>iPhoto/folder integration<br>Better notification tools<br>**Key metrics**<br>Sign-up<br>Created 1st gallery<br>Shared an album and/or video<br>Invited family and friends<br>Payed after trial | The fastest way to share you photos and videos<br>*High-level concept:* photo and video sharing without the uploading | Community<br>**Channels**<br>Friends<br>Daycare<br>Birthday parties<br>AdWords<br>Facebook<br>Word of mouth | Parents (creators)<br>Family and friends (viewers)<br>*Early adopters:* parents with young kinds |
| **Cost structure**<br>Hosting costs — Heroku cloud<br>People costs — 40 hours * $65/hr = $10K/month | | | **Revenue streams**<br>30 day free trial, then $49/year | |

2. Financial Analysis
3. External Environment
4. Risk Analysis




**Financial Spreadsheets** | **Environmental Analysis** | **SWOT and Risk Analysis**

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# Quarterly Outcomes

**The impact or result sought by the business strategy or direction (what you're trying to achieve) - *Gartner 2017***

- ✓ **Specific**
- ✓ **Measurable**
- ✓ **Meaningful**

***An Increment of Business Value is realized when Quarterly Outcomes are achieved!***

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# Sample Quarterly Outcome

| | |
|---|---|
| Objective Title: | Launch a new non-medical SMB product |
| Hypothesis Statement/ Description: | We believe that by launching new SMB non-medical benefits insurance product to market we will increase our market share for small business members. |

Overall Progress: 10%

Estimated ROI: $6,000,000

Estimated Cost: $1,800,000

120 Value Pts

*Calculated based on # of weeks per team, X avrg. cost per team 30k/week*

**Key Results / Metrics:**

| Title | Progress | Metric | Now | Goal | By | Groups | # of Weeks |
|---|---|---|---|---|---|---|---|
| Increase SMB membership | 0% | Active Member | 30k | 60k | Jul 2018 | Sales | 8 weeks |
| Maintain Conversion Rate | 0% | Activation | 72% | 72% | Feb 2018 | Program JAMZ (4 teams) | 48 Weeks |
| Quote applications for new product | 30% | Quote | 0 | 100 | Feb 2018 | MKTG | 4 weeks |

Customer/org Impact metric

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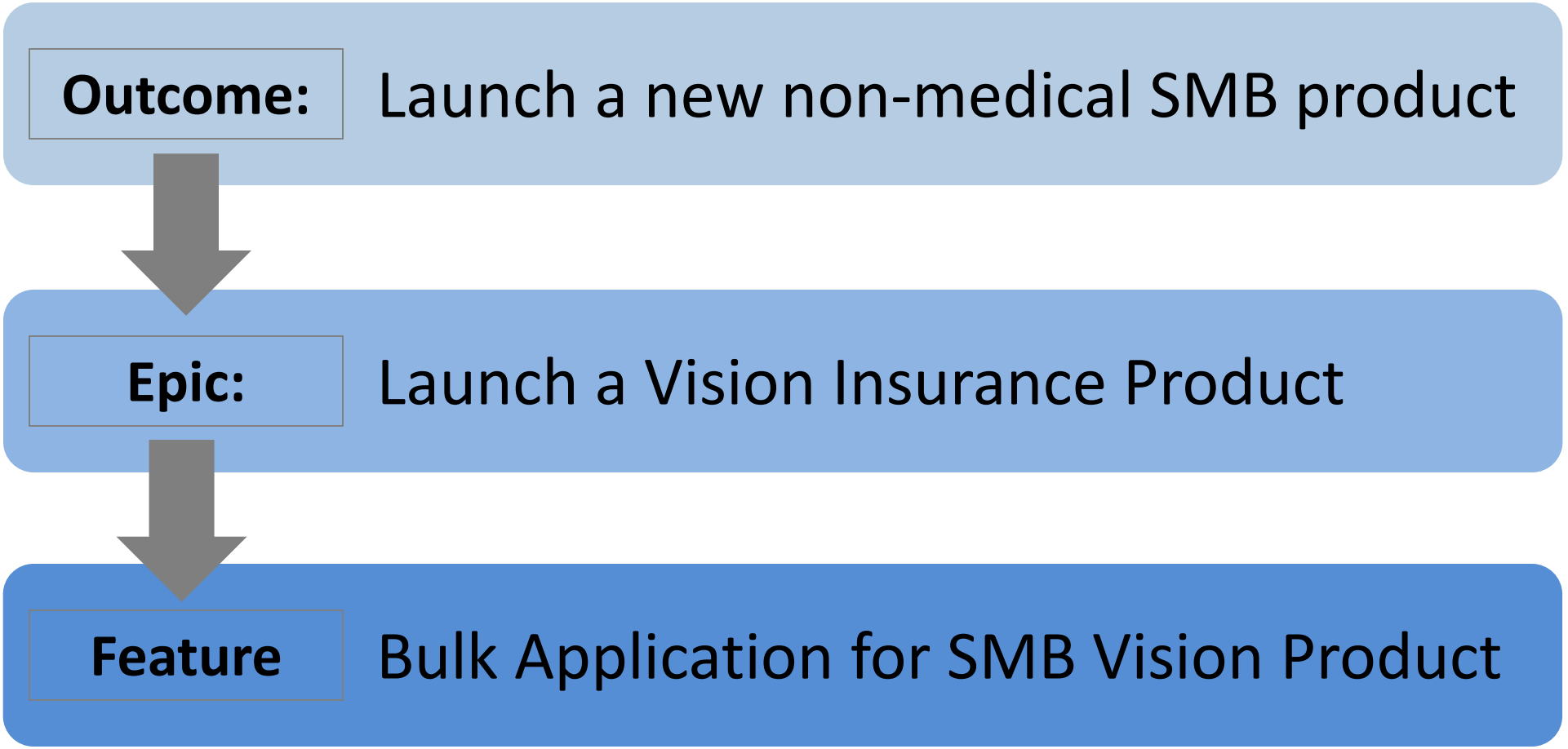
# Outcome → Epic/Initiative → Feature

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# Workshop – Strategic Intent, Themes and Outcomes

On a Flip Chart Sheet:

- Write 1 Strategic Intent
- Write 1 Strategic Theme

On a Blank Outcome Card:

- Write 1 Quarterly Outcome

Bonus: Identify 1 epic and 1 feature (titles only)

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# Quarterly Outcome Card Template

Objective Title:

Hypothesis Statement/ Description:

**Key Results / Metrics:**

| Title | Metric | Now | Goal | By Date | Groups/ Team(s) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

