

Lesson 7

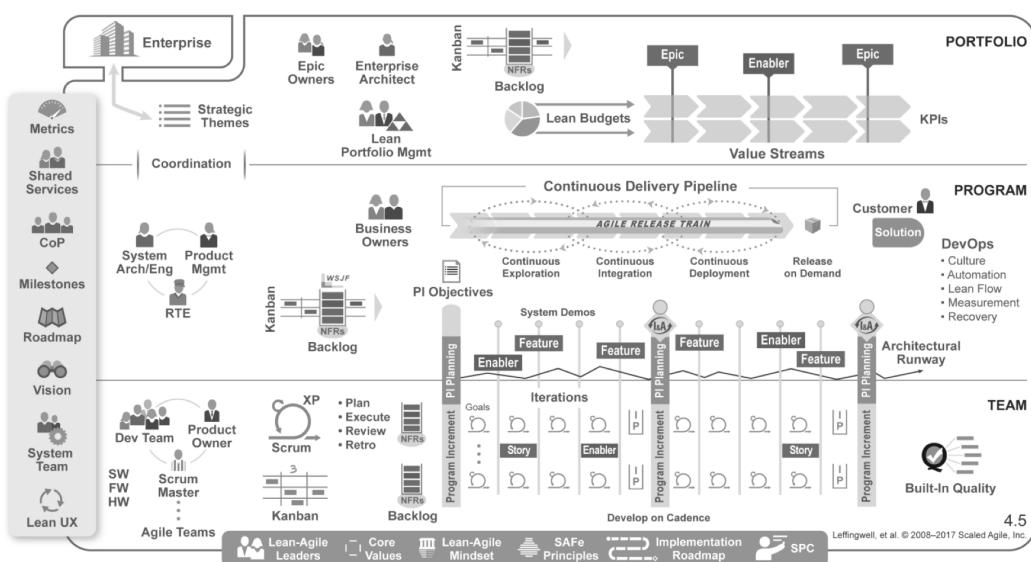
Empowering a Lean Portfolio

1. Introducing the Scaled Agile Framework
2. Embracing a Lean-Agile Mindset
3. Understanding SAFe Principles
4. Experiencing PI Planning
5. Exploring, Executing, and Releasing Value
6. Leading the Lean-Agile Enterprise
7. Empowering a Lean Portfolio
8. Building Large Solutions

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

7.1

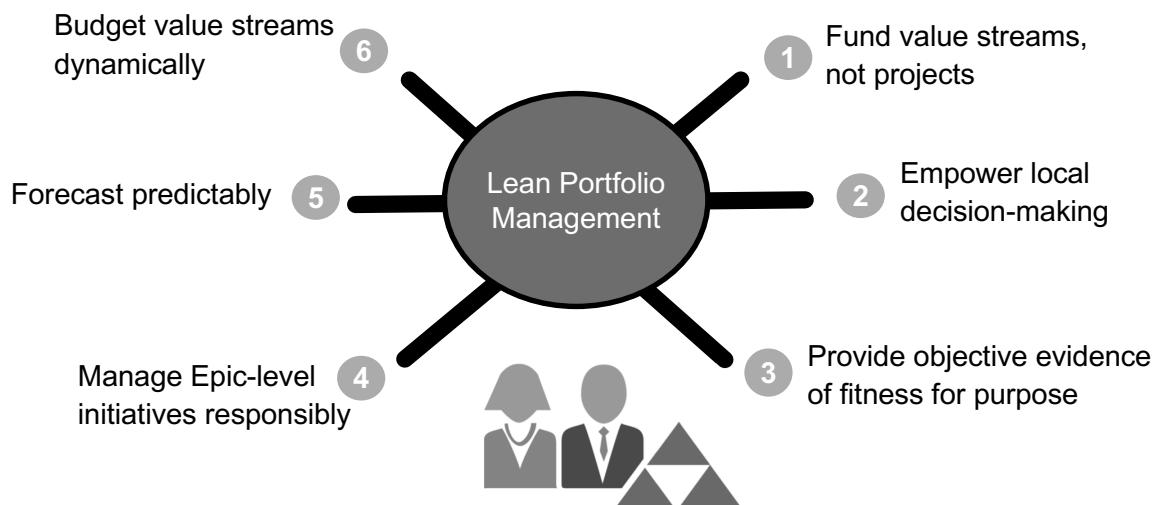
Let's discuss Portfolio SAFe



Learning objectives

- 7.1 Fund Value Streams
- 7.2 Empower local decision-making
- 7.3 Provide objective evidence of fitness for purpose
- 7.4 Manage Epic-level initiatives responsibly
- 7.5 Forecast predictably
- 7.6 Budget Value Streams dynamically

