The Seven Deadly Sins of Portfolio Management

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The Seven Deadly Sins of Portfolio Management

Structure

- ➢ **3 Exercises** during Talk via mobile or browser
- ➢ **Live Q&A** at the end of the Talk
- ➢ **Face to Face conversation** at the **KEGON booth** after the talk

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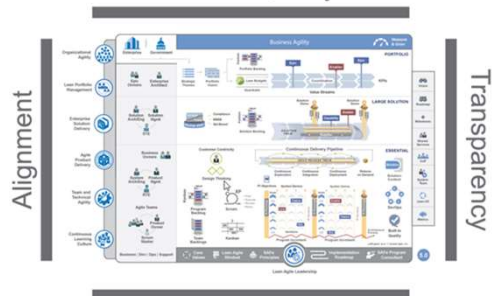# Guiding Values and Principles

House of Lean

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Agile Manifesto

The Values of the Agile Manifesto

We are uncovering better ways of developing software by doing it and helping others do it.

Through this work we have come to value:

Individuals and interactions over processes and tools

Working software over comprehensive documentation

Customer collaboration over contract negotiation

Responding to change over following a plan

That is, while there is value in the items on the right, we value the items on the left more.

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SAFe Values

Built-In Quality

Alignment

Transparency

Program Execution

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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

#10 Organize around value

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Antipatterns of Portfolio Management

Over Analysis

Overloaded Portfolio

No Decision Continuity

Silos

Unsuitable LPM Participants

Decisions Overruled

No Learning Culture

We will focus on

Over Analysis

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Over Analysis

Impact of over analysis

- Epic becomes specification
    - printout had 60 pages
    - and sections 3rd order

- Customer feedback comes 18 months late after full implementation

- No/Slow flow in Portfolio Kanban

- Nothing is ready to be discussed

- Portfolio sync frequency reduced to once a PI

What causes over analysis?

1. Responding to risk minimization with full break down of work

2. Expertise of highly specialized employees is needed.

3. Experimentation and MVPs are unfamiliar to leadership

4. Company context is more complex than training examples: "MVP does not work here! Our business is much more complicated "

Epic over analysis imparts a false sense of security

How to recover from over analysis

- How to Recover and Evolve?
  (Discuss with your neighbors, if any)

- Write your tips into the Word Cloud

- We will discuss the results in the Q&A

How to Recover and Evolve from over analysis

How to recover from over analysis

- Practice slicing

  – e.g. in Slicing Katas

  – do Pair work

  – Ask for feedback

- Internalize the Lean Startup cycle

  – Praise people for invalidating the epic hypothesis, and pivoting or stopping it

  – Introduce early feedback sessions with friendly customers

Results

First customer feedback went from
30 to **3** months

Size of Epic-Description went from
over **50** to **4-5 Pages**

Mindset to mend over analysis

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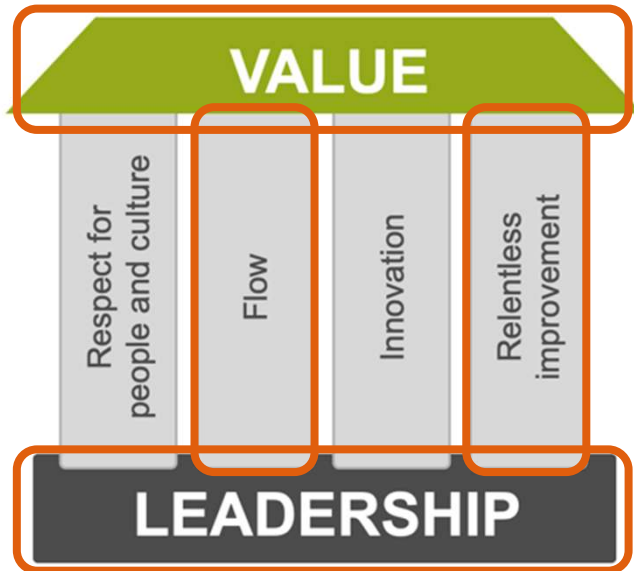
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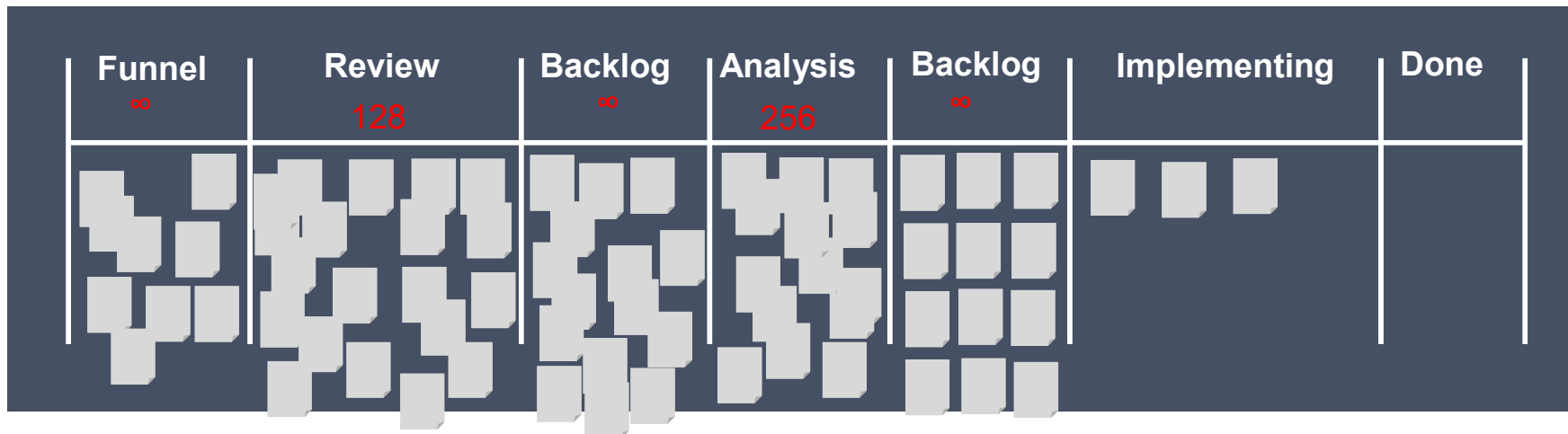
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Portfolio Overload