Customer/org Impact metric

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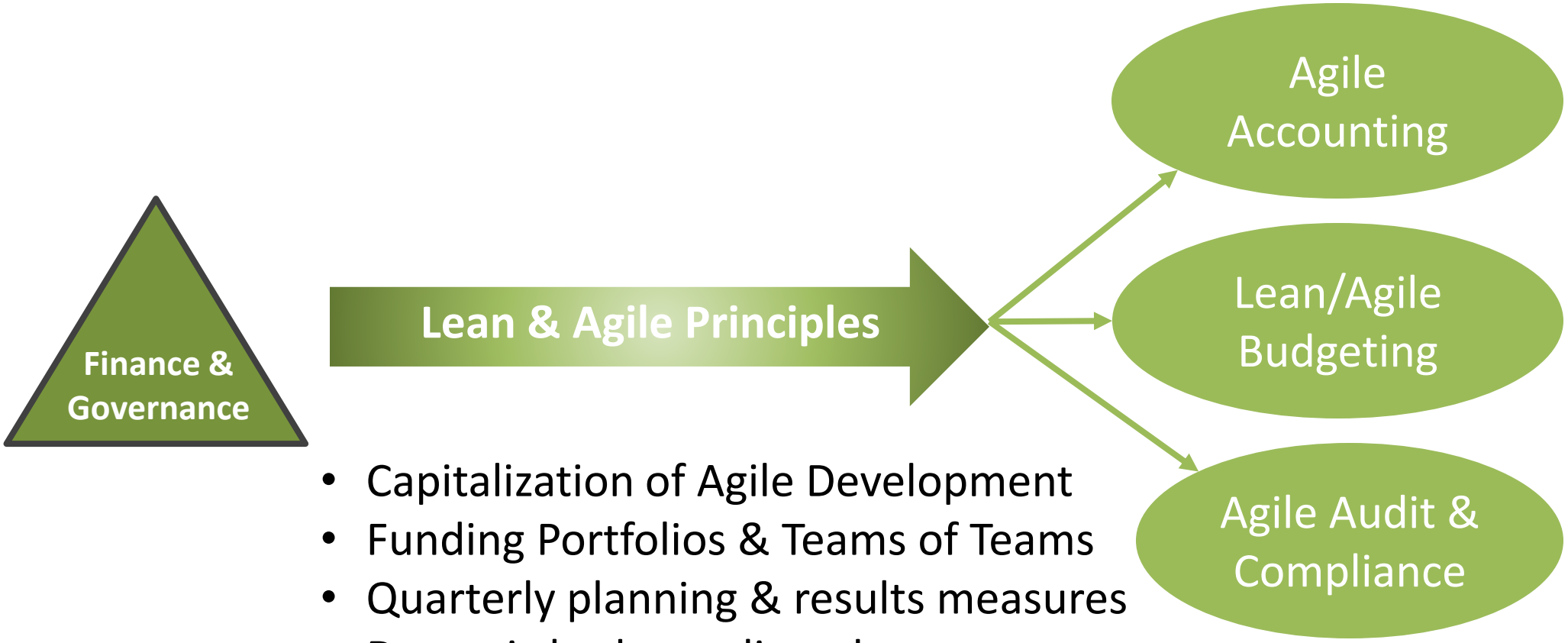
# Funding & Governance




- Capitalization of Agile Development
- Funding Portfolios & Teams of Teams
- Quarterly planning & results measures
- Dynamic budgets aligned to outcomes
- Build compliance in & audit incrementally
- Audit & compliance enablement teams

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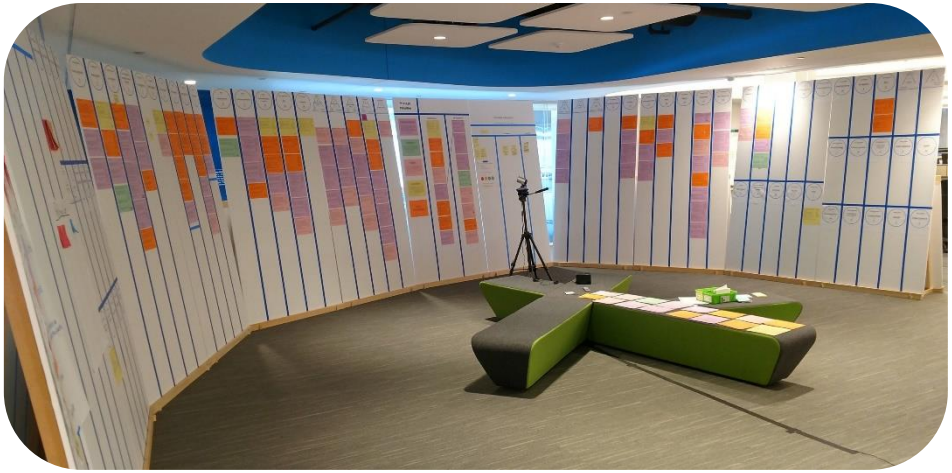
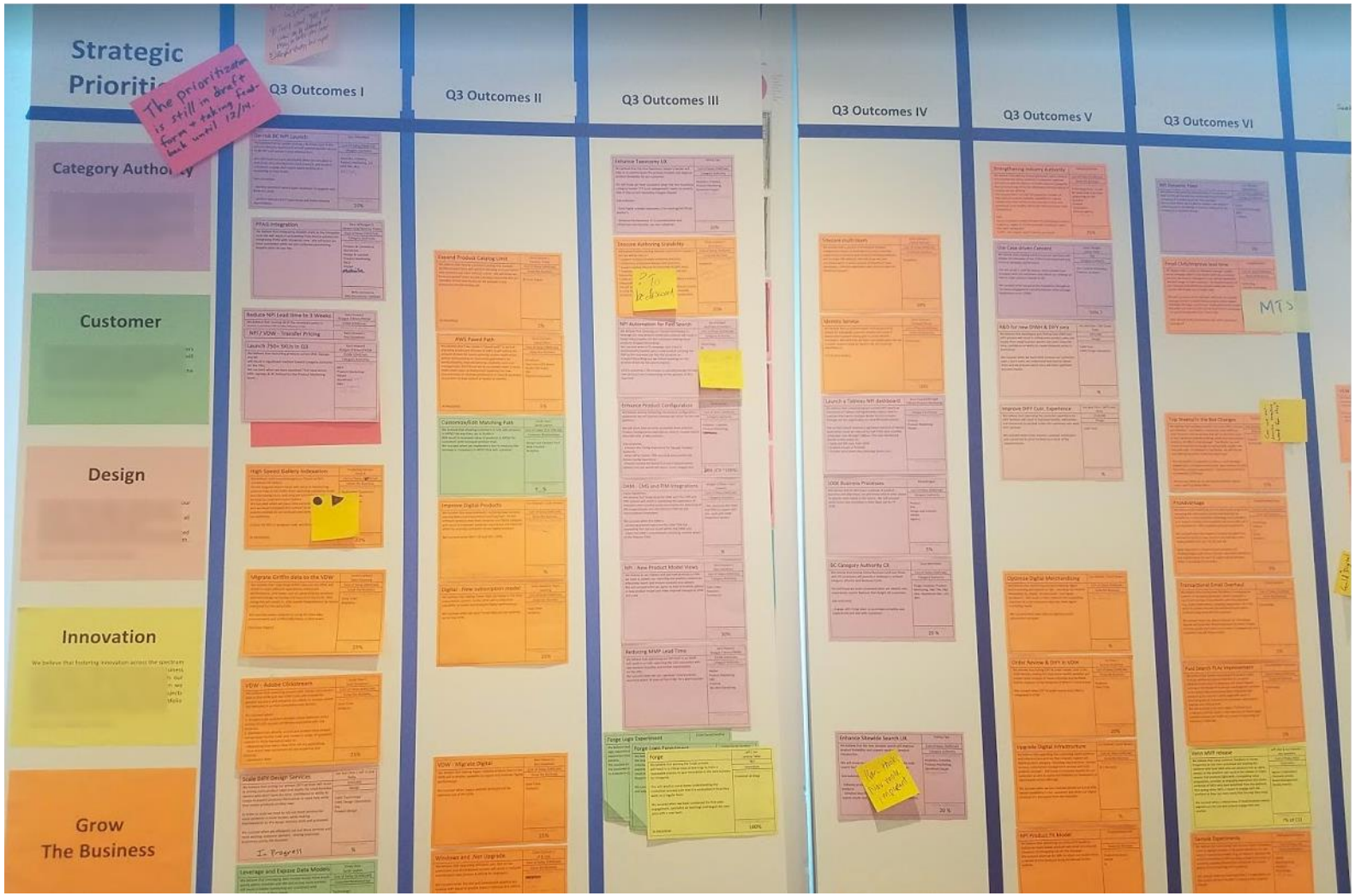


