



Case in Point: Implementing Lean Budget Guardrails at CVS Health



Edi Gold

Sr. Manager of Digital Product
Strategy and Planning
CVS Health



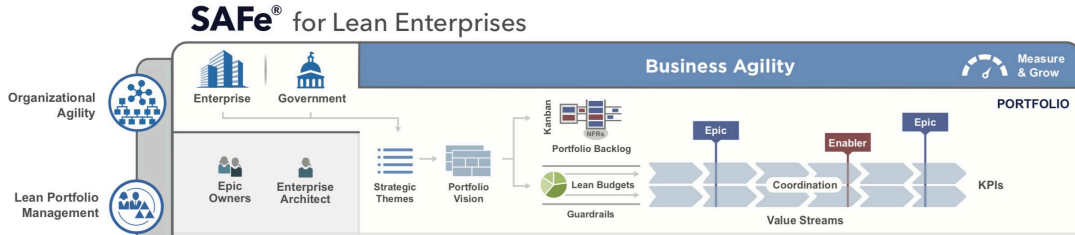
Rebecca Davis

Digital SAFe Coach, iSPCT
CVS Health

The background of the slide is a solid dark blue. In the top right corner, there is a white curved line and a small orange triangle pointing downwards. In the bottom right corner, there is a white grid-like pattern of thin lines that curves across the bottom, and a small orange triangle pointing upwards.

The Practice of Lean Budgeting with Guardrails

Where do budget guardrails fit into the SAFe big picture?



“Lean budgeting eliminates the overhead of traditional project-based funding and cost accounting. In this model, LPM maintains appropriate levels of oversight... This way, enterprises can have the best of both worlds: a development process that is far more responsive to market needs, along with professional and accountable management of spending.

Establishing guardrails helps ensure that the mix of investments addresses both near-term opportunities and long-term strategy, that investments in technology, infrastructure, and maintenance aren't routinely ignored, and that large investments are approved appropriately.”

<https://www.scaledagileframework.com/guardrails/>

Can you make up guardrails? We did!

- ▶ While SAFe provided the conceptual model, we had to figure out how to implement it in a way that works for our organization

How to capture financial guardrails using the tools / processes that teams currently use?

How do we describe the financial guardrails in a way that's understandable to all? (Including external partners.)

What is the change management process around getting teams to use it?

Solution Implementation

The image features a dark blue background with a white wavy line pattern that creates a grid-like effect. Two small orange triangles are positioned on the right side of the image, one near the top and one near the bottom.

Using Rally to capture guardrails on the feature-level

CVS BU - BENEFICIARY
-- No Entry --

CVS INITIATIVES
-- No Entry --

CVS CAPACITY ALLOCATION
-- No Entry --

1

CVS BU – Beneficiary

To determine what percentage of our digital investments support the various Business Units (BUs)

2

CVS Initiatives

To capture whether the work is externally funded and required (an “I owe you”) or if our Digital discretionary budget supports the work

