

Lesson 3

Collaborating with Lean Portfolio Management

1. Applying SAFe in the Lean Enterprise
2. Relating a Lean-Agile Mindset to the PO/PM Roles
- 3. Collaborating with Lean Portfolio Management**
4. Continuously Explore Customer Needs
5. Executing the Program Increment
6. Defining the PO/PM Roles and Responsibilities
7. Creating your PO/PM Action Plan

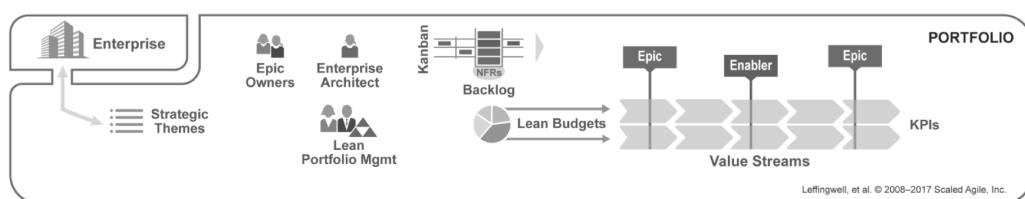
SAFe® Course: Attending this course gives learners access to the SAFe Product Owner/Product Manager exam and related preparation materials.

Learning objectives

- 3.1 Collaborate with the Lean Portfolio Management function
- 3.2 Detail the role of the Epic Owner
- 3.3 Use Lean Startup cycles to foster innovation
- 3.4 Develop Epic Hypothesis Statements
- 3.5 Contribute to a Lean Business Case
- 3.6 Visualize flow using a Portfolio Kanban
- 3.7 Elaborate Features for the Minimal Viable Product (MVP)

3.1 Collaborate with the Lean Portfolio Management function

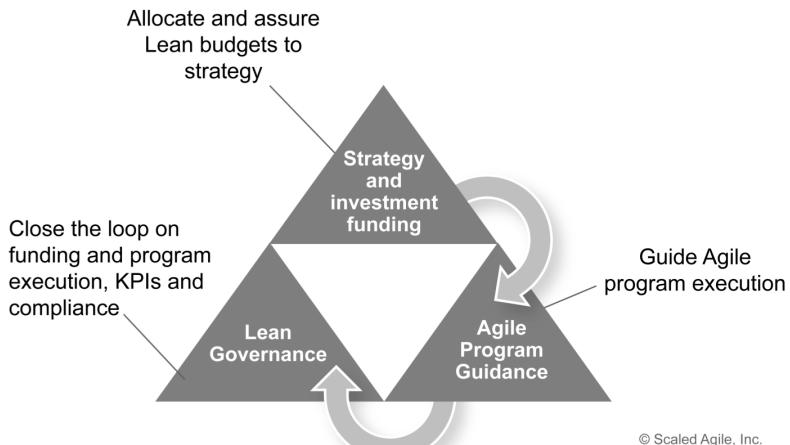
SAFe Portfolio Level



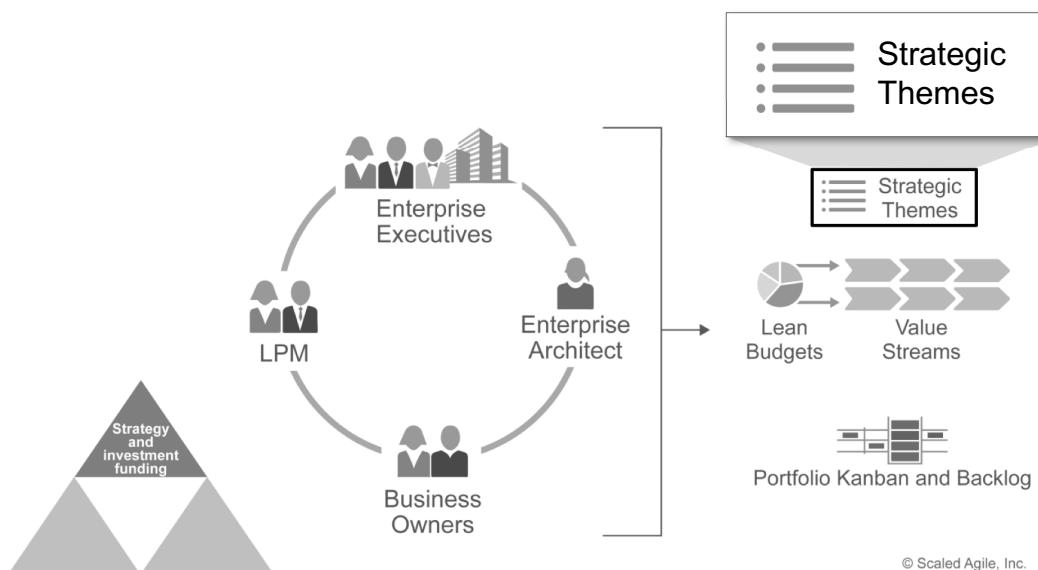
- ▶ Organized around the flow of value
- ▶ Lean Budgets empower decision makers
- ▶ Kanban system provides portfolio visibility and WIP limits
- ▶ Enterprise Architect guides larger technology decisions
- ▶ Objective metrics support governance and improvement
- ▶ Value delivery via Epics
- ▶ Strategic Themes