# Visibility Rooms

## Aligning Strategy, Demand and Capacity

# What's the Problem?



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# How Do We Align Demand to Capacity?

**Allocation and Focus Challenge**

- Competing priorities
- Frequent tradeoff decisions
- High multi-tasking

”*Add more people or reduce your competing goals, period*”

- Quarterly Planning Attendee representing the “Voice of the Customer”

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# Enterprise Visibility (EVR) Rooms

**Where Quarterly Portfolio Planning Occurs**

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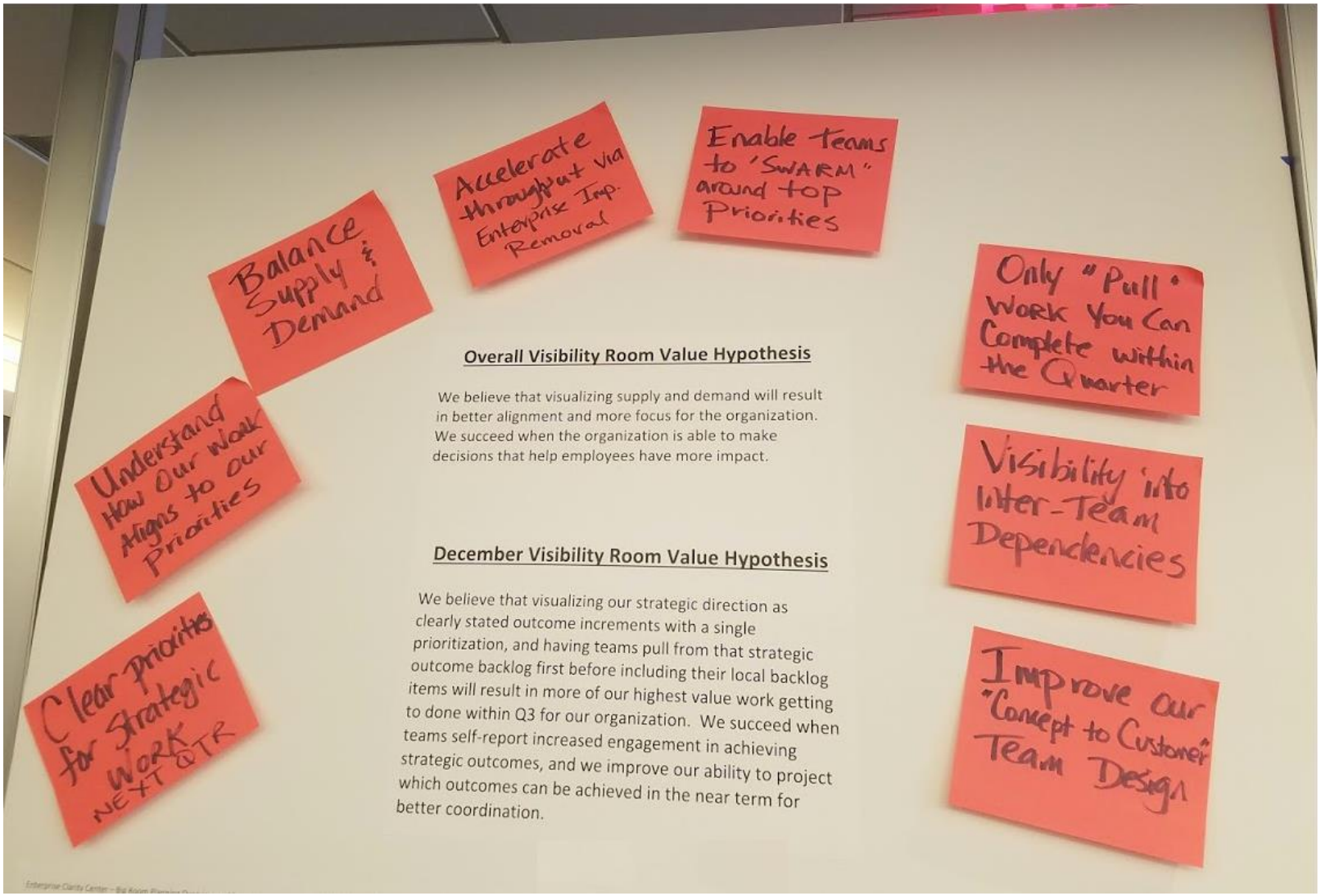
# Visibility Room Value Statement