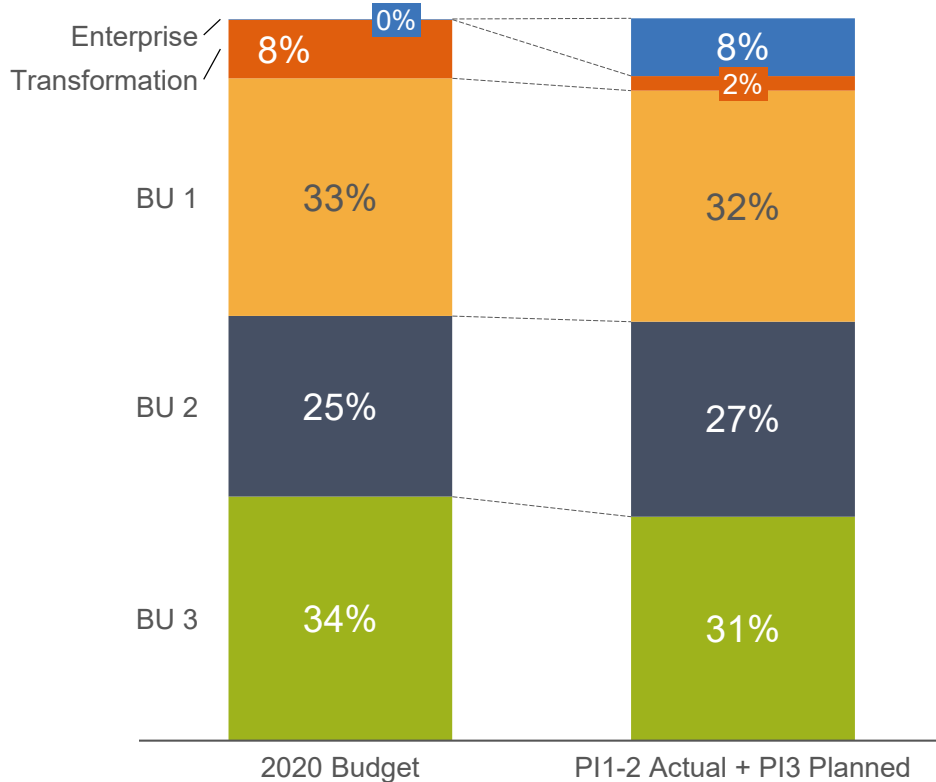
3

CVS Capacity Allocation

To identify if the work is tied to our *run costs* or *new development costs*

The 'CVS BU – Beneficiary' guardrail

YTD vs. Planned Capacity by Business Unit (BU) *(as of end of PI3 planning)*



- BU 3 investment somewhat below budgeted level YTD due to unanticipated Enterprise (i.e., multi-BU) spend
- Significant “Enterprise” epics include:
 - Security backlog remediation
 - Messaging orchestration platform work
 - Backend services

Benefits of capturing this guardrail:

- Have a pulse on how we’re allocating our time between major BUs
- Course correct where necessary but otherwise maintain momentum

The 'CVS Initiatives' guardrail

YTD Capacity for BU Funded Initiatives *(as of end of PI3 planning)*

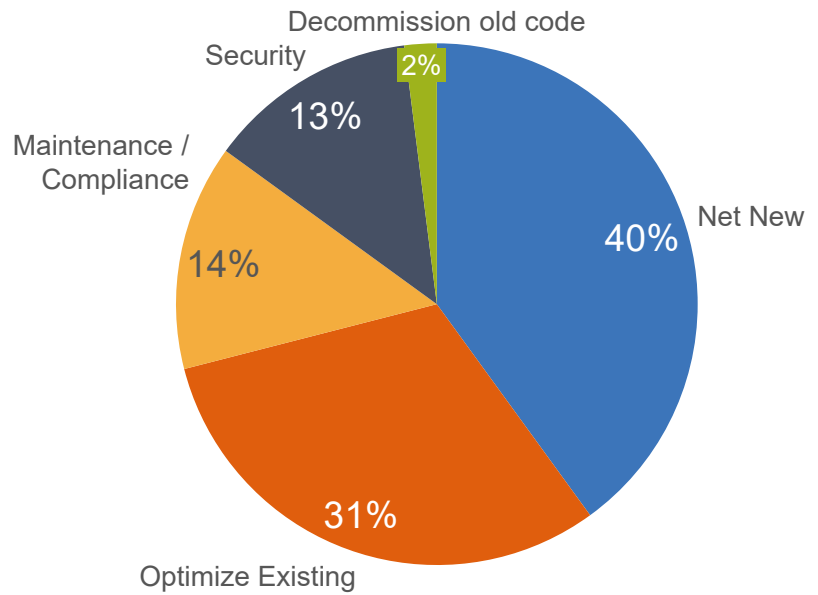
BU Funded Initiative	2020 Budgeted Points	Story points expected to be delivered thru PI3	% commitment complete	PI4 target story points (min.)	Remaining Funds for PI4
<i>Initiative 1</i>	2,154	1,060	49%	1094	\$XM
<i>Initiative 2</i>	564	823	100+%	0	\$0
<i>Initiative 3</i>	3,512	3,296	94%	216	\$XM

Benefits of capturing this guardrail:

- Track our remaining IOUs for the year
- Objectively communicate them to our partners

The 'CVS Capacity Allocation' guardrail

YTD Spend by Capacity Allocation (as of end of PI3 planning)



Compared to industry guidelines* for a mature portfolio, we are overinvesting in 'net new' build compared to reinvesting in core features