Lean Portfolio Management (LPM) function

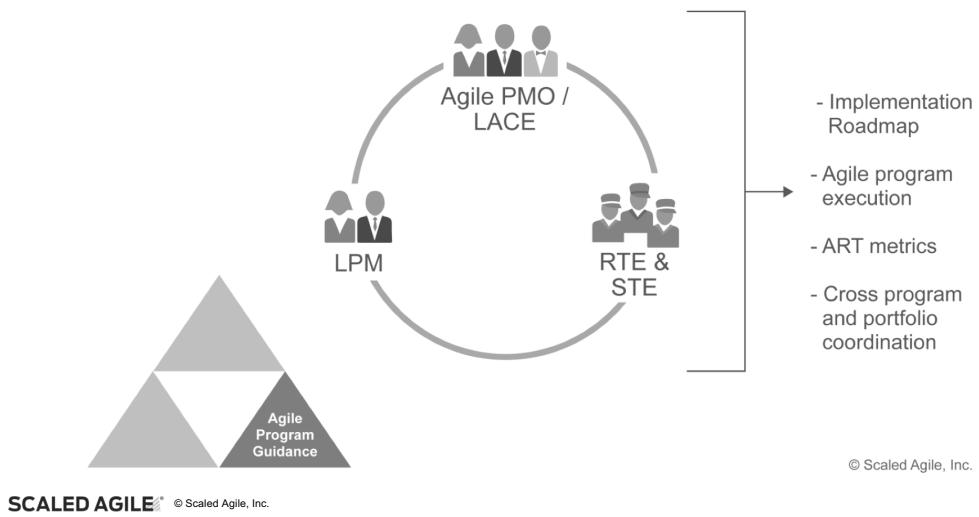
LPM is a function that is responsible for strategy and investment funding, Agile program execution, KPIs, and compliance.



Strategy and investment funding collaboration



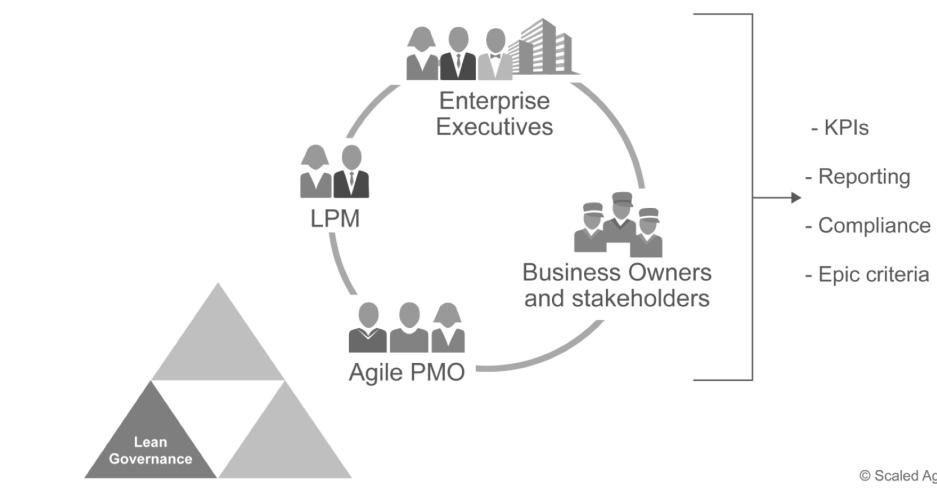
Agile Program Guidance collaboration



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Lean Governance collaboration



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Moving to a Lean Portfolio Management function

SAFe provides transformational patterns to move from traditional mindsets to a Lean Portfolio Collaboration.