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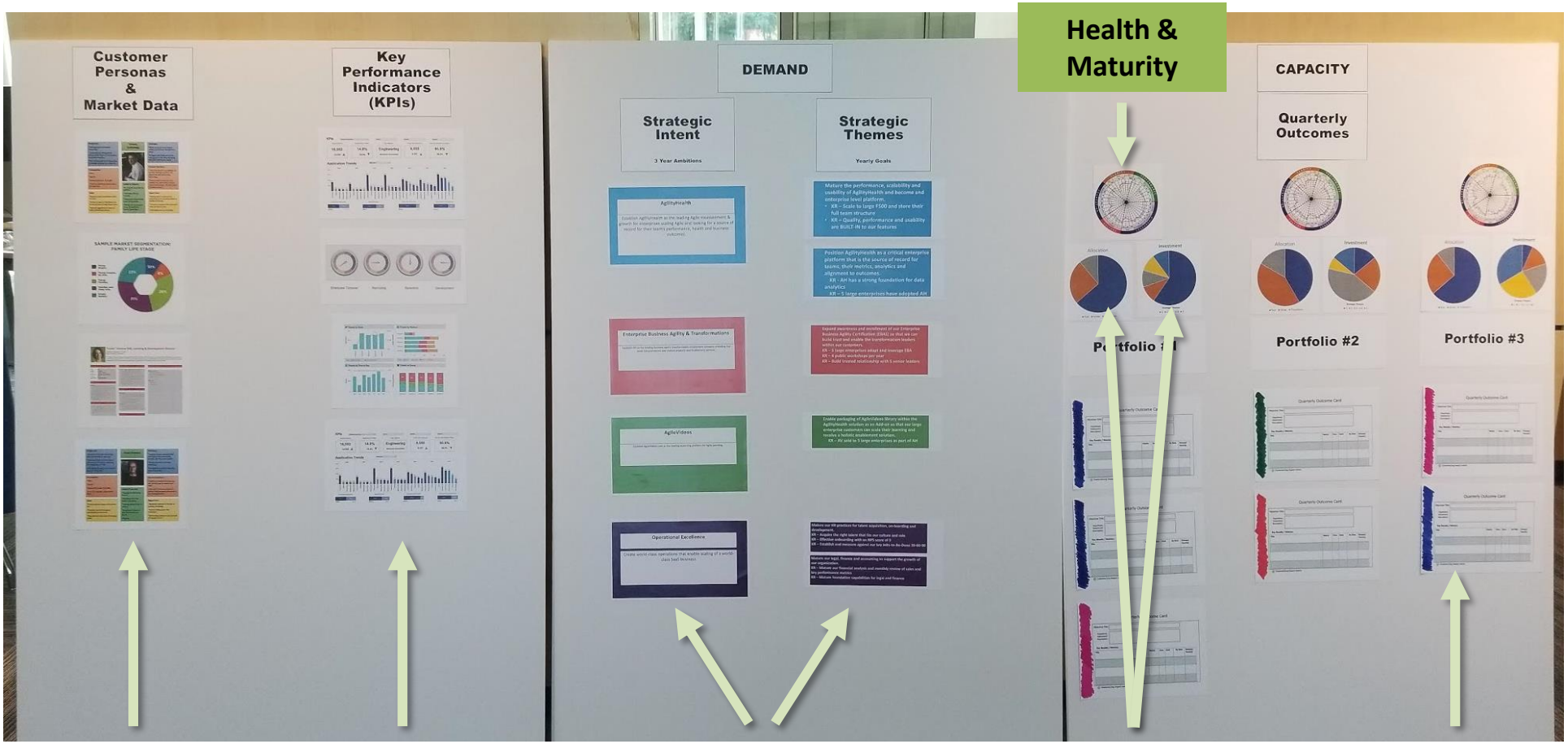
# Enterprise Visibility Room




**Customer Segments & Personas** | **Performance KPIs** | **Strategic Intent & Themes** | **Budget & Theme Allocation** | **Quarterly Outcomes**

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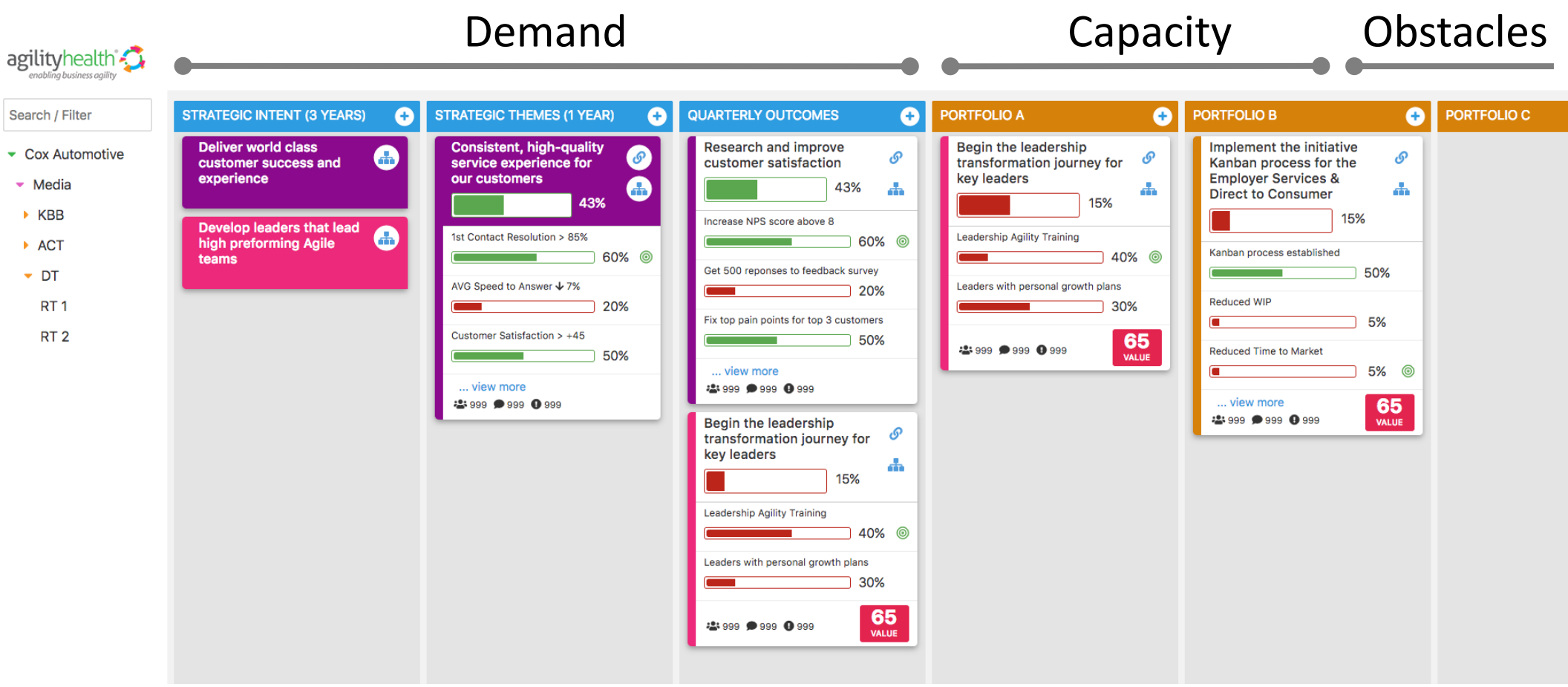
# AgilityHealth | Outcome Alignment Dashboard