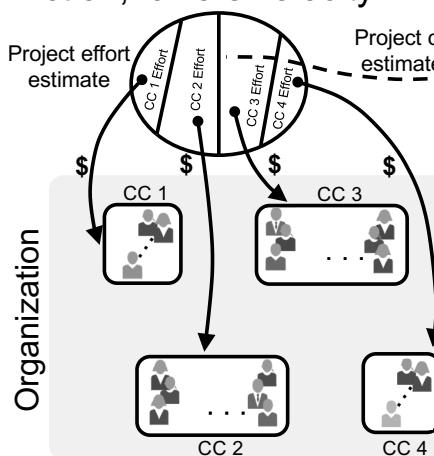
Aligns strategy/execution with Lean Portfolio Management (LPM)



7.1 Fund Value Streams

Problem: Cost center budgeting

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



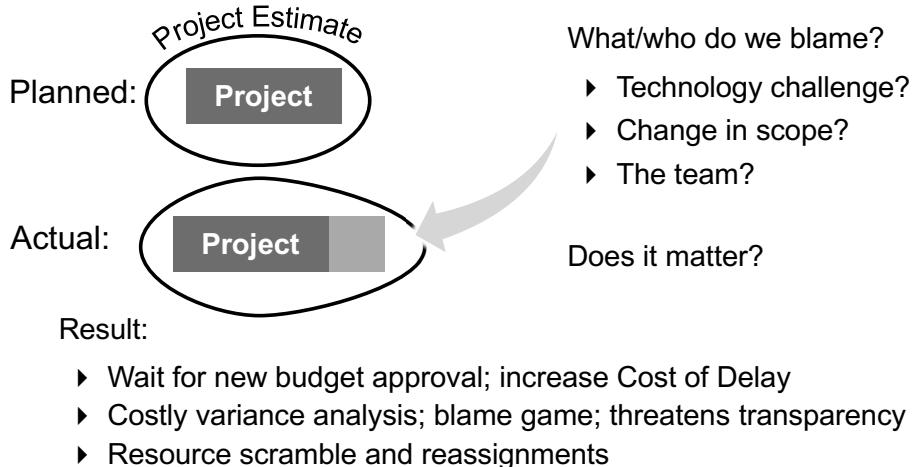
A project requires collaboration of cost centers, assignment of people, budget, and schedule. It takes multiple budgets to build a single project budget.

Result:

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

Problem: “Projects” increase Cost of Delay

When overruns happen, project accounting and re-budgeting increases Cost of Delay and impacts culture.



Solution: Lean-Agile budgeting

Fund Value Streams, not projects

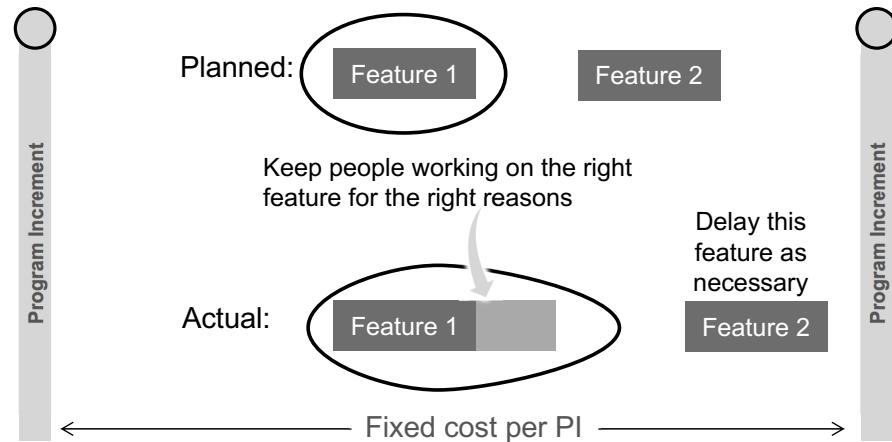
Funding Value Streams provides for full control of spend, with:

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



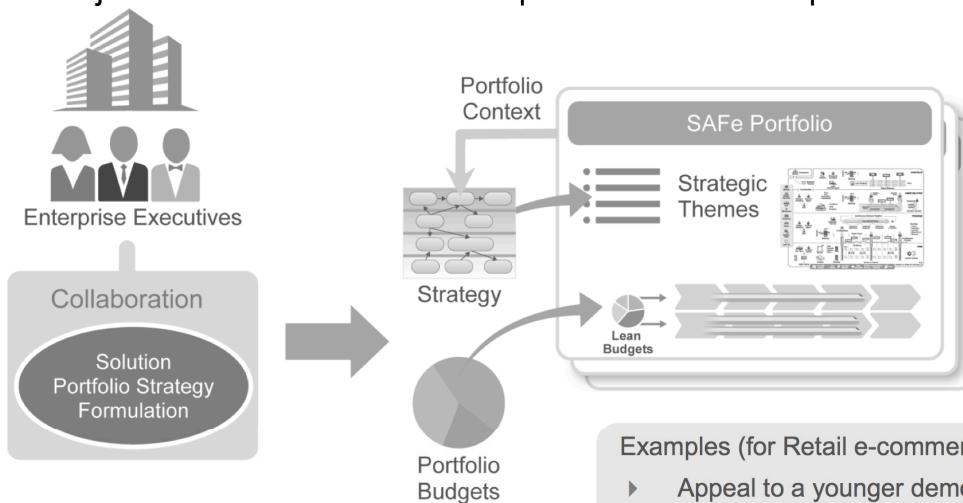
Control costs with increased flexibility

ART Budgets and resources are unaffected by Feature cost overruns or changing priorities.



Strategic Themes influence funding

Business objectives that connect a SAFe portfolio to the enterprise business strategy.



Exercise: Identify Strategic Themes

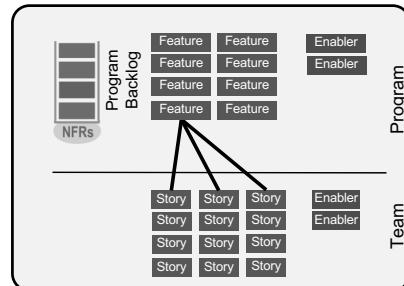
- ▶ Identify three Strategic Themes that help define the strategy of your company or your customer's portfolio in the upcoming year
- ▶ Focus on the new *differentiators* for your business, not the typical "business as usual" items



7.2 Empower local decision-making

Empower ART content authority

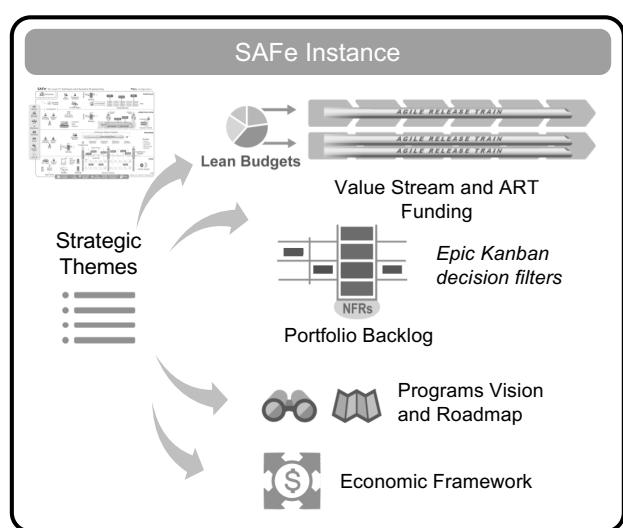
- ▶ Product Management (PM) has the content authority over Features
- ▶ Product Owners (PO) have content authority over Stories
- ▶ PMs and POs represent the customer, understanding their needs and creating features and stories which drive better products



Strategic Themes influence what gets built

Strategic Themes influence ART funding, Portfolio Backlog, Program Vision and Roadmap.

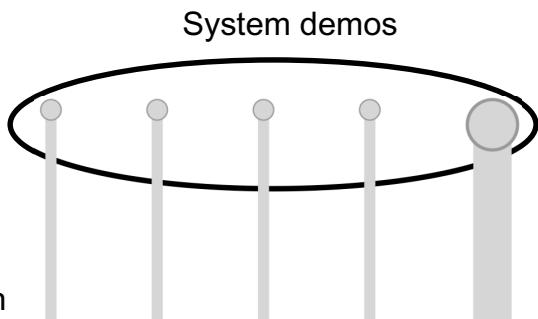
1. Adjust ART and Value Stream funding to track to changing strategic priorities
2. Assist with Epic evaluation and decision making
3. Influence each Program Vision and Roadmap



