

The Five Strategic Weapons of LPM

Surviving and thriving in a fast-paced digital world



Richard Knaster

SAFe Fellow, Principal Consultant
Scaled Agile, Inc.



Agile by itself is not enough to compete in the digital age

“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.”– Sun Tzu

- ▶ Speed in the digital age is the essence of winning
- ▶ Businesses require tools and techniques to better align strategy with execution
- ▶ Moving fast means empowering Agile teams and teams-of-teams to make the right decisions at the right time



#1 Apply Organizational Agility

Without organizational agility, enterprises simply cannot respond sufficiently to the challenges and opportunities that today's rapidly changing markets present.



We need a dual operating system for organizational and business agility

Speed of innovation



Value Stream Network



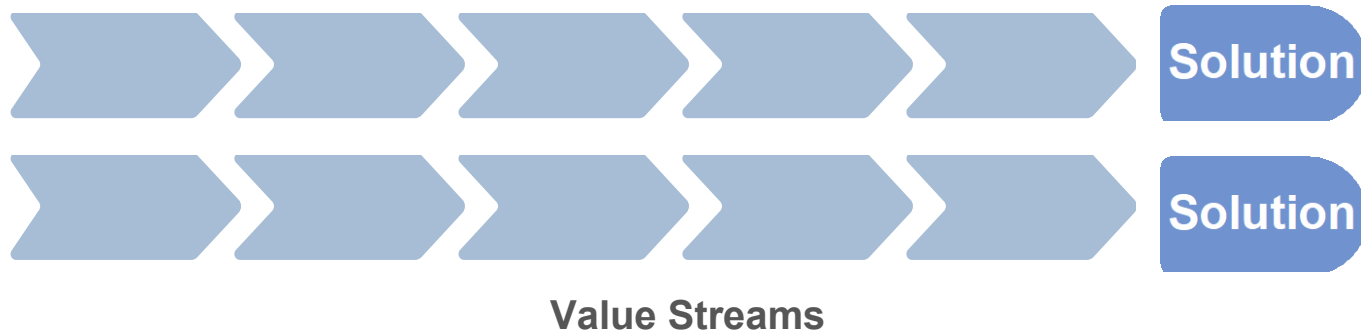
Efficiency and stability



Functional hierarchy

And to organize the portfolio around value

- ▶ Move from organizing in projects to organizing around the portfolio's Value Streams that create Solutions—products and services—used by customers
- ▶ Customers do not buy Features or Capabilities. Rather, they buy whole product Solutions that deliver desired outcomes, which makes Solutions one of the central concepts in SAFe.

