

## The role of Lean Portfolio Management (LPM)



*Most strategy dialogues end up with executives talking at cross-purposes because... nobody knows exactly what is meant by **vision** and **strategy**, and no two people ever quite agree on which topics belong where.*

*That is why, when you ask members of an executive team to describe and explain the corporate strategy, you frequently get wildly different answers. We just don't have a good business discipline for converging on issues this abstract.*



*—Geoffrey Moore, **Escape Velocity***

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## 5.1 Defining a SAFe portfolio

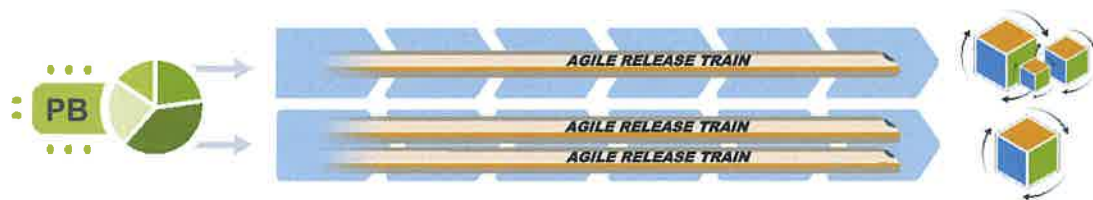
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## What is a SAFe portfolio?

A SAFe portfolio is a collection of *development* Value Streams.

- ▶ Each Value Stream builds, supports, and maintains Solutions
- ▶ Solutions are delivered to the Customer, whether internal or external to the Enterprise



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## An Enterprise may have a single portfolio or multiple portfolios



Small Enterprise



Single Portfolios



Large Enterprise



Multiple Portfolios

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## Define the portfolio with the portfolio canvas

- ▶ The portfolio canvas is a template for identifying a specific SAFe portfolio
- ▶ It defines the domain of the portfolio and other key elements

**Portfolio Canvas** Portfolio Name: \_\_\_\_\_ Date: \_\_\_\_\_ Version: \_\_\_\_\_

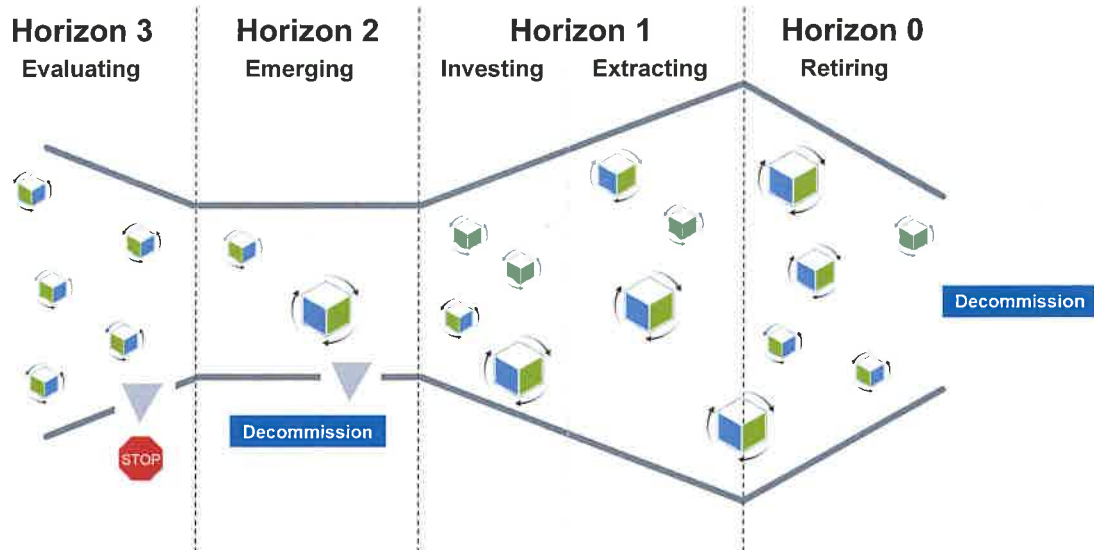
Value Propositions						
Value Stream	Solutions	Outcomes	Channels	Customer Relationships	Budget	KPIs / Metrics

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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## Map Solutions by horizon



## 5.2 Connecting the portfolio to Enterprise strategy

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### Strategy and investment funding: Collaboration and responsibilities

Strategy and investment funding ensures that the entire portfolio is aligned and funded to create and maintain the Solutions needed to meet business targets.



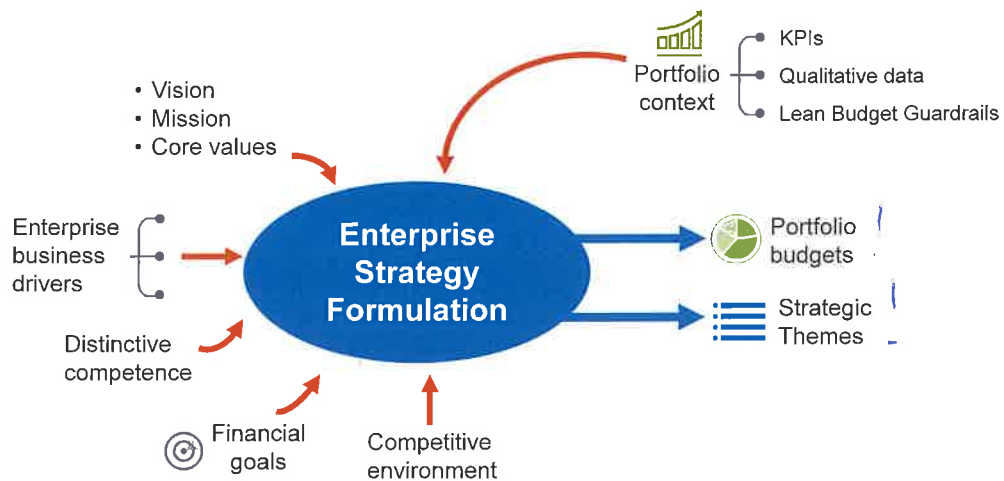
- Connect the portfolio to Enterprise strategy
- Maintain a Portfolio Vision
- Realize Portfolio Vision through Epics
- Establish Lean Budgets and Guardrails
- Establish portfolio flow