## Digital EVR Room

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# Workshop – Portfolio Visibility Room

*Use the EVR Room Layout as a Guide*

- What would you display in a Portfolio Level Visibility Room?
- Work as a team to design a PVR
- Use a Flip Chart Post-it Pad

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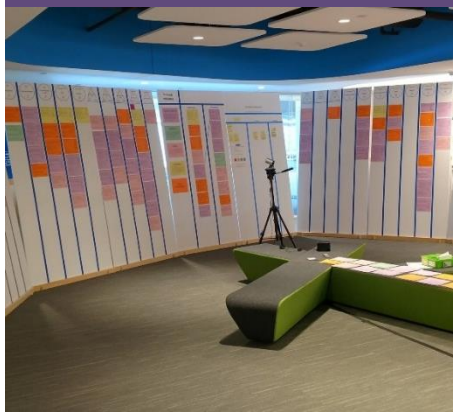
# EVR - Implementation Journey

Form the EVR Leadership Team

Create Strategic Intent & Set Budgets

Establish the EVR Room



Conduct Quarterly Planning

*"The EVR leadership team, a great mix of cross-functional leaders, had never truly been formed as a team and this has caused lots of Team Dynamic challenges."*

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# Visibility Rooms At Each Level

| Enterprise | Demand | Capacity | Obstacles |
|---|---|---|---|
| Enterprise Visibility Room (EVR) | Strategic Intent and Themes | Quarterly Outcomes by Portfolio | Enterprise Growth Items |
| **Portfolio** | | | |
| Portfolio Visibility Room (PVR) | Strategic Themes and Quarterly Outcomes | Epics / Initiatives by Team of Teams | Portfolio Growth Items |
| **Team of Teams** | | | |
| Multi-Team Visibility Room (MVR) | Quarterly Outcomes and Objectives | Features by Team | Team of Team Growth Items |

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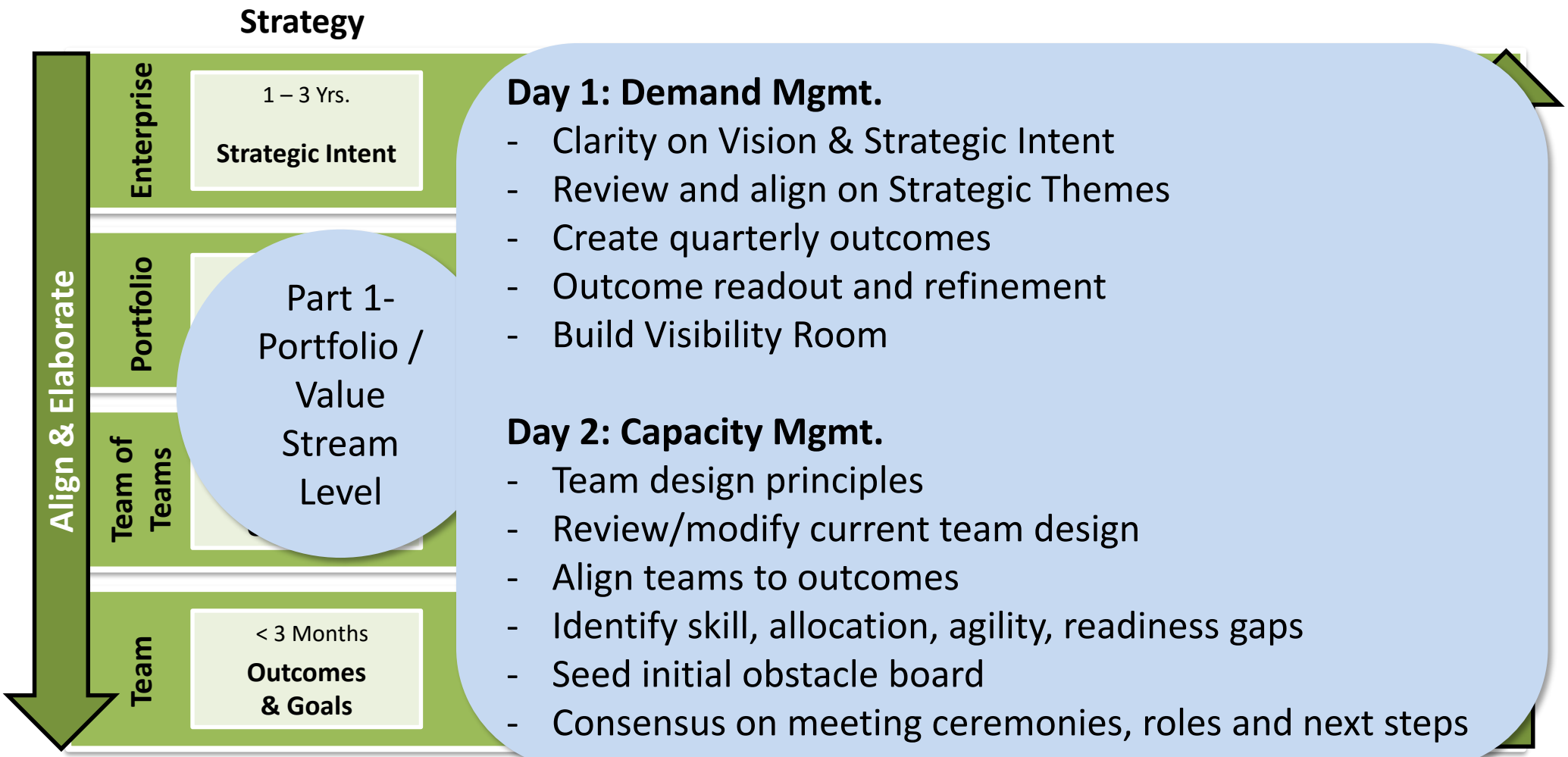
# Implementing LPM