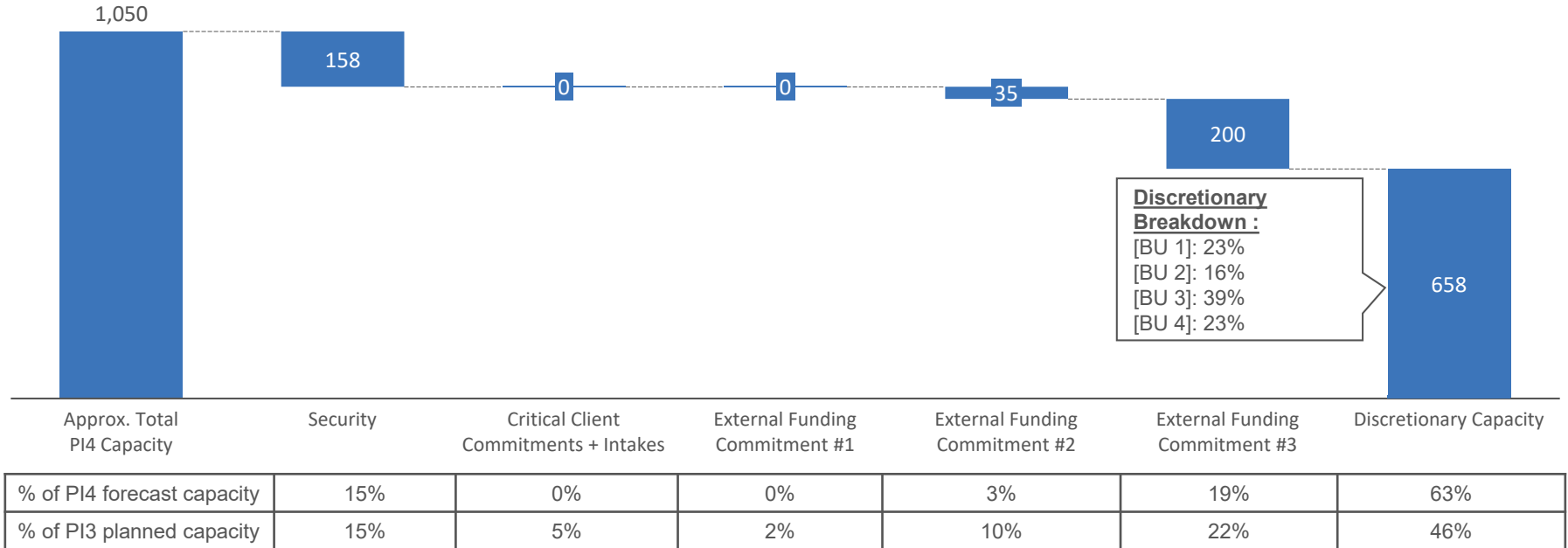
Category	PI1 + PI2 Spend Actuals	*HBR 'Managing Your Innovation Portfolio'
Net new	40%	30% <i>(Net new and new innovations on existing tools)</i>
Optimizing existing + Maintenance/Compliance + Security	58%	70%
Decommissioning old code	2%	

Benefits of capturing this guardrail:

- Strategically determine if "enough" new innovation investments are made for your org
- Classify "run" vs. "new development" costs for future year budget planning

How it all comes together: setting parameters for the future PI

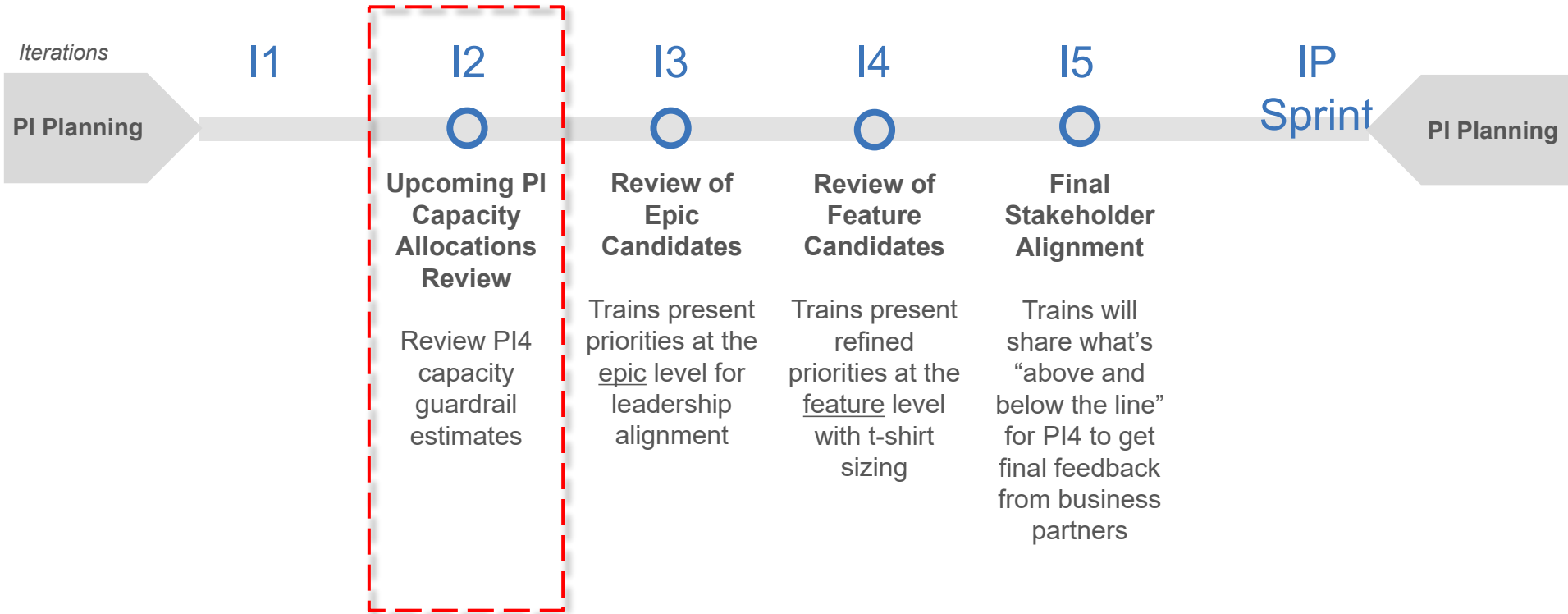
Estimated Train Capacity for PI4: *Train C*