7.3 Provide objective evidence of fitness for purpose

Provide objective evidence of fitness for purpose

- ▶ The system demos are an objective measurement of progress and usage of funds
- ▶ LPM, senior managers and high level stakeholders, review the progress of solution under development and its fit for purpose
- ▶ Action and investment decisions are based on this objective evidence

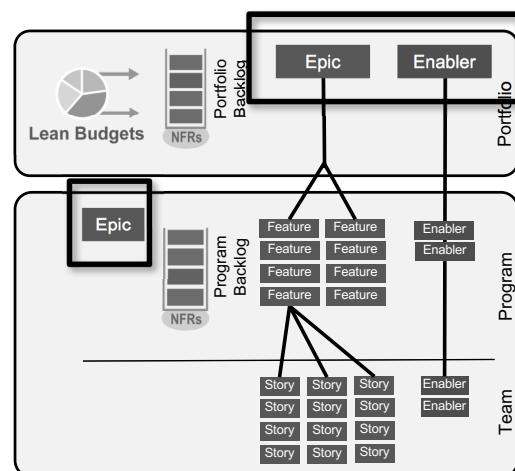


7.4 Manage Epic-level initiatives responsibly

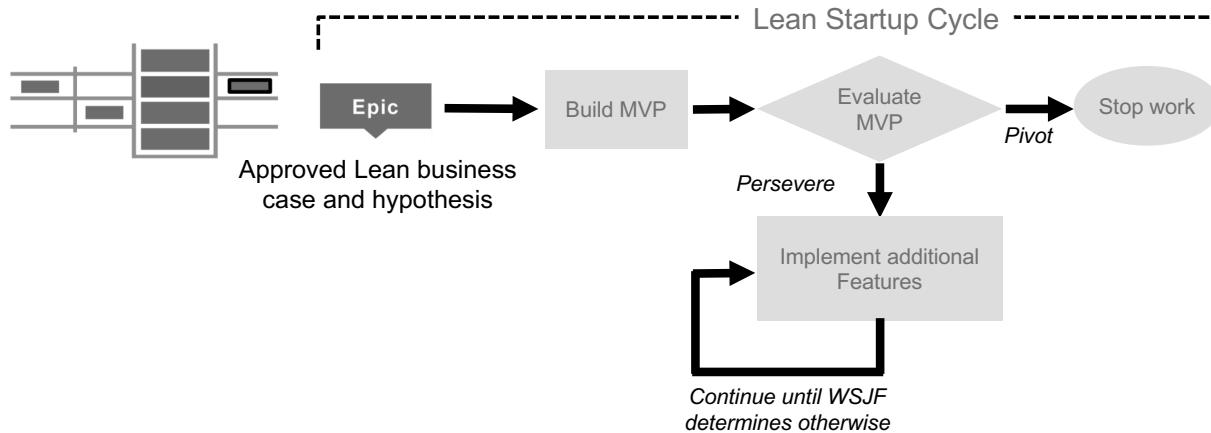
Large initiatives require Lean Portfolio Management approval

Epics are enterprise initiatives sufficiently substantial in scope so as to warrant analysis, understanding ROI, a lightweight business case, and approval.

- ▶ Portfolio Epics cut across value streams
- ▶ Program Epics can be implemented in a single train
- ▶ Business Epics are customer-facing
- ▶ Enabler Epics enable solutions to address business needs
- ▶ Developed and analyzed in the Kanban systems



Foster innovation with the Lean Startup cycle



Epic Hypothesis Statement template

Epic Hypothesis Statement	
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”>
Outcomes hypothesis:	<ul style="list-style-type: none">••
Leading indicators:	<ul style="list-style-type: none">• (early innovation accounting measures)•
NFRs:	<ul style="list-style-type: none">••

Exercise: Epic writing

Epic Hypothesis Statement	
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">
Outcomes hypothesis:	•
Leading indicators:	• (early innovation accounting measures)
NFRs:	•
•	•

1. At your table, identify an Epic from one of your contexts.
2. What could be an MVP to validate this Epic?

PREPARE
SHARE

10 min
3 min

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Approve Epic level initiatives

Investment in Epics is a serious matter. Analyses and informed decision-making are crucial.