Enterprise, Portfolio, and Teams of Teams Levels

# Planning Cadence – Portfolio Level




**Day 1: Demand Mgmt.**

- Clarity on Vision & Strategic Intent
- Review and align on Strategic Themes
- Create quarterly outcomes
- Outcome readout and refinement
- Build Visibility Room

**Day 2: Capacity Mgmt.**

- Team design principles
- Review/modify current team design
- Align teams to outcomes
- Identify skill, allocation, agility, readiness gaps
- Seed initial obstacle board
- Consensus on meeting ceremonies, roles and next steps

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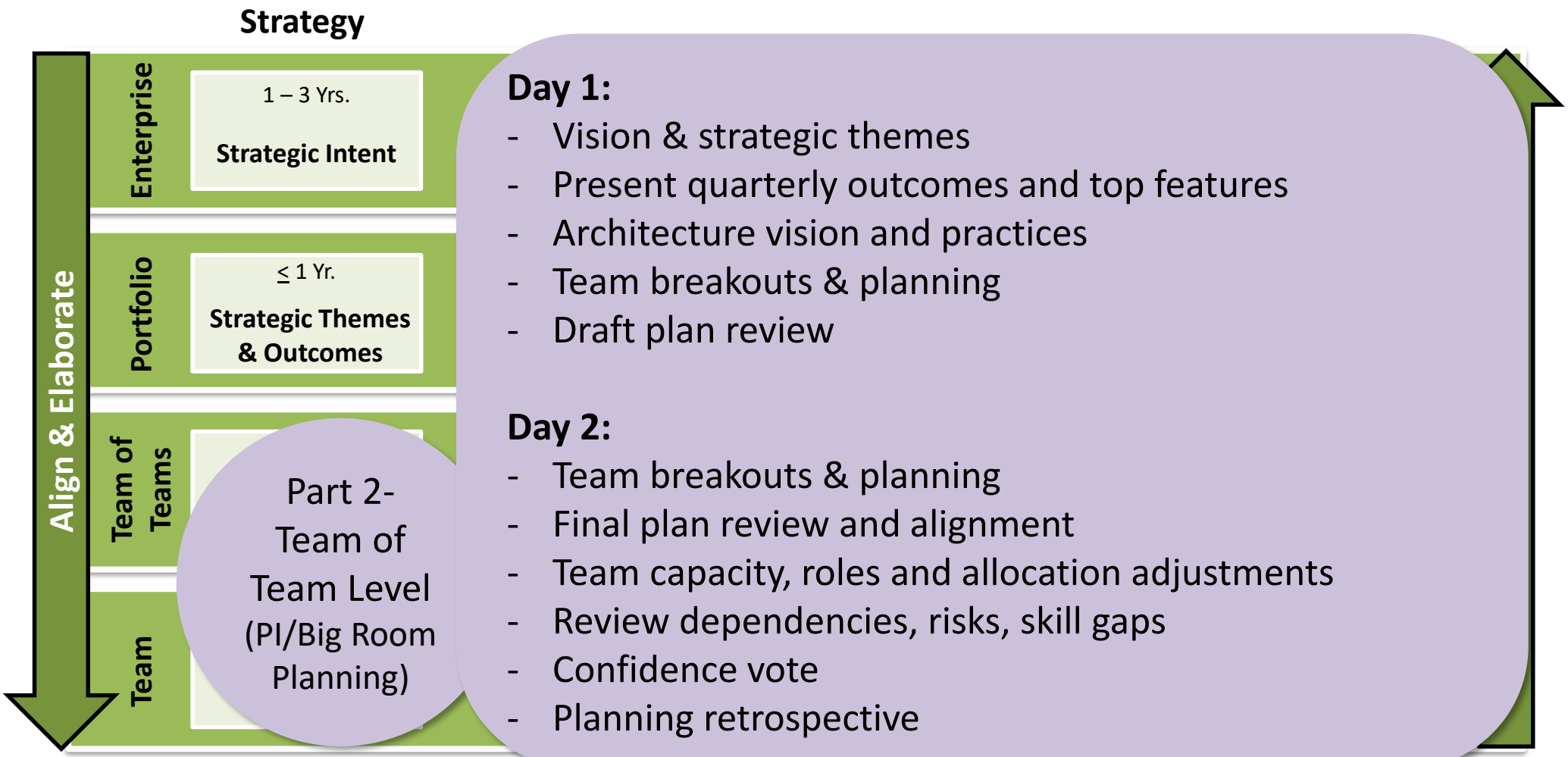
# Planning Cadence – Team of Teams




**Day 1:**

- Vision & strategic themes
- Present quarterly outcomes and top features
- Architecture vision and practices
- Team breakouts & planning
- Draft plan review

**Day 2:**

- Team breakouts & planning
- Final plan review and alignment
- Team capacity, roles and allocation adjustments
- Review dependencies, risks, skill gaps
- Confidence vote
- Planning retrospective

