Lean Portfolio Management Learning Outcomes

BETA

LICENSING INFORMATION

The work in this document was facilitated by the International Consortium for Agile (ICAgile) and done by the contribution of various Agile Experts and Practitioners. These Learning Outcomes are intended to help the growing Agile community worldwide.

SPECIAL THANKS

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HOW TO READ THIS DOCUMENT

This document outlines the Learning Outcomes that must be addressed by accredited training organizations intending to offer ICAgile's ICP-LPM certification.

Each LO follows a particular pattern, described below.

0.0.0. Learning Outcome Name

Additional Context, describing why this Learning Outcome is important or what it is intended to impart.

The Learning Outcome purpose, further describing what is expected to be imparted on the learner (e.g. a key point, framework, model, approach, technique, or skill).

LEARNING OUTCOMES

1. LEAN PORTFOLIO MANAGEMENT IN CONTEXT

1.1.THE WHAT AND WHY OF LEAN PORTFOLIO MANAGEMENT

1.1.1.Define Lean Portfolio Management for Business Agility

Traditionally, LPM has not been inherently adaptive. LPM for Business Agility advances the practice of portfolio management with an adaptive approach that also focuses on eliminating waste in the overall system. It is aimed at enabling customer centricity and organizational agility.

Define Lean Portfolio Management and Project Portfolio Management. Show how LPM differs from traditional portfolio management. Emphasize service to the customer rather than the organization and being inherently adaptive when implementing LPM. Present a side-by-side comparison and provide a high-level overview of what needs to be put into place and / or what needs to change as organizations shift from traditional PPM to LPM.

1.1.2. Why the Shift to LPM is Necessary for Business Agility

There is a need to shift from a project to a product focus as organizations shift to customer centricity and operating with Business Agility. Companies need to align portfolios to value stream based operational practices.

Explain how traditional Project Portfolio Management practices can be rigid, require laborious approval processes, and do not align work to strategy. Describe why companies need to shift to value streams, adaptive funding models, and continuous improvement to be successful. Discuss the historical trends that have influenced this change. Position these changes in the historical context of evolving business practices.

1.1.3. Principles of LPM for Business Agility

There are underlying principles of LPM that provide a foundation for the new approaches to managing a portfolio in a focused, streamlined, and adaptive way.

Introduce the principles of LPM for Business Agility and explain the context for each principle (see white paper for the principles).

2. ENABLING LPM

2.1. ALIGN EXECUTION TO STRATEGY

2.1.1. LPM Supports Adaptive Strategy

LPM is a supporting methodology for creating adaptive organizations in today's business environment. An adaptive strategy is essential to an effective LPM implementation.

Introduce the key elements of adaptive strategy, which are linked to impacts and outcomes. Explain that strategy is more stable than the approach to achieving it, which will be constantly adapting. LPM needs to match the speed of adaptation, learning, and change to meet the strategy. Using real-world examples, show how adopting LPM enables the adoption of an adaptive strategy in complex organizations.

2.1.2. Understanding Strategy for Complex Adaptive Organizations

One size doesn't fit all for creating strategy at an organizational level. Every organization is simultaneously unique, and similar to others in its structure and internal/external factors. Adopting LPM needs to fit with the overall organizational strategy and level of complexity.

Explain the drivers of strategy for different types of organizations (size, industry, structure, organizing principles, target markets, etc.) and how this can impact the approach to adopting LPM.

2.2. FUNDING AND BUDGETING

2.2.1. Shorter Funding Cycles Enable Faster Adaptation

Funding and budgeting cycles need to be shortened to match the cadence of learning and delivery.

Describe the concept of incremental funding. Explain how funding decisions can be made more incrementally to support prioritization decisions at the same cadence as learning, and delivery. Introduce approaches such as rolling wave planning, metered funding, and value engineering.

2.2.2. Being Responsible Stewards of Funds and Other Resources

Shifting from permission-based funding to empowered decision-making means new types of guardrails need to be implemented for the enablement of rapid decision-making.

Explain the differences between funding, budgeting, and the impact of different approaches. Describe how traditional funding approaches (such as annual budgeting cycles) undermine business agility and prevent effective adoption of LPM. Reference ICAgile's Learning Outcomes for Agile Finance (ICP-FIN) for deeper exploration of funding approaches. Discuss how forecasting can support or detract from these efforts.

Define the types of guardrails that are typically needed for decision-making. Guardrails help to determine how to prioritize, and whether to persevere, pivot, or abandon activities. Explain the type of data needed to make decisions, the timing of different types of decisions, and accountability for who makes decisions. Discuss how these changes apply to different types of organizations, and how they may be implemented differently in various types of organizations (such as publicly traded, non-profit, foundations, privately owned, and highly regulated organizations).