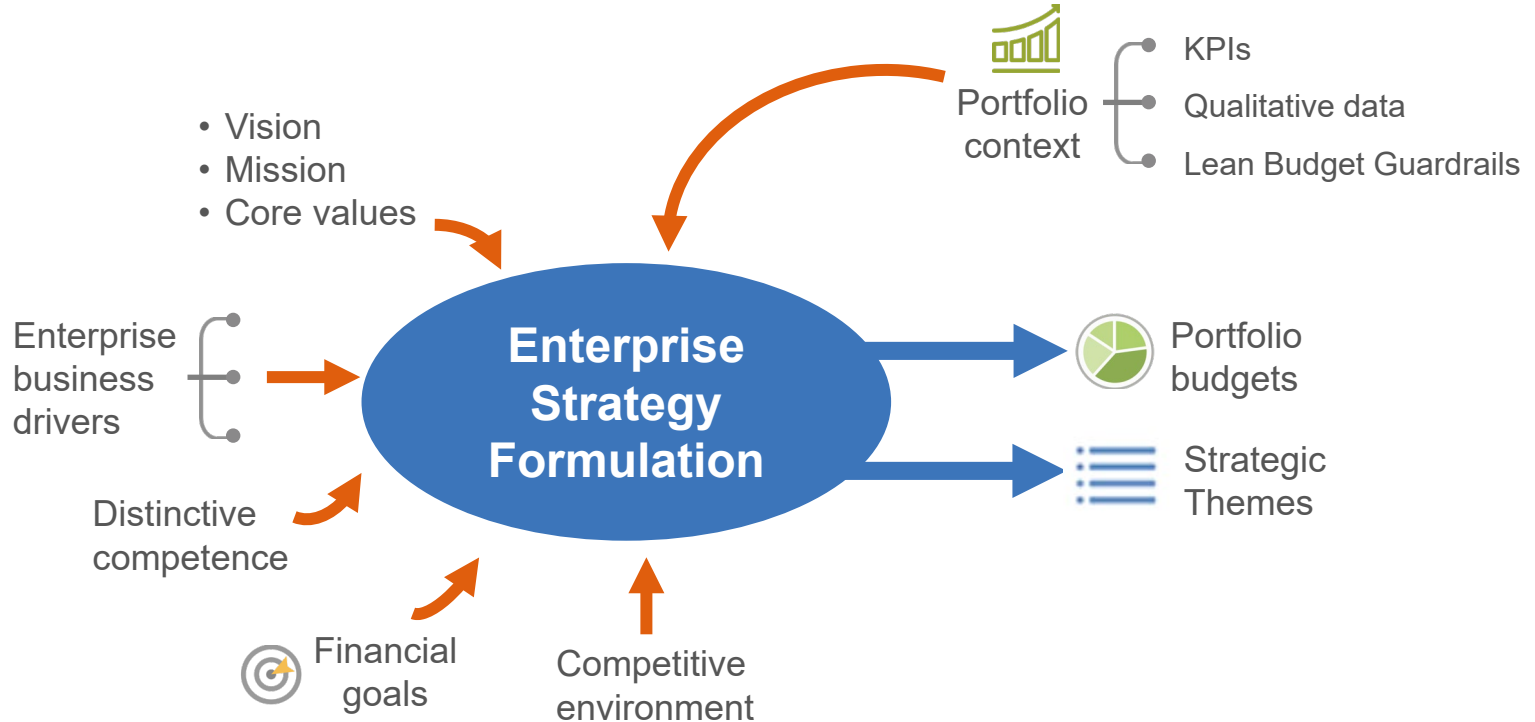


#2 Portfolio Vision

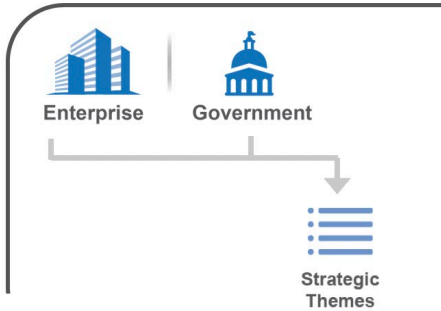
- ▶ Understand the enterprise strategy and how the portfolio contributes to it
- ▶ Define the portfolio's current state
- ▶ Envision the future state
- ▶ Every portfolio needs to have a strategy, tactics and plans



Understand how the portfolio contributes to the enterprise strategy



Connect the portfolio to the Enterprise with Strategic Themes



Strategic Themes are differentiating business objectives that:

- ▶ Drive the future state of a portfolio
- ▶ Connect the Portfolio to the Enterprise strategy
- ▶ Provide context for the Portfolio Vision and Lean budgeting

Good examples of Strategic Themes

- Expand autonomous delivery into retail
- Expand autonomous delivery into healthcare

Bad examples of Strategic Themes

- Increase shareholder wealth
- Maximize corporate wealth

Describe Strategic Themes with Objectives and Key Results (OKRs)

- ▶ Objectives represent the Strategic Themes (differentiating business objectives) that drive the future state of a portfolio
- ▶ Key results measure progress toward the business objectives














Objective	Key Results
Increase customer engagement in our community platform	Reduce membership churn from 20% to 5%
	Increase Net Promoter Score (NPS) from 35 to 60
	Improve average weekly visits per active user from 5,000 to 20,000
	Increase non-paid (organic) traffic from 1,500 to 5,000 users
	Improve engagement from 30% to 60%

Understand the Current State of the Portfolio

“..Know yourself and you will win all battles”. –Sun Tzu

1. What customers and markets do we serve?
2. What products and solutions do we provide?
3. What unique value and resources do we bring?
4. How do we sustain value?

Portfolio Canvas Portfolio Name: _____ Date: _____ Version: _____

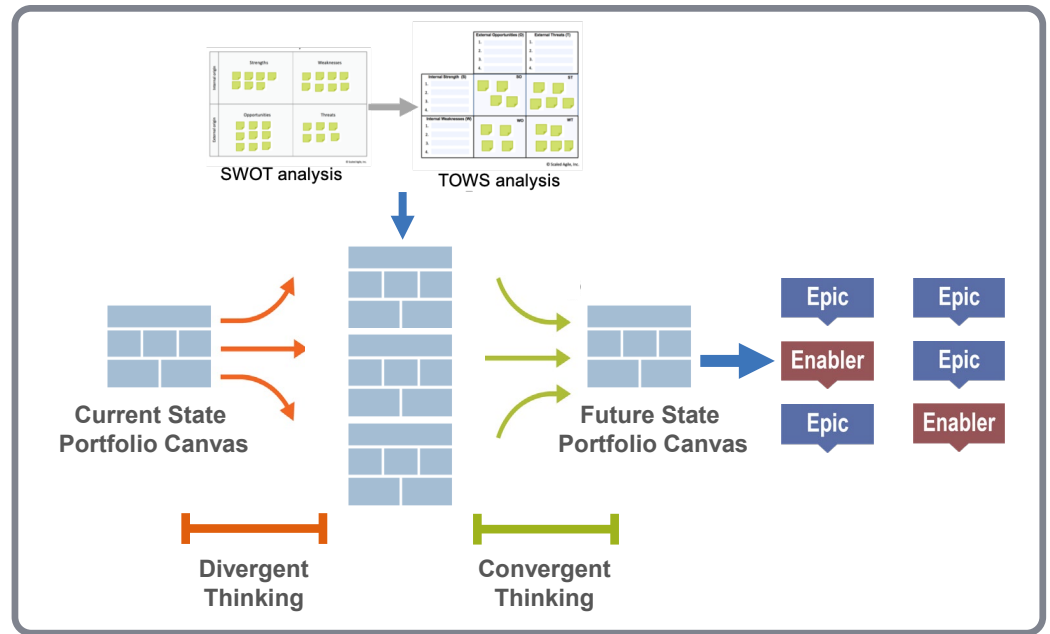
Value Propositions 						
Value Streams 	Solutions 	Customers 	Channels 	Customer Relationships 	Budget 	KPIs / Revenue 
Key Partners 		Key Activities 		Key Resources 		
Cost Structure 			Revenue Streams 			