From Traditional Approach	To Lean Approach
#1 Centralized control	➡ Decentralized decision-making
#2 Project overload	➡ Demand management; continuous value flow
#3 Detailed project plans	➡ Lightweight, Epic-only Lean Business Cases
#4 Centralized annual planning	➡ Decentralized, rolling-wave planning
#5 Work breakdown structure	➡ Agile estimating and planning
#6 Project-based funding and control	➡ Lean budgeting and self-managing Agile Release Trains
#7 Waterfall Milestones	➡ Objective, fact-based measures and Milestones

Exercise: Double up activity

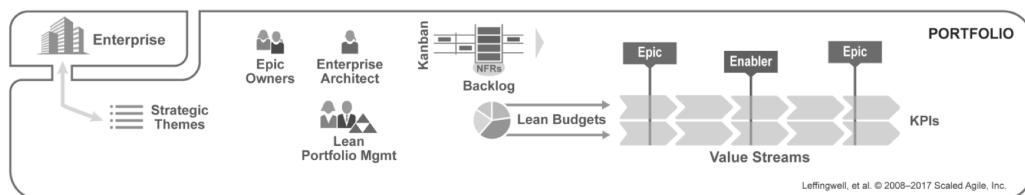


- ▶ Brainstorm your two biggest potential cultural impediments you expect to encounter
- ▶ Take turns by tossing a ball around the team. Share your two concerns with the group, along with any ideas for resolution you have
- ▶ Each participant asks for input from at least two group members to give them ideas based on their own organizational experiences



3.2 Detail the role of the Epic Owner

The role of the Epic Owner

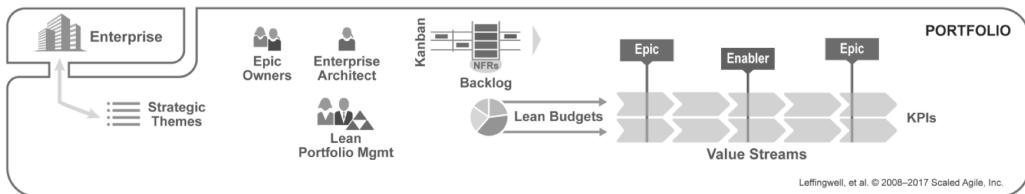


The Epic Owner is responsible for driving individual Epics from identification through the analysis process of the Portfolio Kanban system and on to the go/no-go decision, then all the way through implementation.

- When an Epic is accepted for implementation, the Epic Owner works with the ART development teams and Product Management to initiate the development activities



The role of the Epic Owner (Cont.)

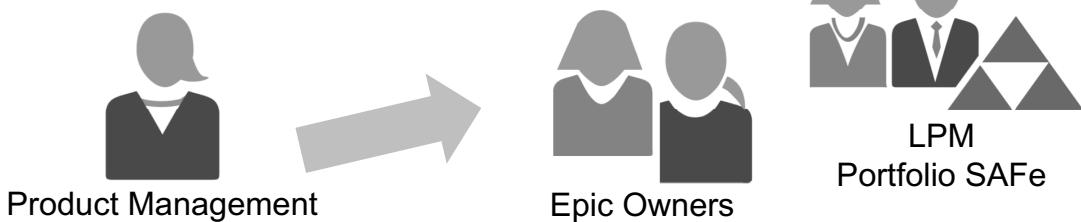


- ▶ In SAFe, this is a role rather than a job title. It can be Product Manager, Program Manager, Architect, Engineer, etc.
- ▶ Once successfully initiated, the Epic Owner may have some ongoing responsibilities for stewardship and follow-up



This could be you!