Benefits:

- Provide capacity guardrails to remove “guesswork” and ensure we fulfill all commitments by EOY
- Allow trains authority to prioritize within discretionary work bucket
- Align on known, required work items early

Portfolio-level activities to prepare for an upcoming PI

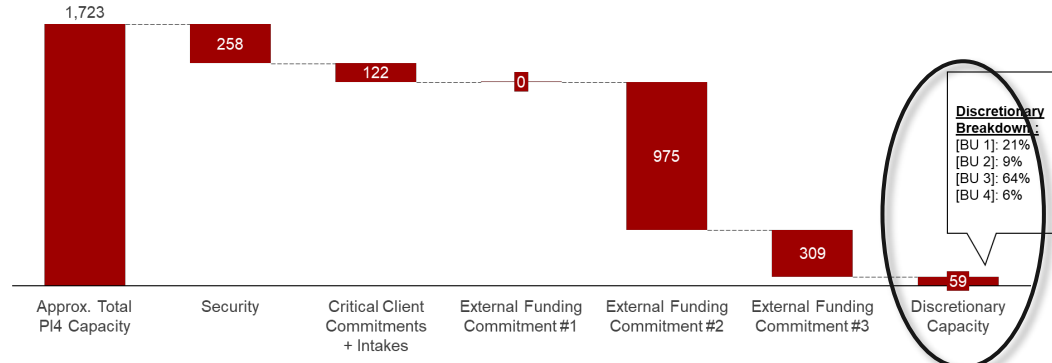


The image features a dark blue background. In the center, there is a white horizontal band containing the text "Where do we go from here?". Below this band, the background is filled with a pattern of white, wavy, parallel lines that create a sense of depth and movement. Two small orange triangles are positioned on the blue background, one in the upper right corner and one in the lower center, pointing towards the right.

Where do we go from here?

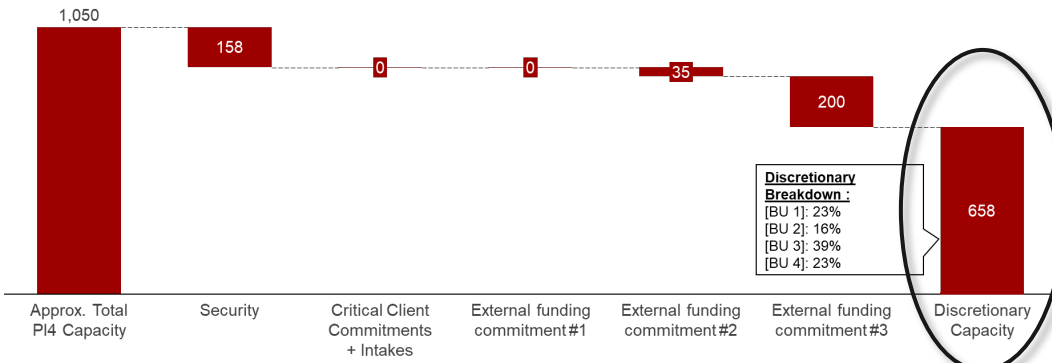
Even distributions of discretionary capacity across portfolio

Estimated Train Capacity for PI4: *Train A*



In PI3, there was hardly any discretionary capacity for *Train A* and around 63% for *Train C*!