The Portfolio Canvas is adapted from The Business Model Canvas (<http://www.businessmodelgeneration.com>).
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Envision the future state of the portfolio

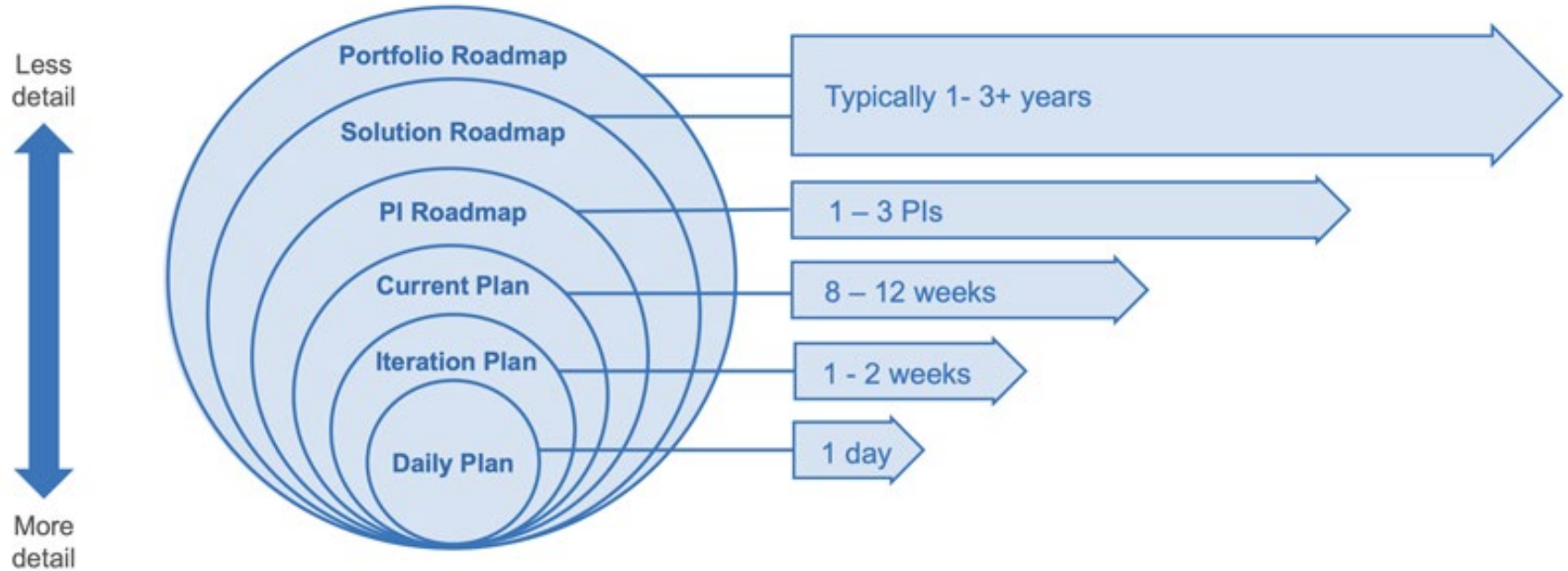
“Avoid what is strong and strike at what is weak” – Sun Tzu

- ▶ Apply SWOT and TOWS to understand the portfolio’s strengths, weaknesses, opportunities, and threats and to identify strategic options
- ▶ Use divergent thinking to identify future state alternatives
- ▶ Use convergent thinking to agree upon the future state
- ▶ Identify epics to test and implement the future state



Guide the organization with plans to realize the Strategic Themes

“According as circumstances are favorable, one should modify one's plans” – Sun Tzu