2.3. GOVERNING AND MEASURING LPM

2.3.1. Governing the Portfolio

Effective LPM requires clear guidelines for how initiatives get into and taken out of the portfolio.

Explain what is needed for new work to enter and exit a portfolio. Describe factors that influence the approval decision-making cycle (such as strategic alignment, scope, cost/budget, people staffing, timing, and other factors). Discuss how governance needs to be transparent and consistent based on published criteria. Present approaches to identify and track benefits. Share ways on what to do when a stakeholder inflates the anticipated benefits from an initiative.

2.3.2. Managing Risks, Conflict and Variances

There will be contradictions, conflicts, variances, and other risks associated with initiatives in the portfolio. These need to be monitored and responded to effectively.

Explain several ways to visualize and manage risk, conflict, and variances. Introduce approaches to decision-making, conflict-resolution, and ways to communicate variances as actionable feedback. Describe the use of guardrails as a method for risk management. Show how risks, dependencies, constraints, and issues all need sufficient processes that suit the environment and do not get lost by simplifying the process.

2.3.3. LPM Metrics and Measurement

Measuring the health, performance, and impact of a portfolio is key to the success of an organization. This provides clarity around progress made towards achieving organizational outcomes.

Emphasize the need for multiple metrics which complement each other to holistically understand the state of a portfolio. Show how different metrics are useful when looking at different timeframes (for example, three-year, one-year, quarterly), and how they can cascade across time horizons. Highlight why you would use one metric over another. Explore the different types of metrics which could apply to different organization types of business domains and profiles (private, public, not-for-profit, government, startups, innovators, laggards, etc.).

3. STRUCTURING FOR LPM

3.1. ORGANIZATION DESIGN FOR LPM

3.1.1. Relationship Between Org Design and Portfolio Management

LPM requires fundamental shifts in how organizations are structured to enable the new ways of working and become adaptive.

Show how organizational design and portfolio management can be intertwined. Illustrate the importance of organizational design and how it supports the overall strategy for the portfolio. Discuss ways to approach changing the org design to support LPM. Reference ICAgile's Learning Outcome for Adaptive Org Design, ICP-ORG, for a deeper exploration of adaptive organizational design.

3.1.2. Project to Product based Structures

Implementing LPM requires shifting from Project-based to Product-based organizational structures.

Show the significant changes needed when shifting from project-based approaches to product or value stream based structures and working styles. Organizations will have to unlearn the certainty of funding a project with certain outputs (iron triangle) to fund outcomes. Differentiate between programs, portfolios and how these also impact structure. Discuss situations where projects may still be appropriate for some value streams during the transition from PPM to LPM, and after.

3.1.3. Where LPM Links into Other Organizational Practices

Adopting LPM has a significant impact on the overall organization. This requires a shift in how the surrounding organizational practices (staffing, financial, acquisition process, etc.) work, and how they interact with the value streams.

Show how the interdependencies within an organization allow for the successful adoption of LPM, and how they can also be an impediment. Demonstrate how to encourage the ongoing improvement of the organization to meet changing customer needs through aligning work to strategy. Explain how the traditional Project Management Office (PMO) changes when adopting LPM, and how communities of practice can support the transition. Discuss the new roles that need to be filled when adopting LPM. Explore how different internal groups (finance, operations, procurement, legal, supply chain, etc) can support or detract from the adoption and sustainment of LPM. Reference ICAgile's Learning Outcomes for Agility in HR (ICP-AHR), Agility in Finance (ICP-FIN), and Agility in Marketing (ICP-MKG) for a deep-dive into specific disciplines.

3.2. PORTFOLIO TYPES

3.2.1. Portfolio Kanban for Transparency and Communication

Portfolio Kanban is one approach to visualizing and communicating portfolios.

Explain how Kanban is a visual workflow management method for defining and managing work. Describe how Kanban can be used at various levels of the organization to help improve the flow of value. Provide examples of Portfolio Kanban to visualize and manage the flow of capabilities from ideation, through to completion. Discuss common obstacles to adopting Portfolio Kanban and ways to overcome these obstacles.

3.2.2. Types of Portfolios in Business Agility

Different types of portfolios are appropriate in different organizational contexts.

Explain the typical portfolios in which organizations can 'group the work,' to support inclusive decision-making. Some examples are change-type work (new development), run-type work (keep the lights on), departmental, domain, demand, or other portfolio types based on a given organizational context. Introduce the different patterns and types of portfolio-level value streams. Explain when an organization might use one pattern over another. Emphasize the importance of moving from an "efficiency" focus to value focus. Examples of some value stream design patterns include Market/Customer Segmentation, Product/Service Customer Journey, Business/Tech Capabilities, Delivery Channel, etc.