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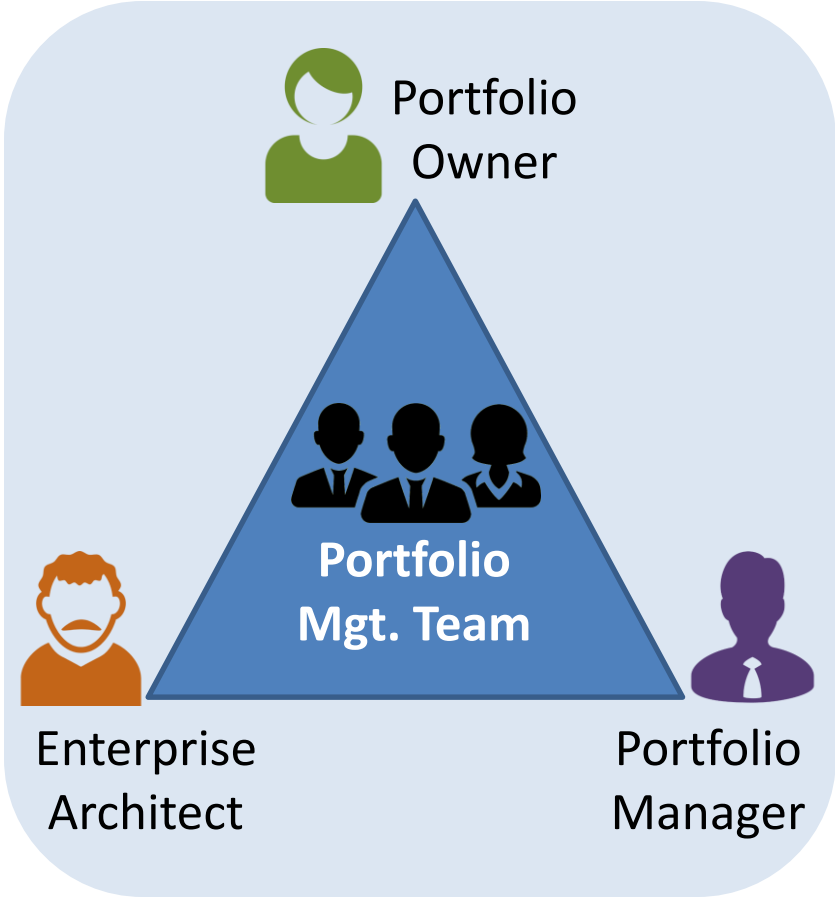
# LPM Team

- Aligns Strategic Intent & Themes
- Aligns outcomes & initiatives (epics)
- Reviews, approves & prioritizes portfolio work
- Manages the Portfolio Kanban & backlog
- Performs quarterly planning
- Reports progress toward outcomes, investment & performance targets





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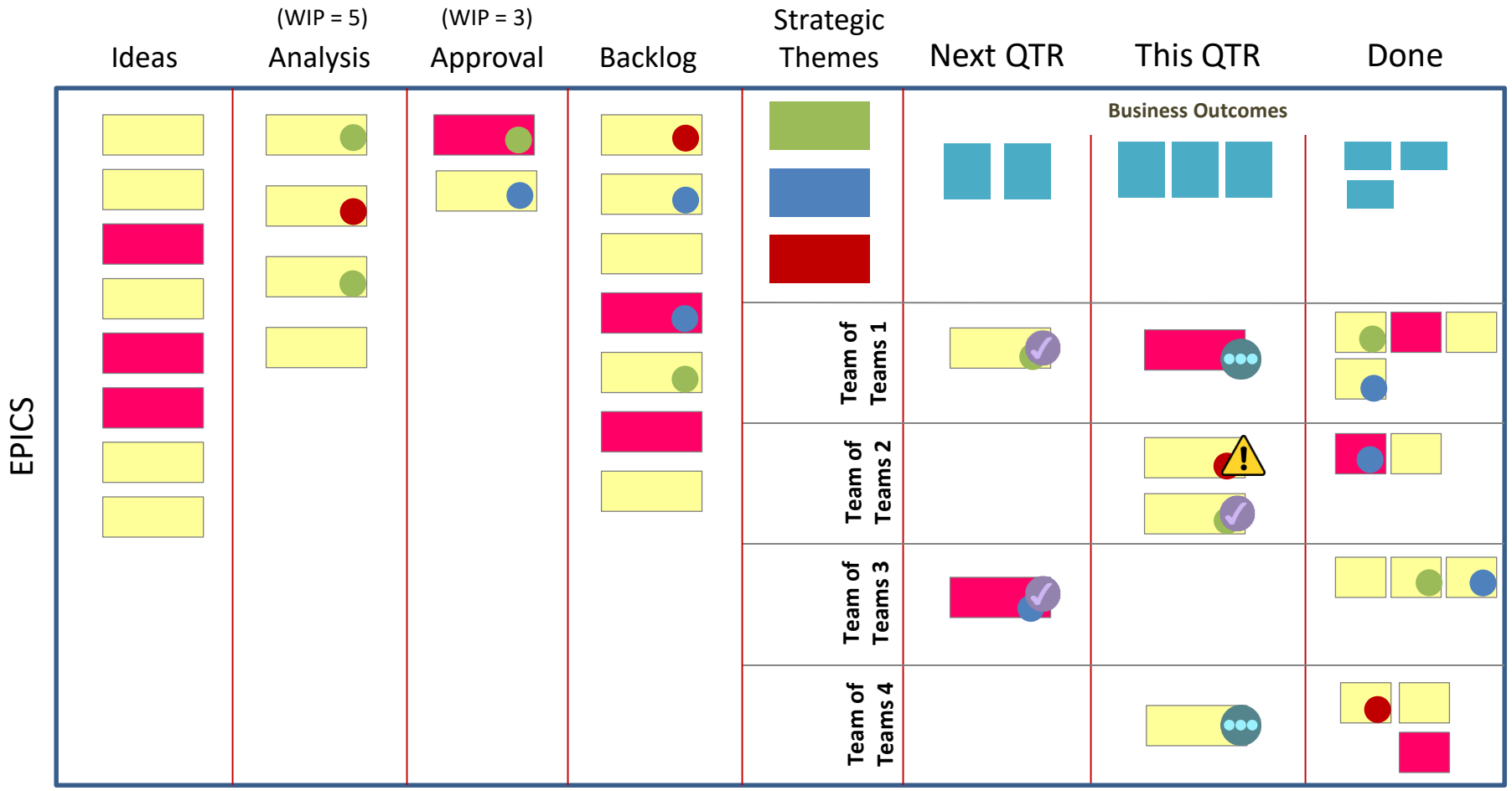
# Portfolio Kanban Room

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# Portfolio Mgt: Implementation Path

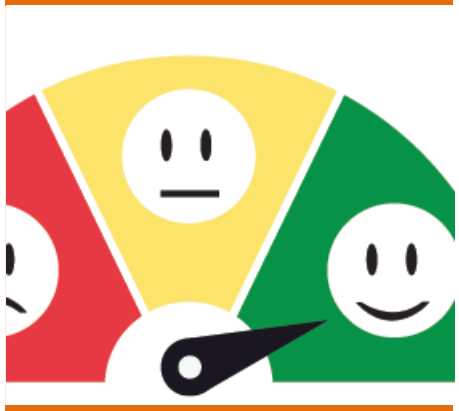
Form the Portfolio Management Team

Gather Existing Epics/Initiatives

Create Strategic Themes & Set Investments

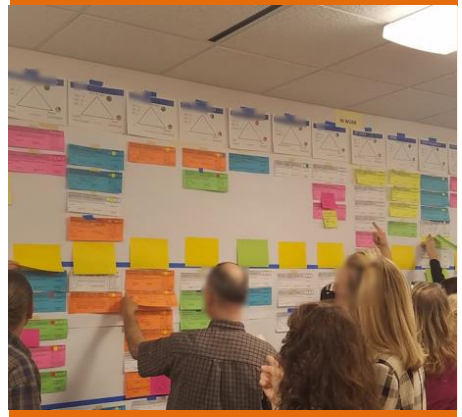
Identify Architectural Enablers

Create Portfolio Quarterly Outcomes



Organize the Portfolio Backlog

Establish a Kanban and Visibility Room



Set the Cadence and Launch

*"Consider the importance of designing the allocation of teams towards outcomes and being empowered to make changes every 6 or 12 months to maximize the throughput of outcomes."*