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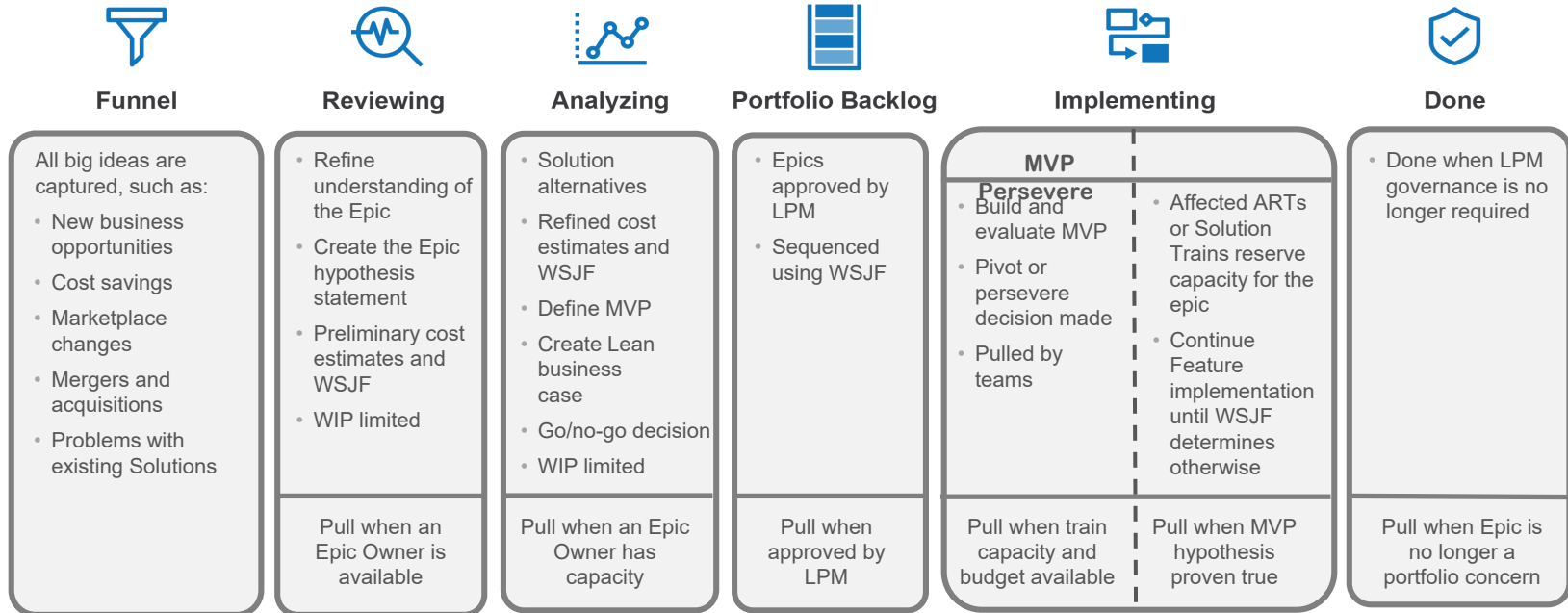
#3 Establish Portfolio Flow

- ▶ Define Epics after envisioning the the future state. After approval, implement Epics using a Build-Measure-Learn SAFe Lean Startup approach
- ▶ Make the largest business and technical initiatives visible
- ▶ Bring structure to Epic review and analysis and a go/no-go decision
- ▶ Drive collaboration among key stakeholders

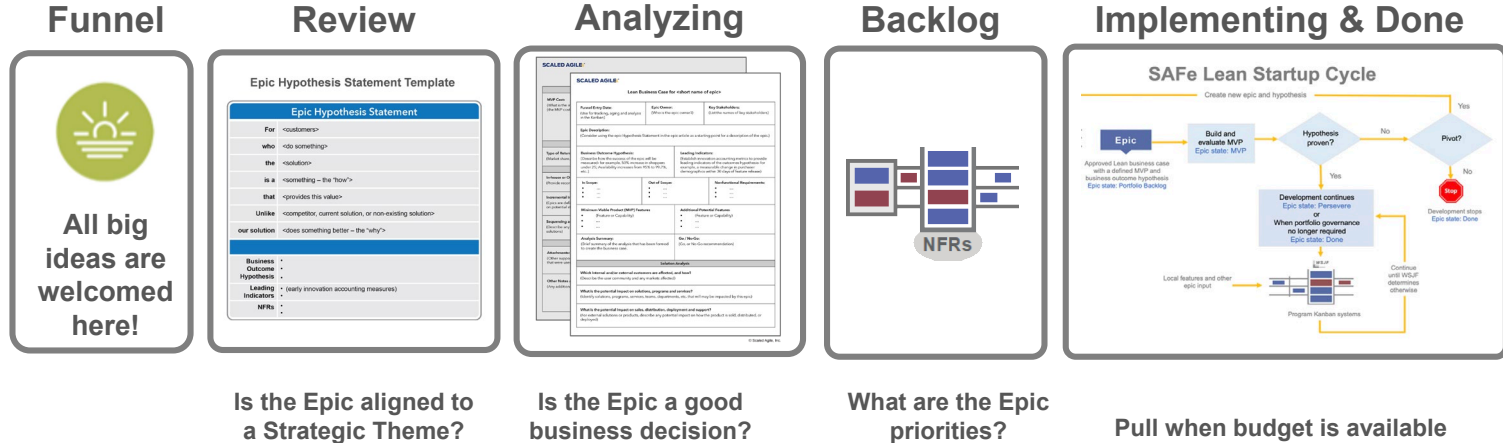


Epics flow through the Portfolio Kanban

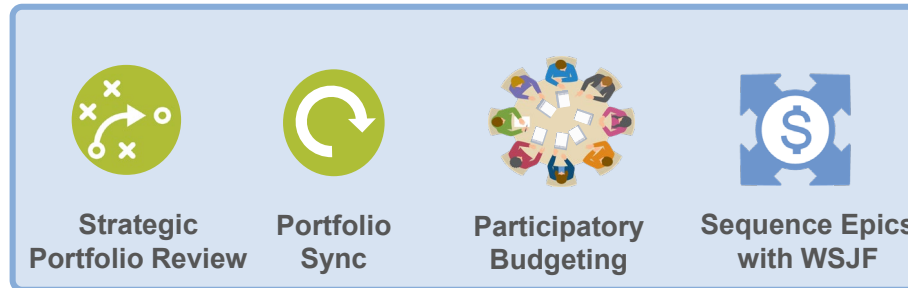
The Portfolio Kanban system describes the process states that an Epic goes through from the funnel to done.