- ▶ In certain situations, the Product Manager or Product Owner might serve as an Epic Owner, or collaborate with an Epic Owner, and execute against a hypothesis
- ▶ It's important to understand how these close roles interact

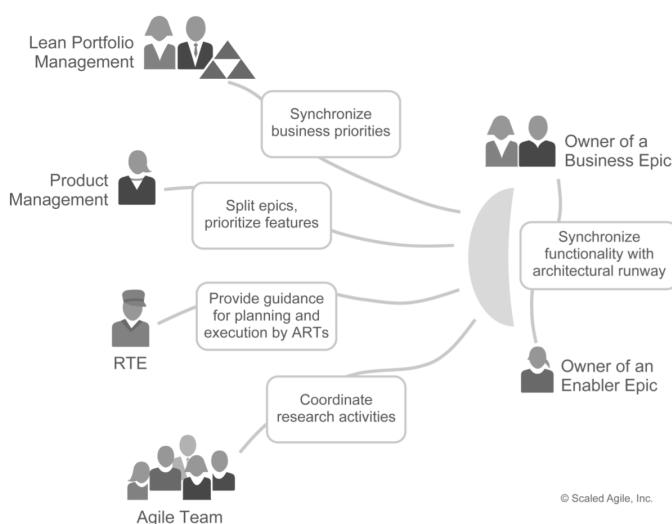


Responsibilities: Preparing the Epic

- ▶ Work with stakeholders and subject matter experts to define the Epic and its hypothesis statement, establish the cost of delay, and identify business sponsors
- ▶ Work with development teams to size the Epic and provide input for economic prioritization
- ▶ Define Epic outcomes hypothesis and MVP
- ▶ Guide the Epics through the Portfolio Kanban system and create the Lean Business Case
- ▶ Present the Epic, including the business case, to the LPM for go/no-go decision

Epic

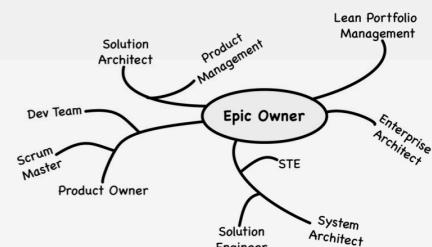
The collaborative nature of the Epic Owner role



Exercise: Your key collaborators in your context



- With your group, use a white board or flip chart to identify your key collaborators
- Using the previous slides on pages 47-49 in your workbook as a guide, identify key roles that need to collaborate with the Epic Owner
- Use your business context to create a Epic Owner mind map



PREPARE
5 min

Exercise: Share your stakeholder mind map



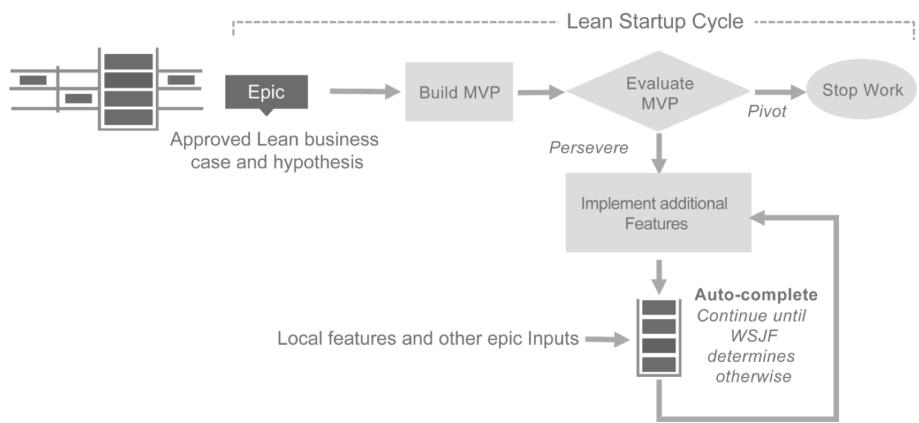
- In table groups, share your Epic stakeholder mind map
- Discuss your collaboration model and how you would engage your stakeholders

SHARE
5 min

3.3 Use Lean Startup Cycles to foster innovation

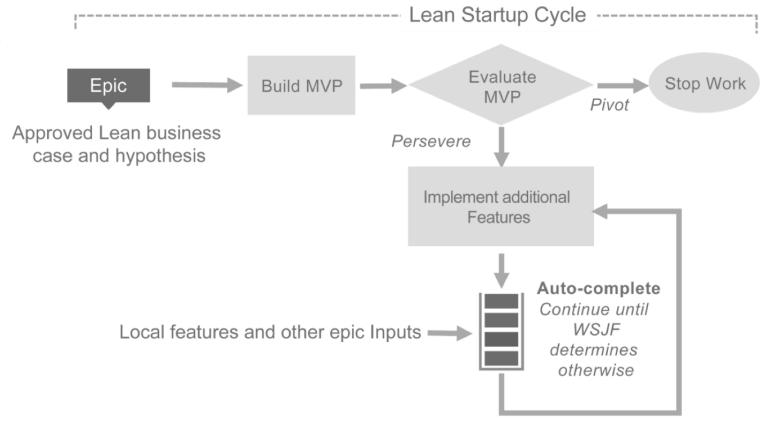
Foster innovation with the Lean Startup Cycle

Big-Up-Front Design (BUFD), along with big-up-front financial commitment, is a poor way to foster innovation.