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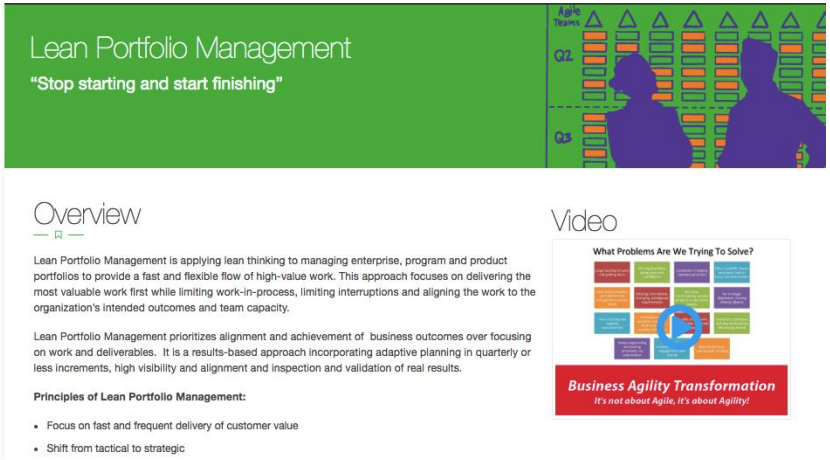
# Summary

- Limit organizational Work-In-Progress (WIP)
- Make all work visual
- Ensure cross functional team alignment around customer value creation activities
- Connect Work to the Strategy and Vision
- Use Visibility Rooms at each level to Align Demand and Capacity




EBA Site Review

Lean Portfolio Management

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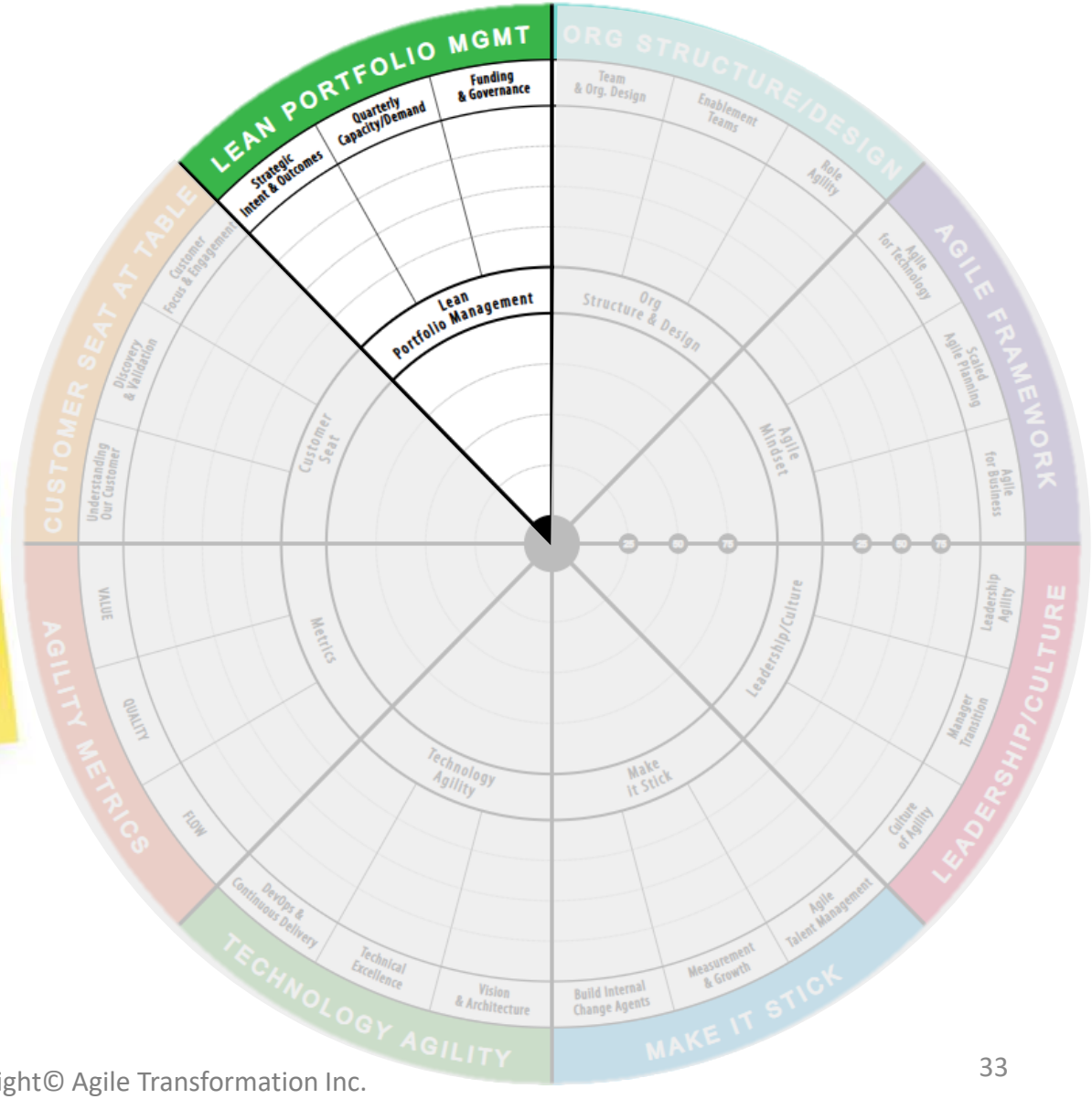
# Workshop – Color the Radar

- How do you assess your adoption & maturity in Lean Portfolio Mgt. competencies?
- Color the radar to capture your assessment

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# Workshop – Let's Explore

- What is the top challenge you are facing with portfolio mgt.?
- What success have you had with portfolio mgt.?

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