Epic refinement and flow is supported by LPM events and practices



LPM events and practices that support the Portfolio Kanban

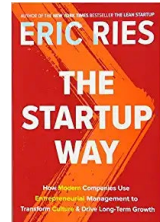
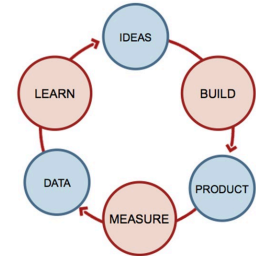


Epics are implemented using the SAFe Lean Startup Cycle

“What if we found ourselves building something that nobody wanted? In that case, what did it matter if we did it on time and on budget?”

—Eric Ries, The Lean Startup

- ▶ The Lean startup promotes building new products, services, and Solutions through a combination of experimentation, iterative releases, and fast validated learning
- ▶ Customer feedback is key to the Lean startup process and ensures that the company does not invest time designing Solutions that Customers do not want

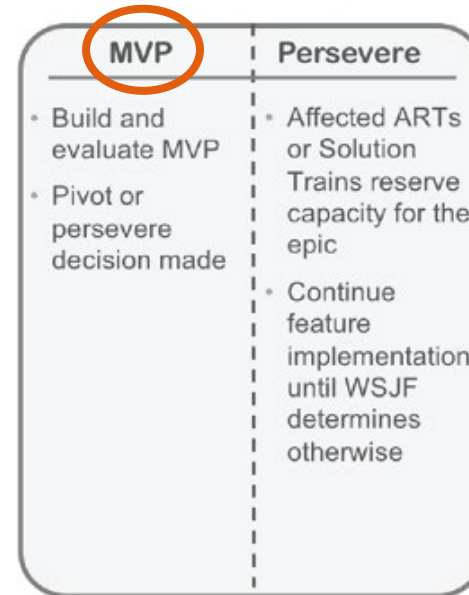


Implementing is where the MVP for the Epic is defined and built

- ▶ The Epic Owner works with Agile Teams to begin the activities needed to develop the MVP and evaluate the business outcome hypothesis
- ▶ This strategy for implementing Epics provides the economic and strategic advantages of a Lean startup by managing investment and risk incrementally, while leveraging the flow and visibility benefits of SAFe



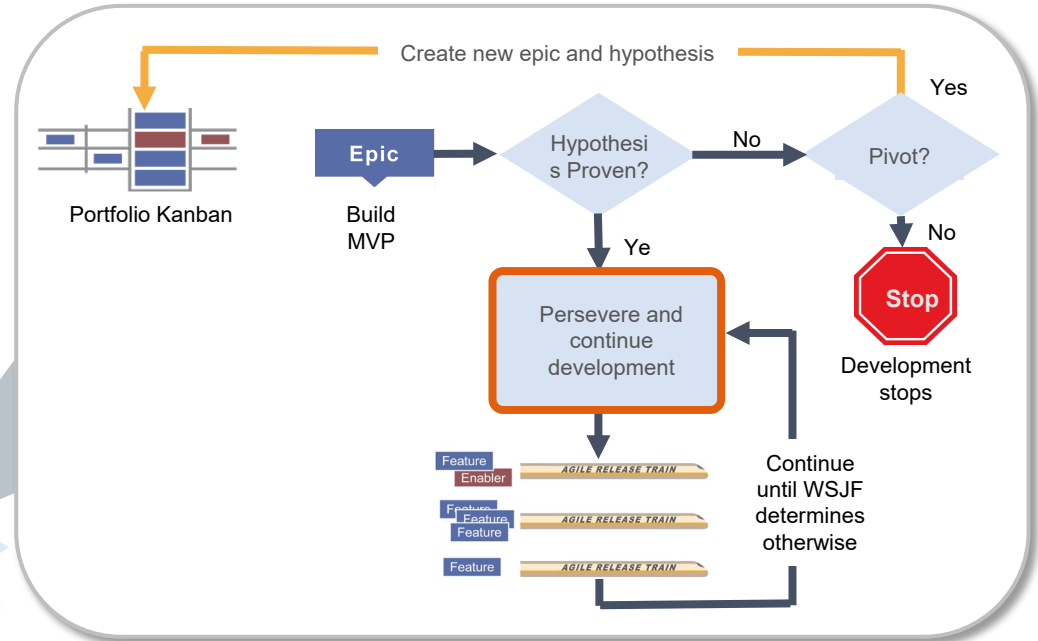
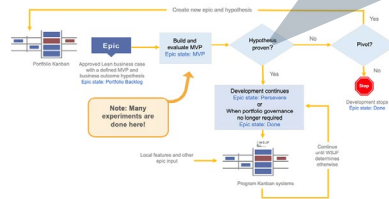
Implementing



Implementing in the persevere state is done if the Epic hypothesis is proven

When the hypothesis is proven, the Epic moves to the persevere state.