Foster innovation with the Lean Startup Cycle (Cont.)

Epics deserve additional investment ... but not a fully committed investment up front.



Exercise: Compare and contrast



- ▶ Compare the Lean Startup Cycle with your current Epic process
- ▶ In your workbook, detail the patterns and habits that may need to change in your enterprise
- ▶ Share the one pattern or habit that you would propose changing first



3.4 Develop Epic Hypothesis Statements

Epic Hypothesis Statement example template

Epic Hypothesis Statement

For our community of banking consumers, **who** often login to our site through multiple devices or partner web sites, **the** Single Sign On Epic **is a** mechanism for the consumer **that** allows a secure login through partner websites and mobile devices and provides seamless integration through our valuable partner network.

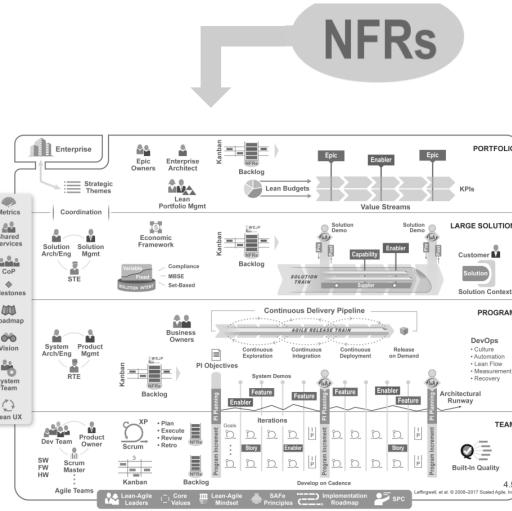
Unlike our competitors who redirect consumers to their site for separate logins, **our** single sign on experience will provide an integrated solution for our customers that will allow a unified banking experience.

Outcomes hypothesis:	Consumers will use single sign-on through our top three partner browser and mobile app capabilities
Leading indicators:	Multiple device access per user account increases, patterns of top devices become visible, separate login per account decreases. Baseline created
NFRs:	No more than 2 seconds latency, tested with all current SSO protocols

NFRs are key architecture concerns

Nonfunctional Requirements (NFRs) are system qualities that support end-user functionality and system goals.

- ▶ Nonfunctional requirements are associated with backlogs at all four configurations of SAFe
- ▶ Sometimes known as the “ilities”—reliability, usability, scalability, maintainability, etc.
- ▶ You may need to create backlog items to implement or evolve an NFR



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NFR types

Accessibility	Documentation	Operability
Audit and Control	Disaster Recovery	Performance
Availability	Efficiency	Reliability
Backup	Environmental Protection	Response Time
Capacity, Current and Forecast	Escrow	Robustness
Certification	Extensibility	Safety
Compliance	Failure Management	Scalability
Config. Management	Fault Tolerance	Supportability
Dependency on Third Party	Interoperability	Testability
Deployment	Maintainability	Usability

Source: Wikipedia

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Exercise: Draft an Epic Hypothesis Statement

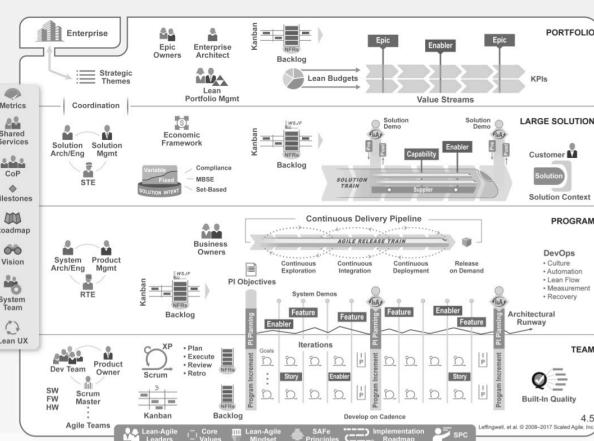


- In your context, think about something that is of truly Epic nature, a large project, with possible multiple ARTs
- Articulate the Epic using the Epic Hypothesis Statement format
- Share a statement with the class