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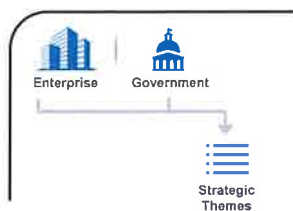
## Elements of Enterprise strategy formulation



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## Connect the portfolio to the Enterprise with Strategic Themes



Strategic Themes are differentiating business objectives that:

- ▶ Are a collaboration between LPM and the larger Enterprise
- ▶ 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

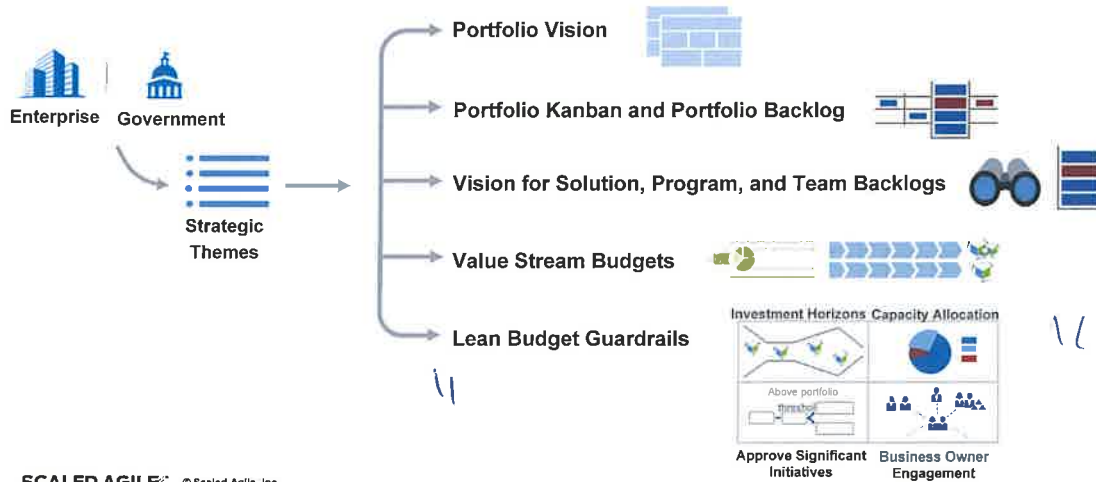
Maximize corporate wealth

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## Influence of Strategic Themes

Strategic Themes influence portfolio strategy and provide business context for portfolio decision-making.



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## Activity: Identify Strategic Themes



- **Step 1:** Identify three Strategic Themes that help define the strategy of your portfolio in the upcoming year
- **Step 2:** Discuss:
  - Are these *differentiators* for your business or business as usual?
- **Step 3:** Be prepared to share with the class

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# Identifying Strategic Themes

***Strategic Theme #1***

***Strategic Theme #2***

***Strategic Theme #3***



## 5.3 Maintaining the Portfolio Vision

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### Identify opportunities for the portfolio's future state with SWOT

- Establishes an understanding of the portfolio's strengths and weaknesses
- Helps identify the most significant opportunities and potential threats

		Internal Origin	
		<b>S</b> Strengths	<b>W</b> Weaknesses
Internal Origin			
External Origin		<b>O</b> Opportunities	<b>T</b> Threats
			

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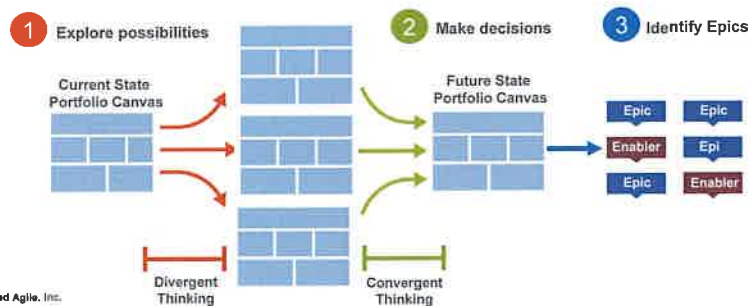
## TOWS strategic options matrix

- ▶ The key difference between the SWOT and TOWS analyses are the outcomes that they create
- ▶ TOWS analysis is used primarily for identifying strategic options to create a better future state
- ▶ SWOT analysis is a great way to uncover the current situation of your Value Stream, product, or portfolio

	External Opportunities (O)	External Threats (T)
	1.	1.
	2.	2.
	3.	3.
	4.	4.
Internal Strength (S)	SO	ST
1.	How can your strengths be used to exploit and maximize opportunities?	How can you apply your strengths to overcome present and potential threats?
2.		
3.		
4.		
Internal Weaknesses (W)	WO	WT
1.	How can your opportunities be leveraged to overcome weaknesses?	How can you minimize weaknesses and avoid threats?
2.		
3.		
4.		

## Envision the future state

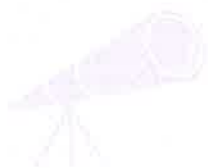
- ▶ The portfolio canvas captures the current state
- ▶ Use SWOT and TOWS to brainstorm potential future states
- ▶ Evaluate your options and select a future state
- ▶ Identify the Epics that will get you to this future state



## Express the future state as a Vision

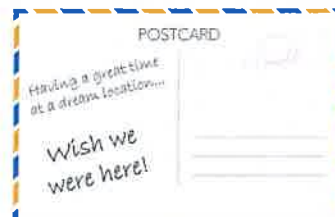
### A long view:

- ▶ How will our portfolio of future solutions solve the larger customer problems?
- ▶ How will these solutions differentiate us?
- ▶ What is the future context within which our solutions will operate?
- ▶ What is our current business context, and how must we evolve to meet this future state?