- ▶ **Persevere** – Continue development of the new offering
- ▶ **Pivot** – A structured course correction designed to test a new hypothesis
- ▶ **Stop** – Development of the Epic stops



#4 Lean Budgets

- ▶ Fund Value Streams not projects
- ▶ Guide investments by horizon
- ▶ Apply Participatory Budgeting



Budgets are allocated to Value Streams to develop Solutions

Each Value Stream develops one or more Solutions

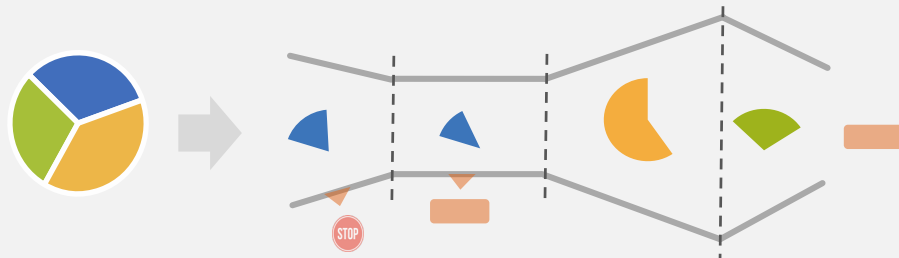


Guiding investments by horizons

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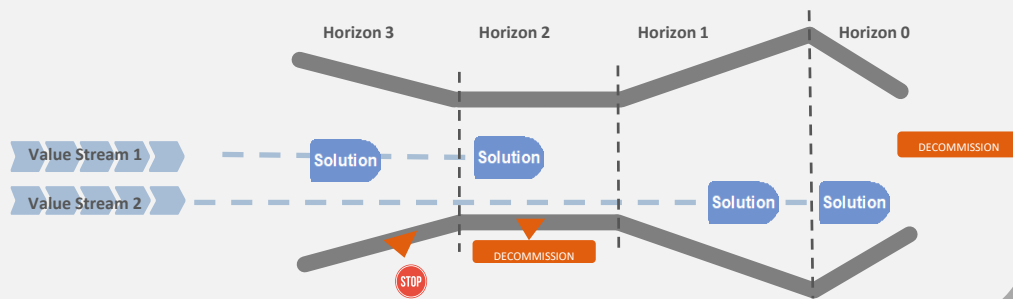
Portfolio

LPM identifies the percentage of the portfolio budget to be invested to each horizon.