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:	:

PREPARE SHARE

Exercise: Top 3 to 5 Portfolio Epic NFRs



Portfolio NFRs

PREPARE SHARE

3.5 Contribute to a Lean Business Case

Epics deserve a Lean Business Case

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

- ▶ “Just the right amount” of analysis
- ▶ Avoid over-specificity
- ▶ Define the outcomes hypothesis
- ▶ Understand implementation impact
- ▶ Develop incremental implementation strategy
- ▶ Gain approval

SCALED AGILE® Lean Business Case		
Impact on Products, Programs and Services (Identify products, programs, services, teams, departments, etc. that will be impacted by this Epic)		
Impact on Sales, Distribution, Deployment (Describe any impact on how the product is sold, distributed, or deployed)		
Analysis Summary (Brief summary of the analysis that has been formed to support this business case)		
Estimated Story Points (MSP): (Estimate story points for the MSP of the epic)		
Type of Return: (Market share, increased revenue, improved productivity, new market entered, etc.)		
Return Timeline: (Provide recommendations for when the epic should be delivered)		
Estimated Development Timeline: (Start Date (Estimated start date))		
Incremental Implementation Strategy: (Epic is defined as a single whole, but each epic usually details its potential strategies. Many parts of this guide discuss sequencing and dependencies.)		
Sequencing and Dependencies: (Describe any constraints for sequencing the epic and dependencies)		
Milestones or Checkpoints: (Identify potential milestones or checkpoints for review)		
Attachments:		
SCALED AGILE® Lean Business Case		
Epic Name: (Short name for the Epic)	First Epic Status: (Date the Epic entered the funnel)	Epic Owner: (The name of the Epic Owner)
Epic Description: (Consider using the Epic Hypothesis Statement in the Epic article as a starting point for a description of the epic.)		
Outcomes Hypothesis: (Describe how the success of the Epic will be measured. For example, 50% increase in adoption under 25, Availability increases from 97% to 99.7%, etc.)		
Leading Indicators: (Identify metrics measuring metrics to provide leading indicators of the outcomes hypothesis. For example, a measure change in purchase demographics, which will lead to better revenue)		
In Scope:	Out of Scope:	Nonfunctional Requirements:
• –	• –	• –
• –	• –	• –
• –	• –	• –
Minimum Viable Product (MVP) Features		
Additional Potential Features		
• (Feature or Capability)		
• –		
Sponsors: (List key business sponsors who will be supporting the initiative)		
Users and Markets Affected: (Describe the user community and any markets affected)		

Exercise: Start your own Lean Business Case



- ▶ Using the Lean Business Case template in your workbook (on page 60-61), create a business case for an Epic in your own context
- ▶ You can also download a Lean Business case template on the Scaled Agile Framework website at:

www.scaledagileframework.com/epic/

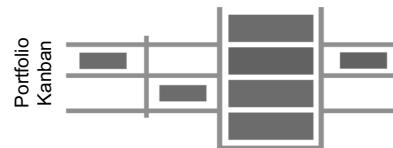
PREPARE | SHARE
15 min | 5 min

3.6 Visualize flow using a Portfolio Kanban

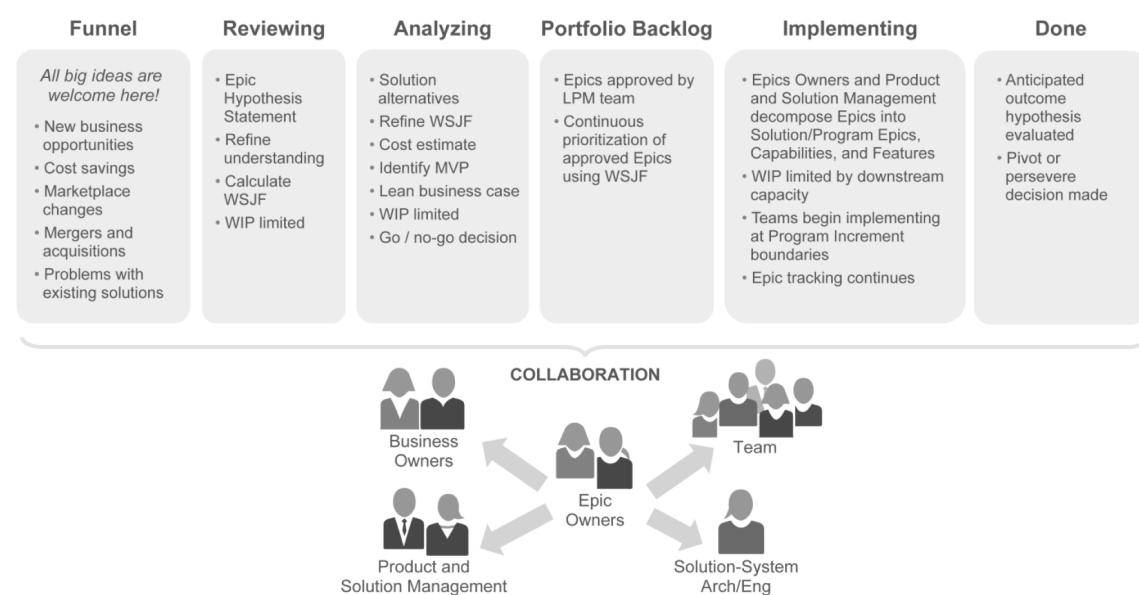
The Portfolio Kanban system

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 that 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



Prototypical Portfolio Kanban system



The “go/no go” Decision

When the Epic Owner or analyst thinks the analysis is sufficiently thorough, it is presented to the decision authority.

No Go



If the Epic requires more elaboration, it may be returned for more analysis ... NO GO = rejected!

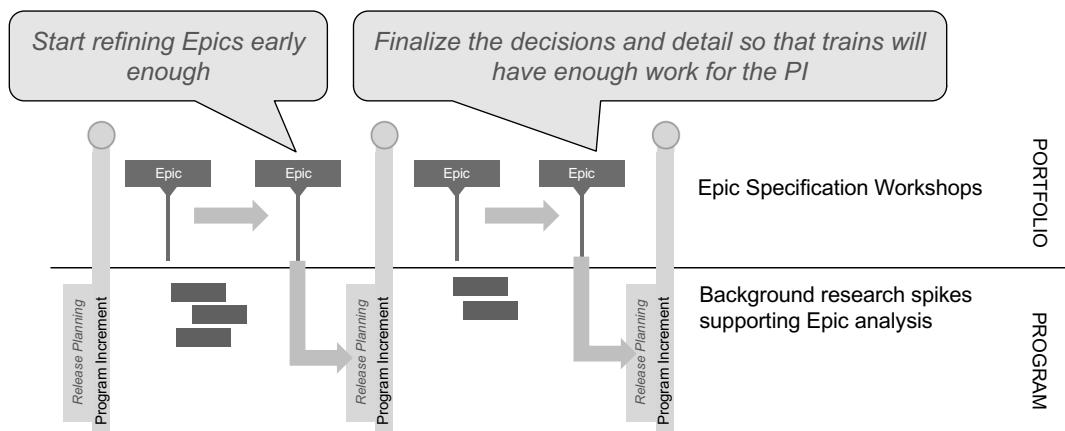
Go



When approved, the Epic is moved to the next state, which is the Portfolio Backlog, where it becomes a candidate for the Implementation state

Portfolio Kanban and cadence

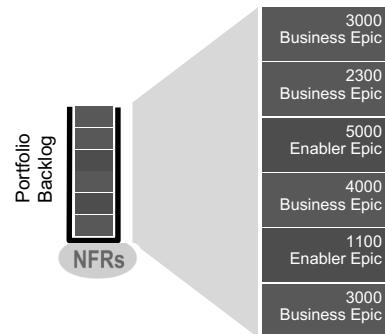
The Portfolio Kanban system is tightly connected to the cadence of the Agile Release Trains.



Portfolio Backlog

The Portfolio Backlog holds Epics approved for implementation.

- ▶ These Epics have made it through the Portfolio Kanban with 'go' approval
- ▶ Low-cost holding pattern for upcoming implementation work
- ▶ Sizing estimates are in story points
- ▶ Avoid excess WIP, await implementation capacity



Exercise: Place the Epic



Where would you place your Epic in the Epic Kanban?