- ▶ Just the right amount of analysis
- ▶ Avoid over-specificity
- ▶ Understand ROI
- ▶ Understand implementation impact
- ▶ Develop incremental implementation strategy
- ▶ Gain approval from LPM

LEAN BUSINESS CASE		
Impact on Products, Programs and Services:	Impact on Sales, Distribution, Deployment:	
Identify products, programs, services, teams, departments, etc.	(Describe any impact on how the product is sold, distributed, deployed, etc.)	
Analysis Summary:		
(Brief summary of the analysis that has been formed to support business case)		
Estimated Story Points (MVP):	Estimate:	Estimate:
(Estimate story points for the MVP of the epic)	(Example: 100 story points)	(Example: 100 story points)
Type of Return:	Anticipate:	
(Market share, increased revenue, improved productivity, new markets served, etc.)	(Revenue)	
In-house or Outsourced Development:	Provide recommendations for where the Epic should be developed.	
Estimated Development Timeline:	Start Date:	(Estimated start date)
Incremental Implementation Strategy:		
(Epics are defined as a single whole, but each epic undergoes analysis on potential strategies. Many parts of this guidance apply to epics and individual stories.)		
Sequencing and Dependencies:		
(Describe any constraints for sequencing the epic and dependencies)		
Milestones or Checkpoints:		
(Identify potential milestones or checkpoints for review)		
Attachments:		
Minimum Viable Product (MVP) Features:		Additional Potential Features:
• (Feature or Capability)		• (Feature or Capability)
•		•
Sponsors:		
(List key business sponsors who will be supporting the initiative)		
Users and Markets Affected:		
(Describe the user community of the solution and any markets affected)		

Online template download in SAFe at
www.scaledagileframework.com/epic

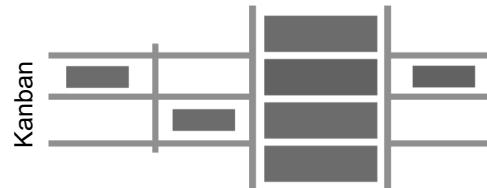
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Govern Epic flow with the Portfolio Kanban system

The Portfolio Kanban system manages the flow of Epics.

- ▶ 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 amongst the key stakeholders
- ▶ Provides a transparent and quantitative basis for economic decision-making



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Prototypical Portfolio Kanban system

Funnel

- All big ideas are welcome here!
- New business opportunities
 - Cost savings
 - Marketplace changes
 - Mergers and acquisitions
 - Problems with existing solutions

Reviewing

- Epic Hypothesis Statement
- Refine understanding
- Calculate WSJF
- WIP limited

Analyzing

- Solution alternatives
- Refine WSJF
- Cost estimate
- Identify MVP
- Lean business case
- WIP limited
- Go / no-go decision

Portfolio Backlog

- Epics approved by LPM team
- Continuous prioritization of approved Epics using WSJF

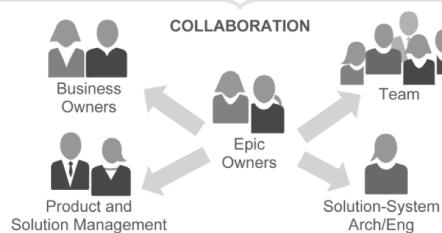
Implementing

- Epics Owners and Product and Solution Management decompose Epics into Solution/Program Epics, Capabilities, and Features
- WIP limited by downstream capacity
- Teams begin implementing at Program Increment boundaries
- Epic tracking continues

Done

- Anticipated outcome hypothesis evaluated
- Pivot or persevere decision made

COLLABORATION



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7.5 Forecast predictably

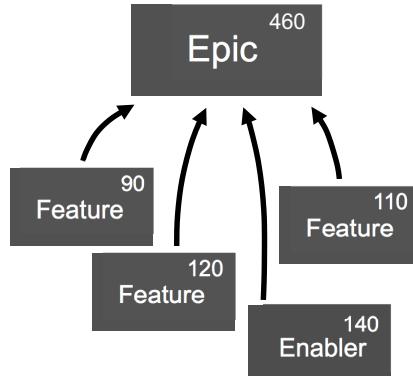
The business needs to forecast

- ▶ SAFe enhances enterprise adaptability, providing faster response to changing market opportunities
- ▶ Yet, the enterprise, its partners, and customers need to plan some sense of the future
- ▶ Estimating must:
 - Be fast and efficient as possible to be reasonably accurate
 - Support “what if” analysis of various implementation scenarios
- ▶ Traditional Work Breakdown Structure to task-level estimating binds the teams to waterfall practices



Estimating Epics in SAFe

1. Epics are broken down into potential features during the Portfolio Kanban analysis stage
2. Potential features are estimated in story points
 - Typically performed at the PM-System Architect level, based on history and relative size
 - Individual teams are engaged as necessary
3. Feature estimates are aggregated back into the Epic estimate as part of the lightweight business case