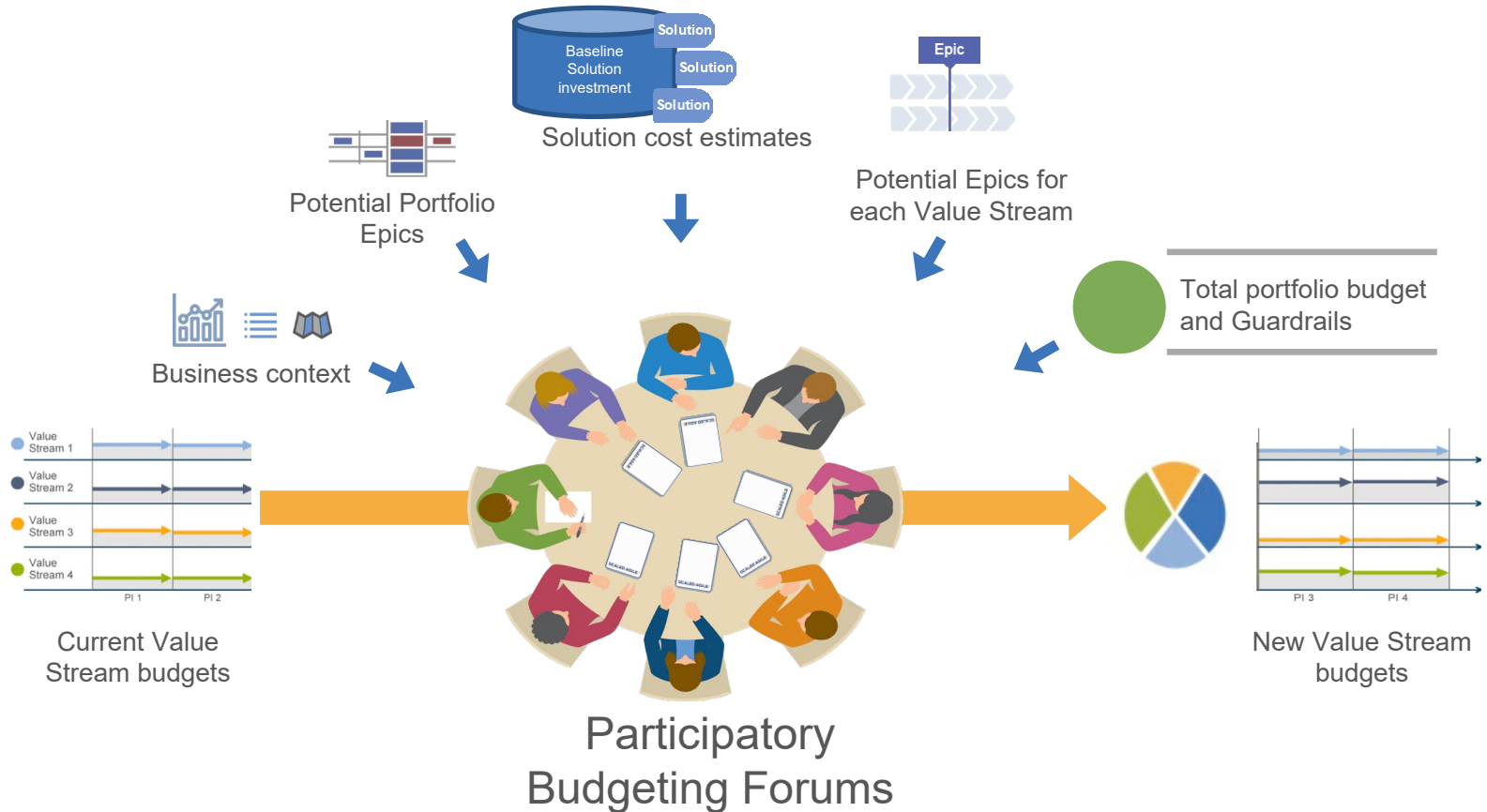


Value Streams

The percentage invested in each horizon for a Value Stream may not match the overall portfolio.



Use participatory budgeting to establish Value Stream budgets



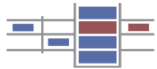
Running a Participatory Budgeting event

Participatory budgeting is a significant event that requires preparation, coordination, and communication.

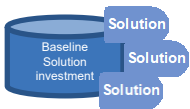
1 Prepare the content



Business Context



New Portfolio Epics and cost estimates



Baseline cost of development and support for the Solutions that deliver current business capabilities



New Solution Epics and cost estimates

2 Assemble the participants



Business Owners



Epic Owners

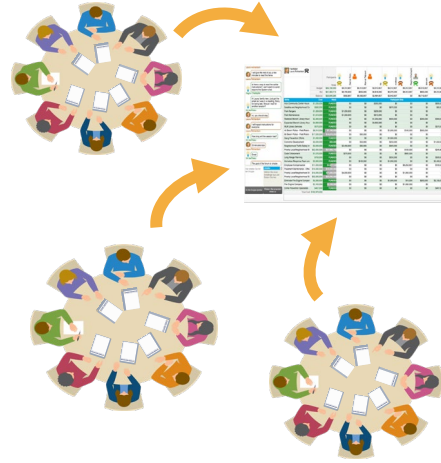


System/Solution Architects



Product/Solution Management

3 Conduct the forums



4 Analyze results

	Fully Funded	Partially Funded
EMEA - PRICE (USD)(\$M)		
EMEA - SPINAL (\$M)		
EMEA - DD Global Risk Integration for EMEA		
Automated KYC Using Process (EMEA)		
Business Model for Merchandise		
Capabilities for all Backfills (EMEA)		
Customer Life Cycle		
Dashboard for Single Platform (EMEA)		
Customer Insight for Long Tail		
Shopping to Drive		
EMEA - Platform Maintenance (EMEA)		
EMEA - Maintenance (EMEA)		
Finance Product for EMEA Platform - Platform		
Merchandise website for EMEA		
EMEA partnership for Global merchant search in Africa		
Merchant Activation Team (EMEA)		
Customer Insight for EMEA		
Unified Commerce Credit Platform for EMEA		
Trolley with Store + Phones		
Merchant Onboarding		
Customer Insight for Large Merchants		
Dashboard for EMEA (EMEA)		
Advanced Fraud Monitoring Solution		
Building High Performance Teams		
Digital Staff Services		
Merchant Platform: Data Insights for Merchants		
Merchant Buy Back Team (EMEA)		
Server EMEA		
Merchant Platform: BMS Landing		
Project 037		
Merchant Migration		

#5 Maneuver with KPIs

- ▶ Strategic Themes Inform Value Stream KPIs
- ▶ Measure What Matters
- ▶ Close the Loop on Lean Budgeting