- ▶ Based on how much you know about your Epic, place your Epic within the appropriate state in the Kanban

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

- Epic 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

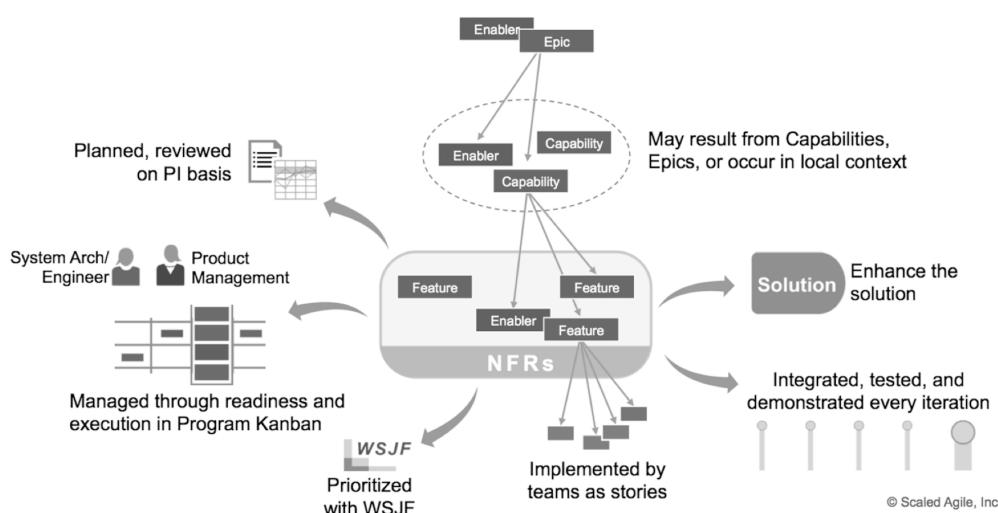
Done

- Anticipated outcome hypothesis evaluated
- Pivot or persevere decision made



3.7 Elaborate Features for the Minimal Viable Product (MVP)

Features in a SAFe context



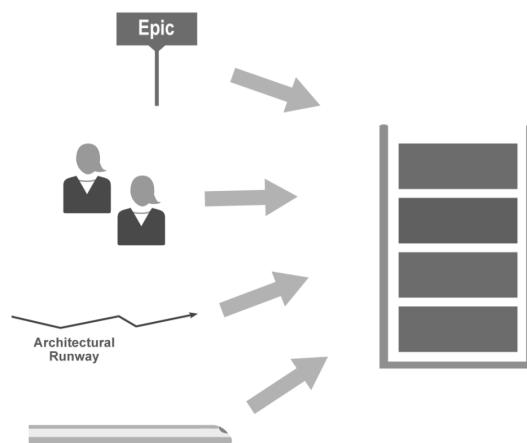
Describing Features

Feature	Benefit Hypothesis
Multi-factor Authentication	Enhance user security 98% by using multiple layers of identification: knowledge (something you know), possession (something you have), and inheritance (something you are)
Route Optimization	Improved Quality of Service 50% by using faster and more reliable connectivity
Hardware VPN Acceleration	Triple the number of encrypted packets delivered by secure WAN

Creating and Managing Features

Where do Features come from?

- Through preparation of Epics for MVP
- Product Managers
- Architectural Runway
- Emerge locally from the ART
- Other?



Create MVP Features with the Benefit Hypothesis



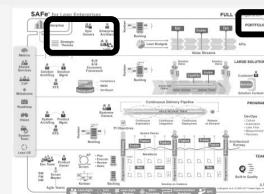
- ▶ Use the workbook template and describe some Features in the Feature/Benefit hypothesis format. Use an Epic you defined and create Features to support the MVP.
 - Ask yourself, should I consider anything from a Architectural Runway or Team perspective?
 - Does your Feature benefit hypothesis align with the Epic Hypothesis?
- ▶ Pair with someone else in the room to share and get feedback on your benefit hypothesis



Lesson summary

In this lesson, you:

- ▶ Collaborated with the Lean Portfolio Management function
- ▶ Detailed the role of the Epic Owner
- ▶ Used Lean Startup cycles to foster innovation
- ▶ Developed Epic hypothesis statements
- ▶ Contributed to a Lean Business Case
- ▶ Visualized flow using a Portfolio Kanban
- ▶ Built Features to support the Epic MVP



Suggested Scaled Agile Framework reading:
“Portfolio Level” and
“Strategic themes” abstracts

Exercise: This lesson's key learnings



Summarize key learnings and insights from this lesson in your workbook.