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### Vision: A postcard from the future



- ▶ Aspirational, yet realistic and achievable
- ▶ Motivational enough to engage others on the journey

**Result:** Everyone starts thinking about how to apply their strengths in order to get there.

Switch: How to Change Things When Change is Hard, Heath and Heath, Broadway Books, 2010

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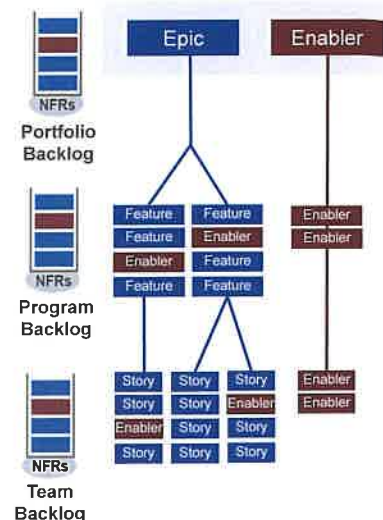
## 5.4 Realizing Portfolio Vision through Epics

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## What is a portfolio Epic?

- ▶ An Epic is a significant Solution development initiative. There are two types:
  - *Business Epics* directly deliver business value
  - *Enabler Epics* support the Architectural Runway and future business functionality
- ▶ Portfolio Epics are typically cross-cutting, typically spanning multiple Value Streams and PIs.
- ▶ Epics need a Lean business case, the definition of a minimum viable product (MVP), an Epic Owner, and approval by LPM.



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LEAD PORTFOLIO MANAGEMENT

## Epics are initially described with the Epic hypothesis statement

Epics are described with four major fields:

- ▶ **The value statement** – Describes the Epic in general terms: the “for-who-the ...” portion
- ▶ **Business outcomes hypothesis** – States the quantitative or qualitative benefits that the business can anticipate if the hypothesis is proven to be correct
- ▶ **Leading indicators** – Describe the early measures that will help predict the business outcomes
- ▶ **Nonfunctional requirements (NFRs)** – Identify any NFRs associated with the Epic

Epic Hypothesis Statement	
Funnel Entry Date:	<The date that the epic entered the funnel>
Epic Name:	<A short name for the epic>
Epic Owner:	<The name of the epic owner>
Epic Description:	<An elevator pitch (value statement) that describes the epic in a clear and concise way.>  For <customers> who <do something> the <solution> is a <something – the 'how'> that <provides this value> unlike (competitor, current solution or non-existing solution) our solution <does something better – the 'why'>
Business Outcomes:	<The measurable benefits that the business can anticipate if the epic hypothesis is proven to be correct.>
Leading Indicators:	<The early measures that will help predict the business outcome hypothesis. For more on this topic, see the Innovation Accounting advanced topic article>
Nonfunctional Requirements (NFRs):	<Nonfunctional requirements (NFRs) associated with the epic>

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## Activity: Epic writing

Prepare



Share



- **Step 1:** In your group, identify an Epic from one of your contexts
- **Step 2:** Write the Epic hypothesis statement
- **Step 3:** Discuss:
  - What could be an MVP to validate this Epic?

Epic Hypothesis Statement	
Funnel Entry Date:	<The date that the epic entered the funnel>
Epic Name:	<A short name for the epic>
Epic Owner:	<The name of the epic owner>
Epic Description:	<An elevator pitch (value statement) that describes the epic in a clear and concise way>  For <customers> who <do something> the <solution> is a <something – the 'how'> that <provides this value> unlike (competitor, current solution or non-existing solution) our solution <does something better – the 'why'>
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Nonfunctional Requirements (NFRs):	<Nonfunctional requirements (NFRs) associated with the epic>

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## 5.5 Establishing Lean Budgets and Guardrails

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# Epic Writing

**Epic:** Develop next-generation van hardware to capture additional data on van performance

**Epic:** Maintenance programs tailored for each van based on sensor data

**Epic:** Automated electronic inspections and tracking

## Epic Hypothesis Statement

Funnel Entry Date:	<The date that the epic entered the funnel.>
Epic Name:	<A short name for the epic.>
Epic Owner:	<The name of the epic owner.>
Epic Description:	<An elevator pitch (value statement) that describes the epic in a clear and concise way.> For <customers> who <do something> the <solution> is a <something - the 'how'> that <provides this value> unlike <competitor, current solution or non-existing solution> our solution <does something better – the 'why'>
Business Outcomes:	<The measurable benefits that the business can anticipate if the epic hypothesis is proven to be correct.>
Leading Indicators:	<The early measures that will help predict the business outcome hypothesis. For more on this topic, see the Innovation Accounting advanced topic article.>
Nonfunctional Requirements (NFRs):	<Nonfunctional requirements (NFRs) associated with the epic.>

# Epic Writing

## Epic Hypothesis Statement

Funnel Entry Date:

Epic Name:

Epic Owner:

Epic Description:

Business Outcomes:

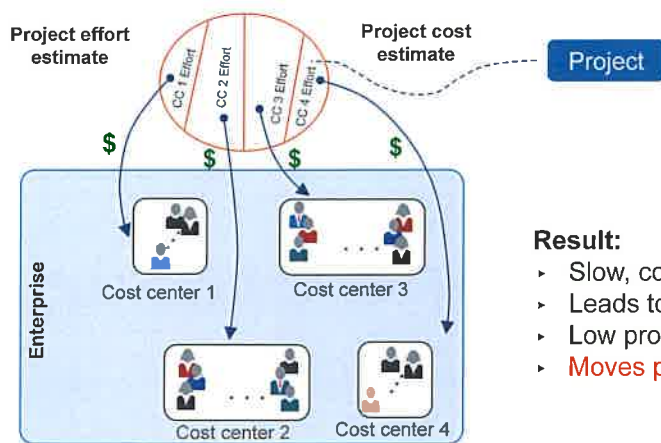
Leading Indicators:

Nonfunctional  
Requirements  
(NFRs):



## Problem: Cost-center budgeting

Traditional project-based, cost-center budgeting creates overhead and friction, lowers velocity.