3.2.3. Portfolio Anti-Patterns

There are common mistakes that have been identified in the adoption of LPM.

Discuss common anti-patterns of LPM. Discuss how a positive pattern for one organization could be a negative pattern for another. Examples of this could be the use of sub-portfolios, portfolio hierarchy, and shared services. These patterns often show up in larger organizations but can be present regardless of the size or nature of the organization. Explain when to split a portfolio or not.

4. EXECUTING LPM

4.1. ENABLING CROSS-TEAM VISIBILITY

4.1.1. Collaboration Events

There are a variety of cross-team collaboration events which could be implemented to enable cross-team visibility, dependency identification, and coordination.

Review a range of events that enable communication, organizational collaboration, and the management of dependencies at all levels. Examples include Portfolio Level Scrum of Scrums, Kanban Review, Quarterly Business Review (QBR), Quarterly Financial Review (if separate from QBR), or Big Room Planning (PI).

4.1.2. Creating Visibility for the Portfolio

There are many ways to leverage a physical or virtual space to bring transparency and visibility to a portfolio.

Introduce at least one way to make a portfolio visible using physical or virtual space. Explain how to set up such spaces. Demonstrate how they are used to enable transparency and alignment within an organization. Examples could include, obeyas, visibility rooms, sorting rooms, online tools, etc.

4.1.3. Portfolio Roadmap

Time is an important dimension to a portfolio as value is almost always dependent on time.

Show how initiatives can be mapped over time in a portfolio. Demonstrate ways to make time visible as both a constraint and an opportunity. Discuss factors such as the cost of delay, market windows, product lifecycle, and how they impact decision-making in the portfolio. Show how items on the roadmap are less certain the further away in time they are. Reference ICAgile's Learning Outcomes for Product Management (ICP-PDM) certification for more information.

4.2. CAPACITY AND DEMAND

4.2.1. Managing Portfolio Intake

One of the most challenging aspects of managing any portfolio is managing the intake of work. Many portfolios have multiple stakeholders who each are accountable for different business outcomes. Creating alignment around the intake, what we choose not to do, prioritization, and value being delivered is key to creating and managing a healthy portfolio.

Show how multiple input streams in a portfolio can slow down or stop the delivery of value. Discuss the cultural patterns that can lead to this and how organizations can shift to creating portfolios with one intake process. Demonstrate how the delivery of value can speed up with one intake process and clearly defined rules prioritizing work. Describe how to create alignment around starting, stopping, and pivoting work. Share real-world experiences of how organizations failed and succeeded in this.

4.2.2. Limit WIP and Plan to the Available Capacity

Capacity planning is often a challenging aspect for any organization. Balancing demand, capacity, and the prioritization of work is as much an art as it is a science.

Model how to approach capacity planning, limiting WIP, and ensuring there is slack in the system. Cover factors that contribute to long-term success in capacity planning such as stable teams, demand management, alignment from stakeholders, and the prioritization of work. Show what good and bad capacity planning looks like and how to manage risk. Describe how culture plays a big part in successful capacity planning.

4.3. CONTINUOUS PLANNING & DELIVERING

4.3.1. Prioritization of Work

There are various approaches to prioritization and knowing when to use them is essential to adopting and sustaining LPM.

Explain how prioritization helps create a link between organizational strategy and the work being done. Explain that a collaborative culture is needed to support effective prioritization. Introduce multiple approaches to prioritization, including their benefits and drawbacks. Explore the cost of delay as a contributor to prioritization. Differentiate between size estimation and value estimation techniques and how you would integrate them into a holistic approach.

Examples of prioritization techniques could include: t-shirt sizing, MoSCoW, WSJF, KANO, Value Scoring, 2 by 2, and others

4.3.2. The Fundamentals of Portfolio Planning

While portfolio planning is contextual to the organization, there are some common underlying fundamentals.

Explain that the continuous delivery of business value from portfolios is the underlying reason for LPM. Illustrate the fundamental aspects of portfolio planning, contrast them with the contextual organizational elements (organizational complexity, industry, environmental factors, etc.). Describe techniques for portfolio forecasting and planning release windows. Communicate the impact of market milestones and rhythms on portfolio planning.

4.3.3. Continuously Learn and Adapt

LPM is a platform for learning and adapting. The key benefit of adopting LPM is to enable rapid learning and responding to change sustainably.

Show how LPM needs to be supported by a culture that embraces change and constant learning. Discuss why the portfolio needs to be continually evolving in response to customer needs, market conditions, socioeconomic pressures, societal changes, technology advances, and other factors. Describe how success does not come from mechanically managing the portfolio but through the innovative exploration of possibilities.