Estimated Train Capacity for PI4: *Train C*

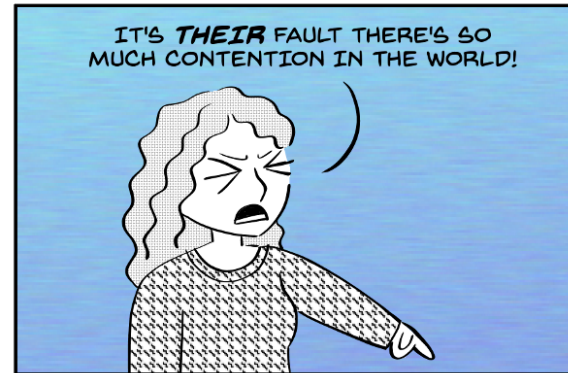
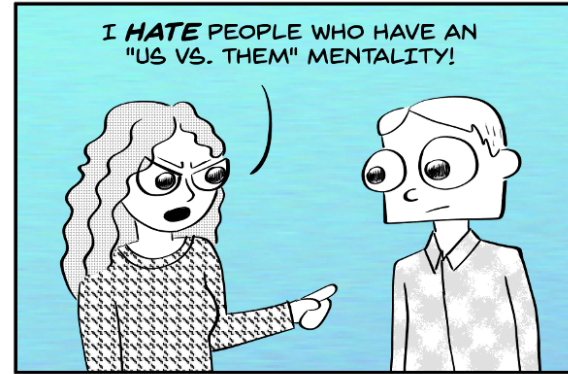



Required vs. *Desired!*

- ▶ Set new context of how externally funded initiatives are brought to the trains.
 - Meet with our funding partners early to develop a mutually agreed upon solution so the “experience ownership” lives within the trains

car & friends - us vs. them

Allred



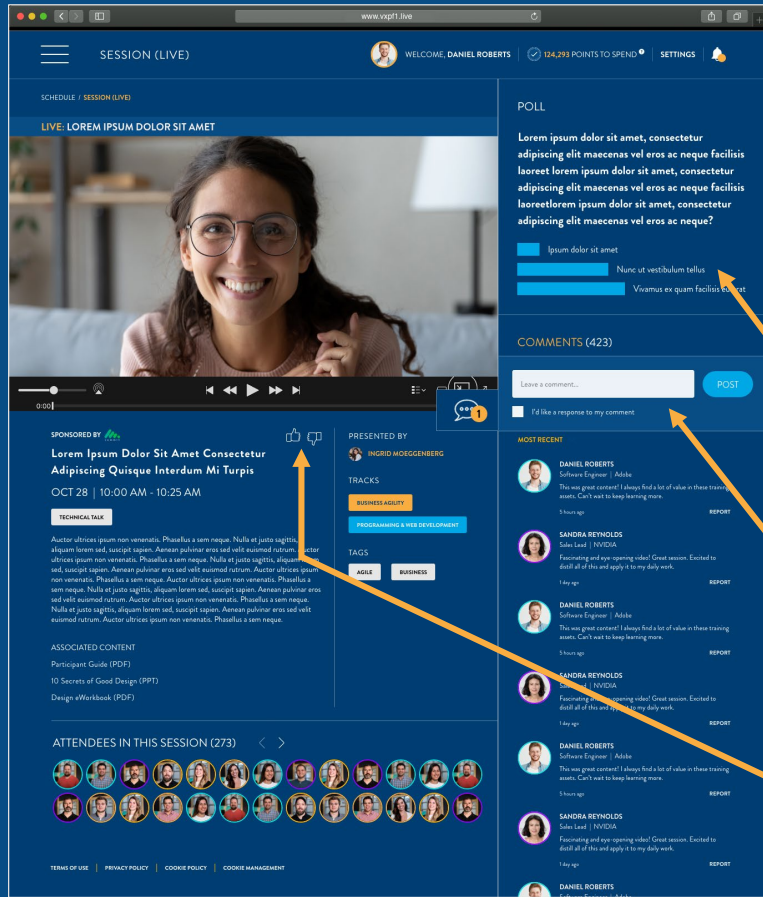
 @map_entertainments

carandfriends.mapentertainments.com

Join me at the Meet the Speaker Session!



Please refer to the agenda for scheduled times



Participate in polling, post comments, and rate sessions

1

Polling

2

Comment

3

Thumbs up or down

Thank you!