Impact of overloaded Portfolio

- "Traffic jam" of over 400 initiatives

- Huge upfront investment without tangible results

- Customers wait over 2 years

- Low morale

- Everyone is busy, but nothing is delivered

Funnel ∞	Review 128	Backlog ∞	Analysis 256	Backlog ∞	Implementing	Done

What causes overload?

1. Increased market changes and customer demand

2. Unclear strategy, causing product-led decisions over customer centricity

3. All initiatives seem equally important

4. The impact of overload was not visible to leaders

5. No mechanism to match capacity against demand at the portfolio level

6. Everything hits the portfolio first

Portfolio Overload is very common in most enterprises

How to recover from Portfolio overload?

- How to Recover and Evolve?
  (Discuss with your neighbors, if any)

- Write your tips into the Word Cloud

- We will discuss the results in the Q&A

How to Recover and Evolve from Portfolio overload?

How the customer recovered from Portfolio overload

- Created the Portfolio Kanban board for visibility

- Introduced a simple WIP-Limit 3 per *Reviewing* and *Analyzing* states

- Introduced "Accelerate and make it yours"
  - Each Person has max 2 tickets
  - "max dwell time" for backlog and funnel

- Defined designated coach for the Portfolio

- Defined threshold as Guardrail for small ideas

Results

Epic Lead time went from min **24** to max **6** months

Total Epics went from over **400** to **100**

300 Epics stopped (=canceled or back to funnel or into funnel of Program Kanban)

Mindset to mend portfolio overload

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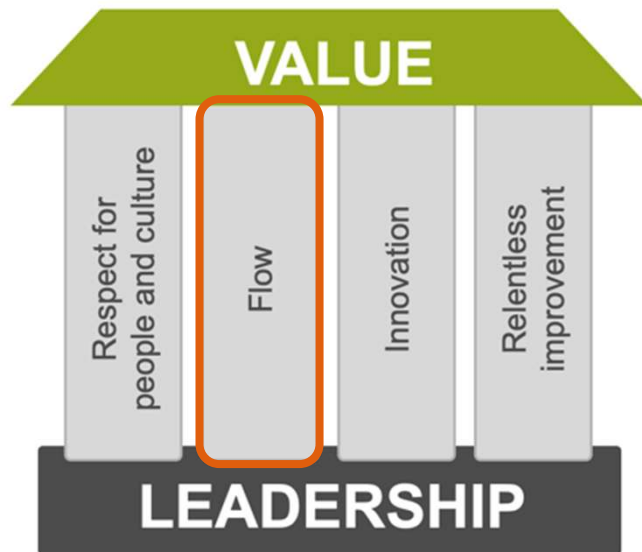
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Silos

Impact of Silos

- Value Stream identification Workshop was not taken seriously
  - Fast compulsory exercise
  - All value streams defined at once
- No common force driving the initiatives
- No broad supported vision
- Unsustainable compromises leading to later conflicts
- Long discussions in portfolio sync
- Late readiness for ART execution (next PI Planning)

What causes Silos?

