

# Agile and Lean Portfolio Management

Agile Guide

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[Project portfolio management](#) is a strategic process that aligns projects with company goals. The goal is to predict which projects will deliver the most value to a business to boost its profitability. However, as noted by Forbes, "[predicting the future is a risky game](#)." That's why companies need to invest in a good portfolio manager.

A [portfolio manager](#) is someone who selects the right projects and programs to invest in at the right time. They prioritize the most viable projects, allocate resources accordingly, and manage them to ensure they deliver ROI for an organization.

Many different frameworks can help with portfolio management. [PRINCE2](#) places emphasis on business cases and is a good option for large organizations. Meanwhile, the [PMBOK](#) method focuses more on individual knowledge, employing plenty of documentation in the process. However, the most popular frameworks for portfolio management are arguably Agile and Lean.

[Agile](#) and [Lean](#) are two separate [methodologies](#) but are interlinked in their practices. Let's look at them both in more detail.

## What is Agile portfolio management?

[Agile](#) is a versatile approach that enables organizations to react to market changes quickly. One of the [Agile Manifesto](#)'s core values is "responding to change over following a plan." This bodes well for portfolio management, where the right project to invest in today can be the

wrong project tomorrow. A portfolio manager should stay abreast of market trends and fluctuations to ensure agility.

In Agile portfolio management, linear processes are replaced with iterative ones. This means teams are continuously improving to deliver value on a consistent basis. They will communicate regularly on portfolio status to ensure full transparency. They will also work in fast release cycles to produce deliverables at regular intervals.

An Agile portfolio manager will focus on two key themes: strategy and direction. They will form a strategic plan and project roadmap and update them regularly to reflect changes. Short-term investments are favored here, as they can be adjusted more easily than a long-term funding plan.

## What is Lean portfolio management?

The overall goal of [Lean](#) is to maximize value while minimizing waste. It includes five principles:

1. Define value
2. Map the value stream
3. Create flow
4. Determine pull based on customer needs
5. Seek perfection

Lean portfolio management is the application of these five principles to align business strategy with execution. By using these principles, portfolio managers can uncover inefficiencies and eliminate areas that do not provide value for the organization.

There are three key aspects to Lean portfolio management:

- Strategy and investment funding
- Agile operations
- Lean governance

This is where the [Lean-Agile mindset](#) comes into play. The inclusion of [Agile operations](#) shows that Lean portfolio management directly borrows from the Agile philosophy, enabling teams to adapt to change quickly if needed.

Lean is also an important element of the [Scaled Agile Framework](#) (SAFe). In the SAFe 5.0 version, Portfolio SAFe is one of the four configurations, and it includes Lean portfolio

management as a core competency.

Lean and Agile are compatible as both methodologies focus on continuous improvement and delivery. By fusing them, you also combine Agile's flexibility with Lean's sustainability to create a powerful framework for portfolio management.

## **Why choose a Lean-Agile approach to portfolio management?**

As mentioned above, a hybrid approach is advantageous as it offers the benefits of two methodologies rather than one.

Here are some of the key reasons why teams choose a Lean-Agile approach to portfolio management:

### **Financial flexibility**

Contrary to the annual budget planning method used in traditional portfolio management, a Lean-Agile model is far more flexible. Value-stream budgets can be adjusted regularly to align with market changes. By dynamically reassessing budgets in this manner, teams have a higher chance of increasing their ROI and delivering maximum value.

### **Customer satisfaction**

In a Lean-Agile environment, customer satisfaction is the highest priority. [Agile teams](#) keep clients happy because they deliver work regularly in increments rather than keeping them waiting a long time for one deliverable. Customers are also invited to give feedback, which is incorporated into the decision-making process – this ensures that the final product suits their needs.

### **Better resource optimization**

A Lean-Agile approach saves time and money. By following the Lean principle of establishing a pull system, teams can limit inventory and keep only the essential materials, saving storage costs. During short [iteration periods](#), teams are also laser-focused on one deliverable. They don't waste time on distractions or secondary items, meaning they can accelerate their results delivery.

It is evident that the combination of the Agile Manifesto principles with Lean thinking offers a variety of benefits, which a portfolio manager can capitalize on to boost their business

profitability.

If you opt for a Lean-Agile approach to portfolio management, an all-in-one software solution such as Wrike can help you organize your teams and impress your clients.

## Manage your portfolio with Wrike

With [Wrike's project portfolio management](#), you can streamline your projects on one platform. Explore a variety of features to help you manage your portfolios effectively.

- **Prioritize investments** with [custom request forms](#) that auto-assign tasks to the right people. Organize requests into folders and spaces to help manage your priorities.
- **Optimize resources** with easy-to-use [time tracking tools](#). Use Wrike's timer and timesheets to track billable hours and help you improve your resource planning.
- **Track finances** with customizable hourly rates and currency settings and [monitor budgets](#) in real-time.
- **Minimize risk** with RAID logs and weekly reports. Create a [risk management plan](#) to identify potential obstacles and correct course to reduce errors.

Want to know more? [Take a tour of Wrike](#) to see how you can boost your Agile and Lean portfolio management.



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