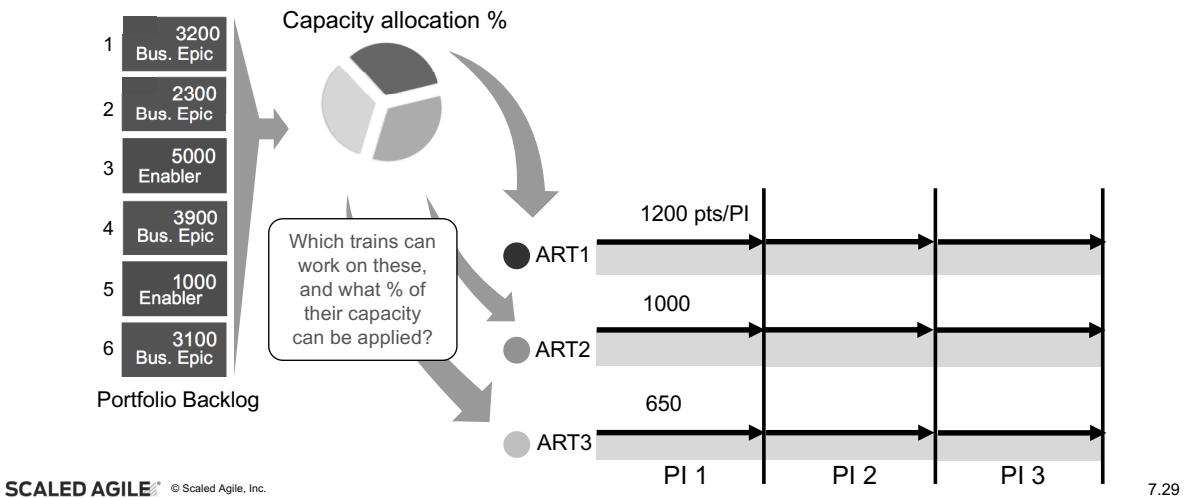
Exercise: Forecasting

- ▶ Find someone in the room you haven't paired with yet
- ▶ Look at the next slide and together, answer the following question:
 - ART 2 is capable of doing Epic 5 by themselves, but they can only dedicate half of their capacity to that initiative.
 - In which PI would you reflect this Epic on the roadmap?



Forecasting from the Portfolio Backlog

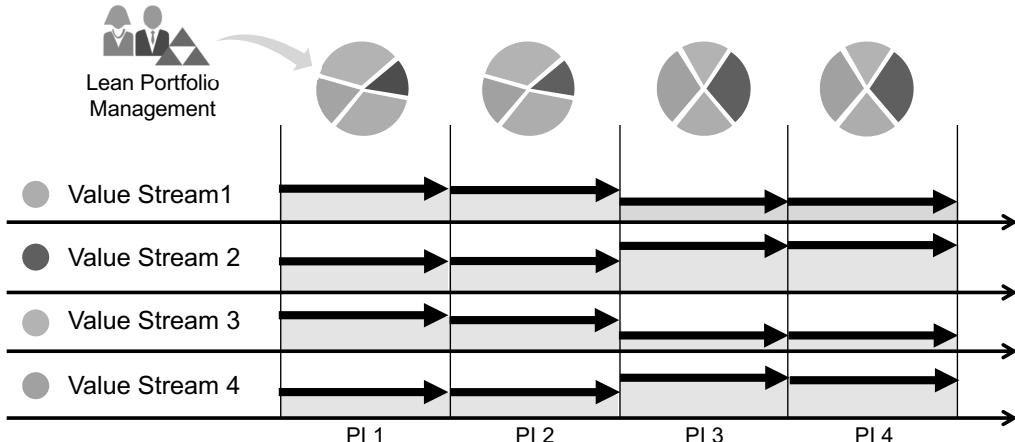
Given knowledge of Epic sizes and ART velocities, applying “what if” capacity allocations informs decisions and forecasting.



7.6 Budget Value Streams dynamically

Exercise fiscal governance with dynamic budgeting

Financial governance is still in place. Adjust budgets dynamically to meet changing business needs.



Lesson summary

In this lesson, you learned how to:

- ▶ Fund and empower Value Streams to build agility
- ▶ Provide objective evidence of fitness for purpose
- ▶ Manage Epic-level initiatives responsibly
- ▶ Forecast predictably
- ▶ Budget value streams dynamically

*Suggested Scaled Agile Framework
reading: "Portfolio Level" article*