1. Specialized departments can react quickly in their expertise domain

2. Technical skill development of professional groups in one place

3. No capacity for improvement

4. Enterprise works (still) fine with Silos

Also we found:

1. Company incentives led to siloed behaviors and local optimization

2. Disinterest (lack of pain in today's system; Company still doing well)

3. Missing culture in arguing. Do nothing is easier then fighting

How to recover from Silos?

- How to Recover and Evolve?
  (Discuss with your neighbors, if any)

- Write your tips into the Word Cloud

- We will discuss the results in the Q&A

How to Recover and Evolve from silos?

How to recover from silos

- Find the motivation to implement SAFe (What's the pain in today's system?)

- Redo the Value Stream identification Workshop regularly

- Your transformation team embraces lean-agile mindset and practices

- Sponsor a LACE with a transformation roadmap

Results

In PI Planning:
Dependencies to outside an ART went down form
50 to **4** for each ART

Epic Lead time went from
12 to **6** months

Available capacity for new Epics went form
20% to **45%**

Mindset to mend silos

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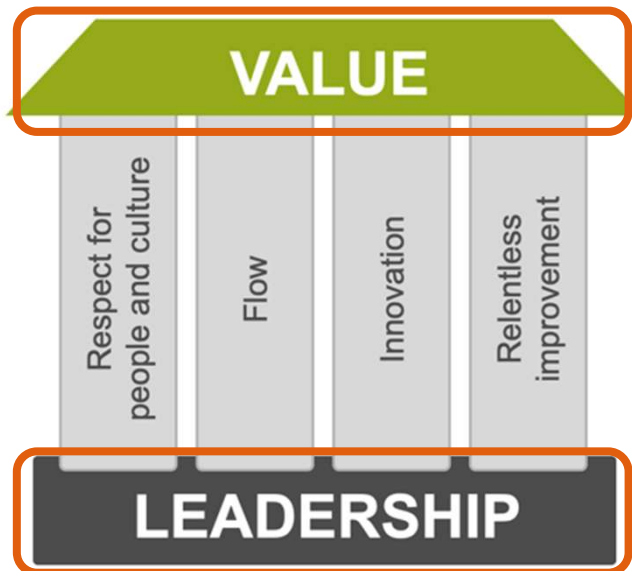
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Summary of the seven antipatterns of portfolio management

**Over
Analysis**

**Overloaded
Portfolio**

**No Decision
Continuity**

Silos

**Unsuitable LPM
Participants**

**Decisions
Overruled**

**No Learning
Culture**

Summary: Over Analysis

Cause	Unfamiliarity with Lean mindset and MVP application
Impact	Epic becomes specification slowing the flow of value in the Portfolio
Recovery	Early feedback sessions with friendly customers
Guidance	House of Lean

Summary: Overloaded Portfolio

Cause	Inability to say no or not now, lack of visibility to the impact of overload
Impact	Everyone is busy, but nothing gets delivered
Recovery	Created the Portfolio Kanban board starting with a low WIP-Limit
Guidance	SAFe principle 6 "Visualize and limit WIP, reduce batch sizes, and manage queue lengths"

Summary: Silos

Cause	No capacity for improving the system driving local optimization
Impact	No common force for executing on the portfolio vision
Recovery	Find the "Why" & lead the transformation with agile principles and pracrices
Guidance	SAFe Principles 1 *Take an economic view*, 2 *Apply systems thinking* and 10 *Organize around value*

Summary: No decision continuity

Cause	Lack of continuous LPM work between Portfolio Syncs
Impact	ARTs experience ambiguity and stress during PI planning
Recovery	Introduce slicing of epics and features
Guidance	SAFe Core Value *Program Execution*

Summary: Unsuitable LPM Participants

Cause	Employees want inclusion in decision making and perceived as a promotion
Impact	Missing connection to strategy and not accepted decisions
Recovery	Limit the engagement to the three LPM collaborations: *Strategy and Investment Funding, Portfolio Operations and Lean Governance*
Guidance	SAFe Core Value: *Alignment*

Summary: Decisions overruled

Cause	Old behaviors made the company in the past
Impact	Employee morale diminishes
Recovery	Clarify the decision authority framework for the SAFe roles
Guidance	House of Lean: *Leadership as a foundation*

Summary: No Learning Culture

Cause	Training is undervalued and capacity is unavailable to attend
Impact	Misalignment about the portfolio priorities due to lack of common language
Recovery	Establish knowledge sharing through Communities of Practice (CoP)
Guidance	SAFe Core Values: *Alignment and Transparency*

Take Action

- Retrospect on the antipatterns

- Apply the principles of SAFe, House of Lean and Agile Manifesto to the portfolio

- Create Lean Portfolio Management implementation roadmap

Embrace lean-agile values and principles to overcome Portfolio Management antipatterns

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