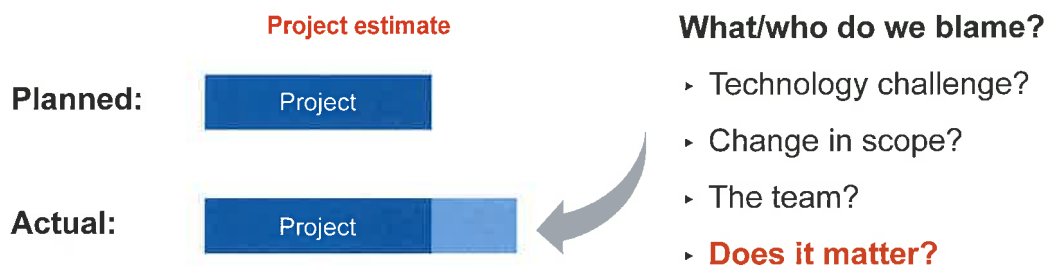


A project requires collaboration of cost centers and assignment of people, budget, and schedule. It takes multiple budgets to build a single project budget.

### Result:

- Slow, complex budgeting process
- Leads to utilization-based planning and execution
- Low program throughput
- **Moves people to the work**

## Project overruns cause re-budgeting and increases cost of delay



### What/who do we blame?

- Technology challenge?
- Change in scope?
- The team?
- **Does it matter?**

### Result:

- Wait for new budget approval; increase cost of delay (CoD)
- Costly variance analysis; blame game; threatens transparency
- Resource scramble reassignments



## Solution: Fund Value Streams, not projects

Funding Value Streams provides for full control of spend, with:

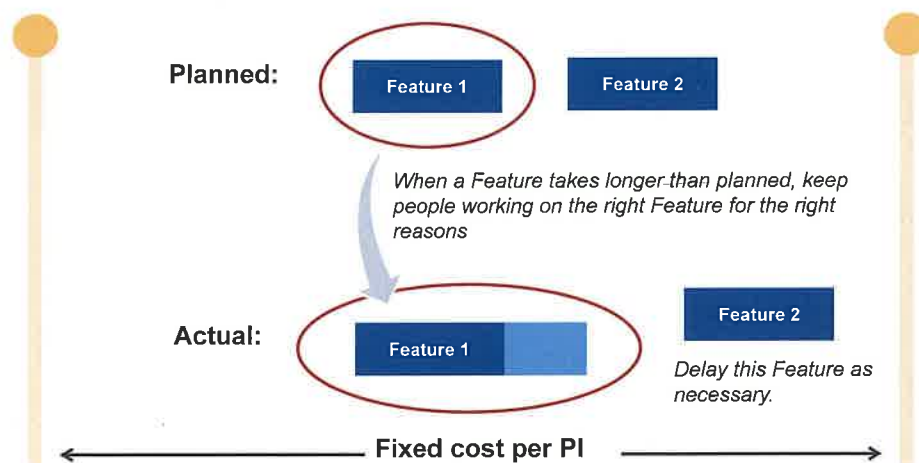
- ▶ No costly and delay-inducing project cost variance analyses
- ▶ No resource reassignments
- ▶ No blame game for project overruns



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## Budgets are not affected by Feature overruns or changing priorities

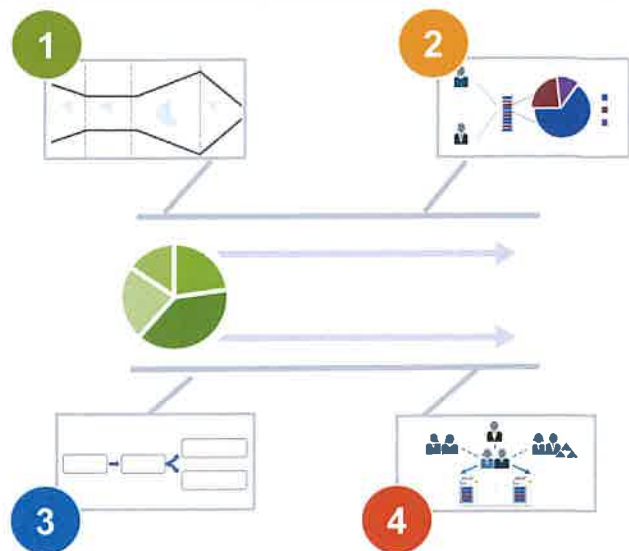


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## Maintain the Guardrails

- ▶ Apply investment horizons
- ▶ Utilize capacity allocation
- ▶ Approve Epic initiatives
- ▶ Continuous Business Owner engagement



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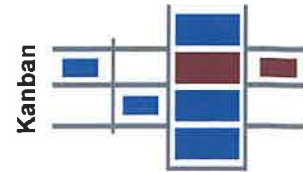
## 5.6 Establishing portfolio flow

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## Govern Epic flow with the Portfolio Kanban

- ▶ Makes largest business initiatives visible
- ▶ Brings structure to analysis and decision-making
- ▶ Provides WIP limits to ensure the teams analyze responsibly
- ▶ Helps prevent unrealistic expectations
- ▶ Helps drive collaboration among the key stakeholders
- ▶ Provides a transparent and quantitative basis for economic decision-making