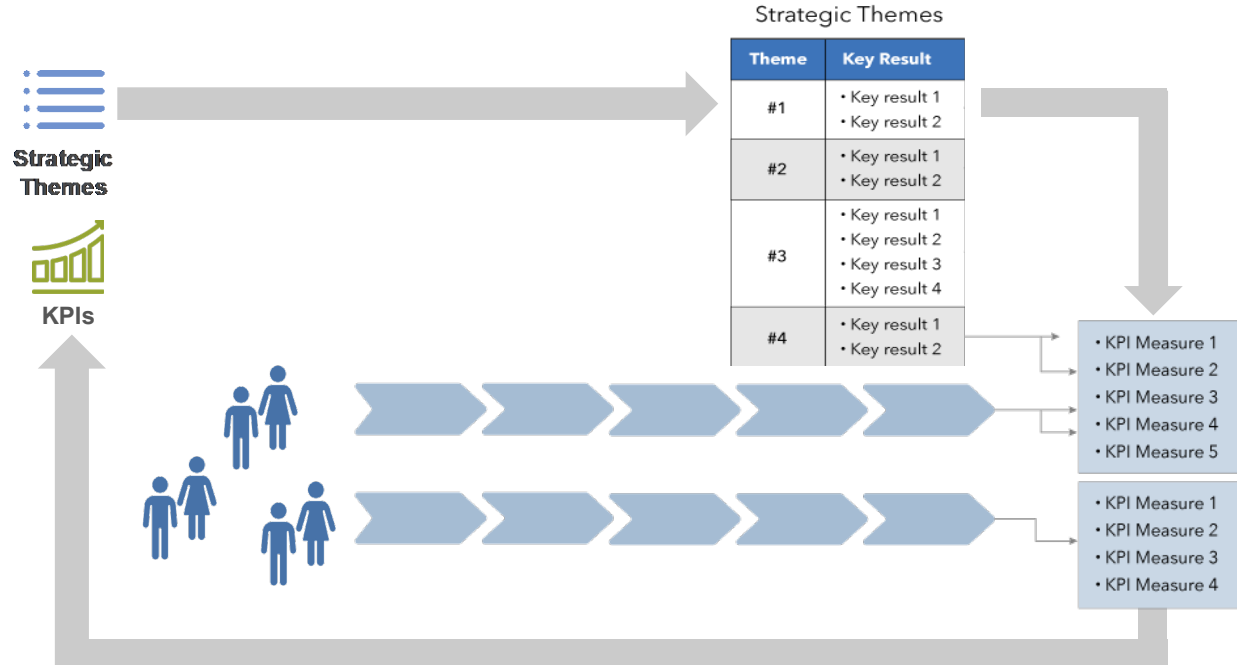


Value Stream KPIs help steer the portfolio

Value Stream key performance indicators (KPIs) are the quantifiable measures used to evaluate how a Value Stream is performing against its forecasted business outcomes.

Value Stream KPIs create the feedback loop back to the portfolio

Value Stream KPIs concern outputs, outcomes, employee satisfaction, and Agile Team performance



Measure portfolio progress with Lean metrics

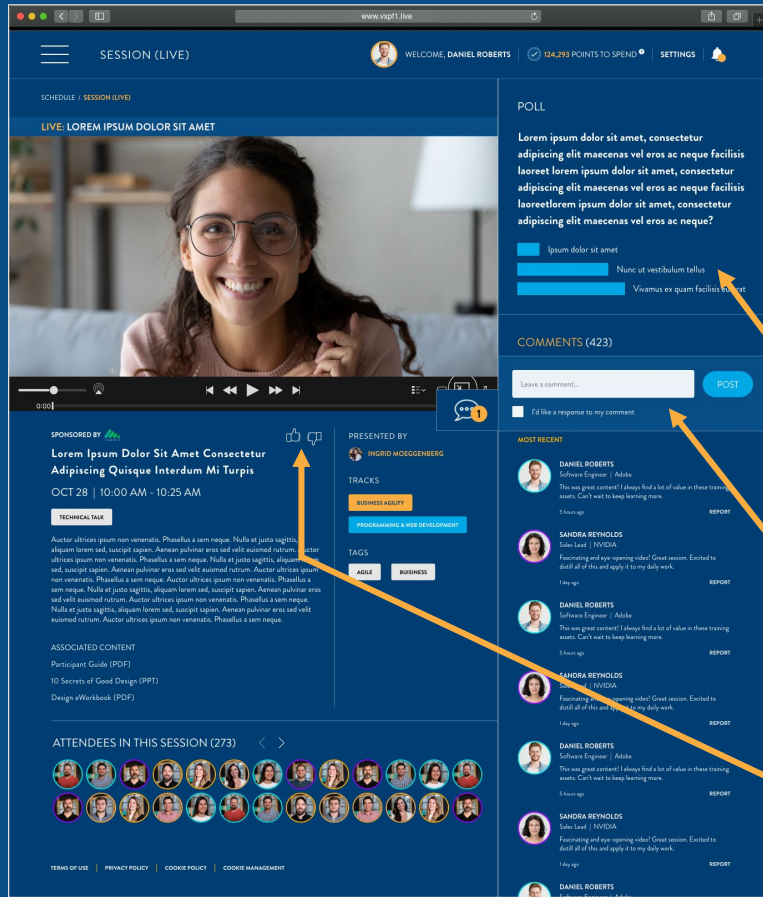
- ▶ Metrics are agreed-upon measures used to evaluate how well the organization is progressing toward business and technical objectives
- ▶ Each portfolio must establish Metrics to assure results are continually improving, while promoting decentralization of decision-making

Goals	Measures	Desired Benefits
Employee Engagement	Employee surveys; Agile People Operations data	Improved employee satisfaction, higher employee engagement, and better business outcomes
Customer Satisfaction	Net Promoter Score (NPS)	Improved customer experiences and loyalty
Partner Health	Partner and vendor surveys	Improved ecosystem relationships
Business Agility	Business Agility self-assessment	Improved ability to respond to market changes, emerging opportunities and threats
Portfolio Performance	Objectives and Key Results (OKRs); LPM Self-Assessment	Better alignment and improved progress toward the portfolio's strategic themes, and portfolio performance
Value Stream Performance	Value Stream KPIs	Improved performance against the forecasted business outcomes
Program Predictability	Program predictability measure	Improved actual business value achieved
Time-to-Market	Number of releases; feature cycle time	More frequent releases; faster feature delivery
Relentless improvement	Self-assessments for each level of the Framework	Relentless improvement in team, program and portfolio performance
Quality	Defect count and cycle time; support call volume; escaped defects	Improved customer satisfaction; reduced support call volume, and lower product development costs

Join me at the Meet the Speaker Session!



Please refer to the agenda for scheduled times



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1

Polling

2

Comment

3

Thumbs up or down

Thank you!