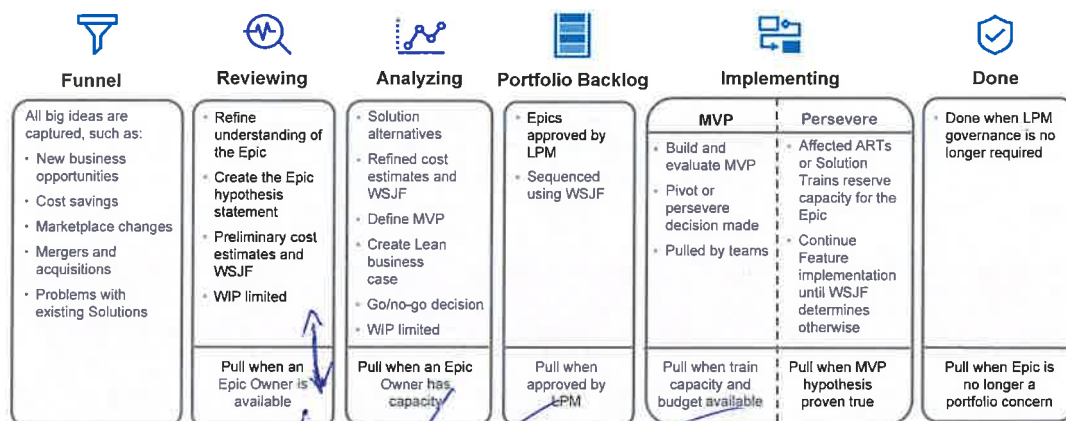


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## Epics flow through the Portfolio Kanban

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

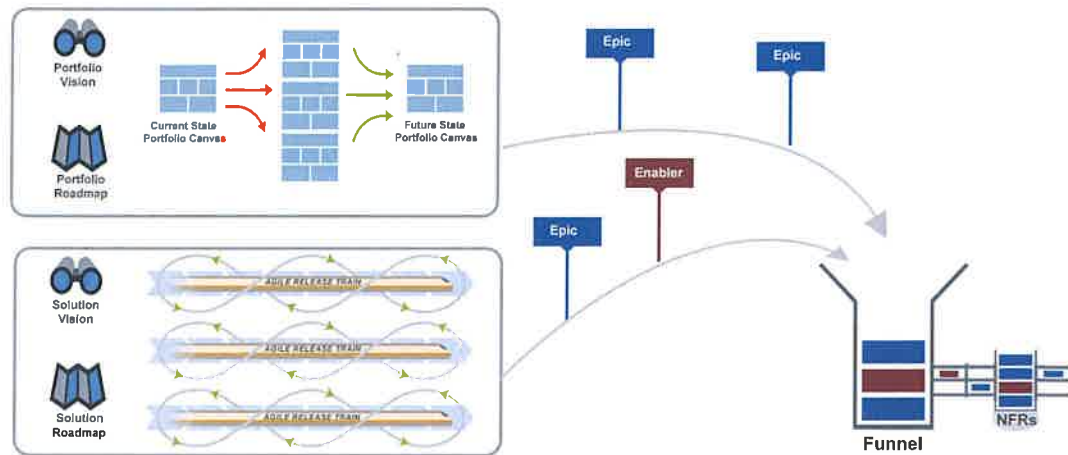


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AN ENTRY CRITERION

## Feed the portfolio funnel

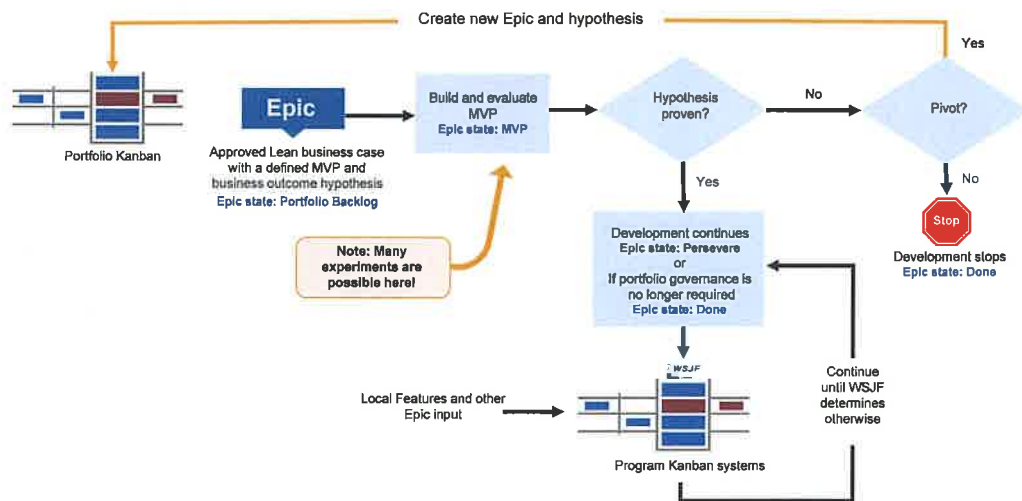


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## MVPs foster innovation and control scope

### SAFe Lean Startup Cycle



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## Lesson review

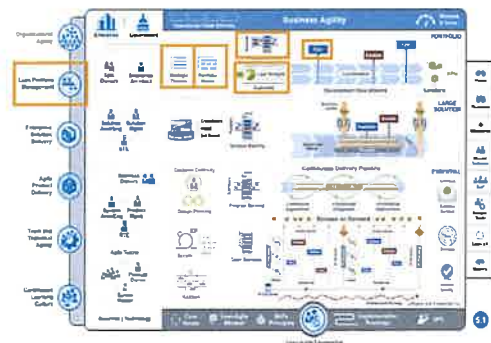
In this lesson you:

- ▶ Described the purpose and elements of a SAFe portfolio
- ▶ Constructed well-written strategic themes
- ▶ Reviewed the Portfolio Canvas to describe the current and future state
- ▶ Created Epic hypothesis statements to inform the Vision
- ▶ Distinguished traditional and Lean budgeting approaches
- ▶ Discussed the Portfolio Kanban

## Articles used in this lesson

Read these Framework articles to learn more about topics covered in this lesson

- ▶ "Lean Portfolio Management"  
<https://www.scaledagileframework.com/lean-portfolio-management/>
- ▶ "Strategic Themes"  
<https://www.scaledagileframework.com/strategic-themes/>
- ▶ "Portfolio Vision"  
<https://www.scaledagileframework.com/portfolio-vision/>
- ▶ "Lean Budgets"  
<https://www.scaledagileframework.com/lean-budgets/>
- ▶ "Lean Budget Guardrails"  
<https://www.scaledagileframework.com/guardrails/>
- ▶ "Portfolio Kanban"  
<https://www.scaledagileframework.com/portfolio-kanban/>
- ▶ "Epics"  
<https://www.scaledagileframework.com/epic/>



## Continue your SAFe journey with the following resources

Watch this six-minute video, <i>Introduction to LPM</i> , to revisit the key themes: <a href="https://bit.ly/Video-IntroductionLPM">https://bit.ly/Video-IntroductionLPM</a>	Use the <i>SWOT/TOWS Analysis</i> Collaborate template to identify strategic options to create a better future state: <a href="https://bit.ly/Template-SWOTandTOWSAnalysis">https://bit.ly/Template-SWOTandTOWSAnalysis</a>
Complete the <i>Portfolio Canvas</i> Collaborate template to define the key elements of the portfolio: <a href="https://bit.ly/Template-PortfolioCanvas">https://bit.ly/Template-PortfolioCanvas</a>	Use the <i>Epic Hypothesis Statement</i> Collaborate template to define a statement for each of your significant solution initiatives: <a href="https://bit.ly/Template-EpicHypothesisStatement">https://bit.ly/Template-EpicHypothesisStatement</a>
Analyze the Portfolio's strengths and weaknesses with the <i>SWOT Analysis</i> Collaborate template: <a href="https://bit.ly/Template-SWOT-Analysis">https://bit.ly/Template-SWOT-Analysis</a>	Run a <i>Lean Portfolio Management Assessment</i> to identify improvement opportunities: <a href="https://bit.ly/Community-MeasureAndGrow">https://bit.ly/Community-MeasureAndGrow</a>



## Lesson notes

Enter your notes below. If using a digital workbook, save your PDF often so you don't lose any of your notes.



## Lesson 6

# Leading the Change

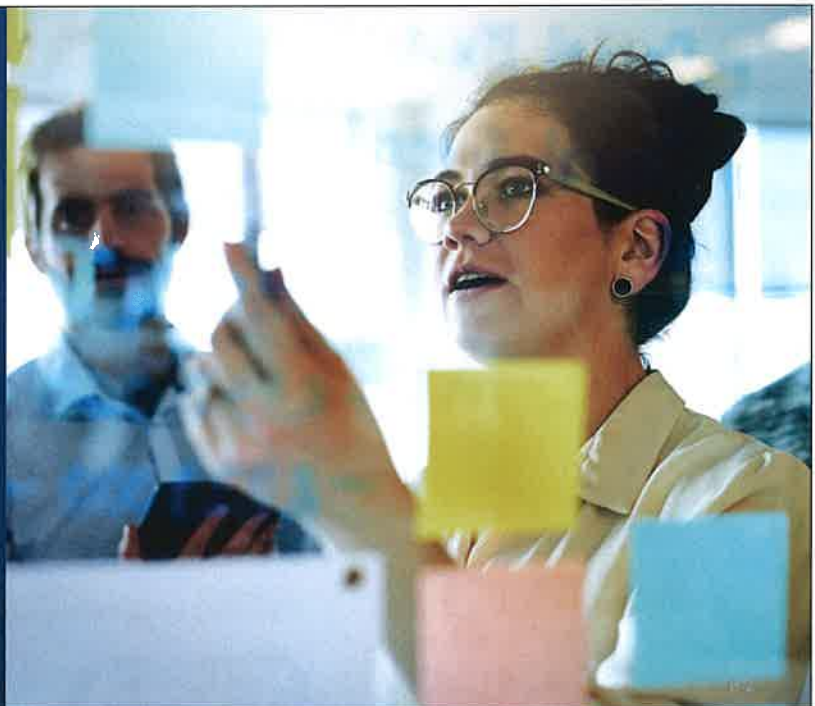
SAFe® Course - Attending this course gives students access to the SAFe® Agilist exam and related preparation materials.



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## Why Lean-Agile Leadership?

An organization's managers, executives, and other leaders are responsible for the adoption, success, and ongoing improvement of Lean-Agile development and the competencies that lead to Business Agility. Only they have the authority to change and continuously improve the systems that govern how work is performed.

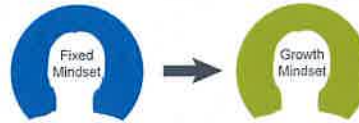


## Lesson Topics

6.1 Leading by example

6.2 Leading the change

### Mindset & Principles



Core Values

Lean-Agile Mindset

SAFe Principles

### Leading by Example



### Leading Change



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## Learning objectives

At the end of this lesson you should be able to:

- ▶ Explain the behaviors necessary to lead by example
- ▶ Discuss techniques for leading successful change
- ▶ Recognize the steps in the SAFe Implementation Roadmap

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## 6.1 Leading by example

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### Leading by example

*Setting an example is not the main means of influencing others, it is the only means. —Albert Einstein*

- ▶ **Authenticity** requires leaders to model desired professional and ethical behaviors
- ▶ **Emotional intelligence** describes how leaders identify and manage their emotions and those of others through self-awareness, self-regulation, motivation, empathy, and social skills
- ▶ **Lifelong learning** depicts how leaders engage in an ongoing, voluntary, and self-motivated pursuit of knowledge and growth, and they encourage and support the same in others
- ▶ **Growing others** encourages leaders to provide the personal, professional, and technical guidance and resources each employee needs to assume increasing levels of responsibility
- ▶ **Decentralized decision-making** moves the authority for decisions to where the information is



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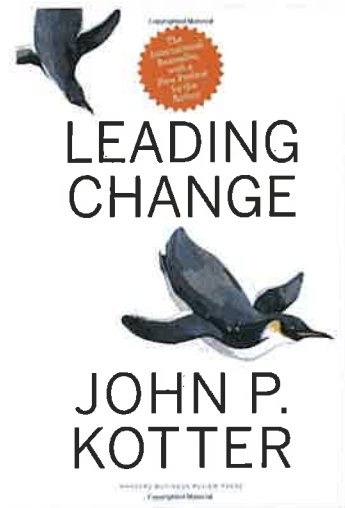
## Leaders provide the organization with patterns of expected behaviors

<b>Pathological Culture</b> <i>Power-oriented</i>	<b>Bureaucratic Culture</b> <i>Rule-oriented</i>	<b>Generative Culture</b> <i>Performance-oriented</i>
Low cooperation	Modest cooperation	High cooperation
Messengers blamed	Messengers neglected	Messengers trained
Responsibilities shirked	Narrow responsibilities	Responsibilities shared
Collaboration discouraged	Collaboration tolerated	Collaboration encouraged
Failure leads to scapegoating	Failure leads to justice	Failure leads to improvement
Innovation crushed	Innovation leads to problems	Innovation implemented

## 6.2 Leading the change

## Keys to leading successful change

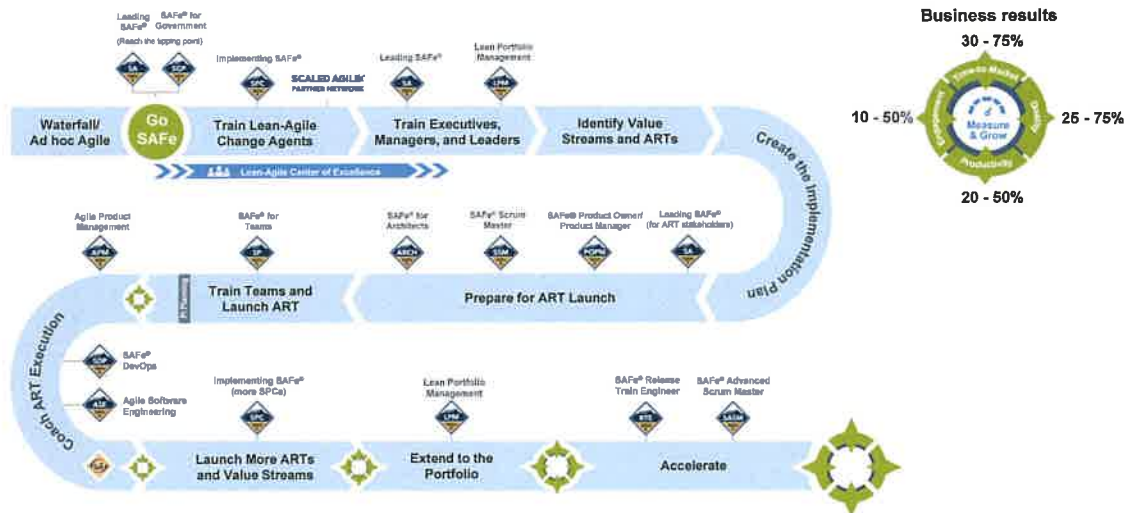
- ▶ Establish a sense of urgency
- ▶ Create a powerful guiding coalition
- ▶ Develop the vision and strategy
- ▶ Communicate the vision
- ▶ Empower employees for broad-based action
- ▶ Generate short-term wins
- ▶ Consolidate gains and produce more wins
- ▶ Anchor new approaches in the culture



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## SAFe® Implementation Roadmap



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# Train everyone. Launch trains.

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## Action Plan: Leading the change



- ▶ **Step 1:** Identify three action items you can do in the next month to start leading the SAFe transformation.
- ▶ **Step 2:** Share your ideas with your group.
- ▶ **Step 3:** Discuss outcomes you hope to achieve with your Action Plan



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## Action Plan

### Leading the change



## Lesson review

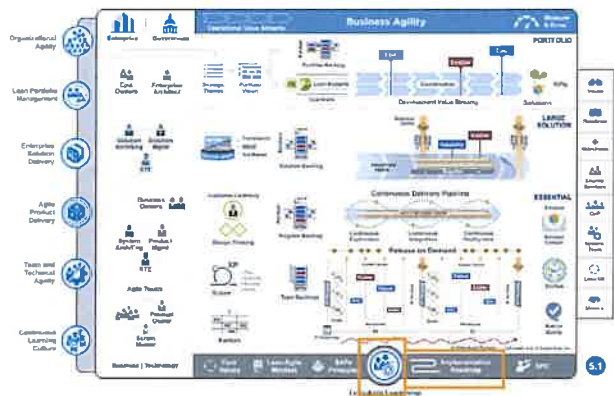
In this lesson you:

- ▶ Explored the behaviors necessary to lead by example
- ▶ Discussed techniques for leading successful change
- ▶ Reviewed the steps in the SAFe Implementation Roadmap

## Lesson review

Read these Framework articles to learn more about topics covered in this lesson.

- ▶ Lean-Agile Leadership  
<https://www.scaledagileframework.com/lean-agile-leadership/>
- ▶ Implementation Roadmap  
<https://www.scaledagileframework.com/implementation-roadmap/>



## Continue your SAFe journey with the following resources

Use the *Introducing SAFe Toolkit 5.1* to establish a sense of urgency in your organization:

<https://bit.ly/Community-ToolkitsandTemplates>

Run a *Lean Agile Leadership Assessment* to identify improvement opportunities:

<https://bit.ly/Community-MeasureAndGrow>

## Lesson notes

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## Lesson 7

### Practicing SAFe

SAFe® Course - Attending this course gives students access to the SAFe® Agilist exam and related preparation materials.



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Video: SAFe Certification Benefits

Duration



<https://bit.ly/Video-SAFeCertificationBenefits>

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## A Path Towards Certification



Access exam study guides and practice tests



Download your certificate of course completion



Take the **Certification Exam**



Showcase your **Digital Badge** and get recognized as Certified SAFe Professional

Becoming a  
Certified  
SAFe  
Professional



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Video: Welcome to the SAFe Community Platform



Welcome to the  
SAFe® Community  
Platform

SCALED AGILE®  
Provider of SAFe

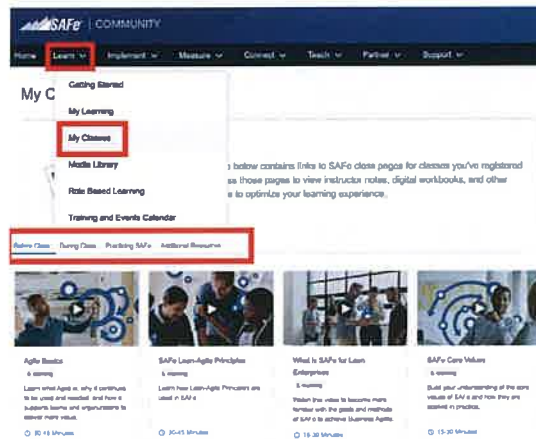
<https://bit.ly/Video-WelcomeSAFeCommunityPlatform>

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## Leading SAFe Class Page

Access all the practice assets you need to get started on your SAFe journey.

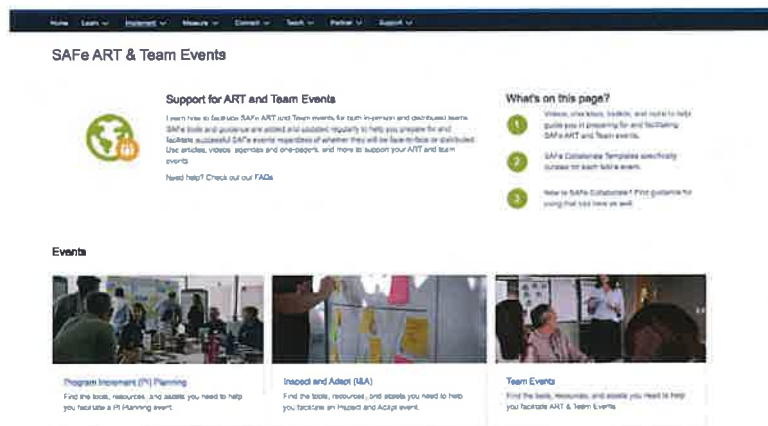


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## SAFe ART and Team Events

**SAFe Art and Team Events:** Use checklists, templates, videos, agendas, toolkits, and more to support your ART and team events



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## Community Video Hub



Access videos to support your learning and grow your skills



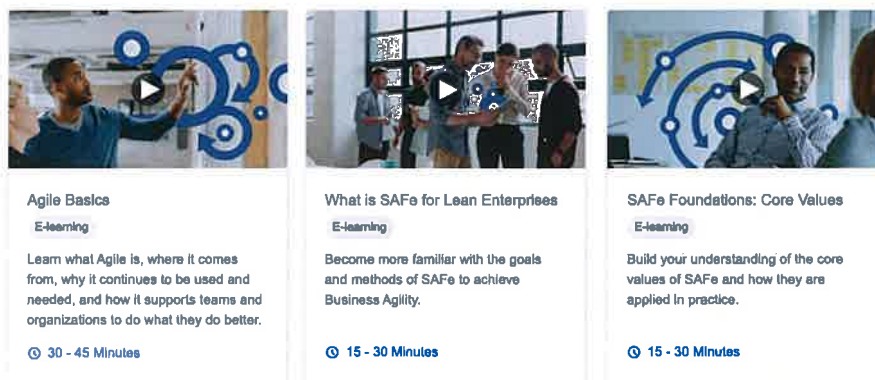
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## E-learning Resources



Discover and develop skills through self-paced, interactive e-learning modules to achieve your personal and professional goals



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## SAFe Collaborate



### Organize and run virtual SAFe events in real time

**SAFe Collaborate** is a visual, cloud-based workspace where organizations can orchestrate virtual SAFe events activities easily and effectively with predesigned and customizable templates.



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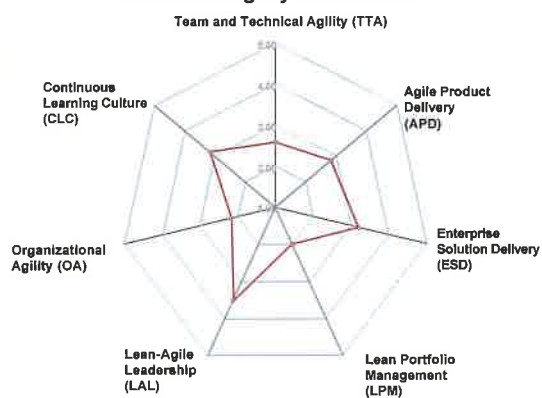
7-9

## Measure and Grow



### Evaluate progress towards business agility with the SAFe assessments, Measure and Grow workshop and our assessment partners

#### Business Agility Assessment



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**Good luck on your  
SAFe Practice  
with the**

**SAFe Community  
Platform!**

<https://community.scaledagile.com>



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